

# Danaher Corporation

*Rainer Blair, President & CEO*

J.P. Morgan Healthcare Conference | January 9, 2024

# Forward Looking Statements

Statements in this presentation that are not strictly historical, including any statements regarding Danaher's anticipated financial performance and any other 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 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 (including the acquisition of Abcam plc) 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 military conflicts), 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 third quarter of 2023. These forward-looking statements speak only as of the date of this presentation 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). All references in this presentation (1) to financial metrics relate only to the continuing operations of Danaher's business, unless otherwise noted; (2) to "growth" or other period-to-period changes refer to year-over-year comparisons unless otherwise indicated; and (3) to operating profit below the segment level exclude amortization. We may also describe certain products and devices which have applications submitted and pending for certain regulatory approvals.

## DANAHER CORPORATION

### Sales Decline, Core Sales Decline and Base Business Core Sales Decline

	% Estimated Change Three-Month Period Ended December 31, 2023 vs. Comparable 2022 Period
Total sales decline (GAAP)	-Low-double digit
Impact of:	
Acquisitions/divestitures	-Essentially flat
Currency exchange rates	-Low-single digit
Core sales decline (non-GAAP)	-Low-double digit
Impact of COVID-19 related testing, vaccines and therapeutics	+Mid-single digit/High-single digit
Base business core sales decline (non-GAAP)	-Mid-single digit

Core sales growth (and the related measure "base business core sales growth") should be considered in addition to, and not as a replacement for or superior to, sales growth, 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 sales growth, help our investors identify underlying growth trends in our business and compare our sales performance with prior and future periods and to our peers.

Management uses core sales growth and base business core sales growth to measure the Company's financial performance, and uses core sales growth in the Company's executive compensation program.

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 (which includes solutions that test for COVID-19 and other respiratory illnesses simultaneously) 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.

With respect to these non-GAAP measures, we also exclude (1) 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) 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.

# Current Update

## Better-than-anticipated Q4 2023 revenue

- Base business core revenue declined mid-single digits
- Life Sciences and Biotechnology both modestly above expectations
- Respiratory revenue of >\$600M at Cepheid exceeded expectations

Expect Q4 2023 adjusted operating profit margin to be in-line with or above prior guidance of ~28%

Abcam acquisition closed in December 2023, ahead of our initial expectations

Better-than-anticipated Q4 results in a challenging operating environment

# Overview

Portfolio transformation driving higher revenue growth, profit margins and cash flow

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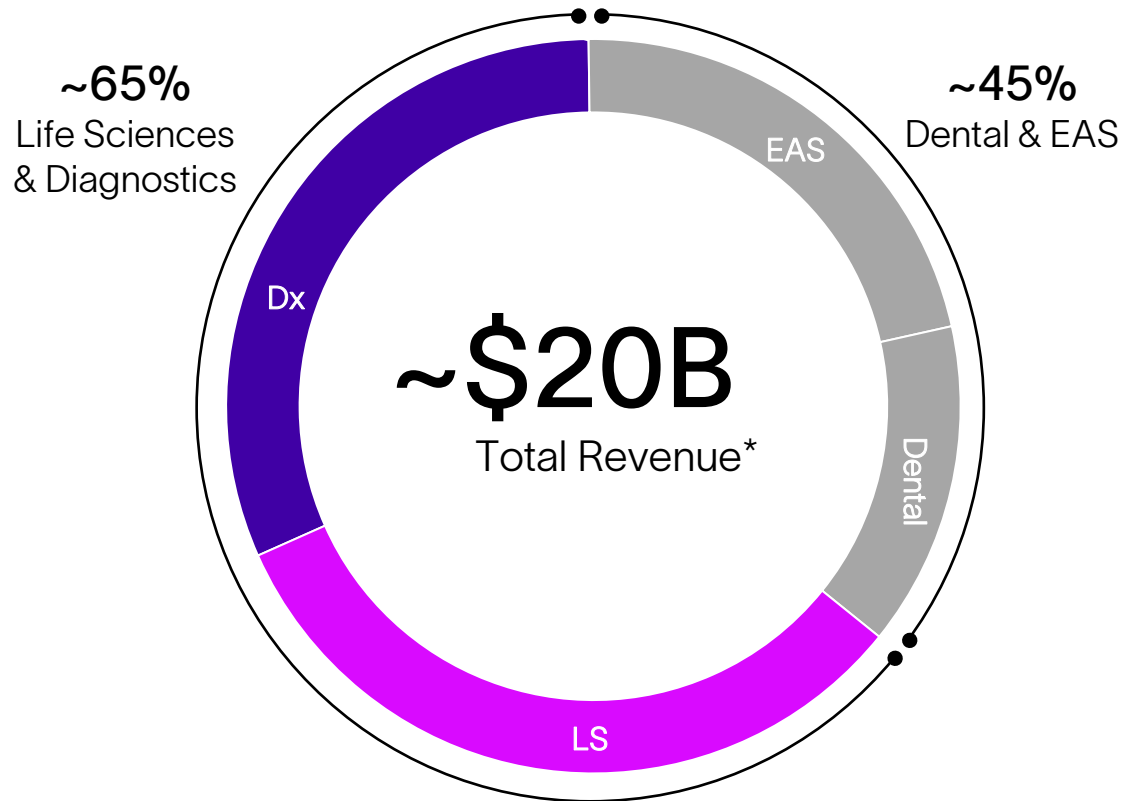
Differentiated positions in many of the most attractive areas of Biotechnology, Life Sciences and Diagnostics

