

## Fortive Corporation (FTV)

**\$55.00** (Stock Price as of 01/09/2026)

Price Target (6-12 Months): **\$58.00**

Long Term: 6-12 Months

**Zacks Recommendation:**

Neutral

(Since: 09/15/25)

Prior Recommendation: Underperform

Short Term: 1-3 Months

**Zacks Rank:** (1-5)

**2-Buy**

Zacks Style Scores:

VGM: D

Value: C

Growth: F

Momentum: A

## Summary

Fortive is gaining from growth in Intelligent Operating Solutions and Advanced Healthcare segments. Its diversified portfolio across automation, digitization and electrification provides resilience. Margin expansion efforts through restructuring and the FBS toolkit are showing results, with segment margins improving. Adjusted operating margin expanded 210 basis points (bps) on a year-over-year basis in the third quarter. Strong buybacks further reflect its focus on enhancing shareholder value. For 2025, Fortive projects its adjusted EPS guidance to a range of \$2.63 to \$2.67. However, macro uncertainty, stiff competition, evolving trade policy and tariff-related challenges poses concern. In the third quarter, its adjusted gross margin declined by about 60 bps year over year, largely driven by tariff-related costs.

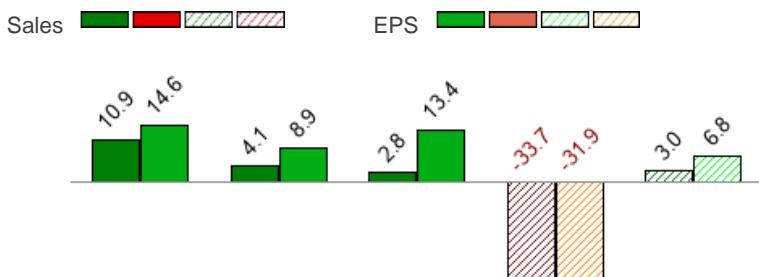
## Price, Consensus & Surprise<sup>(1)</sup>



## Data Overview

52 Week High-Low	<b>\$63.03 - \$45.68</b>
20 Day Average Volume (sh)	<b>3,107,625</b>
Market Cap	<b>\$17.5 B</b>
YTD Price Change	<b>-0.4%</b>
Beta	<b>1.13</b>
Dividend / Div Yld	<b>\$0.24 / 0.4%</b>
Industry	<b>Electronics - Testing Equipment</b>
Zacks Industry Rank	<b>Top 10% (25 out of 244)</b>

## Sales and EPS Growth Rates (Y/Y %)<sup>(1)</sup>



## Sales Estimates (millions of \$)<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	1,017 E	1,048 E	1,065 E	1,123 E	4,254 E
2025	1,474 A	1,016 A	1,027 A	1,093 E	4,129 E
2024	1,525 A	1,552 A	1,535 A	1,620 A	6,232 A

## EPS Estimates<sup>(1)</sup>

	Q1	Q2	Q3	Q4	Annual*
2026	0.62 E	0.66 E	0.70 E	0.12 E	2.83 E
2025	0.85 A	0.58 A	0.68 A	0.82 E	2.64 E
2024	0.83 A	0.93 A	0.97 A	1.17 A	3.89 A

\*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 01/09/2026.

(2) The report's text and the price target are as of 01/07/2026.

## Overview

Headquartered in Everett, WA, Fortive Corporation is a diversified industrial growth company. It provides essential technologies for connected workflow solutions on a global basis. Fortive was spun out of Danaher Corp. in July 2016. It made a debut as an independently-traded company under the ticker FTV on July 5. As part of the separation from Danaher, each Danaher shareholder received a share of Fortive common stock for every two shares of Danaher stock.

The company operates through three segments: Intelligent Operating Solutions, Precision Technologies and Advanced Healthcare Solutions.

