

# INVESTOR DAY 2021

MAY 19, 2021

# WELCOME



GRIFFIN WHITNEY  
VP, INVESTOR RELATIONS

# FORWARD LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

Statements in this presentation that are not strictly historical, including statements regarding business and acquisition opportunities, timing of acquisitions and other transactions, anticipated financial results, economic conditions, future prospects, anticipated market opportunities, anticipated impact of geopolitical events, and any other statements identified by their use of words like “anticipate,” “expect,” “believe,” “outlook,” “guidance,” “forecast,” 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: the duration and impact of the COVID-19 pandemic, 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 recruit and retain key employees, 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 realize the intended benefits of our separation of Vontier, 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 the phase out of LIBOR, 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, risk related to tax treatment of our separation of Vontier, impact of our indemnification obligation to Vontier, impact of changes to U.S. GAAP, 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, 2020. 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 historical financial measures including, “EBITDA margin” and “free cash flow” which are, in each case, not presented in accordance with generally accepted accounting principles (“GAAP”). Information required by Regulation G with respect to such historical non-GAAP financial measures are provided herewith. We also present forward-looking non-GAAP measures, including “adjusted gross margin,” “adjusted EBITDA margin,” “adjusted operating profit margin,” “free cash flow,” “free cash flow conversion,” “adjusted net income,” “adjusted EPS,” and core revenue growth.” We have not reconciled such forward-looking non-GAAP outlook because any corresponding GAAP measures and the reconciliations thereto would require us to make estimates or assumptions about unidentified and unknown acquisitions, currency exchange rate, and capital investments and similar adjustments during the relevant period.

We completed the divestiture of our Automation and Specialty Business (“A&S Business”) on October 1, 2018, and of our Industrial Technologies segment on October 9, 2020, and accordingly we have treated the results of those businesses for fiscal years 2018 through 2020 as discontinued operations for historical periods. The forward-looking financial outlook in this presentation are presented on continuing operations.

## TODAY'S AGENDA

Welcome	Griffin Whitney, VP Investor Relations
Introduction & CEO Overview	Jim Lico, President & CEO
FBS & Innovation	Kirsten Paust, VP FBS Office; Israel Alguindigue, VP Data Analytics
Advanced Healthcare Solutions	Barbara Hult, SVP Advanced Healthcare Solutions
Precision Technologies	Pat Murphy, SVP Precision Technologies
Break	
Intelligent Operating Solutions	Jim Lico, President & CEO; Justin McElhattan, Group President
Segment Q&A	Jim Lico, President & CEO; Segment Presenters
Sustainability	Pete Underwood, SVP & General Counsel
Human Capital	Stacey Walker, SVP Human Resources
Financial Overview & Outlook	Chuck McLaughlin, SVP & CFO
Q&A	Jim Lico, President & CEO; Chuck McLaughlin, SVP & CFO
Wrap Up	Jim Lico, President & CEO
Adjourn	

# INTRODUCTION & CEO OVERVIEW



JIM LICO  
PRESIDENT & CEO



# OUR SHARED PURPOSE

**We build  
extraordinary teams  
for extraordinary results**

**Customer success  
inspires our innovation**



**We compete  
for shareholders**

**Kaizen  
is our way of life**

**ESSENTIAL TECHNOLOGIES FOR THE PEOPLE WHO ACCELERATE PROGRESS**

## TODAY'S KEY THEMES

- 1** Leading provider of customer-centric workflow solutions that address critical safety and productivity needs
- 2** Strong secular growth drivers + well-positioned brands + expanded innovation capabilities → driving MSD organic growth
- 3** Deploying strong free cash flow to M&A to accelerate strategy and deliver faster compounding and earnings growth
- 4** Fortive Business System (FBS) is the foundation of our culture, the key enabler of competitive advantage, and core to continued value creation throughout the portfolio

# FORTIVE AT A GLANCE

## 2021 Key Metrics\*

**~\$5.2B**  
Revenue

**~38%**  
Recurring Revenue

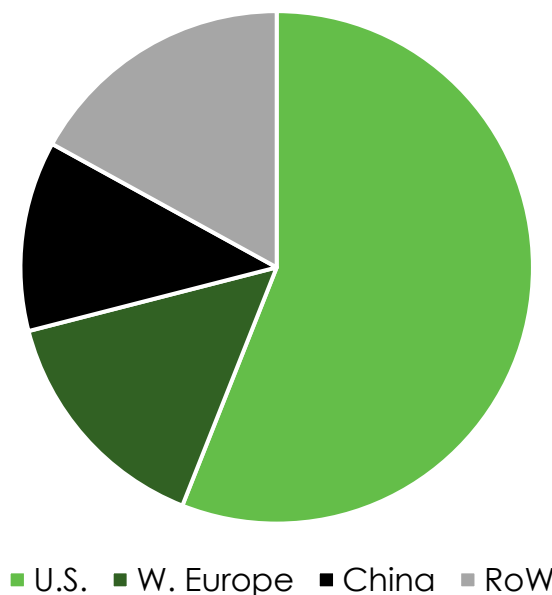
**~58%**  
Adj. Gross  
Margin

**~23%**  
Adj. Operating  
Profit Margin

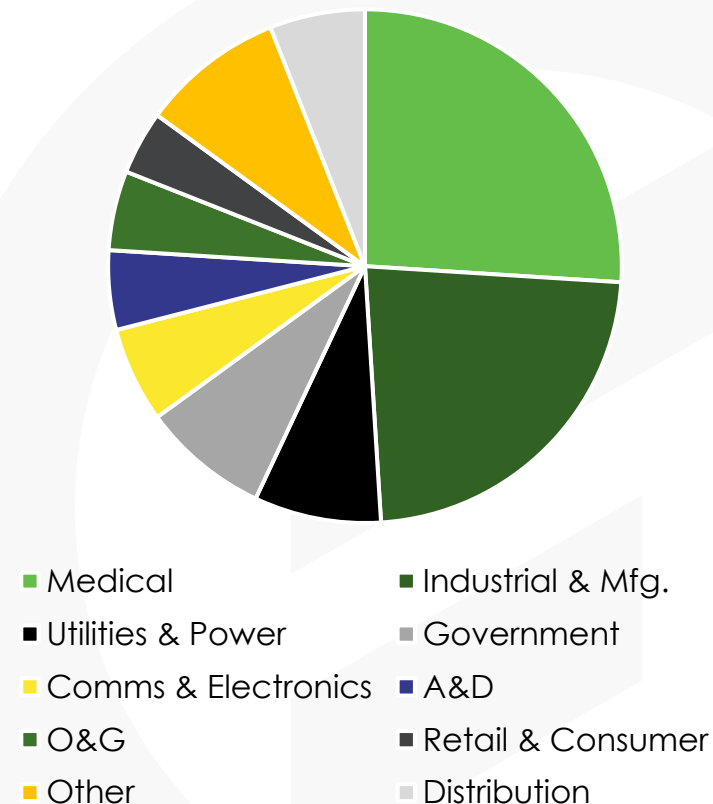
**>105%**  
Free Cash Flow  
Conversion

**~18%**  
FCF  
Margin

## Revenue by Geography\*\*



## Revenue by End Market\*\*



\* Estimated figures based on FY 2021 guidance

\*\* Based on FY 2020 revenues and, with respect to the end market, based on management estimates

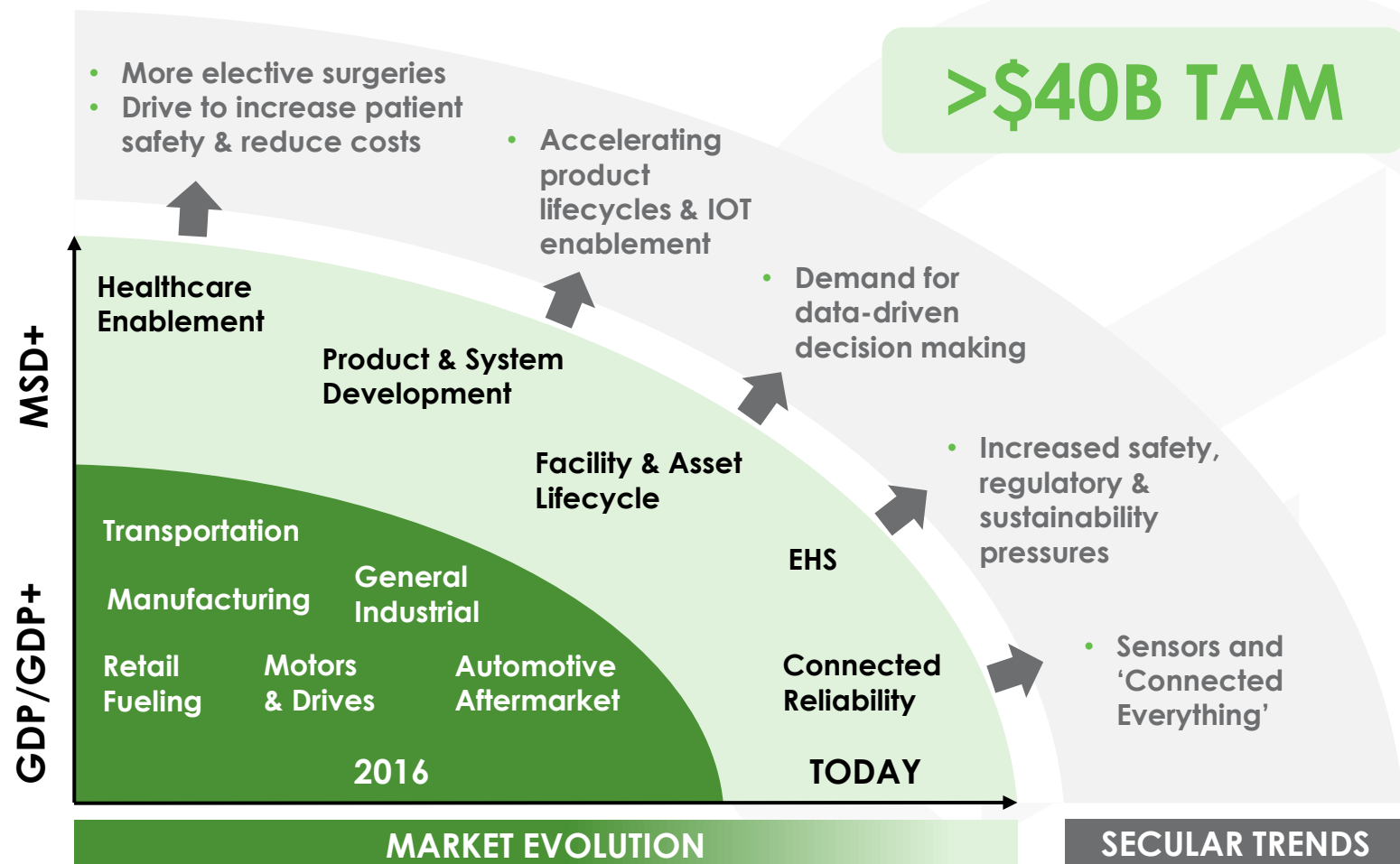
**LEADING FINANCIAL PROFILE AND WELL-POSITIONED ACROSS A RANGE OF ATTRACTIVE MARKETS**



# PORTFOLIO EVOLUTION POSITIONS US IN HIGHER GROWTH MARKETS














## SIGNIFICANT RUNWAY TO DRIVE MSD GROWTH

- Increased exposure to higher growth, less cyclical end markets
- Aligned with strong secular trends
- Address critical workflows with key pain points
- High-growth recurring revenue opportunities



FOCUSED ON ATTRACTIVE, HIGH GROWTH MARKET OPPORTUNITIES

# POSITIONED FOR ACCELERATED GROWTH & COMPOUNDING

	Intelligent Operating Solutions (~40% of Sales*)			Precision Technologies (~35%*)			Advanced Healthcare Solutions (~25%*)		
	Delivering leading workflow solutions that facilitate field and facility safety, reliability, and productivity			Enabling IoT expansion and accelerating the development of new technologies and innovations			Serving hospital customers with essential products and workflow solutions that ensure safe, efficient and timely healthcare		
LT Core Growth		MSD+			LSD			MSD+	
Key Financials*	Adj. Gross Margin <b>Mid-60s</b>	Adj. OP Margin <b>High-20s</b>	Recurring Revenue <b>~30%</b>	Adj. Gross Margin <b>Low-50s</b>	Adj. OP Margin <b>Low-20s</b>	Recurring Revenue <b>High-20s</b>	Adj. Gross Margin <b>Mid-50s</b>	Adj. OP Margin <b>Low-to-Mid-20s</b>	Recurring Revenue <b>Low-70s</b>
Key Brands	    			   			   		

\* Based on expected FY 2021 results.

DIFFERENTIATED COMPOUNDING PROFILE SUPPORTED BY HIGH QUALITY GROWTH SEGMENTS

## EXECUTING OUR SEGMENT STRATEGY



Delivering leading workflow solutions that facilitate field and facility safety, reliability, and productivity



Enabling IoT expansion and accelerating the development of new technologies and innovations







Serving hospital customers with essential products and workflow solutions that ensure safe, efficient and timely healthcare



Consistently improving FBS to drive greater growth, innovation and sustainability across an evolving portfolio

**FOCUSED GROWTH STRATEGY SUPPORTED BY OUR DIFFERENTIATED CULTURE AND BUSINESS SYSTEM**

## OUR SECULAR DRIVERS

	TAM (\$B)	DEMOGRAPHICS 	INTERNET OF THINGS 	REGULATION & SAFETY 	AUTOMATION & DIGITIZATION 
Intelligent Operating Solutions	~\$19B	✓ ✓	✓ ✓	✓ ✓ ✓	✓ ✓ ✓
Precision Technologies	~\$14B	✓	✓ ✓ ✓	✓	✓ ✓ ✓
Advanced Healthcare Solutions	~\$10B	✓ ✓ ✓	✓	✓ ✓ ✓	✓ ✓ ✓
Foundational Trends	Data Analytics				
	Globalization				

FOCUSED ON CUSTOMER WORKFLOW NEEDS WITH STRONG AND DURABLE GROWTH DRIVERS

# EXECUTING CONSISTENT M&A PLAYBOOK

## MARKET

- Secular / structural growth drivers
- High barriers to entry
- Consolidation opportunities

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## COMPANY

- Strong market position
- Revenue durability
- Expanding margins

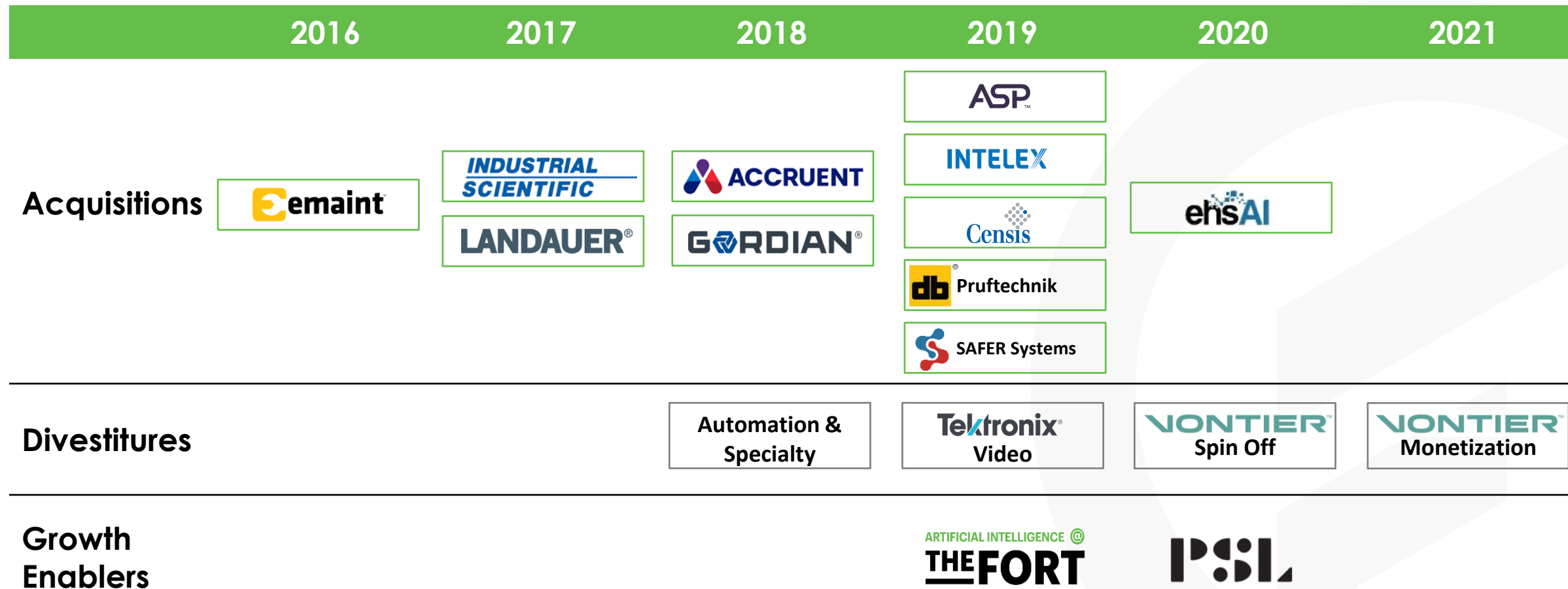
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## VALUE CREATION

- FBS opportunities
- Strategy acceleration
- Accretive to financial profile
- ROIC returns

