



## **Fourth-Quarter 2014 Results**

**January 30, 2015**

# Safe Harbor

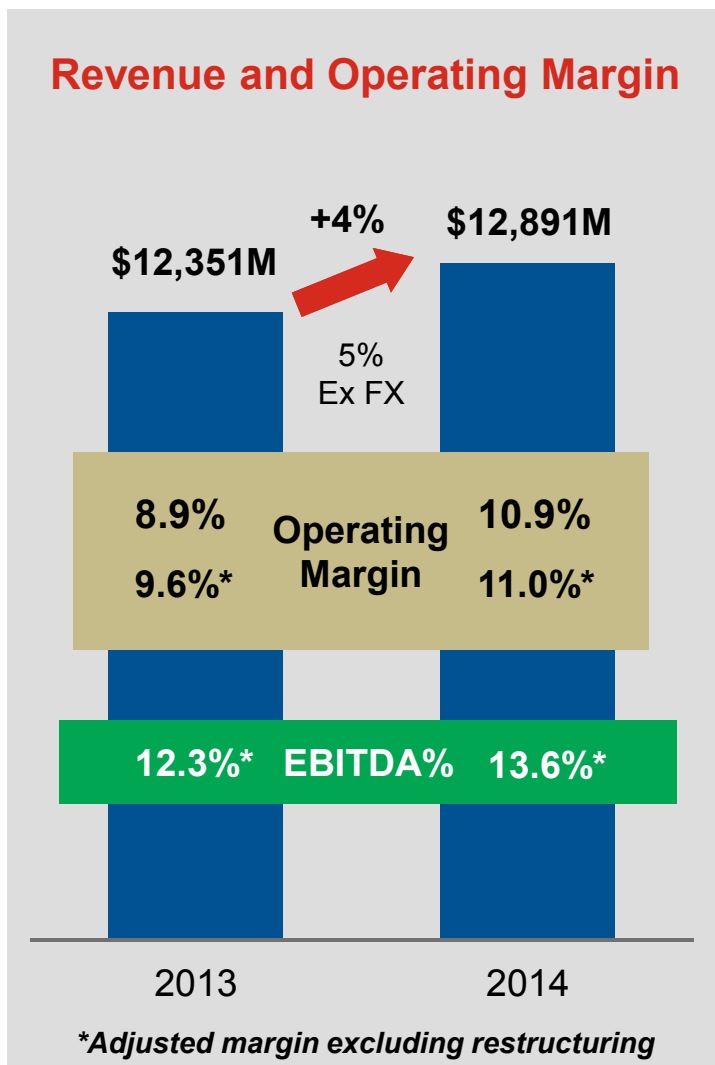


This presentation includes “forward-looking statements,” which are statements that are not historical facts, including statements that relate to the mix of and demand for our products, performance of the markets in which we operate, our share repurchase program including the amount of shares to be repurchased and timing of such repurchases, our projected 2015 first-quarter and full-year financial performance including assumptions regarding our effective tax rate. These forward-looking statements are based on our current expectations and are subject to risks and uncertainties, which may cause actual results to differ materially from our current expectations. Such factors include, but are not limited to, global economic conditions, 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 quarters ended March 31, 2014, June 30, 2014, and September 30, 2014, and 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 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 fourth quarter of 2014 are estimates.

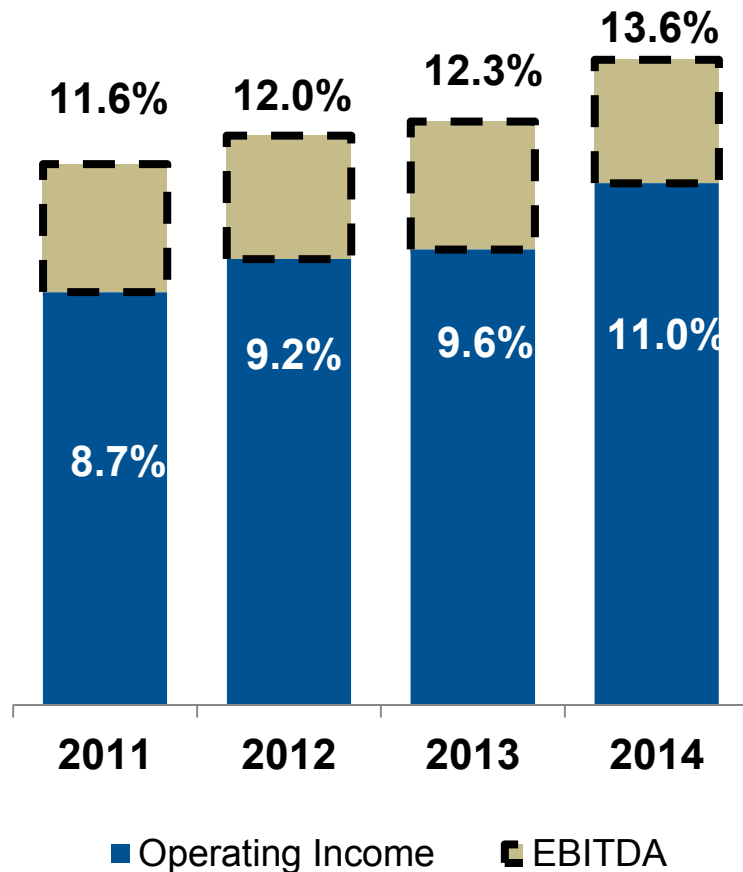
# Full-Year 2014



- Revenue growth in 2014 +4%, +5% exFX
  - Mid-single digit growth in N. America, low-teen growth in EMEA, declines in L. America and Asia
- Full-year adjusted EPS from continuing operations of \$3.33, up 25%.
- Adjusted operating margin up 140 bpts
  - Operational excellence benefits, higher volumes and price offset inflation and negative FX
  - 42% operating leverage
- Generated \$810M of free cash flow
- Continued to invest to drive future growth
- Repurchased 22 million shares for ~\$1.4B
- Announced value-enhancing acquisitions: Cameron centrifugal compressor and Frigoblock refrigerated truck

