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2018 INVESTOR & ANALYST DAY

December 13, 2018

# Forward Looking Statements

Statements in this presentation that are not strictly historical, including any statements regarding events or developments that we anticipate will or may occur in the future are "forward-looking" statements within the meaning of the federal securities laws. There are a number of important factors that could cause actual results, developments and business decisions to differ materially from those suggested or indicated by such forward-looking statements and you should not place undue reliance on any such forward-looking statements. These factors include, among other things, Danaher's ability to complete the previously-announced spin-off of its Dental business on the currently contemplated timeline and achieve the intended benefits, deterioration of or instability in the economy, the markets we serve and the financial markets, developments and uncertainties in U.S. policy stemming from the current administration, such as changes in U.S. trade and tariff policies and the reaction of other countries thereto, contractions or growth rates and cyclicity of markets we serve, competition, our ability to develop and successfully market new products and technologies and expand into new markets, the potential for improper conduct by our employees, agents or business partners, our compliance with applicable laws and regulations (including regulations relating to medical devices and the health care industry), our ability to effectively address cost reductions and other changes in the health care industry, our ability to successfully identify, consummate and integrate appropriate acquisitions and strategic investments and successfully complete divestitures and other dispositions, our ability to integrate the businesses we acquire and achieve the anticipated benefits of such acquisitions, contingent liabilities relating to acquisitions, investments and divestitures (including tax-related and other contingent liabilities relating to past and future split-offs or spin-offs), security breaches or other disruptions of our information technology systems or violations of data privacy laws, the impact of our restructuring activities on our ability to grow, risks relating to potential impairment of goodwill and other intangible assets, currency exchange rates, tax audits and changes in our tax rate and income tax liabilities, changes in tax laws applicable to multinational companies, litigation and other contingent liabilities including intellectual property and environmental, health and safety matters, the rights of the United States government to use, disclose and license certain intellectual property we license if we fail to commercialize it, risks relating to product, service or software defects, product liability and recalls, risks relating to product manufacturing, the impact of our debt obligations on our operations and liquidity, our relationships with and the performance of our channel partners, uncertainties relating to collaboration arrangements with third parties, commodity costs and surcharges, our ability to adjust purchases and manufacturing capacity to reflect market conditions, reliance on sole sources of supply, the impact of deregulation on demand for our products and services, labor matters, international economic, political, legal, compliance and business factors (including the impact of the UK's decision to leave the EU), disruptions relating to man-made and natural disasters, and pension plan costs. 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 2017 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the third quarter of 2018. 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.

With respect to the non-GAAP financial measures referenced in the following presentation, the accompanying information required by SEC Regulation G can be found in the back of the presentation and in the "Investors" section of Danaher's web site, [www.danaher.com](http://www.danaher.com), under the heading "Events & Presentations," and event name "Danaher 2018 Investor & Analyst Meeting." Unless otherwise indicated, all references in this presentation (1) to Company-specific financial metrics relate only to the continuing operations of Danaher's business; (2) to "growth" or other period-to-period changes refer to year-over-year comparisons; (3) to Operating Profit below the segment level exclude amortization; (4) to "today" refers to the Company's estimated 2018 performance ("2018E"); and (5) to "2018 YTD" refers to the first nine months of 2018. This presentation treats 2018E as the Company's most recent fiscal year unless otherwise indicated. We may also describe certain products and devices which have applications submitted and pending for certain regulatory approvals.

# Agenda

9:30 am	Welcome	Matt Gugino
9:35 am	Opening Remarks	Tom Joyce
10:05 am	Life Sciences Dental Q&A	Rainer Blair Amir Aghdaei <i>Blair, Aghdaei</i>
10:50 am	Environmental & Applied Solutions (EAS) Diagnostics Q&A	Joakim Weidemanis Dan Daniel <i>Weidemanis, Daniel</i>
11:35 am	Closing Remarks & Guidance	Tom Joyce
11:45 am	Q&A	Tom Joyce
12:00 pm	Program End / Lunch	



***DANAHER***



# OPENING REMARKS

*Tom Joyce, President & CEO*

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2018 INVESTOR & ANALYST DAY



# What You'll Hear Today

Terrific results this year driven by DBS

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Building and evolving into a stronger, better Danaher

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Running the Danaher playbook: how we create long-term value

# 2018 YTD Financial Highlights

## MEANINGFUL CORE REVENUE GROWTH STEP-UP VS PRIOR YEARS

- Life Sciences, Product ID, Water Quality & Diagnostics all MSD or better
- Recent innovation & commercial investments driving market share gains

**+6.0%** CORE REVENUE GROWTH

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## EXPANDING MARGINS WHILE REINVESTING FOR GROWTH

- Core OMX +100bps, gross margin +60bps\*, R&D spend +10%

**100BPS** CORE OMX

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## STRONG ADJUSTED EPS GROWTH & SOLID FREE CASH FLOW

- Expect 2018 to be the 27<sup>th</sup> consecutive year that FCF exceeds Net Income

**123%** FCF / NI CONVERSION

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## RECENT PORTFOLIO MOVES

- Closed \$2B acquisition of IDT (Life Sciences); Blue Software (Product ID – Esko)
- Announced spin-off of our Dental business

**DD** ADJUSTED EPS GROWTH

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Outstanding results driven by DBS

# Building A Stronger, Better Danaher



**\$20B**

DHR TOTAL REVENUE 2018E

CORE REVENUE GROWTH	LSD	➤	MSD
RECURRING REVENUE*	~45%	➤	~70%
DIRECT GTM REVENUE*	~60%	➤	~70%
GROSS MARGIN	52%	➤	56%

LIFE SCIENCES **\$6.5B**



DIAGNOSTICS **\$6.2B**



ENV. & APPLIED **\$4.3B**



DENTAL **\$2.8B**



All financial metrics shown reflect FY 2018E unless indicated otherwise; 2015 metrics shown include Fortive  
\* As a % of total revenue

Evolving into higher growth & higher recurring revenue portfolio



# Strong Recurring Revenue

## PORTFOLIO UNITED BY COMMON BUSINESS MODEL

- Steady consumables stream off extensive installed base
- High value, 'mission-critical' applications that demand high quality products to meet regulatory requirements

## BENEFITS & OPPORTUNITIES

- Reduced revenue volatility
- Increased customer intimacy
- Higher margin opportunities enable reinvestment

## EXAMPLES

### RAZOR / RAZOR-BLADE

- Consumables revenue 2-5X instrument rev.
- Long-term contracts



### SPEC'D IN

- FDA-approved processes *i.e. biologic drug production*
- Like-for-like replacements *i.e. EPA methods*

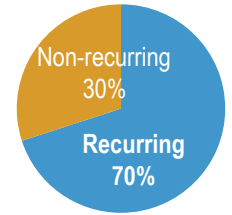


### SERVICE

- Increase in attachment rates
- MSD/HSD service revenue CAGR over the last 3 years

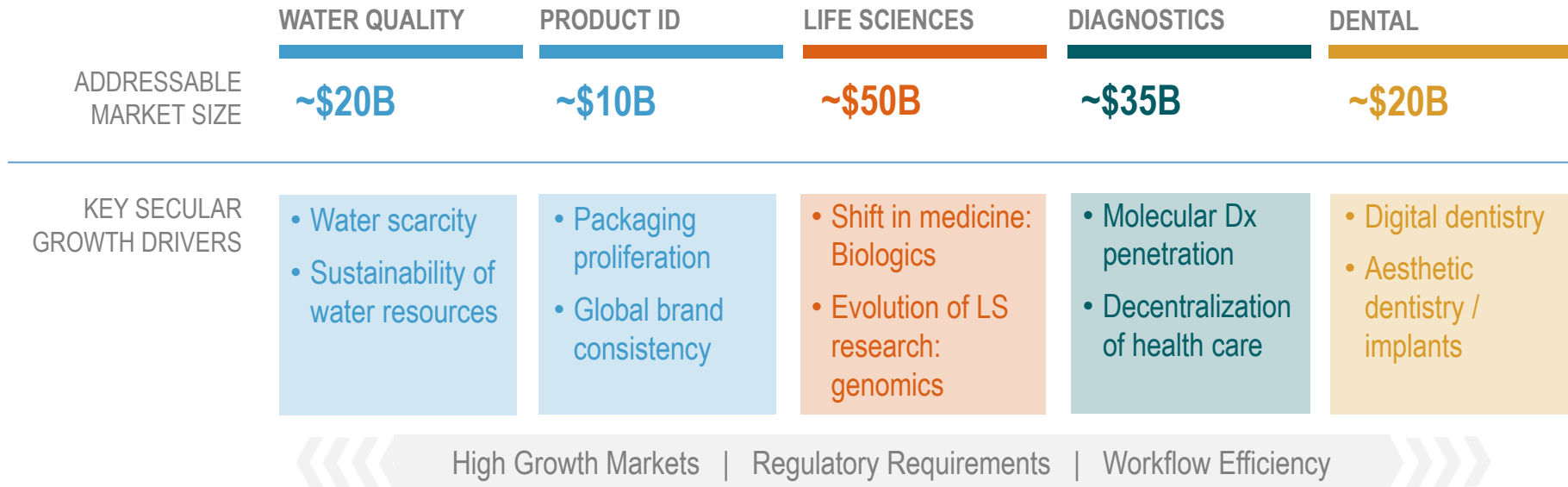


Total DHR Revenue By Mix (2018E)



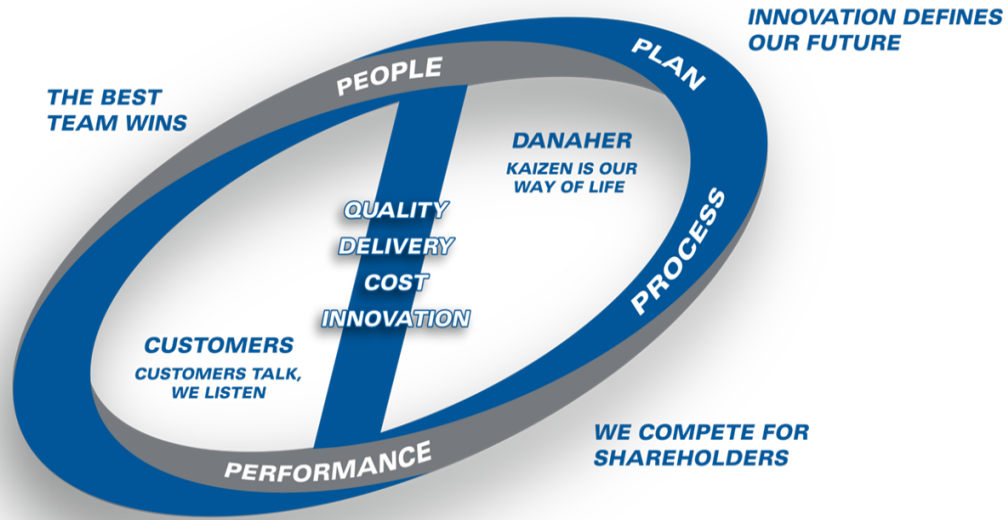
Majority of our recurring revenue is considered 'captive'

