



Gardner Denver Q4 and Full Year 2019 Earnings Presentation

February 18, 2020

Replay Information

- Dial toll-free: +1.877.344.7529
- International: +1.412.317.0088
- Conference ID: #10138870
- Log on to: <http://investors.gardnerdenver.com>

Disclaimer

Forward-Looking Statements

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,” “guidance” 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 fourth quarter of 2019, which is available at <http://investors.gardnerdenver.com>, together with this presentation.

Agenda

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

Q4 2019 Highlights¹

- Revenue of \$606M, down 14% excluding FX
- Adjusted EPS² of \$0.37 and Adjusted EBITDA of \$135M with margin of 22.3%
- Upstream Energy (represents ~15% of revenue)
 - Revenue down 50%; performance above expectations due to strong commercial execution, limiting sequential revenue decline to 21% despite customer spending declines and limited December activity
- Remainder of GDI businesses (represents ~85% of revenue)³
 - Revenue down 3% and orders down 4% excluding FX... **on top of 12% revenue growth and flat orders growth** in prior year excluding FX
 - Strong execution on productivity and operational efficiencies in the face of softer market conditions... Adjusted EBITDA margin collectively **up 50 bps** with progress across all businesses (**Industrials +50 bps, Mid/Down +80 bps, Medical +60 bps**)
- Continued progress on operating working capital as a % of LTM sales at 24.6% with the **non-upstream businesses collectively at 19.5%**
- Free cash flow (FCF)⁴ of \$90M, **FCF conversion of 347%**⁵, and net debt leverage of **2.0x**⁶

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 Remainder of GDI 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

