



# **Fourth Quarter & Full-Year 2021 Earnings Release**

**February 3, 2022**

Statements in this presentation that are not strictly historical, including statements regarding the future impact of supply chain constraints, the COVID-19 pandemic, the Company's anticipated financial results, business, investment and acquisition opportunities, economic conditions, future prospects, anticipated impact of geopolitical events, pending tax and fiscal policies, and any other statements identified by their use of words like "anticipate," "expect," "believe," "outlook," "guidance," or "will" or other words of similar meaning are "forward-looking" statements within the meaning of the federal securities laws. 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 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 release, and Fortive does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

This presentation contains references to "adjusted revenue," "adjusted gross profit," "adjusted gross profit margin (adjusted gross margin)," "adjusted operating profit," "adjusted operating profit margin (adjusted operating margins)," "incremental adjusted operating profit margin (adjusted incremental margin)," "adjusted net earnings from continuing operations," "adjusted diluted net earnings per share (adjusted EPS)," "core revenue growth (core growth)," "core operating margin expansion (core OMX)," "free cash flow," "free cash flow conversion," "adjusted free cash flow conversion," "adjusted diluted shares outstanding," "adjusted income tax expense," and "adjusted effective tax rate," which are, in each case, not presented in accordance with generally accepted accounting principles ("GAAP"). We have not reconciled forward-looking outlook regarding core revenue growth, adjusted operating profit margin, and adjusted free cash flow conversion because any corresponding projected GAAP measures and the reconciliations thereto would require us to make estimates or assumptions about unidentified and unknown acquisitions, currency exchange rate, capital expenditures and similar adjustments during the relevant period.

Information required by Regulation G with respect to such non-GAAP financial measures are provided herewith. We have not reconciled forward-looking outlook regarding adjusted operating profit margins, adjusted gross profit margin, adjusted free cash flow conversion, and adjusted diluted shares outstanding because any corresponding GAAP measures and the reconciliations thereto would require us to make estimates or assumptions about unidentified and unknown acquisitions, capital expenditures, investments, restructuring activities, and similar adjustments during the relevant period. The historical non-GAAP financial measures should not be considered in isolation or as a substitute for the GAAP financial measures but should instead be read in conjunction with the corresponding GAAP financial measures.

On October 9, 2020, Fortive completed the separation of its Industrial Technologies segment by distributing 80.1% of the outstanding shares of Vontier Corporation, the entity incorporated to hold such businesses, to Fortive stockholders on a pro rata basis. As the separation occurred during the fourth fiscal quarter of 2020, we have classified Vontier as discontinued operations in our financial statements for all periods. Unless otherwise indicated, all of the financial results in this presentation are presented on a continuing operations basis.

## Q4 & FY 2021 HIGHLIGHTS

EXECUTING WELL IN A CHALLENGING ENVIRONMENT

### REVENUE

**\$1.4B**

Q4 +3.8% Y/Y

**\$5.3B**

FY +13.1% Y/Y

### ADJUSTED OPERATING PROFIT

**\$335M**

Q4 margin 24.4%

**\$1.2B**

FY margin 23.1%

### ADJUSTED EARNINGS PER SHARE

**\$0.79**

Q4 +12.9% Y/Y

**\$2.75**

FY +31.6% Y/Y

### FREE CASH FLOW

**\$265M**

Q4 (15.2)% Y/Y

**\$943M**

FY +4.5% Y/Y

### FULL YEAR HIGHLIGHTS

#### 9.5% CORE GROWTH

STRONG CUSTOMER DEMAND, SECULAR TAILWINDS  
DRIVING MID-TEENS HARDWARE ORDERS GROWTH

#### 210 BPS ADJ. OP. MARGIN EXPANSION

ENHANCED PORTFOLIO AND APPLICATION OF FBS  
DRIVES HIGHER MARGINS

#### 32% ADJUSTED EPS GROWTH

COMPOUNDING EARNINGS AND CASH FLOW,  
REINVESTING AND CREATING LONG-TERM VALUE

## Q4 2021 HIGHLIGHTS BY SEGMENT

STRONG OPERATING PERFORMANCE DESPITE SUPPLY CHAIN CONSTRAINTS AND COVID DISRUPTION

	INTELLIGENT OPERATING SOLUTIONS (~40% of FY21 Revenue)	PRECISION TECHNOLOGIES (~35%)	ADVANCED HEALTHCARE SOLUTIONS (~25%)
Total Growth Core Growth Acquisitions	6.4% 0.8% 6.1%	2.1% 2.6% —%	1.7% (0.8)% 3.4%
Adj. Op. Profit Margin Core OMX Acquisitions	27.9% 120 BPS (200) BPS	23.9% 160 BPS — BPS	26.7% 260 BPS — BPS
Highlights	<ul style="list-style-type: none"> <li>• <b>Fluke: Down Slightly:</b> NPIs and SaaS momentum driving +HSD order growth</li> <li>• <b>EHS (ISC/InteleX): +HSD:</b> Strong net dollar retention</li> <li>• <b>Accruent: Down MSD:</b> 2nd highest quarter for SaaS bookings on record</li> <li>• <b>ServiceChannel:</b> Strong start with SaaS bookings up &gt;100%</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Tektronix: +LSD:</b> +DD order growth in major regions; shipments challenged; record backlog</li> <li>• <b>Sensing Tech: +HSD:</b> Strength in Industrial, Semi, HVAC and Medical</li> <li>• <b>PacSci EMC: Down Mid-Teens:</b> Strong demand for aircraft and space products, but shipments delayed</li> </ul>	<ul style="list-style-type: none"> <li>• <b>ASP: Down LSD:</b> Consumables down LSD on down DD elective rates; High growth markets +HSD</li> <li>• <b>Censis: +MSD:</b> Strong growth for core SaaS offering, +Low-20%</li> <li>• <b>Fluke Health Solutions (FHS): +MSD:</b> Momentum from growth investments and pricing actions</li> </ul>

