J.P. Morgan 39th Annual Healthcare Conference

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President & CEO
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This presentation contains certain non-GAAP measures, which are provided to assist in an understanding of the Company’s business and its performance. These measures should always be considered in conjunction with the appropriate GAAP measure. Reconciliations of non-GAAP amounts to the GAAP amounts are on the Company’s website, or in the Company’s Form 8-K filings with the SEC.
Key Messages

Solid base in the highly attractive life science tools market

Loss of momentum in recent years due to weak execution and portfolio disadvantage

Transformation program underway with near-term commercial focus and priorities
### Waters Operates in Large and Growing End Markets

<table>
<thead>
<tr>
<th>Market size</th>
<th>Growth</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharma $22B</td>
<td>MSD+</td>
<td>Biologics</td>
</tr>
<tr>
<td>Biomedical Research $9B</td>
<td>HSD</td>
<td>Government funding</td>
</tr>
<tr>
<td>Clinical $8B</td>
<td>MSD+</td>
<td>Molecular diagnostics</td>
</tr>
<tr>
<td>Food &amp; Environment $14B</td>
<td>MSD</td>
<td>Rising populations</td>
</tr>
<tr>
<td>Materials Science $14B</td>
<td>MSD-</td>
<td>Micro-electronics</td>
</tr>
<tr>
<td>Materials Science $14B</td>
<td>MSD-</td>
<td>Food safety and sustainability concerns</td>
</tr>
<tr>
<td>Materials Science $14B</td>
<td>MSD-</td>
<td>Capital spending in chemicals sector</td>
</tr>
</tbody>
</table>

**Sources:** Company estimates; SDi

~$65B with MSD growth
Waters has a Strong Foundation

**Portfolio**
Large installed base with >50% recurring revenues

**Customer**
~75% exposure to growing markets (MSD+)^2

**Geography**
Diversified geographic base

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- **Portfolio**
  - **Instruments**: 45%
  - **Consumables**: 17%
  - **Services**: 29%
  - **Informatics**: 9%

- **Customer**
  - **Pharma**: 57%
  - **Materials Science**: 17%
  - **Food & Environ.**: 14%
  - **Clinical**: 8%

- **Geography**
  - **US**: 29%
  - **Europe**: 26%
  - **Other**: 5%
  - **China**: 18%
  - **APAC (ex-China)**: 22%

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- Geographic business variation due to COVID-19
- Continued improvement in largest end market Pharma versus our expectations

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Note: 1. Informatics includes licenses and maintenance contracts; 2. Percentage of annual revenues (2019)
Source: Company information and data
Industry-leading Margins and Strong Financial Flexibility

<table>
<thead>
<tr>
<th>OPERATING MARGIN (%)</th>
<th>Waters</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
<th>Peer 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>31%</td>
<td>23%</td>
<td>23%</td>
<td>21%</td>
<td>19%</td>
<td>18%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SELECT FINANCIAL METRICS</th>
<th>$2.4BN</th>
<th>~22%</th>
<th>$576m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>REVENUE¹</td>
<td>5-YEAR AVERAGE ROIC²</td>
<td>FREE CASH FLOW¹</td>
</tr>
</tbody>
</table>

Note: 1. Based on 2019 data; 2. ROIC = (Non-GAAP EBIT *(1 – t))/invested capital; Invested capital = equity + long term debt
Source: Company info, FactSet data
Key Messages

- Solid base in the highly attractive life science tools market
- Loss of momentum in recent years due to weak execution and portfolio disadvantage
- Transformation program underway with near-term commercial focus and priorities
Loss of Momentum in Recent Years

**REVENUE YEAR-ON-YEAR GROWTH**

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6%</td>
</tr>
<tr>
<td>2018</td>
<td>4%</td>
</tr>
<tr>
<td>2019</td>
<td>1%</td>
</tr>
<tr>
<td>2020 YTD</td>
<td>(6%)</td>
</tr>
</tbody>
</table>

**MOMENTUM LOSS CAUSES**

- **A** Weak Execution
- **B** Waters Portfolio Not Aligned with Faster Growth Segments and Opportunities
- **C** Performance Management Disconnect

Note: 1. Constant currency basis; 2. For the Nine Months ended Sep. 26, 2020 relative to prior corresponding period
Source: Company analysis and estimates

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Weak Execution

UNDERLYING DRIVERS

1️⃣ Loss of Market Share Driven by Instruments

2️⃣ Low Attachment Rates for Recurring Streams

3️⃣ Lower Exposure to Faster Growing Contract Organizations

4️⃣ Weaker eCommerce Platform Relative to Peers

5️⃣ Slower Portfolio Renewal and Launch Excellence
Waters Portfolio Not Aligned with Faster Growth Segments and Opportunities

PORTFOLIO BREAKDOWN % (TOP); COVID-19 SALES IMPACT (BOTTOM)