# Evolving the Portfolio to Serve Attractive End-Markets



Strong secular drivers underpinning growth opportunities

# Danaher Business System (DBS)



**OUR SHARED PURPOSE**  
**HELPING REALIZE LIFE'S POTENTIAL**

DBS is our competitive advantage:  
it's who we are, and how we do what we do

# Talent as a Competitive Advantage: Leading with DBS

## STRATEGIC PRIORITIES

THE BEST  
WORKPLACE

THE BEST  
PEOPLE  
LEADERS

## OUR CULTURE

A CULTURE OF **AND**  
Metrics **AND** Meaning  
Performance **AND** People  
Results **AND** Recognition

## OUR GOAL

DIVERSE & INCLUSIVE  
WORKPLACE

My Organization & Purpose

My Future & Development

Me, My Manager & My Daily Work

Our Engagement Pyramid

*Meeting the needs of associates every day*

**+15%** ENGAGEMENT INDEX  
IMPROVEMENT OVER  
LAST 5 YEARS

**~85%** AVG. INTERNAL  
FILL RATE LAST  
2 YEARS  
OpCo Presidents & Above

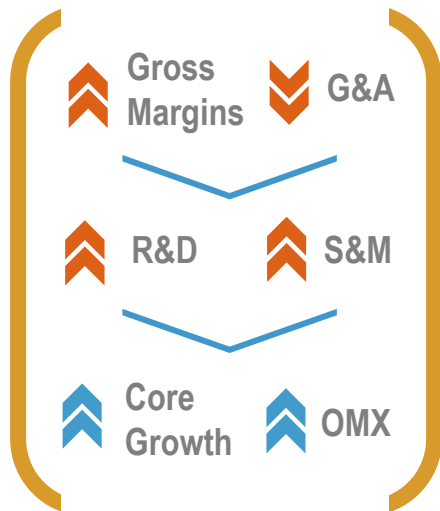
Associates are key to sustaining our competitive advantage

# How We Create Value: Running the Danaher Playbook

IMPROVE COST  
STRUCTURE

REINVEST  
FOR GROWTH

ACCELERATE  
MARGINS &  
CORE GROWTH



Core Revenue Growth

+

Margin Expansion

+

Strong Free Cash Flow

+

Acquisitions

=

**TOP QUARTILE EPS GROWTH &  
COMPOUNDING RETURNS**

Balanced approach to create shareholder value

# Improving Cost Structure

## OPPORTUNITIES & FOCUS AREAS

### Increase gross margins

- *Material costs, PPV, labor efficiencies, scrap, logistics*  
**DBS ACTIONS** VAVE, Lean Conversion, Daily Mgmt., Visual Mgmt.  
**EXAMPLE** BEC LS gross margin +500bps since 2015

### Reduce G&A

- *Indirect, non-customer-facing costs*  
**DBS ACTIONS** Visual Mgmt., Transactional Process Improvement (TPI)  
**EXAMPLE** Pall G&A\* down >500bps since acquisition



## RESULTS OVER THE LAST 3 YEARS

>200BPS

INCREASE IN GROSS MARGIN

-50BPS

DECREASE IN G&A AS A % OF SALES

\*As a % of sales

Reducing non-customer facing costs allows us to reinvest back into the business

# Reinvesting for Growth: Innovation



## OPPORTUNITIES & FOCUS AREAS

- Encouraging an entrepreneurial spirit with DBS rigor
- Building upon innovative foundation at recent acquisitions
- Improving R&D project focus & prioritization
- Condensing project development cycle times

## RESULTS OVER THE LAST 3 YEARS\*

**+50BPS**

R&D SPEND  
AS % OF SALES

**+40%**

R&D ASSOCIATES  
HIRED

**>\$1.2B**

ANNUAL R&D SPEND  
TODAY

\*Assumes all three years include a full year contribution from Pall

## DBS EXAMPLE

**PROJECT FUNNEL  
SIZE**

- Problem to Portfolio (P2P)
- Lean Product Definition

*Incremental revenue pipeline*



**PROJECT  
OTD**

- Visual Project Management Obeya
- Organization Talent Assessment

*Developing products to plan*



**REVENUE  
ACHIEVEMENT**

- Launch Excellence
- Transformative Marketing

*Generating planned results*



**NEW PRODUCT DEVELOPMENT  
(NPD) GROWTH**

DBS enables effective investment in innovation for competitive advantage

# Reinvesting for Growth: Sales & Marketing



## OPPORTUNITIES & FOCUS AREAS

- Increasing market visibility & contacts
- Expanding digital marketing capabilities
- Improving sales lead generation (quantity & quality)

## EXAMPLE: PALL COMMERCIAL RESULTS SINCE ACQUISITION

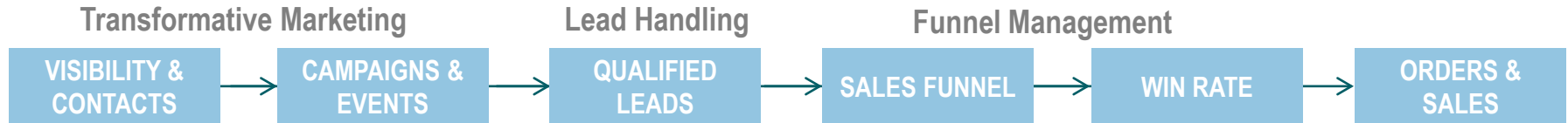


**+80%** CONTACTS / MARKET VISIBILITY

**+10X** QUALIFIED LEADS

**+15%** WIN RATE

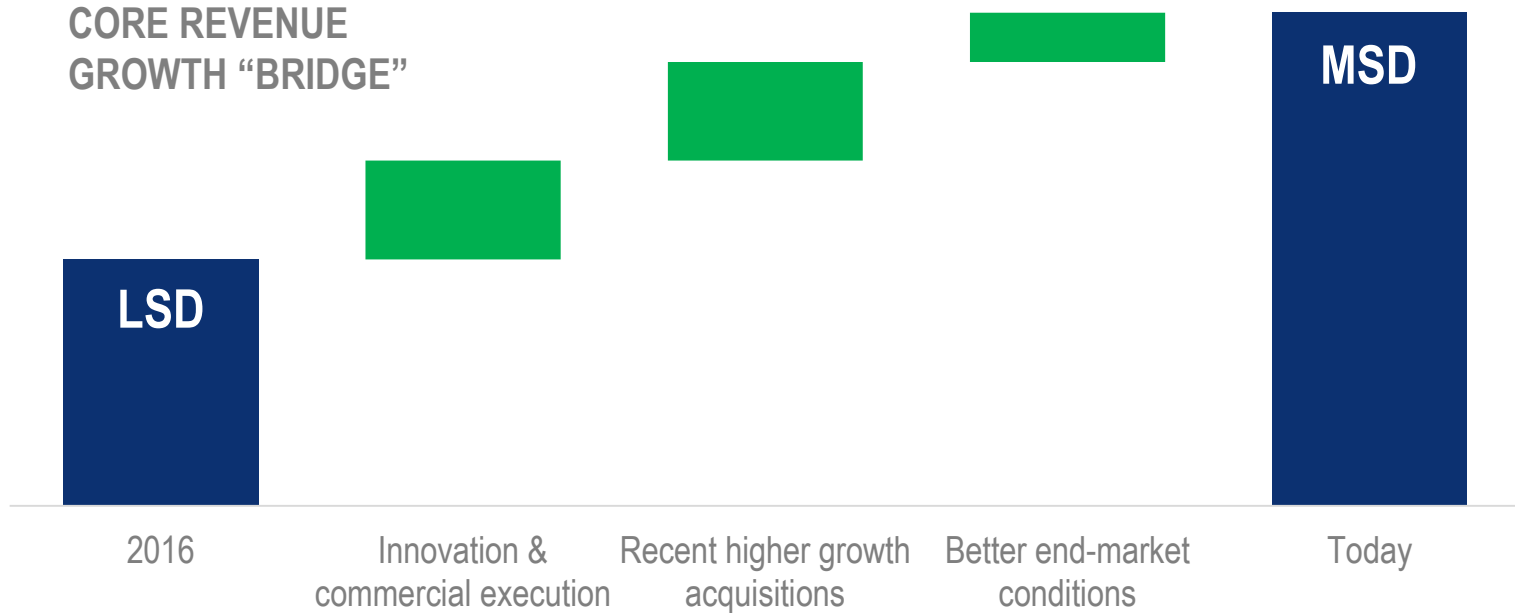
## DBS ACTIONS



Using DBS to drive better, sustainable S&M processes and growth



# Accelerating Growth



“Running the Danaher playbook” enhances our growth trajectory

# M&A: Our Strategic Approach and Capacity

## MARKET

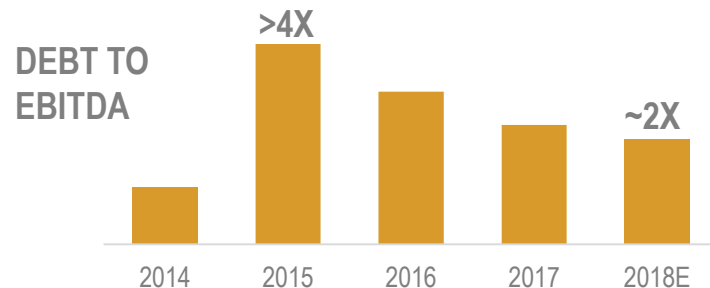
- Secular growth drivers
- Fragmented
- Higher barriers to entry
- Optionality with multi-industry portfolio

## COMPANY

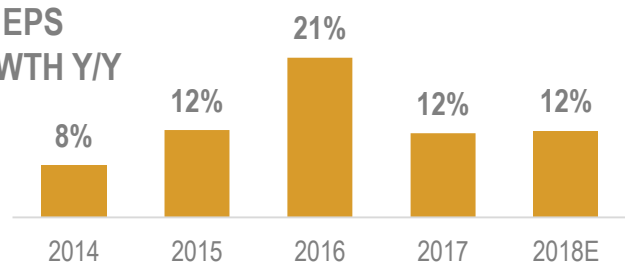
- Competitive market position, strong brand
- Consistent revenue visibility
- Higher margin businesses
- Cultural fit

## VALUATION

- Focus on ROIC
- DBS opportunities
- Sustainability
- Synergies



## ADJ. EPS GROWTH Y/Y



"ROIC" is Return on Invested Capital  
2014 financial metrics shown include Fortive