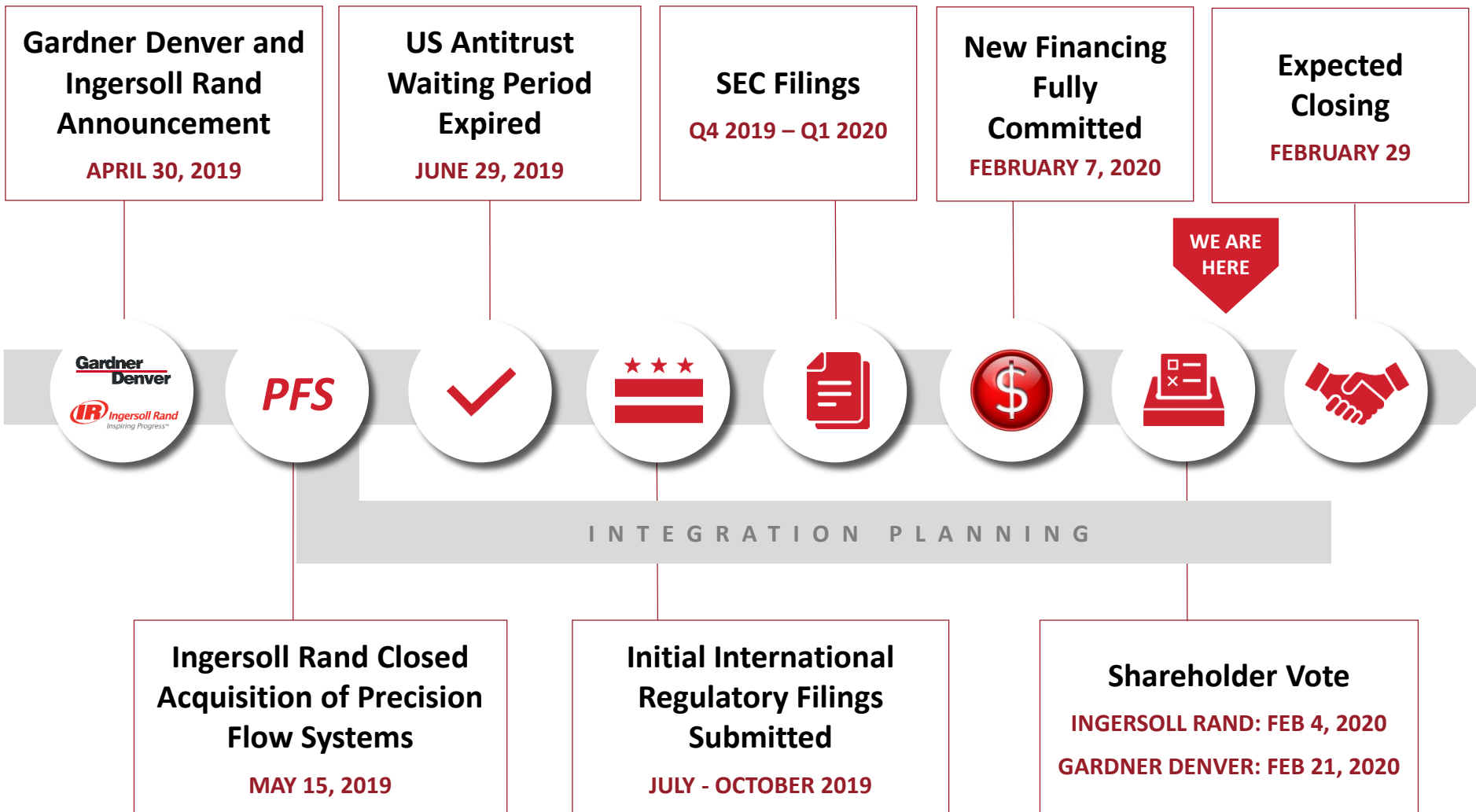
2019 Adjusted EBITDA Bridge¹

2018 to 2019 Adjusted EBITDA Bridge

	Revenue	Adj EBITDA
2018A	\$2,690M	\$682M
Industrials + Mid/Down + Medical	+63M	+32M
Upstream Energy	(236M)	(110M)
FX	(65M)	(16M)
Corporate: PY Recoveries, Incentive Comp, Growth Investments, Other		(23M)
2019A	\$2,452M	\$565M

- Industrials + Mid/Down + Medical:
 - 50%+ Adj EBITDA flow through from commercial (innovation, aftermarket, etc.) and operational initiatives (i2V, pro-active restructuring, cost control) despite softer market conditions
- Upstream Energy:
 - ~85% of total 2019 revenue comprised of high quality aftermarket parts and services
 - 2H'19 Adj EBITDA decrementals limited to ~45% due to ongoing restructuring actions
 - Less than 10% of GDI and IR Industrials combined revenue
- Corporate:
 - Prior year legal recoveries previously expensed (\$8M)
 - Incentive compensation (\$7M)
 - Growth investments (\$6M); Other (\$2M)

Gardner Denver/IR Industrial Transaction Timeline



Our Strategy



Deploy Talent



Expand Margins



Accelerate Growth



Allocate Capital Effectively

Industrials Segment – Q4 & FY Highlights

(Dollars in millions)

Q4 2019

	As Reported	YOY Change	Ex-FX YOY Change
Revenue	\$333.1	(1.3)%	0.1%
Adj EBITDA	\$78.8	0.8%	2.2%
Adj EBITDA Margin	23.7%	50 bps	

FY 2019

	As Reported	YOY Change	Ex-FX YOY Change
Revenue	\$1,301.3	(0.2)%	3.1%
Adj EBITDA	\$296.6	2.9%	6.2%
Adj EBITDA Margin	22.8%	70 bps	

Highlights (All Q4 unless otherwise noted):

- Orders down 3% ex-FX... on top of 4% growth in prior year
- Revenue flat ex-FX... on top of 11% growth in prior year
- Softer global market conditions impacting demand:
 - Americas & EMEA revenue both down 2% ex-FX
 - APAC revenue up double digits due to strong growth in niche products and solid execution on large custom projects
- Adjusted EBITDA margin up 50 bps benefiting from continued progress on gross margin expansion initiatives (i2V, etc) and previously announced restructuring actions

Innovation in Action



Robox Screw Compressor

Innovative compressor significantly improving marine vehicle efficiency. This solution reduces resistance between a ship's hull and seawater through air lubrication; delivers fuel savings of 5-10% and reduces CO₂ emissions by up to 15%.

