FORTIVE CORPORATION AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
AND OTHER INFORMATION

Adjusted Net Earnings, Adjusted Diluted Net Earnings per Share and Adjusted Estimated Effective Tax Rate

We disclose the non-GAAP measures of historical adjusted net earnings, historical and forecasted adjusted diluted net earnings per share and historical adjusted estimated effective tax rate, which make the following adjustments to GAAP net earnings, GAAP diluted net earnings per share and GAAP estimated effective tax rate:

- Excluding on a pretax basis amortization of acquisition-related intangible assets; and
- Excluding the tax effect of the adjustments noted above. The tax effect of such adjustments was calculated by applying our overall estimated effective tax rate to the pretax amount of each adjustment (unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment). We expect to apply our overall estimated effective tax rate to each adjustment going forward, and, as such, we are applying the estimated effective tax rate to each adjustment for the forecasted periods to facilitate comparisons in future periods; and
- Excluding adjustments made to the 2017 provisional amount estimated in connection with the Tax Cut and Jobs Act (the "TCJA").

If any additional subsequent adjustments are made in 2018 to the provisional amounts estimated for 2017 in connection with the TCJA, such adjustments will be reflected in the applicable GAAP financial measures corresponding to the reporting period during which such adjustments are determined. In the event of such adjustments to the provisional amounts, we will also exclude such adjustments in the non-GAAP historical adjusted net earnings, historical adjusted diluted net earnings per share, and historical free cash flow conversion ratio we disclose for the corresponding period (such exclusions, including such exclusions as noted above, the "TCJA Adjustments").

While we have a history of acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. We believe however that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible assets related to past acquisitions will recur in future periods until such intangible assets have been fully amortized.

The forecasted adjusted diluted net earnings per share does not reflect certain adjustments that are inherently difficult to predict or estimate due to their unknown timing, effect and/or significance, including, but not limited to, the TCJA Adjustments.

The TCJA Adjustments identified above have been excluded from the GAAP measures identified above because items of this nature and/or size occur with inconsistent frequency or occur for reasons that may be unrelated to our commercial performance during the period and/or because we believe the corresponding adjustments are useful in assessing our potential ongoing operating costs or gains in a given period. We will adjust for, and identify as significant, acquisition-related transaction costs, acquisition-related fair value adjustments to inventory and deferred revenue, and corresponding restructuring charges primarily related to acquisitions, in each case, incurred in a given period, if we determine that such costs and adjustments exceed the range of our typical transaction costs and adjustments, respectively, in a given period.

Management believes that these non-GAAP financial measures provide useful information to investors by reflecting additional ways of viewing aspects of our operations that, when reconciled to the corresponding GAAP measure, help our investors to understand the long-term profitability trends of our business, and facilitate comparisons of our profitability to prior and future periods and to our peers.

These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Core Financial Measures

We use the term "core" in the context of a revenue measure or an operating profit measure when referring to a corresponding GAAP measure excluding (1) the impact from acquired businesses and (2) with respect to core revenue measures, the impact of currency translation. References to sales or operating profit attributable to acquisitions or acquired businesses refer to GAAP sales or operating profit, as applicable, from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales or operating profit, as applicable, 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. These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

Management believes that these non-GAAP measures provide useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our operational performance with 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 measures because currency translation is not under management's control and is subject to volatility. We believe that such exclusions, when presented with the corresponding GAAP measures, may assist in assessing the business trends and making comparisons of long-term performance.

Free Cash Flow and Free Cash Flow Conversion Ratio

We use the term "free cash flow" when referring to cash provided by operating activities calculated according to GAAP less payments for additions to property, plant and equipment. In addition, we use the term "free cash flow conversion ratio" when we refer to the ratio of such non-GAAP free cash flow measure to net earnings calculated according to GAAP less, if applicable, any TCJA Adjustments. Management believes that such non-GAAP measure provides useful information to investors in assessing our ability to generate cash without external financing, fund acquisitions and other investments and, in the absence of refinancing, repay our debt obligations. However, it should be noted that free cash flow as a liquidity measure has material limitations because it excludes certain expenditures that are required or that we have committed to, such as debt service requirements and other non-discretionary expenditures. Such non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

Geographic Information

We are a global business with operations in both developed markets and high-growth markets. We define high-growth markets as Eastern Europe, the Middle East, Latin America and Asia with the exception of Japan and Australia. We define developed markets as all jurisdictions in which we operate other than the high-growth markets.

SECTION 1

Adjusted Net Earnings

($ in millions)	Three Months Ended March 30, 2018	Three Months Ended March 31, 2017
Net Earnings (GAAP)	**$ 261.2**	**$ 199.7**
Pretax amortization of acquisition-related intangible assets in the three months ended March 30, 2018 ($25 million pretax, $21 million after tax), and in the three months ended March 31, 2017 ($13 million pretax, $9 million after tax)	25.0	13.3
Tax effect of the adjustments reflected above	(4.5)	(3.6)
TCJA Adjustments	(4.2)	—
Adjusted Net Earnings (Non-GAAP)	**$ 277.5**	**$ 209.4**

Adjusted Diluted Net Earnings Per Share

	Three Months Ended March 30, 2018	Three Months Ended March 31, 2017
Diluted Net Earnings Per Share (GAAP)	**$ 0.74**	**$ 0.57**
Pretax amortization of acquisition-related intangible assets in the three months ended March 30, 2018 ($25 million pretax, $21 million after tax), and in the three months ended March 31, 2017 ($13 million pretax, $9 million after tax)	0.07	0.04
Tax effect of the adjustments reflected above	(0.01)	(0.01)
TCJA Adjustments	(0.01)	—
Adjusted Diluted Net Earnings Per Share (Non-GAAP)*	**$ 0.78**	**$ 0.60**

* The sum of the components of Adjusted Diluted Net Earnings Per Share may not equal the total amount due to rounding.

