

# Investor Deck February 2019



# Safe Harbor

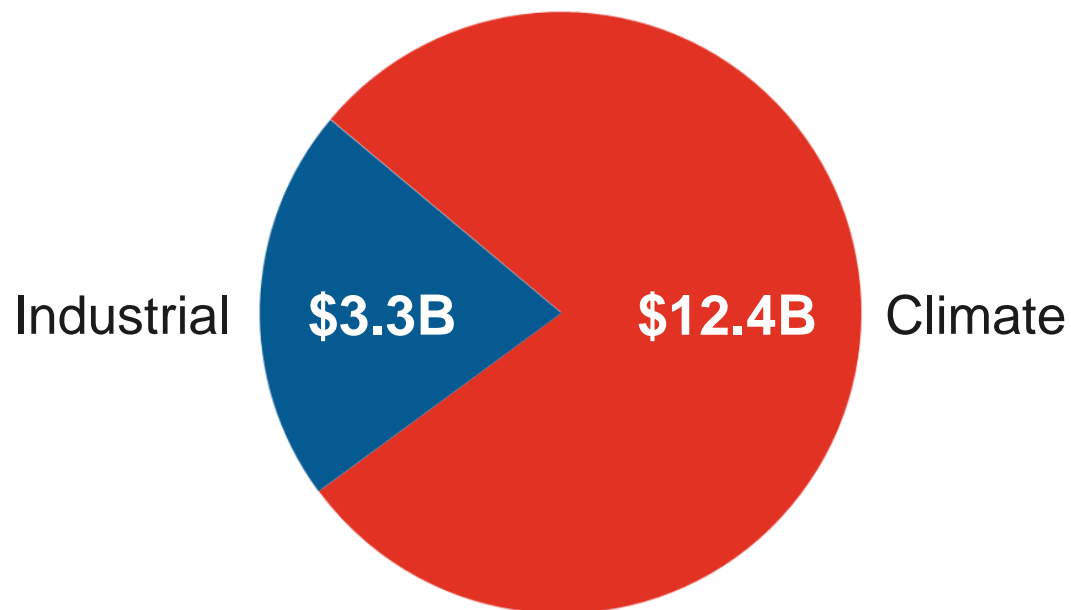
This presentation includes “forward-looking statements” which are statements that are not historical facts, including statements that relate to the mix of and demand for our products; performance of the markets in which we operate; our share repurchase program including the amount of shares to be repurchased and timing of such repurchases; our capital allocation strategy including projected acquisitions; the proposed transaction to acquire PFS and the timing thereof; restructuring activity; our projected 2019 full-year financial performance and our projected 2017 to 2020 financial performance and targets including assumptions regarding our effective tax rate, tax reform measurement period adjustments and other factors described in our guidance. These forward-looking statements are based on our current expectations and are subject to risks and uncertainties, which may cause actual results to differ materially from our current expectations. Such factors include, but are not limited to, global economic conditions; our ability to timely obtain, if ever, necessary regulatory approvals of the proposed transaction to acquire PFS; the outcome of any litigation; demand for our products and services, and tax law changes and interpretations. Additional factors that could cause such differences can be found in our Form 10-K for the year ended December 31, 2018, as well as our subsequent reports on Form 10-Q and other SEC filings. We assume no obligation to update these forward-looking statements.

This presentation also includes non-GAAP financial information which should be considered supplemental to, not a substitute for, or superior to, the financial measure calculated in accordance with GAAP. The definitions of our non-GAAP financial information are included as an appendix in our presentation and reconciliations can be found in our earnings releases for the relevant periods located on our website at [www.ingersollrand.com](http://www.ingersollrand.com). All data beyond the fourth quarter of 2018 are estimates.

# A Global Leader in Energy Efficiency and Productivity

## Two Segments

(Revenues 2018)



