



Veralto™

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# Safeguarding the World's Most Vital Resources

Investor and Analyst Presentation | September 6, 2023

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# Agenda

**1** Introduction to Veralto

**Jennifer L. Honeycutt**

President and Chief Executive Officer

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**2** Water Quality

**Melissa Aquino**

SVP, Water Quality

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**3** Product Quality & Innovation

**Mattias Byström**

SVP, Product Quality & Innovation

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**4** Financial Overview

**Sameer Ralhan**

SVP, Chief Financial Officer

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**5** Conclusions

**Jennifer L. Honeycutt**

President and Chief Executive Officer

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**6** Q&A



Veralto™

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# Introduction to Veralto

Jennifer L. Honeycutt

Investor and Analyst Presentation | September 6, 2023



# Veralto / A premier technology leader in water and product quality

- 1 A LEADER IN WATER & PRODUCT QUALITY
- 2 PREMIER FINANCIAL PROFILE
- 3 PROVEN VALUE CREATION PLAYBOOK

## 1 A LEADER IN WATER & PRODUCT QUALITY

~80% of sales in water, food, pharma

Attractive markets, secular drivers

High-end water solutions

Digital workflow solutions

## 2 PREMIER FINANCIAL PROFILE

Durable sales growth

2020-2022 average

MSD core sales growth\*

High profitability

57% recurring sales

Strong cash generation

57% gross profit margin

23% Adj. EBITDA margin\*

>100% FCF conversion\*

## 3 PROVEN VALUE CREATION PLAYBOOK

Strong Danaher heritage

Diverse, experienced team

Disciplined capital allocation with M&A bias

Unifying purpose (vital resources)

Note: Financial data based on 3-year averages from 2020-2022

\*See appendix for reconciliations to non-GAAP measures; Core sales growth, adjusted EBITDA Margin and FCF conversion can be calculated by taking the average of the non-GAAP measures for the years 2020-2022

**SAFEGUARDING THE WORLD'S MOST VITAL RESOURCES™**

# Veralto / A leader in water and product quality

## WATER QUALITY

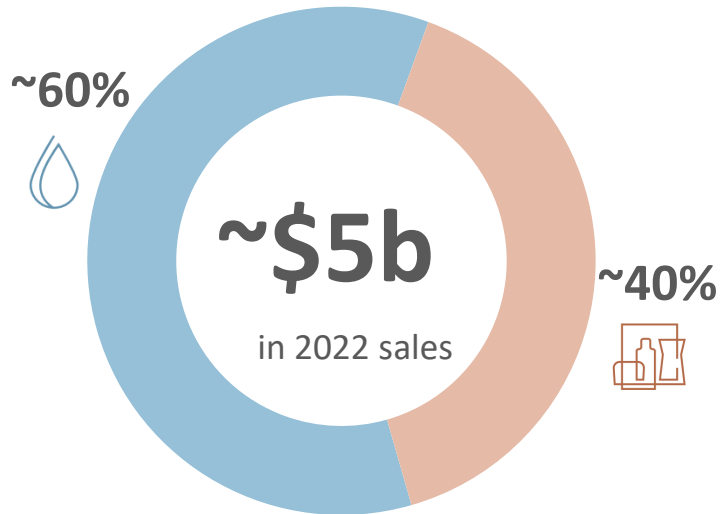
### Water Analytics



### Water Treatment



# Veralto™



## PRODUCT QUALITY & INNOVATION

### Marking & Coding



### Packaging & Color



Strong Global Brands | Long Track Record of Innovation | Commercial Excellence



# Veralto / Making a positive impact on the world

Safe Drinking Water	<b>3.4b</b>	...people we help ensure have safe drinking water everyday (~40% of the world's population)	Product Integrity	<b>~10b</b>	...detailed and accurate codes marked daily to help our customers maintain product authenticity and traceability
Water Conservation	<b>&gt;80b</b>	...gallons of water we saved with customers in 2022	Brand Integrity	<b>~80%</b>	...of the top global consumer packaged goods and pharma brands use our product quality & innovation technologies <sup>(1)</sup>
Water Reuse	<b>12t</b>	...gallons of water treated and recycled by our solutions each year	Brand Sustainability Enablement	<b>2m</b>	...pounds of CO2 reduced by eliminating >500,000 annual trucking miles for one customer

Note: Management estimates  
<sup>(1)</sup> Reflects percentage of the of the top 25 global consumer packaged goods brands and the top 20 pharmaceutical brands (based on 2022 revenues)

## Unified Purpose Focused on Protecting Global Resources

# Veralto / End market tailwinds favorable to growth



## WATER QUALITY

Water scarcity

Water quality

Contaminant regulation

Climate change & severe weather events

Sustainability



## PRODUCT QUALITY & INNOVATION

Consumer safety

Omnichannel buying

Packaging proliferation

Digitization

Sustainability

**Strong Long-Term Secular Growth Trends Across Both Segments**

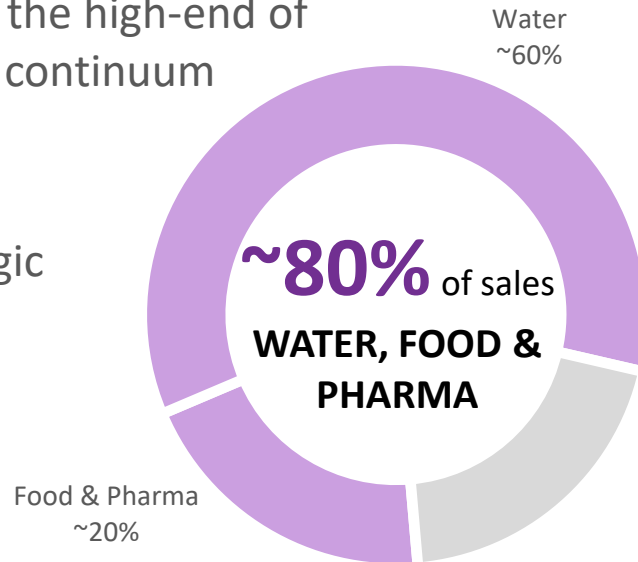


# Veralto / High quality businesses with durable business model

## A LEADER IN ATTRACTIVE END MARKETS

- Attractive end markets with strong secular growth drivers
- Technologies at the high-end of customer value continuum

- ✓ Diverse, strategic end market exposure



Note: Water, Food & Pharma sales based on 2022; Recurring sales based on 3-year average 2020-2022

## UNITED BY A COMMON BUSINESS MODEL

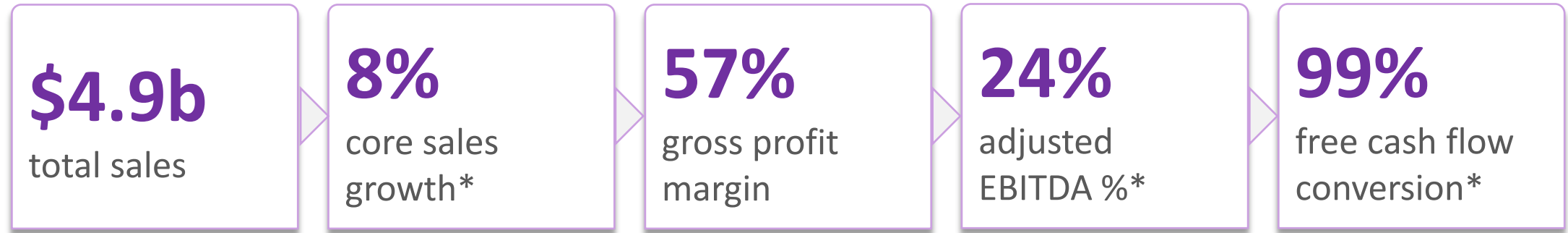
- Mission critical technologies integral to customers' daily operations (OPEX vs. CAPEX)
- Steady stream of consumables from extensive installed base

- ✓ Razor / Razor Blade
- ✓ Consumables
- ✓ Software & Service



Attractive End Market Exposure | High Recurring Sales

## 2022 KEY FINANCIAL RESULTS



- ✓ Consistent sales growth
- ✓ Strong margins
- ✓ Robust cash generation

\*See appendix for reconciliations to non-GAAP measures; Adjusted EBITDA margin includes management's estimate of incremental stand-alone costs

**Differentiated Value Proposition and DBS Drive Superior Performance**



# Veralto / Danaher Business System (DBS)

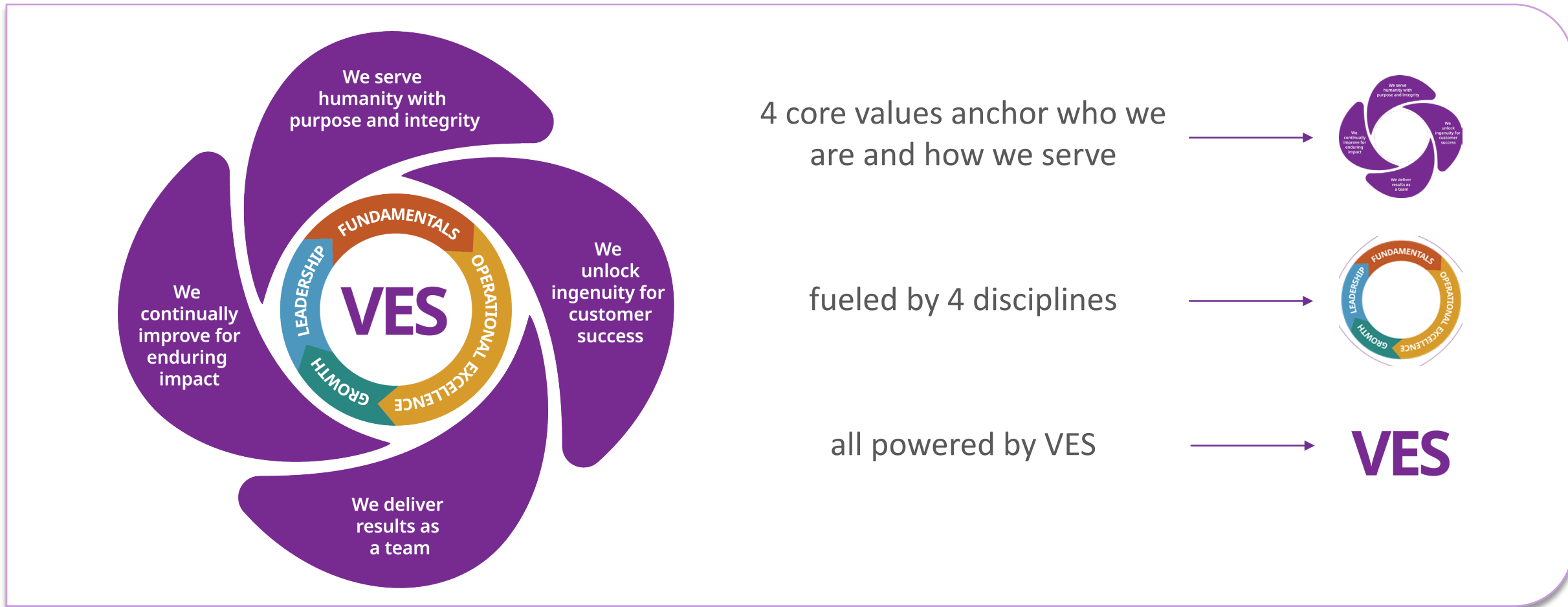
- 1 A LEADER IN WATER & PRODUCT QUALITY
- 2 PREMIER FINANCIAL PROFILE
- 3 PROVEN VALUE CREATION PLAYBOOK



DBS Has Been Integral to Driving Performance for Veralto

# Veralto / Evolving to the Veralto Enterprise System (VES)

- 1 A LEADER IN WATER & PRODUCT QUALITY
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- 3 PROVEN VALUE CREATION PLAYBOOK



VES is Underpinned by DBS Principles, Grounded in Veralto's Values

# Veralto / Proven long-term value creation playbook

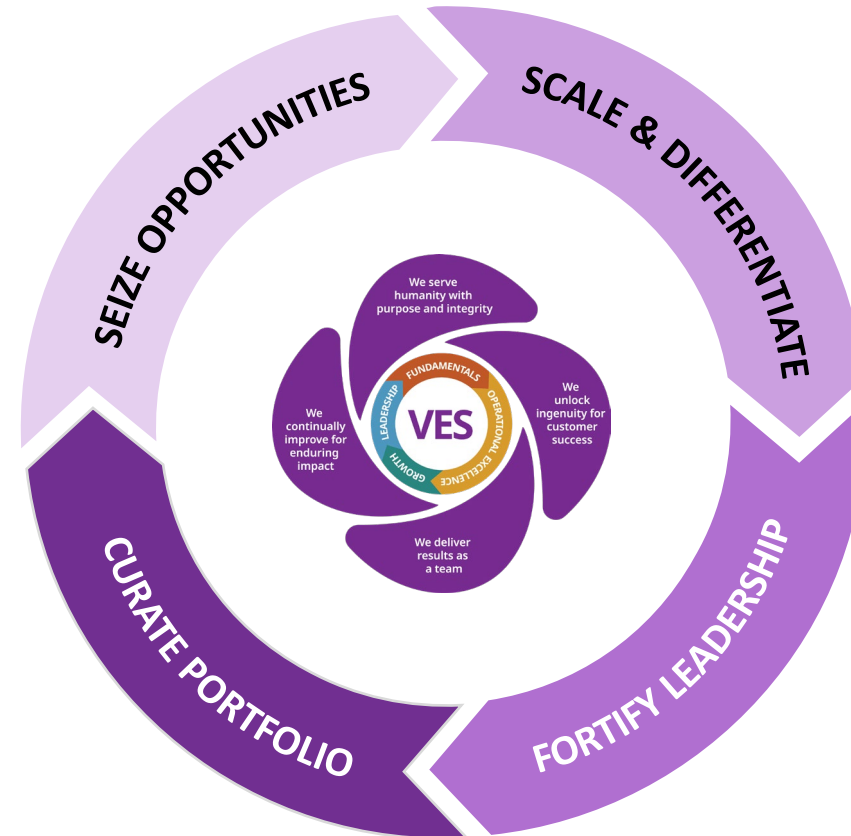
- 1 A LEADER IN WATER & PRODUCT QUALITY
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## SEIZE OPPORTUNITIES

