



Roper Technologies, Inc.

# Stifel Industrials Conference

June 13, 2016

**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 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 integrate our acquisitions and realize expected synergies. We also face other general risks, including our ability to realize cost savings from our operating initiatives, general economic conditions, unfavorable changes in foreign exchange rates, difficulties associated with exports, risks associated with our international operations, difficulties in making and integrating acquisitions, risks associated with newly acquired businesses, 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.

# Creating Shareholder Value

## Strategy

**Software and Engineered Products & Services for Diverse Niche Markets**

High Gross Margins  
Recurring Revenue

**Strong Operations Management**

Superior Operating Profits  
Excess Free Cash Flow

**Strategic Reinvestment of Cash**

R&D, Internal Growth, Acquisitions

## Results

### Significant Growth Platforms

- Leadership in Favorable Markets
- Diverse End Markets, Broad Customer Base

### Outstanding Cash Flow/Conversion

- Strong and Sustainable Margins
- High Incremental Operating Profit

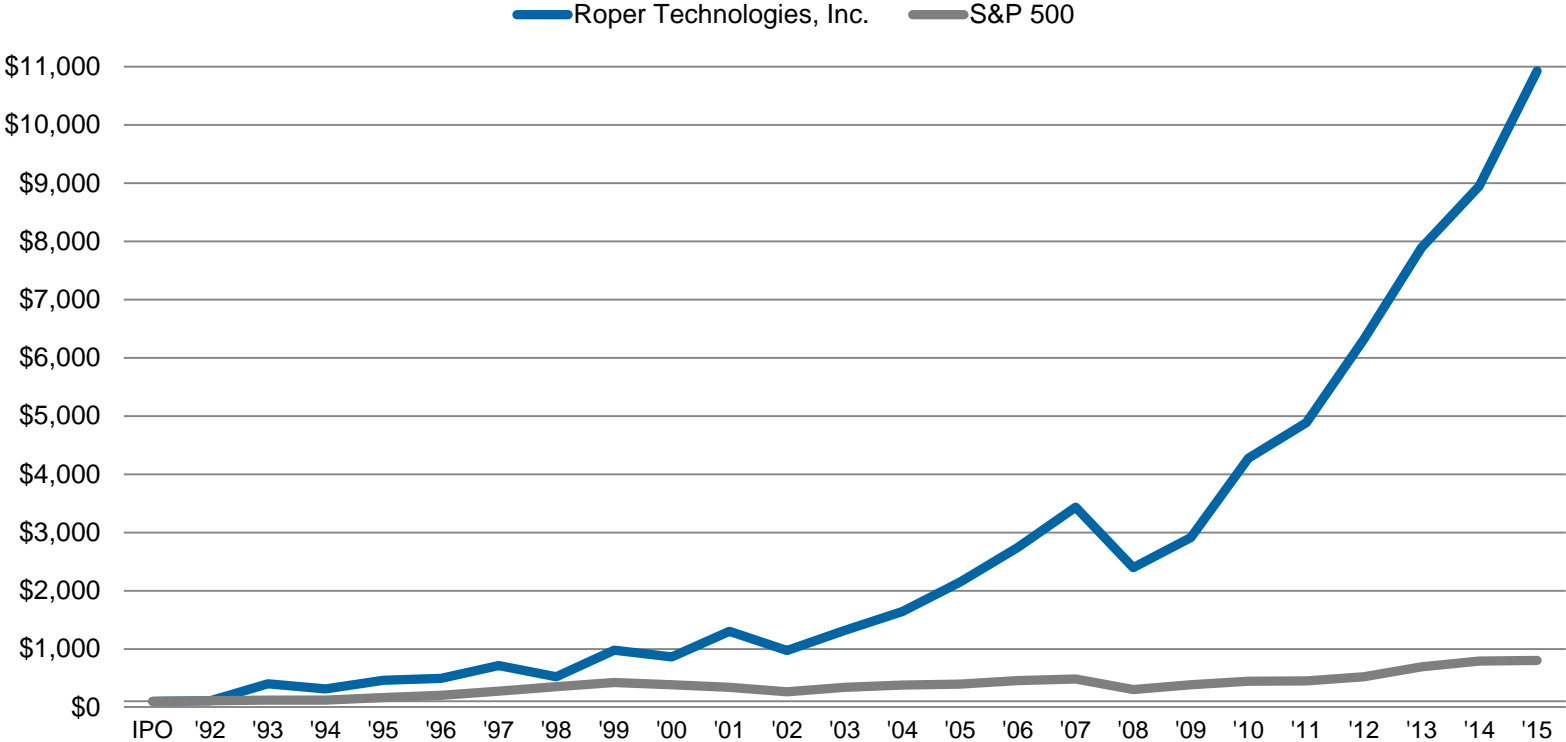
### Cash Deployment Creates Value

- Internal Growth Initiatives
- Disciplined Acquisitions and Successful Integration

