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Healthier Cleaner and Safer

GAAP/Non-GAAP Reconciliation and
Financial Package

April 24, 2024



Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use certain non-GAAP financial measures such as organic revenue growth, which is reported revenue growth, excluding the impacts of acquisitions/divestitures and the effects of currency translation. We also report Core organic revenue growth, which is reported revenue growth including the impact of PPD revenue (as applicable), excluding the impacts of COVID-19 testing revenue, and excluding the impacts of acquisitions/divestitures other than PPD and currency translation, as well as Core revenue, which is reported revenue plus pre-acquisition PPD revenue (as applicable), less COVID-19 testing revenue. We calculate period-to-period Core organic revenue growth by adding to the baseline period PPD's pre-acquisition revenues from such period (as applicable). We report these measures because Thermo Fisher management believes that in order to understand the company's short-term and long-term financial trends, investors may wish to consider the impact of acquisitions/divestitures, foreign currency translation and/or COVID-19 testing on revenues. In particular, given PPD's significance relative to our existing businesses, management believes it is appropriate to also present information on a basis that includes PPD pre-acquisition revenues (as applicable) in order to demonstrate the impact PPD has on our current growth profile. Core revenue and Core organic revenue growth amounts are not indicative of the combined results of operations that would have been realized had the PPD acquisition occurred on January 1, 2021. Thermo Fisher management uses these measures to forecast and evaluate the operational performance of the company as well as to compare revenues of current periods to prior periods.

We report adjusted gross margin, adjusted SG&A expense, adjusted EBITDA, adjusted operating income, adjusted operating margin, adjusted other expense/income, adjusted tax rate, adjusted net income, and adjusted EPS. We believe that the use of these non-GAAP financial measures, in addition to GAAP financial measures, helps investors to gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts the company's core operating performance, especially when comparing such results to previous periods, forecasts, and to the performance of our competitors. Such measures are also used by management in their financial and operating decision-making and for compensation purposes. To calculate these measures we exclude, as applicable:

- Certain acquisition-related costs, including charges for the sale of inventories revalued at the date of acquisition, significant transaction/acquisition-related costs, including changes in estimates of contingent acquisition-related consideration, and other costs associated with obtaining short-term financing commitments for pending/recent acquisitions. We exclude these costs because we do not believe they are indicative of our normal operating costs.
- Costs/income associated with restructuring activities and large-scale abandonments of product lines, such as reducing overhead and consolidating facilities. We exclude these costs because we believe that the costs related to restructuring activities are not indicative of our normal operating costs.
- Equity in earnings/losses of unconsolidated entities; impairments of long-lived assets; and certain other gains and losses that are either isolated or cannot be expected to occur again with any predictability, including gains/losses on investments, the sale of businesses, product lines, and real estate, significant litigation-related matters, curtailments/settlements of pension plans, and the early retirement of debt. We exclude these items because they are outside of our normal operations and/or, in certain cases, are difficult to forecast accurately for future periods.
- The depreciation of property, plant and equipment. Exclusion of depreciation expense allows comparisons of operating results that are consistent over time for both our capital intensive and other businesses.
- The expense associated with the amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives of up to 20 years. Exclusion of the amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.
- The noncontrolling interest and tax impacts of the above items and the impact of significant tax audits or events (such as changes in deferred taxes from enacted tax rate/law changes), the latter of which we exclude because they are outside of our normal operations and difficult to forecast accurately for future periods.

We report free cash flow, which is operating cash flow excluding net capital expenditures, to provide a view of the continuing operations' ability to generate cash for use in acquisitions and other investing and financing activities. The company also uses this measure as an indication of the strength of the company. Free cash flow is not a measure of cash available for discretionary expenditures since we have certain non-discretionary obligations such as debt service that are not deducted from the measure.

We define net debt as total debt less cash, cash equivalents and, beginning in 2024, short-term investments. We have recast prior periods to conform to the current presentation. We believe net debt is meaningful to investors as the company considers net debt and its components to be important indicators of liquidity and financial position.

We define adjusted ROIC as trailing twelve months' adjusted net income excluding net interest expense, net of tax benefit therefrom, divided by trailing five quarters' average invested capital, which is equity plus short-term and long-term debt and net liabilities of discontinued operations less cash, cash equivalents, short-term investments, and equity method investments. We define adjusted ROE as trailing twelve months' adjusted net income excluding interest expense, net of tax benefit therefrom, divided by trailing five quarters' average equity. We believe these measures are meaningful to investors as they focus on shareholder value creation.

Thermo Fisher Scientific does not provide GAAP financial measures on a forward-looking basis because we are unable to predict with reasonable certainty and without unreasonable effort items such as the timing and amount of future restructuring actions and acquisition-related charges as well as gains or losses from sales of real estate and businesses, the early retirement of debt and the outcome of legal proceedings. The timing and amount of these items are uncertain and could be material to Thermo Fisher Scientific's results computed in accordance with GAAP.

The non-GAAP financial measures of Thermo Fisher Scientific's results of operations and cash flows included herein are not meant to be considered superior to or a substitute for Thermo Fisher Scientific's results of operations prepared in accordance with GAAP. Reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in the accompanying tables.

Certain amounts and percentages reported herein are presented and calculated based on underlying unrounded amounts. As a result, the sum of components may not equal corresponding totals due to rounding.

