



Fourth Quarter and Full Year 2024 Results

February 4, 2025

Forward Looking Statements

Certain statements in this presentation, including statements regarding the Company's first quarter and full year 2025 financial performance, 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. These forward-looking statements speak only as of the date of this presentation and except to the extent required by applicable law, the Company does not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.



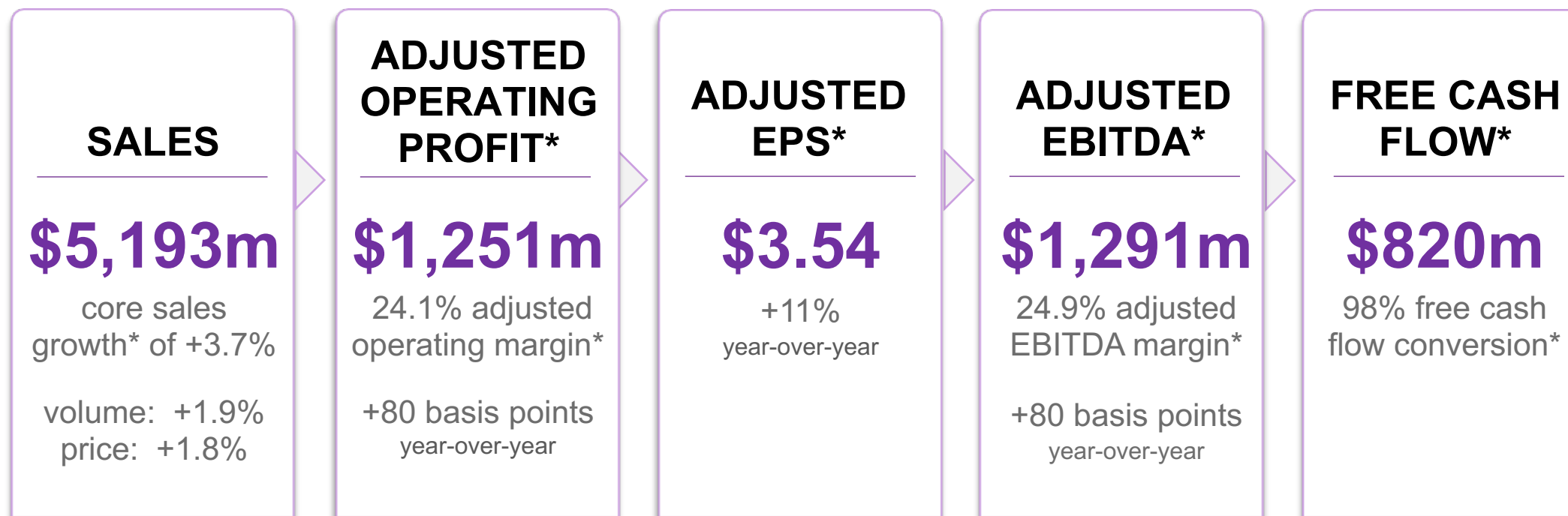
Opening Remarks

Jennifer L. Honeycutt

President and Chief Executive Officer

Q4 2024 Results | February 4, 2025

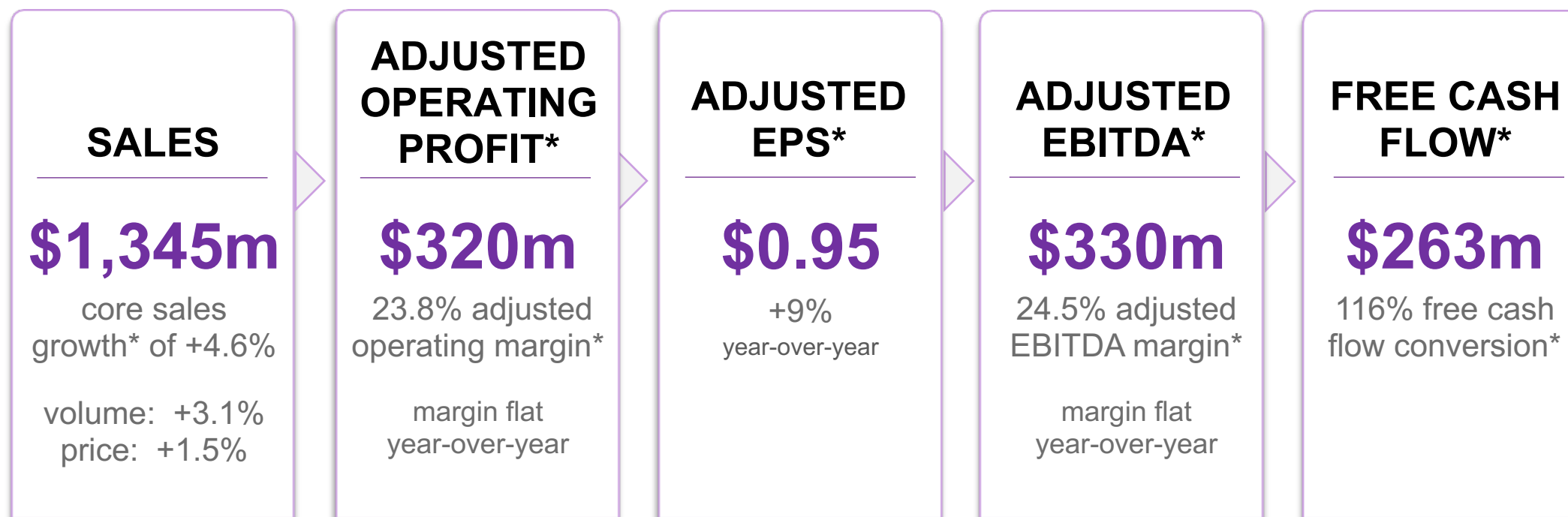
Veralto / Full Year 2024 key consolidated financial results



