

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

	Years Ended December 31,		
	2018	2017	2016
Revenue	\$ 6,992,118	\$ 6,820,886	\$ 6,043,224
Cost of goods and services	4,432,562	4,291,839	3,815,672
Gross profit	2,559,556	2,529,047	2,227,552
Selling, general and administrative expenses	1,716,444	1,722,161	1,518,580
Operating earnings	843,112	806,886	708,972
Interest expense	130,972	144,948	135,969
Interest income	(8,881)	(8,491)	(6,752)
Gain on sale of businesses	—	(203,135)	(96,598)
Other income, net	(4,357)	(2,251)	(8,291)
Earnings before provision for income taxes	725,378	875,815	684,644
Provision for income taxes	134,233	129,152	182,516
Earnings from continuing operations	591,145	746,663	502,128
(Loss) earnings from discontinued operations, net	(20,878)	65,002	6,764
Net earnings	<u>\$ 570,267</u>	<u>\$ 811,665</u>	<u>\$ 508,892</u>
Earnings per share from continuing operations:			
Basic	\$ 3.94	\$ 4.80	\$ 3.23
Diluted	\$ 3.89	\$ 4.73	\$ 3.21
(Loss) earnings per share from discontinued operations:			
Basic	\$ (0.14)	\$ 0.42	\$ 0.04
Diluted	\$ (0.14)	\$ 0.41	\$ 0.04
Net earnings per share:			
Basic	\$ 3.80	\$ 5.21	\$ 3.28
Diluted	\$ 3.75	\$ 5.15	\$ 3.25
Weighted average shares outstanding:			
Basic	149,874	155,685	155,231
Diluted	152,133	157,744	156,636

See Notes to Consolidated Financial Statements

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

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 396,221	\$ 753,964
Receivables, net of allowances of \$28,469 and \$34,479	1,231,859	1,183,514
Inventories	748,796	677,043
Prepaid and other current assets	126,878	175,626
Total current assets	<u>2,503,754</u>	<u>2,790,147</u>
Property, plant and equipment, net	806,497	787,940
Goodwill	3,677,328	3,686,372
Intangible assets, net	1,134,256	1,282,624
Other assets and deferred charges	243,936	245,723
Assets of discontinued operations	—	1,865,553
Total assets	<u>\$ 8,365,771</u>	<u>\$ 10,658,359</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$ 220,318	\$ 581,102
Accounts payable	969,531	882,007
Accrued compensation and employee benefits	212,666	228,118
Accrued insurance	97,600	101,619
Other accrued expenses	313,452	334,435
Federal and other income taxes	13,854	14,697
Total current liabilities	<u>1,827,421</u>	<u>2,141,978</u>
Long-term debt	2,943,660	2,986,702
Deferred income taxes	339,325	348,201
Noncurrent income tax payable	54,304	108,497
Other liabilities	432,395	425,548
Liabilities of discontinued operations	—	264,253
Stockholders' equity:		
Preferred stock - \$100 par value; 100,000 shares authorized; none issued	—	—
Common stock - \$1 par value; 500,000,000 shares authorized; 257,822,352 and 256,992,261 shares issued at December 31, 2018 and 2017	257,822	256,992
Additional paid-in capital	886,016	942,485
Retained earnings	7,815,486	8,455,501
Accumulated other comprehensive loss	(243,096)	(194,759)
Treasury stock, at cost: 112,905,810 and 102,168,868 shares at December 31, 2018 and 2017	(5,947,562)	(5,077,039)
Total stockholders' equity	<u>2,768,666</u>	<u>4,383,180</u>
Total liabilities and stockholders' equity	<u>\$ 8,365,771</u>	<u>\$ 10,658,359</u>

See Notes to Consolidated Financial Statements

DOVER CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Years Ended December 31,		
	2018	2017	2016
Operating Activities of Continuing Operations			
Net earnings	\$ 570,267	\$ 811,665	\$ 508,892
Adjustments to reconcile net earnings to cash from operating activities:			
Loss (earnings) from discontinued operations, net	20,878	(65,002)	(6,764)
Depreciation and amortization	282,580	283,278	249,672
Stock-based compensation	23,698	24,073	18,650
Gain on sale of businesses	—	(203,135)	(96,598)
Provision for losses on accounts receivable (net of recoveries)	3,875	10,341	7,700
Deferred income taxes	(35,448)	(160,395)	(43,258)
Employee benefit plan expense	11,912	12,191	25,364
Contributions to employee benefit plans	(25,933)	(18,588)	(23,042)
Other, net	(6,762)	(4,216)	(31,965)
Cash effect of changes in assets and liabilities (excluding effects of acquisitions, dispositions and foreign exchange):			
Accounts receivable	(87,573)	(43,450)	(74,049)
Inventories	(85,052)	605	(3,287)
Prepaid expenses and other assets	(7,453)	(5,232)	(415)
Accounts payable	106,561	94,052	70,836
Accrued compensation and employee benefits	(7,037)	23,319	(10,429)
Accrued expenses and other liabilities	(5,026)	(36,024)	49,960
Accrued taxes	29,706	15,927	93,329
Net cash provided by operating activities of continuing operations	789,193	739,409	734,596
Investing Activities of Continuing Operations			
Additions to property, plant and equipment	(170,994)	(170,068)	(139,578)
Acquisitions (net of cash and cash equivalents acquired)	(68,557)	(27,188)	(1,561,737)
Proceeds from sale of property, plant and equipment	5,908	11,774	15,223
Proceeds from sale of businesses	3,937	372,666	206,407
Other	(15,774)	21,151	(1,057)
Net cash (used in) provided by investing activities of continuing operations	(245,480)	208,335	(1,480,742)
Financing Activities of Continuing Operations			
Cash received from Apergy, net of cash distributed	689,643	—	—
Proceeds from long-term debt	—	—	656,399
Proceeds from exercise of share-based awards, including tax benefits	—	—	8,431
Change in commercial paper and notes payable, net	(10,722)	(182,596)	254,834
Repayment of long-term debt	(350,000)	—	(1,889)
Dividends to stockholders	(283,570)	(283,959)	(267,739)
Purchase of common stock	(894,977)	(105,023)	—
Payments for employee tax obligations upon exercise of share-based awards	(46,254)	(18,443)	(15,700)
Other	(1,958)	(2,912)	—
Net cash (used in) provided by financing activities of continuing operations	(897,838)	(592,933)	634,336
Cash Flows from Discontinued Operations			
Net cash provided by operating activities of discontinued operations	9,442	96,225	128,346
Net cash used in investing activities of discontinued operations	(23,705)	(46,484)	(24,231)
Net cash used in financing activities of discontinued operations	—	(1,208)	(600)
Net cash (used in) provided by discontinued operations	(14,263)	48,533	103,515
Effect of exchange rate changes on cash and cash equivalents	10,645	1,474	(4,744)
Net (decrease) increase in cash and cash equivalents	(357,743)	404,818	(13,039)
Cash and cash equivalents at beginning of year	753,964	349,146	362,185
Cash and cash equivalents at end of year	\$ 396,221	\$ 753,964	\$ 349,146
Supplemental information - cash paid during the year for:			
Income taxes	\$ 135,427	\$ 337,987	\$ 170,394
Interest	131,823	140,863	131,184

See Notes to Consolidated Financial Statements