

IDEX Reports Third Quarter Adjusted EPS of 89 Cents with Full Year Adjusted EPS Guidance of \$3.50 -- \$3.53

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LAKE FOREST, Ill.--(BUSINESS WIRE)--Oct. 19, 2015-- **IDEX Corporation (NYSE: IEX) today announced its financial results for the three month period ended September 30, 2015.**

Third Quarter 2015 Highlights

- Adjusted EPS of 89 cents with adjusted operating margin of 21.5 percent
- Free cash flow of \$105 million was 132 percent of net income
- Repurchased 911 thousand shares of common stock for \$66 million
- Restructuring actions resulted in a pre-tax charge of \$4.7 million, or 4 cents of EPS
- Ismatec business sold for a pre-tax gain of \$18.1 million, or 17 cents of EPS
- Acquired CiDRA Precision Services

Third Quarter 2015

Orders of \$485 million were down 4 percent (-2 percent organic, +2 percent acquisitions and -4 percent foreign currency translation) compared with the prior year period. Sales of \$504 million were down 6 percent (-4 percent organic, +2 percent acquisitions and -4 percent foreign currency translation) compared with the prior year period.

Gross margin of 44.3 percent was up 30 basis points from the prior year period, while adjusted operating margin of 21.5 percent was up 70 basis points from the prior year.

Adjusted net income of \$69 million decreased 3 percent from the prior year period, while adjusted earnings per share of 89 cents increased 1 cent, or 1 percent, from the prior year period. Adjusted EBITDA of \$130 million was 26 percent of sales and covered interest expense by almost 13 times, while free cash flow of \$105 million was 132 percent of net income.

The Company repurchased 911 thousand shares of common stock for \$66 million in the third quarter of 2015. Year-to-date, the Company has repurchased 2.4 million shares of common stock for \$179 million.

IDEX's third quarter was highlighted by a solid 89 cents of adjusted EPS and 21.5 percent adjusted operating margins, a 70 basis point operating margin expansion from the third quarter of 2014. Our teams faced continued market headwinds, but executed by delivering strong margin improvement and \$105 million of free cash flow. North American industrials slowed during the quarter, contributing to the 2 and 4 percent decreases for organic orders and sales, respectively.

The challenging third quarter demand environment means we now expect fourth quarter organic sales to be down 1 to 2 percent, with full year organic sales down 2 to 3 percent. Restructuring actions executed in the third quarter will provide incremental efficiencies going forward. In the third quarter, these actions cost \$4.7 million, and the total 2015 cost is now expected to be in the range of \$8 to \$10 million. These are permanent cost-out actions and the full benefit will be realized in 2016.

Continuing to deliver total shareholder returns is critical to our long term success. Year-to-date we have repurchased 2.4 million shares for \$179 million, deployed nearly \$200 million on three strategic acquisitions across three platforms, retired €81 million of European private placement notes, and, in the third quarter, divested our Ismatec business. This was a non-strategic product line in our Health and Science segment, which sold for \$28 million, and resulted in an \$18.1 million pre-tax gain. Additionally, the acquisition pipeline is very strong, and our free cash flow and debt capacity allows us to use the strength of our balance sheet for a steady, disciplined pace of acquisitions for the foreseeable future.

For the fourth quarter, we expect adjusted EPS in the range 88 to 91 cents and full year 2015 adjusted EPS of \$3.50 to \$3.53 with adjusted operating margins of 21 percent. This guidance excludes the charges from the restructuring actions in the second half of 2015, and the gain from the Ismatec divestiture.”

Third Quarter 2015 Segment Highlights

Fluid & Metering Technologies

- Sales of \$212 million reflected a 5 percent decrease compared to the third quarter of 2014 (-4 percent organic, +3 percent acquisition and -4 percent foreign currency translation).
- Adjusted operating margin of 23.3 percent represented a 120 basis point decrease compared with the third quarter of 2014 primarily due to non-cash acquisition fair value inventory charges recorded in the quarter as well as lower volume.
- Adjusted EBITDA of \$56.8 million resulted in an adjusted EBITDA margin of 26.8 percent, down 70 basis points compared with the third quarter of 2014.

