

# 42<sup>nd</sup> Annual J.P. Morgan Healthcare Conference

**Marc N. Casper**

Chairman, President and Chief Executive Officer

January 9, 2024

 The world leader in serving science



# Safe Harbor / Non-GAAP Measures

Various remarks that we may make in the following presentations about the company's future expectations, plans and prospects constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995, including statements about future revenue, financial results, and impacts of the COVID-19 pandemic. Actual results may differ materially from those indicated by these forward-looking statements as a result of various important factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2022 and our subsequent Form 10-Qs, under the caption "Risk Factors," which are on file with the Securities and Exchange Commission and available in the "Investors" section of our website under the heading "SEC Filings." Important factors that could cause actual results to differ materially from those indicated by forward-looking statements include risks and uncertainties relating to: the COVID-19 pandemic; the need to develop new products and adapt to significant technological change; implementation of strategies for improving growth; general economic conditions and related uncertainties; dependence on customers' capital spending policies and government funding policies; the effect of economic and political conditions and exchange rate fluctuations on international operations; use and protection of intellectual property; the effect of changes in governmental regulations; any natural disaster, public health crisis or other catastrophic event; and the effect of laws and regulations governing government contracts, as well as the possibility that expected benefits related to recent or pending acquisitions, including our pending acquisition of Olink Holding AB (publ), may not materialize as expected. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if estimates change, therefore, you should not rely on these forward-looking statements as representing our views as of any date subsequent to today.

During these presentations, we will be referring to certain financial measures not prepared in accordance with generally accepted accounting principles, or GAAP, including adjusted EPS, free cash flow, adjusted operating income margin, and Core organic revenue growth. The non-GAAP financial measures of Thermo Fisher's results of operations and cash flows included in these presentations are not meant to be considered superior to or a substitute for Thermo Fisher's results of operations prepared in accordance with GAAP. Definitions of these non-GAAP financial measures and, for historical periods, a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in the appendix to these presentations. Thermo Fisher Scientific does not provide GAAP financial measures on a forward-looking basis because we are unable to predict with reasonable certainty and without unreasonable effort items such as the timing and amount of future restructuring actions and acquisition-related charges as well as gains or losses from sales of real estate and businesses, the early retirement of debt and the outcome of legal proceedings. The timing and amount of these items are uncertain and could be material to Thermo Fisher Scientific's results computed in accordance with GAAP.

**Please note that the attached presentations contain financial projections and other forward-looking statements that are specific to the date of the presentation and should not be considered current after such date.**

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## Key takeaways of the day

- Delivered differentiated performance in 2023 and are well-positioned to do so again in 2024
- Incredibly well-positioned industry leader serving very attractive end markets
- Proven growth strategy driving meaningful share gain
- Capital deployment strategy that creates significant value for all our stakeholders
- The power of our PPI Business System enables outstanding execution
- Comprehensive ESG strategy delivers competitive advantage
- We have an outstanding track record of financial performance and an excellent long-term outlook

**Exceptionally positioned for a terrific future**

# The world leader in serving science

ThermoFisher  
SCIENTIFIC

ThermoFisher  
SCIENTIFIC

thermo  
scientific

applied  
biosystems

invitrogen

fisher  
scientific

unity  
lab services

patheon

PPD



\$43B  
revenue



>125,000  
colleagues



\$1.4B  
R&D investment

## Industry-leading scale

- Exceptional commercial reach
- Unique customer access
- Extensive global footprint

## Unmatched depth of capabilities

- Leading innovative technologies
- Deep applications expertise
- Comprehensive biopharma services offering
- Premier productivity partner

