

Thermo Fisher (TMO US)

4Q25 results: Capitalizing on the growing pharmaceutical demand

Thermo Fisher (TMO) delivered a strong 4Q25 performance, with revenue up by 7.2% YoY (the fastest quarterly growth within 2025) and adj. EPS up by 7.7%, beating Bloomberg consensus by 2.2%/ 1.9%, respectively. The upbeat growth in the quarter was firmly supported by the solid performance of bioproduction, research and safety channel, analytical instruments, and CDMO services. Mgmt. initiated the 2026 full-year guidance, expecting revenue to grow by 3.9% to 5.9% YoY and adj. EPS to increase by 5.9% to 8.4% YoY. Mgmt. reiterated its long-term organic revenue growth target of 3%-6%, indicating a continuously positive outlook. Maintain BUY rating with a new TP of US\$670.

- **Demand from pharmaceutical customers rebounded steadily.** Pharma and biotech companies were the most robust client segments in 2025 for TMO, achieving a mid-single-digit revenue growth for the year as well as a high-single-digit growth in 4Q25. Mgmt. indicated that discussions with these clients in early 2026 revealed that pharma companies are confident about navigating their relationships with governments. Moreover, biotech financing recovered in 2H25, translating into exceptionally positive feedback from biotech clients. Despite a typical lag of ~six months between funding and R&D expenditure, mgmt. believes increased demand from biotech firms will be a pivotal driver of revenue growth going forward. Although equipment demand remains muted amid the budget constraints within US governmental and academic clients, there is sustained strong demand for innovative instruments among pharmaceutical customers, per mgmt.
- **Strategic acquisitions enhancing core competencies.** In 2025, TMO completed acquisitions of Solventum's (SOLV US, NR) filtration & separation business for US\$4.0bn and Sanofi's (SNY US, NR) sterile fill-finish facility in New Jersey, alongside announcing its intention to acquire Clario, a clinical endpoint data services provider, for US\$8.9bn. These acquisitions should not only bolster its global leadership in bioproduction but also expand its DP capacity within the U.S., enabling itself to meet rising onshore production demands amid current geopolitical uncertainties, in our view. By integrating these valuable assets, mgmt. expected adj. EPS to expand by 7-9% in 2026.
- **Strengthening one-stop service capabilities.** TMO's competitive edge in the global life sciences sector is effectively supporting its CDMO and clinical CRO operations. CDMO segment experienced strong growth in 2025, benefiting from the constrained sterile fill-finish capacity worldwide. By acquiring Sanofi's facility, the Company is poised to secure growing orders for production in the U.S., supporting accelerated growth in the coming years. Meanwhile, clinical CRO improved sequentially with mid-single-digit growth in 4Q25, with order growth outpacing revenue growth. Combining CDMO and clinical CRO capabilities, the integrated Accelerator business aims to improve project execution and shorten time-to-market for innovative drugs, thereby generating meaningful orders through the differentiated service offerings.
- **Maintain BUY.** We slightly raise TP from US\$654 to US\$670 (based on a 10-year DCF model with WACC of 8.16% and terminal growth of 2.0%), factoring into our positive outlook on overall demand trend. We forecast TMO's revenue to grow by 5.1%/ 6.5%/ 6.7% YoY and adj. EPS to increase by 7.4%/ 8.9%/ 9.4% YoY in 2026E/ 27E/ 28E, respectively.

BUY (Maintain)

Target Price US\$670.00
 (Previous TP US\$654.00)
Up/Downside 15.8%
Current Price US\$578.61

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Stock Data

Mkt Cap (US\$ mn)	218,136.0
Avg 3 mths t/o (US\$ mn)	1,148.3
52w High/Low (US\$)	639.45/390.26
Total Issued Shares (mn)	377.0

