

IDEX Reports Second Quarter EPS of 99 Cents; Reaffirms Full Year EPS Guidance of \$3.70 -- \$3.75

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LAKE FOREST, Ill.--(BUSINESS WIRE)--Jul. 18, 2016-- **IDEX Corporation (NYSE: IEX)** today announced its financial results for the three month period ended June 30, 2016.

Second Quarter 2016 Highlights

- Orders and sales were up 5 and 7 percent, respectively
- EPS of 99 cents was up 10 cents, or 11 percent
- Completed a \$200 million private placement of senior notes
- Acquired AWG Fittings for €46 million on July 1st

Second Quarter 2016

Orders of \$529 million were up 5 percent (-2 percent organic, +8 percent acquisitions and -1 percent foreign currency translation) compared with the prior year period. Sales of \$550 million were up 7 percent (-1 percent organic and +8 percent acquisitions) compared with the prior year period.

Gross margin of 44.4 percent was down 60 basis points from the prior year period, primarily due to a \$3.6 million pre-tax inventory step-up charge related to the Akron Brass acquisition. Operating margin of 20.6 percent was down 70 basis points primarily due to the inventory step-up charge, partially offset by a \$1.0 million pre-tax benefit from the reversal of the remaining contingent consideration related to a 2015 acquisition.

Operating income of \$113 million drove EBITDA of \$137 million which was 25 percent of sales and covered interest expense by more than 12 times.

Net income of \$76 million increased 9 percent compared with the prior year period, while earnings per share of 99 cents increased 10 cents, or 11 percent, from the prior year period.

Cash from operations of \$88 million resulted in free cash flow of \$80 million which was 106 percent of net income.

"In the second quarter of 2016, orders and sales increased 5 and 7 percent, respectively. Our Water, Scientific Fluidics and Dispensing platforms continue to outperform, while the North American industrial market remains challenged compared with a year ago. Recently, we have seen signs that our North American industrial markets are stabilizing, and within our Energy platform large projects that had been delayed for several quarters shipped late in the second quarter. Operating margin of 20.6 percent decreased 70 basis points compared with the prior year period, mainly due to 60 basis points of pressure from the remaining fair value inventory step-up charge related to our Akron Brass acquisition. I'm very pleased with the team's ability to execute in this difficult organic growth environment.

Total shareholder return remains our primary focus. In the first half of the year, we deployed over \$270 million toward the strategic acquisitions of Akron Brass, and more recently, AWG. The addition of these two businesses to our fire and rescue operations establishes this platform as a global industry leader. Our acquisition pipeline is robust and we remain committed to investing in long-term organic growth opportunities, funding shareholder dividends and opportunistically repurchasing our stock.

Looking ahead, the long-term impact from the recent Brexit decision is relatively unknown, while the stabilization of the North American industrial market is encouraging. Considering these factors, along with the impact of incremental interest expense from our recent private placement and the expected impact from the AWG fair value inventory step-up charge, we are holding our prior EPS guidance of \$3.70 to \$3.75 for the full year, with EPS of 90 to 92 cents in the third quarter. For the full year, we expect flat organic growth with operating margin between 20.5 and 21.0 percent."

Andrew K. Silvernail
Chairman and Chief Executive Officer

Second Quarter 2016 Segment Highlights

Fluid & Metering Technologies

- Sales of \$222 million reflected a 3 percent increase compared to the second quarter of 2015 (+1 percent organic and +2 percent acquisitions).
- Operating income of \$54 million was \$2 million higher than the prior year period, while operating margin of 24.3 percent represented a 20 basis point increase compared with the second quarter of 2015 primarily due to higher volume within our Energy platform.
- EBITDA of \$61 million resulted in an EBITDA margin of 27.7 percent, a 50 basis point increase compared with the second quarter of 2015.

Health & Science Technologies

- Sales of \$187 million reflected a 1 percent decrease compared to the second quarter of 2015 (-2 percent organic, +2 percent acquisitions and -1 percent foreign currency translation).
- Operating income of \$41 million was \$1 million lower than the prior year period, while operating margin of 22.0 percent represented a 30 basis point decrease compared with the second quarter of 2015 primarily due to lower volume in the more industrially-exposed portions of the

segment.

- EBITDA of \$53 million resulted in an EBITDA margin of 28.4 percent, a 90 basis point increase compared with the second quarter of 2015.

