FORTIVE CORPORATION AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
AND OTHER INFORMATION

Adjusted Net Earnings from Continuing Operations, Adjusted Diluted Net Earnings per Share from Continuing Operations, Adjusted Operating Profit, Adjusted Gross Profit, and Adjusted Effective Tax Rate

We disclose the non-GAAP measures of historical adjusted net earnings from continuing operations, historical and forecasted adjusted diluted net earnings per share from continuing operations and historical adjusted estimated effective tax rate, which to the extent applicable, make the following adjustments to GAAP net earnings, GAAP diluted net earnings per share and GAAP estimated effective tax rate:

- Excluding on a pretax basis amortization of acquisition-related intangible assets;
- Excluding on a pretax basis acquisition-related costs deemed significant ("Transaction Costs");
- Excluding on a pretax basis the the effect of deferred revenue and inventory fair value adjustments related to significant acquisitions;
- Excluding on a pretax basis the non-cash interest expense associated with our 0.875% convertible senior notes;
- Excluding on a pretax basis the non-recurring gain on the disposition of assets;
- Excluding on a pretax basis the effect of earnings from our equity method investments;
- Excluding the tax effect of the adjustments noted above. The tax effect of such adjustments was calculated by applying our overall estimated effective tax rate to the pretax amount of each adjustment (unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment). We expect to apply our overall estimated effective tax rate to each adjustment going forward, and, as such, we are applying the estimated effective tax rate to each adjustment for the forecasted periods to facilitate comparisons in future periods;
- Excluding the 2017 provisional amount estimated in connection with the Tax Cut and Jobs Act and subsequent adjustments to the provisional estimates (the "TCJA Adjustments"); and
- Including the impact of the assumed conversion of our Mandatory Convertible Preferred Stock.

We also disclose non-GAAP measures of historical adjusted gross profit, historical adjusted gross profit margins, historical adjusted operating profit, and historical adjusted operating profit margins, which make the following adjustments to GAAP revenue, GAAP gross profit, GAAP operating profit, GAAP gross profit margin, and GAAP operating profit margin:

- Excluding the effect of deferred revenue fair value adjustments related to significant acquisitions
- With respect to adjusted gross profit, adjusted gross profit margins, adjusted operating profit, and adjusted operating profit margins, excluding the effect of inventory fair value adjustments related to significant acquisitions;
- With respect to adjusted operating profit and adjusted operating profit margins, excluding acquisition-related costs deemed significant; and
- With respect to adjusted operating profit and adjusted operating profit margins, excluding amortization of acquisition-related intangible assets.

While we have a history of acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term and the deferred revenue and inventory fair value adjustments are unique to each acquisition and can vary significantly from acquisition to acquisition. In addition, the Transaction Costs are unique to each transaction, are impacted from period to period depending on the number of acquisitions or divestitures evaluated, pending or completed during such period, and the complexity of such transactions. We believe, however, that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible assets and deferred revenue and inventory fair value adjustments related to past acquisitions will recur in future periods until such intangible assets and deferred revenue and inventory fair value adjustments, as applicable, have been fully amortized.

Furthermore, we adjust for the effect of earnings from our equity method investments over which we do not exercise control over the operations or the resulting earnings. We believe that this adjustment provides our investors with additional insight into our operational performance. However, it should be noted that earnings from our equity method investments will recur in future periods while we maintain such investments.

In June 2018, we issued $1.38 billion in aggregate liquidation preference of shares of our 5.00% Mandatory Convertible Preferred Stock ("MCPS"). Dividends on the MCPS are payable on a cumulative basis at an annual rate of 5.00% on the liquidation preference of $1,000 per share. Unless earlier converted, each share of the MCPS will automatically convert on July 1, 2021 into between, after giving effect to the prior anti-dilution adjustment, 10.9041 and 13.3575 shares of our common stock, subject to further anti-dilution adjustments. The number of shares of our common stock issuable on conversion of the Mandatory Convertible Preferred Stock will be determined based on the average volume weighted average price ("VWAP") per share of our common stock over the 20 consecutive trading day period beginning on and including the 22nd scheduled trading day immediately preceding July 1, 2021. For the purposes of calculating adjusted earnings and adjusted earnings per share, we have excluded the MCPS dividend and, for the purposes of adjusted earnings per share, assumed the "if-converted" method of share dilution (the incremental shares of common stock deemed outstanding applying the "if-converted" method of share dilution, the "MCPS Converted Shares"). We believe that using the "if-converted" method provides additional insight to investors on the potential impact of the MCPS once they are converted into common stock no later than July 1, 2021.

