



Roper Technologies, Inc.

EPG Annual Spring Conference

May 21, 2018

Simple Ideas.
Powerful **Results**.

Safe Harbor Statement

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

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

Consistent Strategy

Strategy

Software and Engineered Products & Services for Diverse Niche Markets

High Gross Margins
Recurring Revenue

Strong Operations Management

Superior Operating Profits
Excess Free Cash Flow

Strategic Reinvestment of Cash

R&D, Internal Growth, Acquisitions

Results

Significant Growth Platforms

- Leadership in Favorable Markets
- Diverse End Markets, Broad Customer Base

Outstanding Cash Flow/Conversion

- Strong and Sustainable Margins
- High Incremental Operating Profit

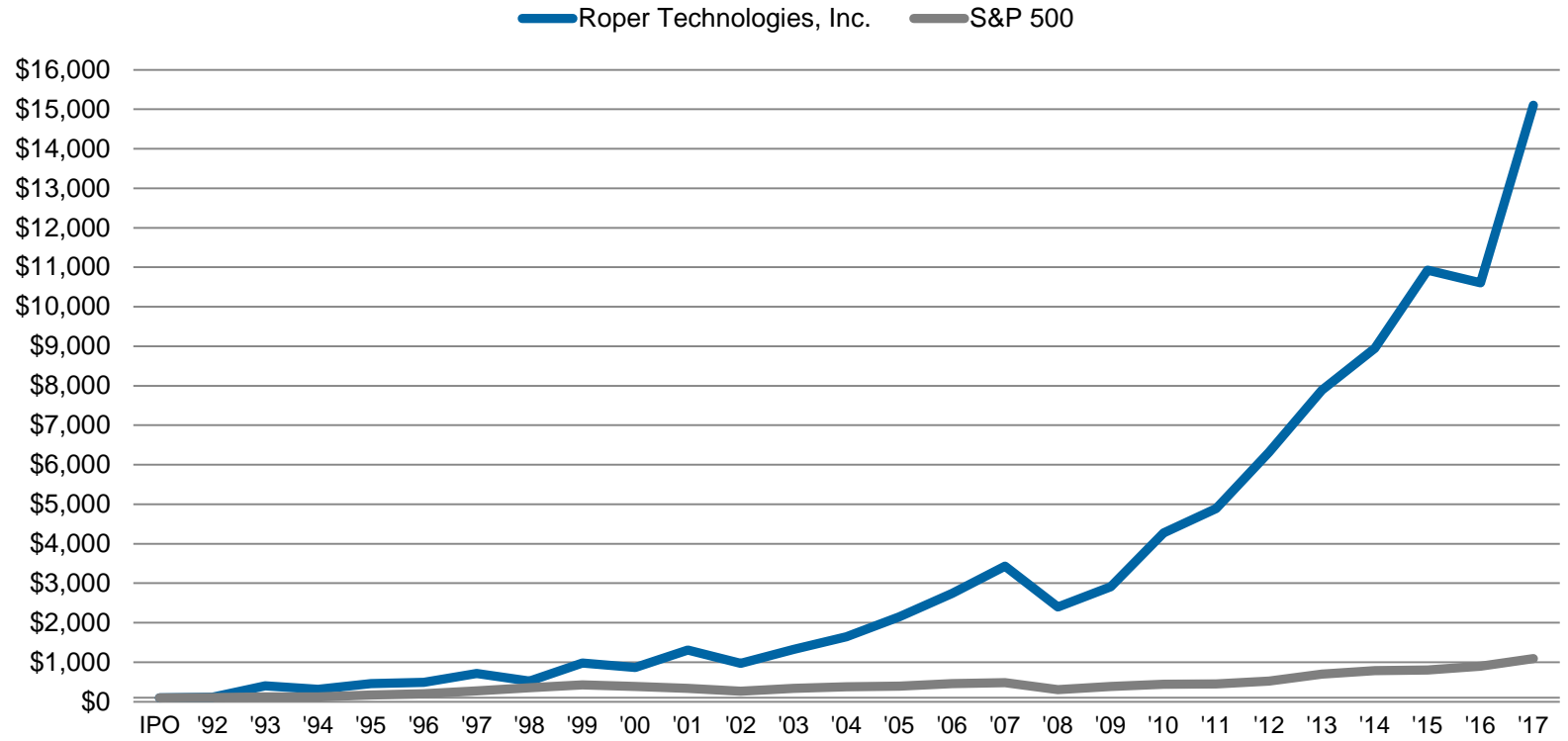
Cash Deployment Creates Value

- Internal Strategic Growth Initiatives
- Disciplined Acquisitions

Simple Ideas. Powerful Results.

Total Shareholder Return

Comparison of Cumulative Total Shareholder Return



Note: Chart depicts \$100 invested in IPO vs. S&P 500

Creating Long-Term Shareholder Value

Roper Strategy

- » **Win in Niche Markets** Through a Diverse Set of Businesses with Leading Market Positions
- » Focus on Proprietary and Differentiated Customer Solutions to Generate **High Gross Margin Recurring Revenue Streams**
- » Maintain an **Asset-Light Business Model** to Deliver Exceptional Cash Performance with Minimal Needs for Working Capital & Capital Expenditures
