

Third Quarter 2022 Earnings Release

October 26, 2022



FORWARD LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

Statements in this presentation that are not strictly historical, including statements regarding anticipated financial results, economic, inflationary, currency, and market trends, future prospects, impact of supply chain constraints, anticipated market opportunities, anticipated impact of geopolitical events and conflicts, business and acquisition opportunities, timing of acquisitions and other transactions, scope and timing of any share repurchases, 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, our ability to manage supply chain constraints and transportation disruptions, deterioration of or instability in the economy, geopolitical relations and conflicts, the markets we serve, international trade policies and the financial markets, changes in trade relations with China and Russia, 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, 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 prior separations, 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, 2021. 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 outlook regarding non-GAAP measures, other than 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.

All financial metrics relate only to the continuing operations, and all growth or period changes refer to year-over-year comparisons unless otherwise stated. Please refer to the corresponding Form 10-Q for the quarter ended September 30, 2022 for additional details relating to the financial results and performances discussed in this presentation.





Q3 2022 FINANCIALS AND HIGHLIGHTS

BEATING ON ALL KEY METRICS

Q3 & YTD 2022 FINANCIALS

Revenue Q3 \$1,456M YTD \$4,296M	Core Growth Q3 12.1% YTD 8.8%
Adj. Gross Margin Q3 58.1% YTD 57.5%	Adj. Operating Profit Margin Q3 24.4% YTD 23.8%
Adj. Earnings Per Share Q3 \$0.79 YTD \$2.28	Free Cash Flow Q3 \$307M YTD \$779M

HIGHLIGHTS

	12% core revenue growth in Q3 <ul style="list-style-type: none"> High-quality portfolio & strong execution deliver upside
	80 bps adj. GMX 160 bps adj. OMX in Q3 <ul style="list-style-type: none"> Leading brands & power of FBS enable margin expansion
	20% adj. EPS growth in Q3 <ul style="list-style-type: none"> Demonstrating ability to outperform in current environment
	22% growth in free cash flow in Q3 <ul style="list-style-type: none"> Robust compounding model yielding results

EVOLUTION OF FORTIVE DRIVING ANOTHER QUARTER OF DIFFERENTIATED PERFORMANCE

DELIVERING ON 2022 EXPECTATIONS

CONTINUED STRONG MOMENTUM...

WHAT WE ARE SEEING



STRENGTH OF PORTFOLIO

Strong short-cycle demand and double-digit software¹ revenue growth **reflect accelerated innovation and enhanced competitive positioning**



OFFSETTING F/X HEADWINDS

\$175M revenue and \$0.11 adj. EPS year-over-over headwind from translational and transactional currency impact as USD strengthened globally



STRONG EXECUTION DELIVERING UPSIDE

Despite challenging environment, staying ahead of cost inflation and leveraging FBS to navigate supply chain challenges and **generate >20% FCF growth**

WHAT WE EXPECT



DELIVER AT THE HIGH-END OF INITIAL '22 GUIDE

Demand momentum, sustainable competitive advantages and strong performance contribute to expected **double-digit adjusted earnings and free cash flow growth**



PREPARING FOR 2023

Elevated backlog levels, **sustained recurring revenue growth** mitigate potential impact from **moderating HW products² orders growth**



CONSISTENT VALUE CREATION

Strong balance sheet and disciplined capital deployment drive accelerated returns for shareholders

...DESPITE CHALLENGING ENVIRONMENT

EXECUTING OUR STRATEGY

MARKET RELEVANT WORKFLOW SOLUTIONS WITH ROBUST GROWTH DRIVERS

SECULAR TAILWINDS

REGULATION,
SAFETY, ESG



AUTOMATION &
DIGITIZATION



INTERNET OF
THINGS



ELECTRIFICATION
OF EVERYTHING



RESHORING /
MANUFACTURING



DEMOGRAPHICS AND
LABOR MARKETS



MARKET RELEVANCE

*Preeminent HW-
advantaged
field/facility safety,
reliability &
productivity provider*

*Leading SW-enabled
and data driven
safety and ESG
solutions, helping
customers meet
sustainability goals*

*Leader in asset
maintenance and
facilities
management*

*Leading brands
accelerating
development of new,
green, automation
and tech innovations*

*Leader in essential
products and clinical
healthcare
workflows, increasing
patient safety and
reducing costs*

WORKFLOW EFFICIENCY

CONNECTED
RELIABILITY



EHS



FACILITY & ASSET
LIFECYCLE



PRODUCT
REALIZATION



PERIOPERATIVE
LOOP



OVER 60% OF REVENUE
ALIGNED TO UN SDGs¹



DIFFERENTIATED POSITIONS SOLVING CRITICAL CUSTOMER SAFETY, QUALITY AND PRODUCTIVITY CHALLENGES

Q3 2022: INTELLIGENT OPERATING SOLUTIONS

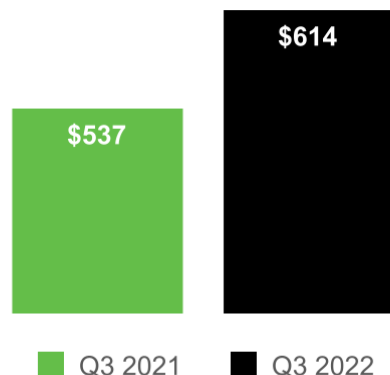
STRONG GROWTH AND MARGIN EXPANSION

\$ in millions

REVENUE

+14.3%

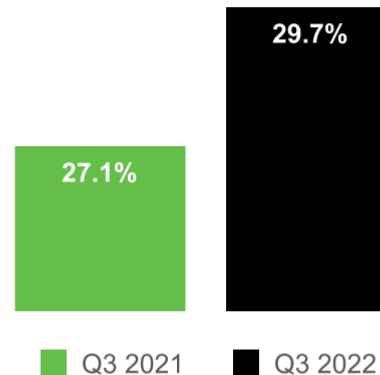
Core +13.8%
M&A +4.2%
FX -3.7%



ADJUSTED OPERATING PROFIT MARGIN

+260 BPS

Core OMX +345 bps



FLUKE®

INDUSTRIAL
SCIENTIFIC

INTELEX

GORDIAN®

ACCRUENT

ServiceChannel®

FORTIVE

INTELLIGENT OPERATING SOLUTIONS

Q3 2022 Highlights

- Strong growth across segment more than offset supply chain and F/X headwinds
- As expected, HW products¹ orders positive Y/Y with mid-teens POS
- Fluke driving innovation with breakthrough new products serving strong secular markets
- FBS-driven share gains and customer retention improvement drove EHS upside
- Accelerated FAL growth on go-to-market initiatives and FBS price and customer retention tools
- DD growth in each platform drove strong OMX

