

Explanation of Non-GAAP Financial Measures

We report our financial results in accordance with U. S. generally accepted accounting principles (“GAAP”). However, management believes that, in order to more fully understand our short-term and long-term financial and operational trends, investors may wish to consider the impact of certain non-cash, non-recurring or other items, which result from facts and circumstances that vary in frequency and impact on continuing operations. Accordingly, we present non-GAAP financial measures as a supplement to the financial measures we present in accordance with GAAP. These non-GAAP financial measures provide management with additional means to understand and evaluate the operating results and trends in our ongoing business by adjusting for certain non-cash expenses and other items that management believes might otherwise make comparisons of our ongoing business with prior periods more difficult, obscure trends in ongoing operations, or reduce management's ability to make useful forecasts. Management believes these non-GAAP financial measures provide additional means of evaluating period-over-period operating performance. In addition, management understands that some investors and financial analysts find this information helpful in analyzing our financial and operational performance and comparing this performance to our peers and competitors.

We use the term “adjusted revenue” to refer to GAAP revenue, including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules. We use the related term “adjusted revenue growth” to refer to the measure of comparing current period adjusted revenue with the corresponding period of the prior year.

We use the term “organic revenue” to refer to GAAP revenue, excluding the effect of foreign currency changes and acquisitions, and including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules. We also exclude the impact of sales from divested businesses by deducting the effects of divested business revenue from the current and prior periods. We use the related term “organic revenue growth” to refer to the measure of comparing current period organic revenue with the corresponding period of the prior year.

We use the term “core organic revenue” to refer to GAAP revenue excluding Euroimmun, excluding the effect of foreign currency changes and including acquisitions growth from the comparable prior period, and including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules. We also exclude the impact of sales from divested businesses by deducting the effects of divested business revenue from the current and prior periods. We use the related term “core organic revenue growth” to refer to the measure of comparing current period organic revenue with the corresponding period of the prior year.

We use the term “organic revenue excluding the impact of the extra week in Q3 2015” to refer to GAAP revenue, excluding the effect of foreign currency changes and acquisitions, and including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules. We also exclude the impact of sales from divested businesses by deducting the effects of divested business revenue from the current and prior periods, and not including the estimated revenue from the extra calendar week in Q3 2015. We

use the related term “organic revenue growth excluding the impact of the extra week in Q3 2015” to refer to the measure of comparing current period organic revenue with the corresponding period of the prior year not including the estimated revenue from the extra week in Q3 2015.

We use the term “adjusted gross margin” to refer to GAAP gross margin, excluding amortization of intangible assets, inventory fair value adjustments related to business acquisitions, and including purchase accounting adjustments for revenue from contracts acquired in acquisitions that will not be fully recognized due to business combination accounting rules. We use the related term “adjusted gross margin percentage” to refer to adjusted gross margin as a percentage of adjusted revenue.

We use the term “adjusted SG&A expense” to refer to GAAP SG&A expense, excluding amortization of intangible assets, purchase accounting adjustments, acquisition and divestiture-related expenses, significant litigation matters and significant environmental charges. We use the related term “adjusted SG&A percentage” to refer to adjusted SG&A expense as a percentage of adjusted revenue.

We use the term “adjusted R&D expense” to refer to GAAP R&D expense, excluding amortization of intangible assets. We use the related term “adjusted R&D percentage” to refer to adjusted R&D expense as a percentage of adjusted revenue.

We use the term “adjusted operating income,” to refer to GAAP operating income, including revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules, and excluding amortization of intangible assets, other purchase accounting adjustments, acquisition and divestiture-related expenses, significant litigation matters, significant environmental charges, and restructuring and contract termination charges. We use the related terms “adjusted operating profit percentage,” “adjusted operating profit margin,” or “adjusted operating margin” to refer to adjusted operating income as a percentage of adjusted revenue.