Health & Science Technologies

- Sales of \$185 million reflected a 3 percent decrease compared to the third quarter of 2014 (-3 percent organic, +4 percent acquisitions and -4 percent foreign currency translation).
- Adjusted operating margin of 21.7 percent represented a 40 basis point decrease compared with the third quarter of 2014 primarily due to decreased volume.
- Adjusted EBITDA of \$52.2 million resulted in an adjusted EBITDA margin of 28.2 percent, up 10 basis points compared with the third quarter of 2014.

Fire & Safety/Diversified Products

- Sales of \$107 million reflected an 11 percent decrease compared to the third quarter of 2014 (-5 percent organic and -6 percent foreign currency translation).
- Adjusted operating margin of 30.7 percent represented a 460 basis point increase compared with the third quarter of 2014 primarily due to gross margin improvements at the dispensing and fire suppression platforms driven by favorable mix within these platforms along with productivity improvements across the entire segment.
- Adjusted EBITDA of \$34.6 million resulted in an adjusted EBITDA margin of 32.3 percent, up 450 basis points compared with the third quarter of 2014.

For the third quarter of 2015, Fluid & Metering Technologies contributed 42 percent of sales, 40 percent of operating income and 39 percent of EBITDA; Health & Science Technologies accounted for 37 percent of sales, 33 percent of operating income and 36 percent of EBITDA; and Fire & Safety/Diversified Products represented 21 percent of sales, 27 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 in no way are 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.

- Adjusted operating income is calculated as operating income plus restructuring expenses less the gain on sale of a business.
- Adjusted operating margin is calculated as adjusted operating income divided by net sales.
- Adjusted net income is calculated as net income plus restructuring expenses less the gain on sale of a business, net of the statutory tax expense/benefit.
- Consolidated EBITDA is calculated as net income plus interest expense plus provision for income taxes plus

depreciation and amortization; while segment EBITDA is calculated as operating income plus or minus other income (expense) plus depreciation and amortization.

- Adjusted EBITDA is calculated as EBITDA plus restructuring expenses less the gain on sale of a business.
- Free cash flow is calculated as cash flow from operating activities less capital expenditures plus the excess tax benefit from share-based compensation.

Table 1: Reconciliations of Reported-to-Adjusted Operating Income and Margin (dollars in thousands)

	For the Three Months Ended September 30,							
	2015				2014			
	FMT	HST	FSDP	IDEX	FMT	HST	FSDP	IDEX
Reported operating income	\$46,910	\$38,371	\$32,536	\$121,813	\$54,791	\$42,214	\$31,355	\$110,847
Restructuring expenses	2,505	1,774	279	4,723	-	-	-	-
Gain on sale of business	-	-	-	(18,070)	-	-	-	-
Adjusted operating income	\$49,415	\$40,145	\$32,815	\$108,466	\$54,791	\$42,214	\$31,355	\$110,847
Net sales	\$212,101	\$184,893	\$107,009	\$503,791	\$223,258	\$190,852	\$120,313	\$533,179
Operating margin	22.1 %	20.8 %	30.4 %	24.2 %	24.5 %	22.1 %	26.1 %	20.8 %
Adjusted operating margin	23.3 %	21.7 %	30.7 %	21.5 %	24.5 %	22.1 %	26.1 %	20.8 %
	For the Nine Months Ended September 30,							
	2015				2014			
	FMT	HST	FSDP	IDEX	FMT	HST	FSDP	IDEX
Reported operating income	\$154,665	\$117,888	\$91,180	\$333,479	\$166,821	\$114,580	\$106,988	\$336,770
Restructuring expenses	2,505	1,774	279	4,723	-	-	-	-
Gain on sale of business	-	-	-	(18,070)	-	-	-	-
Adjusted operating income	\$157,170	\$119,662	\$91,459	\$320,132	\$166,821	\$114,580	\$106,988	\$336,770
Net sales	\$645,642	\$552,418	\$325,572	\$1,520,870	\$672,719	\$562,899	\$393,779	\$1,623,868
Operating margin	24.0 %	21.3 %	28.0 %	21.9 %	24.8 %	20.4 %	27.2 %	20.7 %
Adjusted operating margin	24.3 %	21.7 %	28.1 %	21.0 %	24.8 %	20.4 %	27.2 %	20.7 %

