



# Q3 2024

Financial results

October 23, 2024

# 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 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 minority investments
3. Transaction & restructuring-related expenses associated with completed acquisition

See appendix for reconciliations.

# Agenda

**Q3 enterprise highlights & financial results**

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**Segment detail & outlook**

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**Q4 & FY 2024 enterprise guidance**

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**Q&A**



# Q3 overview

## **Another solid quarter**

+13% revenue, +4% organic revenue, +10% EBITDA  
+15% free cash flow; TTM +20% to \$2.2B

## **Completed Transact acquisition**

## **Raising full year guidance to high end**

## **Remain well positioned for capital deployment**

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

# Q3 financial highlights

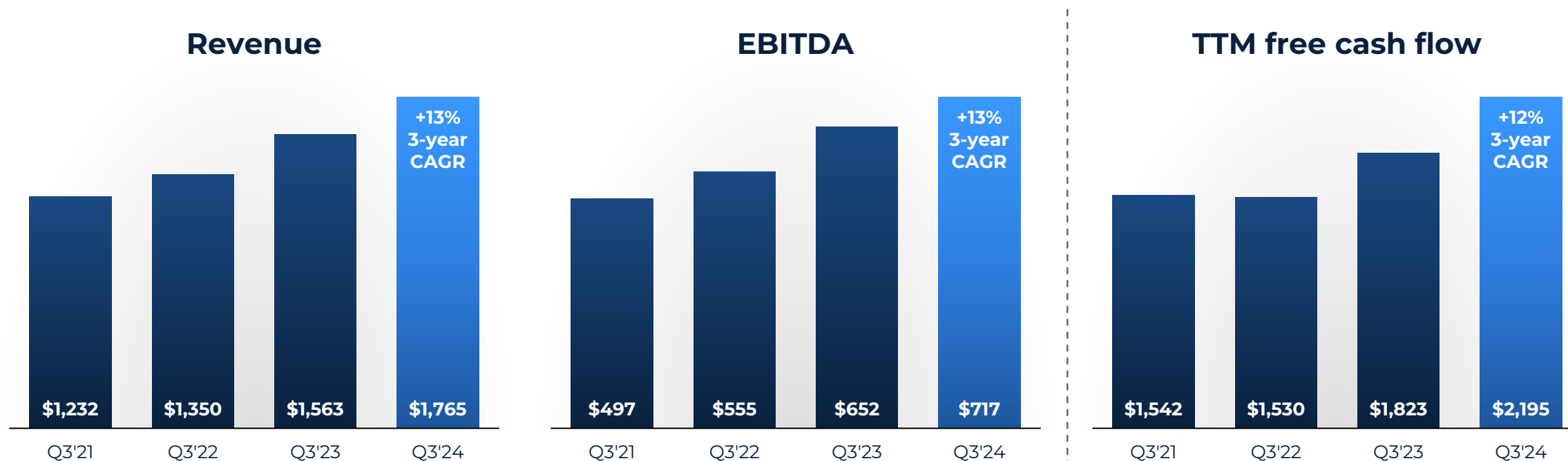
## Solid third quarter results

Total revenue +13%; organic revenue +4%

EBITDA +10%; EBITDA margin 40.7%

DEPS +7% to \$4.62; including +\$0.03 contribution from Transact

Free cash flow +15% to \$719M; TTM 32% free cash flow margin



# Strong financial position

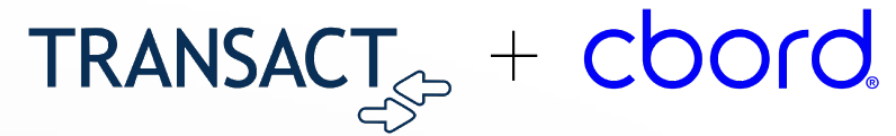
Successful \$2B bond offering

\$4B+ capacity for capital deployment

	9/30/24
Cash	\$270
Gross debt	\$8,377
Net debt	\$8,107
TTM EBITDA	\$2,748
Net debt-to-EBITDA (TTM)	3.0x
Drawn on \$3.5B revolver	\$925

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.

