

# Barclays Industrial Select Conference

Jim Lico | President & CEO

# FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES



Statements in this presentation that are not strictly historical, statements regarding the Company's anticipated earnings, business and acquisition opportunities, anticipated revenue growth, anticipated operating margin expansion, anticipated cash flow, economic conditions, future prospects, and any other statements identified by their use of words like “anticipate,” “expect,” “believe,” “outlook,” “guidance,” or “will” or other words of similar meaning are “forward-looking” statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things: deterioration of or instability in the economy, the markets we serve and the financial markets, contractions or lower growth rates and cyclicalities of markets we serve, competition, changes in industry standards and governmental regulations, our ability to successfully identify, consummate, integrate and realize the anticipated value of appropriate acquisitions and successfully complete divestitures and other dispositions, our ability to develop and successfully market new products, software, and services and expand into new markets, the potential for improper conduct by our employees, agents or business partners, contingent liabilities relating to acquisitions and divestitures, impact of changes to tax laws, our compliance with applicable laws and regulations and changes in applicable laws and regulations, risks relating to international economic, political, legal, compliance and business factors, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, the impact of our debt obligations on our operations, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, our ability to adequately protect our intellectual property rights, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, our relationships with and the performance of our channel partners, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, security breaches or other disruptions of our information technology systems, adverse effects of restructuring activities, labor matters, disruptions relating to man-made and natural disasters, impact on changes to tax laws, impact of our separation from Danaher on our operations or financial results, and impact of our indemnification obligation to Danaher. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2016. These forward-looking statements speak only as of the date of this presentation and Fortive does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

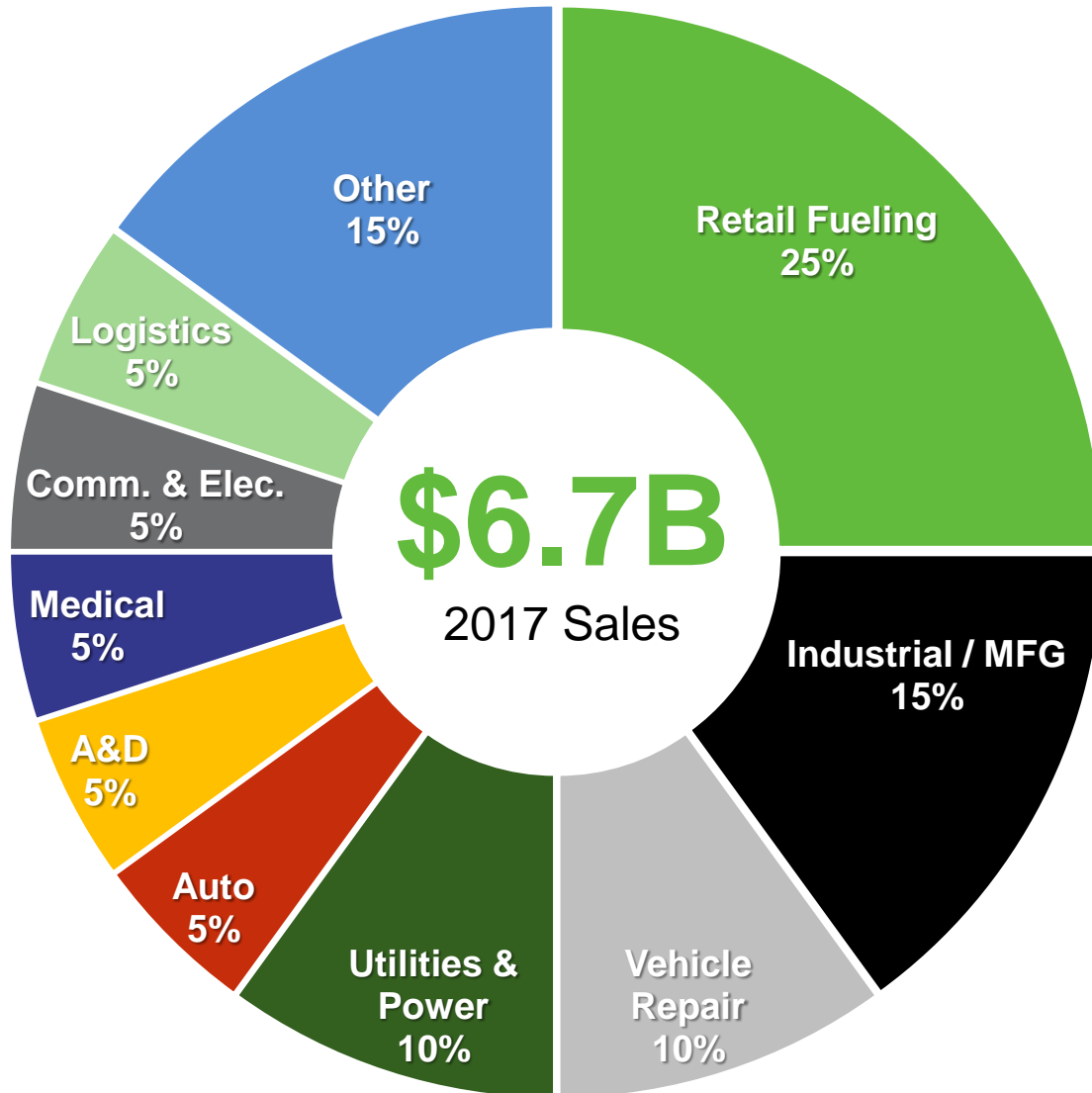
This presentation contains references to “adjusted diluted net earnings per share,” “core revenue growth,” “core operating margin expansion (core OMX),” “free cash flow,” and “free cash flow conversion” which are, in each case, not presented in accordance with generally accepted accounting principles (“GAAP”).