*See appendix for reconciliations to non-GAAP measures

FY 2024 Financial Results Reflect Strong Commercial and Operational Execution

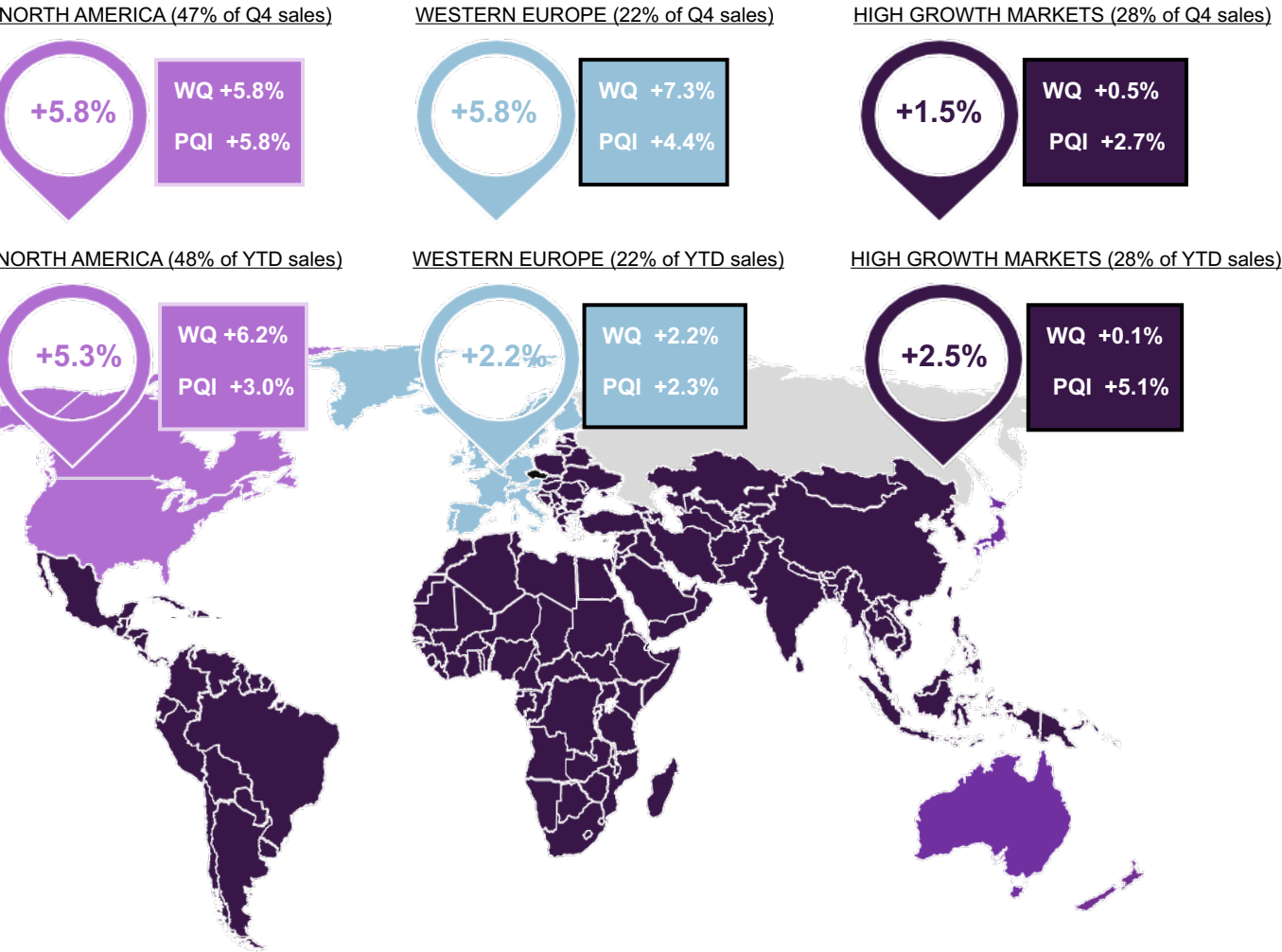
Veralto / Q4 2024 key consolidated financial results



*See appendix for reconciliations to non-GAAP measures

Q4 2024 Highlighted by MSD Core Sales Growth and Robust Free Cash Flow

Veralto / Core sales growth by region for Q4 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 annual sales

Q4 2024 Commentary

North America:

- **WQ:** strong growth in water treatment led by broad-based industrial demand and municipal waste-water; steady water analytics growth
- **PQI:** growth driven by consumables and modest recovery in equipment volumes across in both marking and coding and packaging and color

Western Europe:

- **WQ:** growth led by water analytics, driven by VES driven commercial execution; demand steady across municipalities and industrials
- **PQI:** Growth led by both packaging and color and marking and coding

High Growth Markets:

- Strong growth in LATAM led by water analytics, water treatment and packaging & color, partially offset by weakness in China

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



Financial Review

Sameer Ralhan

SVP and Chief Financial Officer

Q4 2024 Results | February 4, 2025

Veralto / Q4 2024 consolidated performance

	Q4 2023	Q4 2024	YOY Variance
<i>\$ millions, except per share data</i>			
Sales	\$1,288	\$1,345	+4.4%
Core Sales Growth*	1.7%	4.6%	
Gross Profit	746	\$801	+7.4%
Gross Profit Margin	57.9%	59.6%	170 bps
Adjusted Operating Profit*	\$306	\$320	+4.6%
Adjusted Operating Profit Margin*	23.8%	23.8%	flat
Adjusted Net Diluted Earnings Per Share*	\$0.87	\$0.95	+9.2%
Free Cash Flow*	\$241	\$263	+9.1%

*See appendix for reconciliations to non-GAAP measures

- **Sales grew +4.4% year-over-year:**

- Core sales* +4.6%
- Currency: -0.5%
- Acquisitions & divestitures: +0.3%

- **Gross profit margin up 170 bps:**

- +1.5% increase in price

- **Adjusted operating profit margin* flat:**

- Strong operating leverage...
- ...offset primarily by increased growth investments

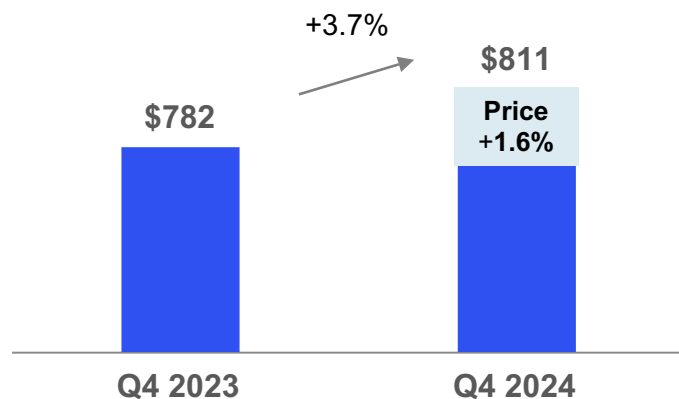
- **Free cash flow* of \$263m:**

- 116% free cash flow conversion*

Water Quality / Q4 and YTD 2024 performance

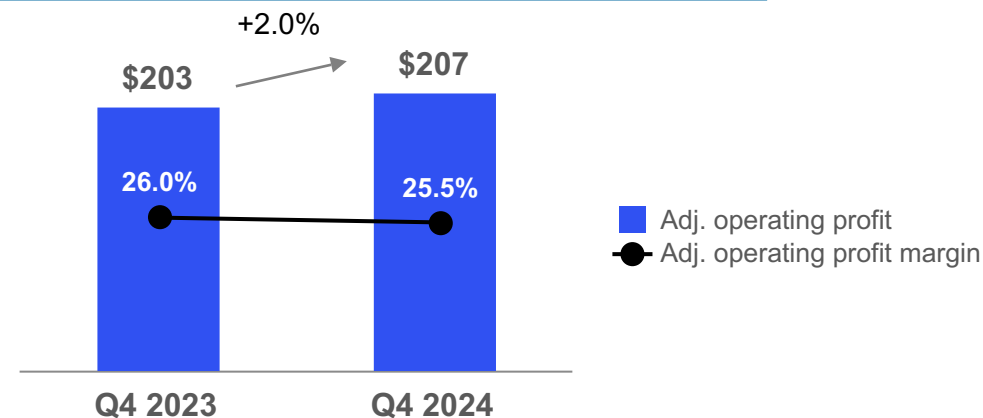
(\$ millions, variances versus prior year period)