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Well-positioned to generate sustainable long-term shareholder value, driven by DBS

# Pre-Pandemic: A Multi-Industry Science and Technology Portfolio

## 2018 Revenue

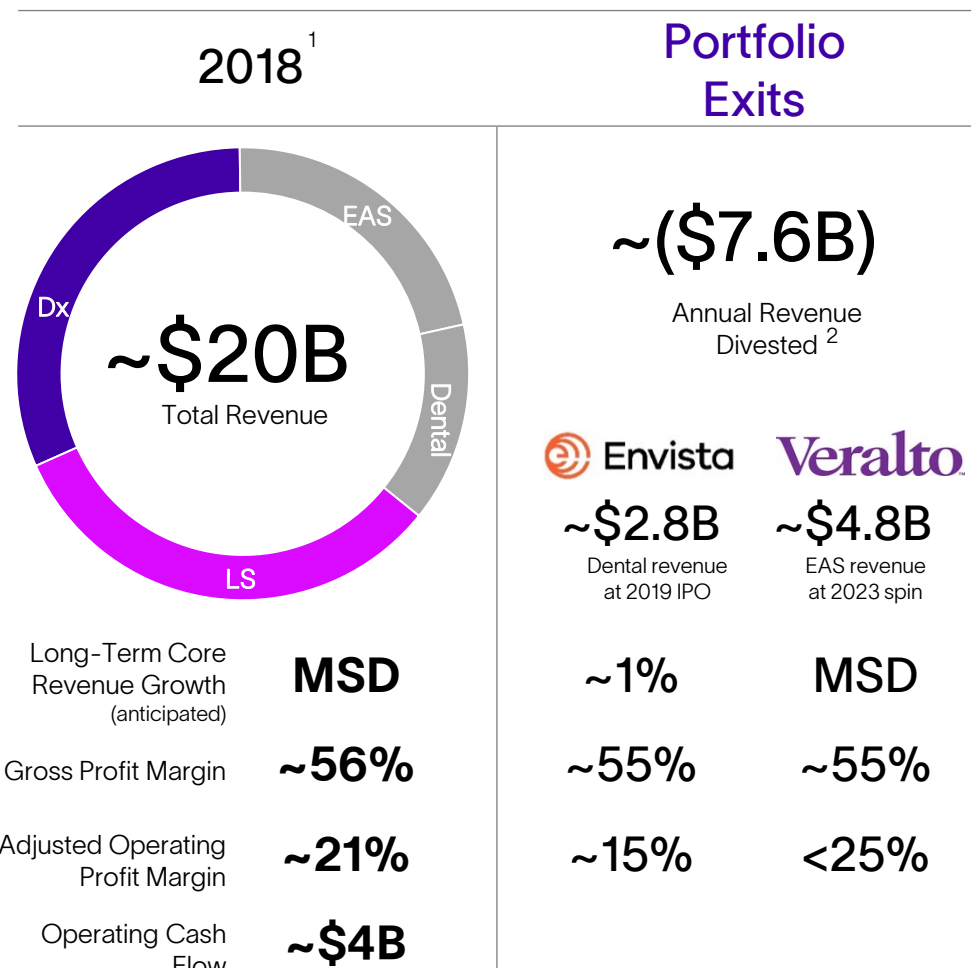


## Financial Profile

<b>MSD</b>	Long-Term Core Revenue Growth (anticipated)
<b>~56%</b>	Gross Profit Margin
<b>~21%</b>	Adjusted Operating Profit Margin
<b>~\$4B</b>	Operating Cash Flow

