

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share figures)

	Years Ended December 31,		
	2017	2016	2015
Revenue	\$ 7,830,436	\$ 6,794,342	\$ 6,956,311
Cost of goods and services	4,940,059	4,322,373	4,388,167
Gross profit	2,890,377	2,471,969	2,568,144
Selling, general and administrative expenses	1,975,932	1,757,523	1,647,382
Operating earnings	914,445	714,446	920,762
Interest expense	145,208	136,401	131,676
Interest income	(8,502)	(6,759)	(4,419)
Gain on sale of businesses	(203,138)	(96,598)	—
Other expense (income), net	7,034	(7,930)	(7,105)
Earnings before provision for income taxes and discontinued operations	973,843	689,332	800,610
Provision for income taxes	162,178	180,440	204,729
Net earnings from continuing operations	811,665	508,892	595,881
Earnings from discontinued operations, net	—	—	273,948
Net earnings	<u>\$ 811,665</u>	<u>\$ 508,892</u>	<u>\$ 869,829</u>
Earnings per share from continuing operations:			
Basic	\$ 5.21	\$ 3.28	\$ 3.78
Diluted	\$ 5.15	\$ 3.25	\$ 3.74
Earnings per share from discontinued operations:			
Basic	\$ —	\$ —	\$ 1.74
Diluted	\$ —	\$ —	\$ 1.72
Net earnings per share:			
Basic	\$ 5.21	\$ 3.28	\$ 5.52
Diluted	\$ 5.15	\$ 3.25	\$ 5.46
Weighted average shares outstanding:			
Basic	155,685	155,231	157,619
Diluted	157,744	156,636	159,172
Dividends paid per common share	\$ 1.82	\$ 1.72	\$ 1.64

See Notes to Consolidated Financial Statements

DOVER CORPORATION
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 753,964	\$ 349,146
Receivables, net of allowances of \$39,232 and \$22,015	1,385,567	1,265,201
Inventories	878,635	870,487
Prepaid and other current assets	188,954	104,357
Total current assets	<u>3,207,120</u>	<u>2,589,191</u>
Property, plant and equipment, net	999,772	945,670
Goodwill	4,591,912	4,562,677
Intangible assets, net	1,609,927	1,802,923
Other assets and deferred charges	248,922	215,530
Total assets	<u>\$ 10,657,653</u>	<u>\$ 10,115,991</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 581,102	\$ 414,550
Accounts payable	979,446	830,318
Accrued compensation and employee benefits	258,394	226,440
Accrued insurance	101,910	96,062
Other accrued expenses	356,099	332,595
Federal and other income taxes	21,242	40,353
Total current liabilities	<u>2,298,193</u>	<u>1,940,318</u>
Long-term debt	2,986,702	3,206,637
Deferred income taxes	438,841	710,173
Other liabilities	550,737	459,117
Stockholders' equity:		
Preferred stock - \$100 par value; 100,000 shares authorized; none issued	—	—
Common stock - \$1 par value; 500,000,000 shares authorized; 256,992,261 and 256,537,535 shares issued at December 31, 2017 and 2016	256,992	256,538
Additional paid-in capital	942,485	946,755
Retained earnings	8,455,501	7,927,795
Accumulated other comprehensive loss	(194,759)	(359,326)
Treasury stock, at cost: 102,168,868 and 101,109,186 shares at December 31, 2017 and 2016	<u>(5,077,039)</u>	<u>(4,972,016)</u>
Total stockholders' equity	4,383,180	3,799,746
Total liabilities and stockholders' equity	<u>\$ 10,657,653</u>	<u>\$ 10,115,991</u>

See Notes to Consolidated Financial Statements

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2017	2016	2015
Operating Activities of Continuing Operations			
Net earnings	\$ 811,665	\$ 508,892	\$ 869,829
Adjustments to reconcile net earnings to cash from operating activities:			
Earnings from discontinued operations, net	—	—	(273,948)
Depreciation and amortization	394,240	360,739	327,089
Stock-based compensation	26,528	21,015	30,697
Gain on sale of businesses	(203,138)	(96,598)	—
Provision for losses on accounts receivable (net of recoveries)	11,295	10,641	5,946
Deferred income taxes	(170,859)	(79,414)	(5,916)
Employee benefit plan expense	13,238	26,492	34,253
Contributions to employee benefit plans	(20,464)	(25,691)	(21,942)
Other, net	(52,108)	(34,718)	(2,258)
Cash effect of changes in assets and liabilities (excluding effects of acquisitions, dispositions and foreign exchange):			
Accounts receivable	(104,706)	(44,649)	37,916
Inventories	(12,557)	25,858	63,129
Prepaid expenses and other assets	(11,136)	2,589	(7,401)
Accounts payable	124,051	58,695	42,925
Accrued compensation and employee benefits	29,059	(12,596)	(71,090)
Accrued expenses and other liabilities	(34,234)	45,371	(19,765)
Accrued taxes	20,685	95,349	(60,405)
Net cash provided by operating activities of continuing operations	821,559	861,975	949,059
Investing Activities of Continuing Operations			
Additions to property, plant and equipment	(196,735)	(165,205)	(154,251)
Acquisitions (net of cash and cash equivalents acquired)	(36,031)	(1,561,737)	(567,843)
Proceeds from sale of property, plant and equipment	15,322	17,749	14,604
Proceeds from sale of businesses	372,666	206,407	689,314
Settlement of net investment hedge	—	—	(17,752)
Other	21,151	(1,057)	1,350
Net cash provided by (used in) investing activities of continuing operations	176,373	(1,503,843)	(34,578)
Financing Activities of Continuing Operations			
Proceeds from long-term debt	—	656,399	394,300
Proceeds from exercise of share-based awards, including tax benefits	—	8,431	4,024
Change in commercial paper and notes payable, net	(183,194)	254,834	(327,000)
Repayment of long-term debt	—	(2,017)	(300,048)
Dividends to stockholders	(283,959)	(268,339)	(257,969)
Purchase of common stock	(105,023)	—	(600,164)
Payments for employee tax obligations upon exercise of share-based awards	(18,443)	(15,700)	(5,029)
Other	(4,120)	—	—
Net cash (used in) provided by financing activities of continuing operations	(594,739)	633,608	(1,091,886)
Cash Flows from Discontinued Operations			
Net cash used in operating activities of discontinued operations	—	—	(113,946)
Net cash used in investing activities of discontinued operations	—	—	(1,984)
Net cash used in discontinued operations	—	—	(115,930)
Effect of exchange rate changes on cash and cash equivalents	1,625	(4,779)	(26,061)
Net increase (decrease) in cash and cash equivalents	404,818	(13,039)	(319,396)
Cash and cash equivalents at beginning of year	349,146	362,185	681,581
Cash and cash equivalents at end of year	\$ 753,964	\$ 349,146	\$ 362,185
Supplemental information - cash paid during the year for:			
Income taxes	\$ 337,987	\$ 170,394	\$ 346,382
Interest	\$ 140,863	\$ 131,184	\$ 128,151

See Notes to Consolidated Financial Statements