

— PARTICIPANTS

Corporate Participants

Zac Nagle –VP, Investor Relations, Ingersoll-Rand Plc

Michael W. Lamach – Chairman & Chief Executive Officer, Ingersoll-Rand Plc

Susan K. Carter – Chief Financial Officer & Senior Vice President, Ingersoll-Rand Plc

Other Participants

Julian Mitchell – Analyst, Credit Suisse Securities

Robert McCarthy – Analyst, Stifel, Nicolaus & Co., Inc.

Nigel Coe – Analyst, Morgan Stanley & Co. LLC

Charles Stephen Tusa – Analyst, JPMorgan Securities LLC

Scott R. Davis – Analyst, Barclays Capital, Inc.

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Andrew Kaplowitz – Analyst, Citigroup Global Markets, Inc.

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Jeffrey T. Sprague – Analyst, Vertical Research Partners LLC

— MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Megan, and I will be your conference operator today. At this time, I would like to welcome everyone to the Ingersoll-Rand first quarter 2017 earnings conference call. [Operator Instructions] Thank you. Zachary Nagle, you may begin your conference.

Zac Nagle, Treasurer and VP, Treasury and Investor Relations, Ingersoll-Rand Plc

Thanks, operator. Good morning, and thank you for joining us for Ingersoll-Rand's first quarter 2017 earnings conference call. This call is also being webcast on our website on our website at ingersollrand.com, where you'll find the accompanying presentation. We are also recording and archiving this call on our website.

Please go to slide 2. Statements made in today's call that are not historical facts are considered forward-looking statements and are made pursuant to the Safe Harbor provisions of federal securities law. Please see our SEC filings for a description of some of the factors that may cause actual results to differ materially from anticipated results. This presentation also includes non-GAAP measures, which are explained in the financial tables attached to our news release.

The participants on today's call are Mike Lamach, Chairman and CEO, and Sue Carter, Senior Vice President and CFO. With that, please go to slide 3, and I'll turn the call over to Mike.

Michael W. Lamach, Chairman & Chief Executive Officer, Ingersoll-Rand Plc

Thanks, Zac, and thank you to everyone for joining us today. 2017 is on track with a strong first quarter. Our results mark another quarter of proven top-tier financial and operational performance, and are indicative of successful execution of our strategy powered by our business operating system. Our principal approach and the values inheriting our culture have created a unique and lasting commitment to continuous improvement and focus on our customers.

That focus and winning culture translates into the sustainable business results we expect for 2017, and I thank our people around the world for their dedication.

While it's still early in the year, our first quarter performance gives us confidence in raising the low end of our earnings per share guidance range by \$0.05, from \$4.30 to \$4.50 to \$4.35 to \$4.50. Our free cash flow guidance continues to be 100% of net income, or approximately \$1.1 billion to \$1.2 billion for fiscal 2017.

And as we indicated in our fourth quarter call, in January of this year we'll be sharing more color on our strategy and longer-term targets out to the year 2020 at our upcoming Investor and Analyst Day in Davidson, North Carolina, on May 10. I know many of you will be able to join us at the event or via the webcast, and we look forward to doing a deeper dive on our business at that time.

I'll start this morning with discussing our business strategy and how that enables us to deliver top-tier performance for our shareholders, our customers and employees over the long term. We'll also give some color on our outlook for our key markets in 2017, which is largely unchanged from the comments we provided on our Q4 2016 earnings call. Sue we'll discuss our first quarter performance in more detail and address some topics we know are on the minds of investors before we take your questions.

Our strong first quarter performance underscores that our strategy continues to deliver results. We continue to deliver profitable growth through leadership positions in growing markets that are durable because they address a global imperative to dramatically reduce energy demand and resource constraints in buildings, industrial processes, and transportation.

Sustainability is central to our strategy, and we think of that as a lens on the business to identify opportunities to help our customers manage their sustainability impact. Our strategic focus of served us well in the first quarter. We followed our business operating system to capture growth, improve costs, and drive productivity to deliver adjusted continuing EPS of \$0.57 and 4% organic revenue growth.

We also expanded adjusted operating margins 20 basis points. Free cash flow was a negative \$73 million, but consistent with our expectations given the normal seasonality for the quarter. Additionally, we paid \$103 million on dividends and spent \$417 million on share repurchases year-to-date.

Growth was led by North American commercial and residential HVAC. The teams here are doing a terrific job of share gain and margin expansion, and we anticipate this momentum to continue through 2017. The residential business had record quarter one revenue and margin performance, combined with market share gains. Looking elsewhere geographically, we also had strong HVAC performance in China. Year-over-year organic revenue growth improved more than 20%.

Our industrial businesses continue to maintain focus on delivering improved operating margins through increasing the service mix, new product development, and cost reductions. Our compression technologies business, for example, realized the highest mix of services to equipment in its history, with quarter one record revenue and bookings for global service agreements.

Moving now to slide 4, I wanted to spend a few minutes providing some color on how we're thinking about our key end markets and businesses on an organic growth basis. So far 2017 is shaping up largely as we expected. The North American commercial HVAC and residential HVAC businesses showed strong growth in the first quarter, and is expected to continue in 2017, driven by all areas of the business, including applied, ducted and ductless unitary, and residential equipment and building controls and services.

Our focus on sustainability is a growth driver here, and our robust new product pipeline to provide highly efficient systems and expand our offerings for HVAC systems with next-generation refrigerants, for example, is having an impact on the business globally. It's allowing us to take share in regions like the Middle East, where we have district cooling opportunities, and in Europe, where we can offer customers products and services ahead of regulatory deadlines.

For Ingersoll-Rand we continue to forecast mid-single-digit growth in commercial HVAC in total, and mid-single-digit growth in residential HVAC, which is essentially a North American business for us. Global industrial markets are generally improving, and we saw that in quarter one. We've seen more positive signs in our general industrial markets in the U.S. and the Eurozone as PMIs have improved. We've also generally seen order improvement across our industrial business. We have had year-on-year growth in orders in our compression technologies business for the past four consecutive months, which is encouraging.

We continue to plan for a modest rise in industrial production and a gradual recovery with bumps along the way. The large engineered compressor market is expected to show signs of improvement due to stabilizing activity in energy markets and heavy industry, and we saw some positive signs of this in the first quarter. We still see year-over-year orders rising in 2017. Even with this, though, we're still planning for revenue to decline due to the depressed 2016 order levels and the average lead time of 12 to 18 months for this type of product.

