



# Q3 2023

Financial results

October 25, 2023

# Safe harbor statement

The information provided in this presentation contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements may include, among others, statements regarding operating results, the success of our internal operating plans, and the prospects for newly acquired businesses to be integrated and contribute to future growth, profit and cash flow expectations. Forward-looking statements may be indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "will," "believes," "intends" and similar words and phrases. These statements reflect management's current beliefs and are not guarantees of future performance. They involve risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statement. Such risks and uncertainties include any ongoing impacts of the COVID-19 pandemic on our business, operations, financial results and liquidity, which will depend on numerous evolving factors which we cannot accurately predict or assess, including: the duration and scope of the pandemic, new variants of the virus and the distribution and efficacy of vaccines; any 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. Such risks and uncertainties also include our ability to identify and complete acquisitions consistent with our business strategies, integrate acquisitions that have been completed, realize expected benefits and synergies from, and manage other risks associated with, acquired businesses, including obtaining any required regulatory approvals with respect thereto. We also face other general risks, including our ability to realize cost savings from our operating initiatives, general economic conditions and the conditions of the specific markets in which we operate, including risks related to labor shortages and rising interest rates, changes in foreign exchange rates, difficulties associated with exports, risks associated with our international operations, cybersecurity and data privacy risks, including litigation resulting therefrom, risks related to political instability, armed hostilities, incidents of terrorism, public health crises (such as the COVID-19 pandemic) or natural disasters, increased product liability and insurance costs, increased warranty exposure, future competition, changes in the supply of, or price for, parts and components, including as a result of the current inflationary environment and ongoing supply chain constraints, environmental compliance costs and liabilities, risks and cost associated with litigation, potential write-offs of our substantial intangible assets, and risks associated with obtaining governmental approvals and maintaining regulatory compliance for new and existing products. Important risks may be discussed in current and subsequent filings with the SEC. You should not place undue reliance on any forward-looking statements. These statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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

# Reg. G Disclosure

Today's conference call will discuss results primarily on an adjusted (non-GAAP) and continuing operations basis.

Q3 results adjusted for the following Items:

1. Amortization of acquisition-related intangible assets
2. Financial impacts associated with the minority investment in Indicor
3. Transaction & restructuring-related expenses associated with completed acquisitions
4. Gain on sale of non-operating assets

See appendix for reconciliations.

# Agenda

**Q3 enterprise highlights & financial results**

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**Segment detail & outlook**

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**Q4 & FY 2023 enterprise guidance**

