Gardner Denver
Q2 2019 Earnings Presentation

August 1, 2019

Replay Information

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- International: +1.412.317.0088
- Conference ID: #10133603
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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 second quarter of 2019, which is available at https://investors.gardnerdenver.com, together with this presentation.

Agenda

- Company Highlights
- Gardner Denver/Ingersoll Rand Industrials Integration Update
- Strategy Update
- Segment Highlights
- Guidance
- Q&A

Q2 2019 Highlights[1]

- Revenue of $629M, down 3% excluding FX
- Adjusted EPS of $0.43 and Adjusted EBITDA of $148M with margin of 23.5%[2]
- GDP-exposed businesses (represents ~80% of revenue)[3]
  - Revenue **up 4%** excluding FX
  - **Triple digit Adjusted EBITDA margin expansion** in Industrials and Medical segments
- Upstream Energy (represents ~20% of revenue)
  - Downturn in upstream Energy due to supply/demand imbalances and limited market visibility… expecting similar market conditions for remainder of 2019
- Free cash flow (FCF) of $51M, **FCF conversion of 113%,** and net debt leverage of **2.0x**[4,5,6]
- Due to revised expectations for upstream Energy, **updating full year 2019 Adjusted EBITDA guidance** to a range of $610M to $630M

[1] All comparisons are versus the applicable prior year period unless otherwise noted
[2] Adjusted EPS is defined as adjusted net income divided by adjusted diluted average shares outstanding
[3] GDP-exposed businesses defined as Industrials, Medical and mid/downstream Energy businesses
[4] Free Cash Flow is defined as cash flows from operations less capital expenditures
[5] Free Cash Flow conversion is defined as free cash flow divided by reported net income
[6] Leverage defined as net debt divided by LTM Adjusted EBITDA

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Gardner Denver/IR Industrials Transaction Update

Creating a Premier Diversified Leader in Mission-Critical Flow Creation and Industrial Products

- ✓ Provides Greater Scale and Reach through Leading Brands and Market Position
- ✓ Enhances End Market Balance and Diversity *(Upstream energy reduced from ~25% to ~10% of revenue)*
- ✓ Broadens Portfolio of Technologies and Solutions
- ✓ Strong Recurring Service and Aftermarket Platform of ~$2.5B *(~40% of combined revenue)*
- ✓ World-Class Operating Platform Fueled by a Talented Global Workforce
- ✓ Compelling Value Creation through $250M of Expected Cost Synergies with Incremental Revenue Growth Opportunities

Gardner Denver CEO Vicente Reynal at Town Hall Meeting at Ingersoll Rand HQ

- ✓ **US antitrust (HSR) waiting period expired on June 29**; international antitrust process underway
- ✓ Joint integration planning progressing well… **continued confidence in achieving $250M cost synergies**
- ✓ Town hall hosted at Ingersoll Rand HQ… laying foundation for **strong culture of engagement**

~$1.6B Pro Forma Adjusted EBITDA[1]

On Track to Close Deal by early 2020

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[1] Presented on a 2019E basis. EBITDA is pro forma for anticipated synergies that we expect to realize by the end of year 3 after closing.

Integration: 4-Step Plan Governed by GDX

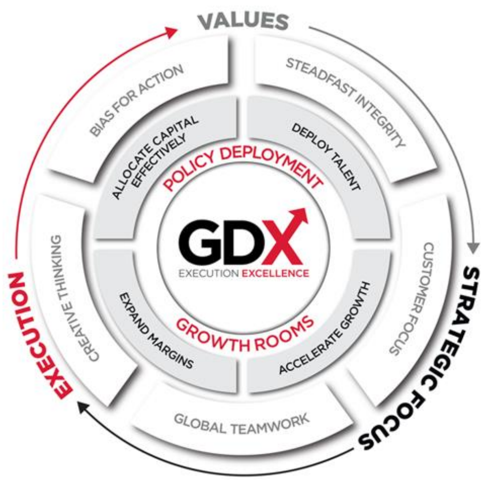
Focused Team
- 150+ employees engaged across GDI/IR
- 23 functional workstreams

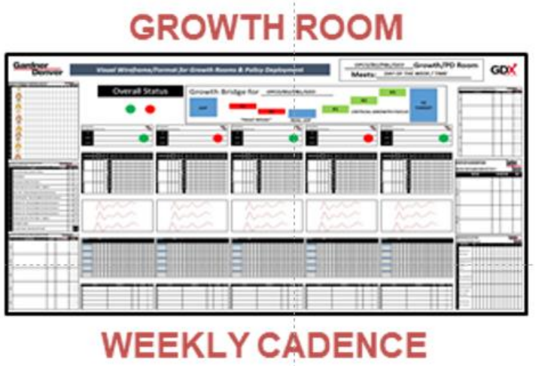
Step 1: Charter
- Critical day 1 priorities by function and sub-function
- Precise scope definition