Q4 SALES

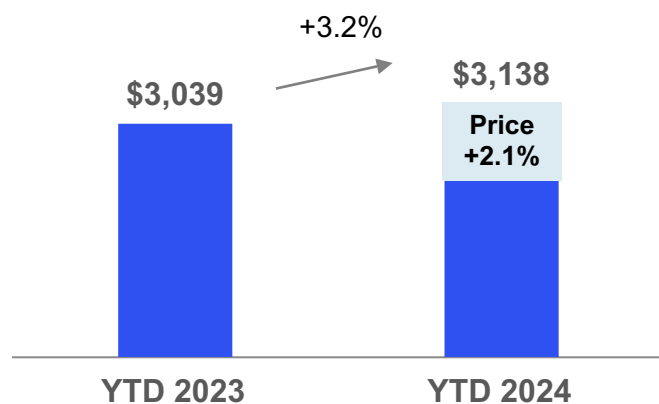


Three months ended		
YOY Change in Sales	Q4 2023	Q4 2024
Core Growth*	+2.1%	+4.9%
Currency	+1.3%	-0.6%
M&A	+—%	-0.6%
Total Growth	+3.4%	+3.7%

Q4 ADJUSTED OPERATING PROFIT *

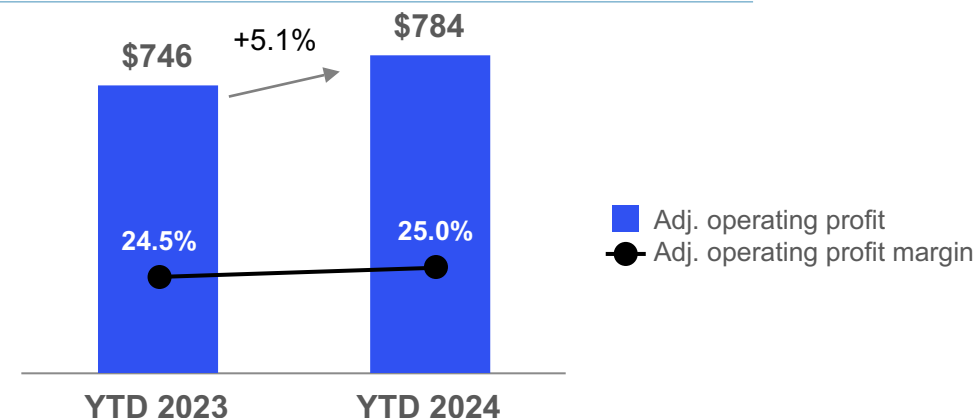


YTD SALES



Year Ended		
YOY Change in Sales	2023	2024
Core Growth*	+5.1%	+3.9%
Currency	+0.2%	-0.4%
M&A	+—%	-0.3%
Total Growth	+5.3%	+3.2%

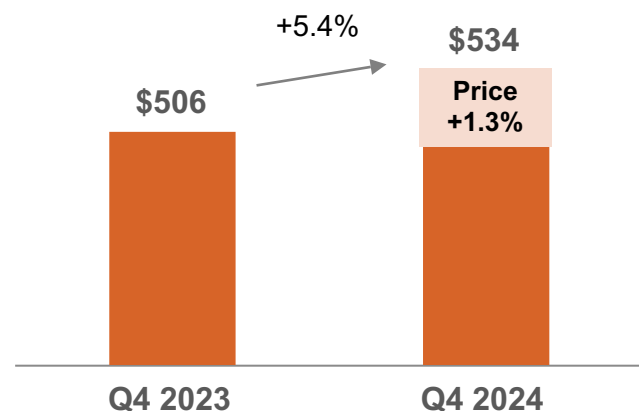
YTD ADJUSTED OPERATING PROFIT *



Product Quality & Innovation / Q4 and YTD 2024 performance

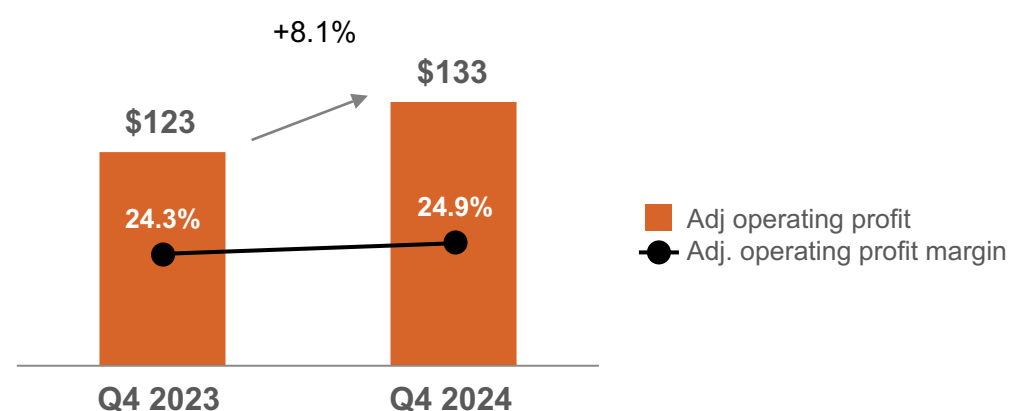
(\$ millions, variances versus prior year period)

Q4 SALES

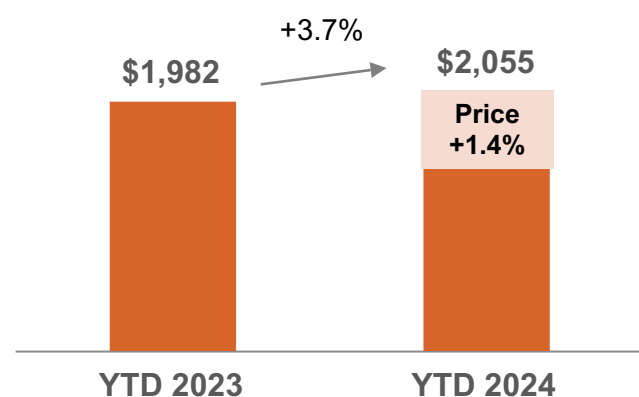


Three months ended		
YOY Change in Sales	Q4 2023	Q4 2024
Core Growth*	+1.1%	+4.1%
Currency	+1.8%	-0.3%
M&A	+—%	+1.6%
Total Growth	+2.9%	+5.4%

