



Fortive Reports First Quarter 2019 Results

EVERETT, WA, April 25, 2019 - Fortive Corporation (“Fortive”) (NYSE: FTV) today announced results for the first quarter 2019.

For the first quarter ended March 29, 2019, net earnings from continuing operations attributable to common stockholders were \$146.7 million. For the same period, adjusted net earnings from continuing operations were \$245.6 million. Diluted net earnings per share from continuing operations for the first quarter ended March 29, 2019 were \$0.43. For the same period, adjusted diluted net earnings per share from continuing operations were \$0.69.

For the first quarter of 2019, revenues from continuing operations increased 6.7% year-over-year to \$1.6 billion, with core revenue growth of 3.7%.

James A. Lico, President and Chief Executive Officer, stated, “Our first quarter results provided a solid start to 2019, setting us up to deliver another year of strong double-digit earnings growth. Our first quarter performance was in line with our expectations, despite pressures from tariffs, foreign exchange rates, and some near-term headwinds in Professional Instrumentation. We also generated strong free cash flow growth of 31% for the quarter, reflecting the application of the Fortive Business System and the underlying vitality of our portfolio.”

For the second quarter of 2019, Fortive anticipates diluted net earnings per share from continuing operations to be in the range of \$0.47 to \$0.51 and adjusted diluted net earnings per share from continuing operations to be in the range of \$0.86 to \$0.90. For the full year 2019, Fortive expects diluted net earnings per share from continuing operations to be in the range of \$2.36 to \$2.46. For the full year 2019, Fortive expects adjusted diluted net earnings per share from continuing operations to be in the range of \$3.55 to \$3.65, which includes \$0.20 from the Advanced Sterilization Products business. The updated full year 2019 adjusted diluted net earnings per share guidance also includes a reduction of \$0.05 to reflect the impact of the recently announced transaction combining the Tektronix video test and monitoring business with Telestream.

Mr. Lico added, “On April 1st, we closed the acquisition of the Advanced Sterilization Products business from Johnson & Johnson, welcoming the business and its employees to the Fortive family. The \$2.7 billion transaction represents Fortive’s largest acquisition to date and we are pleased that we closed on time, in just under ten months. With a strong global installed base and leading brands, ASP brings growth, high recurring revenue, and significant earnings potential to the Fortive portfolio.”

Fortive will discuss results and outlook during its quarterly investor conference call today starting at 5:30 p.m. ET. The call and an accompanying slide presentation will be webcast on the “Investors” section of Fortive’s website, www.fortive.com, under “Events & Presentations.” A replay of the webcast will be available at the same location shortly after the conclusion of the presentation and will remain available until the next quarterly earnings call.

The conference call can be accessed by dialing 844-443-2871 within the U.S. or by dialing 213-660-0916 outside the U.S. a few minutes before 5:30 p.m. ET and notifying the operator that you are dialing in for Fortive's earnings conference call (access code 5294205). A replay of the conference call will be available two hours after the completion of the call until Friday, May 10, 2019. Once available, you can access the conference call replay by dialing 800-585-8367 within the U.S. or 404-537-3406 outside the U.S. (access code 5294205) or visit the "Investors" section of the website under "Events & Presentations."

ABOUT FORTIVE

Fortive is a diversified industrial technology growth company comprised of Professional Instrumentation and Industrial Technologies businesses that are recognized leaders in attractive markets. Fortive's well-known brands hold leading positions in field solutions, product realization, sensing technologies, transportation technologies, and franchise distribution. Fortive is headquartered in Everett, Washington and employs a team of more than 25,000 research and development, manufacturing, sales, distribution, service and administrative employees in more than 50 countries around the world. With a culture rooted in continuous improvement, the core of our company's operating model is the Fortive Business System. For more information please visit: www.fortive.com.

DIVESTITURE OF THE A&S BUSINESS

On October 1, 2018, Fortive completed the previously announced split-off of its Automation & Specialty platform (excluding Fortive's Hengstler and Dynapar businesses) (the "A&S Business") and the operating results and related assets and liabilities of the A&S Business are presented as discontinued operations for all periods.