Emerging regulations  
New funding  
Technology breakthroughs

## CURATE PORTFOLIO

Strategic acquisitions  
Strategic partnerships  
Innovation / R&D



## SCALE & DIFFERENTIATE

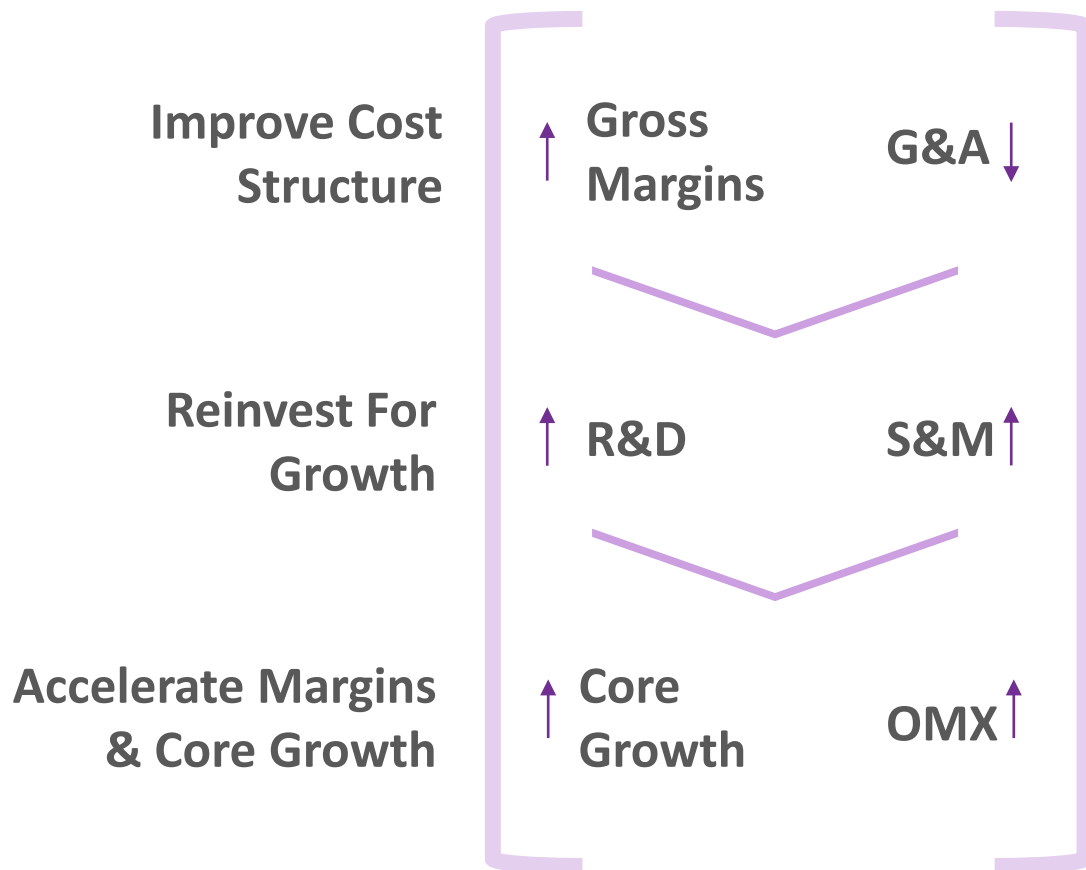
New products  
Operational efficiency  
Commercial reach

## FORTIFY LEADERSHIP

Consumables  
Customer service  
Software subscriptions

## Virtuous Cycle of Portfolio Evolution

# Veralto / Running the Veralto playbook



$$\begin{aligned}
 &\text{Core Revenue Growth} \\
 &+ \\
 &\text{Margin Expansion} \\
 &+ \\
 &\text{Strong Free Cash Flow} \\
 &+ \\
 &\text{Acquisitions} \\
 &= \\
 &\text{COMPOUNDING EPS GROWTH \& RETURNS}
 \end{aligned}$$

Reinvesting Cash Flow to Drive Compounding Growth and Returns

# Veralto / Strategic M&A criteria

## MARKET

**AND**

- Secular growth drivers
- Existing and adjacent markets with right to play
- Fragmented
- Differentiated value proposition

## COMPANY

**AND**

- Competitive market position
- Strong brand / channel
- Recurring sales
- Higher margin businesses
- Cultural fit

## VALUATION

- Focus on ROIC
- VES opportunities
- Sustainability
- Synergies

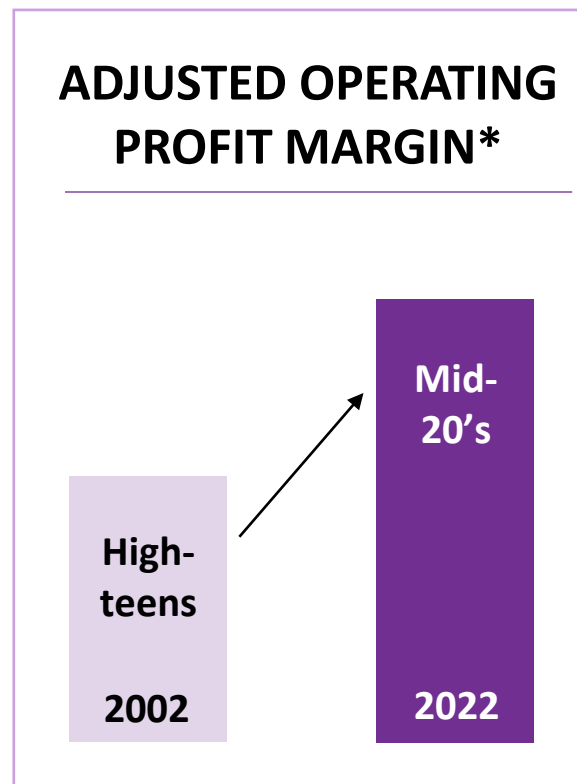
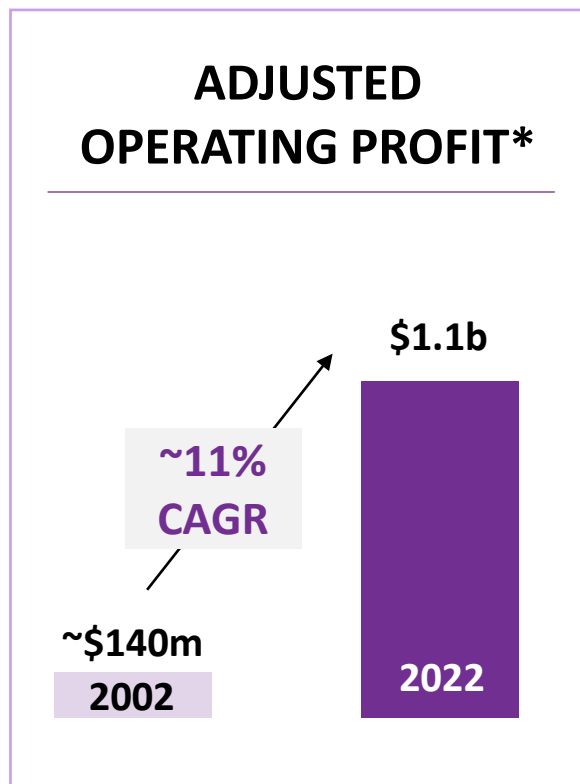
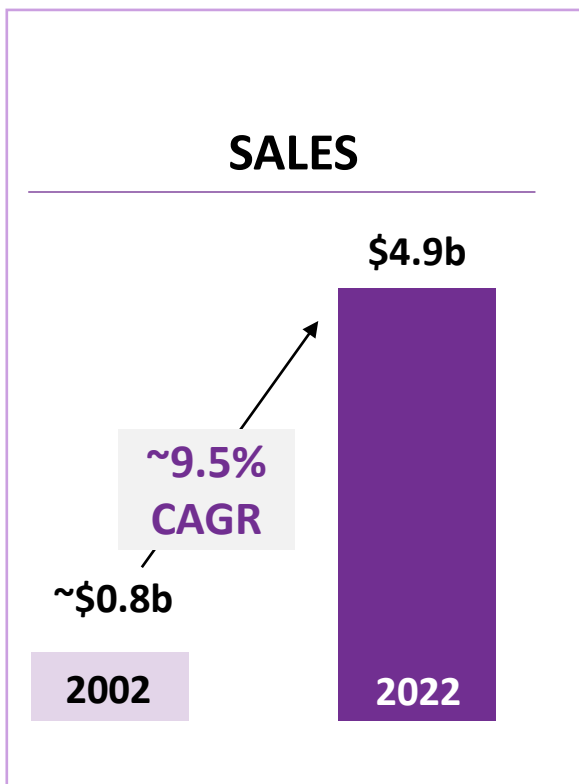


**COMPOUNDING RETURNS OVER TIME**

**Disciplined Approach to Capital Deployment**



# Veralto / World-class enterprise built and strengthened over time



### PREMIER FINANCIAL PROFILE

Financial data below based on 3-year averages from 2020-2022

- ✓ **MSD** core sales growth\*
- ✓ **57%** recurring sales
- ✓ **57%** gross profit margin
- ✓ **23%** Adj. EBITDA margin\*
- ✓ **>100%** FCF conversion\*

**~80** ACQUISITIONS UNDER DANAHER

**~20%** ROIC IN 2022

## Track Record of Strategic Growth, Margin Expansion and Compounding Returns



Notes: 2002 amounts reflect the results of the Veralto operating companies that were owned by Danaher as of that date. These companies were reported within the Process and Environmental Controls reporting segment within Danaher's financial reporting for 2002; The Company defines Return on Invested Capital (ROIC) as the adjusted operating profit (non-GAAP) of acquired businesses divided by the sum of acquisition purchase price for all Veralto businesses acquired by Danaher  
 \*See appendix for reconciliations to non-GAAP measures; 2020-2022 averages can be calculated based on the non-GAAP measures provided in the appendix

# Veralto / Executive leadership team

- 1 A LEADER IN WATER & PRODUCT QUALITY
- 2 PREMIER FINANCIAL PROFILE
- 3 PROVEN VALUE CREATION PLAYBOOK

Jennifer Honeycutt President and CEO	Sameer Ralhan* SVP, CFO	Sylvia Stein* SVP, General Counsel	Paxton McVoy* Chief Information Officer	Lesley Beneteau SVP, Human Resources
Mattias Byström SVP, Product Quality	Melissa Aquino SVP, Water Quality	Scott Benigni* VP, Veralto Enterprise System Office	Surekha Trivedi SVP, Strategy & Sustainability	Vaneet Malhotra SVP, Corp. Development

Danaher leader  
 External hire\*

**DIVERSE & EXPERIENCED**

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60% from Danaher  
 3 decades | 100+ years of combined Danaher experience

70% diverse

50% women

40% people of color

**Diverse, Experienced Leadership Team**

## Veralto / What you will hear today

**PREMIER BUSINESSES with MARKET LEADING TECHNOLOGY & INNOVATION**

**ATTRACTIVE SECULAR GROWTH DRIVERS and DURABLE BUSINESS MODEL**

**PROVEN VALUE CREATION PLAYBOOK**

**Premier Businesses in Attractive End Markets Powered by VES**



# Water Quality

**Melissa Aquino**

SVP, President of Water Quality

**Veralto**<sup>™</sup>





# Water Quality / A global leader in water analytics and water treatment

**\$2.9b**  
sales in 2022

**5.7%**  
core sales growth\*

2020-2022 AVERAGE

**56%**  
recurring sales

**23%**  
Adj. operating  
profit margin\*

## WATER ANALYTICS



A global leader in water analytics with deep expertise in applied chemistry & biology

## WATER TREATMENT



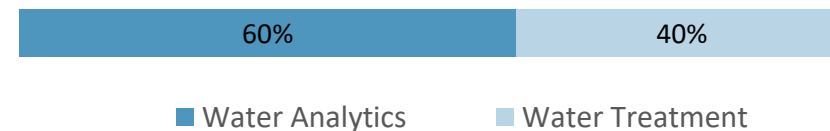
A leader in industrial water treatment in North America



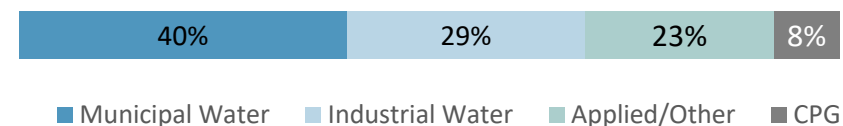
A global leader in UV disinfection & membrane filtration

## 2022 SALES COMPOSITION

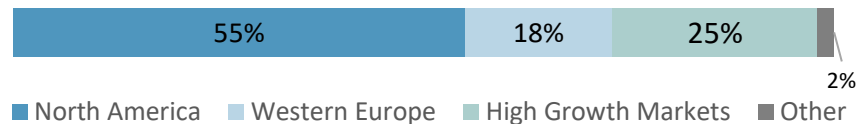
### Sales by application



### Sales by end market



### Sales by geography

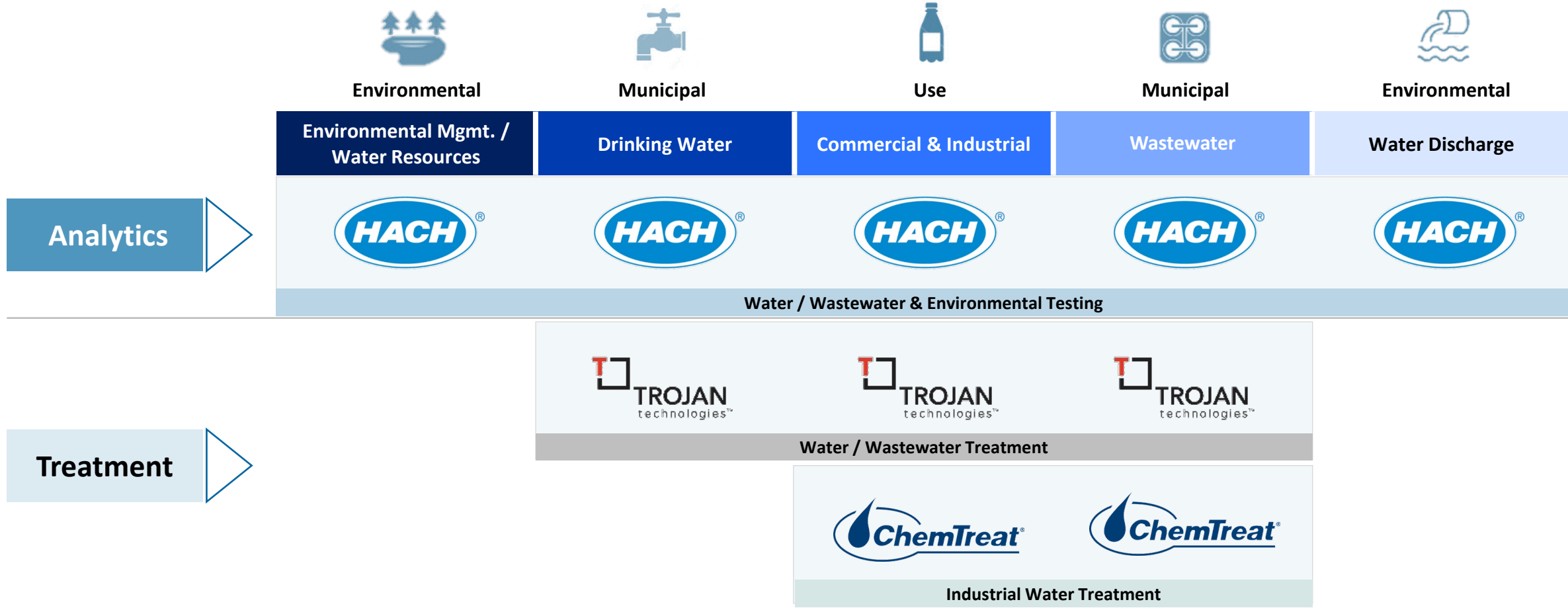


\*See appendix for reconciliations to non-GAAP measures; Core sales growth and adjusted Operating Profit Margin can be calculated by taking the average of the non-GAAP measure for the years 2020-2022