Q4 ADJUSTED OPERATING PROFIT *

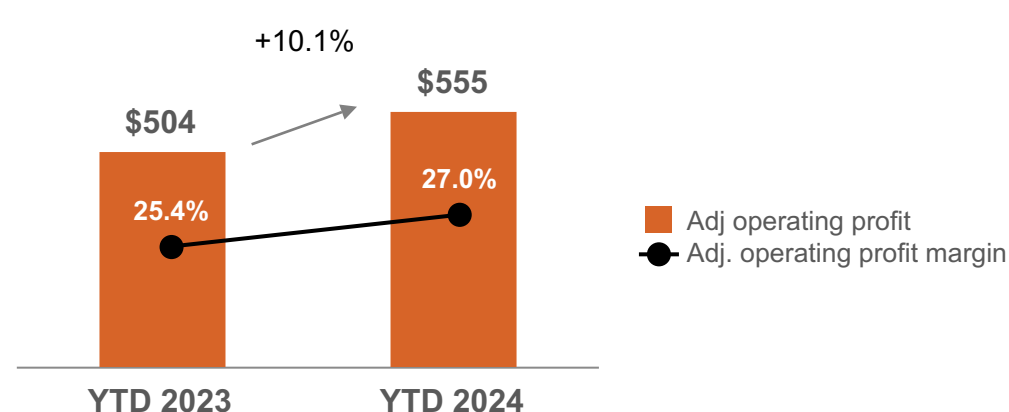


YTD SALES



Year Ended		
YOY Change in Sales	2023	2024
Core Growth*	-1.0%	+3.3%
Currency	+0.3%	+—%
M&A	+0.7%	+0.4%
Total Growth	+—%	+3.7%

YTD ADJUSTED OPERATING PROFIT *



Veralto / Q4 2024 key consolidated financial results

(\$ millions)

Q4 2024

Cash from operations	\$285
----------------------	-------

Capital expenditures	\$(22)
----------------------	--------

Free cash flow*	\$263
------------------------	--------------

Free cash flow conversion*	116%
-----------------------------------	-------------

Year End 2024

Cash and cash equivalents	\$1,101
---------------------------	---------

Gross debt	\$2,599
------------	---------

Net debt*	\$1,498
-----------	---------

Financial position summary:

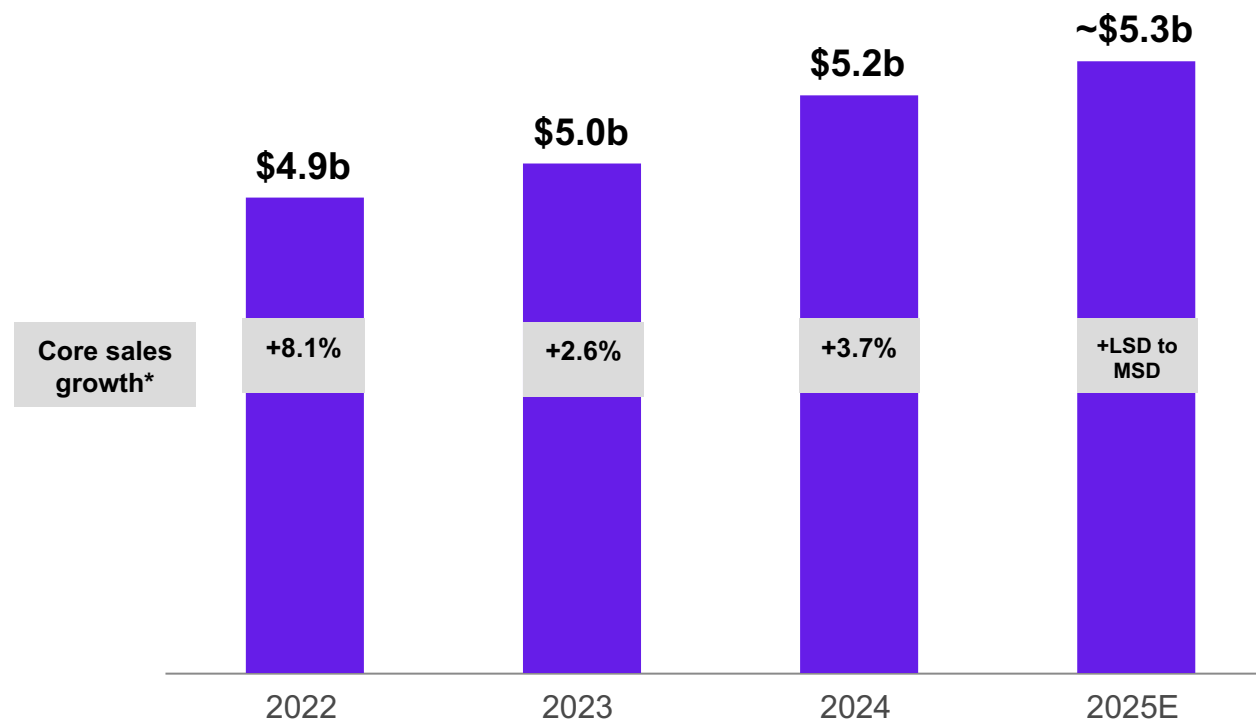
- Strong annual cash generation
- Resilient, capital-light business model
- Gross leverage* at 2.0x
- Net leverage* at 1.2x

* See appendix for reconciliations to non-GAAP measures

Veralto / Q1 and FY 2025 guidance

	Q1 2025E	FY2025E
Core Sales Growth*	+LSD to MSD	+LSD to MSD
Adjusted Operating Profit Margin*	24.0% to 24.5%	+25 to 50 basis points
Adjusted EPS*	\$0.84 to \$0.88	\$3.60 to \$3.70
Free Cash Flow Conversion*	--	90% to 100%

Annual Sales and Core Sales Growth*



Note: 2025 adjusted EPS guidance assumes an effective tax rate of ~23% and diluted shares outstanding of ~251m

*See appendix for reconciliations to non-GAAP measures



Closing Remarks

Jennifer L. Honeycutt

Q4 2024 Results | February 4, 2025

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™

Appendix

Q4 2024 Results | February 4, 2025

Veralto / 2025E Modeling Items

		Q1 2025E	FY 2025E
Year-over-year Sales assumptions	Core sales growth (non-GAAP)	+LSD to +MSD	+LSD to +MSD
	Acquisitions/divestitures ⁽¹⁾	~flat	~flat
	Currency exchange rates impact on sales ⁽²⁾	~(2%)	~(2%)
	Total sales growth (GAAP)	+LSD	+LSD
Other key assumptions			
	Corporate expense ⁽³⁾	\$24m to \$26m	\$100m to \$105m
	Interest expense, net	\$27m to \$30m	\$110m to \$120m
	Effective Tax Rate	~23%	~23%
	Average diluted shares	~250m	~251m
	Capital expenditures	NA	1.0% to 1.5% of sales

