



# First Quarter 2025 Earnings Release

May 1, 2025

# Forward Looking Statements & Non-GAAP Financial Measures

Statements in this presentation that are not strictly historical, including statements regarding anticipated financial results, impact of trade policies, including tariffs and the application thereof, global and regional economic conditions, industry trends, geopolitical events, our plans to separate into two independent, publicly-traded companies, including the timing and cost related to the planned separation, interest rate and current exchange rate impact, future prospects, shareholder value, and any other statements identified by their use of words like “anticipate,” “expect,” “believe,” “outlook,” “guidance,” “target,” or “will” or other words of similar meaning, are “forward-looking statements” within the meaning of the United States federal securities laws. Factors that could cause actual results to differ materially from those in the forward-looking statements include, among other things: deterioration of or instability in the economy, the markets we serve, international trade policies and deteriorating trade relations with other countries, including imposition of tariffs and retaliatory tariffs between the United States and China and other countries, responsive economic nationalism, trade restrictions, enhanced regulation, the financial markets, geopolitical conditions and conflicts, security breaches or other disruptions of our information technology systems, supply chain constraints, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, 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 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, geopolitical, including war and sanctions, 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, adverse effects of restructuring activities, risk related to tax treatment of our prior or pending separation, 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 and climate change. 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, 2024 and the Quarterly Report on Form 10-Q for the quarter ended March 28, 2025. 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 may contain references to financial measures not presented in accordance with generally accepted accounting principles (“GAAP”). We have not reconciled forward-looking targets or outlook regarding non-GAAP measures, other than forecasted adjusted EPS, because any corresponding GAAP measures and the reconciliations thereto would require us to make estimates or assumptions with precision about acquisitions, capital and other expenditures and similar adjustments during the relevant period. Information required by Regulation G with respect to historical non-GAAP financial measures and for forward-looking adjusted EPS are set forth in the appendix to this presentation and the “Investors” section of our website, [www.fortive.com](http://www.fortive.com), under the heading “Financial Results”.

All growth or period changes refer to year-over-year comparisons unless otherwise stated.

Forward looking financial information not otherwise presented as a range reflect assumptions underlying the midpoint of our forward-looking targets.



# Key Messages

## Solid Q1 performance despite dynamic macro

Adj. EPS at midpoint of guidance range and Adj. Free Cash Flow above our expectations

Continued growth in IOS and AHS, offset by unfavorable PT decline

Delivered adj. gross margin and adj. operating margin expansion despite lower revenue

## Navigating the current environment

New Fortive benefiting from durable markets and recurring revenue growth

Broad policy and macro uncertainty delaying recovery in PT

Proven FBS playbook to rapidly countermeasure headwinds

Updated FY 2025 guidance to reflect moderated demand at PT; includes net tariff impact

## Separation on track, targeting by end of Q2

Form 10 to be filed in early May with pro forma financials

Investor days scheduled for June 10th; road shows and when-issued trading to follow

Mark Okerstrom appointed CFO of Fortive, effective March 24th



# Q1 2025 Financial Highlights

## Earnings in line with expectations

### Q1 2025

REVENUE & GROWTH	<b>Revenue</b>	<b>\$1.47B</b>
	<i>Total Growth</i>	(3)%
	<i>Core Growth</i>	(2)%
	<i>IOS + AHS</i>	+2%
	<i>PT</i>	(8)%
MARGINS	<b>Adj. Op. Profit</b>	<b>\$373M</b>
	<i>Adj. OMX</i>	+20 bps
EARNINGS & FCF	<b>Adj. EPS</b>	<b>\$0.85</b>
	<i>Adj. EPS Growth</i>	+2%
	<b>Adj. Free Cash Flow</b>	<b>\$222M</b>
	<i>Adj. FCF Growth</i>	(4)%