Fire & Safety/Diversified Products

- Sales of \$142 million reflected a 27 percent increase compared to the second quarter of 2015 (-1 percent organic and +28 percent acquisition).
- Operating income of \$34 million was \$3 million higher than the prior year period, while operating margin of 24.1 percent represented a 400 basis point decrease compared with the second quarter of 2015 primarily due to the fair value inventory step-up charge related to the Akron Brass acquisition.
- EBITDA of \$38 million resulted in an EBITDA margin of 26.9 percent, a 260 basis point decrease compared with the second quarter of 2015.

For the second quarter of 2016, Fluid & Metering Technologies contributed 40 percent of sales, 42 percent of operating income and 40 percent of EBITDA; Health & Science Technologies accounted for 34 percent of sales, 32 percent of operating income and 35 percent of EBITDA; and Fire & Safety/Diversified Products represented 26 percent of sales, 26 percent of operating income and 25 percent of EBITDA.

Non-U.S. GAAP Measures of Financial Performance

The Company supplements certain U.S. GAAP financial performance metrics with non-U.S. GAAP financial performance metrics in order to provide investors with better insight and increased transparency while also allowing for a more comprehensive understanding of the financial information used by management in its decision making. Reconciliations of non-U.S. GAAP financial performance metrics to their most comparable U.S. GAAP financial performance metrics are defined and presented below and should not be considered a substitute for, nor superior to, the financial data prepared in accordance with U.S. GAAP. There were no adjustments to U.S. GAAP financial performance metrics other than the items noted below.

- Organic orders and sales are calculated according to U.S. GAAP excluding amounts from acquired or divested businesses during the first twelve months of ownership or divestiture and the impact of foreign currency translation.
- EBITDA is calculated as net income plus interest expense plus provision for income taxes plus depreciation and amortization. We reconciled EBITDA to net income on a consolidated basis as we do not allocate consolidated interest expense or consolidated provision for income taxes to our segments.
- Free cash flow is calculated as cash flow from operating activities less capital expenditures.

Table 1: Reconciliations of Net Sales to Organic Sales

	For the Three Months Ended June 30, 2016				For the Six Months Ended June 30, 2016			
	FMT	HST	FSDP	IDEX	FMT	HST	FSDP	IDEX
Change in net sales	3%	(1%)	27%	7%	0%	2%	13%	3%
- Net Impact from acquisitions/divestitures	2%	2%	28%	8%	3%	3%	17%	6%
- Impact from FX	0%	(1%)	0%	0%	(1%)	(1%)	(1%)	(1%)
Organic Sales	1%	(2%)	(1%)	(1%)	(2%)	0%	(3%)	(2%)

Table 2: Reconciliations of EBITDA to Net Income (in thousands)

	For the Three Months Ended June 30, 2016					2015				
	FMT	HST	FSDP	Corporate Total Office	IDEX	FMT	HST	FSDP	Corporate Total Office	IDEX
Operating income (loss)	\$53,865	\$41,125	\$34,116	\$(16,130)	\$112,976	\$51,857	\$42,060	\$31,482	\$(15,490)	\$109,909
- Other (income) expense - net	(47)	(757)	(754)	(316)	(1,874)	(10)	661	18	158	827
+ Depreciation and amortization	7,587	11,020	3,250	318	22,175	6,649	10,487	1,529	422	19,087
EBITDA	61,499	52,902	38,120	(15,496)	137,025	58,516	51,886	32,993	(15,226)	128,169
- Interest expense					11,205					10,584

