

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

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### FILER

#### **ROPER INDUSTRIES INC**

CIK:[882835](#) | IRS No.: [510263969](#) | State of Incorporation: **DE** | Fiscal Year End: **0420**  
Type: **8-K** | Act: **34** | File No.: [001-12273](#) | Film No.: [13550132](#)  
SIC: **3823** Industrial instruments for measurement, display, and control

#### Mailing Address

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EAST  
SUITE 200  
SARASOTA FL 34240*

#### Business Address

*6901 PROFESSIONAL PKWY  
EAST  
SUITE 200  
SARASOTA FL 34240  
9415562601*

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

**January 28, 2013**

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED)

**ROPER INDUSTRIES, 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 January 28, 2013, Roper Industries, Inc. (the "Company") issued a press release containing information about the Company's results of operations for the year and quarter ended December 31, 2012. A copy of the press release is furnished as Exhibit 99.1.

In the press release, the Company uses several non-GAAP financial measures: non-GAAP Revenue, non-GAAP Operating Margin, non-GAAP Diluted Earnings per Share, EBITDA and Free Cash Flow.

Business combination accounting rules require Roper to account for the fair value of deferred revenue assumed in connection with the Sunquest Information Systems, Inc. ("Sunquest") acquisition. 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 the one year period subsequent to the acquisition will not reflect the full amount of revenue that would have otherwise been recorded by Sunquest had they remained an independent company. The non-GAAP Revenue measure is intended to reflect the full amount that Sunquest would have recognized as revenue, absent the fair value adjustment. The non-GAAP Operating Margin reflects this fair value adjustment as well as the exclusion of expenses related to the Sunquest acquisition. The non-GAAP Diluted Earnings per Share also excludes a debt extinguishment charge incurred in refinancing the existing credit facility, which is recorded as other expense. The Company believes these non-GAAP measures are useful to investors as a measure of the ongoing performance of its business giving effect to the Sunquest transaction.

EBITDA as shown in the press release is defined as 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 because it provides a link between profitability and operating cash flow. 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. 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.

Item 9.01. Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired.*

Not applicable.

(b) *Pro Forma Financial Information.*

Not applicable.

(c) *Shell Company Transactions.*

Not applicable

(d) *Exhibits.*

99.1 Press Release of the Company dated January 28, 2013.

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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 Industries, Inc.**  
(Registrant)

BY: /s/ John Humphrey

John Humphrey,  
Vice President and Chief Financial Officer

Date: January 28, 2013

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EXHIBIT INDEX

Exhibit No.

Description

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99.1

Press Release of the Company dated January 28, 2013

**Contact Information:**

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



**Roper Industries, Inc.**

## **Roper Industries Announces Record Results for Fourth Quarter and Full Year 2012**

**Sarasota, Florida, January 28, 2013 ... Roper Industries, Inc. (NYSE: ROP)**, a diversified growth company, reported financial results for the fourth quarter and full year ended December 31, 2012.

Roper reports results, including revenue, operating margin, net income and diluted earnings per share, on a GAAP and non-GAAP basis. The company's guidance is provided on a non-GAAP basis. Non-GAAP measures are reconciled to the corresponding GAAP measures at the end of this release.

### **Fourth Quarter 2012**

Fourth quarter GAAP diluted earnings per share were \$1.44 and non-GAAP diluted earnings per share were \$1.48. GAAP revenue increased 10% to \$810 million and non-GAAP revenue, which excludes a fair value adjustment to acquired deferred revenue, was \$816 million. GAAP operating margin increased 250 basis points to 27.8%, while non-GAAP operating margin was 28.3%, a 300 basis point increase over the prior year. Operating cash flow in the quarter was \$212 million.

"Our businesses performed exceptionally well in the fourth quarter, as we established records for revenue, orders, gross margin, operating profit, net earnings and cash flow," said Brian Jellison, Roper's Chairman, President and CEO. "EBITDA reached \$275 million, or 33.7% of revenue, reflecting the contribution of Sunquest and strong operating leverage on organic growth."

### **Full Year 2012**

"Full year performance across the enterprise was outstanding throughout the year with record levels of revenue, income and cash flow," said Mr. Jellison. "Operating margin expansion was consistent and broad-based, as margins expanded in each of our segments in every quarter of 2012, a reflection of the strength of our business leaders and our disciplined operating model. Gross margin expanded to 56% for the year. Our consistent focus on high margin businesses, differentiated technology and nimble execution continues to deliver exceptional results."