Information required by Regulation G with respect to such non-GAAP financial measures can be found in the “Investors” section our web site, [www.fortive.com](http://www.fortive.com), under the heading “Financial Information” and subheading “Quarterly Earnings.”

The historical non-GAAP financial measures should not be considered in isolation or as a substitute for the GAAP financial measures but should instead be read in conjunction with the corresponding GAAP financial measures.

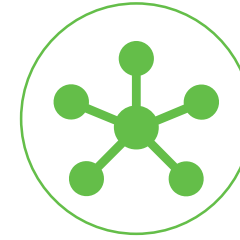
Based on guidance provided by the SEC, the Company has made a reasonable estimate of the effects of the recent tax reform. These estimated amounts are provisional and are subject to adjustment.

# DIVERSIFIED PORTFOLIO WITH STRONG SECULAR TRENDS



Estimated end-market split based on 2017 sales

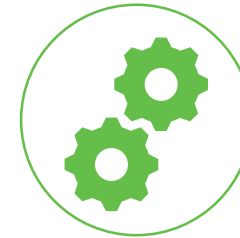
## Secular Trends



Connected devices, software/SaaS, advanced analytics, condition-based monitoring



Digitalization/increasing vehicle complexity



Productivity, safety and security requirements



Increasing regulatory environment

**Portfolio Positioned to Accelerate Growth in Attractive Verticals**

# OUR SHARED PURPOSE

Essential technology for the people who accelerate progress.

**We build  
extraordinary teams  
for extraordinary results**

**Customer success  
inspires our innovation**



**We compete  
for shareholders**

**Kaizen  
is our way of life**

**Well Situated to Build an Enduring Culture**

# FBS DRIVES OUR BUSINESS

## Core Value Drivers

### Shareholders

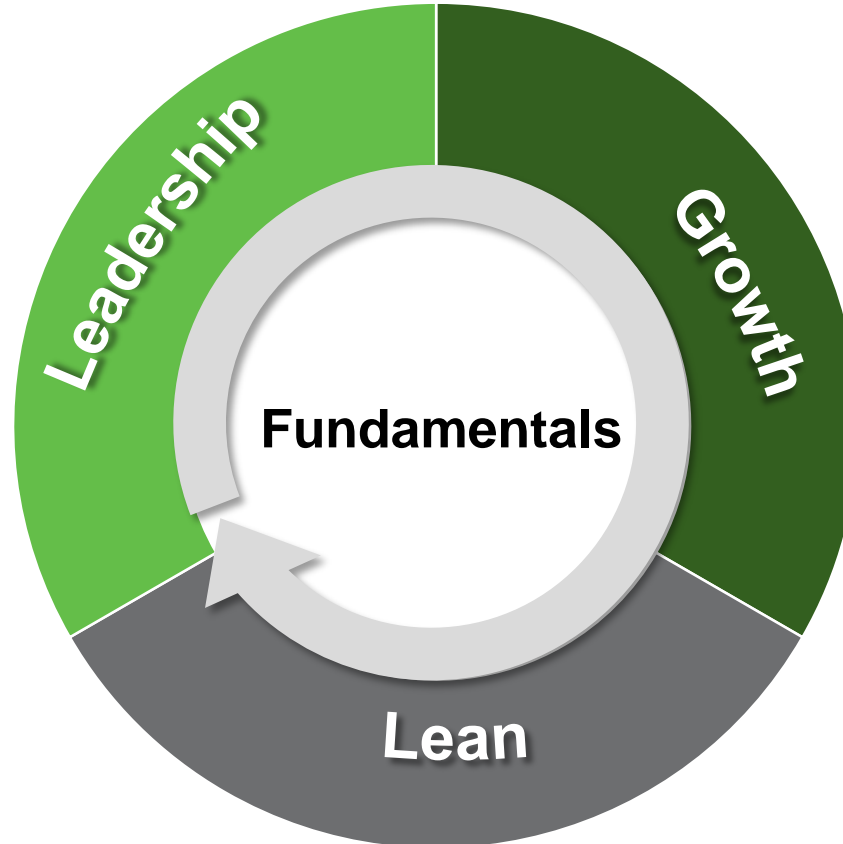
- Core Growth
- Cash Flow
- OMX
- ROIC

### Customers

- Quality (External PPM)
- On-time Delivery

### Employees

- Internal fill rate
- Turnover



## FBS Selected Tools

### Growth Tools

- Voice of Customer
- Speed Design Review
- Lean Software
- Transformative Marketing
- Funnel Management
- Digital Marketing