Step 2: Blue Print
- Current state processes (value stream mapping) and capabilities
- Desired future state value stream map

Step 3: Work Plan
- New IR future operating model
- Future state org design

Step 4: Synergy Capture
- Bottoms-up functional plans for synergy delivery based on work plans
- Ready for Day 1 execution on synergies





Team Definition + 4-Step Plan Driven by GDX….Ensuring We "Stay in Control"

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Our Strategy

Deploy Talent

Expand Margins

Accelerate Growth

Allocate Capital Effectively

Industrials Segment – Q2 Highlights

(Dollars in millions)

	As Reported	Prior Year	YOY Change	Ex-FX YOY Change
Revenue	**$334.3**	**$328.7**	**1.7%**	**5.5%**
Adjusted EBITDA	**$76.6**	**$71.1**	**7.7%**	**11.5%**
Adjusted EBITDA Margin	**22.9%**	**21.6%**	**130 bps**	

Highlights:

- Orders flat ex-FX
- Revenue up 5% ex-FX
- Positive orders performance in Americas & Europe ex-FX; negative performance in Asia due to Runtech order placed in previous year
- Solid performance in core oil lubricated compressors and blowers which were both up mid to high single digits
- Adjusted EBITDA margin up 130 bps benefiting from continued progress on gross margin expansion initiatives (i2V, etc.)

Innovation in Action

Oil-Free Claw Vacuum Pump

New vacuum technology providing oil-free air with higher energy efficiency, lower footprint and reduced noise levels for applications such as food packaging and processing, plastics and woodworking.

Energy Segment – Q2 Highlights

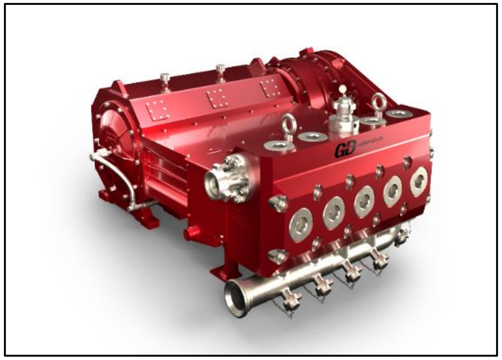
(Dollars in millions)

	As Reported	Prior Year	YOY Change	Ex-FX YOY Change
Revenue	**$222.8**	**$273.1**	**(18.4)%**	**(16.8)%**
Adjusted EBITDA	**$56.3**	**$79.7**	**(29.4)%**	**(28.5)%**
Adjusted EBITDA Margin	**25.3%**	**29.2%**	**(390) bps**	

Highlights:

- Orders down 30% ex-FX
  - Upstream orders down 35% due to minimal original equipment activity and overall market activity impacting aftermarket
- Revenue down 17% ex-FX
  - Upstream revenue down 26%
  - Mid/downstream down 3% ex-FX
- Adjusted EBITDA margin down 390 bps due to revenue decline in upstream with partial offset due to targeted cost actions; stable margin performance in mid/downstream businesses

Innovation in Action



Thunder E-Max Hydraulic Frac Pump

Newly introduced 11-inch stroke length quintuplex hydraulic fracturing pump capable of delivering up to 5,000 horsepower and longer lasting fluid end and consumable life; pump is designed for compatibility and enhanced performance with emerging technology of electric fracturing (“e-frac”).

Medical Segment – Q2 Highlights

(Dollars in millions)

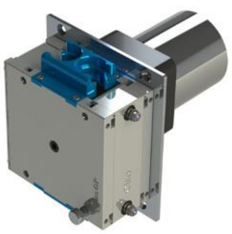
	As Reported	Prior Year	YOY Change	Ex-FX YOY Change
Revenue	**$72.0**	**$66.4**	**8.4%**	**12.0%**
Adjusted EBITDA	**$21.4**	**$18.0**	**18.9%**	**23.3%**
Adjusted EBITDA Margin	**29.7%**	**27.1%**	**260 bps**	

Highlights:

- Orders up 9% ex-FX
- Revenue up 12% ex-FX
- Strong broad-based performance across all product technologies and geographies
- Adjusted EBITDA margin up 260 bps driven by volume growth and operational efficiencies

Acquisition of Oina

Acquired July 2019



Oina Peristaltic Pumps

Highly engineered peristaltic pump offerings developed for use in high precision liquid handling applications such as pharmaceutical filtration processes; pump reduces pulsation and provides more reliable liquid flow.