GAAP diluted earnings per share for the year were \$4.86 and non-GAAP diluted earnings per share were \$4.96. GAAP revenue was \$3.0 billion, up 7% over the prior year. GAAP operating margin increased 170 basis points to 25.3%, while non-GAAP operating margin was 25.7%, a 210 basis point increase over the prior year. Operating cash flow was a record \$678 million. Free cash flow increased 14% to \$639 million and represented 21% of GAAP revenue.

"We invested over \$1.4 billion in acquisitions during 2012, adding Sunquest as a new growth platform, as well as attractive bolt-on businesses to our existing platforms," said Mr. Jellison. "We successfully issued \$900 million in senior notes during the fourth quarter and ended the year with a strong balance sheet, including over \$1.5 billion in cash and available liquidity. We continue to have an attractive pipeline of opportunities and are well positioned as we enter 2013."

## **2013 Outlook and Guidance**

Roper expects 2013 full year non-GAAP diluted earnings per share (DEPS) between \$5.60 - \$5.82 with expected first quarter non-GAAP DEPS between \$1.19 and \$1.23.

The company's guidance is provided on a non-GAAP basis, which excludes the fair value adjustment to acquired deferred revenue resulting from the Sunquest acquisition. The company's guidance excludes future acquisitions.

### 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.

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Table 1: Q4 Revenue Growth Detail

|                             | Q4<br>2011 | Q4<br>2012 | V %         |
|-----------------------------|------------|------------|-------------|
| GAAP Revenue                | \$ 739     | \$ 810     | <u>10%</u>  |
| Non-GAAP Revenue            | \$ 739     | \$ 816     | <u>10%</u>  |
| Components of growth – GAAP |            |            |             |
| Organic Growth              |            |            | 3%          |
| Acquisitions                |            |            | 7%          |
| Foreign Exchange            |            |            | <u>(0%)</u> |
| Total Growth                |            |            | <u>10%</u>  |

Table 2: Free Cash Flow Reconciliation

|                                 | 2011       | 2012       | V%         |
|---------------------------------|------------|------------|------------|
| GAAP Revenue (B)                | \$ 2,797   | \$ 2,993   | 7%         |
| Non-GAAP Revenue (C)            | \$ 2,797   | \$ 3,003   | 7%         |
| Operating Cash Flow             | 602        | 678        |            |
| Less: Capital Expenditures      | (41)       | (38)       |            |
| Rounding                        | -          | (1)        |            |
| Free Cash Flow (A)              | <u>561</u> | <u>639</u> | <u>14%</u> |
| % of GAAP Revenue (A) / (B)     | 20.0%      | 21.4%      |            |
| % of Non-GAAP Revenue (A) / (C) | 20.0%      | 21.3%      |            |

Table 3: EBITDA Reconciliation

Q4 2012

|   |    |              |
|---|----|--------------|
| GAAP Revenue  | \$ | 809.9        |
| Non-GAAP Revenue (B)                                    | \$ | 815.9        |
| GAAP Net Earnings                                       |    | 143.5        |
| Add: Interest Expense                                   |    | 20.5         |
| Add: Income Taxes                                       |    | 61.3         |
| Add: Depreciation & Amortization                        |    | 44.0         |
| Add: Fair Value Adjustment to Acquired Deferred Revenue |    | 6.0          |
| EBITDA (A)  | \$ | <u>275.3</u> |

% of Non-GAAP Revenue (A) / (B) 33.7%

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

A conference call to discuss these results has been scheduled for 8:30 AM ET on Monday, January 28, 2013. The call can be accessed via webcast or by dialing +1 888-438-5524 (US/Canada) or +1 719-457-2645, using confirmation code 6945605. Webcast information and conference call materials will be made available in the Investors section of Roper's website ([www.roperind.com](http://www.roperind.com)) prior to the start of the call. Telephonic replays will be available for up to two weeks by calling +1 719-457-0820 and using the access code 6945605.

### **About Roper Industries**

Roper Industries is a diversified growth company and is a constituent of the S&P 500, Fortune 1000, and the Russell 1000 indices. Roper provides engineered products and solutions for global niche markets, including water, energy, transportation, medical, education, and SaaS-based information networks. Additional information about Roper is available on the company's website at [www.roperind.com](http://www.roperind.com).

