

**Waters Corporation and Subsidiaries**  
**Reconciliation of GAAP to Adjusted Non-GAAP**  
**Net Sales by Operating Segment, Products & Services, Geography and Markets**  
**Three Months Ended March 31, 2018 and April 1, 2017**  
(In thousands)

	Three Months Ended		Percent Change	Current Period Currency Impact	Constant Currency Growth Rate <sup>(a)</sup>
	March 31, 2018	April 1, 2017			
NET SALES - OPERATING SEGMENT					
Waters	\$ 471,146	\$ 443,426	6%	\$ 22,151	1%
TA	59,524	54,543	9%	1,715	6%
<b>Total</b>	<b><u>\$ 530,670</u></b>	<b><u>\$ 497,969</u></b>	<b>7%</b>	<b><u>\$ 23,866</u></b>	<b>2%</b>
NET SALES - PRODUCTS & SERVICES					
Instruments	\$ 240,407	\$ 236,393	2%	\$ 9,701	(2%)
Service	191,553	173,673	10%	9,364	5%
Chemistry	<u>98,710</u>	<u>87,903</u>	12%	<u>4,801</u>	7%
Total Recurring	290,263	261,576	11%	14,165	6%
<b>Total</b>	<b><u>\$ 530,670</u></b>	<b><u>\$ 497,969</u></b>	<b>7%</b>	<b><u>\$ 23,866</u></b>	<b>2%</b>
NET SALES - GEOGRAPHY					
Asia	\$ 200,280	\$ 195,106	3%	\$ 6,089	-
Americas	181,710	174,650	4%	418	4%
Europe	148,680	128,213	16%	17,359	2%
<b>Total</b>	<b><u>\$ 530,670</u></b>	<b><u>\$ 497,969</u></b>	<b>7%</b>	<b><u>\$ 23,866</u></b>	<b>2%</b>
NET SALES - MARKETS					
Pharmaceutical	\$ 305,328	\$ 279,810	9%	\$ 15,785	3%
Industrial	162,330	161,303	1%	6,120	(3%)
Governmental & Academic	63,012	56,856	11%	1,961	7%
<b>Total</b>	<b><u>\$ 530,670</u></b>	<b><u>\$ 497,969</u></b>	<b>7%</b>	<b><u>\$ 23,866</u></b>	<b>2%</b>

(a) The Company believes that referring to comparable constant currency growth rates is a useful way to evaluate the underlying performance of Waters Corporation's net sales. Constant currency growth rate, a non-GAAP financial measure, measures the change in net sales between current and prior year periods, ignoring the impact of foreign currency exchange rates during the current period. See description of non-GAAP financial measures contained in this release.

**Waters Corporation and Subsidiaries**  
**Reconciliation of GAAP to Adjusted Non-GAAP Financials**  
**Quarters Ended March 31, 2018 and April 1, 2017**  
(In thousands, except per share data)

	Selling & Administrative Expenses <sup>(a)</sup>	Research & Development Expenses <sup>(a)</sup>	Operating Income	Operating Income Percentage	Income from Operations before Income Taxes	Provision for Income Taxes	Net Income	Diluted Earnings per Share
<b>Quarter Ended March 31, 2018</b>								
<b>GAAP</b>	\$ 130,394	\$ 34,480	\$ 144,375	27.2%	\$ 140,549	\$ 28,598	\$ 111,951	\$ 1.40
Adjustments:								
Purchased intangibles amortization <sup>(b)</sup>	(1,659)	-	1,659	0.3%	1,659	202	1,457	0.02
Litigation settlement <sup>(c)</sup>	1,672	-	(1,672)	(0.3%)	(1,672)	(401)	(1,271)	(0.02)
Stock award modification <sup>(d)</sup>	(1,014)	-	1,014	0.2%	1,014	243	771	0.01
Restructuring costs, asset impairments, acquisition-related costs & certain other items <sup>(e)</sup>	(568)	-	568	0.1%	568	132	436	0.01
Tax reform <sup>(f)</sup>	-	-	-	-	-	(12,450)	12,450	0.16
Certain income tax items <sup>(g)</sup>	-	-	-	-	-	(692)	692	0.01
<b>Adjusted Non-GAAP</b>	<b>\$ 128,825</b>	<b>\$ 34,480</b>	<b>\$ 145,944</b>	<b>27.5%</b>	<b>\$ 142,118</b>	<b>\$ 15,632</b>	<b>\$ 126,486</b>	<b>\$ 1.59</b>
<b>Quarter Ended April 1, 2017</b>								
<b>GAAP</b>	\$ 132,402	\$ 35,752	\$ 118,720	23.8%	\$ 113,487	\$ 7,930	\$ 105,557	\$ 1.31
Adjustments:								
Purchased intangibles amortization <sup>(b)</sup>	(1,729)	-	1,729	0.3%	1,729	473	1,256	0.02
Restructuring costs, asset impairments, acquisition-related costs & certain other items <sup>(e)</sup>	(9,348)	-	9,348	1.9%	9,348	3,059	6,289	0.08
Acquired in-process research and development <sup>(h)</sup>	-	(5,000)	5,000	1.0%	5,000	962	4,038	0.05
Certain income tax items <sup>(g)</sup>	-	-	-	-	-	(475)	475	0.01
<b>Adjusted Non-GAAP</b>	<b>\$ 121,325</b>	<b>\$ 30,752</b>	<b>\$ 134,797</b>	<b>27.1%</b>	<b>\$ 129,564</b>	<b>\$ 11,949</b>	<b>\$ 117,615</b>	<b>\$ 1.46</b>

