

# Vontier Reports Fourth Quarter 2020 Results

2/11/2021

RALEIGH, N.C.--(BUSINESS WIRE)-- Vontier Corporation ("Vontier") (NYSE: VNT) today announced results for the fourth quarter 2020.

For the fourth quarter ended December 31, 2020, net earnings were \$136.8 million. For the same period, adjusted net earnings were \$147.4 million. Diluted net earnings per share for the fourth quarter ended December 31, 2020 were \$0.81. For the same period, adjusted diluted net earnings per share were \$0.87.

For the fourth quarter of 2020, revenue increased 9.6% year-over-year to \$815.0 million, which reflected an increase in core revenue of 8.5%.

Mark D. Morelli, President and Chief Executive Officer, stated, "Our fourth quarter results exhibited a strong finish to an unprecedented year with 21% adjusted earnings per share growth. 2020 was a testament to our ability to leverage our unique heritage of the Vontier Business System and drive top tier core growth and operating margin expansion and generate outstanding free cash flow."

For the first quarter of 2021, Vontier anticipates diluted net earnings per share to be in the range of \$0.47 to \$0.50 and adjusted diluted net earnings per share to be in the range of \$0.52 to \$0.55. For the full year 2021, Vontier anticipates diluted net earnings per share to be in the range of \$2.15 to \$2.25 and adjusted diluted net earnings per share to be in the range of \$2.35 to \$2.45.

Mr. Morelli added, "We have positive momentum as we enter 2021 focused on the continued evolution of our portfolio and are prioritizing initiatives to accelerate profitable growth. With substantial balance sheet flexibility, I'm confident in our capital allocation strategy to further enhance our growth profile across these attractive mobility markets."

Vontier will discuss results and outlook during its quarterly investor conference call today starting at 8:00 a.m. ET. The call and an accompanying slide presentation will be webcast on the "Investors" section of Vontier's website, [www.vontier.com](http://www.vontier.com), under "Events & Presentations." A replay of the webcast will be available at the same

location shortly after the conclusion of the presentation.

The conference call can be accessed by dialing 833-614-1510 within the U.S. or by dialing 918-922-6514 outside the U.S. a few minutes before 8:00 a.m. ET and notifying the operator that you are dialing in for Vontier's earnings conference call (access code 2491779). A replay of the conference call will be available shortly after the conclusion of the call. Once available, you can access the conference call replay by dialing 855-859-2056 within the U.S. or 404-537-3406 outside the U.S. (access code 2491779) or visit the "Investors" section of the website under "Events & Presentations."

## ABOUT VONTIER

Vontier is a global industrial technology company focused on transportation and mobility solutions. The company's portfolio of trusted brands includes market-leading expertise in mobility technologies, retail and commercial fueling, fleet management, telematics, vehicle diagnostics and repair, and smart cities end-markets. Vontier's innovative products, services, and software advance efficiency, safety, security, and environmental compliance worldwide.

Guided by the proven Vontier Business System and an unwavering commitment to continuous improvement and customer success, Vontier keeps traffic flowing through more than 90,000 intersections, serves more than 260,000 customer fueling sites, monitors more than 480,000 commercial vehicles, and equips over 600,000 auto technicians worldwide. Vontier is mobilizing the future to create a better world.

## NON-GAAP FINANCIAL MEASURES

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), this earnings release also references "adjusted net earnings," "adjusted diluted net earnings per share," and "core revenue" which are non-GAAP financial measures. The reasons why we believe these measures, when used in conjunction with the GAAP financial measures, provide useful information to investors, how management uses such non-GAAP financial measures, a reconciliation of these measures to the most directly comparable GAAP measures and other information relating to these measures are included in the supplemental reconciliation schedule attached. The 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 GAAP financial measures. The non-GAAP financial measures used by Vontier in this release may be different from similarly-titled non-GAAP measures used by other companies.

## FORWARD-LOOKING STATEMENTS

This release 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 and anticipated earnings, 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 cyclicalities 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 and our Quarterly Report on Form 10-Q for the quarter ended September 25, 2020. These forward-looking statements represent Vontier’s beliefs and assumptions only as of the date of this release 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.

