

Jonathan Ayers, Chairman and Chief Executive Officer  
William Blair 38<sup>th</sup> Annual Growth Stock Conference

June 12, 2018





## Safe Harbor Disclaimer

The following information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's current expectations and beliefs, as well as a number of assumptions concerning future events. These statements are subject to risks, uncertainties, assumptions and other important factors. You are cautioned not to put undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied. The reports filed by the Company pursuant to United States securities laws contain discussions of these risks and uncertainties. The Company assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to review the Company's filings with the United States Securities and Exchange Commission (which are available from the SEC's EDGAR database at [www.sec.gov](http://www.sec.gov) and via the Company's website at [www.idexx.com](http://www.idexx.com)).

We refer in this presentation to 2018 outlook communicated on May 4, 2018; these references speak only as of May 4, 2018 and shall not be deemed to be a reiteration or affirmation of the guidance or an indication that our expectations have not changed since that time. We also refer to the Annual Revenue Growth Potential communicated August 16, 2017; this reference speaks only as of August 16, 2017 and shall not be deemed to be a reiteration or affirmation of the potential or an indication that the Company's expectations have not changed since that time.

### Non-GAAP Financial Measures

In this presentation, we refer to some non-GAAP financial measures. For a reconciliation to the most comparable GAAP financial measures, we refer you to our footnotes and the Appendix to this presentation, which also refer to our Definitive Proxy Statement filed March 29, 2018 and the Company's Annual Report on Form 10-K for the year ended December 31, 2017, both available at [www.idexx.com/investors](http://www.idexx.com/investors).

**Please refer to additional footnotes in the Appendix.**

# IDEXX – We Focus on Pet Healthcare Diagnostics and Software

- Highly attractive long-term secular growth opportunity
- Global leadership position
- Innovation-driven
- Recurring revenue model
- Accelerating organic revenue growth



# Pet Owners View Their Pets as Members of Their Families and Can't Imagine Giving Them Up

“I feel that my pet is an **important part of my family.**”

98%

“I **couldn't imagine giving up my pet** for any reason.”

95%



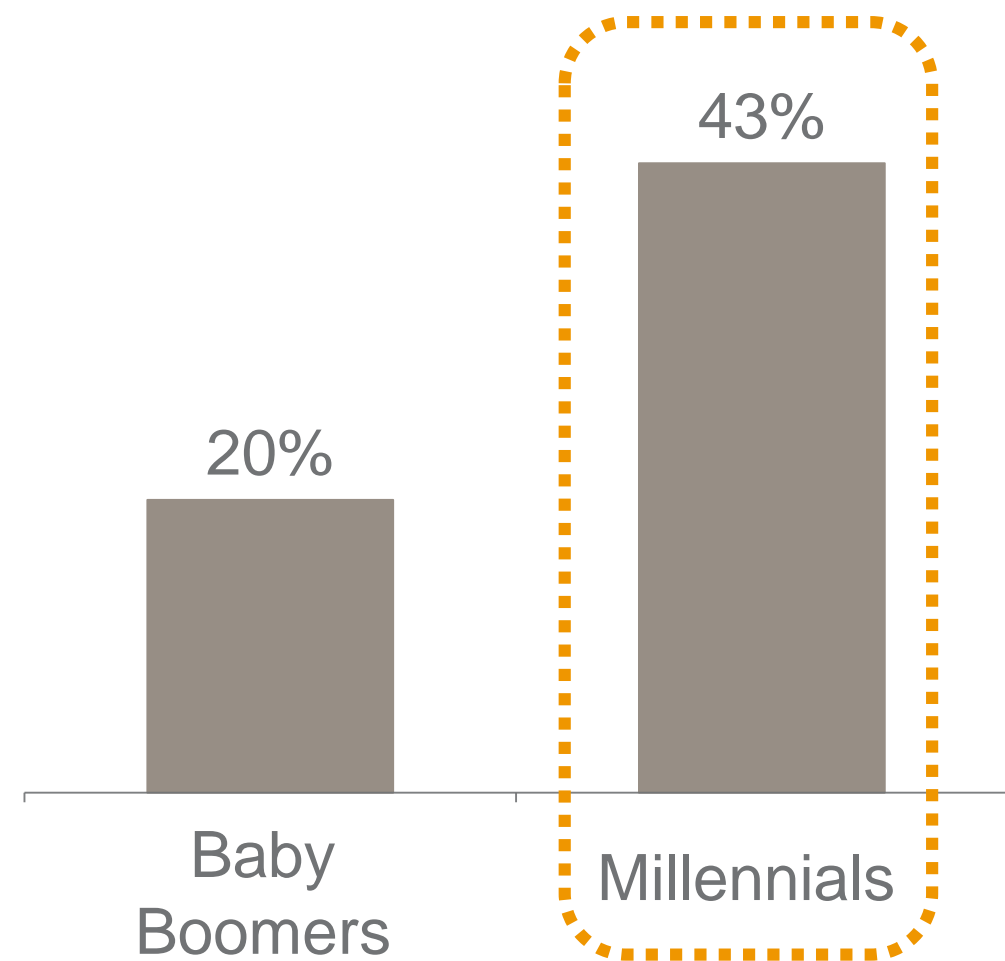
Percentages represent those responding “Strongly agree” or “Agree”.

Source: Pet Owner Survey conducted in 2016 by The Human Animal Bond Research Institute (HABRI) Foundation in partnership with Cohen Research Group (n = 1,995 pet owners), which had a margin of error of plus or minus 2.2%.

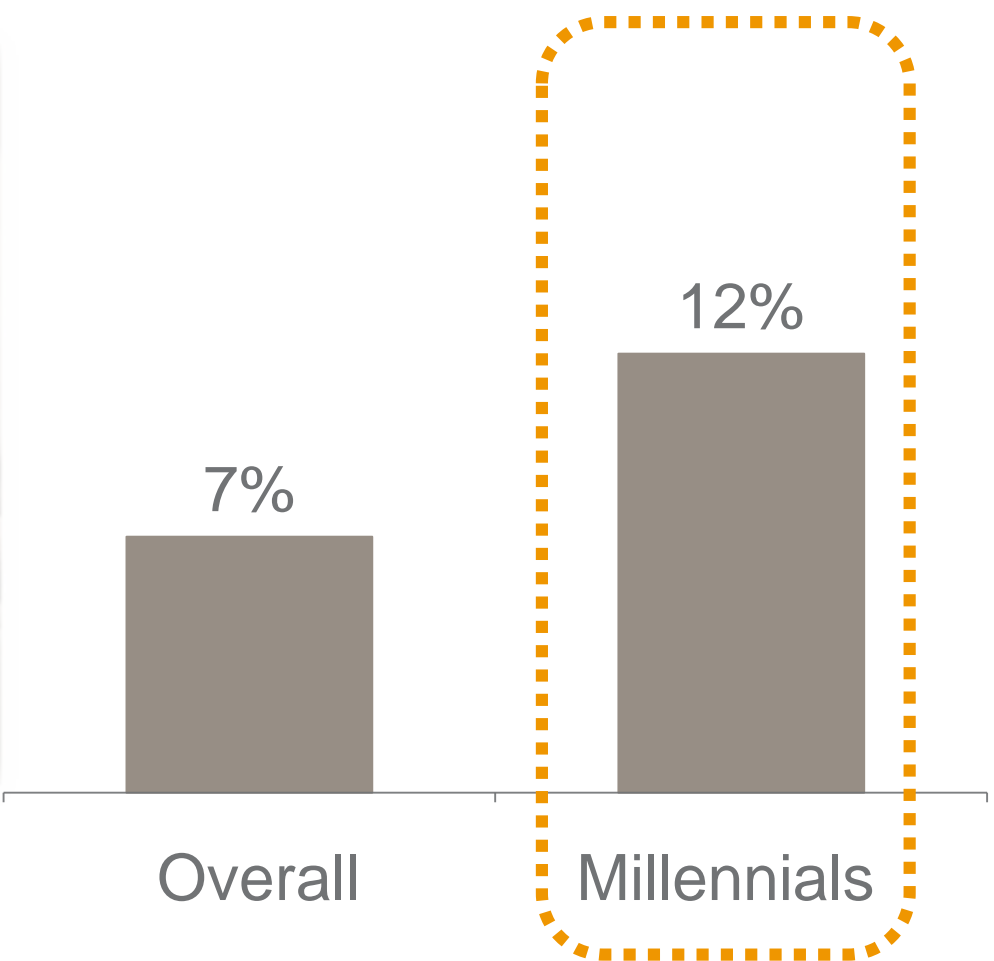


# Pet Owners Love Their Pets – and Millennials more than Generations Before Them

Percentage of Pet Owners who Refer to Their Pet as Their **“Fur Baby”**



Percentage of Pet Owners who **Ended a Romantic Relationship** Because of Their Pet



Source: Survey commissioned by Trupanion, a leader in medical insurance for cats and dogs, and conducted from October 3 to October 6, 2017. Participants were required to own a dog or cat and be at least 18 years old. The survey had 1,250 participants. 825 were from the United States and 425 from Canada.

# Early Indications are that Gen Z Love Their Pets At Least As Much



## U.S. Pet Owner Survey

### Baby Boomers

(54 yrs to 72 yrs)

### Millennials

(22 yrs to 37 yrs)

### Gen Z

(Up to 21 yrs)

Celebrate Their Pet's Birthday

48%

83%

93%

Celebrate Valentine's Day

18%

44%

67%

Source: Survey commissioned by Trupanion, a leader in medical insurance for cats and dogs, and conducted from October 3 to October 6, 2017. Participants were required to own a dog or cat and be at least 18 years old. The survey had 1,250 participants. 825 were from the United States and 425 from Canada.

