



A DIVERSIFIED TECHNOLOGY COMPANY

# Q4 2018 FINANCIAL RESULTS

FEBRUARY 1, 2019

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.

Today's Conference Call Will Discuss Results Primarily on an Adjusted (Non-GAAP) Basis. The Q4 Results are Adjusted for the Following Items:

- (1) Acquisition-Related Intangible Amortization Expense
- (2) Purchase Accounting Adjustment to Acquired Deferred Revenue
- (3) Recognition of Deferred Tax Benefit Due to Held-For-Sale Classification of our Scientific Imaging Businesses
- (4) Measurement Period Adjustment to 2017 Provisional Income Tax Amounts Resulting from the Tax Cuts and Jobs Act
- (5) One-Time Expense for Accelerated Vesting (Brian Jellison)

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



- Q4 and FY 2018 Enterprise Financial Results
- 2018 Segment Detail & 2019 Segment Outlook
- 2019 Enterprise Guidance
- Q&A

# Q4 2018 ENTERPRISE HIGHLIGHTS



- Record Q4 Results: Revenue, EBITDA, Net Earnings, Cash Flow
- Revenue +12% to \$1.38B; Organic +9%
- Gross Profit +13%; Margin +90 Bps to 63.5%
- EBITDA +12% to \$496M; EBITDA Margin +30 Bps to 36.0%
- Earnings Before Taxes +14% to \$435M
- DEPS +19% to \$3.22
- Operating Cash Flow +26% to \$464M, 34% of Revenue
- Free Cash Flow +27% to \$447M, 32% of Revenue

**Diverse Set of Niche Market Leaders Delivered Outstanding Results**

# Q4 INCOME STATEMENT METRICS



	Q4'17	Q4'18	
Revenue	\$1,235	\$1,378	+12%; Organic +9%
Gross Profit	\$773	\$874	
Gross Margin	62.6%	63.5%	+90 bps
EBITDA	\$441	\$496	+12%
EBITDA Margin	35.7%	36.0%	
Interest Expense	\$43	\$47	
Earnings Before Taxes	\$383	\$435	+14%
Tax Rate	26.9%	22.8%	
Net Earnings	\$280	\$336	
DEPS	\$2.70	\$3.22	+19%

In \$ millions, except DEPS.

Results are presented on an Adjusted (Non-GAAP) basis. See appendix of this presentation and press release for reconciliations from GAAP to Adjusted results.

# Q4 SEGMENT RESULTS



## RF TECHNOLOGY & SOFTWARE

43% of Roper Revenue

	Q4'18	V to PY
Revenue	\$590	+18%
Op Profit	\$171	+19%
OP Margin	29.0%	Core +110 bps
EBITDA	\$229	+19%

- Organic Revenue +10%

## MEDICAL & SCIENTIFIC IMAGING

29% of Roper Revenue

	Q4'18	V to PY
Revenue	\$402	+9%
Op Profit	\$142	+9%
OP Margin	35.3%	Flat
EBITDA	\$170	+7%

- Organic Revenue +10%, FX (1)%

## INDUSTRIAL TECHNOLOGY

16% of Roper Revenue

	Q4'18	V to PY
Revenue	\$223	+8%
Op Profit	\$70	+15%
OP Margin	31.6%	+220 bps
EBITDA	\$74	+14%

- Organic Revenue +8%, FX (1)%

## ENERGY SYSTEMS & CONTROLS

12% of Roper Revenue

	Q4'18	V to PY
Revenue	\$162	+1%
Op Profit	\$57	+11%
OP Margin	35.4%	+320 bps
EBITDA	\$61	+9%

- Organic Revenue +2%, FX (1)%

In \$ millions.

Results are presented on an Adjusted (Non-GAAP) basis. See appendix of this presentation and press release for reconciliations from GAAP to Adjusted results.

# FULL YEAR INCOME STATEMENT METRICS



	FY'17	FY'18	
Revenue	\$4,665	\$5,199	+11%; Organic +8%
Gross Profit	\$2,922	\$3,287	
Gross Margin	62.6%	63.2%	+60 bps
EBITDA	\$1,605	\$1,806	+13%
EBITDA Margin	34.4%	34.7%	+30 bps
Interest Expense	\$181	\$182	
Earnings Before Taxes	\$1,371	\$1,571	+15%
Tax Rate	28.9%	21.5%	Sustained Tax Reform Benefit
Net Earnings	\$975	\$1,233	
DEPS	\$9.42	\$11.81	+25%

In \$ millions, except DEPS.

