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Ingersoll Rand Reports Third-Quarter EPS from Continuing Operations of \$1.13, increases Full-Year 2014 EPS Outlook

- *Third-quarter continuing operations earnings per share (EPS) of \$1.10; adjusted EPS excluding restructuring costs also \$1.10, up 21 percent compared with 2013 adjusted EPS of \$0.91*
- *Revenues of \$3.4 billion in the third quarter, up 5.3 percent compared with 2013*
- *Q3 2014 operating margin of 13.0 percent, 0.9 percentage point adjusted margin improvement*
- *Full-year 2014 EPS from continuing operations forecast updated to \$3.17 to \$3.21, including \$0.03 of restructuring costs*

Swords, Ireland, October 22, 2014 - Ingersoll-Rand plc (NYSE:IR), a world leader in creating comfortable, sustainable and efficient environments, today reported diluted earnings per share (EPS) from continuing operations of \$1.10 for the third quarter of 2014.

The company reported net earnings of \$291.3 million, or EPS of \$1.07, for the third quarter of 2014. Third-quarter net earnings included \$298.3 million, or EPS of \$1.10, from continuing operations, as well as a net loss of \$(7.0) million, or EPS of \$(0.03) from discontinued operations. The results for the third quarter of 2014 included \$1.2 million of restructuring expense which had a negligible impact on EPS. This compares with net earnings of \$165.9 million, or EPS of \$0.56, for the 2013 third quarter. Third-quarter 2013 net earnings included \$222.6 million, or EPS of \$0.75, from continuing operations, as well as a loss of \$56.7 million, or EPS of \$(0.19), from discontinued operations. Third quarter 2013 results included \$46.9 million of after-tax restructuring and other one-time costs equal to \$(0.16) per share. Excluding restructuring and one-time costs from 2013 results, third-quarter 2014 EPS from continuing operations increased \$0.19 per share, or 21 percent year-over-year (**see attached tables for additional details**).

"Our focus on new product development, services and effective operational execution has enabled us to deliver another solid quarter," said Michael W. Lamach, chairman and chief executive officer. "We are pleased with what we've been able to accomplish through steady investment, productivity initiatives and a balanced, pragmatic approach to capital allocation. In addition, our bookings signal a solid Q4 as we look ahead to the end of a successful 2014."

Additional Highlights from the 2014 Third Quarter

Revenues: The company's reported revenues increased by 5 percent (up 6 percent, excluding currency) to \$3,385 million, compared with revenues of \$3,214 million for the 2013 third quarter. Total U.S. revenues were up 6 percent compared with 2013 and revenues from international operations increased 5 percent (up 5 percent, excluding currency). New equipment and aftermarket revenues were up 6 percent and 4 percent, respectively, compared with the third quarter of 2013.

Operating Margin: The third-quarter operating margin was 13.0 percent compared with 11.8 percent in 2013. Adjusted for restructuring, the operating margin for the third quarter of 2014 was 13.0 percent and 12.1 percent for the third quarter of 2013. The year-over-year 0.9 percentage point adjusted margin improvement was due to higher volume, gains from productivity initiatives and pricing, partially offset by inflation and an increase in investment spending.

Interest Expense and Other Income/Expense: Interest expense was \$52.3 million for the third quarter of 2014, compared with third-quarter 2013 interest expense of \$102.8 million, which included a debt redemption premium of \$46.3 million. Excluding the debt redemption premium from last year, 2014 third-quarter interest expense declined by \$4.2 million year-over-year. Other income totaled \$9.6 million for the third quarter of 2014, compared with \$6.0 million of other income for the 2013 third quarter, primarily due to higher income from equity investments and lower foreign exchange losses.

Taxes: The company had an effective tax rate of 23.8 percent in the third quarter of 2014. The effective rate for the third quarter of 2013 was 19.5 percent.

Third-Quarter Business Review

[Note: Adjusted margins for 2013 and 2014 exclude restructuring costs - see attached tables for additional details]

The Climate Segment delivers energy-efficient solutions globally and includes Trane® and American Standard® Heating and Air Conditioning which provides heating, ventilation and air conditioning (HVAC) systems and commercial and residential building services, parts, support and controls; and Thermo King®, the leader in transport temperature control solutions. Revenues for the third quarter of 2014 were \$2,644 million and increased 6 percent compared with the third quarter of 2013. Bookings increased 9 percent year-over-year.

On a year-over-year basis, total commercial HVAC revenues increased by a mid-single digit percentage with a mid-single digit percentage increase both in year-over-year equipment revenues and in parts, service and solutions. Commercial HVAC revenues in North America increased by a mid-single digit percentage in the quarter compared with last year and revenues increased slightly in overseas operations. Third-quarter 2014 commercial HVAC bookings reflect a mid-single digit percentage increase compared with last year.

Total Thermo King refrigerated transport revenues increased by a mid-teens percentage in the third quarter compared with last year with gains in all equipment categories and in aftermarket revenues. Bookings increased by more than 20 percent in the third quarter of 2014, due to strong orders for auxiliary power units, marine equipment and in the North American trailer business.

Residential HVAC revenues increased by a low-single digit percentage in the third quarter compared with 2013, primarily due to volume gains in air conditioning units. Bookings also increased by a low-single digit percentage compared with last year.

Third-quarter 2014 segment operating margin was 14.3 percent (14.3 percent adjusted operating margin) compared with 13.0 percent (13.1 percent adjusted operating margin) last year. The year-over-year margin improvement was due to higher volumes, pricing, productivity actions and lower restructuring costs, partially offset by inflation and higher investment spending. Year-over-year adjusted operating leverage was 34 percent.