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Revised 2019 Guidance

	2019 Guidance *(April 2019)*	**Revised 2019 Guidance** (July 2019)
Revenue[1]	*Growth (ex-FX)*	Growth (ex-FX)
Industrials	*up MSD*	up MSD
Medical	*up MSD*	up MSD
Mid & Downstream Energy	*up MSD*	up MSD
Upstream Energy	*down LDD to HSD*	**down ~30%**
Total Gardner Denver	*up LSD to MSD*	**down LSD**
FX Impact	*down LSD*	down LSD
Total Gardner Denver (incl. FX)	*up LSD*	**down LSD to MSD**
Adjusted EBITDA	*\$680M – \$710M*	**\$610M – \$630M**
Capital Expenditures	*~\$50M – \$60M*	~\$50M – \$60M
Tax Rate	*24% – 26%*	**22% – 24%**
Year-end Net Debt Leverage[2]	*1.5x – 1.7x*	**1.8x – 2.0x**
FCF Conversion	*~100%*	~100%
Average Shares Outstanding[3]	*~208M*	**~209M**

[1] All revenue outlook commentary expressed in percentages
[2] Excluding the impact of any potential M&A activity or share repurchases
[3] Represents the expectation of weighted average diluted shares outstanding for the balance of the year based on ending share count and share price as of June 30, 2019

Appendix

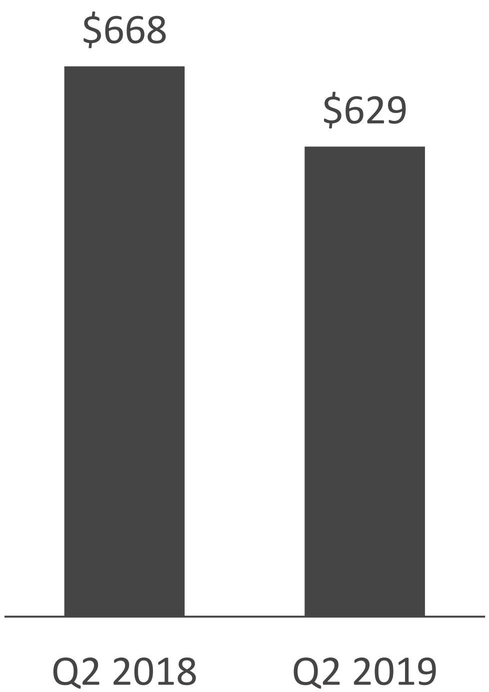
Q2 2019 Financial Performance

(Dollars in millions, excl. EPS)

Revenue

Down 6%

Down 3% ex-FX

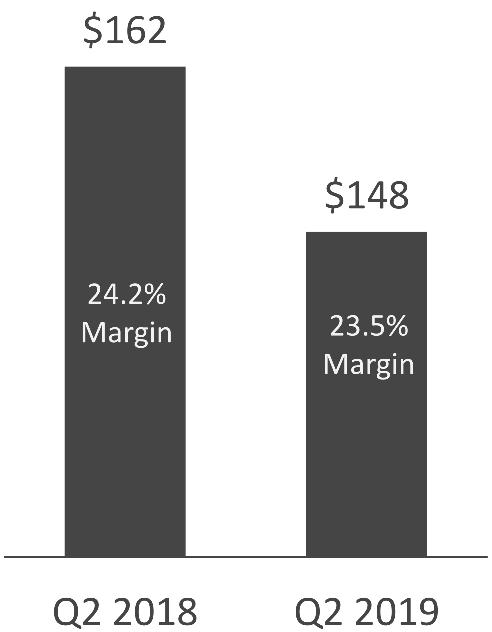


Industrials +5% ex-FX
Medical +12% ex-FX
Energy -17% ex-FX

Adjusted EBITDA

Down 9%

Margin Down 70 bps



Industrials +130 bps
Medical +260 bps
Energy -390 bps

Adjusted EPS[1]

