



ThermoFisher
S C I E N T I F I C

GAAP/Non-GAAP Reconciliation and Financial Package

April 25, 2018

The world leader in serving science

Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use certain non-GAAP financial measures, including adjusted EPS, adjusted operating income and adjusted operating margin, which exclude certain acquisition-related costs, including charges for the sale of inventories revalued at the date of acquisition and significant transaction costs; restructuring and other costs/income; and amortization of acquisition-related intangible assets. Adjusted EPS also excludes certain other gains and losses that are either isolated or cannot be expected to occur again with any predictability, tax provisions/benefits related to the previous items, the impact of significant tax audits or events and the results of discontinued operations. We exclude the above items because they are outside of our normal operations and/or, in certain cases, are difficult to forecast accurately for future periods. We also use a non-GAAP measure, free cash flow, which is operating cash flow, excluding net capital expenditures, and also excludes operating cash flows from discontinued operations to provide a view of the continuing operations' ability to generate cash for use in acquisitions and other investing and financing activities. We believe that the use of non-GAAP measures helps investors to gain a better understanding of our core operating results and future prospects, consistent with how management measures and forecasts the company's performance, especially when comparing such results to previous periods or forecasts.

For example:

We exclude costs and tax effects associated with restructuring activities, such as reducing overhead and consolidating facilities. We believe that the costs related to these restructuring activities are not indicative of our normal operating costs.

We exclude certain acquisition-related costs, including charges for the sale of inventories revalued at the date of acquisition and significant transaction costs. We exclude these costs because we do not believe they are indicative of our normal operating costs.

We exclude the expense and tax effects associated with the amortization of acquisition-related intangible assets because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have lives of 5 to 20 years. Exclusion of the amortization expense allows comparisons of operating results that are consistent over time for both our newly acquired and long-held businesses and with both acquisitive and non-acquisitive peer companies.

We also exclude certain gains/losses and related tax effects and the impact of significant tax audits or events (such as changes in deferred taxes from enacted tax rate changes or the estimated initial impacts of tax reform legislation in the U.S.), which are either isolated or cannot be expected to occur again with any predictability and that we believe are not indicative of our normal operating gains and losses. For example, we exclude gains/losses from items such as the sale of a business or real estate, significant litigation-related matters, curtailments of pension plans, the early retirement of debt and discontinued operations.

We also report free cash flow, which is operating cash flow, excluding net capital expenditures, and also excludes operating cash flows from discontinued operations to provide a view of the continuing operations' ability to generate cash for use in acquisitions and other investing and financing activities.

Thermo Fisher's management uses these non-GAAP measures, in addition to GAAP financial measures, as the basis for measuring the company's core operating performance and comparing such performance to that of prior periods and to the performance of our competitors. Such measures are also used by management in their financial and operating decision-making and for compensation purposes.

The non-GAAP financial measures of Thermo Fisher's results of operations and cash flows included herein are not meant to be considered superior to or a substitute for Thermo Fisher's results of operations prepared in accordance with GAAP. Reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in the accompanying tables.

Table of Contents

Page	
4.	Annual Reconciliation of GAAP to Adjusted P&L (2011 - 2017)
6.	Quarterly Reconciliation of GAAP to Adjusted P&L (2017 - 2018)
8.	Free Cash Flow, Return on Invested Capital and Return on Equity (2011 - 2018)
9.	Segment Data (2017 - 2018)
10.	Balance Sheet and Leverage Ratios (2015 - 2018)
11.	Debt (2015 - 2018)
12.	Significant Acquisitions/Divestitures (2015 - 2018)
13.	Capital Deployment (2015 - 2018)
14.	Fiscal Calendar (2017 - 2018)

Prior period P&L information for the 2016 and 2017 periods as shown on pages 4, 6, and 9 has been updated to reflect the 1/1/2018 adoption of FASB ASU "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost".

Annual Reconciliation of GAAP to Adjusted P&L

(Dollars in millions except EPS)