- » Ensure **Business Leaders are Accountable for Results** and Can Operate Within Our Nimble Governance System
- » Appreciate and **Preserve What Works While Stimulating Progress** and Change that Can Accelerate Growth and Drive Cash Returns
- » Effectively **Deploy Excess Free Cash Flow** in Acquisitions that Deliver Growth and High Cash Returns

A Culture of Localized Innovation and Nimble Decision Making

Governance Process Enhances Growth and Drives Financial Discipline



- » Cash Return on Investment Metrics
- » Product, Placement, Hit Rate Analysis
- » Sales & Operating Leverage; Working Capital Efficiency
- » Operating Reviews with Detailed Performance Analysis
- » Break-Even Analysis Drives Better Decision Making
- » Group Executives Provide Strategic Leadership for Businesses
- » Incentives Tied to Continuous, Sustained Performance Improvements; Not Budget-Based

Governance Process Drives Highly Scalable Business System

CRI Discipline Drives Cash Flow

Cash Earnings

Net Income + D&A –
Maintenance Cap-Ex

Gross Investment

Net Working Capital* + Net PP&E +
Accumulated Depreciation

=

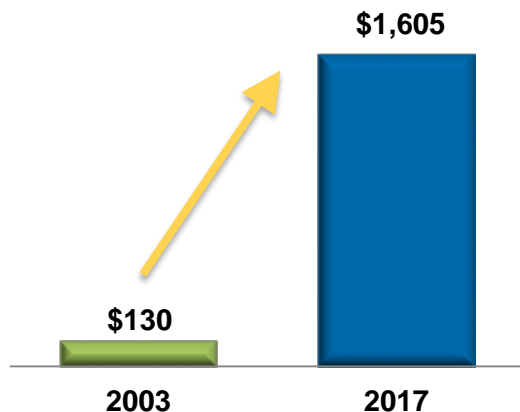
Cash
Return on
Investment

- » Common Metric throughout Roper Businesses
- » Focuses Businesses on Cash Flow Growth & Disciplined Asset Investment
- » Encourages Internal Growth Using Current or Reduced Assets
- » CRI is Highly Correlated to Market Valuation