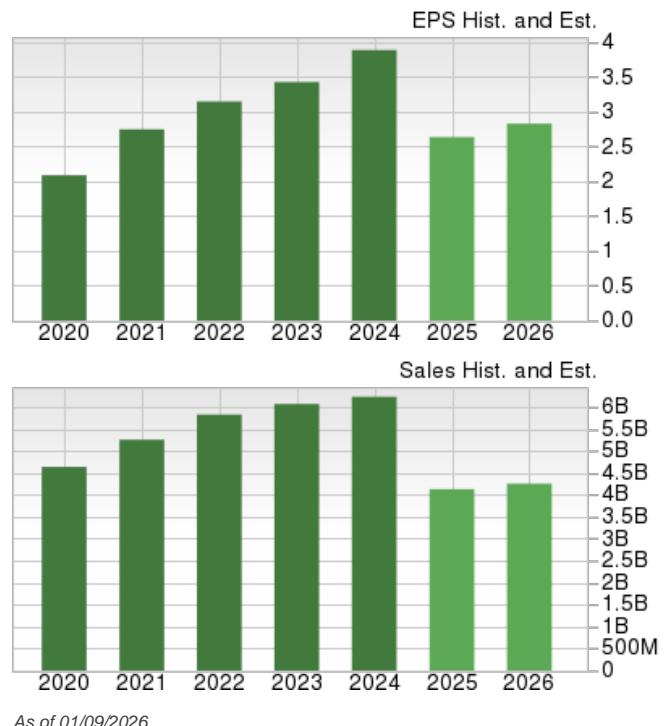
For 2024, revenues were up 2.8% year over year to \$6.23 billion.

Intelligent Operating Solutions accounted for 43.5%, Precision Technologies contributed 35.8% and Advanced Healthcare Solutions added the remaining 20.7% to total sales.

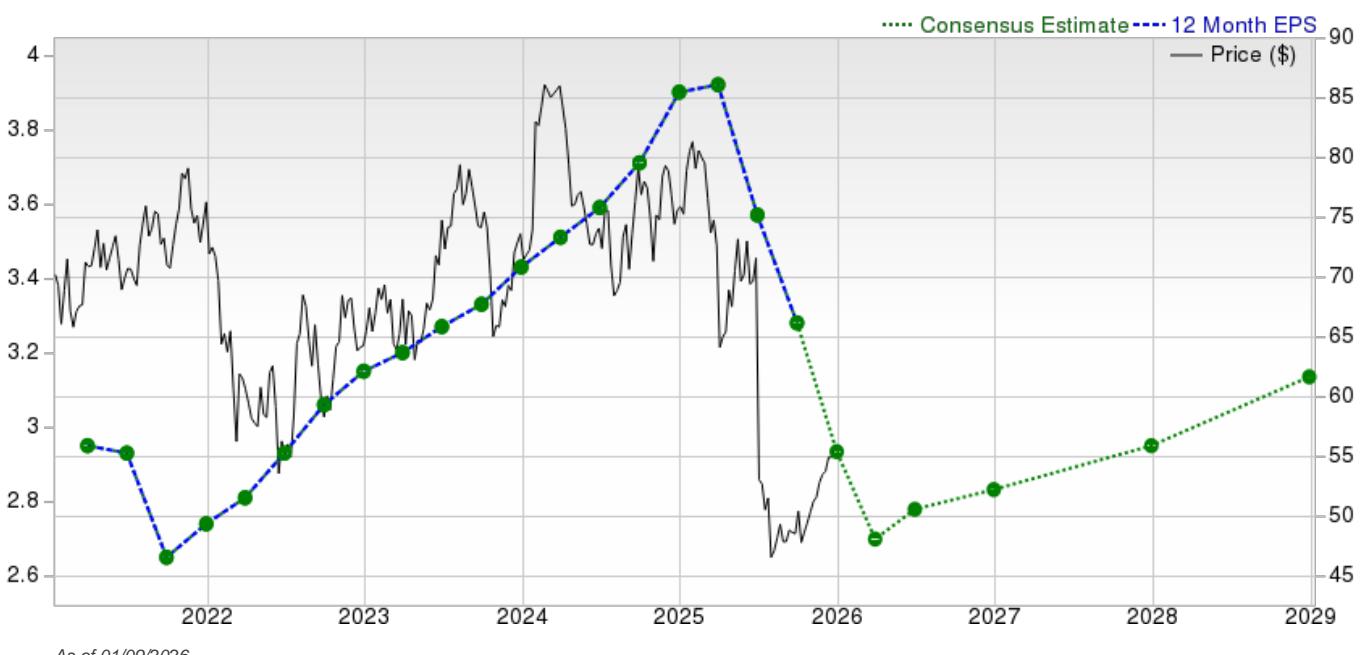
Fortive has manufacturing, R&D and other facilities in more than 50 countries across North America, Asia Pacific, Europe as well as Latin America.

The United States was the single largest geography in 2023, with a revenue share of 54%. China accounted for 11% revenues. The remaining each of the countries accounted for less than 5% of total sales.

