



July 20, 2012

Ingersoll Rand Delivers Second-Quarter EPS from Continuing Operations of \$1.14

- *Second-quarter total earnings per share (EPS), including discontinued operations, of \$1.16*
- *EPS from continuing operations of \$1.14 (\$1.15 of EPS excluding impairment) exceeded prior forecast due to improved operations and a discrete tax benefit equal to \$0.15 of EPS*
- *Revenues of \$3,821 million in the second quarter, down 7 percent compared with 2011 (up slightly excluding Hussmann)*
- *Q2 2012 operating margin of 12.5 percent*
- *Resumed share repurchase in June. Expect to repurchase \$800 million of shares in 2012*
- *Full-year 2012 EPS from continuing operations forecast increased to \$3.15 to \$3.25*

Swords, Ireland, July 20, 2012 - Ingersoll-Rand plc (NYSE:IR), a world leader in creating and sustaining safe, comfortable and efficient environments, today reported diluted earnings per share from continuing operations of \$1.14 for the second quarter of 2012.

The company reported net earnings of \$365.8 million, or EPS of \$1.16, for the second quarter of 2012. Second-quarter net earnings included \$358.0 million, or EPS of \$1.14, from continuing operations, as well as \$7.8 million, or EPS of \$0.02 from discontinued operations. Continuing operations included an after-tax EPS loss of (\$0.01) related to the disposition of the Hussmann refrigeration business. Excluding these items, adjusted EPS from continuing operations for the second quarter of 2012 were \$1.15. This compares with net income for the 2011 second quarter of \$92.3 million, which included EPS of \$0.35 from continuing operations and an after-tax EPS loss of (\$0.09) from discontinued operations. Second-quarter 2011 EPS included \$200.5 million, or EPS of (\$0.57), of impairment costs related to the disposition of Hussmann. Excluding impairment costs, second-quarter 2011 adjusted EPS from continuing operations totaled \$0.92. **(See table below)**

Second-Quarter EPS Table

	<u>2Q 2012</u>	<u>2Q 2011</u>
Reported EPS	\$1.16*	\$0.26
<u>Adjustments: Add Back</u>		
- Discontinued Operations (income)	(0.02)	0.09
- Asset Impairment/Loss on Sale	<u>0.01</u>	<u>0.57</u>
Adjusted EPS Continuing Operations	<u>\$1.15</u>	<u>\$0.92</u>

*Reported and adjusted EPS included \$0.15 from a discrete tax benefit primarily related to a tax law change enacted March 31, 2012.

"Our results this quarter reflect the continued successful execution of our strategy to deliver profitable and sustainable growth," said Michael W. Lamach, chairman and chief executive officer. "We are very pleased to have delivered another quarter of earnings per share growth that exceeded our forecast in the face of continued economic headwinds. While we expect the difficult economic environment to persist throughout 2012, our focus remains on accelerating revenue growth, further expanding operating margins and maintaining a balanced, disciplined capital allocation strategy. This focus reflects our confidence in Ingersoll Rand's fundamental strengths and position, as well as our commitment to enhancing shareholder value."

Additional Highlights for the 2012 Second Quarter

Revenues: The company's reported revenues declined by 7 percent to \$3,821 million, compared with revenues of \$4,091 million for the 2011 second quarter. Total revenues, excluding the results of Hussmann, were up slightly compared with 2011 (up 3 percent excluding currency). U.S. revenues, excluding Hussmann, were up 4 percent compared to 2011, and revenues from international operations declined by approximately 5 percent (up 1 percent excluding currency).

Operating Income and Margin: Operating income for the 2012 second quarter was \$478 million, compared with \$299 million (\$499 million when adjusted for impairment costs) for the 2011 second quarter. The second-quarter operating margin was 12.5 percent compared with an operating margin of 7.3 percent (12.3 percent excluding Hussmann results and impairment costs) for the same period of 2011. The year-over-year margin improvement was due to higher prices and productivity, partially offset by inflation, unfavorable product mix, currency translation and increased investments and restructuring costs. Results for the second quarter of 2011 also included a gain of \$23 million for a property sale.

