Section 1: 10-Q (10-Q)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020.

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ________to _______ .

Commission File Number 1-12273

ROPER TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	**51-0263969**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6901 Professional Pkwy. East, Suite 200	
Sarasota, Florida	**34240**
(Address of principal executive offices)	(Zip Code)

(941) 556-2601
(Registrant’s telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
Common Stock, $0.01 Par Value	ROP	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

☒ Large accelerated filer	☐ Accelerated filer
☐ Non-accelerated filer (Do not check if a smaller reporting company)	☐ Smaller reporting company
	☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares outstanding of the registrant’s common stock as of July 31, 2020 was 104,710,813.

ROPER TECHNOLOGIES, INC.

REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2020

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings (unaudited)
(in millions, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net revenues	$ 1,305.0	$ 1,330.3	$ 2,655.7	$ 2,617.5
Cost of sales	461.3	480.3	955.2	956.9
Gross profit	843.7	850.0	1,700.5	1,660.6
Selling, general and administrative expenses	510.1	481.6	1,017.7	945.8
Income from operations	333.6	368.4	682.8	714.8
Interest expense, net	47.5	45.1	92.9	88.8
Other income (expense), net	(2.0)	(1.0)	(1.2)	(4.1)
Gain on disposal of business	—	—	—	119.6
Earnings before income taxes	284.1	322.3	588.7	741.5
Income taxes	64.9	72.6	129.2	122.2
Net earnings	$ 219.2	$ 249.7	$ 459.5	$ 619.3
Net earnings per share:				
Basic	$ 2.10	$ 2.40	$ 4.40	$ 5.97
Diluted	$ 2.08	$ 2.38	$ 4.36	$ 5.90
Weighted average common shares outstanding:				
Basic	104.5	103.9	104.4	103.7
Diluted	105.5	105.1	105.4	104.9

See accompanying notes to Condensed Consolidated Financial Statements.

Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (unaudited)
(in millions)

	Three months ended June 30,		Six months ended June 30,	
	2020	**2019**	**2020**	**2019**
Net earnings	$ 219.2	$ 249.7	$ 459.5	$ 619.3
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	56.2	(28.6)	(72.0)	0.1
Total other comprehensive income (loss), net of tax	56.2	(28.6)	(72.0)	0.1
Comprehensive income	$ 275.4	$ 221.1	$ 387.5	$ 619.4

See accompanying notes to Condensed Consolidated Financial Statements.

Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (unaudited)
(in millions)

	June 30, 2020	December 31, 2019
ASSETS:		
Cash and cash equivalents	$ 1,870.8	$ 709.7
Accounts receivable, net	738.8	791.6
Inventories, net	216.6	198.6
Income taxes receivable	23.7	18.5
Unbilled receivables	225.1	183.5
Other current assets	104.2	97.6
Total current assets	3,179.2	1,999.5
Property, plant and equipment, net	129.6	139.9
Goodwill	10,846.6	10,815.4
Other intangible assets, net	4,511.8	4,667.7
Deferred taxes	92.6	95.6
Other assets	382.5	390.8
Total assets	$ 19,142.3	$ 18,108.9
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Accounts payable	$ 185.4	$ 162.0
Accrued compensation	207.4	240.1
Deferred revenue	828.3	831.8
Other accrued liabilities	354.8	346.2
Income taxes payable	320.1	215.1
Current portion of long-term debt, net	602.6	602.2
Total current liabilities	2,498.6	2,397.4
Long-term debt, net of current portion	5,263.8	4,673.1
Deferred taxes	1,070.3	1,108.1
Other liabilities	429.9	438.4
Total liabilities	9,262.6	8,617.0
Commitments and contingencies (Note 10)		
Common stock	1.1	1.1
Additional paid-in capital	2,012.9	1,903.9
Retained earnings	8,168.7	7,818.0
Accumulated other comprehensive loss	(284.8)	(212.8)
Treasury stock	(18.2)	(18.3)
Total stockholders' equity	9,879.7	9,491.9
Total liabilities and stockholders' equity	$ 19,142.3	$ 18,108.9

See accompanying notes to Condensed Consolidated Financial Statements.

Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)
(in millions)

	Six months ended June 30, 2020	Six months ended June 30, 2019
Cash flows from operating activities:		
Net earnings	$ 459.5	$ 619.3
Adjustments to reconcile net earnings to cash flows from operating activities:		
Depreciation and amortization of property, plant and equipment	25.1	23.4
Amortization of intangible assets	203.0	169.4
Amortization of deferred financing costs	4.3	3.3
Non-cash stock compensation	58.2	54.3
Gain on disposal of business, net of associated income tax	—	(88.5)
Changes in operating assets and liabilities, net of acquired businesses:		
Accounts receivable	49.6	38.5
Unbilled receivables	(42.3)	(37.0)
Inventories	(19.1)	(18.4)
Accounts payable and accrued liabilities	18.8	(94.0)
Deferred revenue	(4.3)	51.2
Income taxes, excluding tax associated with gain on disposal of businesses	76.7	(77.6)
Cash tax paid for gain on disposal of businesses	(10.0)	(39.4)
Other, net	(6.5)	(13.4)
Cash provided by operating activities	813.0	591.1
Cash flows from (used in) investing activities:		
Acquisitions of businesses, net of cash acquired	(153.0)	(539.2)
Capital expenditures	(15.5)	(27.9)
Capitalized software expenditures	(5.2)	(4.9)
Proceeds from (used in) disposal of businesses	(3.8)	220.5
Other, net	—	(2.6)
Cash used in investing activities	(177.5)	(354.1)
Cash flows used in financing activities:		
Proceeds from senior notes	600.0	—
Borrowings (payments) under revolving line of credit, net	—	(225.0)
Debt issuance costs	(12.0)	—
Cash dividends to stockholders	(106.6)	(95.6)
Proceeds from stock-based compensation, net	47.7	33.0
Treasury stock sales	4.5	3.6
Other	(0.7)	1.1
Cash flows from (used in) financing activities	532.9	(282.9)
Effect of foreign currency exchange rate changes on cash	(7.3)	2.3
Net increase in cash and cash equivalents	1,161.1	(43.6)
Cash and cash equivalents, beginning of period	709.7	364.4
Cash and cash equivalents, end of period	$ 1,870.8	$ 320.8

See accompanying notes to Condensed Consolidated Financial Statements.

Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity (unaudited)
(in millions)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Treasury stock	Total stockholders' equity
Balances at March 31, 2020	$ 1.1	$ 1,946.3	$ 8,003.1	$ (341.0)	$ (18.2)	$ 9,591.3
Net earnings	—	—	219.2	—	—	219.2
Stock option exercises	—	40.1	—	—	—	40.1
Treasury stock sold	—	1.7	—	—	—	1.7
Currency translation adjustments	—	—	—	56.2	—	56.2
Stock-based compensation	—	29.3	—	—	—	29.3
Restricted stock activity	—	(4.5)	—	—	—	(4.5)
Dividends declared ($0.5125 per share)	—	—	(53.6)	—	—	(53.6)
Balances at June 30, 2020	$ 1.1	$ 2,012.9	$ 8,168.7	$ (284.8)	$ (18.2)	$ 9,879.7
Balances at December 31, 2019	$ 1.1	$ 1,903.9	$ 7,818.0	$ (212.8)	$ (18.3)	$ 9,491.9
Adoption of ASC 326	—	—	(1.7)	—	—	(1.7)
Net earnings	—	—	459.5	—	—	459.5
Stock option exercises	—	63.0	—	—	—	63.0
Treasury stock sold	—	4.4	—	—	0.1	4.5
Currency translation adjustments	—	—	—	(72.0)	—	(72.0)
Stock-based compensation	—	56.9	—	—	—	56.9
Restricted stock activity	—	(15.3)	—	—	—	(15.3)
Dividends declared ($1.0250 per share)	—	—	(107.1)	—	—	(107.1)
Balances at June 30, 2020	$ 1.1	$ 2,012.9	$ 8,168.7	$ (284.8)	$ (18.2)	$ 9,879.7
Balances at March 31, 2019	$ 1.1	$ 1,799.9	$ 6,569.4	$ (214.6)	$ (18.4)	$ 8,137.4
Net earnings	—	—	249.7	—	—	249.7
Stock option exercises	—	12.3	—	—	—	12.3
Treasury stock sold	—	1.4	—	—	—	1.4
Currency translation adjustments	—	—	—	(28.6)	—	(28.6)
Stock-based compensation	—	28.2	—	—	—	28.2
Restricted stock activity	—	(1.3)	—	—	—	(1.3)
Dividends declared ($0.4625 per share)	—	—	(48.1)	—	—	(48.1)
Balances at June 30, 2019	$ 1.1	$ 1,840.5	$ 6,771.0	$ (243.2)	$ (18.4)	$ 8,351.0
Balances at December 31, 2018	$ 1.1	$ 1,751.5	$ 6,247.7	$ (243.3)	$ (18.5)	$ 7,738.5
Net earnings	—	—	619.3	—	—	619.3
Stock option exercises	—	49.1	—	—	—	49.1
Treasury stock sold	—	3.5	—	—	0.1	3.6
Currency translation adjustments	—	—	—	0.1	—	0.1
Stock-based compensation	—	52.5	—	—	—	52.5
Restricted stock activity	—	(16.1)	—	—	—	(16.1)
Dividends declared ($0.9250 per share)	—	—	(96.0)	—	—	(96.0)
Balances at June 30, 2019	$ 1.1	$ 1,840.5	$ 6,771.0	$ (243.2)	$ (18.4)	$ 8,351.0

See accompanying notes to Condensed Consolidated Financial Statements.

Roper Technologies, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (unaudited)
All currency and share amounts are in millions, except per share data

1. Basis of Presentation

The accompanying Condensed Consolidated Financial Statements for the three and six months ended June 30, 2020 and 2019 are unaudited. In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the financial position, results of operations, comprehensive income and cash flows of Roper Technologies, Inc. and its subsidiaries ("Roper," the "Company," "we," "our" or "us") for all periods presented. The December 31, 2019 financial position data included herein was derived from the audited consolidated financial statements included in the Company's 2019 Annual Report on Form 10-K ("Annual Report") filed on February 28, 2020 with the Securities and Exchange Commission ("SEC") but does not include all disclosures required by U.S. generally accepted accounting principles ("GAAP").

Roper's management has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these Condensed Consolidated Financial Statements in conformity with GAAP. Actual results could differ from those estimates.

The results of operations for the three and six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the full year. You should read these unaudited Condensed Consolidated Financial Statements in conjunction with Roper's audited consolidated financial statements and the notes thereto included in its Annual Report.

