Third Quarter 2022 Earnings Results

November 3, 2022



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 ongoing 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, war or hostility, 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, 2021. 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 cash paid for standalone and other one-time public company costs, transaction- and deal-related costs and other charges. 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"), the impact of certain divested businesses, or product lines or businesses to be abandoned but not considered discontinued operations, and asset and goodwill 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. 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.
- 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 and goodwill impairments, earnings attributable to noncontrolling interests, other charges and non-cash write-off of deferred financing costs and is adjusted for 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. The historical non-GAAP financial measures used by the Company in this presentation may be different than similarly-titled non-GAAP measures used by other companies. 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 2022 Summary

Strong execution in a challenging environment

- **Adj. Diluted Net EPS $0.86, +8%**
- **Adj. Gross Margin +40 bps** – strong price/cost performance and favorable mix (DRB)
- **Adj. Core Operating Margin +20 bps** – profitable growth initiatives and proactive cost actions, which more than offset growth investments and supply chain disruptions
- Favorable operating leverage delivered ~40% incrementals
- Core revenue light, impacted by anomalous supplier cyberattack late in the quarter

Updating full year 2022 outlook

- **Adj. Diluted Net EPS now $3.00-$3.05, up 4-6%:** Timing of EMV sunset pulling in to Q4 due to macro impact on small/independent fueling operators
- **EMV headwind accelerated in Q4'22:** ~$100M headwind YoY; 2023 headwind at low end of prior range (~$300M)

Early thoughts on 2023

- Positioning Vontier for **long-term growth** despite challenging macro environment
- **Executing plan to offset EPS headwinds** from EMV ($0.70-0.75) and Interest Expense (~$0.20)
- Implementing **additional cost actions** and deploying capital toward **share repurchase & debt reduction**
- **Profitable Growth Initiatives & Platform Strategies** delivering results and enable **+MSD ex-EMV** core growth

Resilient portfolio, well-positioned for growth

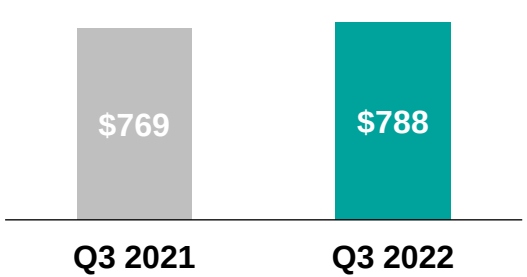
- **Attractive end markets in Mobility Ecosystem with low cyclicality**
- **Profitable Growth Initiatives and Platform Strategies accelerating non-EMV, margin accretive growth**
- **Expect core revenue growth rate of +MSD post-EMV sunset**

Note: Adjusted Diluted Net EPS, Adjusted Core Operating Margin Expansion, and Adjusted Gross Margin Expansion are non-GAAP financial metrics. For a reconciliation to the most comparable GAAP metrics, see appendix.

Q3 2022 Financial Performance

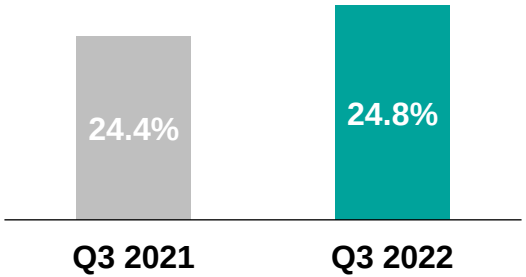
Summary of Key Financial Items

Revenue ($M)



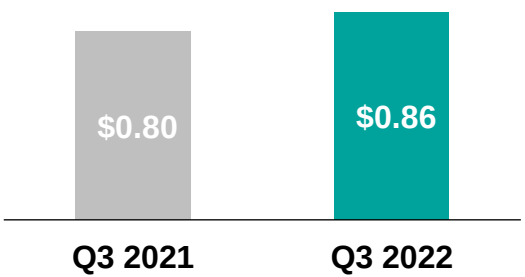
- **Total growth: 2.5%**
- **Core growth: (1.9)%**
- **Acquisitions: 7.7%**
- **FX: (3.3)%**

Adjusted Operating Profit Margin (%)



- **GAAP OP Margin (270bps)**
- **Adj. OP Margin +40 bps**
- **Adj. Core OP Margin +20 bps**

