

Third Quarter 2020 Earnings Release

October 29, 2020

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws. These statements include, but are not limited to statements regarding Vontier Corporation's (the "Company's") business and acquisition opportunities, anticipated revenue growth, anticipated operating margin expansion, anticipated cash flow, and anticipated earnings growth, and any other statements identified by their use of words like "anticipate," "expect," "believe," "outlook," "guidance," or "will" or other words of similar meaning. There are a number of important risks and uncertainties 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 risks and uncertainties include, among other things, the duration and impact of the COVID-19 pandemic, deterioration of or instability in the economy, the markets we serve, international trade policies and the financial markets, trade relations with China, the phase out of the London Interbank Offered Rate, contractions or lower growth rates and cyclicality of markets we serve, competition, changes in industry standards and governmental regulations that may adversely impact demand for our products or our costs, 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 Information Statement filed with the Form 10-12B/A on September 21, 2020. These forward-looking statements represent Vontier's beliefs and assumptions only as of the date of this presentation and Vontier 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.

Non-GAAP Financial Measures

This presentation contains references to “core revenue growth,” "core operating margin expansion," “free cash flow,” “adjusted free cash flow,” “adjusted free cash flow conversion,” “adjusted operating profit,” “adjusted operating margin,” “adjusted net earnings,” "adjusted net earnings per share," “adjusted EBITDA,” financial measures which are, in each case, not presented in accordance with generally accepted accounting principles (“GAAP”).

- Core revenue growth and core operating margin expansion refer to the change of total sales or the change in operating profit, respectively, calculated according to GAAP but excluding (1) sales from and the impact on operating profit from acquired and divested businesses; (2) the impact of currency translation; and (3) certain other items. References to sales attributable to acquisitions or acquired businesses or the impact of acquisitions and divestitures refers to GAAP sales or operating profit from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales or operating profit attributable to certain divested businesses or product lines not considered discontinued operations. The portion of sales and operating profit attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in sales (excluding sales from acquired businesses) and (b) the period-to-period change in sales, including foreign operations, (excluding sales from acquired businesses) after applying the current period foreign exchange rates to the prior year period. The portion of sales attributable to other items is calculated as the impact of those items which are not directly correlated to sales from existing businesses which do not have an impact on the current or comparable period.
- Free cash flow refers to cash flow from operations calculated according to GAAP but excluding capital expenditures.
  - Adjusted free cash flow refers to free cash flow adjusted for pro-forma interest expense on debt, net of interest income, and adjusted for standalone and other one-time public company costs. Adjusted free cash flow conversion refers to adjusted free cash flow divided by adjusted net earnings.
- Adjusted operating profit refers to operating profit calculated in accordance with GAAP, but excluding amortization of acquisition-related intangible assets, restructuring costs and asset impairments and is adjusted for standalone and other one-time public company costs. Adjusted operating margin refers to adjusted operating profit divided by GAAP sales.
- Adjusted net earnings refers to net earnings calculated in accordance with GAAP, but excluding amortization of acquisition-related intangible assets, restructuring costs, asset impairments and earnings attributable to noncontrolling interests and is adjusted for pro-forma interest expense on debt, net of interest income, and standalone and other one-time public company costs and applying the Company's overall estimated effective tax rate to the pretax amount of the adjustment, unless the nature of the adjustment and/or the tax jurisdiction in which the adjustment has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such adjustment is estimated by applying such specific tax rate or tax treatment. Adjusted net earnings per share refers to adjusted net earnings divided by the weighted average diluted shares outstanding.
- EBITDA refers to net earnings calculated in accordance with GAAP, excluding, interest, taxes, depreciation, and amortization of acquisition-related intangible assets
  - Adjusted EBITDA refers to EBITDA excluding restructuring costs, asset impairments and earnings attributable to non controlling interest.

The Company has not reconciled the forward-looking statements regarding core revenue growth, adjusted core operating margin expansion and adjusted free cash flow conversion because both the corresponding GAAP measures and the reconciliation thereto would require the Company to make estimates or assumptions about unknown currency impact, unidentified acquisitions and similar adjustments during the relevant period. 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. Further information with respect to and reconciliations of such non-GAAP financial measures to the nearest GAAP financial measure can be found attached to this presentation.

