



Long: Vontier (NYSE: VNT)

60% Upside – 13% Base Case 4-Year IRR

WIC Industrials

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VONTIER™

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I.

Investment Summary



Investment Summary

Vontier is a strong business at an attractive price with a differentiated thesis

1

Strong Business Operating in a Niche Market

- VNT is a high-quality compounder with leading market shares in attractive, recession-prone niche businesses evidenced by consistent revenue growth, high ROIC, and impressive FCF generation

2

Diamond in the Rough

- Street's current perception of GVR as a declining segment is overstated, the shifting importance of convenience stores, growth in developing markets, and increasing investment by Oil Companies will drive outperformance

3

Hidden Value and a Potential Gamechanger

- A rapid acquisition strategy paired with the Danaher Business System has expanded Vontier's EV capabilities as a market leader; entrant in major components of the EV charging value chain

4

Dancing into the New Light

- Street's poor perception of Vontier based off a history of certain negative cash-flow segments disappointing will soon change; investors will stop penalizing its valuation compared to peers

5

Attractive Opportunity on a Risk-Reward Basis

- Vontier has an attractive return profile when considering internal and external variables; we see the opportunity to buy a fundamentally strong business at 9.8x EV/EBITDA as a compelling opportunity

At its current price of \$27.52⁽¹⁾, we recommend WIC to buy VNT with a 13% base case four-year IRR and \$44.09 price target

(1) Current price as of end of trading on Friday, February 11, 2022



II.

Business Overview



Business Overview: Summary



Vontier is a global leader in industrial technology, split between mobility and diagnostic & repair

Business Overview

- Vontier is a **market leader in global mobility technologies**, serving global gas stations, retail fuel stations, and convenience stores globally
- Revenues are largely divided into two segments: (1) **Mobility Technologies**, and (2) **Diagnostic & Repair Technologies**
- The company **spun off from its parent company Fortive** in late-2020, as management viewed the business as being non-core to Fortive's original operations with more value to be unlocked as a standalone company

Key Financials

Ticker	NYSE:VNT
Share Price	\$27.52
Market Capitalization	\$4.66B
Enterprise Value	\$6.81B
NTM EV/EBITDA	9.0x



- Mobility Technologies
- Diagnostics & Repair Technologies

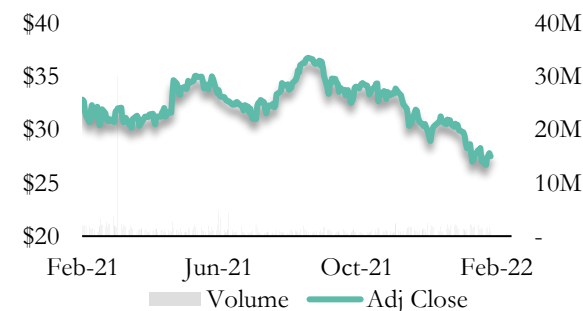


- North America
- Emerging Markets
- Europe
- Rest of the World

Model Drivers/KPIs

	FY22	FY23	FY24	FY25	FY26	FY27
Revenue	3,203	3,371	3,513	3,661	3,817	3,981
<i>Growth (%)</i>		5.3%	4.2%	4.2%	4.3%	4.3%
EBIT	701	750	769	801	835	871
<i>Margin (%)</i>	21.9%	22.2%	21.9%	21.9%	21.9%	21.9%
FCF	534	522	539	557	582	607
<i>Margin (%)</i>	16.7%	15.5%	15.3%	15.2%	15.2%	15.2%

52-Week Stock Chart

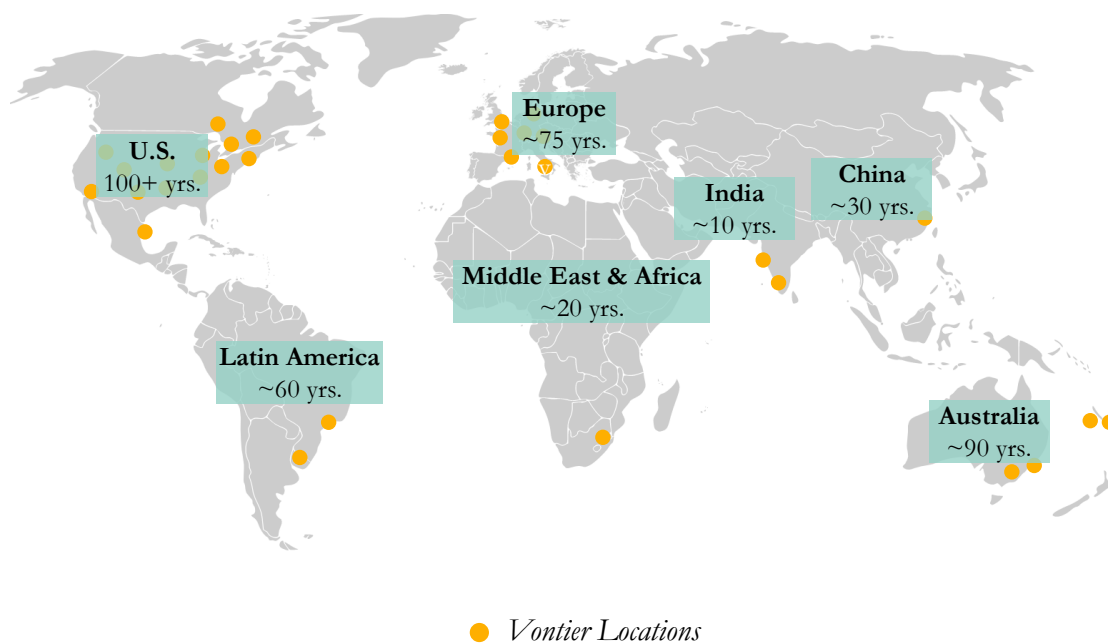


Business Overview: Global Footprint



Vontier's global footprint and broad installed base provide strong a foundation for continued growth