On Sept. 4, 2024, Fortive announced plans to separate its Precision Technologies business, which generated \$2.23 billion in 2024, into an independent publicly traded company called Ralliant. This will create two companies: Fortive, focused on Intelligent Operating Solutions and Advanced Healthcare Solutions, delivering productivity and safety with strong recurring growth, and Ralliant, a global technology company specializing in precision instruments and highly engineered products for breakthrough innovation. Management stated that the separation of the Precision Technologies segment is progressing well and is expected to be a tax-free spin-off for U.S. federal income tax purposes. Management aims to complete the separation by the end of the second quarter of 2025, subject to the fulfillment of several conditions.



As of 01/09/2026



As of 01/09/2026

## Reasons To Buy:

- ▲ Fortive has a **well-diversified product portfolio** that consists of professional and engineered products, software and services. These products are sold to a variety of end markets with secular tailwinds such as communications & networking, sensing, traffic management and franchise distribution, among others. The company also serves industrial and automotive end markets through its Tektronix business. The segment is solving power efficiency challenges across new and diverse end markets which include academic and government institutions, defense agencies, energy companies and the utility sector. Going ahead, the company aims to tackle the overall cyclical nature of its businesses by investing in multiyear megatrends like automation, digitization and electrification.
- ▲ Management is focused on **improving margins**. The company is making efforts to improve its existing portfolio and acquire businesses over time that will aid the top and bottom-line trajectory of the consolidated entity. The company's FBS, which is a set of tools that include the voice of the customer, value stream mapping, Kaizen basics, lean conversion, accelerated product development, daily management and problem-solving, is aimed to expand the company's operating margins. Also, customer value is being driven by the board of software system deployment in SaaS companies, including the service channel, leading to increased renewal rates and price increases. Fortive has also been taking restructuring actions (funded \$20 million of restructuring in the fourth quarter 2024) which will help the company lower the cost structure and enable it to generate strong margins. In the third-quarter 2025, adjusted operating margin was 28.4%, which expanded 210 basis points on a year-over-year basis. Within segments, Intelligent Operating Solutions delivered an adjusted operating margin of 32.8%, up 110 bps, while Advanced Healthcare Solutions reported 26.7%, improving 130 bps from the prior year.
- ▲ **Focus on share buybacks** is aimed at improving bottom-line performance. In the third quarter, the company repurchased approximately \$21 million worth of shares. Consistent with its disciplined capital allocation strategy and its commitment to enhancing shareholder value, the company executed \$1 billion in share repurchases during the third quarter. On May 27, 2025, Fortive announced an expanded share repurchase plan, authorizing an additional 15.63 million shares, bringing the total to 20 million. It also introduced a Special Purpose Share Repurchase Program to buy back up to \$550 million of its common stock using proceeds from an anticipated \$1.15 billion dividend from Ralliant Corporation. From the spin-off announcement in September 2024 through its completion in June 2025, Fortive has allocated more than 75% of its total free cash flow to share buybacks, fully aligned with its stated capital deployment strategy for that period. Continued focus on returning cash to the company's shareholders is a positive signal, as it boosts the bottom line and supports stock price appreciation in the near term.

Fortive's growth in Intelligent Operating Solutions and Advanced Healthcare segments, along with margin expansion initiatives, bodes well.

## Reasons To Sell:

- ▼ The **uncertain macro environment and evolving trade policy** are overhangs. In the third quarter 2025, the company's adjusted gross margin declined by about 60 basis points year over year, largely driven by tariff-related costs. While management took mitigating actions through pricing adjustments and supply chain efficiencies, these efforts only partially offset the pressure. Tariff costs, net of countermeasures, were estimated to have reduced adjusted EPS by approximately 1 cent during the third quarter. Management acknowledged that ongoing tariff volatility remains a source of concern for Intelligent Operating Solutions segment, even as demand for professional instrumentation stayed resilient. Looking ahead, tariffs were also factored into the company's 2025 guidance. Fortive's full-year adjusted EPS guidance range of \$2.63 to \$2.67 per share explicitly includes the expected impact of current and forthcoming tariff rates through year-end. The company stated that tariffs are not expected to be material in fourth quarter, but it remains cautious given the dynamic global trade environment.
- ▼ Fortive's **balance sheet is leveraged**. As of Sept. 26, 2025, cash and cash equivalents were \$430.8 million compared with \$1827.4 million as of June 27, 2025. Further, the presence of short-term debt remains a near-term obligation for the company. High debt load could also restrict the company from making strategic acquisitions and limit its ability to repurchase shares, thereby affecting its financial condition and shareholder returns.
- ▼ Fortive operates in intensely competitive and consolidating industries, facing rivals with greater scale, resources and specialization. The company must constantly defend its market position by retaining key customers, developing new products and expanding into new markets, all while navigating pricing pressures that could force margin concessions. **Stiff competition** from global players, low-cost manufacturers and regional specialists, combined with the risks of entering new markets, increases the likelihood of lost demand, lowering market share and additional costs, which could negatively impact the company's performance going ahead.
- ▼ Acquisitions will likely remain part of Fortive's growth strategy to supplement the top line and expand margins. However, Fortive's **heavy reliance on acquisitions poses significant risks**. Rising acquisition costs, difficulties in finding suitable targets and poor execution or integration could negatively impact its sales/margin performance. The company's aggressive acquisition strategy also heightens the chances of integration problems, which may undermine long-term performance.

