



# Baird Global Industrial Conference

November 7<sup>th</sup>, 2023

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# 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, cyber incident, industry trends, geopolitical events, interest rate and current exchange rate impact, future prospects, shareholder value, network infrastructure disruptions and any other statements identified by their use of words like “anticipate,” “expect,” “believe,” “outlook,” “guidance,” “target”, or “will” or other words of similar meaning are “forward-looking” statements within the meaning of the 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, security breaches or other disruptions of our information technology systems, 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 cyclicity of markets we serve, competition, changes in industry standards and governmental regulations, our ability to recruit and retain key employees, our ability to successfully identify, consummate, integrate and realize the anticipated value of appropriate acquisitions and successfully complete divestitures and other dispositions, our ability to develop and successfully market new products, software, and services and expand into new markets, the potential for improper conduct by our employees, agents or business partners, contingent liabilities relating to acquisitions and divestitures, impact of changes to tax laws, our compliance with applicable laws and regulations and changes in applicable laws and regulations, risks relating to international economic, geopolitical, including war and sanctions, legal, compliance and business factors, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, the impact of our debt obligations on our operations, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, our ability to adequately protect our intellectual property rights, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, our relationships with and the performance of our channel partners, commodity costs and surcharges, adverse effects of restructuring activities, risk related to tax treatment of our 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 September 29, 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 adj. FCF Conversion refers to the ratio of Free Cash Flow to adjusted net income.

# Today's Key Themes

**Transformed, High Quality Portfolio Of High Growth, Profitable Businesses**

**Connected Workflows Aligned To Secular Trends In Large, Growing Markets**

**FBS Remains A Core Differentiator, Relentlessly Driving Sustainable Results**

**Disciplined Capital Deployment Enhances Earnings & FCF Compounding**

# Fortive Today

## High Quality Portfolio Of High Growth, Profitable Businesses

### 3 SEGMENTS

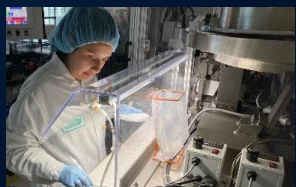
#### INTELLIGENT OPERATING SOLUTIONS (IOS)



#### PRECISION TECHNOLOGIES (PT)



#### ADVANCED HEALTHCARE SOLUTIONS (AHS)



### 5 WORKFLOWS



Connected reliability



Environmental health & safety



Facility & asset lifecycle



Product realization




Perioperative loop



- ✓ Leading positions in critical connected workflows
- ✓ Connected solutions for all types of facilities
- ✓ Domain expertise hardware / software / data analytics
- ✓ Aligned to secular trends
- ✓ Industry-leading margins
- ✓ Superior FCF compounding