margin

Table 2: Reconciliations of Reported-to-Adjusted Net Income and EPS (dollars in thousands, except EPS)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Reported net income	\$ 79,505	\$ 71,441	\$ 215,044	\$ 217,766
Restructuring expenses, net of tax	3,085	-	3,085	-
Gain on sale of business, net of tax	(13,231)	-	(13,231)	-
Adjusted net income	\$ 69,359	\$ 71,441	\$ 204,898	\$ 217,766
Reported EPS	\$ 1.02	\$ 0.88	\$ 2.75	\$ 2.68
Restructuring expenses, net of tax	0.04	-	0.04	-
Gain on sale of business, net of tax	(0.17)	-	(0.17)	-
Adjusted EPS	\$ 0.89	\$ 0.88	\$ 2.62	\$ 2.68
Diluted weighted average shares	77,646	80,561	78,266	81,093

Table 3: Reconciliations of Consolidated EBITDA and Free Cash Flow (dollars in thousands)

	For the Three Months Ended		
	September 30,	2014	June 30,
	2015		2015
Net income	\$ 79,505	\$ 71,441	\$ 69,585
Interest expense	10,229	10,461	10,584
Provision for income taxes	32,772	29,889	28,913
Depreciation and amortization	20,377	19,609	19,087
EBITDA	142,883	131,400	128,169
Restructuring expenses	4,723	-	-
Gain on sale of business	(18,070)	-	-
Adjusted EBITDA	\$ 129,536	\$ 131,400	\$ 128,169
Cash flow from operating activities	\$ 113,353	\$ 100,403	\$ 99,024
Capital expenditures	(8,785)	(10,521)	(13,749)
Excess tax benefit from share-based compensation	267	1,680	863
Free cash flow	\$ 104,835	\$ 91,562	\$ 86,138

Table 4: Reconciliations of Segment EBITDA (dollars in thousands)

For the Three Months Ended September 30,
2015 2014

	FMT	HST	FSDP	FMT	HST	FSDP
Operating income	\$46,910	\$38,371	\$32,536	\$54,791	\$42,214	\$31,355
Other income (expense)	82	877	247	(55)	420	531
Depreciation and amortization	7,311	11,179	1,513	6,724	11,005	1,597
EBITDA	54,303	50,427	34,296	61,460	53,639	33,483
Restructuring expenses	2,505	1,774	279	-	-	-
Adjusted EBITDA	\$56,808	\$52,201	\$34,575	\$61,460	\$53,639	\$33,483
Net sales	\$212,101	\$184,893	\$107,009	\$223,258	\$190,852	\$120,313
EBITDA margin	25.6 %	27.3 %	32.0 %	27.5 %	28.1 %	27.8 %
Adjusted EBITDA margin	26.8 %	28.2 %	32.3 %	27.5 %	28.1 %	27.8 %

	For the Nine Months Ended September 30,					
	2015			2014		
	FMT	HST	FSDP	FMT	HST	FSDP
Operating income	\$154,665	\$117,888	\$91,180	\$166,821	\$114,580	\$106,988
Other income (expense)	894	347	1,091	371	24	644
Depreciation and amortization	20,321	31,874	4,574	20,022	32,404	4,949
EBITDA	175,880	150,109	96,845	187,214	147,008	112,581
Restructuring expenses	2,505	1,774	279	-	-	-
Adjusted EBITDA	\$178,385	\$151,883	\$97,124	\$187,214	\$147,008	\$112,581
Net sales	\$645,642	\$552,418	\$325,572	\$672,719	\$562,899	\$393,779
EBITDA margin	27.2 %	27.2 %	29.7 %	27.8 %	26.1 %	28.6 %
Adjusted EBITDA margin	27.6 %	27.5 %	29.8 %	27.8 %	26.1 %	28.6 %

