

IDEX CORP /DE/
Form 10-K
February 23, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2016
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____
Commission file number 1-10235

IDEX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware 36-3555336
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1925 West Field Court, Lake Forest, Illinois 60045
(Address of principal executive offices) (Zip Code)

Registrant's telephone number:
(847) 498-7070

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$.01 per share	New York Stock Exchange and Chicago Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

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The aggregate market value, as of the last business day of the registrant's most recently completed second fiscal quarter, of the common stock (based on the June 30, 2016 closing price of \$82.10) held by non-affiliates of IDEX Corporation was \$6,235,379,567.

The number of shares outstanding of IDEX Corporation's common stock, par value \$.01 per share, as of February 14, 2017 was 76,248,604.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement with respect to the IDEX Corporation 2017 annual meeting of stockholders (the "2017 Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

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PART I

Cautionary Statement Under the Private Securities Litigation Reform Act

This report 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,” “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 report. 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, other competitive factors and levels of capital spending in certain industries, all of which could have a material impact on order rates and IDEX Corporation’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 report, 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.

Item 1. Business.

IDEX Corporation (“IDEX,” the “Company,” “us,” “our,” or “we”) is a Delaware corporation incorporated on September 24, 1987. The Company is an applied solutions business that sells an extensive array of pumps, valves, flow meters and other fluidics systems and components and engineered products to customers in a variety of markets around the world. All of the Company’s business activities are carried out through wholly-owned subsidiaries.

The Company has three reportable business segments: Fluid & Metering Technologies (“FMT”), Health & Science Technologies (“HST”) and Fire & Safety/Diversified Products (“FSDP”). Within our three reportable segments, the Company maintains thirteen platforms, where we focus on organic growth and strategic acquisitions. Each of our thirteen platforms is also a reporting unit, where we annually test for goodwill impairment.

During the fourth quarter of 2016, the Company reorganized certain of its reporting units to align with changes in management and as a result of certain divestitures as well as to align with how management will run the business going forward as follows:

- Moved the Richter and Aegis businesses from the previous Industrial reporting unit to the Valves reporting unit;
- Moved the Trebor business from the previous Industrial reporting unit to the Water reporting unit;
- Replaced the previous Industrial reporting unit with the Pumps reporting unit, which now includes Viking and Warren Rupp;
- Combined the Scientific Fluidics and IDEX Optics & Photonics reporting units into the Scientific Fluidics & Optics reporting unit; and
- Combined the Fire Suppression and Rescue reporting units into the Fire & Safety reporting unit.

The Fluid & Metering Technologies segment contains the Energy (comprised of Corken, Faure Herman, Liquid Controls, SAMPI, and Toptech), Valves (comprised of Alfa Valvole, Richter, and Aegis), Water (comprised of Pulsafeeder, Knight, ADS, Trebor, and iPEK), Pumps (comprised of Viking and Warren Rupp), and Agriculture (comprised of Banjo) platforms. The Health & Science Technologies segment contains the Scientific Fluidics &

Optics (comprised of Eastern Plastics, Rheodyne, Sapphire Engineering, Upchurch Scientific, ERC, CiDRA Precision Services, CVI Melles Griot, Semrock, and AT Films), Sealing Solutions (comprised of Precision Polymer Engineering, FTL Seals Technology, Novotema, and SFC Koenig), Gast, Micropump, and Material Processing Technologies (comprised of Quadro, Fitzpatrick, Microfluidics, and Matcon) platforms. The Fire & Safety/Diversified Products segment is comprised of the Fire & Safety (comprised of Class 1, Hale, Godiva, Akron Brass, AWG Fittings, Dinglee, Hurst Jaws of Life, Lukas, and Vetter), Band-It, and Dispensing platforms.

IDEX believes that each of its reporting units is a leader in its product and service areas. The Company also believes that its strong financial performance has been attributable to its ability to design and engineer specialized quality products, coupled with its ability to identify and successfully consummate and integrate strategic acquisitions.

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FLUID & METERING TECHNOLOGIES SEGMENT

The Fluid & Metering Technologies segment designs, produces and distributes positive displacement pumps, valves, flow meters, injectors, and other fluid-handling pump modules and systems and provides flow monitoring and other services for the food, chemical, general industrial, water & wastewater, agriculture and energy industries. Fluid & Metering Technologies application-specific pump and metering solutions serve a diverse range of end markets, including industrial infrastructure (fossil fuels, refined & alternative fuels, and water & wastewater), chemical processing, agriculture, food & beverage, pulp and paper, transportation, plastics and resins, electronics and electrical, construction & mining, pharmaceutical and bio-pharmaceutical, machinery and numerous other specialty niche markets.

Fluid & Metering Technologies accounted for 40%, 43% and 42% of IDEX's sales in 2016, 2015 and 2014, respectively, with approximately 44% of its 2016 sales to customers outside the U.S. The segment accounted for 44%, 43% and 43% of IDEX's operating income in 2016, 2015 and 2014, respectively.

Energy. Energy consists of the Company's Corken, Faure Herman, Liquid Controls, SAMPI, and Toptech businesses. Energy is a leading supplier of flow meters, electronic registration and control products, rotary vane and turbine pumps, reciprocating piston compressors, and terminal automation control systems. Applications for Liquid Controls and SAMPI consist of positive displacement flow meters, electronic, registration and control products, including mobile and stationary metering installations for wholesale and retail distribution of petroleum and liquefied petroleum gas, aviation refueling, and industrial metering and dispensing of liquids and gases. Corken products consist of positive-displacement rotary vane pumps, single and multistage regenerative turbine pumps, and small horsepower reciprocating piston compressors. Toptech supplies terminal automation hardware and software to control and manage inventories, as well as transactional data and invoicing, to customers in the oil, gas and refined-fuels markets. Faure Herman is a leading supplier of ultrasonic and helical turbine flow meters used in the custody transfer and control of high value fluids and gases. Energy maintains facilities in Lake Bluff, Illinois (Liquid Controls products); Longwood, Florida and Zwijndrecht, Belgium (Toptech products); Oklahoma City, Oklahoma (Corken products); La Ferté Bernard, France (Faure Herman products); and Altopascio, Italy (SAMPI products). Approximately 50% of Energy's 2016 sales were to customers outside the U.S.

Valves. Valves consists of the Company's Alfa Valvole, Richter, and Aegis businesses. Valves is a leader in the design, manufacture and sale of specialty valve products for use in the chemical, petro-chemical, energy and sanitary markets as well as a leading producer of fluoroplastic lined corrosion-resistant magnetic drive and mechanical seal pumps, shut-off, control and safety valves for corrosive, hazardous, contaminated, pure and high-purity fluids. Alfa Valvole's products are used in various industrial fields for fluid control, in both gas and liquid form, in all sectors of plant engineering, cosmetics, detergents, food

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industry, electric energy, pharmaceutical, chemical plants, petrochemical plants, oil, heating/air conditioning and also on ships, ferries and marine oil platforms. Richter's products offer superior solutions for demanding and complex pump applications in the process industry. Aegis produces specialty chemical processing valves for use in the chemical, petro-chemical, chlor-alkali, and pulp & paper industries. Valves maintains operations in Casorezzo, Italy (Alfa Valvole products); Cedar Falls, Iowa, Kempen, Germany, and Suzhou, China (Richter products); and Geismar, Louisiana (Aegis products). Approximately 81% of Valves' 2016 sales were to customers outside the U.S.

