UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: April 2, 2021

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-37654

Fortive Corporation
(Exact name of registrant as specified in its charter)

Delaware	**47-5654583**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
6920 Seaway Blvd Everett, WA	**98203**
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (425) 446-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Common stock, par value $0.01 per share	FTV	New York Stock Exchange
5% Mandatory convertible preferred stock, Series A, par value $0.01 per share	FTV. PRA	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of common stock outstanding at April 21, 2021 was 338,525,535.

FORTIVE CORPORATION

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FORM 10-Q

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
($ in millions, except per share amounts)

	As of	
	April 2, 2021 (unaudited)	December 31, 2020
ASSETS		
Current assets:		
Cash and equivalents	$ 1,299.6	$ 1,824.8
Accounts receivable, net	829.5	810.3
Inventories:		
Finished goods	231.3	227.9
Work in process	76.8	75.2
Raw materials	158.5	152.4
Inventories	466.6	455.5
Prepaid expenses and other current assets	205.2	206.7
Investment in Vontier Corporation	—	1,119.2
Current assets, discontinued operations	—	30.4
Total current assets	2,800.9	4,446.9
Property, plant and equipment, net of accumulated depreciation of $680.0 and $674.5 at April 2, 2021 and December 31, 2020, respectively	410.1	422.0
Operating lease right-of-use assets	186.6	188.7
Other assets	331.2	344.1
Goodwill	7,340.4	7,359.2
Other intangible assets, net	3,209.7	3,290.6
Total assets	$ 14,278.9	$ 16,051.5
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 1,126.0	$ 1,399.8
Trade accounts payable	464.5	480.8
Current operating lease liabilities	44.6	47.0
Accrued expenses and other current liabilities	836.9	899.9
Current liabilities, discontinued operations	2.8	33.3
Total current liabilities	2,474.8	2,860.8
Operating lease liabilities	152.7	154.3
Other long-term liabilities	1,193.2	1,233.4
Long-term debt	1,441.5	2,830.3
Commitments and Contingencies		
Equity:		
Preferred stock: $0.01 par value, 15.0 million shares authorized; 5.0% Mandatory convertible preferred stock, series A, 1.4 million shares designated, issued and outstanding at April 2, 2021 and December 31, 2020	—	—
Common stock: $0.01 par value, 2.0 billion shares authorized; 339.7 and 339.0 million issued; 338.5 and 337.9 million outstanding at April 2, 2021 and December 31, 2020, respectively	3.4	3.4
Additional paid-in capital	3,563.8	3,554.5
Retained earnings	5,616.6	5,547.4
Accumulated other comprehensive income (loss)	(174.8)	(141.1)
Total Fortive stockholders' equity	9,009.0	8,964.2
Noncontrolling interests	7.7	8.5
Total stockholders' equity	9,016.7	8,972.7
Total liabilities and equity	$ 14,278.9	$ 16,051.5

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
($ and shares in millions, except per share amounts)
(unaudited)

	Three Months Ended	
	April 2, 2021	March 27, 2020
Sales of products and software	$ 1,077.2	$ 945.5
Sales of services	182.0	162.6
Total sales	1,259.2	1,108.1
Cost of product and software sales	(444.3)	(400.3)
Cost of service sales	(103.0)	(95.8)
Total cost of sales	(547.3)	(496.1)
Gross profit	711.9	612.0
Operating costs:		
Selling, general and administrative expenses	(428.1)	(415.8)
Research and development expenses	(86.2)	(80.8)
Operating profit	197.6	115.4
Non-operating income (expense), net:		
Interest expense, net	(27.7)	(38.6)
Loss on extinguishment of debt	(104.9)	—
Gain on investment in Vontier Corporation	57.0	—
Other non-operating expense, net	(3.3)	(4.5)
Earnings from continuing operations before income taxes	118.7	72.3
Income taxes	(7.0)	(17.5)
Net earnings from continuing operations	111.7	54.8
Loss from discontinued operations, net of income taxes	(1.5)	(12.9)
Net earnings	110.2	41.9
Mandatory convertible preferred dividends	(17.3)	(17.3)
Net earnings attributable to common stockholders	$ 92.9	$ 24.6
Net earnings per common share from continuing operations:		
Basic	$ 0.28	$ 0.11
Diluted	$ 0.28	$ 0.11
Net earnings per share from discontinued operations:		
Basic	$ —	$ (0.04)
Diluted	$ —	$ (0.04)
Net earnings per share:		
Basic	$ 0.27	$ 0.07
Diluted	$ 0.27	$ 0.07
Average common stock and common equivalent shares outstanding:		
Basic	338.6	336.8
Diluted	341.7	340.0

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
($ in millions)
(unaudited)

	Three Months Ended	
	April 2, 2021	March 27, 2020
Net earnings	$ 110.2	$ 41.9
Other comprehensive income, net of income taxes:		
Foreign currency translation adjustments	(34.7)	(136.3)
Pension adjustments	1.0	(1.0)
Total other comprehensive income (loss), net of income taxes	(33.7)	(137.3)
Comprehensive income (loss)	$ 76.5	$ (95.4)

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN EQUITY
($ and shares in millions)
(unaudited)

	Common Stock		Preferred Stock					
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balance, December 31, 2020	339.0	$ 3.4	1.4	$ —	$ 3,554.5	$ 5,547.4	$ (141.1)	$ 8.5
Net earnings for the period	—	—	—	—	—	110.2		
Dividends to common shareholders	—	—	—	—	—	(23.7)	—	—
Mandatory convertible preferred stock cumulative dividends	—	—	—	—	—	(17.3)	—	—
Other comprehensive income	—	—	—	—	—	—	(33.7)	—
Common stock-based award activity	(0.5)	—	—	—	(2.3)	—	—	—
Early extinguishment of 0.875% senior convertible notes due 2022	—	—	—	—	11.6	—	—	—
Change in noncontrolling interests	—	—	—	—	—	—	—	(0.8)
Balance, April 2, 2021	338.5	$ 3.4	1.4	$ —	$ 3,563.8	$ 5,616.6	$ (174.8)	$ 7.7

	Common Stock		Preferred Stock					
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests
Balance, December 31, 2019	336.0	$ 3.4	1.4	$ —	$ 3,311.1	$ 4,128.8	$ (56.3)	$ 13.2
Adoption of accounting standard	—	—	—	—	—	(31.3)	—	—
Balance, January 1, 2020	336.0	$ 3.4	1.4	$ —	$ 3,311.1	$ 4,097.5	$ (56.3)	$ 13.2
Net earnings for the period	—	—	—	—	—	41.9	—	—
Dividends to common shareholders	—	—	—	—	—	(23.5)	—	—
Mandatory convertible preferred stock cumulative dividends	—	—	—	—	—	(17.3)	—	—
Other comprehensive income (loss)	—	—	—	—	—	—	(137.3)	—
Common stock-based award activity	0.8	—	—	—	22.6	—	—	—
Change in noncontrolling interests	—	—	—	—	—	—	—	(2.0)
Balance, March 27, 2020	336.8	$ 3.4	1.4	$ —	$ 3,333.7	$ 4,098.6	$ (193.6)	$ 11.2

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
($ in millions)
(unaudited)

	Three Months Ended	
	April 2, 2021	March 27, 2020
Cash flows from operating activities:		
Net earnings from continuing operations	$ 111.7	$ 54.8
Noncash items:		
Gain on investment in Vontier Corporation	(57.0)	—
Depreciation	19.5	20.2
Amortization	77.5	78.2
Stock-based compensation expense	16.6	12.8
Loss on extinguishment of debt	104.2	—
Change in trade accounts receivable, net	(26.9)	6.0
Change in inventories	(3.8)	(5.2)
Change in trade accounts payable	(13.0)	12.7
Change in prepaid expenses and other assets	3.8	14.3
Change in accrued expenses and other liabilities	(80.6)	(72.1)
Total operating cash provided by continuing operations	152.0	121.7
Total operating cash provided by (used in) discontinued operations	(7.2)	69.3
Net cash provided by operating activities	144.8	191.0
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	(8.4)	(26.2)
Cash paid for acquisitions, net of cash received	(0.2)	(1.1)
Total investing cash used in continuing operations	(8.6)	(27.3)
Total investing cash used in discontinued operations	—	(16.9)
Net cash used in investing activities	(8.6)	(44.2)
Cash flows from financing activities:		
Net repayments of commercial paper borrowings	—	(382.8)
Proceeds from borrowings (maturities longer than 90 days), net of issuance costs of $1 million in 2020	—	373.8
Repayment of borrowings (maturities greater than 90 days)	(611.1)	(250.0)
Payment of common stock cash dividend to shareholders	(23.7)	(23.5)
Payment of mandatory convertible preferred stock cash dividend to shareholders	(17.3)	—
All other financing activities	(2.8)	0.3
Total financing cash used in continuing operations	(654.9)	(282.2)
Total financing cash used in discontinued operations	—	(1.0)
Net cash used in financing activities	(654.9)	(283.2)
Effect of exchange rate changes on cash and equivalents	(6.5)	(28.3)
Net change in cash and equivalents	(525.2)	(164.7)
Beginning balance of cash and equivalents	1,824.8	1,205.2
Ending balance of cash and equivalents	$ 1,299.6	$ 1,040.5

See the accompanying Notes to Consolidated Condensed Financial Statements.

FORTIVE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1. BUSINESS OVERVIEW

Fortive Corporation ("Fortive," the "Company," "we," "us," or "our") is a provider of essential technologies for connected workflow solutions across a range of attractive end-markets. Our well-known brands hold leading positions in intelligent operating solutions, precision technologies, and advanced healthcare solutions. Our businesses design, develop, service, manufacture, and market professional and engineered products, software, and services for a variety of end markets, building upon leading brand names, innovative technologies, and significant market positions. Our research and development, manufacturing, sales, distribution, service, and administrative facilities are located in more than 50 countries across North America, Asia Pacific, Europe, and Latin America.

We prepared the unaudited consolidated condensed financial statements included herein in accordance with accounting principles generally accepted in the United States of America ("GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") applicable for interim periods. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations; however, we believe the disclosures are adequate to make the information presented not misleading. The consolidated condensed financial statements included herein should be read in conjunction with the audited annual consolidated financial statements as of and for the year ended December 31, 2020 and the footnotes ("Notes") thereto included within our 2020 Annual Report on Form 10-K.

In our opinion, the accompanying financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to fairly present our financial position as of April 2, 2021 and December 31, 2020, our results of operations for the three month periods ended April 2, 2021 and March 27, 2020, and cash flows for the three month periods ended April 2, 2021 and March 27, 2020. Reclassification of certain prior year amounts have been made to conform to current year presentation.

Vontier Separation and Discontinued Operations

On October 9, 2020 (the "Distribution Date"), the Company completed the separation of its Industrial Technologies segment by distributing 80.1% of the outstanding shares of Vontier Corporation ("Vontier"), the entity incorporated to hold such businesses, to Fortive stockholders (the "Vontier Separation") on a pro rata basis. To effect the Vontier Separation, the Company distributed to its stockholders two shares of Vontier common stock for every five shares of the Company's common stock outstanding held on September 25, 2020, the record date for the distribution, with the Company retaining 19.9% of the shares of Vontier common stock immediately following the Vontier Separation (the "Retained Vontier Shares").

On September 29, 2020, Vontier entered into a credit agreement with a syndicate of banks and on the Distribution Date, Vontier drew down the full $1.8 billion available under their term loan facilities. Vontier used the proceeds to make payments to the Company, with $1.6 billion used as part of the consideration for the contribution of certain assets and liabilities to Vontier by the Company in connection with the Vontier Separation and $202 million used as an adjustment for excess cash balances remaining with Vontier (collectively, the "Cash Consideration"). We have used the Cash Consideration to repay certain outstanding indebtedness, make interest payments on certain debt instruments, and to pay certain of the Company's regular, quarterly cash dividends.

On January 19, 2021, we completed an exchange (the "Debt-for-Equity Exchange") of 33.5 million shares of common stock of Vontier, representing all of the Retained Vontier Shares, for $1.1 billion in aggregate principal amount of indebtedness of the Company held by Goldman Sachs & Co.

Refer to Note 11 of our 2020 Annual Report on Form 10-K and Note 6 to the consolidated condensed financial statements for the description of the debt repayments made subsequent to the Distribution Date. Interest expense and extinguishment costs related to the debt retired during the first quarter of 2021 are included in continuing operations.

The accounting requirements for reporting the Vontier business as a discontinued operation were met when the Vontier Separation was completed. Accordingly, the consolidated financial statements reflect the results of the Vontier business as a discontinued operation for all periods presented. Fortive did not retain a controlling interest in Vontier and therefore the Retained Vontier Shares were included in our assets of continuing operations as of December 31, 2020 and subsequent fair value changes in the Retained Vontier Shares prior to the Debt-for-Equity Exchange are included in our results from continuing operations for the three month period ended April 2, 2021.

Segment Presentation

In light of the Vontier Separation, we changed our internal reporting structure on the first day of the fourth quarter, September 26, 2020, to reflect organizational and leadership changes that allow us to better assess the operational performance of and allocate resources to our businesses. Our chief operating decision maker assesses performance and allocates resources based on our new operating segments, which are also our new reportable segments. Our new reportable segments are comprised of Intelligent Operating Solutions, Precision Technologies, and Advanced Healthcare Solutions. All prior period segment information has been restated to reflect our new reportable segments.

Accumulated Other Comprehensive Income (Loss)

Foreign currency translation adjustments are generally not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries. We designated our ¥13.8 billion senior unsecured term facility loan and our Euro-denominated commercial paper outstanding during the three month period ended March 27, 2020 as net investment hedges of our investment in certain foreign operations; we exited our Euro-denominated commercial paper positions during the second quarter of 2020 and repaid our ¥13.8 billion senior unsecured term facility loan during the fourth quarter of 2020. As of April 2, 2021 and December 31, 2020, we had no designated net investment hedges.

During the three month period ended March 27, 2020, we recognized foreign currency transaction gains of $0.9 million on the debt that were deferred in the foreign currency translation component of Accumulated other comprehensive income (loss) ("AOCI") as an offset to the foreign currency translation adjustments on our investments in foreign subsidiaries. Any amounts deferred in AOCI will remain until the hedged investment is sold or substantially liquidated. We recorded no ineffectiveness from our net investment hedges during the three month period ended March 27, 2020.

The changes in AOCI by component are summarized below ($ in millions):

	Foreign currency translation adjustments	Pension adjustments [b]	Total
For the Three Months Ended April 2, 2021:			
Balance, December 31, 2020	$ (54.0)	$ (87.1)	$ (141.1)
Other comprehensive income (loss) before reclassifications, net of income taxes	(34.7)	—	(34.7)
Amounts reclassified from accumulated other comprehensive income (loss):			
Increase	—	1.3 [a]	1.3
Income tax impact	—	(0.3)	(0.3)
Amounts reclassified from accumulated other comprehensive income (loss), net of income taxes	—	1.0	1.0
Net current period other comprehensive income (loss), net of income taxes	(34.7)	1.0	(33.7)
Balance, April 2, 2021	$ (88.7)	$ (86.1)	$ (174.8)
For the Three Months Ended March 27, 2020:			
Balance, December 31, 2019	$ 21.2	$ (77.5)	$ (56.3)
Other comprehensive income (loss) before reclassifications, net of income taxes	(136.3)	—	(136.3)
Amounts reclassified from accumulated other comprehensive income (loss):			
Decrease	—	(1.2) [a]	(1.2)
Income tax impact	—	0.2	0.2
Amounts reclassified from accumulated other comprehensive income (loss), net of income taxes	—	(1.0)	(1.0)
Net current period other comprehensive income (loss), net of income taxes	(136.3)	(1.0)	(137.3)
Balance, March 27, 2020	$ (115.1)	$ (78.5)	$ (193.6)

[a] This component of AOCI is included in the computation of net periodic pension cost (refer to Note 8 for additional details).
[b] Includes balances relating to defined benefit plans, supplemental executive retirement plans, and other postretirement employee benefit plans.

Allowances for Doubtful Accounts

All trade accounts and unbilled receivables are reported in the Consolidated Condensed Balance Sheet adjusted for any write-offs and net of allowances for credit losses. The allowances for credit losses represent management's best estimate of the credit losses expected from our unbilled and trade accounts receivable portfolios over the life of the underlying assets. Additions to the allowances are charged to current period earnings, amounts determined to be uncollectible are charged directly against the allowances, while amounts recovered on previously written-off accounts increase the allowances.