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**Q&A**



# Q3 overview

Enhanced portfolio  
continues to perform well

## Great quarterly results

Total revenue +16%; organic revenue +6%

HSD organic software recurring revenue growth

Free cash flow +19% TTM

## Completed Syntellis & Replicon acquisitions

## Increasing full year guidance

## Well positioned for capital deployment

# Q3 financial highlights

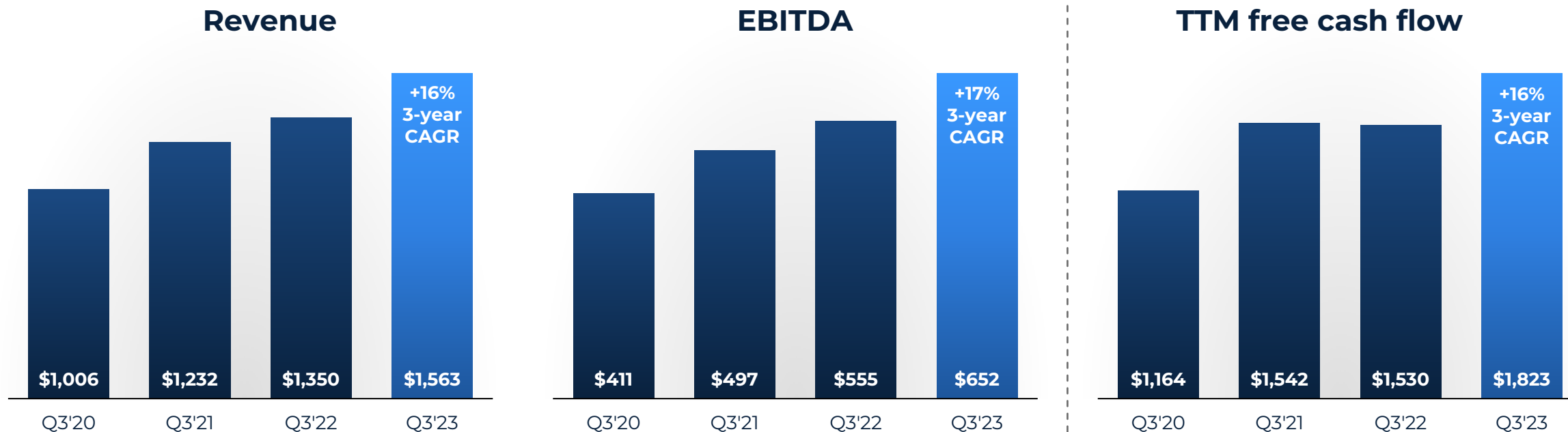
## Excellent third quarter results

Total revenue +16%; organic revenue +6%

EBITDA +18%; EBITDA margin +60 bps to 41.7%

DEPS +18% to \$4.32

Free cash flow +77% to \$625M; TTM +19% to \$1.8B



# Strong financial position

**\$4B+ capacity for capital deployment**

	9/30/23
Cash	\$300
Gross debt	\$6,878
Net debt	\$6,579
TTM EBITDA	\$2,444
Gross debt-to-EBITDA (TTM)	2.8x
Net debt-to-EBITDA (TTM)	2.7x
Drawn on \$3.5B revolver	\$910

In \$ millions. Numbers may not foot due to rounding.  
Results are presented on an adjusted (non-GAAP) and continuing operations basis.  
See appendix for reconciliations.

# Segment detail & outlook



# Syntellis acquisition



## Investment highlights

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Purchase price:

\$1.25B (net of \$135M tax benefit)  
~14x 2024 estimated EBITDA

Meets all acquisition criteria

Expected 2024 financial impact:

~\$185M of revenue  
~\$90M of EBITDA (including cost synergies)

## Operational highlights

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Leadership team in place

Cost synergies better than expected

Integration workstreams in motion

Customers excited & engaged

**Compelling value creation opportunity**

# Application Software

## Q3 highlights

Revenue +25%; organic revenue +5%

Deltek growth driven by continued SaaS momentum; completed Replicon acquisition

Another great Aderant quarter highlighted by SaaS adoption & continued GenAI innovation

