

Analysts

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Market Cap (B)	\$240,25
Basic Shares O/S	375.71
52-Wk High (B)	\$640,33
52-Wk Low (B)	\$385,46

\$(Billion)	2025	2024	2023	2022
Gross profit	17,726	17,728	17,194	19,011
EBITDA	11,003	10,770	10,852	11,906
EBIT	8,210	7,662	7,446	8,525
Net Income	6,570	6,335	5,995	6,950

Key Executives

Marc Casper	CEO
Stephen Williamson	CFO
Michel Lagarde	COO

Investment Thesis

Thermo Fisher Scientific is an end-to-end pharmaceutical and life sciences tools provider, pursuing value-chain expansion through acquisitions and increased exposure to data analytics.

In late 2025, the company announced partnerships with NVIDIA and OpenAI to integrate AI into key laboratory instruments. Based on the analysis conducted, the market appears overly optimistic regarding the potential for AI-driven efficiency improvements. The expectations for near term margin expansion and sustained above-trend organic growth may not price in the implementation frictions, adoption timelines, and competitive responses, in addition to the risky geopolitical dynamics.

As a result, we recommend a **Short** position, as upside catalysts appear largely priced in and fundamentals increasingly diverge from market expectations.

Valuation

We are valuing Thermo Fisher Scientific using a 50/50 blend of intrinsic value (DCF) and relative valuation (multiples), arriving at a target price of \$497.75, a 22.16% decrease from its last close price.

Key Risks

Downside risks: Thermo Fisher's integration of the recent acquisitions could create operational complexity. Ongoing uncertainty around U.S. research funding, global trade policy, and macro conditions in China may weigh on demand and increase input costs.

Upside risks: Thermo Fisher Scientific might benefit from a recovery in biopharma and academic R&D spending. Additionally, the firm's unique integration of AI into its operations could help the firm capture a higher market share if executed well.

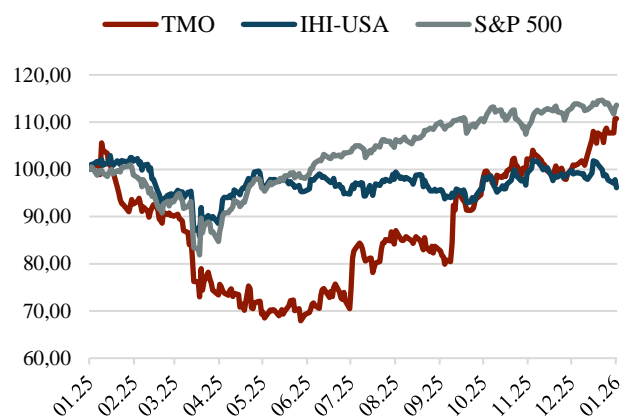
Basic Information

Last Closing Price	\$639,45
Target Price	\$497,75
+/- potential	-22,16%
Ticker	TMO:US
GICS Sector	Health Care
GICS Sub-Industry	Life Sciences Tools & Service

1 Year Cumulative returns



1 Year returns: TMO, IHI-USA, S&P500 rebased to 100



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Company Overview

Foundation and Mission

Thermo Fisher Scientific Inc. was formed through the merger of Thermo Electron Corporation and Fisher Scientific International Inc. The firm is an analytical instruments supplier and laboratory solutions provider, with customer bases such as scientific research and healthcare markets. The company is headquartered in Waltham, USA.

Business Model and Operations

The firm combines the sale of capital equipment with recurring products such as consumables, services, and software. It promotes the creation of sustainable long-term relationships with its customers, as the initial purchase of equipment is usually followed by a subsequent purchase of complementary supplies.

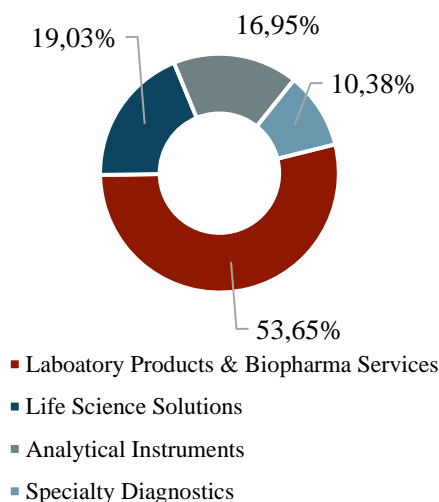
Its main revenue driver is the Laboratory Products and Biopharma Services category, which includes basic laboratory equipment and services used in the development and manufacturing of pharmaceuticals. This segment supplies the daily tools scientists need to conduct research.

The Life Sciences Solutions category covers the sale of instruments and consumable products used in biological and academic research, sometimes in drug discovery, and in the development of new therapy methods.

In the Analytical Instruments category, Thermo Fisher (also mentioned as TMO), provides equipment that is able to identify and measure the composition of substances that help customers understand the purity of certain substances, such as water quality and pharmaceuticals.

The final main category is represented by Specialty Diagnostics, which includes products used in hospitals for diagnosis and discovery. Tools such as these ensure healthcare providers make informed decisions about patient care.

Figure 1.1: Revenue by Business Unit (%)



Source: Prometheus Capital

Core Segment Operations

The company operates through integrated manufacturing, distribution, and service networks. Products are manufactured at specialized facilities, on a global scale, and are then distributed through direct sales and e-commerce platforms. Many instruments require frequent service, which TMO provides, through various field service teams. Consumables (syringes, filtration devices) are typically sold on a recurring basis.

Customer Base

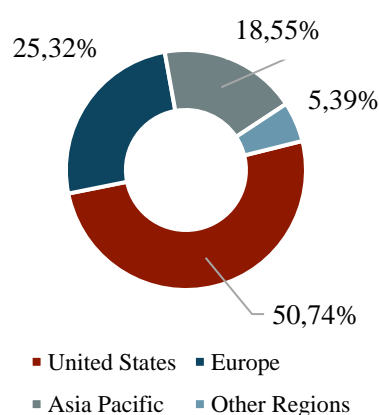
Four main categories comprise Thermo Fisher's clientele. Products for drug development are used by pharmaceutical and biotechnology companies, while government and academic research institutions, such as national laboratories and universities, acquire supplies and equipment for scientific research. TMO's laboratory products are used by healthcare and clinical diagnostic labs in hospitals for the processing of millions of patient tests. Finally, such tools are used in various applications, such as food testing, environmental monitoring, petrochemical analysis, and so on, as mentioned previously.

Value Chain Position

Thermo Fisher is positioned between raw material suppliers and end customers, those who conduct scientific work. The company sources raw materials from around the world, then manufactures ready-to-use instruments and consumables.

The company creates value by integrating multiple technologies into complete workflow solutions. Rather than having customers purchase separate instruments, software, and consumables from different vendors, Thermo Fisher provides integrated systems designed to work together.

