

FORTIVE SIGNS DEFINITIVE AGREEMENT TO ACQUIRE SERVICECHANNEL FOR ~\$1.2B

JULY 12, 2021

FORWARD LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

Statements in this presentation that are not strictly historical, including statements regarding synergy, alignment with existing platform, timing of the transaction, financial estimates, growth rate, investment return, retention rate, source of acquisition financing, market opportunity, industry trends, covenant compliance, future prospects, anticipated market opportunities, 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, 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 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 realize the intended benefits of our separation of Vontier, 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 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 contains references to “core revenue growth (core growth)” on a historical basis which is not presented in accordance with generally accepted accounting principles (“GAAP”). Information required by Regulation G with respect to such non-GAAP financial measure is provided herewith. We also present forward-looking non-GAAP measures, including “free cash flow” and “core revenue growth.” We have not reconciled such forward-looking non-GAAP outlook because any corresponding GAAP measures and the reconciliations thereto would require us to make estimates or assumptions about unidentified and unknown acquisitions, currency exchange rate, and capital investments and similar adjustments during the relevant period.

SELECTED Q2 FINANCIAL INFORMATION

ESTIMATED CORE SALES GROWTH FOR THE SECOND QUARTER OF 2021

	Three Months Ended July 2, 2021
Total Revenue Growth (GAAP)	~ 25%
Core (Non-GAAP)	~ 20%
Acquisitions (Non-GAAP)	~ 2%
Impact of Currency Translation (Non-GAAP)	~ 3%

- For the second fiscal quarter of 2021, adjusted operating profit margin is expected to be above the Company's prior guidance provided on April 29, 2021.















NON-GAAP FINANCIAL MEASURES

We use the term "core revenue growth" when referring to a corresponding year-over-year GAAP revenue measure, excluding (1) the impact from acquired businesses and (2) the impact of currency translation. References to sales attributable to acquisitions or acquired businesses refer to GAAP sales from acquired businesses recorded prior to the first anniversary of the acquisition and the effect of purchase accounting adjustments, less the amount of sales attributable to certain divested businesses or product lines not considered discontinued operations prior to the first anniversary of the divestiture. The portion of sales attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in sales (excluding sales impact from acquired businesses) and (b) the period-to-period change in sales (excluding sales impact from acquired businesses) after applying the current period foreign exchange rates to the prior year period. This non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies. Management believes that this non-GAAP measure provides useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our revenue performance with prior and future periods and to our peers. We exclude the effect of acquisition and divestiture-related items because the nature, size and number of such transactions can vary dramatically from period to period and between us and our peers. We exclude the effect of currency translation from sales measures because currency translation is not under management's control and is subject to volatility. We believe that such exclusions, when presented with the corresponding GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance.

The 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 GAAP financial measures. The non-GAAP core financial measures used by us may be different from similarly-titled non-GAAP measures used by other companies.

Q2 2021 CORE REVENUE GROWTH AND ADJUSTED OPERATING PROFIT MARGIN ESTIMATED TO BE ABOVE PRIOR GUIDANCE

POSITIONED FOR ACCELERATED GROWTH & COMPOUNDING

	Intelligent Operating Solutions (~40% of Sales*)			Precision Technologies (~35%*)			Advanced Healthcare Solutions (~25%*)		
	Delivering leading workflow solutions that facilitate field and facility safety, reliability, and productivity			Enabling IoT expansion and accelerating the development of new technologies and innovations			Serving hospital customers with essential products and workflow solutions that ensure safe, efficient and timely healthcare		
LT Core Growth		MSD+			LSD			MSD+	
Key Financials*	Adj. Gross Margin Mid-60s	Adj. OP Margin High-20s	Recurring Revenue ~30%	Adj. Gross Margin Low-50s	Adj. OP Margin Low-20s	Recurring Revenue High-20s	Adj. Gross Margin Mid-50s	Adj. OP Margin Low-to-Mid-20s	Recurring Revenue Low-70s
Key Brands	     			   			   		

