



# DANAHER CORPORATION

## *Second Quarter 2023 Earnings Release*

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July 25, 2023



# Forward Looking Statements

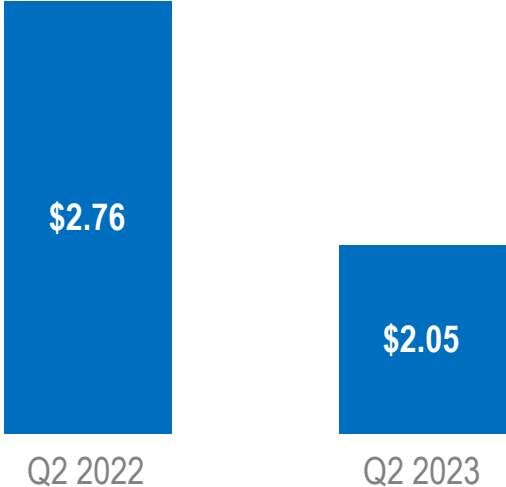
Statements in this presentation that are not strictly historical, including any statements regarding events or developments that we believe or anticipate will or may occur in the future are "forward-looking" statements within the meaning of the federal securities laws. There are a number of important 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, potential future, adverse impacts on our business, results of operations and financial condition related to the COVID-19 pandemic, 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, uncertainties relating to national laws or policies, including laws or policies to protect or promote domestic interests and/or address foreign competition, contractions or growth rates and cyclicalities 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 with respect to our production capacity in times of national emergency or with respect to intellectual property/production capacity developed using government funding, risks relating to product, service or software defects, product liability and recalls, risks relating to fluctuations in the cost and availability of the supplies we use (including commodities) and labor we need for our operations, our relationships with and the performance of our channel partners, uncertainties relating to collaboration arrangements with third-parties, the impact of deregulation on demand for our products and services, the impact of climate change, legal or regulatory measures to address climate change and our ability to address stakeholder expectations relating to climate change, labor matters and our ability to recruit, retain and motivate talented employees representing diverse backgrounds, experiences and skill sets, non-U.S. economic, political, legal, compliance, social and business factors (including the impact of the military conflict between Russia and Ukraine), disruptions relating to man-made and natural disasters, pension plan and healthcare costs, inflation and the impact of our By-law exclusive forum provisions. 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 2022 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the second quarter of 2023. These forward-looking statements speak only as of the date of this presentation (July 25, 2023) 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](http://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 Annual Report on Form 10-K for the year ended December 31, 2022. 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.

# Second Quarter 2023 Performance Summary

## ADJUSTED DILUTED NET EARNINGS PER COMMON SHARE

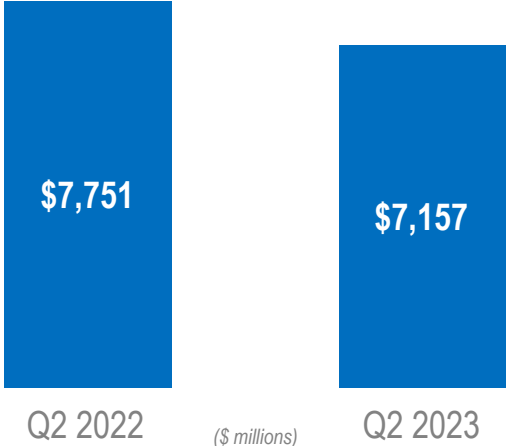
**-25.7%**



## REVENUE

**-7.5%**

Core -7.0%  
FX -0.5%



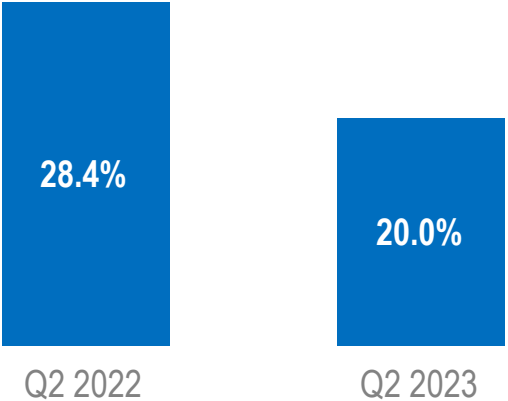
Throughout this presentation, with respect to revenue performance, for the definitions of "Acquisitions," "Core," and "FX," please refer to the accompanying information required by Regulation G, located at the end of this presentation and on the "Investors" section of Danaher's website.

# Second Quarter 2023 Performance Summary

## OPERATING PROFIT MARGIN

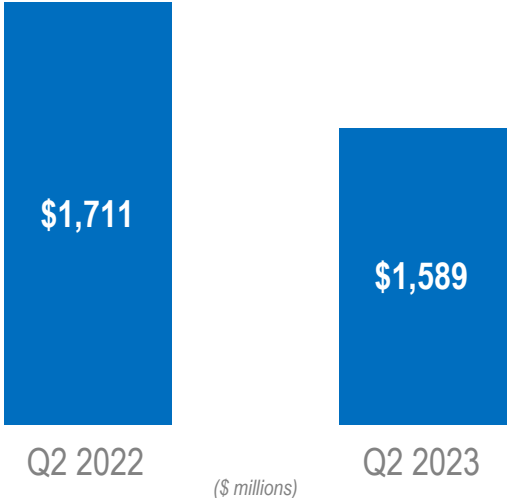
**-840 BPS**

Core -730 bps  
Acquisitions -10 bps  
Other -100 bps



## FREE CASH FLOW PERFORMANCE

**-7.0%**



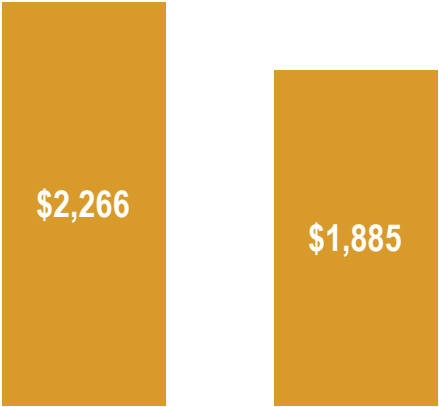
Throughout this presentation when referred to in connection with operating profit margins, "Acquisitions" refers to the impact of businesses owned for less than one year or disposed of during such period and not treated as discontinued operations, "Other" refers to the impact of impairment and charges incurred in 2023, net of impairment and other charges incurred in 2022 and costs incurred related to preparation for the anticipated separation of the Company's Environmental and Applied Solutions business incurred in 2023; 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.

