



Third Quarter 2018 Earnings Release

October 25, 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 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, 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, 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, 2017 and our Quarterly Reports on Forms 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").

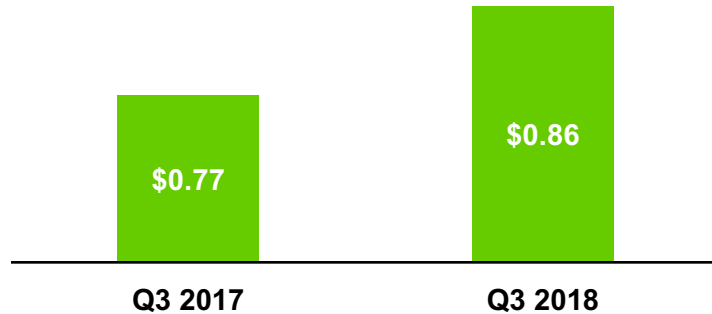
Information required by Regulation G with respect to such non-GAAP financial measures can be found in the "Investors" section our web site, www.fortive.com, under the heading "Financial Information" and subheading "Quarterly Earnings" and "Supplemental Adjusted Financial Data."

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

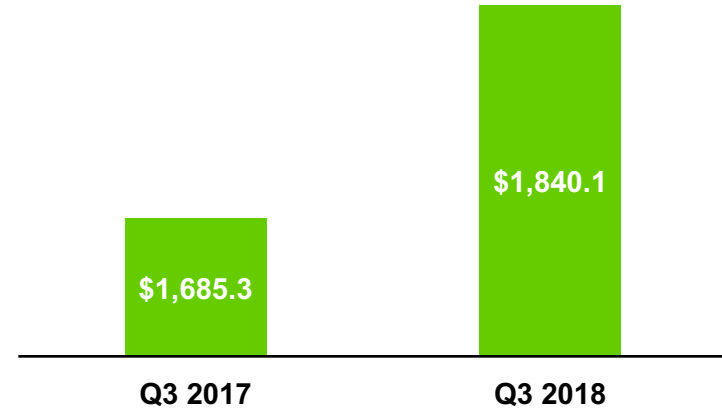
ADJUSTED DILUTED NET EARNINGS PER SHARE

+11.7%



REVENUE

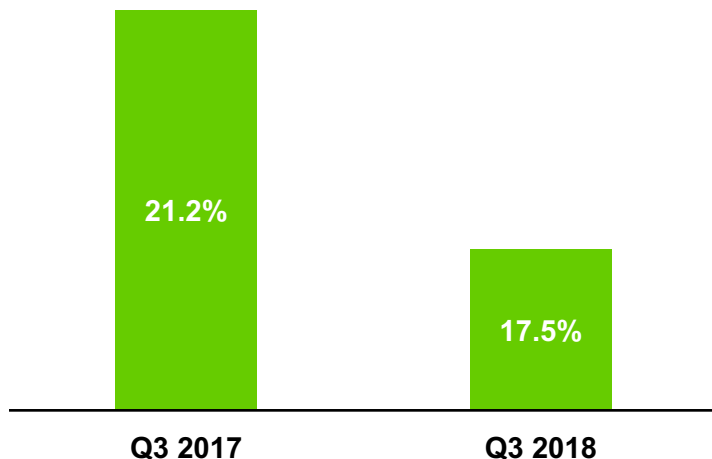
+9.2%
Core +3.2%
Acquisitions +7.2%
FX -1.2%



PERFORMANCE SUMMARY

OPERATING MARGIN

-370 bps
Core -25 bps
Acquisitions -85 bps
Transaction Costs -260 bps



GROSS MARGINS

Q3 2017 – 49.8%

Q3 2018 – 50.2%

+40 bps

SG&A

(as a % of Revenue)

Q3 2017 – 22.6%

Q3 2018 – 26.7%

+410 bps

R&D

(as a % of Revenue)

