



# Q2 2023

Financial results

July 21, 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, 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, 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.

Q2 results adjusted for the following Items:

1. Amortization of acquisition-related intangible assets
2. Financial impacts associated with the minority investment in Indicor

See appendix for reconciliations.

# Agenda

**Q2 enterprise highlights & financial results**

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**Segment detail & outlook**

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**Q3 & FY 2023 enterprise guidance**

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**Q&A**

# Q2 overview

Enhanced portfolio  
performing well

## **Another great quarter**

Total revenue +17%; organic revenue +9%

Expanding recurring revenue base

Free cash flow +17%

## **Increasing full year guidance**

## **Well positioned for capital deployment**

# Q2 financial highlights

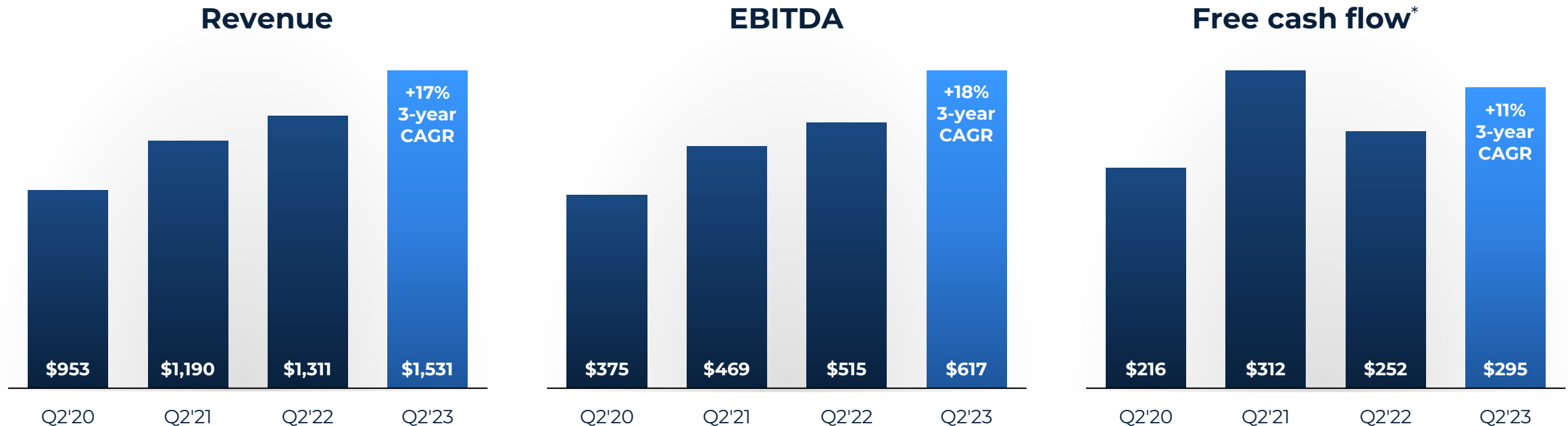
## Excellent second quarter results

Total revenue +17%; organic revenue +9%

EBITDA +20%; EBITDA margin +100 bps to 40.3%

DEPS +20% to \$4.12

Free cash flow +17%



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

\* Q2'20 adjusted for income tax payments deferred due to COVID-19; Q2'22 adjusted for cash taxes paid related to divestitures.

# Strong financial position

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

	6/30/23
Cash	\$1,463
Gross debt	\$6,666
Net debt	\$5,203
TTM EBITDA	\$2,346
Gross debt-to-EBITDA (TTM)	2.8x
Net debt-to-EBITDA (TTM)	2.2x
Drawn on \$3.5B revolver	\$0

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



# Application Software

## Q2 highlights

Revenue +23%; organic revenue +6%

Deltek GovCon & private sector growth fueled by continued SaaS strength; Replicon bolt-on announced

SaaS adoption drove another record quarter for Aderant; launched GenAI-powered solution

