NEWS RELEASE

PerkinElmer Announces Financial Results for the First Quarter of 2019

4/25/2019

PDF Version

- Revenue of $648.7 million; 1% Reported growth; Organic growth of 5%
- GAAP EPS from continuing operations of $0.32; Adjusted EPS of $0.69
- Acquisition of Cisbio Bioassays, a leading custom assay service provider, bolsters position in life sciences and diagnostics markets
- FY19 GAAP earnings per share guidance range of $2.85 to $2.90 from continuing operations; Raises Adjusted EPS guidance to $4.02-4.07

WALTHAM, Mass.--(BUSINESS WIRE)--Apr. 25, 2019-- **PerkinElmer, Inc**. (NYSE: PKI), a global leader committed to innovating for a healthier world, today reported financial results for the first quarter ended March 31, 2019.

The Company reported GAAP earnings per share from continuing operations of $0.32, as compared to GAAP earnings per share from continuing operations of $0.23 in the first quarter of 2018. GAAP revenue for the quarter was $648.7 million, as compared to $644.0 million in the first quarter of 2018. GAAP operating income from continuing operations for the quarter was $53.3 million, as compared to $39.9 million in the first quarter of 2018. GAAP operating profit margin was 8.2% as a percentage of revenue, as compared to 6.2% in the first quarter of 2018.

Adjusted earnings per share from continuing operations for the quarter was $0.69, as compared to $0.63 in the first quarter of 2018. Adjusted revenue for the quarter was $648.9 million, as compared to $644.2 million in the first

quarter of 2018. Adjusted operating income from continuing operations for the quarter was $105.2 million, as compared to $95.9 million for the same period a year ago. Adjusted operating profit margin was 16.2% as a percentage of adjusted revenues, as compared to 14.9% in the first quarter of 2018.

Adjustments for the Company's non-GAAP financial measures have been noted in the attached reconciliations.

“We are pleased with our first quarter results of 5% organic growth and a corresponding 10% increase in adjusted EPS, driven by strong margin expansion. Generally speaking, the markets are performing in-line with our expectations heading into the year,” said Robert Friel, chairman and chief executive officer of PerkinElmer. “I’m also very pleased to welcome the Cisbio Bioassays team into PerkinElmer. Their technical capabilities and product portfolio fit seamlessly and expand our leading drug discovery franchise.”

Financial Overview by Reporting Segment for the First Quarter of 2019

Discovery & Analytical Solutions

- Revenue was $388.8 million, as compared to $396.5 million for the first quarter of 2018. Reported revenue declined 2% and organic revenue increased 2%.
- Operating income from continuing operations was $36.9 million, as compared to $36.2 million for the comparable prior period.
- Adjusted operating income was $54.3 million, as compared to $57.8 million in the first quarter of 2018.

Diagnostics

- Revenue was $259.9 million, as compared to $247.4 million for the first quarter of 2018. Reported revenue increased 5% and organic revenue increased 9%.
- Operating income from continuing operations was $31.5 million, as compared to $18.4 million for the comparable prior period.
- Adjusted operating income was $66.0 million, as compared to $52.7 million in the first quarter of 2018.

Full Year 2019 Guidance

For the full year 2019, the Company now forecasts GAAP earnings per share from continuing operations in a range of $2.85 to $2.90 and, on a non-GAAP basis, which is expected to include the adjustments noted in the attached reconciliation, adjusted earnings per share of $4.02 to $4.07.

Acquisition

Today, PerkinElmer is excited to announce the acquisition of Cisbio Bioassays, a leading custom assay service provider. The addition of Cisbio bolsters PerkinElmer's position in life sciences and diagnostics markets.

