



# **Second Quarter 2023 Earnings Release**

July 26, 2023

# Forward Looking Statements & Non-GAAP Financial Measures

Statements in this presentation that are not strictly historical, including statements regarding anticipated financial results, global and regional economic conditions, industry trends, geopolitical events, interest rate and current exchange rate impact, future prospects, shareholder value, and any other statements identified by their use of words like “anticipate,” “expect,” “believe,” “outlook,” “guidance,” 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: deterioration of or instability in the economy, the markets we serve, international trade policies and the financial markets, the spread of, and the future resurgence of COVID-19, supply chain constraints, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, 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 changes to tax laws, our compliance with applicable laws and regulations and changes in applicable laws and regulations, risks relating to international economic, geopolitical, including war and sanctions, legal, compliance and business factors, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, the impact of our debt obligations on our operations, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, our ability to adequately protect our intellectual property rights, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, our relationships with and the performance of our channel partners, commodity costs and surcharges, 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 and climate change. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2022. These forward-looking statements speak only as of the date of this presentation, and Fortive does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

This presentation may contain references to financial measures not presented in accordance with generally accepted accounting principles (“GAAP”). We have not reconciled forward-looking targets or outlook regarding non-GAAP measures, other than forecasted adjusted EPS, because any corresponding GAAP measures and the reconciliations thereto would require us to make estimates or assumptions with precision about acquisitions, capital and other expenditures and similar adjustments during the relevant period. Information required by Regulation G with respect to historical non-GAAP financial measures and for forward-looking adjusted EPS are set forth in the appendix to this presentation.

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 June 30, 2023 for additional details relating to the financial results and performances discussed in this presentation.

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

References to NWC mean the net working capital operational measure determined by the sum of net accounts receivable, inventories and unbilled receivables, less accounts payable and deferred revenue, each calculated in accordance with GAAP. References to FCF Conversion refers to the ratio of Free Cash Flow to adjusted net income.

# Q2 2023 Financials And Highlights

**Strong Execution Drives A Broad-Based Beat**

## Q2 2023 YTD 2023

Revenue	\$1,526M	\$2,987M
Core Growth	5.5%	7.1%
Adj. Gross Margin	59.5%	58.9%
Adj. Operating Profit Margin	26.0%	25.0%
Adj. Earnings Per Share	\$0.85	\$1.60
Free Cash Flow	\$300M	\$450M

## Q2 2023 HIGHLIGHTS



**Core growth 200 bps ahead of expectations**  
Reflects durability of portfolio & FBS operating rigor



**250 bps adj. GMX; 190 bps adj. OMX**  
Record adj. gross and operating margins



**9% adj. EPS growth**  
Delivering above expectations on better operational performance



**Strong FCF growth, up 9%**  
~100% FCF conversion

# Confident in Raised 2023 Guidance

## Reflects Better 1H Performance And Durable 2H Outlook

### WHAT WE ARE SEEING



#### Healthcare Improvements On Track

Pricing and productivity initiatives yielding higher growth and profitability; ramping through the year



#### Software & Services Momentum

FBS-enabled lead generation and new logos driving 8% ARR and 15% SaaS growth



#### HW Products Orders Better Than Expected

More excess backlog to buffer potential slowing demand / destocking in 2H'23

### WHAT WE EXPECT



#### Durable Growth Outlook

Raised FY core growth outlook; recurring revenue accelerates 2H, with higher SW and consumables and moderating HW products growth



#### Robust Margin Expansion

Raised FY AOP margin outlook driven by FBS-enabled innovation, pricing tools and productivity initiatives benefiting all segments




#### Accelerated Compounding

Strong FCF and low leverage provide financial flexibility, with >\$8B of firepower for disciplined redeployment

# Workflows Aligned to Secular Drivers

## Strong Trends Driving Durable MSD Through-Cycle Growth

	Automation & Digitization	Energy Transition	Productivity Growth	 <b>FORTIVE</b> Core Growth (through-cycle)
Connected Reliability	✓✓✓	✓✓	✓✓	<b>MSD</b>
Environmental Health & Safety	✓	✓✓	✓✓✓	<b>HSD</b>
Facility & Asset Lifecycle	✓✓	✓✓	✓✓✓	<b>LDD</b>
Product Realization	✓✓✓	✓✓	✓✓	<b>MSD</b>
Perioperative Loop	✓✓		✓✓✓	<b>MSD</b>

# FBS Innovation in Action

## Accelerating Innovation With FBS Growth Tools

**FLUKE**®

### Expanding In Connected Reliability

Launch of solar tester **SMFT-1000** globally, **EV Charger Adapter** in EMEA, and **TruTest** Solar Certification Software



**GORDIAN**®

### Combining Proprietary Data & Industry Expertise

**\$3.5M/yr** cost savings for CA county and **12-14 week** reduction in project time partnering with local gov't & contractors



**Tektronix**

### Innovating in AI & Quantum Computing

Providing key A&D customer with solutions for design, fabrication, and testing of **advanced digital logic circuits**.



**proVation**®

### Improved Efficiency, Productivity & Accuracy

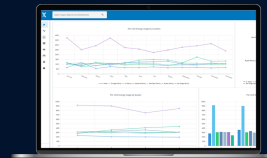
Enabling **1%** increase in revenue and **1.5%** increase in procedure volume with a **5-15%** reduction in documentation costs



**INTELEX**

### Innovation In ESG Compliance

Expanding foothold in environmental accounting, compliance and reporting with ESG corporate reporting solution



Named one of "America's Climate Leaders 2023" by USA Today/Statista



Finalist in the "Profit with Purpose" category of the World Sustainability Awards

**60%** OF OUR REVENUE IS ASSOCIATED WITH SUSTAINABILITY-ENABLING PRODUCTS AND SERVICES

### ALIGNED TO UN SDGs



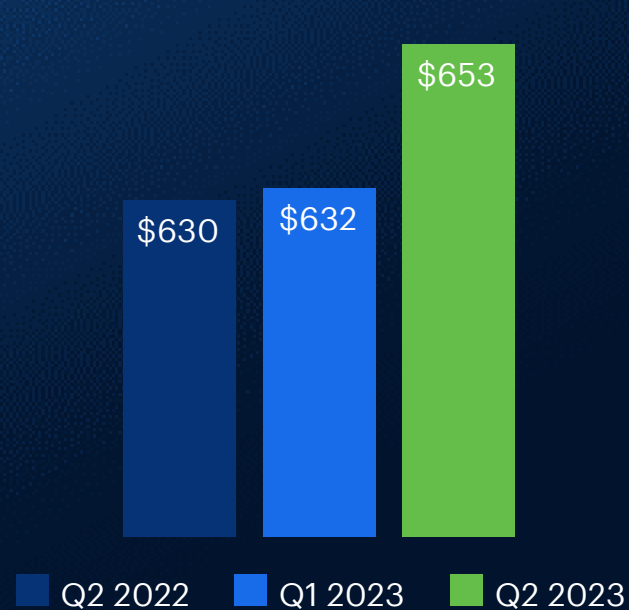
# Q2 2023: Intelligent Operating Solutions