2. Recent Accounting Pronouncements

The Financial Accounting Standards Board FASB ("FASB") establishes changes to accounting principles under GAAP in the form of accounting standards updates ("ASUs") to the Accounting Standards Codification ("ASC"). The Company considers the applicability and impact of all ASUs. Any recent ASUs not listed below were assessed and determined to be either not applicable or are expected to have an immaterial impact on the Company's results of operations, financial position or cash flows.

Recently Adopted Accounting Pronouncements

The Company adopted ASC Topic 326, Financial Instruments - Credit Losses ("ASC 326"), as of January 1, 2020 using the modified retrospective transition method. This ASU amends the impairment model to utilize an expected loss methodology in place of the incurred loss methodology for financial instruments, including trade receivables, and unbilled receivables. We recorded a noncash cumulative effect decrease to retained earnings of $1.7, net of income taxes, on our opening consolidated balance sheet as of January 1, 2020.

3. Weighted Average Shares Outstanding

Basic earnings per share were calculated using net earnings and the weighted average number of shares of common stock outstanding during the respective period. Diluted earnings per share were calculated using net earnings and the weighted average number of shares of common stock and potential common stock outstanding during the respective period. Potentially dilutive common stock consisted of stock options based upon the trading price of Roper's common stock. The effects of potential common stock were determined using the treasury stock method. Weighted average shares outstanding are shown below:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Basic shares outstanding	104.5	103.9	104.4	103.7
Effect of potential common stock:				
Common stock awards	1.0	1.2	1.0	1.2
Diluted shares outstanding	105.5	105.1	105.4	104.9

For the three and six months ended June 30, 2020, there were 1.322 outstanding stock options, that were not included in the determination of diluted earnings per share because doing so would have been antidilutive, as compared to 0.596 and 0.644 outstanding stock options that would have been antidilutive in the respective 2019 periods.

4. Business Acquisitions

Roper completed two business acquisitions in the six months ended June 30, 2020, with an aggregate purchase price of $150.0, net of cash acquired and debt assumed. The results of operations of the acquired businesses are included in Roper's Condensed Consolidated Financial Statements since the date of each acquisition. Supplemental pro forma information has not been provided as the acquisitions did not have a material impact on Roper's Condensed Consolidated Results of Operations individually or in aggregate.

On June 9, 2020, Roper acquired substantially all of the assets of Freight Market Intelligence Consortium ("FMIC"), a leading provider of subscription-based freight transaction benchmarking and analysis service. FMIC is integrating into our DAT business and its results are reported in the Network Software & Systems reportable segment.

On June 15, 2020, Roper acquired substantially all of the assets of Team TSI Corporation ("Team TSI"), a leading provider of subscription-based data analytics serving long term health care facilities. Team TSI is integrating into our SHP business and its results are reported in the Network Software & Systems reportable segment.

The Company recorded $80.5 in goodwill and $70.2 of other identifiable intangibles in connection with the acquisitions; however, purchase price allocations remain preliminary. The amortizable intangible assets include customer relationships of $62.9 (15 year weighted average useful life) and technology of $7.3 (5 year weighted average useful life).

5. Stock Based Compensation

The Roper Technologies, Inc. 2016 Incentive Plan ("2016 Plan") is a stock-based compensation plan used to grant incentive stock options, nonqualified stock options, restricted stock, stock appreciation rights or equivalent instruments to Roper's employees, officers, directors and consultants.

The following table provides information regarding the Company's stock-based compensation expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Stock-based compensation	$ 30.5	$ 29.0	$ 58.2	$ 54.3
Tax effect recognized in net earnings	6.4	6.1	12.2	11.4

Stock Options - In the six months ended June 30, 2020, 0.735 options were granted with a weighted average fair value of $62.30 per option. During the same period in 2019, 0.721 options were granted with a weighted average fair value of $67.87 per option. All options were issued with an exercise price equal to the closing price of Roper's common stock on the date of grant, as required by the 2016 Plan.

Roper records compensation expense for employee stock options based on the estimated fair value of the options on the date of grant using the Black-Scholes option-pricing model. Historical data is used to estimate the expected price volatility, the expected dividend yield, the expected option life and the expected forfeiture rate. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant for the estimated life of the option. The following weighted average assumptions were used to estimate the fair value of options granted during current and prior year periods using the Black-Scholes option-pricing model:

	Six months ended June 30,	
	2020	2019
Risk-free interest rate (%)	0.83	2.42
Expected option life (years)	5.64	5.41
Expected volatility (%)	20.23	19.23
Expected dividend yield (%)	0.62	0.58

Cash received from option exercises for the six months ended June 30, 2020 and 2019 was $63.0 and $49.1, respectively.

Restricted Stock Grants - During the six months ended June 30, 2020, the Company granted 0.191 shares with a weighted average grant date fair value of $344.16 per restricted share. During the same period in 2019, the Company granted 0.294 shares with a weighted average grant date fair value of $315.00 per restricted share. All grants were issued at grant date fair value.

During the six months ended June 30, 2020, 0.138 restricted shares vested with a weighted average grant date fair value of $260.67 per restricted share and a weighted average vest date fair value of $351.53 per restricted share.

Employee Stock Purchase Plan - Roper's stock purchase plan allows employees in the U.S. and Canada to designate up to 10% of eligible earnings to purchase Roper's common stock at a 5% discount to the average closing price of the stock at the beginning and end of a quarterly offering period. Common stock sold to employees pursuant to the stock purchase plan may be either treasury stock, stock purchased on the open market, or newly issued shares.

We amended the Roper stock purchase plan effective July 1, 2020, which allows employees in the U.S. and Canada to designate up to 10% of eligible earnings to purchase Roper's common stock at a 10% discount on the lower of the closing price of the stock on the first and last day of each quarterly offering period. Common stock sold to employees pursuant to the stock purchase plan may be either treasury stock, stock purchased on the open market, or newly issued shares.

During the six months ended June 30, 2020 and 2019, participants in the employee stock purchase plan purchased 0.014 and 0.012 shares of Roper's common stock for total consideration of $4.5 and $3.6, respectively. All shares were purchased from Roper's treasury shares.

6. Inventories

The components of inventory were as follows:

	June 30, 2020	December 31, 2019
Raw materials and supplies	$ 137.4	$ 125.1
Work in process	29.5	30.9
Finished products	86.1	76.0
Inventory reserves	(36.4)	(33.4)
	$ 216.6	$ 198.6

7. Goodwill and Other Intangible Assets

The carrying value of goodwill by segment was as follows:

	Application Software	Network Software & Systems	Measurement & Analytical Solutions	Process Technologies	Total
Balances at December 31, 2019	$ 5,389.4	$ 3,933.5	$ 1,178.0	$ 314.5	$ 10,815.4
Additions	—	80.5	—	—	80.5
Other	0.5	(0.6)	—	—	(0.1)
Currency translation adjustments	(12.8)	(26.8)	(6.3)	(3.3)	(49.2)
Balances at June 30, 2020	$ 5,377.1	$ 3,986.6	$ 1,171.7	$ 311.2	$ 10,846.6

Other relates primarily to purchase accounting adjustments for acquisitions.

Other intangible assets were comprised of:

	Cost	Accumulated amortization	Net book value
Assets subject to amortization:			
Customer related intangibles	$ 4,955.4	$ (1,349.4)	$ 3,606.0
Unpatented technology	613.0	(279.6)	333.4
Software	172.2	(111.5)	60.7
Patents and other protective rights	12.0	(8.0)	4.0
Trade names	7.9	(4.1)	3.8
Assets not subject to amortization:			
Trade names	659.8	—	659.8
Balances at December 31, 2019	$ 6,420.3	$ (1,752.6)	$ 4,667.7
Assets subject to amortization:			
Customer related intangibles	$ 4,995.5	$ (1,495.2)	$ 3,500.3
Unpatented technology	616.1	(320.2)	295.9
Software	171.9	(119.5)	52.4
Patents and other protective rights	11.9	(8.1)	3.8
Trade names	7.9	(5.1)	2.8
Assets not subject to amortization:			
Trade names	656.6	—	656.6
Balances at June 30, 2020	$ 6,459.9	$ (1,948.1)	$ 4,511.8

Amortization expense of other intangible assets was $200.8 and $168.9 during the six months ended June 30, 2020 and 2019, respectively.

An evaluation of the carrying value of goodwill and indefinite-lived intangibles is required to be performed on an annual basis and on an interim basis if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value.

In the first quarter of 2020, changes in facts and circumstances and general market declines from the coronavirus global pandemic (COVID-19) resulted in reduced expectations of near term future operating results. The Company considered these circumstances and the potential long-term impact on revenues and cash flows associated with its trade names and reporting units and determined that an indicator of possible impairment did not exist. While we have concluded that a triggering event did not occur during the first or second quarter of 2020, a prolonged COVID-19 pandemic could further impact the expectations of future operating results and assumptions that are significant enough to require an interim impairment review. In particular, the trade name associated with our lab software business, which had a fair value approximating its carrying value of $100.4 as of its most recent quantitative analysis performed on October 1, 2019, could become subject to an interim review in future periods. The Company will perform the annual analysis during the fourth quarter of 2020.

8. Debt

On June 22, 2020, the Company completed a public offering of $600.0 aggregate principal amount of 2.00% senior unsecured notes due June 30, 2030 (“2030 Notes”). The net proceeds from the sale of the Notes are intended for general corporate purposes, including acquisitions.

The 2030 Notes bear interest at a fixed rate of 2.00% per year, and are payable semi-annually in arrears on June 30 and December 30 of each year, beginning December 30, 2020.

Roper may redeem some or all of the Notes at any time or from time to time, at 100% of their principal amount, plus a make-whole premium based on a spread to U.S. Treasury securities.

The 2030 Notes are senior unsecured obligations of the Company and rank equally in right of payment with all of its existing and future senior unsecured indebtedness. The 2030 Notes are effectively subordinated to any of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness. The 2030 Notes are not, and will not be, guaranteed by any of our subsidiaries and are effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.

On April 23, 2020, the Company entered into Amendment No. 2 to Credit Agreement (the "Amendment") to the Credit Agreement dated September 23, 2016 among the Company, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other agents and parties thereto, as previously amended December 2, 2016 (the "Credit Agreement"). The Amendment modified our gross debt to EBITDA covenant to allow for the benefit of our cash balance to be included in the calculation, changing the covenant to a net debt to EBITDA ratio.

The Amendment amends the definition of Consolidated Total Leverage Ratio (as defined in the Credit Agreement) to be the ratio of (a)(i) Consolidated Total Debt (as defined in the Credit Agreement) minus (ii) the aggregate amount of Unrestricted Cash (as defined in the Credit Agreement) to (b) Consolidated EBITDA (as defined in the Credit Agreement). The Amendment also adds a condition to each extension of credit through December 31, 2020, that after giving effect to any such borrowing and intended use of such borrowing, the aggregate amount of Unrestricted Cash may not be greater than $1,250.