Table of Contents

Page

4	Annual Reconciliation of Adjusted P&L (2021 - 2023)
6	Annual Reconciliation of Adjusted EBITDA (2021 - 2023)
7	Quarterly Reconciliation of Adjusted P&L and Free Cash Flow (2023 - 2024)
9	Quarterly Reconciliation of Adjusted EBITDA (2023 - 2024)
10	Free Cash Flow, Adjusted Return on Invested Capital and Adjusted Return on Equity (2021 - 2024)
11	Reconciliation of Core Organic Revenue Growth (2022 - 2024)
12	Business Segment Information (2023 - 2024)
13	Balance Sheets and Leverage Ratios (2021 - 2024)
14	Debt (2021 - 2024)
16	Notable Acquisitions (2021 - 2024)
17	Capital Deployment (2021 - 2024)
18	Fiscal Calendar (2024)

Annual Reconciliation of Adjusted P&L

(Dollars in millions except EPS)

	2021		2022		2023	
GAAP consolidated revenues	\$39,211		\$44,915		\$42,857	
Revenue growth	22%		15%		-5%	
Impact of acquisitions	3%		18%		1%	
Impact of currency translation	2%		-3%		0%	
Organic revenue growth	17%		0%		-5%	
	\$	%	\$	%	\$	%
GAAP gross margin	19,638	50.1%	18,971	42.2%	17,100	39.9%
Cost of revenues adjustments (a)	8	0.0%	46	0.1%	95	0.2%
Amortization of acquisition-related intangible assets	596	1.5%	529	1.2%	462	1.1%
Adjusted gross margin	20,242	51.6%	19,546	43.5%	17,657	41.2%
GAAP SG&A expense	8,007	20.4%	8,993	20.0%	8,445	19.7%
Selling, general and administrative expenses adjustments (b)	(144)	-0.4%	(37)	-0.1%	(59)	-0.1%
Amortization of acquisition-related intangible assets	(1,165)	-2.9%	(1,866)	-4.1%	(1,876)	-4.4%
Adjusted SG&A expense	6,698	17.1%	7,090	15.8%	6,510	15.2%
GAAP R&D expense	1,406	3.6%	1,471	3.3%	1,337	3.1%
GAAP operating income	10,028	25.6%	8,393	18.7%	6,859	16.0%
Cost of revenues adjustments (a)	8	0.0%	46	0.1%	95	0.2%
Selling, general and administrative expenses adjustments (b)	144	0.4%	37	0.1%	59	0.1%
Restructuring and other costs (c)	197	0.5%	114	0.3%	459	1.1%
Amortization of acquisition-related intangible assets	1,761	4.5%	2,395	5.3%	2,338	5.5%
Adjusted operating income	12,138	31.0%	10,985	24.5%	9,810	22.9%

(a) Adjusted results exclude charges for the sale of inventories revalued at the date of acquisition; in 2022 and 2023, charges for inventory write-downs associated with large-scale abandonment of product lines; and in 2023, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations.

(b) Adjusted results exclude certain third-party expense, principally transaction/integration costs (including reimbursements thereof) related to recent/terminated acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and charges associated with product liability litigation.

(c) Adjusted results exclude restructuring and other costs consisting principally of severance, abandoned facility and other expenses of headcount reductions and real estate consolidation; impairments of long-lived assets; significant gains and losses on litigation-related matters; gains on the sale of businesses, product lines and property; charges/credits for environmental-related matters; in 2021, charges for compensation due to employees of acquired businesses at the date of acquisition; in 2022, a gain on the sale of intellectual property; and in 2023, contract termination costs associated with facility closures, charges for pre-acquisition litigation and other matters, and gains on the sale of real estate.

(Annual P&L Reconciliation continued on the next page)

Annual Reconciliation of Adjusted P&L

(Dollars in millions except EPS)

	2021		2022		2023	
	\$	%	\$	%	\$	%
GAAP tax provision	1,109	12.5%	703	9.0%	284	4.5%
Tax effect of adjusted items (e)	593	2.1%	672	4.0%	645	5.5%
Adjusted tax provision	1,702	14.6%	1,375	13.0%	929	10.0%
GAAP other income/(expense)	(694)		(104)		(65)	
Adjustments (d)	(732)		(117)		(50)	
Adjusted other income/(expense)	38		13		(15)	
GAAP net income attributable to Thermo Fisher Scientific Inc.	7,725		6,950		5,995	
Cost of revenues adjustments (a)	8		46		95	
Selling, general and administrative expenses adjustments (b)	144		37		59	
Restructuring and other costs (c)	197		114		459	
Amortization of acquisition-related intangible assets	1,761		2,395		2,338	
Other income/expense adjustments (d)	732		117		50	
Provision for income taxes adjustments (e)	(593)		(672)		(645)	
Equity in earnings/losses of unconsolidated entities	4		172		59	
Noncontrolling interests adjustments (f)	—		—		(46)	
Adjusted net income	9,978		9,159		8,364	
GAAP diluted EPS attributable to Thermo Fisher Scientific Inc.	19.46		17.63		15.45	
<i>GAAP diluted EPS growth</i>		22%		-9%		-12%
Cost of revenues adjustments (a)	0.02		0.12		0.24	
Selling, general and administrative expenses adjustments (b)	0.36		0.09		0.15	
Restructuring and other costs (c)	0.50		0.29		1.18	
Amortization of acquisition-related intangible assets	4.43		6.07		6.03	
Other income/expense adjustments (d)	1.84		0.30		0.13	
Provision for income taxes adjustments (e)	(1.49)		(1.70)		(1.66)	
Equity in earnings/losses of unconsolidated entities	0.01		0.44		0.15	
Noncontrolling interests adjustments (f)	0.00		0.00		(0.12)	
Adjusted EPS	25.13		23.24		21.55	
<i>Adjusted EPS growth</i>		28%		-8%		-7%

(a) Adjusted results exclude charges for the sale of inventories revalued at the date of acquisition; in 2022 and 2023, charges for inventory write-downs associated with large-scale abandonment of product lines; and in 2023, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations.

(b) Adjusted results exclude certain third-party expense, principally transaction/integration costs (including reimbursements thereof) related to recent/terminated acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and charges associated with product liability litigation.