Water. Water consists of the Company's ADS, iPEK, Knight, Trebor, and Pulsafeeder businesses. Water is a leading provider of metering technology, flow monitoring products and underground surveillance services for wastewater markets, alloy and non-metallic gear pumps, peristaltic pumps, transfer pumps, as well as dispensing equipment for industrial laundries, commercial dishwashing and chemical metering. ADS's products and services provide comprehensive integrated solutions that enable industry, municipalities and government agencies to analyze and measure the capacity, quality and integrity of wastewater collection systems, including the maintenance and construction of such systems. iPEK supplies remote controlled systems used for infrastructure inspection. Knight is a leading manufacturer of pumps and dispensing equipment for industrial laundries, commercial dishwashing and chemical metering. Trebor is a leader in high-purity fluid handling products, including air-operated diaphragm pumps and deionized water-heating systems. Trebor products are used in the manufacturing of semiconductors, disk drives and flat panel displays. Pulsafeeder products (which also include OBL products) are used to introduce precise amounts of fluids into processes to manage water quality and chemical composition, as well as peristaltic pumps. Its markets include water & wastewater treatment, oil & gas, power generation, pulp & paper, chemical and hydrocarbon processing, and swimming pools. Water maintains operations in Huntsville, Alabama and various other locations in the United States and Australia (ADS products and services); Hirscheegg, Austria and Sulzberg, Germany (iPEK products); Rochester, New York, Punta Gorda, Florida, and Milan, Italy (Pulsafeeder products); Salt Lake City, Utah (Trebor products); Irvine, California, Mississauga, Ontario, Canada, and Lewes, England (Knight products); and a maquiladora in Ciudad Juarez, Chihuahua, Mexico (Knight products). Approximately 38% of Water's 2016 sales were to customers outside the U.S.

Pumps. Pumps consists of the Company's Viking and Warren Rupp businesses. Pumps is a leading manufacturer of rotary internal gear, external gear, vane and rotary lobe pumps, custom-engineered OEM pumps, strainers, gear reducers and engineered pump systems. Viking's products consist of external gear pumps, strainers and reducers, and related controls used for transferring and metering thin and viscous liquids sold under the Viking and Wright Flow brands. Viking products primarily serve the chemical, petroleum, pulp & paper, plastics, paints, inks, tanker trucks, compressor, construction, food & beverage, personal care, pharmaceutical and biotech markets. Warren Rupp products (which also include Pumper Parts and Versa-Matic products) are used for abrasive and semisolid materials as well as for applications where product degradation is a concern or where electricity is not available or should not be used. Warren Rupp products, which include air-operated double diaphragm pumps, primarily serve the chemical, paint, food processing, electronics, construction, utilities, oil & gas, mining and industrial maintenance markets. Pumps maintains operations in Cedar Falls, Iowa (Viking and Wright Flow products); Eastbourne, England (Wright Flow products); Shannon, Ireland (Viking and Blagdon products); and Mansfield, Ohio (Warren Rupp products). Pumps primarily uses independent distributors to market and sell its products. Approximately 40% of Pumps' 2016 sales were to customers outside the U.S.

Agriculture. Agriculture consists of the Company's Banjo business. Banjo is a provider of special purpose, severe-duty pumps, valves, fittings and systems used in liquid handling. Banjo is based in Crawfordsville, Indiana with distribution facilities in Didam, The Netherlands and Valinhos, Brazil, and its products are used in agriculture and industrial applications. Approximately 13% of Banjo's 2016 sales were to customers outside the U.S.

HEALTH & SCIENCE TECHNOLOGIES SEGMENT

The Health & Science Technologies segment designs, produces and distributes a wide range of precision fluidics, rotary lobe pumps, centrifugal and positive displacement pumps, roll compaction and drying systems used in beverage, food processing, pharmaceutical and cosmetics, pneumatic components and sealing solutions, including very high precision, low-flow rate pumping solutions required in analytical instrumentation, clinical diagnostics and drug discovery, high performance molded and extruded, biocompatible medical devices and implantables, air

compressors used in medical, dental and industrial applications, optical components and coatings for applications in the fields of scientific research, defense, biotechnology, aerospace, telecommunications and electronics manufacturing, laboratory and commercial equipment used in the production of micro and nano scale materials, precision photonic solutions used in life sciences, research and defense markets, and precision gear and peristaltic pump technologies that meet exacting original equipment manufacturer specifications.

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Health & Science Technologies accounted for 35%, 36% and 35% of IDEX's sales in 2016, 2015 and 2014, respectively, with approximately 55% of its 2016 sales to customers outside the U.S. The segment accounted for 31%, 33% and 31% of IDEX's operating income in 2016, 2015 and 2014, respectively.

Scientific Fluidics & Optics. Scientific Fluidics & Optics consists of the Company's Eastern Plastics, Rheodyne, Sapphire Engineering, Upchurch Scientific, ERC, CiDRA Precision Services, CVI Melles Griot, Semrock, and AT Films (including Precision Photonics products) businesses. Eastern Plastics products, which consist of high-precision integrated fluidics and associated engineered manifolds, are used in a broad set of end markets including medical diagnostics, analytical instrumentation, and laboratory automation. Rheodyne products consist of injectors, valves, fittings and accessories for the analytical instrumentation market. These products are used by manufacturers of high pressure liquid chromatography ("HPLC") equipment servicing the pharmaceutical, biotech, life science, food & beverage, and chemical markets. Sapphire Engineering and Upchurch Scientific products consist of fluidic components and systems for the analytical, biotech and diagnostic instrumentation markets, such as fittings, precision-dispensing pumps and valves, tubing and integrated tubing assemblies, filter sensors and other micro-fluidic and nano-fluidic components, as well as advanced column hardware and accessories for the high performance liquid chromatography market. The products produced by Sapphire Engineering and Upchurch Scientific primarily serve the pharmaceutical, drug discovery, chemical, biochemical processing, genomics/proteomics research, environmental labs, food/agriculture, medical lab, personal care, and plastics/polymer/rubber production markets. ERC manufactures gas liquid separations and detection solutions for the life science, analytical instrumentation and clinical chemistry markets. ERC's products consist of in-line membrane vacuum degassing solutions, refractive index detectors and ozone generation systems. CiDRA Precision Services' products consist of microfluidic components serving the life science, health and industrial market. CVI Melles Griot is a global leader in the design and manufacture of precision photonic solutions used in the life sciences, research, semiconductor, security and defense markets. CVI Melles Griot's innovative products are focused on the generation, control and productive use of light for a variety of key science and industrial applications. Products consist of specialty lasers and light sources, electro-optical components, specialty shutters, opto-mechanical assemblies and components. In addition, CVI Melles Griot produces critical components for life science research, electronics manufacturing, military and other industrial applications including lenses, mirrors, filters and polarizers. These components are utilized in a number of important applications such as spectroscopy, cytometry (cell counting), guidance systems for target designation, remote sensing, metrology and optical lithography. Semrock is a provider of optical filters for biotech and analytical instrumentation in the life sciences markets. Semrock's optical filters are produced using state-of-the-art manufacturing processes which enable it to offer its customers significant improvements in instrument performance and reliability. AT Films specializes in optical components and coatings for applications in the fields of scientific research, defense, aerospace, telecommunications and electronics manufacturing. AT Films' core competence is the design and manufacture of filters,

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splitters, reflectors and mirrors with the precise physical properties required to support their customers' most challenging and cutting-edge optical applications. The Precision Photonics portion of its business specializes in optical components and coatings for applications in the fields of scientific research, aerospace, telecommunications and electronics manufacturing. Scientific Fluidics & Optics has facilities in Bristol, Connecticut (Eastern Plastics products); Rohnert Park, California (Rheodyne products); Middleboro, Massachusetts (Sapphire Engineering products); Oak Harbor, Washington (Upchurch Scientific products); Kawaguchi, Japan (ERC products); Wallingford, Connecticut (CiDRA Precision Services products); Albuquerque, New Mexico; Carlsbad, California; Rochester, New York; Leicester, England; and Didam, The Netherlands (CVI Melles Griot products); Rochester, New York (Semrock products); and Boulder, Colorado (AT Films products). Approximately 53% of Scientific Fluidics & Optics' 2016 sales were to customers outside the U.S.