The following is a rollforward of the aggregated allowance for credit losses related to our trade accounts receivables as of April 2, 2021 ($ in millions):

Balance, December 31, 2020	$	42.5
Provision		1.6
Write-offs		(3.7)
FX and Other		(0.2)
Balance, April 2, 2021	$	40.2

The allowance for unbilled receivables was immaterial for all periods presented.

Recently Issued Accounting Standard

In August 2020, the FASB issued ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, which amends the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts in an entity's own equity. We may adopt this standard using either a modified retrospective or a fully retrospective method of transition. This standard is effective for us beginning January 1, 2022, with early adoption permitted. We are currently evaluating the impact of this standard on our financial statements and the method of adoption we plan to utilize.

NOTE 2. ACQUISITIONS

For a description of our material acquisition activity refer to Note 3 of our 2020 Annual Report on Form 10-K.

We continually evaluate potential mergers, acquisitions, and divestitures that align with our strategy and expedite the evolution of our portfolio of businesses into new and attractive areas. We have completed a number of acquisitions that have been accounted for as purchases and resulted in the recognition of goodwill in our financial statements. This goodwill arises because the purchase price for each acquired business reflects a number of factors including the complimentary fit, acceleration of our strategy and synergies the business brings with respect to our existing operations, the future earnings and cash flow potential of the business, the potential to add other strategically complimentary acquisitions to the acquired business, the scarce or unique nature of the business in its markets, competition to acquire the business, the valuation of similar businesses in the marketplace (as reflected in a multiple of revenues, earnings, or cash flows), and the avoidance of the time and costs which would be required (and the associated risks that would be encountered) to enhance our existing offerings to key target markets and develop new and profitable businesses.

We make an initial allocation of the purchase price at the date of acquisition based on our understanding of the fair value of the acquired assets and assumed liabilities. We obtain this information during due diligence and through other sources. In the months after closing, as we obtain additional information about these assets and liabilities, including through tangible and intangible asset appraisals, and learn more about the newly acquired business, we are able to refine the estimates of fair value and more accurately allocate the purchase price. Only items identified as of the acquisition date are considered for subsequent adjustment. We are in the process of obtaining valuations of certain acquired assets and evaluating the tax impact of certain acquisitions. We make appropriate adjustments to purchase price allocations prior to completion of the applicable measurement period, as required.

During the three month period ended April 2, 2021, immaterial adjustments were recorded to the preliminary purchase price allocation of acquisitions that closed during 2020.

Advanced Sterilization Products

On April 1, 2019 (the "Principal Closing Date"), we acquired the advanced sterilization products business ("ASP") of Johnson & Johnson, a New Jersey corporation ("Johnson & Johnson") for an aggregate purchase price of $2.7 billion (the

“Transaction”), subject to certain post-closing adjustments set forth in a Stock and Asset Purchase Agreement, dated effective as of June 6, 2018 (the “Purchase Agreement”), between the Company and Ethicon, Inc., a New Jersey corporation (“Ethicon”) and a wholly owned subsidiary of Johnson & Johnson. ASP engages in the research, development, manufacture, marketing, distribution, and sale of low-temperature terminal sterilization and high-level disinfection products.

On the Principal Closing Date, we paid $2.7 billion in cash and obtained the transferred assets and assumed liabilities in 20 countries (“Principal Countries”), general patent and trademark assignments, and all transferred equity interests in ASP. ASP has operations in an additional 39 countries (“Non-Principal Countries”). The transferred assets and liabilities associated with these operations will close when requirements of country-specific agreements or regulatory approvals are satisfied.

The $2.7 billion purchase price was paid in exchange for ASP’s businesses in both Principal and Non-Principal Countries. As of April 2, 2021 we have closed 20 Principal Countries and 37 Non-Principal Countries that, in aggregate, accounted for approximately 99% of the preliminary valuation of ASP. The remaining two Non-Principal Countries represent less than 1% of the preliminary valuation of ASP, or $2.7 million, which is included as a prepaid asset in Other assets in the Condensed Consolidated Balance Sheet. As each Non-Principal Country closes, we reduce the prepaid asset and record the fair value of the assets acquired and liabilities assumed. All of the provisional goodwill associated with the Transaction is included in goodwill at April 2, 2021, and the majority of the provisional goodwill is tax deductible. There were no material measurement period adjustments recorded for the Non-Principal Countries during the three month period ended April 2, 2021.

In addition, the Company entered into a transition services agreement with Johnson & Johnson for certain administrative and operational services (“TSA”) and distribution agreements in the Non-Principal Countries. Under the distribution agreements, ASP sells finished goods to Ethicon at prices agreed by the parties. ASP recognizes these sales as revenue when the conditions for revenue recognition are met. Following the sale of finished goods by ASP, Ethicon obtains title of the finished goods, has full authority to sell and market the finished goods to end customers as it sees fit, and retains any revenue and profit from sale. As of April 2, 2021, ASP had exited the TSAs and substantially all of the distribution agreements. ASP expects to close the remaining Non-Principal Countries in 2021.

NOTE 3. DISCONTINUED OPERATIONS

On October 9, 2020, we completed the Vontier Separation. The accounting requirements for reporting the Vontier business as a discontinued operation were met when the Vontier Separation was completed. Accordingly, the consolidated financial statements reflect the results of the Vontier business as a discontinued operation for all periods presented.

Vontier Impairment Charge

As a result of the interim impairment testing performed, we concluded that the estimated fair value of the Telematics reporting unit was less than its carrying value as of March 27, 2020, and recorded a non-cash goodwill impairment charge of $85.3 million during the three month period ended March 27, 2020. The Telematics reporting unit was included in our former Industrial Technologies segment and part of the Vontier Separation. Accordingly, the impairment charge is recorded in Earnings from discontinued operations, net of income taxes in the Consolidated Statement of Earnings.

The key components of income from discontinued operations for the three month periods ended April 2, 2021 and March 27, 2020 were as follows ($ in millions):

	Three Months Ended	
	April 2, 2021	**March 27, 2020**
Sales	$ —	$ 609.2
Cost of sales	—	(346.1)
Selling, general and administrative expenses	(1.9)	(141.0)
Research and development expenses	—	(32.9)
Goodwill impairment	—	(85.3)
Interest expense and other income, net	0.1	(5.2)
Earnings before income taxes	(1.8)	(1.3)
Income taxes	0.3	(11.6)
Net earnings from discontinued operations	$ (1.5)	$ (12.9)

The following table summarizes the major classes of assets and liabilities of discontinued operations that were included in the Company's Consolidated Balance Sheets as of December 31 ($ in millions):

	April 2, 2021	December 31, 2020
ASSETS		
Other current assets	$ —	$ 30.4
Total assets, discontinued operations	$ —	$ 30.4
LIABILITIES		
Current liabilities:		
Accrued expenses and other current liabilities	$ (2.8)	$ (33.3)
Total liabilities, discontinued operations	$ (2.8)	$ (33.3)

NOTE 4. GOODWILL

The following is a rollforward of our carrying value of goodwill by segment ($ in millions):

	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions	Total Goodwill
Balance, December 31, 2020	**$ 3,268.8**	**$ 1,867.9**	**$ 2,222.5**	**$ 7,359.2**
Measurement period adjustments for 2020 acquisitions	(0.7)	—	(3.1)	(3.8)
Foreign currency translation and other	(3.8)	(16.0)	4.8	(15.0)
Balance, April 2, 2021	**$ 3,264.3**	**$ 1,851.9**	**$ 2,224.2**	**$ 7,340.4**

We have not identified any triggering events which would have indicated a potential impairment of goodwill in the three month period ended April 2, 2021.

NOTE 5. FAIR VALUE MEASUREMENTS

Accounting standards define fair value based on an exit price model, establish a framework for measuring fair value where our assets and liabilities are required to be carried at fair value, and provide for certain disclosures related to the valuation methods used within a valuation hierarchy as established within the accounting standards. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 inputs are quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets in markets that are not active, or other observable characteristics for the asset or liability, including interest rates, yield curves and credit risks, or inputs that are derived principally from, or corroborated by, observable market data through correlation.
- Level 3 inputs are unobservable inputs based on our assumptions. The classification of a financial asset or liability within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Below is a summary of financial liabilities that are measured at fair value on a recurring basis ($ in millions):

	Quoted Prices in Active Market (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
April 2, 2021				
Deferred compensation liabilities	$ —	$ 38.1	$ —	$ 38.1
December 31, 2020				
Investment in Vontier	$ 1,119.2	$ —	$ —	$ 1,119.2
Deferred compensation liabilities	—	34.8	—	34.8

Certain management employees participate in our nonqualified deferred compensation programs that permit such employees to defer a portion of their compensation, on a pretax basis, until after their termination of employment. All amounts deferred under such plans are unfunded, unsecured obligations and are presented as a component of our compensation and benefits accrual included in Other long-term liabilities in the Consolidated Condensed Balance Sheets. Participants may choose among alternative earnings rates for the amounts they defer, which are primarily based on investment options within our defined contribution plans for the benefit of U.S. employees (except that the earnings rates for amounts contributed unilaterally by the Company are entirely based on changes in the value of Fortive common stock). Changes in the deferred compensation liability under these programs are recognized based on changes in the fair value of the participants' accounts, which are based on the applicable earnings rates.

On October 9, 2020, we completed the Vontier Separation and retained 19.9% of the shares of Vontier common stock immediately following the Vontier Separation. We did not retain a controlling interest in Vontier and therefore the fair value of our Retained Vontier Shares were included in our assets of continuing operations as of December 31, 2020, and subsequent fair value changes are included in our results from continuing operations for the three month period ended April 2, 2021.

On January 19, 2021, we completed the Debt-for-Equity Exchange of 33.5 million shares of common stock of Vontier, representing all of the Retained Vontier Shares, for $1.1 billion in aggregate principal amount of indebtedness of the Company held by Goldman Sachs & Co., including (i) all $400.0 million of the 364-day delayed draw term loan due March 22, 2021 (the "Term Loan due March 2021") and (ii) $683.2 million of the delayed-draw term loan due May 30, 2021 (the "Term Loan due May 2021"). The change in fair value of the Retained Vontier Shares and the resulting gain of $57.0 million was recorded in the three month period ended April 2, 2021. We recorded a loss on extinguishment of the debt included in the Debt-for-Equity Exchange of $94.4 million in the three month period ended April 2, 2021.

Nonrecurring Fair Value Measurements

Certain non-financial assets, primarily property, plant, and equipment, goodwill, and intangible assets, are not required to be measured at fair value on a recurring basis and are reported at their carrying value. However, these assets are required to be assessed for impairment whenever events or circumstances indicate that their carrying value may not be fully recoverable, and at least annually for goodwill and indefinite-lived intangible assets.

We evaluated our non-financial assets as of April 2, 2021 and determined no events or circumstances existed indicating the carrying value may not be fully recoverable.

Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments are as follows ($ in millions):

	April 2, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Current portion of long-term debt	$ 1,126.0	$ 1,180.4	$ 1,399.8	$ 1,400.0
Long-term debt, net of current maturities	$ 1,441.5	$ 1,597.0	$ 2,830.3	$ 3,155.5

As of April 2, 2021 and December 31, 2020, the current portion of long-term debt and long-term debt, net of current maturities were categorized as Level 1.

The fair values of the current portion of long-term debt and long-term debt were based on quoted market prices. The difference between the fair value and the carrying amounts of long-term borrowings may be attributable to changes in market interest rates and/or our credit ratings subsequent to the incurrence of the borrowing. The fair value of cash and cash equivalents, accounts receivable, net and trade accounts payable approximates their carrying amount due to the short-term maturities of these instruments.

NOTE 6. FINANCING AND CAPITAL

The carrying value of the components of our long-term debt were as follows ($ in millions):

	April 2, 2021	December 31, 2020
Term Loan due May 2021	—	1,000.0
Term Loan due March 2021	—	399.8
3.15% senior unsecured notes due 2026	894.3	894.1
4.30% senior unsecured notes due 2046	547.2	547.2
0.875% senior convertible notes due 2022	1,126.0	1,389.0
Long-term debt	2,567.5	4,230.1
Less: current portion of long-term debt	1,126.0	1,399.8
Long-term debt, net of current maturities	$ 1,441.5	$ 2,830.3

Aggregate unamortized debt discounts, premiums, and issuance costs of $39 million and $57 million as of April 2, 2021 and December 31, 2020, respectively, are netted against the principal amounts of the components of debt in the table above. Refer to Note 11 of our 2020 Annual Report on Form 10-K for further details of our debt financing.

Debt-for-Equity Exchange

On January 19, 2021, we completed the Debt-for-Equity Exchange of 33.5 million shares of common stock of Vontier, representing all of the Retained Vontier Shares, for $1.1 billion in aggregate principal amount of indebtedness of the Company held by Goldman Sachs & Co., including (i) all $400.0 million of the Term Loan due March 2021 and (ii) $683.2 million of the Term Loan due May 2021. We recorded a loss on extinguishment of the debt included in the Debt-for-Equity Exchange of $94.4 million in the three month period ended April 2, 2021.

Term Loan due May 2021

On January 21, 2021, we repaid the remaining $316.8 million outstanding of the Term Loan due May 2021 from the cash proceeds received from Vontier in the Vontier Separation. The fees associated with the prepayment were immaterial.

Convertible Senior Notes

On February 22, 2019, we issued $1.4 billion in aggregate principal amount of our 0.875% Convertible Senior Notes due 2022 (the “Convertible Notes”), including $187.5 million in aggregate principal amount resulting from an exercise in full of an over-allotment option. The Convertible Notes were issued in a private placement to certain initial purchasers for resale to qualified institutional buyers pursuant to Rule 144A under the Securities Act.

The Convertible Notes bear interest at a rate of 0.875% per year, payable semiannually in arrears on February 15 and August 15 of each year, beginning on August 15, 2019. The Convertible Notes mature on February 15, 2022, unless earlier repurchased or converted in accordance with their terms prior to such date.

As a result of the Vontier Separation and in accordance with the anti-dilution provisions of the Convertible Notes, effective October 9, 2020, the Convertible Notes are convertible into shares of our common stock at an adjusted conversion rate of 10.9568 shares per $1,000 principal amount of Convertible Notes (which is equivalent to an initial conversion price of $91.27 per share), subject to future adjustment upon the occurrence of certain events. The conversion rate is subject to customary anti-dilution adjustments. If certain corporate events described in the Indenture occur prior to the maturity date, the conversion rate will be increased for a holder that elects to convert its Convertible Notes in connection with such corporate event in certain circumstances.

Of the $1.4 billion in principal amount from the issuance of the Convertible Notes, $1.3 billion was classified as debt and $102.2 million was classified as equity, using an assumed effective interest rate of 3.38%. Debt issuance costs of $24.3 million were proportionately allocated to debt and equity. On February 9, 2021, we repurchased $281 million of the Convertible Notes at fair value using the remaining cash proceeds received from Vontier in the Vontier Separation and other cash on hand. In connection with the repurchase, we recorded a loss on debt extinguishment during the three month period ended April 2, 2021 of $10.5 million. In addition, upon repurchase we recorded $11.6 million as a reduction to additional paid-in capital related to the equity component of the repurchased Convertible Notes.

We recognized $12.2 million in interest expense during the three month period ended April 2, 2021, of which $2.8 million was related to the contractual coupon rate of 0.875%, $1.7 million was attributable to the amortization of debt issuance costs and $7.7 million was attributable to the amortization of the discount. We recognized $13.4 million in interest expense during the three months ended March 27, 2020, of which $3.1 million related to the contractual coupon rate of 0.875%, $1.9 million was attributable to the amortization of debt issuance costs and $8.4 million was attributable to the amortization of the discount. The discount at issuance was $102.2 million and is being amortized over a three-year period. The unamortized discount at April 2, 2021 was $30.5 million.

Prior to November 15, 2021, the Convertible Notes will be convertible only upon the occurrence of certain events and will be convertible thereafter at any time until the close of business on the business day immediately preceding the maturity date of the Convertible Notes.

Other Liquidity Sources

In prior periods, we generally satisfied any short-term liquidity needs that are not met through operating cash flows and available cash through issuances of commercial paper under our U.S. dollar and Euro-denominated commercial paper programs (“Commercial Paper Programs”). Due to the volatility and disruption in the commercial paper markets during the first six months of 2020, we temporarily reduced our reliance on this source of funding, and consequently paid down and refinanced our outstanding commercial paper with the Term Loan due March 2021 that was retired in the Debt-for-Equity Exchange.