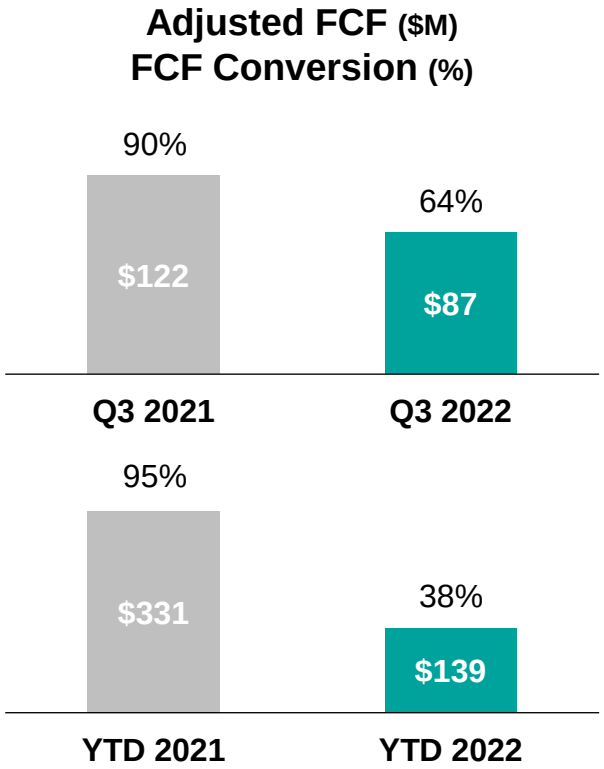
Adjusted Diluted Net EPS



- **GAAP EPS of $0.32**
- **Adj. Effective Tax Rate (ETR) 23.0%**
- **Share Repurchase: +$0.06**
- **Interest Expense & FX: ($0.04)**

Note: Adjusted Operating Profit 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 2022 Free Cash Flow Detail



Q3 2022

- **FCF:** $75M, -35%; conversion of 149% of GAAP Net Earnings
- **Adj. FCF:** $87M, -29%; conversion of 64% of Adj. Net Earnings, primarily reflecting continued challenges with sales linearity due to supply chain disruptions

2022 YTD

- **FCF:** $97M, -69%; conversion of 29% of GAAP Net Earnings
- **Adj. FCF:** $139M, -58%; conversion of 38% of Adj. Net Earnings, primarily reflecting poor sales linearity from supply chain disruptions

Net leverage ratio of 3.3X as of quarter end

- Lower cash balance reflects share repurchase and acquisition activity
- Remain committed to investment grade balance sheet
- Earnings growth and strong free cash flow generation expected to reduce leverage ratio to ~3.0x by YE22

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.

Expect FY 2022 Adj. FCF Conv ~70-80%; Working Capital improves in Q4

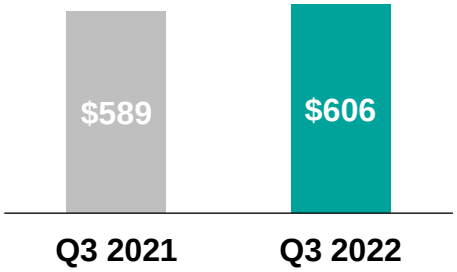
Performance by Platform

Mobility Technologies

GILBARCO VEEDER-ROOT | Teletrac Navman | GTT GLOBAL TRAFFIC TECHNOLOGIES | DRB

Revenue
($M)

+2.5%*
Core: (3.0%)



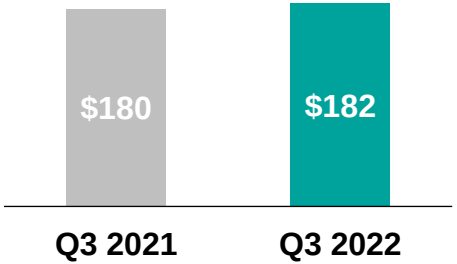
- DRB +>30%
- MT Core ex-EMV +6%
- GVR Core ex-EMV +MSD; double-digit growth in Aftermarket & Alternative Fuels

Diagnostics & Repair Technologies

MATCO TOOLS | HENNESSY INDUSTRIES

Revenue
($M)