9. Fair Value of Financial Instruments

Roper's debt at June 30, 2020 included $5,900 of fixed-rate senior notes with the following fair values:

$600 3.000% senior notes due 2020	606
$500 2.800% senior notes due 2021	515
$500 3.125% senior notes due 2022	524
$700 3.650% senior notes due 2023	761
$500 2.350% senior notes due 2024	532
$300 3.850% senior notes due 2025	341
$700 3.800% senior notes due 2026	801
$800 4.200% senior notes due 2028	938
$700 2.950% senior notes due 2029	764
$600 2.000% senior notes due 2030	601

The fair values of the senior notes are based on the trading prices of the notes, which the Company has determined to be Level 2 in the FASB fair value hierarchy.

10. Contingencies

Roper, in the ordinary course of business, is the subject of, or a party to, various pending or threatened legal actions, including product liability and employment practices that, in general, are based upon claims of the kind that have been customary over the past several years and which the Company is vigorously defending. After analyzing the Company's contingent liabilities on a gross basis and, based upon past experience with resolution of its product liability and employment practices claims and the limits of the primary, excess, and umbrella liability insurance coverages that are available with respect to pending claims, management believes that adequate provision has been made to cover any potential liability not covered by insurance, and that the ultimate liability, if any, arising from these actions should not have a material adverse effect on Roper's consolidated financial position, results of operations or cash flows.

Roper or its subsidiaries have been named defendants along with numerous industrial companies in asbestos-related litigation claims in certain U.S. states. No significant resources have been required by Roper to respond to these cases and Roper believes it has valid defenses to such claims and, if required, intends to defend them vigorously. Given the state of these claims, it is not possible to determine the potential liability, if any.

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11. Business Segments

Net revenues and operating profit by segment are set forth in the following table:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Change %	Six months ended June 30, 2020	Six months ended June 30, 2019	Change %
Net revenues:						
Application Software	$ 398.4	$ 390.6	2.0 %	$ 803.5	$ 771.8	4.1 %
Network Software & Systems	422.0	366.8	15.0 %	860.2	712.5	20.7 %
Measurement & Analytical Solutions	363.9	408.4	(10.9)%	729.1	810.2	(10.0)%
Process Technologies	120.7	164.5	(26.6)%	262.9	323.0	(18.6)%
Total	$ 1,305.0	$ 1,330.3	(1.9)%	$ 2,655.7	$ 2,617.5	1.5 %
Gross profit:						
Application Software	$ 273.8	$ 262.7	4.2 %	$ 544.2	$ 516.1	5.4 %
Network Software & Systems	284.8	252.7	12.7 %	578.0	491.7	17.6 %
Measurement & Analytical Solutions	221.5	240.2	(7.8)%	436.1	471.4	(7.5)%
Process Technologies	63.6	94.4	(32.6)%	142.2	181.4	(21.6)%
Total	$ 843.7	$ 850.0	(0.7)%	$ 1,700.5	$ 1,660.6	2.4 %
Operating profit*:						
Application Software	$ 113.4	$ 98.4	15.2 %	$ 211.0	$ 189.8	11.2 %
Network Software & Systems	130.6	129.2	1.1 %	269.3	254.5	5.8 %
Measurement & Analytical Solutions	123.0	130.3	(5.6)%	237.0	248.4	(4.6)%
Process Technologies	16.9	57.2	(70.5)%	60.2	107.3	(43.9)%
Total	$ 383.9	$ 415.1	(7.5)%	$ 777.5	$ 800.0	(2.8)%
Long-lived assets:						
Application Software	$ 88.5	$ 83.3	6.2 %			
Network Software & Systems	46.5	38.6	20.5 %			
Measurement & Analytical Solutions	37.4	41.7	(10.3)%			
Process Technologies	20.6	21.8	(5.5)%			
Total	$ 193.0	$ 185.4	4.1 %			

*Segment operating profit is before unallocated corporate general and administrative expenses; these expenses were $50.3 and $46.7 for the three months ended June 30, 2020 and 2019, respectively, and $94.7 and $85.2 for the six months ended June 30, 2020 and 2019, respectively.

12. Revenues from Contracts

Disaggregated Revenue - We disaggregate our revenues into two categories: (i) software and related services; and (ii) engineered products and related services. Software and related services revenues are primarily derived from our Application Software and Network Software & Systems reportable segments. Engineered products and related services revenues are derived from all of our reportable segments except Application Software and comprise substantially all of the revenues generated in our Measurement & Analytical Solutions and Process Technologies reportable segments. See details in the table below.

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Software and related services	$ 655.5	$ 594.7	$ 1,324.0	$ 1,171.5
Engineered products and related services	649.5	735.6	1,331.7	1,446.0
Net revenues	$ 1,305.0	$ 1,330.3	$ 2,655.7	$ 2,617.5

Remaining performance obligations - Remaining performance obligations represent the transaction price of firm orders for which work has not been performed and excludes unexercised contract options. As of June 30, 2020, the aggregate amount of the transaction price allocated to remaining performance obligations was $3,528.6. We expect to recognize revenue on approximately 58% of our remaining performance obligations over the next 12 months, with the remainder to be recognized thereafter.

Contract balances

Balance Sheet Account	June 30, 2020		December 31, 2019		Change	
Unbilled receivables	$	225.1	$	183.5	$	41.6
Contract liabilities - current [1]		(837.8)		(840.8)		3.0
Deferred revenue - non-current [2]		(31.7)		(33.2)		1.5
Net contract assets/(liabilities)	$	(644.4)	$	(690.5)	$	46.1

[1] Consists of "Deferred revenue," and billings in-excess of revenues ("BIE"). BIE is reported in "Other accrued liabilities" in our Condensed Consolidated Balance Sheets.
[2] The non-current portion of deferred revenue is included in "Other liabilities" in our Condensed Consolidated Balance Sheets.

The change in our net contract assets/(liabilities) from December 31, 2019 to June 30, 2020 was due primarily to the increase in unbilled receivables associated with timing of invoicing in our project-based businesses, most notably our Transcore business, and to a lesser extent the foreign exchange impact on our contract liability balances.

Most of the Company's project-based contracts where the input method of revenue recognition is utilized are billed as work progresses in accordance with the contract terms and conditions, either at periodic intervals or upon achievement of certain milestones. Often this results in billing occurring after revenue recognition resulting in contract assets. The Company records contract liabilities when cash payments are received or due in advance of the Company's performance relating primarily to Software-as-a-Service ("SaaS") and post contract support ("PCS") renewals. Revenue recognized during the three and six months ended June 30, 2020 that was included in the contract liability balance on December 31, 2019 was $211.5 and $535.0, respectively .

In order to determine revenues recognized in the period from contract liabilities, we allocate revenue to the individual deferred revenue or BIE balance outstanding at the beginning of the year until the revenue exceeds that balance.

Impairment losses recognized on our accounts receivable and unbilled receivables were immaterial in the three and six months ended June 30, 2020.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2019 ("Annual Report") as filed on February 28, 2020 with the U.S. Securities and Exchange Commission ("SEC") and the Notes to Condensed Consolidated Financial Statements included elsewhere in this report.

Information About Forward-Looking Statements

This report includes "forward-looking statements" within the meaning of the federal securities laws. In addition, we, or our executive officers on our behalf, may from time to time make forward-looking statements in reports and other documents we file with the SEC or in connection with oral statements made to the press, potential investors or others. All statements that are not historical facts are "forward-looking statements." 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 expressed or implied in any forward-looking statement. Such risks and uncertainties include the effects of the COVID-19 pandemic on our business, operations, financial results and liquidity, including the duration and magnitude of such effects, which will depend on numerous evolving factors that we cannot accurately predict or assess, including: the duration and scope of the pandemic; the negative impact on global and regional markets, economies and economic activity; actions governments, businesses and individuals take in response to the pandemic; the effects of the pandemic, including all of the foregoing, on our customers, suppliers, and business partners, and how quickly economies and demand for our products and services recover following the pandemic.

Additional examples of forward-looking statements in this report include but are not limited to statements regarding operating results, the success of our operating plans, our expectations regarding our ability to generate cash and reduce debt and associated interest expense, profit and cash flow expectations, the prospects for newly acquired businesses to be integrated and contribute to future growth and our expectations regarding growth through acquisitions. Important assumptions relating to the forward-looking statements include, among others, demand for our products, the cost, timing and success of product upgrades and new product introductions, raw material costs, expected pricing levels, expected outcomes of pending litigation, competitive conditions and general economic conditions. These assumptions could prove inaccurate. Although we believe that the estimates and projections reflected in the forward-looking statements are reasonable, our expectations may prove to be incorrect. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include but are not limited to:

- general economic conditions;
- difficulty making acquisitions and successfully integrating acquired businesses;
- any unforeseen liabilities associated with future acquisitions;
- limitations on our business imposed by our indebtedness;
- unfavorable changes in foreign exchange rates;
- failure to effectively mitigate cybersecurity threats;
- failure to comply with new data privacy laws and regulations;
- difficulties associated with exports/imports and risks of changes to tariff rates;
- risks and costs associated with our international sales and operations;
- rising interest rates;
- product liability and insurance risks;
- increased warranty exposure;
- future competition;
- the cyclical nature of some of our markets;
- reduction of business with large customers;
- risks associated with government contracts;
- changes in the supply of, or price for, raw materials, parts and components;
- environmental compliance costs and liabilities;
- risks and costs associated with asbestos-related litigation;
- potential write-offs of our goodwill and other intangible assets;
- our ability to successfully develop new products;
- failure to protect our intellectual property;
- the effect of, or change in, government regulations (including tax);

- economic disruption caused by terrorist attacks, health crises (such as the COVID-19 pandemic) or other unforeseen events; and
- the factors discussed in other reports filed with the SEC.

We believe these forward-looking statements are reasonable. However, you should not place undue reliance on any forward-looking statements, which are based on current expectations. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update any of them in light of new information or future events.

Overview

Roper Technologies, Inc. ("Roper," "we," "us" or "our") is a diversified technology company. We operate businesses that design and develop software (both license and SaaS) and engineered products and solutions for a variety of niche end markets.

We pursue consistent and sustainable growth in earnings and cash flow by emphasizing continuous improvement in the operating performance of our existing businesses and by acquiring other businesses that offer high value-added software, services, engineered products and solutions that we believe are capable of achieving growth and maintaining high margins. We compete in many niche markets and believe we are the market leader or a competitive alternative to the market leader in most of these markets.

Critical Accounting Policies

There were no material changes during the six months ended June 30, 2020 to the items that we disclosed as our critical accounting policies and estimates in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report.

Recently Issued Accounting Standards

Information regarding new accounting pronouncements is included in Note 2 of the Notes to Condensed Consolidated Financial Statements.