Figure 1.2: Revenue by Geography (%)



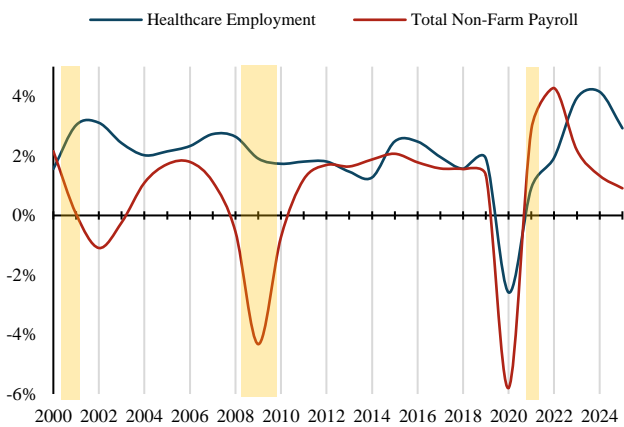
Source: Prometheus Capital

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Industry and Competitive Landscape

The Global Healthcare Sector can be generally characterized by an inelastic demand. This is mainly driven by modern concerns such as demographic aging, the prevalence of rising chronic disease, and expanding access to basic medical care in developing countries. Contrary to the nature of cyclical industries, which are subject to various discretionary spending patterns, healthcare expenditure is remarkably stable across various economic cycles. This overall homogeneity seems to be supported, in large part, by regulatory frameworks, third-party reimbursement mechanisms, and the need for various products and treatments.

Figure 2.1 U.S. Employment (YoY % change)



Source: Prometheus Capital

The Life Sciences Tools and Diagnostic industry is usually found in pharmaceutical research, clinical diagnostics, and biotechnology innovation. The industry's total addressable market was estimated to exceed \$190 billion, on a global scale, in 2025, with North America standing as its main and biggest revenue driver, with a 42.56% revenue share in 2024. Industry analysts predict a sustained growing trend, in the medium to long term, with a CAGR between 10-13%. Hence, the industry is poised to reach a market size of over \$400 billion by 2033. This growth is driven by an expanding use of new genomic technologies, increasing R&D investments, mainly in the pharmaceutical and biotechnology, in addition to the accelerating adoption of advanced analytics across research and in clinical applications.

Revenue Model and Cyclicalty

In the past years, the industry's revenue composition has been experiencing a structural shift towards recurring revenue streams, particularly consumables, reagents, and outsourced contract services, which benefit from higher customer switching costs, extensive regulatory validation requirements, and thus, tend to be highly integrated into customer workflows and laboratory information systems.

While the sector still experiences some cyclicalty, this is primarily attributable to fluctuations in biotechnology venture capital funding and capital expenditure cycles. These factors are substantially mitigated by the inelastic demand of consumables and diagnostic testing services, for which sales remain consistent during economic downturns. This enables the industry to combine secular growth characteristics with moderate cyclicalty, rather than behaving as a purely defensive healthcare subsector.

Current Technological Changes

With Artificial Intelligence's continuous improvement, it is imperative that it is rapidly becoming part of the research and development processes for the life science tools and diagnostic industry. Indeed, firms in this sector are increasingly utilizing AI tools such as AlphaFold and BioBERT. These language models streamline and accelerate biological modelling, offering researchers new ways to analyse large sets of data, produced from genomic, proteomics, and metabolomics instruments, all at a faster rate. This coincides with an increase in the speed and accuracy of biomarker discovery, as well as reductions in R&D costs, and, importantly, reduced time for the sale of new therapies and testing technologies.

Figure 2.2 Tailwinds and Headwinds

Tailwinds	Headwinds
Continued innovation in biologics, supporting demand for advanced research tools	Normalization of early-stage biotech funding from pandemic-era peaks
Rapid progress in cell and gene therapies, increasing manufacturing and quality complexity.	Pricing pressure within academic and publicly funded research institutions.
Greater outsourcing of pharmaceutical R&D and manufacturing to specialized providers	Higher compliance and operating costs driven by evolving regulatory requirements
Stricter regulatory standards favoring large, well-established incumbents	Short-term volatility in discretionary research spending

Source: Prometheus Capital

Industry's Performance

The U.S. The Health Technology sector experienced sustained underperformance relative to the S&P500 Index in the last 5 years, with the sector delivering an annualized total return of roughly 7%, compared with about 12–13% for the S&P 500. This is demonstrating heightened sensitivity to tightening monetary policy and normalization of pandemic-elevated demand. The sector faced significant valuation pressure as biotechnology venture capital contracted and laboratory capital expenditure declined, compressing growth expectations. While periodic recovery attempts occurred, they proved insufficient to close the accumulated performance deficit relative to the global benchmark.

Porter's 5 Forces

Threat of Entrants: **Low**

Substantial capital requirements, advanced technological capabilities, and stringent regulatory obligations retain high barriers to entry for the Life Science Tools and Diagnostic Industry. Firms doing business in this sector are obligated to comply with strict standards, which are constantly being imposed by regulatory bodies, such as the FDA and EMA. Furthermore, the companies must keep validated manufacturing and distribution processes, which have to be aligned with current Good Manufacturing Practices (cGMP) and Good Distribution Practices (GDP). Nevertheless, due to the fact that firms succeeding in the industry have complex supply chain requirements and there is a strong need for protecting proprietary technologies, the industry has high entry barriers.

Bargaining Power of Suppliers: **Moderate to High**

The industry of interest faces a high reliance on specialized and, under certain instances, sole-source suppliers, for critical materials, components, and reagents. Indeed, such practices can be deemed necessary for reasons such as quality assurance, regulatory requirements, cost effectiveness, and availability. This dependence on suppliers also extends to commodities, such as energy needed to maintain a continuous production. However, through acquisitions of various firms, such as Solventum's Purification & Filtration and CorEvitas, the firm has been demonstrating an increased interest in supply chain independence.

Bargaining Power of Customers: **Low to Moderate**

Thermo Fisher Scientific faces a highly fragmented customer base across biopharma, academic, and government sectors. Many factors, including public policy spending priorities, available resources, and product and economic cycles, can have a significant effect on the capital spending policies of these entities. However, buyer bargaining power is moderated by high switching costs, particularly for consumables, reagents, and integrated laboratory systems that are

embedded within customer workflows subject to regulatory validation. In addition, the technical complexity, compliance requirements, and long-term relationship limits a customer's ability to substitute Thermo Fisher Scientific easily.

Competitive Rivalry: **High**

With the top four producers, Thermo Fisher Scientific, Danaher, Merck, and Roche, holding more than 45% of the market, the Life Science Tools and Diagnostic sector is extremely concentrated. Despite such clustering, technological capabilities among firms are relatively comparable and there are interconnected and global distribution networks, which flow with strong financial resources to invest aggressively in R&D. These aforementioned factors drive an intense competitive rivalry. Additionally, the market incumbents are seeking to expand their product portfolios and defend their market positions, thus, they engage in continuous innovation practices and strategic mergers and acquisitions.

Threat of Substitutes: **Low**

Thermo Fisher Scientific is under a minimal threat level of finding substitutes, due to the fact that laboratory instruments, reagents, and diagnostic systems operate within a highly regulated environment. Here, testing protocols are mandated and subject to rigorous validation requirements. Additionally, the capital-intensive nature of the equipment and the deep integration of their services into regulated workflows further lowers the threat. The firm also seems to continuously increase the capabilities across its broad portfolio of innovative products and services through organic investments, research and development. It adds to its capacity and capabilities through various acquisitions. While there are alternative delivery models, including outsourcing to contract research organizations or utilizing centralized testing facilities, these approaches represent operational rather than technological substitutions. This is due to their reliance on fundamentally similar analytical platforms and consumables frequently sourced from incumbent industry participants.

SWOT Analysis

STRENGTHS

Strategic Growth via Acquisitions: The company completed the acquisition of Solventum's Purification & Filtration in September 2025, adding to the extensive list of acquisitions the firm has completed over the years in various parts of the value chain, from the production of equipment and pharmaceuticals to data analysis. The firm seems to be able to create synergy with the various acquisitions that it carries out, lowering the chances of operational distractions and other issues.