### Q1 Highlights

- IOS and AHS growth reflects resilient demand and traction on innovation; strong SaaS and ARR growth
- Trade and macro uncertainty delaying PT recovery as customers delay spending decisions
- Operating leverage and accretive software growth drive +20bps adj. operating profit margin expansion
- Adj. EPS at mid-point of guide
- Better than expected adj. FCF performance, last 6 month adj. FCF growth of 7%; repurchased 2.5M shares in the first quarter



# Q1 2025 Segment Highlights - IOS & AHS

## Resilient demand for New Fortive

### TOTAL IOS + AHS

(\$ in millions)

Core Growth: +2.2%

Total Growth: +0.8%



- Q1 performance as expected; fewer days, Q4 sales timing ~(200) bps impact
- Adj. OMX +80 bps

### INTELLIGENT OPERATING SOLUTIONS

Core Growth: +2.0%

Total Growth: +0.9%

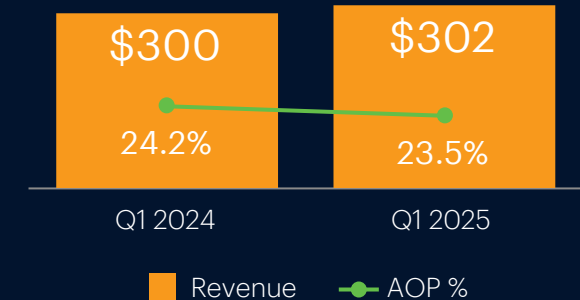


- Stable industrial products demand
- Europe/China weak as expected
- Continued growth and share gains at FAL
- Adj. OMX driven by software & recurring revenue businesses

### ADVANCED HEALTHCARE SOLUTIONS

Core Growth: +2.5%

Total Growth: +0.8%



- Continued strength in infection prevention (ASP/Censis), partially offset by days impact
- Robust software growth driven by continued SaaS conversions
- Investments for growth and unfavorable FX more than offset AOP volume leverage



# Q1 2025 Segment Highlights - PT

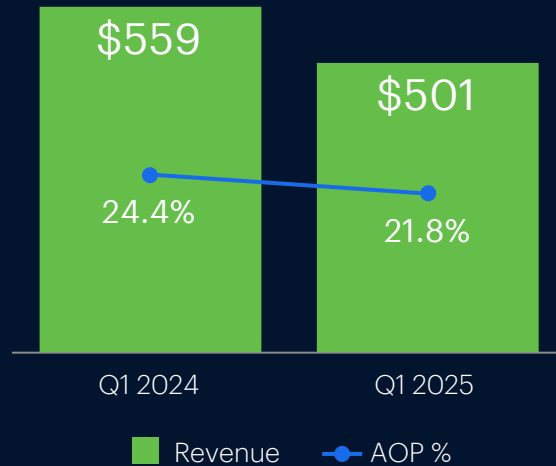
Customer caution given policy and macro uncertainty

## PRECISION TECHNOLOGIES

(\$ in millions)

Core Growth: (8.4)%

Total Growth: (10.5)%



- Q1 performance below (MSD) core growth expectation

## Q1 Highlights

- Solid core orders growth driven by North America and Asia ex-China
- Test & measurement core decline (high-teens) reflects tough comp and customer order delays
- Continued strong demand in sensors & safety systems; demand pressure on supply chain continues
- AOP margins reflect lower T&M volumes off strong Q1-24 comp and FX headwinds, partially offset by strong margin expansion at Sensing



# Navigating the Current Environment

## Proven FBS playbook to rapidly countermeasure headwinds

### Estimated Gross Incremental Tariff Impacts<sup>1</sup>

	2025 IMPACT
China	\$165 to \$175M
US imports from China (~145% tariff)	\$75 to \$80M
US exports to China (~125% tariff)	\$90 to \$95M
Asia (ex-China) (~15% tariff)	\$10 to \$15M
Europe (~15% tariff)	\$10 to \$15M
North America (~25% tariff)	\$0 to \$5M
Rest of World (10-15% tariff)	\$5 to \$10M
<b>Total<sup>2</sup></b>	<b>\$190 to \$220M</b>

