|  |  |
| --- | --- |
| **Key Credit Merits** | **Key Credit Risks** |
| Strong free cash flow generation | High leverage and debt load |
| Diverse global revenue base | Exposure to macroeconomic and FX volatility |
| Ample liquidity and access to capital | Acquisition integration and execution risk |

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| --- | --- | --- | --- | --- | --- |
| **THERMO FISHER SCIENTIFIC INC. - Capitalization Table** | | | | | |
| **Item** | **Amount** | **PPC Holdings** | **Coupon** | **Secured** | **Maturity** |
| Cash and Equivalents | 4,576 |  |  |  |  |
| Revolving Credit Facility | 0 | - | S + 80-150 | N | 2027 |
| Senior Notes | 35,303 | - | None | N | None |
| (Less: Debt Issuance Costs) | 172 | - | - | - | - |
| **Total Debt** | **35,033** |  |  |  |  |
| Book Value of Equity | 50,512 |  |  |  |  |
| **Book Capitalization** | **85,545** |  |  |  |  |
| ***Key Financial Ratios:*** | | | | | |
| Total Debt To Adj Ebitda | - |  |  |  |  |
| Total Debt To Market Capitalization | - |  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **THERMO FISHER SCIENTIFIC INC. - Historical Financial Analysis** | **Fiscal Year Ended** | |  |  |  | **YTD** | | **LTM** |
| **Metric** | **2020** | **2021** | **2022** | **2023** | **2024** | **03/31/24** | **03/31/25** | **03/31/25** |
| **Revenue** | **25,306,000** | **30,361,000** | **28,548,000** | **25,243,000** | **25,034,000** | **0** | **0** | **25,034,000** |
| ***% YoY Growth*** |  | 20.0% | (6.0%) | (11.6%) | (0.8%) |  |  |  |
| Cost of Goods Sold | 11,407,000 | 13,594,000 | 14,247,000 | 13,168,000 | 12,523,000 | 0 | 0 | 12,523,000 |
| **Gross Profit** | **13,899,000** | **16,767,000** | **14,301,000** | **12,075,000** | **12,511,000** | **0** | **0** | **12,511,000** |
| ***% Margin*** | 54.9% | 55.2% | 50.1% | 47.8% | 50.0% |  |  | 50.0% |
| Operating Expenses | 8,210,000 | 9,610,000 | 10,578,000 | 10,241,000 | 10,364,000 | 0 | 0 | 10,364,000 |
| Adjustments | 1,985,000 | 2,402,000 | 2,857,000 | 2,802,000 | 2,600,000 | 0 | 0 | 2,600,000 |
| **Adjusted EBITDA** | **9,779,000** | **12,430,000** | **11,250,000** | **9,661,000** | **9,937,000** | **0** | **0** | **9,937,000** |
| ***% Margin*** | 38.6% | 40.9% | 39.4% | 38.3% | 39.7% |  |  | 50.0% |
| Interest Expense | 553,000 | 536,000 | 726,000 | 1,375,000 | 1,390,000 | 0 | 0 | 1,390,000 |
| Taxes | 850,000 | 1,109,000 | 703,000 | 284,000 | 657,000 | 0 | 0 | 657,000 |
| Change in Working Capital | 417,000 | 2,251,000 | 2,658,000 | (505,000) | 758,000 | 0 | 0 | 758,000 |
| *Other* | (81,000) | (694,000) | (104,000) | (65,000) | 12,000 | 0 | 0 | 12,000 |
| Capital Expenditures | 1,466,000 | 2,503,000 | 2,219,000 | 1,392,000 | 1,343,000 | 0 | 0 | 1,343,000 |
| **Free Cash Flow** | **6,815,000** | **6,789,000** | **6,911,000** | **6,927,000** | **7,267,000** | **0** | **0** | **7,267,000** |
| Acq. / Disp. | 38,000 | 19,395,000 | 39,000 | 3,660,000 | 3,132,000 | 0 | 0 | 3,132,000 |
| Change in Debt | 2,747,000 | 8,911,000 | 654,000 | (155,000) | (2,403,000) | 0 | 0 | (2,403,000) |
| Equity / Dividends | 1,837,000 | 2,395,000 | 3,455,000 | 3,523,000 | 3,583,000 | 0 | 0 | 3,583,000 |
| *Other* | (147,000) | 65,000 | (9,000) | 56,000 | 195,000 | 0 | 0 | 195,000 |
| **Change in Cash** | **7,914,000** | **(5,845,000)** | **4,046,000** | **(440,000)** | **(4,057,000)** | **0** | **0** | **(4,057,000)** |
| **Cash - End of Period** | **10,325,000** | **4,477,000** | **8,524,000** | **8,077,000** | **4,009,000** |  |  |  |
| **Total Debt** | **2,628,000** | **34,870,000** | **34,488,000** | **34,917,000** | **31,275,000** | **0** | **0** | **0** |
| **Book Equity** | **34,507,000** | **40,793,000** | **43,978,000** | **46,735,000** | **49,584,000** | **0** | **0** | **0** |
| ***Key Financial Ratios:*** | |  |  |  |  |  |  |  |
| EBITDA / Int. Exp. | 17.68x | 23.19x | 15.50x | 7.03x | 7.15x |  |  | 7.15x |
| Total Debt / EBITDA | 0.27x | 2.81x | 3.07x | 3.61x | 3.15x |  |  | 0.00x |
| Total Debt / Book Capital | 0.00x | 0.00x | 0.00x | 0.00x | 0.00x |  |  |  |
| Total Debt + Leases / EBITDA | 0.27x | 2.81x | 3.07x | 3.61x | 3.15x |  |  | 0.00x |
| Total Debt + Leases / Book Capital | 0.00x | 0.00x | 0.00x | 0.00x | 0.00x |  |  |  |
| EBITDAR / Interest + Rent | 15.15x | 17.23x | 13.53x | 5.52x | 5.83x |  |  | 7.15x |

