



# Third-Quarter 2014 Results

October 22, 2014

# Safe Harbor

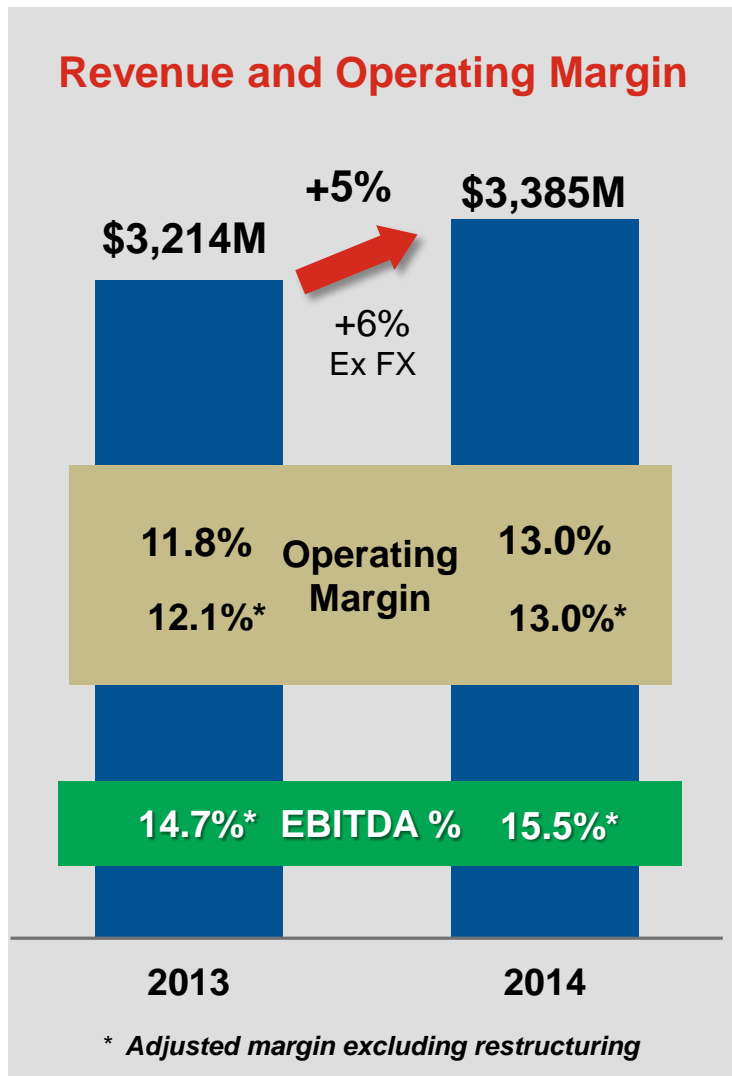


This presentation includes “forward-looking statements,” which are statements that are not historical facts, including statements that relate to the mix of and demand for our products; performance of the markets in which we operate; our share repurchase program including the amount of shares to be repurchased and timing of such repurchases; our 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 ended March 31, 2014, June 30, 2014, and in our other SEC filings. We assume no obligation to update these forward-looking statements.

This presentation 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 information, including why management believes the information is useful, the purposes for which management uses the information and reconciliation to the nearest GAAP measure, is included in financial tables attached to the earnings news release that can be found at [www.ingersollrand.com](http://www.ingersollrand.com).

All data for beyond the third quarter of 2014 are estimates.