Source: FactSet

Shareholding Structure

Vanguard	9.1%
BlackRock	7.9%

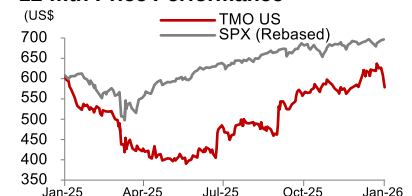
Source: Bloomberg

Share Performance

	Absolute	Relative
1-mth	-0.8%	-1.4%
3-mth	4.0%	2.3%
6-mth	21.2%	11.2%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	42,879	44,556	46,849	49,888	53,222
YoY growth (%)	0.1	3.9	5.1	6.5	6.7
Adjusted net profit (US\$ mn)	8,381	8,643	9,130	9,803	10,728
YoY growth (%)	0.2	3.1	5.6	7.4	9.4
EPS (Adjusted) (US\$)	21.88	22.87	24.55	26.74	29.26
YoY growth (%)	1.5	4.5	7.4	8.9	9.4
Consensus EPS (US\$)	na	na	24.65	27.07	29.91
P/E (Adjusted) (x)	26.4	25.3	23.6	21.6	19.8

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: Earnings revision

US\$m	New			Old			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	46,849	49,888	53,222	46,751	49,772	na	0.21%	0.23%	na
Gross profit	19,228	20,612	22,261	19,722	21,260	na	-2.51%	-3.05%	na
Operating profit	8,445	9,305	10,385	8,638	9,634	na	-2.24%	-3.41%	na
Non-GAAP net profit	9,130	9,803	10,728	9,164	10,035	na	-0.37%	-2.31%	na
Non-GAAP EPS (US\$)	24.55	26.74	29.26	24.67	27.41	na	-0.47%	-2.45%	na
Gross margin	41.04%	41.32%	41.83%	42.19%	42.71%	na	-1.14ppt	-1.40ppt	na
Operating margin	18.03%	18.65%	19.51%	18.48%	19.36%	na	-0.45ppt	-0.70ppt	na
Net margin	19.49%	19.65%	20.16%	19.60%	20.16%	na	-0.11ppt	-0.51ppt	na

Source: Company data, CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

US\$m	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	46,849	49,888	53,222	46,786	49,266	52,300	0.14%	1.26%	1.76%
Gross profit	19,228	20,612	22,261	19,685	20,879	22,208	-2.32%	-1.28%	0.24%
Operating profit	8,445	9,305	10,385	10,856	11,718	12,689	-22.21%	-20.59%	-18.15%
Non-GAAP net profit	9,130	9,803	10,728	9,170	9,973	10,864	-0.44%	-1.70%	-1.26%
Non-GAAP EPS (US\$)	24.55	26.74	29.26	24.65	27.07	29.91	-0.37%	-1.23%	-2.16%
Gross margin	41.04%	41.32%	41.83%	42.07%	42.38%	42.46%	-1.03ppt	-1.06ppt	-0.63ppt
Operating margin	18.03%	18.65%	19.51%	23.20%	23.79%	24.26%	-5.18ppt	-5.13ppt	-4.75ppt
Net margin	19.49%	19.65%	20.16%	19.60%	20.24%	20.77%	-0.11ppt	-0.59ppt	-0.62ppt

Source: Bloomberg, CMBIGM estimates

Figure 3: DCF valuation of Thermo Fisher

DCF Valuation (in US\$bn)	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	8.4	9.2	10.3	12.2	14.3	16.8	19.5	22.7	26.2	30.1
Tax rate	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
EBIT*(1-tax rate)	7.5	8.3	9.3	11.0	12.9	15.1	17.6	20.4	23.5	27.1
+ D&A	3.0	3.0	2.9	3.4	4.0	4.6	5.3	6.1	6.9	7.9
- Change in working capital	(0.6)	(0.8)	(0.8)	(1.0)	(1.1)	(1.3)	(1.5)	(1.7)	(1.9)	(2.2)
- Capex	(5.9)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)	(5.8)
FCFF	4.0	4.7	5.6	7.6	10.0	12.6	15.6	19.0	22.7	27.0
Terminal value										446.4
Terminal growth rate	2.00%									
WACC	8.16%									
Cost of equity	10.50%									
Cost of debt	3.00%									
Equity beta	1.20									
Risk free rate	4.50%									
Market risk premium	5.00%									
Target debt to asset ratio	30.00%									
Effective corporate tax rate	10.00%									
PV of terminal value (US\$bn)	203.7									
Total PV (US\$bn)	278.8									
Net debt (US\$bn)	29.6									
Non-controlling interest (US\$bn)	0.0									
Equity value (US\$bn)	249.1									
# of shares (mn)	372									
Price per share (US\$)	670.0									

