

# Roper

TECHNOLOGIES

## Q1 2022 FINANCIAL RESULTS

APRIL 26, 2022

**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," "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, and how quickly economies and demand for our products and services recover after the pandemic subsides. 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, the newly acquired businesses, as well as complete the announced divestiture of our TransCore business, 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, 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.

Today's Conference Call Will Discuss Results Primarily on an Adjusted (Non-GAAP) and Continuing Operations Basis.

Q1 Results are Adjusted for the Following Items:

- (1) Acquisition-Related Intangible Amortization Expense
- (2) Purchase Accounting Adjustments to Commission Expense

See Appendix for Reconciliations.

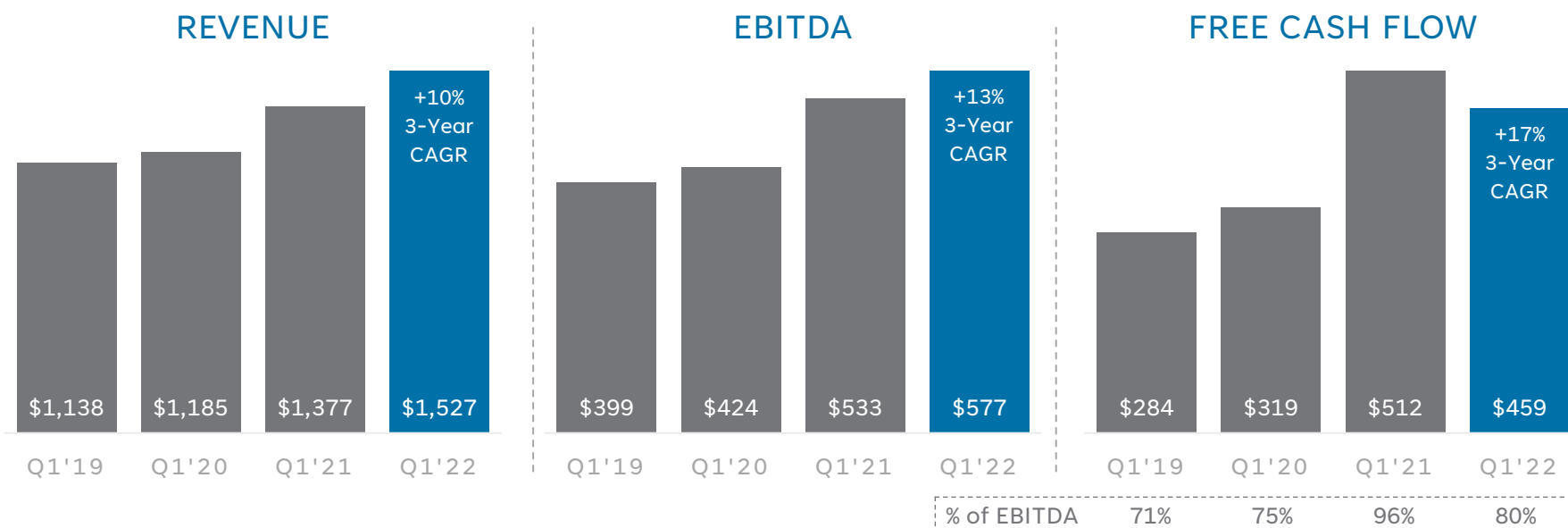
- Q1 Enterprise Highlights & Financial Results
- Segment Detail & Outlook
- Q2 & FY 2022 Enterprise Guidance
- Q&A

- Strong Execution and Positive Momentum Across the Portfolio
- +11% Organic Revenue Growth; Broad-Based Across Segments
- Double-Digit Software Recurring Revenue Growth
- Product Demand Remained Robust; Record Backlog
- Completed Sale of TransCore; Enhances Quality of Portfolio
- Increasing Full Year Guidance

Great Start to 2022

# Q1 FINANCIAL HIGHLIGHTS

- Revenue +11%; Organic Revenue +11%
- EBITDA +8%; EBITDA Margin 37.8%
- DEPS +10% to \$3.77
- Free Cash Flow (10)%; 80% of EBITDA



