



# **First-Quarter 2016 Results**

**April 26, 2016**

# Safe Harbor

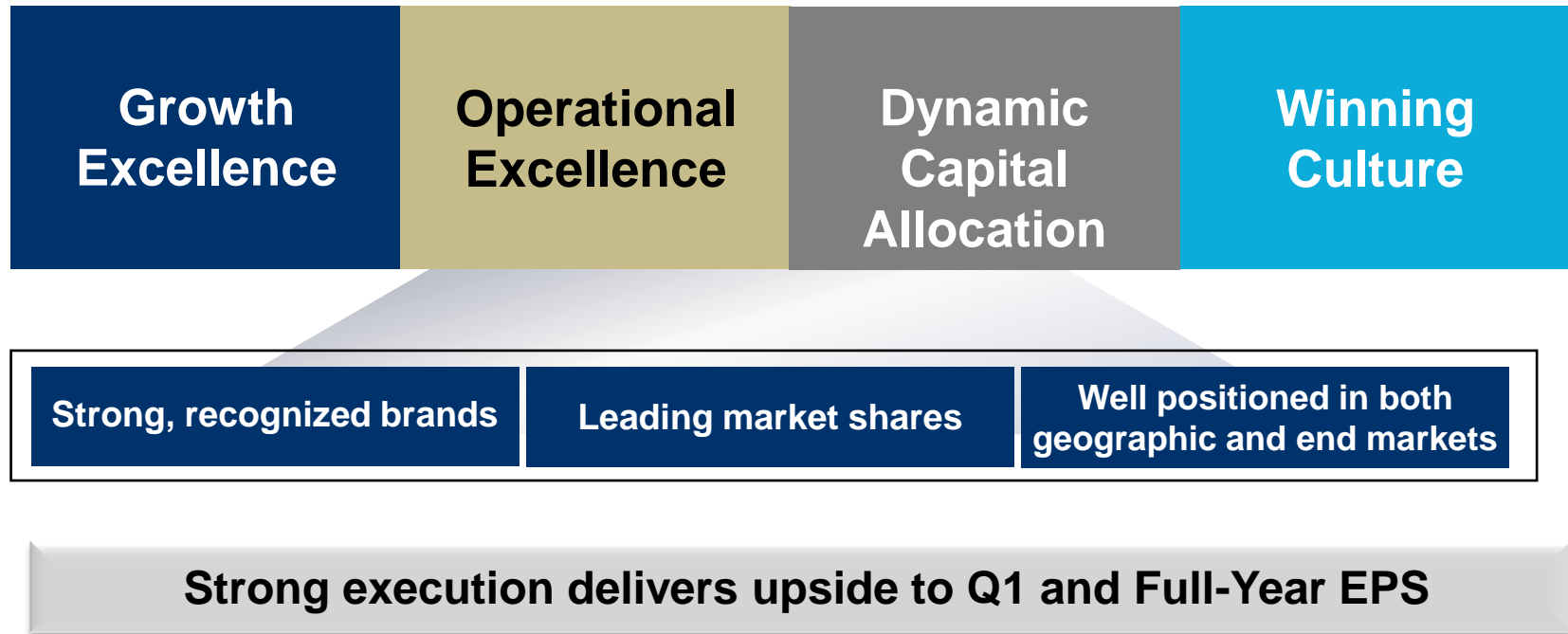
This presentation includes “forward-looking statements,” which are statements that are not historical facts, including statements that relate to the mix of and demand for our products; performance of the markets in which we operate; our share repurchase program including the amount of shares to be repurchased and timing of such repurchases; our projected 2016 second-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, the outcome of any litigation, 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, 2015 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. All items labeled “adjusted” in this presentation exclude restructuring expenses in 2015 and 2016 and other one-time costs in 2015. Revenues and bookings labeled as “organic” exclude the impact of currency and acquisitions. See attached tables for additional details. 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 first quarter of 2016 are estimates.

