



Fortive Announces Strategic Plans for Separation into Two Independent Public Companies

September 5, 2024

Forward-Looking Statements and Non-GAAP Financial Measures

Statements in this presentation that are not strictly historical, including the statements regarding the anticipated spin-off of Fortive's Precision Technologies business, the expected timeline for completing the transaction, future investment opportunities for the businesses, the anticipated future growth margin expansion and other financial and operating performance, the anticipated leadership transitions, anticipated benefits and synergies of the transaction, the strategic and competitive advantages, anticipated financial results in the third quarter and full year 2024, secular trends, future share repurchases, future prospects, shareholder value, and any other statements regarding events or developments that we believe or anticipate will or may occur in the future or that use forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms 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, the uncertainty of regulatory approvals and the risk that such approvals and other consents or approvals required in connection with the spin-off will not be received or obtained within the expected time frame, on the expected terms or at all, risks associated with the impact, timing or terms of the spin-off, the risk that the necessary conditions to consummate the spin-off will not be satisfied on a timely basis or at all and/or that the spin-off will not be completed within the expected time frame, on the expected terms or at all, our ability to successfully separate the Precision Technologies business and realize the anticipated benefits from the separation (including consummating the transaction on a basis that is tax-free to shareholders for U.S. federal income tax purposes) within the expected time frame, in full or at all, the two separate companies' ability to succeed as stand-alone, publicly traded companies, risks associated with expected financing transactions undertaken in connection with the spin-off; the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the spin-off will exceed our estimates, the impact of the spin-off on our businesses and the risk that the spin-off may be more difficult, time consuming or costly than expected, including the impact on our resources, systems, procedures and controls, diversion of management's attention and the impact on relationships with customers, suppliers, employees and other business counterparties, deterioration of or instability in the economy, the markets we serve, international trade policies, the condition of the financial markets and the banking systems, security breaches or other disruptions of our information technology systems, our ability to adjust purchases, supply chain management, and manufacturing capacity to reflect market conditions and customer demand, reliance on sole sources of supply, changes in 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 recruit and retain key employees, 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, geopolitical, including war and sanctions, 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, including our cost of debt, 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, adverse effects of restructuring activities, risk related to tax treatment of the separation of Vontier, impact of our indemnification obligation to Vontier, impact of changes to U.S. GAAP, labor matters, Fortive's ability to generate sufficient cash to finance its share repurchase plans, and disruptions relating to man-made and natural disasters and climate change. 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, 2023. 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. There can be no assurance that the planned spin-off of Fortive's Precision Technologies business will in fact be completed in the manner described or at all or if it does occur, of its terms or timing.

This presentation may contain references to financial measures not presented in accordance with generally accepted accounting principles ("GAAP"). We have not reconciled forward-looking targets or outlook regarding non-GAAP measures because any corresponding GAAP measures and the reconciliations thereto would require us to make estimates or assumptions with precision about acquisitions, capital and other expenditures and similar adjustments during the relevant period. Information required by Regulation G with respect to historical non-GAAP financial measures are set forth in the appendix to this presentation.

Forward looking financial information not otherwise presented as a range reflect assumptions underlying the midpoint of our forward-looking targets.

Today's Discussion

Clear Actions to Drive Value Creation



Strategic Portfolio Evolution

- Creating two focused, scaled companies with clear growth and capital allocation priorities
- Developed two strong executives to lead companies upon separation
- Offers compelling investment profiles appealing to different investors

Value-Enhancing Capital Deployment

- Prioritizing share repurchases through spin completion
- Distinct capital allocation strategies going forward

Strong Underlying Financial Performance

- Differentiated multi-year financial performance positions both companies for future success
- Reaffirming Q3 and FY 2024

Compelling Strategic Benefits

Improved Focus & Clarity



Creates two scaled public companies with focused business models, well-positioned to deliver long-term value to all stakeholders



Tailored capital allocation strategies based on the objectives, strategies, and business needs of each independent company



