



Fortive's Binding Offer to Acquire Johnson & Johnson's Advanced Sterilization Products Business

June 6, 2018

FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

Forward Looking Statements: Statements in this presentation that are not strictly historical, including statements regarding the proposed acquisition of Johnson & Johnson Advanced Sterilization Products businesses (“ASP”), the expected timing and terms of the acquisition, future financial impact or results of the acquisition, and future opportunities for Fortive or ASP following the acquisition, and any other statements regarding events or developments that we believe or anticipate will or may occur in the future are "forward-looking" statements within the meaning of the federal securities laws. There are a number of important risks and uncertainties 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 risks and uncertainties include, among other things, the ability of the parties to satisfy the conditions to the acquisition on a timely basis, the parties’ ability to complete the acquisition on the anticipated terms and schedule, including the ability to obtain regulatory approvals, deterioration of or instability in the economy, international trade policies, and the financial markets, contractions or lower growth rates and cyclicalities of markets Fortive or ASP serves, competition, changes in industry standards and governmental regulations, Fortive’s ability to successfully integrate and realize the anticipated value of ASP’s operations,, the ability to realize anticipated growth, synergies and cost savings; and ASPs performance and maintenance of important business relationships pending closing of the acquisition. 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, 2017 and our Quarterly Report on Form 10-Q for the quarter ended March 30, 2018. 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.

Non-GAAP Financial Measures of Fortive: This presentation references “return on invested capital (ROIC)” and “adjusted net earnings,” each of which are non-GAAP financial measures of Fortive. Fortive is unable to provide a quantitative reconciliation of the forwarding-looking projections on “ROIC” and “adjusted net earnings” of Fortive to the most directly comparable GAAP measures because the items that would be reconciled are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance. The non-GAAP financial measures used by Fortive in this presentation may be different from similarly-titled non-GAAP measures used by other companies.

Unaudited Financial Measures of ASP: The unaudited financial measures of ASP for fiscal year 2017 included in this presentation are unaudited and subject to material revisions upon completion of the audit processes of ASP’s carve-out financial statements for fiscal year 2017.

ENHANCING THE PORTFOLIO

HELPING CUSTOMERS DRIVE BETTER SAFETY, COMPLIANCE AND PRODUCTIVITY

Global market leader with 30+ year history of market creation, innovation and strong brands

Pioneer and market leader in Low Temperature Terminal Sterilization and a brand leader in High-Level Disinfection

Provides entry into attractive mid-single digit growth medical sterilization and disinfection market with runway for advanced solutions into other hospital workflows and international growth

Aging population, increasing procedure volumes, use of minimally invasive & robotic surgeries, focus on Hospital Acquired Infections / HGM and product adjacencies growth opportunities

Large global installed base with significant recurring revenue of >80%*

Market leading, global installed base in 130 countries / Premier Brand / Highly recurring & sticky consumables / Best-in-class Service

Continues our journey to offer critical industrial technologies for safety and productivity into healthcare settings

Builds on our leading positions in medical instrument calibration and dosimetry measurement

Compelling financial profile; expected to be accretive to earnings in first full year

Strong Adj. EBITDA margins ~25% and strong FCF conversion / Retains balance sheet and strategic flexibility*

Expected to achieve 10% ROIC in 4 years

Cost and growth synergy opportunity through application of the Fortive Business System

*Based on unaudited historical 2017 financial measures of ASP provided by J&J

SUMMARY TRANSACTION TERMS

Transaction Terms

- Fortive has made a binding offer to acquire Johnson & Johnson’s Advanced Sterilization Product’s (“ASP”) business for \$2.7 billion in cash

Financial Benefits of the Transaction

- Adds revenues of ~\$775 million and adj. EBITDA margins of ~25% for FY2017*
- Immediately accretive to adjusted net earnings in first full year
- Expected to achieve 10% ROIC in 4 years

Financing

- Transaction to be financed with available cash and proceeds from issuance of debt and/or equity
- Fortive retains strong balance sheet and maintains flexibility to pursue additional M&A

Timing and Closing Conditions

- Transaction is expected to close no later than early 2019
- Transaction will be subject to customary closing conditions, including regulatory approvals. The binding offer is expected to be accepted following completion of the consultation process with employees’ representative bodies in applicable jurisdictions.

