



DANAHER CORPORATION

First Quarter 2022 Earnings Release

April 21, 2022



Forward Looking Statements

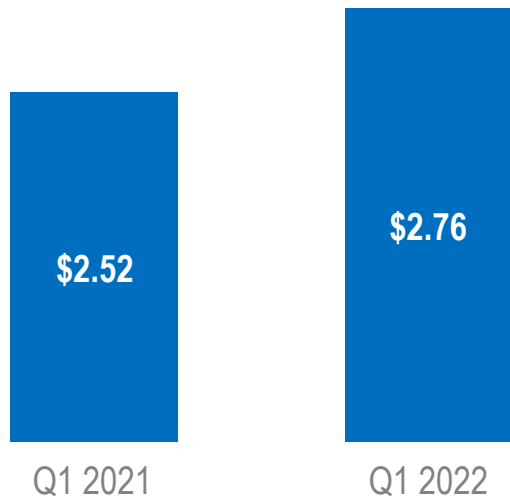
Statements in this presentation that are not strictly historical, including any statements regarding Danaher's anticipated future financial performance and any other statements regarding events or developments that we anticipate will or may occur in the future are "forward-looking" statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, the highly uncertain and unpredictable severity, magnitude and duration of the COVID-19 pandemic (and the related governmental, business and community responses thereto) on our business, results of operations and financial condition, the impact of our debt obligations on our operations and liquidity, deterioration of or instability in the economy, the markets we serve and the financial markets (including as a result of the COVID-19 pandemic), uncertainties relating to U.S. laws or policies, including potential changes in U.S. trade policies and tariffs and the reaction of other countries thereto, contractions or growth rates and cyclicity of markets we serve, competition, our ability to develop and successfully market new products and technologies and expand into new markets, the potential for improper conduct by our employees, agents or business partners, our compliance with applicable laws and regulations (including rules relating to off-label marketing and other regulations relating to medical devices and the health care industry), the results of our clinical trials and perceptions thereof, our ability to effectively address cost reductions and other changes in the health care industry, our ability to successfully identify and consummate appropriate acquisitions and strategic investments and successfully complete divestitures and other dispositions, our ability to integrate the businesses we acquire and achieve the anticipated growth, synergies and other benefits of such acquisitions, contingent liabilities and other risks relating to acquisitions, investments, strategic relationships and divestitures (including tax-related and other contingent liabilities relating to past and future IPOs, split-offs or spin-offs), security breaches or other disruptions of our information technology systems or violations of data privacy laws, the impact of our restructuring activities on our ability to grow, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, changes in tax laws applicable to multinational companies, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, the rights of the United States government to use, disclose and license certain intellectual property we license if we fail to commercialize it, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, our relationships with and the performance of our channel partners, uncertainties relating to collaboration arrangements with third-parties, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, the impact of deregulation on demand for our products and services, the impact of climate change, or legal or regulatory measures to address climate change, labor matters and our ability to recruit, retain and motivate talented employees, international economic, political, legal, compliance, social and business factors (including the impact of the United Kingdom's separation from the European Union and the impact of the military conflict between Russia and Ukraine), disruptions relating to man-made and natural disasters (including pandemics such as COVID-19) and pension plan costs. Additional information regarding the factors that may cause actual results to differ materially from these forward-looking statements is available in our SEC filings, including our 2021 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the first quarter of 2022. These forward-looking statements speak only as of the date of this release and except to the extent required by applicable law, the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.

With respect to the non-GAAP financial measures referenced in the following presentation, definitions and the accompanying information required by SEC Regulation G can be found in this presentation or in the "Investors" section of Danaher's web site, www.danaher.com, under the heading "Financial Reports" and subheading "Quarterly Earnings." In addition, in addressing various financial metrics the presentation describes certain of the more significant factors that impacted year-over-year performance. For additional factors that impacted year-over-year performance, please refer to our earnings release and the other related presentation materials supplementing today's call, all of which are available in the "Investors" section of Danaher's web site under the heading "Financial Reports" and subheading "Quarterly Earnings," as well as our first quarter 2022 Quarterly Report on Form 10-Q. All references in this presentation (1) to financial metrics relate only to the continuing operations of Danaher's business, unless otherwise noted; and (2) to "growth" or other period-to-period changes refer to year-over-year comparisons unless otherwise indicated. We may also describe certain products and devices which have applications submitted and pending for certain regulatory approvals.

First Quarter 2022 Performance Summary

ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE

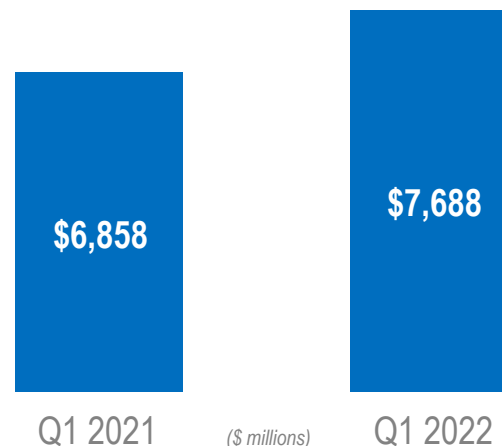
+9.5%



REVENUE

+12.0%

Core +12.0%
Acquisitions +2.0%
FX -2.0%



Throughout this presentation, with respect to revenue performance, for the definitions of "Acquisitions," "Divestitures," "Core," and "FX," please refer to the accompanying information required by Regulation G, located at the end of this presentation and on the "Investors" section of Danaher's website.

