



A Diversified Technology Company

# Q2 2017 Financial Results

July 31, 2017

**Simple** Ideas.  
Powerful **Results.**

# Safe Harbor Statement

The information provided in this presentation contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements may include, among others, statements regarding operating results, the success of our internal operating plans, and the prospects for newly acquired businesses to be integrated and contribute to future growth, profit and cash flow expectations. Forward-looking statements may be indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "will," "believes" or "intends" and similar words and phrases. These statements reflect management's current beliefs and are not guarantees of future performance. They involve risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statement. Such risks and uncertainties include our ability to identify and complete acquisitions consistent with our business strategies, integrate acquisitions that have been completed, realize expected benefits and synergies from, and manage other risks associated with, the newly acquired businesses. We also face general risks, including our ability to realize cost savings from our operating initiatives, general economic conditions and the conditions of the specific markets in which we operate, changes in foreign exchange rates, difficulties associated with exports, risks associated with our international operations, increased product liability and insurance costs, increased warranty exposure, future competition, changes in the supply of, or price for, parts and components, environmental compliance costs and liabilities, risks and cost associated with asbestos related litigation and potential write-offs of our substantial intangible assets, and risks associated with obtaining governmental approvals and maintaining regulatory compliance for new and existing products. Important risks may be discussed in current and subsequent filings with the SEC. You should not place undue reliance on any forward-looking statements. These statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

We refer to certain non-GAAP financial measures in this presentation. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures can be found within this presentation.

# Reg. G Disclosure

Today's Conference Call Will Discuss Results Primarily on an Adjusted (Non-GAAP) Basis. The Q2 2017 Results are Adjusted for the Following Items:

- (1) Purchase Accounting Adjustment to Acquired Deferred Revenue and Related Commission Expense
- (2) Acquisition-Related Intangible Amortization Expense
- (3) Gain on Sale of Energy Product Line Less Charge on Minority Investment

See Appendix and Press Release for Reconciliation from GAAP to Adjusted Results

# Roper Conference Call

- » Q2 2017 Enterprise Financial Results
- » Segment Detail & Outlook
- » Q3 and FY 2017 Guidance
- » Q&A

# Q2 2017 Enterprise Highlights

- » Record Q2 Results: Revenue, Net Earnings, EBITDA, Cash Flow
  - Asset-Light, Niche Market Strategy Continues to Drive Outstanding Performance
- » Revenue: +23% to \$1,151M; Organic +6%
  - Broad-Based Growth Across All Four Reporting Segments
  - Recent Acquisitions, Deltek and ConstructConnect, Performing Exceptionally Well
- » Gross Margin +170 Bps to 62.7%
- » DEPS + 20% to \$2.24
- » EBITDA +26% to \$394M; EBITDA Margin +70 Bps to 34.3%
- » YTD Operating Cash Flow +33% to \$550M
  - Reduced Debt by \$570 Million in the First Half of 2017

**Broad-Based Growth; Record Q2 Results**

# Q2 Income Statement Metrics

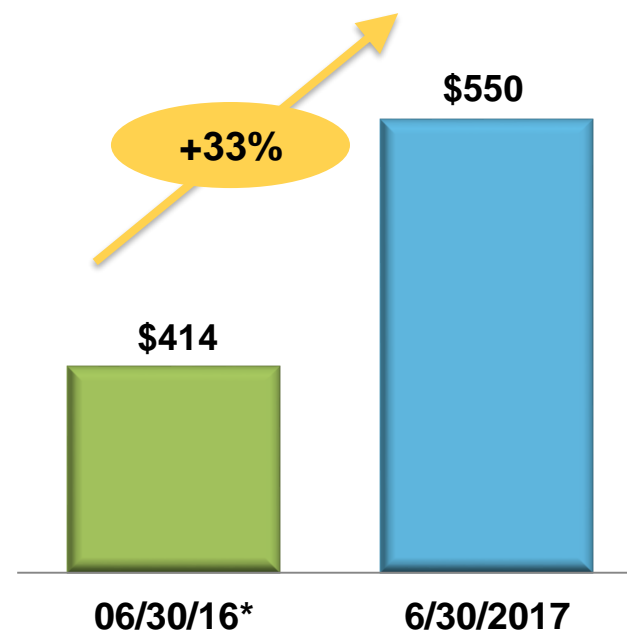
(in \$ millions, except Adjusted DEPS)	Q2'16	Q2'17	
Revenue	\$934	\$1,151	+23%, Organic +6%
Gross Profit	\$570	\$722	+27%
Gross Margin	61.0%	62.7%	+170 bps
EBITDA	\$314	\$394	+26%
EBITDA Margin	33.6%	34.3%	+70 bps
Interest Expense	\$27	\$46	
Tax Rate	31.3%	31.0%	Q2'17 GAAP Tax Rate: 29.7%; Adjustments Taxed @ 35%
Net Earnings	\$190	\$232	+22%
Adjusted DEPS	\$1.87	\$2.24	

