

Q1 2024 Earnings Call Presentation

May 7, 2024

Forward-Looking Statements & Non-GAAP Financial Measures



This presentation contains forward-looking statements regarding future results and events, including financial and operational guidance and projected estimates. For this purpose, any statements that are not statements of historical fact may be deemed forward-looking statements. Words such as “may,” “will,” “expect,” “plan,” “anticipate,” “estimate,” “intend,” “outlook,” and similar expressions (as well as other words or expressions referencing future events, conditions or circumstances) are intended to identify forward-looking statements. These forward-looking statements may include statements regarding future operating and financial performance, market growth, success of our products, customer trends, and the acquisition of Wyatt Technology and the realization of the benefits thereof. Forward-looking statements in this presentation are based on Waters’ expectations and assumptions as of the date of this presentation and are neither predictions nor guarantees of future events or performance. You should not place undue reliance on forward-looking statements, which speak only as of the date hereof and should not be relied upon as representing the Company’s estimates or views as of any date subsequent to the date of this presentation. Each of these forward-looking statements involves risks and uncertainties, including risks and uncertainties associated with the Wyatt acquisition, as well as the Company’s ability to realize the expected benefits related to its various cost-saving initiatives, and actual results may differ materially from such forward-looking statements. We discuss various factors that may cause Waters actual results to differ from those expressed or implied in the forward-looking statements in this presentation, including, but not limited to, those factors relating to the impact on Waters’ operating results throughout the Company’s various market sectors or geographies from economic, environmental, regulatory, sovereign and political uncertainties, in the sections entitled “Forward-Looking Statements,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, and “Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 as filed with the Securities and Exchange Commission (“SEC”) on February 27, 2024, as updated by the Company’s subsequent filings with the SEC, including the Company’s Quarterly Reports on Form 10-Q. Except as required by law, Waters does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

To supplement the Company’s financial statements presented on a GAAP basis, the Company has provided certain non-GAAP financial measures, such as organic constant currency revenue, non-GAAP diluted earnings per share and free cash flow. Management uses these non-GAAP financial measures to evaluate the Company’s operating performance in a manner that allows for meaningful period-to-period comparison and analysis of trends in its business. Management believes that such measures are important in comparing current results with prior period results and are useful to investors and financial analysts in assessing the Company’s operating performance. The non-GAAP financial information presented herein should be considered in conjunction with, and not as a substitute for, the financial information presented in accordance with GAAP. Management strongly encourages investors to review the Company’s consolidated financial statements and publicly filed reports in their entirety. The Company’s definition of these non-GAAP financial measures may differ from similarly titled measures used by others. The non-GAAP financial measures used in this presentation adjust for specified items that can be highly variable or difficult to predict. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures set forth in the Appendix of this presentation and also included in the Company’s press release dated May 7, 2024, available on the Company’s website at: <https://ir.waters.com/>.

Strong Execution Continues

Excellent Operational Performance

Innovation Fueling Growth Strategy

Q1 2024 Results

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Q1 2024 Revenue

\$637M

Reported: (7%)

CC Organic
Revenue Growth

(9%)

M&A: +3% FX: (1%)

CC Organic
Instrument Growth

(25%)

CC Organic Recurring
Revenue Growth

+3%

Q1 2024 EPS
Non-GAAP

\$2.21

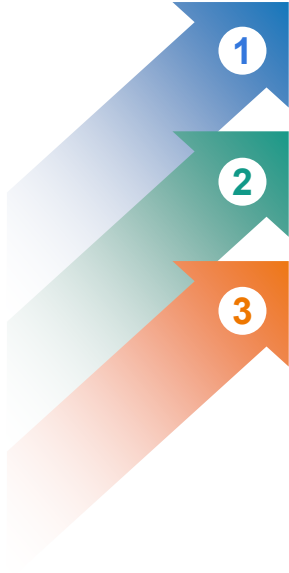
Growth

(11%)

CC: Constant Currency; Growth rates are versus prior year

Note: A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the Appendix to this presentation and is also included in the Company's press release dated May 7, 2024, available on the Company's website at: <https://ir.waters.com/>

