



A Diversified Technology Company

# Q2 2016 Financial Results

July 25, 2016

**Simple** Ideas.  
Powerful **Results.**

# Safe Harbor Statement

The information provided in this presentation contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements include, among others, statements regarding operating results, the success of our internal operating plans, and the prospects for newly acquired businesses to be integrated and contribute to future growth, profit and cash flow expectations. Forward-looking statements may be indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "will," "believes" or "intends" and similar words and phrases. These statements reflect management's current beliefs and are not guarantees of future performance. They involve risks and uncertainties that could cause actual results to differ materially from those contained in any forward-looking statement. Such risks and uncertainties include our ability to integrate our acquisitions and realize expected synergies. We also face other general risks, including our ability to realize cost savings from our operating initiatives, general economic conditions, unfavorable changes in foreign exchange rates, difficulties associated with exports, risks associated with our international operations, difficulties in making and integrating acquisitions, risks associated with newly acquired businesses, increased product liability and insurance costs, increased warranty exposure, future competition, changes in the supply of, or price for, parts and components, environmental compliance costs and liabilities, risks and cost associated with asbestos related litigation and potential write-offs of our substantial intangible assets, and risks associated with obtaining governmental approvals and maintaining regulatory compliance for new and existing products. Important risks may be discussed in current and subsequent filings with the SEC. You should not place undue reliance on any forward-looking statements. These statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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

# Reg. G Disclosure

Today's Conference Call Will Discuss Results Primarily on an Adjusted (Non-GAAP) Basis. The Q2'16 Adjusted Results Exclude the Following Items:

- (1) Purchase Accounting Adjustment to Acquired Deferred Revenue
- (2) Acquisition-Related Inventory Step-Up Charge

See Appendix for Reconciliation from GAAP to Adjusted Results



# Roper Conference Call

- » Q2'16 Enterprise Financial Results
- » Segment Detail & Outlook
- » Q3 and FY 2016 Guidance
- » Q&A

# Q2 Enterprise Results

# Q2 2016 Enterprise Highlights

- » Orders +9% to Record \$956M
  - Book to Bill of 1.02
  
- » Revenue +5% to \$934M
  - Organic (2%), Divestitures (1%), Acquisitions +8%
  - Excellent Organic Growth in Medical, Software and Water
  - Oil & Gas Declines Continued; Upstream (40%+)
  - Toll & Traffic Project Delays
  