+1.4%
Core: +1.5%



- Matco same-store sales +MSD; supply chain improved
- Net Franchisee adds up slightly YoY, up sequentially

Note: Revenue in $M. Core revenue growth is a non-GAAP financial metric. For a reconciliation to the most comparable GAAP metrics, see appendix.
* Does not include the impact of the energy transition investments

Q4 and FY22 Considerations

Q4 2022

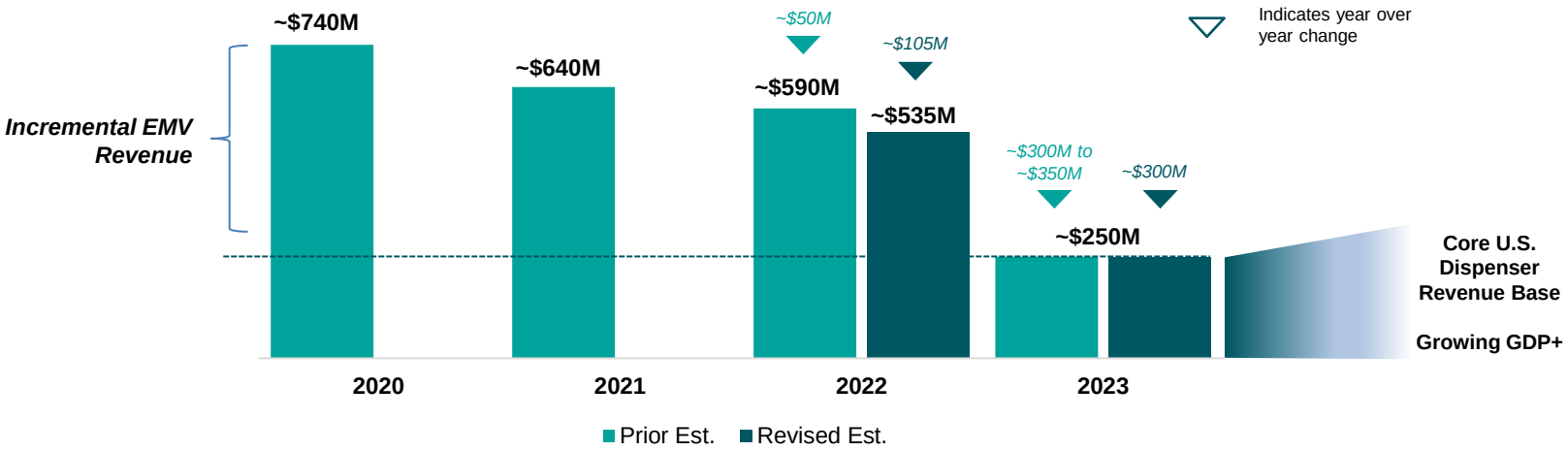
- Total revenue growth: +LSD
  - **Core growth: +LSD**
  - **Core growth ex-EMV: +MSD**
- **Adj. Core OMX: flat to down 40 bps**
- **Adj. EPS: $0.73 – $0.78**
- ETR ~23%

FY 2022

- Total revenue growth: +MSD
  - **Core growth: ~Flat**
  - **Core growth ex-EMV: +MSD**
  - EMV revenue down ~$100M YoY; prior guide ~$50M
- **Adj. Core OMX: ~flat**
- **Adj. EPS: $3.00 – $3.05**
- **Adj. FCF conversion: ~70 to 80%**
- ETR: ~23%
- Average Share Count: ~161M; does not reflect additional share repurchases