Energy Segment – Q4 & FY Highlights

(Dollars in millions)

Q4 2019

	As Reported	YOY Change	Ex-FX YOY Change
Revenue	\$205.8	(33.0)%	(32.1)%
Adj EBITDA	\$53.5	(43.9)%	(43.0)%
Adj EBITDA Margin	26.0%	(500) bps	

FY 2019

	As Reported	YOY Change	Ex-FX YOY Change
Revenue	\$870.2	(22.4)%	(20.8)%
Adj EBITDA	\$225.1	(33.4)%	(32.3)%
Adj EBITDA Margin	25.9%	(420) bps	

Highlights (All Q4 unless otherwise noted):

- Orders down 35% ex-FX
 - Upstream orders down 52% ex-FX but above original expectations
 - Mid/downstream down 9% ex-FX; continue to see project quote to order cycle extending
- Revenue down 32% ex-FX
 - Upstream revenue down 50%
 - Mid/downstream down 13% ex-FX
- Adjusted EBITDA margin down 500 bps due to revenue decline in upstream slightly offset by margin improvement in mid/downstream

due to productivity and operational efficiencies

Innovation in Action



Non-Upstream Applications for Frac Pumps

Leveraging existing frac/drilling pumps and fluid end technology in non-upstream applications such as horizontal directional drilling/boring, mining, and wastewater

Medical Segment – Q4 & FY Highlights

(Dollars in millions)

Q4 2019

	As Reported	YOY Change	Ex-FX YOY Change
Revenue	\$66.9	(1.8)%	(0.4)%
Adj EBITDA	\$20.6	--	1.5%
Adj EBITDA Margin	30.8%	60 bps	

FY 2019

	As Reported	YOY Change	Ex-FX YOY Change
Revenue	\$280.4	5.7%	8.6%
Adj EBITDA	\$84.4	12.5%	16.3%
Adj EBITDA Margin	30.1%	180 bps	

Highlights (All Q4 unless otherwise noted):

- Orders down 2% ex-FX
 - Decline due primarily to a large customer now ordering in smaller quarterly installments as opposed to historical large/frame orders
- Revenue flat ex-FX... **on top of 19% growth** in prior year
- Strong broad-based performance across all product technologies
- Adjusted EBITDA margin up 60 bps driven by operational efficiencies and targeted cost reductions

Innovation in Action



Negative Pressure Wound Therapy

Negative pressure wound therapy improves the patient healing experience. Wounds heal faster and treatment time is reduced using compact and lightweight gas diaphragm pumps. This solution makes life better by minimizing size, sound, vibration and energy consumption.

2020 Guidance – Revenue & EBITDA¹

	<u>Revenue Growth²</u>	<u>Adjusted EBITDA</u>	<u>Phasing Revenue Growth²</u>
<u>Excluding impact of FX:</u>			
Industrials	flat to down LSD		
Medical	up LSD		
Mid and Downstream Energy	flat to up LSD		
Upstream Energy	down ~20%		
Corporate	--		
Total Gardner Denver (Before FX & Other Corporate Expense)	down LSD	~\$547M - \$577M	H1: down HSD H2: up LSD to MSD
FX Impact ³	flat	flat	H1: flat H2: flat
Other Corporate Expense			
Growth and Other Investments		~(\$5M)	
2020 Variable Incentive Comp to Budget		~(\$2M)	
Total Gardner Denver	down LSD	\$540M - \$570M	H1: down HSD H2: up LSD to MSD

¹ Guidance excludes the impact of the pending merger with Ingersoll-Rand plc's Industrial segment

² All revenue outlook commentary expressed in percentages and based on growth as compared to 2019

³ Based on December 2019 FX rates

2020 Guidance – Other Key Metrics

Capital Expenditures	~\$45M - \$55M
Free Cash Flow	\$280M - \$300M
Tax Rate	22% to 23%
Average Shares Outstanding¹	~209M

¹ Represents the full year expectation of weighted average diluted shares outstanding based on 2019 year end share count and share price. Outlook does not include impacts of option or share grants associated with Company's long term incentive plan or any share issuances associated with Gardner Denver's pending RMT transaction with Ingersoll Rand's Industrial segment