# Strategic Foundation Continues to Underpin Top-Quartile Performance

## Sustainable, Profitable Growth and Shareholder Value



## Climate Segment Share Gain and Significant Margin Expansion

### Climate End Market Conditions Positive in Most Regions



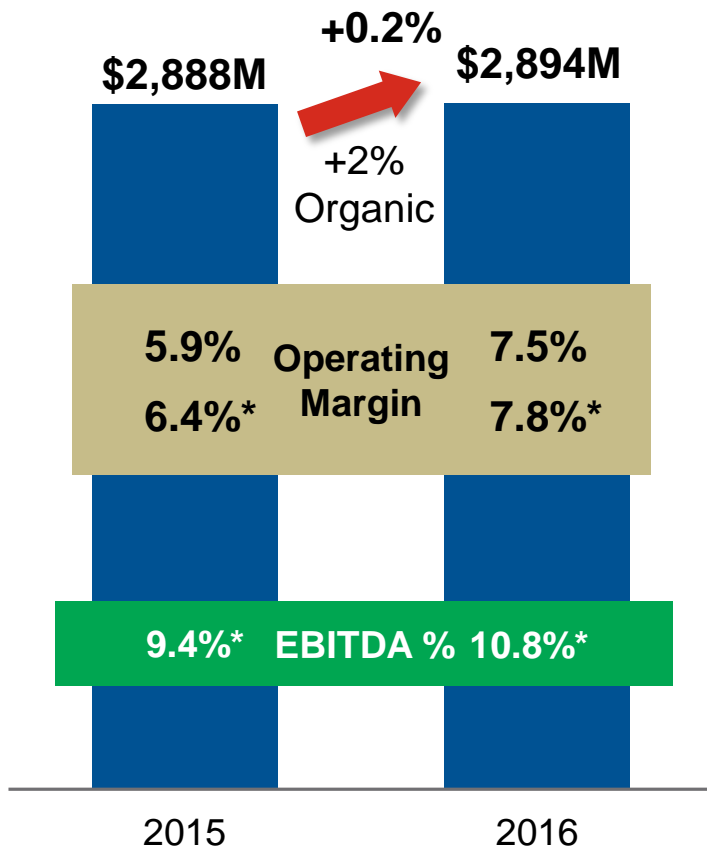
## Industrial Segment Strong Cost Controls, Growth in Services

### Industrial End Market Conditions Continue to Decline in All Regions



# Improved Operating Performance in Q1 Despite Continued Volatility and Mixed Markets

## Revenue and Operating Margin



\*Adjusted margin excludes restructuring in 2015 and 2016 and other one-time costs in 2015

- Adjusted EPS from continuing ops of \$0.50, up 32%, exceeded prior guidance
- Revenue up 0.2%, +2% organic
  - Strong organic growth in both residential and N. America commercial HVAC
- Adjusted operating margin 7.8%; up 140 bps Y-O-Y; 118% operating leverage at Climate
  - Adjusted margins +280 bps at Climate, decline at Industrial
  - Productivity gains and pricing offset inflation and negative currency
- Key accomplishments
  - Repurchased ~4.9 Million shares for \$250 million in January 2016
  - 10% dividend increase for 2016
  - Completed sale of Hussmann for \$415M

# Q1 2016 Guidance-to-Actual EPS Bridge



<b>Adjusted EPS Guidance Continuing Operations</b>	<b>\$0.33 to 0.38</b>
<b>Midpoint</b>	<b>0.36</b>
Price/ Material deflation	0.06
Productivity/Other inflation	0.02
Cost savings and controls	0.03
Currency, share count and other income	0.03
<b>Adjusted Continuing EPS</b>	<b>\$0.50</b>
Q1 Restructuring	(0.02)
<b>Actual Reported Continuing EPS</b>	<b>\$0.48</b>

# Q1 2016 Organic Orders Up 4%

Y-O-Y % Change	Reported	Organic
Q1 2015	3%	5%
Q2	2%	4%
Q3	(2%)	1%
Q4	1%	2%
Q1 2016	1%	4%

- **Climate** bookings up 4%, +6% organic
  - **Commercial HVAC** organic bookings up high-single digits;
    - up high-single digits in N. America;
    - up low-teens in Asia;
    - up high-single digits Europe
    - down low-single in Middle East
  - **Transport** organic bookings decreased by low-single digits;
    - gains in North America and Asia
  - **Residential HVAC** bookings up high-teens
- **Industrial** bookings down (7%), organic down (5%)
  - **Compression-related Products** organic bookings down low-single digits
  - **Industrial Products** organic bookings down low teens
  - **Club Car** organic bookings down mid-single digits