First Quarter 2022 Performance Summary

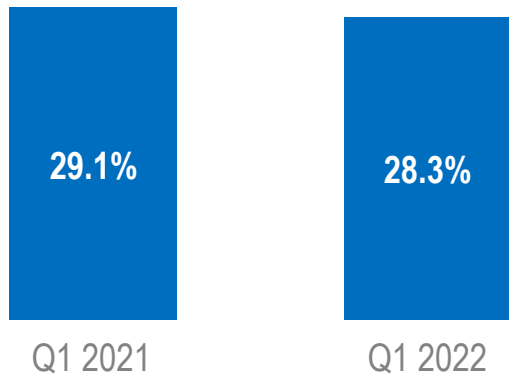
OPERATING PROFIT MARGIN

-80 BPS

Core -65 bps

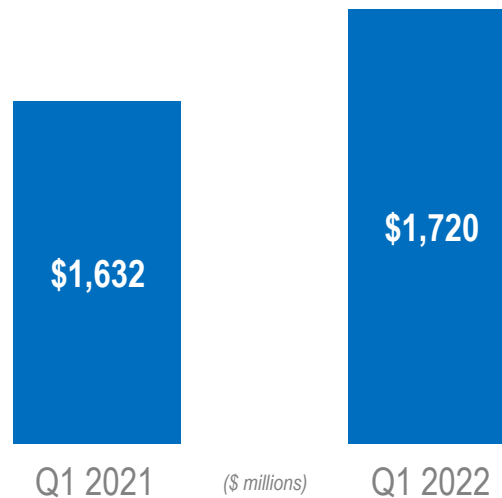
Acquisitions -40 bps

Other +25 bps



FREE CASH FLOW PERFORMANCE

+5.5%



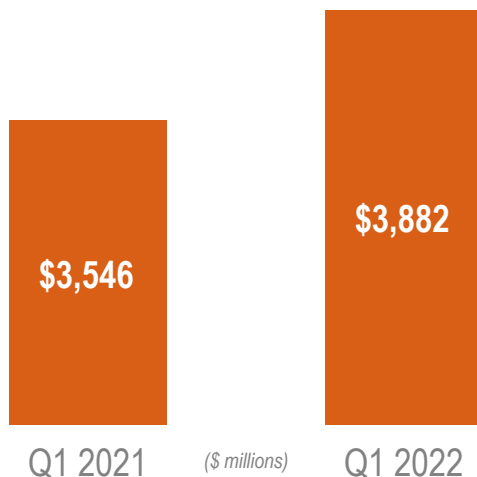
Throughout this presentation when referred to in connection with operating profit margins, "Acquisitions" refers to the impact of businesses owned for less than one year or disposed of during such period and not treated as discontinued operations, "Other" refers to the impact of certain first quarter 2021 acquisition-related fair value adjustments associated with the acquisition of Cytiva and impairment and other charges incurred in 2021 and 2022, and "Core" refers to all other year-over-year operating profit margin changes; for further description of these items, please refer to the accompanying information required by Regulation G, located at the end of this presentation and on the "Investors" section of Danaher's website. For the definition of Free Cash Flow, please refer to the accompanying information required by Regulation G, located at the end of this presentation and on the "Investors" section of Danaher's website.

First Quarter 2022: Life Sciences

REVENUE

+9.5%

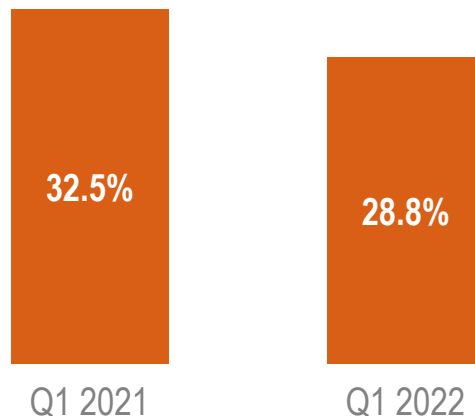
Core +7.5%
Acquisitions +4.0%
FX -2.0%



OPERATING PROFIT MARGIN

-370 BPS

Core -250 bps
Acquisitions -150 bps
Other +30 bps



First Quarter 2022: Diagnostics

REVENUE

+21.5%

Core +22.5%
Acquisitions +1.0%
FX -2.0%



Q1 2021

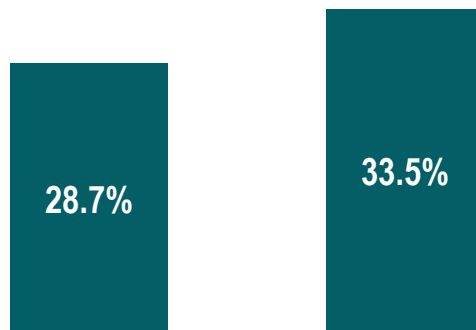
(\$ millions)