On February 22, 2019, we issued $1.4 billion in aggregate principal amount of our 0.875% Convertible Senior Notes due 2022 (the "Convertible Notes"), including $187.5 million in aggregate principal amount resulting from an exercise in full of an over-allotment option. The Convertible Notes bear interest at a rate of 0.875% per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2019. The Notes mature on February 15, 2022, unless earlier repurchased or converted in accordance with their terms prior to such date.

Of the proceeds received from the issuance of the Convertible Notes, $1.3 billion was classified as debt and $102.2 million was classified as equity, using an assumed effective interest rate of 3.38%. We recognize interest expense using the 3.38% assumed rate, and pay interest to holders of the notes at a coupon rate of 0.875%. We believe that adjusting for the non-cash imputed interest expense between the assumed rate and coupon rate provides additional insight into our cash interest expense.

The TCJA Adjustments identified above have been excluded from the GAAP measures identified above because items of this nature and/or size occur with inconsistent frequency or occur for reasons that may be unrelated to our commercial performance during the period and/or because we believe the corresponding adjustments are useful in assessing our potential ongoing operating costs or gains in a given period. We will adjust for, and identify as significant, acquisition and divestiture-related transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, and corresponding restructuring charges primarily related to acquisitions, in each case, incurred in a given period, if we determine that such costs and adjustments exceed the range of our typical transaction costs and adjustments, respectively, in a given period.

The forecasted adjusted diluted net earnings per share from continuing operations does not reflect certain adjustments that are inherently difficult to predict or estimate due to their unknown timing, effect and/or significance.

Management believes that these non-GAAP financial measures provide useful information to investors by reflecting additional ways of viewing aspects of our operations that, when reconciled to the corresponding GAAP measure, help our investors to understand the long-term profitability trends of our business, and facilitate comparisons of our profitability to prior and future periods and to our peers.

These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Core Financial Measures

We use the term "core" in the context of a revenue measure or an operating profit measure when referring to a corresponding GAAP measure excluding (1) the impact from acquired businesses and (2) with respect to core revenue measures, the impact of currency translation. References to sales or operating profit attributable to acquisitions or acquired businesses refer to GAAP sales or operating profit, as applicable, from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales or operating profit, as applicable, attributable to certain divested businesses or product lines not considered discontinued operations prior to the first anniversary of the divestiture. The portion of sales attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in sales (excluding sales impact from acquired businesses) and (b) the period-to-period change in sales (excluding sales impact from acquired businesses) after applying the current period foreign exchange rates to the prior year period. These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Management believes that these non-GAAP measures provide useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our operational performance with prior and future periods and to our peers. We exclude the effect of acquisitions and divestiture related items because the nature, size and number of such transactions can vary dramatically from period to period and between us and our peers. We exclude the effect of currency translation from sales measures because currency translation is not under management's control and is subject to volatility. We believe that such exclusions, when presented with the corresponding GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance.

Free Cash Flow and Free Cash Flow Conversion Ratio

We use the term "free cash flow" when referring to cash provided by operating activities calculated according to GAAP less payments for additions to property, plant and equipment. In addition, we use the term "free cash flow conversion ratio" when we refer to the ratio of such non-GAAP free cash flow measure to net earnings calculated according to GAAP less, if applicable, any TCJA Adjustments. Management believes that such non-GAAP measure provides useful information to investors in assessing our ability to generate cash without external financing, fund acquisitions and other investments and, in the absence of refinancing, repay our debt obligations. However, it should be noted that free cash flow as a liquidity measure has material limitations because it excludes certain expenditures that are required or that we have committed to, such as debt service requirements and other non-discretionary expenditures. Such non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

Geographic Information

We are a global business with operations in both developed markets and high-growth markets. We define high-growth markets as Eastern Europe, the Middle East, Latin America and Asia with the exception of Japan and Australia. We define developed markets as all jurisdictions in which we operate other than the high-growth markets.