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

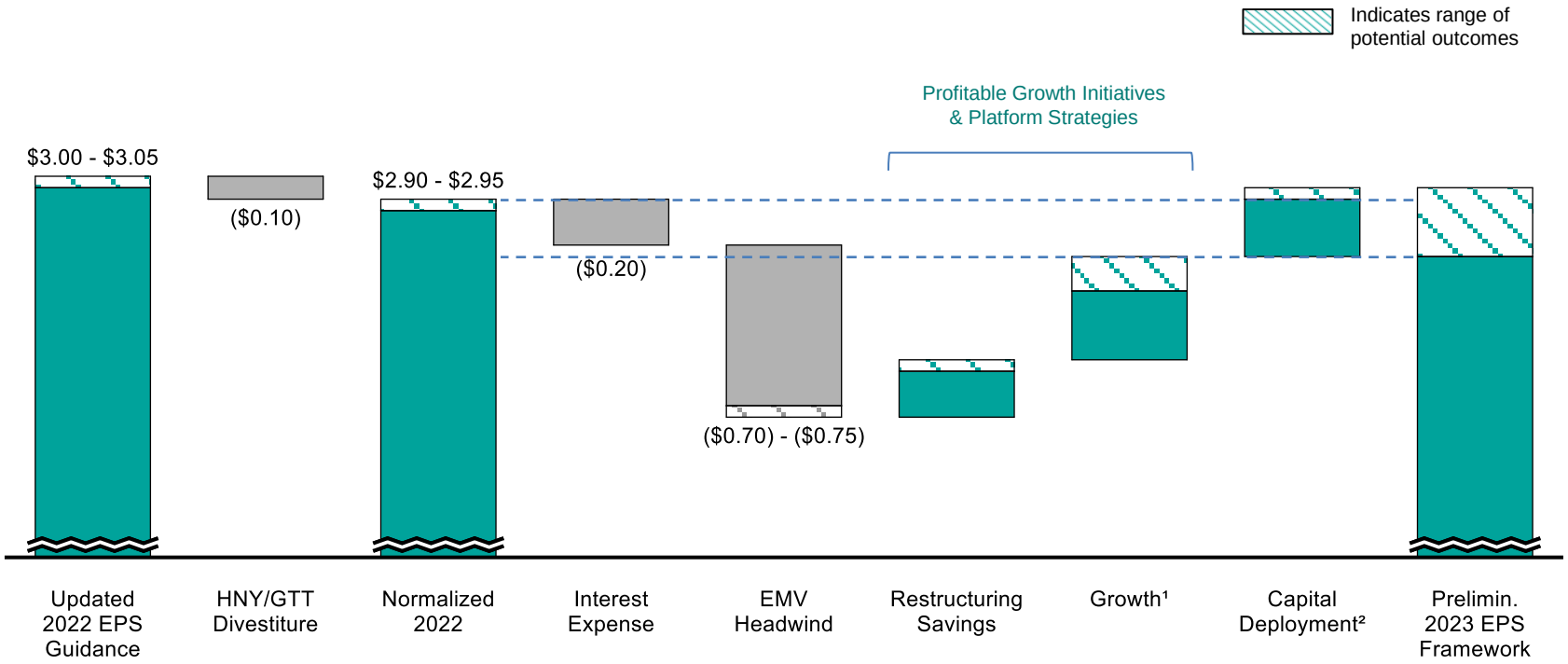
Vontier U.S. Fueling Dispenser Revenue – EMV Impact Update



- Lowering EMV adoption rate estimate given macro impact on small/independent fueling operators
- EMV decline accelerates into 2022
- 2023 post-EMV U.S. dispenser market unchanged at ~$250M base from which to grow in the future

- Future growth drivers include:
  - Additional regulatory drivers
  - New site buildout/consolidation driven upgrades
  - Refresh cycle with product upgrades
- Larger US installed base seeing higher aftermarket parts & service business

2023 Preliminary Thoughts



[1] Growth includes contribution from organic growth and Invenco acquisition
[2] Capital deployment includes benefit from carry over impact of share repurchase as well as future share repurchase and debt paydown

Vision & Strategy: Smart Sustainable Solutions for the Road Ahead

Smart Sustainable Solutions Strategy

We provide critical products and technologies that enable **Workflow Solutions** and their **Automation** for **Mobility Ecosystem** customers

Leading Position in Mobility Ecosystem Provides Right to Play/Win

- ✓ #1 global supplier of HW/SW solutions for *fueling infrastructure*
- ✓ #2 in US *convenience retail* point-of-sale; #1 in High Growth Markets
- ✓ #1 integrated technology provider to *car wash industry* in US – 13k sites
- ✓ #2 *auto repair* solutions distribution franchise with industry leading product vitality
- ✓ Leader in *EV Charging* smart software with 20k ports under management, 1M+ drivers, across 25 countries