SECTION 2

Forecasted Adjusted Diluted Net Earnings Per Share

	Three Months Ending June 29, 2018		Year Ending December 31, 2018	
	Low End	**High End**	**Low End**	**High End**
Forecasted Diluted Net Earnings Per Share	**$ 0.80**	**$ 0.84**	**$ 3.18**	**$ 3.28**
Anticipated pretax amortization of acquisition-related intangible assets in the three months ending June 29, 2018 ($25 million pretax, $20 million after-tax) and year ending December 31, 2018 ($100 million pretax, $81 million after-tax)	0.07	0.07	0.28	0.28
Tax effect of the adjustment reflected above	(0.01)	(0.01)	(0.05)	(0.05)
TCJA Adjustments	—	—	(0.01)	(0.01)
Forecasted Adjusted Diluted Net Earnings Per Share	**$ 0.86**	**$ 0.90**	**$ 3.40**	**$ 3.50**

SECTION 3

Core Revenue Growth

Components of Revenue Growth	**% Change Three Months Ended March 30, 2018 vs. Comparable 2017 Period**
Total Fortive	
Total Revenue Growth (GAAP)	**13.4%**
Core (Non-GAAP)	2.6 %
Acquisitions (Non-GAAP)	7.3 %
Impact of currency translation (Non-GAAP)	3.5 %
Professional Instrumentation	
Total Revenue Growth (GAAP)	**21.7%**
Core (Non-GAAP)	5.5 %
Acquisitions (Non-GAAP)	12.2 %
Impact of currency translation (Non-GAAP)	4.0 %
Industrial Technologies	
Total Revenue Growth (GAAP)	**6.1%**
Core (Non-GAAP)	— %
Acquisitions (Non-GAAP)	3.0 %
Impact of currency translation (Non-GAAP)	3.1 %

SECTION 4

Year-over-Year Operating Profit Margins

		Segments	
	Total Fortive	**Professional Instrumentation**	**Industrial Technologies**
Three Month Period ended March 31, 2017 Operating Profit Margin (GAAP)	**19.3 %**	**22.1 %**	**18.7 %**
First quarter 2018 impact from operating profit margin of businesses that have been owned for less than one year (Non-GAAP)	(0.9)%	(1.5)%	(0.7)%
Year-over-year core operating margin changes for first quarter 2018 (defined as all year-over-year operating margin changes other than the changes identified in the line items above) (Non-GAAP)	1.0 %	3.1 %	0.2 %
Three Month Period ended March 30, 2018 Operating Profit Margin (GAAP)	**19.4 %**	**23.7 %**	**18.2 %**

SECTION 5

Ratio of Free Cash Flow to Net Earnings Excluding the TCJA Adjustments

($ in millions)	Three Months Ended	
	March 30, 2018	March 31, 2017
Free Cash Flow:		
Cash Flows from Operations (GAAP)	$ 171.0	$ 148.3
Less: purchases of property, plant & equipment (capital expenditures) from operations (GAAP)	(31.4)	(26.8)
Free Cash Flow (Non-GAAP)	$ 139.6	$ 121.5
Free Cash Flow Conversion Ratio:		
Net earnings (GAAP)	$ 261.2	$ 199.7
TCJA Adjustments (GAAP)	(4.2)	—
Net earnings excluding the TCJA Adjustments (Non-GAAP)	$ 257.0	$ 199.7
Free Cash Flow Conversion Ratio (Non-GAAP)	54%	61%

SECTION 6

Estimated Effective Tax Rate Excluding the Estimated Provisional TCJA Adjustments

	Three Months Ended	
	March 30, 2018	
Earnings before income taxes	$	312.9
Income tax expense		(51.7)
TCJA Adjustments		(4.2)
Estimated income tax expense excluding TCJA Adjustments	$	(55.9)
Estimated effective tax rate excluding the TCJA Adjustments (Non-GAAP)		**17.9%**

Adjusted Estimated Effective Tax Rate

	Three Months Ended			
	March 30, 2018		March 31, 2017	
Earnings before income taxes	$	312.9	$	272.3
Income tax expense	$	(51.7)	$	(72.6)
Estimated effective tax rate (GAAP)		**16.5%**		**26.7%**
Amortization of acquisition-related intangible assets	$	25.0	$	13.3
Pretax Adjusted Net Earnings (Non-GAAP)	**$**	**337.9**	**$**	**285.6**
Tax effect of the adjustments reflected above	$	(4.5)	$	(3.6)
TCJA Adjustments		(4.2)		—
Adjusted income tax expense	$	(60.4)	$	(76.2)
Adjusted estimated effective tax rate (Non-GAAP)		**17.9%**		**26.7%**