



Second Quarter 2018 Earnings Release

July 26, 2018

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, timing of acquisitions and dispositions, 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," 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, changes in 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 consummate the pending transaction with Altra Industrial Motion on a timely basis, 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, 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, labor matters, disruptions relating to man-made and natural disasters, impact on changes to tax laws, 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, 2017 and our Quarterly Report on Form 10-Q for the quarters ended March 30, 2018 and June 29, 2018. These forward-looking statements speak only as of the date of this presentation and Fortive does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

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

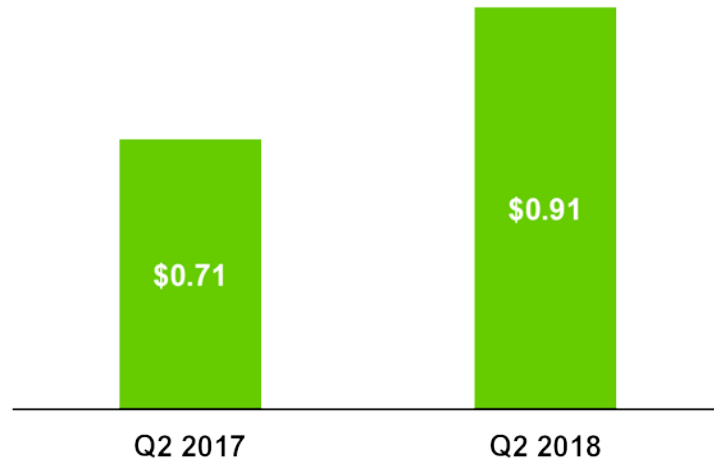
Information required by Regulation G with respect to such non-GAAP financial measures can be found in the "Investors" section our web site, www.fortive.com, under the heading "Financial Information" and subheading "Quarterly Earnings."

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.

PERFORMANCE SUMMARY

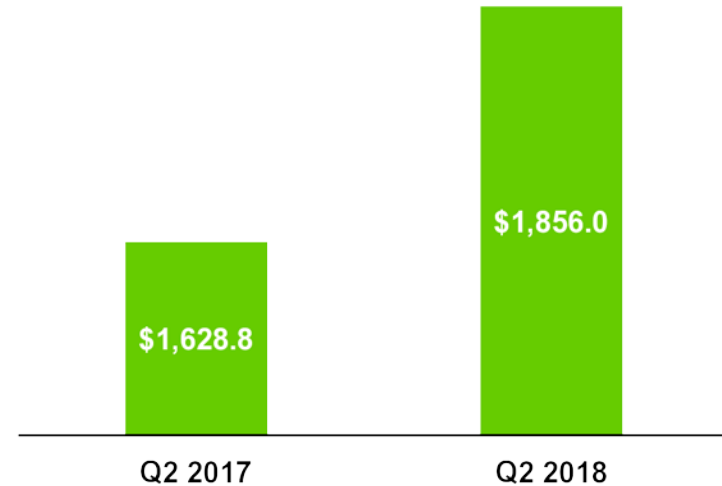
ADJUSTED DILUTED NET EARNINGS PER SHARE

+28.2%



REVENUE

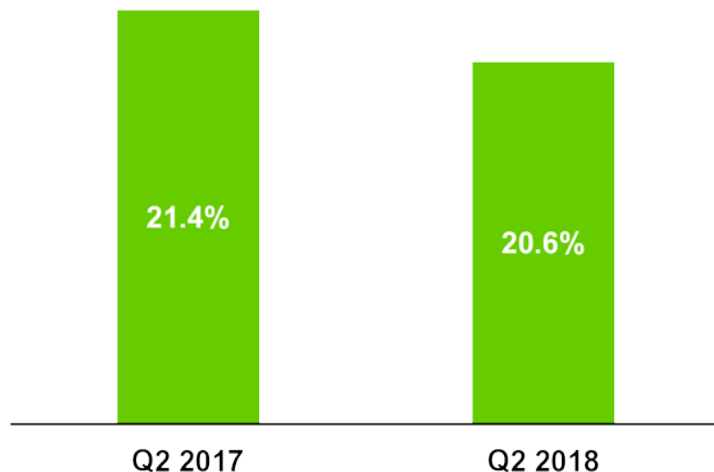
+13.9%
Core +5.3%
Acquisitions +7.0%
FX +1.6%



PERFORMANCE SUMMARY

OPERATING MARGIN

-80 bps
Core +50 bps
Acquisitions -70 bps
Transaction Costs -60 bps



GROSS MARGINS

Q2 2017 – 49.4%

Q2 2018 – 50.6%

+120 bps

SG&A

(as a % of Revenue)

Q2 2017 – 21.9%

Q2 2018 – 24.0%

+210 bps

R&D

(as a % of Revenue)

Q2 2017 – 6.1%

Q2 2018 – 6.0%

-10 bps

PERFORMANCE SUMMARY

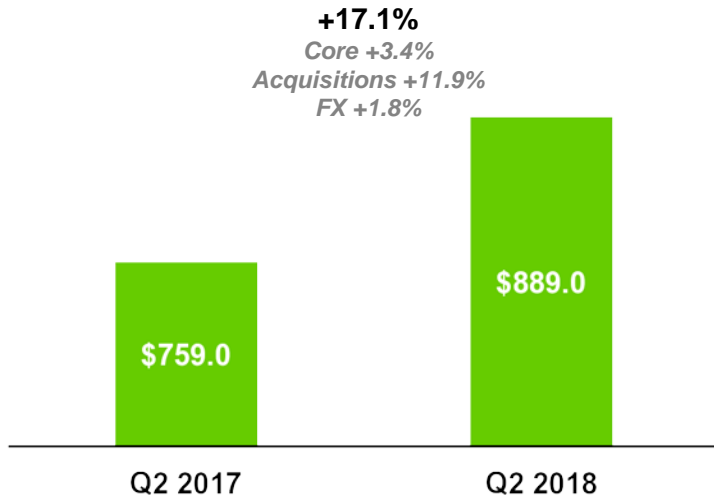


(\$M)	Three Months Ended	
	June 30, 2017	June 29, 2018
Operating Cash Flow	\$246	\$342
Cap Ex	29	27
FREE CASH FLOW	\$217	\$315
Net Earnings (GAAP)	\$240	\$295
Estimated Provisional Tax Reform Adjustments (GAAP)	—	2
Net Earnings Excluding the Estimated Provisional Tax Reform Adjustments (Non-GAAP)	\$240	\$293