	2011		2012		2013		2014		2015		2016		2017	
GAAP Consolidated Revenues	11,559		12,510		13,090		16,890		16,965		18,274		20,918	
Revenue Growth	11%		8%		5%		29%		0%		8%		14%	
Acquisitions net of Divestitures					2%		25%		1%		4%		9%	
Currency Translation					0%		0%		-6%		-1%		0%	
Organic Revenue Growth					3%		4%		5%		4% **		5%	
Pro Forma Revenue Growth (†)	7%		3%											
Acquisitions net of Divestitures	1%		1%											
Currency Translation	2%		-2%											
Pro Forma Organic Revenue Growth (†)	3% **		4%											
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
GAAP Gross Margin	4,794	41.5%	5,296	42.3%	5,529	42.2%	7,492	44.4%	7,756	45.7%	8,372	45.8%	9,448	45.2%
Cost of Revenues Charges (a)	73	0.6%	56	0.4%	29	0.2%	328	1.9%	9	0.0%	102	0.6%	123	0.6%
Amortization of Acquisition-related Intangible Assets	176	1.5%	221	1.8%	222	1.8%	427	2.5%	427	2.6%	446	2.4%	512	2.4%
Adjusted Gross Margin	5,043	43.6%	5,573	44.5%	5,780	44.2%	8,247	48.8%	8,192	48.3%	8,920	48.8%	10,083	48.2%
GAAP SG&A Expense	3,107	26.9%	3,355	26.8%	3,446	26.3%	4,896	29.0%	4,612	27.2%	4,971	27.2%	5,504	26.3%
Selling, General and Administrative Costs (b)	(62)	-0.5%	(13)	-0.1%	(73)	-0.6%	(130)	-0.8%	(46)	-0.3%	(104)	-0.6%	(78)	-0.4%
Amortization of Acquisition-related Intangible Assets	(472)	-4.1%	(526)	-4.2%	(541)	-4.1%	(905)	-5.3%	(888)	-5.2%	(932)	-5.1%	(1,082)	-5.1%
Adjusted SG&A Expense	2,573	22.3%	2,816	22.5%	2,832	21.6%	3,861	22.9%	3,678	21.7%	3,935	21.5%	4,344	20.8%
GAAP R&D Expense	340	2.9%	376	3.0%	395	3.0%	691	4.1%	692	4.1%	754	4.1%	887	4.2%
GAAP Operating Income	1,251	10.8%	1,482	11.8%	1,610	12.3%	2,503	14.8%	2,336	13.8%	2,458	13.5%	2,960	14.2%
Cost of Revenues Charges (a)	73	0.6%	56	0.4%	29	0.2%	328	1.9%	9	0.0%	102	0.6%	123	0.6%
Selling, General and Administrative Costs (b)	62	0.5%	13	0.1%	73	0.6%	130	0.8%	46	0.3%	104	0.6%	78	0.4%
Restructuring and Other Costs (Income), Net (c)	96	0.9%	82	0.7%	78	0.6%	(598)	-3.5%	116	0.7%	189	1.0%	97	0.4%
Amortization of Acquisition-related Intangible Assets	648	5.6%	747	6.0%	763	5.8%	1,332	7.9%	1,315	7.7%	1,378	7.5%	1,594	7.6%
Adjusted Operating Income	2,130	18.4%	2,380	19.0%	2,553	19.5%	3,695	21.9%	3,822	22.5%	4,231	23.2%	4,852	23.2%
Add back Depreciation Expense	211	1.9%	236	1.9%	237	1.8%	353	2.1%	373	2.2%	380	2.0%	439	2.1%
Adjusted EBITDA	2,341	20.3%	2,616	20.9%	2,790	21.3%	4,048	24.0%	4,195	24.7%	4,611	25.2%	5,291	25.3%

** Results do not sum due to rounding.

(†) Revenue growth in 2011 and 2012 is calculated on a pro forma basis which includes the pre-acquisition results of 1) Dionex from the beginning of the second quarter 2011 and for the comparable prior year quarters and 2) the pre-acquisition results of Phadia from the beginning of the third quarter 2011 and for the comparable prior year quarters.

(a) The excluded items from cost of revenues include inventory charges, principally for the sale of inventories revalued at the date of acquisition and accelerated depreciation on assets to be abandoned as a result of real estate consolidation; and in 2014, 2016 and 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies.

(b) The excluded items from selling, general and administrative costs include significant acquisition transaction costs and charges/credits for changes in estimates of contingent acquisition consideration; charges/income associated with product liability litigation; in 2012 gains due to settlement of certain product liability-related matters; in 2014, 2016 and 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies; and beginning in 2015, accelerated depreciation on fixed assets to be abandoned due to integration synergies and facility consolidations.

(c) Restructuring and other costs (income) consist principally of severance and retention costs; abandoned facility and other expenses of real estate consolidation; material impairments; significant gains and losses on litigation-related matters; curtailments/settlements of pension plans; gains on the sale of businesses, product lines and property; and in 2016, environmental remediation costs.

(Annual P&L Reconciliation continued on the next page)

Annual Reconciliation of GAAP to Adjusted P&L

(Dollars in millions except EPS)

	2011		2012		2013		2014		2015		2016		2017	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
GAAP Tax Provision	109	9.7%	11	0.9%	40	3.1%	192	9.2%	(44)	-2.3%	(1)	-0.1%	201	8.3%
Tax Effect of Adjusted Items (e)	269	9.4%	352	15.8%	301	11.6%	283	5.3%	516	16.0%	530	13.9%	364	4.7%
Adjusted Tax Provision	378	19.1%	363	16.7%	341	14.7%	475	14.5%	472	13.7%	529	13.8%	565	13.0%
GAAP Net Income	1,330		1,178		1,273		1,894		1,975		2,022		2,225	
Cost of Revenues Charges (a)	73		56		29		328		9		102		123	
Selling, General and Administrative Costs (b)	62		13		73		130		46		104		78	
Restructuring and Other Costs (Income), Net (c)	96		82		78		(598)		116		189		97	
Amortization of Acquisition-related Intangible Assets	648		747		763		1,332		1,315		1,378		1,594	
Other Expense (Income) (d)	(32)		5		61		(3)		21		20		19	
Income Tax Benefit (e)	(269)		(352)		(301)		(283)		(516)		(530)		(364)	
(Income) Loss from Discontinued Operations, Net of Tax	(307)		81		6		1		5		3		3	
Adjusted Net Income	1,601		1,810		1,982		2,801		2,971		3,288		3,775	
GAAP Diluted EPS	3.46		3.21		3.48		4.71		4.92		5.09		5.59	
<i>GAAP Diluted EPS Growth</i>		37%		-7%		8%		35%		4%		3%		10%
Cost of Revenues Charges, Net of Tax (a)	0.13		0.11		0.05		0.55		0.01		0.16		0.21	
Selling, General and Administrative Costs, Net of Tax (b)	0.13		0.03		0.16		0.24		0.05		0.18		0.17	
Restructuring and Other Costs, Net of Tax (c)	0.16		0.15		0.16		(0.79)		0.19		0.30		0.18	
Amortization of Acquisition-related Intangible Assets, Net of Tax	1.12		1.36		1.45		2.27		2.27		2.41		2.86	
Other Expense (Income), Net of Tax (d)	(0.05)		0.00		0.09		(0.01)		0.03		0.09		0.03	
Income Tax Provision (Benefit) (e)	0.01		(0.14)		0.01		(0.01)		(0.09)		0.03		0.44	
(Income) Loss from Discontinued Operations, Net of Tax	(0.80)		0.22		0.02		0.00		0.01		0.01		0.01	
Adjusted Diluted EPS	4.16		4.94		5.42		6.96		7.39		8.27		9.49	
<i>Adjusted Diluted EPS Growth</i>		21%		19%		10%		28%		6%		12%		15%