Sealing Solutions. Sealing Solutions consists of the Company's Precision Polymer Engineering, FTL Seals Technology, Novotema, and SFC Koenig businesses. Precision Polymer Engineering is a provider of proprietary high performance seals and advanced sealing solutions for a diverse range of global industries and applications, including hazardous duty, analytical instrumentation, semiconductor, process technologies, oil & gas, pharmaceutical, electronics, and food applications. Precision Polymer Engineering is headquartered in Blackburn, England with an additional manufacturing facility in Brenham, Texas. FTL Seals Technology, located in Leeds, England, specializes in the design and application of high integrity rotary seals, specialty bearings, and other custom products for the mining, power generation, and marine markets. Novotema, located in Villongo, Italy, is a leader in the design, manufacture and sale of specialty sealing solutions for use in the building products, gas control, transportation, industrial and water markets. SFC Koenig is a producer of highly engineered expanders and check valves for critical applications across the transportation, hydraulic, aviation and medical markets. SFC Koenig is based in Dietikon, Switzerland, with additional facilities in North Haven, Connecticut; Illerrieden, Germany; and Suzhou, China. Approximately 78% of Sealing Solutions' 2016 sales were to customers outside the U.S.

Gast. The Gast business is a leading manufacturer of air-moving products, including air motors, low-range and medium-range vacuum pumps, vacuum generators, regenerative blowers and fractional horsepower compressors. Gast products are used in a variety of long-life applications requiring a quiet, clean source of moderate vacuum or pressure. Gast products primarily serve the medical equipment, environmental equipment, computers and electronics, printing machinery, paint mixing machinery, packaging machinery, graphic arts, and industrial manufacturing markets. Based in Benton Harbor, Michigan, Gast also has a logistics and commercial center in Redditch, England. Approximately 25% of Gast's 2016 sales were to customers outside the U.S.

Micropump. Micropump, headquartered in Vancouver, Washington, is a leader in small, precision-engineered, magnetically and electromagnetically driven rotary gear, piston and centrifugal pumps. Micropump products are used in low-flow abrasive and corrosive applications. Micropump products primarily serve the continuous ink-jet printing, medical equipment, chemical processing, pharmaceutical, refining, laboratory, electronics, textiles, peristaltic metering pumps, analytical process controllers and sample preparation systems markets. Approximately 76% of Micropump's 2016 sales were to customers outside the U.S.

Material Processing Technologies. Material Processing Technologies consists of the Company's Quadro, Fitzpatrick, Microfluidics, and Matcon businesses. Quadro is a leading provider of particle control solutions for the pharmaceutical and bio-pharmaceutical markets. Based in Waterloo, Canada, Quadro's core capabilities include fine milling, emulsification and special handling of liquid and solid particulates for laboratory, pilot phase and production scale processing. Fitzpatrick is a global leader in the design and manufacture of process technologies for the pharmaceutical, food and personal care markets. Fitzpatrick designs and manufactures customized size reduction, roll compaction and drying systems to support their customers' product development and manufacturing processes. Fitzpatrick is headquartered in Elmhurst, Illinois. Microfluidics is a global leader in the design and manufacture of laboratory and commercial equipment used in the production of micro and nano scale materials for the pharmaceutical and chemical markets. Microfluidics is the exclusive producer of the Microfluidizer family of high shear fluid processors for uniform particle size reduction, robust cell disruption and nanoparticle creation. Microfluidics is based in Waterloo, Canada and has offices in Newton, Massachusetts. Matcon is a global leader in material processing solutions for high value powders used in the manufacture of pharmaceuticals, food, plastics, and fine chemicals.

Matcon's innovative products consist of the original cone valve powder discharge system and filling, mixing and packaging systems, all of which support its customers' automation and process requirements. These products are critical to its customers' need to maintain clean, reliable and repeatable formulations of prepackaged foods and pharmaceuticals while helping them achieve lean and agile manufacturing. Matcon is located in Evesham, England. Approximately 63% of Material Processing Technologies' 2016 sales were to customers outside the U.S.

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FIRE & SAFETY/DIVERSIFIED PRODUCTS SEGMENT

The Fire & Safety/Diversified Products segment produces firefighting pumps and controls, apparatus valves, monitors, nozzles, rescue tools, lifting bags and other components and systems for the fire and rescue industry, engineered stainless steel banding and clamping devices used in a variety of industrial and commercial applications, and precision equipment for dispensing, metering and mixing colorants and paints used in a variety of retail and commercial businesses around the world.

The Fire & Safety/Diversified Products segment accounted for 25%, 21% and 23% of IDEX's sales in 2016, 2015 and 2014, respectively, with approximately 51% of its 2016 sales to customers outside the U.S. The segment accounted for 25%, 24% and 26% of IDEX's operating income in 2016, 2015 and 2014, respectively.

Fire & Safety. Fire & Safety consists of the Company's Class 1, Hale, Godiva, Akron Brass, AWG Fittings, Dinglee, Hurst Jaws of Life, Lukas, and Vetter businesses, which produce truck-mounted and portable fire pumps, stainless steel valves, monitors, apparatus valves, nozzles, foam and compressed air foam systems, pump modules and pump kits, electronic controls and information systems, conventional and networked electrical systems, mechanical components for the fire, rescue and specialty vehicle markets, hydraulic, battery, gas and electric-operated rescue equipment, hydraulic re-railing equipment, hydraulic tools for industrial applications, recycling cutters, pneumatic lifting and sealing bags for vehicle and aircraft rescue, environmental protection and disaster control, and shoring equipment for vehicular or structural collapse. Fire & Safety's customers are OEMs as well as public and private fire and rescue organizations. Fire & Safety maintains facilities in Ocala, Florida (Class 1 and Hale products); Warwick, England (Godiva products); Wooster and Columbus, Ohio (Akron Brass and Weldon products); Ballendorf, Germany (AWG Fittings products); Shelby, North Carolina (Hurst Jaws of Life products); Tianjin, China (Dinglee products); Erlangen, Germany (Lukas products); and Zulpich, Germany (Vetter products). Approximately 48% of Fire & Safety's 2016 sales were to customers outside the U.S.

Band-It. Band-It is a leading producer of high-quality stainless steel banding, buckles and clamping systems. The BAND-IT brand is highly recognized worldwide. Band-It products are used for securing exhaust system heat and sound shields, industrial hose fittings, traffic signs and signals, electrical cable shielding, identification and bundling, and in numerous other industrial and commercial applications. Band-It products primarily serve the automotive, transportation equipment, oil & gas, general industrial maintenance, electronics, electrical, communications, aerospace, utility, municipal and subsea marine markets. Band-It is based in Denver, Colorado, with additional operations in Staveley, England. Approximately 38% of Band-It's 2016 sales were to customers outside the U.S.