(c) Adjusted results exclude restructuring and other costs consisting principally of severance, abandoned facility and other expenses of headcount reductions and real estate consolidation; impairments of long-lived assets; significant gains and losses on litigation-related matters; gains on the sale of businesses, product lines and property; charges/credits for environmental-related matters; in 2021, charges for compensation due to employees of acquired businesses at the date of acquisition; in 2022, a gain on the sale of intellectual property; and in 2023, contract termination costs associated with facility closures, charges for pre-acquisition litigation and other matters, and gains on the sale of real estate.

(d) Adjusted results exclude net gains/losses on investments; in 2021 and 2022, losses on the extinguishment of debt; in 2021, costs to obtain short-term financing commitments related to recent/terminated acquisitions; and in 2022, net gains on derivative instruments to address certain foreign currency risks.

(e) Adjusted results exclude incremental tax impacts for the reconciling items between GAAP and adjusted net income; incremental tax impacts as a result of tax rate/law changes; the tax impacts from audit settlements; in 2022, the impact of deferred tax realizability assessments as a result of audit settlements; and in 2023 charges for pre-acquisition matters.

(f) Adjusted results exclude the incremental impacts for the reconciling items between GAAP and adjusted net income attributable to noncontrolling interests.

Annual Reconciliation of Adjusted EBITDA

<i>(Dollars in millions)</i>	<u>2021</u>	<u>2022</u>	<u>2023</u>
GAAP net income attributable to Thermo Fisher Scientific Inc.	\$ 7,725	\$ 6,950	\$ 5,995
Interest income	(43)	(272)	(879)
Interest expense	536	726	1,375
Other income/expense	694	104	65
Provision for income taxes	1,109	703	284
Depreciation	831	986	1,068
Cost of revenues adjustments (a)	8	46	95
Selling, general and administrative expenses adjustments (b)	144	37	59
Restructuring and other costs (c)	197	114	459
Amortization of acquisition-related intangible assets	1,761	2,395	2,338
Equity in earnings/losses of unconsolidated entities	4	172	59
Net income/losses attributable to noncontrolling interests and redeemable noncontrolling interest	3	10	(40)
Adjusted EBITDA	12,969	11,971	10,878

(a) Adjusted results exclude charges for the sale of inventories revalued at the date of acquisition; in 2022 and 2023, charges for inventory write-downs associated with large-scale abandonment of product lines; and in 2023, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations.

(b) Adjusted results exclude certain third-party expense, principally transaction/integration costs (including reimbursements thereof) related to recent/terminated acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and charges associated with product liability litigation.

(c) Adjusted results exclude restructuring and other costs consisting principally of severance, abandoned facility and other expenses of headcount reductions and real estate consolidation; impairments of long-lived assets; significant gains and losses on litigation-related matters; gains on the sale of businesses, product lines and property; charges/credits for environmental-related matters; in 2021, charges for compensation due to employees of acquired businesses at the date of acquisition; in 2022, a gain on the sale of intellectual property; and in 2023, contract termination costs associated with facility closures, charges for pre-acquisition litigation and other matters, and gains on the sale of real estate.

Quarterly Reconciliation of Adjusted P&L and Free Cash Flow

(Dollars in millions except EPS)

	Q1-23		Q2-23		Q3-23		Q4-23		Q1-24	
Revenue										
Life Sciences Solutions Segment	\$2,612		\$2,463		\$2,433		\$2,469		\$2,285	
Analytical Instruments Segment	1,723		1,749		1,754		2,037		1,687	
Specialty Diagnostics Segment	1,108		1,109		1,083		1,105		1,109	
Laboratory Products and Biopharma Services Segment	5,763		5,831		5,728		5,719		5,723	
Eliminations	(496)		(465)		(424)		(444)		(460)	
Total revenue	10,710		10,687		10,574		10,886		10,345	
Reported revenue growth	-9%		-3%		-1%		-5%		-3%	
Impact of acquisitions	1%		1%		1%		1%		0%	
Impact of currency translation	-2%		0%		1%		1%		0%	
Organic revenue growth	-8%		-3%		-3%		-7%		-4%	
	\$	%	\$	%	\$	%	\$	%	\$	%
GAAP gross margin	4,140	38.7%	4,251	39.8%	4,316	40.8%	4,393	40.4%	4,205	40.7%
Cost of revenues adjustments (a)	41	0.4%	18	0.2%	14	0.1%	22	0.2%	15	0.1%
Amortization of acquisition-related intangible assets	133	1.2%	113	1.0%	113	1.1%	103	0.9%	99	1.0%
Adjusted gross margin	4,314	40.3%	4,382	41.0%	4,443	42.0%	4,518	41.5%	4,320	41.8%
GAAP SG&A expense	2,119	19.8%	2,145	20.1%	2,049	19.4%	2,132	19.6%	2,183	21.1%
Selling, general and administrative expenses adjustments (b)	(8)	-0.1%	(6)	-0.1%	(14)	-0.1%	(31)	-0.3%	(19)	-0.2%
Amortization of acquisition-related intangible assets	(473)	-4.4%	(472)	-4.4%	(471)	-4.5%	(460)	-4.2%	(452)	-4.4%
Adjusted SG&A expense	1,638	15.3%	1,667	15.6%	1,564	14.8%	1,641	15.1%	1,711	16.5%
GAAP R&D expense	346	3.2%	345	3.2%	319	3.0%	327	3.0%	331	3.2%
GAAP operating income	1,563	14.6%	1,578	14.8%	1,864	17.6%	1,854	17.0%	1,663	16.1%
Cost of revenues adjustments (a)	41	0.4%	18	0.2%	14	0.1%	22	0.2%	15	0.1%
Selling, general and administrative expenses adjustments (b)	8	0.1%	6	0.1%	14	0.1%	31	0.3%	19	0.2%
Restructuring and other costs (c)	112	1.0%	183	1.7%	84	0.8%	80	0.7%	29	0.3%
Amortization of acquisition-related intangible assets	606	5.7%	585	5.4%	584	5.6%	563	5.2%	551	5.3%
Adjusted operating income	2,330	21.8%	2,370	22.2%	2,560	24.2%	2,550	23.4%	2,278	22.0%

(a) Adjusted results exclude charges for inventory write-downs associated with large-scale abandonment of product lines; in 2023, charges for the sale of inventories revalued at the date of acquisition; and in Q2 2023, Q3 2023 and Q4 2023, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations.