Interest Expense and Other Income/Expense: Interest expense of \$62 million for the second quarter of 2012 decreased by approximately \$10 million compared with the same period last year due to lower debt balances. Other income totaled \$4 million for the second quarter of 2012, compared with approximately \$2 million of income for the 2011 second quarter. The year-over-year change was primarily due to lower currency losses.

Taxes: The company had a tax rate of 13 percent in the second quarter of 2012. The rate for the second quarter of 2011, excluding the Hussmann impairment charge, was 23 percent. During the three months ended June 30, 2012, the company recorded a discrete tax benefit of approximately \$47 million, primarily related to a tax law change enacted in a jurisdiction outside the United States on March 31, 2012.

Second-Quarter Business Review

Climate Solutions delivers energy-efficient solutions globally and includes Trane, which provides heating, ventilation and air conditioning (HVAC) systems and building services, parts, support and controls for commercial buildings, and Thermo King, the leader in transport temperature control solutions. The total results of the divested Hussmann refrigeration business are included through the third quarter of 2011. The company's ownership interest in Hussmann was reported within other income/expense using the equity method of accounting for the second quarter of 2012. Second-quarter 2011 results included approximately \$287 million of revenues and \$30 million of operating income attributable to Hussmann.

Revenues for the second quarter of 2012 were \$1,967 million and declined by 13 percent compared with the second quarter of 2011. Excluding Hussmann, revenue decreased by 1 percent (up 2 percent excluding currency). Bookings, excluding Hussmann, declined by 1 percent year-over-year (up 2 percent excluding currency).

On a year-over-year basis, total commercial HVAC revenues increased by 2 percent (up 4 percent excluding currency) as

moderate growth in the Americas was partially offset by declining markets in Western Europe and currency translation. Total Thermo King refrigerated transport revenues declined in the second quarter compared with last year as growth in the Americas and Asia was more than offset by declines in European markets and currency translation.

Second-quarter 2012 segment operating margin was 12.1 percent, compared with 12.1 percent (12.3 percent excluding Hussmann's results) last year. 2011 operating income included a \$23 million gain on the disposition of assets from a business in China. Excluding this gain, 2011 second-quarter operating margins would have been 11.1 percent. The year-over-year margin improvement, excluding the 2011 gain, was due to pricing and productivity actions, partially offset by inflation, negative currency, unfavorable revenue mix and higher restructuring and investment spending.

Industrial Technologies provides products, services and solutions to enhance customers' productivity, energy efficiency and operations. Products include compressed air systems, tools, fluid power products, and golf and utility vehicles. Total revenues in the second quarter of \$790 million increased approximately 2 percent (up 6 percent excluding currency) compared with the second quarter of 2011. Air and productivity revenues increased, as volume gains in the Americas and Asia more than offset declines in Western Europe.

Club Car revenues declined slightly compared with the second quarter of 2011 due to sluggish golf and utility vehicle markets.

Second-quarter segment operating margin for Industrial Technologies was 17.0 percent, and increased by 1.4 percentage points compared with last year. Margin benefits from higher volumes, improved pricing and productivity were partially offset by inflation and increased investment spending.

Residential Solutions includes the Trane and Schlage brands, which deliver safety, comfort and efficiency to homeowners throughout the Americas. Products, services and solutions include mechanical and electronic locks, HVAC systems, indoor air quality solutions and controls, and remote home management systems. Second-quarter revenues were \$653 million, an increase of approximately 3 percent (up 3 percent excluding currency) compared with 2011.

Total reported residential security revenues were up low teens compared with 2011 as a result of improved sales to the new builder markets and South American customers, and higher sales from new products to "big box" customers in the United States.

Residential HVAC revenues increased slightly compared with the second quarter of 2011 and unitary air conditioning unit shipments were up high single digits compared with last year. Residential HVAC revenues from newly introduced value-priced products are exceeding initial expectations. Second-quarter segment operating margin was 7.9 percent compared with 6.4 percent recorded in 2011. The segment margin increase was due to increased volume, higher pricing and improved productivity, which were partially offset by inflation and unfavorable mix. Operating profits were also negatively impacted by the ongoing downward market mix shift to lower efficiency HVAC products.