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Broad Portfolio and Strong Brand Image: The firm is active in a multitude of industries, such as life sciences, analytics, laboratory products, and services (Annual Report 2024, p. 4-6). Thus, TMO can diversify its potential risks arising from macroeconomic factors, which can hamper activity in certain industries, while safeguarding other revenue drivers. TMO disposes of an ecosystem, through which it controls a large portion of the value chain. This way, it is able to secure revenue growth, increase switching costs, and boost customer retention. It also enables bundled solutions, which are hard to replicate, maintaining a moat in emerging markets and creating a strong brand image.

Strong Human Capital & Global Scale: Built on the values of Integrity, Intensity, Innovation and Involvement, the company employs over 125,000 people, distributed over the Americas, EMEA, and APAC, whereby continuous reinvestment into this organizational capital is taking place, with potential rotations for further business optimization. The firm activates in over 50 countries, which offers supply chain resilience, proximity to consumers and suppliers.

Consistent and Growing Cash Flows: The firm's cash flows are relatively consistent year over year, allowing the firm to continue the M&A expansion, the debt repayments, and organic growth via R&D.

WEAKNESSES

Operational Risks: Thermo Fisher is strongly reliant on limited supply sources for the materials and components it requires. Any disruptions or inefficiency issues can lead to production bottlenecks. Due to needs for quality assurance, the existence of regulatory requirements, and cost efficiency desires, they use the same or a limited number of suppliers. In this case, any breakages on the supplier side and contractual stoppage would lead to downsides for TMO.

Business Risks: TMO competes directly with its main customers and product suppliers. If any of these modify their relationship, this can have an impact on TMO. They manufacture products that compete directly with products sourced from third-party suppliers.

Highly complex business model: There are quality concerns due to highly complex products, where if an insufficient level of quality is provided, the business can be harmed by refunds and operational issues. With spread out branches, execution risk increases, and complexity can make decision-making harder

High dependence upon external, rather than organic growth: Even with the strong value chain control and the power to enhance customer lock-in via the ecosystem, the company seems to rely on acquisitions for market penetration

and for market expansion. This is sustainable as long as cash flows remain constant; however, the firm is already highly leveraged, and macroeconomic events could worsen its situation. Moreover, due to its constantly increasing position in various interconnected markets, TMO may face scrutiny from regulators, which may require a business-level change of strategy, hampering short-term productivity and financials.

Low Year-over-Year revenue and Cash Flow growth: According to the 2025 Q1-3 reports, the quarterly organic revenue growth was relatively low, at around 1-3% each quarter, similar to the 2024 cash flow growth. In some years, this growth level can be lower than inflation. This growth level can be attributed to the firm's size and its diversified pool of revenues, in addition to the recovery from very high sales from the pandemic, which were not repeated immediately after, but having activities in so many different industries entails lowered overall growth for the conglomerate.

OPPORTUNITIES

High-value partnerships: Just recently, TMO announced a partnership with Nvidia to improve the digitalization of scientific instruments, data, and laboratory infrastructures via AI-powered solutions. Additionally, the firm can win various government-funded contracts. Furthermore, the current U.S. administration has intentions to make production in the pharma industry domestic, which translates into subsidies that make U.S. activity more attractive than the more regulatory-prone areas, such as EMEA.

Expansion in Emerging Markets: Through the market penetration strategies, TMO is able to be an early innovator in various high-growth areas, such as proteomics, securing customers, and adding more revenue drivers.

Stable Services Revenue: TMO is looking to control most, if not all of its value chain, which allows it to manage and be in the proximity of its customer relationship, while enhancing its service offerings (for example, via the acquisition of CorEvitas, LLC), as a new revenue driver, and create a more stable revenue base.

THREATS

Industry and Economic Risks: The firm must rely on the growth of the industries and economies it activates in. Certain industries are highly cyclical, causing unsustainable demand forecasting. Furthermore, inflationary situations represent various challenges for TMO: reduced demand, risk of excess inventory, risk of cancellations and delays. This can form longer sales cycles, with a greater difficulty of monetizing the receivables accounts and leads to slower adoption of newer technologies.

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Furthermore, exchange rate risks (currency translation) had a negative effect of \$0.8 billion on the 2024 revenues, due to Dollar strengthening. Other issues here are tariffs that the U.S. is imposing on the trade partners and vice versa.

Regulatory, Legal, Quality Assurance Risks: These classify as any unpredictable events in laboratories, such as hazards, governmental regulations, which can negatively affect demand for products. TMO is subject to product and other liability risks in areas such as radiation measurement or explosive detection, where it does not dispose of adequate insurance. Further problems entail the imposition of government controls and stricter data privacy concerns, with the necessity to abide by ESG concerns (which could increase the cost of capital).

Financial Profile Risks: Taxation depends on the various countries in which they have business activity. Changes in revenue drivers and their country-level proportions can have a fluctuating impact on the taxation amounts.

Figure 3.1: Thermo Fisher’s SWOT Analysis

S STRENGTHS	<ul style="list-style-type: none"> • Strategic Growth via Acquisitions • Broad Portfolio and Strong Brand Image • Strong Human Capital&Global Scale • Consistent and Growing Cash Flows
W WEAKNESSES	<ul style="list-style-type: none"> • Operational Risks • Business Risks • Highly complex business model • High dependence on external growth • Low YoY revenue and CF growth
O OPPORTUNITIES	<ul style="list-style-type: none"> • High-value partnerships • Government funded contracts • Expansion in Emerging Markets • Counter Cyclicity with Stable Services Revenue
T THREATS	<ul style="list-style-type: none"> • Industry and Economic Risks • Legal, Quality & Regulatory Risks • Financial Profile Risks

Source: Prometheus Capital

Management

Leadership

Marc Casper has served as TMO’s Chairman, President, and CEO since the 2009 Fiscal Year. Under his leadership, the company’s revenue grew at a CAGR of around 9.5%, outperforming TMO’s peers in the Life Sciences sector. This entails an increase in revenues from \$10.5 billion in 2009 to almost \$43 billion in 2024, a quadruple appreciation. During this time, the company has completed over 50 acquisitions,

being able to create synergies by integrating companies ranging from small technology specialists to multibillion-dollar strategic value chain competitors.

The firm’s CFO from 2015, **Stephen Williamson**, will retire on March 31, 2026, with **Jim Meyer** replacing him. Having worked for TMO since 2009, Meyer has held various leading positions within the company, mainly in finance roles for the company’s Laboratory Products, Analytical Instruments, and Customer Channels divisions. From January 2023 to today, he has been serving as a Vice President of Financial Operations. In this position, he is responsible for managing the finance support for all operating businesses of the growing conglomerate. The stock market’s reaction to the appointing of the new CFO was a 9.1% increase, on July 23, 2025, with the stock closing at \$466.71. This move indicated a strong positive market reception to the planned internal succession, showing confidence in the company’s future governance standing.

Capital Allocation

Thermo Fisher prioritizes a strategy which involves the use of share repurchase mechanisms, strategic M&A, and organic innovation with sustained capacity investment. The company is able to maintain a R&D spending at 4-5% of revenue while investing about \$1.5 billion a year in capital expenditures. Since 2014, the firm has conducted a whopping estimate of \$40 billion in M&A transactions, including \$13.6 billion for Life Technologies, \$7.2 billion for Patheon, and \$17.4 billion for PPD, just to name a few. When the company faces times of moderate M&A activity, it has been engaging in disciplined forms of share repurchases, with total amounts ranging between \$500 million and \$1 billion annually. Despite equity compensation, and due to share repurchases programmes, which tend to benefit the largest shareholders, the number of shares decreased by 3.7% over the last 10 years.

