

# 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

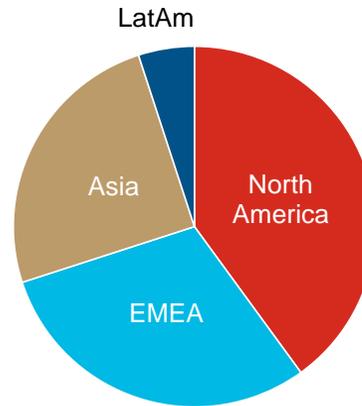
<b>Transaction Terms</b>	<ul style="list-style-type: none"><li>• \$1.45B purchase price</li><li>• Approximately 11x 2019E EBITDA net of synergies</li></ul>
<b>Financial Benefits of the Transaction</b>	<ul style="list-style-type: none"><li>• ~\$400M revenue</li><li>• Accretive to EBITDA margins</li><li>• Accretive to EPS and cash flow ROIC in year one</li></ul>
<b>Potential Synergy Areas</b>	<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>
<b>Financing</b>	<ul style="list-style-type: none"><li>• Anticipate funding through a combination of available cash and debt</li></ul>
<b>Timing</b>	<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

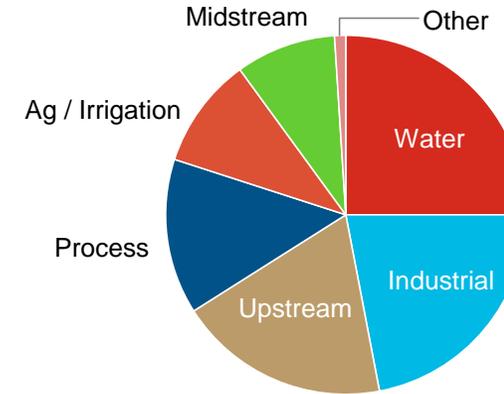
## Business Overview

- 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

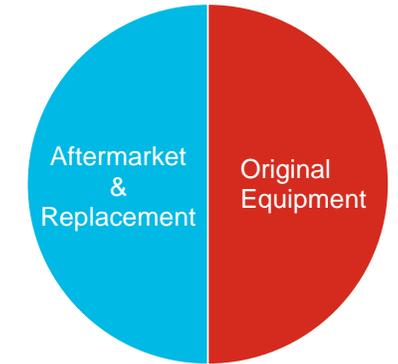
## By Geography<sup>1</sup>



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