# Second Quarter 2023: Biotechnology

## REVENUE

**-17.0%**

Core -16.5%  
FX -0.5%

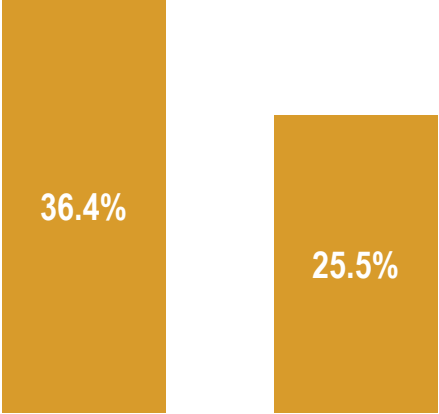


Q2 2022 (\$ millions) Q2 2023

## OPERATING PROFIT MARGIN

**-1,090 BPS**

Core -850 bps  
Acquisitions -20 bps  
Other -220 bps



Q2 2022 Q2 2023



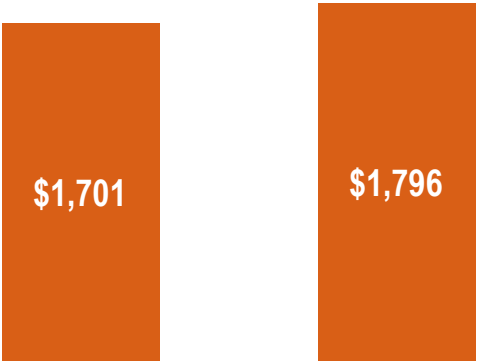
Life Sciences

# Second Quarter 2023: Life Sciences

## REVENUE

**+5.5%**

Core +5.5%  
Acquisitions +1.0%  
FX -1.0%



Q2 2022

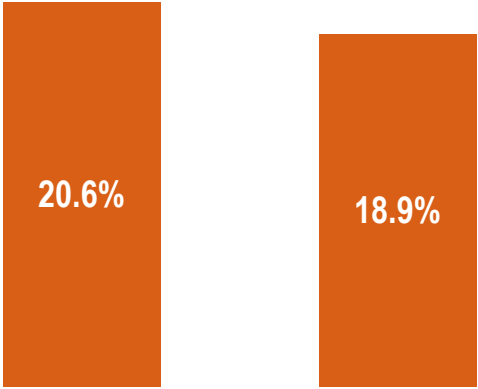
(\$ millions)

Q2 2023

## OPERATING PROFIT MARGIN

**-170 BPS**

Core -140 bps  
Acquisitions -30 bps



Q2 2022

Q2 2023



# Second Quarter 2023: Diagnostics

## REVENUE

**-13.0%**

Core -11.5%  
FX -1.5%



Q2 2022

(\$ millions)

Q2 2023

## OPERATING PROFIT MARGIN

**-1,220 BPS**

Core -1,220 bps



Q2 2022

Q2 2023



Cepheid



BIOSYSTEMS



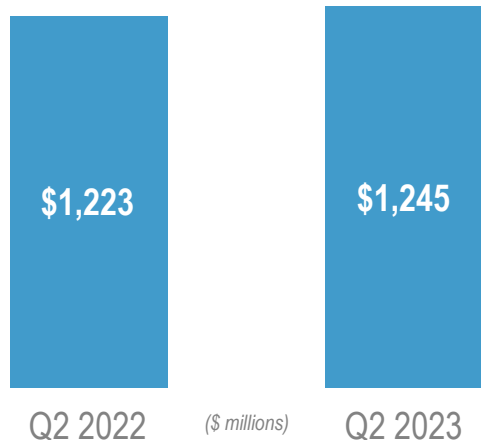
# Second Quarter 2023: Environmental & Applied Solutions

## REVENUE

**+2.0%**

Core +1.5%

Acquisitions +0.5%



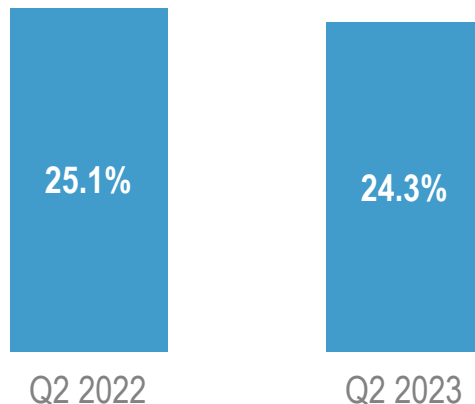
## OPERATING PROFIT MARGIN

**-80 BPS**

Core -115 bps

Acquisitions +10 bps

Other +25 bps





# GUIDANCE

# Q & A



***DANAHER***



DANAHER CORPORATION  
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES  
AND SUPPLEMENTAL FORWARD-LOOKING INFORMATION  
THREE AND SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND JULY 1, 2022

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### **FORWARD-LOOKING STATEMENTS DISCLOSURE**

Statements in this document that are not strictly historical, including any statements regarding events or developments that we believe or 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, potential future, adverse impacts on our business, results of operations and financial condition related to the COVID-19 pandemic, 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, uncertainties relating to national laws or policies, including laws or policies to protect or promote domestic interests and/or address foreign competition, contractions or growth rates and cyclicalities 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 with respect to our production capacity in times of national emergency or with respect to intellectual property/production capacity developed using government funding, risks relating to product, service or software defects, product liability and recalls, risks relating to fluctuations in the cost and availability of the supplies we use (including commodities) and labor we need for our operations, our relationships with and the performance of our channel partners, uncertainties relating to collaboration arrangements with third-parties, the impact of deregulation on demand for our products and services, the impact of climate change, legal or regulatory measures to address climate change and our ability to address stakeholder expectations relating to climate change, labor matters and our ability to recruit, retain and motivate talented employees representing diverse backgrounds, experiences and skill sets, non-U.S. economic, political, legal, compliance, social and business factors (including the impact of the military conflict between Russia and Ukraine), disruptions relating to man-made and natural disasters, pension plan and healthcare costs, inflation and the impact of our By-law exclusive forum provisions. 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 2022 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the second quarter of 2023. These forward-looking statements speak only as of the date of this document (July 24, 2023) 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.