## Strong Execution Drives Record Quarterly Margin

### REVENUE (\$M)

**+3.6%**

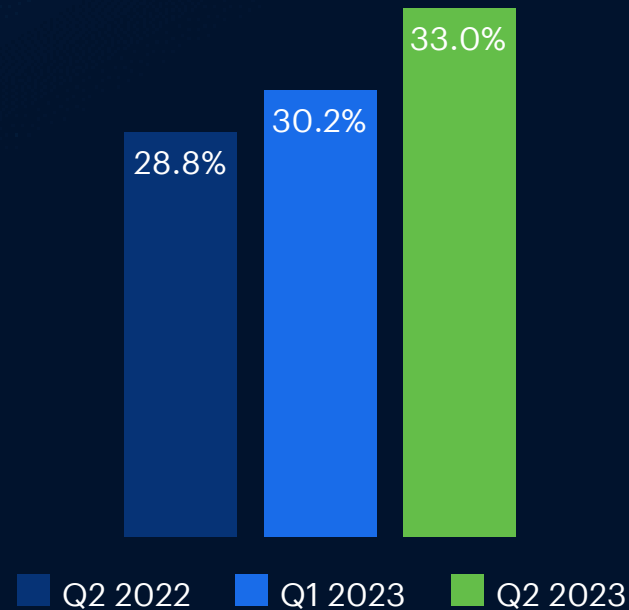
Core +4.2%  
FX -0.6%



### ADJ. OP. PROFIT MARGIN

**+420 BPS Y/Y | +280 BPS Q/Q**

Core OMX +420 bps Y/Y | +280 bps Q/Q



### Highlights

- Accelerating Fluke NPIs drive MSD Y/Y order growth
- Fluke Solar/EVSE shipments >2X
- DD iNet growth with broad-based demand
- Strong uptake for FAL digital solutions
- Record margins driven by solid core growth and strong execution

### Core Growth Drivers

	Q2 2023
Fluke	Up slightly
EHS	HSD
Facility & Asset Lifecycle (FAL)	LDD

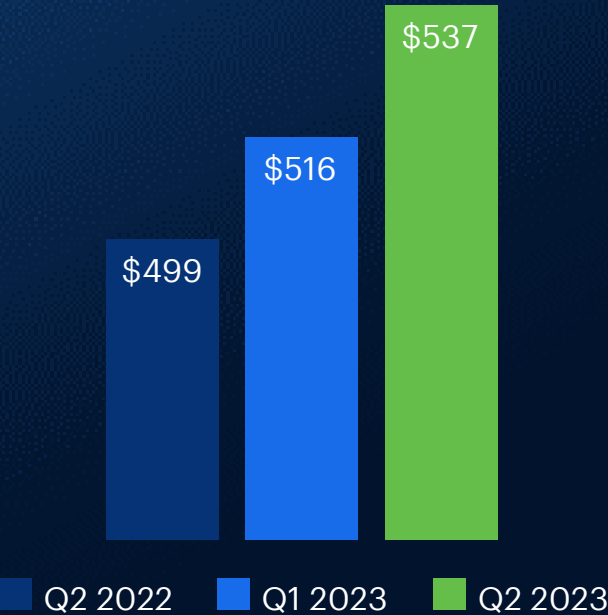
# Q2 2023: Precision Technologies

## Strong Growth And OMX Drive Upside

### REVENUE

**+7.7%**

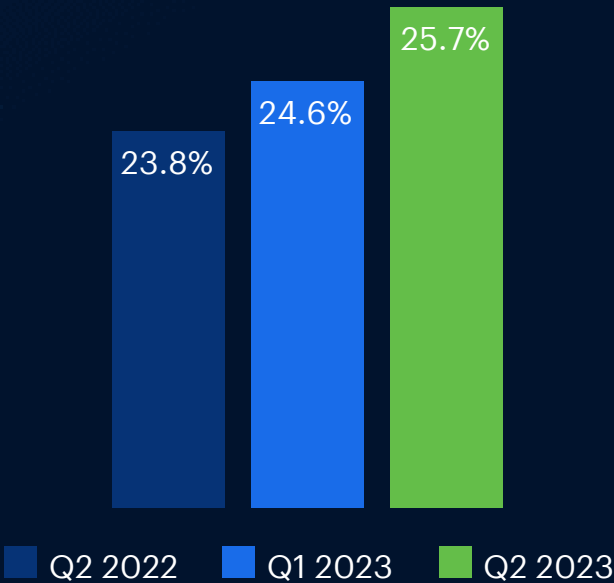
Core +8.4%  
FX -0.7%



### ADJ. OP. PROFIT MARGIN

**+190 BPS Y/Y | +110 BPS Q/Q**

Core OMX +190 bps | +110 BPS Q/Q



### Highlights

- Record Q2 driven by robust backlog in power and digital T&M solutions
- Order deceleration in some verticals reflecting pockets of industrial slowing
- Acceleration at A&D verticals fueled by geopolitics and investment in AI & Compute
- Core growth and favorable pricing drive another quarter of record margin performance

### Core Growth Drivers

	Q2 2023
Tektronix	Mid-teens
Sensing	Up slightly
PacSci EMC	Mid-teens

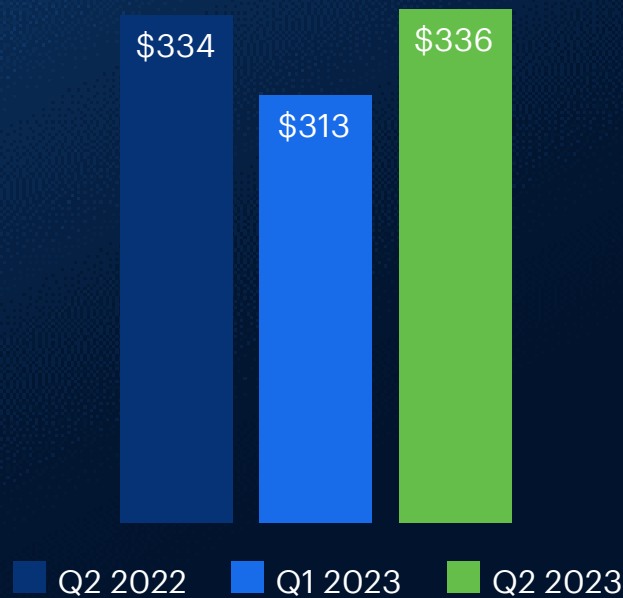
# Q2 2023: Advanced Healthcare Solutions

## H2, 2024 Improvements On Track

### REVENUE (\$M)

**0.6%**

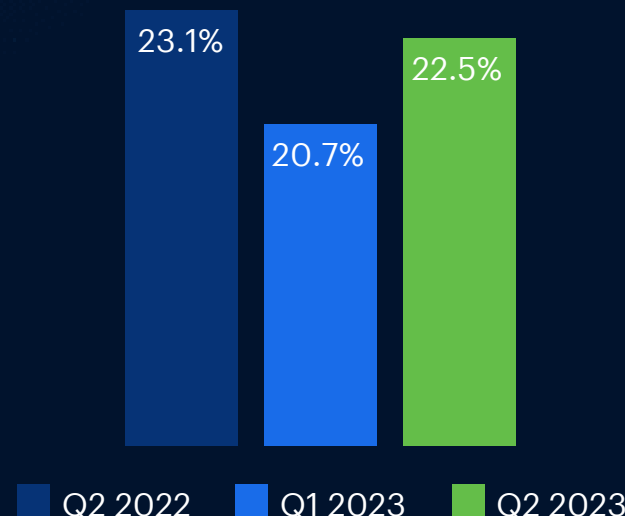
Core +3.5%  
M&A<sup>1</sup> -1.5%  
FX -1.4%