Core Growth Drivers

Q3 2022

FLUKE

Low Teens

EHS: ISC, INTELEX

LDD

FACILITY & ASSET
LIFECYCLE (FAL)

High-Teens

CONTINUED STRONG MOMENTUM ACROSS ALL BUSINESSES

1. Hardware products include Fluke, Tektronix and Sensing Tech businesses

Q3 2022: PRECISION TECHNOLOGIES

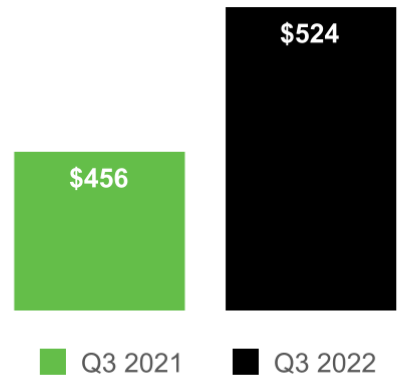
BROAD-BASED STRENGTH ACROSS THE SEGMENT

\$ in millions

REVENUE

+14.9%

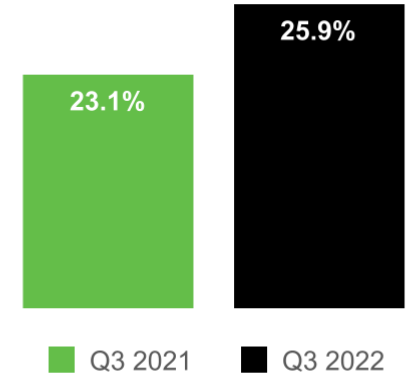
Core +19.0%
FX -4.0%



ADJUSTED OPERATING PROFIT MARGIN

+280 BPS

Core OMX +280 bps



Tektronix®

Gems™
Sensors & Controls

QUALITROL®
Defining Reliability

setra®

HENGSTLER DYNAPAR

ANDERSON-NEGELE
SANITARY BY DESIGN

PACIFIC SCIENTIFIC
ENERGETIC MATERIALS COMPANY

PRECISION TECHNOLOGIES

Q3 2022 Highlights

- New product innovation and strong secular trends in product realization drive another quarter of DD revenue and orders growth at Tektronix
- Tektronix worldwide POS growth >20%
- Sensing Tech saw continued strong growth and price realization
- FBS-enabled capacity expansion and improved material availability drove strong growth at PacSci EMC
- FBS to countermeasure supply chain constraints and drive robust margin expansion

Core Growth Drivers

Q3 2022

TEKTRONIX	High 20%
SENSING	Low-Teens
PACSI EMC	LDD

STRONG EXECUTION DRIVES UPSIDE IN ALL BUSINESSES

Q3 2022: ADVANCED HEALTHCARE SOLUTIONS

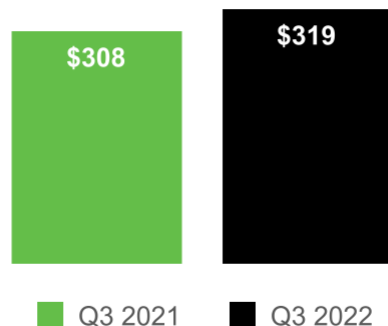
GROWTH CONTINUES TO BE IMPACTED BY SUPPLY CHAIN CONSTRAINTS

\$ in millions

REVENUE

+3.3%

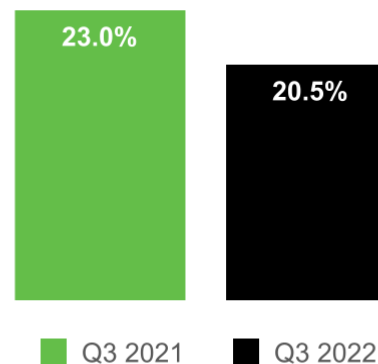
Core -0.8%
M&A +8.6%
FX -4.4%



ADJUSTED OPERATING PROFIT MARGIN

-250 BPS

Core OMX -395 bps



ASP

Censis

FLUKE
Biomedical

LANDAUER®

Invetech

provation®

ADVANCED HEALTHCARE SOLUTIONS

Q3 2022 Highlights

- Lower than expected performance driven by NA supply chain constraints and bad debt reserve at Invetech
- Core growth acceleration at ASP with supply chain easing in September
- Electives remained in the low-90% range ex-China; slight improvement in China in Q3
- DD growth in Censis SaaS and Provation SaaS
- Solid pricing and cost controls contribute favorably to margin performance

Core Growth Drivers

	Q3 2022
ASP	LSD
FHS	(MSD)
CENSIS	(Mid-Teens)
INVETECH	(LSD)

PERFORMANCE REFLECTS CONTINUED HOSPITAL LABOR AND PRODUCTIVITY CHALLENGES

FBS IN ACTION

A KEY DIFFERENTIATOR

IOS	PT	AHS
<ul style="list-style-type: none">• Doubled 3-year product opportunity at Fluke, with strong alignment to Solar/EV, using Lean Portfolio Management• GMX through freight reduction and value engineering at Fluke• 20-40% productivity improvement in 4 product lines at ISC• iNet quote time reduced by 80% and time to market for new software by 75%	<ul style="list-style-type: none">• >25% reduction in average test time at Tektronix• 100% increase in board cell daily output rate at Tektronix using lean kaizen• Lean conversion of 9 cells at Qualitrol drove highest productivity of basic sensors• Kaizen and problem solving improved flow and throughput at PacSci EMC, driving DD core growth	<ul style="list-style-type: none">• Maximizing availability of machines drove DD capital growth at ASP• Created sales process standard work and utilized Obeya rooms and funnel management to migrate on-prem customers to cloud yielding >2x price lift• 2x improvement in productivity and reduced time to onboard new software customers at Censis