AMPLE CAPACITY TO DEPLOY TOWARDS M&A

# PORTFOLIO EVOLUTION DRIVEN BY STRATEGIC TRANSACTIONS



~\$14B IN STRATEGIC TRANSACTIONS, INCLUDING ~\$8B OF ACQUISITIONS, HAVE IMPROVED THE PORTFOLIO SINCE 2016



# HARDWARE FOUNDATION ENABLES GROWING SOFTWARE POSITION

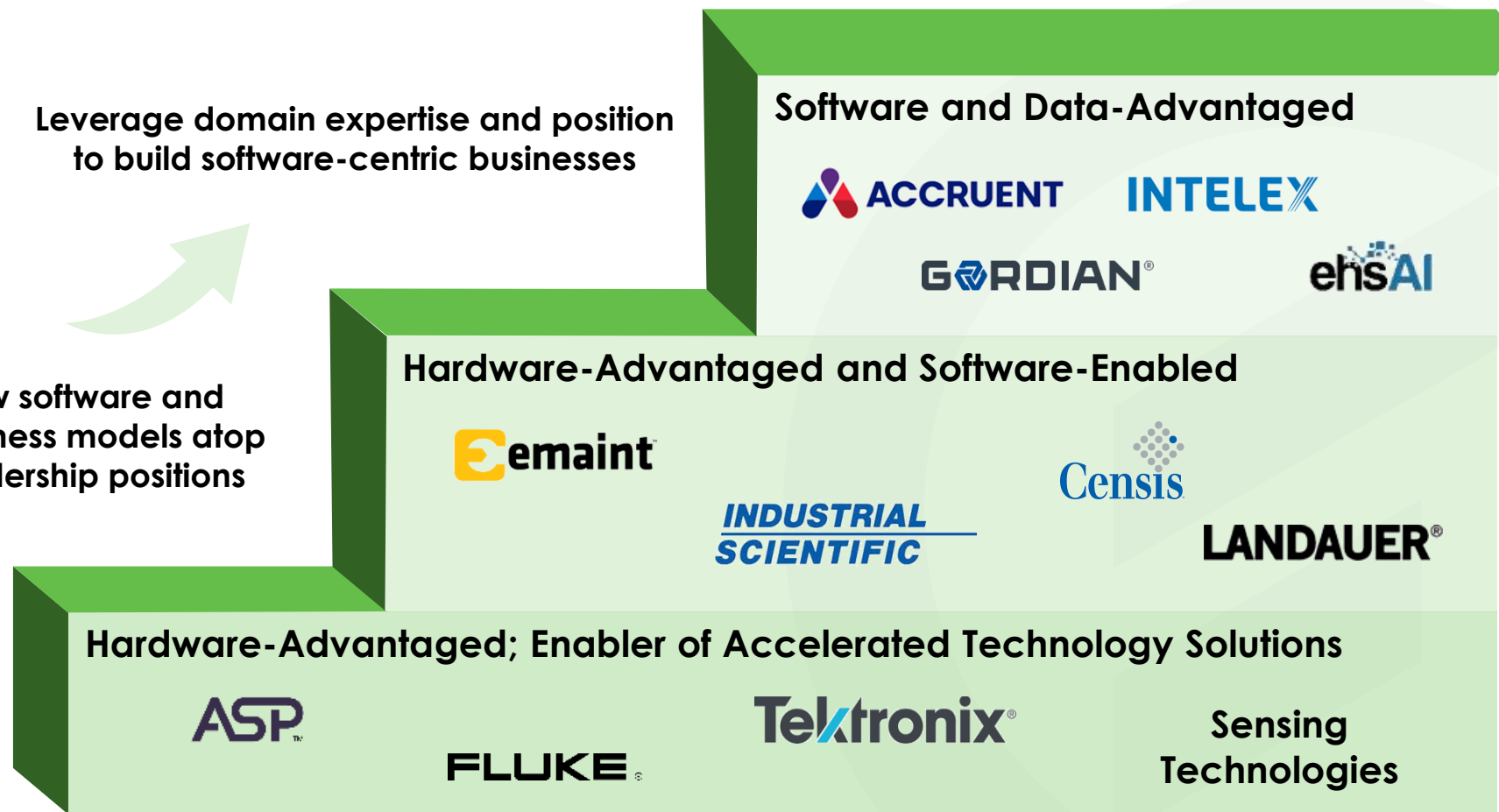
SOFTWARE REVENUE  
ADDED SINCE 2016

~\$0.6B

Leverage domain expertise and position  
to build software-centric businesses

Add workflow software and  
innovative business models atop  
hardware leadership positions

Foundation of highly-differentiated  
hardware businesses



CREATING LONG-TERM COMPETITIVE ADVANTAGE WITH INCREASED CUSTOMER INTIMACY

# ACQUISITION PERFORMANCE UPDATE

## ACQUISITION PERFORMANCE\*

Acquired Revenue\*

**\$2.0B**  
+\$0.6B Software

CAGR of Acquisitions

**MSD**

**OP Growth**  
(since acquisition)

**Up 60%**

**OMX**  
(since acquisition)

**+700 bps**

## ADDITIONAL ACQUISITION COLOR\*



**+3x/+2x OP growth** at ISC and Landauer, respectively  
**>20% OP growth** at ASP since acquisition



**+3x revenue growth** at eMaint  
**>40% / >25% revenue growth** at Intalex and Censis



**HSD CAGR** at Gordian with **~800 bps of OMX**



ASP growth impacted by pandemic, **but expect +DD growth in 2021**, and **MSD growth long-term**



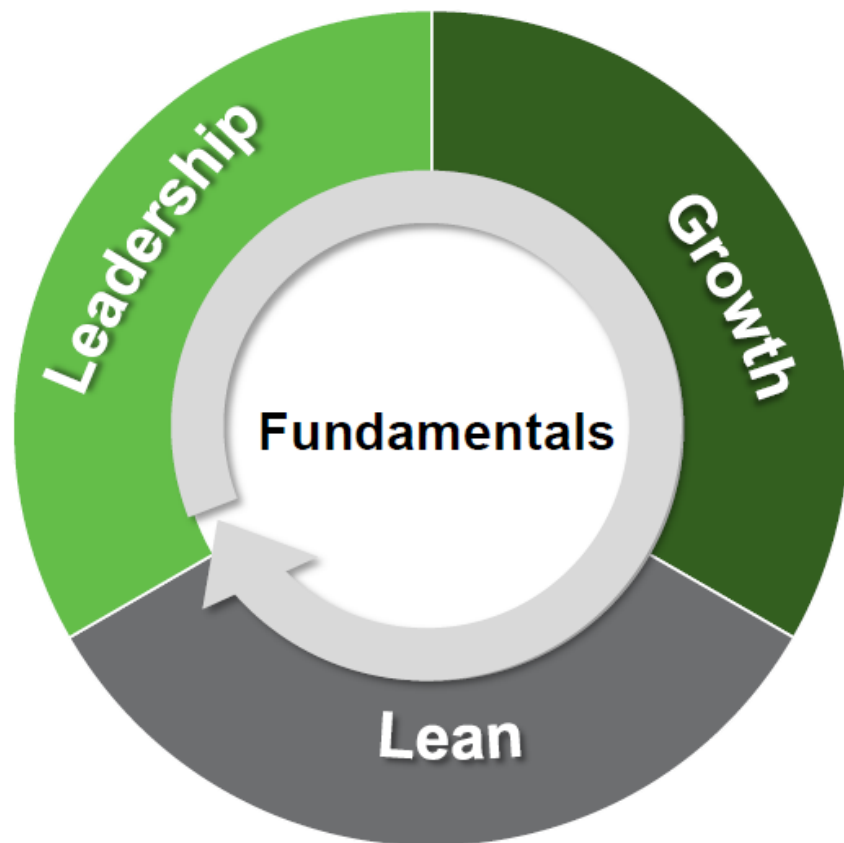
Slower initial growth at Accruent, but **expect MSD growth going forward**

\* FY 2021 estimates

STRATEGIC ACQUISITIONS SINCE 2016 HAVE ENHANCED EARNINGS AND FCF GROWTH PROFILE

# CONSISTENTLY IMPROVING FBS TO INCREASE IMPACT

## THE FORTIVE BUSINESS SYSTEM



## ADDING TO OUR INNOVATION TOOLSET & CAPABILITIES

### INNOVATION



### DATA ANALYTICS



### SOFTWARE

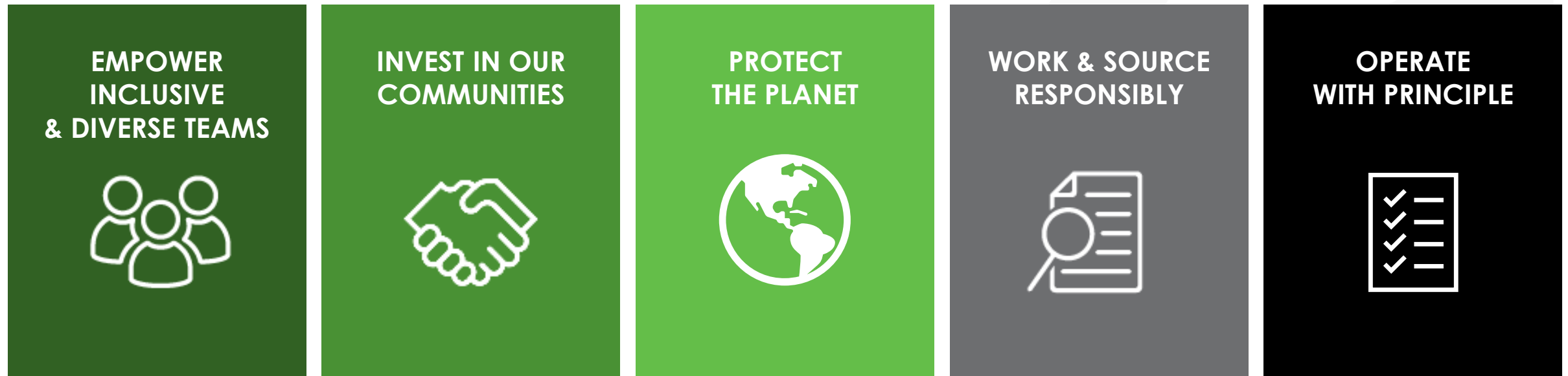


ENHANCING FBS TO DRIVE INCREASED IMPACT ACROSS OUR HARDWARE, SOFTWARE, AND DATA ANALYTICS OFFERINGS

# COMMITMENT TO SUSTAINABILITY



## Our Sustainability Pillars



DRIVING MEANINGFUL, RESPONSIBLE, AND SUSTAINABLE IMPACT FOR AREAS THAT MATTER MOST TO OUR STAKEHOLDERS

# VALUE CREATION COMPOUNDING THROUGH PROVEN FLYWHEEL

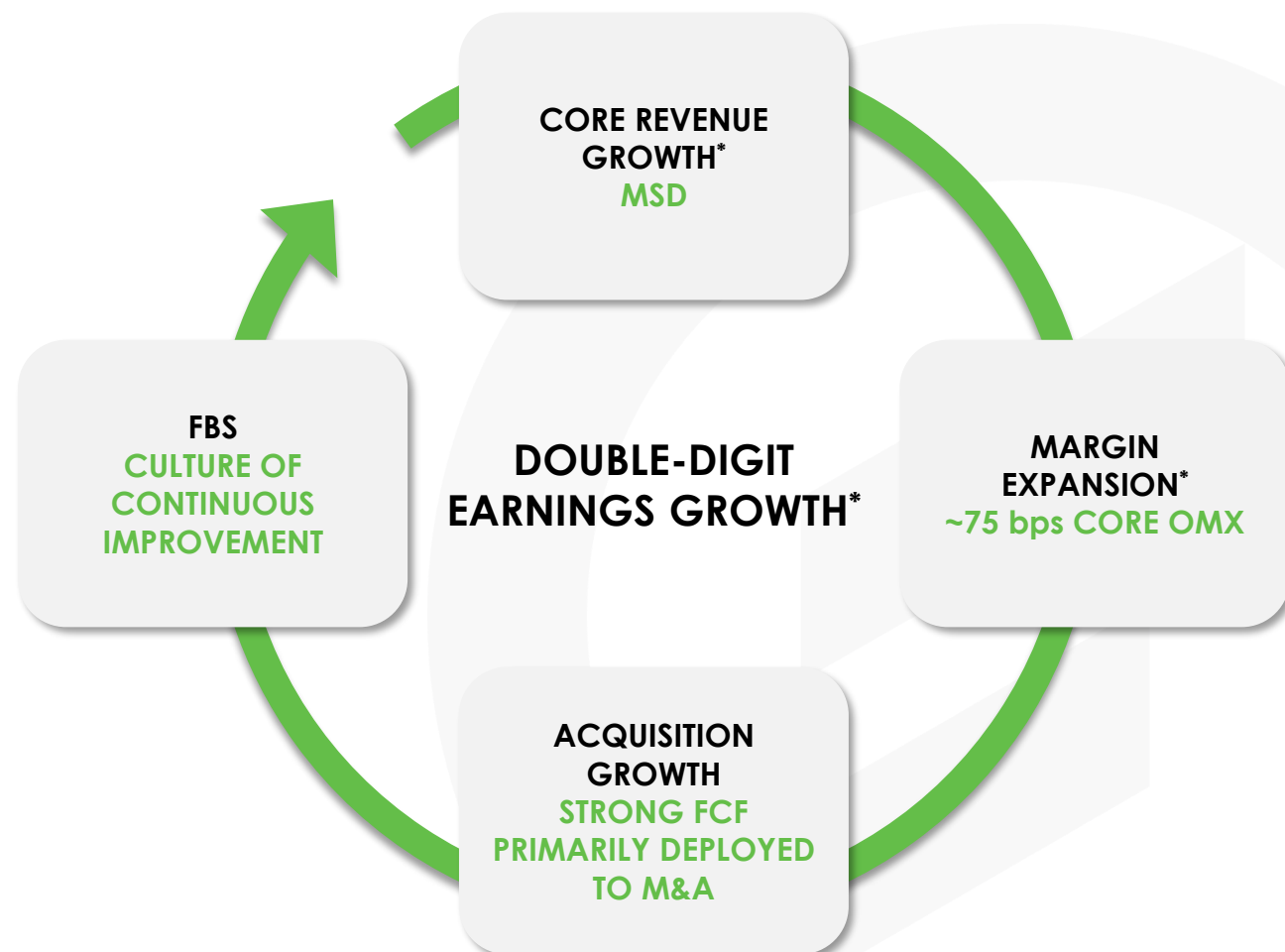
## SUSTAINABLE COMPETITIVE ADVANTAGES

Leadership positions in attractive growth markets – solving critical customer needs

Durable financial profile with strong margins and free cash flow

Successful capital allocation track record

Supported by the Fortive Business System, the cornerstone of our culture



\* Represents strategic targets and not forecasted results for any future periods

**TARGETING CONSISTENT, DOUBLE-DIGIT EARNINGS GROWTH**

## KEY TAKEAWAYS

- 1** Significant portfolio improvement since 2016 – positioned for accelerated revenue and earnings growth
- 2** Focused strategic segments with significant organic growth and M&A runway
- 3** Building from our leading hardware positions, to expand with our customers by providing high-value software and data solutions
- 4** Evolution of FBS supports and enables accelerated growth and innovation across the full portfolio, including software businesses

HIGHER GROWTH, HIGHER MARGIN PORTFOLIO WITH THE ABILITY TO DRIVE ACCELERATED COMPOUNDING



# FBS & INNOVATION



KIRSTEN PAUST  
VP, FBS OFFICE



ISRAEL ALGUINDIGUE  
VP, DATA ANALYTICS

# FBS IS OUR CULTURE

Tools & Processes that span across business functions

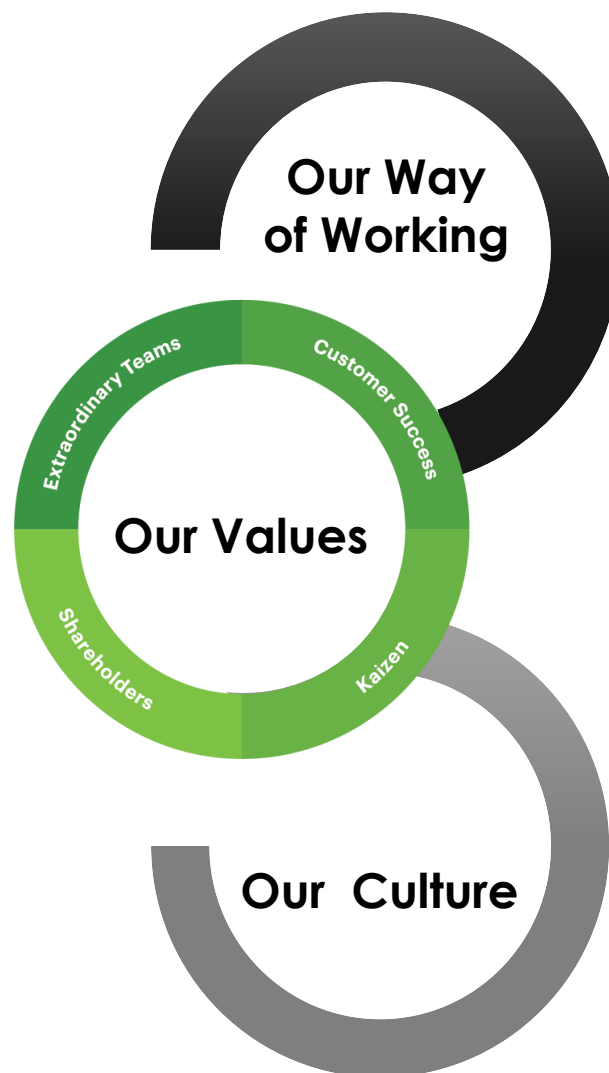
We build extraordinary teams for extraordinary results

Customer success defines our innovation

Kaizen is our way of life

We compete for shareholders

Fundamental commitment to continuous improvement



## Core Value Drivers (CVDs)

### SHAREHOLDERS

- Core Growth
- Operating Margin Expansion
- Cash Flow
- Return on Invested Capital