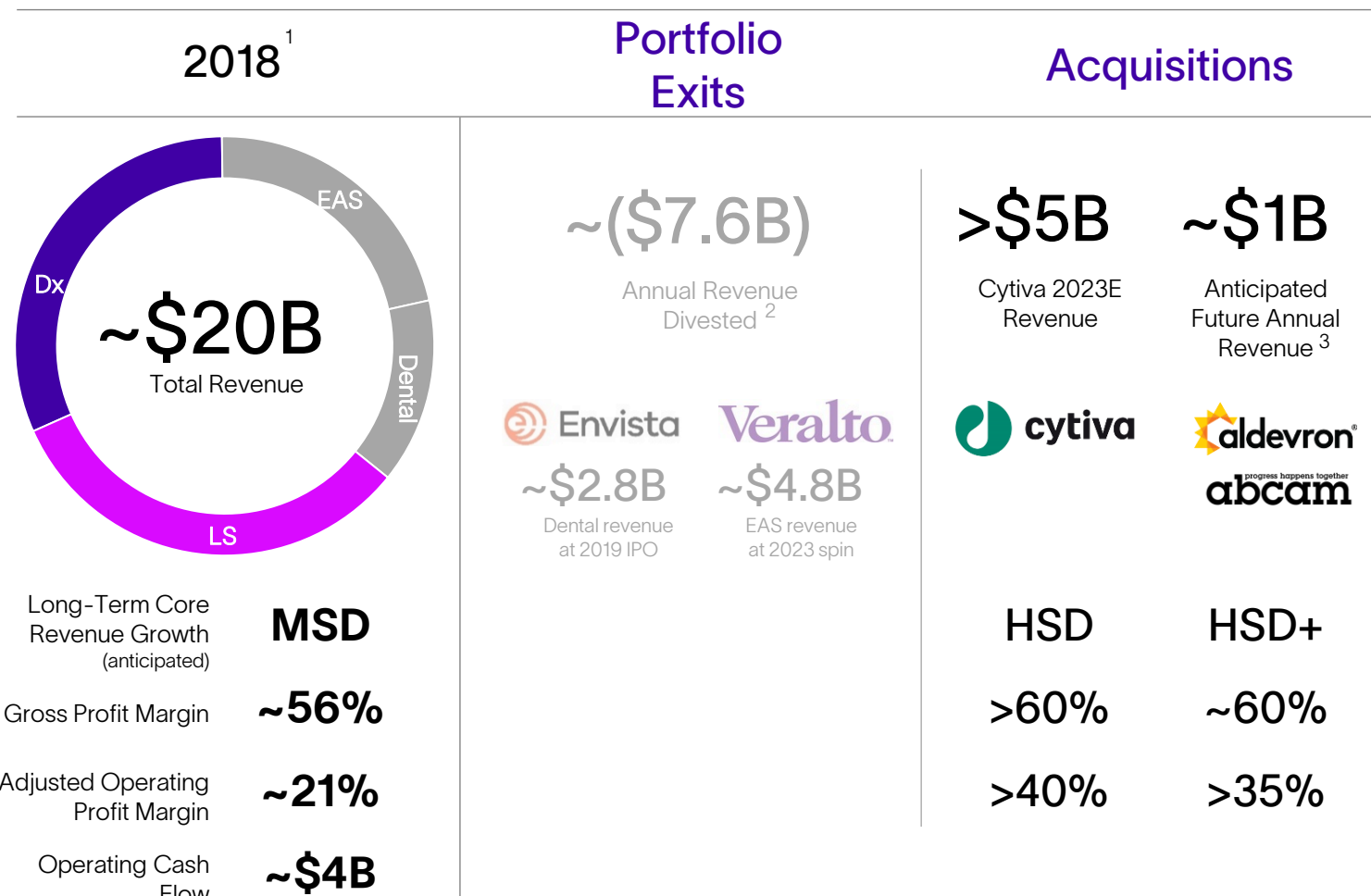
Danaher's positioning has transformed over the last 5 years

# Portfolio Transformation Into a Stronger, Better Danaher



1. Reflects reported revenue for 2018 prior to the presentation of the Dental and Environmental & Applied Solutions businesses as discontinued operations.  
 2. Reflects reported revenue for the last full year prior to separation.