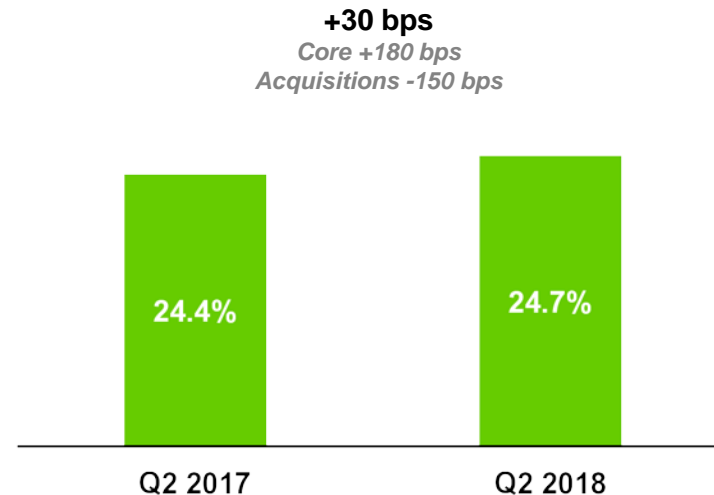
The sum of the components of Free Cash Flow may not equal the total amount due to rounding

PROFESSIONAL INSTRUMENTATION

REVENUE



OPERATING MARGIN



Field Solutions*



Product Realization*



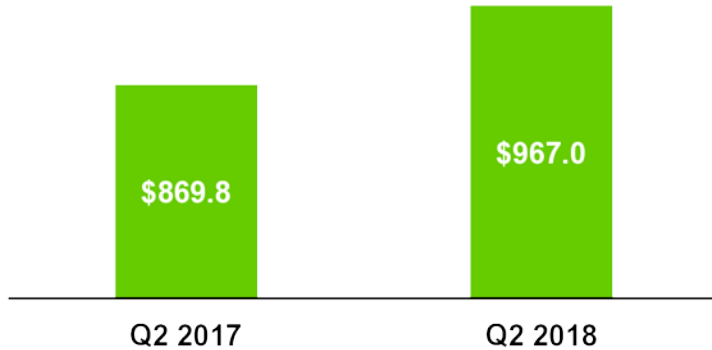
Sensing Technologies



* Part of Advanced Instrumentation and Solutions

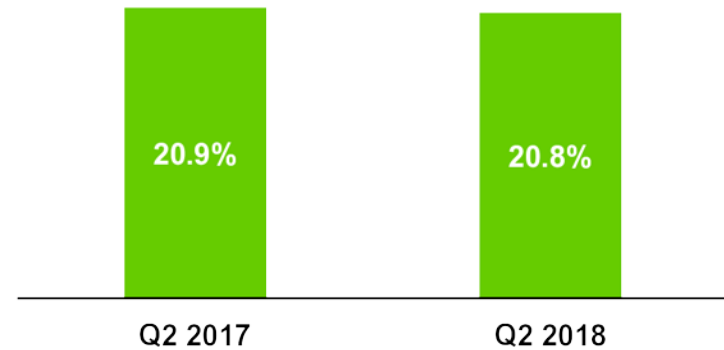
REVENUE

+11.2%
 Core +6.9%
 Acquisitions +2.8%
 FX +1.5%



OPERATING MARGIN

-10 bps
 Core +30 bps
 Acquisitions -40 bps



Transportation Technologies



Automation & Specialty Components



Franchise Distribution



2018 ADJUSTED DILUTED NET EPS GUIDANCE WALKFORWARD

	High-End
Prior Adj Diluted Net EPS Full-Year Guidance	\$ 3.50
<i>Adj Diluted Net EPS Growth</i>	<i>21.1%</i>
Operational Adjustments to Prior Guidance	
Core Growth (+100bps)	0.04
ETR Reduction	0.04
Total Operational Adjustments	0.08
Anticipated Impact from Mandatory Convertible Preferred Stock	
Share Count Increase	(0.08)
Other Adjustments	
Currency	(0.03)
Interest Expense Reduction	0.03
Total Other Adjustments	0.00
Current Adj Diluted Net EPS Full-Year Guidance	\$ 3.50
<i>Adj Diluted Net EPS Growth</i>	<i>21.1%</i>

2018 OUTLOOK

- Core revenue growth of 4.0% to 5.0%; effective tax rate of 18%
 - Core growth increase of 100 basis points relative to prior guidance
 - ~35% fall-through and ~75 basis points of anticipated core operating margin expansion for year
 - ETR of 18% reflects a 100bps reduction to prior guidance
- Anticipated impact of enacted tariffs fully offset with commercial and operational countermeasures
- Mandatory Convertible Preferred Stock creates an \$0.08 dilutive impact to prior guidance
- FX* tailwind of ~90 basis points of revenue and ~\$0.02 in EPS on a year-over-year basis
- Includes anticipated interest savings associated with proceeds from Mandatory Convertible Preferred Stock issuance

*Based on 6/29/2018 exchange rates

Q & A



FORTIVE