Gardner Denver
Q3 2018 Earnings Presentation

October 26, 2018

Replay Information

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- Conference ID: #10125336
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During the course of this presentation, we may make "forward-looking statements" within the meaning of the US federal securities laws. In fact, all statements made during this presentation other than statements of historical fact are forward-looking statements. Words such as "expects," "anticipates," "believes," "estimates," "plans," "intends," "projects" and "indicates" and variations of such words or similar expressions are intended to identify forward-looking statements. Although they reflect our current expectations, these statements are not guarantees of future performance, and actual results may differ materially from what is expressed in or indicated by these forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in such forward-looking statements, including those risks and uncertainties described under the section titled "Risk Factors" in our most recent annual report on form 10-K filed with the Securities and Exchange Commission ("SEC"), which risks and uncertainties may be updated from time to time in our periodic filings with the SEC (accessible on the SEC's website at www.sec.gov). Forward-looking statements speak only as of the date the statements are made. The Company does not undertake to update any forward-looking statements as a result of future developments or new information, except as required by law.

Non-GAAP Financial Measures

Included in this presentation are certain non-GAAP financial measures designed to supplement, and not substitute, the financial information presented in accordance with generally accepted accounting principles in the United States of America because management believes such measures are useful to investors. The reconciliation of those measures to the most comparable GAAP measures is detailed in Gardner Denver's press release for the third quarter of 2018, which is available at http://investors.gardnerdenver.com, together with this presentation.

Agenda

- Highlights
- Q3 2018 Financial Performance
- Segment Highlights
- Full Year 2018 Guidance & Summary
- Q&A

Q3 Highlights

Solid performance across all three segments and continued execution of our value-creation strategy

Strong Execution	• Revenue of $689M, **up 6%** versus prior year • Adjusted EBITDA of $182M**, up 11%** versus prior year • Adj EBITDA margin of **26.4%**, an improvement of **100 basis points** versus PY
Improving Leverage Profile	• Free cash flow generation of $93M, **up $38M** versus prior year, including **560 bps improvement** in working capital as % of sales • Net debt to LTM Adjusted EBITDA ratio **improved to 2.2x**… 0.2x turn improvement since Q2'18 • Balancing capital allocation priorities: **$152M debt repayment ($262M YTD), opportunistic share repurchases ($6M),** & **building acquisition funnel**
Favorable Outlook	• **Reaffirming** 2018 Adjusted EBITDA guidance of **$690M to $705M** • Targeting year-end net debt to Adjusted EBITDA ratio of **~2.0x**

A premier industrial company with leading brands, mission-critical technologies, and diverse end market exposure

Our Strategy

Deploy Talent

Expand Margins

Accelerate Growth

Allocate Capital Effectively

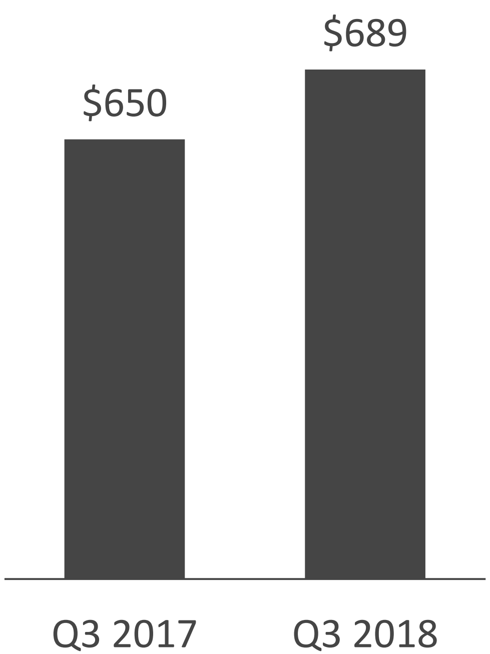
Q3 Financial Performance

Q3 2018 Financial Performance

(Dollars in millions, excl. EPS)