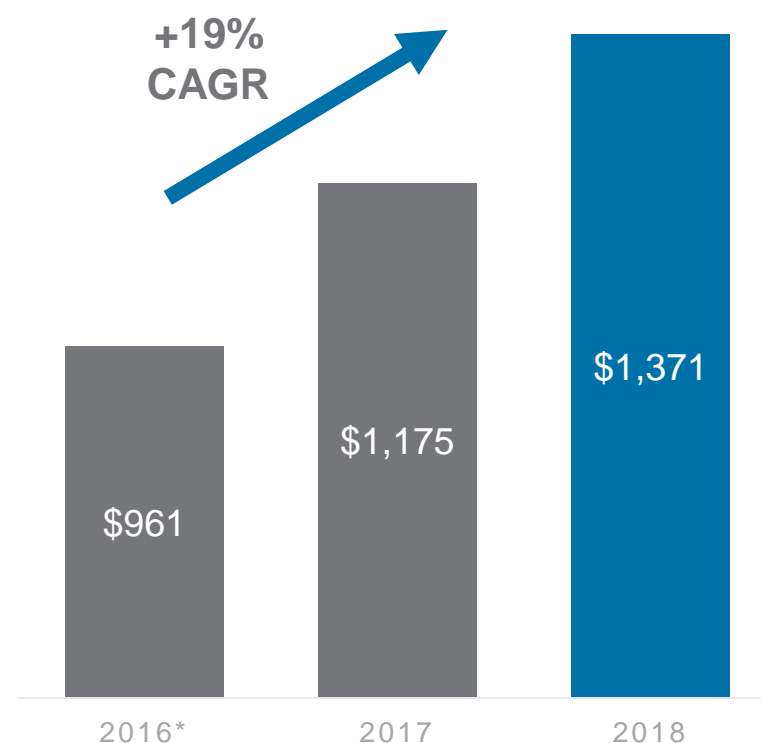
Results are presented on an Adjusted (Non-GAAP) basis. See appendix of this presentation and press release for reconciliations from GAAP to Adjusted results.



- Q4 Free Cash Flow: \$447M
  - +27% vs Prior Year
  - 32% of Revenue
- FY Operating Cash Flow: \$1.43B
  - +16% vs Prior Year
  - 28% of Revenue
- FY Free Cash Flow: \$1.37B
  - +17% vs Prior Year
  - 26% of Revenue

## FULL YEAR FREE CASH FLOW

in \$ millions



## Cash Remains the Best Measure of Performance

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

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

Results are presented on an Adjusted (Non-GAAP) basis. See appendix of this presentation and press release for reconciliations from GAAP to Adjusted results.

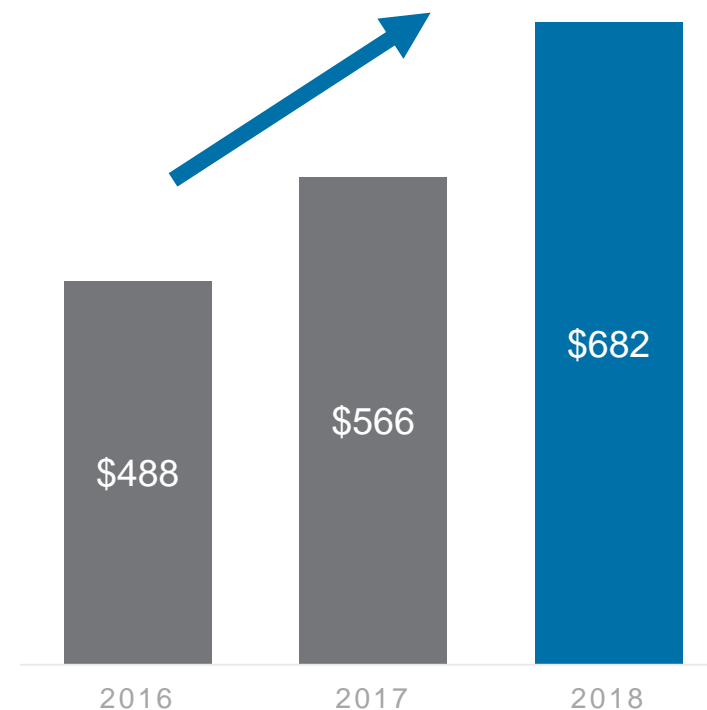
## NET WORKING CAPITAL <sup>(1)(2)</sup> AS % OF Q4 ANNUALIZED REVENUE