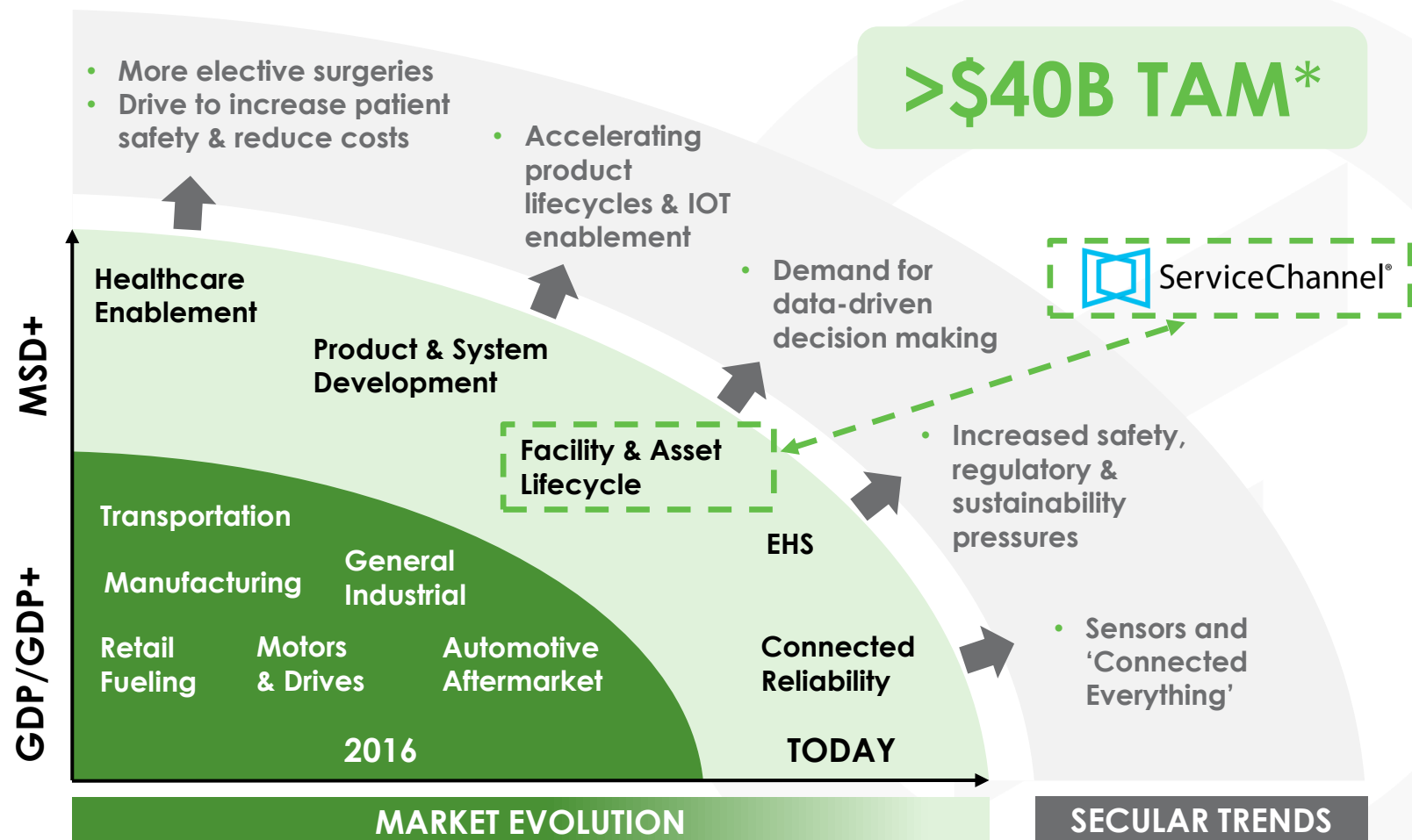
* Based on expected FY 2021 results.

DIFFERENTIATED COMPOUNDING PROFILE SUPPORTED BY HIGH QUALITY GROWTH SEGMENTS

PORTFOLIO EVOLUTION POSITIONS US IN HIGHER GROWTH MARKETS

LARGE TAM TO DRIVE MSD GROWTH

- Increased exposure to higher growth, less cyclical end markets
- Aligned with strong secular trends
- Addressing critical workflows with key pain points
- High-growth recurring revenue opportunities



* Based on management estimate

FOCUSED ON ATTRACTIVE, HIGH GROWTH MARKET OPPORTUNITIES

SERVICECHANNEL'S WORKFLOW SOLUTION CREATES COMPELLING CUSTOMER VALUE

Find

- Find service providers across over 200 types of trades
- View service provider credentials and results
- Manage compliance (i.e., insurance) and identity



Provider Management



Provider Sourcing



Compliance Management



Site access



Field Tech Management

Manage

- Manage full work-order lifecycle
- Manage individual locations' equipment, parts, suppliers and labor