Aligns the strengths of each business with robust financial profiles and strong investment-grade balance sheets



Enhances management focus with deliberate succession planning and transitions

Leadership Updates

Two Strong Executives with Relevant Experience to Lead Respective Companies



Olumide Soroye
President & CEO, Fortive
Upon Separation

- Joined Fortive in July 2021 to lead IOS; previously held roles at CoreLogic and Quinstreet, and partner at McKinsey & Company
- Expertise in product leadership, software, data-driven digital workflows, & strategic acquisitions
- Drove FBS-led innovation and funnel expansion → >50% NPI growth
- Executed 4 IOS bolt-ons in 2023 focused on software, AI and data



Tami Newcombe
President & CEO, NewCo
Upon Separation

- Joined Fortive in 2017 to lead Tektronix; Group President in 2021 and currently PT and AHS Segment President; Sales, product, and engineering leadership experience at Cisco, Analog Devices, IBM
- Expertise in customer-centric strategies and technology market transitions
- Led FBS innovation at Tektronix → Application solutions & platforms
- Executed key initiatives at AHS to increase innovation and accelerate profitable growth

Fortive: IOS and AHS Businesses

Focused and Resilient Portfolio with ~50% Recurring Revenue

INVESTMENT HIGHLIGHTS

- Portfolio evolution **accelerates recurring revenue, growth, EPS and free cash flow profile**
- Demonstrated **resilience, reduced volatility and increased momentum** in IOS/AHS; shift focus from through-cycle growth to total growth
- **Proven ability of FBS** to drive innovation, and convert more revenue and earnings to cash
- Scale and cash flow allow for balanced capital deployment, with **focused M&A to enhance recurring revenue profile** and **return-enhancing share buybacks**

FINANCIAL HIGHLIGHTS¹

INTELLIGENT OPERATING SOLUTIONS

ADVANCED HEALTHCARE SOLUTIONS



1. All numbers based on midpoint of management's FY 2024 guidance

2. Adj. Op Profit Margin is on the same basis as Fortive's segment reporting and excludes corporate costs. Amount is presented for informational purposes only and should not be viewed as an indication of the future company's operating results on a standalone basis assuming completion of spin transaction.

NewCo: Precision Technologies Business

Portfolio Built for Secular Growth Through-Cycle

INVESTMENT HIGHLIGHTS

- **Mission critical technologies** in test & measurement, specialty sensors, and aerospace & defense subsystems
- Powerful secular trends providing **through-cycle growth tailwinds** across diverse end markets
- **Seasoned FBS leadership and innovation** power earnings and FCF flywheel
- Industry-leading FCF generation enables focused **return of cash to shareholders**, while pursuing M&A opportunities aligned to secular growth

FINANCIAL HIGHLIGHTS¹

PRECISION TECHNOLOGIES



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Fortive: Value-Enhancing Capital Deployment

Balanced Approach Going Forward



Pre-spin:

- ~75% of FCF to share repurchases; remainder to current dividend and modest delevering through spin completion

Post-spin:

- Prioritized M&A strategy aligned to leading platforms to enhance recurring revenue, growth, and FCF-compounding profile
- Positioned to consistently grow earnings and free cash flow
- Disciplined and balanced deployment between M&A and share repurchases

POST-SPIN CAPITAL ALLOCATION STRATEGY



ACQUISITIONS

- High recurring revenue
- Accretive cash returns
- Aligned with domain expertise and FBS value creation levers



SHARE REPURCHASES

- Important lever to drive returns
- Action to address valuation dislocations



DIVIDENDS

- Maintain modest dividend
- Grow with earnings & FCF

Transaction Overview

Strategic Rationale

- Two distinct and scaled portfolios with focused business models and seasoned FBS leadership
- Significant value opportunities for customers and stakeholders

Planned Structure

- Expected to be structured as a tax-free spin-off of a newly formed entity holding the PT business to FTV shareholders

Leadership & Governance

- Deliberate leadership transition, consistent with long-term succession plans for both companies