Alignment

An estimate of 85–90% of a CEO’s total compensation is based on performance metrics rather than base pay. Long-term incentives include performance share units and stock options, which are being vested, usually, in accordance to three-year revenue growth and adjusted operating margin targets. Annual incentives are based on adjusted operating income and free cash flow levels. Although the company’s executive scorecards do not specifically include ROIC as a stand-alone metric, they instead focus on operating income, revenue growth, and margin expansion. Nevertheless, the ROIC metric has improved from 7.8% (2014) to 9.2% (2024). When it comes to share ownership among the C-level executives, the CEO, Marc Casper, at the latest filing, owns about 350,000 shares, worth around \$220 million, accounting for about 0.3% of all shares outstanding. Each year, stock-

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based compensation accounts for 1% to 1.5% of outstanding shares. As mentioned previously, this is offset by buyback programs, which prevent significant dilution, neutralizing negative shareholder effects.

Governance and Communication

When it comes to the internal governance mechanisms, there is duality, with Chairman position being combined with the CEO role. For further monitoring purposes, the firm disposes of a designated Lead Independent Director. The Board of Directors is composed of twelve members, eleven of whom are independent, suggesting strong alignment with suggested practices. The company seems to be transparent, offering clear commentary on demand trends during times of market change, along with quarterly and annual guidance, that, as of latest years, has typically met or surpassed initial full-year targets. As far as the search has expanded, there have not been any notable governance-related lawsuits, or regulatory enforcement actions.

Management Quality: **Moderate to Strong**

The current management team has delivered solid long-term results, with the firm experiencing an impressive 9.5% CAGR for revenues, since 2009, sustained by the successful integration of 50+ acquisitions.

Soon after COVID, serious execution problems have surfaced. Approximately \$9 billion in pandemic-related revenue, with the peak amount reached in 2021, have disappeared in a shorter time frame than expected. It seemed as if the management miscalculated the COVID revenue cliff. Credibility was clearly harmed because of excess capacity and inventory buildups. In hindsight, the \$17.4 billion PPD acquisition from 2021 appears to have been poorly timed, as it was purchased at peak COVID valuations and had little strategic justification other than purposes such as revenue consolidation.

The aggressive expansionary tactics, via the M&A strategy creates ongoing integration risk, and recent post-pandemic performance suggests management struggles with scenario planning during demand inflections.

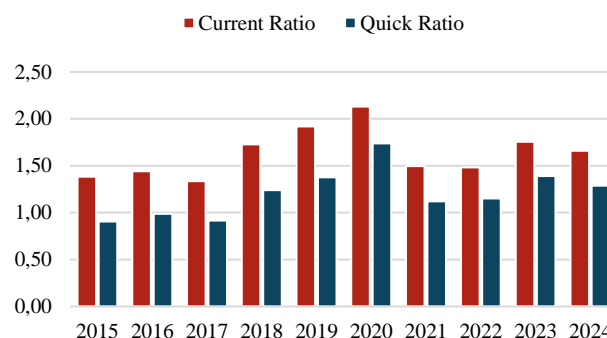
Financial Analysis

Liquidity

Thermo Fisher Scientific's liquidity has shown notable fluctuations over the last 10 years, with the current ratio experiencing a relatively significant drop from a FY2020 peak of 2.13 to 1.66 in FY2024. During the same time period, the Quick Ratio decreased from 1.74 to 1.29. Even though the firm has experienced some relative contractions, as far as liquidity is concerned, TMO maintains adequate short-term

solvency levels, as both of the aforementioned ratios are above the critical threshold of 1.0. Additionally, the firm's recurring revenue streams accounted for 83% of total revenue in 2024, a noticeable improvement from 65% in 2008. This improvement is very useful to the company for the shareholders, as it provides predictable, stable cash inflows and reduces collection risk.

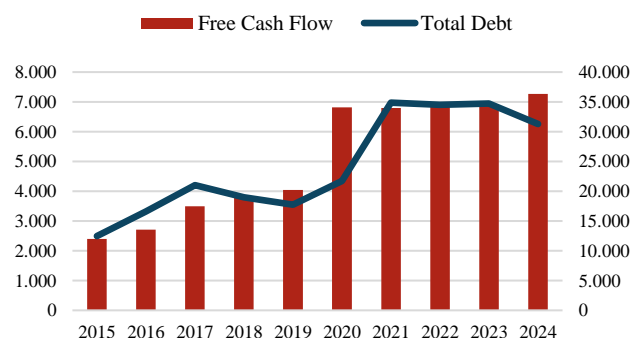
Figure 4.1: Thermo Fisher's Liquidity Ratios



Source: Prometheus Capital

Free Cash Flow levels have remarkably increased from \$3.8 billion in FY2019 to \$7.3 billion in FY2024 and have remained relatively constant since 2021, which was a peak year for the firm. The company thus disposes of a robust cash generation capability, which allows for the redeployment cash to the enhancement of financial flexibility for strategic capital allocation strategies. This enabled the company to engage in aggressive acquisition strategies without resorting to debt service, as all major transactions from 2021 to 2025 have been structured as 100% cash. Such resilience was seen as well in a consistent commitment to share repurchases.

Figure 4.2: Thermo Fisher's FCF and Total Debt



Source: Prometheus Capital

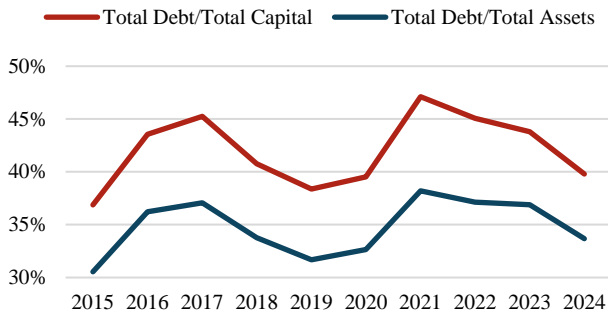
Capital Structure

Thermo Fisher Scientific's Capital Structure has remained relatively stable across the last 10 years. This stability reflects the controlled and deliberate use of leverage, which aligns with the expansionary strategy, noticed in the acquisition-

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driven growth model, which still allows the company to generate consistent and increasing free cash flow levels. In FY2024, the firm recorded a debt-to-capital ratio of 39.80%, which was a large decrease compared to its peak of 47.11% in earlier years. This contraction shows a progressive reduction in the use of leverage, suggesting the desire for a disciplined capital structure management and limited balance sheet stress.

Figure 4.3: Thermo Fisher’s Capital Structure



Source: Prometheus Capital

The observed decline in leverage ratios appears to be driven more by growth in equity and total assets, rather than by an absolute reduction in debt levels. The latter remained largely higher than pre-COVID levels. To back this claim, in 2019, the total debt recorded was \$17,752 million compared to about \$31,275 million, which was recorded in 2024, hence, a 76% increase.