Strong Vertafore performance from core offerings and MGA bolt-on

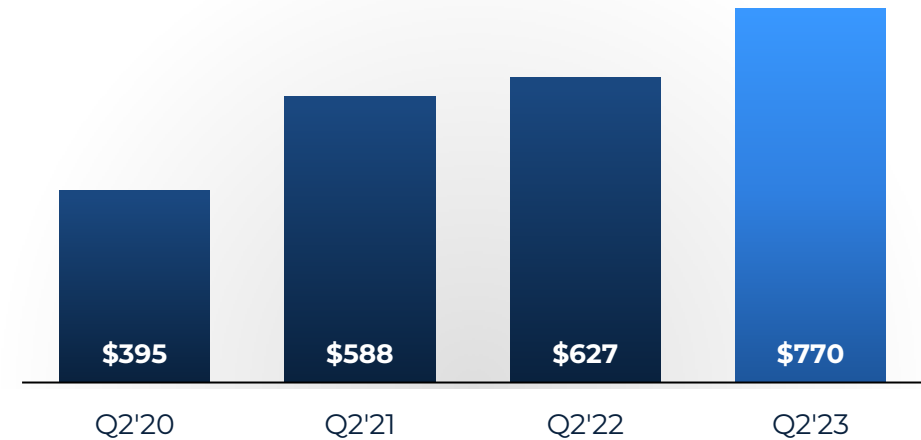
Continued growth across lab software (Clinisys & Data Innovations) and hospital decision support solutions (Strata)

Frontline executing well; consistently strong net retention

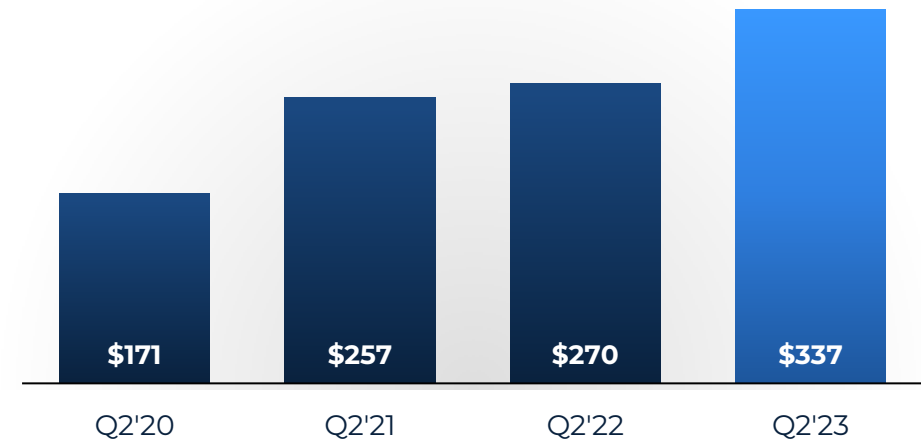
## 2<sup>nd</sup> half outlook

MSD organic growth

### Revenue



### EBITDA



Margin	Q2'20	Q2'21	Q2'22	Q2'23
	43.3%	43.7%	43.1%	43.7%

# Network Software

## Q2 highlights

Revenue +4%; organic revenue +5%

Continued DAT & Loadlink growth despite challenging freight market conditions; new GenAI-enabled solutions

Strong customer retention & expansion drove iPipeline ARR growth

Another strong quarter for Foundry; adoption of new subscription pricing model exceeding expectations

Growth across alternate site healthcare business led by SoftWriters & SHP

## 2<sup>nd</sup> half outlook

MSD organic growth

### Revenue



### EBITDA



Margin	50.0%	51.3%	52.0%	54.2%

# Technology Enabled Products

## Q2 highlights

Revenue +18%; organic revenue +19%

Exceptional growth across segment; successfully managing remaining supply chain challenges

Another record quarter for Neptune; continued robust ultrasonic meter growth

BFlex, GlideScope & BladderScan product families fueled strong Verathon growth

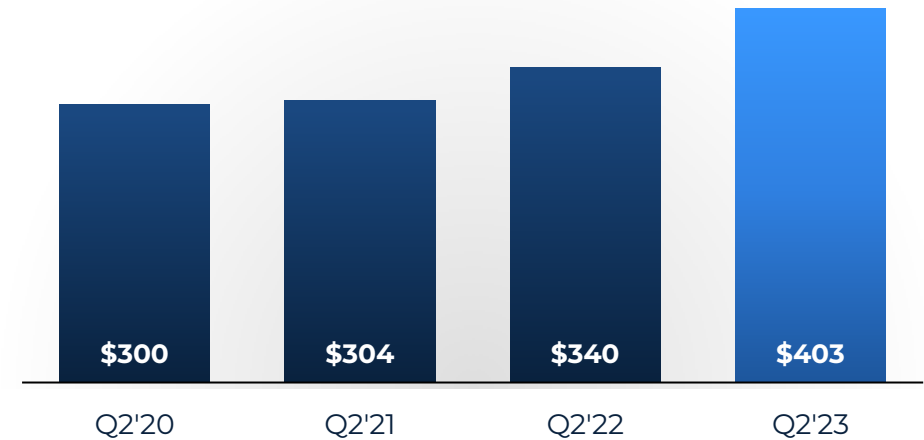
Precision measurement solutions drove record revenue for NDI