# Compounding Cash Flow

- » YTD Operating Cash Flow: \$550M
  - +33% vs Prior Year
- » YTD Free Cash Flow: \$520M
  - 23% of Revenue
- » Reduced Debt by \$570M in 1<sup>st</sup> Half
  - Deleveraging Rapidly

## YTD Operating Cash Flow

(in \$ millions)



Free Cash Flow = Operating Cash Flow less Capital Expenditures and Capitalized Software

\* Adjusted for Cash Taxes from ABEL Sale, See Reconciliation in Appendix

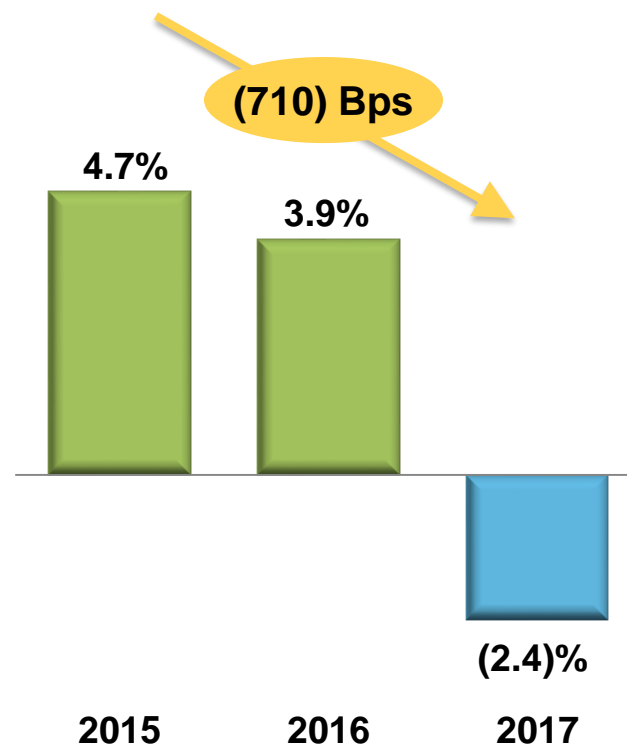
**We Believe Cash is the Best Measure of Performance**

# Asset-Light Business Model

## Working Capital\* as % of Q2 Annualized Net Sales

	<u>06/30/15</u>	<u>06/30/16</u>	<u>06/30/17</u>
(I) Inventory	5.5%	5.1%	4.4%
(R) Receivables	16.6%	16.9%	15.9%
(P) Payables & Accruals	10.8%	10.6%	11.3%
(D) Deferred Revenue	6.6%	7.5%	11.4%
<b>Total (I+R-P-D)</b>	<b>4.7%</b>	<b>3.9%</b>	<b>(2.4)%</b>

(\$ Millions)			
<i>Deferred Revenue</i>	\$234	\$281	\$516



\*Defined as Inventory + A/R + Unbilled Receivables – A/P – Accrued Liabilities – Deferred Revenue; Sales and Working Capital Related to Acquisitions Completed in Each Quarter Removed from Calculation; Dividend accrual excluded from Payable & Accruals