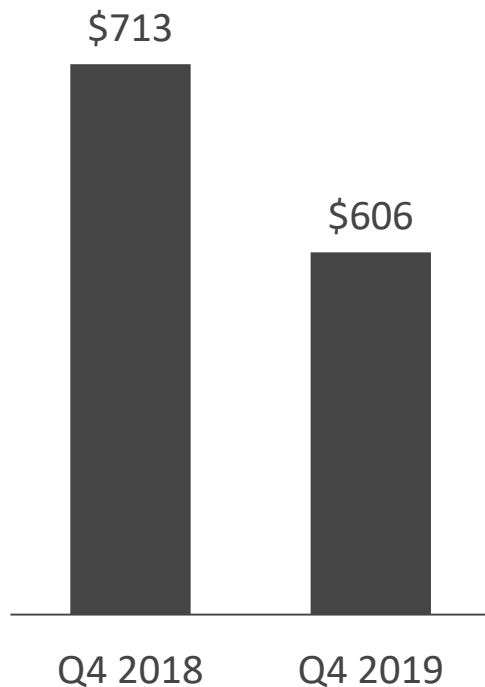
Appendix

Q4 2019 Financial Performance

(Dollars in millions, excl. EPS)

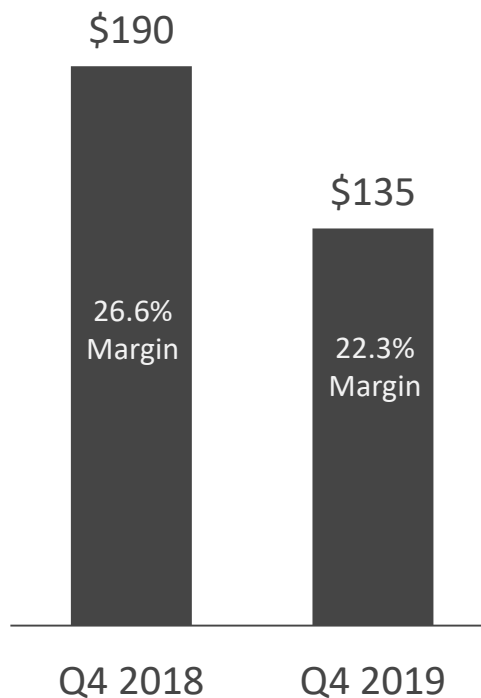
Revenue

Down 15%



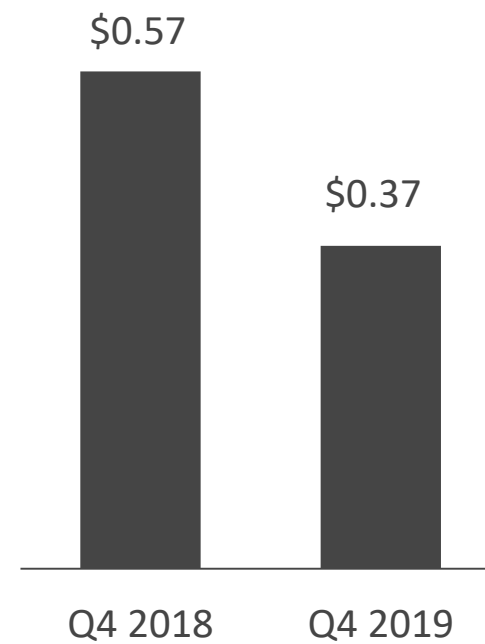
Adjusted EBITDA

Down 29%
Margin Down 430 bps



Adjusted EPS¹

Down 20 Cents



FY 2019 Financial Performance

(Dollars in millions, excl. EPS)