(b) Adjusted results exclude certain third-party expenses, principally transaction/integration costs related to recent acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and in Q3 2023 and Q4 2023, charges associated with product liability litigation.

(c) Adjusted results exclude restructuring and other costs consisting principally of severance, abandoned facility and other expenses of headcount reductions and real estate consolidation; impairments of long-lived assets; significant gains and losses on litigation-related matters; gains on the sale of businesses, product lines and property; in Q1 2023, net charges for pre-acquisition litigation and other matters; in Q2 2023, contract termination costs associated with facility closures; and in Q3 2023 and Q4 2023, gains on the sale of real estate.

(Quarterly P&L Reconciliation continued on the next page)

Quarterly Reconciliation of Adjusted P&L and Free Cash Flow

(Dollars in millions except EPS)

	Q1-23		Q2-23		Q3-23		Q4-23		Q1-24	
	\$	%	\$	%	\$	%	\$	%	\$	%
GAAP tax provision	46	3.4%	52	3.6%	53	3.0%	133	7.7%	281	17.7%
Tax effect of adjusted items (e)	171	6.6%	171	6.4%	192	7.0%	111	2.3%	(50)	-7.2%
Adjusted tax provision	217	10.0%	223	10.0%	245	10.0%	244	10.0%	230	10.5%
GAAP other income/(expense)	(46)		—		14		(33)		10	
Adjustments (d)	(46)		1		9		(14)		11	
Adjusted other income/(expense)	—		(1)		5		(19)		(1)	
GAAP net income attributable to Thermo Fisher Scientific Inc.	1,289		1,361		1,715		1,630		1,328	
Cost of revenues adjustments (a)	41		18		14		22		15	
Selling, general and administrative expenses adjustments (b)	8		6		14		31		19	
Restructuring and other costs (c)	112		183		84		80		29	
Amortization of acquisition-related intangible assets	606		585		584		563		551	
Other income/expense adjustments (d)	46		(1)		(9)		14		(11)	
Provision for income taxes adjustments (e)	(171)		(171)		(192)		(111)		50	
Equity in earnings/losses of unconsolidated entities	25		16		17		1		(23)	
Noncontrolling interests adjustments (f)	—		—		(19)		(27)		—	
Adjusted net income	1,956		1,997		2,208		2,203		1,959	
GAAP diluted EPS attributable to Thermo Fisher Scientific Inc.	3.32		3.51		4.42		4.20		3.46	
GAAP diluted EPS growth		-41%		-17%		17%		5%		4%
Cost of revenues adjustments (a)	0.10		0.05		0.04		0.06		0.04	
Selling, general and administrative expenses adjustments (b)	0.02		0.01		0.03		0.08		0.05	
Restructuring and other costs (c)	0.29		0.47		0.22		0.20		0.08	
Amortization of acquisition-related intangible assets	1.56		1.51		1.50		1.45		1.44	
Other income/expense adjustments (d)	0.12		0.00		(0.02)		0.04		(0.03)	
Provision for income taxes adjustments (e)	(0.44)		(0.44)		(0.49)		(0.29)		0.13	
Equity in earnings/losses of unconsolidated entities	0.06		0.04		0.04		0.00		(0.06)	
Noncontrolling interests adjustments (f)	0.00		0.00		(0.05)		(0.07)		0.00	
Adjusted EPS	5.03		5.15		5.69		5.67		5.11	
Adjusted EPS growth		-31%		-7%		12%		5%		2%
Reconciliation of free cash flow										
GAAP net cash provided by operating activities	729		1,540		2,414		3,723		1,251	
Purchases of property, plant, and equipment	(458)		(284)		(332)		(405)		(347)	
Proceeds from sale of property, plant and equipment	6		4		66		11		4	
Free cash flow	277		1,260		2,148		3,329		908	

(a) Adjusted results exclude charges for inventory write-downs associated with large-scale abandonment of product lines; in 2023, charges for the sale of inventories revalued at the date of acquisition; and in Q2 2023, Q3 2023 and Q4 2023, accelerated depreciation on on manufacturing assets to be abandoned due to facility consolidations.

(b) Adjusted results exclude certain third-party expenses, principally transaction/integration costs related to recent acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and in Q3 2023 and Q4 2023, charges associated with product liability litigation.

(c) Adjusted results exclude restructuring and other costs consisting principally of severance, abandoned facility and other expenses of headcount reductions and real estate consolidation; impairments of long-lived assets; significant gains and losses on litigation-related matters; gains on the sale of businesses, product lines and property; in Q1 2023, net charges for pre-acquisition litigation and other matters; in Q2 2023, contract termination costs associated with facility closures; and in Q3 2023 and Q4 2023, gains on the sale of real estate.

(d) Adjusted results exclude net gains/losses on investments.

(e) Adjusted results exclude the incremental impacts for the reconciling items between GAAP and adjusted net income; incremental tax impacts as a result of tax rate/law changes; the tax impacts from audit settlements; and in Q4 2023, charges for pre-acquisition matters.

(f) Adjusted results exclude the incremental impacts for the reconciling items between GAAP and adjusted net income attributable to noncontrolling interests.