Founded in 1974, and headquartered in Codolet, France, Cisbio develops, manufactures and markets high quality kits and reagents for the life sciences and diagnostics markets. Cisbio's proprietary approach and intellectual property allow the company to offer simpler and more sensitive quantification immunoassays compared to conventional assays on the market. The addition will expand PerkinElmer's current offerings for life sciences researchers, which include a wide range of validated drug discovery screening reagents and kits for high throughput and profiling assays, as well as research-use only in vitro diagnostic kits. Specifically, Cisbio's market-leading HTRF® screening technology can be integrated into PerkinElmer's customers' upstream workflows such as target identification and characterization, along with downstream applications such as lead optimization and validation. Cisbio also significantly expands PerkinElmer's cell-based assay R&D capabilities, and from a commercial standpoint, PerkinElmer expects to be able to leverage Cisbio's customer base in key growth regions including the Americas, Europe and China to expand its market reach for reagents.

Conference Call Information

The Company will discuss its first quarter 2019 results and its outlook for business trends in a conference call on April 25, 2019 at 5:00 p.m. Eastern Time. To access the call, please dial (720) 405-2250 prior to the scheduled conference call time and provide the access code 5586084.

A live audio webcast of the call will be available on the **Investors** section of the Company's Web site, **www.perkinelmer.com**. Please go to the site at least 15 minutes prior to the call in order to register, download, and install any necessary software. An archived version of the webcast will be posted on the Company's Web site for a two week period beginning approximately two hours after the call.

Use of Non-GAAP Financial Measures

In addition to financial measures prepared in accordance with generally accepted accounting principles (GAAP), this earnings announcement also contains non-GAAP financial measures. The reasons that we use these measures, a reconciliation of these measures to the most directly comparable GAAP measures, and other information relating to these measures are included below following our GAAP financial statements.

Factors Affecting Future Performance

This press release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements relating to estimates and projections of future

earnings per share, cash flow and revenue growth and other financial results, developments relating to our customers and end-markets, and plans concerning business development opportunities, acquisitions and divestitures. Words such as "believes," "intends," "anticipates," "plans," "expects," "projects," "forecasts," "will" and similar expressions, and references to guidance, are intended to identify forward-looking statements. Such statements are based on management's current assumptions and expectations and no assurances can be given that our assumptions or expectations will prove to be correct. A number of important risk factors could cause actual results to differ materially from the results described, implied or projected in any forward-looking statements. These factors include, without limitation: (1) markets into which we sell our products declining or not growing as anticipated; (2) fluctuations in the global economic and political environments; (3) our failure to introduce new products in a timely manner; (4) our ability to execute acquisitions and license technologies, or to successfully integrate acquired businesses and licensed technologies into our existing business or to make them profitable, or successfully divest businesses; (5) our failure to adequately protect our intellectual property; (6) the loss of any of our licenses or licensed rights; (7) our ability to compete effectively; (8) fluctuation in our quarterly operating results and our ability to adjust our operations to address unexpected changes; (9) significant disruption in third-party package delivery and import/export services or significant increases in prices for those services; (10) disruptions in the supply of raw materials and supplies; (11) the manufacture and sale of products exposing us to product liability claims; (12) our failure to maintain compliance with applicable government regulations; (13) regulatory changes; (14) our failure to comply with healthcare industry regulations; (15) economic, political and other risks associated with foreign operations; (16) our ability to retain key personnel; (17) significant disruption in our information technology systems, or cybercrime; (18) our ability to obtain future financing; (19) restrictions in our credit agreements; (20) the United Kingdom’s intention to withdraw from the European Union; (21) our ability to realize the full value of our intangible assets; (22) significant fluctuations in our stock price; (23) reduction or elimination of dividends on our common stock; and (24) other factors which we describe under the caption "Risk Factors" in our most recent annual report on Form 10-K and in our other filings with the Securities and Exchange Commission. We disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this press release.

About PerkinElmer

PerkinElmer, Inc. is a global leader focused on innovating for a healthier world. The Company reported revenue of approximately $2.8 billion in 2018, has about 12,500 employees serving customers in more than 150 countries, and is a component of the S&P 500 Index. Additional information is available through 1-877-PKI-NYSE, or at **www.perkinelmer.com**.

