



IDEX Reports Third Quarter Results

October 27, 2020

NORTHBROOK, Ill.--(BUSINESS WIRE)--Oct. 27, 2020-- **IDEX Corporation (NYSE: IEX)** today announced its financial results for the three month period ended **September 30, 2020**.

Third Quarter 2020 Highlights

- Cash from operations of \$153.7 million led to quarterly free cash flow of \$135.3 million
- Operating margin of 22.6%; adjusted operating margin of 23.1%
- EPS of \$1.37; adjusted EPS of \$1.40
- Adjusted EBITDA margin of 26.9%

Third Quarter 2020

Orders of \$570.3 million were down 3 percent compared with the prior year period (-5 percent organic, +1 percent acquisitions and +1 percent foreign currency translation).

Sales of \$581.1 million were down 7 percent compared with the prior year period (-12 percent organic, +4 percent acquisitions and +1 percent foreign currency translation).

Gross margin of 43.3 percent was down 190 basis points compared with the prior year period as a result of lower volume and business mix, partially offset by price capture.

Operating income of \$131.2 million resulted in an operating margin of 22.6 percent which was down 10 basis points compared with the prior year period as a result of lower volume and business mix, partially offset by price capture and cost savings in the current year as well as the asset impairment and fair value inventory step-up charges in the prior year period. Excluding \$2.9 million of restructuring expenses, adjusted operating income was \$134.1 million with an adjusted operating margin of 23.1 percent, down 210 basis points compared with the adjusted prior year period.

Provision for income taxes of \$17.4 million in the third quarter of 2020 resulted in an effective tax rate (ETR) of 14.4 percent, which was lower than the prior year period ETR of 18.6 percent primarily due to benefits associated with the finalization of the Global Intangible Low-Tax Income regulations in the third quarter of 2020.

Net income was \$103.8 million which resulted in EPS of \$1.37. Excluding restructuring expenses, adjusted EPS was \$1.40, a decrease of 12 cents, or 8 percent, from the adjusted prior year period EPS. EBITDA of \$153.3 million was 26 percent of sales and covered interest expense by over 14 times. Adjusted EBITDA of \$156.2 million was 27 percent of sales and covered interest expense by almost 15 times.

Cash from operations of \$153.7 million was down 2 percent from the prior year period due to lower earnings in the third quarter of 2019. Cash from operations led to free cash flow of \$135.3 million, which was down 7 percent from the prior year period and was 128 percent of adjusted net income due to higher capital expenditures in the third quarter of 2020.

"Our team continued to execute well in a challenging operating environment during the quarter, delivering essential products safely to our customers and producing better than expected financial results. Business conditions improved in the quarter, with September organic orders posting our first monthly year over year increase since February 2020. The improved commercial performance through the third quarter resulted in organic orders and sales being down 5 percent and 12 percent, respectively. Sales of \$581 million in the third quarter drove adjusted operating margin of 23.1 percent and adjusted EPS of \$1.40. Adjusted operating margin improved 200 basis points sequentially, primarily due to higher volume and additional cost actions we took in the second quarter.

Our team aggressively managed working capital, driving free cash flow of \$135 million. Despite the global pandemic, the financial durability of our businesses has generated nearly \$300 million of free cash flow over the past two quarters. We ended the quarter with record cash of \$878 million and nearly \$800 million available under our revolving credit facility. Our strong balance sheet and liquidity position are key strengths to leverage as we continue pivoting to offense. In the third quarter, we increased our year over year capital spending by two-thirds as we invest to support our organic growth.

Some of that investment is targeted at opportunities supporting the COVID-19 battle, including disinfection, testing and vaccines. One of the applications under development is associated with a rapid testing solution that will support the millions of tests needed as the world navigates COVID-19.

In the past I have discussed the four different phases of the COVID-19 pandemic. We have entered the third phase, which is living with the virus. While the macro environment remains fluid, I'm encouraged to see our business and the overall economy recover. Against that backdrop, we expect fourth quarter organic sales to continue to improve sequentially and be down approximately 3 to 5 percent versus prior year."

Andrew K. Silvernail

Chairman and Chief Executive Officer

Third Quarter 2020 Segment Highlights

Fluid & Metering Technologies

- Sales of \$220.7 million reflected an 8 percent decrease compared to the third quarter of 2019 (-17 percent organic, +8 percent acquisition and +1 percent foreign currency translation).
- Operating income of \$58.4 million resulted in an operating margin of 26.5 percent which was down 570 basis points compared with the prior year period primarily due to lower volume and higher restructuring expenses, partially offset by price capture and cost savings. Excluding \$0.6 million of restructuring expenses, adjusted operating income was \$59.0 million with an adjusted operating margin of 26.7 percent, a 550 basis point decrease compared to the adjusted prior year period.
- EBITDA of \$66.3 million resulted in an EBITDA margin of 30.0 percent. Excluding \$0.6 million of restructuring expenses, adjusted EBITDA of \$66.9 million resulted in an adjusted EBITDA margin of 30.3 percent, a 400 basis point decrease compared to the adjusted prior year period primarily due to lower volume.