Revenue

Down 9%
Down 6% ex-FX

\$2,690



\$2,452



2018

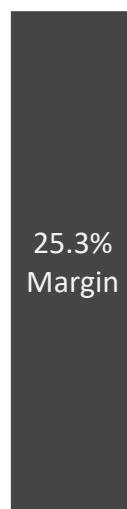
2019

Industrials +3% ex-FX
Medical +9% ex-FX
Energy -21% ex-FX

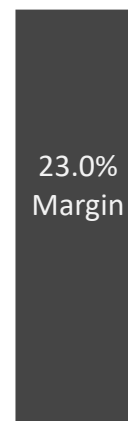
Adjusted EBITDA

Down 17%
Margin Down 230 bps

\$682



\$565



25.3%
Margin

23.0%
Margin

2018

2019

Industrials +70 bps
Medical +180 bps
Energy -420 bps

Adjusted EPS¹

Down 30 Cents

\$1.89



\$1.59



2018

2019

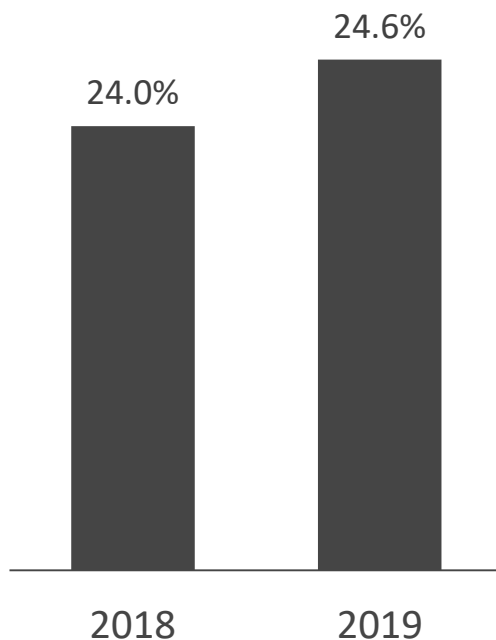
FY 2019 Financial Performance

(Dollars in millions)

Working Capital

(Op. Working Capital as % of LTM Sales)

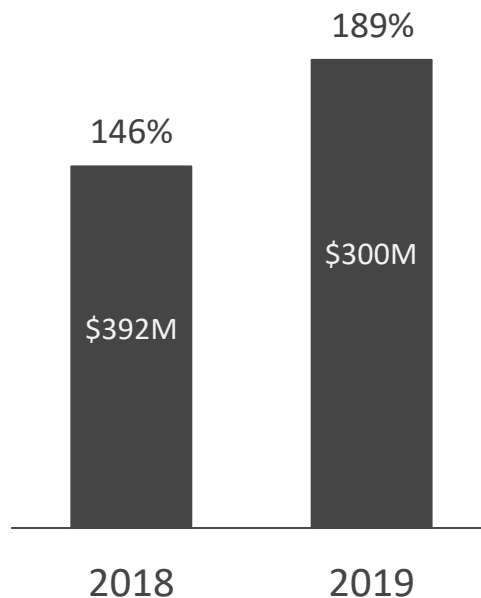
Increased 60 bps



Industrials decreased 370 bps
Medical decreased 260 bps
Energy increased 970 bps

Free Cash Flow ¹

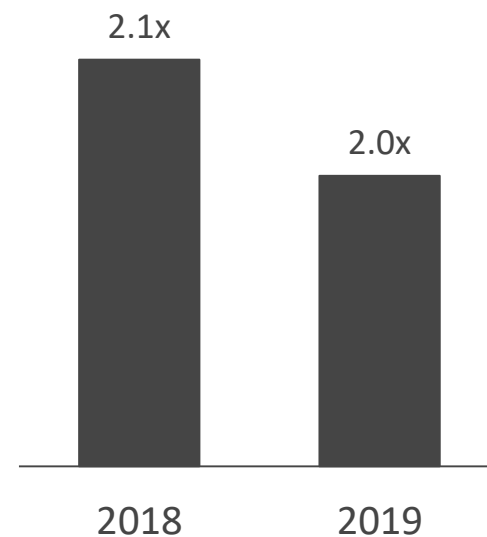
(FCF Conversion in % and FCF in \$)



Leverage

(Net Debt / LTM Adjusted EBITDA)