Excluding these longer-lead-time products, we expect our industrial segment to be flat to slightly up. We continue to expect the transport markets in the Americas to be down from lower volume for trailers and auxiliary power units, partially offset by truck volumes. Transport in Europe is expected to be up modestly, primarily based on truck and trailer sales. We expect continued growth in Asia Pacific on its relatively smaller base. Given the work we've done building out the transport business into a more diversified and durable business, we expect to mitigate the impact from North American trailer declines, and for revenues to be down low single digits.

Golf markets are expected to be flat, and we expect to see some growth in our consumer and utility vehicle markets. The recently launched personal transportation vehicle I mentioned last quarter continues to perform well. Overall we expect club car to be up low single digits. And for those attending our upcoming Investor Day, you'll get a chance to experience one firsthand.

I'd now like to turn the call over to Sue to discuss the first quarter in more detail.

Susan K. Carter, Chief Financial Officer & Senior Vice President, Ingersoll-Rand Plc

Thank you, Mike. Please go to slide number 5. I'd like to begin with a summary of main points I'd like you to take away from today's call. As Mike discussed, we've started 2017 on a strong note, with continued strong bookings growth, organic revenue growth, adjusted operating margin improvement, adjusted earnings per share growth, and free cash flow in line with our expectations. Our results are on track at this stage in the year, with continued strong bookings growth, and we're therefore adjusting our full-year earnings per share guidance up \$0.05 at the bottom end of the range, as Mike discussed earlier. We have a detailed breakout of our guidance for your review in a few slides.

Our bookings and revenue performance were both strong, with growth in both segments. Commercial and residential HVAC led the way, both with high single-digit growth in bookings and revenues. Adjusted operating margins also expanded in both businesses.

We were pleased with our industrial business performance, which is demonstrating steady adjusted operating margin improvement. We continued to take additional actions on operational excellence initiatives, increased commercial focus on aftermarket parts and service offerings, and took

additional cost reduction actions to improve operating results going forward. We also drove strong organic bookings growth in the quarter on both equipment and services, which was encouraging.

Earlier in the year we identified our dynamic capital allocation priorities for 2017, including spending \$1.5 billion on a combination of share buybacks and acquisitions, and approximately another \$415 million on dividends. Year to date, we can report we've spent \$417 million on share buybacks and \$103 million in dividends. We also made one modest-sized acquisition. We are continuing to follow the capital deployment plan we announced in January.

Please go to slide 6. Our focus on execution of our strategy and operational excellence drove solid year-over-year performance. Net revenues were up 4% organically, and adjusted operating margins improved 20 basis points. Strength in revenue performance was driven by our Climate segment, while operating margin improvement was broad-based across our Climate and our Industrial segments.

Please go to slide 7. Organic orders were strong in the first quarter, up 7% with strong results in both our HVAC and industrial businesses. Climate booking strength was broad-based with growth across the globe and up 6% overall. Organic commercial HVAC bookings were up low teens in equipment, with strong results from both unitary and applied products. Residential bookings again showed strong growth, up high single digits, and continued share gain. We also drove good growth in parts, service, and controls, which is helping us to build a more sustainable business by increasing our income from recurring income streams.

Transport organic bookings were down low single digits, primarily driven by the expected decline in North America refrigerated trailers. Our diversification strategy enabled us to partially offset the decline in trailers through growth in truck and international bookings in the quarter.

The Industrial businesses bookings were up 9% organically in the quarter, led by strength in compression technologies and small electric vehicles. In compression technologies, we saw solid growth in both the long-lead engineered-to-order business, which were coming off a weak first quarter of 2016, as well as in our small to midsize shorter-cycle products. In electric vehicles, we are seeing good growth in our new consumer vehicle, Onward.

Please go to slide number 8. In our Climate segment, organic revenue was up high single digits in North America and Asia, and up mid-single digits in Latin America. Climate organic revenues were down marginally in Europe and down high single digits in the Middle East off a small base. In our Industrial segment, overall organic performance was up slightly. Modest declines in North America and Europe, Middle East and Africa were offset by improvements in Latin America and Asia. Overall North America revenues were up mid-single digits, and international revenues were up low single digits, netting a positive 4% organic revenue growth rate for the enterprise.

Please go to slide number 9. Q1 adjusted operating margin improved 20 basis points, primarily driven by strong volume and productivity, partially offset by material and other inflation. We continued to make significant investments in business innovation and operational excellence to further improve our competitive positioning.

Please go to slide number 10. Overall Climate performance was strong in the quarter, with organic revenues up 6% and adjusted operating margins up 70 basis points to 10.6%. Strong revenue growth in both commercial and residential HVAC was partially offset by transport revenues, which were down mid-single digits in the quarter, primarily due to softening North America trailer and auxiliary power unit markets, partially offset by growth in aftermarket and in Asia. Climate adjusted operating margins expanded 70 basis points year over year, driven by strong execution across the Climate businesses. The impact of higher volumes, productivity, and price far exceeded headwinds from material inflation, ongoing business investments, and other inflation.

Please go to slide number 11. Our commercial focus on aftermarket, operational excellence initiatives, and cost-cutting measures continued to drive operating margin improvement in Industrial in the first quarter. Industrial adjusted margins increased 60 basis points on slightly higher organic revenues. Aftermarket growth was solid, more than offsetting modest declines in compressor equipment. Adjusted operating income and depreciation and amortization was higher by 100 basis points.

Please go to slide number 12. Free cash flow was negative in the quarter, consistent with our expectations and normal seasonality. Our guidance for free cash flow remains unchanged from the \$1.1 billion to \$1.2 billion range we provided in January. Additionally, our balance sheet remains strong and gives us optionality as our markets continue to evolve.

Please go to slide number 13. Our expected 2017 cash flow continues to enable us to drive a dynamic capital allocation strategy, employing capital where it earns the best returns. In our 2017 guidance, we highlighted our capital allocation priorities. The first was investing in our business as our number one priority. These include investments in innovation and in strategic growth programs. As I moved through the earlier slides I discussed investment in the business multiple times, as it's at the heart of our innovation, growth, and margin expansion story.

The secondary is maintaining a strong balance sheet. We're BBB rated today, and believe this is the appropriate structure for the company. The third area is our commitment to paying a competitive dividend. We've paid an annual dividend for 106 years and have consistently raised this dividend over time. In fact, the compound annual growth rate of our dividend is 20% over the last five years.