Credit support for the Commercial Paper Programs is provided by a five-year $2.0 billion senior unsecured revolving credit facility that expires on November 30, 2023 (the “Revolving Credit Facility”) which, to the extent not otherwise providing credit support for our commercial paper programs, can also be used for working capital and other general corporate purposes. As of April 2, 2021, no borrowings were outstanding under the Revolving Credit Facility.

Classification of Debt Due within the Next Twelve Months

Our Convertible Senior Notes are recorded in the Current portion of long-term debt line item in the Consolidated Condensed Balance Sheet as of April 2, 2021.

NOTE 7. SALES

We derive revenues primarily from the sale of products, software, and services. Revenue is recognized when control of promised products, software, or services is transferred to customers in an amount that reflects the consideration we expect to be entitled to in exchange for those products, software, or services.

Sales of products and software includes revenues from the sale of products and equipment, software product offerings, and equipment rentals.

Sales of services includes revenues from extended warranties, post-contract customer support (“PCS”), maintenance contracts or services, contract labor to perform ongoing service at a customer location, and services related to previously sold products.

Contract Assets — In certain circumstances, we record contract assets which include unbilled amounts typically resulting from sales under contracts when revenue recognized exceeds the amount billed to the customer, and right to payment is not only subject to the passage of time. Contract assets were $67 million as of April 2, 2021 and $56 million as of December 31, 2020.

Contract Costs — We incur direct incremental costs to obtain certain contracts, typically sales-related commissions and costs associated with assets used by our customers in certain software arrangements. Deferred sales-related commissions are generally not capitalized as the amortization period is one year or less, and we elected to use the practical expedient to expense these sales commissions as incurred. As of April 2, 2021 and December 31, 2020, we had $29 million and $31 million, respectively, in net revenue-related contract assets primarily related to certain software contracts. Revenue-related contract assets are recorded in the Prepaid expenses and other current assets and Other assets line items in our Condensed Consolidated Balance Sheets. These assets have estimated useful lives between 3 and 8 years.

Impairment losses recognized on our revenue-related contract assets were immaterial during the three month periods ended April 2, 2021 and March 27, 2020.

Contract Liabilities — Our contract liabilities consist of deferred revenue generally related to PCS and extended warranty sales, where in most cases we receive up-front payment and recognize revenue over the support term. We classify deferred revenue as current or noncurrent based on the timing of when we expect to recognize revenue. The noncurrent portion of deferred revenue is included in Other long-term liabilities in the Consolidated Condensed Balance Sheets.

Our contract liabilities consisted of the following ($ in millions):

	April 2, 2021	December 31, 2020
Deferred revenue - current	$ 397.8	$ 376.4
Deferred revenue - noncurrent	32.3	34.2
Total contract liabilities	$ 430.1	$ 410.6

During the three month period ended April 2, 2021, we recognized revenue related to our contract liabilities at December 31, 2020 of $123 million. The change in our contract liabilities from December 31, 2020 to April 2, 2021 was primarily due to the timing of cash receipts and sales of PCS and extended warranty services.

Remaining Performance Obligations — Our remaining performance obligations represent the transaction price of firm, noncancelable orders, with expected delivery dates to customers greater than one year from April 2, 2021, for which work has not been performed. We have excluded performance obligations with an original expected duration of one year or less from the amounts below.

The aggregate performance obligations attributable to each of our segments is as follows ($ in millions):

	April 2, 2021
Intelligent Operating Solutions	$ 105.2
Precision Technologies	25.4
Advanced Healthcare Solutions	1.2
Total remaining performance obligations	$ 131.8

The majority of remaining performance obligations are related to service and support contracts, which we expect to fulfill approximately 55 percent within the next two years, approximately 85 percent within the next three years, and substantially all within four years.

Disaggregation of Revenue

We disaggregate revenue from contracts with customers by sales of products and software and services, geographic location, and end market for each of our segments, as we believe it best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. Disaggregation of revenue for the three month period ended April 2, 2021 is presented as follows ($ in millions):

	Total	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions
Sales:				
Sales of products and software	$ 1,077.2	$ 453.0	$ 393.1	$ 231.1
Sales of services	182.0	57.9	54.3	69.8
Total	$ 1,259.2	$ 510.9	$ 447.4	$ 300.9
Geographic:				
United States	$ 620.8	$ 248.2	$ 219.1	$ 153.5
China	164.3	59.5	76.8	28.0
All other (each country individually less than 5% of total sales)	474.1	203.2	151.5	119.4
Total	$ 1,259.2	$ 510.9	$ 447.4	$ 300.9
End markets:[(a)]				
Direct sales:				
Medical	$ 326.8	$ 9.4	$ 35.0	$ 282.4
Industrial & Manufacturing	302.3	196.5	100.0	5.8
Utilities & Power	94.9	54.3	40.6	—
Government	87.9	44.8	34.4	8.7
Communication, Electronics & Semiconductor	87.8	27.5	59.6	0.7
Aerospace & Defense	55.4	—	55.4	—
Oil & Gas	63.3	60.5	2.8	—
Retail & Consumer	45.5	23.5	22.0	—
Other	124.9	56.1	68.8	—
Total direct sales	1,188.8	472.6	418.6	297.6
Distributors	70.4	38.3	28.8	3.3
Total	$ 1,259.2	$ 510.9	$ 447.4	$ 300.9

[(a)] Direct sales by end market include sales made through third-party distributors where we have visibility into the end customer.

Disaggregation of revenue for the three month period ended March 27, 2020 is presented as follows ($ in millions):

	Total	Intelligent Operating Solutions	Precision Technologies	Advanced Healthcare Solutions
Sales:				
Sales of products and software	$ 945.5	$ 416.2	$ 339.9	$ 189.4
Sales of services	162.6	50.5	51.4	60.7
Total	$ 1,108.1	$ 466.7	$ 391.3	$ 250.1
Geographic:				
United States	$ 605.1	$ 249.4	$ 207.4	$ 148.3
China	118.6	46.6	54.3	17.7
All other (each country individually less than 5% of total sales)	384.4	170.7	129.6	84.1
Total	$ 1,108.1	$ 466.7	$ 391.3	$ 250.1
End markets:[(a)]				
Direct sales:				
Medical	$ 269.8	$ 10.6	$ 24.9	$ 234.3
Industrial & Manufacturing	249.6	162.8	81.8	5.0
Utilities & Power	91.0	54.2	36.8	—
Government	79.1	38.1	33.7	7.3
Communications, Electronics & Semiconductor	63.2	26.2	36.6	0.4
Aerospace & Defense	56.1	3.3	52.8	—
Oil & Gas	58.6	54.8	3.8	—
Retail & Consumer	45.4	22.7	22.7	—
Other	119.0	57.9	61.1	—
Total direct sales	1,031.8	430.6	354.2	247.0
Distributors	76.3	36.1	37.1	3.1
Total	$ 1,108.1	$ 466.7	$ 391.3	$ 250.1

[(a)] Direct sales by end market include sales made through third-party distributors where we have visibility into the end customer.

NOTE 8. PENSION PLANS

For a full description of our noncontributory defined benefit pension plans refer to Note 12 of our 2020 Annual Report on Form 10-K.

The following sets forth the components of our net periodic costs associated with our noncontributory defined benefit pension plans ($ in millions):

	Three Months Ended	
	April 2, 2021	March 27, 2020
U.S. Pension Benefits:		
Interest cost	$ 0.2	$ 0.3
Expected return on plan assets	(0.2)	(0.3)
Amortization of net loss	—	—
Net periodic pension cost	$ —	$ —
Non-U.S. Pension Benefits:		
Service cost	$ 1.0	$ 1.1
Interest cost	0.8	1.0
Expected return on plan assets	(1.3)	(1.3)
Amortization of net loss	1.2	1.0
Amortization of prior service cost	0.1	0.1
Net periodic pension cost	$ 1.8	$ 1.9

We report all components of net periodic pension costs, with the exception of service costs, in other non-operating expenses as a component of non-operating income in the Consolidated Condensed Statements of Earnings. Service costs are reported in cost of sales and selling, general and administrative expenses in the Consolidated Condensed Statements of Earnings according to the classification of the participant's compensation.

Employer Contributions

During 2021, our cash contribution requirements for our non-U.S. and U.S. defined benefit plans for Fortive's pension plans are expected to be approximately $12 million and $1 million, respectively. The actual amounts to be contributed depend upon, among other things, legal requirements, underlying asset returns, the plan's funded status, the anticipated tax deductibility of the contribution, local practices, market conditions, interest rates, and other factors.

NOTE 9. INCOME TAXES

Our effective tax rate for the three month period ended April 2, 2021 was 5.9% as compared to 24.2% for the three month period ended March 27, 2020. The year-over-year decrease in the effective tax rate for the three month period ended April 2, 2021 as compared to the three month period ended March 27, 2020 was due primarily to a permanent difference on the gain on our Retained Vontier Shares due to the tax-free treatment of our disposition of the shares through the Debt-for-Equity Exchange and increases in certain federal tax benefits, as well as tax costs incurred during the three month period ended March 27, 2020 associated with the repatriation of a portion of our previously reinvested earnings outside of the United States.

Our effective tax rate for both periods in 2021 and 2020 differs from the U.S. federal statutory rate of 21% due primarily to the positive and negative effects of the Tax Cuts and Jobs Act ("TCJA"), U.S. federal permanent differences, and the impact of credits and deductions provided by law. Specific to 2021, our effective tax rate also differs from the U.S. federal statutory rate of 21% due to a permanent difference on the gain on our Retained Vontier Shares due to the tax-free treatment of our disposition of the shares through the Debt-for-Equity Exchange. Specific to 2020, our effective tax rate also differs from the U.S. federal statutory rate of 21% due to the repatriation of a portion of our previously reinvested earnings outside of the United States.

NOTE 10. STOCK-BASED COMPENSATION

Our stock-based compensation program (the "Stock Plan") provides for the grant of stock appreciation rights, performance stock units, restricted stock units, restricted stock awards, and performance stock awards (collectively, "Stock Awards"), stock options, or any other stock-based award. As of April 2, 2021, approximately 19 million shares of our common stock were available for subsequent issuance under the Stock Plan. For a full description of our stock-based compensation program refer to Note 17 of our 2020 Annual Report on Form 10-K.

Stock-based Compensation Expense

Stock-based compensation has been recognized as a component of Selling, general and administrative expenses in the Consolidated Condensed Statements of Earnings based on the portion of the awards that are ultimately expected to vest.

The following summarizes the components of our stock-based compensation expense under the Stock Plan ($ in millions):

	Three Months Ended	
	April 2, 2021	March 27, 2020
Stock Awards:		
Pretax compensation expense	$ 10.5	$ 8.1
Income tax benefit	(1.9)	(1.4)
Stock Award expense, net of income taxes	8.6	6.7
Stock options:		
Pretax compensation expense	6.1	4.7
Income tax benefit	(1.2)	(0.7)
Stock option expense, net of income taxes	4.9	4.0
Total stock-based compensation:		
Pretax compensation expense	16.6	12.8
Income tax benefit	(3.1)	(2.1)
Total stock-based compensation expense, net of income taxes	$ 13.5	$ 10.7

The following summarizes the unrecognized compensation cost for the Stock Plan awards as of April 2, 2021. This compensation cost is expected to be recognized over a weighted average period of approximately two years, representing the remaining service period related to the awards. Future compensation amounts will be adjusted for any changes in estimated forfeitures ($ in millions):

Stock Awards	$ 105.0
Stock options	67.7
Total unrecognized compensation cost	$ 172.7

NOTE 11. COMMITMENTS AND CONTINGENCIES

For a description of our litigation and contingencies and additional information about our leases, refer to Note 16 and Note 10, respectively, in our 2020 Annual Report on Form 10-K.

Warranty

We generally accrue estimated warranty costs at the time of sale. In general, manufactured products are warranted against defects in material and workmanship when properly used for their intended purpose, installed correctly, and appropriately maintained. Warranty period terms depend on the nature of the product and range from 90 days up to the life of the product. The amount of the accrued warranty liability is determined based on historical information such as past experience, product failure rates or number of units repaired, estimated cost of material and labor, and, in certain instances, estimated property damage. The accrued warranty liability is reviewed on a quarterly basis and may be adjusted as additional information regarding expected warranty costs becomes known.

The following is a rollforward of our accrued warranty liability ($ in millions):

Balance, December 31, 2020	$	24.9
Accruals for warranties issued during the period		5.3
Settlements made		(3.7)
Additions due to acquisitions		—
Effect of foreign currency translation		(0.1)
Balance, April 2, 2021	$	26.4

Leases

Operating lease cost was $15 million and $16 million for the three month periods ended April 2, 2021 and March 27, 2020, respectively. During the three-month periods ended April 2, 2021 and March 27, 2020, cash paid for operating leases included in operating cash flows was $16 million and $14 million, respectively. Right-of-use assets obtained in exchange for operating lease obligations were $9 million and $7 million during the three month periods ended April 2, 2021 and March 27, 2020, respectively.

As of April 2, 2021, we had entered into operating leases for which the lease had not yet commenced. These operating leases will commence in 2021 with lease terms between 1 and 3 years and have aggregate fixed payments of the non-cancelable lease terms of $1 million.

NOTE 12. NET EARNINGS PER SHARE

Basic net earnings per share ("EPS") is calculated by dividing net earnings attributable to common stockholders by the weighted average number of shares of common stock outstanding for the applicable period. Diluted EPS is similarly calculated, except that the calculation includes the dilutive effect of the assumed issuance of shares under stock-based compensation plans under the treasury stock method, except where the inclusion of such shares would have an anti-dilutive impact. There were 0.1 million anti-dilutive options excluded from the diluted EPS calculation for the three month period ended April 2, 2021 and 5.7 million of anti-dilutive options excluded from the diluted EPS calculation for the three month period ended March 27, 2020.

As described in Note 6, upon conversion of the Convertible Notes, holders will receive cash, shares of our common stock, or a combination thereof, at our election. Our intention is to settle such conversions through cash up to the principal amount of the Convertible Notes and, if applicable, through shares of our common stock for conversion value, if any, in excess of the principal amount of the Convertible Notes. We believe we have the ability to settle these obligations as intended, and therefore we have accounted for the conversion features under the treasury stock method in our calculation of EPS. Because the fair value of our common stock is below the conversion price, the Convertible Notes had no impact on our earnings per share for the three month periods ended April 2, 2021 and March 27, 2020.

The impact of our Mandatory Convertible Preferred Stock ("MCPS") calculated under the if-converted method was anti-dilutive for the three month period ended April 2, 2021, and 20.0 million shares were excluded from the diluted EPS calculation. The impact of our MCPS calculated under the if-converted method was anti-dilutive for the three month period ended March 27, 2020, and 18.4 million shares were excluded from the diluted EPS calculation.

Information related to the calculation of net earnings per share of common stock is summarized as follows ($ and shares in millions, except per share amounts):

	Three Months Ended	
	April 2, 2021	March 27, 2020
Numerator		
Net earnings from continuing operations	$ 111.7	$ 54.8
Mandatory convertible preferred stock cumulative dividends	(17.3)	(17.3)
Net earnings attributable to common stockholders from continuing operations	$ 94.4	$ 37.5
Denominator		
Weighted average common shares outstanding used in basic earnings per share	338.6	336.8
Incremental common shares from:		
Assumed exercise of dilutive options and vesting of dilutive Stock Awards	3.1	3.2
Weighted average common shares outstanding used in diluted earnings per share	341.7	340.0
Net earnings from continuing operations per common share - Basic	$ 0.28	$ 0.11
Net earnings from continuing operations per common share - Diluted	$ 0.28	$ 0.11

We declared and paid cash dividends per common share for both periods as presented below. We declared and paid the MCPS dividend in the first quarter of 2021, while the MCPS dividends for the first quarter of 2020 were declared and accrued as follows:

	Dividend Per Common Share	Amount ($ in millions)	Dividend per MCPS	Amount ($ in millions)
2021:				
First quarter	$ 0.07	$ 23.7	$ 12.50	$ 17.3
2020:				
First quarter	$ 0.07	$ 23.5	$ 12.50	$ 17.3

* The sum of the components of total dividends paid may not equal the total amount due to rounding.