Revenue

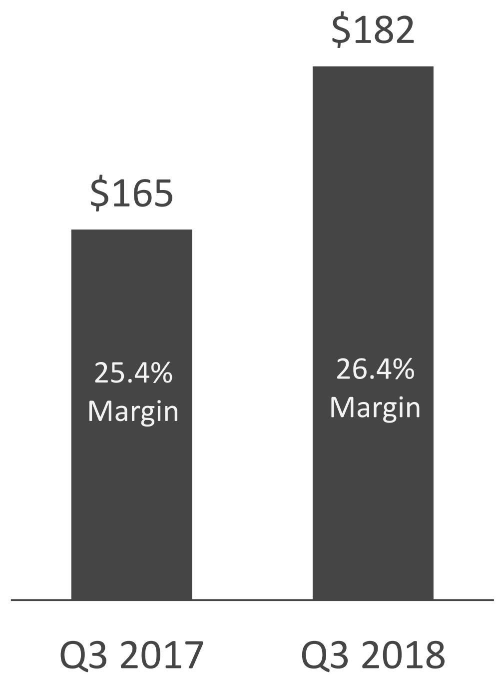
Up 6%



Adjusted EBITDA

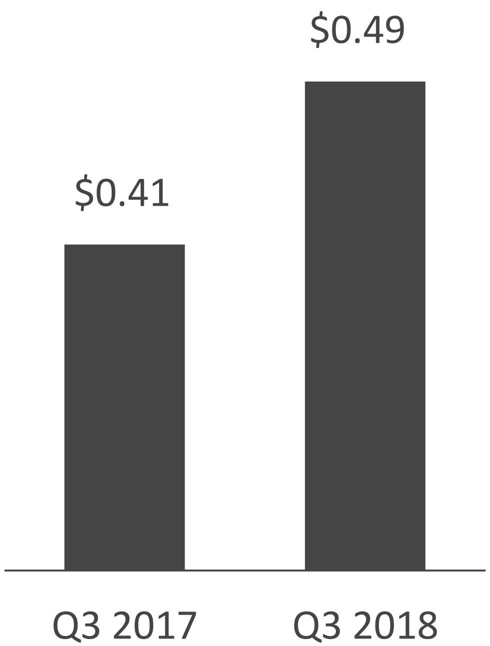
Up 11%

Margin Up 100 bps



Adjusted EPS[1]

Up 20%



Financial Performance Reinforcing Our Value-Creation Strategy

[1] Adjusted EPS is defined as adjusted net income divided by adjusted diluted average shares outstanding

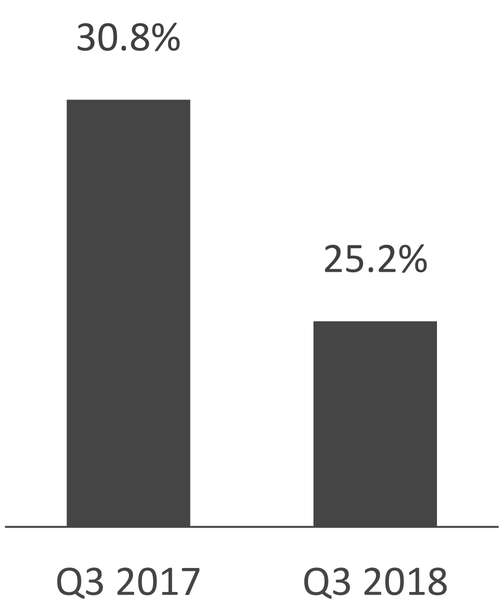
Q3 2018 Financial Performance

(Dollars in millions)

Working Capital

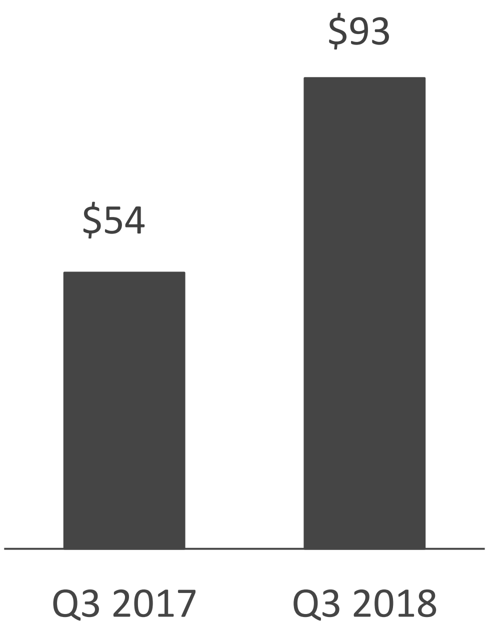
(Op. Working Capital as % of LTM Sales)

Improved 560 bps



Free Cash Flow[1]

