

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2017-02-09** | Period of Report: **2017-02-09**

SEC Accession No. [0000882835-17-000003](#)

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FILER

ROPER TECHNOLOGIES INC

CIK: **882835** | IRS No.: **510263969** | State of Incorpor.: **DE** | Fiscal Year End: **1231**

Type: **8-K** | Act: **34** | File No.: **001-12273** | Film No.: **17584552**

SIC: **3823** Industrial instruments for measurement, display, and control

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

**CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934**

February 9, 2017

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED)

ROPER TECHNOLOGIES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE
(STATE OR OTHER JURISDICTION OF INCORPORATION)

1-12273

51-0263969

(COMMISSION FILE NUMBER)

(IRS EMPLOYER IDENTIFICATION NO.)

**6901 PROFESSIONAL PKWY. EAST, SUITE 200,
SARASOTA, FLORIDA**

34240

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(ZIP CODE)

(941) 556-2601
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)
(FORMER NAME OR ADDRESS, IF CHANGED SINCE LAST REPORT)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On February 9, 2017, Roper Technologies, Inc. (the "Company") issued a press release containing information about the Company's results of operations for the quarter and year ended December 31, 2016. A copy of the press release is furnished as Exhibit 99.1. In the press release, the Company uses several non-GAAP financial measures: Adjusted Revenue, Adjusted Gross Margin, Adjusted Diluted Earnings per Share, EBITDA, Adjusted Operating Cash Flow, Free Cash Flow and Adjusted Free Cash Flow.

Business combination accounting rules required Roper to account for the fair value of deferred revenue assumed in connection with the 2015 acquisitions of Data Innovations, SoftWriters, Strata Decision Technology, OnCenter Software, Aderant and Atlas Database Software and the 2016 acquisitions of CliniSys, ConstructConnect and Deltek. The fair value is based on the assumed cost of having a third-party provide the relevant support services rather than the contracted amount under the contracts. Because the fair value is less than the contracted amount, Roper's GAAP revenues for up to eighteen months subsequent to the acquisitions will not reflect the full amount of revenue that would have otherwise been recorded by the acquired companies had they remained independent companies. The Adjusted Revenue measure is intended to reflect the full amount that would have been recognized as revenue, absent the fair value adjustment.

Business combination accounting rules require Roper to increase the carrying value of inventory acquired to fair value at the date of purchase (inventory step-up). Roper's GAAP gross profit for the two quarters subsequent to the acquisitions of PCI Medical in the first quarter of 2016 and RFIDeas in the third quarter of 2015 did not reflect the full amount of gross profit that would have otherwise been recorded by the entities had they remained independent companies. The Adjusted Gross Profit measure is intended to reflect the full amount that would have been recognized by these companies, absent the fair value adjustment.

The Adjusted Revenue, Adjusted Gross Margin, and Adjusted Diluted Earnings per Share reflect these adjustments. In addition, Adjusted Diluted Earnings per Share includes 2015 adjustments for the gain recognized on the sale of the Abel business and an impairment charge on a minority investment and 2016 adjustments for significant acquisition-related expenses and a debt extinguishment charge related to the early termination of its previous credit facility. The Company believes these non-GAAP measures are useful to investors as a measure of the ongoing performance of its business.

EBITDA as shown in the press release is defined as adjusted net earnings plus (a) interest expense, (b) income taxes and (c) depreciation and amortization. The Company believes EBITDA is an important indicator of operational performance of the Company's business. EBITDA as calculated by the Company is not necessarily comparable to similarly titled measures reported by other companies. In addition, EBITDA: (a) does not represent net income or cash flows from operations as defined by GAAP; (b) is not necessarily indicative of cash available to fund the Company's cash flow needs; and (c) should not be considered as an alternative to net earnings, operating income, cash flows from operating activities or the Company's other financial information determined under GAAP. The Company believes that the line on the Company's consolidated statement of operations entitled net earnings is the most directly comparable GAAP measure to EBITDA.

