

Waters Corporation (NYSE: WAT) Reports Third Quarter 2024 Financial Results

2024-11-01

Highlights

- Sales of \$740 million exceeded guidance, grew 4% as reported and 4% in constant currency
- Instruments returned to growth; recurring revenue grew high single-digits in constant currency
- All reported regions returned to growth in the quarter; sales grew across all end markets, led by Pharma & Industrial
- GAAP EPS of \$2.71 and non-GAAP EPS of \$2.93 significantly exceeded guidance, led by strong operational performance and better-than-expected market conditions
- Raised full-year sales and EPS guidance, with 5% to 7% constant currency growth expected in the fourth quarter

Third Quarter 2024

MILFORD, Mass., Nov. 1, 2024 /PRNewswire/ -- Waters Corporation (NYSE: WAT) today announced its financial results for the third quarter of 2024.

Sales for the third quarter of 2024 were \$740 million, an increase of 4% as reported, compared to sales of \$712 million for the third quarter of 2023. Currency translation had minimal impact on sales.

On a GAAP basis, diluted earnings per share (EPS) for the third quarter of 2024 was \$2.71, compared to \$2.27 for the third quarter of 2023. On a non-GAAP basis, EPS was \$2.93, compared to \$2.84 for the third quarter of 2023. This includes a headwind of approximately 2% due to unfavorable foreign exchange.

"We delivered exceptional third quarter results, fueled by new product adoption and improved customer spending trends," said Dr. Udit Batra, President & CEO, Waters Corporation. "Instruments returned to growth sooner than expected, as liquid chromatography sales to pharma and industrial customers turned positive."

Dr. Batra continued, "Looking ahead, our strong commercial execution, competitive product portfolio, and excellent operational performance give us confidence in the long-term outlook for Waters."

Other Highlights

During the third quarter of 2024, sales into the pharmaceutical market increased 2% as reported and 3% in constant currency. Sales into the industrial market increased 9% as reported and 7% in constant currency. Sales into the academic and government market increased 2% as reported and were flat in constant currency.

During the quarter, instrument system sales increased 1% as reported and in constant currency. Recurring revenues, which represent the combination of service and precision chemistries, increased 6% as reported and 7% in constant currency.

Geographically, sales in Asia during the quarter increased 5% as reported and 6% in constant currency. Sales in the Americas increased 1% as reported and in constant currency. Sales in Europe increased 6% as reported and 4% in constant currency.

Unless otherwise noted, sales growth and decline percentages are presented on an as-reported basis. A description and reconciliation of GAAP to non-GAAP results appear in the tables below and can be found on the Company's website www.waters.com in the Investor Relations section.

Full-Year and Fourth Quarter 2024 Financial Guidance

Full-Year 2024 Financial Guidance

The Company is raising its full-year 2024 sales guidance, and now expects organic constant currency sales growth to be in the range of -0.9% to -0.3%. Currency translation is expected to decrease full-year sales growth by 1.2%. M&A contribution from the Wyatt transaction covering the first four-and-a-half months of the year has added 1.3% to full-year reported sales. The resulting full-year 2024 reported sales growth is expected in the range of -0.8% to -0.2%.

The Company is also raising its full-year 2024 non-GAAP EPS guidance to now be in the range of \$11.67 to \$11.87, which includes an estimated headwind of approximately 3% due to unfavorable foreign exchange.

Please refer to the tables below for a reconciliation of the projected GAAP to non-GAAP financial outlook for the full year.

Fourth Quarter 2024 Financial Guidance

The Company expects fourth quarter 2024 constant currency sales growth to be in the range of +5.0% to +7.0%. Currency translation is expected to decrease fourth quarter sales growth by 1.7%. The resulting fourth quarter 2024 reported sales growth is expected in the range of +3.3% to +5.3%.

The Company expects fourth quarter 2024 non-GAAP EPS to be in the range of \$3.90 to \$4.10, which includes an estimated headwind of approximately 3% due to unfavorable foreign exchange.

Please refer to the tables below for a reconciliation of the projected GAAP to non-GAAP financial outlook for the fourth quarter.

Conference Call Details

Waters Corporation will webcast its third quarter 2024 financial results conference call today, November 1, 2024, at 8:00 a.m. Eastern Time. To listen to the call and see the accompanying slide presentation, please visit www.waters.com, select "Investor Relations" under the "About Waters" section, navigate to "Events & Presentations," and click on the "Webcast." A replay will be available through November 29, 2024, on the same website by webcast and also by phone at (888) 282-0031.