Q3 2017 – 6.1%

Q3 2018 – 6.1%

Flat

PERFORMANCE SUMMARY



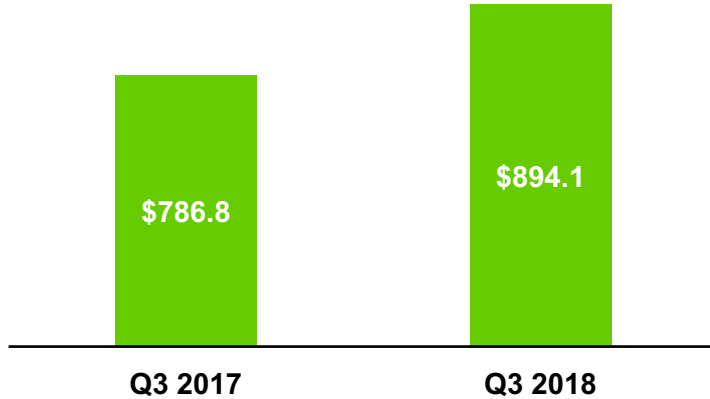
(\$M)	Three Months Ended			Nine Months Ended		
	September 29, 2017	September 28, 2018	FCF % Change	September 29, 2017	September 28, 2018	FCF % Change
Operating Cash Flow	\$ 319	\$ 387		\$ 713	\$ 900	
Cap Ex	32	35		88	94	
Free Cash Flow	\$ 287	\$ 352	23%	\$ 625	\$ 806	29%
Net Earnings (GAAP)	\$ 268	\$ 245		\$ 708	\$ 802	
Estimated Provisional Tax Reform Adjustments (GAAP)	—	1		—	(5)	
Net Earnings Excluding the Estimated Provisional Tax Reform Adjustments (Non-GAAP)	\$ 268	\$ 247		\$ 708	\$ 797	
FCF Conversion Ratio	107%	143%		88%	101%	