We report our financial results in accordance with GAAP. However, we present certain non-GAAP measures, as described above, which are not recognized financial measures under GAAP, because we believe they assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. Management believes these measure are helpful in highlighting trends in our operating results, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure and allocation, the tax jurisdictions in which companies operate and capital investments and acquisitions.

Q3 Summary

Strong double-digit earnings growth reflects resiliency of portfolio

- Adj. EPS $0.80, +25% on strong fall-through
- Adj. FCF of $218M, +89% and Adj. FCF conversion of 162% driven by strong working capital productivity
- Adj. Core OMX +220 bps reflecting strong GMX and a measured reduction in operating expenses
- Core revenue growth +5.6% driven by strength at GVR (EMV and Mexico regulatory drivers) and Matco (V-shaped recovery)
  - Mobility Technologies (MT) and Diagnostics & Repair Technologies (DT) both +MSD
  - Developed Markets +HSD: North America +LDD; Western Europe sequentially improved to -HSD
  - HGM sequentially improved to -MSD: Mexico up substantially, offset by India and China both down >20%

Power of Vontier Business System, growth and cost actions, position us well for economic recovery

- Continued to leverage VBS to monitor end-market environment and drive dynamic resource allocation
- Prioritized strategic investments while maintaining appropriate cost control
- Delivered ~$25M cost take-out YTD, mostly in 2Q and a mix of temporary and semi-temporary costs (e.g. travel)
- Observed positive markers for market recovery
- Booked strong backlog across the portfolio, +30% YOY

Significant balance sheet flexibility to fund disciplined M&A in attractive markets

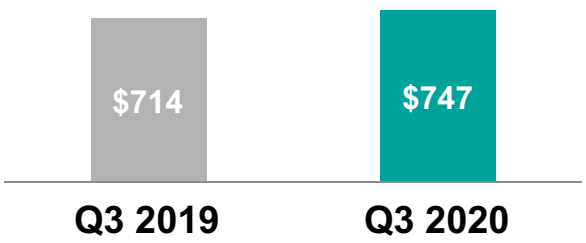
- Uniquely positioned in our space and have a strong track record of evolving portfolio ahead of market trends/shifts
- ~$1.5B anticipated M&A capacity over the next 2-3 years
- Strong FCF, committed to investment grade style balance sheet

Note: Adjusted EPS, Adjusted Free Cash Flow, Adjusted Free Cash Flow Conversion, Adjusted Core Operating Margin Expansion and Core Revenue Growth are non-GAAP financial metrics. For a reconciliation to the most comparable GAAP metrics, see appendix.

Q3 2020 Financial Performance

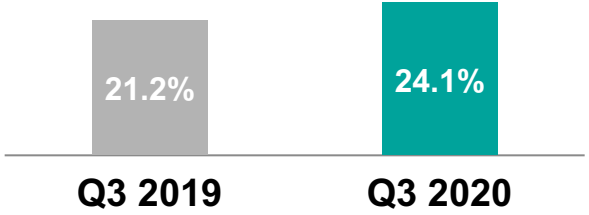
Summary of Key Financial Items

Revenue ($M)



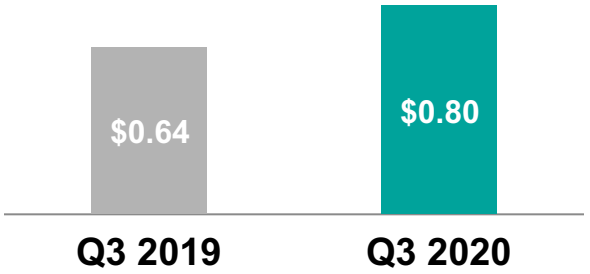
- **Core revenue growth: 5.6%**
  - Price: (0.1)%
- **Acq/Div: (0.5)%**
- **Other: (0.6)%**
- **Total growth: 4.5%**

Adj. Operating Profit Margin (%)



