



Veralto™

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# Second Quarter 2024 Results

July 25, 2024

## Forward Looking Statements

Certain statements in this presentation, including statements regarding the Company's third quarter and full year 2024 guidance, the Company's differentiation and positioning to continue delivering sustainable, long-term shareholder value 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. All statements other than historical factual information are forward-looking statements, including, without limitation, statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, Veralto's liquidity position or other financial measures; Veralto's management's plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions and the integration thereof, divestitures, spin-offs, split-offs or other distributions, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; the effects of the separation or the distribution on Veralto's business; growth, declines and other trends in markets Veralto sells into; new or modified laws, regulations and accounting pronouncements; future regulatory approvals and the timing thereof; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; future foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the anticipated timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that Veralto intends or believes will or may occur in the future.

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 2023 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for 2024. These forward-looking statements speak only as of the date of this release and except to the extent required by applicable law, the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.



# Opening Remarks

Jennifer L. Honeycutt

President and Chief Executive Officer

Q2 2024 Results | July 25, 2024



# Veralto / 2024 Sustainability Report

## 2023 Enduring Positive Contributions

**3.4 billion**

people around the world benefit from Hach solutions that help ensure clean water for daily use

**13 trillion**

gallons of water treated and recycled through Trojan Technologies systems

**81 billion**

gallons of water that ChemTreat helped customers save in 2023

**10 billion**

products marked and coded daily by Videojet customers to support consumers



## New Commitments

**54.6%**

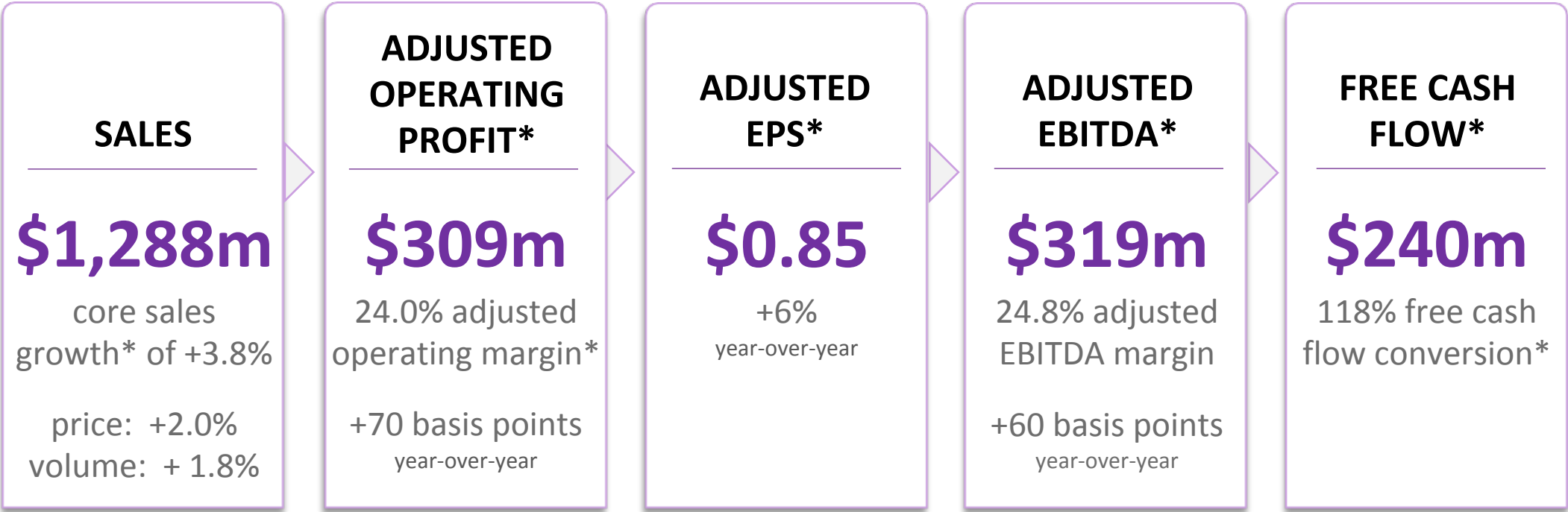
green house gas reduction target by 2033 from 2023 baseline

**40%**

supply base by spend initially targeted for EcoVadis certification

**Safeguarding the World's Most Vital Resources™**

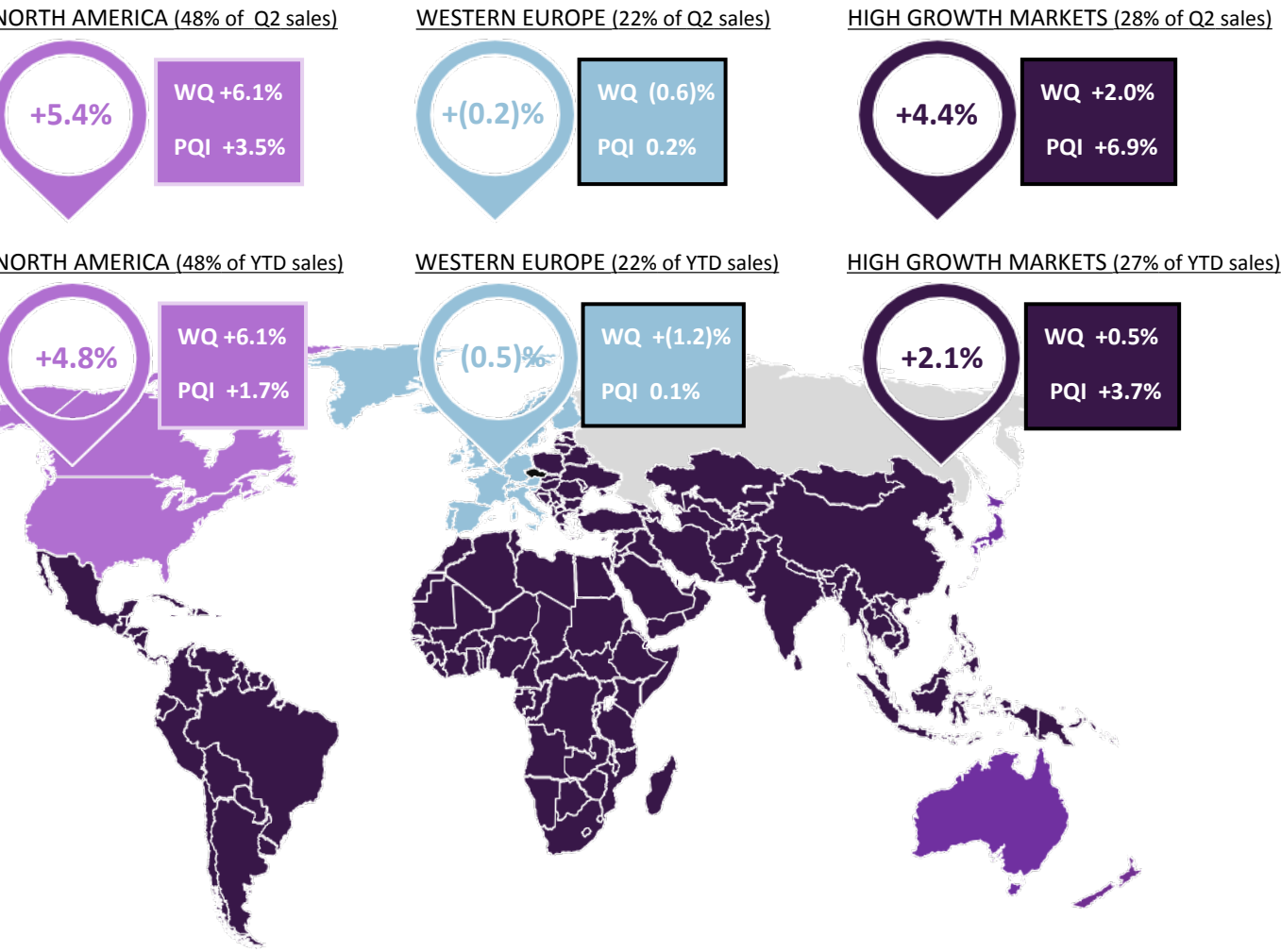
# Veralto / Q2 2024 key consolidated financial results