(a) The excluded items from cost of revenues include inventory charges, principally for the sale of inventories revalued at the date of acquisition and accelerated depreciation on assets to be abandoned as a result of real estate consolidation; and in 2014, 2016 and 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies.

(b) The excluded items from selling, general and administrative costs include significant acquisition transaction costs and charges/credits for changes in estimates of contingent acquisition consideration; charges/income associated with product liability litigation; in 2012 gains due to settlement of certain product liability-related matters; in 2014, 2016 and 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies; and beginning in 2015, accelerated depreciation on fixed assets to be abandoned due to integration synergies and facility consolidations.

(c) Restructuring and other costs (income) consist principally of severance and retention costs; abandoned facility and other expenses of real estate consolidation; material impairments; significant gains and losses on litigation-related matters; curtailments/settlements of pension plans; gains on the sale of businesses, product lines and property; and in 2016, environmental remediation costs.

(d) The excluded items from other expense (income), net, represent gains and losses on investments; costs to obtain short-term financing commitments related to acquisitions; losses on the extinguishment of debt; in 2016 and prior years, amortization of acquisition-related intangible assets of the company's equity-method investments; and in 2015, costs associated with entering into interest rate swap arrangements.

(e) The excluded items from income tax benefit/provision include the tax benefits/provisions related to the above excluded items, the impact of the resolution of significant tax audits, the tax benefit from adjusting the company's deferred tax balances as a result of tax rate changes and in 2017, the estimated initial impacts of U.S. tax reform legislation.

Quarterly Reconciliation of GAAP to Adjusted P&L

(Dollars in millions except EPS)

	Q1-17		Q2-17		Q3-17		Q4-17		Q1-18	
	\$	%	\$	%	\$	%	\$	%	\$	%
Revenue										
Life Sciences Solutions Segment	1,363		1,405		1,382		1,578		1,499	
Analytical Instruments Segment	1,052		1,166		1,189		1,414		1,257	
Specialty Diagnostics Segment	866		862		844		914		947	
Laboratory Products and Services Segment	1,699		1,792		1,933		2,401		2,413	
Eliminations	(215)		(235)		(232)		(260)		(263)	
Total Revenue	4,765		4,990		5,116		6,047		5,853	
Reported Revenue Growth	11%		10%		14%		22%		23%	
Acquisitions net of Divestitures	8%		8%		8%		11%		12%	
Currency Translation	-1%		-1%		1%		3%		4%	
Organic Revenue Growth	4%		4%**		5%		8%		7%	
GAAP Cost of Goods Sold	2,572	54.0%	2,706	54.2%	2,816	55.0%	3,376	55.8%	3,273	55.9%
Cost of Revenues Charges (a)	(31)	-0.6%	(1)	0.0%	(45)	-0.9%	(46)	-0.8%	(3)	-0.1%
Amortization of Acquisition-related Intangible Assets	(126)	-2.7%	(128)	-2.6%	(131)	-2.5%	(127)	-2.0%	(129)	-2.1%
Adjusted Cost of Goods Sold	2,415	50.7%	2,577	51.6%	2,640	51.6%	3,203	53.0%	3,141	53.7%
GAAP Gross Margin	2,193	46.0%	2,284	45.8%	2,300	45.0%	2,671	44.2%	2,580	44.1%
Cost of Revenues Charges (a)	31	0.6%	1	0.0%	45	0.9%	46	0.8%	3	0.1%
Amortization of Acquisition-related Intangible Assets	126	2.7%	128	2.6%	131	2.5%	127	2.0%	129	2.1%
Adjusted Gross Margin	2,350	49.3%	2,413	48.4%	2,476	48.4%	2,844	47.0%	2,712	46.3%
GAAP SG&A Expense	1,334	28.0%	1,291	25.9%	1,400	27.4%	1,479	24.5%	1,515	25.9%
Selling, General and Administrative Costs, Net (b)	(31)	-0.7%	(7)	-0.1%	(37)	-0.7%	(3)	0.0%	(8)	-0.1%
Amortization of Acquisition-related Intangible Assets	(242)	-5.0%	(252)	-5.1%	(274)	-5.4%	(314)	-5.3%	(315)	-5.4%
Adjusted SG&A Expense	1,061	22.3%	1,032	20.7%	1,089	21.3%	1,162	19.2%	1,192	20.4%
GAAP R&D Expense	215	4.5%	222	4.4%	217	4.2%	233	3.9%	234	4.0%
GAAP Operating Income	620	13.0%	749	15.0%	634	12.4%	957	15.8%	786	13.4%
Cost of Revenues Charges (a)	31	0.6%	1	0.0%	45	0.9%	46	0.8%	3	0.1%
Selling, General and Administrative Costs (b)	31	0.7%	7	0.1%	37	0.7%	3	0.0%	8	0.1%
Restructuring and Other Costs, Net (c)	24	0.5%	22	0.5%	49	1.0%	2	0.0%	45	0.8%
Amortization of Acquisition-related Intangible Assets	368	7.7%	380	7.6%	405	7.9%	441	7.3%	444	7.6%
Adjusted Operating Income	1,074	22.5%	1,159	23.2%	1,170	22.9%	1,449	23.9%	1,286	22.0%
Add back Depreciation Expense	97	2.1%	97	2.0%	112	2.2%	133	2.3%	131	2.2%
Adjusted EBITDA	1,171	24.6%	1,256	25.2%	1,282	25.1%	1,582	26.2%	1,417	24.2%