## Revenue and Operating Margin



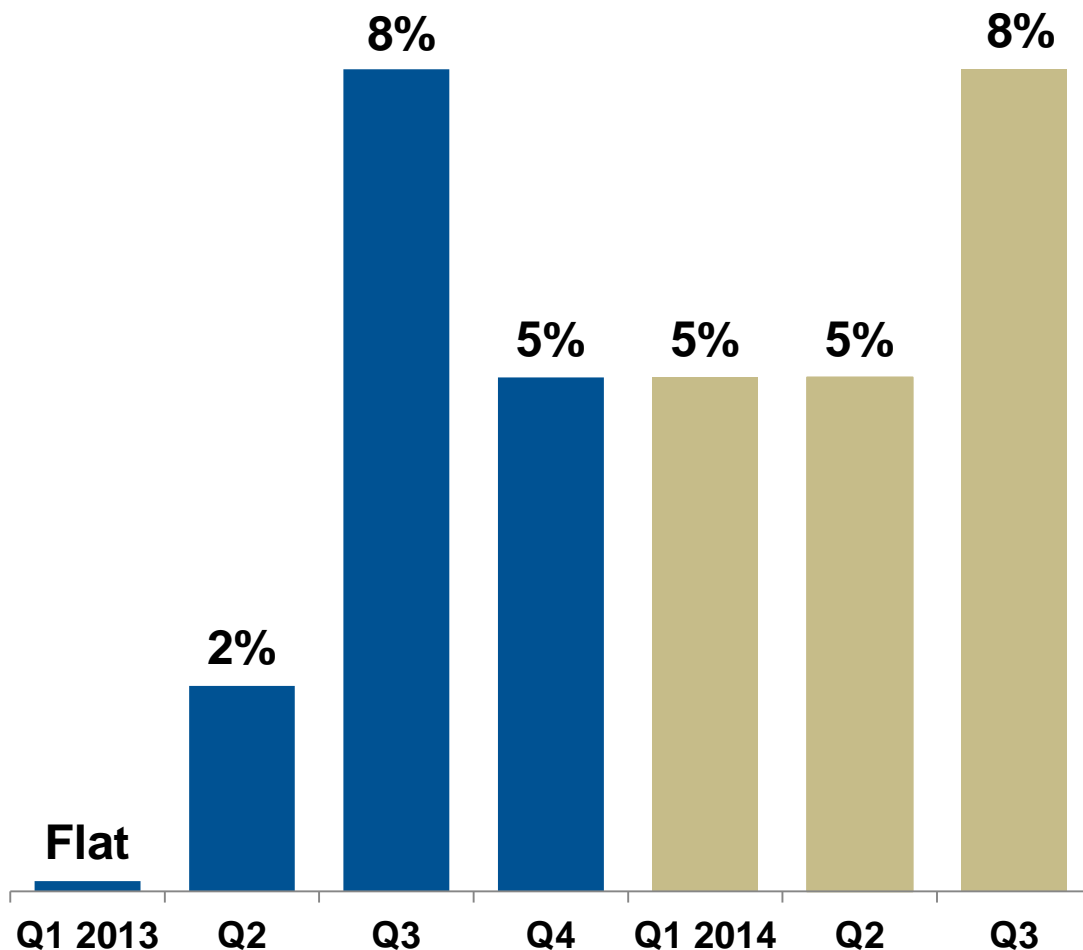
- EPS from continuing operations: \$1.10, adjusted EPS up 21%
- Revenue of \$3,385M, +5% and +6% Ex Fx
  - Moderate growth in North America and strong improvement in Europe
- 7% increase in Q3 bookings, +8% Ex FX; Strong growth in Climate
- Operating margin 13.0%, up 90 bps versus adjusted Q3 2013
  - Climate adjusted margin up 120 bps with high operating leverage
  - Volume, price and productivity gains partially offset by inflation and increased investment
  - Q3 YTD adjusted operating margin up 110 bps
- Repurchased ~2.6 million shares in Q3

**Q3 revenues up 5% and adjusted EPS up 21%**

# Quarterly Year-Over-Year Order Change



## Orders, % Change Excluding Currency



	Reported	Ex FX
Q1 '13	(1%)	Flat
Q2	2%	2%
Q3	7%	8%
Q4	5%	5%
Q1 '14	5%	5%
Q2	5%	5%
<b>Q3</b>	<b>7%</b>	<b>8%</b>

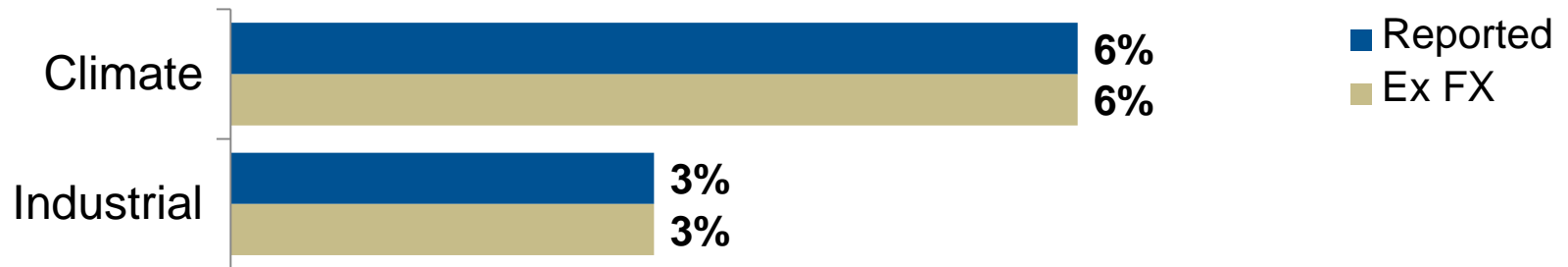
Q3 2014 % Change vs. Q3 2013		
	Reported	Ex FX
Climate	9%	9%
Industrial	3%	3%
<b>Total</b>	<b>7%</b>	<b>8%</b>