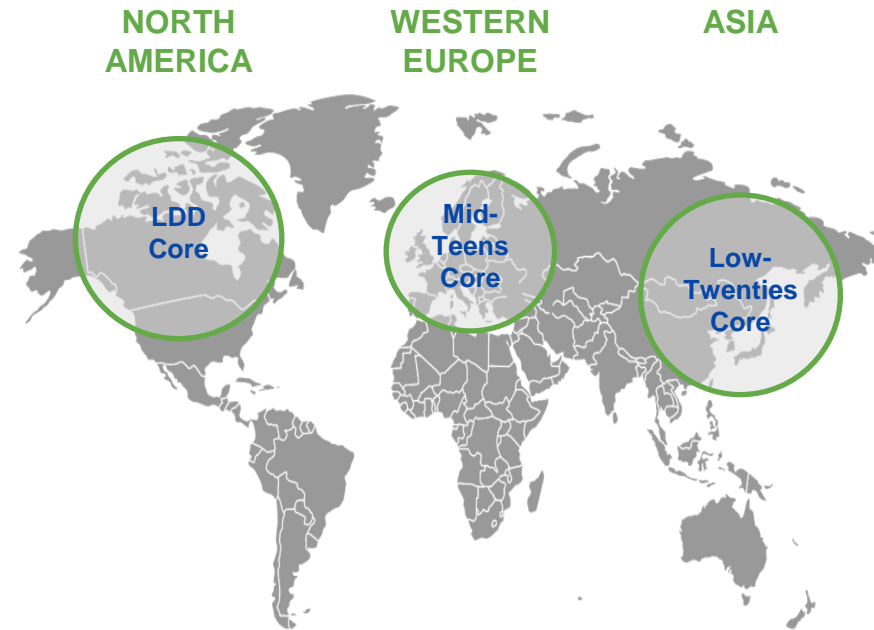
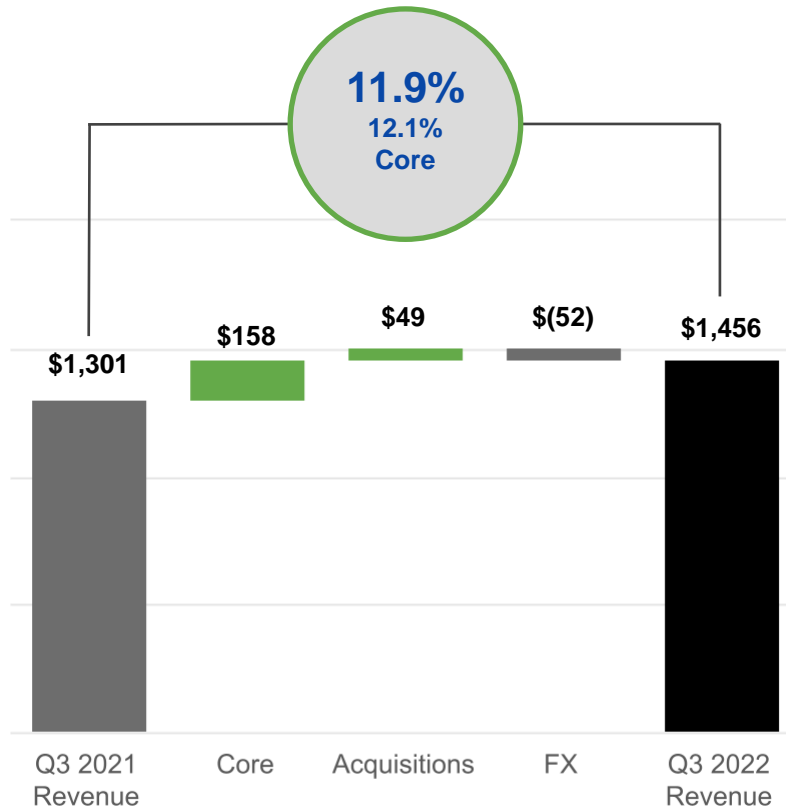
ANNUAL CEO KAIZEN

- Annual in-person CEO Kaizen accelerates culture of performance
- Deep engagement with segment leaders and many OpCo presidents
- 28 teams driving significant improvements in growth, margin, free cash flow and breakthrough innovations
- >400 employees setting and delivering on high expectations

DRIVING INNOVATION AND PROFITABLE GROWTH

Q3 2022 REVENUE

STRONG CORE GROWTH IN MAJOR GEOGRAPHIES



HIGHLIGHTS

- ServiceChannel acquisition became core mid-August
- Acquisition contributions as expected ~4%
- ~4% F/X headwind, higher than expected
- Mid-teens Software revenue growth in North America
- Continued solid growth in Western Europe in each segment
- China up mid-20% with strength in IOS and PT
- High Growth Markets up high-teens driven by IOS and PT

DOUBLE DIGIT CORE GROWTH IN EVERY REGION

Q3 2022 PERFORMANCE SUMMARY

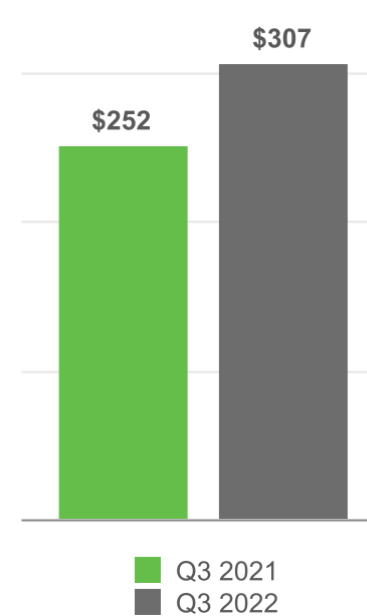
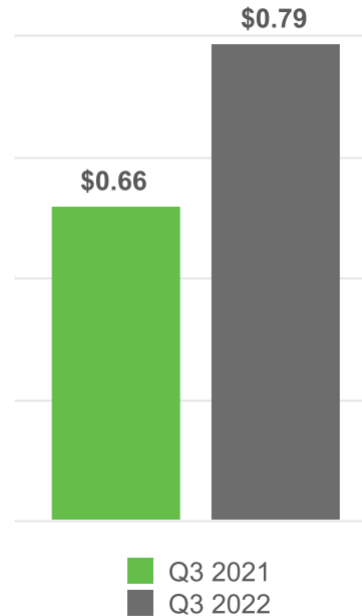
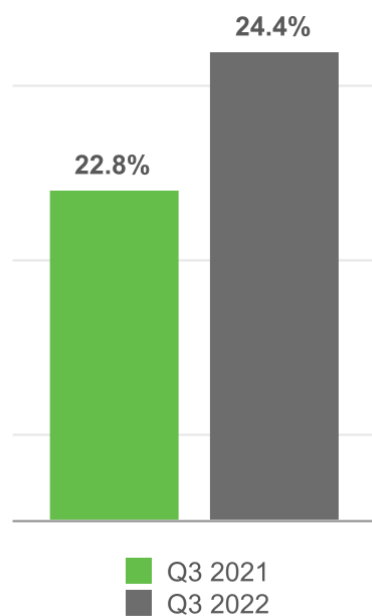
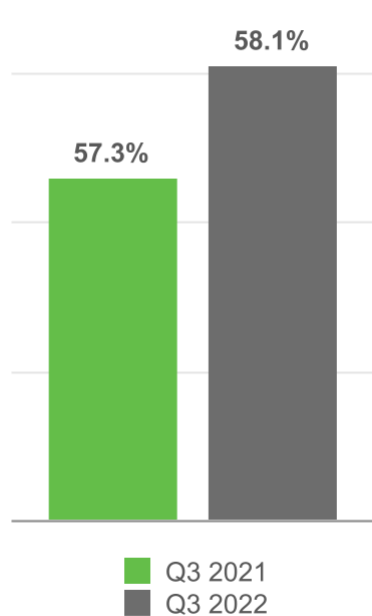
ANOTHER QUARTER OF STRONG FINANCIAL PERFORMANCE

