



# **Second Quarter 2019 Earnings Release**

**July 25, 2019**

# 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. 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 cyclicality 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 and our Quarterly Report on Form 10-Q for the quarter ended June 28, 2019. 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").

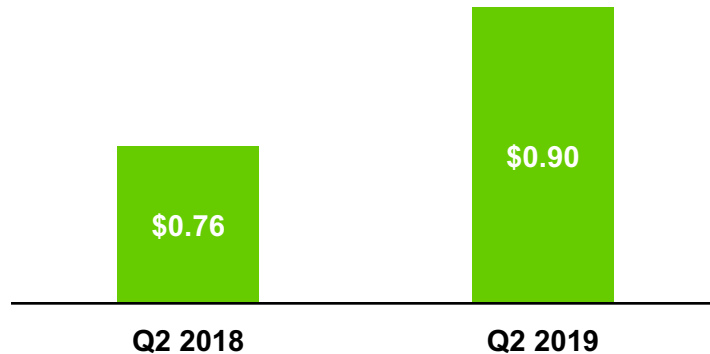
Information required by Regulation G with respect to such non-GAAP financial measures can be found in the "Investors" section our web site, [www.fortive.com](http://www.fortive.com), under the heading "Financial Information" and subheading "Quarterly Earnings" and "Supplemental Adjusted Financial Data."

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

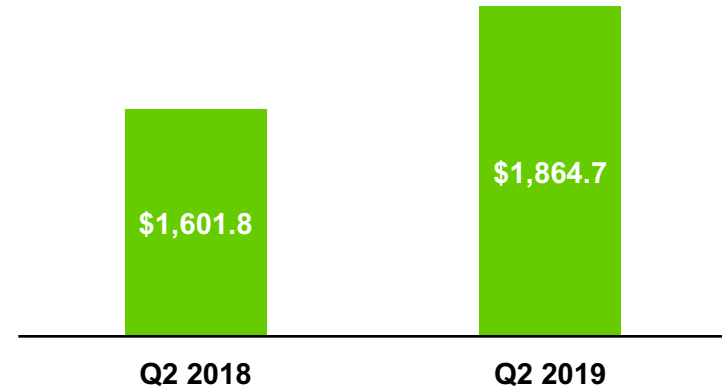
## ADJUSTED DILUTED NET EARNINGS PER SHARE FROM CONTINUING OPERATIONS

+18.4%



## REVENUE FROM CONTINUING OPERATIONS

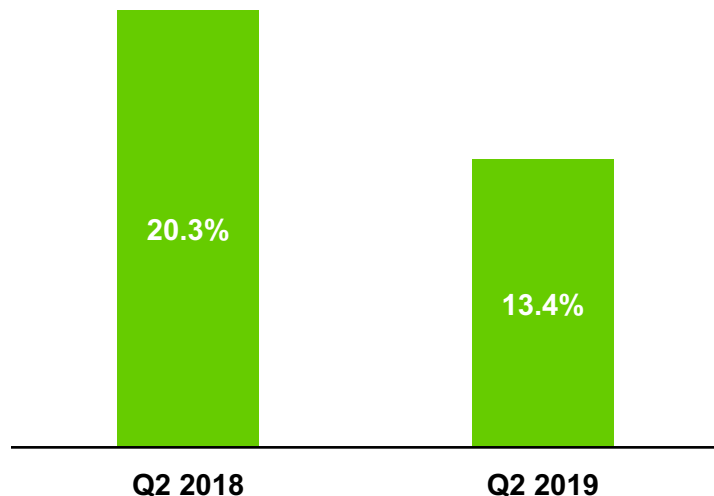
+16.4%  
Core +2.0%  
Acquisitions +16.5%  
FX -2.1%



# PERFORMANCE SUMMARY

## OPERATING MARGIN

-690 bps  
Core +30 bps  
Acquisitions -540 bps  
Transaction Costs -180 bps



## GROSS MARGINS

Q2 2018 – 51.9%

Q2 2019 – 48.5%\*

-340 bps

\*Includes 290 bps of negative impact from purchase accounting related to the fair value of inventory and deferred revenue

## SG&A

(as a % of Revenue)

Q2 2018 – 25.3%

Q2 2019 – 28.8%

+350 bps

## R&D

(as a % of Revenue)