**Q3 orders up 8% Ex FX**

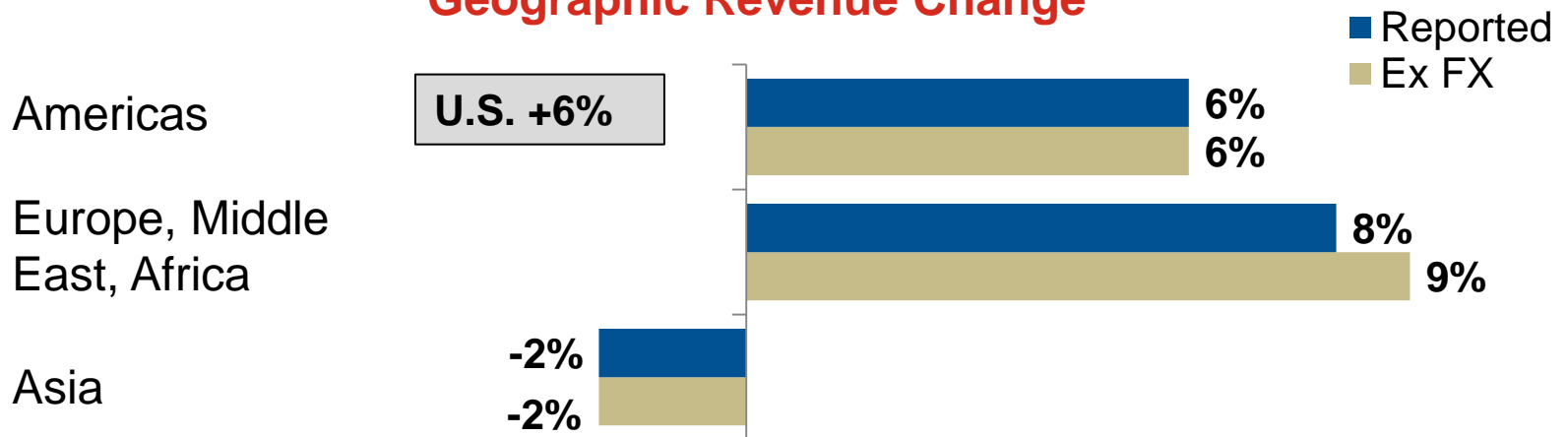
# Q3 2014 Revenue Change



## Segment Revenue Change



## Geographic Revenue Change



Q3 revenue up 5% and up 6% Ex FX