Geographic Spread



Statistics

~8,300
Employees

~700
Engineers

20
Manufacturing
Facilities

>260,000
Retail Fueling
Customer Sites

>1,800
Matco
Franchisees

>600,000
Auto
Technicians
Served Weekly

>480,000
Vehicles
Monitored by
Teletrac

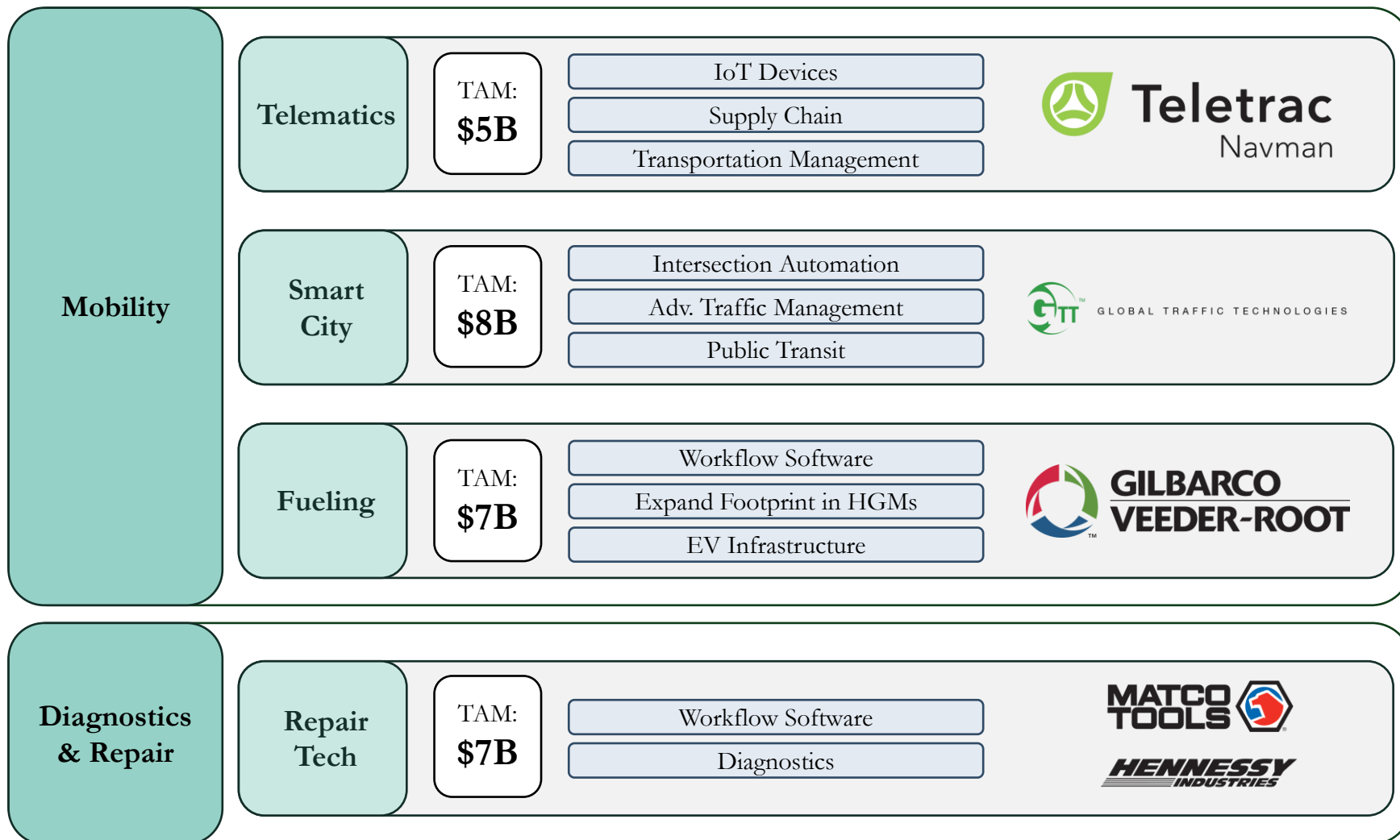
>90,000
GTT
Controlled
Intersections



Business Overview: Segment Summary



Vontier's diversified portfolio of companies equates to a \$27B market with long runway for earnings growth



Source: Company Filings



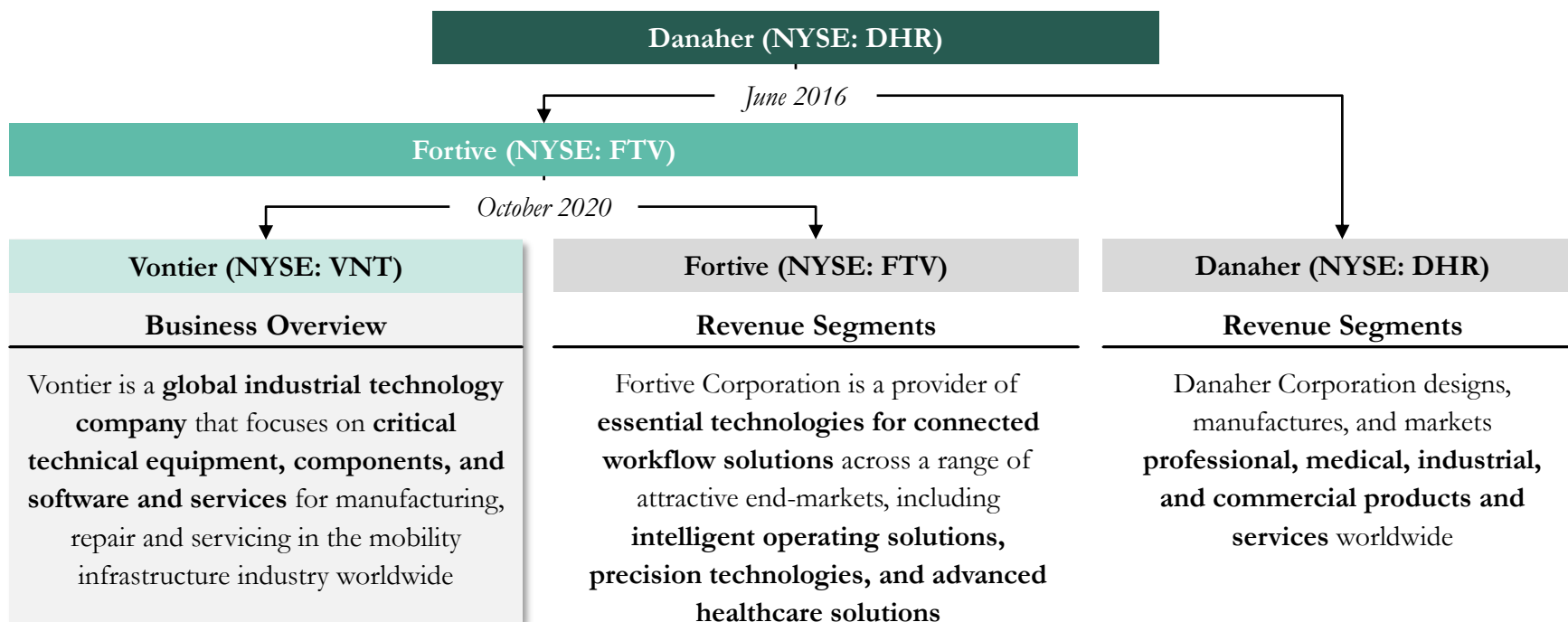
III.

Internal Analysis



Internal Analysis: Spinoff

To get to its current form, Vontier has been spun off twice over the past five years



Recent years have seen Vontier spin-off from its more diversified peers to focus on a niche market where it holds leadership



Internal Analysis: Spinoff

Through the spin-offs, Vontier has retained the best attributes of previous parents at an attractive valuation

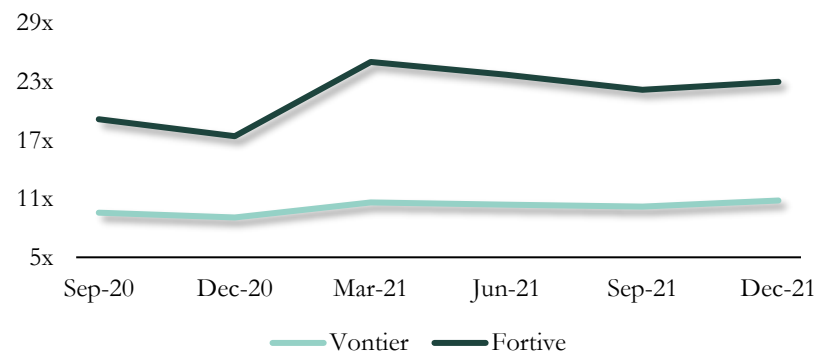
Comparison with Peers and Former Structure

	Vontier	vs. Premium Industrials	vs. Fortive @ Spin
Core Growth	GDP+	Similar	Better
Recur. Sales	Mid-20%	Similar	Better
Adj. OM	~20%	Similar	Similar

Fortive's Portfolio Transformation Strategy

- After the 2016 spinoff, Fortive retained the Danaher Business System (“DBS”) which focuses corporate strategy on four pillars: fundamentals, growth, lean, and leadership
- Fortive has always maintained a strong capital structure with <5x net debt / EBITDA
- The parent’s robust free cash flow generation allows for strong reinvestment
- Has pursued disciplined R&D and M&A with a significant pipeline to accelerate growth and evolve the portfolio

Post-Spinoff Valuation (EV/EBITDA)



Vontier's Shareholder Value Creation Playbook

- Similar to Fortive’s spinoff, Vontier retained and continues to use a version of DBS
- Vontier maintains an investment grade style capital structure, with <3x net debt/ EBITDA
- Like its parent, Vontier has strong free cash flow generation and pursues disciplined R&D and M&A