Free Cash Flow is defined as "Cash Provided by Operating Activities" ("Operating Cash Flow") as stated in Roper's Consolidated Statements of Cash Flows, reduced by capital expenditures and capitalized software expenditures. The Company believes that Free Cash Flow is useful to investors as a basis for comparing its performance with other companies. Roper's measure of Free Cash Flow may not be comparable to similar measures used by other companies. Adjusted Free Cash Flow is Free Cash Flow adjusted for income taxes paid in the first quarter of 2016 that were related to the gain recognized on the sale of the Abel business in the fourth quarter of 2015. A reconciliation of Operating Cash Flow to Adjusted Free Cash Flow is included in the press release furnished as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

99.1 Press Release of the Company dated February 9, 2017.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Roper Technologies, Inc.
(Registrant)

BY: /s/ John Humphrey Date: February 9, 2017
John Humphrey,
Executive Vice President and Chief Financial
Officer

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press Release of the Company dated February 9, 2017 |

Contact Information:

Investor Relations
941-556-2601
investor-relations@ropertech.com



Roper Technologies, Inc.

Roper Technologies Announces 2016 Financial Results

**Fourth Quarter Revenue Increased 7%; Orders Increased 17% to \$1.085 Billion
Establishes 2017 Guidance**

Sarasota, Florida, February 9, 2017 ... Roper Technologies, Inc. (NYSE: ROP), a diversified technology company, reported financial results for the fourth quarter and full year ended December 31, 2016.

Roper reports results – including revenue, operating margin, net income and diluted earnings per share – on a GAAP basis and an adjusted basis.

Fourth quarter GAAP diluted earnings per share (DEPS) were \$1.78 and adjusted diluted earnings per share were \$1.86. GAAP revenue and adjusted revenue each increased 7% to \$1.011 billion and \$1.018 billion, respectively. Orders increased 17% to \$1.085 billion. Compared to the prior year, GAAP gross margin increased 60 basis points to 62.0% and adjusted gross margin increased 50 basis points to 62.3%. Operating cash flow in the quarter was \$270 million.

"We are very pleased with our fourth quarter performance," said Brian Jellison, Roper's Chairman, President and CEO. "The execution of our strategies continued to deliver impressive cash flow results as full year adjusted operating cash flow exceeded \$1 billion for the first time. Revenue increased 7%, including 2% organic growth, and we delivered a record \$365 million of EBITDA in the quarter, representing 36% of revenue. Importantly, fourth quarter orders increased 17% to a record \$1.1 billion and our book-to-bill ratio was 1.07, giving us confidence as we enter 2017."

Full year GAAP diluted earnings per share were \$6.43, a 6% decrease, and adjusted diluted earnings per share were \$6.57, a 2% decrease. GAAP revenue increased 6% to \$3.79 billion and adjusted revenue increased 6% to \$3.81 billion. Full year EBITDA was \$1.31 billion, or 34.6% of adjusted revenue. Operating cash flow increased 4% to \$964 million and adjusted operating cash flow increased 8% to \$1.001 billion, representing 26% of revenue.

"This was a transformational year for Roper on many levels," said Mr. Jellison. "We invested \$3.7 billion in software acquisitions during the year, of which \$3.4 billion was deployed during the fourth quarter to acquire two exceptional software companies: ConstructConnect and Deltek. Both businesses have favorable end market dynamics, terrific cash characteristics, substantial recurring revenue and outstanding leadership teams. Like many of our software businesses, ConstructConnect and Deltek operate with negative working capital, further accelerating our transformation as an asset-light, diversified technology company. Including these acquisitions, our software and network businesses are expected to contribute 50% of our EBITDA in 2017."

2017 Outlook and Guidance

Beginning in 2017, the Company's adjusted DEPS results and guidance will also exclude after-tax acquisition-related intangible amortization. The Company believes reporting adjusted DEPS in this manner better reflects its core operating results and offers greater consistency and transparency. A full reconciliation between GAAP and adjusted measures is included at the end of this release.

Roper expects 2017 full year adjusted DEPS between \$8.82 and \$9.22 with first quarter adjusted DEPS between \$1.92 and \$2.00. Full year adjusted revenue is expected to increase between 20% and 22% including organic revenue growth between 3% and 5%.

The Company's guidance excludes the impact from future acquisitions or divestitures.

Conference Call to be Held at 8:30 AM (ET) Today

A conference call to discuss these results and 2017 guidance has been scheduled for 8:30 AM ET on Thursday, February 9, 2017. The call can be accessed via webcast or by dialing +1 719-457-2604 (US/Canada) or +1 888-293-6979, using confirmation code 3201363. Webcast information and conference call materials will be made available in the Investors section of Roper's website (www.ropertech.com) prior to the start of the call. The webcast can also be accessed by using the following URL <https://www.webcaster4.com/Webcast/Page/866/19414>. Telephonic replays will be available for up to two weeks and can be accessed by using the following URL <https://event.replay> with access code 3201363.