1 Optimize Core

Drive core growth and OMX expansion

- Strategic pricing
- Platform simplification
- Footprint restructuring
- Optimizing OpCo performance

2 Expand and Diversify

Leverage current positions to grow and diversify portfolio

- DRB footprint expansion
- Matco franchisee growth
- Digital enablement
- POS / frictionless checkout innovation
- Aftermarket sales

3 Accelerate Growth

Expand into near-in, high growth adjacencies, diversify further

- EV charging network SW
- EV charging energy management
- H2 fueling HW/SW solutions
- Integrated payments

Market TAM: $28B, growing MSD+ CAGR

Summary

Executing through challenging macro environment; controlling the controllable…accelerating cost actions

EMV impact accelerated to Q4 due to macro challenges (impact to small fueling operators); Sustainable non-EMV core growth +MSD

Continued top-line growth, strong backlog, and cost controls / price actions support continued profitable growth

Strong Free Cash Flow profile; Working Capital pressure normalizes in 2023

Deploying capital effectively: investing in our future, bias towards share repurchase, maintaining healthy balance sheet and driving shareholder returns

Supplemental Reconciliation Data

RECONCILIATION OF GROSS PROFIT TO ADJUSTED GROSS PROFIT AND ADJUSTED GROSS PROFIT MARGIN

$ in millions	Three Months Ended		Nine Months Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Revenue (GAAP)	**$ 788.0**	**$ 768.5**	**$ 2,312.5**	**$ 2,200.5**
Gross Profit (GAAP)	**$ 359.9**	**$ 346.4**	**$ 1,043.3**	**$ 976.7**
Amortization of acquisition-related inventory fair value step-up	—	1.6	—	1.6
Restructuring costs	0.2	—	2.4	1.1
Adjusted Gross Profit (Non-GAAP)	**$ 360.1**	**$ 348.0**	**$ 1,045.7**	**$ 979.4**
Gross Profit Margin (GAAP)	**45.7 %**	**45.1 %**	**45.1 %**	**44.4 %**
Amortization of acquisition-related inventory fair value step-up	— %	0.2 %	— %	0.1 %
Restructuring costs	— %	— %	0.1 %	— %
Adjusted Gross Profit Margin (Non-GAAP)	**45.7 %**	**45.3 %**	**45.2 %**	**44.5 %**

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

$ in millions	Three Months Ended		Nine Months Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Revenue (GAAP)	**$ 788.0**	**$ 768.5**	**$ 2,312.5**	**$ 2,200.5**
Operating Profit (GAAP)	**$ 150.2**	**$ 167.4**	**$ 421.5**	**$ 421.3**
Amortization of acquisition-related intangible assets	18.8	9.2	57.0	24.4
Asset impairment	2.1	—	2.1	—
Restructuring costs	2.6	2.5	7.9	9.6
Transaction- and deal-related costs	19.0	4.2	29.4	6.7
Amortization of acquisition-related inventory fair value step-up	—	1.6	—	1.6
Divestiture related adjustments	2.1	—	2.3	(0.3)
Other charges	0.1	—	2.2	15.0
One-time costs related to separation	0.8	3.3	4.0	14.2
Normalization and other adjustments [(a)]	—	(0.6)	(0.2)	(2.5)
Adjusted Operating Profit (Non-GAAP)	**$ 195.7**	**$ 187.6**	**$ 526.2**	**$ 490.0**
Operating Profit Margin (GAAP)	**19.1 %**	**21.8 %**	**18.2 %**	**19.1 %**
Amortization of acquisition-related intangible assets	2.4 %	1.2 %	2.5 %	1.1 %
Asset impairment	0.3 %	— %	0.1 %	— %
Restructuring costs	0.3 %	0.3 %	0.3 %	0.4 %
Transaction- and deal-related costs	2.4 %	0.5 %	1.3 %	0.3 %
Amortization of acquisition-related inventory fair value step-up	— %	0.2 %	— %	0.1 %
Divestiture related adjustments	0.3 %	— %	0.1 %	— %
Other charges	— %	— %	0.1 %	0.7 %
One-time costs related to separation	0.1 %	0.4 %	0.2 %	0.6 %
Normalization and other adjustments [(a)]	— %	(0.1) %	— %	(0.1) %
Adjusted Operating Profit Margin (Non-GAAP)	**24.8 %**	**24.4 %**	**22.8 %**	**22.3 %**