Health & Science Technologies

- Sales of \$220.4 million reflected a 4 percent decrease compared to the third quarter of 2019 (-6 percent organic, +1 percent acquisition and +1 percent foreign currency translation).
- Operating income of \$49.9 million resulted in an operating margin of 22.6 percent which was up 510 basis points compared with the prior year period primarily due to price capture and cost savings in the current year period and the asset impairment and fair value inventory step-up charges in the prior year period, partially offset by lower volume and the impact on margins from the Velcora acquisition. Excluding \$1.0 million of restructuring expenses, adjusted operating income was \$50.9 million with an adjusted operating margin of 23.1 percent, an 70 basis point decrease compared to the adjusted prior year period.
- EBITDA of \$60.2 million resulted in an EBITDA margin of 27.3 percent. Excluding the \$1.0 million of restructuring expenses, adjusted EBITDA of \$61.2 million resulted in an adjusted EBITDA margin of 27.7 percent, a 10 basis point decrease compared to the adjusted prior year period primarily due to lower volume.

Fire & Safety/Diversified Products

- Sales of \$140.9 million reflected a 9 percent decrease compared to the third quarter of 2019 (-10 percent organic and +1 percent foreign currency translation).
- Operating income of \$37.1 million resulted in an operating margin of 26.3 percent which was down 90 basis points compared with the prior year period as a result of lower volume and higher restructuring expenses, partially offset by price capture and cost savings. Excluding \$1.2 million of restructuring expenses, adjusted operating income was \$38.3 million with an adjusted operating margin of 27.2 percent, which was flat compared to the adjusted prior year period.
- EBITDA of \$40.6 million resulted in an EBITDA margin of 28.8 percent. Excluding the \$1.2 million of restructuring expenses, adjusted EBITDA of \$41.8 million resulted in an adjusted EBITDA margin of 29.7 percent, a 10 basis point increase compared to the prior year period primarily due to price capture and lower variable costs.

For the third quarter of 2020, Fluid & Metering Technologies contributed 38 percent of sales, 40 percent of operating income and 40 percent of EBITDA; Health & Science Technologies accounted for 38 percent of sales, 34 percent of operating income and 36 percent of EBITDA; and Fire & Safety/Diversified Products represented 24 percent of sales, 26 percent of operating income and 24 percent of EBITDA.

Corporate Costs

Corporate costs decreased to \$14.1 million in the third quarter of 2020 from \$17.2 million in the third quarter of 2019 primarily as a result of tightly controlling discretionary spending, restructuring savings and lower variable costs in 2020.

COVID-19 Impact

The Company has adapted to help in the fight against COVID-19 with several of our businesses pivoting to support many products that are being used in the fight against COVID-19. We have placed safety atop our list of priorities, implementing protocols at all of our facilities, including temperature taking, social distancing, enhanced cleaning and face coverings. These measures have enabled successful business continuity, allowing our facilities to remain in operation with only temporary shutdowns at the initial onset of the COVID-19 pandemic. Although we have remained in operation throughout the pandemic, satisfying customer needs in part through our focus on the development and manufacturing of products used in the fight against COVID-19, the pandemic and the enacted containment measures have adversely affected our business and results of operations. The businesses of our customers have been harmed by the economic conditions caused by COVID-19 and as a result, our customers are purchasing less product than they have historically purchased outside of these conditions. Based on currently available information and management's current expectations, the Company anticipates that organic sales will be down approximately 3 to 5 percent in the fourth quarter of 2020 but we believe our strong balance sheet, with over \$1.6 billion of liquidity and gross leverage of 1.7 times, will provide IDEX the necessary capital to navigate the COVID-19 pandemic for the foreseeable

future. Additionally, IDEX implemented cost reduction actions, including employee reductions, and continues to maintain a tight cost control environment. Despite our expectations and the actions taken to reduce costs, we can provide no assurances that access to our invested cash, cash equivalents or short-term investments will not be impacted by adverse conditions in the financial markets, including, without limitation, as a result of the impact of the COVID-19 pandemic and we cannot predict how long the COVID-19 pandemic will continue. Moreover, COVID-19 and related measures to contain its impact have caused material disruptions in both national and global financial markets and economies. The continuing impact of COVID-19 and the enacted containment measures cannot be predicted and may continue to adversely affect, perhaps materially, our business, results of operations, financial condition and liquidity.

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. Management believes these non-U.S. GAAP financial performance metrics provide investors with greater insight, transparency and a more comprehensive understanding of the financial information used by management in its financial and operational decision making because certain of these adjusted metrics exclude items not reflective of ongoing operations, such as restructuring expenses, fair value inventory step-up charges and the loss on early debt redemption. 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 excluding amounts from acquired or divested businesses during the first twelve months of ownership or divestiture and the impact of foreign currency translation.
- Adjusted gross profit is calculated as gross profit plus fair value inventory step-up charges.
- Adjusted gross margin is calculated as adjusted gross profit divided by net sales.
- Adjusted operating income is calculated as operating income plus fair value inventory step-up charges plus restructuring expenses.
- Adjusted operating margin is calculated as adjusted operating income divided by net sales.
- Adjusted net income is calculated as net income plus fair value inventory step-up charges plus restructuring expenses plus the loss on early debt redemption, net of the statutory tax expense or benefit.
- Adjusted EPS is calculated as adjusted net income divided by the diluted weighted average shares outstanding.
- EBITDA is calculated as net income plus interest expense plus provision for income taxes plus depreciation and amortization. We reconcile 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.
- Adjusted EBITDA is calculated as EBITDA plus fair value inventory step-up charges plus restructuring expenses plus the loss on early debt redemption.
- Adjusted EBITDA margin is calculated as adjusted EBITDA divided by net sales.
- Free cash flow is calculated as cash flow from operating activities less capital expenditures.