	<u>12/31/16</u>	<u>12/31/17</u>	<u>12/31/18</u>
(I) Inventory	4.6%	4.2%	4.1%
(R) Receivables	16.3%	16.0%	16.7%
<hr/>			
(P) Payables & Accruals	10.9%	12.0%	11.9%
(D) Deferred Revenue	7.2%	11.4%	12.2%
<hr/>			
Total (I+R-P-D)	2.7%	(3.3)%	(3.4)%

Note: Percentages may not sum correctly due to rounding.

## Q4 DEFERRED REVENUE <sup>(2)(3)</sup>

in \$ millions



## Net Working Capital Remains a Source of Cash

1) Defined as Inventory + A/R + Unbilled Receivables – A/P – Accrued Liabilities – Deferred Revenue; Excludes Acquisitions Completed in Each Quarter and Dividend Accrual.

2) Includes assets and liabilities that have been classified as held-for-sale on Roper's balance sheet.

3) Ending balance as of December 31st.

# STRONG FINANCIAL POSITION



	12/31/17	12/31/18	V to PY
Cash	\$671	\$364	
Gross Debt	\$5,156	\$4,942	(\$214)
Net Debt	\$4,484	\$4,578	
TTM EBITDA	\$1,605	\$1,806	+\$201
Gross Debt-to-EBITDA (TTM)	3.2x	2.7x	
Net Debt-to-EBITDA (TTM)	2.8x	2.5x	
Undrawn on \$2.5B Revolver	\$1,230	\$1,635	

**Reduced Leverage; Deployed \$1.3B in High-Quality Software Acquisitions**

In \$ millions.

Results are presented on an Adjusted (Non-GAAP) basis. See appendix of this presentation and press release for reconciliations from GAAP to Adjusted results.

# **SEGMENT DETAIL & OUTLOOK**

42% of 2018 Roper Revenue

	FY'18	V to PY
Revenue	\$2,176	+13%
Op Profit	\$621	+17%
OP Margin	28.5%	Core +130 bps
EBITDA	\$839	+16%

## 2018 HIGHLIGHTS

- Segment Organic Growth +6%; Software Businesses Organic Growth +8%
- Deltek HSD Revenue Growth and Excellent Cash Performance
  - GovCon Scale Benefits Continued; Market Share Gains Across Enterprise and SMB
  - Vantagepoint Early Traction in Niche Professional Services End Markets

- Freight Match Record Year from Network Expansion and Favorable Market Conditions
- Aderant Double Digit Growth on Share Gains
- iTradeNetwork Grew MSD with Solid Margin Expansion
- ConstructConnect Pre-Construction Network Strengthened with Expanded Solutions
- TransCore Toll and Traffic Growth from Back Office Service and Software and Tolling Project Execution
- PowerPlan Acquired in Q2; Another High-Quality Niche Application Software Business

## 2019 Outlook: +4 - 6% Organic Revenue Growth

29% of 2018 Roper Revenue

	FY'18	V to PY
Revenue	\$1,522	+8%
Op Profit	\$521	+7%
OP Margin	34.2%	(30) bps
EBITDA	\$637	+5%

## 2018 HIGHLIGHTS

- Segment Organic Growth +7%
- Strong Growth and Execution in Niche Medical Application Software: Strata Decision Technology, Data Innovations and CliniSys
- Alternate Site Growth Led by Long-Term Care and Home Health Software Solutions: SoftWriters and SHP
- U.S. Lab Business Declined as Expected

- Rapid Growth from Niche Medical Product Businesses: CIVCO, NDI and IPA
- Double-Digit Growth from Verathon
  - Strong Demand for New BladderScan
  - Recurring Revenue from GlideScope Consumables
- Strong Gatan Revenue Contribution from Delivery of Next Generation Cryo-EM Products Backlog
- Divestiture of Imaging Businesses
  - Pending Gatan Divestiture Subject to U.K. Regulatory Review; Expect 2<sup>nd</sup> Half Close
  - Pending Scientific Imaging (Cameras) Businesses Divestiture to Teledyne Expected to Close in Q1 2019