Impact of COVID-19 on our Business

A novel strain of coronavirus (COVID-19) was first identified in December 2019, and subsequently declared a pandemic by the World Health Organization.

Our top priority during this pandemic is on the health and safety of our employees. The leadership teams at our businesses continue to be proactive in instituting safety measures that protect our employees, while maintaining operational capabilities required to meet their customers' needs. All our businesses with manufacturing facilities have been deemed essential businesses and remain operational, supplying our customers with critical products. Additionally, all of our businesses have been operational in their work-from-home environments with limited disruption.

The spread of COVID-19 has caused us to modify our business practices, and we may take further actions as required by governmental and other regulatory authorities or as we determine to protect the safety or best interests of our employees, customers, suppliers and business partners. Some changes in business practices include, but are not limited to: restricting employee travel, developing social distancing plans for our employees, expanding the number of our associates who work from home, and cancelling physical participation in meetings, events and conferences.

While we did not experience a material impact on our results in the second quarter of 2020, COVID-19 continues to present significant uncertainty in the future economic outlook of our businesses.

We operate a diverse portfolio of businesses, and, as a result, our businesses are navigating through a diverse set of challenges. Some of the impacts our businesses are experiencing from COVID-19 include, but are not limited to:

- Our businesses have been unable to visit current and potential customers in order to solicit new business and/or provide necessary on-site installation, implementation and training services, which has, in some cases, limited our ability to obtain new business and effectively service existing business;
- Government restrictions on non-emergency hospital procedures resulted in decreased (1) demand in our businesses that provide medical products used in non-emergency procedures and (2) revenue related to pharmaceutical utilization in post-acute healthcare settings;

- The unprecedented slowdown and/or shut down of global economy sectors and the related uncertain timeline to reopen and recover has created a weak demand environment for our businesses serving industrial and energy markets; and
- Some of our customers, including those in the medical field, may seek to delay payments to us while they are addressing the numerous challenges presented by COVID-19; to date, such delays have not impacted the timing of our cash flow and our financial performance in a significant manner.

While our expectations for our operating results in 2020 have been lowered to reflect the new economic environment, our businesses are taking pragmatic cost countermeasures to manage profitability while continuing strategic investments for long term growth.

Our financial position remains strong with $1,871 of cash on-hand as of June 30, 2020 and an undrawn $2,500 revolving line of credit. On June 22, 2020, we issued and sold $600 aggregate principal amount of our 2.000% Senior Notes due 2030. These funds have been, and will be, used for general corporate purposes which may include repaying debt or financing acquisitions. Additionally, we expect our operating cash flow generation capability to continue due to our high levels of recurring revenue, high profitability, low capital expenditure requirements, and low working capital requirements. We believe that existing cash balances, together with funds generated from operations and amounts available under our credit facility, will be sufficient to finance our operations and meet our foreseeable cash requirements, including quarterly cash dividends and certain strategic acquisitions through at least the next twelve months.

Results of Operations
All currency amounts are in millions, percentages are of net revenues

General

Percentages may not sum due to rounding.

The following table sets forth selected information for the periods indicated.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Net revenues:				
Application Software	$ 398.4	$ 390.6	$ 803.5	$ 771.8
Network Software & Systems	422.0	366.8	860.2	712.5
Measurement & Analytical Solutions	363.9	408.4	729.1	810.2
Process Technologies	120.7	164.5	262.9	323.0
Total	$ 1,305.0	$ 1,330.3	$ 2,655.7	$ 2,617.5
Gross margin:				
Application Software	68.7 %	67.3 %	67.7 %	66.9 %
Network Software & Systems	67.5	68.9	67.2	69.0
Measurement & Analytical Solutions	60.9	58.8	59.8	58.2
Process Technologies	52.7	57.4	54.1	56.2
Total	64.7	63.9	64.0	63.4
Selling, general and administrative expenses:				
Application Software	40.3 %	42.0 %	41.5 %	42.3 %
Network Software & Systems	36.5	33.7	35.9	33.3
Measurement & Analytical Solutions	27.1	26.9	27.3	27.5
Process Technologies	38.7	22.6	31.2	22.9
Total	35.2	32.7	34.8	32.9
Segment operating margin:				
Application Software	28.5 %	25.2 %	26.3 %	24.6 %
Network Software & Systems	30.9	35.2	31.3	35.7
Measurement & Analytical Solutions	33.8	31.9	32.5	30.7
Process Technologies	14.0	34.8	22.9	33.2
Total	29.4	31.2	29.3	30.6
Corporate administrative expenses	(3.9)	(3.5)	(3.6)	(3.3)
Income from operations	25.6	27.7	25.7	27.3
Interest expense, net	(3.6)	(3.4)	(3.5)	(3.4)
Other income (expense), net	(0.2)	(0.1)	—	(0.2)
Gain on disposal of business	—	—	—	4.6
Earnings before income taxes	21.8	24.2	22.2	28.3
Income taxes	(5.0)	(5.5)	(4.9)	(4.7)
Net earnings	16.8 %	18.8 %	17.3 %	23.7 %

Three months ended June 30, 2020 compared to three months ended June 30, 2019

Net revenues for the three months ended June 30, 2020 decreased by 1.9% as compared to the three months ended June 30, 2019. The decrease was the result of organic decline of 2.8%, and a negative foreign exchange impact of 0.5%, partially offset by a net acquisition/divestiture contribution of 1.4%.

In our Application Software segment, revenues were $398.4 in the second quarter of 2020 as compared to $390.6 in the second quarter of 2019, an increase of 2%. Organic revenues increased 1% and acquisitions accounted for 2% of our growth, partially offset by a negative foreign exchange impact of 1%. The growth in organic revenues was due primarily to higher perpetual license sales in our businesses serving the healthcare markets, partially offset by declines in our businesses serving the higher education and K-12 markets. Gross margin increased to 68.7% in the second quarter of 2020 as compared to 67.3% in the second quarter of 2019 and Selling, general and administrative ("SG&A") expenses as a percentage of revenues decreased to 40.3% in the second quarter of 2020 as compared to 42.0% in the second quarter of 2019, both due primarily to operating leverage on higher revenue. The resulting operating margin was 28.5% in the second quarter of 2020 as compared to 25.2% in the second quarter of 2019.

In our Network Software & Systems segment, revenues were $422.0 in the second quarter of 2020 as compared to $366.8 in the second quarter of 2019, an increase of 15%. Organic revenues increased 2% and acquisitions accounted for 13% of our growth. The growth in organic revenues was led by our higher project activity at our toll and traffic business and subscription growth at our SaaS businesses, partially offset by declines in our businesses that provide access management solutions. Gross margin decreased to 67.5% in the second quarter of 2020 as compared to 68.9% in the second quarter of 2019 due primarily to revenue mix. SG&A expenses as a percentage of revenues increased to 36.5% in the second quarter of 2020 as compared to 33.7% in the second quarter of 2019 due primarily to higher amortization of acquired intangibles from the acquisitions completed in 2019. As a result, operating margin was 30.9% in the second quarter of 2020 as compared to 35.2% in the second quarter of 2019.

Our Measurement & Analytical Solutions segment revenues decreased by 11% to $363.9 in the second quarter of 2020 as compared to $408.4 in the second quarter of 2019. Organic revenues decreased 1%, divestitures accounted for 9% attributable to the disposal of Gatan, Inc. ("Gatan") on October 29, 2019, and a negative foreign exchange impact of 1%. The decline in organic revenues was due primarily to our water meter technology business and industrial businesses, partially offset by organic growth primarily in our medical products businesses used in the treatment of COVID-19. Gross margin increased to 60.9% in the second quarter of 2020 as compared to 58.8% in the second quarter of 2019 due primarily to revenue mix. SG&A expenses as a percentage of revenues increased to 27.1% in the second quarter of 2020 as compared to 26.9% in the second quarter of 2019 due primarily to lower operating leverage on organic revenue declines. The resulting operating margin was 33.8% in the second quarter of 2020 as compared to 31.9% in the second quarter of 2019.

Our Process Technologies segment revenues decreased by 27% to $120.7 in the second quarter of 2020 as compared to $164.5 in the second quarter of 2019. Organic revenues decreased 26%, and the negative foreign exchange impact was 1%. The decrease in organic revenues was due to due broad-based revenue declines across the segment led by lower demand at our businesses serving upstream oil and gas end markets. Gross margin decreased to 52.7% in the second quarter of 2020 as compared to 57.4% in the second quarter of 2019 due primarily to lower revenues across the businesses. SG&A expenses as a percentage of revenues increased to 38.7% in the second quarter of 2020 as compared to 22.6% in the second quarter of 2019 due primarily to $13.6 restructuring charge for structural cost reduction actions taken at certain businesses and lower operating leverage on organic revenue declines. As a result, operating margin was 14.0% in the second quarter of 2020 as compared to 34.8% in the second quarter of 2019.

Corporate expenses increased to $50.3, or 3.9% of revenues, in the second quarter of 2020 as compared to $46.7, or 3.5% of revenues, in the second quarter of 2019. The increase was due primarily to higher professional services expense.

Net interest expense was $47.5 for the second quarter of 2020 as compared to $45.1 for the second quarter of 2019 due to higher weighted average debt balances, partially offset by lower weighted average interest rates.

Other expense, net, of $2.0 and $1.0 for the second quarter of 2020 and 2019, respectively, was composed primarily of foreign exchange losses at our non-U.S. based subsidiaries.

Income taxes as a percent of pretax earnings were 22.8% in the second quarter of 2020 as compared to 22.5% in the second quarter of 2019. The increase is due primarily to higher state taxes in 2020 compared to 2019.

Backlog is equal to our remaining performance obligations expected to be recognized within the next 12 months as discussed in Note 12 of the Notes to Condensed Consolidated Financial Statements. Backlog increased 14% to $2,044.3 at June 30, 2020 as compared to $1,789.0 at June 30, 2019, organic growth was 13% and acquisitions contributed 6%, partially offset by a 5% decline related to the disposal of the Gatan business.

	Backlog as of June 30, 2020	Backlog as of June 30, 2019
Application Software	$ 870.3	$ 804.1
Network Software & Systems	832.9	585.8
Measurement & Analytical Solutions	231.4	277.2
Process Technologies	109.7	121.9
Total	$ 2,044.3	$ 1,789.0

Six months ended June 30, 2020 compared to six months ended June 30, 2019

Net revenues for the six months ended June 30, 2020 increased by 1.5% as compared to the six months ended June 30, 2019. The increase was the result of organic growth of 0.4%, and a net acquisitions/divestiture contribution of 1.6%, partially offset by a negative foreign exchange impact of 0.4%.