**ADJ. GROSS
MARGIN**
+80 BPS

**ADJ. OPERATING
PROFIT MARGIN**
+160 BPS

**ADJ. EARNINGS
PER SHARE**
+20%

**FREE CASH
FLOW (\$M)**
+22%



PERFORMANCE HIGHLIGHTS

- Favorable price/cost and volume drive strong Y/Y gross margin expansion
- 160 bps of adjusted OMX; 440 bps on 2-yr stack basis
- 20% adj. EPS growth despite higher interest
- Q3 adj. FCF conversion 108%
- YTD FCF up 15%

OUTPERFORMING ON ALL METRICS

Q4 AND FY 2022 OUTLOOK

STRONG CORE GROWTH OFFSETS F/X HEADWINDS

Q4 2022

FY 2022

REVENUE

Core Growth²
Total Growth

\$1,482 – 1,502M

~11%
~8.5%

\$5,780 – 5,800M

~9.5%
~10%

ADJ. OP. PROFIT MARGIN²

Adjusted OMX

~25.4%

~100 bps OMX

~24.1%

~100 bps OMX

ADJ. EPS

Growth

\$0.82 – 0.85

4% to 7%
10% to 13% normalized for tax¹

\$3.10 – 3.13

13% to 14%

FREE CASH FLOW

FCF Conversion²

~\$395M

~130%

~\$1,170M

~105%

Q4 AND FY DETAILS

- Q4: M&A ~2%, FX ~(4.5)%
- FY: M&A ~4%, FX ~(3.5)%

- Q4: Corporate ~\$33M
- FY: Corporate ~\$110M

- Q4: Interest ~\$31M, ETR ~14.7%
- FY: Interest ~\$97M, ETR ~14.5%

- Reflects WC-lite business models
- Capex ~1.5% of Sales (\$80M to \$100M)

ANOTHER YEAR OF DOUBLE-DIGIT EARNINGS AND FCF GROWTH

1. The normalized EPS variance percentage was calculated by holding the ETR for both year's constant at 9%, which was the prior year's actual ETR
2. Represents a target based on the mid-point of the guide

SUSTAINABILITY-LINKED CREDIT FACILITY

REINFORCES COMMITMENT TO SUSTAINABILITY

CREDIT UPDATE

OUTSTANDING DEBT

- ~5 year weighted average debt maturity
- 3.2% weighted average rate
- 2.0x Net Debt/EBITDA (2.5x Debt/EBITDA)

LIQUIDITY

- Cash of \$0.7B and total liquidity of \$2.0B

CREDIT RATINGS

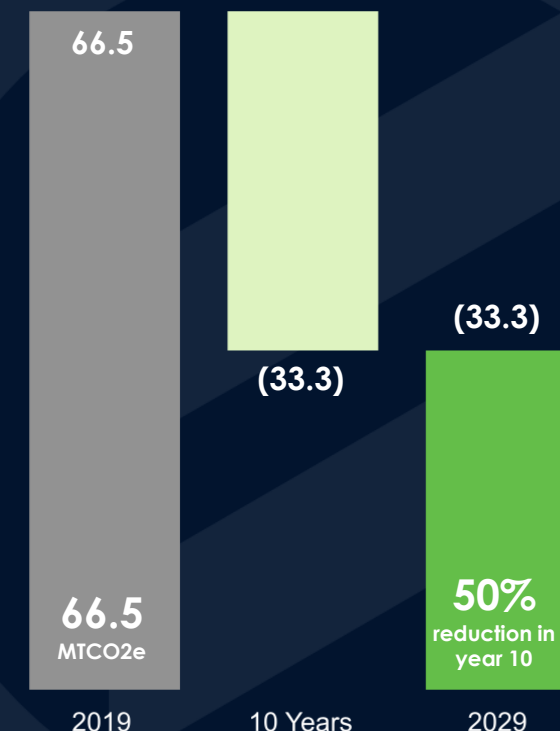
- Baa1/BBB and stable outlook
- Maintained credit ratings and no RCF credit facility draw down throughout COVID-19

CREDIT FACILITY TERMS

- Amended and extended **\$2.0B Revolving Credit Facility (RCF)**
- **5 Year** tenor with maturity in Oct 2027
- Structured as a **Sustainability-Linked facility** with improved pricing based on achievement of **Sustainability Target**
- **New \$1B Delayed Draw Term Loan** executed and available for refinancing of current Term Loan
- Given economic uncertainty, focus on maintaining **financial flexibility**

SUSTAINABILITY TARGET

- Aligned with publicly stated goal of **50% reduction by 2029**¹



STRONG FREE CASH FLOW AND LOW LEVERAGE PROVIDE UPSIDE FOR CAPITAL DEPLOYMENT

FRAMING 2023

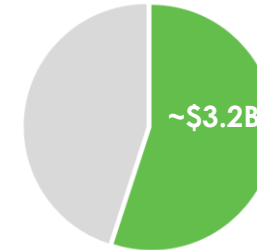
EARLY INDICATIONS REINFORCE PORTFOLIO QUALITY

Hardware Products¹

Potential slowdown in 2023

- Orders outpaced sales last 3 years; >\$300M "excess" backlog at YE
- Potential orders decline as supply chains normalize
- Innovation targeting attractive, high growth markets

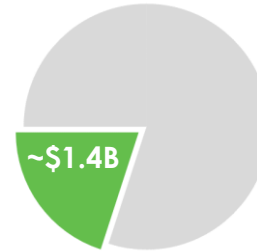
2022 Revenue³



Software² & Other

Path to enduring strong revenue growth ahead

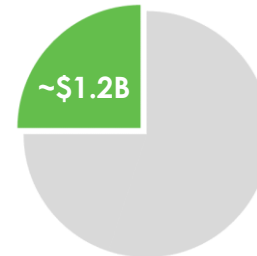
- Strong secular trends create durable growth runway
- Enhanced market positions yield DD SaaS growth
- FBS tools driving more lead generation, new logos and higher NDR