[(a)] Adjustment for standalone public company costs

Note: The sum of the components of Adjusted Operating Profit Margin may not equal due to rounding

RECONCILIATION OF ADJUSTED OPERATING PROFIT MARGIN EXPANSION

	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2022
2021 Adjusted Operating Profit Margin (Non-GAAP)	**24.4%**	**22.3%**
Core (Non-GAAP)	0.2%	0.2%
Acquisitions (Non-GAAP)	0.2%	0.2%
2022 Adjusted Operating Profit Margin (Non-GAAP)	**24.8%**	**22.7%**

RECONCILIATION OF NET EARNINGS TO ADJUSTED NET EARNINGS

$ in millions	Three Months Ended		Nine Months Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Net Earnings (GAAP)	**$ 50.1**	**$ 127.3**	**$ 333.6**	**$ 300.6**
Amortization of acquisition-related intangible assets	18.8	9.2	57.0	24.4
Restructuring costs	2.6	2.5	7.9	9.6
Asset impairment	2.1	—	2.1	—
Transaction- and deal-related costs	19.0	4.2	29.4	6.7
Amortization of acquisition-related inventory fair value step-up	—	1.6	—	1.6
Earnings attributable to noncontrolling interests	—	(0.4)	—	(2.7)
Gain on settlement of investment	—	(3.2)	—	(3.2)
Gain on previously held equity interests from combination of business and other	—	—	(32.7)	—
Unrealized loss (gain) on equity securities measured at fair value	65.8	—	(17.2)	—
Realized gain on equity investments and other	(2.8)	—	(2.8)	—
Other charges	—	—	2.1	15.0
Non-cash write-off of deferred financing costs	—	—	—	3.4
One-time costs related to separation	0.8	3.3	4.0	14.2
Divestiture-related adjustments	2.1	—	2.3	(0.3)
Normalization and other adjustments [(a)]	—	(0.6)	(0.3)	(2.5)
Tax effect of the Non-GAAP adjustments [(b)]	(25.8)	(3.7)	(18.0)	(15.5)
Other tax adjustment	3.1	(3.6)	0.9	(2.9)
Adjusted Net Earnings (Non-GAAP)	**$ 135.8**	**$ 136.6**	**$ 368.3**	**$ 348.4**

[(a)] Adjustment for standalone public company costs

[(b)] Tax effect calculated using an estimated adjusted effective tax rate for each respective period. The gain (loss) on previously held equity interests from combination of business is non-taxable income and therefore the tax effect of the adjustments only includes the other adjustments noted.

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

	Three Months Ended		Nine Months Ended	
	September 30, 2022	October 1, 2021	September 30, 2022	October 1, 2021
Diluted Net Earnings per Share (GAAP)	**$ 0.32**	**$ 0.75**	**$ 2.06**	**$ 1.77**
Amortization of acquisition-related intangible assets	0.12	0.05	0.35	0.14
Restructuring costs	0.02	0.01	0.05	0.06
Asset impairment	0.01	—	0.01	—
Transaction- and deal-related costs	0.12	0.02	0.18	0.04
Amortization of acquisition-related inventory fair value step-up	—	0.01	—	0.01
Earnings attributable to noncontrolling interests	—	—	—	(0.02)
Gain on settlement of investment	—	(0.02)	—	(0.02)
Gain on previously held equity interests from combination of business and other	—	—	(0.20)	—
Unrealized loss (gain) on equity securities measured at fair value	0.41	—	(0.11)	—
Realized gain on equity investments and other	(0.02)	—	(0.02)	—
Other charges	—	—	0.01	0.09
Non-cash write-off of deferred financing costs	—	—	—	0.02
One-time costs related to separation	0.01	0.02	0.02	0.08
Divestiture-related adjustments	0.01	—	0.01	—
Normalization and other adjustments [(a)]	—	—	—	(0.01)
Tax effect of the Non-GAAP adjustments [(b)]	(0.16)	(0.02)	(0.11)	(0.09)
Other tax adjustment	0.02	(0.02)	0.01	(0.02)
Adjusted Diluted Net Earnings per Share (Non-GAAP)	**$ 0.86**	**$ 0.80**	**$ 2.27**	**$ 2.05**
Dilutive impact of energy transition investments included above	$ (0.02)		$ (0.05)	
Average common stock and common equivalent shares outstanding - in millions	**158.7**	**170.3**	**162.2**	**170.0**