- » Gross Margin +90 Bps to 61.0%
  
- » EBITDA +4% to \$314M; 33.6% EBITDA Margin
  
- » DEPS: \$1.56
  
- » Operating Cash Flow: \$170M; YTD: \$414M, 23% of Revenue
  
- » Recent Acquisitions Performing Well; Very Strong Pipeline

**Solid Quarter; Outlook Adjusted for Economic Realities**

# Q2 Income Statement

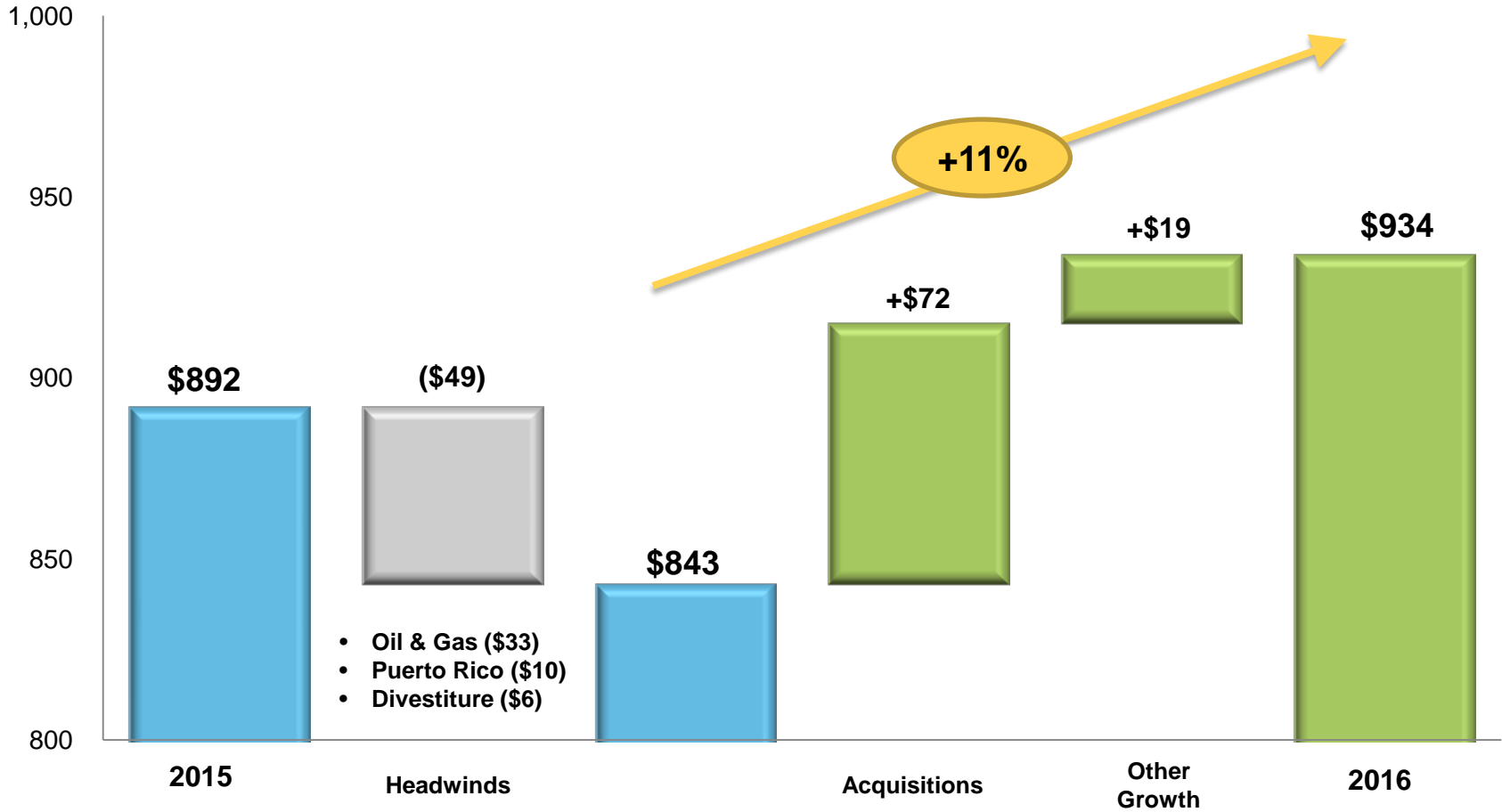
(in \$ millions)

Note: Amounts may not total due to rounding

	Q2'15	Q2'16	
Orders	\$881	\$956	+9%, Book-to-Bill: 1.02x
Revenue	\$892	\$934	+5%
Gross Profit	\$536	\$570	+6%
Gross Margin	60.1%	61.0%	+90 Bps
Operating Income	\$254	\$256	Amortization + \$10M
Operating Margin	28.5%	27.4%	
Interest Expense	\$20	\$27	
Other Income/(Expense)	\$(2)	\$(1)	
Earnings Before Tax	\$233	\$228	(2%)
Tax Rate	25.7%	29.8%	One Time Tax Benefit in Q2'15
Net Earnings	\$173	\$160	
DEPS	\$1.70	\$1.56	

# Q2 2016 Revenue Bridge

(in \$ millions)