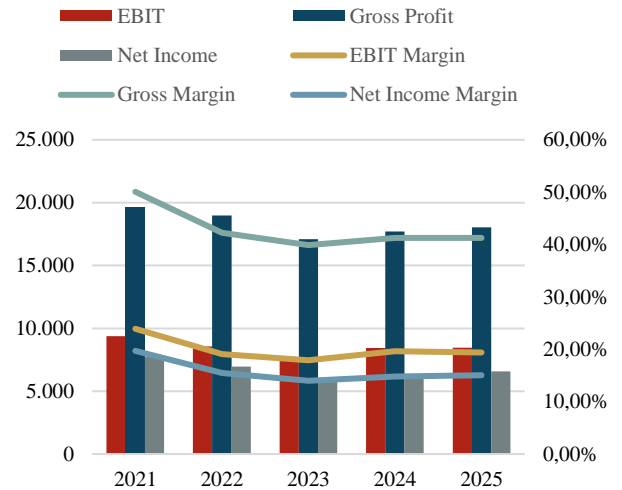
Overall, the company’s A- credit rating assigned by Standard & Poor’s reinforces the assessment of a well-managed and stable capital structure with strong capabilities of fulfilling its debt service obligations.

Profitability

When it comes to the profitability analysis, the revenues remained positive, but low, over the course of the last five years (keep in mind that 2025 represents TTM, as of Yahoo Finance Financials for TMO) at around 2.77%. During the pandemic, the firm saw high revenues due to strong demand for COVID-19 testing products and lab services. As the pandemic has relatively dissipated, the revenue has been replaced by recurring consumables. When compared to 2024, the Life Sciences Solutions segment (22% of total revenue) declined by 1.9% in 2025, due to challenges in industrial space R&D investment, in addition to macroeconomic uncertainty. The Specialty Diagnostics division experienced a positive growth from 2024, which aligns with the company’s push into precision medicine and companion diagnostics, facilitated by the 2024 acquisition of PPD, which allows Thermo Fisher to control the end-to-end drug development pipeline.

A similar trend was the case for the EBIT margin, finding all-time highs during the strong demand from the pandemic, followed by a relative decrease, and later experiencing an inflection in 2023 and an eventual stabilization for the last 2 years at around 19-20% of revenues.

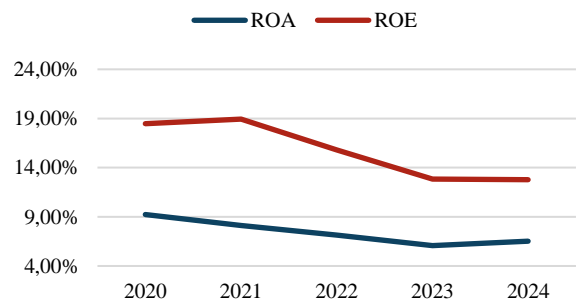
Figure 4.4: Inflection points of Profit



Source: Prometheus Capital

Furthermore, there has been a large drop in the ROE (DuPont method), from 2021 to 2023. This is in line with the profitability items, whereby, the pandemic created a large need for the services and products of TMO, followed by a relative drop in that demand, which now, is being replaced by services in other sectors in which the firm extends via acquisitions. The ROA followed a less drastic trend than ROE, which reflected partly the larger impact of the market reactions to the lowered demand, and thus, was not felt that severely due to a less volatile level in net income and among the firm’s assets. Both ratios stabilize after 2023-2024.

Figure 4.5: The differing trends of ROE and ROA



Source: Prometheus Capital

Peer Comparison

When compared with its peers in the Life Sciences Tools & Services, Thermo Fisher demonstrates competitive financial performance. Its revenues and EBITDA levels are sector leading, while its net margin sits behind notable competitors, such as Abbott Labs and Agilent Technologies. It boasts the

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largest human capital base of its direct peers by quite a margin above the second firm in this category (Abbott Labs) and a lot higher than the average in the industry. As mentioned in the previous sections, the expansive tactics via external growth in divergent industries is proven to add additional competencies, when compared to the peer firms, but there may be future concerns regarding relative revenue stagnation.

Valuation: Discounted Cash Flow

Cost of Equity Assumptions

The Capital Asset Pricing Model (CAPM) was used to estimate the cost of equity. We use the 10-Year U.S. Treasury Rate as the benchmark risk free rate, currently at 4.25% approximately. This aligns with the time horizon employed for the DCF model, but importantly, over 50% of the total revenues of the firm are from activities within the U.S.

The Damodaran's U.S. Equity Risk Premium was used (with the latest update at January 5th 2026), of 4.46%.

Beta

We have used the unlevered beta from Factset, which was 0.77. Having taken the financial information regarding TMO from Yahoo Finance, we have calculated the equity, debt and debt/equity ratios, using 20th of January 2025 Yahoo Finance figures with December 31st Balance Sheet data, the latest available. Given the 21% marginal U.S. tax rate, we then computed the levered beta at 0.84, using the following formula:

$$\beta_U = \beta_L / (1 + (1-t) \times D/E)$$

The cost of equity was then calculated as follows:

$$R_e = R_f + \beta_L \cdot (R_m - R_f)$$

$$R_e = 4.25\% + 0.84 \times 4.46\% = 8.00\%$$

Cost of Debt

S&P Global rates TMO as A- rating. Using this credit rating, we used the Stern NYU Damodaran credit debt spread of approximately 0.8%. The spread was then applied to the risk free rate. The cost of debt is:

$$R_d = 4.25\% + 0.8\% = 5.05\%$$

WACC

Nevertheless, the WACC was calculated by applying weights to the cost of equity and cost of debt:

$$WACC = E/(D+E) \times R_e + D/(D+E) \times R_d \times (1-t)$$

Based on the assumptions, the WACC for Thermo Fisher Scientific (TMO) is 7.6%.

Figure 5.1: The WACC Calculation

Thermo Fisher WACC Calculation	
Input	Applied
Market risk premium	4.46%
Unlevered beta	0,77
Debt/total	0,104
Equity/total	0,896
Debt/equity	11,6%
Relevered beta	0,84
Size premium	0,0%
Risk free rate	4,25%
Debt spread	0,8%
Marginal tax rate	21,0%
WACC	7,60%

Source: Prometheus Capital

Revenue Forecast

Forecasting net revenues is a vital component of the Discounted Cash Flow valuation, and our analysis for Thermo Fisher integrates industry estimates with management expectations, to deliver a robust projection.

At J.P. Morgan Healthcare Conference on January 13th, 2026, TMO announced certain projections, given potential opportunities in the future (also mentioned in the SWOT) such as the collaboration with NVIDIA and OpenAI, in addition to the firm's pharma services and bioproduction ventures being on a high-single digit organic growth in the short-medium term future.

Furthermore, the firm laid out projections regarding the organic growth, at around 3-6% revenue growth for this and the following year, with an eventual growth to 7% and above from 2028 onwards.

Given industry reports on the CAGR growth projections of the Life Sciences and Bioproducts industries, of anywhere between 6% to 12%, the firm's growth assumptions seem reasonable. Moreover, given the recently reinforced acquisitions commitments, for new markets entry, such high growth for organic revenue seems attainable, despite the relatively lower CAGR following the pandemic.

We thus assume a 6%, followed by a 7% growth rate for FY26-FY27, with an eventual increase to 9% yearly growth rate from FY28-FY30. Afterwards, the terminal growth is assumed as stable at the 2.5% growth rate, lower than the most recent U.S. macroeconomic growth rates, as the firm is not poised to become larger than the economy, given infinite time.