*The information provided in this press release 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 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.*

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**Roper Industries, Inc. and Subsidiaries**  
**Condensed Consolidated Balance Sheets**  
**(unaudited)**

(Amounts in thousands)

| <b>ASSETS</b>   | <b>December 31,<br/>2012</b>   | <b>December 31,<br/>2011</b>   |
|---|--------------------------------|--------------------------------|
| <b>CURRENT ASSETS:</b>                                |                                |                                |
| Cash and cash equivalents                             | \$ 370,590                     | \$ 338,101                     |
| Accounts receivable                                   | 526,408                        | 439,134                        |
| Inventories   | 190,867                        | 204,758                        |
| Unbilled receivable                                   | 72,193                         | 63,829                         |
| Deferred taxes  | 45,788                         | 38,004                         |
| Other current assets                                  | 43,492                         | 31,647                         |
| Total current assets                                  | <u>1,249,338</u>               | <u>1,115,473</u>               |
| <br>PROPERTY, PLANT AND EQUIPMENT, NET                | <br><u>110,397</u>             | <br><u>108,775</u>             |
| <br><b>OTHER ASSETS:</b>                              |                                |                                |
| Goodwill  | 3,868,857                      | 2,866,426                      |
| Other intangible assets, net                          | 1,698,867                      | 1,094,142                      |
| Deferred taxes  | 74,848                         | 63,006                         |
| Other assets  | 68,797                         | 71,595                         |
| Total other assets                                    | <u>5,711,369</u>               | <u>4,095,169</u>               |
| <br><b>TOTAL ASSETS</b>                               | <br><u><u>\$ 7,071,104</u></u> | <br><u><u>\$ 5,319,417</u></u> |
| <br><b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                                |                                |
| <b>CURRENT LIABILITIES:</b>                           |                                |                                |
| Accounts payable                                      | \$ 138,340                     | \$ 141,943                     |
| Accrued liabilities                                   | 424,987                        | 322,904                        |
| Income taxes payable                                  | -                              | 8,895                          |
| Deferred taxes  | 3,868                          | 10,548                         |
| Current portion of long-term debt                     | 513,928                        | 69,906                         |
| Total current liabilities                             | <u>1,081,123</u>               | <u>554,196</u>                 |
| <br><b>NONCURRENT LIABILITIES:</b>                    |                                |                                |
| Long-term debt  | 1,508,194                      | 1,015,110                      |
| Deferred taxes  | 707,278                        | 482,603                        |
| Other liabilities                                     | 86,783                         | 72,412                         |
| Total liabilities                                     | <u>3,383,378</u>               | <u>2,124,321</u>               |
| <br><b>STOCKHOLDERS' EQUITY:</b>                      |                                |                                |
| Common stock  | 1,006                          | 987                            |
| Additional paid-in capital                            | 1,158,001                      | 1,117,093                      |
| Retained earnings                                     | 2,489,858                      | 2,063,110                      |
| Accumulated other comprehensive earnings              | 58,537                         | 33,800                         |
| Treasury stock  | (19,676)                       | (19,894)                       |
| Total stockholders' equity                            | <u>3,687,726</u>               | <u>3,195,096</u>               |
| <br><b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> | <br><u><u>\$ 7,071,104</u></u> | <br><u><u>\$ 5,319,417</u></u> |



**Roper Industries, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Earnings (unaudited)**

(Amounts in thousands, except per share data)