In our Application Software segment, revenues were $803.5 in the six months ended June 30, 2020 as compared to $771.8 in the six months ended June 30, 2019, an increase of 4%. Organic revenues increased 3% and acquisitions accounted for 2% of our growth, partially offset by a negative foreign exchange impact of 1%. The growth in organic revenues was primarily due to businesses serving healthcare and government contracting markets. Gross margin increased to 67.7% in the six months ended June 30, 2020 as compared to 66.9% in the six months ended June 30, 2019 and SG&A expenses decreased as a percentage of revenue to 41.5% in the six months ended June 30, 2020 as compared to 42.3% in the six months ended June 30, 2019 due primarily to operating leverage on higher organic revenues. The resulting operating margin was 26.3% in the six months ended June 30, 2020 as compared to 24.6% in the six months ended June 30, 2019.

In our Network Software & Systems segment, revenues increased by 21% to $860.2 in the six months ended June 30, 2020 as compared to $712.5 in the six months ended June 30, 2019. Organic revenues increased 5% and acquisitions accounted for 16%. The growth in organic revenues was led by our higher project activity at our toll and traffic business and subscription growth at our SaaS businesses. Gross margin decreased to 67.2% in the six months ended June 30, 2020 as compared to 69.0% in the six months ended June 30, 2019 due primarily to revenue mix. SG&A expenses increased as a percentage of revenues at 35.9% in the six months ended June 30, 2020 as compared to 33.3% in the six months ended June 30, 2019 due primarily to higher amortization of acquired intangibles from the acquisitions completed in 2019. As a result, operating margin was 31.3% in the six months ended June 30, 2020 as compared to 35.7% in the six months ended June 30, 2019.

Our Measurement and Analytical segment revenues decreased by 10% to $729.1 in the six months ended June 30, 2020 as compared to $810.2 in the six months ended June 30, 2019. Organic revenues increased 1%, more than offset by a decrease in revenue of 11% attributable to the disposal of the Imaging and Gatan businesses as discussed above, and a negative foreign exchange impact of 1%. The growth in organic revenues was due to our medical products businesses, partially offset by our water meter technology and industrial business declines. Gross margin increased to 59.8% in the six months ended June 30, 2020 as compared to 58.2% in the six months ended June 30, 2019. SG&A expenses as a percentage of revenues decreased to 27.3% in the six months ended June 30, 2020 as compared to 27.5% in the six months ended June 30, 2019 due primarily to revenue mix. The resulting operating margin was 32.5% in the six months ended June 30, 2020 as compared to 30.7% in the six months ended June 30, 2019.

Our Process Technologies segment revenues decreased by 19% to $262.9 in the six months ended June 30, 2020 as compared to $323.0 in the six months ended June 30, 2019. Organic revenues decreased by 18%, and the negative foreign exchange impact was 1%. The decrease in organic revenues was due to due broad-based revenue declines across the segment led by lower demand at our businesses serving upstream oil and gas end markets. Gross margin decreased to 54.1% in the six months ended June 30, 2020 as compared to 56.2% in the six months ended June 30, 2019 due primarily to lower revenues. SG&A expenses as a percentage of revenues decreased to 31.2% in the six months ended June 30, 2020 as compared to 22.9% in the six months ended June 30, 2019 due primarily to $13.6 restructuring charge for structural cost reduction actions taken at certain of our businesses and lower operating leverage on organic revenue declines. As a result, operating margin was 22.9% in the six months ended June 30, 2020 as compared to 33.2% in the six months ended June 30, 2019.

Corporate expenses increased to $94.7, or 3.6% of revenues, in the six months ended June 30, 2020 as compared to $85.2, or 3.3% of revenues, in the six months ended June 30, 2019. The dollar increase was due primarily to higher professional services expenses, stock compensation expenses and acquisition-related expenses.

Net interest expense was $92.9 for the six months ended June 30, 2020 as compared to $88.8 for the six months ended June 30, 2019 due to higher weighted average debt balances, partially offset by lower weighted average interest rates.

Other expense, net, of $1.2 and $4.1 for the six months ended June 30, 2020 and 2019, respectively, was composed primarily of foreign exchange losses at our non-U.S. based subsidiaries.

Gain on disposal of business, of $119.6 in the first quarter of 2019 is the pretax gain recognized on the sale of the Imaging businesses, which closed February 5, 2019.

Income taxes as a percent of pretax earnings increased to 21.9% in the six months ended June 30, 2020 as compared to 16.5% in the six months ended June 30, 2019. The increase is due primarily to the recognition of a discrete tax benefit of $41.0 during the six months ended June 30, 2019.

Financial Condition, Liquidity and Capital Resources
All currency amounts are in millions

Selected cash flows for the six months ended June 30, 2020 and 2019 were as follows:

	Six months ended June 30,	
Cash provided by/(used in):	**2020**	**2019**
Operating activities	$ 813.0	$ 591.1
Investing activities	(177.5)	(354.1)
Financing activities	532.9	(282.9)

Operating activities - Net cash provided by operating activities increased by 37.5% to $813.0 in the six months ended June 30, 2020 as compared to $591.1 in the six months ended June 30, 2019 due primarily to (i) the deferral of $137.5 of tax payments comprised of $123.9 of US Federal and state income tax payments that were deferred into the third quarter of 2020 and $13.7 of second quarter 2020 employer social security payroll taxes that are payable in installments in 2021 and 2022 under the CARES Act, (ii) cash taxes paid of $39.4 on the disposal of the Imaging businesses in the first six months of 2019 as compared to $10.0 of cash taxes paid on the disposal of Gatan during the first six months of 2020, and (iii) improvement in working capital.

Investing activities - Cash used in investing activities during the six months ended June 30, 2020 was primarily business acquisitions. Cash used in investing activities during the six months ended June 30, 2019 was primarily for the acquisition of Foundry, partially offset by proceeds from the disposal of the Imaging businesses.

Financing activities - Cash from financing activities for the six months ended June 30, 2020 was primarily due to net proceeds from the issuance of the 2030 Notes and net proceeds from stock based compensation, partially offset by dividend payments. Cash used in financing activities during the six months ended June 30, 2019 was primarily due to net repayments on our unsecured credit facility and dividend payments, partially offset by net proceeds from stock option exercises.
Effect of foreign currency exchange rate changes on cash - Cash and cash equivalents decreased during the six months ended June 30, 2020 by $7.3 due primarily to the strengthening of the U.S. dollar against the functional currencies of our United Kingdom and Canadian subsidiaries. Cash and cash equivalents increased during the six months ended June 30, 2019 by $2.3 due primarily to the strengthening of the Canadian dollar against the U.S. dollar.

We are also participating in certain legislative provisions to improve our liquidity. Under these provisions we deferred approximately $320 of U.S. and state income tax payments from the second quarter to the third quarter of 2020, including approximately $190 of deferred U.S. income tax payments associated with the gain on sale of Gatan. Additionally, under the U.S. Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, we deferred approximately $14 of employer social security payroll tax payments in the second quarter of 2020 and expect to defer an additional $28 during the remainder of 2020 to be paid equally in the fourth quarters of 2021 and 2022.

Total debt at June 30, 2020 consisted of the following:

$600 3.000% senior notes due 2020	$ 600.0
$500 2.800% senior notes due 2021	500.0
$500 3.125% senior notes due 2022	500.0
$700 3.650% senior notes due 2023	700.0
$500 2.350% senior notes due 2024	500.0
$300 3.850% senior notes due 2025	300.0
$700 3.800% senior notes due 2026	700.0
$800 4.200% senior notes due 2028	800.0
$700 2.950% senior notes due 2029	700.0
$600 2.000% senior notes due 2030	600.0
Deferred finance costs	(40.6)
Other	7.0
Total debt, net of deferred finance costs	5,866.4
Less current portion	602.6
Long-term debt, net of deferred finance costs	$ 5,263.8

The interest rate on borrowings under our $2,500.0 unsecured credit facility is calculated based upon various recognized indices plus a margin as defined in the credit facility. At June 30, 2020, there were no outstanding borrowings under our unsecured credit facility. At June 30, 2020, we had $7.0 of other debt in the form of short term borrowings, finance leases and several smaller facilities that allow for borrowings in various foreign locations to support our non-U.S. businesses and $69.3 of outstanding letters of credit.

Cash at our foreign subsidiaries at June 30, 2020 decreased to $196 as compared to $292 at December 31, 2019 due primarily to the repatriation of historical foreign earnings, partially offset by the cash generated at our foreign subsidiaries during the six months ended June 30, 2020. We intend to repatriate substantially all historical and future unremitted foreign earnings.

We expect existing cash and cash equivalents, cash generated by our operations and availability under our unsecured credit facility, as well as our expected ability to access the capital markets, will be sufficient to fund operating requirements for the foreseeable future.

We were in compliance with all debt covenants related to our unsecured credit facility throughout the six months ended June 30, 2020.

Net working capital (total current assets, excluding cash, less total current liabilities, excluding debt) was negative $587.6 at June 30, 2020 as compared to negative $505.4 at December 31, 2019, reflecting a decrease in working capital due primarily to an increase in income taxes payable and a decrease in accounts receivable, partially offset by an increase in unbilled receivables and a decrease in accrued compensation. Consistent negative net working capital demonstrates Roper’s continued evolution and focus on asset-light business models. Total debt was $5,866.4 at June 30, 2020 as compared to $5,275.3 at December 31, 2019, due primarily to the issuance of the 2030 Notes. Our leverage is shown in the following table:

	June 30, 2020	**December 31, 2019**
Total debt	$ 5,866.4	$ 5,275.3
Cash	(1,870.8)	(709.7)
Net debt	3,995.6	4,565.6
Stockholders’ equity	9,879.7	9,491.9
Total net capital	$ 13,875.3	$ 14,057.5
Net debt / total net capital	28.8 %	32.5 %

Capital expenditures were $15.5 for the six months ended June 30, 2020 as compared to $27.9 for the six months ended June 30, 2019. Capitalized software expenditures were $5.2 for the six months ended June 30, 2020 as compared to $4.9 for the six months ended June 30, 2019. We expect the aggregate of capital expenditures and capitalized software expenditures for the balance of the year to be comparable to prior years as a percentage of revenues.

On April 23, 2020, the Company entered into Amendment No. 2 to Credit Agreement (the “Amendment”) to the Credit Agreement dated September 23, 2016 among the Company, the lenders party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other agents and parties thereto, as previously amended December 2, 2016 (the “Credit Agreement”). The Amendment modified our gross debt to EBITDA covenant to allow for the benefit of our cash balance to be included in the calculation, changing the covenant to a net debt to EBITDA ratio. This provides the Company further flexibility and capacity in executing on our pipeline of high quality acquisition opportunities.