Profitability Forecasts

Given the financial analysis, more specifically, on the profitability side, it seems as if, in the last two years, the EBIT

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and other profitability margins have stabilized. The firm, in the same JP Morgan conference, mentioned targeted expansion at 50-70 bps annually over the next two years. With growing revenues and increased efficiency from technological improvements, we assume that such growth can carry on for the EBIT margin, reaching an eventual 22.5% in 2030, compared to the 19.4% of 2025, attaining a constant 23% margin afterwards, near the Covid-19 levels. In addition, such EBIT margin stabilization is also driven by the recurring consumables and the entry to smaller markets. We find such margin to be attainable given the core competencies the firm has developed over the years, given its successful track record in synergy creation.

Other Financial Assumptions

Given the revenue growth and EBIT margin stabilization, we assumed some further assumptions based on historical data and analyst assumptions, for the Discounted Cash Flow valuation.

To begin with, the Capex amounts for the next three years were taken from the FactSet database. For the following two years, we assume a 3.5% Capex yearly growth, to sustain the revenue growth over the considered date and in line with expectations regarding the CAGR from 2023 to 2027. The expenses here are directed towards technology, more laboratories, facility expansions and manufacturing capacity. Over the long run, we believe the Capex to sustain a similar growth to the revenues, at 2.5%.

Furthermore, the Depreciation and Amortization assumptions for FY26-FY28 are taken from the FactSet database on TMO. Given these projections, we have calculated a potential CAGR from 2025-2028 and assumed a similar growth, of around 6% until 2030, to ensure that while Capex is growing, and while acquisitions significantly affect goodwill, these aforementioned items are accounted for in the model. Afterwards, the terminal revenue growth will be assumed for this item as well.

The Net Working Capital (net of cash and debt) has been at around 15% of revenues for the LTM (2025). We assume that this item will continue to fluctuate with revenues at this ratio percentage. From the profitability analysis, we have noticed a relative stabilization of the ROA item. Given the stable profitability margin for the forecasted years, it seems reasonable that the NWC item is poised for constant development with the revenues.

Free Cash Flow and Intrinsic Price

By summing the FCF for all the projected years calculated with the formula:

$$FCF = EBIT \times (1-t) + D\&A - CapEx - \Delta NWC$$

We discount the yearly cash flows to present value, with the estimated WACC, and we further add the terminal value, discounted similarly, to the end of December 2025, which

serves as the present time. We reach an Enterprise Value of \$187,372 (in millions). Subsequently, by adjusting the Enterprise Value using the Equity bridge and dividing it by the share count (378 mln), we find an Equity Value of \$160,102 (in millions). Therefore, we arrive at our implied share price of \$423.55 per share, implying a downside of 32% over the last closing price (\$625.98 on Jan 23).

Nevertheless, we have also conducted two sensitivity analyses, to better grasp the sensitivity of our valuation to different terminal growth rates and WACC estimates, for the Share Price and for the Equity Value.

Figure 5.2: The Share Price Sensitivity Analysis

WACC (Y axis) vs. TGR (X axis)

	1,5%	2,0%	2,5%	3,0%	3,5%
6,5%	\$453,80	\$502,72	\$563,86	\$642,48	\$747,30
7,0%	\$404,51	\$443,61	\$491,39	\$551,12	\$627,92
7,6%	\$356,34	\$386,94	\$423,55	\$468,12	\$523,55
8,0%	\$329,33	\$355,64	\$386,74	\$424,06	\$469,68
8,5%	\$300,08	\$322,12	\$347,83	\$378,22	\$414,69

Source: Prometheus Capital

Figure 5.3: The Equity Value Sensitivity Analysis

WACC (Y axis) vs. TGR (X axis)

	1,5%	2,0%	2,5%	3,0%	3,5%
6,5%	\$171,54	\$190,03	\$213,14	\$242,86	\$282,48
7,0%	\$152,91	\$167,68	\$185,75	\$208,32	\$237,35
7,6%	\$134,70	\$146,26	\$160,10	\$176,95	\$197,90
8,0%	\$124,49	\$134,43	\$146,19	\$160,30	\$177,54
8,5%	\$113,43	\$121,76	\$131,48	\$142,97	\$156,75

Source: Prometheus Capital

Valuation: Multiples

We valued TMO using a peer group of 10 life sciences tools and diagnostics companies, selected based on market cap, product overlap, and end-market exposure. The set includes Danaher, Agilent, Waters, Illumina, IQVIA, ICON, Corning, Stryker, and Mettler-Toledo spanning instrument manufacturers, reagent suppliers, and CROs.

TMO trades at 6.24x EV/Sales versus peer median of 6.41x, a 3% discount despite 83% recurring revenue and superior scale. This appears unjustified given TMO's business quality. On EV/EBIT, TMO's (33.23x) multiple sits at a comfortable 15% above the peer median (28.85x). TMO's multiple is positioned between Agilent (28.85x) and Waters (29.94x) but trades below Danaher (34.61x) despite comparable margins. The premium to median reflects lingering COVID normalization concerns rather than structural margin strength.

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TMO's P/E of 36.56 appears modestly above peer median (35.48x). When it comes to firms which can be considered as direct comps, TMO trades in line with Waters (36.73x) and Agilent (33.42x) but materially below Danaher (50.10x), despite superior ROIC and cash conversion.

We use EV/EBIT as our primary multiple as it captures operational performance, neutralizes capital structure differences, and avoids D&A distortions from TMO's acquisition-heavy strategy

Figure 5.4: Comparable Companies Analysis

Company Name	EV/Sales	EV/EBIT	P/E
Corning	5,97	42,97	59,59
Stryker	6,33	27,71	47,82
Agilent Technologies	6,49	28,85	33,42
Waters	7,98	29,94	36,73
Danaher	7,82	34,61	50,10
ICON	2,14	15,33	24,07
Illumina	5,73	29,27	34,23
IQVIA Holdings	3,45	24,29	32,66
Mettler-Toledo	8,07	28,67	35,48
Average	6,00	29,07	39,34
Median	6,33	28,85	35,48

Source: Prometheus Capital

Valuation: Methodology

We valued Thermo Fisher using the peer group's median EV/EBIT multiple applied to FY2025 projected financials. This metric captures operational efficiency and profitability while remaining capital structure-neutral across peers. Multiplying the EV/EBIT multiple by TMO's estimated EBIT yielded enterprise value, which we adjusted for net debt to derive equity value. Dividing by diluted shares outstanding produced an intrinsic share price of \$571.94.

We complemented this with a Discounted Cash Flow (DCF) valuation incorporating projected cash flows discounted at 7.6% WACC, reflecting TMO's capital structure and market risks. This approach integrates TMO's intrinsic value from cash generation with its market-based value from peer comparisons.

Equal weighting of DCF and multiples ensures a balanced perspective, capturing both TMO's future operational performance and its position relative to peers. The resulting target price versus the current \$639.45 market price suggests overvaluation, likely driven by market expectations of margin expansion that may not materialize given COVID normalization headwinds and management execution challenges.

Figure 5.5: Share Price Conclusions

Method	Valuation	Weight
DCF	\$423,55	50%
Multiples	\$571,94	50%
Final Valuation	\$497,75	

Source: Prometheus Capital

Risks and Catalysts

Downside Risks

Integration of Acquisitions and New Technology:

The announcement of the \$8.875 billion Clario Holdings acquisition introduces significant integration risk. Indeed, Thermo Fisher Scientific could experience overlapping clinical data services leading to client attrition or management distraction through mid-2026. Additionally, the integration of generative AI into the PPD Clinical Research segment (via the 2025 OpenAI partnership) is supposed to introduce technical improvements in the firm's operations, but the success largely depends on execution and synergies, which are largely untested. Near-term operational friction in automating trial workflows could temporarily delay the margin normalization targets set for FY2026.