Q1 2022

OPERATING PROFIT MARGIN

+480 BPS

Core +400 bps
Acquisitions +45 bps
Other +35 bps



Q1 2021

Q1 2022



Cepheid®



BECKMAN
COULTER

Leica

BIOSYSTEMS

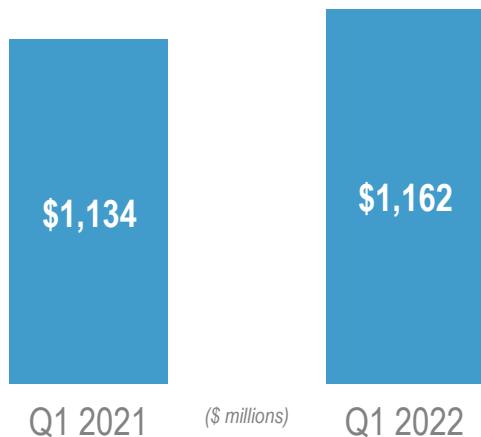
RADIOMETER 

First Quarter 2022: Environmental & Applied Solutions

REVENUE

+2.5%

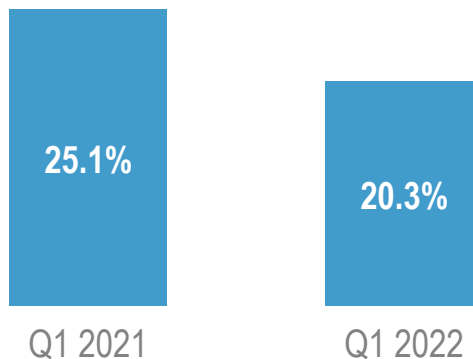
Core +6.5%
Divestitures -2.5%
FX -1.5%



OPERATING PROFIT MARGIN

-480 bps

Core -520 bps
Divestitures +50 bps
Other -10 bps



GUIDANCE

Q & A



DANAHER



DANAHER CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
THREE-MONTH PERIODS ENDED APRIL 1, 2022 AND APRIL 2, 2021

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FORWARD-LOOKING STATEMENTS DISCLOSURE

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DANAHER CORPORATION

Core Sales Growth by Segment and Base Business Core Sales Growth

	% Change Three-Month Period Ended April 1, 2022 vs. Comparable 2021 Period			
	Total Company	Segments		
		Life Sciences	Diagnostics	Environmental & Applied Solutions
Total sales growth (GAAP)	12.0 %	9.5 %	21.5 %	2.5 %
Impact of:				
Acquisitions/divestitures	(2.0)	(4.0)	(1.0)	2.5
Currency exchange rates	2.0	2.0	2.0	1.5
Core sales growth (non-GAAP)	12.0 %	7.5 %	22.5 %	6.5 %
Impact of COVID-19 related testing	(4.0)			
Base business core sales growth (non-GAAP)	8.0 %			

Note: While we expect overall demand for the Company’s COVID-19 related products to moderate as and to the extent the pandemic subsides, as the pandemic evolves toward endemic status we believe a level of demand for the Company’s products that support COVID-19 related vaccines and therapeutics (including initiatives that seek to prevent or mitigate similar, future pandemics) and COVID-19 testing will continue. However, on a relative basis, we expect the level of ongoing demand for products supporting COVID-19 testing will be subject to more fluctuations in demand than the level of demand for products supporting COVID-19 related vaccines and therapeutics. Therefore, beginning with the first quarter of 2022, in addition to disclosing core revenue growth, we disclose “base business core sales growth” on a basis that excludes revenues related to COVID-19 testing and includes revenues from products that support COVID-19 related vaccines and therapeutics. We believe this additional measure provides useful information to investors by facilitating period-to-period comparisons of our financial performance and identifying underlying growth trends in the Company’s business that otherwise may be obscured by fluctuations in demand for COVID-19 testing as a result of the pandemic.

Forecasted Core Sales Growth and Base Business Core Sales Growth¹

	% Change Three-Month Period Ending July 1, 2022 vs. Comparable 2021 Period	% Change Year Ending December 31, 2022 vs. Comparable 2021 Period
Core sales growth (non-GAAP)	+Low-single digit	+Mid-single digit
Impact of COVID-19 related testing	+Low-single digit	+Low-single digit
Base business core sales growth (non-GAAP)	+Mid-single digit	+High-single digit

¹ We do not reconcile these measures to the comparable GAAP measure because of the inherent difficulty in predicting and estimating the future impact and timing of currency translation, acquisitions and divested product lines, which would be reflected in any forecasted GAAP revenue.