We use the term “adjusted earnings per share,” or “adjusted EPS,” to refer to GAAP earnings per share, including revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules, and excluding discontinued operations, amortization of intangible assets, other purchase accounting adjustments, acquisition and divestiture-related expenses, significant litigation matters, significant environmental charges, gain on disposition of businesses and assets, net, and restructuring and contract termination charges. We also exclude adjustments for mark-to-market accounting on post-retirement benefits, therefore only our projected costs have been used to calculate our non-GAAP measure. We also adjust for any tax impact related to the above items.

We use the term “adjusted EBITDA” to refer to GAAP income from continuing operations before income taxes, excluding net interest expense, stock based compensation expense, fixed asset depreciation, amortization of intangible assets, inventory fair value adjustments related to business acquisitions, other purchase accounting adjustments, significant litigation matters, significant environmental charges, gain on disposition of businesses and assets, net, and restructuring and contract termination charges, and including estimated revenue from contracts acquired in various acquisitions that will not be fully recognized due to business combination

accounting rules. We also exclude adjustments for mark-to-market accounting on post-retirement benefits, therefore only our projected costs have been used to calculate our non-GAAP measure. Adjusted EBITDA is calculated by subtracting the items above from GAAP net income. We use the related term “net debt to adjusted EBITDA ratio” to refer to net debt as a percentage of adjusted EBITDA.

We use the term "adjusted net interest and other expense" to refer to GAAP net interest and other expense, excluding net loss on disposition of business and, excluding acquisition-related foreign exchange gains, net, and acquisition-related interest expense.

Management includes or excludes the effect of each of the items identified below in the applicable non-GAAP financial measure referenced above for the reasons set forth below with respect to that item:

- Amortization of intangible assets— purchased intangible assets are amortized over their estimated useful lives and generally cannot be changed or influenced by management after the acquisition. Accordingly, this item is not considered by management in making operating decisions. Management does not believe such charges accurately reflect the performance of our ongoing operations for the period in which such charges are incurred.
- Revenue from contracts acquired in acquisitions that will not be fully recognized due to accounting rules—accounting rules require us to account for the fair value of revenue from contracts assumed in connection with our acquisitions. As a result, our GAAP results reflect the fair value of those revenues, which is not the same as the revenue that otherwise would have been recorded by the acquired entity. We include such revenue in our non-GAAP measures because we believe the fair value of such revenue does not accurately reflect the performance of our ongoing operations for the period in which such revenue is recorded.
- Other purchase accounting adjustments—accounting rules require us to adjust various balance sheet accounts, including inventory and deferred rent balances to fair value at the time of the acquisition. As a result, the expenses for these items in our GAAP results are not the same as what would have been recorded by the acquired entity. Accounting rules also require us to estimate the fair value of contingent consideration at the time of the acquisition, and any subsequent changes to the estimate or payment of the contingent consideration and purchase accounting adjustments are charged to expense or income. We exclude the impact of any changes to contingent consideration from our non-GAAP measures because we believe these expenses or benefits do not accurately reflect the performance of our ongoing operations for the period in which such expenses or benefits are recorded.
- Acquisition and divestiture-related expenses—we incur legal, due diligence, stay bonuses, interest expense, foreign exchange gains and losses, significant acquisition integration expenses and other costs related to acquisitions and divestitures. We exclude these expenses from our non-GAAP measures because we believe they do not reflect the performance of our ongoing operations.
- Restructuring and contract termination charges—restructuring and contract termination expenses consist of employee severance and other exit costs as well as the cost of terminating certain lease agreements or contracts. Management does not believe such costs accurately

reflect the performance of our ongoing operations for the period in which such costs are reported.