**We Aim to Solve the World's Most Complex Water Problems**

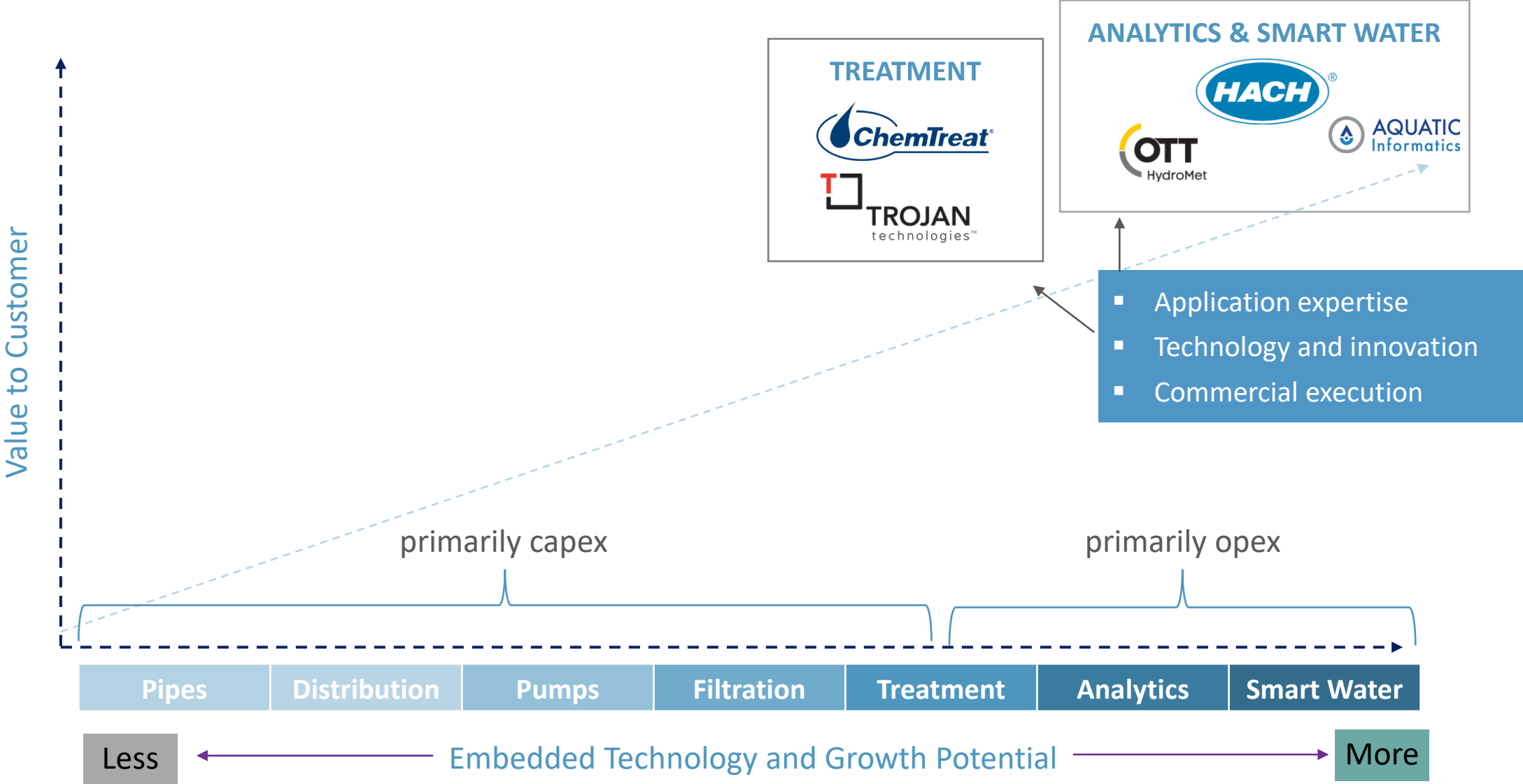


# Water Quality / Well-positioned in the most attractive areas of water quality



## Water Analytics and Treatment Solutions Across the Value Chain

# Water Quality / Technologies and solutions at the high end of value continuum



# Water Quality / Water analytics overview

## CUSTOMER TYPES

- Municipal
- Industrial
- Commercial
- Environmental agencies

## APPLICATION ENVIRONMENTS

- Laboratory
- Field
- Process
- Central data management

## PRODUCT OFFERINGS

- Analytical solutions
- Lab & portable instruments
- Chemistries
- Digital & software

## PRODUCT EXAMPLES



Colorimeter



Fluorimeter



Spectrophotometer & Consumables



Contaminant Detection



Chemkey® Reagents



## EXPANSION TO ACCOMMODATE GROWTH

90,000 square feet built in 2018

## 50% FASTER TIME-TO-MARKET

Obeya rooms with cross-functional teams together

Integrated VES growth tools

Rapid prototyping and compliance testing

Simultaneous product and process optimization



## Features 10 Obeya Rooms



Accelerating Innovation and Growth at Hach

# Water Quality / Reinforcing our technology leadership

DIGITAL



ACCELERATING PACE OF NEW PRODUCT DEVELOPMENT:

36+ MONTHS → 18 MONTHS

**+5X**

increase in customers using digitally-enabled instrumentation since 2018

INSTRUMENTATION



**50%**

faster time to market

Continuously Enhancing Customer Solutions to Solve Complex Water Problems



# Water Quality / Commercial execution drives growth

## COMMERCIAL LAUNCH EXCELLENCE (LEX)

LAUNCHED Q2 2021

1<sup>ST</sup> SNEAK PEAK

first to know | teaser videos

1<sup>ST</sup> VIRTUAL SHOWCASE

NEW VIRTUAL SALES TOOLS

product simulator | virtual demos



Commercial Excellence Tools Accelerate New Product Penetration

# Water Quality / Water treatment overview

## CUSTOMER TYPES

- Municipal
- Industrial
- Commercial

## TREATMENT TYPES

- Source water
- Pretreatment
- Boiler and cooling process
- Wastewater

## TREATMENT SOLUTIONS

- Water treatment chemistries
- UV water systems
- Membrane filtration
- Digital monitoring and application consulting

## PRODUCT EXAMPLES



TrojanUVSwift® Water Treatment



Smart Release®  
Liquid Cooling Treatment



CTVista®+ Software

# Water Quality / Application expertise + regulations spur growth



Municipal

Drinking Water



Use

Commercial & Industrial



Municipal

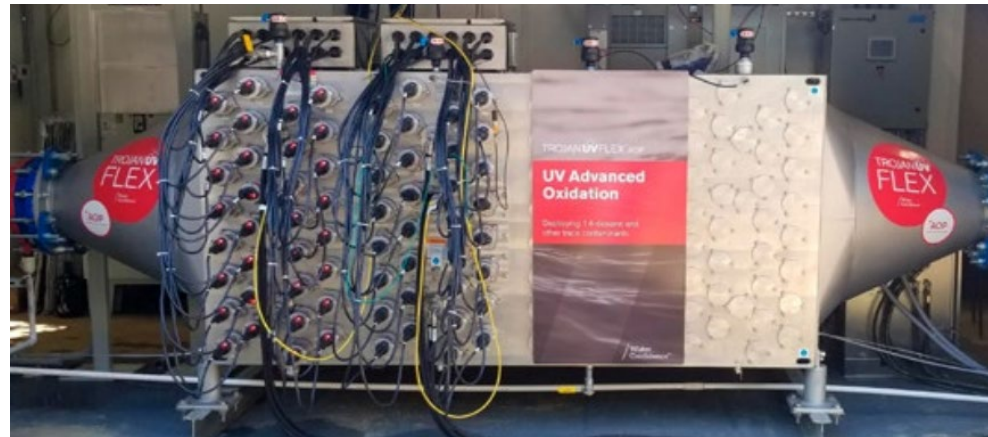
Wastewater

## ONE OF THE WORLD'S LARGEST UV DRINKING WATER FACILITIES

New York City

56 TrojanUV systems installed

Meets the NYC Department of  
Environmental Protection  
treatment requirements



capacity to treat

**2b** gallons of  
water per day

Our Trojan UV Systems Remove Contaminants for Safe Drinking Water





Commercial & Industrial



Municipal

Wastewater

## ChemTreat Helps Brewery Achieve 2025 Sustainability Goals

Identified water reduction opportunities

Increased efficiency

Improved productivity



Note: Management estimates

15m

gallons saved  
in 2021

500m

gallons saved  
over 9 years

22%

water reduction  
across 10 locations



We are a Longtime, Integral Partner in Helping Customers Advance Sustainability



Use



Municipal

Commercial & Industrial

Wastewater

MARKET  
INSIGHT...



## CUSTOMER **PROBLEM**

treatments using zinc or phosphorus causing corrosion, microbiological growth

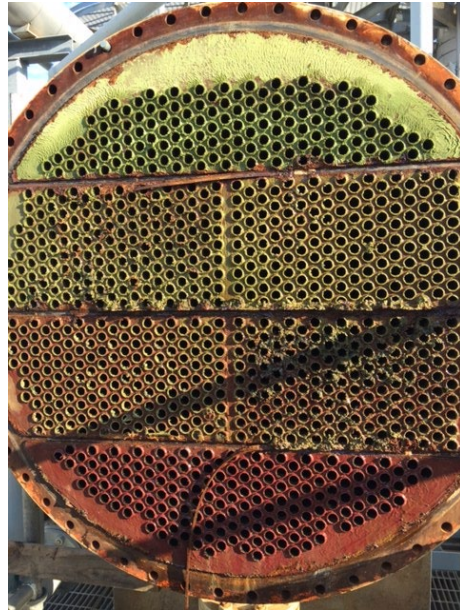


- ✓ 6-8x better aquatic impact
- ✓ Reduces corrosion
- ✓ Prevents algae

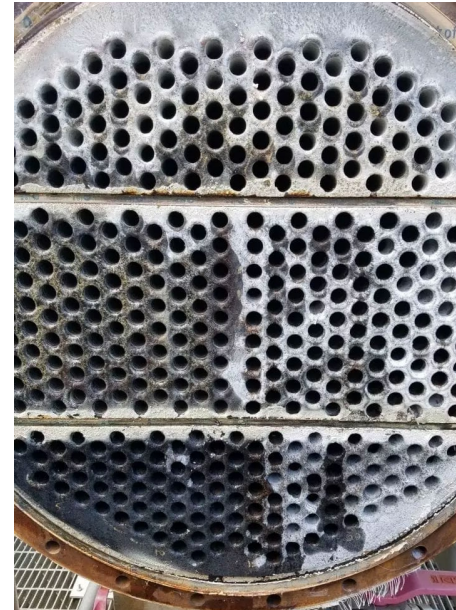
30%

sales CAGR  
over past 3 years

BEFORE FLEXPRO®



AFTER FLEXPRO®



Note: Management estimates

ChemTreat's FlexPro® Solved the Problem and Drove a 30% Sales CAGR Over 3 Years



# Water Quality / Well-positioned to drive long-term growth

## SECULAR GROWTH DRIVERS

Water quality (safe/affordable water)

Water scarcity (increase in usage)

Increasing contaminant regulation (such as PFAS)

Climate change and severe weather events

Heightened focus on sustainability

## HOW WE WIN

### Application Expertise

- Deep water chemistry and biology expertise
- Widest number of parameters
- Technical sales expertise

### Commercial Execution

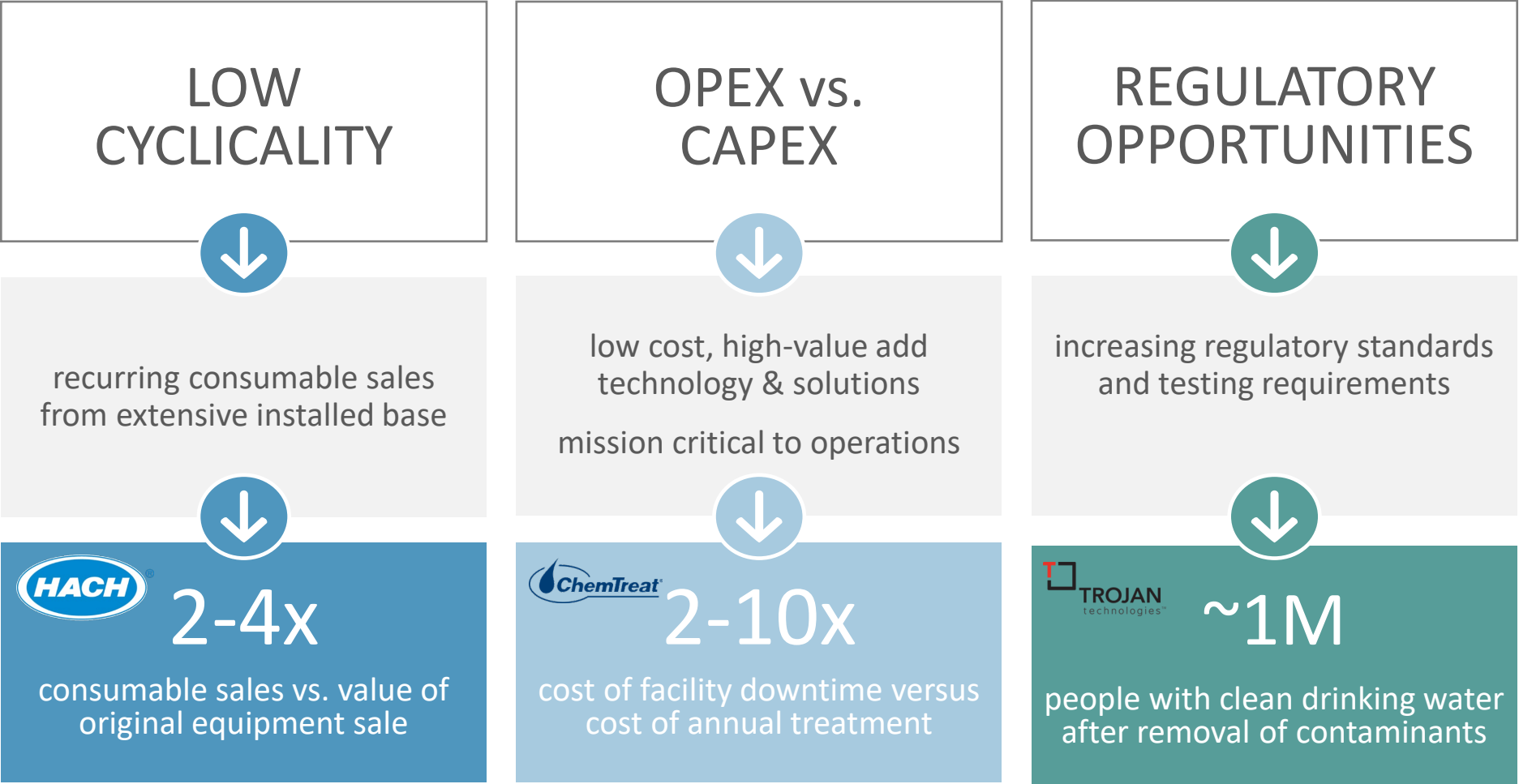
- Digital marketing, e-commerce
- Broad installed base drives consumables