Post spin-offs, Vontier maintains the best of Danaher’s and Fortive’s strategies



Internal Analysis: Financial Profile

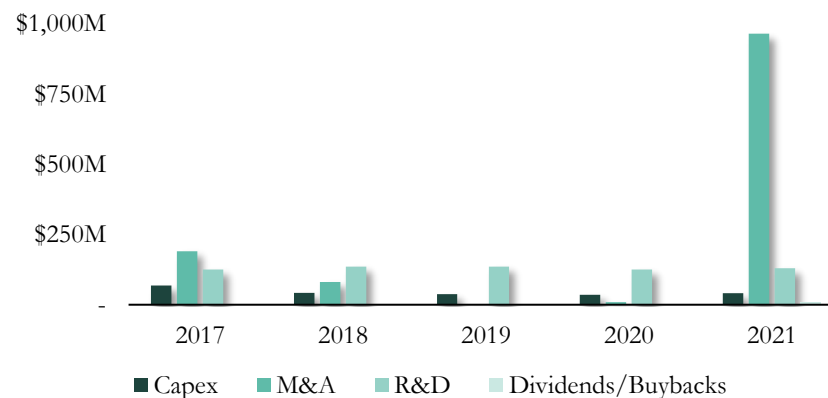
Vontier's polished M&A strategy and strong capital guarantees consistently strong, accretive results

Target Leverage for Future M&A

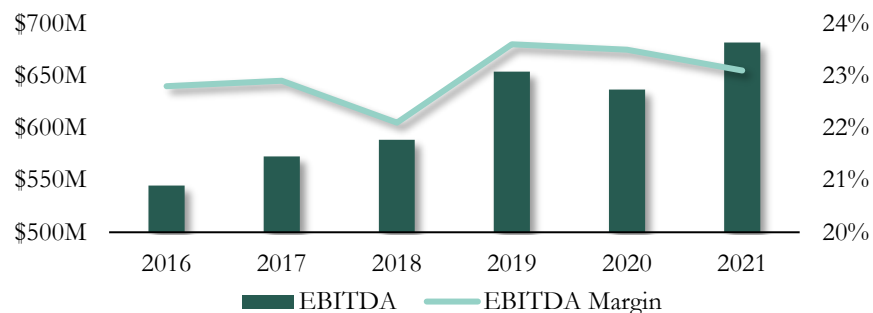
Additional Leverage for M&A		
	2023	2024
Projected Leverage	1.7x	1.0x
Target Leverage	3.0x	3.0x
Additional Leverage	1.3x	2.0x
EBITDA	\$985	\$1,066
Aggregate M&A Firepower	\$1,281	\$2,132

Management expects the target leverage to be ~3.0x; any extra cash thereafter will be invested in M&A

Historical Capital Allocation



Robust Internal Characteristics



18%

Return on
Invested Capital
FY2021

16%

Unlevered FCF
Margin
FY2021

>60%

U.S Gas Station
Market Share
FY2021

Capacity for future M&A, disciplined capital allocation, and robust financials give us conviction that VNT will be quality investment



IV.

External Analysis

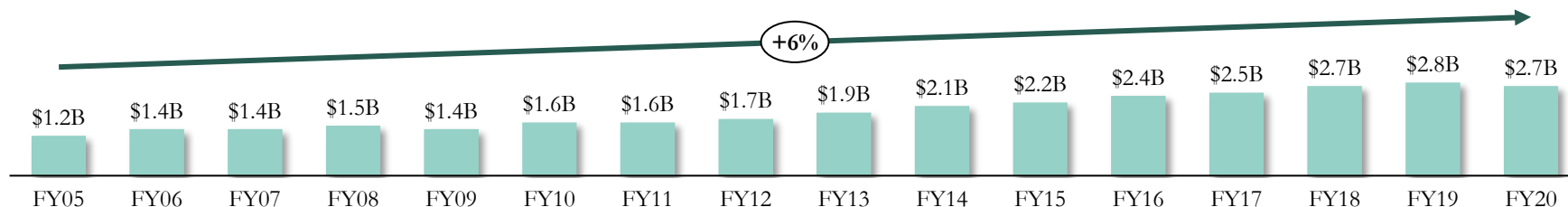


External Analysis: Secular Trends

Key secular growth trends provide stability through economic cycles and will drive future growth

Key Trends

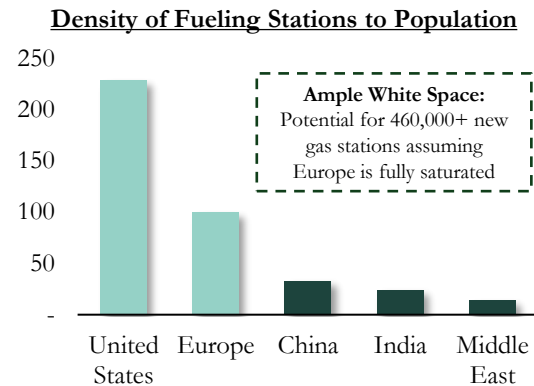
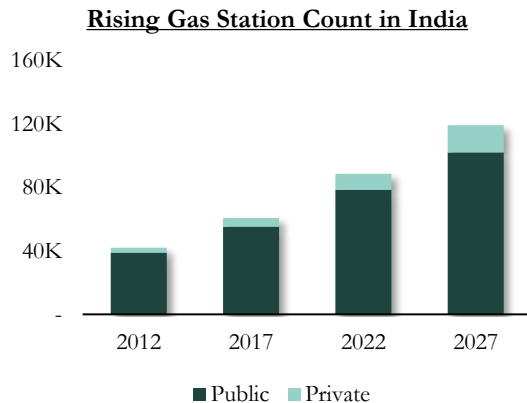
Growing Population & Traffic Congestion	Safety, Security, & Regulation	Clean, Efficient Mobility Solutions	Increased Vehicle Complexity	Increasing Complexity of Supply Chain
<ul style="list-style-type: none"> ▪ Growing populations globally ▪ Increasing traffic congestion in both emerging and developed markets ▪ Increasing vehicle miles travelled 	<ul style="list-style-type: none"> ▪ Changing fiscal regulation and systems ▪ Continued focus on driver safety ▪ Stringent emission control regulations 	<ul style="list-style-type: none"> ▪ Need for efficient fleet management ▪ Increasing vehicle connectivity ▪ Adoption of electric vehicles ▪ Rising emphasis on environmental impact 	<ul style="list-style-type: none"> ▪ Increasing complexity of vehicle repair ▪ Aging vehicle installed base ▪ Shortage of skilled technicians 	<ul style="list-style-type: none"> ▪ Rise in e-commerce and overall movement of goods by road ▪ Increasingly complex and supply chain ▪ Mainstreaming of efficient and same-day last mile deliveries



External Analysis: Growth in Emerging Markets

Key drivers in emerging markets have fueled investment from governments and global O&G retailers

The Opportunity in Emerging Markets



“For a fast-growing economy like ours, energy needs are growing manifold. OMCs are undertaking retail outlet network expansion in tandem with the growth in demand of petrol and diesel,”
CEO, Indian Oil Corporation

Drivers of Growth

Privatization

- Developing markets have traditionally been dominated by publicly-owned gas stations and pipelines
- Recent privatization in India, Mexico, and the Middle East are driving growth as large international players such as Shell, BP, Chevron and ExxonMobil enter

Urbanisation and Industrialisation

- India’s previous economic growth has been driven by the services sector, over the more energy-intensive industry sector; the result has been a slower rate to urbanization than in other emerging countries
- Majority of goods transported in emerging nations move by road; translates into rapid growth in diesel use