|   | <b>Three months ended</b> |                   | <b>Twelve months ended</b> |                   |
|---|---------------------------|-------------------|----------------------------|-------------------|
|   | <b>December 31,</b>       |                   | <b>December 31,</b>        |                   |
|   | <b>2012</b>               | <b>2011</b>       | <b>2012</b>                | <b>2011</b>       |
| Net sales   | \$ 809,910                | \$ 739,204        | \$2,993,489                | \$2,797,089       |
| Cost of sales   | <u>343,549</u>            | <u>333,355</u>    | <u>1,321,772</u>           | <u>1,281,525</u>  |
| Gross profit  | 466,361                   | 405,849           | 1,671,717                  | 1,515,564         |
| Selling, general and administrative expenses                      | <u>241,119</u>            | <u>218,495</u>    | <u>914,130</u>             | <u>855,025</u>    |
| Income from operations  | 225,242                   | 187,354           | 757,587                    | 660,539           |
| Interest expense  | 20,509                    | 15,383            | 67,525                     | 63,648            |
| Loss on extinguishment of debt                                    | -                         | -                 | (1,043)                    | -                 |
| Other income/(expense)  | <u>106</u>                | <u>(548)</u>      | <u>(2,338)</u>             | <u>8,096</u>      |
| Earnings from continuing operations before income taxes           | 204,839                   | 171,423           | 686,681                    | 604,987           |
| Income taxes  | <u>61,309</u>             | <u>49,747</u>     | <u>203,321</u>             | <u>177,740</u>    |
| Net Earnings  | <u>\$ 143,530</u>         | <u>\$ 121,676</u> | <u>\$ 483,360</u>          | <u>\$ 427,247</u> |
| Earnings per share:   |                           |                   |                            |                   |
| Basic   | \$ 1.46                   | \$ 1.26           | \$ 4.95                    | \$ 4.45           |
| Diluted   | \$ 1.44                   | \$ 1.23           | \$ 4.86                    | \$ 4.34           |
| Weighted average common and common equivalent shares outstanding: |                           |                   |                            |                   |
| Basic   | 98,422                    | 96,455            | 97,702                     | 95,959            |
| Diluted   | <u>99,576</u>             | <u>98,662</u>     | <u>99,558</u>              | <u>98,386</u>     |

**Roper Industries, 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, |              |                    |              |
|---|---------------------------------|--------------|------------------|--------------|----------------------------------|--------------|--------------------|--------------|
|   | 2012                            |              | 2011             |              | 2012                             |              | 2011               |              |
|   | Amount                          | %            | Amount           | %            | Amount                           | %            | Amount             | %            |
| <b>Net sales:</b>                           |                                 |              |                  |              |                                  |              |                    |              |
| Industrial Technology                       | \$197,152                       |              | \$198,661        |              | \$ 795,240                       |              | \$ 737,356         |              |
| Energy Systems & Controls                   | 184,608                         |              | 172,034          |              | 646,116                          |              | 597,802            |              |
| Medical & Scientific Imaging                | 217,628                         |              | 157,782          |              | 703,835                          |              | 610,617            |              |
| RF Technology                               | 210,522                         |              | 210,727          |              | 848,298                          |              | 851,314            |              |
| Total                                       | <u>\$809,910</u>                |              | <u>\$739,204</u> |              | <u>\$2,993,489</u>               |              | <u>\$2,797,089</u> |              |
| <b>Gross profit:</b>                        |                                 |              |                  |              |                                  |              |                    |              |
| Industrial Technology <sup>(1)</sup>        | \$106,178                       | 53.9%        | \$ 97,947        | 49.3%        | \$ 410,180                       | 51.6%        | \$ 366,967         | 49.8%        |
| Energy Systems & Controls                   | 109,291                         | 59.2%        | 99,356           | 57.8%        | 363,616                          | 56.3%        | 331,746            | 55.5%        |
| Medical & Scientific Imaging <sup>(2)</sup> | 139,084                         | 63.9%        | 100,947          | 64.0%        | 453,495                          | 64.4%        | 386,242            | 63.3%        |
| RF Technology                               | 111,808                         | 53.1%        | 107,599          | 51.1%        | 444,426                          | 52.4%        | 430,609            | 50.6%        |
| Total                                       | <u>\$466,361</u>                | <u>57.6%</u> | <u>\$405,849</u> | <u>54.9%</u> | <u>\$1,671,717</u>               | <u>55.8%</u> | <u>\$1,515,564</u> | <u>54.2%</u> |
| <b>Operating profit*:</b>                   |                                 |              |                  |              |                                  |              |                    |              |
| Industrial Technology <sup>(1)</sup>        | \$ 64,480                       | 32.7%        | \$ 58,032        | 29.2%        | \$ 244,691                       | 30.8%        | \$ 208,188         | 28.2%        |
| Energy Systems & Controls                   | 61,075                          | 33.1%        | 52,537           | 30.5%        | 179,824                          | 27.8%        | 157,960            | 26.4%        |
| Medical & Scientific Imaging <sup>(2)</sup> | 62,015                          | 28.5%        | 39,377           | 25.0%        | 187,246                          | 26.6%        | 148,376            | 24.3%        |
| RF Technology                               | 56,819                          | 27.0%        | 52,464           | 24.9%        | 223,335                          | 26.3%        | 202,877            | 23.8%        |
| Total                                       | <u>\$244,389</u>                | <u>30.2%</u> | <u>\$202,410</u> | <u>27.4%</u> | <u>\$ 835,096</u>                | <u>27.9%</u> | <u>\$ 717,401</u>  | <u>25.6%</u> |
| <b>Net Orders:</b>                          |                                 |              |                  |              |                                  |              |                    |              |
| Industrial Technology                       | \$185,285                       |              | \$184,051        |              | \$ 783,362                       |              | \$ 767,020         |              |
| Energy Systems & Controls                   | 175,596                         |              | 171,905          |              | 634,051                          |              | 608,538            |              |
| Medical & Scientific Imaging                | 208,784                         |              | 153,335          |              | 703,034                          |              | 612,787            |              |
| RF Technology                               | 209,399                         |              | 185,390          |              | 871,225                          |              | 834,903            |              |
| Total                                       | <u>\$779,064</u>                |              | <u>\$694,681</u> |              | <u>\$2,991,672</u>               |              | <u>\$2,823,248</u> |              |