\*See appendix for reconciliations to non-GAAP measures

Q2 2024 Performance Reflects the Durability of our Businesses Fortified by Strong Execution

# Veralto / Core sales growth by region for Q2 and YTD 2024



Notes: All sales variances are on a core sales basis as compared to the prior year period; Japan, Australia and New Zealand represent 2% of total sales



## Q2 2024 Commentary

### North America:

- **WQ:** Growth in both analytics and treatment led by strong, broad-based industrial demand
- **PQI:** LSD growth in marking and coding; MSD growth in packaging and color

### Western Europe:

- **WQ:** modest decline due to the exit of strategic product lines. Steady demand across municipalities and industrial customers
- **PQI:** Flat on softness in consumer-packaged goods markets

### High Growth Markets:

- **WQ:** LSD growth in China and LATAM
- **PQI:** Double-digit growth in LATAM, HSD growth in India, LSD growth in China

Notes: WQ = Water Quality; PQI = Product Quality & Innovation



# Financial Review

Sameer Ralhan

SVP and Chief Financial Officer

Q2 2024 Results | July 25, 2024

# Veralto / Q2 2024 consolidated performance

<i>\$ millions, except per share data</i>	Q2 2023	Q2 2024	YOY Variance
Sales	\$1,253	\$1,288	+2.8%
Core Sales Growth*	1.5%	3.8%	
Gross Profit	\$724	\$774	+7%
Gross Profit Margin	57.8%	60.1%	230 bps
Adjusted Operating Profit*	\$293	\$309	+5%
Adjusted Operating Profit Margin*	23.3%	24.0%	+70 bps
Adjusted Net Diluted Earnings Per Share*	\$0.80	\$0.85	+6%
Free Cash Flow*	\$291	\$240	-18%

\*See appendix for reconciliations to non-GAAP measures

- **Sales grew +2.8% year-over-year:**

- Core sales\* +3.8%
- Currency: -0.8%
- Acquisitions & divestitures: -0.2%

- **Gross profit margin up 230 bps:**

- +2.0% increase in price
- Improved productivity and reduced material costs

- **Adjusted operating profit margin\* up 70 bps:**

- Strong operating leverage
- Cost optimization
- Increased growth investments

- **Free Cash Flow\* of \$240m:**

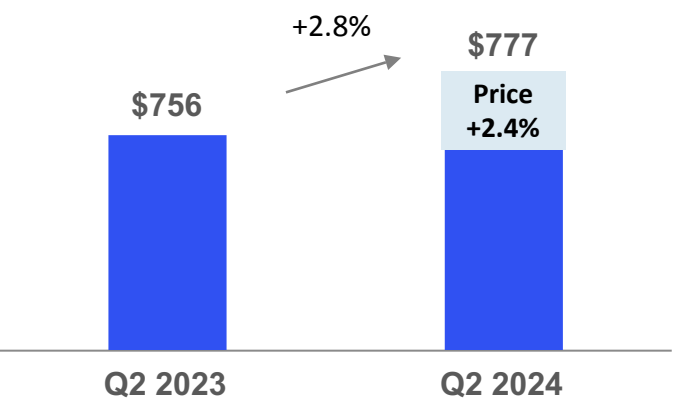
- 118% free cash flow conversion\*



# Water Quality / Q2 and YTD 2024 performance

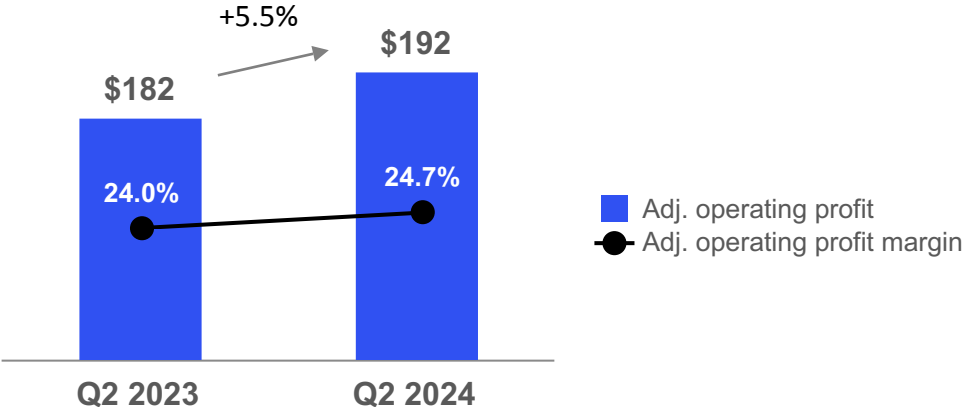
(\$ millions, variances versus prior year period)

## Q2 SALES

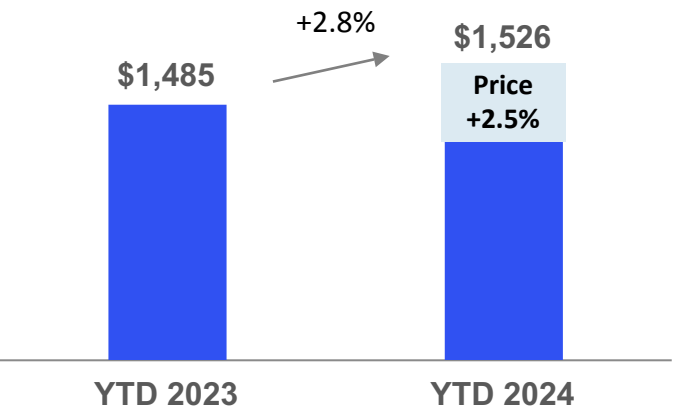


YOY Change in Sales	Q2 2023	Q2 2024
Core Growth*	+5.0%	+4.0%
Currency	—%	-0.8%
M&A	—%	-0.4%
Total Growth	+5.0%	+2.8%