# Millennials Take Their Pets to the Vet

*Average Number of Canine Vet Visits per Year by Age Segment*



**Millennials**  
(22 yrs to 37 yrs)



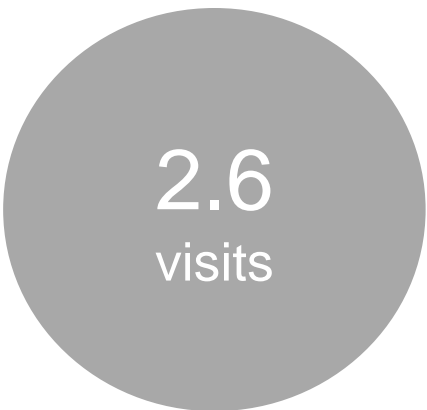
**Gen X**  
(38 yrs to 53 yrs)



**Baby Boomers**  
(54 yrs to 72 yrs)



**Silent Generation**  
(73 yrs to 90 yrs)

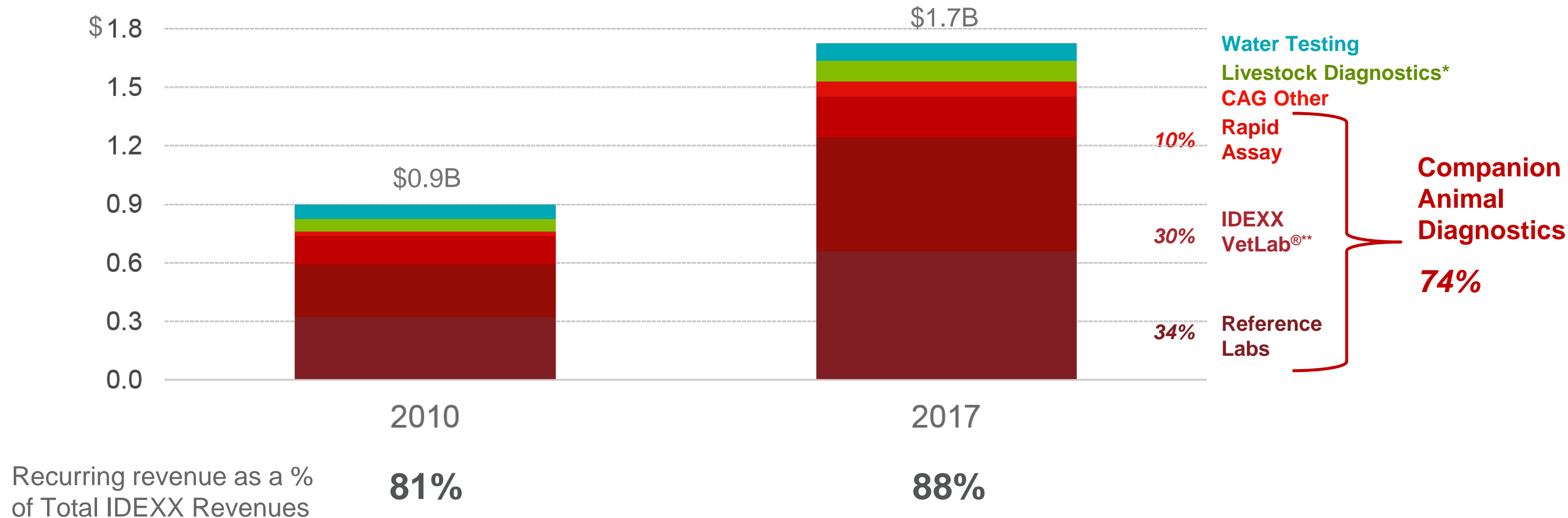


Source: American Pet Products Association Generational Report, based on 2017-18 Pet Owners' Survey. A total of 2,559 pet owner surveys were completed; Dog owner sample: 505, cat owner sample: 451; Surveys were conducted with a nationally representative sample of the Ipsos Online Panel.

# The Core Business Model Consists of Profitable Recurring Revenue

*Companion Animal Group Diagnostics Recurring is 74% of Total Revenue*

Annual Recurring Revenues (\$B)<sup>1,2</sup>



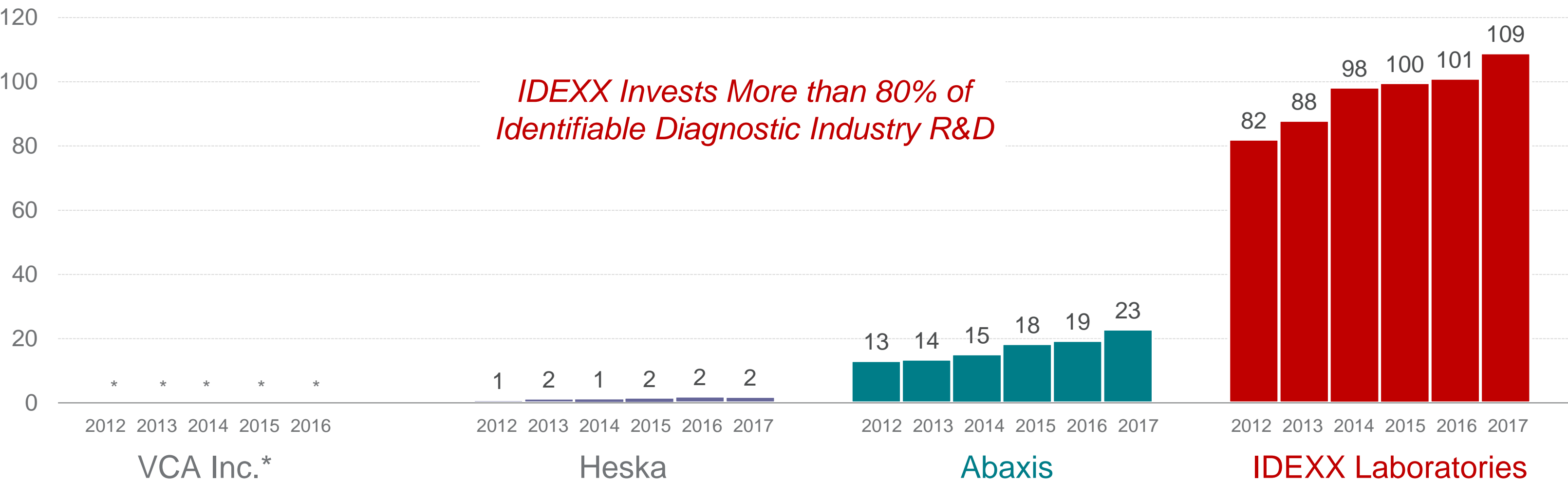
\* Livestock, poultry and dairy testing \*\* IDEXX VetLab includes consumables, service and accessories. <sup>1,2</sup> Please refer to the Appendix for descriptive footnotes.



# IDEXX's Diagnostic Innovation is Creating a Unique Set of Diagnostic and Software Tools, while Advancing Veterinary Profitability

Comparison of Annual R&D Investment of Major Veterinary Diagnostics Companies

\$MM, calendar years shown

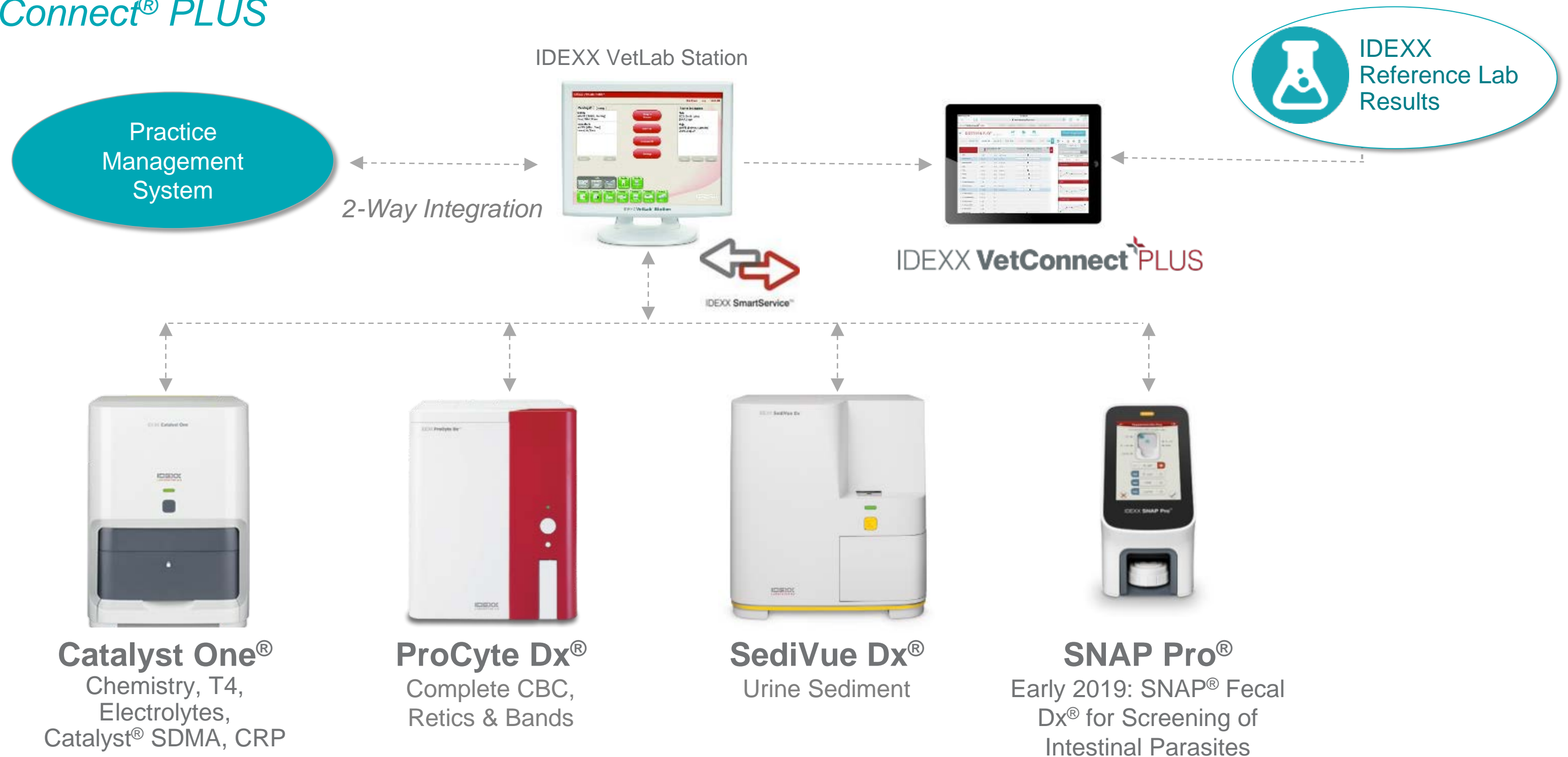


\* VCA does not report any R&D investments in its filings with the U.S. Securities and Exchange Commission ("SEC").  
Sources: Company SEC filings; earnings releases.