VONTIER CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AND COMBINED CONDENSED BALANCE SHEETS  
(in millions)  
(unaudited)

	As of December 31	
	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 380.5	\$ —
Accounts receivable, net	447.1	490.6
Inventories	233.7	224.1
Prepaid expenses and other current assets	120.8	110.5

Total current assets	1,182.1	825.2
Property, plant and equipment, net	96.8	101.9
Operating lease right-of-use assets	40.1	37.8
Long-term financing receivables, net	233.5	259.0
Other intangible assets, net	250.5	274.3
Goodwill	1,092.1	1,157.8
Other assets	177.9	172.9
Total assets	<u>\$ 3,073.0</u>	<u>\$ 2,828.9</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term borrowings	\$ 10.9	\$ 16.8
Other current liabilities	827.4	650.7
Total current liabilities	<u>838.3</u>	<u>667.5</u>
Other long-term liabilities	247.7	320.7
Long-term debt	1,795.3	24.6
Total stockholders' equity	191.7	1,816.1
Total liabilities and stockholders' equity	<u>\$ 3,073.0</u>	<u>\$ 2,828.9</u>

This information is presented for reference only. Final audited financial statements will include footnotes, which should be referenced when available, to more fully understand the contents of this information.

VONTIER CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AND COMBINED STATEMENTS OF EARNINGS  
(\$ and shares in millions, except per share amounts)  
(unaudited)

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Sales	\$ 815.0	\$ 743.3	\$ 2,704.6	\$ 2,772.1
Cost of sales	(452.3)	(417.6)	(1,516.5)	(1,581.3)
Gross profit	362.7	325.7	1,188.1	1,190.8
Operating costs:				
Selling, general and administrative expenses	(152.4)	(128.5)	(508.4)	(491.3)
Research and development expenses	(32.5)	(34.4)	(126.2)	(136.4)
Impairment of goodwill	—	—	(85.3)	—
Operating profit	177.8	162.8	468.2	563.1
Non-operating income (expense), net:				
Interest (expense) income, net	(9.2)	(1.7)	(10.0)	3.3
Other non-operating income (expense), net	2.5	—	2.1	(0.6)
Earnings before income taxes	171.1	161.1	460.3	565.8
Provision for income taxes	(34.3)	(34.9)	(118.3)	(129.3)
Net earnings	<u>\$ 136.8</u>	<u>\$ 126.2</u>	<u>\$ 342.0</u>	<u>\$ 436.5</u>
Net earnings per share:				
Basic	\$ 0.81	\$ 0.75	\$ 2.03	\$ 2.59
Diluted	\$ 0.81	\$ 0.75	\$ 2.02	\$ 2.59
Average common stock and common equivalent shares outstanding:				
Basic	168.5	168.4	168.4	168.4
Diluted	169.6	168.4	169.4	168.4

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VONTIER CORPORATION AND SUBSIDIARIES  
CONSOLIDATED AND COMBINED CONDENSED STATEMENTS OF CASH FLOWS  
(\$ in millions)  
(unaudited)

	Year Ended December 31		
	2020	2019	2018
Cash flows from operating activities:			
Net earnings	\$ 342.0	\$ 436.5	\$ 385.5
Non-cash items:			
Depreciation and amortization expense	78.3	84.5	86.4
Stock-based compensation expense	22.5	13.1	13.8
Impairment of goodwill	85.3	—	—
Impairment charges on intangible assets	—	—	0.5

Loss on disposition	—	0.1	—
Gain on sale of property, net	(2.7)	—	(0.3)
Amortization of debt issuance costs	0.8	—	—
Changes in assets and liabilities	165.1	11.0	(64.9)
<b>Net cash provided by operating activities</b>	<b>691.3</b>	<b>545.2</b>	<b>421.0</b>
Cash flows from investing activities:			
Cash paid for acquisitions and equity investments, net of cash received	(9.5)	(2.4)	(80.8)
Payments for additions to property, plant and equipment	(35.7)	(38.0)	(42.4)
Proceeds from sale of property	3.5	0.1	0.6
<b>Net cash used in investing activities</b>	<b>(41.7)</b>	<b>(40.3)</b>	<b>(122.6)</b>
Cash flows from financing activities:			
Proceeds from stock option exercises	1.6	—	—
Consideration to Former Parent in connection with the Separation, net	(1,635.0)	—	—
Net (repayments of) proceeds from related-party borrowings	(23.4)	(190.5)	16.3
Net (repayments of) proceeds from short-term borrowings	(5.3)	(2.5)	8.8
Net transfers to Former Parent	(419.9)	(299.4)	(311.9)
Proceeds from issuance of long-term debt	1,800.0	—	—
Other financing activities	(1.9)	(7.4)	(3.7)
<b>Net cash used in financing activities</b>	<b>(283.9)</b>	<b>(499.8)</b>	<b>(290.5)</b>
Effect of exchange rate changes on cash and cash equivalents	14.8	(5.1)	(7.9)
Net change in cash and cash equivalents	380.5	—	—
Beginning balance of cash and cash equivalents	—	—	—
Ending balance of cash and cash equivalents	<u>\$ 380.5</u>	<u>\$ —</u>	<u>\$ —</u>