Improved 0.1x Y/Y



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 December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018
Net Income	<u>\$ 25.8</u>	<u>\$ 94.5</u>	<u>\$ 159.1</u>	<u>\$ 269.4</u>
Basic Earnings Per Share (As Reported)	<u>\$ 0.13</u>	<u>\$ 0.47</u>	<u>\$ 0.78</u>	<u>\$ 1.34</u>
Diluted Earnings Per Share (As Reported)	<u>\$ 0.12</u>	<u>\$ 0.45</u>	<u>\$ 0.76</u>	<u>\$ 1.29</u>
Plus:				
Provision for income taxes	2.5	16.9	31.8	80.1
Amortization of acquisition related intangible assets	28.0	29.1	112.5	111.9
Restructuring and related business transformation costs	9.6	13.6	25.6	38.8
Acquisition related expenses and non-cash charges	20.0	3.6	54.6	16.7
Environmental remediation loss reserve	-	-	0.1	-
Expenses related to public stock offerings	-	0.7	-	2.9
Establish public company financial reporting compliance	-	1.1	0.6	4.3
Stock-based compensation	6.2	(5.3)	23.1	(2.3)
Loss on extinguishment of debt	-	-	0.2	1.1
Foreign currency transaction losses (gains), net	5.0	(1.3)	8.1	(1.9)
Shareholder litigation settlement recoveries	-	(5.0)	(6.0)	(9.5)
Other adjustments	(0.2)	2.2	0.6	2.2
Minus:				
Income tax provision, as adjusted	20.1	31.2	77.9	119.0
Adjusted Net Income	<u>\$ 76.8</u>	<u>\$ 118.9</u>	<u>\$ 332.4</u>	<u>\$ 394.7</u>
Adjusted Basic Earnings Per Share	<u>\$ 0.38</u>	<u>\$ 0.59</u>	<u>\$ 1.63</u>	<u>\$ 1.96</u>
Adjusted Diluted Earnings Per Share¹	<u>\$ 0.37</u>	<u>\$ 0.57</u>	<u>\$ 1.59</u>	<u>\$ 1.89</u>
Average shares outstanding:				
Basic, as reported	204.8	201.1	203.5	201.6
Diluted, as reported	209.4	207.7	208.9	209.1
Adjusted diluted ¹	209.4	207.7	208.9	209.1

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.

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 December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018
Net Income	\$ 25.8	\$ 94.5	\$ 159.1	\$ 269.4
Plus:				
Interest expense	20.9	23.1	88.9	99.6
Provision for income taxes	2.5	16.9	31.8	80.1
Depreciation expense	13.5	13.3	53.8	54.6
Amortization expense	31.6	32.4	124.3	125.8
Restructuring and related business transformation costs	9.6	13.6	25.6	38.8
Acquisition related expenses and non-cash charges	20.0	3.6	54.6	16.7
Environmental remediation loss reserve	-	-	0.1	-
Expenses related to public stock offerings	-	0.7	-	2.9
Establish public company financial reporting compliance	-	1.1	0.6	4.3
Stock-based compensation	6.2	(5.3)	23.1	(2.3)
Loss on extinguishment of debt	-	-	0.2	1.1
Foreign currency transaction losses (gains), net	5.0	(1.3)	8.1	(1.9)
Shareholder litigation settlement recoveries	-	(5.0)	(6.0)	(9.5)
Other adjustments	(0.2)	2.2	0.6	2.2
Adjusted EBITDA	<u>\$ 134.9</u>	<u>\$ 189.8</u>	<u>\$ 564.8</u>	<u>\$ 681.8</u>
Minus:				
Interest expense	20.9	23.1	88.9	99.6
Income tax provision, as adjusted	20.1	31.2	77.9	119.0
Depreciation expense	13.5	13.3	53.8	54.6
Amortization of non-acquisition related intangible assets	3.6	3.3	11.8	13.9
Adjusted Net Income	<u>\$ 76.8</u>	<u>\$ 118.9</u>	<u>\$ 332.4</u>	<u>\$ 394.7</u>
Free Cash Flow				
Cash flows - operating activities	99.0	146.2	343.3	444.5
Minus:				
Capital expenditures	9.4	20.1	43.2	52.2
Free Cash Flow	<u>\$ 89.6</u>	<u>\$ 126.1</u>	<u>\$ 300.1</u>	<u>\$ 392.3</u>