About Waters Corporation

Waters Corporation (NYSE:WAT), a global leader in analytical instruments and software, has pioneered chromatography, mass spectrometry, and thermal analysis innovations serving the life, materials, food, and environmental sciences for more than 65 years. With approximately 7,500 employees worldwide, Waters operates directly in 35 countries, including 15 manufacturing facilities, and with products available in more than 100 countries. For more information, visit www.waters.com.

Non-GAAP Financial Measures

This press release contains financial measures, such as organic constant currency growth rates, adjusted operating income, adjusted net income, adjusted earnings per diluted share and free cash flow, among others, which are considered "non-GAAP" financial measures under applicable U.S. Securities and Exchange Commission rules and regulations. These non-GAAP financial measures should be considered supplemental to, and not a substitute for, financial information prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Company's definitions of these non-GAAP measures may differ from similarly titled measures used by others. The non-GAAP financial measures used in this press release adjust for specified items that can be highly variable or difficult to predict. The Company generally uses these non-GAAP financial measures to facilitate management's financial and operational decision-making, including evaluation of the Company's historical operating results, comparison to competitors' operating results and determination of management incentive compensation. These non-GAAP financial measures reflect an additional way of viewing aspects of the Company's operations that, when viewed with GAAP results and the reconciliations to corresponding GAAP financial measures, may provide a more complete understanding of factors and trends affecting the Company's business. Because non-GAAP financial measures exclude the effect of items that will increase or decrease the Company's reported results of operations, management strongly encourages investors to review the Company's consolidated financial statements and publicly filed reports in their entirety. Reconciliations of the non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the tables accompanying this release.

Cautionary Statement

This release contains "forward-looking" statements regarding future results and events. For this purpose, any statements that are not statements of historical fact may be deemed forward-looking statements. Without limiting the foregoing, the words "feels", "believes", "anticipates", "plans", "expects", "intends", "suggests", "appears",

"estimates", "projects" and similar expressions, whether in the negative or affirmative, are intended to identify forward-looking statements. The Company's actual future results may differ significantly from the results discussed in the forward-looking statements within this release for a variety of reasons, including and without limitation, risks related to, and expectations or ability to realize commercial success of the Wyatt transaction; the impact of this transaction on the Company's business, anticipated progress on Waters' research programs, development of new analytical instruments and associated software or consumables, manufacturing development and capabilities; the increased indebtedness of the Company as a result of the Wyatt transaction, the repayment of which could impact the Company's future results, market prospects for its products and sales and earnings guidance; foreign currency exchange rate fluctuations potentially affecting translation of the Company's future non-U.S. operating results, particularly when a foreign currency weakens against the U.S. dollar; current global economic, sovereign and political conditions and uncertainties, including the effect of new or proposed tariff or trade regulations as well as other new or changed domestic and foreign laws, regulations and policies; changes in inflation and interest rates; the impacts and costs of war, in particular as a result of the ongoing conflicts between Russia and Ukraine and in the Middle East, and the possibility of further escalation resulting in new geopolitical and regulatory instability; the Chinese government's ongoing tightening of restrictions on procurement by government-funded customers; the Company's ability to access capital, maintain liquidity and service the Company's debt in volatile market conditions; risks related to the effects of any pandemic on our business, financial condition, results of operations and prospects; changes in timing and demand for the Company's products among the Company's customers and various market sectors, particularly as a result of fluctuations in their expenditures or ability to obtain funding; the ability to realize the expected benefits related to the Company's various cost-saving initiatives, including workforce reductions and organizational restructurings; the introduction of competing products by other companies and loss of market share, as well as pressures on prices from competitors and/or customers; changes in the competitive landscape as a result of changes in ownership, mergers and continued consolidation among the Company's competitors; regulatory, economic and competitive obstacles to new product introductions; lack of acceptance of new products and inability to grow organically through innovation; rapidly changing technology and product obsolescence; risks associated with previous or future acquisitions, strategic investments, joint ventures and divestitures, including risks associated with achieving the anticipated financial results and operational synergies; contingent purchase price payments and expansion of our business into new or developing markets; risks associated with unexpected disruptions in operations; failure to adequately protect the Company's intellectual property, infringement of intellectual property rights of third parties and inability to obtain licenses on commercially reasonable terms; the Company's ability to acquire adequate sources of supply and its reliance on outside contractors for certain components and modules, as well as disruptions to its supply chain; risks associated with third-party sales intermediaries and resellers; the impact and costs of changes in statutory or contractual tax rates in jurisdictions in which the Company operates as well as shifts in taxable income among jurisdictions with different effective tax rates, the outcome of ongoing and future tax examinations and changes in legislation affecting the Company's effective tax rate; the Company's ability to attract and retain qualified employees and management personnel; risks associated with cybersecurity and technology, including attempts by third parties to defeat the security measures of the Company and its third-party partners; increased regulatory burdens as the Company's business evolves, especially with respect to the U.S. Food and Drug Administration and U.S. Environmental Protection Agency, among others, and in connection with government contracts; regulatory, environmental and logistical obstacles affecting the distribution of the Company's products, completion of purchase order documentation and the ability of customers to obtain letters of credit or other financing alternatives; risks associated with litigation and other legal and regulatory proceedings; and the impact and costs incurred from changes in accounting principles and practices. Such factors and others are discussed more fully in the sections entitled "Forward-Looking Statements" and "Risk Factors" of the Company's annual report on Form 10-K for the year ended December 31, 2023, as well as in the sections entitled "Special Note Regarding Forward-Looking Statements" and "Risk Factors" of the Company's quarterly reports on Form 10-Q for the quarterly periods ended March 30, 2024 and June 29, 2024, as filed with the Securities and Exchange Commission ("SEC"), which discussions are incorporated by reference in this release, as updated by the Company's future filings with the SEC. The forward-looking statements included in this release represent the Company's estimates or views as of the date of this release and should not be relied upon as representing the Company's estimates or views as of any date subsequent to the date of this release. Except as required by law, the Company does not assume any obligation to update any forward-looking statements.