ARR strength continued at Vertafore; MGA bolt-on continues to perform well

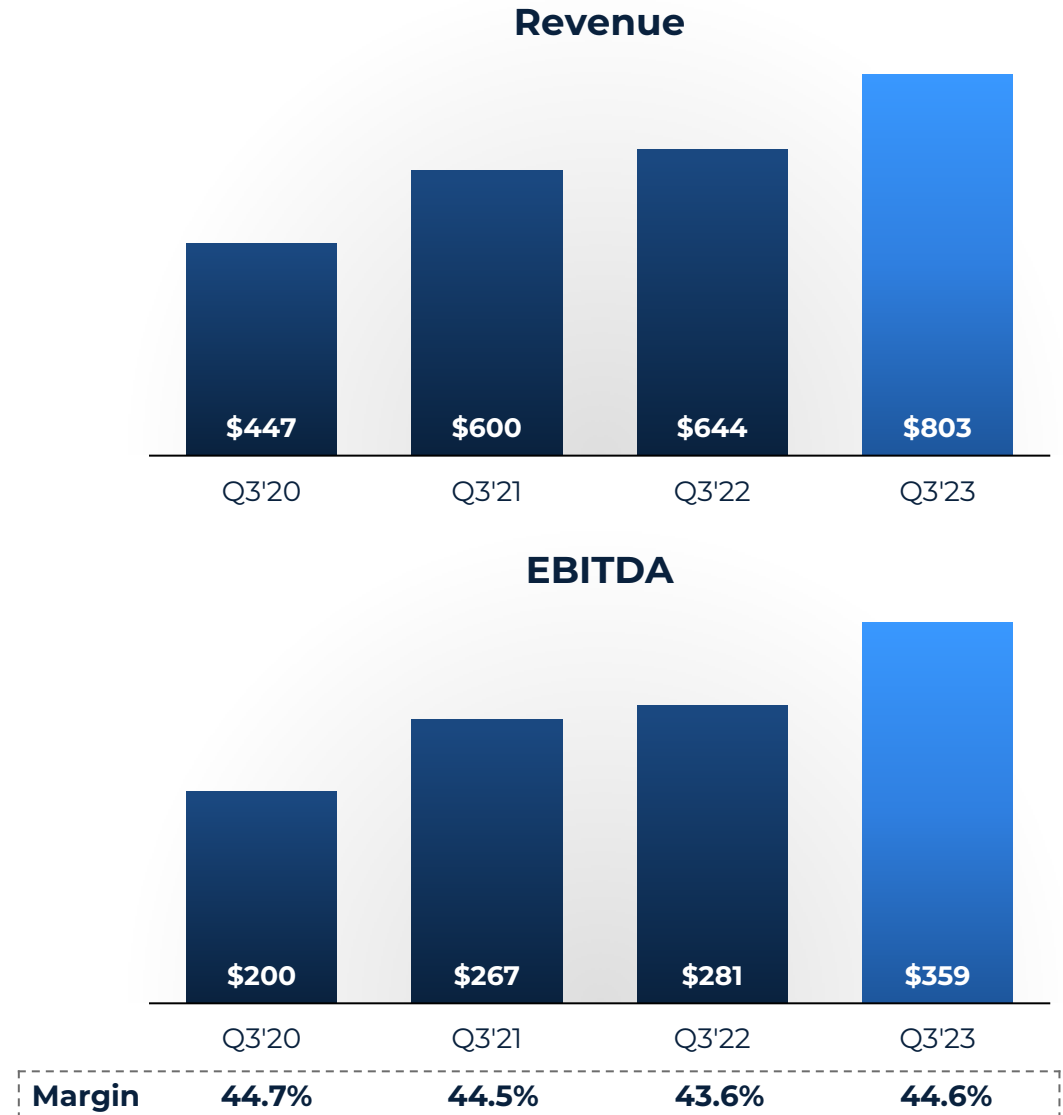
Excellent Strata growth across suite of hospital decision support solutions; completed Syntellis acquisition

Strong renewal season for Frontline; significant cash flow contribution

## Q4 outlook

MSD organic growth

In \$ millions. Results are presented on an adjusted (non-GAAP) and continuing operations basis. See appendix for reconciliations.



# Network Software

## Q3 highlights

Revenue +5%; organic revenue +5%

DAT & Loadlink growth; challenging freight market conditions continued; network strengthened with GenAI-enabled features

iPipeline excellent bookings & net retention; strengthening annuity market

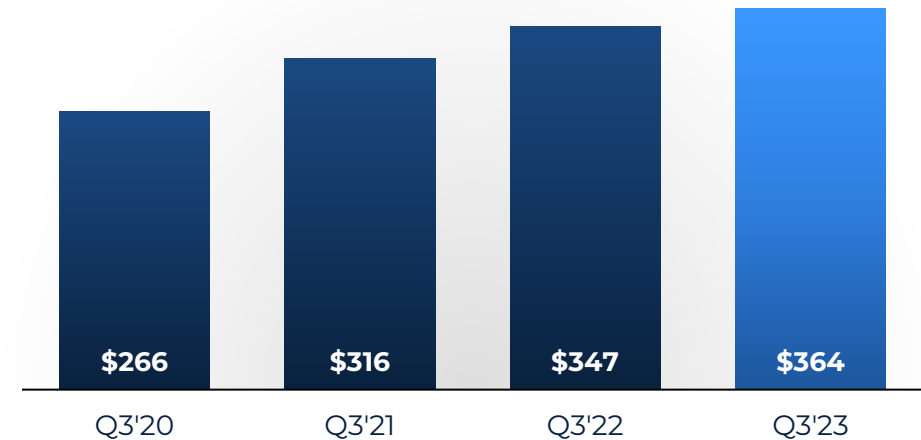
Foundry's transition to subscription model ahead of plan; demand pause from entertainment industry strike