- Provision for income taxes								27,886									28,913	
- Depreciation and amortization								22,175									19,087	
Net income								\$75,759									\$69,585	
Net sales (eliminations)	\$221,810	\$186,568	\$141,611	\$ (293)	\$549,696	\$215,293	\$188,405	\$111,941	\$(758)	\$514,881								
Operating margin	24.3	%	22.0	%	24.1	%	n/m	20.6	%	24.1	%	22.3	%	28.1	%	n/m	21.3	%
EBITDA margin	27.7	%	28.4	%	26.9	%	n/m	24.9	%	27.2	%	27.5	%	29.5	%	n/m	24.9	%
For the Six Months Ended June 30,																		
2016										2015								
	FMT	HST	FSDP	Corporate Total						FMT	HST	FSDP	Corporate Total					
				Office	IDEX								Office	IDEX				
Operating income (loss)	\$105,266	\$81,824	\$59,520	\$(31,077)	\$215,533	\$107,755	\$79,517	\$58,644	\$(34,250)	\$211,666								
- Other (income)	(214)	(1,130)	(844)	(430)	(2,618)	(812)	530	(844)	230	(896)								
expense - net +																		
Depreciation and amortization	14,843	21,881	4,732	676	42,132	13,010	20,695	3,061	831	37,597								
EBITDA	120,323	104,835	65,096	(29,971)	260,283	121,577	99,682	62,549	(33,649)	250,159								
- Interest expense					21,694					21,181								
- Provision for income taxes					52,568					55,842								
- Depreciation and amortization					42,132					37,597								
Net income					\$143,889					\$135,539								
Net sales (eliminations)	\$433,653	\$372,911	\$246,229	\$ (525)	\$1,052,268	\$433,541	\$367,525	\$218,563	\$(2,550)	\$1,017,079								
Operating margin	24.3	%	21.9	%	24.2	%	n/m	20.5	%	24.9	%	21.6	%	26.8	%	n/m	20.8	%
EBITDA margin	27.7	%	28.1	%	26.4	%	n/m	24.7	%	28.0	%	27.1	%	28.6	%	n/m	24.6	%

Table 3: Reconciliations of Free Cash Flow (in thousands)

	For the Three Months Ended		
	June 30, 2016	2015	Mar 31, 2016
Cash flow from operating activities	\$ 88,478	\$ 99,024	\$ 70,365
- Capital expenditures	8,402	13,749	8,650
+ Excess tax benefit from share-based compensation *	-	863	-

Free cash flow

\$ 80,076

\$ 86,138

\$ 61,715

* The Company early adopted ASU 2016-09 effective in the first quarter of 2016. This ASU issued in March of 2016 simplifies the accounting for share-based payments, including the presentation of the excess tax benefit on the statement of cash flows.

Conference Call to be Broadcast over the Internet

IDEX will broadcast its second quarter earnings conference call over the Internet on Tuesday, July 19, 2016 at 9:30 a.m. CT. Chairman and Chief Executive Officer Andy Silvernail and Senior Vice President and Chief Financial Officer Heath Mitts will discuss the Company's recent financial performance and respond to questions from the financial analyst community. IDEX invites interested investors to listen to the call and view the accompanying slide presentation, which will be carried live on its website at www.idexcorp.com. Those who wish to participate should log on several minutes before the discussion begins. After clicking on the presentation icon, investors should follow the instructions to ensure their systems are set up to hear the event and view the presentation slides, or download the correct applications at no charge. Investors will also be able to hear a replay of the call by dialing 877.660.6853 (or 201.612.7415 for international participants) using the ID #13620006.

Forward-Looking Statements

This news release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. These statements may relate to, among other things, capital expenditures, acquisitions, cost reductions, cash flow, revenues, earnings, market conditions, global economies and operating improvements, and are indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "forecasts," "should," "could," "will," "management believes," "the company believes," "the company intends," and similar words or phrases. These statements are subject to inherent uncertainties and risks that could cause actual results to differ materially from those anticipated at the date of this news release. The risks and uncertainties include, but are not limited to, the following: economic and political consequences resulting from terrorist attacks and wars; levels of industrial activity and economic conditions in the U.S. and other countries around the world; pricing pressures and other competitive factors, and levels of capital spending in certain industries – all of which could have a material impact on order rates and IDEX's results, particularly in light of the low levels of order backlogs it typically maintains; its ability to make acquisitions and to integrate and operate acquired businesses on a profitable basis; the relationship of the U.S. dollar to other currencies and its impact on pricing and cost competitiveness; political and economic conditions in foreign countries in which the company operates; interest rates; capacity utilization and the effect this has on costs; labor markets; market conditions and material costs; and developments with respect to contingencies, such as litigation and environmental matters. Additional factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, the risks discussed in the "Risk Factors" section included in the Company's most recent annual report on Form 10-K filed with the SEC and the other risks discussed in the Company's filings with the SEC. The forward-looking statements included here are only made as of the date of this news release, and management undertakes no obligation to publicly update them to reflect subsequent events or circumstances, except as may be required by law. Investors are cautioned not to rely unduly on forward-looking statements when evaluating the information presented here.