Emissions Regulations

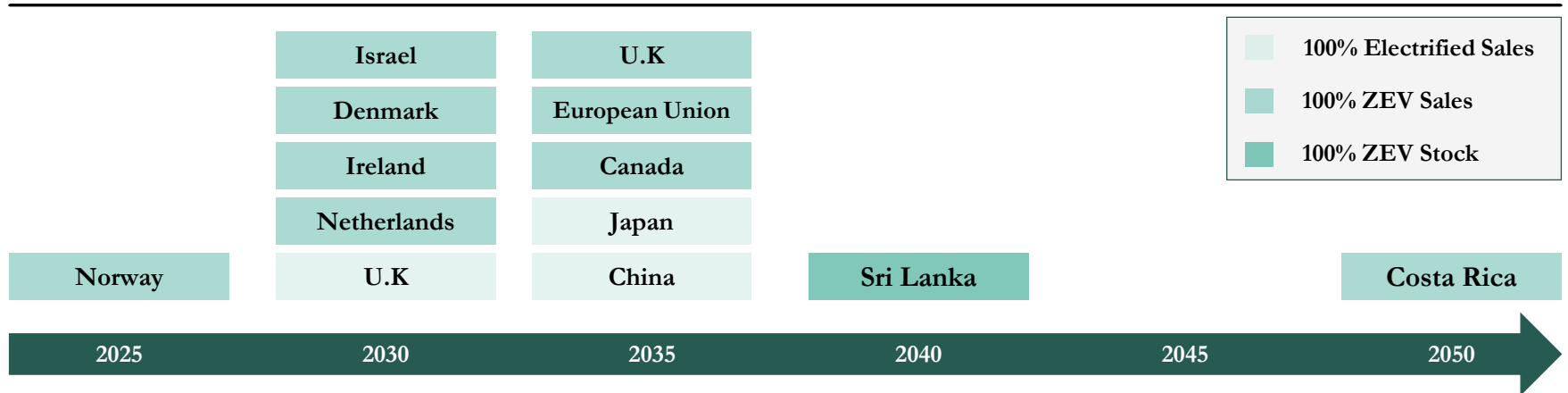
- Gasoline vapors contain a wide variety of volatile organic compounds (VOCs) that are toxic and endanger people in and near gas stations; developed nations were quick to adopt systems to help combat this
- This necessitates upgrades to existing gas stations and increases investment in new ones



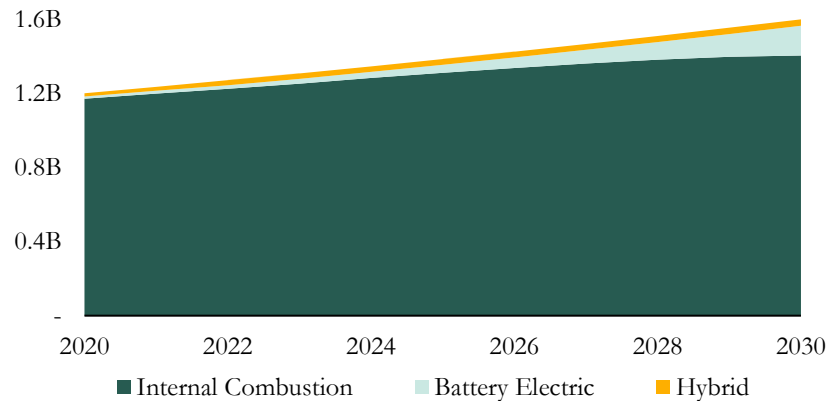
External Analysis: Internal Combustion Engines

Despite ambitious EV targets, ICE Vehicles will still be the majority of the global car parc into 2030

Electric Vehicle Aspirations



ICE Vehicles Still a Large Part of the Car Parc



Overblown Fears

- Despite strong growth in the EV market and more vehicle manufacturers setting EV goals, data suggests that internal combustion engines (ICE) vehicles will remain on the roadways for a very long time
- Currently, there are ~1.2B passenger vehicles on the road and fewer than 1% of the car parc are EVs
- In fact, ICE and hybrid-fuel vehicles are projected to still comprise 88% of the car parc in 2030



V.

Thesis

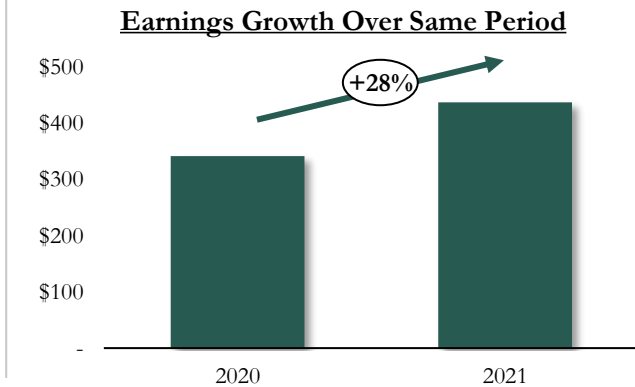
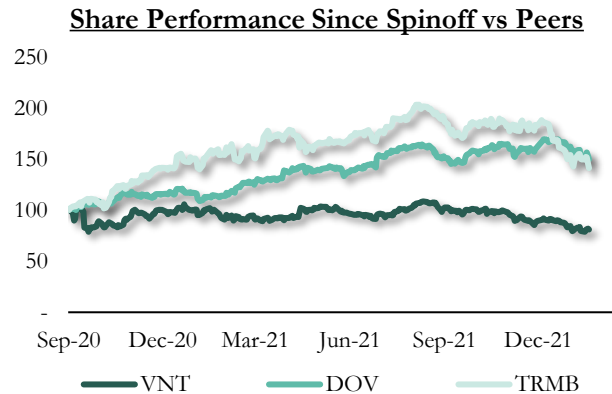


WESTERN INVESTMENT CLUB

Thesis: The Opportunity

Despite stellar financial performance, Vontier's stock has underperformed peers in recent years

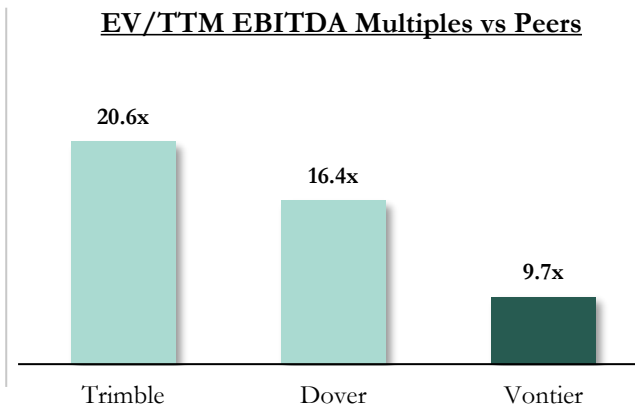
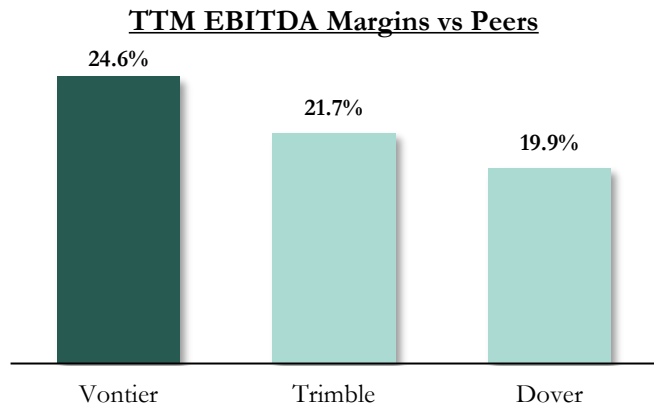
VNT Share Underperformance Since Spin-Off



VNT's share price has massively underperformed and traded sideways compared to its peers since its spinoff

This is despite having grown earnings 28% over the same time period

Financials Remain Strong Despite Sentiment



VNT's underperformance is despite its superior EBITDA margins and deep discount to peers