**Significant Growth; Compelling Cash Flow**

# Total Shareholder Return

## Comparison of Cumulative Total Shareholder Return



Note: Chart depicts \$100 invested in IPO vs. S&P 500

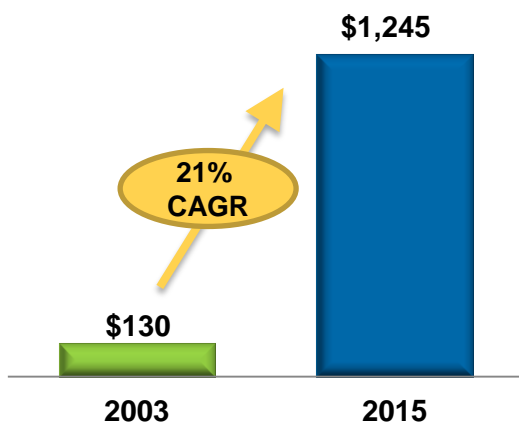
**A Proven Growth Strategy**



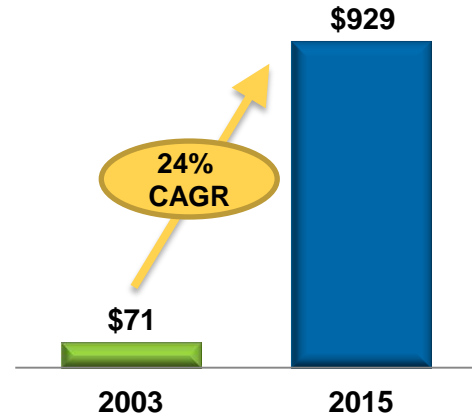
# Results

In \$ Millions

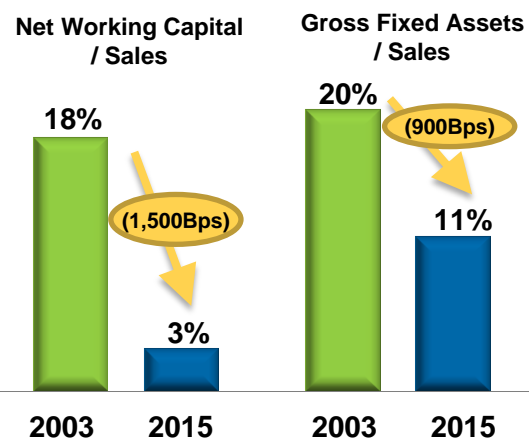
## EBITDA



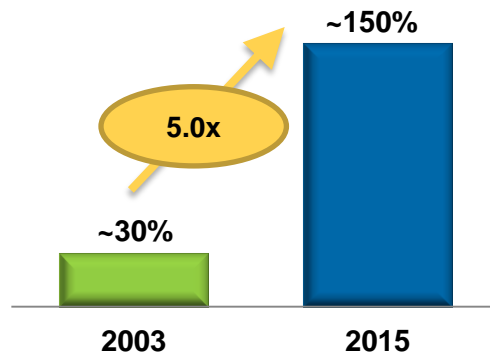
## Operating Cash Flow



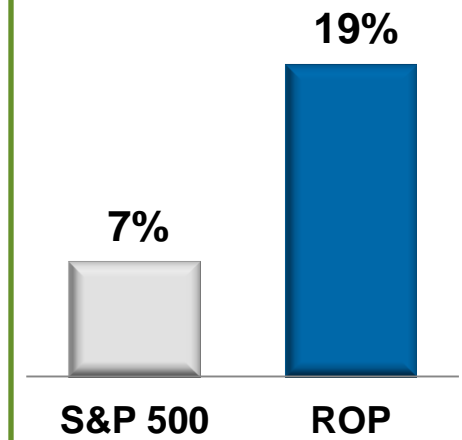
## Asset Intensity\*



## Cash Return on Investment



## Compound Annual Shareholder Return (2003 - 2015)



# Compounding Cash Drives Shareholder Value

\*Figures are Provided on an Adjusted Basis, See Appendix for Reconciliation from GAAP to Adjusted Results; 2003 Asset Intensity is Calculated Prior to the December 2003 Neptune Acquisition

# Roper Technologies Today

## » Diversified Technology Company

- Focused, Independent Businesses with Leadership Positions in Niche Markets
- 61% Gross Margin; 35% EBITDA Margin
- Asset Light Model; ~1% Cap Ex / Sales; Low Working Capital
- ~70% of EBITDA from Medical and RF Tech/Software Segments
- 50%+ Recurring Revenue

## » Powerful Cash Flow Engine Drives Capital Deployment

- Free Cash Flow: 25% of Revenue; 135% Conversion Over the Past 13 Years
- Capital Deployment Exceeds Cash Flow
- Acquire Companies that Generate Excess Free Cash Flow for Future Capital Deployment

**Compounding Cash to Drive Shareholder Value**

# Governance Process Enhances Growth and Drives Financial Discipline



- » Operating Reviews with Detailed Performance Analysis
- » Break-Even Analysis Drives Better Decision Making
- » Sales & Operating Leverage; Working Capital Efficiency
- » Incentives Tied to Continuous, Sustained Performance Improvements; Not Budget-Based
- » Product, Placement, Hit Rate Analysis
- » Cash Return on Investment Metrics