## Excellent First Quarter Results

# STRONG FINANCIAL POSITION

	3/31/22
Cash	\$3,237
Gross Debt	\$7,454
Net Debt	\$4,217
TTM EBITDA	\$2,250
Gross Debt-to-EBITDA (TTM)	3.3x
Net Debt-to-EBITDA (TTM)	1.9x
Drawn on \$3.0B Revolver	\$0

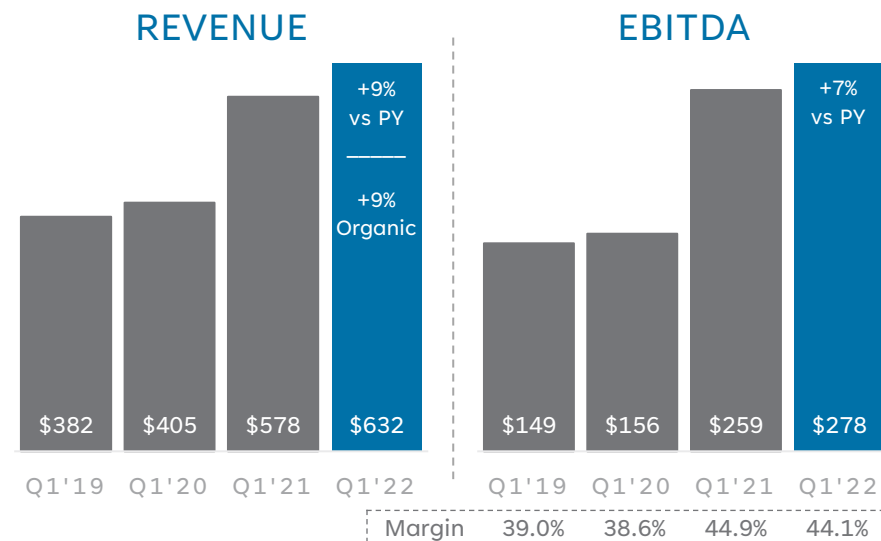
**\$5B+ Capacity for Capital Deployment**

# SEGMENT DETAIL & OUTLOOK



## Q1 HIGHLIGHTS

- +9% Organic Revenue Growth; Continued Recurring Revenue Momentum (~75% of Segment)
- Strong Quarter for Vertafore; Release of Commercial Submissions Solution
- Deltek Strength from Continued SaaS Adoption; Growth Across GovCon and Professional Services End Markets
- Lab Software Growth from Large Customer Wins at CliniSys and Data Innovations
- Increased SaaS Adoption and Licensing Growth at Aderant
- Strata Growth Across Suite of Hospital Decision Support Solutions; Continued Strong Bookings and Customer Retention
- Continued Recurring Revenue and Services Growth at PowerPlan