### Technology & Innovation

- Increasing cadence of innovation around instrument and digital solutions

Secular Growth Drivers and Execution Drive Long-Term Sales Growth

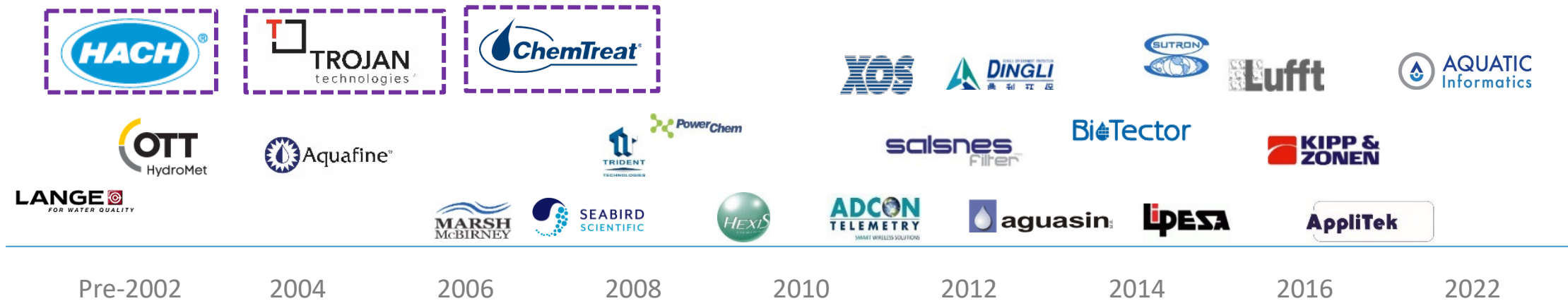
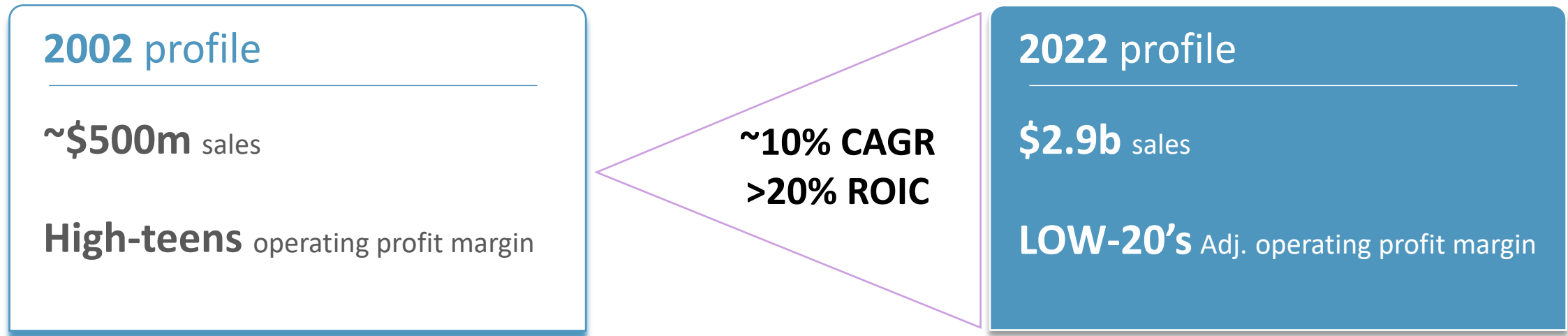
# Water Quality / Integral and mission critical to customers



Note: Management estimates; Recurring sales based on 3-year average from 2020-2022

**Durable Business Model with 56% Recurring Sales**

# Water Quality / Long-term value creation



## Track Record of Strategic Growth, Margin Expansion and Compounding Returns



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# Water Quality / Summary

**A GLOBAL LEADER** in **WATER ANALYTICS & TREATMENT SOLUTIONS**

**TECHNOLOGY** at the **HIGH END** of the **VALUE CONTINUUM**

**WE AIM** to **SOLVE** the **WORLD'S MOST COMPLEX WATER CHALLENGES**





# Product Quality & Innovation (PQI)

**Mattias Byström**

SVP & President, Product Quality & Innovation

**Veralto**





# PQI / A global leader in workflow solutions

2020-2022 AVERAGE

<b>\$2.0b</b> sales in 2022	<b>3.5%</b> core sales growth*	<b>59%</b> recurring sales	<b>25%</b> Adj. operating profit margin*
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## PACKAGING & COLOR



A global leader in design software



Global leaders in color management



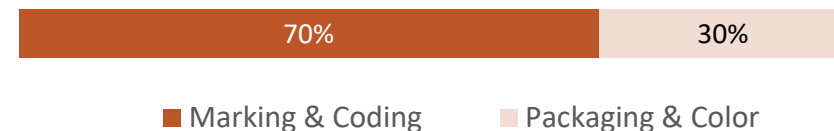
## MARKING & CODING



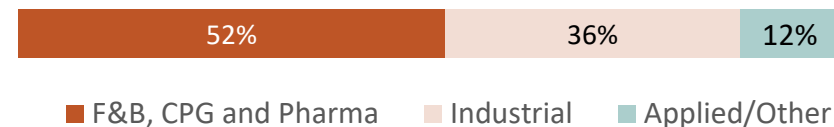
Global leaders in marking & coding solutions

## 2022 SALES COMPOSITION

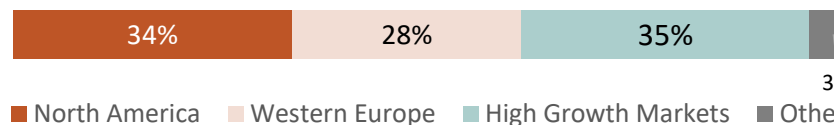
### Sales by application



### Sales by end market



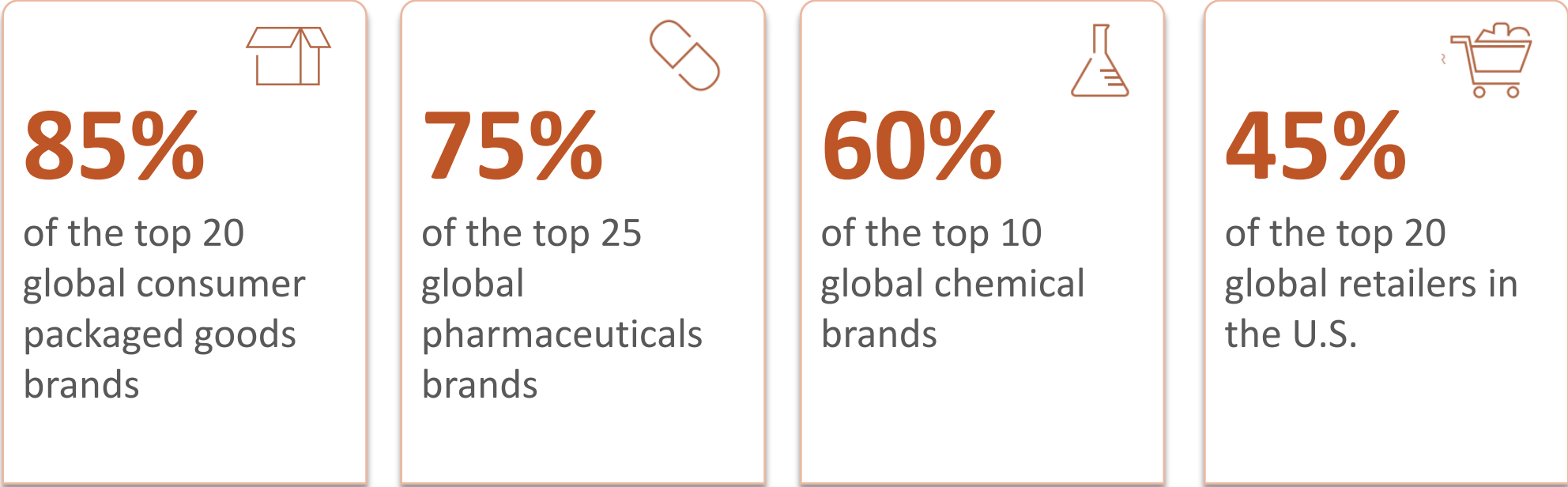
### Sales by geography



\*See appendix for reconciliations to non-GAAP measures; Core sales growth and adjusted Operating Profit Margin can be calculated by taking the average of the non-GAAP measure for the years 2020-2022

**Strong Global Brands with Leading Workflow Solutions**

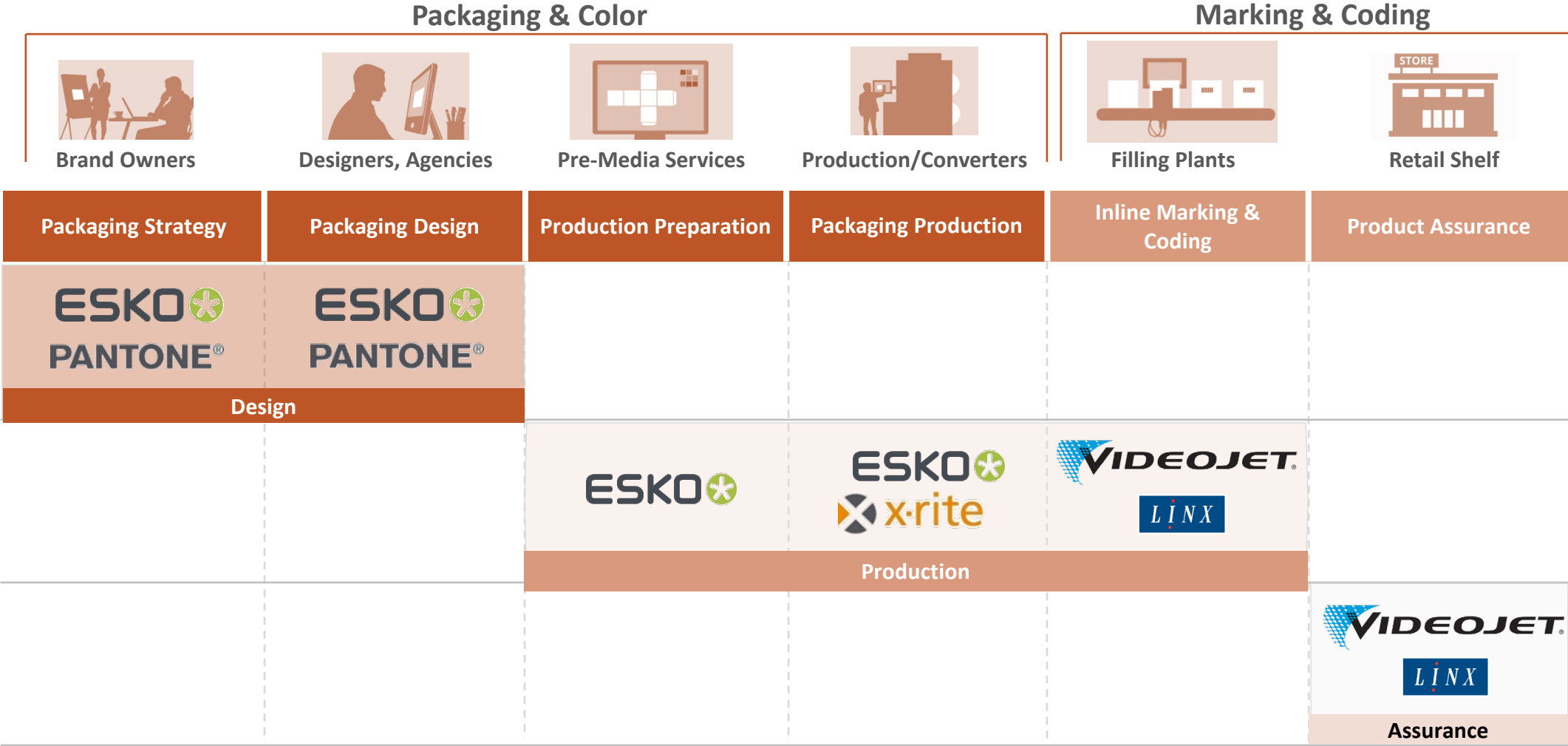
# PQI / The choice of industry leaders



Note: Management estimates

**Strong Presence with Consumer Goods Companies; Expanding Presence in Adjacencies**

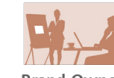
# PQI / Well-positioned across the packaging value chain



Leading Global Player Helping Customers Accelerate Workflows

# PQI / Packaging & Color overview

## Packaging & Color



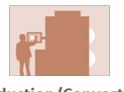
Brand Owners



Designers, Agencies



Pre-Media Services



Production/Converters

## CUSTOMER TYPES

- Brand owners
- Print service providers
- Consumer goods manufacturers
- Packaging & label converters

## APPLICATION ENVIRONMENTS

- Digital management
- Cloud-based
- Remote monitoring
- Global, multi-site footprints

## DIGITAL SOLUTIONS

- Color strategy & management
- Packaging workflow software
- 3D packaging design
- Estimating & planning software

## SOFTWARE AND PRODUCT EXAMPLES



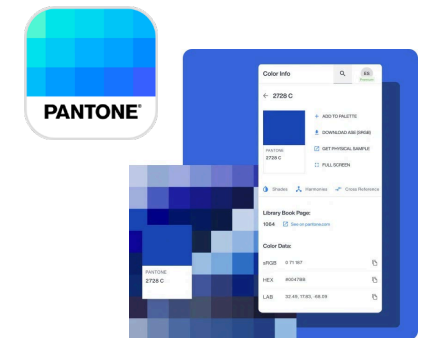
Phoenix Planning and Imposition Software



