

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 revenues from acquired/divested businesses 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 other than PPD and currency translation, as well as Core revenue, which is reported revenue plus pre-acquisition PPD revenue, 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, 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 income 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 charges in estimates of contingent acquisition-related 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 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 and cash equivalents. 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.



Table of Contents

Page

- 4 Annual Reconciliation of Adjusted P&L (2020 2022)
- 6 Annual Reconciliation of Adjusted EBITDA (2020 2022)
- 7 Quarterly Reconciliation of Adjusted P&L and Free Cash Flow (2022 2023)
- 9 Quarterly Reconciliation of Adjusted EBITDA (2022 2023)
- 10 Free Cash Flow, Adjusted Return on Invested Capital and Adjusted Return on Equity (2020 2023)
- 11 Reconciliation of Core Organic Revenue Growth (2022 2023)
- 12 Business Segment Information (2022 2023)
- 13 Balance Sheets and Leverage Ratios (2020 2023)
- 14 Debt (2020 2023)
- 16 Notable Acquisitions (2020 2023)
- 17 Capital Deployment (2020 2023)
- 18 Fiscal Calendar (2023)





Annual Reconciliation of Adjusted P&L

(Dollars in millions except EPS)	2020	2020			2022		
GAAP consolidated revenues	\$32,218	1	\$39,211		\$44,915	5	
Revenue growth	26%		22%		15%		
Impact of acquisitions net of divestitures	0%		3%		18%		
Impact of currency translation	1%		2%		-3%		
Organic revenue growth	25%		17%		0%		
	\$	%	\$	%	\$	%	
GAAP gross margin	16,004	49.7%	19,638	50.1%	18,971	42.2%	
Cost of revenues adjustments (a)	6	0.0%	8	0.0%	46	0.1%	
Amortization of acquisition-related intangible assets	501	1.5%	596	1.5%	529	1.2%	
Adjusted gross margin	16,511	51.2%	20,242	51.6%	19,546	43.5%	
GAAP SG&A expense	6,930	21.5%	8,007	20.4%	8,993	20.0%	
Selling, general and administrative expenses adjustments (b)	10	0.0%	(144)	-0.4%	(37)	-0.1%	
Amortization of acquisition-related intangible assets	(1,166)	-3.6%	(1,165)	-2.9%	(1,866)	-4.1%	
Adjusted SG&A expense	5,774	17.9%	6,698	17.1%	7,090	15.8%	
GAAP R&D expense	1,181	3.7%	1,406	3.6%	1,471	3.3%	
GAAP operating income	7,794	24.2%	10,028	25.6%	8,393	18.7%	
Cost of revenues adjustments (a)	6	0.0%	8	0.0%	46	0.1%	
Selling, general and administrative expenses adjustments (b)	(10)	0.0%	144	0.4%	37	0.1%	
Restructuring and other costs (c)	99	0.3%	197	0.5%	114	0.3%	
Amortization of acquisition-related intangible assets	1,667	5.2%	1,761	4.5%	2,395	5.3%	
Adjusted operating income	9,556	29.7%	12,138	31.0%	10,985	24.5%	

⁽a) Adjusted results exclude inventory charges, principally for the sale of inventories revalued at the date of acquisition. Adjusted results in 2022 also exclude charges for inventory write-downs associated with large-scale abandonment of product lines.

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

⁽b) Adjusted results exclude significant 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 severance and retention costs; 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; and in 2022, a gain on the sale of intellectual property.



Annual Reconciliation of Adjusted P&L

(Dollars in millions except EPS)	2020		2021		2022		
	\$	%	\$	%	\$	%	
GAAP tax provision	850	11.8%	1,109	12.5%	703	9.0%	
Tax effect of adjusted items (e)	449	2.5%	593	2.1%	672	4.0%	
Adjusted tax provision	1,299	14.3%	1,702	14.6%	1,375	13.0%	
GAAP other income/(expense)	(76)		(694)		(104)		
Adjustments (d)	(121)		(732)		(117)		
Adjusted other income/(expense)	45	_	38	_	13		
GAAP net income attributable to Thermo Fisher Scientific Inc.	6,375		7,725		6,950		
Cost of revenues adjustments (a)	6		8		46		
Selling, general and administrative expenses adjustments (b)	(10)		144		37		
Restructuring and other costs (c)	99		197		114		
Amortization of acquisition-related intangible assets	1,667		1,761		2,395		
Other income/expense adjustments (d)	121		732		117		
Provision for income taxes adjustments (e)	(449)		(593)		(672)		
Equity in earnings/losses of unconsolidated entities	3		4		172		
Adjusted net income	7,812	_	9,978	_	9,159		
GAAP diluted EPS attributable to Thermo Fisher Scientific Inc.	15.96		19.46		17.63		
GAAP diluted EPS growth		74%		22%		-9%	
Cost of revenues adjustments (a)	0.01		0.02		0.12		
Selling, general and administrative expenses adjustments (b)	(0.02)		0.36		0.09		
Restructuring and other costs (c)	0.25		0.50		0.29		
Amortization of acquisition-related intangible assets	4.17		4.43		6.07		
Other income/expense adjustments (d)	0.30		1.84		0.30		
Provision for income taxes adjustments (e)	(1.12)		(1.49)		(1.70)		
Equity in earnings/losses of unconsolidated entities	0.01	_	0.01	_	0.44		
Adjusted EPS	19.56	_	25.13	_	23.24		
Adjusted EPS growth		58%		28%		-8%	