\* Operating profit is before unallocated corporate general and administrative expenses. These expenses were \$19,147 and \$15,056 for the three months ended December 31, 2012 and 2011, respectively, and \$77,509 and \$56,862 for the twelve months ended December 31, 2012 and 2011, respectively.

(1) Includes a favorable fourth quarter 2012 accounts payable correction of \$5.5 million.

(2) Includes a fourth quarter 2012 charge for inventory and tooling for a medical product line of \$4.0 million.



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

|   | <b>Twelve months ended<br/>December 31,</b> |                   |
|---|---|-------------------|
|   | <b>2012</b>                                 | <b>2011</b>       |
| Net earnings                                    | \$ 483,360                                  | \$ 427,247        |
| Non-cash items:                                 |   |                   |
| Depreciation                                    | 37,888                                      | 36,780            |
| Amortization                                    | 116,860                                     | 103,363           |
| Stock-based compensation expense                | 40,773                                      | 31,730            |
| Income taxes                                    | (15,988)                                    | 14,526            |
| Changes in assets and liabilities:              |   |                   |
| Receivables                                     | (21,577)                                    | (21,574)          |
| Inventory                                       | 18,361                                      | (23,033)          |
| Accounts payable                                | (8,480)                                     | 1,903             |
| Accrued liabilities                             | 17,689                                      | 22,444            |
| Other, net                                      | 8,966                                       | 8,232             |
| Cash provided by operating activities           | <u>677,852</u>                              | <u>601,618</u>    |
| Business acquisitions, net of cash acquired     | (1,467,772)                                 | (233,594)         |
| Capital expenditures                            | (38,405)                                    | (40,702)          |
| Other, net                                      | 632   | (1,453)           |
| Cash used by investing activities               | <u>(1,505,545)</u>                          | <u>(275,749)</u>  |
| Principal debt borrowings                       | 900,000                                     | -                 |
| Principal debt payments                         | (57,304)                                    | (26,457)          |
| Revolver borrowings (payments), net             | 100,000                                     | (230,000)         |
| Debt issuance costs                             | (12,213)                                    | -                 |
| Dividends                                       | (69,903)                                    | (42,090)          |
| Excess tax benefit from share-based payment     | 30,747                                      | 12,664            |
| Proceeds from stock-based compensation, net     | 37,679                                      | 28,167            |
| Redemption premium on convertible debt          | (76,641)                                    | -                 |
| Other, net                                      | 1,505                                       | 1,037             |
| Cash provided by (used in) financing activities | <u>853,870</u>                              | <u>(256,679)</u>  |
| Effect of exchange rate changes on cash         | <u>6,312</u>                                | <u>(1,483)</u>    |
| Net increase in cash and equivalents            | 32,489                                      | 67,707            |
| Cash and equivalents, beginning of period       | <u>338,101</u>                              | <u>270,394</u>    |
| Cash and equivalents, end of period             | <u>\$ 370,590</u>                           | <u>\$ 338,101</u> |