Uncertain macro environment and tariff impacts, along with high debt and stiff competition, may hurt the company's performance.

## Last Earnings Report

### Fortive Q3 Earnings Beat Estimates

Fortive reported third-quarter 2025 adjusted earnings per share (EPS) of 68 cents from continuing operations, which surpassed the Zacks Consensus Estimate of 58 cents. The bottom line increased 15.3% year over year.

Revenues increased 2.3% year over year to \$1.03 billion. The top line beat the Zacks Consensus Estimate by 2.1%. Core revenues jumped 1.9%.

FY Quarter Ending	12/31/2025
Earnings Reporting Date	Oct 29, 2025
Sales Surprise	2.13%
EPS Surprise	17.24%
Quarterly EPS	0.68
Annual EPS (TTM)	3.28

Consistent with its disciplined capital allocation strategy and its commitment to enhancing shareholder value, the company executed \$1 billion in share repurchases during the quarter.

The company raised full-year 2025 guidance to reflect the strong third-quarter adjusted EPS performance. Fortive is executing its Fortive Accelerated strategy with focus and urgency, driving profitable growth through FBS Amplified, maintaining disciplined capital deployment and reinforcing investor confidence. The company remains confident in its financial framework and is well-positioned to deliver meaningful long-term value for its shareholders.

On June 28, 2025, the company completed the separation of its former Precision Technologies segment. This was accomplished through a pro rata distribution to Fortive shareholders of all issued and outstanding shares of Ralliant Corporation, the entity formed to hold the Precision Technologies businesses. Upon completion of the PT Separation, the criteria for reporting the Ralliant business as discontinued operations were satisfied. All figures and information presented herein relate to continuing operations.

### Top Line in Detail

Fortive operates under the following two organized segments:

**Intelligent Operating Solutions:** The segment generated revenues of \$698.8 million (contributing 68% to total revenues), which increased 2.6% on a year-over-year basis.

**Advanced Healthcare Solutions:** This segment registered revenues of \$328.3 million (32%), up 1.8% year over year.

### Operating Details

In the reported quarter, adjusted gross profit increased 1.4% to \$650.6 million on a year-over-year basis.

Adjusted operating margin was 28.4%, which expanded 210 basis points (bps) on a year-over-year basis.

Segment-wise, the adjusted operating margins of Intelligent Operating Solutions were 32.8%, expanding 110 bps year over year.

Adjusted operating margins of Advanced Healthcare Solutions were 26.7%, rising 130 bps.

### Balance Sheet & Cash Flow

As of Sept. 26, 2025, cash and cash equivalents were \$430.8 million compared with \$1827.4 million as of June 27, 2025.

FTV generated an operating cash flow of \$294.7 million for the third quarter compared with \$205 million in the previous quarter. Non-GAAP free cash flow was \$266.1 million compared with \$180 million in the prior quarter.

The company repurchased approximately \$21 million worth of shares during the reported quarter.

### Outlook

Fortive has raised its full-year adjusted EPS guidance to a range of \$2.63 to \$2.67 compared with \$2.50 to \$2.60 projected earlier. This revised outlook reflects stronger-than-expected third-quarter performance and the effect of additional share repurchases completed during the quarter. It maintains the company's previous fourth-quarter expectations as outlined on the last earnings call. The guidance also assumes the continuation of market trends observed at the end of the third quarter and factors in current and anticipated tariff rates expected to take effect through year-end, with tariffs net of countermeasures not expected to have a material impact in the quarter.

The company expects overall core growth to moderate in the fourth quarter, with AHS core growth remaining roughly in line with the third-quarter levels and IOS delivering modest core growth. For 2025, the company continues to anticipate an adjusted effective tax rate in the mid-teens, with a fourth-quarter tax rate in the single digits due to discrete tax items. It also expects a sequential increase in net interest expense in the fourth quarter.

