



# U.S. Companion Animal Business

Jay Mazelsky, Executive Vice President

August 16, 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 August 1, 2018; these references speak only as of August 1, 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.

### **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 U.S. CAG Diagnostics

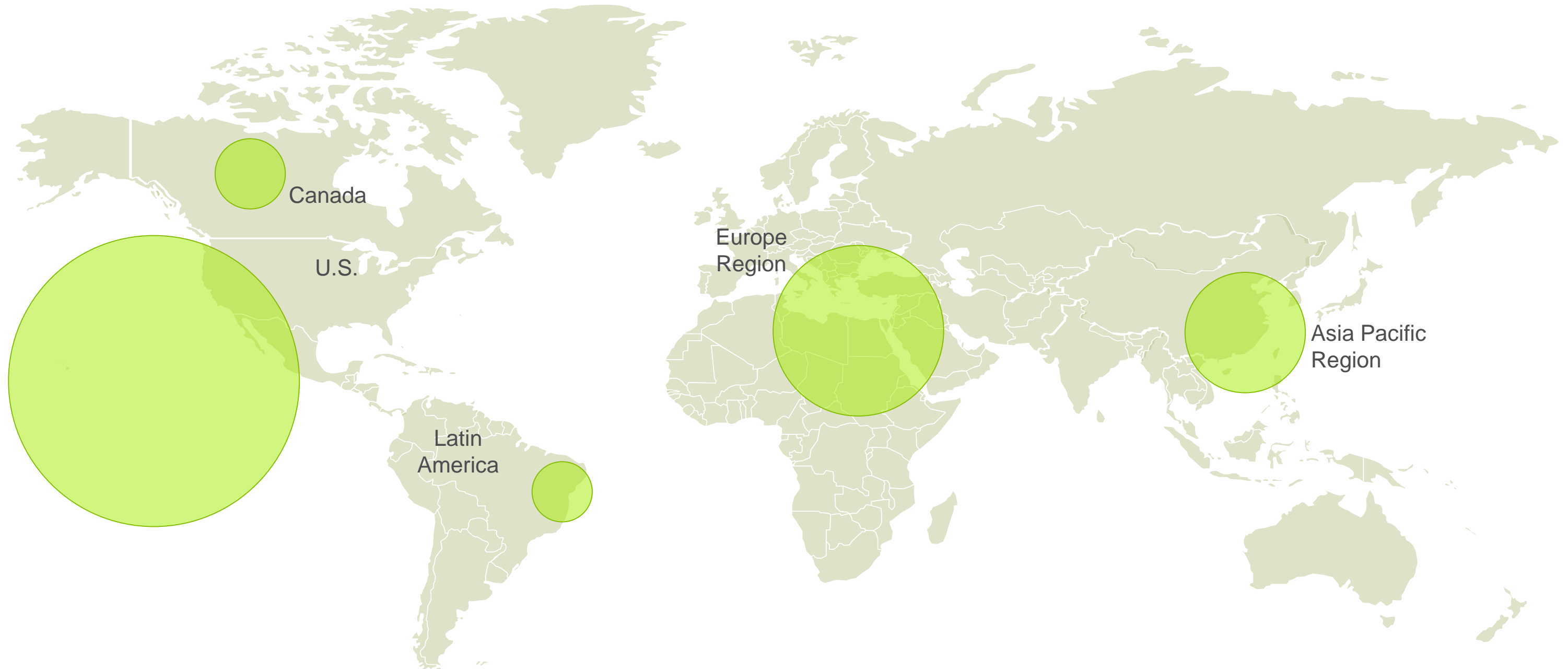


- A market where owners prioritize pet health
- Innovative diagnostics are essential but dramatically underutilized
- The IDEXX commercial model is aligned to help our customers adopt proprietary testing thus growing faster than the market

# The Global Market is ~\$4.2 Billion with Strong Secular Growth Trends

*U.S. represents ~\$2.6B, or ~62% and International represents ~\$1.6B or ~38%*

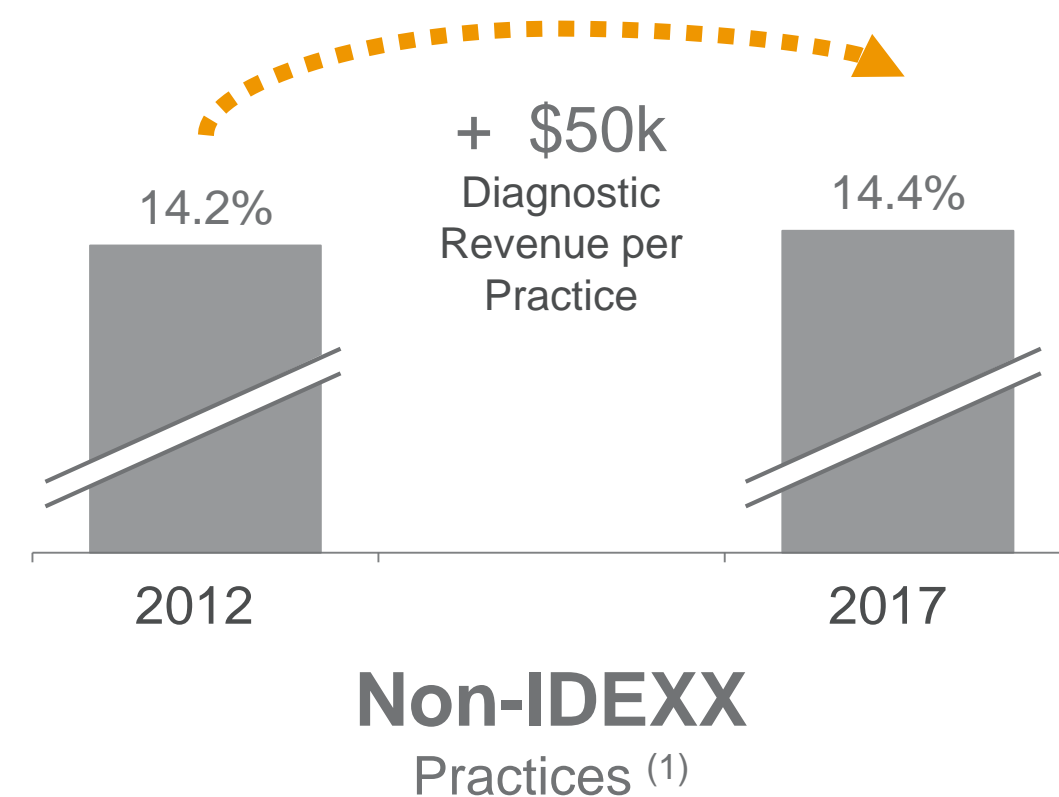
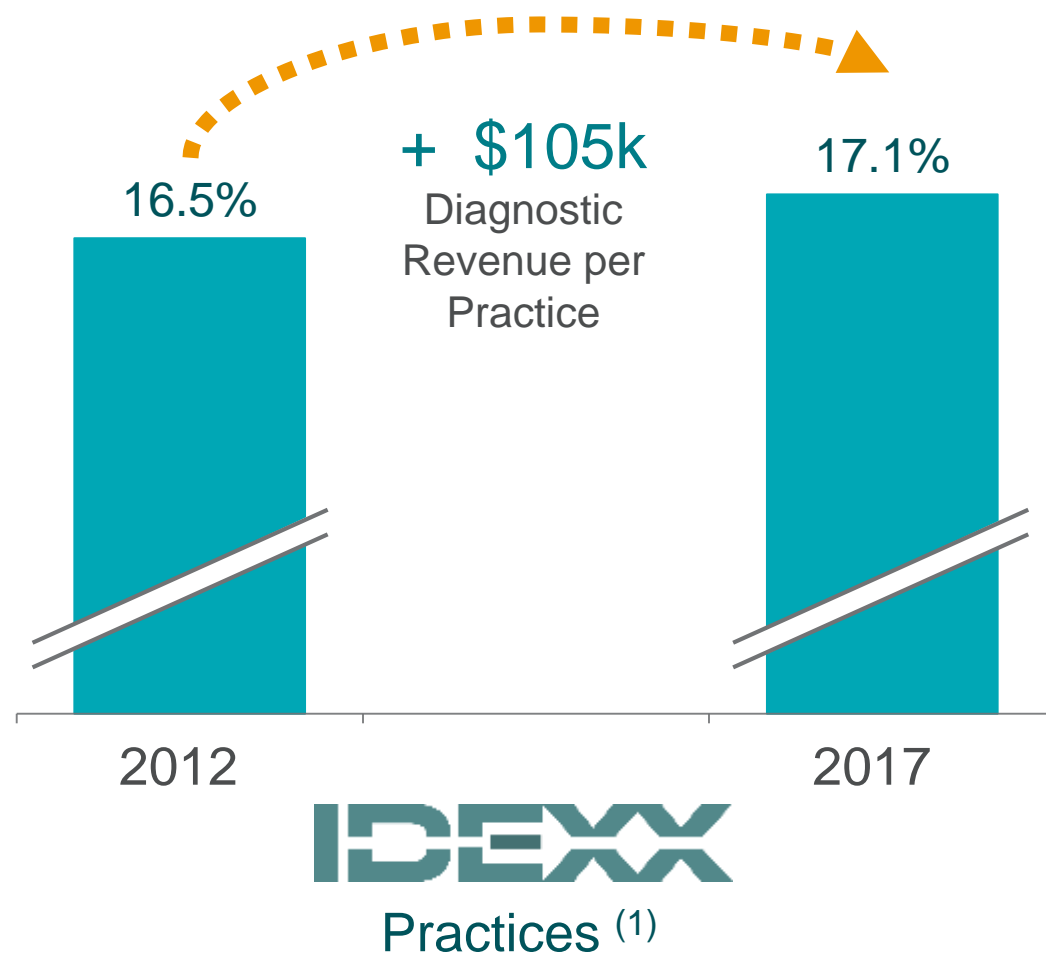
Estimated 2017 Total Companion Animal Diagnostic and Veterinary Software Spending (\$M)\*



\* Revenue estimated at the manufacturer level. Includes reference lab, telemedicine, in-house instruments and consumables, rapid assay, manual microscopy, digital, ultrasound and veterinary software. Figures stated in USD, based on 2017 average exchange rates.

# IDEXX Practices have Higher Diagnostic Utilization and have had Greater Dollar Increase in Diagnostic Revenue over Past Five Years

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

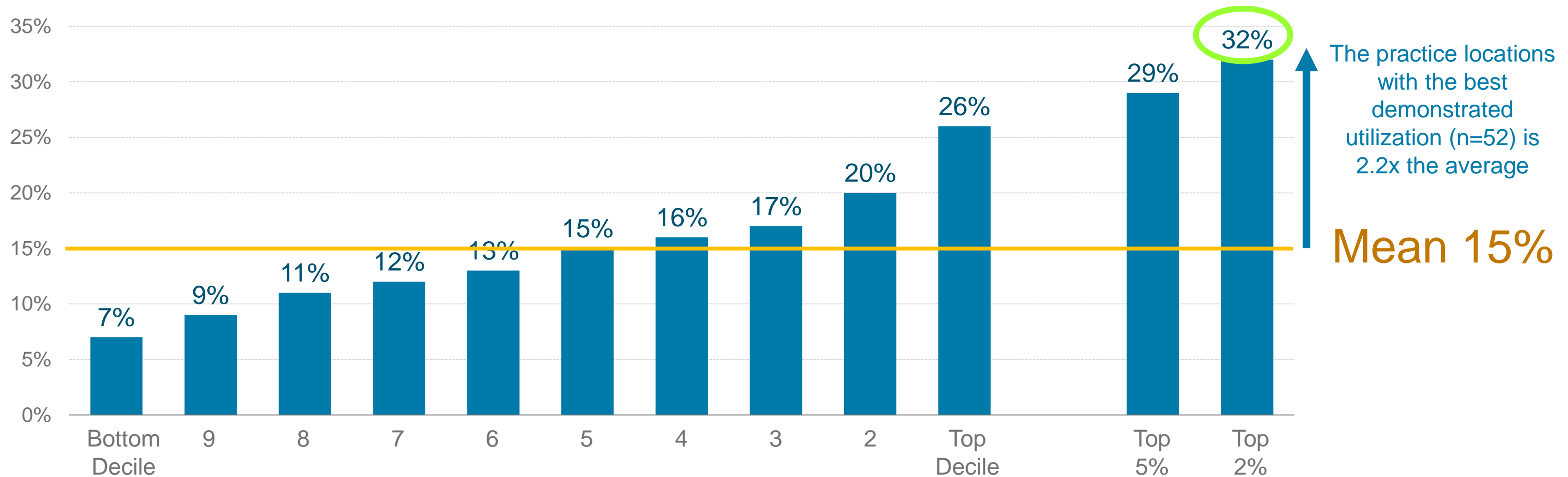


\* Average revenue statistics are weighted to reflect the U.S. market. Diagnostic revenue includes both in-house diagnostics and reference lab charges. (n = 6,772). "IDEXX Practices" have both IDEXX Reference Lab Services and IDEXX In-house Chemistry Diagnostics for the full period from 2012 through 2017. "Non IDEXX 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.

# There Remains Tremendous Untapped Opportunity to Grow Diagnostics

IDEXX Loyal 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 December, 2017. Source: Analysis of IDEXX Practice Intelligence and IDEXX Internal Data for 2,543 U.S. practices.

# Our Commercial Model is Evolving to a Practice/Individual Level Relationship ...

'13



## Modality-Centric

Modality-centric model

**235 FTEs**

'14



## Territory-Centric

Distribution model for recurring revenue

'15



## Customer-Centric

Fully direct customer-centric model

'18



## Contact-Centric

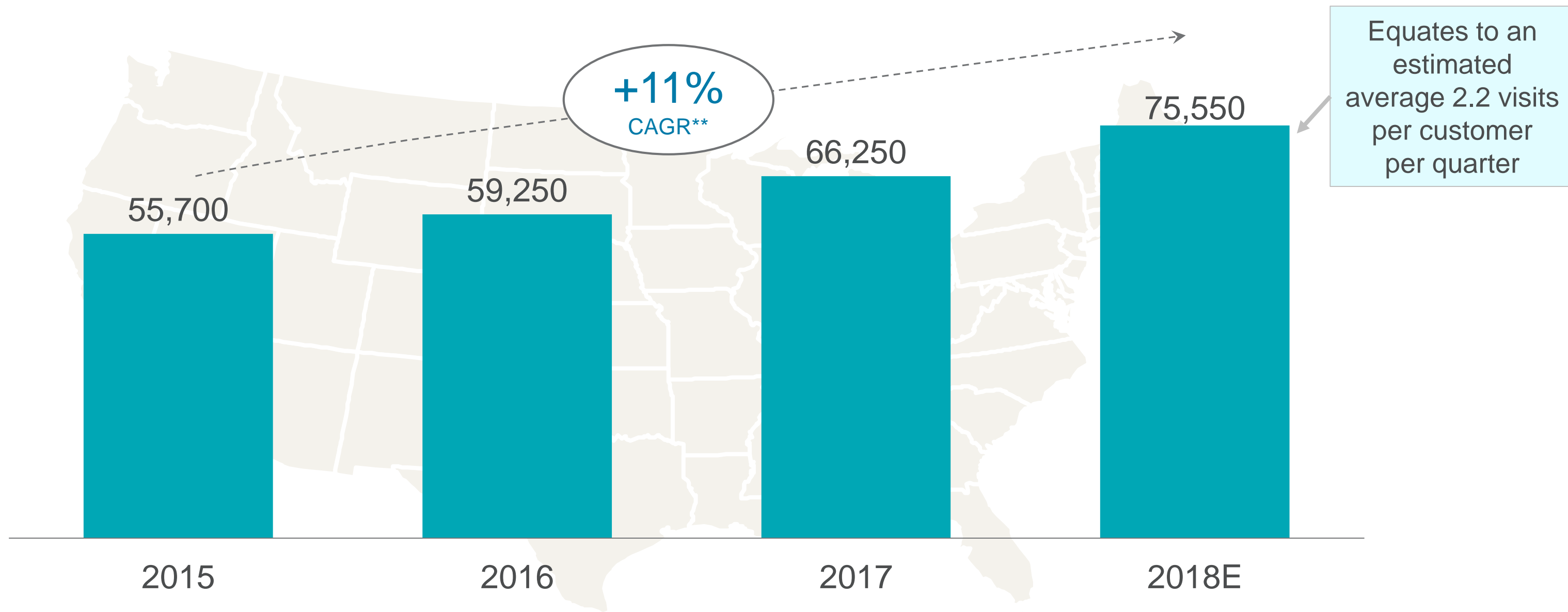
Driving Dx at the individual belief level

**490 FTEs\***

\* Estimated number of U.S. field-based reps as of the end of 2018.