FBS Drives Triple-Digit Core Margin Expansion Across Every Segment

# FORTIVE BUSINESS SYSTEM (FBS) IN ACTION



ENABLING AND EMPOWERING OUR TEAMS TO DRIVE SUSTAINABLE RESULTS

## LEAN

### DAILY IMPROVEMENT & EFFICIENCY IN OUR OPERATIONS

- **Reduced supply chain risk** at Fluke, ISC, Sensing and Tektronix through visual / daily management
- Used problem solving and standard work to **mitigate rising freight costs** in Q4 at ASP → reduced freight expense as a % of revenue by **>100 basis points**

## GROWTH

### DRIVING GROWTH & INNOVATION ACROSS THE PORTFOLIO

- Deploying Lean Portfolio Management (LPM) to **accelerate profitable growth**
- **NPI revenue achievement of >110%** of plan at Tektronix for FY 2021
- **Increasing Net Dollar Retention and renewals** across software businesses - eMaint NDR ended 2021 at **108%**

## LEADERSHIP

### DRIVING THE DEVELOPMENT & ENGAGEMENT OF OUR TEAMS

- Ran **kaizens** to drive **process improvement**, engage our teams and embolden ownership and ideation
- FBS Ignite program **develops high potential talent** outside traditional roles to **drive business results** through FBS

# STRATEGIC AND ACCRETIVE SOFTWARE ACQUISITIONS

STRENGTHENING ESTABLISHED POSITIONS WITH DISCIPLINED M&A



**BUILDING SCALE AND  
DIFFERENTIATION WITH  
SOFTWARE OFFERINGS**



- Added **>\$100M of high-growth software** revenue
- Combines leading workflow software with **differentiated, proprietary contractor network**



- Added **>\$100M of high-growth software** revenue
- **Builds on established healthcare position** addressing customers' critical software-enabled workflows



**ENHANCING CUSTOMER  
INTIMACY AND SHARE  
OF WALLET**

- **Industry-leading NPS** leveraging broad contractor network that can extend to other verticals
- **Upsell / cross-sell opportunities** across Facilities Mgmt. customers

- **Substantial and growing customer base** across hospitals and ambulatory surgical centers (ASCs)
- **Expands AHS' software** and data-advantaged customer footprint



**HIGHER RECURRING  
REVENUE AND MARGIN  
PROFILE**

- High growth and **>90% recurring revenue**
- **Significant near-term OMX**; driving **DD ROIC** by Year 5

- Double-digit core growth runway with **~70% recurring revenue**
- **>30% AOP margin** in 2021, **accretive to AHS and Fortive margin profile**
- **HSD ROIC** by Year 5









**Enhancing Growth and Margin Profile; Expecting >12¢ of Adjusted EPS Accretion in 2022**



# 2021 SUSTAINABILITY HIGHLIGHTS

## ALIGNED TO OUR SHARED PURPOSE AND VALUES

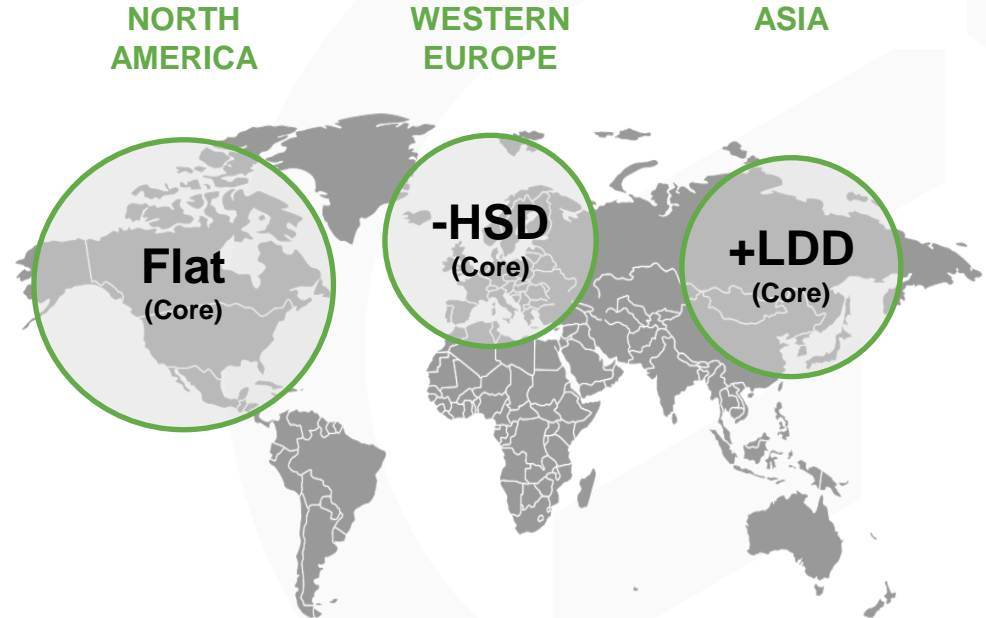
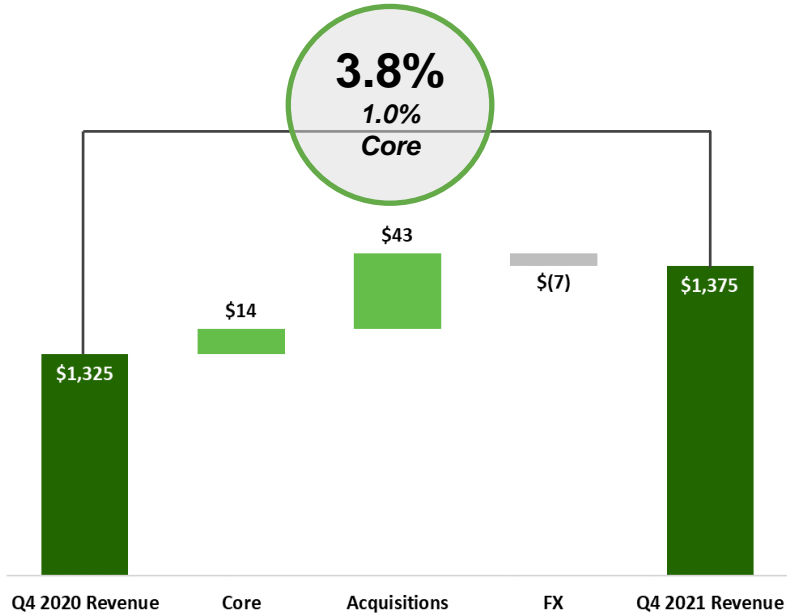
### OUR SUSTAINABILITY PILLARS