**Governance Process Drives Highly Scalable Business System**

# CRI Discipline Drives Cash Flow

## Cash Earnings

Net Income + D&A –  
Maintenance Cap-Ex

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## Gross Investment

Net Working Capital\* + Net PP&E +  
Accumulated Depreciation

=

**C**ash  
**R**eturn on  
**I**vestment

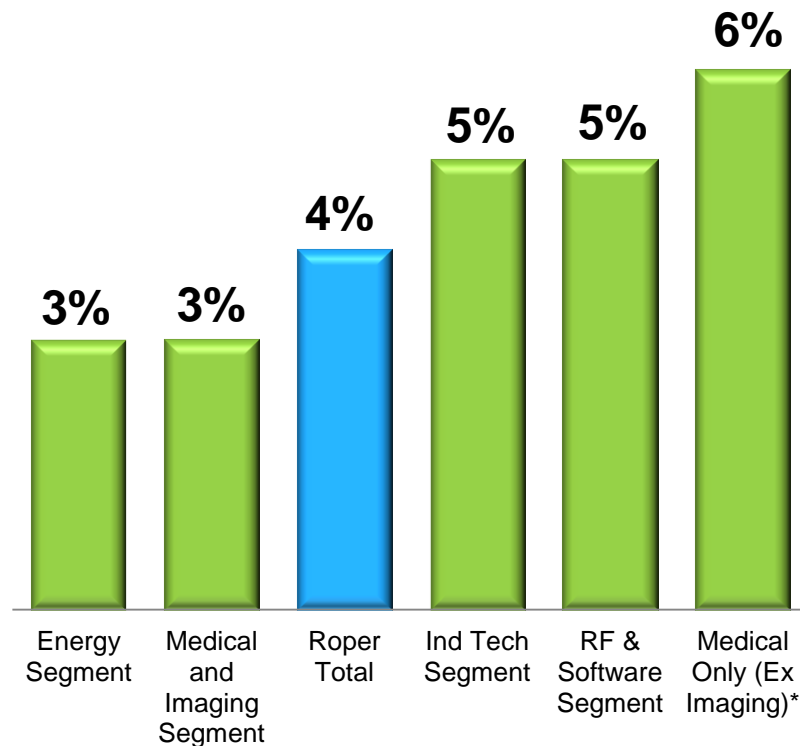
- » Common Metric throughout Roper Businesses
- » Focuses Businesses on Cash Flow Growth & Disciplined Asset Investment
- » Encourages Internal Growth Using Current or Reduced Assets
- » CRI is Highly Correlated to Market Valuation



# Roper Organic Growth

## 10 Year Average Organic Revenue Growth (2006-2015)

- » Organic Growth is a Key Component of Roper's Strategy for Long Term Cash Flow Compounding
- » Long History of Growth Across Segments and Businesses
- » Management Incentives Tied to Growth, Not Budgets
- » We Target Acquisitions That Are Accretive to Growth



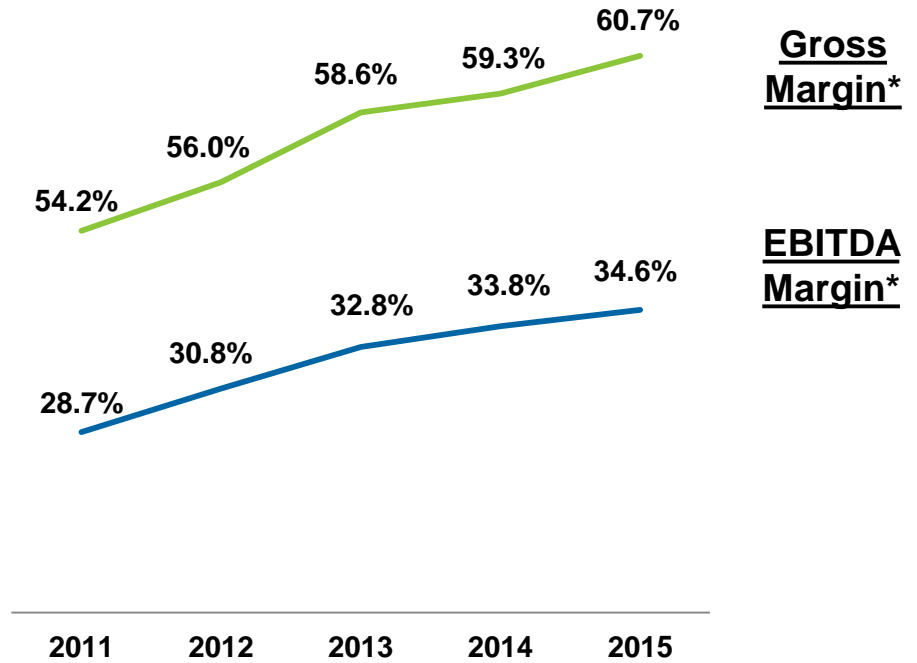
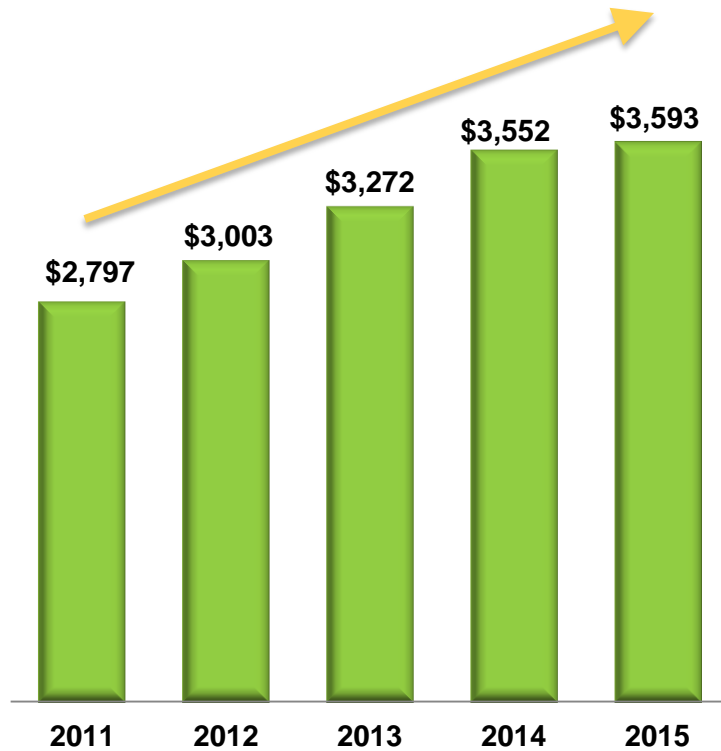
\* Note: Medical Now >80% of Segment