### ADJ. OP. PROFIT MARGIN

**-60 BPS Y/Y | +180 BPS Q/Q**

Core OMX -65 bps Y/Y | +180 bps Q/Q



### Highlights

- Strong capital expansion with record placements in June
- Surgical rates expanding; US channel transition on track
- China consumables recover, as expected
- Record new logos and deployments in software businesses
- Supply chain issues largely resolved
- Pricing and productivity initiatives drive sequential margin improvement

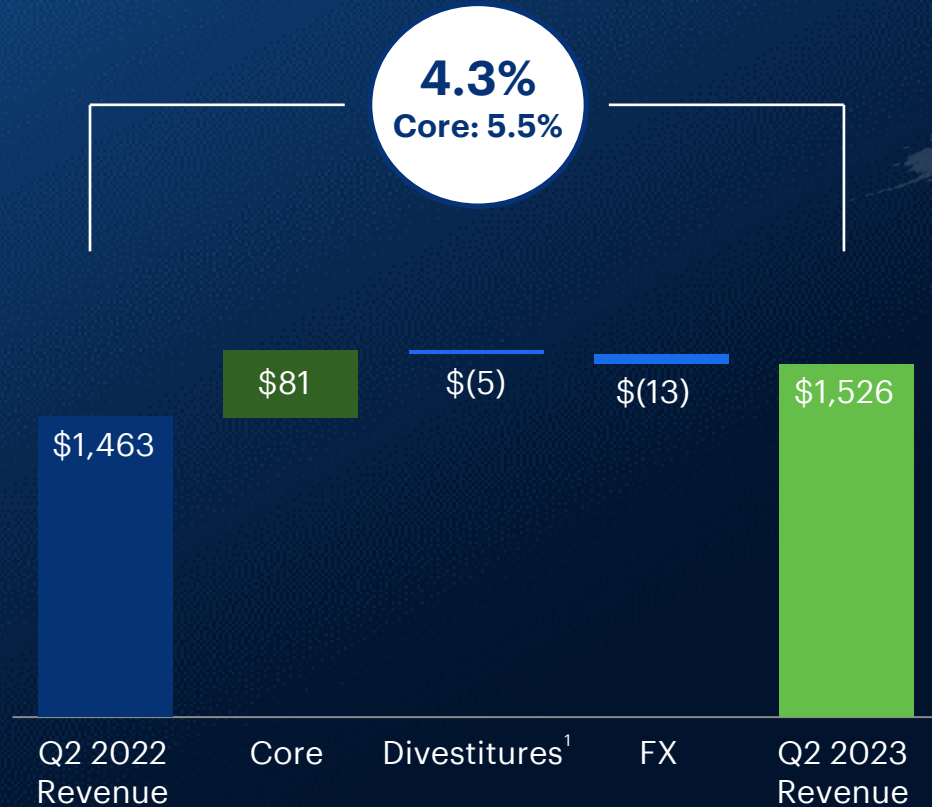
### Core Growth Drivers

	Q2 2023
ASP/Censis	MSD
FHS	MSD
Invetech	(Mid-twenties)
Provation	Mid-teens

1. Represents impact of Therapy Physics divestiture in Q3 2022

# Q2 2023 Revenue

## Strong Growth Across All Regions



North America

Core  
HSD

Western Europe

Core  
Flattish

Asia

Core  
MSD

### REGIONAL HIGHLIGHTS

- North America growth driven by all segments; durable software revenue
- W. Europe growth strong in PT, down in AHS and IOS; up mid-teens on 2-yr stack
- China +LSD, lapping PY Shanghai recovery; up high-teens on 2-yr stack
- +20% growth in India & Japan in Q2

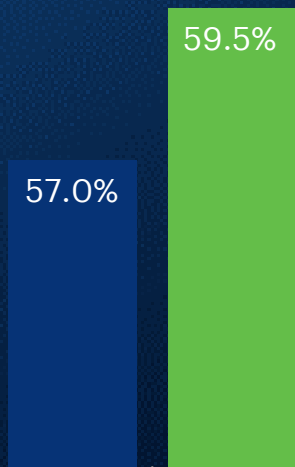
1. Represents impact of Therapy Physics divestiture in Q3 2022

# Q2 2023 Performance Summary

## Another Quarter Broadly Ahead Of Expectations

### ADJ. GROSS MARGIN

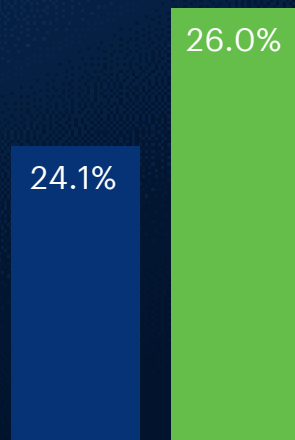
**+250 BPS**



■ Q2 2022  
■ Q2 2023

### ADJ. OPERATING PROFIT MARGIN

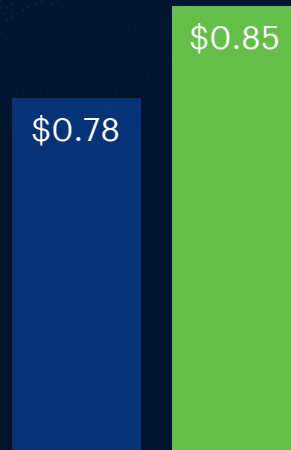
**+190 BPS**



■ Q2 2022  
■ Q2 2023

### ADJ. EARNINGS PER SHARE

**+9.0%**



■ Q2 2022  
■ Q2 2023

### FREE CASH FLOW (\$M)

**8.7%**



■ Q2 2022  
■ Q2 2023

## PERFORMANCE HIGHLIGHTS

- Adj. gross margin +250bps driven by favorable price/cost
- +190 bps of adj. OMX; +380 bps adj. OMX on 2-yr stack
- Q2 adjusted results excludes \$10.7M expense on discrete productivity initiatives
- 9% adj. EPS growth despite higher interest and tax Y/Y; up 29% on 2-yr stack
- Q2 FCF ahead of expectations (~100% FCF conversion)