Table 1: Reconciliations of the Change in Net Sales to Organic Net Sales

| | Three Months Ended September 30, 2020 | | | | Nine Months Ended September 30, 2020 | | | | | | | | | | | |
|---------------------------------------|---------------------------------------|-----|------|------|--------------------------------------|-----|------|------|------|---|-----|---|------|---|------|---|
| | FMT | HST | FSDP | IDEX | FMT | HST | FSDP | IDEX | | | | | | | | |
| Change in net sales | (8) | % | (4) | % | (9) | % | (7) | % | (9) | % | (4) | % | (13) | % | (8) | % |
| - Net impact from acquisitions | 8 | % | 1 | % | — | % | 4 | % | 6 | % | 3 | % | — | % | 3 | % |
| - Impact from FX | 1 | % | 1 | % | 1 | % | 1 | % | — | % | — | % | — | % | — | % |
| Change in organic net sales | (17) | % | (6) | % | (10) | % | (12) | % | (15) | % | (7) | % | (13) | % | (11) | % |

Table 2: Reconciliations of Reported-to-Adjusted Gross Profit and Margin (dollars in thousands)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|------------|---------------------------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| Gross profit | \$ 251,500 | \$ 281,978 | \$ 758,256 | \$ 858,149 |
| + Fair value inventory step-up charge | — | 3,340 | 4,107 | 3,340 |

| | | | | |
|------------------------------|-------------------|------------|---------------------|--------------|
| Adjusted gross profit | \$ 251,500 | \$ 285,318 | \$ 762,363 | \$ 861,489 |
| Net sales | \$ 581,113 | \$ 624,246 | \$ 1,736,824 | \$ 1,888,576 |
| Gross margin | 43.3 | % 45.2 | % 43.7 | % 45.4 |
| Adjusted gross margin | 43.3 | % 45.7 | % 43.9 | % 45.6 |

Table 3: Reconciliations of Reported-to-Adjusted Operating Income and Margin (dollars in thousands)

| Three Months Ended September 30, | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|--------------------|-------------------|------------|------------|------------|-------------|------------|
| | 2020 | | | | | 2019 | | | | |
| | FMT | HST | FSDP | Corporate | IDEX | FMT | HST | FSDP | Corporate | IDEX |
| Reported operating income (loss) | \$ 58,402 | \$ 49,912 | \$ 37,103 | \$ (14,204) | \$ 131,213 | \$ 77,481 | \$ 40,170 | \$ 41,967 | \$ (17,853) | \$ 141,765 |
| + Restructuring expenses | 585 | 978 | 1,249 | 105 | 2,917 | — | 11,196 | 104 | 656 | 11,956 |
| + Fair value inventory step-up charge | — | — | — | — | — | — | 3,340 | — | — | 3,340 |
| Adjusted operating income (loss) | \$ 58,987 | \$ 50,890 | \$ 38,352 | \$ (14,099) | \$ 134,130 | \$ 77,481 | \$ 54,706 | \$ 42,071 | \$ (17,197) | \$ 157,061 |
| Net sales (eliminations) | \$ 220,747 | \$ 220,378 | \$ 140,896 | \$ (908) | \$ 581,113 | \$ 240,861 | \$ 229,610 | \$ 154,543 | \$ (768) | \$ 624,246 |
| Reported operating margin | 26.5 | % 22.6 | % 26.3 | % n/m | 22.6 | % 32.2 | % 17.5 | % 27.2 | % n/m | 22.7 |
| Adjusted operating margin | 26.7 | % 23.1 | % 27.2 | % n/m | 23.1 | % 32.2 | % 23.8 | % 27.2 | % n/m | 25.2 |
| Nine Months Ended September 30, | | | | | | | | | | |
| | 2020 | | | | | 2019 | | | | |
| | FMT | HST | FSDP | Corporate | IDEX | FMT | HST | FSDP | Corporate | IDEX |

| | | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|--------------------|---------------------|-------------------|-------------------|-------------------|--------------------|---------------------|----------|
| Reported operating income (loss) | \$ 176,111 | \$ 150,562 | \$ 103,977 | \$ (48,902) | \$ 381,748 | \$ 223,493 | \$ 151,087 | \$ 125,909 | \$ (55,659) | \$ 444,830 | |
| + Restructuring expenses | 2,433 | 2,162 | 1,890 | 273 | 6,758 | 930 | 11,526 | 923 | 703 | 14,082 | |
| + Fair value inventory step-up charge | 4,107 | — | — | — | 4,107 | — | 3,340 | — | — | 3,340 | |
| Adjusted operating income (loss) | \$ 182,651 | \$ 152,724 | \$ 105,867 | \$ (48,629) | \$ 392,613 | \$ 224,423 | \$ 165,953 | \$ 126,832 | \$ (54,956) | \$ 462,252 | |
| Net sales (eliminations) | \$ 666,720 | \$ 660,105 | \$ 412,296 | \$ (2,297) | \$ 1,736,824 | \$ 729,572 | \$ 687,153 | \$ 474,745 | \$ (2,894) | \$ 1,888,576 | |
| Reported operating margin | 26.4 | % 22.8 | % 25.2 | % n/m | 22.0 | % 30.6 | % 22.0 | % 26.5 | % n/m | 23.6 | % |
| Adjusted operating margin | 27.4 | % 23.1 | % 25.7 | % n/m | 22.6 | % 30.8 | % 24.2 | % 26.7 | % n/m | 24.5 | % |