# IDEXX VetLab Instrument Suite - Innovation that Uniquely Expands Utility

*Fully-Integrated Diagnostic Solution with IDEXX Reference Lab Ordering and Results Through VetConnect® PLUS*





# Catalyst SDMA Launched in January



**43%**  
of North America  
Practices with Catalyst  
have already  
purchased\*

IDEXX SDMA® at the  
Reference Lab\*:  
**~16 Million**

Increasing Recognition as *an Essential Element* of the Chemistry Panel

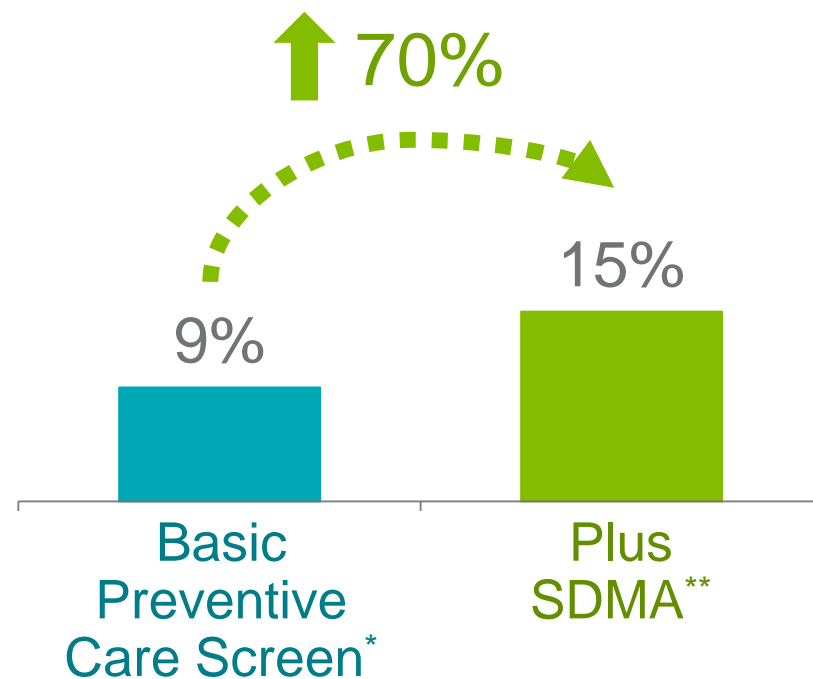
\* As of May 31, 2018.

# The Addition of IDEXX SDMA Adds Significant Value in Well Visit Testing

## *Percentage of Preventive Care Panels that Present Findings that Require Further Action*

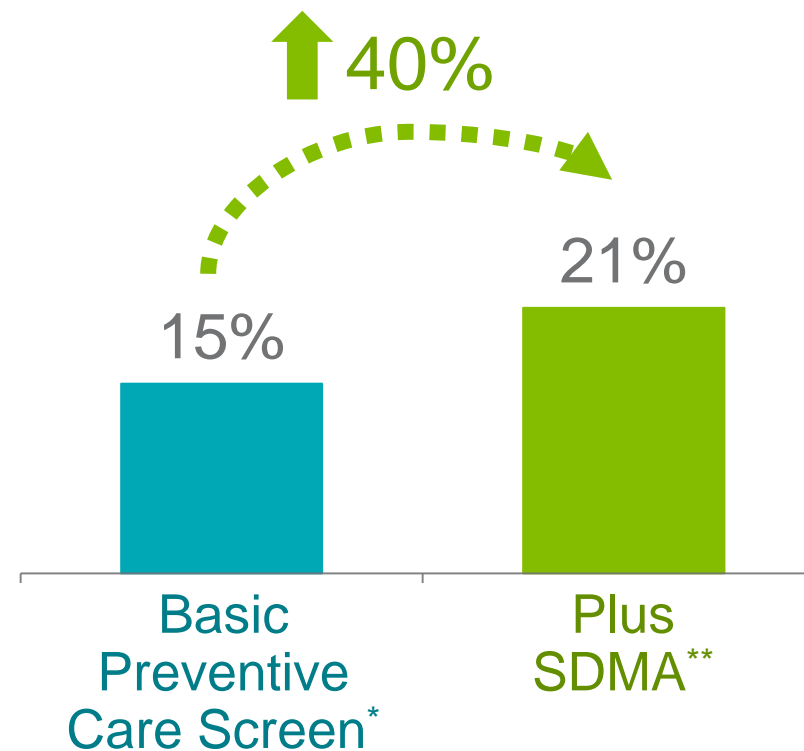
### Adult

dogs 3-6 years; cats 2-8 years



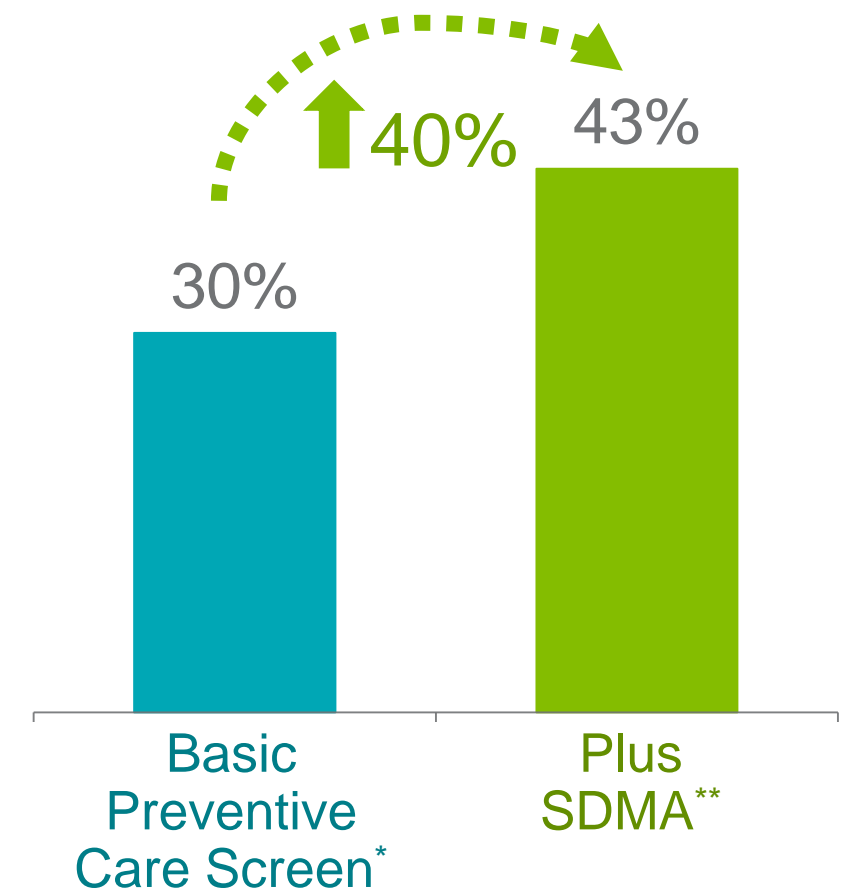
### Senior

dogs 7-10 years; cats 9-13 years



### Geriatric

dogs 11+ years; cats 14+ years



\* Defined as a reference lab Chem 22 panel and a CBC.

\*\*Basic Preventive Care Screen plus SDMA test.

Source: Based on analyses of 33,571 wellness consultations of dogs and cats from 995 clinics using IDEXX Reference Lab service.

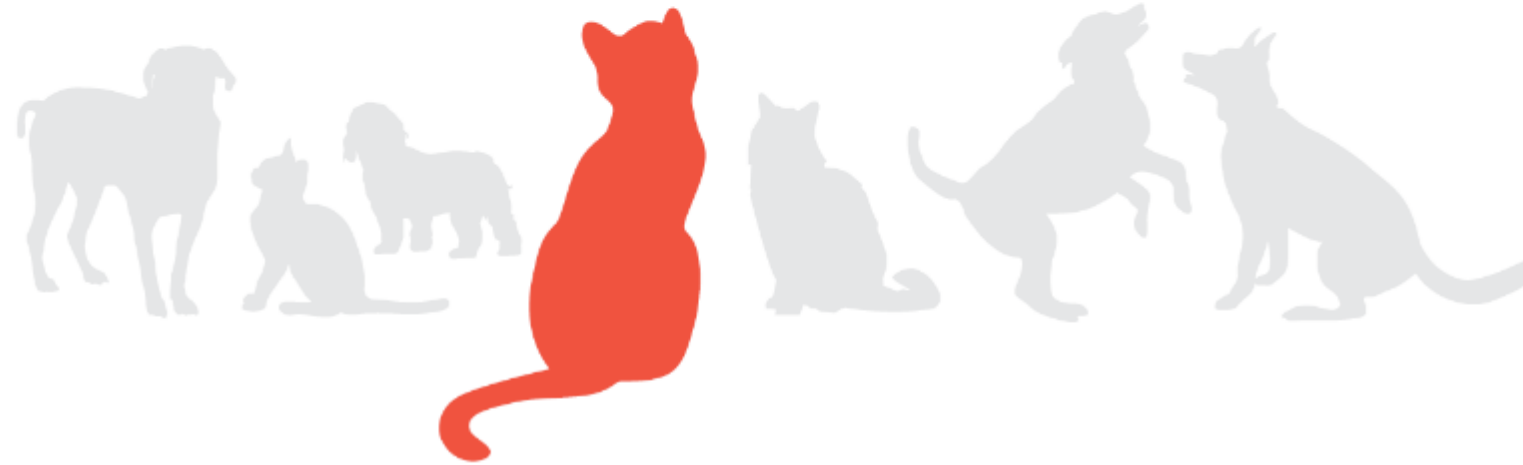


# When does a preventive care profile demand action?

33,571 wellness consultations from 995 clinics using IDEXX Reference Laboratories

## 1 in 7 adults

dogs aged 3–6 years;  
cats aged 2–8 years



## 1 in 5 seniors

dogs aged 7–10 years;  
cats aged 9–13 years



## 2 in 5 geriatrics

dogs aged 11+ years;  
cats aged 14+ years



Chem 22 panel with CBC and SDMA (combined dogs and cats); revealed that three or more clinically significant findings were evident in patients from adult to geriatric life stages—requiring veterinary follow-up (adult: 15%; senior: 21%; geriatric: 43%).