EMPOWER INCLUSIVE & DIVERSE TEAMS 	INVEST IN OUR COMMUNITIES 	PROTECT THE PLANET 	WORK AND SOURCE RESPONSIBLY 	OPERATE WITH PRINCIPLE 
<ul style="list-style-type: none"><li>• <b>Strong increase in employee experience results</b> in 2021, with significant improvement relative to <b>inclusion and belonging across underrepresented groups</b></li><li>• Enhanced <b>Board diversity</b>, with &gt;60% ethnic or gender diversity (including leadership of all committees)</li></ul>	<ul style="list-style-type: none"><li>• Fortive Foundation <b>contributed to organizations whose missions align</b> with the Foundation's Giving Areas</li><li>• 100% OpCo participation in <b>annual Day of Caring</b> in 18 countries worldwide</li><li>• Tektronix partnership with GEM Fellowship and Morgan State (HBCU) to <b>advance research and recruitment of under-represented engineering talent</b></li></ul>	<ul style="list-style-type: none"><li>• Accelerated GHG goal to <b>achieve a 50% reduction in GHG emissions intensity by 2025</b>, from 2017 levels</li><li>• Implemented emissions reduction projects, <b>reducing &gt;2,500 MT CO2e</b></li><li>• Published <b>Sustainability disclosures</b> including: </li><li>• Conducted <b>TCFD gap analysis</b> to support 2022 priorities and disclosures</li><li>• Adopted <b>InteleX</b> Sustainability modules for data collection and reporting</li></ul>	<ul style="list-style-type: none"><li>• Launched <b>supplier diversity program</b> and enhanced <b>supplier ESG audits</b></li><li>• As a member of <b>CEO Action for Racial Equity</b>, helped launch initiative focused on <b>enabling supplier diversity</b></li><li>• <b>Updated EHS Risk Score</b> to strengthen EHS compliance and incorporate Sustainability</li><li>• <b>Updated supplier engagement tools</b> to reflect changes to global trade policies</li></ul>	<ul style="list-style-type: none"><li>• Established new <b>Sustainability Pillars</b> based on materiality analysis</li><li>• Became <b>signatory to UN Global Compact</b></li><li>• Named to <b>Newsweek's America's Most Responsible Companies</b> for 3rd consecutive year</li><li>• Published Fortive's <b>Political Contribution Policy</b></li></ul>

Continuous Improvement Drives Progress Across Key Initiatives

## Q4 2021 REVENUE

BROAD SUPPLY CHAIN CHALLENGES CONSTRAINED CORE GROWTH IN N. AMERICA AND W. EUROPE

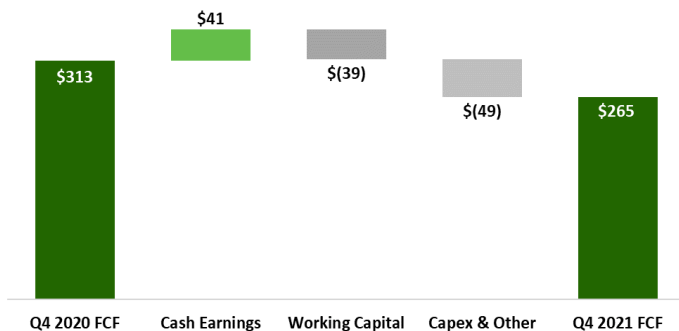


Customer Demand Remains Robust with Record Orders and Backlog in 2021



## Q4 AND FY 2021 FREE CASH FLOW

### Q4 2021 FREE CASH FLOW (\$M)

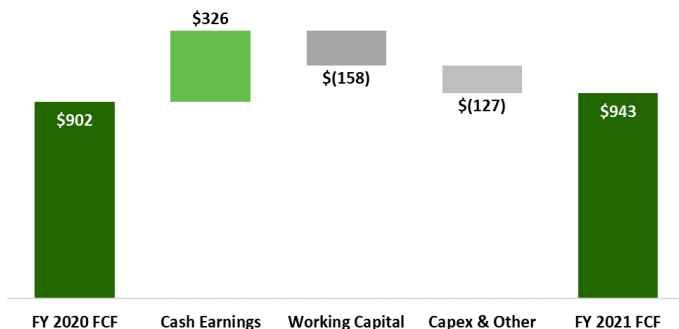


INVESTED IN INVENTORY TO DE-RISK  
CUSTOMER DELIVERIES IN 2022



CUSTOMER RECEIPTS PUSHED OUT  
DUE TO COVID / STAFFING DISRUPTIONS

### FY 2021 FREE CASH FLOW (\$M)



FY 2021 FCF DRIVEN BY HIGHER  
EARNINGS, PARTIALLY OFFSET BY  
WORKING CAPITAL INVESTMENT



ENHANCED PORTFOLIO AND ASSET-  
LITE OPERATING MODEL  
ACCELERATES FCF GROWTH

DEMAND MOMENTUM, ROBUST BACKLOG CARRIES INTO 2022

### WHAT TO EXPECT



#### SUSTAINED CORE GROWTH

5.5% to 8.5% core growth driven by strong customer demand, secular tailwinds and record backlog