This information is presented for reference only. Final audited financial statements will include footnotes, which should be referenced when available, to more fully understand the contents of this information.

## VONTIER CORPORATION AND SUBSIDIARIES RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES AND OTHER INFORMATION

### Adjusted Net Earnings and Adjusted Diluted Net Earnings per Share

We disclose the non-GAAP measures of adjusted net earnings and adjusted diluted net earnings per share which, to the extent applicable, make the following adjustments to GAAP net earnings and GAAP diluted net earnings per share:

- Excluding on a pretax basis amortization of acquisition-related intangible assets;
- Excluding on a pretax basis restructuring costs;
- Excluding on a pretax basis (to the extent tax deductible) charges for goodwill impairment;
- Excluding on a pretax basis transaction-related costs;
- Excluding on a pretax basis gains and losses from the sale of property;
- Excluding on a pretax basis earnings attributable to noncontrolling interests;
- Excluding on a pretax basis one-time costs related to the separation;
- Including on a pretax basis pro-forma interest expense on debt entered into subsequent to period end;
- Including on a pretax basis normalization and other adjustments which represent adjustments for standalone public company costs; and
- Excluding and including the tax effect of the adjustments noted above and other tax adjustments. The tax effect of such adjustments was calculated by applying our overall estimated effective tax rate to the pretax amount of each adjustment (unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment).

Management believes that these non-GAAP financial measures provide useful information to investors by reflecting additional ways of viewing aspects of our operations that, when reconciled to the corresponding GAAP measure, help our investors to understand the long-term profitability trends of our business, and facilitate comparisons of our profitability to prior and future periods and to our peers.

These non-GAAP measures should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measures, and may not be comparable to similarly titled measures reported by other companies.

## Core Revenue

We define sales from existing businesses (“Core Revenue”) as total sales excluding (i) sales from acquired and divested businesses; (ii) the impact of currency translation; and (iii) certain other items.

- References to sales attributable to acquisitions or acquired businesses refer 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.

Management believes that reporting the non-GAAP financial measure of sales from existing businesses provides useful information to investors by helping identify underlying growth trends in our business and facilitating easier comparisons of our sales performance with our performance in prior and future periods and to our peers. We exclude the effect of acquisitions and divestiture-related items because the nature, size and number of such transactions can vary dramatically from period to period and between us and our peers. We exclude the effect of currency translation and certain other items from sales from existing businesses because these items are either not under management’s control or relate to items not directly correlated to sales from existing businesses.

Management believes the exclusion of these items from sales from existing businesses may facilitate assessment of underlying business trends and may assist in comparisons of long-term performance.

Sales from existing businesses should be considered in addition to, and not as a replacement for or superior to, total sales, and may not be comparable to similarly titled measures reported by other companies.