Strong Margin Results Despite Headwinds from Volume, FX, & Inflation



Pricing

Productivity

**Proactive Cost
Alignment**

**Gross Margin
Expansion**

1Q24
58.9%
+40bps
Y/Y

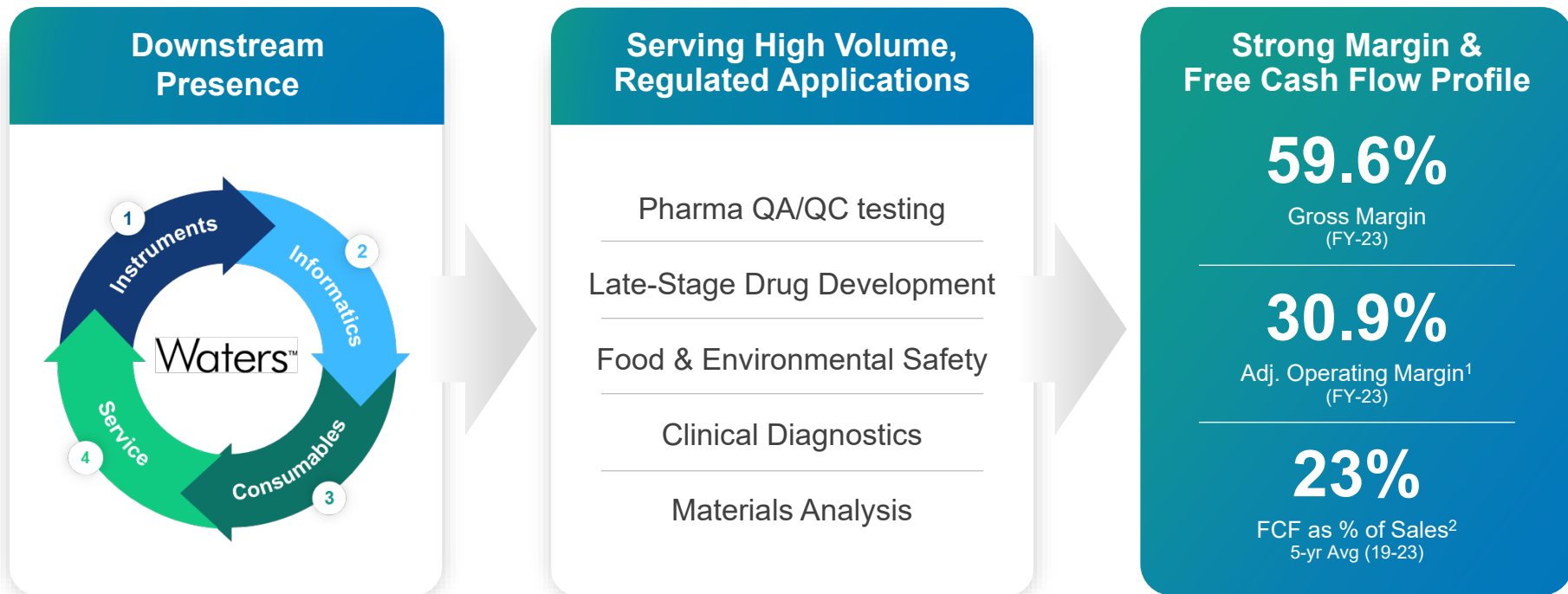
**Adj. Operating
Margin Expansion**

1Q24
27.0%
+20bps
Y/Y

Note: Operating margin results and percentage growth are in adjusted non-GAAP operating margin percentage terms. A reconciliation of these non-GAAP measures to the most directly comparable GAAP measures is included in the Appendix of this presentation and in the Company's press release dated May 7, 2024, available on the Company's website at: <https://ir.waters.com/>.

We Serve Attractive, Secular Markets Driven by Testing Volume

Waters™



Note: 1. Operating Margin result is in adjusted, non-GAAP operating margin percentage terms based on non-GAAP data for the period ended December 31, 2023. See reconciliations of the non-GAAP measures to the most directly comparable GAAP measures which are available on the Company's website at: <https://ir.waters.com/>. 2. FCF = Free Cash Flow which the Company defines as cash flow from operating activities less capital expenditures less any special unusual items is a 5-year average of annual free cash flow as a % of as-reported, GAAP revenues from 2019-2023. See reconciliations of the non-GAAP measures to the most directly comparable GAAP measures which are available on the Company's website at: <https://ir.waters.com/>. Source: Waters Corporation data.