- **OP Margins +220 bps**
- **Adj. Core OMX +220 bps**

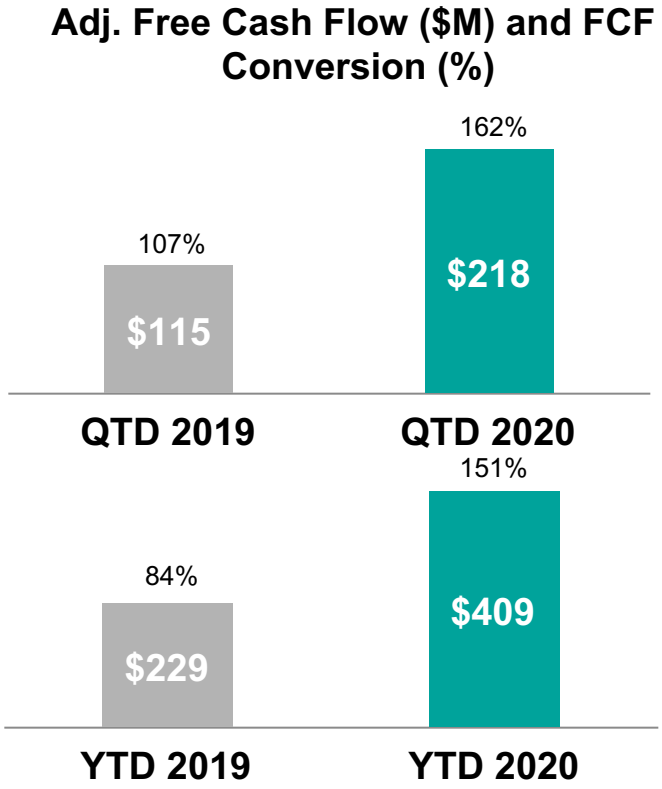
Adj. Diluted EPS



- **GAAP EPS of $0.84**
- **Adj. EPS of $0.80, including $(0.06) unfavorable impact of current debt structure**
- **20.9% Effective Tax Rate ("ETR"), favorable impact of +$0.02 on Adj. EPS (3Q19 had ETR of 23.2%)**

Note: Adjusted Operating Margin, Adjusted Core Operating Margin Expansion, Adjusted Diluted Net Earnings Per Share and Core Revenue Growth are non-GAAP financial metrics. For a reconciliation to the most comparable GAAP metrics, see appendix.

Q3 2020 Free Cash Flow Detail



- **Q3 2020:**
  - **Free Cash Flow:** $233M, +68%; conversion of 165% of GAAP Net Earnings
  - **Adj. Free Cash Flow:** $218M, +89%; conversion of 162% of Adj. Net Earnings
- **2020 YTD:**
  - **Free Cash Flow:** $453M, +54%; conversion of 221% of GAAP Net Earnings
  - **Adj. Free Cash Flow:** $409M,+78%; conversion of 151% of Adj. Net Earnings
- **Vontier Business System drives improved working capital efficiency**
- **Net leverage ratio of 2.6x as of spin date (10/9/20)**

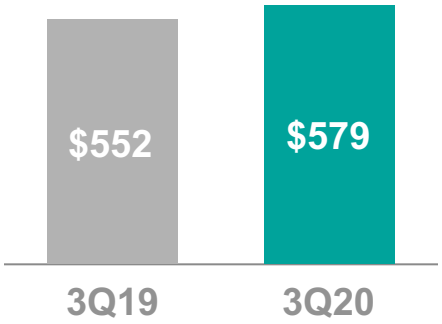
Note: Free Cash Flow, Adjusted Free Cash Flow, Free Cash Flow Conversion, Adjusted Free Cash Flow Conversion and Net Leverage Ratio are non-GAAP financial metrics. For a reconciliation to the most comparable GAAP metrics, see appendix.