[(a)] Adjustment for standalone public company costs

[(b)] Tax effect calculated using an estimated adjusted effective rate for each respective period. The gain on previously held equity interests from combination of business 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 Diluted Net Earnings per Share may not equal due to rounding

FORECASTED ADJUSTED DILUTED NET EARNINGS PER SHARE

	Three Months Ended December 31, 2022		Year Ended December 31, 2022	
	Low End	High End	Low End	High End
Forecasted Diluted Net Earnings Per Share	**$ 0.58**	**$ 0.63**	**$ 2.66**	**$ 2.71**
Anticipated amortization of acquisition-related intangible assets	0.12	0.12	0.47	0.47
Anticipated restructuring costs	0.06	0.06	0.11	0.11
Anticipated one-time costs, net of normalization [(a)]	0.01	0.01	0.03	0.03
Transaction- and deal-related costs	—	—	0.18	0.18
Other charges	—	—	0.01	0.01
Gain on previously held equity interests from combination of business and other	—	—	(0.20)	(0.20)
Unrealized gain on equity interests measured at fair value	—	—	(0.11)	(0.11)
Realized gain on equity investments and other	—	—	(0.02)	(0.02)
Divestiture-related adjustments	—	—	0.01	0.01
Asset impairment	—	—	0.01	0.01
Tax effect of the Non-GAAP adjustments and other tax adjustment [(b)]	(0.04)	(0.04)	(0.15)	(0.15)
Forecasted Adjusted Diluted Net Earnings Per Share (Non-GAAP)	**$ 0.73**	**$ 0.78**	**$ 3.00**	**$ 3.05**
Dilutive impact of energy transition investments included above		$ (0.02)		$ (0.07)

[(a)] Adjustment for standalone public company costs

[(b)] Tax effect calculated using an estimated adjusted effective rate for each respective period. The gain on previously held equity interests from combination of business is non-taxable income and therefore the tax effect of the adjustments only includes the other adjustments noted.

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

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

	Three Months Ended			Nine Months Ended		
$ in millions	**September 30, 2022**	**October 1, 2021**	**% Change**	**September 30, 2022**	**October 1, 2021**	**% Change**
Operating Cash Flows (GAAP)	**$ 91.3**	**$ 125.4**	**(27.2)%**	**$ 139.8**	**$ 341.9**	**(59.1)%**
Less: Purchases of property, plant & equipment (capital expenditures)	(16.5)	(11.2)		(43.0)	(32.9)	
Free Cash Flow (Non-GAAP)	**$ 74.8**	**$ 114.2**	**(34.5)%**	**$ 96.8**	**$ 309.0**	**(68.7)%**
Net Earnings (GAAP)	**$ 50.1**	**$ 127.3**		**$ 333.6**	**$ 300.6**	
Free Cash Flow Conversion Ratio (Non-GAAP)	**149.3 %**	**89.7 %**		**29.0 %**	**102.8 %**	

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

	Three Months Ended			Nine Months Ended		
$ in millions	**September 30, 2022**	**October 1, 2021**	**% Change**	**September 30, 2022**	**October 1, 2021**	**% Change**
Operating Cash Flows (GAAP)	**$ 91.3**	**$ 125.4**	**(27.2)%**	**$ 139.8**	**$ 341.9**	**(59.1)%**
Less: Purchases of property, plant & equipment (capital expenditures)	(16.5)	(11.2)		(43.0)	(32.9)	
Free Cash Flow (Non-GAAP)	**$ 74.8**	**$ 114.2**	**(34.5)%**	**$ 96.8**	**$ 309.0**	**(68.7)%**
One-time costs related to separation	—	1.5		0.2	7.6	
Restructuring costs	3.8	2.9		10.6	8.4	
Other charges	—	—		14.8	—	
Transaction- and deal-costs	6.0	0.5		14.7	3.0	
Acquisitions costs	—	3.3		—	3.3	
Divestiture-related adjustments	2.1	—		2.3	(0.3)	
Adjusted Free Cash Flow (Non-GAAP)	**$ 86.7**	**$ 122.4**	**(29.2)%**	**$ 139.4**	**$ 331.0**	**(57.9)%**
Adjusted Net Earnings (Non-GAAP)	**$ 135.8**	**$ 136.6**		**$ 368.3**	**$ 348.4**	
Adjusted Free Cash Flow Conversion Ratio (Non-GAAP)	**63.8%**	**89.6%**		**37.8%**	**95.0%**	