# Q3 2014 Operating Margin

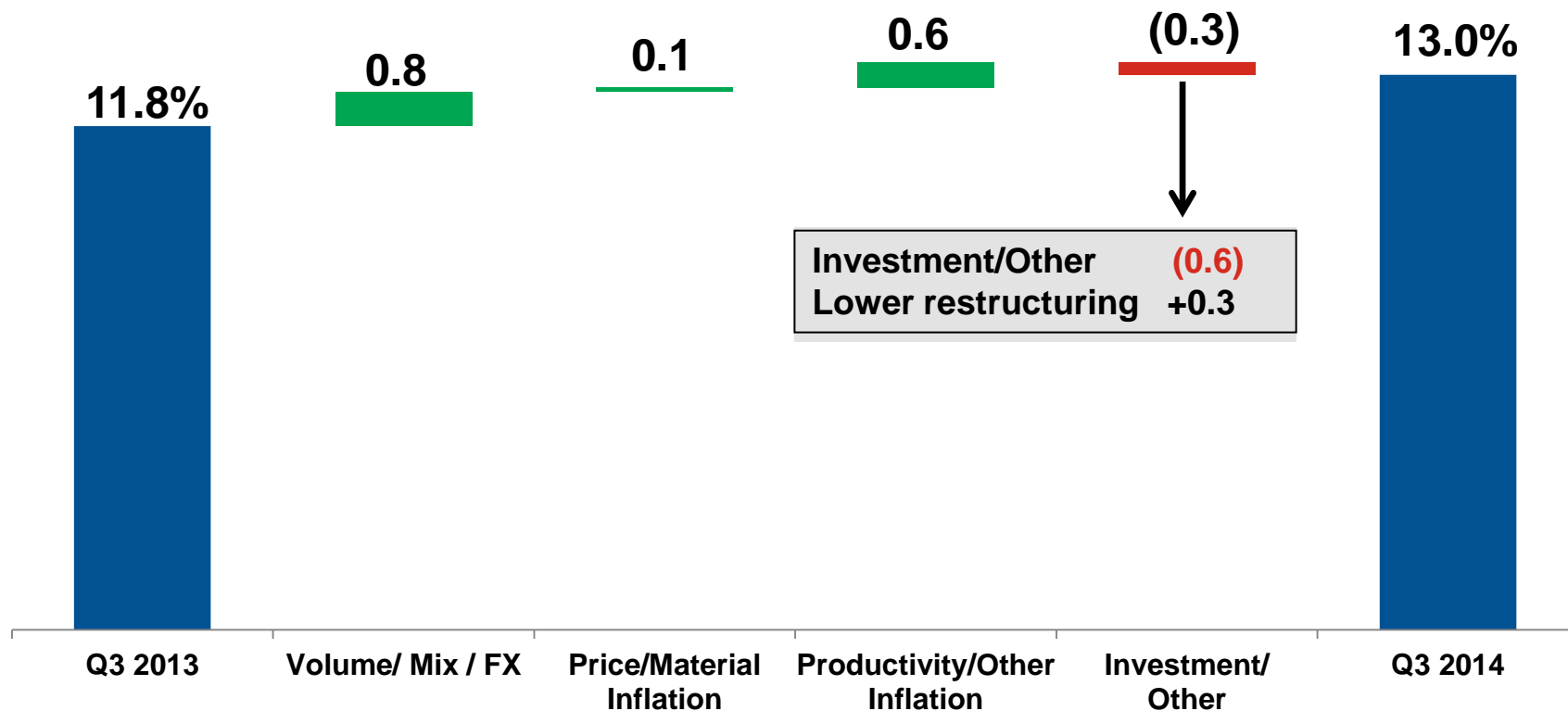


## Operating Leverage

	Reported	Adjusted*
Year-Over-Year Revenue Change	\$171M	\$171M
Year-Over-Year Op. Income Change	\$61M	\$52M
<b>Leverage</b>	<b>35%</b>	<b>31%</b>

