



# Third Quarter Earnings

OCTOBER 20, 2015

**DISCIPLINED  
CHOICES**



- IDEX's Outlook
- Q3 2015 Financial Performance
- Q3 2015 Segment Performance
  - Fluid & Metering
  - Health & Science
  - Fire & Safety / Diversified Products
- Guidance Update
- Q&A

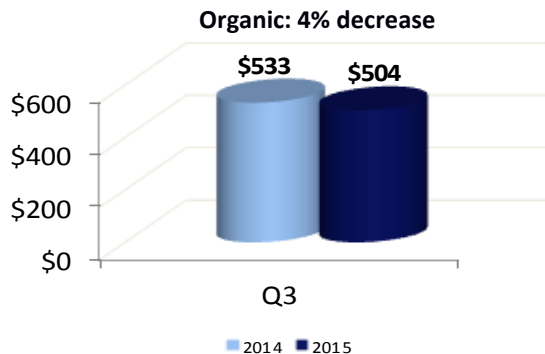
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## Cautionary Statement Under the Private Securities Litigation Reform Act

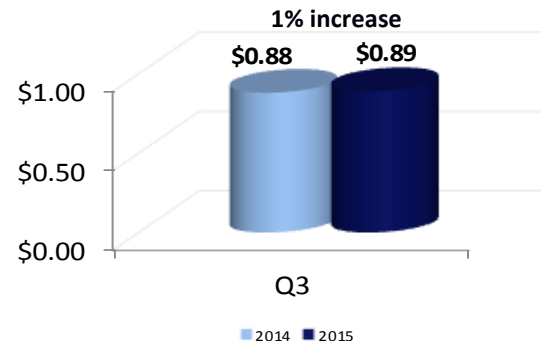
This presentation and discussion will include forward-looking statements.

Our actual performance may differ materially from that indicated or suggested by any such statements. There are a number of factors that could cause those differences, including those presented in our most recent annual report and other company filings with the SEC.

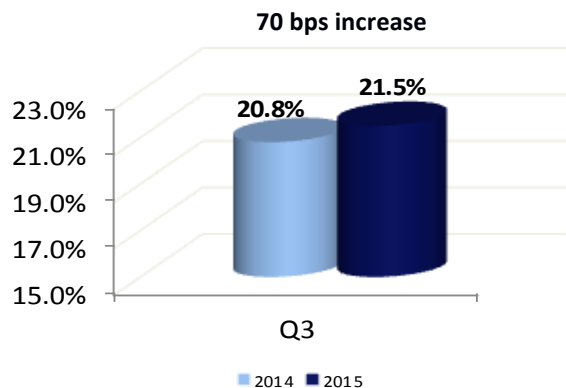
## Sales



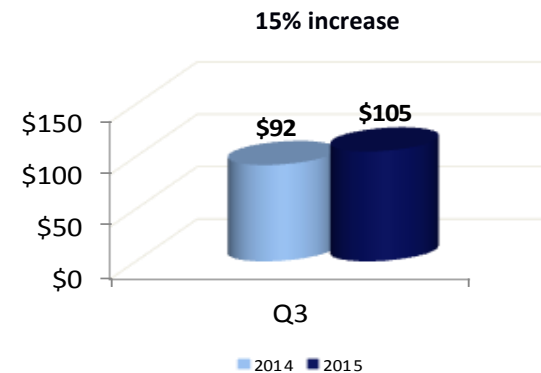
## Adjusted EPS\*



## Adjusted Operating Margin\*



## Free Cash Flow

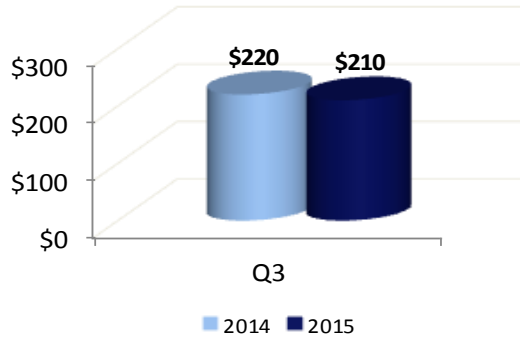


\* Q3'15 EPS / Operating Margin data adjusted for restructuring expenses (\$4.7M), and the gain on the sale of the Ismatec product line (\$18.1M)