Waters Corporation and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Net sales	\$ 740,305	\$ 711,692	\$ 2,085,673	\$ 2,136,942

Costs and operating expenses:				
Cost of sales	301,655	291,407	851,685	876,863
Selling and administrative expenses	169,097	186,748	516,880	555,657
Research and development expenses	45,336	41,995	136,113	130,559
Purchased intangibles amortization	11,759	12,116	35,337	20,410
Litigation provision	1,326	-	11,568	-
Operating income	211,132	179,426	534,090	553,453
Other (expense) income, net	(338)	328	1,619	1,364
Interest expense, net	(17,177)	(26,559)	(57,824)	(56,174)
Income from operations before income taxes	193,617	153,195	477,885	498,643
Provision for income taxes	32,114	18,643	71,449	72,614
Net income	\$ 161,503	\$ 134,552	\$ 406,436	\$ 426,029
Net income per basic common share	\$ 2.72	\$ 2.28	\$ 6.85	\$ 7.21
Weighted-average number of basic common shares	59,367	59,093	59,314	59,061
Net income per diluted common share	\$ 2.71	\$ 2.27	\$ 6.83	\$ 7.19
Weighted-average number of diluted common shares and equivalents	59,504	59,255	59,471	59,262

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP
Net Sales by Operating Segments, Products & Services, Geography and Markets
Three Months Ended September 28, 2024 and September 30, 2023
(In thousands)

	Three Months Ended		Percent Change	Impact of Currency	Constant Currency Growth Rate (a)
	September 28, 2024	September 30, 2023			
NET SALES - OPERATING SEGMENTS					
Waters	\$ 655,652	\$ 629,348	4 %	0 %	4 %
TA	84,653	82,344	3 %	1 %	2 %
Total	\$ 740,305	\$ 711,692	4 %	0 %	4 %
NET SALES - PRODUCTS & SERVICES					
Instruments	\$ 323,076	\$ 319,431	1 %	0 %	1 %
Service	278,294	263,611	6 %	0 %	6 %
Chemistry	138,935	128,650	8 %	0 %	8 %
Total Recurring	417,229	392,261	6 %	(1 %)	7 %
Total	\$ 740,305	\$ 711,692	4 %	0 %	4 %
NET SALES - GEOGRAPHY					
Asia	\$ 251,329	\$ 238,228	5 %	(1 %)	6 %
Americas	279,136	275,479	1 %	0 %	1 %
Europe	209,840	197,985	6 %	2 %	4 %
Total	\$ 740,305	\$ 711,692	4 %	0 %	4 %
NET SALES - MARKETS					
Pharmaceutical	\$ 430,138	\$ 421,635	2 %	(1 %)	3 %
Industrial	227,740	209,449	9 %	2 %	7 %
Academic & Government	82,427	80,708	2 %	2 %	0 %
Total	\$ 740,305	\$ 711,692	4 %	0 %	4 %