# ... Resulting in an Increase in Customer Visits through Broader Reach and Improved Frequency

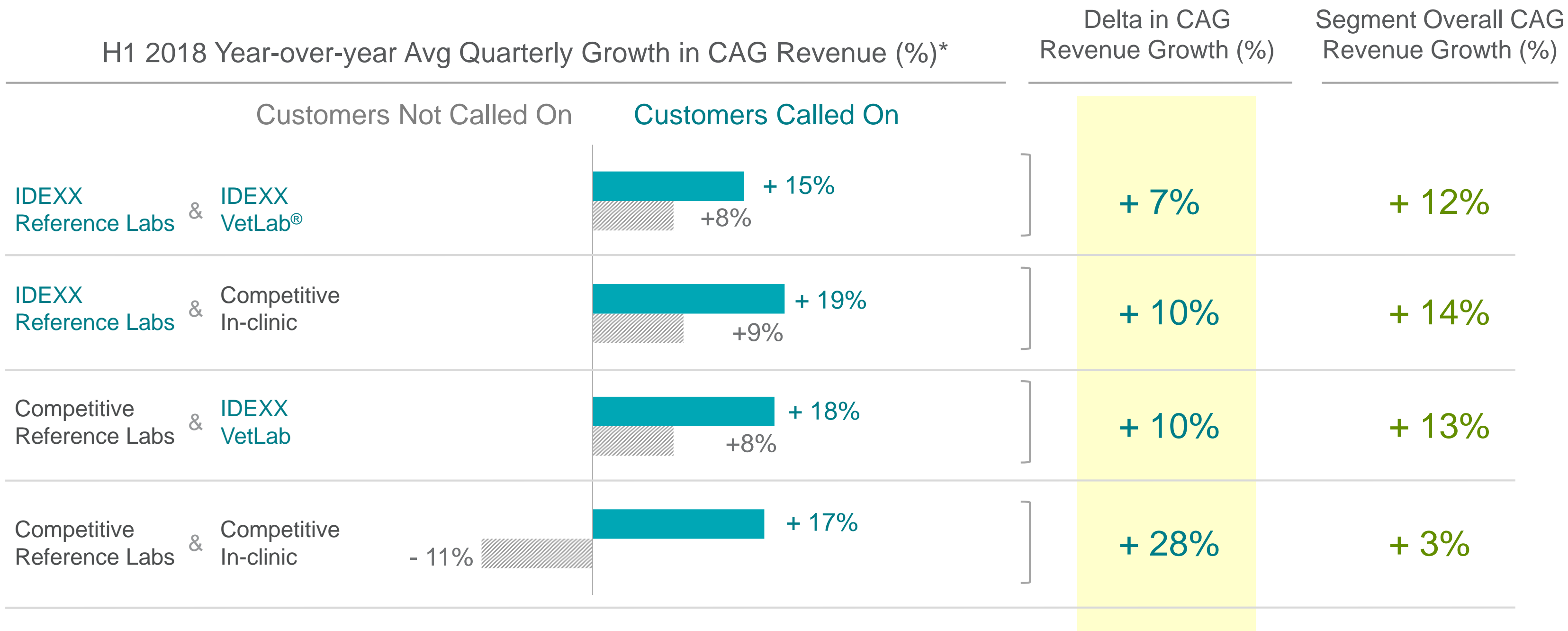
## U.S. CAG Average Quarterly Field\* Visits



\* Field includes Veterinarian Diagnostic Consultants, Veterinarian Diagnostic Specialists, Professional Service Veterinarians and Diagnostic Field Service Representatives.

\*\* Compound Annual Growth Rate.

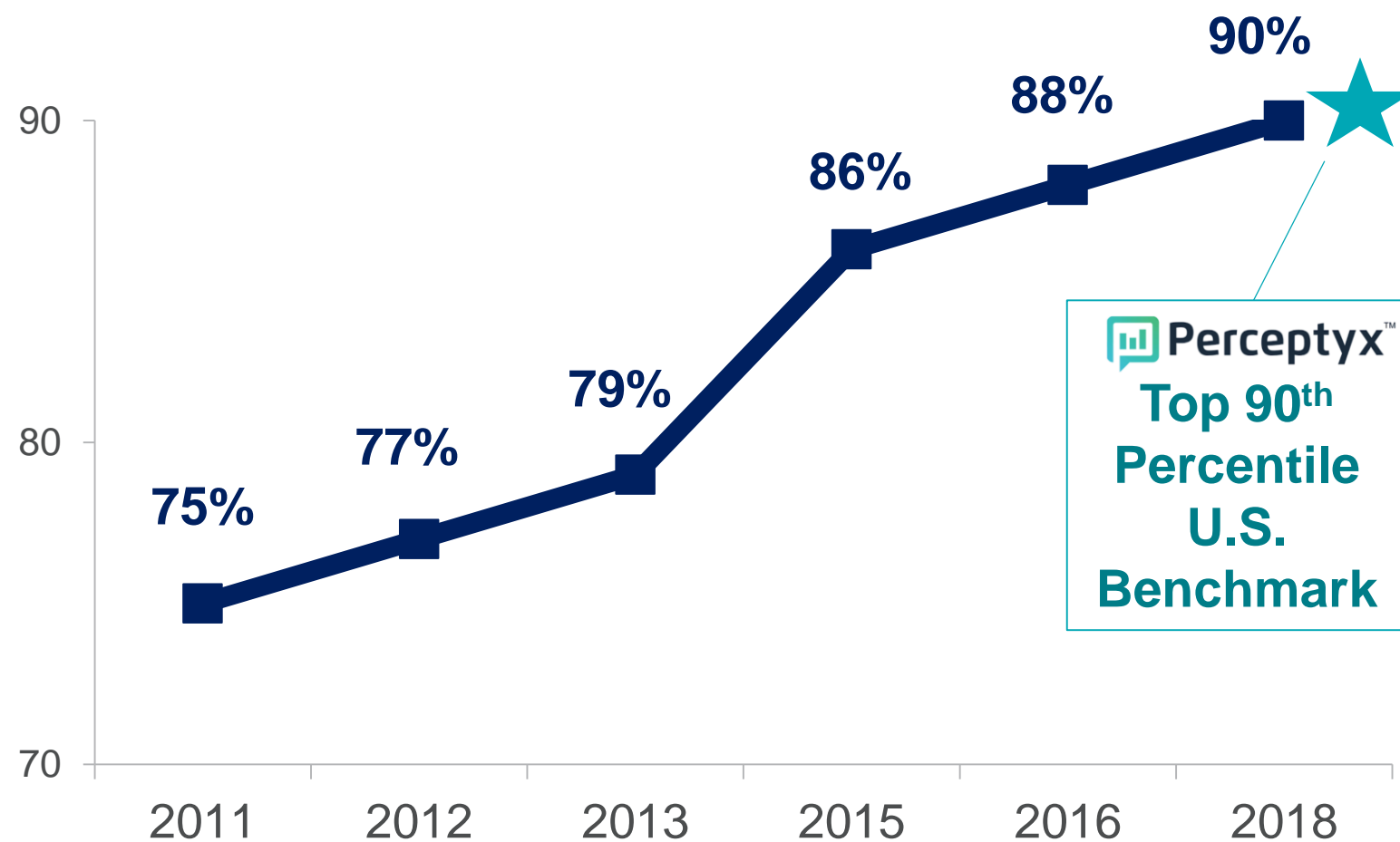
# ...and the More We Call on Customers, the Faster They Grow with IDEXX



\* Revenues. n = ~28,000 practices, IDEXX SAP data. Methodology: customer classification as 'IDEXX' or 'Competitive' is based on customer status as of the beginning of the measurement period for each quarter. Growth rate calculation is measured as the current period over the same period of the prior year. Revenue measured in determining growth includes IDEXX Reference Lab, IDEXX VetLab and IDEXX Rapid Assay recurring.

# A Performance Culture Enabled by Highly-engaged Sales Professionals

U.S. Customer Facing Organization Engagement Score (%)\*



Customer-facing employees at “best company” levels of engagement compared to external U.S. norm (79%)

Index measures: pride, recommend IDEXX to others, sense of accomplishment, intent to stay

Contributing factors include ongoing investments in technology and professional development

\* Based on 2011, 2012, 2013, 2015, 2016 and 2018 IDEXX myVoice employee surveys. Note: In 2018 IDEXX shifted engagement vendors to Perceptyx.

# VDC Video Michelle Casella – Dallas Fort Worth

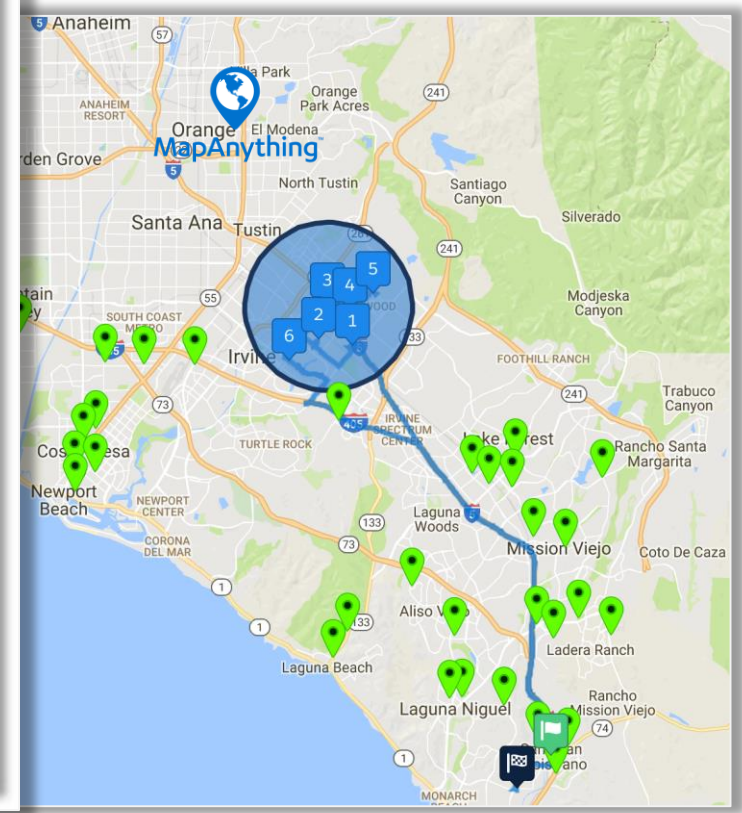


# A CRM Analytics Tool that Helps Answer the Most Relevant Questions: “Where to Go, Who to See, What to Say?”



“I want to see all my Catalyst customers who have not purchased SDMA on a Slide...”

*Ryan Foerstner  
VDC/Account Manager, Irvine*



Ryan filters his list of 127 customers to **x customers who fit that criteria...**

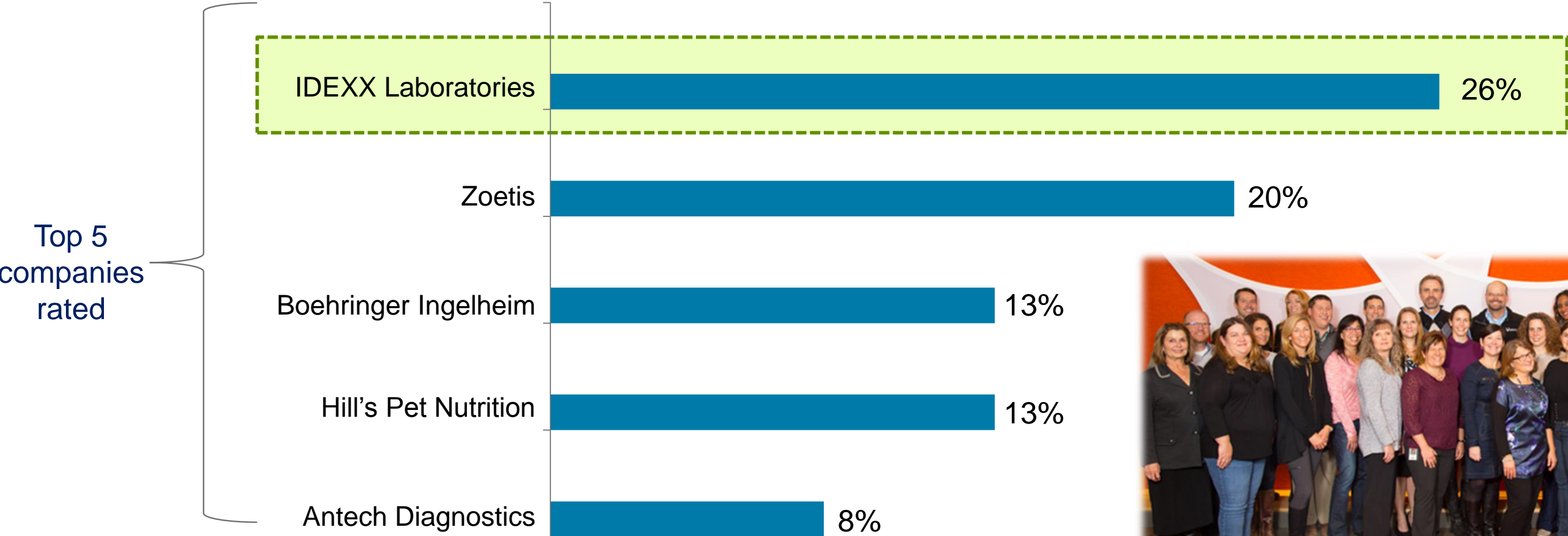
...he then generates an **optimized, mapped route** to add to his calendar

