Waters Corporation and Subsidiaries

Reconciliation of GAAP to Adjusted Non-GAAP

Net Sales by Operating Segment, Products & Services, Geography and Markets

Three Months Ended April 3, 2021 and March 28, 2020

(In thousands)

	Three Months Ended		Percent	Current Period Currency	Constant Currency
	April 3, 2021	March 28, 2020	Change	Impact	Growth Rate [(a)]
NET SALES - OPERATING SEGMENT					
Waters	$ 541,878	$ 414,211	31%	$ 18,021	26%
TA	66,667	50,728	31%	1,817	28%
Total	**$ 608,545**	**$ 464,939**	**31%**	**$ 19,838**	**27%**
NET SALES - PRODUCTS & SERVICES					
Instruments	$ 263,048	$ 176,938	49%	$ 6,934	45%
Service	226,523	190,756	19%	8,724	14%
Chemistry	118,974	97,245	22%	4,180	18%
Total Recurring	345,497	288,001	20%	12,904	15%
Total	**$ 608,545**	**$ 464,939**	**31%**	**$ 19,838**	**27%**
NET SALES - GEOGRAPHY					
Asia	$ 229,542	$ 159,080	44%	$ 5,097	41%
Americas	197,357	172,176	15%	457	14%
Europe	181,646	133,683	36%	14,284	25%
Total	**$ 608,545**	**$ 464,939**	**31%**	**$ 19,838**	**27%**
NET SALES - MARKETS					
Pharmaceutical	$ 360,148	$ 272,563	32%	$ 11,790	28%
Industrial	183,273	143,354	28%	5,976	24%
Academic & Government	65,124	49,022	33%	2,072	29%
Total	**$ 608,545**	**$ 464,939**	**31%**	**$ 19,838**	**27%**
NET SALES - EXCLUDING CHINA					
Total Net Sales	$ 608,545	$ 464,939	31%	$ 19,838	27%
China Net Sales	102,919	47,231	118%	4,026	109%
Total Net Sales Excluding China	**$ 505,626**	**$ 417,708**	**21%**	**$ 15,812**	**17%**

(a) The Company believes that referring to comparable constant-currency growth rates is a useful way to evaluate the underlying performance of Waters Corporation's net sales. Constant-currency growth rate, a non-GAAP financial measure, measures the change in net sales between current and prior year periods, ignoring the impact of foreign currency exchange rates during the current period. See description of non-GAAP financial measures contained in this release.

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP Financials
Three Months Ended April 3, 2021 and March 28, 2020
(In thousands, except per share data)

	Selling & Administrative Expenses[(a)]	Operating Income	Operating Income Percentage	Other Income (Expense)	Income from Operations before Income Taxes	Provision for Income Taxes	Net Income	Diluted Earnings per Share
Three Months Ended April 3, 2021								
GAAP	**$ 145,036**	**$ 171,270**	**28.1%**	**$ 9,359**	**$ 173,784**	**$ 25,657**	**$ 148,127**	**$ 2.37**
Adjustments:								
Purchased intangibles amortization [(b)]	(1,840)	1,840	0.3%	-	1,840	414	1,426	0.02
Restructuring costs and certain other items [(c)]	(870)	870	0.1%	(9,707)	(8,837)	(2,120)	(6,717)	(0.11)
Certain income tax items [(d)]	-	-	-	-	-	(550)	550	0.01
Adjusted Non-GAAP	**$ 142,326**	**$ 173,980**	**28.6%**	**$ (348)**	**$ 166,787**	**$ 23,401**	**$ 143,386**	**$ 2.29**
Three Months Ended March 28, 2020								
GAAP	**$ 151,026**	**$ 68,280**	**14.7%**	**$ (374)**	**$ 57,863**	**$ 4,301**	**$ 53,562**	**$ 0.86**
Adjustments:								
Purchased intangibles amortization [(b)]	(2,625)	2,625	0.6%	-	2,625	522	2,103	0.03
Restructuring costs and certain other items [(c)]	(20,520)	20,520	4.4%	(309)	20,211	4,597	15,614	0.25
Litigation provision [(e)]	(666)	666	0.1%	-	666	160	506	0.01
Certain income tax items [(d)]	-	-	-	-	-	(375)	375	0.01
Adjusted Non-GAAP	**$ 127,215**	**$ 92,091**	**19.8%**	**$ (683)**	**$ 81,365**	**$ 9,205**	**$ 72,160**	**$ 1.15**

(a) Selling & administrative expenses include purchased intangibles amortization, litigation provisions and settlements and asset impairments.