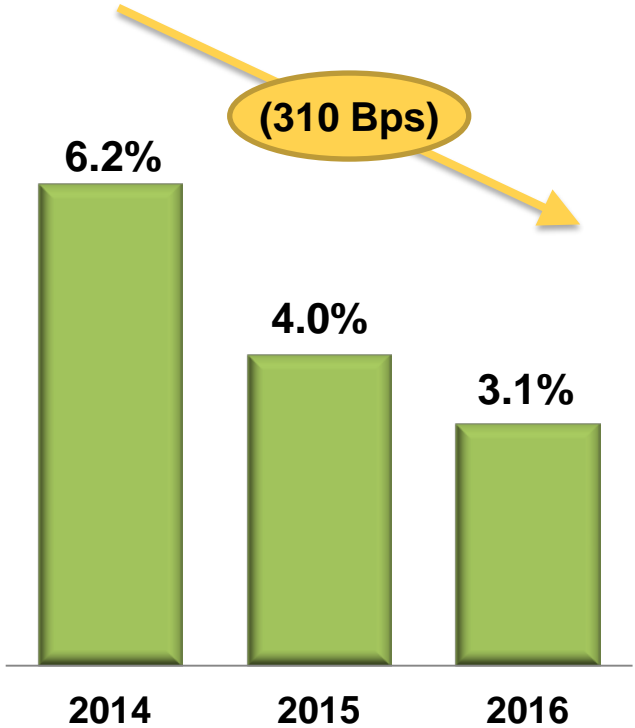
**Solid Growth Despite Headwinds**



# Asset-Light Business Model

## Working Capital\* as % of Q2 Annualized Net Sales

	<u>06/30/14</u>	<u>06/30/15</u>	<u>06/30/16</u>
(I) Inventory	6.0%	5.5%	5.1%
(R) Receivables	17.7%	16.6%	16.9%
(P) Payables & Accruals	17.4%	18.1%	18.9%
<b>Total (I+R-P)</b>	<b>6.2%</b>	<b>4.0%</b>	<b>3.1%</b>



Notes: Percentages may not sum correctly due to rounding

## Governance Process Drives Continuous Improvement

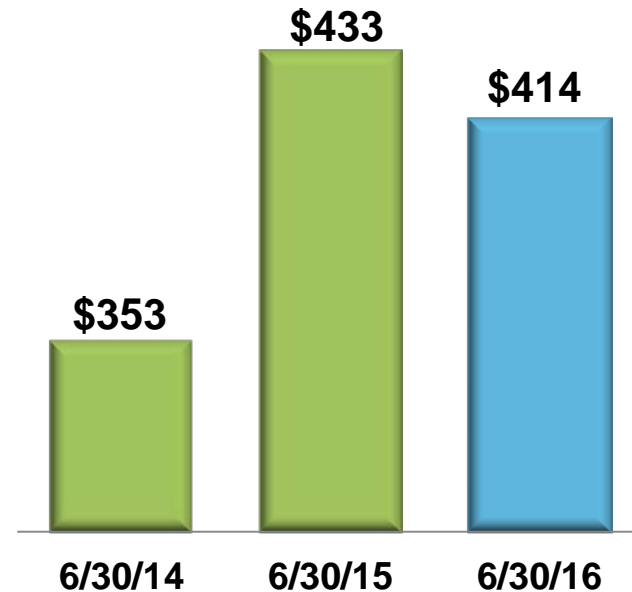
\* Defined as Inventory + A/R + Unbilled Receivables – A/P – Accrued Liabilities; Sales and Working Capital Related to Acquisitions Completed in Each Quarter Removed from Calculation

# Cash Flow Performance

(in \$ millions)

## YTD Operating Cash Flow

- » YTD Operating Cash Flow: \$414M
  - 23% of Revenue
- » YTD Free Cash Flow: \$396M
  - 22% of Revenue
- » YTD Operating Cash Conversion: 132%



Notes: Free Cash Flow = Operating Cash Flow less Capital Expenditures

**Continued Strong Cash Conversion**

# Strong Financial Position

(in \$ millions)