**History of Organic Growth Significantly Exceeding GDP**

# Sales Growth & Margin Expansion

In \$ Millions

## Revenue\*



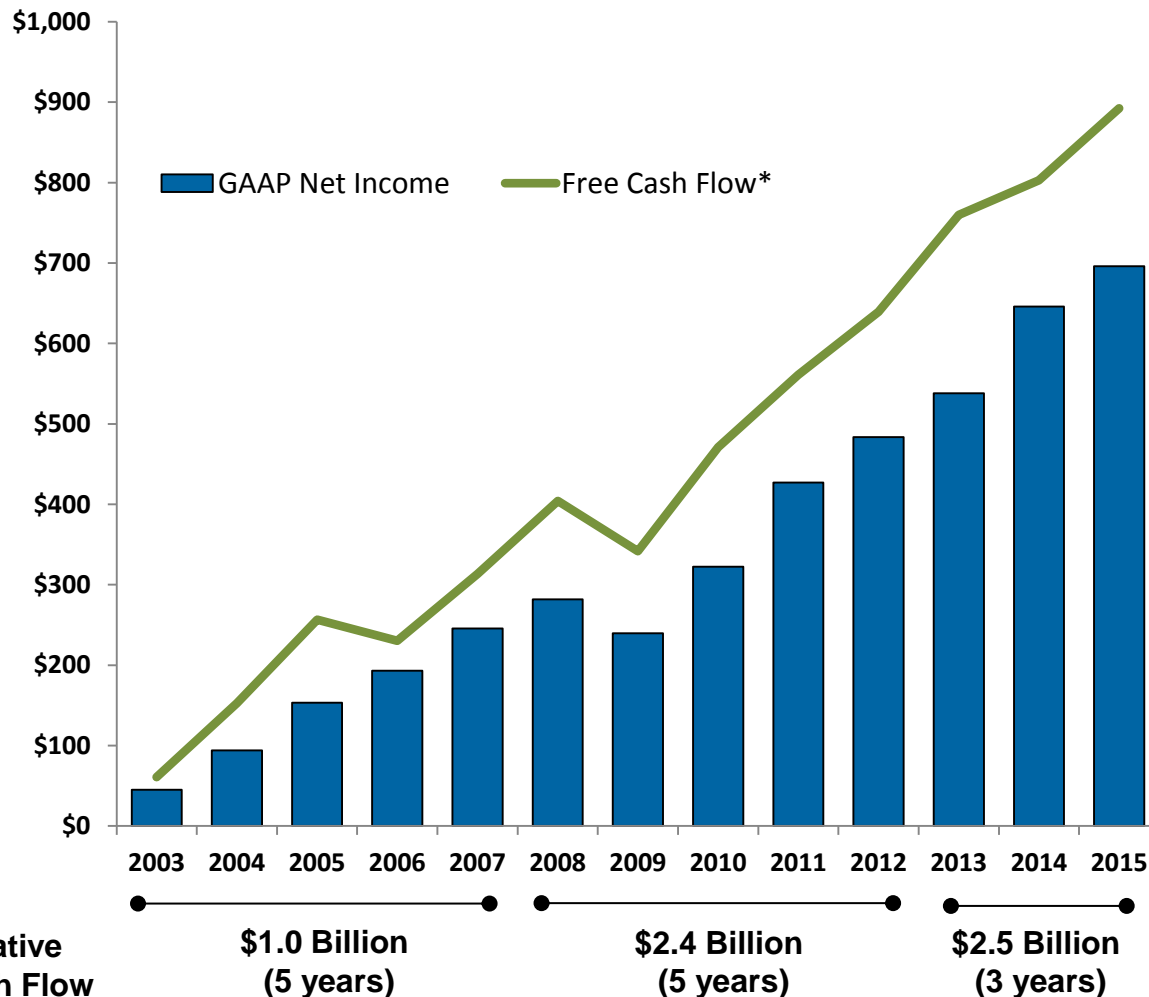
**Outstanding Leverage Driven by Execution and Growth**

\*Figures are Provided on an Adjusted Basis, See Appendix for Reconciliation from GAAP to Adjusted Results

# Compelling Cash Conversion

In \$ Millions

- » Free Cash Flow Has Exceeded Net Income for 18 Consecutive Years
- » Expect Strong Cash Conversion to Continue
- » ~\$1.0 Billion of Operating Cash Flow Expected in 2016