*Operating Margin increased 70 bps and FCF was 132 percent of net income*

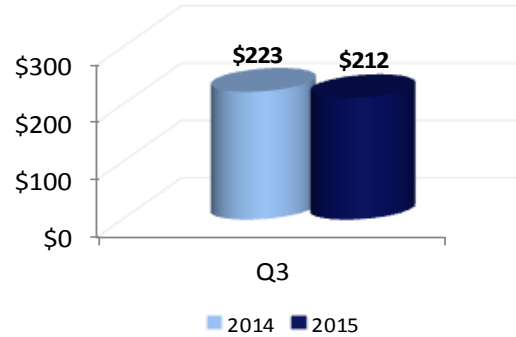
## Orders

Organic: 3% decrease



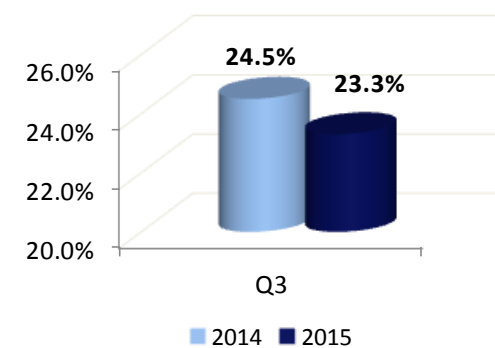
## Sales

Organic: 4% decrease



## Adjusted Operating Margin\*

120 bps decrease



Q3 Sales Mix:		
Organic	-4%	
Acquisition	3%	
Fx	<u>-4%</u>	
Reported Sales	-5%	

### Q3 Summary:

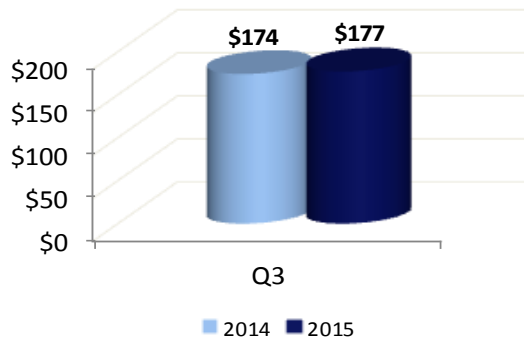
- ❑ Water Services growth continues to benefit from increases in municipal spending, particularly in the US and UK
- ❑ Industrial softness continued in North America for pump distribution and large projects
- ❑ Energy's mid and downstream North American business remained stable from second quarter, and European project orders continued to improve
- ❑ Agriculture 2016 pre-season orders have been soft, and OEM market not expected to rebound in 2015

\* Q3'15 Operating Margin data adjusted for restructuring expenses (\$2.5M)