Table 4: Reconciliations of Reported-to-Adjusted Net Income and EPS (in thousands, except EPS)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-------------------|---------------------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Reported net income | \$ 103,848 | \$ 105,194 | \$ 276,710 | \$ 328,671 |
| + Restructuring expenses | 2,917 | 11,956 | 6,758 | 14,082 |
| + Tax impact on restructuring expenses | (703) | (2,776) | (1,540) | (3,336) |
| + Fair value inventory step-up charge | — | 3,340 | 4,107 | 3,340 |
| + Tax impact on fair value inventory step-up charge | — | (735) | (932) | (735) |
| + Loss on early debt redemption | — | — | 8,421 | — |
| + Tax impact on loss on early debt redemption | — | — | (1,912) | — |
| Adjusted net income | \$ 106,062 | \$ 116,979 | \$ 291,612 | \$ 342,022 |

Three Months Ended September 30, Nine Months Ended September 30,

| | 2020 | 2019 | 2020 | 2019 |
|--|----------------|-------------|----------------|-------------|
| Reported diluted EPS | \$ 1.37 | \$ 1.37 | \$ 3.64 | \$ 4.30 |
| + Restructuring expenses | 0.04 | 0.16 | 0.09 | 0.18 |
| + Tax impact on restructuring expenses | (0.01) | (0.04) | (0.02) | (0.04) |
| + Fair value inventory step-up charge | — | 0.04 | 0.05 | 0.04 |
| + Tax impact on fair value inventory step-up charge | — | (0.01) | (0.01) | (0.01) |
| + Loss on early debt redemption | — | — | 0.11 | — |
| + Tax impact on loss on early debt redemption | — | — | (0.02) | — |
| Adjusted diluted EPS | \$ 1.40 | \$ 1.52 | \$ 3.84 | \$ 4.47 |
| | | | | |
| Diluted weighted average shares outstanding | 75,960 | 76,577 | 76,119 | 76,415 |

Table 5: Reconciliations of EBITDA to Net Income (dollars in thousands)

| | Three Months Ended September 30, | | | | | | | | | |
|---|---|------------------|------------------|--------------------|-------------------|-------------|------------|-------------|------------------|-------------|
| | 2020 | | | | | 2019 | | | | |
| | FMT | HST | FSDP | Corporate | IDEX | FMT | HST | FSDP | Corporate | IDEX |
| Reported operating income (loss) | \$ 58,402 | \$ 49,912 | \$ 37,103 | \$ (14,204) | \$ 131,213 | \$ 77,481 | \$ 40,170 | \$ 41,967 | \$ (17,853) | \$ 141,765 |
| - Other (income) expense - net | (719) | (32) | 340 | (293) | (704) | 295 | 1,272 | (92) | (256) | 1,219 |
| + Depreciation and amortization | 7,163 | 10,230 | 3,854 | 104 | 21,351 | 5,507 | 10,296 | 3,566 | 154 | 19,523 |
| EBITDA | 66,284 | 60,174 | 40,617 | (13,807) | 153,268 | 82,693 | 49,194 | 45,625 | (17,443) | 160,069 |
| | | | | | | | | | | |
| - Interest expense | | | | | 10,642 | | | | | 11,330 |
| | | | | | | | | | | |
| - Provision for income taxes | | | | | 17,427 | | | | | 24,022 |
| | | | | | | | | | | |
| - Depreciation and amortization | | | | | 21,351 | | | | | 19,523 |

| | | | | | | | | | | | |
|----------------------------------|------------|------------|------------|-------------|--------------|------------|------------|------------|-------------|--------------|------------|
| Reported net income | | | | | \$ 103,848 | | | | | | \$ 105,194 |
| Net sales (eliminations) | \$ 220,747 | \$ 220,378 | \$ 140,896 | \$ (908) | \$ 581,113 | \$ 240,861 | \$ 229,610 | \$ 154,543 | \$ (768) | \$ 624,246 | |
| Reported operating margin | 26.5 | % 22.6 | % 26.3 | % n/m | 22.6 | % 32.2 | % 17.5 | % 27.2 | % n/m | 22.7 | % |
| EBITDA margin | 30.0 | % 27.3 | % 28.8 | % n/m | 26.4 | % 34.3 | % 21.4 | % 29.5 | % n/m | 25.6 | % |
| Nine Months Ended September 30, | | | | | | | | | | | |
| | 2020 | | | | | 2019 | | | | | |
| | FMT | HST | FSDP | Corporate | IDEX | FMT | HST | FSDP | Corporate | IDEX | |
| Reported operating income (loss) | \$ 176,111 | \$ 150,562 | \$ 103,977 | \$ (48,902) | \$ 381,748 | \$ 223,493 | \$ 151,087 | \$ 125,909 | \$ (55,659) | \$ 444,830 | |
| - Other (income) expense - net | (35) | (91) | 148 | 7,299 | 7,321 | 612 | 1,636 | 273 | (1,820) | 701 | |
| + Depreciation and amortization | 19,370 | 30,806 | 11,409 | 389 | 61,974 | 16,653 | 29,438 | 10,745 | 510 | 57,346 | |
| EBITDA | 195,516 | 181,459 | 115,238 | (55,812) | 436,401 | 239,534 | 178,889 | 136,381 | (53,329) | 501,475 | |
| - Interest expense | | | | | 33,958 | | | | | 33,262 | |
| - Provision for income taxes | | | | | 63,759 | | | | | 82,196 | |
| - Depreciation and amortization | | | | | 61,974 | | | | | 57,346 | |
| Reported net income | | | | | \$ 276,710 | | | | | \$ 328,671 | |
| Net sales (eliminations) | \$ 666,720 | \$ 660,105 | \$ 412,296 | \$ (2,297) | \$ 1,736,824 | \$ 729,572 | \$ 687,153 | \$ 474,745 | \$ (2,894) | \$ 1,888,576 | |

| | | | | | | | | | | | |
|----------------------------------|-------------|---------------|---------------|--------------|-------------|---------------|---------------|---------------|--------------|-------------|----------|
| Reported operating margin | 26.4 | % 22.8 | % 25.2 | % n/m | 22.0 | % 30.6 | % 22.0 | % 26.5 | % n/m | 23.6 | % |
| EBITDA margin | 29.3 | % 27.5 | % 28.0 | % n/m | 25.1 | % 32.8 | % 26.0 | % 28.7 | % n/m | 26.6 | % |

