

IDEXX Q1 2023 Earnings Highlights (NASDAQ: IDXX)



Revenue

\$900M

Reported growth: +8%
 Organic growth: +10%
CAG Diagnostics Recurring
 Organic growth: +12%



Operating Profit

\$280M

31.1% of Revenue
YoY change in basis points:
 Reported +150 bps
 Comparable +210 bps



Diluted Earnings Per Share

\$2.55

Reported growth: +12%
 Comparable growth: +18%



CAG

Revenue **\$827M**

Reported growth: +9%
 Organic growth: +11%



Water

Revenue **\$39M**

Reported growth: +7%
 Organic growth: +8%



LPD

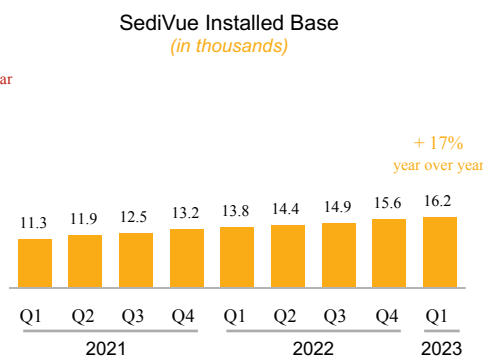
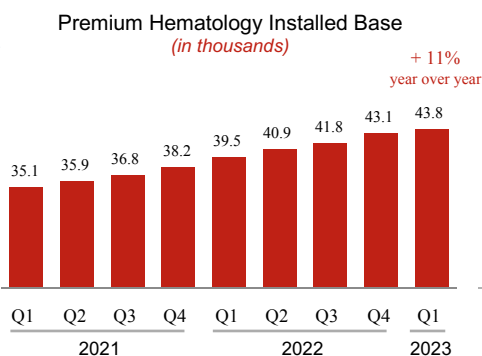
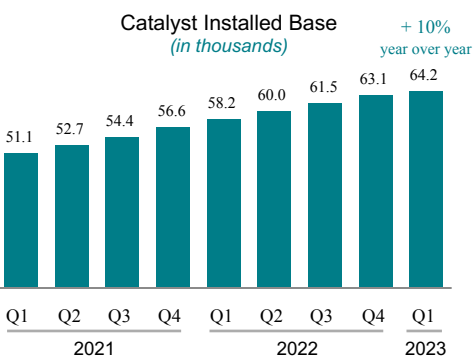
Revenue **\$29M**

Reported growth: (5%)
 Organic growth: (2%)

Net CAG Revenue

	Q1 Revenue	Reported Growth year over year	Organic Growth year over year	Q1 Premium Instrument Placements	WW	U.S.	Intl
CAG Diagnostics Recurring	\$727M	+9%	+12%	Catalyst	2,009	646	1,363
<i>IDEXX VetLab® Consumables</i>	\$291M	+9%	+12%	<i>New and competitive</i>	1,327	315	1,012
<i>Rapid Assay Products</i>	\$82M	+10%	+12%	<i>Second</i>	542	329	213
<i>Reference Laboratory Dx and Consulting Services</i>	\$323M	+10%	+11%	Premium Hematology	1,743	512	1,231
<i>CAG Diagnostics Services and Accessories</i>	\$31M	+9%	+12%	<i>New and competitive</i>	1,254	339	915
CAG Diagnostics Capital – Instruments	\$33M	-10%	-7%	SediVue® Dx	673	331	342
Veterinary Software, Services and Diagnostic Imaging Systems	\$67M	+13%	+14%	TOTAL	4,425	1,489	2,936

IDEXX Premium Instruments Installed Base



For full financial data, non-GAAP reconciliations and cautionary language regarding forward-looking statements, please refer to IDEXX's 2023 first quarter earnings release issued on May 2, 2023 available at <https://www.idexx.com/investors>. Amounts presented may not recalculate due to rounding.