The fourth priority is strategic acquisitions and share repurchases, and not necessarily in that order. In 2017 we committed to spend \$1.5 billion between these two areas, and year-to-date we've spent \$417 million on share repurchases and a modest incremental amount on a key strategic acquisition in the Climate space. We intend to spend the balance of the \$1.5 billion during the remainder of 2017. We will continue to create long term value for our shareholders through a dynamic capital allocation strategy, as we have consistently done for years.

Please go to slide 15. As discussed earlier, while it's still early in the year, our first quarter performance gives us confidence in raising the low end of our earnings per share guidance by \$0.05. We have largely maintained the other elements for our guidance for the year, so the next few charts will be similar compared to the ones we covered in January.

The main thing I'd like to point out on slide number 15 is that our operating margin guidance targets have gone up somewhat, to reflect the new pension accounting treatment that moves a portion of the cost from the operating line to the other income and expense line below operating income. Net adjusted margins rise by about 10 basis points for each segment, and 20 basis points across the enterprise. We've provided current and restated numbers in our news release tables that outline the impact of the change in more detail.

The difference between our organic and reported revenue contemplates about 1 percentage point of negative foreign exchange from a strengthening U.S. dollar outlook. We continue to expect Climate revenue to be up approximately 4% organically, and for Industrial revenue to be down approximately 1% organically, which is consistent with our prior guidance.

Please go to slide number 16. We've raised the low end of our continuing adjusted earnings per share for 2017 to be in the range of \$4.35 to \$4.50, excluding about \$0.15 of restructuring. We had a large planned restructuring charge of \$0.10 in the first quarter related to the consolidation of three plants to further optimize our footprint. We have a number of actions we forecast taking for the balance of the year, but we think approximately \$0.15 for the year is still our best estimate at this time.

Please go to slide number 17. There are two FASB accounting changes we adopted January 1, 2017, and want to make you aware of them. First, we were required to adapt accounting standard update 2016-09 in the first quarter. The primary change is to recognize in the P&L any tax windfall or shortfall from stock option exercises and stock vesting, where previous recognition was deferred to the balance sheet. Our planned adoption of the new accounting standard was built into the 2017 guidance we provided in January, and increases the effective tax rate volatility versus the prior accounting.

In the first quarter of 2017, we recognized a non-cash tax windfall of approximately \$15 million, which is reflected as a benefit to our tax expense and effective tax rate. Our full-year effective rate guidance of 21% to 22% includes the \$15 million benefit recognized in the first quarter, and anticipates a much smaller benefit to be earned in the rest of the year. Excess tax benefits that were not previously recognized in December 2016 were also \$15 million. This amount was reclassified to retained earnings as of January 1, 2017, with no impact to the P&L per the new standard.

The second accounting change is related to pension and postretirement benefits. The new standard, ASU 2017-07, impacts where certain components of pension and postretirement benefit expense is recorded in the income statement. However, there's no change to net earnings or earnings per share. Under the new accounting standard, the traditionally more volatile components of benefit expense are now reported in other income and expense, including interest cost, expected return on assets, and amortization of deferred amounts. Service costs remain in operating income, as it represents the services rendered in the current period by participants of these plans.

We adopted this accounting standard in the first quarter of 2017, and re-classed approximately \$8 million to other income and expense in the first quarter. 2016 amounts have been revised for comparability and were approximately the same amount in Q1 of 2016. Our 2017 estimate of expenses to be re-classed from operating income to other income and expense is \$26 million.

Please go to slide number 18. Our Q1 spend for planned restructuring was approximately \$33 million, related to consolidating three manufacturing plants and distributing their products to other facilities in the same region. Facilities were in both our Climate and Industrial segments. The actions further our region-of-use philosophy to localize manufacturing and the supply chain to help us achieve greater speed to market and implement local product preferences. We expect to spend approximately \$0.15 per share for total restructuring expense for full-year 2017.

Our corporate costs of \$68 million for Q1 were generally consistent with our initial forecasts for the quarter, and were higher than last year due to planned incubator investments in technologies that benefit all businesses. These investments are heavier in the first half of the year versus the second half. We also had an increase in other employee benefits and stock-based compensation timing. We continue to expect full-year corporate spend to total \$240 million for the year.

Please go to slide number 20. As we've done for the last couple of quarters, I'll comment on a few topics that we know are of the interest to you before we open it up for questions. I'll first touch on currency as a headwind for us in 2017. About 35% or \$4.8 billion of our revenues are outside the U.S. Our 2017 forecast has built in the continuing strength in the U.S. dollar, which will impact us most notably in the euro and the Asian currencies. Overall, we continue to expect a 1% drag on our revenues from currency translation, which will have about a \$0.10 negative impact on our earnings per share.

We also know price and material inflation is top of mind. Price was positive for us in the first quarter in both segments. Material inflation offset positive price, driven by steel and Tier 2 components. We have 10 basis points positive price covering material inflation in our guidance. We've been through

various cycles and have a strong history of capturing price to material inflation. For 2017, we expect a negative first half price-to-material-inflation gap, and expect to recover in the second half.

Please go to slide 21. Covering our transport business, we are on track with expectations. For 2017 overall, we continue to expect Thermo King revenues to be down low single digits year-over-year. The North America trailer industry is expected to be down. We're also expecting a continuation for relatively soft market for auxiliary power units and marine containers. Those declines will be partially offset by gains in Europe, Asia, and aftermarket revenues. Through restructuring and efficiency, we would expect only a minor erosion of record 2016 operating margins.

And finally, I know we'll receive questions on the status of Industrial. Industrial drove strong first quarter organic bookings, up 9%, and organic revenue growth was a result of significant aftermarket growth in the compression technologies business and continued growth of Club Car. Looking at a regional perspective, organic revenue growth in Asia and Latin America was partially offset by declines in North America and Europe, Middle East, and Africa.

As we indicated earlier, we expect the industrial markets to stabilize in 2017, although we cannot declare definitive turning point yet on large equipment. Excluding large compressors, we expect Industrial to be flat to slightly up, and we do expect to realize margin expansion through our operational excellence initiatives, ongoing cost reductions, restructuring actions, and new product launches.

And now I'll turn it over to Mike for closing remarks.