## Net Working Capital Reflects Enterprise Transformation



# Segment Detail & Outlook

# RF Technology & Software

## Q2 Highlights

- » Total Revenue +64%, Organic +6%, FX (1)%
- » Strong Performance from Recent Acquisitions
  - Deltek Led by GovCon Growth; Launched New Software Targeting Professional Services and Consulting Firms
  - ConstructConnect Recurring Revenue Growth Accelerated; Expanding Opportunities with OnCenter
- » Mid Single Digit Growth Across Other Software Businesses
  - Aderant Continued to Gain Share; Grew Double Digits on Significant Wins
- » Toll and Traffic Solid Project Execution
  - Tag Shipments Sequentially Better, Helped Segment Margins

(in \$ millions)	Q2'17	V to PY
Revenue	\$477	+64%
Op Profit	\$134	+47%
OP Margin	28.2%	Core: +100 bps Acq.: (430) bps
EBITDA Margin	38.3%	+20 bps

## 2<sup>nd</sup> Half 2017

- » Software Businesses Continue MSD Growth; Superior Margins and Cash Performance
- » MTA Project Completion in Q4; Tag Shipments Continue to Improve Sequentially
- » Continued Momentum at Deltek and ConstructConnect; Deltek Seasonally Strong Q4
- » Mid Single Digit Organic Growth for Segment

# Medical & Scientific Imaging

## Q2 Highlights

- » Organic Revenue +4%, FX (1)%
- » Medical Organic Growth +5% (85% of Segment)
  - Broad-Based Medical Products Growth Led by Northern Digital and IPA
  - Acute Care Software Growth From Decision Support SaaS, Diagnostic Connectivity and International Solutions
  - Alternate Site Healthcare; MHA Long Term Care GPO Remained Strong, Software Growth Across Alternate Site Markets
- » Scientific Imaging Revenue Declined LSD (15% of Segment)
  - Strong Backlog for Long Lead Time Gatan Products

(in \$ millions)	Q2'17	V to PY
Revenue	\$351	+3%
Op Profit	\$121	+6%
OP Margin	34.6%	+90 bps
EBITDA Margin	42.9%	+30 bps

## 2<sup>nd</sup> Half 2017

- » Expect Sustained MSD Growth from Medical:
  - Growth Continues Across all Three Medical Platforms
  - Continue Focused R&D and Channel Investments
- » Imaging Soft in Q3, Strong in Q4 on Timing of Shipments
- » Mid Single Digit Organic Growth for Segment

# Industrial Technology / Energy Systems

## Industrial Segment Q2 Highlights

- » Organic Revenue +9%, FX (1)%
- » Neptune and Struers Remained Strong
- » Fluid Handling Growth From Share Gains and Better Upstream O&G Environment
- » **2H 2017**: Expect Mid to High Single Digit Growth; Record Year for Neptune

## Industrial Technology

(in \$ millions)	Q2'17	V to PY
Revenue	\$193	+8%
Op Profit	\$58	+14%
OP Margin	30.2%	+150 bps
EBITDA Margin	32.4%	+100 bps

## Energy Segment Q2 Highlights

- » Organic Revenue +7%, FX (2)%
- » Industrial Businesses Grew High Single Digits Led by Rubber and Polymer Instruments
- » O&G Modest Growth on Improvement in Upstream, Partially Offset by Expected Decline at CCC
- » **2H 2017**: Expect Mid Single Digit Growth

## Energy Systems and Controls

(in \$ millions)	Q2'17	V to PY
Revenue	\$131	+6%
Op Profit	\$33	+18%
OP Margin	25.2%	+270 bps
EBITDA Margin	28.2%	+180 bps

# Guidance Update

# Guidance Update

- » Raising Full Year 2017 Guidance
  - Adjusted DEPS: \$9.12 - \$9.30
    - Previously: \$8.98 - \$9.28
  - Revenue: +22%, Organic: +5%
  
- » FY 2017 Operating Cash Flow: > \$1.15B
  
- » Establishing Q3 2017 Guidance
  - Adjusted DEPS: \$2.24 - \$2.30

# Q2 2017 Summary

- » Record Q2 Results: Revenue, Net Earnings, EBITDA, Cash Flow
  - Asset-Light, Niche Market Strategy Continues to Drive Outstanding Performance
  - Cash Return on Investment Continues to Improve
  - 50% of EBITDA from Software and Network Businesses
- » Broad-Based Organic Growth Across All Four Segments
- » Gross Margin +170 Bps to 62.7%
- » DEPS \$2.24; EBITDA +26% to \$394M
- » YTD Operating Cash Flow +33% to \$550M
- » Deltek and ConstructConnect Performing Exceptionally Well
- » Negative Net Working Capital; Increasing Ability to Compound Cash Flow
- » Reduced Debt \$570M Year to Date; Rapidly Deleveraging