# Q3, Q4, and FY 2023 Outlook

## Raising Outlook On Strong 1H Performance, 2H Momentum

	Q3 2023	Q4 2023	FY 2023
<b>REVENUE</b> <i>Core Growth</i> <i>2-Year Stack</i>	<b>\$1,505 to 1,520M</b> 3.5% to 4.5% 16% to 17%	<b>\$1,580 to 1,595</b> 3.5% to 4.5% 18% to 19%	<b>\$6,070 to 6,100M</b> 5% to 6% 16% to 17%
<b>ADJ. OP. PROFIT</b> <i>Growth</i>	<b>\$385 to \$395M</b> 8% to 11%	<b>\$425 to \$435M</b> 9% to 12%	<b>\$1,555 to \$1,575M</b> 10% to 11%
<b>ADJ. OP. PROFIT MARGIN</b> <i>Adjusted OMX</i>	<b>25.5% to 26%</b> +100bps to 150bps	<b>27% to 27.5%</b> +150bps to 200bps	<b>25.5% to 26%</b> +125bps
<b>ADJ. EPS</b> <i>Growth</i>	<b>\$0.82 to 0.85</b> 4% to 8%	<b>\$0.94 to 0.97</b> 7% to 10%	<b>\$3.36 to 3.42</b> 7% to 9%
<b>FREE CASH FLOW<sup>1</sup></b> <i>FCF Conversion<sup>1</sup></i>	<b>~\$345M</b> ~115%	<b>~\$465M</b> ~135%	<b>~\$1,260M</b> ~105%

### FY HIGHLIGHTS

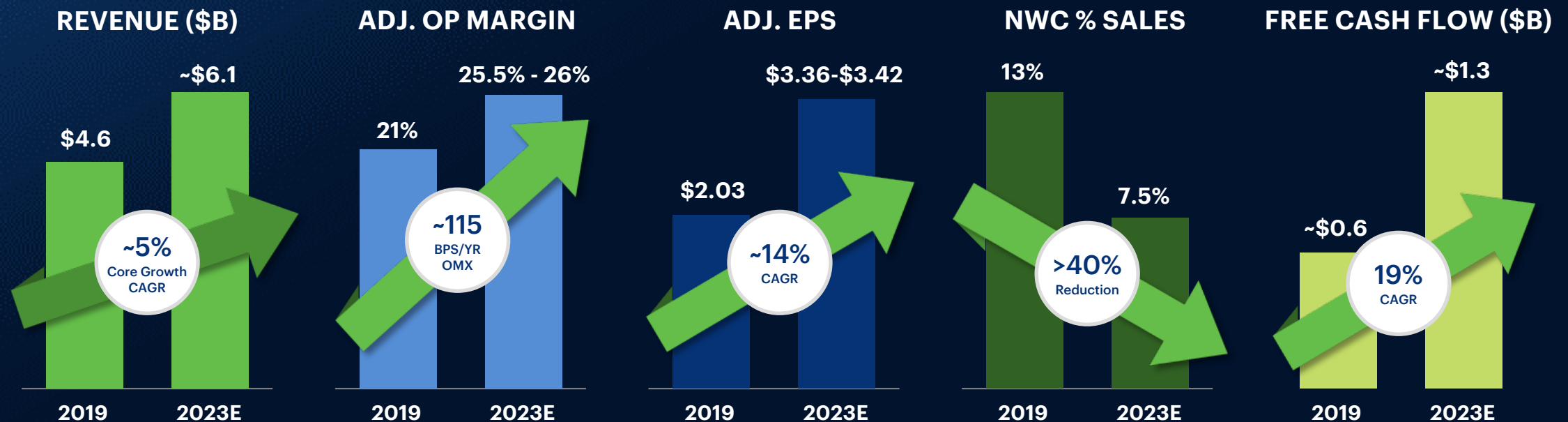
- Raising core growth outlook +75 bps
- Adj. OMX +50 bps vs. prior outlook
- Raising Adj. EPS outlook by +5 cents at the midpoint, more than offsetting -6 cent headwind from higher interest and taxes
- Increasing FY 2023 FCF outlook; up 34% on a 2-yr stack basis

1. Measures represent a target based on the mid-point of the guide

# Strategy is Yielding Results

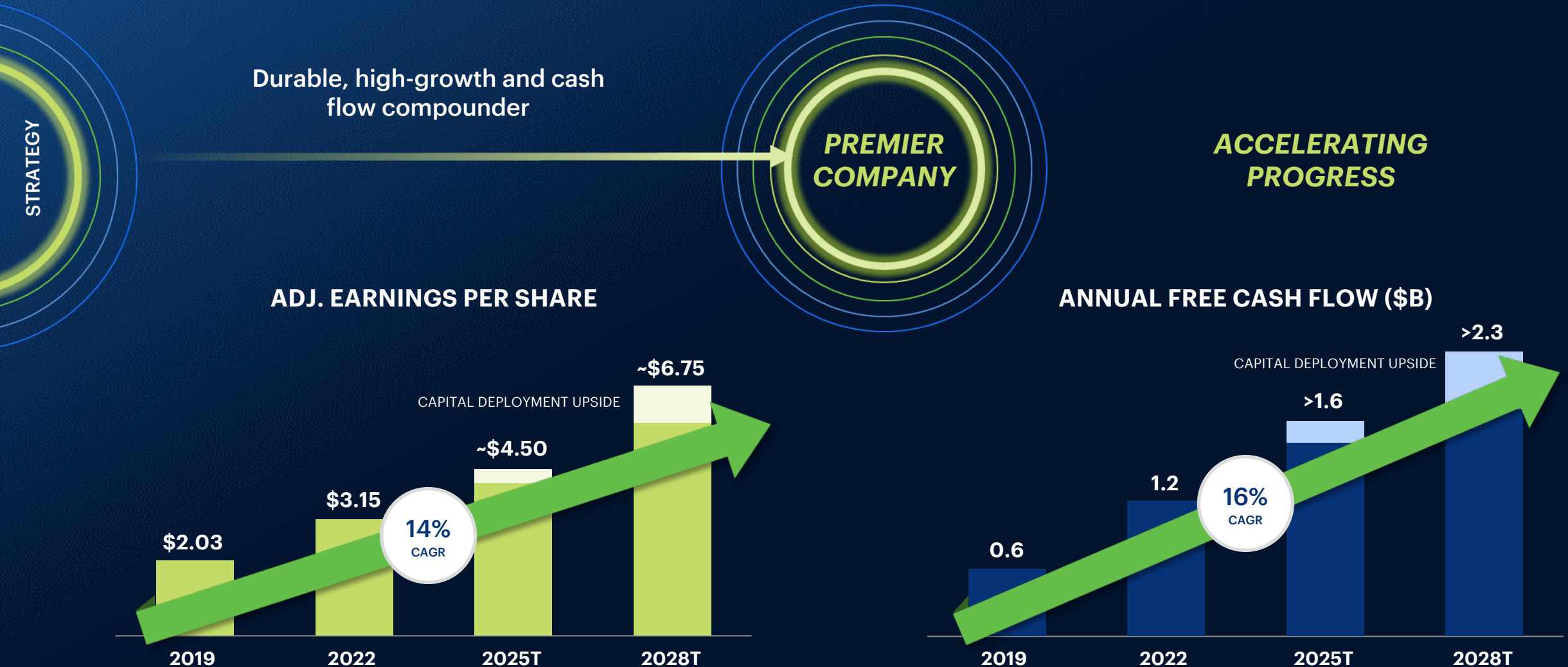
Delivering Accelerated Growth, Margin Expansion, Earnings and FCF Growth