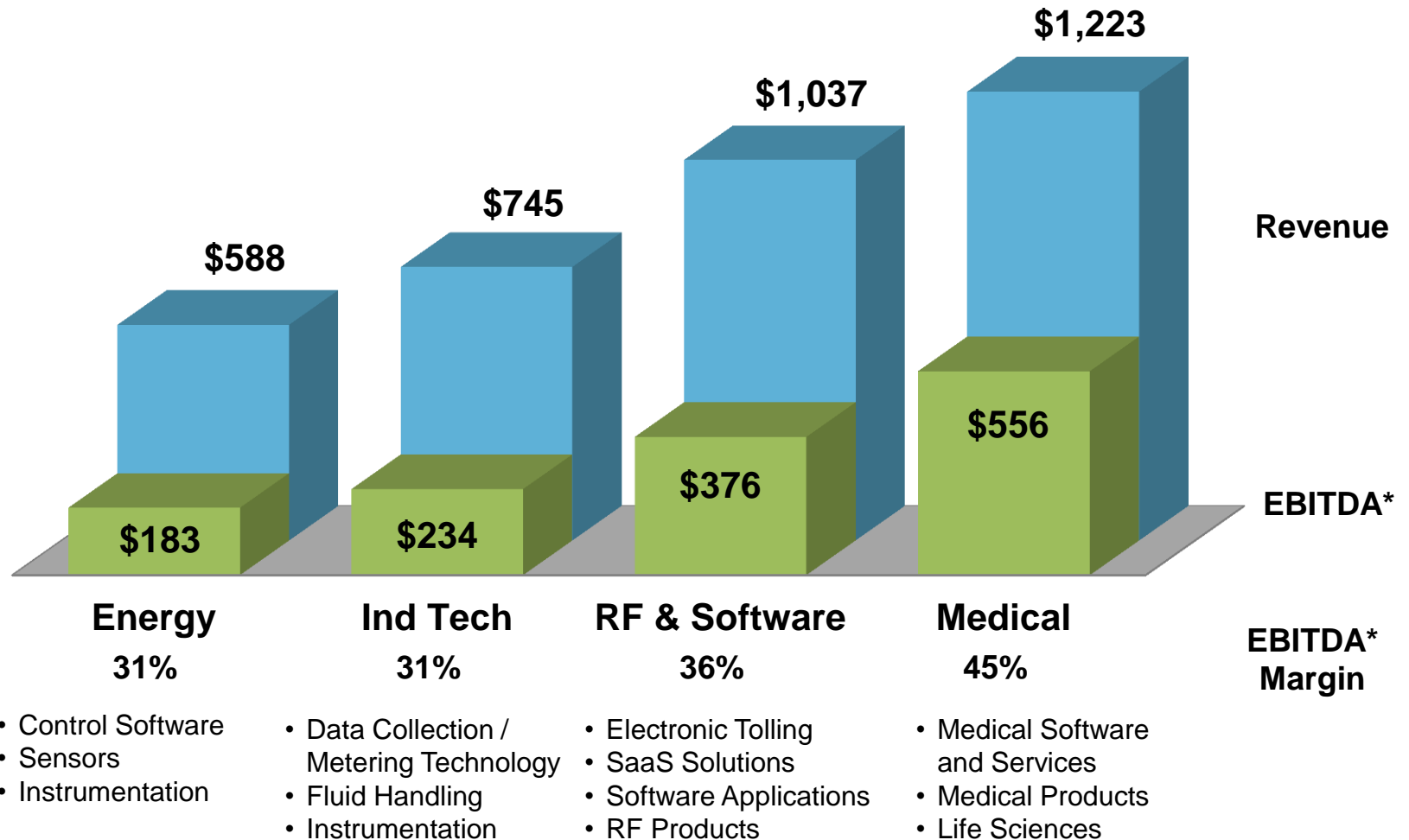


**Cash Flow Consistently Greater Than Net Income**

\*Free Cash Flow = Operating Cash Flow – Capital Expenditures

# 2015 Segment Performance

In \$ Millions



\* Excludes Corporate Expenses

# Medical Solutions

## Medical Software / Services (~45% of Segment Revenue)

- » Leading Provider of Laboratory Software Solutions for Large Hospitals, IDNs, and Anatomic Pathology
- » Leading Provider of Services and Technologies to Alternate Site Healthcare Markets
- » SaaS Data Analytics and Application Software for Hospital Cost Improvement and Post-Acute Markets

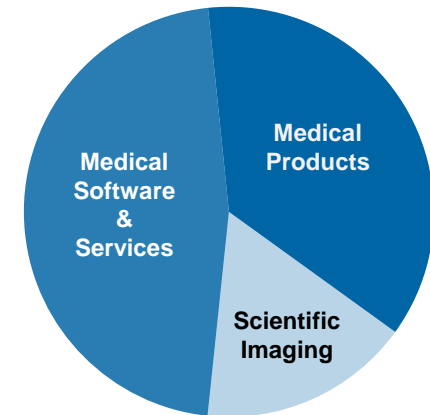
## Medical Products (~35% of Segment Revenue)

- » Ultrasound & Intubation Devices for Hospitals, Acute Care, Urology
- » Minimally-Invasive Surgical Products and Consumables
- » Patient Positioning Devices for Medical Imaging and Radiation Oncology
- » Automated Surgical Scrub Dispensing Equipment

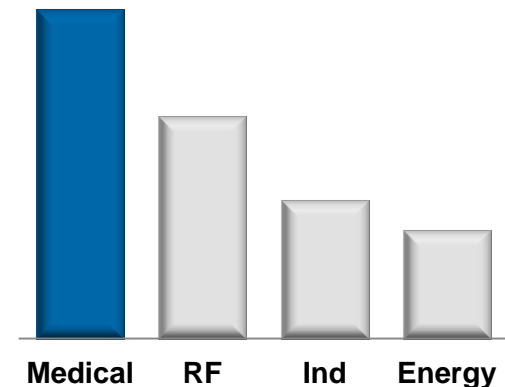
## Scientific Imaging (~20% of Segment Revenue)