Healthcare ex-SW

Anticipate continued modest pace of recovery in 2023

- ~70% recurring revenue ex-SW with consumables and services
- Labor and productivity challenges expected to continue in hospitals
- Accelerating new product launches and market expansions



INITIAL EXPECTATIONS

- Preparing scenarios for potential slowdown
- Core growth and margin expansion expected
- F/X headwinds continue
- Lower debt balances offset higher interest rates
- Offsetting share count

WELL-POSITIONED TO NAVIGATE THE EVOLVING MACRO ENVIRONMENT

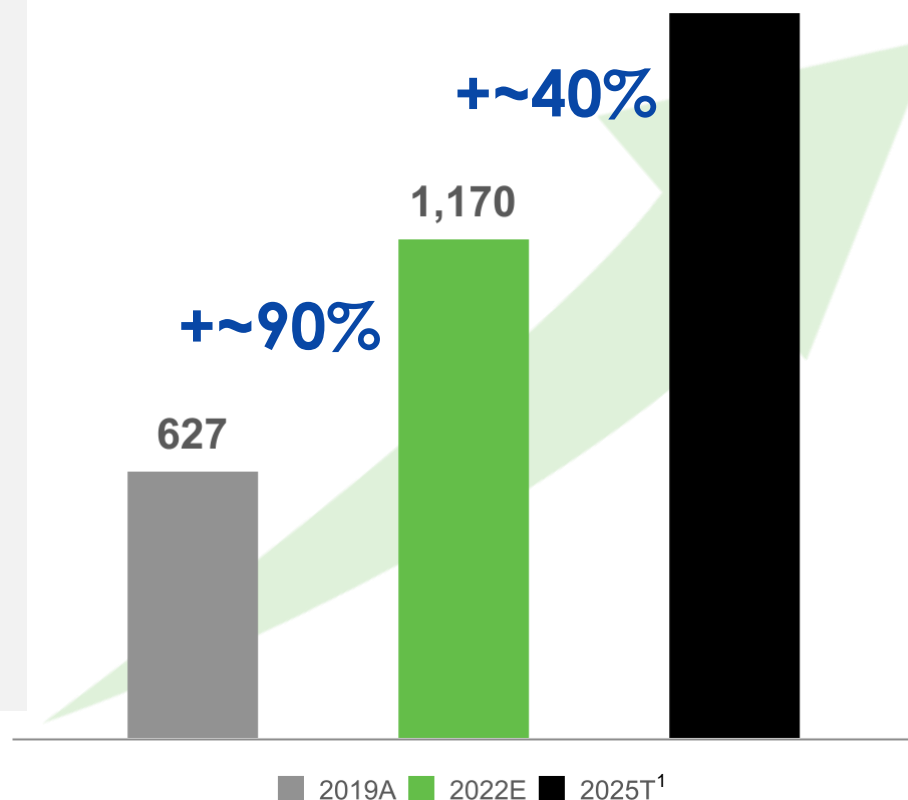
VALUE CREATION COMPOUNDING

MORE RESILIENT FINANCIAL PROFILE AND HIGHER FCF POWER

SUSTAINABLE COMPETITIVE ADVANTAGES

- ✓ Leadership positions in attractive growth markets
- ✓ Resilient financial profile with leading margins and free cash flow growth
- ✓ FBS enabling and empowering differentiated and sustainable results
- ✓ Strong balance sheet positioned for capital deployment upside

ANNUAL FREE CASH FLOW (\$ million)



SUMMARY

- Strong year-to-date performance reinforces confidence in FY 2022 outlook
- Portfolio strategy yielding results with differentiated performance and more resilient revenue and earnings profile
- 3-year stack reflects execution on through-cycle targets, with MSD+ growth, +300 bps OMX, +50% earnings growth and +90% FCF growth
- Consistently improving FBS to drive innovation and sustainable results across evolving portfolio
- Free cash flow profile supports accelerated compounding and value creation upside

DELIVERING ON HIGH EXPECTATIONS

Appendix & Supplemental Reconciliation Data

Q4 AND FY 2022 SEGMENT OUTLOOKS

	Q4 2022			FY 2022		
	IOS	PT	AHS	IOS	PT	AHS
REVENUE GROWTH						
	Core Total					
	11.5% to 13% 7.5% to 9%	14.5% to 16% 10% to 11.5%	3.5% to 5% 5.5% to 7%	11.5% to 12% 13% to 13.5%	11.5% to 12% 8.5% to 9%	1.5% to 2% 6.5% to 7%
ADJ. OP. PROFIT MARGIN ¹	~30% +200 bps	~26% +200 bps	~26% (50) bps	~29% +150 bps	~25% +200 bps	~23% Flat
OPCO EXPECTATIONS ²	Fluke: Low-Teens+ EHS: HSD+ FAL: LDD+	Tektronix: High-Teens Sensing: LDD PacSci EMC: Mid-Teens	ASP: LSD+ FHS: LSD+ Censis: MSD Invetech: MSD	Fluke: LDD EHS: HSD FAL: LDD+	Tektronix: LDD+ Sensing: LDD+ PacSci EMC: MSD+	ASP: LSD FHS: LSD Censis: ~Flat Invetech: HSD

ADJUSTED GROSS PROFIT AND ADJUSTED GROSS PROFIT MARGIN

\$ in millions	Three Months Ended		Nine Months Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Revenue (GAAP)	\$ 1,456.0	\$ 1,301.0	\$ 4,295.8	\$ 3,879.9
Adjusted Gross Profit				
Gross Profit (GAAP)	\$ 845.4	\$ 745.7	\$ 2,470.9	\$ 2,213.1
Acquisition-Related Fair Value Adjustments to Inventory	—	—	0.7	6.7
Adjusted Gross Profit (Non-GAAP)	\$ 845.4	\$ 745.7	\$ 2,471.6	\$ 2,219.8
Adjusted Gross Profit Margin				
Gross Profit (GAAP) Margin	58.1 %	57.3 %	57.5 %	57.0 %
Acquisition-Related Fair Value Adjustments to Inventory	— %	— %	— %	0.2 %
Adjusted Gross Profit Margin (Non-GAAP)	58.1 %	57.3 %	57.5 %	57.2 %