*Based on unaudited historical 2017 financial measures of ASP provided by J&J.



Overview of the Advanced Sterilization Products Business

Pat Byrne, Senior Vice President

PROVIDES ENTRY INTO THE ATTRACTIVE MEDICAL STERILIZATION AND DISINFECTION MARKET



ASP and Market Statistics

Total Addressable Market by 2022 ¹	Market Growth Rate ¹	2017 Global Market Position ¹
~\$5.5 Billion	~4 - 6%	#1 Globally (for low temperature)

Key Market Trends Provide Long Runway for Growth

- Aging population driving demand for hospitals, surgeries and diagnostic procedures
- Increasing trend toward minimally invasive procedures & robotic surgeries
- Transition from manual to automated endoscope reprocessing in emerging markets
- Increasing financial implications for hospitals from hospital acquired infections – a C-Suite priority
- Publicity from cross contamination failures impacting hospital reputations

¹ Management estimates.

Large and Growing Total Addressable Market

ASP AT A GLANCE

Business Overview

- ASP is a global leader in sterilization solutions that assist in preventing hospital-acquired infections
- Presence in 130 countries with ~55% of revenue outside of the US, with large footprint in Asia and emerging markets
- Main facilities in Irvine, CA and Schaffhausen, Switzerland
- ~1,300 employees¹

Terminal Sterilization:

Manufactures capital equipment as well as accompanying proprietary sterilant cassettes, biological indicators and software that sterilize critical devices including laparoscopic and robotic instruments and stainless steel instruments. Installed base of >21k units with 8-10 year life.

High-Level Disinfection:

Manufactures cleaners, reprocessors and biocides for semi-critical devices such as endoscopes. Installed base of >9k units with 6-8 year life cycle.

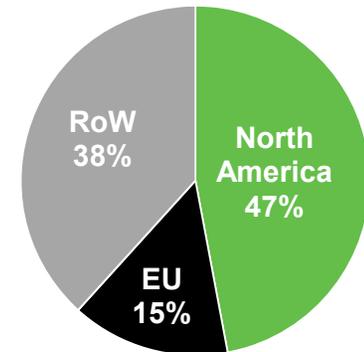
Services:

Provides maintenance and repair of sterilization solutions ensuring critical uptime for hospitals.

2017 Results*

Revenue	~\$775M
Adj. EBITDA	\$195M
Adj. EBITDA Margin	~25%

Diverse Geographic Exposure



*Based on unaudited historical 2017 financial measures of ASP provided by J&J.

¹ Represents conveying headcount (i.e. 50% or greater dedicated employee to ASP).

DIFFERENTIATED PRODUCT PORTFOLIO WITH HIGH RECURRING REVENUE OF >80%

Terminal Sterilization

Key Products

Capital		STERRAD NX / 100S / 100NX Systems w/ ALLClear Technology
Consumables		STERRAD sterilant Cassettes & biological indicators (BI)
Software		ASP ACCESS Technology Connectivity Solution

Key Differentiators

- ✓ Large, global installed base supports razor / razor blade model with proprietary cassettes
- ✓ Pioneer and continued leader in low-temp sterilization
- ✓ Premier technology and ongoing commitment to innovation
- ✓ Integrated digital ecosystem improves processing time and safety / compliance
- ✓ Over 24K medical devices validated for sterilization

High-Level Disinfection

Key Products

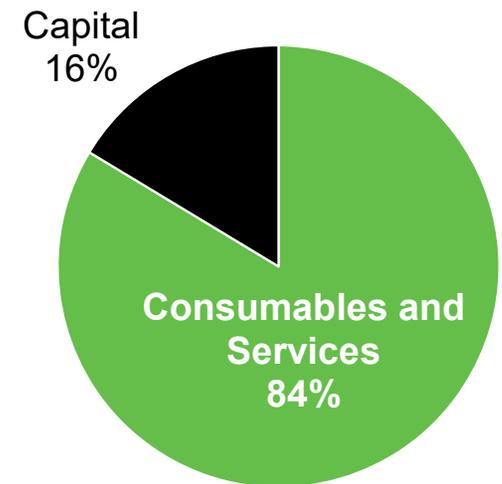
Capital		EVOTECH Endoscope Cleaner & Reprocessor
		ENDOCLENS Automated Endoscope Reprocessor
Consumables		CIDEX (biocide)