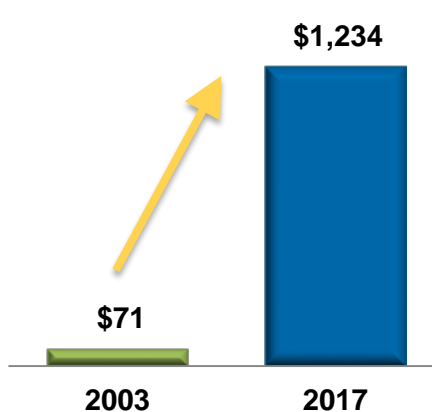
Executing Our High Performance Model

In \$ Millions

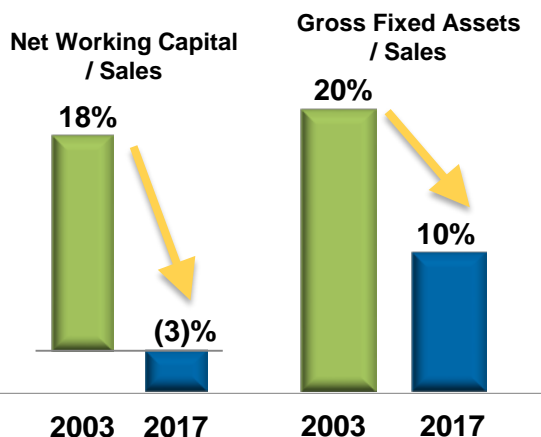
EBITDA



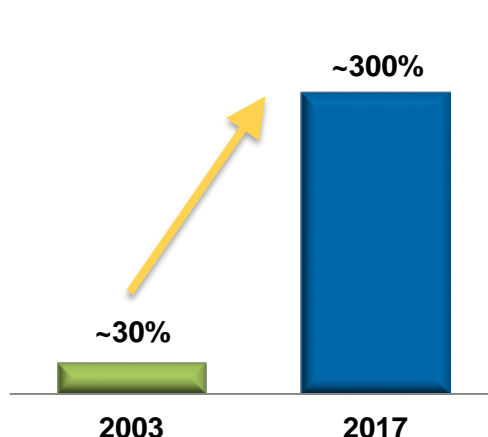
Operating Cash Flow



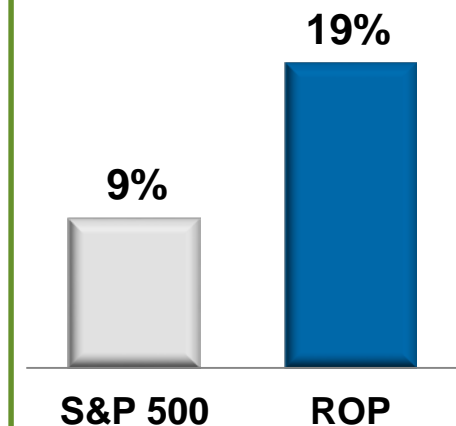
Asset Intensity



Cash Return on Investment



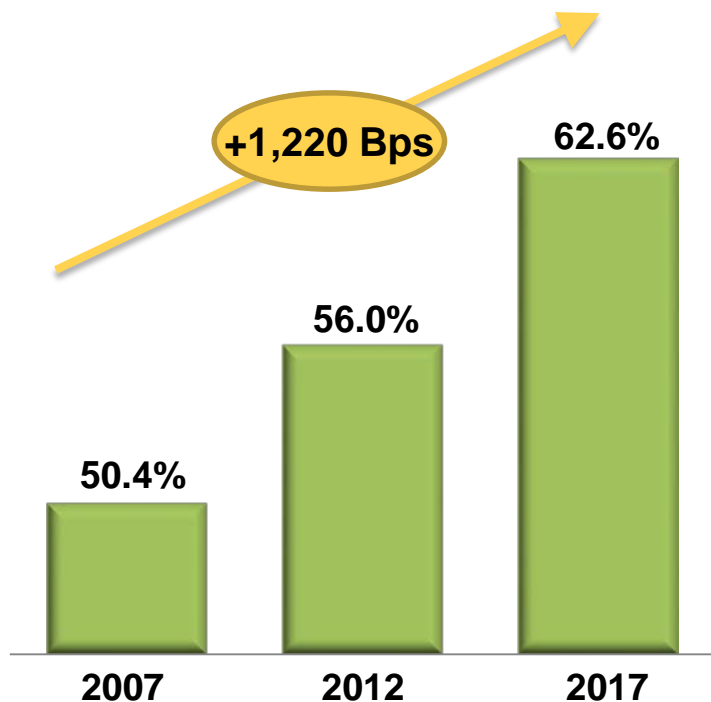
Compound Annual Shareholder Return (2003 - 2017)