WebCenter Packaging Workflow Management Digital Platform



eXact™ 2 Portable Spectrophotometer



Pantone Connect Digital Platform



# PQI / Innovative packaging design software

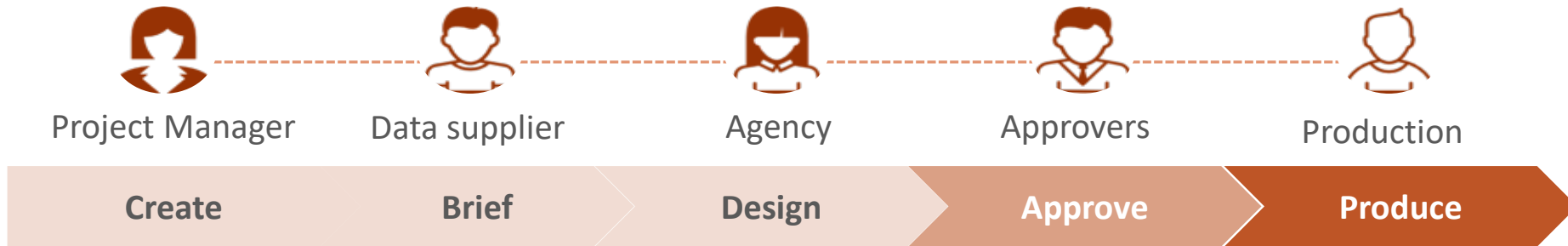
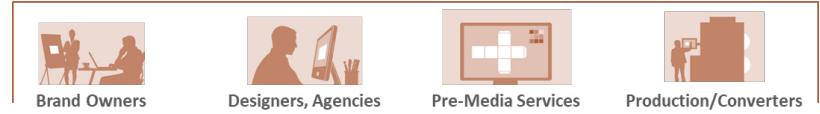
## Packaging & Color



Our Solutions Help Simplify a Complex Process with Diverse Stakeholders

# PQI / Digital capabilities drive growth

## Packaging & Color



**50%** reduction  
in design process  
(180 days down to 90 days)

**60%** fewer  
revisions

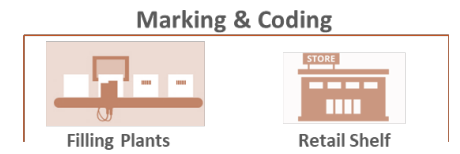
**50%** less  
labor



Note: Management estimates

**Streamlined Workflow by 50% with ESKO WebCenter**

# PQI / Marking and Coding overview



## CUSTOMER TYPES

- Brand owners
- Print service providers
- Consumer goods manufacturers
- Packaging & label converters

## APPLICATION ENVIRONMENTS

- Digital management
- Cloud-based
- Remote monitoring
- Global, multi-site footprints

## PRODUCTS & SOLUTIONS

- Continuous inkjet printers
- Laser marking systems
- VideojetConnect™ Suite
- CLARiSUITE® Software

## SOFTWARE AND PRODUCT EXAMPLES



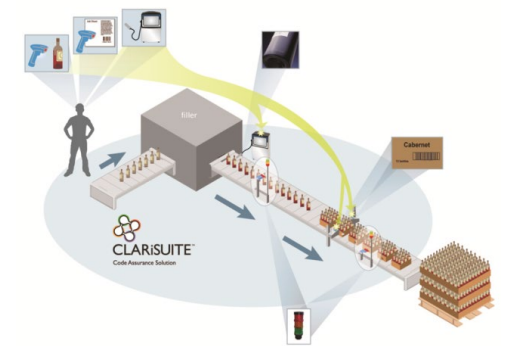
Continuous Inkjet Printer



Laser Marking System



VideojetConnect™



VideojetConnect™  
CLARiSUITE® Software



# PQI / Leading technologies in marking and coding

## Marking & Coding



**TRACEABILITY**  
Ability to recall

**BRAND PROTECTION**  
Ability to ensure authenticity

**REGULATION**  
Ensure compliance

**CUSTOMIZATION**  
Variability and complexity in packaging

Solutions for a Variety of Substrates to Help Customers Meet Complex Challenges



# PQI / New high-performance laser marking system

Marking & Coding



## NEW VIDEOJET 3350 SMART FOCUS LASER MARKING SYSTEM

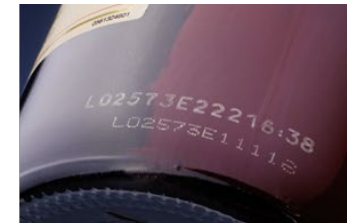
Launched Q2 2023

- ✓ Connected solution
- ✓ Marks complex codes at high speeds
- ✓ Virtually unlimited font, code & graphic options
- ✓ VideojetConnect™ Remote Service option



prints up to

**2K characters**  
per second



New Laser Solution Delivers Next-Level Flexibility to Adapt to Changing Production Needs

# PQI / Remote service capabilities drive growth

Marking & Coding



installed base in  
the **TENS of  
THOUSANDS**

- Connected to the 'cloud' – real-time data
- Enhanced predictive analytics
- Reduced customer downtime



- ✓ Printer health monitoring
- ✓ Intervention guidance
- ✓ Rapid line recovery

**Advanced Connectivity and Software Driving Increased Efficiency for Customers**

# PQI / Well-positioned to drive long-term growth

## SECULAR GROWTH DRIVERS

Consumer safety

Omnichannel buying

Packaging proliferation

Digitization

Sustainability – packaging substrates

## HOW WE WIN

### Innovation

- High value new solutions - faster
- Investing in digital solutions

### Connected Solutions

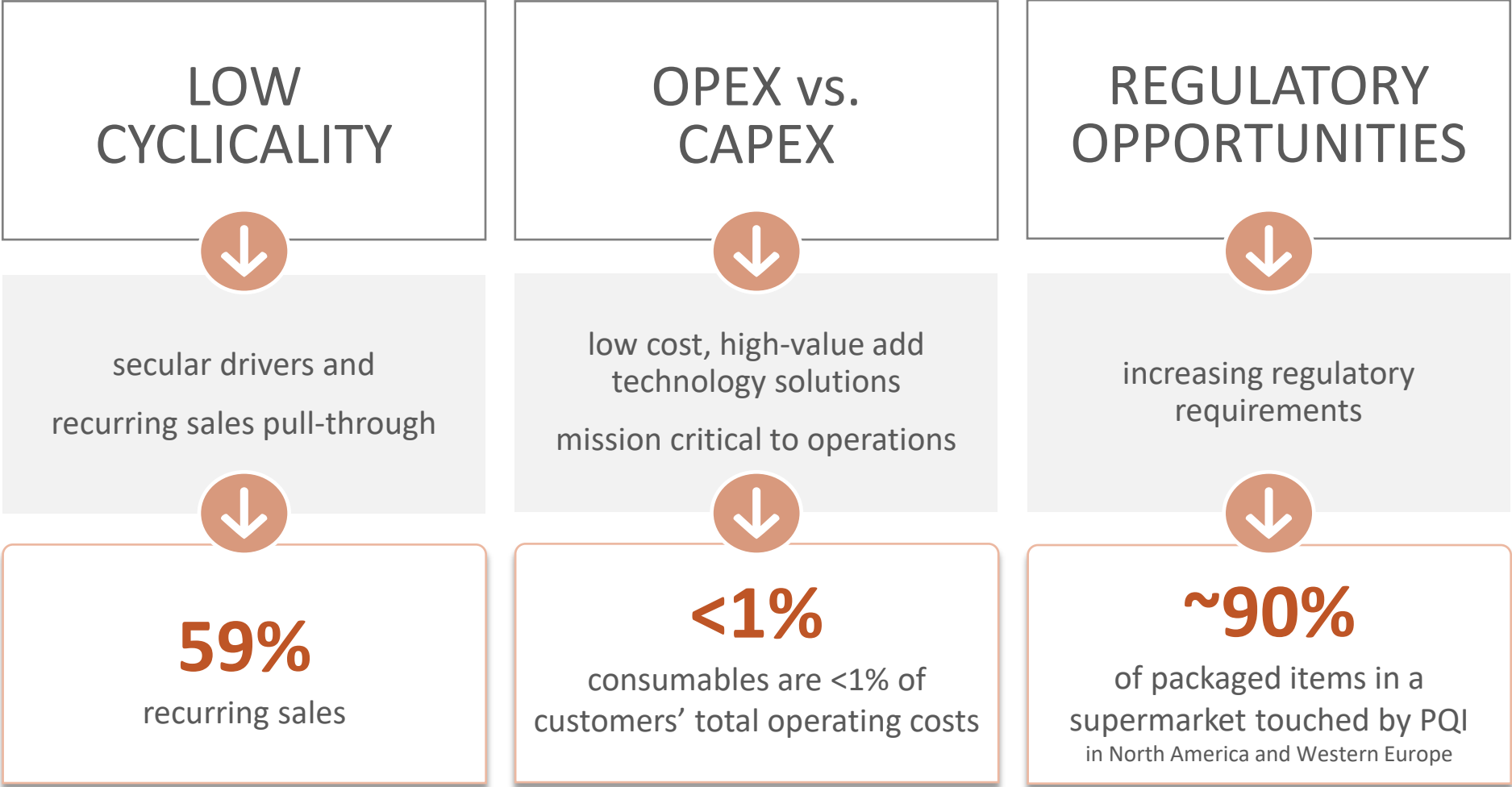
- One of the largest connected installed bases
- Remote solutions & predictive analytics

### Digital Capabilities

- Digitizing customer workflows driving process efficiency and reducing cost

**Secular Growth Drivers and Execution Drive Long-Term Sales Growth**

# PQI / Integral and mission critical to customers

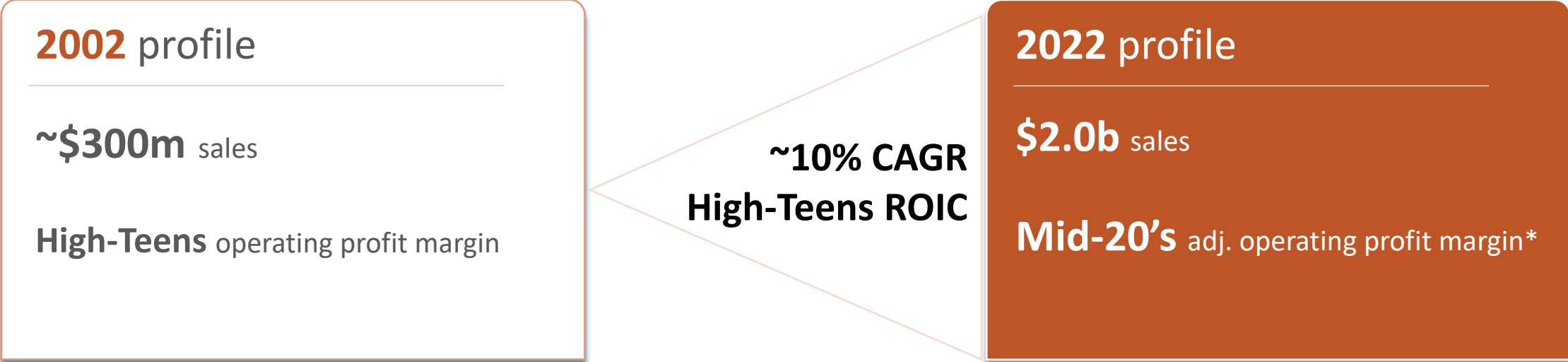


Note: Management estimates; Recurring sales based on 3-year average from 2020-2022

**Durable business model with 59% recurring sales**



# PQI / Long-term value creation



## Track Record of Strategic Growth, Margin Expansion and Compounding Returns



Notes: 2002 amounts reflect the results of the Veralto operating companies that were owned by Danaher as of that date. These companies were reported within the Process and Environmental Controls reporting segment within Danaher's financial reporting for 2002; The Company defines Return on Invested Capital (ROIC) as the adjusted operating profit margin (non-GAAP) for acquired businesses divided by the sum of the acquisition purchase price for those businesses; CAGR includes the impact of core sales growth, acquisitions, divestitures and currency fluctuations  
\*See appendix for reconciliations of non-GAAP measure

## PQI / Summary

**A LEADING GLOBAL PLAYER in  
DESIGN SOFTWARE, COLOR AUTHORITY and IN-LINE MARKING**

**PROTECTING the INTEGRITY of FOOD, PHARMACEUTICALS and BRANDS**

**ADVANCED, DIGITAL CUSTOMER WORKFLOW SOLUTIONS**



# Financial Overview

**Sameer Ralhan**

SVP & Chief Financial Officer



## Veralto / Premier financial profile

✓ MSD long-term core sales growth\*

across both segments | secular growth drivers



✓ durable through economic cycles

high recurring sales | stable end markets



✓ strong margins & robust cash generation

differentiated value proposition | asset-light model



✓ flexibility in capital deployment

investment grade profile | disciplined capital allocation  
with bias toward M&A



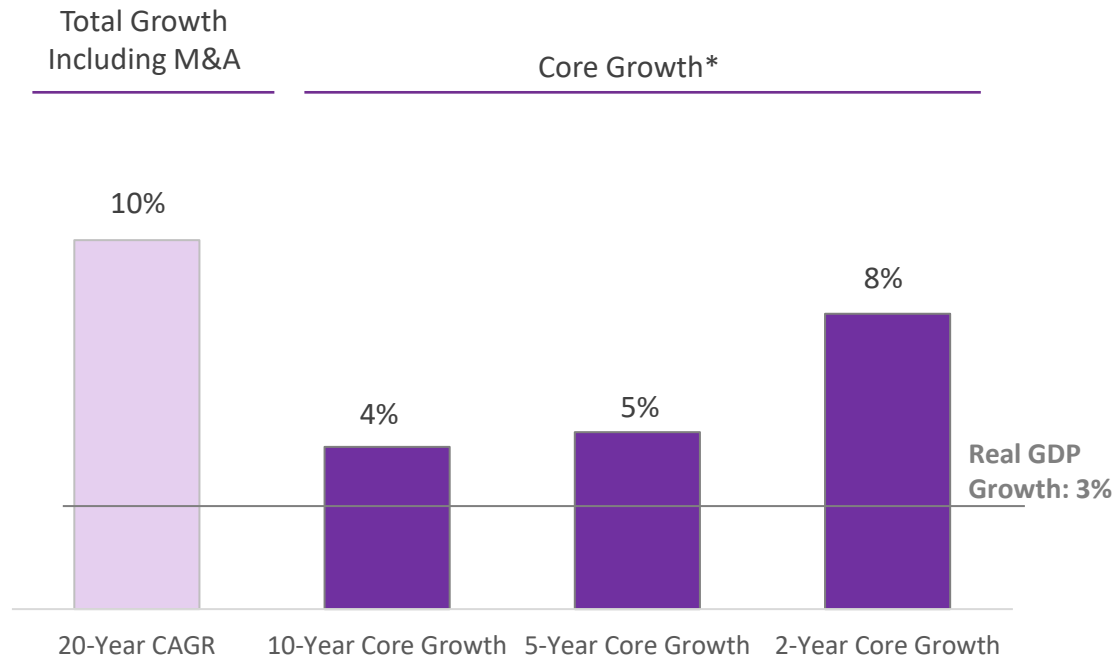
\*MSD long-term core sales growth reflects management's estimate of the long-term financial profile of Veralto. The company provides LT modeling framework for core sales growth only on a non-GAAP basis due to the difficulty of estimating other components of GAAP sales, such as currency translation, acquisitions and divestitures