Leveraging FBS and our connected workflow strategy to relentlessly drive sustainable results



# Evolving To A Premier Company

## Differentiating Performance And Value Creation

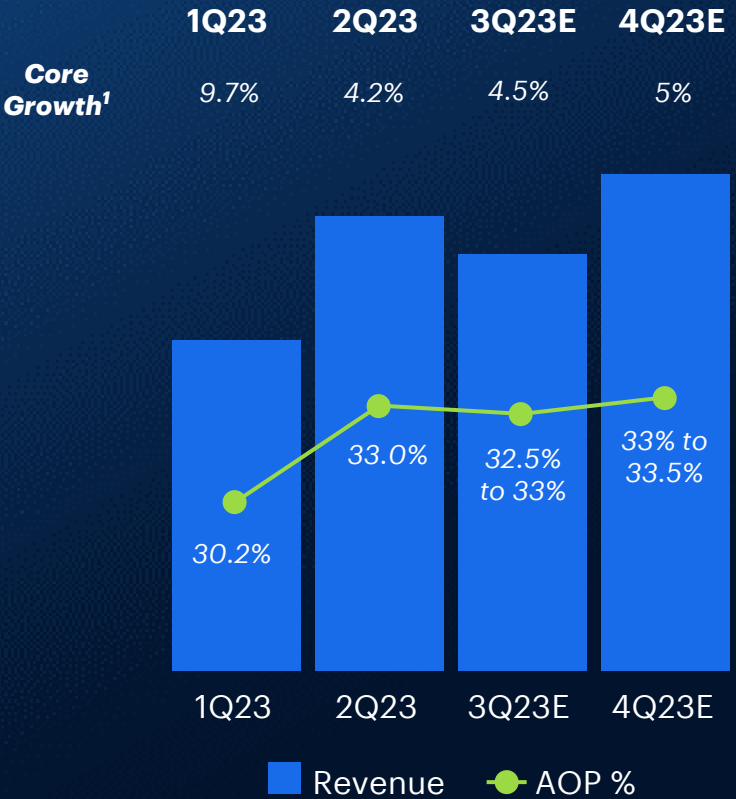




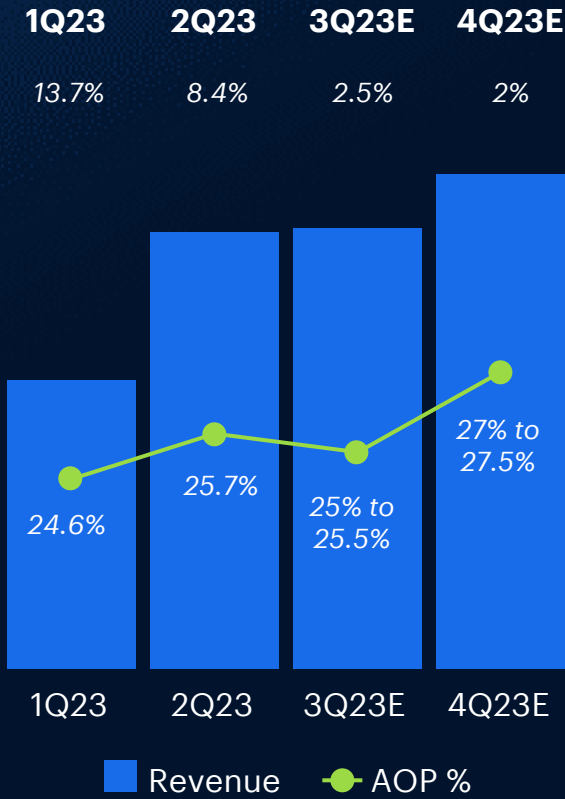
# Appendix & Supplemental Reconciliation Data

# 2023 Segment Outlooks

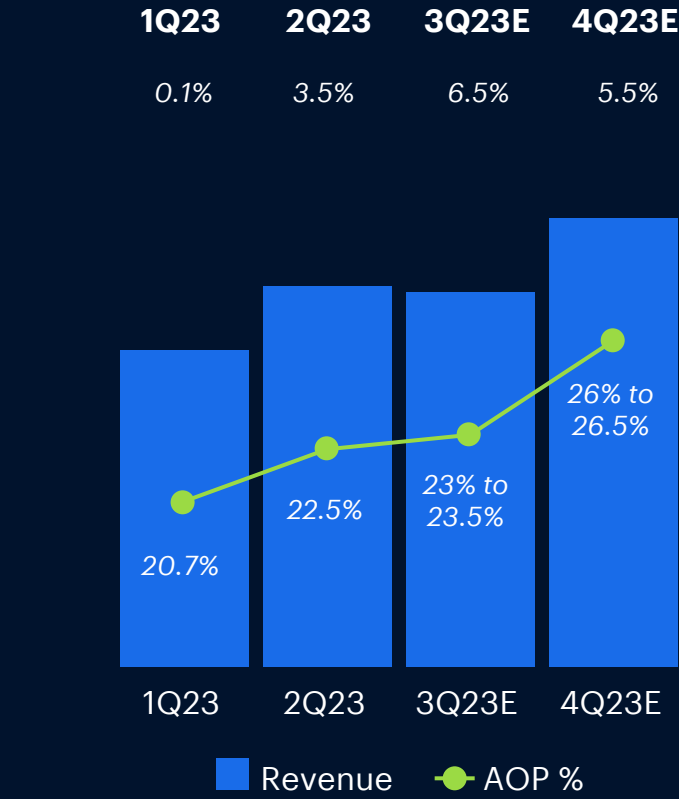
## Intelligent Operating Solutions



## Precision Technologies



## Advanced Healthcare Solutions






1. Estimates based on the mid-point of the consolidated revenue guide

# FY 2023 Assumptions & OpCo Outlooks

## KEY OUTLOOK ASSUMPTIONS

	<u>Q3</u>	<u>Q4</u>	<u>FY</u>
<b>FX:</b>	Modest Tailwind	Modest Tailwind	~(1)%
<b>Corporate:</b>	~\$33M	~\$32M	~\$130M
<b>Interest:</b>	~\$30M	~\$25M	~\$120M
<b>ETR:</b>	~17%	~17%	16.5% to 17%
<b>Share Count:</b>	~356M	~356M	~356M
<b>Capex:</b>			\$90M to \$110M
<b>NWC % Sales:</b>			~7.5%

## FY 2023 OPCO CORE GROWTH EXPECTATIONS<sup>1</sup>

<u>IOS</u>	<u>PT</u>	<u>AHS</u>
Fluke: MSD	Tektronix: LDD 	ASP/Censis: LSD+
EHS: MSD	Sensing: Flat	FHS: LSD
FAL: LDD	PacSci EMC: LDD 	Invetech: (HSD) 
		Provation: Mid-teens