**Delivered excellent margin expansion and EPS growth**

# Adjusted Operating and EBITDA Margins



Adjusted Operating Margins				
	2011	2012	2013	2014
Climate	8.8%	9.3%	10.5%	12.2%
Industrial	14.9%	15.8%	15.8%	14.8%
Segment	10.2%	10.9%	11.7%	12.8%
<b>Total</b>	<b>8.7%</b>	<b>9.2%</b>	<b>9.6%</b>	<b>11.0%</b>

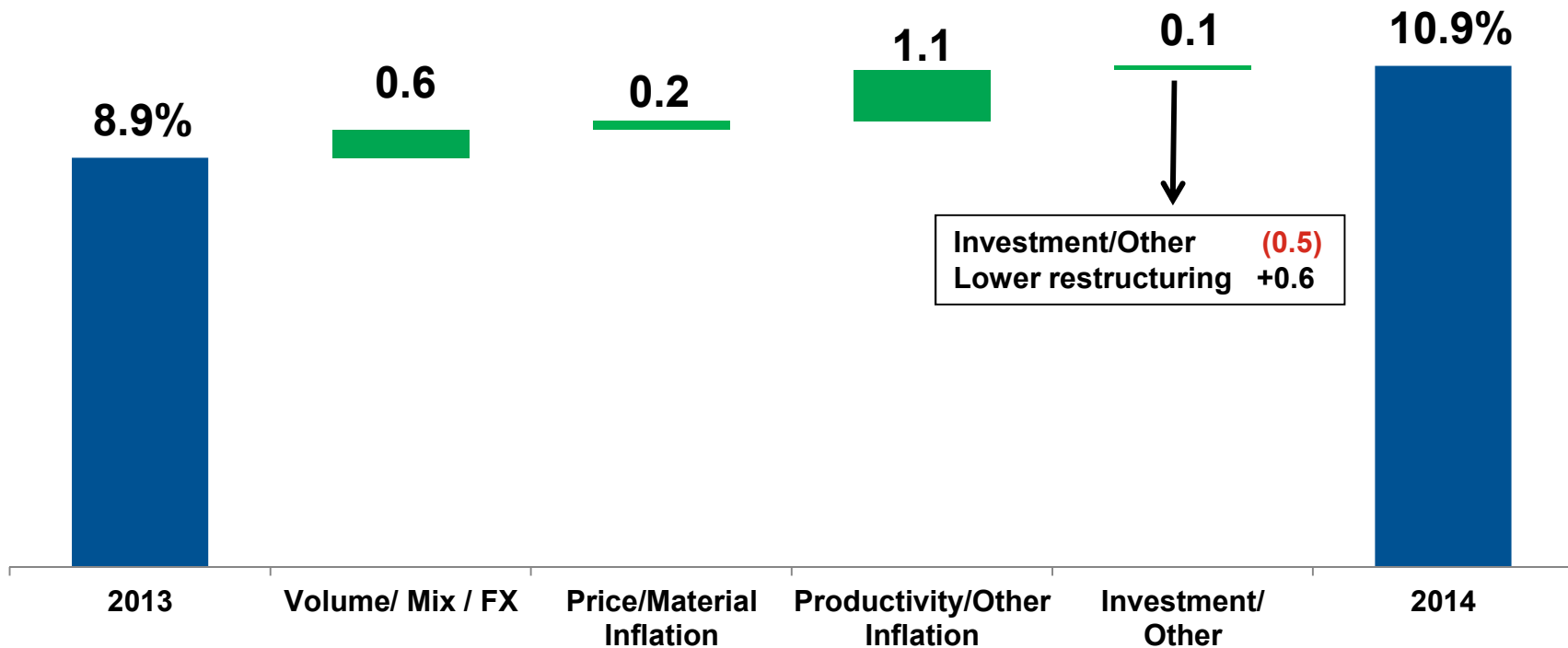
**Steady improvements in operating performance**