(b) The purchased intangibles amortization, a non-cash expense, was excluded to be consistent with how management evaluates the performance of its core business against historical operating results and the operating results of competitors over periods of time.

(c) Restructuring costs, mergers and acquisition costs and certain other items were excluded as the Company believes that the cost to consolidate operations, reduce overhead, acquire companies and certain other income or expense items are not normal and do not represent future ongoing business expenses of a specific function or geographic location of the Company.

(d) Certain income tax items were excluded as these non-cash expenses and benefits represent updates in management's assessment of ongoing examinations or other tax items that are not indicative of the Company’s normal or future income tax expense.

(e) Litigation provisions and settlement gains were excluded as these items are isolated, unpredictable and not expected to recur regularly.

Waters Corporation and Subsidiaries
Preliminary Condensed Consolidated Statements of Cash Flows
Three Months Ended April 3, 2021 and March 28, 2020
(In thousands and unaudited)

	Three Months Ended	
	April 3, 2021	March 28, 2020
Cash flows from operating activities:		
Net income	$ 148,127	$ 53,562
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	8,305	9,196
Depreciation and amortization	31,356	29,188
Change in operating assets and liabilities, net	30,616	59,689
Net cash provided by operating activities	218,404	151,635
Cash flows from investing activities:		
Additions to property, plant, equipment and software capitalization	(39,503)	(51,130)
Business acquisitions, net of cash acquired	-	(76,664)
Net change in investments	(119,501)	(2,381)
Net cash used in investing activities	(159,004)	(130,175)
Cash flows from financing activities:		
Net change in debt	346,363	214,634
Proceeds from stock plans	16,295	11,743
Purchases of treasury shares	(173,305)	(196,226)
Other cash flow from financing activities, net	(578)	2,767
Net cash provided by financing activities	188,775	32,918
Effect of exchange rate changes on cash and cash equivalents	(1,087)	(32)
Increase in cash and cash equivalents	247,088	54,346
Cash and cash equivalents at beginning of period	436,695	335,715
Cash and cash equivalents at end of period	$ 683,783	$ 390,061

Reconciliation of GAAP Cash Flows from Operating Activities to Free Cash Flow [(a)]

Net cash provided by operating activities - GAAP	$ 218,404	$ 151,635
Adjustments:		
Additions to property, plant, equipment and software capitalization	(39,503)	(51,130)
Major facility renovations	14,490	20,543
Free Cash Flow - Adjusted Non-GAAP	$ 193,391	$ 121,048

(a) The Company defines free cash flow as net cash flow from operations accounted for under GAAP less capital expenditures and software capitalizations plus or minus any unusual and non recurring items. Free cash flow is not a GAAP measurement and may not be comparable to free cash flow reported by other companies.

Waters Corporation and Subsidiaries
Reconciliation of Projected GAAP to Adjusted Non-GAAP Financial Outlook

	Three Months Ended July 3, 2021						Twelve Months Ended December 31, 2021					
	Range						Range					
Projected Sales												
Projected constant-currency sales growth rate [(a)]		14%	-		16%			8%	-		11%	
Projected currency impact		2%	-		4%			1%	-		2%	
Projected sales growth rate as reported		16%	-		20%			9%	-		13%	
Projected Earnings Per Diluted Share	Range						Range					
Projected GAAP earnings per diluted share	$	2.10	-	$	2.20		$	9.65	-	$	9.85	
Adjustments:												
Purchased intangibles amortization	$	0.04	-	$	0.04		$	0.16	-	$	0.16	
Certain income tax items	$	0.01	-	$	0.01		$	0.04	-	$	0.04	
Projected adjusted non-GAAP earnings per diluted share	$	2.15	-	$	2.25		$	9.85	-	$	10.05	

(a) Constant-currency growth rates are a non-GAAP financial measure that measures the change in net sales between current and prior year periods, ignoring the impact of foreign currency exchange rates during the current period. These amounts are estimated at the current foreign currency exchange rates and based on the forecasted geographical sales in local currency, as well as an assessment of market conditions as of today, and may differ significantly from actual results.

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