Use of Non-GAAP Financial Information

The Company supplements its consolidated financial statements presented on a GAAP basis with certain non-GAAP financial information to provide investors with greater insight, increase transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making. Reconciliation of non-GAAP measures to their most directly comparable GAAP measures are included in the accompanying financial schedules or tables. The non-GAAP financial measures disclosed by the company should not be considered a substitute for, or superior to, financial measures prepared in accordance with GAAP, and the financial results prepared in accordance with GAAP and reconciliations from these results should be carefully evaluated.

Table 1: Revenue Growth Detail (\$M)

| | Q4 2016 | Q4 2015 | V% |
|--|-----------------|----------------|-----------|
| GAAP Revenue | \$ 1,011 | \$ 944 | 7% |
| Purchase accounting adjustment to acquired deferred revenue ^{A,B} | 7 ^A | 4 ^B | |
| Adjusted Revenue | <u>\$ 1,018</u> | <u>\$ 948</u> | 7% |
| Components of Adjusted Revenue Growth | | | |
| Organic | | | 2% |
| Acquisitions | | | 7% |
| Foreign Exchange | | | (1%) |
| Rounding | | | (1%) |
| Total Adjusted Revenue Growth | | | <u>7%</u> |

Table 2: Reconciliation of Q4 2016 GAAP DEPS to Adjusted DEPS

| | Q4 2016 | Q4 2015 |
|--|-------------------|---------------------|
| GAAP Diluted Earnings Per Share (DEPS) | \$ 1.78 | \$ 2.05 |
| Purchase accounting adjustment to acquired deferred revenue ^{A,B} | 0.05 ^A | 0.03 ^B |
| Gain on sale of divested business ^C | - | (0.33) ^C |
| Impairment charge on minority investment ^D | - | 0.06 ^D |
| Acquisition-related inventory step-up charge ^E | - | 0.02 ^E |
| Acquisition-related expenses deemed significant ^F | 0.04 ^F | |
| Rounding | (0.01) | (0.01) |
| Adjusted DEPS | <u>\$ 1.86</u> | <u>\$ 1.82</u> |

Table 3: Reconciliation of Full Year 2016 GAAP DEPS to Adjusted DEPS (\$M)

| | FY 2016 | FY 2015 | V% |
|--|-------------------|---------------------|------|
| GAAP Diluted Earnings Per Share (DEPS) | \$ 6.43 | \$ 6.85 | (6%) |
| Gain on sale of divested business ^C | - | (0.33) ^C | |
| Impairment charge on minority investment ^D | - | 0.06 ^D | |
| Acquisition-related expenses deemed significant ^F | 0.04 ^F | | |
| Purchase accounting adjustment to acquired deferred revenue ^{G,H} | 0.10 ^G | 0.07 ^H | |
| Acquisition-related inventory step-up charge ^{I,J} | 0.00 ^I | 0.03 ^J | |
| Debt extinguishment charge ^K | 0.01 ^K | - | |
| Rounding | (0.01) | - | |
| Adjusted DEPS | <u>\$ 6.57</u> | <u>\$ 6.68</u> | (2%) |

Table 4: Free Cash Flow Reconciliation (\$M)

| | 2016 | 2015 | V% |
|--|---------------|---------------|------|
| GAAP Operating Cash Flow | \$ 964 | \$ 929 | + 4% |
| Cash taxes related to 2015 sale of Abel Pump | 37 | - | |
| Adjusted Operating Cash Flow | \$ 1,001 | \$ 929 | + 8% |
| Capital expenditures | (37) | (36) | |
| Capitalized software expenditures | (3) | (2) | |
| Rounding | - | (1) | |
| Adjusted Free Cash Flow | <u>\$ 961</u> | <u>\$ 890</u> | + 8% |