**DANAHER CORPORATION**

**Sales (Decline) Growth by Segment, Core Sales (Decline) Growth by Segment and Base Business Core Sales Growth (Decline) by Segment**

	% Change Three-Month Period Ended June 30, 2023 vs. Comparable 2022 Period				
	Segments				
	Total Company	Biotechnology	Life Sciences	Diagnostics	Environmental & Applied Solutions
Total sales (decline) growth (GAAP)	(7.5)%	(17.0)%	5.5 %	(13.0)%	2.0 %
Impact of:					
Acquisitions/divestitures	— %	— %	(1.0)%	— %	(0.5)%
Currency exchange rates	0.5 %	0.5 %	1.0 %	1.5 %	— %
Core sales (decline) growth (non-GAAP)	(7.0)%	(16.5)%	5.5 %	(11.5)%	1.5 %
Impact of COVID-19 related testing, vaccines and therapeutics	9.0 %	+High-single digit	+Low-single digit	+Double-digit	— %
Base business core sales growth (decline) (non-GAAP)	2.0 %	-High-single digit	+High-single digit	+High-single digit	1.5 %

	% Change Six-Month Period Ended June 30, 2023 vs. Comparable 2022 Period				
	Segments				
	Total Company	Biotechnology	Life Sciences	Diagnostics	Environmental & Applied Solutions
Total sales (decline) growth (GAAP)	(7.0)%	(16.5)%	4.0 %	(11.5)%	3.5 %
Impact of:					
Acquisitions/divestitures	— %	— %	(1.0)%	— %	(0.5)%
Currency exchange rates	1.5 %	2.0 %	2.0 %	2.0 %	1.0 %
Core sales (decline) growth (non-GAAP)	(5.5)%	(14.5)%	5.0 %	(9.5)%	4.0 %
Impact of COVID-19 related testing, vaccines and therapeutics	9.5 %	+Low-double digit	+Low-single digit	+Double-digit	— %
Base business core sales growth (decline) (non-GAAP)	4.0 %	-Mid-single digit	+High-single digit	+Low-double digit	4.0 %

Note: We expect overall demand for the Company's COVID-19 related products to continue moderating as the pandemic has evolved toward endemic status. We believe certain 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, though that demand will likely be uncertain and will vary from period to period. At the beginning of 2022, the Company believed that on a relative basis, the level of ongoing demand for products supporting COVID-19 testing would be subject to more fluctuations in demand than the level of demand for products supporting COVID-19 related vaccines and therapeutics, due in part to expected COVID-19 case levels, vaccination rates and use of therapies. However, as a result of lower vaccination rates and the spread of less severe variants of the virus, 2022 demand for the Company's products supporting COVID-19 related vaccines and therapeutics fluctuated and declined more than anticipated at the beginning of the year. Therefore, beginning with the first quarter of 2023, we have revised the definition of "base business core sales growth" on a basis that not only excludes revenues related to COVID-19 testing but also excludes revenues from products that support COVID-19 related vaccines and therapeutics. We believe this adjusted definition of "base business core sales growth" provides more 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 related products.

**DANAHER CORPORATION**

**Forecasted Core Sales (Decline) Growth, Base Business Core Sales Growth and Adjusted Operating Profit Margin**

The Company provides forecasted sales only on a non-GAAP basis because of the difficulty in estimating the other components of GAAP revenue, such as currency translation, acquisitions and divested product lines. Additionally, we do not reconcile adjusted operating profit margin (or components thereof) to the comparable GAAP measures because of the difficulty in estimating the other unknown components such as investment gains and losses, impairments and separation costs, which would be reflected in any forecasted GAAP operating profit.

	<b>% Change Three-Month Period Ending September 29, 2023 vs. Comparable 2022 Period</b>	<b>% Change Year Ending December 31, 2023 vs. Comparable 2022 Period</b>
Core sales decline (non-GAAP)	-Low-teens to mid-teens	-High-single digit to low-double digit
Impact of COVID-19 related testing, vaccines and therapeutics	+Low-double digit	+Low-double digit
Base business core sales (decline) growth (non-GAAP)	<u>-Low-single digit</u>	<u>+Low-single digit</u>
	<b>Three-Month Period Ending September 29, 2023</b>	<b>Year Ending December 31, 2023</b>
Adjusted operating profit margin (non-GAAP)	~26.0%	~29.0%

**DANAHER CORPORATION**

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

	Three-Month Period Ended		Six-Month Period Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
<b>Sales (GAAP)</b>				
Biotechnology	\$ 1,885	\$ 2,266	\$ 3,749	\$ 4,482
Life Sciences	1,796	1,701	3,505	3,367
Diagnostics	2,231	2,561	4,607	5,205
Environmental & Applied Solutions	1,245	1,223	2,463	2,385
Total Company	\$ 7,157	\$ 7,751	\$ 14,324	\$ 15,439
<b>Operating Profit (GAAP)</b>				
Biotechnology	\$ 480	\$ 824	\$ 1,076	\$ 1,624
Life Sciences	340	350	661	668
Diagnostics	424	800	1,101	1,686
Environmental & Applied Solutions	302	307	601	543
Other	(117)	(76)	(216)	(144)
Total Company	\$ 1,429	\$ 2,205	\$ 3,223	\$ 4,377
<b>Amortization of Intangible Assets (GAAP)</b>				
Biotechnology	\$ 218	\$ 205	\$ 435	\$ 419
Life Sciences	104	105	209	212
Diagnostics	50	50	100	101
Environmental & Applied Solutions	12	13	24	27
Total Company	\$ 384	\$ 373	\$ 768	\$ 759
<b>Other Operating Profit Adjustments<sup>1</sup></b>				
Biotechnology	\$ 42	\$ —	\$ 42	\$ 14
Life Sciences	—	—	—	24
Diagnostics	—	—	—	3
Environmental & Applied Solutions	6	9	6	10
Other	37	—	65	1
Total Company	\$ 85	\$ 9	\$ 113	\$ 52
<b>Adjusted Operating Profit (non-GAAP)<sup>2</sup></b>				
Biotechnology	\$ 740	\$ 1,029	\$ 1,553	\$ 2,057
Life Sciences	444	455	870	904
Diagnostics	474	850	1,201	1,790
Environmental & Applied Solutions	320	329	631	580
Other	(80)	(76)	(151)	(143)
Total Company	\$ 1,898	\$ 2,587	\$ 4,104	\$ 5,188

<sup>1</sup> Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>2</sup> 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**

**Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin and Adjusted EBITDA Margin**  
**(\$ in millions)**

	Three-Month Period Ended June 30, 2023					Total Company
	Biotechnology	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	
<b>Net Earnings (GAAP)</b>						\$ 1,106
Interest, Net						8
Other Nonoperating (Income) Expense						29
Income Taxes						286
<b>Operating Profit (GAAP)</b>	\$ 480	\$ 340	\$ 424	\$ 302	\$ (117)	\$ 1,429
Other Operating Profit Adjustments <sup>1</sup>	42	—	—	6	37	85
Depreciation	39	32	96	10	1	178
Amortization of Intangible Assets	218	104	50	12	—	384
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 779</u>	<u>\$ 476</u>	<u>\$ 570</u>	<u>\$ 330</u>	<u>\$ (79)</u>	<u>\$ 2,076</u>
Interest, Net						(8)
Other Nonoperating Income (Expense)						(29)
Income Taxes						(286)
Other Operating Profit Adjustments <sup>1</sup>						(85)
Depreciation						(178)
Amortization of Intangible Assets						(384)
<b>Net Earnings (GAAP)</b>						<u>\$ 1,106</u>
Sales (GAAP)	<u>\$ 1,885</u>	<u>\$ 1,796</u>	<u>\$ 2,231</u>	<u>\$ 1,245</u>		<u>\$ 7,157</u>
<b>Net Earnings Margin (GAAP)</b>						<u>15.5 %</u>
<b>Operating Profit Margin (GAAP)</b>	<u>25.5 %</u>	<u>18.9 %</u>	<u>19.0 %</u>	<u>24.3 %</u>		<u>20.0 %</u>
<b>Adjusted EBITDA Margin (Non-GAAP) <sup>3</sup></b>	<u>41.3 %</u>	<u>26.5 %</u>	<u>25.5 %</u>	<u>26.5 %</u>		<u>29.0 %</u>

<sup>1</sup> Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>3</sup> Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

**DANAHER CORPORATION**

**Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin and Adjusted EBITDA Margin**  
**(\$ in millions)**

	Three-Month Period Ended July 1, 2022					Total Company
	Biotechnology	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	
<b>Net Earnings (GAAP)</b>						\$ 1,680
Interest, Net						49
Other Nonoperating (Income) Expense						87
Income Taxes						389
<b>Operating Profit (GAAP)</b>	\$ 824	\$ 350	\$ 800	\$ 307	\$ (76)	\$ 2,205
Other Operating Profit Adjustments <sup>1</sup>	—	—	—	9	—	9
Depreciation	43	27	98	10	1	179
Amortization of Intangible Assets	205	105	50	13	—	373
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 1,072</u>	<u>\$ 482</u>	<u>\$ 948</u>	<u>\$ 339</u>	<u>\$ (75)</u>	<u>\$ 2,766</u>
Interest, Net						(49)
Other Nonoperating Income (Expense)						(87)
Income Taxes						(389)
Other Operating Profit Adjustments <sup>1</sup>						(9)
Depreciation						(179)
Amortization of Intangible Assets						(373)
<b>Net Earnings (GAAP)</b>						<u>\$ 1,680</u>
Sales (GAAP)	<u>\$ 2,266</u>	<u>\$ 1,701</u>	<u>\$ 2,561</u>	<u>\$ 1,223</u>		<u>\$ 7,751</u>
<b>Net Earnings Margin (GAAP)</b>						<u>21.7 %</u>
<b>Operating Profit Margin (GAAP)</b>	<u>36.4 %</u>	<u>20.6 %</u>	<u>31.2 %</u>	<u>25.1 %</u>		<u>28.4 %</u>
<b>Adjusted EBITDA Margin (Non-GAAP) <sup>3</sup></b>	<u>47.3 %</u>	<u>28.3 %</u>	<u>37.0 %</u>	<u>27.7 %</u>		<u>35.7 %</u>

<sup>1</sup> Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>3</sup> Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

**DANAHER CORPORATION**

**Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin and Adjusted EBITDA Margin**  
**(\$ in millions)**

	Six-Month Period Ended June 30, 2023					Total Company
	Biotechnology	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	
<b>Net Earnings (GAAP)</b>						\$ 2,556
Interest, Net						28
Other Nonoperating (Income) Expense						5
Income Taxes						634
<b>Operating Profit (GAAP)</b>	\$ 1,076	\$ 661	\$ 1,101	\$ 601	\$ (216)	\$ 3,223
Other Operating Profit Adjustments <sup>1</sup>	42	—	—	6	65	113
Depreciation	79	61	189	20	2	351
Amortization of Intangible Assets	435	209	100	24	—	768
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 1,632</u>	<u>\$ 931</u>	<u>\$ 1,390</u>	<u>\$ 651</u>	<u>\$ (149)</u>	<u>\$ 4,455</u>
Interest, Net						(28)
Other Nonoperating Income (Expense)						(5)
Income Taxes						(634)
Other Operating Profit Adjustments <sup>1</sup>						(113)
Depreciation						(351)
Amortization of Intangible Assets						(768)
<b>Net Earnings (GAAP)</b>						<u>\$ 2,556</u>
Sales (GAAP)	<u>\$ 3,749</u>	<u>\$ 3,505</u>	<u>\$ 4,607</u>	<u>\$ 2,463</u>		<u>\$ 14,324</u>
<b>Net Earnings Margin (GAAP)</b>						<u>17.8 %</u>
<b>Operating Profit Margin (GAAP)</b>	<u>28.7 %</u>	<u>18.9 %</u>	<u>23.9 %</u>	<u>24.4 %</u>		<u>22.5 %</u>
<b>Adjusted EBITDA Margin (Non-GAAP) <sup>3</sup></b>	<u>43.5 %</u>	<u>26.6 %</u>	<u>30.2 %</u>	<u>26.4 %</u>		<u>31.1 %</u>

<sup>1</sup> Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>3</sup> Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

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**Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin and Adjusted EBITDA Margin**  
**(\$ in millions)**