# Portfolio Transformation Into a Stronger, Better Danaher



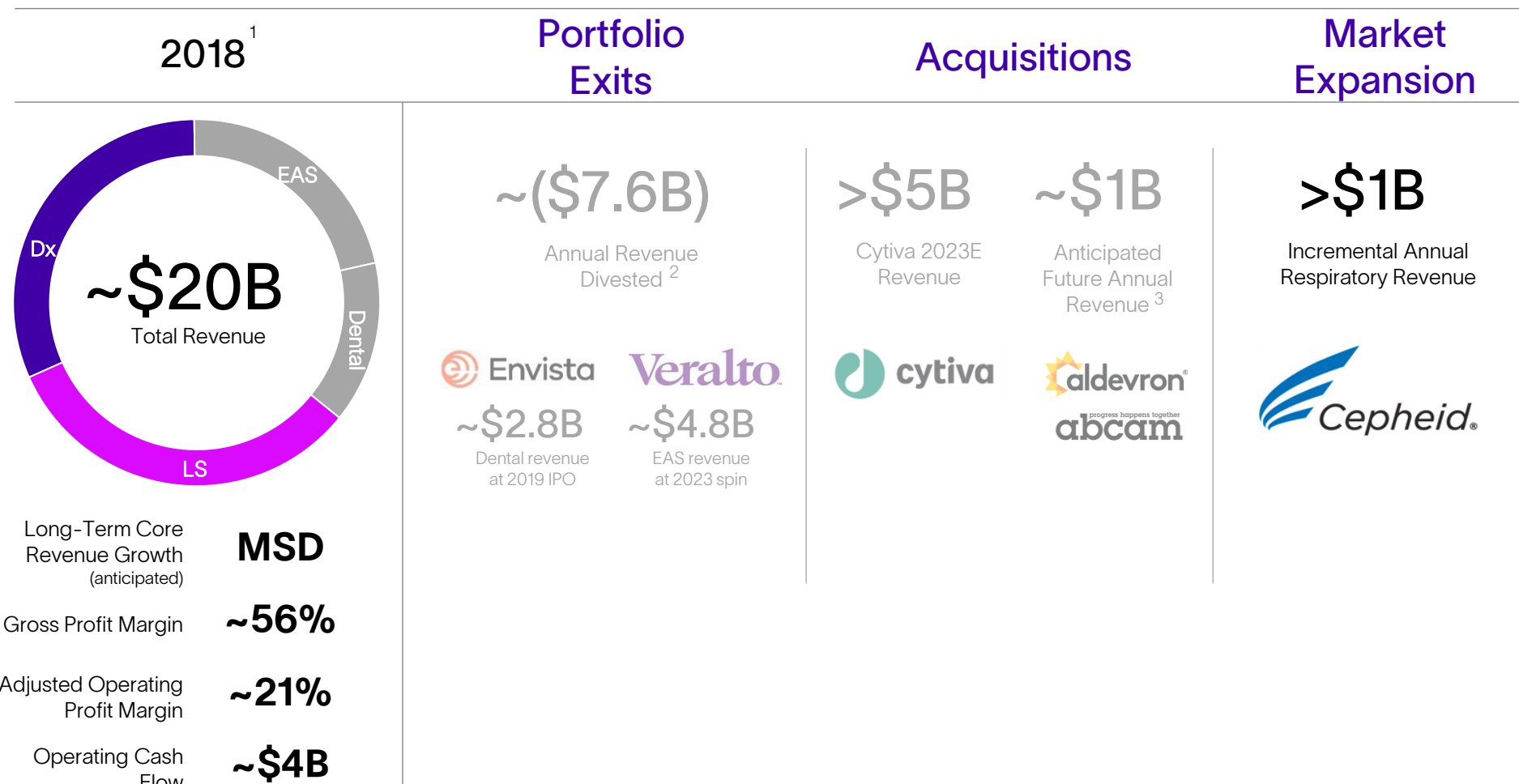
1. Reflects reported revenue for 2018 prior to the presentation of the Dental and Environmental & Applied Solutions businesses as discontinued operations.