Asset & IoT Management



Supply and Inventory Management



Weather Management



Work Order Management



Project Management



Maps and Floor Plans

Transact

- Create, review and manage invoices
- Automate payment processing
- Verify rates and validate taxes



Invoice Management



Rate Validation



Payments Management



Tax Validation

Analyze

- Monitor and measure service provider results
- Review industry benchmarks
- Machine learning to automate decision-making



Reporting



Decision Engine



Advanced Analytics



Data Direct



Resolution Codes and Benchmarking

UNIQUE PLATFORM CREATES VALUE FOR BOTH ENTERPRISE CUSTOMERS AND SERVICE PROVIDERS

SERVICECHANNEL IS HIGH GROWTH AND ACCELERATES OUR FACILITIES STRATEGY

Contractor/service provider network coupled with leading maintenance and repair workflow software to serve facility owners and operators across multiple end-markets

~\$125M

2021E Revenue

>30%

10-Year Historical Revenue
CAGR

Mid-Teens*

Long-term Growth Rate

~\$117M

Recurring Revenue

104%+

Net \$ Retention

Service Providers

70,000 Service Providers on Network

200+ Trades addressed

- Greater efficiency across work order lifecycle
- Lower time to get paid
- Increased volume of work (revenue) + visibility with enterprises

More
Service
Providers

Increased Appeal for
Enterprises



Increased Appeal for
Service Providers

Enterprises

500+ Blue Chip Customers
\$7B Annual Spend

More
Enterprise
Customers

- Reduces costs of operating/maintaining
- Higher service quality and consistency
- Better experience for end customers and occupants











**NPS
Score
74%**

* Fortive estimates; ** Based on 2020 results

INTEGRATED PROVIDER NETWORK DRIVES DIFFERENTIATED OFFERING WITH SIGNIFICANT DATA ANALYTICS OPPORTUNITY

ACCELERATING OUR WORKFLOW STRATEGY IN THE IOS SEGMENT

Provides solutions to accelerate field and facility safety, reliability, and productivity, as well as operating intelligence, across a range of vertical end markets

Facility & Asset Lifecycle (Pre-construction)	Facility & Asset Lifecycle	Connected Reliability	EHS
Leading pre-construction data intelligence and planning	Innovative & data-rich facility management solutions	Global leader in software-driven connected reliability workflows	Differentiated risk, regulatory, and EHS management solutions
  		  	  
 Proprietary data and analytics solutions			

SERVICECHANNEL IS A STRONG STRATEGIC FIT WITH EXISTING IOS ASSETS

CLEAR STRATEGY AND VALUE CREATION

ServiceChannel is a Strategic Accelerator for Fortive



Multiple integration points with current Fortive offerings to drive customer value

Accelerated with application of FBS and Fort Artificial Intelligence & Machine Learning capabilities

- Opportunities for up-/cross-sell to customers we know through existing Facility & Asset Lifecycle businesses
- ServiceChannel + Gordian + Accruent has >11,000 enterprise customers
- Top-Rated CMMS brands in the industry across a range of verticals
- Broad contractor network that can expand to our other verticals
- Well positioned with ServiceChannel and Gordian to capture more of the ~\$100B of U.S. maintenance and repair spend
- Rich proprietary data set: Gordian + ServiceChannel + Fort

EXTENDS FORTIVE'S SUITE OF SOLUTIONS FOR OUR FACILITIES & ASSET LIFECYCLE CUSTOMERS

SERVICECHANNEL ACQUISITION IS A POWERFUL EXAMPLE OF OUR STRATEGY IN ACTION AS OUTLINED AT OUR RECENT INVESTOR DAY



- 1 Executing our segment strategy and expanding on established positions in our customers' critical workflows
- 2 Building scaled software-enabled and data-advantaged positions to deliver greater value to our customers
- 3 Combination of organic growth and capital deployment to drive consistent double-digit earnings and FCF growth
- 4 Continuing to apply proven, disciplined acquisitions process in order to accelerate our strategy and deliver strong returns → 10% ROIC in Year 5