# Our Veterinary Field Professionals as Viewed by Customers

2018 Brakke Veterinary Technical Services Survey (e.g. Professional Service Veterinarians, or “PSVs”)

## Best Overall Veterinary Technical Service

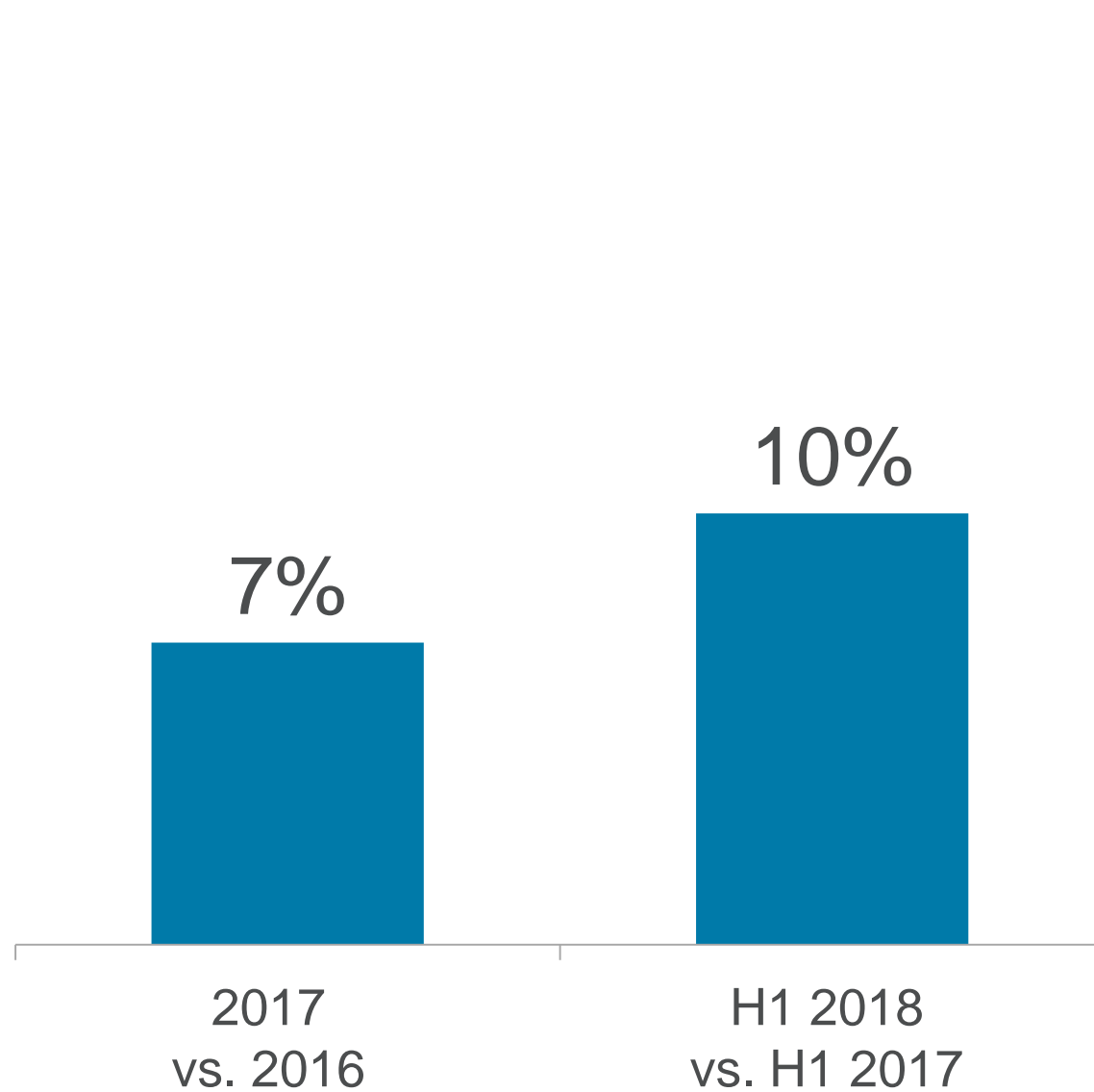
Percentage of Total Respondents\*



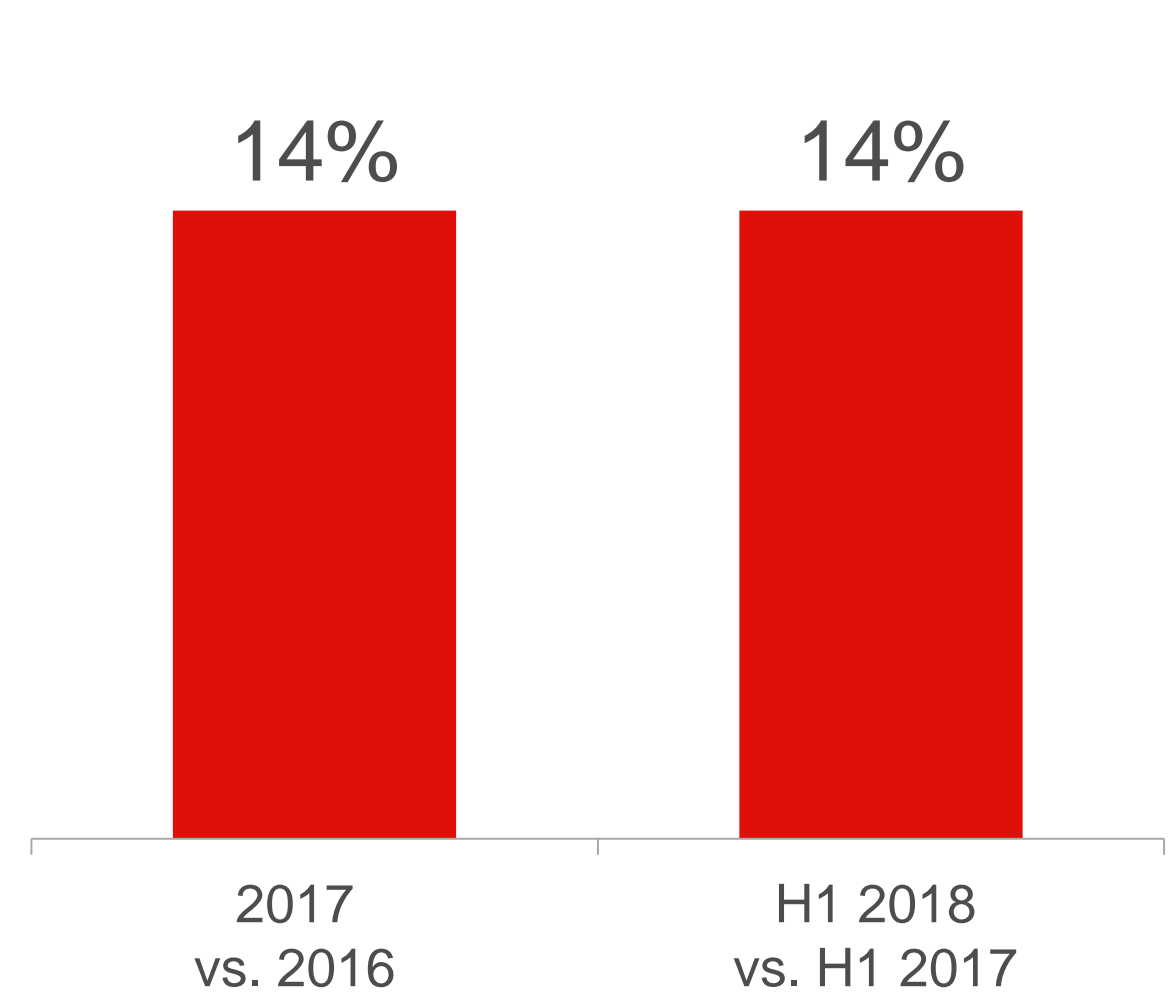
\* Responding to question: Which one of the following companies provides you with the best veterinary technical service overall? Please take into account both support from the centralized call center and field VTS veterinarian support you receive. Base: All Respondents (n=608)

# The Introduction in 2017 of EVI into Sales Compensation has Generated Significant Premium Instrument Momentum

Year-over-year Growth in U.S. EVI\* (%)



Year-over-year Growth in U.S. Premium Instrument Installed Base (%)



\* Economic Value Index (EVI) is a metric used in sales incentive compensation, that awards a higher number of points based on higher expected 'economic value', for example, to instrument placements with higher profitable revenue potential.

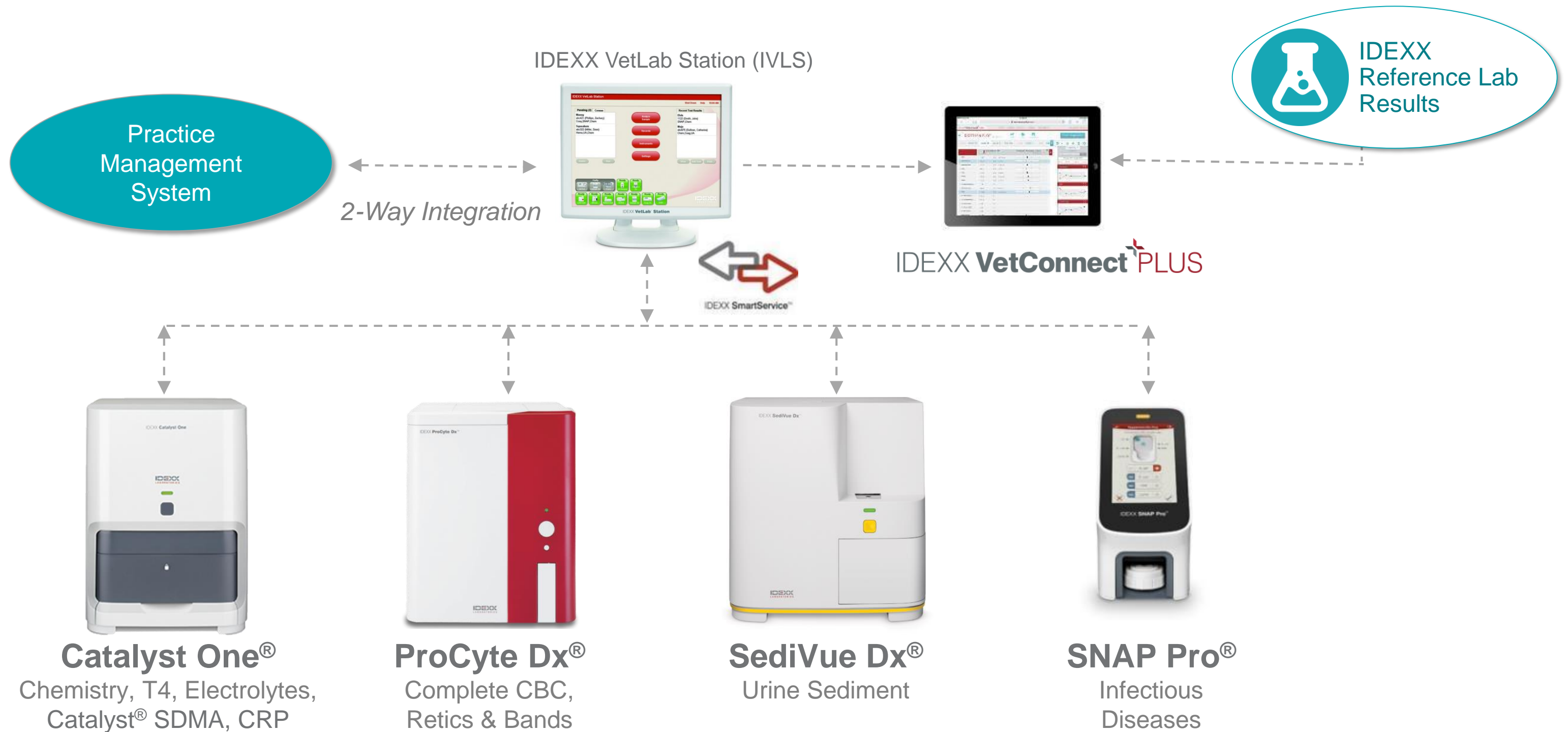
# In 2018, We Introduced **IDEXX 360** – A New Diagnostic Partnership



- Annual revenue commitment above baseline that has a six-year life (i.e., growth)
- Growth in any IDEXX solution contributes to meeting commitment
- Allows veterinarians to practice medicine the way they want
- ~60% of all deals in 2018 expected to leverage IDEXX 360

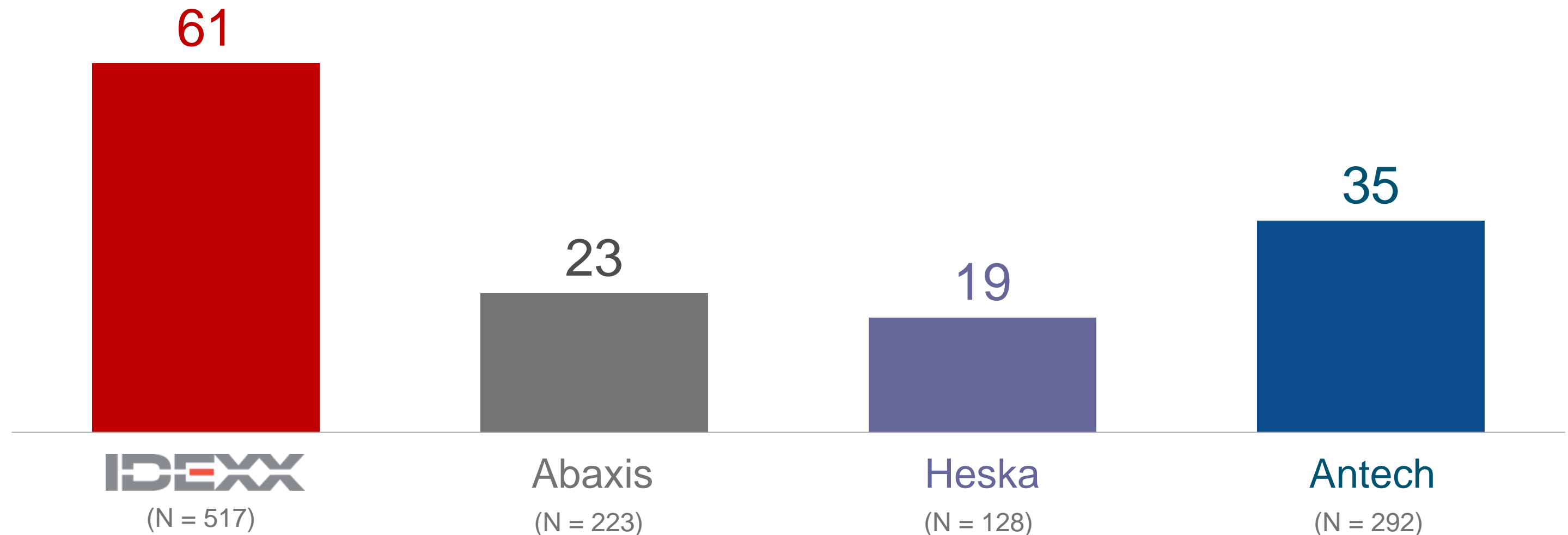
# Only IDEXX Enables a Fully-integrated Practice