⁽a) Adjusted results exclude inventory charges, principally for the sale of inventories revalued at the date of acquisition. Adjusted results in 2022 also exclude charges for inventory write-downs associated with large-scale abandonment of product lines.

⁽b) Adjusted results exclude significant 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 severance and retention costs; 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; and in 2022, a gain on the sale of intellectual property.

⁽d) Adjusted results exclude net gains/losses on investments; in 2021 and 2022, losses on the extinguishment of debt; in 2020 and 2022, net settlement/curtailment gains/losses for pension plans; in 2020, charges related to terminated interest rate swaps; in 2020 and 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 income tax benefit/provision excludes the incremental tax impacts for the above excluded items, the impact of the resolution of significant tax audits, the incremental tax impacts as a result of tax rate/law changes; and in 2022, the impact of deferred tax realizability assessments as a result of audit settlements.



Annual Reconciliation of Adjusted EBITDA

(Dollars in millions)	2020		 2021		2022
GAAP net income attributable to Thermo Fisher Scientific Inc.	\$	6,375	\$ 7,725	\$	6,950
Interest income		(65)	(43)		(272)
Interest expense		553	536		726
Other income/expense		76	694		104
Provision for income taxes		850	1,109		703
Depreciation		658	831		986
Cost of revenues adjustments (a)		6	8		46
Selling, general and administrative expenses adjustments (b)		(10)	144		37
Restructuring and other costs (c)		99	197		114
Amortization of acquisition-related intangible assets		1,667	1,761		2,395
Equity in earnings/losses of unconsolidated entities		3	4		172
Net income/losses attributable to noncontrolling interests and redeemable noncontrolling interest		2	3		10
Adjusted EBITDA		10,214	12,969		11,971

⁽a) Adjusted results exclude inventory charges, principally for the sale of inventories revalued at the date of acquisition. Adjusted results in 2022 also exclude charges for inventory write-downs associated with large-scale abandonment of product lines.

⁽b) Adjusted results exclude significant 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 severance and retention costs; 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; and in 2022, a gain on the sale of intellectual property.