### CUSTOMERS

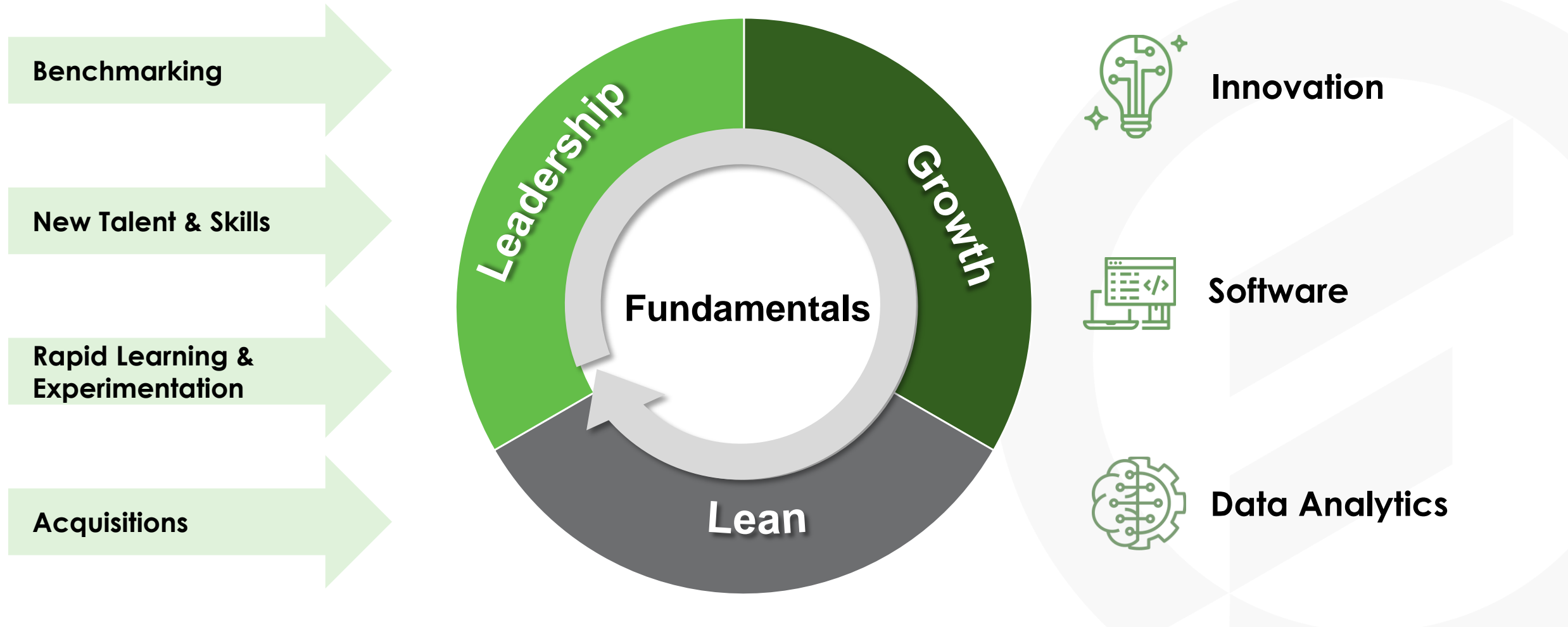
- Customer Quality
- Customer Delivery

### TEAM

- Employee Experience
- Turnover

AN INEXTRICABLE PART OF WHO WE ARE

# CONSISTENTLY IMPROVING FBS



EXPANDING AND IMPROVING FBS CAPABILITIES TO DRIVE RESULTS IN OUR PORTFOLIO

# DEVELOPING SIGNIFICANT NEW FBS CAPABILITIES



## Innovation



Build breakthrough solutions that accelerate growth



Create external startups with strategic value to Fortive

**>\$2B**

IDENTIFIED MARKET OPPORTUNITY



## Software

Proven FBS tools that:

- ✓ Improve core business process results
- ✓ Drive best-in-class net dollar retention
- ✓ Accelerate speed & quality of software development

**400+ BPS**

IMPROVEMENT IN  
NET DOLLAR RETENTION



## Data Analytics

Creating new tools and products powered by AI/ML that:

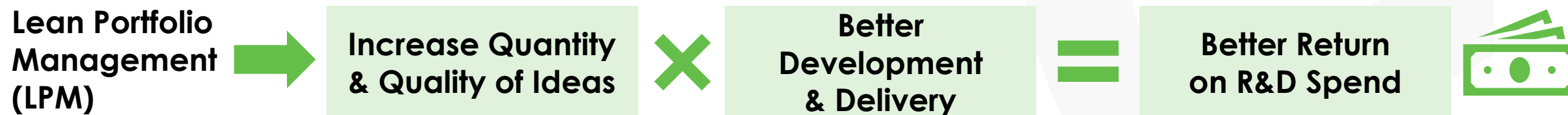
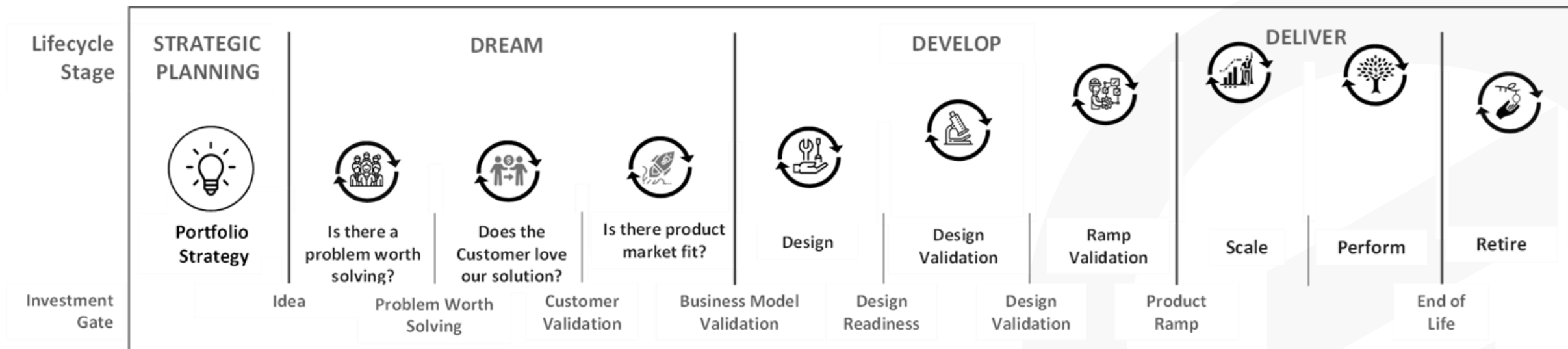
- ✓ Deliver breakthrough value to customers
- ✓ Accelerate and increase the impact of FBS tools and results

**>\$250M**

IDENTIFIED MARKET OPPORTUNITY





STRENGTHENING INNOVATION, SOFTWARE AND DATA ANALYTICS CAPABILITIES TO DRIVE IMPACT

# DRIVING INNOVATION WITH FBS



FBS IS THE FOUNDATION FOR ACCELERATED GROWTH & INNOVATION

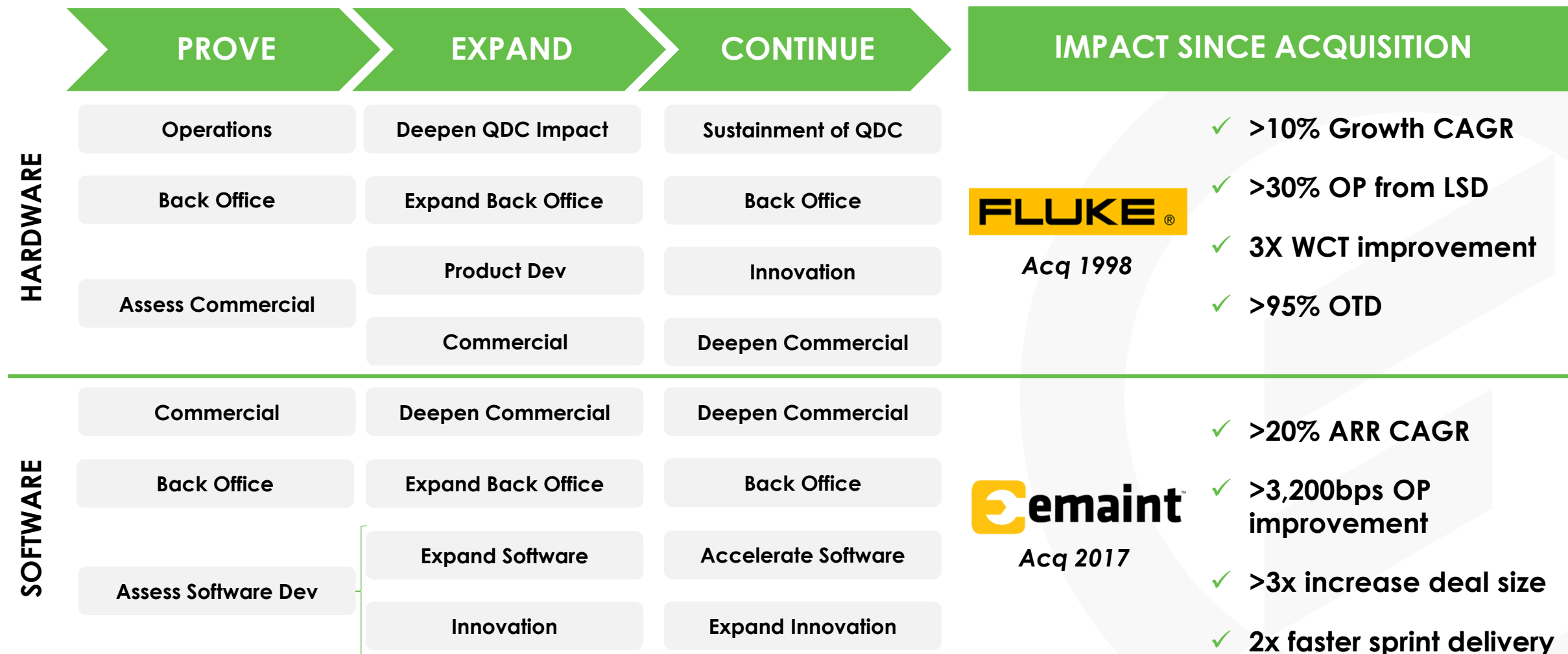
## ENHANCING SOFTWARE PERFORMANCE WITH FBS

	FBS APPLICATION	FBS IMPACT SINCE ACQUISITION
	Key Account Management Funnel Management	<b>4x growth</b> in new logo acquisition
	Customer Health Score Prediction Renewal Customer Management	<b>&gt; 300 bps</b> improvement in customer renewals
	Digital Lead Generation	<b>40% growth</b> in digital leads driving HSD growth
	Quote to Cash (Q2C) Process Improvement	<b>&gt;5 % improvement</b> in working capital turns

DRIVING MEANINGFUL IMPACT WHILE CONTINUING TO EXPAND THE SOFTWARE TOOLKIT



# FLEXIBILITY IN FBS ADOPTION & APPLICATION



WELL-DEFINED FBS OPPORTUNITIES ACROSS HARDWARE AND SOFTWARE

# FBS & INNOVATION



KIRSTEN PAUST  
VP, FBS OFFICE



ISRAEL ALGUINDIGUE  
VP, DATA ANALYTICS

## FOCUSED ON DEVELOPING AND SCALING DATA & AI CAPABILITIES

### ARTIFICIAL INTELLIGENCE @ **THE FORT**

- Formed as “lean startup”, co-located with ISC in Pittsburgh, PA
- Co-creating solutions with Fortive’s operating companies to leverage their market expertise
- Connecting efforts across Fortive to capitalize on synergies and reuse
- Applying our continuous improvement mindset to the building of repeatable AI/ML engines

#### CONNECT

Robust, scalable and democratized AI platform



#### BUILD

Direct connection to Opco strategic plans



#### GUIDE

Providing AI / ML thought leadership across Fortive

DEVELOPING CORE CAPABILITIES AND TALENT TO LEVERAGE ACROSS THE PORTFOLIO

# FBS WITH DATA ANALYTICS DRIVES GROWTH AND PRODUCTIVITY

## INTELEX

### Enhancing Customer Retention

- Prediction model to triage and countermeasure
- Expanding to address upsell / cross-sell

**~\$4.0M**

**Annual Renewal  
Expansion**

**~85%**

**Accuracy**

**Developing customer-centric solutions  
to improve retention**

## Tektronix®

### Automating Quote Resolution

- Automated calibration quote resolution
- Fully deployed, hosted at The Fort

**~\$1.5M**

**Annual productivity  
improvement**

**~99%**

**Accuracy**

**Identifying and addressing root cause  
in problem solving**

**ACCELERATING AND DRIVING RESULTS WITH FBS TOOLS POWERED BY DATA ANALYTICS**

## DATA ANALYTICS FUELING OUR INNOVATION

- Focus on **creating data-advantaged solutions** that create incremental value for customers
- **Leveraging market position and customer intimacy** to build products that matter
- Building the infrastructure for **standardizing AI/ML modeling and deployment**
- Enhancing our **innovation tools** to address broader digital opportunities

2020 Projects

>\$250M

Identified Market  
Opportunity

DEVELOPING NEW AI/ML-POWERED SOLUTIONS THAT DELIVER BREAKTHROUGH VALUE TO CUSTOMERS

## KEY TAKEAWAYS

- ① **FBS is our culture and drives how we create competitive advantage**
- ② **Enhancing our innovation and growth – AI/ML adds a new level of value to these efforts**
- ③ **Continuously improving our capabilities to deliver high impact across our portfolio**

**FBS + DATA ANALYTICS IS ACCELERATING THE IMPACT OF OUR CONTINUOUS IMPROVEMENT EFFORTS**



# ADVANCED HEALTHCARE SOLUTIONS (AHS)



BARBARA HULT  
SENIOR VICE PRESIDENT

# ADVANCED HEALTHCARE SOLUTIONS: OVERVIEW

## Business Overview

Serving hospital customers with enabling products for essential activities that ensure safe, efficient and timely delivery of healthcare

## Key Financials\*

**Revenue:** ~\$1.2B

**Adj. GM %:** Mid-50s

**Adj. OP %:** Low-20s

**Market Size:** ~\$10B

**Market Growth:** MSD+

## Mission-Critical Workflow

**Healthcare Enablement**

## Brands

**ASP**

**Censis**

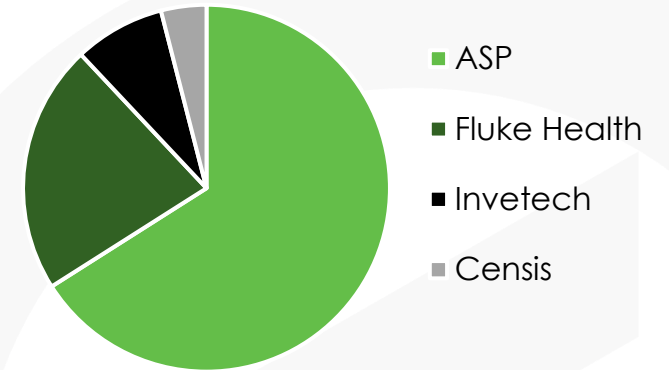
**FLUKE<sup>®</sup>**  
Biomedical

**RaySafe<sup>™</sup>**

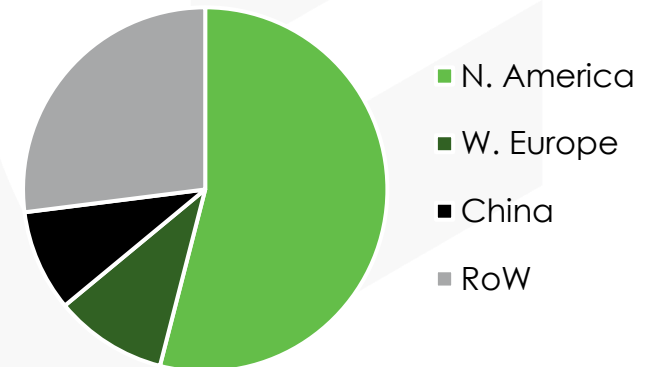
**LANDAUER<sup>®</sup>**

**Invetech**

Revenue by OpCo\*



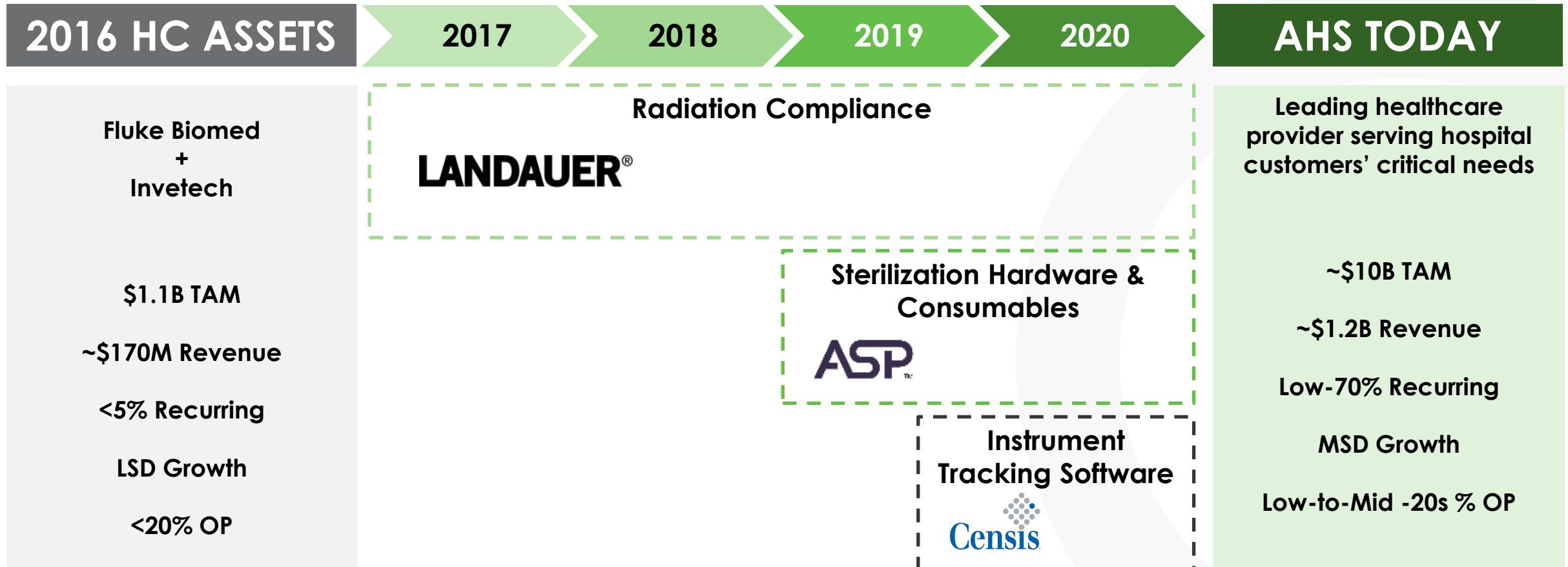
Revenue by Geography\*



\* Based on anticipated FY 2021 results

ENABLING ESSENTIAL ACTIVITIES THAT ENSURE SAFE, EFFICIENT AND TIMELY HEALTHCARE

# HOW WE HAVE BUILT ADVANCED HEALTHCARE SOLUTIONS



ESTABLISHING A SCALED INTELLIGENT WORKFLOW SOLUTIONS PROVIDER

# AHS WELL-POSITIONED TO ADDRESS SECULAR GROWTH DRIVERS

## DEMOGRAPHICS



## INTERNET OF THINGS



## REGULATION & SAFETY



## AUTOMATION & DIGITIZATION



### Advanced Healthcare Solutions



- Aging population driving demand for procedures
- High growth markets investing in infrastructure for better access and quality