## 2019 Outlook: +4 - 6% Organic Revenue Growth

## INDUSTRIAL TECHNOLOGY

17% of 2018 Roper Revenue

	FY'18	V to PY
Revenue	\$900	+15%
Op Profit	\$284	+21%
OP Margin	31.6%	+160 bps
EBITDA	\$301	+19%

## 2018 HIGHLIGHTS

- Segment Organic +14%
- Double Digit Growth at Neptune; Continued Share Gains from Customer-Focused Innovation
- Great Year at Cornell and Roper Pump Driven by Meaningful Share Gains

## 2019 OUTLOOK

- LSD Organic Growth
- Neptune and Industrial Growth; Difficult H1 Comps in Upstream O&G

## ENERGY SYSTEMS & CONTROLS

12% of 2018 Roper Revenue

	FY'18	V to PY
Revenue	\$600	+9%
Op Profit	\$181	+20%
OP Margin	30.1%	+270 bps
EBITDA	\$197	+17%

## 2018 HIGHLIGHTS

- Segment Organic +7%
- Upstream Applications grew Double Digits
- CCC Returned to Growth from New Construction Projects
- Broad-Based Growth in Industrial End Markets

## 2019 OUTLOOK

- Flat to LSD Organic Decline
- CCC Recovery Continues; Difficult H1 Comps in Upstream O&G

# 2019 GUIDANCE



- Full Year Adjusted DEPS: \$12.00 - \$12.40
  - Organic Revenue Growth: +3 – 5%
  - Tax Rate: ~22%
  - Includes ~(\$0.25) Impact from Pending Imaging Divestitures, Net of Interest
- Q1 Adjusted DEPS: \$2.74 - \$2.80
- Guidance Excludes Impact of Future Acquisitions or Divestitures
  - Pending Gatan Divestiture to Thermo Fisher Subject to U.K. Regulatory Review; Expect 2<sup>nd</sup> Half 2019 Close
  - Pending Scientific Imaging (Cameras) Businesses Divestiture to Teledyne Expected to Close in Q1 2019

- Excellent 2018 Performance
  - Diversified, Niche Market Strategy Continues to Produce Strong Results
  - 8% Organic Revenue Growth; Broad-Based Across All Four Segments
  - Gross Margin +60 Bps to 63.2%; EBITDA Margin +30 Bps to 34.7%
  - Free Cash Flow Increased 17% to \$1.37B; 26% of Revenue
- Well Positioned for a Great 2019
  - CRI Discipline, Niche Market Leadership Positions, Innovation and High Recurring Revenue Drive Consistent and Long-Term Cash Flow Compounding
  - Addition of Satish Maripuri (Software Group Executive) Enhances Management Team Talent and Breadth
  - Strong Balance Sheet; Significant Debt Reduction Over Past 2 Years
  - Pipeline of High Quality Acquisition Opportunities

**Simple Ideas. Powerful Results.**

# APPENDIX

# RECONCILIATIONS I



## Revenue Growth Reconciliation

<b>Q4 2018</b>	<b>RF Technology</b>	<b>Medical &amp; Scientific Imaging</b>	<b>Industrial Technology</b>	<b>Energy Systems &amp; Controls</b>	<b>Roper</b>
Organic Growth	10%	10%	8%	2%	9%
Acquisitions/Divestitures	9%	-	-	-	4%
Foreign Exchange	-	(1%)	(1%)	(1%)	(1%)
Rounding	(1%)	-	1%	-	-
<b>Total Revenue Growth</b>	<b>18%</b>	<b>9%</b>	<b>8%</b>	<b>1%</b>	<b>12%</b>

<b>FY 2018</b>	<b>RF Technology</b>	<b>Medical &amp; Scientific Imaging</b>	<b>Industrial Technology</b>	<b>Energy Systems &amp; Controls</b>	<b>Roper</b>
Organic Growth	6%	7%	14%	7%	8%
Acquisitions/Divestitures	7%	-	-	-	3%
Foreign Exchange	-	-	1%	1%	-
Rounding	-	1%	-	1%	-
<b>Total Revenue Growth</b>	<b>13%</b>	<b>8%</b>	<b>15%</b>	<b>9%</b>	<b>11%</b>