About IDEX

IDEX Corporation is an applied solutions company specializing in fluid and metering technologies, health and science technologies, and fire, safety and other diversified products built to its customers' exacting specifications. Its products are sold in niche markets to a wide range of industries throughout the world. IDEX shares are traded on the New York Stock Exchange and Chicago Stock Exchange under the symbol "IEX".

For further information on IDEX Corporation and its business units, visit the company's website at www.idexcorp.com.

(Financial reports follow)

IDEX CORPORATION

Condensed Consolidated Statements of Operations

(in thousands except per share amounts)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net sales	\$ 549,696	\$ 514,881	\$ 1,052,268	\$ 1,017,079
Cost of sales	305,638	283,266	584,875	559,423
Gross profit	244,058	231,615	467,393	457,656

Selling, general and administrative expenses	131,082	121,706	251,860	245,990
Operating income	112,976	109,909	215,533	211,666
Other (income) expense - net	(1,874)	827	(2,618)	(896)
Interest expense	11,205	10,584	21,694	21,181
Income before income taxes	103,645	98,498	196,457	191,381
Provision for income taxes	27,886	28,913	52,568	55,842
Net income	\$ 75,759	\$ 69,585	\$ 143,889	\$ 135,539

Earnings per Common Share ^(a):

Basic earnings per common share	\$ 1.00	\$ 0.89	\$ 1.89	\$ 1.74
Diluted earnings per common share	\$ 0.99	\$ 0.89	\$ 1.87	\$ 1.72

Share Data:

Basic weighted average common shares outstanding	75,690	77,466	75,719	77,731
Diluted weighted average common shares outstanding	76,674	78,297	76,687	78,576

Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	June 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 361,488	\$ 328,018
Receivables - net	296,481	260,000
Inventories	257,659	239,124
Other current assets	53,656	35,542
Total current assets	969,284	862,684
Property, plant and equipment - net	250,904	240,945
Goodwill and intangible assets	1,870,638	1,684,366
Other noncurrent assets	18,530	17,448
Total assets	\$ 3,109,356	\$ 2,805,443
Liabilities and shareholders' equity		
Current liabilities		
Trade accounts payable	\$ 129,164	\$ 128,911
Accrued expenses	141,408	153,672
Short-term borrowings	1,233	1,087
Dividends payable	25,908	25,927
Total current liabilities	297,713	309,597
Long-term borrowings	1,054,325	839,707
Other noncurrent liabilities	260,388	212,848
Total liabilities	1,612,426	1,362,152
Shareholders' equity	1,496,930	1,443,291
Total liabilities and shareholders' equity	\$ 3,109,356	\$ 2,805,443

IDEX CORPORATION

Condensed Consolidated Statements of Cash Flow
(in thousands)

(unaudited)

Six Months Ended June 30,
2016 2015

Cash flows from operating activities		
Net income	\$ 143,889	\$ 135,539
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,986	17,460
Amortization of intangible assets	23,146	20,137
Amortization of debt issuance costs	758	860
Share-based compensation expense	11,603	11,802
Deferred income taxes	3,669	524
Excess tax benefit from share-based compensation	-	(4,083)
Non-cash interest expense associated with forward starting swaps	3,443	3,539
Changes in (net of the effect from acquisitions):		
Receivables	(22,625)	(15,274)
Inventories	11,386	(10,473)
Other current assets	(17,233)	(630)
Trade accounts payable	(3,367)	4,158
Accrued expenses	(12,675)	(15,886)
Other — net	(2,137)	755
Net cash flows provided by operating activities	158,843	148,428
Cash flows from investing activities		
Purchases of property, plant and equipment	(17,052)	(23,826)
Acquisition of businesses, net of cash acquired	(221,556)	(173,333)
Other — net	27	(105)
Net cash flows used in investing activities	(238,581)	(197,264)
Cash flows from financing activities		
Borrowings under revolving facilities	280,391	350,342
Proceeds from 3.20% Senior Notes	100,000	-
Proceeds from 3.37% Senior Notes	100,000	-
Payments under revolving facilities	(266,203)	(240,586)
Payment of 2.58% Senior Euro Notes	-	(88,420)
Debt issuance costs	(92)	(1,323)
Dividends paid	(51,430)	(46,910)
Proceeds from stock option exercises	16,934	13,459
Excess tax benefit from share-based compensation	-	4,083
Purchase of common stock	(55,971)	(113,592)
Unvested shares surrendered for tax withholding	(4,830)	(3,202)
Net cash flows provided by (used in) financing activities	118,799	(126,149)
Effect of exchange rate changes on cash and cash equivalents	(5,591)	(22,657)
Net increase (decrease) in cash	33,470	(197,642)
Cash and cash equivalents at beginning of year	328,018	509,137
Cash and cash equivalents at end of period	\$ 361,488	\$ 311,495