Very strong performance from IPA, rf IDEAS, and Inovonics

## 2<sup>nd</sup> half outlook

HSD organic growth; tougher comp in Q3

### Revenue



### EBITDA



Margin	40.6%	36.3%	34.9%	36.4%

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: ~13%

Previously 12%+

Organic: ~7%

Previously +6 - 7%

Adjusted DEPS: \$16.36 - \$16.50

Previously \$16.10 - \$16.30

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## Establishing Q3 2023 guidance

Adjusted DEPS: \$4.16 - \$4.20

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 +17%; organic revenue +9%

Free cash flow +17%

## **Increasing full year guidance**

Excellent second quarter results

Enhanced portfolio performing well

## **Well positioned for capital deployment**

Substantial M&A firepower

Evaluating many high-quality acquisition opportunities

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

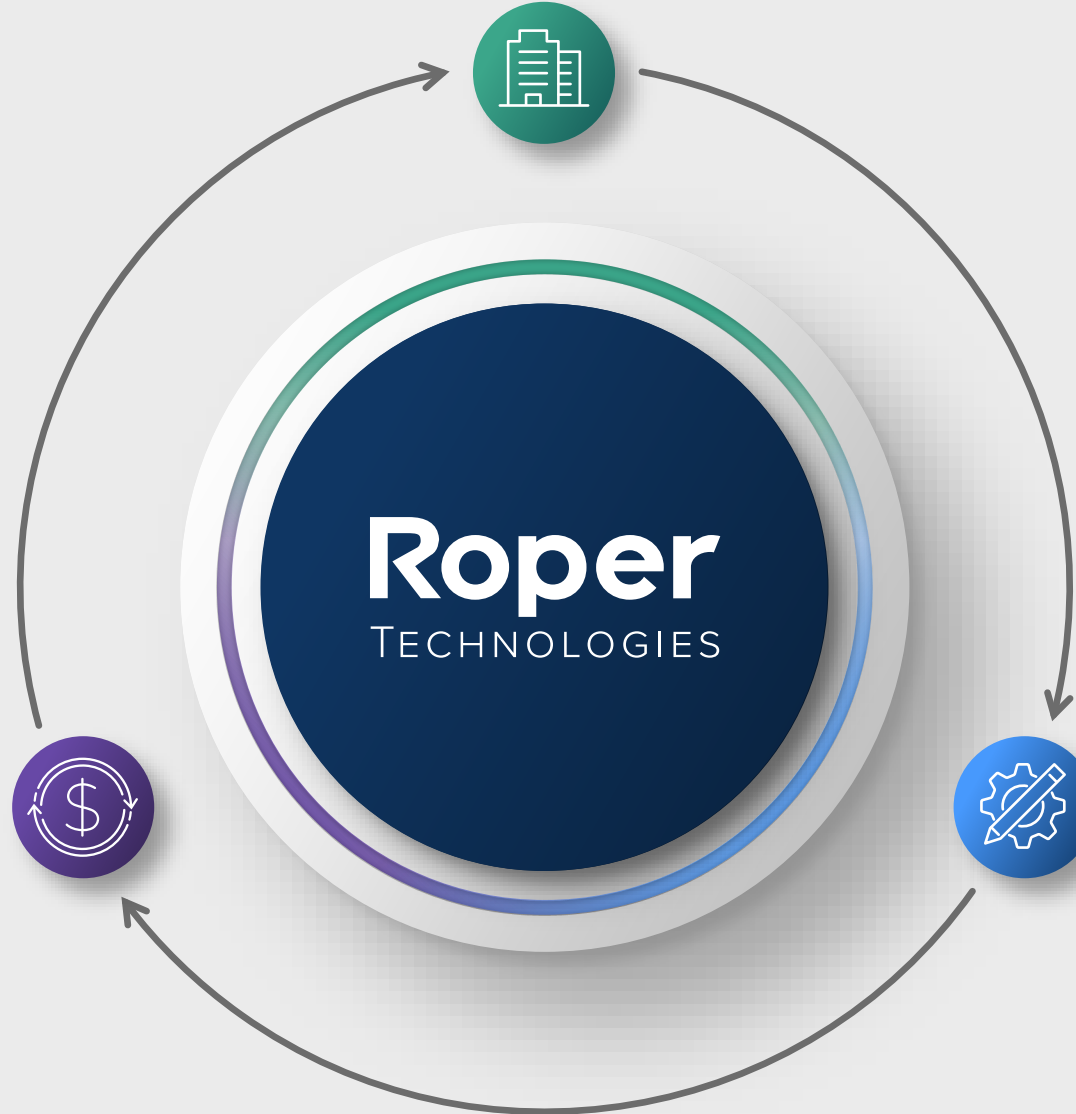
**Market-leading businesses  
in defensible niches**