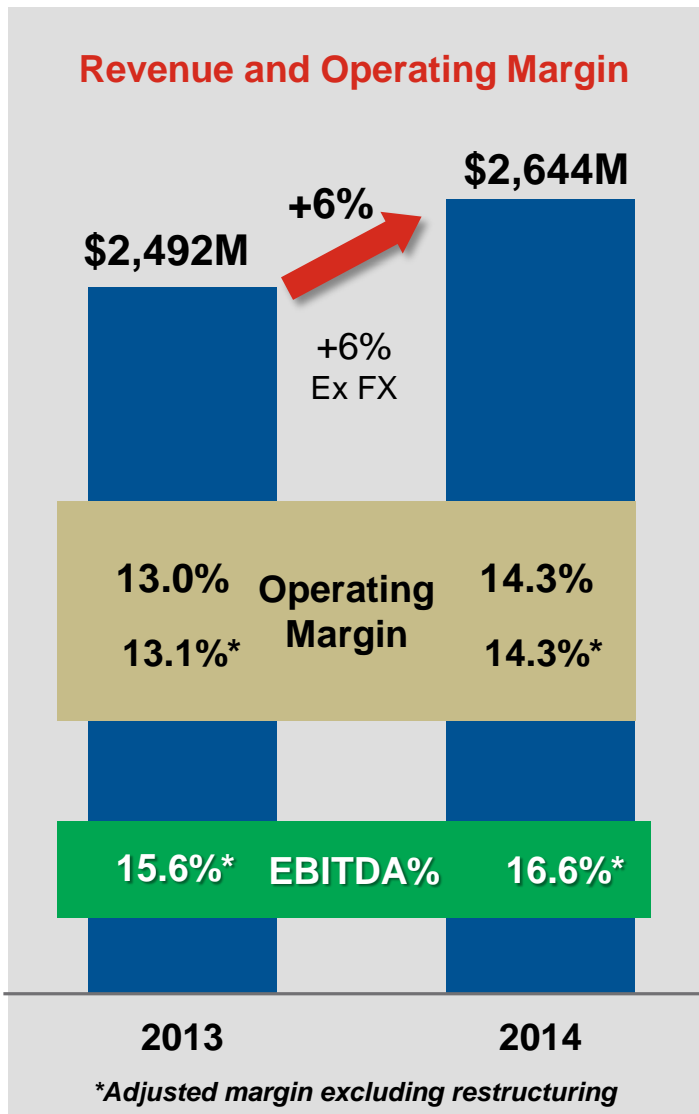
## Segment Operating Leverage

	Adjusted*
Climate	34%
Industrial	Neg.
<b>Operations</b>	<b>27%</b>



\* Adjusted results exclude restructuring costs

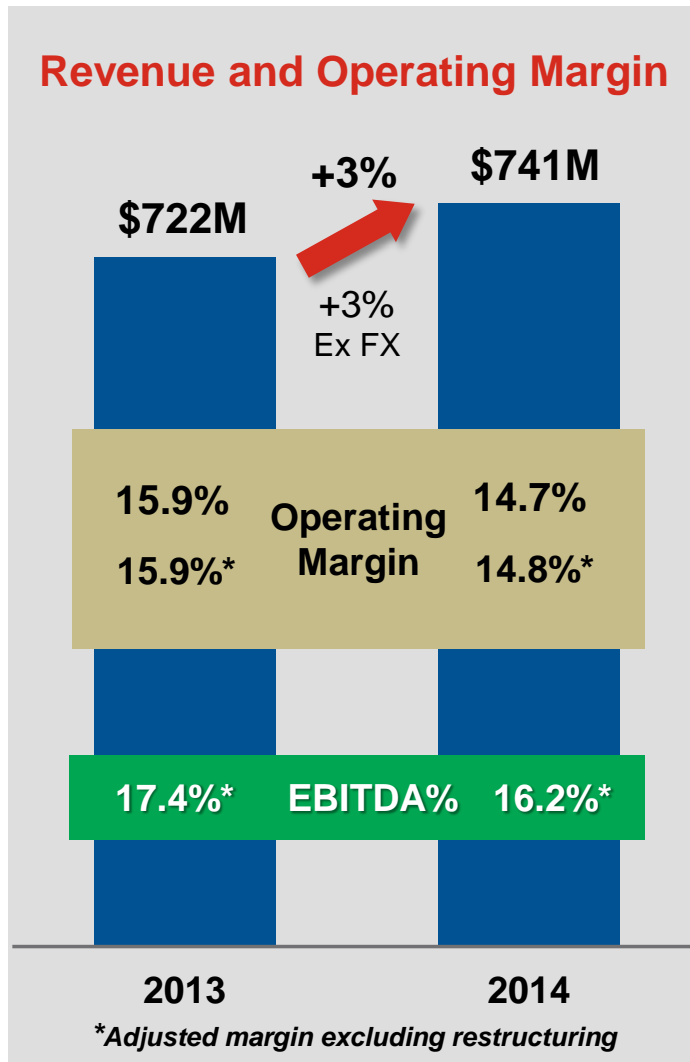
# Climate Segment – Q3 2014



- Commercial HVAC bookings up mid-single digits; up mid-single digits in Americas and Asia; up more than 20% in Europe
- Commercial HVAC revenues up mid-single digits
  - Commercial equipment up mid-single digits; growth in unitary offset decline in applied
  - Parts, services, solutions up mid-single digits
  - Revenues up mid-single digits in the Americas; up low-single digits in Europe; declined in Asia
- Thermo King bookings up more than 20%; Revenues up mid-teens
  - Truck and trailer sales up low-teens mainly from strong trailer growth in N. America
  - Marine equipment, APU and bus revenues up significantly compared with 2013
- Residential HVAC bookings and revenues up low-single digits
- Adjusted operating margins increased by 1.2 percentage points due to higher volumes and productivity gains; partially offset by inflation
  - 34% adjusted operating leverage; strong leverage in Europe and Residential HVAC