Source: CMBIGM estimates

By changing equity beta to 1.2 from 1.0, WACC used in our DCF model has been adjusted to 8.16% from 7.84%, reflecting the recently rising volatility of share price of Thermo Fisher compared to the overall market as well as the consistent uncertainties arising from geopolitics.

Figure 4: Valuation range based on sensitivity analysis

Price per share (US\$)		WACC				
		7.16%	7.66%	8.16%	8.66%	9.16%
Terminal growth rate	3.0%	1,033.97	894.45	782.59	691.05	614.86
	2.5%	933.62	816.86	721.32	641.82	574.71
	2.0%	852.71	752.98	670.00	599.97	540.16
	1.5%	786.09	699.47	626.38	563.97	510.13
	1.0%	730.29	653.99	588.85	532.67	483.78

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Revenue	42,857	42,879	44,556	46,849	49,888	53,222
Cost of goods sold	(25,757)	(25,177)	(26,394)	(27,622)	(29,276)	(30,960)
Gross profit	17,100	17,702	18,162	19,228	20,612	22,261
Operating expenses	(10,241)	(10,364)	(10,415)	(10,783)	(11,307)	(11,876)
SG&A expense	(8,445)	(8,595)	(8,656)	(8,961)	(9,442)	(9,967)
R&D expense	(1,337)	(1,390)	(1,397)	(1,422)	(1,464)	(1,509)
Others	(459)	(379)	(362)	(400)	(400)	(400)
Operating profit	6,859	7,338	7,747	8,445	9,305	10,385
Interest income	879	1,078	993	784	572	400
Interest expense	(1,375)	(1,390)	(1,419)	(1,376)	(1,165)	(960)
Other income/expense	(65)	12	(12)	(60)	(60)	(60)
Pre-tax profit	6,298	7,038	7,309	7,793	8,652	9,766
Income tax	(284)	(657)	(547)	(779)	(865)	(977)
Others	(59)	(42)	(41)	(40)	(60)	(100)
After tax profit	5,955	6,339	6,721	6,974	7,727	8,689
Minority interest	40	(3)	(17)	(18)	(20)	(22)
Net profit	5,995	6,336	6,704	6,956	7,707	8,667
Adjusted net profit	8,364	8,381	8,643	9,130	9,803	10,728
Gross dividends	540	596	600	696	771	867

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Current assets	24,589	22,138	28,708	28,851	29,855	31,763
Cash & equivalents	8,077	4,009	9,852	9,249	9,303	10,194
Account receivables	8,221	8,191	8,900	9,627	10,252	10,937
Inventories	5,088	4,978	5,425	5,443	5,769	6,101
Prepayment	0	0	0	0	0	0
Other current assets	1,760	3,525	3,096	3,096	3,096	3,096
Contract assets	1,443	1,435	1,435	1,435	1,435	1,435
Non-current assets	74,137	75,184	81,636	84,578	87,424	90,276
PP&E	9,448	9,306	10,565	11,368	12,000	12,571
Intangibles	16,670	15,533	15,838	15,177	14,591	14,071
Goodwill	44,020	45,853	49,362	52,162	54,962	57,762
Other non-current assets	3,999	4,492	5,871	5,871	5,871	5,871
Total assets	98,726	97,322	110,344	113,429	117,279	122,038
Current liabilities	14,012	13,332	15,189	15,232	15,325	15,422
Short-term borrowings	3,609	2,214	3,533	3,433	3,333	3,233
Account payables	2,872	3,079	3,079	3,222	3,415	3,612
Other current liabilities	4,842	5,187	5,725	5,725	5,725	5,725
Contract liabilities	2,689	2,852	2,852	2,852	2,852	2,852
Non-current liabilities	37,990	34,438	41,740	41,140	40,540	39,940
Long-term borrowings	31,308	29,061	35,852	35,452	35,052	34,652
Other non-current liabilities	6,682	5,377	5,888	5,688	5,488	5,288
Total liabilities	52,002	47,770	56,929	56,372	55,865	55,362
Share capital	442	444	444	444	444	444
Capital surplus	17,286	17,962	17,962	17,962	17,962	17,962
Retained earnings	47,364	53,102	59,537	66,162	73,498	81,740
Other reserves	(18,357)	(21,923)	(24,512)	(27,512)	(30,512)	(33,512)
Total shareholders equity	46,735	49,585	53,431	57,055	61,392	66,634
Minority interest	(11)	(33)	(16)	2	21	43
Total equity and liabilities	98,726	97,322	110,344	113,429	117,279	122,038