DANAHER CORPORATION

Segment Sales, Operating Profit and Adjusted Operating Profit
(\$ in millions)

	Three-Month Period Ended	
	April 1, 2022	April 2, 2021
Sales (GAAP)		
Life Sciences	\$ 3,882	\$ 3,546
Diagnostics	2,644	2,178
Environmental & Applied Solutions	1,162	1,134
Total Company	\$ 7,688	\$ 6,858
Operating Profit (GAAP)		
Life Sciences	\$ 1,118	\$ 1,151
Diagnostics	886	626
Environmental & Applied Solutions	236	285
Other	(68)	(65)
Total Company	\$ 2,172	\$ 1,997
Amortization of Intangible Assets (GAAP)		
Life Sciences	\$ 321	\$ 277
Diagnostics	51	51
Environmental & Applied Solutions	14	16
Total Company	\$ 386	\$ 344
Other Operating Profit Adjustments²		
Life Sciences	\$ 38	\$ 46
Diagnostics	3	10
Environmental & Applied Solutions	1	—
Other	1	—
Total Company	\$ 43	\$ 56
Adjusted Operating Profit (non-GAAP)³		
Life Sciences	\$ 1,477	\$ 1,474
Diagnostics	940	687
Environmental & Applied Solutions	251	301
Other	(67)	(65)
Total Company	\$ 2,601	\$ 2,397

² Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

³ Adjusted Operating Profit (non-GAAP) is defined as operating profit (GAAP) plus amortization of intangible assets (GAAP) plus (minus) Other Operating Profit Adjustments (as defined).

DANAHER CORPORATION

Adjusted EBITDA and Adjusted EBITDA Margin
(\$ in millions)

Three-Month Period Ended April 1, 2022

	<u>Life Sciences</u>	<u>Diagnostics</u>	<u>Environmental & Applied Solutions</u>	<u>Other</u>	<u>Total Company</u>
Net Earnings (GAAP)					\$ 1,725
Interest, Net					53
Other Nonoperating (Income) Expense					20
Income Taxes					374
Operating Profit (GAAP)	\$ 1,118	\$ 886	\$ 236	\$ (68)	\$ 2,172
Other Operating Profit Adjustments ²	38	3	1	1	43
Depreciation	72	94	11	2	179
Amortization of Intangible Assets	321	51	14	—	386
Adjusted EBITDA (Non-GAAP)	<u>\$ 1,549</u>	<u>\$ 1,034</u>	<u>\$ 262</u>	<u>\$ (65)</u>	<u>\$ 2,780</u>
Interest, Net					(53)
Other Nonoperating Income (Expense)					(20)
Income Taxes					(374)
Other Operating Profit Adjustments ²					(43)
Depreciation					(179)
Amortization of Intangible Assets					(386)
Net Earnings (GAAP)					<u>\$ 1,725</u>
Sales (GAAP)	<u>\$ 3,882</u>	<u>\$ 2,644</u>	<u>\$ 1,162</u>		<u>\$ 7,688</u>
Net Earnings Margin (GAAP)					<u>22.4 %</u>
Adjusted EBITDA Margin (Non-GAAP)⁴	<u>39.9 %</u>	<u>39.1 %</u>	<u>22.5 %</u>		<u>36.2 %</u>

² Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

⁴ Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

DANAHER CORPORATION

Adjusted EBITDA and Adjusted EBITDA Margin
(\$ in millions)

	Three-Month Period Ended April 2, 2021				
	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	Total Company
Net Earnings (GAAP)					\$ 1,702
Interest, Net					54
Other Nonoperating (Income) Expense					(140)
Income Taxes					381
Operating Profit (GAAP)	\$ 1,151	\$ 626	\$ 285	\$ (65)	\$ 1,997
Other Operating Profit Adjustments ²	46	10	—	—	56
Depreciation	52	93	11	2	158
Amortization of Intangible Assets	277	51	16	—	344
Adjusted EBITDA (Non-GAAP)	<u>\$ 1,526</u>	<u>\$ 780</u>	<u>\$ 312</u>	<u>\$ (63)</u>	<u>\$ 2,555</u>
Interest, Net					(54)
Other Nonoperating Income (Expense)					140
Income Taxes					(381)
Other Operating Profit Adjustments ²					(56)
Depreciation					(158)
Amortization of Intangible Assets					(344)
Net Earnings (GAAP)					<u>\$ 1,702</u>
Sales (GAAP)	<u>\$ 3,546</u>	<u>\$ 2,178</u>	<u>\$ 1,134</u>		<u>\$ 6,858</u>
Net Earnings Margin (GAAP)					<u>24.8 %</u>
Adjusted EBITDA Margin (Non-GAAP)⁴	<u>43.0 %</u>	<u>35.8 %</u>	<u>27.5 %</u>		<u>37.3 %</u>

² Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

⁴ Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

DANAHER CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Three-Month Period Ended April 1, 2022