ADDING A SCALED, HIGH-GROWTH SAAS ASSET THAT ENHANCES OUR STRATEGIC POSITION IN FACILITY & ASSET LIFECYCLE

HARDWARE FOUNDATION ENABLES GROWING SOFTWARE POSITION

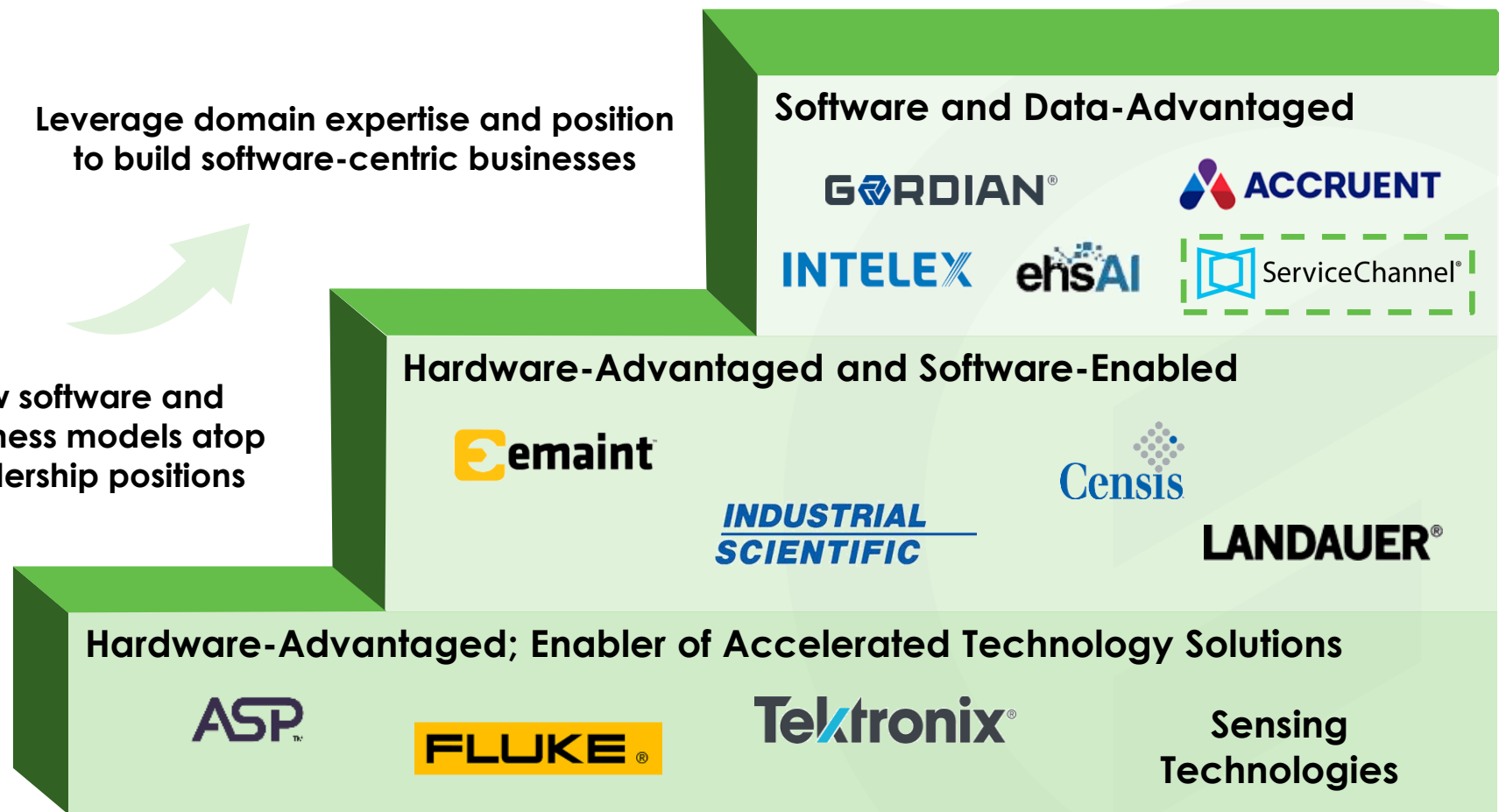
SOFTWARE REVENUE
ADDED SINCE 2016*

\$700M+

Leverage domain expertise and position
to build software-centric businesses

Add workflow software and
innovative business models atop
hardware leadership positions

Foundation of highly-differentiated
hardware businesses



* Based on expected FY 2021 results; includes ServiceChannel FY2021E revenue.