** Results do not sum due to rounding.

(a) The excluded items from cost of revenues include inventory charges, principally for the sale of inventories revalued at the date of acquisition, and accelerated depreciation on assets to be abandoned as a result of real estate consolidation; and in Q3 2017 and Q4 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies.

(b) The excluded items from selling, general and administrative costs include significant acquisition transaction costs, charges/credits for changes in estimates of contingent acquisition consideration and accelerated depreciation on fixed assets to be abandoned due to integration synergies; in Q3 2017, income associated with product liability litigation; and in Q3 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies.

(c) Restructuring and other costs consist principally of severance and retention costs; abandoned facility and other expenses of real estate consolidation; material impairments; significant gains and losses on litigation-related matters; curtailments/settlements of pension plans; the sale of businesses, product lines and property.

(Quarterly P&L Reconciliation continued on the next page)

Quarterly Reconciliation of GAAP to Adjusted P&L

(Dollars in millions except EPS)

	Q1-17		Q2-17		Q3-17		Q4-17		Q1-18	
	\$	%	\$	%	\$	%	\$	%	\$	%
GAAP Tax Provision	(48)	-9.6%	13	2.1%	(54)	-11.1%	290	35.2%	55	8.8%
Tax Effect of Adjusted Items (e)	182	23.6%	123	11.0%	176	22.9%	(117)	-21.9%	75	2.6%
Adjusted Tax Provision	134	14.0%	136	13.1%	122	11.8%	173	13.3%	130	11.4%
GAAP Net Income	551		612		534		528		579	
Cost of Revenues Charges (a)	31		1		45		46		3	
Selling, General and Administrative Costs (b)	31		7		37		3		8	
Restructuring and Other Costs, Net (c)	24		22		49		2		45	
Amortization of Acquisition-related Intangible Assets, Net of Tax	368		380		405		441		444	
Other (Income) Expense, Net (d)	(3)		3		30		(11)		8	
Income Tax Benefit (e)	(182)		(123)		(176)		117		(75)	
Loss from Discontinued Operations, Net of Tax	0		1		0		2		0	
Adjusted Net Income	820		903		924		1,128		1,012	
GAAP Diluted EPS	1.40		1.56		1.34		1.30		1.43	
GAAP Diluted EPS Growth		39%		20%		13%		-18%		2%
Cost of Revenues Charges, Net of Tax (a)	0.05		0.00		0.07		0.08		0.01	
Selling, General and Administrative Costs, Net of Tax (b)	0.05		0.01		0.07		0.04		0.02	
Restructuring and Other Costs, Net of Tax (c)	0.04		0.04		0.07		0.02		0.09	
Amortization of Acquisition-related Intangible Assets, Net of Tax	0.70		0.68		0.70		0.77		0.88	
Other (Income) Expense, Net of Tax (d)	0.00		0.01		0.05		(0.02)		0.01	
Income Tax Provision (Benefit) (e)	(0.16)		0.00		0.01		0.59		0.06	
Loss from Discontinued Operations, Net of Tax	0.00		0.00		0.00		0.01		0.00	
Adjusted Diluted EPS	2.08		2.30		2.31		2.79		2.50	
Adjusted Diluted EPS Growth		16%		13%		14%		16%		20%
Reconciliation of Free Cash Flow										
GAAP Net Cash Provided by Operating Activities	361		849		929		1,866		78	
Net Cash Used in (Provided by) Discontinued Operations	1		—		1		(1)		—	
Purchases of Property, Plant, and Equipment	(93)		(88)		(112)		(215)		(118)	
Proceeds from Sale of Property, Plant and Equipment	1		1		2		3		2	
Free Cash Flow	270		762		820		1,653		(38)	

(a) The excluded items from cost of revenues include inventory charges, principally for the sale of inventories revalued at the date of acquisition, and accelerated depreciation on assets to be abandoned as a result of real estate consolidation; and in Q3 2017 and Q4 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies.

(b) The excluded items from selling, general and administrative costs include significant acquisition transaction costs, charges/credits for changes in estimates of contingent acquisition consideration and accelerated depreciation on fixed assets to be abandoned due to integration synergies; in Q3 2017, income associated with product liability litigation; and in Q3 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies.

(c) Restructuring and other costs consist principally of severance and retention costs; abandoned facility and other expenses of real estate consolidation; material impairments; significant gains and losses on litigation-related matters; curtailments/settlements of pension plans; the sale of businesses, product lines and property.

(d) The excluded items from other (income) expense, net, represent gains and losses on investments; losses on the early extinguishment of debt; and in Q2 2017 and Q3 2017, charges related to fees paid to obtain bridge financing commitments for the acquisition of Patheon.

(e) The excluded items from income tax benefit/provision include the tax benefits/provisions related to the above excluded items, the impact of the resolution of significant tax audits, the tax benefit from adjusting the company's deferred tax balances as a result of tax rate changes; and in Q4 2017 and Q1 2018, the estimated initial impacts of U.S. tax reform legislation.