*Seamless customer workflow and actionable diagnostic information*



# World-Class by Customers' Net Promotor Score\*

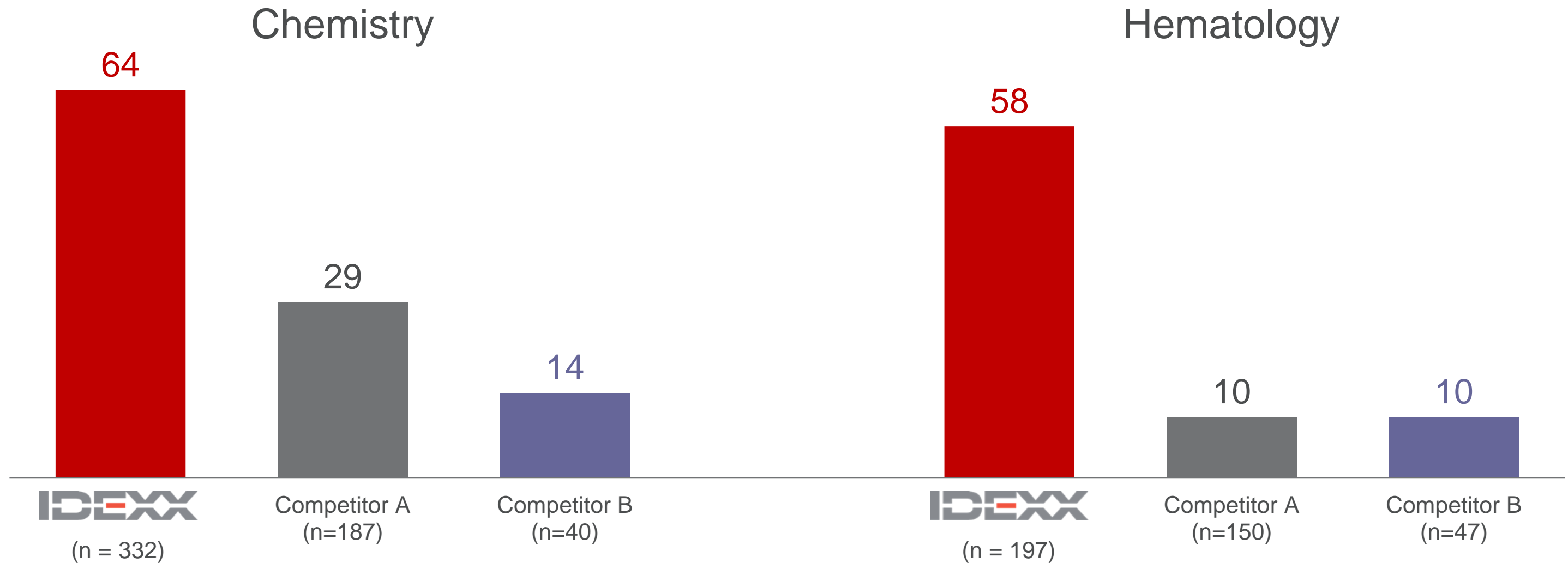
Q. How likely are you to recommend the following veterinary diagnostic companies to a colleague?



\* Double-blind primary research study conducted in June, 2018 (n = 650). Question: How likely are you to recommend [Brand or Product] to a colleague? Score calculated as the % of respondents who are 'promoters' (scoring 9 or 10 on a 0 to 10 point scale) minus % of respondents who are 'detractors' (scoring 0 through 6 on a 0 to 10 point scale).

# ... with Very Significant Advantages in In-house Solutions\*

Q. How likely are you to recommend the following in-house analyzers to a colleague?



\* Double-blind primary research study conducted in June, 2018 (n = 650). Question: How likely are you to recommend [Brand or Product] to a colleague? Score calculated as the % of respondents who are 'promoters' (scoring 9 or 10 on a 0 to 10 point scale) minus % of respondents who are 'detractors' (scoring 0 through 6 on a 0 to 10 point scale).

# Over 40k High-value Catalyst or SediVue Placement Opportunities Exist in North America

Practices in North America Grouped by Chemistry Analyzer Ownership as of H1 2018\*

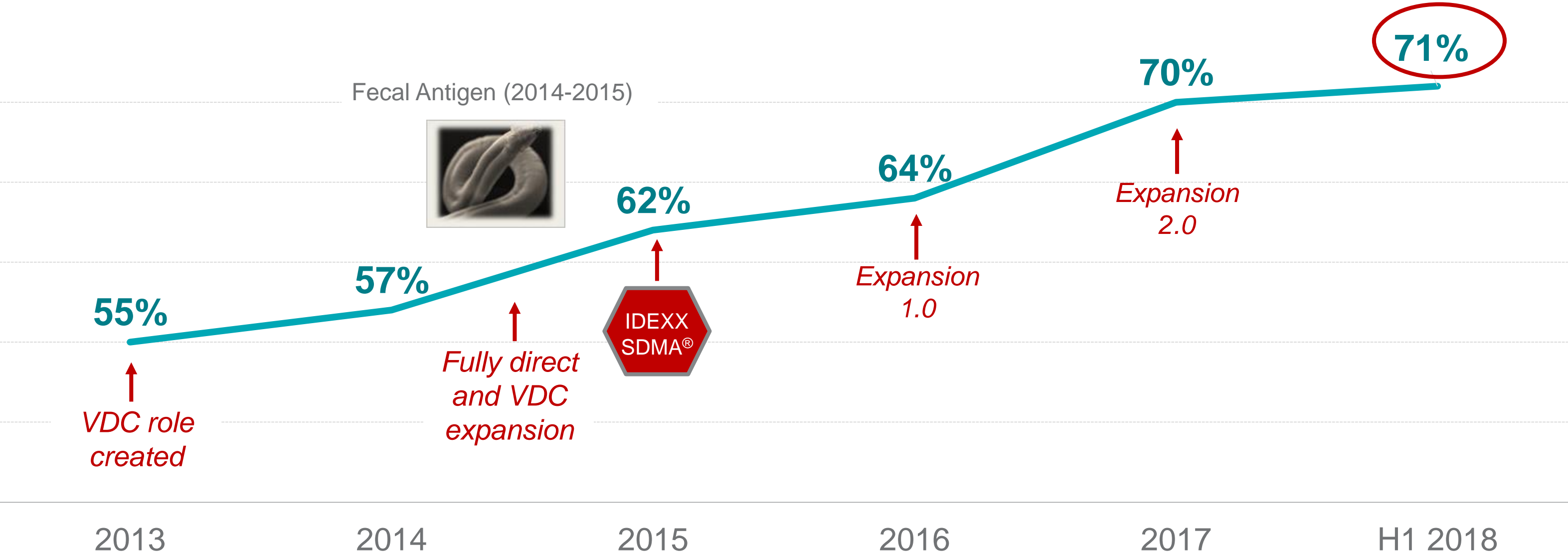


\* Excludes practices that are not viewed as likely candidates for chemistry analyzer placement at this time.  
 \*\* Includes ~1,000 Banfield practices that will have IDEXX Cat One in 2018.  
 \*\*\* Estimates include ~1,000 remaining VetTest customers.

# We Are Continually Adding New Customers to the Growth Equation

71% of U.S. veterinary practices, 20,100+ practices, access the IDEXX Reference Lab\*

Percentage of U.S. Practices using IDEXX Reference Lab Services\*

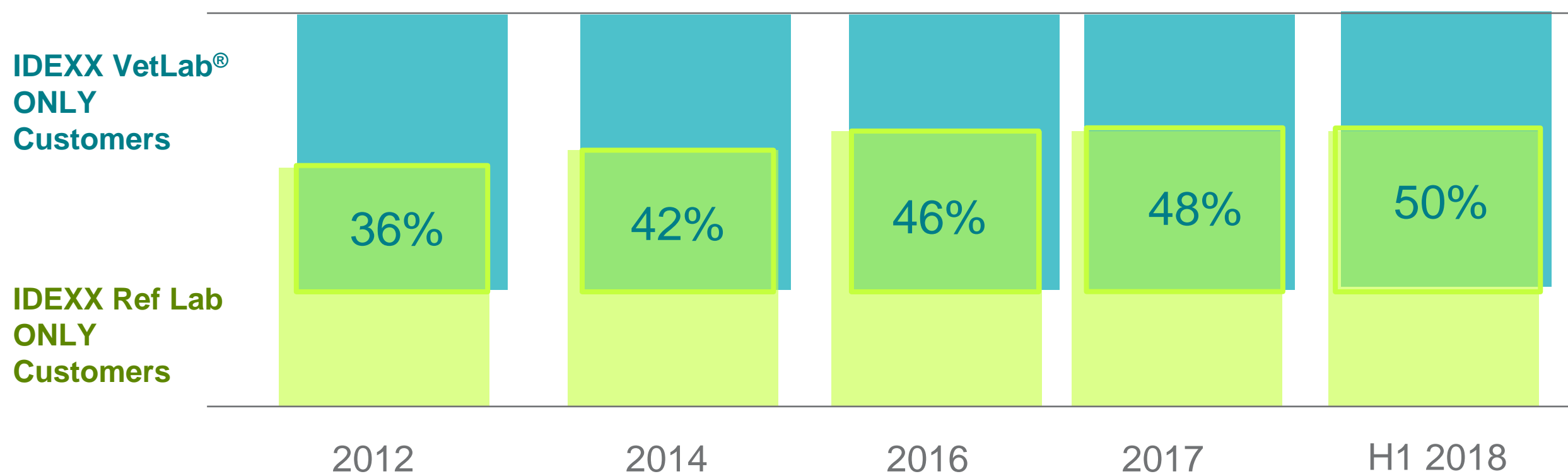


\* Based on estimated total companion animal practices including corporate-owned practices. Calculated as of the end of each year except for H1 2018 which is as of June 30, 2018. Reference Lab customer defined as generating >\$0 Reference Lab revenue in trailing 6 months.

# Significant Cross-Selling Success, yet Opportunity Remains Large

## IDEXX U.S. Companion Animal Customer Overlap

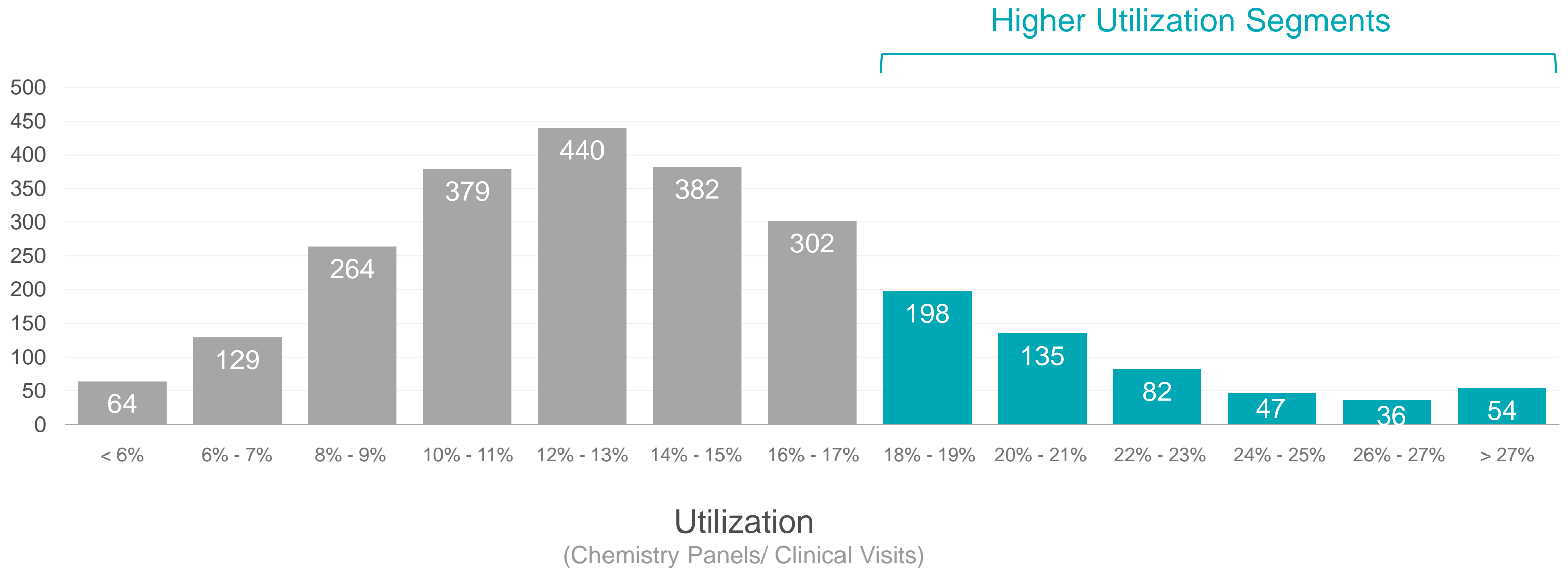
Percentage of IDEXX Reference Lab or IDEXX In-house Chemistry Platform Customers who are IDEXX Customers for Both\*



\* Analysis as of the end of each calendar year for 2012, 2014, 2016, 2017 and as of June 30, 2018 for H1 2018.