- (a) Selling & administrative expenses include purchased intangibles amortization and litigation provisions. Research & development expenses include acquired in-process research and development.
- (b) The purchased intangibles amortization, a non-cash expense, was excluded to be consistent with how management evaluates the performance of its core business against historical operating results and the operating results of competitors over periods of time.
- (c) Litigation settlement gain was excluded as these costs are isolated, unpredictable and not expected to recur regularly.
- (d) The non-cash expense associated with accelerating the vesting of certain stock awards was excluded as the Company believes these expenses are not indicative of normal operating costs.
- (e) Restructuring costs, asset impairments, acquisition-related costs and certain other items were excluded as the Company believes that the cost to consolidate operations and reduce overhead; the non-cash expense to record asset impairments; the cost to complete acquisitions and certain other income or expense items are not normal and do not represent future ongoing business expenses of a specific function or geographic location of the Company.
- (f) The provision for income taxes for the three months ended March 31, 2018 includes \$12 million of expense related to the tax on the change in foreign currency exchange rates on the earnings taxed in December 31, 2017 under the Tax Cuts and Jobs Act. The difference is due to the change from the foreign currency exchange rates required by the U.S. Department of the Treasury on December 31, 2017 to the foreign currency exchange rates on either the date of distribution of assets into the U.S. or the foreign currency exchange rates as of March 31, 2018. The impact of the tax on the change in foreign currency exchange rates was excluded as the Company believes this expense is not indicative of the Company's normal or future income tax expense.
- (g) Certain income tax items were excluded as these non-cash expenses and benefits represent updates in management's assessment of ongoing examinations or other tax items that are not indicative of the Company's normal or future income tax expense.
- (h) Acquired In-Process Research and Development was excluded as it relates to milestone payments associated with a licensing arrangement for mass spectrometry that the Company believes is unusual and not indicative of its normal business operations.

**Waters Corporation and Subsidiaries**  
**Preliminary Condensed Consolidated Statements of Cash Flows**  
**Three Months Ended March 31, 2018 and April 1, 2017**  
(In thousands and unaudited)

	<b>Three Months Ended</b>	
	<b>March 31, 2018</b>	<b>April 1, 2017</b>
Cash flows from operating activities:		
Net income	\$ 111,951	\$ 105,557
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	9,892	8,655
Depreciation and amortization	28,640	22,950
Change in operating assets and liabilities, net	25,358	37,047
Net cash provided by operating activities	175,841	174,209
Cash flows from investing activities:		
Additions to property, plant, equipment and software capitalization	(15,992)	(17,711)
Investment in unaffiliated company	(3,215)	(7,000)
Net change in investments	915,046	(72,338)
Net cash provided by (used in) investing activities	895,839	(97,049)
Cash flows from financing activities:		
Net change in debt	(749,919)	39,988
Proceeds from stock plans	24,287	38,259
Purchases of treasury shares	(282,370)	(89,173)
Other cash flow from financing activities, net	1,937	(1,438)
Net cash used in financing activities	(1,006,065)	(12,364)
Effect of exchange rate changes on cash and cash equivalents	8,588	14,017
Increase in cash and cash equivalents	74,203	78,813
Cash and cash equivalents at beginning of period	642,319	505,631
Cash and cash equivalents at end of period	\$ 716,522	\$ 584,444

**Reconciliation of GAAP Cash Flows from Operating Activities to Free Cash Flow <sup>(a)</sup>**

Net cash provided by operating activities - GAAP	\$ 175,841	\$ 174,209
Adjustments:		
Additions to property, plant, equipment and software capitalization	(15,992)	(17,711)
Free Cash Flow - Adjusted Non GAAP	\$ 159,849	\$ 156,498

(a) The Company defines free cash flow as net cash flow from operations accounted for under GAAP less capital expenditures and software capitalizations plus or minus any unusual and non recurring items. Free cash flow is not a GAAP measurement and may not be comparable to free cash flow reported by other companies.

**Waters Corporation and Subsidiaries**  
**Reconciliation of Projected GAAP to Adjusted Non-GAAP Financial Outlook**  
**Projected for the Twelve Months Ended December 31, 2018**  
(In thousands, except per share data)

<b>Sales</b>	<b>Range</b>		
Projected Constant Currency Sales Growth Rate	4%	-	6%
Projected Currency Impact	2%	-	3%
Projected Sales Growth Rate as Reported	6%	-	9%
<b>Projected Earnings Per Diluted Share</b>	<b>Range</b>		
Projected GAAP Earnings Per Diluted Share	\$ 7.82	-	\$ 8.01
Adjustments:			
Purchased intangibles amortization	\$ 0.08	-	\$ 0.08
Litigation settlement	\$ (0.02)	-	\$ (0.02)
Stock award modification	\$ 0.01	-	\$ 0.01
Restructuring costs, asset impairments, acquisition-related costs & certain other items	\$ 0.01	-	\$ 0.02
Tax reform	\$ 0.16	-	\$ 0.16
Certain income tax items	\$ 0.04	-	\$ 0.04
Projected Adjusted Non-GAAP Earnings Per Diluted Share	\$ 8.10	-	\$ 8.30

Constant currency growth rates are a non-GAAP financial measure that measures the change in net sales between current and prior year periods, ignoring the impact of foreign currency exchange rates during the current period. These amounts are estimated at the current foreign currency exchange rates and based on the forecasted geographical sales in local currency as well as an assessment of market conditions as of today and may differ significantly from actual results.

These forward-looking adjustment estimates do not reflect future gains and charges that are inherently difficult to predict and estimate due to their unknown timing, effect and/or significance.