**ROPER INDUSTRIES INC.**

**CONDENSED CONSOLIDATED STATEMENT OF EARNINGS - RECONCILIATION OF GAAP TO NON-GAAP**

(Amounts in thousands, except per share data)

|   | <b>2012<br/>4th<br/>Quarter<br/>GAAP</b> | <u>Adjustment<br/>Fair Value<br/>Adjustment<br/>to Acquired<br/>Deferred<br/>Revenue</u> | <b>2012<br/>4th<br/>Quarter<br/>Non-GAAP</b> |
|---|--|--|--|
| Net Sales   | \$ 809,910                               | \$ 5,952   | \$ 815,862                                   |
| Cost of Sales   | 343,549                                  | -  | 343,549                                      |
|   | <u>466,361</u>                           | <u>5,952</u>   | <u>472,313</u>                               |
| Gross Profit  |  |  |  |
| Selling, general and administrative expenses            | 221,972                                  | -  | 221,972                                      |
| Segment income from operations                          | <u>244,389</u>                           | <u>5,952</u>   | <u>250,341</u>                               |
|   | 19,147                                   | -  | 19,147                                       |
| Corporate general and administrative expenses           |  |  |  |
| Income from operations                                  | <u>225,242</u>                           | <u>5,952</u>   | <u>231,194</u>                               |
|   | 20,509                                   | -  | 20,509                                       |
| Interest Expense  |  |  |  |
| Other income (expense)                                  | 106                                      | -  | 106  |
| Earnings from continuing operations before income taxes | <u>204,839</u>                           | <u>5,952</u>   | <u>210,791</u>                               |
|   | 61,309                                   | 2,083  | 63,392                                       |
| Income Taxes (1)  |  |  |  |
| <i>Tax Rate</i>   | 29.9%                                    | 35.0%  | 30.1%  |
| <b>Net Earnings</b>                                     | <b><u>\$ 143,530</u></b>                 | <b><u>\$ 3,869</u></b>   | <b><u>\$ 147,398</u></b>                     |
| <b>Weighted average common shares outstanding</b>       | <b>99,576</b>                            |  | <b>99,576</b>                                |
| <b>Diluted earnings per share</b>                       | <b>\$ 1.44</b>                           |  | <b>\$ 1.48</b>                               |

(1) For the adjustment, the company used a 35% tax rate, as this adjustment is a US-based item and 35% is the statutory tax rate in the United States



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(Amounts in thousands, except per share data)

|   | <b>2012<br/>Fully Year<br/>Reported</b> | <b>Adjustments</b>   |   |                                  | <b>2012<br/>Fully Year<br/>Adjusted</b> |
|---|---|--|---|----------------------------------|---|
|   |   | Fair Value<br>Adjustment<br>to Acquired<br>Deferred<br>Revenue | Sunquest<br>Acquisition-<br>Related<br>Expenses | Debt<br>Extinguishment<br>Charge |   |
| Net Sales   | \$2,993,489                             | \$ 9,082   | \$ -  | \$ -                             | \$3,002,571                             |
| Cost of Sales   | 1,321,772                               | -  | -   | -                                | 1,321,772                               |
| Gross Profit  | 1,671,717                               | 9,082  | -   | -                                | 1,680,799                               |
| Selling, general and administrative expenses            | 836,621                                 | -  | -   | -                                | 836,621                                 |
| Segment income from operations                          | 835,096                                 | 9,082  | -   | -                                | 844,178                                 |
| Corporate general and administrative expenses           | 77,509                                  | -  | (6,308)   | -                                | 71,201                                  |
|   | 757,587                                 | 9,082  | 6,308   | -                                | 772,977                                 |
| Income from operations                                  |   |  |   |                                  |   |
| Interest Expense  | 67,525                                  | -  | -   | -                                | 67,525                                  |
| Other income (expense)                                  | (3,381)                                 | -  | -   | 1,043                            | (2,338)                                 |
|   | 686,681                                 | 9,082  | 6,308   | 1,043                            | 703,114                                 |
| Earnings from continuing operations before income taxes |   |  |   |                                  |   |
| Income Taxes (1)  | 203,321                                 | 3,179  | 2,208   | 365                              | 209,073                                 |
| <i>Tax Rate</i>   | 29.6%                                   | 35.0%  | 35.0%   | 35.0%                            | 29.7%                                   |
| <b>Net Earnings</b>                                     | <b>\$ 483,360</b>                       | <b>\$ 5,903</b>  | <b>\$ 4,100</b>                                 | <b>\$ 678</b>                    | <b>\$ 494,041</b>                       |
| <b>Weighted average common shares outstanding</b>       | <b>99,558</b>                           |  |   |                                  | <b>99,558</b>                           |
| <b>Diluted earnings per share</b>                       | <b>\$ 4.86</b>                          |  |   |                                  | <b>\$ 4.96</b>                          |

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