# RECONCILIATIONS II



## Adjusted Gross Margin Reconciliation (\$M)

	<u>Q4 2017</u>	<u>Q4 2018</u>	<u>V% / Bps</u>
GAAP Revenue	\$ 1,227	\$ 1,376	12%
Purchase accounting adjustment to acquired deferred revenue	8	1 <sup>A</sup>	
Adjusted Revenue	<u>\$ 1,235</u>	<u>\$ 1,378</u>	<u>12%</u>
GAAP Gross Profit	\$ 765	\$ 873	
Purchase accounting adjustment to acquired deferred revenue	8	1 <sup>A</sup>	
Adjusted Gross Profit	<u>\$ 773</u>	<u>\$ 874</u>	<u>13%</u>
GAAP Gross Margin	62.4%	63.4%	+100 bps
Adjusted Gross Margin	62.6%	63.5%	+90 bps
	<u>FY 2017</u>	<u>FY 2018</u>	<u>V% / Bps</u>
GAAP Revenue	\$ 4,607	\$ 5,191	13%
Purchase accounting adjustment to acquired deferred revenue	57	8 <sup>A</sup>	
Adjusted Revenue	<u>\$ 4,665</u>	<u>\$ 5,199</u>	<u>11%</u>
GAAP Gross Profit	\$ 2,865	\$ 3,280	
Purchase accounting adjustment to acquired deferred revenue	57	8	
Adjusted Gross Profit	<u>\$ 2,922</u>	<u>\$ 3,287</u>	<u>12%</u>
GAAP Gross Margin	62.2%	63.2%	+100 bps
Adjusted Gross Margin	62.6%	63.2%	+60 bps

## Free Cash Flow Reconciliation (\$M)

	<u>Q4 2017</u>	<u>Q4 2018</u>	<u>V %</u>
Operating Cash Flow	\$ 369	\$ 464	26%
Capital Expenditures	(13)	(15)	
Capitalized Software Expenditures	(3)	(2)	
Free Cash Flow	<u>\$ 353</u>	<u>\$ 447</u>	<u>27%</u>
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Operating Cash Flow	\$ 964	\$ 1,234	\$ 1,430
Add: Cash Paid for Taxes on Sale of ABEL	37	-	-
Adjusted Operating Cash Flow	\$ 1,001	\$ 1,234	\$ 1,430
Capital Expenditures	(37)	(49)	(49)
Capitalized Software Expenditures	(3)	(11)	(10)
Adjusted Free Cash Flow	<u>\$ 961</u>	<u>\$ 1,175</u>	<u>\$ 1,371</u>

# RECONCILIATIONS III



## Adjusted EBITDA Reconciliation (\$M)

	<u>Q4 2017</u>	<u>Q4 2018</u>	<u>V%/ Bps</u>
GAAP Revenue	\$ 1,227	\$ 1,376	12%
Purchase accounting adjustment to acquired deferred revenue	8	1 <sup>A</sup>	
Adjusted Revenue	<u>\$ 1,235</u>	<u>\$ 1,378</u>	<u>12%</u>
GAAP Net Earnings	444	257	
Taxes	(140)	61	
Interest Expense	43	47	
Depreciation	13	12	
Amortization	74	82	
EBITDA	<u>\$ 433</u>	<u>\$ 460</u>	<u>6%</u>
Purchase accounting adjustment to acquired deferred revenue	8	1 <sup>A</sup>	
Purchase accounting adjustment for commission expense	(1)	-	
One-time expense for accelerated vesting <sup>B</sup>	-	35	
Adjusted EBITDA	<u>\$ 441</u>	<u>\$ 496</u>	<u>12%</u>
% of Adjusted Revenue	35.7%	36.0%	+30 bps

	<u>FY 2017</u>	<u>FY 2018</u>	<u>V%/ Bps</u>
GAAP Revenue	\$ 4,607	\$ 5,191	13%
Purchase accounting adjustment to acquired deferred revenue	57	8 <sup>A</sup>	
Adjusted Revenue	<u>\$ 4,665</u>	<u>\$ 5,199</u>	<u>11%</u>
GAAP Net Earnings	972	944	
Taxes	63	254	
Interest Expense	181	182	
Depreciation	50	50	
Amortization	295	318	
EBITDA	<u>\$ 1,560</u>	<u>\$ 1,748</u>	<u>12%</u>
Purchase accounting adjustment to acquired deferred revenue	57	8 <sup>A</sup>	
Debt extinguishment charge <sup>C</sup>	-	16	
One-time expense for accelerated vesting <sup>B</sup>	-	35	
Purchase accounting adjustment for commission expense	(5)	-	
Gain on sale of divested energy product line	(9)	-	
Impairment charge on minority investment	2	-	
Adjusted EBITDA	<u>\$ 1,605</u>	<u>\$ 1,806</u>	<u>13%</u>
% of Adjusted Revenue	34.4%	34.7%	+30 bps