Security Technologies is a leading global supplier of commercial security products and services. The segment's market-leading products include mechanical and electronic security products, biometric and access-control systems, and security and time and attendance scheduling software. Second-quarter revenues of \$411 million decreased by approximately 3 percent (up 1 percent excluding currency) compared with the second quarter of 2011. Revenues in the Americas were up slightly, as price improvements more than offset lower volumes. Revenues in overseas markets declined primarily due to currency translation. Second-quarter segment operating margin was 20.0 percent, compared with 21.8 percent in the second quarter of 2011. The lower segment operating margin was due to inflation, unfavorable revenue mix, and increased restructuring and investment spending, which were partially offset by higher productivity and improved pricing.

Balance Sheet

During the second quarter, working capital was 3.3 percent of revenues - an improvement of 1.1 percentage points compared with 2011. Cash balances and total debt balances were \$0.9 billion and \$3.3 billion, respectively, at the end of the second quarter. The company resumed its share repurchase program in June and has purchased approximately 2.2 million shares for approximately \$90 million as of July 19, 2012. The company currently expects to spend \$800 million in 2012 to complete the current \$2 billion share repurchase authorization.

Outlook

Ingersoll Rand's major end markets showed an uneven demand pattern in the second quarter of 2012 with moderate organic growth rates in the United States; slowing, but positive growth in Asia and Latin America; and declining activity in Western Europe. There remains sustained, but slowing, activity in the North American and Asian industrial markets. Refrigerated transport markets and commercial HVAC equipment replacement activity in North America are expected to demonstrate moderate year-over-year growth and to decline in Western Europe. The North American new commercial construction market is continuing its weak and uneven demand pattern, and activity in North American consumer-related markets, especially residential HVAC, is expected to improve moderately in the second half of 2012.

Revenues for full-year 2012 are expected to be in the range of \$14.0 billion to \$14.2 billion. The year-over-year change in

currency exchange rates is expected to reduce reported revenue growth by 2 percentage points in 2012. Full-year EPS from continuing operations are expected to be in the range of \$3.15 to \$3.25. The forecast includes a tax rate of 19 percent for continuing operations and an average diluted share count for the full year of approximately 311 million shares. Available cash flow for full-year 2012 is expected to approximate \$1.1 billion, based on projected earnings, capital expenditures and working capital requirements.

Third-quarter 2012 revenues are expected to be in the range of \$3.6 billion to \$3.7 billion and EPS from continuing operations are expected to be in the range of \$0.95 to \$1.00. The third-quarter forecast reflects a tax rate of 17 percent for continuing operations and an average diluted share count of approximately 311 million shares.

This news release 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 capital allocation strategy and our 2012 full-year and third-quarter financial performance. 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. Factors that could cause such differences can be found in our Form 10-K for the year ended December 31, 2011, Form 10-Q for the quarter ended March 31, 2012, and in our other SEC filings. We assume no obligation to update these forward-looking statements.

This news release also includes adjusted non-GAAP financial information which should be considered supplemental to, not a substitute for, or as superior to, the financial measure calculated in accordance with GAAP. Further information about the adjusted non-GAAP financial information, including reconciliation to the nearest GAAP measure, is included in financial tables attached to this news release.

All amounts reported within the earnings release above related to net earnings (loss), earnings (loss) from continuing operations, earnings (loss) from discontinued operations, and per share amounts are attributed to Ingersoll Rand's ordinary shareholders.

Ingersoll Rand (NYSE:IR) advances the quality of life by creating and sustaining safe, comfortable and efficient environments. Our people and our family of brands-including Club Car®, Ingersoll Rand®, Schlage®, Thermo King® and Trane®-work together to enhance the quality and comfort of air in homes and buildings; transport and protect food and perishables; secure homes and commercial properties; and increase industrial productivity and efficiency. We are a \$14 billion global business committed to a world of sustainable progress and enduring results. For more information, visit ingersollrand.com.

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(See Accompanying Tables)

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- [Non-GAAP Financial Tables](#)
- [Available Cash Flow](#)
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