### Countermeasure Playbook

- Pricing/surcharges where appropriate
- Leveraging existing sourcing strategies
- Optimizing production and logistics
- Cost and productivity actions

### Mitigation Implications & Phasing

- Pricing actions implemented throughout Q2
- Accelerating supply chain and manufacturing actions to offset new tariffs; reduced exposure to imports from China by 70% since 2018
- Expect to fully offset the estimated tariff exposure by Q4, completely mitigate in 2026
- Proactive restructuring plus new cost actions

1. Estimated impact as of 5/1/25; regional tariff rates are as of 5/1/25 and reflects a weighted average  
2. ~60% / 40% New Fortive / Ralliant split



# Q2 and FY 2025 Outlook

Managing through dynamic, more uncertain environment

## Q2'25 Expectations

ADJUSTED EPS                      \$0.85 to \$0.90

### KEY ASSUMPTIONS

- PT/Ralliant core decline, modest sequential improvement
- "New Fortive" continues steady pace of growth in IOS/AHS
- Adj. operating margins pressured by tariffs
- Tariff mitigation actions phase in throughout quarter

## FY'25 Expectations

ADJUSTED EPS                      \$3.80 to \$4.00

### KEY ASSUMPTIONS

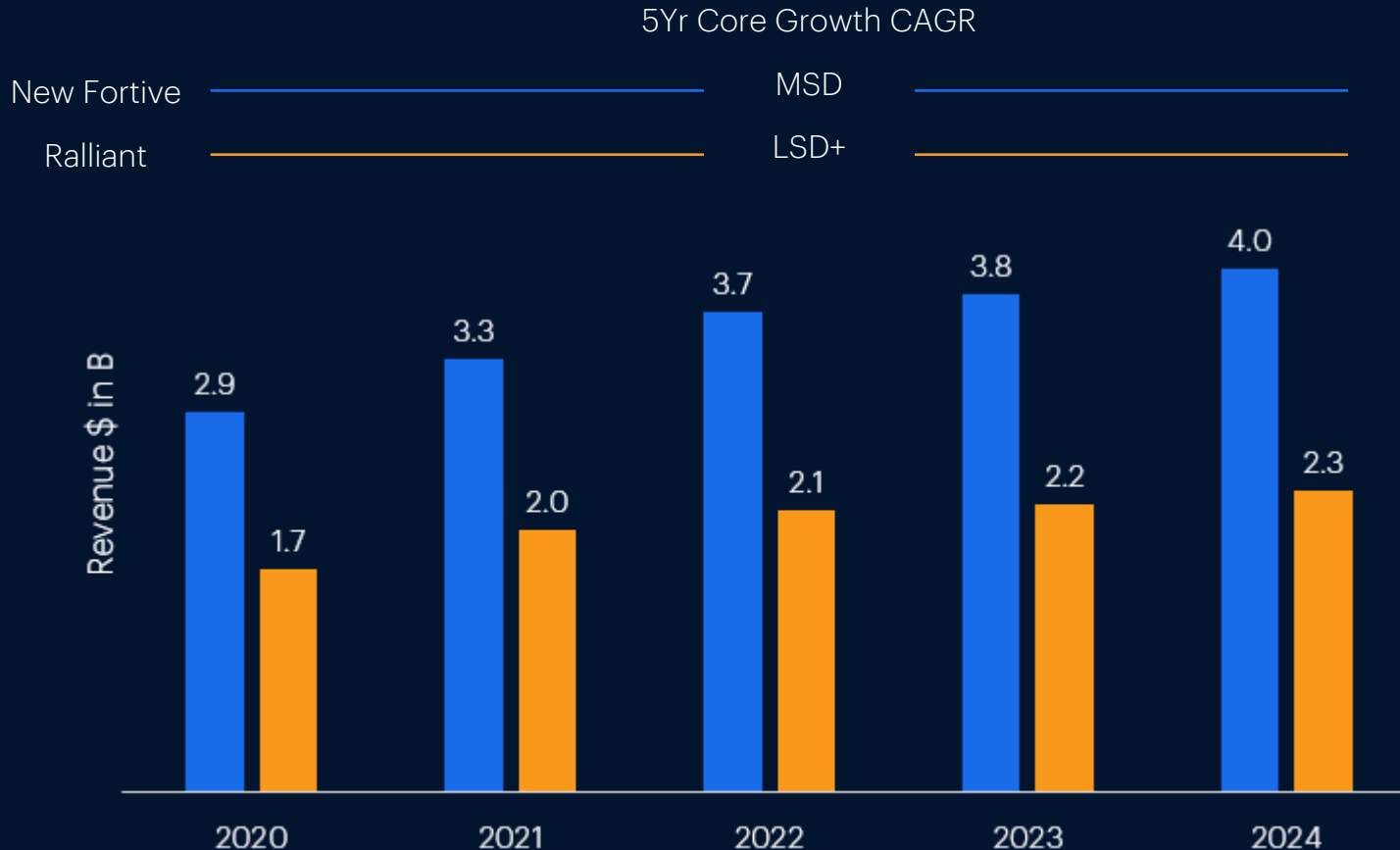
- Guide reduced for moderated demand at PT/Ralliant
- Durable growth at "New Fortive"
- Offsetting tariff impact
- "New Fortive" and Ralliant to provide updated guidance post-separation





