

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

	Years Ended December 31,		
	2019	2018	2017
Revenue	\$ 7,136,397	\$ 6,992,118	\$ 6,820,886
Cost of goods and services	4,515,459	4,432,562	4,291,839
Gross profit	2,620,938	2,559,556	2,529,047
Selling, general and administrative expenses	1,599,098	1,716,444	1,722,161
Loss on assets held for sale	46,946	—	—
Operating earnings	974,894	843,112	806,886
Interest expense	125,818	130,972	144,948
Interest income	(4,526)	(8,881)	(8,491)
Loss on extinguishment of debt	23,543	—	—
Gain on sale of businesses	—	—	(203,135)
Other income, net	(12,950)	(4,357)	(2,251)
Earnings before provision for income taxes	843,009	725,378	875,815
Provision for income taxes	165,091	134,233	129,152
Earnings from continuing operations	677,918	591,145	746,663
(Loss) earnings from discontinued operations, net	—	(20,878)	65,002
Net earnings	\$ 677,918	\$ 570,267	\$ 811,665
Earnings per share from continuing operations:			
Basic	\$ 4.67	\$ 3.94	\$ 4.80
Diluted	\$ 4.61	\$ 3.89	\$ 4.73
(Loss) earnings per share from discontinued operations:			
Basic	\$ —	\$ (0.14)	\$ 0.42
Diluted	\$ —	\$ (0.14)	\$ 0.41
Net earnings per share:			
Basic	\$ 4.67	\$ 3.80	\$ 5.21
Diluted	\$ 4.61	\$ 3.75	\$ 5.15
Weighted average shares outstanding:			
Basic	145,198	149,874	155,685
Diluted	146,992	152,133	157,744

See Notes to Consolidated Financial Statements

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(In thousands)

	Years Ended December 31,		
	2019	2018	2017
Net earnings	\$ 677,918	\$ 570,267	\$ 811,665
Other comprehensive earnings (loss), net of tax			
Foreign currency translation adjustments:			
Foreign currency translation (losses) gains	(5,025)	(59,970)	143,064
Reclassification of foreign currency translation losses to earnings	25,339	—	3,992
Total foreign currency translation adjustments	20,314	(59,970)	147,056
Pension and other postretirement benefit plans:			
Actuarial gains (losses)	47	(13,107)	12,439
Prior service credit (cost)	1,818	(14,661)	3,136
Amortization of actuarial losses included in net periodic pension cost	596	3,829	5,267
Amortization of prior service costs included in net periodic pension cost	2,141	2,875	3,007
Settlement and curtailment impact	806	9,926	(2,462)
Total pension and other postretirement benefit plans	5,408	(11,138)	21,387
Changes in fair value of cash flow hedges:			
Unrealized net gains (losses)	1,495	1,158	(1,801)
Net (gains) losses reclassified into earnings	(147)	1,541	(590)
Total cash flow hedges	1,348	2,699	(2,391)
Other	—	—	(1,485)
Other comprehensive earnings (loss), net of tax	27,070	(68,409)	164,567
Comprehensive earnings	<u>\$ 704,988</u>	<u>\$ 501,858</u>	<u>\$ 976,232</u>

See Notes to Consolidated Financial Statements

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

	December 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 397,253	\$ 396,221
Receivables, net of allowances of \$29,381 and \$28,469	1,217,190	1,231,859
Inventories	806,141	748,796
Prepaid and other current assets	127,846	126,878
Total current assets	2,548,430	2,503,754
Property, plant and equipment, net	842,318	806,497
Goodwill	3,783,347	3,677,328
Intangible assets, net	1,055,014	1,134,256
Other assets and deferred charges	440,368	243,936
Total assets	\$ 8,669,477	\$ 8,365,771
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable	\$ 84,700	\$ 220,318
Accounts payable	983,293	969,531
Accrued compensation and employee benefits	226,658	212,666
Accrued insurance	98,432	97,600
Other accrued expenses	339,060	313,452
Federal and other income taxes	17,748	13,854
Total current liabilities	1,749,891	1,827,421
Long-term debt	2,985,716	2,943,660
Deferred income taxes	322,036	339,325
Noncurrent income tax payable	52,000	54,304
Other liabilities	527,174	432,395
Stockholders' equity:		
Preferred stock - \$100 par value; 100,000 shares authorized; none issued	—	—
Common stock - \$1 par value; 500,000,000 shares authorized; 258,551,748 and 257,822,352 shares issued at December 31, 2019 and 2018	258,552	257,822
Additional paid-in capital	869,719	886,016
Retained earnings	8,211,257	7,815,486
Accumulated other comprehensive loss	(216,026)	(243,096)
Treasury stock, at cost: 114,249,432 and 112,905,810 shares at December 31, 2019 and 2018	(6,090,842)	(5,947,562)
Total stockholders' equity	3,032,660	2,768,666
Total liabilities and stockholders' equity	\$ 8,669,477	\$ 8,365,771

See Notes to Consolidated Financial Statements

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share amounts)