	<u>6/30/15</u>	<u>6/30/16</u>
Cash	\$679	\$622
Undrawn Revolver	\$1,185	\$1,850
Gross Debt	\$2,525	\$3,092
Net Debt	\$1,846	\$2,470
Shareholders' Equity	\$5,019	\$5,551
TTM EBITDA	\$1,232	\$1,267
Net Debt-to-EBITDA (TTM)	1.5x	1.9x

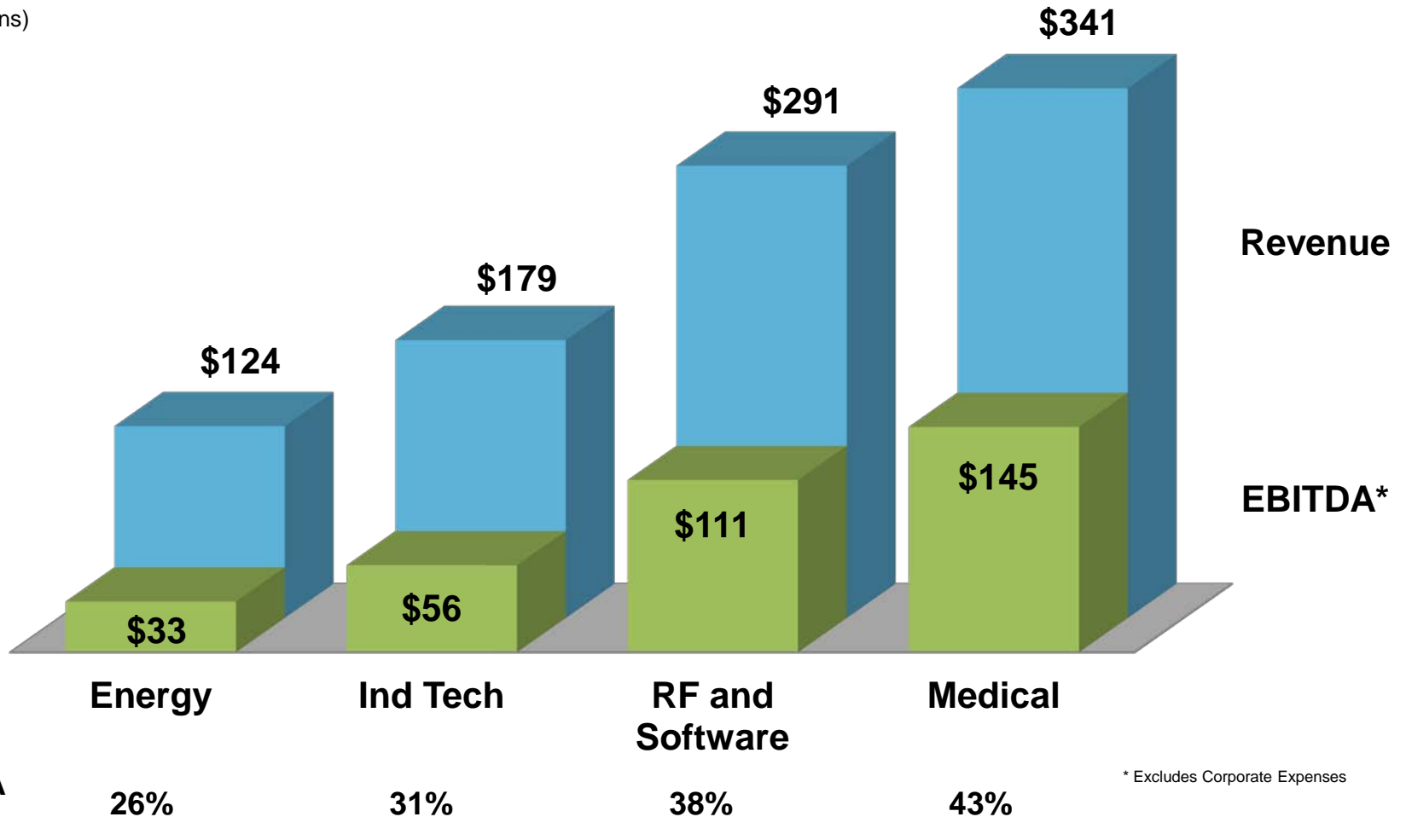
**Ample Liquidity; Active Acquisition Pipeline**