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Dispensing. Dispensing produces precision equipment for dispensing, metering and mixing colorants and paints used in a variety of retail and commercial businesses around the world. Dispensing is a global supplier of precision-designed tinting, mixing, dispensing and measuring equipment for auto refinishing and architectural paints. Dispensing products are used in retail and commercial stores, hardware stores, home centers, department stores, automotive body shops as well as point-of-purchase dispensers. Dispensing maintains facilities in Sassenheim, The Netherlands; Wheeling, Illinois; Unanderra, Australia; and Milan, Italy, as well as IDEX shared manufacturing facilities in India and China. Approximately 65% of Dispensing's 2016 sales were to customers outside the U.S.

INFORMATION APPLICABLE TO THE COMPANY'S BUSINESS IN GENERAL AND ITS SEGMENTS Competitors

The Company's businesses participate in highly competitive markets. IDEX believes that the principal points of competition are product quality, price, design and engineering capabilities, product development, conformity to customer specifications, quality of post-sale support, timeliness of delivery, and effectiveness of our distribution channels.

Principal competitors of the Fluid & Metering Technologies segment are the Pump Solutions Group (Maag, Blackmer and Wilden products) of Dover Corporation (with respect to pumps and small horsepower compressors used in liquified petroleum gas distribution facilities, rotary gear pumps, and air-operated double-diaphragm pumps); Milton Roy LLC (with respect to metering pumps and controls); and Tuthill Corporation (with respect to rotary gear pumps). Principal competitors of the Health & Science Technologies segment are the Thomas division of Gardner Denver, Inc. (with respect to vacuum pumps and compressors); Thermo Scientific Dionex products (with respect to analytical instrumentation); Parker Hannifin (with respect to sealing devices); Valco Instruments Co., Inc. (with respect to fluid injectors and valves); and Gooch & Housego PLC (with respect to electro-optic and precision photonics solutions used in the life sciences market).

The principal competitors of the Fire & Safety/Diversified Products segment are Waterous Company, a unit of American Cast Iron Pipe Company (with respect to truck-mounted firefighting pumps); Holmatro, Inc. (with respect to rescue tools); Corob S.p.A. (with respect to dispensing and mixing equipment for the paint industry); and Panduit Corporation (with respect to stainless steel bands, buckles and clamping systems).

Customers

The principal customers for our products are discussed immediately above by product category in each segment. None of our customers in 2016 accounted for more than two percent of net sales.

Employees

At December 31, 2016, the Company had 7,158 employees. Approximately 9% of employees were represented by labor unions, with various contracts expiring through June 2020. Management believes that the Company has a positive relationship with its employees. The Company historically has been able to renegotiate its collective bargaining agreements satisfactorily, with its last work stoppage in March 1993.

Suppliers

The Company manufactures many of the parts and components used in its products. Substantially all materials, parts and components purchased by the Company are available from multiple sources.

Inventory and Backlog

The Company regularly and systematically adjusts production schedules and quantities based on the flow of incoming orders. Backlogs typically are limited to one to one and a half months of production. While total inventory levels also may be affected by changes in orders, the Company generally tries to maintain relatively stable inventory levels based on its assessment of the requirements of the various industries served.

Raw Materials

The Company uses a wide variety of raw materials which are generally available from a number of sources. As a result, shortages from any single supplier have not had, and are not likely to have a material impact on operations.

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Shared Services

The Company has production facilities in Suzhou, China and Vadodara, India that support multiple business units. IDEX also has personnel in China, India, Dubai, Mexico, Latin America and Singapore that provide sales and marketing, product design and engineering, and sourcing support to its business units, as well as personnel in various locations in South America, the Middle East, Korea and Japan to support sales and marketing efforts of IDEX businesses in those regions.

Segment Information

For segment financial information for the years 2016, 2015 and 2014, including financial information about foreign and domestic sales and operations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 11 of the Notes to Consolidated Financial Statements in Part II, Item 8, “Financial Statements and Supplementary Data.”

Executive Officers of the Registrant

Set forth below are the names of the executive officers of the Company, their ages, years of service, the positions held by them, and their business experience during the past five years.

Name	Age	Years of Service	Position
Andrew K. Silvernail	46	8	Chairman of the Board and Chief Executive Officer
William K. Grogan	38	5	Senior Vice President and Chief Financial Officer
Eric D. Ashleman	49	8	Senior Vice President and Chief Operating Officer
Denise R. Cade	54	1	Senior Vice President, General Counsel and Corporate Secretary
Daniel J. Salliotte	50	12	Senior Vice President-Corporate Strategy, Mergers & Acquisitions and Treasury
Michael J. Yates	51	11	Vice President and Chief Accounting Officer
Jeffrey D. Bucklew	46	5	Senior Vice President-Chief Human Resources Officer
James MacLennan	53	5	Senior Vice President-Chief Information Officer

Mr. Silvernail has served as Chief Executive Officer since August 2011 and as Chairman of the Board since January 2012. Prior to that, Mr. Silvernail was Vice President-Group Executive Health & Science Technologies, Global Dispensing and Fire & Safety/Diversified Products from January 2011 to August 2011. From February 2010 to December 2010, Mr. Silvernail was Vice President-Group Executive Health & Sciences Technologies and Global Dispensing. Mr. Silvernail joined IDEX in January 2009 as Vice President-Group Executive Health & Science Technologies.

Mr. Grogan has served as Senior Vice President and Chief Financial Officer since January 2017. Prior to that, Mr. Grogan served as Vice President of Finance, Operations from July 2015 through January 2017. From January 2012 through July 2015, Mr. Grogan was Vice President-Finance for the Company’s Health & Science Technologies and Fire & Safety/Diversified Products segments.

Mr. Ashleman has served as Senior Vice President and Chief Operating Officer since July 2015. Prior to that, Mr. Ashleman served as the Vice President-Group Executive of the Company’s Health & Science Technologies and Fire & Safety/Diversified Products segments from January 2014 through July 2015 and President-Group Executive of the Company’s Fire & Safety/Diversified Products segment from 2011 through January 2014. Mr. Ashleman joined IDEX in 2008 as the President of Gast Manufacturing.

Ms. Cade has served as Senior Vice President, General Counsel and Corporate Secretary since joining IDEX in October 2015. Prior to joining IDEX, Ms. Cade was Senior Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer for SunCoke Energy, Inc. from March 2011 to October 2015 and held various roles at PPG Industries before joining SunCoke.

Mr. Salliotte has served as Senior Vice President-Corporate Strategy, Mergers & Acquisitions and Treasury since February 2011. Mr. Salliotte joined IDEX in October 2004 as Vice President-Strategy and Business Development.

Mr. Yates has served as Vice President and Chief Accounting Officer since February 2010, and served as interim Chief Financial Officer from September 2016 to December 2016. Mr. Yates joined IDEX as Vice President-Controller

in October 2005.

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Mr. Bucklew has served as the Senior Vice President-Chief Human Resources Officer since joining IDEX in March 2012. Prior to joining IDEX, Mr. Bucklew served as the Vice President of Human Resources for Accretive Health from March 2009 to March 2012.

Mr. MacLennan has served as the Senior Vice President-Chief Information Officer since joining IDEX in March 2012. Prior to joining IDEX, Mr. MacLennan had a dual role as CIO for Pactiv LLC and Vice President of IT for Reynolds Services Inc.

The Company's executive officers are elected at a meeting of the Board of Directors immediately following the annual meeting of stockholders, and they serve until the meeting of the Board immediately following the next annual meeting of stockholders, or until their successors are duly elected and qualified or until their death, resignation or removal.