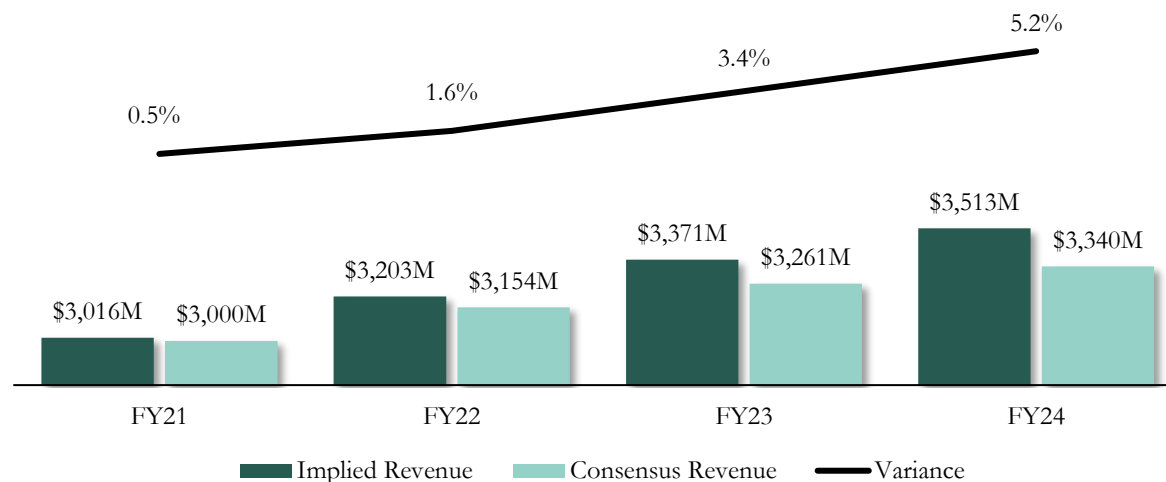
Thesis: Understanding Our Variance

Multiple ways to win: our variance versus Street is driven by 3 KPIs

Translating Our Thesis to the Model

	FY22	FY23	FY24	FY25	FY26	FY27
Retail Fueling Hardware	993	1,067	1,131	1,199	1,270	1,346
Price Growth (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Volume Growth (%)	5.6%	5.6%	3.3%	1.9%	1.9%	1.9%
Retail Solutions	418	418	449	476	504	534
Price Growth (%)	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Volume Growth (%)	5.6%	5.6%	3.3%	1.9%	1.9%	1.9%
E-Mobility	17	17	19	20	21	22
Growth (%)	10.6%	10.6%	8.3%	6.9%	5.0%	5.0%
Total Revenue	3,203	3,371	3,513	3,661	3,817	3,981
Growth (%)	6.2%	5.3%	4.2%	4.2%	4.3%	4.3%

Variance vs Street



Key Drivers

Retail Fueling Hardware Pricing Growth

Retail Solutions Revenue Growth

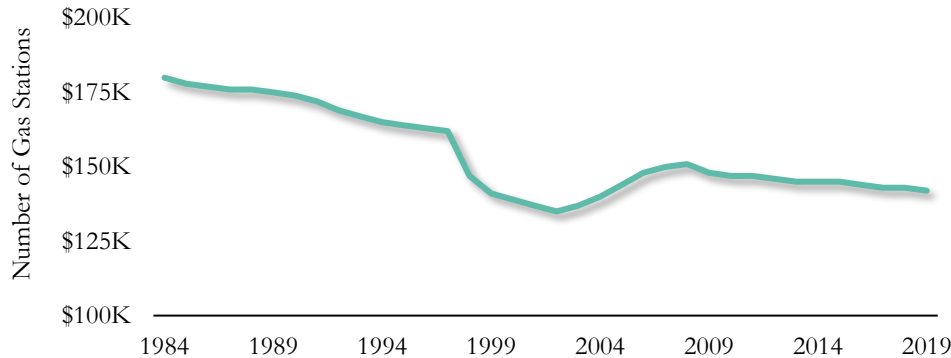
E-Mobility Revenue Growth



Thesis: Understanding the Consensus Perception

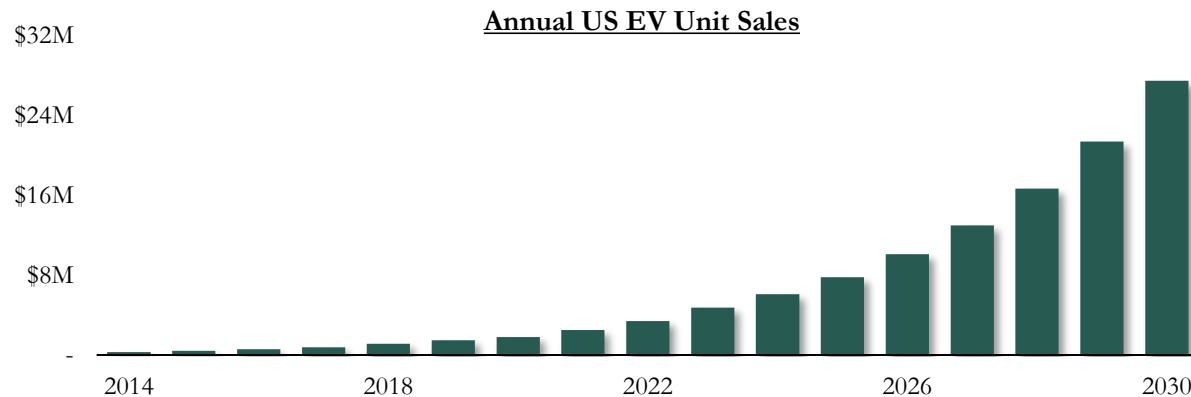
Bearish consensus views allow us to buy a strong business with opportunities to grow ahead

Declining Re-Fuelling Market



- Overall number of gas stations in the US and Canada have been declining
- The consensus view is bearish on VNT's exposure to a declining industry
- We see a variety of opportunities to grow both organically through retail solutions and acquisitively
- While penetration is high in North America, emerging markets provide a runway for growth

Exposure to Internal Combustion Engine Vehicles as EVs Continue to Grow



As electric vehicles continue to become a larger part of the car parc (~10% by 2030), investors are worried about VNT's exposure

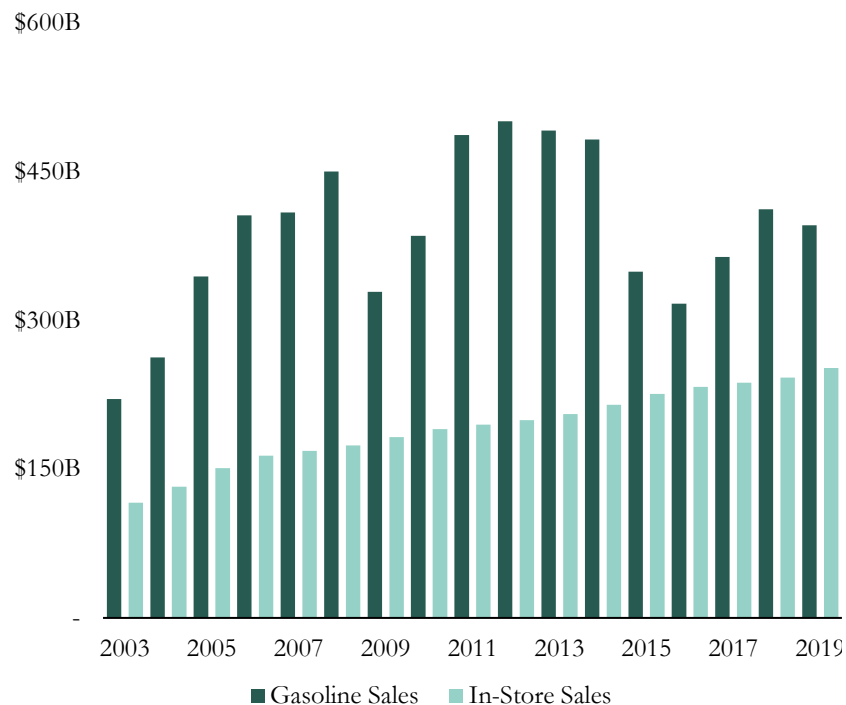
We believe this "melting ice cube" is misunderstood, and VNT has multiple ways to win with both ICE vehicles and EVs



Thesis: Melting Ice Cube?