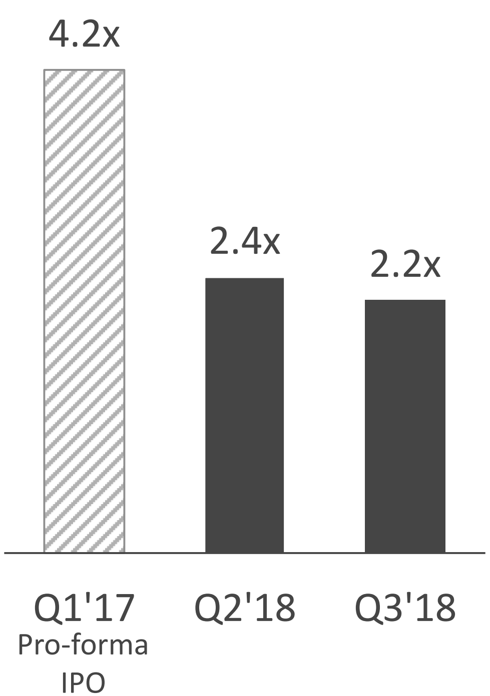
Up $38M



Leverage

(Net Debt / LTM Adjusted EBITDA)

Improved 0.2x Sequentially



Strengthening Position Through Strong FCF and De-leveraging

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[1] Free Cash Flow is defined as cash flows from operations less capital expenditures

Q3 2018 Segment Performance

Industrials Segment – Q3 Highlights

(Dollars in millions)

	As Reported	Prior Year	YOY Change	Ex-FX YOY Change
Revenue	**$320**	**$288**	**11.0%**	**12.5%**
Adjusted EBITDA	**$72**	**$63**	**14.3%**	**15.4%**
Adjusted EBITDA Margin	**22.5%**	**21.9%**	**60 bps**	

Highlights:

- Orders up 7% as reported; up 8% ex-FX
- Revenue up 13% ex-FX
- Strong broad-based revenue growth with particular strength in compressors and blowers
- Adjusted EBITDA margin up 60 bps driven by improving pricing, revenue mix (aftermarket), targeted cost actions, and early impacts of the i2V initiative

Innovation in Action

Compact Dry Running Blower

State-of-the-art blower technology designed specifically for the aquaculture market to optimize capacity, minimize maintenance and reduce noise and pulsation for such applications as fish farming, aeration and wastewater treatment.

Energy Segment – Q3 Highlights

(Dollars in millions)

	As Reported	Prior Year	YOY Change	Ex-FX YOY Change
Revenue	**$299**	**$302**	**(0.9)%**	**0.2%**
Adjusted EBITDA	**$95**	**$99**	**(3.8)%**	**(2.7)%**
Adjusted EBITDA Margin	**31.8%**	**32.7%**	**(90) bps**	

Highlights:

- Orders up 4% as reported; up 5% ex-FX
- Upstream orders up 9%; revenue up 6% (ex-FX)
    - Consumables largest driver of growth (up 50%+)
- In line with expectations, mid/downstream revenue down 10% due to timing of large project shipments from prior year… expecting Q4'18 to be up double digits
- Adjusted EBITDA margin decline driven by downstream project timing… upstream and midstream margins relatively flat. Segment margins up 260 bps sequentially as compared to Q2'18.

Innovation in Action

Hoffman & Lamson Centrifugal Blowers

Highly engineered centrifugal blowers used for oxygen aeration in wastewater treatment applications. Multi-unit system recently ordered for large South America environmental remediation project.

Medical Segment – Q3 Highlights

(Dollars in millions)

	As Reported	Prior Year	YOY Change	Ex-FX YOY Change
Revenue	**$71**	**$60**	**17.9%**	**18.9%**
Adjusted EBITDA	**$21**	**$17**	**22.0%**	**23.2%**
Adjusted EBITDA Margin	**29.1%**	**28.1%**	**100 bps**	

Highlights:

- Orders up 20% as reported; up 21% ex-FX
- Revenue up 19% ex-FX
- Second consecutive quarter of double digit organic revenue growth driven by design wins and new product innovation
- Strong backlog and continued execution of our growth strategy / market expansion leading to positive organic growth
- Adjusted EBITDA margin up 100 bps driven by volume growth and operational efficiencies

Innovation in Action

Liquid Diaphragm Pump

Series of liquid diaphragm pumps designed for medical, lab and life sciences applications such as dental autoclaves for the proper dosing of water for cleaning and disinfection of dental equipment.