SECTION 1

Adjusted Net Earnings from Continuing Operations

($ in millions)	Three Months Ended June 28, 2019	Three Months Ended June 29, 2018	Six Months Ended June 28, 2019	Six Months Ended June 29, 2018
Net Earnings From Continuing Operations Attributable to Common Stockholders (GAAP)	**$ 158.1**	**$ 250.0**	**$ 304.8**	**$ 464.0**
Dividends on the mandatory convertible preferred stock	17.2	0.2	34.5	0.2
Net Earnings from Continuing Operations (GAAP)	**175.3**	**250.2**	**339.3**	**464.2**
Pretax amortization of acquisition-related intangible assets in the three months ($77 million pretax, $65 million after tax) and six months ($130 million pretax, $108 million after tax) ended June 28, 2019, and in the three months ($24 million pretax, $20 million after tax) and six months ($49 million pretax, $40 million after tax) ended June 29, 2018	77.4	24.1	129.6	49.0
Pretax acquisition-related transaction costs in the three months ($31 million pretax, $26 million after tax) and six months ($61 million pretax, $50 million after tax) ended June 28, 2019, and in the three months ($3 million pretax, $3 million after tax) and six months ($3 million pretax, $2 million after tax) ended June 29, 2018*	31.3	2.7	60.8	2.7
Pretax acquisition-related fair value adjustments to deferred revenue and inventory related to significant acquisitions in the three months ($59 million pretax, $49 million after tax) and six months ($75 million pretax, $62 million after tax) ended June 28, 2019	59.0	—	74.7	—
Pretax non-cash interest expense associated with our 0.875% convertible notes in the three months ($8 million pretax, $7 million after tax) and six months ($11 million pretax, $10 million after tax) ended June 28, 2019	8.2	—	11.4	—
Tax effect of the adjustments reflected above [(a)]	(28.9)	(4.8)	(46.8)	(9.3)
TCJA Adjustments	—	(1.9)	—	(6.1)
Adjusted Net Earnings from Continuing Operations (Non-GAAP)	**$ 322.3**	**$ 270.3**	**$ 569.0**	**$ 500.5**

(a) The MCPS are not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition-related transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, and the non-cash interest expense associated with the convertible notes.

* $1.3 million of acquisition-related transaction costs were recorded in the three months ended March 29, 2019 that were not previously adjusted for but are reflected in the totals for the six months ended June 28, 2019.

Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Three Months Ended [a]		Six Months Ended [a]	
	June 28, 2019	June 29, 2018	June 28, 2019	June 29, 2018
Diluted Net Earnings Per Share from Continuing Operations Attributable to Common Stockholders (GAAP)	**$ 0.47**	**$ 0.70**	**$ 0.90**	**$ 1.31**
Dividends on the mandatory convertible preferred stock to apply if-converted method	0.05	—	0.10	—
Assumed dilutive impact on the Diluted Net Earnings Per Share Attributable to Common Stockholders if the MCPS Converted Shares had been outstanding	(0.03)	—	(0.05)	—
Pretax amortization of acquisition-related intangible assets in the three months ($77 million pretax, $65 million after tax) and six months ($130 million pretax, $108 million after tax) ended June 28, 2019, and in the three months ($24 million pretax, $20 million after tax) and six months ($49 million pretax, $40 million after tax) ended June 29, 2018	0.22	0.07	0.36	0.14
Pretax acquisition-related transaction costs in the three months ($31 million pretax, $26 million after tax) and six months ($61 million pretax, $50 million after tax) ended June 28, 2019, and in the three months ($3 million pretax, $3 million after tax) and six months ($3 million pretax, $2 million after tax) ended June 29, 2018*	0.09	0.01	0.17	0.01
Pretax acquisition-related fair value adjustments to deferred revenue and inventory related to significant acquisitions in the three months ($59 million pretax, $49 million after tax) and six months ($75 million pretax, $62 million after tax) ended June 28, 2019	0.17	—	0.21	—
Pretax non-cash interest expense associated with our 0.875% convertible notes in the three months ($8 million pretax, $7 million after tax) and six months ($11 million pretax, $10 million after tax) ended June 28, 2019	0.02	—	0.03	—
Tax effect of the adjustments reflected above [b]	(0.08)	(0.01)	(0.13)	(0.03)
TCJA Adjustments	—	(0.01)	—	(0.02)
Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	**$ 0.90**	**$ 0.76**	**$ 1.59**	**$ 1.41**

(a) Each of the per share adjustments below was calculated assuming the MCPS Converted Shares had been outstanding. The 0.875% convertible notes did not have an impact on the adjusted diluted shares outstanding.