**Decentralized  
operating  
environment**



**Process-driven  
capital deployment**



# Appendix



# Q2 income statement metrics

	Q2'22	Q2'23	
Revenue	\$1,311	\$1,531	+17%; organic +9%
Gross profit	\$912	\$1,067	
Gross margin	69.5%	69.7%	
EBITDA	\$515	\$617	+20%
EBITDA margin	39.3%	40.3%	
Interest expense	\$45	\$35	
Tax rate	20.1%	22.1%	
Net earnings	\$366	\$442	+21%
DEPS	\$3.43	\$4.12	+20%

# Roper's revenue composition

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

	Q2 2023				Technology Enabled Products		Roper	
	Application Software		Network Software					
	Q2'22	Q2'23	Q2'22	Q2'23	Q2'22	Q2'23	Q2'22	Q2'23
<b>Software related</b>								
Recurring	458	587	244	258	3	4	705	850
Reoccurring	29	34	62	66	-	-	90	100
Non-recurring	141	149	37	34	-	-	178	183
<b>Total software revenue</b>	<b>627</b>	<b>770</b>	<b>343</b>	<b>358</b>	<b>3</b>	<b>5</b>	<b>974</b>	<b>1,133</b>
<b>Total product revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>337</b>	<b>398</b>	<b>337</b>	<b>398</b>
<b>Total revenue</b>	<b>627</b>	<b>770</b>	<b>343</b>	<b>358</b>	<b>340</b>	<b>403</b>	<b>1,311</b>	<b>1,531</b>

# Reconciliations I

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

(from continuing operations)

	Q2 2020	Q2 2021	Q2 2022	Q2 2023	V% to '22	3-Year CAGR	TTM 2023
GAAP revenue	\$ 952	\$ 1,190	\$ 1,311	\$ 1,531			\$ 5,782
Purchase accounting adjustment to acquired deferred revenue	1	-	-	-			-
Adjusted revenue	\$ 953	\$ 1,190	\$ 1,311	\$ 1,531	17%	17%	\$ 5,782
GAAP earnings before income taxes	\$ 219	\$ 257	\$ 317	\$ 464			\$ 1,488
Interest expense	47	59	45	35			167
Depreciation	9	12	9	9			36
Amortization	97	143	146	176			672
EBITDA	\$ 372	\$ 471	\$ 516	\$ 683			\$ 2,363
Purchase accounting adjustment to acquired deferred revenue and commission expense	1	(1)	(1)	-			(2)
Transaction-related expenses for completed acquisitions	1	-	-	-			5
Financial impacts associated with the minority investment in Indicor	-	-	-	(66) <sup>A</sup>			(65)
Legal settlement charge	-	-	-	-			45
Adjusted EBITDA	\$ 375	\$ 469	\$ 515	\$ 617	20%	18%	\$ 2,346
% of adjusted revenue	39.3%	39.4%	39.3%	40.3%	+100 bps		40.6%

## Adjusted cash flow reconciliation (\$M)

(from continuing operations)

	Q2 2020	Q2 2021	Q2 2022	Q2 2023	V% to '22	3-Year CAGR
Operating cash flow	\$ 349	\$ 327	\$ (110)	\$ 320		
Taxes paid in period related to divestitures	-	-	378	-		
Deferred tax payments due to COVID-19	(124)	-	-	-		
Adjusted operating cash flow	\$ 225	\$ 327	\$ 268	\$ 320	20%	12%
Capital expenditures	(6)	(6)	(8)	(15)		
Capitalized software expenditures	(3)	(8)	(8)	(9)		
Adjusted free cash flow	\$ 216	\$ 312	\$ 252	\$ 295	17%	11%

Note: Numbers may not foot due to rounding.