NON-GAAP FINANCIAL MEASURES

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), this earnings release also references "adjusted net earnings," "adjusted diluted net earnings per share," and "core revenue," which are non-GAAP financial measures. The reasons why we believe these measures, when used in conjunction with the GAAP financial measures, provide useful information to investors, how management uses such non-GAAP financial measures, a reconciliation of these measures to the most directly comparable GAAP measures and other information relating to these measures are included in the supplemental reconciliation schedule attached. The non-GAAP financial measures should not be considered in isolation or as a substitute for the GAAP financial measures, but should instead be read in conjunction with the GAAP financial measures. The non-GAAP financial measures used by Fortive in this release may be different from similarly-titled non-GAAP measures used by other companies.

FORWARD-LOOKING STATEMENTS

Statements in this release that are not strictly historical, statements regarding Fortive's anticipated earnings, business and acquisition opportunities, impact of acquisitions and dispositions, anticipated revenue growth, anticipated operating margin expansion, anticipated cash flow, economic conditions, future prospects, shareholder value, and any other statements identified by their use of words like "anticipate," "expect," "believe," "outlook," "guidance," 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, international trade policies and the financial markets, trade relations with China, contractions or lower growth rates and cyclicity of markets we

serve, competition, changes in industry standards and governmental regulations, our ability to 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, impact of divestitures, contingent liabilities relating to acquisitions and divestitures, impact of changes to tax laws, our compliance with applicable laws and regulations and changes in applicable laws and regulations, risks relating to international economic, political, legal, compliance and business factors, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, the impact of our debt obligations on our operations, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, our ability to adequately protect our intellectual property rights, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, our relationships with and the performance of our channel partners, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, security breaches or other disruptions of our information technology systems, adverse effects of restructuring activities, impact of changes to U.S. GAAP, labor matters, and disruptions relating to man-made and natural disasters. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2018. These forward-looking statements speak only as of the date of this release, 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.

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

	Three Months Ended	
	March 29, 2019	March 30, 2018
Sales	\$ 1,592.9	\$ 1,492.2
Cost of sales	(780.2)	(725.9)
Gross profit	812.7	766.3
Operating costs:		
Selling, general, and administrative expenses	(486.4)	(388.5)
Research and development expenses	(109.0)	(99.9)
Operating profit	217.3	277.9
Non-operating income (expense):		
Interest expense, net	(25.3)	(23.3)
Other non-operating expenses	0.4	(0.7)
Earnings from continuing operations before income taxes	192.4	253.9
Income taxes	(28.4)	(39.9)
Net earnings from continuing operations	164.0	214.0
Earnings from discontinued operations, net of income taxes	0.4	47.2
Net earnings	164.4	261.2
Mandatory convertible preferred dividends	(17.3)	—
Net earnings attributable to common stockholders	\$ 147.1	\$ 261.2
Net earnings per share from continuing operations:		
Basic	\$ 0.44	\$ 0.61
Diluted	\$ 0.43	\$ 0.61
Net earnings per share from discontinued operations:		
Basic	\$ —	\$ 0.14
Diluted	\$ —	\$ 0.13
Net earnings per share:		
Basic	\$ 0.44	\$ 0.75
Diluted	\$ 0.43	\$ 0.74
Average common stock and common equivalent shares outstanding:		
Basic	335.1	348.6
Diluted	339.5	354.4

This information is for reference only. A complete copy of Fortive's Form 10-Q financial statements is available on the Company's website (www.fortive.com).