NOTE 13. SEGMENT INFORMATION

We report our results in three separate business segments consisting of Intelligent Operating Solutions, Precision Technologies, and Advanced Healthcare Solutions. Our chief operating decision maker assesses performance and allocates resources based on our operating segments, which are also our reportable segments. Operating profit amounts in the Other category consist of unallocated corporate costs and other costs not considered part of our evaluation of reportable segment operating performance. Our segment results are as follows ($ in millions):

	Three Months Ended	
	April 2, 2021	March 27, 2020
Sales:		
Intelligent Operating Solutions	$ 510.9	$ 466.7
Precision Technologies	447.4	391.3
Advanced Healthcare Solutions	300.9	250.1
Total	$ 1,259.2	$ 1,108.1
Operating Profit:		
Intelligent Operating Solutions	$ 108.1	$ 81.1
Precision Technologies	95.9	73.5
Advanced Healthcare Solutions	18.9	(15.8)
Other	(25.3)	(23.4)
Total Operating Profit	197.6	115.4
Interest expense, net	(27.7)	(38.6)
Loss on extinguishment of debt	(104.9)	—
Gain on investment in Vontier Corporation	57.0	—
Other non-operating expense, net	(3.3)	(4.5)
Earnings from continuing operations before income taxes	$ 118.7	$ 72.3

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Fortive Corporation ("Fortive," the "Company," "we," "us," or "our") is a provider of essential technologies for connected workflow solutions across a range of attractive end-markets. Our well-known brands hold leading positions in intelligent operating solutions, precision technologies, and advanced healthcare solutions. Our businesses design, develop, service, manufacture, and market professional and engineered products, software, and services for a variety of end markets, building upon leading brand names, innovative technologies, and significant market positions. Our research and development, manufacturing, sales, distribution, service, and administrative facilities are located in more than 50 countries across North America, Asia Pacific, Europe, and Latin America.

On October 9, 2020 (the "Distribution Date"), the Company completed the separation of its Industrial Technologies segment by distributing 80.1% of the outstanding shares of Vontier Corporation ("Vontier"), the entity incorporated to hold such businesses, to Fortive stockholders (the "Vontier Separation") on a pro rata basis. To effect the Vontier Separation, the Company distributed to its stockholders two shares of Vontier common stock for every five shares of the Company's common stock outstanding held on September 25, 2020, the record date for the distribution, with the Company retaining 19.9% of the shares of Vontier common stock immediately following the Vontier Separation (the "Retained Vontier Shares").

On January 19, 2021, we completed an exchange (the "Debt-for-Equity Exchange") of 33.5 million shares of Vontier common stock, representing all of the Retained Vontier Shares, for $1.1 billion in aggregate principal amount of indebtedness of the Company held by Goldman Sachs & Co.

The accounting requirements for reporting the Vontier business as a discontinued operation were met when the Vontier Separation was completed. Accordingly, the consolidated financial statements reflect the results of the Vontier business as a discontinued operation for all periods presented. Fortive did not retain a controlling interest in Vontier and therefore the Retained Vontier Shares were included in our assets of continuing operations as of December 31, 2020 and subsequent fair value changes in the Retained Vontier Shares prior to the Debt-for-Equity Exchange are included in our results from continuing operations for the three month period ended April 2, 2021.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of our financial statements with a narrative from the perspective of management. The following discussion should be read in conjunction with the MD&A and consolidated financial statements included in our 2020 Annual Report on Form 10-K. Our MD&A is divided into five sections:

- Information Relating to Forward-Looking Statements
- Overview
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Estimates

INFORMATION RELATING TO FORWARD-LOOKING STATEMENTS

Certain statements included or incorporated by reference in this quarterly report, in other documents we file with or furnish to the Securities and Exchange Commission ("SEC"), in our press releases, webcasts, conference calls, materials delivered to shareholders and other communications, are "forward-looking statements" within the meaning of the United States federal securities laws. All statements other than historical factual information are forward-looking statements, including without limitation statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, our liquidity position or other financial measures; management's plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions, divestitures, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets we sell into, including the expected impact of trade and tariff policies; new or modified laws, regulations and accounting pronouncements; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; foreign currency exchange rates and fluctuations in those rates; impact of changes to tax laws; general economic and capital markets conditions; the timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that we intend or believe will or may occur in the future. Terminology such as "believe," "anticipate," "should," "could," "intend," "will," "plan," "expect," "estimate," "project," "target," "may," "possible," "potential," "forecast" and "positioned" and similar references to future periods are intended to identify forward-looking statements, although not all forward-looking statements are accompanied by such words.

Forward-looking statements are based on assumptions and assessments made by our management in light of their experience and perceptions of historical trends, current conditions, expected future developments, and other factors they believe to be appropriate. Forward-looking statements are not guarantees of future performance and actual results may differ materially from the results, developments and business decisions contemplated by our forward-looking statements. Accordingly, you should not place undue reliance on any such forward-looking statements. Important factors that could cause actual results to differ materially from those envisaged in the forward-looking statements include the following:

Risk Related to Our Business Operations

- Significant uncertainty remains about how the COVID-19 pandemic may impact our global operations and the operations of our customers, suppliers, and vendors.
- Conditions in the global economy, the markets we serve and the financial markets may adversely affect our business and financial statements.
- Our growth could suffer if the markets into which we sell our products and services decline, do not grow as anticipated, or experience cyclicality.
- We face intense competition and if we are unable to compete effectively, we may experience decreased demand and decreased market share. Even if we compete effectively, we may be required to reduce prices for our products and services.
- Our growth depends in part on the timely development and commercialization and customer acceptance of new and enhanced products and services based on technological innovation.
- If we are unable to recruit and retain key employees, our business may be harmed.
- A significant disruption in, or breach in security of, our information technology systems could adversely affect our business.
- Defects and unanticipated use or inadequate disclosure with respect to our products (including software) or services could adversely affect our business, reputation, and financial statements.
- Adverse changes in our relationships with, or the financial condition, performance, purchasing patterns, or inventory levels of, key distributors and other channel partners could adversely affect our financial statements.
- Our financial results are subject to fluctuations in the cost and availability of commodities or components that we use in our operations.
- If we cannot adjust our manufacturing capacity or the purchases required for our manufacturing activities to reflect changes in market conditions and customer demand, our profitability may suffer.

- Our reliance upon sole or limited sources of, or any delay in, supply for certain materials, components, and services could cause production interruptions, delays, and inefficiencies.
- Our restructuring actions could have long-term adverse effects on our business.
- Work stoppages, works council campaigns, and other labor disputes could adversely impact our productivity and results of operations.
- If we suffer loss to our facilities, supply chains, distribution systems, or information technology systems due to catastrophe or other events, our operations could be seriously harmed.
- If we do not or cannot adequately protect our intellectual property, or if third parties infringe our intellectual property rights, we may suffer competitive injury or expend significant resources enforcing our rights.
- Third parties may claim that we are infringing or misappropriating their intellectual property rights and we could suffer significant litigation expenses, losses, or licensing expenses or be prevented from selling products or services.
- We are subject to a variety of litigation and other legal and regulatory proceedings in the course of our business that could adversely affect our financial statements.

Risk Related to our International Operations

- International economic, political, legal, compliance, and business factors could negatively affect our financial statements.
- Trade relations between China and the United States could have a material adverse effect on our business and financial statements.
- Foreign currency exchange rates may adversely affect our financial statements.

Risk Related to Our Acquisitions, Investments, and Dispositions

- Any inability to consummate acquisitions at our anticipated rate and at appropriate prices could negatively impact our growth rate and stock price.
- Our acquisition of businesses, joint ventures, and strategic relationships could negatively impact our financial statements.
- The indemnification provisions of acquisition agreements by which we have acquired companies may not fully protect us and as a result we may face unexpected liabilities.
- Divestitures or other dispositions could negatively impact our business, and contingent liabilities from businesses that we have sold could adversely affect our financial statements.
- Potential indemnification liabilities to Vontier pursuant to the separation agreement could materially and adversely affect our businesses, financial condition, results of operations, and cash flows.

Risk Related to Regulatory and Compliance Matters

- Changes in industry standards and governmental regulations may reduce demand for our products or services or increase our expenses.
- Our reputation, ability to do business, and financial statements may be impaired by improper conduct by any of our employees, agents, or business partners.
- Our operations, products, and services expose us to the risk of environmental, health, and safety liabilities, costs, and violations that could adversely affect our reputation and financial statements.
- Our businesses are subject to extensive regulation; failure to comply with those regulations could adversely affect our financial statements and reputation.

Risk Related to Our Tax and Accounting Matters

- Changes in our effective tax rates or exposure to additional income tax liabilities or assessments could affect our profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods.
- We could incur significant liability if the separation and distribution of Vontier is determined to be a taxable transaction.
- Changes in U.S. generally accepted accounting principles in the United States ("GAAP") could adversely affect our reported financial results and may require significant changes to our internal accounting systems and processes.
- We may be required to recognize impairment charges for our goodwill and other intangible assets.

Risk Related to Our Financing Activities

- We have incurred a significant amount of debt, and our debt will increase further if we incur additional debt and do not retire existing debt.
- The interest rates on our credit facilities may be impacted by the phase out of the London Interbank Offered Rate ("LIBOR").

Risk Related to Shareholder Rights

- Certain provisions in our amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.
- Our amended and restated certificate of incorporation designates the state courts in the State of Delaware or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware, as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could discourage lawsuits against us and our directors and officers.

See "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for further discussion regarding reasons that actual results may differ materially from the results, developments, and business decisions contemplated by our forward-looking statements. Forward-looking statements speak only as of the date of the report, document, press release, webcast, call, materials or other communication in which they are made (or such earlier date as may be specified in such statement). We do 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.

OVERVIEW

General

Fortive is a multinational business with global operations with approximately 47% of our sales derived from customers outside the United States in 2020. As a company with global operations, our businesses are affected by worldwide, regional, and industry-specific economic and political factors. Our geographic and industry diversity, as well as the range of products, software, and services we offer, typically help limit the impact of any one industry or the economy of any single country (except for the United States) on our operating results. Given the broad range of products manufactured, software and services provided, and geographies served, we do not use any indices other than general economic trends to predict the overall outlook for the Company. Our individual businesses monitor key competitors and customers, including their sales, to the extent possible, to gauge relative performance and the outlook for the future.

As a result of our geographic and industry diversity, we face a variety of opportunities and challenges, including technological development in most of the markets we serve, the expansion and evolution of opportunities in high-growth markets, trends and costs associated with a global labor force, and consolidation of our competitors. We define high-growth markets as developing markets of the world experiencing extended periods of accelerated growth in gross domestic product and infrastructure which include Eastern Europe, the Middle East, Africa, Latin America, and Asia with the exception of Japan and Australia. We operate in a highly competitive business environment in most markets, and our long-term growth and profitability will depend, in particular, on our ability to expand our business across geographies and market segments, identify, consummate, and integrate appropriate acquisitions, develop innovative and differentiated new products, services, and software, expand and improve the effectiveness of our sales force, continue to reduce costs and improve operating efficiency and quality, attract relevant talent and retain, grow, and empower our talented workforce, and effectively address the demands of an increasingly regulated environment. We are making significant investments, organically and through acquisitions, to address technological change in the markets we serve and to improve our manufacturing, research and development, and customer-facing resources in order to be responsive to our customers throughout the world.

ASP Acquisition

On April 1, 2019 (the “Principal Closing Date”), we acquired the Advanced Sterilization Products business (“ASP”) of Johnson & Johnson, a New Jersey corporation (“Johnson & Johnson”) for an aggregate purchase price of $2.7 billion (the “Transaction”), subject to certain post-closing adjustments set forth in a Stock and Asset Purchase Agreement, dated effective as of June 6, 2018, between the Company and Ethicon, Inc., a New Jersey corporation (“Ethicon”) and a wholly owned subsidiary of Johnson & Johnson. ASP engages in the research, development, manufacture, marketing, distribution, and sale of low-temperature terminal sterilization and high-level disinfection products. Refer to Note 2 to the consolidated condensed financial statements for additional information regarding the Transaction.

Vontier Separation

On October 9, 2020 (the “Distribution Date”), the Company completed the separation of its Industrial Technologies segment by distributing 80.1% of the outstanding shares of Vontier Corporation (“Vontier”), the entity incorporated to hold such businesses, to Fortive stockholders (the “Vontier Separation”) on a pro rata basis. To effect the Vontier Separation, the Company distributed to its stockholders two shares of Vontier common stock for every five shares of the Company’s common stock outstanding held on September 25, 2020, the record date for the distribution, with the Company retaining 19.9% of the shares of Vontier common stock immediately following the Vontier Separation (the “Retained Vontier Shares”).

On September 29, 2020, Vontier entered into a credit agreement with a syndicate of banks and on the Distribution Date, Vontier drew down the full $1.8 billion available under their term loan facilities. Vontier used the proceeds to make payments to the Company, with $1.6 billion used as part of the consideration for the contribution of certain assets and liabilities to Vontier by the Company in connection with the Vontier Separation and $202 million used as an adjustment for excess cash balances remaining with Vontier (collectively, the “Cash Consideration”). We have used the Cash Consideration to repay certain outstanding indebtedness, make interest payments on certain debt instruments, and to pay certain of the Company’s regular, quarterly cash dividends.

On January 19, 2021, we completed an exchange (the “Debt-for-Equity Exchange”) of 33.5 million shares of common stock of Vontier, representing all of the Retained Vontier Shares, for $1.1 billion in aggregate principal amount of indebtedness of the Company held by Goldman Sachs & Co.

Refer to Note 11 of our 2020 Annual Report on Form 10-K and Note 6 to the consolidated condensed financial statements for the description of the debt repayments made subsequent to the Distribution Date. Interest expense and extinguishment costs related to the debt retired during the first quarter of 2021 is included in our results from continuing operations for the three month period ended April 2, 2021.

The accounting requirements for reporting the Vontier business as a discontinued operation were met when the Vontier Separation was completed. Accordingly, the consolidated condensed financial statements reflect the results of the Vontier business as a discontinued operation for all periods presented. Fortive did not retain a controlling interest in Vontier and therefore the Retained Vontier Shares were included in our assets of continuing operations as of December 31, 2020 and subsequent fair value changes in the Retained Vontier Shares prior to the Debt-for-Equity Exchange are included in our results from continuing operations for the three month period ended April 2, 2021.

In preparation for and executing the Vontier Separation, we incurred $26 million in Vontier stand-up and separation-related transaction costs during the three month period ended March 27, 2020, which were recorded in the Selling, general, and administrative expenses component of Earnings from discontinued operations, net of income taxes in the Consolidated Condensed Statements of Earnings. These stand-up and separation-related costs primarily relate to professional fees associated with preparation of regulatory filings and transaction execution and separation activities within finance, tax, legal, and information system functions.

In connection with the Vontier Separation, Fortive and Vontier entered into various agreements to effect the Vontier Separation and provide a framework for Vontier's relationship with Fortive after the Vontier Separation, including a transition services agreement, an employee matters agreement, a tax matters agreement, an intellectual property matters agreement, a Fortive Business System ("FBS") license agreement, and a stockholder's and registration rights agreement (the "Agreements"). These Agreements govern the Vontier Separation between Fortive and Vontier of the assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) of Fortive and its subsidiaries attributable to periods prior to, at and after the Vontier Separation and also govern certain relationships between Fortive and Vontier after the Vontier Separation. The impact of these services on our consolidated condensed financial statements was immaterial.

Segment Presentation

In light of the Vontier Separation, we changed our internal reporting structure on the first day of the fourth quarter, September 26, 2020, to reflect organizational and leadership changes that allow us to better assess the operational performance of and allocate resources to our businesses. Our chief operating decision maker assesses performance and allocates resources based on our new operating segments, which are also our new reportable segments. Our new reportable segments are comprised of Intelligent Operating Solutions, Precision Technologies, and Advanced Healthcare Solutions. All prior period segment information has been restated to reflect our new reportable segments.

Non-GAAP Measures

In this report, references to sales from existing businesses refers to sales from operations calculated according to generally accepted accounting principles in the United States ("GAAP") but 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. Sales from existing businesses should be considered in addition to, and not as a replacement for or superior to, sales, and may not be comparable to similarly titled measures reported by other companies.

Management believes that reporting the non-GAAP financial measure of sales from existing businesses provides useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our sales performance with our performance in prior and future periods and to our peers. We exclude the effect of acquisitions 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 from existing businesses because the impact of currency translation is not under management's control and is subject to volatility. Management believes the exclusion of the effect of acquisitions and divestitures and currency translation may facilitate the assessment of underlying business trends and may assist in comparisons of long-term performance. References to sales volume refer to the impact of both price and unit sales.

Business Performance and Outlook

Business Performance

A novel strain of coronavirus was declared a pandemic by the World Health Organization in March of 2020 ("COVID-19"). This outbreak surfaced in nearly all regions around the world in 2020, resulting in governments implementing strict measures to help contain or mitigate the spread of the virus, including quarantines, "shelter in place," and "stay at home" orders, travel restrictions, school and commercial facility closures, re-opening restrictions, among others (collectively "virus control measures"). These virus control measures have led to slowdowns or shutdowns for businesses deemed both "essential" and "non-essential" in affected areas, which caused significant disruption in the financial markets both globally and in the United States beginning in the first quarter of 2020, with the most notable impacts realized during the second quarter of 2020, and sequential improvement each quarter thereafter.