# Transact acquisition



## Investment highlights

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Purchase price:

\$1.5B (net of \$100M tax benefit)  
~14x 2025 estimated EBITDA

Meets all acquisition criteria

Expected 2025 financial impact:

~\$325M of revenue  
~\$105M of EBITDA (including cost synergies)

## Operational highlights

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Completed acquisition (August 20<sup>th</sup>)

Strong combined leadership team

Cost synergy actions initiated

Integration workstreams in motion

Customer feedback positive

**Compelling value creation opportunity**



# Segment detail & outlook

# Application Software

## Q3 highlights

Revenue +23%; organic revenue +5%; core EBITDA margin +20 bps

Outstanding Aderant quarter; new logos & continued customer expansion

Deltek GovCon enterprise improving; ongoing cloud momentum & expanding GenAI functionality

Continued ARR growth at PowerPlan driven by strong customer cross sell & upsell

Strong Frontline renewal & cash flow quarter

Excellent growth across Strata's suite of hospital decision support solutions

Procure executing well; enhanced GTM plan underway

## Q4 outlook

MSD organic growth

**\*Transact contribution (excl. restructuring): \$46M revenue, \$13M EBITDA, and \$8M operating profit.**  
 In \$ millions. Results are presented on an adjusted (non-GAAP) and continuing operations basis.  
 See appendix for reconciliations.

### Revenue



### EBITDA



Margin	Q3'21	Q3'22	Q3'23	Q3'24*
	44.5%	43.6%	44.6%	43.6%

# Network Software

## Q3 highlights

Revenue +1%; organic revenue +1%

DAT & Loadlink declined, as expected; continued stabilization of freight market conditions; network-enhancing innovation

Ongoing post-strike industry recovery drove Foundry declines, as expected; continued roll-out of AI/ML features across platform

ConstructConnect growth fueled by customer expansion; AI-innovation enhancing network value

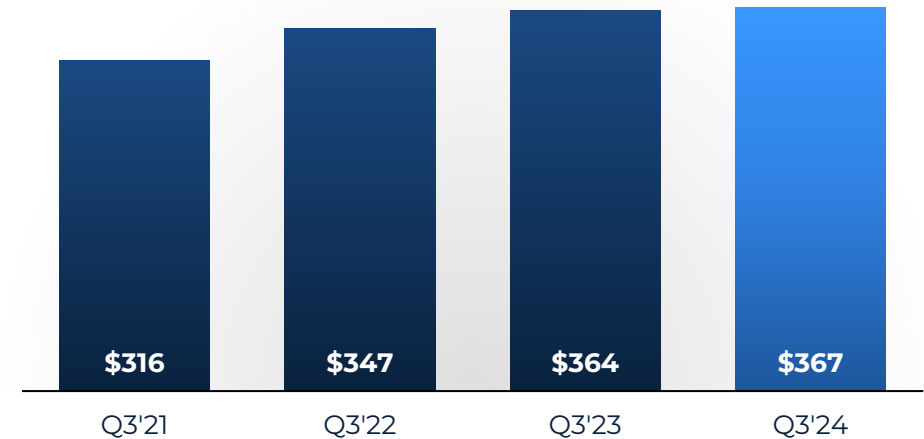
Continued growth across alternate site healthcare businesses (MHA, SHP & SoftWriters)

## Q4 outlook

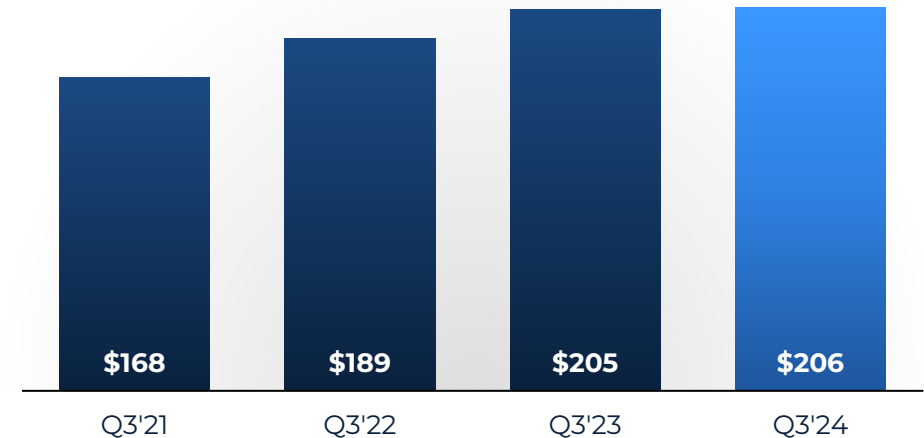
LSD organic growth; stabilizing freight market conditions

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

### Revenue



### EBITDA



Margin	Q3'21	Q3'22	Q3'23	Q3'24
	53.0%	54.5%	56.3%	56.2%

# Technology Enabled Products

## Q3 highlights

Revenue +4%; organic revenue +4%

Neptune rapidly resolved production issue; well positioned for mechanical meter demand & long-term transition to ultrasonic meters