## Compounder of Revenue, Earnings, and Free Cash Flow



# Veralto / Steady long-term sales growth profile

## Historical Sales Growth



\*See appendix for reconciliations of non-GAAP measures

## Growth Drivers

- Secular trends
- Acquisitions
- Innovation
- Commercial excellence
- Geographic expansion



## Resilient Business Model

Modest sales decline in financial crisis (2009) and pandemic (2020)

## Consistent Long-Term Sales Growth

# Veralto / Attractive margin profile and strong free cash flow conversion

## 2022 KEY FINANCIAL RESULTS

**57%**

gross profit  
margin

High margin reflects positioning in attractive sub-sectors of water and product quality & innovation segments

**24%**

adjusted  
EBITDA %\*

**<1%**

capex as % of  
sales

Asset-light business model

Differentiation through  
innovation investments

**5%**

R&D as % of  
sales

**99%**

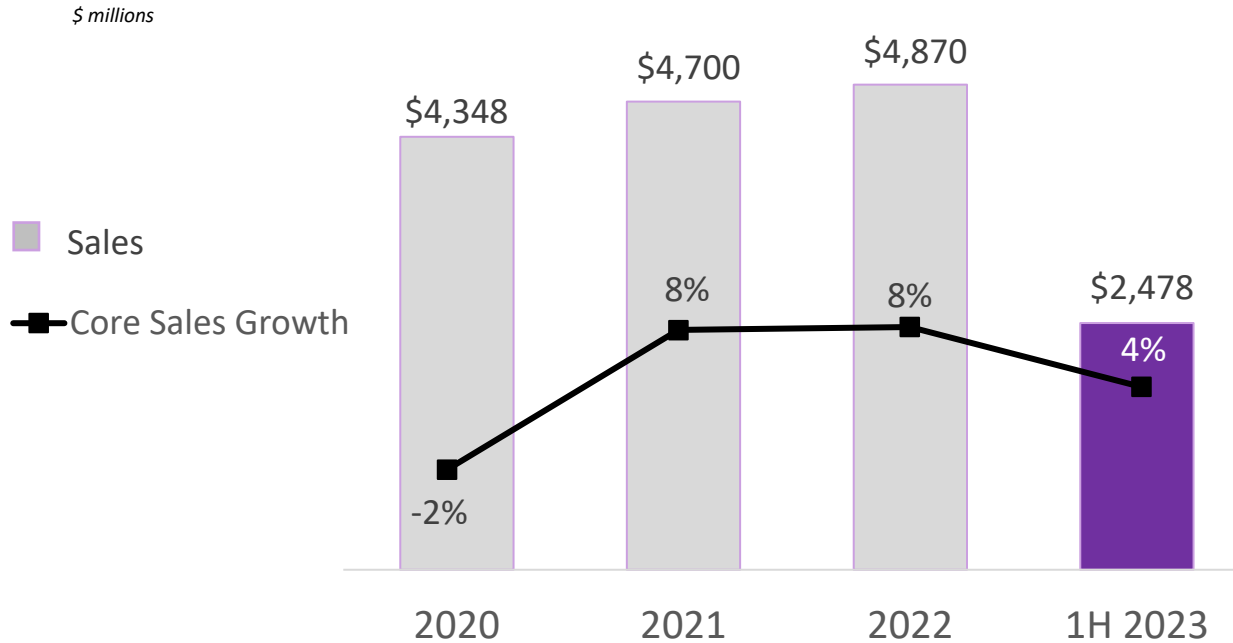
free cash flow  
conversion\*

Strong, consistent  
cash generation

\*See appendix for reconciliations of non-GAAP measures; Adjusted EBITDA margin includes management's estimate of incremental stand-alone costs

**Gross Profit Margin of 57% and Free Cash Flow Conversion of 99%**

# Veralto / Recent financial performance



GAAP operating profit margin	22%	22%	23%	23%
Adjusted operating profit margin (including stand-alone costs)	22%	22%	23%	23%

\*See appendix for reconciliations of non-GAAP measures; Adjusted operating profit margin includes management's estimate of incremental stand-alone costs

## Highlights

- Secured supply chain
- Proactive pricing actions
- 5% average core sales growth\* from 2020-2022
- Expanded margins
- >100% free cash flow conversion\* on average from 2020-2022

**Strong Performance Through Global Pandemic and Period of Supply Chain Disruptions**

# Veralto / Separation considerations

## INCREMENTAL STAND-ALONE COSTS

~\$70m of incremental stand-alone costs:

- ~140 bps impact to operating profit margin
- ~70 bps impact to Water Quality and PQI segment operating profit margin

## CAPITAL STRUCTURE AT SEPARATION

~\$2.6b gross debt

~\$250m cash on hand

~\$1.5b revolving line of credit

- ~2.2x gross leverage\*
- ~2.0x net leverage\*

Note: Based on management estimates as of September 6, 2023; The Company defines gross leverage (non-GAAP) as long-term debt divided by trailing twelve-month Operating Profit. The Company defines net leverage (non-GAAP) as net debt divided by trailing twelve-month Operating Profit; See appendix for reconciliations of non-GAAP measures

**Investment Grade Capital Structure Provides Ample Operational and Strategic Flexibility**



## Veralto / Capital allocation framework

- Bias toward strategic acquisitions that create long-term shareholder value
- Maintain flexibility to return capital to shareholders
- Capital deployment mix to vary in any given year

**Well Positioned to Maintain Investment Grade Profile With Bias Toward Acquisitions**

# Veralto / Long-term value creation algorithm and modeling framework

## VALUE CREATION ALGORITHM

Core Revenue Growth

+

Margin Expansion

+

Strong Free Cash Flow

+

Acquisitions

=

## LONG-TERM MODELING FRAMEWORK

MSD core sales growth

30% to 35% incremental OP margin

~100% free cash flow conversion

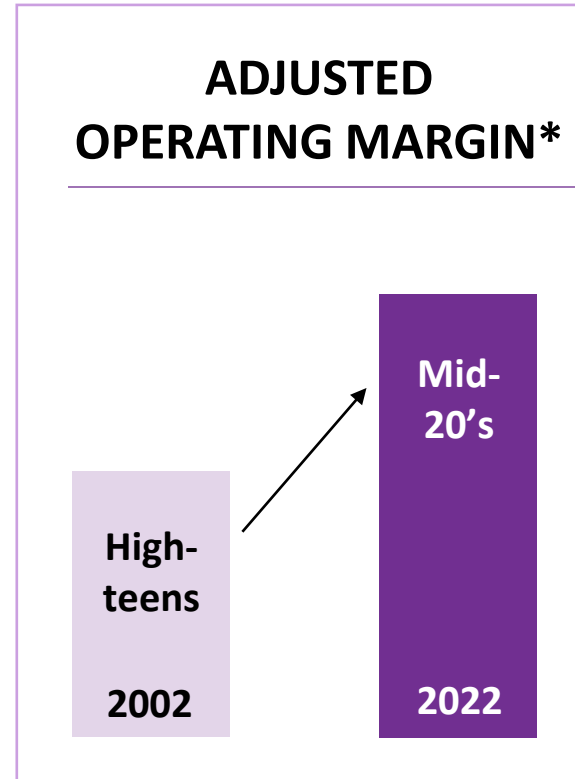
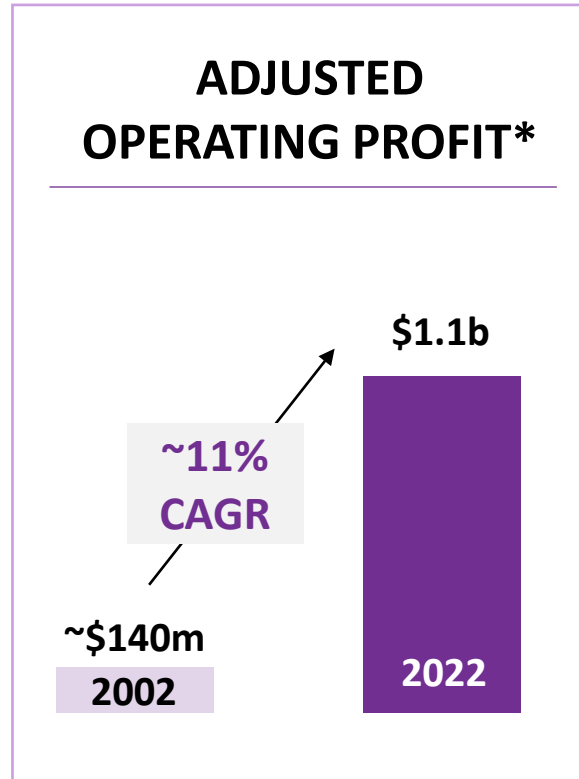
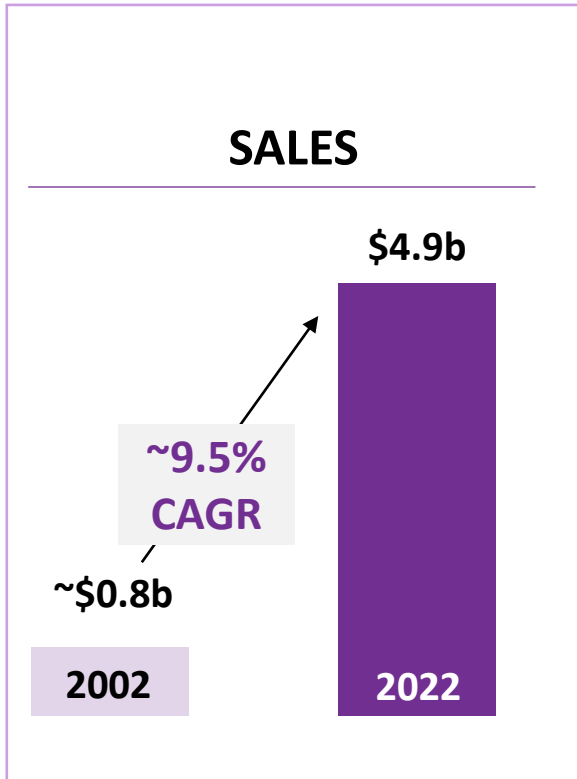
Disciplined capital deployment with bias toward M&A

## COMPOUNDING EPS GROWTH & RETURNS

Note: LT modeling framework reflects management's estimate of the long-term financial profile of Veralto. The company provides LT modeling framework for core sales growth only on a non-GAAP basis due to the difficulty of estimating other components of GAAP sales, such as currency translation, acquisitions and divestitures

**Organic Execution + Selective Pursuit of Value Creation Opportunities**

# Veralto / World-class enterprise built and strengthened over time



- ### PREMIER FINANCIAL PROFILE
- Financial data below based on 3-year averages from 2020-2022
- ✓ **MSD** core sales growth\*
  - ✓ **57%** recurring sales
  - ✓ **57%** gross profit margin
  - ✓ **23%** Adj. EBITDA margin\*
  - ✓ **>100%** FCF conversion\*

**~80** ACQUISITIONS UNDER DANAHER

**~20%** ROIC IN 2022

## Track Record of Strategic Growth, Margin Expansion and Compounding Returns



Notes: CAGR statistic reflects both core sales growth and impact of acquisitions;  
 2002 amounts reflect the results of the Veralto operating companies that were owned by Danaher as of that date. These companies were reported within the Process and Environmental Controls reporting segment within Danaher's financial reporting for 2002;  
 The Company defines Return on Invested Capital (ROIC) as the adjusted operating profit margin (non-GAAP) for acquired businesses divided by the sum of the acquisition purchase price for those businesses  
 \*See appendix for reconciliations to non-GAAP measures; 2020-2022 averages can be calculated based on the non-GAAP measures provided in the appendix



Veralto™

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# Conclusions

Jennifer L. Honeycutt

Investor and Analyst Presentation | September 6, 2023



# Veralto / A premier technology leader in water and product quality

- 1 A LEADER IN WATER & PRODUCT QUALITY
- 2 PREMIER FINANCIAL PROFILE
- 3 PROVEN VALUE CREATION PLAYBOOK

## 1 A LEADER IN WATER & PRODUCT QUALITY

~80% of sales in water, food, pharma

Attractive markets, secular drivers

High-end water solutions

Digital workflow solutions

## 2 PREMIER FINANCIAL PROFILE

Durable sales growth

2020-2022 average

MSD core sales growth\*

High profitability

57% recurring sales

Strong cash generation

57% gross profit margin

23% Adj. EBITDA margin\*

>100% FCF conversion\*

## 3 PROVEN VALUE CREATION PLAYBOOK

Strong Danaher heritage

Diverse, experienced team

Disciplined capital allocation with M&A bias

Unifying purpose (vital resources)

Note: Financial data based on 3-year averages from 2020-2022

\*See appendix for reconciliations to non-GAAP measures; Adjusted EBITDA Margin and FCF conversion can be calculated by taking the average of the non-GAAP measures for the years 2020-2022

**SAFEGUARDING THE WORLD'S MOST VITAL RESOURCES™**



Veralto™

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# Appendix

Investor and Analyst Presentation | September 6, 2023



# Jennifer L. Honeycutt

## **PRESIDENT AND CHIEF EXECUTIVE OFFICER**

As President and CEO, Jennifer leads Veralto with a strong vision for the future. She works closely with the executive team and Veralto business leaders to build a vibrant, inclusive culture, drive operational excellence through the Veralto Enterprise System, and create enduring value for Veralto's associates, customers, and shareholders.

Throughout her career, she has consistently delivered results by building high-performing teams, driving innovation and commercial execution, and leading strategic M&A execution and integration.