Quarterly Reconciliation of Adjusted P&L and Free Cash Flow

(Dollars in millions except EPS)	Q1-22	<u> </u>	Q2-22		Q3-22		Q4-22		Q1-23	<u> </u>
Revenue										
Life Sciences Solutions Segment	\$4,23	1	\$3,292	2	\$2,962	2	\$3,046	3	\$2,612	2
Analytical Instruments Segment	1,518		1,607		1,621		1,878		1,723	3
Specialty Diagnostics Segment	1,482		1,101		1,065		1,115		1,108	3
Laboratory Products and Biopharma Services Segment	5,442		5,537		5,585		5,947		5,763	3
Eliminations	(855)		(567)		(556)		(536)		(496)	1
Total revenue	11,81	3	10,970		10,677		11,450		10,710	0
Reported revenue growth	19%		18%		14%		7%		-9%	
Impact of acquisitions	18%		19%		20%		14%		1%	
Impact of currency translation	-2%		-4%		-5%		-4%		-2%	
Organic revenue growth **	3%		3%		-1%		-3%		-8%	
	\$	%	\$	%	\$	%	\$	%	\$	%
GAAP gross margin	5,464	46.2%	4,599	41.9%	4,302	40.3%	4,606	40.2%	4,140	38.7%
Cost of revenues adjustments (a)	11	0.1%	8	0.1%	22	0.2%	5	0.0%	41	0.4%
Amortization of acquisition-related intangible assets	140	1.2%	131	1.2%	129	1.2%	129	1.2%	133	1.2%
Adjusted gross margin	5,615	47.5%	4,738	43.2%	4,453	41.7%	4,740	41.4%	4,314	40.3%
GAAP SG&A expense	2,277	19.3%	2,209	20.1%	2,208	20.7%	2,299	20.1%	2,119	19.8%
Selling, general and administrative expenses adjustments (b)	(7)	0.0%	28	0.3%	(11)	-0.1%	(47)	-0.4%	(8)	-0.1%
Amortization of acquisition-related intangible assets	(469)	-4.1%	(469)	-4.3%	(465)	-4.4%	(463)	-4.1%	(473)	-4.4%
Adjusted SG&A expense	1,801	15.2%	1,768	16.1%	1,732	16.2%	1,789	15.6%	1,638	15.3%
GAAP R&D expense	364	3.1%	365	3.3%	351	3.3%	391	3.4%	346	3.2%
GAAP operating income	2,821	23.9%	2,001	18.2%	1,710	16.0%	1,861	16.3%	1,563	14.6%
Cost of revenues adjustments (a)	11	0.1%	8	0.1%	22	0.2%	5	0.0%	41	0.4%
Selling, general and administrative expenses adjustments (b)	7	0.0%	(28)	-0.3%	11	0.1%	47	0.4%	8	0.1%
Restructuring and other costs (c)	2	0.0%	24	0.2%	33	0.3%	55	0.5%	112	1.0%
Amortization of acquisition-related intangible assets	609	5.2%	600	5.5%	594	5.6%	592	5.2%	606	5.7%
Adjusted operating income	3,450	29.2%	2,605	23.7%	2,370	22.2%	2,560	22.4%	2,330	21.8%

^{**} Results may not sum due to rounding

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

⁽a) Adjusted results exclude inventory charges, principally for the sale of inventories revalued at the date of acquisition and in Q3 2022, Q4 2022 and Q1 2023, charges for inventory write-downs associated with large-scale abandonment of product lines.

⁽b) Adjusted results exclude significant transaction/integration costs related to recent acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and in Q3 2022 and Q4 2022, charges associated with product liability litigation.

⁽c) Adjusted results exclude severance and retention costs; 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 Q4 2022, charges for environmental-related matters and a gain on the sale of intellectual property; and in Q1 2023, net charges for pre-acquisition litigation and other matters.



Quarterly Reconciliation of Adjusted P&L and Free Cash Flow

(Dollars in millions except EPS)	Q1-22		Q2-22		Q3-22		Q4-22		Q1-23	,
	\$	%	\$	%	\$	%	\$	%	\$	%
GAAP tax provision	301	11.9%	198	10.4%	31	1.9%	173	9.7%	46	3.4%
Tax effect of adjusted items (e)	169	2.2%	127	2.6%	238	9.9%	138	3.1%	171	6.6%
Adjusted tax provision	470	14.1%	325	13.0%	269	11.8%	311	12.8%	217	10.0%
GAAP other income/(expense)	(163)		28		(4)		35		(46)	
Adjustments (d)	(167)		18		(14)		46		(46)	
Adjusted other income/(expense)	4	-	10	-	10	-	(11)	_		
GAAP net income attributable to Thermo Fisher Scientific Inc.	2,215		1,664		1,495		1,576		1,289	
Cost of revenues adjustments (a)	11		8		22		5		41	
Selling, general and administrative expenses adjustments (b)	7		(28)		11		47		8	
Restructuring and other costs (c)	2		24		33		55		112	
Amortization of acquisition-related intangible assets	609		600		594		592		606	
Other income/expense adjustments (d)	167		(18)		14		(46)		46	
Provision for income taxes adjustments (e)	(169)		(127)		(238)		(138)		(171)	
Equity in earnings/losses of unconsolidated entities	19		51		72		30		25	
Adjusted net income	2,861	-	2,174		2,003	-	2,121	_	1,956	
GAAP diluted EPS attributable to Thermo Fisher Scientific Inc.	5.61		4.22		3.79		4.01		3.32	
GAAP diluted EPS growth		-5%		-8%		-21%		-4%		-41%
Cost of revenues adjustments (a)	0.03		0.02		0.06		0.01		0.10	
Selling, general and administrative expenses adjustments (b)	0.02		(0.07)		0.03		0.12		0.02	
Restructuring and other costs (c)	0.01		0.06		0.08		0.14		0.29	
Amortization of acquisition-related intangible assets	1.54		1.52		1.50		1.50		1.56	
Other income/expense adjustments (d)	0.42		(0.05)		0.04		(0.11)		0.12	
Provision for income taxes adjustments (e)	(0.43)		(0.32)		(0.60)		(0.35)		(0.44)	
Equity in earnings/losses of unconsolidated entities	0.05	_	0.13	_	0.18	_	0.08	_	0.06	
Adjusted EPS	7.25	_	5.51		5.08	_	5.40		5.03	
Adjusted EPS growth		1%		2%		-12%		-17%		-31%
Reconciliation of free cash flow										
GAAP net cash provided by operating activities	2,202		1,528		1,937		3,487		729	
Purchases of property, plant, and equipment	(640)		(506)		(547)		(550)		(458)	
Proceeds from sale of property, plant and equipment	2	_	12	_	4	_	6	_	6	
Free cash flow	1,564	•	1,034	•	1,394	_	2,943	_	277	