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted earnings per common share	Diluted net earnings per common share ⁵
Reported (GAAP)	\$ 7,688	\$ (2,983)	61.2 %	\$ 2,172	28.3 %	\$ 2,099	\$ (374)	\$ 1,704 ^J	\$ 2.31
Amortization of acquisition-related intangible assets ^A	—	—	—	386	5.0	386		386	0.52
Fair value net (gains) losses on investments ^B	—	—	—	—	—	24		24	0.03
Impairments and other charges ^C	—	18	0.2	43	0.6	43		43	0.06
Loss on partial settlement of a defined benefit plan ^D	—	—	—	—	—	10		10	0.01
Tax effect of the above adjustments ^G							(85)	(85)	(0.11)
Discrete tax adjustments ^H							(41)	(41)	(0.06)
MCPS "as if converted" ^I	—	—	—	—	—	—	—	21	—
Rounding	—	—	—	—	(0.1)	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 7,688</u>	<u>\$ (2,965)</u>	<u>61.4 %</u>	<u>\$ 2,601</u>	<u>33.8 %</u>	<u>\$ 2,562</u>	<u>\$ (500)</u>	<u>\$ 2,062</u>	<u>\$ 2.76</u>

Three-Month Period Ended April 1, 2022

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Nonoperating income (expense), net (excluding interest)	Interest income (expense), net
Reported (GAAP)	\$ 7,688	\$ (2,092)	(27.2)%	\$ (441)	(5.7)%	\$ (20)	\$ (53)
Amortization of acquisition-related intangible assets ^A	—	386	5.0	—	—	—	—
Fair value net (gains) losses on investments ^B	—	—	—	—	—	24	—
Impairments and other charges ^C	—	25	0.3	—	—	—	—
Loss on partial settlement of a defined benefit plan ^D	—	—	—	—	—	10	—
Adjusted (Non-GAAP)	<u>\$ 7,688</u>	<u>\$ (1,681)</u>	<u>(21.9)%</u>	<u>\$ (441)</u>	<u>(5.7)%</u>	<u>\$ 14</u>	<u>\$ (53)</u>

⁵ Each of the per share amounts above have been calculated assuming the Mandatory Convertible Preferred Stock ("MCPS") had been converted into shares of common stock.

DANAHER CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Three-Month Period Ended April 2, 2021

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted earnings per common share	Diluted net earnings per common share ⁵
Reported (GAAP)	\$ 6,858	\$ (2,605)	62.0 %	\$ 1,997	29.1 %	\$ 2,083	\$ (381)	\$ 1,681	\$ 2.29
Amortization of acquisition-related intangible assets ^A	—	—	—	344	5.0	344		344	0.46
Fair value net (gains) losses on investments ^B	—	—	—	—	—	(116)		(116)	(0.15)
Impairments and other charges ^C	—	—	—	10	0.1	10		10	0.01
Acquisition-related items ^E	17	29	0.7	46	0.7	46		46	0.06
Gain on disposition of certain product lines ^F	—	—	—	—	—	(13)		(13)	(0.02)
Tax effect of the above adjustments ^G							(57)	(57)	(0.08)
Discrete tax adjustments ^H							(44)	(44)	(0.06)
MCPS "as if converted" ^I	—	—	—	—	—	—	—	21	—
Rounding	—	—	(0.2)	—	—	—	—	—	0.01
Adjusted (Non-GAAP)	<u>\$ 6,875</u>	<u>\$ (2,576)</u>	<u>62.5 %</u>	<u>\$ 2,397</u>	<u>34.9 %</u>	<u>\$ 2,354</u>	<u>\$ (482)</u>	<u>\$ 1,872</u>	<u>\$ 2.52</u>

Three-Month Period Ended April 2, 2021

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Nonoperating income (expense), net (excluding interest)	Interest income (expense), net
Reported (GAAP)	\$ 6,858	\$ (1,876)	(27.4)%	\$ (380)	(5.5)%	\$ 140	\$ (54)
Amortization of acquisition-related intangible assets ^A	—	344	5.0	—	—	—	—
Fair value net (gains) losses on investments ^B	—	—	—	—	—	(116)	—
Impairments and other charges ^C	—	10	0.1	—	—	—	—
Acquisition-related items ^E	17	—	—	—	—	—	—
Gain on disposition of certain product lines ^F	—	—	—	—	—	(13)	—
Rounding	—	—	0.2	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 6,875</u>	<u>\$ (1,522)</u>	<u>(22.1)%</u>	<u>\$ (380)</u>	<u>(5.5)%</u>	<u>\$ 11</u>	<u>\$ (54)</u>

⁵ Each of the per share amounts above have been calculated assuming the Mandatory Convertible Preferred Stock ("MCPS") had been converted into shares of common stock.