#### MARGIN EXPANSION

Volume, price and performance initiatives drive higher segment operating margins



#### DOUBLE-DIGIT EARNINGS GROWTH

Converting more revenue to earnings, accretive M&A drive differentiated earnings growth



#### DISCIPLINED CAPITAL ALLOCATION

M&A and return discipline driving sustainable, long-term value creation

### KEY ASSUMPTIONS



#### SUPPLY CHAIN CONSTRAINTS

Expected to persist throughout much of 2022, with continued strength in orders



#### FAVORABLE PRICE / COST

Pricing realization exceeds cost inflation with some impact to gross margin expansion



#### SOFTWARE / SaaS GROWTH

Total software revenue expected to grow strong DD in 2022 to ~\$950M, including mid-teens growth across SaaS offerings



#### HEALTHCARE

Elective procedures assumed to remain at ~88% of pre-COVID levels in 2022, flat to 2021

	FY 2022 GUIDANCE			
	FORTIVE	INTELLIGENT OPERATING SOLUTIONS	PRECISION TECHNOLOGIES	ADVANCED HEALTHCARE SOLUTIONS
<b>Segment Sales (M)</b>	<b>\$5,725 to \$5,875</b>	<b>\$2,400 to \$2,450</b>	<b>\$1,950 to \$2,000</b>	<b>\$1,375 to \$1,425</b>
Core Growth	5.5% to 8.5%	6.5% to 9.5%	7% to 9%	3% to 5%
Total Growth	9% to 12%	10% to 13%	6.5% to 8.5%	12% to 14%
<b>Adj. Operating Profit Margin (%)</b>	<b>24.0% to 24.5%</b>	<b>28.5% to 29.0%</b>	<b>24.5% to 25.0%</b>	<b>24.5% to 25.0%</b>
Y/Y Increase	90 bps to 140 bps	50 bps to 100 bps	140 bps to 190 bps	160 bps to 210 bps
	CORE SEGMENT HIGHLIGHTS			
Interest Expense (M)	~\$80			
Tax Rate (%)	~16%	Fluke: MSD+	Tektronix: HSD+	ASP: LSD+
<b>Adjusted EPS</b>	<b>\$3.00 to \$3.13 (9% to 14%)</b>	EHS (ISC / InteleX): LDD	Sensing: MSD+	FHS: MSD
Shares (M)	~365	Accruent / Gordian: LDD	PacSci EMC: MSD	Censis: LDD
<b>Adjusted FCF Conversion</b>	<b>~105%</b>			Invetech: MSD

Expecting Another Year of Double Digit Adjusted EPS and FCF Growth Despite 14¢ Tax Headwind

	Q1 2022 GUIDANCE			
	FORTIVE	INTELLIGENT OPERATING SOLUTIONS	PRECISION TECHNOLOGIES	ADVANCED HEALTHCARE SOLUTIONS
<b>Segment Sales (M)</b>	<b>\$1,325 to \$1,365</b>	<b>\$545 to \$565</b>	<b>\$460 to \$470</b>	<b>\$320 to \$330</b>
Core Growth	1.5% to 4.5%	1% to 4.5%	2.5% to 5.5%	0.5% to 3%
Total Growth	5.5% to 8.5%	6.5% to 10%	1.5% to 4.5%	8.5% to 11%
<b>Adj. Operating Profit Margin (%)</b>	<b>~23%</b>	<b>27.5% to 27.8%</b>	<b>23.5% to 23.8%</b>	<b>23.0% to 23.3%</b>
Y/Y Increase	~30 bps	Down 80 bps to 110 bps	110 bps to 140 bps	120 bps to 150 bps
		CORE SEGMENT HIGHLIGHTS		
Interest Expense (M)	~\$20			
Tax Rate (%)	15% to 16%	Fluke: LSD+	Tektronix: MSD	ASP: LSD
<b>Adjusted EPS</b>	<b>\$0.65 to \$0.69 (+3% to +10%)</b>	EHS (ISC / Intelex): MSD+	Sensing: MSD	FHS: MSD
		Accruent / Gordian: MSD+	PacSci EMC: ~Flat	Censis: HSD
Shares (M)	~364			Invetech: Down HSD
<b>Adjusted FCF Conversion</b>	<b>~70%</b>			

# FRAMING OUR PORTFOLIO EVOLUTION

## STRATEGY DELIVERING RESULTS

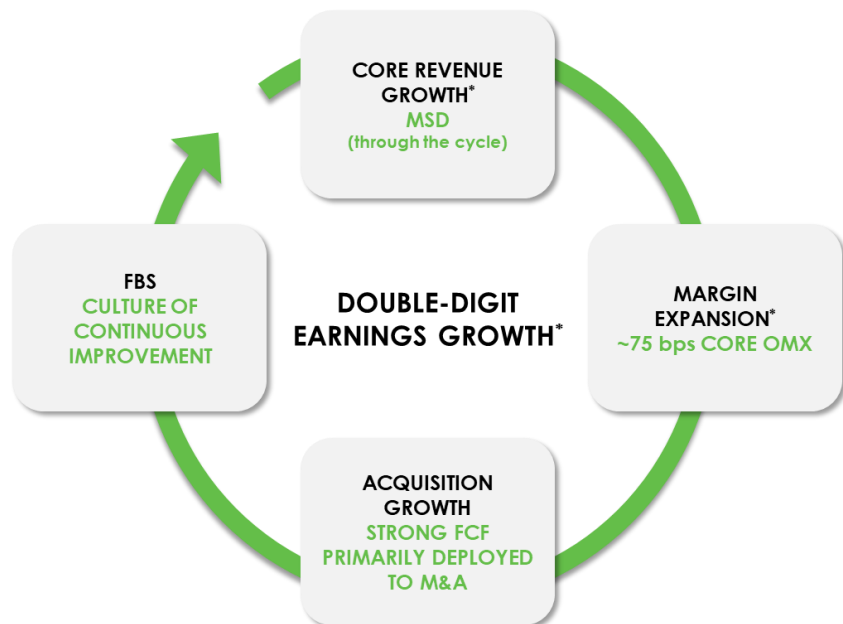


Key Metrics		EVOLVING FINANCIAL PROFILE		
		2016*	2021	2022E (Midpoint)
Core Growth		GDP / GDP+	9.5%	7%
Recurring Revenue %		18%	38%	~40%
Software Revenue		Minimal	\$670M	~\$950M
FCF Profile and Compoundin g	Adj. Gross Profit Margin	49%	57.4%	~59%
	AOP Margin	20.5%	23.1%	~24.3%
	FCF % (of Revenue)	Mid-Teens	~18%	~20%