# RECONCILIATIONS IV



## Adjusted Earnings Before Taxes Reconciliation (\$M)

	<u>Q4 2017</u>	<u>Q4 2018</u>	<u>V %</u>
GAAP Earnings Before Taxes	\$ 303	\$ 318	5%
Purchase accounting adjustment to acquired deferred revenue	8	1 <sup>A</sup>	
Amortization of acquisition-related intangible assets <sup>D</sup>	73	81	
One-time expense for accelerated vesting <sup>B</sup>	-	35	
Purchase accounting adjustment for commission expense	(1)	-	
Adjusted Earnings Before Taxes	<u>\$ 383</u>	<u>\$ 435</u>	<u>14%</u>

	<u>FY 2017</u>	<u>FY 2018</u>	<u>V %</u>
GAAP Earnings Before Taxes	\$ 1,035	\$ 1,198	16%
Purchase accounting adjustment to acquired deferred revenue	57	8 <sup>A</sup>	
Amortization of acquisition-related intangible assets <sup>D</sup>	292	314	
Debt extinguishment charge <sup>C</sup>	-	16	
One-time expense for accelerated vesting <sup>B</sup>	-	35	
Purchase accounting adjustment for commission expense	(5)	-	
Gain on sale of divested energy product line	(9)	-	
Impairment charge on minority investment	2	-	
Adjusted Earnings Before Taxes	<u>\$ 1,371</u>	<u>\$ 1,571</u>	<u>15%</u>

# RECONCILIATIONS V



## Adjusted Net Earnings Reconciliation (\$M) <sup>E</sup>

	<u>Q4 2017</u>	<u>Q4 2018</u>	<u>V %</u>		<u>FY 2017</u>	<u>FY 2018</u>	<u>V %</u>
GAAP Net Earnings	\$ 444	\$ 257	(42%)	GAAP Net Earnings	\$ 972	\$ 944	(3%)
Purchase accounting adjustment to acquired deferred revenue	5	1 <sup>A</sup>		Purchase accounting adjustment to acquired deferred revenue	37	6 <sup>A</sup>	
Amortization of acquisition-related intangible assets <sup>D</sup>	47	64		Amortization of acquisition-related intangible assets <sup>D</sup>	190	248	
Recognition of deferred tax benefit due to held-for-sale classification of Scientific Imaging businesses <sup>G</sup>	-	(2)		Recognition of deferred tax expense due to held-for-sale classification of Gatan <sup>H</sup>	-	10	
Measurement period adjustment to 2017 provisional income tax amounts resulting from the Tax Cuts and Jobs Act <sup>F</sup>	-	(12)		Recognition of deferred tax benefit due to held-for-sale classification of Scientific Imaging businesses <sup>G</sup>	-	(2)	
One-time expense for accelerated vesting <sup>B</sup>	-	28		Measurement period adjustment to 2017 provisional income tax amounts resulting from the Tax Cuts and Jobs Act <sup>F</sup>	-	(14)	
One-time net gain resulting from the Tax Cuts and Jobs Act	(215)	-		Debt extinguishment charge <sup>C</sup>	-	13	
Purchase accounting adjustment for commission expense	(1)	-		One-time expense for accelerated vesting <sup>B</sup>	-	28	
Adjusted Net Earnings	<u>\$ 280</u>	<u>\$ 336</u>	<u>20%</u>	Gain on sale of divested energy product line	(6)	-	
				Impairment charge on minority investment	1	-	
				One-time net gain resulting from the Tax Cuts and Jobs Act	(215)	-	
				Purchase accounting adjustment for commission expense	(3)	-	
				Adjusted Net Earnings	<u>\$ 975</u>	<u>\$ 1,233</u>	<u>26%</u>