	Six-Month Period Ended July 1, 2022					Total Company
	Biotechnology	Life Sciences	Diagnostics	Environmental & Applied Solutions	Other	
<b>Net Earnings (GAAP)</b>						\$ 3,405
Interest, Net						102
Other Nonoperating (Income) Expense						107
Income Taxes						763
<b>Operating Profit (GAAP)</b>	\$ 1,624	\$ 668	\$ 1,686	\$ 543	\$ (144)	\$ 4,377
Other Operating Profit Adjustments <sup>1</sup>	14	24	3	10	1	52
Depreciation	87	55	192	21	3	358
Amortization of Intangible Assets	419	212	101	27	—	759
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 2,144</u>	<u>\$ 959</u>	<u>\$ 1,982</u>	<u>\$ 601</u>	<u>\$ (140)</u>	<u>\$ 5,546</u>
Interest, Net						(102)
Other Nonoperating Income (Expense)						(107)
Income Taxes						(763)
Other Operating Profit Adjustments <sup>1</sup>						(52)
Depreciation						(358)
Amortization of Intangible Assets						(759)
<b>Net Earnings (GAAP)</b>						<u>\$ 3,405</u>
Sales (GAAP)	<u>\$ 4,482</u>	<u>\$ 3,367</u>	<u>\$ 5,205</u>	<u>\$ 2,385</u>		<u>\$ 15,439</u>
<b>Net Earnings Margin (GAAP)</b>						<u>22.1 %</u>
<b>Operating Profit Margin (GAAP)</b>	<u>36.2 %</u>	<u>19.8 %</u>	<u>32.4 %</u>	<u>22.8 %</u>		<u>28.4 %</u>
<b>Adjusted EBITDA Margin (Non-GAAP) <sup>3</sup></b>	<u>47.8 %</u>	<u>28.5 %</u>	<u>38.1 %</u>	<u>25.2 %</u>		<u>35.9 %</u>

<sup>1</sup> Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>3</sup> 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 June 30, 2023**

	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 <sup>4</sup>
<b>Reported (GAAP)</b>	\$ 7,157	\$ (3,116)	56.5 %	\$ 1,429	20.0 %	\$ 1,392	\$ (286)	\$ 1,106 <sup>1</sup>	\$ 1.49
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	384	5.4	384		384	0.52
Fair value net (gains) losses on investments <sup>B</sup>	—	—	—	—	—	32		32	0.04
Separation costs <sup>C</sup>	—	—	—	37	0.5	37		37	0.05
Impairments and other charges <sup>D</sup>	—	14	0.2	48	0.7	48		48	0.06
Tax effect of the above adjustments <sup>F</sup>							(95)	(95)	(0.13)
Discrete tax adjustments <sup>G</sup>							18	18	0.02
Rounding	—	—	—	—	(0.1)	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 7,157</u>	<u>\$ (3,102)</u>	<u>56.7 %</u>	<u>\$ 1,898</u>	<u>26.5 %</u>	<u>\$ 1,893</u>	<u>\$ (363)</u>	<u>\$ 1,530</u>	<u>\$ 2.05</u>

**Three-Month Period Ended June 30, 2023**

	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
<b>Reported (GAAP)</b>	\$ 7,157	\$ (2,194)	(30.7)%	\$ (418)	(5.8)%	\$ (29)	\$ (8)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	384	5.4	—	—	—	—
Fair value net (gains) losses on investments <sup>B</sup>	—	—	—	—	—	32	—
Separation costs <sup>C</sup>	—	37	0.5	—	—	—	—
Impairments and other charges <sup>D</sup>	—	34	0.5	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 7,157</u>	<u>\$ (1,739)</u>	<u>(24.3)%</u>	<u>\$ (418)</u>	<u>(5.8)%</u>	<u>\$ 3</u>	<u>\$ (8)</u>

<sup>4</sup> 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. Net earnings per diluted common share amounts for the relevant three-month period may not add to the year-to-date amounts due to rounding.

**DANAHER CORPORATION**

**Other Non-GAAP Adjusted P&L Measures**

(\$ in millions, except per share data)

**Three-Month Period Ended July 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 <sup>1</sup>	Diluted net earnings per common share <sup>4</sup>
<b>Reported (GAAP)</b>	\$ 7,751	\$ (3,030)	60.9 %	\$ 2,205	28.4 %	\$ 2,069	\$ (389)	\$ 1,658	\$ 2.25
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	373	4.8	373		373	0.50
Fair value net (gains) losses on investments <sup>B</sup>	—	—	—	—	—	98		98	0.13
Impairments and other charges <sup>D</sup>	—	—	—	9	0.1	9		9	0.01
Tax effect of the above adjustments <sup>F</sup>							(98)	(98)	(0.13)
Discrete tax adjustments <sup>G</sup>							(8)	(8)	(0.01)
MCPS "as if converted" <sup>H</sup>	—	—	—	—	—	—	—	22	—
Rounding	—	—	—	—	0.1	—	—	—	0.01
<b>Adjusted (Non-GAAP)</b>	<b>\$ 7,751</b>	<b>\$ (3,030)</b>	<b>60.9 %</b>	<b>\$ 2,587</b>	<b>33.4 %</b>	<b>\$ 2,549</b>	<b>\$ (495)</b>	<b>\$ 2,054</b>	<b>\$ 2.76</b>

**Three-Month Period Ended July 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
<b>Reported (GAAP)</b>	\$ 7,751	\$ (2,085)	(26.9)%	\$ (431)	(5.6)%	\$ (87)	\$ (49)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	373	4.8	—	—	—	—
Fair value net (gains) losses on investments <sup>B</sup>	—	—	—	—	—	98	—
Impairments and other charges <sup>D</sup>	—	9	0.1	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<b>\$ 7,751</b>	<b>\$ (1,703)</b>	<b>(22.0)%</b>	<b>\$ (431)</b>	<b>(5.6)%</b>	<b>\$ 11</b>	<b>\$ (49)</b>

<sup>4</sup> 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. Net earnings per diluted common share amounts for the relevant three-month period may not add to the year-to-date amounts due to rounding.

**DANAHER CORPORATION**

**Other Non-GAAP Adjusted P&L Measures**

(\$ in millions, except per share data)

**Six-Month Period Ended June 30, 2023**

	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 <sup>1</sup>	Diluted net earnings per common share <sup>4</sup>
<b>Reported (GAAP)</b>	\$ 14,324	\$ (5,913)	58.7 %	\$ 3,223	22.5 %	\$ 3,190	\$ (634)	\$ 2,535	\$ 3.42
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	768	5.4	768		768	1.03
Fair value net (gains) losses on investments <sup>B</sup>	—	—	—	—	—	10		10	0.01
Separation costs <sup>C</sup>	—	—	—	65	0.5	65		65	0.09
Impairments and other charges <sup>D</sup>	—	14	0.1	48	0.3	48		48	0.06
Tax effect of the above adjustments <sup>F</sup>							(167)	(167)	(0.22)
Discrete tax adjustments <sup>G</sup>							13	13	0.02
MCPS "as if converted" <sup>H</sup>	—	—	—	—	—	—	—	21	—
Rounding	—	—	—	—	—	—	—	—	0.01
<b>Adjusted (Non-GAAP)</b>	<u>\$ 14,324</u>	<u>\$ (5,899)</u>	<u>58.8 %</u>	<u>\$ 4,104</u>	<u>28.7 %</u>	<u>\$ 4,081</u>	<u>\$ (788)</u>	<u>\$ 3,293</u>	<u>\$ 4.42</u>