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

PROFESSIONAL INSTRUMENTATION

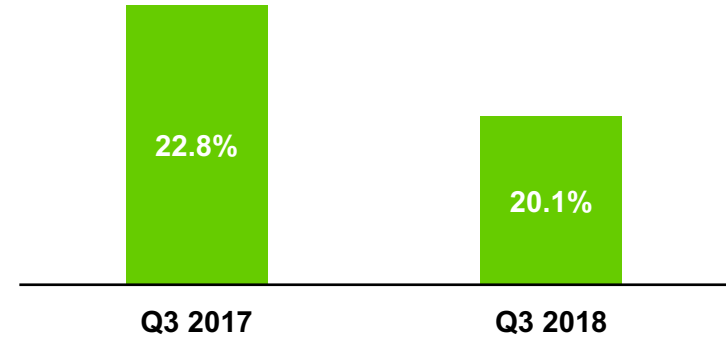
REVENUE

+13.6%
Core +1.4%
Acquisitions +13.2%
FX -1.0%



OPERATING MARGIN

-270 bps
Core 0 bps
Acquisitions -180 bps
Transaction Costs -90 bps



Field Solutions*



Product Realization*



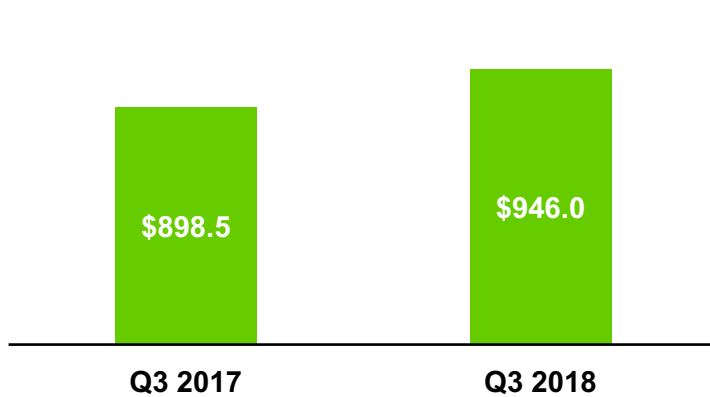
Sensing Technologies



* Part of Advanced Instrumentation and Solutions

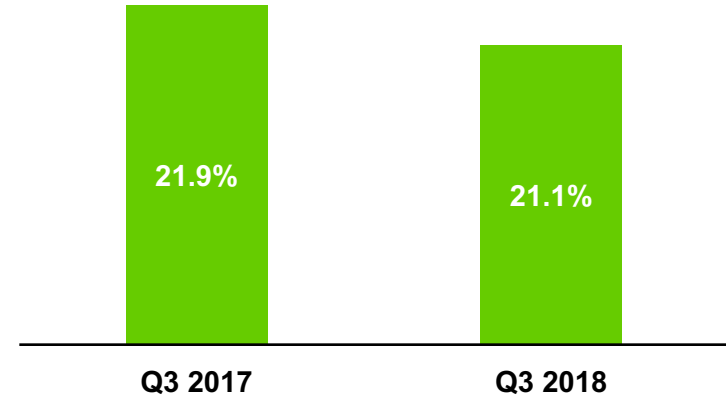
REVENUE

+5.3%
 Core +4.8%
 Acquisitions +2.0%
 FX -1.5%



OPERATING MARGIN

-80 bps
 Core -40 bps
 Acquisitions -40 bps



Transportation Technologies



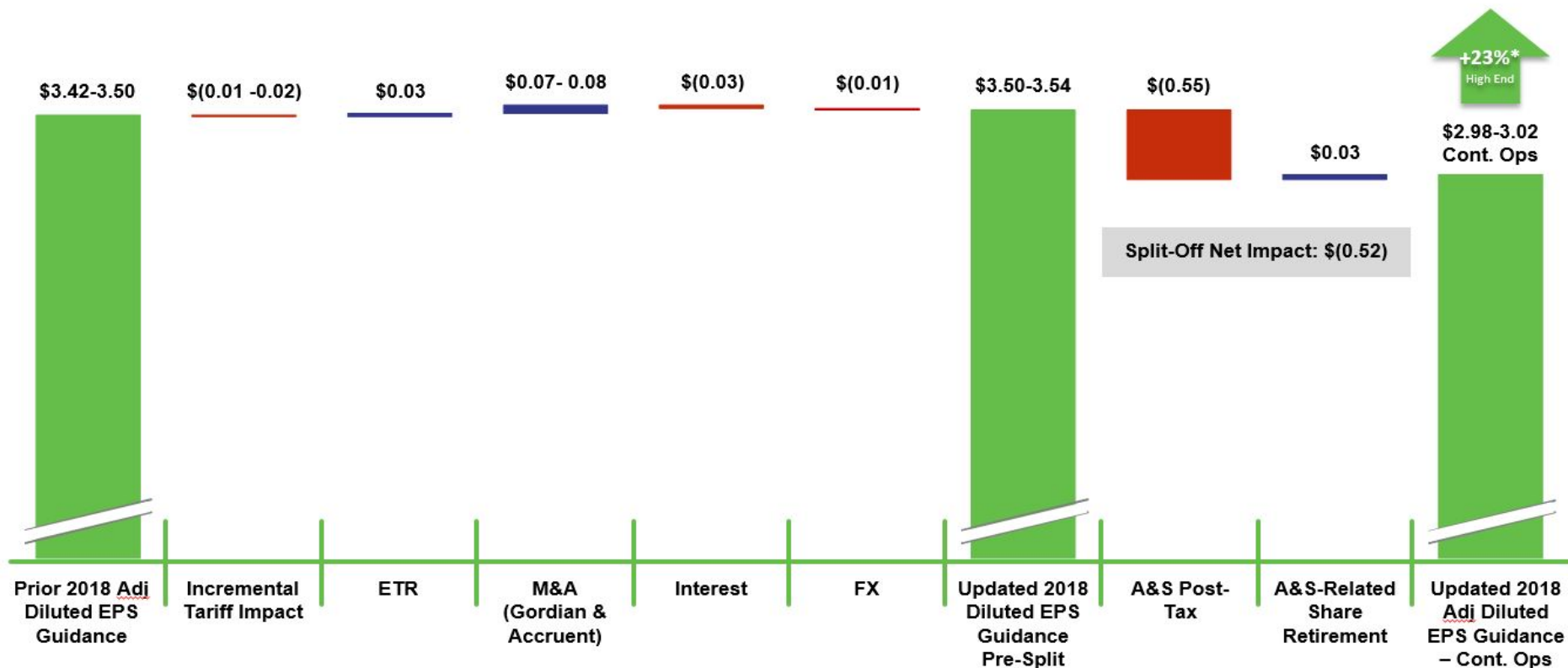
Automation & Specialty Components



Franchise Distribution



2018 OUTLOOK



* Relative to the Non-GAAP supplemental Adjusted Diluted Net Earning Per Share of \$2.45 for year ended December 31, 2017. See "Supplemental Adjusted Financial Data."

Fortive Formula Delivering Double Digit Earnings Growth in 2018

EARLY VIEW TO 2019

- **Successful portfolio transformation**
 - Closed acquisitions contributing \$0.20 - \$0.25 EPS
 - Advancing digital strategy with high-margin software assets
 - Recurring Revenue 30%+ (with ASP)
 - Strong annuity FCF
 - Gross margin 50%+

- **Underlying fundamentals remain strong**
 - North America steady; EMV will accelerate
 - EMEA mixed
 - Expect moderated growth in China
 - Anticipate full offset of announced tariffs

- **Modeling assumptions**
 - Core OMX ~ 50bps
 - FCF conversion >115%
 - ETR high-teens
 - Investment grade; ~2.5x levered post close of ASP (early 2019)
 - \$0.01 - \$0.02 stranded costs (A&S) offset by 2018 restructuring
 - Average Diluted Shares (Adjusted): 358M