Free Cash Flow, Return on Invested Capital and Return on Equity

(Dollars in millions)

	2011	2012	2013	2014	2015	2016	2017	Q1 2018
Reconciliation of Free Cash Flow								
GAAP Net Cash Provided by Operating Activities	1,717	2,072	2,083	2,729	2,942	3,258	4,005	78
Net Cash (Provided by) Used in Discontinued Operations	(14)	28	5	4	9	2	1	—
Purchases of Property, Plant, and Equipment	(261)	(315)	(283)	(427)	(423)	(444)	(508)	(118)
Proceeds from Sale of Property, Plant and Equipment	8	13	21	49	18	26	7	2
Free Cash Flow	1,450	1,798	1,826	2,355	2,546	2,842	3,505	(38)
GAAP Return on Invested Capital (ROIC)								
	7.1%	5.5%	5.9%	5.9%	5.9%	5.7%	5.4%	5.3%
Cost of Revenues Charges (a)	0.4%	0.3%	0.1%	1.0%	0.0%	0.3%	0.3%	0.2%
Selling, General and Administrative Costs (b)	0.3%	0.1%	0.3%	0.4%	0.1%	0.3%	0.2%	0.1%
Restructuring and Other Costs (Income), Net (c)	0.5%	0.4%	0.4%	-1.8%	0.3%	0.5%	0.2%	0.3%
Amortization of Acquisition-related Intangible Assets	3.5%	3.5%	3.5%	4.1%	3.9%	3.8%	3.9%	3.9%
Net Interest Expense	0.7%	0.8%	1.0%	0.8%	0.7%	0.7%	0.8%	0.8%
Other Expense (Income) (d)	-0.2%	0.0%	0.3%	0.0%	0.1%	0.1%	0.0%	0.1%
Income Tax Benefit (e)	-1.4%	-1.7%	-1.4%	-0.9%	-1.5%	-1.5%	-0.8%	-0.6%
(Income) Loss from Discontinued Operations, Net of Tax	-1.7%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted ROIC	9.2%	9.3%	10.1%	9.5%	9.5%	9.9%	10.0%	10.1%
GAAP Return on Equity (ROE)								
	8.7%	7.7%	7.9%	9.5%	9.6%	9.5%	9.5%	9.4%
Cost of Revenues Charges (a)	0.5%	0.4%	0.2%	1.7%	0.0%	0.5%	0.5%	0.4%
Selling, General and Administrative Costs (b)	0.4%	0.1%	0.5%	0.7%	0.2%	0.5%	0.3%	0.2%
Restructuring and Other Costs (Income), Net (c)	0.7%	0.6%	0.5%	-3.0%	0.6%	0.9%	0.4%	0.5%
Amortization of Acquisition-related Intangible Assets	4.2%	4.9%	4.8%	6.7%	6.4%	6.4%	6.9%	6.9%
Net Interest Expense	0.7%	1.2%	1.2%	1.3%	1.1%	1.2%	1.4%	1.5%
Other Expense (Income) (d)	-0.2%	0.0%	0.4%	0.0%	0.1%	0.1%	0.1%	0.1%
Income Tax Benefit (e)	-1.8%	-2.3%	-1.9%	-1.4%	-2.5%	-2.5%	-1.4%	-1.1%
(Income) Loss from Discontinued Operations, Net of Tax	-2.0%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted ROE	11.2%	13.1%	13.6%	15.5%	15.5%	16.6%	17.7%	17.9%

Definitions:

Invested capital is equity plus short-term and long-term debt and net liabilities of discontinued operations less cash and short-term investments.

Adjusted return on invested capital is annual adjusted net income excluding net interest expense, net of tax benefit therefrom, divided by trailing five quarters average invested capital.

Adjusted return on equity is annual adjusted net income excluding net interest expense, net of tax benefit therefrom, divided by trailing five quarters average shareholders equity.

(a) The excluded items from cost of revenues include inventory charges, principally for the sale of inventories revalued at the date of acquisition and accelerated depreciation on assets to be abandoned as a result of real estate consolidation; and in 2014, 2016 and 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies.

(b) The excluded items from selling, general and administrative costs include significant acquisition transaction costs and charges/credits for changes in estimates of contingent acquisition consideration; charges/income associated with product liability litigation; in 2012 gains due to settlement of certain product liability-related matters; in 2014, 2016 and 2017, charges to conform the accounting policies of recently acquired businesses to the company's accounting policies; and beginning in 2015, accelerated depreciation on fixed assets to be abandoned due to integration synergies and facility consolidations.

(c) Restructuring and other costs (income) consist principally of severance and retention costs; abandoned facility and other expenses of real estate consolidation; material impairments; significant gains and losses on litigation-related matters; curtailments/settlements of pension plans; gains on the sale of businesses, product lines and property; and in 2016, environmental remediation costs.

(d) The excluded items from other expense (income), net, represent gains and losses on investments; costs to obtain short-term financing commitments related to acquisitions; losses on the extinguishment of debt; in 2016 and prior years, amortization of acquisition-related intangible assets of the company's equity-method investments; and in 2015, costs associated with entering into interest rate swap arrangements.

(e) The excluded items from income tax benefit/provision include the tax benefits/provisions related to the above excluded items, the impact of the resolution of significant tax audits, the tax benefit from adjusting the company's deferred tax balances as a result of tax rate changes, and in 2017 and 2018, the estimated initial impacts of U.S. tax reform legislation.