**Six-Month Period Ended June 30, 2023**

	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
<b>Reported (GAAP)</b>	\$ 14,324	\$ (4,341)	(30.3)%	\$ (847)	(5.9)%	\$ (5)	\$ (28)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	768	5.4	—	—	—	—
Fair value net (gains) losses on investments <sup>B</sup>	—	—	—	—	—	10	—
Separation costs <sup>C</sup>	—	65	0.5	—	—	—	—
Impairments and other charges <sup>D</sup>	—	34	0.2	—	—	—	—
Rounding	—	—	(0.1)	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 14,324</u>	<u>\$ (3,474)</u>	<u>(24.3)%</u>	<u>\$ (847)</u>	<u>(5.9)%</u>	<u>\$ 5</u>	<u>\$ (28)</u>

<sup>4</sup> 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. Net earnings per diluted common share amounts for the relevant three-month period may not add to the year-to-date amounts due to rounding.

**DANAHER CORPORATION**

**Other Non-GAAP Adjusted P&L Measures**

(\$ in millions, except per share data)

**Six-Month Period Ended July 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 <sup>4</sup>
<b>Reported (GAAP)</b>	\$ 15,439	\$ (6,013)	61.1 %	\$ 4,377	28.4 %	\$ 4,168	\$ (763)	\$ 3,362 <sup>1</sup>	\$ 4.56
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	759	4.9	759		759	1.02
Fair value net (gains) losses on investments <sup>B</sup>	—	—	—	—	—	122		122	0.16
Impairments and other charges <sup>D</sup>	—	18	0.1	52	0.3	52		52	0.07
Loss on partial settlement of a defined benefit plan <sup>E</sup>	—	—	—	—	—	10		10	0.01
Tax effect of the above adjustments <sup>F</sup>							(183)	(183)	(0.24)
Discrete tax adjustments <sup>G</sup>							(49)	(49)	(0.07)
MCPS "as if converted" <sup>H</sup>	—	—	—	—	—	—	—	43	—
Rounding	—	—	—	—	—	—	—	—	0.01
<b>Adjusted (Non-GAAP)</b>	<u>\$ 15,439</u>	<u>\$ (5,995)</u>	<u>61.2 %</u>	<u>\$ 5,188</u>	<u>33.6 %</u>	<u>\$ 5,111</u>	<u>\$ (995)</u>	<u>\$ 4,116</u>	<u>\$ 5.52</u>

**Six-Month Period Ended July 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
<b>Reported (GAAP)</b>	\$ 15,439	\$ (4,177)	(27.1)%	\$ (872)	(5.6)%	\$ (107)	\$ (102)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	759	4.9	—	—	—	—
Fair value net (gains) losses on investments <sup>B</sup>	—	—	—	—	—	122	—
Impairments and other charges <sup>D</sup>	—	34	0.2	—	—	—	—
Loss on partial settlement of a defined benefit plan <sup>E</sup>	—	—	—	—	—	10	—
Rounding	—	—	0.1	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 15,439</u>	<u>\$ (3,384)</u>	<u>(21.9)%</u>	<u>\$ (872)</u>	<u>(5.6)%</u>	<u>\$ 25</u>	<u>\$ (102)</u>

<sup>4</sup> 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. Net earnings per diluted common share amounts for the relevant three-month period may not add to the year-to-date amounts due to rounding.



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**Other Non-GAAP Adjusted P&L Measures**

**(\$ in millions, except per share data)**

<sup>A</sup> Amortization of acquisition-related intangible assets in the following historical periods (only the pretax amounts set forth below are reflected in the amortization line item above):

	Three-Month Period Ended		Six-Month Period Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Pretax	\$ 384	\$ 373	\$ 768	\$ 759
After-tax	310	300	620	611

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

	Three-Month Period Ended		Six-Month Period Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Pretax	\$ 32	\$ 98	\$ 10	\$ 122
After-tax	25	75	8	93

<sup>C</sup> Costs incurred in the three and six-month periods ended June 30, 2023, related to preparation for the anticipated separation of the Company's Environmental & Applied Solutions business, primarily related to professional fees for legal, tax, finance and information technology services and duplicative general and administrative costs (\$37 million and \$65 million pretax as reported in this line item, and \$34 million and \$59 million after-tax, respectively).

<sup>D</sup> Impairment charges related to technology, a facility and other assets in the Biotechnology segment and customer relationships in the Environmental & Applied Solutions segment recorded in the three and six-month periods ended June 30, 2023 (\$48 million pretax as reported in this line item, \$37 million after-tax). Impairment charges related to technology and customer relationships in the Environmental & Applied Solutions segment recorded in both the three and six-month periods ended July 1, 2022 (\$9 million pretax as reported in this line item, \$7 million after-tax). In the six-month period ended July 1, 2022, additional charges incurred primarily related to impairments of accounts receivable and inventory as well as accruals for contractual obligations in Russia (\$43 million pretax as reported in this line item, \$40 million after-tax).

<sup>E</sup> 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 six-month period ended July 1, 2022 (\$10 million pretax as reported in this line item, \$9 million after-tax.).

<sup>F</sup> 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.

<sup>G</sup> Discrete tax adjustments and other tax-related adjustments for the three-month period ended June 30, 2023, include the impact of a net discrete tax loss of \$18 million related primarily to tax costs related to the planned separation of the Environmental & Applied Solutions business, tax costs related to legal and operational actions taken to realign certain businesses and changes in estimates associated with prior period uncertain tax positions, partially offset by interest on prior year tax refunds. Discrete tax adjustments and other tax-related adjustments for the six-month period ended June 30, 2023, include the impact of a net discrete tax loss of \$13 million related primarily to tax costs related to the planned separation of the Environmental & Applied Solutions business, tax costs related to legal and operational actions taken to realign certain businesses and changes in estimates associated with prior period uncertain tax positions, partially offset by excess tax benefits from stock-based compensation and interest on prior year tax refunds. Discrete tax adjustments and other tax-related adjustments for the three-month period ended July 1, 2022, include the impact of net discrete tax benefits of \$8 million related primarily to changes in estimates associated with prior period uncertain tax positions and excess tax benefits from stock-based compensation. Discrete tax adjustments and other tax-related adjustments for the

**Other Non-GAAP Adjusted P&L Measures**

**(\$ in millions, except per share data)**

six-month period ended July 1, 2022, include the impact of net discrete tax benefits of \$49 million related primarily to excess tax benefits from stock-based compensation and changes in estimates associated with prior period uncertain tax positions.