## Sustainable value creation

- Positive societal impact
- Comprehensive ESG strategy

Powered by our Practical Process Improvement (PPI) Business System

# Our Mission is our purpose

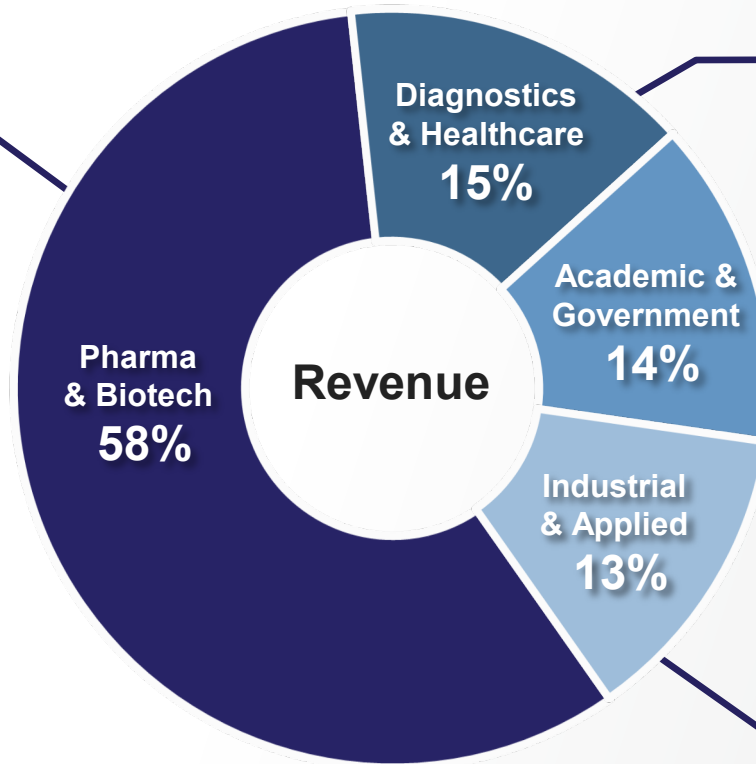


**We enable our customers to make the world healthier, cleaner and safer**

# Rich set of opportunities to enable our customers' success

## Pharma & Biotech

Enabling our customers from scientific idea to an approved medicine



## Diagnostics & Healthcare

Enabling more cost-effective and better patient care, and powering precision medicine

## Academic & Government

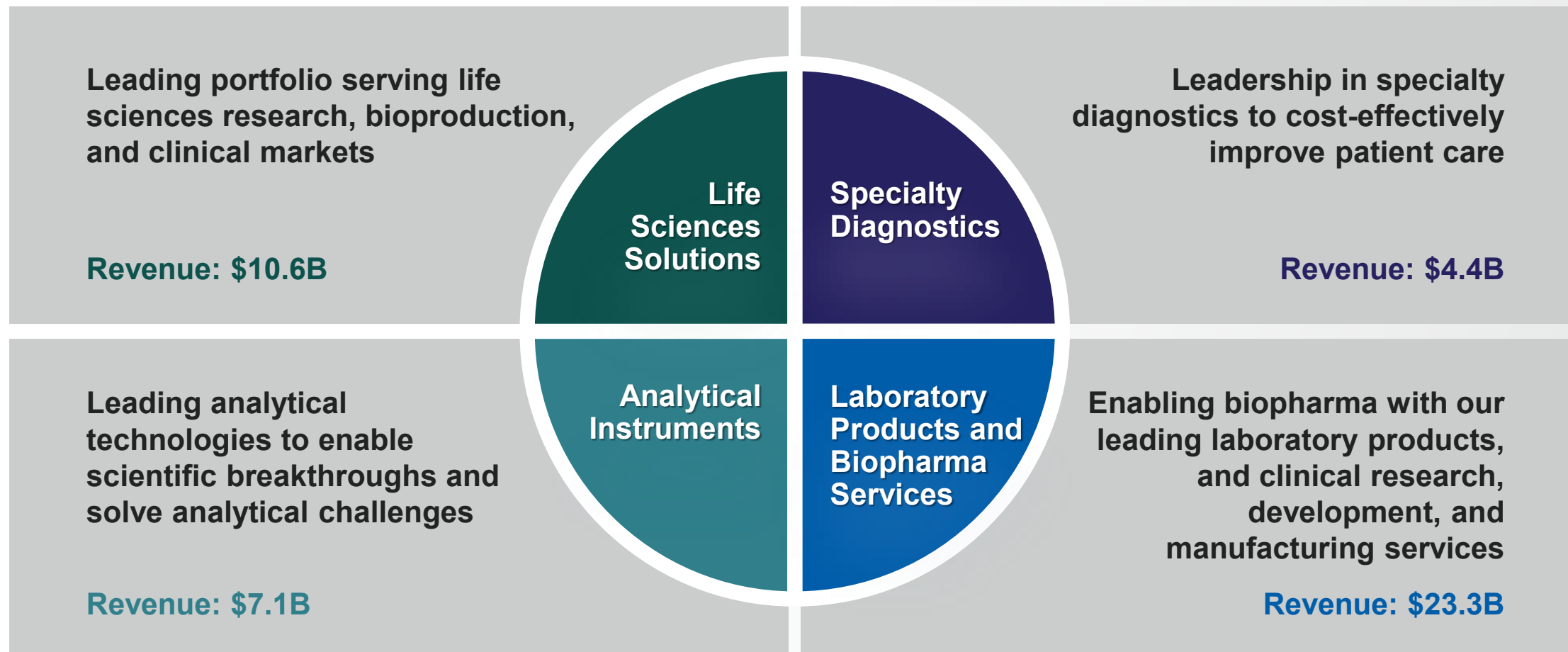
Delivering new scientific advances that fuel development pipelines for pharma and biotech