## Greatest M&A capacity today since pre-Pall acquisition

# Putting It All Together

- Portfolio evolution helping us build strong footholds in great markets with high-quality businesses
- Outstanding results driven by consistent DBS execution
- Well-positioned to pursue meaningful M&A opportunities

## RESULTS OVER THE LAST 3 YEARS

**>200BPS**

CORE GROWTH  
IMPROVEMENT



**>85BPS**

CORE OMX  
AVG. ANNUAL



**DD**

FCF CAGR



**Mid-teens**

ADJ. EPS GROWTH  
AVG. ANNUAL

Focused on creating long-term shareholder value



***DANAHER***



## LIFE SCIENCES

*Rainer Blair, Executive Vice President*

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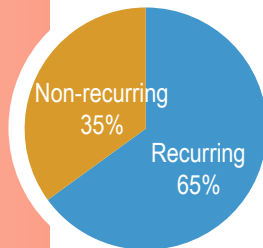
# LIFE SCIENCES



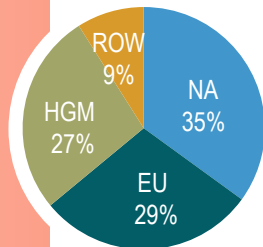
## STRONG GLOBAL GROWTH DRIVERS

- Evolution of Life Science research (i.e. genomics)
- Shift in medicine (i.e. proliferation of biologics including cell & gene therapy)
- HGM investments in basic & applied research capacity

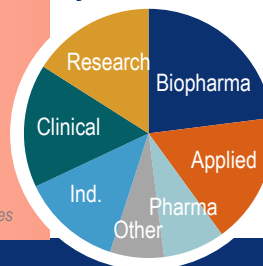
### Revenue By Mix



### By Geography



### By End-Market



**\$6.5B** TOTAL REVENUE

**HSD** CORE REVENUE GROWTH

**>25%** ADJ. EBITDA MARGIN YTD

Strong global brands with leading market positions

All financial metrics based on FY 2018E unless otherwise indicated; all pie chart percentages are % of 2018E revenues

# 2018 YTD Highlights

Cadence of innovation helping to accelerate core growth across the platform

**+7.5%** CORE REVENUE GROWTH

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Strong core operating margin expansion driven by solid execution across the platform

**255BPS** LIFE SCIENCES CORE OMX

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Pall continues to exceed our initial expectations, delivering broad-based growth and margin improvement

**>800BPS** PALL CORE OMX SINCE ACQUISITION

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Strategic M&A to increase our presence in attractive end-markets

- \$2B acquisition of IDT, a leading player in genomics consumables

All financial metrics refer to the 9 months ending Sep. 28, 2018 unless otherwise indicated

**Strong execution providing good momentum into 2019**

# Life Sciences Platform Evolution

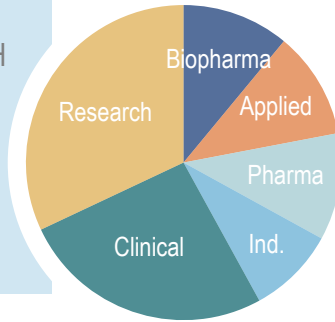
5 YEARS AGO

\$2.4B Revenue By End-Market

**LSD** CORE REV. GROWTH

~35% RECURRING REV.

**Mid/high teens** ADJ. EBITDA MARGIN



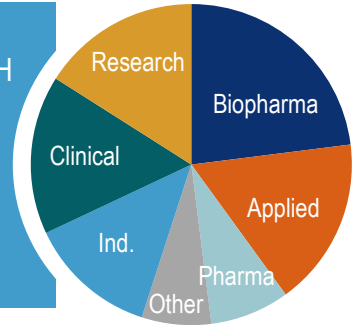
2018E

\$6.5B Revenue By End-Market

**HSD** CORE REV. GROWTH

~65% RECURRING REV.

>25% ADJ. EBITDA MARGIN



Enhancing our growth trajectory with DBS rigor & strategic M&A



# How We Win in Life Sciences

## OUR STRATEGIC FOCUS

### ATTRACTIVE END MARKETS

Indexing our portfolio to high-growth end-markets in terms of applications (i.e. biologics, genomics, applied, gene therapy)

### INNOVATION

Best-in-Class analytical technologies & high level of innovation focused on key applications

### COMMERCIAL

Global high-tech sales force to target highest growth segments & regional opportunities; differentiated service offering with frequent, high-quality customer touch points

### HIGH GROWTH REGIONS

Meaningfully expanding our presence in HGM e.g. China, where we have established local R&D and manufacturing capabilities: “in China, for China”

**~\$1.5B** REVENUE  
EXPOSURE TO  
BIOLOGICS (2018E)

**>10%** R&D SPEND CAGR  
LAST 3 YEARS

**HSD** SERVICE REVENUE  
CAGR LAST 3 YEARS

**DD** CHINA ANNUAL REVENUE  
CAGR LAST 3 YEARS

Focused on areas of highest growth & highest customer impact

# Expanding Our Presence in Genomics

## GENOMICS: WHERE WE PLAY & HOW WE WIN



- qPCR
- NGS
- CRISPR
- Molecular Dx / OEM
- Gene Fragment

**~\$300M** IDT TOTAL REVENUE

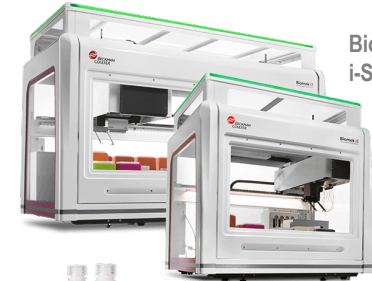
**Mid-teens** IDT CORE REVENUE CAGR LAST 3 YEARS



- Automation
- Sample Prep

**~\$100M** BEC LS ANNUAL GENOMICS REVENUE

IDT Genotyping "Master Mix"



Biomek i-Series



Genomic Reagents

FASTEST TURN-AROUND TIME

HIGH QUALITY

CADENCE OF INNOVATION

FLEXIBILITY & SCALABILITY

Enhancing our offering in high-growth genomics applications

# Accelerating Innovation Across Life Sciences

## EXAMPLES OF DBS GROWTH TOOLS HELPING TO DRIVE NPD IMPROVEMENTS

PRODUCT LAUNCH EXCELLENCE



**+3X**

NUMBER OF NEW PRODUCTS THIS YEAR VS PRIOR YEAR

ACCELERATED PRODUCT DEVELOPMENT



**>20**

NEW PRODUCTS LAUNCHED LAST 3 YEARS

PROBLEM TO PORTFOLIO

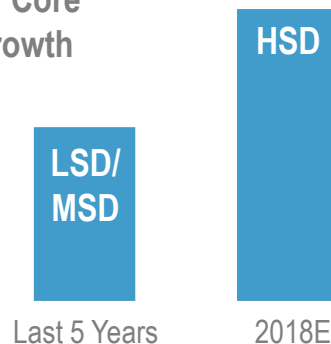


**+2X**

% OF REVENUE ACHIEVEMENT FROM NEW PRODUCTS

## MEANINGFUL CORE GROWTH ACCELERATION DRIVEN BY NEW PRODUCTS

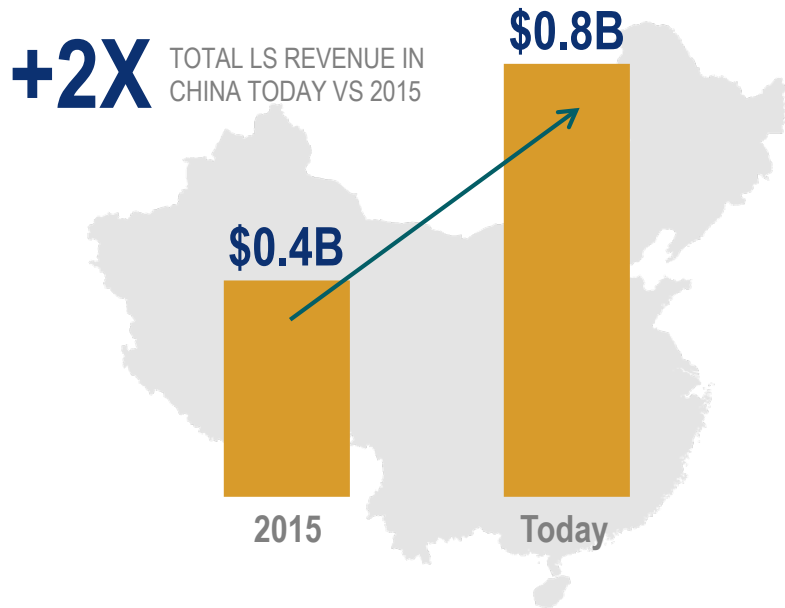
LS Platform Core Revenue Growth



>200bps of LS core growth step up attributable to new products

# Strong Position in China

## LS CHINA REVENUE



## 'IN CHINA, FOR CHINA'

- Well-positioned for strong growth drivers: rapid healthcare expansion; gov't prioritization of LS research; early innings of biologic drug development
- Strong local presence, with multiple R&D and manufacturing facilities
- On-the-ground leadership & development: DBS University in Shanghai
- Enhancing our addressable market with strategic M&A:



DD+ annual core revenue growth in China last 3 years

# Summary

Evolving our Life Sciences platform to focus on the most attractive parts of the market and increase recurring revenue

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Enhancing our competitive advantage through DBS-driven innovation and lean execution

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Nearly \$1B presence in China provides meaningful opportunities to benefit from long-term secular growth drivers in the region



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# DENTAL

*Amir Aghdaei, Group Executive*

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# DENTAL



## OUTSTANDING BRANDS & INNOVATION

## STRONG GLOBAL GROWTH DRIVERS

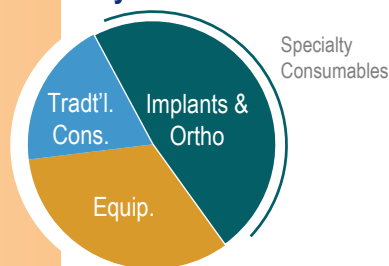
- Growth in emerging markets
- Digitization of the dental practice
- Increasing importance of aesthetics

~12,000 ASSOCIATES

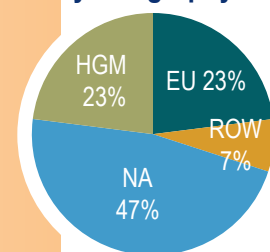
HQ IN SOUTHERN CALIFORNIA

EXPERIENCED DANAHER TEAM TO LEAD DENTALCO

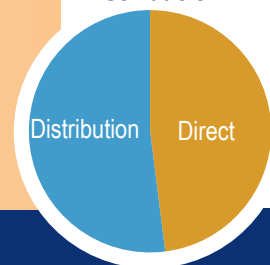
### Revenue By Mix



### By Geography



### Direct vs. Distribution



**\$2.8B** TOTAL REVENUE

**>55%** GROSS MARGIN

**Mid-teens** ADJ. EBITDA MARGIN YTD

A leading global player covering entire dental workflow



# Recent Financial Highlights

Strong foundation & DBS execution supporting relative market outperformance

Good performance in specialty businesses & HGM

Signs of end-market stabilization in traditional consumables & equipment (North America, via distribution)