Peer 1: 
- Higher COVID-19 impact: 60%
- Lower COVID-19 impact: 40%

Peer 2: 
- Higher COVID-19 impact: 55%
- Lower COVID-19 impact: 45%

Peer 3: 
- Higher COVID-19 impact: 45%
- Lower COVID-19 impact: 55%

Peer 4: 
- Higher COVID-19 impact: 25%
- Lower COVID-19 impact: 75%

Peer 5: 
- Higher COVID-19 impact: 20%
- Lower COVID-19 impact: 80%

Waters: 
- Higher COVID-19 impact: 20%
- Lower COVID-19 impact: 80%

Sources: Wall Street Analyst reports; Company data and estimates
Performance Management Disconnect

Established process with 90%+ employee participation…

…however, disconnect between employee ratings and company performance

PERFORMANCE MANAGEMENT

- OBJECTIVE SETTING
- REVIEWS AND FEEDBACK
- PERFORMANCE RATINGS

EMPLOYEE RATINGS (% OF TOTAL)

- 2017
- 2018
- 2019

Employees rated as: “Meets” or “Above Expectations”

Source: Waters performance management data
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Three Phase Renewal towards Growth

Regain Commercial Momentum with Specific Initiatives

Strengthen Performance Management

Enhance Portfolio and Capabilities

Focus for today
EXAMPLE INITIATIVES TO REGAIN COMMERCIAL MOMENTUM

1. Drive Replacement of Waters Instruments (LC, MS, TA)
2. Increase Attachment Rates and Value Proposition for Recurring Revenue
3. Strengthen and Expand Coverage of Contract Organizations
4. Improve Focus on eCommerce
5. Drive Launch Excellence
Drive Replacement of Waters Instruments

CHALLENGE
- Loss of focus led to market share decline in Waters’ LC business
- Less frequent replacement; ~20% of actively-serviced Alliance instrument base

INITIATIVES UNDERTAKEN
- Drive trade-in of older Alliance LC with new Waters High Performance LC with incremental penetration target of 10-15% over 2 – 3 years
- Leverage Empower database to identify older competitive equipment

Source: Company data and estimates
4 Improve Focus on eCommerce

CONSUMABLE DIGITAL SALES (AS % OF TOTAL)

INITIATIVES UNDERTAKEN

- Improve search engine optimization to drive higher number of impressions and conversion rate for Waters.com
- Invest in paid search to increase digital sales and traffic through Waters.com
- Launch and onboard customers on eProcurement platform

Source: Company data and estimates
In 2019, Waters launched BioAccord, an integrated LC-MS solution that simplifies high performance LC-MS biopharma analysis.

**From: Generalized Launch**

- **Generic approach** to known customers on routine biopharma analyses
- **Generalist salesforce model**
- **Limited collaborations** with customers and regulatory bodies

**To: Focused Market Development**

- **Targeted approach** linked to specific modalities
- **Specialist coverage model**
- **Focused collaborations** with major customers leading to conversion
Our Ongoing Commitment to Deliver Benefit to Society

Environmental

- Actively reducing our environmental footprint
  - Greenhouse gas reduction goal of 35% from 2016 baseline
  - Renewable and / or low-carbon electricity accounts for ~27% of electricity usage
  - Supply chain sustainability program to harmonize our supplier code of conduct with key customers’

Social

- Engaging our people to strengthen communities
  - Our charitable donations supported 250+ organizations with local and global impact
  - STEM programs and scholarships support education of next generation of STEM professionals in under-represented populations
  - Women at the VP-and-above level have increased to ~33% in 2019, from ~8% in 2015

Governance

- Strengthening processes; adding new perspectives
  - Separation of Chairman / CEO positions in 2020
  - 3 new independent directors over the past three years
  - ~30% women representation on Board of Directors
Throughout the COVID-19 pandemic, Waters has turned Our Scientific Understanding towards Three Objectives

- **Ensuring safety and well-being of employees and families**
  - Site readiness plan including ventilation testing; occupancy; social distancing guidelines
  - On-site testing, masks, and distance sensors
  - Multiphase data-driven on-site return

- **Doing our part to help mitigate the public health crisis**
  - Innovation Response Team partnered with organizations, bringing Waters resources and scientific capabilities
  - Waters systems used in QC for therapeutics and vaccine development

- **Maintaining business continuity**
  - Strategic technology investments serve most sales, service, and scientific activities
  - Mitigated supply chain risk; worked closely with suppliers to ensure health and viability
Our Capital Deployment Priorities

- Financial Flexibility
  - Strong, flexible balance sheet
  - Optimal capital structure

- Investing for Growth
  - Organic innovation
  - Capital expenditure
  - Acquisitions & external investments

- Return Capital to Shareholders
  - Share repurchase
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