During the three month period ended April 2, 2021, overall global economic conditions have continued to improve as the distribution and administration of vaccinations in developed countries has led to easing of virus control measures and increased demand for our products and services. For the three month period ended April 2, 2021, aggregate year-over-year sales increased 13.6% driven by increased demand from our existing businesses, incremental sales from our recently acquired businesses, and changes in foreign currency exchange rates. Sales from existing businesses increased 9.1% during the three month period ended

April 2, 2021 as compared to the comparable period of 2020 reflecting positive, broad-based momentum and focused execution across our portfolio.

Geographically, year-over-year sales from existing businesses for the three month period ended April 2, 2021 increased at a mid-single digit rate for developed markets and at a rate in the high-teens in high-growth markets as we experienced growth in all geographies, led by more than 20% growth in Asia, which was largely driven by China, low-double digit rate growth in Europe, and low-single digit rate growth in North America.

COVID-19 impacted our businesses and operating results during the three month period ended March 27, 2020 more severely within certain geographies, most notably Asia, as virus control measures were deployed in that region in advance of the United States and Europe. Overall demand during the three month period ended March 27, 2020 was directly impacted with reduced year-over-year demand from customers operating in nonessential end-markets and impacted indirectly with reduced demand created by macroeconomic disruption or disruption in adjacent end markets. As such, the year-over-year comparisons for the three month period ended April 2, 2021 reflect the detrimental impacts of COVID-19 on our first quarter of 2020 results.

Outlook

Our results in the first quarter of 2021 indicate positive, broad-based momentum across our portfolio. Given the diverse nature of our businesses and the end-markets they serve, we believe certain of our businesses will continue recovering from the COVID-19 impacts in the second quarter of 2021, while we believe others will continue being relatively more sensitive, with varied rates of continued recovery as virus control measures ease. The businesses we believe will continue being relatively more resilient include our businesses with a greater proportion of recurring revenue, including our software as a service (“SAAS”) businesses that provide critical workflow solutions to their customers, certain healthcare businesses, and those with longer business cycles with strong backlogs. We believe our businesses that are more dependent on short-cycle industrial demand and production dynamics will continue sequentially recovering and experiencing strong demand; however, our future results may be impacted by the length, severity, and recurrence of virus control measures and the continued availability of antiviral medications and distribution and administration of vaccinations. We will continue deploying the Fortive Business System to help drive near-term performance and execute against our longer-term strategic initiatives. As such, we expect year-over-year global demand for our products and services to increase between 20% and 23% in the second quarter of 2021, reflecting both the continued momentum of our portfolio and the detrimental impacts of COVID-19 on our second quarter of 2020 results. For the year ending December 31, 2021, we expect demand to increase between 10% and 13%.

Despite widespread supply chain and logistics issues with port congestion and raw material and component shortages affecting multiple industries, we have successfully implemented solutions to support our near-term operations and have not experienced significant production material shortages, supply chain constraints, or distribution limitations materially impacting our operating results as of the filing date of this Report. We are continuing to evaluate and monitor the condition of our supply chain and the flow of raw materials in light of anticipated semiconductor industry shortages in future quarters and continued port congestion.

We continue to closely monitor the health of our employees and implement safety protocols at our facilities to help ensure their health and safety. In addition, we are continuing to monitor our suppliers and customers and their ability to maintain production capacity and meet our operational requirements. Individuals contracting or being exposed to COVID-19, or who are unable to report to work due to virus control measures, may significantly disrupt production throughout our supply chain and negatively impact our sales channels. Further, our customers may be directly impacted by business curtailments or market conditions, and may not be willing or able to accept shipments of products, may cancel orders, and may not be able to pay us on a timely basis.

COVID-19 created uncertainty in the financial markets in 2020, but as of the filing date of this Report, we have not experienced a significant impact on our financial position and liquidity. We continue to monitor the financial markets and general global economic conditions and if changes in financial markets or other areas of the economy adversely affect our access to the capital markets, we would expect to rely on a combination of available cash and existing available capacity under our credit facilities to provide short-term funding. Refer to the “Liquidity and Capital Resources” section for additional discussion.

Additionally, we are evaluating the impacts of the American Rescue Plan Act of 2021 on our business and the potential impacts of various investment and taxation policy initiatives in the United States and by the Organisation for Economic Co-operation and Development (“OECD”). As of the filing date of this Report, we are unable to quantify the anticipated impacts on our financial results for the year ending December 31, 2021, if any, and for future periods. We will continue monitoring these developments.

While we expect the positive, broad-based momentum across our portfolio to continue in the second quarter of 2021, we will continue deploying and applying the Fortive Business System to actively manage our supply chain and drive operating efficiencies, and continue collaborating with our customers and suppliers to minimize potential disruptions related to changes in economic conditions from the COVID-19 pandemic as well as any escalation of geopolitical uncertainties related to governmental policies toward international trade, monetary and fiscal policies, and relations between the U.S. and China, and the anticipated semiconductor component supply chain shortages. Additionally, we will continue actively managing our working capital with a focus on maximizing cash flows and cost efficiency and assessing market conditions and taking actions we deem necessary to appropriately position our businesses in light of the economic environment and geopolitical uncertainties.

RESULTS OF OPERATIONS

Sales Growth

The following table summarizes total aggregate year-over-year sales growth and the components of aggregate year-over-year sales growth during the three month period ended April 2, 2021 as compared to the comparable periods of 2020:

Components of Sales Growth

	% Change Three Months Ended April 2, 2021 vs. Comparable 2020 Period
Total revenue growth (GAAP)	**13.6 %**
Existing businesses (Non-GAAP)	9.1 %
Acquisitions (Non-GAAP)	1.9 %
Currency exchange rates (Non-GAAP)	2.6 %

Operating Profit Margins

Operating profit margin was 15.7% for the three month period ended April 2, 2021, an increase of 530 basis points as compared to 10.4% in the comparable period of 2020. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher year-over-year sales volumes from existing businesses and price increases, and to a lesser extent, lower year-over-year material costs and incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, which were partially offset by an unfavorable sales mix — favorable 240 basis points
- The year-over-year effect of acquired businesses, including amortization, and acquisition-related fair value adjustments to deferred revenue and inventory which were less in the three month period ended April 2, 2021 than those recognized in the comparable period in 2020 — favorable 70 basis points
- The year-over-year net effect of acquisition-related transaction costs which were less in the three month period ended April 2, 2021 than those recognized in the comparable period in 2020 — favorable 130 basis points
- The year-over-year effect of amortization from existing businesses — favorable 90 basis points

Business Segments

Sales by business segment for each of the periods indicated were as follows ($ in millions):

	Three Months Ended	
	April 2, 2021	March 27, 2020
Intelligent Operating Solutions	$ 510.9	$ 466.7
Precision Technologies	447.4	391.3
Advanced Healthcare Solutions	300.9	250.1
Total	$ 1,259.2	$ 1,108.1

INTELLIGENT OPERATING SOLUTIONS

Our Intelligent Operating Solutions segment provides leading solutions to accelerate industrial and facility reliability and performance, as well as compliance and safety across a range of vertical end markets, including manufacturing, process industries, healthcare, utilities and power, communications and electronics, among others. The businesses in our Intelligent Operating Solutions segment provide a broad and differentiated offering of instrumentation, sensors, software, and services to address these critical workflows for our customers.

Intelligent Operating Solutions Selected Financial Data

	Three Months Ended	
($ in millions)	April 2, 2021	March 27, 2020
Sales	$ 510.9	$ 466.7
Operating profit	108.1	81.1
Depreciation	6.6	10.1
Amortization	37.9	38.1
Operating profit as a % of sales	21.2 %	17.4 %
Depreciation as a % of sales	1.3 %	2.2 %
Amortization as a % of sales	7.4 %	8.2 %

Components of Sales Growth

	% Change Three Months Ended April 2, 2021 vs. Comparable 2020 Period
Total revenue growth (GAAP)	**9.5 %**
Existing businesses (Non-GAAP)	5.5 %
Acquisitions (Non-GAAP)	1.1 %
Currency exchange rates (Non-GAAP)	2.9 %

Year-over-year sales of products and services from existing businesses of Intelligent Operating Solutions increased 5.5% during the three month period ended April 2, 2021 as compared to the comparable period of 2020. The results during the three month period ended April 2, 2021 were driven by broad-based increases in demand, particularly from our industrial channel partners and critical workflow, safety, facilities, and maintenance SAAS product offerings, which were partially offset by declines in demand for portable gas detection instruments and a decline in demand for our industrial imaging products, as demand for those products was accelerated during the comparable period in 2020 for COVID-19 monitoring.

Geographically, demand from existing businesses in our Intelligent Operating Solutions segment increased in both developed and high growth markets during the three month period ended April 2, 2021 driven by growth in Asia, led by China, Europe, and Latin America. Year-over-year, demand from existing businesses in North America was relatively flat, but reflects sequential improvement from the fourth quarter of 2020.

Year-over-year price increases in our Intelligent Operating Solutions segment contributed 1.1% to sales growth during the three month period ended April 2, 2021 as compared to the comparable period of 2020, and is reflected as a component of the change in sales from existing businesses.

Operating profit margin increased 380 basis points during the three month period ended April 2, 2021 as compared to the comparable period of 2020. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher year-over-year sales volumes from existing businesses and price increases, and to a lesser extent, lower year-over-year material costs, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, and changes in foreign currency exchange rates — favorable 230 basis points
- The year-over-year effect of acquired businesses, including amortization, and acquisition-related fair value adjustments to deferred revenue and inventory which were less in the three month period ended April 2, 2021 than those recognized in the comparable period in 2020 — favorable 80 basis points
- The year-over-year effect of amortization from existing businesses — favorable 70 basis points

PRECISION TECHNOLOGIES

Our Precision Technologies segment supplies technologies to a broad set of vertical end markets, enabling our customers to accelerate the development of innovative products and solutions. We provide our customers with electrical test and measurement instruments and services, energetic material devices, and a broad portfolio of sensor and control system solutions.

Precision Technologies Selected Financial Data

	Three Months Ended	
($ in millions)	April 2, 2021	March 27, 2020
Sales	$ 447.4	$ 391.3
Operating profit	95.9	73.5
Depreciation	6.3	6.8
Amortization	4.3	4.5
Operating profit as a % of sales	21.4 %	18.8 %
Depreciation as a % of sales	1.4 %	1.7 %
Amortization as a % of sales	1.0 %	1.2 %

Components of Sales Growth

	% Change Three Months Ended April 2, 2021 vs. Comparable 2020 Period
Total revenue growth (GAAP)	**14.3 %**
Existing businesses (Non-GAAP)	12.1 %
Acquisitions (Non-GAAP)	— %
Currency exchange rates (Non-GAAP)	2.2 %

Year-over-year sales of products and services from existing businesses of Precision Technologies increased 12.1% during the three month period ended April 2, 2021 as compared to the comparable period of 2020. The year-over-year results were largely driven by broad-based demand for test and measurement instruments and sensing technologies in the industrial and semiconductor end markets, increased demand in the medical end market in critical environments air quality solutions, and to a lesser extent, increased demand for and shipments of energetic materials.

Geographically, demand from existing businesses in our Precision Technologies segment increased on a year-over-year basis in both developed and high-growth markets, as demand increased in all major geographies led by Asia, driven by strong growth in China, North America, and Western Europe.

Year-over-year price increases in our Precision Technologies segment contributed 0.9% to sales growth during the three month period ended April 2, 2021 as compared to the comparable period of 2020, and is reflected as a component of the change in sales from existing businesses.

Operating profit margin increased 260 basis points during the three month period ended April 2, 2021 as compared to the comparable period of 2020. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher year-over-year sales volumes from existing businesses, and to a lesser extent, price increases, lower year-over-year material costs, and incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, which were partially offset by an unfavorable sales mix and unfavorable foreign currency exchange rates — favorable 250 basis points
- The year-over-year effect of amortization from existing businesses — favorable 10 basis points

ADVANCED HEALTHCARE SOLUTIONS

Our Advanced Healthcare Solutions segment serves healthcare customers with enabling products and services for critical activities that help ensure safe, efficient, and timely healthcare. Through the Advanced Healthcare Solutions segment, we provide broad hardware and software portfolio offerings optimized around our end-users' most critical workflows, including instrument and device reprocessing, instrument tracking, cell therapy equipment design and manufacturing, biomedical test tools, radiation safety monitoring, and asset management.

Advanced Healthcare Solutions Financial Data

($ in millions)	Three Months Ended April 2, 2021	Three Months Ended March 27, 2020
Sales	$ 300.9	$ 250.1
Operating profit	18.9	(15.8)
Depreciation	5.5	2.7
Amortization	35.3	35.6
Operating profit as a % of sales	6.3 %	(6.3)%
Depreciation as a % of sales	1.8 %	1.1 %
Amortization as a % of sales	11.7 %	14.2 %

Components of Sales Growth

	% Change Three Months Ended April 2, 2021 vs. Comparable 2020 Period
Total revenue growth (GAAP)	**20.3 %**
Existing businesses (Non-GAAP)	10.9 %
Acquisitions (Non-GAAP)	7.1 %
Currency exchange rates (Non-GAAP)	2.3 %

Year-over-year sales of products and services from existing businesses of Advanced Healthcare Solutions increased 10.9% during three month period ended April 2, 2021 driven by increased demand for sterilization capital equipment, cell therapy equipment design and manufacturing, radiation safety monitoring, and surgical instrument tracking SAAS products. Year-over-year demand for consumables from our ASP business was relatively flat as increased demand for consumables related to growth of our capital installed base was mostly offset by declines in demand from lower than normal elective surgical procedure volumes. Several of our Advanced Healthcare Solutions businesses are impacted by elective surgical procedure volumes which decreased from pre-COVID-19 levels at a high-single digit rate across most major geographic markets during the first quarter of 2021. We expect surgical procedure volumes to sequentially improve throughout 2021 as COVID-19 patient hospitalizations decline, virus control measures ease, and elective surgical procedure volumes start returning to normal levels.

Geographically, demand from existing businesses in our Advanced Healthcare Solutions segment increased in both developed and high-growth markets, as growth in Asia, led by China, Western Europe, North America, and Japan more than offset declines in Latin America.

Year-over-year price increases in our Advanced Healthcare Solutions segment contributed 0.7% to sales growth during the three month period ended April 2, 2021 as compared to the comparable period of 2020, and is reflected as a component of the change in sales from existing businesses.

Operating profit margin increased 1,260 basis points during the three month period ended April 2, 2021 as compared to the comparable period of 2020. Year-over-year operating profit margin comparisons were favorably impacted by:

- Higher year-over-year sales volumes from existing businesses, and to a lesser extent, price increases, lower year-over-year material costs, and incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, which were partially offset by an unfavorable sales mix — favorable 230 basis points
- The year-over-year effect of acquired businesses, including amortization, and acquisition-related fair value adjustments to deferred revenue and inventory which were less in the three month period ended April 2, 2021 than those recognized in the comparable period in 2020 — favorable 190 basis points
- The year-over-year net effect of acquisition-related transaction costs which were less in the three month period ended April 2, 2021 than those recognized in the comparable period in 2020 — favorable 610 basis points
- The year-over-year effect of amortization from existing businesses — favorable 230 basis points

COST OF SALES AND GROSS PROFIT

($ in millions)	Three Months Ended April 2, 2021	Three Months Ended March 27, 2020
Sales	$ 1,259.2	$ 1,108.1
Cost of sales	(547.3)	(496.1)
Gross profit	$ 711.9	$ 612.0
Gross profit margin	56.5 %	55.2 %

The year-over-year increase in cost of sales during the three month period ended April 2, 2021, as compared to the comparable period in 2020, is due primarily to higher year-over-year sales volumes from existing businesses and incremental expenses from our recently acquired businesses, partially offset by lower year-over-year material costs and cost savings associated with restructuring and productivity improvement initiatives. Year-over-year changes in currency exchange rates increased cost of sales during the three month period ended April 2, 2021.

The year-over-year increase in gross profit and gross profit margin for the three month period ended April 2, 2021, as compared to the comparable period in 2020, is due primarily to higher year-over-year sales volumes, the favorable impacts of pricing improvements from existing businesses, incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives, and material cost and supply chain improvement actions, partially offset by an unfavorable sales mix and changes in foreign currency exchange rates.