# Q1 Segment Organic Revenue by Region

## North America

Climate



Industrial



## Europe

Climate



Industrial



## Middle East

Climate



Industrial



## Latin America

Climate

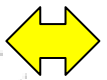


Industrial

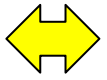


## Asia

Climate



Industrial

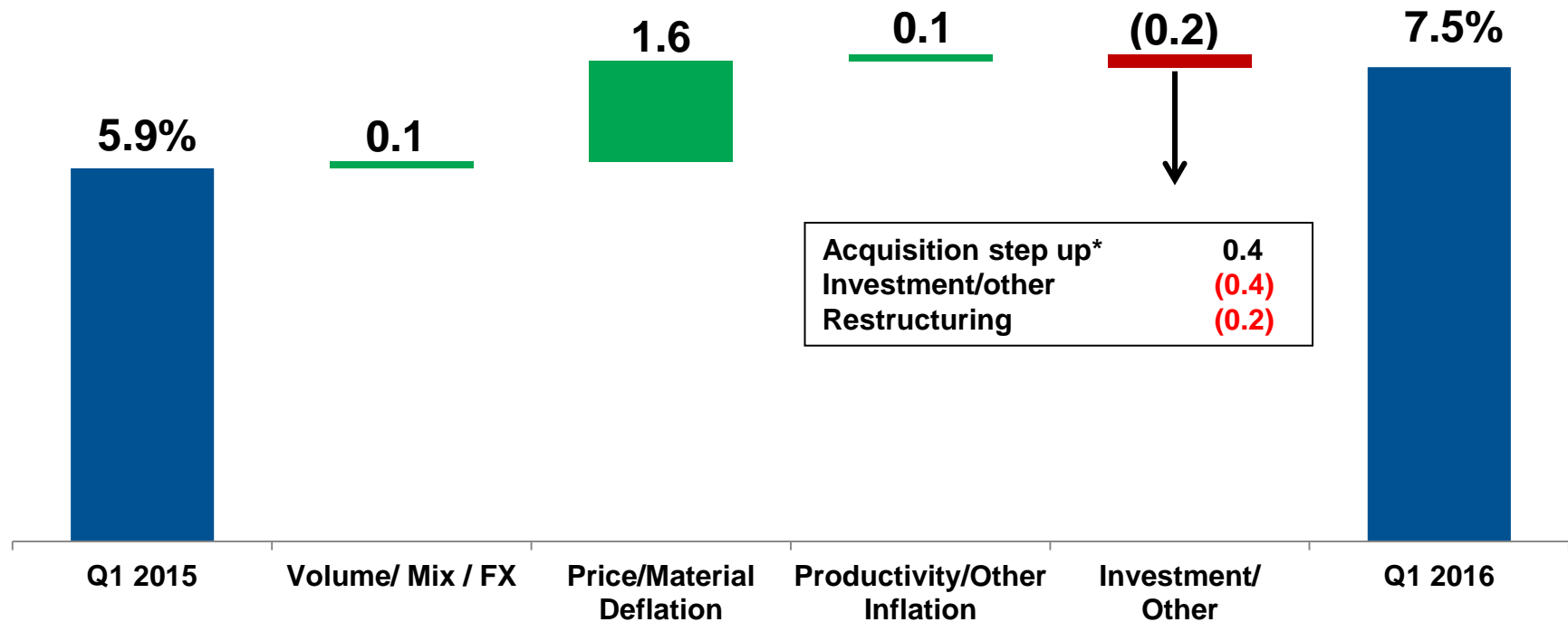


Revenue change Y-O-Y	Reported	Organic
Climate	+3%	+4%
Industrial	(7%)	(5%)
<b>Total</b>	<b>0.2%</b>	<b>2.1%</b>