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

## CONTINUED PROGRESS TOWARD MULTI-YEAR TARGETS

### 2021 INVESTOR DAY TARGETS



### RESULTS

- ✓ Delivering leading workflow solutions for factories, buildings and hospitals that facilitate safety, reliability and productivity
- ✓ 2020-2022E reflects MSD growth through cycle, +300 bps OMX and +50% earnings growth
- ✓ Enhancing portfolio and accelerating earnings and cash flow compounding, providing ~\$5B of M&A capacity over 3-years
- ✓ Consistently improving FBS to drive innovation and sustainable results across evolving portfolio

# **Appendix & Supplemental Reconciliation Data**



# ADJUSTED GROSS PROFIT AND ADJUSTED GROSS PROFIT MARGIN



\$ in millions	Three Months Ended		Twelve Months Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Revenue (GAAP)</b>	\$ 1,374.8	\$ 1,324.9	\$ 5,254.7	\$ 4,634.4
Acquisition-Related Fair Value Adjustments to Deferred Revenue	—	0.5	—	12.9
<b>Adjusted Revenue (Non-GAAP)</b>	\$ 1,374.8	\$ 1,325.4	\$ 5,254.7	\$ 4,647.3
<b>Adjusted Gross Profit</b>				
<b>Gross Profit (GAAP)</b>	\$ 794.0	\$ 762.1	\$ 3,007.1	\$ 2,608.5
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	0.2	4.5	6.9	27.3
Discrete restructuring charge	0.7	8.1	0.7	8.1
<b>Adjusted Gross Profit (Non-GAAP)</b>	\$ 794.9	\$ 774.7	\$ 3,014.7	\$ 2,643.9
<b>Adjusted Gross Profit Margin</b>				
<b>Gross Profit (GAAP) Margin</b>	57.8 %	57.5 %	57.2 %	56.3 %
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	— %	0.4 %	0.2 %	0.4 %
Discrete restructuring charge	— %	0.6 %	— %	0.2 %
<b>Adjusted Gross Profit Margin (Non-GAAP)</b>	57.8 %	58.5 %	57.4 %	56.9 %

# ADJUSTED OPERATING PROFIT & ADJUSTED OPERATING PROFIT MARGIN



\$ in millions	Three Months Ended December 31, 2021					Three Months Ended December 31, 2020				
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive
<b>Revenue (GAAP)</b>	\$ 579.8	\$ 473.9	\$ 321.1	\$ —	\$ 1,374.8	\$ 544.9	\$ 464.2	\$ 315.8	\$ —	\$ 1,324.9
Acquisition-Related Fair Value Adjustments to Deferred Revenue	—	—	—	—	—	—	—	0.5	—	0.5
<b>Adjusted Revenue (Non-GAAP)</b>	\$ 579.8	\$ 473.9	\$ 321.1	\$ —	\$ 1,374.8	\$ 544.9	\$ 464.2	\$ 316.3	\$ —	\$ 1,325.4
<b>Operating Profit (GAAP)</b>	\$ 93.6	\$ 106.9	\$ 26.1	\$ (25.0)	\$ 201.6	\$ 104.8	\$ 89.0	\$ 18.0	\$ (27.9)	\$ 183.9
Acquisition and Other Transaction Costs	15.8	—	20.2	—	36.0	0.1	—	14.2	—	14.3
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	—	—	0.2	—	0.2	—	—	4.5	—	4.5
Amortization of Acquisition-Related Intangible Assets	46.4	3.7	35.3	—	85.4	37.7	4.2	35.3	—	77.2
Discrete restructuring charges	5.9	2.5	3.8	—	12.2	13.7	9.7	4.2	—	27.6
<b>Adjusted Operating Profit (Non-GAAP)</b>	\$ 161.7	\$ 113.1	\$ 85.6	\$ (25.0)	\$ 335.4	\$ 156.3	\$ 102.9	\$ 76.2	\$ (27.9)	\$ 307.5
<b>Operating Profit Margin (GAAP)</b>	16.1 %	22.6 %	8.1 %		14.7 %	19.2 %	19.2 %	5.7 %		13.9 %
<b>Adjusted Operating Profit Margin (Non-GAAP)</b>	27.9 %	23.9 %	26.7 %		24.4 %	28.7 %	22.2 %	24.1 %		23.2 %

## Incremental Adjusted Operating Profit Margin<sup>(a)</sup>

Year-over-year change in Adjusted Revenue (Non-GAAP)	\$ 49.4
Year-over-year change in Adjusted Operating Profit (Non-GAAP)	\$ 27.9
<b>Q4 2021 Incremental Adjusted Operating Profit Margin (Non-GAAP)<sup>(a)</sup></b>	<b>56.5 %</b>

(a) 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.