# Track Record of Durable Growth

Innovation and diversification driving resilient revenue profile



## Strategic actions to enhance durability

- Continued diversification and geographic expansion into attractive growth markets
- Accelerated innovation and growth investments aligned to favorable secular trends
- Increased recurring revenue profile
- Resilient margins and free cash flow



# Investor Day & Separation Update

## Launching two independent companies

### Fortive & Ralliant 2025 Investor Days

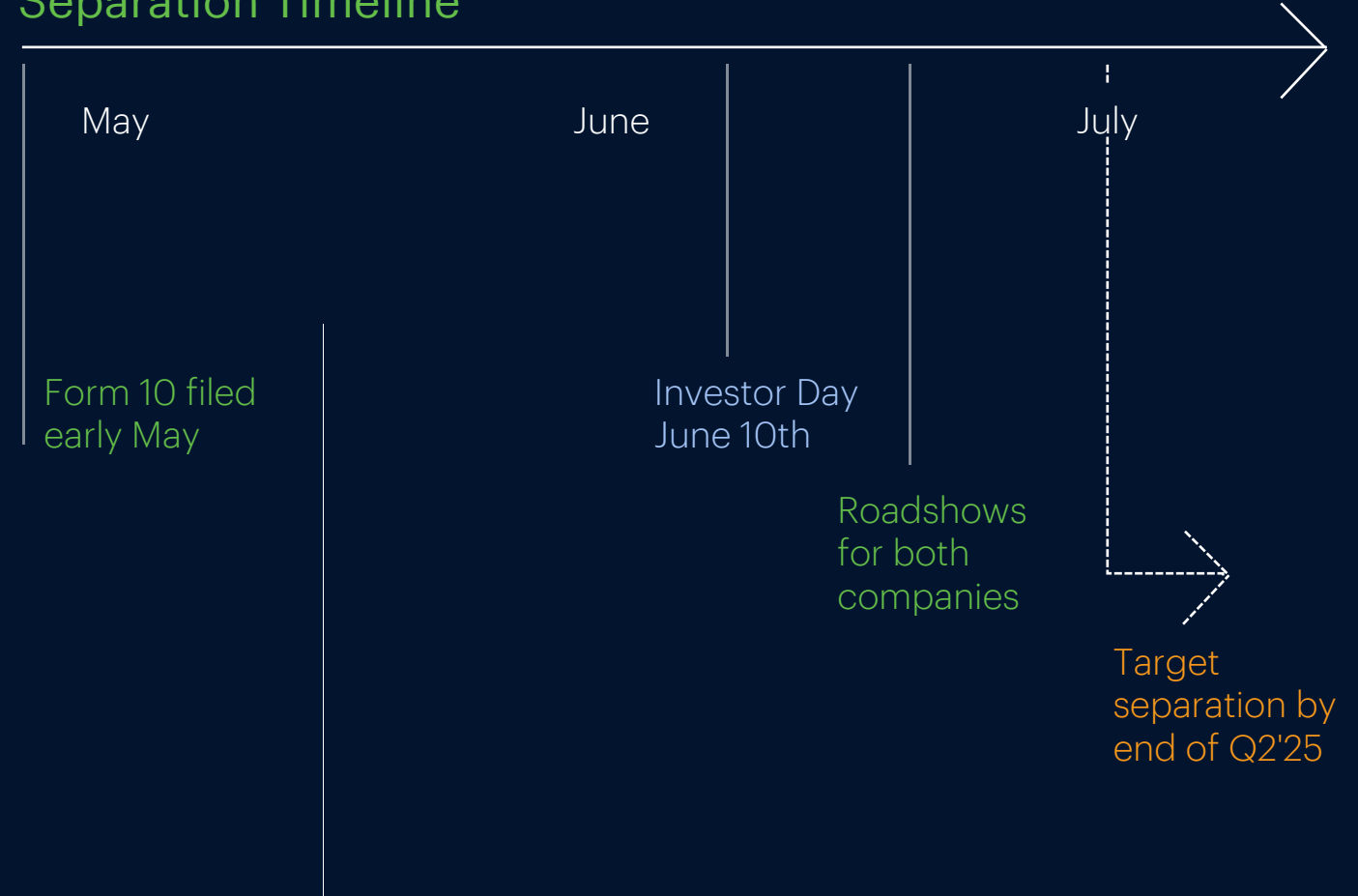
Tuesday, June 10th @ 10am ET @  
NYSE, +webcast