## Industrial & Applied

Facilitating research and development in materials science and clean energy

Serving \$240B market with long-term growth of 4% - 6%

# Our four segments with industry-leading businesses



# Our PPI Business System enables outstanding execution

## Our culture and mindset



**Engages every colleague to find a better way everyday**

## Benefits of our PPI Business System

World-class products and services

**PPI**  
Business System

Maximizing customer success

Quality

Productivity

Customer Allegiance

Operating and process efficiency

## Results

- Delivers competitive advantage
- Successful integration of acquisitions
- Differentiated financial performance



# Well positioned for a bright future

## Success is defined by our guiding principles

- Operate with speed at scale to support our customers
- Deliver differentiated short-term performance
- Enhance our long-term competitive position

## Serving markets with strong and durable growth

- Favorable demographics driving increased healthcare demand
- Ongoing scientific advances in life sciences research
- Breakthroughs in material sciences enabling rapid growth in semiconductors, advanced materials and clean energy transition

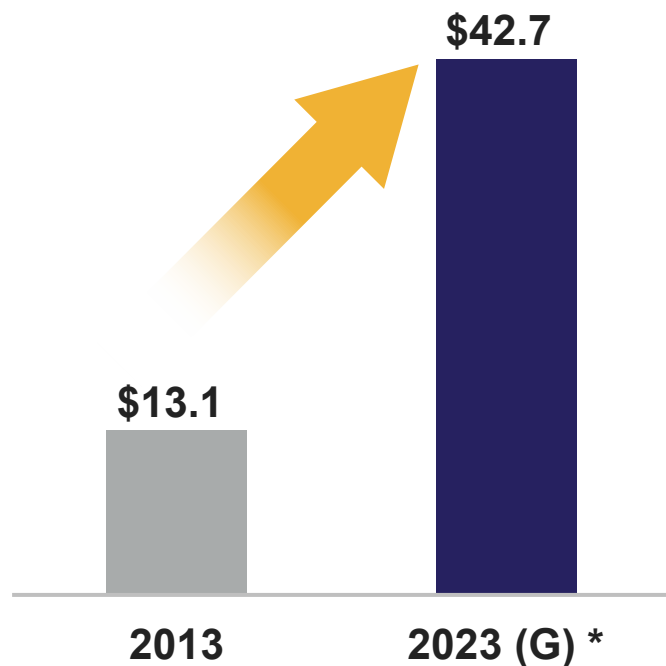
## Track record of successfully navigating dynamic environments