Retail convenience will provide a cushion and a base of recurring revenue in developed markets

In-Store Convenience Store Sales Growing



To counter low profit margins from fuel sales, retail fuel location owners look to improve profits by growing their in-store sales

Case Study: Circle K



■ Instore Convenience
■ Fuel
■ Other



■ Instore Convenience
■ Fuel
■ Other

Majority of transactions & profits are from in-store retail

Retail Solutions a Runway for Growth

- Managing the tracking of both in-store retail merchandise and fuel operations requires more sophisticated systems to manage the convenience store infrastructure
- VNT recognized the opportunity in retail solutions for convenience stores to build upon its existing infrastructure
- One of VNT's recent acquisitions, DRB, gives a greater software footprint and recurring revenue base within convenience stores to benefit from retail growth



Thesis: Diamond in the Rough

Emerging markets represent a strong opportunity for VNT which street unduly discounts

The Indian Opportunity

The Indian Opportunity - Illustrative Market Sizing						
	2022E	2023E	2024E	2025E	2026E	2027E
Revenue per Dispenser	\$30,500	\$30,500	\$30,500	\$30,500	\$30,500	\$30,500
Dispensers per Station	6	6	6	6	6	6
Revenue per Site	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000	\$183,000
Number of Indian Stations	81,970	96,220	110,470	124,720	138,970	153,220
New Stations - Europe Proxy	14,250	14,250	14,250	14,250	14,250	14,250
% Privatized Stations	20.0%	22.50%	25.00%	27.50%	30.00%	32.50%
New Privately Built Stations	2,850	3,206	3,563	3,919	4,275	4,631
One-Time Installation TAM - India	\$521,550,000	\$586,743,750	\$651,937,500	\$717,131,250	\$782,325,000	\$847,518,750

Poised to Capture the Indian Market

- VNT's acquisition of Midco gives a strong foothold in the largely underpenetrated Indian market
- With the recent privatization of retail fuelling stations, combined with goals to increase stations across India, we believe there is room for significant growth in the industry
- While the ICE market is a headwind in developed nations, street discounts the lack of infrastructure in India, which VNT is poised to capture

Shell Growth

- Vontier has long standing existing relationship with major O&G providers; Shell, 7-Eleven, and ExxonMobil
- Expected to grow global network of roadside gas stations to 55,000; add an additional 5,000 convenience stores
- Growth will be focused on emerging markets (China, India, and Latin America)
- Expecting to introduce electric battery chargers and hydrogen chargers to its traditional petrol stations

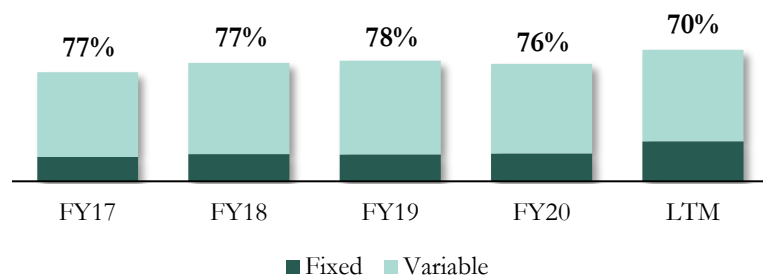


Thesis: Fuel Engine of the Company

The core GVR business also benefits the Company by providing a solid base of FCF generation

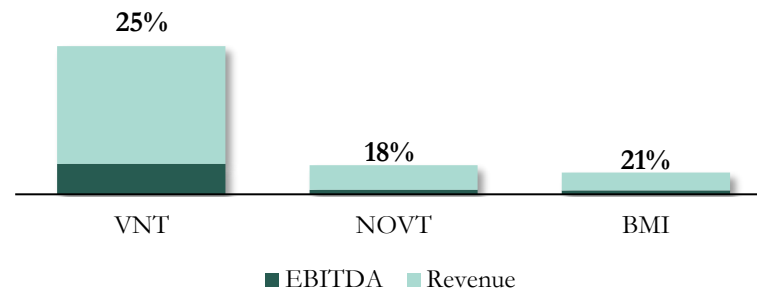
Cash Generator with Variable Cost Structure

Vontier has a highly variable cost structure, providing a long runway of profitable operations as growth declines



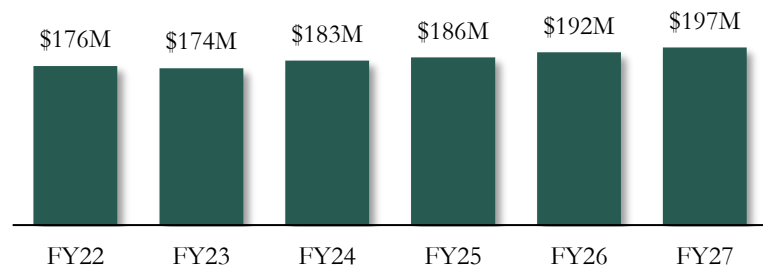
Long Runway for EBITDA Margins at Small Scale

Smaller peers, such as Novanta and Badger Meter, show EBITDA margins are sustainable at smaller scale



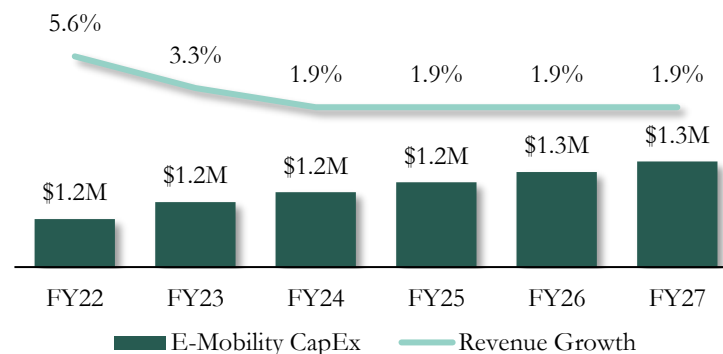
Strong Cash Flow Generation over Medium-Term...

While slowing, the core business provides predictable cash flow generation to serve as a basis for company growth



...Drives Accelerated Investment

This funding will be used to accelerate the growth of the e-mobility division, which we see as a high-growth opportunity



Thesis: Hidden Value

Early investment in Tritium, a leading EV charger manufacturer, has seen upside in a high-barrier market



Minority Interest (Oct. 2018):
19.3%

- Technology leader and manufacturer of high-speed chargers for EV (DC chargers)
- Decades of valuable IPs; created first charger in 1999
- Went public via SPAC in 2022; NASDAQ: DCFC

Notable Clients:

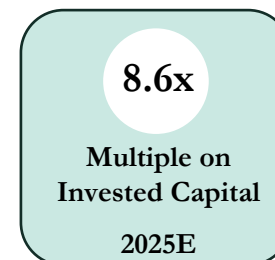
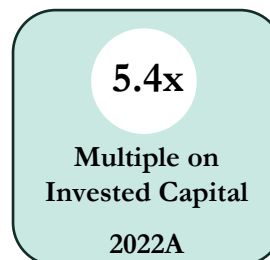
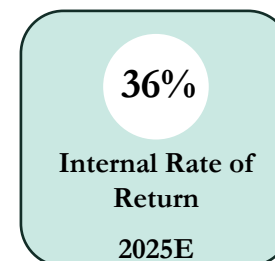
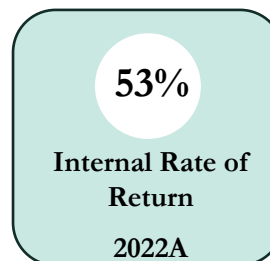
- Exclusive supplier to IONITY (top charging network in Europe); JV between BMW, Daimler, VW, Ford
- Engineered Porsche's next generation charger

Global EV Charging Market Share
25%



Investment Value Marked-to-Market

	2018A	2022A	2025E
Value of Investment	49.6	268.3	426.1
Stake	19.3%	19.3%	19.3%
Value of Company	257.0	1,390.0	2,207.9
Revenue	24.3	56.2	89.2
Multiple	10.6x	24.8x	24.8x



Thesis: Potential Gamechanger

The recent Driivz acquisition gives GVR an entry point to replicate its SaaS success in gas to EV charging



Acquired (Feb. 2022):
\$200M

- Intelligent EV charging and energy management software; optimize/monetize charging networks
- Allows businesses to optimize energy assets and reduce energy consumption; balancing demand
- Gilbarco Veeder-Root invested \$11M in 2020
- Investments from various industry players pre-acquisition including Volvo group
 - Working with them to create a tailored solution specific to electric trucks



Client Case Study

- Leading energy and mobility company; the largest within Latin America and Southeastern United States
- Building nationwide charging network across Chile
- EV management solution allows a smooth charging experience; ensure all are chargers are stable and available 24/7
- Multi-year deal to support customers for long-haul; fully integrated, customized management solution
 - Self-healing algorithms remotely repair 80% of operational issues before customer or Copec

“The acquisition of Driivz accelerates our portfolio diversification and e-mobility strategies toward long-term secular growth drivers. [...] Driivz provides us with market leading technologies within the highest growth, most profitable network management software market segment.”