# Some Customers are Inspiring a Much Higher Inclusion of Core Bloodwork During the Pet Visit

Number of Practices by Range of Chemistry Utilization\*

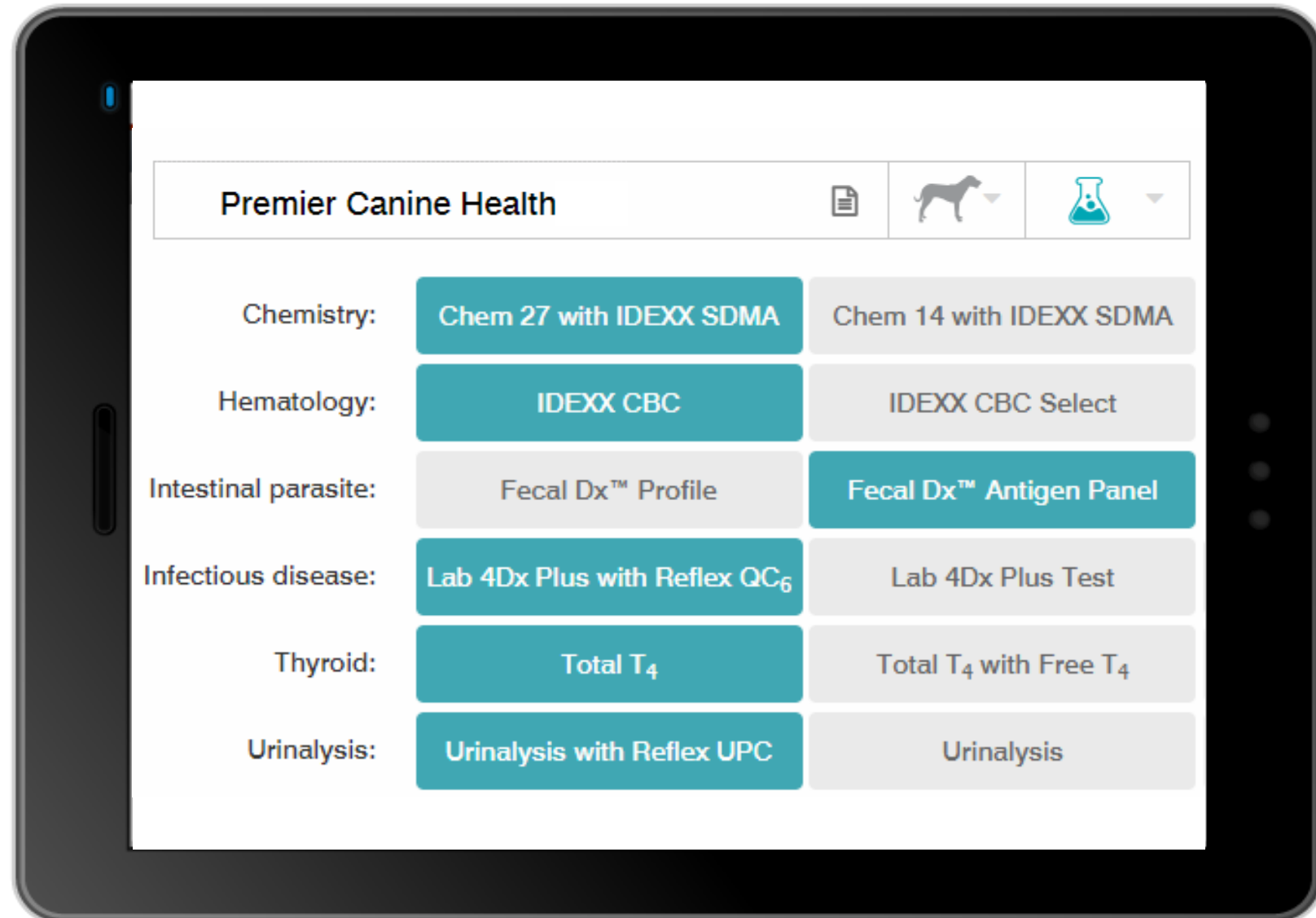


\* Chemistry Utilization defined as percentage of clinical visits including a chemistry panel for the full year 2017 (n = 2,512).

# ...the Biggest Driver of Increased Usage is Comprehensive Preventive Care Program

	<12% utilization	12–17% utilization	≥18% utilization
Sick/emergency	✓	✓	✓
Preanesthetic	✓	✓	✓
Medication monitoring	✓	✓	✓
<b>Senior preventive care protocols</b>	✗	✓	✓
<b>Adult preventive care protocols</b>	✗	✗	✓

# The IDEXX Preventive Care Challenge



- Custom panels that uncover more underlying disease
- Proprietary diagnostics including chem/CBC with IDEXX SDMA, 4Dx Plus and fecal antigen
- Flexible with options

# The IDEXX Preventive Care Challenge

## Pets age faster than people

Age affects health. And one year in a pet's life equals many in yours.  
Find out how old your pet is in people years.

Cat		Dog				
age	0-20 lbs	age	0-20 lbs	20-50 lbs	50-90 lbs	>90 lbs
1	7	1	7	7	8	9
2	13	2	13	14	16	18
3	20	3	20	21	24	26
4	26	4	26	27	31	34
5	33	5	33	34	38	41
6	40	6	40	42	45	49
7	44	7	44	47	50	56
8	48	8	48	51	55	64
9	52	9	52	56	61	71
10	56	10	56	60	66	78
11	60	11	60	65	72	86
12	64	12	64	69	77	93
13	68	13	68	74	82	101
14	72	14	72	78	88	108
15	76	15	76	83	93	115
16	80	16	80	87	99	123
17	84	17	84	92	104	131
18	88	18	88	96	109	139
19	92	19	92	101	115	
20	96	20	96	105	120	
21	100	21	100	109	126	
22	104	22	104	113	130	
23	108	23	108	117		
24	112	24	112	120		
25	116	25	116	124		

Even when pets seemed healthy,  
testing uncovered problems in:

**1 in 7 Adults**

**1 in 5 Seniors**

**2 in 5 Geriatrics**

Talk with your veterinarian  
about scheduling your  
pet's next examination.  
Learn more about  
tests for pets at  
[pethealthnetwork.com](http://pethealthnetwork.com).

Based on a study of 268,817 cats and dogs (adult 15%, senior 21%, geriatric 42%).<sup>1</sup>

Charts courtesy of Fred L. Metzger, DVM, MRCVS, DABVP

### Reference

<sup>1</sup> Data on file at IDEXX Laboratories, Inc. Westbrook, Maine USA. Study based on chronological age of patients (weight was not available).

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**PetHealthNetwork**

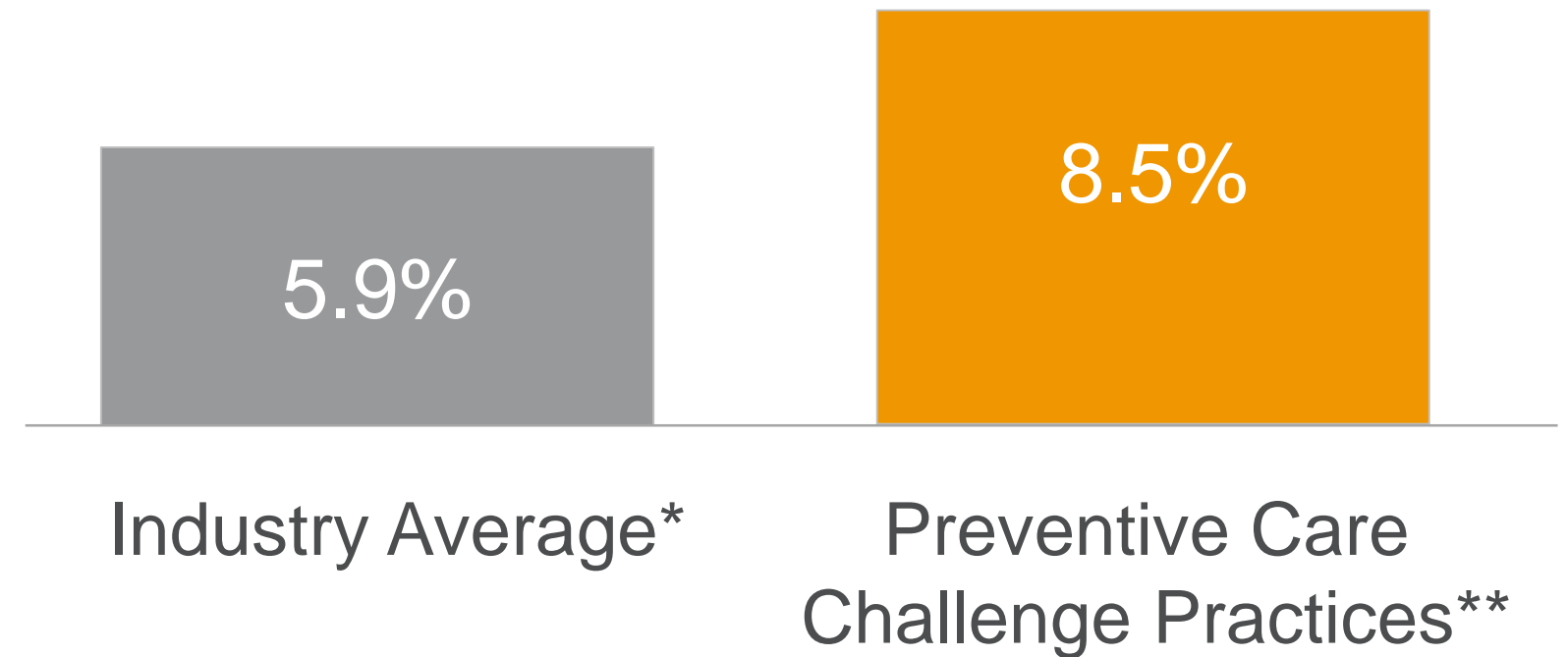
Brought to you by IDEXX

- A turnkey IDEXX program with proprietary diagnostics
- Protocols and pricing positioned to drive compliance and overall practice growth
- Extensive assistance to the practice for successful implementation
- American Animal Hospital Association (AAHA) Sept., 2018 publication

# The Preventive Care Challenge Expands Care for Patients and Produces Impressive Growth for our Practices...



## Veterinary Practice Total Revenue Growth

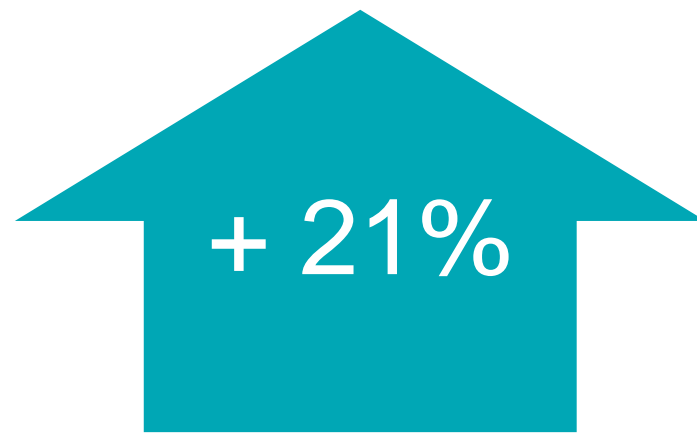


\* IDEXX Practice Intelligence data (sample of 4,600-5,100 practices) weighted based on region and practice size.

\*\* An analysis of the revenue growth of 325 practices during the 12-month period immediately following enrollment in the Preventive Care Challenge compared to the same period the year before. Data on file at IDEXX Laboratories, Inc.

...and for IDEXX too

Preventive Care Challenge Program:  
IDEXX CAG Dx Recurring Revenue Growth per Practice, Post-Implementation



783  
Practices Enrolled\*



Top 150  
Practices Enrolled\*\*

\* Average estimate for 783 practices enrolled in IDEXX Preventive Care Challenge, with a minimum of 12 months post-enrollment.

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

# SNAP® Tests are the Trusted Brand

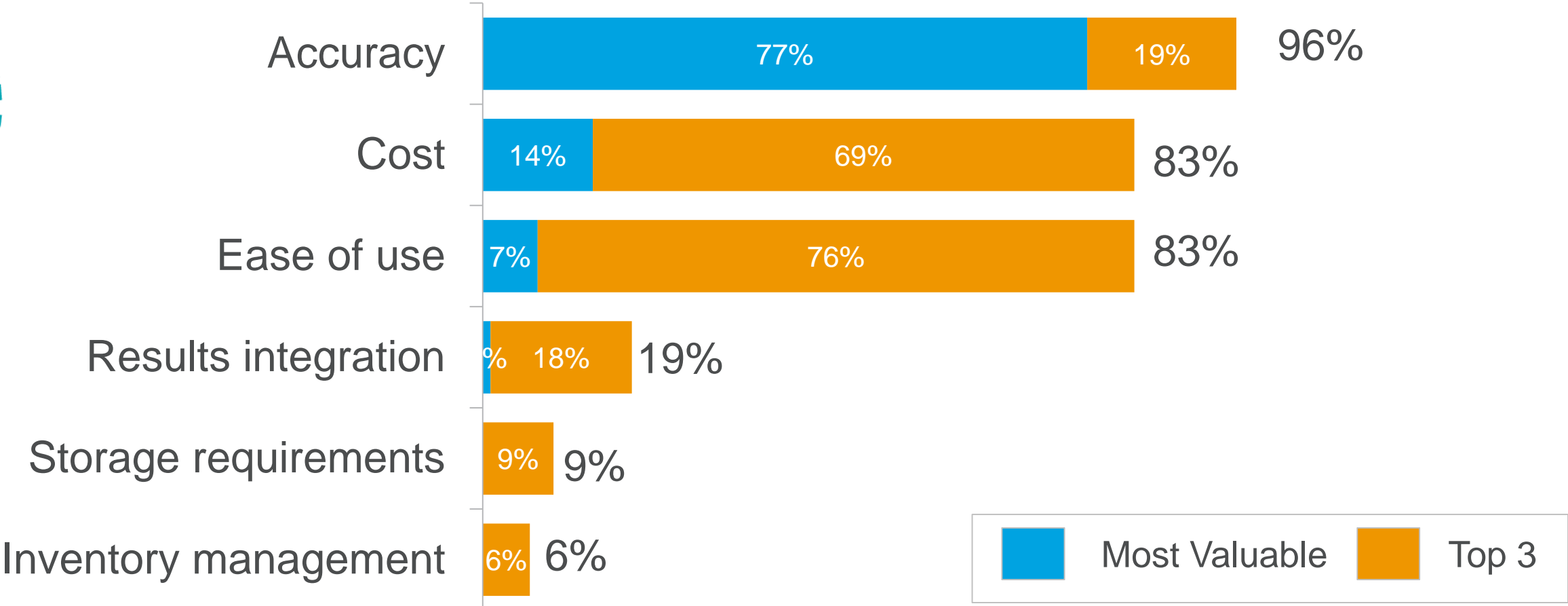
- Uniquely uses reference lab ELISA technology
- In clinical use for over 20 years
- Claims validated by over 100 peer-reviewed studies

An advertisement for the IDEXX SNAP 4Dx Plus ELISA testing device. The background is teal with a pattern of white dots. On the left, the device is shown vertically, with a sample well and a display screen. To the right, a circular inset shows a veterinarian in a white coat examining a golden retriever. Text in the top right corner reads: 'Making a difference 19 million times a year'. Below this, smaller text states: 'Based on gold-standard ELISA technology, SNAP is the only point-of-care test that delivers reference-quality results in just minutes, supported by 100+ peer-reviewed studies, and 20+ years of clinical validation. More veterinarians around the world trust SNAP to deliver accurate, real-time information for their patients — and to make a difference in the quality of care. For more information visit us at [idexx.com/elisa](http://idexx.com/elisa)'. At the bottom left, the slogan 'Strengthen the bonds.' is visible. At the bottom right, the IDEXX logo is displayed in a bold, black, sans-serif font.

# Customers Value Accuracy Above All



Top Three Most Important Attributes\*



Veterinarians recognize that the core concept of accuracy is 'sensitivity' - the ability to pick up sick dogs and cats

\* Percentage of respondents selecting attribute in primary research study, 2015. Data on file at IDEXX Laboratories, Base: All Respondents (n=192).