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2018 Guidance & Summary

2018 Guidance

▪ Adjusted EBITDA	$690M to $705M
▪ Capital Expenditures (reduced)	$50M to $60M *(from $60M to $70M)*
▪ Tax Rate	26% to 28%
▪ Year End Net Debt Leverage	~2.0x
▪ Average Shares Outstanding[1]	~209M

[1] Represents expectation of average shares outstanding for the balance of the year based on the full year computation of weighted average shares outstanding and share price as of 9/30/2018; Excludes the impact of any potential future share repurchase activity

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Summary

- Strong Q3'18 performance with balanced execution across each of the segments
  - 6% overall revenue growth with double-digit growth in Industrials and Medical segments
  - Positive orders momentum across all three segments, including upstream Energy growth of 9%
  - 26.4% adjusted EBITDA margin with margin expansion of 100 bps versus prior year and 220 basis points versus prior quarter
  - Free cash flow generation of $93M… leverage on track for ~2.0x by year end
  - Completed $152M debt repayment
- Committed to ongoing commercial and operational execution to deliver 2018 commitments
  - Reaffirming full year 2018 Adjusted EBITDA guidance range
  - Expecting continued momentum on FCF generation and further reduction to leverage position[1]
  - Prudent operational efficiency and cost control actions in place
  - Continued execution of our value-creation strategy… Deploy Talent, Expand Margins, Accelerate Growth and Allocate Capital Effectively

Q&A

Appendix

Reconciliation of Net Income/(Loss) and Earnings/(Loss) per Share to Adjusted Net Income and Adjusted Earnings per Share

GARDNER DENVER HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME (LOSS) AND EARNINGS (LOSS) PER SHARE
TO ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE
(Dollars in millions, except per share amounts)
(Unaudited)

	For the Three Month Period Ended September 30,		For the Nine Month Period Ended September 30,	
	2018	**2017**	**2018**	**2017**
Net Income (Loss)	$ 72.2	$ 28.0	$ 174.9	$ (125.1)
Basic Earnings (Loss) Per Share (As Reported)[1]	$ 0.36	$ 0.14	$ 0.87	$ (0.71)
Diluted Earnings (Loss) Per Share (As Reported)[1]	$ 0.35	$ 0.13	$ 0.83	$ (0.71)
Plus:				
Provision (benefit) for income taxes	22.6	4.4	63.2	(41.2)
Amortization of acquisition related intangible assets	27.2	27.3	82.8	80.4
Sponsor fees and expenses	-	-	-	17.3
Restructuring and related business transformation costs	12.3	6.3	25.2	20.5
Acquisition related expenses and non-cash charges	2.8	1.2	13.1	3.1
Environmental remediation loss reserve	-	-	-	0.9
Expenses related to public stock offerings	0.3	0.5	2.2	3.6
Establish public company financial reporting compliance	1.3	3.8	3.2	7.2
Stock-based compensation	1.1	9.8	2.9	166.0
Foreign currency transaction (gains) losses, net	(0.8)	1.7	(0.6)	6.3
Loss on extinguishment of debt	0.9	34.1	1.0	84.5
Shareholder litigation settlement recoveries	-	-	(4.5)	-
Other adjustments	0.7	1.4	0.4	3.5
Minus:				
Income tax provision, as adjusted	37.9	33.3	87.7	77.8
Adjusted Net Income	$ 102.7	$ 85.2	$ 276.1	$ 149.2
Adjusted Basic Earnings Per Share	$ 0.51	$ 0.42	$ 1.37	$ 0.85
Adjusted Diluted Earnings Per Share[2]	$ 0.49	$ 0.41	$ 1.32	$ 0.82
Average shares outstanding:				
Basic, as reported	201.9	201.3	201.8	175.7
Diluted, as reported[3]	209.1	208.1	209.6	175.7
Adjusted diluted[2]	209.1	208.1	209.6	180.9

[1] Basic and diluted earnings per share (as reported) are calculated by dividing net income (loss) attributable to Gardner Denver Holdings, Inc. by the basic and diluted average shares outstanding for the respective periods.

[2] Adjusted diluted share count and adjusted diluted earnings per share include incremental dilutive shares, using the treasury stock method, which are added to average shares outstanding.

[3] Due to net losses in certain periods shown, basic and diluted average shares outstanding are the same in those periods.