- We are the trusted partner to our customers, with capabilities that are essential to the work our customers do
- PPI Business System drives operational excellence and productivity
- Deep and experienced management team

# Delivering exceptional financial results

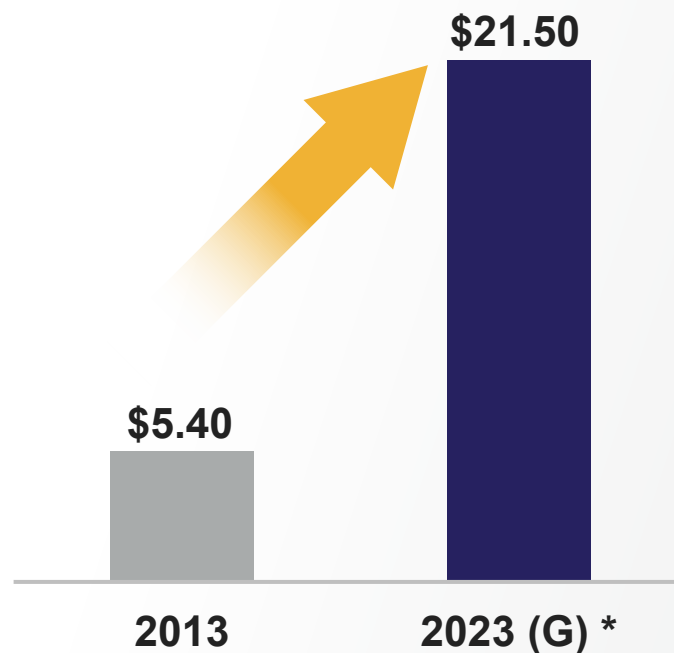
## Revenue (\$B)

13% CAGR



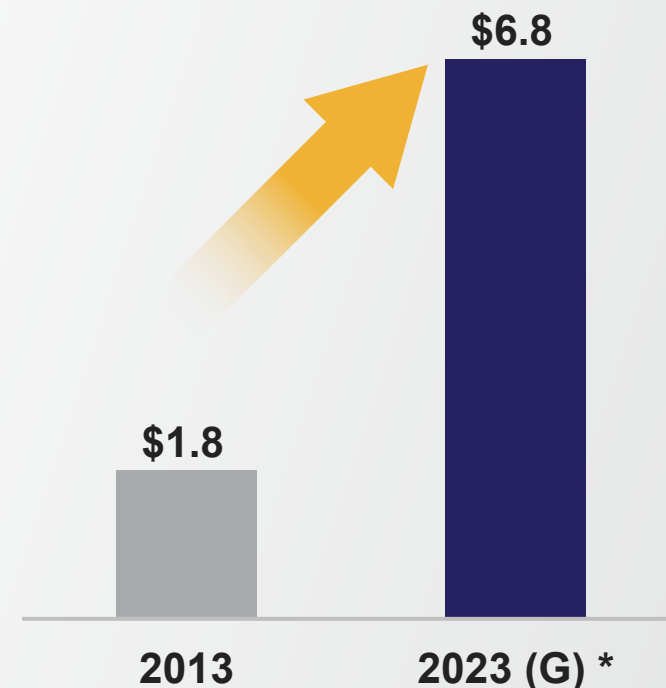
## Adjusted EPS

15% CAGR



## Free Cash Flow (\$B)

14% CAGR



## **2023 Goals** *(as communicated at JPM Conference on January 10<sup>th</sup>, 2023)*

- **Revenue** – execute our proven growth strategy to drive continued share gains
- **Leverage PPI Business System** to effectively navigate the dynamic macro environment
- **Effectively execute our capital deployment strategy**
  - Deliver PPD synergies
  - Successfully integrate The Binding Site
  - Execute our M&A and return of capital strategy
- **Progress our Environmental, Social and Governance priorities**

# 2023: An outstanding year of product innovation

## Improving genetic analysis workflows



### Applied Biosystems™ QuantStudio™ Absolute Q™ AutoRun dPCR System

Digital PCR automation solution benefits customers in various molecular testing applications, reducing hands-on time and improving lab economics and reducing overhead.