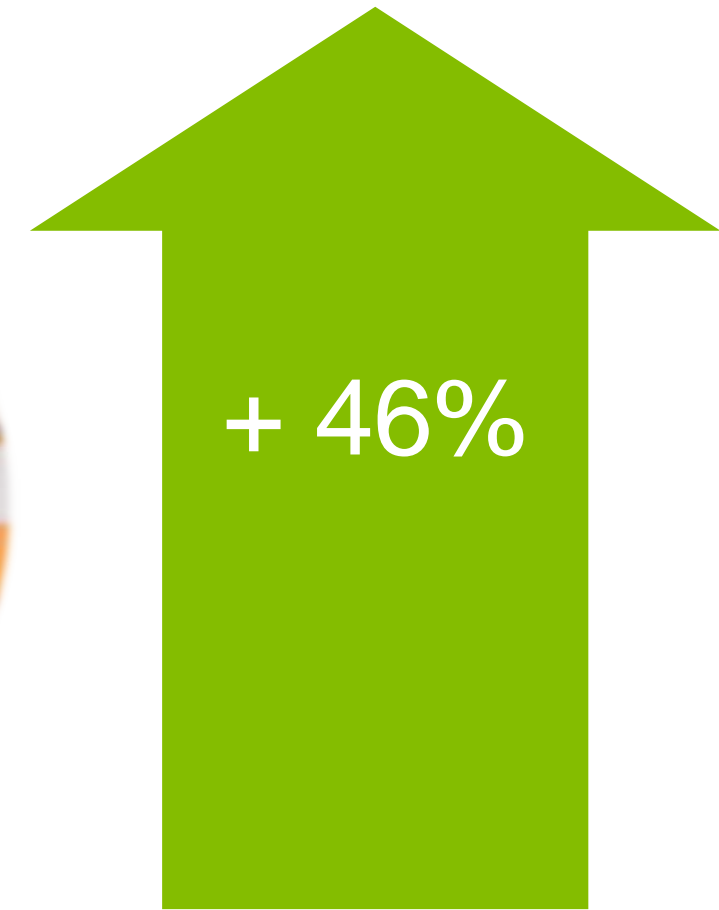
Data on file at IDEXX Laboratories, Inc. Westbrook, Maine, USA.

# When Practices Adopt Preventive Care Testing, Volumes Surge

Preventive Care Challenge Program:  
Increase in Annualized IDEXX CAG Dx Recurring Revenue per Practice Post-Implementation



700  
Practices Enrolled\*



Top 150  
Practices Enrolled\*\*

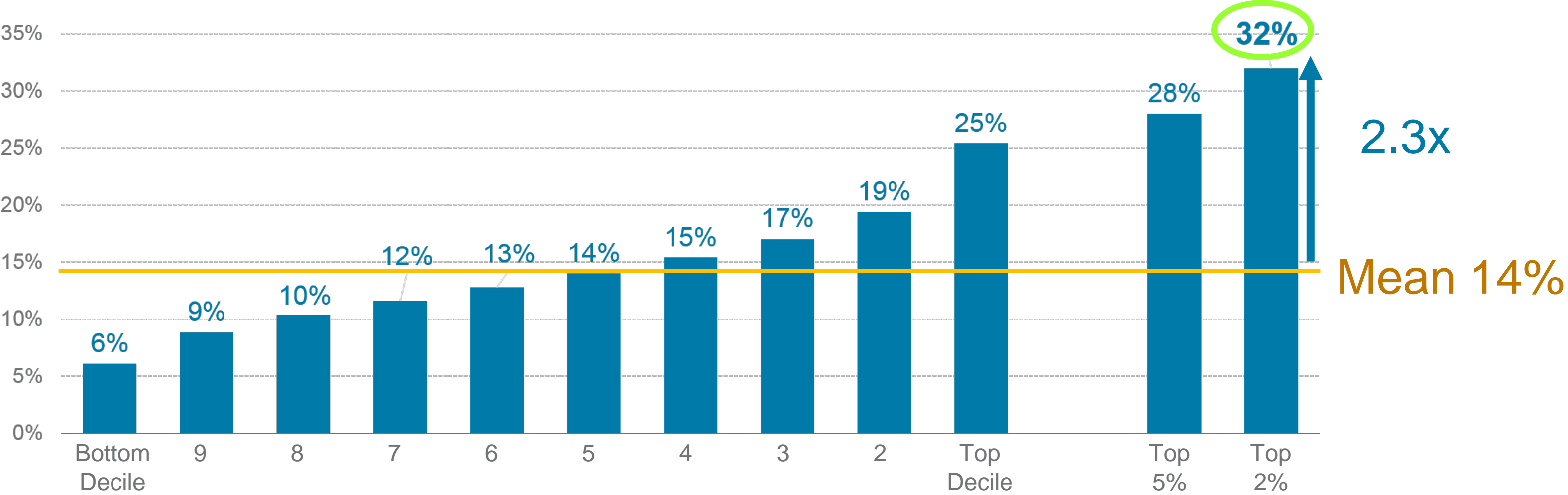
\* Median estimate for ~700 practices enrolled in IDEXX Preventive Care Challenge, with a minimum of 6 months post-enrollment.

\*\* Median estimate for the 'Top 150' practices defined based on the greatest increase in CAG Dx recurring revenue post-enrollment.



# IDEXX U.S. Customers Use of Chemistry Panel Testing is Higher than the Market at 14%, but Shows a Significant Gap between the Average and Best Demonstrated Practice

IDEXX U.S. Practices: Percentage of 2017 Clinical Visits Including a Chemistry Panel\*



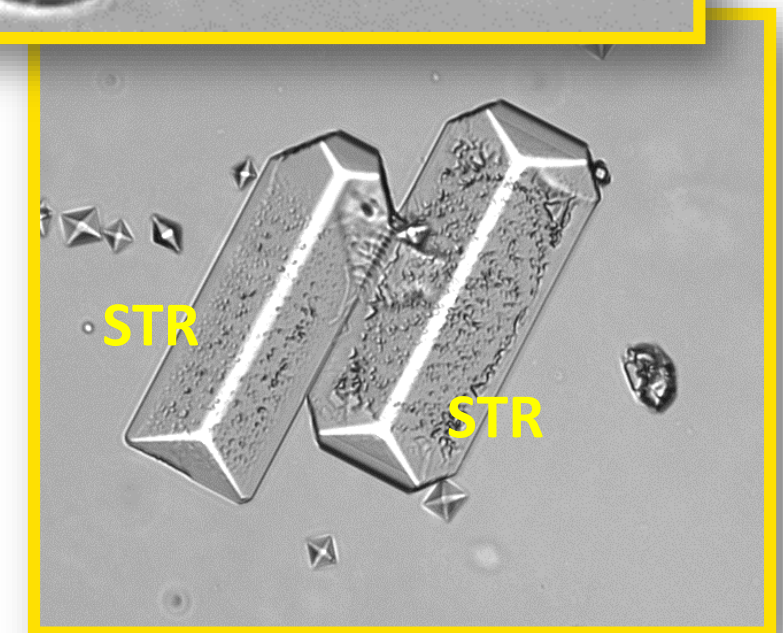
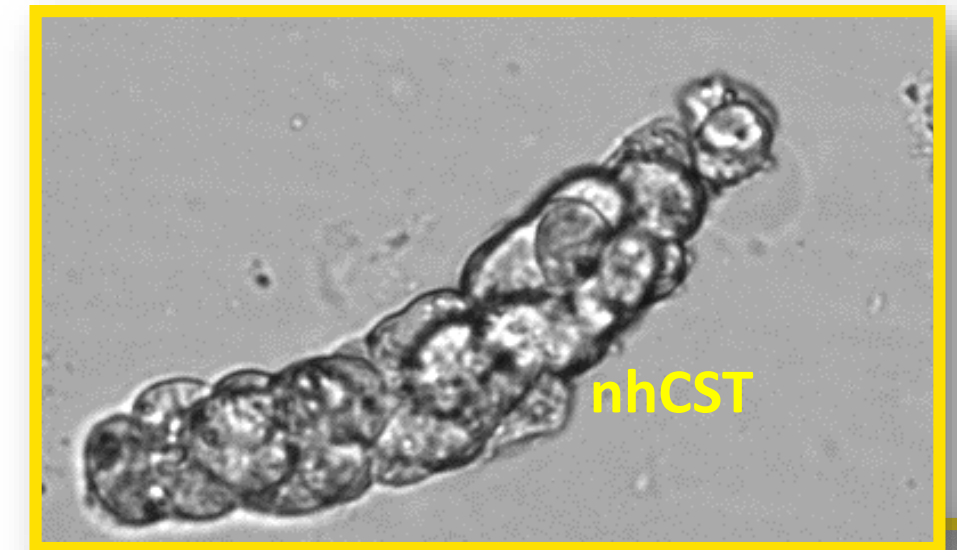
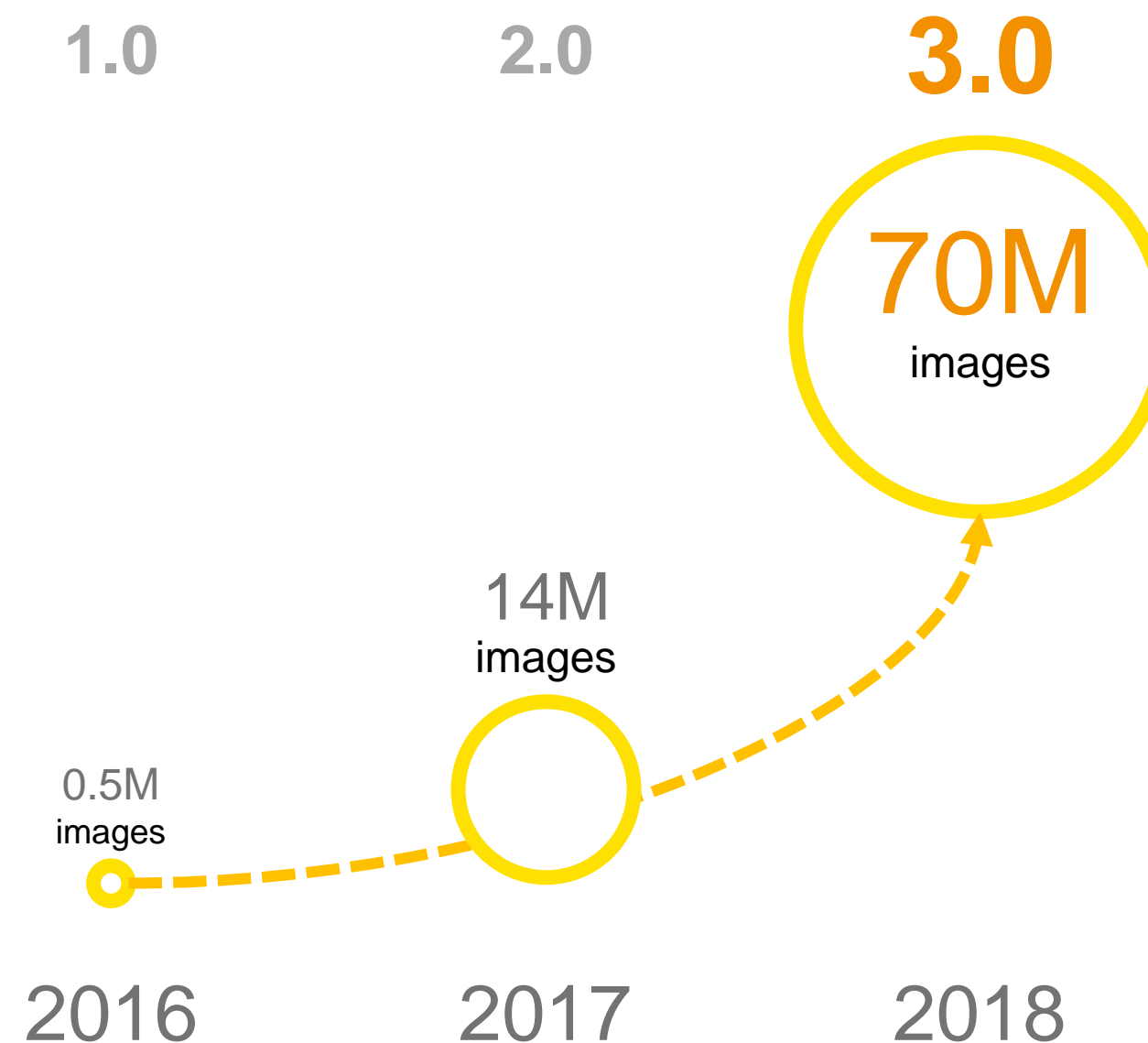
\* Data for practices that use IDEXX for both their in-house chemistry and reference lab testing. Figures rounded to nearest 1%. 2017 based on trailing twelve months ending November, 2017.  
Source: Analysis of IDEXX Practice Intelligence and IDEXX Internal Data for 2,543 U.S. practices.