OPERATING EXPENSES

($ in millions)	Three Months Ended April 2, 2021	Three Months Ended March 27, 2020
Sales	$ 1,259.2	$ 1,108.1
Selling, general and administrative (“SG&A”) expenses	428.1	415.8
Research and development (“R&D”) expenses	86.2	80.8
SG&A as a % of sales	34.0 %	37.5 %
R&D as a % of sales	6.8 %	7.3 %

SG&A expenses increased during the three months ended April 2, 2021 as compared to the comparable period of 2020 primarily due to incremental expenses from our recently acquired businesses, continued investments in our sales and marketing growth initiatives, and changes in foreign currency exchange rates that were partially offset by lower year-over-year costs associated with the integration of the ASP business and incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives.

On a year-over-year basis, SG&A expenses as a percentage of sales decreased 350 basis points during the three month period ended April 2, 2021 primarily due to demand for our products and services which grew at a faster rate than our fixed costs. Additionally, lower year-over-year costs associated with the integration of the ASP business and incremental year-over-year cost savings associated with restructuring and productivity improvement initiatives reduced SG&A expenses as a percentage of sales.

R&D expenses (consisting principally of internal and contract engineering personnel costs) increased during the three months ended April 2, 2021 as compared to the comparable periods of 2020 primarily due to targeted investments in key growth initiatives and innovation. On a year-over-year basis, R&D expenses as a percentage of sales decreased during the three month period ended April 2, 2021 reflecting demand for our products and services that grew at a faster rate than our investments in key growth initiatives and innovations.

INTEREST COSTS

For a discussion of our outstanding indebtedness, refer to Note 6 to the consolidated condensed financial statements.

Net interest expense for the three month period ended April 2, 2021 was $28 million compared to $39 million for the three month period ended March 27, 2020. The year-over-year decrease in interest expense was due to lower year-over-year average debt balances.

INCOME TAXES

Our effective tax rate for the three month period ended April 2, 2021 was 5.9% as compared to 24.2% for the three month period ended March 27, 2020. The year-over-year decrease in the effective tax rate for the three month period ended April 2, 2021 as compared to the three month period ended March 27, 2020 was due primarily to a permanent difference on the gain on our Retained Vontier Shares due to the tax-free treatment of our disposition of the shares through the Debt-for-Equity Exchange and increases in certain federal tax benefits, as well as tax costs incurred during the three month period ended March 27, 2020 associated with the repatriation of a portion of our previously reinvested earnings outside of the United States.

Our effective tax rate for both periods in 2021 and 2020 differs from the U.S. federal statutory rate of 21% due primarily to the positive and negative effects of the Tax Cuts and Jobs Act ("TCJA"), U.S. federal permanent differences, and the impact of credits and deductions provided by law. Specific to 2021, our effective tax rate also differs from the U.S. federal statutory rate of 21% due to a permanent difference on the gain on our Retained Vontier Shares due to the tax-free treatment of our disposition of the shares through the Debt-for-Equity Exchange. Specific to 2020, our effective tax rate also differs from the U.S. federal statutory rate of 21% due to the repatriation of a portion of our previously reinvested earnings outside of the United States.

COMPREHENSIVE INCOME

Comprehensive income increased by $172 million during the three month period ended April 2, 2021 as compared to the comparable period in 2020 due primarily to favorable changes in foreign currency translation adjustments of $102 million and net earnings that were higher by $68 million.

LIQUIDITY AND CAPITAL RESOURCES

We assess our liquidity in terms of our ability to generate cash to fund our operating, investing, and financing activities. We generate substantial cash from operating activities and believe that our operating cash flow and other sources of liquidity, which consist of access to bank loans, commercial paper, capital markets, and our revolving credit facility will be sufficient to allow us to continue funding and investing in our existing businesses, consummate strategic acquisitions, make interest and principal payments on our outstanding indebtedness, fulfill our contractual obligations, and manage our capital structure on a short and long-term basis.

In prior periods, we generally satisfied any short-term liquidity needs that are not met through operating cash flows and available cash through issuances of commercial paper under our U.S. dollar and Euro-denominated commercial paper programs ("Commercial Paper Programs"). Due to the volatility and disruption in the commercial paper markets during the first six months of 2020, we temporarily reduced our reliance on this source of funding, and consequently paid down and refinanced our outstanding commercial paper with a 364-day delayed-draw term loan due March 22, 2021 (the "Term Loan due March 2021") that was subsequently retired in the Debt-for-Equity Exchange. As of April 2, 2021, we had no borrowings outstanding under our commercial paper program.

Credit support for the Commercial Paper Programs is provided by a five-year $2.0 billion senior unsecured revolving credit facility that expires on November 30, 2023 (the "Revolving Credit Facility") which, to the extent not otherwise providing credit support for the commercial paper programs, can also be used for working capital and other general corporate purposes. As of April 2, 2021, no borrowings were outstanding under the Revolving Credit Facility.

The availability of the Revolving Credit Facility as a standby liquidity facility to repay maturing commercial paper is an important factor in maintaining the existing credit ratings of the Commercial Paper Programs when we have outstanding borrowings. We expect to limit any future borrowings under the Revolving Credit Facility to amounts that would leave sufficient credit available under the facility to allow us to borrow, if needed, and repay any outstanding commercial paper as it matures.

Overview of Cash Flows and Liquidity

Following is an overview of our cash flows and liquidity for the three month period ended April 2, 2021:

($ in millions)	Three Months Ended April 2, 2021	Three Months Ended March 27, 2020
Total operating cash provided by continuing operations	$ 152.0	$ 121.7
Payments for additions to property, plant and equipment	$ (8.4)	$ (26.2)
Cash paid for acquisitions, net of cash received	(0.2)	(1.1)
Total investing cash used in continuing operations	$ (8.6)	$ (27.3)
Net repayments of commercial paper borrowings	$ —	$ (382.8)
Proceeds from borrowings (maturities longer than 90 days), net of issuance costs of $1 million in 2020	—	373.8
Repayment of borrowings (maturities greater than 90 days)	(611.1)	(250.0)
Payment of common stock cash dividend to shareholders	(23.7)	(23.5)
Payment of mandatory convertible preferred stock cash dividend to shareholders	(17.3)	—
All other financing activities	(2.8)	0.3
Total financing cash used in continuing operations	$ (654.9)	$ (282.2)

Operating Activities

Operating cash flows from continuing operations can fluctuate significantly from period-to-period as working capital needs and the timing of payments for income taxes, pension funding, and other items impact reported cash flows.

Operating cash flows from continuing operations were approximately $152 million during the first three months of 2021, an increase of $30 million, or approximately 25%, as compared to the comparable period of 2020. The year-over-year change in operating cash flows from continuing operations was primarily attributable to the following factors:

- Operating cash flows were impacted by higher net earnings for the first three months of 2021 as compared to the comparable period in 2020. Net earnings for the three month period ended April 2, 2021 were impacted by a year-over-year increase in operating profit of $82 million, a decrease in net interest expense of $11 million associated with the repayment of debt, and a gain on the Retained Vontier Shares of $57 million that was partially offset by the loss on extinguishment of debt of $105 million. The gain on the Retained Vontier Shares and loss on the extinguishment of debt are non-cash items that impact net earnings without a corresponding impact to operating cash flows.

- The aggregate of accounts receivable, inventories, and trade accounts payable used $44 million of cash during the first three months of 2021 as compared to providing $14 million in the comparable period of 2020. The amount of cash flow generated from or used by the aggregate of accounts receivable, inventories, and trade accounts payable depends upon how effectively we manage the cash conversion cycle, which generally represents the number of days that elapse from the day we pay for the purchase of raw materials and components to the collection of cash from our customers, and can be significantly impacted by the timing of collections and payments in a period.

- The aggregate of prepaid expenses and other assets and accrued expenses and other liabilities used $77 million of cash during the first three months of 2021 as compared to using $58 million of cash in the comparable period of 2020. The year over year change was largely driven by various compensation and benefit payments.

Investing Activities

Investing cash flows from continuing operations consist primarily of cash paid for acquisitions and capital expenditures. Net cash used in investing activities from continuing operations decreased $19 million during the three month period ended April 2, 2021 as compared to the comparable period of 2020, due to year-over-year decreases in capital expenditures of $18 million largely due to higher spending in the comparable period in 2020 related to the integration of the ASP business.

Capital expenditures are made primarily for increasing capacity, replacing equipment, supporting product development initiatives, improving information technology systems, and purchasing equipment that is used in revenue arrangements with customers. For the year ending December 31, 2021, we expect capital spending to be in a range between approximately $75 million and $85 million, though actual expenditures will ultimately depend on business conditions.

Financing Activities and Indebtedness

Financing cash flows from continuing operations consist primarily of cash flows associated with the issuance of equity, the issuance and repayments of debt and commercial paper, and payments of quarterly cash dividends to shareholders.

Financing activities from continuing operations used cash of $655 million during the three month period ended April 2, 2021, reflecting the following transactions:

- On January 21, 2021, we repaid the remaining $316.8 million outstanding of the Delayed-Draw Term Loan Due 2020 using the cash proceeds received from Vontier in the Vontier Separation.
- On February 9, 2021, we repurchased $281 million of the 0.875% Convertible Senior Notes due 2022 using the remaining cash proceeds received from Vontier in the Separation and other cash on hand. In connection with the repurchase, we recorded a loss on debt extinguishment during the three months ended April 2, 2021 of $10.5 million.

In the comparable 2020 period, financing activities from continuing operations used $282 million of cash, reflecting borrowings from our Term Loan due March 2021, which were more than offset by repayments of commercial paper of $383 million and $250 million of our 2020 Term Loan.

On January 19, 2021, we completed the non-cash Debt-for-Equity Exchange of 33.5 million shares of common stock of Vontier, representing all of the Retained Vontier Shares, for $1.1 billion in aggregate principal amount of indebtedness of the Company held by Goldman Sachs & Co., including (i) all $400.0 million of the Term Loan due March 2021 and (ii) $683.2 million of the Term Loan due May 2021. We recorded a loss on extinguishment of the debt included in the Debt-for-Equity Exchange of $94.4 million in the three month period ended April 2, 2021.

Refer to Note 6 to the consolidated condensed financial statements for information regarding our financing activities and indebtedness.

Aggregate cash payments for preferred and common stock dividends paid to shareholders during the three month period ended April 2, 2021 were $41 million and are recorded as dividends to shareholders in the Consolidated Condensed Statement of Changes in Equity and the Consolidated Condensed Statement of Cash Flows.

On April 8, 2021, we declared a regular quarterly cash dividend of $0.07 per share payable on June 25, 2021 to common stockholders of record on May 28, 2021 and the final regular quarterly cash dividend of $12.50 per share on our MCPS payable on July 1, 2021 to preferred stockholders of record on June 15, 2021.

Cash and Cash Requirements

As of April 2, 2021, we held approximately $1.3 billion of cash and equivalents that were invested in highly liquid investment-grade instruments with a maturity of 90 days or less that yielded insignificant interest income during the three month period ended April 2, 2021. Approximately 50% of the $1.3 billion of cash and equivalents we held as of April 2, 2021 was held outside of the United States.

We have cash requirements to support working capital needs, capital expenditures and acquisitions, pay interest and service debt, pay taxes and any related interest or penalties, fund our pension plans as required, pay dividends to shareholders, and support other business needs or objectives. With respect to our cash requirements, we generally intend to use available cash and internally generated funds to meet these cash requirements, but in the event that additional liquidity is required, particularly in connection with acquisitions, we may also borrow under our commercial paper programs or credit facilities or enter into new credit facilities and either borrow directly thereunder or use such credit facilities to backstop additional borrowing capacity under our commercial paper programs. We also may from time to time access the capital markets, including to take advantage of favorable interest rate environments or other market conditions.

Foreign cumulative earnings remain subject to foreign remittance taxes. We have made an election regarding the amount of earnings that we do not intend to repatriate due to local working capital needs, local law restrictions, high foreign remittance costs, previous investments in physical assets and acquisitions, or future growth needs. For most of our foreign operations, we make an assertion regarding the amount of earnings in excess of intended repatriation that are expected to be held for indefinite reinvestment. No provisions for foreign remittance taxes have been made with respect to earnings that are planned to be reinvested indefinitely. The amount of foreign remittance taxes that may be applicable to such earnings is not readily determinable given local law restrictions that may apply to a portion of such earnings, unknown changes in foreign tax law that may occur during the applicable restriction periods caused by applicable local corporate law for cash repatriation, and the various tax planning alternatives we could employ if we repatriated these earnings.

As of April 2, 2021, we expect to have sufficient liquidity to satisfy our cash needs for the foreseeable future, including our cash needs in the United States.

CRITICAL ACCOUNTING ESTIMATES

There were no material changes during the three month period ended April 2, 2021 to the items we disclosed as our critical accounting estimates in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2020 Annual Report on Form 10-K.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our concentrations of credit risk arising from receivables from customers are limited due to the diversity of our customers. Our businesses perform credit evaluations of their customers’ financial conditions as appropriate and also obtain collateral or other security when appropriate.

Additional quantitative and qualitative disclosures about market risk appear in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Instruments and Risk Management,” in our 2020 Annual Report on Form 10-K. There were no material changes during the three month period ended April 2, 2021 to the information reported in our 2020 Annual Report on Form 10-K relating to our evaluation of interest rate, foreign currency exchange, and commodity price risk.

ITEM 4. CONTROLS AND PROCEDURES

Our management, with the participation of the President and Chief Executive Officer, and Senior Vice President and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on such evaluation, the President and Chief Executive Officer, and Senior Vice President and Chief Financial Officer, have concluded that, as of the end of such period, these disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the most recent completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1A. RISK FACTORS

Information regarding risk factors appears in “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Information Relating to Forward-Looking Statements,” in Part I - Item 2 of this Form 10-Q and in the “Risk Factors” section of our 2020 Annual Report on Form 10-K. There were no material changes during the quarter ended April 2, 2021 to the risk factors reported in the “Risk Factors” section of our 2020 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the fiscal quarter ended April 2, 2021, we acquired the following shares of the Company's common stock in settlement of the withholding obligations pertaining to vesting of our Restricted Stock Awards ("RSAs"):

Period	Total number of shares (or units) purchased [1]	Average price paid per share (or unit) [1]	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs
January 1 - January 31	—	—	N/A	N/A
February 1 - February 28	29,983	$ 67.53	N/A	N/A
March 1 - April 2	—	—	N/A	N/A
Total	29,983	$ 67.53	N/A	N/A

[1] In connection with the vesting of RSAs previously granted to the respective employees of the Company and in accordance with the terms of the Company's 2016 Stock Incentive Plan, the Company withheld 29,983 shares of the Company's common stock based on the corresponding closing price to offset tax withholding obligations that arose upon vesting of the RSAs.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Fortive Corporation (incorporated by reference to Exhibit 3.1 to Fortive Corporation's Current Report on Form 8-K filed on June 9, 2017, File No. 1-37654).
3.2	Amended and Restated Bylaws of Fortive Corporation (incorporated by reference to Exhibit 3.2 to Fortive Corporation's Current Report on Form 8-K filed on June 9, 2017, File No 1-37654).
3.3	Certificate of Designations of the 5.00% Mandatory Convertible Preferred Stock, Series A (incorporated by reference to Exhibit 3.1 to Fortive Corporation's Current Report on Form 8-K filed on June 29, 2018, File No 1-37654).
10.1	Form of Fortive Corporation Performance Stock Unit Agreement*
31.1	Certification of Chief Executive Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer, Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document (1) - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document (1)
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (1)
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (1)
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (1)
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (1)
104	The cover page from this Quarterly Report on Form 10-Q for the quarter ended April 2, 2021, formatted in Inline XBRL and contained in Exhibit 101

* Indicates management contract or compensatory plan, contract or arrangement.

(1) Exhibit 101 to this report includes the following documents formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Condensed Balance Sheets as of April 2, 2021 and December 31, 2020, (ii) Consolidated Condensed Statements of Earnings for the three month periods ended April 2, 2021 and March 27, 2020, (iii) Consolidated Condensed Statements of Comprehensive Income for the three month periods ended April 2, 2021 and March 27, 2020, (iv) Consolidated Condensed Statement of Changes in Equity for the three month periods ended April 2, 2021 and March 27, 2020, (v) Consolidated Condensed Statements of Cash Flows for the three month periods ended April 2, 2021 and March 27, 2020, and (vi) Notes to Consolidated Condensed Financial Statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FORTIVE CORPORATION:

Date: April 29, 2021	By:	/s/ Charles E. McLaughlin
		Charles E. McLaughlin Senior Vice President and Chief Financial Officer
Date: April 29, 2021	By:	/s/ Christopher M. Mulhall
		Christopher M. Mulhall Chief Accounting Officer

FORTIVE CORPORATION

2016 STOCK INCENTIVE PLAN

PERFORMANCE STOCK UNIT AGREEMENT

Unless otherwise defined herein, the terms defined in the Fortive Corporation 2016 Stock Incentive Plan (the "Plan") will have the same defined meanings in this Performance Stock Unit Agreement (the "Agreement").