# Q1 2016 Operating Margin up 1.6 Percentage Points

## Highlights

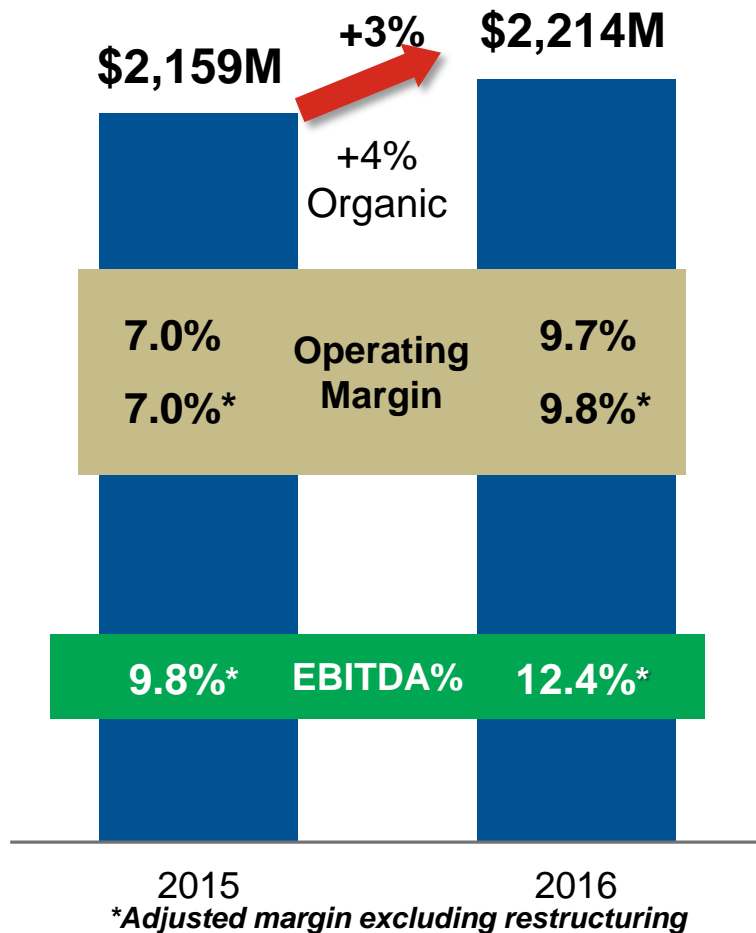
- Strong operating leverage
- Positive volume/mix offset negative currency impact
- Ongoing productivity gains partially offset by other inflation



\* \$11.7 million of inventory step up cost in 1Q 2015

# Climate Segment: Improved Margins with 4% Organic Growth

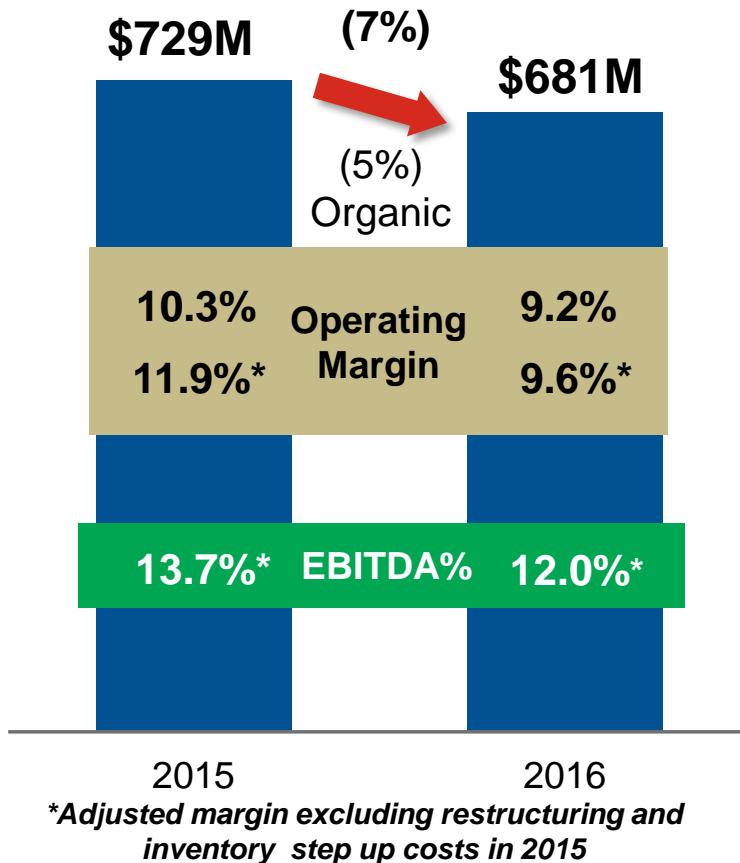
## Revenue and Operating Margin



- **Commercial HVAC** organic revenues up mid-single digits
  - Organic revenues up low-teens in N. America
  - Up mid-single digits in Europe and L. America, flat in Asia and down in the Middle East
- **Transport** organic revenues down slightly
  - Truck and trailer organic sales up low teens from growth in N. America and Europe
  - Marine declined significantly due to difficult market conditions
- **Residential HVAC** organic revenues up mid-single digits
  - Six consecutive quarters of market share gain
  - Strong leverage and operating margin
- Adjusted operating margins increased 280 basis points
  - Margin gains from increased volumes, price, mix and productivity, partially offset by inflation and negative currency
  - Strong margin growth at Transport and N. America Commercial and Residential HVAC