Continued momentum at Verathon; growth driven by BFlex & GlideScope; BladderScan demand remains strong

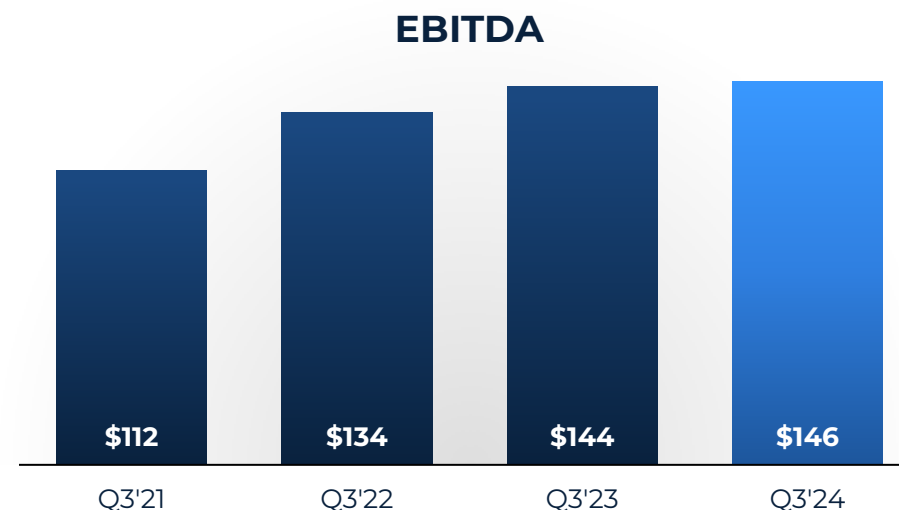
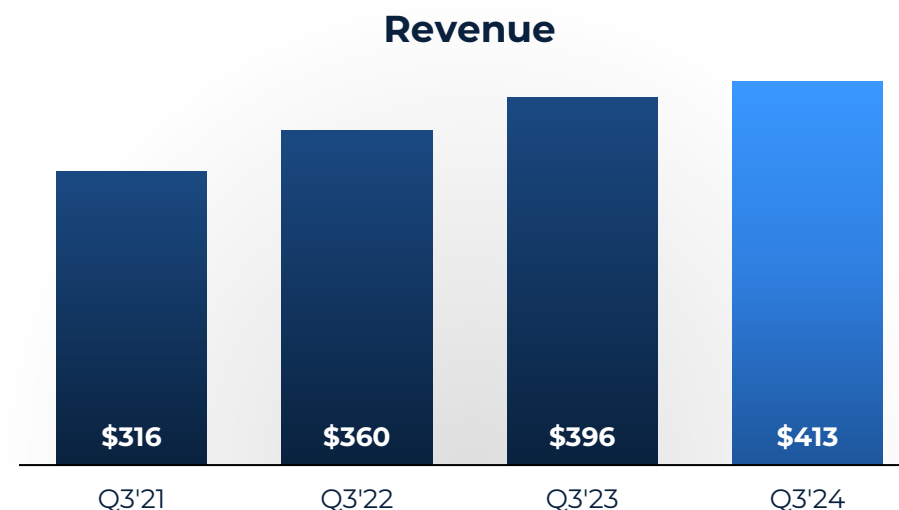
Customer program timing drove NDI declines, as expected; continued strong OEM order activity

Inovonics & rf IDEAS declined against continued tough prior year comps

## Q4 outlook

HSD organic growth

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



Margin	Q3'21	Q3'22	Q3'23	Q3'24
	35.5%	37.2%	36.5%	35.4%

# 2024 enterprise guidance

# Guidance update

## **FY 2024 guidance**

Total revenue: 13%+

Organic: ~6%

Adjusted DEPS: \$18.21 - \$18.25

Previously \$18.10 - \$18.25

Transact neutral to DEPS (for FY)

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## **Establishing Q4 2024 guidance**

Adjusted DEPS: \$4.70 - \$4.74

Transact \$(0.03) contribution



# Summary

Simple ideas.

Powerful results.

