# Baird Global Industrial Conference 2021

November 11, 2021

# 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, 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 2020 Annual Report on Form 10-K. 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,” “free cash flow,” "free cash flow conversion," “adjusted free cash flow,” “adjusted free cash flow conversion,” “adjusted operating profit,” “adjusted operating profit margin,” “adjusted core operating margin expansion,” “adjusted net earnings,” “adjusted diluted net earnings per share,” “adjusted EBITDA,” and “net leverage ratio” financial measures which are, in each case, not presented in accordance with generally accepted accounting principles (“GAAP”).

- Core revenue growth refers to the change of total sales calculated according to GAAP but excluding (1) sales 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 refers to GAAP sales from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to certain divested businesses or product lines not considered discontinued operations. The portion of sales 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. Free cash flow conversion refers to free cash flow divided by net earnings calculated according to GAAP.
  - Adjusted free cash flow refers to free cash flow adjusted for pro-forma interest expense on debt, net of interest income, and 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 other termination costs and severance benefits ("restructuring costs"), transaction- and deal-related costs, amortization of acquisition-related inventory fair value step-up, other charges which represent charges incurred that are not part of our core operating results ("other charges") and asset impairments and is adjusted for standalone and other one-time public company costs. Adjusted operating profit margin refers to adjusted operating profit divided by GAAP sales. Adjusted core operating margin expansion refers to the change in adjusted operating profit margin but excluding (1) the impact on operating profit from acquired and divested businesses and (2) the impact of currency translation. References to the impact of acquisitions and divestitures refer to operating profit from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of operating profit attributable to certain divested businesses or product lines not considered discontinued operations. The portion of operating profit attributable to the impact of currency translation is calculated as the difference between (a) the period-to-period change in operating profit (excluding operating profit from acquired businesses) and (b) the period-to-period change in operating profit, including foreign operations (excluding operating profit from acquired businesses) after applying the current period foreign exchange rates to the prior year period.
- Adjusted net earnings refers to net earnings calculated in accordance with GAAP, but excluding amortization of acquisition-related intangible assets, restructuring costs, transaction- and deal-related costs, amortization of acquisition-related inventory fair value step-up, gains and losses on sales and settlements of property and investments, asset impairments, earnings attributable to noncontrolling interests, other charges and non-cash write-off of deferred financing costs and is adjusted for pro-forma interest expense on debt, net of interest income, standalone and other one-time public company costs, and certain other tax adjustments 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 diluted 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, transaction- and deal-related costs, amortization of acquisition-related inventory fair value step-up, gains and losses on sales and settlements of property and investments, one-time costs related to separation, earnings attributable to non controlling interest, other charges and non-cash write-off of deferred financing costs.

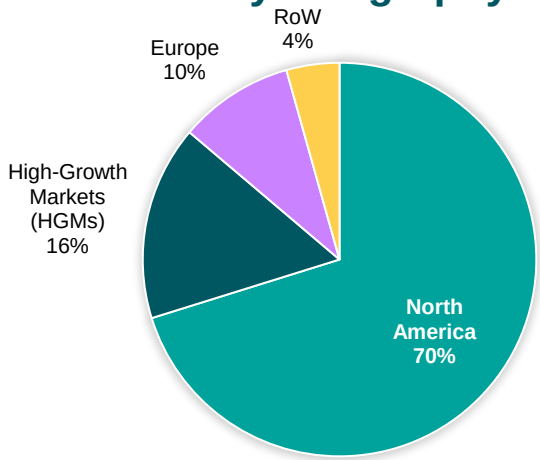
The Company has not reconciled the forward-looking statements regarding core revenue growth, adjusted core operating margin expansion and adjusted free cash flow conversion because both the corresponding GAAP measures and the reconciliation thereto would require the Company to make estimates or assumptions about unknown currency impact, unidentified acquisitions and similar adjustments during the relevant period that could not be determined without unreasonable effort. 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.

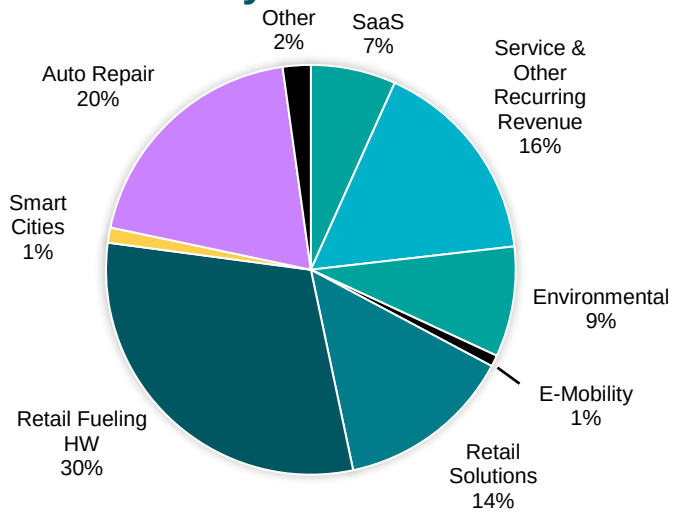
# Premier Industrial Technology Company

- ***Market Leader in Mobility Technologies***
- ***Large, Global Installed Base with Historically Low Cyclicality***
- ***Attractive Financial Profile with Strong Margins & Free Cash Flow***
- ***Proven Business System and Culture, Inherited from Danaher & Fortive***
- ***Runway of Opportunities for Profitable Growth and M&A***