Quarterly Reconciliation of Adjusted EBITDA

(Dollars in millions)

	Q1-23	Q2-23	Q3-23	Q4-23	Q1-24
GAAP net income attributable to Thermo Fisher Scientific Inc.	\$ 1,289	\$ 1,361	\$ 1,715	\$ 1,630	\$ 1,328
Interest income	(146)	(178)	(246)	(309)	(279)
Interest expense	300	326	359	390	363
Other income/expense	46	—	(14)	33	(10)
Provision for income taxes	46	52	53	133	281
Depreciation	253	270	269	276	285
Cost of revenues adjustments (a)	41	18	14	22	15
Selling, general and administrative expenses adjustments (b)	8	6	14	31	19
Restructuring and other costs (c)	112	183	84	80	29
Amortization of acquisition-related intangible assets	606	585	584	563	551
Equity in earnings/losses of unconsolidated entities	25	16	17	1	(23)
Net income/losses attributable to noncontrolling interests and redeemable noncontrolling interest	3	1	(20)	(24)	4
Adjusted EBITDA	2,583	2,640	2,829	2,826	2,563

(a) Adjusted results exclude charges for inventory write-downs associated with large-scale abandonment of product lines; in 2023, charges for the sale of inventories revalued at the date of acquisition; and in Q2 2023, Q3 2023 and Q4 2023, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations.

(b) Adjusted results exclude certain third-party expenses, principally transaction/integration costs related to recent acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and in Q3 2023 and Q4 2023, charges associated with product liability litigation.

(c) Adjusted results exclude restructuring and other costs consisting principally of severance, abandoned facility and other expenses of headcount reductions and real estate consolidation; impairments of long-lived assets; significant gains and losses on litigation-related matters; gains on the sale of businesses, product lines and property; in Q1 2023, net charges for pre-acquisition litigation and other matters; in Q2 2023, contract termination costs associated with facility closures; and in Q3 2023 and Q4 2023, gains on the sale of real estate.

Free Cash Flow, Adjusted Return on Invested Capital and Adjusted Return on Equity

(Dollars in millions)

	2021	2022	2023	Q1-24
Reconciliation of free cash flow				
GAAP net cash provided by operating activities	\$ 9,312	\$ 9,154	\$ 8,406	1,251
Purchases of property, plant, and equipment	(2,523)	(2,243)	(1,479)	(347)
Proceeds from sale of property, plant and equipment	20	24	87	4
Free cash flow	6,809	6,935	7,014	908
GAAP return on invested capital (ROIC)				
	14.8%	9.9%	8.2%	8.2%
Cost of revenues adjustments (a)	0.0%	0.1%	0.1%	0.1%
Selling, general and administrative expenses adjustments (b)	0.3%	0.0%	0.1%	0.1%
Restructuring and other costs (c)	0.4%	0.2%	0.6%	0.5%
Amortization of acquisition-related intangible assets	3.3%	3.4%	3.2%	3.1%
Net interest expense	0.7%	0.5%	0.6%	0.4%
Other income/expense adjustments (d)	1.4%	0.2%	0.1%	0.0%
Provision for income taxes adjustments (e)	-1.1%	-1.0%	-0.9%	-0.6%
Equity in earnings/losses of unconsolidated entities	0.0%	0.2%	0.1%	0.0%
Noncontrolling interests adjustments (f)	0.0%	0.0%	-0.1%	-0.1%
Adjusted ROIC	19.8%	13.5%	12.0%	11.8%
GAAP return on equity (ROE)				
	20.8%	16.4%	13.5%	13.5%
Cost of revenues adjustments (a)	0.0%	0.1%	0.2%	0.2%
Selling, general and administrative expenses adjustments (b)	0.4%	0.0%	0.1%	0.2%
Restructuring and other costs (c)	0.5%	0.3%	1.0%	0.8%
Amortization of acquisition-related intangible assets	4.7%	5.7%	5.3%	5.1%
Net interest expense	1.0%	0.8%	0.9%	0.7%
Other income/expense adjustments (d)	2.0%	0.3%	0.1%	0.0%
Provision for income taxes adjustments (e)	-1.6%	-1.6%	-1.4%	-1.0%
Equity in earnings/losses of unconsolidated entities	0.0%	0.4%	0.1%	0.0%
Noncontrolling interests adjustments (f)	0.0%	0.0%	-0.1%	-0.1%
Adjusted ROE	27.8%	22.4%	19.7%	19.4%

(a) Adjusted results exclude; in 2021, 2022 and 2023, charges for the sale of inventories revalued at the date of acquisition; in 2022, 2023 and Q1 2024, charges for inventory write-downs associated with large-scale abandonment of product lines; and in 2023, accelerated depreciation on manufacturing assets to be abandoned due to facility consolidations.

(b) Adjusted results exclude certain third-party expense, principally transaction/integration costs (including reimbursements thereof) related to recent/terminated acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and charges associated with product liability litigation.

(c) Adjusted results exclude restructuring and other costs consisting principally of severance, abandoned facility and other expenses of headcount reductions and real estate consolidation; impairments of long-lived assets; significant gains and losses on litigation-related matters; gains on the sale of businesses, product lines and property; charges/credits for environmental-related matters; in 2021, charges for compensation due to employees of acquired businesses at the date of acquisition; in 2022, a gain on the sale of intellectual property; and in 2023, contract termination costs associated with facility closures, charges for pre-acquisition litigation and other matters, and gains on the sale of real estate.

(d) Adjusted results exclude net gains/losses on investments; in 2021 and 2022, losses on the extinguishment of debt; in 2021, costs to obtain short-term financing commitments related to recent/terminated acquisitions; and in 2022, net gains on derivative instruments to address certain foreign currency risks.