**Higher margins in improving end markets**

# Industrial Segment – Q3 2014

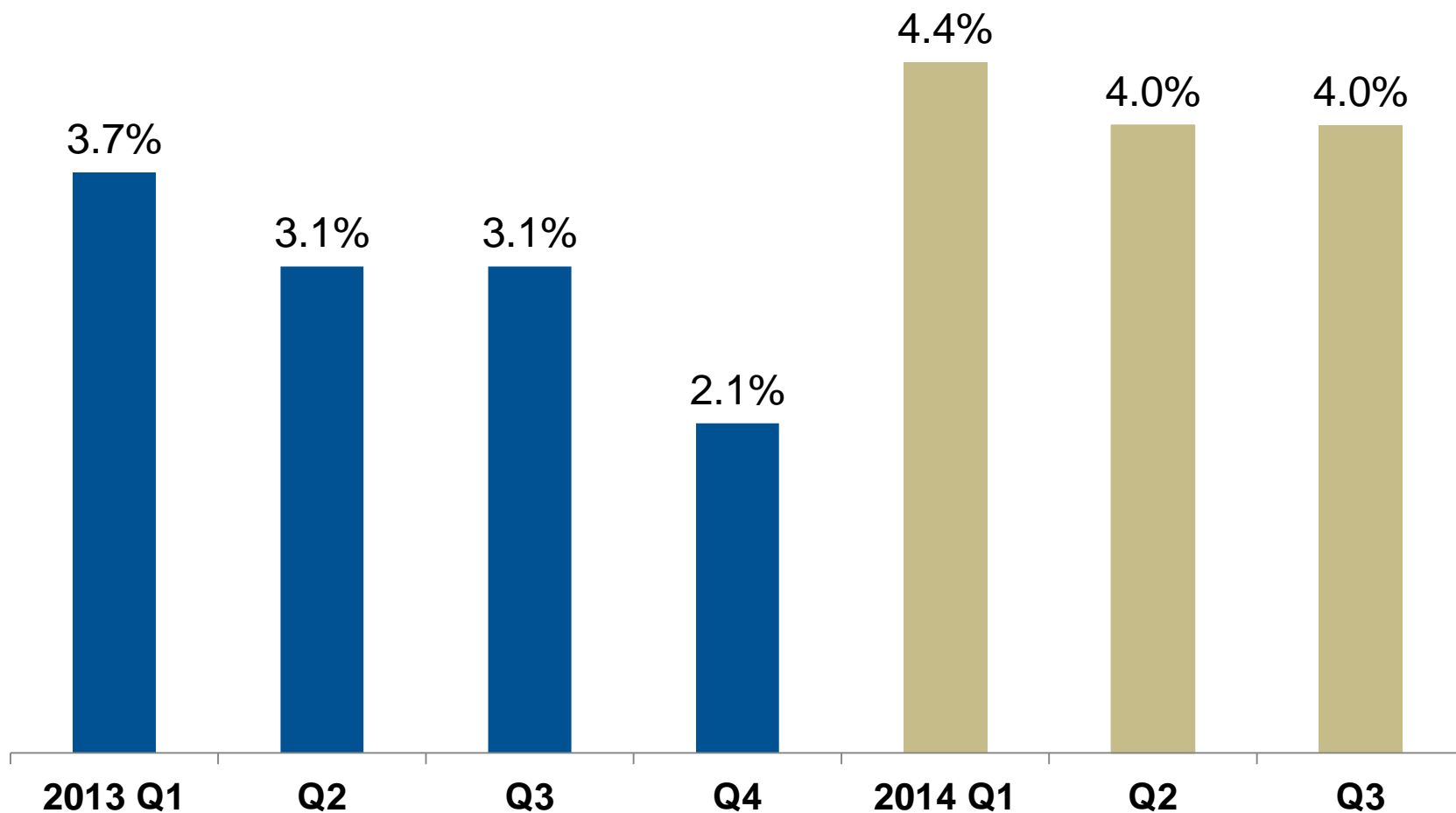


- Industrial orders up 3%; revenues up 3%
- Air and industrial products bookings up low-single digits and revenues up low-single digits
  - Revenues up mid-single digits in Americas and Asia and declined in Europe
- Club Car orders and revenues up slightly
  - Growth in utility vehicles offset decline in North American golf market
- Adjusted operating margin of 14.8%
  - Operating margin decline due to inflation and higher investment spending, partially offset by higher volumes and productivity