(1) Primarily the TraceGains acquisition growth offset largely by the pending AVT divestiture

(2) Impact of currency exchange rates on sales if rates in effect as of December 31, 2024 prevailed throughout the remainder of 2025

(3) Corporate expense reported as “other” under Operating Profit



VERALTO CORPORATION

RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

AND SUPPLEMENTAL FORWARD-LOOKING INFORMATION

THREE-MONTH PERIODS AND YEARS ENDED DECEMBER 31, 2024 AND DECEMBER 31, 2023

TABLE OF CONTENTS

Page

<u>1</u>	<u>Sales Growth by Segment, Core Sales Growth (Decline) by Segment</u>
<u>3</u>	<u>Forecasted Core Sales Growth, Adjusted Operating Profit Margin, Adjusted Diluted Net Earnings per Share and Free Cash Flow to Net Earnings Conversion Ratio</u>
<u>4</u>	<u>Segment Sales, Operating Profit, Adjusted Operating Profit, Operating Profit Margin, and Adjusted Operating Profit Margin</u>
<u>6</u>	<u>Net Earnings, Operating Profit, Adjusted EBITDA, Net Earnings Margin, Operating Profit Margin, and Adjusted EBITDA Margin</u>
<u>10</u>	<u>Trailing Twelve Month Adjusted EBITDA, Gross Leverage, and Net Leverage</u>
<u>11</u>	<u>Other Non-GAAP Adjusted P&L Measures</u>
<u>16</u>	<u>Operating Profit Margins and Year-Over-Year Core Operating Margin Changes</u>
<u>17</u>	<u>Cash Flow, Free Cash Flow, Operating Cash Flow to Net Earnings Ratio, and Free Cash Flow to Net Earnings Conversion Ratio</u>

FORWARD-LOOKING STATEMENTS DISCLOSURE

Certain statements in this document, including the statement regarding the Company's anticipated first quarter and full year 2025 financial performance, 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. 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 December 31, 2024 vs. Comparable 2023 Period			
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	4.4 %	3.7 %	5.4 %
Impact of:			
Acquisitions/divestitures	(0.3)%	0.6 %	(1.6)%
Currency exchange rates	0.5 %	0.6 %	0.3 %
Core sales growth (non-GAAP)	4.6 %	4.9 %	4.1 %

% Change Year Ended December 31, 2024 vs. Comparable 2023 Period			
	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	3.4 %	3.2 %	3.7 %
Impact of:			
Acquisitions/divestitures	— %	0.3 %	(0.4)%
Currency exchange rates	0.3 %	0.4 %	— %
Core sales growth (non-GAAP)	3.7 %	3.9 %	3.3 %

VERALTO CORPORATION

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

**% Change Three-Month Period Ended December 31,
2023 vs. Comparable 2022 Period**

	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	3.3 %	3.4 %	2.9 %
Impact of:			
Currency exchange rates	(1.6)%	(1.3)%	(1.8)%
Core sales growth (non-GAAP)	1.7 %	2.1 %	1.1 %

**% Change Year Ended December 31, 2023 vs.
Comparable 2022 Period**

	Segments		
	Total Company	Water Quality	Product Quality & Innovation
Total sales growth (GAAP)	3.1 %	5.3 %	— %
Impact of:			
Acquisitions/divestitures	(0.3)%	— %	(0.7)%
Currency exchange rates	(0.2)%	(0.2)%	(0.3)%
Core sales growth (decline) (non-GAAP)	2.6 %	5.1 %	(1.0)%

VERALTO CORPORATION

Forecasted Core Sales Growth, Adjusted Operating Profit Margin, Adjusted Diluted Net Earnings per Share and Free Cash Flow to Net Earnings Conversion Ratio

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.

	% Change Three-Month Period Ending April 4, 2025 vs. Comparable 2024 Period
Core sales growth (non-GAAP)	+Low-to-mid-single digits
	Three-Month Period Ending April 4, 2025
Adjusted operating profit margin (non-GAAP)	24.0% to 24.5%
Adjusted diluted net earnings per share (non-GAAP)	\$0.84 to \$0.88
	% Change Year Ending December 31, 2025 vs. Comparable 2024 Period
Core sales growth (non-GAAP)	+Low-to-mid-single digits
	Year Ending December 31, 2025
Adjusted operating profit margin (non-GAAP)	+25 to 50 basis points
Adjusted diluted net earnings per share (non-GAAP)	\$3.60 to \$3.70
Free cash flow to net earnings conversion ratio (non-GAAP)	90% to 100%

VERALTO CORPORATION

Segment Sales, Operating Profit, Adjusted Operating Profit, Operating Profit Margin, and Adjusted Operating Profit Margin

(\$ in millions)

	Three-Month Period Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Sales (GAAP)				
Water Quality	\$ 811	\$ 782	\$ 3,138	\$ 3,039
Product Quality & Innovation	534	506	2,055	1,982
Total Company	<u>\$ 1,345</u>	<u>\$ 1,288</u>	<u>\$ 5,193</u>	<u>\$ 5,021</u>
Sales Adjustments ¹				
Water Quality	\$ —	\$ —	\$ —	\$ 6
Product Quality & Innovation	—	—	—	—
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6</u>
Adjusted Sales (Non-GAAP)				
Water Quality	\$ 811	\$ 782	\$ 3,138	\$ 3,045
Product Quality & Innovation	534	506	2,055	1,982
Total	<u>\$ 1,345</u>	<u>\$ 1,288</u>	<u>\$ 5,193</u>	<u>\$ 5,027</u>
Operating Profit (GAAP)				
Water Quality	\$ 204	\$ 194	\$ 768	\$ 730
Product Quality & Innovation	124	116	529	472
Other	(20)	(24)	(89)	(62)
Total Company	<u>\$ 308</u>	<u>\$ 286</u>	<u>\$ 1,208</u>	<u>\$ 1,140</u>
Amortization of Intangible Assets (GAAP)				
Water Quality	\$ 3	\$ 6	\$ 16	\$ 21
Product Quality & Innovation	7	6	22	27
Total Company	<u>\$ 10</u>	<u>\$ 12</u>	<u>\$ 38</u>	<u>\$ 48</u>

VERALTO CORPORATION

Segment Sales, Operating Profit, Adjusted Operating Profit, Operating Profit Margin, and Adjusted Operating Profit Margin

(\$ in millions)