Michael W. Lamach, Chairman & Chief Executive Officer, Ingersoll-Rand Plc

Thank you, Sue. So in closing, on slide 22, we are executing on a 2017 plan and building a thriving, more valuable Ingersoll-Rand. I began today's call talking about our principled approach, the values inherent in our culture, and how that translates to sustainability of our business. I'm proud of our employees who delivered a strong Quarter One performance. I'm proud that we tackle challenging customer problems, and we solve them. We take on tough issues and applied some of the best minds in the industry to solve them. Within our company, we have some the most impressive emissions reductions and efficiency stories in the world. That's what we excel at.

Looking ahead our strategy is unchanged. We will maximize growth through innovation and channel expansion, continue our focus on productivity and costs, deliver strong cash flow with disciplined capital allocation.

Our commercial and residential HVAC businesses are strong and focused on growth areas with equipment, controls and service. Our transport refrigeration business is diverse and agile, and will execute their strategy as they typically do. Our Industrial businesses are focused on market share and margin expansion as markets stabilize. And our culture remains as strong as ever. As a result, I'm confident that we will continue to deliver a top-tier financial and operating performance.

And with that, Sue and I will now be happy to take your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from Julian Mitchell of Credit Suisse. Your line is open.

<Q – Julian Mitchell – Credit Suisse Securities>: Hi, good morning.

<A – Mike Lamach – Ingersoll-Rand Plc>: Hi, Julian.

<Q – Julian Mitchell – Credit Suisse Securities>: Hey. Just my first question would be, again, on that point that Sue just touched on around the Industrial business. So should we think about the long-lead-time business being about \$200 million of sales, probably down high single digits this year? Is that about the right scale of the piece within Industrial that's offsetting everything else?

<A – Sue Carter – Ingersoll-Rand Plc>: Yeah, Julian. It's Sue. I think that's right, it's a little heavier than \$200 million, but not significantly. So – and I think what you have to think about there, and I know you are, is that bookings in that area last year was really the largest point of decline in, especially, the compression technologies business. So we saw some positive bookings in the first quarter, but those are going to translate into 2018. But you've got the right order of magnitude.

<Q – Julian Mitchell – Credit Suisse Securities>: Thank you. And then just my second question would be around the transport market. When we're thinking about bookings here over the balance of the year, they were down, as you said, in the first quarter, up a little bit in the fourth. Should we expect bookings, or are you expecting bookings to grow in that segment overall at any point in this year, and if you could just remind us of the lead time in Thermo King from bookings to billings?

<A – Sue Carter – Ingersoll-Rand Plc>: So let me start out with the bookings and the expectations. So we talked about in Q1 that the bookings were down slightly. One of the things that I'd like to point out in that area is they were actually down about 1% year over year, which translates to about \$6 million. So we knew that we were going to see the North America trailer markets down, we knew that we were going to have some strength in Europe in the truck markets. We also saw some strength in North America on truck, with the marine business being down.

So there's a little bit of a mixture there, but we do still see that the biggest market that, I guess from a focus standpoint on North America trailer, is that that's going to be down for the year. We're a little bit more conservative than ACT with their 44,000 units, but we are calling that down.

<Q – Julian Mitchell – Credit Suisse Securities>: Thanks. And then just the lead time of bookings to billings?

<A – Mike Lamach – Ingersoll-Rand Plc>: Julian, the timing there is typically going to be dependent on the customer, and what we're going to get there is sort of an indication of the order quantity for the year, and they're going to take those sort of as they would see their fleets needing to be replenished. So that varies. Varies dramatically.

<Q – Julian Mitchell – Credit Suisse Securities>: Understood. Thank you.

Operator: Your next question comes from the line of Robert McCarthy with Stifel. Your line is open.

<Q – Rob McCarthy – Stifel, Nicolaus & Co., Inc.>: That was sneaky. Rob McCarthy here. How are you doing? I guess the question I have is with respect to the performance across commercial HVAC and residential HVAC. Could you just cite areas of where you're taking outsized share? I mean obviously the narrative has been of structural share restoration or share gain over the past several years, but could you just give us some principal examples, because I think you called it out in your results?

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah, I think it's broad-based again. I mean we looked at North American equipment bookings, up roughly 20%, we're seeing applied North America up in the mid-20s, successful in the Middle East in terms of bookings. China was up significantly, 20-ish percent in the quarter as well. Controls continue to – we're doing well with the controls business and services business, so really across the board, Robert, we're having success there. Anything specific you'd want to know more than that, feel free to follow up on it.

<Q – Rob McCarthy – Stifel, Nicolaus & Co., Inc.>: Yeah. Then I just, could you talk about kind of your expectations for kind of incremental margin lift this year, and conceptually going forward, in terms of maybe puts and takes around incremental compensation expense, or any other items we should be thinking about as we think about margin conversion here? Because we're coming out of a shoulder quarter and we're kind of going into the back half, or the prime season, at least on the Climate side.

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah. I'll start and let Sue finish. But if you look at, from operation's leverage around 25% of the business coming off last year's really sporty price-to-material-deflation mix, it was really good performance in the quarter there. We think good performance over the long run is leveraging incrementals at the gross margin of the business, and we would expect things to be in that 25% to 35% range, and have no difference in expectation this year. Of course, Industrial will leverage at a much, much higher rate, and you saw that in the quarter where we had a slight decline in sales, we had an increase in operating income in that business, and that'll continue to be an outsized leverage there.

<Q – Rob McCarthy – Stifel, Nicolaus & Co., Inc.>: The third and final question is basically – I hate to ask a banker question, but I'll ask the question nonetheless – I mean, you've executed very well, you've had strong growth on EPS revisions, but you do have this mix between Climate and Industrial. Maybe, Mike, you could talk about the commonality of why you can run the assets together? Because in this environment of conglomerates and deconglomeratization, an argument could be made you could sell or spin this entity into strength. And some of your peers have looked or actually done this. And it might be a value creation event, particularly given with respect to what pure-play Climate companies are trading at right now.

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah, Rob, we'll cover that, really, I think in more detail, there'll be more time in May, first of all. So I don't want to absorb too much time on that. And clearly we believe that what we're seeing today through the operational integration, this is both the technologies that we would have, the networks of excellence that we would have around engineering across the business, the purchasing power we have, and even in the plant consolidation, some of which we did in the quarter, consolidating more of these plants together in larger scale, all lead to a pretty big dyssynergy number pulling it apart.

