

# Baird Global Industrial Conference

Jim Lico | President & CEO

November 5, 2019

# FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

Statements in this presentation that are not strictly historical, statements regarding the Company's business and acquisition opportunities, timing of acquisitions, dispositions and other transactions, anticipated revenue growth, 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, international trade policies and the financial markets, changes in trade relations with China, 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 separate into two independent, publicly traded companies on a timely basis and with the intended benefits, 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, and disruptions relating to man-made and natural disasters. 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, 2018 and our Quarterly Report on Form 10-Q for the quarters ended June 28, 2019 and September 27, 2019. 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 certain information that is calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles ("GAAP"). These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing Fortive's and Newco's financial results. Therefore, these 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. Information required by Regulation G with respect to such non-GAAP financial measures associated with specific periods are provided as an appendix to this presentation.

This presentation is for informational purposes only and shall not constitute, or form a part of, an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities.

# FORTIVE OVERVIEW<sup>(1)</sup>

## Professional Instrumentation

Revenue <sup>(2)</sup>	GM% <sup>(2)</sup>	Adj. Op Margin <sup>(2)</sup>
\$3.7B	>55%	~26%

### Field Solutions







### Product Realization




### Health




### Sensing Tech.






## Industrial Technologies

Revenue	GM%	Adj. Op Margin
\$2.8B	>40%	~20%

### Transportation Tech.



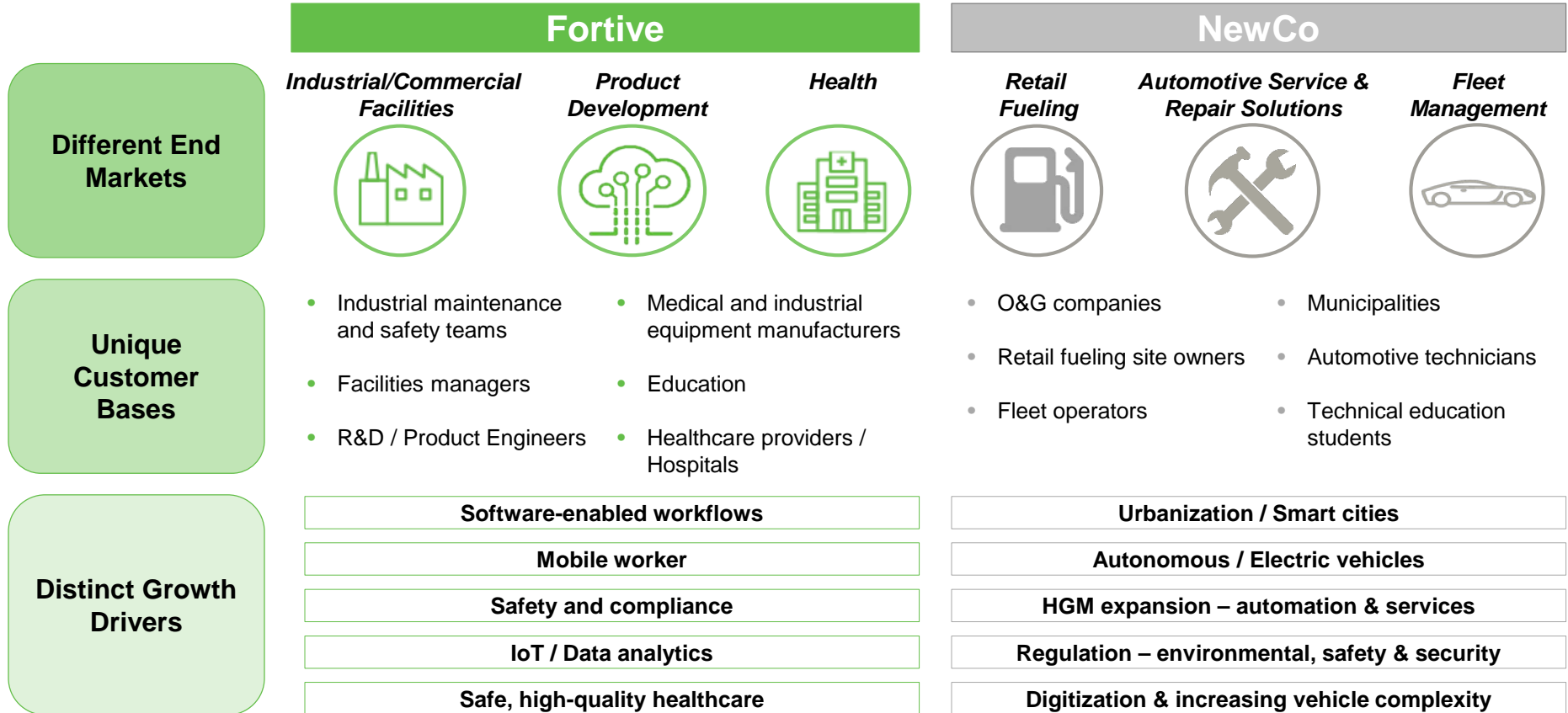



### Franchise Distribution




(1) 2018 figures on a continuing operations basis  
(2) Excludes ASP

# ANNOUNCED SEPARATION CREATES TWO FOCUSED COMPANIES



**Differentiated industrial technology solutions that address mission-critical productivity, safety, and quality needs for our customers**

**Strong free cash flow generation fuels investment in organic innovation and acquisitions to accelerate our strategy**



**Portfolio of leading brands with long-term customer relationships and deep installed bases in key verticals**

**Application of the Fortive Business System supports growth, innovation, margin expansion, and leadership development**



**FORTIVE**

# ADJUSTED OPERATING PROFIT MARGIN RECONCILIATION

Full-Year 2018 on a Continuing Operations Basis excluding ASP

(\$ in millions)

	PI	IT	Corp	Total Fortive
<b><u>Adjusted Revenue (GAAP)</u></b>				
Revenue (GAAP)	3,655.1	2,797.6		6,452.7
Acquisition-Related Fair Value Adjustements to Deferred Revenue	34.4	-		34.4
<b>Adjusted Revenue (Non-GAAP)</b>	<b>3,689.5</b>	<b>2,797.6</b>		<b>6,487.1</b>
<b><u>Adjusted Operating Profit</u></b>				
Operating Profit (GAAP)	749.6	525.6	(96.8)	1,178.4
Acquisition and Other Transaction Costs	67.4	-		67.4
Acquisition-Related Fair Value Adjustements to Deferred Revenue and	34.4			34.4
Amorization of Acquisition-Related Intangible Assets	104.3	30.8		135.1
<b>Adjusted Operating Profit (Non-GAAP)</b>	<b>955.7</b>	<b>556.4</b>	<b>(96.8)</b>	<b>1,415.3</b>
<b><u>Adjusted Operating Profit Margin</u></b>				
Operating Profit (GAAP) Margin	20.30%	18.8%		18.3%
Acquisition and Other Transaction Costs	1.80%	0.0%		1.0%
Acquisition -Related Fair Value Adjustments to Deferred Revenue and Inventory	0.90%	0.0%		0.5%
Amortization of Acquisition-Related Intangible Assets	2.80%	1.1%		2.1%
<b>Adjusted Operating Profit Margin (Non-GAAP)</b>	<b>25.9%</b>	<b>19.9%</b>		<b>21.8%</b>