(b) The MCPS are not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition-related transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, and the non-cash interest expense associated with the 0.875% convertible notes.

* $1.3 million of acquisition-related transaction costs were recorded in the three months ended March 29, 2019 that were not previously adjusted for but are reflected in the totals for the six months ended June 28, 2019.

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

Adjusted Diluted Shares Outstanding

(shares in millions)	Three Months Ended June 28, 2019	Three Months Ended June 29, 2018	Six Months Ended June 28, 2019	Six Months Ended June 29, 2018
Average common diluted stock outstanding	339.7	355.0	339.8	354.7
MCPS Converted Shares [a]	17.5	—	17.5	—
Adjusted average common stock and common equivalent shares outstanding	357.2	355.0	357.3	354.7

(a) The number of MCPS Converted Shares assumes the conversion of all 1.38 million shares applying the "if-converted" method and using an average 20-day VWAP of $78.97 as of June 28, 2019. The 0.875% convertible notes did not have an impact on the adjusted diluted shares outstanding.

SECTION 2

Adjusted Operating Profit

($ in millions)	Three Months Ended June 28, 2019 Professional Instrumentation	Industrial Technologies	Corporate	Total Fortive
Adjusted Revenue				
Revenue (GAAP)	**$ 1,133.3**	**$ 731.4**	**$ —**	**$ 1,864.7**
Acquisition-Related Fair Value Adjustments to Deferred Revenue	10.1	—	—	10.1
Adjusted Revenue	**$ 1,143.4**	**$ 731.4**	**$ —**	**$ 1,874.8**
Adjusted Operating Profit				
Operating Profit (GAAP)	**$ 122.0**	**$ 152.9**	**$ (25.4)**	**$ 249.5**
Acquisition-Related Transaction Costs	31.3	—	—	31.3
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	59.0	—	—	59.0
Amortization of Acquisition-Related Intangible Assets	69.3	8.1	—	77.4
Adjusted Operating Profit (Non-GAAP)	**$ 281.6**	**$ 161.0**	**$ (25.4)**	**$ 417.2**
Adjusted Operating Profit Margin				
Operating Profit (GAAP) Margin	**10.8%**	**20.9%**		**13.4%**
Acquisition-Related Transaction Costs	2.7 %	— %		1.7 %
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	5.1 %	— %		3.1 %
Amortization of Acquisition-Related Intangible Assets	6.1 %	1.1 %		4.1 %
Adjusted Operating Profit Margin (Non-GAAP)	**24.6%**	**22.0%**		**22.3%**

($ in millions)	Three Months Ended June 29, 2018 Professional Instrumentation	Industrial Technologies	Corporate	Total Fortive
Revenue[(a)]				
Revenue (GAAP)	**$ 889.0**	**$ 712.8**	**$ —**	**$ 1,601.8**
Adjusted Operating Profit[(a)]				
Operating Profit (GAAP)	**$ 216.7**	**$ 134.6**	**$ (26.9)**	**$ 324.4**
Acquisition-Related Transaction Costs	2.7	—	—	**2.7**
Amortization of Acquisition-Related Intangible Assets	16.4	7.7	—	**24.1**
Adjusted Operating Profit (Non-GAAP)	**$ 235.8**	**$ 142.3**	**$ (26.9)**	**$ 351.2**
Adjusted Operating Profit Margin				
Operating Profit (GAAP) Margin	**24.4%**	**18.9%**		**20.3%**
Acquisition-Related Transaction Costs	0.3 %	— %		0.2 %
Amortization of Acquisition-Related Intangible Assets	1.8 %	1.1 %		1.5 %
Adjusted Operating Profit Margin (Non-GAAP)	**26.5%**	**20.0%**		**21.9%**

[(a)] There were no acquisition-related transaction costs and fair value adjustments to deferred revenue during the three months ended June 29, 2018.