Table 6 : Reconciliations of EBITDA to Adjusted EBITDA (dollars in thousands)

| | Three Months Ended September 30, | | | | | | | | | | |
|--|---|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|----------|
| | 2020 | | | | | 2019 | | | | | |
| | FMT | HST | FSDP | Corporate | IDEX | FMT | HST | FSDP | Corporate | IDEX | |
| EBITDA⁽¹⁾ | \$ 66,284 | \$ 60,174 | \$ 40,617 | \$ (13,807) | \$ 153,268 | \$ 82,693 | \$ 49,194 | \$ 45,625 | \$ (17,443) | \$ 160,069 | |
| + Restructuring expenses | 585 | 978 | 1,249 | 105 | 2,917 | — | 11,196 | 104 | 656 | 11,956 | |
| + Fair value inventory step-up charge | — | — | — | — | — | — | 3,340 | — | — | 3,340 | |
| Adjusted EBITDA | \$ 66,869 | \$ 61,152 | \$ 41,866 | \$ (13,702) | \$ 156,185 | \$ 82,693 | \$ 63,730 | \$ 45,729 | \$ (16,787) | \$ 175,365 | |
| Adjusted EBITDA margin | 30.3 | % 27.7 | % 29.7 | % n/m | 26.9 | % 34.3 | % 27.8 | % 29.6 | % n/m | 28.1 | % |
| | Nine Months Ended September 30, | | | | | | | | | | |
| | 2020 | | | | | 2019 | | | | | |
| | FMT | HST | FSDP | Corporate | IDEX | FMT | HST | FSDP | Corporate | IDEX | |
| EBITDA⁽¹⁾ | \$ 195,516 | \$ 181,459 | \$ 115,238 | \$ (55,812) | \$ 436,401 | \$ 239,534 | \$ 178,889 | \$ 136,381 | \$ (53,329) | \$ 501,475 | |
| + Restructuring expenses | 2,433 | 2,162 | 1,890 | 273 | 6,758 | 930 | 11,526 | 923 | 703 | 14,082 | |
| + Fair value inventory step-up charge | 4,107 | — | — | — | 4,107 | — | 3,340 | — | — | 3,340 | |
| + Loss on early debt redemption | — | — | — | 8,421 | 8,421 | — | — | — | — | — | |
| Adjusted EBITDA | \$ 202,056 | \$ 183,621 | \$ 117,128 | \$ (47,118) | \$ 455,687 | \$ 240,464 | \$ 193,755 | \$ 137,304 | \$ (52,626) | \$ 518,897 | |
| Adjusted EBITDA margin | 30.3 | % 27.8 | % 28.4 | % n/m | 26.2 | % 33.0 | % 28.2 | % 28.9 | % n/m | 27.5 | % |

(1) EBITDA, a non-GAAP financial measure, is reconciled to net income, its most directly comparable GAAP financial measure, immediately above in Table 5.

Table 7: Reconciliations of Cash Flows from Operating Activities to Free Cash Flow (in thousands)

| | Three Months Ended | | Nine Months Ended | | |
|--------------------------------------|--------------------|------------|-------------------|---------------|------------|
| | September 30, | | June 30, | September 30, | |
| | 2020 | 2019 | 2020 | 2020 | 2019 |
| Cash flows from operating activities | \$ 153,686 | \$ 157,064 | \$ 169,453 | \$ 407,899 | \$ 376,902 |
| - Capital expenditures | 18,353 | 11,031 | 8,323 | 39,438 | 36,773 |
| Free cash flow | \$ 135,333 | \$ 146,033 | \$ 161,130 | \$ 368,461 | \$ 340,129 |

Conference Call to be Broadcast over the Internet

IDEX will broadcast its third quarter earnings conference call over the Internet on Wednesday, October 28, 2020 at 9:30 a.m. CT. Chairman and Chief Executive Officer Andy Silvernail and Senior Vice President and Chief Financial Officer William Grogan 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 #13694806.