Public Filings

Copies of the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are made available free of charge at www.idexcorp.com as soon as reasonably practicable after being filed electronically with the United States Securities and Exchange Commission (the "SEC"). Our reports are also available free of charge on the SEC's website, www.sec.gov. Information on the Company's website is not incorporated into this Form 10-K.

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Item 1A. Risk Factors.

For an enterprise as diverse and complex as the Company, a wide range of factors present risks to the Company and could materially affect future developments and performance. In addition to the factors affecting specific business operations identified in connection with the description of our operations and the financial results of our operations elsewhere in this report, the most significant of these factors are as follows:

Changes in U.S. or International Economic Conditions Could Adversely Affect the Sales and Profitability of Our Businesses.

In 2016, 50% of the Company's sales were derived from domestic operations while 50% were derived from international operations. The Company's largest end markets include life sciences and medical technologies, fire and rescue, oil & gas, paint and coatings, chemical processing, agriculture, water & wastewater treatment and optical filters and components. A slowdown in the U.S. or global economy and, in particular, any of these specific end markets could reduce the Company's sales and profitability.

Change to Political and Economic Conditions in the U.S. and Foreign Countries in Which We Operate Could Adversely Affect Our Business.

In 2016, approximately 50% of our total sales were to customers outside the U.S. We expect our international operations and export sales to continue to be significant for the foreseeable future. Our sales from international operations and our sales from export are both subject in varying degrees to risks inherent in doing business outside the U.S. These risks include the following:

- possibility of unfavorable circumstances arising from host country laws or regulations;
- risks of economic instability;
- currency exchange rate fluctuations and restrictions on currency repatriation;
- potential negative consequences from changes to taxation policies;
- disruption of operations from labor and political disturbances;
- withdrawal from or renegotiation of international trade agreements and other restrictions on the trade between the United States and other countries;
- changes in tariff and trade barriers and import or export licensing requirements; and
- political instability, terrorism, insurrection or war.

Any of these events could have an adverse impact on our business and operations.

Our Inability to Continue to Develop New Products Could Limit Our Sales Growth.

Our ability to continue to grow organically is tied in large part to our ability to continue to develop new products.

Our Growth Strategy Includes Acquisitions and We May Not be Able to Make Acquisitions of Suitable Candidates or Integrate Acquisitions Successfully.

Our historical growth has included, and our future growth is likely to continue to include, acquisitions. We intend to continue to seek acquisition opportunities both to expand into new markets and to enhance our position in existing markets throughout the world. We may not be able to successfully identify suitable candidates, negotiate appropriate acquisition terms, obtain financing needed to consummate those acquisitions, complete proposed acquisitions or successfully integrate acquired businesses into our existing operations. In addition, any acquisition, once successfully integrated, may not perform as planned, be accretive to earnings, or otherwise prove beneficial to us.

Acquisitions involve numerous risks, including the assumption of undisclosed or unindemnified liabilities, difficulties in the assimilation of the operations, technologies, services and products of the acquired companies and the diversion of management's attention from other business concerns. In addition, prior acquisitions have resulted in, and future acquisitions could result in, the incurrence of substantial additional indebtedness and other expenses.

The Markets We Serve are Highly Competitive and this Competition Could Reduce our Sales and Operating Margins. Most of our products are sold in competitive markets. Maintaining and improving our competitive position will require continued investment by us in manufacturing, engineering, quality standards, marketing, customer service and support, and our distribution networks. We may not be successful in maintaining our competitive position. Our competitors may develop

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products that are superior to our products, or may develop methods of more efficiently and effectively providing products and services or may adapt more quickly than us to new technologies or evolving customer requirements. Pricing pressures may require us to adjust the prices of our products to stay competitive. We may not be able to compete successfully with our existing competitors or with new competitors. Failure to continue competing successfully could reduce our sales, operating margins and overall financial performance.

We are Dependent on the Availability of Raw Materials, Parts and Components Used in Our Products.

While we manufacture certain parts and components used in our products, we require substantial amounts of raw materials and purchase some parts and components from suppliers. The availability and prices for raw materials, parts and components may be subject to curtailment or change due to, among other things, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. Any change in the supply of, or price for, these raw materials or parts and components could materially affect our business, financial condition, results of operations and cash flow.

Significant Movements in Foreign Currency Exchange Rates May Harm Our Financial Results.

We are exposed to fluctuations in foreign currency exchange rates, particularly with respect to the Euro, Swiss Franc, Canadian Dollar, British Pound, Indian Rupee and Chinese Renminbi. Any significant change in the value of the currencies of the countries in which we do business against the U.S. Dollar could affect our ability to sell products competitively and control our cost structure, which could have a material adverse effect on our results of operations. For additional detail related to this risk, see Part II, Item 7A, "Quantitative and Qualitative Disclosure About Market Risk."

Fluctuations in Interest Rates Could Adversely Affect Our Results of Operations and Financial Position.

Our profitability may be adversely affected during any periods of unexpected or rapid increases in interest rates. We maintain a revolving credit facility, which bears interest at either an alternate base rate or an adjusted LIBOR rate plus, in each case, an applicable margin based on the Company's senior, unsecured, long-term debt rating. A significant increase in LIBOR would significantly increase our cost of borrowings. For additional detail related to this risk, see Part II, Item 7A, "Quantitative and Qualitative Disclosure About Market Risk."

An Unfavorable Outcome of Any of Our Pending Contingencies or Litigation Could Adversely Affect Us.

We currently are involved in legal and regulatory proceedings. Where it is reasonably possible to do so, we accrue estimates of the probable costs for the resolution of these matters. These estimates are developed in consultation with outside counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future operating results for any particular quarter or annual period could be materially affected by changes in our assumptions or the effectiveness of our strategies related to these proceedings. For additional detail related to this risk, see Item 3, "Legal Proceedings."

Our Intangible Assets, Including Goodwill, are a Significant Portion of Our Total Assets and a Write-off of Our Intangible Assets or Goodwill Would Adversely Impact Our Operating Results and Significantly Reduce Our Net Worth.

Our total assets reflect substantial intangible assets, primarily goodwill and identifiable intangible assets. At December 31, 2016, goodwill and intangible assets totaled \$1,632.6 million and \$435.5 million, respectively. These assets result from our acquisitions, representing the excess of the purchase price over the fair value of the tangible net assets we have acquired. Annually, or when certain events occur that require a more current valuation, we assess whether there has been an impairment in the value of our goodwill and identifiable intangible assets. If future operating performance at one or more of our reporting units were to fall significantly below forecasted levels, we could be required to reflect, under current applicable accounting rules, a non-cash charge to operating income for an impairment. Any determination requiring the write-off of a significant portion of our goodwill or identifiable intangible assets would adversely impact our results of operations and net worth. See Note 4 in Part II, Item 8, "Financial Statements and Supplementary Data" for further discussion on goodwill and intangible assets.

A Significant or Sustained Decline in Commodity Prices, Including Oil, Could Negatively Impact the Levels of Expenditures by Certain of Our Customers.

Demand for our products depends, in part, on the level of new and planned expenditures by certain of our customers. The level of expenditures by our customers is dependent on, among other factors, general economic conditions,

availability of credit, economic conditions within their respective industries and expectations of future market behavior. Volatility in commodity prices, including oil, can negatively affect the level of these activities and can result in postponement of capital

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spending decisions or the delay or cancellation of existing orders. The ability of our customers to finance capital investment and maintenance may also be affected by the conditions in their industries. Reduced demand for our products could result in the delay or cancellation of existing orders or lead to excess manufacturing capacity, which unfavorably impacts our absorption of fixed manufacturing costs. This reduced demand could have a material adverse effect on our business, financial condition and results of operations.