(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, a non-GAAP financial measure, measures the change in net sales between current and prior year periods, excluding 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
Net Sales by Operating Segments, Products & Services, Geography and Markets
Nine Months Ended September 28, 2024 and September 30, 2023
(In thousands)

	Nine Months Ended		Percent Change	Impact of Currency	Impact of Acquisitions	Organic Constant Currency Growth Rate (a)
	September 28, 2024	September 30, 2023				
NET SALES - OPERATING SEGMENTS						
Waters	\$ 1,840,112	\$ 1,884,658	(2 %)	(1 %)	2 %	(3 %)
TA	245,561	252,284	(3 %)	(1 %)	0 %	(2 %)
Total	\$ 2,085,673	\$ 2,136,942	(2 %)	(1 %)	2 %	(3 %)
NET SALES - PRODUCTS & SERVICES						
Instruments	\$ 859,079	\$ 964,380	(11 %)	0 %	3 %	(14 %)
Service	812,367	774,478	5 %	(1 %)	1 %	5 %
Chemistry	414,227	389,084	4 %	(1 %)	0 %	5 %
Total Recurring	1,226,594	1,172,562	5 %	(1 %)	1 %	5 %

Total	\$ 2,085,673	\$ 2,136,942	(2 %)	(1 %)	2 %	(3 %)
NET SALES - GEOGRAPHY						
Asia	\$ 696,319	\$ 745,932	(7 %)	(3 %)	1 %	(5 %)
Americas	794,775	804,827	(1 %)	0 %	3 %	(4 %)
Europe	594,579	586,183	1 %	2 %	2 %	(3 %)
Total	\$ 2,085,673	\$ 2,136,942	(2 %)	(1 %)	2 %	(3 %)
NET SALES - MARKETS						
Pharmaceutical	\$ 1,220,092	\$ 1,233,177	(1 %)	(1 %)	2 %	(2 %)
Industrial	644,459	648,754	(1 %)	0 %	1 %	(2 %)
Academic & Government	221,122	255,011	(13 %)	1 %	2 %	(16 %)
Total	\$ 2,085,673	\$ 2,136,942	(2 %)	(1 %)	2 %	(3 %)

(a) The Company believes that referring to comparable organic constant currency growth rates is a useful way to evaluate the underlying performance of Waters Corporation's net sales. Organic constant currency growth, a non-GAAP financial measure, measures the change in net sales between current and prior year periods, excluding the impact of foreign currency exchange rates during the current period and excluding the impact of acquisitions made within twelve months of the acquisition close date. See description of non-GAAP financial measures contained in this release.

Waters Corporation and Subsidiaries
Reconciliation of GAAP to Adjusted Non-GAAP Financials
Three and Nine Months Ended September 28, 2024 and September 30, 2023
(In thousands, except per share data)