## Key Metrics

Manufacturing locations  
worldwide

52

Employees

~49,000

Market cap

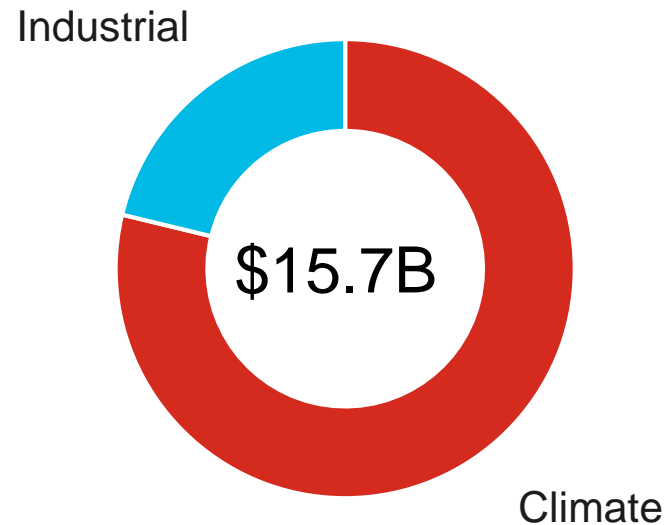
~\$25B

# of countries we sell products

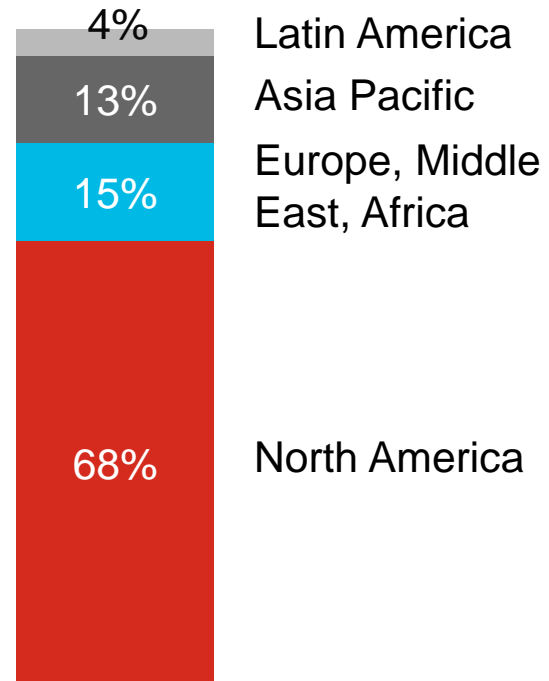
100+

# Diversified Business With High Aftermarket Mix

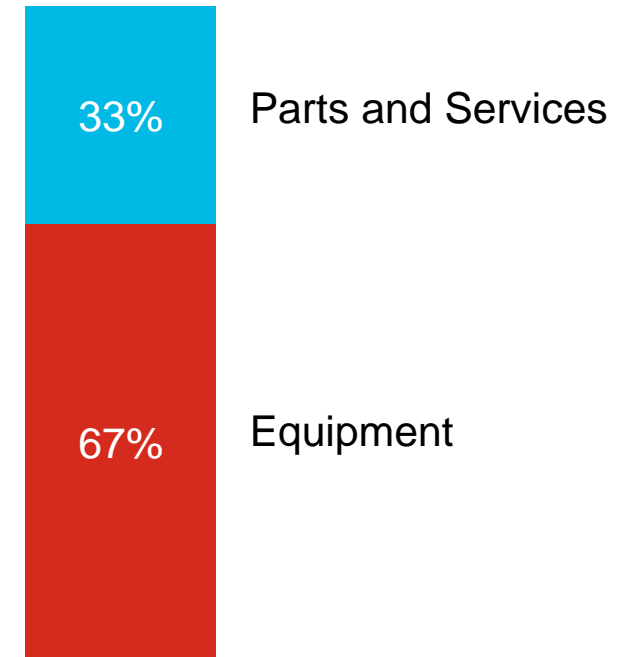
## Segment Distribution



## Regional Mix



## Revenue Streams





# Leading Brands and Market Positions

## Commercial HVAC



- World leader in HVAC

## Residential HVAC



- Leader in heating and air conditioning solutions

## Transport Refrigeration



- World leader in refrigerated transportation

## Industrial and Process



- Leader in compression technologies, specialty tools & material handling

## Fluid Handling



- World leader in reliable fluid handling equipment

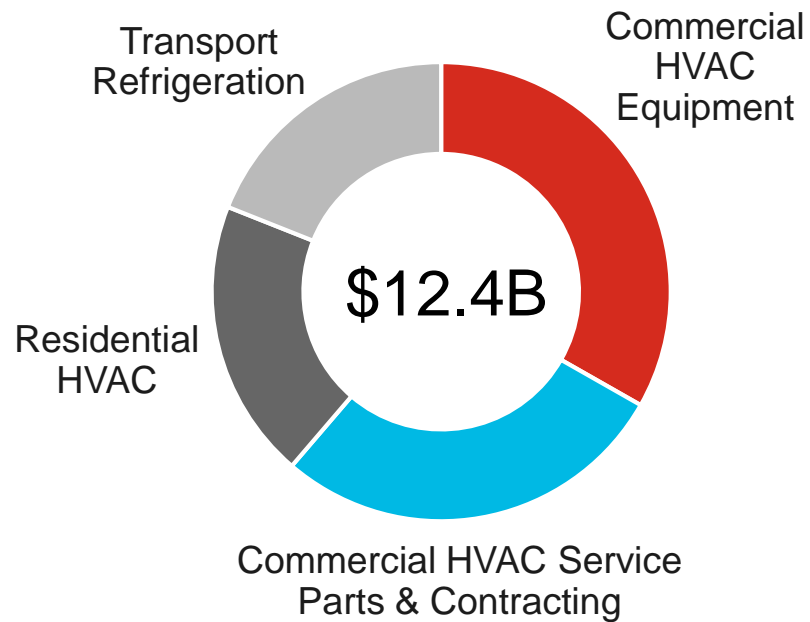
## Golf and Utility Vehicles



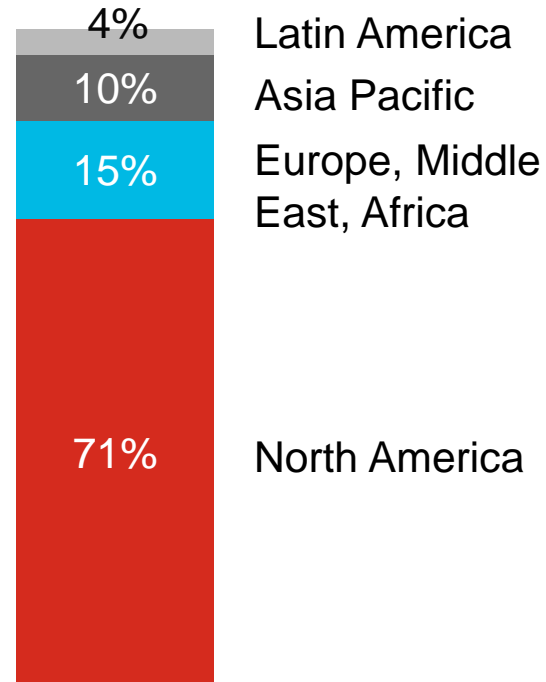
- A world leader in small electric vehicles

# Climate Segment: Diversified and Resilient Performance

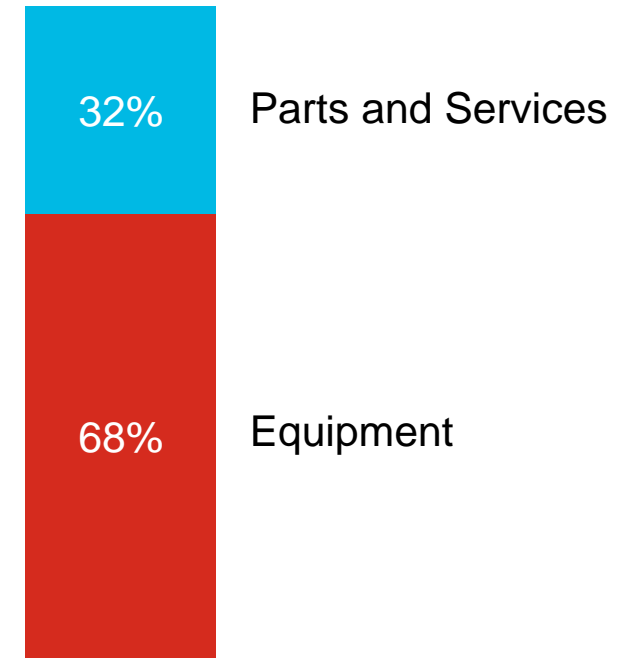
## Segment Mix



## Regional Mix



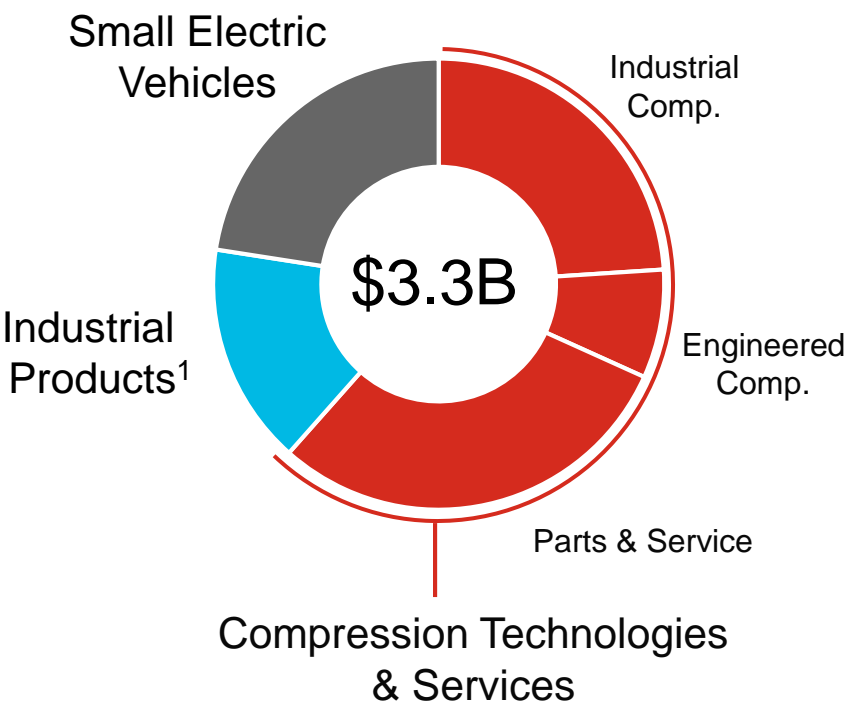
## Revenue Streams



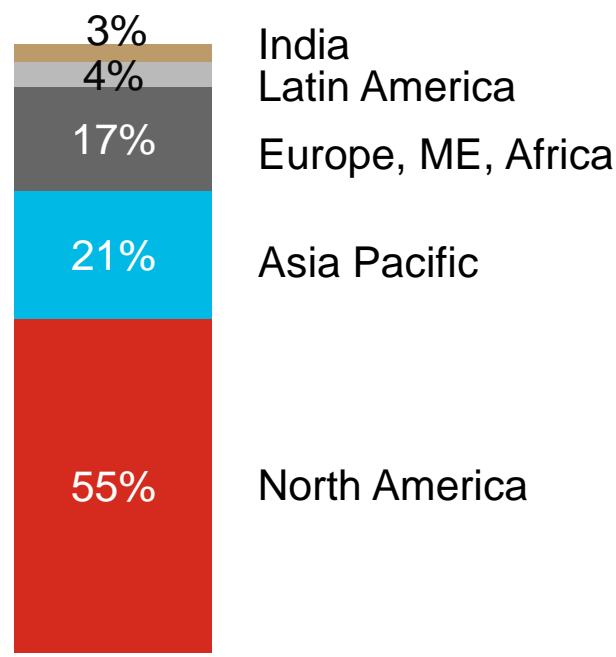
- High and growing recurring revenue streams – services / parts
- Balanced mix of services, energy services, connected buildings, residential and transport solutions