## Income Statement

* \*\*Revenue in FY2024 was $42,879 million, flat compared to $42,857 million in FY2023 (0% change). LTM revenue through Q2 2025 was $43,557 million\*\* (calculated as FY24 plus Q1–Q2 2025 less Q1–Q2 2024). Organic revenue growth in FY2024 was 0%. In the LTM, organic revenue growth was 1%. Growth drivers in FY2024 included strong momentum in Electron Microscopy (Analytical Instruments), growth in Immunodiagnostics/Transplant Diagnostics (Specialty Diagnostics), and resilience in the Research & Safety Channel and Clinical Research businesses. These were offset by continued normalization in COVID-19-related revenues (from $0.33B in FY23 to $0.10B in FY24) and a decline in Life Sciences Solutions due to reduced demand for COVID-19 testing products and weak macroeconomic conditions, especially in China.
* \*\*Segment analysis for FY2024:\*\* Life Sciences Solutions revenues declined 3% ($9,977M → $9,631M, with acquisition benefit), driven by a fall-off in COVID-19 testing. Analytical Instruments grew 3% ($7,263M → $7,463M), driven by Electron Microscopy. Specialty Diagnostics grew 2% ($4,405M → $4,512M), led by ImmunoDiagnostics and Transplant Diagnostics. Laboratory Products and Biopharma Services grew 1% ($23,041M → $23,157M), as pharma services growth was offset by reduced COVID-19 vaccine demand.
* \*\*EBITDA margins\*\*: In FY2024, GAAP operating margin increased to 17.1% from 16.0% in FY2023 (up 1.1 pts). Adjusted operating income margin, representing core EBITDA margin, declined slightly to 22.6% (from 22.9%). In LTM Q2 2025, adjusted operating margin was 21.9%. Margin compression is primarily attributed to an unfavorable business mix (reduced high-margin COVID-19 sales, higher exposure to lower-margin services), inflation, and increased strategic investments (mainly in commercial/commercial infrastructure, R&D, and capacity). Productivity improvement (cost savings from PPI, supply chain, and restructuring) partially offset these headwinds. Notably, the Life Sciences Solutions segment's margin improved in FY24 to 36.4% (+2.1 pts) due to productivity improvements, but this was partially offset by lower demand.
* \*\*Net income for FY2024\*\* was $6,338 million (GAAP), up 5.7% from $5,995 million in FY2023, driven by improved margins, lower amortization, and reduced interest expense.

## Cash Flow Statement

* \*\*Free Cash Flow (FCF) in FY2024 was $7,324 million\*\* (Operating cash flow $8,667M less capex $1,400M plus asset sale proceeds $57M) — an increase from $7,014M in FY2023, driven by improved working capital management and strong operational cash generation. \*\*In the LTM (Q3'24–Q2'25), FCF was approximately $6,557M\*\* (Operating cash flow trailing four quarters ≈ $7.7B, with capex about $1.15B over H2'24 and H1'25 per cash flow schedules); the drop from FY24 reflects higher working capital outflows and the upfront costs of the Olink acquisition in H2'24/LTM.
* \*\*Acquisitions:\*\*
* - In July 2024, TMO closed the $3.1B cash acquisition of Olink Holding AB (high-growth proteomics).
* - In FY2023: The Binding Site Group ($2.70B, specialty diagnostics, Jan 2023), CorEvitas LLC ($910M, real-world evidence, Aug 2023), and a small U.S. Raman-spectroscopy business ($31M, 2023).
* - Pending: Solventum Purification & Filtration (expected close late 2025, $4B).
* \*\*Dividend payout:\*\* FY2024 cash dividends paid were $583M ($1.56/share), up from $523M ($1.40/share) in FY2023 and $455M ($1.20/share) in FY2022. The dividend increased at a CAGR of ~13% over the past three years.
* \*\*Share repurchases:\*\* Thermo Fisher repurchased $4.0B of common stock (7.4 million shares) in FY2024; in Q1 2025, repurchased an incremental $2.0B (3.6M shares). Repurchases were consistent with historical capital prioritization after major M&A.
* \*\*Operating cash flow in FY2024 was $8,667M, up from $8,406M in FY2023.\*\* Key drivers were working capital stability, despite acquisitions and moderate revenue growth.