Growth across alternate site healthcare businesses (MHA, SHP & SoftWriters); senior care occupancy improvement continued

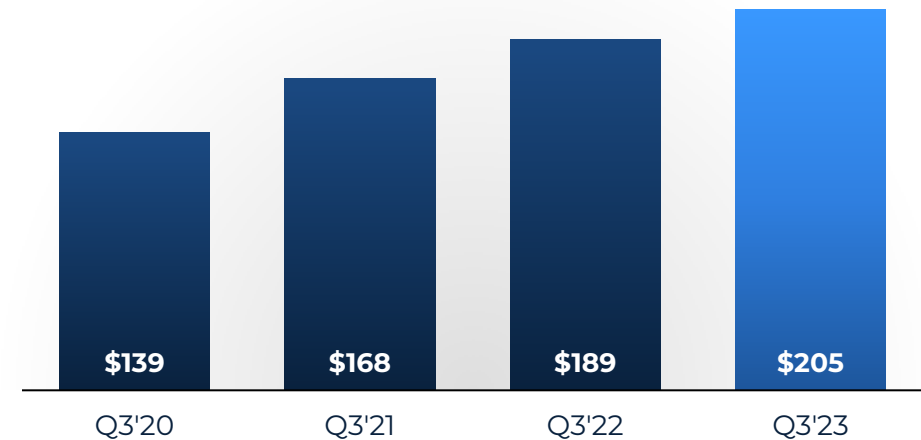
## Q4 outlook

LSD organic growth

### Revenue



### EBITDA



Margin	52.1%	53.0%	54.5%	56.3%

# Technology Enabled Products

## Q3 highlights

Revenue +10%; organic revenue +10%

Another fantastic Neptune quarter; ultrasonic meter momentum continued; increasing adoption of meter data management software

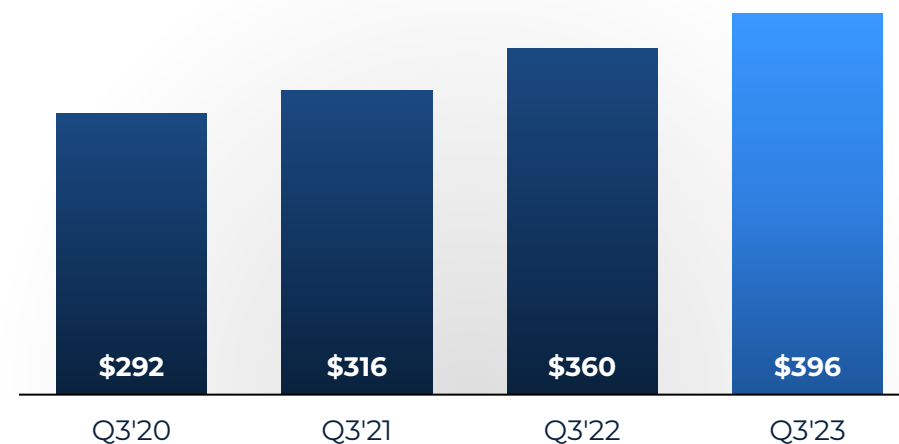
Verathon growth driven by single-use BFlex & GlideScope offerings; continued strong BladderScan demand

Continued strong performance from Inovonics, IPA & rf IDEAS

## Q4 outlook

LDD organic growth

### Revenue



### EBITDA



Margin	Q3'20	Q3'21	Q3'22	Q3'23
	39.0%	35.5%	37.2%	36.5%

In \$ millions. Results are presented on an adjusted (non-GAAP) and continuing operations basis. See appendix for reconciliations.