## Q2 ADJUSTED OPERATING PROFIT \*

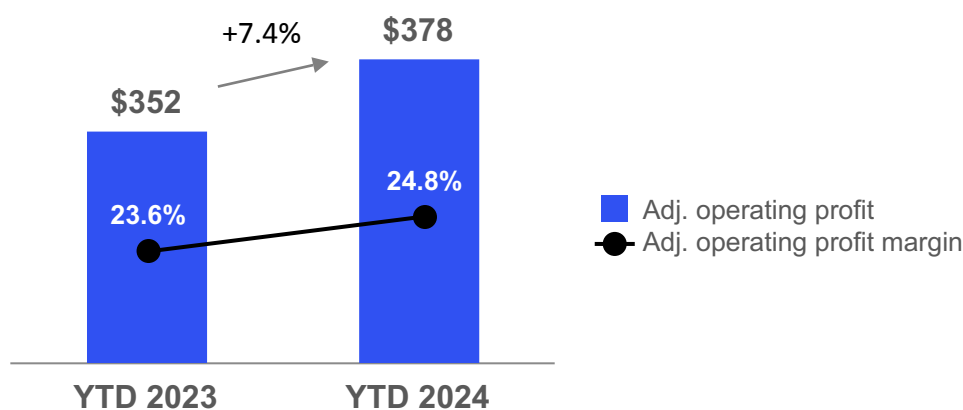


## YTD SALES



Six Months Ended:		
YOY Change in Sales	Q2 2023	Q2 2024
Core Growth*	+8.0%	+3.4%
Currency	-1.0%	-0.3%
M&A	—%	-0.3%
Total Growth	+7.0%	+2.8%

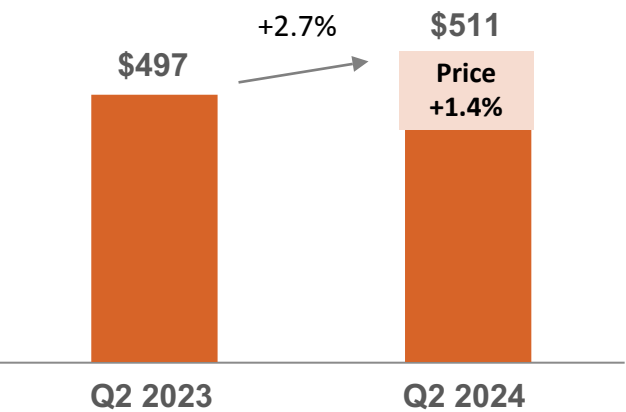
## YTD ADJUSTED OPERATING PROFIT \*



# Product Quality & Innovation / Q2 and YTD 2024 performance

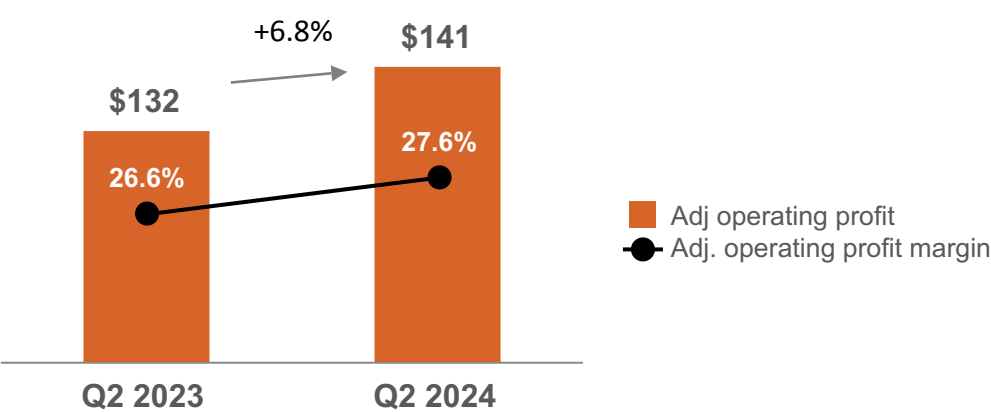
(\$ millions, variances versus prior year period)

## Q2 SALES

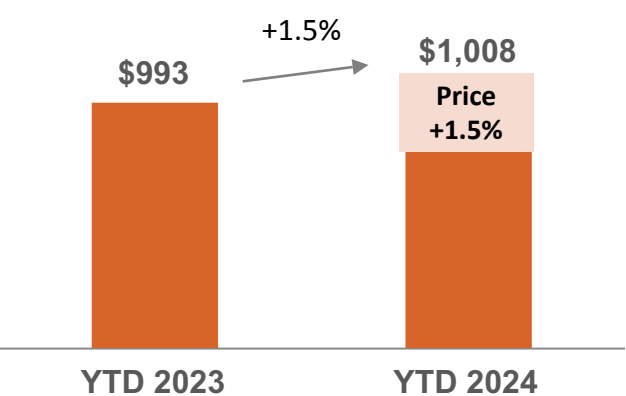


YOY Change in Sales	Q2 2023	Q2 2024
Core Growth*	-3.5%	+3.4%
Currency	—%	-0.7%
M&A	1.0%	—%
Total Growth	-2.5%	+2.7%

## Q2 ADJUSTED OPERATING PROFIT \*

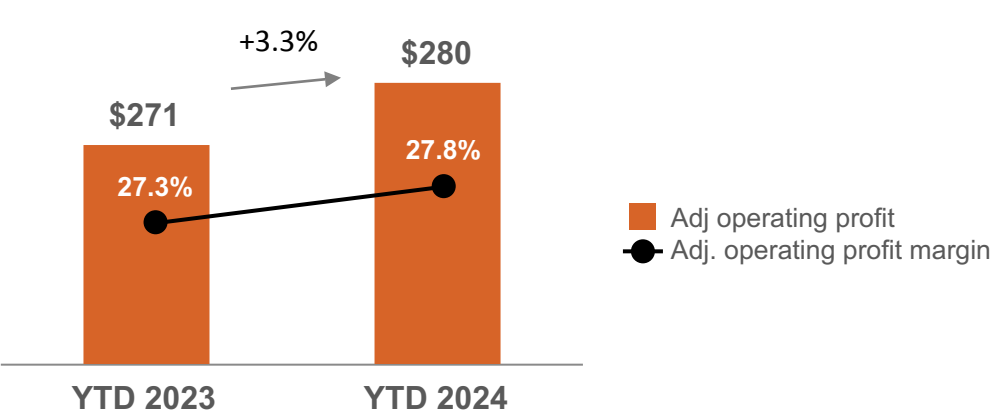


## YTD SALES



Six Months Ended:		
YOY Change in Sales	Q2 2023	Q2 2024
Core Growth*	-1.5%	+1.8%
Currency	-1.5%	-0.2%
M&A	1.0%	-0.1%
Total Growth	-2.0%	+1.5%

## YTD ADJUSTED OPERATING PROFIT \*



# Veralto / Q2 2024 Cash Flow and Balance Sheet

(\$ millions)

## Q2 2024

Cash from operations	\$251
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Capital expenditures	\$(11)
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<b>Free Cash Flow*</b>	<b>\$240</b>
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<b>Free Cash Flow Conversion*</b>	<b>118%</b>
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## Q2 2024

Cash and cash equivalents	\$1,043
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Gross debt	\$2,615
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Net debt*	\$1,572
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## Financial position summary:

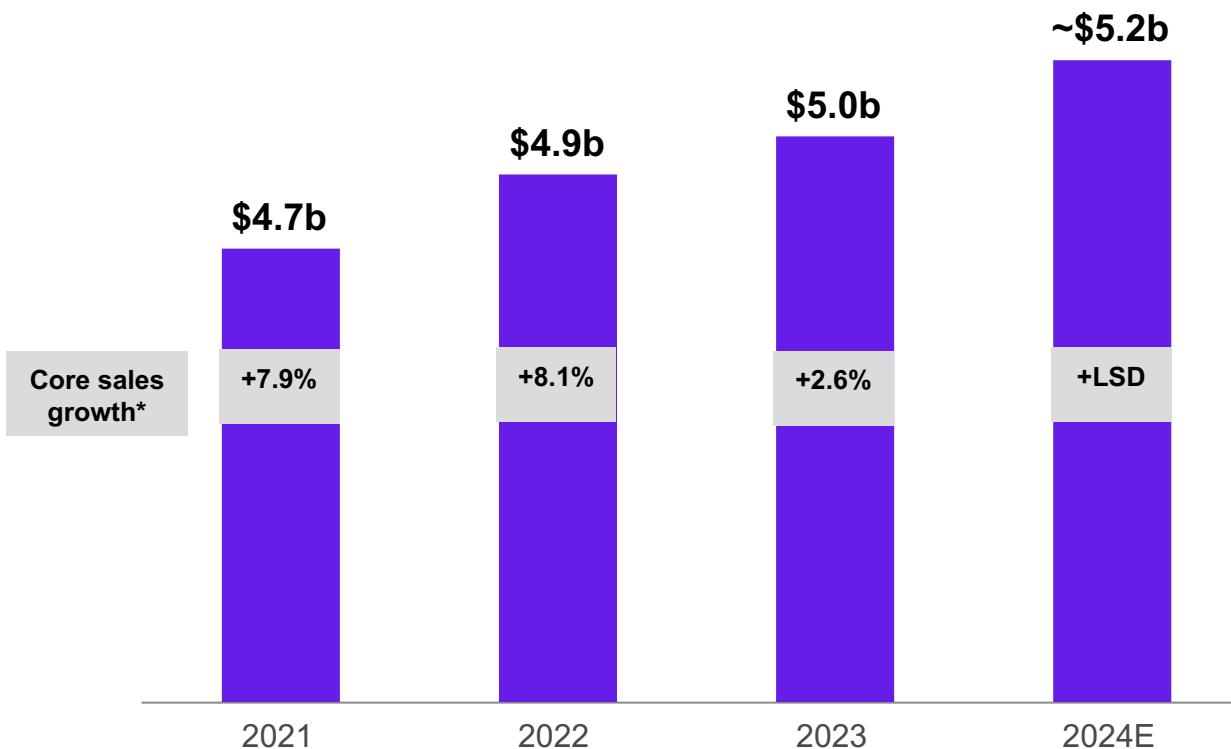
- Strong annual cash generation
- Resilient and capital-light business model
- Gross leverage\* at 2.1x
- Net leverage\* at 1.3x

\* See appendix for reconciliations to non-GAAP measures

# Veralto / Q3 and FY 2024 Guidance

	Q3 2024E	FY2024E	
		Current	Prior
Core Sales Growth*	+LSD to +MSD	+LSD	+LSD
Adjusted Operating Profit Margin*	~23.5%	~75 basis points	+50 to +75 basis points
Adjusted EPS*	\$0.82 to \$0.86	\$3.37 to \$3.45	\$3.25 to \$3.34
Free Cash Flow Conversion*	--	100% to 110%	100% to 110%

## Annual Sales and Core Sales Growth\*



Note: 2024 adjusted EPS guidance assumes an effective tax rate of ~24% and diluted shares outstanding of ~249m

\* See appendix for reconciliations to non-GAAP measures





# Closing Remarks

Jennifer L. Honeycutt

Q2 2024 Results | July 25, 2024

# Veralto / Well-positioned to drive compounding earnings and free cash flow growth

**ATTRACTIVE SECULAR GROWTH DRIVERS**

**PREMIER FINANCIAL PROFILE  
and DURABLE BUSINESS MODEL**

**PROVEN VALUE CREATION PLAYBOOK**



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



Veralto<sup>TM</sup>

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# Appendix

Q2 2024 Results | July 25, 2024



VERALTO CORPORATION  
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES  
AND SUPPLEMENTAL FORWARD-LOOKING INFORMATION  
THREE AND SIX-MONTH PERIODS ENDED JUNE 28, 2024 AND JUNE 30, 2023



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## **FORWARD-LOOKING STATEMENTS DISCLOSURE**

Certain statements in this document, including the statement regarding the Company's anticipated third quarter and full year 2024 non-GAAP core sales growth, the Company's differentiation and positioning to continue delivering sustainable, long-term shareholder value 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. All statements other than historical factual information are forward-looking statements, including, without limitation, statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, Veralto's liquidity position or other financial measures; Veralto's management's plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions and the integration thereof, divestitures, spin-offs, split-offs or other distributions, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; the effects of the separation or the distribution on Veralto's business; growth, declines and other trends in markets Veralto sells into; new or modified laws, regulations and accounting pronouncements; future regulatory approvals and the timing thereof; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; future foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the anticipated timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that Veralto intends or believes will or may occur in the future. 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 2023 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. These forward-looking statements speak only as of the date of this document 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.

# VERALTO CORPORATION

## **Sales Growth by Segment, Core Sales Growth by Segment**

% Change Three-Month Period Ended June 28, 2024 vs. Comparable 2023 Period			
	Segments		
	Total Company	Water Quality	Product Quality and Innovation
Total sales growth (GAAP)	2.8 %	2.8 %	2.7 %
Impact of:			
Acquisitions/divestitures	0.2 %	0.4 %	— %
Currency exchange rates	0.8 %	0.8 %	0.7 %
Core sales growth (non-GAAP)	3.8 %	4.0 %	3.4 %

% Change Six-Month Period Ended June 28, 2024 vs. Comparable 2023 Period			
	Segments		
	Total Company	Water Quality	Product Quality and Innovation
Total sales growth (GAAP)	2.3 %	2.8 %	1.5 %
Impact of:			
Acquisitions/divestitures	0.2 %	0.3 %	0.1 %
Currency exchange rates	0.3 %	0.3 %	0.2 %
Core sales growth (non-GAAP)	2.8 %	3.4 %	1.8 %

# VERALTO CORPORATION

## **Sales Growth (Decline) by Segment, Core Sales Growth (Decline) by Segment**

	% Change Three-Month Period Ended June 30, 2023 vs. Comparable 2022 Period		
	Total Company	Segments	
		Water Quality	Product Quality and Innovation
Total sales growth (decline) GAAP	2.0 %	5.0 %	(2.5)%
Impact of:			
Acquisitions/divestitures	(0.5)%	— %	(1.0)%
Currency exchange rates	— %	— %	— %
Core sales (decline) growth (non-GAAP)	1.5 %	5.0 %	(3.5)%