Expect another year of double-digit adj. earnings growth

IMPACT OF MCPS ON ADJUSTED DILUTED EARNINGS PER SHARE

MCPS CONVERSION SENSITIVITY

20-Day Avg VWAP	Share Conversion (millions)
< \$74.86	18.4
74.86	18.4
75.00	18.4
76.00	18.2
78.00	17.7
80.00	17.3
82.00	16.8
85.52	16.1
86.00	16.0
88.00	15.7
90.00	15.3
91.71	15.0
\$91.71 <	15.0

IMPACT OF MCPS ON DILUTED SHARE COUNT

	Three Months Ended		Nine Months Ended	
	September 28, 2018	September 29, 2017	September 28, 2018	September 29, 2017
Diluted average common stock and common equivalent shares outstanding	355.3	352.9	354.8	352.2
Assumed conversion of the mandatory convertible preferred stock (\$1,380m divided by avg price of ~\$85.52*)	16.1		5.4	
Adjusted average common stock and common equivalent shares outstanding	371.4	352.9	360.2	352.2

IMPACT OF IF-CONVERTED ADJUSTMENT ON ADJUSTED DILUTED EPS

	Three Months Ended		Nine Months Ended	
	September 28, 2018	September 29, 2017	September 28, 2018	September 29, 2017
<i>(\$ in millions)</i>				
Adjusted Diluted Net Earnings Per Share Available to Common Shareholders (Non-GAAP)	\$ 0.84	\$ 0.77	\$ 2.55	\$ 2.08
Application of If-Converted Share Dilution				
Dividends on the mandatory convertible preferred stock included in earnings available to common shareholders	0.05	-	0.05	-
Assumed conversion of the mandatory convertible preferred stock (16 million shares of common stock for a total of 371 million shares)	(0.03)	-	(0.04)	-
Adjusted Diluted Net Earnings per Share (Non-GAAP)	\$ 0.86	\$ 0.77	\$ 2.56	\$ 2.08

* Represents FTV's average VWAP for the 20 consecutive trading days preceding and including September 28, 2018

Q & A



FORTIVE