# Segment Detail & Outlook



# Q2 2016 Segment Performance

(in \$ millions)

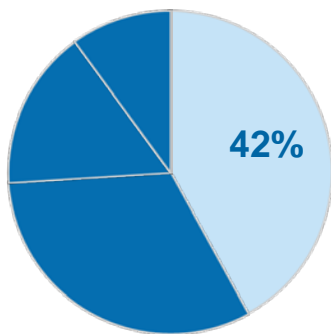


**Outstanding Margins in All Segments**

# Medical & Scientific Imaging

(in \$ millions)	Q2'16	V to PY
Revenue	\$341	+12%
Op Profit	\$115	+3%
OP Margin	33.7%	(290 bps)

**Med. & S.I. % of Roper  
Q2'16 EBITDA\***



\* Excludes Corporate Expenses

## Q2 2016

- » Acquisitions +8%, Segment Organic Revenue +4%
- » Medical Businesses (~85% of Segment):
  - Organic +5%, 10<sup>th</sup> Consecutive Quarter of Organic MSD or Better Growth
  - Growth Led by Continued Adoption of New Products
  - Software Adoption Drove Growth in Alternate Site Healthcare Solutions
  - New Product Launches on Schedule at Sunquest; Sales Pipeline Growing

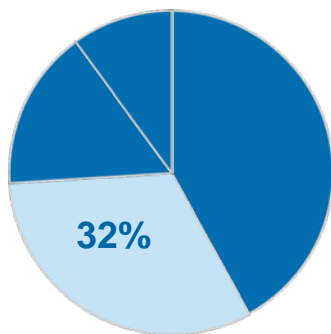
## Q3 – Q4 2016

- » Segment Organic Revenue +6-9%
- » Medical Products Growth Trend Continues
- » Alternate Site Growth Strengthens with Continued Software Adoption and Favorable Comps
- » Laboratory Software Orders Increase On Adoption of New Products and Upgrades
- » Imaging Growth Driven by New Applications (Cryo-EM), Strong Backlog and New Product Releases

# RF Technology & Software

(in \$ millions)	Q2'16	V to PY
Revenue	\$291	+14%
Op Profit	\$92	+14%
OP Margin	31.5%	+20 bps

**RF Tech % of Roper  
Q2'16 EBITDA\***



\* Excludes Corporate Expenses

## Q2 2016

- » Acquisitions +18%, Organic (4%)
- » Organic Revenue +9% in Software and SaaS Businesses
- » Toll & Traffic Double Digit Revenue Decline:
  - Completion of Puerto Rico Service Contract (Last Quarter of \$10M Headwind)
  - Riyadh Project Moving Slowly
- » Strong Segment Book to Bill (1.09); Orders +26%, Organic Orders +9%

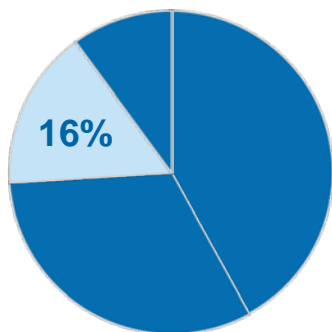
## Q3 – Q4 2016

- » Segment Organic Revenue +5-7%
- » Toll & Traffic Improves in 2<sup>nd</sup> Half
  - Execution of Recent Wins
  - Strong Pipeline of Opportunities
- » Software and SaaS Businesses Grow High Single Digits with Strong Cash Returns
- » RF IDEas and On Center Become Organic in Q4