	Three-Month Period Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Other Operating Profit Adjustments ²				
Water Quality	\$ —	\$ 3	\$ —	\$ (5)
Product Quality & Innovation	2	1	4	5
Other	—	4	1	(18)
Total Company	<u>\$ 2</u>	<u>\$ 8</u>	<u>\$ 5</u>	<u>\$ (18)</u>
Adjusted Operating Profit (non-GAAP) ³				
Water Quality	\$ 207	\$ 203	\$ 784	\$ 746
Product Quality & Innovation	133	123	555	504
Other	(20)	(20)	(88)	(80)
Total Company	<u>\$ 320</u>	<u>\$ 306</u>	<u>\$ 1,251</u>	<u>\$ 1,170</u>
Operating Profit Margin (GAAP)				
Water Quality	25.2 %	24.8 %	24.5 %	24.0 %
Product Quality & Innovation	23.2 %	22.9 %	25.7 %	23.8 %
Total	<u>22.9 %</u>	<u>22.2 %</u>	<u>23.3 %</u>	<u>22.7 %</u>
Adjusted Operating Profit Margin (Non-GAAP) ⁴				
Water Quality	25.5 %	26.0 %	25.0 %	24.5 %
Product Quality & Innovation	24.9 %	24.3 %	27.0 %	25.4 %
Total	<u>23.8 %</u>	<u>23.8 %</u>	<u>24.1 %</u>	<u>23.3 %</u>

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

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.

³ 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).

⁴ 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 December 31, 2024			
	Water Quality	Product Quality & Innovation	Other	Total Company
Net Earnings (GAAP)				\$ 227
Interest Expense, net				28
Income Taxes				53
Operating Profit (GAAP)	\$ 204	\$ 124	\$ (20)	\$ 308
Other Operating Profit Adjustments ²	—	2	—	2
Depreciation	6	3	1	10
Amortization of Intangible Assets	3	7	—	10
Adjusted EBITDA (Non-GAAP)	\$ 213	\$ 136	\$ (19)	\$ 330
Interest Expense, net				(28)
Income Taxes				(53)
Other Operating Profit Adjustments ²				(2)
Depreciation				(10)
Amortization of Intangible Assets				(10)
Net Earnings (GAAP)				\$ 227
Sales (GAAP)	\$ 811	\$ 534		\$ 1,345
Net Earnings Margin (GAAP)				16.9 %
Operating Profit Margin (GAAP)	25.2 %	23.2 %		22.9 %
Adjusted EBITDA Margin (Non-GAAP) ⁵	26.3 %	25.5 %		24.5 %

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.

⁵ 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 December 31, 2023			
	Water Quality	Product Quality & Innovation	Other	Total Company
Net Earnings (GAAP)				\$ 200
Interest Expense, net				25
Income Taxes				61
Operating Profit (GAAP)	\$ 194	\$ 116	\$ (24)	\$ 286
Other Operating Profit Adjustments ²	3	1	4	8
Depreciation	6	4	—	10
Amortization of Intangible Assets	6	6	—	12
Adjusted EBITDA (Non-GAAP)	<u>\$ 209</u>	<u>\$ 127</u>	<u>\$ (20)</u>	<u>\$ 316</u>
Interest Expense, net				(25)
Income Taxes				(61)
Other Operating Profit Adjustments ²				(8)
Depreciation				(10)
Amortization of Intangible Assets				(12)
Net Earnings (GAAP)				<u>\$ 200</u>
Sales (GAAP)	<u>\$ 782</u>	<u>\$ 506</u>		<u>\$ 1,288</u>
Net Earnings Margin (GAAP)				<u>15.5 %</u>
Operating Profit Margin (GAAP)	<u>24.8 %</u>	<u>22.9 %</u>		<u>22.2 %</u>
Adjusted EBITDA Margin (Non-GAAP) ⁵	<u>26.7 %</u>	<u>25.1 %</u>		<u>24.5 %</u>

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.

⁵ 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)

	Year Ended December 31, 2024			
	Water Quality	Product Quality & Innovation	Other	Total Company
Net Earnings (GAAP)				\$ 833
Interest Expense, net				113
Other Nonoperating (Income) Expense				9
Income Taxes				253
Operating Profit (GAAP)	\$ 768	\$ 529	\$ (89)	\$ 1,208
Other Operating Profit Adjustments ²	—	4	1	5
Depreciation	25	14	1	40
Amortization of Intangible Assets	16	22	—	38
Adjusted EBITDA (Non-GAAP)	\$ 809	\$ 569	\$ (87)	\$ 1,291
Interest Expense				(113)
Other Nonoperating Income (Expense)				(9)
Income Taxes				(253)
Other Operating Profit Adjustments ²				(5)
Depreciation				(40)
Amortization of Intangible Assets				(38)
Net Earnings (GAAP)				\$ 833
Sales (GAAP)	\$ 3,138	\$ 2,055		\$ 5,193
Net Earnings Margin (GAAP)				16.0 %
Operating Profit Margin (GAAP)	24.5 %	25.7 %		23.3 %
Adjusted EBITDA Margin (Non-GAAP) ⁵	25.8 %	27.7 %		24.9 %

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.

⁵ 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)

	Year Ended December 31, 2023			
	Water Quality	Product Quality & Innovation	Other	Total Company
Net Earnings (GAAP)				\$ 839
Interest Expense, net				30
Other Nonoperating (Income) Expense				14
Income Taxes				257
Operating Profit (GAAP)	\$ 730	\$ 472	\$ (62)	\$ 1,140
Other Operating Profit Adjustments ²	(5)	5	(18)	(18)
Depreciation	24	15	—	39
Amortization of Intangible Assets	21	27	—	48
Adjusted EBITDA (Non-GAAP)	\$ 770	\$ 519	\$ (80)	\$ 1,209
Interest Expense				(30)
Other Nonoperating Income (Expense)				(14)
Income Taxes				(257)
Other Operating Profit Adjustments ²				18
Depreciation				(39)
Amortization of Intangible Assets				(48)
Net Earnings (GAAP)				\$ 839
Sales (GAAP)	\$ 3,039	\$ 1,982		\$ 5,021
Net Earnings Margin (GAAP)				16.7 %
Operating Profit Margin (GAAP)	24.0 %	23.8 %		22.7 %
Adjusted EBITDA Margin (Non-GAAP) ⁵	25.3 %	26.2 %		24.1 %

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.