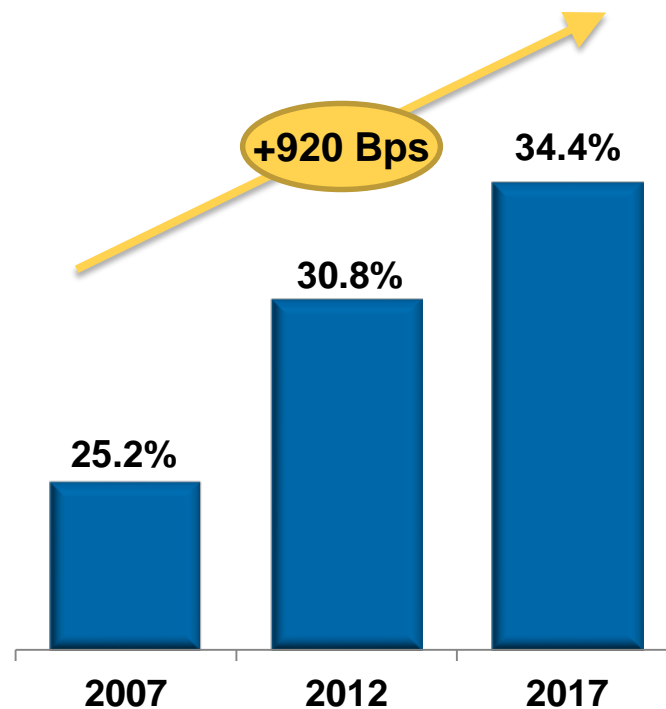
Compounding Cash to Drive Shareholder Value

10 Year Margin History

Full Year Gross Margin



Full Year EBITDA Margin

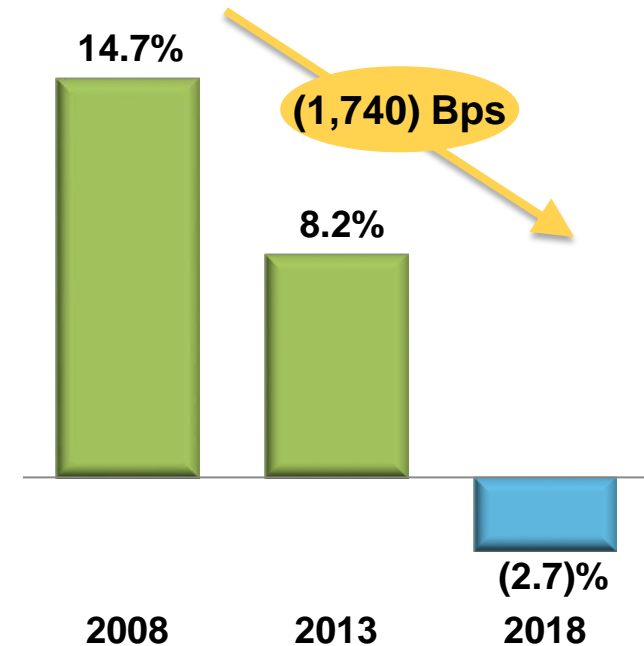


Margin Expansion Reflective of Roper's Transformation

Asset-Light Business Model

Net Working Capital* as % of Q1 Annualized Revenue

	<u>3/31/08</u> <u>(10 Yrs Ago)</u>	<u>3/31/13</u> <u>(5 Yrs Ago)</u>	<u>3/31/18</u> <u>(Today)</u>
(I) Inventory	8.8%	6.8%	4.5%
(R) Receivables	19.5%	19.3%	16.4%
(P) Payables & Accruals	12.1%	11.4%	11.5%
(D) Deferred Revenue	1.5%	6.5%	12.1%
Total (I+R-P-D)	14.7%	8.2%	(2.7)%