Financial Policy

- Strong investment-grade balance sheets and distinct capital deployment priorities
- Additional financial and financing detail to be provided as transaction progresses

Timing & Conditions

- **Expected to be completed in the fourth quarter of 2025**
 - Investor days prior to spin completion for both companies
- **Subject to the satisfaction of certain conditions including, among others:**
 - Final Board approval
 - Favorable IRS ruling and/or opinion of tax counsel
 - Satisfactory financing transactions
 - Regulatory approvals
 - Effectiveness of a Form 10 registration statement that will be filed with the SEC

Track Record Paves Way For Future Success

Reaffirming Q3 and FY 2024

Q3 2024
Outlook

\$1,535M to \$1,560M

Revenue

~27%

AOP Margin

\$0.92 to \$0.95

Adj. EPS

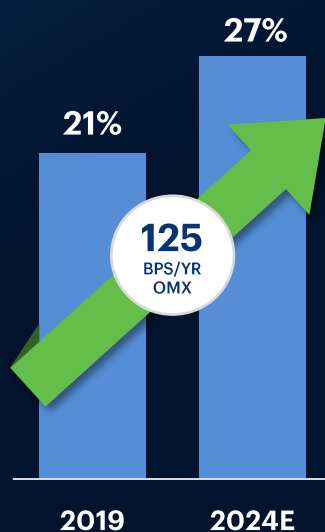
~\$360M

Free Cash Flow

ADJ. REVENUE (\$B)



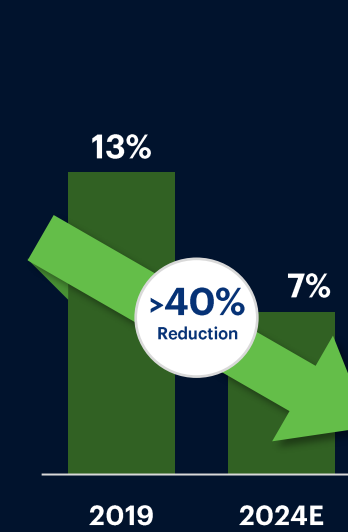
ADJ. OP MARGIN



ADJ. EPS



NWC % SALES

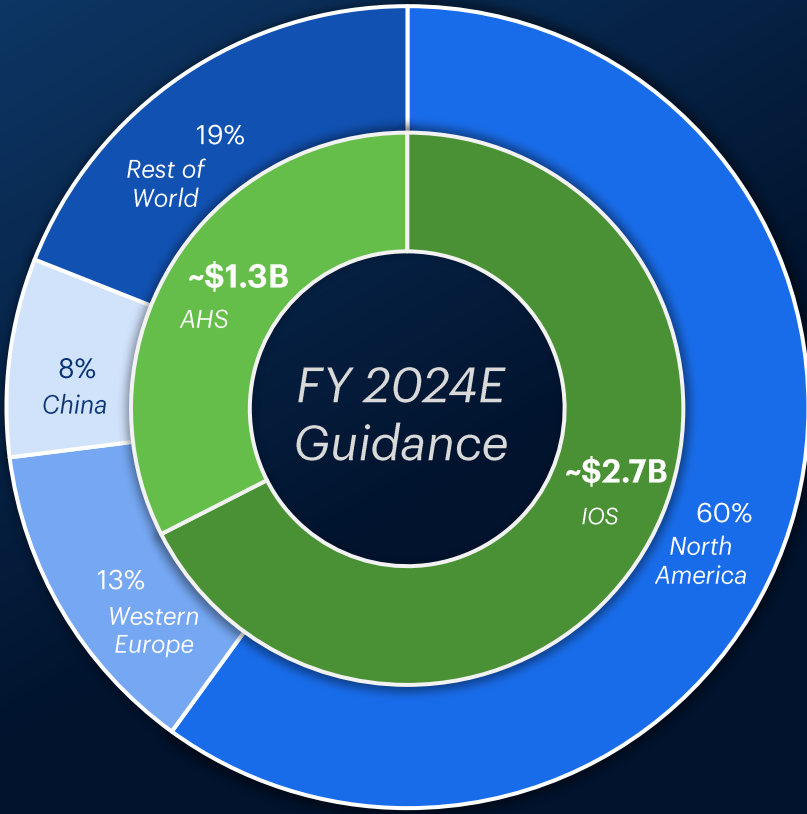


FREE CASH FLOW (\$B)