New Product Launches Serving High Growth Areas

Waters™

Alliance iS Bio for Large Molecules



Eliminates up to 40% of common errors in QC labs for biologics testing

SEC Columns for Gene-Based Therapies



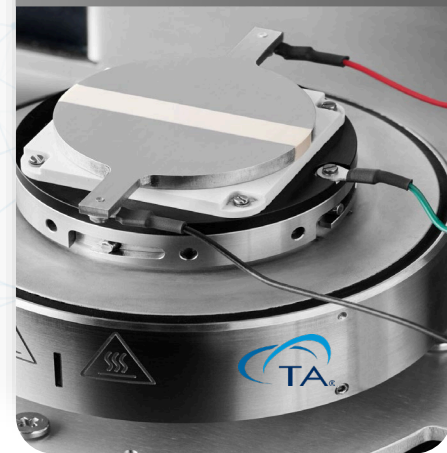
Improves sensitivity by 200%, reduces sample consumption and run times

Sample Prep for PFAS Detection



Reduces sample prep time and processing time by 30 mins per batch

Rheo IS for Battery Testing

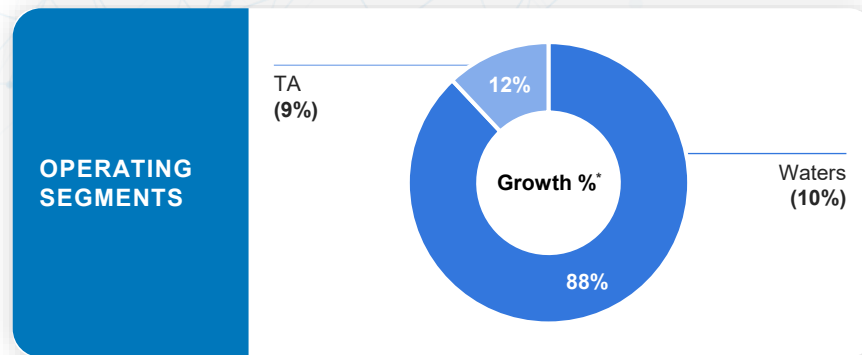
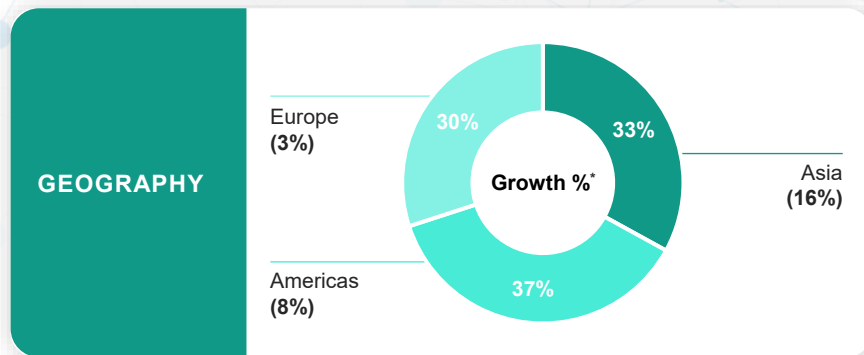
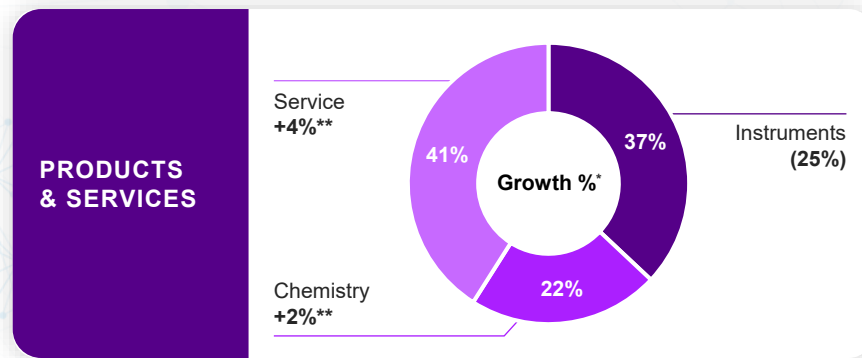
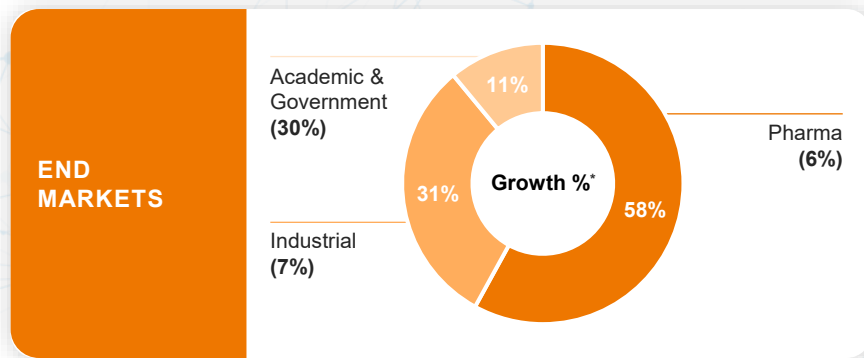