- » Cameras, Filters and Accessories for Life Science Microscopy and Physical Science Spectroscopy Applications

Segment Revenue



Roper 2015 Segment EBITDA





# RF Technology & Software

## Software and SaaS (~45% of Segment Revenue)

- » Business Management Software for Law Firms
- » Freight Matching SaaS Network
- » SaaS Trading Network & Business Intelligence Solutions for the Food Industry
- » Application Software for Cashless Payments, Access Control and Food Service Solutions for Universities, Hospitals & K-12
- » Construction Automation Management Software

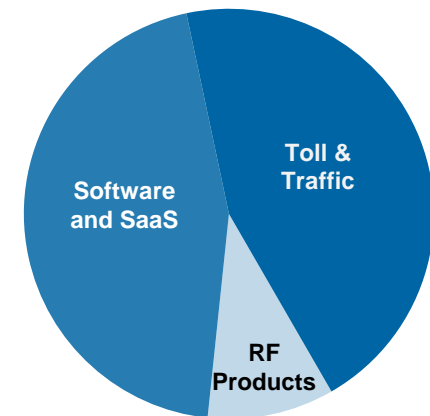
## Toll & Traffic (~45% of Segment Revenue)

- » Leading Provider of Electronic Tolling Solutions, including Design, RF Tags, Operations & Service
- » RF Tags: Rail, Asset Tracking, & Parking Control

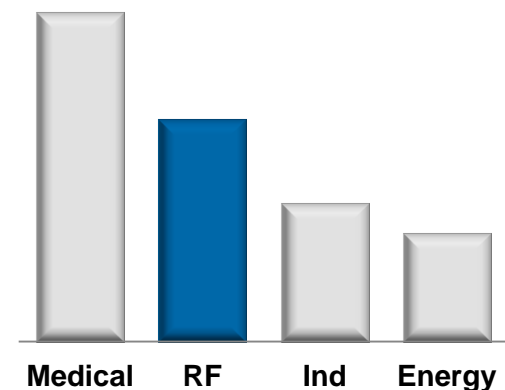
## RF Products (~10% of Segment Revenue)

- » Utility Network Pressure and Flow Monitoring & Communication
- » Wireless Sensors for Security & Submetering
- » Proprietary Identification Card Technology Solutions

Segment Revenue



Roper 2015 Segment EBITDA



# Industrial Technology

## **Water Meter & Technology** (~45% of Segment Revenue)

- » Automatic Meter Reading & Water Meter Devices

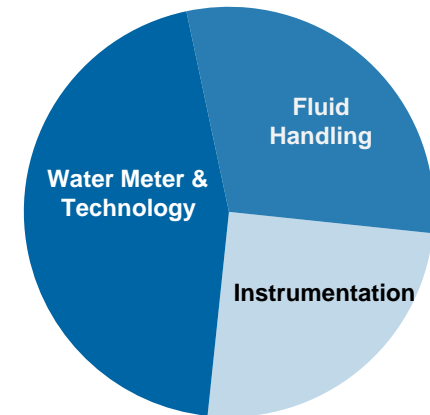
## **Fluid Handling** (~30% of Segment Revenue)

- » Pumps for Water, Agriculture, O&G and Industrial Applications
- » Valves for Cold Storage & Food Processing Facilities

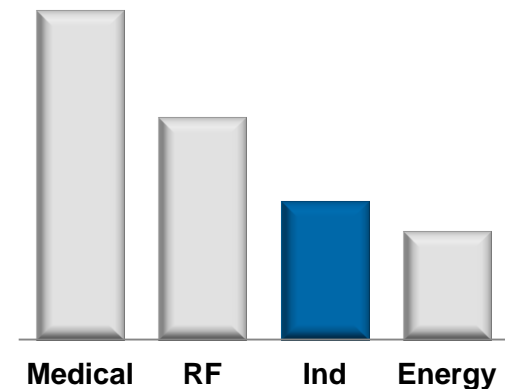
## **Instrumentation** (~25% of Segment Revenue)

- » Instrumentation & Consumables for Material Analysis

**Segment Revenue**



**Roper 2015 Segment EBITDA**



# Energy Systems & Controls

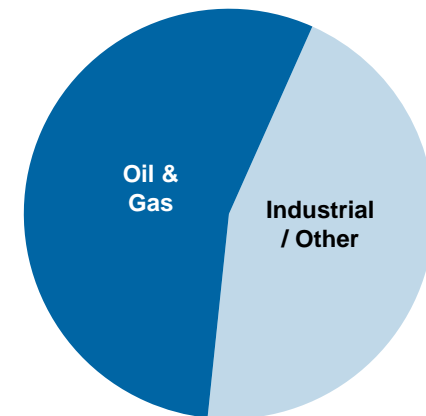
## Oil & Gas (~55% of Segment Revenue)

- » Control Systems, Software and Service for Compressors & Turbines in LNG, Downstream, Pipeline and Upstream Applications
- » Analytical Instrumentation Serving Downstream Refining & PetroChem
- » Diesel Engine Safety Shut-Off Valves
- » Vibration Analysis & Measurement Technologies