The Amendment amends the definition of Consolidated Total Leverage Ratio (as defined in the Credit Agreement) to be the ratio of (a)(i) Consolidated Total Debt (as defined in the Credit Agreement) minus (ii) the aggregate amount of Unrestricted Cash (as defined in the Credit Agreement) to (b) Consolidated EBITDA (as defined in the Credit Agreement). The Amendment also adds a condition to each extension of credit through December 31, 2020, that after giving effect to any such borrowing and intended use of such borrowing, the aggregate amount of Unrestricted Cash may not be greater than $1,250.

There have been no material changes to our contractual obligations from those disclosed in our Annual Report other than the Amendment.

Off-Balance Sheet Arrangements

At June 30, 2020, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Outlook

Current geopolitical and economic uncertainties could adversely affect our business prospects. The COVID-19 pandemic has had, and will continue to have, an adverse impact on our business. A significant terrorist attack, other global conflict, or public health crisis could cause changes in world economies that would adversely affect us. It is impossible to isolate each of these potential factor’s future effects on current economic conditions or any of our businesses. It is also impossible to predict with any reasonable degree of certainty what or when any additional events may occur that also would similarly disrupt the economy and have an adverse impact on our businesses.

We maintain an active acquisition program; however, future acquisitions will be dependent on numerous factors and it is not feasible to reasonably estimate if or when any such acquisitions will occur and what the impact will be on our business, financial condition and results of operations. Such acquisitions may be financed by the use of existing credit lines, future cash flows from operations, future divestitures, the proceeds from the issuance of new debt or equity securities or any combination of these methods, the terms and availability of which will be subject to market and economic conditions generally.

We anticipate that our businesses will generate positive cash flows from operating activities, and that these cash flows will permit the reduction of currently outstanding debt in accordance with the repayment schedule. However, the rate at which we can reduce our debt during 2020 (and reduce the associated interest expense) will be affected by, among other things, the financing and operating requirements of any new acquisitions and the financial performance of our existing companies. None of these factors can be predicted with certainty.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See “Item 7A. Quantitative and Qualitative Disclosures about Market Risk” in our Annual Report. There were no material changes during the six months ended June 30, 2020.

ITEM 4. CONTROLS AND PROCEDURES

As required by SEC rules, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q (“Evaluation Date”). This evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer. Based on this evaluation as of the Evaluation Date, these officers have concluded that the design and operation of our disclosure controls and procedures are effective.

Our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act are accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There were no changes to our internal controls during the period covered by this Quarterly Report on Form 10-Q that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information pertaining to legal proceedings can be found in Note 10 of the Notes to Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q and is incorporated by reference herein.

ITEM 1A. RISK FACTORS

The following should be read in conjunction with, and supplements and amends, the factors that may affect the Company's business or operations described under "Risk Factors" in Part I, Item 1A, of the Company's Annual Report on Form 10-K for the year ended December 31, 2019. Other than as described in this Item 1A and Item 1A of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, there have been no other material changes to our risk factors from the risk factors previously disclosed in the 2019 Annual Report.

The extent to which the coronavirus (COVID-19) outbreak and measures taken in response thereto impact our business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict.

The novel strain of the coronavirus identified in China in late 2019 has spread across the globe and has resulted in governmental and other regulatory authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, as well as the work force, operations and financial prospects of our customers, suppliers and business partners. There is considerable uncertainty regarding such measures and potential future measures, such as restrictions on our access to our manufacturing facilities or on our support operations or workforce, or similar limitations for our customers, suppliers and business partners. The spread of COVID-19 has caused us to modify our business practices (including restricting employee travel, developing social distancing plans for our employees, expanding the number of our associates who work from home, and cancelling physical participation in meetings, events and conferences), and we may take further actions as may be required by governmental and other regulatory authorities or as we determine to protect the safety or best interests of our employees, customers, suppliers and business partners.
Some of the impacts our businesses are experiencing from COVID-19 include, but are not limited to:

- Our businesses have been unable to visit current and potential customers in order to solicit new business and/or provide necessary on-site installation, implementation and training services, which has, in some cases, limited our ability to obtain new business and effectively service existing business;
- Government restrictions on non-emergency hospital procedures resulted in decreased (1) demand in our businesses that provide medical products used in non-emergency procedures and (2) revenue related to pharmaceutical utilization in post-acute healthcare settings;
- The unprecedented slowdown and/or shut down of global economy sectors and the related uncertain timeline to reopen and recover has created a weak demand environment for our businesses serving industrial and energy markets; and
- Some of our customers, including those in the medical field, may seek to delay payments to us while they are addressing the numerous challenges presented by COVID-19; such delays have not impacted the timing of our cash flow and our financial performance in a significant manner.

The extent to which the coronavirus outbreak impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and are difficult to predict, including, but not limited to, the duration and spread of the outbreak, its severity, the actions to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Even after the COVID-19 outbreak has subsided, we may continue to experience materially adverse impacts to our business as a result of the virus's global economic impact, including the availability of credit, adverse impacts on our liquidity and any recession that has occurred or may occur in the future.

There are no comparable recent events that provide guidance as to the effect of the spread of COVID-19 as a global pandemic may have on our customers, suppliers, vendors and other business partners, and, as a result, the ultimate impact of the outbreak is highly uncertain and subject to change. We do not yet know the full extent of the impacts on our business, our operations or the global economic and political environment as a whole. However, the effects could have a material impact on our results of operations and heighten many of our known risks described in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2019 and in the Form 10-Q. In addition, the rapidly changing situation could give rise to additional risks or adverse impacts of which we are not presently aware, such as the ability to complete acquisitions, the ability to obtain credit through the capital markets and/or through our revolving credit facility.

We rely on information and technology for many of our business operations which could fail or be subject to cybersecurity threats and incidents and cause disruption to our business operations.

Our business operations are dependent upon information technology networks and systems to securely transmit, process and store electronic information and to communicate among our locations around the world and with clients and vendors. A shutdown of, or inability to access, one or more of our facilities, a power outage or a failure of one or more of our information technology, telecommunications or other systems could significantly impair our ability to perform such functions on a timely basis. Computer viruses, cyber-attacks, other external hazards and human error could result in the misappropriation of assets or sensitive information, corruption of data or operational disruption.

Global cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to IT systems to sophisticated and targeted measures known as advanced persistent threats, directed at the Company, its businesses, its customers and/or its third party service providers, including cloud providers. These may include such things as unauthorized access, phishing attacks, account takeovers, denial of service, computer viruses, introduction of malware or ransomware and other disruptive problems caused by hackers. Moreover, as more of our employees work remotely due to the COVID 19 pandemic or otherwise, our networks and systems may be more susceptible to breach or sabotage due to employee misuse or error which may increase the risk of access to our systems by unauthorized parties.

Our customers are increasingly requiring cybersecurity protections and mandating cybersecurity standards in our products and services, and we may incur additional costs to comply with such demands. While we have experienced, and expect to continue to experience, these types of threats and incidents, none of them to date have been material to the Company. We seek to deploy measures to deter, prevent, detect, respond to and mitigate these threats, including identity and access controls, data protection, vulnerability assessments, product software designs which we believe are less susceptible to cyber-attacks, continuous monitoring of our IT networks and systems and maintenance of backup and protective systems. Despite these efforts, we can make no assurance that we will be able to detect, prevent, timely and adequately address, or mitigate the negative effects of cyberattacks or other security compromises, and such cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include financial loss, reputational damage, litigation with third parties, theft of intellectual property, fines, diminution in the value of our investment in research and development, and increased cybersecurity protection and remediation costs due to the increasing sophistication and proliferation of threats, which in turn could adversely affect our competitiveness and results of operations. Any imposition of liability, particularly liability that is not covered by insurance or is in excess of insurance coverage, could materially harm our operating results and financial condition.

Regulation of privacy and data security may adversely affect sales of our products and services and result in increased compliance costs.

There has been, and we believe that there will continue to be, increased regulation with respect to the collection, use and handling of personal, financial and other information as regulatory authorities in the United States and around the world have recently passed or are currently considering a number of legislative and regulatory proposals concerning data protection, privacy and data security. This includes the California Consumer Privacy Act, or CCPA, which came into effect in January 2020, and the GDPR, which is a European Union-wide legal framework to govern data collection, use and sharing and related consumer privacy rights that became effective in May 2018. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. The GDPR provides significant penalties for non-compliance (up to 4% of global revenue). European data protection authorities have already imposed fines for GDPR violations up to, in some cases, hundreds of millions of Euros. Many states in the United States are also considering their own privacy laws that, in the absence of a preemptive Federal privacy law, could impose burdensome and conflicting requirements. The interpretation and application of consumer and data protection laws and industry standards in the United States, Europe and elsewhere can be uncertain and currently is in flux. Cloud-based solutions may be subject to further regulation, including data localization requirements and other restrictions concerning international transfer of data, the operational and cost impact of which cannot be fully known at this time. In addition to the possibility of fines, application of these existing laws in a manner inconsistent with our data and privacy practices could result in an order requiring that we change our data and privacy practices, which could have an adverse effect on our business and results of operations. Complying with these various laws could cause us to incur substantial costs or require us to change our business practices in a manner adverse to our business. Also, any new law or regulation, or interpretation of existing law or regulation, imposing greater fees or taxes or restriction on the collection, use or transfer of information or data internationally or over the Web, could result in a decline in the use and adversely affect sales of our products and services and our results of operations. Finally, as we increasingly become a provider of technology solutions, our customers and regulators will expect that we can demonstrate compliance with current data privacy and security regulations as well as our privacy policies and the information we make available to our customers and the public about our data handling practices, and our inability to do so may adversely impact sales of our solutions and services to certain customers, particularly customers in highly-regulated industries, such as the healthcare industry, and could result in regulatory actions, fines, legal proceedings and negatively impact our brand, reputation and our business.

ITEM 6. EXHIBITS

3.1	Amended and Restated By-Laws, incorporated herein by reference to Exhibit 3.1 to the Roper Technologies, Inc. Current Report on Form 8-K filed June 10, 2020.
4.1	Form of 2.000% Senior Notes due 2030, incorporated herein by reference to Exhibit 4.1 to the Roper Technologies, Inc. Current Report on Form 8-K filed June 22, 2020.
10.01	Employee Stock Purchase Plan, as amended and restated, filed herewith.
10.02	Amendment No. 2 to Credit Agreement dated April 23, 2020, to Credit Agreement dated as of September 23, 2016 by and among Registrant, the foreign subsidiary borrowers party thereto from time to time, the lenders party thereto from time to time, JP Morgan Chase Bank, N.A., as Administrative Agent, and the other agents and parties thereto, as previously amended December 2, 2016, incorporated herein by reference to Exhibit 10.01 to the Roper Technologies, Inc. Current Report on Form 8-K filed April 28, 2020.
10.03	Second Amendment to the Roper Technologies, Inc. Director Compensation Plan, incorporated herein by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A filed April 24, 2020.
31.1	Rule 13a-14(a)/15d-14(a), Certification of the Chief Executive Officer, filed herewith.
31.2	Rule 13a-14(a)/15d-14(a), Certification of the Chief Financial Officer, filed herewith.
32.1	Section 1350 Certification of the Chief Executive and Chief Financial Officers, furnished herewith.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Roper Technologies, Inc.