# 2023 enterprise guidance



# Guidance update

## Raising full year 2023 guidance

Total revenue: 14%+

Previously ~13%

Organic: 7%+

Previously ~7%

Adjusted DEPS: \$16.62 - \$16.66

Previously \$16.36 - \$16.50

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## Establishing Q4 2023 guidance

Adjusted DEPS: \$4.28 - \$4.32

Guidance excludes impact of unannounced future acquisitions or divestitures.  
Guidance presented on an adjusted (non-GAAP) and continuing operations basis.  
See appendix for reconciliations.

# Summary

Simple ideas.  
Powerful results.

## **Another great quarter**

Total revenue +16%; organic revenue +6%

HSD organic software recurring revenue growth

Free cash flow +19% TTM

## **Completed Syntellis & Replicon acquisitions**

## **Increasing full year guidance**

Great third quarter results

Enhanced portfolio continues to perform well

## **Well positioned for capital deployment**

Significant M&A firepower

Large pipeline of attractive acquisition opportunities

Results are presented on an adjusted (non-GAAP) and continuing operations basis. See appendix for reconciliations.

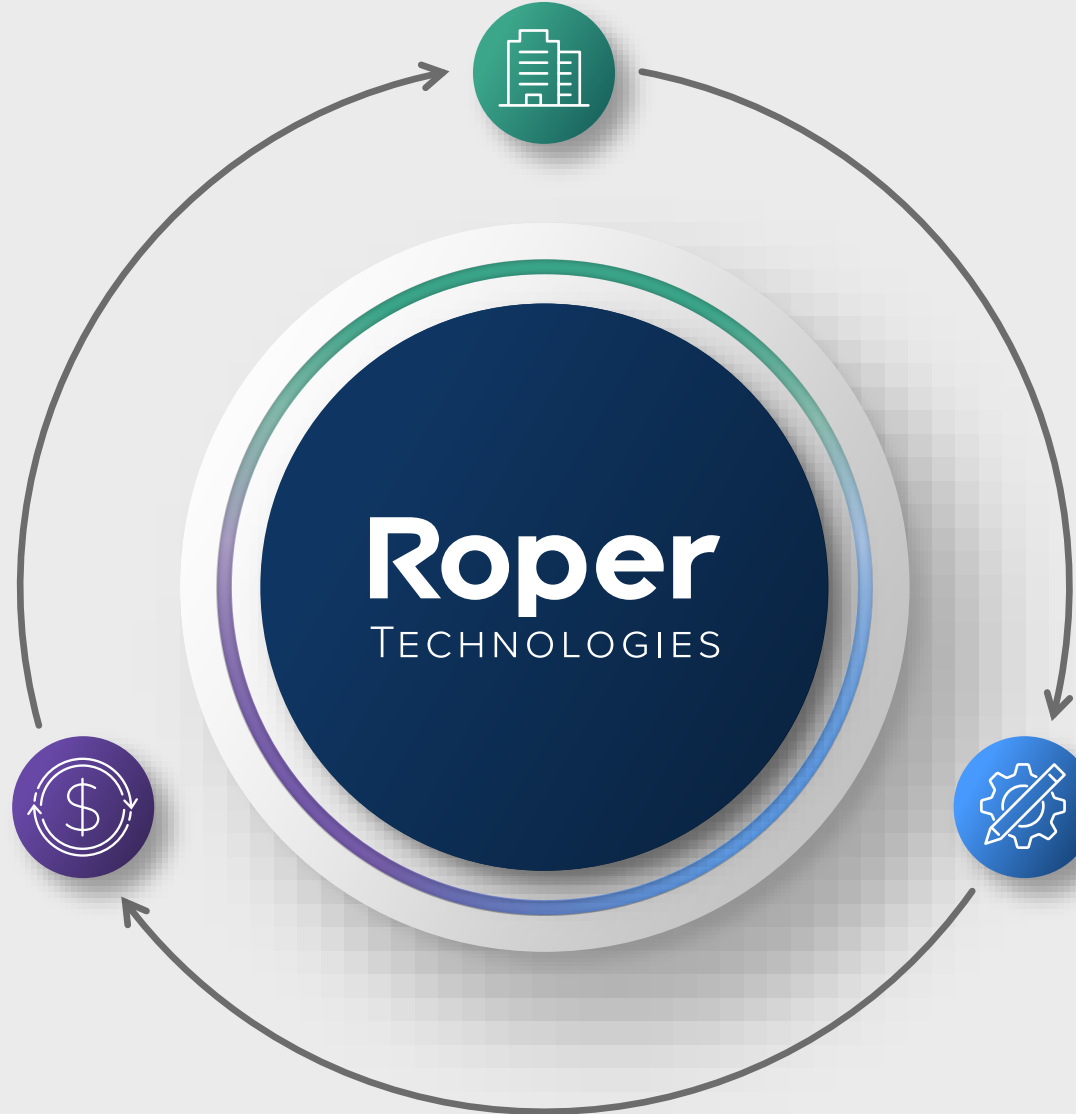
**Market-leading businesses  
in defensible niches**