Performance by Platform

Mobility Technologies

GILBARCO VEEDER-ROOT · Teletrac Navman · GTT GLOBAL TRAFFIC TECHNOLOGIES

Revenue
+4.9%
Core +5.4%

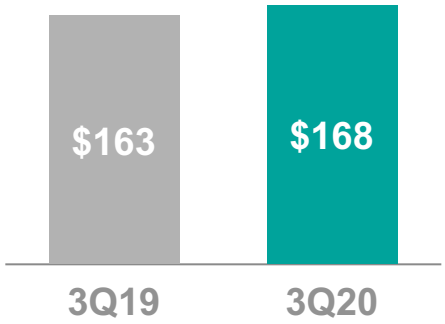


- Growth from EMV and Mexico regulatory drivers in GVR
- HGMs most impacted by COVID-19

Diagnostics & Repair Technologies

MATCO TOOLS · HENNESSY INDUSTRIES

Revenue
+3.3%
Core +6.0%



- Matco "V" shaped recovery as COVID-19 restrictions eased
- Robust technician employment levels

Note: Revenue in $M. Core revenue growth is a non-GAAP financial metric. For a reconciliation to the most comparable GAAP metrics, see appendix.

Thoughts on Q4 and FY20

Q4 Considerations

- Expect core growth of +MSD
- Expect adj. core OMX >200 bps, excluding the anticipated impact of restructuring (~$4M - $8M)
- ETR ~23%

FY20 Considerations

- Anticipate core revenue to decline LSD
- Expect adj. core OMX >125 bps, excluding the anticipated impact of restructuring
- Expect adj. FCF conversion ~130% - 140%
- ETR ~23%

Supplemental Reconciliation Data

RECONCILIATION OF OPERATING PROFIT TO ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING PROFIT MARGIN

$ in millions	Three Months Ended		Nine Months Ended	
	September 27, 2019	September 25, 2020	September 27, 2019	September 25, 2020
Revenue (GAAP)	**$ 714.4**	**$ 746.7**	**$ 2,028.8**	**$ 1,889.6**
Operating Profit (GAAP)	**$ 154.9**	**$ 178.6**	**$ 400.3**	**$ 290.4**
Amortization of Acquisition-Related Intangible Assets	7.8	7.3	24.1	21.8
Restructuring Costs	0.2	—	0.3	0.1
Goodwill impairment charges	—	—	—	85.3
Normalization and other adjustments (Non-GAAP) [(a)]	$ (11.5)	$ (6.1)	$ (34.7)	$ (19.3)
Adjusted Operating Profit (Non-GAAP)	**$ 151.4**	**$ 179.8**	**$ 390.0**	**$ 378.3**
Operating Profit Margin (GAAP)	**21.7 %**	**23.9 %**	**19.7 %**	**15.4 %**
Amortization of Acquisition-Related Intangible Assets	1.1 %	1.0 %	1.2 %	1.2 %
Restructuring Costs	— %	— %	— %	— %
Goodwill impairment charges	— %	— %	— %	4.5 %
Normalization and other adjustments (Non-GAAP) [(a)]	(1.6)%	(0.8)%	(1.7)%	(1.0)%
Adjusted Operating Profit Margin (Non-GAAP)	**21.2 %**	**24.1 %**	**19.2 %**	**20.0 %**

[(a)] Adjustment for standalone public company costs

RECONCILIATION OF ADJUSTED OPERATING PROFIT MARGIN EXPANSION

	Three Months Ended September 25, 2020
2019 Adjusted Operating Profit Margin (Non-GAAP)	**21.2%**
Core (Non-GAAP)	2.2%
Acquisitions and divestitures (Non-GAAP)	0.2%
Currency exchange rates (Non-GAAP)	0.5%
2020 Adjusted Operating Profit Margin (Non-GAAP)	**24.1%**