Table 5: Adjusted Gross Margin Reconciliation (M)

| | Q4 2016 | Q4 2015 | V% |
|--|-----------------|----------------|----------|
| GAAP Revenue | \$ 1,011 | \$ 944 | 7% |
| Purchase accounting adjustment to acquired deferred revenue ^{A,B} | 7 ^A | 4 ^B | |
| Adjusted Revenue | <u>\$ 1,018</u> | <u>\$ 948</u> | 7% |
| GAAP Gross Margin | \$ 627 | \$ 579 | |
| Purchase accounting adjustment to acquired deferred revenue ^{A,B} | 7 ^A | 4 ^B | |
| Acquisition-related inventory step-up charge ^E | - | 3 ^E | |
| Adjusted Gross Margin | <u>\$ 634</u> | <u>\$ 586</u> | |
| GAAP Gross Margin | 62.0% | 61.4% | + 60 bps |
| Adjusted Gross Margin | 62.3% | 61.8% | + 50 bps |

Table 6: Q4 and Full Year EBITDA Reconciliation (\$M)

| | Q4 2016 | FY 2016 |
|--|------------------|-------------------|
| GAAP Revenue | \$ 1,011 | \$ 3,790 |
| Purchase accounting adjustment to acquired deferred revenue ^{A,G} | 7 ^A | 15 ^G |
| Adjusted Revenue | <u>\$ 1,018</u> | <u>\$ 3,805</u> |
| GAAP Net Earnings | \$ 182.1 | \$ 658.6 |
| Taxes | 76.2 | 282.0 |
| Interest expense | 30.5 | 111.6 |
| Depreciation | 9.3 | 37.3 |
| Amortization | 54.0 | 203.2 |
| Acquisition-related expenses deemed significant ^F | 6.1 | 6.1 ^F |
| Purchase accounting adjustment to acquired deferred revenue, pretax ^{A,G} | 7.1 ^A | 15.1 ^G |
| Acquisition-related inventory step-up charge, pretax ^I | - | 0.3 ^I |
| Debt extinguishment charge ^K | - | 0.9 ^K |
| Rounding | - | (0.1) |
| Adjusted EBITDA | <u>\$ 365.3</u> | <u>\$ 1,315.0</u> |
| % of Adjusted Revenue | 35.9% | 34.6% |

Table 7: Forecasted Diluted Earnings Per Share (DEPS)

| | Q1 2017 | | Full Year 2017 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Low End | High End | Low End | High End |
| GAAP DEPS | \$ 1.34 | \$ 1.42 | \$ 6.68 | \$ 7.08 |
| Purchase accounting adjustments to acquired deferred revenue and commissions ^L | 0.13 ^L | 0.13 ^L | 0.32 ^L | 0.32 ^L |
| Amortization of acquisition-related intangible assets, after-tax ^M | 0.45 ^M | 0.45 ^M | 1.82 ^M | 1.82 ^M |
| Adjusted DEPS | <u>\$ 1.92</u> | <u>\$ 2.00</u> | <u>\$ 8.82</u> | <u>\$ 9.22</u> |

- A Acquisition-related fair value adjustments to deferred revenue related to the acquisitions of Atlas Medical (\$30k pretax, \$20k after-tax), CliniSys (\$0.2M pretax, \$0.1M after-tax), ConstructConnect (\$5.9M pretax, \$3.9M after-tax) and Deltek (\$1.1M pretax, \$0.7M after-tax).
- B Acquisition-related fair value adjustments to deferred revenue related to the acquisitions of Strata (\$0.7M pretax, \$0.4M after-tax), Softwriters (\$0.1M pretax, \$0.0M after-tax), Data Innovations (\$1.0M pre-tax, \$0.7M after-tax), On Center Software (\$0.4M pretax, \$0.3M after-tax), Aderant (\$1.8M pretax, \$1.2M after-tax) and Atlas Medical (\$0.1M pretax, \$0.0M after-tax)
- C Gain on sale of Abel Pumps, LP (\$70.9M pretax, \$33.4M after-tax)
- D Impairment charge on minority investment (\$9.5M pretax, \$6.2M after-tax)
- E Acquisition-related inventory step-up charge related to the acquisition of RFIdeas (\$2.6M pretax, \$1.7M after-tax)
- F Acquisition-related expenses deemed significant, primarily related to the acquisitions of ConstructConnect and Deltek (\$6.1M pretax, \$4.0M after-tax)
- G Acquisition-related fair value adjustments to acquired deferred revenue of Strata (\$0.2M pretax, \$0.1M after-tax), Data Innovations (\$0.7M pretax, \$0.4M after-tax), On Center Software (\$0.9M pretax, \$0.6M after-tax), Aderant (\$5.4M pretax, \$3.5M after-tax), Atlas Medical (\$0.3M pretax, \$0.2M after-tax), CliniSys (\$0.7M pretax, \$0.4M after-tax), ConstructConnect (\$5.9M pretax, \$3.9M after-tax) and Deltek (\$1.1M pretax, \$0.7M after-tax).
- H Acquisition-related fair value adjustments to acquired deferred revenue of SHP (\$1.7M pretax, \$1.1M after-tax), FoodLink (\$0.4M pretax, \$0.2M after-tax), Strata (\$2.5M pretax, \$1.6M after-tax), Softwriters (\$0.2M pretax, \$0.2M after-tax), Data Innovations (\$3.4M pretax, \$2.2M after-tax), On Center Software (\$0.6M pretax, \$0.4M after-tax), Aderant (\$1.8M pretax, \$1.2M after-tax) and Atlas Medical (\$0.1M pretax, \$0.0M after-tax)
- I Acquisition-related inventory step-up charge related to the acquisition of PCI Medical (\$0.3M pretax, \$0.2M after-tax)
- J Acquisition related inventory step-up charge related to the acquisition of RFIdeas (\$4.6M pretax, \$3.0M after-tax)
- K Debt extinguishment charge from the early replacement of the Company's credit agreement in September, 2016 (\$0.9M pretax, \$0.6M after-tax)
- L Forecasted acquisition-related fair value adjustments to acquired deferred revenue and commissions of ConstructConnect and Deltek, as shown below (\$M, except per share data)