# RECONCILIATIONS VI



## Adjusted DEPS Reconciliation <sup>E</sup>

	Q4 2017	Q4 2018	V %		FY 2017	FY 2018	V %
GAAP DEPS	\$ 4.27	\$ 2.46	(42%)	GAAP DEPS	\$ 9.39	\$ 9.05	(4%)
Purchase accounting adjustment to acquired deferred revenue	0.05	0.01 <sup>A</sup>		Purchase accounting adjustment to acquired deferred revenue	0.36	0.06 <sup>A</sup>	
Amortization of acquisition-related intangible assets <sup>D</sup>	0.46	0.61		Amortization of acquisition-related intangible assets <sup>D</sup>	1.83	2.38	
One-time expense for accelerated vesting <sup>B</sup>	-	0.26		Recognition of deferred tax expense due to held-for-sale classification of Gatan <sup>H</sup>	-	0.10	
Measurement period adjustment to 2017 provisional income tax amounts resulting from the Tax Cuts and Jobs Act <sup>F</sup>	-	(0.11)		Recognition of deferred tax benefit due to held-for-sale classification of Scientific Imaging businesses <sup>G</sup>	-	(0.02)	
Recognition of deferred tax benefit due to held-for-sale classification of Scientific Imaging businesses <sup>G</sup>	-	(0.02)		Measurement period adjustment to 2017 provisional income tax amounts resulting from the Tax Cuts and Jobs Act <sup>F</sup>	-	(0.14)	
One-time net gain resulting from the Tax Cuts and Jobs Act	(2.07)	-		Debt extinguishment charge <sup>C</sup>	-	0.12	
Purchase accounting adjustment for commission expense	(0.01)	-		One-time expense for accelerated vesting <sup>B</sup>	-	0.26	
Rounding	-	0.01		Gain on sale of divested energy product line	(0.06)	-	
Adjusted DEPS	\$ 2.70	\$ 3.22	19%	Impairment charge on minority investment	0.01	-	
				One-time net gain resulting from the Tax Cuts and Jobs Act	(2.08)	-	
				Purchase accounting adjustment for commission expense	(0.03)	-	
				Adjusted DEPS	\$ 9.42	\$ 11.81	25%

## Forecasted Adjusted DEPS Reconciliation <sup>E</sup>

	Q1 2019		Full Year 2019	
	Low End	High End	Low End	High End
GAAP DEPS	\$ 2.12	\$ 2.18	\$ 9.52	\$ 9.92
Amortization of acquisition-related intangible assets <sup>D</sup>	\$0.62	\$0.62	\$2.48	\$2.48
Adjusted DEPS	\$ 2.74	\$ 2.80	\$ 12.00	\$ 12.40

# RECONCILIATIONS VII



## Segment Reconciliation (\$M)

	RF Technology		Medical & Scientific Imaging		Industrial Technology		Energy Systems & Controls	
	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018
GAAP Revenue	\$ 491	\$ 589	\$ 368	\$ 402	\$ 207	\$ 223	\$ 160	\$ 162
Add: ConstructConnect & Deltek; PowerPlan & Onvia	8	1	-	-	-	-	-	-
Adjusted Revenue	<u>499</u>	<u>590</u>	<u>368</u>	<u>402</u>	<u>207</u>	<u>223</u>	<u>160</u>	<u>162</u>
GAAP Gross Profit	307	375	262	288	103	114	93	97
Add: ConstructConnect & Deltek; PowerPlan & Onvia	8	1	-	-	-	-	-	-
Adjusted Gross Profit	<u>315</u>	<u>376</u>	<u>262</u>	<u>288</u>	<u>103</u>	<u>114</u>	<u>93</u>	<u>97</u>
Adjusted Gross Margin	63.0%	63.8%	71.3%	71.5%	49.7%	51.0%	58.2%	59.6%
GAAP Operating Profit	137	170	130	142	61	70	52	57
Add: ConstructConnect & Deltek, Less Deltek Prepaid Commissions Adj; Add PowerPlan & Onvia	7	1	-	-	-	-	-	-
Adjusted Operating Profit	<u>144</u>	<u>171</u>	<u>130</u>	<u>142</u>	<u>61</u>	<u>70</u>	<u>52</u>	<u>57</u>
Adjusted Operating Margin	28.8%	29.0%	35.3%	35.3%	29.4%	31.6%	32.2%	35.4%
Add Amortization	42	52	26	25	2	2	3	3
Adjusted EBITA	186	223	156	167	63	73	55	60
Add Depreciation	6	6	3	3	2	2	1	1
Adjusted EBITDA	<u>192</u>	<u>229</u>	<u>160</u>	<u>170</u>	<u>65</u>	<u>74</u>	<u>56</u>	<u>61</u>
Adjusted EBITDA Margin	38.5%	38.8%	43.4%	42.3%	31.5%	33.4%	34.9%	37.7%