- Mark Morelli, President and CEO of Vontier.



Thesis: Dancing into the New Light

A poor perception of Vontier will soon be changing as certain segments become cash-flow positive

Research with minority investors, industry experts, and management reveals a common theme of Vontier – **Street discards Vontier as a diversified industrial business with several, cash-flow negative segments** – which leads them to punish its valuation

NTM EV /
EBITDA

Vontier:
9.0x

Retail & Commercial Fueling:
19.8x

Smart City Solutions:
24.5x

Diagnostic & Repair Technology:
31.9x

Current Investor Perception

“ Disclosure regarding business segment is limited to sales split between Mobility Technologies and Diagnostics & Repair Technologies. For operating profits, no split is provided – *Evercore (Nov-2020)*

“ The stock currently trades at a 35-40% discount across a range of metrics, with some level justified in our view by organic growth challenges, which will make it a challenge to materially narrow this discount as per history that shows organic growth underperformance generally equates to stock underperformance in our sector – *J.P. Morgan (May-2021)*

“ It’s hard for us to allocate meaningful capital to Vontier when we’ve been burned by a few cash flow negative divisions in the past – *\$5B Asset Allocator (Dec-2021)*

The Brightening Light

- Despite poor disclosure, our thesis combined with long-term trends mean that E-mobility will soon be cash flow positive
- Although the investor-shift may take a bit to materialize, it is clear that a broader range of professionals may begin to look into Vontier again as the perception shifts to being a diversified industrial-technology business with **all cash-flow positive segments**
- We have not modelled multiple expansion, but it represents significant upside to the valuation



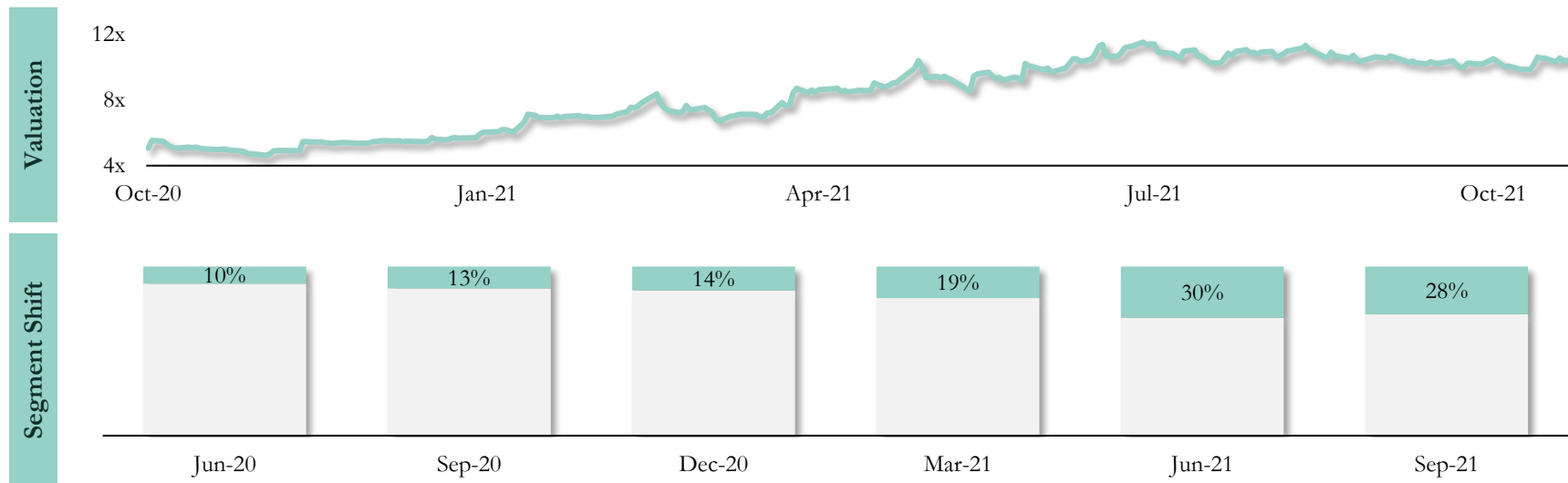
Thesis: History Repeats Itself

In a similar situation, Thryv (NASDAQ: THRY) was able to shift Street's perception

Cash Flow Negative Business				
The declining remnants of the Yellow Pages provider produces cash with cross-sell opportunities				
	Print	Internet	SEM	Other
Rev.	\$551M	\$308M	\$201M	\$100M
Cust.	285K	145K	21K	42K

- | Cash Flow Generative Business | |
|-------------------------------|---|
| • | Thryv Customer: end-to-end customer experience platform with centralized customer communication, marketing, and payment capabilities |
| • | Thryv Leads: integrated lead management and add-ons such as website development, and SEO tools |
| • | Thryv Pay: payment processing software with QuickBooks integration |

Market Based Valuation vs. Segment Shift



VI.

Risks & Catalysts



Risks & Mitigations

Several key risks which were incorporated into the bear case could have a material adverse impact on Vontier

Tritium/Driivz Not Leading Player

Risk

- Given the early stages of the fast-charging EV market, new entrants could emerge with superior technology
- Little stickiness with end-customers creates substitution risk

Mitigation

- Although its not 100% clear yet, Vontier holds stakes in the two leading players
- We view it as an asymmetric bet that at the very least, these child companies are set to gain marginal share

EMV Decline

Risk

- EMV is a payment method developed by American Express, Visa, etc.
- A large driver in revenue growth has been the regulated EMV adoption (6% YoY FY15-19), which is declining

Mitigation

- We modelled in very conservative continued focused adoption of EMV
- The impacted segments comprise a small percent of Vontier's total value

Segment Profitability

Risk

- With little disclosure surrounding segment-specific margins, there could be an unfavorable product-mix shift impacting margins which we haven't accounted for

Mitigation

- Using point-estimates from expert and management calls, we are confident that the company won't experience unexpected margin compression



Catalysts

Secular trends and an inflection point can drive growth in Vontier's value

Driivz Acquisition	<ul style="list-style-type: none">▪ In February, Vontier acquired Driivz, a leading end-to-end EV charging and smart energy management software platform▪ Although Street knows about the M&A activity, expanded commentary/data will help realize its value; division is not fully integrated yet, taking place over the next two-to-three quarters	Short-Term
Continued M&A	<ul style="list-style-type: none">▪ Our analysis uncovered a long runway of attractive M&A targets for Vontier which the company could act on with its ~\$3B of total projected consideration in FY23▪ M&A targets have historically been able to capitalize on cost-structure saving and increased cross-selling opportunities	Mid-Term
Sustained Earnings from Legacy Segment at Below Average Decline	<ul style="list-style-type: none">▪ Per Thesis II, we do not expect the legacy business to decline as fast as Street has priced it to▪ As Vontier continues to publish quarterly earnings, we believe investors will realize the hidden gem of the business and a new narrative will emerge	Long-Term
Secular Growth Trends	<ul style="list-style-type: none">▪ Five key identified secular trends (growing population & traffic congestion; safety, security, & regulation; clean, efficient mobility solutions; increased vehicle complexity; and increasing complexity of supply chains) serve to increase interest in the industrial technology sector▪ Although not priced in, increased investor interest could warrant multiple expansion	Long-Term



VII.