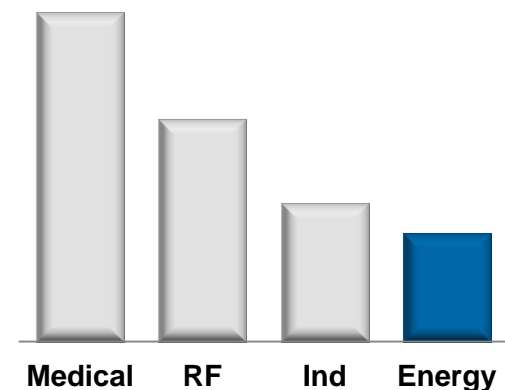
## Industrial / Other (~45% of Segment Revenue)

- » Sensors & Instruments for Process Industries
- » Non-Destructive Testing Systems for Nuclear Power Facilities

Segment Revenue



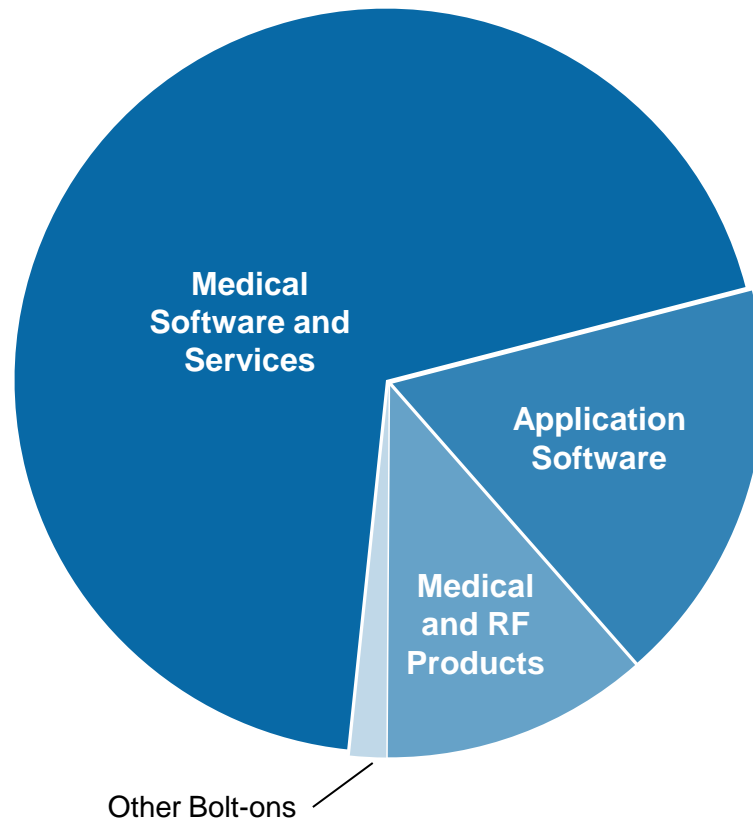
Roper 2015 Segment EBITDA



# Acquiring High Performance Companies

- » We Only Acquire High CRI Businesses
- » High Recurring Revenue
- » Asset-Light with Powerful Cash Flow Characteristics
- » Leaders in Niche Markets with Competitive Advantages
- » Management Teams Committed to Continued Growth

**Deployed \$5B+ in Acquisitions (2011-Today)**



**Transformed Enterprise to Diversified Technology Company**

# The Roper Strategy

## Strategy

**Software and Engineered Products & Services for Diverse Niche Markets**

High Gross Margins  
Recurring Revenue

**Strong Operations Management**

Superior Operating Profits  
Excess Free Cash Flow

**Strategic Reinvestment of Cash**

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- Internal Growth Initiatives
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**Significant Growth; Compelling Cash Flow**



# Appendix

# Reconciliations I

(in Thousands)	Full Year 2015			
Margin Reconciliation	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology
GAAP Revenue	\$745,381	\$587,745	\$1,215,318	\$1,033,951
Add: SHP / DI / SWI / Strata / Atlas Adj	0	0	7,831	0
Add: FL / On Center / RF IDEas / Aderant Adj	0	0	0	2,786
Adjusted Revenue	745,381	587,745	1,223,149	1,036,737
GAAP Gross Profit	370,894	341,372	899,775	552,605
Add: SHP / DI / SWI / Strata / Atlas Adj	0	0	7,831	0
Add: FL / On Center / RF IDEas / Aderant Adj	0	0	0	7,346
Adjusted Gross Profit	370,894	341,372	907,606	559,951
GAAP Operating Profit	214,538	162,128	441,931	312,112
Add: SHP / DI / SWI / Strata / Atlas Adj	0	0	7,831	0
Add: FL / On Center / RF IDEas / Aderant Adj	0	0	0	7,346
Adjusted Operating Profit	214,538	162,128	449,762	319,458
Add Amortization	<u>9,044</u>	<u>16,158</u>	<u>94,433</u>	<u>46,441</u>
EBITA	223,582	178,286	544,195	365,899
Add Depreciation	<u>10,868</u>	<u>5,096</u>	<u>11,495</u>	<u>10,436</u>
EBITDA	234,450	183,382	555,690	376,335

# Reconciliations II



## Full Year 2015 Reconciliation of GAAP to Adjusted; Revenue, Gross Profit, and EBITDA

	Full Year 2015 GAAP	Adjustments				Full Year 2015 Adjusted
		Purchase Accounting Adjustments to Acquired Deferred Revenue	Purchase Accounting Adjustments to Acquired Inventory	Write-Down of Investment	Gain on Sale of Business	
<small>(All Numbers are In Thousands)</small>						
<b>Net Sales</b>	\$3,582,395	\$10,617	-	-	-	\$3,593,012
<b>Gross Profit</b>	\$2,164,646	\$10,617	\$4,560	-	-	\$2,179,823
<b>Operating Profit</b>	\$1,027,918	\$10,617	\$4,560	-	-	\$1,043,095
Net Earnings	\$696,067	\$6,901	\$2,964	\$6,193	\$(33,431)	\$678,694
Taxes	306,278	3,716	1,596	3,335	\$(37,429)	277,496
Interest	84,225	-	-	-	-	84,225
Depreciation	38,185	-	-	-	-	38,185
Amortization	166,076	-	-	-	-	166,076
<b>EBITDA</b>	\$1,290,831	\$10,617	\$4,560	\$9,528	\$(70,860)	\$1,244,676