/S/ L. Neil Hunn L. Neil Hunn	President and Chief Executive Officer (Principal Executive Officer)	August 5, 2020
/S/ Robert C. Crisci Robert C. Crisci	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	August 5, 2020
/S/ Jason Conley Jason Conley	Vice President and Controller (Principal Accounting Officer)	August 5, 2020

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Section 2: EX-10.01 (EX-10.01)

ROPER TECHNOLOGIES, INC.
EMPLOYEE STOCK PURCHASE PLAN
(As Amended and Restated Effective July 1, 2020)

This document amends and restates in its entirety the Roper Technologies, Inc. Employee Stock Purchase Plan previously adopted by the shareholders of the Company on March 17, 2000, and subsequently amended by the Board of Directors of the Company.

1. **Purpose**. The purpose of the Roper Technologies, Inc. Employee Stock Purchase Plan (the "**Plan**") is to provide employees of the subsidiaries of Roper Technologies, Inc. (formerly known as Roper Industries, Inc.) (the "**Company**") with an opportunity to participate in the benefit of stock ownership and to acquire an interest in the Company through the purchase of common stock, $.01 par value per share, of the Company (the "**Common Stock**"). The Company intends the Plan to qualify as an employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended (the "**Code**"). Accordingly, the provisions of the Plan shall be construed so as to extend and limit participation in a manner consistent with the requirements of Code Section 423.

2. **Definitions.**

   a. "**Compensation**" means the base pay (including overtime), commissions and bonus amounts paid in cash to an Employee by a Plan Sponsor with respect to an Offering Period (defined below). Notwithstanding the foregoing, the Company, in its sole discretion, may determine to exclude bonuses and commissions from Compensation for any given Offering Period, provided that any such determination shall apply consistently to all Employees who are granted purchase rights for such Offering Period.

   b. "**Employee**" shall mean any person, including an officer, who is customarily employed for more than twenty (20) hours per week and for more than five (5) months during any calendar year, and who is having payroll taxes withheld from his/her Compensation on a regular basis, by a Plan Sponsor.

c. “**Plan Sponsor**” means the Company and any Subsidiary which adopts the Plan with the approval of the Company or which is otherwise designated by the Company as a Plan Sponsor.

d. “**Plan Administrator**” has the meaning set forth in Paragraph 12.

e. “**Subsidiary**” means an entity which may be treated as a “subsidiary corporation” within the meaning of Code Section 424(f).

3. **Eligibility.**

a. Any Employee who has been employed by a Plan Sponsor for at least six (6) months immediately before the Beginning Date (defined below) of an Offering

Period (defined below) shall be eligible to participate in the Plan for that Offering Period. Notwithstanding the six- (6-) month minimum employment requirement of the preceding sentence, for any Offering Period, the Company may establish a separate offering that is limited to the Employees of one or more Plan Sponsors who have been employed for a different minimum period (not to exceed two (2) years), provided that any such minimum employment period is applied in a consistent manner to all Employees of each Plan Sponsor whose Employees are granted purchase rights for the applicable Offering Period pursuant to such separate offering.

b. No Employee shall be granted purchase rights if, immediately after the grant, that Employee would own shares or hold outstanding rights to purchase shares, or both, possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiaries, taking into account the rules of Section 424(d) of the Code with regard to the attribution of stock ownership as stock owned by the Employee.

c. An Employee shall cease to be an active participant in the Plan upon the earliest to occur of:

   i. the date of a withdrawal under Paragraph 10(a) or (b) below; or

   ii. the date of a termination of employment from all Plan Sponsors.

4. **Offering Period**. “**Offering Period**” shall mean each calendar quarter beginning with the calendar quarter commencing January 1 of each calendar year and each calendar quarter thereafter until the Plan is otherwise amended or terminated. Each Offering Period will begin on the first day of that Offering Period (the “**Beginning Date**”) and end on the last day of that Offering Period (the “**Exercise Date**”).

5. **Participation**. The Company will make available to each eligible Employee an authorization notice as prescribed by the Plan Administrator (the “**Authorization**”) which must be completed to effect his or her right to commence participation in the Plan. An eligible Employee may become a participant for an Offering Period by completing the Authorization and delivering same to the Company at least one (1) day prior to the appropriate Beginning Date. All Employees granted purchase rights under the Plan shall have the same rights and privileges, except that the amount of Common Stock which may be purchased under such rights may vary in a uniform manner according to Compensation.

A participant will be deemed to have elected to participate in each subsequent Offering Period following his or her initial election to participate in the Plan, unless (i) a written withdrawal notice is delivered to the Plan Administrator at least one (1) week prior to the Beginning Date of an immediately succeeding Offering Period for which the participant desires to withdraw from participation and (ii) provides other information in accordance with the procedures designated by the Plan Administrator.

A participant who has elected not to participate in an Offering Period may resume participation in the same manner and pursuant to the same rules as any eligible Employee making an initial election to participate in the Plan.

6. **Method of Payment**. A participant may contribute to the Plan through payroll deductions, as follows:

   a. A participant shall elect on the Authorization to have deductions made as payroll deductions from the participant's Compensation for the Offering Period at a rate expressed as a percentage of Compensation in whole number increments which is at least one percent (1%), but not in excess of ten percent (10%), of the participant's Compensation.

   b. All payroll deductions made for a participant shall be credited to the participant's account under the Plan. All payroll deductions made from participants' Compensation shall, except to the extent prohibited by applicable law, be commingled with the general assets of the Company and no separate fund shall be established. Participants' accounts are solely for bookkeeping purposes and the Company shall not be obligated to pay interest on any payroll deductions credited to participants' accounts.

   c. A participant may not alter the rate of payroll deductions during the Offering Period; however, an existing participant may change the rate of payroll deductions effective for the immediately succeeding Offering Period by filing a revised Authorization within the same deadline as applies to new participants for that Offering Period.

   d. Dividends paid on shares of Common Stock held by the Custodian (as defined in Paragraph 9) for the benefit of a participant also shall be applied to the purchase of shares of Common Stock for the Offering Period in which the dividends are paid, unless the participant has withdrawn from the Plan or otherwise ceased to be an active participant (such dividends are referred to herein as "**Credited Dividends**"). Credited Dividends shall, except to the extent prohibited by applicable law, be credited to the participant's bookkeeping account under the Plan and shall be commingled with the general assets of the Company. The Company shall not be obligated to pay interest on any such Credited Dividends.

7. **Granting of Purchase Rights.**

   a. As of the first day of each Offering Period, a participant shall be granted purchase rights for a number of shares of Common Stock or fraction thereof, subject to the adjustments provided for in Paragraph 11(a) below, determined according to the following procedure:

<u>Step 1</u> - Determine the amount of the participant's payroll deduction and Credited Dividends during the Offering Period;

<u>Step 2</u> - Determine the amount which represents the Purchase Price (as defined below); and

<u>Step 3</u> - Divide the amount determined in Step 1 by the amount determined in Step 2.

Notwithstanding the foregoing and subject to Paragraph 7(c) below, the maximum number of shares of Common Stock for which a participant may be granted purchase rights for an Offering Period is 1,550 (which number reflects the 2-for-1 stock split on August 29, 2005).

b. For each Offering Period, the purchase price of shares of Common Stock to be purchased as provided in Paragraph 8 with a participant's payroll deductions and Credited Dividends (the "**Purchase Price**") shall be the *lower of* **(i)** ninety percent (90%) of the fair market value of a share of Common Stock on the Beginning Date, *and* **(ii)** ninety percent (90%) of the price of the fair market value of a share of Common stock on the Exercise Date.

c. Notwithstanding the foregoing, no participant shall be granted purchase rights which permit that participant to purchase shares under all employee purchase plans of the Company and its Subsidiaries at a rate which exceeds $25,000 of the fair market value of the shares (determined as of the Beginning Date of each Offering Period, or the immediately preceding date, where applicable pursuant to Paragraph 7(d) for each calendar year in which such rights are outstanding at any time.

d. For purposes of this Paragraph 7, the fair market value of a share of Common Stock on the Beginning Date and the Exercise Date shall be determined as follows: **(i)** if the Common Stock is traded on a national securities exchange, the closing sale price on the principal such exchange on such date or, in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported; **(ii)** if the Common Stock is not traded on any such exchange, the mean between the bid and offered prices as quoted by the applicable interdealer quotation system for such date, provided that if the Common Stock is not quoted on an interdealer quotation system or it is determined that the fair market value is not properly reflected by such quotations, fair market value will be determined by such other method as the Plan Administrator determines in good faith to be reasonable and in compliance with Code Section 409A.

8. **Exercise of Purchase Rights**. Unless a timely withdrawal has been effected pursuant to Paragraph 10 below, a participant's rights for the purchase of shares of Common Stock during an Offering Period will be automatically exercised on the Exercise Date (or the immediately preceding date, where applicable pursuant to Paragraph 7(d)) for that Offering Period for the purchase of the maximum number of full and fractional shares which the sum of the payroll deductions and Credited Dividends credited to the participant's account on that Exercise Date can purchase at the Purchase Price. The applicable Plan Sponsor may make such provisions and take such action as it deems

necessary or appropriate for the withholding of taxes and/or social insurance contributions which may be required under applicable law, including the withholding of such taxes from other compensation payable to the participant. Each participant, however, shall be responsible for the payment of all individual tax and social insurance contribution liabilities under the Plan.

9. **Delivery**. As soon as administratively feasible after the end of each Exercise Date, the Company shall deliver to a custodian designated by the Plan Administrator (the "**Custodian**"), the shares of Common Stock purchased upon the exercise of the purchase rights. A participant shall not be allowed to sell, assign, pledge or otherwise transfer any shares of Common Stock purchased by him or her under the Plan until the expiration of fifteen (15) months from the last day of the Offering Period for which such shares were acquired (the "**Applicable Restriction Period**") except as contemplated by Paragraph 13 upon the death of a participant. Once any Applicable Restriction Period has expired, a participant may elect at any time thereafter to have the applicable shares of Common Stock (rounded down to the nearest whole share), plus a cash amount equal to the fair market value of any fractional share, delivered to the participant or to an account established by the participant with any brokerage firm.

A participant may not direct the Plan Administrator to sell any shares of Common Stock credited to his or her account, regardless of whether such shares are otherwise immediately deliverable to him or her. The cost of any disposition of shares of Common Stock acquired through participation in the Plan shall be the sole responsibility of the participant.