⁵ 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			
	December 31, 2024	September 27, 2024	June 28, 2024	March 29, 2024
Net Earnings (GAAP)	\$ 227	\$ 219	\$ 203	\$ 184
Interest Expense	28	27	30	28
Other Nonoperating (Income) Expense	—	(5)	(1)	15
Income Taxes	53	67	67	66
Operating Profit (GAAP)	\$ 308	\$ 308	\$ 299	\$ 293
Other Operating Profit Adjustments ²	2	2	—	1
Depreciation	10	10	10	10
Amortization of Intangible Assets	10	7	10	11
Adjusted EBITDA (Non-GAAP)	\$ 330	\$ 327	\$ 319	\$ 315
Trailing Twelve Month Operating Profit (GAAP) ⁶	\$ 1,208			
Trailing Twelve Month Adjusted EBITDA (Non-GAAP) ⁷	\$ 1,291			
Long Term Debt ⁸	\$ 2,599			
Less: Cash ⁸	\$ (1,101)			
Net Debt (Non-GAAP)	\$ 1,498			
Gross Debt to Operating Profit ⁹	2.15			
Net Debt to Operating Profit ¹⁰	1.24			
Gross Leverage (Non-GAAP) ¹¹	2.01			
Net Leverage (Non-GAAP) ¹²	1.16			

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 balance as of December 31, 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 December 31, 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 net earnings per common share	Diluted net earnings per common share
Reported (GAAP)	\$ 1,345	\$ (544)	59.6 %	\$ 308	22.9 %	\$ 280	\$ (53)	\$ 227	\$ 0.91
Amortization of acquisition-related intangible assets ^A	—	—	—	10	0.7	10		10	0.04
Other items ^B	—	—	—	2	0.1	2		2	0.01
Tax effect of the above adjustments ^H							(2)	(2)	(0.01)
Discrete tax adjustments ^I							1	1	—
Rounding	—	—	—	—	0.1	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 1,345</u>	<u>\$ (544)</u>	<u>59.6 %</u>	<u>\$ 320</u>	<u>23.8 %</u>	<u>\$ 292</u>	<u>\$ (54)</u>	<u>\$ 238</u>	<u>\$ 0.95</u>

Three-Month Period Ended December 31, 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	Interest income (expense), net
Reported (GAAP)	\$ 1,345	\$ (424)	(31.5)%	\$ (69)	(5.1)%	\$ (28)
Amortization of acquisition-related intangible assets ^A	—	10	0.7	—	—	—
Other items ^B	—	2	0.1	—	—	—
Rounding	—	—	0.1	—	—	—
Adjusted (Non-GAAP)	<u>\$ 1,345</u>	<u>\$ (412)</u>	<u>(30.6)%</u>	<u>\$ (69)</u>	<u>(5.1)%</u>	<u>\$ (28)</u>

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Three-Month Period Ended December 31, 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 net earnings per common share	Diluted net earnings per common share
Reported (GAAP)	\$ 1,288	\$ (542)	57.9 %	\$ 286	22.2 %	\$ 261	\$ (61)	\$ 200	\$ 0.81
Amortization of acquisition-related intangible assets ^A	—	—	—	12	0.9	12		12	0.05
Other items ^B	—	—	—	1	0.1	1		1	—
Separation costs ^C	—	—	—	7	0.5	7		7	0.03
Tax effect of the above adjustments ^H							(5)	(5)	(0.02)
Rounding	—	—	—	—	0.1	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 1,288</u>	<u>\$ (542)</u>	<u>57.9 %</u>	<u>\$ 306</u>	<u>23.8 %</u>	<u>\$ 281</u>	<u>\$ (66)</u>	<u>\$ 215</u>	<u>\$ 0.87</u>

Three-Month Period Ended December 31, 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
Reported (GAAP)	\$ 1,288	\$ (403)	(31.3)%	\$ (57)	(4.4)%	\$ (25)
Amortization of acquisition-related intangible assets ^A	—	12	0.9	—	—	—
Other items ^B	—	1	0.1	—	—	—
Separation costs ^C	—	7	0.5	—	—	—
Rounding	—	—	0.1	—	—	—
Adjusted (Non-GAAP)	<u>\$ 1,288</u>	<u>\$ (383)</u>	<u>(29.7)%</u>	<u>\$ (57)</u>	<u>(4.4)%</u>	<u>\$ (25)</u>

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Year Ended December 31, 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 net earnings per common share	Diluted net earnings per common share
Reported (GAAP)	\$ 5,193	\$ (2,088)	59.8 %	\$ 1,208	23.3 %	\$ 1,086	\$ (253)	\$ 833	\$ 3.34
Amortization of acquisition-related intangible assets ^A	—	—	—	38	0.7	38		38	0.15
Other items ^B	—	—	—	4	0.1	4		4	0.02
Separation costs ^C	—	—	—	1	—	1		1	—
Net loss on the disposition of certain product lines ^D	—	—	—	—	—	10		10	0.04
Tax effect of the above adjustments ^H							(9)	(9)	(0.04)
Discrete tax adjustments ^I							6	6	0.02
Rounding	—	—	—	—	—	—	—	—	0.01
Adjusted (Non-GAAP)	<u>\$ 5,193</u>	<u>\$ (2,088)</u>	<u>59.8 %</u>	<u>\$ 1,251</u>	<u>24.1 %</u>	<u>\$ 1,139</u>	<u>\$ (256)</u>	<u>\$ 883</u>	<u>\$ 3.54</u>

Year Ended December 31, 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
Reported (GAAP)	\$ 5,193	\$ (1,644)	(31.7)%	\$ (253)	(4.9)%	\$ (9)	\$ (113)
Amortization of acquisition-related intangible assets ^A	—	38	0.7	—	—	—	—
Other items ^B	—	4	0.1	—	—	—	—
Separation costs ^C	—	1	—	—	—	—	—
Net loss on the disposition of certain product lines ^D	—	—	—	—	—	10	—
Rounding	—	—	0.1	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 5,193</u>	<u>\$ (1,601)</u>	<u>(30.8)%</u>	<u>\$ (253)</u>	<u>(4.9)%</u>	<u>\$ 1</u>	<u>\$ (113)</u>

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

Year Ended December 31, 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 net earnings per common share	Diluted net earnings per common share
Reported (GAAP)	\$ 5,021	\$ (2,120)	57.8 %	\$ 1,140	22.7 %	\$ 1,096	\$ (257)	\$ 839	\$ 3.40
Amortization of acquisition-related intangible assets ^A	—	—	—	48	1.0	48		48	0.19
Other items ^B	—	—	—	1	—	—		1	—
Separation costs ^C	—	—	—	7	0.1	7		7	0.03
Standalone Adjustment ^E	6	—	0.1	(38)	(0.8)	(138)		(138)	(0.56)
Fair value losses on investments ^F	—	—	—	—	—	15		15	0.06
Impairments and other charges ^G	—	—	—	12	0.2	12		12	0.05
Tax effect of the above adjustments ^H							15	15	0.06
Discrete tax adjustments ^I							(12)	(12)	(0.05)
Rounding	—	—	(0.1)	—	0.1	—	—	—	0.01
Adjusted (Non-GAAP)	<u>\$ 5,027</u>	<u>\$ (2,120)</u>	<u>57.8 %</u>	<u>\$ 1,170</u>	<u>23.3 %</u>	<u>\$ 1,040</u>	<u>\$ (254)</u>	<u>\$ 787</u>	<u>\$ 3.19</u>