## Reconciliation of Net Earnings to Adjusted Net Earnings

(\$ in millions)	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
<b>Net Earnings (GAAP)</b>	<b>\$ 136.8</b>	<b>\$ 126.2</b>	<b>\$ 342.0</b>	<b>\$ 436.5</b>
Amortization of acquisition-related intangible assets	7.2	7.8	29.0	31.8
Restructuring costs	4.8	6.0	4.9	6.3
Goodwill impairment charges	—	—	85.3	—
Transaction-related costs	0.7	—	0.7	—
Gain on sale of property	(2.6)	—	(2.6)	—
Earnings attributable to noncontrolling interests	0.8	(0.7)	1.4	(1.8)
Pro-forma interest expense on debt, net of interest income	—	(8.6)	(28.8)	(44.0)
One-time costs related to separation	13.7	—	26.9	—
Normalization and other adjustments (a)	(3.5)	(11.0)	(36.0)	(45.7)
Tax effect of the Non-GAAP adjustments (b)	(4.9)	1.5	0.8	12.4
Other tax adjustments	(5.6)	—	(5.6)	—
<b>Adjusted Net Earnings (Non-GAAP)</b>	<b>\$ 147.4</b>	<b>\$ 121.2</b>	<b>\$ 418.0</b>	<b>\$ 395.5</b>

(a) Adjustment for standalone public company costs

(b) Tax effect 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 Diluted Net Earnings per Share to Adjusted Diluted Net Earnings per Share

	Three Months Ended		Year Ended	
	December 31,	December 31,	December 31,	December 31,
	2020	2019	2020	2019
<b>Diluted Net Earnings Per Share (GAAP)</b>	<b>\$ 0.81</b>	<b>\$ 0.75</b>	<b>\$ 2.02</b>	<b>\$ 2.59</b>
Amortization of acquisition-related intangible assets	0.04	0.05	0.17	0.19
Restructuring costs	0.03	0.04	0.03	0.04
Goodwill impairment charges	—	—	0.50	—
Transaction-related costs	—	—	—	—
Gain on sale of property	(0.02)	—	(0.02)	—
Earnings attributable to noncontrolling interests	—	—	0.01	(0.01)
Pro-forma interest expense on debt, net of interest income	—	(0.05)	(0.17)	(0.26)
One-time costs related to separation	0.08	—	0.16	—
Normalization and other adjustments (a)	(0.02)	(0.07)	(0.21)	(0.27)
Tax effect of the Non-GAAP adjustments (b)	(0.03)	0.01	—	0.07
Other tax adjustments	(0.03)	—	(0.03)	—
<b>Adjusted Diluted Net Earnings Per Share (Non-GAAP)</b>	<b>\$ 0.87</b>	<b>\$ 0.72</b>	<b>\$ 2.47</b>	<b>\$ 2.35</b>

(a) Adjustment for standalone public company costs

(b) Tax effect 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 diluted net earnings per share may not equal due to rounding.

## Forecasted Adjusted Diluted Net Earnings Per Share

	Three Months Ended		Year Ended	
	April 2, 2021		December 31, 2021	
	Low End	High End	Low End	High End
Forecasted Diluted Net Earnings Per Share	\$ 0.47	\$ 0.50	\$ 2.15	\$ 2.25
Anticipated amortization of acquisition-related intangible assets	0.04	0.04	0.17	0.17
Anticipated restructuring costs	0.01	0.01	0.07	0.07
Anticipated earnings attributable to noncontrolling interests	—	—	(0.01)	(0.01)
Anticipated one-time costs related to separation	0.02	0.02	0.06	0.06
Anticipated normalization and other adjustments (a)	(0.01)	(0.01)	(0.03)	(0.03)
Tax effect of the Non-GAAP adjustments (b)	(0.01)	(0.01)	(0.06)	(0.06)
Forecasted Adjusted Diluted Net Earnings Per Share (Non-GAAP)	\$ 0.52	\$ 0.55	\$ 2.35	\$ 2.45

(a) Adjustment for standalone public company costs

(b) Tax effect calculated using an estimated effective rate for each respective period.

Note: The sum of the components of forecasted adjusted diluted net earnings per share may not equal due to rounding.

## Components of Revenue Growth

	% Change Three Months Ended December 31, 2020 vs. Comparable 2019 Period	% Change Year Ended December 31, 2020 vs. Comparable 2019 Period
Total Revenue Growth (GAAP)	9.6%	(2.4)%
Core revenue growth (Non-GAAP)	8.5%	(1.2)%
Impact of acquisitions and divestitures (Non-GAAP)	—%	(0.2)%
Impact of currency exchange rates (Non-GAAP)	0.6%	(0.6)%
Other (Non-GAAP) (a)	0.5%	(0.4)%

(a) Other items are related to impacts of reclassifications of non-core revenue amounts

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