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2023 Growth and Financial Performance Outlook Commentary

- Updates revenue and EPS estimates, maintaining consistent high end goals for operating performance and incorporating positive revisions to low end of the outlook range to reflect solid Q1 performance
 - Revenue growth of 7.5% - 10% as reported and organically driven by 9% - 11% CAG Diagnostics recurring revenue organic growth.
 - Operating margin guidance of 29.0% - 29.5% reflects consistent outlook for comparable margin improvement.
 - EPS estimate of \$9.33 - \$9.75, an increase of \$0.06 at the low end compared to prior guidance. This reflects growth of 16% - 22% as reported and 20% - 26% on a comparable basis, including ~12% EPS growth combined impact related to discrete R&D investments in 2022 and customer contract resolution in Q1'23.

Growth and Financial Performance Outlook

2023

	Revenue	\$3,615 - \$3,700
	<i>Reported growth</i>	7.5% - 10%
	<i>Organic growth</i>	7.5% - 10%
	CAG Diagnostics Recurring Revenue Growth	
	<i>Reported growth</i>	9% - 11%
	<i>Organic growth</i>	9% - 11%
	Operating Margin	29.0% - 29.5%
	<i>Reported margin expansion</i>	230 bps - 280 bps
	Negative impact of foreign exchange	~ 60 bps
	<i>Comparable margin expansion</i>	290 bps - 340 bps
	Positive impact of 2022 discrete R&D investments and customer contract resolution payment	~ 280 bps
	EPS	\$9.33 - \$9.75
	<i>Reported growth</i>	16% - 22%
	<i>Comparable growth</i>	20% - 26%
Other Key Metrics		
	<i>Net interest expense</i>	~ \$43
	<i>Share-based compensation tax benefit</i>	~ \$8
	<i>Effective tax rate</i>	21.5% - 22%
	<i>Reduction in average shares outstanding</i>	0.5 % - 1.0%
	Operating Cash Flow	100% - 110% of net income
	Free Cash Flow	80% - 90% of net income
	Capital Expenditures	~ \$180

Amounts in millions except per share data and percentages; parentheses denote year-over-year decline or contraction

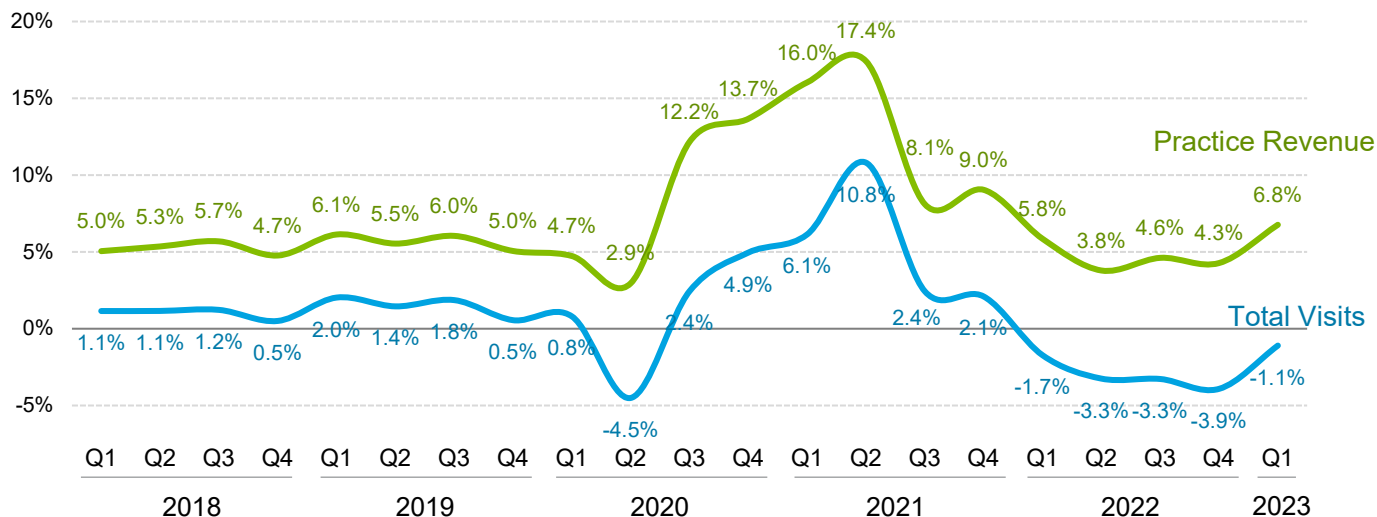
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U.S. Companion Animal Practice Growth Update