*End market conditions expected to remain pressured for the remainder of 2015*

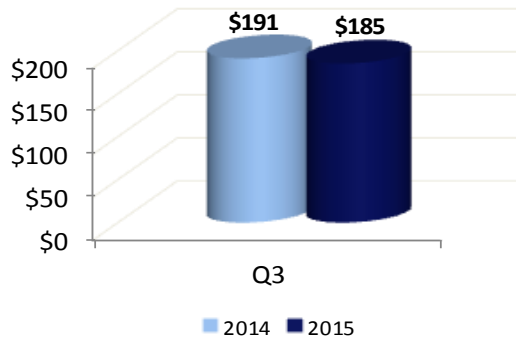
## Orders

Organic: 2% increase



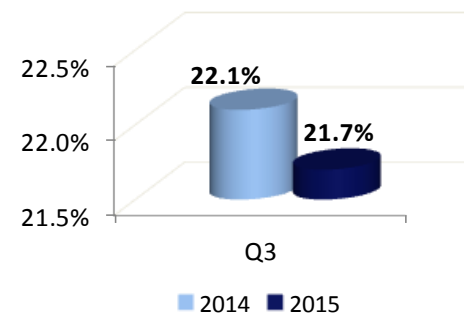
## Sales

Organic: 3% decrease



## Adjusted Operating Margin\*

40 bps decrease



Q3 Sales Mix:	Organic	-3%
	Acquisition	4%
	Fx	<u>-4%</u>
	Reported Sales	-3%

### Q3 Summary:

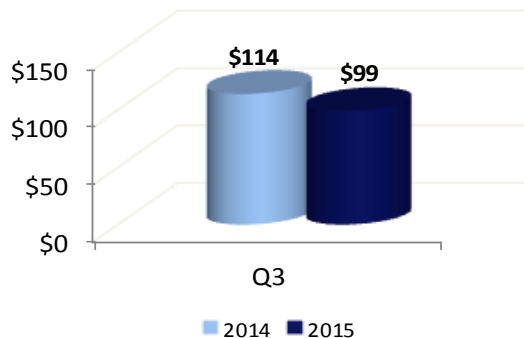
- ❑ Scientific Fluidics end markets, particularly, analytical instrumentation, bio and in-vitro diagnostics, continue to deliver strong growth
- ❑ Sealing Solutions saw strength in the semiconductor market, offset by continued softness in oil and gas and heavy equipment markets
- ❑ IOP improved profitability while markets weakened in the quarter
- ❑ MPT order growth will benefit early 2016, while 2015 continues to be challenged by a lack of spending on large capital projects

\* Q3'15 Operating Margin data adjusted for restructuring expenses (\$1.8M)

*Organic orders were up 2 percent year-over-year*

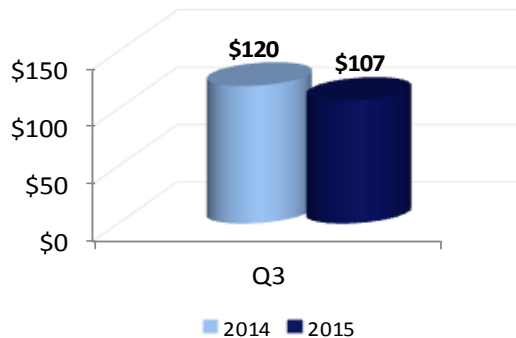
## Orders

Organic: 8% decrease



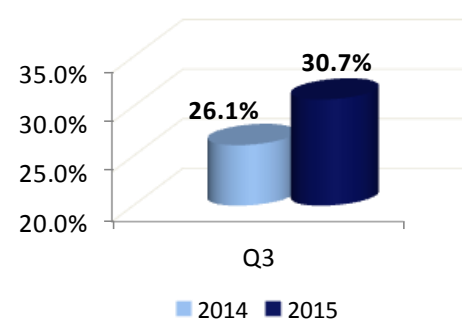
## Sales

Organic: 5% decrease



## Adjusted Operating Margin\*

460 bps increase



Q3 Sales Mix:	Change
Organic	-5%
Acquisition	0%
Fx	<u>-6%</u>
Reported Sales	-11%

### Q3 Summary:

- ❑ Dispensing markets remained solid, and the team saw exceptional operating margin expansion from the continued growth of the X-Smart product
- ❑ Rescue market growth was uninspiring as municipal funding continues to be delayed, and political difficulties continue in the Middle East
- ❑ Fire Suppression core pump markets remain solid in the US and UK, and margin expansion was excellent
- ❑ Band-It remains challenged by depressed oil and gas prices

\* Q3'15 Operating Margin data adjusted for restructuring expenses (\$0.3M)

*Operating Margin up 460bps from product mix and excellent productivity*



## Q4 2015

- EPS estimate range: \$0.88 – \$0.91
- Operating margin: ~ 20.5%
- Tax rate: ~ 27.0 -- 27.5%
- Fx impact: ~3% topline headwind, based on current Fx rates

## FY 2015

- EPS estimate range: \$3.50 – \$3.53
- Organic revenue growth: ~ (3%) – (2%)
- Operating margin: ~ 21%
- Fx impact: ~4% topline headwind, or ~20 cents of EPS based on current Fx rates
- Other modeling items
  - Tax rate: ~ 29%
  - Cap Ex: ~ \$45M
  - Free Cash Flow will be ~120% of net income
  - Continued share repurchases: ~ net 3% reduction
  - EPS estimate excludes all future acquisitions and associated costs, the charges associated with 2<sup>nd</sup> half restructuring actions, and the gain on the sale of the Ismatec product line