Our Success Depends on Our Executive Management and Other Key Personnel.

Our future success depends to a significant degree on the skills, experience and efforts of our executive management and other key personnel and their ability to provide the Company with uninterrupted leadership and direction. The loss of the services of any of our executive officers or a failure to provide adequate succession plans for key personnel could have an adverse impact. The availability of highly qualified talent is limited, and the competition for talent is robust. However, we provide long-term equity incentives and certain other benefits for our executive officers which provide incentives for them to make a long-term commitment to our Company. Our future success will also depend on our ability to have adequate succession plans in place and to attract, retain and develop qualified personnel. A failure to efficiently replace executive management members and other key personnel and to attract, retain and develop new qualified personnel could have an adverse effect on our operations and implementation of our strategic plan.

Our Business Operations May Be Adversely Affected by Information Systems Interruptions or Intrusion.

We depend on various information technologies throughout our Company to administer, store and support multiple business activities. If these systems are damaged, cease to function properly, or are subject to cyber-security attacks, such as those involving unauthorized access, malicious software and/or other intrusions, we could experience production downtimes, operational delays, other detrimental impacts on our operations or ability to provide products and services to our customers, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of our systems or networks, financial losses from remedial actions, loss of business or potential liability, and/or damage to our reputation. While we attempt to mitigate these risks by employing a number of measures, including employee training, technical security controls, and maintenance of backup and protective systems, our systems, networks, products and services remain potentially vulnerable to known or unknown threats, any of which could have a material adverse effect on our business, financial condition or results of operations.

Failure To Comply with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act or Other Applicable Anti-bribery Laws Could Have an Adverse Effect on Our Business.

The U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. Recent years have seen a substantial increase in anti-bribery law enforcement activity with more frequent and aggressive investigations and enforcement proceedings by both the Department of Justice and the SEC, increased enforcement activity by non-U.S. regulators and increases in criminal and civil proceedings brought against companies and individuals. Our policies mandate compliance with all anti-bribery laws. However, we operate in certain countries that are recognized as having governmental and commercial corruption. Our internal control policies and procedures may not always protect us from reckless or criminal acts committed by our employees or third-party intermediaries. Violations of these anti-bribery laws may result in criminal or civil sanctions, which could have a material adverse effect on our business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company's principal plants and offices have an aggregate floor space area of approximately 4.7 million square feet, of which 2.9 million square feet (62%) is located in the U.S. and approximately 1.8 million square feet (38%) is located outside the U.S., primarily in Germany (9%), U.K. (8%), Italy (6%), China (4%), India (3%), Canada (2%) and The Netherlands (2%). Management considers these facilities suitable and adequate for the Company's operations.

Management believes the Company can meet demand increases over the near term with its existing facilities, especially given its operational improvement initiatives that usually increase capacity. The Company's executive office occupies 36,588 square feet of leased space in Lake Forest, Illinois and 4,420 square feet of leased space in Chicago, Illinois.

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Approximately 3.3 million square feet (70%) of the principal plant and office floor area is owned by the Company, and the balance is held under lease. Approximately 1.7 million square feet (36%) of the principal plant and office floor area is held by business units in the Fluid & Metering Technologies segment; 1.4 million square feet (30%) is held by business units in the Health & Science Technologies segment; and 1.3 million square feet (28%) is held by business units in the Fire & Safety/Diversified Products segment. The remaining 0.3 million square feet include the executive office as well as shared services locations.

Item 3. Legal Proceedings.

The Company and six of its subsidiaries are presently named as defendants in a number of lawsuits claiming various asbestos-related personal injuries and seeking money damages, allegedly as a result of exposure to products manufactured with components that contained asbestos. These components were acquired from third party suppliers, and were not manufactured by the Company or any of the defendant subsidiaries. To date, the majority of the Company's settlements and legal costs, except for costs of coordination, administration, insurance investigation and a portion of defense costs, have been covered in full by insurance subject to applicable deductibles. However, the Company cannot predict whether and to what extent insurance will be available to continue to cover its settlements and legal costs, or how insurers may respond to claims that are tendered to them. Claims have been filed in jurisdictions throughout the United States. Most of the claims resolved to date have been dismissed without payment. The balance have been settled for various insignificant amounts. Only one case has been tried, resulting in a verdict for the affected business unit. No provision has been made in the financial statements of the Company for these asbestos-related claims, other than for insurance deductibles in the ordinary course, and the Company does not currently believe these claims will have a material adverse effect on the Company's business, financial position, results of operations or cash flows.

The Company is also party to various other legal proceedings arising in the ordinary course of business, none of which is expected to have a material adverse effect on its financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The principal market for the Company's common stock is the New York Stock Exchange, but the common stock is also listed on the Chicago Stock Exchange. As of February 14, 2017, there were approximately 7,030 stockholders of record of our common stock and there were 76,248,604 shares outstanding.

The high and low sales prices of the common stock per share and the dividends paid per share during the last two years are as follows:

	2016			2015		
	High	Low	Dividends	High	Low	Dividends
First Quarter	\$84.05	\$67.20	\$ 0.32	\$78.85	\$69.44	\$ 0.28
Second Quarter	87.18	77.93	0.34	80.31	73.80	0.32
Third Quarter	95.33	79.91	0.34	79.61	66.88	0.32
Fourth Quarter	95.76	82.05	0.34	79.59	69.40	0.32

Our payment of dividends in the future will be determined by our Board of Directors and will depend on business conditions, our earnings and other factors.

For information pertaining to securities authorized for issuance under equity compensation plans and the related weighted average exercise price, see Part III, Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters."

The Company's purchases of common stock during the quarter ended December 31, 2016 are as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽¹⁾	Maximum Dollar Value that May Yet be Purchased Under the Plans or Programs ⁽¹⁾
October 1, 2016 to October 31, 2016	—	\$ —	—	\$ 580,010,084
November 1, 2016 to November 30, 2016	—	—	—	580,010,084
December 1, 2016 to December 31, 2016	—	—	—	580,010,084
Total	—	\$ —	—	\$ 580,010,084

On December 1, 2015, the Company's Board of Directors approved an increase of \$300.0 million in the authorized level of repurchases of common stock. This followed the prior Board of Directors approved repurchase authorization of \$400.0 million that was announced by the Company on November 6, 2014. These authorizations have no expiration date.

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Performance Graph. The following table compares total stockholder returns over the last five years to the Standard & Poor's (the "S&P") 500 Index, the S&P Midcap Industrials Sector Index and the Russell 2000 Index assuming the value of the investment in our common stock and each index was \$100 on December 31, 2011. Total return values for our common stock, the S&P 500 Index, S&P Midcap Industrials Sector Index and the Russell 2000 Index were calculated on cumulative total return values assuming reinvestment of dividends. The stockholder return shown on the graph below is not necessarily indicative of future performance.