2. Reflects reported revenue for the last full year prior to separation.

3. Based on Aldevron 2023E revenue and Abcam 2023E revenue including for periods prior to acquisition by Danaher

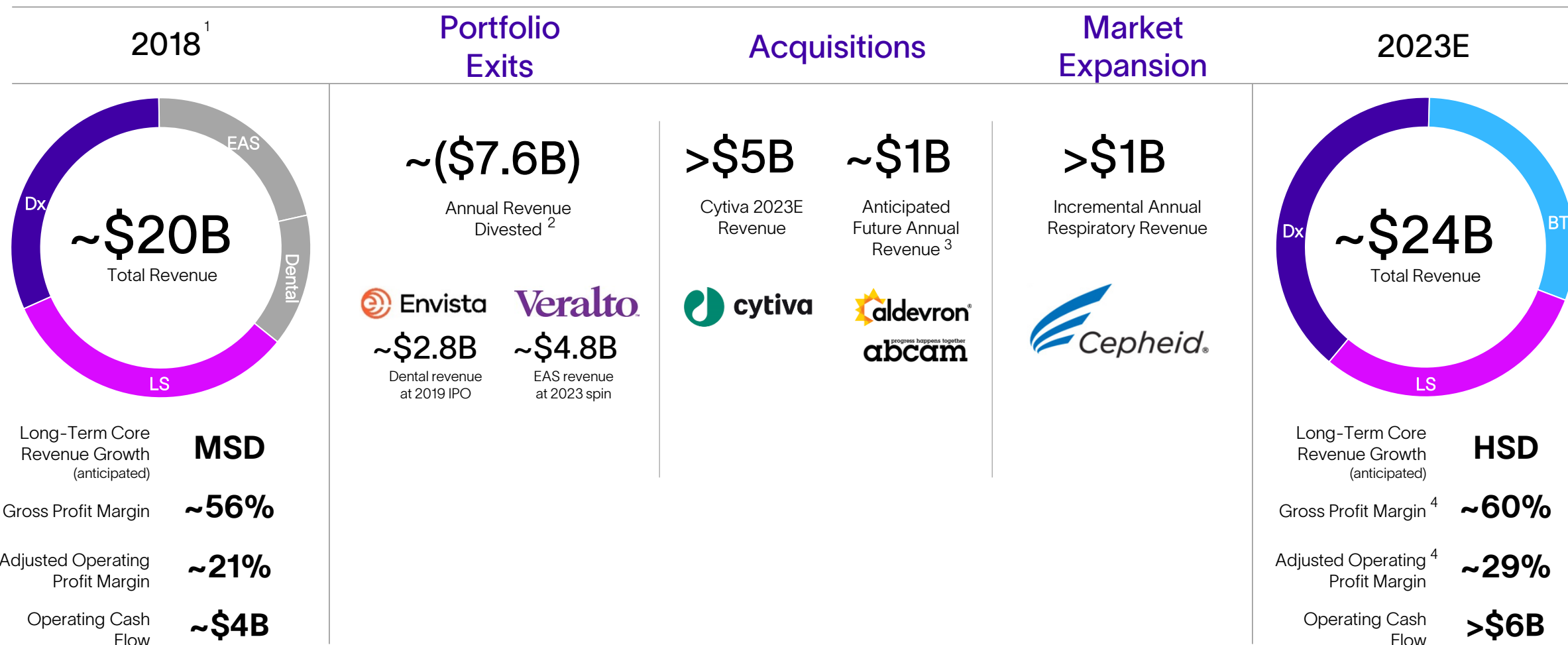


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# Portfolio Transformation Into a Stronger, Better Danaher



**Financial profile has improved significantly vs. pre-pandemic**

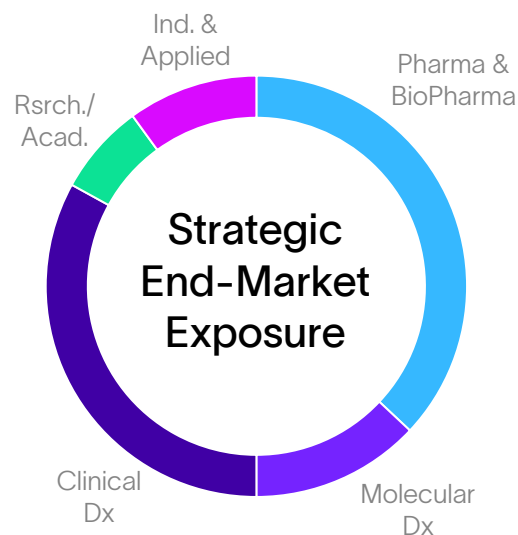


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 4. September 2023 YTD results from continuing operations.