But also the cash flow cyclicity inherent between the two businesses, and there's a bit of a negative correlation between Industrial and Climate, historically for us anyway, and I think that that is something that has bode well for the ability to continue to have strong cash flow, to allocate that toward investment in the business which is out of cycle, which you even saw I think today, we announced we've now launched that large rotary refresh of the oil-flooded air compressor business. That was the project that, I don't know, five quarters ago we talked about pulling forward into 2015 versus 2016 to accelerate it, because we had such good success with the small air compressor using the same technology.

So that sort of thing wouldn't have happened, I think, in this cycle. And that again, if you flip it around and look back in the 2010-2013 timeframe, all the success in Industrial at the time fueled what you're seeing in the Trane business. So I think we look at that all the time, we try to understand some of the parts of the portfolio. When we apply a range of dyssynergies against that, it's not a value-creating idea.

Operator: Your next question comes from the line of Nigel Coe with Morgan Stanley. Your line is open.

<Q – Nigel Coe – Morgan Stanley & Co. LLC>: Thanks and good morning, everyone.

<A – Mike Lamach – Ingersoll-Rand Plc>: Hi, Nigel.

<A – Sue Carter – Ingersoll-Rand Plc>: Good morning.

<Q – Nigel Coe – Morgan Stanley & Co. LLC>: I've got a few, I guess, modeling questions, probably for Sue here. So just thinking about, you mentioned no significant debt matures until 2018, and you've got a pretty big one, \$750 million, at high cost, 6.75% and you could refi that at much, much low interest rates today. So I'm just wondering how you're approaching that maturity? Are you looking to refi early? And what kind of rate do you think you could refi for, because it looks like 6.75% could become 2%, so that's a significant savings. Any comments there would be helpful.

<A – Sue Carter – Ingersoll-Rand Plc>: Well, so the maturity is August of 2018, and we're continually evaluating that, and I'll tell you what I'm balancing on that interest of rate 6.75% versus what we could get today, and I don't know if 2% is the right number, but let's assume that it's much lower than the 6.75% is. What's the right timing, in terms of the breakage of costs that go along with that? So in other words, if I want to refi now and do that, there is going to be a cost associated with that. And while I could easily disclose that to you, I sort of have a bias towards protecting shareholder value and saying, I'm not going to do that unless there is a really good reason to do that.

So what drives a really good reason would be, is if I thought the rates were going to change dramatically, or I get more within the window. So continuously thinking about it, Nigel, but so far we haven't pulled the trigger on that, and we'll continue to look at it. But you're right, it would be lower interest than the 6.75%.

<A – Mike Lamach – Ingersoll-Rand Plc>: Nigel, last time we -

<Q – Nigel Coe – Morgan Stanley & Co. LLC>: Right.

<A – Mike Lamach – Ingersoll-Rand Plc>: – looked at that was really not long ago, really weeks ago. We were upside down some \$10 million in that equation, a couple, \$0.03 a share. And the only argument you could make would be do you do it early and protect the deductibility of interest, on a scenario that you're guessing at around taxes. So really guessing at that scenario for \$10 million didn't make any sense, but I want to give you some color, because you need to know we're looking at that all the time, and we wouldn't leave an opportunity on the table like that.

<Q – Nigel Coe – Morgan Stanley & Co. LLC>: Right. And I would say it's a big – it's a big number. And then I guess, going even deeper, Trane, you – obviously you called out in the slides the impact of D&A on margins, and the Trane amortization starts to roll, I believe, in mid-2018. So I'm just wondering, is that about \$100 million of intangibles that go away in mid-2018?

<A – Sue Carter – Ingersoll-Rand Plc>: So, actually what is sitting there in 2017 in terms of the Trane amortization is about \$105 million, which is about what you said. That actually does not start to roll off, Nigel, until like 2023. So it isn't going to start rolling off in 2018, it's going to be roughly the same \$100 million.

<Q – Nigel Coe – Morgan Stanley & Co. LLC>: Okay. So it's 15 years, not 10 years, I've got it. And then just quickly on the restructuring, makes sense to do the consolidation. I assume this is in the Industrial segment, I'm just wondering what sort of payback are you assuming?

<A – Mike Lamach – Ingersoll-Rand Plc>: Well, actually Nigel, it's across – it was three different sorts of ideas. One was taking a residential light unitary North American factory, and then putting that into four factories with open capacity. And so one of the things I think is a product of good productivity for a lot of years is opening pre-capacity in another location. So one piece of that would have gone to the HVAC side of the business. The second one was to the Industrial business and consolidating two plants in-country in Europe. And then the third was a plant in Europe which is going to be a multi-segment plant in Europe, and so we really hit all three.

<Q – Nigel Coe – Morgan Stanley & Co. LLC>: Got it. And the payback, it's like two-, three-year paybacks on this?

<A – Mike Lamach – Ingersoll-Rand Plc>: You've got – sort of GAAP under four years and cash under 2.5.

<Q – Nigel Coe – Morgan Stanley & Co. LLC>: Okay. Thanks, guys.

<A – Mike Lamach – Ingersoll-Rand Plc>: Thanks.

Operator: Your next question comes from Steve Tusa with JPMorgan. Your line is open.

<Q – Steve Tusa – JPMorgan Securities LLC>: Hi, guys. Good morning.

<A – Mike Lamach – Ingersoll-Rand Plc>: Hi, Steve.

<A – Sue Carter – Ingersoll-Rand Plc>: Good morning.

<Q – Steve Tusa – JPMorgan Securities LLC>: Thanks for all the detail on the – in the presentation. Very helpful. Just a question around, I know you guys aren't giving quarterly guidance anymore, but you had said previously that 45%-ish of the year was going to be in the first half. Is that kind of still the right number?

<A – Mike Lamach – Ingersoll-Rand Plc>: Steve, I just won lunch, okay? So – and I'm not going to do any calculus or algebra on this one for you at all. I want to really stick to the guidance, we gave managing within that, and let you guys -

<Q – Steve Tusa – JPMorgan Securities LLC>: Okay. So then I'll do the – so then I'll do the calculus. If you do 45% of the high end of the range, and you take the \$0.57 you did in the first quarter, that's getting you somewhere in the range of a \$1.45, which is about a 4% increase over the second quarter of last year. I guess I'll ask it this way, is there – I know there's the tax benefit this quarter, which is helpful, there's some other stuff. Is there anything else that you want to call out, year-over-year that would unusually kind of depress that rate of growth? I mean, I would think that that \$1.45, maybe that's a good number, it's still above the consensus. So just curious if there is anything on – from a comp perspective, because you obviously here this quarter absorbed a pretty decent hit from price-cost and some investments, but again the tax rate was favorable. So just curious as to, if there's anything you want to call out to make sure you kind of calibrate people on the moving parts, without doing algebra?