<sup>H</sup> 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 were 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. Each share of MCPS Series B converted on April 17, 2023 into 5.0175 shares of Danaher’s common stock. For the calculation of net earnings per common share, the impact of the dilutive MCPS is calculated under the “if-converted” method and the related MCPS dividends are excluded. For the purposes of calculating adjusted earnings per common share, the Company has excluded the paid 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 5 in the Average and Adjusted Average Common Stock and Common Equivalent Diluted Shares Outstanding table below.

<sup>I</sup> Net earnings for calculation of diluted earnings per common share is summarized as follows:

	Three-Month Period Ended		Six-Month Period Ended	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022
Net earnings	\$ 1,106	\$ 1,680	\$ 2,556	\$ 3,405
MCPS dividends	—	(22)	(21)	(63)
Net earnings attributable to common stockholders for Basic EPS	1,106	1,658	2,535	3,342
Adjustment for MCPS dividends for dilutive MCPS	—	—	—	20
Net earnings attributable to common stockholders after assumed conversions for Diluted EPS	\$ 1,106	\$ 1,658	\$ 2,535	\$ 3,362

**DANAHER CORPORATION**

**Average and Adjusted Average Common Stock and Common Equivalent Diluted Shares Outstanding**  
(shares in millions)

	Three-Month Period Ended		Six-Month Period Ended		Forecasted	
	June 30, 2023	July 1, 2022	June 30, 2023	July 1, 2022	Three-Month Period Ending September 29, 2023	Year Ending December 31, 2023
	Average common stock and common equivalent shares outstanding - diluted (GAAP) <sup>5</sup>	744.7	736.0	740.2	736.8	746.9
Converted shares <sup>6</sup>	—	8.6	5.1	8.6	—	2.5
Adjusted average common stock and common equivalent shares outstanding - diluted (non-GAAP)	744.7	744.6	745.3	745.4	746.9	746.6

<sup>5</sup> The impact of the MCPS Series B calculated under the if-converted method was dilutive for the three-month period ended June 30, 2023, and as such 1.5 million shares underlying the MCPS Series B were included in the calculation of diluted EPS in the three-month period. The impact of the MCPS Series B calculated under the if-converted method was anti-dilutive for the six-month period ended June 30, 2023 and the three and six-month periods ended July 1, 2022, and as such 5.1 million shares for the six-month period ended June 30, 2023 and 8.6 million for both the three and six-month periods ended July 1, 2022 underlying the MCPS Series B were excluded from the calculation of diluted EPS and the related MCPS Series B dividends of \$21 million for the six-month period ended June 30, 2023 and \$22 million and \$43 million for the three and six-month periods ended July 1, 2022, respectively, were included in the calculation of net earnings for diluted EPS. There were no MCPS Series B dividends declared in the second quarter of 2023 prior to their conversion. As of April 17, 2023, all outstanding shares of the MCPS Series B converted into 8.6 million shares of the Company's common stock.

The impact of the MCPS Series A calculated under the if-converted method was dilutive for both the three and six-month periods ended July 1, 2022, and as such 1.1 million and 6.0 million shares, respectively, underlying the MCPS Series A were included in the calculation of diluted EPS. The related MCPS Series A dividends of \$20 million for the six-month period ended July 1, 2022 were excluded from the calculation of net earnings for diluted EPS. On April 15, 2022, all outstanding shares of the MCPS Series A converted into 11.0 million shares of the Company's common stock. There were no MCPS Series A dividends declared in the second quarter of 2022 prior to their conversion.

Additionally, for the year ending December 31, 2023, the impact of the MCPS Series B calculated under the if-converted method is forecasted to be anti-dilutive and as such, approximately 2.5 million shares underlying the MCPS Series B are excluded from the calculation of diluted EPS.

<sup>6</sup> 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 the actual conversion rates as of June 30, 2023 and an average 20 trading-day trailing Volume Weighted Average Price of \$250.49 as of July 1, 2022.

**DANAHER CORPORATION**

**Operating Profit Margins and Year-Over-Year Core Operating Margin Changes**

	Segments				
	Total Company	Biotechnology	Life Sciences	Diagnostics	Environmental & Applied Solutions
<b>Three-Month Period Ended July 1, 2022 Operating Profit Margins (GAAP)</b>	<b>28.40 %</b>	<b>36.40 %</b>	<b>20.60 %</b>	<b>31.20 %</b>	<b>25.10 %</b>
Second quarter 2023 impact from operating profit margins of businesses that have been owned for less than one year	(0.10)	(0.20)	(0.30)	—	0.10
Second quarter 2023 impairment charges related to technology, a facility and other assets in the Biotechnology segment and customer relationships in the Environmental & Applied Solutions segment, net of a second quarter 2022 impairment charge related to technology and customer relationships in the Environmental & Applied Solutions segment	(0.50)	(2.20)	—	—	0.25
Second quarter 2023 costs incurred related to preparation for the anticipated separation of the Company's Environmental & Applied Solutions business	(0.50)	—	—	—	—
<b>Year-over-year core operating profit margin changes for the second quarter 2023 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)</b>	<b>(7.30)</b>	<b>(8.50)</b>	<b>(1.40)</b>	<b>(12.20)</b>	<b>(1.15)</b>
Three-Month Period Ended June 30, 2023 Operating Profit Margins (GAAP)	20.00 %	25.50 %	18.90 %	19.00 %	24.30 %
	Segments				
	Total Company	Biotechnology	Life Sciences	Diagnostics	Environmental & Applied Solutions
<b>Six-Month Period Ended July 1, 2022 Operating Profit Margins (GAAP)</b>	<b>28.40 %</b>	<b>36.20 %</b>	<b>19.80 %</b>	<b>32.40 %</b>	<b>22.80 %</b>
First half of 2023 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	(0.15)	(0.20)	(0.35)	—	0.10
Second quarter 2023 impairment charges related to technology, a facility and other assets in the Biotechnology segment and customer relationships in the Environmental & Applied Solutions segments, net of a second quarter 2022 impairment charge related to technology and customer relationships in the Environmental & Applied Solutions segment	(0.30)	(1.10)	—	—	0.15
First half of 2023 costs incurred related to preparation for the anticipated separation of the Company's Environmental & Applied Solutions business	(0.45)	—	—	—	—
First half of 2022 impairments of accounts receivable and inventory as well as accruals for contractual obligations in Russia	0.25	0.30	0.75	0.05	0.05
<b>Year-over-year core operating profit margin changes for first half of 2023 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)</b>	<b>(5.25)</b>	<b>(6.50)</b>	<b>(1.30)</b>	<b>(8.55)</b>	<b>1.30</b>
Six-Month Period Ended June 30, 2023 Operating Profit Margins (GAAP)	22.50 %	28.70 %	18.90 %	23.90 %	24.40 %

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.