	% Change Six-Month Period Ended June 30, 2023 vs. Comparable 2022 Period		
	Total Company	Segments	
		Water Quality	Product Quality and Innovation
Total sales growth (decline) GAAP	3.0 %	7.0 %	(2.0)%
Impact of:			
Acquisitions/divestitures	(0.5)%	— %	(1.0)%
Currency exchange rates	1.5 %	1.0 %	1.5 %
Core sales growth (decline) (non-GAAP)	4.0 %	8.0 %	(1.5)%

**Forecasted Core Sales Growth, Adjusted Operating Profit Margin, and Adjusted Diluted Net Earnings per Share**

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

	<b>% Change Three-Month Period Ending September 27, 2024 vs. Comparable 2023 Period</b>	<b>% Change Year Ending December 31, 2024 vs. Comparable 2023 Period</b>
Core sales growth (non-GAAP)	+Low-single digit to +Mid-single digit	+Low-single digit

	<b>Three-Month Period Ending September 27, 2024</b>	<b>Year Ending December 31, 2024</b>
Adjusted Operating Profit Margin (non-GAAP)	~23.5%	~75 basis points
Adjusted Diluted Net Earnings per Share (non-GAAP)	\$0.82 to \$0.86	\$3.37 to \$3.45
Free cash flow to net earnings conversion ratio (non-GAAP)	--	100% to 110%



**VERALTO CORPORATION**

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

	<b>Three-Month Period Ended</b>		<b>Six-Month Period Ended</b>	
	<b>June 28, 2024</b>	<b>June 30, 2023</b>	<b>June 28, 2024</b>	<b>June 30, 2023</b>
<b>Sales (GAAP)</b>				
Water Quality	\$ 777	\$ 756	\$ 1,526	\$ 1,485
Product Quality & Innovation	511	497	1,008	993
Total	<u>\$ 1,288</u>	<u>\$ 1,253</u>	<u>\$ 2,534</u>	<u>\$ 2,478</u>
<b>Sales Adjustments<sup>1</sup></b>				
Water Quality	\$ —	\$ 2	\$ —	\$ 4
Product Quality & Innovation	—	—	—	—
Total	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 4</u>
<b>Adjusted Sales (Non-GAAP)</b>				
Water Quality	\$ 777	\$ 758	\$ 1,526	\$ 1,489
Product Quality & Innovation	511	497	1,008	993
Total	<u>\$ 1,288</u>	<u>\$ 1,255</u>	<u>\$ 2,534</u>	<u>\$ 2,482</u>
<b>Operating Profit (GAAP)</b>				
Water Quality	\$ 188	\$ 180	\$ 369	\$ 348
Product Quality & Innovation	135	122	268	257
Other	(24)	(13)	(45)	(24)
Total	<u>\$ 299</u>	<u>\$ 289</u>	<u>\$ 592</u>	<u>\$ 581</u>
<b>Amortization of Intangible Assets (GAAP)</b>				
Water Quality	\$ 4	\$ 5	\$ 9	\$ 10
Product Quality & Innovation	6	7	12	14
Total	<u>\$ 10</u>	<u>\$ 12</u>	<u>\$ 21</u>	<u>\$ 24</u>

**VERALTO CORPORATION**

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

	Three-Month Period Ended		Six-Month Period Ended	
	June 28, 2024	June 30, 2023	June 28, 2024	June 30, 2023
<b>Other Operating Profit Adjustments<sup>2</sup></b>				
Water Quality	\$ —	\$ (3)	\$ —	\$ (6)
Product Quality & Innovation	—	3	—	—
Other	—	(8)	1	(16)
Total	<u>\$ —</u>	<u>\$ (8)</u>	<u>\$ 1</u>	<u>\$ (22)</u>
<b>Adjusted Operating Profit (non-GAAP)<sup>3</sup></b>				
Water Quality	\$ 192	\$ 182	\$ 378	\$ 352
Product Quality & Innovation	141	132	280	271
Other	(24)	(21)	(44)	(40)
Total	<u>\$ 309</u>	<u>\$ 293</u>	<u>\$ 614</u>	<u>\$ 583</u>
<b>Operating Profit Margin (GAAP)</b>				
Water Quality	24.2 %	23.8 %	24.2 %	23.4 %
Product Quality & Innovation	26.4 %	24.5 %	26.6 %	25.9 %
Total	<u>23.2 %</u>	<u>23.1 %</u>	<u>23.4 %</u>	<u>23.4 %</u>
<b>Adjusted Operating Profit Margin (Non-GAAP)<sup>4</sup></b>				
Water Quality	24.7 %	24.0 %	24.8 %	23.6 %
Product Quality & Innovation	27.6 %	26.6 %	27.8 %	27.3 %
Total	<u>24.0 %</u>	<u>23.3 %</u>	<u>24.2 %</u>	<u>23.5 %</u>

<sup>1</sup> Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Sales Adjustments

<sup>2</sup> Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>3</sup> Adjusted Operating Profit (non-GAAP) is defined as operating profit (GAAP) plus amortization of intangible assets (GAAP) plus (minus) Other Operating Profit Adjustments and Sales Adjustment (as defined).

<sup>4</sup> Adjusted Operating Profit Margin (Non-GAAP) is defined as Adjusted Operating Profit (Non-GAAP) divided by Adjusted Sales (Non-GAAP).

VERALTO CORPORATION

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

	Three-Month Period Ended June 28, 2024			
	Water Quality	Product Quality & Innovation	Other	Total Company
<b>Net Earnings (GAAP)</b>				\$ 203
Interest Expense				30
Other Nonoperating (Income) Expense				(1)
Income Taxes				67
<b>Operating Profit (GAAP)</b>	\$ 188	\$ 135	\$ (24)	\$ 299
Other Operating Profit Adjustments <sup>2</sup>	—	—	—	—
Depreciation	6	4	—	10
Amortization of Intangible Assets	4	6	—	10
<b>Adjusted EBITDA (Non-GAAP)</b>	<u>\$ 198</u>	<u>\$ 145</u>	<u>\$ (24)</u>	<u>\$ 319</u>
Interest Expense				(30)
Other Nonoperating Income (Expense)				1
Income Taxes				(67)
Depreciation				(10)
Amortization of Intangible Assets				(10)
<b>Net Earnings (GAAP)</b>				<u>\$ 203</u>
 Sales (GAAP)	 <u>\$ 777</u>	 <u>\$ 511</u>		 <u>\$ 1,288</u>
 <b>Net Earnings Margin (GAAP)</b>				 <u>15.8 %</u>
 <b>Operating Profit Margin (GAAP)</b>	 <u>24.2 %</u>	 <u>26.4 %</u>		 <u>23.2 %</u>
 <b>Adjusted EBITDA Margin (Non-GAAP) <sup>5</sup></b>	 <u>25.5 %</u>	 <u>28.4 %</u>		 <u>24.8 %</u>

<sup>2</sup> Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>5</sup> Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

VERALTO CORPORATION

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

	Three-Month Period Ended June 30, 2023			
	Water Quality	Product Quality & Innovation	Other	Total Company
<b>Net Earnings (GAAP)</b>				\$ 209
Other Nonoperating (Income) Expense				14
Income Taxes				66
<b>Operating Profit (GAAP)</b>	\$ 180	\$ 122	\$ (13)	\$ 289
Other Operating Profit Adjustments <sup>2</sup>	(3)	3	(8)	(8)
Depreciation	6	4	—	10
Amortization of Intangible Assets	5	7	—	12
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 188	\$ 136	\$ (21)	\$ 303
Other Nonoperating Income (Expense)				(14)
Income Taxes				(66)
Other Operating Profit Adjustments <sup>2</sup>				8
Depreciation				(10)
Amortization of Intangible Assets				(12)
<b>Net Earnings (GAAP)</b>				\$ 209
Sales (GAAP)	\$ 756	\$ 497		\$ 1,253
<b>Net Earnings Margin (GAAP)</b>				16.7 %
<b>Operating Profit Margin (GAAP)</b>	23.8 %	24.5 %		23.1 %
<b>Adjusted EBITDA Margin (Non-GAAP)<sup>5</sup></b>	24.9 %	27.4 %		24.2 %

<sup>2</sup> Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>5</sup> Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.