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah. To sort of maybe re-characterize the question in the way that I want to answer it, I would tell you that the way – the reason in which we took up the low end of the range was just confidence we had in the bookings, and really eliminating the risk on the low end of the range, and feeling like we had a stronger backlog going in. When you look at that mid-20s applied bookings that we had in Q1, look at the large plant there in process and Industrial bookings, which would have been mid-teens growth year-over-year, the Climate is probably six to nine months. It's interesting because that's based on the availability of the customer to have the

project ready for it. We build chillers now in a day. We used to have chiller lead times of 10 weeks; we now could do that in 10 days. Give customers 10-day lead time from order to delivery.

But if you go to a large plant there on process side, same thing, 12 months to 18 months. So those are largely pushing out to 18 months, but with that being said, some of the bookings will fall into the back half of the year and give us an opportunity to raise to the low end of the range. You had also asked a little bit about price and material cost, and I'll let Sue kind of give you some color on that.

<A – Sue Carter – Ingersoll-Rand Plc>: Yeah. So I think, Steve that would be one of the other areas that I would watch in the second quarter. So our material inflation in 2017 is coming primarily from steel and from Tier 2 commodities. As we go throughout the year, we've talked about the first half is going to be a tough compare to last year, where we had a very positive spread between price and material inflation. On the material side itself, there's been some volatility, really post-election, in both steel, which will start to show up in the second quarter, as well as aluminum.

And aluminum has a bigger impact on our residential business than what some people might think, we actually use – I'll give you a first quarter kind of antidote, where we used about 15 times as much aluminum as we did copper in the residential business in the first quarter. So we're more impacted by that. Having said all of that, we intend to be price positive throughout the year. We're watching the commodities, and we're also really, really focused on productivity and really offsetting any costs that we have. So monitoring all of the different pieces, but I'd really watch on materials.

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah. And maybe, Sue, just a bit more color on that even. You look at the fact that we are getting positive price across the board. That's a good sign. Again, it's the steel, the Tier 2 components, the aluminum of which Sue said we buy 15:1 pounds of aluminum to copper in our res business, for example. You get to quarter two, the spread's 120 basis points. We would still expect positive price and the same sorts of material inflation that we're seeing. Then you get out to the back end of the year, and it literally might take to the back end of the year to kind of flip that into that 10-basis-point positive there. But I do believe we've got the strategies to do that.

We've also got some excellent value engineering ideas going on right now, testing out – we finalized this summer where we would both be able to change some of the alloys and be able to change some of the gauge thickness of the materials we're using. If those test out positively, then that's going to allow us to abate some of that material inflation toward the back end of the year. So we're working it and feel pretty good about getting there at the end of the year.

<Q – Steve Tusa – JPMorgan Securities LLC>: Wait, what's the 120 basis points? Sorry, just a quick follow-up on that. You did 50 bps headwind this quarter. What is the 120 basis points again?

<A – Mike Lamach – Ingersoll-Rand Plc>: I think Q2 last year, we were 120 basis points positive

<Q – Steve Tusa – JPMorgan Securities LLC>: Positive. Tough comp. Got it, got it. Positive. Okay. All right. Great. Thanks a lot guys, I appreciate the color.

Operator: Your next question comes from Scott Davis with Barclays. Your line is open.

<Q – Scott Davis – Barclays Capital, Inc.>: Hey, guys. Good morning.

<A – Mike Lamach – Ingersoll-Rand Plc>: Hi, Scott.

<Q – Scott Davis – Barclays Capital, Inc.>: So Steve's question is a good one. I – if you're 120 basis points positive last year, and now it's 50 basis points off of that 120 basis points, so it's still 70

basis points positive, is that how I should read it? Or are we actually 50 basis points negative? Or am I just dumb, which might be the other option?

<A – Mike Lamach – Ingersoll-Rand Plc>: Scott, I appreciate the question. It's a headwind. I mean, we had to overcome a significant headwind in comps, and that's the point we're making.

<Q – Scott Davis – Barclays Capital, Inc.>: Okay. So, it's headwind in comps, okay, I get it. So you're not actually negative price cost and – explicitly, it's just a comp, okay. I did see you were out there with a fair number of price increases on January 1, at least in the resi businesses. Were you able to realize those on January 1, or was it just not enough, or not fast enough to offset materials as they continue to move?

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah. Remember, Scott, the vast majority of our company doesn't operate on a price list, or a pricing. It's really the res business, some parts of light commercial, tools business to some extent; it starts to fall down pretty quick after that. Everything else is really putting a system together, a project together. And so you're really pricing more or less in real time with a customer on an order, and that's how we look at it.

So, yes, we had price increases where we compete in markets where that's the norm. Where it's not the norm, that's where we've been working this whole top line margin expansion, pricing work over time to make sure we understand how to price out into the future, when we expect deliveries, and try to get on top of that.

Of course, as you get to these large long-lead items, you're dealing with the fact that you're trying to price out and guess 9 months to 18 months out into the future. And in some cases, what's happened hasn't been so much demand related from a commodity perspective, but in the case of aluminum for example, it's very speculative in nature as to what's going on; it's more difficult to predict.

<Q – Scott Davis – Barclays Capital, Inc.>: Yes. Okay. That's -

<A – Mike Lamach – Ingersoll-Rand Plc>: But now that – we get there at the end of the year I believe, and are marginally positive on price versus material cost, with price been actually quite positive.

<Q – Scott Davis – Barclays Capital, Inc.>: Again, I totally get it. Your comps are tough, so. Can you guys just -

<A – Sue Carter – Ingersoll-Rand Plc>: Scott, if I can just inject for just a second. On the – on the second quarter, I still expect for us to be upside down on the price-cost equation. So, there is a very tough comparison to the price-cost spread from the second quarter of last year. But I do expect second quarter to look somewhat like the first quarter of this year, price positive, but still seeing a negative spread between price and material inflation.

<Q – Scott Davis – Barclays Capital, Inc.>: Yeah. I totally get it. It just took me a while. Can you guys remind us what Thermocold is, I just don't – I'm not familiar with that asset?