- Ralliant presentation (morning session)
- Fortive presentation (afternoon session)
- Innovation showcase (registration & lunch)

**FTV**  
LISTED  
**NYSE**

**RAL**  
LISTED  
**NYSE**

### Separation Timeline



# Wrap up

- 1 Solid Q1 performance despite dynamic macro environment
- 2 Proven FBS playbook to navigate the current trade landscape
- 3 Updated FY outlook reflects more uncertain macro and policy environment
- 4 Separation on-track to be completed by the end of Q2; investor days scheduled for June 10th

# Supplemental Reconciliation Data

ADJUSTED OPERATING PROFIT & ADJUSTED OPERATING PROFIT MARGIN

\$ in millions	Three Months Ended March 28, 2025						Three Months Ended March 29, 2024							Total Fortive Year over Year Change
	Intelligent Operating Solutions	Advanced Healthcare Solutions	Total IOS + AHS	Precision Technologies	Corporate	Total Fortive	Intelligent Operating Solutions	Advanced Healthcare Solutions	Total IOS + AHS	Precision Technologies	Corporate	Total Fortive		
Revenue (GAAP)	\$ 671.4	\$ 302.2	\$ 973.6	\$ 500.6	\$ —	\$ 1,474.2	\$ 665.7	\$ 299.8	\$ 965.5	\$ 559.0	\$ —	\$ 1,524.5	\$ (50.3)	
Operating Profit (GAAP)	\$ 173.7	\$ 26.3	\$ 200.0	\$ 87.3	\$ (53.7)	\$ 233.6	\$ 164.1	\$ 27.5	\$ 191.6	\$ 149.1	\$ (38.5)	\$ 302.2		
Amortization of acquisition-related intangible assets	46.6	44.6	91.2	20.3	—	111.5	47.6	45.0	92.6	21.1	—	113.7		
Acquisition, divestiture, and separation related items <sup>(a)</sup>	—	—	—	1.0	22.6	23.6	0.2	—	0.2	29.4	—	29.6		
Gain on sale of property	—	—	—	—	—	—	—	—	—	(63.1)	—	(63.1)		
Discrete restructuring charges	3.4	—	3.4	0.5	—	3.9	—	—	—	—	—	—		
Adjusted Operating Profit (Non-GAAP)	\$ 223.7	\$ 70.9	\$ 294.6	\$ 109.1	\$ (31.1)	\$ 372.6	\$ 211.9	\$ 72.5	\$ 284.4	\$ 136.5	\$ (38.5)	\$ 382.4	\$ (9.8)	
Operating Profit Margin (GAAP)	25.9 %	8.7 %	20.5 %	17.4 %		15.8 %	24.7 %	9.2 %	19.8 %	26.7 %		19.8 %		
Adjusted Operating Profit Margin (Non-GAAP)	33.3 %	23.5 %	30.3 %	21.8 %		25.3 %	31.8 %	24.2 %	29.5 %	24.4 %		25.1 %		
Incremental Adjusted Operating Profit Margin (Non-GAAP) <sup>(b)</sup>													19.5 %	
2024 Adjusted Operating Profit Margin (Non-GAAP)	31.8 %	24.2 %	29.5 %	24.4 %		25.1 %								
Core (Non-GAAP)	1.5 %	(0.7)%	0.8 %	(3.8)%		(0.2)%								
Acquisitions and divestitures (Non- GAAP)	— %	— %	— %	1.2 %		0.4 %								
2025 Adjusted Operating Profit Margin (Non-GAAP)	33.3 %	23.5 %	30.3 %	21.8 %		25.3 %								

