



# APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

## Danaher Q4 2025 Results

Share Price	US\$219.62
Date	29 January 2026

### RESULTS SUMMARY

Danaher delivered better-than-expected results for Q4 2025, with revenue and earnings ahead of management's previous guidance. Total revenue rose 4.5% year-on-year to US\$6.84bn, slightly ahead of analyst expectations of US\$6.8bn. Earnings per share (EPS) for the quarter were US\$2.23 (+4%) vs analyst expectations of US\$2.15. During the results call, management provided their outlook for 2026, including EPS growth of 7% - 9%. Historically, management has tended to guide conservatively. As such, we expect earnings growth to return to double-digit levels in 2016, following a challenging 2025.

Across divisions, Biotechnology posted organic growth of 6%, driven by steady demand for consumables and a return to growth of equipment revenue. Life Sciences' organic growth increased by 0.5%. The pharma end market continued its steady recovery, while academic and research demand for life science tools was muted. The Diagnostics segment delivered modest organic growth (+2%), which was an improvement from earlier in the year.

Free cash flow was once again a standout at US\$1.8bn for the quarter, maintaining a conversion rate above 100% of net income. Danaher's net debt to EBITDA remains conservative at around 1.8x, highlighting the group's strong balance sheet. This financial strength leaves the group well-positioned to pursue growth, both organically and through acquisitions, as market conditions for Life Science tools and equipment makers normalise.

### OUR LONG-TERM INVESTMENT VIEW

- Danaher serves various end markets that we expect to offer attractive growth over the coming years. With Danaher being one of the larger businesses in diverse industries such as bioprocessing, life sciences, diagnostic equipment and consumables, we expect the group to grow both organically and through acquisitions.
- Through the Danaher Business System, a continuous-improvement business process, management has been able to acquire businesses and improve returns over time. With well over 50% of current revenue coming from businesses acquired in the last five years, we see scope for group margins to improve over the coming years.
- Danaher has an enviable track record of generating cash ahead of reported earnings. We expect continued high cash generation, coupled with management's strong capital allocation, to drive further improvement in group returns on invested capital.

### UNPACKING THE Q4 RESULTS

#### High-level numbers

- **Reported revenue** for the quarter was up 4.5% to US\$6.8bn. Organic growth for the period was up 2.5%, which was an acceleration from earlier in the year. Performance in the bioprocessing market was the primary driver of revenue growth. This was further supported by a strong showing in the respiratory diagnostics segment, which continues its normalisation post the high pandemic base.

Our confidence in the bioprocessing segment's growth stems from the **record number of biological and genomic medicines in development**. As a key supplier of the essential tools and consumables needed to bring these innovations to market, Danaher is well-placed to benefit from this trend.

- The **Life Sciences** segment reported revenue growth of 2.5%, which was an improvement from earlier in the year. Weaker device sales offset

- Geographically, organic revenue in developed markets was up low single digits, with North America flat and Western Europe up mid-single digits. Organic revenues in high-growth markets (mostly emerging markets) were up mid-single digits, as declines in China offset solid performance outside China. The decline in China was driven by regulatory changes implemented in late 2024, which are now mainly in the historic base.
- Organic growth for the period was 2.5%, with favourable currency moves contributing 2.5%.
- **Gross profit margin** for the period was 58.2%, compared to 59.5% in the prior year, while adjusted operating margins declined by a similar magnitude to 28.3%. While the group benefited from increased volumes, which aided margins, this was offset by tariff and one-off cost-saving initiatives.
- **Adjusted diluted earnings per share** of US\$2.23 were 4% higher than the US\$2.14 reported in the prior period. It is encouraging to see Danaher's earnings return to growth after a weak period, which was impacted by the high base following the COVID-19 pandemic.

#### Improved bioprocessing market

- The bioprocessing segment continued a strong growth trend with organic growth increasing by 6%. Management noted continued improvement in the order book during the quarter. Revenue growth of 9% was led by low double-digit growth in consumables. We expect this segment to be the key growth driver for the group.

strength in consumables, while demand from academic and government institutions hasn't recovered amid ongoing funding concerns. Pharma spending, a key driver of revenue in this segment, continued to recover. Operating margin within the segment declined 1.8% to 24%.

- The **Diagnostics** segment reported a 3% increase in revenue to US\$2.7bn. Segment margins marginally were 27.6%. Within the segment, respiratory revenue exceeded expectations, driven by customer purchases in anticipation of a high-flu season.

#### Looking ahead

After a period of post-pandemic slowdown from a high base, Danaher is now showing early signs of a gradual return to growth. Quarterly performance has been improving, and the full-year 2025 results exceeded management's previous guidance.

We expect this positive momentum to continue into 2026, a year in which we anticipate a return to double-digit earnings growth. As a key supplier of tools and consumables, Danaher is well-positioned to benefit from rising R&D investment across life sciences and the broader healthcare market. With the share price currently below our fair value range, we see this as an attractive opportunity for long-term investors.

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