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Reconciliation of Net Income/(Loss) to Adjusted EBITDA and Adjusted Net Income and CFOA to Free Cash Flow

GARDNER DENVER HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA AND ADJUSTED NET INCOME AND CASH FLOWS - OPERATING ACTIVITIES TO FREE CASH FLOW
(Dollars in millions)
(Unaudited)

	For the Three Month Period Ended September 30,		For the Nine Month Period Ended September 30,	
	2018	**2017**	**2018**	**2017**
Net Income (Loss)	$ 72.2	$ 28.0	$ 174.9	$ (125.1)
Plus:				
Interest expense	24.4	30.1	76.5	115.4
Provision (benefit) for income taxes	22.6	4.4	63.2	(41.2)
Depreciation expense	13.4	13.9	41.2	39.3
Amortization expense	31.0	29.5	93.4	87.6
Sponsor fees and expenses	-	-	-	17.3
Restructuring and related business transformation costs	12.3	6.3	25.2	20.5
Acquisition related expenses and non-cash charges	2.8	1.2	13.1	3.1
Environmental remediation loss reserve	-	-	-	0.9
Expenses related to public stock offerings	0.3	0.5	2.2	3.6
Establish public company financial reporting compliance	1.3	3.8	3.2	7.2
Stock-based compensation	1.1	9.8	2.9	166.0
Foreign currency transaction (gains) losses, net	(0.8)	1.7	(0.6)	6.3
Loss on extinguishment of debt	0.9	34.1	1.0	84.5
Shareholder litigation settlement recoveries	-	-	(4.5)	-
Other adjustments	0.7	1.4	0.4	3.5
Adjusted EBITDA	$ 182.2	$ 164.7	$ 492.1	$ 388.9
Minus:				
Interest expense	$ 24.4	$ 30.1	$ 76.5	$ 115.4
Income tax provision, as adjusted	37.9	33.3	87.7	77.8
Depreciation expense	13.4	13.9	41.2	39.3
Amortization of non-acquisition related intangible assets	3.8	2.2	10.6	7.2
Adjusted Net Income	$ 102.7	$ 85.2	$ 276.1	$ 149.2
Free Cash Flow				
Cash flows - operating activities	$ 103.8	$ 63.9	$ 298.3	$ 83.9
Minus:				
Capital expenditures	11.3	9.6	32.1	36.4
Free Cash Flow	$ 92.5	$ 54.3	$ 266.2	$ 47.5

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Reconciliation of Segment Adjusted EBITDA to Income/(Loss) Before Income Taxes

GARDNER DENVER HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF SEGMENT ADJUSTED EBITDA TO INCOME (LOSS) BEFORE INCOME TAXES
(Dollars in millions)
(Unaudited)

	For the Three Month Period Ended September 30,		For the Nine Month Period Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenue				
Industrials	$ 320.0	$ 288.2	$ 965.7	$ 819.0
Energy	298.8	301.6	814.1	719.4
Medical	70.5	59.8	197.3	172.0
Total Revenue	$ 689.3	$ 649.6	$ 1,977.1	$ 1,710.4
Segment Adjusted EBITDA				
Industrials	$ 72.1	$ 63.1	$ 210.0	$ 173.7
Energy	94.9	98.6	242.5	199.2
Medical	20.5	16.8	54.4	46.9
Total Segment Adjusted EBITDA	$ 187.5	$ 178.5	$ 506.9	$ 419.8
Less items to reconcile Segment Adjusted EBITDA to Income (Loss) Before Income Taxes:				
Corporate expenses not allocated to segments	$ 5.3	$ 13.8	$ 14.8	$ 30.9
Interest expense	24.4	30.1	76.5	115.4
Depreciation and amortization expense	44.4	43.5	134.6	126.9
Sponsor fees and expenses	-	-	-	17.3
Restructuring and related business transformation costs	12.3	6.3	25.2	20.5
Acquisition related expenses and non-cash charges	2.8	1.2	13.1	3.1
Environmental remediation loss reserve	-	-	-	0.9
Expenses related to public stock offerings	0.3	0.5	2.2	3.6
Establish public company financial reporting compliance	1.3	3.8	3.2	7.2
Stock-based compensation	1.1	9.8	2.9	166.0
Foreign currency transaction (gains) losses, net	(0.8)	1.7	(0.6)	6.3
Loss on extinguishment of debt	0.9	34.1	1.0	84.5
Shareholder litigation settlement recoveries	-	-	(4.5)	-
Other adjustments	0.7	1.3	0.4	3.5
Income (Loss) Before Income Taxes	$ 94.8	$ 32.4	$ 238.1	$ (166.3)