Conference Call to be Broadcast over the Internet

IDEX will broadcast its third quarter earnings conference call over the Internet on Tuesday, October 20, 2015 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 # 13604137.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended. These statements may relate to, among other things, capital expenditures, cost reductions, cash flow, and operating improvements and are indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "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. 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. 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		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net sales	\$ 503,791	\$ 533,179	\$ 1,520,870	\$ 1,623,868
Cost of sales	280,531	298,533	839,954	903,670
Gross profit	223,260	234,646	680,916	720,198
Selling, general and administrative expenses	114,794	123,799	360,784	383,428
Restructuring expenses	4,723	-	4,723	-
Gain on sale of business	(18,070)	-	(18,070)	-
Operating income	121,813	110,847	333,479	336,770
Other (income) expense - net	(693)	(944)	(1,589)	(1,651)
Interest expense	10,229	10,461	31,410	31,323
Income before income taxes	112,277	101,330	303,658	307,098
Provision for income taxes	32,772	29,889	88,614	89,332
Net income	\$ 79,505	\$ 71,441	\$ 215,044	\$ 217,766

Earnings per Common Share:

Basic earnings per common share ^(a)	\$ 1.03	\$ 0.89	\$ 2.77	\$ 2.70
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Diluted earnings per common share ^(a)	\$1.02	\$0.88	\$ 2.75	\$ 2.68
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Share Data:

Basic weighted average common shares outstanding	76,831	79,558	77,431	80,064
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Diluted weighted average common shares outstanding	77,646	80,561	78,266	81,093
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Condensed Consolidated Balance Sheets

(in thousands)

(unaudited)

	September 30, December 31,	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 306,482	\$ 509,137
Receivables - net	272,008	256,040
Inventories	252,518	237,631
Other current assets	75,391	72,983
Total current assets	906,399	1,075,791
Property, plant and equipment - net	240,270	219,543
Goodwill and intangible assets	1,701,899	1,592,441
Other noncurrent assets	22,586	20,295
Total assets	\$ 2,871,154	\$ 2,908,070
Liabilities and shareholders' equity		
Current liabilities		
Trade accounts payable	\$ 129,224	\$ 127,462
Accrued expenses	169,907	163,409
Short-term borrowings	471	98,946
Dividends payable	24,584	22,151
Total current liabilities	324,186	411,968
Long-term borrowings	852,780	765,006
Other noncurrent liabilities	265,595	244,645
Total liabilities	1,442,561	1,421,619
Shareholders' equity	1,428,593	1,486,451
Total liabilities and shareholders' equity	\$ 2,871,154	\$ 2,908,070

IDEX CORPORATION

Condensed Consolidated Statements of Cash Flow

(in thousands)

(unaudited)

**Nine Months Ended September
30,**

2015 2014

Cash flows from operating activities		
Net income	\$ 215,044	\$ 217,766
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of business	(18,070)	-
Depreciation and amortization	26,634	25,330
Amortization of intangible assets	31,340	32,952
Amortization of debt issuance costs	1,233	1,290
Share-based compensation expense	14,735	16,445
Deferred income taxes	1,277	(5,170)
Excess tax benefit from share-based compensation	(4,350)	(5,360)
Non-cash interest expense associated with forward starting swaps	5,287	5,432
Changes in (net of the effect from acquisitions):		
Receivables	(1,689)	(21,394)
Inventories	(6,474)	(17,888)
Other current assets	(2,742)	(2,570)
Trade accounts payable	(4,002)	2,188
Accrued expenses	2,340	19,069
Other — net	1,218	(1,507)
Net cash flows provided by operating activities	261,781	266,583
Cash flows from investing activities		
Purchases of property, plant and equipment	(32,611)	(33,820)
Disposition of business	27,677	-
Acquisition of businesses, net of cash acquired	(193,165)	(25,442)
Other — net	649	(52)
Net cash flows used in investing activities	(197,450)	(59,314)
Cash flows from financing activities		
Borrowings under revolving facilities	383,621	105,014
Payments under revolving facilities	(295,934)	(46,780)
Payment of 2.58% Senior Euro Notes	(88,420)	-
Debt issuance costs	(1,698)	-
Dividends paid	(71,673)	(63,525)
Proceeds from stock option exercises	15,167	13,787
Excess tax benefit from share-based compensation	4,350	5,360
Purchase of common stock	(177,772)	(146,042)
Unvested shares surrendered for tax withholding	(3,217)	(4,903)
Net cash flows used in financing activities	(235,576)	(137,089)
Effect of exchange rate changes on cash and cash equivalents	(31,410)	(22,743)
Net increase (decrease) in cash	(202,655)	47,437
Cash and cash equivalents at beginning of year	509,137	439,629
Cash and cash equivalents at end of period	\$ 306,482	\$ 487,066