# Industrial Segment: Diversified and Resilient Performance

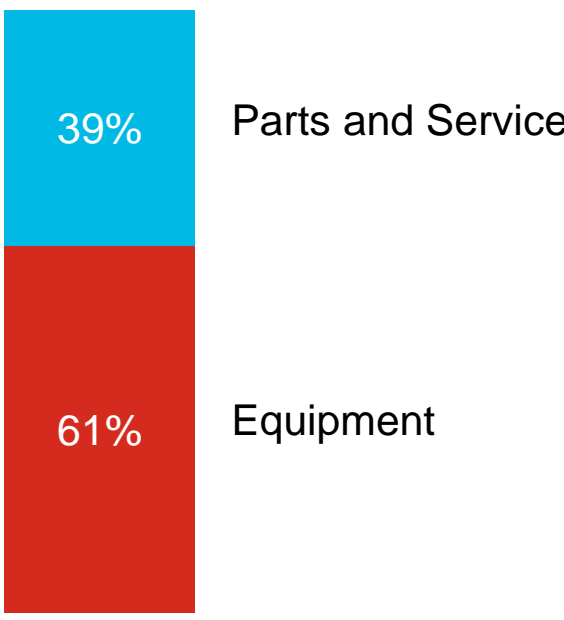
## Business Units



## Regional Mix



## Revenue Streams

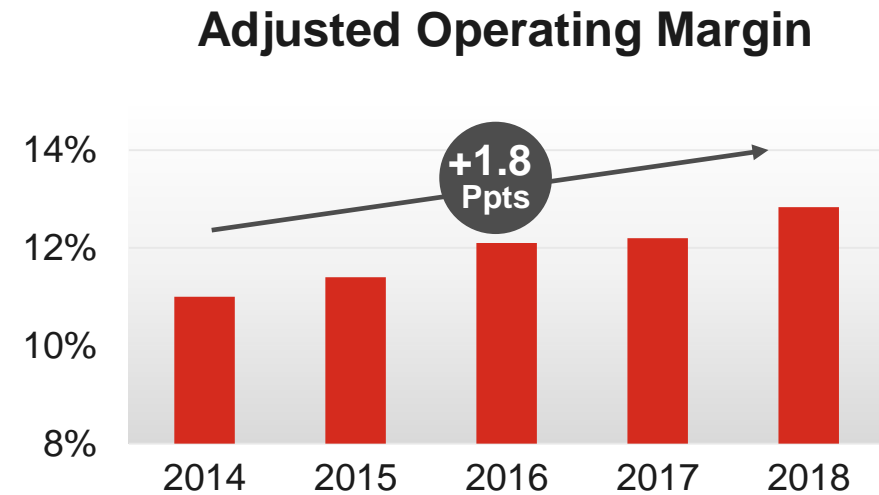
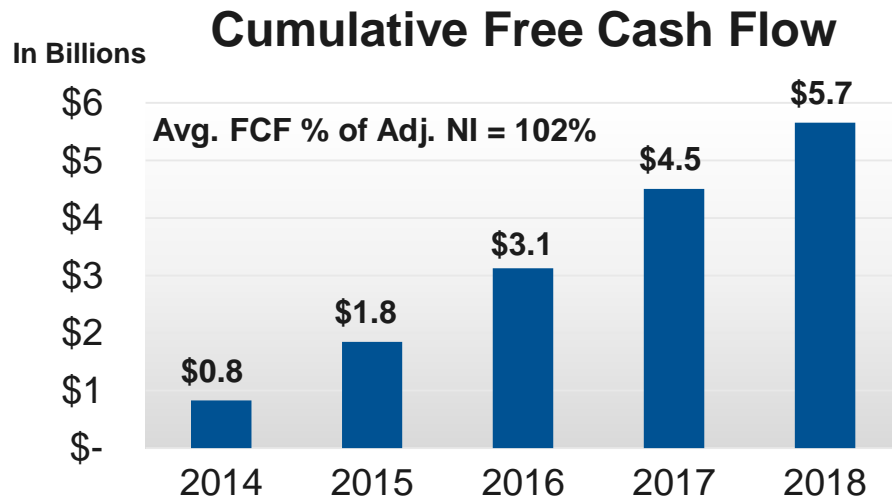
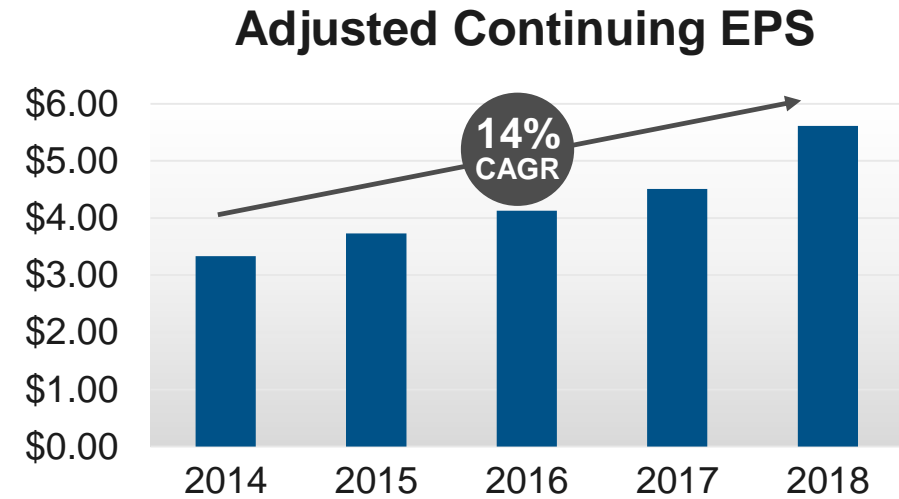
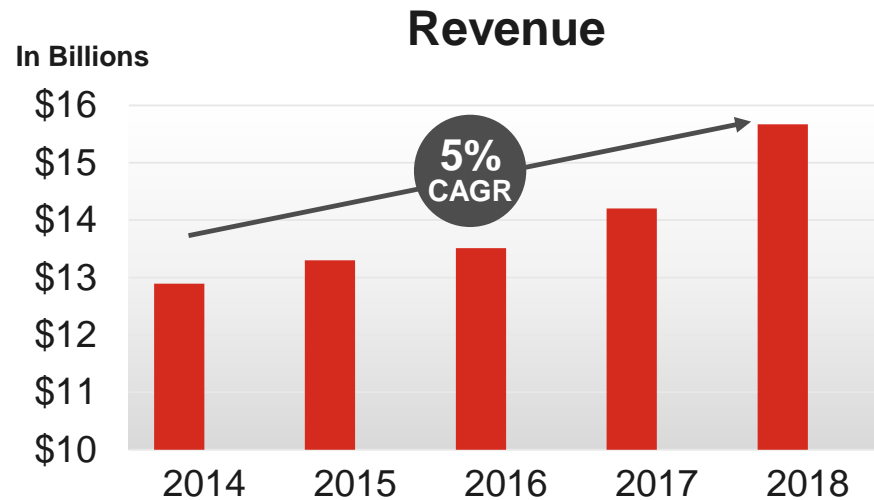


# Robust Financial Model Drives Powerful Cash Flow (2014 – 2018)





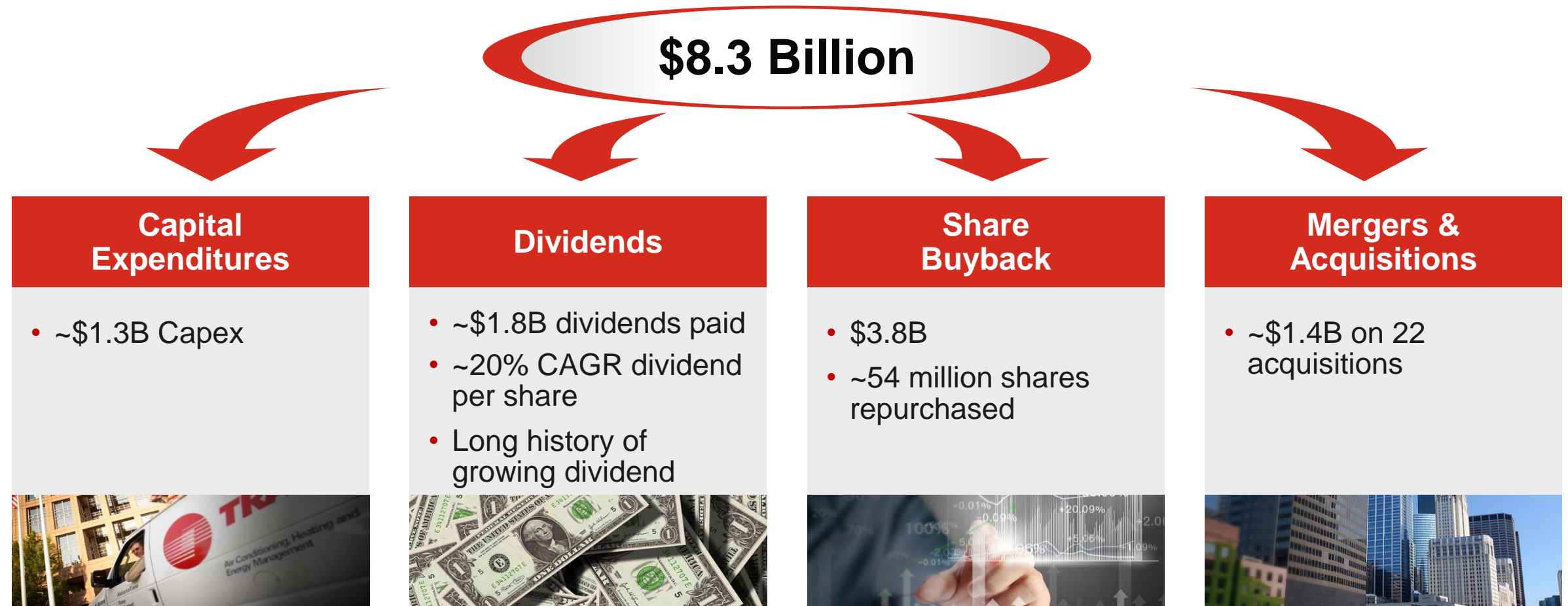
# Driving Sustained Growth and Operating Margin Improvement



\* Includes certain Non-GAAP financial measures. See the company's website for additional details and reconciliations.

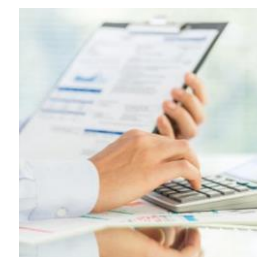
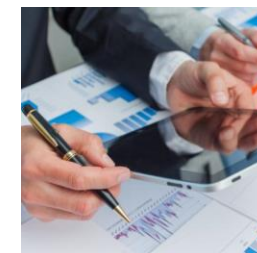
\* 2016 Adj Op Margin retrospectively restated for the adoption of accounting standard ASU 2017-07 on January 1, 2017. Non-service pension costs that were previously reported in COGS and SG&A expense are now reported in other income/expense, net. This has no net impact to EPS. 2014 and 2015 Adj Op Margin was not restated.

# Dynamic and Balanced Capital Deployment Focused on Maximizing Shareholder Value (2014 – 2018)



# Ingersoll Rand 2020 Targets\*

Year-End 2017 to 2020 Targets	
Revenue Growth	~4% to ~4.5% CAGR
Adjusted Operating Margins	~14.5% to ~15% in 2020
Adjusted Continuing EPS Growth	~11% to ~13% CAGR Based on ~22% tax rate
Free Cash Flow (% Net Income)	>=1.0 times
Balanced Cap Deployment of Excess Cash <ul style="list-style-type: none"><li>- Competitive and Growing Dividend</li><li>- Share buyback</li><li>- M&amp;A</li></ul>	~100% of FCF on avg.