## **Solid third quarter**

+13% revenue, +4% organic revenue, +10% EBITDA  
+15% free cash flow; TTM 32% free cash flow margin

## **Completed Transact acquisition**

## **Raising full year guidance to high end**

Continued demand for mission critical solutions  
Ongoing expansion of recurring revenue base

## **Remain well positioned for capital deployment**

M&A capacity of \$4B+

Robust pipeline of attractive acquisition opportunities

**Market-leading businesses  
in defensible niches**



**Process-driven  
capital deployment**



**Decentralized  
operating  
environment**



# Appendix

# Q3 income statement metrics

	Q3'23	Q3'24	
Revenue	\$1,563	\$1,765	+13%; organic +4%
Gross profit	\$1,096	\$1,222	
Gross margin	70.1%	69.2%	
EBITDA	\$652	\$717	+10%
EBITDA margin	41.7%	40.7%	
Interest expense	\$42	\$68	
Tax rate	21.9%	21.1%	
Net earnings	\$465	\$499	
DEPS	\$4.32	\$4.62	+7%

# Roper's revenue composition

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

	Q3 2024				Technology Enabled Products		Roper	
	Application Software		Network Software					
	Q3'23	Q3'24	Q3'23	Q3'24	Q3'23	Q3'24	Q3'23	Q3'24
<b>Software related</b>								
Recurring	631	733	263	266	4	7	898	1,006
Reoccurring	33	100	66	66	-	-	99	167
Non-recurring	139	151	35	34	-	-	175	186
<b>Total software revenue</b>	<b>803</b>	<b>984</b>	<b>364</b>	<b>367</b>	<b>5</b>	<b>7</b>	<b>1,172</b>	<b>1,358</b>
<b>Total product revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>391</b>	<b>406</b>	<b>391</b>	<b>406</b>
<b>Total revenue</b>	<b>803</b>	<b>984</b>	<b>364</b>	<b>367</b>	<b>396</b>	<b>413</b>	<b>1,563</b>	<b>1,765</b>

# Reconciliations I

## Revenue and adjusted EBITDA reconciliation (\$M) (from continuing operations)

	Q3 2021	Q3 2022	Q3 2023	Q3 2024	V% to '23	3-Year CAGR	TTM 2024
GAAP revenue	\$ 1,232	\$ 1,350	\$ 1,563	\$ 1,765	13%	13%	\$ 6,776
GAAP earnings before income taxes	\$ 287	\$ 355	\$ 443	\$ 467			\$ 1,853
Interest expense	58	41	42	68			239
Depreciation	10	9	9	9			37
Amortization	143	147	182	197			761
EBITDA	\$ 498	\$ 553	\$ 676	\$ 741	10%	14%	\$ 2,889
Purchase accounting adjustment to acquired commission expense	(1)	(1)	-	-			-
Restructuring-related expenses associated with the Syntellis ('23) and Transact ('24) acquisitions	-	-	9	9			9
Transaction-related expenses for completed acquisitions	-	3	5	5			9
Financial impacts associated with the minority investments in Indicor & Certinia <sup>A</sup>	-	-	(34)	(37)			(160)
Gain on sale of non-operating assets	-	-	(3)	-			-
Adjusted EBITDA	\$ 497	\$ 555	\$ 652	\$ 717	10%	13%	\$ 2,748
% of revenue	40.3%	41.1%	41.7%	40.7%	(100 bps)		40.6%

## Adjusted cash flow reconciliation (\$M) (from continuing operations)

	TTM 2021	TTM 2022	TTM 2023	TTM 2024	V% to '23	3-Year CAGR	Q3 2023	Q3 2024	V %
Operating cash flow	\$ 1,598	\$ 1,063	\$ 1,472	\$ 2,293	56%	13%	\$ 631	\$ 755	20%
Taxes paid in period related to divestitures	-	535	435	16			16	-	
Adjusted operating cash flow from continuing operations	\$ 1,598	\$ 1,598	\$ 1,908	\$ 2,309	21%	13%	\$ 647	\$ 755	17%
Capital expenditures	(26)	(39)	(48)	(69)			(13)	(23)	
Capitalized software expenditures	(30)	(29)	(37)	(45)			(9)	(13)	
Adjusted free cash flow	\$ 1,542	\$ 1,530	\$ 1,823	\$ 2,195	20%	12%	\$ 625	\$ 719	15%



# Reconciliations II

## Revenue growth reconciliation (from continuing operations)

Q3 2024	Technology			
	Application Software	Network Software	Enabled Products	Roper
Organic	5%	1%	4%	4%
Acquisitions/divestitures	17%	-	-	9%
Foreign exchange	-	-	-	-
Total revenue growth	23%	1%	4%	13%