# Superior Sensitivity of SNAP® 4Dx® Plus Tests Demonstrated by the Abstract and Poster Presented at The American Society of Rickettsiology (ASR)\*



## Abstract

**Comprehensive Screening of Vector-Borne Infections: Accuracy of Rapid Tests**

J. Liu<sup>1</sup>, J. Drexler<sup>2</sup>, M. Eberts<sup>3</sup>, B. Andrews<sup>4</sup>, D. Bowman<sup>5</sup>, E. Breitschwerdt<sup>6</sup>, M. Beall<sup>7</sup>, R. Chandrasekar<sup>8</sup>

<sup>1</sup>IDEXX Laboratories, Inc., Westbrook, ME;  
<sup>2</sup>Lakeland Veterinary Hospital, Baxter, MN;  
<sup>3</sup>Town and Country Veterinary Clinic, Green Forest, AR;  
<sup>4</sup>College of Veterinary Medicine, Cornell University, Ithaca, NY;  
<sup>5</sup>Department of Clinical Sciences, College of Veterinary Medicine, North Carolina State University, Raleigh, NC

Vector-borne diseases (VBD), including Lyme, ehrlichiosis, and anaplasmosis, are becoming increasingly prevalent as tick distributions are expanding. Both dogs and humans are susceptible. Comprehensive screening of VBD in dogs is diagnostically important for veterinarians and epidemiologically important for public health. Performance of the SNAP® 4Dx® Plus Test, which detects antibodies to five tick-borne pathogens and Heartworm (*Dirofilaria immitis*) antigen has been documented in large population studies. Another test, the VetScan® FLEX4® Rapid Test (Abaxis), was recently made available, but relative performance of the two tests has not been reported. In the present study, we compared the two tests for performance with archived canine serum and plasma samples obtained from IDEXX commercial reference laboratories and veterinary clinics. Samples were selected based on geographic distribution of canine VBD, including Lyme (n=105), *A. phagocytophilum* (160), *A. platys* (113), *E. canis* (154), *E. ewingii* (163), *E. chaffeensis* (151) and Heartworm (105). Infection status was established for each sample by a combination of reference methods that included necropsy (Heartworm), Western blotting (Lyme), IFA (*A. phagocytophilum*, *E. canis*) and species-specific ELISA (*E. canis*, *E. ewingii*, *E. chaffeensis*, *A. platys*). Samples were tested using the two rapid test kits following the manufacturer's instructions. Compared to reference results, sensitivities differed substantially between the SNAP® 4Dx® Plus Test and VetScan® FLEX4® Rapid Test, with 93.3 vs. 40.9%, respectively for Lyme, 97.1 vs. 61.8% for *E. canis*, 98.1 vs. 39.3% for *E. ewingii*, 64.3 vs. 35.7% for *E. chaffeensis*, 84.3 vs. 12.7% for *A. phagocytophilum*, 83.3 vs. 33.3 for *A. platys*, and 94.1 vs. 88.2% for Heartworm. Both tests had specificities of at least 98%. A canine VBD screening test with a high rate of false negative results could lead to misdiagnoses and other clinically relevant issues in veterinary medicine and undermines the important role of canine VBD screening in public health epidemiology.

## Poster

**Comprehensive Screening of Vector-Borne Infections: Accuracy of Rapid Tests** ASR 2018 #42

J. Liu<sup>1</sup>, J. Drexler<sup>2</sup>, M. Eberts<sup>3</sup>, B. Andrews<sup>4</sup>, D. Bowman<sup>5</sup>, E. Breitschwerdt<sup>6</sup>, M. Beall<sup>7</sup>, R. Chandrasekar<sup>8</sup>

<sup>1</sup>IDEXX Laboratories, Inc., Westbrook, ME; <sup>2</sup>Lakeland Veterinary Hospital, Baxter, MN; <sup>3</sup>Town and Country Veterinary Clinic, Green Forest, AR; <sup>4</sup>College of Veterinary Medicine, Cornell University, Ithaca, NY; <sup>5</sup>College of Veterinary Medicine, North Carolina State University, Raleigh, NC

**Introduction**  
 Vector-borne diseases (VBD), including Lyme, ehrlichiosis, and anaplasmosis, are becoming increasingly prevalent as tick distributions are expanding. Both dogs and humans are susceptible. Comprehensive screening of VBD in dogs is diagnostically important for veterinarians and epidemiologically important for public health. Conventional serological tests include indirect immunofluorescence assay (IFA) and/or ELISA. A rapid ELISA test, SNAP® 4Dx® Plus (IDEXX), is also commonly used for comprehensive screening of several important vector-borne pathogens (Fig. 1). Its performance has been documented in several large population studies.<sup>1-4</sup> Additional rapid tests are available, but their relative performance has not been reported.

The aim of this study was to evaluate the performance of two rapid tests, SNAP® 4Dx® Plus (IDEXX) and VetScan® FLEX4® Rapid Test (Abaxis).

**Study design**  
 Sample set and reference methods were shown in Table 1. They comprised surplus serum or plasma samples collected from Commercial Reference Laboratories (CRL) and veterinary clinics in endemic regions, and archived heartworm samples. IFA testing was performed by the Reference Laboratories. Species-specific ELISA were as previously described.<sup>5</sup> Testing with two rapid tests was performed following the manufacturer's instructions in a blinded and randomized fashion. Results from rapid tests were compared to reference standard results for calculation of sensitivity and specificity.

**Table 1. Sample Set and Reference Methods**

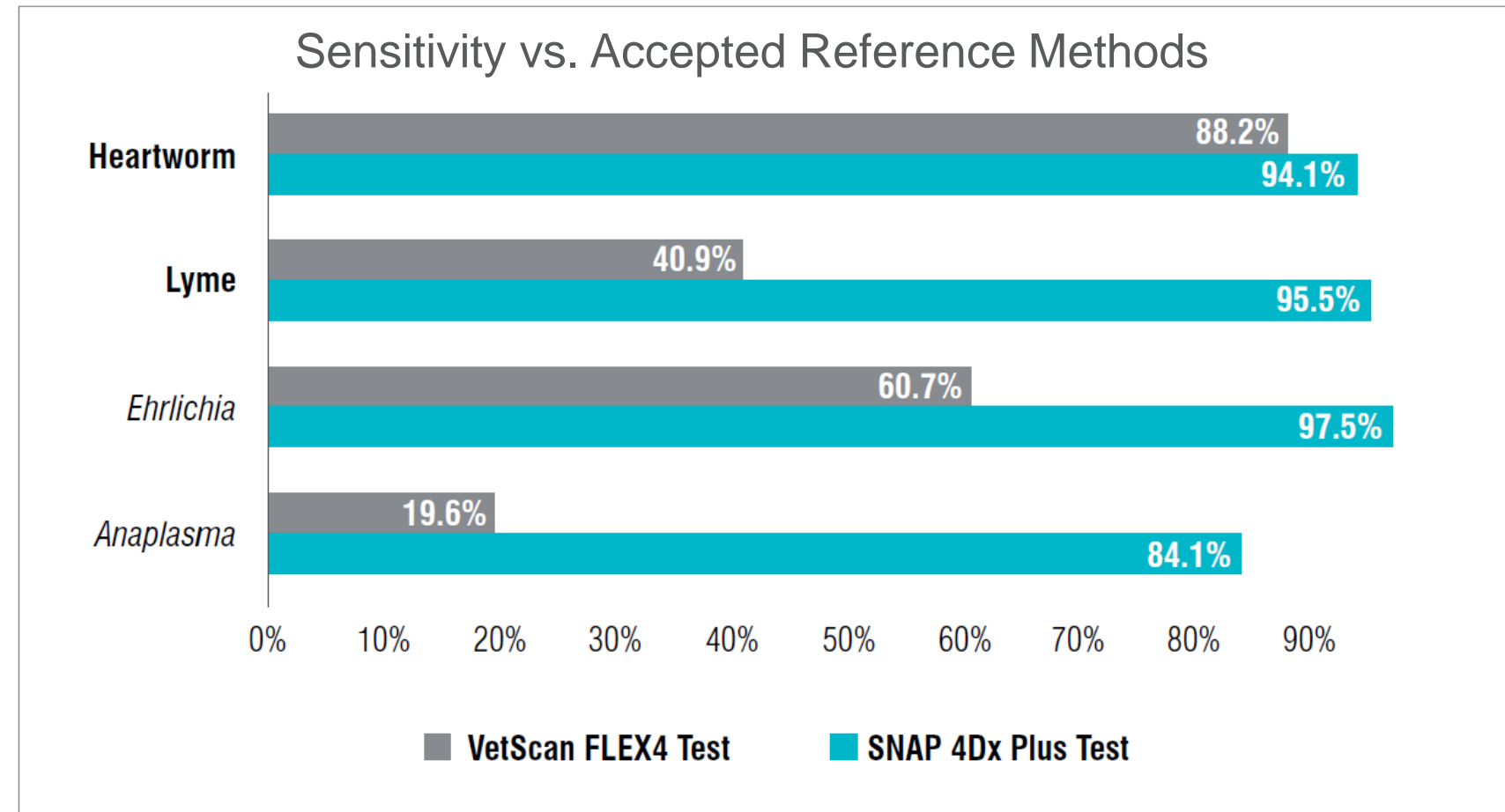
Infection	# Samples (n)	Reference Method	Sample Source
Heartworm	105	IFA	Commercial Reference Laboratories
<i>A. phagocytophilum</i>	160	IFA	Commercial Reference Laboratories
<i>A. platys</i>	113	IFA	Commercial Reference Laboratories
<i>E. canis</i>	154	IFA	Commercial Reference Laboratories
<i>E. ewingii</i>	163	IFA	Commercial Reference Laboratories
<i>E. chaffeensis</i>	151	IFA	Commercial Reference Laboratories
Reference method	200	IFA	Commercial Reference Laboratories

**Results**  
 Results are summarized in Table 2, and representative results are shown in Fig. 2 and Fig. 3.

**Table 2. Comparative performance of two rapid tests for Canine VBD**

Infection	SNAP 4Dx Plus (95% CI)	VetScan FLEX4 (95% CI)	SNAP 4Dx Plus (95% CI)	VetScan FLEX4 (95% CI)
<i>A. phagocytophilum</i>	83.3% (74.4-92.2)	12.7% (0.0-25.7)	88.2% (83.9-92.5)	88.2% (83.9-92.5)
<i>A. platys</i>	83.3% (74.4-92.2)	33.3% (23.3-43.3)	83.3% (78.3-88.3)	83.3% (78.3-88.3)
<i>E. canis</i>	97.1% (94.1-100.0)	61.8% (58.8-64.8)	98.1% (97.1-99.1)	98.1% (97.1-99.1)
<i>E. ewingii</i>	98.1% (97.1-99.1)	39.3% (36.3-42.3)	98.1% (97.1-99.1)	98.1% (97.1-99.1)
<i>E. chaffeensis</i>	64.3% (59.3-69.3)	35.7% (32.7-38.7)	84.3% (81.3-87.3)	84.3% (81.3-87.3)

**Discussion**  
 Dogs with vector-borne infections often present non-specific clinical signs. Diagnosis can be challenging. Accurate detection of canine VBD in a comprehensive screening can also alert dog owners and the community to the risk of zoonotic disease exposure for themselves. In this study, only one rapid comprehensive screening test, SNAP 4Dx Plus, demonstrated high accuracy, similar to previously published results.<sup>1-4</sup> The new test with high rates of false negative results could lead to misdiagnoses and other clinically relevant issues in veterinary medicine and undermines the important role of canine VBD screening in public health epidemiology.



**We anticipate a study being published in a peer-reviewed journal in the coming months\*\***

\* The American Society of Rickettsiology (ASR) fosters the exchange of information on tick-borne diseases and is made up of over 200 members, including prominent Key Opinion Leaders.  
 \*\* Study conducted at IDEXX Laboratories, Inc.'s premises by individuals employed by IDEXX Laboratories, Inc.; Lakeland Veterinary Hospital; Town and Country Veterinary Clinic; College of Veterinary Medicine, Cornell University; and Department of Clinical Sciences, College of Veterinary Medicine, North Carolina State University."



# Lower the Dose Drives Home the Value of ImageVue DR50

*55% of all veterinary technicians are female of child bearing age*

**Your patients aren't the only ones getting x-rayed**



**Lower the dose with the ImageVue® DR50**  
Minimize radiation exposure without sacrificing clear, high-quality diagnostic images.



Up to 50% less dose

# IDEXX U.S. CAG Diagnostics - Takeaways



- We help our customers grow the appropriate use of diagnostics in the care equation
- IDEXX innovation address vexing clinical and business challenges
- A highly professional field organization drives belief system changes with compelling data
- Resulting in an improving standard of care, growing testing utilization and IDEXX customers who grow faster than the market



# International Companion Animal Business

Kathy V. Turner, Corporate Vice President

IDEXX Investor Day | August 16, 2018



# International Companion Animal Business - Key Messages



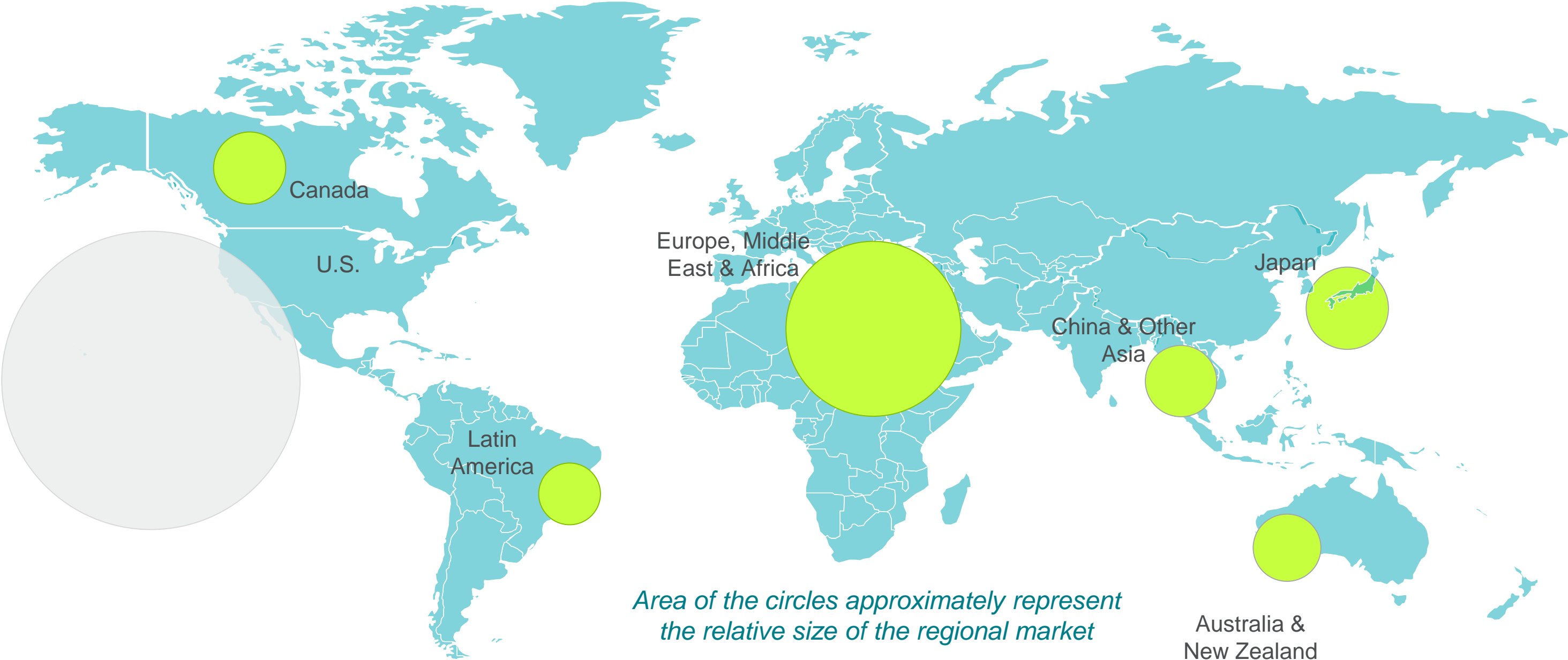
Fast-growing market in the “early innings” of development