## Recent News

On Nov 5, 2025, Fortive announced a quarterly cash dividend of 6 cents per share, payable Dec 26, 2025, to stockholders of record as of Nov 28, 2025.

On June 30, 2025, Fortive officially completed the spin-off of its Precision Technologies segment, forming a new independent company, Ralliant Corporation. The separation was finalized on June 28, 2025, and Ralliant began trading on the New York Stock Exchange under the ticker symbol "RAL", from June 30. Fortive will continue to trade under "FTV." As part of the transaction, Fortive shareholders received one Ralliant share for every three Fortive shares held as of June 16, 2025. Around 113 million shares of Ralliant common stock were distributed, with fractional shares aggregated and sold, and the proceeds to be distributed to shareholders.

On May 27, 2025, Fortive announced an expanded share repurchase plan, authorizing an additional 15.63 million shares, bringing the total to 20 million. It also introduced a Special Purpose Share Repurchase Program to buy back up to \$550 million of its common stock using proceeds from an anticipated \$1.15 billion dividend from Ralliant Corporation, set for spin-off on June 28, 2025.

On the same day, the company announced that its board has approved the distribution of 100% of the outstanding shares of Ralliant Corporation to Fortive shareholders through a pro rata dividend. Shareholders of record, as of the close of business on June 16, 2025, will receive one share of Ralliant common stock for every three shares of Fortive common stock they own. The distribution is scheduled to occur on June 28, 2025.

On Dec. 17, 2024, Fortive Corporation has received an unsolicited "mini-tender offer" from TRC Capital Investment Corporation to purchase for cash up to 1,500,000 shares (around 0.44% of its outstanding stock) at \$75.00 per share, a 4.93% discount to the stock's closing price on Dec. 6, 2024. Fortive advised shareholders to reject TRC's unsolicited offer, as the offer price is below the current market value and comes with numerous conditions.

## Valuation

Fortive's shares are up 5.3% in the past six months and down 2.8% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 12.5%, while those in the Zacks Computer & Technology sector are up 19.9% in the past six months. Over the past year, the Zacks sub-industry has been up 11.9%, and the sector has been up 26.7%.

The S&P 500 index is up 15.2% in the past six months and up 21% in the past year.

The stock is currently trading at 19.57X forward 12-month earnings, which compares to 24.69X for the Zacks sub-industry, 27.84X for the Zacks sector and 23.36X for the S&P 500 index.

Over the past five years, the stock has traded as high as 30.65X and as low as 12.88X, with a 5-year median of 19.54X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$58 price target reflects 20.55X forward 12-month earnings.

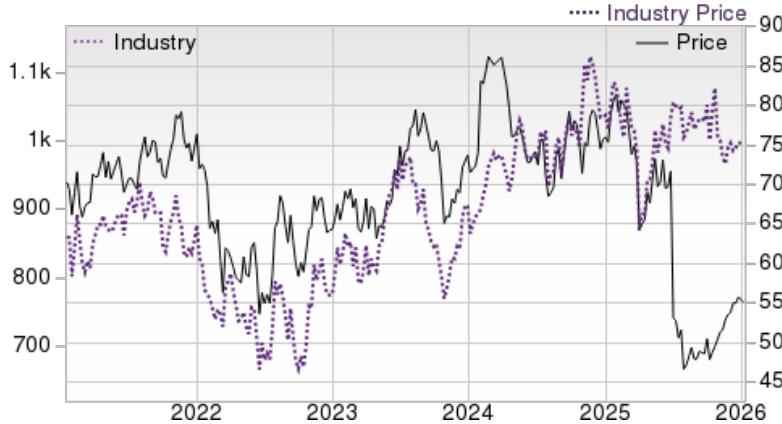
The table below shows summary valuation data for FTV:

Valuation Multiples - FTV					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	19.57	24.69	27.84	23.36
	5-Year High	30.65	32.27	29.96	23.8
	5-Year Low	12.88	19.23	18.7	15.74
	5-Year Median	19.54	23.83	26.45	21.21
P/S F12M	Current	4.14	5.49	7.45	5.66
	5-Year High	5.64	5.98	7.45	5.66
	5-Year Low	2.81	3.73	4.23	3.82
	5-Year Median	4.04	4.8	6.3	5.04
EV/EBITDA TTM	Current	11.04	16.46	19.7	18.9
	5-Year High	101.73	39.3	23.62	22.34
	5-Year Low	9.05	13	11.99	13.86
	5-Year Median	14.48	16.69	18.3	17.93