Advances electrode design through measurement of battery slurry electrical properties

Note: Estimates on this slide are comprised of internal analysis, consulting data, industry reports and internal market research which are subject to change.

Q1 2024 Organic Revenue Stratification

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* Q1 2024 Organic Revenue Growth % vs. Q1 2023 in Constant Currency

** Note: 1Q24 had 1 less day vs. 1Q23

A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the Appendix to this presentation and is also included in the Company's press release dated May 7, 2024, available on the Company's website at: <https://ir.waters.com>

FY 2024

**Organic Constant Currency
Revenue Growth vs. FY 2023**

(0.5%) to +1.5%

FX (~1%); M&A +~1%

Reported Growth 0% to +2%

NON-GAAP EPS

\$11.75 to \$12.05

Q2 2024

**Organic Constant Currency
Revenue Growth vs. Q2 2023**

(6.0%) to (4.0%)

FX (2%); M&A +1.5%

Reported Growth (6.5%) to (4.5%)

NON-GAAP EPS

\$2.50 to \$2.60

Based on current FX rate assumptions. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures is included in the Appendix to this presentation and is also included in the Company's press release dated May 7, 2024, available on the Company's website at: <https://ir.waters.com/>

Appendix

GAAP to Non-GAAP Reconciliations

Sales Stratification – Q1 2024 Reported & Organic CC Growth

(in millions USD)		2024	2023	% Growth Reported	Impact of Currency	Impact of Acquisitions	% Growth Organic Constant Currency
Operating Segments	Waters	561.9	602.1	(7%)	(1%)	4%	(10%)
	TA	74.9	82.6	(9%)	(1%)	0%	(9%)
End Markets	Pharmaceutical	374.2	384.9	(3%)	(1%)	4%	(6%)
	Industrial	195.3	209.7	(7%)	(1%)	1%	(7%)
	Academic & Government	67.3	90.1	(25%)	2%	3%	(30%)
Geography	Asia	207.6	253.1	(18%)	(3%)	1%	(16%)
	Americas	241.2	246.4	(2%)	0%	6%	(8%)
	Europe	188.1	185.2	2%	2%	2%	(3%)
Products & Services	Instruments	241.9	302.9	(20%)	0%	5%	(25%)
	Chemistry	134.2	133.5	1%	(1%)	0%	2%
	Service	260.7	248.2	5%	(1%)	2%	4%
	Total Recurring	394.9	381.7	3%	(1%)	2%	3%
Total Sales – Q1 QTD		636.8	684.7	(7%)	(1%)	3%	(9%)

The Company believes that referring to comparable organic constant currency growth rates is a useful way to evaluate the underlying performance of Waters Corporation's net sales. Organic constant currency growth, a non-GAAP financial measure, measures the change in net sales between current and prior year periods, excluding the impact of foreign currency exchange rates during the current period and excluding the impact of acquisitions made within twelve months of the acquisition close date.

GAAP to Non-GAAP Reconciliations

Operating Income Reconciliation of GAAP to Adjusted Non-GAAP

(in thousands USD)	Q1 2024 Operating Income	Q1 2024 Operating Income Percentage		Q1 2023 Operating Income	Q1 2023 Operating Income Percentage
GAAP	133,846	21.0%		174,168	25.4%
Adjustments:					
Purchased intangibles amortization (a)	11,834	1.9%		1,479	0.2%
Litigation provision (b)	10,242	1.6%		-	-
Restructuring costs and certain other items (c)	8,347	1.3%		(405)	(0.1%)
Retention bonus obligation (d)	7,634	1.2%		-	-
Acquisition related costs (e)	-	-		8,342	1.2%
Adjusted Non-GAAP	171,903	27.0%		183,584	26.8%
Adjusted Operating Margin Expansion – Q1'24 vs. Q1'23	0.2%				