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (US\$ mn)						
Operating						
Profit before taxation	6,298	7,038	7,309	7,793	8,652	9,766
Depreciation & amortization	3,406	3,108	2,780	2,958	2,954	2,948
Tax paid	(284)	(657)	(547)	(779)	(865)	(977)
Change in working capital	(537)	(379)	(1,808)	(602)	(757)	(820)
Others	(477)	(443)	85	124	141	141
Net cash from operations	8,406	8,667	7,819	9,493	10,124	11,058
Investing						
Capital expenditure	(1,479)	(1,400)	(1,525)	(1,900)	(1,800)	(1,800)
Acquisition of subsidiaries/ investments	(3,660)	(3,132)	(4,037)	(4,000)	(4,000)	(4,000)
Others	(3)	(1,309)	1,515	0	0	0
Net cash from investing	(5,142)	(5,841)	(4,047)	(5,900)	(5,800)	(5,800)
Financing						
Dividend paid	(523)	(583)	(636)	(696)	(771)	(867)
Net borrowings	(155)	(2,403)	4,252	(500)	(500)	(500)
Proceeds from share issues	0	0	0	0	0	0
Share repurchases	(3,000)	(4,000)	(3,000)	(3,000)	(3,000)	(3,000)
Others	56	195	1,185	0	0	0
Net cash from financing	(3,622)	(6,791)	1,801	(4,196)	(4,271)	(4,367)
Net change in cash						
Cash at the beginning of the year	8,537	8,097	4,041	9,852	9,249	9,303
Exchange difference	(82)	(91)	267	0	0	0
Cash at the end of the year	8,097	4,041	9,881	9,249	9,303	10,194
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	(4.6%)	0.1%	3.9%	5.1%	6.5%	6.7%
Gross profit	(9.9%)	3.5%	2.6%	5.9%	7.2%	8.0%
Operating profit	(18.3%)	7.0%	5.6%	9.0%	10.2%	11.6%
Net profit	(13.7%)	5.7%	5.8%	3.8%	10.8%	12.5%
Adj. net profit	(8.7%)	0.2%	3.1%	5.6%	7.4%	9.4%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	39.9%	41.3%	40.8%	41.0%	41.3%	41.8%
Operating margin	16.0%	17.1%	17.4%	18.0%	18.7%	19.5%
Adj. net profit margin	19.5%	19.5%	19.4%	19.5%	19.7%	20.2%
Return on equity (ROE)	13.2%	13.2%	13.0%	12.6%	13.0%	13.5%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Net debt to equity (x)	0.6	0.5	0.6	0.5	0.5	0.4
Current ratio (x)	1.8	1.7	1.9	1.9	1.9	2.1
Receivable turnover days	69.6	69.9	70.0	75.0	75.0	75.0
Inventory turnover days	76.0	73.0	71.9	71.9	71.9	71.9
Payable turnover days	44.3	43.1	42.6	42.6	42.6	42.6
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E (adjusted)	26.8	26.4	25.3	23.5	21.6	19.8
P/B	4.8	4.5	4.1	3.8	3.5	3.2
P/CFPS	26.6	25.5	27.9	22.7	21.0	19.2
Div yield (%)	0.2	0.3	0.3	0.3	0.4	0.4

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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