**VERALTO CORPORATION**

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

	Six-Month Period Ended June 28, 2024			
	Water Quality	Product Quality & Innovation	Other	Total Company
<b>Net Earnings (GAAP)</b>				\$ 387
Interest Expense				58
Other Nonoperating (Income) Expense				14
Income Taxes				133
<b>Operating Profit (GAAP)</b>	\$ 369	\$ 268	\$ (45)	\$ 592
Other Operating Profit Adjustments <sup>2</sup>	—	—	1	1
Depreciation	12	8	—	20
Amortization of Intangible Assets	9	12	—	21
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 390	\$ 288	\$ (44)	\$ 634
Interest Expense				(58)
Other Nonoperating Income (Expense)				(14)
Income Taxes				(133)
Other Operating Profit Adjustments <sup>2</sup>				(1)
Depreciation				(20)
Amortization of Intangible Assets				(21)
<b>Net Earnings (GAAP)</b>				\$ 387
<b>Sales (GAAP)</b>	\$ 1,526	\$ 1,008		\$ 2,534
<b>Net Earnings Margin (GAAP)</b>				15.3 %
<b>Operating Profit Margin (GAAP)</b>	24.2 %	26.6 %		23.4 %
<b>Adjusted EBITDA Margin (Non-GAAP) <sup>5</sup></b>	25.6 %	28.6 %		25.0 %

<sup>2</sup> Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>5</sup> Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

VERALTO CORPORATION

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

	Six-Month Period Ended June 30, 2023			
	Water Quality	Product Quality & Innovation	Other	Total Company
<b>Net Earnings (GAAP)</b>				\$ 434
Other Nonoperating (Income) Expense				14
Income Taxes				133
<b>Operating Profit (GAAP)</b>	\$ 348	\$ 257	\$ (24)	\$ 581
Other Operating Profit Adjustments <sup>2</sup>	(6)	—	(16)	(22)
Depreciation	12	8	—	20
Amortization of Intangible Assets	10	14	—	24
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 364	\$ 279	\$ (40)	\$ 603
Other Nonoperating Income (Expense)				(14)
Income Taxes				(133)
Other Operating Profit Adjustments <sup>2</sup>				22
Depreciation				(20)
Amortization of Intangible Assets				(24)
<b>Net Earnings (GAAP)</b>				\$ 434
Sales (GAAP)	\$ 1,485	\$ 993		\$ 2,478
<b>Net Earnings Margin (GAAP)</b>				17.5 %
<b>Operating Profit Margin (GAAP)</b>	23.4 %	25.9 %		23.4 %
<b>Adjusted EBITDA Margin (Non-GAAP) <sup>5</sup></b>	24.5 %	28.1 %		24.3 %

<sup>2</sup> Refer to the Reconciliation of GAAP to Other Non-GAAP Adjusted P&L Measures for a description of the components of Other Operating Profit Adjustments.

<sup>5</sup> Adjusted EBITDA Margin (Non-GAAP) is defined as Adjusted EBITDA (Non-GAAP) divided by sales.

**VERALTO CORPORATION**

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

	Three-Month Period Ended			
	June 28, 2024	March 29, 2024	December 31, 2023	September 29, 2023
<b>Net Earnings (GAAP)</b>	\$ 203	\$ 184	\$ 200	\$ 205
Interest Expense	30	28	25	5
Other Nonoperating (Income) Expense	(1)	15	—	—
Income Taxes	67	66	61	63
<b>Operating Profit (GAAP)</b>	299	293	286	273
Other Operating Profit Adjustments <sup>2</sup>	—	1	8	(4)
Depreciation	10	10	10	9
Amortization of Intangible Assets	10	11	12	12
<b>Adjusted EBITDA (Non-GAAP)</b>	\$ 319	\$ 315	\$ 316	\$ 290
<b>Trailing Twelve Month Operating Profit (GAAP)<sup>6</sup></b>	\$ 1,151			
<b>Trailing Twelve Month Adjusted EBITDA (Non-GAAP)<sup>7</sup></b>	\$ 1,240			
Long Term Debt <sup>8</sup>	\$ 2,615			
Less: Cash <sup>8</sup>	1,043			
<b>Net Debt (Non-GAAP)</b>	\$ 1,572			
<b>Gross Debt to Operating Profit<sup>9</sup></b>	2.27			
<b>Net Debt to Operating Profit<sup>10</sup></b>	1.37			
<b>Gross Leverage (Non-GAAP)<sup>11</sup></b>	2.11			
<b>Net Leverage (Non-GAAP)<sup>12</sup></b>	1.27			

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

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

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

8 Long Term Debt and Cash balances as of June 28, 2024.

9 Calculated as Long Term Debt divided by Trailing Twelve Month Operating Profit.

10 Calculated as Net Debt divided by Trailing Twelve Month Operating Profit.

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

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

VERALTO CORPORATION

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

(\$ in millions, except per share data)

**Three-Month Period Ended June 28, 2024**

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted earnings per common share	Diluted net earnings per common share
<b>Reported (GAAP)</b>	\$ 1,288	\$ (514)	60.1 %	\$ 299	23.2 %	\$ 270	\$ (67)	\$ 203	\$ 0.81
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	10	0.8	10		10	0.04
Tax effect of the above adjustments <sup>G</sup>							(3)	(3)	(0.01)
Discrete tax adjustments <sup>H</sup>							3	3	0.01
Rounding	—	—		—		—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 1,288</u>	<u>\$ (514)</u>	<u>60.1 %</u>	<u>\$ 309</u>	<u>24.0 %</u>	<u>\$ 280</u>	<u>\$ (67)</u>	<u>\$ 213</u>	<u>\$ 0.85</u>

**Three-Month Period Ended June 28, 2024**

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Nonoperating income (expense), net (excluding interest)	Interest income (expense), net
<b>Reported (GAAP)</b>	\$ 1,288	\$ (414)	(32.1)%	\$ (61)	(4.7)%	\$ 1	\$ (30)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	10	0.8	—	—	—	—
Rounding	—	—	(0.1)	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 1,288</u>	<u>\$ (404)</u>	<u>(31.4)%</u>	<u>\$ (61)</u>	<u>(4.7)%</u>	<u>\$ 1</u>	<u>\$ (30)</u>