## By Geography[1]




## By Solution[1]




## Key Financials

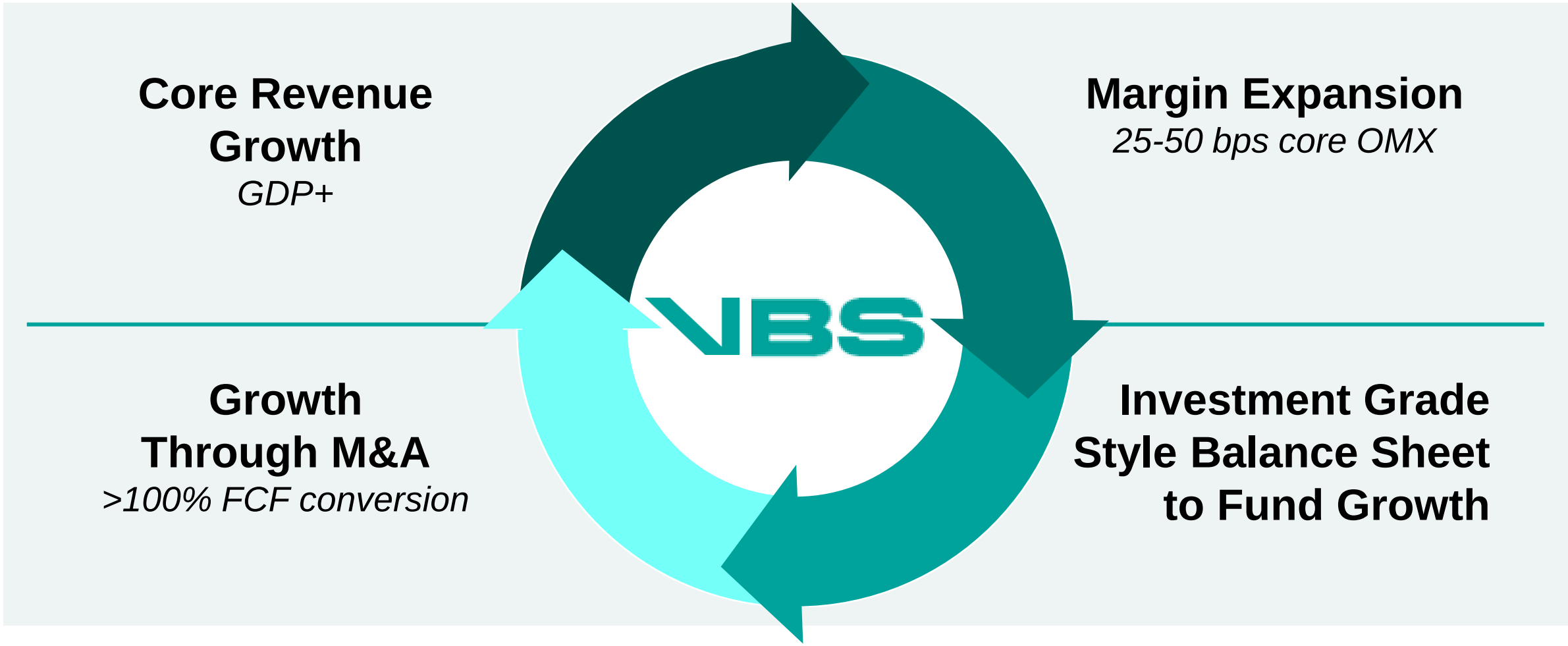
| |
|---|
| **$2.7bn** 2020 Sales |
| **GDP+** Core Revenue Growth |
| **Mid-20%** Recurring Sales |
| **>40%** Gross Margin |
| **~20%** Adj. Op. Profit Margin |
| **>100%** Adj. FCF Conversion |

Note: Core Revenue Growth, Adjusted Operating Profit Margin, and Adjusted Free Cash Flow Conversion are non-GAAP financial metrics.
1 Based on 2020 sales. High-growth markets are defined as developing markets of the world experiencing extended periods of accelerated growth in gross domestic product and infrastructure, which include Eastern Europe, the Middle East, Africa, Latin America, and Asia Pacific (with the exception of Japan and Australia).

# 2021 Springboard to Multiyear Transformation

- **Exceptional execution delivering strong performance in a challenging environment**
- **Deeper deployment of VBS continues to drive strong margin expansion and FCF conversion**
- **Profitable growth initiatives delivering ahead of plan**
- **Building better innovation capabilities and launched Vontier Data & Analytics Hub**
- **Advancing portfolio diversification strategy toward long-term secular growth drivers**
- **Well-positioned to deliver sustainable mobility solutions**

# Vontier Value Creation Flywheel




Note: Represents general target measures

# Vontier | A Compelling Investment Opportunity

- ***Industrial technology leader with outstanding brands and strong installed base levered to attractive ~$28bn mobility market***
- ***Strong performance and limited cyclicality, supported by recurring sales***
- ***Robust free cash flow generation and investment grade style balance sheet to fund M&A***
- ***Runway of opportunities to drive profitable growth***
- ***Experienced and proven leadership team with track record of driving substantial growth and strategic portfolio transformation***
- ***Vontier Business System is a cornerstone of culture and competitive advantage***

VONTIER™