Jennifer brings decades of senior leadership experience at Danaher to Veralto and most recently served as Executive Vice President of the Environmental and Applied Solutions segment, which became Veralto in October 2023. She originally joined Danaher with the 2000 acquisition of Hach and has held senior leadership roles with a number of Veralto companies including Hach and Linx. Her long tenure at Danaher has given her a unique perspective on how Veralto can create enduring positive impact across industries and geographies.

Jennifer is an active champion of the power of diversity and served for 8 years on Danaher's Diversity + Inclusion Council. She is a member of every associate resource group and has several diversity mentees. She has also contributed to sustainability initiatives including humanitarian relief efforts, energy conservation kaizen events, and solid waste reduction efforts.

Jennifer earned BA degrees in Chemistry and French from Grinnell College and an MA in Technology Management from the University of Denver. She has lived and worked throughout the US and the UK and currently lives in Weston, Massachusetts with her husband and two children.





# Sameer Ralhan

## SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

As SVP and Chief Financial Officer, Sameer is responsible for Veralto's financial strategy including capital deployment, portfolio development, and financial execution to enable long-term growth and value creation. In addition to leading key engagements with the investment community, regulatory, and financial institutions, he strives to build a world-class finance function and oversee financial performance, reporting, controls, risk management, and fiscal accountability.

Sameer also helps lead corporate procurement, with commitment to building sustainable supply chains, leading responsible environmental stewardship, and driving zero tolerance for discrimination, fraud or unethical behavior, unsafe working conditions, and human rights violations.

Sameer joins Veralto from The Chemours Company, where he served as SVP and CFO since 2019. He joined Chemours in 2014 and held positions of increasing responsibility across finance, strategy, M&A, corporate FP&A, treasury, capital markets, and business process transformation.

He previously served as Managing Director in the Global Natural Resources Group of Goldman Sachs. Sameer began his career as a chemical engineer, where he executed manufacturing process improvement and operational enhancement initiatives for several global chemical companies.

Sameer holds a BTech in Chemical Engineering from the Indian Institute of Technology in Bombay, India, an MS and a PhD in Chemical Engineering from Rice University, and an MBA from the University of Chicago Booth School of Business. He lives near Philadelphia with his wife and two daughters.



# Melissa Aquino

## SENIOR VICE PRESIDENT AND GROUP EXECUTIVE OF WATER QUALITY

As SVP and Group Executive of Veralto's Water Quality segment, Melissa and her team help customers holistically address water safety and scarcity, responsible water management, and climate change.

Melissa brings more than 20 years of Danaher leadership experience to Veralto, most recently serving as President of Cepheid during a period of intense growth and expansion. She previously served as President of Leica Biosystems and McCrometer, and as VP of the Danaher Business System Office.

Melissa began her Danaher career as Product Manager at Hach and later served as Business Unit Director for the US, France, and Germany. During her time at Hach, she launched a product focused on recycling hazardous chemicals for customers. Before joining Danaher, she held roles in R&D Process Engineering and Market Research at Procter & Gamble.

Melissa is passionate about associate engagement and serves as the executive sponsor for the Veralto Women & Friends associate resource group (ARG). She was the first executive sponsor of the Danaher Women & Friends associate resource group and serves on a nonprofit board for a charity focused on health and mental services for abused women.





# Mattias Byström

## SENIOR VICE PRESIDENT AND GROUP EXECUTIVE OF PRODUCT QUALITY & INNOVATION

As SVP and Group Executive of the Product Quality and Innovation segment, Mattias and his team help customers ensure product quality, freshness, and consistency and advance packaging design, quality, and go-to-market processes. Mattias leads the definition and execution of the segment's strategic plan, including M&A, organic growth, and meeting diversity, equity, and inclusion (DEI) and sustainability targets.

Mattias brings more than 20 years of senior leadership experience to Veralto, with over 12 years at Danaher. He returned to Danaher in 2018 as President of Esko Graphics and helped lead its transition from hardware and perpetual software to a recurring/SaaS model.

He was most recently VP and Group Executive of Product Identification at Danaher and was part of the Danaher European Board and DEI Council. He previously served as CEO of FlexLink AB, General Manager of Danaher Motion, and co-founded and led two digital start-ups.

Mattias is a member of the Veralto DEI Council and serves as executive sponsor of the Veralto Women & Friends associate resource group (ARG) and as a friend of the LGBTQ & Friends ARG.

Mattias holds an MSc in Computer Science from Chalmers University of Technology and studied at the Chalmers School of Entrepreneurship, both in Gothenburg, Sweden. He is a member of the International Packaging Group. He lives with his wife and two children in Lerum, Sweden.





# APPENDIX

## Reconciliations of Non-GAAP Metrics

This presentation contains information regarding the Company's financial results that is calculated and presented on the basis of methodologies other than in accordance with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative or superior to GAAP measures. You should be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. A reconciliation of these non-GAAP financial measures to the most comparable GAAP financial measures is included as an appendix to this presentation.

## Statement Regarding Non-GAAP Measures

Each of the non-GAAP measures included in this presentation 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 Veralto's results that, when reconciled to the corresponding GAAP measure, help our investors to (1) understand the long-term profitability trends of our business and compare our profitability to prior and future periods and to our peers, and (2) identify underlying growth trends in our business and compare our revenue performance with prior and future periods and to our peers.

The items excluded from the non-GAAP measures set forth above have been excluded for the following reasons:

- We exclude the amortization of acquisition-related intangible assets from the calculation of non-GAAP profitability measures 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 revenue generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized.
- With respect to the other items excluded from non-GAAP adjusted operating profit, adjusted operating margin and adjusted EBITDA, 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 Veralto'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.
- With respect to core revenue-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.

**Sales Growth (Decline), Core Sales Growth (Decline) by Segment, Average Sales Growth and Average Core Sales Growth by Segment**

	Year Ended December 31, 2021	Three-Month Period Ended				Year Ended December 31, 2022	Three-Month Period Ended		Six-Month Period Ended June 30, 2023
		April 1, 2022	July 1, 2022	September 30, 2022	December 31, 2022		March 31, 2023	June 30, 2023	
<b>Veralto:</b>									
Total sales growth (GAAP)	8.0 %	2.0 %	6.0 %	5.5 %	1.5 %	3.5 %	4.5 %	2.0 %	3.0 %
Impact of:									
Acquisitions/divestitures	1.5 %	2.5 %	— %	— %	(0.5)%	0.5 %	(0.5)%	(0.5)%	(0.5)%
Currency exchange rates	(1.5)%	2.0 %	4.0 %	5.0 %	4.5 %	4.0 %	2.5 %	— %	1.5 %
Core sales growth (non-GAAP)	<u>8.0 %</u>	<u>6.5 %</u>	<u>10.0 %</u>	<u>10.5 %</u>	<u>5.5 %</u>	<u>8.0 %</u>	<u>6.5 %</u>	<u>1.5 %</u>	<u>4.0 %</u>
<b>Water Quality:</b>									
Total sales growth (GAAP)	7.5 %	6.5 %	9.0 %	12.0 %	5.5 %	8.0 %	9.0 %	5.0 %	7.0 %
Impact of:									
Acquisitions/divestitures	(1.0)%	— %	— %	— %	— %	— %	— %	— %	— %
Currency exchange rates	(1.5)%	1.5 %	3.5 %	4.5 %	4.0 %	3.5 %	2.0 %	— %	1.0 %
Core sales growth (non-GAAP)	<u>5.0 %</u>	<u>8.0 %</u>	<u>12.5 %</u>	<u>16.5 %</u>	<u>9.5 %</u>	<u>11.5 %</u>	<u>11.0 %</u>	<u>5.0 %</u>	<u>8.0 %</u>
<b>Product Quality &amp; Innovation:</b>									
Total sales growth (decline) (GAAP)	9.0 %	(3.0)%	1.5 %	(3.5)%	(4.0)%	(2.5)%	(1.0)%	(2.5)%	(2.0)%
Impact of:									
Acquisitions/divestitures	4.5 %	5.5 %	— %	— %	(1.5)%	1.0 %	(1.0)%	(1.0)%	(1.0)%
Currency exchange rates	(2.0)%	2.5 %	5.0 %	6.5 %	5.5 %	5.0 %	3.0 %	— %	1.5 %
Core sales growth (decline) (non-GAAP)	<u>11.5 %</u>	<u>5.0 %</u>	<u>6.5 %</u>	<u>3.0 %</u>	<u>— %</u>	<u>3.5 %</u>	<u>1.0 %</u>	<u>(3.5)%</u>	<u>(1.5)%</u>



**Sales Growth (Decline), Core Sales Growth (Decline) by Segment, Average Sales Growth and Average Core Sales Growth by Segment**

Year Ended:	Water Quality				Product Quality & Innovation				Veralto			
	Total sales growth (GAAP)	Impact of		Core sales growth (non-GAAP)	Total sales growth (GAAP)	Impact of		Core sales growth (non-GAAP)	Total sales growth (GAAP)	Impact of		Core sales growth (non-GAAP)
		Acquisitions /divestitures	Currency exchange rates & other			Acquisitions /divestitures	Currency exchange rates & other			Acquisitions /divestitures	Currency exchange rates & other	
2013	4.0 %	(0.5)%	— %	3.5 %	10.0 %	(6.5)%	— %	3.5 %	6.5 %	(3.0)%	— %	3.5 %
2014	6.0 %	(2.0)%	0.5 %	4.5 %	4.0 %	— %	— %	4.0 %	5.0 %	(1.5)%	0.5 %	4.0 %
2015	3.5 %	(4.5)%	5.5 %	4.5 %	(2.5)%	(0.5)%	7.5 %	4.5 %	0.5 %	(2.5)%	6.5 %	4.5 %
2016	6.0 %	(5.0)%	1.5 %	2.5 %	4.5 %	(2.0)%	1.5 %	4.0 %	5.0 %	(3.5)%	1.5 %	3.0 %
2017	3.5 %	— %	(0.5)%	3.0 %	8.0 %	(2.5)%	— %	5.5 %	5.5 %	(1.0)%	(0.5)%	4.0 %
2018	9.5 %	(1.5)%	(0.5)%	7.5 %	8.5 %	(2.5)%	(1.5)%	4.5 %	9.0 %	(2.0)%	(1.0)%	6.0 %
2019	2.5 %	— %	2.5 %	5.0 %	0.5 %	(1.0)%	2.5 %	2.0 %	1.5 %	(0.5)%	2.5 %	3.5 %
2020	(0.5)%	— %	1.0 %	0.5 %	(4.0)%	— %	(0.5)%	(4.5)%	(2.0)%	— %	0.5 %	(1.5)%

**Sales Growth (Decline), Core Sales Growth (Decline) by Segment, Average Sales Growth and Average Core Sales Growth by Segment**

<i>Averages based upon tables above.</i>	<b>2 Year Average (2022-2021)</b>	<b>3 Year Average (2022-2020)</b>	<b>5 Year Average (2022-2018)</b>	<b>10 Year Average (2022- 2013)</b>
<b>Veralto:</b>				
Total sales growth (GAAP)	5.8 %	3.2 %	4.0 %	4.3 %
Impact of:				
Acquisitions/divestitures	1.0 %	0.7 %	(0.1)%	(1.2)%
Currency exchange rates	1.3 %	1.0 %	0.9 %	1.3 %
Core sales growth (non-GAAP) <sup>#</sup>	8.0 %	4.8 %	4.8 %	4.3 %
<b>Water Quality:</b>				
Total sales growth (GAAP)	7.8 %	5.0 %	5.4 %	5.0 %
Impact of:				
Acquisitions/divestitures	(0.5)%	(0.3)%	(0.5)%	(1.5)%
Currency exchange rates	1.0 %	1.0 %	1.0 %	1.2 %
Core sales growth (non-GAAP) <sup>#</sup>	8.3 %	5.7 %	5.9 %	4.8 %
<b>Product Quality &amp; Innovation:</b>				
Total sales growth (decline) (GAAP)	3.3 %	0.8 %	2.3 %	3.6 %
Impact of:				
Acquisitions/divestitures	2.8 %	1.8 %	0.4 %	(1.0)%
Currency exchange rates	1.5 %	0.8 %	0.7 %	1.3 %
Core sales growth (decline) (non-GAAP) <sup>#</sup>	7.5 %	3.5 %	3.4 %	3.9 %

<sup>#</sup> Amounts above may not add to the presented average for Core sales growth (decline) due to rounding.

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

	Year Ended December 31, 2020	Year Ended December 31, 2021	Three-Month Period Ended				Year Ended December 31, 2022	Three-Month Period Ended		Six-Month Period Ended June 30, 2023
			April 1, 2022	July 1, 2022	September 30, 2022	December 31, 2022		March 31, 2023	June 30, 2023	
<b>Sales (GAAP)</b>										
Water Quality	\$ 2,487	\$ 2,669	\$ 670	\$ 720	\$ 741	\$ 756	\$ 2,887	\$ 729	\$ 756	\$ 1,485
Product Quality & Innovation	1,861	2,031	502	511	478	492	1,983	496	497	993
Total Company	<u>\$ 4,348</u>	<u>\$ 4,700</u>	<u>\$ 1,172</u>	<u>\$ 1,231</u>	<u>\$ 1,219</u>	<u>\$ 1,248</u>	<u>\$ 4,870</u>	<u>\$ 1,225</u>	<u>\$ 1,253</u>	<u>\$ 2,478</u>
<b>Operating Profit (GAAP)</b>										
Water Quality	\$ 573	\$ 584	\$ 125	\$ 175	\$ 185	\$ 183	\$ 668	\$ 168	\$ 180	\$ 348
Product Quality & Innovation	419	496	117	138	109	124	488	135	122	257
Other	(41)	(39)	(11)	(11)	(9)	(13)	(44)	(11)	(13)	(24)
Total Company	<u>\$ 951</u>	<u>\$ 1,041</u>	<u>\$ 231</u>	<u>\$ 302</u>	<u>\$ 285</u>	<u>\$ 294</u>	<u>\$ 1,112</u>	<u>\$ 292</u>	<u>\$ 289</u>	<u>\$ 581</u>
<b>Amortization of Intangible Assets (GAAP)</b>										
Water Quality	\$ 27	\$ 27	\$ 6	\$ 6	\$ 4	\$ 6	\$ 22	\$ 5	\$ 5	\$ 10
Product Quality & Innovation	36	35	8	7	7	6	28	7	7	14
Total Company	<u>\$ 63</u>	<u>\$ 62</u>	<u>\$ 14</u>	<u>\$ 13</u>	<u>\$ 11</u>	<u>\$ 12</u>	<u>\$ 50</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 24</u>
<b>Other Operating Profit Adjustments<sup>1</sup></b>										
Water Quality	\$ (16)	\$ (15)	\$ (3)	\$ 5	\$ (4)	\$ (3)	\$ (5)	\$ (3)	\$ (3)	\$ (6)
Product Quality & Innovation	1	(16)	(3)	(4)	(3)	(3)	(13)	(3)	3	—
Other	(33)	(34)	(8)	(8)	(8)	(9)	(33)	(8)	(8)	(16)
Total Company	<u>\$ (48)</u>	<u>\$ (65)</u>	<u>\$ (14)</u>	<u>\$ (7)</u>	<u>\$ (15)</u>	<u>\$ (15)</u>	<u>\$ (51)</u>	<u>\$ (14)</u>	<u>\$ (8)</u>	<u>\$ (22)</u>
<b>Adjusted Operating Profit (non-GAAP)<sup>2</sup></b>										
Water Quality	\$ 584	\$ 596	\$ 128	\$ 186	\$ 185	\$ 186	\$ 685	\$ 170	\$ 182	\$ 352
Product Quality & Innovation	456	515	122	141	113	127	503	139	132	271
Other	(74)	(73)	(19)	(19)	(17)	(22)	(77)	(19)	(21)	(40)
Total Company	<u>\$ 966</u>	<u>\$ 1,038</u>	<u>\$ 231</u>	<u>\$ 308</u>	<u>\$ 281</u>	<u>\$ 291</u>	<u>\$ 1,111</u>	<u>\$ 290</u>	<u>\$ 293</u>	<u>\$ 583</u>