We have accelerated growth, leveraging the same high-margin, durable recurring revenue model

Our strategy is positioning us for long-term success centered on raising pet healthcare standards globally

# International CAG Diagnostics is currently a \$1.6B Market\*

Estimated 2017 Total Companion Animal Diagnostic and Information Management Spending (\$M)\*\*

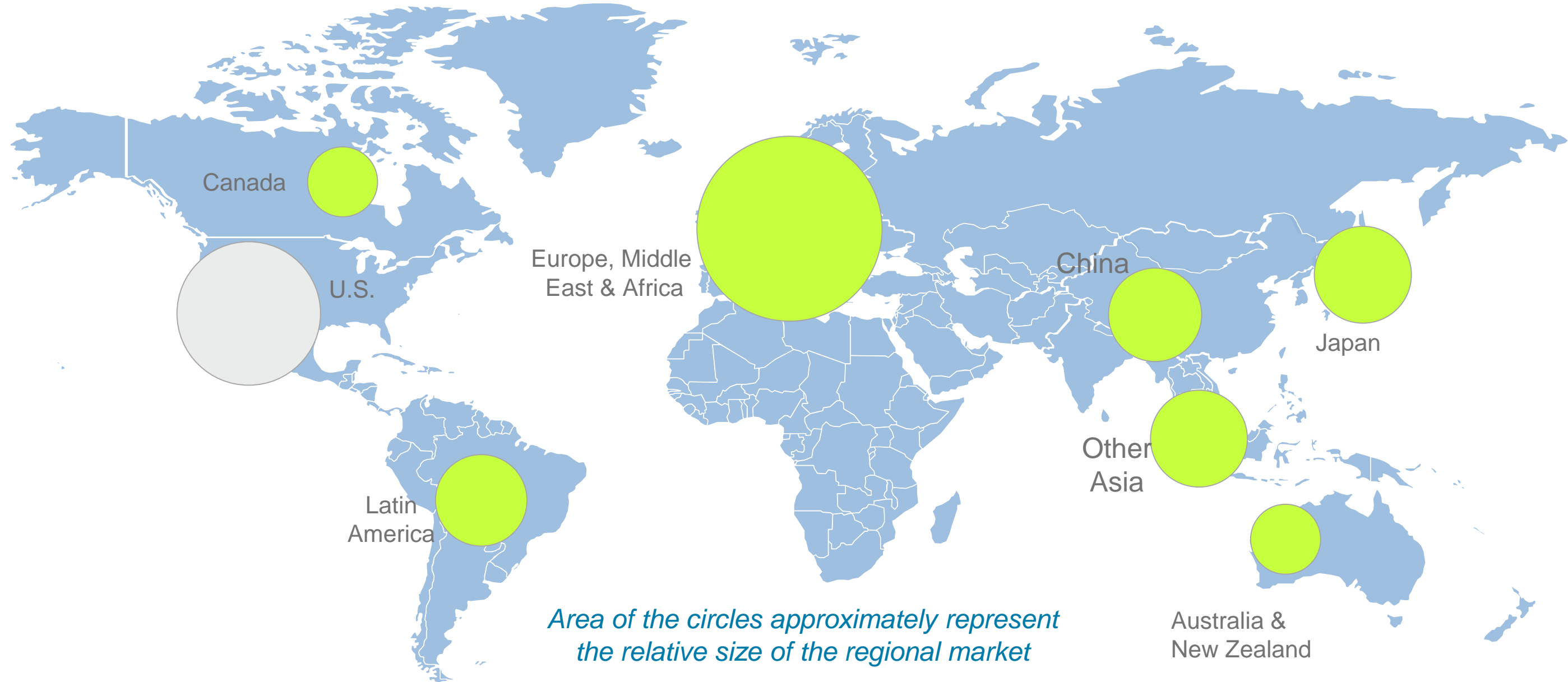


\* International, as defined here, includes all regions outside of the U.S.

\*\* Revenue estimated at the manufacturer level. Includes reference lab, in-house instruments and consumables, rapid assay, manual microscopy, digital, ultrasound and information management. Figures stated in USD, based on 2017 average exchange rates.

# Over 2.5x the Number of Eligible Veterinary Practice Customers Exist Internationally

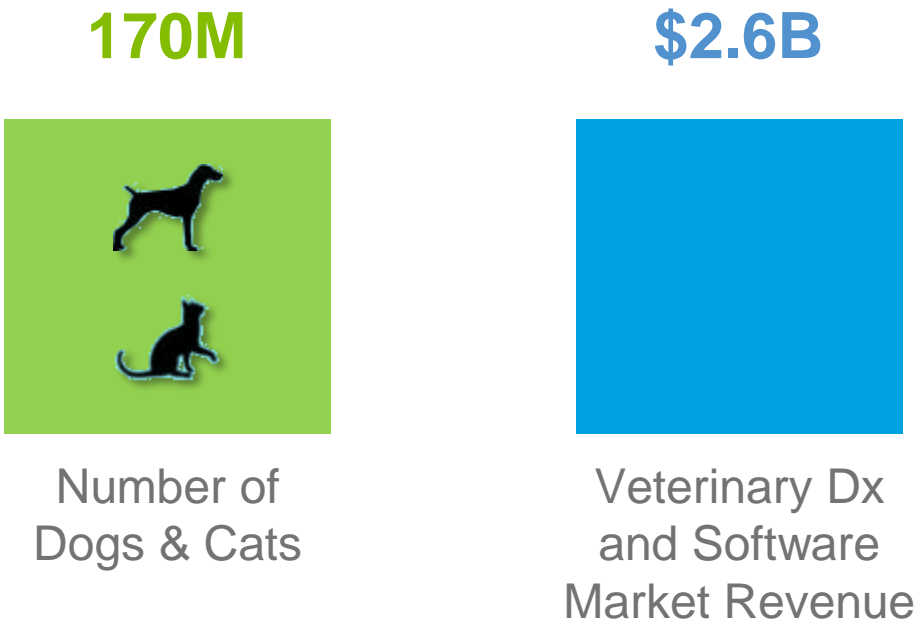
Estimated Number of Companion Animal Veterinary Practices with In-House Chemistry Today or Eligible Greenfield Sites as of the end of 2017\*



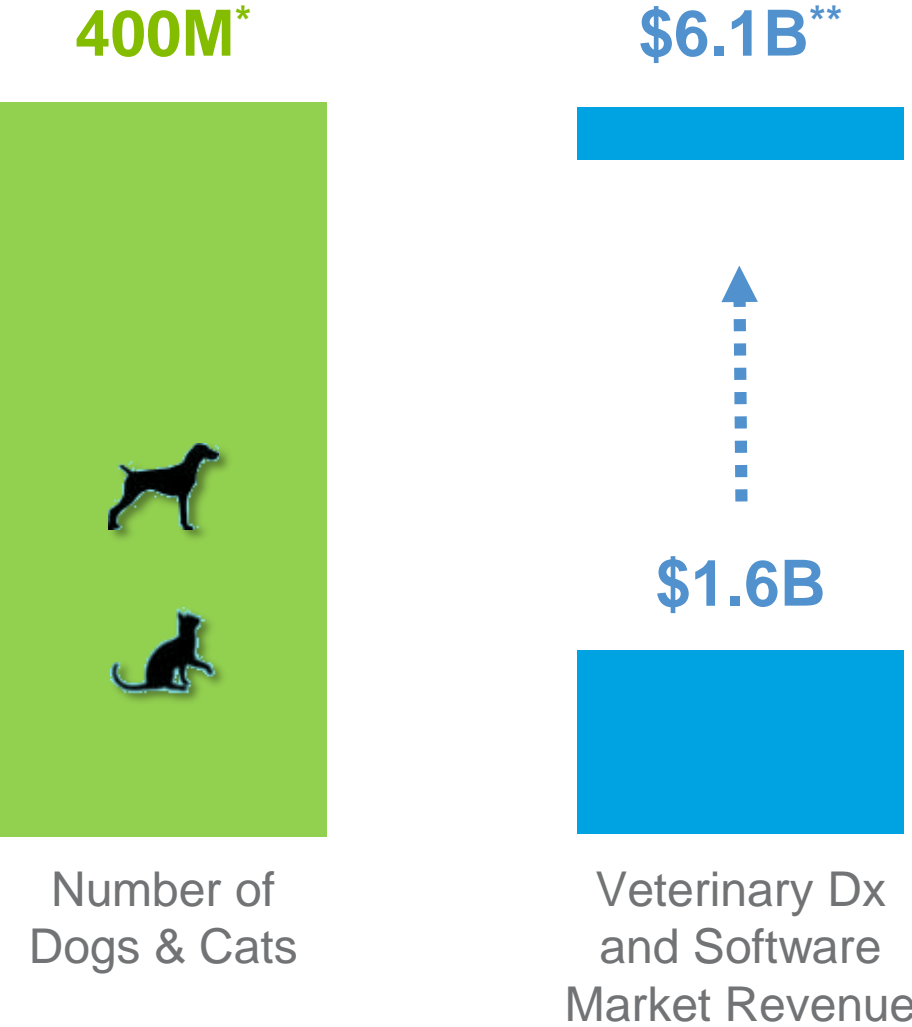
\* Number of Companion Animal Veterinary Practices with In-House Chemistry (or Eligible for Basic In-House Chemistry), including both independent and corporate-owned practices.

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

## United States



## International

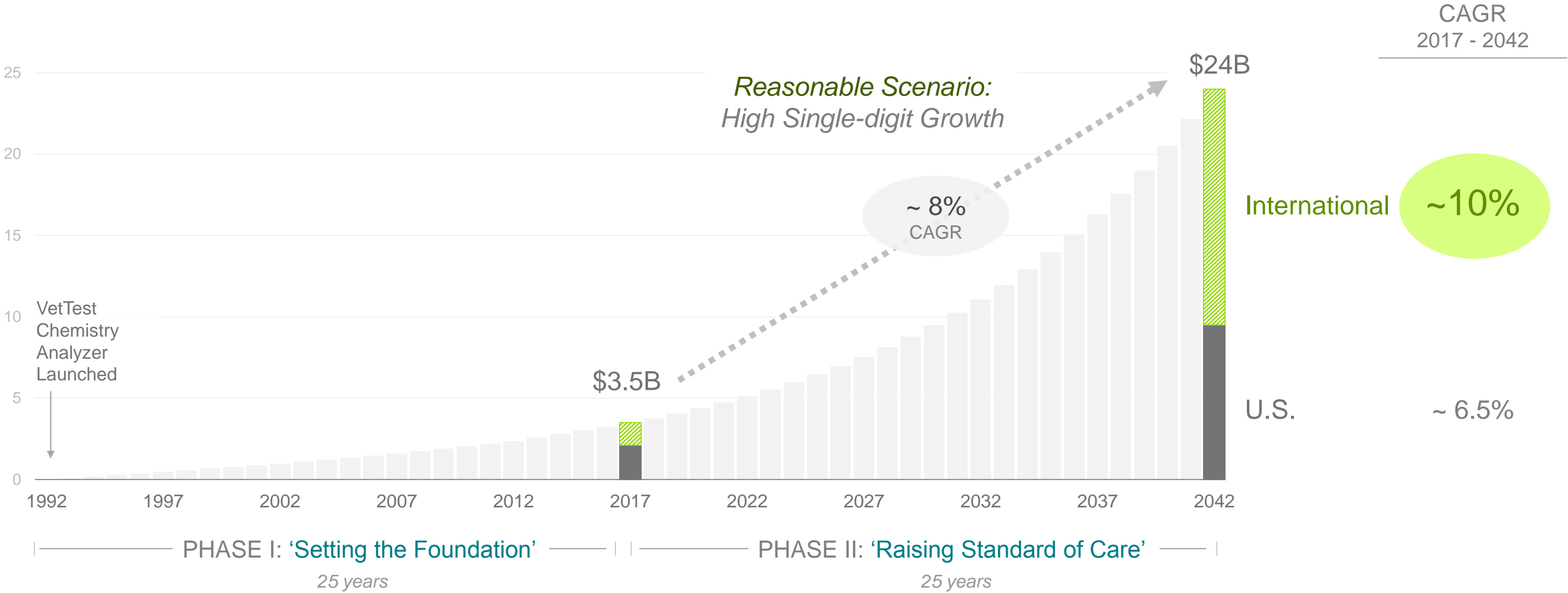


\* Estimated number of household-owned pets in developed regional markets as of the end of 2017.

\*\* IDEXX estimates 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.

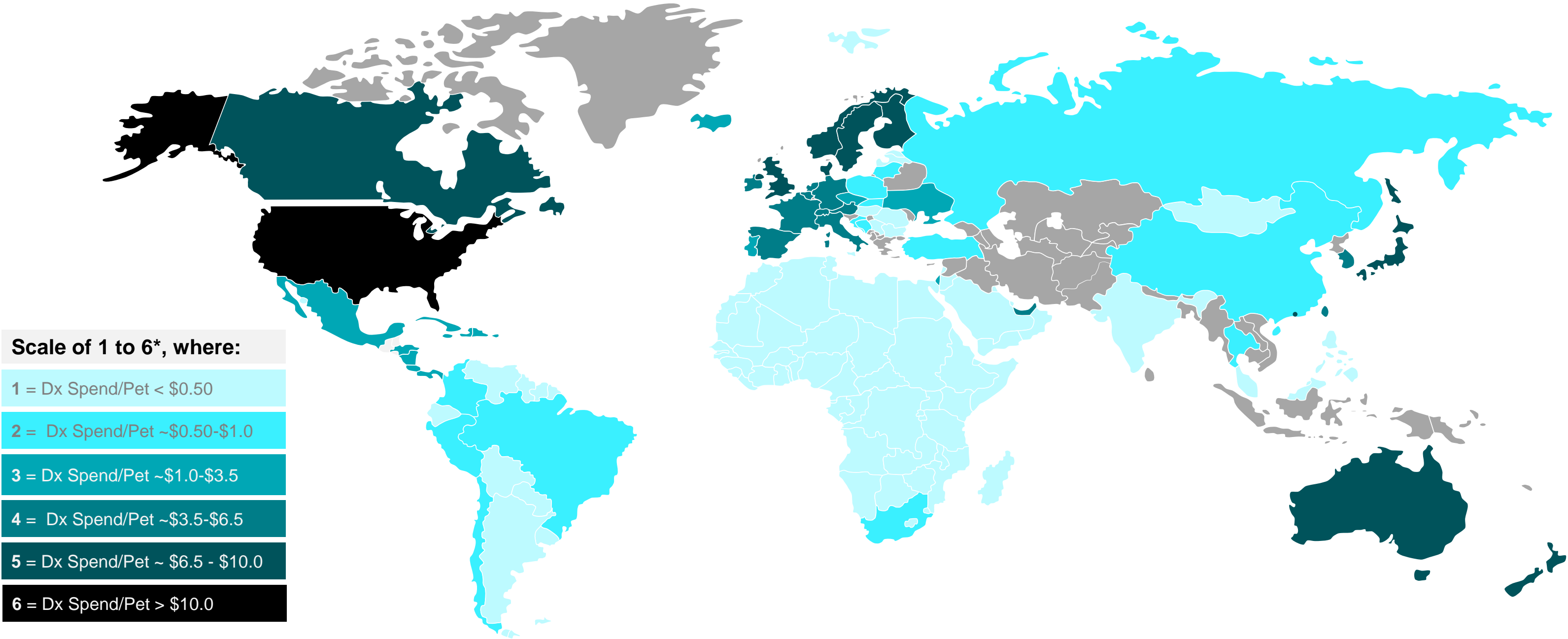
# International Companion Animal Diagnostic Market is Expected to Grow at a Higher Average Annual Rate than the U.S. over Next 25 Years

Estimated Total Worldwide Companion Animal Diagnostic Spending (\$M)\*



\* Revenue estimated at the manufacturer level. Includes reference lab, telemedicine, in-house instruments and consumables, rapid assay, manual microscopy and 'similar' types of diagnostics through 2042. Excludes veterinary software, digital, and ultrasound. Figures stated in USD, based on 2017 average exchange rates.