# ADJUSTED OPERATING PROFIT & ADJUSTED OPERATING PROFIT MARGIN

\$ in millions	Twelve Months Ended December 31, 2021					Twelve Months Ended December 31, 2020				
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive
<b>Revenue (GAAP)</b>	\$ 2,169.4	\$ 1,848.9	\$ 1,236.4	\$ —	\$ 5,254.7	\$ 1,883.7	\$ 1,651.3	\$ 1,099.4	\$ —	\$ 4,634.4
Acquisition-Related Fair Value Adjustments to Deferred Revenue	—	—	—	—	—	7.6	—	5.3	—	12.9
<b>Adjusted Revenue (Non-GAAP)</b>	\$ 2,169.4	\$ 1,848.9	\$ 1,236.4	\$ —	\$ 5,254.7	\$ 1,891.3	\$ 1,651.3	\$ 1,104.7	\$ —	\$ 4,647.3
<b>Operating Profit (GAAP)</b>	\$ 408.5	\$ 408.0	\$ 101.9	\$ (105.6)	\$ 812.8	\$ 317.8	\$ 321.7	\$ 2.1	\$ (102.2)	\$ 539.4
Acquisition and Other Transaction Costs	30.2	—	29.7	—	59.9	0.9	0.1	70.6	—	71.6
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	—	—	6.9	—	6.9	7.8	—	19.5	—	27.3
Amortization of Acquisition-Related Intangible Assets	163.3	16.4	141.1	—	320.8	151.1	17.2	141.6	—	309.9
Discrete restructuring charges	5.9	2.5	3.8	—	12.2	13.7	9.7	4.2	—	27.6
<b>Adjusted Operating Profit (Non-GAAP)</b>	\$ 607.9	\$ 426.9	\$ 283.4	\$ (105.6)	\$ 1,212.6	\$ 491.3	\$ 348.7	\$ 238.0	\$ (102.2)	\$ 975.8
<b>Operating Profit Margin (GAAP)</b>	18.8 %	22.1 %	8.2 %		15.5 %	16.9 %	19.5 %	0.2 %		11.6 %
<b>Adjusted Operating Profit Margin (Non-GAAP)</b>	28.0 %	23.1 %	22.9 %		23.1 %	26.0 %	21.1 %	21.5 %		21.0 %

## Incremental Adjusted Operating Profit Margin<sup>(a)</sup>

Year-over-year change in Adjusted Revenue (Non-GAAP)	\$ 607.4
Year-over-year change in Adjusted Operating Profit (Non-GAAP)	\$ 236.8
<b>Q4 2021 Incremental Adjusted Operating Profit Margin (Non-GAAP)<sup>(a)</sup></b>	<b>39.0 %</b>

(a) 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.

# ADJUSTED OPERATING PROFIT MARGIN



	Three Months Ended December 31, 2021				Twelve Months Ended December 31, 2021			
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Total Fortive
<b>2020 Adjusted Operating Profit Margin (Non-GAAP)</b>	<b>28.7 %</b>	<b>22.2 %</b>	<b>24.1 %</b>	<b>23.2 %</b>	<b>26.0 %</b>	<b>21.1 %</b>	<b>21.5 %</b>	<b>21.0 %</b>
Core (Non-GAAP)	1.2 %	1.6 %	2.6 %	1.9 %	2.9 %	2.0 %	1.4 %	2.4 %
Acquisitions (Non-GAAP)	(2.0) %	— %	— %	(0.7) %	(0.9) %	— %	— %	(0.3) %
<b>2021 Adjusted Operating Profit Margin (Non-GAAP)</b>	<b>27.9 %</b>	<b>23.9 %</b>	<b>26.7 %</b>	<b>24.4 %</b>	<b>28.0 %</b>	<b>23.1 %</b>	<b>22.9 %</b>	<b>23.1 %</b>

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

# ADJUSTED NET EARNINGS FROM CONTINUING OPERATIONS



\$ in millions	Three Months Ended		Twelve Months Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Net Earnings Attributable to Common Stockholders from Continuing Operations (GAAP) <sup>(a)</sup></b>	<b>\$ 167.9</b>		<b>\$ 579.7</b>	
Dividends on the mandatory convertible preferred stock to apply if-converted method <sup>(a)</sup>	—		34.5	
<b>Net Earnings from Continuing Operations (GAAP)</b>	<b>\$ 167.9</b>	<b>\$ 1,251.6</b>	<b>\$ 614.2</b>	<b>\$ 1,452.2</b>
Pretax amortization of acquisition-related intangible assets	85.4	77.2	320.8	309.9
Pretax acquisition and other transaction costs	36.0	14.3	59.9	71.6
Pretax acquisition-related fair value adjustments to deferred revenue and inventory related to significant acquisitions	0.2	4.5	6.9	27.3
Pretax losses from equity method investments	3.9	0.9	11.6	4.3
Pretax loss on debt extinguishment, net of gain on Vontier common stock	—	(1,119.2)	47.9	(1,119.2)
Pretax noncash interest expense associated with our 0.875% convertible notes	7.2	8.6	29.1	34.1
Pretax discrete restructuring charges	12.2	27.6	12.2	27.6
Pretax gain on the disposition of assets	—	—	—	(5.3)
Pretax gain on litigation resolution	(3.9)	—	(29.9)	—
Tax effect of the adjustments reflected above <sup>(b)</sup>	(20.9)	(20.1)	(76.3)	(70.8)
Noncash discrete tax expense adjustment resulting from the Separation of Vontier	—	7.5	—	20.2
<b>Adjusted Net Earnings from Continuing Operations (Non-GAAP)</b>	<b>\$ 288.0</b>	<b>\$ 252.9</b>	<b>\$ 996.4</b>	<b>\$ 751.9</b>

(a) On July 1, 2021, all outstanding shares of our MCPS converted at a rate of 14.0978 common shares per share of preferred stock into an aggregate of approximately 19.4 million shares (net of fractional shares) of the Company's common stock. Prior to their conversion, the MCPS were anti-dilutive for the year ended December 31, 2021, and as such, GAAP net earnings per share was calculated using net earnings from continuing operations attributable to common stockholders. The MCPS were dilutive for the three months and year ended December 31, 2020 and the "if-converted" method was applied in calculating earnings per share. As such, no additional shares were assumed to be converted and net earnings per share for both respective periods was calculated using net earnings from continuing operations.