Benefitting from recent growth investments: launched key new products & executing commercial initiatives

## RESULTS SINCE 2015

**MSD** CORE REVENUE GROWTH IN SPECIALTY CONSUMABLES

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**DD+** CORE REVENUE CAGR IN CHINA

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**1,000BPS** NOBEL OMX SINCE ACQUISITION

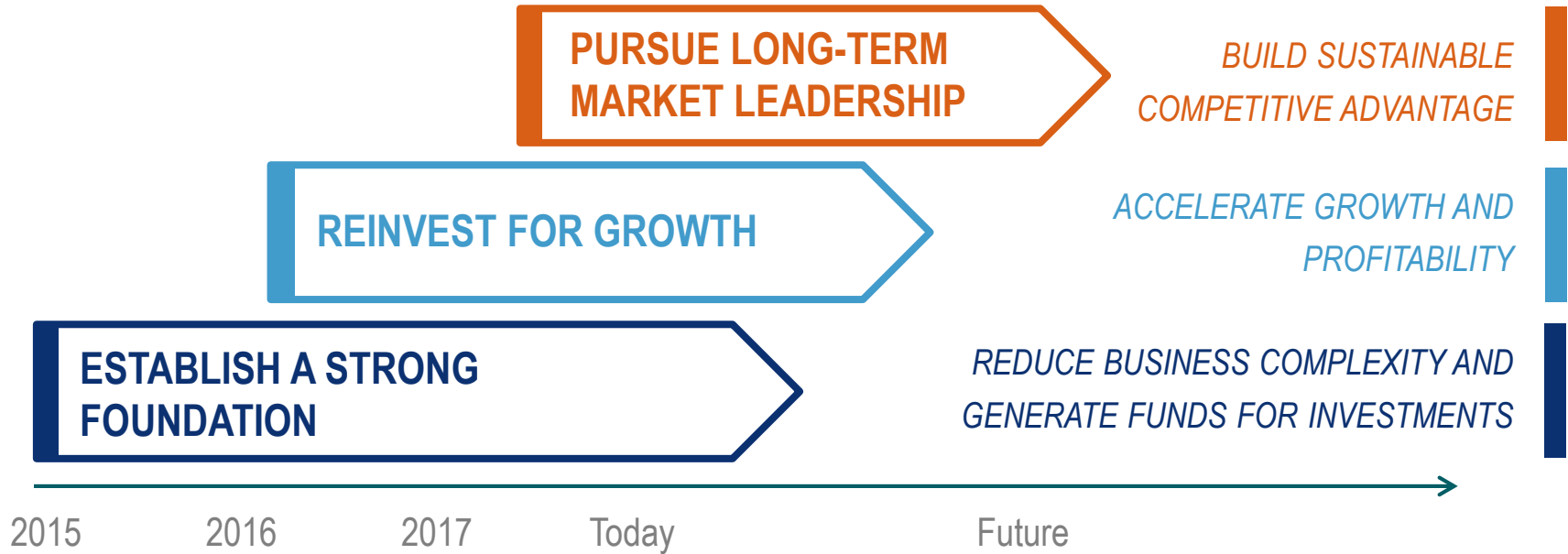
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**+100BPS** R&D AS A % OF SALES

**Good relative performance – with ample upside**

All financial metrics refer to the 9 months ending Sep. 28, 2018 unless otherwise indicated

# How We Win at Dental: Executing Our Strategic Priorities



Positioning Dental for long-term, sustainable outperformance

# Establishing a Strong Foundation

## RECENT ACTIONS

- Consolidated number of OpCos from 10 to 3
- Reduced manufacturing & back-office sites
- Shared platform services
- DBS integrated into lean, growth, & talent

## RESULTS OVER THE LAST 3 YEARS

**+50BPS**

GROSS MARGIN  
IMPROVEMENT

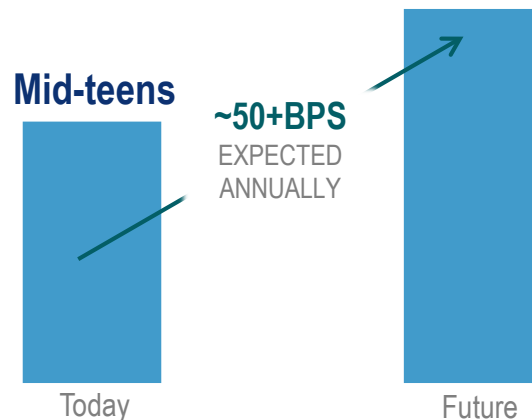
**-30%**

MANUFACTURING & BACK  
OFFICE SITES

**-400BPS**

REDUCTION IN  
NOBEL G&A  
AS A % OF SALES

## DENTAL ADJ. EBITDA MARGIN



As growth accelerates, expect cost actions to drive higher fall-through

# Reinvesting for Growth

## RECENT ACTIONS

- Increased cadence of innovation
- Executing commercial initiatives
- Expanding presence in HGM
- Strengthening digital capabilities

## RESULTS OVER THE LAST 3 YEARS

**>20%**

INCREASE IN ANNUAL  
R&D SPEND

**>10%**

INCREASE IN  
FEET ON THE STREET

**+2.5X**

NUMBER OF SOFTWARE  
ENGINEERS



Nobel Biocare  
Trefoil™



Building our competitive advantage & driving sustainable growth

# Focused on High-Impact Growth Opportunities

## NEW PRODUCTS + COMMERCIAL EXECUTION



### Innovation driving growth

- +20% annual R&D spend since 2015
- >25 new products launched

### Enhanced GTM strategy

- Added +15% FOS globally since 2015

**MSD** ANNUAL CORE REVENUE  
GROWTH AT NOBEL  
SINCE ACQUISITION

## NEW PRODUCT INTRODUCTION

### Ormco

#### Spark™ Clear Aligner



- Australia launch Jun'18
- US 510k clearance in Oct'18
- Full-scale system
- Highly aesthetic treatment option

**~\$2.5B** NEW ADDRESSABLE  
MARKET WITH SPARK

## HGM EXPANSION



### Market opportunity



- Early innings of penetration
- Only 10% of China population is seeing a dentist annually

### A leading player in China

- 'One-Stop-Solution'
- Expanding local presence

**>20%** CHINA CORE REVENUE  
CAGR LAST 5 YEARS

Differentiating our offering through commercial & product innovation

# Pursuing Long-Term Market Leadership

## EXPANDING OUR PRESENCE & CAPABILITIES

### ATTRACTIVE MARKET SEGMENTS

- *Specialists (implants & ortho)*
- *DSOs*
- *HGM*

### DIGITAL OFFERING

- *DTX digital ecosystem software connecting equipment & consumables*
- *Largest imaging installed base globally*

### STRATEGIC M&A

- *Implant systems (Nobel)*
- *Technology & software*
- *Treatment planning*

## SUPPORTED BY STRONG SECULAR GROWTH DRIVERS

**~5%** IMPLANT PENETRATION GLOBALLY

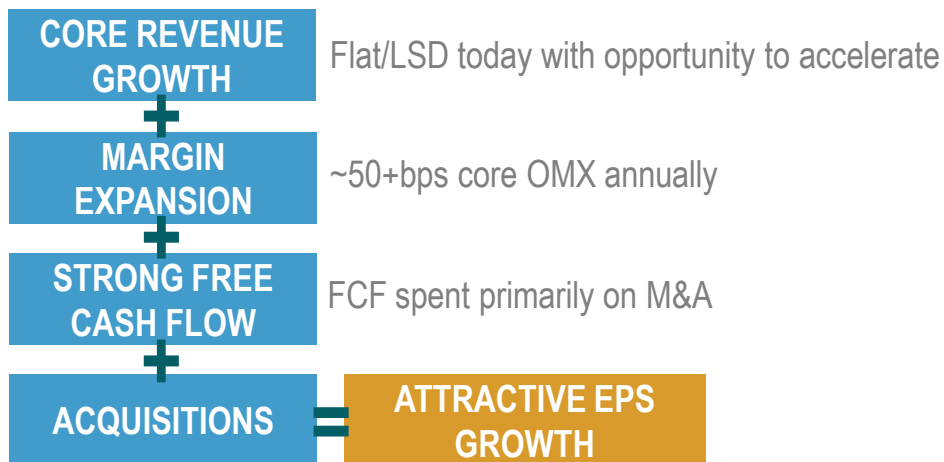
**>20X** DENTAL SPEND PER CAPITA IN THE US VS CHINA

**>90%** OF DENTISTS' CLINICAL SPEND CAN BE CAPTURED BY OUR PRODUCTS

Expanding our offering in the most attractive parts of the market

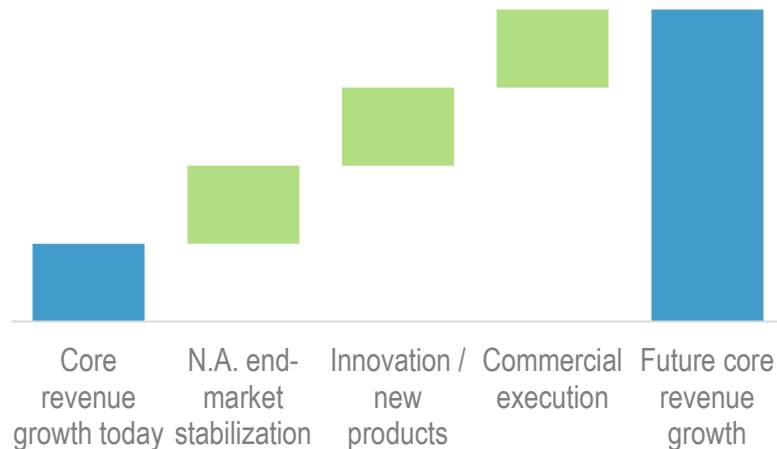
# Putting It All Together

## DENTALCO ANTICIPATED EARNINGS FORMULA



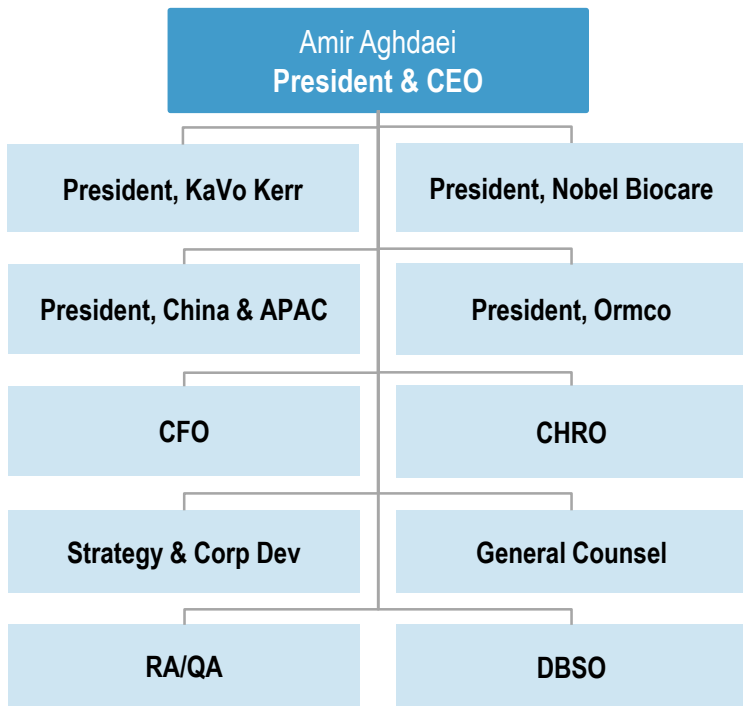
& Investment grade credit rating;  
DBS at the core of what we do

