



# Electrical Products Group Conference

Jim Lico | President & CEO

# FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES

Statements in this presentation that are not strictly historical, statements regarding the Company's anticipated earnings, business and acquisition opportunities, anticipated revenue growth, anticipated operating margin expansion, anticipated cash flow, economic conditions, future prospects, and any other statements identified by their use of words like “anticipate,” “expect,” “believe,” “outlook,” “guidance,” “target,” or “will” or other words of similar meaning are “forward-looking” statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things: deterioration of or instability in the economy, the markets we serve and the financial markets, contractions or lower growth rates and cyclicalities of markets we serve, competition, changes in industry standards and governmental regulations, our ability to successfully identify, consummate, integrate and realize the anticipated value of appropriate acquisitions and successfully complete divestitures and other dispositions, our ability to develop and successfully market new products, software, and services and expand into new markets, the potential for improper conduct by our employees, agents or business partners, contingent liabilities relating to acquisitions and divestitures, our compliance with applicable laws and regulations and changes in applicable laws and regulations, risks relating to international economic, political, legal, compliance and business factors, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, the impact of our debt obligations on our operations, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, our ability to adequately protect our intellectual property rights, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, our relationships with and the performance of our channel partners, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, security breaches or other disruptions of our information technology systems, adverse effects of restructuring activities, labor matters, disruptions relating to man-made and natural disasters, impact of our separation from Danaher on our operations or financial results, and impact of our indemnification obligation to Danaher. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2016. These forward-looking statements speak only as of the date of this presentation and Fortive does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

This presentation contains references to “adjusted diluted net earnings per share,” “core revenue growth,” “core operating margin expansion (core OMX)” and “free cash flow” which are, in each case, not presented in accordance with generally accepted accounting principles (“GAAP”).

Information required by Regulation G with respect to such non-GAAP financial measures can be found in the “Investors” section our website, [www.fortive.com](http://www.fortive.com), under the heading “Financial Information” and subheading “Quarterly Earnings.”

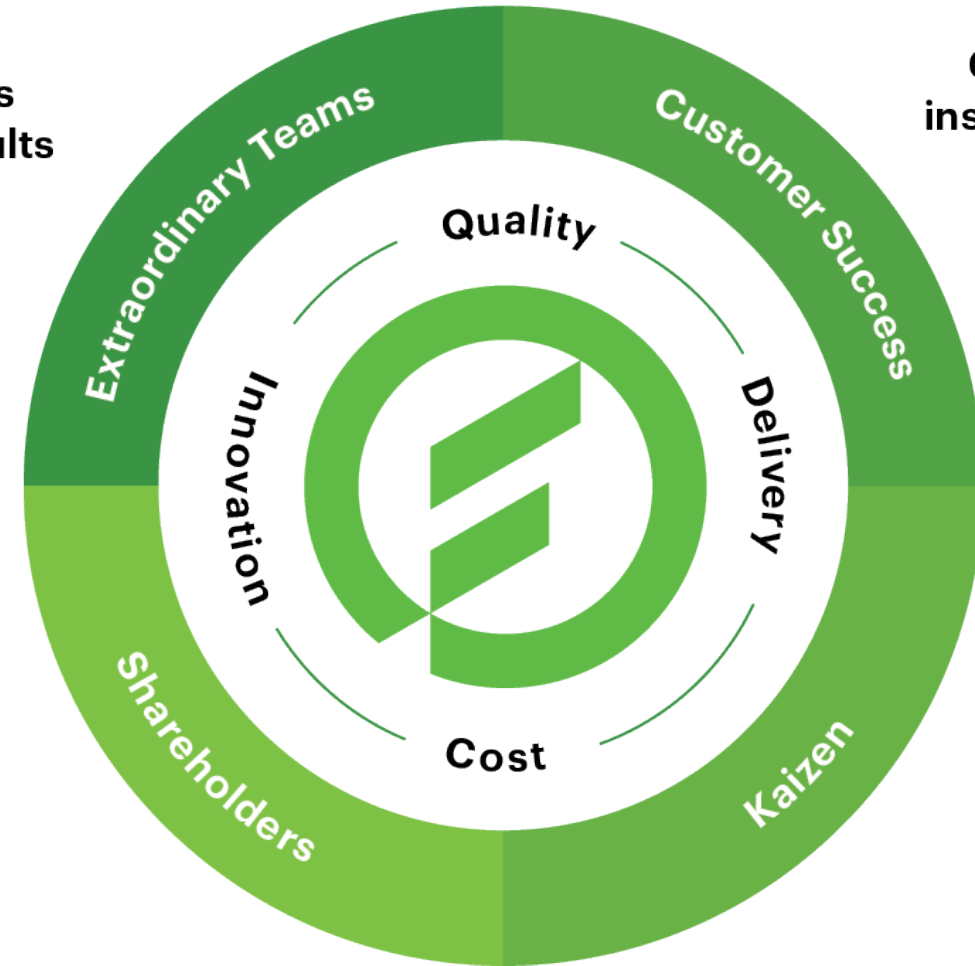
The historical non-GAAP financial measures should not be considered in isolation or as a substitute for the GAAP financial measures but should instead be read in conjunction with the corresponding GAAP financial measures.