- Growth in minimally-invasive procedures and robotic surgeries
- Financial pressures exacerbated by COVID
- Aging out of technician capabilities

ACCELERATING INNOVATION AND DIGITIZATION GLOBALLY

## OUR VISION FOR ADVANCED HEALTHCARE SOLUTIONS

***Fortive seeks out sustainable leadership positions in **operational workflows** in the acute care setting, where our **culture of continuous improvement** and intimate knowledge of **our customers' workflows** can **eliminate muda** and **solve big challenges** in healthcare delivery***

# ASP INNOVATING AROUND INTELLIGENT WORKFLOW SOLUTIONS

**Mission: To protect patients during their most critical moments**

- **Lead through clinical superiority**
- **Leverage FBS to improve cost position, focused on total cost of ownership**
- **Accelerate global growth through coverage & execution**
- **Invest in connected device strategies to improve customer workflows**

**ASP Today**

**Hardware-advantaged, consumable-driven business model**

- 80% Recurring Revenue
- <20% High Growth Market
- Growing installed base
- Driving service attach rates
- Collaboration with Censis
- Establishing FBS
- Gross margin expansion through PPV, VAVE, scrap reduction

**Future ASP\***

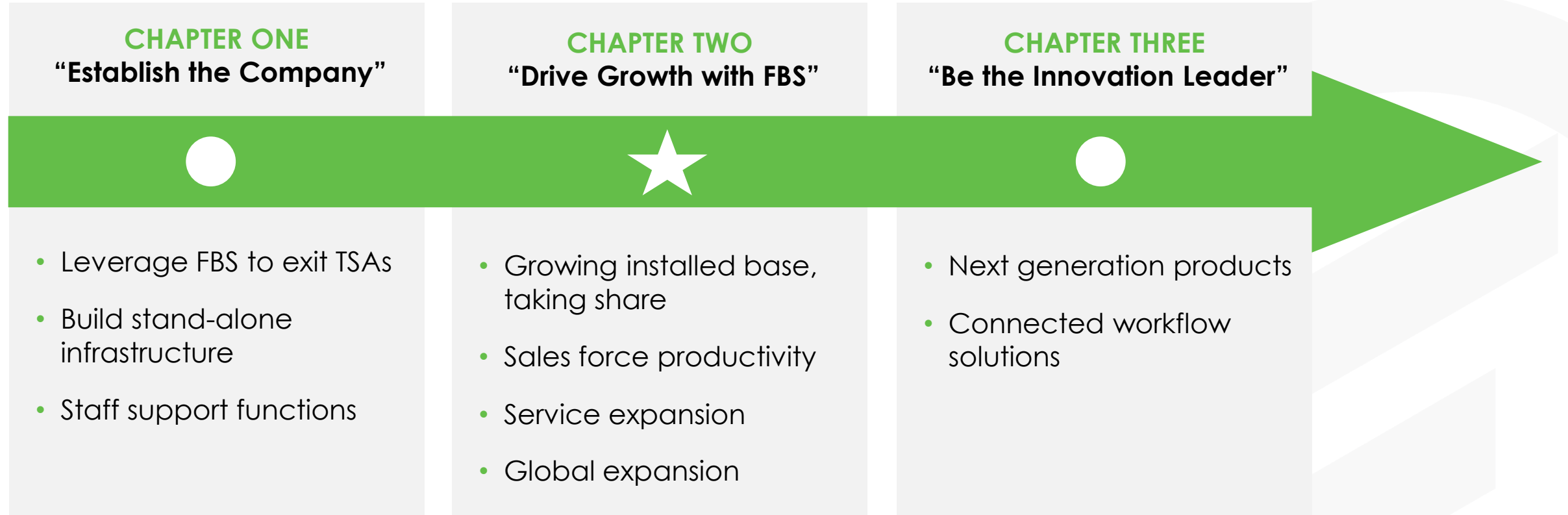
**Innovation leader for intelligent workflow solutions**

- 85% Recurring Revenue
- >30% High Growth Market
- TAM expansion through connected workflow solutions
- Accelerating product launches
- FBS expansion
- 30%+ EBITDA Margin

\* Represents strategic targets and not forecasted results for any future period

**LEVERAGING INSTALLED BASE TO DELIVER INTELLIGENT WORKFLOW SOLUTIONS**

# ASP TRANSITIONING TO INNOVATION



**ASP**

**SIGNIFICANT RUNWAY FOR MSD+ GROWTH**

# SIGNIFICANT FBS IMPACT IN RE-ESTABLISHING ASP

## BACKGROUND

### Carve-out factors:

- Only employees & assets 50%+ dedicated to ASP conveyed
- Significant entanglement of customer contracts
- Most regulatory registrations had to be redone
- No IT systems conveyed
- TSA with J&J until legal entities and IT systems stood up in 23 countries prior to initial closing (131 in total)

## FBS-DRIVEN RESULTS\*

Mid-20s  
AOP  
Margin

**24+ → 10**  
Months Months  
Accelerated ERP  
Stand-Up Completion

**~3%**  
Growth in  
installed  
base

**700+**  
Registrations  
in  
**129**  
countries

**+1 turn**  
NWC  
Improvement

**400+**  
New Hires

**1,300+**  
Employees  
Conveyed

**90%**  
OTD\*  
Maintained

**383 → 37**  
Local IT Systems Global IT Systems

**10k+**  
Customer  
Contracts  
Converted

**77 → 28**  
Logistics  
Infrastructure Hubs

\*Based on 2020 results

FBS CRITICAL TO DELIVERING EXPEDITED CARVE-OUT; CUSTOMER-FIRST WAS KEY GUIDING PRINCIPLE



# FBS CASE STUDY: GROWING ASP INSTALLED BASE

## The Challenge

- Below market installed base growth
- Refocusing commercial execution post-transaction



## Application of FBS – How we Solved the Problem

- Policy Deployment initiative
- Growth Obeya
- Funnel Management
- IDN Standard Work playbook

## FBS-Driven Outcomes

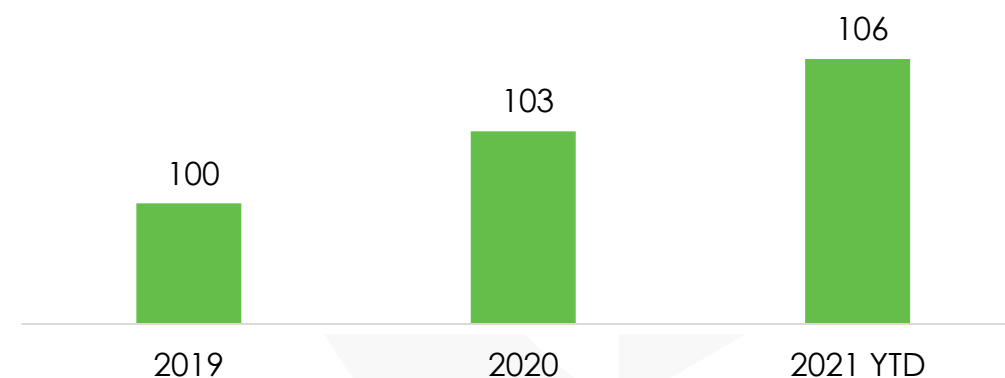


Global installed base increasing



Generated growth throughout the pandemic

Installed Base (Indexed to 2019)



**FBS HELPED TURN AROUND DECLINING INSTALLED BASE TO GROWTH**

# FBS CASE STUDY: GROWTH IN ASP GLOBAL SERVICE

## The Challenge

- Low service penetration outside US
- Low revenue growth
- Low installed base coverage



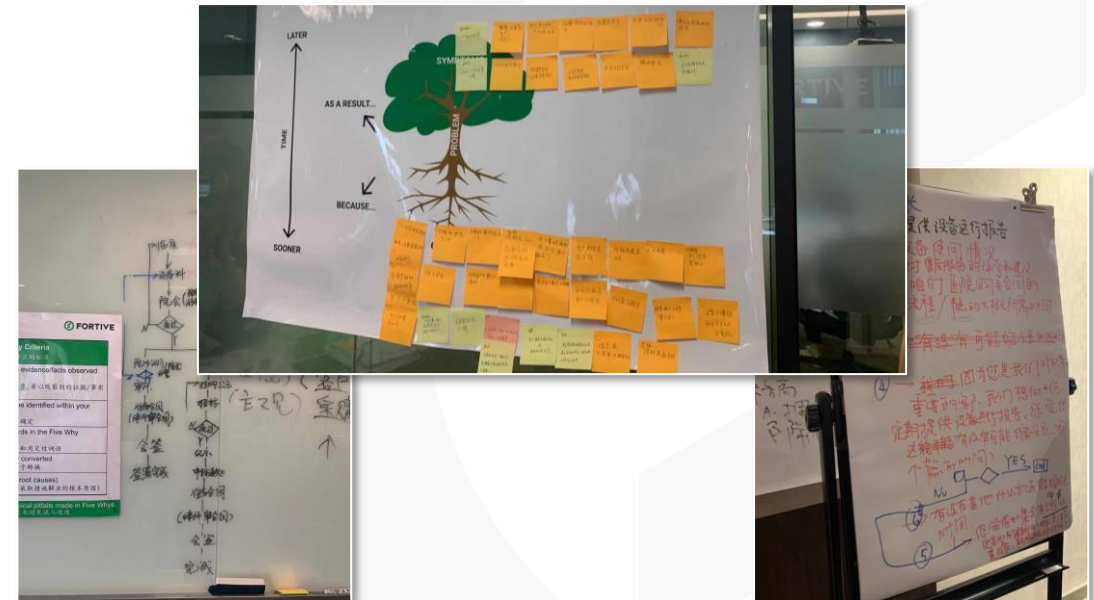
## Application of FBS – How we Solved the Problem

- Problem Solving
- Kaizen
- Daily Visual Management
- Experimentation

## FBS-Driven Outcomes



Installed base under warranty and coverage has jumped 1,000 bps in last 6 quarters



**SIGNIFICANT IMPROVEMENT IN SERVICE EXECUTION, AND ATTACHMENT RATES**

## ACCELERATING INNOVATION WITH ASP AND CENSIS

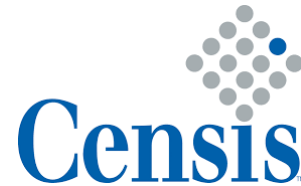
### HARDWARE- ADVANTAGED

**Global leader in terminal  
sterilization**



### HARDWARE-ADVANTAGED & SOFTWARE-ENABLED

**Global leader in instrument  
tracking software**



### SOFTWARE & DATA- ADVANTAGED

**Leader in solving hospital  
customers' critical needs**

- Hospital-acquired infections
- Surgical delays
- Cost inefficiencies
- Training and workforce complexities

**BUILDING A MARKET LEADING POSITION IN HOSPITAL SAFETY AND PRODUCTIVITY WORKFLOWS**

# FBS CASE STUDY: IMPROVING CENSIS NEW INSTALLATIONS / IMPLEMENTATIONS

## The Challenge

- Average days to complete new implementations of CensiTrac® and associated interfaces was significantly higher than the standard



## Application of FBS – How we Solved the Problem

- Transactional Process Improvement Kaizen
- VoC
- Current State Process Map
- Affinity Diagrams
- Countermeasure Prioritization
- Action Plan and Sustainment Bowler

## FBS-Driven Outcomes



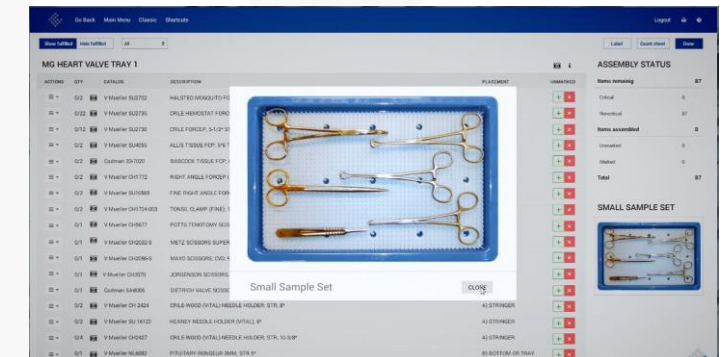
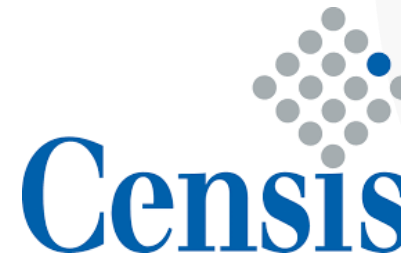
Sale Close to Data Received decreased ~75%



External kick off to go live and start of subscription recognition cut in half

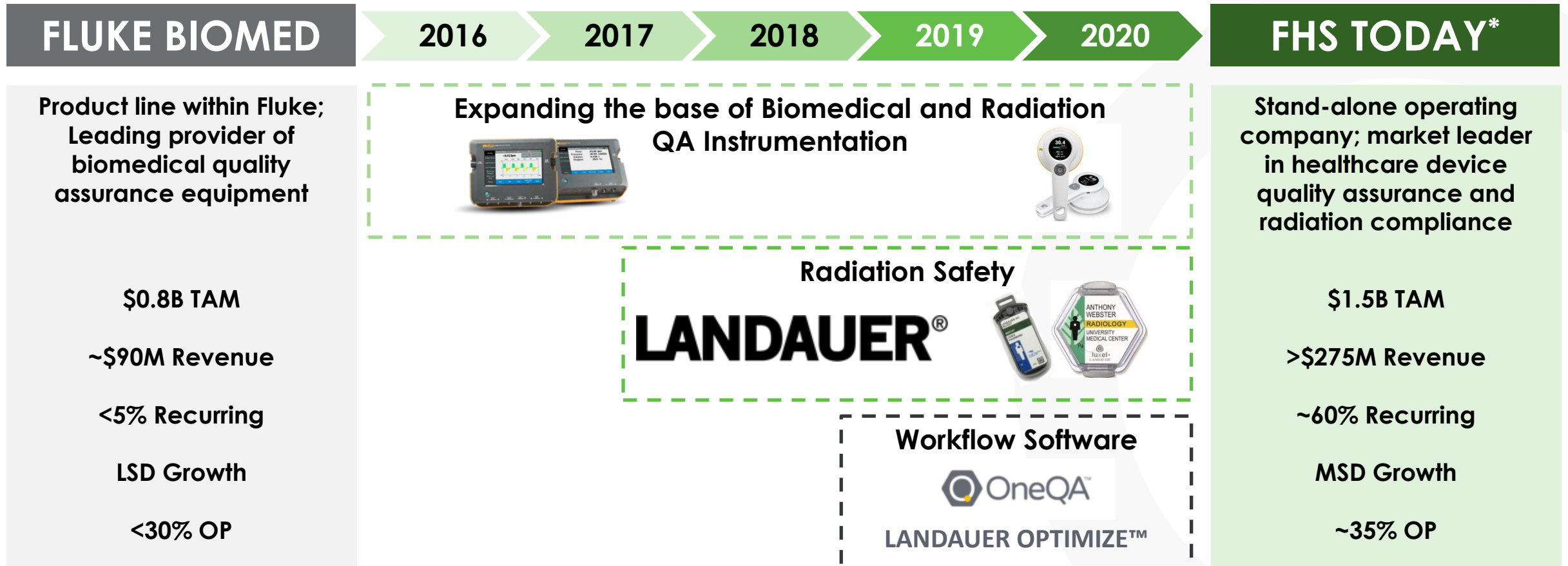


Sale Close to Project Complete reduced 33%



FBS DRIVING GREATER CUSTOMER SATISFACTION AND FASTER REVENUE RECOGNITION

# HOW WE HAVE BUILT FLUKE HEALTH SOLUTIONS



\* Based on FY 2020 results

**LEVERAGING INCUMBENT HARDWARE POSITIONS TO DRIVE RECURRING REVENUE AND WORKFLOW SOLUTIONS**

# FBS CASE STUDY: FLUKE HEALTH SOLUTIONS SIMPLIFYING BIOMEDICAL CALIBRATION WORKFLOW

## The Challenge

- Hospital consolidations creating multi-site complexity and workflow challenges, combined with a greater need for biomed skilled labor and continued cost pressures



## Application of FBS – How we Solved the Problem

- Growth Accelerator
- VOC
- Experimentation

## FBS-Driven Outcomes



Launched One QA Software that streamlines workflows ~45%, and ensures consistent and accurate results



Secured lighthouse account with global medical equipment manufacturer at ~\$500K ARR



Orders up >30% YTD



ANOTHER EXAMPLE OF ADVANTAGE THROUGH HARDWARE + SOFTWARE → DATA

## KEY TAKEAWAYS

①

**Strong installed base provides the foundation for continued global expansion**

②

**FBS driving improved execution, growth and margin expansion**

③

**Accelerating innovation to become a leader in intelligent workflow solutions**

④

**Executing our M&A playbook to build scaled position in healthcare with continued acquisition runway**

# PRECISION TECHNOLOGIES (PT)



PAT MURPHY  
SENIOR VICE PRESIDENT



# PRECISION TECHNOLOGIES: OVERVIEW

## Business Overview

Supplies mission critical technologies to a broad set of vertical markets and enables customers to accelerate the development of innovative products and solutions