# Industrial Technology

(in \$ millions)	Q2'16	V to PY
Revenue	\$179	(4%)
Op Profit	\$51	(2%)
OP Margin	28.7%	+70 bps

**Ind. Tech % of Roper  
Q2'16 EBITDA\***



\* Excludes Corporate Expenses

## Q2 2016

- » Organic (1%), Divestiture (3%)
- » Organic +4%, Excluding Oil & Gas
  - Upstream Worse Than Expected; Roper Pumps Down (40%+)
- » Neptune Double Digit Growth on Continued Market Share Gains
- » Material Analysis Down; Record Orders Encouraging

## Q3 – Q4 2016

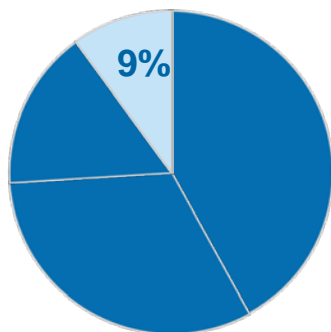
- » Segment Organic Revenue Flat
- » No Improvement in Upstream Markets
- » Neptune and Instrumentation Growth Will Offset O&G Decline



# Energy Systems and Controls

(in \$ millions)	Q2'16	V to PY
Revenue	\$124	(15%)
Op Profit	\$28	(26%)
OP Margin	22.5%	(350 bps)

**Energy % of Roper  
Q2'16 EBITDA\***



\* Excludes Corporate Expenses

## Q2 2016

- » Oil & Gas Down ~-(25%); Worse Than Expected
  - Challenging Environment for Compressor Controls
- » Sequential Margin Improvement
- » Modest Growth in Industrial Test and Measurement Businesses Led by Rubber and Polymer Markets

## Q3 – Q4 2016

- » Segment Organic Revenue Down (7-10%)
- » Oil & Gas Down Mid-Teens
  - Easier Comp in Q4
  - Some Fourth Quarter Seasonal Increase Expected
- » Industrial Test and Measurement Businesses Improve
- » Margins Continue to Improve Sequentially

# Guidance Update

# Guidance Outlook

## » Updating Full Year Guidance:

- Full Year Adjusted DEPS: \$6.57 – \$6.71
- 2<sup>nd</sup> Half Revenue Growth: 7-9%; Organic 2-4%
- 2<sup>nd</sup> Half Tax Rate: ~30%

## » Establishing Q3 Adjusted DEPS:

- \$1.59 – \$1.63
- Tax Rate: ~31%

# Q2 2016 Summary

- » Q2 Records Achieved: Orders, Backlog, Sales, Operating Profit, EBITDA
- » Orders +9%; Record Backlog of \$1.14B; Book to Bill: 1.02
  - Well Positioned for Stronger Second Half
- » Revenue +5% to \$934M
  - Excellent Organic Growth in Medical, Software and Water
  - Oil & Gas Headwinds Continued; Upstream (40%+)
- » Gross Margin +90 Bps to 61.0%
- » EBITDA Margin 33.6%; EBITA Margin 32.6%
- » Operating Cash Flow: \$170M; YTD: \$414M, 132% Conversion
- » Active and Exciting Acquisition Pipeline; Expect to Deploy Over \$1B in 2016

**Positioned for Stronger 2<sup>nd</sup> Half**



# Appendix

# Reconciliations I

Q2 2016 Revenue Growth Reconciliation	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology	Roper
Organic Growth	(1)%	(14)%	4%	(4)%	<b>(2)%</b>
Acquisitions/Divestitures	(3)%	-	8%	18%	<b>7%</b>
Foreign Exchange		-	(1)%	-	-
Rounding	-	(1)%	1%	-	-
<b>Total Revenue Growth</b>	<b>(4)%</b>	<b>(15)%</b>	<b>12%</b>	<b>14%</b>	<b>5%</b>