[(a)] Adjustment for standalone public company costs

COMPONENTS OF REVENUE GROWTH

Components of Revenue Growth	% Change Three Months Ended September 30, 2022 vs. Comparable 2021 Period	% Change Nine Months Ended September 30, 2022 vs. Comparable 2021 Period
Total Revenue Growth (GAAP)	**2.5 %**	**5.1 %**
Core revenue growth (Non-GAAP)	(1.9) %	(0.2) %
Impact of acquisitions (Non-GAAP)	7.7 %	7.8 %
Impact of currency exchange rates (Non-GAAP)	(3.3) %	(2.5) %

COMPONENTS OF REVENUE GROWTH BY PLATFORM

Components of Revenue Growth	% Change Three Months Ended September 30 2022 vs. Comparable 2021 Period	
	Mobility Technologies*	Diagnostics & Repair Technologies
Total Revenue Growth (GAAP)	**2.5 %**	**1.4 %**
Core revenue growth (Non-GAAP)	(3.0) %	1.5 %
Impact of acquisitions (Non-GAAP)	9.8 %	— %
Impact of currency exchange rates (Non-GAAP)	(4.3) %	(0.1) %

Components of Revenue Growth	% Change Nine Months Ended September 30, 2022 vs. Comparable 2021 Period	
	Mobility Technologies*	Diagnostics & Repair Technologies
Total Revenue Growth (GAAP)	**6.1 %**	**1.3 %**
Core revenue growth (Non-GAAP)	(0.7) %	1.4 %
Impact of acquisitions (Non-GAAP)	10.1 %	— %
Impact of currency exchange rates (Non-GAAP)	(3.3) %	(0.1) %

* Does not include the impact of our energy transition investments

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

Total Debt	$ 2,657.7
Less: Cash	(121.7)
Net Debt	**$ 2,536.0**
Adjusted EBITDA (Non-GAAP)	$ 763.2
Net Leverage Ratio	**3.3**

	Nine Months Ended		Year Ended	LTM
$ in millions	**October 1, 2021**	**September 30, 2022**	**December 31, 2021**	**September 30, 2022**
Net Earnings (GAAP)	**$ 300.6**	**$ 333.6**	**$ 413.0**	**$ 446.0**
Interest expense, net	34.4	46.1	47.8	59.5
Income tax expense	85.8	93.0	121.0	128.2
Depreciation and amortization expense	59.1	86.8	88.3	116.0
EBITDA (Non-GAAP)	**479.9**	**559.5**	**670.1**	**749.7**
Restructuring costs	9.6	7.9	13.1	11.4
Asset impairment	$ —	$ 2.1	$ —	2.1
Transaction- and deal-related costs	6.6	29.4	11.4	34.2
Amortization of acquisition-related inventory fair value step-up	1.6	—	6.8	5.2
Gain on previously held equity interests from combination of business and other	(3.2)	(32.7)	—	(29.5)
Unrealized gain on securities measured at fair value	—	(17.2)	—	(17.2)
Realized gain on equity investments and other	—	(2.8)	—	—
Gain on settlement of investment	—	—	(3.3)	(3.3)
Earnings attributable to noncontrolling interests	(2.7)	—	(3.2)	(0.5)
Divestiture related adjustments	(0.3)	2.3	(0.5)	2.1
Other charges	15.0	2.1	15.0	2.1
One-time costs related to separation	14.2	4.0	17.1	6.9
Non-cash write-off of deferred financing costs	3.4	—	3.4	—
Adjusted EBITDA (Non-GAAP)	**$ 524.1**	**$ 554.6**	**$ 729.9**	**$ 763.2**