# Full-year Operating Margin



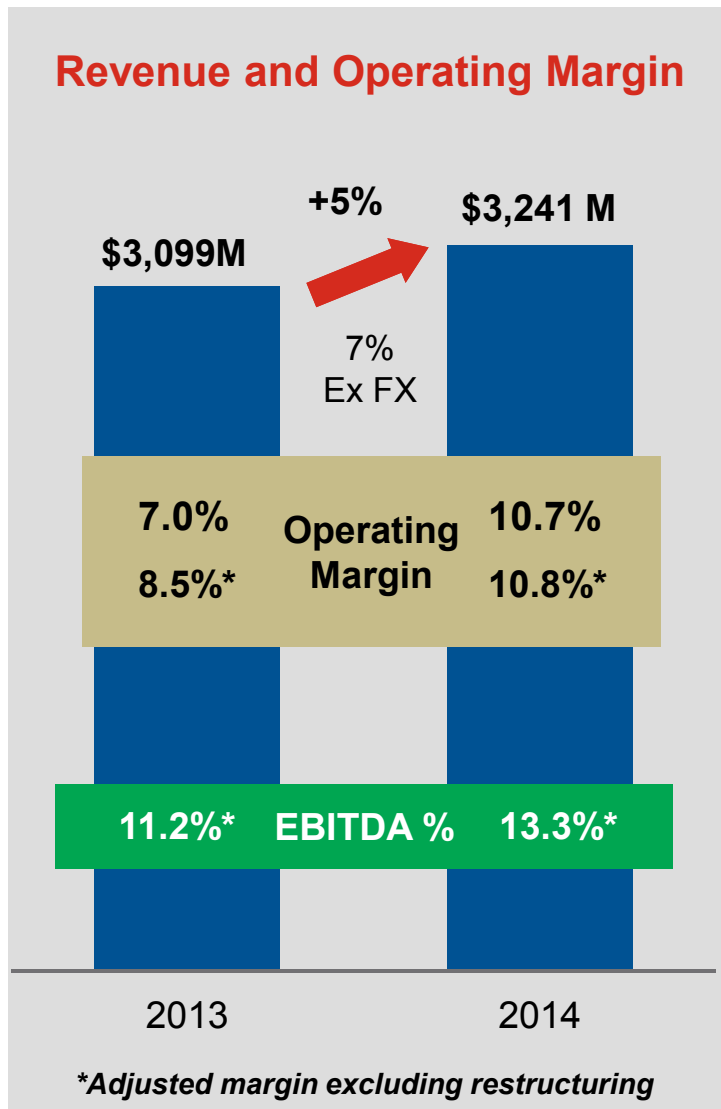
Operating Leverage		
	Reported	Adjusted*
Year-Over-Year Revenue Change	\$541M	\$541M
Year-Over-Year Op. Income Change	\$300M	\$229M
<b>Leverage</b>	<b>55%</b>	<b>42%</b>

Segment Operating Leverage	
	Adjusted*
Climate	46%
Industrial Operations	Neg.
<b>Operations</b>	<b>37%</b>



\* Adjusted results exclude restructuring costs

# Fourth-Quarter 2014



- Adjusted EPS from continuing ops: \$0.82 up by 34%
- Revenue of \$3,241M, up 5%, +7% exFX
  - Strong growth in residential HVAC, N. America and EMEA commercial HVAC and N. America transport.
- 5% increase in Q4 bookings, +7% exFX
- Adjusted operating margin 10.8%; up 2.3 pts vs. Q4 2013, 61% operating leverage
  - Increased adjusted margins 2.1 pts at Climate, slight decline at Industrial
  - Price and productivity gains offset by inflation and negative FX
- Repurchased ~3.4 million shares in Q4 for \$200M

**Improved revenue growth and margins with strong leverage**

## Q4 2014 Guidance to Actual Bridge



**Q4 EPS Continuing Operations Forecast – 3Q call** **\$0.68 to \$0.72**

Additional interest expense (\$0.02) and early retirement cost of debt (\$0.03) (0.05)

**Revised EPS Forecast – Oct. 24** **\$0.63 to \$0.67**

Volume+price+mix 0.06

Productivity 0.05

No Venezuela currency in Q4 0.03

Currency (0.04)