Down 1 Cent

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

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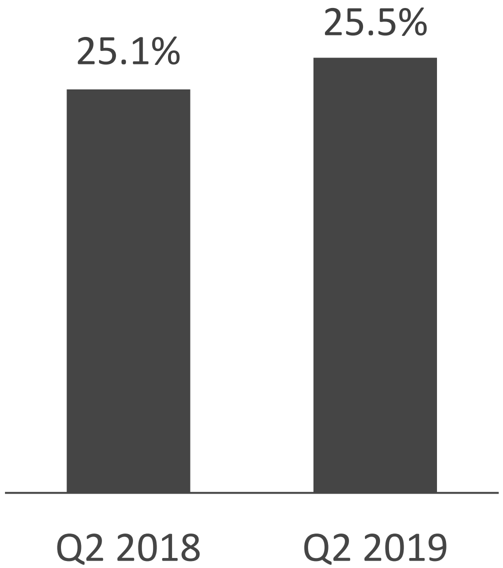
Q2 2019 Financial Performance

(Dollars in millions)

Working Capital

(Op. Working Capital as % of LTM Sales)

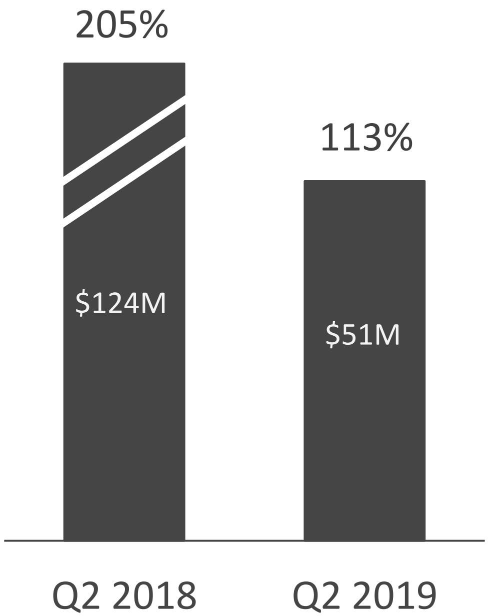
Increased 40 bps



Industrials decreased 170 bps
Medical decreased 320 bps
Energy increased 430 bps

Free Cash Flow [1]

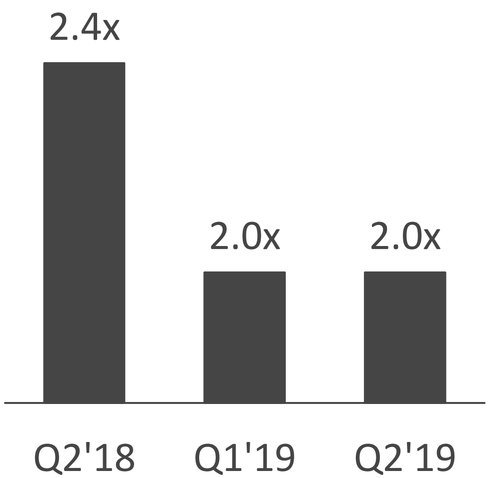
(FCF Conversion in % and FCF in $)



Leverage

(Net Debt / LTM Adjusted EBITDA)

Improved 0.4x Y/Y



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[1] Free Cash Flow is defined as cash flows from operations less capital expenditures; Free Cash Flow conversion is defined as free cash flow divided by reported net income

Reconciliation of Net Income and Earnings per Share to Adjusted Net Income and Adjusted Earnings per Share

GARDNER DENVER HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME AND EARNINGS 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 June 30,		For the Six Month Period Ended June 30,	
	2019	2018	2019	2018
Net Income	$ 44.9	$ 60.3	$ 92.1	$ 102.7
Basic Earnings Per Share (As Reported)	$ 0.22	$ 0.30	$ 0.45	$ 0.51
Diluted Earnings Per Share (As Reported)	$ 0.21	$ 0.29	$ 0.44	$ 0.49
Plus:				
Provision for income taxes	8.3	17.2	20.3	40.7
Amortization of acquisition related intangible assets	28.2	27.6	56.6	55.6
Restructuring and related business transformation costs	2.0	8.4	6.1	12.9
Acquisition related expenses and non-cash charges	17.1	5.7	18.7	10.3
Expenses related to public stock offerings	-	0.5	-	1.9
Establish public company financial reporting compliance	-	1.1	0.6	1.9
Stock-based compensation	7.1	(0.8)	16.4	1.9
Foreign currency transaction losses (gains), net	0.6	(2.4)	3.7	0.2
Loss on extinguishment of debt	0.2	0.2	0.2	0.2
Shareholder litigation settlement recoveries	-	-	(6.0)	(4.5)
Other adjustments	0.6	-	0.9	(0.7)
Minus:				
Income tax provision, as adjusted	19.2	25.4	40.5	49.9
Adjusted Net Income	$ 89.8	$ 92.4	$ 169.1	$ 173.2
Adjusted Basic Earnings Per Share	$ 0.44	$ 0.46	$ 0.84	$ 0.86
Adjusted Diluted Earnings Per Share[1]	$ 0.43	$ 0.44	$ 0.81	$ 0.83
Average shares outstanding:				
Basic, as reported	203.4	201.8	202.5	201.7
Diluted, as reported	208.9	209.6	208.4	209.8
Adjusted diluted[1]	208.9	209.6	208.4	209.8

[1] 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.