## CORE REVENUE GROWTH ACCELERATION OPPORTUNITIES



Attractive opportunity for meaningful growth & margin acceleration

# The Best Team Wins: Dental Leadership Team



**~90%**  
OF CORPORATE LEADERSHIP  
TEAM COMPRISED OF  
DANAHER ASSOCIATES

**~12,000**  
ASSOCIATES  
GLOBALLY



Senior leaders have combined >85 years of Danaher service



# Summary

Comprehensive offering and increasing exposure to the most attractive areas of the Dental market

---

Strong foundation for core revenue growth acceleration and meaningful margin improvement

---

Attractive earnings growth profile with significant upside



***DANAHER***



# ENVIRONMENTAL & APPLIED SOLUTIONS

*Joakim Weidemanis,  
Executive Vice President*

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2018 INVESTOR & ANALYST DAY



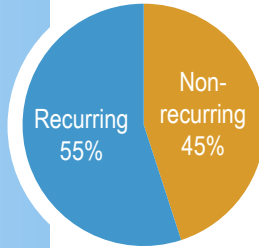
# ENVIRONMENTAL & APPLIED SOLUTIONS (EAS)



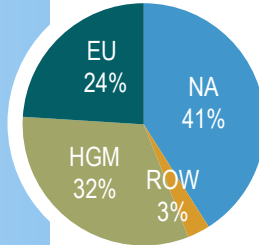
## STRONG GLOBAL GROWTH DRIVERS

- Increasing regulatory requirements
- Demand for full workflow solutions and process efficiencies
- Packaging proliferation & brand consistency
- Quality & sustainability of water resources

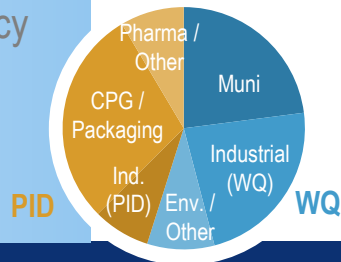
Revenue By Mix



By Geography



By End-Market



**\$4.3B**

TOTAL REVENUE

**>25%**

ADJ. EBITDA MARGIN YTD

**\$30B**

ADDRESSABLE MARKET SIZE

Strong global brands with market-leading positions

All financial metrics based on FY 2018E unless otherwise indicated; all pie chart percentages are % of 2018E revenues

# 2018 YTD Highlights

Continued share gains driven by innovation & commercial execution

- Hach: continued strength across core muni & industrial businesses
- Trojan: meaningful increases in win rate
- Videojet: great market reception from recent new project launches

Strong position in attractive regions and end-markets

- Hach: China >25% core growth; developed markets +MSD
- Videojet: largest global installed base of remotely connected printers

Recent acquisitions augmenting core growth

**+7.0%** CORE REVENUE GROWTH

---

**11** CONSECUTIVE QUARTERS OF MSD+ CORE REVENUE GROWTH AT VIDEOJET

---

**HSD** REVENUE GROWTH IN HGM

Sustained outperformance across EAS

# Strong Recurring Revenues

## RESILIENT PORTFOLIO

- Low cyclical applications
- Increasing regulatory & testing requirements drive “stickiness”
- Low cost, high value-add instrumentation & consumables

## EXAMPLES



### Portable Parallel Analyzer (PPA)

*Municipality uses Hach Chemkey™ reagents to analyze up to 6 parameters simultaneously*



### CIJ 1580 Printer

*Coca-Cola bottling plant prints lot codes with Videojet ink on 10-20M cans per day*

**2-4X**

TYPICAL AMOUNT OF  
CONSUMABLES REVENUE  
VS INSTRUMENT REVENUE  
AT HACH & VIDEOJET

**>2X**

NUMBER OF VIDEOJET  
PRINTERS UNDER SERVICE  
CONTRACT SINCE 2014

Extensive installed base & “sticky” applications drive strong recurring revenue stream

# Water Quality: How We Differentiate & Win

## INNOVATION

- Increased cadence of new product launches
- Accessing new markets, providing new technologies & applications

## GO-TO-MARKET

- Accelerating Digital Marketing; Platform approach
- Expanding e-commerce platform

## HIGH GROWTH MARKETS

- Increasing 'go-direct' and local presence via FOS additions and M&A

**50%**

REDUCTION IN TROJAN'S  
TIME-TO-MARKET FOR NEW  
PRODUCTS SINCE 2016

**>50%**

WQ DIGITAL REVENUE  
CAGR SINCE 2015

**>15%**

WQ HGM REVENUE  
GROWTH 2018 YTD

## CORE REVENUE GROWTH VS. PEERS

**WATER  
QUALITY**

MSD

**PEERS**

LSD

Avg. Annual Core Revenue  
Growth Last 5 Years

Enhancing our competitive advantage & driving share gains

# Differentiated Digital Workflow Solution at Hach

**HACH**® CLAROS

FOR  
*Water Treatment Plants*

## CUSTOMER SOLUTIONS FOR:



Regulatory  
Compliance



Cost  
Savings



Remote  
Operations



Process  
Optimization



Equipment  
Maintenance



### Instrument Management

- Predictive diagnostics
- Maintenance alerts
- Step-by-step instructions



### Process Management

- Real-time-control to manage treatment processes
- Keep facility compliant



### Data Management

- Collect, access & share data
- View at any time on any device
- Easier reporting & decision-making



**+\$500M**

NEW ADDRESSABLE  
MARKET WITH CLAROS  
CAPABILITIES

**>2,000**

REAL-TIME CONTROL  
SITES GLOBALLY

Simplifying plant management with unique combination of software suite & connected instruments



# Product ID: How We Differentiate & Win

## REMOTE SERVICE OFFERING

- Largest remotely connected installed base globally
- Expanding remote solutions & predictive analytics

## PRODUCT INNOVATION

- Launching better new products into the market faster

## DIGITAL CAPABILITIES & SOLUTIONS

- Ongoing digitization of customers' physical workflows
- Esko's BLUE acquisition adds scale & reach with label, packaging, artwork design & workflow mgmt. software

**10,000**

CONNECTED PRINTERS  
GLOBALLY

**+2X**

VIDEOJET PROJECTS  
ON-TIME-TO-MARKET  
SINCE 2017

**+30%**

INCREASE IN BRAND  
OWNER USERS AT  
ESKO SINCE 2017

## CORE REVENUE GROWTH VS. PEERS

**PRODUCT ID**

**MSD**

**PEERS**

**~3-3.5%**

Avg. Annual Core Revenue  
Growth Last 5 Years

Innovative solutions rooted in customer needs underpin our growth

# Connectivity & Remote Service at Videojet

## OPPORTUNITIES & FOCUS AREAS

- Reducing customer downtime and increasing productivity
- Expanding Remote Service Solutions and enhancing predictive analytics with innovation
- Connected to the 'cloud' with a continuous flow of data

## RESULTS

**DD**

SERVICE REVENUE  
CAGR SINCE 2015

**50%**

NUMBER OF CUSTOMER  
PROBLEMS RESOLVED  
REMOTEY TODAY



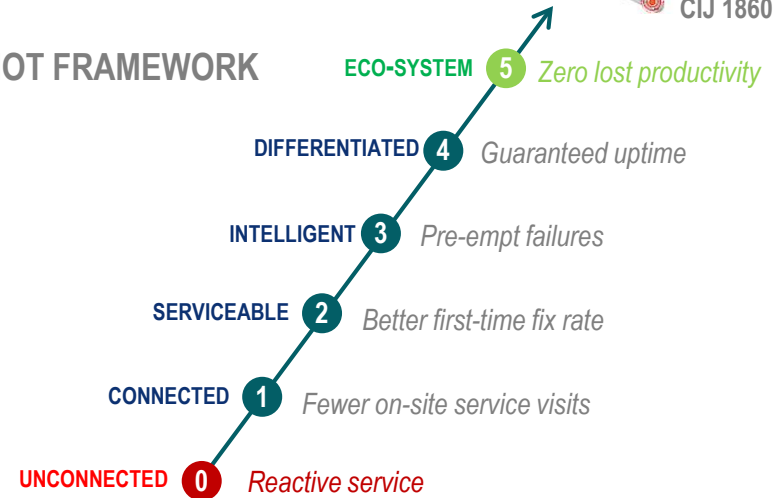
MORE  
CONNECTIONS &  
SMARTER SERVICE

- ✓ 6M lines of code
- ✓ 53 sensors
- ✓ 175 data points



CIJ 1860

## IOT FRAMEWORK



Differentiating with service & innovation to drive share gains

# Enhancing Our Offering with Strategic M&A: Examples

## WATER QUALITY



### MSD+

AVG. ANNUAL CORE REVENUE GROWTH OF RECENT ACQUISITIONS

- **Technology** – accretive, ‘gap-filling’ bolt-ons
- **Adjacencies** – adding capabilities in meteorology
- **HGM** – expanding direct, local presence

AppliTek

Lufft KIPP & ZONEN

aguasin ENVI SCIENCE ANDIA LPE SA RYE

## PRODUCT ID



### DD+

AVG. ANNUAL CORE REVENUE GROWTH AT LAETUS SINCE ACQUISITION

- **Scale** – adding scale & reach with brand owner SaaS
- **Technology** – adding in-line inspection and track & trace systems
- **HGM** – expanding direct, local presence

BLUE

AVT. Laetus

Augmenting growth with ~\$400M of strategic M&A over the last two years

# Summary

Well-positioned in attractive end-markets and applications, with strong recurring revenues off a market-leading installed base

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Differentiated product offering & customer support driving sustained market outperformance