ADJUSTED OPERATING PROFIT & ADJUSTED OPERATING PROFIT MARGIN

\$ in millions	Three Months Ended September 30, 2022					Three Months Ended October 1, 2021				
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive
Revenue (GAAP)	\$ 613.7	\$ 523.7	\$ 318.6	\$ —	\$ 1,456.0	\$ 536.9	\$ 455.7	\$ 308.4	\$ —	\$ 1,301.0
Operating Profit (GAAP)	\$ 132.1	\$ 131.8	\$ 17.3	\$ (29.3)	\$ 251.9	\$ 91.5	\$ 101.1	\$ 34.4	\$ (24.7)	\$ 202.3
Acquisition and Other Transaction Costs	4.8	—	2.2	—	7.0	13.3	—	1.2	—	14.5
Russia Exit and Wind Down Costs	—	—	—	1.1	1.1	—	—	—	—	—
Acquisition-Related Fair Value Adjustments to Inventory	—	—	—	—	—	—	—	—	—	—
Amortization of Acquisition-Related Intangible Assets	45.7	3.6	46.0	—	95.3	41.0	4.2	35.2	—	80.4
Adjusted Operating Profit (Non-GAAP)	\$ 182.6	\$ 135.4	\$ 65.5	\$ (28.2)	\$ 355.3	\$ 145.8	\$ 105.3	\$ 70.8	\$ (24.7)	\$ 297.2
Operating Profit Margin (GAAP)	21.5 %	25.2 %	5.4 %		17.3 %	17.0 %	22.2 %	11.2 %		15.5 %
Adjusted Operating Profit Margin (Non-GAAP)	29.7 %	25.9 %	20.5 %		24.4 %	27.1 %	23.1 %	23.0 %		22.8 %

Incremental Adjusted Operating Profit Margin^(a)

Year-over-year change in Revenue (GAAP)	\$ 155.0
Year-over-year change in Adjusted Operating Profit (Non-GAAP)	\$ 58.1
Incremental Adjusted Operating Profit Margin (Non-GAAP) ^(a)	37.5 %

(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.

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

ADJUSTED OPERATING PROFIT & ADJUSTED OPERATING PROFIT MARGIN



\$ in millions	Nine Months Ended September 30, 2022					Nine Months Ended October 1, 2021				
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive
Revenue (GAAP)	\$ 1,831.4	\$ 1,485.2	\$ 979.2	\$ —	\$ 4,295.8	\$ 1,589.6	\$ 1,375.0	\$ 915.3	\$ —	\$ 3,879.9
Operating Profit (GAAP)	\$ 369.0	\$ 348.5	\$ 73.4	\$ (94.4)	\$ 696.5	\$ 314.9	\$ 301.1	\$ 75.8	\$ (80.6)	\$ 611.2
Acquisition and Other Transaction Costs	16.6	—	6.1	—	22.7	14.4	—	9.5	—	23.9
Russia Exit and Wind Down Costs	—	—	—	17.3	17.3	—	—	—	—	—
Acquisition-Related Fair Value Adjustments to Inventory	—	—	0.7	—	0.7	—	—	6.7	—	6.7
Amortization of Acquisition-Related Intangible Assets	137.9	10.8	138.7	—	287.4	116.8	12.7	105.9	—	235.4
Adjusted Operating Profit (Non-GAAP)	\$ 523.4	\$ 359.3	\$ 218.9	\$ (77.1)	\$ 1,024.5	\$ 446.1	\$ 313.8	\$ 197.9	\$ (80.6)	\$ 877.2
Operating Profit Margin (GAAP)	20.1 %	23.5 %	7.5 %		16.2 %	19.8 %	21.9 %	8.3 %		15.8 %
Adjusted Operating Profit Margin (Non-GAAP)	28.6 %	24.2 %	22.3 %		23.8 %	28.1 %	22.8 %	21.6 %		22.6 %

Incremental Adjusted Operating Profit Margin^(a)

Year-over-year change in Revenue (GAAP)	\$ 415.9
Year-over-year change in Adjusted Operating Profit (Non-GAAP)	\$ 147.3
Incremental Adjusted Operating Profit Margin (Non-GAAP) ^(a)	35.4 %

(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.

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

TWO YEAR STACK - ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING PROFIT MARGIN

\$ in millions	Three Months Ended September 30, 2022					Three Months Ended September 25, 2020				
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive
Revenue (GAAP)	\$ 613.7	\$ 523.7	\$ 318.6	\$ —	\$ 1,456.0	\$ 459.1	\$ 418.5	\$ 282.2	\$ —	\$ 1,159.8
Acquisition-Related Fair Value Adjustments to Deferred Revenue	—	—	—	—	—	—	—	0.7	—	0.7
Adjusted Revenue (Non-GAAP)	\$ 613.7	\$ 523.7	\$ 318.6	\$ —	\$ 1,456.0	\$ 459.1	\$ 418.5	\$ 282.9	\$ —	\$ 1,160.5
Operating Profit (GAAP)	\$ 132.1	\$ 131.8	\$ 17.3	\$ (29.3)	\$ 251.9	\$ 77.5	\$ 82.1	\$ 1.8	\$ (23.8)	\$ 137.6
Acquisition and Other Transaction Costs	4.8	—	2.2	—	7.0	0.2	0.1	14.0	—	14.3
Russia Exit and Wind Down Costs	—	—	—	1.1	1.1	—	—	—	—	—
Acquisition-Related Fair Value Adjustments to Deferred Revenue and Inventory	—	—	—	—	—	—	—	3.1	—	3.1
Amortization of Acquisition-Related Intangible Assets	45.7	3.6	46.0	—	95.3	37.6	4.2	35.3	—	77.1
Adjusted Operating Profit (Non-GAAP)	\$ 182.6	\$ 135.4	\$ 65.5	\$ (28.2)	\$ 355.3	\$ 115.3	\$ 86.4	\$ 54.2	\$ (23.8)	\$ 232.1
Operating Profit Margin (GAAP)	21.5 %	25.2 %	5.4 %		17.3 %	16.9 %	19.6 %	0.6 %		11.9 %
Adjusted Operating Profit Margin (Non-GAAP)	29.7 %	25.9 %	20.5 %		24.4 %	25.1 %	20.6 %	19.2 %		20.0 %