- (a) The purchased intangibles amortization, a non-cash expense, was excluded to be consistent with how management evaluates the performance of its core business against historical operating results and the operating results of competitors over periods of time.
- (b) Litigation provisions and settlement gains were excluded as these items are isolated, unpredictable and not expected to recur regularly.
- (c) Restructuring costs and certain other items were excluded as the Company believes that the cost to consolidate operations, reduce overhead, and certain other income or expense items are not normal and do not represent future ongoing business expenses of a specific function or geographic location of the Company.
- (d) In connection with the Wyatt acquisition, the Company started to recognize a two-year retention bonus obligation that is contingent upon the employee's providing future service and continued employment with Waters. The Company believes that these costs are not normal and do not represent future ongoing business expenses.
- (e) Acquisition related costs include all incremental expenses incurred, such as advisory, legal, accounting, tax, valuation, and other professional fees. The Company believes that these costs are not normal and do not represent future ongoing business expenses.

GAAP to Non-GAAP Reconciliations

Earnings Per Share		
	Q1 2024	Q1 2023
GAAP	\$ 1.72	\$ 2.38
Adjustments:		
Purchased intangibles amortization (a)	\$ 0.15	\$ 0.02
Litigation provision (b)	\$ 0.13	\$ -
Restructuring costs and certain other items (c)	\$ 0.11	\$ (0.01)
Acquisition related costs (d)	\$ -	\$ 0.11
Retention bonus obligation (e)	\$ 0.10	\$ -
Adjusted Non-GAAP	\$ 2.21	\$ 2.49

- a) The purchased intangibles amortization, a non-cash expense, was excluded to be consistent with how management evaluates the performance of its core business against historical operating results and the operating results of competitors over periods of time.
- b) Litigation provisions and settlement gains were excluded as these items are isolated, unpredictable and not expected to recur regularly.
- c) Restructuring costs and certain other items were excluded as the Company believes that the cost to consolidate operations, reduce overhead, and certain other income or expense items are not normal and do not represent future ongoing business expenses of a specific function or geographic location of the Company.
- d) Acquisition related costs include all incremental expenses incurred, such as advisory, legal, accounting, tax, valuation, and other professional fees. The Company believes that these costs are not normal and do not represent future ongoing business expenses.
- e) In connection with the Wyatt acquisition, the Company started to recognize a two-year retention bonus obligation that is contingent upon the employee's providing future service and continued employment with Waters. The Company believes that these costs are not normal and do not represent future ongoing business expenses.

Q2 2024 and FY 2024 Guidance						
Projected Sales	Q2 2024			FY 2024		
Organic constant currency sales growth rate*	(6.0%)	-	(4.0%)	(0.5%)	-	1.5%
Impact of:						
Currency translation	(2.0%)	-	(2.0%)	(0.6%)	-	(0.6%)
Acquisitions	1.5%	-	1.5%	1.1%	-	1.1%
Sales growth rate as reported	(6.5%)	-	(4.5%)	0.0%	-	2.0%
Projected Earnings Per Diluted Share	Q2 2024			FY 2024		
GAAP earnings per diluted share	\$ 2.28	-	\$ 2.38	\$ 10.90	-	\$ 11.20
Adjustments:						
Purchased intangibles amortization (a)	\$ 0.15	-	\$ 0.15	\$ 0.60	-	\$ 0.60
Retention bonus obligation (e)	\$ 0.07	-	\$ 0.07	\$ 0.25	-	\$ 0.25
Adjusted non-GAAP earnings per diluted share	\$ 2.50	-	\$ 2.60	\$ 11.75	-	\$ 12.05

* Organic constant currency growth rates are a non-GAAP financial measure that measures the change in net sales between current and prior year periods, excluding the impact of foreign currency exchange rates during the current period and excluding the impact of acquisitions made within twelve months of the acquisition close date. These amounts are estimated at the current foreign currency exchange rates and based on the forecasted geographical sales in local currency, as well as an assessment of market conditions as of today, and may differ significantly from actual results.

These forward-looking adjustment estimates do not reflect future gains and charges that are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance.

An abstract graphic featuring a complex network of interconnected nodes and lines, resembling a molecular structure or a data network. The nodes are represented by small circles in various shades of blue and grey, connected by thin, light blue lines. The background is a gradient of blue, transitioning from a lighter shade on the left to a darker shade on the right. A horizontal band of solid dark blue runs across the middle of the image, serving as a backdrop for the text.

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