<i>(\$ Millions)</i>			
<i>Deferred Revenue</i>	<i>\$59</i>	<i>\$191</i>	<i>\$585</i>

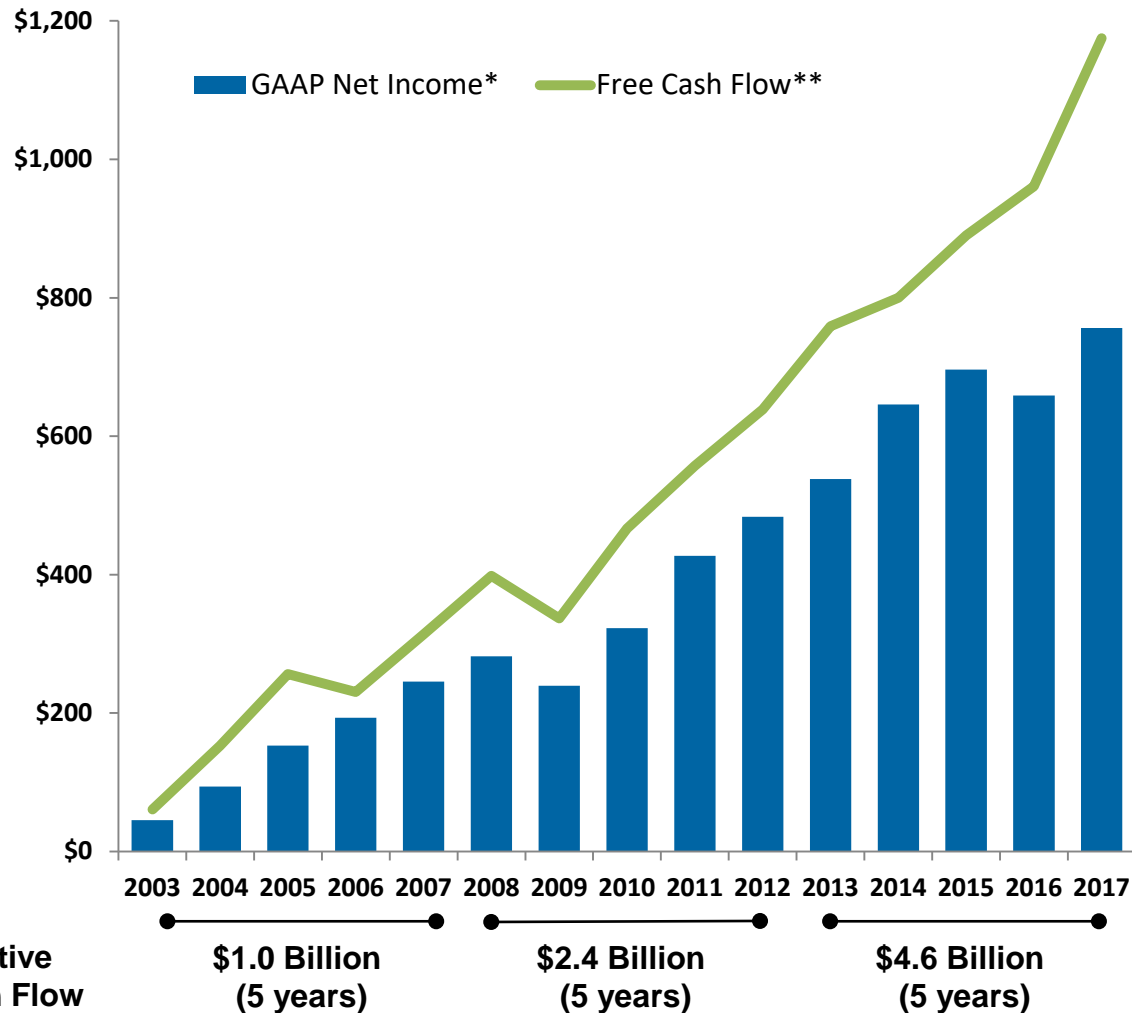
* Defined as Inventory + A/R + Unbilled Receivables – A/P – Accrued Liabilities – Deferred Revenue; Excludes Acquisitions Completed in Each Quarter and Dividend Accrual