  = change vs. prior expectations

1. Core growth based on the mid-point of the consolidated revenue guide

ADJUSTED GROSS PROFIT AND ADJUSTED GROSS PROFIT MARGIN

\$ in millions	Three Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Revenue (GAAP)	\$ 1,526.5	\$ 1,463.3	\$ 2,987.1	\$ 2,839.8
Gross Profit (GAAP)	\$ 905.4	\$ 833.5	\$ 1,753.6	\$ 1,625.5
Acquisition-Related Fair Value Adjustments to Inventory	—	0.3	—	0.7
Discrete Restructuring Charges	2.2	—	6.4	—
Adjusted Gross Profit (Non-GAAP)	\$ 907.6	\$ 833.8	\$ 1,760.0	\$ 1,626.2
Gross Profit (GAAP) Margin	59.3 %	57.0 %	58.7 %	57.2 %
Adjusted Gross Profit Margin (Non-GAAP)	59.5 %	57.0 %	58.9 %	57.3 %

## ADJUSTED OPERATING PROFIT & ADJUSTED OPERATING PROFIT MARGIN

\$ in millions	Three Months Ended June 30, 2023					Three Months Ended July 1, 2022					Year over Year Change
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	
Revenue (GAAP)	\$ 653.1	\$ 537.4	\$ 335.9	\$ —	\$ 1,526.4	\$ 630.1	\$ 499.1	\$ 334.1	\$ —	\$ 1,463.3	\$ 63.1
Operating Profit (GAAP)	\$ 161.7	\$ 136.3	\$ 25.9	\$ (32.6)	\$ 291.3	\$ 129.9	\$ 115.3	\$ 28.1	\$ (41.0)	\$ 232.3	
Amortization of Acquisition-Related Intangible Assets and Non-cash Impairments	48.9	0.4	45.3	—	94.6	46.1	3.6	46.0	—	95.7	
Acquisition and Divestiture Related Items <sup>(a)</sup>	—	—	—	—	—	5.3	—	3.1	—	8.4	
Discrete Restructuring Charges	4.8	1.6	4.3	—	10.7	—	—	—	—	—	
Russia Exit and Wind Down Costs	—	—	—	—	—	—	—	—	16.2	16.2	
Adjusted Operating Profit (Non-GAAP)	\$ 215.4	\$ 138.3	\$ 75.5	\$ (32.6)	\$ 396.6	\$ 181.3	\$ 118.9	\$ 77.2	\$ (24.8)	\$ 352.6	\$ 44.0
Operating Profit Margin (GAAP)	24.8 %	25.4 %	7.7 %		19.1 %	20.6 %	23.1 %	8.4 %		15.9 %	
Adjusted Operating Profit Margin (Non-GAAP)	33.0 %	25.7 %	22.5 %		26.0 %	28.8 %	23.8 %	23.1 %		24.1 %	
Incremental Adjusted Operating Profit Margin (Non-GAAP) <sup>(b)</sup>											69.7 %
2022 Adjusted Operating Profit Margin (Non-GAAP)	28.8 %	23.8 %	23.1 %		24.1 %						
Core (Non-GAAP)	4.2 %	1.9 %	(0.7)%		1.9 %						
Acquisitions and divestitures (Non-GAAP)	— %	— %	0.1 %		— %						
2023 Adjusted Operating Profit Margin (Non-GAAP)	33.0 %	25.7 %	22.5 %		26.0 %						

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

(b) Incremental adjusted operating profit margin is calculated as the increase in adjusted operating profit between two periods, divided by the increase in adjusted revenue between the same two periods.

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

## ADJUSTED OPERATING PROFIT & ADJUSTED OPERATING PROFIT MARGIN

\$ in millions	Six Months Ended June 30, 2023					Six Months Ended July 1, 2022					Year over Year Change
	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Corporate	Total Fortive	
Revenue (GAAP)	\$ 1,285.2	\$ 1,052.9	\$ 649.0	\$ —	\$ 2,987.1	\$ 1,217.7	\$ 961.5	\$ 660.6	\$ —	\$ 2,839.8	\$ 147.3
Operating Profit (GAAP)	\$ 295.2	\$ 259.0	\$ 42.2	\$ (64.7)	\$ 531.7	\$ 236.9	\$ 216.7	\$ 56.1	\$ (65.1)	\$ 444.6	
Amortization of Acquisition-Related Intangible Assets and Non-cash Impairments	94.9	1.5	90.6	—	187.0	92.3	7.2	92.6	—	192.1	
Acquisition and Divestiture Related Items <sup>(a)</sup>	—	—	—	—	—	11.6	—	4.7	—	16.3	
Discrete Restructuring Charges	16.1	4.7	7.5	—	28.3	—	—	—	—	—	
Russia Exit and Wind Down Costs	—	—	—	—	—	—	—	—	16.2	16.2	
Adjusted Operating Profit (Non-GAAP)	\$ 406.2	\$ 265.2	\$ 140.3	\$ (64.7)	\$ 747.0	\$ 340.8	\$ 223.9	\$ 153.4	\$ (48.9)	\$ 669.2	\$ 77.8
Operating Profit Margin (GAAP)	23.0 %	24.6 %	6.5 %		17.8 %	19.5 %	22.5 %	8.5 %		15.7 %	
Adjusted Operating Profit Margin (Non-GAAP)	31.6 %	25.2 %	21.6 %		25.0 %	28.0 %	23.3 %	23.2 %		23.6 %	
Incremental Adjusted Operating Profit Margin (Non-GAAP) <sup>(b)</sup>											52.8 %
2022 Adjusted Operating Profit Margin (Non-GAAP)	28.0 %	23.3 %	23.2 %		23.6 %						
Core (Non-GAAP)	3.6 %	1.9 %	(1.8)%		1.4 %						
Acquisitions and divestitures (Non-GAAP)	— %	— %	0.2 %		— %						
2023 Adjusted Operating Profit Margin (Non-GAAP)	31.6 %	25.2 %	21.6 %		25.0 %						

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

(b) Incremental adjusted operating profit margin is calculated as the increase in adjusted operating profit between two periods, divided by the increase in adjusted revenue between the same two periods.

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

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

\$ in millions	Three Months Ended June 30, 2023					Three Months Ended July 2, 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)	\$ 653.1	\$ 537.4	\$ 335.9	\$ —	\$ 1,526.4	\$ 541.8	\$ 471.9	\$ 306.0	\$ —	\$ 1,319.7
Operating Profit (GAAP)	\$ 161.7	\$ 136.3	\$ 25.9	\$ (32.6)	\$ 291.3	\$ 115.3	\$ 104.1	\$ 22.5	\$ (30.6)	\$ 211.3
Amortization of Acquisition-Related Intangible Assets and non-cash impairments	48.9	0.4	45.3	—	94.6	38.0	4.2	35.3	—	77.5
Acquisition and Divestiture Related Items <sup>(a)</sup>	—	—	—	—	—	1.1	—	3.7	—	4.8
Discrete Restructuring Charges	4.8	1.6	4.3	—	10.7	—	—	—	—	—
Adjusted Operating Profit (Non-GAAP)	\$ 215.4	\$ 138.3	\$ 75.5	\$ (32.6)	\$ 396.6	\$ 154.4	\$ 108.3	\$ 61.5	\$ (30.6)	\$ 293.6
Operating Profit Margin (GAAP)	24.8 %	25.4 %	7.7 %		19.1 %	21.3 %	22.1 %	7.4 %		16.0 %
Adjusted Operating Profit Margin (Non-GAAP)	33.0 %	25.7 %	22.5 %		26.0 %	28.5 %	22.9 %	20.1 %		22.2 %