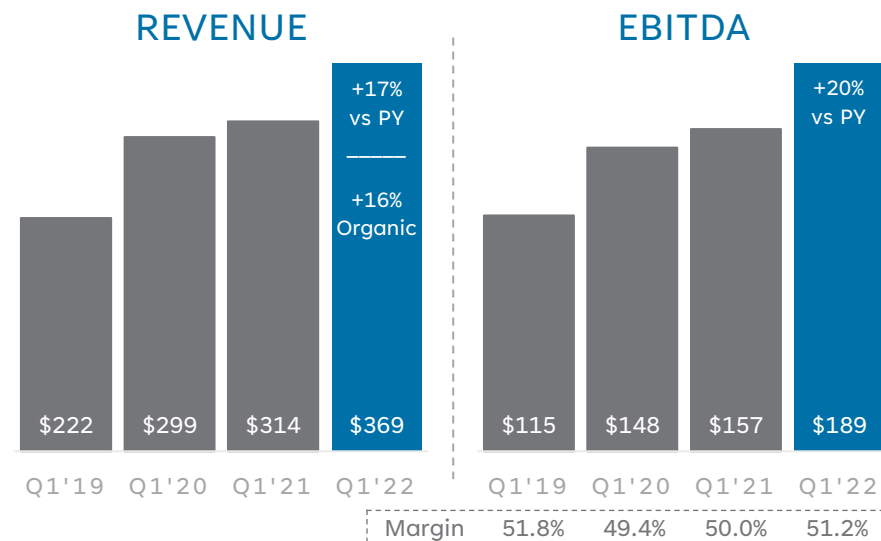


## Q2 – Q4 OUTLOOK

- +MSD Organic Growth
  - Continued Strong Recurring Revenue Growth

## Q1 HIGHLIGHTS

- +16% Organic Revenue Growth; Continued Recurring Revenue Momentum (~80% of Segment)
- Outstanding Freight Matching Growth (DAT and Loadlink); Continued Record Network Expansion and Increased Revenue Per Customer
- Exceptional Quarter at Foundry Driven by Recurring and Perpetual License Revenue Growth; Large and Mid-Size Customer Expansions
- Strong Customer Expansion and Retention Drove ARR Growth for iTradeNetwork and iPipeline
- Record Orders for rf IDEAS; Growth Across Secure Print and Identity Access Management

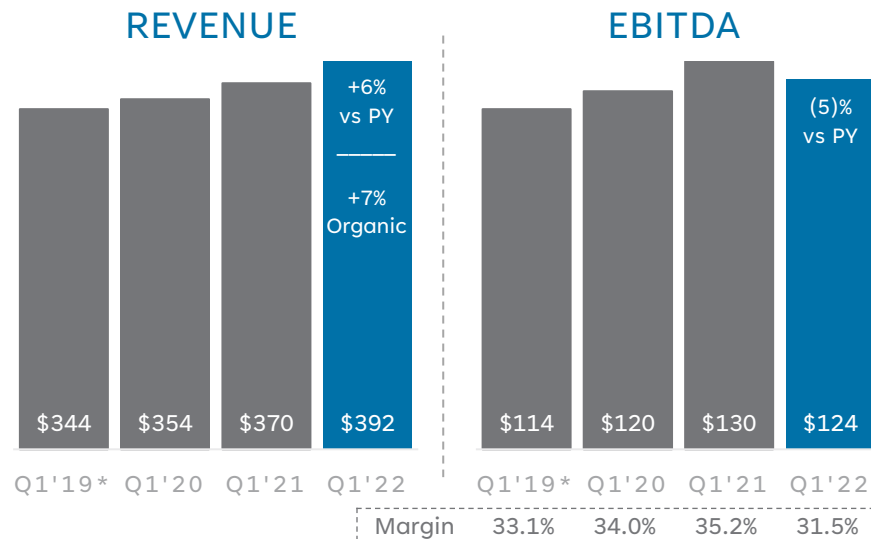


## Q2 – Q4 OUTLOOK

- +HSD Organic Growth
  - Continued Strong Recurring Revenue Growth

## Q1 HIGHLIGHTS

- +7% Organic Revenue Growth
- Continued Strong Customer Demand Across the Segment; Record Backlog
- Businesses Navigating Ongoing Supply Chain Challenges; Margins Declined as Expected
- Neptune: Record Revenue, Orders, and Backlog
- Verathon Working Well Through Supply Chain Challenges; Continued Strong Single-Use Bronchoscope Growth
- NDI: Strong Demand for Precision Measurement Solutions Drove Record Revenue
- Continued Recovery for Industrial Businesses



## Q2 – Q4 OUTLOOK

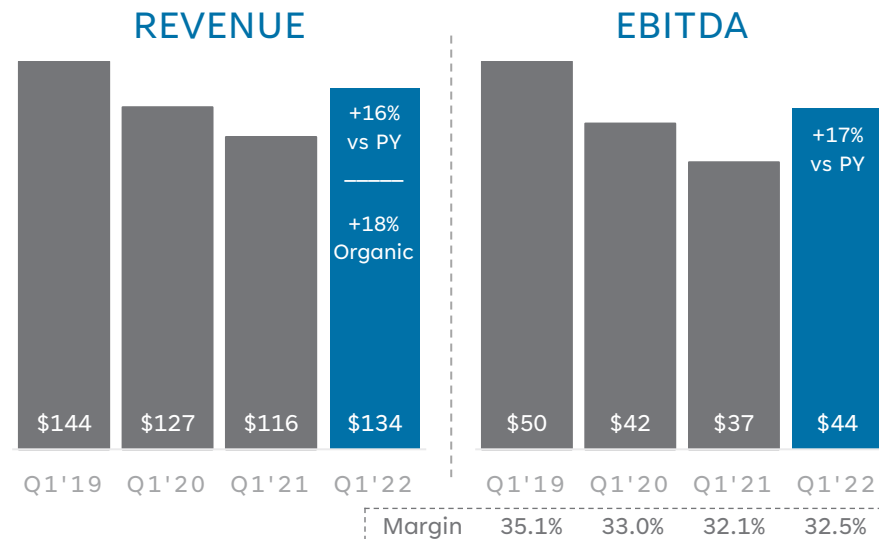
- +HSD Organic Growth
  - Continued Strong Demand and Backlog with Ongoing Supply Chain Constraints