⁽a) Adjusted results exclude inventory charges, principally for the sale of inventories revalued at the date of acquisition and in Q3 2022, Q4 2022 and Q1 2023, charges for inventory write-downs associated with large-scale abandonment of product lines.

⁽b) Adjusted results exclude significant transaction/integration costs related to recent acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and in Q3 2022 and Q4 2022, charges associated with product liability litigation.

⁽c) Adjusted results exclude severance and retention costs; 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 Q4 2022, charges for environmental-related matters and a gain on the sale of intellectual property; and in Q1 2023, net charges for pre-acquisition litigation and other matters.

⁽d) Adjusted results exclude net gains/losses on investments; in Q1 2022, losses on the early extinguishment of debt; in Q3 2022 and Q4 2022, net settlement gains/losses for pension plans; and in Q4 2022, net gains on derivative instruments to address certain foreign currency risks.

⁽e) Adjusted income tax benefit/provision excludes the incremental tax impacts for the above excluded items, the impact of the resolution of significant tax audits, the incremental tax impacts as a result of tax rate/law changes, and in Q3 2022, the impact of deferred tax realizability assessments as a result of audit settlements.



Quarterly Reconciliation of Adjusted EBITDA

(Dollars in millions)	 21-22	 22-22	 23-22	Q.	4-22	 21-23
GAAP net income attributable to Thermo Fisher Scientific Inc.	\$ 2,215	\$ 1,664	\$ 1,495	\$	1,576	\$ 1,289
Interest income	(18)	(36)	(68)		(150)	(146)
Interest expense	136	148	173		269	300
Other income/expense	163	(28)	4		(35)	46
Provision for income taxes	301	198	31		173	46
Depreciation	250	236	244		256	253
Cost of revenues adjustments (a)	11	8	22		5	41
Selling, general and administrative expenses adjustments (b)	7	(28)	11		47	8
Restructuring and other costs (c)	2	24	33		55	112
Amortization of acquisition-related intangible assets	609	600	594		592	606
Equity in earnings/losses of unconsolidated entities	19	51	72		30	25
Net income/losses attributable to noncontrolling interests and redeemable noncontrolling interest	 5	4	3		(2)	3
Adjusted EBITDA	3,700	2,841	2,614		2,816	2,583

⁽a) Adjusted results exclude inventory charges, principally for the sale of inventories revalued at the date of acquisition and in Q3 2022, Q4 2022 and Q1 2023, charges for inventory write-downs associated with large-scale abandonment of product lines.

⁽b) Adjusted results exclude significant transaction/integration costs related to recent acquisitions; charges/credits for changes in estimates of contingent acquisition consideration; and in Q3 2022 and Q4 2022, charges associated with product liability litigation.

⁽c) Adjusted results exclude severance and retention costs; 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 Q4 2022, charges for environmental-related matters and a gain on the sale of intellectual property; and in Q1 2023, net charges for pre-acquisition litigation and other matters.