($ in millions)	Six Months Ended June 28, 2019 Professional Instrumentation	Industrial Technologies	Corporate	Total Fortive
Adjusted Revenue				
Revenue (GAAP)	**$ 2,080.6**	**$ 1,377.0**	**$ —**	**$ 3,457.6**
Acquisition-Related Fair Value Adjustments to Deferred Revenue	25.7	—	—	25.7
Adjusted Revenue	**$ 2,106.3**	**$ 1,377.0**	**$ —**	**$ 3,483.3**
Adjusted Operating Profit				
Operating Profit (GAAP)	**$ 258.2**	**$ 258.2**	**$ (49.6)**	**$ 466.8**
Acquisition-Related Transaction Costs	60.8	—	—	60.8
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	74.7	—	—	74.7
Amortization of Acquisition-Related Intangible Assets	113.4	16.2	—	129.6
Adjusted Operating Profit (Non-GAAP)	**$ 507.1**	**$ 274.4**	**$ (49.6)**	**$ 731.9**
Adjusted Operating Profit Margin				
Operating Profit (GAAP) Margin	**12.4%**	**18.8%**		**13.5%**
Acquisition-Related Transaction Costs	2.9 %	— %		1.7 %
Acquisition-Related Fair Value Adjustments to Deferred Revenue	3.4 %	— %		2.0 %
Amortization of Acquisition-Related Intangible Assets	5.4 %	1.2 %		3.7 %
Adjusted Operating Profit Margin (Non-GAAP)	**24.1%**	**19.9%**		**21.0%**

($ in millions)	Six Months Ended June 29, 2018 Professional Instrumentation	Industrial Technologies	Corporate	Total Fortive
Revenue[(a)]				
Revenue (GAAP)	**$ 1,760.7**	**$ 1,333.3**	**$ —**	**$ 3,094.0**
Adjusted Operating Profit				
Operating Profit (GAAP)	**$ 423.1**	**$ 228.8**	**$ (49.6)**	**$ 602.3**
Acquisition-Related Transaction Costs	2.7	—	—	2.7
Amortization of Acquisition-Related Intangible Assets	33.6	15.4	—	49.0
Adjusted Operating Profit (Non-GAAP)	**$ 459.4**	**$ 244.2**	**$ (49.6)**	**$ 654.0**
Adjusted Operating Profit Margin				
Operating Profit (GAAP) Margin	**24.0%**	**17.2%**		**19.5%**
Acquisition-Related Transaction Costs	0.2 %	— %		0.1 %
Amortization of Acquisition-Related Intangible Assets	1.9 %	1.2 %		1.6 %
Adjusted Operating Profit Margin (Non-GAAP)	**26.1%**	**18.3%**		**21.1%**

[(a)] There were no acquisition-related transaction costs and fair value adjustments to deferred revenue during the six months ended June 29, 2018.

SECTION 3

Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operation

	Three Months Ending September 27, 2019		Year Ending December 31, 2019	
	Low End	High End	Low End	High End
Forecasted Diluted Net Earnings Per Share from Continuing Operations Attributable to Common Stockholders	**$ 0.55**	**$ 0.60**	**$ 2.12**	**$ 2.27**
Anticipated dividends on mandatory convertible preferred stock in the three months ending September 27, 2019 ($17 million) and year ending December 31, 2019 ($69 million)	0.05	0.05	0.20	0.20
Anticipated dilutive impact on Forecasted Diluted Net Earnings Per Share from Continuing Operations if the MCPS Converted Shares (17 million shares in the three months ending September 27, 2019 and year ending December 31, 2019) had been outstanding	(0.03)	(0.03)	(0.11)	(0.11)
Anticipated pretax amortization of acquisition-related intangible assets in the three months ending September 27, 2019 ($83 million pretax (or $0.23 per share), $70 million after tax (or $0.19 per share)) and year ending December 31, 2019 ($296 million pretax (or $0.83 per share), $247 million after tax (or $0.69 per share))	0.23	0.23	0.83	0.83
Anticipated pretax significant acquisition-related transaction costs in the three months ending September 27, 2019 ($35 million pretax (or $0.10 per share), $29 million after tax (or $0.08 per share)) and the year ending December 31, 2019 ($130 million pretax (or $0.36 per share), $108 million after tax (or $0.30 per share))	0.10	0.10	0.36	0.36
Anticipated pretax fair value adjustments to deferred revenue and inventory related to significant acquisitions in the three months ending September 27, 2019 ($33 million pretax (or $0.09 per share), $28 million after tax (or $0.07 per share)) and year ending December 31, 2019 ($118 million pretax (or $0.33 per share), $99 million after tax (or $0.28 share))	0.09	0.09	0.33	0.33
Anticipated pretax gain on the disposition of the Tektronix Video Business in the three months ending September 27, 2019 ($40 million pretax (or $0.11 per share), $38 million after tax (or $0.11 per share)) and year ending December 31, 2019 ($40 million pretax (or $0.11 per share), $38 million after tax (or $0.11 share))	(0.11)	(0.11)	(0.11)	(0.11)
Anticipated pretax earnings from equity method investments in the three months ending September 27, 2019 ($2 million pretax (or $0 per share), $1 million after tax (or $0 per share)) and year ending December 31, 2019 ($3 million pretax (or $0.01 per share), $2 million after tax (or $0.01 share))	—	—	0.01	0.01
Anticipated pretax non-cash interest from 0.875% convertible notes in the three months ending September 27, 2019 ($8 million pretax (or $0.02 per share), $7 million after tax (or $0.02 per share)) and the year ending December 31, 2019 ($28 million pretax (or $0.08 per share), $23 million after tax (or $0.07 per share))	0.02	0.02	0.08	0.08
Tax effect of the adjustments reflected above [(a)]	(0.07)	(0.07)	(0.26)	(0.26)
Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations	**$ 0.83**	**$ 0.88**	**$ 3.45**	**$ 3.60**