PerkinElmer, Inc. and Subsidiaries
CONDENSED CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share data)	Three Months Ended March 31, 2019	Three Months Ended April 1, 2018
Revenue	$ 648,737	$ 643,972
Cost of revenue	340,931	351,750
Selling, general and administrative expenses	198,857	199,725
Research and development expenses	47,980	45,984
Restructuring and contract termination charges, net	7,639	6,578
Operating income from continuing operations	53,330	39,935
Interest income	(283)	(265)
Interest expense	15,850	17,650
Loss on disposition of businesses and assets, net	2,133	-
Other income, net	(1,135)	(5,955)
Income from continuing operations, before income taxes	36,765	28,505
Provision for income taxes	1,312	2,470
Income from continuing operations	35,453	26,035
Income from discontinued operations, before income taxes	-	-
Provision for income taxes on discontinued operations and dispositions	41	11
Loss from discontinued operations and dispositions	(41)	(11)
Net income	$ 35,412	$ 26,024
Diluted earnings per share:		
Income from continuing operations	$ 0.32	$ 0.23
Loss from discontinued operations and dispositions	(0.00)	(0.00)
Net income	$ 0.32	$ 0.23
Weighted average shares of common stock outstanding	111,293	111,330

ABOVE PREPARED IN ACCORDANCE WITH GAAP

Additional Supplemental Information (1): (per share, continuing operations)		
GAAP EPS from continuing operations	$ 0.32	$ 0.23
Amortization of intangible assets	0.35	0.30
Purchase accounting adjustments	0.03	0.09
Significant litigation matter	0.00	0.04
Acquisition and divestiture-related costs	0.02	0.02
Disposition of businesses and assets, net	0.02	-
Restructuring and contract termination charges, net	0.07	0.06
Tax on above items	(0.12)	(0.12)
Impact of tax act	-	0.01
Adjusted EPS	$ 0.69	$ 0.63

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries
REVENUE AND OPERATING INCOME (LOSS)

(In thousands, except percentages)		Three Months Ended March 31, 2019		Three Months Ended April 1, 2018	
DAS	Reported revenue	$ 388,833		$ 396,525	
	Reported operating income from continuing operations	36,927		36,197	
	OP%	9.5	%	9.1	%
	Amortization of intangible assets	10,269		11,711	
	Purchase accounting adjustments	37		15	
	Acquisition and divestiture-related costs	543		38	
	Significant litigation matter	376		4,185	
	Restructuring and contract termination charges, net	6,180		5,676	
	Adjusted operating income	54,332		57,822	
	Adjusted OP%	14.0	%	14.6	%
Diagnostics	Reported revenue	259,904		247,447	
	Purchase accounting adjustments	192		187	
	Adjusted revenue	260,096		247,634	
	Reported operating income from continuing operations	31,486		18,394	
	OP%	12.1	%	7.4	%
	Amortization of intangible assets	28,458		21,189	
	Purchase accounting adjustments	3,571		9,528	
	Acquisition and divestiture-related costs	1,007		2,535	
	Significant litigation matter	-		150	
	Restructuring and contract termination charges, net	1,459		902	
	Adjusted operating income	65,981		52,698	
	Adjusted OP%	25.4	%	21.3	%
Corporate	Reported operating loss	(15,083	)	(14,656	)
Continuing Operations	Reported revenue	$ 648,737		$ 643,972	
	Purchase accounting adjustments	192		187	
	Adjusted revenue	648,929		644,159	
	Reported operating income from continuing operations	53,330		39,935	
	OP%	8.2	%	6.2	%
	Amortization of intangible assets	38,727		32,900	
	Purchase accounting adjustments	3,608		9,543	
	Acquisition and divestiture-related costs	1,550		2,573	
	Significant litigation matter	376		4,335	
	Restructuring and contract termination charges, net	7,639		6,578	
	Adjusted operating income	$ 105,230		$ 95,864	
	Adjusted OP%	16.2	%	14.9	%