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

(Dollars in millions)	2020		2021		2022		1 2023
Reconciliation of free cash flow							
GAAP net cash provided by operating activities	\$ 8,2	9 \$	9,312	\$	9,154	\$	729
Purchases of property, plant, and equipment	(1,4	4)	(2,523)		(2,243)		(458)
Proceeds from sale of property, plant and equipment		8	20		24		6
Free cash flow	6,8	3	6,809		6,935		277
GAAP return on invested capital (ROIC)	14	0%	14.8%		9.9%		8.5%
Cost of revenues adjustments (a)	C	0%	0.0%		0.1%		0.1%
Selling, general and administrative expenses adjustments (b)	C	0%	0.3%		0.0%		0.1%
Restructuring and other costs (c)	C	2%	0.4%		0.2%		0.3%
Amortization of acquisition-related intangible assets	3	7%	3.3%		3.4%		3.4%
Net interest expense	C	8%	0.7%		0.5%		0.5%
Other income/expense adjustments (d)	C	3%	1.4%		0.2%		0.0%
Provision for income taxes adjustments (e)	-1	0%	-1.1%		-1.0%		-1.0%
Equity in earnings/losses of unconsolidated entities		0%	0.0%		0.2%		0.3%
Adjusted ROIC	18	0%	19.8%		13.5%		12.2%
GAAP return on equity (ROE)	20	6%	20.8%		16.4%		14.1%
Cost of revenues adjustments (a)	C	0%	0.0%		0.1%		0.2%
Selling, general and administrative expenses adjustments (b)	C	0%	0.4%		0.0%		0.1%
Restructuring and other costs (c)	C	3%	0.5%		0.3%		0.5%
Amortization of acquisition-related intangible assets	5	4%	4.7%		5.7%		5.6%
Net interest expense	1	2%	1.0%		0.8%		0.9%
Other income/expense adjustments (d)	C	4%	2.0%		0.3%		0.0%
Provision for income taxes adjustments (e)	-1	4%	-1.6%		-1.6%		-1.6%
Equity in earnings/losses of unconsolidated entities		0%	0.0%		0.4%		0.4%
Adjusted ROE	26	5%	27.8%		22.4%		20.2%

⁽a) Adjusted results exclude inventory charges, principally for the sale of inventories revalued at the date of acquisition; and in 2022 and Q1 2023, charges for inventory write-downs associated with large-scale abandonment of product lines.

⁽b) Adjusted results exclude significant 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 severance and retention costs; 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/circdits 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 Q1 2023, net charges for pre-acquisition litigation and other matters.

⁽d) Adjusted results exclude net gains/losses on investments; in 2021 and 2022, losses on the extinguishment of debt; in 2020 and 2022, net settlement/curtailment gains/losses for pension plans; in 2020, charges related to terminated interest rate swaps; in 2020 and 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 income tax benefit/provision excludes the incremental tax impacts for the above excluded items, the impact of the resolution of significant tax audits, the incremental tax impacts as a result of tax rate/law changes; and in 2022, the impact of deferred tax realizability assessments as a result of audit settlements.



Reconciliation of Core Organic Revenue Growth

Q1-22	Q2-22	Q3-22	Q4-22	2022	Q1-23
19%	18%	14%	7%	15%	-9%
18%	19%	20%	14%	18%	1%
-2%	-4%	-5%	-4%	-3%	-2%
3%	3%	-1%	-3%	0%	-8%
-12%	-11%	-14%	-16%	-13%	-14%
1%	-1%	1%	1%	1%	N/A
16%	13%	14%	14%	14%	6%
	19% 18% -2% 3% -12% 1%	19% 18% 18% 19% -2% -4% 3% 3% -12% -11% 1% -1%	19% 18% 14% 18% 19% 20% -2% -4% -5% 3% 3% -1% -12% -11% -14% 1% -1% 1%	19% 18% 14% 7% 18% 19% 20% 14% -2% -4% -5% -4% 3% 3% -1% -3% -12% -11% -14% -16% 1% -1% 1% 1%	19% 18% 14% 7% 15% 18% 19% 20% 14% 18% -2% -4% -5% -4% -3% 3% 3% -1% -3% 0% -12% -11% -14% -16% -13% 1% 1% 1% 1%