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

ADJUSTED OPERATING PROFIT MARGIN



	Three Months Ended September 30, 2022				Nine Months Ended September 30, 2022			
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Total Fortive
2021 Adjusted Operating Profit Margin (Non-GAAP)	27.1 %	23.1 %	23.0 %	22.8 %	28.1 %	22.8 %	21.6 %	22.6 %
Core (Non-GAAP)	3.5 %	2.8 %	(4.0)%	1.6 %	1.9 %	1.4 %	(0.9)%	1.4 %
Acquisitions (Non-GAAP)	(0.9)%	— %	1.5 %	— %	(1.4)%	— %	1.6 %	(0.2)%
2022 Adjusted Operating Profit Margin (Non-GAAP)	29.7 %	25.9 %	20.5 %	24.4 %	28.6 %	24.2 %	22.3 %	23.8 %

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		Nine Months Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Net Earnings Attributable to Common Stockholders from Continuing Operations (GAAP) ^(a)	\$ 189.9	\$ 152.6	\$ 528.0	\$ 411.8
Dividends on the mandatory convertible preferred stock to apply if-converted method ^(a)	—	—	—	34.5
Net Earnings from Continuing Operations (GAAP)	\$ 189.9	\$ 152.6	\$ 528.0	\$ 446.3
Interest on the Convertible Notes to apply if-converted method ^(b)	—	—	2.1	—
Tax effect of the Convertible Notes to apply if-converted method ^(c)	—	—	(0.3)	—
Diluted Net Earnings from Continuing Operations (GAAP)	189.9	152.6	529.8	446.3
Pretax amortization of acquisition-related intangible assets	95.3	80.4	287.4	235.4
Pretax acquisition-related items ^(d)	7.0	14.5	23.4	30.6
Pretax losses from equity investments ^(e)	9.5	1.1	15.2	7.7
Pretax Russia exit and wind down costs	1.1	—	17.3	—
Pretax gain on sale of business	(2.3)	—	(2.3)	—
Pretax interest expense on Convertible Notes to reverse the if-converted method ^(b)	—	—	(2.1)	—
Pretax loss on debt extinguishment, net of gain on Vontier common stock	—	—	—	47.9
Pretax gain on litigation resolution	—	—	—	(26.0)
Pretax non-cash interest expense associated with our 0.875% Convertible Notes	—	7.1	—	21.9
Tax effect of the adjustments reflected above ^(c)	(16.7)	(15.2)	(48.7)	(55.4)
Adjusted Net Earnings from Continuing Operations (Non-GAAP)	\$ 283.8	\$ 240.5	\$ 820.0	\$ 708.4

(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). The MCPS were anti-dilutive for the nine month period ended October 1, 2021 and as such GAAP net earnings per share was calculated using net earnings from continuing operations attributable to common stockholders.

(b) Beginning with our adoption of ASU 2020-06 on January 1, 2022 we assumed share settlement of our outstanding Convertible Notes under the if-converted method when calculating GAAP diluted net earnings per share. Since we settled the Convertible Notes in cash on February 15, 2022 and no common share conversion occurred, we have reversed the impacts of applying the if-converted method and included the actual cash interest expense in calculating the adjusted net earnings per share.

(c) The dividend on the MCPS is not tax deductible and the convertible note interest is calculated on a net of tax basis. The gain on the fair value change in Vontier common stock had no tax effect. The tax effect of the adjustments includes all other line items.

(d) Includes pretax Transaction Costs and acquisition-related fair value adjustments to inventory related to significant acquisitions.

(e) Includes pretax losses from equity method investments and, an \$8.1 million pretax impairment loss on an equity investment in the three and nine month period ended September 30, 2022.

ADJUSTED DILUTED NET EPS

	Three Months Ended ^(a)		Nine Months Ended ^(a)	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Net Earnings Attributable to Common Stockholders from Continuing Operations (GAAP) (b)	\$ 0.53	\$ 0.42	\$ 1.46	\$ 1.18
Dividends on the mandatory convertible preferred stock to apply if-converted method ^(b)	—	—	—	0.10
Assumed dilutive impact on the Diluted Net Earnings Per Share Attributable to Common Stockholders if the MCPS Converted Shares had been outstanding ^(b)	—	—	—	(0.05)
Net Earnings from Continuing Operations (GAAP)	0.53	0.42	1.46	1.23
Interest on the Convertible Notes to apply if-converted method ^(c)	—	—	—	—
Tax effect of the Convertible Notes to apply if-converted method ^(c)	—	—	—	—
Diluted Net Earnings Per Share from Continuing Operations (GAAP)	0.53	0.42	1.46	1.23
Pretax amortization of acquisition-related intangible assets	0.27	0.22	0.81	0.65
Pretax acquisition-related items ^(d)	0.02	0.04	0.06	0.09
Pretax losses from equity investments ^(e)	0.02	—	0.04	0.02
Pretax Russia exit and wind down costs	—	—	0.05	—
Pretax gain on sale of business	(0.01)	—	(0.01)	—
Pretax interest expense on Convertible Notes to reverse if-converted method ^(c)	—	—	—	—
Pretax loss on debt extinguishment, net of gain on Vontier common stock	—	—	—	0.13
Pretax gain on litigation resolution	—	—	—	(0.07)
Pretax non-cash interest expense associated with our 0.875% Convertible Notes	—	0.02	—	0.06
Tax effect of the adjustments reflected above ^(f)	(0.04)	(0.04)	(0.13)	(0.15)
Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	\$ 0.79	\$ 0.66	\$ 2.28	\$ 1.96
(shares in millions)				
Average common diluted stock outstanding	357.9	362.2	362.0	348.8
MCPS Converted Shares ^(a)	—	—	—	12.9
Convertible Notes - if converted shares ^(c)	—	—	(2.1)	—
Adjusted average common stock and common equivalent shares outstanding	357.9	362.2	359.9	361.7

(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 for the nine months ended October 1, 2021, and as such GAAP net earnings per share was calculated using net earnings from continuing operations attributable to common stockholders.

(c) Beginning with our adoption of ASU 2020-06 on January 1, 2022 we assumed share settlement of our outstanding Convertible Notes under the if-converted method when calculating GAAP diluted net earnings per share. Since we settled the Convertible Notes in cash on February 15, 2022 and no common share conversion occurred, we have reversed the impacts of applying the if-converted method and included the actual cash interest expense in calculating the adjusted net earnings per share. The impact of the after tax adjustment to GAAP diluted net earnings per share for the nine months ended September 30, 2022 rounds to zero.

(d) Includes pretax acquisition costs, and pretax acquisition-related fair value adjustments to inventory related to significant acquisitions, and other transaction costs.

(e) Includes pretax losses from equity method investments and, an \$8.1 million pretax impairment loss on an equity investment in the three and nine month period ended September 30, 2022.

(f) The dividend on the MCPS is not tax deductible and the convertible note interest is calculated on a net of tax basis. The gain on the fair value change in Vontier common stock had no tax effect. The tax effect of the adjustments includes all other line items.