I. NOTICE OF GRANT

Name:

The undersigned Participant has been granted an Award of Performance Stock Units, subject to the terms and conditions of the Plan and this Agreement, as follows (each of the following capitalized terms are defined terms having the meaning indicated below):

Date of Grant: Grant Date__
Target PSUs: Number of awards granted __

Performance Period: Grant Date through _________

Vesting Conditions: Per this Agreement (including Addendum A)

II. AGREEMENT

i. Grant of PSUs. Fortive Corporation (the "Company") hereby grants to the Participant named in this Notice of Grant (the "Participant"), an Award of Performance Stock Units (or "PSUs") subject to the terms and conditions of this Agreement and the Plan, which are incorporated herein by reference. In the event of a conflict between the terms and conditions of the Plan and this Agreement, the terms and conditions of the Plan shall prevail.

ii. Vesting.

(a) Vesting Schedule. Except as may otherwise be set forth in this Agreement or in the Plan, the Award shall vest with respect to the number of PSUs, if any, as determined pursuant to the terms of Addendum A (such terms are referred to herein as the "Vesting Conditions"); provided that (except as set forth in Sections 4(b) and 4(c) below) the Award shall not vest with respect to any PSUs under the terms of this Agreement unless the Participant continues to be actively employed with the Company or an Eligible Subsidiary from the Date of Grant through the date on which the Compensation Committee (the "Committee") of the Company's Board of Directors determines the number of PSUs that vest pursuant to the Vesting Conditions (the "Certification Date"). The Committee shall determine how many PSUs vest pursuant to the Vesting Conditions and such determination shall be final and conclusive. Until the Committee has made such a determination, none of the Vesting Conditions will be considered to have been satisfied. Such certification shall occur, if at all, no later than four (4) calendar months following the last day of the Performance Period (the "Certification End Date").

(b) Fractional PSU Vesting. In the event the Participant is vested in a fractional portion of a PSU (a "Fractional Portion"), such Fractional Portion will be rounded up and converted into a whole Share of Company Common Stock ("Share") and issued to the Participant.

iii. Form and Timing of Payment; Conditions to Issuance of Shares.

(a) Form and Timing of Payment. The Award of PSUs represents the right to receive a number of Shares equal to the number of PSUs that vest pursuant to the Vesting Conditions. Prior to actual issuance of any Shares underlying the PSUs, such PSUs will represent an unsecured obligation of the Company, payable (if at all) only from the general assets of the Company. Subject to the other terms of the Plan and this Agreement, with respect to any PSUs that vest in accordance with this Agreement (other than in cases where the Participant dies during employment, which is addressed in Section 4(b) below), the underlying Shares (and related Dividend Equivalent Rights) will be paid to the Participant in whole Shares as soon as practicable (but in any event within 90 days) following the fourth anniversary of the commencement date of the Performance Period (the "Commencement Date"), and such payment shall not be conditioned on continuation of the Participant's active employment with the Company or an Eligible Subsidiary following the Certification Date. Shares shall not be issued under the Plan unless the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Committee may require the Participant to take any reasonable action in order to comply with any such rules or regulations.

(b) Acknowledgment of Potential Securities Law Restrictions. Unless a registration statement under the Securities Act covers the Shares issued upon vesting of a PSU, the Committee may require that the Participant agree in writing to acquire such Shares for investment and not for public resale or distribution, unless and until the Shares subject to the Award are registered under the Securities Act. The Committee may also require the Participant to acknowledge that he or she shall not sell or transfer such Shares except in compliance with all applicable laws, and may apply such other restrictions as it deems appropriate. The Participant acknowledges that the U.S. federal securities laws prohibit trading in the stock of the Company by persons who are in possession of material, non-public information, and also acknowledges and understands the other restrictions set forth in the Company's Insider Trading Policy.

iv. Termination of Employment.

(a) General. In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates for any reason (other than death, Early Retirement, Enhanced Retirement or Full Retirement) whether or not in breach of applicable labor laws, all PSUs that are unvested as of termination shall automatically terminate as of the date of termination and the Participant's right to receive further PSUs under the Plan shall also terminate as of the date of termination. The Committee shall have discretion to determine whether the Participant has ceased to be actively employed by (or, if the Participant is a consultant or director, has ceased actively providing services to) the Company or Eligible Subsidiary, and the effective date on which such active employment (or active service-providing relationship) terminated. The Participant's active employer-employee or other active service-providing relationship will not be extended by any notice period mandated under applicable law (*e.g.,* active employment shall not include a period of "garden leave", paid administrative leave or similar period pursuant to applicable law). Unless the Committee provides otherwise (1) termination of the Participant's employment will include instances in which the Participant is terminated and immediately rehired as an independent contractor, and (2) the spinoff, sale, or disposition of the

Participant's employer from the Company or an Eligible Subsidiary (whether by transfer of shares, assets or otherwise) such that the Participant's employer no longer constitutes an Eligible Subsidiary will constitute a termination of employment or service.

(b) Death.

(i) In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates (the date of any such termination (whether or not as a result of death) is referred to as the "Termination Date") as a result of death prior to the conclusion of the Performance Period, the Participant's estate will become vested in the portion of the Award determined by multiplying (1) the amount of Target PSUs (and related Dividend Equivalent Rights) subject to such Award, times (2) the quotient of the number of complete twelve-month periods between and including the Commencement Date and the Termination Date (provided that any partial twelve-month period between and including the Commencement Date and the Termination Date shall also be considered a complete twelve-month period for purposes of this pro-ration methodology), divided by the total number of twelve-month periods in the Performance Period. With respect to any PSUs that vest pursuant to this Section 4(b), the underlying Shares (and related Dividend Equivalent Rights) will be paid to the Participant's estate as soon as reasonably practicable (but in any event within 90 days) following the Participant's death.

(ii) In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates as a result of death following the conclusion of the Performance Period but prior to the date the Shares (and related Dividend Equivalent Rights) underlying vested PSUs are issued and paid, the underlying Shares (and related Dividend Equivalent Rights) will be paid to the Participant's estate as soon as reasonably practicable (but in any event within 90 days) following the later of (i) the Participant's death, and (ii) the Certification End Date.

(iii) For avoidance of doubt, in all other situations, if the Participant dies after the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates but prior to the date the Shares (and related Dividend Equivalent Rights) underlying vested PSUs are issued and paid, the underlying Shares (and related Dividend Equivalent Rights) will be paid to the Participant's estate as soon as reasonably practicable (but in any event within 90 days) following the fourth anniversary of the Commencement Date.

(c) Retirement.

(i) *Early Retirement.* In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates prior to the Certification Date as a result of Early Retirement, then the Participant will become vested in a number of PSUs (and related Dividend Equivalent Rights) determined by multiplying (1) the amount of PSUs actually earned pursuant to the Vesting Conditions (which shall be determined following completion of the Performance Period) by (2) the quotient of (A) the number of complete months between and including the Commencement Date and the Termination Date (provided that any partial month between and including the Commencement Date and the Termination Date shall also be considered a complete month for purposes of this pro-ration methodology), divided by (B) the total number of months in the Performance Period (such quotient is referred to as the "Retirement Proration Quotient"), provided that the Retirement Proration Quotient shall never be greater than 1.0. "Early Retirement" shall mean the Participant's voluntary termination of employment on or after attainment of age fifty-five (55) at a time when the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to sixty-five (65).

(ii) *Enhanced Retirement*. In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates prior to the Certification Date as a result of Enhanced Retirement, then the Participant will become vested in a number of PSUs (and related Dividend Equivalent Rights) determined by multiplying (1) the amount of PSUs actually earned pursuant to the Vesting Conditions (which shall be determined following the completion of the Performance Period) by (2) the Retirement Proration Quotient assuming for purposes of such formula that the Termination Date occurred on the one year anniversary of the Participant's actual Termination Date, provided that the Retirement Proration Quotient shall never be greater than 1.0. "Enhanced Retirement" shall mean the Participant's voluntary termination of employment on or after attainment of age sixty (60) at a time when the sum of the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to seventy (70).

(iii) *Full Retirement.* In the event the Participant's active employment or other active service-providing relationship with the Company or an Eligible Subsidiary terminates prior to the Certification Date as a result of Full Retirement, then the Participant will become vested in the total number of PSUs actually earned pursuant to the Vesting Conditions (which shall be determined following the completion of the Performance Period) as if the Participant had continued to be actively employed through the Certification Date. "Full Retirement" shall mean the Participant's voluntary termination of employment, either (1) on or after attainment of age sixty-two (62) at a time when the sum of the Participant's age plus years of service with the Company or an Eligible Subsidiary is greater than or equal to eighty (80) or (2) Normal Retirement.

(d) Gross Misconduct. If the Participant's employment with the Company or an Eligible Subsidiary is terminated for Gross Misconduct, the Participant's unvested PSUs shall automatically terminate as of the time of termination without consideration. The Participant acknowledges and agrees that the Participant's termination of employment shall also be deemed to be a termination of employment by reason of the Participant's Gross Misconduct if, after the Participant's employment has terminated, facts and circumstances are discovered or confirmed by the Company that would have justified a termination for Gross Misconduct.

(e) Violation of Post-Employment Covenant. To the extent that any of the Participant's unvested PSUs remain outstanding under the terms of the Plan or this Agreement after the Termination Date, any unvested PSUs shall expire as of the date the Participant violates any covenant not to compete or other post-employment covenant that exists between the Participant on the one hand and the Company or any subsidiary of the Company, on the other hand.

(f) Substantial Corporate Change. Upon a Substantial Corporate Change, the Participant's unvested PSUs will terminate unless provision is made in writing in connection with such transaction for the assumption or continuation of the PSUs, or the substitution for such PSUs of any options or grants covering the stock or securities of a successor employer corporation, or a parent or subsidiary of such successor, with appropriate adjustments as to the number and kind of shares of stock and prices, in which event the PSUs will continue in the manner and under the terms so provided.

(g) Non-Transferability of PSUs. Unless the Committee determines otherwise in advance in writing, PSUs may not be transferred in any manner otherwise than by will or by the applicable laws of descent or distribution. The terms of the Plan and this Agreement shall be binding upon the executors, administrators, heirs and permitted successors and assigns of the Participant.

v. Amendment of PSUs or Plan.

(1) The Plan and this Agreement constitute the entire understanding of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof. The Participant expressly warrants that he or she is not accepting this Agreement in reliance on any promises, representations, or inducements other than those contained herein. The Company's Board may amend, modify or terminate the Plan or any Award in any respect at any time; provided, however, that modifications to this Agreement or the Plan that materially and adversely affect the Participant's rights hereunder can be made only in an express written contract signed by the Company and the Participant. Notwithstanding anything to the contrary in the Plan or this Agreement, the Company reserves the right to revise this Agreement and the Participant's rights under outstanding PSUs as it deems necessary or advisable, in its sole discretion and without the consent of the Participant, (1) upon a Substantial Corporate Change, (2) as required by law, or (3) to comply with Section 409A of the Internal Revenue Code of 1986 ("Section 409A") or to otherwise avoid imposition of any additional tax or income recognition under Section 409A in connection with this Award.

(b) The Participant acknowledges and agrees that if the Participant changes classification from a full-time employee to a part-time employee the Committee may in its sole discretion reduce or eliminate the Participant's unvested PSUs.

vi. Tax Obligations.

(a) Withholding Taxes. Regardless of any action the Company or any Subsidiary employing the Participant (the "Employer") takes with respect to any or all federal, state, local or foreign income tax, social insurance, payroll tax, payment on account or other tax related items ("Tax Related Items"), the Participant acknowledges that the ultimate liability for all Tax Related Items associated with the PSUs is and remains the Participant's responsibility and that the Company and the Employer (i) make no representations or undertakings regarding the treatment of any Tax Related Items in connection with any aspect of the PSUs, including, but not limited to, the grant or vesting of the PSUs, the delivery of the Shares, the subsequent sale of Shares acquired at vesting and the receipt of any dividends or dividend equivalents; and (ii) do not commit to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate the Participant's liability for Tax Related Items. Further, if the Participant is subject to tax in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to the relevant taxable event, the Participant shall pay or make adequate arrangements satisfactory to the Company and/or the Employer (in its sole discretion) to satisfy all withholding and payment on account obligations for Tax Related Items of the Company and/or the Employer. In this regard, the Participant authorizes the Company and the Employer, or either of them, in such entity's sole discretion, to satisfy the obligations with regard to all Tax Related Items legally payable by the Participant (with respect to the award granted hereunder as well as any equity awards previously received by the Participant under any Company stock plan) by one or a combination of the following: (i) requiring the Participant to pay Tax-Related Items in cash with a cashier's check or certified check or by wire transfer of immediately available funds; (ii) withholding cash from the Participant's wages or other compensation payable to the Participant by the Company and/or the Employer; (iii) arranging for the sale of Shares otherwise issuable to the Participant upon payment on the PSUs (on such other amount that will not cause adverse accounting consequences for the Company and is permitted under applicable withholding rules promulgated by the Internal Revenue Service or another applicable governmental entity), including the sale of Shares prior to such scheduled payment date; (iv) withholding from the proceeds of the sale of Shares acquired upon payment on the PSUs; or (v) withholding in Shares otherwise issuable to the Participant, provided that the Company withholds only the amount of Shares necessary to satisfy the minimum statutory withholding amount (or if there is no minimum statutory withholding amount, such amount as may be necessary to avoid adverse accounting treatment) using the Fair Market Value of the Shares on the date of the relevant taxable event. The Participant shall pay to the Company or the Employer any amount of Tax Related Items that the Company or the Employer may be required to withhold as a result of the Participant's participation in the Plan that are not satisfied by any of the means previously described. The Company may refuse to deliver the Shares to the Participant if the Participant fails to comply with the Participant's obligations in connection with the Tax Related Items as described in this Section.

(b) Code Section 409A. The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and be administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Participant shall not be considered to have separated from service with the Company for purposes of this Agreement and no payment shall be due to the Participant under this Agreement on account of a separation from service until the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Any payments described in this Agreement that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Agreement, to the extent that any amounts are payable upon a separation from service and such payment would result in accelerated taxation and/or tax penalties under Section 409A of the Code, such payment, under this Agreement or any other agreement of the Company, shall be made on the first business day after the date that is six (6) months following such separation from service (or death, if earlier). The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Grantee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

For purposes of making a payment under this Agreement, if any amount is payable as a result of a Substantial Corporate Change, such event must also constitute a "change in ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company within the meaning of Section 409A.

vii. Rights as Shareholder; Dividends. The Participant shall have no rights as a shareholder of the Company, no dividend rights (except as expressly provided in this Section 7 with respect to Dividend Equivalent Rights) and no voting rights with respect to the PSUs or any Shares underlying or issuable in respect of such PSUs until such Shares are actually issued to the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the stock certificate or book entry evidencing such Shares. If on or after the Date of Grant and prior to the date the Shares underlying vested PSUs are issued to the Participant the Board declares a cash dividend on the shares of Company Common Stock, the Participant will be credited with dividend equivalents equal to (i) the per share cash dividend paid by the Company on its Common Stock on the dividend payment date established by the Committee, multiplied by (ii) the total number of PSUs subject to the Award that vest (a "Dividend Equivalent Right"); provided that any Dividend Equivalent Rights credited pursuant to the foregoing provisions of this Section 7 shall be subject to the same vesting, payment and other terms, conditions and restrictions as the PSUs to which they relate and for the avoidance of doubt shall only vest and be paid if and when the PSUs to which such Dividend Equivalent Rights relate vest and the underlying shares are issued; and provided further that Dividend Equivalent Rights that vest and are paid shall be paid in cash.

viii. No Employment Contract. Nothing in the Plan or this Agreement constitutes an employment contract between the Company and the Participant and this Agreement shall not confer upon the Participant any right to continuation of employment or service with the Company or any of its Subsidiaries, nor shall this Agreement interfere in any way with the Company's or any of its Subsidiaries right to terminate the Participant's employment or service at any time, with or without cause (subject to any employment agreement the Participant may otherwise have with the Company or a Subsidiary thereof and/or applicable law).

ix. Board Authority. The Board and/or the Committee shall have the power to interpret this Agreement and to adopt such rules for the administration, interpretation and application of the Agreement as are consistent therewith and to interpret or revoke any such rules (including, but not limited to, the determination of whether any PSUs have vested). All interpretations and determinations made by the Board and/or the Committee in good faith shall be final and binding upon the Participant, the Company and all other interested persons and such determinations of the Board and/or the Committee do not have to be uniform nor do they have to consider whether Plan participants are similarly situated. No member of the Board and/or the Committee shall be personally liable for any action, determination or interpretation made in good faith with respect to this Agreement.

x. Headings. The captions used in this Agreement and the Plan are inserted for convenience and shall not be deemed to be a part of the PSUs for construction and interpretation.

xi. Electronic Delivery.