Net Working Capital Now a Source of Cash

Compelling Cash Conversion

In \$ Millions

- » Free Cash Flow Has Exceeded Net Income for 20 Consecutive Years
- » Expect Strong Cash Conversion to Continue
- » \$1.23 Billion of Operating Cash Flow in 2017



*2017 net income excludes one-time \$215 million net gain resulting from the Tax Cuts and Jobs Act (see Appendix for reconciliation)

Cash Flow Greatly Exceeds Net Income

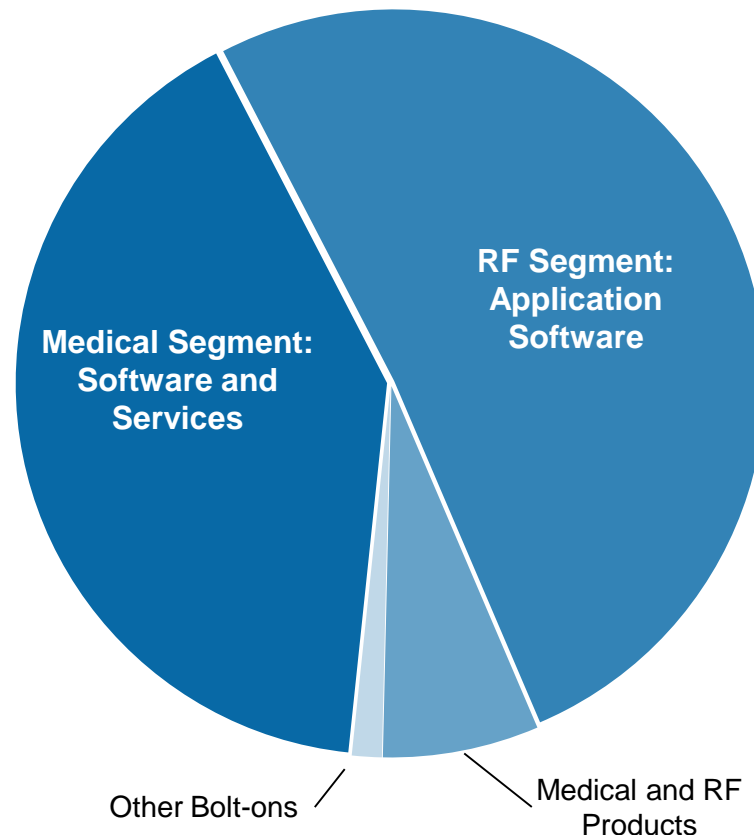
**Free Cash Flow = Operating Cash Flow – Capital Expenditures – Capitalized Software Expenditures; 2016 adjusted for cash taxes from Abel sale (see Appendix for reconciliation)

Capital Deployment Focused on High Quality Ideas



- » We Acquire High CRI Businesses
- » High Recurring Revenue
- » Asset-Light with Powerful Cash Flow Characteristics
- » Leaders in Niche Markets with Sustainable Competitive Advantages
- » Management Teams Committed to Continued Growth and Building Platforms

Deployed ~\$9B in Acquisitions Over Last Seven Years (2011- 2017)



Transformed Enterprise to Diversified Technology Company

Roper Technologies Today

» Diversified Technology Company

- Independent Businesses with Leadership Positions in Niche Markets
- Highly Profitable: 63% Gross Margin, 34% EBITDA Margin
- Asset Light Model: Negative Working Capital and Minimal Cap Ex Requirements
- ~50% of EBITDA from Software and Network Businesses
- Greater than 50% of Revenue is Recurring

» Powerful Cash Flow Engine Drives Capital Deployment

- 2017 Free Cash Flow: ~25% of Revenue
- Acquire Companies that Generate Excess Free Cash Flow for Future Capital Deployment
- Our Diverse Technology Businesses Provide Exceptional Investment Opportunities
- Expect to Deploy \$7B+ Over The Next Four Years