## Balance Sheet

* Most recent fiscal year-end: December 31, 2024. Most recent LTM date: June 28, 2025.
* \*\*Total debt at FY2024 was $31,275 million, including $2,214 million short-term and $29,061 million long-term\*\*. At LTM Q2 2025, total debt increased to $35,229 million (Q2 2025: $2,214M short-term + $33,015M long-term), reflecting new issuances for the Olink acquisition and anticipated Solventum acquisition.
* \*\*Capitalized operating leases\*\* (estimated): As of Dec 31, 2024, operating lease liabilities were $1,500 million (ROU asset: $1,489M; liabilities: $1,501M per 10-K Note 13). For simplicity, we use $1.5B for capitalized operating leases. Thus, at FY24, leverage = (Total Debt + Capitalized Leases) / EBITDAR = (31.3B + 1.5B) / (7.3B Op Inc + 1.95B D&A + 0.35B lease expense) = \*\*Leverage ratio ≈ 3.9x\*\*. For LTM Q2 2025, the ratio is (35.2B + 1.5B) / [~7.4B Op Inc (LTM estimate) + ~1.95B D&A + ~0.36B lease expense] ≈ \*\*Leverage ratio ~4.3x\*\* (Estimate: EBITDAR calculated from last four quarters; D&A and lease expense from 10-K). The leverage profile increased in the LTM due to new debt issuance for the Olink acquisition and pending Solventum acquisition.
* \*\*Liquidity\*\*: As of June 28, 2025 (Q2 quarter-end), cash & cash equivalents were $4,576M, with $1,814M in short-term investments (total $6,390M in liquid assets). Revolving credit facility remains undrawn, capacity of $5,000M, less immaterial LOCs outstanding — total available liquidity exceeds $11.3B.
* Shareholders' equity increased to $50,512M at Q2 2025 (vs. $49,584M at FY24). Book value per share increased.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **THERMO FISHER SCIENTIFIC INC. - Credit Comparable Analysis** | | | | | | | | | | | |
|  | **LTM** | |  |  |  |  |  |  |  |  |  |
| **Ticker** | **LTM Rev (000s)** | **LTM EBITDA (000s)** | **EBITDA Mrgn %** | **EBITDAR (Int + Rents)** | **(Tot Debt + COL) EBITDAR** | **(Net Debt + COL) EBITDAR** | **(Tot Debt + COL) Tot Cap** | **(FCF + Rents) (Tot Debt + COL)** | **3-Year Average Total Debt + COL / EBITDAR** | **3-Year Average Total Debt + COL / Total Cap** | **3-Year Average FCF + Rents / Total Debt + COL** |
| *THERMO FISHER SCIENTIFIC INC.* | 30857000.0 | 9862000.0 | 5.8% | 1.35x | 1.57x | -0.73x | 1.10x | 2.39x | 2.39x | 0.08x | 2.15x |
| *DANAHER CORP /DE/* | 22874000.0 | 6272000.0 | 27.4% | - | 0.46x | 0.93x | 0.05x | 1.69x | 2.10x | 0.26x | 0.34x |
| *AGILENT TECHNOLOGIES, INC.* | 4700000.0 | 1854000.0 | 39.4% | 18.18x | 0.01x | -0.78x | 0.00x | 48.59x | 1.62x | 0.34x | 0.44x |
| *IQVIA HOLDINGS INC.* | 8519000.0 | 2097000.0 | 24.6% | 2.69x | 6.38x | 5.61x | 1.00x | 0.16x | 4.79x | 0.70x | 0.14x |
| *METTLER TOLEDO INTERNATIONAL INC/* | 3395796.0 | 1201825.0 | 37.2% | 15.14x | 0.00x | 0.00x | -0.00x | - | 0.00x | 0.00x | - |
| **AVERAGE** | **14069159.0** | **4257365.0** | **26.9%** | **9.34x** | **1.68x** | **1.01x** | **0.43x** | **13.21x** | **2.18x** | **0.27x** | **0.77x** |
| **MEDIAN** | **8519000.0** | **2097000.0** | **27.4%** | **8.91x** | **0.46x** | **0.00x** | **0.05x** | **2.04x** | **2.10x** | **0.26x** | **0.39x** |