(a) The MCPS are not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition-related transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, the gain on the disposition of assets, earnings from equity method investments, and non-cash interest from 0.875% convertible notes.

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

SECTION 4

Core Revenue Growth

Components of Revenue Growth *Total Fortive*	**% Change Three Months Ended June 28, 2019 vs. Comparable 2018 Period**	**% Change Six Months Ended June 28, 2019 vs. Comparable 2018 Period**
Total Revenue Growth (GAAP)	**16.4 %**	**11.8 %**
Core (Non-GAAP)	2.0 %	2.8 %
Acquisitions (Non-GAAP)	16.5 %	11.5 %
Impact of currency translation (Non-GAAP)	(2.1)%	(2.5)%
Professional Instrumentation		
Total Revenue Growth (GAAP)	**27.5 %**	**18.2 %**
Core (Non-GAAP)	0.1 %	1.0 %
Acquisitions (Non-GAAP)	29.3 %	19.4 %
Impact of currency translation (Non-GAAP)	(1.9)%	(2.2)%
Industrial Technologies		
Total Revenue Growth (GAAP)	**2.6 %**	**3.3 %**
Core (Non-GAAP)	4.4 %	5.3 %
Acquisitions (Non-GAAP)	0.5 %	0.7 %
Impact of currency translation (Non-GAAP)	(2.3)%	(2.7)%

SECTION 5

Year-over-Year Operating Profit Margins

	Total Fortive	Segments	
		Professional Instrumentation	Industrial Technologies
Three Month Period ended June 29, 2018 Operating Profit Margin (GAAP)	**20.3 %**	**24.4 %**	**18.9 %**
Second quarter 2019 impact from operating profit margin of businesses that have been owned for less than one year (Non-GAAP)	(5.4)%	(8.9)%	(0.1)%
Second quarter 2019 acquisition-related transaction costs (Non-GAAP)	(1.8)%	(3.3)%	— %
Year-over-year core operating margin changes for the second quarter 2019 (defined as all year-over-year operating margin changes other than the changes identified in the line items above) (Non-GAAP)	0.3 %	(1.4)%	2.1 %
Three Month Period ended June 28, 2019 Operating Profit Margin (GAAP)	**13.4 %**	**10.8 %**	**20.9 %**
Six Month Period ended June 29, 2018 Operating Profit Margin (GAAP)	**19.5 %**	**24.0 %**	**17.2 %**
Six months ended June 28, 2019 impact from operating profit margin of businesses that have been owned for less than one year (Non-GAAP)	(3.9)%	(6.7)%	(0.2)%
Six months ended June 28, 2019 year-over-year acquisition-related transaction costs (Non-GAAP)	(1.9)%	(3.3)%	— %
Year-over-year core operating margin changes for the six months ended June 28, 2019 (defined as all year-over-year operating margin changes other than the changes identified in the line item above) (Non-GAAP)	(0.2)%	(1.6)%	1.8 %
Six Month Period ended June 28, 2019 Operating Profit Margin (GAAP)	**13.5 %**	**12.4 %**	**18.8 %**