Q2 2016 Orders Growth Reconciliation	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology	Roper
Organic Growth	2%	(12)%	2%	9%	<b>2%</b>
Acquisitions/Divestitures	(5)%	-	9%	17%	<b>7%</b>
Foreign Exchange	-	-	(1)%	-	-
Rounding	-	-	-	-	-
<b>Total Orders Growth</b>	<b>(3)%</b>	<b>(12)%</b>	<b>10%</b>	<b>26%</b>	<b>9%</b>

# Reconciliations II

(in \$ thousands)	Q2 2016			
	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology
<b>Margin Reconciliation</b>				
GAAP Revenue	\$178,627	\$123,585	\$340,585	\$288,761
Add: Atlas / CliniSys / PCI Adj	0	0	288	0
Add: On Center / Aderant Adj	0	0	0	2,169
Adjusted Revenue	178,627	123,585	340,873	290,930
GAAP Gross Profit	89,709	68,410	246,396	163,005
Add: Atlas / CliniSys / PCI Adj	0	0	459	0
Add: On Center / Aderant Adj	0	0	0	2,169
Adjusted Gross Profit	89,709	68,410	246,855	165,174
GAAP Operating Profit	51,291	27,769	114,271	89,354
Add: DI / SWI / Strata / Atlas / CliniSys / PCI Adj	0	0	459	0
Add: On Center / Aderant Adj	0	0	0	2,169
Adjusted Operating Profit	51,291	27,769	114,730	91,523
Add Amortization	<u>2,248</u>	<u>4,028</u>	<u>27,094</u>	<u>16,800</u>
EBITA	53,539	31,797	141,824	108,323
Add Depreciation	<u>2,488</u>	<u>888</u>	<u>3,319</u>	<u>2,604</u>
EBITDA	56,027	32,685	145,143	110,927



# Reconciliations III

(in \$ thousands)	Q2 2015			
Margin Reconciliation	Industrial Technology	Energy Systems & Controls	Medical & Scientific Imaging	RF Technology
GAAP Revenue	\$186,467	\$145,254	\$302,262	\$255,558
Add: DI / SHP / SoftWriters / Strata Purchase Accounting Adj	0	0	2,341	0
Add: FoodLink Purchase Accounting Adj	0	0	0	180
Adjusted Revenue	186,467	145,254	304,603	255,738
GAAP Gross Profit	93,565	83,220	222,990	134,136
Add: DI / SHP / SoftWriters / Strata Purchase Accounting Adj	0	0	2,341	0
Add: FoodLink Purchase Accounting Adj	0	0	0	180
Adjusted Gross Profit	93,565	83,220	225,331	134,316
GAAP Operating Profit	52,188	37,702	109,261	79,940
Add: DI / SHP / SoftWriters / Strata Purchase Accounting Adj	0	0	2,341	0
Add: FoodLink Purchase Accounting Adj	0	0	0	180
Adjusted Operating Profit	52,188	37,702	111,602	80,120
Add Amortization	<u>2,260</u>	<u>4,084</u>	<u>24,255</u>	<u>9,731</u>
EBITA	54,448	41,786	135,857	89,851
Add Depreciation	<u>2,734</u>	<u>1,194</u>	<u>2,929</u>	<u>2,607</u>
EBITDA	57,182	42,980	138,786	92,458