Other items net 0.04

**EPS Continuing Reported** **\$0.79**

Restructuring and debt refinance costs 0.03

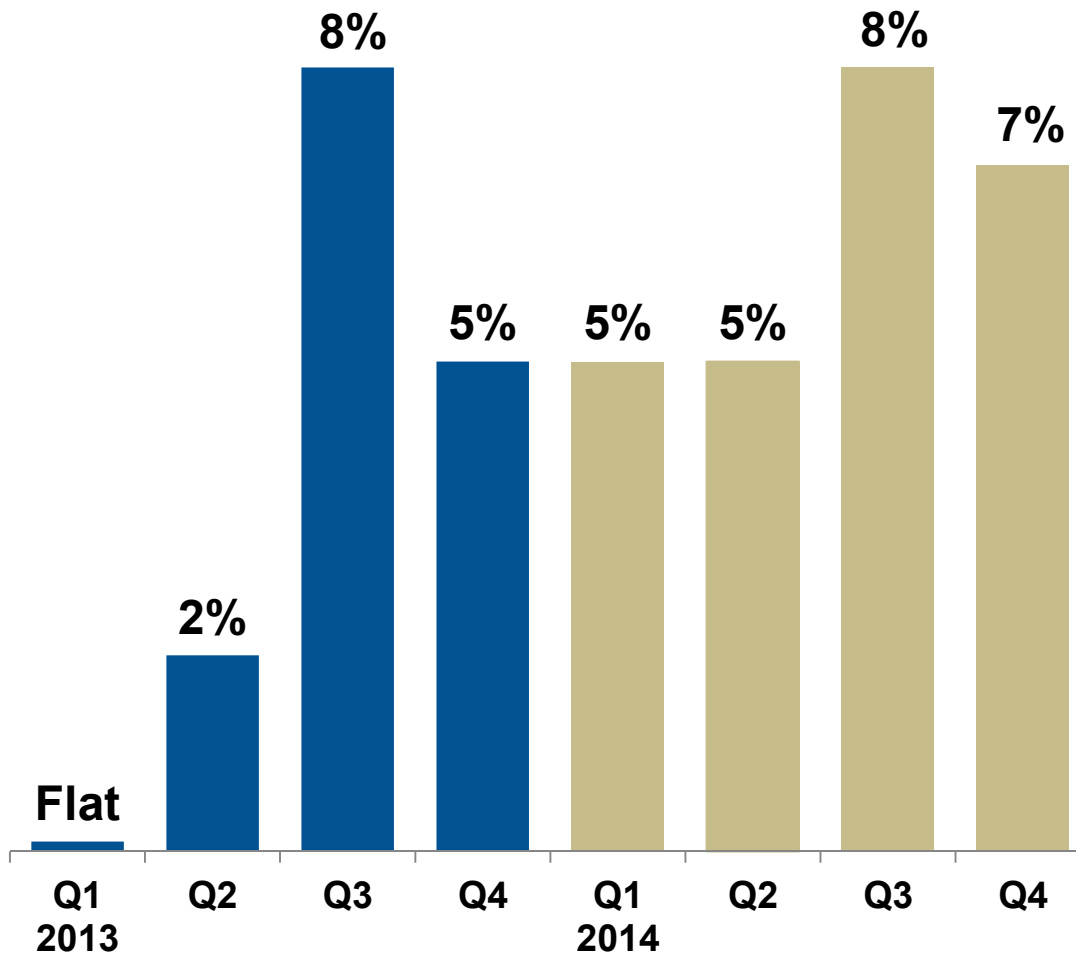
**Adjusted EPS** **\$0.82**

**Revenue up 5%, adjusted EPS \$0.82, up 34%**

# Quarterly Year-Over-Year Order Change



## Orders, % Change Excluding Currency



	Reported	ExFX
Q1 '13	(1%)	Flat
Q2	2%	2%
Q3	7%	8%
Q4	5%	5%
Q1 '14	5%	5%
Q2	5%	5%
Q3	7%	8%
Q4	5%	7%