## Key Financials\*

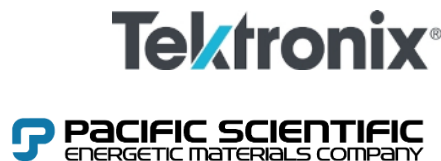
**Revenue:** ~\$1.8B      **Adj. GM %:** Low-50s      **Adj. OP %:** 21% - 22%

**Market Size:** ~\$14B      **Market Growth:** LSD

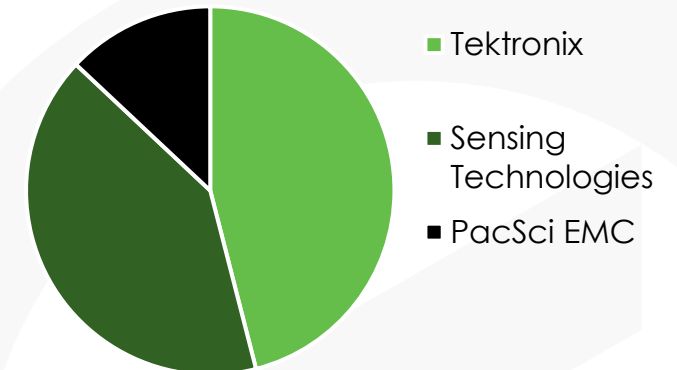
## Mission-Critical Workflow



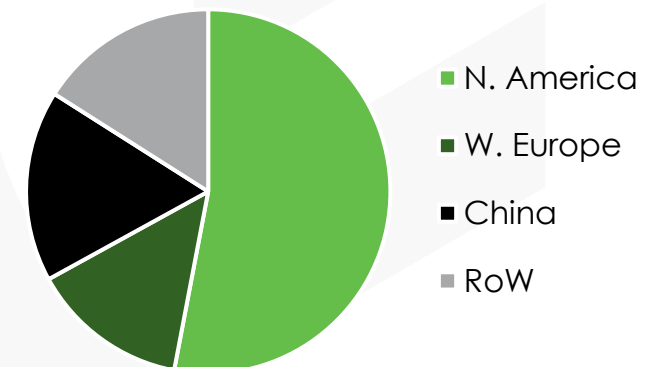
## Brands



Revenue by OpCo\*



Revenue by Geography\*



\* Based on anticipated 2021 results

ENABLING NEXT GENERATION SOLUTIONS AND NEW BUSINESS MODELS

# PT WELL-POSITIONED TO ADDRESS SECULAR GROWTH DRIVERS

## DEMOGRAPHICS



## INTERNET OF THINGS



## REGULATION & SAFETY



## AUTOMATION & DIGITIZATION



### Precision Technologies



- Growth of connected sensors, IOT solutions
- Software enabling workflow collaboration, automation, and data intelligence

- Next generation wired and wireless communication standards
- Electrification and sustainability focus driving need for higher power density

EVOLVING TECHNOLOGIES AND STANDARDS DRIVING NEED FOR NEW PRODUCT DEVELOPMENT AND IOT SOLUTIONS

# OUR CUSTOMERS

## Key Personas

Sensing Technologies  
and PacSci EMC

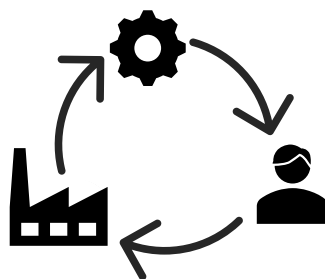


Systems Engineer  
(Mechanical or Electrical)

**Tektronix**<sup>®</sup>



Hardware Engineer  
(Electrical)



Process Manager



Calibration Manager

PRIMARY

SECONDARY

## Key Markets / Customers



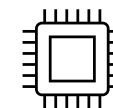
Aerospace and  
Defense



**NORTHROP GRUMMAN**



Electronics



Semiconductor



**Qualcomm**



Power and Energy



**ABB**

**SIEMENS**



Medical and  
Life Sciences



**Abbott**



SERVING INDUSTRY LEADERS ACROSS DIVERSE VERTICALS

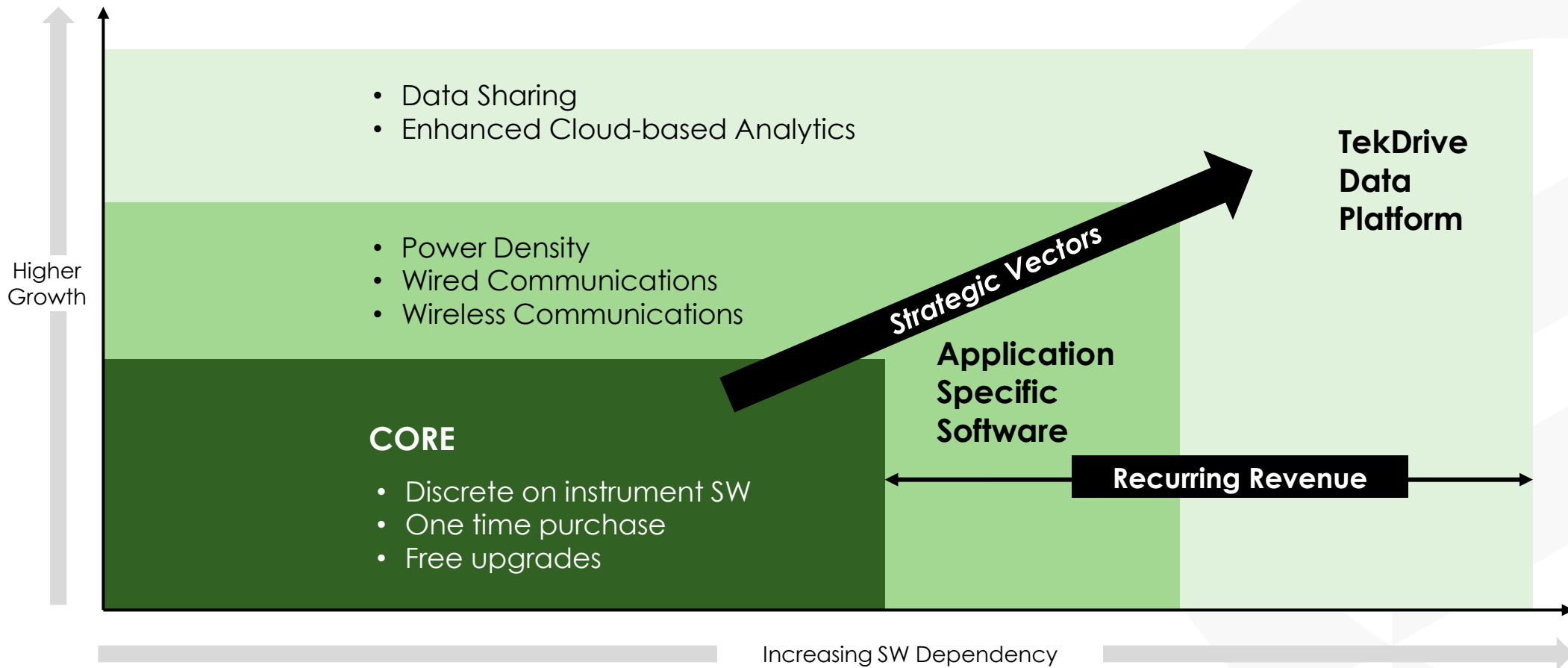
# TEKTRONIX: DIGITAL TRANSFORMATION THROUGH SOFTWARE

TEKTRONIX Today	Future TEKTRONIX
Hardware-advantaged technology platform	Application specific solutions and data platform
Current Differentiators	Strategic Focus
<ul style="list-style-type: none"> <li>• Strength in <b>Development</b> part of the workflow</li> <li>• Strong position in core <b>general purpose</b> applications</li> <li>• Leadership in mainstream oscilloscopes</li> <li>• Global installed base with high retention</li> <li>• Extensive portfolio of embedded SW options</li> <li>• Deep Services expertise</li> </ul>	<ul style="list-style-type: none"> <li>• Increase share in <b>Validation</b> part of the workflow</li> <li>• Expansion into power, wired and wireless communications through <b>application specific Software solutions</b></li> <li>• <b>Intelligent data platform</b> enables data sharing and advanced analytics in a cloud infrastructure</li> <li>• Shift new Software solutions to <b>recurring revenue</b> model</li> <li>• FBS: Accelerate innovation through <b>Lean Portfolio Management</b></li> </ul>

LEVERAGING DOMAIN EXPERTISE TO SUPPORT HIGH GROWTH APPLICATIONS AND DELIVER DATA DRIVEN INSIGHTS

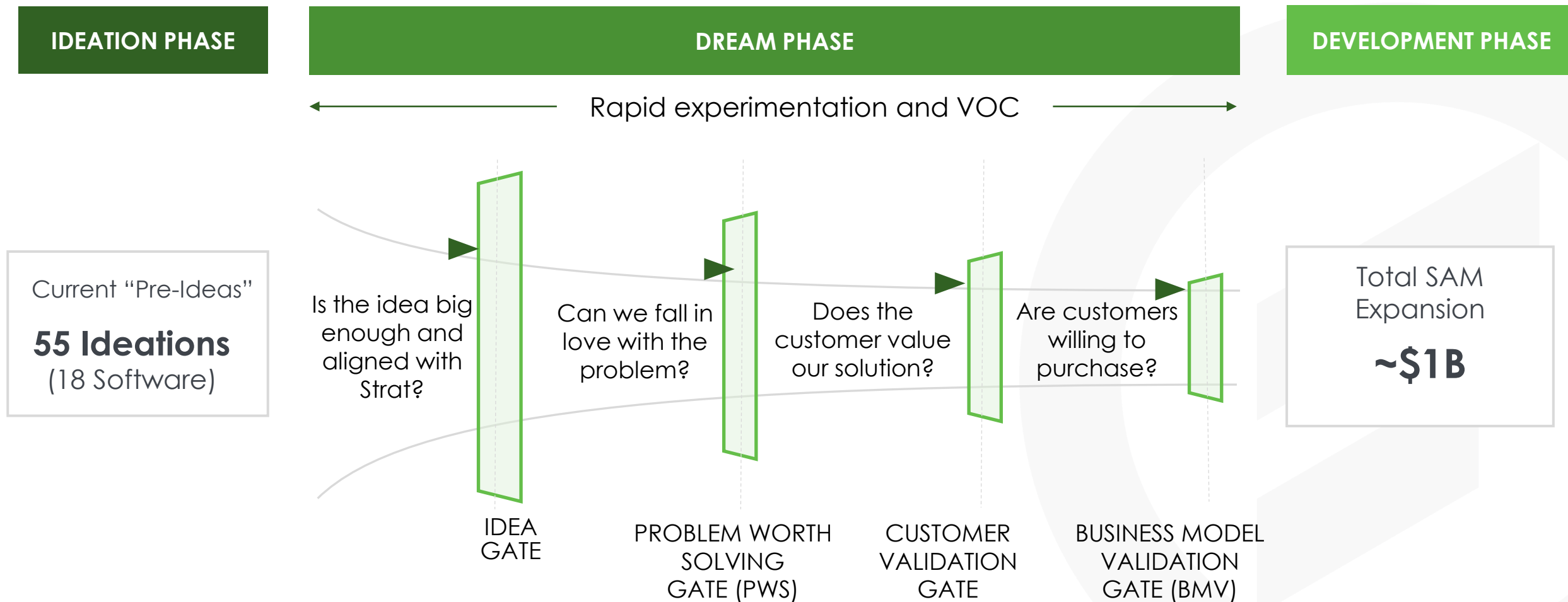
# GROWING RECURRING SW REVENUE AT TEKTRONIX

Leveraging core measurement expertise to offer application specific Software packages and unlock additional customer value through collaborative data and analytics solutions



NEW BUSINESS MODELS AND SOFTWARE SOLUTIONS TO GROW RECURRING SOFTWARE REVENUE

# FBS ACCELERATING INNOVATION AT TEKTRONIX THROUGH LPM\*



\* LPM = Lean Portfolio Management

INCREASING INNOVATION VELOCITY THROUGH RAPID EXPERIMENTATION AND BROADER IDEATION

# DIGITAL TRANSFORMATION THROUGH IOT AT SENSING TECHNOLOGIES



Focus on next gen technologies for core sensor platforms

Enabling full digital communication capability across the portfolio

All operating companies are launching direct-to-end user IOT solutions

**IOT READY HARDWARE ENABLES DIGITAL TRANSFORMATION**

# DELIVERING APPLICATION SPECIFIC IOT SOLUTIONS AT SENSING

## Extending into IoT Enablement

- Direct-to-end user IOT solutions
- Built on core sensor platforms
- Application specific focus
- Enabling full digital communication

**>\$60M**

**Incremental Year 3 Revenue  
Opportunity for Sensing**



## Paperless Process Recorder (PPR) & Legendary™ Cloud Software

- First to market FDA compliant digital recorder for pasteurization
- Leveraging Intelix proprietary workflow software
- Cloud-based SaaS solution
  - Continuous monitoring
  - Performance dashboard
  - Automated alerts





# FBS CASE STUDY: GEMS KAIZEN

## The Challenge

- Productivity was stagnating and behind goal
- Quality targets not being achieved



## Application of FBS – How we Solved the Problem

- 1 Improved the process flow by co-locating operations which eliminated travel waste
- 2 Eliminated waiting times during machine cycle times
- 3 Implemented Critical to Quality (CTQ) visual alerts at each process step

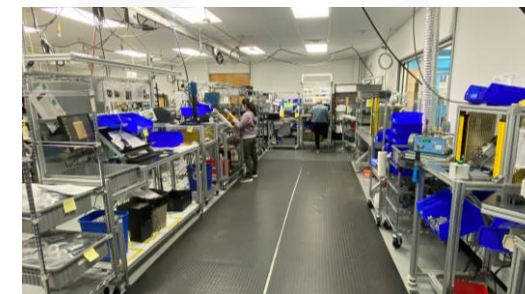


## FBS-Driven Outcomes

- ✓ 96% improvement in pieces per hour per operator
- ✓ 92% improvement in external defective PPM
- ✓ 42% improvement in scrap



## Resulting Production Cell



**SIGNIFICANT PROCESS IMPROVEMENTS AND KPI GAINS**

## KEY TAKEAWAYS

- ① **Advantaged by brand strength, large entrenched global installed base and leadership position in core products**
- ② **Leveraging T&M domain expertise to target software-based growth opportunities through recurring revenue business models**
- ③ **Building from a strong leadership position in key verticals to accelerate SaaS based IoT solutions**
- ④ **FBS: Accelerating innovation through Lean Portfolio Management**

10-MINUTE BREAK

*PROGRAM WILL RESUME SHORTLY*

# INTELLIGENT OPERATING SOLUTIONS (IOS)



JIM LICO  
PRESIDENT & CEO



JUSTIN MCELHATTAN  
VP & GROUP PRESIDENT, EHS

# INTELLIGENT OPERATING SOLUTIONS: OVERVIEW

## Business Overview

Provides solutions to accelerate field and facility safety, reliability, and productivity, as well as operating intelligence, across a range of vertical end markets

## Key Financials\*

**Revenue:** ~\$2.1B

**Adj. GM %:** ~66%

**Adj. OP %:** 27% - 28%

**Market Size:** ~\$19B

**Market Growth:** MSD+

## Mission-Critical Workflows

**Connected Reliability**

**Facility & Asset Lifecycle**

**EHS**

## Brands

**FLUKE®**

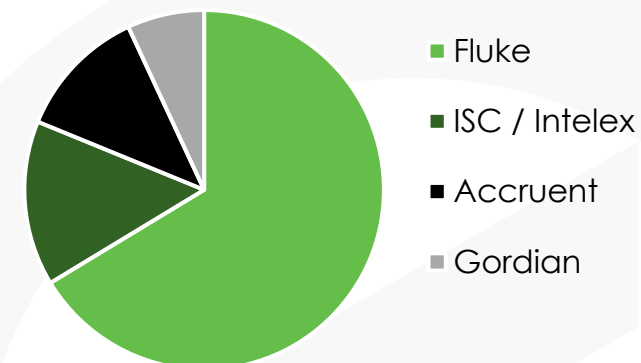
**ACCRUENT**

**GORDIAN®**

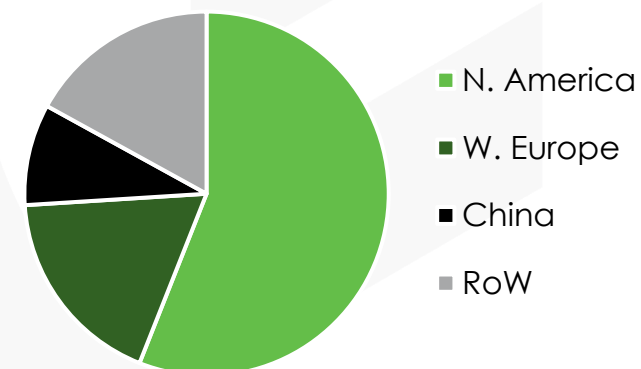
**INDUSTRIAL SCIENTIFIC**

**INTELEX**

Revenue by OpCo\*



Revenue by Geography\*












\* Based on anticipated FY 2021 results

**STRONG BRANDS WITH LEADING POSITIONS IN CRITICAL WORKFLOWS**

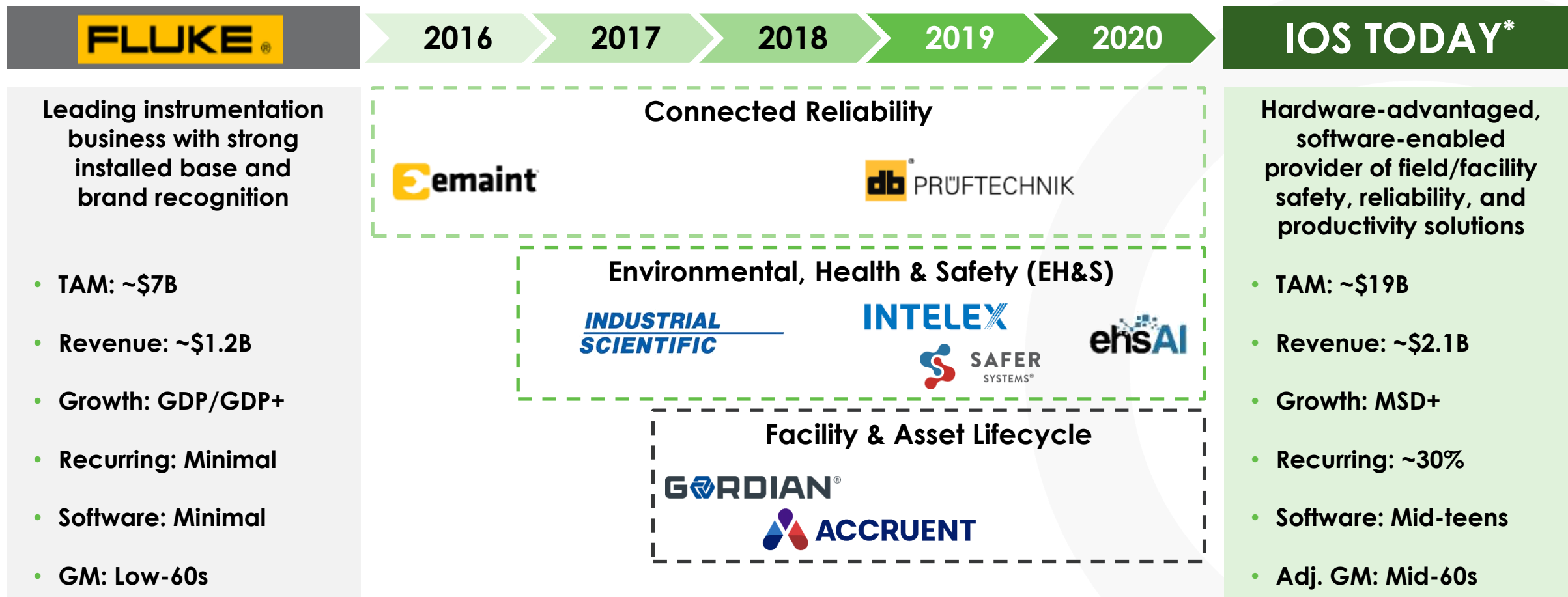
## WHERE WE PLAY TODAY

Provides solutions to accelerate field and facility safety, reliability, and productivity, as well as operating intelligence, across a range of vertical end markets