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Continuing to pursue high-impact organic & inorganic growth opportunities



## DIAGNOSTICS

*Dan Daniel, Executive Vice President*

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2018 INVESTOR & ANALYST DAY



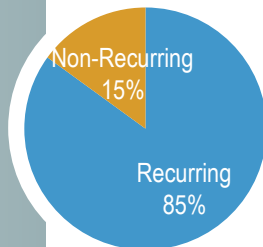
# DIAGNOSTICS



## STRONG GLOBAL GROWTH DRIVERS

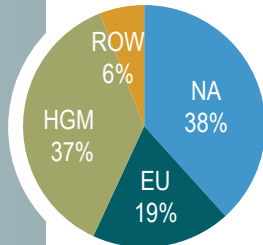
- Improving standards of care in HGM
- Skilled labor shortages & cost pressures necessitating automated solutions
- POC & decentralization of health care

### Revenue By Mix



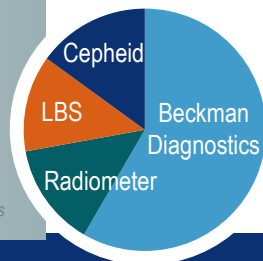
**\$6.2B** TOTAL REVENUE

### By Geography



**>25%** ADJ. EBITDA MARGIN YTD

### By OpCo



**\$35B** ADDRESSABLE MARKET SIZE

Strong brands with a broad global presence

All financial metrics based on FY 2018E unless otherwise indicated; all pie chart percentages are % of 2018E revenues

# 2018 YTD Highlights

Strong core revenue growth driven by innovation & DBS execution

**+6.5%** CORE REVENUE  
GROWTH

---

Outstanding performance at Cepheid, delivering double-digit core growth and meaningful margin expansion

**>100BPS** CORE OMX

---

New products contributing to HSD core revenue growth at Radiometer and Leica Biosystems

**DD** REVENUE GROWTH IN  
HIGH GROWTH MARKETS

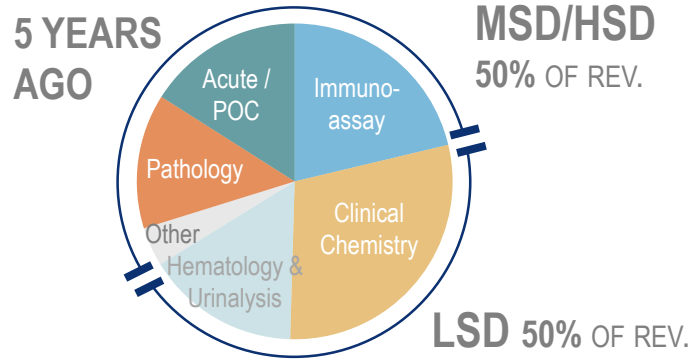
Continued strength across HGM, particularly China & India

*All financial metrics refer to the 9 months ending Sep. 28, 2018 unless otherwise indicated*

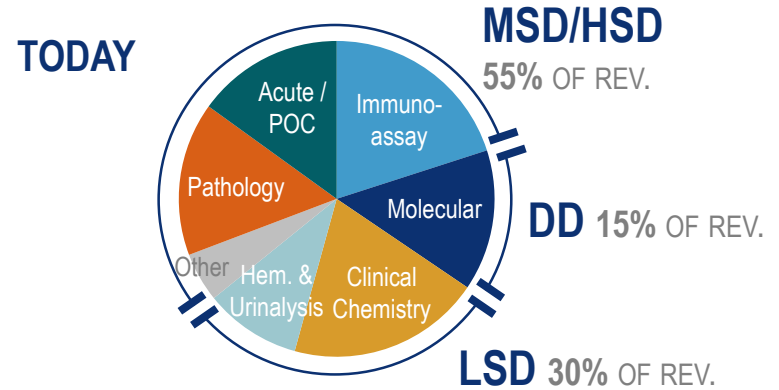
**Accelerating growth and driving sustainable long-term results**

# Diagnosics Platform Evolution

## REVENUE & CORE GROWTH MIX



**\$4.4B** REVENUE      **~4%** CORE GROWTH      **HIGH-TEENS** ADJ. EBITDA MARGIN



**\$6.2B** REVENUE      **~6%** CORE GROWTH      **>25%** ADJ. EBITDA MARGIN

2004 **RADIOMETER** **Leica** **VISION SYSTEMS** **BECKMAN COULTER** **aperio** **Tris** **HEMOCUE** **DEVICOR** **MicroScan** **Cepheid** 2018

Orienting our Diagnostics portfolio towards attractive end-markets



# Looking Ahead: Well-Positioned to Win in Diagnostics

## WHERE WE PLAY & 2018E CORE REVENUE GROWTH

MOLECULAR



- DD

PATHOLOGY  
LAB



- MSD/HSD

ACUTE CARE &  
POC



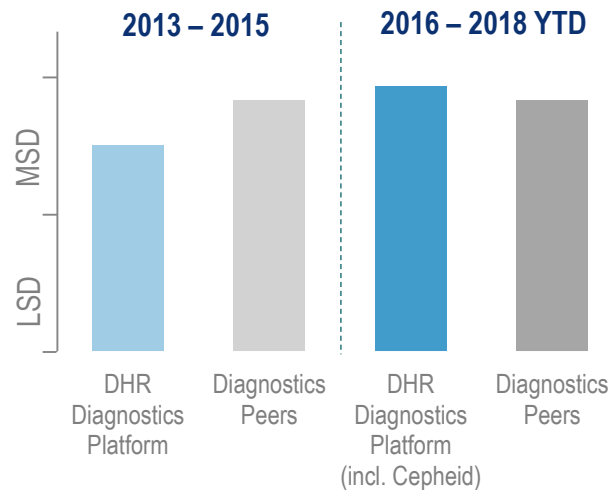
- MSD/HSD

CORE LAB



- LSD

## CORE REVENUE GROWTH VS PEERS



Comprehensive portfolio with strong footholds across Dx landscape

# Accelerating Growth at Beckman Diagnostics

## OUR STRATEGIC FOCUS AREAS

### COMMERCIAL INITIATIVES

- Strategic Accounts / IDNs focus
- GTM alignment
- DBS Growth 'War Room'

### HGM EXPANSION

'Go-direct' strategy, particularly in China

- Increased sales presence
- Direct service experience

**HSD** HGM REVENUE CAGR  
LAST 5 YEARS

### INNOVATION & NEW PRODUCTS\*

#### Hematology Analyzers

DxH900 with Early Sepsis Indicator  
DxH520

#### Automation

DxA5000

#### Test Menu Additions

High Sensitivity Troponin (hsTnI)  
Sensitive Estradiol  
AMH

#### Digital Workflow Solutions

DxONE Workflow Manager  
Remisol Workflow Manager

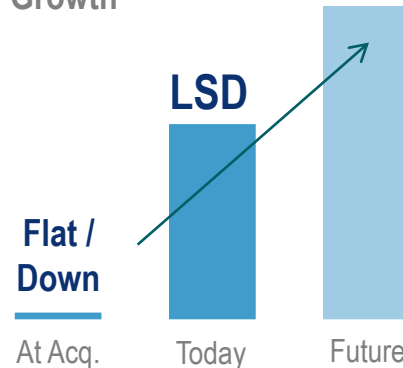
DxH  
900



\* This slide describes certain products and devices which have applications submitted and pending for certain regulatory approvals or are available only in certain markets



Core Revenue  
Growth



Good trajectory driven by DBS execution & innovation

# Strengthening Our Competitive Advantage at Cepheid

## COMMERCIAL EXECUTION

SINCE ACQUISITION



## INNOVATION

**+2X**

PROJECTS ON-TIME TO MARKET SINCE ACQUISITION

## NEW PRODUCTS

### Recent Product Launches

- GeneXpert Edge (HGM)
- CLIA-waived Xpert Xpress tests: Flu, Flu/RSV, Strep A



## RESULTS SINCE ACQUISITION

2 YEARS IN



	AT ACQ.	TODAY
Core Growth	DD	DD
Gross Margin	~50%	~60%
Operating Profit Margin	Flat/LSD	~20%
On-time Delivery (OTD)	<80%	>95%

*Operating Profit Margin excludes amortization*

DBS helping to deliver sustainable growth & margin expansion

# Summary

Strong portfolio of Diagnostics businesses oriented towards higher-growth, attractive parts of the market

---

Well-positioned for growth acceleration opportunities

---

Cepheid continues to drive meaningful improvements with strong DBS execution



# SUMMARY & OUTLOOK

*Tom Joyce, President & CEO*

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2018 INVESTOR & ANALYST DAY



# What You Heard Today

Outstanding 2018 results driven by broad-based strength

---

Strategically building a better, stronger Danaher: increasing recurring revenues & accelerating core revenue growth

---

Strong DBS execution is our foundation for creating long-term shareholder value

# 2019 Outlook

Core revenue growth of ~4% with 35-40% fall-through

F/X & tariff headwinds of ~\$0.15

- F/X negative revenue impact of ~\$425M at ~25% fall-through (~\$0.12)

Tax rate of 19.5%

Anticipated EPS seasonality (as a % of FY 2019 adjusted EPS guidance)

- Q1: ~21%      Q2: ~25%      Q3: ~24%      Q4: ~30%

**2019 adjusted EPS guidance of \$4.75-4.85\***

\*Does not include accretion from any future acquisitions

# 2019 Adjusted EPS Guidance



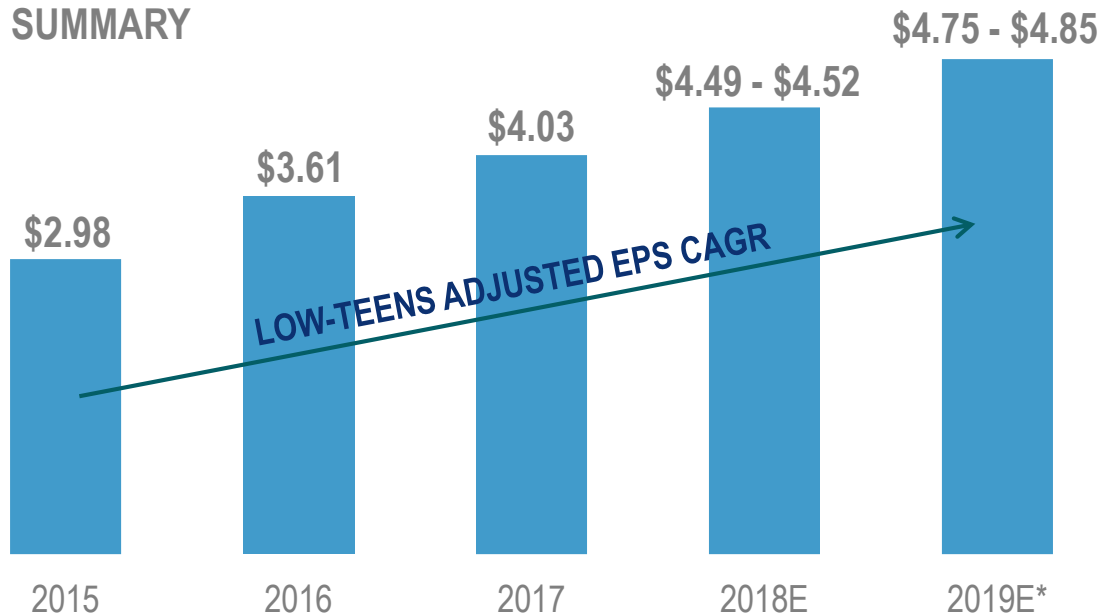
\*Does not include accretion from any future acquisitions