Proven CRI Principles Drive Shareholder Value

PowerPlan Acquisition

PowerPlan Acquisition Overview

- » Leading Provider of Software and Solutions for Financial and Compliance Management
- » First Year Expected Contributions:
 - ~\$150M Adjusted Revenue*
 - ~\$60M After-Tax Free Cash Flow (Excluding Financing Costs)
- » Purchase Price: \$1.1 Billion; Expected to Close in Second Quarter
- » Financed by Revolving Credit Facility and Cash on Hand
- » Immediately Cash Accretive



Meets All Acquisition Criteria

- ✓ Strong Cash Flow Characteristics
- ✓ Asset Light
- ✓ Excellent Management Team
- ✓ Niche Market Leader
- ✓ Deep Domain Expertise
- ✓ High Recurring Revenue
- ✓ Multiple Growth Opportunities

*Excluding the impact of fair value accounting for PowerPlan's deferred revenue.

PowerPlan Investment Highlights

- » Attractive Financial Model Focused on Growth and Profitability
 - Multiple Drivers for Strong Organic Growth
 - Large Deferred Revenue Balance
- » Proven Leadership Team with Successful Track Record
- » Leading Provider of Software and Solutions for Asset-Centric Companies
 - Integrates Highly Detailed Financial and Operational Data
 - Enhances Operational Efficiency, Minimizes Tax Obligations, Improves Cash Flow, and Mitigates Compliance Risk
 - Delivers Insight into the Impact of Complex Rules and Regulations (e.g. Lease Accounting, Income and Property Tax Provisions, Capital Planning, etc.)
- » Strong Competitive Advantages with High Barriers to Entry
- » Loyal, Diverse Customer Base with 98%+ Retention Rates

Perfect Fit for Roper

Appendix

Reconciliations I

Full Year 2017 Reconciliation of GAAP to Adjusted; Revenue, Gross Profit, Operating Profit, and EBITDA

(All Numbers are In Thousands)							Full Year 2017 Adjusted
	Full Year 2017 GAAP	One-Time Net Gain Resulting from the Tax Cuts and Jobs Act	Purchase Accounting Adjustment to Acquired Deferred Revenue and Prepaid Commissions	Impairment Charge on Minority Investment	Gain on Sale of Divested Energy Product Line	Amortization of Acquisition-Related Intangible Assets	
Revenue	\$4,607,471	-	\$57,492	-	-	-	\$4,664,963
Gross Profit	\$2,864,796	-	\$57,363	-	-	-	\$2,922,159
Operating Profit	\$1,210,244	-	\$52,120	-	-	-	\$1,262,364
Net Earnings	\$971,772	(\$215,430)	\$33,878	\$1,138	(\$6,110)	\$189,649	\$974,896
Taxes	62,951	215,430	18,242	613	(3,290)	102,119	396,065
Interest	180,566	-	-	-	-	-	180,566
Depreciation	49,513	-	-	-	-	-	49,513
Amortization	295,452	-	-	-	-	(291,768)	3,684
EBITDA	\$1,560,254	-	\$52,120	\$1,750	(\$9,400)	-	\$1,604,724

(1) For the purchase accounting 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 II & III

Cash Flow Reconciliation (in \$ thousands)	FY 2016	FY 2017
Operating Cash Flow	\$963,833	\$1,234,482
Cash Paid for Taxes on Sale of ABEL	37,429	-
Adjusted Operating Cash Flow	1,001,262	1,234,482
Capital Expenditures	(37,353)	(48,752)
Capitalized Software Expenditures	(2,801)	(10,784)
Free Cash Flow	\$961,108	\$1,174,946

Net Income Reconciliation (in \$ thousands)	FY 2016	FY 2017
GAAP Net Income	\$658,645	\$971,772
One-Time Net Gain Resulting from the Tax Cuts and Jobs Act	-	215,430
Net Income (excl. Tax Cuts and Jobs Act)	\$658,645	\$756,342



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