	Selling & Administrative Expenses(a)	Research & Development Expenses	Operating Income	Operating Income Percentage	Other (Expense) Income	Income from Operations before Income Taxes	Provision for Income Taxes	Net Income	Diluted Earnings per Share
Three Months Ended September 28, 2024									
GAAP	\$ 182,182	\$ 45,336	\$ 211,132	28.5 %	\$ (338)	\$ 193,617	\$ 32,114	\$ 161,503	\$ 2.71
Adjustments:									
Purchased intangibles amortization (b)	(11,759)	-	11,759	1.6 %	-	11,759	2,814	8,945	0.15
Litigation provision (c)	(1,326)	-	1,326	0.2 %	-	1,326	318	1,008	0.02
Restructuring costs and certain other items (d)	(1,194)	-	1,194	0.2 %	-	1,194	282	912	0.02
Retention bonus obligation (f)	(1,909)	(636)	2,545	0.3 %	-	2,545	611	1,934	0.03
Adjusted Non-GAAP	\$ 165,994	\$ 44,700	\$ 227,956	30.8 %	\$ (338)	\$ 210,441	\$ 36,139	\$ 174,302	\$ 2.93
Three Months Ended September 30, 2023									
GAAP	\$ 198,864	\$ 41,995	\$ 179,426	25.2 %	\$ 328	\$ 153,195	\$ 18,643	\$ 134,552	\$ 2.27
Adjustments:									
Purchased intangibles amortization (b)	(12,116)	-	12,116	1.7 %	-	12,116	2,901	9,215	0.16
Restructuring costs and certain other items (d)	(24,057)	-	24,057	3.4 %	(651)	23,406	5,387	18,019	0.30
Acquisition related costs (e)	(1,263)	-	1,263	0.2 %	-	1,263	303	960	0.02
Retention bonus obligation (f)	(6,725)	(1,909)	7,634	1.1 %	-	7,634	1,832	5,802	0.10
Adjusted Non-GAAP	\$ 155,703	\$ 40,086	\$ 224,496	31.5 %	\$ (323)	\$ 197,614	\$ 29,066	\$ 168,548	\$ 2.84
Nine Months Ended September 28, 2024									
GAAP	\$ 563,785	\$ 136,113	\$ 534,090	25.6 %	\$ 1,619	\$ 477,885	\$ 71,449	\$ 406,436	\$ 6.83
Adjustments:									
Purchased intangibles amortization (b)	(35,337)	-	35,337	1.7 %	-	35,337	8,456	26,881	0.45
Litigation provision and settlement (c)	(11,568)	-	11,568	0.6 %	-	11,568	2,776	8,792	0.15
Restructuring costs and certain other items (d)	(10,680)	-	10,680	0.5 %	-	10,680	2,617	8,063	0.14
Retention bonus obligation (f)	(11,451)	(3,817)	15,268	0.7 %	-	15,268	3,664	11,604	0.20
Adjusted Non-GAAP	\$ 494,749	\$ 132,296	\$ 606,943	29.1 %	\$ 1,619	\$ 550,738	\$ 88,962	\$ 461,776	\$ 7.76
Nine Months Ended September 30, 2023									
GAAP	\$ 576,067	\$ 130,559	\$ 553,453	25.9 %	\$ 1,364	\$ 498,643	\$ 72,614	\$ 426,029	\$ 7.19
Adjustments:									
Purchased intangibles amortization (b)	(20,410)	-	20,410	1.0 %	-	20,410	4,852	15,558	0.26
Restructuring costs and certain other items (d)	(28,881)	-	28,881	1.4 %	(651)	28,230	6,860	21,370	0.36
Acquisition related costs (e)	(13,298)	-	13,298	0.6 %	-	13,298	3,191	10,107	0.17
Retention bonus obligation (f)	(8,368)	(2,790)	11,158	0.5 %	-	11,158	2,678	8,480	0.14
Adjusted Non-GAAP	\$ 505,110	\$ 127,769	\$ 627,200	29.4 %	\$ 713	\$ 571,739	\$ 90,195	\$ 481,544	\$ 8.13

- (a) Selling & administrative expenses include purchased intangibles amortization and litigation provisions and settlements.
(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) Litigation provisions and settlement gains were excluded as these items are isolated, unpredictable and not expected to recur regularly.
(d) Restructuring costs and certain other items were excluded as the Company believes that the cost to consolidate operations, reduce overhead, 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.
(e) Acquisition related costs include all incremental expenses incurred, such as advisory, legal, accounting, tax, valuation, and other professional fees. The Company believes that these costs are not normal and do not represent future ongoing business expenses.
(f) In connection with the Wyatt acquisition, the Company started to recognize a two-year retention bonus obligation that is contingent upon the employee's providing future service and continued employment with Waters. The Company believes that these costs are not normal and do not represent future ongoing business expenses.

Waters Corporation and Subsidiaries
Preliminary Condensed Unclassified Consolidated Balance Sheets
(In thousands and unaudited)

	September 28, 2024	December 31, 2023
Cash, cash equivalents and investments	\$ 331,458	\$ 395,974

Accounts receivable	669,534	702,168
Inventories	518,994	516,236
Property, plant and equipment, net	642,627	639,073
Intangible assets, net	591,883	629,187
Goodwill	1,306,593	1,305,446
Other assets	450,531	438,770
Total assets	\$ 4,511,620	\$ 4,626,854
Notes payable and debt	\$ 1,826,248	\$ 2,355,513
Other liabilities	1,082,273	1,121,000
Total liabilities	2,908,521	3,476,513
Total stockholders' equity	\$ 1,603,099	\$ 1,150,341
Total liabilities and stockholders' equity	\$ 4,511,620	\$ 4,626,854

Waters Corporation and Subsidiaries
Preliminary Condensed Consolidated Statements of Cash Flows
Three and Nine Months Ended September 28, 2024 and September 30, 2023
(In thousands and unaudited)