**Q4 2014**  
**% Change vs. Q4 2013**

	Reported	ExFX
Climate	6%	8%
Industrial	3%	6%
<b>Total</b>	<b>5%</b>	<b>7%</b>

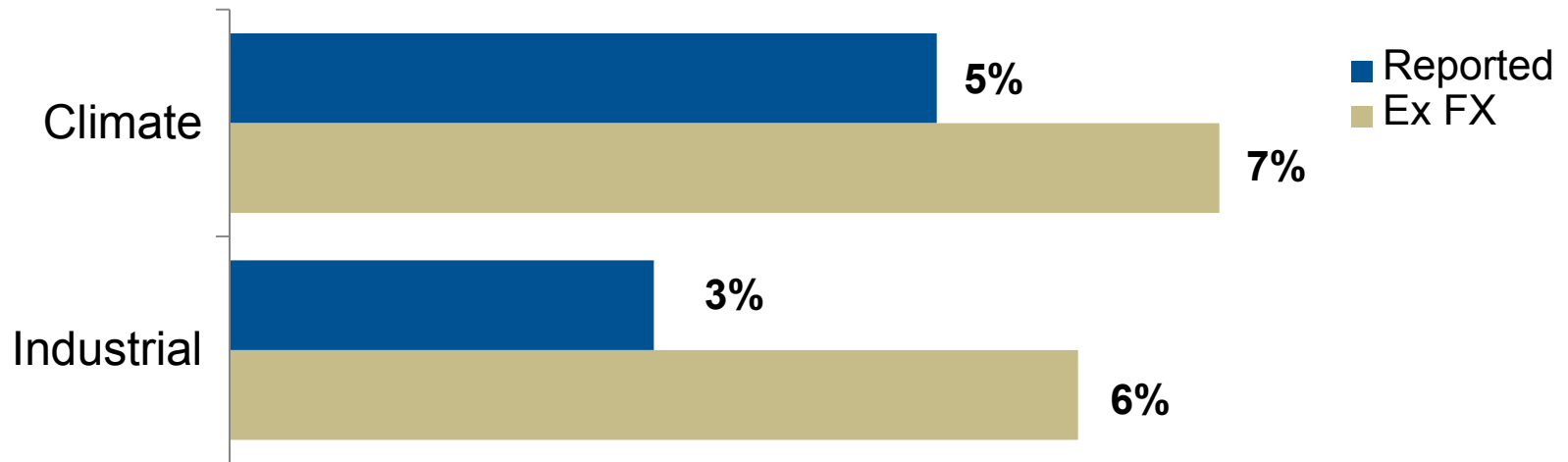
**Q4 orders up 7% ExFX**



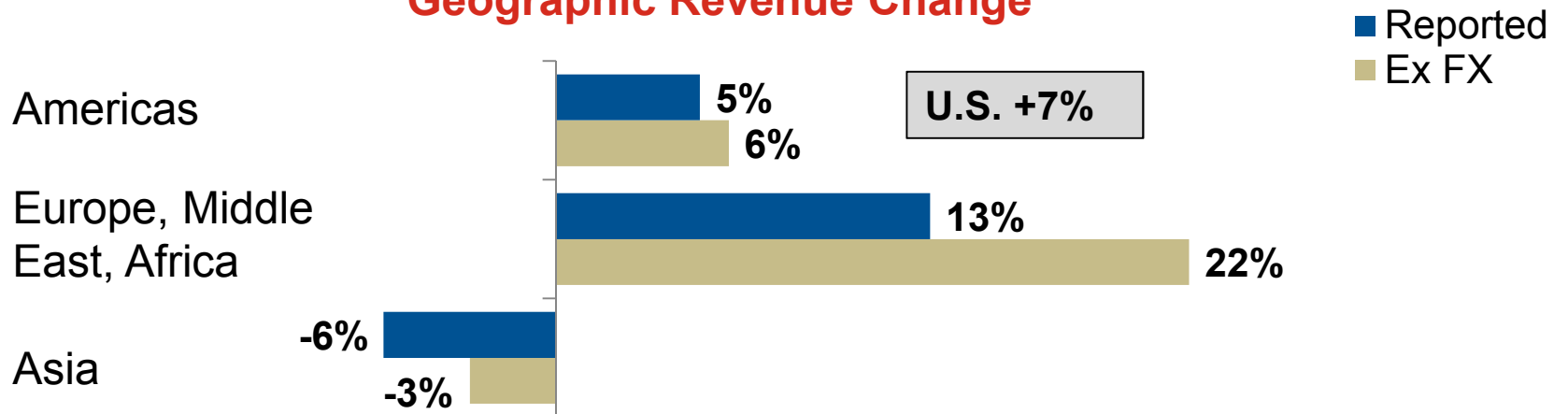
# Q4 2014 Revenue Change



## Segment Revenue Change



## Geographic Revenue Change



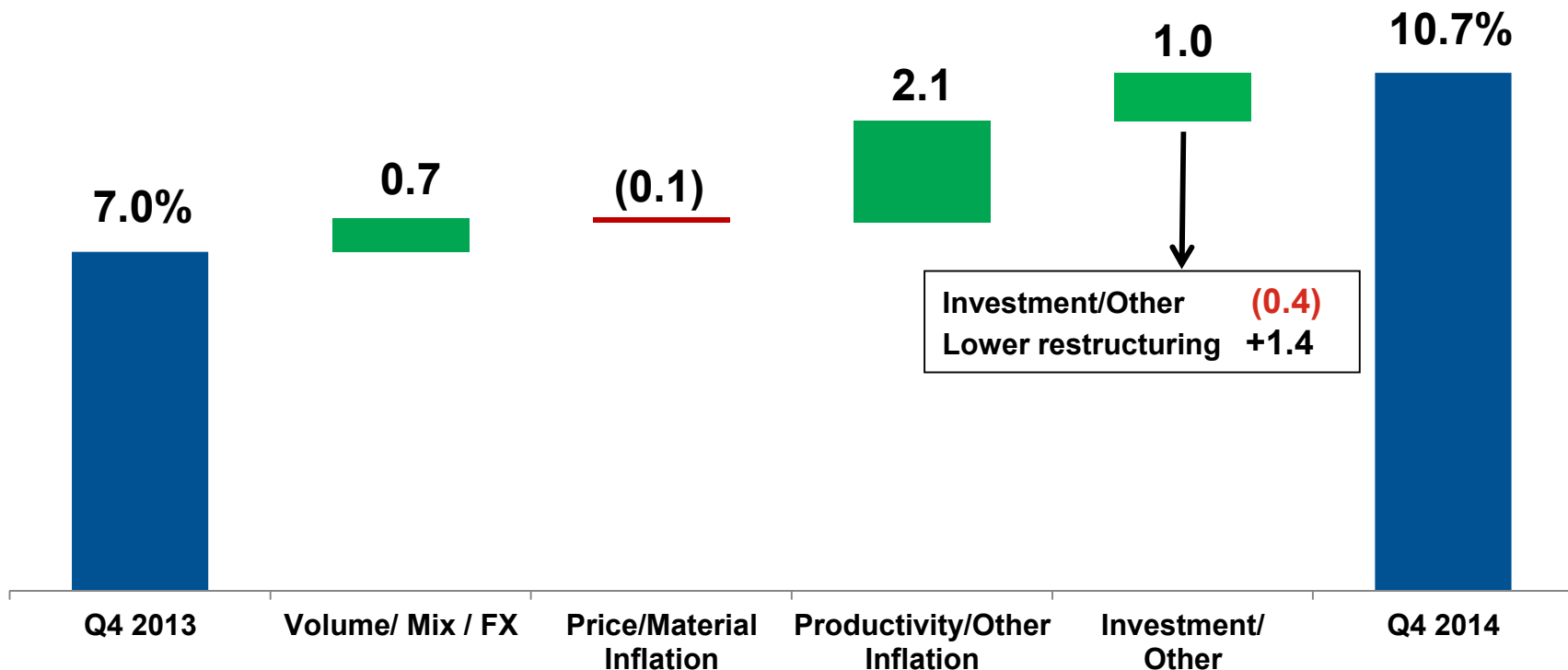
**Q4 revenue up 7% ExFX**

# Q4 Operating Margin



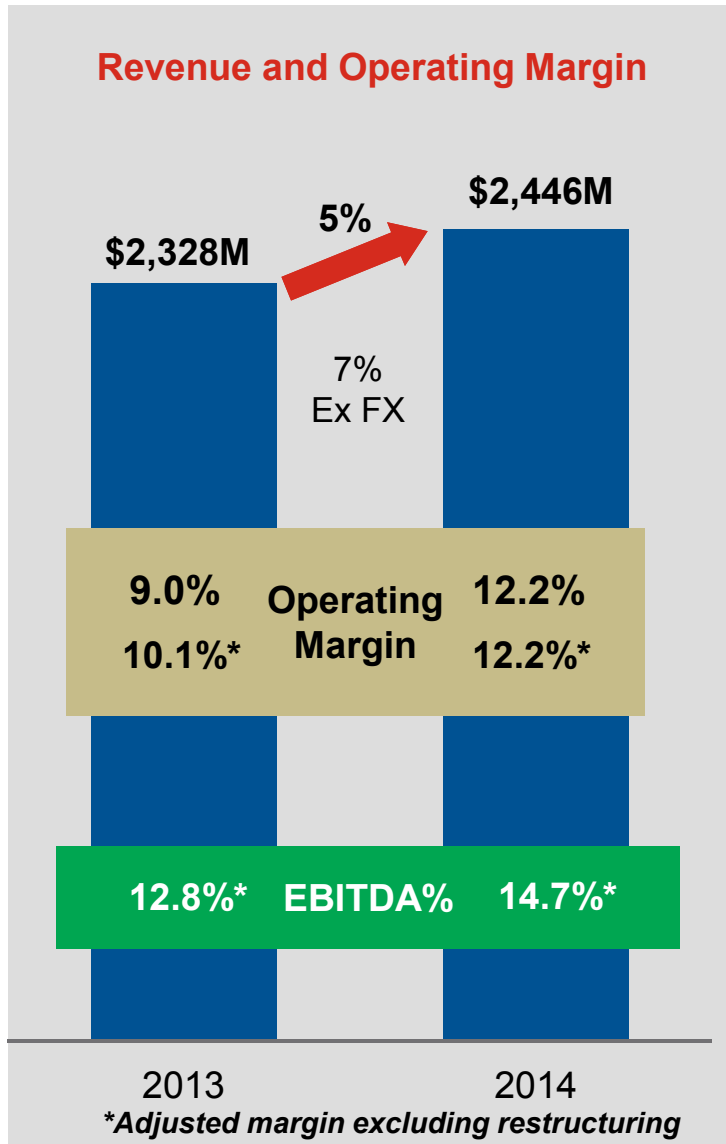
Operating Leverage		
	Reported	Adjusted*
Year-Over-Year Revenue Change	\$142M	\$142M
Year-Over-Year Op. Income Change	\$128M	\$86M
<b>Leverage</b>	<b>91%</b>	<b>61%</b>