# OUR SHARED PURPOSE

Essential technology for the people who accelerate progress.

**We build  
extraordinary teams  
for extraordinary results**

**Customer success  
inspires our innovation**



**We compete  
for shareholders**

**Kaizen  
is our way of life**

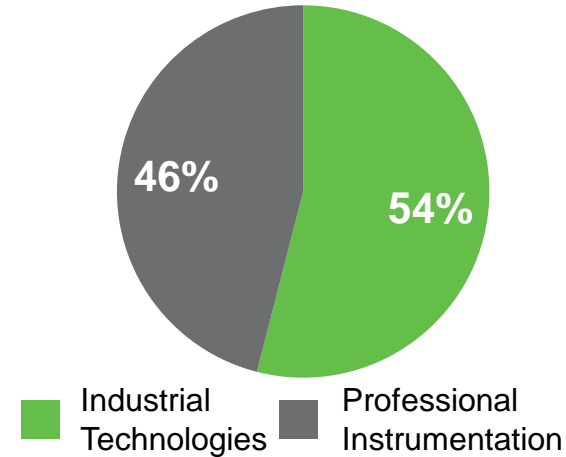
**Well Situated to Build an Enduring Culture**

# FORTIVE OVERVIEW

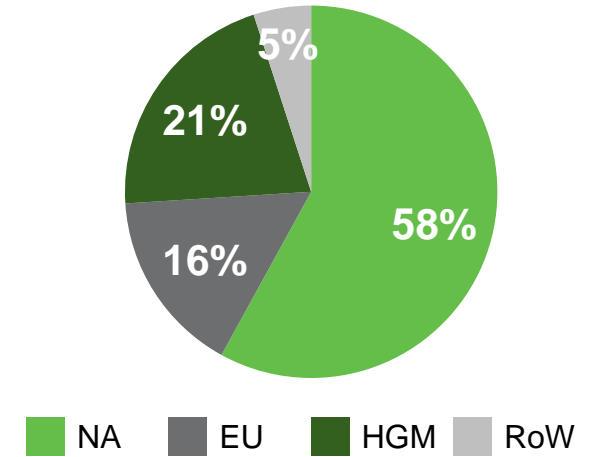
## 2016 Performance

<b>Revenue</b>	<b>Gross Margin</b>
<b>\$6.2B</b>	<b>~50%</b>
<b>Free Cash Flow</b>	<b>Operating Margin</b>
<b>FCF &gt; NI</b>	<b>~20%</b>