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah, Thermocold is a – it's a ductless variable water flow product that we worked with this company over time to kind of help develop it, get it into market. Got to a point where it was getting very interesting for us, so we acquired the business this quarter. Actually, bookings have doubled in the quarter since we've owned it. So, it's an early success around that. But what happens with some of the variable refrigerant flow systems is you're pushing refrigerant around buildings, and many building codes don't allow either a flammable or a high concentration refrigerant circulate in the building. Just for context, a VRF system might have

twice the refrigerant charge than conventional system, and then you're pushing that at higher pressures, and you're pushing it through buildings where it's not pushed today.

So in some places, the preference for when people want to go ductless is to have variable water flow versus refrigerant. So we're looking to really make sure that we've got a product for every application, and what we do is we apply products and systems to situations, and we do that through our channel, and that's why it's important for us to have all products for all applications.

<Q – Scott Davis – Barclays Capital, Inc.>: That makes a lot of sense. Thanks, guys.

<A – Mike Lamach – Ingersoll-Rand Plc>: Sure.

Operator: Your next question comes from the line of Joe Ritchie with Goldman Sachs. Your line is open.

<Q – Joe Ritchie – Goldman Sachs & Co.>: Hey. Good morning, everyone.

<A – Mike Lamach – Ingersoll-Rand Plc>: Hi, Joe.

<A – Sue Carter – Ingersoll-Rand Plc>: Good morning, Joe.

<Q – Joe Ritchie – Goldman Sachs & Co.>: So, I guess my first question is really on – sticking with industrial. It seems like your aftermarket business probably drove a lot of the kind of improvement. So maybe just help us understand a little bit the progress that you've made to drive aftermarket, and then what growth looks like, aftermarket versus equipment, going forward?

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah. Compression technology specifically, and Club Car, would be the two parts of Industrial I'd call out to be the strongest. And when you look at what we can control in the compression technology business, if we can't control CapEx of large equipment, which was evident to us a year-plus ago, the move that we could make was to spend more time in the channel around the mix, pushing to service. And Todd and that team have done just an outstanding job of putting what I would consider to be the operational excellence discipline into the sales management and sales functions.

And so the amount of connectivity that we have between customers and service, the share of wallet we have with those customers, has increased. And just sort of the whole pace and rigor around the sale management process has increased. So I couldn't be any happier with how they're kind of bringing that to the market. And then in Industrial, what you've seen here is Club Car with mid-teens bookings, and that's led by everything outside of golf, frankly. Golf is a business where globally we've got roughly 50% market share, so all the growth opportunities that sit in that small electric vehicle market spit out in utility and in personal transportation vehicles, low-speed vehicles, at the consumer level. And we're seeing good growth there.

<Q – Joe Ritchie – Goldman Sachs & Co.>: Got it. And, Mike, maybe, if you can just touch on ex Club Car, regionally, your developed markets, both North America and Europe down. A lot of the reads we've seen just across the industrial landscape have been really good this quarter. And so maybe talk a little bit about the kind of regional disconnect that you're seeing in North America/Europe versus what you're seeing across other areas of the world. Because clearly, you've got better growth outside of the developed market landscape today.

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah. I mean, again, I think when you see larger compressors come back into the mature economies, you're going to see great growth in leverage, and even without a high degree of revenue you saw good leverage in this quarter. But you got the China, which I consider to be a mature market, and here you saw really excellent kind of high single-digit, almost double-digit growth there in our compression technologies business. So China

is an example where we really did see some strength and recovery. And it's supported not just by the reported GDP, but around energy use in the economy, and by some of the usage of commodities like steel in the market would tell us that. You're seeing something that appears to be a turning point in China, and hopefully it'll last.

Operator: Your next question comes from the line of Andrew Kaplowitz with Citi. Your line is open.

<Q – Andy Kaplowitz – Citigroup Global Markets, Inc.>: Hey, good morning, guys.

<A – Mike Lamach – Ingersoll-Rand Plc>: Hey, Andy.

<Q – Andy Kaplowitz – Citigroup Global Markets, Inc.>: So through April you spent \$417 million in repurchases. Obviously you've ramped up repurchases, especially in April. You do seem committed to your \$1.5 billion target. But can you talk about the probability of doing M&A versus repurchases? Are valuations higher to the point where the chance of doing bigger M&A are lower, or do you still see significant opportunity in your pipeline? And at what point in the year do you actually step up repurchases if M&A is little harder to come by, and is that happening now?

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah, I have to start with – from the beginning, which says that the strategic plans that we put together in the company, would have isolated some ideas around targets that we want to go after, and that list of targets would have yielded some specific targets that we would have put on our list, whether they're actionable or not. And you could say, well, everything's actionable at any given price, but the reality is it's not actionable within the financial guidelines that we've put in place about what we think a good acquisition looks like.

So when you start with that, you say to yourself from there, at any one given point in time in the pipeline, what do we feel is both actionable and actionable at a level financially that we think would be attractive to us? If I snapped the line today – and I want to be very careful about this, because it could change next week and it would have been different last week – but if I snapped a line today, I would say that there's between \$300 million and \$500 million of actionable M&A that meets our financial constraints and hurdles across the company. So that doesn't mean that it won't change next week. It wouldn't preclude doing much larger deals, if they fit the strategic plans that we put in place and the target lists that were in place at the time. So that's what we are today. And if you ask me next quarter, I'll snap a line for you and tell you where we are, I suppose.

<Q – Andy Kaplowitz – Citigroup Global Markets, Inc.>: Mike, that's very helpful. And then just shifting gears, can you talk about your commercial HVAC markets in EMEA and Asia? You mentioned last quarter your 2017 outlook was relatively flattish, but you did see strong 4Q Asian orders. You said they were lumpy last quarter, but you've continued to see good order growth in both markets really, and you did raise your forecasted debt for Asian HVAC. EMEA orders [ph] did (55:24) look like they accelerated a bit in the quarter. So can you see some upside on the Asian HVAC as we go through the year?

<A – Mike Lamach – Ingersoll-Rand Plc>: Well, the Middle East really accelerated for us, and was kind of a mid-teens bookings growth in the Middle East for us, so very different than what we're seeing in Europe. And in Europe, we're not bearish on Europe. We just think it's going to be sort of a flattish market, but the Middle East, we would think to be up for the year for us. And I think that's not the market, I think that we're doing some good things in the market, particularly around some of the district cooling plants and the newer refrigerants that we've launched into the market.