As of March 31, 2023

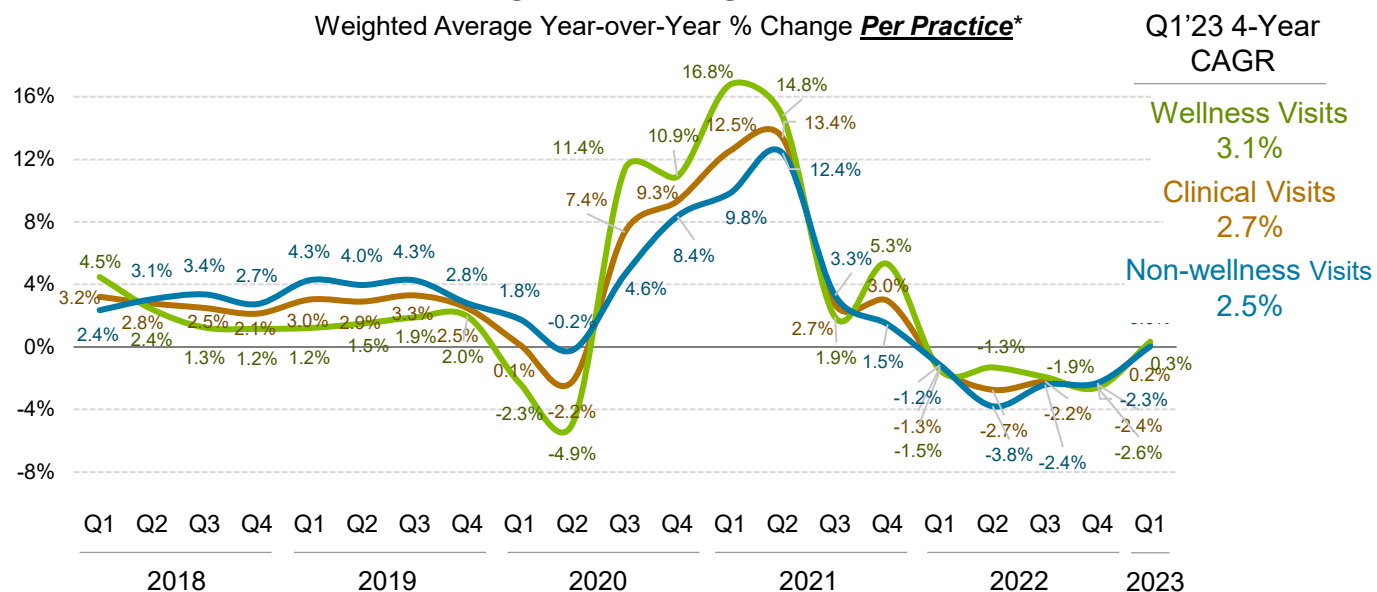
Total Practice Revenue and Visit Growth

Weighted Average Year-over-Year % Change **Per Practice***



Clinical Visit Growth

Weighted Average Year-over-Year % Change **Per Practice***



Total visits include clinical and non-clinical visits. In 2022, there were an estimated ~340 million U.S. total visits. Approximately 70% of estimated U.S. companion animal diagnostic sector revenue is from non-wellness visits.

Clinical visits are those where the reason for visit involves an interaction between a clinician and a pet.

Non-wellness visits include those for which the reason for visit is sickness, procedure or monitoring.

Wellness visits include those visits for which the reason for visit is an annual exam, vaccination, or routine check-up.

* Note that we estimate net new practice formation adds ~1% of incremental market growth per year beyond *per practice* growth.