REPORTED REVENUE AND REPORTED OPERATING INCOME (LOSS) PREPARED IN ACCORDANCE WITH GAAP

PerkinElmer, Inc. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)	March 31, 2019	December 30, 2018
Current assets:		

Cash and cash equivalents	$ 134,252	$ 163,111
Accounts receivable, net	623,927	632,669
Inventories, net	376,507	338,347
Other current assets	112,960	100,507
Total current assets	1,247,646	1,234,634
Property, plant and equipment:		
At cost	648,517	680,183
Accumulated depreciation	(355,375)	(361,593)
Property, plant and equipment, net	293,142	318,590
Operating lease right-of-use assets	191,251	-
Intangible assets, net	1,167,576	1,199,667
Goodwill	2,939,082	2,952,608
Other assets, net	247,800	270,023
Total assets	$ 6,086,497	$ 5,975,522
Current liabilities:		
Current portion of long-term debt	$ 13,334	$ 14,856
Accounts payable	219,341	220,949
Short-term accrued restructuring and contract termination charges	9,238	4,834
Accrued expenses and other current liabilities	498,221	528,827
Current liabilities of discontinued operations	2,134	2,165
Total current liabilities	742,268	771,631
Long-term debt	1,848,935	1,876,624
Long-term liabilities	689,074	742,312
Operating lease liabilities	167,748	-
Total liabilities	3,448,025	3,390,567
Total stockholders' equity	2,638,472	2,584,955
Total liabilities and stockholders' equity	$ 6,086,497	$ 5,975,522

PREPARED IN ACCORDANCE WITH GAAP

PerkinElmer, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended	
	March 31, 2019	April 1, 2018
	(In thousands)	
Operating activities:		
Net income	$ 35,412	$ 26,024
Loss from discontinued operations and dispositions, net of income taxes	41	11
Income from continuing operations	35,453	26,035
Adjustments to reconcile income from continuing operations to net cash provided by continuing operations:		
Stock-based compensation	6,097	5,332
Restructuring and contract termination charges, net	7,639	6,578
Depreciation and amortization	50,469	44,453
Change in fair value of contingent consideration	3,102	117
Amortization of deferred debt financing costs and accretion of discounts	861	615
Loss on disposition of businesses and assets, net	2,133	-
Amortization of acquired inventory revaluation	283	9,208
Changes in assets and liabilities which provided (used) cash, excluding effects from companies acquired:		
Accounts receivable, net	7,864	(10,280)
Inventories	(38,441)	(25,028)
Accounts payable	(1,451)	(10,026)
Accrued expenses and other	(79,325)	(61,562)
Net cash used in operating activities of continuing operations	(5,316)	(14,558)
Net cash used in operating activities of discontinued operations	-	-

Net cash used in operating activities	(5,316)	(14,558)
Investing activities:		
Capital expenditures	(19,875)	(22,652)
Purchases of investments	(519)	-
Purchases of licenses	(5,000)	-
Proceeds from surrender of life insurance policies	-	72
Proceeds from disposition of businesses and assets	550	-
Payment of acquisitions, net of cash and cash equivalents acquired	(4,384)	(1,087)
Net cash used in investing activities of continuing operations	(29,228)	(23,667)
Net cash provided by investing activities of discontinued operations	-	-
Net cash used in investing activities	(29,228)	(23,667)
Financing Activities:		
Payments on borrowings	(152,000)	(147,000)
Proceeds from borrowings	179,000	204,000
Payments of debt issuance costs	(88)	-
Settlement of cash flow hedges	(1,675)	(36,169)
Net payments on other credit facilities	(3,476)	(3,008)
Payments for acquisition-related contingent consideration	(12,100)	-
Proceeds from issuance of common stock under stock plans	8,610	7,468
Purchases of common stock	(5,293)	(4,555)
Dividends paid	(7,743)	(7,727)
Net cash provided by financing activities of continuing operations	5,235	13,009
Net cash used in financing activities of discontinued operations	-	-
Net cash provided by financing activities	5,235	13,009
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	450	3,850
Net decrease in cash, cash equivalents, and restricted cash	(28,859)	(21,366)
Cash, cash equivalents, and restricted cash at beginning of period	166,315	202,371
Cash, cash equivalents, and restricted cash at end of period	$137,456	$181,005
Supplemental disclosure of cash flow information:		
Reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total shown in the consolidated statements of cash flows:		
Cash and cash equivalents	134,252	$ 180,800
Restricted cash included in other current assets	3,204	205
Total cash, cash equivalents and restricted cash	$137,456	$181,005