(Dollars in millions)

Segment Data

	Q1-17	Q2-17	Q3-17	Q4-17	2017	Q1-18
Life Sciences Solutions Segment						
Revenues	1,363	1,405	1,382	1,578	5,728	1,499
Total Revenue Growth	12%	3%	5%	11%	8%	10%
Acquisitions net of Divestitures	6%	1%	0%	0%	2%	0%
Currency Translation	-1%	-1%	1%	3%	0%	5%
Organic Revenue Growth	7%	3%	4%	8%	6%	5%
Operating Income	433	448	452	561	1,894	517
Operating Income Margin	31.8%	31.9%	32.7%	35.5%	33.1%	34.5%
Operating Income Margin Expansion	+2.9 pts	+3.4 pts	+3.1 pts	+2.6 pts	+3.0 pts	+2.7 pts
Analytical Instruments Segment						
Revenues	1,052	1,166	1,189	1,414	4,821	1,257
Total Revenue Growth	39%	47%	32%	16%	31%	19%
Acquisitions net of Divestitures	35%	42%	20%	2%	22%	1%
Currency Translation	-2%	-1%	1%	3%	1%	5%
Organic Revenue Growth	5% **	6%	11%	11%	9% **	13%
Operating Income	192	232	257	346	1,027	246
Operating Income Margin	18.2%	19.9%	21.6%	24.5%	21.3%	19.6%
Operating Income Margin Expansion	+3.4 pts	+1.5 pts	+0.3 pts	-0.1 pts	+0.9 pts	+1.4 pts
Specialty Diagnostics Segment						
Revenues	866	862	844	914	3,486	947
Total Revenue Growth	1%	1%	6%	10%	4%	9%
Acquisitions net of Divestitures	0%	0%	0%	0%	0%	0%
Currency Translation	-1%	-1%	1%	3%	0%	4%
Organic Revenue Growth	2%	2%	4% **	7%	4%	5%
Operating Income	233	234	218	242	927	243
Operating Income Margin	26.9%	27.2%	25.9%	26.4%	26.6%	25.6%
Operating Income Margin Expansion	0.0 pts	-0.7 pts	-0.9 pts	-0.9 pts	-0.7 pts	-1.3 pts
Laboratory Products & Services Segment						
Revenues	1,699	1,792	1,933	2,401	7,825	2,413
Total Revenue Growth	3%	4%	15%	43%	16%	42%
Acquisitions net of Divestitures	0%	0%	11%	31%	11%	33%
Currency Translation	-1%	-1%	1%	2%	0%	4%
Organic Revenue Growth	4%	5%	3%	9% **	5%	6% **
Operating Income	216	245	243	300	1,004	280
Operating Income Margin	12.7%	13.7%	12.6%	12.5%	12.8%	11.6%
Operating Income Margin Expansion	-1.7 pts	-1.5 pts	-1.8 pts	-1.5 pts	-1.7 pts	-1.1 pts

** Results do not sum due to rounding.

Balance Sheet and Leverage Ratios

(Dollars in millions)

	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>3/31/2018</u>
Assets				
Current Assets:				
Cash and cash equivalents	452	786	1,335	950
Short-term investments	2	2	2	2
Accounts receivable, net	2,545	3,049	3,879	3,990
Inventories	1,992	2,213	2,971	2,891
Other current assets	750	971	1,234	1,755
Total Current Assets	<u>5,741</u>	<u>7,021</u>	<u>9,421</u>	<u>9,588</u>
Property, Plant and Equipment, Net	2,449	2,578	4,047	4,059
Acquisition-related Intangible Assets	12,758	13,969	16,684	16,393
Other Assets	1,058	1,012	1,227	1,178
Goodwill	18,828	21,328	25,290	25,362
	<u>40,834</u>	<u>45,908</u>	<u>56,669</u>	<u>56,580</u>
Liabilities and Shareholders' Equity				
Current Liabilities:				
Short-term obligations and current maturities of long-term obligations	1,052	1,255	2,135	2,814
Accounts payable	822	926	1,428	1,354
Other current liabilities	2,272	2,685	3,485	2,905
Total Current Liabilities	<u>4,146</u>	<u>4,866</u>	<u>7,048</u>	<u>7,073</u>
Other Long-term Liabilities	3,918	4,130	5,335	5,262
Long-term Obligations	11,420	15,372	18,873	18,122
Total Shareholders' Equity	<u>21,350</u>	<u>21,540</u>	<u>25,413</u>	<u>26,123</u>
	<u>40,834</u>	<u>45,908</u>	<u>56,669</u>	<u>56,580</u>
Leverage Ratios				
Total Debt / TTM EBITDA	3.1X	4.0X	4.2X	4.0X
Effect of Adjusted Items	-0.1X	-0.4X	-0.2X	-0.2X
Total Debt / Adjusted TTM EBITDA (a)	<u>3.0X</u>	<u>3.6X</u>	<u>4.0X</u>	<u>3.8X</u>
Net Debt (b) / TTM EBITDA	3.0X	3.8X	3.9X	3.8X
Effect of Adjusted Items	-0.1X	-0.4X	-0.2X	-0.2X
Net Debt (b) / Adjusted TTM EBITDA (a)	<u>2.9X</u>	<u>3.4X</u>	<u>3.7X</u>	<u>3.6X</u>

(a) Adjusted EBITDA equals adjusted operating income excluding depreciation.

(b) Net debt is short-term and long-term debt less cash and short-term investments.