Facility & Asset Lifecycle (Pre-construction)	Facility & Asset Lifecycle	Connected Reliability	EHS
Leading pre-construction data intelligence and planning	Innovative & data-rich facility management solutions	Global leader in software-driven connected reliability workflows	Differentiated risk, regulatory, and EHS management solutions
  		    	    
 Proprietary data and analytics solutions			

WELL-POSITIONED TO WIN IN HIGH GROWTH WORKFLOWS

# HOW WE HAVE BUILT THE IOS SEGMENT



\* Based on FY 2020 results

SCALED POSITIONS IN CRITICAL CUSTOMER WORKFLOWS WITH SIGNIFICANT GROWTH AND M&A RUNWAY

# IOS WELL-POSITIONED TO ADDRESS SECULAR GROWTH DRIVERS

## DEMOGRAPHICS



## INTERNET OF THINGS



## REGULATION & SAFETY



## AUTOMATION & DIGITIZATION



### Intelligent Operating Solutions



- Aging technician workforce
- Increasing penetration for software-enabled solutions ('no more Excel')
- 'Connected Everything' through the proliferation of sensors

- Risk / sustainability management complexity
- Competition driving need for productivity improvements and better uptime
- Explosion of data sources (and demand for data-driven decision making)

ATTRACTIVE SOFTWARE POSITIONS IN HIGH GROWTH MARKETS WITH SIGNIFICANT PENETRATION WHITE SPACE



CONNECTED RELIABILITY



# CONNECTED RELIABILITY: NEXT PHASE OF GROWTH AT FLUKE

## Our Vision

Empowering the people who keep the world up and running

### WHAT WE DO

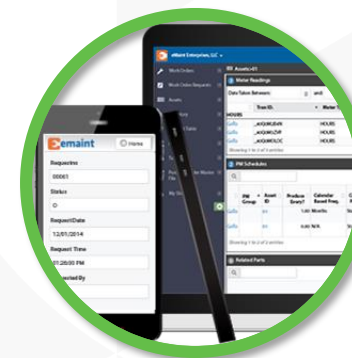
- Address needs of maintenance and reliability leaders
- Focused on productivity of customers' critical assets

### HOW WE WIN

- Deep domain expertise and VOC
- Proprietary data and analytics
- World's largest installed base of mission-critical tools

### HOW WE DELIVER

- Empowering operations leaders with real-time data
- Maximizing workforce productivity and minimizing asset downtime



DIFFERENTIATED ABILITY TO GUIDE AND ACCELERATE CUSTOMERS ON THEIR RELIABILITY JOURNEY

## SETUP FOR GROWTH

### Market Drivers

- Digitization of factory floor
- Re-shoring accelerating adoption of remote monitoring solutions
- Ruggedized IoT connectivity
- Remote reliability service
- Elevation of Software purchase decisions

### Core Innovation

- Strengthen position in acoustics and electrical reliability measurements
- Expand position in maintenance workflow Software

### Market Expansion

- AI/ML powered analytics
- Accelix 'data factory' to improve data useability
- 'Single pane of glass' for asset health empowering OT & IT leaders
- Industrial asset 'system of record' for true predictive maintenance

SIGNIFICANT RUNWAY TO DRIVE MSD GROWTH

# FBS CASE STUDY: STREAMLINING DATA FLOW TO TRAIN AI/ML MODELS

## The Challenge

- Raw data from devices must be manually re-formatted at multiple stages to allow for analysis and processing.



## Application of FBS – How we Solved the Problem

- Value-Stream Mapping to understand every step in the workflow
- Maximize process capacity and throughput to accelerate pace of machine learning

## FBS-Driven Outcomes



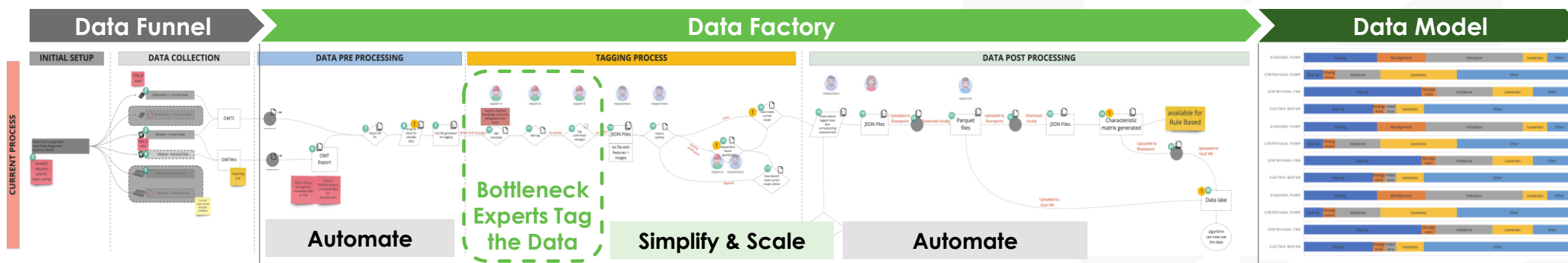
6 steps improved; 9 steps automated' 4 steps eliminated



Working Time: 25.5 hours → 1.8 hours = 93% reduction



Waiting Time: 170 hours → 14 hours = 92% reduction



FBS PLUS THE FORT IS ACCELERATING DIGITAL LEADERSHIP AT FLUKE RELIABILITY

# FACILITY & ASSET LIFECYCLE

## FACILITY & ASSET LIFECYCLE: GORDIAN



- **Industry leading, proprietary, pre-construction cost database**
- **Software deeply aligned to user needs across complicated pre-construction workflows**

### GROWTH INITIATIVES

#### Higher Education

- Extend offering of high-value intelligence and execution tools to address multi-year transition to a “new normal”

#### State & Local Government & Education (SLED)

- Increase penetration through planning solutions that address deferred maintenance / aging infrastructure

#### Healthcare

- Leverage recent successes with tailored offerings and expanded go-to-market resources

DATA-DRIVEN INSIGHT, DECISION-MAKING AND EXECUTION TOOLS FOR THE PRE-CONSTRUCTION WORKFLOW

# ENHANCING GORDIAN'S POSITION IN PRE-CONSTRUCTION WORKFLOW



COMBINATION CREATES THE LEADING SOLUTION ACROSS THE PRE-CONSTRUCTION WORKFLOW

# FBS CASE STUDY: CUSTOMER-CENTRIC INNOVATION AT GORDIAN

## The Challenge

- Develop a modern Job Order Contracting (JOC) software platform to improve customer experience and workflow.



## Application of FBS – How we Solved the Problem

- 1 Lean Product Development** to deliver a new cloud-based, software platform for one of Gordian's largest clients
- 2 Value Stream Mapping** to streamline the migration process from Gordian's legacy system to the new technology platform.

## FBS-Driven Outcomes

- ✓ Successfully completed development in partnership with LAISD. Since migration, LAISD has completed ~\$80M in construction volume on JOC Cloud, an increase of ~130% from the legacy product.
- ✓ Successfully migrated and onboarded 73 clients onto the new JOC Cloud platform.





## FACILITY & ASSET LIFECYCLE: ACCRUENT



- Decision-making and execution tools for facility operators and owners across the facility lifecycle
- Multiple software solutions allow for unique and differentiated data insights for customers
- 7.3 billion assets & 5.3 trillion sq. ft. under management

### GROWTH INITIATIVES

#### **Accelerate international expansion of key growth products**

- Diversified CMMS, Space & Resource Scheduling, etc.

#### **Address emerging opportunities driven by “Return to Work” needs**

- Employee Experience / Modern Space Agility

#### **Support digital transformation of engineering information management workflow to SaaS in regulated industries**

**Deliver data insights & solutions to drive workflow and decision support**

**LEADING ~\$400M POSITION PROVIDING WORKFLOW SOLUTIONS FOR FACILITY MANAGERS AND OWNERS**

# ACCRUENT'S OPPORTUNITY IN SPACE MANAGEMENT

## EVOLVING CUSTOMER NEEDS

### **The way that employers use their space is evolving**

- Flexible space plan for hybrid workforce

### **Technology must adapt to meet new space needs**

- Seamlessly integrated space modules
- Connect employers, space, and employees

### **Space software elevates the role of the Facilities buyer**

- C-suite priority, but facilities still drives decision making

## WORKFLOW OPPORTUNITIES

### **Deploy suites with prebuilt industry workflows**

- Holistic view of customer operations

### **Integration of daily-use workflows with strategic asset planning**

- Objective data-led decision-making

### **Deploy services focused on migrations at scale**

- Rapid / economical shift to SaaS
- Little/no impact on business continuity

**\$500M TAM growing at MDD**

**EVOLVING FACILITIES NEEDS CREATING ATTRACTIVE NEW OPPORTUNITIES FOR ACCRUENT**

# FBS CASE STUDY: REVENUE RETENTION AT ACCRUENT

## The Challenge

- Accelerate the growth of products with strong competitive positions, including Meridian\*, into new and growing markets
- Meridian's H1 2020 churn metrics were ~2x unfavorable to target



## Application of FBS – How we Solved the Problem

- 1 Deep problem-solving (PSP) to understand customer churn
- 2 TPI Kaizen to address issues
- 3 Leveraging AI/ML through the Fort to identify at-risk customers

## FBS-Driven Outcomes

- ✓ Retention improvement of >1,000 bps, with a sharp improvement in Q4 2020 following PSP
- ✓ Increased visibility and communication across customer success team in a virtual work environment
- ✓ Opportunity to leverage sustainment plan across other Accruent product offerings



\*Accruent's Engineering Information Management (EIM) system

IMMEDIATE IMPROVEMENT IN RETENTION METRICS WITH OPPORTUNITY TO LEVERAGE ACROSS PORTFOLIO

# ENVIRONMENTAL, HEALTH & SAFETY (EHS)

# ADDRESSING PERSISTENT SAFETY AND SUSTAINABILITY CHALLENGES

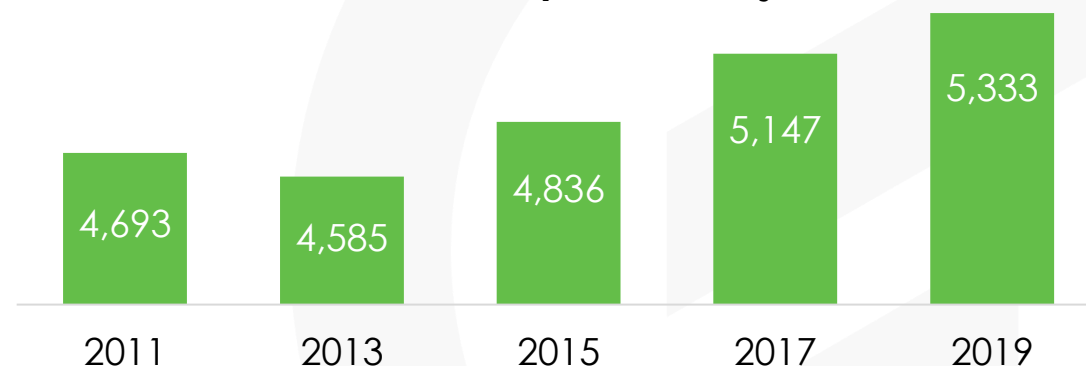
## Our Vision

Dedicated to Eliminating Workplace-Related Fatalities by 2050

Workplace-related fatalities are a big problem...and the trend is not improving



## U.S. Fatal Occupational Injuries\*\*



### Solution Focus

Safe work enablement

Active / Connected Safety

Sustainability Performance

Risk Management

Workplace & Supplier Standards

Waste Management

Source: \*ILO 2019 \*\*U.S. Dept. Labor 2020

EHS SOLUTIONS REQUIRED TO ADDRESS SIGNIFICANT WORKPLACE SAFETY CHALLENGE

# GROWTH MARKET WITH CRITICAL AND CHANGING NEEDS

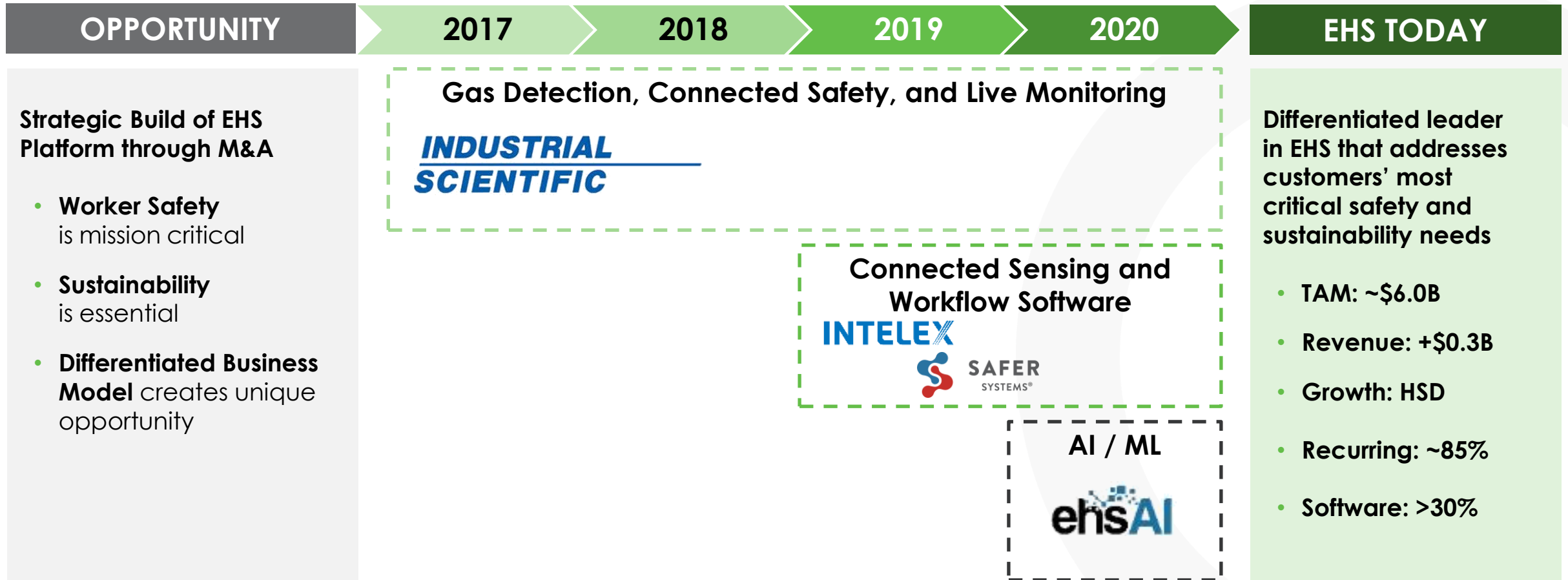
- **Our Market is Changing:** Massive impact from COVID and increased ESG focus has accelerated demand for EHS solutions
- **Our Customers' Needs are Changing:** Deliver on improved EHS performance while enabling better productivity

Focus on ESG adds greater than \$2B of incremental TAM, growing double-digits



SOPHISTICATED WORKFLOW SOLUTIONS ARE REQUIRED TO MEET CHALLENGING SUSTAINABILITY GOALS

# HOW WE HAVE BUILT THE EHS PLATFORM



BUILDING A SOFTWARE AND DATA-ADVANTAGED LEADER IN EHS

# KEY GROWTH INITIATIVES

1

## Unlocking Global Growth

Accelerate growth outside North America, addressing emerging EHS awareness and focus globally

2

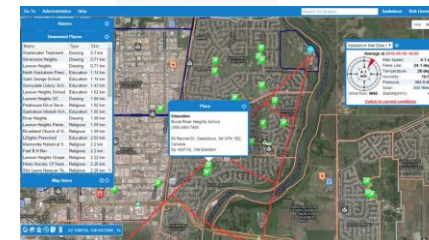
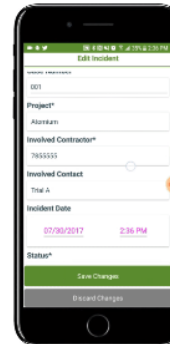
## Connected Sensing