PREPARED IN ACCORDANCE WITH GAAP

PerkinElmer, Inc. and Subsidiaries
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (1)

(In millions, except per share data and percentages)	PKI Three Months Ended March 31, 2019		April 1, 2018	
Adjusted revenue:				
Revenue	$ 648.7		$ 644.0	
Purchase accounting adjustments	0.2		0.2	
Adjusted revenue	$ 648.9		$ 644.2	
Adjusted gross margin:				
Gross margin	$ 307.8	47.4 %	$ 292.2	45.4 %
Amortization of intangible assets	14.8	2.3 %	11.7	1.8 %
Purchase accounting adjustments	0.5	0.1 %	9.4	1.5 %
Adjusted gross margin	$ 323.1	49.8 %	$ 313.3	48.6 %
Adjusted SG&A:				
SG&A	$ 198.9	30.7 %	$ 199.7	31.0 %
Amortization of intangible assets	(23.9)	-3.7 %	(21.1)	-3.3 %

Purchase accounting adjustments	(3.1)	-0.5 %	(0.1)	0.0 %
Acquisition and divestiture-related expenses	(1.6)	-0.2 %	(2.6)	-0.4 %
Significant litigation matter	(0.4)	-0.1 %	(4.3)	-0.7 %
Adjusted SG&A	$ 169.9	26.2 %	$ 171.6	26.6 %
Adjusted R&D:				
R&D	$ 48.0	7.4 %	$ 46.0	7.1 %
Amortization of intangible assets	-	0.0 %	(0.1)	0.0 %
Adjusted R&D	$ 48.0	7.4 %	$ 45.9	7.1 %
Adjusted operating income:				
Operating income	$ 53.3	8.2 %	$ 39.9	6.2 %
Amortization of intangible assets	38.7	6.0 %	32.9	5.1 %
Purchase accounting adjustments	3.6	0.6 %	9.5	1.5 %
Acquisition and divestiture-related expenses	1.6	0.2 %	2.6	0.4 %
Significant litigation matter	0.4	0.1 %	4.3	0.7 %
Restructuring and contract termination charges, net	7.6	1.2 %	6.6	1.0 %
Adjusted operating income	$ 105.2	16.2 %	$ 95.9	14.9 %

	PKI Three Months Ended March 31, 2019	April 1, 2018
Adjusted EPS:		
GAAP EPS	$ 0.32	$ 0.23
Discontinued operations, net of income taxes	(0.00)	(0.00)
GAAP EPS from continuing operations	0.32	0.23
Amortization of intangible assets	0.35	0.30
Purchase accounting adjustments	0.03	0.09
Significant litigation matter	0.00	0.04
Acquisition and divestiture-related expenses	0.02	0.02
Loss on disposition of businesses and assets, net	0.02	-
Restructuring and contract termination charges, net	0.07	0.06
Tax on above items	(0.12)	(0.12)
Impact of tax act	-	0.01
Adjusted EPS	$ 0.69	$ 0.63