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

	Year Ended December 31, 2020	Year Ended December 31, 2021	Three-Month Period Ended				Year Ended December 31, 2022	Three-Month Period Ended		Six-Month Period Ended June 30, 2023
			April 1, 2022	July 1, 2022	September 30, 2022	December 31, 2022		March 31, 2023	June 30, 2023	
<b>Operating Profit Margin (GAAP)</b>										
Water Quality	23.0 %	21.9 %	18.7 %	24.3 %	25.0 %	24.2 %	23.1 %	23.0 %	23.8 %	23.4 %
Product Quality & Innovation	22.5 %	24.4 %	23.3 %	27.0 %	22.8 %	25.2 %	24.6 %	27.2 %	24.5 %	25.9 %
Total Company	21.9 %	22.1 %	19.7 %	24.5 %	23.4 %	23.6 %	22.8 %	23.8 %	23.1 %	23.4 %
<b>Adjusted Operating Profit Margin (Non-GAAP)<sup>3</sup></b>										
Water Quality	23.5 %	22.3 %	19.1 %	25.8 %	25.0 %	24.6 %	23.7 %	23.3 %	24.1 %	23.7 %
Product Quality & Innovation	24.5 %	25.4 %	24.3 %	27.6 %	23.6 %	25.8 %	25.4 %	28.0 %	26.6 %	27.3 %
Total Company	22.2 %	22.1 %	19.7 %	25.0 %	23.1 %	23.3 %	22.8 %	23.7 %	23.4 %	23.5 %

<sup>1</sup> Refer to Footnotes A, B and D on page 77 for descriptions 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).

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



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

	Year Ended December 31, 2020	Year Ended December 31, 2021	Three-Month Period Ended				Year Ended December 31, 2022	Three-Month Period Ended		Six-Month Period Ended June 30, 2023
			April 1, 2022	July 1, 2022	September 30, 2022	December 31, 2022		March 31, 2023	June 30, 2023	
<b>Net Earnings (GAAP)</b>	\$ 724	\$ 861	\$ 180	\$ 231	\$ 218	\$ 216	\$ 845	\$ 225	\$ 209	\$ 434
Interest, Net <sup>5</sup>	—	—	—	—	—	—	—	—	—	—
Other Nonoperating (Income) Expense	1	(6)	—	—	—	(1)	(1)	—	14	14
Income Taxes	226	186	51	71	67	79	268	67	66	133
<b>Operating Profit (GAAP)</b>	\$ 951	\$ 1,041	\$ 231	\$ 302	\$ 285	\$ 294	\$ 1,112	\$ 292	\$ 289	\$ 581
Other Operating Profit Adjustments <sup>1</sup>	(48)	(65)	(14)	(7)	(15)	(15)	(51)	(14)	(8)	(22)
Depreciation	47	44	11	10	10	9	40	10	10	20
Amortization of Intangible Assets	63	62	14	13	11	12	50	12	12	24
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 1,013	\$ 1,082	\$ 242	\$ 318	\$ 291	\$ 300	\$ 1,151	\$ 300	\$ 303	\$ 603
<b>Sales (GAAP)</b>	\$ 4,348	\$ 4,700	\$ 1,172	\$ 1,231	\$ 1,219	\$ 1,248	\$ 4,870	\$ 1,225	\$ 1,253	\$ 2,478
<b>Operating Profit Margin (GAAP)</b>	21.9 %	22.1 %	19.7 %	24.5 %	23.4 %	23.6 %	22.8 %	23.8 %	23.1 %	23.4 %
<b>Adjusted EBITDA Margin (Non-GAAP)<sup>4</sup></b>	23.3 %	23.0 %	20.6 %	25.8 %	23.9 %	24.0 %	23.6 %	24.5 %	24.2 %	24.3 %

<sup>1</sup> Refer to Footnotes A, B and D on page 77 for descriptions of the components of Other Operating Profit Adjustments.

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

<sup>5</sup> Prior to the separation, Veralto was a part of Danaher Corporation and was dependent upon Danaher for its financing. None of Danaher's debt or interest expense was assigned to Veralto for these historic periods. Refer to Veralto's registration statement on Form 10 for more information in connection with the separation. Veralto expects to issue approximately \$2.6 billion of senior unsecured notes in connection with the separation and will incur interest expense in future periods.

**Trailing Twelve Month Adjusted EBITDA, Gross Leverage and Net Leverage**  
(\$ in millions)

	Three-Month Period Ended			
	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
<b>Net Earnings (GAAP)</b>	\$ 209	\$ 225	\$ 216	\$ 218
Interest, Net <sup>5</sup>	—	—	—	—
Other Nonoperating (Income) Expense	14	—	(1)	—
Income Taxes	66	67	79	67
<b>Operating Profit (GAAP)</b>	\$ 289	\$ 292	\$ 294	\$ 285
Other Operating Profit Adjustments <sup>1</sup>	(8)	(14)	(15)	(15)
Depreciation	10	10	9	10
Amortization of Intangible Assets	12	12	12	11
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 303	\$ 300	\$ 300	\$ 291
<b>Trailing Twelve Month Operating Profit (GAAP)<sup>6</sup></b>	\$ 1,160			
<b>Trailing Twelve Month Adjusted EBITDA (Non-GAAP)<sup>7</sup></b>	\$ 1,194			
Long Term Debt <sup>8</sup>	\$ 2,580			
Less: Cash on Hand <sup>8</sup>	(250)			
<b>Net Debt (Non-GAAP)</b>	\$ 2,330			
<b>Gross Debt to Operating Profit<sup>9</sup></b>	2.22			
<b>Net Debt to Operating Profit<sup>10</sup></b>	2.01			
<b>Gross Leverage (Non-GAAP)<sup>11</sup></b>	2.16			
<b>Net Leverage (Non-GAAP)<sup>12</sup></b>	1.95			

<sup>1</sup> Refer to Footnotes A, B, and D on page 77 for descriptions of the components of Other Operating Profit Adjustments.

<sup>5</sup> Prior to the separation, Veralto was a part of Danaher Corporation and was dependent upon Danaher for its financing. None of Danaher's debt or interest expense was assigned to Veralto for these historic periods. Refer to Veralto's registration statement on Form 10 for more information in connection with the separation. Veralto expects to issue approximately \$2.6 billion of senior unsecured notes in connection with the separation and will incur interest expense in future periods.

<sup>6</sup> Trailing Twelve Month Operating Profit is defined as the sum of Operating Profit for the previous four quarters.

<sup>7</sup> Trailing Twelve Month Adjusted EBITDA (Non-GAAP) is defined as the sum of Adjusted EBITDA (Non-GAAP) for the previous four quarters.

<sup>8</sup> Estimate of anticipated post-separation capital structure and cash balance as of separation.

<sup>9</sup> Calculated as Long Term Debt divided by Trailing Twelve Month Operating Profit.

<sup>10</sup> Calculated as Net Debt divided by Trailing Twelve Month Operating Profit.

<sup>11</sup> Calculated as Long Term Debt divided by Trailing Twelve Month Adjusted EBITDA (Non-GAAP).

<sup>12</sup> Calculated as Net Debt divided by Trailing Twelve Month Adjusted EBITDA (Non-GAAP).

**Net Earnings per Common Share and Adjusted Net Earnings per Common Share**

	Six-Month Period Ended June 30, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Net Earnings per common share (GAAP) <sup>H</sup>	\$ 1.76	\$ 3.43	\$ 3.49	\$ 2.93
Amortization of acquisition-related intangible assets <sup>A</sup>	0.10	0.20	0.25	0.26
Impairments and other charges <sup>B</sup>	0.02	0.04	—	0.07
Fair value net losses on investments <sup>C</sup>	0.06	—	—	—
Standalone Entity Adjustment <sup>D</sup>	(0.41)	(0.84)	(0.86)	(0.86)
Gain on disposition of certain product lines <sup>E</sup>	—	—	(0.03)	—
Tax effect of the above adjustments <sup>F</sup>	0.05	0.15	0.17	0.13
Discrete tax adjustments <sup>G</sup>	(0.02)	(0.02)	(0.26)	(0.06)
Adjusted Net Earnings per common share (Non-GAAP) <sup>H</sup>	<u>\$ 1.56</u>	<u>\$ 2.96</u>	<u>\$ 2.76</u>	<u>\$ 2.47</u>

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

	Year Ended December 31, 2020	Year Ended December 31, 2021	Year Ended December 31, 2022	Six-Month Period Ended June 30, 2023
Pretax	\$ 63	\$ 62	\$ 50	\$ 24
After-tax	\$ 48	\$ 51	\$ 38	\$ 18

- B Impairment charge related to customer relationships in the Product Quality & Innovation segment for the six-month period ended June 30, 2023 (\$6 million pretax as reported in this line item, \$5 million after-tax). Impairment charges related to technology and customer relationships in the Water Quality segment recorded in year ended December 31, 2022 (\$9 million pretax as reported in this line item, \$7 million after-tax). Additionally, in the year ended December 31, 2022 charges incurred primarily related to impairments of accounts receivable and inventory in Russia in the Product Quality & Innovation segment (\$1 million pretax as reported in this line item, \$1 million after-tax). Impairment charges related to trade names and other intangible assets in the Product Quality & Innovation segment recorded in the year ended December 31, 2020 (\$17 million pretax as reported in this line item, \$13 million after-tax).

- C Fair value loss related to an impairment of an equity method investment in the six-month period ended June 30, 2023 (\$15 million pretax as reported in this line item, \$11 million after-tax).

- D This amount encompasses management estimates of operating as a standalone entity. The management estimate includes recurring and ongoing costs required to operate new functions required for a public company such as certain corporate functions including finance, tax, legal, human resources and other general and administrative related functions. This estimate also includes interest costs associated with the anticipated post-separation capital structure, including the issuance of approximately \$2.6 billion of long-term debt at an estimated weighted average interest rate of 5.50%. The pretax and after-tax effect of these estimates are summarized below:

	Year Ended December 31, 2020	Year Ended December 31, 2021	Year Ended December 31, 2022	Six-Month Period Ended June 30, 2023
Pretax	\$ (211)	\$ (211)	\$ (207)	\$ (101)
After-tax	\$ (160)	\$ (160)	\$ (156)	\$ (77)

- E Gain on the disposition of certain product lines in the year ended December 31, 2021 (\$8 million pretax as reported in this line item, \$7 million after-tax).

- F 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. Veralto estimates the tax effect of each adjustment item by applying Veralto'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.

- G Discrete tax matters relate to changes in estimates associated with prior period uncertain tax positions, audit settlements and excess tax benefits from stock-based compensation.



- H The number of Veralto shares assumed in each period is based on the number of diluted common shares used in Danaher Corporation's diluted net earnings per common share for the six-month period ended June 30, 2023, assuming a distribution ratio of one share of Veralto common stock for every three shares of Parent common stock outstanding (246.7 million shares). This calculation does not reflect the dilutive effect that will result from the issuance of Veralto stock-based compensation awards in connection with the adjustment and conversion of outstanding Parent stock-based compensation awards held by Veralto employees or the grant of new Veralto stock-based compensation awards. The number of dilutive shares of Veralto common stock underlying Veralto's stock-based compensation awards issued in connection with the adjustment and conversion of outstanding Parent stock-based compensation awards will not be determined until after the distribution date. Upon separation, the number of shares of Veralto common stock outstanding as of the separation date will be used for all historical periods for the calculation of earnings per share.

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

(\$ in millions)

	Six-Month Period Ended		Year Ended		
	June 30, 2023	July 1, 2022	December 31, 2022	December 31, 2021	December 31, 2020
<b>Total Cash Flows:</b>					
Total cash provided by operating activities (GAAP)	\$ 457	\$ 276	\$ 870	\$ 896	\$ 1,001
Total cash used in investing activities (GAAP)	\$ (19)	\$ (34)	\$ (89)	\$ (97)	\$ (157)
Total cash used in financing activities (GAAP)	\$ (438)	\$ (242)	\$ (781)	\$ (799)	\$ (844)
<b>Free Cash Flow:</b>					
Total cash provided by operating activities (GAAP)	\$ 457	\$ 276	\$ 870	\$ 896	\$ 1,001
Less: payments for additions to property, plant & equipment (capital expenditures) (GAAP)	(21)	(20)	(34)	(54)	(36)
Plus: proceeds from sales of property, plant & equipment (capital disposals) (GAAP)	2	—	—	—	—
Free cash flow (non-GAAP)	\$ 438	\$ 256	\$ 836	\$ 842	\$ 965
<b>Operating Cash Flow to Net Earnings Ratio (GAAP):</b>					
Total cash provided by operating activities (GAAP)	\$ 457	\$ 276	\$ 870	\$ 896	\$ 1,001
Net earnings (GAAP)	\$ 434	\$ 411	\$ 845	\$ 861	\$ 724
Operating cash flow to net earnings conversion ratio	1.05	0.67	1.03	1.04	1.38
<b>Free Cash Flow to Net Earnings Ratio (non-GAAP):</b>					
Free cash flow from above (non-GAAP)	\$ 438	\$ 256	\$ 836	\$ 842	\$ 965
Net earnings (GAAP)	\$ 434	\$ 411	\$ 845	\$ 861	\$ 724
Free cash flow to net earnings conversion ratio (non-GAAP)	1.01	0.62	0.99	0.98	1.33

The Company defines free cash flow as operating cash flows from continuing operations, less payments for additions to property, plant and equipment ("capital expenditures") plus the proceeds from sales of plant, property and equipment ("capital disposals").