⁽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)	Q1-22	Q2-22	Q3-22	Q4-22	2022	Q1-23
Life Sciences Solutions Segment	<u> </u>					<u> </u>
Revenues	4,231	3,292	2,962	3,046	13,532	2,612
Total revenue growth	1%	-7%	-20%	-27%	-13%	-38%
Impact of acquisitions	3%	1%	1%	1%	1%	0%
Impact of currency translation	-2%	-3%	-4%	-3%	-3%	-2%
Organic revenue growth **	-1%	-5%	-17%	-24%	-12%	-37%
Segment income	2,176	1,327	1,039	1,040	5,582	836
Segment income margin	51.4%	40.3%	35.1%	34.1%	41.2%	32.0%
Segment income margin expansion	-2.8 pts	-8.0 pts	-13.8 pts	-14.1 pts	-8.8 pts	-19.4 pts
Analytical Instruments Segment						
Revenues	1,518	1,607	1,621	1,878	6,624	1,723
Total revenue growth	9%	9%	10%	9%	9%	14%
Impact of acquisitions	0%	0%	0%	0%	0%	0%
Impact of currency translation	-2%	-4%	-6%	-5%	-5%	-3%
Organic revenue growth **	12%	13%	16%	14%	14%	17%
Segment income	301	344	386	476	1,507	421
Segment income margin	19.8%	21.4%	23.8%	25.4%	22.8%	24.4%
Segment income margin expansion	+0.2 pts	+2.5 pts	+6.0 pts	+3.3 pts	+3.1 pts	+4.6 pts
Specialty Diagnostics Segment						
Revenues	1,482	1,101	1,065	1,115	4,763	1,108
Total revenue growth	-8%	-11%	-22%	-23%	-16%	-25%
Impact of acquisitions	0%	0%	0%	0%	0%	4%
Impact of currency translation	-1%	-3%	-3%	-3%	-3%	-1%
Organic revenue growth **	-7%	-8%	-19%	-20%	-13%	-28%
Segment income	353	243	220	208	1,024	280
Segment income margin	23.9%	22.1%	20.6%	18.6%	21.5%	25.3%
Segment income margin expansion	-2.6 pts	+2.2 pts	-2.1 pts	-1.9 pts	-1.1 pts	+1.4 pts
Laboratory Products & Biopharma Services Segment						
Revenues	5,442	5,537	5,585	5,947	22,511	5,763
Total revenue growth	51%	55%	60%	42%	51%	6%
Impact of acquisitions	47%	48%	53%	35%	45%	0%
Impact of currency translation	-2%	-4%	-5%	-4%	-3%	-1%
Organic revenue growth **	6%	10%	12%	11%	10%	7%
Segment income	620	691	725	836	2,872	793
Segment income margin	11.4%	12.5%	13.0%	14.1%	12.8%	13.8%
Segment income margin expansion	-3.4 pts	+0.1 pts	+2.0 pts	+2.6 pts	+0.4 pts	+2.4 pts

^{**} Results may not sum due to rounding.



Balance Sheets and Leverage Ratios

(Dollars in millions)	12/31/2020	12/31/2021	12/31/2022	4/1/2023
Assets				
Current assets:				
Cash and cash equivalents	10,325	4,477	8,524	3,482
Short-term investments	_	16	_	_
Accounts receivable, net	5,741	7,977	8,115	7,922
Inventories	4,029	5,051	5,634	5,664
Other current assets	1,862	2,592	2,956	3,141
Total current assets	21,957	20,113	25,229	20,209
Property, plant and equipment, net	5,912	8,333	9,280	9,354
Acquisition-related intangible assets, net	12,685	20,113	17,442	17,972
Equity method investments	32	576	369	346
Other assets	2,425	4,064	3,638	3,637
Goodwill	26,041	41,924	41,196	43,140
Total assets	69,052	95,123	97,154	94,658
Liabilities, redeemable noncontrolling interest and equity				
Current liabilities:				
Short-term obligations and current maturities of long-term obligations	2,628	2,537	5,579	6,122
Accounts payable	2,175	2,867	3,381	2,798
Net liabilities of discontinued operations	11	12	18	17
Other current liabilities	5,490	8,020	8,032	6,947
Total current liabilities	10,304	13,436	17,010	15,884
Other long-term liabilities	5,124	8,377	7,087	7,206
Long-term obligations	19,107	32,333	28,909	29,135
Redeemable noncontrolling interest	_	122	116	123
Total equity	34,517	40,855	44,032	42,310
Total liabilities, redeemable noncontrolling interest and equity	69,052	95,123	97,154	94,658
Leverage Ratios				
Total debt / TTM EBITDA	2.1X	2.8X	2.9X	3.4X
Effect of adjusted items	0.0X	-0.1X	0.0X	-0.2X
Total debt / adjusted TTM EBITDA	2.1X	2.7X	2.9X	3.2X
Net debt / TTM EBITDA	1.1X	2.4X	2.2X	3.0X
Effect of adjusted items	0.0X	-0.1X	0.0X	-0.1X
Net debt / adjusted TTM EBITDA	1.1X	2.3X	2.2X	2.9X