Debt
(Dollars in millions)

	Effective Interest Rate at 3/31/18	Maturity Date	12/31/2015	12/31/2016	12/31/2017	3/31/2018
Short-term						
TMO Floating Rate Senior Notes (euro denominated)	0.38%	8/9/2018	0	0	720	739
TMO 2.15% Senior Notes		12/14/2018	0	0	449	0
TMO 2.40% Senior Notes	2.59%	2/1/2019	0	0	0	898
Term Loan			0	300	0	0
Commercial Paper	0.00%		50	953	960	1,171
Other			1,002	3	6	6
Total Short-term			1,052	1,256	2,135	2,814
Long-term						
TMO Floating Rate Senior Notes (euro denominated)		8/9/2018	0	629	0	0
TMO 2.15% Senior Notes		12/14/2018	448	448	0	0
TMO 2.40% Senior Notes		2/1/2019	895	897	898	0
TMO Floating Rate Senior Notes (euro denominated)	0.09%	7/24/2019	0	0	599	616
Life Technologies 6.00% Senior Notes	2.97%	3/1/2020	838	818	797	792
TMO 4.70% Senior Notes	4.23%	5/1/2020	300	304	303	303
TMO 1.50% Senior Notes (euro denominated)	1.62%	12/1/2020	459	445	509	522
Life Technologies 5.00% Senior Notes	3.24%	1/15/2021	432	426	420	419
TMO 4.50% Senior Notes (a)	6.24%	3/1/2021	995	990	984	970
TMO 3.60% Senior Notes (a)	6.06%	8/15/2021	1,096	1,088	1,081	1,064
TMO 3.30% Senior Notes	3.43%	2/15/2022	794	795	796	796
TMO 2.15% Senior Notes (euro denominated)	2.28%	7/21/2022	539	522	597	613
TMO 3.15% Senior Notes	3.30%	1/15/2023	792	793	794	795
TMO 3.00% Senior Notes (a)	6.23%	4/15/2023	0	943	941	923
TMO 4.15% Senior Notes	4.16%	2/1/2024	991	992	993	993
TMO 0.75% Senior Notes (euro denominated)	0.95%	9/12/2024	0	1,037	1,186	1,218
TMO 2.00% Senior Notes (euro denominated)	2.10%	4/15/2025	689	668	763	784
TMO 3.65% Senior Notes	3.77%	12/15/2025	347	347	347	347
TMO 1.40% Senior Notes (euro denominated)	1.53%	1/23/2026	0	0	832	855
TMO 2.95% Senior Notes	3.19%	9/19/2026	0	1,176	1,178	1,179
TMO 1.45% Senior Notes (euro denominated)	1.67%	3/16/2027	0	0	591	607
TMO 3.20% Senior Notes	3.39%	8/15/2027	0	0	739	739
TMO 1.375% Senior Notes (euro denominated)	1.46%	9/12/2028	0	625	715	734
TMO 1.95% Senior Notes (euro denominated)	2.08%	7/24/2029	0	0	830	852
TMO 2.875% Senior Notes (euro denominated)	2.94%	7/24/2037	0	0	833	855
TMO 5.30% Senior Notes	5.37%	2/1/2044	396	396	396	396
TMO 4.10% Senior Notes	4.32%	8/15/2047	0	0	733	733
Term Loan			0	523	0	0
Other			1,409	510	18	17
Total Long-term			11,420	15,372	18,873	18,122
Total Debt			12,472	16,628	21,008	20,936
Total Cash and Short-term Investments			454	788	1,337	952
Net Debt (b)			12,018	15,840	19,671	19,984

(a) Fixed rate interest has been swapped to variable rate.

(b) Net debt is short-term and long-term debt less cash and short-term investments.

2015 - 2018 Significant Acquisitions/Divestitures

Transaction Closing Date	Entity	Acquisition or Divestiture	Business Description	Principal Segment	Revenue (a) (millions)
2017					
August 28	Patheon N.V.	Acquisition	Leading contract development and manufacturing organization serving the pharmaceutical and biotechnology sectors	LPS	\$1,867 (b)
March 2	Core Informatics	Acquisition	Provider of cloud-based platforms supporting scientific data management	AIS	\$10
February 14	Finesse Solutions, Inc.	Acquisition	Leader in development of scalable control automation systems and software for bioproduction	LSS	\$50
2016					
September 19	FEI	Acquisition	Leader in high-performance electron microscopy	AIS	\$930
March 31	Affymetrix	Acquisition	Leading provider of cellular and genetic analysis products	LSS	\$360
2015					
September 30	Alfa Aesar	Acquisition	Leading global manufacturer of research chemicals	LPS	£78
February 4	Advanced Scientifics, Inc.	Acquisition	Provider of customized single-use systems and process equipment for bioprocess production	LSS	\$80
(a) Approximate revenue from prior full year reporting period as of the announcement date.					
(b) Fiscal year ended October 31, 2016.					

Capital Deployment

Share Buybacks	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Q1-2018</u>
Total Number of Shares Purchased (millions)	4.0	9.0	5.0	—
Average Price Paid per Share	<u>\$127.66</u>	<u>\$138.28</u>	<u>\$148.59</u>	<u>\$0.00</u>
Total Spend (\$ millions)	\$500	\$1,250	\$750	\$0

**Remaining Share Repurchase Authorization (in millions) as of
4/25/2018: \$500**

Dividends Paid	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Q1-2018</u>
Amount per Share	\$0.60	\$0.60	\$0.60	\$0.15

On January 31, 2018, Thermo Fisher increased the quarterly dividend from \$0.15 to \$0.17 payable on April 16, 2018 to shareholders of record as of March 15, 2018.