# High-Quality Businesses in Attractive End Markets

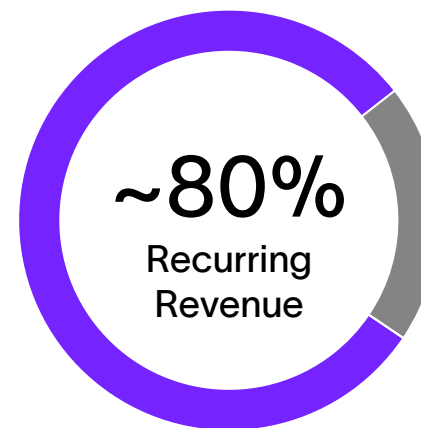
## Leading positions in attractive, fast-growing end markets

- Long-term, strong secular growth drivers
- Regulatory requirements



## United by a common business model

- Steady consumables stream off extensive installed base
- High value, 'mission-critical' applications



- ✓ Razor/Razor-blade
- ✓ Spec'd in
- ✓ Service

Enhanced with innovation & DBS to accelerate growth & earnings

# Long-term value creation through strategic M&A

## Market

- Secular growth drivers
- Fragmented
- Higher barriers to entry
- Optionality across portfolio

## + Company

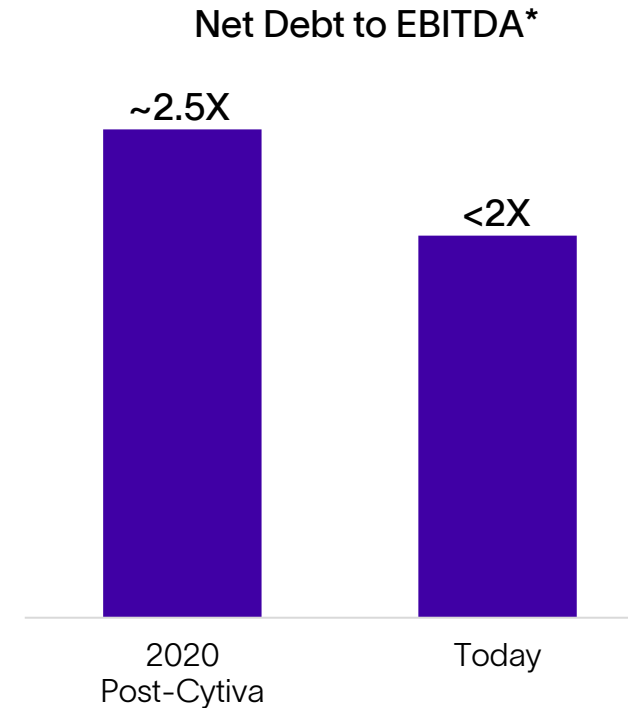
- Competitive market position
- Consistent revenue visibility
- Higher margin businesses
- Cultural fit & Leadership assessment