Debt

	Effective Interest Rate at	Maturity				
(Dollars in millions)	4/1/23	Date	12/31/2020	12/31/2021	12/31/2022	4/1/2023
Short-term						
Floating Rate (SOFR + 0.35%) Senior Notes		4/18/2023	0	0	999	1,000
Floating Rate (SOFR + 0.39%) Senior Notes		10/18/2023	0	0	499	499
0.797% Senior Notes	1.04%	10/18/2023	0	0	1,347	1,348
Floating Rate (EURIBOR + 0.20%) Senior Notes (euro denominated)	2.74%	11/18/2023	0	0	1,823	1,845
0.000% Senior Notes (euro denominated)	0.06%	11/18/2023	0	0	588	596
Commercial paper	4.15%		0	2,522	310	824
Other, including finance lease liabilities			2,628	15	13	10
Total short-term			2,628	2,537	5,579	6,122
<u>Long-term</u>						
0.75% Senior Notes (euro denominated)	0.93%	9/12/2024	1,214	1,131	1,067	1,081
1.215% Senior Notes	1.42%	10/18/2024	0	2,486	2,491	2,492
Floating Rate (SOFR + 0.53%) Senior Notes		10/18/2024	0	497	498	498
0.125% Senior Notes (euro denominated)	0.40%	3/1/2025	967	902	851	863
2.00% Senior Notes (euro denominated)	2.10%	4/15/2025	779	725	683	692
0.853% Senior Notes (yen denominated)	1.05%	10/20/2025	0	0	169	167
0.000% Senior Notes (euro denominated)	0.15%	11/18/2025	0	621	586	594
3.20% Senior Notes (euro denominated)	3.39%	1/21/2026	0	0	533	539
1.40% Senior Notes (euro denominated)	1.53%	1/23/2026	850	792	746	756
1.45% Senior Notes (euro denominated)	1.65%	3/16/2027	604	563	531	538
1.75% Senior Notes (euro denominated)	1.96%	4/15/2027	724	675	637	645
1.054% Senior Notes (yen denominated)	1.18%	10/20/2027	0	0	219	216
4.80% Senior Notes	5.00%	11/21/2027	0	0	595	595
0.50% Senior Notes (euro denominated)	0.77%	3/1/2028	965	899	848	859
1.375% Senior Notes (euro denominated)	1.46%	9/12/2028	729	679	639	647
1.75% Senior Notes	1.89%	10/15/2028	0	694	695	695
1.95% Senior Notes (euro denominated)	2.08%	7/24/2029	847	789	743	753
2.60% Senior Notes	2.74%	10/1/2029	892	893	894	894

Continued on the next page



Debt

Continued from the prior page

(Dollars in millions)	Effective Interest Rate at 4/1/23	Maturity Date	12/31/2020	12/31/2021	12/31/2022	4/1/2023
1.279% Senior Notes (yen denominated)						
,	1.44%	10/19/2029	0	0	36	35
0.80% Senior Notes (euro denominated)	0.88%	10/18/2030	0	1,975	1,861	1,884
0.875% Senior Notes (euro denominated)	1.13%	10/1/2031	1,086	1,011	953	965
2.00% Senior Notes	2.23%	10/15/2031	0	1,176	1,178	1,179
2.375% Senior Notes (euro denominated)	2.54%	4/15/2032	721	672	633	641
1.49% Senior Notes (yen denominated)	1.60%	10/20/2032	0	0	48	47
4.95% Senior Notes	5.09%	11/21/2032	0	0	594	594
1.125% Senior Notes (euro denominated)	1.20%	10/18/2033	0	1,690	1,592	1,613
3.65% Senior Notes (euro denominated)	3.76%	11/21/2034	0	0	795	805
2.875% Senior Notes (euro denominated)	2.94%	7/24/2037	848	789	743	753
1.50% Senior Notes (euro denominated)	1.73%	10/1/2039	1,090	1,014	955	967
2.80% Senior Notes	2.90%	10/15/2041	0	1,181	1,182	1,182
1.625% Senior Notes (euro denominated)	1.77%	10/18/2041	0	1,385	1,305	1,322
2.069% Senior Notes (yen denominated)	2.13%	10/20/2042	0	0	110	109
5.30% Senior Notes	5.37%	2/1/2044	396	396	396	396
4.10% Senior Notes	4.23%	8/15/2047	734	734	735	735
1.875% Senior Notes (euro denominated)	1.98%	10/1/2049	1,194	1,112	1,047	1,060
2.00% Senior Notes (euro denominated)	2.07%	10/18/2051	0	840	791	801
2.382% Senior Notes (yen denominated)	2.43%	10/18/2052	0	0	252	248
Other, including finance lease liabilities			4,467	6,012	278	275
Total long-term			19,107	32,333	28,909	29,135
Total debt			21,735	34,870	34,488	35,257
Total cash and cash equivalents			10,325	4,477	8,524	3,482
Net debt			11,410	30,393	25,964	31,775



2020 - 2023 Notable Acquisitions

Transaction closing date	Entity	Business description	Principal segment	Revenue (a) (millions)
2023				
January 3	The Binding Site Group	Leading provider of oncology testing for detection and monitoring of multiple myeloma	SDS	£200
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 (b)
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
(b) Assumed operat	enue from prior full year reporting period as of the ann ng responsibility from customer. d December 31, 2021.	nouncement date.		