** Growth rate estimate with margin of error of +/- 0.4% at a 95% confidence level.

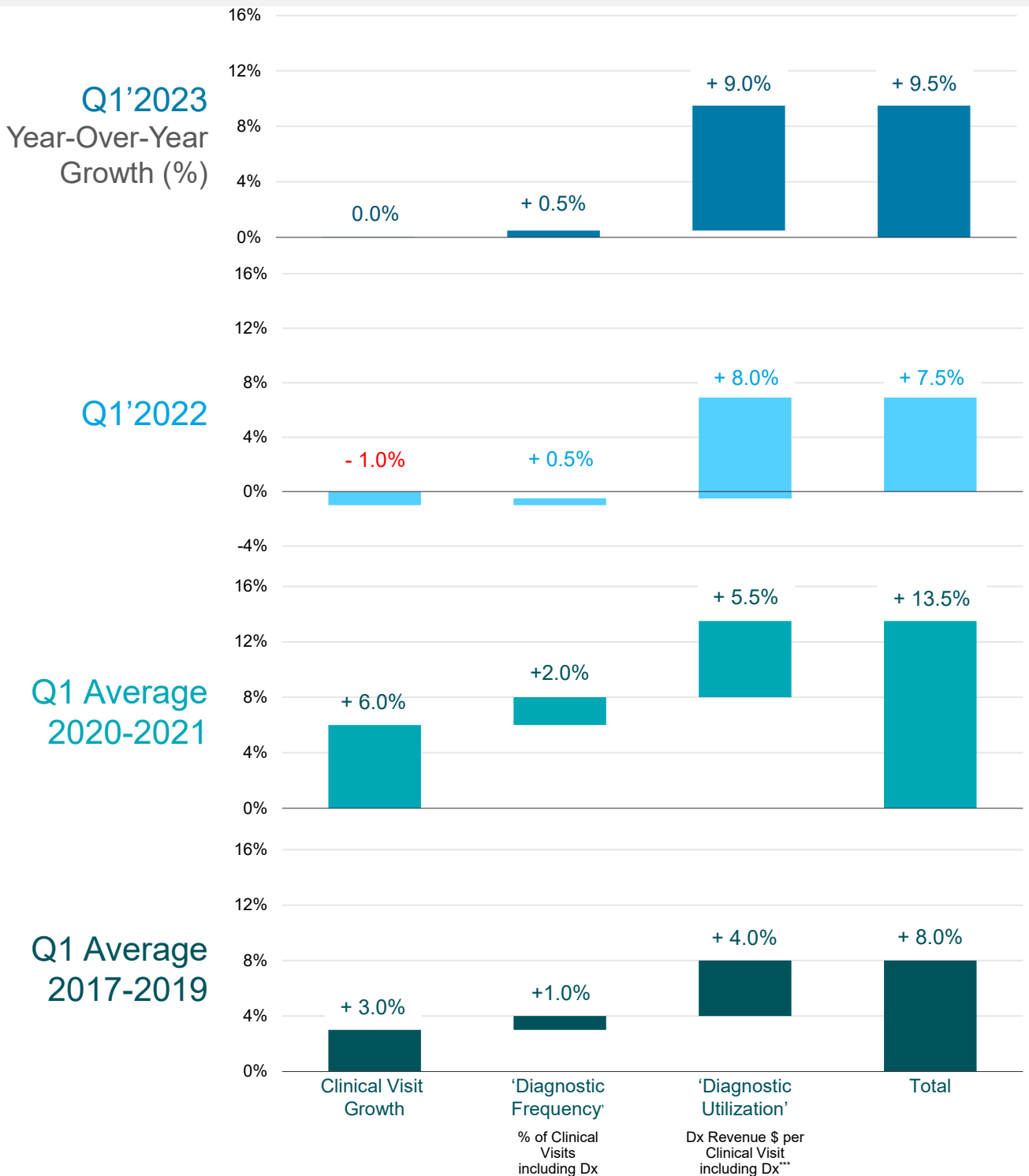
Source: IDEXX Practice Intelligence data; sample of ~9,000 practices representing six different practice information management systems, weighted to represent the country based on practice size and region.

U.S. Companion Animal Practice Growth Update

As of March 31, 2023



Contributors to U.S. Companion Animal Diagnostic Revenue Growth per Practice**



** Rounded to nearest 50 bps.

*** Diagnostic revenue per clinical visit includes volume/ intensity of Dx activity and net price realization.

Source: IDEXX Practice Intelligence data; sample of ~9,000 practices representing six different practice information management systems, weighted based on practice size and region to reflect market composition.