RECONCILIATION OF NET EARNINGS TO ADJUSTED NET EARNINGS

$ in millions	Three Months Ended		Nine Months Ended	
	September 27, 2019	September 25, 2020	September 27, 2019	September 25, 2020
Net Earnings (GAAP)	**$ 121.0**	**$ 141.0**	**$ 310.3**	**$ 205.2**
Amortization of acquisition-related intangible assets	7.8	7.3	24.1	21.8
Restructuring costs	0.2	—	0.3	0.1
Goodwill impairment charges	—	—	—	85.3
Earnings attributable to noncontrolling interests	(0.7)	—	(1.1)	0.6
Pro-Forma interest expense on debt, net of interest income	(12.7)	(9.6)	(35.3)	(28.8)
Normalization and other adjustments [(a)]	(11.5)	(6.1)	(34.7)	(19.3)
Tax effect of the Non-GAAP adjustments [(b)]	3.8	1.8	10.7	5.7
Adjusted Net Earnings (Non-GAAP)	**$ 107.9**	**$ 134.4**	**$ 274.3**	**$ 270.6**

[(a)] Adjustment for standalone public company costs

[(b)] Tax adjustment calculated using an estimated effective rate for each respective period. The goodwill impairment charge is not tax deductible and therefore the tax effect of the adjustments includes only the other adjustments noted.

RECONCILIATION OF NET EARNINGS PER SHARE TO ADJUSTED NET EARNINGS PER SHARE

	Three Months Ended		Nine Months Ended	
	September 27, 2019	September 25, 2020	September 27, 2019	September 25, 2020
Net Earnings per Share (GAAP)	**$ 0.72**	**$ 0.84**	**$ 1.84**	**$ 1.22**
Amortization of Acquisition-Related Intangible Assets	0.05	0.04	0.14	0.13
Restructuring Costs	—	—	—	—
Goodwill Impairment Charges	—	—	—	0.51
Earnings Attributable to Noncontrolling Interests	—	—	(0.01)	—
Pro-Forma interest expense on debt, net of interest income	(0.08)	(0.06)	(0.21)	(0.17)
Normalization and other adjustments [(a)]	(0.07)	(0.04)	(0.21)	(0.11)
Tax effect of the Non-GAAP adjustments [(b)]	0.02	0.01	0.06	0.03
Adjusted Net Earnings per Share (Non-GAAP)	**$ 0.64**	**$ 0.80**	**$ 1.63**	**$ 1.61**
Average common stock and common equivalent shares outstanding (Basic and Diluted) - in millions	**$ 168.4**	**$ 168.4**	**$ 168.4**	**$ 168.4**

[(a)] Adjustment for standalone public company costs

[(b)] Tax adjustment calculated using an estimated effective rate for each respective period. The goodwill impairment charge is not tax deductible and therefore the tax effect of the adjustments includes only the other adjustments noted.

Note: The sum of the components of Adjusted Net Earnings per Share may not equal due to rounding

RECONCILIATION OF OPERATING CASH FLOWS TO FREE CASH FLOW AND FREE CASH FLOW CONVERSION

$ in millions	Three Months Ended			Nine Months Ended		
	September 27, 2019	September 25, 2020	% Change	September 27, 2019	September 25, 2020	% Change
Operating Cash Flows (GAAP)	**$ 148.9**	**$ 245.8**	**65.1 %**	**$ 322.3**	**$ 480.6**	**49.1 %**
Less: Purchases of property, plant & equipment (capital expenditures)	(10.6)	(13.3)		(27.0)	(27.3)	
Free Cash Flow (Non-GAAP)	**$ 138.3**	**$ 232.5**	**68.1 %**	**$ 295.3**	**$ 453.3**	**53.5 %**
Net Earnings (GAAP)	**$ 121.0**	**$ 141.0**		**$ 310.3**	**$ 205.2**	
Free Cash Flow Conversion Ratio (Non-GAAP)	**114 %**	**165 %**		**95 %**	**221 %**	