# Reconciliations IV

## Q2'16 TTM Reconciliation of GAAP to Adjusted; Revenue, Gross Profit, and EBITDA

(All Numbers are in Thousands)	Q2'16 TTM GAAP	Adjustments						Q1'16 TTM Adjusted
		RF Ideas Acquisition Related Inventory Step-up Charge	PCI Medical Acquisition Related Inventory Step-up Charge	Medical Segment Purchase Accounting Adjustment to Acquired Deferred Revenue	RF Segment Purchase Accounting Adjustment to Acquired Deferred Revenue	ABEL Gain on Sale	IDT Write-down on Investment	
<b>Net Sales</b>	\$3,661,554	-	-	\$5,189	\$6,765	-	-	\$3,673,508
<b>Gross Profit</b>	\$2,239,613	\$4,560	\$257	\$5,189	\$6,765	-	-	\$2,256,384
<b>Operating Profit</b>	\$1,027,117	\$4,560	\$257	\$5,189	\$6,765	-	-	\$1,043,888
Net Earnings	\$678,499	\$2,964	167	\$3,373	\$4,397	(\$33,431)	\$6,193	\$662,162
Taxes	309,518	1,596	90	1,816	2,368	(37,429)	3,335	281,294
Interest	98,488	-	-	-	-	-	-	98,488
Depreciation	37,820	-	-	-	-	-	-	37,820
Amortization	187,037	-	-	-	-	-	-	187,037
<b>EBITDA</b>	\$1,311,362	\$4,560	\$257	\$5,189	\$6,765	(\$70,860)	\$9,528	\$1,266,801

- (1) For the adjustments, the company used a 35% tax rate as these adjustments are US-based items and 35% is the statutory tax rate in the United States.
- (2) Abel gain on sale used a 52.8% tax rate.
- (3) Medical Segment includes SHP, Strata, SoftWriters, Data Innovations, Atlas and CliniSys.
- (4) RF Technology Segment includes On Center and Aderant.

# Reconciliations V

## Q2'15 TTM Reconciliation of GAAP to Adjusted; Revenue, Gross Profit, and EBITDA

(All Numbers are In Thousands)	Q2'15 TTM GAAP	Adjustments						Q2'15 TTM Adjusted
		SHP Purchase Accounting Adjustment to Acquired Deferred Revenue	IPA Acquisition Related Inventory Step-up Charge	FoodLink Purchase Accounting Adjustment to Acquired Deferred Revenue	Data Innovations Purchase Accounting Adjustment to Acquired Deferred Revenue	SoftWriters Purchase Accounting Adjustment to Acquired Deferred Revenue	Strata Purchase Accounting Adjustment to Acquired Deferred Revenue	
<b>Net Sales</b>	\$3,585,089	\$3,426	-	\$720	\$1,351	\$106	\$1,141	\$3,591,833
<b>Gross Profit</b>	\$2,141,853	\$3,426	\$849	\$720	\$1,351	\$106	\$1,141	\$2,149,446
<b>Operating Profit</b>	\$1,028,277	\$3,426	\$849	\$720	\$1,351	\$106	\$1,141	\$1,035,870
Net Earnings	\$668,499	\$2,227	\$552	\$468	\$878	\$69	\$742	\$673,435
Taxes	278,398	1,199	297	252	473	37	399	281,055
Interest	79,311	-	-	-	-	-	-	79,311
Depreciation	40,218	-	-	-	-	-	-	40,218
Amortization	157,657	-	-	-	-	-	-	157,657
<b>EBITDA</b>	<b>\$1,224,083</b>	<b>\$3,426</b>	<b>\$849</b>	<b>\$720</b>	<b>\$1,351</b>	<b>\$106</b>	<b>\$1,141</b>	<b>\$1,231,676</b>

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

# Reconciliations VI

<b>Cash Flow Reconciliation</b> (in \$ thousands)	<b>YTD 2016</b>
Operating Cash Flow	\$376,832
Add: Cash Paid for Taxes on Sale of ABEL	37,429
Adjusted Operating Cash Flow (A)	414,261
Capital Expenditures	(18,348)
Free Cash Flow (B)	395,913
GAAP Net Income	309,485
Add: Purchase Accounting Adjustment to Acquired Deferred Revenue	3,738
Add: Acquisition Related Inventory Step-Up Charge	167
Adjusted Net Income (C)	313,390
Operating Cash Flow Conversion (A / C)	132%
Free Cash Flow Conversion (B / C)	126%





A Diversified Technology Company