**Continuing steady revenue growth**



# Working Capital as a % of Revenues



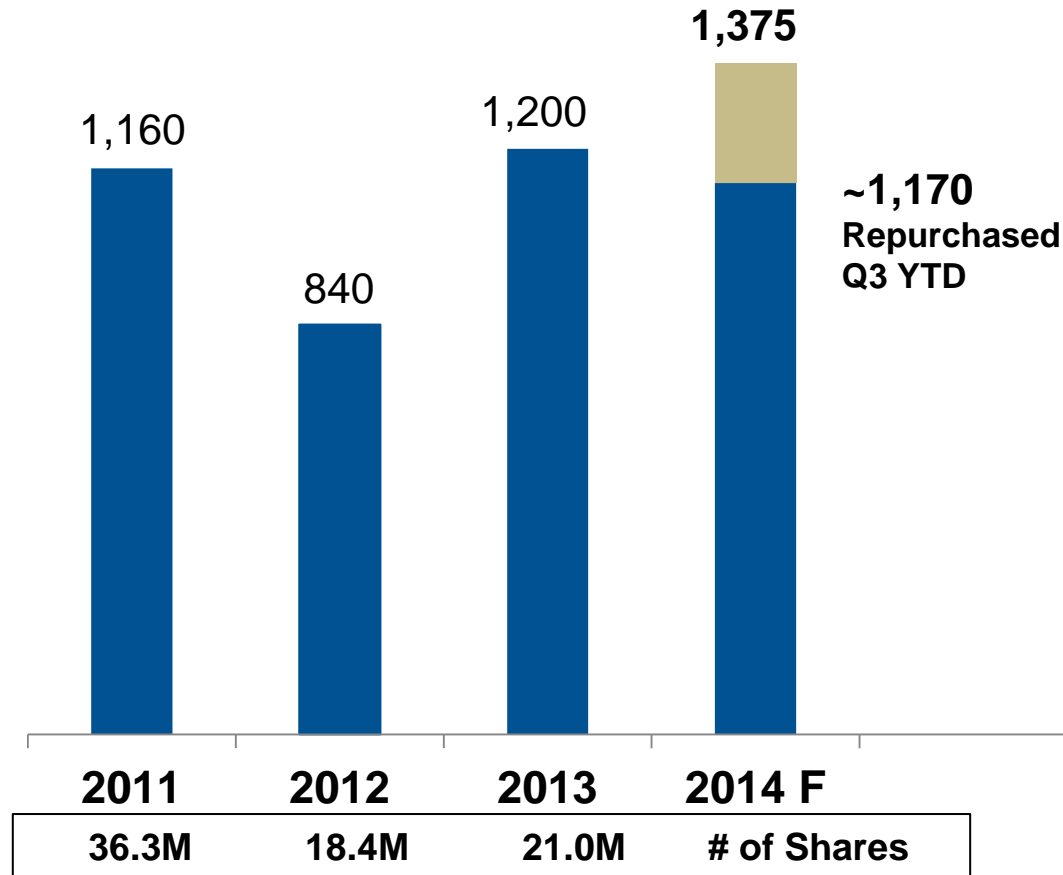
2014 full-year free cash flow \$800 to \$850 million

# Share Repurchase



## Share Repurchase, \$M

- Repurchased ~2.6 million shares for ~\$160 million in Q3
- Repurchased ~20 million shares for ~\$1.2 billion Sept. YTD
- Total repurchase spend target for full-year 2014 of \$1,375 million



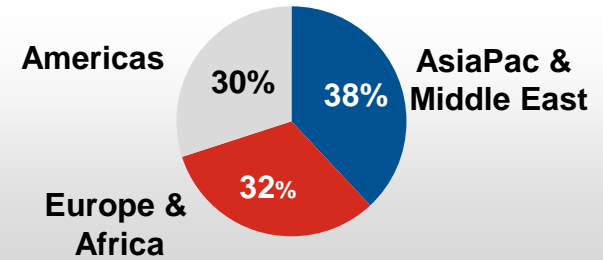
Consistent, balanced capital allocation strategy