Increase offering of connected devices and workflow software solutions to deliver better outcomes for customers

3

## Beyond Workflow Software

Expand the value proposition from workflow offerings by adding data analytics solutions



WELL-POSITIONED TO DELIVER HSD GROWTH



# FBS CASE STUDY: DRIVING GROWTH AND PRODUCTIVITY AT ISC

## The Challenge

- Improve utilization and on-time delivery rates at iNet, which had a dispersed base of instrument and component inventory



## Application of FBS – How we Solved the Problem

- 1 Leveraged Value Stream Mapping
- 2 Multiple Kaizens utilizing lean manufacturing and transactional process improvements

**INDUSTRIAL  
SCIENTIFIC**

## FBS-Driven Outcomes



~630 bps in gross margin expansion since acquisition



OTD improvements result in higher win rates, serving as a key differentiator in the sales process



**50% IMPROVEMENT IN GROSS MARGIN SINCE ACQUISITION**

# FBS CASE STUDY: BUILDING A STRONGER SALES PIPELINE AT INTELEX

## The Challenge

- Increase growth and quality of sales pipeline at Intellex



## Application of FBS – How we Solved the Problem

- 1 Detailed Value Stream Mapping (VSM)
- 2 In partnership with the Fort, utilized digital marketing tools and VSM to drive qualified leads

## FBS-Driven Outcomes

- ✓ ~40% increase in weekly qualified pipeline creation
- ✓ >50% YoY improvement in Q1 2021 pipeline creation



**INTELEX**

GROWTH ORIENTED FBS APPLICATION TO DRIVE SIGNIFICANT IMPROVEMENTS IN QUALIFIED PIPELINE CREATION

## KEY TAKEAWAYS

- 1** Entrenched instrumentation position with global installed base at heart of core maintenance workflows
- 2** Well positioned to address large and persistent EHS challenges across a broad range of markets
- 3** Attractive software positions in higher growth markets with significant penetration white space
- 4** Proprietary, hard-to-replicate data assets provide significant advantage for delivering high-value data analytics offerings

# Q&A SESSION

# SUSTAINABILITY



PETE UNDERWOOD,  
SVP & GENERAL COUNSEL

# COMMITMENT TO SUSTAINABILITY

**Our Vision: Accelerating Progress Towards a Sustainable Future for All**

## Our Sustainability Pillars

### EMPOWER INCLUSIVE & DIVERSE TEAMS



**Advance an equitable & inclusive culture that enables everyone to be authentic and do their best work**

- Inclusion & Diversity
- Organizational Culture & Management
- Talent Acquisition, Retention & Development

### INVEST IN OUR COMMUNITIES



**Create and advocate for positive impacts in the communities in which we work, live, and serve**

- Community Engagement & Support

### PROTECT THE PLANET



**Protect the environment and resources across the value chain**

- Climate Change & GHG Emissions
- Water Use
- Waste Management

### WORK & SOURCE RESPONSIBLY



**Raise and reinforce expectations to ensure people, safety, and quality are priority #1**

- Employee Well-being, Health & Safety
- Human Rights
- Responsible Supply Chain & Procurement

### OPERATE WITH PRINCIPLE








**Establish and enforce boundaries to protect critical assets**

- Digital Privacy & Security
- Ethics & Compliance
- Business Resilience

**DRIVING MEANINGFUL, RESPONSIBLE, AND SUSTAINABLE IMPACT FOR AREAS THAT MATTER MOST TO OUR STAKEHOLDERS**

# PROVIDING SOLUTIONS THAT SUPPORT SUSTAINABILITY

Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions
<p>Harness applied intelligence and advanced analytics to ensure safety and compliance, improve energy efficiency, and optimize performance</p>	<p>Help solve tough technical challenges to advance world-changing research and product development</p>	<p>Apply intelligent technologies to improve healthcare delivery and help providers focus on the best possible patient care</p>
 <p><b>INTELEX</b></p> <p><b>INDUSTRIAL SCIENTIFIC</b></p> <p><b>GORDIAN®</b></p>		  

OUR PORTFOLIO OFFERS A DIVERSE SUITE OF SUSTAINABLE PRODUCTS AND SERVICES

## UNIQUELY POSITIONED TO ACCELERATE OUR SUSTAINABILITY PROGRESS



We have an **inherent connection to Sustainability** through our business model



We provide **sustainable products and services** focused on health, safety and efficiency



**FBS** uniquely positions us to tackle big challenges



**Accelerating** our carbon emissions reduction goals – now a **50%** intensity reduction **by 2025**



Our **commitment to our Five Pillars** brings us clarity in mission for what matters to **all stakeholders**



**Expanding and enhancing our supplier diversity** program; **targeting 10%** improvement in 2021

Becoming a signatory to the **U.N. Global Compact**



Our Sustainability team and continuous improvement culture drive **enhanced and improved disclosures**



**Alignment with Sustainability Accounting Standards Board (SASB) in 2021 and Task Force on Climate-related Financial Disclosures (TCFD) in 2022**

**DRIVING OUR SUSTAINABILITY PROGRAM THROUGH FBS**



## KEY TAKEAWAYS

- 1 Sustainability as a strategy aligns with and reinforces our Shared Purpose and Values
- 2 Innovative solutions enable our customers to make the world stronger, safer, and smarter
- 3 Sustainability pillars reflect and align to issues most material to Fortive's stakeholders
- 4 FBS powers our enhanced capabilities, processes and disclosures to deliver on our new Sustainability and impact goals

SIGNIFICANT PROGRESS TO DATE WITH OPPORTUNITIES FOR CONTINUOUS IMPROVEMENT

# HUMAN CAPITAL



STACEY WALKER,  
SVP, HUMAN RESOURCES

# BUILDING BRAND AND CULTURE

## WHY WE EXIST

**Essential  
technology  
for the  
people who  
accelerate  
progress**

## WHAT WE BELIEVE

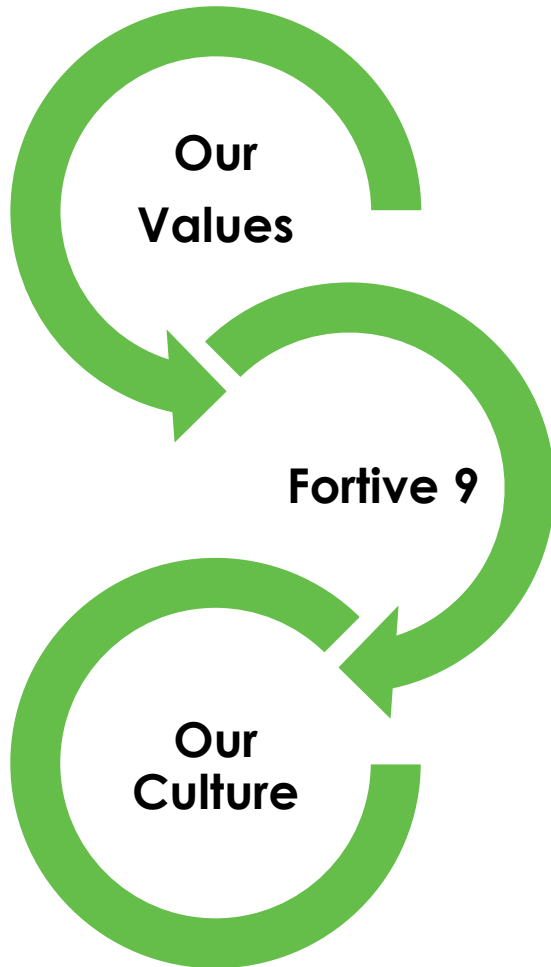


## HOW WE DO WHAT WE DO



**FBS AS FOUNDATION OF OUR CULTURE; ATTRACTING AND RETAINING EXCEPTIONAL TALENT**

# OUR APPROACH TO TALENT DEVELOPMENT



## Fortive9: Leader Competencies



- **Building the bench** with consistent approach: recruit, assess, develop and promote
- **Reinforces our strong culture of FBS**, commitment to improvement and results-driven focus
- **Sets expectations and aligns learning and development to customer led innovation**; focus on learning agility
- **Ensures our talent flywheel continues** with inspiring and building exceptional people and teams

DISCIPLINED APPLICATION OF FBS TO TALENT DEVELOPMENT GENERATES BUSINESS RESULTS

# TALENT AS A KEY STRATEGIC ENABLER

## STRATEGIC PRIORITIES



STRONG AND  
INCLUSIVE TEAMS



EXCEPTIONAL EMPLOYEE  
EXPERIENCES

## INTEGRATED TALENT MANAGEMENT



INVESTMENTS IN  
TALENT DEVELOPMENT



ACCELERATING  
STRATEGIC EXTERNAL  
RECRUITING

## TALENT FLYWHEEL



**+33%** ENGAGEMENT INDEX

**+25%** PEOPLE LEADER EFFECTIVENESS  
*(Improvement over 5 years)*

**80%** AVG. INTERNAL FILL RATE – PRESIDENTS  
*(Past 5 years)*

**65%** AVG. INTERNAL FILL RATE – SNR LEADERS  
*(Past 5 years)*

ACCELERATING TALENT ACQUISITION AND DEVELOPMENT TO EXTEND OUR TALENT ADVANTAGE

# STRONG AND INCLUSIVE CULTURE

## Continued Commitment

- **77%** Employee Engagement (+19 points since 2016)
- **100%** Human Rights Campaign Corporate Equality Index
- **100%** Employees Completed Unconscious Bias Learning

## Diversity Representation

- **80%** Involvement and Belonging
- **12%** increase in representation of professional women since 2018
- **16%** increase in US BIPOC professional representation since 2018

## Board of Directors Diversity\*

- **38%** Women
- **38%** US Black, indigenous, people of color (BIPOC)

## 2020 - 2025 Ambitions

- **+5 point increase** in Involvement in Belonging
- **>1.5X increase** in representation of women
- **>2.0X increase** in Black and Latinx representation

\* Based on 2021 Director Nominees

We are more  
**together**

CEO **ACT!ON** FOR  
DIVERSITY & INCLUSION



I&D Matters



Everyone Owns  
Inclusion



I&D in our DNA

CREATING AN ENVIRONMENT WHERE PEOPLE CAN DO THEIR BEST WORK

## KEY TAKEAWAYS

①

**Human capital is a key component of recognizing our vision**

②

**Talent development is rooted in FBS, driving results**

③

**Strong and inclusive culture, with a focus on continuous improvement**

**CONTINUING TO BUILD EXTRAORDINARY TEAMS FOR EXTRAORDINARY RESULTS**

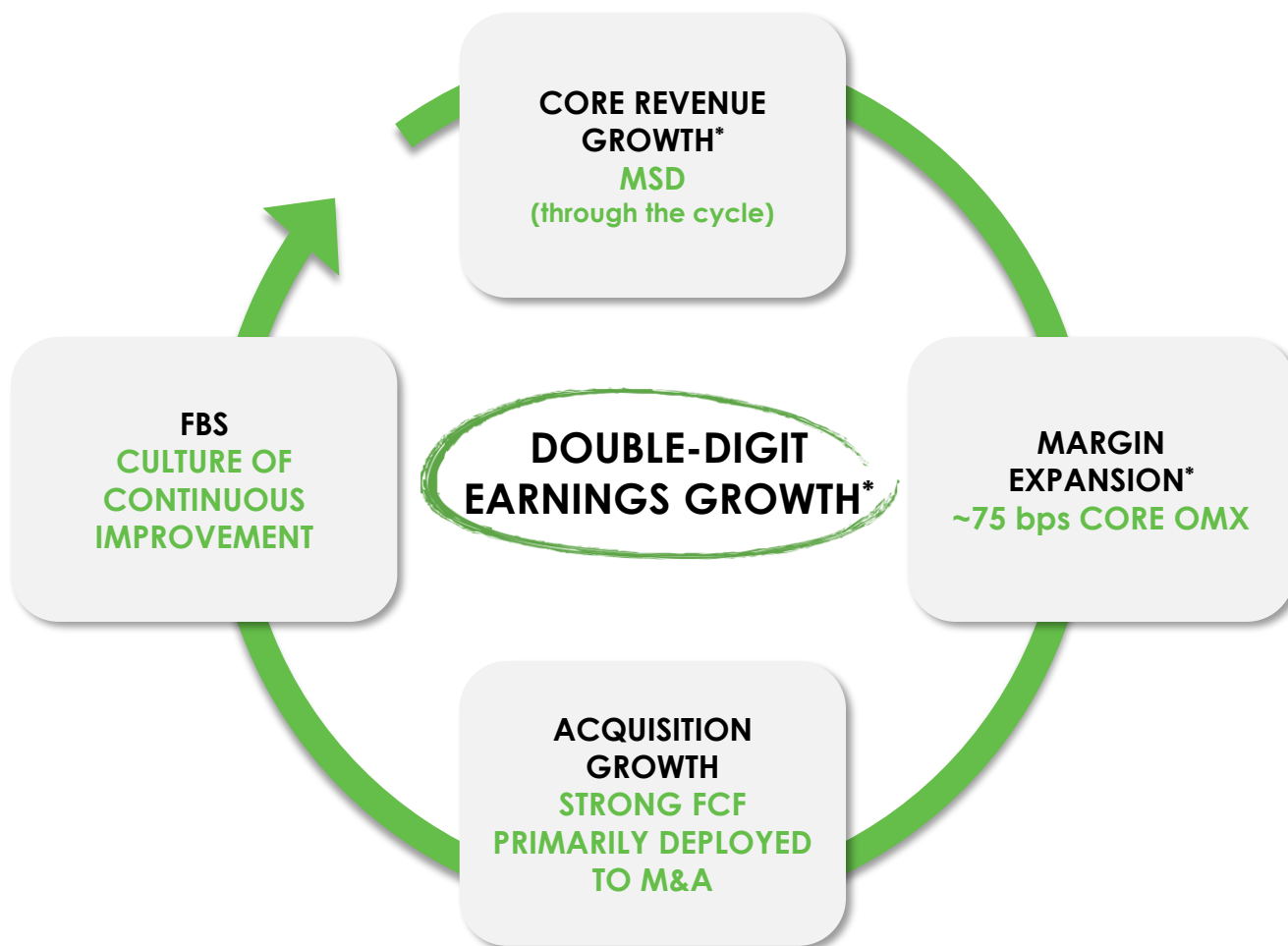
# FINANCIAL OVERVIEW AND OUTLOOK



CHUCK MCLAUGHLIN  
SVP & CHIEF FINANCIAL OFFICER



# STRENGTH OF PORTFOLIO DRIVES EVOLUTION OF FORTIVE FORMULA



- Capital allocation strategy has improved Fortive's organic growth profile
- Top-line progression to more recurring revenue drives resiliency and higher incremental margins
- FCF generation improves with margins; creating a more robust compounding model
- De-levered balance sheet provides optionality to continue to pursue strategic, accretive acquisitions
- Continue to apply discipline around returns on capital allocation

\* Represents strategic targets and not forecasted results for any future periods

**DELIVERING COMPOUNDING DOUBLE-DIGIT EARNINGS GROWTH**

## POSITIONED FOR ACCELERATED GROWTH & COMPOUNDING

	Intelligent Operating Solutions (~40% of Sales*)			Precision Technologies (~35%*)			Advanced Healthcare Solutions (~25%*)		
	Delivering leading workflow solutions that facilitate field and facility safety, reliability, and productivity			Enabling IoT expansion and accelerating the development of new technologies and innovations			Serving hospital customers with essential products and workflow solutions that ensure safe, efficient and timely healthcare		
LT Core Growth		MSD+			LSD			MSD+	
Key Financials*	Adj. Gross Margin	Adj. OP Margin	Recurring Revenue	Adj. Gross Margin	Adj. OP Margin	Recurring Revenue	Adj. Gross Margin	Adj. OP Margin	Recurring Revenue
	Mid-60s	High-20s	~30%	Low-50s	Low-20s	High-20s	Mid-50s	Low-to-Mid-20s	Low-70s

\* Based on expected FY 2021 results

HIGH QUALITY GROWTH SEGMENTS WITH A DIFFERENTIATED FINANCIAL PROFILE

# FRAMING OUR PORTFOLIO EVOLUTION

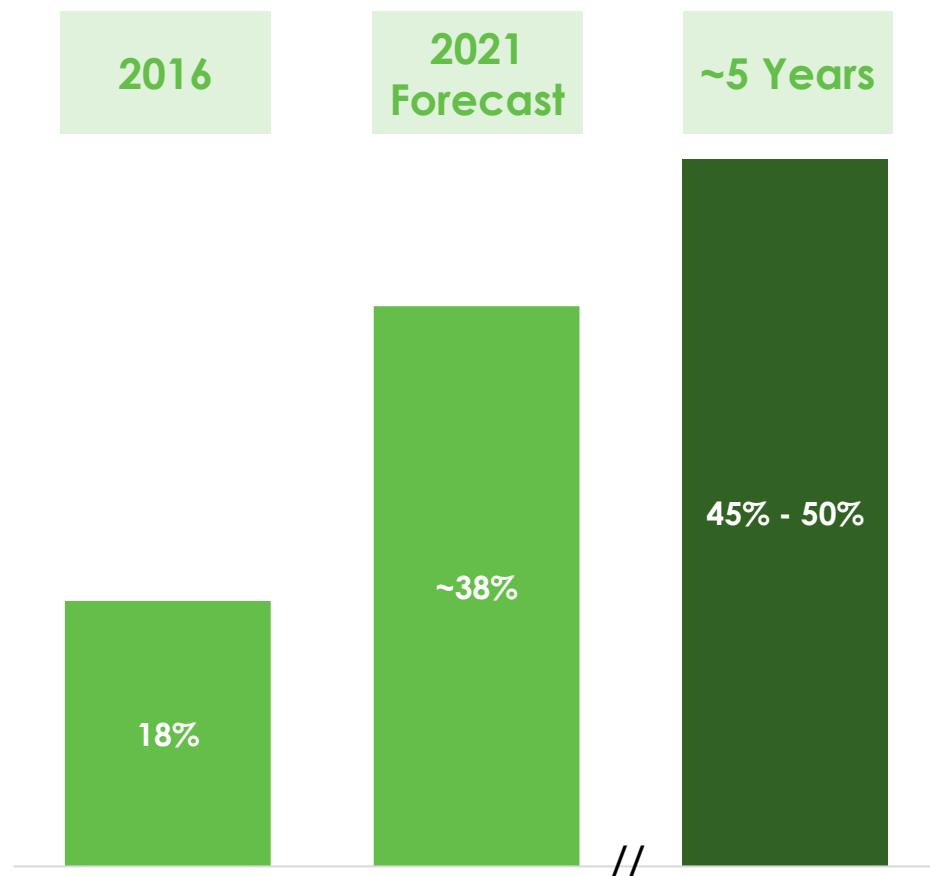
Key Metrics		EVOLVING FINANCIAL PROFILE	
Core Growth		2016*	2021 Forecast
Recurring Revenue		GDP / GDP+	MSD (through the cycle)**
Software Revenue		18%	~38%
FCF Profile and Compounding	Adj. GM%	Minimal	~13%
	Adj. EBITDA %	49%	~58%
	FCF %	23%	~24%
		Mid-Teens	~18%