DANAHER CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

^A Amortization of acquisition-related intangible assets in the following historical periods (\$ in millions) (only the pretax amounts set forth below are reflected in the amortization line item above):

	Three-Month Period Ended	
	April 1, 2022	April 2, 2021
Pretax	\$ 386	\$ 344
After-tax	311	274

^B Net (gains) losses on the Company's equity and limited partnership investments recorded in the following historical periods (\$ in millions) (only the pretax amounts set forth below are reflected in the fair value net (gains) losses on investments line above):

	Three-Month Period Ended	
	April 1, 2022	April 2, 2021
Pretax (gain) loss	\$ 24	\$ (116)
After-tax (gain) loss	18	(94)

^C Charges incurred primarily related to impairments of accounts receivable and inventory as well as accruals for contractual obligations in Russia incurred in the three-month period ended April 1, 2022 (\$43 million pretax as reported in this line item, \$40 million after-tax). Impairment charges related to a trade name in the Diagnostics segment recorded in the three-month period ended April 2, 2021 (\$10 million pretax as reported in this line item, \$8 million after-tax).

^D Loss on a partial settlement of a defined benefit plan as a result of the transfer of a portion of the Company's non-U.S. pension liabilities related to one defined benefit plan to a third party in the three-month period ended April 1, 2022 (\$10 million pretax as reported in this line item, \$9 million after-tax).

^E Costs incurred for fair value adjustments to inventory and deferred revenue related to the acquisition of Cytiva in the three-month period ended April 2, 2021 (\$46 million pretax as reported in this line item, \$36 million after-tax).

^F Gain on disposition of certain product lines in the three-month period ended April 2, 2021 (\$13 million pretax as reported in this line item, \$10 million after-tax).

^G This line item reflects the aggregate tax effect of all nontax adjustments reflected in the preceding line items of the table. In addition, the footnotes above indicate the after-tax amount of each individual adjustment item. Danaher estimates the tax effect of each adjustment item by applying Danaher's overall estimated effective tax rate to the pretax amount, unless the nature of the item and/or the tax jurisdiction in which the item has been recorded requires application of a specific tax rate or tax treatment, in which case the tax effect of such item is estimated by applying such specific tax rate or tax treatment. The MCPS dividends are not tax deductible and therefore the tax effect of the adjustments does not include any tax impact of the MCPS dividends.

^H Discrete tax adjustments and other tax-related adjustments for the three-month period ended April 1, 2022, include the impact of net discrete tax benefits of \$41 million related primarily to excess tax benefits from stock-based compensation and the changes in estimates associated with prior period uncertain tax positions. Discrete tax adjustments and other tax-related adjustments for the three-month period ended April 2, 2021, include the impact of net discrete tax benefits of \$44 million related primarily to excess tax benefits from stock-based compensation and the benefit from release of reserves for uncertain tax positions from audit settlements, net of changes in estimates associated with prior period uncertain tax positions.

^I In March 2019, the Company issued \$1.65 billion in aggregate liquidation preference of 4.75% MCPS Series A. In May 2020, the Company issued \$1.72 billion in aggregate liquidation preference of 5.0% MCPS Series B. Dividends on the MCPS Series A and Series B are payable on a cumulative basis at an annual rate of 4.75% and 5.0%, respectively, on the liquidation preference of \$1,000 per share. Each share of MCPS Series A converted on April 15, 2022 into 6.6632 shares of Danaher's common stock. Unless earlier converted, each share of MCPS Series B will automatically convert on April 15, 2023 into between 5.0115 and 6.1391 shares of Danaher's common stock, subject to further anti-dilution adjustments. The number of shares of Danaher's common stock issuable on conversion of the MCPS is determined based on the volume weighted average price ("VWAP") per share of the Company's common stock over the 20 consecutive trading day period beginning on, and including, the 21st scheduled trading day immediately before April 15, 2022 and April 15, 2023 for the MCPS Series A and Series B, respectively. For the calculation of net earnings per common share, the impact of the dilutive MCPS is calculated under the if-converted

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Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

method and the related MCPS dividends are excluded. For the purposes of calculating adjusted earnings per common share, the Company has excluded the paid and anticipated MCPS cash dividends and assumed the “if-converted” method of share dilution (the incremental shares of common stock deemed outstanding applying the “if-converted” method of calculating share dilution only with respect to any MCPS the conversion of which would be dilutive in the particular period are referred to as the “Converted Shares”) for any MCPS that were anti-dilutive for the given period. For additional information about the impact of the MCPS on the calculation of diluted EPS, see note 6 in the Adjusted Average Common Stock and Common Equivalent Diluted Shares Outstanding table below.

^J Net earnings for calculation of diluted earnings per common share is summarized as follows (\$ in millions):

	Three-Month Period Ended	
	April 1, 2022	April 2, 2021
Net earnings	\$ 1,725	\$ 1,702
MCPS dividends	(41)	(41)
Net earnings attributable to common stockholders for Basic EPS	1,684	1,661
Adjustment for MCPS dividends for dilutive MCPS	20	20
Net earnings attributable to common stockholders after assumed conversions for Diluted EPS	<u>\$ 1,704</u>	<u>\$ 1,681</u>

Adjusted Average Common Stock and Common Equivalent Diluted Shares Outstanding

(shares in millions)

	Three-Month Period Ended	
	April 1, 2022	April 2, 2021
Average common stock and common equivalent shares outstanding - diluted (GAAP) ⁶	737.7	735.1
Converted shares ⁷	8.6	8.6
Adjusted average common stock and common equivalent shares outstanding - diluted (non-GAAP)	<u>746.3</u>	<u>743.7</u>

⁶ The impact of the MCPS Series A calculated under the if-converted method was dilutive for the three-month periods ended April 1, 2022 and April 2, 2021, and as such 11.0 million shares underlying the MCPS Series A were included in the calculation of diluted EPS for both three-month periods and the related MCPS Series A dividends of \$20 million were excluded from the calculation of net earnings for diluted EPS for both periods.