## 2019 adjusted EPS guidance of \$4.75-4.85\*



# Looking Ahead

## 5 YEAR ADJ. EPS SUMMARY



## LONG-TERM FINANCIAL FRAMEWORK

**MSD**

CORE REVENUE GROWTH

+

**50-75BPS**

CORE OMX AVG. ANNUAL

+

**>100%**

FCF / NI CONVERSION

+

**M&A**

=

**ATTRACTIVE EPS GROWTH**

Focused on creating long-term shareholder value

\*Does not include accretion from any future acquisitions



***DANAHER***

# Non-GAAP Reconciliations

## Adjusted EBITDA Margins (\$ in Millions)

	Nine Month Period Ended September 28, 2018					
	Life Sciences	Diagnostics	Dental	Environmental and Applied Solutions	Other	Total Danaher
Operating Profit (GAAP)	\$ 875.6	\$ 757.4	\$ 241.8	\$ 732.5	\$ (166.1)	\$ 2,441.2
Depreciation	94.8	284.5	29.1	34.8	6.2	449.4
Amortization	255.4	157.8	68.0	46.3	0.0	527.5
Adjusted EBITDA (Non-GAAP)	\$ 1,225.8	\$ 1,199.7	\$ 338.9	\$ 813.6	\$ (159.9)	\$ 3,418.1
Interest, net						(116.9)
Other Income						25.2
Income Taxes						(445.4)
Depreciation						(449.4)
Amortization						(527.5)
Net Income Continuing Ops (GAAP)						\$ 1,904.1
Net Sales	\$ 4,677.9	\$ 4,573.1	\$ 2,085.5	\$ 3,193.0		\$ 14,529.5
Adjusted EBITDA Margin (Non-GAAP)	>25%	>25%	Mid-teens	>25%		>20%

(1) Management defines "Adjusted EBITDA" as GAAP operating income excluding (1) depreciation and (2) amortization, and defines "Adjusted EBITDA Margin" as Adjusted EBITDA divided by sales.

## Reconciliation of Average Core Operating Profit Margins from Continuing Operations (in Basis Points)

	Year Ended December 31			Nine Month Period Ended September 28
	2016	2017	2018	2018
	Year-over-year core operating profit margin changes for the nine month period ended September 28, 2018 and the years ended December 31, 2017 and 2016 (non-GAAP) (See note below)		115	70
Average				>85

Note: Core operating margin changes defined as all period-over-period operating profit margin changes other than the changes identified in the line items in the reconciliations for the particular period posted on Danaher's web site.

## Year-Over-Year Core Operating Margin Changes

	Segments				
	Total Company	Life Sciences	Diagnostics	Dental	Environmental and Applied Solutions
<b>Nine-Month Period Ended September 29, 2017 Operating Profit Margins from Continuing Operations (GAAP)</b>	<b>15.50%</b>	<b>16.60%</b>	<b>13.20%</b>	<b>14.70%</b>	<b>23.00%</b>
First nine months 2018 impact from operating profit margins of businesses that have been owned for less than one year or were disposed of during such period and did not qualify as discontinued operations	(0.20)	(0.30)	-	(0.10)	(0.50)
Acquisition-related transaction costs deemed significant and fair value adjustments to inventory, in each case related to the acquisition of IDT and incurred in the second quarter of 2018	(0.10)	(0.35)	-	-	-
Second quarter 2018 gain on resolution of acquisition-related matters	0.05	0.20	-	-	-
First nine months 2017 impact of restructuring, impairment and related charges related to the discontinuation of a product line in the Diagnostics segment in the second quarter of 2017	0.55	-	1.80	-	-
Year-over-year core operating profit margin changes for first nine months 2018 (defined as all year-over-year operating profit margin changes other than the changes identified in the lines above) (non-GAAP)	1.00	2.55	1.60	(3.00)	0.40
<b>Nine-Month Period Ended September 28, 2018 Operating Profit Margins from Continuing Operations (GAAP)</b>	<b>16.80%</b>	<b>18.70%</b>	<b>16.60%</b>	<b>11.60%</b>	<b>22.90%</b>

Note: The Company deems acquisition-related transaction costs incurred in a given period to be significant (generally relating to the Company's larger acquisitions) if it determines that such costs exceed the range of acquisition-related transaction costs typical for Danaher in a given period.

# Non-GAAP Reconciliations

## Core Revenue Growth

	Nine Month Period Ended September 28, 2018				
	Life Sciences	Diagnostics	Dental	Environmental and Applied Solutions	Total Danaher
<b>Total Revenue Growth from Continuing Operations (GAAP)</b>	<b>14.5%</b>	<b>8.5%</b>	<b>1.5%</b>	<b>10.5%</b>	<b>9.5%</b>
Less the impact of:					
Acquisitions	(4.5%)	-	-	(1.5%)	(1.5%)
Currency exchange rates	(2.5%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)
<b>Core Revenue Growth from Continuing Operations (Non-GAAP) <sup>1</sup></b>	<b>7.5%</b>	<b>6.5%</b>	<b>(0.5%)</b>	<b>7.0%</b>	<b>6.0%</b>

	Year Ended December 31			Nine Month Period Ended September 28
	2016	2017	2018	2018
	<b>Total Revenue Growth from Continuing Operations (GAAP)</b>	<b>17.0%</b>	<b>8.5%</b>	<b>9.5%</b>
Less the impact of:				
Acquisitions	(15.0%)	(4.5%)	(1.5%)	
Currency exchange rates	1.0%	(0.5%)	(2.0%)	
<b>Core Revenue Growth from Continuing Operations (Non-GAAP) <sup>1</sup></b>	<b>3.0%</b>	<b>3.5%</b>	<b>6.0%</b>	

	Year Ended December 31			Nine Month Period Ended September 28
	2015	2016	2017	2018
	<b>Total Revenue Growth from Continuing Operations (GAAP)</b>	<b>4.5%</b>	<b>4.5%</b>	<b>16.0%</b>
Less the impact of:				
Acquisitions	(7.0%)	(3.0%)	(12.0%)	-
Currency exchange rates	6.5%	1.0%	-	(2.0%)
<b>Core Revenue Growth from Continuing Operations (Non-GAAP) <sup>1</sup></b>	<b>4.0%</b>	<b>2.5%</b>	<b>4.0%</b>	<b>6.5%</b>

## Reconciliation of Operating Cash Flows from Continuing Operations (GAAP) to Free Cash Flow from Continuing Operations (Non-GAAP) (\$ in Millions)

	Nine Month Period Ended September 28, 2018	
<b>Free Cash Flow from Continuing Operations:</b>		
Net operating cash provided by continuing operations	\$	2,784.4
Net operating cash used in investing activities		(2,652.0)
Net operating cash provided by financing activities		117.7
Net operating cash provided by continuing operations	\$	2,784.4
Less: payments for additions to property, plant & equipment (capital expenditures) from continuing operations		(441.3)
Plus: proceeds from sales of property, plant & equipment (capital disposals) from continuing operations		1.6
<b>Free Cash Flow from Continuing Operations (Non-GAAP)</b>	<b>\$</b>	<b>2,344.7</b>

## Ratio of Free Cash Flow to Net Earnings:

Free Cash Flow from Continuing Operations from Above (Non-GAAP)	\$	2,344.7
Net Earnings from Continuing Operations (GAAP)		1,904.1
Free Cash Flow from Continuing Operations to Net Earnings from Continuing Operations Conversion Ratio (Non-GAAP)		1.23

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

<sup>1</sup> We use the term "core revenue" to refer to GAAP revenue from continuing operations excluding (1) sales from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to divested businesses or product lines not considered discontinued operations ("acquisition sales") and (2) the impact of currency translation. The portion of GAAP revenue from continuing operations attributable to currency translation is calculated as the difference between (a) the period-to-period change in revenue (excluding acquisition sales) and (b) the period-to-period change in revenue (excluding acquisition sales) after applying current period foreign exchange rates to the prior year period. We use the term "core revenue growth" to refer to the measure of comparing current period core revenue with the corresponding period of the prior year.

# Non-GAAP Reconciliations

## Adjusted Diluted Net Earnings Per Share from Continuing Operations

	Year Ended December 31				Forecasted <sup>1</sup>	
	2014	2015	2016	2017	Year Ending December 31, 2018	
					Low End	High End
<b>Diluted Net Earnings Per Share from Continuing Operations (GAAP)</b>	<b>\$ 2.29</b>	<b>\$ 2.47</b>	<b>\$ 3.08</b>	<b>\$ 3.50</b>	<b>3.72</b>	<b>\$ 3.75</b>
Pretax amortization of acquisition-related intangible assets <sup>A</sup>	0.38 <sup>A</sup>	0.56 <sup>A</sup>	0.83 <sup>A</sup>	0.94 <sup>A</sup>	1.00 <sup>A</sup>	1.00 <sup>A</sup>
Pretax gains on resolution of acquisition-related matters <sup>B,C,D</sup>	-	-	(0.02) <sup>B</sup>	(0.02) <sup>C</sup>	(0.01) <sup>D</sup>	(0.01) <sup>D</sup>
Pretax gain on sales of investments <sup>E,F,G,H</sup>	(0.17) <sup>E</sup>	(0.02) <sup>F</sup>	(0.32) <sup>G</sup>	(0.10) <sup>H</sup>	-	-
Pretax productivity charges in excess of amounts originally budgeted and publicly communicated in December 2013 <sup>I</sup>	0.09 <sup>I</sup>	-	-	-	-	-
Pretax restructuring, impairment and other related charges recorded in the second quarter of 2017 <sup>J</sup>	-	-	-	0.11 <sup>J</sup>	-	-
Pretax charge for early extinguishment of borrowings <sup>K</sup>	-	-	0.26 <sup>K</sup>	-	-	-
Pretax acquisition-related transaction costs deemed significant, change in control payments and restructuring costs and fair value adjustments to inventory and deferred revenue <sup>L,M,N,O</sup>	0.02 <sup>L</sup>	0.21 <sup>LM</sup>	0.12 <sup>N</sup>	-	0.02 <sup>O</sup>	0.02 <sup>O</sup>
Pretax costs incurred in the year ending December 31, 2018 related to preparation for the 2019 separation of the Dental segment ("Dental Separation") primarily related to professional fees for legal, tax, finance and information technology services <sup>P</sup>	-	-	-	-	0.01 <sup>P</sup>	0.01 <sup>P</sup>
Tax effect of all adjustments reflected above <sup>Q</sup>	(0.04) <sup>Q</sup>	(0.16) <sup>Q</sup>	(0.21) <sup>Q</sup>	(0.19) <sup>Q</sup>	(0.21) <sup>Q</sup>	(0.21) <sup>Q</sup>
Discrete tax adjustments and other tax-related adjustments <sup>R,S,T,U,V</sup>	0.09 <sup>R</sup>	(0.08) <sup>S</sup>	(0.13) <sup>T</sup>	(0.21) <sup>U</sup>	(0.04) <sup>V</sup>	(0.04) <sup>V</sup>
<b>Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)</b>	<b>\$ 2.66</b>	<b>\$ 2.98</b>	<b>\$ 3.61</b>	<b>\$ 4.03</b>	<b>\$ 4.49</b>	<b>\$ 4.52</b>
Year over Year Growth %		12%	21%	12%	12%	<sup>W</sup>

<sup>1</sup> The forward-looking estimates set forth above do not reflect future gains and charges that are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance, such as certain future gains or losses on the sale of investments, acquisition or divestiture-related gains or charges and discrete tax items.