# Industrial Segment: Cost Containment Actions Partially Offset Soft End Markets and Currency

## Revenue and Operating Margin



- **Compression-related Products**
  - Organic revenues down low-single digits; completes down mid-single digits due to sharp declines in large compressors
  - Parts and service revenue up low-single digits
- **Industrial Products** organic revenues down mid-teens, primarily due to a 50% decline in material handling equipment
- **Club Car** organic revenues up slightly, growth in golf cars and aftermarket parts
- Adjusted operating margin down compared with last year
  - Productivity gains and price offset by lower volume, negative currency and inflation

# Strong Balance Sheet and Cash Flow Exiting Q1

\$Mil	Q1 15	Q2 15	Q3 15	YE 15	Q1 16
<b>Cash</b>	734	780	652	737	613
<b>Debt</b>	4,521	4,372	4,550	4,218	4,473
<b>Net Debt</b>	3,787	3,592	3,898	3,481	3,860

\$Mil	Q1 2015	Q1 2016
Inventory Turns	5.2X	5.1X
Receivables (DSO)	69.2	67.9
Payables (DPO)	59.3	60.0
Working Capital % Revenues	6.3%	6.2%
CAPEX	\$55.7	\$40.1
D&A	\$87.9	\$88.0
Adjusted Free Cash Flow	\$(180.9)	\$(46.3)

**2016 full-year free cash flow target of \$950M to \$1 billion, excluding Hussmann proceeds**

# Dynamic Capital Allocation Focused on Delivering High Returns

## Strategic Business Investment



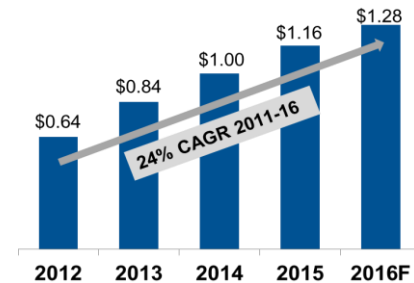
✓ Ongoing

## Maintain Balance Sheet at BBB Metrics



✓ No meaningful debt maturities until 2018

## Dividend Payout Consistent with Peers



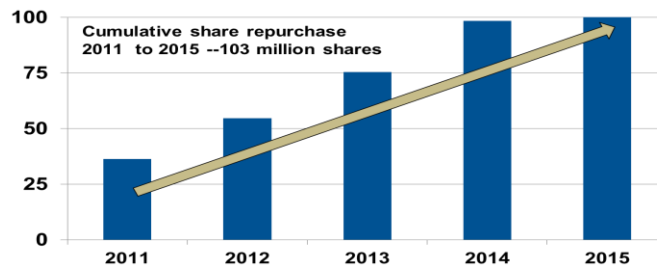
✓ Increased to \$1.28 in 2016, +10%  
✓ 24% annual CAGR 2011 to 2016

## Acquisitions to Build the Core Business



✓ Focused on strategy and building long-term value

## Share Repurchase – Minimum Offset Dilution from Benefits Program



✓ Q1'16: Repurchased 4.9M shares for \$250M

# 2016 Forecast for Mixed End-Market Performance

End Markets				Organic Revenue	
	Americas	EMEA	Asia	Prior Guidance	Updated Guidance
Commercial HVAC	↑	↑ =	↓ =	Up low-single digits	Up mid-single digits
Residential HVAC	↑			Up mid-single digits	Up high-single digits
Transport	↓ =	↑	↑ =	~Flat	Small increase
Compression-related & Industrial Products	↓	↓	↓	Down low-single digits	Down high-single digits
Golf / Utility	↑ =	↑ =	=	Up low-single digits	No Net Change