Segment Operating Leverage	
	Adjusted*
Climate	54%
Industrial	11%
<b>Operations</b>	<b>47%</b>



\* Adjusted results exclude restructuring costs

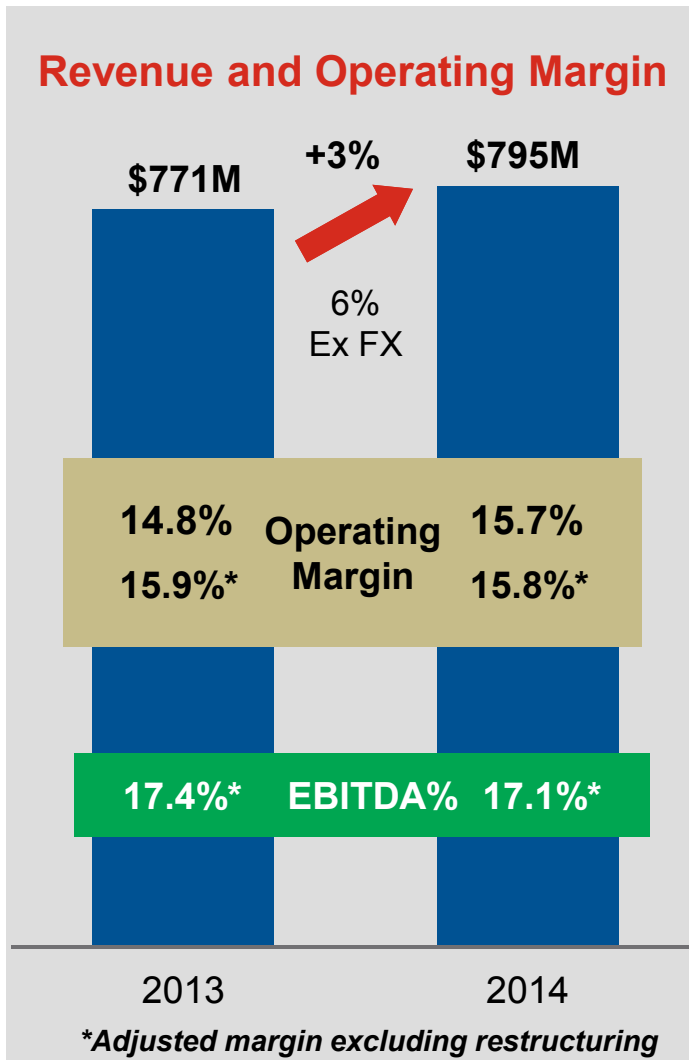
# Climate Segment – Q4 2014



- Commercial HVAC bookings up mid-single digits; up low-single digits in Americas; up mid-teens in Asia; up mid-single digits in Europe.
- Commercial HVAC revenues up mid-single digits.
  - Commercial equipment up low-single digits; growth in unitary offset decline in applied
  - Parts, services, solutions up high-single digits
  - Revenues up mid-single digits in the Americas; up mid-teens in Europe, down in Asia
- Thermo King bookings up high-single digits with sharp gains in Americas trailer. Revenues up mid-single digits, strong N. America offset weakness overseas.
  - Truck and trailer sales declined as gains in North America were offset by declines overseas.
  - Marine equipment, APU and air transport revenues up compared with 2013
- Residential HVAC bookings up low-single digits and revenues up high-single digits
- Operating margins increased 2.1 percentage points, 54% operating leverage. Margin gains in HVAC and Thermo King