Future declarations of dividends are subject to board approval and may be adjusted as business needs or market conditions change.

Fiscal Calendar

2017 FISCAL CALENDAR

FIRST QUARTER								THIRD QUARTER									
Month	S	M	T	W	T	F	S	Week	Month	S	M	T	W	T	F	S	Week
JAN 5 Weeks	1	2	3	4	5	6	7	1	JULY 5 Weeks	2	3	4	5	6	7	8	27
	8	9	10	11	12	13	14	2		9	10	11	12	13	14	15	28
	15	16	17	18	19	20	21	3		16	17	18	19	20	21	22	29
	22	23	24	25	26	27	28	4		23	24	25	26	27	28	29	30
	29	30	31	1	2	3	4	5		30	31	1	2	3	4	5	31
FEB 4 Weeks	5	6	7	8	9	10	11	6	AUG 4 Weeks	6	7	8	9	10	11	12	32
	12	13	14	15	16	17	18	7		13	14	15	16	17	18	19	33
	19	20	21	22	23	24	25	8		20	21	22	23	24	25	26	34
	26	27	28	1	2	3	4	9		27	28	29	30	31	1	2	35
MARCH 4 Weeks	5	6	7	8	9	10	11	10	SEPT 4 Weeks	3	4	5	6	7	8	9	36
	12	13	14	15	16	17	18	11		10	11	12	13	14	15	16	37
	19	20	21	22	23	24	25	12		17	18	19	20	21	22	23	38
	26	27	28	29	30	31	1	13		24	25	26	27	28	29	30	39
SECOND QUARTER								FOURTH QUARTER									
APRIL 5 Weeks	2	3	4	5	6	7	8	14	OCT 5 Weeks	1	2	3	4	5	6	7	40
	9	10	11	12	13	14	15	15		8	9	10	11	12	13	14	41
	16	17	18	19	20	21	22	16		15	16	17	18	19	20	21	42
	23	24	25	26	27	28	29	17		22	23	24	25	26	27	28	43
	30	1	2	3	4	5	6	18		29	30	31	1	2	3	4	44
MAY 4 Weeks	7	8	9	10	11	12	13	19	NOV 4 Weeks	5	6	7	8	9	10	11	45
	14	15	16	17	18	19	20	20		12	13	14	15	16	17	18	46
	21	22	23	24	25	26	27	21		19	20	21	22	23	24	25	47
	28	29	30	31	1	2	3	22		26	27	28	29	30	1	2	48
JUNE 4 Weeks	4	5	6	7	8	9	10	23	DEC 4 Weeks	3	4	5	6	7	8	9	49
	11	12	13	14	15	16	17	24		10	11	12	13	14	15	16	50
	18	19	20	21	22	23	24	25		17	18	19	20	21	22	23	51
	25	26	27	28	29	30	1	26		24	25	26	27	28	29	30	52
									31								53

2018 FISCAL CALENDAR

FIRST QUARTER								THIRD QUARTER									
Month	S	M	T	W	T	F	S	Week	Month	S	M	T	W	T	F	S	Week
JAN 5 Weeks	1	2	3	4	5	6	7	1	JULY 5 Weeks	1	2	3	4	5	6	7	27
	7	8	9	10	11	12	13	2		8	9	10	11	12	13	14	28
	14	15	16	17	18	19	20	3		15	16	17	18	19	20	21	29
	21	22	23	24	25	26	27	4		22	23	24	25	26	27	28	30
	28	29	30	31	1	2	3	5		29	30	31	1	2	3	4	31
FEB 4 Weeks	4	5	6	7	8	9	10	6	AUG 4 Weeks	5	6	7	8	9	10	11	32
	11	12	13	14	15	16	17	7		12	13	14	15	16	17	18	33
	18	19	20	21	22	23	24	8		19	20	21	22	23	24	25	34
	25	26	27	28	1	2	3	9		26	27	28	29	30	31	1	35
MARCH 4 Weeks	4	5	6	7	8	9	10	10	SEPT 4 Weeks	2	3	4	5	6	7	8	36
	11	12	13	14	15	16	17	11		9	10	11	12	13	14	15	37
	18	19	20	21	22	23	24	12		16	17	18	19	20	21	22	38
	25	26	27	28	29	30	31	13		23	24	25	26	27	28	29	39
SECOND QUARTER								FOURTH QUARTER									
APRIL 5 Weeks	1	2	3	4	5	6	7	14	OCT 5 Weeks	30	1	2	3	4	5	6	40
	8	9	10	11	12	13	14	15		7	8	9	10	11	12	13	41
	15	16	17	18	19	20	21	16		14	15	16	17	18	19	20	42
	22	23	24	25	26	27	28	17		21	22	23	24	25	26	27	43
	29	30	1	2	3	4	5	18		28	29	30	31	1	2	3	44
MAY 4 Weeks	6	7	8	9	10	11	12	19	NOV 4 Weeks	4	5	6	7	8	9	10	45
	13	14	15	16	17	18	19	20		11	12	13	14	15	16	17	46
	20	21	22	23	24	25	26	21		18	19	20	21	22	23	24	47
	27	28	29	30	31	1	2	22		25	26	27	28	29	30	1	48
JUNE 4 Weeks	3	4	5	6	7	8	9	23	DEC 4 Weeks	2	3	4	5	6	7	8	49
	10	11	12	13	14	15	16	24		9	10	11	12	13	14	15	50
	17	18	19	20	21	22	23	25		16	17	18	19	20	21	22	51
	24	25	26	27	28	29	30	26		23	24	25	26	27	28	29	52
									30	31							53