Key Differentiators

- ✓ CIDEX is the established leader in biocides with a 50+ year legacy
- ✓ Innovation in biocides and processors
- ✓ Subject matter expertise in advanced disinfection and sterilization solutions with platform presence in both categories
- ✓ Offering of automated-value and automated-premium machines

Services

- Service revenue can come from maintenance contracts (preventative and annual) or repair charges
- In some markets, like the U.S., a high proportion of installed base is under service contracts



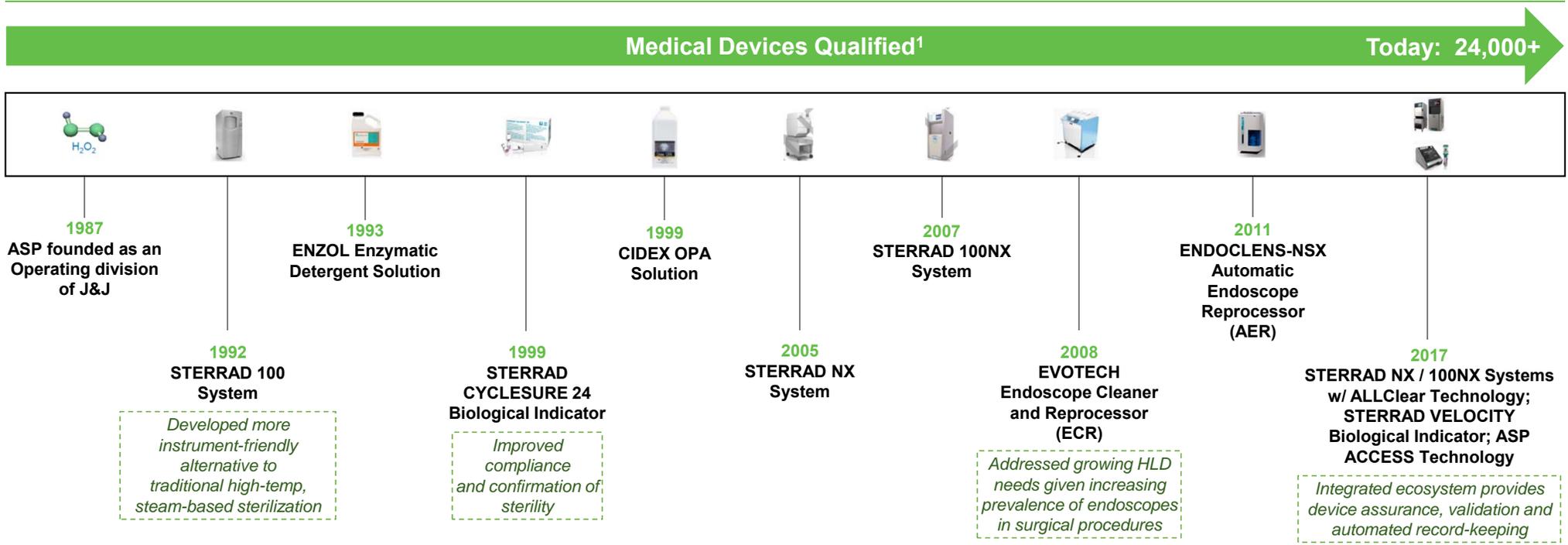
Source: J&J website and Management

Leading Positions with Strong Recurring Cash Flows in Attractive Market

GLOBAL MARKET LEADER WITH +30 YEAR HISTORY OF INNOVATION AND STRONG BRANDS



ASP Timeline



Significant recent innovation and product launches – 6 new product launches in 2017 within Terminal Sterilization

Source: J&J Management

¹ ASP's Medical Device Manufacturer (MDM) program works with device manufacturers to continuously increase the number of instruments validated for sterilization with the STERRAD system.

Reinvigorated Portfolio Well Positioned for Accelerated Growth



Strategic Rationale / Alignment with Fortive's Portfolio Strategy

Jim Lico, President & Chief Executive Officer

OUR SHARED PURPOSE

Essential technology for the people who accelerate progress.