(b) The dividend on the MCPS is not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition and other transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, losses from equity method investments, the gain on disposition of assets, the loss on extinguishment of debt, the gain on litigation resolution, and the non-cash interest expense associated with the 0.875% convertible notes. The gain on the fair value change in Vontier common stock had no tax effect.

# ADJUSTED DILUTED NET EPS



	Three Months Ended <sup>(a)</sup>		Twelve Months Ended <sup>(a)</sup>	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Diluted Net Earnings Per Share from Continuing Operations (GAAP) <sup>(b)</sup></b>	<b>\$ 0.46</b>	<b>\$ 3.47</b>	<b>\$ 1.65</b>	<b>\$ 4.05</b>
Dividends on the mandatory convertible preferred stock to apply if-converted method	—	—	0.10	—
Assumed dilutive impact on the Diluted Net Earnings Per Share Attributable to Common Stockholders if the MCPS Converted Shares had been outstanding	—	—	(0.05)	—
Pretax amortization of acquisition-related intangible assets	0.24	0.21	0.89	0.86
Pretax acquisition and other transaction costs	0.10	0.04	0.17	0.20
Pretax acquisition-related fair value adjustments to deferred revenue and inventory related to significant acquisitions	—	0.01	0.02	0.08
Pretax (gains) losses from equity method investments	0.01	—	0.03	0.01
Pretax loss on debt extinguishment, net of gain on Vontier common stock	—	(3.10)	0.13	(3.12)
Pretax noncash interest expense associated with our 0.875% convertible notes	0.02	0.02	0.08	0.09
Pretax discrete restructuring charges	0.03	0.08	0.03	0.08
Pretax gain on the disposition of assets	—	—	—	(0.01)
Pretax gain on litigation resolution	(0.01)	—	(0.08)	—
Tax effect of the adjustments reflected above <sup>(c)</sup>	(0.06)	(0.06)	(0.21)	(0.20)
Noncash discrete tax expense adjustment resulting from the Separation of Vontier	—	0.02	—	0.06
<b>Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)</b>	<b>\$ 0.79</b>	<b>\$ 0.70</b>	<b>\$ 2.75</b>	<b>\$ 2.09</b>
(shares in millions)				
Average common diluted stock outstanding	362.9	360.7	352.3	359.0
MCPS Converted Shares <sup>(b)</sup>	—	—	9.9	—
<b>Adjusted average common stock and common equivalent shares outstanding</b>	<b>362.9</b>	<b>360.7</b>	<b>362.2</b>	<b>359.0</b>

(a) Each of the per share adjustments below was calculated assuming the MCPS Converted Shares had converted at the beginning of the period prior to their conversion on July 1, 2021. The 0.875% convertible notes did not have an impact on the adjusted diluted shares outstanding.

(b) Prior to their conversion on July 1, 2021, the MCPS were anti-dilutive during the year ended December 31, 2021 and were dilutive during the three and twelve month periods ended December 31, 2020. As such, GAAP net earnings per share for the year ended December 31, 2021 was calculated using net earnings from continuing operations attributable to common stockholders.

(c) The dividend on the MCPS is not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition and other transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, discrete restructuring, losses from equity method investments, the gain on the disposition of assets, the loss on extinguishment of debt, the gain on litigation resolution, and the non-cash interest expense associated with the 0.875% convertible notes. The gain on the fair value change in Vontier common stock had no tax effect.

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

# FORECASTED ADJUSTED DILUTED NET EPS FROM CONTINUING OPERATIONS



	Three Months Ending April 1, 2022		Twelve Months Ending December 31, 2022	
	Low	High	Low	High
<b>Forecasted Diluted Net Earnings Per Share from Continuing Operations Attributable to Common Stockholders</b>	<b>\$ 0.40</b>	<b>\$ 0.44</b>	<b>\$ 2.03</b>	<b>\$ 2.17</b>
Anticipated pretax amortization of acquisition-related intangible assets	0.27	0.27	1.05	1.05
Anticipated pretax significant acquisition and other transaction costs	0.02	0.02	0.07	0.07
Anticipated pretax losses from equity method investments	—	—	0.02	0.02
Tax effect of the adjustments reflected above	(0.05)	(0.05)	(0.18)	(0.18)
<b>Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations</b>	<b>\$ 0.65</b>	<b>\$ 0.69</b>	<b>\$ 3.00</b>	<b>\$ 3.13</b>

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



# FREE CASH FLOW CONVERSION RATIO - TWELVE MONTHS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

*\$ in millions*

	Three Months Ended				Twelve Months Ended
	December 31, 2021	October 1, 2021	July 2, 2021	April 2, 2021	December 31, 2021
<b>Operating Cash Flows from Continuing Operations (GAAP)</b>	\$ 287.0	\$ 262.9	\$ 291.0	\$ 152.0	\$ 992.9
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(22.0)	(10.9)	(8.7)	(8.4)	(50.0)
<b>Free Cash Flow from Continuing Operations (Non-GAAP)</b>	\$ 265.0	\$ 252.0	\$ 282.3	\$ 143.6	\$ 942.9
<b>Net Earnings from Continuing Operations (GAAP)</b>	\$ 167.9	\$ 152.6	\$ 182.0	\$ 111.7	\$ 614.2
<b>Free Cash Flow Conversion Ratio (Non-GAAP)</b>	158 %	165 %	155 %	129 %	154 %

*\$ in millions*

	Three Months Ended				Twelve Months Ended
	December 31, 2020	September 25, 2020	June 26, 2020	March 27, 2020	December 31, 2020
<b>Operating Cash Flows from Continuing Operations (GAAP)</b>	\$ 329.4	\$ 217.5	\$ 309.1	\$ 121.7	\$ 977.7
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(16.8)	(13.4)	(19.3)	(26.2)	(75.7)
<b>Free Cash Flow from Continuing Operations (Non-GAAP)</b>	\$ 312.6	\$ 204.1	\$ 289.8	\$ 95.5	\$ 902.0
<b>Net Earnings from Continuing Operations (GAAP)</b>	\$ 1,251.6	\$ 86.0	\$ 59.8	\$ 54.8	\$ 1,452.2
<b>Free Cash Flow Conversion Ratio (Non-GAAP)</b>	25 %	237 %	485 %	174 %	62 %