**Continuing to Benefit from Disciplined Capital Deployment Process**

# Appendix



# Reconciliations I

## Revenue Detail

Q2 2017 Revenue Growth	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology	Roper
Organic Growth	9%	7%	4%	6%	6%
Acquisitions/Divestitures	-	0%	-	59%	18%
Foreign Exchange	(1)%	(2)%	(1)%	(1)%	(1)%
Rounding	-	1%	-	-	-
<b>Total Revenue Growth</b>	<b>8%</b>	<b>6%</b>	<b>3%</b>	<b>64%</b>	<b>23%</b>

# Reconciliations II

(in \$ thousands)	Q2 2017			
Margin Reconciliation	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology
GAAP Revenue	\$192,867	\$130,543	\$350,764	\$460,497
Add: Construct Connect / Deltek	0	0	0	16,168
Adjusted Revenue	192,867	130,543	350,764	476,665
GAAP Gross Profit	98,167	73,720	254,028	279,735
Add: Construct Connect / Deltek	0	0	0	16,168
Less: Deltek Prepaid Commissions Adj	0	0	0	(39)
Adjusted Gross Profit	98,167	73,720	254,028	295,864
GAAP Operating Profit	58,249	32,867	121,315	119,558
Add: Construct Connect / Deltek	0	0	0	16,168
Less: Deltek Prepaid Commissions Adj	0	0	0	(1,491)
Adjusted Operating Profit	58,249	32,867	121,315	134,235
Add Amortization	<u>2,212</u>	<u>3,082</u>	<u>26,219</u>	<u>42,675</u>
EBITA	60,461	35,949	147,534	176,910
Add Depreciation	<u>2,048</u>	<u>842</u>	<u>3,036</u>	<u>5,878</u>
EBITDA	62,509	36,791	150,570	182,788
EBITDA Margin	32.4%	28.2%	42.9%	38.3%

\* Excludes Corporate Expenses

# Reconciliations III

(in \$ thousands)	Q2 2016			
Margin Reconciliation	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology
GAAP Revenue	\$178,627	\$123,585	\$340,585	\$288,761
Add: Atlas / CliniSys / PCI Adj	0	0	288	0
Add: On Center / Aderant Adj	0	0	0	2,169
Adjusted Revenue	178,627	123,585	340,873	290,930
GAAP Gross Profit	89,709	68,410	246,396	163,005
Add: Atlas / CliniSys / PCI Adj	0	0	459	0
Add: On Center / Aderant Adj	0	0	0	2,169
Adjusted Gross Profit	89,709	68,410	246,855	165,174
GAAP Operating Profit	51,291	27,769	114,271	89,354
Add: DI / SWI / Strata / Atlas / CliniSys / PCI Adj	0	0	459	0
Add: On Center / Aderant Adj	0	0	0	2,169
Adjusted Operating Profit	51,291	27,769	114,730	91,523
Add Amortization	<u>2,248</u>	<u>4,028</u>	<u>27,094</u>	<u>16,800</u>
EBITA	53,539	31,797	141,824	108,323
Add Depreciation	<u>2,488</u>	<u>888</u>	<u>3,319</u>	<u>2,604</u>
EBITDA	56,027	32,685	145,143	110,927
EBITDA Margin	31.4%	26.4%	42.6%	38.1%

\* Excludes Corporate Expenses

# Reconciliations IV

<b>Cash Flow Reconciliation</b> (in \$ thousands)	<b>YTD 2016</b>	<b>YTD 2017</b>
Operating Cash Flow	\$376,832	\$550,092
Cash Paid for Taxes on Sale of ABEL	37,429	-
Adjusted Operating Cash Flow	414,261	550,092
Capital Expenditures	(18,348)	(24,797)
Capitalized Software Expenditures	(1,679)	(5,725)
Free Cash Flow	\$394,234	\$519,570



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