	Common Stock \$1 Par Value	Additional Paid- In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Stockholders' Equity
Balance at December 31, 2016	\$ 256,538	\$ 946,755	\$ (4,972,016)	\$ 7,927,795	\$ (359,326)	\$ 3,799,746
Net earnings	—	—	—	811,665	—	811,665
Dividends paid (\$1.82 per share)	—	—	—	(283,959)	—	(283,959)
Common stock issued for the exercise of share-based awards	454	(18,897)	—	—	—	(18,443)
Stock-based compensation expense	—	26,528	—	—	—	26,528
Common stock acquired	—	—	(105,023)	—	—	(105,023)
Other comprehensive earnings, net of tax	—	—	—	—	164,567	164,567
Other	—	(11,901)	—	—	—	(11,901)
Balance at December 31, 2017	<u>256,992</u>	<u>942,485</u>	<u>(5,077,039)</u>	<u>8,455,501</u>	<u>(194,759)</u>	<u>4,383,180</u>
Adoption of ASU 2018-02	—	—	—	12,856	(12,856)	—
Cumulative catch-up adjustment related to Adoption of Topic 606	—	—	—	175	—	175
Net earnings	—	—	—	570,267	—	570,267
Dividends paid (\$1.90 per share)	—	—	—	(283,570)	—	(283,570)
Separation of Apergy	—	—	—	(939,743)	32,928	(906,815)
Common stock issued for the exercise of share-based awards	830	(47,084)	—	—	—	(46,254)
Stock-based compensation expense	—	24,442	—	—	—	24,442
Common stock acquired	—	(24,454)	(870,523)	—	—	(894,977)
Other comprehensive loss, net of tax	—	—	—	—	(68,409)	(68,409)
Other	—	(9,373)	—	—	—	(9,373)
Balance at December 31, 2018	<u>257,822</u>	<u>886,016</u>	<u>(5,947,562)</u>	<u>7,815,486</u>	<u>(243,096)</u>	<u>2,768,666</u>
Net earnings	—	—	—	677,918	—	677,918
Dividends paid (\$1.94 per share)	—	—	—	(282,197)	—	(282,197)
Common stock issued for the exercise of share-based awards	730	(38,100)	—	—	—	(37,370)
Stock-based compensation expense	—	29,702	—	—	—	29,702
Common stock acquired	—	—	(143,280)	—	—	(143,280)
Other comprehensive earnings, net of tax	—	—	—	—	27,070	27,070
Other	—	(7,899)	—	50	—	(7,849)
Balance at December 31, 2019	<u>\$ 258,552</u>	<u>\$ 869,719</u>	<u>\$ (6,090,842)</u>	<u>\$ 8,211,257</u>	<u>\$ (216,026)</u>	<u>\$ 3,032,660</u>

See Notes to Consolidated Financial Statements

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2019	2018	2017
Operating Activities of Continuing Operations			
Net earnings	\$ 677,918	\$ 570,267	\$ 811,665
Adjustments to reconcile net earnings to cash from operating activities:			
Loss (earnings) from discontinued operations, net	—	20,878	(65,002)
Loss on assets held for sale	46,946	—	—
Loss on extinguishment of debt	23,543	—	—
Depreciation and amortization	272,287	282,580	283,278
Stock-based compensation	29,702	23,698	24,073
Gain on sale of businesses	—	—	(203,135)
Provision for losses on accounts receivable (net of recoveries)	5,933	3,875	10,341
Deferred income taxes	(11,966)	(35,448)	(160,395)
Employee benefit plan expense	5,844	11,912	12,191
Contributions to employee benefit plans	(21,436)	(25,933)	(18,588)
Other, net	(3,652)	(6,762)	(4,216)
Cash effect of changes in assets and liabilities (excluding effects of acquisitions, dispositions and foreign exchange):			
Accounts receivable	(7,903)	(87,573)	(43,450)
Inventories	(56,870)	(85,052)	605
Prepaid expenses and other assets	(25,797)	(7,453)	(5,232)
Accounts payable	18,270	106,561	94,052
Accrued compensation and employee benefits	15,580	(7,037)	23,319
Accrued expenses and other liabilities	(12,656)	(5,026)	(36,024)
Accrued taxes	(10,437)	29,706	15,927
Net cash provided by operating activities of continuing operations	945,306	789,193	739,409
Investing Activities of Continuing Operations			
Additions to property, plant and equipment	(186,804)	(170,994)	(170,068)
Acquisitions (net of cash and cash equivalents acquired)	(215,687)	(68,557)	(27,188)
Proceeds from sale of property, plant and equipment	4,168	5,908	11,774
Proceeds from sale of businesses	24,218	3,937	372,666
Other	(10,150)	(15,774)	21,151
Net cash (used in) provided by investing activities of continuing operations	(384,255)	(245,480)	208,335
Financing Activities of Continuing Operations			
Cash received from Apergy, net of cash distributed	—	689,643	—
Change in commercial paper and notes payable, net	(135,650)	(10,722)	(182,596)
Proceeds from long-term debt	847,469	—	—
Repayment of long-term debt	(805,112)	(350,000)	—
Dividends to stockholders	(282,197)	(283,570)	(283,959)
Purchase of common stock	(143,280)	(894,977)	(105,023)
Payments for employee tax obligations upon exercise of share-based awards	(37,370)	(46,254)	(18,443)
Other	(1,902)	(1,958)	(2,912)
Net cash used in financing activities of continuing operations	(558,042)	(897,838)	(592,933)
Cash Flows from Discontinued Operations			
Net cash provided by operating activities of discontinued operations	—	9,442	96,225
Net cash used in investing activities of discontinued operations	—	(23,705)	(46,484)
Net cash used in financing activities of discontinued operations	—	—	(1,208)
Net cash (used in) provided by discontinued operations	—	(14,263)	48,533
Effect of exchange rate changes on cash and cash equivalents	(1,977)	10,645	1,474
Net (decrease) increase in cash and cash equivalents	1,032	(357,743)	404,818
Cash and cash equivalents at beginning of year	396,221	753,964	349,146
Cash and cash equivalents at end of year	\$ 397,253	\$ 396,221	\$ 753,964
Supplemental information - cash paid during the year for:			
Income taxes	\$ 191,084	\$ 135,427	\$ 337,987
Interest	126,753	131,823	140,863

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