## Revenue By Business



## Revenue By Geography<sup>1</sup>



## Business Characteristics

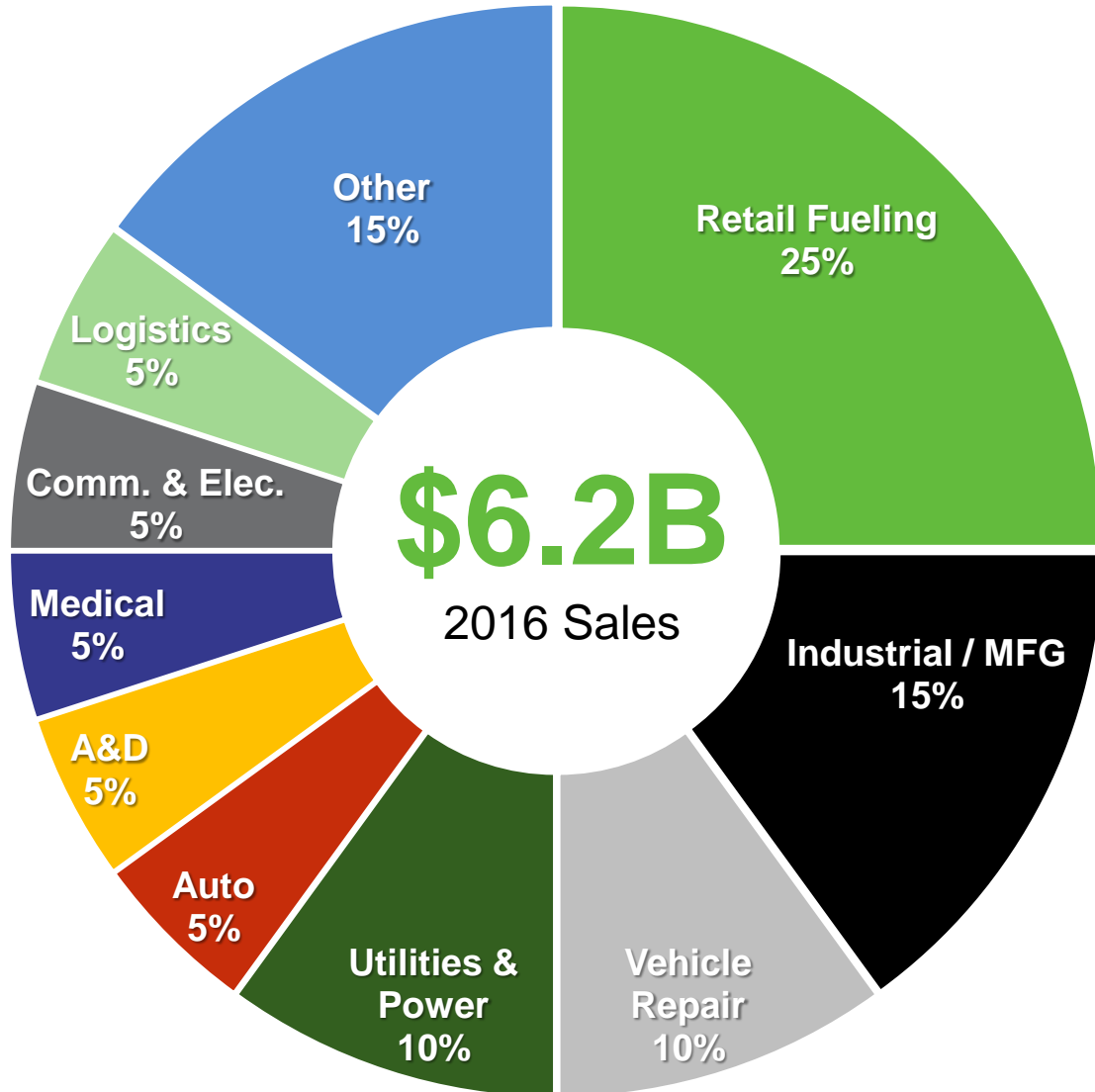
- Fortive Business System is cornerstone of culture and competitive advantage
- Experienced leadership team and Board of Directors
- Economic moat, leading brands and market positions
- Strong cash flow/conversion, capital allocation bias toward M&A
- Investment grade credit rating

## Growth Initiatives

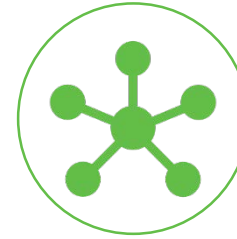
- Drive Digital, IoT
- Capture EMV Market Opportunity (nearer term)
- Expand in High Growth Markets
- Enhance Portfolio Growth

<sup>1</sup> NA is North America (56% in the U.S.), EU is Europe, HGM is High Growth Markets, RoW is Rest of World

# DIVERSIFIED PORTFOLIO WITH STRONG SECULAR TRENDS



## Secular Trends



Connected devices, software/SaaS, advanced analytics, condition-based monitoring



Digitalization/increasing vehicle complexity



Productivity, safety and security requirements



Increasing regulatory environment

*Estimated end-market split based on 2016 annual sales*

# FORTIVE TODAY

## Professional Instrumentation

Revenue	GM%	OP Margin
\$2.9B	>50%	22%

### Field Solutions\*



### Product Realization\*



### Sensing Technologies



## Industrial Technologies

Revenue	GM%	OP Margin
\$3.3B	>40%	20%

### Transportation Technologies



TELETRAC NAVMAN



### Automation & Specialty



### Franchise Distribution



All financial metrics based on 2016 annual results  
 \*Advanced Instrumentation & Solutions