IDEX CORPORATION

Company and Segment Financial Information

(dollars in thousands)

(unaudited)

Three Months Ended		Six months Ended	
June 30, ^(b)		June 30, ^(b)	
2016	2015	2016	2015

Fluid & Metering Technologies

Net sales	\$ 221,810		\$ 215,293		\$ 433,653		\$ 433,541	
Operating income ^(c)	53,865		51,857		105,266		107,755	
Operating margin	24.3	%	24.1	%	24.3	%	24.9	%
EBITDA	\$ 61,499		\$ 58,516		\$ 120,323		\$ 121,577	
EBITDA margin	27.7	%	27.2	%	27.7	%	28.0	%
Depreciation and amortization	\$ 7,587		\$ 6,649		\$ 14,843		\$ 13,010	
Capital expenditures	4,323		8,555		7,613		13,524	

Health & Science Technologies

Net sales	\$ 186,568		\$ 188,405		\$ 372,911		\$ 367,525	
Operating income ^(c)	41,125		42,060		81,824		79,517	
Operating margin	22.0	%	22.3	%	21.9	%	21.6	%
EBITDA	\$ 52,902		\$ 51,886		\$ 104,835		\$ 99,682	
EBITDA margin	28.4	%	27.5	%	28.1	%	27.1	%
Depreciation and amortization	\$ 11,020		\$ 10,487		\$ 21,881		\$ 20,695	
Capital expenditures	2,868		2,677		7,005		5,562	

Fire & Safety/Diversified Products

Net sales	\$ 141,611		\$ 111,941		\$ 246,229		\$ 218,563	
Operating income ^(c)	34,116		31,482		59,520		58,644	
Operating margin	24.1	%	28.1	%	24.2	%	26.8	%
EBITDA	\$ 38,120		\$ 32,993		\$ 65,096		\$ 62,549	
EBITDA margin	26.9	%	29.5	%	26.4	%	28.6	%
Depreciation and amortization	\$ 3,250		\$ 1,529		\$ 4,732		\$ 3,061	
Capital expenditures	1,164		1,790		2,271		3,112	

Corporate Office and Eliminations

Intersegment sales eliminations	\$ (293))	\$ (758))	\$ (525))	\$ (2,550))
Operating income (loss) ^(c)	(16,130))	(15,490))	(31,077))	(34,250))
EBITDA	(15,496))	(15,226))	(29,971))	(33,649))
Depreciation and amortization	318		422		676		831	
Capital expenditures	47		727		163		1,628	

Company

Net sales	\$ 549,696		\$ 514,881		\$ 1,052,268		\$ 1,017,079	
Operating income	112,976		109,909		215,533		211,666	
Operating margin	20.6	%	21.3	%	20.5	%	20.8	%
EBITDA	\$ 137,025		\$ 128,169		\$ 260,283		\$ 250,159	
EBITDA margin	24.9	%	24.9	%	24.7	%	24.6	%
Depreciation and amortization ^(d)	\$ 22,175		\$ 19,087		\$ 42,132		\$ 37,597	
Capital expenditures	8,402		13,749		17,052		23,826	

(a) Calculated by applying the two-class method of allocating earnings to common stock and participating securities as required by ASC 260, Earnings Per Share.

Three and six month data includes acquisition of Alfa Valvole (June 2015) in the Fluid & Metering Technologies segment, Novotema (June 2015) and CiDRA Precision Services (July 2015) in the Health & Science Technologies segment and Akron Brass (March 2016) in the Fire & Safety/Diversified segment from the date of acquisition. Three and six month data for 2015 includes the results of Ismatec through the date of disposition (July 2015).

(c) Segment operating income excludes unallocated corporate operating expenses which are included in Corporate Office and Eliminations.

(d) Depreciation and amortization excludes amortization of debt issuance costs.

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