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

FORECASTED ADJUSTED DILUTED NET EPS FROM CONTINUING OPERATIONS



	Three Months Ending December 31, 2022		Year Ending December 31, 2022	
	Low	High	Low	High
Forecasted Net Earnings Per Share from Continuing Operations (GAAP)	\$ 0.59	\$ 0.61	\$ 2.05	\$ 2.07
Anticipated pretax amortization of acquisition-related intangible assets	0.26	0.26	1.06	1.06
Anticipated pretax acquisition-related items	0.01	0.01	0.07	0.07
Anticipated pretax losses from equity investments	0.01	0.01	0.04	0.04
Anticipated pretax Russia exit and wind down costs	—	—	0.05	0.05
Anticipated pretax gain on sale of business	—	—	(0.01)	(0.01)
Tax effect of the adjustments reflected above	(0.04)	(0.04)	(0.16)	(0.16)
Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations	\$ 0.82	\$ 0.85	\$ 3.10	\$ 3.13

Anticipated pretax Russia exit and wind down costs and Anticipated pretax gain on sale of business round to zero in the three month period ending December 31, 2022

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 SEPTEMBER 30, 2022 AND OCTOBER 1, 2021

\$ in millions

	Three Months Ended				Twelve Months Ended
	September 30, 2022	July 1, 2022	April 1, 2022	December 31, 2021	September 30, 2022
Operating Cash Flows from Continuing Operations (GAAP)	\$ 329.8	\$ 294.4	\$ 214.8	\$ 287.0	\$ 1,126.0
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(22.5)	(18.4)	(18.8)	(22.0)	(81.7)
Free Cash Flow from Continuing Operations (Non-GAAP)	\$ 307.3	\$ 276.0	\$ 196.0	\$ 265.0	\$ 1,044.3
Net Earnings from Continuing Operations (GAAP)	\$ 189.9	\$ 173.0	\$ 165.1	\$ 167.9	\$ 695.9
Free Cash Flow Conversion Ratio (Non-GAAP)	162 %	160 %	119 %	158 %	150 %
Adjusted Net Earnings from Continuing Operations (Non-GAAP)	\$ 283.8	\$ 281.1	\$ 255.1	\$ 288.0	\$ 1,108.0
Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)	108 %	98 %	77 %	92 %	94 %

\$ in millions

	Three Months Ended				Twelve Months Ended
	October 1, 2021	July 2, 2021	April 2, 2021	December 31, 2020	October 1, 2021
Operating Cash Flows from Continuing Operations (GAAP)	\$ 262.9	\$ 291.0	\$ 152.0	\$ 329.4	\$ 1,035.3
Less: purchases of property, plant & equipment (capital expenditures) from continuing operations (GAAP)	(10.9)	(8.7)	(8.4)	(16.8)	(44.8)
Free Cash Flow from Continuing Operations (Non-GAAP)	\$ 252.0	\$ 282.3	\$ 143.6	\$ 312.6	\$ 990.5
Net Earnings from Continuing Operations (GAAP)	\$ 152.6	\$ 182.0	\$ 111.7	\$ 1,251.6	\$ 1,697.9
Free Cash Flow Conversion Ratio (Non-GAAP)	165 %	155 %	129 %	25 %	58 %
Adjusted Net Earnings from Continuing Operations (Non-GAAP)	\$ 240.5	\$ 238.8	\$ 229.1	\$ 252.9	\$ 961.3
Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)	105 %	118 %	63 %	124 %	103 %

CORE REVENUE GROWTH



Components of Revenue Growth	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
<i>Total Fortive</i>		
Total Revenue Growth (GAAP)	11.9 %	10.7 %
Core (Non-GAAP)	12.1 %	8.8 %
Acquisitions (Non-GAAP)	3.8 %	4.8 %
Impact of currency translation (Non-GAAP)	(4.0)%	(2.9)%
<i>Intelligent Operating Solutions</i>		
Total Revenue Growth (GAAP)	14.3 %	15.2 %
Core (Non-GAAP)	13.8 %	11.7 %
Acquisitions (Non-GAAP)	4.2 %	6.3 %
Impact of currency translation (Non-GAAP)	(3.7)%	(2.7)%
<i>Precision Technologies</i>		
Total Revenue Growth (GAAP)	14.9 %	8.0 %
Core (Non-GAAP)	19.0 %	10.7 %
Acquisitions (Non-GAAP)	— %	— %
Impact of currency translation (Non-GAAP)	(4.0)%	(2.7)%
<i>Advanced Healthcare Solutions</i>		
Total Revenue Growth (GAAP)	3.3 %	7.0 %
Core (Non-GAAP)	(0.8)%	1.0 %
Acquisitions (Non-GAAP)	8.6 %	9.3 %
Impact of currency translation (Non-GAAP)	(4.4)%	(3.3)%

ADJUSTED EFFECTIVE TAX RATE

\$ in millions	Three Months Ended		Nine Months Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Earnings before income taxes from continuing operations	\$ 217.5	\$ 175.6	\$ 616.5	\$ 501.8
Income tax expense	(27.6)	(23.0)	(88.5)	(55.5)
Effective tax rate (GAAP)	12.7 %	13.1 %	14.4 %	11.1 %
Earnings before income taxes from continuing operations (GAAP)	\$ 217.5	\$ 175.6	\$ 616.5	\$ 501.8
Pretax amortization of acquisition-related intangible assets	95.3	80.4	287.4	235.4
Pretax acquisition-related items	7.0	14.5	23.4	30.6
Pretax losses from equity investments	9.5	1.1	15.2	7.7
Pretax Russia exit and wind down costs	1.1	—	17.3	—
Pretax gain on sale of business	(2.3)	—	(2.3)	—
Pretax loss on debt extinguishment, net of gain on Vontier common stock	—	—	—	47.9
Pretax gain on litigation resolution	—	—	—	(26.0)
Pretax non-cash interest expense associated with our 0.875% Convertible Notes	—	7.1	—	21.9
Pretax Adjusted Net Earnings (Non-GAAP)	\$ 328.1	\$ 278.7	\$ 957.5	\$ 819.3
Tax effect of the adjustments reflected above	(16.7)	(15.2)	(48.7)	(55.4)
Adjusted income tax expense (Non-GAAP)	\$ (44.3)	\$ (38.2)	\$ (137.2)	\$ (110.9)
Adjusted effective tax rate (Non-GAAP)	13.5 %	13.7 %	14.3 %	13.5 %



FORTIVE