	PKI Twelve Months Ended December 29, 2019
Adjusted EPS:	
	Projected
GAAP EPS from continuing operations	$2.85 - $2.90
Amortization of intangible assets	1.39
Purchase accounting adjustments	0.06
Significant litigation matter	0.00
Acquisition and divestiture-related costs	0.02
Disposition of businesses and assets, net	0.02
Restructuring and contract termination charges, net	0.07
Tax on above items	(0.39)
Adjusted EPS	$4.02 - $4.07

	DAS Three Months Ended March 31, 2019	April 1, 2018
Revenue	$ 388.8	$ 396.5
Adjusted operating income:		
Operating income	$ 36.9	9.5 % $ 36.2	9.1 %
Amortization of intangible assets	10.3	2.6 % 11.7	3.0 %
Purchase accounting adjustments	0.0	0.0 % 0.0	0.0 %
Acquisition and divestiture-related expenses	0.5	0.1 % 0.0	0.0 %
Significant litigation matter	0.4	0.1 % 4.2	1.1 %
Restructuring and contract termination charges, net	6.2	1.6 % 5.7	1.4 %
Adjusted operating income	$ 54.3	14.0 % $ 57.8	14.6 %

	Diagnostics Three Months Ended March 31, 2019	April 1, 2018

Adjusted revenue:				
Revenue	$ 259.9		$ 247.4	
Purchase accounting adjustments	0.2		0.2	
Adjusted revenue	$ 260.1		$ 247.6	
Adjusted operating income:				
Operating income	$ 31.5	12.1 %	$ 18.4	7.4 %
Amortization of intangible assets	28.5	10.9 %	21.2	8.6 %
Purchase accounting adjustments	3.6	1.4 %	9.5	3.9 %
Acquisition and divestiture-related expenses	1.0	0.4 %	2.5	1.0 %
Significant litigation matter	-	0.0 %	0.2	0.1 %
Restructuring and contract termination charges, net	1.5	0.6 %	0.9	0.4 %
Adjusted operating income	$ 66.0	25.4 %	$ 52.7	21.3 %

(1) amounts may not sum due to rounding

PerkinElmer, Inc. and Subsidiaries
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES (1)

	PKI
	Three Months Ended March 31, 2019
Organic revenue growth:	
Reported revenue growth	1%
Less: effect of foreign exchange rates	-4%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	0%
Organic revenue growth	5%

	DAS
	Three Months Ended March 31, 2019
Organic revenue growth:	
Reported revenue growth	-2%
Less: effect of foreign exchange rates	-3%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	0%
Organic revenue growth	2%

	Diagnostics
	Three Months Ended March 31, 2019
Organic revenue growth:	
Reported revenue growth	5%
Less: effect of foreign exchange rates	-4%
Less: effect of acquisitions including purchase accounting adjustments and impact of divested businesses	1%
Organic revenue growth	9%

(1) amounts may not sum due to rounding

Explanation of Non-GAAP Financial Measures

We report our financial results in accordance with 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 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 “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 “adjusted gross margin” to refer to GAAP gross margin, excluding amortization of intangible assets and 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, 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, and exclude the impact of significant tax events.

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, and therefore only our projected costs are 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 incur 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 incur 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.
- 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.

- Impact of significant tax events – we exclude the impact of significant tax events, such as the Tax Cuts and Jobs Act of 2017. Management does not believe the impact of significant tax events accurately reflects the performance of our ongoing operations for the periods in which the impact of such events were recorded.

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, disposition of businesses and assets, net, 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.

View source version on businesswire.com: **https://www.businesswire.com/news/home/20190425005972/en/**

Source: PerkinElmer, Inc.

Investor Relations:
PerkinElmer, Inc.
Bryan Kipp (781) 663-5583

bryan.kipp@perkinelmer.com

Media Contact:
PerkinElmer, Inc.
Fara Goldberg (781) 663-5699
fara.goldberg@perkinelmer.com