# SediVue Dx - Expanding Insight from Urine Sediment Analysis

## Leveraging the Rapidly Expanding Image Database Neural Network



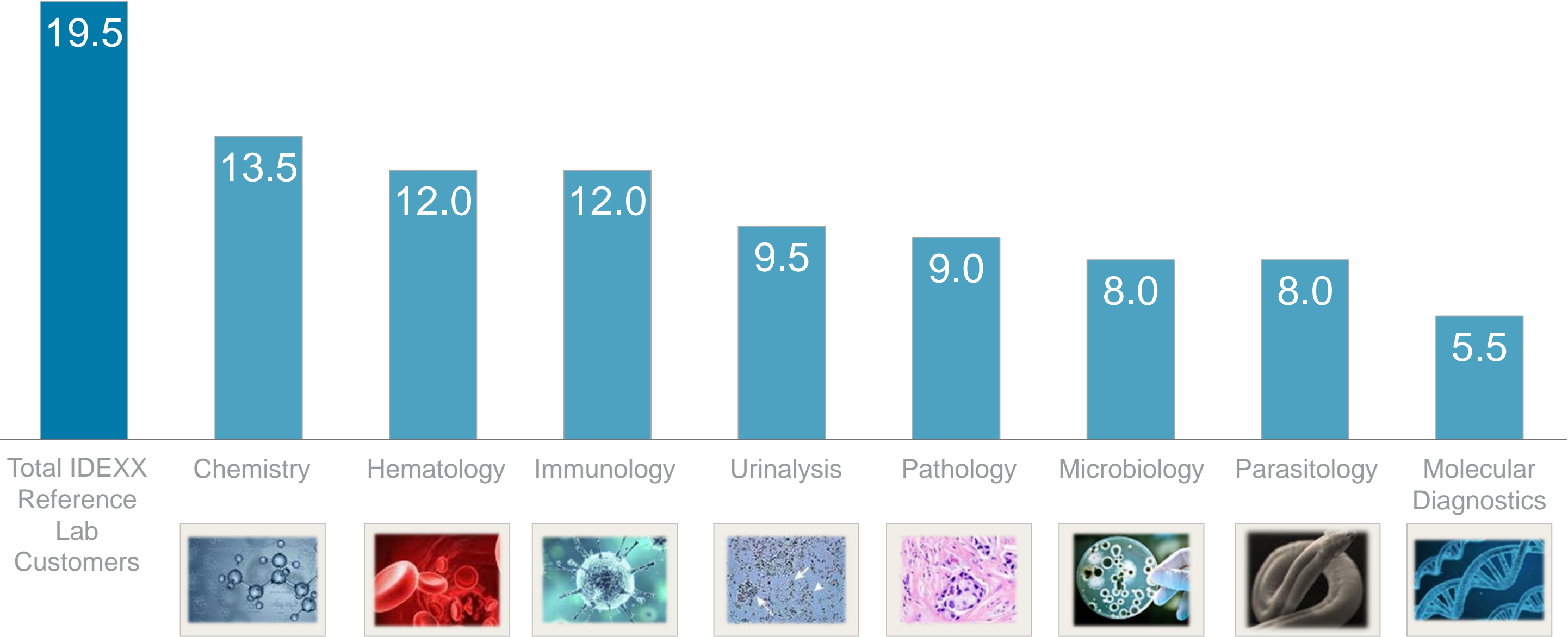
- 5 drops of urine, results in 3 minutes with digital images and algorithmic interpretation
- Novel 'pay per run' recurring revenue model



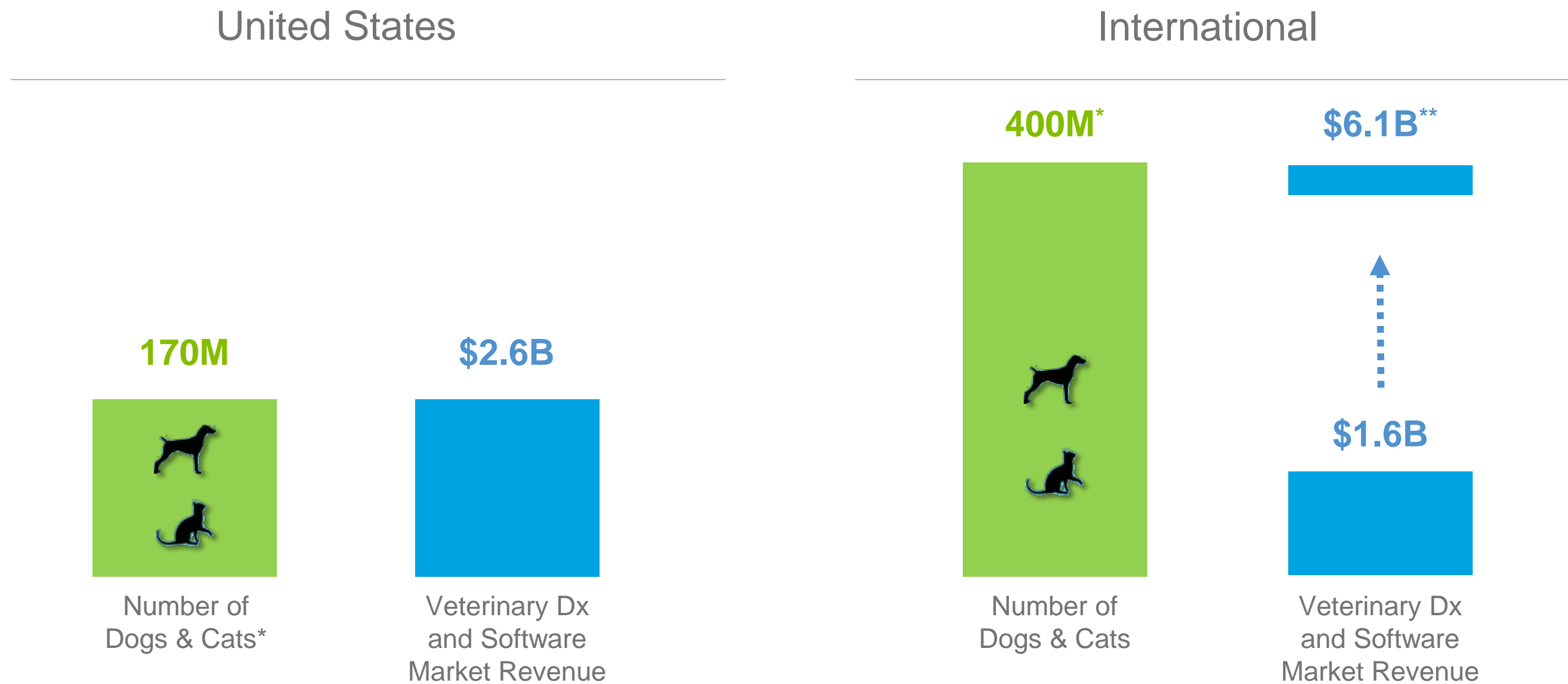


# Significant Opportunity to Grow IDEXX Reference Lab Adoption

Number of U.S. IDEXX Reference Lab Customers by Category in Q4 2017  
(thousands of practices)