Valuation



Relative Valuation: Dancing into the New Light

Industrial technology companies trade on EV/EBITDA

Comparable Companies Groups

Company	Ticker	General			Trading Multiples			
		Share Price	Market Cap	Enterprise Value	EV/EBITDA		EV/EBIT	MC / FCF
					LTM	NTM	NTM	NTM
Retail / Commercial Fueling (Gilbarco Veeder-Root)								
Dover Corporation	DOV	\$160.21	\$23.07B	\$25.81B	16.4x	17.0x	14.1x	19.2x
Franklin Electric Co., Inc.	FELE	\$83.12	\$3.86B	\$4.02B	18.8x	20.5x	16.3x	19.2x
AMETEK, Inc.	AME	\$130.81	\$30.26B	\$32.46B	20.4x	22.0x	18.3x	24.0x
Mean					18.5x	19.8x	16.2x	20.8x
Median					18.8x	20.5x	16.3x	19.2x
Smart City Solutions and Telematics (GTT and Teletrac Navman)								
Badger Meter, Inc.	BMI	\$101.68	\$2.97B	\$2.89B	28.9x	33.6x	25.5x	39.4x
IDEX Corporation	IEEX	\$189.84	\$14.43B	\$14.77B	19.4x	20.5x	17.5x	25.8x
Itron, Inc.	ITRI	\$55.89	\$2.53B	\$2.88B	16.7x	31.4x	16.9x	33.5x
Rockwell Automation, Inc.	ROK	\$268.34	\$31.18B	\$35.41B	25.5x	21.7x	19.1x	19.3x
Trimble Inc.	TRMB	\$66.42	\$16.67B	\$17.76B	23.0x	19.2x	17.8x	21.9x
Mean					22.7x	24.5x	17.8x	26.2x
Median					23.0x	21.7x	17.8x	25.8x
Diagnostic & Repair Technologies (Matco)								
Advance Auto Parts, Inc.	AAP	\$222.94	\$13.78B	\$16.82B	14.0x	15.5x	12.0x	16.0x
AutoZone, Inc.	AZO	\$1,949.11	\$40.22B	\$47.30B	13.3x	15.3x	13.4x	20.0x
Genuine Parts Company	GPC	\$126.69	\$18.04B	\$20.35B	13.8x	14.5x	11.9x	16.1x
Snap Inc.	SNAP	\$39.49	\$64.14B	\$63.08B	108.2x	101.5x	70.1x	138.1x
Stanley Black & Decker, Inc.	SWK	\$162.85	\$26.55B	\$33.01B	12.8x	12.6x	10.9x	13.6x
Mean					32.4x	31.9x	23.6x	40.8x
Median					13.8x	15.3x	12.0x	16.1x
Comparable Universe								
Mean					25.5x	26.6x	20.3x	31.2x
Median					18.8x	20.5x	16.9x	20.0x
Vontier	VNT	\$27.52	\$4.65B	\$6.83B	10.0x	9.0x	10.0x	9.1x

Commentary

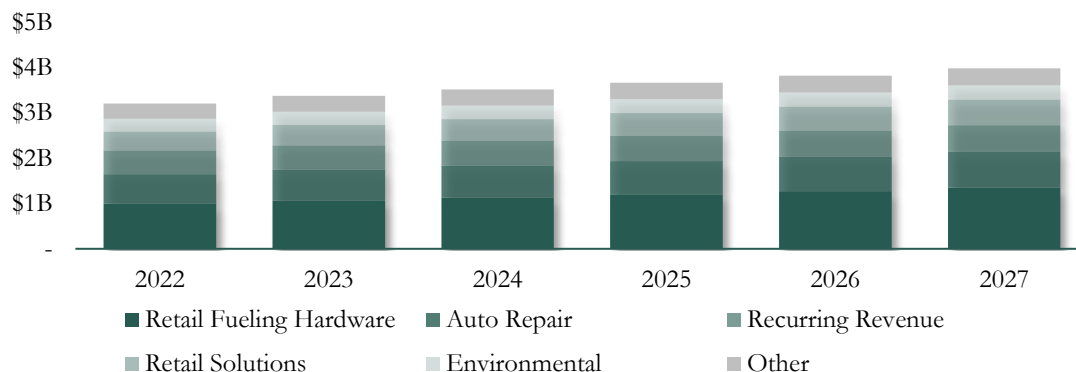
- Given varying levels of profitability, companies in the industrial technology space trade on EV/EBITDA and EV/EBIT multiples
- Compared to all the peer groups (formed based on portfolio companies), Vontier trades at a significant discount
- Vontier will continue to expand revenue with attractive industry tailwinds and overestimated decline in the legacy business



Intrinsic Valuation: Assumptions Made

Thesis is built into model projections with a conservative exit multiple

Revenue Build



Exit Multiple

8.0x	9.0x	12.0x
Bear	Base	Bull

- Complete set of comparable companies trades at ~26.6x NTM EV / EBITDA
- Vontier is currently trading at 9.0x NTM EV / EBITDA

Revenue to UFCF Build

	2022 Dec-31	2023 Dec-31	2024 Dec-31	2025 Dec-31	2026 Dec-31	2027 Dec-31
Revenue	3,203	3,371	3,513	3,661	3,817	3,981
<i>Growth (%)</i>		5.3%	4.2%	4.2%	4.3%	4.3%
Cost of Sales	1,788	1,871	1,951	2,033	2,120	2,211
Gross Profit	1,415	1,500	1,562	1,628	1,697	1,770
<i>Margin (%)</i>	44.2%	44.5%	44.5%	44.5%	44.5%	44.5%
Operating Expenses	713	751	793	827	862	899
EBIT	701	750	769	801	835	871
<i>Margin (%)</i>	21.9%	22.2%	21.9%	21.9%	21.9%	21.9%
Adjustments	168	227	230	244	253	264
FCF	534	522	539	557	582	607
<i>Growth (%)</i>		(2.1%)	3.2%	3.4%	4.5%	4.3%
<i>Margin (%)</i>	16.7%	15.5%	15.3%	15.2%	15.2%	15.2%



Intrinsic Valuation: Multiples & DCF

Across a range of scenarios, we find that Vontier has attractive upside

Multiples & DCF

EV / EBITDA			
	Bear	Base	Bull
2026E EBITDA	\$562	\$1,064	\$1,409
Multiple	8.0x	9.0x	12.0x
Enterprise Value	\$4,494	\$9,577	\$16,911
Less: Debt	(\$2,583)	(\$2,583)	(\$2,583)
Add: Cash	\$459	\$459	\$459
Equity Value	\$2,370	\$7,453	\$14,787
Shares	169	169	169
Value / Share	\$14.02	\$44.09	\$87.46
Implied Upside	(49.1%)	60.2%	217.8%
4-Year IRR	(15.5%)	12.5%	33.5%

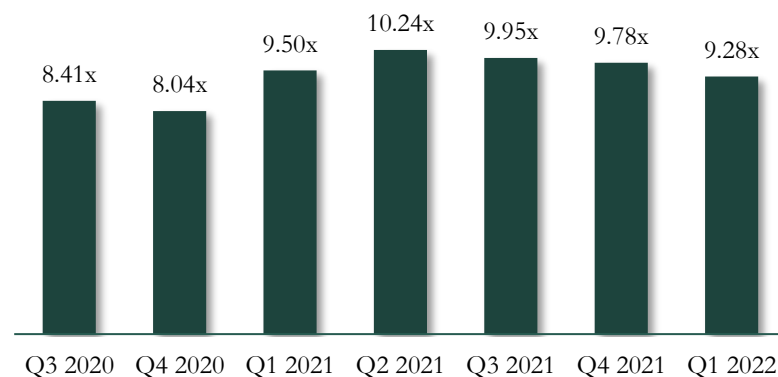
DCF

	Bear	Base	Bull
Enterprise Value	\$4,822	\$9,058	\$11,889
Less: Debt	(\$2,583)	(\$2,583)	(\$2,583)
Add: Cash	\$459	\$459	\$459
Equity Value	\$2,698	\$6,934	\$9,765
Shares	169	169	169
Value / Share	\$15.96	\$41.01	\$57.76
Discount/(Premium)	(42.0%)	49.0%	109.9%

Key Driver Assumptions

	Base Case				
	2022E	2022E	2023E	2024E	2025E
Retail Fueling Hardware	993	1,067	1,131	1,199	1,270
<i>Rationale: Modelled based on consensus estimates with the market overestimating the impact of the rise in electric vehicles and implications for gas stations</i>					
Retail Solutions	418	449	476	504	534
<i>Rationale: See above, with continued gas station sustainability owners will capitalize on the higher margin convenience stores to maintain margins</i>					
E-Mobility	17	19	20	21	22
<i>Rationale: Vontier is well positioned within the electric vehicle space</i>					

Historical NTM EV / EBITDA Trading Multiple





Long: Vontier (NYSE: VNT)

60% Upside – 13% Base Case 4-Year IRR

WIC Industrials

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February 14th, 2022