# Consistent Strategy Execution Delivers Profitable Growth and Powerful Cash Flow



Stable and recurring free cash flow: \$5.7B past 5 Years



# Global Mega Trends Play to Our Strengths

## Global Mega Trends

- Climate change
- Urbanization
- Natural resource scarcity
- Digital connectedness and technologies



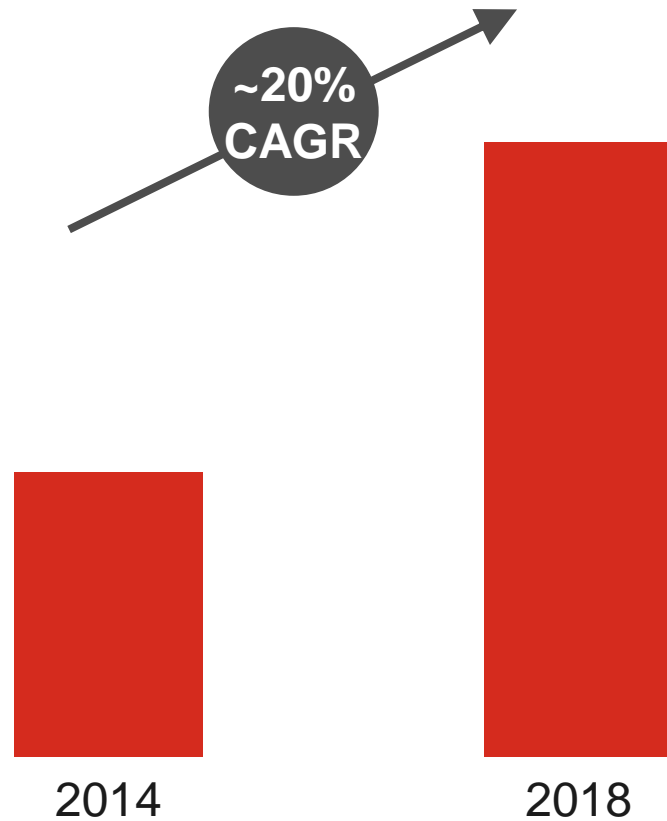
## Our Strengths

- Reduce energy demand and greenhouse gas emissions
- Improve efficiency in:
  - Buildings
  - Industrial processes
  - Transportation



# Significant Ongoing Business Investments Support Growth and Profitability

## Business Investments



## Key Examples

- ~90 major new products / services throughout the world in 2018
- New low-global warming potential refrigerants
- Digital / controls / wireless technology
- Channel expansion
- Parts and services capabilities / offerings
- Sales and services capabilities
- Operational excellence initiatives





# Growth and Profitability Opportunities from Ongoing Business Investments

## Subset of Incremental Opportunities Contributing to 2020 Targets\*

### Climate

~\$200M



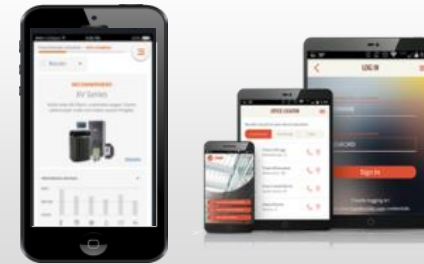
Variable Refrigerant Flow

~\$400M



Energy Services

~\$300M



Digital Customer Experience

~\$100M



Auxiliary Power Unit

### Industrial

~\$40M Operating Income



Engineered to Order

~\$100M



Personal Transportation

~\$175M



Compression Tech Services

~\$90M



Industrial Products

# Business Operating System Delivers Results

- 1** Drive innovation and productivity
- 2** Proven & unique system to accelerate profitable growth
- 3** Committed to sustainability and energy efficiency
- 4** Focus on employee engagement



# Widely Recognized for Global Citizenship, Sustainability, Diversity and Inclusion and Employee Engagement

## Sustainability



FTSE4Good

**FTSE4Good Index Series**  
for 5<sup>th</sup> consecutive year

MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In Collaboration with RobecoSAM

**2018 Dow Jones Sustainability**  
World and North America  
for 8<sup>th</sup> consecutive year

The Magazine for Clean Capitalism  
**Corporate Knights**

**Global 100 Most Sustainable**  
**Corporations**  
2<sup>nd</sup> consecutive year



U.S Chamber of Commerce  
2018 Corporate Citizenship Award  
Winner for **Best Environmental**  
**Stewardship**

## Diversity and Inclusion



1<sup>st</sup> in our Industry to sign onto  
**Paradigm for Parity**



**CEO [ACTION] FOR**  
**DIVERSITY & INCLUSION**

## Citizenship



Fortune World's **Most Admired**  
list for 7<sup>th</sup> year

## Employee Engagement

**Top Quartile in Manufacturing**  
Industry for 5<sup>th</sup> consecutive year



# Fourth-Quarter 2018 Results

January 30, 2019



# Executing a Consistent Strategy that Delivers Profitable Growth









# 2018 Highlights – Execution of Strategy Continues to Deliver Top-Tier Operational and Financial Performance

- **Top-tier bookings and revenue growth with healthy end-markets in both Climate and Industrial segments**
  - Q4 organic bookings up 17%, up 11% excluding a large Commercial HVAC order. FY 2018 up 13%
  - Q4 organic revenues up 8%. FY 2018 up 9%
- **Top-tier adjusted continuing EPS growth**
  - Strong finish to 2018 w/ Q4 up 29%. FY 2018 up 24%
- **Effectively managed inflation and tariff related impacts, driving improved leverage throughout 2018**
  - 40 bps positive price versus cost in Q4; 10 bps positive FY 2018
  - 30 bps positive productivity versus other inflation in Q4; neutral FY 2018
  - 1H leverage of 15% and 2H leverage of 25%
- **Strong margin expansion**
  - 90 bps adjusted operating margin improvement in Q4; 60 bps FY 2018
- **Ongoing healthy business reinvestment building a stronger more resilient company**
  - 30 bps of incremental investment in FY 2018
  - \$366M capex in FY 2018
- **FCF reinvested in working capital required to maintain high levels of bookings and revenues**
- **Continued balanced capital allocation - \$1.7B in FY 2018**
  - \$480M dividends
  - \$900M share repurchase
  - \$285M acquisitions



# 2018 Significantly Exceeded Initial Guidance Expectations

	2018 Guidance	Full Year 2018		Versus 2017
Net Revenue	~ 5% reported ~ 3% organic	\$15,668		+ 10% reported + 9% organic
Adj. Operating Margin*	12.5% to 13.0%	12.8%		+ 60 bps
Adj. Continuing EPS*	\$5.00 to \$5.20	\$5.61		+ 24%
Free Cash Flow*	> 100% Adj. Net income	82% Adj. Net Income		- 17%

## Highlights

- Strong 2018 results: record revenues, solid margin expansion, 24% adj. continuing EPS growth
- FCF < 100% adj. net income – primarily impact of higher than normal working capital required to sustain continued very strong bookings and revenue growth; FCF in excess of 100% expected in 2019 and 100% remains long-term target

# Fundamentals Support Continued Strong Financial Performance in 2019

- Focused execution of our business strategy and favorable end-markets support continued growth in both Climate and Industrial segments
- Record backlog exiting 2018 providing improved visibility into 2019
- Effectively managing known inflationary & tariff-related impacts with price / productivity, driving solid leverage, improving operating margins and top-tier EPS growth
- Targeting FCF > 100% adjusted net income
- Continued execution of balanced allocation strategy (~100% of FCF):
  - Strong dividend growing at or above earnings growth rate
  - Acquisitions consistent with company's long-term strategic objectives
  - Share buybacks when stock trading below intrinsic value
- 2018 actuals and 2019 guidance outpacing glide-path to achieve 2017 Investor Day revenue growth, EPS growth and FCF targets

# Strong Growth Continues in Healthy End Markets

## Commercial HVAC

- Global HVAC markets remain positive – strong service / equip revenue and bookings growth across virtually all regions
- Europe growth solid, outlook remains positive
- China mkt solid in Q4 w/ growth in equip & svcs; established direct mkt penetration strategy drives growth greater than mkt in 2019; monitoring risk around trade war concerns
- *2019 global outlook for CHVAC remains strong w/ LSD - MSD market growth expected; key economic indicators continue to be broadly supportive*

## Residential HVAC

- Strong revenues and continued share gains in 2018
- Continued growth driven by strong replacement demand in qtr; expect continuation in 2019
- *Economic indicators point to cont'd healthy mkts in Resi in 2019; LSD – MSD mkt growth*

# Strong Growth Continues in Healthy End Markets

## Transport

- Global Transport business diversified and resilient across trailer, truck, APU, aftermarket
- Exceptional growth in N.A. trailer and APU mkts driving outsized backlog; End-2018 backlog conversion should drive healthy revenue growth in 2019
- European transport markets mixed; closely monitoring, Brexit uncertainty
- *LSD - MSD market revenue growth expected in 2019*

## Compression Technologies

- Global mkts largely healthy w/ solid Q4 growth in equip / svcs; solid outlook into 2019
- U.S. / China trade war pausing some projects, esp. Chinese exporters
- *Overall, expect LSD - MSD market growth in 2019; monitoring geo-political uncertainty*

## Small Electric Vehicles & Industrial Products

- Strong growth in small electric vehicles driven by consumer and commercial utility vehicles
- Industrial Products' businesses (Fluid Mgmt, Tools, Mat'l Handling) remain healthy
- *2019 outlook supports sustained growth*

# Q4 Results Deliver Strong Finish to 2018

- Continued robust EPS growth
  - Q4 adjusted continuing EPS of \$1.32, up 29% year over year driven by gains in both Climate and Industrial
  - Consistent performance delivered EPS growth over 20% in each quarter of 2018
- Strong Q4 organic revenue and bookings growth in both segments
  - Broad based Industrial organic bookings and revenue growth, up 6%. U.S. / China trade war pausing some projects, esp. Chinese exporters
  - Broad-based geographic and product organic revenue growth in Climate, up 9%; exceptional organic bookings up 20% with 13% growth excluding large Commercial HVAC order
  - Add'l working capital supported cont'd strong bookings & revenue; FY2018 FCF less than usual 100% of Adj NI
- Operational excellence delivering targeted leverage and good margin improvement
  - Q4 Enterprise adj. operating margins up 90 bps, 2018 margins up 60 bps
  - Effectively managing material / other inflation and tariff-related costs; price / cost positive 40 bps in Q4
- Continued balanced capital allocation
  - 2018 ~ \$1.7B w/ \$480M in dividends, \$285M in acquisitions and \$900M in share repurchases. Dividend increased 18% in June 2018
  - Maintain healthy and active M&A pipeline w/ targets aligned with company's core strategies
  - Expect to deploy ~100% of excess FCF