\* Includes A&S and Vontier businesses. For 2016, adjusted gross margin is equal to GAAP gross margin, and Adjusted EBITDA margin is equal to GAAP EBITDA margin

\*\* Represents expected long-term growth profile for the current portfolio

**A MORE RESILIENT, HIGHER GROWTH PROFILE WITH STRONG FREE CASH FLOW AND EARNINGS POWER**

# HIGHER RECURRING REVENUE INCREASING PORTFOLIO RESILIENCE



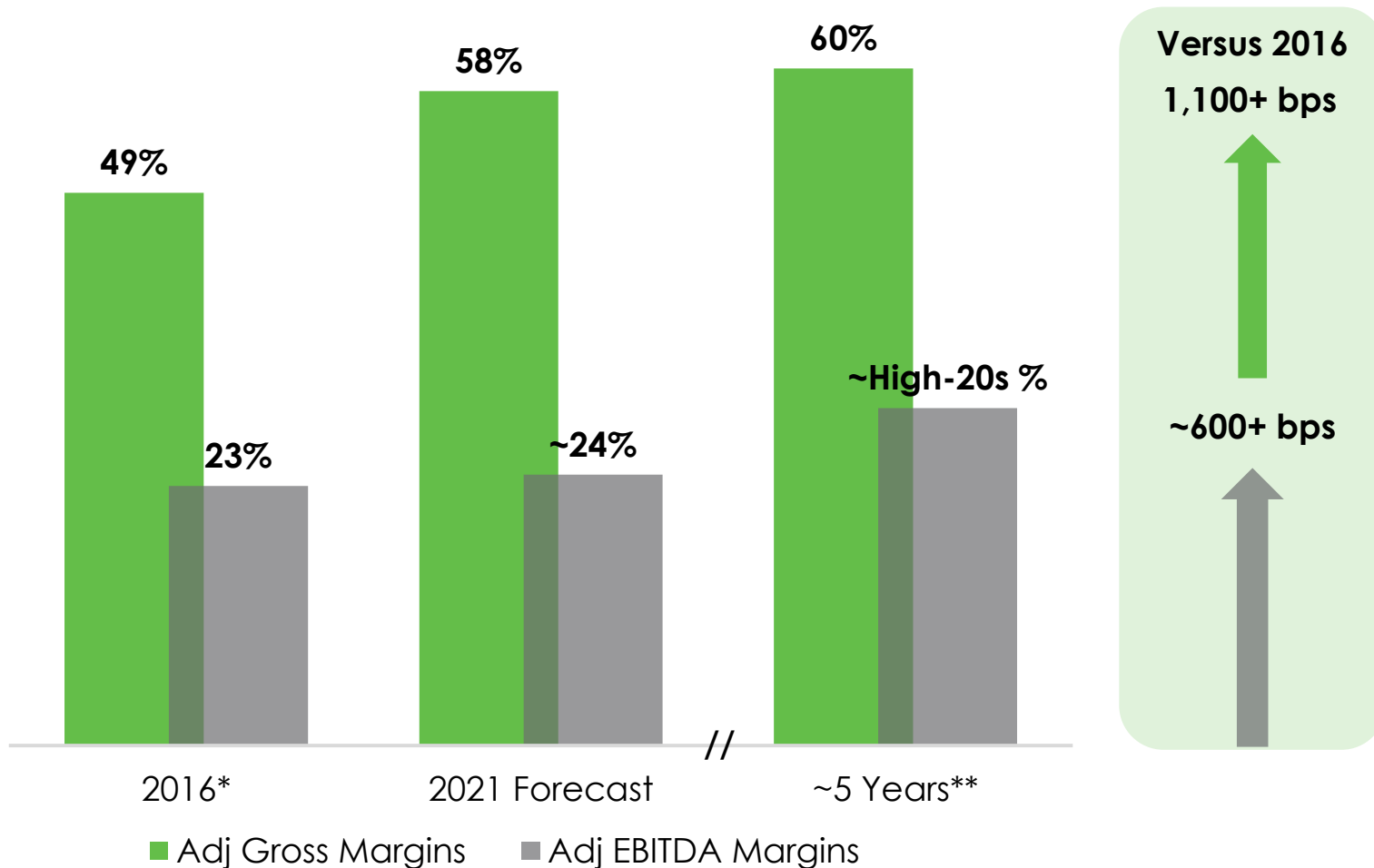
**Recurring Revenue (% of Total)**

\* Based on FY 2020 results

Composition & Growth of Current Recurring Revenue Base		
Composition*	LT Growth	Brands
Software ~25%	LDD	
Services ~35%	~MSD	
Consumables ~40%	MSD	

ORGANIC AND INORGANIC INITIATIVES HAVE MORE THAN DOUBLED RECURRING REVENUE PROFILE

# RESHAPING THE MARGIN PROFILE OF THE PORTFOLIO



**Combination of organic and inorganic initiatives expected to drive double-digit earnings growth**

- MSD core growth with >75 bps of annual OMX
- Future M&A expected to enhance growth and earnings profile

**~1,100 bps increase in adjusted gross margin expansion leads to a more powerful earnings flywheel**

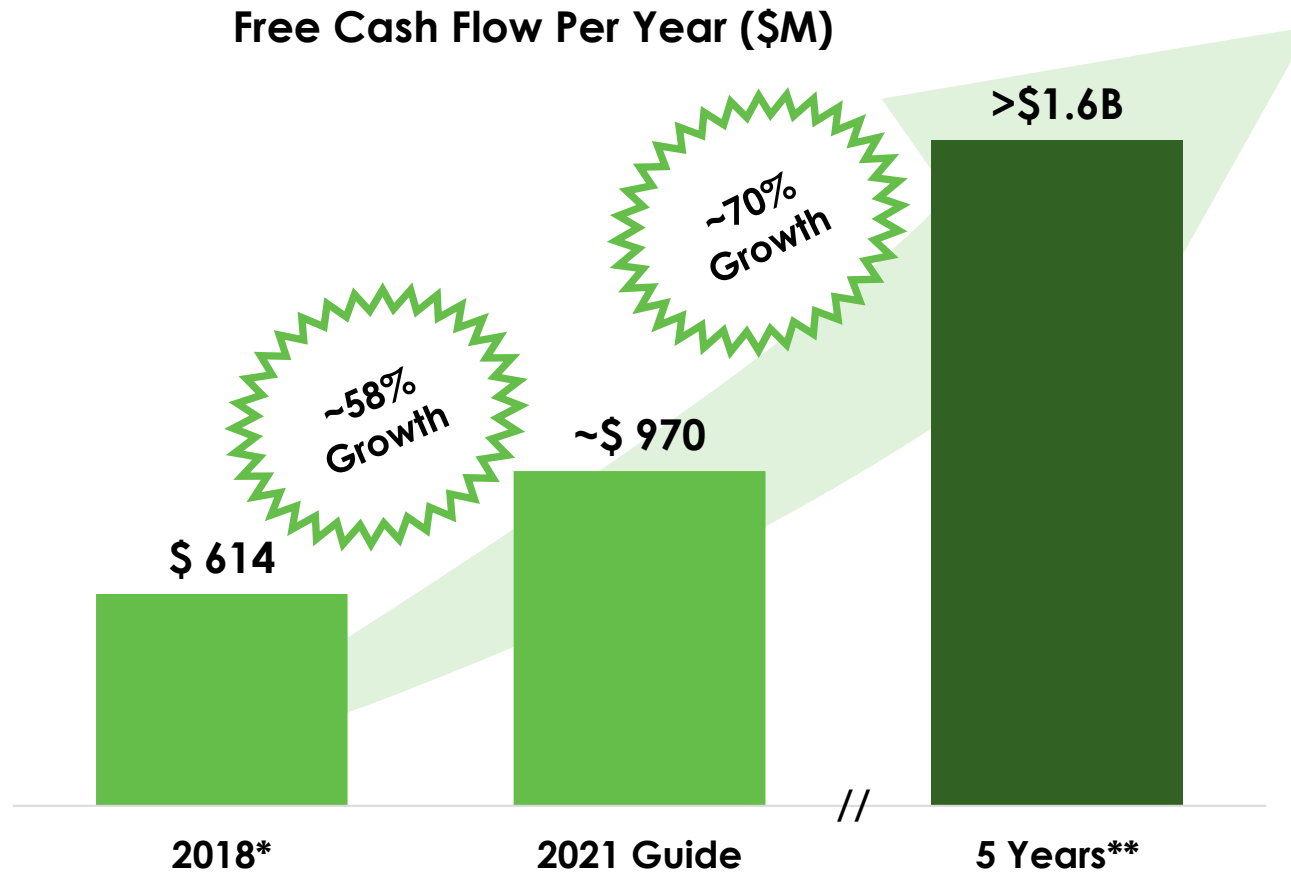
- Higher gross margins allow for strategic reinvestment to accelerate growth

\* Includes A&S and Vontier businesses. For 2016, adjusted gross margin is equal to GAAP gross margin, and Adjusted EBITDA margin is equal to GAAP EBITDA margin

\*\* Represents strategic targets and not forecasted results for any future periods

**ACCELERATING FLYWHEEL TO DRIVE DOUBLE-DIGIT EARNINGS TRAJECTORY**

# DRIVING THE FREE CASH FLOW POWER OF THE PORTFOLIO



- Leveraging contribution from subscription-based / recurring revenue
- Driving ~75 bps of annual core OMX expansion
- Asset-lite portfolio (capex ~1.5% of sales)
- FBS driving higher working capital turns / efficiency
- Free cash flow supports balance sheet optionality for capital allocation strategy

\* Includes A&S and Vontier businesses.

\*\* Represents strategic targets and not forecasted results for any future periods

**FREE CASH FLOW PROFILE SUPPORTS ACCELERATED COMPOUNDING**

# CONSISTENT M&A PLAYBOOK AND GROWING CAPACITY

## MARKET

- Secular / structural growth drivers
- High barriers to entry
- Consolidation opportunities

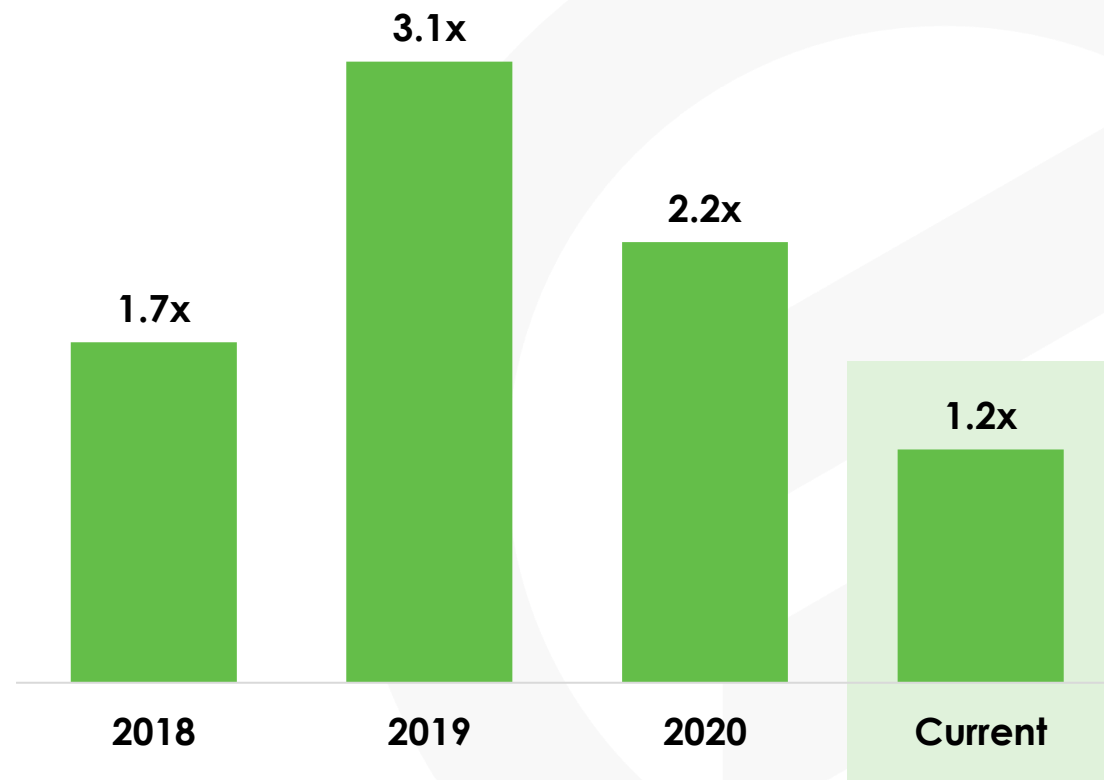
## COMPANY

- Strong market position
- Revenue durability
- Expanding margins

## VALUE CREATION

- FBS opportunities
- Strategy acceleration
- Accretive to financial profile
- ROIC returns

## Net Debt to EBITDA\*



\* Calculated pursuant to the definition of "Consolidated Net Leverage Ratio" set forth in the Company's credit agreements.

**AMPLE CAPACITY TO DEPLOY TOWARDS M&A**

# ACCELERATING VALUE CREATION: A LOOK AHEAD

Key Metrics		~5 Year Outlook*	
Core Growth		MSD (through the cycle)	
Recurring Revenue		45% – 50%	
Software Revenue		~20%	
FCF Profile and Compounding	Adj. GM %	+50 bps / yr	
	Adj. EBITDA %	+75 bps / yr	
	FCF Growth	+DD / yr	

\* Represents strategic targets and not forecasted results for any future periods

**MORE RESILIENT, HIGHER GROWTH PROFILE WITH STRONG FREE CASH FLOW AND DOUBLE-DIGIT EARNINGS GROWTH**



## KEY TAKEAWAYS

- ① **Portfolio evolution has re-rated our financial profile**
- ② **Strong foundation for MSD core growth going forward**
- ③ **Higher core growth + Higher incremental margins + M&A → Accelerated FCF compounding**

ELEVATED FINANCIAL PROFILE DRIVING COMPOUNDING AND DOUBLE-DIGIT EARNINGS GROWTH

# Q&A SESSION



# WRAP UP



JIM LICO  
PRESIDENT & CEO

# ENHANCING OUR ABILITY TO DELIVER ON OUR SHARED PURPOSE

## Our Shared Purpose

We build  
extraordinary teams  
for extraordinary results



Customer success  
inspires our innovation

We compete  
for shareholders

Kaizen  
is our way of life

## Building a Stronger Fortive

- Increasing diversity at all levels of the organization
- Enhancing talent acquisition and development capabilities
- Increasing our focus and commitment to sustainability
- Consistently improving FBS to drive continuous improvement

ESSENTIAL TECHNOLOGIES FOR THE PEOPLE WHO ACCELERATE PROGRESS

## EXECUTING OUR STRATEGY AND ACCELERATING VALUE CREATION



Delivering leading workflow solutions that facilitate field and facility safety, reliability, and productivity



Enabling IoT expansion and accelerating the development of new technologies and innovations



Serving hospital customers with essential products and workflow solutions that ensure safe, efficient and timely healthcare



Consistently improving FBS to drive greater growth, innovation and sustainability across an evolving portfolio

**HOW WE WIN: ADVANTAGED POSITIONS + FOCUSED GROWTH STRATEGY + DIFFERENTIATED CULTURE**

THANK YOU



# SUPPLEMENTAL RECONCILIATION DATA

# EBITDA MARGIN FOR THE YEAR ENDED DECEMBER 31, 2016\*

	For the year ended December 31, 2016	
<i>\$ in millions</i>		
<b>Revenue (GAAP)</b>	\$	6,224.3
<b>Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA")</b>		
<b>Earnings before income taxes (GAAP)</b>	\$	1,197.0
Interest Expense (GAAP)		49.0
Depreciation (GAAP)		90.7
Amortization (GAAP)		85.7
<b>EBITDA (Non-GAAP)</b>	\$	1,422.4
<b>EBITDA Margin (Non-GAAP)</b>		23%

\* Includes carve-out amounts from Danaher and includes the A&S and Vontier businesses.



# FREE CASH FLOW MARGIN FOR THE YEAR ENDED DECEMBER 31, 2016\*

\$ in millions

## Operating Cash Flows (GAAP)

Less: purchases of property, plant & equipment (capital expenditures) (GAAP)

## Free Cash Flow (Non-GAAP)

## Revenue (GAAP)

## Free Cash Flow Margin (Non-GAAP)

For the year ended  
December 31, 2016

\$ 1,136.9

129.6

\$ 1,007.3

\$ 6,224.3

16%

\* Includes carve-out amounts from Danaher and includes the A&S and Vontier businesses.

# FREE CASH FLOW FROM CONTINUING OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2018



*\$ in millions*

## Operating Cash Flows from Continuing Operations (GAAP)

Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)

## Free Cash Flow from Continuing Operations (Non-GAAP)

For the year ended  
December 31, 2018

\$	684.1
	69.9
\$	614.2