We build extraordinary teams for extraordinary results

Customer success inspires our innovation



We compete for shareholders

Kaizen is our way of life

Well Situated to Build an Enduring Culture

ENHANCE PORTFOLIO GROWTH

Key Investment Areas



Professional Instrumentation

- Mobile Worker
- Smart Factory
- IoT / Sensor Proliferation
- **Safety and Compliance**



Industrial Technologies

- Autonomous Vehicles / Electric Vehicles
- Urbanization / Smart City
- Supply Chain / **Logistics**



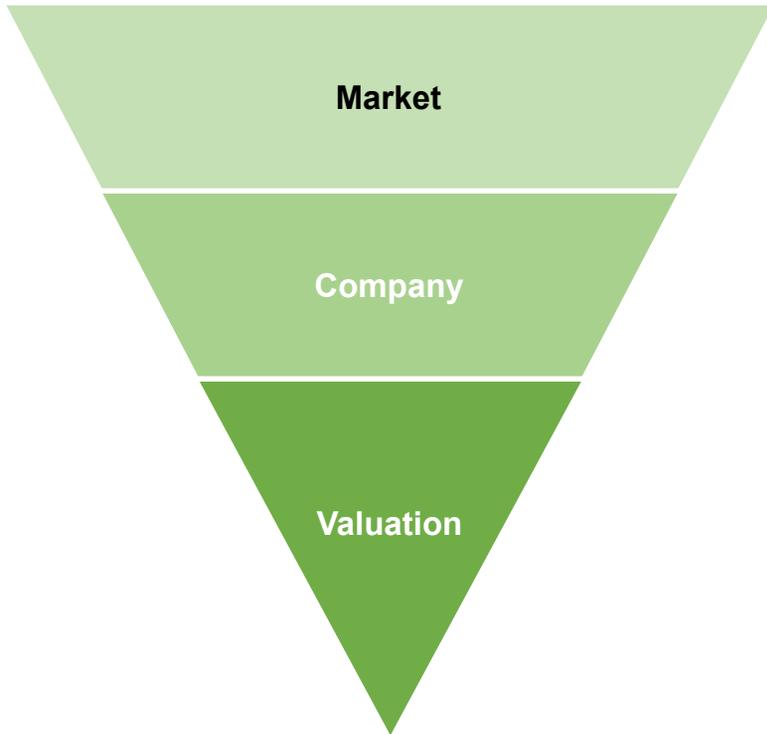
Attractive Megatrends

- **Software Enabled Workflows**
- **Aging Population / Health**
- Food / Water Sustainability
- Environmental Stewardship

ASP's commitment to elevate standard of care, enhance compliance, and drive operational improvements is highly complementary to Fortive's expertise in critical customer workflows and drive for growth, innovation, and continuous improvement through FBS

CONTINUED APPLICATION OF PROVEN M&A PLAYBOOK

M&A Considerations What We Look For



Attractive Markets

- Secular / structural growth drivers, including addressing aging population / health
- Runway for future M&A

Company Profile

- Competitive market position with potential to increase share, become leading player
- Strong brand and / or channel
- Higher margin businesses / strong margin potential

Value Creation

- Significant FBS opportunities, sustainability
- Combination of value and growth deals
- ROIC hurdles



SIGNIFICANT EXPERIENCE CARVING-OUT AND INTEGRATING BUSINESSES LEVERAGING FBS

Experienced Team with Proven Track Record



Dedicated Integration Planning Team



Focus will be on minimizing disruptions to the ongoing Fortive and ASP businesses, and respective customers



Appointed an internal group with deep FBS and carve-out integration experience for integration planning



Rigorous planning process in place; C-level leadership will be engaged in weekly reviews covering progress and critical decisions



On an as-needed basis, will supplement internal efforts with external advisors

Power of the Fortive Business System

ACQUISITION OF ASP: CREATING LONG-TERM VALUE FOR EMPLOYEES, CUSTOMERS & SHAREHOLDERS



Aligned with Fortive's Strategy to Help Customers Drive Better Safety, Compliance & Productivity



Continued Portfolio Enhancement Towards Higher Growth End-markets and Recurring Revenue Business Models

Compelling Financial Profile; Expected To Be Accretive To Earnings in First Full Year and Achieve 10% ROIC in 4 Years