	RF Technology		Medical & Scientific Imaging		Industrial Technology		Energy Systems & Controls	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
GAAP Revenue	\$ 1,862	\$ 2,168	\$ 1,410	\$ 1,522	\$ 784	\$ 900	\$ 551	\$ 600
Add: ConstructConnect & Deltek; PowerPlan & Onvia	57	8	-	-	-	-	-	-
Adjusted Revenue	<u>1,920</u>	<u>2,176</u>	<u>1,410</u>	<u>1,522</u>	<u>784</u>	<u>900</u>	<u>551</u>	<u>600</u>
GAAP Gross Profit	1,137	1,385	1,015	1,087	396	458	316	349
Add: ConstructConnect & Deltek; PowerPlan & Onvia	57	8	-	-	-	-	-	-
Adjusted Gross Profit	<u>1,194</u>	<u>1,393</u>	<u>1,015</u>	<u>1,087</u>	<u>396</u>	<u>458</u>	<u>316</u>	<u>349</u>
Adjusted Gross Margin	62.2%	64.0%	72.0%	71.4%	50.6%	50.9%	57.4%	58.2%
GAAP Operating Profit	479	614	487	521	235	284	151	181
Add: ConstructConnect & Deltek, Less Deltek Prepaid Commissions Adj; Add PowerPlan & Onvia	52	7	-	-	-	-	-	-
Adjusted Operating Profit	<u>531</u>	<u>621</u>	<u>487</u>	<u>521</u>	<u>235</u>	<u>284</u>	<u>151</u>	<u>181</u>
Adjusted Operating Margin	27.7%	28.5%	34.5%	34.2%	30.0%	31.6%	27.4%	30.1%
Add Amortization	168	193	105	102	9	9	13	13
Adjusted EBITA	699	815	592	623	244	293	165	194
Add Depreciation	24	25	13	13	8	8	3	3
Adjusted EBITDA	<u>723</u>	<u>839</u>	<u>605</u>	<u>637</u>	<u>252</u>	<u>301</u>	<u>168</u>	<u>197</u>
Adjusted EBITDA Margin	37.7%	38.6%	42.9%	41.8%	32.2%	33.5%	30.5%	32.7%

- A. Q4'18 acquisition-related fair value adjustment to deferred revenue related to the acquisitions of Onvia and PowerPlan (\$1M pretax, \$1M after-tax). FY'18 acquisition-related fair value adjustment to deferred revenue related to the acquisitions of Deltek, Onvia, and PowerPlan (\$8M pretax, \$6M after-tax).
- B. One-time expense for accelerated vesting associated with the passing of Brian Jellison (\$35M pretax, \$28M after-tax).
- C. Debt extinguishment charge (\$16M pretax, \$13M after-tax) related to the early redemption of 2019 Senior Notes.
- D. Actual results and forecast of estimated amortization of acquisition-related intangible assets (\$M, except per share data); for comparison purposes, prior period amounts are also shown below. Tax rate of 35% applied to amortization in 2017, and tax rate of 21% applied to amortization in 2018 and 2019.

	<u>Q4 2017A</u>	<u>FY 2017A</u>	<u>Q4 2018A</u>	<u>FY 2018A</u>	<u>Q1 2019E</u>	<u>FY 2019E</u>
Pretax	\$73	\$292	\$81	\$314	\$82	\$330
After-tax	\$47	\$190	\$64	\$248	\$65	\$260
Per share	\$0.46	\$1.83	\$0.61	\$2.38	\$0.62	\$2.48

- E. All 2017 adjustments taxed at 35%, all 2018 and 2019 adjustments taxed at 21%.
- F. Measurement period adjustment of \$12 million for Q4 2018 and \$14 million for the full year 2018 to 2017 provisional income tax amounts resulting from the Tax Cuts and Jobs Act.
- G. Recognition of \$2 million deferred tax benefit due to held-for-sale classification of Scientific Imaging businesses.
- H. Recognition of \$10 million deferred tax expense due to held-for-sale classification of Gatan.

Note: Numbers may not foot due to rounding.



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