Regulatory Pressure and Trade Risks:

Entering 2026, there is an increase in regulatory pressure, particularly with the proposed 40% reduction in NIH funding (approx. \$27.5B). Historically, the Senate has protected these budgets, but in the current political climate, there is an increase in uncertainty for academic and government laboratory demand. The current United States tariff turmoil and ongoing trade policy discussions present a considerable risk to the global supply chains. As a global manufacturer, Thermo Fisher Scientific is thus susceptible to increased costs for components, instruments which it sources internationally, and volatile commodity prices.

China and Venture Capital Slow Down

China's slowing economy going into 2026 could weigh on Thermo Fisher Scientific's Analytical Instruments segment. This shift marks a significant slowdown in one of the primary nations historically driving the highest revenue growth for the life science tools and diagnostic industries. While TMO has localized much of its manufacturing in the US and continues to do so through acquisitions such as Sanofi's sterile fill-finish and packaging site in New Jersey, a lack of broad-based government stimulus from Chinese authorities in the region caps near-term growth potential. Additionally, while "Big Pharma" balance sheets are robust, venture capital funding

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for early-stage biotech remains below 2021 peaks, elongating the sales cycle for high-end capital equipment.

Upside Catalysts

2026 growth framework and margin ambition:

Thermo Fisher Scientific management sees an improving market environment for 2026, with biotech funding improving and the pharmaceutical industry feeling confident about its pipelines. Additionally, during the JP Morgan Healthcare Conference, the CEO expressed high confidence in targeting 50-70 basis points of margin expansion each year, combined with mid- to high-single-digit EBITDA growth and continued capital deployment, supporting attractive EPS growth. Also, continued realization of cost synergies from the PPD acquisition and ongoing productivity initiatives could drive margin expansion, particularly as CRO project starts normalize.

Artificial Intelligence:

With the OpenAI and Nvidia partnerships announced in FY2025, but set to begin in FY2026, AI deployment into Thermo Fisher Scientific operations seems certain. It seems that while competitors such as Danaher and Agilent Technology have also deployed AI, their application choices remain primarily at the instrument and software layer, focusing on data analysis, diagnostics, and workflow optimization within certain specific product families. In contrast, Thermo Fisher Scientific's approach looks relatively more aggressive, which entails the direct embedding of AI end-to-end, across instruments, consumables, software platforms, and pharma services, including clinical research and manufacturing optimization. If this strategy is to be successful, the company will likely gain competitive advantages through faster innovation cycles, improved product efficiency, and better alignment with personalized healthcare trends.

Final Recommendations

Based on the valuations conducted (both DCF and peer/multiples), it seems likely that the market is overly optimistic in the expectations regarding the potential for AI driven efficiency improvements. The market associates the potential implementation of AI with a successful symbiosis of firm processes. The expectations for near term margin expansion and sustained above-trend organic growth may not price in the implementation frictions, adoption timelines and competitive responses, in addition to the risky geopolitical dynamics and other potential issues that Thermo Fisher Scientific could face. We recommend a Short position, as its main opportunities have been priced in, while the fundamentals indicate divergences from market expectations.

This position carries a significant risk, given the current consensus of the market, which seems more positive than what the fundamentals and the company aims to achieve in the medium term. A potential trade should be hedged.

Appendix

Exhibit 1: Multiple Analysis

Company Name	EV/Sales	EV/EBIT	P/E
Thermo Fisher Scientific	6,24	33,23	36,56
Corning	5,97	42,97	59,59
Stryker	6,33	27,71	47,82
Agilent Technologies	6,49	28,85	33,42
Waters	7,98	29,94	36,73
Danaher	7,82	34,61	50,1
ICON	2,14	15,33	24,07
Illumina	5,73	29,27	34,23
IQVIA Holdings	3,45	24,29	32,66
Mettler-Toledo	8,07	28,67	35,48
Average	6	29,07	39,34
Median	6,33	28,85	35,48

Figures in \$mn	2025 (Y0)	2026	2027	2028	2029	2030	Term
Total Revenue	43737,0	46361,2	49606,5	54071,1	58937,5	64241,9	65847,9
Revenue Growth	2,0%	6,0%	7,0%	9,0%	9,0%	9,0%	2,5%
EBIT Margin	19,4%	20,0%	20,6%	21,2%	22,0%	22,5%	23,0%
EBIT	8.467	9.272	10.219	11.463	12.966	14.454	15.145
Tax Rate	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%	21,0%
NOPAT	6688,9	7325,1	8073,0	9055,8	10243,3	11419,0	11964,6
(-) Capex	(1533,0)	(1652,0)	(1699,0)	(1704,0)	(1763,6)	(1825,4)	(1871,0)
(+) D&A	1107,0	1194,1	1232,4	1343,6	1424,2	1509,7	1547,4
(+) Change in NWC		-616	-487	-670	-730	-796	-241
Free Cash Flow		6251,0	7119,6	8025,8	9174,0	10307,7	11400,1
Present Value of FCF		5809,5	6149,4	6442,4	6844,0	7146,6	7345,7

Net Working Capital	6338,0	6954,2	7441,0	8110,7	8840,6	9636,3	9877,2
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Balance Sheet	DEC '24	DEC '23	DEC '22	DEC '21	DEC '20	DEC '19	DEC '18	DEC '17	DEC '16	DEC '15
					Restate					Restate
Assets										
Cash & Short-Term Investments	5,580	8,083	8,536	4,490	10,335	2,420	2,118	1,369	802	466
Short-Term Receivables	9,626	9,664	9,427	8,945	6,472	4,952	4,595	4,311	3,049	2,545
Inventories	4,978	5,088	5,634	5,051	4,029	3,370	3,005	2,971	2,213	1,992
Other Current Assets	1,954	1,754	1,632	1,627	1,121	1,151	907	770	957	739
Total Current Assets	22,137	24,589	25,229	20,113	21,957	11,893	10,625	9,421	7,021	5,741
Net Property, Plant & Equipment	10,795	11,004	10,873	9,864	6,687	5,448	4,165	4,047	2,578	2,449
Total Long-Term Investments	560	59	155	73	65	35	53	34	37	39
Intangible Assets	61,386	60,690	58,674	62,070	38,769	39,728	40,325	41,974	35,297	31,586
Other Assets	2,443	2,384	2,223	3,003	1,574	1,277	1,064	1,193	975	1,019
Total Assets	97,321	98,726	97,154	95,123	69,052	58,381	56,232	56,669	45,908	40,834
Liabilities & Shareholders' Equity										
Current										
ST Debt & Curr. Portion LT Debt	2,475	3,872	5,851	2,803	2,812	843	1,271	2,135	1,256	1,052
Accounts Payable	3,079	2,872	3,381	2,867	2,175	1,920	1,615	1,428	926	822
Income Tax Payable									165	213
Other Current Liabilities	7,778	7,268	7,778	7,766	5,317	3,434	3,261	3,485	2,519	2,060
Accrued Payroll	1,988	1,596	2,095	2,427	1,916	1,010	982	918	709	598
Miscellaneous Current Liabilities	5,790	5,672	5,683	5,339	3,401	2,424	2,279	2,567	1,810	1,462
Total Current Liabilities	13,332	14,012	17,010	13,436	10,304	6,197	6,147	7,048	4,866	4,146
Long-Term										
Long-Term Debt	30,300	32,552	30,222	33,536	19,733	17,647	17,719	18,873	15,372	11,420
Deferred Tax Liabilities	1,268	1,922	2,849	3,837	1,794	2,192	2,265	2,766	2,557	2,623
Other Liabilities	2,750	3,398	2,925	3,337	2,704	2,670	2,515	2,569	1,573	1,295
Total Liabilities	47,650	51,884	53,006	54,146	34,535	28,706	28,646	31,256	24,368	19,484
Equity										
Common Equity	49,584	46,735	43,978	40,793	34,507	29,675	27,586	25,413	21,539	21,350
Total Shareholders' Equity	49,584	46,735	43,978	40,793	34,507	29,675	27,586	25,413	21,539	21,350
Accumulated Minority Interest	87	107	170	184	10	0	0	0	0	0
Total Equity	49,671	46,842	44,148	40,977	34,517	29,675	27,586	25,413	21,539	21,350
Total Liabilities & Shareholders' Equity	97,321	98,726	97,154	95,123	69,052	58,381	56,232	56,669	45,908	40,834
Per Share										
Book Value per Share	130.22	120.87	112.62	103.42	86.99	74.42	68.60	63.32	54.74	53.42
Tangible Book Value per Share	-30.99	-36.09	-37.63	-53.94	-10.74	-25.21	-31.68	-41.27	-34.97	-25.61