(a) Includes pretax transaction costs, acquisition related fair value adjustments to inventory, integration costs, corresponding restructuring charges related to acquisitions, and separation costs.  
(b) Incremental adjusted operating profit margin is calculated as the increase in adjusted operating profit between two periods, divided by the increase in adjusted revenue between the same two periods.

The sum of the components of adjusted operating profit and adjusted operating profit margin may not equal due to rounding.

# ADJUSTED NET EARNINGS AND ADJUSTED DILUTED NET EPS

\$ in millions, except per share amounts	Three Months Ended			
	March 28, 2025		March 29, 2024	
		Per share value		Per share value
<b>Net Earnings and Net Earnings Per Share (GAAP)</b>	<b>\$ 171.9</b>	<b>\$ 0.50</b>	<b>\$ 207.4</b>	<b>\$ 0.58</b>
Pretax amortization of acquisition related intangible assets	111.5	0.32	113.7	0.32
Pretax acquisition, divestiture, and separation related items <sup>(a)</sup>	23.6	0.07	29.6	0.09
Pretax discrete restructuring charges	3.9	0.02	—	—
Pretax losses from equity investments	—	—	4.6	0.01
Pretax gain on sale of property and charitable contribution expense	—	—	(43.1)	(0.12)
Tax effect of the adjustments reflected above	(16.7)	(0.05)	(16.9)	(0.05)
Discrete tax expense resulting from the Separation of Ralliant	(2.7)	(0.01)	—	—
<b>Adjusted Net Earnings and Adjusted Net Earnings Per Share (Non-GAAP)</b>	<b>\$ 291.5</b>	<b>\$ 0.85</b>	<b>\$ 295.3</b>	<b>\$ 0.83</b>
<b>Average Common Diluted Stock Outstanding (shares in millions)</b>		<b>344.6</b>		<b>356.0</b>

(a) Includes pretax transaction costs, acquisition related fair value adjustments to inventory, integration costs, corresponding restructuring charges related to acquisitions, and costs related to the Separation.

The sum of the components of adjusted diluted net earnings per share may not equal due to rounding.

FORECASTED ADJUSTED DILUTED NET EPS

	Three Months Ending June 27, 2025		Twelve Months Ending December 31, 2025	
	Low	High	Low	High
Forecasted Diluted Net Earnings Per Share (GAAP)	\$ 0.44	\$ 0.49	\$ 2.23	\$ 2.43
Anticipated pretax amortization of acquisition related intangible assets	0.33	0.33	1.32	1.32
Anticipated pretax acquisition, divestiture, and separation related items	0.13	0.13	0.39	0.39
Anticipated pretax discrete restructuring charges	0.01	0.01	0.04	0.04
Tax effect of the adjustments reflected above	(0.07)	(0.07)	(0.24)	(0.24)
Discrete tax expense resulting from the Separation of Ralliant	0.01	0.01	0.06	0.06
Forecasted Adjusted Diluted Net Earnings Per Share	\$ 0.85	\$ 0.90	\$ 3.80	\$ 4.00

The sum of the components of forecasted adjusted diluted net earnings per share may not equal due to rounding.