(e) Adjusted results exclude incremental tax impacts for the reconciling items between GAAP and adjusted net income; incremental tax impacts as a result of tax rate/law changes; the tax impacts from audit settlements; in 2022, the impact of deferred tax realizability assessments as a result of audit settlements; and in 2023 charges for pre-acquisition matters.

(f) Adjusted results exclude the incremental impacts for the reconciling items between GAAP and adjusted net income attributable to noncontrolling interests.

Reconciliation of Core Organic Revenue Growth

	2022	Q1-23	Q2-23	Q3-23	Q4-23	2023	Q1-24
Revenue growth	15%	-9%	-3%	-1%	-5%	-5%	-3%
Impact of acquisitions	18%	1%	1%	1%	1%	1%	0%
Impact of currency translation	-3%	-2%	0%	1%	1%	0%	0%
Organic revenue growth	0%	-8%	-3%	-3%	-7%	-5%	-4%
Impact of COVID-19 testing revenue	-13%	-14%	-5%	-4%	-3%	-6%	-1%
Impact of contribution of PPD to Core organic revenue growth (a)	1%	N/A	N/A	N/A	N/A	N/A	N/A
Core organic revenue growth	14%	6%	2%	1%	-4%	1%	-3%

(a) Adjustment to include the contribution of PPD to Core organic revenue growth as though the acquisition had occurred on January 1, 2021.

Business Segment Information

(Dollars in millions)	Q1-23	Q2-23	Q3-23	Q4-23	2023	Q1-24
Life Sciences Solutions Segment						
Revenues	2,612	2,463	2,433	2,469	9,977	2,285
Total revenue growth	-38%	-25%	-18%	-19%	-26%	-13%
Impact of acquisitions	0%	0%	0%	0%	0%	0%
Impact of currency translation	-2%	0%	1%	1%	0%	0%
Organic revenue growth	-37%	-25%	-19%	-20%	-26%	-12%
Segment income	836	817	872	895	3,420	840
Segment income margin	32.0%	33.2%	35.9%	36.2%	34.3%	36.8%
Segment income margin expansion	-19.4 pts	-7.1 pts	+0.8 pts	+2.1 pts	-6.9 pts	+4.8 pts
Analytical Instruments Segment						
Revenues	1,723	1,749	1,754	2,037	7,263	1,687
Total revenue growth	14%	9%	8%	8%	10%	-2%
Impact of acquisitions	0%	0%	0%	0%	0%	0%
Impact of currency translation	-3%	-1%	1%	1%	-1%	-1%
Organic revenue growth	17%	10%	8%	8%	10%	-1%
Segment income	421	432	468	587	1,908	400
Segment income margin	24.4%	24.7%	26.7%	28.8%	26.3%	23.7%
Segment income margin expansion	+4.6 pts	+3.3 pts	+2.9 pts	+3.4 pts	+3.5 pts	-0.7 pts
Specialty Diagnostics Segment						
Revenues	1,108	1,109	1,083	1,105	4,405	1,109
Total revenue growth	-25%	1%	2%	-1%	-8%	0%
Impact of acquisitions	4%	6%	6%	6%	5%	0%
Impact of currency translation	-1%	0%	1%	1%	0%	0%
Organic revenue growth	-28%	-5%	-6%	-7%	-13%	0%
Segment income	280	297	283	264	1,124	294
Segment income margin	25.3%	26.7%	26.1%	23.9%	25.5%	26.5%
Segment income margin expansion	+1.4 pts	+4.6 pts	+5.5 pts	+5.3 pts	+4.0 pts	+1.2 pts
Laboratory Products & Biopharma Services Segment						
Revenues	5,763	5,831	5,728	5,719	23,041	5,723
Total revenue growth	6%	5%	3%	-4%	2%	-1%
Impact of acquisitions	0%	0%	0%	0%	0%	0%
Impact of currency translation	-1%	0%	1%	1%	0%	0%
Organic revenue growth	7%	5%	1%	-5%	2%	-1%
Segment income	793	824	937	804	3,358	744
Segment income margin	13.8%	14.1%	16.4%	14.0%	14.6%	13.0%
Segment income margin expansion	+2.4 pts	+1.6 pts	+3.4 pts	-0.1 pts	+1.8 pts	-0.8 pts

Balance Sheets and Leverage Ratios

<i>(Dollars in millions)</i>	<u>12/31/2021</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>3/30/2024</u>
Assets				
Current assets:				
Cash and cash equivalents	4,477	8,524	8,077	5,499
Short-term investments	16	—	3	1,751
Accounts receivable, net	7,977	8,115	8,221	7,931
Inventories	5,051	5,634	5,088	5,133
Other current assets	<u>2,592</u>	<u>2,956</u>	<u>3,200</u>	<u>3,326</u>
Total current assets	20,113	25,229	24,589	23,640
Property, plant and equipment, net	8,333	9,280	9,448	9,324
Acquisition-related intangible assets, net	20,113	17,442	16,670	16,048
Equity method investments	576	369	489	513
Other assets	4,064	3,638	3,510	3,727
Goodwill	<u>41,924</u>	<u>41,196</u>	<u>44,020</u>	<u>43,843</u>
Total assets	<u>95,123</u>	<u>97,154</u>	<u>98,726</u>	<u>97,095</u>
Liabilities, redeemable noncontrolling interest and equity				
Current liabilities:				
Short-term obligations and current maturities of long-term obligations	2,537	5,579	3,609	4,451
Accounts payable	2,867	3,381	2,872	2,555
Net liabilities of discontinued operations	12	18	21	20
Other current liabilities	<u>8,020</u>	<u>8,032</u>	<u>7,510</u>	<u>6,911</u>
Total current liabilities	13,436	17,010	14,012	13,937
Other long-term liabilities	8,377	7,087	6,564	6,378
Long-term obligations	32,333	28,909	31,308	31,157
Redeemable noncontrolling interest	122	116	118	119
Total equity	<u>40,855</u>	<u>44,032</u>	<u>46,724</u>	<u>45,504</u>
Total liabilities, redeemable noncontrolling interest and equity	<u>95,123</u>	<u>97,154</u>	<u>98,726</u>	<u>97,095</u>
Leverage Ratios				
Total debt / TTM EBITDA	2.8X	2.9X	3.4X	3.4X
Effect of adjusted items	<u>-0.1X</u>	<u>0.0X</u>	<u>-0.2X</u>	<u>-0.1X</u>
Total debt / adjusted TTM EBITDA	<u>2.7X</u>	<u>2.9X</u>	<u>3.2X</u>	<u>3.3X</u>
Net debt / TTM EBITDA	2.4X	2.2X	2.6X	2.7X
Effect of adjusted items	<u>-0.1X</u>	<u>0.0X</u>	<u>-0.1X</u>	<u>-0.1X</u>
Net debt / adjusted TTM EBITDA	<u>2.3X</u>	<u>2.2X</u>	<u>2.5X</u>	<u>2.6X</u>