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 December 31,		For the Year Ended December 31,	
	2019	2018	2019	2018
Revenue				
Industrials	\$ 333.1	\$ 337.6	\$ 1,301.3	\$ 1,303.3
Energy	205.8	307.0	870.2	1,121.1
Medical	66.9	68.1	280.4	265.4
Total Revenue	<u>\$ 605.8</u>	<u>\$ 712.7</u>	<u>\$ 2,451.9</u>	<u>\$ 2,689.8</u>
Segment Adjusted EBITDA				
Industrials	\$ 78.8	\$ 78.2	\$ 296.6	\$ 288.2
Energy	53.5	95.3	225.1	337.8
Medical	20.6	20.6	84.4	75.0
Total Segment Adjusted EBITDA	<u>\$ 152.9</u>	<u>\$ 194.1</u>	<u>\$ 606.1</u>	<u>\$ 701.0</u>
Less items to reconcile Segment Adjusted EBITDA to				
Income Before Income Taxes:				
Corporate expenses not allocated to segments	\$ 18.0	\$ 4.3	\$ 41.3	\$ 19.2
Interest expense	20.9	23.1	88.9	99.6
Depreciation and amortization expense	45.1	45.7	178.1	180.4
Restructuring and related business transformation costs	9.6	13.6	25.6	38.8
Acquisition related expenses and non-cash charges	20.0	3.6	54.6	16.7
Environmental remediation loss reserve	-	-	0.1	-
Expenses related to public stock offerings	-	0.7	-	2.9
Establish public company financial reporting compliance	-	1.1	0.6	4.3
Stock-based compensation	6.2	(5.3)	23.1	(2.3)
Loss on extinguishment of debt	-	-	0.2	1.1
Foreign currency transaction losses (gains), net	5.0	(1.3)	8.1	(1.9)
Shareholder litigation settlement recoveries	-	(5.0)	(6.0)	(9.5)
Other adjustments	(0.2)	2.2	0.6	2.2
Income Before Income Taxes	<u>\$ 28.3</u>	<u>\$ 111.4</u>	<u>\$ 190.9</u>	<u>\$ 349.5</u>

Important Additional Info and No Offer or Solicitation

IMPORTANT ADDITIONAL INFORMATION AND WHERE TO FIND IT

In connection with the pending merger transaction between Gardner Denver and Ingersoll Rand Industrial, Gardner Denver and Ingersoll Rand Industrial have filed registration statements with the SEC registering shares of Gardner Denver common stock and Ingersoll Rand Industrial common stock in connection with the proposed transaction. Gardner Denver has also filed a proxy statement, which has been sent to the Gardner Denver shareholders in connection with their vote required in connection with the proposed transaction. Ingersoll-Rand shareholders are urged to read the prospectus and/or information statement that will be included in the registration statements and any other relevant documents when they become available, and Gardner Denver stockholders are urged to read the proxy statement and any other relevant documents when they become available, because they will contain important information about Gardner Denver, Ingersoll Rand Industrial and the proposed transaction. The proxy statement, prospectus and/or information statement, and other documents relating to the proposed transactions (when they become available) can be obtained free of charge from the SEC's website at www.sec.gov. The proxy statement, prospectus and/or information statement and other documents (when they are available) are also available free of charge on Ingersoll-Rand's website at <http://ir.ingersollrand.com> or on Gardner Denver's website at <https://investors.gardnerdenver.com>. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of the stockholders of Gardner Denver in connection with the proposed transaction is set forth in the proxy statement/prospectus filed with the SEC.

NO OFFER OR SOLICITATION

This communication shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

This communication is not a solicitation of a proxy from any security holder of Gardner Denver. However, Ingersoll-Rand, Gardner Denver and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from shareholders of Gardner Denver in connection with the proposed transaction under the rules of the SEC. Information about the directors and executive officers of Ingersoll-Rand may be found in its Annual Report on Form 10-K filed with the SEC on February 12, 2019 and its definitive proxy statement relating to its 2019 Annual Meeting of Shareholders filed with the SEC on April 23, 2019. Information about the directors and executive officers of Gardner Denver may be found in its Annual Report on Form 10-K filed with the SEC on February 27, 2019, and its definitive proxy statement relating to its 2019 Annual Meeting of Stockholders filed with the SEC on March 26, 2019.