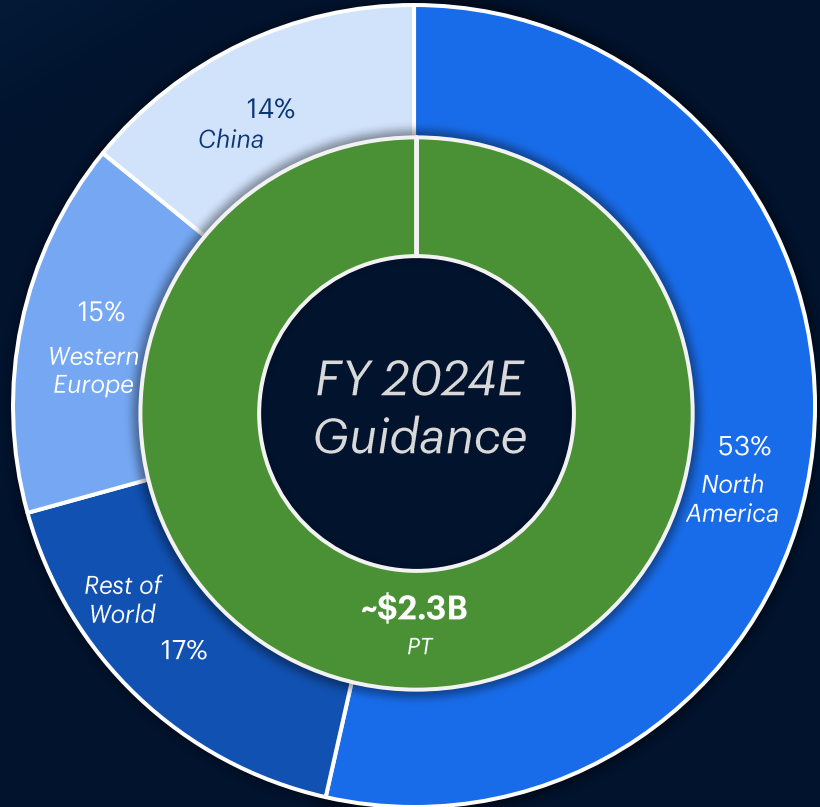


Additional & Supplemental Reconciliation Data

Pro-Forma Revenue Profiles



PRECISION TECHNOLOGIES



Based on midpoint of managements FY 2024 guidance

2019 Non-GAAP Reconciliations

	Revenue	Operating Profit	EPS	FCF
2019 GAAP Results	\$4,563.9	\$444.0	\$0.59	\$702.0
Non-GAAP adjustments:				
Acquisition related fair value adjustments to Deferred Revenue	54.50	54.50	0.15	
Acquisition related fair value adjustments to inventory		66.50	0.19	
Acquisition and other transaction Costs		110.50	0.31	
Amortization of acquisition related intangible assets		261.00	0.73	
Discrete restructuring		32.40	0.09	
Pretax losses from equity method investments			0.01	
Pretax gain on disposition of business			(0.11)	
Pretax non-cash interest expense			0.08	
Dividends on mandatory convertible preferred stock, net of share impact			0.16	
Tax effect of the adjustments reflected above			(0.23)	
Non-cash discrete tax expense associated with the Vontier separation			0.08	
Capital expenditures				(74.50)
Net Adjustments	54.5	524.9	1.44	(74.50)
2019 Adjusted non-GAAP results	\$4,618.4	\$968.9	\$2.03	\$627.5
Adjusted OP Margin		21.0%		



FORTIVE