# 2016 Revenue and Operating Margin Guidance by Segment

	Prior Guidance	Updated Guidance
<b>Climate</b>		
– Revenue Reported	1% to 3%	2% to 4%
– Revenue Organic	<b>3% to 5%</b>	<b>4% to 6%</b>
Adjusted Operating Margin	<b>13.25% to 13.75%</b>	<b>14.0% to 14.5%</b>
<b>Industrial</b>		
– Revenue Reported	-4% to -2%	-6% to -4%
– Revenue Organic	<b>-1% to 1%</b>	<b>-4% to -2%</b>
Adjusted Operating Margin	<b>13.0% to 13.75%</b>	<b>12.0% to 12.5%</b>
<b>Total</b>		
– Revenue Reported	Flat to 2%	<b>No change</b>
– Revenue Organic	<b>2% to 4%</b>	<b>No change</b>
Adjusted Operating Margin	<b>11.5% to 12.0%</b>	<b>11.8% to 12.3%</b>



# Guidance 2016: Full-year Adjusted EPS Increased to \$3.95 to \$4.10



	Full Year	Q2
Y-O-Y reported revenue change <ul style="list-style-type: none"> <li>• Organic</li> <li>• Currency</li> </ul>	<b>Flat to 2%</b> 2% to 4% -2%	<b>2% to 4%</b> 4% to 6% -2%
<b>EPS continuing – reported</b>	<b>\$5.39 to \$5.54</b>	<b>\$2.75 to \$2.80</b>
Gain on Hussmann sale	\$1.49	\$1.49
Restructuring – <b>add back</b>	\$(0.05)	\$(0.01)
EPS continuing – adjusted	\$3.95 to \$4.10	\$1.27 to \$1.32
EPS – discontinued	\$0.04	\$(0.02)
Shares – Millions	~261	~261
Tax rate	24% to 25%	24% to 25%



# Appendix

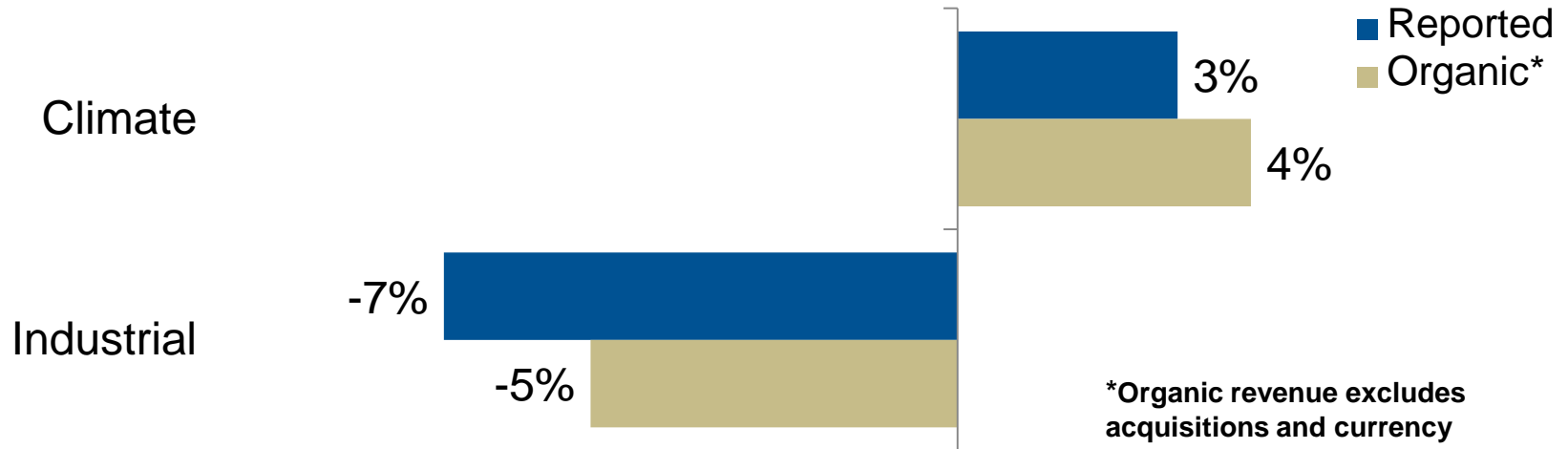
# Q1 Organic Revenue Up 2% Year-Over-Year