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

SECTION 6

Adjusted Gross Margin

($ in millions)	Three Months Ended June 28, 2019	Three Months Ended June 29, 2018	Six Months Ended June 28, 2019	Six Months Ended June 29, 2018
Adjusted Revenue				
Revenue (GAAP)	**$ 1,864.7**	**$ 1,601.8**	**$ 3,457.6**	**$ 3,094.0**
Acquisition-Related Fair Value Adjustments to Deferred Revenue	10.1	—	25.7	—
Adjusted Revenue	**$ 1,874.8**	**$ 1,601.8**	**$ 3,483.3**	**$ 3,094.0**
Adjusted Gross Margin				
Gross Profit (GAAP)	**$ 904.0**	**$ 830.8**	**$ 1,716.7**	**$ 1,597.1**
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	59.0	—	74.7	—
Adjusted Gross Profit (Non-GAAP)	**$ 963.0**	**$ 830.8**	**$ 1,791.4**	**$ 1,597.1**
Adjusted Gross Profit Margin				
Gross Profit (GAAP) Margin	**48.5%**	**51.9%**	**49.7%**	**51.6%**
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	2.9 %	— %	1.8 %	— %
Adjusted Gross Profit Margin (Non-GAAP)	**51.4%**	**51.9%**	**51.4%**	**51.6%**

SECTION 7

Free Cash Flow from Continuing Operations Conversion Ratio

($ in millions)	Three Months Ended June 28, 2019	Three Months Ended June 29, 2018	Six Months Ended June 28, 2019	Six Months Ended June 29, 2018
Continuing Operations Free Cash Flow:				
Operating Cash Flows from Continuing Operations (GAAP)	$ 260.2	$ 292.3	$ 421.4	$ 423.1
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(24.5)	(21.8)	(48.5)	(47.7)
Free Cash Flow from Continuing Operations (Non-GAAP)	$ 235.7	$ 270.5	$ 372.9	$ 375.4
Continuing Operations Free Cash Flow Conversion Ratio:				
Net earnings from Continuing Operations (GAAP)	$ 175.3	$ 250.2	$ 339.3	$ 464.2
TCJA Adjustments (GAAP)	—	(1.9)	—	(6.1)
Net earnings from Continuing Operations excluding the TCJA Adjustments (Non-GAAP)	$ 175.3	$ 248.3	$ 339.3	$ 458.1
Free Cash Flow Conversion Ratio (Non-GAAP)	134%	109%	110%	82%

SECTION 8

Adjusted Effective Tax Rate

	Three Months Ended		Six Months Ended	
($ in millions)	**June 28, 2019**	**June 29, 2018**	**June 28, 2019**	**June 29, 2018**
Earnings before income taxes from continuing operations	$ 204.3	$ 299.4	$ 396.7	$ 553.3
Income tax (expense) benefit	(29.0)	(49.2)	(57.4)	(89.1)
Effective tax rate (GAAP)	**14.2%**	**16.4%**	**14.5%**	**16.1%**
Pretax amortization of acquisition-related intangible assets	$ 77.4	$ 24.1	$ 129.6	$ 49.0
Pretax acquisition-related transaction costs	31.3	2.7	60.8	2.7
Pretax acquisition-related fair value adjustments to deferred revenue and inventory related to completed acquisitions	59.0	—	74.7	—
Pretax non-cash interest expense associated with our 0.875% convertible notes	8.2	—	11.4	—
Pretax Adjusted Net Earnings (Non-GAAP)	**$ 380.2**	**$ 326.2**	**$ 673.2**	**$ 605.0**
Tax effect of the adjustments reflected above	$ (28.9)	$ (4.8)	$ (46.8)	$ (9.3)
TCJA Adjustments	—	(1.9)	—	(6.1)
Adjusted income tax expense	$ (57.9)	$ (55.9)	$ (104.2)	$ (104.5)
Adjusted effective tax rate (Non-GAAP)	**15.2%**	**17.1%**	**15.5%**	**17.3%**