	Three Months Ended		Nine Months Ended	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
Cash flows from operating activities:				
Net income	\$ 161,503	\$ 134,552	\$ 406,436	\$ 426,029
Adjustments to reconcile net income to net cash provided by operating activities:				
Stock-based compensation	10,647	8,490	32,993	32,224
Depreciation and amortization	47,507	47,807	143,250	117,845
Change in operating assets and liabilities and other, net	(15,077)	(33,031)	(60,695)	(203,411)
Net cash provided by operating activities	204,580	157,818	521,984	372,687
Cash flows from investing activities:				
Additions to property, plant, equipment and software capitalization	(25,618)	(38,047)	(90,377)	(119,044)
Business acquisitions, net of cash acquired (investments in) proceeds from unaffiliated companies	(425)	651	(1,489)	651
Net change in investments	(8)	(5)	(44)	(21)
Net cash used in investing activities	(26,051)	(37,401)	(91,910)	(1,404,321)
Cash flows from financing activities:				
Net change in debt	(180,000)	(125,181)	(530,000)	929,601
Proceeds from stock plans	3,237	9,464	25,073	18,092
Purchases of treasury shares	(141)	(692)	(13,475)	(70,433)
Other cash flow from financing activities, net	20	2,884	15,305	8,178
Net cash used in financing activities	(176,884)	(113,525)	(503,097)	885,438
Effect of exchange rate changes on cash and cash equivalents	2,442	(171)	8,461	2,081
Increase (decrease) in cash and cash equivalents	4,087	6,721	(64,562)	(144,115)
Cash and cash equivalents at beginning of period	326,427	329,693	395,076	480,529
Cash and cash equivalents at end of period	\$ 330,514	\$ 336,414	\$ 330,514	\$ 336,414

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

Net cash provided by operating activities - GAAP	\$ 204,580	\$ 157,818	\$ 521,984	\$ 372,687
Adjustments:				
Additions to property, plant, equipment and software capitalization	(25,618)	(38,047)	(90,377)	(119,044)
Tax reform payments	-	-	95,645	72,101
Litigation settlements (received) paid, net	-	(375)	9,250	(1,125)
Major facility renovations	-	3,291	-	12,151
Payment of acquired Wyatt liabilities (b)	-	-	-	25,617
Payment of Wyatt retention bonus obligation (c)	-	-	19,770	-
Free Cash Flow - Adjusted Non-GAAP	\$ 178,962	\$ 122,687	\$ 556,272	\$ 362,387

(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.

(b) In connection with the Wyatt acquisition, the Company assumed certain obligations of Wyatt and paid those obligations immediately upon closing the transaction. The Company believes that the assumed obligations do not represent future ongoing business expenses.

(c) During the nine months ended September 28, 2024, the Company made its first retention payment under the Wyatt retention bonus program. The Company believes that these payments are not normal and do not represent future ongoing business expenses.

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

	Twelve Months Ended		Three Months Ended	
	December 31, 2024		December 31, 2024	
	Range		Range	
Projected Sales				
Organic constant currency sales growth rate (a)	(0.9 %)	(0.3 %)	5.0 %	7.0 %
Impact of:				
Currency translation	(1.2 %)	(1.2 %)	(1.7 %)	(1.7 %)
Acquisitions	1.3 %	1.3 %	-	-
Sales growth rate as reported	(0.8 %)	(0.2 %)	3.3 %	5.3 %
Projected Earnings Per Diluted Share				
GAAP earnings per diluted share	\$ 10.55	\$ 10.75	\$ 3.72	\$ 3.92
Adjustments:				
Purchased intangibles amortization	\$ 0.60	\$ 0.60	\$ 0.15	\$ 0.15
Litigation settlement	\$ 0.15	\$ 0.15	\$ -	\$ -
Restructuring costs and certain other items	\$ 0.14	\$ 0.14	\$ -	\$ -
Retention bonus obligation	\$ 0.23	\$ 0.23	\$ 0.03	\$ 0.03
Adjusted non-GAAP earnings per diluted share	\$ 11.67	\$ 11.87	\$ 3.90	\$ 4.10

(a) Organic constant currency growth rates are a non-GAAP financial measure that measures the change in net sales between current and prior year periods, excluding the impact of foreign currency exchange rates during the current period and excluding the impact of acquisitions made within twelve months of the acquisition close date. 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.

Contact: Caspar Tudor, Head of Investor Relations – (508) 482-2429

View original content: <https://www.prnewswire.com/news-releases/waters-corporation-nyse-wat-reports-third-quarter-2024-financial-results-302293299.html>

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