# International Diagnostics Market would be ~4x Its Current Size if the Standard of Care Matched the U.S.



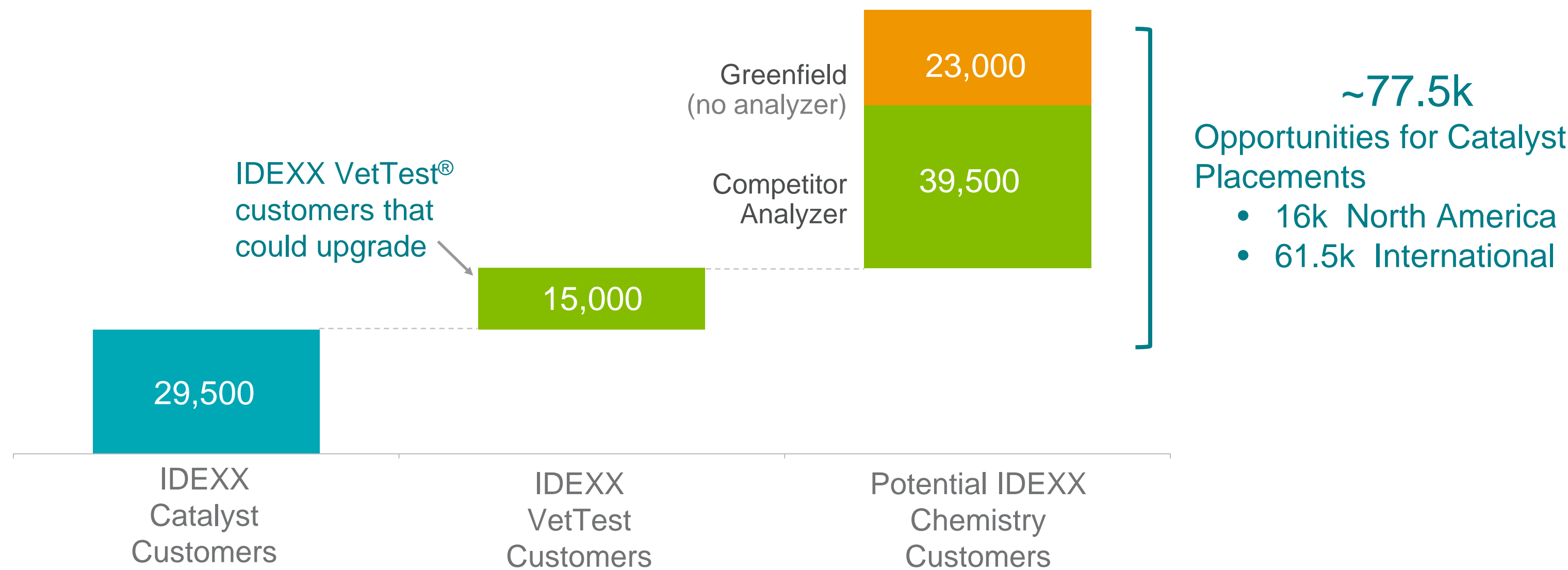
\* Estimated number of household-owned pets in developed regional markets as of the end of 2017.

\*\* IDEXX estimate of 2017 sales of veterinary diagnostics products, software and services to pet care providers compared to IDEXX estimate of the number of pets in developed markets as of the end of 2017. Potential International companion animal diagnostic market size estimated assuming the same diagnostic spending per pet as in the U.S. in 2017.



# We Estimate ~77.5k Additional Worldwide Catalyst Placement Opportunities

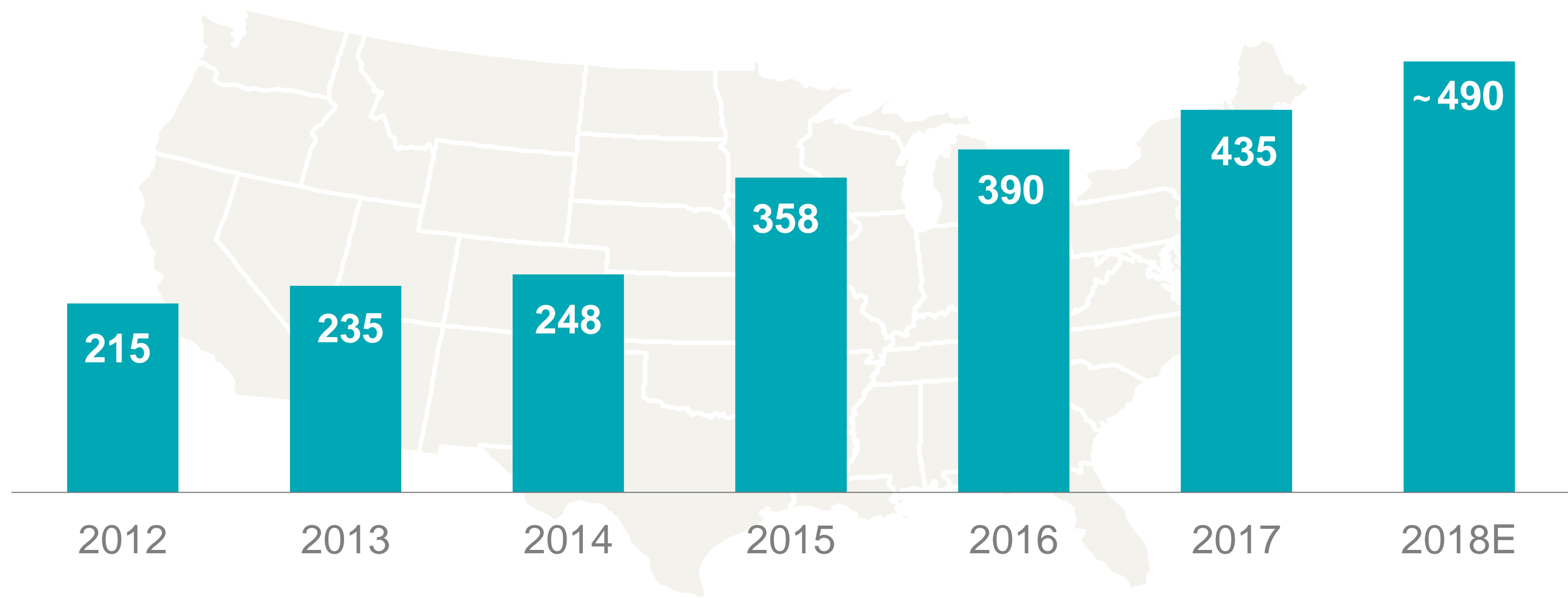
Worldwide Catalyst Placement Opportunities by Type  
(as of end 2017, in thousands)\*



\* All figures are rounded. Excludes practices too small to be likely candidates for chemistry analyzer placement at this time.

# IDEXX U.S. Commercial Transformation Has Deepened Our Presence with Customers, Accelerating Adoption of Our Unique Innovations

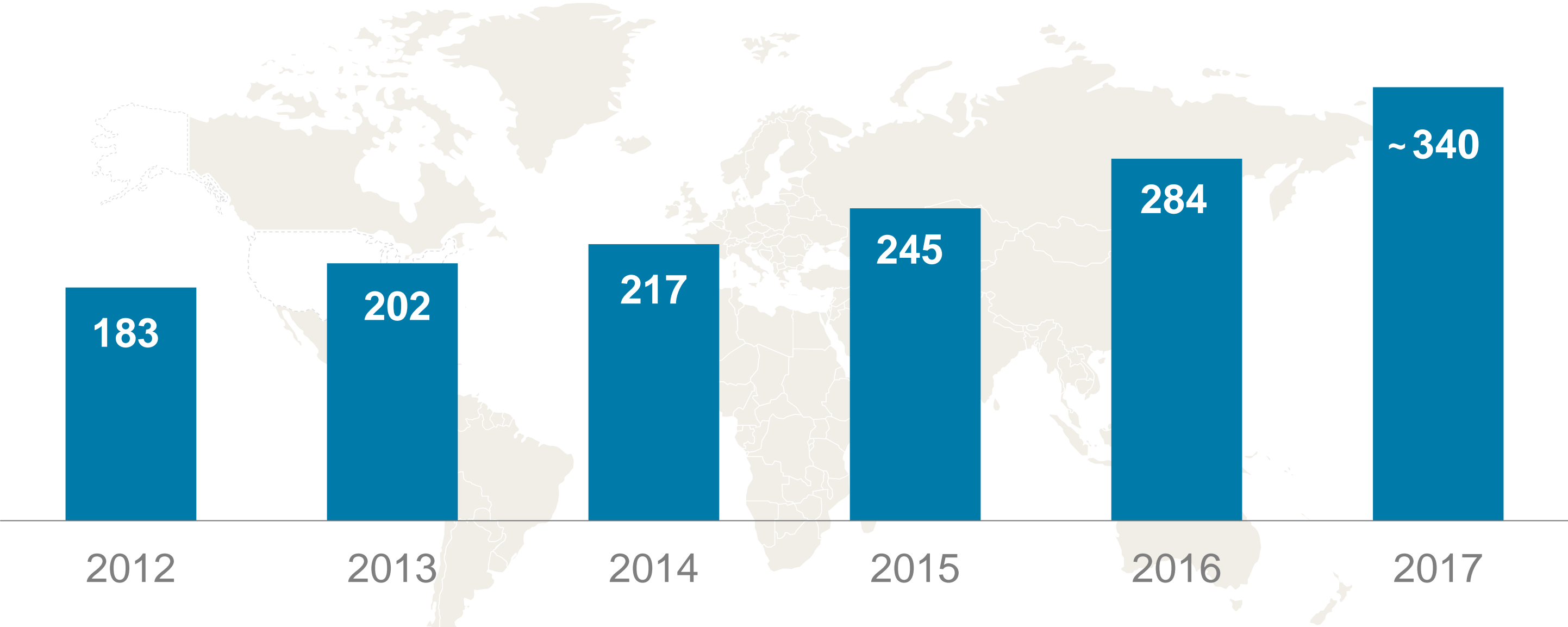
Total U.S. CAG *Field-Based* Professional Headcount\*



\* Includes all field-based sales and technical services headcount, excluding management. Figures as of December 31 of each calendar year.