RECONCILIATION OF OPERATING CASH FLOWS TO ADJUSTED FREE CASH FLOW AND ADJUSTED FREE CASH FLOW CONVERSION

	Three Months Ended			Nine Months Ended		
$ in millions	September 27, 2019	September 25, 2020	% Change	September 27, 2019	September 25, 2020	% Change
Operating Cash Flows (GAAP)	**$ 148.9**	**$ 245.8**	**65.1 %**	**$ 322.3**	**$ 480.6**	**49.1 %**
Less: Purchases of property, plant & equipment (capital expenditures)	(10.6)	(13.3)		(27.0)	(27.3)	
Free Cash Flow (Non-GAAP)	**$ 138.3**	**$ 232.5**	**68.1 %**	**$ 295.3**	**$ 453.3**	**53.5 %**
Less: Pro-forma interest expense on debt, net of interest income	(12.7)	(9.6)		(35.3)	(28.8)	
Less: Normalization and other adjustments [(a)]	(10.2)	(5.1)		(30.6)	(15.6)	
Adjusted Free Cash Flow (Non-GAAP)	**115.4**	**217.8**	**88.7 %**	**229.4**	**408.9**	**78.2 %**
Adjusted Net Earnings (Non-GAAP)	**$ 107.9**	**$ 134.4**		**$ 274.3**	**$ 270.6**	
Adjusted Net Earnings Free Cash Flow Conversion Ratio (Non-GAAP)	**107 %**	**162 %**		**84 %**	**151 %**	

[(a)] Adjustment for standalone public company costs

RECONCILIATION OF TOTAL REVENUE GROWTH TO CORE REVENUE GROWTH

Components of Revenue Growth	Three Months Ended September 25, 2020	Nine Months Ended September 25, 2020
Total revenue growth (GAAP)	**4.5 %**	**(6.9)%**
Existing businesses (Non-GAAP)	5.6 %	(4.7)%
Acquisitions and divestitures (Non-GAAP)	(0.5)%	(0.4)%
Currency exchange rates (Non-GAAP)	— %	(1.1)%
Other (Non-GAAP) [1]	(0.6)%	(0.7)%

[1] Other items are related to impacts of reclassifications of non-core revenue amounts

RECONCILIATION OF TOTAL REVENUE GROWTH TO CORE REVENUE GROWTH BY PLATFORM

	Three Months Ended September 25, 2020	
Components of Revenue Growth	**Mobility Technologies**	**Diagnostics & Repair Technologies**
Total revenue growth (GAAP)	**4.9 %**	**3.3 %**
Existing businesses (Non-GAAP)	5.4 %	6.0 %
Acquisitions and divestitures (Non-GAAP)	(0.5)%	— %
Currency exchange rates (Non-GAAP)	— %	— %
Other (Non-GAAP) [(1)]	— %	(2.7)%

[(1)] Other items are related to impacts of reclassifications of non-core revenue amounts

NET LEVERAGE RATIO AND RECONCILIATION FROM NET EARNINGS TO EBITDA TO ADJUSTED EBITDA

Long-term Debt[1]	$	1,800.0
(less) Cash[2]		(203.8)
Net Long-term Debt	**$**	**1,596.2**
LTM Adjusted EBITDA (Non-GAAP)	$	625.7
Net Leverage Ratio		**2.6**

[1] On October 9, 2020, the Company drew down $1.8 billion under the Term Loans under the Credit Facilities entered into on September 29, 2020

[2] As of the date of separation, Vontier had approximately $288 million in cash. Under the terms of the separation agreement, approximately $84 million is repayable by us to Fortive within the next 90 days

	Nine Months Ended		Year Ended	LTM
$ in millions	**September 27, 2019**	**September 25, 2020**	**December 31, 2019**	**September 25, 2020**
Net Earnings (GAAP)	**$ 310.3**	**$ 205.2**	**$ 436.5**	**$ 331.4**
Interest (income) expense, net	(5.1)	0.8	(3.3)	2.6
Income tax expense	94.5	84.0	129.3	118.8
Depreciation expense	38.4	37.8	52.7	52.1
Amortization expense	24.1	21.8	31.8	29.5
EBITDA (Non-GAAP)	**462.2**	**349.6**	**647.0**	**534.4**
Restructuring costs	0.3	0.1	6.2	6.0
Goodwill impairment charge	—	85.3	—	85.3
Earnings attributable to noncontrolling interests	(1.1)	0.6	(1.7)	—
Adjusted EBITDA (Non-GAAP)	**$ 461.4**	**$ 435.6**	**$ 651.5**	**$ 625.7**