**VERALTO CORPORATION**

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

(\$ in millions, except per share data)

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

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted earnings per common share	Diluted net earnings per common share
<b>Reported (GAAP)</b>	\$ 1,253	\$ (529)	57.8 %	\$ 289	23.1 %	\$ 275	\$ (66)	\$ 209	\$ 0.85
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	12	1.0	12		12	0.05
Fair value net losses on investments <sup>D</sup>	—	—	—	—	—	15		15	0.06
Impairments and other charges <sup>E</sup>	—	—	—	6	0.5	6		6	0.02
Standalone Adjustment <sup>F</sup>	2	—	0.2	(14)	(1.1)	(49)		(49)	(0.20)
Tax effect of the above adjustments <sup>G</sup>							4	4	0.02
Discrete tax adjustments <sup>H</sup>							(1)	(1)	—
Rounding	—	—	(0.2)	—	(0.2)	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 1,255</u>	<u>\$ (529)</u>	<u>57.8 %</u>	<u>\$ 293</u>	<u>23.3 %</u>	<u>\$ 259</u>	<u>\$ (63)</u>	<u>\$ 196</u>	<u>\$ 0.80</u>

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

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Nonoperating income (expense), net (excluding interest)	Interest income (expense), net
<b>Reported (GAAP)</b>	\$ 1,253	\$ (378)	(30.2)%	\$ (57)	(4.5)%	\$ (14)	\$ —
Amortization of acquisition-related intangible assets <sup>A</sup>	—	12	1.0	—	—	—	—
Fair value net losses on investments <sup>D</sup>	—	—	—	—	—	15	—
Impairments and other charges <sup>E</sup>	—	6	0.5	—	—	—	—
Standalone Adjustment <sup>F</sup>	2	(16)	(1.3)	—	—	—	(35)
<b>Adjusted (Non-GAAP)</b>	<u>\$ 1,255</u>	<u>\$ (376)</u>	<u>(30.0)%</u>	<u>\$ (57)</u>	<u>(4.5)%</u>	<u>\$ 1</u>	<u>\$ (35)</u>

VERALTO CORPORATION

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

(\$ in millions, except per share data)

**Six-Month Period Ended June 28, 2024**

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted earnings per common share	Diluted net earnings per common share
<b>Reported (GAAP)</b>	\$ 2,534	\$ (1,013)	60.0 %	\$ 592	23.4 %	\$ 520	\$ (133)	\$ 387	\$ 1.55
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	21	0.8	21		21	0.08
Separation costs <sup>B</sup>	—	—	—	1	—	1		1	—
Loss on disposition of certain product lines <sup>C</sup>	—	—	—	—	—	15		15	0.06
Tax effect of the above adjustments <sup>G</sup>							(6)	(6)	(0.02)
Discrete tax adjustments <sup>H</sup>							4	4	0.02
Rounding	—	—	—	—	—	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 2,534</u>	<u>\$ (1,013)</u>	<u>60.0 %</u>	<u>\$ 614</u>	<u>24.2 %</u>	<u>\$ 557</u>	<u>\$ (135)</u>	<u>\$ 422</u>	<u>\$ 1.69</u>

**Six-Month Period Ended June 28, 2024**

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Nonoperating income (expense), net (excluding interest)	Interest income (expense), net
<b>Reported (GAAP)</b>	\$ 2,534	\$ (808)	(31.9)%	\$ (121)	(4.8)%	\$ (14)	\$ (58)
Amortization of acquisition-related intangible assets <sup>A</sup>	—	21	0.8	—	—	—	—
Separation costs <sup>B</sup>	—	1	—	—	—	—	—
Loss on disposition of certain product lines <sup>C</sup>	—	—	—	—	—	15	—
Rounding	—	—	0.1	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 2,534</u>	<u>\$ (786)</u>	<u>(31.0)%</u>	<u>\$ (121)</u>	<u>(4.8)%</u>	<u>\$ 1</u>	<u>\$ (58)</u>



**VERALTO CORPORATION**

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

(\$ in millions, except per share data)

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

	Sales	Cost of sales	Gross profit margin	Operating profit	Operating profit margin	Earnings before income taxes	Income taxes	Net earnings for calculation of diluted earnings per common share	Diluted net earnings per common share
<b>Reported (GAAP)</b>	\$ 2,478	\$ (1,046)	57.8 %	\$ 581	23.4 %	\$ 567	\$ (133)	\$ 434	\$ 1.76
Amortization of acquisition-related intangible assets <sup>A</sup>	—	—	—	24	1.0	24		24	0.10
Fair value net losses on investments <sup>D</sup>	—	—	—	—	—	15		15	0.06
Impairments and other charges <sup>E</sup>	—	—	—	6	0.2	6		6	0.02
Standalone Adjustment <sup>F</sup>	4	—	0.2	(28)	(1.1)	(98)		(98)	(0.40)
Tax effect of the above adjustments <sup>G</sup>							13	13	0.05
Discrete tax adjustments <sup>H</sup>							(6)	(6)	(0.02)
Rounding	—	—	(0.1)	—	—	—	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 2,482</u>	<u>\$ (1,046)</u>	<u>57.9 %</u>	<u>\$ 583</u>	<u>23.5 %</u>	<u>\$ 514</u>	<u>\$ (126)</u>	<u>\$ 388</u>	<u>\$ 1.57</u>

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

	Sales	Selling, general and administrative expenses	Selling, general and administrative expenses as a % of sales	Research and development expenses	Research and development expenses as a % of sales	Interest income (expense), net
<b>Reported (GAAP)</b>	\$ 2,478	\$ (738)	(29.8)%	\$ (113)	(4.6)%	\$ —
Amortization of acquisition-related intangible assets <sup>A</sup>	—	24	1.0	—	—	—
Impairments and other charges <sup>E</sup>	—	6	0.2	—	—	—
Standalone Adjustment <sup>F</sup>	4	(32)	(1.3)	—	—	(70)
Rounding	—	—	0.1	—	—	—
<b>Adjusted (Non-GAAP)</b>	<u>\$ 2,482</u>	<u>\$ (740)</u>	<u>(29.8)%</u>	<u>\$ (113)</u>	<u>(4.6)%</u>	<u>\$ (70)</u>

# VERALTO CORPORATION

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

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

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

	<b>Three-Month Period Ended</b>		<b>Six-Month Period Ended</b>	
	<b>June 28, 2024</b>	<b>June 30, 2023</b>	<b>June 28, 2024</b>	<b>June 30, 2023</b>
Pretax	\$ 10	\$ 12	\$ 21	\$ 24
After-tax	7	9	16	18

<sup>B</sup> Costs incurred in the six-month period ended June 28, 2024 related to the separation of the Company from Danaher primarily related to IT costs and certain regulatory fees (\$1 million pretax as reported in this line item).

<sup>C</sup> Loss on the disposition of certain product lines in the six-month period ended June 28, 2024 (\$15 million pre-tax and after-tax as reported in this line item).

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

<sup>E</sup> Impairment charge related to customer relationships in the Product Quality & Innovation segment for the three and six-month periods ended June 30, 2023 (\$6 million pretax as reported in this line item, \$5 million after-tax).