As of 01/06/2026

Source: Zacks Investment Research

## Industry Analysis<sup>(1)</sup> Zacks Industry Rank: Top 10% (25 out of 244)



## Top Peers<sup>(1)</sup>

Company (Ticker)	Rec	Rank
Agilent Technologies...(A)	Neutral	3
AMETEK, Inc. (AME)	Neutral	2
Cognex Corporation (CGNX)	Neutral	3
Itron, Inc. (ITRI)	Neutral	3
Roper Technologies, ... (ROP)	Neutral	3
Teradyne, Inc. (TER)	Neutral	3
Woodward, Inc. (WWD)	Neutral	2
COREwafer Industries...(AHIX)	NA	

## Industry Comparison<sup>(1)</sup> Industry: Electronics - Testing Equipment

	FTV	X Industry	S&P 500	AME	CGNX	ITRI
<b>Zacks Recommendation (Long Term)</b>	Neutral	-	-	Neutral	Neutral	Neutral
<b>Zacks Rank (Short Term)</b>	2	-	-	2	3	3
<b>VGM Score</b>	D	-	-	D	C	A
Market Cap	17.47 B	6.54 B	40.82 B	48.49 B	6.54 B	4.55 B
# of Analysts	6	5.5	22	8	6	6
Dividend Yield	0.44%	0.44%	1.37%	0.59%	0.87%	0.00%
<b>Value Score</b>	C	-	-	D	F	B
Cash/Price	0.02	0.04	0.04	0.01	0.05	0.29
EV/EBITDA	11.50	17.21	15.05	22.93	37.92	11.07
PEG Ratio	-1.32	2.77	2.07	2.77	NA	0.55
Price/Book (P/B)	2.68	3.54	3.46	4.61	4.39	2.65
Price/Cash Flow (P/CF)	9.96	19.34	15.57	24.76	55.76	13.93
P/E (F1)	19.43	22.96	18.90	26.50	34.42	16.48
Price/Sales (P/S)	3.40	5.07	3.12	6.77	6.73	1.89
Earnings Yield	5.15%	4.46%	5.28%	3.77%	2.90%	6.07%
Debt/Equity	0.33	0.23	0.57	0.14	0.00	0.46
Cash Flow (\$/share)	5.52	6.33	8.98	8.51	0.70	7.13
<b>Growth Score</b>	F	-	-	D	A	B
Hist. EPS Growth (3-5 yrs)	6.68%	10.06%	8.24%	13.43%	-23.39%	41.94%
Proj. EPS Growth (F1/F0)	-32.13%	7.79%	9.16%	7.47%	29.73%	22.24%
Curr. Cash Flow Growth	14.27%	11.34%	7.00%	8.42%	-21.32%	50.82%
Hist. Cash Flow Growth (3-5 yrs)	3.80%	4.37%	7.49%	10.47%	-12.23%	4.93%
Current Ratio	0.70	1.67	1.19	1.16	3.96	2.17
Debt/Capital	24.54%	18.23%	38.14%	11.93%	0.00%	31.50%
Net Margin	11.72%	11.53%	12.77%	20.50%	11.33%	10.69%
Return on Equity	12.04%	14.35%	17.03%	16.66%	8.26%	17.82%
Sales/Assets	0.32	0.48	0.53	0.47	0.49	0.68
Proj. Sales Growth (F1/F0)	-33.70%	4.76%	5.34%	5.40%	6.70%	-3.40%
<b>Momentum Score</b>	A	-	-	B	D	C
Daily Price Chg	-0.38%	0.29%	0.65%	0.29%	3.37%	0.88%
1 Week Price Chg	-0.70%	0.72%	1.57%	0.72%	5.63%	5.12%
4 Week Price Chg	0.13%	4.41%	2.03%	4.41%	9.43%	3.25%
12 Week Price Chg	13.03%	-15.27%	4.54%	13.57%	-15.27%	-24.38%
52 Week Price Chg	-26.94%	-4.15%	19.55%	19.58%	5.46%	-4.15%
20 Day Average Volume	3,107,625	1,154,766	2,391,362	1,154,766	1,525,079	514,835
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.95%	0.29%	0.00%	0.59%	0.00%	0.00%
(F1) EPS Est 12 week change	2.97%	1.72%	0.48%	2.29%	1.16%	-4.97%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

### Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

### Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

### Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	F
Momentum Score	A
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

### Disclosures

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