**Improved margins in uneven end markets**

# Industrial Segment – Q4 2014



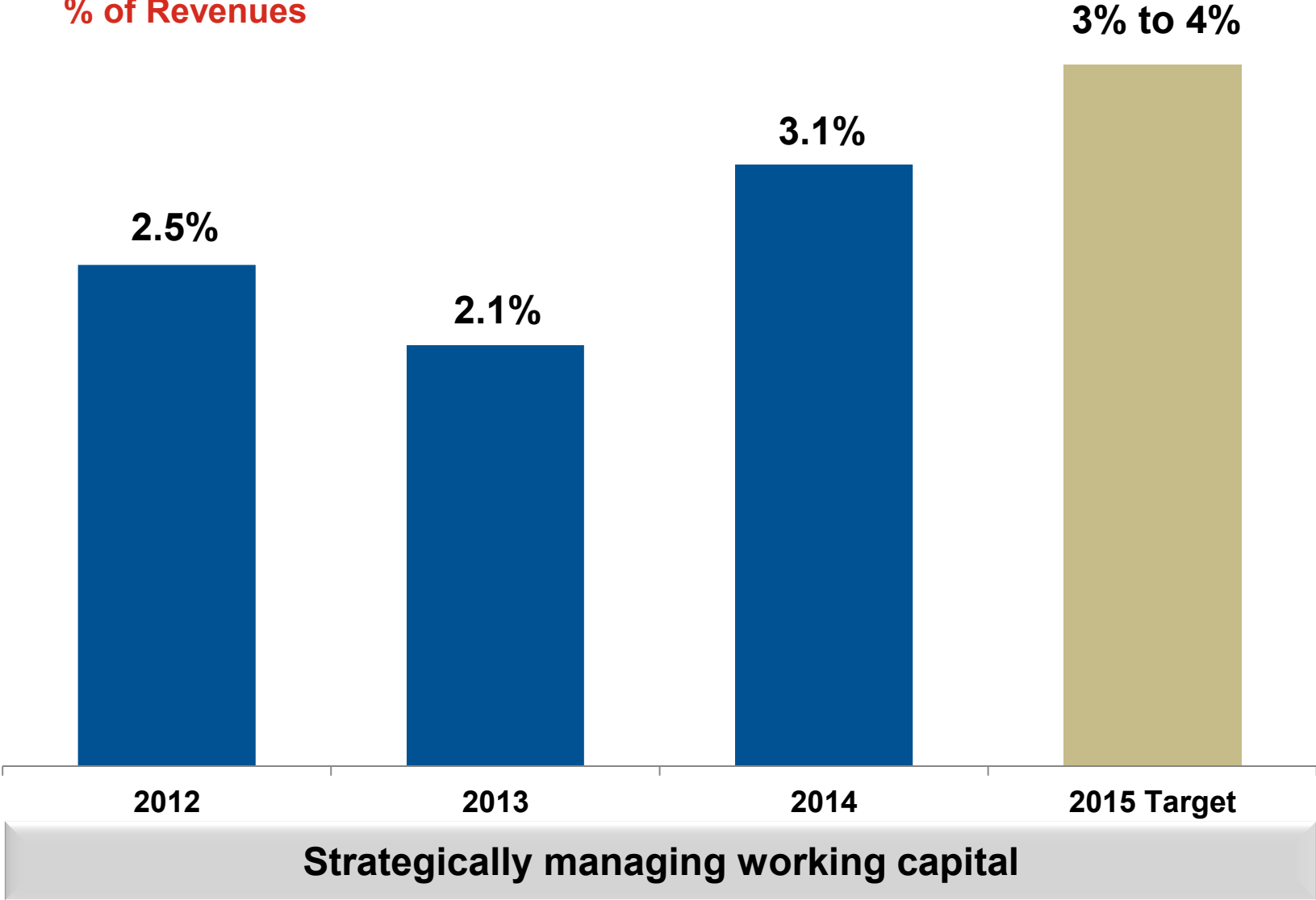
- Industrial orders and revenues up 6% ExFX
- Air and industrial products bookings up mid-single digits and revenues up low-single digits.
  - Revenues up mid-single digits in Americas, low-single digit declines in Europe and Asia
- Club Car revenues up mid-single digits from improved sales of golf cars and utility vehicles; orders declined by low-single digits
- Operating margin
  - Down slightly compared with last year
  - Volume and productivity gains were offset by inflation and investment spending and FX