- (1) For the purchase accounting adjustments, the company used a 35% tax rate as these adjustments are US-based items and 35% is the statutory tax rate in the United States.
- (2) For the write-down on investment adjustment, the company used a 35% tax rate as this adjustment was US-based and 35% is the statutory tax rate in the United States.
- (3) For the Gain on Sale, the specific taxes due in regard to this transaction have been identified above.

# Reconciliations III

## Full Year 2014 Reconciliation of GAAP to Adjusted; Revenue, Gross Profit, and EBITDA

		Adjustments		
		Purchase Accounting Adjustments to Acquired Deferred Revenue	Purchase Accounting Adjustments to Acquired Inventory	
(All Numbers are In Thousands)				
<b>Full Year 2014 GAAP</b>				
<b>Net Sales</b>	\$3,549,494	\$2,330	-	\$3,551,824
<b>Gross Profit</b>	\$2,101,899	\$2,330	\$849	\$2,105,078
<b>Operating Profit</b>	\$999,473	\$2,330	\$849	\$1,002,652
Net Earnings	\$646,033	\$1,515	\$552	\$648,100
Taxes	\$275,423	815	297	276,535
Interest	78,637	-	-	78,637
Depreciation	40,890	-	-	40,890
Amortization	156,394	-	-	156,394
<b>EBITDA</b>	<b>\$1,197,377</b>	<b>\$2,330</b>	<b>\$849</b>	<b>\$1,200,556</b>

(1) For the purchase accounting adjustments, the company used a 35% tax rate as these adjustments are US-based items and 35% is the statutory tax rate in the United States.

# Reconciliations IV

## Full Year 2013 Reconciliation of GAAP to Adjusted; Revenue, Gross Profit, and EBITDA

	Full Year 2013 GAAP	Adjustments			Full Year 2013 Adjusted
		Purchase Accounting Adjustment to Acquired Deferred Revenue	Purchase Accounting Adjustments to Acquired Receivables	Hansen Special Charge	
<small>(All Numbers are In Thousands)</small>					
<b>Net Sales</b>	\$3,238,128	\$6,980	\$26,433	-	\$3,271,541
<b>Gross Profit</b>	\$1,882,928	\$6,980	\$26,433	-	\$1,916,341
<b>Operating Profit</b>	\$842,361	\$6,980	\$26,433	\$9,100	\$884,874
Net Earnings	\$538,293	\$4,537	\$17,181	\$5,915	\$565,926
Taxes	\$215,837	2,443	9,252	3,185	230,717
Interest	88,039	-	-	-	88,039
Depreciation	37,756	-	-	-	37,756
Amortization	151,434	-	-	-	151,434
<b>EBITDA</b>	\$1,031,359	\$6,980	\$26,433	\$9,100	\$1,073,872

(1) For the purchase accounting adjustments, the company used a 35% tax rate as these adjustments are US-based items and 35% is the statutory tax rate in the United States.

(2) For the special charge, the company used a 35% tax rate as this adjustment was US-based and 35% is the statutory tax rate in the United States.



# Reconciliations V



## 2012 Reconciliation of GAAP to Adjusted; Revenue, Gross Profit, and EBITDA

	2012 GAAP	Adjustments			2012 Adjusted
		Sunquest Acquisition-Related Expenses	Sunquest Fair Value Adjustment to Acquired Deferred Revenue	Debt Extinguishment Charge	
<small>(All Numbers are In Thousands)</small>					
<b>Net Sales</b>	\$2,993,489	-	\$9,082	-	\$3,002,571
<b>Gross Profit</b>	\$1,671,717	-	\$9,082	-	\$1,680,799
Net Earnings	\$483,360	\$4,100	\$5,903	\$678	\$494,041
Taxes	203,321	2,208	3,179	365	209,073
Interest	67,525	-	-	-	67,525
Depreciation	37,888	-	-	-	37,888
Amortization	116,860	-	-	-	116,860
<b>EBITDA</b>	<b>\$908,954</b>	<b>\$6,308</b>	<b>\$9,082</b>	<b>\$1,043</b>	<b>\$925,387</b>

(1) For the three adjustments, the company used a 35% tax rate as these adjustments are all US-based items and 35% is the statutory tax rate in the United States.

# Reconciliations VI

## FY'11 Reconciliation of EBITDA

(All Numbers are In Thousands)	Adjustment		
	2011 GAAP	Remeasurement Gain on Intercompany Debt	2011 Adjusted
<b><u>EBITDA Reconciliation</u></b>			
<b>Net Earnings</b>	\$427,247	(4,698)	\$422,549
<b>Taxes</b>	177,740	(2,211)	175,529
<b>Interest</b>	63,648	-	63,648
<b>Depreciation</b>	36,780	-	36,780
<b>Amortization</b>	103,363	-	103,363
<b>EBITDA</b>	808,778	(6,909)	801,869



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