The impact of the MCPS Series B calculated under the if-converted method was anti-dilutive for the three-month periods ended April 1, 2022 and April 2, 2021, and as such 8.6 million shares underlying the MCPS Series B were excluded from the calculation of diluted EPS in both periods and the related MCPS Series B dividends of \$21 million were included in the calculation of net earnings for diluted EPS for both periods.

⁷ The number of converted shares assumes the conversion of all MCPS and issuance of the underlying shares applying the “if-converted” method of accounting and using an average 20 trading-day trailing VWAP of \$281.28 and \$218.80 as of April 1, 2022 and April 2, 2021, respectively.

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Year-Over-Year Core Operating Margin Changes

	Segments			
	Total Company	Life Sciences	Diagnostics	Environmental & Applied Solutions
Three-Month Period Ended April 2, 2021 Operating Profit Margins (GAAP)	29.10 %	32.50 %	28.70 %	25.10 %
First quarter 2022 impact from operating profit margins of businesses that have been owned for less than one year or were disposed of during such period and did not qualify as discontinued operations	(0.40)	(1.50)	0.45	0.50
First quarter 2021 acquisition-related fair value adjustments to inventory and deferred revenue, in each case related to the acquisition of Cytiva	0.65	1.30	—	—
First quarter 2022 impairments of accounts receivable and inventory as well as accruals for contractual obligations in Russia	(0.55)	(1.00)	(0.10)	(0.10)
First quarter 2021 impairment charge related to a trade name in the Diagnostics segment	0.15	—	0.45	—
Year-over-year core operating profit margin changes for the first quarter 2022 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	(0.65)	(2.50)	4.00	(5.20)
Three-Month Period Ended April 1, 2022 Operating Profit Margins (GAAP)	28.30 %	28.80 %	33.50 %	20.30 %

Note: The Company deems acquisition-related transaction costs incurred in a given period to be significant (generally relating to the Company's larger acquisitions) if it determines that such costs exceed the range of acquisition-related transaction costs typical for Danaher in a given period.

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Free Cash Flow and Free Cash Flow to Net Earnings Conversion Ratio
(\$ in millions)

	Three-Month Period Ended		Year-over-Year Change
	April 1, 2022	April 2, 2021	
Total Cash Flows:			
Total cash provided by operating activities (GAAP)	\$ 1,968	\$ 1,871	
Total cash used in investing activities (GAAP)	\$ (503)	\$ (993)	
Total cash used in financing activities (GAAP)	\$ (274)	\$ (449)	
Free Cash Flow:			
Total cash provided by operating activities (GAAP)	\$ 1,968	\$ 1,871	~ 5.0%
Less: payments for additions to property, plant & equipment (capital expenditures) (GAAP)	(250)	(251)	
Plus: proceeds from sales of property, plant & equipment (capital disposals) (GAAP)	2	12	
Free cash flow (non-GAAP)	<u>\$ 1,720</u>	<u>\$ 1,632</u>	~ 5.5%
Free Cash Flow to Net Earnings Conversion Ratio:			
Free cash flow from above (non-GAAP)	\$ 1,720	\$ 1,632	
Net earnings (GAAP)	1,725	1,702	
Free cash flow to net earnings conversion ratio (non-GAAP)	<u>1.00</u>	<u>0.96</u>	

We define free cash flow as operating cash flows, less payments for additions to property, plant and equipment (“capital expenditures”) plus the proceeds from sales of plant, property and equipment (“capital disposals”).

Statement Regarding Non-GAAP Measures

Each of the non-GAAP measures set forth above should be considered in addition to, and not as a replacement for or superior to, the comparable GAAP measure, and may not be comparable to similarly titled measures reported by other companies. Management believes that these measures provide useful information to investors by offering additional ways of viewing Danaher Corporation's ("Danaher" or the "Company") results that, when reconciled to the corresponding GAAP measure, help our investors to:

- with respect to the profitability-related non-GAAP measures, understand the long-term profitability trends of our business and compare our profitability to prior and future periods and to our peers;
- with respect to core sales and related sales measures, identify underlying growth trends in our business and compare our sales performance with prior and future periods and to our peers; and
- with respect to free cash flow and related cash flow measures (the "FCF Measure"), understand Danaher's ability to generate cash without external financings, strengthen its balance sheet, invest in its business and grow its business through acquisitions and other strategic opportunities (although a limitation of free cash flow is that it does not take into account the Company's debt service requirements and other non-discretionary expenditures, and as a result the entire free cash flow amount is not necessarily available for discretionary expenditures).