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Reconciliation of Net Income to Adjusted EBITDA and Adjusted Net Income and CFOA to Free Cash Flow

GARDNER DENVER HOLDINGS, INC. AND SUBSIDIARIES
RECONCILIATION OF NET INCOME 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 June 30,		For the Six Month Period Ended June 30,	
	2019	2018	2019	2018
Net Income	$ 44.9	$ 60.3	$ 92.1	$ 102.7
Plus:				
Interest expense	22.4	26.1	44.8	52.1
Provision for income taxes	8.3	17.2	20.3	40.7
Depreciation expense	13.5	13.8	27.6	27.8
Amortization expense	30.9	31.5	62.3	62.4
Restructuring and related business transformation costs	2.0	8.4	6.1	12.9
Acquisition related expenses and non-cash charges	17.1	5.7	18.7	10.3
Expenses related to public stock offerings	-	0.5	-	1.9
Establish public company financial reporting compliance	-	1.1	0.6	1.9
Stock-based compensation	7.1	(0.8)	16.4	1.9
Foreign currency transaction losses (gains), net	0.6	(2.4)	3.7	0.2
Loss on extinguishment of debt	0.2	0.2	0.2	0.2
Shareholder litigation settlement recoveries	-	-	(6.0)	(4.5)
Other adjustments	0.6	-	0.9	(0.7)
Adjusted EBITDA	$ 147.6	$ 161.6	$ 287.7	$ 309.8
Minus:				
Interest expense	22.4	26.1	44.8	52.1
Income tax provision, as adjusted	19.2	25.4	40.5	49.9
Depreciation expense	13.5	13.8	27.6	27.8
Amortization of non-acquisition related intangible assets	2.7	3.9	5.7	6.8
Adjusted Net Income	$ 89.8	$ 92.4	$ 169.1	$ 173.2
Free Cash Flow				
Cash flows - operating activities	$ 61.4	$ 134.3	$ 130.1	$ 194.5
Minus:				
Capital expenditures	10.6	10.8	24.7	20.9
Free Cash Flow	$ 50.8	$ 123.5	$ 105.4	$ 173.6

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Reconciliation of Segment Adjusted EBITDA to Income Before Income Taxes

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

	For the Three Month Period Ended June 30,		For the Six Month Period Ended June 30,	
	2019	**2018**	**2019**	**2018**
Revenue				
Industrials	$ 334.3	$ 328.7	$ 652.4	$ 645.6
Energy	222.8	273.1	455.9	515.3
Medical	72.0	66.4	141.1	126.8
Total Revenue	$ 629.1	$ 668.2	$ 1,249.4	$ 1,287.7
Segment Adjusted EBITDA				
Industrials	$ 76.6	$ 71.1	$ 147.7	$ 137.9
Energy	56.3	79.7	116.3	147.6
Medical	21.4	18.0	41.4	33.9
Total Segment Adjusted EBITDA	$ 154.3	$ 168.8	$ 305.4	$ 319.4
Less items to reconcile Segment Adjusted EBITDA to Income Before Income Taxes:				
Corporate expenses not allocated to segments	$ 6.7	$ 7.2	$ 17.7	$ 9.6
Interest expense	22.4	26.1	44.8	52.1
Depreciation and amortization expense	44.4	45.3	89.9	90.2
Restructuring and related business transformation costs	2.0	8.4	6.1	12.9
Acquisition related expenses and non-cash charges	17.1	5.7	18.7	10.3
Expenses related to public stock offerings	-	0.5	-	1.9
Establish public company financial reporting compliance	-	1.1	0.6	1.9
Stock-based compensation	7.1	(0.8)	16.4	1.9
Foreign currency transaction losses (gains), net	0.6	(2.4)	3.7	0.2
Loss on extinguishment of debt	0.2	0.2	0.2	0.2
Shareholder litigation settlement recoveries	-	-	(6.0)	(4.5)
Other adjustments	0.6	-	0.9	(0.7)
Income Before Income Taxes	$ 53.2	$ 77.5	$ 112.4	$ 143.4

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