| | Q1 2017 | FY 2017 |
|-----------|---------|---------|
| Pretax | \$ 20 | \$ 52 |
| After-tax | \$ 13 | \$ 33 |
| Per Share | \$ 0.13 | \$ 0.32 |

- M Forecast of estimated amortization of acquisition-related intangible assets in the following periods (\$M). For comparison purposes, prior period amounts are also shown below.

| | Q1 2016 | FY 2016 | Q1 2017 | FY 2017 |
|-----------|---------|---------|---------|---------|
| Pretax | \$ 49 | \$ 201 | \$ 72 | \$ 288 |
| After-tax | \$ 32 | \$ 131 | \$ 47 | \$ 187 |
| Per share | \$ 0.31 | \$ 1.27 | \$ 0.45 | \$ 1.82 |

About Roper Technologies

Roper Technologies is a constituent of the S&P 500, Fortune 1000, and the Russell 1000 indices. Roper designs and develops software (both software-as-a-service and licensed), and engineered products and solutions for healthcare, transportation, food, energy, water, education and other niche markets worldwide. Additional information about Roper is available on the Company's website at www.ropertech.com.

The information provided in this press release 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 integrate 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, 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, 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.

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Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (unaudited)
(Amounts in thousands)

| | December 31, 2016 | December 31, 2015 |
|---|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 757,200 | \$ 778,511 |
| Accounts receivable | 619,854 | 488,271 |
| Inventories | 181,952 | 189,868 |
| Unbilled receivable | 129,965 | 122,042 |
| Other current assets | 87,530 | 39,355 |
| Total current assets | <u>1,776,501</u> | <u>1,618,047</u> |
| PROPERTY, PLANT AND EQUIPMENT, NET | <u>141,318</u> | <u>105,510</u> |
| OTHER ASSETS: | | |
| Goodwill and other intangible assets, net | 12,302,985 | 8,353,722 |
| Deferred taxes | 30,620 | 31,532 |
| Other assets | 73,503 | 59,554 |
| Total other assets | <u>12,407,108</u> | <u>8,444,808</u> |
| TOTAL ASSETS | <u>\$ 14,324,927</u> | <u>\$ 10,168,365</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 152,067 | \$ 139,737 |
| Accrued compensation | 161,730 | 119,511 |
| Deferred revenue | 488,399 | 267,030 |
| Other accrued liabilities | 219,339 | 168,513 |
| Income taxes payable | 22,762 | 18,532 |
| Current portion of long-term debt | 400,975 | 6,805 |
| Total current liabilities | <u>1,445,272</u> | <u>720,128</u> |
| NONCURRENT LIABILITIES: | | |
| Long-term debt | 5,808,561 | 3,264,417 |
| Deferred taxes | 1,178,205 | 810,856 |
| Other liabilities | 104,024 | 74,017 |
| Total liabilities | <u>8,536,062</u> | <u>4,869,418</u> |
| STOCKHOLDERS' EQUITY: | | |
| Common stock | 1,036 | 1,028 |
| Additional paid-in capital | 1,489,067 | 1,419,262 |
| Retained earnings | 4,642,402 | 4,110,530 |
| Accumulated other comprehensive earnings | (324,739) | (212,779) |
| Treasury stock | (18,901) | (19,094) |
| Total stockholders' equity | <u>5,788,865</u> | <u>5,298,947</u> |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | <u>\$ 14,324,927</u> | <u>\$ 10,168,365</u> |

Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Earnings (unaudited)
(Amounts in thousands, except per share data)

| | Three months ended December 31, | | Twelve months ended December 31, | |
|--|------------------------------------|-------------------|-------------------------------------|-------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Net sales | \$ 1,010,800 | \$ 943,640 | \$ 3,789,925 | \$ 3,582,395 |
| Cost of sales | <u>383,922</u> | <u>364,549</u> | <u>1,457,515</u> | <u>1,417,749</u> |
| Gross profit | 626,878 | 579,091 | 2,332,410 | 2,164,646 |
| Selling, general and administrative expenses | <u>337,774</u> | <u>300,414</u> | <u>1,277,847</u> | <u>1,136,728</u> |
| Income from operations | 289,104 | 278,677 | 1,054,563 | 1,027,918 |
| Interest expense | 30,483 | 23,843 | 111,559 | 84,225 |
| Other income/(expense) | <u>(355)</u> | <u>60,600</u> | <u>(2,352)</u> | <u>58,652</u> |
| Earnings from continuing operations before income taxes | 258,266 | 315,434 | 940,652 | 1,002,345 |
| Income taxes | <u>76,185</u> | <u>106,837</u> | <u>282,007</u> | <u>306,278</u> |
| Net Earnings | <u>\$ 182,081</u> | <u>\$ 208,597</u> | <u>\$ 658,645</u> | <u>\$ 696,067</u> |
| | | | | |
| Earnings per share: | | | | |
| Basic | \$ 1.79 | \$ 2.07 | \$ 6.50 | \$ 6.92 |
| Diluted | \$ 1.78 | \$ 2.05 | \$ 6.43 | \$ 6.85 |
| Weighted average common and common equivalent shares outstanding: | | | | |
| Basic | 101,469 | 100,829 | 101,291 | 100,616 |
| Diluted | <u>102,580</u> | <u>101,833</u> | <u>102,464</u> | <u>101,597</u> |

Roper Technologies, Inc. and Subsidiaries
Selected Segment Financial Data (unaudited)

(Amounts in thousands and percents of net sales)

| | Three months ended December 31, | | | | Twelve months ended December 31, | | | |
|------------------------------|---------------------------------|---|-------------------|---|----------------------------------|---|--------------------|---|
| | 2016 | | 2015 | | 2016 | | 2015 | |
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Net sales: | | | | | | | | |
| Medical & Scientific Imaging | \$ 351,987 | | \$ 321,735 | | \$1,362,813 | | \$1,215,318 | |
| RF Technology | 337,728 | | 281,883 | | 1,210,264 | | 1,033,951 | |
| Industrial Technology | 178,446 | | 182,039 | | 706,625 | | 745,381 | |
| Energy Systems & Controls | 142,639 | | 157,983 | | 510,223 | | 587,745 | |
| Total | <u>\$1,010,800</u> | | <u>\$ 943,640</u> | | <u>\$3,789,925</u> | | <u>\$3,582,395</u> | |

| | | | | | | | | |
|------------------------------|-------------------|--------------|-------------------|--------------|--------------------|--------------|--------------------|--------------|
| Gross profit: | | | | | | | | |
| Medical & Scientific Imaging | \$ 256,941 | 73.0% | \$ 238,804 | 74.2% | \$ 997,666 | 73.2% | \$ 899,775 | 74.0% |
| RF Technology | 193,430 | 57.3% | 154,731 | 54.9% | 685,923 | 56.7% | 552,605 | 53.4% |
| Industrial Technology | 90,683 | 50.8% | 89,842 | 49.4% | 357,362 | 50.6% | 370,894 | 49.8% |
| Energy Systems & Controls | 85,824 | 60.2% | 95,714 | 60.6% | 291,459 | 57.1% | 341,372 | 58.1% |
| Total | <u>\$ 626,878</u> | <u>62.0%</u> | <u>\$ 579,091</u> | <u>61.4%</u> | <u>\$2,332,410</u> | <u>61.5%</u> | <u>\$2,164,646</u> | <u>60.4%</u> |