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, the anticipated continuing effects of the coronavirus pandemic, including with respect to the Company's sales, facility closures, supply chains and access to capital, 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 "anticipates," "estimates," "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: the duration of the coronavirus pandemic and the continuing effects of the coronavirus on our ability to operate our business and facilities, on our customers, on supply chains and on the U.S. and global economy generally; 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 the Company's results, particularly in light of the low levels of order backlogs it typically maintains; the Company's 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; developments with respect to trade policy and tariffs; 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 and the Company's subsequent quarterly reports filed with the SEC as well as 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 (NYSE: IEX) is a company that has undoubtedly touched your life in some way. In fact, IDEX businesses make thousands of products that are mission-critical components in everyday activities. Chances are the car you're driving has a BAND-IT® clamp holding your side airbag safely in place. If you were ever in a car accident, a Hurst Jaws of Life® rescue tool may have saved your life. If you or a family member is battling cancer, your doctor may have tested your DNA in a quest to find the best targeted medicine for you. It's likely your DNA test was run on equipment that contains components made by our growing IDEX Health & Science team. Founded in 1988 with three small, entrepreneurial manufacturing companies, we're proud to say that we now call 40 diverse businesses around the world part of the IDEX family. With 7,000 employees and manufacturing operations in more than 20 countries, IDEX is a high-performing, global \$2+ billion company committed to making trusted solutions that improve lives. IDEX shares are traded on the New York 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 September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|-------------------|---------------------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Net sales | \$ 581,113 | \$ 624,246 | \$ 1,736,824 | \$ 1,888,576 |
| Cost of sales | 329,613 | 342,268 | 978,568 | 1,030,427 |
| Gross profit | 251,500 | 281,978 | 758,256 | 858,149 |
| Selling, general and administrative expenses | 117,370 | 128,257 | 369,750 | 399,237 |
| Restructuring expenses | 2,917 | 11,956 | 6,758 | 14,082 |
| Operating income | 131,213 | 141,765 | 381,748 | 444,830 |
| Other (income) expense - net | (704) | 1,219 | 7,321 | 701 |
| Interest expense | 10,642 | 11,330 | 33,958 | 33,262 |
| Income before income taxes | 121,275 | 129,216 | 340,469 | 410,867 |
| Provision for income taxes | 17,427 | 24,022 | 63,759 | 82,196 |
| Net income | \$ 103,848 | \$ 105,194 | \$ 276,710 | \$ 328,671 |
| Earnings per Common Share: | | | | |
| Basic earnings per common share | \$ 1.38 | \$ 1.39 | \$ 3.66 | \$ 4.34 |
| Diluted earnings per common share | \$ 1.37 | \$ 1.37 | \$ 3.64 | \$ 4.30 |
| Share Data: | | | | |
| Basic weighted average common shares outstanding | 75,352 | 75,698 | 75,423 | 75,532 |
| Diluted weighted average common shares outstanding | 75,960 | 76,577 | 76,119 | 76,415 |

IDEX CORPORATION

Condensed Consolidated Balance Sheets

(in thousands)

(unaudited)

September 30, 2020 December 31, 2019

Assets

Current assets

| | | |
|---|---------------------|---------------------|
| Cash and cash equivalents | \$ 877,758 | \$ 632,581 |
| Receivables - net | 275,432 | 298,186 |
| Inventories | 302,410 | 293,467 |
| Other current assets | 65,152 | 37,211 |
| Total current assets | 1,520,752 | 1,261,445 |
| Property, plant and equipment - net | 293,304 | 280,316 |
| Goodwill and intangible assets - net | 2,280,657 | 2,167,776 |
| Other noncurrent assets | 130,882 | 104,375 |
| Total assets | \$ 4,225,595 | \$ 3,813,912 |

Liabilities and shareholders' equity

Current liabilities

| | | |
|-------------------------------------|-------------------|-------------------|
| Trade accounts payable | \$ 134,782 | \$ 138,463 |
| Accrued expenses | 236,937 | 180,290 |
| Short-term borrowings | 150 | 388 |
| Dividends payable | 37,830 | 38,736 |
| Total current liabilities | 409,699 | 357,877 |
| Long-term borrowings | 1,044,112 | 848,864 |
| Other noncurrent liabilities | 375,255 | 343,942 |
| Total liabilities | 1,829,066 | 1,550,683 |
| Total shareholders' equity | 2,396,529 | 2,263,229 |

Total liabilities and shareholders' equity \$ 4,225,595 \$ 3,813,912

IDEX CORPORATION

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

| | Nine Months Ended September 30, | |
|---|--|-------------|
| | 2020 | 2019 |
| Cash flows from operating activities | | |
| Net income | \$ 276,710 | \$ 328,671 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Asset impairments | 85 | 9,680 |
| Depreciation and amortization | 30,851 | 29,599 |
| Amortization of intangible assets | 31,123 | 27,747 |
| Amortization of debt issuance expenses | 1,351 | 1,013 |
| Share-based compensation expense | 21,155 | 20,620 |
| Deferred income taxes | 1,323 | 11,528 |
| Non-cash interest expense associated with forward starting swaps | 5,153 | 4,737 |
| Changes in (net of the effect from acquisitions): | | |
| Receivables | 33,291 | (2,071) |
| Inventories | 17,920 | (16,987) |
| Other current assets | (27,655) | (19,186) |
| Trade accounts payable | (11,496) | 2,807 |
| Accrued expenses | 24,333 | (23,222) |
| Other - net | 3,755 | 1,966 |
| Net cash flows provided by operating activities | 407,899 | 376,902 |
| Cash flows from investing activities | | |

| | | |
|--|------------|------------|
| Purchases of property, plant and equipment | (39,438) | (36,773) |
| Acquisition of businesses, net of cash acquired | (118,159) | (87,180) |
| Proceeds from disposal of fixed assets | 2,230 | 957 |
| Other - net | (238) | 407 |
| Net cash flows used in investing activities | (155,605) | (122,589) |
| Cash flows from financing activities | | |
| Borrowings under revolving credit facilities | 150,000 | — |
| Proceeds from issuance of 3.0% Senior Notes | 499,100 | — |
| Payment of 4.5% Senior Notes | (300,000) | — |
| Payments under revolving credit facilities | (150,000) | — |
| Payments under other long-term borrowings | (352) | (49,923) |
| Payment of make-whole redemption premium | (6,756) | — |
| Debt issuance costs | (4,741) | — |
| Dividends paid | (114,248) | (109,227) |
| Proceeds from stock option exercises | 28,729 | 35,595 |
| Repurchases of common stock | (110,342) | (54,668) |
| Shares surrendered for tax withholding | (12,198) | (12,583) |
| Other - net | — | (1,865) |
| Net cash flows used in financing activities | (20,808) | (192,671) |
| Effect of exchange rate changes on cash and cash equivalents | 13,691 | (12,064) |
| Net increase in cash | 245,177 | 49,578 |
| Cash and cash equivalents at beginning of year | 632,581 | 466,407 |
| Cash and cash equivalents at end of period | \$ 877,758 | \$ 515,985 |