<b>Reported</b>	<b>2014</b>	<b>2015</b>				<b>2016</b>	
	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>
<b>Climate</b>	5%	6%	2%	4%	2%	3%	3%
<b>Industrial</b>	3%	7%	(1%)	(2%)	5%	2%	(7%)
<b>Total</b>	<b>4%</b>	<b>6%</b>	<b>2%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>Flat</b>

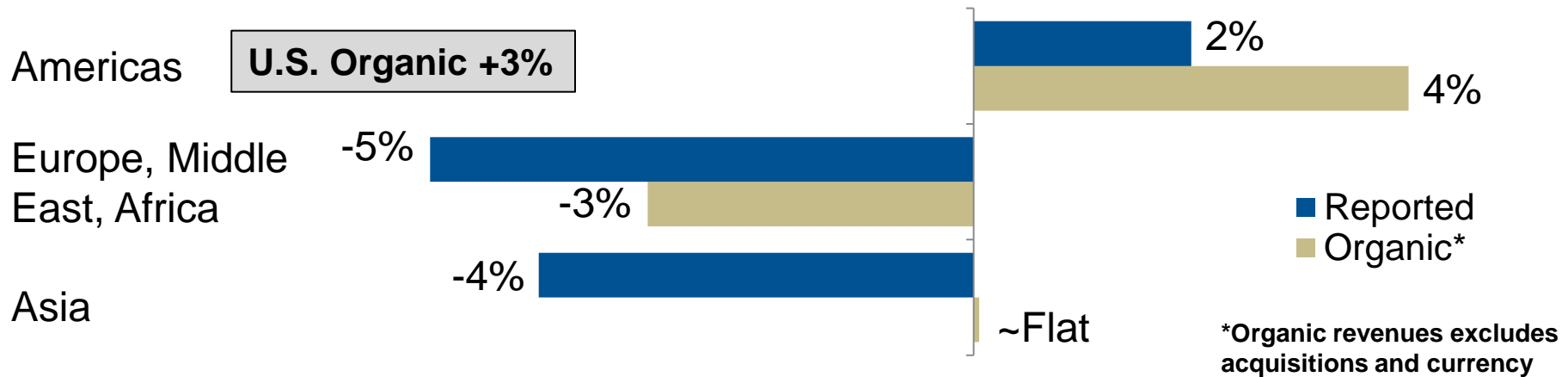
<b>Organic</b>	<b>2014</b>	<b>2015</b>				<b>2016</b>	
	<u>FY</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>FY</u>	<u>Q1</u>
<b>Climate</b>	6%	9%	5%	8%	5%	7%	4%
<b>Industrial</b>	3%	4%	(4%)	(2%)	(2%)	(1%)	(5%)
<b>Total</b>	<b>5%</b>	<b>8%</b>	<b>3%</b>	<b>6%</b>	<b>3%</b>	<b>5%</b>	<b>2%</b>

# Q1 Reported Revenue Up 0.2% and Organic Up 2%

## Segment Revenue Change



## Geographic Revenue Change



# Q1 2016 Y-O-Y Revenue Change

	Reported	Organic
<b>Climate</b>		
- Commercial HVAC	+ Low-single	+ Mid-single
- Transport	Neg. Low-single	Down Slightly
- Residential HVAC	+ Mid-single	+ Mid-single
<b>Total Climate</b>	<b>3%</b>	<b>4%</b>
<b>Industrial</b>		
- Compression-related Products	Neg. Mid-single	Neg. Low-single
- Industrial Products	Neg. High-Teens	Neg. Mid-Teens
- Club Car	+ Low-single	+ Low-single
<b>Total Industrial</b>	<b>(7%)</b>	<b>(5%)</b>
<b>Total Company</b>	<b>0.2%</b>	<b>2.1%</b>

# Q2 2016 Revenue Guidance ~\$3.7B; Adjusted Ingersoll Rand. EPS \$1.27 to \$1.32

<b>2015 Adjusted EPS Continuing Operations</b>	<b>\$1.20</b>
Operations	0.17 to 0.22
Lower share count	0.03
Currency	(0.03)
Investments	(0.04)
Tax rate/other	(0.06)
<b>Adjusted EPS Continuing</b>	<b>\$1.27 to \$1.32</b>
2016 forecast restructuring costs	(0.01)
Hussmann gain	1.49
<b>Continuing EPS</b>	<b>\$2.75 to \$2.80</b>