**Decentralized  
operating  
environment**



**Process-driven  
capital deployment**



# Appendix

# Q3 income statement metrics

	Q3'22	Q3'23	
Revenue	\$1,350	\$1,563	+16%; organic +6%
Gross profit	\$942	\$1,096	
Gross margin	69.7%	70.1%	
EBITDA	\$555	\$652	+18%
EBITDA margin	41.1%	41.7%	
Interest expense	\$41	\$42	
Tax rate	21.8%	21.9%	
Net earnings	\$392	\$465	+19%
DEPS	\$3.67	\$4.32	+18%

In \$ millions, except DEPS.

Results are presented on an adjusted (non-GAAP) and continuing operations basis. See subsequent slides for reconciliations



# Roper's revenue composition

## Disaggregated revenue reconciliation (\$M) (from continuing operations)

	Q3 2023				Technology Enabled Products		Roper	
	Application Software		Network Software					
	Q3'22	Q3'23	Q3'22	Q3'23	Q3'22	Q3'23	Q3'22	Q3'23
<b>Software related</b>								
Recurring	471	631	248	263	3	4	722	898
Reoccurring	30	33	62	66	-	-	92	99
Non-recurring	143	139	37	35	-	-	180	175
<b>Total software revenue</b>	<b>644</b>	<b>803</b>	<b>347</b>	<b>364</b>	<b>3</b>	<b>5</b>	<b>994</b>	<b>1,172</b>
<b>Total product revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356</b>	<b>391</b>	<b>356</b>	<b>391</b>
<b>Total revenue</b>	<b>644</b>	<b>803</b>	<b>347</b>	<b>364</b>	<b>360</b>	<b>396</b>	<b>1,350</b>	<b>1,563</b>

# Reconciliations I

## Adjusted revenue and EBITDA reconciliation (\$M)

(from continuing operations)