## Accelerating protein discoveries



### Thermo Scientific™ Orbitrap™ Astral™ Mass Spectrometer

The most significant advancement in mass spectrometry in 15 years. The Orbitrap Astral combines speed, high sensitivity and deep proteome coverage to enable breakthroughs in targeted therapies.

## Improving quality of prenatal care



### First FDA-cleared assays for preeclampsia

The first and only approved immunoassays to help doctors assess a mother's risk of developing preeclampsia, a serious complication that can develop in pregnancy.

## Maximizing downstream bioprocesses



### Thermo Scientific™ Fill Finish Solution

Improves on industry standard final fill options to maximize drug product yield in the production of vaccines and biologics.

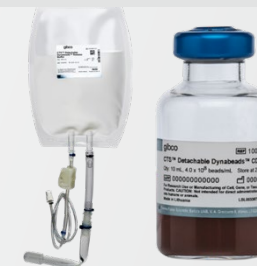
## Advancing semiconductor innovation



### Thermo Scientific™ Metrios™ 6 S/TEM

Fully automated scanning transmission electron microscope enabling development of more advanced and complex semiconductors.

## Enabling gene therapies



### Gibco™ CTS™ Detachable Dynabeads™ Kit

Next-generation platform with unique active release mechanism, provides cost savings in manufacturing while ensuring high cell purity, yield, and viability.

# 2023: Advancing our trusted partner status



*“Thermo Fisher Scientific, Boehringer Ingelheim Partner on Companion Dx for Lung Cancer”*

*“Thermo Fisher, Pfizer team up on global access to cancer DNA testing”*

*“Partnership between Thermo Fisher and BRIN to strengthen research capabilities in Indonesia”*

*“Thermo Fisher Scientific expands France hub to get drugs from development to commercial manufacturing quicker”*

*“Novo hires Thermo Fisher as second manufacturer for Wegovy weight-loss drug-source”*



**Trusted partner helping customers accelerate innovation and enhance productivity**

# 2023: Further strengthening our unparalleled commercial engine

- Opening of a new cell therapy cGMP manufacturing and collaboration center to accelerate development of breakthrough therapies
- Opening of a state-of-the-art customer center of excellence in Milan to showcase our industry-leading products, services and expertise
- Leveraging AI to further optimize commercial effectiveness and improve the customer experience



Commercial advantage through deep engagement with customers

# 2023: PPI Business System enables differentiated performance

- **Navigating dynamic macro environment**
  - Ramped up commercial intensity to drive share gains
  - Actively managed our cost base to drive operational efficiency
  - Leveraged company scale to optimize purchasing / sourcing
- **Pricing optimization**
  - Enabled strong and appropriate price realization



**Our PPI Business System drives productivity, quality and customer allegiance**

## 2023: Actively deploying capital

- **M&A performing very well: Completed \$4B in acquisitions and announced \$3B purchase of Olink**
  - The Binding Site – Industry leader in the diagnosis and management of blood cancers and immune system disorders
  - CorEvitas – Leading provider of regulatory-grade, real world evidence for approved medical treatments and therapies
  - Olink – Leading provider of next-generation proteomic solutions
- **Capital Expenditure\*:**
  - Net Capital Expenditure: \$1.3B - \$1.5B
  - Fueling long-term growth and delivering high ROI
- **Return of Capital\*:**
  - Share repurchases: \$3.0B
  - Dividends: \$540M (17% YoY increase)

**Proven capital deployment strategy drives significant value**



## Environment

### Safeguarding the planet

- Transitioning over half of our sites in continental Europe to renewable energy by 2025