## + Valuation

- Focus on ROIC
- DBS opportunities
- Synergies with DHR OpCos

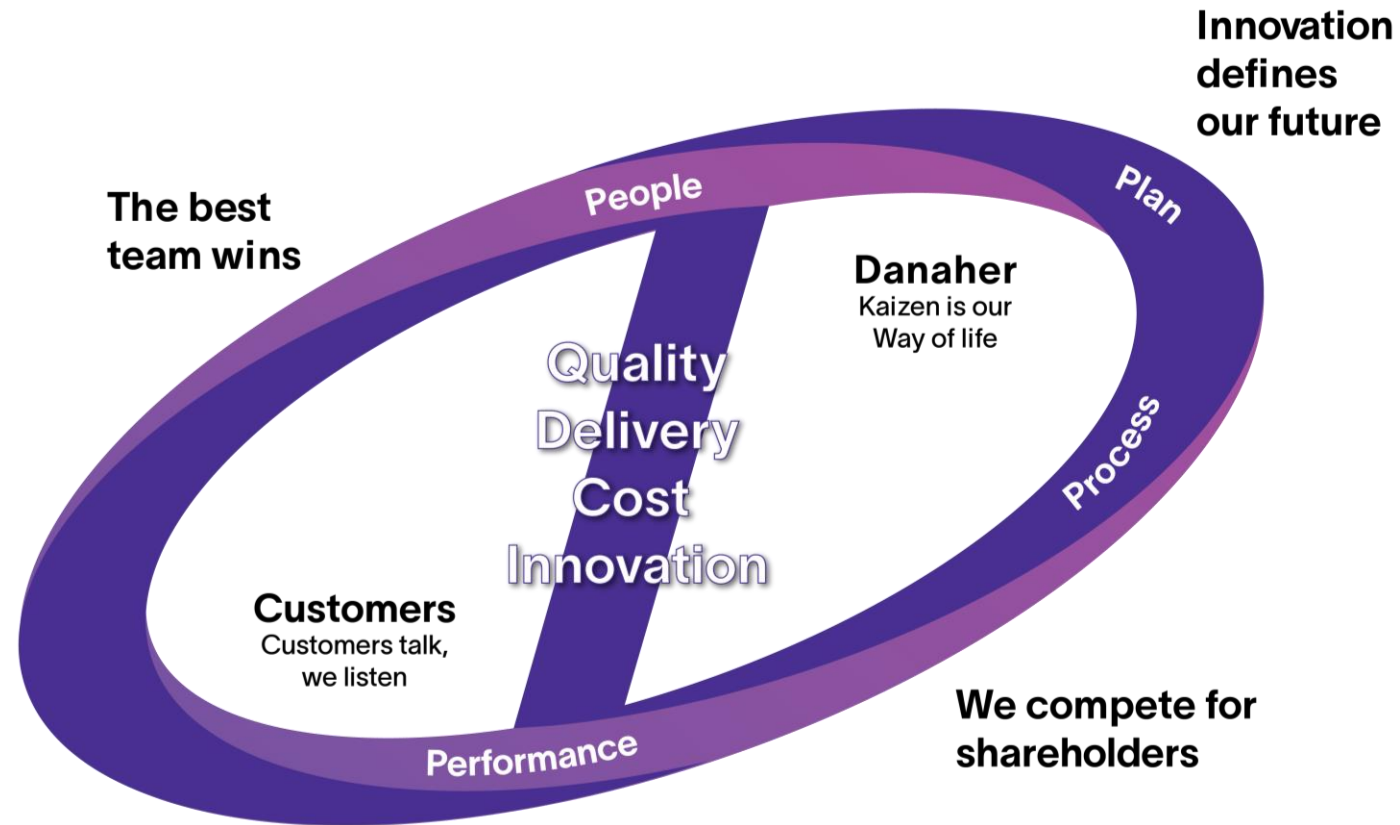
= Compounding returns over time

## Exiting 2023 with significant M&A capacity



Significant available capacity to pursue value creation opportunities

# The Danaher Business System (DBS)



DBS enabling differentiated execution, at scale

# Summary

Portfolio transformation driving higher revenue growth, profit margins and cash flow

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Differentiated positions in many of the most attractive areas of Biotechnology, Life Sciences and Diagnostics

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Well-positioned to generate sustainable long-term shareholder value, driven by DBS



## DANAHER CORPORATION

### Other Non-GAAP Adjusted P&L Measures (\$ in millions)

	Nine-Month Period Ended September 29, 2023 <sup>1</sup>			Year Ended December 31, 2020 <sup>2</sup>			Year Ended December 31, 2018 <sup>3</sup>		
	Sales	Operating profit	Operating profit margin	Sales	Operating profit	Operating profit margin	Sales	Operating profit	Operating profit margin
<b>Reported (GAAP)</b>	\$ 17,485	\$ 3,865	22.1 %	\$ 22,284	\$ 4,231	19.0 %	\$ 19,893	\$ 3,404	17.1 %
Amortization of acquisition-related intangible assets <sup>A</sup>	—	1,111	6.4	—	1,138	5.1	—	706	3.5
Separation costs <sup>B</sup>	—	—	—	—	—	—	—	15	0.1
Acquisition-related items <sup>C</sup>	—	—	—	52	568	2.5	—	7	—
Impairments and other charges <sup>D</sup>	—	42	0.2	—	22	0.1	—	—	—
Rounding	—	—	—	—	—	—	—	—	0.1
<b>Adjusted (Non-GAAP)</b>	<u>\$ 17,485</u>	<u>\$ 5,018</u>	<u>28.7 %</u>	<u>\$ 22,336</u>	<u>\$ 5,959</u>	<u>26.7 %</u>	<u>\$ 19,893</u>	<u>\$ 4,132</u>	<u>20.8 %</u>

<sup>1</sup> Reflects results presenting the Environmental & Applied Solutions business as discontinued operations.

<sup>2</sup> Reflects reported results prior to the presentation of the Environmental & Applied Solutions business as discontinued operations.

<sup>3</sup> Reflects reported results prior to the presentation of the Dental business and the Environmental & Applied Solutions business as discontinued operations.

<sup>A</sup> Amortization of acquisition-related intangible assets for the nine-month period ended September 29, 2023 and the years ended December 31, 2020 and 2018 and (\$1.1 billion, \$1.1 billion and \$706 million, respectively, pretax as reported in this line item).