Debt

<i>(Dollars in millions)</i>	Effective Interest Rate at 3/30/24	Maturity Date	12/31/2021	12/31/2022	12/31/2023	3/30/2024
Short-term						
0.75% Senior Notes (euro denominated)	0.93%	9/12/2024	0	0	1,102	1,078
1.215% Senior Notes	1.42%	10/18/2024	0	0	2,496	2,497
0.125% Senior Notes (euro denominated)	0.40%	3/1/2025	0	0	0	861
Commercial paper			2,522	310	0	0
Other, including finance lease liabilities			15	5,269	11	15
Total short-term			2,537	5,579	3,609	4,451
Long-term						
0.125% Senior Notes (euro denominated)		3/1/2025	902	851	880	0
2.00% Senior Notes (euro denominated)	2.10%	4/15/2025	725	683	706	690
0.853% Senior Notes (yen denominated)	1.05%	10/20/2025	0	169	158	147
0.000% Senior Notes (euro denominated)	0.15%	11/18/2025	621	586	605	592
3.20% Senior Notes (euro denominated)	3.38%	1/21/2026	0	533	550	538
1.40% Senior Notes (euro denominated)	1.52%	1/23/2026	792	746	771	754
4.953% Senior Notes	5.19%	8/10/2026	0	0	597	597
5.00% Senior Notes	5.25%	12/5/2026	0	0	993	994
1.45% Senior Notes (euro denominated)	1.65%	3/16/2027	563	531	549	536
1.75% Senior Notes (euro denominated)	1.96%	4/15/2027	675	637	658	643
1.054% Senior Notes (yen denominated)	1.18%	10/20/2027	0	219	204	190
4.80% Senior Notes	5.00%	11/21/2027	0	595	596	596
0.50% Senior Notes (euro denominated)	0.77%	3/1/2028	899	848	876	857
1.6525% Senior Notes (Swiss franc denominated)	1.77%	3/7/2028	0	0	0	364
0.77% Senior Notes (yen denominated)	0.90%	9/6/2028	0	0	204	191
1.375% Senior Notes (euro denominated)	1.46%	9/12/2028	679	639	660	645
1.75% Senior Notes	1.89%	10/15/2028	694	695	696	696
5.00% Senior Notes	5.24%	1/31/2029	0	0	989	990
1.95% Senior Notes (euro denominated)	2.07%	7/24/2029	789	743	767	750
2.60% Senior Notes	2.74%	10/1/2029	893	894	894	895
1.279% Senior Notes (yen denominated)	1.44%	10/19/2029	0	36	33	31
4.977% Senior Notes	5.12%	8/10/2030	0	0	744	744
0.80% Senior Notes (euro denominated)	0.88%	10/18/2030	1,975	1,861	1,920	1,877

Continued on the next page

Debt

Continued from the prior page

<i>(Dollars in millions)</i>	Effective Interest Rate at 3/30/24	Maturity Date	12/31/2021	12/31/2022	12/31/2023	3/30/2024
0.875% Senior Notes (euro denominated)	1.13%	10/1/2031	1,011	953	984	962
2.00% Senior Notes	2.23%	10/15/2031	1,176	1,178	1,181	1,181
1.8401% Senior Notes (Swiss franc denominated)	1.91%	3/8/2032	0	0	0	458
2.375% Senior Notes (euro denominated)	2.54%	4/15/2032	672	633	654	639
1.49% Senior Notes (yen denominated)	1.60%	10/20/2032	0	48	44	41
4.95% Senior Notes	5.09%	11/21/2032	0	594	594	594
5.086% Senior Notes	5.20%	8/10/2033	0	0	991	992
1.125% Senior Notes (euro denominated)	1.20%	10/18/2033	1,690	1,592	1,643	1,606
5.20% Senior Notes	5.34%	1/31/2034	0	0	495	495
3.65% Senior Notes (euro denominated)	3.76%	11/21/2034	0	795	820	802
1.50% Senior Notes (yen denominated)	1.58%	9/6/2035	0	0	151	141
2.0375% Senior Notes (Swiss franc denominated)	2.09%	3/7/2036	0	0	0	358
2.875% Senior Notes (euro denominated)	2.94%	7/24/2037	789	743	767	750
1.50% Senior Notes (euro denominated)	1.73%	10/1/2039	1,014	955	985	963
2.80% Senior Notes	2.90%	10/15/2041	1,181	1,182	1,183	1,183
1.625% Senior Notes (euro denominated)	1.77%	10/18/2041	1,385	1,305	1,347	1,317
2.069% Senior Notes (yen denominated)	2.13%	10/20/2042	0	110	103	96
5.404% Senior Notes	5.50%	8/10/2043	0	0	593	593
2.02% Senior Notes (yen denominated)	2.06%	9/6/2043	0	0	204	190
5.30% Senior Notes	5.37%	2/1/2044	396	396	396	396
4.10% Senior Notes	4.23%	8/15/2047	734	735	735	735
1.875% Senior Notes (euro denominated)	1.98%	10/1/2049	1,112	1,047	1,080	1,056
2.00% Senior Notes (euro denominated)	2.07%	10/18/2051	840	791	816	797
2.382% Senior Notes (yen denominated)	2.43%	10/18/2052	0	252	234	218
Other, including finance lease liabilities			10,126	4,334	258	275
Total long-term			32,333	28,909	31,308	31,157
Total debt			34,870	34,488	34,917	35,608
Total cash and cash equivalents			4,477	8,524	8,077	5,499
Short-term investments			16	—	3	1,751
Net debt			30,377	25,964	26,837	28,358