IDEX CORPORATION

Company and Segment Financial Information - **Reported**

(dollars in thousands)

(unaudited)

| | Three Months Ended September 30, (a) | | Nine Months Ended September 30, (a) | | |
|---|---|------------|--|------------|---|
| | 2020 | 2019 | 2020 | 2019 | |
| Fluid & Metering Technologies | | | | | |
| Net sales | \$ 220,747 | \$ 240,861 | \$ 666,720 | \$ 729,572 | |
| Operating income (b) | 58,402 | 77,481 | 176,111 | 223,493 | |
| Operating margin | 26.5 | % 32.2 | % 26.4 | % 30.6 | % |
| EBITDA(c) | \$ 66,284 | \$ 82,693 | \$ 195,516 | \$ 239,534 | |
| EBITDA margin(c) | 30.0 | % 34.3 | % 29.3 | % 32.8 | % |
| Depreciation and amortization | \$ 7,163 | \$ 5,507 | \$ 19,370 | \$ 16,653 | |
| Capital expenditures | 2,452 | 3,627 | 8,774 | 10,207 | |
| Health & Science Technologies | | | | | |
| Net sales | \$ 220,378 | \$ 229,610 | \$ 660,105 | \$ 687,153 | |
| Operating income (b) | 49,912 | 40,170 | 150,562 | 151,087 | |
| Operating margin | 22.6 | % 17.5 | % 22.8 | % 22.0 | % |
| EBITDA(c) | \$ 60,174 | \$ 49,194 | \$ 181,459 | \$ 178,889 | |
| EBITDA margin(c) | 27.3 | % 21.4 | % 27.5 | % 26.0 | % |
| Depreciation and amortization | \$ 10,230 | \$ 10,296 | \$ 30,806 | \$ 29,438 | |
| Capital expenditures | 10,558 | 4,984 | 20,842 | 16,201 | |
| Fire & Safety/Diversified Products | | | | | |
| Net sales | \$ 140,896 | \$ 154,543 | \$ 412,296 | \$ 474,745 | |
| Operating income (b) | 37,103 | 41,967 | 103,977 | 125,909 | |
| Operating margin | 26.3 | % 27.2 | % 25.2 | % 26.5 | % |
| EBITDA(c) | \$ 40,617 | \$ 45,625 | \$ 115,238 | \$ 136,381 | |

| | | | | | |
|-------------------------------|-----------------|----------|------------------|-----------|---|
| EBITDA margin ^(c) | 28.8 | % 29.5 | % 28.0 | % 28.7 | % |
| Depreciation and amortization | \$ 3,854 | \$ 3,566 | \$ 11,409 | \$ 10,745 | |
| Capital expenditures | 2,340 | 2,257 | 6,534 | 8,744 | |

Corporate Office and Eliminations

| | | | | | |
|--|-----------------|----------|-------------------|------------|--|
| Intersegment sales eliminations | \$ (908) | \$ (768) | \$ (2,297) | \$ (2,894) | |
| Operating income ^(b) | (14,204) | (17,853) | (48,902) | (55,659) | |
| EBITDA ^(c) | (13,807) | (17,443) | (55,812) | (53,329) | |
| Depreciation and amortization ^(d) | 104 | 154 | 389 | 510 | |
| Capital expenditures | 3,003 | 163 | 3,288 | 1,621 | |

Company

| | | | | | |
|--|-------------------|------------|---------------------|--------------|---|
| Net sales | \$ 581,113 | \$ 624,246 | \$ 1,736,824 | \$ 1,888,576 | |
| Operating income | 131,213 | 141,765 | 381,748 | 444,830 | |
| Operating margin | 22.6 | % 22.7 | % 22.0 | % 23.6 | % |
| EBITDA ^(c) | \$ 153,268 | \$ 160,069 | \$ 436,401 | \$ 501,475 | |
| EBITDA margin ^(c) | 26.4 | % 25.6 | % 25.1 | % 26.6 | % |
| Depreciation and amortization ^(d) | \$ 21,351 | \$ 19,523 | \$ 61,974 | \$ 57,346 | |
| Capital expenditures | 18,353 | 11,031 | 39,438 | 36,773 | |

IDEX CORPORATION

Company and Segment Financial Information - **Adjusted (Non-GAAP)**

(dollars in thousands)