The Industrial Segment delivers products and services that enhance energy efficiency, productivity and operations. It includes Ingersoll Rand® compressed air systems and services, power tools and material handling systems, and ARO® fluid management equipment, as well as Club Car® golf, utility and rough terrain vehicles. Total revenues in the third quarter of \$741 million increased 3 percent compared with the third quarter of 2013. Bookings also increased 3 percent compared with last year.

Revenues for air compressors and industrial products increased by a low-single digit percentage compared with the third quarter of 2013. Revenues were up mid-single digits in the Americas and Asia and declined in Europe. Bookings increased by a low-single digit percentage compared with last year.

Club Car revenues increased slightly compared with the third quarter of 2013 as sales growth in utility vehicles offset decreased activity in the North American golf market.

Third-quarter segment operating margin for Industrial was 14.7 percent (14.8 percent adjusted operating margin) compared with 15.9 percent (15.9 percent adjusted operating margin) last year. The decrease in operating margin was due to inflation and higher investment spending, partially offset by higher volumes and productivity actions.

Balance Sheet

At the end of the third quarter, working capital was 4.0 percent of revenues, compared with 3.1 percent in 2013. Cash balances and total debt balances were \$937 million and \$3.5 billion, respectively.

Share Repurchase

During the third quarter of 2014, the company repurchased approximately 2.6 million shares for approximately \$160 million related to a \$1.5 billion share repurchase program approved by the company's board of directors on February 5, 2014. The company is targeting to repurchase a total of \$1,375 million of shares for full-year 2014.

Acquisition of Cameron's Centrifugal Compressor Division

In August, the company announced that it entered into an agreement to acquire the assets of Cameron International Corporation's (NYSE:CAM) Centrifugal Compression division for \$850 million. The acquisition is expected to close before the end of the year, subject to regulatory approval.

The division provides centrifugal compression equipment and aftermarket parts and services for global industrial applications,

air separation, gas transmission and process gas. Cameron's Centrifugal Compression division generated sales of approximately \$400 million in 2013, has approximately 850 employees and operates from 12 global locations.

"Cameron's Centrifugal Compression division offers complementary product, manufacturing and engineering strengths, as well as financial synergies that make it a natural fit into our core business and will provide meaningful value to our shareholders," said Lamach. "This opportunity expands our Industrial Segment and will be accretive to EPS, EBITDA margins and ROIC in 2015."

Outlook

Based on a forecast of moderate growth in worldwide construction and modest growth in industrial markets for the remainder of the year, the company expects revenues for full-year 2014 to increase approximately 4 percent with full-year reported EPS from continuing operations expected to be in the range of \$3.17 to \$3.21. Restructuring expenses are expected to approximate \$(0.03) per share. Excluding these costs, adjusted EPS for 2014 continuing operations are expected to be in the range of \$3.20 to \$3.24. The forecast includes a tax rate of approximately 25 percent for continuing operations and an average diluted share count for the full year of approximately 275 million shares. Free cash flow for full-year 2014 is expected to be in the range of \$800 to \$850 million.

Fourth-quarter 2014 revenues are expected to increase approximately 3 to 4 percent with reported EPS from continuing operations for the fourth quarter in the range of \$0.68 to \$0.72. Restructuring expenses are expected to approximate \$(0.01) per share. The fourth-quarter forecast reflects an ongoing tax rate of approximately 25 percent for continuing operations and an average diluted share count of approximately 270 million shares.

This news release 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 projected 2014 fourth-quarter and full-year financial performance including expectations regarding restructuring expenses; assumptions regarding our effective tax rate and statements that relate to our intent to acquire the assets of Cameron International Corporation's Centrifugal Compression division; the expected benefits of the proposed transaction; the timing of the transaction and the impact on our earnings per share; EBITDA margins; ROIC; and other financial measures. 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 fully realize the expected benefits of the completed spinoff and restructuring, our ability to timely obtain, if ever, necessary regulatory approvals of the acquisition of Cameron International Corporation's Centrifugal Compression division, global economic conditions, demand for our products and services and tax law changes. Additional factors that could cause such differences can be found in our Form 10-K for the year ended December 31, 2013, Form 10-Q for the quarter ending March 31, 2014, June 30, 2014, and other SEC filings. We assume no obligation to update these forward-looking statements.

This news release also includes adjusted 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. Further information about the adjusted non-GAAP financial tables is attached to this news release.

All amounts reported within the earnings release above related to net earnings (loss), earnings (loss) from continuing operations, earnings (loss) from discontinued operations, and per share amounts are attributed to Ingersoll Rand's ordinary shareholders.

Ingersoll Rand (NYSE:IR) advances the quality of life by creating comfortable, sustainable and efficient environments. Our people and our family of brands-including [Club Car®](#), [Ingersoll Rand®](#), [Thermo King®](#) and [Trane®](#)-work together to enhance the quality and comfort of air in homes and buildings; transport and protect food and perishables; and increase industrial productivity and efficiency. We are a \$12 billion global business committed to a world of sustainable progress and enduring results. For more information, visit ingersollrand.com.

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(See Accompanying Tables)

- [Condensed Consolidated Income Statement](#)
- [Segments](#)
- [Non-GAAP Financial Tables](#)
- [Condensed Consolidated Balance Sheet](#)
- [Condensed Consolidated Statement of Cash Flow](#)
- [Balance Sheet Metrics and Free Cash Flow](#)

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