\$ in millions	Six Months Ended June 30, 2023					Six Months Ended July 2, 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)	\$ 1,285.2	\$ 1,052.9	\$ 649.0	\$ —	\$ 2,987.1	\$ 1,052.7	\$ 919.3	\$ 606.9	\$ —	\$ 2,578.9
Operating Profit (GAAP)	\$ 295.2	\$ 259.0	\$ 42.2	\$ (64.7)	\$ 531.7	\$ 223.4	\$ 200.0	\$ 41.4	\$ (55.9)	\$ 408.9
Acquisition-related items <sup>(a)</sup>	—	—	—	—	—	1.1	—	15.0	—	16.1
Amortization of Acquisition-Related Intangible Assets and non-cash impairments	94.9	1.5	90.6	—	187.0	75.9	8.5	70.6	—	155.0
Discrete Restructuring Charges	16.1	4.7	7.5	—	28.3	—	—	—	—	—
Adjusted Operating Profit (Non-GAAP)	\$ 406.2	\$ 265.2	\$ 140.3	\$ (64.7)	\$ 747.0	\$ 300.4	\$ 208.5	\$ 127.0	\$ (55.9)	\$ 580.0
Operating Profit Margin (GAAP)	23.0 %	24.6 %	6.5 %		17.8 %	21.2 %	21.8 %	6.8 %		15.9 %
Adjusted Operating Profit Margin (Non-GAAP)	31.6 %	25.2 %	21.6 %		25.0 %	28.5 %	22.7 %	20.9 %		22.5 %

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

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

# ADJUSTED NET EARNINGS AND ADJUSTED DILUTED NET EPS

\$ in millions, except per share amounts	Three Months Ended		Three Months Ended		Six Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
			Per share value				Per share value	
<b>Net Earnings and Net Earnings Per Share (GAAP)</b>	<b>\$ 209.0</b>	<b>\$ 173.0</b>	<b>\$ 0.59</b>	<b>\$ 0.48</b>	<b>\$ 382.6</b>	<b>\$ 338.1</b>	<b>\$ 1.07</b>	<b>\$ 0.93</b>
Interest on the Convertible Notes to apply if-converted method <sup>(a)</sup>	—	—	—	—	—	2.1	—	—
Tax effect of the Convertible Notes to apply if-converted method	—	—	—	—	—	(0.3)	—	—
<b>Diluted Net Earnings and Diluted Net Earnings Per Share (GAAP)</b>	<b>209.0</b>	<b>173.0</b>	<b>0.59</b>	<b>0.48</b>	<b>382.6</b>	<b>339.9</b>	<b>1.07</b>	<b>0.93</b>
Pretax amortization of acquisition related intangible assets and non-cash impairments	94.6	95.7	0.27	0.27	187.0	192.1	0.52	0.53
Pretax acquisition and divestiture related items <sup>(b)</sup>	—	8.4	—	0.02	—	16.3	—	0.05
Pretax discrete restructuring charges	10.7	—	0.03	—	28.3	—	0.08	—
Pretax losses from equity investments	7.2	3.1	0.02	0.01	9.1	5.7	0.03	0.02
Pretax Russia exit and wind down costs	—	16.2	—	0.05	—	16.2	—	0.04
Pretax interest expense on Convertible Notes to reverse the if-converted method <sup>(a)</sup>	—	—	—	—	—	(2.1)	—	—
Tax effect of the adjustments reflected above <sup>(c)</sup>	(18.4)	(15.3)	(0.05)	(0.05)	(37.2)	(32.0)	(0.10)	(0.08)
<b>Adjusted Net Earnings and Adjusted Net Earnings Per Share (Non-GAAP)</b>	<b>\$ 303.1</b>	<b>\$ 281.1</b>	<b>\$ 0.85</b>	<b>\$ 0.78</b>	<b>\$ 569.8</b>	<b>\$ 536.1</b>	<b>\$ 1.60</b>	<b>\$ 1.49</b>

## Adjusted Diluted Net Earnings Per Share (Non-GAAP)

(shares in millions)

Average common diluted stock outstanding	355.5	359.8	356.0	364.2
Convertible Notes - if converted shares <sup>(a)</sup>	—	—	—	(3.2)
<b>Adjusted average common stock and common equivalent shares outstanding</b>	<b>355.5</b>	<b>359.8</b>	<b>356.0</b>	<b>361.0</b>

(a) 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, as well as excluded the assumed share settlement.

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

(c) The convertible note interest is calculated on a net of tax basis. 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.

## TWO YEAR STACK - ADJUSTED NET EARNINGS AND ADJUSTED DILUTED NET EPS

\$ in millions, except per share amounts	Three Months Ended		Three Months Ended <sup>(a)</sup>	
	June 30, 2023	July 2, 2021	June 30, 2023	July 2, 2021
	Per share value			
<b>Net Earnings and Net Earnings Per Share Attributable to Common Stockholders (GAAP) <sup>(a)</sup></b>	<b>\$ 209.0</b>	<b>\$ 164.8</b>	<b>\$ 0.59</b>	<b>\$ 0.48</b>
Dividends on the mandatory convertible preferred stock (MCPS) to apply if-converted method <sup>(a)</sup>	—	17.2	—	0.05
Assumed dilutive impact on Diluted Net Earnings Per Share Attributable to Common Stockholders if the MCPS Converted Shares had been outstanding <sup>(a)</sup>	—	—	—	(0.03)
<b>Net Earnings and Net Earnings Per Share (GAAP)</b>	<b>209.0</b>	<b>182.0</b>	<b>0.59</b>	<b>0.50</b>
Pretax amortization of acquisition related intangible assets and non-cash impairments	94.6	77.5	0.27	0.21
Pretax acquisition and divestiture related items <sup>(b)</sup>	—	4.8	—	0.01
Pretax discrete restructuring charges	10.7	—	0.03	—
Pretax losses from equity investments	7.2	4.0	0.02	0.01
Pretax non-cash interest expense associated with our 0.875% convertible notes	—	7.1	—	0.02
Pretax gain on litigation resolution	—	(26.0)	—	(0.07)
Tax effect of the adjustments reflected above <sup>(c)</sup>	(18.4)	(10.6)	(0.05)	(0.03)
<b>Adjusted Net Earnings and Adjusted Net Earnings Per Share (Non-GAAP)</b>	<b>\$ 303.1</b>	<b>\$ 238.8</b>	<b>\$ 0.85</b>	<b>\$ 0.66</b>

### Adjusted Diluted Net Earnings Per Share (Non-GAAP)

(shares in millions)

Average common diluted stock outstanding	355.5	342.4
MCPS Converted Shares <sup>(a)</sup>	—	19.2
<b>Adjusted average common stock and common equivalent shares outstanding</b>	<b>355.5</b>	<b>361.6</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). The July 2, 2021 per share adjustments above were calculated assuming the MCPS Converted Shares had converted at the beginning of the period prior to their conversion on July 1, 2021. Prior to the conversion, the MCPS were anti-dilutive for the three months ended July 2, 2021, and as such GAAP net earnings per share was calculated using net earnings attributable to common stockholders.