(*unaudited*)

| | |
|-------------------------------------|-------------------------------------|
| Three Months Ended | Nine Months Ended |
| September 30, ^(a) | September 30, ^(a) |

| | 2020 | 2019 | 2020 | 2019 | | |
|---|------------|------------|------------|------------|---|--|
| Fluid & Metering Technologies | | | | | | |
| Net sales | \$ 220,747 | \$ 240,861 | \$ 666,720 | \$ 729,572 | | |
| Adjusted operating income ^{(b)(c)} | 58,987 | 77,481 | 182,651 | 224,423 | | |
| Adjusted operating margin ^(c) | 26.7 | % 32.2 | % 27.4 | % 30.8 | % | |
| Adjusted EBITDA ^(c) | \$ 66,869 | \$ 82,693 | \$ 202,056 | \$ 240,464 | | |
| Adjusted EBITDA margin ^(c) | 30.3 | % 34.3 | % 30.3 | % 33.0 | % | |
| Depreciation and amortization | \$ 7,163 | \$ 5,507 | \$ 19,370 | \$ 16,653 | | |
| Capital expenditures | 2,452 | 3,627 | 8,774 | 10,207 | | |
| Health & Science Technologies | | | | | | |
| Net sales | \$ 220,378 | \$ 229,610 | \$ 660,105 | \$ 687,153 | | |
| Adjusted operating income ^{(b)(c)} | 50,890 | 54,706 | 152,724 | 165,953 | | |
| Adjusted operating margin ^(c) | 23.1 | % 23.8 | % 23.1 | % 24.2 | % | |
| Adjusted EBITDA ^(c) | \$ 61,152 | \$ 63,730 | \$ 183,621 | \$ 193,755 | | |
| Adjusted EBITDA margin ^(c) | 27.7 | % 27.8 | % 27.8 | % 28.2 | % | |
| Depreciation and amortization | \$ 10,230 | \$ 10,296 | \$ 30,806 | \$ 29,438 | | |
| Capital expenditures | 10,558 | 4,984 | 20,842 | 16,201 | | |
| Fire & Safety/Diversified Products | | | | | | |
| Net sales | \$ 140,896 | \$ 154,543 | \$ 412,296 | \$ 474,745 | | |
| Adjusted operating income ^{(b)(c)} | 38,352 | 42,071 | 105,867 | 126,832 | | |
| Adjusted operating margin ^(c) | 27.2 | % 27.2 | % 25.7 | % 26.7 | % | |
| Adjusted EBITDA ^(c) | \$ 41,866 | \$ 45,729 | \$ 117,128 | \$ 137,304 | | |
| Adjusted EBITDA margin ^(c) | 29.7 | % 29.6 | % 28.4 | % 28.9 | % | |
| Depreciation and amortization | \$ 3,854 | \$ 3,566 | \$ 11,409 | \$ 10,745 | | |

| | | | | |
|-----------------------------|--------------|-------|--------------|-------|
| Capital expenditures | 2,340 | 2,257 | 6,534 | 8,744 |
|-----------------------------|--------------|-------|--------------|-------|

Corporate Office and Eliminations

| | | | | |
|--|-----------------|----------|-------------------|------------|
| Intersegment sales eliminations | \$ (908) | \$ (768) | \$ (2,297) | \$ (2,894) |
|--|-----------------|----------|-------------------|------------|

| | | | | |
|--|-----------------|----------|-----------------|----------|
| Adjusted operating income ^{(b)(c)} | (14,099) | (17,197) | (48,629) | (54,956) |
|--|-----------------|----------|-----------------|----------|

| | | | | |
|---------------------------------------|-----------------|----------|-----------------|----------|
| Adjusted EBITDA ^(c) | (13,702) | (16,787) | (47,118) | (52,626) |
|---------------------------------------|-----------------|----------|-----------------|----------|

| | | | | |
|---|------------|-----|------------|-----|
| Depreciation and amortization ^(d) | 104 | 154 | 389 | 510 |
|---|------------|-----|------------|-----|

| | | | | |
|-----------------------------|--------------|-----|--------------|-------|
| Capital expenditures | 3,003 | 163 | 3,288 | 1,621 |
|-----------------------------|--------------|-----|--------------|-------|

Company

| | | | | |
|------------------|-------------------|------------|---------------------|--------------|
| Net sales | \$ 581,113 | \$ 624,246 | \$ 1,736,824 | \$ 1,888,576 |
|------------------|-------------------|------------|---------------------|--------------|

| | | | | |
|---|----------------|---------|----------------|---------|
| Adjusted operating income ^(c) | 134,130 | 157,061 | 392,613 | 462,252 |
|---|----------------|---------|----------------|---------|

| | | | | | |
|---|-------------|--------|---------------|--------|---|
| Adjusted operating margin ^(c) | 23.1 | % 25.2 | % 22.6 | % 24.5 | % |
|---|-------------|--------|---------------|--------|---|

| | | | | |
|---------------------------------------|-------------------|------------|-------------------|------------|
| Adjusted EBITDA ^(c) | \$ 156,185 | \$ 175,365 | \$ 455,687 | \$ 518,897 |
|---------------------------------------|-------------------|------------|-------------------|------------|

| | | | | | |
|--|-------------|--------|---------------|--------|---|
| Adjusted EBITDA margin ^(c) | 26.9 | % 28.1 | % 26.2 | % 27.5 | % |
|--|-------------|--------|---------------|--------|---|

| | | | | |
|---|------------------|-----------|------------------|-----------|
| Depreciation and amortization ^(d) | \$ 21,351 | \$ 19,523 | \$ 61,974 | \$ 57,346 |
|---|------------------|-----------|------------------|-----------|

| | | | | |
|-----------------------------|---------------|--------|---------------|--------|
| Capital expenditures | 18,353 | 11,031 | 39,438 | 36,773 |
|-----------------------------|---------------|--------|---------------|--------|

(a) Three and nine month data includes the results of the Velcora acquisition (July 2019) in the Health & Science Technologies segment and the Flow MD acquisition (February 2020) in the Fluid & Metering Technologies segment.

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

(c) These are non-GAAP financial measures. For a reconciliation of these non-GAAP financial measures to their most comparable measure calculated and presented in accordance with GAAP, see the reconciliation tables above.

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

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Source: IDEX Corporation