## Segment reconciliation (\$M) (from continuing operations)

	Application Software				Network Software				Technology Enabled Products			
	Q3'21	Q3'22	Q3'23	Q3'24	Q3'21	Q3'22	Q3'23	Q3'24	Q3'21	Q3'22	Q3'23	Q3'24
GAAP revenue	\$ 600	\$ 644	\$ 803	\$ 984	\$ 316	\$ 347	\$ 364	\$ 367	\$ 316	\$ 360	\$ 396	\$ 413
GAAP operating profit	\$ 164	\$ 174	\$ 207	\$ 260	\$ 126	\$ 148	\$ 164	\$ 166	\$ 104	\$ 126	\$ 137	\$ 141
Purchase accounting adjustment to acquired commission expense	(1)	(1)	-	-	-	-	-	-	-	-	-	-
Restructuring-related expenses associated with the Syntellis ('23) & Transact ('24) acquisitions	-	-	9	9	-	-	-	-	-	-	-	-
Adjusted operating profit	\$ 163	\$ 173	\$ 216	\$ 269	\$ 126	\$ 148	\$ 164	\$ 166	\$ 104	\$ 126	\$ 137	\$ 141
Amortization	98	103	138	155	39	39	39	39	6	6	5	3
Adjusted EBITA	\$ 261	\$ 275	\$ 354	\$ 424	\$ 166	\$ 187	\$ 203	\$ 205	\$ 110	\$ 132	\$ 142	\$ 144
Depreciation	6	6	5	5	2	2	2	2	2	2	2	2
Adjusted EBITDA	\$ 267	\$ 281	\$ 359	\$ 429	\$ 168	\$ 189	\$ 205	\$ 206	\$ 112	\$ 134	\$ 144	\$ 146
Adjusted EBITDA margin	44.5%	43.6%	44.6%	43.6%	53.0%	54.5%	56.3%	56.2%	35.5%	37.2%	36.5%	35.4%

## Core margin reconciliation

	Application Software	
	Q3'23	Q3'24
Adjusted EBITDA margin	44.6%	43.6%
Margin impact associated with inorganic businesses	(70 bps)	(190 bps)
Core EBITDA margin	45.3%	45.5%

Note: Numbers may not foot due to rounding.

# Reconciliations III

## Adjusted DEPS reconciliation (from continuing operations)

	Q3 2023	Q3 2024	V %
GAAP DEPS	\$ 3.21	\$ 3.40	6%
Restructuring-related expenses associated with the Syntellis ('23) and Transact ('24) acquisitions	0.06	0.07	
Transaction-related expenses for completed acquisitions	0.03	0.03	
Financial impacts associated with the minority investments in Indicor & Certinia <sup>A</sup>	(0.26)	(0.27)	
Gain on sale of non-operating assets	(0.02)	-	
Amortization of acquisition-related intangible assets <sup>B</sup>	1.30	1.38	
Adjusted DEPS	<u>\$ 4.32</u>	<u>\$ 4.62</u>	7%

## Forecasted adjusted DEPS reconciliation (from continuing operations)

	Q4 2024		FY 2024	
	Low end	High end	Low end	High end
GAAP DEPS <sup>C</sup>	\$ 3.29	\$ 3.33	\$ 12.64	\$ 12.68
Restructuring-related expenses associated with the Transact acquisition	-	-	0.07	0.07
Transaction-related expenses for completed acquisitions	-	-	0.05	0.05
Financial impacts associated with the minority investments in Indicor & Certinia <sup>A</sup>	TBD	TBD	TBD	TBD
Amortization of acquisition-related intangible assets <sup>B</sup>	1.41	1.41	5.45	5.45
Adjusted DEPS	<u>\$ 4.70</u>	<u>\$ 4.74</u>	<u>\$ 18.21</u>	<u>\$ 18.25</u>

# Footnotes

- A.** Adjustments related to the financial impacts associated with the minority investments in Indicor & Certinia as shown below (\$M, except per share data). Forecasted results do not include any potential impacts associated with our minority investments in Indicor or Certinia, as these potential impacts cannot be reasonably predicted. These impacts will be excluded from all non-GAAP results in future periods.

	<b>Q3 2023A</b>	<b>Q3 2024A</b>	<b>Q4 2024E</b>	<b>FY 2024E</b>
Pretax	\$ (34)	\$ (37)	TBD	TBD
After-tax	\$ (28)	\$ (29)	TBD	TBD
Per share	\$ (0.26)	\$ (0.27)	TBD	TBD

- 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 2023A</b>	<b>Q3 2024A</b>	<b>Q4 2024E</b>	<b>FY 2024E</b>
Pretax	\$ 177	\$ 189	\$ 193	\$ 745
After-tax	\$ 140	\$ 149	\$ 153	\$ 588
Per share	\$ 1.30	\$ 1.38	\$ 1.41	\$ 5.45

- C.** Forecasted GAAP DEPS do not include any potential impacts associated with our minority investments in Indicor or Certinia. These impacts will be excluded from all non-GAAP results in future periods.



# Roper

TECHNOLOGIES