- Adjustments for mark-to-market accounting on post-retirement benefits—we exclude adjustments for mark-to-market accounting on post-retirement benefits, therefore only our projected costs have been used to calculate our non-GAAP measures. We exclude these adjustments because they do not represent what we believe our investors consider to be costs of producing our products, investments in technology and production, and costs to support our internal operating structure.
- Significant litigation matters—we incurred expenses related to significant litigation matters. Management does not believe such charges accurately reflect the performance of our ongoing operations for the periods in which such charges were incurred.
- Significant environmental charges—we incurred expenses related to significant environmental charges. Management does not believe such charges accurately reflect the performance of our ongoing operations for the periods in which such charges were incurred.
- Gain on disposition of businesses and assets, net—we exclude the impact of gains or losses from the disposition of businesses and assets from our adjusted earnings per share. Management does not believe such gains or losses accurately reflect the performance of our ongoing operations for the period in which such gains or losses are reported.
- Impact of foreign currency changes on the current period—we exclude the impact of foreign currency from these measures by using the prior period’s foreign currency exchange rates for the current period because foreign currency exchange rates are subject to volatility and can obscure underlying trends.
- Net interest expense, stock based compensation expense, and fixed asset depreciation—we exclude the impact of net interest expense, stock based compensation expense, and fixed asset depreciation from adjusted EBITDA as these items do not represent what we believe our investors consider to be costs of producing our products, investments in technology and production, and costs to support our internal operating structure, which could result in overstating or understating the performance of our operations to our investors.

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The tax effect for discontinued operations is calculated based on the authoritative guidance in the Financial Accounting Standards Board’s Accounting Standards Codification 740, Income Taxes. The tax effect for amortization of intangible assets, inventory fair value adjustments related to business acquisitions, changes to the fair values assigned to contingent consideration, other costs related to business acquisitions and divestitures, significant litigation matters, significant environmental charges, adjustments for mark-to-market accounting on post-retirement benefits, gain on disposition of businesses and assets, restructuring and contract termination charges, and the revenue from contracts acquired with various acquisitions is calculated based on operational results and applicable jurisdictional law, which contemplates tax rates currently in effect to determine our tax provision. The tax effect for the impact from foreign currency exchange rates on the current period is calculated based on the average rate currently in effect to determine our tax provision.

The non-GAAP financial measures described above are not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. There are material limitations associated with non-GAAP financial measures because they exclude charges that have an effect on our reported results and, therefore, should not be relied upon as the sole financial measures by which to evaluate our financial results. Management compensates and believes that investors should compensate for these limitations by viewing the non-GAAP financial measures in conjunction with the GAAP financial measures. In addition, the non-GAAP financial measures included in this earnings announcement may be different from, and therefore may not be comparable to, similar measures used by other companies.

Each of the non-GAAP financial measures listed above is also used by our management to evaluate our operating performance, communicate our financial results to our Board of Directors, benchmark our results against our historical performance and the performance of our peers, evaluate investment opportunities including acquisitions and discontinued operations, and determine the bonus payments for senior management and employees.

PerkinElmer, Inc. and Subsidiaries
Q3 2018 EARNINGS GUIDANCE

Adjusted EPS:

EPS from continuing operations
Amortization of intangible assets
Purchase accounting adjustments
Acquisition and divestiture-related expenses
Tax on above items
Adjusted EPS

PKI	
Three Months Ended	
<u>Sept 30, 2018</u>	
<i>Projected</i>	
\$	0.66
	0.31
	0.03
	0.01
	(0.09)
\$	0.92

PerkinElmer, Inc. and Subsidiaries
PRO FORMA EBITDA INCLUDING EUROIMMUN PRE-ACQUISITION RESULTS ⁽¹⁾

(In millions, except ratio)

	PKI	Euroimmun Pre-acquisition	PKI PRO FORMA
	Twelve Months Trailing July 1, 2018	July 3, 2017 to acquisition	Twelve Months Trailing July 1, 2018
Net income from continuing operations	\$ 148.8	\$ (5.8)	\$ 143.0
Income taxes	137.3	(4.6)	132.8
Purchase accounting adjustments	29.3	-	29.3
Acquisition and divestiture-related costs	(5.9)	-	(5.9)
Mark to market on post-retirement benefits	(2.1)	-	(2.1)
Restructuring and contract termination charges, net	9.6	-	9.6
Significant litigation matter	6.9	-	6.9
Stock-based compensation	19.0	-	19.0
Interest expense, net	54.2	12.1	66.2
Depreciation	39.2	9.1	48.3
Gain on disposition of businesses and assets, net	0.0	2.0	2.0
Amortization of intangible assets	104.5	29.4	133.9
Adjusted EBITDA	\$ 540.8	\$ 42.2	\$ 583.0