FORTIVE CORPORATION AND SUBSIDIARIES
SEGMENT INFORMATION
(\$ in millions)
(unaudited)

	Three Months Ended	
	March 29, 2019	March 30, 2018
Sales:		
Professional Instrumentation	\$ 947.3	\$ 871.7
Industrial Technologies	645.6	620.5
Total	<u>\$ 1,592.9</u>	<u>\$ 1,492.2</u>
Operating Profit:		
Professional Instrumentation	\$ 136.2	\$ 206.4
Industrial Technologies	105.3	94.2
Other ^(a)	(24.2)	(22.7)
Total	<u>\$ 217.3</u>	<u>\$ 277.9</u>
Operating Margins:		
Professional Instrumentation	14.4%	23.7%
Industrial Technologies	16.3%	15.2%
Total	13.6%	18.6%

^(a) 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.

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

**Adjusted Net Earnings from Continuing Operations and Adjusted Diluted Net Earnings per Share
from Continuing Operations**

We disclose the non-GAAP measures of historical adjusted net earnings from continuing operations and historical and forecasted adjusted diluted net earnings per share from continuing operations, which make the following adjustments to GAAP net earnings and GAAP diluted net earnings per share:

- Excluding on a pretax basis amortization of acquisition-related intangible assets;
- Excluding on a pretax basis acquisition-related costs deemed significant (“Transaction Costs”);
- Excluding on a pretax basis the effect of deferred revenue and inventory fair value adjustments related to significant acquisitions;
- Excluding on a pretax basis the non-cash interest expense associated with our 0.875% convertible senior notes; 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;
- Excluding the 2017 provisional amount estimated in connection with the Tax Cut and Jobs Act and subsequent adjustments to the provisional estimates (the “TCJA Adjustments”); and
- Including the impact of the assumed conversion of our Mandatory Convertible Preferred Stock.

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 and the deferred revenue and inventory fair value adjustments are unique to each acquisition and can vary significantly from acquisition to acquisition. In addition, the Transaction Costs are unique to each transaction, are impacted from period to period depending on the number of acquisitions or divestitures evaluated, pending or completed during such period, and the complexity of such transactions. We believe, however, that it is important for investors to understand that such intangible assets contribute to revenue generation and that intangible assets and deferred revenue fair value adjustments related to past acquisitions will recur in future periods until such intangible assets and deferred revenue fair value adjustments, as applicable, have been fully amortized.

In June 2018, we issued \$1.38 billion in aggregate liquidation preference of shares of our 5.00% Mandatory Convertible Preferred Stock (“MCPS”). Dividends on the MCPS are payable on a cumulative basis at an annual rate of 5.00% on the liquidation preference of \$1,000 per share. Unless earlier converted, each share of the MCPS will automatically convert on July 1, 2021 into between, after giving effect to the prior anti-dilution adjustment, 10.9041 and 13.3575 shares of our common stock, subject to

further anti-dilution adjustments. The number of shares of our common stock issuable on conversion of the Mandatory Convertible Preferred Stock will be determined based on the average volume weighted average price (“VWAP”) per share of our common stock over the 20 consecutive trading day period beginning on and including the 22nd scheduled trading day immediately preceding July 1, 2021. For the purposes of calculating adjusted earnings and adjusted earnings per share, we have excluded the MCPS dividend and, for the purposes of adjusted earnings per share, assumed the “if-converted” method of share dilution (the incremental shares of common stock deemed outstanding applying the “if-converted” method of share dilution, the “Converted Shares”). We believe that using the “if-converted” method provides additional insight to investors on the potential impact of the MCPS once they are converted into common stock no later than July 1, 2021.

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 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 Notes mature on February 15, 2022, unless earlier repurchased or converted in accordance with their terms prior to such date.

Of the proceeds received 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%. We recognize interest expense using the 3.38% assumed rate, and pay interest to holders of the notes at a coupon rate of 0.875%. We believe that adjusting for the non-cash imputed interest expense between the assumed rate and coupon rate provides additional insight into our cash interest expense.

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 and divestiture-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.

The forecasted adjusted diluted net earnings per share from continuing operations does not reflect certain adjustments that are inherently difficult to predict or estimate due to their unknown timing, effect and/or significance.