<sup>F</sup> 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. The pretax and after-tax effect of these estimates are summarized below:

	<b>Three-Month Period Ended</b>	<b>Six-Month Period Ended</b>
	<b>June 30, 2023</b>	<b>June 30, 2023</b>
Impact to Operating Profit	\$ (14)	\$ (28)
Pretax	(49)	(98)
After-tax	(37)	(74)

<sup>G</sup> This line item reflects the aggregate tax effect of all nontax adjustments reflected in the preceding line items of the table. In addition, the footnotes above indicate the after-tax amount of each individual adjustment item. 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.

<sup>H</sup> 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.

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

	Segments		
	Total Company	Water Quality	Product Quality & Innovation
<b>Three-Month Period Ended June 30, 2023 Operating Profit Margins (GAAP)</b>	<b>23.1 %</b>	<b>23.8 %</b>	<b>24.5 %</b>
Impact of second quarter 2023 impairment charges of customer relationships in the Product Quality and Innovation segment	0.4	—	1.1
<b>Year-over-year core operating profit margin changes for the second quarter 2024 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)</b>	<b>(0.3)</b>	<b>0.4</b>	<b>0.8</b>
Three-Month Period Ended June 28, 2024 Operating Profit Margins (GAAP)	23.2 %	24.2 %	26.4 %
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
<b>Six-Month Period Ended June 30, 2023 Operating Profit Margins (GAAP)</b>	<b>23.4 %</b>	<b>23.4 %</b>	<b>25.9 %</b>
Costs incurred as a result of the Separation from Danaher	(0.1)	—	—
Second quarter year-to-date 2023 impairment charge related to customer relationships in the Product Quality and Innovation segment	0.2	—	0.5
<b>Year-over-year core operating profit margin changes for first six months of 2024 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)</b>	<b>(0.1)</b>	<b>0.8</b>	<b>0.2</b>
Six-Month Period Ended June 28, 2024 Operating Profit Margins (GAAP)	23.4 %	24.2 %	26.6 %

**VERALTO CORPORATION**

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

	Three-Month Period Ended		Year-over-Year Change	Six-Month Period Ended		Year-over-Year Change
	June 28, 2024	June 30, 2023		June 28, 2024	June 30, 2023	
<b>Total Cash Flows:</b>						
Net cash provided by operating activities (GAAP)	\$ 251	\$ 301		\$ 366	\$ 457	
Total cash used in investing activities (GAAP)	\$ (11)	\$ (10)		\$ (34)	\$ (19)	
Total cash provided by (used in) financing activities (GAAP)	\$ (13)	\$ (291)		\$ (33)	\$ (438)	
<b>Free Cash Flow:</b>						
Total cash provided by operating activities (GAAP)	\$ 251	\$ 301	~ (16.5)%	\$ 366	\$ 457	~ (20.0)%
Less: payments for additions to property, plant & equipment (capital expenditures) (GAAP)	(11)	(12)		(24)	(21)	
Plus: proceeds from sales of property, plant & equipment (capital disposals) (GAAP)	—	2		—	2	
Free cash flow (non-GAAP)	<u>\$ 240</u>	<u>\$ 291</u>	~ (17.5)%	<u>\$ 342</u>	<u>\$ 438</u>	~ (22.0)%
<b>Operating Cash Flow to Net Earnings Ratio (GAAP)</b>						
Net cash provided by operating activities (GAAP)	\$ 251	\$ 301		\$ 366	\$ 457	
Net earnings (GAAP)	\$ 203	\$ 209		\$ 387	\$ 434	
Operating cash flow to net earnings conversion ratio	<u>1.24</u>	<u>1.44</u>		<u>0.95</u>	<u>1.05</u>	
<b>Free Cash Flow to Net Earnings Conversion Ratio (non-GAAP):</b>						
Free cash flow from above (non-GAAP)	\$ 240	\$ 291		\$ 342	\$ 438	
Net earnings (GAAP)	\$ 203	\$ 209		\$ 387	\$ 434	
Free cash flow to net earnings conversion ratio (non-GAAP)	<u>1.18</u>	<u>1.39</u>		<u>0.88</u>	<u>1.01</u>	

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

**Statement Regarding Non-GAAP Measures**

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

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

Management uses these non-GAAP measures to measure the Company's operating and financial performance.

- The items excluded from the non-GAAP measures set forth above have been excluded for the following reasons:
  - Amortization of Intangible Assets: We exclude the amortization of acquisition-related intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe however that it is important for investors to understand that such intangible assets contribute to sales generation and that intangible asset amortization related to past acquisitions will recur in future periods until such intangible assets have been fully amortized.
  - Restructuring Charges: We exclude costs incurred pursuant to discrete restructuring plans that are fundamentally different (in terms of the size, strategic nature and planning requirements, as well as the inconsistent frequency, of such plans) from the ongoing productivity improvements that result from application of the Veralto Enterprise System. Because these restructuring plans are incremental to the core activities that arise in the ordinary course of our business and we believe are not indicative of Veralto's ongoing operating costs in a given period, we exclude these costs to facilitate a more consistent comparison of operating results over time.
  - Other Adjustments: With respect to the other items excluded from the profitability-related non-GAAP measures, 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.
  - Standalone Adjustments: We believe these adjustments provide additional insight into how our businesses are performing, on a normalized basis. However, these non-GAAP financial measures should not be construed as inferring that our future results will be unaffected by the items for which the measure adjusts.
- With respect to core operating profit margin changes, in addition to the explanation set forth in the bullets above relating to "restructuring charges" and "other adjustments", we exclude the impact of businesses owned for less than one year (or disposed of during such period and not treated as discontinued operations) because the timing, size, number and nature of such transactions can vary significantly from period to period and may obscure underlying business trends and make comparisons of long-term performance difficult.

**Statement Regarding Non-GAAP Measures**

- We calculate adjusted EBITDA by adding to operating profit amounts equal to depreciation and amortization and making the other adjustments reflected in the applicable tables above, which allows us to calculate and disclose such measure by segment. Given Veralto's diversification, we believe this helps our investors compare the profitability of our individual segments to peer companies with like business lines.
- With respect to core sales related measures, (1) we exclude the impact of currency translation because it is not under management's control, is subject to volatility and can obscure underlying business trends, and (2) we exclude the effect of acquisitions and divested product lines because the timing, size, number and nature of such transactions can vary significantly from period-to-period and between us and our peers, which we believe may obscure underlying business trends and make comparisons of long-term performance difficult.
- With respect to the FCF Measure, we exclude payments for additions to property, plant and equipment (net of the proceeds from capital disposals) to demonstrate the amount of operating cash flow for the period that remains after accounting for the Company's capital expenditure requirements.
- We calculate gross leverage and net leverage as the ratio of debt and net debt (defined as total debt less cash and cash equivalents) to trailing twelve month adjusted EBITDA. Trailing Twelve Month EBITDA is an ongoing liquidity measure and is calculated as the sum of adjusted EBITDA for the previous four quarters. We believe these liquidity measures help our investors to assess our liquidity relative to peer companies.



Veralto™