# Strong Organic Bookings and Revenue Growth Continues in Both Segments and Across Business Units Against Tough YOY Comps

	Q4 Organic* Y-O-Y Change	
	Bookings	Revenue
Commercial HVAC	+	+
- North America	+	+
- Latin America	+	+
- EMEA	+	-
- Asia	+	+
Residential HVAC	+	+
Transport	+	+
<b>Climate</b>	<b>+ 20%</b>	<b>+ 9%</b>
Compression Tech.	+	+
Industrial Products	+	+
Small Electric Vehicles	+	+
<b>Industrial</b>	<b>+ 6%</b>	<b>+ 6%</b>
<b>Enterprise</b>	<b>+ 17%</b>	<b>+ 8%</b>

## CHVAC Organic EMEA Revenues:

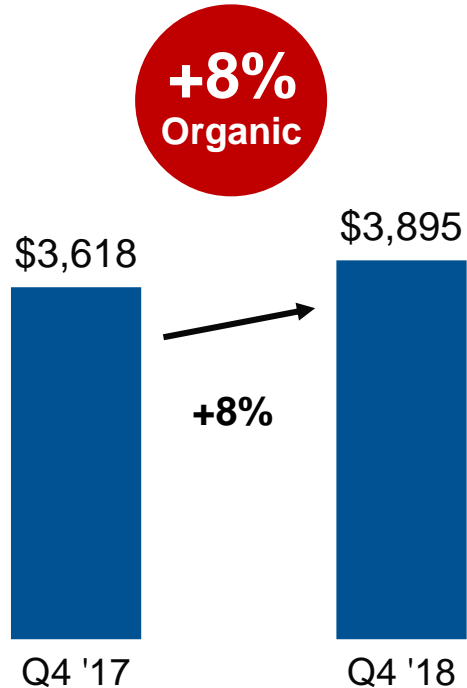
Europe +  
MEA -

(Strong Europe growth offset by decline in MEA related to two large Q3'17 orders that shipped in Q4'17; did not repeat in 2018)

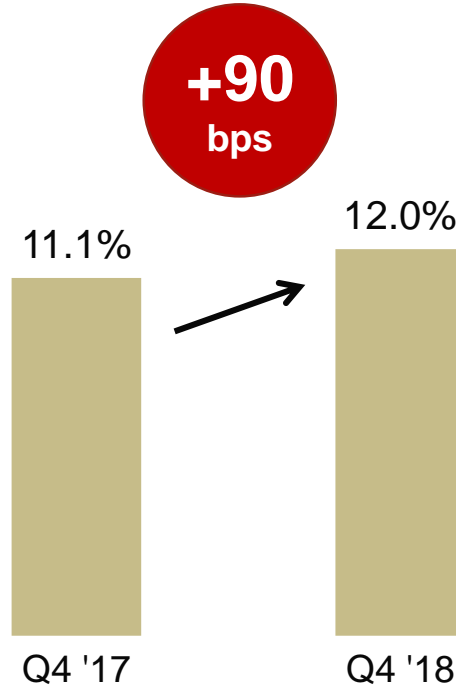


# Q4 2018 Continued Strong Revenue Growth, Margin Expansion and EPS Growth

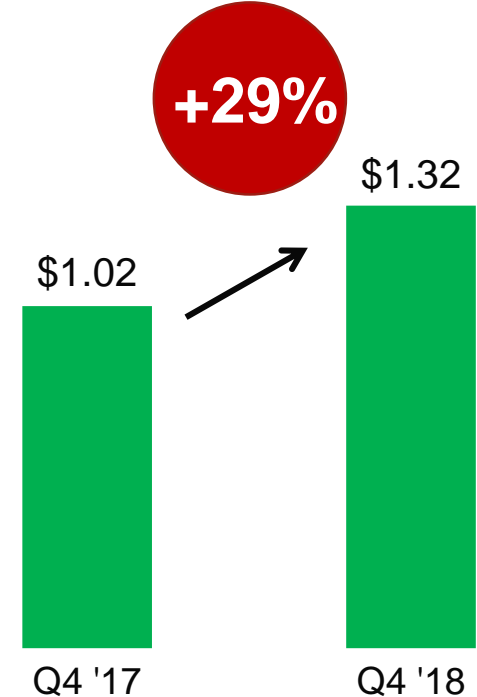
## Net Revenue



## Adj. Operating Margin\*



## Adj. Continuing EPS\*



## Highlights

- Ongoing business investments in NPD, channel, controls, delivering continued strong, broad-based organic revenue growth in virtually all products and geographies across both segments
- Adj. operating margin up significantly on higher volumes, productivity and effective mgmt of inflation & tariff-related headwinds. Achieved Q4 and 2H leverage target of 25%, up from 15% in 1H
- ~1% revenue growth from acquisitions offset by ~1% negative FX impact

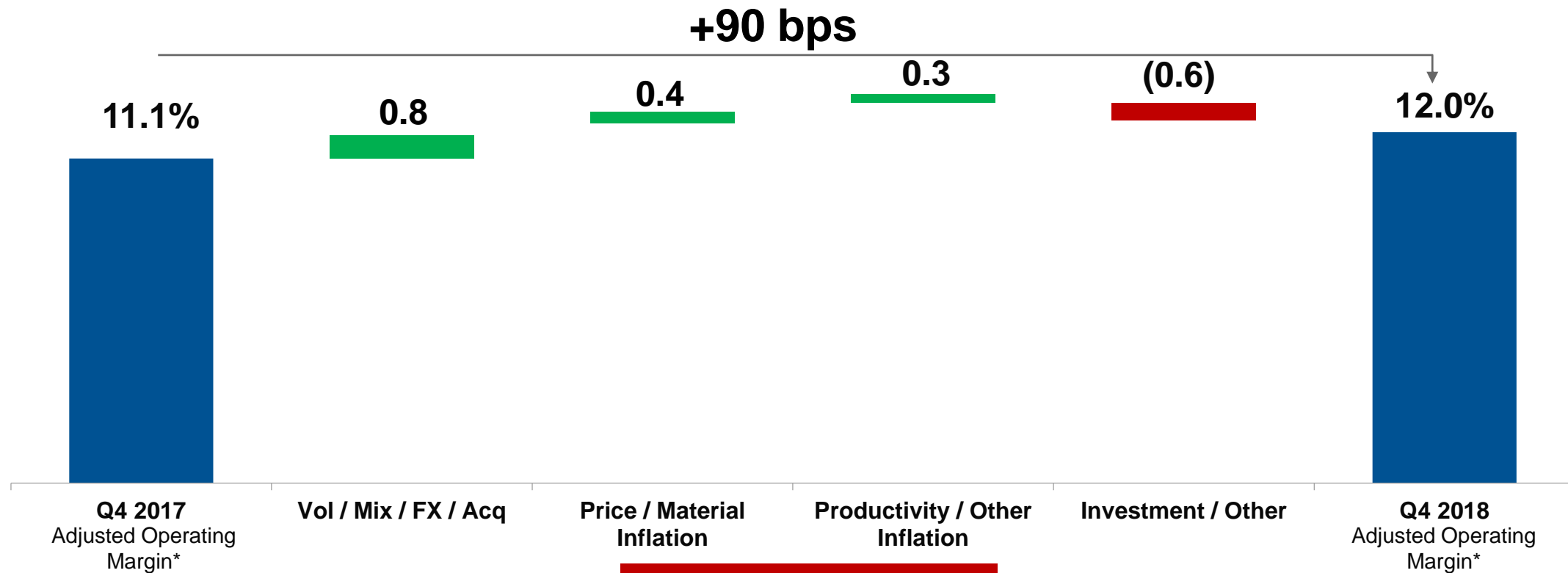
# Focused Execution of Business Strategy Delivering Strong Q4 Results



## Highlights

- Strong performance in Climate. Industrial solid w/ leverage negatively impacted by non-recurring adjustments in Q4 across Industrial products / Small Elec vehicles (~\$5M). CTS leverage well in excess of 40%
- 2019 expect Industrials businesses to continue to drive strong leverage at ~GM% levels on avg.
- Corporate expenses lower \$17M, the result of productivity savings; other expense includes discrete costs (\$12M) primarily associated with legacy legal matters

# Strong Volume, Positive Price vs Material Inflation and Productivity vs Other Inflation Spreads Driving 90 bps Margin Expansion