CREATING LONG-TERM COMPETITIVE ADVANTAGE WITH INCREASED CUSTOMER INTIMACY

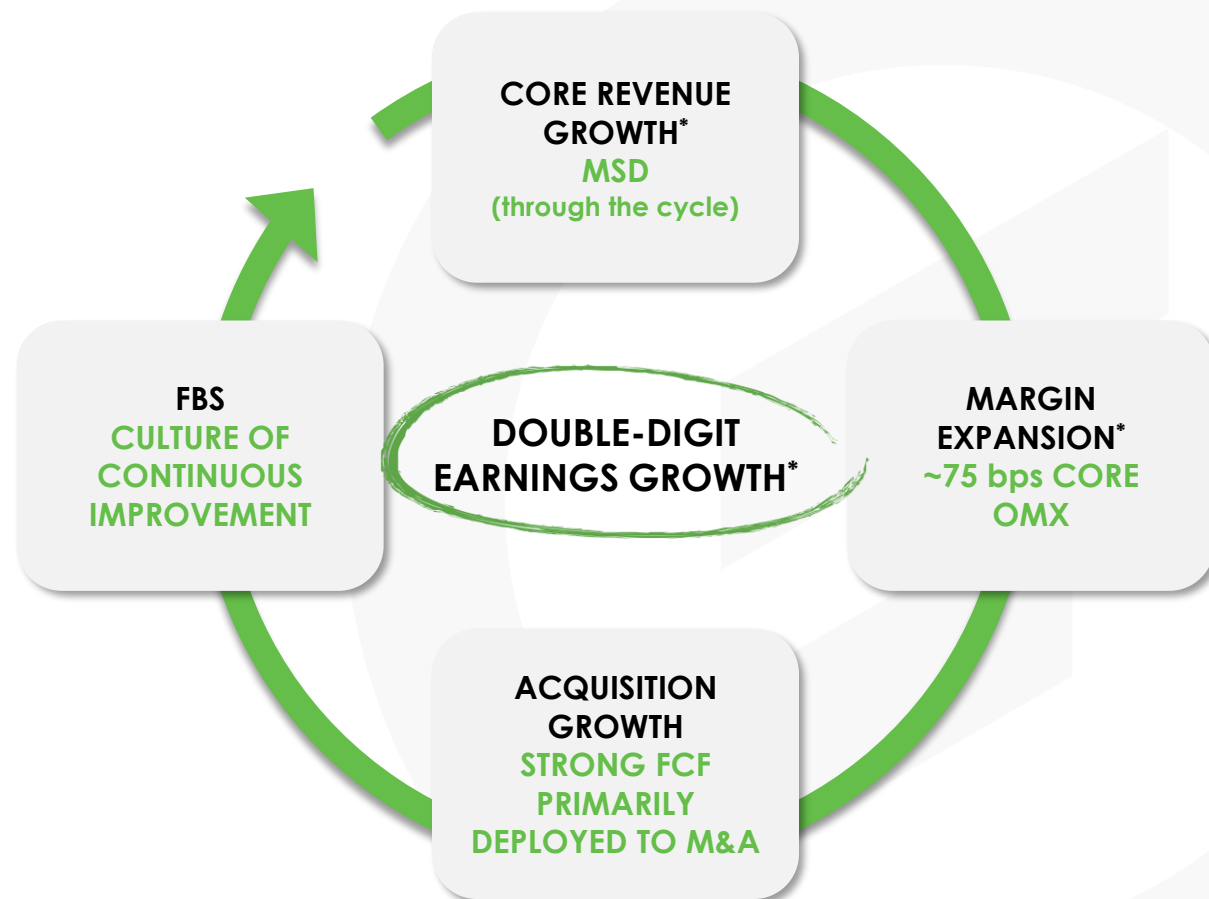
ATTRACTIVE FINANCIAL PROFILE AND EXPECTED RETURNS

ServiceChannel: Financial Considerations

- High-growth asset with long runway; expected to enhance Fortive's core growth profile by ~50bps
- Accretive to adjusted EPS (~+\$0.04) as well as FCF in first full-year (FY 2022)
- Break-even EBITDA in 2020; expected to be ~60% incrementals, driving significant OMX in near-term
- Expected to hit 10% ROIC and deliver ~\$120M of FCF in year 5
- Significant capacity for further capital deployment
 - To be financed primarily from cash on hand
 - Expected net leverage of ~1.4X at YE 2021

* Represents strategic targets and not forecasted results for any future periods

Reminder: Fortive Value Creation Flywheel



WELL-POSITIONED TO DRIVE STRONG VALUE CREATION; SUBSTANTIAL CAPACITY REMAINING TO DEPLOY



FORTIVE