# Cameron Centrifugal Acquisition

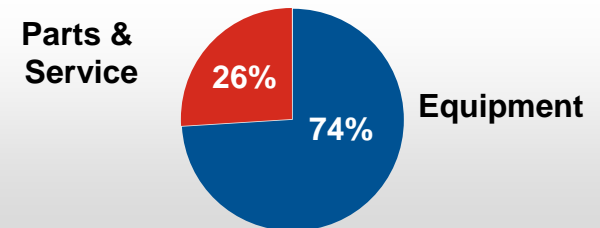
## A leading centrifugal compression manufacturer

- Leading manufacturer and service provider of centrifugal compressors used in wide range of industries such as oil and gas, power generation and air separation
- Headquartered in Houston with ~850 employees
- 2013 revenues of ~\$400M
- Technology leadership with strong innovation
- Global capabilities and service presence
- Strong end-market customer relationships across industrial, manufacturing and oil and gas companies globally

### Revenue by geography (2013)



### Revenue mix (2013)



### Key product lines



Engineered Air



Process Gas



Plant Air

# Cameron Centrifugal Acquisition



Event	Date
Announcement	August 18, 2014
Regulatory approvals	Q3 and Q4 2014
Expected close	Before year end
Integration	Through 2015
2014 Earnings Impact	No operational results included in 2014 forecast

# Full-Year 2014 Revenue Forecast



Organic	Year-Over-Year Change	
Climate	4% to 5%	<ul style="list-style-type: none"> <li>• Moderate growth in commercial new construction in U.S. and Europe</li> <li>• Commercial HVAC equipment replacement and aftermarket growing low to mid-single digits</li> <li>• Transport: low teens growth in North America and Europe</li> <li>• Moderate growth in U.S. residential builder and replacement market demand</li> </ul>
Industrial	2% to 3%	<ul style="list-style-type: none"> <li>• Modest worldwide industrial new equipment and aftermarket growth</li> <li>• Flat to declining golf market</li> </ul>
Total	~4%	

**Modest growth expected for most end markets in 2014;  
Revenue forecast Y-O-Y Growth ~4%**

# Forecast 2014



	Full Year	Q4
Y-O-Y revenue change	~4%	3% to 4%
<b>EPS – continuing (reported)</b>	<b>\$3.17 to \$3.21</b>	<b>\$0.68 to \$0.72</b>
Restructure costs — Add Back	\$(0.03)	\$(0.01)
EPS – continuing (adjusted)	\$3.20 to \$3.24	\$0.69 to \$0.73
EPS – discontinued	\$(0.05)	\$(0.02)
<b>Shares - Millions</b>	~275	~270
Tax rate	~25%	~25%

**2014 full-year continuing EPS \$3.17 to \$3.21**



# Appendix

# Year-Over-Year Revenue Change



	2013						2014	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
<b>Climate</b>	(1%)	5%	4%	8%	4%	4%	4%	6%
<b>Industrial</b>	(1%)	(3%)	3%	1%	Flat	Flat	4%	3%
<b>Total Ingersoll Rand</b>	<b>(1%)</b>	<b>3%</b>	<b>4%</b>	<b>6%</b>	<b>3%</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>

<u>Excluding FX</u>	2013						2014	
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>
<b>Climate</b>	(1%)	5%	4%	8%	4%	5%	4%	6%
<b>Industrial</b>	(1%)	(4%)	2%	Flat	(1%)	Flat	4%	3%
<b>Total Ingersoll Rand</b>	<b>(1%)</b>	<b>3%</b>	<b>4%</b>	<b>6%</b>	<b>3%</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>

**Q3 continuing operations revenues up 5% and 6% Ex FX**



# Q4 2014 Guidance Bridge



**2013 EPS Continuing Operations** **\$0.26**

Operations \$0.21 to \$0.25

Investments (0.06)

Share count, lower interest and higher tax rate (0.04)

Venezuela currency (0.03)

Add back: 2013 restructuring/spin related costs 0.35

**EPS Continuing (Adjusted)** **0.69 to 0.73**

2014 restructure costs (0.01)

**Forecasted EPS**

**\$0.68 to \$0.72**

**Revenue forecast up 3% to 4%; EPS \$0.68 to \$0.72**