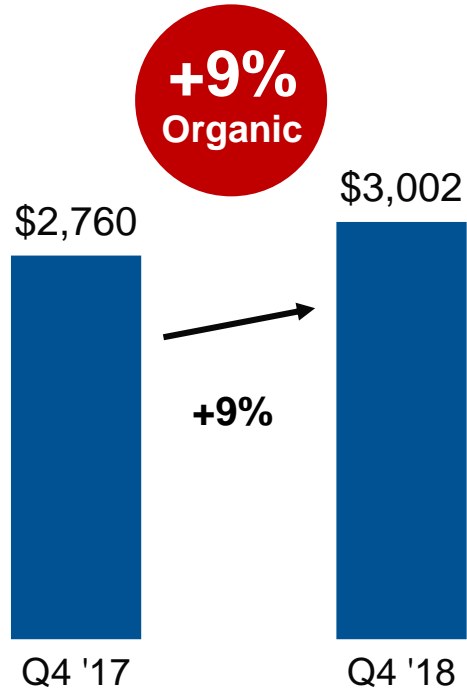


## Highlights

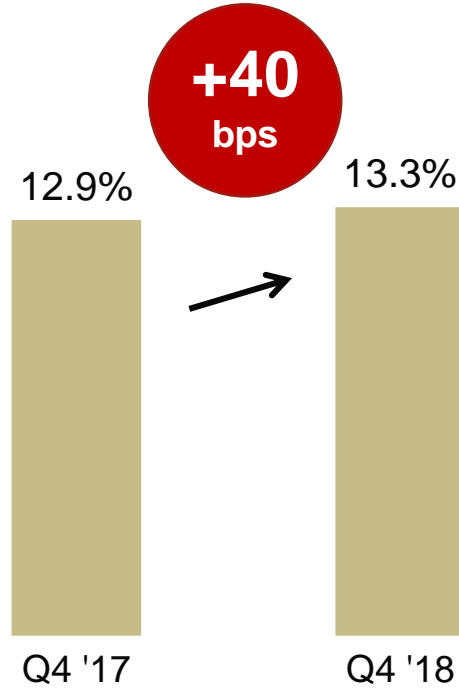
- Strong volume & effective mgmt of mat'l inflation & tariff-related costs combining for 90 bps op margin expansion
- Price / cost improved from neg 40 bps Q1 to +40 bps Q4; achieved +10 bps full year 2018 price / cost
- Notable productivity improvement in Q4 driving prod / other inflation (wages, freight, other) equation to +30 bps Q4 & neutral 2018, enabling significant margin expansion with significant incremental business reinvestment of -60 bps

# Q4 Continued Strong, Broad-Based Revenue Growth and Improved Margins

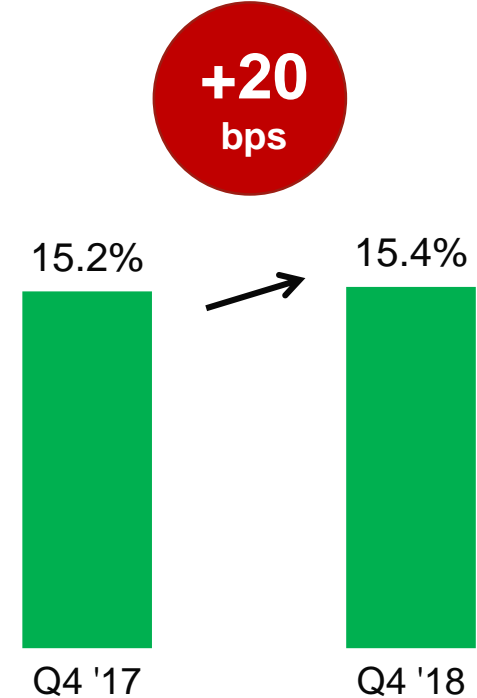
## Net Revenue



## Adj. Operating Margin\*



## Adj. OI + D&A %\*\*

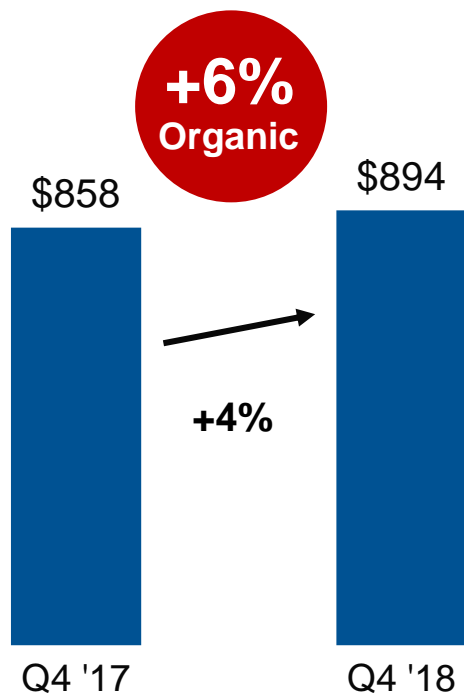


## Highlights

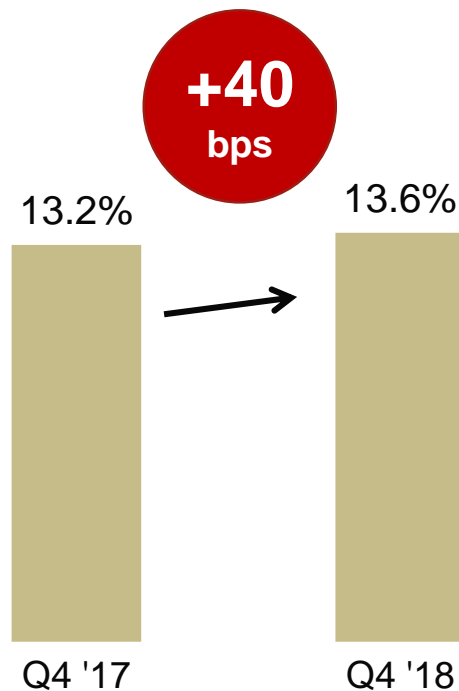
- Continued exceptional, broad based revenue growth across virtually all regions / business units / products
- Strong volume growth and effective management of inflation and tariffs through price and productivity actions driving margin expansion

# Q4 Strong Revenue Growth and Continued Margin Expansion

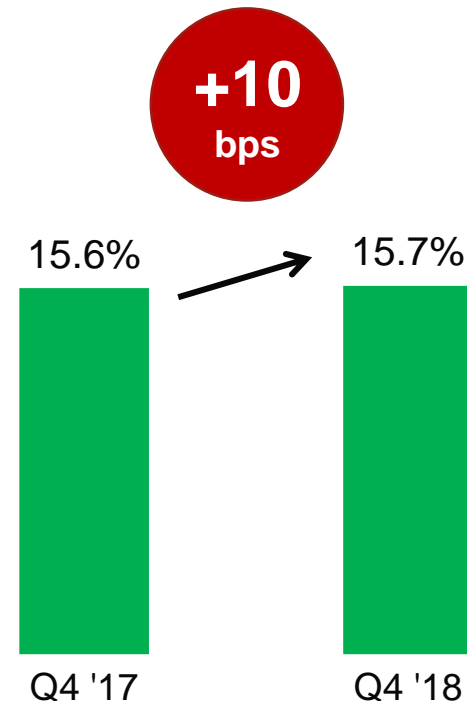
## Net Revenue



## Adj. Operating Margin\*



## Adj. OI + D&A %\*\*



## Highlights

- Broad based revenue growth w/ particular strength in small electric vehicles (consumer & utility)
- Continued strong (>40%) leverage in Compression Technologies through volume growth and effective management of inflation and tariffs through price and productivity actions

# Continued Execution of Balanced Capital Allocation Strategy

## 1 Invest for Growth

- Strengthen the core business and extend product & market leadership
- Invest in new technology and innovation
- Strategic acquisitions - pipeline remains active
- ~ \$285M cash outlay for acquisitions in 2018

## 2 Maintain Healthy, Efficient Balance Sheet

- Drive FCF conversion of 100% of adjusted net income
- Strengthening balance sheet
- Strong BBB investment grade rating offers optionality as markets evolve

## 3 Return Capital to Shareholders

- Expect to consistently deploy 100% of excess cash over time
- Paid \$480M in dividends in 2018; expect to grow dividends  $\geq$  adj net income growth over time
- Repurchased \$900M in shares in 2018, \$386M in Q4





# Guidance



# 2019 Enterprise Guidance

	Full Year Guidance		
	Reported Revenue	Organic Revenue	Adjusted Operating Margin
Climate	4.0% to 5.0%	5.0% to 6.0%	14.7% to 15.2%
Industrial	3.0% to 4.0%	4.5% to 5.5%	14.2% to 14.7%
Enterprise*	4.0% to 5.0%	5.0% to 6.0%	13.1% to 13.6%

\* Enterprise organic revenue adjusted for ~1% from FX

# 2019 Guidance: Full-year Continuing Adjusted EPS \$6.15 to \$6.35

	Full Year
Y-O-Y change in revenue	
• Reported	4.0% to 5.0%
• Organic	5.0% to 6.0%
<b>EPS continuing</b>	<b>\$5.90 to \$6.10</b>
Restructuring – (add back)	(\$0.25)
<b>EPS continuing – adjusted</b>	<b>\$6.15 to \$6.35</b>
EPS – discontinued	(\$0.14)
Share Count – Millions	~244*
Free Cash Flow	~\$1.6B
Tax Rate	~21% to ~22%
Corporate Costs	~\$250M
CAPEX	~\$300M

\* ~244M FY 2019 share count assumes \$500M in share repurchases for modeling purposes