(a) If the Participant executes this Agreement electronically, for the avoidance of doubt the Participant acknowledges and agrees that his or her execution of this Agreement electronically (through an on-line system established and maintained by the Company or a third party designated by the Company, or otherwise) shall have the same binding legal effect as would execution of this Agreement in paper form. The Participant acknowledges that upon request of the Company he or she shall also provide an executed, paper form of this Agreement.

(b) If the Participant executes this Agreement in paper form, for the avoidance of doubt the parties acknowledge and agree that it is their intent that any agreement previously or subsequently entered into between the parties that is executed electronically shall have the same binding legal effect as if such agreement were executed in paper form.

(c) If the Participant executes this Agreement multiple times (for example, if the Participant first executes this Agreement in electronic form and subsequently executes this Agreement in paper form), the Participant acknowledges and agrees that (i) no matter how many versions of this Agreement are executed and in whatever medium, this Agreement only evidences a single Award relating to the number of PSUs set forth in the Notice of Grant and (ii) this Agreement shall be effective as of the earliest execution of this Agreement by the parties, whether in paper form or electronically, and the subsequent execution of this Agreement in the same or a different medium shall in no way impair the binding legal effect of this Agreement as of the time of original execution.

(d) The Company may, in its sole discretion, decide to deliver by electronic means any documents related to the PSUs, to participation in the Plan, or to future awards granted under the Plan, or otherwise required to be delivered to the Participant pursuant to the Plan or under applicable law, including but not limited to, the Plan, the Agreement, the Plan prospectus and any reports of the Company generally provided to shareholders. Such means of electronic delivery may include, but do not necessarily include, the delivery of a link to the Company's intranet or the internet site of a third party involved in administering the Plan, the delivery of documents via electronic mail ("e-mail") or such other means of electronic delivery specified by the Company. By executing this Agreement, the Participant hereby consents to receive such documents by electronic delivery. ***At the Participant's written request to the Secretary of the Company, the Company shall provide a paper copy of any document at no cost to the Participant.***

xii. ***Data Privacy. This Section 12 provides important information about the Company's use of personal information about the Participant. For the purposes of applicable data privacy laws the data controller is Fortive Corporation with registered offices at 6920 Seaway Blvd, Everett, Washington 98203. Participants should read the information below carefully:***

(1) ***Uses of Data and Legal Basis. In order to implement, administer and manage the Participant's participation in the Plan it will be necessary for the Company to collect, use and transfer, in electronic or other form, the Participant's Data, (as defined below) by and among, as applicable, the Employer, the Company and its Subsidiaries. . The use of the Participant's Data for these purposes is necessary for the performance of the Plan and for the Company to fulfil its contractual commitments to the Participant. The Participant's refusal to provide the Data set out in subsection (b) below may affect the Participant's ability to participate in the Plan.***

(2) Categories of Data. In order to implement, administer and manage the Participant's participation in the Plan Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number (e.g., resident registration number), salary, nationality, and job title, any shares of stock or directorships held in the Company, details of the PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data").

(3) Sharing and Transferring Data. In order to implement, administer and manage the Participant's participation in the Plan, the Participant's Data may be transferred to Fidelity Stock Plan Services and its affiliated companies, or such other stock plan service provider or any other third party (as may be selected by the Company in the future) which is assisting the Company with the implementation, administration and management of the Plan. Data may also be shared with a broker or other third party with whom the Participant may elect to deposit any Shares acquired upon vesting of the PSUs. The recipients of the Data may be located in the Participant's country or elsewhere, and the recipient's country (e.g., the United States) may have different data privacy laws and protections than the Participant's country. Where this is the case, the Company will take steps to put in place appropriate safeguards in respect of the Participant's Data. Under the data privacy laws of certain countries, the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative.

(4) Retention and Legal Rights. ***Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. Under the data privacy laws of certain countries the Participant may , request access to and receive a copy of Data, request additional information about the storage and processing of Data, require any necessary amendments to Data in any case without cost, by contacting in writing his or her local human resources representative. The Company will handle such requests in accordance with applicable law and there may therefore be legal reasons why the Company cannot grant the Participant's request.***

For more information, the Participant may contact his or her local human resources representative.

xiii. Waiver of Right to Jury Trial. Each party, to the fullest extent permitted by law, waives any right or expectation against the other to trial or adjudication by a jury of any claim, cause or action arising with respect to the PSUs or hereunder, or the rights, duties or liabilities created hereby.

xiv. Agreement Severable. In the event that any provision of this Agreement shall be held invalid or unenforceable, such provision shall be severable from, and such invalidity or unenforceability shall not be construed to have any effect on, the remaining provisions of this Agreement.

xv. Governing Law and Venue. The laws of the State of Delaware (other than its choice of law provisions) shall govern this Agreement and its interpretation. For purposes of litigating any dispute that arises with respect to the PSUs, this Agreement or the Plan, the parties hereby submit to and consent to the jurisdiction of the State of Delaware, and agree that such litigation shall be conducted in the courts of New Castle County, or the United States Federal court for the District of Delaware, and no other courts; and waive, to the fullest extent permitted by law, any objection that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in any such court is improper or that such proceedings have been brought in an inconvenient forum. Any claim under the Plan, this Agreement or any Award must be commenced by the Participant within twelve (12) months of the earliest date on which the Participant's claim first arises, or the Participant's cause of action accrues, or such claim will be deemed waived by the Participant.

xvi. Nature of PSUs. In accepting the PSUs, the Participant acknowledges and agrees that:

(a) the award of PSUs is voluntary and occasional and does not create any contractual or other right to receive future awards of PSUs, benefits in lieu of PSUs or other equity awards, even if PSUs have been awarded repeatedly in the past;

(b) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;

(c) the Participant's participation in the Plan is voluntary;

(d) the award of PSUs and the Shares subject to the PSUs, and the income and value of same, are an extraordinary item that (i) does not constitute compensation of any kind for services of any kind rendered to the Company or any Subsidiary, and (ii) is outside the scope of the Participant's employment or service contract, if any;

(e) the award of PSUs and the Shares subject to the PSUs, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or any Subsidiary;

(f) unless otherwise expressly agreed with the Company, the PSUs and Shares subject to the PSUs, and the income and value of same, are not granted as consideration for, or in connection with, any service the Participant may provide as a director of any Subsidiary;

(g) the award of PSUs and the Participant's participation in the Plan shall not be interpreted to form an employment or service contract with the Company or any Subsidiary of the Company;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) the value of the Shares acquired upon vesting/settlement of the PSUs may increase or decrease in value;

(j) in consideration of the award of PSUs, no claim or entitlement to compensation or damages shall arise from termination of the Award or from any diminution in value of the Award or Shares upon vesting of the Award resulting from termination of the Participant's employment or continuous service by the Company or any Subsidiary (for any reason whatsoever and whether or not in breach of applicable labor laws of the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any, and whether or not later found to be invalid) and in consideration of the grant of the Award, the Participant irrevocably releases the Company and any Subsidiary from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing the Agreement/electronically accepting the Agreement, the Participant shall be deemed irrevocably to have waived the Participant's entitlement to pursue or seek remedy for any such claim;

(k) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan or the Participant's acquisition or sale of the underlying Shares; and

(l) the Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

xvii. Language. If the Participant has received the Plan, this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise prescribed by applicable law.

xviii. Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

xix. Waiver. The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other participant.

xx. Insider Trading/Market Abuse Laws. The Participant acknowledges that, depending on the Participant's country, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or rights to Shares (e.g., PSUs) under the Plan during such times as the Participant is considered to have "inside information" regarding the Company (as defined by the laws in the Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant is advised to consult with his or her own personal legal and financial advisors on this matter.

xxi.Addendum B. The PSUs shall be subject to the special terms and provisions (if any) set forth in the Addendum B to this Agreement for the Participant's country of residence. Moreover, if the Participant relocates to one of the countries included in the Addendum B, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in any adverse accounting expense with respect to the PSUs. The Addendum B constitutes part of this Agreement. In addition, the Company reserves the right to impose other requirements on the PSU and any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan and provided the imposition of the term or condition will not result in any adverse accounting expense to the Company, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

xxii.Recoupment. The PSUs granted pursuant to this Agreement are subject to the terms of the Fortive Corporation Recoupment Policy as it exists from time to time (a copy of the Recoupment Policy as it exists from time to time is available on the Company's internal website) (the "Policy") if and to the extent such Policy by its terms applies to the PSUs, and to the terms required by applicable law; and the terms of the Policy and such applicable law are incorporated by reference herein and made a part hereof.

xxiii.Notices. The Company may, directly or through its third party stock plan administrator, endeavor to provide certain notices to the Participant regarding certain events relating to awards that the Participant may have received or may in the future receive under the Plan, such as notices reminding the Participant of the vesting or expiration date of certain awards. The Participant acknowledges and agrees that (1) the Company has no obligation (whether pursuant to this Agreement or otherwise) to provide any such notices; (2) to the extent the Company does provide any such notices to the Participant the Company does not thereby assume any obligation to provide any such notices or other notices; and (3) the Company, its affiliates and the third party stock plan administrator have no liability for, and the Participant has no right whatsoever (whether pursuant to this Agreement or otherwise) to make any claim against the Company, any of its affiliates or the third party stock plan administrator based on any allegations of, damages or harm suffered by the Participant as a result of the Company's failure to provide any such notices or the Participant's failure to receive any such notices.

xxiv.**Consent and Agreement With Respect to Plan. The Participant (1) acknowledges that the Plan and the prospectus relating thereto are available to the Participant on the website maintained by the Company's third party stock plan administrator; (2) represents that he or she has read and is familiar with the terms and provisions thereof, has had an opportunity to obtain the advice of counsel of his or her choice prior to executing this Agreement and fully understands all provisions of the Agreement and the Plan; (3) accepts these PSUs subject to all of the terms and provisions thereof; (4) consents and agrees to all amendments that have been made to the Plan since it was adopted in 2016 (and for the avoidance of doubt consents and agrees to each amended term**

reflected in the Plan as in effect on the date of this Agreement), and consents and agrees that all options, restricted stock units and PSUs, if any, held by the Participant that were previously granted under the Plan as it has existed from time to time are now governed by the Plan as in effect on the date of this Agreement (except to the extent the Committee has expressly provided that a particular Plan amendment does not apply retroactively); and (5) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Plan or this Agreement.

[*If the Agreement is signed in paper form, complete and execute the following:*]

PARTICIPANT **FORTIVE CORPORATION**

ADDENDUM A

PERFORMANCE VESTING REQUIREMENTS

1. Performance Criteria. For the avoidance of doubt, terms defined in the Agreement will have the same definition in this Addendum A. The number PSAs awarded hereunder that vest will be determined based on the Company's relative total shareholder return ("TSR") percentile for the Performance Period. The percentage of the Target PSAs (and related Dividend Equivalent Rights) that vest will be determined as follows:

TSR Percentile Rank	Percentage of Target PSAs That Will Vest on Vesting Date
75th percentile and above	200%
55th percentile	100%
35th percentile	50%
Below 35th percentile	0%

For TSR Percentile Rank performance for the Performance Period between the levels indicated above, the portion of the PSAs that vest will be determined on a straight-line basis (i.e., linearly interpolated) between the two nearest vesting percentages indicated above. The PSAs that do not vest will terminate. Notwithstanding the foregoing:

(a) if the Company's TSR for the Performance Period is positive, in no event shall less than twenty-five percent (25%) of the Target PSAs vest; and
(b) if the Company's TSR for the Performance Period is negative, in no event shall more than one hundred percent (100%) of the Target PSAs vest.

2. Definitions. For purposes of the Award, the following definitions will apply:

- "Beginning Price" means, with respect to the Company and any other Comparison Group member, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days ending with the last trading day before the beginning of the Performance Period. For the purpose of determining Beginning Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

- "Comparison Group" means the Company and each other company included in the Standard & Poor's 500 index on the first day of the Performance Period and, except as provided below, the common stock (or similar equity security) of which is continually listed or traded on a national securities exchange from the first day of the Performance Period through the last trading day of the Performance Period. In the event a member of the Comparison Group files for bankruptcy or liquidates due to an insolvency, such company shall continue to be treated as a Comparison Group member, and such company's Ending Price will be treated as $0 if the common stock (or similar equity security) of such company is no longer listed or traded on a national securities exchange on the last trading day of the Performance Period (and if multiple members of the Comparison Group file for bankruptcy or liquidate due to an insolvency, such members shall be ranked in order of when such bankruptcy or liquidation occurs, with earlier bankruptcies/

liquidations ranking lower than later bankruptcies/liquidations). In the event of a formation of a new parent company by a Comparison Group member, substantially all of the assets and liabilities of which consist immediately after the transaction of the equity interests in the original

- Comparison Group member or the assets and liabilities of such Comparison Group member immediately prior to the transaction, such new parent company shall be substituted for the Comparison Group member to the extent (and for such period of time) as its common stock (or similar equity securities) are listed or traded on a national securities exchange but the common stock (or similar equity securities) of the original Comparison Group member are not. In the event of a merger or other business combination of two Comparison Group members (including, without limitation, the acquisition of one Comparison Group member, or all or substantially all of its assets, by another Comparison Group member), the surviving, resulting or successor entity, as the case may be, shall continue to be treated as a member of the Comparison Group, provided that the common stock (or similar equity security) of such entity is listed or traded on a national securities exchange through the last trading day of the Performance Period. With respect to the preceding two sentences, the applicable stock prices shall be equitably and proportionately adjusted to the extent (if any) necessary to preserve the intended incentives of the awards and mitigate the impact of the transaction.

- "Ending Price" means, with respect to the Company and any other Comparison Group member, the average of the closing market prices of such company's common stock on the principal exchange on which such stock is traded for the twenty (20) consecutive trading days ending on the last trading day of the Performance Period. For the purpose of determining Ending Price, the value of dividends and other distributions shall be determined by treating them as reinvested in additional shares of stock at the closing market price on the ex-dividend date.

- "Performance Period" means the Performance Period specified in the Notice of Grant.

- "Target PSAs" means the target number of PSAs subject to the Award as specified in the Notice of Grant.

- "TSR" shall be determined with respect to the Company and any other Comparison Group member by dividing: (a) the sum of (i) the difference obtained by subtracting the applicable Beginning Price from the applicable Ending Price plus (ii) all dividends and other distributions on the respective shares with an ex-dividend date that falls during the Performance Period by (a) the applicable Beginning Price. Any non-cash distributions shall be valued at fair market value.

- "TSR Percentile Rank" means the percentile ranking of the Company's TSR among the TSRs for the Comparison Group members for the Performance Period. TSR Percentile Rank is determined by ordering the Comparison Group members (plus the Company if the Company is not one of the Comparison Group members) from highest to lowest based on TSR for the relevant Performance Period and counting down from the company with the highest TSR (ranked first) to the Company's position on the list.

Exhibit 31.1

Certification

I, James A. Lico, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fortive Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	April 29, 2021	By:	/s/ James A. Lico
			James A. Lico
			President and Chief Executive Officer

Exhibit 31.2

Certification

I, Charles E. McLaughlin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Fortive Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date:	April 29, 2021	By:	/s/ Charles E. McLaughlin
			Charles E. McLaughlin
			Senior Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, James A. Lico, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Fortive Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 2, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Fortive Corporation.

Date:	April 29, 2021	By:	/s/ James A. Lico
			James A. Lico
			President and Chief Executive Officer

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that Fortive Corporation specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles E. McLaughlin, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge, Fortive Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 2, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Fortive Corporation.

Date:	April 29, 2021	By:	/s/ Charles E. McLaughlin
			Charles E. McLaughlin
			Senior Vice President and Chief Financial Officer

This certification accompanies the Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that Fortive Corporation specifically incorporates it by reference.