\* Excludes divested businesses (\$46M of revenue and \$12M of EBITDA).  
In \$ millions.

Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See appendix of this presentation and press release for reconciliations.

## Q1 HIGHLIGHTS

- +18% Organic Revenue Growth
- Continued Strong Customer Demand and Challenging Supply Chain Environment
- Ongoing Upstream O&G Recovery
- Record Bookings and Backlog at Cornell; IoT Pumping Solutions Momentum Continues



## Q2 – Q4 OUTLOOK

- +High-Teens Organic Growth

# 2022 ENTERPRISE GUIDANCE

- Raising Full Year 2022 Guidance
  - Adjusted DEPS: \$15.50 - \$15.75
    - Previously \$15.25 - \$15.55
  - Organic: +7 – 9%
    - Previously +6 – 8%
- Establishing Q2 2022 Guidance
  - Adjusted DEPS: \$3.80 - \$3.84

- Great Start to 2022
  - Revenue +11% to \$1.53B; +11% Organic
  - EBITDA +8% to \$577M; EBITDA Margin 37.8%
  - Free Cash Flow +17% 3-Year CAGR
- Increasing Full Year Guidance
  - Excellent First Quarter; Tailwinds Expected to Continue
  - Strong Software Recurring Revenue Growth and Demand for Product Businesses
- Reloaded Balance Sheet; \$5B+ of M&A Firepower
  - Completed Sale of TransCore; Enhances Quality and Durability of Portfolio
  - Large Pipeline of High-Quality Acquisition Candidates

**Simple Ideas. Powerful Results.**

# APPENDIX



# Q1 INCOME STATEMENT METRICS

	Q1'21	Q1'22	
Revenue	\$1,377	\$1,527	+11%; Organic +11%
Gross Profit	\$937	\$1,030	+10%
Gross Margin	68.0%	67.5%	
EBITDA	\$533	\$577	+8%
EBITDA Margin	38.7%	37.8%	
Interest Expense	\$61	\$53	
Tax Rate	20.9%	21.4%	
Net Earnings	\$362	\$402	+11%
DEPS	\$3.42	\$3.77	+10%

In \$ millions, except DEPS.

Results are presented on an Adjusted (Non-GAAP) and continuing operations basis. See subsequent slides of this presentation and press release for reconciliations.

# RECONCILIATIONS I

## Adjusted Revenue, Gross Profit and EBITDA Reconciliation (\$M)

(From Continuing Operations)

	Q1 2019	Q1 2020	Q1 2021	Q1 2022	V% to '21	TTM 2022
<b>Adjusted Revenue Reconciliation</b>						
GAAP Revenue	\$ 1,137	\$ 1,183	\$ 1,376	\$ 1,527	11%	\$ 5,928
Purchase accounting adjustment to acquired deferred revenue	1	2	1	-		-
Adjusted Revenue	<u>\$ 1,138</u>	<u>\$ 1,185</u>	<u>\$ 1,377</u>	<u>\$ 1,527</u>	<u>11%</u>	<u>\$ 5,928</u>
<b>Adjusted Gross Profit Reconciliation</b>						
GAAP Gross Profit	\$ 746	\$ 787	\$ 936	\$ 1,030		\$ 4,012
Purchase accounting adjustment to acquired deferred revenue	1	2	1	-		-
Adjusted Gross Profit	<u>\$ 746</u>	<u>\$ 790</u>	<u>\$ 937</u>	<u>\$ 1,030</u>	<u>10%</u>	<u>\$ 4,012</u>
Adjusted Gross Margin	65.6%	66.7%	68.0%	67.5%	(50 bps)	67.7%
<b>Adjusted EBITDA Reconciliation</b>						
GAAP Earnings Before Income Taxes	\$ 382	\$ 263	\$ 341	\$ 367		\$ 1,297
Interest Expense	44	45	61	53		226
Depreciation	10	11	13	11		48
Amortization	83	101	146	148		586
EBITDA	<u>\$ 518</u>	<u>\$ 421</u>	<u>\$ 561</u>	<u>\$ 578</u>	<u>3%</u>	<u>\$ 2,157</u>
Purchase accounting adjustment to acquired deferred revenue and commission expense	-	2	-	(1) <sup>A</sup>		(6)
Impairment related to merger of CliniSys and Sunquest	-	-	-	-		100
Gain on sale related to minority investment in Sedaru	-	-	(28)	-		-
Gain on sale of Scientific Imaging businesses	(120)	-	-	-		-
Adjusted EBITDA	<u>\$ 399</u>	<u>\$ 424</u>	<u>\$ 533</u>	<u>\$ 577</u>	<u>8%</u>	<u>\$ 2,250</u>
% of Adjusted Revenue	35.1%	35.7%	38.7%	37.8%	(90 bps)	38.0%