Capital Deployment

Share buybacks				
	2020	2021	2022	Q1-2023
Total number of shares purchased (millions)	4	4	5	5
Average price paid per share	\$331.76	\$487.73	\$569.47	\$574.47
Total spend (\$ millions)	\$1,500	\$2,000	\$3,000	\$3,000
	Remaining Sh	are Repurchase 4/26/202	Authorization (in	millions) as of

Dividends paid				
	2020	2021	2022	Q1-2023
Amount per share	\$0.85	\$1.00	\$1.16	\$0.30
Future declarations of dividends are subject to board approval and may be adjusted as busin	ess needs or market	conditions change.		



Fiscal Calendar

2023 FISCAL CALENDAR

			FIRS	T QUA	RTER				SECOND QUARTER								THIRD QUARTER								FOURTH QUARTER								$\overline{}$		
Month	s	М	Т	w	Т	F	T s	Week	Month	s	М	Т	w	Т	F	s	Week	Month	s	М	Т	w	Т	F	s	Week	Month	s	М	Т	W	т	F	s	Week
	1	2	3	4	5	6	7	1		2	3	4	5	6	7	8	14		2	3	4	5	6	7	8	27		1	2	3	4	5	6	7	40
JAN	8	9	10	11	12	13	14	2	APR	9	10	11	12	13	14	15	15	JULY	9	10	11	12	13	14	15	28	ост	8	9	10	11	12	13	14	41
5	15	16	17	18	19	20	21	3	5	16	17	18	19	20	21	22	16	5	16	17	18	19	20	21	22	29	5	15	16	17	18	19	20	21	42
Weeks	22	23	24	25	26	27	28	4	Weeks	23	24	25	26	27	28	29	17	Weeks	23	24	25	26	27	28	29	30	Weeks	22	23	24	25	26	27	28	43
	29	30	31	1	2	3	4	5		30	1	2	3	4	5	6	18		30	31	1	2	3	4	5	31		29	30	31	1	2	3	4	44
	5	6	7	8	9	10	11	6		7	8	9	10	11	12	13	19		6	7	8	9	10	11	12	32		5	6	7	8	9	10	11	45
FEB	12	13	14	15	16	17	18	7	MAY	14	15	16	17	18	19	20	20	AUG	13	14	15	16	17	18	19	33	NOV	12	13	14	15	16	17	18	46
4	19	20	21	22	23	24	25	8	4	21	22	23	24	25	26	27	21	4	20	21	22	23	24	25	26	34	4	19	20	21	22	23	24	25	47
Weeks	26	27	28	1	2	3	4	9	Weeks	28	29	30	31	1	2	3	22	Weeks	27	28	29	30	31	1	2	35	Weeks	26	27	28	29	30	1	2	48
	5	6	7	8	9	10	11	10		4	5	6	7	8	9	10	23		3	4	5	6	7	8	9	36		3	4	5	6	7	8	9	49
MAR	12	13	14	15	16	17	18	11	JUNE	11	12	13	14	15	16	17	24	SEPT	10	11	12	13	14	15	16	37	DEC	10	11	12	13	14	15	16	50
4	19	20	21	22	23	24	25	12	4	18	19	20	21	22	23	24	25	4	17	18	19	20	21	22	23	38	4	17	18	19	20	21	22	23	51
Weeks	26	27	28	29	30	31	1	13	Weeks	25	26	27	28	29	30	1	26	Weeks	24	25	26	27	28	29	30	39	Weeks	24	25	26	27	28	29	30	52
																												31							ш
CHANG	GE IN	DAY	S VER	SUS	PRIO	R YE	AR	0	CHANG	SE IN	DAYS	VER	SUS	PRIO	R YE	\R	0	CHAN	GE IN	DAY	S VER	SUS	PRIO	RYEA	\R	0	CHAN	GE IN	DAYS	VER	SUS	PRIOF	YEA	R	0