**Adjusted operating margin of 15.8%**

# Working Capital



Annual Working Capital  
% of Revenues



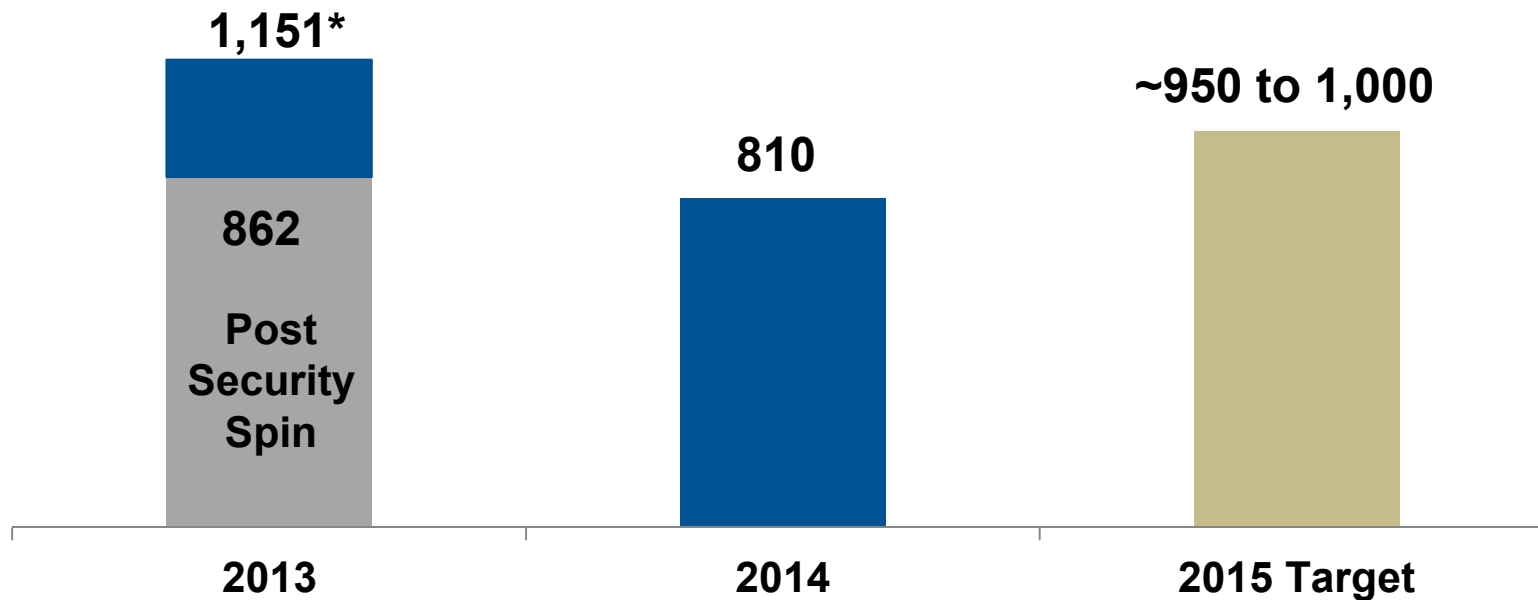
# Balance Sheet and Cash Flow



\$ Millions	YE 13	YE 14
Cash	1,937	1,705
Debt	3,521	4,224
Net Debt	1,584	2,519

\$ Millions

## Free Cash Flow



*\*Reported – includes Allegion security businesses and excludes restructuring and one-time spin costs and refinancing premium*

**Solid balance sheet and cash flows**

# Full-Year 2015 Forecast



	Y-O-Y Revenue Change	Markets	Adjusted Operating Margin
<b>Climate</b> – Reported – Organic--ExFX	2% to 3% <b>4% to 5%</b>	<ul style="list-style-type: none"> <li>• Commercial HVAC equipment replacement and aftermarket growing low to mid-single digits</li> <li>• Transport: mid-single digit growth in North America and low-single digit decline Europe</li> <li>• Continued strength in U.S. residential builder and moderate replacement market demand</li> </ul>	<b>12.5% to 13.5%</b>
<b>Industrial</b> – Reported – Organic FX[-3%]and Cameron[+12%]	13% to 14% <b>4% to 5%</b>	<ul style="list-style-type: none"> <li>• Slow worldwide industrial new equipment and aftermarket growth</li> <li>• Continuing choppy golf market</li> </ul>	<b>14.5% to 15.5%*</b>
Total Reported Organic	4% to 5% <b>4% to 5%</b>	+3% for acquisitions and -3% for FX	<b>11% to 12%*</b>

\*Includes Cameron operating results plus acquisition related amortization costs of ~\$6 million per quarter and excludes inventory step-up costs of ~\$12 million for both Q1 and Q2

# Forecast 2015



	Full Year	Q1
YOY reported revenue change	<b>4% to 5%</b>	<b>4% to 5%</b>
<ul style="list-style-type: none"> <li>• Organic</li> <li>• Currency</li> <li>• Acquisitions</li> </ul>	4% to 5% -3% +3%	5% to 6% -3% +2%
<b>EPS continuing-reported*</b>	\$3.60 to \$3.75	\$0.26 to \$0.30
Cameron acquisition inventory step-up costs- <b>add back</b>	\$(0.06)	\$(0.03)
EPS continuing-adjusted	\$3.66 to \$3.81	\$0.29 to \$0.33
EPS – discontinued	\$(0.05)	\$(0.01)
Shares – Millions	~270	~270
Tax rate	25%	25%

\*Includes Cameron operating results, acquisition related amortization costs of ~\$6 million (EPS of \$0.016) per quarter and for Q1 and Q2, inventory step-up costs of ~\$12 million (EPS of \$0.03) per quarter.

**Full-year adjusted EPS up 10% to 14%**





## 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>	<u>Q4</u>
<b>Climate</b>	(1%)	5%	4%	8%	4%	4%	4%	6%	<b>5%</b>
<b>Industrial</b>	(1%)	(3%)	3%	1%	Flat	Flat	4%	3%	<b>3%</b>
<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>	<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>	<u>Q4</u>
<b>Climate</b>	(1%)	5%	4%	8%	4%	5%	4%	6%	<b>7%</b>
<b>Industrial</b>	(1%)	(4%)	2%	Flat	(1%)	Flat	4%	3%	<b>6%</b>
<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>	<b>7%</b>

**Q4 continuing operations revenues up 5% and 7% ExFX**

# Full-Year 2015 Guidance Bridge



<b>2014 EPS Continuing Operations</b>	<b>\$3.27</b>
Restructuring + refinancing premium	0.06
Operations improvement	\$0.65 to \$0.80
Lower share count (270M vs. ~274M)	0.06
Currency	(0.17)
Investments	(0.23)
Cameron acquisition net impact*	0.03
Tax rate/Other	(0.07)
<b>EPS Continuing Reported</b>	<b>\$3.60 to \$3.75</b>
Cameron inventory step-up costs (add back)	~(0.06)
<b>Adjusted EPS</b>	<b>\$3.66 to \$3.81</b>

\*Includes Cameron operating results, acquisition related amortization costs of ~\$6 million (EPS of \$0.016) per quarter and inventory step-up costs of ~\$12 million (EPS of \$0.03) in both Q1 and Q2.

**2015 adjusted EPS \$3.66 to \$3.81**

## Q1 2015 Guidance Bridge



<b>2014 EPS Continuing Operations</b>	<b>\$0.27</b>
Restructuring costs	0.02
Operations improvement	\$0.10 to \$0.14
Investments	(0.05)
Currency	(0.05)
Cameron acquisition net impact*	(0.03)
<b>EPS Continuing Reported</b>	<b><u>0.26 to 0.30</u></b>
2015 Cameron inventory step-up costs (add back)	<u>(0.03)</u>
<b>Adjusted EPS</b>	<b>\$0.29 to \$0.33</b>

\*Includes Cameron operating results, acquisition related amortization costs of ~\$6 million (EPS of \$0.016) per quarter and inventory step-up costs of ~\$12 million (EPS of \$0.03) in Q1

**Q1 2015 revenue forecast ~\$2.8B; Adjusted EPS \$0.29 to \$0.33**