	Q3 2020	Q3 2021	Q3 2022	Q3 2023	V% to '22	3-Year CAGR	TTM 2023
GAAP revenue	\$ 1,002	\$ 1,232	\$ 1,350	\$ 1,563	16%	16%	\$ 5,995
Purchase accounting adjustment to acquired deferred revenue	3	-	-	-			-
Adjusted revenue	\$ 1,006	\$ 1,232	\$ 1,350	\$ 1,563	16%	16%	\$ 5,995
GAAP earnings before income taxes	\$ 221	\$ 287	\$ 355	\$ 443			\$ 1,575
Interest expense	62	58	41	42			168
Depreciation	10	10	9	9			36
Amortization	113	143	147	182			707
EBITDA	\$ 406	\$ 498	\$ 553	\$ 676	22%	19%	\$ 2,486
Purchase accounting adjustment to acquired deferred revenue and commission expense	3	(1)	(1)	-			(1)
Restructuring-related expenses associated with the Syntellis acquisition	-	-	-	9			9
Transaction-related expenses for completed acquisitions	3	-	3	5			7
Financial impacts associated with the minority investment in Indicor	-	-	-	(34) <sup>A</sup>			(99)
Gain on sale of non-operating assets	-	-	-	(3)			(3)
Legal settlement charge	-	-	-	-			45
Adjusted EBITDA	\$ 411	\$ 497	\$ 555	\$ 652	18%	17%	\$ 2,444
% of adjusted revenue	40.9%	40.3%	41.1%	41.7%	+60 bps		40.8%

## Adjusted cash flow reconciliation (\$M)

(from continuing operations)

	Q3 2022	Q3 2023	V% to '22	TTM 2020*	TTM 2021	TTM 2022	TTM 2023	V% to '22	3-Year CAGR
Operating cash flow	\$ 219	\$ 631	188%	\$ 1,011	\$ 1,598	\$ 1,063	\$ 1,472	38%	13%
Taxes paid in period related to divestitures	157	16 <sup>C</sup>		192	-	535	435		
Adjusted operating cash flow	\$ 376	\$ 647	72%	\$ 1,203	\$ 1,598	\$ 1,598	\$ 1,908	19%	17%
Capital expenditures	(16)	(13)		(27)	(26)	(39)	(48)		
Capitalized software expenditures	(7)	(9)		(12)	(30)	(29)	(37)		
Adjusted free cash flow	\$ 353	\$ 625	77%	\$ 1,164	\$ 1,542	\$ 1,530	\$ 1,823	19%	16%

Note: Numbers may not foot due to rounding.

\*Excludes the results of the Gatan divestiture, sold to AMETEK on October 29, 2019.

# Reconciliations II

## Revenue growth reconciliation (from continuing operations)

Q3 2023	Technology			
	Application Software	Network Software	Enabled Products	Roper
Organic	5%	5%	10%	6%
Acquisitions/divestitures	20%	-	-	9%
Foreign exchange	1%	-	-	-
Total revenue growth	25%	5%	10%	16%

## Adjusted segment reconciliation (\$M) (from continuing operations)

	Application Software				Network Software				Technology Enabled Products			
	Q3'20	Q3'21	Q3'22	Q3'23	Q3'20	Q3'21	Q3'22	Q3'23	Q3'20	Q3'21	Q3'22	Q3'23
GAAP revenue	\$ 444	\$ 600	\$ 644	\$ 803	\$ 266	\$ 316	\$ 347	\$ 364	\$ 292	\$ 316	\$ 360	\$ 396
Purchase accounting adjustment to acquired deferred revenue	3	-	-	-	-	-	-	-	-	-	-	-
Adjusted revenue	\$ 447	\$ 600	\$ 644	\$ 803	\$ 266	\$ 316	\$ 347	\$ 364	\$ 292	\$ 316	\$ 360	\$ 396
GAAP operating profit	\$ 125	\$ 164	\$ 174	\$ 207	\$ 97	\$ 126	\$ 148	\$ 164	\$ 105	\$ 104	\$ 126	\$ 137
Purchase accounting adjustment to acquired deferred revenue and commission expense	3	(1)	(1)	-	-	-	-	-	-	-	-	-
Restructuring-related expenses associated with the Syntellis acquisition	-	-	-	9	-	-	-	-	-	-	-	-
Adjusted operating profit	\$ 128	\$ 163	\$ 173	\$ 216	\$ 97	\$ 126	\$ 148	\$ 164	\$ 105	\$ 104	\$ 126	\$ 137
Adjusted operating margin	28.6%	27.1%	26.8%	26.8%	36.3%	40.0%	42.7%	45.1%	36.1%	33.0%	35.2%	34.6%
Amortization	67	98	103	138	40	39	39	39	6	6	6	5
Adjusted EBITA	\$ 195	\$ 261	\$ 275	\$ 354	\$ 137	\$ 166	\$ 187	\$ 203	\$ 111	\$ 110	\$ 132	\$ 142
Depreciation	5	6	6	5	2	2	2	2	2	2	2	2
Adjusted EBITDA	\$ 200	\$ 267	\$ 281	\$ 359	\$ 139	\$ 168	\$ 189	\$ 205	\$ 114	\$ 112	\$ 134	\$ 144
Adjusted EBITDA margin	44.7%	44.5%	43.6%	44.6%	52.1%	53.0%	54.5%	56.3%	39.0%	35.5%	37.2%	36.5%