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

(c) The dividend on the MCPS is not tax deductible. 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

	Three Months Ending September 29, 2023		Three Months Ending December 31, 2023		Twelve Months Ending December 31, 2023	
	Low	High	Low	High	Low	High
Forecasted Diluted Net Earnings Per Share (GAAP)	\$ 0.59	\$ 0.62	\$ 0.72	\$ 0.75	\$ 2.38	\$ 2.44
Anticipated pretax amortization of acquisition related intangible assets and non-cash impairments	0.26	0.26	0.26	0.26	1.04	1.04
Anticipated pretax discrete restructuring charges	0.01	0.01	—	—	0.09	0.09
Anticipated pretax losses from equity investments	0.01	0.01	0.01	0.01	0.05	0.05
Tax effect of the adjustments reflected above	(0.05)	(0.05)	(0.05)	(0.05)	(0.20)	(0.20)
Forecasted Adjusted Diluted Net Earnings Per Share	\$ 0.82	\$ 0.85	\$ 0.94	\$ 0.97	\$ 3.36	\$ 3.42

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

FREE CASH FLOW CONVERSION RATIO - TRAILING TWELVE MONTHS (in millions)

	Three Months Ended				Six Months Ended	Trailing Twelve Months
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2023	
Operating Cash Flows (GAAP)	\$ 321.0	\$ 174.4	\$ 464.2	\$ 329.8	\$ 495.4	\$ 1,289.4
Less: purchases property, plant & equipment (capital expenditures) (GAAP)	(21.0)	(24.8)	(36.1)	(22.5)	(45.8)	(104.4)
Free Cash Flow (Non-GAAP)	\$ 300.0	\$ 149.6	\$ 428.1	\$ 307.3	\$ 449.6	\$ 1,185.0
Adjusted Net Earnings (Non-GAAP)	\$ 303.1	\$ 266.7	\$ 313.0	\$ 283.8	\$ 569.8	\$ 1,166.6
Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)	99 %	56 %	137 %	108 %	79 %	102 %

	Three Months Ended				Trailing Twelve Months
	July 1, 2022	April 1, 2022	December 31, 2021	October 1, 2021	
Operating Cash Flows (GAAP)	\$ 294.4	\$ 214.8	\$ 287.0	\$ 262.9	\$ 1,059.1
Less: purchases property, plant & equipment (capital expenditures) (GAAP)	(18.4)	(18.8)	(22.0)	(10.9)	(70.1)
Free Cash Flow (Non-GAAP)	\$ 276.0	\$ 196.0	\$ 265.0	\$ 252.0	\$ 989.0
Adjusted Net Earnings (Non-GAAP)	\$ 281.1	\$ 255.1	\$ 288.0	\$ 240.5	\$ 1,064.7
Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)	98 %	77 %	92 %	105 %	93 %

# CORE REVENUE GROWTH

Components of Revenue Growth	Three Months Ended June 30, 2023	Six Months Ended June 30, 2023
<i>Total Fortive</i>		
<b>Total Revenue Growth (GAAP)</b>	<b>4.3 %</b>	<b>5.2 %</b>
Core (Non-GAAP)	5.5 %	7.1 %
Acquisitions and divestitures (Non-GAAP)	(0.3)%	(0.4)%
Impact of currency translation (Non-GAAP)	(0.9)%	(1.5)%
<i>Intelligent Operating Solutions</i>		
<b>Total Revenue Growth (GAAP)</b>	<b>3.6 %</b>	<b>5.5 %</b>
Core (Non-GAAP)	4.2 %	6.9 %
Impact of currency translation (Non-GAAP)	(0.6)%	(1.4)%
<i>Precision Technologies</i>		
<b>Total Revenue Growth (GAAP)</b>	<b>7.7 %</b>	<b>9.5 %</b>
Core (Non-GAAP)	8.4 %	11.0 %
Impact of currency translation (Non-GAAP)	(0.7)%	(1.5)%
<i>Advanced Healthcare Solutions</i>		
<b>Total Revenue Growth (GAAP)</b>	<b>0.6 %</b>	<b>(1.8)%</b>
Core (Non-GAAP)	3.5 %	1.8 %
Acquisitions and divestitures (Non-GAAP)	(1.5)%	(1.6)%
Impact of currency translation (Non-GAAP)	(1.4)%	(2.0)%

# TWO YEAR STACK CORE GROWTH

Components of Revenue Growth	Three Months Ended July 1, 2022	Six Months Ended July 1, 2022
<i>Total Fortive</i>		
<b>Total Revenue Growth (GAAP)</b>	<b>10.9 %</b>	<b>10.1 %</b>
Core (Non-GAAP)	8.9 %	7.1 %
Acquisitions and divestitures (Non-GAAP)	5.0 %	5.3 %
Impact of currency translation (Non-GAAP)	(3.0)%	(2.3)%
<b>Two-year stack core growth <sup>(a)</sup></b>	<b>14.9 %</b>	<b>14.7 %</b>

<sup>(a)</sup> 2-year stack core growth is calculated by multiplying the sum of 1.0 plus current year core growth and the sum of 1.0 plus the prior year core growth, then subtracting 1.0.

# ADJUSTED EFFECTIVE TAX RATE

\$ <i>in millions</i>	Three Months Ended		Six Months Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Earnings before income taxes	\$ 250.4	\$ 208.2	\$ 456.2	\$ 399.0
Income tax expense	(41.4)	(35.2)	(73.6)	(60.9)
<b>Effective tax rate (GAAP)</b>	<b>16.5 %</b>	<b>16.9 %</b>	<b>16.1 %</b>	<b>15.3 %</b>
<b>Earnings before income taxes (GAAP)</b>	<b>\$ 250.4</b>	<b>\$ 208.2</b>	<b>\$ 456.2</b>	<b>\$ 399.0</b>
Pretax amortization of acquisition related intangible assets and non-cash impairments	94.6	95.7	187.0	192.1
Pretax acquisition and divestiture related items	—	8.4	—	16.3
Pretax losses from equity investments	7.2	3.1	9.1	5.7
Pretax discrete restructuring charges	10.7	—	28.3	—
Pretax Russia exit and wind down costs	—	16.2	—	16.2
<b>Pretax Adjusted Net Earnings (Non-GAAP)</b>	<b>\$ 362.9</b>	<b>\$ 331.6</b>	<b>\$ 680.6</b>	<b>\$ 629.3</b>
Tax effect of the adjustments reflected above	(18.4)	(15.3)	(37.2)	(32.0)
<b>Adjusted income tax expense (Non-GAAP)</b>	<b>\$ (59.8)</b>	<b>\$ (50.5)</b>	<b>\$ (110.8)</b>	<b>\$ (92.9)</b>
<b>Adjusted effective tax rate (Non-GAAP)</b>	<b>16.5 %</b>	<b>15.2 %</b>	<b>16.3 %</b>	<b>14.8 %</b>

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



**FORTIVE**