## Cash Flow Reconciliation (\$M)

(From Continuing Operations)

	Q1 2019	Q1 2020	Q1 2021	Q1 2022	V% to '21
Operating Cash Flow	\$ 260	\$ 328	\$ 526	\$ 474	(10%)
Capital Expenditures	(14)	(7)	(7)	(7)	
Capitalized Software Expenditures	(2)	(3)	(7)	(8)	
Free Cash Flow	<u>\$ 284</u>	<u>\$ 319</u>	<u>\$ 512</u>	<u>\$ 459</u>	<u>(10%)</u>

# RECONCILIATIONS II

## Adjusted Revenue Growth Reconciliation

(From Continuing Operations)

Q1 2022	Application Software	Network Software & Systems	Measurement & Analytical Solutions	Process Technologies	Roper
	Organic	9%	16%	7%	18%
Acquisitions/Divestitures	1%	1%	-	-	1%
Foreign Exchange	(1%)	-	(1%)	(2%)	(1%)
Total Adjusted Revenue Growth	9%	17%	6%	16%	11%

## Adjusted Segment Reconciliation (\$M)

(From Continuing Operations)

	Application Software				Network Software & Systems				Measurement & Analytical Solutions				Process Technologies			
	Q1'19	Q1'20	Q1'21	Q1'22	Q1'19	Q1'20	Q1'21	Q1'22	Q1'19	Q1'20	Q1'21	Q1'22	Q1'19	Q1'20	Q1'21	Q1'22
GAAP Revenue	\$ 381	\$ 405	\$ 577	\$ 632	\$ 222	\$ 297	\$ 314	\$ 369	\$ 390	\$ 354	\$ 370	\$ 392	\$ 144	\$ 127	\$ 116	\$ 134
Purchase accounting adjustment to acquired deferred revenue	1	-	1	-	-	2	-	-	-	-	-	-	-	-	-	-
Adjusted Revenue	382	405	578	632	222	299	314	369	390	354	370	392	144	127	116	134
GAAP Gross Profit	253	270	399	438	188	239	256	302	225	208	218	218	79	70	63	72
Purchase accounting adjustment to acquired deferred revenue	1	-	1	-	-	2	-	-	-	-	-	-	-	-	-	-
Adjusted Gross Profit	254	270	400	438	188	241	256	302	225	208	218	218	79	70	63	72
Adjusted Gross Margin	66.5%	66.8%	69.2%	69.3%	84.5%	80.6%	81.6%	82.0%	57.7%	58.8%	59.0%	55.5%	55.2%	55.1%	54.2%	54.0%
GAAP Operating Profit	91	98	154	174	92	103	114	145	116	112	121	116	48	39	35	42
Purchase accounting adjustment to acquired deferred revenue and commission expense	-	-	-	(1)	-	2	-	-	-	-	-	-	-	-	-	-
Adjusted Operating Profit	92	98	153	173	92	105	114	145	116	112	121	116	48	39	35	42
Adjusted Operating Margin	24.0%	24.1%	26.5%	27.3%	41.4%	35.2%	36.3%	39.4%	29.8%	31.6%	32.9%	29.5%	33.1%	31.1%	30.3%	31.2%
Amortization	52	54	99	100	21	40	41	42	7	6	6	5	2	2	1	1
Adjusted EBITA	144	152	252	273	113	145	155	187	123	117	127	121	50	41	36	43
Depreciation	5	5	7	6	2	2	2	2	3	3	3	3	1	1	1	1
Adjusted EBITDA	\$149	\$156	\$259	\$278	\$115	\$148	\$157	\$189	\$126	\$120	\$130	\$124	\$ 50	\$ 42	\$ 37	\$ 44
Adjusted EBITDA Margin	39.0%	38.6%	44.9%	44.1%	51.8%	49.4%	50.0%	51.2%	32.3%	34.0%	35.2%	31.5%	35.1%	33.0%	32.1%	32.5%