<sup>B</sup> Costs incurred related to preparation for the separation of the Dental business primarily related to professional fees for legal, tax, finance and information technology services in the year ended December 31, 2018 (\$15 million pretax as reported in this line item).

<sup>C</sup> Costs incurred for fair value adjustments to inventory and deferred revenue, transaction costs deemed significant and integration and preparation costs related to the acquisition of Cytiva for the year ended December 31, 2020 (\$568 million pretax as reported in this line item). In the year ended December 31, 2018, acquisition-related transaction costs deemed significant (\$15 million pretax as presented in this line item) and fair value adjustments to inventory (\$1 million pretax as presented in this line item), in each case related to the acquisition of IDT, net of net gains on resolution of acquisition-related matters in the Life Sciences segment (\$9 million pretax as presented in this line item). 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.

<sup>D</sup> Impairment charges related to technology and other assets in the Biotechnology segment recorded in the nine-month period ended September 29, 2023 (\$42 million pretax as reported in this line item). Impairment charges related to a facility in the Diagnostics segment and trade names and other intangible assets in the Environmental & Applied Solutions segment recorded in the year ended December 31, 2020 (\$22 million pretax as reported in this line item).



**Net Earnings from Continuing Operations, Trailing Twelve Month Net Earnings, Adjusted EBITDA, and Net Debt to Adjusted EBITDA Ratio**  
(\$ in millions)

	Year Ended December 31, 2022 <sup>2</sup>	Three-Month Period Ended December 31, 2022 <sup>1</sup>	Nine-Month Period Ended September 29, 2023 <sup>1</sup>
<b>Net Earnings from Continuing Operations (GAAP)</b>	\$ 3,646	\$ 2,012	\$ 3,100
Interest, Net	204	33	15
Other Nonoperating (Income) Expense	(468)	69	38
Income Taxes	849	(117)	712
Other Operating Profit Adjustments <sup>4</sup>	590	—	42
Depreciation	637	192	497
Amortization of Intangible Assets	1,138	352	1,111
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 6,596	\$ 2,541	\$ 5,515
<b>Trailing Twelve Month Net Earnings from Continuing Operations (GAAP)<sup>5</sup></b>			\$ 5,112
<b>Trailing Twelve Month Adjusted EBITDA (Non-GAAP)<sup>6</sup></b>			\$ 8,056
Long-term Debt	\$ 21,193		\$ 16,909
Short-term Debt	11		2,547
Less: Cash and Equivalents	(6,035)		(11,851)
Plus: Abcam purchase price <sup>7</sup>	—		~5,700
<b>Net Debt (Non-GAAP)</b>	\$ 15,169		\$ 13,305
<b>Gross Debt to Net Earnings from Continuing Operations<sup>8</sup></b>	<u>~6.0X</u>		<u>~4.0X</u>
<b>Net Debt to Adjusted EBITDA (Non-GAAP)<sup>9</sup></b>	<u>~2.5X</u>		<u>&lt;2.0X</u>

<sup>1</sup> Reflects results presenting the Environmental & Applied Solutions business as discontinued operations.

<sup>2</sup> Reflects reported results prior to the presentation of the Environmental & Applied Solutions business as discontinued operations.

<sup>4</sup> Refer to the Reconciliation of GAAP to Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>5</sup> Trailing Twelve Month Net Earnings from Continuing Operations is defined as the sum of the Net Earnings from Continuing Operations for the three-month period ended December 31, 2022 and the nine-month period ended September 29, 2023.

<sup>6</sup> Trailing Twelve Month Adjusted EBITDA (Non-GAAP) is defined as the sum of the Adjusted EBITDA (Non-GAAP) for the three-month period ended December 31, 2022 and the nine-month period ended September 29, 2023.

<sup>7</sup> The Company acquired Abcam plc on December 6, 2023 and included the impact of the acquisition within the Net Debt calculation to provide an estimate of the Company's Net Debt position reflecting the decrease in cash from the acquisition.

<sup>8</sup> Gross Debt to Net Earnings from Continuing Operations is defined as the sum of Long-term and Short-term Debt divided by Net Earnings from Continuing Operations, or Trailing Twelve Month Net Earnings from Continuing Operations, as applicable.

<sup>9</sup> Net Debt to Adjusted EBITDA (Non-GAAP) is defined as Net Debt (Non-GAAP) divided by Adjusted EBITDA (Non-GAAP), or Trailing Twelve Month Adjusted EBITDA (Non-GAAP), as applicable.