Note: Information as of January 30, 2019--- NOT AN UPDATE OR REAFFIRMATION



# Topics of Interest



# Topics of Interest

- **Effectively Managing Tariffs and Inflation**
  - 2019 EPS guidance includes Sec. 232 and sec. 301 list 1, 2 and 3 tariffs (incl. 10% to 25% March increase), China retaliatory actions and tariff-related inflationary impacts
  - Actively managing tariff and inflation impacts
    - Rigorously utilizing business operating system to actively manage pricing and productivity actions throughout the enterprise
    - Continue to aggressively pursue procurement, pricing and productivity actions to mitigate tariff / inflation impacts to margins as we have effectively done in 2018
- **2019 Restructuring Costs (~\$0.25)**
  - Ongoing restructuring including capital expenditures focused on large footprint optimization and plant consolidation
  - Proactively building stronger, more resilient businesses - both Industrial and Climate
  - Expected to deliver fixed-cost reductions and operational efficiencies
  - Payback periods are attractive (~4 years)

# Summary: Expect Continued Strong Financial Performance in 2019

## Strategy

- Strategy tied to attractive end markets supported by global mega trends

## Brands

- Franchise brands and businesses with leadership market positions

## Innovation

- Sustained business investments delivering innovation and growth, operating excellence and improving margins

## Performance

- Experienced management and high performing team culture

## Cash Flow

- Operating model delivers powerful cash flow

## Capital Allocation

- Capital allocation priorities deliver strong shareholder returns





# Appendix



















# Q4 Organic Bookings Up 17%; Revenue Up 8% Year-Over-Year

Organic* Bookings	2016					2017					2018				
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>
Climate	6%	6%	4%	10%	6%	6%	3%	5%	7%	5%	11%	17%	12%	20%	15%
Industrial	(5%)	(5%)	(1%)	(1%)	(3%)	9%	5%	5%	12%	8%	5%	8%	7%	6%	6%
Total	4%	3%	3%	7%	4%	7%	4%	5%	8%	6%	9%	15%	11%	17%	13%

Organic* Revenue	2016					2017					2018				
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>
Climate	4%	5%	3%	4%	4%	6%	8%	3%	6%	6%	8%	9%	10%	9%	9%
Industrial	(5%)	(3%)	1%	(3%)	(3%)	1%	2%	(1%)	5%	2%	9%	9%	9%	6%	8%
Total	2%	3%	3%	2%	3%	4%	7%	2%	6%	5%	8%	9%	10%	8%	9%

# 2019 Forecast for End-Market Performance

End Markets				 Growth  Flat / mixed  Negative
	Americas	EMEA	Asia	Global Mkt Outlook
Commercial HVAC				Up low to mid-single digits
Residential HVAC		N/A	N/A	Up low to mid-single digits
Transport				Up low to mid-single digits
Compression-related & Industrial Products				Up low to mid-single digits
Golf / Utility / Consumer				Up low-single digits

# Q4 Non-GAAP Measures Definitions

Organic bookings is defined as reported orders closed/completed in the current period adjusted for the impact of currency and acquisitions. Organic revenue is defined as GAAP net revenues adjusted for the impact of currency and acquisitions.

- Currency impacts on net revenues and bookings are measured by applying the prior year's foreign currency exchange rates to the current period's net revenues and bookings reported in local currency. This measure allows for a direct comparison of operating results excluding the year-over-year impact of foreign currency translation.

Adjusted operating income is defined as GAAP operating income plus restructuring costs in 2018 and 2017.

Adjusted operating margin is defined as the ratio of adjusted operating income divided by net revenues.

Adjusted net income is defined as adjusted earnings from continuing operations attributable to Ingersoll-Rand plc in 2018 and 2017.

Adjusted continuing EPS in 2018 is defined as GAAP continuing EPS plus restructuring costs, net of tax impacts, plus non-cash tax reform measurement period adjustments less a discrete non-cash tax adjustment in the U.S. Adjusted continuing EPS in 2017 is defined as GAAP continuing EPS plus restructuring costs, net of tax impacts less U.S. tax legislation and other discrete items.

Free cash flow in 2018 and 2017 is defined as net cash provided by (used in) continuing operating activities, less capital expenditures, plus cash payments for restructuring. In 2018, the Company updated its definition of free cash flow to exclude the impacts of discontinued operations. As a result, free cash flow amounts in 2017 have been restated to conform with the current year definition.



# Q4 Non-GAAP Measures Definitions

Working capital measures a firm's operating liquidity position and its overall effectiveness in managing the enterprises' current accounts.

- Working capital is calculated by adding net accounts and notes receivables and inventories and subtracting total current liabilities that exclude short term debt, dividend payables and income tax payables.
- Working capital as a percent of revenue is calculated by dividing the working capital balance (e.g. as of December 31) by the annualized revenue for the period (e.g. reported revenues for the three months ended December 31) multiplied by 4 to annualize for a full year.

Adjusted effective tax rate for 2018 is defined as the ratio of income tax expense, plus the tax effect of adjustments for restructuring expenses plus the discrete non-cash tax adjustment in the U.S less non-cash tax reform measurement period adjustments divided by earnings from continuing operations before income taxes plus restructuring expenses. Adjusted effective tax rate for 2017 is defined as the ratio of income tax benefit, less the tax effect of adjustments for restructuring costs, divided by earnings from continuing operations before income taxes plus restructuring costs. This measure allows for a direct comparison of the effective tax rate between periods.

Adjusted OI + D&A is defined as adjusted operating income plus depreciation and amortization expense.

Operating leverage is defined as the ratio of the change in adjusted operating income for the current period (e.g. Q4 2018) less the prior period (e.g. Q4 2017), divided by the change in net revenues for the current period less the prior period.

# Ingersoll Rand's Acquisition of Precision Flow Systems (PFS)

February 11, 2019





# Safe Harbor

This presentation contains “forward-looking statements,” which are statements that are not historical facts, including without limitation statements about the proposed transaction and the anticipated timing thereof; the expected benefits of the proposed transaction, the impact of the transaction on our financial positions, results of operations, cash flows, financing plans, business strategy, operating plans, capital and other expenditures and competitive positions. These forward-looking statements are based on our current expectations and are subject to risks and uncertainties, which may cause actual results to differ materially from our current expectations. Such factors include, but are not limited to, our ability to timely obtain, if ever, necessary regulatory approvals of the proposed transaction; adverse effects on the market price of our ordinary shares and on our operating results because of our inability to timely complete, if ever, the proposed transaction; our ability to fully realize the expected benefits of the proposed transaction; negative effects of announcement or consummation of the proposed transaction on the market price of the company’s ordinary shares; significant transaction costs and/or unknown liabilities; general economic and business conditions that may impact the companies in connection with the proposed transaction; unanticipated expenses such as litigation or legal settlement expenses; changes in capital market conditions; the impact of the proposed transaction on the company’s employees, customers and suppliers; and the ability of the companies to successfully integrate operations after the transaction. Additional factors that could cause such differences can be found in our Form 10-K for the year ended December 31, 2017, as well as our subsequent reports on Form 10-Q and other SEC filings. We assume no obligation to update these forward-looking statements.

This presentation also includes non-GAAP financial information which should be considered supplemental to, not a substitute for, or superior to, the financial measure calculated in accordance with GAAP. Adjusted EBITDA margin is defined as the ratio of Adjusted EBITDA divided by net revenues. Adjusted EBITDA consists of GAAP net income from continuing operations excluding: (i) depreciation and amortization, (ii) other income / (expense), net, (iii) income taxes, and (iv) restructuring. Cash flow ROIC is defined as annual free cash flow divided by the sum of gross fixed assets, receivables and inventory less accounts payables.

# Executing a Consistent Strategy that Delivers Profitable Growth



*Acquisition of Precision Flow Systems (PFS) Well-Aligned with Ingersoll Rand Strategy*

# Enhancing the Portfolio – Precision Flow Systems Acquisition Accelerates Fluid Management Strategy with Mission-Critical Brands and Accretive Financials

## ✓ Enhances Ingersoll Rand's Portfolio of Core Strategic Assets

- Deep industry knowledge and differentiated technology in growth markets with a reputation for product quality, reliability and efficiency
- Immediately adds scale and diversifies customer base and end-market reach of fluid management business including water, agriculture, food & beverage and pharma
- Enables vertical go-to-market approach through broadened product portfolio and customer application/process knowledge
- High recurring revenue (~50%); ability to grow high margin aftermarket offering with Ingersoll Rand's core processes for service management, sales, and delivery

## ✓ Creates a technology leader in mission-critical fluid management market with more than 75 years of excellence

- Global industry leader in highly-engineered fluid systems with attractive portfolio of complementary brands
- Experienced management team with over 150 years of combined fluid management related experience
- Enhances Ingersoll Rand's existing ARO fluid management business - complements Ingersoll Rand's strength in diaphragm and piston pump technology with metering, dosing and high pressure specialty pumps as well as mixing and flow control technology
- Technically differentiated market leading solutions with strong brand recognition, deep patent portfolio, entrenched customer base and proprietary aftermarket offering

## ✓ Accretive to Ingersoll Rand's growth, margins, and earnings while maintaining balance sheet flexibility

- Enhances Ingersoll Rand's Industrial segment growth profile – consistent GDP+ growth through-the-cycle
- Strong cash flow profile, best-in-class EBITDA margins (high 20s) and immediately accretive to Ingersoll Rand and Industrial segment profitability
- Accretive to EPS and cash flow ROIC in year one
- Maintains balance sheet flexibility at current investment grade rating