Q2 2018 – 6.4%

Q2 2019 – 6.3%

-10 bps

# PERFORMANCE SUMMARY



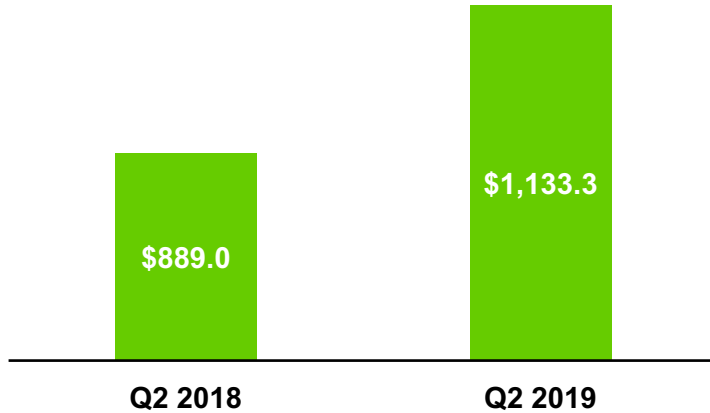
(\$M)	Three Months Ended			Six Months Ended		
	June 29, 2018	June 28, 2019	FCF % Change	June 29, 2018	June 28, 2019	FCF % Change
Operating Cash Flows From Continuing Operations	\$ 292	\$ 260		\$ 423	\$ 421	
Cap Ex	22	25		48	49	
<b>Free Cash Flow From Continuing Operations</b>	<b>\$ 271</b>	<b>\$ 236</b>	<b>(13)%</b>	<b>\$ 375</b>	<b>\$ 373</b>	<b>(1)%</b>
<b>FCF Conversion Ratio</b>	<b>109%</b>	<b>134%</b>		<b>82%</b>	<b>110%</b>	

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

# PROFESSIONAL INSTRUMENTATION

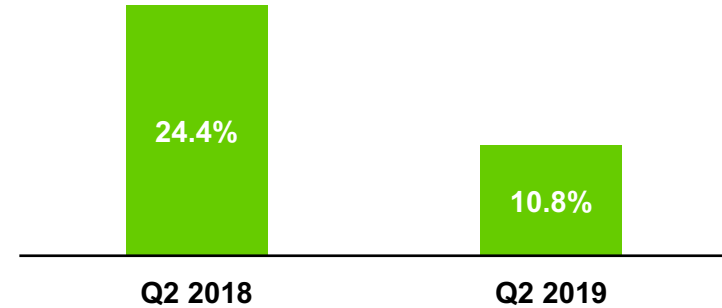
## REVENUE

**+27.5%**  
*Core +0.1%*  
*Acquisitions +29.3%*  
*FX -1.9%*



## OPERATING MARGIN

**-1,360bps**  
*Core -140 bps*  
*Acquisitions -890 bps*  
*Transaction Costs -330 bps*



### Field Solutions\*



### Product Realization\*



### ASP



### Sensing Technologies

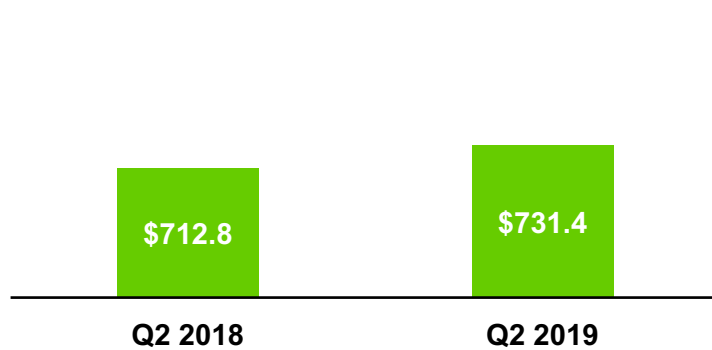


\* Part of Advanced Instrumentation and Solutions

\*\* Financial measures are presented on a continuing operations basis

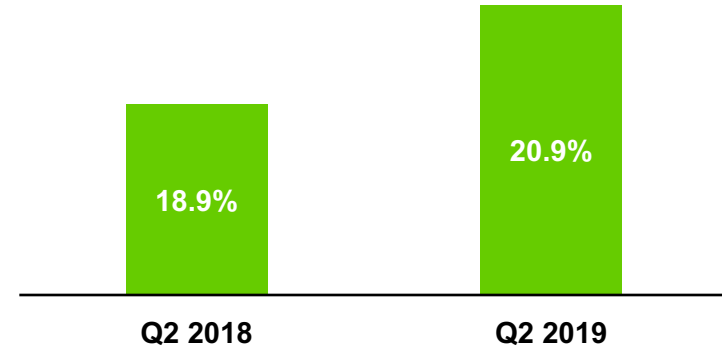
## REVENUE

**+2.6%**  
*Core +4.4%*  
*Acquisitions +0.5%*  
*FX -2.3%*



## OPERATING MARGIN

**+200 bps**  
*Core +210 bps*  
*Acquisitions -10 bps*



### Transportation Technologies



### Franchise Distribution



\*\* Financial measures are presented on a continuing operations basis

# Guidance



# Q&A



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