# International Commercial Presence Has Grown Over the Past 5 Years As Well

Total International CAG *Field-Based* Professional Headcount\*

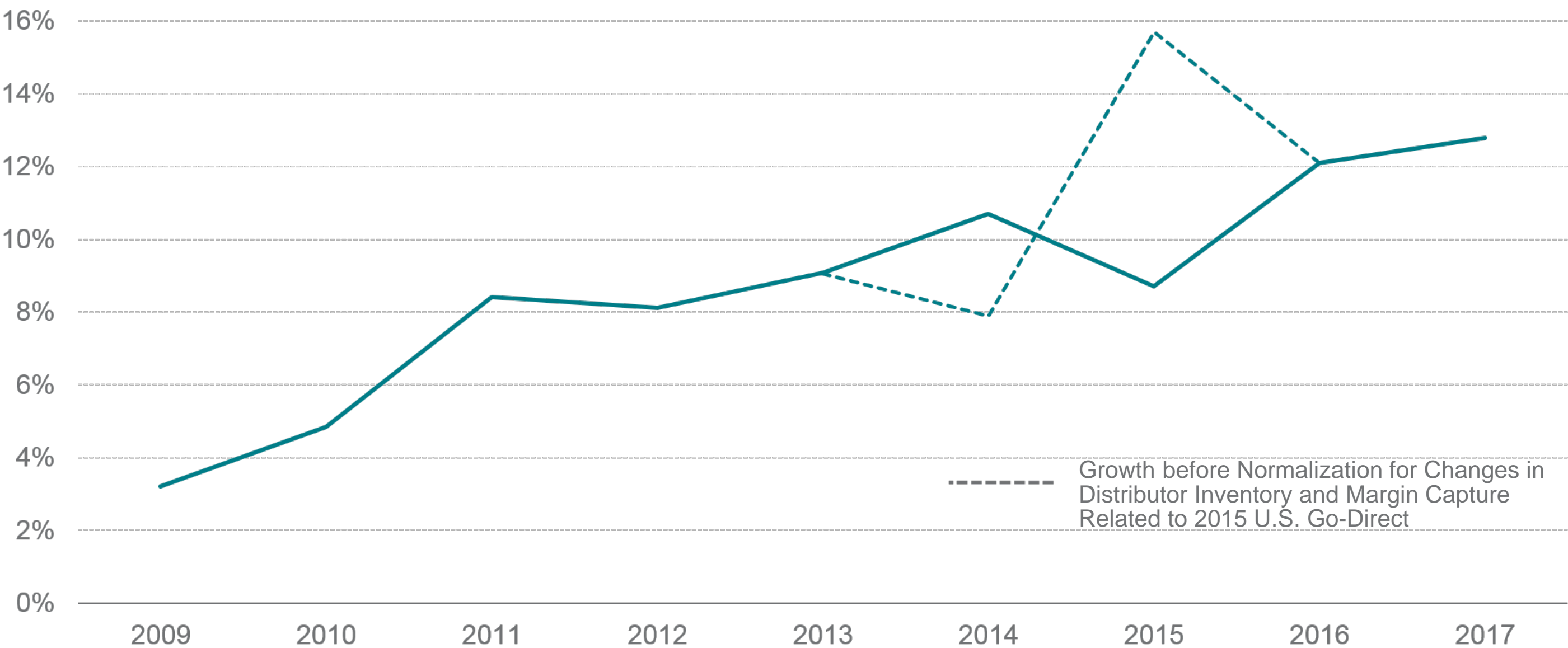


\* Includes all field-based sales and technical services headcount, excluding management outside the U.S. Figures as of December 31 of each calendar year.



# Accelerating Organic Revenue Growth

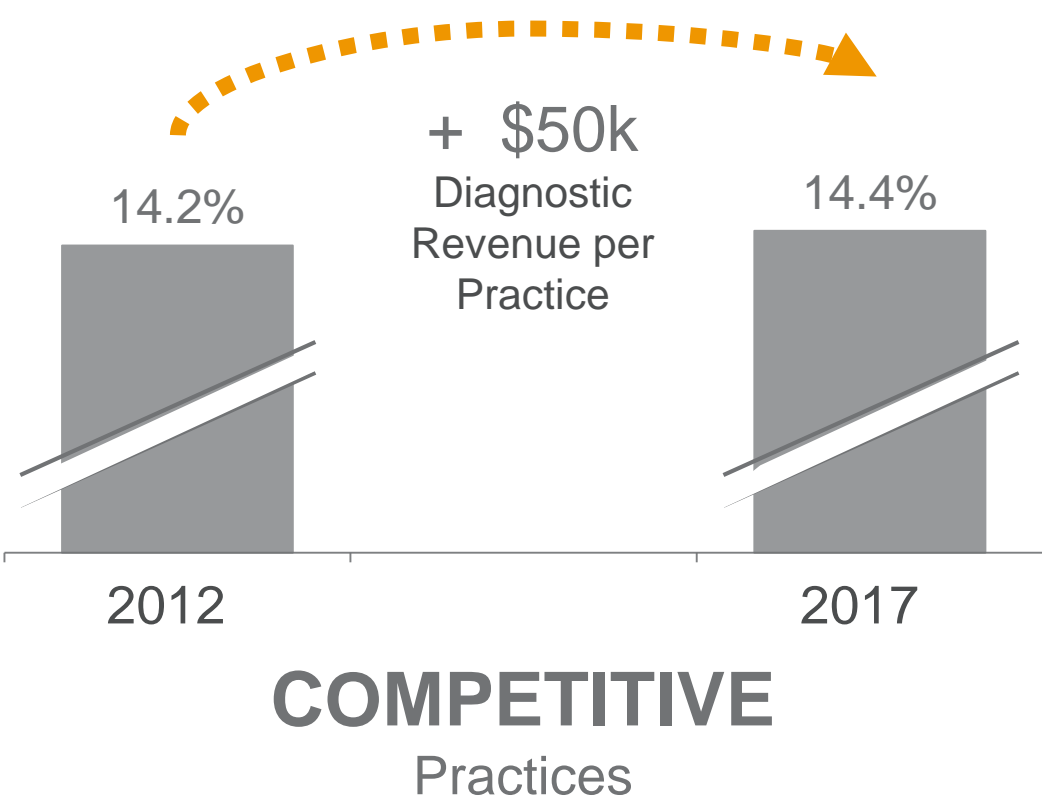
Rate of Organic Revenue Growth - Worldwide CAG Diagnostics Recurring (Normalized)<sup>2,3</sup>



<sup>2</sup> Please refer to the Appendix for descriptive footnotes. <sup>3</sup> Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

# IDEXX Practices Have Higher Diagnostic Utilization and Have Had Greater Dollar Increase in Diagnostic Revenue over Past 5 Years

Diagnostic Revenue as a Percentage of Total Practice Revenue (%)\*



\* Average revenue statistics are weighted to reflect the U.S. market. Diagnostic revenue includes both in-house and reference lab charges. (n = 6,772). "IDEXX Practices" have both IDEXX Reference Lab Services and IDEXX In-house Chemistry Diagnostics for the full period from 2012 through 2017. "Competitive Practices" have neither IDEXX Reference Lab Services nor IDEXX In-house Chemistry Diagnostics for the full period 2012 through 2017.  
Source: IDEXX Practice Intelligence Data.

# We Are Early in the Pet Healthcare 100 Year Macro Cycle

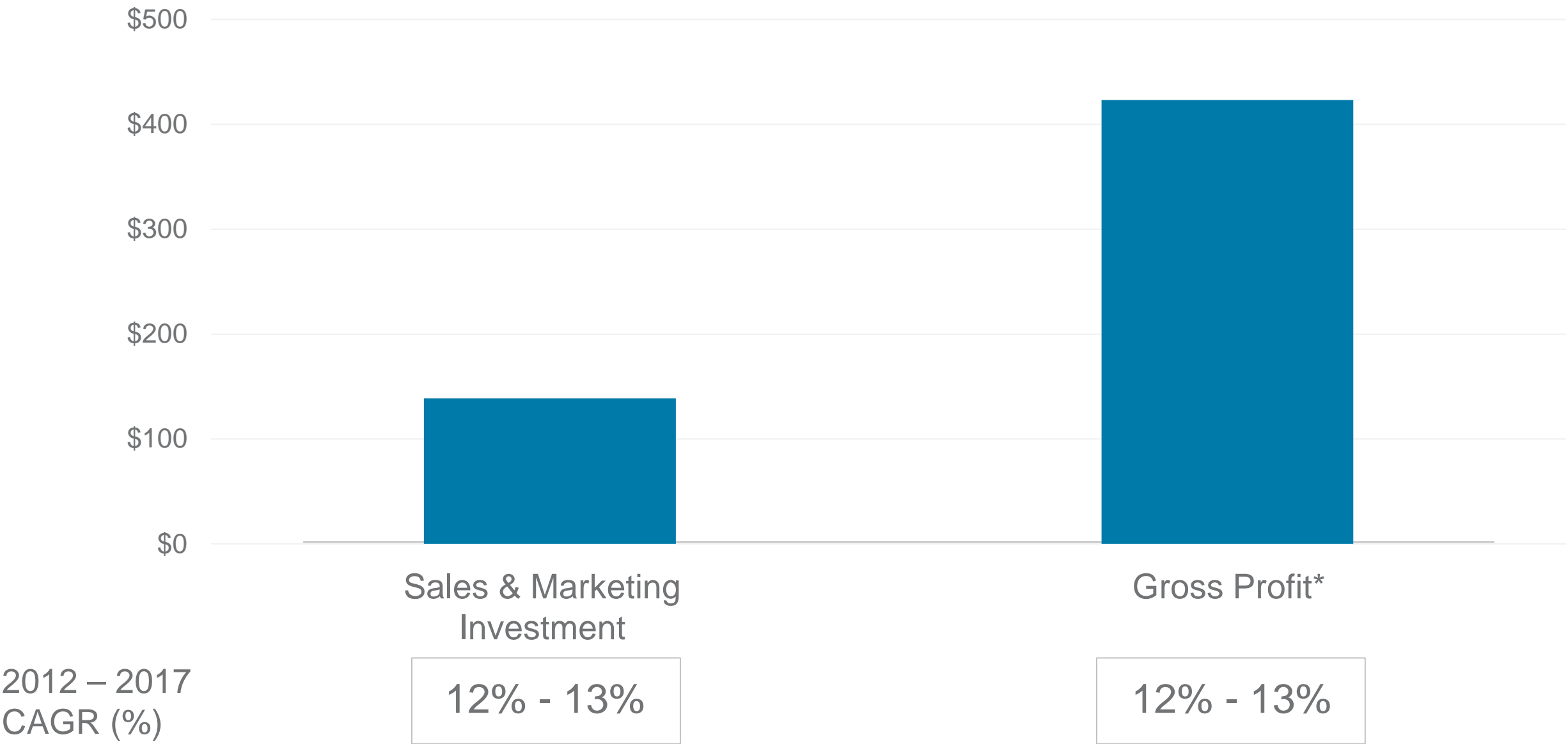


- Owners globally love and prioritize their pets
- Diagnostics are essential, but dramatically underutilized
- IDEXX's innovation is expanding the toolset, further increasing the value of diagnosis
- IDEXX's growing global field presence is accelerating adoption rates of IDEXX proprietary and unique solutions



# Investments in Global Commercial Capability Are Yielding High Returns

2017 vs. 2012 Global Incremental CAG Sales & Marketing Investment and Incremental Gross Profit  
(Constant Currency \$M)<sup>5</sup>



<sup>5</sup> Non-GAAP financial measure, please refer to Appendix for footnotes.

\* Excludes hedges.