***Continued Investment in Building Stronger, More Resilient Ingersoll Rand***

# Summary Transaction Terms

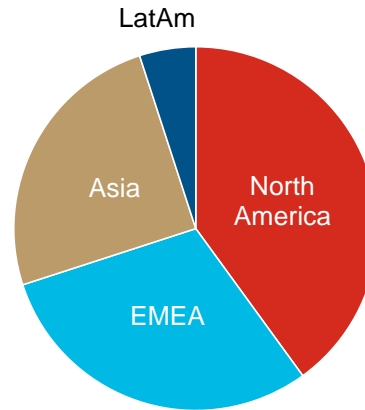
Transaction Terms	<ul style="list-style-type: none"><li>• \$1.45B purchase price</li><li>• Approximately 11x 2019E EBITDA net of synergies</li></ul>
Financial Benefits of the Transaction	<ul style="list-style-type: none"><li>• ~\$400M revenue</li><li>• Accretive to EBITDA margins</li><li>• Accretive to EPS and cash flow ROIC in year one</li></ul>
Potential Synergy Areas	<ul style="list-style-type: none"><li>• Expect to generate meaningful synergies<ul style="list-style-type: none"><li>– <i>Revenue</i>: Cross-selling of PFS and ARO products</li><li>– <i>Cost</i>: Procurement savings; leverage existing overhead structure</li></ul></li></ul>
Financing	<ul style="list-style-type: none"><li>• Anticipate funding through a combination of available cash and debt</li></ul>
Timing	<ul style="list-style-type: none"><li>• Expected to close mid-year 2019</li><li>• Subject to customary closing conditions including regulatory approvals</li></ul>

# Precision Flow Systems: Differentiated Industry Leader in Mission-Critical Applications

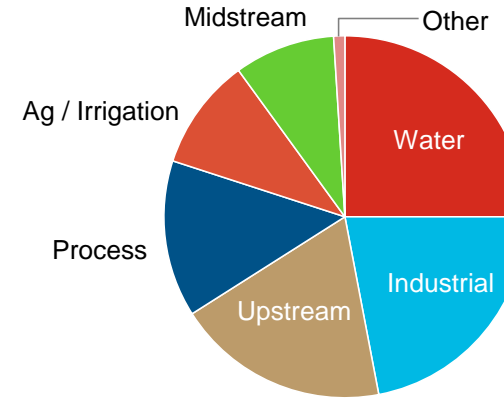
## Business Overview

- Designs, manufactures, supports highly engineered positive displacement pumps, boosters, mixers and systems for water, food & beverage, pharma, chemical and other process industries, energy, agriculture end markets
- Well respected brands; 75 year history with industry leading applications
- Focused on precision dosing, mixing and flow control technologies
- Seven manufacturing facilities and ~1,000 employees
- ~\$400M revenue and high 20s EBITDA margin
- High recurring revenue streams

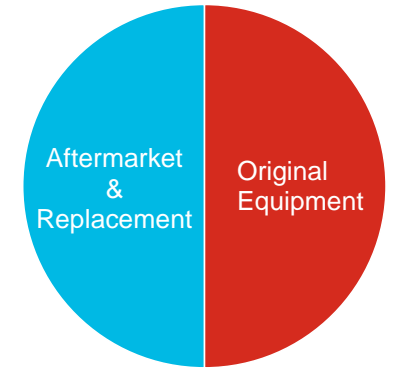
## By Geography<sup>1</sup>



## By End-Market<sup>1</sup>



## By OE / Aftermarket<sup>1</sup>



## Industry Leading Brand Portfolio

 **MILTON ROY**

*Haskel*

**BuTech**

 **HARTELL**

 **DOSATRON®**















 **LMI**

 **WILLIAMS**  
CHEMICAL METERING PUMPS

**YZ**  
SYSTEMS

<sup>1</sup> Revenue breakdown as of 2017.

# Precision Flow Systems: Technically Differentiated, Mission Critical Applications with High Recurring Revenue

	Water	Specialty	Process Industries	Dosatron	YZ
Key Products	 <p><b>Pumps, Mixers and Systems</b></p>	 <p><b>Aerospace, Defense, Pumps and Valves</b></p>	 <p><b>Pumps, Mixers and Systems</b></p>	 <p><b>Water-powered, Non-electric Chemical Injectors</b></p>	 <p><b>Odorization and Gas / Liquid Sampling Systems</b></p>
Segments Served	<ul style="list-style-type: none"> <li>• Water Treatment</li> <li>• Wastewater</li> <li>• Pharma</li> <li>• Food &amp; Beverage</li> </ul>	<ul style="list-style-type: none"> <li>• Aerospace &amp; Defense</li> <li>• Hydrogen Fueling</li> <li>• Industrial</li> </ul>	<ul style="list-style-type: none"> <li>• Upstream production</li> <li>• No exposure to exploration</li> <li>• Downstream</li> <li>• Chemical</li> </ul>	<ul style="list-style-type: none"> <li>• Animal Health</li> <li>• Precision Irrigation</li> <li>• Industrial</li> <li>• Water Treatment</li> </ul>	<ul style="list-style-type: none"> <li>• Natural Gas Odorizing</li> <li>• Natural Gas Sampling</li> </ul>
Growth Drivers & Outlook	<ul style="list-style-type: none"> <li>• Infrastructure and water conservation improving living standards, urbanization</li> <li>• High single digits</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing regulatory requirements</li> <li>• Mid-single digits</li> </ul>	<ul style="list-style-type: none"> <li>• Low single digits</li> </ul>	<ul style="list-style-type: none"> <li>• Improving living standards, nutrition needs</li> <li>• Mid-single digits</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory requirements for safety and emissions</li> <li>• High single digits</li> </ul>
Brands	 	   			

*~50% recurring revenue from aftermarket and replacement across business units*



# PFS Accelerates Strong Fluid Management Platform

## Fluid Management is an Integral Part of Our Industrial Business...



- Attractive market segment with robust growth above GDP and stability over long term
- Technically differentiated product offering
- Highly engineered, mission-critical applications tied together via common capabilities to create a broad growth platform
- Platform extension with ARO and clear fit with Ingersoll Rand's core capabilities
- Major brand in fragmented landscape

## ...and PFS is a Compelling Fit

- Creates a highly profitable, globally competitive flow business of scale
  - Technically differentiated
  - Increasingly regulated
  - Large recurring revenue base
  - Long-term customer relationships
- Creates ~\$550M revenue business with leading EBITDA margin profile (high 20s)
- Advances product portfolio of pumps (air and electric) and other flow control systems
- Ability to expand aftermarket offering through core Ingersoll Rand operating process

*Enhances existing portfolio of core strategic businesses*

# Combined, Diverse Pumps Business Creates Platform for Growth

	Pump Technology	Top End-Markets	Ancillary Offerings
	<ul style="list-style-type: none"> <li>• Air powered</li> <li>• Diaphragm and piston pumps</li> </ul>	<ul style="list-style-type: none"> <li>• Chemical / Pharma</li> <li>• Industrial</li> <li>• Wastewater</li> </ul>	<ul style="list-style-type: none"> <li>• Air treatment devices (filters, regulators)</li> <li>• Valves</li> <li>• Cylinders</li> </ul>
	<ul style="list-style-type: none"> <li>• Electric, water, hydraulic and air-powered pumps</li> <li>• Diaphragm, piston / plunger, reciprocating pumps</li> </ul>	<ul style="list-style-type: none"> <li>• Water</li> <li>• Industrial</li> <li>• Process</li> <li>• Ag / Irrigation</li> </ul>	<ul style="list-style-type: none"> <li>• Odor injection</li> <li>• Natural gas metering, sampling</li> <li>• Mixers, boosters, valves</li> <li>• Advanced software, sensors and controls</li> <li>• Hydrogen compression</li> </ul>
<b>Benefits of Combination</b>	<ul style="list-style-type: none"> <li>✓ <i>Comprehensive, power-agnostic portfolio</i></li> <li>✓ <i>Provide new channel access for differentiated products</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ <i>PFS to gain access to Industrial markets</i></li> <li>✓ <i>ARO to gain access to Water and Process markets</i></li> </ul>	<ul style="list-style-type: none"> <li>✓ <i>Broad suite of relevant ancillary products</i></li> <li>✓ <i>Leverage PFS digital capabilities with ARO</i></li> </ul>

**Combination creates comprehensive fluid management portfolio of scale with significant cross-selling opportunities and ability to share technological capabilities**

# Summary: PFS Acquisition Aligns with Ingersoll Rand's Strategy for Value Creation for Shareholders

	Ingersoll Rand		PFS
<b>Strategy</b>	<ul style="list-style-type: none"> <li>Strategy tied to attractive end markets supported by global mega trends</li> </ul>	✓	<i>Strategic addition to our Industrial business and fluid capabilities, foothold in water</i>
<b>Brands</b>	<ul style="list-style-type: none"> <li>Franchise brands and businesses with leadership market positions</li> </ul>	✓	<i>Leading portfolio of fluid management brands</i>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>Sustained business investments delivering innovation and growth, operating excellence and improving margins</li> </ul>	✓	<i>Healthy investment driving strong new product development pipeline, growth, improving margins</i>
<b>Performance</b>	<ul style="list-style-type: none"> <li>Experienced management and high performing team culture</li> </ul>	✓	<i>Complementary culture focused on operational and growth excellence, strong track record</i>
<b>Cash Flow</b>	<ul style="list-style-type: none"> <li>Operating model delivers powerful cash flow</li> </ul>	✓	<i>Industry leading margins in asset-light businesses with low maintenance capex requirements</i>
<b>Capital Allocation</b>	<ul style="list-style-type: none"> <li>Capital allocation priorities deliver strong shareholder returns</li> </ul>	✓	<i>Accretive to EPS and cash flow ROIC in year one</i>



Note: Information as of February 11, 2019 --- NOT AN UPDATE OR REAFFIRMATION