China was also just a good story for us. And again, it's really a quarter at this point, and I'm not going to say that we expect that to continue through the balance of the year, but clearly the market in China specifically, I don't think was above 20% in the quarter, but we had strong bookings growth in the quarter. Again, a lot of new product introduction, more depth in the channel, and I think just solid execution across the board there.

<Q – Andy Kaplowitz – Citigroup Global Markets, Inc.>: You said the Middle East market, it was more you than the market. Did it stabilize, though, and that allowed you to outperform well in the quarter?

<A – Mike Lamach – Ingersoll-Rand Plc>: I would say – I was there just a month ago. At least where I was, okay, but specifically Dubai would be a point I would raise. I would tell you that it was booming, and really no signs of slowing down there. Obviously as you get outside of Dubai, you're going to reach different dynamics, but we would have seen our team there sort of feeling good about what they're able to bring into the market with new products and services, controls, performance contracting, and the capability of the team becoming I think stronger there, to the point where we can do more work outside of equipment. That's helping us to grow the market.

We've got a joint venture we're starting there as well, soon. I think that will help us develop in the market further, so again I didn't see a terribly depressed situation in the marketplace, but I felt good leaving that trip, understanding what our growth plans were and feeling good about our ability to get growth where it's maybe flattish today, or down.

<Q – Andy Kaplowitz – Citigroup Global Markets, Inc.>: Thanks, Mike.

Operator: Your next question comes from the line of Deane Dray with RBC. Your line is open.

<Q – Deane Dray – RBC Capital Markets LLC>: Thank you. Good morning, everyone.

<A – Mike Lamach – Ingersoll-Rand Plc>: Hey, Deane.

<Q – Deane Dray – RBC Capital Markets LLC>: Hey, Mike, I'd love to hear your comments about the build ahead of the cooling season, how does the inventory in the channel stand today, and maybe your sense about customer bias towards replacing versus fixing their units, just given sentiment today?

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah, Deane, really detail about sort of the inventories, there is nothing unusual about inventories in the channel, I know some of the folks that are sort of more res-based and maybe singly focused on HVAC are looking at where they are in days' sales and so on and so forth, but honestly, we're not seeing anything unusual. Here we're seeing good strong markets, we're seeing the replacement market strong, we're seeing the new construction markets strong.

In the couple of areas that we're really looking to penetrate, which should be areas like new construction or areas like owner-non-occupied, are markets that are really growing for us, and we focused the channel, we focused our work in those markets. So I think it's shaping up to be another strong, solid year for the res markets, and clearly we're doing well in those markets. And it's also you're seeing the nice market-share growth and margin expansion, it's not as if we're in there buying share at all. It's really a strong – well-functioning business, strong management team executing well on its plan.

<Q – Deane Dray – RBC Capital Markets LLC>: That's real helpful. Can you just provide some color on where you think you're gaining share in the resi market, in particular product lines, or just where you think that that growth is coming?

<A – Mike Lamach – Ingersoll-Rand Plc>: Deane, we're in the last three years of about a 100% revitalizing. So there's nothing in the market that we've had in the market for very long. So, we're – who we're taking share from, we speculate internally, but I certainly wouldn't want to put a public proclamation around that hypothesis.

<Q – Deane Dray – RBC Capital Markets LLC>: Of course. And looking forward to the Analyst Day. Thanks.

<A – Mike Lamach – Ingersoll-Rand Plc>: Thanks, Deane.

Operator: Your next question comes from Jeffrey Sprague with Vertical Research Partners. Your line is open.

<Q – Jeff Sprague – Vertical Research Partners LLC>: Hey, thank you, good morning. Just a couple loose ends I guess here. Mike, what are you seeing, if anything, on the competitive response to your share gains? I think a lot of it goes to your – to the point you just made about you're winning on product. But is anyone else coming back on you on price, do you see anyone kind of acting out of line?

<A – Mike Lamach – Ingersoll-Rand Plc>: We work in an industry with a handful of large players. It's probably going to consolidate over time. And we certainly don't discount any of our competitors' capabilities in these areas. It's a strategy, Jeff, that we've had for a long time about how we wanted to win, where to play; the product growth teams are very additive to what we are doing, and try to isolate opportunities or weaknesses and exploit them.

So, yeah, I said the word culture, I don't know, five times on the opening script, and I could tell you that there's something about really embedding that pretty deeply in the organization, that we wake up every day thinking about market share and margin expansion, and we're supporting that with the field, with great service capability, with tremendous amount of investment in innovation and products control, services across the board. So we're just going to run faster, and we've got big strong competitors that are running fast too.

<Q – Jeff Sprague – Vertical Research Partners LLC>: And just kind of a separate thought, we've heard a couple of times this earning season, just maybe some companies of over-restructured some pinch points in the supply chain, with things looking like it's broadly picking up. Is there anything in your supply chain that looks problematic, anything you might have to vertically integrate to kind of contend with such issues, or anything you're monitoring, would just be interesting?

<A – Mike Lamach – Ingersoll-Rand Plc>: Yeah. Knock on wood, Jeff, we've had an excellent season. I think every season just gets better and better. And the first thing we do at the end of a season is we debrief every learning we had in the season at a very deep level, on a plant and product basis, and understand sort of what we would have done if we could have hit the replay button, and every year we get better at that. Which is why the profitability of the res business turned the corner in the first quarter, which historically I think forever had been in a loss-making position, is now in a good position in the first quarter with less inventory, high returns, better cycle times, lead times to customers, more product availability.

So, we're not seeing anything here that we haven't planned for or thought about at this point, but again, this is not even May, and we've got to go through a few more months here to be confident about that.

<Q – Jeff Sprague – Vertical Research Partners LLC>: Great. Thank you.

<A – Mike Lamach – Ingersoll-Rand Plc>: Yes.

Operator: This concludes our question and answer session. I'll now turn the call back to Zac Nagle for any closing remarks.

Zac Nagle, Treasurer and VP, Treasury and Investor Relations, Ingersoll-Rand Plc

I would like to thank everyone for joining today's call. As usual, Joe and I will be available to answer your questions today and in the coming days and weeks. We look forward to seeing many of you are or with you via the webcast at our Investor and Analyst Day on May 10, and have a great day.

Operator: This concludes today's conference call. You may now disconnect.

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