Year Ended December 31, 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
Reported (GAAP)	\$ 5,021	\$ (1,536)	(30.6)%	\$ (225)	(4.5)%	\$ (14)	\$ (30)
Amortization of acquisition-related intangible assets ^A	—	48	1.0	—	—	—	—
Other items ^B	—	1	—	—	—	—	—
Separation costs ^C	—	7	0.1	—	—	—	—
Standalone Adjustment ^E	6	(44)	(0.9)	—	—	—	(100)
Fair value losses on investments ^F	—	—	—	—	—	15	—
Impairments and other charges ^G	—	12	0.2	—	—	—	—
Rounding	—	—	0.1	—	—	—	—
Adjusted (Non-GAAP)	<u>\$ 5,027</u>	<u>\$ (1,512)</u>	<u>(30.1)%</u>	<u>\$ (225)</u>	<u>(4.5)%</u>	<u>\$ 1</u>	<u>\$ (130)</u>

VERALTO CORPORATION

Other Non-GAAP Adjusted P&L Measures

(\$ in millions, except per share data)

A 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):

	Three-Month Period Ended		Year Ended	
	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Pretax	\$ 10	\$ 12	\$ 38	\$ 48
After-tax	8	9	29	36

B Costs incurred during three-month period ended December 31, 2024 related to certain strategic initiatives (\$2 million pretax and after-tax as reported in this line item). Costs incurred during the year ended December 31, 2024 related to certain strategic initiatives (\$4 million pretax and after-tax as reported in this line item). Costs incurred during the three-month period ended and year ended December 31, 2023 related to strategic initiatives (\$1 million pretax and after-tax as reported in these line items).

C Costs incurred during the year ended December 31, 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). Costs incurred during the three-month period ended and year ended December 31, 2023 related to the separation of the Company from Danaher primarily related to the equity award conversion as a result of the separation as well as other costs the Company incurred to separate from Danaher (\$7 million pretax as reported in this line item, \$5 million after-tax).

D Net loss on the disposition of certain product lines during the year ended December 31, 2024 (\$10 million pretax net loss as reported in this line item, \$11 million after-tax).

E This amount encompasses management estimates of operating as a standalone entity incurred during the year ended December 31, 2023 (\$138 million pretax as reported in this line item, \$103 million after-tax). 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 estimate also includes an adjustment to sales related to the impact of the framework agreement governing certain commercial arrangements between subsidiaries of Danaher and Veralto, the adjustment is calculated by applying the commercial pricing in the agreement to historical purchases of goods and services by the Former Parent from Veralto.

F Fair value loss related to an impairment of an equity method investment in the Water Quality segment for the year ended December 31, 2023 (\$15 million pretax as reported in this line item, \$11 million after-tax).

G Impairment charge related to tradenames and customer relationships in the Product Quality & Innovation segment for the year ended December 31, 2023 (\$12 million pretax as reported in this line item, \$10 million after-tax).

H 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.

I 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.

VERALTO CORPORATION

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

		Segments	
		Total Company	Water Quality Product Quality & Innovation
Three-Month Period Ended December 31, 2023 Operating Profit Margins (GAAP)	22.2 %	24.8 %	22.9 %
Impact of acquisitions and dispositions	(0.3)	0.1	(0.8)
Costs incurred during the fourth quarter 2024 related to certain strategic initiatives	(0.1)	—	(0.3)
Costs incurred as a result of the Separation from Danaher during the fourth quarter 2023	0.5	0.2	0.2
The impact of Argentine Peso devaluation on operations within the Product Quality & Innovation segment during the fourth quarter 2023	1.2	—	3.2
Year-over-year core operating profit margin changes for the fourth quarter 2024 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	(0.6)	0.1	(2.0)
Three-Month Period Ended December 31, 2024 Operating Profit Margins (GAAP)	22.9 %	25.2 %	23.2 %

		Segments	
		Total Company	Water Quality Product Quality & Innovation
Year Ended December 31, 2023 Operating Profit Margins (GAAP)	22.7 %	24.0 %	23.8 %
Impact of acquisitions and dispositions	(0.1)	—	(0.3)
Costs incurred during 2024 related to certain strategic initiatives	—	—	(0.2)
2023 impairment charge related to customer relationships and a trade name in the Product Quality and Innovation segment	0.2	—	0.6
One-time costs incurred in 2023 as a result of the Separation from Danaher	0.1	0.1	0.1
The impact of Argentine Peso devaluation on operations within the Product Quality & Innovation segment during 2023	0.6	—	1.4
Year-over-year core operating profit margin changes for full year 2024 (defined as all year-over-year operating profit margin changes other than the changes identified in the line items above) (non-GAAP)	(0.2)	0.4	0.3
Year Ended December 31, 2024 Operating Profit Margins (GAAP)	23.3 %	24.5 %	25.7 %

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 Ended		
	December 31, 2024	December 31, 2023	Year-over-Year Change	December 31, 2024	December 31, 2023	Year-over-Year Change
Total Cash Flows:						
Net cash provided by operating activities (GAAP)	\$ 285	\$ 263		\$ 875	\$ 963	
Total cash used in investing activities (GAAP)	\$ (394)	\$ (22)		\$ (434)	\$ (55)	
Total cash provided by (used in) financing activities (GAAP)	\$ (16)	\$ 97		\$ (65)	\$ (135)	
Free Cash Flow:						
Total cash provided by operating activities (GAAP)	\$ 285	\$ 263	~8.5 %	\$ 875	\$ 963	~(9.0)%
Less: payments for additions to property, plant & equipment (capital expenditures) (GAAP)	(22)	(22)		(55)	(54)	
Plus: proceeds from sales of property, plant & equipment (capital disposals) (GAAP)	—	—		—	2	
Free cash flow (non-GAAP)	<u>\$ 263</u>	<u>\$ 241</u>	~9.0 %	<u>\$ 820</u>	<u>\$ 911</u>	~(10.0)%
Operating Cash Flow to Net Earnings Ratio (GAAP):						
Net cash provided by operating activities (GAAP)	\$ 285	\$ 263		\$ 875	\$ 963	
Net earnings (GAAP)	\$ 227	\$ 200		\$ 833	\$ 839	
Operating cash flow to net earnings conversion ratio	<u>1.26</u>	<u>1.32</u>		<u>1.05</u>	<u>1.15</u>	
Free Cash Flow to Net Earnings Conversion Ratio (non-GAAP):						
Free cash flow from above (non-GAAP)	\$ 263	\$ 241		\$ 820	\$ 911	
Net earnings (GAAP)	\$ 227	\$ 200		\$ 833	\$ 839	
Free cash flow to net earnings conversion ratio (non-GAAP)	<u>1.16</u>	<u>1.21</u>		<u>0.98</u>	<u>1.09</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.

Statement Regarding Non-GAAP Measures

- 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.
- 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™