Cash and cash equivalents as of July 1, 2018

Gross debt as of July 1, 2018

Net debt as of July 1, 2018

\$	163.4
2,001.3	
\$	1,837.9

Net Debt to adjusted EBITDA Ratio

3.2 times

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries
Q2 2018 ADJUSTED NET INTEREST AND OTHER EXPENSE ⁽¹⁾

(In millions, except per share data)

Adjusted net interest and other expense:

Net interest and other expense
Less acquisition-related interest expense
Less acquisition-related foreign exchange gains
Adjusted net interest and other expense

PKI	
Three Months Ended	
<u>July 1, 2018</u>	
\$	16.4
	(0.2)
	0.2
\$	16.3

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries
RECONCILIATION OF Q2 2018 GAAP TAX RATE TO ADJUSTED TAX RATE ⁽¹⁾

(In millions)

	PKI		
	Three Months Ended		
	<u>July 1, 2018</u>		
	<u>Continuing</u>	<u>Non-GAAP</u>	<u>Adjusted</u>
	<u>Operations</u>	<u>Adjusting</u>	<u>Continuing</u>
		<u>Items</u>	<u>Operations</u>
Income before income taxes	\$ 71.7	50.2	\$ 121.9
Provision for income taxes	7.0	13.7	20.7
Net income	<u>\$ 64.7</u>	<u>36.5</u>	<u>\$ 101.2</u>
<i>Tax rate</i>	10%		17%

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries

RECONCILIATION OF FY 2018 FORECASTED GAAP TAX RATE TO ADJUSTED TAX RATE ⁽¹⁾

(In millions except tax rates)

	PKI		
	<u>Year Ended</u>		
	<u>December 30, 2018</u>		
	<i>Projected</i>		
	<u>Continuing</u>	<u>Non-GAAP</u>	<u>Adjusted</u>
	<u>Operations</u>	<u>Adjusting</u>	<u>Continuing</u>
		<u>Items</u>	<u>Operations</u>
Income before income taxes	\$ 299.2	\$ 185.1	\$ 484.3
Provision for income taxes	32.8	44.7	\$ 77.5
Net income	\$ 266.4	\$ 140.4	\$ 406.8
<i>Tax rate</i>	11%		16%

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries
Q3 2018 CORE ORGANIC REVENUE GROWTH FORECAST

PKI	
Three Months Ended September 30, 2018	
<i>Projected</i>	
Reported revenue growth	22%
Less: effect of foreign exchange rates	1%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	16%
Core organic revenue growth	5%

Core organic revenue growth:

Reported revenue growth

Less: effect of foreign exchange rates

Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses

Core organic revenue growth

PerkinElmer, Inc. and Subsidiaries
FY 2018 ORGANIC REVENUE GROWTH FORECAST

Organic revenue growth:

Reported revenue growth
 Less: effect of foreign exchange rates
 Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses
 Organic revenue growth
 Less: Effect of Euroiummun
 Core organic revenue growth

PKI	
Twelve Months Ended December 30, 2018	
<i>Projected</i>	
Reported revenue growth	23%
Less: effect of foreign exchange rates	2%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	14%
Organic revenue growth	7%
Less: Effect of Euroiummun	1%
Core organic revenue growth	6%

Organic revenue growth:

Reported revenue growth
 Less: effect of foreign exchange rates
 Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses
 Organic revenue growth

DAS	
Twelve Months Ended December 30, 2018	
<i>Projected</i>	
Reported revenue growth	7%
Less: effect of foreign exchange rates	1%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	0%
Organic revenue growth	6%

Organic revenue growth:

Reported revenue growth
 Less: effect of foreign exchange rates
 Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses
 Organic revenue growth
 Less: Effect of Euroiummun
 Core organic revenue growth

Diagnostics	
Twelve Months Ended December 30, 2018	
<i>Projected</i>	
Reported revenue growth	61%
Less: effect of foreign exchange rates	3%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	49%
Organic revenue growth	9%
Less: Effect of Euroiummun	2%
Core organic revenue growth	7%

(1) amounts may not sum due to rounding