# ADJUSTED FREE CASH FLOW CONVERSION RATIO - TWELVE MONTHS ENDED DECEMBER 31, 2021 AND DECEMBER 31, 2020

\$ in millions

	Three Months Ended				Twelve Months Ended
	December 31, 2021	October 1, 2021	July 2, 2021	April 2, 2021	December 31, 2021
Operating Cash Flows from Continuing Operations (GAAP)	\$ 287.0	\$ 262.9	\$ 291.0	\$ 152.0	\$ 992.9
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(22.0)	(10.9)	(8.7)	(8.4)	(50.0)
Free Cash Flow from Continuing Operations (Non-GAAP)	\$ 265.0	\$ 252.0	\$ 282.3	\$ 143.6	\$ 942.9
Adjusted Net Earnings from Continuing Operations (Non-GAAP)	\$ 288.0	\$ 240.5	\$ 238.8	\$ 229.1	\$ 996.4
Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)	92 %	105 %	118 %	63 %	95 %

\$ in millions

	Three Months Ended				Twelve Months Ended
	December 31, 2020	September 25, 2020	June 26, 2020	March 27, 2020	December 31, 2020
Operating Cash Flows from Continuing Operations (GAAP)	\$ 329.4	\$ 217.5	\$ 309.1	\$ 121.7	\$ 977.7
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(16.8)	(13.4)	(19.3)	(26.2)	(75.7)
Free Cash Flow from Continuing Operations (Non-GAAP)	\$ 312.6	\$ 204.1	\$ 289.8	\$ 95.5	\$ 902.0
Adjusted Net Earnings from Continuing Operations (Non-GAAP)	\$ 252.9	\$ 179.3	\$ 154.9	\$ 164.8	\$ 751.9
Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)	124 %	114 %	187 %	58 %	120 %

# CORE REVENUE GROWTH



## Components of Revenue Growth

### Total Fortive

	Three Months Ended December 31, 2021	Twelve Months Ended December 31, 2021
<b>Total Revenue Growth (GAAP)</b>	<b>3.8 %</b>	<b>13.4 %</b>
Core (Non-GAAP)	1.0 %	9.5 %
Acquisitions (Non-GAAP)	3.4 %	2.4 %
Impact of currency translation (Non-GAAP)	(0.6) %	1.5 %

### Intelligent Operating Solutions

<b>Total Revenue Growth (GAAP)</b>	<b>6.4 %</b>	<b>15.2 %</b>
Core (Non-GAAP)	0.8 %	10.7 %
Acquisitions (Non-GAAP)	6.1 %	2.8 %
Impact of currency translation (Non-GAAP)	(0.5) %	1.7 %

### Precision Technologies

<b>Total Revenue Growth (GAAP)</b>	<b>2.1 %</b>	<b>12.0 %</b>
Core (Non-GAAP)	2.6 %	10.6 %
Acquisitions (Non-GAAP)	— %	— %
Impact of currency translation (Non-GAAP)	(0.5) %	1.4 %

### Advanced Healthcare Solutions

<b>Total Revenue Growth (GAAP)</b>	<b>1.7 %</b>	<b>12.5 %</b>
Core (Non-GAAP)	(0.8) %	6.0 %
Acquisitions (Non-GAAP)	3.4 %	5.3 %
Impact of currency translation (Non-GAAP)	(0.9) %	1.2 %

# ADJUSTED EFFECTIVE TAX RATE



\$ in millions	Three Months Ended		Twelve Months Ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Earnings before income taxes from continuing operations	\$ 175.7	\$ 1,264.1	\$ 677.5	\$ 1,507.7
Income tax expense	(7.8)	(12.5)	(63.3)	(55.5)
<b>Effective tax rate (GAAP)</b>	<b>4.4 %</b>	<b>1.0 %</b>	<b>9.3 %</b>	<b>3.7 %</b>
<b>Earnings before income taxes from continuing operations (GAAP)</b>	<b>\$ 175.7</b>	<b>\$ 1,264.1</b>	<b>\$ 677.5</b>	<b>\$ 1,507.7</b>
Pretax amortization of acquisition-related intangible assets	85.4	77.2	320.8	309.9
Pretax acquisition and other transaction costs	36.0	14.3	59.9	71.6
Pretax acquisition-related fair value adjustments to deferred revenue and inventory related to significant acquisitions	0.2	4.5	6.9	27.3
Pretax losses from equity method investments	3.9	0.9	11.6	4.3
Pretax loss on debt extinguishment, net of gain on Vontier common stock	—	(1,119.2)	47.9	(1,119.2)
Pretax noncash interest expense associated with our 0.875% convertible notes	7.2	8.6	29.1	34.1
Pretax discrete restructuring charges	12.2	27.6	12.2	27.6
Pretax gain from disposition of assets	—	—	—	(5.3)
Pretax gain on litigation resolution	(3.9)	\$ —	(29.9)	—
<b>Pretax Adjusted Net Earnings (Non-GAAP)</b>	<b>\$ 316.7</b>	<b>\$ 278.0</b>	<b>\$ 1,136.0</b>	<b>\$ 858.0</b>
Tax effect of the adjustments reflected above	(20.9)	(20.1)	(76.3)	(70.8)
Noncash discrete tax expense adjustment resulting from the Separation of Vontier	—	7.5	—	20.2
<b>Adjusted income tax expense (Non-GAAP)</b>	<b>\$ (28.7)</b>	<b>\$ (25.1)</b>	<b>\$ (139.6)</b>	<b>\$ (106.1)</b>
<b>Adjusted effective tax rate (Non-GAAP)</b>	<b>9.1 %</b>	<b>9.0 %</b>	<b>12.3 %</b>	<b>12.4 %</b>



**FORTIVE**