	12/11	12/12	12/13	12/14	12/15	12/16
IDEX Corporation	\$ 100.00	\$ 125.38	\$ 199.00	\$ 209.75	\$ 206.44	\$ 242.68
S&P 500 Index	\$ 100.00	\$ 113.41	\$ 146.98	\$ 163.72	\$ 162.53	\$ 178.02
S&P Midcap 400 Industrials Sector Index	\$ 100.00	\$ 120.51	\$ 171.67	\$ 172.18	\$ 164.81	\$ 209.44
Russell 2000 Index	\$ 100.00	\$ 114.63	\$ 157.05	\$ 162.60	\$ 153.31	\$ 183.17

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(Dollars in thousands, except per share data)	2016	2015	2014	2013	2012	
RESULTS OF OPERATIONS						
Net sales	\$2,113,043	\$2,020,668	\$2,147,767	\$2,024,130	\$1,954,258	
Gross profit	930,767	904,315	949,315	873,364	803,700	
Selling, general and administrative expenses	498,994	479,408	504,419	477,851	444,490	
Loss (gain) on sale of businesses - net	22,298	(18,070)	—	—	—	
Restructuring expenses	3,674	11,239	13,672	—	32,473	
Asset impairments	—	—	—	—	198,519	
Operating income	405,801	431,738	431,224	395,513	128,218	
Other (income) expense - net	(8,327)	(2,243)	(3,111)	178	(236)	
Interest expense	45,616	41,636	41,895	42,206	42,250	
Provision for income taxes	97,403	109,538	113,054	97,914	48,574	
Net income	271,109	282,807	279,386	255,215	37,630	
Earnings per share ⁽²⁾						
— basic	\$3.57	\$3.65	\$3.48	\$3.11	\$0.45	
— diluted	\$3.53	\$3.62	\$3.45	\$3.09	\$0.45	
Weighted average shares outstanding						
— basic	75,803	77,126	79,715	81,517	82,689	
— diluted	76,758	77,972	80,728	82,489	83,641	
Year-end shares outstanding	76,441	76,535	78,766	81,196	82,727	
Cash dividends per share	\$1.36	\$1.28	\$1.12	\$0.89	\$0.80	
FINANCIAL POSITION						
Current assets	\$822,721	\$862,684	\$1,075,791	\$990,953	\$881,865	
Current liabilities	309,158	309,597	411,968	304,609	291,427	
Current ratio	2.7	2.8	2.6	3.3	3.0	
Operating working capital ⁽³⁾	396,739	370,213	366,209	350,881	373,704	
Total assets ⁽⁴⁾	\$3,154,944	\$2,805,443	\$2,903,463	\$2,881,118	\$2,777,821	
Total borrowings ⁽⁴⁾	1,015,281	840,794	859,345	767,417	779,007	
Shareholders' equity	1,543,894	1,443,291	1,486,451	1,572,989	1,464,998	
PERFORMANCE MEASURES AND OTHER DATA						
Percent of net sales:						
Gross profit	44.0	% 44.8	% 44.2	% 43.1	% 41.1	%
Selling, general and administrative expenses	23.6	% 23.7	% 23.5	% 23.6	% 22.7	%
Operating income	19.2	% 21.4	% 20.1	% 19.5	% 6.6	%
Income before income taxes	17.4	% 19.4	% 18.3	% 17.4	% 4.4	%
Net income	12.8	% 14.0	% 13.0	% 12.6	% 1.9	%
Capital expenditures	\$38,242	\$43,776	\$47,997	\$31,536	\$35,520	
Depreciation and amortization	86,892	78,120	76,907	79,334	78,312	
Return on average assets ⁽⁵⁾	9.1	% 9.9	% 9.7	% 9.0	% 1.3	%
Borrowings as a percent of capitalization ⁽⁵⁾	39.7	% 36.8	% 36.6	% 32.8	% 34.7	%
Return on average shareholders' equity ⁽⁵⁾	18.2	% 19.3	% 18.3	% 16.8	% 2.5	%
Employees at year end	7,158	6,801	6,712	6,787	6,717	
Record holders at year end	7,030	6,760	6,500	6,500	6,700	
NON-GAAP MEASURES ⁽⁶⁾						
EBITDA	\$501,020	\$512,101	\$511,242	\$474,669	\$206,766	
EBITDA margin	23.7	% 25.3	% 23.8	% 23.5	% 10.6	%

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Adjusted EBITDA	\$530,546	\$505,270	\$524,914	\$474,669	\$437,758
Adjusted EBITDA margin	25.1	% 25.0	% 24.4	% 23.5	% 22.4
Adjusted operating income	\$435,327	\$424,907	\$444,896	\$395,513	\$359,210
Adjusted operating margin	20.6	% 21.0	% 20.7	% 19.5	% 18.4
Adjusted net income	\$288,373	\$277,229	\$288,823	\$255,215	\$224,067
Adjusted earnings per share	\$3.75	\$3.55	\$3.57	\$3.09	\$2.68

- (1) For additional detail, see Notes to Consolidated Financial Statements in Part II, Item 8, “Financial Statements and Supplementary Data.”
- (2) Calculated by applying the two-class method of allocating earnings to common stock and participating securities as required by Accounting Standards Codification (“ASC”) 260, Earnings Per Share.
- (3) Operating working capital is defined as inventory plus accounts receivable minus accounts payable.
- (4) In the fourth quarter of fiscal year 2015, the Company adopted Accounting Standards Update 2015-03 regarding simplifying the presentation of debt issuance costs. The update was applied retrospectively to all periods presented in accordance with the provisions of the update. Refer to Note 1 for additional information related to ASU 2015-03 in the Notes to Consolidated Financial Statements in Part II, Item 8, “Financial Statements and Supplementary Data.”
- (5) Return on average assets is calculated as: $\text{Net income} / (\text{Current year Total assets} + \text{Prior year Total assets}) / 2$;
Borrowings as a percent of capitalization is calculated as: $(\text{Long-term borrowings} + \text{Short-term borrowings}) / (\text{Long-term borrowings} + \text{Short-term borrowings} + \text{Total shareholders' equity})$;
Return on average shareholders' equity is calculated as $\text{Net Income} / (\text{Current year Total shareholders' equity} + \text{Prior year Total shareholders' equity}) / 2$

- (6) Set forth below are reconciliations of Adjusted operating income, Adjusted net income, Adjusted EPS, EBITDA and Adjusted EBITDA to the comparable measures of net income and operating income, as determined in accordance with generally accepted accounting principles in the U.S. (“U.S. GAAP”). We have reconciled Adjusted operating income to Operating income; Adjusted net income to Net income; Adjusted EPS to EPS; consolidated EBITDA, segment EBITDA, adjusted EBITDA, and adjusted segment EBITDA to net income. The reconciliation of segment EBITDA to net income was performed on a consolidated basis due to the fact that we do not allocate consolidated interest expense or the consolidated provision for income taxes to our segments.

Management uses Adjusted operating income, Adjusted net income, and Adjusted EPS as metrics by which to measure performance of the Company since they exclude items that are not reflective of ongoing operations, such as gains/losses on the sale of businesses, restructuring expenses, and pension settlements. Management also supplements its U.S. GAAP financial statements with adjusted information to provide investors with greater insight, transparency, and a more comprehensive understanding of the information used by management in its financial and operational decision making.

EBITDA means earnings before interest, income taxes, depreciation and amortization. Given the acquisitive nature of the Company which results in a higher level of amortization expense from recently acquired businesses, management uses EBITDA as an internal operating metric to provide another representation of the businesses' performance across our three segments and for enterprise valuation purposes. EBITDA is also used to calculate certain financial covenants, as discussed in Note 5 of the Notes to Consolidated Financial Statements in Part II, Item 8, “Financial Statements and Supplementary Data.” In addition, EBITDA has been adjusted for items that are not reflective of ongoing operations, such as gains/losses on the sale of businesses, restructuring expenses, and pension settlements to arrive at Adjusted EBITDA. Management believes that Adjusted EBITDA is useful as a performance indicator of ongoing operations. We believe that Adjusted EBITDA is also useful to some investors as an indicator of the strength and performance of the Company and its segments' ongoing business operations and a way to evaluate and compare operating performance and value companies within our industry. The definition of Adjusted EBITDA used here may differ from that used by other companies.