# Well-Positioned to Drive Sustainable, Strong Financial Performance

## Long-Term Financial Model\*

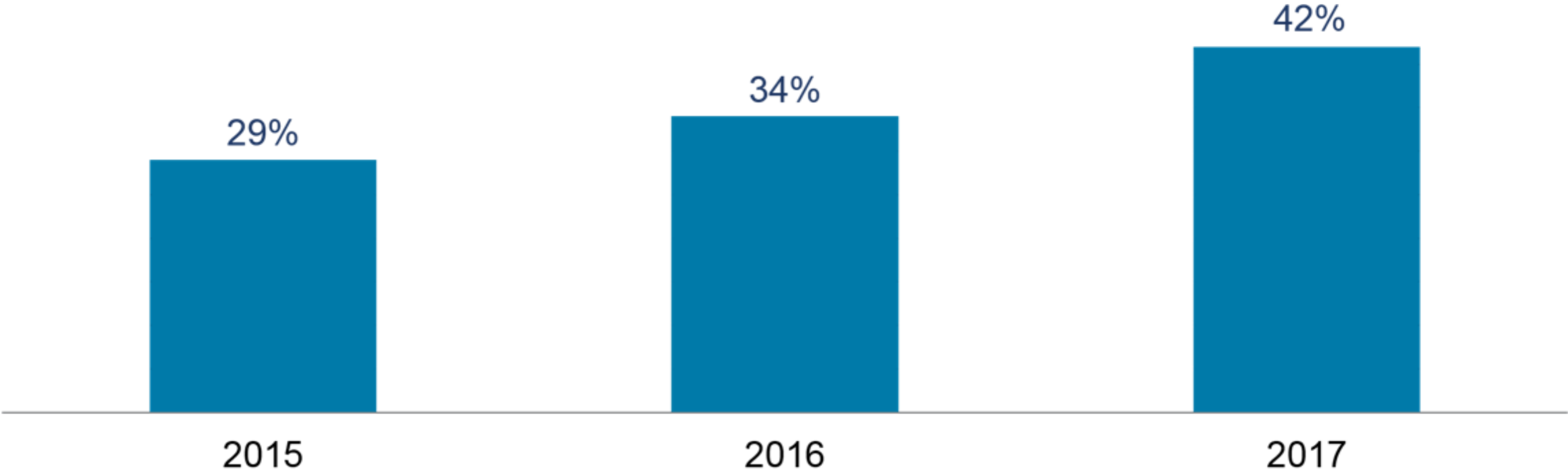


\* These projections assume that foreign currency exchange rates will remain the same as in 2017.

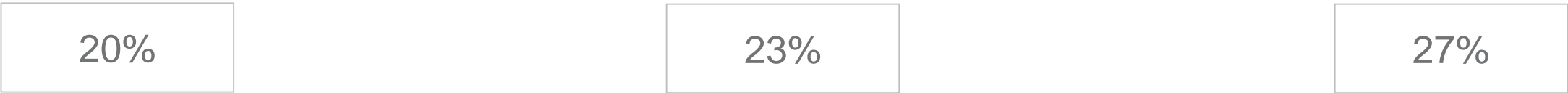
\*\* EPS growth potential outlook excludes year-over-year changes in share-based compensation tax benefits.

# Business Focus and Disciplined Execution Yielding Outstanding Returns

Return on Invested Capital *Excluding* Cash & Investments<sup>6</sup>  
(After Tax)



Return on Invested Capital *Including* Cash & Investments  
(After Tax)



<sup>6</sup> Non-GAAP financial measure, please refer to Appendix for footnotes.



# IDEXX – Exceptional, Durable Growth and Returns

An Enduring Recurring Revenue Model with  
... exceptionally long-run growth dynamics. . .  
... accelerated by IDEXX's unique innovation  
and growing commercial model . . .  
... generating exceptional financial returns.





# Appendix

# Footnotes

**<sup>1</sup> IDEXX Reportable Segment Revisions and Divested Revenues:** Prior to January 1, 2015, our Companion Animal Group (“CAG”) segment included herd testing diagnostic services processed within and managed by our CAG reference laboratories. We have transitioned the responsibility for these diagnostic services to our Livestock, Poultry and Dairy (“LPD”) segment to more effectively align our business with the nature and customers of these livestock services. Revenue and revenue growth calculations have been retrospectively revised to reflect this change in the composition of our reportable segments.

**<sup>2</sup> Recurring Revenue:** Annual recurring revenue for LPD, Water, Veterinary Software, Services and Diagnostic Imaging Systems, Rapid Assay, and IDEXX VetLab include and exclude the following as applicable: LPD excludes government sponsored eradication programs and herd health screening revenues, Water excludes sealer and filtration instruments, Veterinary Software, Services and Diagnostic Imaging Systems excludes client server based placements and radiography instruments, Rapid Assay excludes SNAP Pro instruments, and IDEXX VetLab includes consumables, service and accessories.

**<sup>3</sup> Normalized Organic Revenue Growth:** Normalized organic revenue growth is a non-GAAP financial measure, and it means organic revenue growth for the relevant period(s) in 2014 and 2015 normalized for the effects of our transition to an all-direct sales strategy in the U.S., which was effected fully by January 1, 2015, as described in this note. We incurred one-time transitional impacts related to the drawdown of distributor inventory in the fourth quarter of 2014, and reported revenues for 2014 have been adjusted to exclude this \$25 million impact. Further, during the three months ended December 31, 2014, we began recognizing revenue on rapid assay kits and instrument consumables upon delivery to end users in the U.S., instead of at distribution. We also began to capture additional revenue that was previously earned by our distribution partners, net of other changes related to this all direct strategy, such as free next-day shipping and a new returns policy for expired product. We refer to this net additional revenue as distributor margin capture, and 2015 revenue has been adjusted ~\$40 million to exclude this impact. See description below and **Exhibit A** for a reconciliation of normalized organic revenue growth to reported growth for the relevant periods.

**<sup>4</sup> Organic Revenue Growth:** Organic revenue growth is a non-GAAP financial measure and excludes the impacts of acquisitions and changes in foreign currency exchange rates. Management believes that reporting organic revenue growth provides useful information to investors by facilitating easier comparisons of our revenue performance with prior and future periods and to the performance of our peers. We estimated the net impacts of currency on our revenue by restating results to the average exchange rates or exchange rate assumptions for the comparative period. These estimated currency changes are expected to increase projected 2018 total revenue growth by 2% - 2.5%. The percentage change in revenue resulting from acquisitions represents incremental revenues attributable to acquisitions that have occurred since the beginning of the prior year period. These impacts of revenue from acquisitions are expected to have an immaterial impact on projected 2018 total company revenue growth. See **Exhibit A** for the impact of currency and acquisitions to CAG Diagnostics recurring revenue and Reference Laboratory Diagnostic and Consulting Services revenue for 2009-2017. The periods 2009-2016 were restated to 2017 rates and may vary from previously reported constant currency figures.

**<sup>5</sup> Constant Currency Incremental CAG Sales & Marketing Investment and Incremental Gross Profit:** Management believes that reporting constant currency sales and marketing investment and constant currency gross profit provides useful information to investors by facilitating easier comparisons of our performance with prior periods and to the performance of our peers. We estimated the net impacts of currency on our reported financials by restating results to the average exchange rates or exchange rate assumptions for the comparative period. These estimated currency changes reduced reported incremental sales and marketing investment from 2012 to 2017 by ~\$13 million and reduced incremental gross profit growth from 2012 to 2017 by ~\$44 million.

**<sup>6</sup> ROIC:** After-tax return on invested capital, after-tax income from operations, and average invested capital are non-GAAP financial measures. After-tax return on invested capital represents after-tax income from operations divided by average invested capital using the beginning and ending balance sheet values. This measure is calculated both excluding and including cash and investments. Management believes that reporting after-tax return on invested capital provides useful information to investors for evaluating the efficiency and effectiveness of our use of capital. For further information on how ROIC is calculated, please see Appendix A in the Company’s Definitive Proxy Statement filed March 29, 2018 available at [www.idexxproxymaterials.com](http://www.idexxproxymaterials.com). In order to facilitate easier comparison among periods, the tax rate used in the calculation for after-tax income from operations excludes the impact from the share-based compensation accounting change (ASU 2016-09) prior to its adoption on January 1, 2017. Adjusting for this impact reduced the 2015 tax rate by 4% and the 2016 tax rate by 5%. In addition, the after-tax income from operations in 2017 includes two tax-related adjustments. A one-time negative impact related to the enactment of the Tax Cuts and Jobs Act for the fourth quarter, due to the deemed repatriation of the Company’s foreign profits, net of the remeasurement of deferred taxes at the lower enacted corporate tax rate, increased our 2017 tax rate by approximately 8%. A discrete tax benefit related to the expected utilization of foreign tax reduced our effective tax rate by approximately 1%. For further information on these adjustments to the effective tax rate, see the *Company’s Annual Report on Form 10-K* for the year ended December 31, 2017 available at [www.idexx.com/investors](http://www.idexx.com/investors).



# Exhibit A: Reported to Organic Revenue Growth Reconciliation

Reconciliation of Annual Organic Revenue Growth <i>CAG Diagnostics Recurring</i> <sup>2</sup>	Years Ended December 31								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Reported Revenue Growth	2%	6%	11%	8%	9%	8%	11%	12%	13%
<i>Currency Impact</i>	(1%)	1%	2%	(2%)	0%	(1%)	(5%)	(1%)	0%
<i>Acquisition Impact</i>	0%	1%	0%	1%	0%	0%	1%	0%	0%
Organic Revenue Growth <sup>4</sup>	3%	5%	8%	8%	9%	8%	16%	12%	13%
<i>Distributor Inventory Adjustment</i>						3%	(3%)		
<i>Margin Capture Adjustment</i>							(4%)		
<b>Normalized Organic Revenue Growth<sup>3,4</sup></b>	<b>3%</b>	<b>5%</b>	<b>8%</b>	<b>8%</b>	<b>9%</b>	<b>11%</b>	<b>9%</b>	<b>12%</b>	<b>13%</b>

Reconciliation of Annual Organic Revenue Growth <i>Reference laboratory diagnostic and consulting services</i>	Years Ended December 31								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
Reported Revenue Growth	3%	10%	13%	9%	8%	11%	6%	13%	14%
<i>Currency Impact</i>	(2%)	2%	3%	(1%)	(1%)	(1%)	(6%)	(1%)	0%
<i>Acquisition Impact</i>	0%	0%	1%	3%	0%	1%	1%	1%	1%
<b>Organic Revenue Growth<sup>4</sup></b>	<b>5%</b>	<b>8%</b>	<b>10%</b>	<b>7%</b>	<b>9%</b>	<b>11%</b>	<b>11%</b>	<b>14%</b>	<b>13%</b>

<sup>2, 3, 4</sup> See footnotes for detail and descriptions of IDEXX recurring revenue, normalization for our all-direct transition, and organic revenue growth.

Note that all years are restated to 2017 rates and currency impact will vary from previously reported figures. Amounts may not calculate due to rounding.