| | | | | | | | | |
|------------------------------|-------------------|--------------|-------------------|--------------|--------------------|--------------|--------------------|--------------|
| Operating profit*: | | | | | | | | |
| Medical & Scientific Imaging | \$ 129,842 | 36.9% | \$ 116,492 | 36.2% | \$ 477,548 | 35.0% | \$ 441,931 | 36.4% |
| RF Technology | 99,562 | 29.5% | 83,591 | 29.7% | 372,467 | 30.8% | 312,112 | 30.2% |
| Industrial Technology | 51,601 | 28.9% | 52,155 | 28.7% | 202,451 | 28.7% | 214,538 | 28.8% |
| Energy Systems & Controls | 45,874 | 32.2% | 51,704 | 32.7% | 129,602 | 25.4% | 162,128 | 27.6% |
| Total | <u>\$ 326,879</u> | <u>32.3%</u> | <u>\$ 303,942</u> | <u>32.2%</u> | <u>\$1,182,068</u> | <u>31.2%</u> | <u>\$1,130,709</u> | <u>31.6%</u> |

| | | | | | | | | |
|------------------------------|--------------------|--|-------------------|--|--------------------|--|--------------------|--|
| Net Orders: | | | | | | | | |
| Medical & Scientific Imaging | \$ 384,097 | | \$ 334,967 | | \$1,399,007 | | \$1,235,143 | |
| RF Technology | 378,587 | | 273,856 | | 1,278,246 | | 1,024,999 | |
| Industrial Technology | 175,993 | | 176,379 | | 704,622 | | 731,810 | |
| Energy Systems & Controls | 146,008 | | 138,869 | | 514,300 | | 555,672 | |
| Total | <u>\$1,084,685</u> | | <u>\$ 924,071</u> | | <u>\$3,896,175</u> | | <u>\$3,547,624</u> | |

* Operating profit is before unallocated corporate general and administrative expenses. These expenses were \$37,775 and \$25,265 for the three months ended December 31, 2016 and 2015, respectively, and \$127,505 and \$102,791 for the twelve months ended December 31, 2016 and 2015, respectively.

Roper Technologies, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (unaudited)
(Amounts in thousands)

| | Twelve months ended December 31, | |
|---|-------------------------------------|-------------|
| | 2016 | 2015 |
| Net earnings | \$ 658,645 | \$ 696,067 |
| Non-cash items: | | |
| Depreciation | 37,299 | 38,185 |
| Amortization | 203,154 | 166,076 |
| Stock-based compensation expense | 78,827 | 61,766 |
| Gain on disposal of a business | - | (70,860) |
| Income taxes | (47,589) | 3,069 |
| Changes in assets and liabilities: | | |
| Receivables | (21,936) | 30,753 |
| Inventory | 6,353 | (1,150) |
| Accounts payable | 6,393 | (6,554) |
| Accrued liabilities | 38,973 | 6,401 |
| Other, net | 3,666 | 5,072 |
| Cash provided by operating activities | 963,785 | 928,825 |
| Business acquisitions, net of cash acquired | (3,721,758) | (1,762,883) |
| Capital expenditures | (37,305) | (36,260) |
| Capitalized software expenditures | (2,801) | (2,439) |
| Proceeds from disposal of a business | - | 105,624 |
| Other, net | 9,008 | (2,374) |
| Cash used by investing activities | (3,752,856) | (1,698,332) |
| Principal debt borrowings | 1,200,000 | 900,000 |
| Principal debt payments | (4,284) | (4,006) |
| Revolver borrowings, net | 1,750,000 | 180,000 |
| Debt issuance costs | (17,266) | (8,044) |
| Dividends | (121,130) | (100,334) |
| Excess tax benefit from share-based payment | - | 22,228 |
| Proceeds from stock-based compensation, net | 9,998 | 18,312 |
| Redemption premium on convertible debt | (14,166) | (13,126) |
| Other, net | 2,111 | 1,212 |
| Cash provided by financing activities | 2,805,263 | 996,242 |
| Effect of exchange rate changes on cash | (37,503) | (58,654) |
| Net increase/(decrease) in cash and equivalents | (21,311) | 168,081 |
| Cash and equivalents, beginning of year | 778,511 | 610,430 |
| Cash and equivalents, end of year | \$ 757,200 | \$ 778,511 |