IDEX CORPORATION

Company and Segment Financial Information

(dollars in thousands)

(unaudited)

	Three Months Ended		Nine Months Ended			
	September 30, ^(b)		September 30, ^(b)			
	2015	2014	2015	2014		
Fluid & Metering Technologies						
Net sales	\$ 212,101	\$ 223,258	\$ 645,642	\$ 672,719		
Adjusted operating income ^(c)	49,415	54,791	157,170	166,821		
Adjusted operating margin	23.3	% 24.5	% 24.3	% 24.8		%
Adjusted EBITDA ^(d)	\$ 56,808	\$ 61,460	\$ 178,385	\$ 187,214		
Adjusted EBITDA margin	26.8	% 27.5	% 27.6	% 27.8		%
Depreciation and amortization	\$ 7,311	\$ 6,724	\$ 20,321	\$ 20,022		
Capital expenditures	4,325	3,592	17,849	11,155		
Health & Science Technologies ^(e)						
Net sales	\$ 184,893	\$ 190,852	\$ 552,418	\$ 562,899		
Adjusted operating income ^(c)	40,145	42,214	119,662	114,580		
Adjusted operating margin	21.7	% 22.1	% 21.7	% 20.4		%
Adjusted EBITDA ^(d)	\$ 52,201	\$ 53,639	\$ 151,883	\$ 147,008		
Adjusted EBITDA margin	28.2	% 28.1	% 27.5	% 26.1		%
Depreciation and amortization	\$ 11,179	\$ 11,005	\$ 31,874	\$ 32,404		
Capital expenditures	3,193	5,164	8,755	13,991		
Fire & Safety/Diversified Products						
Net sales	\$ 107,009	\$ 120,313	\$ 325,572	\$ 393,779		
Adjusted operating income ^(c)	32,815	31,355	91,459	106,988		
Adjusted operating margin	30.7	% 26.1	% 28.1	% 27.2		%
Adjusted EBITDA ^(d)	\$ 34,575	\$ 33,483	\$ 97,124	\$ 112,581		
Adjusted EBITDA margin	32.3	% 27.8	% 29.8	% 28.6		%
Depreciation and amortization	\$ 1,513	\$ 1,597	\$ 4,574	\$ 4,949		
Capital expenditures	1,016	1,018	4,128	5,517		
Company						
Net sales	\$ 503,791	\$ 533,179	\$ 1,520,870	\$ 1,623,868		
Adjusted operating income ^(c)	108,466	110,847	320,132	336,770		
Adjusted operating margin	21.5	% 20.8	% 21.0	% 20.7		%
Adjusted EBITDA ^(f)	\$ 129,536	\$ 131,400	\$ 379,695	\$ 396,703		
Adjusted EBITDA margin	25.7	% 24.6	% 25.0	% 24.4		%
Depreciation and amortization ^(g)	\$ 20,377	\$ 19,609	\$ 57,974	\$ 58,282		
Capital expenditures	8,785	10,521	32,611	33,820		

- (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 nine month data includes acquisition of Aegis (April 2014) and Alfa Valvole (June 2015) in the Fluid
- (b) **& Metering Technologies segment and Novotema (June 2015) and CiDRA Precision Services (July 2015) in the Health & Science Technologies segment from the date of acquisition.**
Segment adjusted operating income excludes unallocated corporate operating expenses while both segment and
- (c) **Company adjusted operating income and adjusted EBITDA exclude restructuring expenses and the gain on sale of a business in 2015.**
- (d) **Segment adjusted EBITDA calculated as adjusted operating income plus or minus other income (expense) plus depreciation and amortization.**
- (e) **Three and nine month data for 2015 includes the results of Ismatec through the date of disposition in July 2015.**
- (f) **Consolidated adjusted EBITDA calculated as net income plus interest expense plus provision for income taxes plus depreciation and amortization plus restructuring expenses less the gain on sale of a business.**
- (g) **Depreciation and amortization excludes amortization of debt issuance costs.**

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Source: IDEX Corporation

IDEX Corporation

Investor Contact:

Heath Mitts

Senior Vice President and Chief Financial Officer

(847) 498-7070