# FBS DRIVES OUR BUSINESS

## Core Value Drivers

### Shareholders

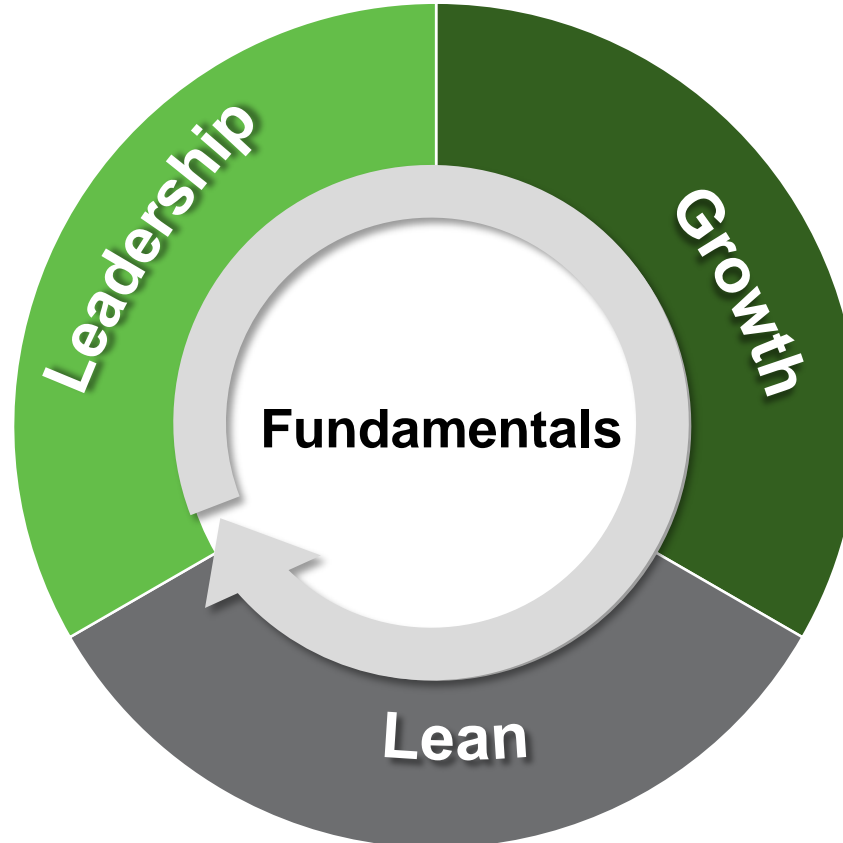
- Core Growth
- Cash Flow
- OMX
- ROIC

### Customers

- Quality (External PPM)
- On-time Delivery

### Employees

- Internal fill rate
- Turnover



## FBS Selected Tools

### Growth Tools

- Voice of Customer
- Speed Design Review
- Lean Software
- Transformative Marketing
- Funnel Management
- Digital Marketing

### Lean Tools

- Lean Conversion
- Fortive Materials System
- Fortive Reliability System

### Leadership

- Policy Deployment
- Accelerated Leadership Program
- Talent for Growth process

Note: "OMX" is Operating Margin Expansion; "WC" is Working Capital

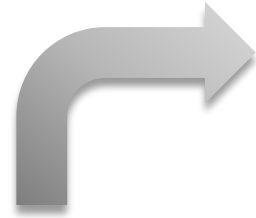
**FBS is the Cornerstone of our Culture and Competitive Advantage**

# KEY GROWTH DRIVERS

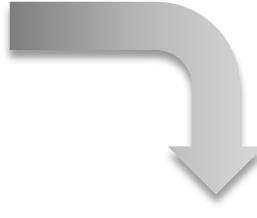




# THE FORTIVE FORMULA



**CORE REVENUE GROWTH**  
*GDP/GDP+*



**AND...**  
*Investment grade credit rating  
FBS at the core of what we do*

**Top Quartile  
Earnings Growth**

**MARGIN EXPANSION**  
*~50 bps core OMX*



**ACQUISITION GROWTH**  
*~\$1B FCF annually to start,  
spent primarily on M&A*



Note: All financial metrics reflect anticipated annual performance unless otherwise indicated

# INVEST WITH US



**Outstanding Portfolio With Market-leading Brands And Strong Secular Drivers**

**Deep Experience In Fortive Business System Drives Sales Growth, Margin Expansion And Talent Development**

**Strong Capital Structure, Superior FCF Generation, And Proven Playbook That Allows For Substantial M&A To Drive Long-term Value Creation**



**FORTIVE**