While we expect overall demand for the Company's COVID-19 related products to moderate as and to the extent the pandemic subsides, as the pandemic evolves toward endemic status we believe a level of demand for the Company's products that support COVID-19 related vaccines and therapeutics (including initiatives that seek to prevent or mitigate similar, future pandemics) and COVID-19 testing will continue. However, on a relative basis, we expect the level of ongoing demand for products supporting COVID-19 testing will be subject to more fluctuations in demand than the level of demand for products supporting COVID-19 related vaccines and therapeutics. Therefore, beginning with the first quarter of 2022, in addition to disclosing core revenue growth, we disclose "base business core sales growth" on a basis that excludes revenues related to COVID-19 testing and includes revenues from products that support COVID-19 related vaccines and therapeutics. We believe this additional measure provides useful information to investors by facilitating period-to-period comparisons of our financial performance and identifying underlying growth trends in the Company's business that otherwise may be obscured by fluctuations in demand for COVID-19 testing as a result of the pandemic.

Management uses these non-GAAP measures to measure the Company's operating and financial performance, and uses core sales and non-GAAP measures similar to Adjusted Diluted Net Earnings Per Common Share and the FCF Measure in the Company's executive compensation program.

- The items excluded from the non-GAAP measures set forth above have been excluded for the following reasons:
 - Amortization of Intangible Assets. We exclude the amortization of acquisition-related intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe however that it is important for investors to understand that such intangible assets contribute to sales generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized.
 - Restructuring Charges. We exclude costs incurred pursuant to discrete restructuring plans that are fundamentally different (in terms of the size, strategic nature and planning requirements, as well as the inconsistent frequency, of such plans) from the ongoing productivity improvements that result from application of the Danaher Business System. Because these restructuring plans are incremental to the core activities that arise in the ordinary course of our business and we believe are not indicative of Danaher's ongoing operating costs in a given period, we exclude these costs to facilitate a more consistent comparison of operating results over time.

Statement Regarding Non-GAAP Measures

- Other Adjustments. With respect to the other items excluded from Adjusted Diluted Net Earnings Per Common Share, we exclude these items because they are of a nature and/or size that occur with inconsistent frequency, occur for reasons that may be unrelated to Danaher's commercial performance during the period and/or we believe that such items may obscure underlying business trends and make comparisons of long-term performance difficult. For example, we excluded the first quarter 2022 charge for asset impairments, accruals for contractual obligations and similar items related to our Russia operations because, even though it is possible we could incur additional charges in the future, we do not believe these charges are indicative of Danaher's ongoing operating costs.
- With respect to adjusted average common stock and common equivalent shares outstanding, Danaher's Mandatory Convertible Preferred Stock ("MCPS") Series A converted into Danaher common stock on April 15, 2022 and MCPS Series B will mandatorily convert into Danaher common stock on the mandatory conversion date, which is expected to be April 15, 2023 (unless converted or redeemed earlier in accordance with the terms of the applicable certificate of designations). With respect to the calculation of Adjusted Diluted Net Earnings Per Common Share, we apply the "if converted" method of share dilution to the MCPS Series A and B in all applicable periods irrespective of whether such preferred shares would be dilutive or anti-dilutive in the period. We believe this presentation provides useful information to investors by helping them understand what the net impact will be on Danaher's earnings per share-related measures once the MCPS convert into Danaher common stock.
- With respect to core operating profit margin changes, in addition to the explanation set forth in the bullets above relating to the "other adjustments", we exclude the impact of businesses owned for less than one year (or disposed of during such period and not treated as discontinued operations) because the timing, size, number and nature of such transactions can vary significantly from period to period and may obscure underlying business trends and make comparisons of long-term performance difficult.
- We calculate adjusted EBITDA by adding to operating profit amounts equal to depreciation and amortization and making the other adjustments reflected in the applicable tables above, which allows us to calculate and disclose such measure by segment. Given Danaher's diversification, we believe this helps our investors compare the profitability of our individual segments to peer companies with like business lines.
- With respect to core sales related measures, (1) we exclude the impact of currency translation because it is not under management's control, is subject to volatility and can obscure underlying business trends, and (2) we exclude the effect of acquisitions and divested product lines because the timing, size, number and nature of such transactions can vary significantly from period-to-period and between us and our peers, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.
- With respect to the FCF Measure, we exclude payments for additions to property, plant and equipment (net of the proceeds from capital disposals) to demonstrate the amount of operating cash flow for the period that remains after accounting for the Company's capital expenditure requirements.

With respect to forecasted core sales related measures, we do not reconcile these measures to the comparable GAAP measure because of the inherent difficulty in predicting and estimating the future impact and timing of currency translation, acquisitions and divested product lines, which would be reflected in any forecasted GAAP revenue.



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