# 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>

# Strategy is Yielding Results

Delivering Accelerated Growth, Margin Expansion, Earnings and FCF Growth

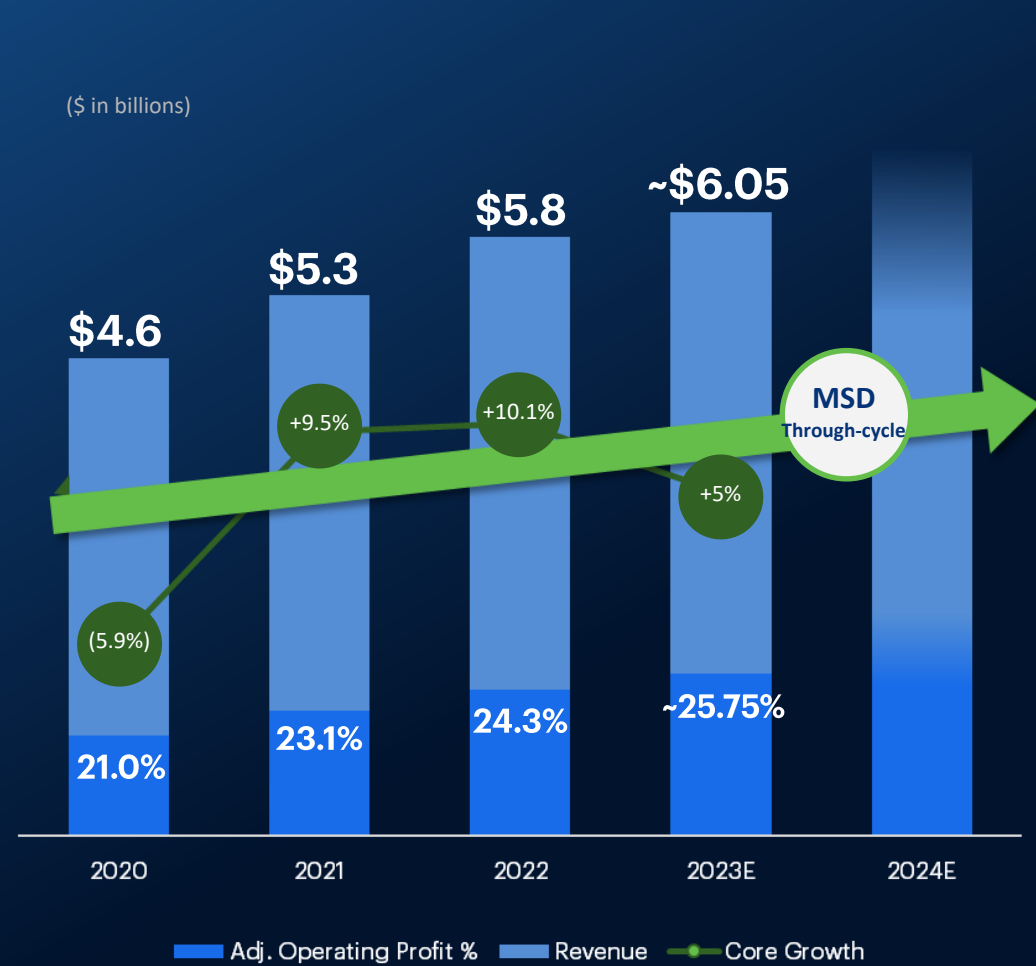
Leveraging FBS and our connected workflow strategy to relentlessly drive sustainable results





# Framing 2024

## Sustainable Core Growth with Robust Margin Expansion and FCF Growth



- HW Products: MSD core growth through-cycle**
  - Pace of orders growth expected to accelerate throughout 2024
  - Durability in high-growth segments, product vitality and recurring revenue
- Healthcare Ex-Software: MSD core growth through-cycle**
  - Expanding new logos and direct customer relationships drive market outgrowth
  - Volume, pricing and productivity benefits drive >50% incrementals
- Software & Other Recurring: Consistent HSD+ to LDD core growth**
  - Durability driven by digitally more productive solutions and growth verticals
  - Rule of +40 businesses with continued acceleration
- Fortive: MSD core growth through-cycle**
  - Sustained core growth and margin expansion
  - Durable earnings growth and FCF compounding

# FCF and Capital Deployment

## Differentiating Performance and Value Creation

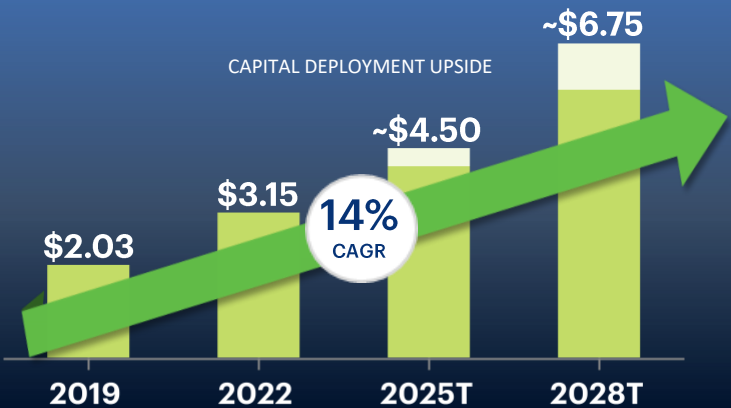


### DURABLE, HIGH-GROWTH COMPOUNDING

**~2X**

EPS growth targeted over next 5 years

#### ADJ. EARNINGS PER SHARE



### CREATING SHAREHOLDER VALUE

**>\$8B FCF**

Targeted to deploy in next 5 years

#### ANNUAL FREE CASH FLOW (\$B)