2021 - 2024 Notable Acquisitions

Transaction closing date	Entity	Business description	Segment	Revenue (a) (millions)
2023				
August 14	CorEvitas	Leading provider of regulatory-grade, real-world evidence for approved medical treatments and therapies	LPBS	\$92
January 3	The Binding Site Group	Leading provider of oncology testing for detection and monitoring of multiple myeloma	SDS	£200 (b)
2021				
December 30	PeproTech Inc.	Leading developer and manufacturer of recombinant proteins	LSS	\$100 (c)
December 8	PPD, Inc.	Global clinical research and laboratory services provider	LPBS	\$4,680
September 30	Lengnau biologics manufacturing facility	State-of-the-art biologics manufacturing facility	LPBS	N/A (d)
February 25	Mesa Biotech, Inc.	Point-of-care molecular diagnostics provider	LSS	\$70
January 15	European viral vector business	Leading provider of contract viral vector manufacturing services for vaccines and therapies	LPBS	€80
(a) Approximate revenue from prior full year reporting period as of the announcement date.				
(b) Calendar year ended December 31, 2022.				
(c) Fiscal year ended December 31, 2021.				
(d) Assumed operating responsibility from customer.				

Capital Deployment

Share buybacks	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Q1-2024</u>
Total number of shares purchased (millions)	4	5	5	6
Average price paid per share	<u>\$487.73</u>	<u>\$569.47</u>	<u>\$574.47</u>	<u>\$543.17</u>
Total spend (\$ millions)	\$2,000	\$3,000	\$3,000	\$3,000

Remaining Share Repurchase Authorization (in millions) as of 4/24/2024: \$1,000

Dividends paid	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Q1-2024</u>
Amount per share	\$1.00	\$1.16	\$1.35	\$0.35

Future declarations of dividends are subject to board approval and may be adjusted as business needs or market conditions change.

Fiscal Calendar

2024 FISCAL CALENDAR

FIRST QUARTER									SECOND QUARTER									THIRD QUARTER									FOURTH QUARTER												
Month	S	M	T	W	T	F	S	Week	Month	S	M	T	W	T	F	S	Week	Month	S	M	T	W	T	F	S	Week	Month	S	M	T	W	T	F	S	Week				
JAN		1	2	3	4	5	6	1	APR	31	1	2	3	4	5	6	14	JULY	30	1	2	3	4	5	6	27	OCT	29	30	1	2	3	4	5	40				
	7	8	9	10	11	12	13	2		7	8	9	10	11	12	13	15		7	8	9	10	11	12	13	28		6	7	8	9	10	11	12	41				
	14	15	16	17	18	19	20	3		14	15	16	17	18	19	20	16		14	15	16	17	18	19	20	29		13	14	15	16	17	18	19	42				
	21	22	23	24	25	26	27	4		21	22	23	24	25	26	27	17		21	22	23	24	25	26	27	30		20	21	22	23	24	25	26	43				
Weeks	28	29	30	31	1	2	3	5	28	29	30	1	2	3	4	18	28	29	30	31	1	2	3	31	27	28	29	30	31	1	2	44							
Feb	4	5	6	7	8	9	10	6	MAY	5	6	7	8	9	10	11	19	AUG	4	5	6	7	8	9	10	32	NOV	3	4	5	6	7	8	9	45				
	11	12	13	14	15	16	7	12		13	14	15	16	17	20	11	12		13	14	15	16	17	33	10	11		12	13	14	15	16	46						
	18	19	20	21	22	23	24	8		19	20	21	22	23	24	25	21		18	19	20	21	22	23	24	34		17	18	19	20	21	22	23	47				
	25	26	27	28	29	1	2	9		26	27	28	29	30	31	1	22		25	26	27	28	29	30	31	35		24	25	26	27	28	29	30	48				
MAR	3	4	5	6	7	8	9	10	JUNE	2	3	4	5	6	7	8	23	SEPT	1	2	3	4	5	6	7	36	DEC	1	2	3	4	5	6	7	49				
	10	11	12	13	14	15	16	11		9	10	11	12	13	14	15	24		8	9	10	11	12	13	14	37		8	9	10	11	12	13	14	50				
	17	18	19	20	21	22	23	12		16	17	18	19	20	21	22	25		15	16	17	18	19	20	21	38		15	16	17	18	19	20	21	51				
	24	25	26	27	28	29	30	13		23	24	25	26	27	28	29	26		22	23	24	25	26	27	28	39		22	23	24	25	26	27	28	52				
CHANGE IN DAYS VERSUS PRIOR YEAR									0	CHANGE IN DAYS VERSUS PRIOR YEAR									0	CHANGE IN DAYS VERSUS PRIOR YEAR									0	CHANGE IN DAYS VERSUS PRIOR YEAR									+2