### Lean Tools

- Lean Conversion
- Fortive Materials System
- Fortive Reliability System

### Leadership

- Policy Deployment
- Accelerated Leadership Program
- Talent for Growth process

Note: "OMX" is Operating Margin Expansion; "WC" is Working Capital

**FBS is the Cornerstone of our Culture and Competitive Advantage**

# KEY GROWTH DRIVERS



# 2017 STRATEGIC PRIORITIES

## Financial Outperformance

**4.5% Core Revenue Growth**  
**15% Adj Diluted Net EPS Growth**  
**Lowered ETR by over 500bps<sup>(1)</sup>**  
**107% FCF Conversion<sup>(1)</sup>**



(1) Excludes estimated provisional tax reform adjustments

## Accelerate Growth

**Innovation / NPIs**  
**Market Share Gains**



## Enhance Portfolio / Digital IOT

**\$1.6B<sup>(2)</sup>**



(2) Capital deployment towards strategic acquisitions

## High Growth Markets

**+150bps<sup>(3)</sup>**  
**+Double Digit Revenue Growth**

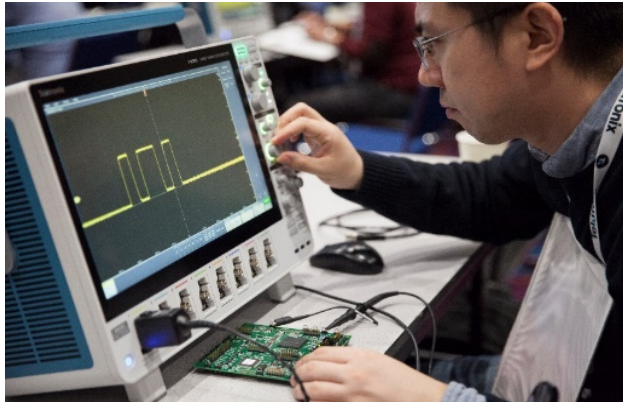


(3) Increase in HGM mix as a percentage of total sales



# FBS DRIVES OUTPERFORMANCE

## Market Leading Innovation



## Market Share Gain (FY17)



Because Motion Matters™



Accelerating Growth Via FBS



# ENHANCE PORTFOLIO GROWTH

## \$5 BILLION AVAILABLE M&A CAPACITY



### Professional Instrumentation

- Mobile Worker
- Maintenance Workflow
- IoT / Sensor Proliferation
- Enabling Technology / Product Realization



### Industrial Technologies

- Autonomous Vehicles / Vehicle as a Mobile Device
- Urbanization / Smart City
- Smart Factory



### Attractive Megatrends

- Aging Population / Health
- Food / Water Sustainability
- Economy of Convenience / Supply Chain
- Environmental Stewardship

# SMART CAPITAL DEPLOYMENT

~\$1.8B

Strong free cash flow fuels M&A: \$1.8B deployed since spin on six strategic acquisitions that support digital strategy and enhance our portfolio

~\$430M

Approximately \$430M in revenue\* acquired: +MSD/HSD market growth; accretive recurring revenue profile

10% ROIC  
Yr 3

10% ROIC  
Yr 5+

ROIC of 10% in less than three years on ~55% of capital deployed  
ROIC of 10% in just over five years on Landauer acquisition

Field  
Solutions

**INDUSTRIAL  
SCIENTIFIC**

65%  
RR

**LANDAUER®**

90%  
RR

**Cemaint™**  
A Fluke Company

100%  
RR

**SCHAD™**

Transportation  
Technologies

**ORPAM**

65%  
RR

**GTT™**

GLOBAL TRAFFIC TECHNOLOGIES

Accelerating Strategy - Added 300 bps Recurring Revenue

# THE FORTIVE FORMULA



Note: All financial metrics reflect anticipated annual performance unless otherwise indicated

# INVEST WITH US



**Outstanding Portfolio With Market-leading Brands And Strong Secular Drivers**

**Deep Experience In Fortive Business System Drives Sales Growth, Margin Expansion And Talent Development**

**Strong Capital Structure, Superior FCF Generation, And Proven Playbook That Allows For Substantial M&A To Drive Long-term Value Creation**



**FORTIVE**