All figures in millions of U.S. Dollar except per share items.

Income Statement	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC	DEC
	'24	'23	'22	'21	'20	'19	'18	'17	'16	'15
	Restate					Restate				
Sales	42,879	42,857	44,915	39,211	32,218	25,542	24,358	20,918	18,274	16,965
Cost of Goods Sold (COGS) incl. D&A	25,151	25,663	25,904	19,577	16,191	14,198	13,370	11,239	9,692	9,127
COGS excluding D&A	22,043	22,257	22,523	16,985	13,866	11,921	11,104	9,206	7,934	7,439
SG&A Expense	10,066	9,748	10,486	9,316	8,130	7,065	6,995	6,302	5,627	5,258
Research & Development	1,390	1,337	1,471	1,406	1,181	1,003	967	888	755	692
EBIT (Operating Income)	7,662	7,446	8,525	10,318	7,897	4,259	3,872	3,267	2,859	2,495
Nonoperating Income - Net	1,103	839	167	-76	68	48	107	-29	131	-126
Nonoperating Interest Income	1,078	879	272	43	65	224	137	81	48	31
Gross Interest Expense	1,654	1,491	726	536	553	676	667	592	470	415
Exceptional Provisions	-73	-25	-59	-47	-9					
Income Taxes	657	284	703	1,109	850	374	324	201	-1	-44
Income Taxes - Current Domestic	691	378	1,067	606	696	329	224	1,321	289	193
Consolidated Net Income	6,338	5,955	6,960	7,728	6,377	3,696	2,938	2,228	2,025	1,980
Minority Interest	3	-40	10	3	2	0	0	0	0	0
Net Income	6,335	5,995	6,950	7,725	6,375	3,696	2,938	2,228	2,025	1,980
Discontinued Operations	0	0	0	0	0	0	0	-3	-4	-5
Net Income available to Common	6,335	5,995	6,950	7,725	6,375	3,696	2,938	2,225	2,022	1,975
Per Share										
EPS (recurring)	16.67	16.35	17.87	20.98	16.30	8.41	7.32	5.97	5.96	4.94
EPS (basic)	16.58	15.53	17.73	19.61	16.10	9.24	7.31	5.63	5.12	4.95
Basic Shares Outstanding	382.00	386.00	392.00	394.00	396.00	400.00	402.00	395.00	394.80	398.70
Diluted Shares Outstanding	383.00	388.00	394.00	397.00	399.00	403.00	406.00	398.00	397.40	401.90
Dividends per Share	1.56	1.40	1.20	1.04	0.88	0.76	0.68	0.60	0.60	0.60
Payout Ratio	9.43	9.06	6.80	5.34	5.51	8.29	9.39	10.73	11.79	12.20
EBITDA	10,770	10,852	11,906	12,910	10,222	6,536	6,138	5,300	4,617	4,183
EBIT	8,210	7,662	7,446	8,525	10,318	7,897	4,259	3,872	3,267	2,859
Depreciation & Amortization Expense	2,793	3,108	3,406	3,381	2,592	2,325	2,277	2,266	2,033	1,758

All figures in millions of U.S. Dollar except per share items.

Cash Flow Statement	DEC '24	DEC '23	DEC '22	DEC '21	DEC '20	DEC '19	DEC '18	DEC '17	DEC '16	DEC '15
					Restate					Restate
Operating Activities										
Net Income / Starting Line	6,338	5,955	6,960	7,728	6,377	3,696	2,938	2,228	2,025	1,980
Depreciation, Depletion & Amortization	3,108	3,406	3,381	2,592	2,325	2,277	2,267	2,033	1,758	1,688
Deferred Taxes & Investment Tax										
Credit	-1,209	-1,300	-995	-647	-552	-302	-379	-1,098	-620	-525
Other Funds	809	882	857	1,187	534	-33	287	348	220	110
Funds from Operations	9,046	8,943	10,203	10,860	8,684	5,638	5,113	3,511	3,383	3,254
Changes in Working Capital	-379	-537	-1,049	-1,548	-395	-665	-570	494	-227	-437
Net Operating Cash Flow	8,667	8,406	9,154	9,312	8,289	4,973	4,543	4,005	3,156	2,817
Investing Activities										
Capital Expenditures	-1,400	-1,479	-2,243	-2,523	-1,474	-926	-758	-508	-444	-423
Net Assets from Acquisitions	-3,132	-3,660	-39	19,395	-38	-1,843	-536	-7,226	-5,188	-695
Sale of Fixed Assets & Businesses	57	87	24	20	8	1,164	50	7	26	18
Purchase/Sale of Investments	-1,626	0	0	0	0	0	0	22	80	18
Other Funds	260	-90	99	-34	-6	118	-9	-24	-5	-6
Net Investing Cash Flow	-5,841	-5,142	-2,159	21,932	-1,510	-1,487	-1,253	-7,729	-5,532	-1,087
Financing Activities										
Cash Dividends Paid	-583	-523	-455	-395	-337	-297	-266	-237	-238	-241
Change in Capital Stock	-4,000	-3,000	-3,000	-1,844	-1,304	-1,347	-364	1,068	-1,115	-376
Issuance/Reduction of Debt, Net	-2,403	-155	654	8,911	2,750	-1,405	-1,556	3,026	4,174	-1,933
Other Funds	195	56	-9	-91	-150	-69	-51	-3	40	58
Net Financing Cash Flow	-6,792	-3,622	-2,810	6,581	959	-3,118	-2,237	3,854	2,861	-2,491
All Activities										
Exchange Rate Effect	-91	-82	-139	194	176	-63	-297	420	-151	-130
Net Change in Cash	-4,057	-440	4,046	-5,845	7,914	305	756	550	334	-891
Free Cash Flow	7,267	6,927	6,911	6,789	6,815	4,047	3,785	3,497	2,712	2,394

All figures in millions of U.S. Dollar except per share items.

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