**DANAHER CORPORATION**

**Cash Flow, Free Cash Flow, Operating Cash Flow to Net Earnings Ratio and Free Cash Flow to Net Earnings Conversion Ratio**

(\$ in millions)

	Three-Month Period Ended		Year-over-Year Change	Six-Month Period Ended		Year-over-Year Change
	June 30, 2023	July 1, 2022		June 30, 2023	July 1, 2022	
<b>Total Cash Flow:</b>						
Net cash provided by operating activities (GAAP)	\$ 1,926	\$ 2,000		\$ 3,873	\$ 3,968	
Total cash used in investing activities (GAAP)	\$ (431)	\$ (400)		\$ (735)	\$ (903)	
Total cash used in financing activities (GAAP)	\$ (208)	\$ (1,160)		\$ (470)	\$ (1,434)	
<b>Free Cash Flow:</b>						
Net cash provided by operating activities (GAAP)	\$ 1,926	\$ 2,000	~ (3.5)%	\$ 3,873	\$ 3,968	~ (2.5)%
Less: payments for additions to property, plant & equipment (capital expenditures) (GAAP)	(341)	(296)		(616)	(546)	
Plus: proceeds from sales of property, plant & equipment (capital disposals) (GAAP)	4	7		4	9	
Free cash flow (non-GAAP)	<u>\$ 1,589</u>	<u>\$ 1,711</u>	~ (7.0)%	<u>\$ 3,261</u>	<u>\$ 3,431</u>	~ (5.0)%
<b>Operating Cash Flow to Net Earnings Ratio (GAAP)</b>						
Net cash provided by operating activities (GAAP)	\$ 1,926	\$ 2,000		\$ 3,873	\$ 3,968	
Net earnings (GAAP)	1,106	1,680		2,556	3,405	
Operating cash flow to net earnings conversion ratio	<u>1.74</u>	<u>1.19</u>		<u>1.52</u>	<u>1.17</u>	
<b>Free Cash Flow to Net Earnings Conversion Ratio:</b>						
Free cash flow from above (non-GAAP)	\$ 1,589	\$ 1,711		\$ 3,261	\$ 3,431	
Net earnings (GAAP)	1,106	1,680		2,556	3,405	
Free cash flow to net earnings conversion ratio (non-GAAP)	<u>1.44</u>	<u>1.02</u>		<u>1.28</u>	<u>1.01</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:

- 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 non-GAAP 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 non-GAAP 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).

We expect overall demand for the Company's COVID-19 related products to continue moderating as the pandemic has evolved toward endemic status. We believe certain 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, though that demand will likely be uncertain and will vary from period to period. At the beginning of 2022, the Company believed that on a relative basis, the level of ongoing demand for products supporting COVID-19 testing would be subject to more fluctuations in demand than the level of demand for products supporting COVID-19 related vaccines and therapeutics, due in part to expected COVID-19 case levels, vaccination rates and use of therapies. However, as a result of lower vaccination rates and the spread of less severe variants of the virus, 2022 demand for the Company's products supporting COVID-19 related vaccines and therapeutics fluctuated and declined more than anticipated at the beginning of the year. Therefore, beginning with the first quarter of 2023, we have revised the definition of "base business core sales growth" on a basis that not only excludes revenues related to COVID-19 testing but also excludes revenues from products that support COVID-19 related vaccines and therapeutics. We believe this adjusted definition of "base business core sales growth" provides more 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 related products.

Management uses the non-GAAP measures referenced above 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 the MCPS Series B mandatorily converted into Danaher common stock on the mandatory conversion date of April 17, 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 "restructuring charges" and "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.

The Company provides forecasted sales only on a non-GAAP basis because of the difficulty in estimating the other components of GAAP revenue, such as currency translation, acquisitions and divested product lines. Additionally, we do not reconcile adjusted operating profit margin (or components thereof) to the comparable GAAP measures because of the difficulty in estimating the other unknown components such as investment gains and losses, impairments and separation costs, which would be reflected in any forecasted GAAP operating profit.

**Supplemental Forward-Looking Information and Quarter Highlights**

(\$ in millions)

	Three-Month Period Ending September 29, 2023	Year Ending December 31, 2023
COVID-19 testing sales	~\$100	~\$1,200
COVID vaccine and therapeutics sales		~\$150
Bioprocessing base business core revenue (decline)		~(10.0)%
Corporate expense <sup>7</sup>	~\$(80)	~\$(310)
Non-service components of periodic benefit costs (as included in Other income (expense), net in the Consolidated Condensed Statements of Earnings)	~\$2	~\$8
Interest expense, net <sup>8</sup>	~\$(10)	~\$(40)
Effective tax rate	~19.5 %	~19.5 %

<sup>7</sup> Corporate expense represents the operating profit (GAAP) for the Other segment, which consists of unallocated corporate costs and other costs not considered part of management's evaluation of reportable segment operating performance, excluding costs related to preparation for the anticipated separation of the Company's Environmental & Applied Solutions business.

<sup>8</sup> Interest expense, net is defined as interest expense net of interest income. This line item is an assumption rather than a forecast. The estimated interest expense, net is calculated assuming the currency exchange rates in effect as of June 30, 2023 are to prevail throughout the remainder of the period indicated and no change in the amount of commercial paper outstanding.

**Quarter Highlights**

**Q2 2023 Base Business Core Revenue Growth by Segment**

- Biotechnology -high-single digit
  - Bioprocessing -high-single digit
- Life Sciences +high-single digit
  - Life Sciences Instruments +mid-single digit
- Diagnostics +high-single digit
  - Non-respiratory testing at Cepheid +>30%
  - LBS +high-single digit and Beckman Diagnostics +mid-single digit
- Environmental & Applied Solutions +1.5%
  - Water Quality +mid-single digit
  - Product Identification -mid-single digit

**Bioprocessing**

*Current environment:*

- Destocking continued as we moved through Q2
  - Large pharma working through inventory they built during the pandemic
  - Emerging biotech still down as they conserve capital
- In China, ongoing market correction accelerated as Q2 progressed
- Given these dynamics, we have begun to more actively work with customers to manage down inventory levels





***DANAHER***

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