Note: Numbers may not foot due to rounding.

# Reconciliations III

## Adjusted DEPS reconciliation (from continuing operations)

	Q3 2022	Q3 2023	V %
GAAP DEPS	\$ 2.59	\$ 3.21	24%
Purchase accounting adjustment to acquired commission expense	(0.01)	-	
Restructuring-related expenses associated with the Syntellis acquisition	-	0.06	
Transaction-related expenses for completed acquisitions	0.02	0.03	
Financial impacts associated with the minority investment in Indicor	-	(0.26) <sup>A</sup>	
Gain on sale of non-operating assets	-	(0.02)	
Amortization of acquisition-related intangible assets	1.06	1.30 <sup>B</sup>	
Adjusted DEPS	\$ 3.67	\$ 4.32	18%

## Forecasted adjusted DEPS reconciliation (from continuing operations)

	Q4 2023		FY 2023	
	Low end	High end	Low end	High end
GAAP DEPS	\$ 2.95	\$ 2.99	\$ 12.20	\$ 12.24
Restructuring-related expenses associated with the Syntellis acquisition	-	-	0.06	0.06
Transaction-related expenses for completed acquisitions	-	-	0.03	0.03
Financial impacts associated with the minority investment in Indicor <sup>A</sup>	TBD	TBD	(0.78)	(0.78)
Gain on sale of non-operating assets	-	-	(0.02)	(0.02)
Amortization of acquisition-related intangible assets <sup>B</sup>	1.33	1.33	5.13	5.13
Adjusted DEPS	\$ 4.28	\$ 4.32	\$ 16.62	\$ 16.66

# Footnotes

**A.** Adjustments related to the financial impacts associated with the minority investment in Indicor as shown below (\$M, except per share data). Forecasted results do not include any potential impacts associated with our minority investments in Indicor nor Certinia as these potential impacts cannot be reasonably predicted, and will be adjusted out of all GAAP results in future periods.

	<b>Q3 2022A</b>	<b>Q3 2023A</b>	<b>Q4 2023E</b>	<b>FY 2023E</b>	<b>YTD 2023A</b>
Pretax	\$ -	\$ (34)	TBD	TBD	\$ (99)
After-tax	\$ -	\$ (28)	TBD	TBD	\$ (83)
Per share	\$ -	\$ (0.26)	TBD	TBD	\$ (0.78)

**B.** Actual results and forecast of estimated amortization of acquisition-related intangible assets as shown below (\$M, except per share data). These adjustments are taxed at 21%.

	<b>Q3 2022A</b>	<b>Q3 2023A</b>	<b>Q4 2023E</b>	<b>FY 2023E</b>
Pretax	\$ 144	\$ 177	\$ 181	\$ 698
After-tax	\$ 114	\$ 140	\$ 143	\$ 552
Per share	\$ 1.06	\$ 1.30	\$ 1.33	\$ 5.13

**C.** Cash taxes paid in the quarter were associated with Roper's portion of Indicor's gain on the sale of its Compressor Controls business ("CCC") to Honeywell. Roper expects to make the final cash tax payment associated with this transaction in the fourth quarter.





# Roper

TECHNOLOGIES