10. **Withdrawal.**

a. A participant will be deemed to have elected to participate in each subsequent Offering Period following his or her initial election to participate in the Plan, *unless* **(i)** a written withdrawal notice is delivered to the Plan Administrator at least one week prior to the Beginning Date of an immediately succeeding Offering Period for which the participant desires to withdraw from the Plan, *and* **(ii)** the participant provides any other information in accordance with the procedures designated by the Plan Administrator.

b. A participant whose employment terminates for any reason (including, but not limited to, retirement or death) during an Offering Period and prior to the Exercise Date of such Offering Period will be deemed to have withdrawn from the Plan effective immediately upon the date of such termination of employment.

c. Upon the withdrawal of a participant from the Plan under the terms of this Paragraph 10 during an Offering Period, the participant's unexercised purchase rights under this Plan shall immediately terminate, and no further shares of Common Stock will be purchased under the Plan for the Offering Period in which timely notice of withdrawal is provided (or in which the participant's employment terminates, as applicable) or for any succeeding Offering Period, except as provided pursuant to Paragraph 10(e).

d. In the event a participant withdraws or is deemed to have withdrawn from the Plan under this Paragraph 10, all payroll deductions and Credited Dividends credited to the participant's account will be paid to the participant as soon as administratively feasible, unless, if applicable, such an inactive participant becomes an active participant again prior to the distribution of his or her cash account. Any shares of Common Stock held by the custodian on behalf of such a participant (rounded down to the nearest whole share), plus a cash amount equal to the fair market value of any fractional share, will be delivered to the participant at the end of the expiration of the Applicable Restriction Period, unless, if applicable, such an inactive participant becomes an active participant again prior to the distribution of such shares. In the event of the participant's death, all payroll deductions, Credited Dividends, shares of Common Stock and fractional share payments shall be paid to the Participant's beneficiary, estate or other party as provided in Paragraph 13 below.

e. A participant who has elected to withdraw from the Plan may resume participation in the same manner and pursuant to the same rules as any eligible Employee making an initial election to participate in the Plan.

11. **Stock.**

a. The maximum aggregate number of shares of Common Stock to be sold to participants under the Plan shall be 1,000,000 (which number reflects the 2-for-1 stock split on August 29, 2005) shares, subject to further adjustment upon changes in capitalization of the Company as provided in Paragraph 15 below. The shares of Common Stock to be sold to participants under the Plan, may, at the election of the Company, include treasury shares, shares originally issued for such purpose, or shares purchased in the open market. If the total number of shares of Common Stock then available under the Plan for which purchase rights are to be exercised in accordance with Paragraph 8 exceeds the number of such shares then available under the Plan, the Company shall make a pro rata allocation of the shares available in as nearly a uniform manner as shall be practicable and as it shall determine to be equitable. If purchase rights expire or terminate for any reason without being exercised in full, the unpurchased shares subject to the rights shall again be available for the purposes of the Plan.

b. A participant will have no interest in shares of Common Stock covered by his or her purchase rights until such rights have been exercised.

c. Shares to be delivered to a participant under the Plan will be registered in the name of the participant, or, if the participant so directs, by written notice to the Plan Administrator prior to the Exercise Date, in the names of the participant and one (1) other person designated by the participant, as joint tenants with rights of survivorship, to the extent permitted by applicable law.

12. **Administration**. The Plan shall be administered by the Company (the "**Plan Administrator**"). The Plan Administrator shall be vested with full authority to make, administer and interpret such rules and regulations as it deems necessary to administer the Plan, and any determination or action of the Plan Administrator in connection with the interpretation or administration of the Plan shall be final and binding upon all participants and any and all persons claiming under or through any participant.

13. **Designation of Beneficiary.**

    a. A participant may file with the Plan Administrator a written designation of a beneficiary who is to receive any cash to his or her credit under the Plan in the event of the participant's death before an Exercise Date, or any shares of Common Stock and cash to his or her credit under the Plan in the event of the participant's death on or after an Exercise Date but prior to the delivery of such shares and cash. A beneficiary may be changed by the participant at any time by notice in writing to the Plan Administrator.

    b. Upon the death of a participant and upon receipt by the Company of proof of the identity and existence at the time of the participant's death of a beneficiary designated by the participant in accordance with the immediately preceding Subparagraph, the Company shall deliver such shares of Common Stock or cash, or both, to the beneficiary. In the event a participant dies and is not survived by a then living or in existence beneficiary designated by him in accordance with the immediately preceding Subparagraph, the Company shall deliver such shares or cash, or both, to the personal representative of the estate of the deceased participant. If to the knowledge of the Company no personal representative has been appointed within ninety (90) days following the date of the participant's death, the Company, in its discretion, may deliver such shares or cash, or both, to the surviving spouse of the deceased participant, or to any one or more dependents or relatives of the deceased participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

    c. No designated beneficiary shall, prior to the death of the participant by whom the beneficiary has been designated, acquire any interest in the shares of Common Stock or cash credited to the participant under the Plan.

14. **Transferability**. Neither payroll deductions or Credited Dividends credited to a participant's account nor any rights with regard to the exercise of purchase rights or rights to receive any shares or cash under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way by the participant. Any attempted assignment, transfer, pledge or other disposition shall be without effect, except that the Company may treat such act as an election to withdraw funds in accordance with Paragraph 10 above.

15. **Adjustments Upon Changes in Capitalization**. In the event that the outstanding shares of Common Stock of the Company are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company

by reason of a recapitalization, reclassification, stock split, combination of shares or dividend payable in shares of Common Stock, an appropriate adjustment shall automatically be made to the number and kind of shares available for the granting of purchase rights, or as to which outstanding purchase rights shall be exercisable, and to the Purchase Price.

Subject to any required action by the shareholders, if the Company shall be a party to any reorganization involving merger or consolidation with respect to which the Company will not be the surviving entity or acquisition of substantially all of the stock or assets of the Company, the Plan Administrator in its discretion **(a)** may declare the Plan's termination in the same manner as if the Board of Directors of the Company had terminated the Plan pursuant to Paragraph 16 below, or **(b)** may declare that any purchase rights granted hereunder shall pertain to and apply with appropriate adjustment as determined by the Plan Administrator to the securities of the resulting or acquiring corporation to which a holder of the number of shares of Common Stock subject to such rights would have been entitled in such transaction.

Any issuance by the Company of any class of preferred stock, or securities convertible into shares of common or preferred stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Purchase Price of shares of Common Stock subject to any purchase rights except as specifically provided otherwise in this Paragraph 15. The grant of purchase rights pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge or to consolidate or to dissolve, liquidate or sell, or transfer all or any part of its business or assets.

16. **Amendment or Termination.**

a. The Board of Directors of the Company may at any time terminate or amend the Plan. The cash balances, Credited Dividends and shares of Common Stock (rounded down to the nearest whole share), plus a cash amount equal to the fair market value of any fractional share, credited to participants' accounts as of the date of any Plan termination shall be delivered to those participants as soon as administratively feasible following the effective date of the Plan's termination.

b. Prior approval of the shareholders shall be required with respect to any amendment that would require the sale of more shares than are authorized under Paragraph 11 of the Plan.

c. Where prior approval of the shareholders of the Company shall be required with respect to a proposed Plan amendment under applicable federal, state or local law, the Company shall obtain such approval prior to the effective date of any such amendment.

17. **Notices**. All notices or other communications by a participant to the Plan Administrator under or in connection with the Plan shall be deemed to have been duly given when

received by the Secretary of the Company or when received in the form specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

18. **No Contract**. This Plan shall not be deemed to constitute a contract between the Company or any Subsidiary and any eligible Employee or to be a consideration or an inducement for the employment of any Employee. Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the service of the Company or any Subsidiary or to interfere with the right of the Company or any Subsidiary to discharge any Employee at any time regardless of the effect which such discharge shall have upon him or her or as a participant of the Plan.

19. **Waiver**. No liability whatever shall attach to or be incurred by any past present or future shareholders, officers or directors, as such, of the Company or any Subsidiary, under or by reason of any of the terms, conditions or agreements contained in this Plan or implied, and any and all liabilities of, and any and all rights and claims against, the Company or any Subsidiary, or any shareholder, officer or director as such, whether arising at common law or in equity or created by statute or constitution or otherwise, pertaining to this Plan, are hereby expressly waived and released by every eligible Employee as a part of the consideration for any benefits by the Company under this Plan.

20. **Securities Law Restrictions**. Shares of Common Stock shall not be issued under the Plan unless **(a)** the exercise of the related purchase right and the issuance and delivery of the shares pursuant thereto shall comply with all applicable provisions of law, domestic or foreign, including, without limitation, the Securities Act of 1933, as amended, and any rules and regulations promulgated pursuant to such laws and with the requirements of any stock exchange upon which the shares may then be listed; and **(b)** the express approval of counsel for the Company with respect to such compliance is first obtained. The Company reserves the right to place an appropriate legend on any certificate representing shares of Common Stock issuable under the Plan with any such legend reflecting restrictions on the transfer of the shares as may be necessary to assure the availability of applicable exemptions under federal and state securities laws.

21. **Approval of Shareholders**. The Plan was approved by the shareholders of the Company on March 17, 2000, which was within twelve (12) months after the adoption of the Plan by the Board of Directors of the Company. The Plan as amended and restated effective as of July 1, 2020, was approved by the Board of Directors of the Company on March 12, 2020.

IN WITNESS WHEREOF, the Company has caused this amended and restated Plan to be executed effective as of the 1st day of July, 2020, but on the actual date below.

Roper Technologies, Inc.
(Registrant)

BY: /S/ John K. Stipancich   Date: July 1, 2020

John K. Stipancich
Executive Vice President, General Counsel and Corporate Secretary

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Section 3: EX-31.1 (EX-31.1)

Exhibit 31.1

I, L. Neil Hunn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Roper Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent

functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2020

/S/ L. Neil Hunn

L. Neil Hunn
President and Chief Executive Officer
(Principal Executive Officer)

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Section 4: EX-31.2 (EX-31.2)

Exhibit 31.2

I, Robert C. Crisci, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Roper Technologies, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;

and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2020

/S/ Robert C. Crisci

Robert C. Crisci
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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Section 5: EX-32.1 (EX-32.1)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Roper Technologies, Inc. (the "Company") on Form 10-Q for the period ended June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), L. Neil Hunn, Chief Executive Officer of the Company, and Robert C. Crisci, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his knowledge that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2020

/S/ L. Neil Hunn

L. Neil Hunn
President and Chief Executive Officer
(Principal Executive Officer)

/S/ Robert C. Crisci

Robert C. Crisci
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

This certificate is being made for the exclusive purpose of compliance of the Company with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be disclosed, distributed or used by any person or for any reason other than specifically required by law.

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