### Enabling our customers' sustainability goals

- Launched products that lower customers' environmental impact



DynaSpin™ Single-Use Centrifuge (waste reduction)



Invitrogen DynaGreen™ Magnetic Beads (microplastic reduction)

## Social

### Empowering our colleagues

- Recognized for our award-winning culture where our colleagues have mission-oriented careers

### Supporting our communities

- Completed inaugural STEM competition reaching 65,000 students



## Governance

### Ensuring good governance

- Enhanced our governance disclosures and drove improvement in third-party ESG ratings and recognition

### Reporting with transparency

- Recognized in top 100 of TIME magazine's World's Best Companies list that considers ESG criteria



## 2023 Goals *(as communicated at JPM Conference on January 10<sup>th</sup>, 2023)*

- Revenue – execute our proven growth strategy to drive continued share gains
- Leverage PPI Business System to effectively navigate the dynamic macro environment
- **Effectively execute our capital deployment strategy**
  - Deliver PPD synergies
  - Successfully integrate The Binding Site
  - Execute our M&A and return of capital strategy
- **Progress our Environmental, Social and Governance priorities**



## 2024 Goals

- **Revenue – execute on our proven growth strategy to drive continued share gains**
- **Operational excellence**
  - Leverage PPI Business System to deliver differentiated performance
- **Effectively execute our capital deployment strategy**
  - Close and successfully integrate Olink
  - Continue to execute our M&A and return of capital strategy
- **Progress our Environmental, Social and Governance priorities**

**Deliver differentiated short-term performance while enhancing our long-term competitive position**

## Key takeaways of the day

- Delivered differentiated performance in 2023 and are well-positioned to do so again in 2024
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**Exceptionally positioned for a terrific future**



Building a  
**brighter**  
future

GAAP/Non-GAAP  
Reconciliation and  
Financial Package

January 9, 2024

## Use of Non-GAAP Financial Measures

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

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

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

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

We define net debt as total debt less cash and cash equivalents. We believe net debt is meaningful to investors as the company considers net debt and its components to be important indicators of liquidity and financial position.

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

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

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

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## Reconciliation of GAAP to Adjusted EPS and Free Cash Flow

(Dollars in millions except EPS)

	<b>2013</b>
	<b>\$</b>
<b>GAAP diluted EPS attributable to Thermo Fisher Scientific Inc.</b>	<b>3.48</b>
Cost of revenues adjustments (a)	0.08
Selling, general and administrative expenses adjustments (b)	0.20
Restructuring and other costs (c)	0.21
Amortization of acquisition-related intangible assets	2.09
Other income/expense adjustments (d)	0.16
Provision for income taxes adjustments (e)	(0.82)
Loss from discontinued operations	0.02
Equity in earnings/losses of unconsolidated entities	(0.02)
<b>Adjusted diluted EPS</b>	<b>5.40</b>
 <b>Reconciliation of free cash flow</b>	
GAAP net cash provided by operating activities	2,083
Net cash used in discontinued operations	5
Purchases of property, plant, and equipment	(283)
Proceeds from sale of property, plant and equipment	21
<b>Free cash flow</b>	<b>1,826</b>

(a) Adjusted results exclude inventory charges, principally for the sale of inventories revalued at the date of acquisition and accelerated depreciation on assets to be abandoned as a result of real estate consolidation.

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

(c) Adjusted results exclude severance and retention costs; abandoned facility and other expenses of real estate consolidation; impairments of long-lived assets; and significant gains and losses on litigation-related matters.

(d) Adjusted results exclude net gains/losses on investments; and costs to obtain short-term financing commitments related to acquisitions.

(e) Adjusted income tax benefit/provision excludes the tax benefits/provisions related to the above excluded items, the impact of the resolution of significant tax audits, and the tax effects from adjusting the company's deferred tax balances as a result of tax rate changes.