# Reconciliations II

## Revenue growth reconciliation (from continuing operations)

Q2 2023	Technology			
	Application Software	Network Software	Enabled Products	Roper
Organic	6%	5%	19%	9%
Acquisitions/divestitures	16%	-	-	8%
Foreign exchange	-	-	-	-
Total revenue growth	23%	4%	18%	17%

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

	Application Software				Network Software				Technology Enabled Products			
	Q2'20	Q2'21	Q2'22	Q2'23	Q2'20	Q2'21	Q2'22	Q2'23	Q2'20	Q2'21	Q2'22	Q2'23
GAAP revenue	\$ 395	\$ 588	\$ 627	\$ 770	\$ 257	\$ 298	\$ 343	\$ 358	\$ 300	\$ 304	\$ 340	\$ 403
Purchase accounting adjustment to acquired deferred revenue	-	-	-	-	1	-	-	-	-	-	-	-
Adjusted revenue	\$ 395	\$ 588	\$ 627	\$ 770	\$ 258	\$ 298	\$ 343	\$ 358	\$ 300	\$ 304	\$ 340	\$ 403
GAAP operating profit	\$ 113	\$ 153	\$ 165	\$ 201	\$ 87	\$ 111	\$ 137	\$ 153	\$ 114	\$ 102	\$ 111	\$ 139
Purchase accounting adjustment to acquired deferred revenue and commission expense	-	(1)	(1)	-	1	-	-	-	-	-	-	-
Adjusted operating profit	\$ 113	\$ 152	\$ 164	\$ 201	\$ 89	\$ 111	\$ 137	\$ 153	\$ 114	\$ 102	\$ 111	\$ 139
Adjusted operating margin	28.7%	25.9%	26.2%	26.1%	34.3%	37.3%	40.0%	42.7%	37.8%	33.6%	32.7%	34.5%
Amortization	53	98	100	131	38	39	40	39	6	6	6	6
Adjusted EBITA	\$ 166	\$ 250	\$ 265	\$ 332	\$ 127	\$ 150	\$ 177	\$ 192	\$ 120	\$ 108	\$ 117	\$ 145
Depreciation	5	7	6	5	2	2	2	2	2	2	2	2
Adjusted EBITDA	\$ 171	\$ 257	\$ 270	\$ 337	\$ 129	\$ 153	\$ 178	\$ 194	\$ 122	\$ 110	\$ 119	\$ 147
Adjusted EBITDA margin	43.3%	43.7%	43.1%	43.7%	50.0%	51.3%	52.0%	54.2%	40.6%	36.3%	34.9%	36.4%

Note: Numbers may not foot due to rounding.

# Reconciliations III

## Adjusted DEPS reconciliation (from continuing operations)

	Q2 2022	Q2 2023	V %
GAAP DEPS	\$ 2.11	\$ 3.36	59%
Purchase accounting adjustment to acquired commission expense	(0.01)	-	
Financial impacts associated with the minority investment in Indicor	-	(0.50) <sup>A</sup>	
Amortization of acquisition-related intangible assets	1.05	1.25 <sup>B</sup>	
Income tax restructuring expense associated with discontinued operations	0.27	-	
Adjusted DEPS	\$ 3.43	\$ 4.12	20%

## Forecasted adjusted DEPS reconciliation (from continuing operations)

	Q3 2023		FY 2023	
	Low end	High end	Low end	High end
GAAP DEPS <sup>C</sup>	\$ 2.91	\$ 2.95	\$ 11.36	\$ 11.50
Financial impacts associated with the minority investment in Indicor <sup>A</sup>	TBD	TBD	TBD	TBD
Amortization of acquisition-related intangible assets <sup>B</sup>	1.25	1.25	5.00	5.00
Adjusted DEPS	\$ 4.16	\$ 4.20	\$ 16.36	\$ 16.50

Note: Numbers may not foot due to rounding.

# Footnotes

**A.** Financial impacts associated with the minority investment in Indicor as shown below (\$M, except per share data).

	<b>Q2 2022A</b>	<b>Q2 2023A</b>	<b>Q3 2023E</b>	<b>FY 2023E</b>
Pretax	\$ -	\$ (66)	TBD	TBD
After-tax	\$ -	\$ (53)	TBD	TBD
Per share	\$ -	\$ (0.50)	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>Q2 2022A</b>	<b>Q2 2023A</b>	<b>Q3 2023E</b>	<b>FY 2023E</b>
Pretax	\$ 143	\$ 170	\$ 170	\$ 680
After-tax	\$ 113	\$ 135	\$ 134	\$ 537
Per share	\$ 1.05	\$ 1.25	\$ 1.25	\$ 5.00

**C.** Forecasted results do not include any potential impact associated with our Indicor investment, and will be adjusted out of all GAAP results in future periods.



# Roper

TECHNOLOGIES