# Non-GAAP Reconciliations

(continued)

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

	Year Ended December 31				Forecasted
					Year Ending
	2014	2015	2016	2017	December 31
Pretax	\$ 269.2	\$ 396.8	\$ 583.1	\$ 660.5	\$ 704.6
After-tax	215.3	313.4	449.7	523.5	562.1

B Gains on resolution of acquisition-related matters (\$18 million pretax as presented in this line item, \$14 million after-tax) for the year ended December 31, 2016.

C Net gains on resolution of acquisition-related matters in the Life Sciences and Diagnostics segments (\$11 million pretax as presented in this line item, \$8 million after-tax) for the year ended December 31, 2017.

D Net gains on resolution of acquisition-related matters in the Life Sciences segment (\$9 million pretax as presented in this line item, \$7 million after-tax) for the year ended December 31, 2018.

E Gain on sale of marketable equity securities in the year ended December 31, 2014 (\$123 million pretax as presented in this line item, \$77 million after-tax).

F Gain on sale of marketable equity securities in the year ended December 31, 2015 (\$12 million pretax as presented in this line item, \$8 million after-tax).

G Gain on sales of investments in the year ended December 31, 2016 (\$223 million pretax as presented in this line item, \$140 million after-tax).

H Gain on sales of investments in the year ended December 31, 2017 (\$73 million pretax as presented in this line item, \$46 million after-tax).

I Continuing operations portion of productivity charges for the year ended December 31, 2014 in excess of amounts originally budgeted and publicly communicated in December 2013 (\$64 million pretax as presented in this line item, \$49 million after-tax).

J During the year ended December 31, 2017, the Company recorded \$76 million of pretax restructuring, impairment and other related charges (\$51 million after-tax) primarily related to the Company's strategic decision to discontinue a molecular diagnostic product line in its Diagnostics segment. As a result, the Company incurred noncash charges for the impairment of certain technology-related intangibles as well as related inventory and plant, property and equipment with no further use totaling \$49 million. In addition, the Company incurred cash restructuring costs primarily related to employee severance and related charges totaling \$27 million.

K Charge for early extinguishment of borrowings (\$179 million pretax as presented in this line item, \$112 million after-tax) incurred in the third quarter of 2016.

L Acquisition-related transaction costs deemed significant (\$12 million pretax as presented in this line item, \$9 million after-tax) for the year ended December 31, 2014 and fair value adjustments to inventory (\$5 million pretax as presented in this line item, \$4 million after-tax) for the year ended December 31, 2014 and fair value adjustments to inventory (\$20 million pretax as presented in this line item, \$15 million after-tax) incurred in the year ended December 31, 2015, in each case incurred in connection with the acquisition of Nobel Biocare. Danaher deems acquisition-related transaction costs incurred in a given period to be significant (generally relating to Danaher's larger acquisitions) if it determines that such costs exceed the range of acquisition-related transaction costs typical for Danaher in a given period.

M Acquisition-related transaction costs deemed significant (\$21 million pretax as presented in this line item, \$16 million after-tax), change in control payments, and fair value adjustments to inventory and deferred revenue, net of the impact of freezing pension benefits, in each case related to the acquisition of Pall Corporation and incurred in the year ended December 31, 2015 (\$107 million pretax as presented in this line item, \$84 million after-tax).

N Acquisition-related transaction costs deemed significant (\$12 million pretax as presented in this line item, \$9 million after-tax), change in control payments and restructuring costs (\$49 million pretax as presented in this line item, \$30 million after-tax), and fair value adjustments to inventory and deferred revenue (\$23 million pretax as presented in this line item, \$14 million after-tax), in each case related to the acquisitions of Cepheid and Phenomenex and incurred in the year ended December 31, 2016.

O Acquisition-related transaction costs deemed significant (\$15 million pretax as presented in this line item, \$13 million after-tax), and fair value adjustments to inventory (\$1 million pretax as presented in this line item, \$0.8 million after-tax), in each case related to the acquisition of IDT and incurred in the year ending December 31, 2018.

P Pretax costs incurred in the year ending December 31, 2018 (\$10 million pretax as reported in this line item, \$8 million after-tax) related to preparation for the 2019 separation of the Dental segment ("Dental Separation") primarily related to professional fees for legal, tax, finance and information technology services.

Q This line item reflects the aggregate tax effect of all nontax adjustments reflected in the table above. In addition, the footnotes above indicate the after-tax amount of each individual adjustment item. Danaher estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying Danaher'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.

R Discrete income tax charges net of discrete income tax gains and benefits from a lower than expected effective tax rate in the year ended December 31, 2014 (compared to the anticipated effective tax rate publicly communicated in December 2013), due primarily to year-end 2014 tax law changes

S Discrete income tax gains net of discrete income tax charges incurred in the year ended December 31, 2015 (\$58 million).

T Discrete income tax gains net of discrete income tax charges and Fortive separation-related tax costs related to repatriation of earnings and legal entity realignments incurred in the year ended December 31, 2016 (\$91 million).

U Discrete tax adjustments and other tax-related adjustments for the year ended December 31, 2017 include:

	Year Ended December 31, 2017
(\$ in millions)	
Discrete income tax gains, primarily related to expiration of statute of limitations <sup>1</sup>	\$ 129
Impact of ASU No. 2016-09, <i>Compensation—Stock Compensation</i> <sup>2</sup>	16
Remeasurement of deferred tax assets and liabilities as a result of the Tax Cuts and Jobs Act of 2017 <sup>3</sup>	1,219
Transition tax on deemed repatriation of foreign earnings as a result of the Tax Cuts and Jobs Act of 2017 <sup>4</sup>	(1,218)
	\$ 146

Represents (1) discrete income tax gains, primarily related to expiration of statute of limitations (\$129 million in the year ended December 31, 2017), (2) equity compensation-related excess tax benefits (\$16 million in the year ended December 31, 2017), (3) remeasurement of deferred tax assets and liabilities, net related to enactment of the Tax Cuts and Jobs Act (\$1.2 billion gain in the year ended December 31, 2017), and (4) transition tax on deemed repatriation of foreign earnings in connection with enactment of the Tax Cuts and Jobs Act (\$1.2 billion provision in the year ended December 31, 2017).

On January 1, 2017, Danaher adopted the updated accounting guidance required by ASU No. 2016-09, *Compensation—Stock Compensation*, which requires income statement recognition of all excess tax benefits and deficiencies related to equity compensation. We exclude from Adjusted Diluted Net EPS any excess tax benefits that exceed the levels we believe are representative of historical experience. In the first quarter of 2017, we anticipated \$10 million of equity compensation-related excess tax benefits and realized \$26 million of excess tax benefits, and therefore we have excluded \$16 million of these benefits in the calculation of Adjusted Diluted Net Earnings per Share. In the other periods presented, realized equity compensation-related excess tax benefits approximated the anticipated benefit and no adjustments were required.

V Represents discrete income tax gains, primarily related to the release of valuation allowances associated with certain foreign operating losses (\$23 million and \$32 million, respectively, in the year ending December 31, 2018).

W Year over year growth for the year ending December 31, 2018 represents the growth at the midpoint of the range for the forecasted adjusted diluted EPS from continuing operations.

# Non-GAAP Reconciliations

## Adjusted Forecasted Diluted Net Earnings Per Share from Continuing Operations

	Year Ending December 31, 2019	
	Low End of Guidance Range	High End of Guidance Range
<b>Forecasted Diluted Net Earnings Per Share from Continuing Operations (GAAP)<sup>1</sup></b>	<b>\$ 4.02</b>	<b>\$ 4.12</b>
Pretax amortization of acquisition-related intangible assets	0.99 <sup>A</sup>	0.99 <sup>A</sup>
Pretax costs anticipated to be incurred in the year ending December 31, 2019 related to preparation for the 2019 separation of the Dental segment ("Dental Separation") primarily related to professional fees for legal, tax, finance and information technology services	(0.07) <sup>B</sup>	(0.07) <sup>B</sup>
Tax effect of all adjustments reflected above	(0.19) <sup>C</sup>	(0.19) <sup>C</sup>
<b>Forecasted Adjusted Diluted Net Earnings Per Share from Continuing Operations (Non-GAAP)<sup>1</sup></b>	<b>\$ 4.75</b>	<b>\$ 4.85</b>

<sup>1</sup> The forward-looking estimates set forth above do not reflect future gains and charges that are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance, such as certain future gains or losses on the sale of investments, acquisition or divestiture-related gains or charges and discrete tax items.

<sup>A</sup> Amortization of acquisition-related intangible assets as quantified below (\$ in millions) (only the pretax amounts set forth below are reflected in the amortization line item above):

	Year Ending December 31, 2019 E
Pretax	\$ 707
After-tax	569

<sup>B</sup> Pretax costs anticipated to be incurred in the year ending December 31, 2019 (\$50 million pretax as reported in this line item, \$47 million after-tax) related to preparation for the 2019 separation of the Dental segment ("Dental Separation") primarily related to professional fees for legal, tax, finance and information technology services.

<sup>C</sup> This line item reflects the aggregate tax effect of all nontax adjustments reflected in the table above. In addition, the footnotes above indicate the after-tax amount of each individual adjustment item. Danaher estimates the tax effect of the adjustment items identified in the reconciliation schedule above by applying Danaher'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.



***DANAHER***