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 Revenue

We use the term “core revenue” when referring to a corresponding GAAP revenue measure, excluding (1) the impact from acquired businesses and (2) the impact of currency translation. References to sales attributable to acquisitions or acquired businesses refer to GAAP sales from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to certain divested businesses or product lines not considered discontinued operations prior to the first anniversary of the divestiture. The portion of sales attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in sales (excluding sales impact from acquired businesses) and (b) the period-to-period change in sales (excluding sales impact from acquired businesses) after applying the current period foreign exchange rates to the prior year period. This non-GAAP measure should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies.

Management believes that this non-GAAP measure provides useful information to investors by helping identify underlying growth trends in our business and facilitating comparisons of our revenue performance with prior and future periods and to our peers. We exclude the effect of 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.

Adjusted Net Earnings From Continuing Operations

(\$ in millions)	Three Months Ended	
	March 29, 2019	March 30, 2018
Net Earnings From Continuing Operations Attributable to Common Stockholders (GAAP)	\$ 146.7	\$ 214.0
Dividends on the mandatory convertible preferred stock to apply if-converted method	17.3	—
Net Earnings from Continuing Operations (GAAP)	164.0	214.0
Pretax amortization of acquisition-related intangible assets in the three months (\$52 million pretax, \$43 million after tax) ended March 29, 2019, and in the three months (\$25 million pretax, \$21 million after tax) ended March 30, 2018	52.2	24.9
Pretax acquisition-related transaction costs in the three months (\$28 million pretax, \$23 million after tax) ended March 29, 2019	28.2	—
Pretax acquisition-related fair value adjustments to deferred revenue related to significant acquisitions in the three months (\$16 million pretax, \$13 million after tax) ended March 29, 2019	15.7	—
Pretax non-cash interest expense associated with our 0.875% convertible notes in the three months (\$3 million pretax, \$3 million after tax) ended March 29, 2019	3.2	—
Tax effect of the adjustments reflected above ^(a)	(17.7)	(4.5)
TCJA adjustments	—	(4.2)
Adjusted Net Earnings from Continuing Operations (Non-GAAP)	\$ 245.6	\$ 230.2

(a) The MCPS are not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition-related transaction costs, acquisition-related fair value adjustments to deferred revenue, and the non-cash interest expense associated with the convertible notes.

Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Three Months Ended ^(a)	
	March 29, 2019	March 30, 2018
Diluted Net Earnings Per Share from Continuing Operations Attributable to Common Stockholders (GAAP)	\$ 0.43	\$ 0.61
Dividends on the mandatory convertible preferred stock to apply if-converted method	0.05	—
Assumed dilutive impact on the Diluted Net Earnings Per Share Attributable to Common Stockholders if the Converted Shares had been outstanding	(0.02)	—
Pretax amortization of acquisition-related intangible assets in the three months (\$52 million pretax, \$43 million after tax) ended March 29, 2019, and in the three months (\$25 million pretax, \$21 million after tax) ended March 30, 2018	0.15	0.07
Pretax acquisition-related transaction costs in the three months (\$28 million pretax, \$23 million after tax) ended March 29, 2019	0.08	—
Pretax acquisition-related fair value adjustments to deferred revenue related to significant acquisitions in the three months (\$16 million pretax, \$13 million after tax) ended March 29, 2019	0.04	—
Pretax non-cash interest expense associated with our 0.875% convertible notes in the three months (\$3 million pretax, \$3 million after tax) ended March 29, 2019	0.01	—
Tax effect of the adjustments reflected above ^(b)	(0.05)	(0.01)
TCJA Adjustments	—	(0.01)
Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)	\$ 0.69	\$ 0.65

(a) Each of the per share adjustments below was calculated assuming the Converted Shares had been outstanding. The 0.875% convertible notes did not have an impact on the adjusted diluted shares outstanding.

(b) The MCPS are not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition-related transaction costs, acquisition-related fair value adjustments to deferred revenue, and the non-cash interest expense associated with the 0.875% convertible notes.