The non-GAAP financial measures disclosed by the Company should not be considered a substitute for, or superior to, financial measures prepared in accordance with U.S. GAAP. The financial results prepared in accordance with U.S. GAAP and the reconciliations from these results should be carefully evaluated.

1. Reconciliations of Consolidated EBITDA

	For the Years Ended December 31,					
	2016	2015	2014	2013	2012	
	(In thousands)					
Net income	\$271,109	\$282,807	\$279,386	\$255,215	\$37,630	
+ Provision for income taxes	97,403	109,538	113,054	97,914	48,574	
+ Interest expense	45,616	41,636	41,895	42,206	42,250	
+ Depreciation and amortization	86,892	78,120	76,907	79,334	78,312	
EBITDA	501,020	512,101	511,242	474,669	206,766	
+ Restructuring expenses	3,674	11,239	13,672	—	32,473	
+ Loss (gain) on sale of businesses - net	22,298	(18,070)	—	—	—	
+ Pension settlement	3,554	—	—	—	—	
+ Asset impairments	—	—	—	—	198,519	
Adjusted EBITDA	\$530,546	\$505,270	\$524,914	\$474,669	\$437,758	
Net sales	\$2,113,043	\$2,020,668	\$2,147,767	\$2,024,130	\$1,954,258	
EBITDA margin	23.7	% 25.3	% 23.8	% 23.5	% 10.6	%
Adjusted EBITDA margin	25.1	% 25.0	% 24.4	% 23.5	% 22.4	%

2. Reconciliations of Segment EBITDA

	For the Years Ended December 31,								
	2016			2015			2014		
	FMT	HST	FSDP	FMT	HST	FSDP	FMT	HST	FSDP
	(In thousands)								
EBITDA	\$242,892	\$200,980	\$135,400	\$233,008	\$200,953	\$123,249	\$243,899	\$196,019	\$138,000
+ Restructuring expenses	932	1,117	1,425	7,090	3,408	576	6,413	4,912	1,034
+ Pension settlement	2,032	—	540	—	—	—	—	—	—
Adjusted EBITDA	\$245,856	\$202,097	\$137,365	\$240,098	\$204,361	\$123,825	\$250,312	\$200,931	\$139,100
Net sales	\$849,101	\$744,809	\$520,009	\$860,792	\$738,996	\$423,915	\$899,588	\$752,021	\$502,740
EBITDA margin	28.6	% 27.0	% 26.0	% 27.1	% 27.2	% 29.1	% 27.1	% 26.1	% 27.5
Adjusted EBITDA margin	29.0	% 27.1	% 26.4	% 27.9	% 27.7	% 29.2	% 27.8	% 26.7	% 27.7

3. Reconciliations of Consolidated Reported-to-Adjusted Operating Income and Margin

	For the Years Ended December 31,				
	2016	2015	2014	2013	2012
	(In thousands)				
Operating income	\$405,801	\$431,738	\$431,224	\$395,513	\$128,218

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+ Restructuring expenses	3,674	11,239	13,672	—	32,473	
+ Loss (gain) on sale of businesses - net	22,298	(18,070)	—	—	—	
+ Asset impairments	—	—	—	—	198,519	
+ Pension settlement	3,554	—	—	—	—	
Adjusted operating income	\$435,327	\$424,907	\$444,896	\$395,513	\$359,210	
Net sales	\$2,113,043	\$2,020,668	\$2,147,767	\$2,024,130	\$1,954,258	
Operating margin	19.2	% 21.4	% 20.1	% 19.5	% 6.6	%
Adjusted operating margin	20.6	% 21.0	% 20.7	% 19.5	% 18.4	%

4. Reconciliations of Segment Reported-to-Adjusted Operating Income and Margin

	For the Years Ended December 31,								
	2016			2015			2014		
	FMT	HST	FSDP	FMT	HST	FSDP	FMT	HST	FSDP
Operating income	\$214,242	\$153,722	\$121,888	\$204,506	\$157,948	\$115,745	\$216,886	\$152,999	\$130,490
+ Restructuring expenses	932	1,117	1,425	7,090	3,408	576	6,413	4,912	1,034
+ Pension settlement	2,032	—	540	—	—	—	—	—	—
Adjusted operating income	\$217,206	\$154,839	\$123,853	\$211,596	\$161,356	\$116,321	\$223,299	\$157,911	\$131,524
Net sales	\$849,101	\$744,809	\$520,009	\$860,792	\$738,996	\$423,915	\$899,588	\$752,021	\$502,740
Operating margin	25.2	% 20.6	% 23.4	% 23.8	% 21.4	% 27.3	% 24.1	% 20.3	% 26.0
Adjusted operating margin	25.6	% 20.8	% 23.8	% 24.6	% 21.8	% 27.4	% 24.8	% 21.0	% 26.2

5. Reconciliations of Reported-to-Adjusted Net Income and EPS

	For the Years Ended December 31,				
	2016	2015	2014	2013	2012
Net income	\$271,109	\$282,807	\$279,386	\$255,215	\$37,630
+ Restructuring expenses	3,674	11,239	13,672	—	32,473
+ Tax impact on restructuring expenses	(1,299)	(3,586)	(4,235)	—	(9,547)
+ Loss (gain) on sale of businesses	22,298	(18,070)	—	—	—
+ Tax impact on loss (gain) on sale of businesses	(9,706)	4,839	—	—	—
+ Asset impairments	—	—	—	—	198,519
+Tax impact on asset impairments	—	—	—	—	(35,008)
+ Pension settlement	3,554	—	—	—	—

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+ Tax impact on pension settlement	(1,257)	—	—	—	—
Adjusted net income	\$288,373	\$277,229	\$288,823	\$255,215	\$224,067
EPS	\$3.53	\$3.62	\$3.45	\$3.09	\$0.45
+ Restructuring expenses	0.05	0.14	0.17	—	0.39
+ Tax impact on restructuring expenses	(0.02)	(0.04)	(0.05)	—	(0.11)
+ Loss (gain) on sale of businesses	0.29	(0.23)	—	—	—
+ Tax impact on loss (gain) on sale of businesses	(0.13)	0.06	—	—	—
+ Asset impairments	—	—	—	—	2.37
+Tax impact on asset impairments	—	—	—	—	(0.42)
+ Pension settlement	0.05	—	—	—	—
+ Tax impact on pension settlement	(0.02)	—	—	—	—
Adjusted EPS	\$3.75	\$3.55	\$3.57	\$3.09	\$2.68
Diluted weighted average shares	76,758	77,972	80,728	82,489	83,641

6. Reconciliations of EBITDA to Net Income (dollars in thousands)

	For the Year Ended December 31, 2016				
	FMT	HST	FSDP	Corporate	IDEX
Operating income (loss)	\$214,242	\$153,722	\$121,888	\$(84,051)	\$405,801
- Other (income) expense - net	(192)	(1,960)	(1,556)	(4,619)	(8,327)
+ Depreciation and amortization	28,458	45,298	11,956	1,180	86,892
EBITDA	242,892	200,980	135,400	(78,252)	501,020
- Interest expense					