FREE CASH FLOW AND ADJUSTED FREE CASH FLOW - TRAILING SIX MONTHS (in millions)

	Three Months Ended		Trailing Six Months
	March 28, 2025	December 31, 2024	
Operating Cash Flows (GAAP)	\$ 241.7	\$ 502.2	\$ 743.9
Less: Purchases of property, plant & equipment (capital expenditures) (GAAP)	(26.7)	(37.0)	(63.7)
Free Cash Flow (Non-GAAP)	215.0	465.2	680.2
Add: Cash separation costs (GAAP)	6.8	—	6.8
Adjusted Free Cash Flow (Non-GAAP)	\$ 221.8	\$ 465.2	\$ 687.0

	Three Months Ended		Trailing Six Months
	March 29, 2024	December 31, 2023	
Operating Cash Flows (GAAP)	\$ 256.7	\$ 446.8	\$ 703.5
Less: Purchases of property, plant & equipment (capital expenditures) (GAAP)	(26.4)	(34.1)	(60.5)
Free Cash Flow (Non-GAAP)	230.3	412.7	643.0
Add: Cash separation costs (GAAP)	—	—	—
Adjusted Free Cash Flow (Non-GAAP)	\$ 230.3	\$ 412.7	\$ 643.0



# CORE REVENUE GROWTH

Components of Revenue Growth

	Three Months Ended March 28, 2025				
	Intelligent Operating Solutions	Advanced Healthcare Solutions	Total IOS + AHS	Precision Technologies	Total Fortive
Total revenue growth (GAAP)	0.9 %	0.8 %	0.8 %	(10.5)%	(3.3)%
Excluding impact of:					
Acquisitions and divestitures	— %	— %	— %	1.0 %	0.4 %
Currency exchange rates	1.1 %	1.7 %	1.4 %	1.1 %	1.2 %
Core revenue growth (Non-GAAP)	2.0 %	2.5 %	2.2 %	(8.4)%	(1.7)%

# ADJUSTED EFFECTIVE TAX RATE

\$ in millions	Three Months Ended	
	March 28, 2025	March 29, 2024
Earnings before income taxes	\$ 201.4	\$ 234.0
Income tax expense	(29.5)	(26.6)
<b>Effective tax rate (GAAP)</b>	<b>14.6 %</b>	<b>11.4 %</b>
<b>Earnings before income taxes (GAAP)</b>	<b>\$ 201.4</b>	<b>\$ 234.0</b>
Pretax amortization of acquisition related intangible assets and non-cash impairments	111.5	113.7
Pretax acquisition and divestiture related items <sup>(a)</sup>	23.6	29.6
Pretax discrete restructuring charges	3.9	—
Pretax losses from equity investments	—	4.6
Pretax gain on sale of property and charitable contribution expense	—	(43.1)
<b>Pretax Adjusted Earnings before income taxes (Non-GAAP)</b>	<b>\$ 340.4</b>	<b>\$ 338.8</b>
Tax effect of the adjustments reflected above	(16.7)	(16.9)
Discrete tax expense resulting from the Separation of Ralliant	(2.7)	—
<b>Adjusted income tax expense (Non-GAAP)</b>	<b>\$ (48.9)</b>	<b>\$ (43.5)</b>
<b>Adjusted effective tax rate (Non-GAAP)</b>	<b>14.4 %</b>	<b>12.8 %</b>

(a) Includes pretax transaction costs, acquisition related fair value adjustments to inventory, integration costs and corresponding restructuring charges related to acquisitions, and costs related to the Separation.

The recalculation of certain percentages may not equal due to rounding.



**FORTIVE**