The sum of the components of adjusted diluted net earnings per share from continuing operations may not equal due to rounding.

Adjusted Diluted Shares Outstanding

(shares in millions)	Three Months Ended	
	March 29, 2019	March 30, 2018
Average common diluted stock outstanding	339.5	354.4
Converted Shares ^(a)	16.7	—
Adjusted average common stock and common equivalent shares outstanding	356.2	354.4

(a) The number of Converted Shares assumes the conversion of all 1.38 million shares applying the “if-converted” method and using an average 20-day VWAP of \$82.66 as of March 29, 2019. The 0.875% convertible notes did not have an impact on the adjusted diluted shares outstanding.

Core Revenue Growth

	% Change Three Months Ended March 29, 2019 vs. Comparable 2018 Period
Total Revenue Growth (GAAP)	6.7 %
Core (Non-GAAP)	3.7 %
Acquisitions (Non-GAAP)	5.8 %
Impact of currency translation (Non-GAAP)	(2.8)%

Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Three Months Ending June 28, 2019		Year Ending December 31, 2019	
	Low End	High End	Low End	High End
Forecasted Diluted Net Earnings Per Share from Continuing Operations Attributable to Common Stockholders	\$ 0.47	\$ 0.51	\$ 2.36	\$ 2.46
Anticipated dividends on mandatory convertible preferred stock in the three months ending June 28, 2019 (\$17 million) and year ending December 31, 2019 (\$69 million)	0.05	0.05	0.20	0.20
Anticipated dilutive impact on Forecasted Diluted Net Earnings Per Share from Continuing Operations if the Converted Shares (16 million shares in the three months ending June 28, 2019 and year ending December 31, 2019) had been outstanding	(0.02)	(0.02)	(0.12)	(0.12)
Anticipated pretax amortization of acquisition-related intangible assets in the three months ending June 28, 2019 (\$74 million pretax (or \$0.21 per share), \$61 million after tax (or \$0.17 per share)) and year ending December 31, 2019 (\$274 million pretax (or \$0.77 per share), \$225 million after tax (or \$0.63 per share))	0.21	0.21	0.77	0.77
Anticipated pretax significant acquisition-related transaction costs in the three months ending June 28, 2019 (\$36 million pretax (or \$0.10 per share), \$30 million after tax (or \$0.08 per share)) and the year ending December 31, 2019 (\$103 million pretax (or \$0.29 per share), \$84 million after tax (or \$0.24 per share))	0.10	0.10	0.29	0.29
Anticipated pretax fair value adjustments to deferred revenue and inventory related to significant acquisitions in the three months ending June 28, 2019 (\$39 million pretax (or \$0.11 per share), \$32 million after tax (or \$0.09 per share)) and year ending December 31, 2019 (\$74 million pretax (or \$0.21 per share), \$61 million after tax (or \$0.17 share))	0.11	0.11	0.21	0.21
Anticipated pretax non-cash interest from 0.875% convertible notes in the three months ending June 28, 2019 (\$8 million pretax (or \$0.02 per share), \$7 million after tax (or \$0.02 per share)) and the year ending December 31, 2019 (\$28 million pretax (or \$0.08 per share), \$23 million after tax (or \$0.07 per share))	0.02	0.02	0.08	0.08
Tax effect of the adjustments reflected above ^(a)	(0.08)	(0.08)	(0.24)	(0.24)
Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations	\$ 0.86	\$ 0.90	\$ 3.55	\$ 3.65

(a) The MCPS are not tax deductible and therefore the tax effect of the adjustments includes only the amortization of acquisition-related intangible assets, acquisition-related transaction costs, acquisition-related fair value adjustments to deferred revenue and inventory, and non-cash interest from 0.875% convertible notes.

The above forecasted diluted net earnings per share from continuing operations attributable to common stockholders does not include the anticipated gain on the disposition of the Tektronix Video business.

The sum of the components of forecasted adjusted diluted net earnings per share from continuing operations may not equal due to rounding.