# RECONCILIATIONS III

## Adjusted Net Earnings Reconciliation (\$M) <sup>B</sup>

(From Continuing Operations)

	<u>Q1 2021</u>	<u>Q1 2022</u>	<u>V %</u>
GAAP Net Earnings	\$ 270	\$ 288	7%
Purchase accounting adjustment to acquired deferred revenue and commission expense	-	(1) <sup>A</sup>	
Amortization of acquisition-related intangible assets <sup>C</sup>	115	115	
Gain on sale related to minority investment in Sedaru	(22)	-	
Adjusted Net Earnings	<u>\$ 362</u>	<u>\$ 402</u>	<u>11%</u>

## Adjusted DEPS Reconciliation <sup>B</sup>

(From Continuing Operations)

	<u>Q1 2021</u>	<u>Q1 2022</u>	<u>V %</u>
GAAP DEPS	\$ 2.55	\$ 2.70	6%
Purchase accounting adjustment to acquired deferred revenue and commission expense	-	(0.01) <sup>A</sup>	
Amortization of acquisition-related intangible assets <sup>C</sup>	1.08	1.08	
Gain on sale related to minority investment in Sedaru	(0.21)	-	
Adjusted DEPS	<u>\$ 3.42</u>	<u>\$ 3.77</u>	<u>10%</u>

## Forecasted Adjusted DEPS Reconciliation <sup>B</sup>

(From Continuing Operations)

	<u>Q2 2022</u>		<u>FY 2022</u>	
	<u>Low End</u>	<u>High End</u>	<u>Low End</u>	<u>High End</u>
GAAP DEPS	\$ 2.74	\$ 2.78	\$ 11.24	\$ 11.49
Purchase accounting adjustment to acquired commission expense <sup>A</sup>	(0.01)	(0.01)	(0.03)	(0.03)
Amortization of acquisition-related intangible assets <sup>C</sup>	1.07	1.07	4.29	4.29
Adjusted DEPS	<u>\$ 3.80</u>	<u>\$ 3.84</u>	<u>\$ 15.50</u>	<u>\$ 15.75</u>

- A.** 2022 actual results and 2022 forecast of estimated acquisition-related fair value adjustments to commission expense related to the acquisition of Vertafore as shown below (\$M, except per share data).

	<u>Q1 2021A</u>	<u>Q1 2022A</u>	<u>Q2 2022E</u>	<u>FY 2022E</u>
Pretax	\$ -	\$ (1)	\$ (1)	\$ (5)
After-tax	\$ -	\$ (1)	\$ (1)	\$ (4)
Per Share	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.03)

- B.** All 2021 and 2022 adjustments taxed at 21%.

- C.** Actual results and forecast of estimated amortization of acquisition-related intangible assets as shown below (\$M, except per share data).

	<u>Q1 2021A</u>	<u>Q1 2022A</u>	<u>Q2 2022E</u>	<u>FY 2022E</u>
Pretax	\$ 145	\$ 146	\$ 145	\$ 582
After-tax	\$ 115	\$ 115	\$ 115	\$ 459
Per share	\$ 1.08	\$ 1.08	\$ 1.07	\$ 4.29

**Discontinued Operations:**

Roper has completed the divestitures of TransCore, Zetec, and CIVCO Radiotherapy businesses. The financial results for these businesses are reported as discontinued operations for all periods presented.

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