# International Regions have Varying Standards of Care, Indicated by a Range of 2017 Diagnostic Spend per Pet



Scale of 1 to 6\*, where:

- 1 = Dx Spend/Pet < \$0.50
- 2 = Dx Spend/Pet ~\$0.50-\$1.0
- 3 = Dx Spend/Pet ~\$1.0-\$3.5
- 4 = Dx Spend/Pet ~\$3.5-\$6.5
- 5 = Dx Spend/Pet ~ \$6.5 - \$10.0
- 6 = Dx Spend/Pet > \$10.0

\* Based in IDEXX market analysis; diagnostic spending at the manufacturer level.

# IDEXX is Addressing Three Key Drivers of Difference in Standard of Care in International Regions Relative to the U.S.



Veterinary Education

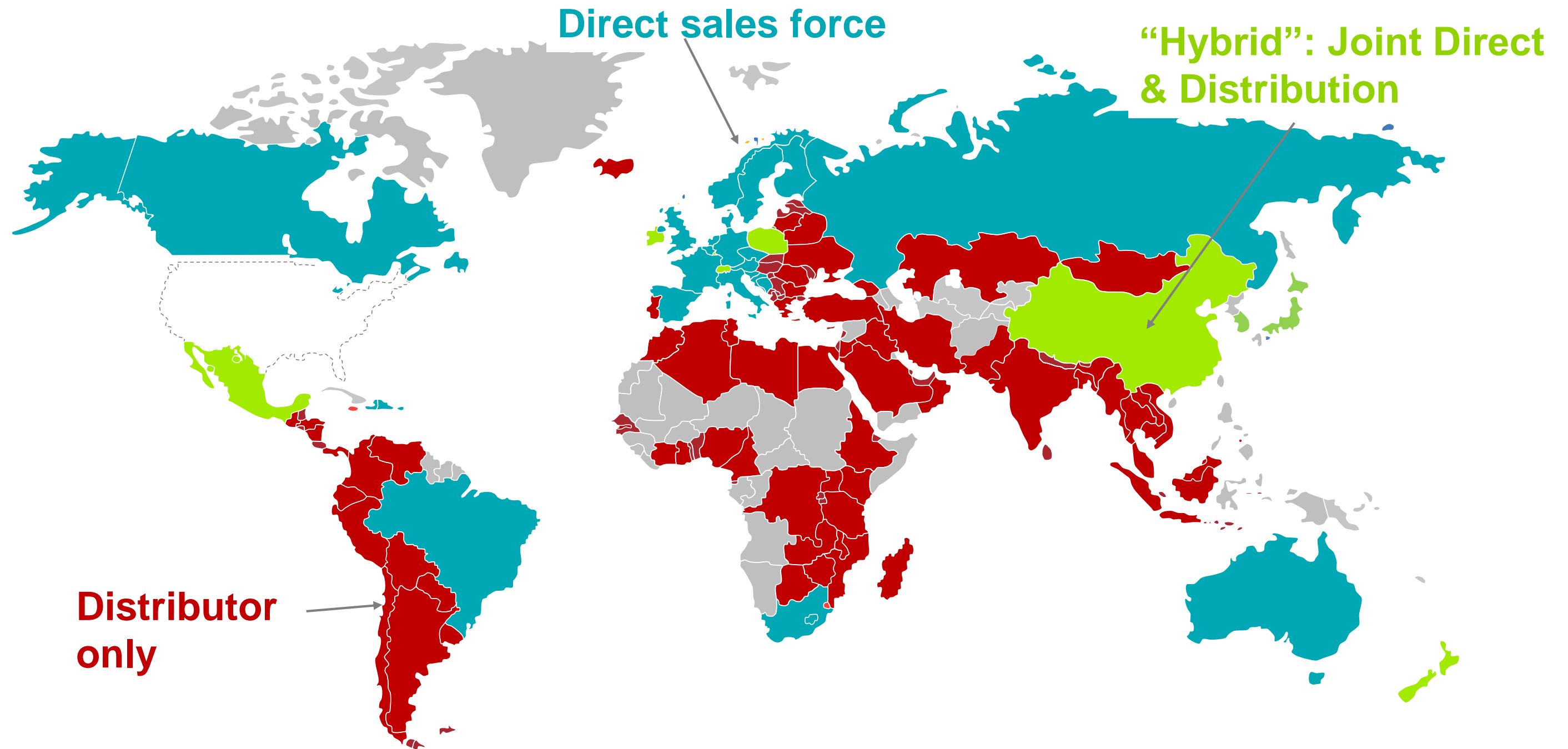


Market Development



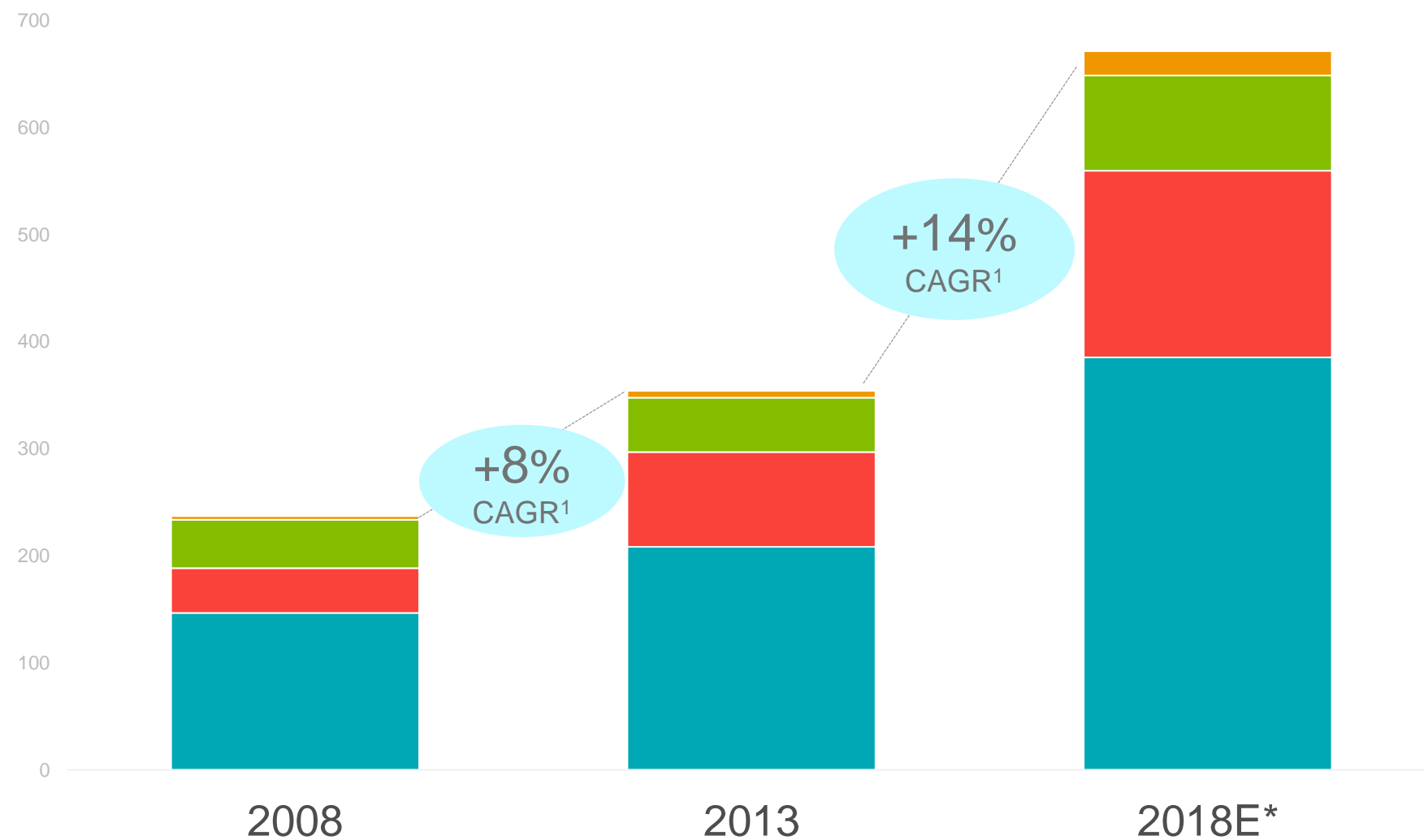
Pet Owner Awareness

# IDEXX Leads Internationally – with 95% of IDEXX International CAG Revenue Represented by IDEXX Personnel



# IDEXX has Accelerated Overall International CAG Growth to 14%

CAG International Constant Currency Revenue by Region<sup>1</sup> (\$M)



Constant Currency Revenue CAGR<sup>1</sup>

	2008 - 2013	2013 – 2018E*
Latin America	13%	29%
Canada	2%	12%
Asia Pacific**	16%	15%
Europe	7%	13%

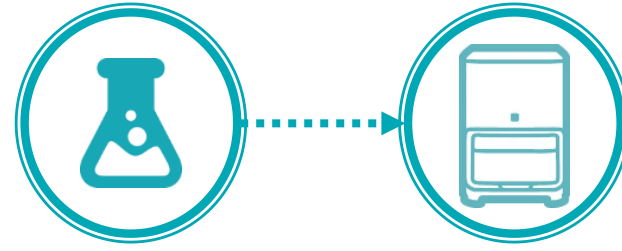
\* 2018E reflects the midpoint of 2018 outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer. \*\* Asia Pacific includes Asia, Australia, New Zealand and the Middle East.

<sup>1</sup> Non-GAAP financial measures, please refer to Appendix for detailed footnotes.

# We have Three Major Commercial Strategies for International Markets which **All** Expand profitable IDEXX VetLab<sup>®</sup> Consumable Growth



“Complete Diagnostic Solution”



“Leverage Reference Lab to Drive In-House”



“Drive In-House”

Commercial Strategy Focus

Expand in-house *and* reference lab

Expand reference lab position *and* leverage to further penetrate in-house

Expand in-house product offering, creating enduring leadership position.

Total CAG Dx Market

for countries with this strategy

~\$330M

~\$505M

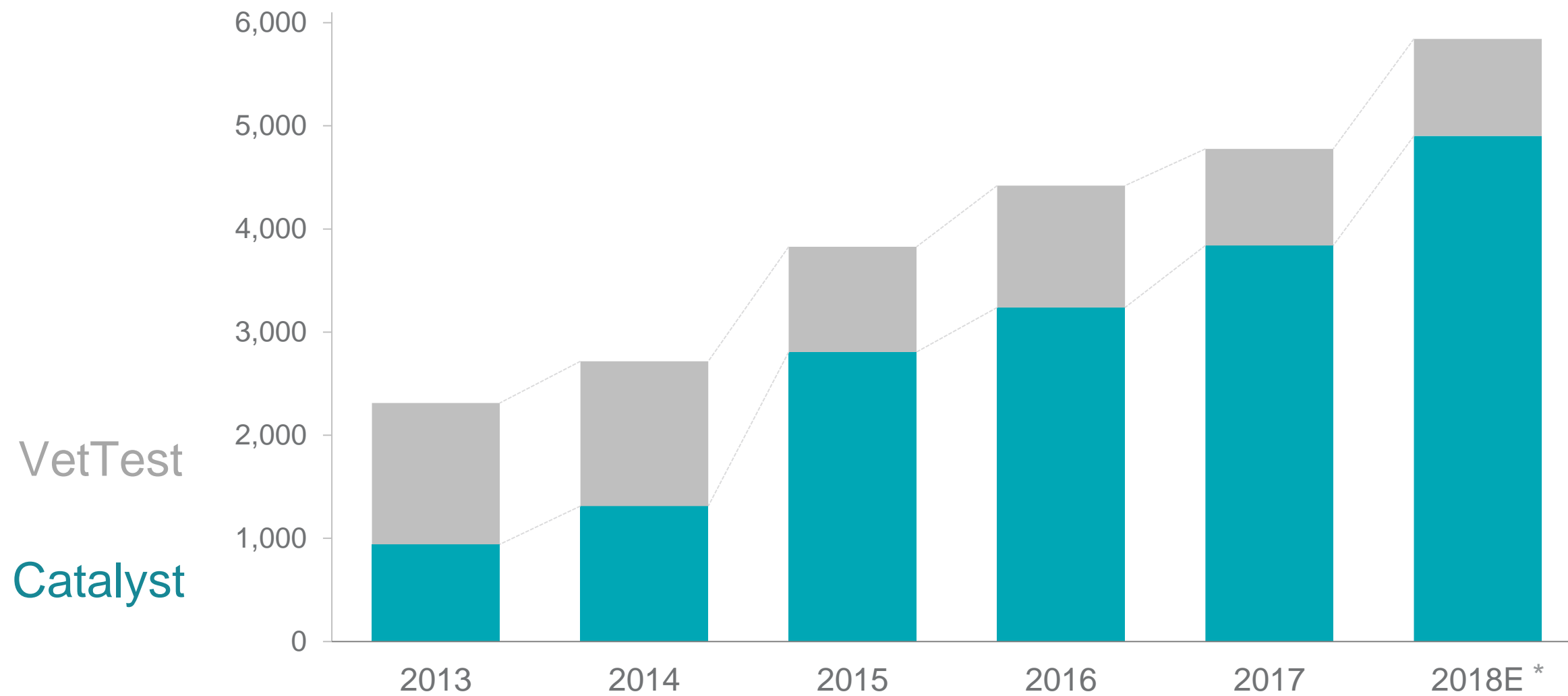
~\$445M

Representative Country Example



# Catalyst Placements Continue to be the Key Growth Driver Outside of North America, with Strong Runway for Foreseeable Future

## Catalyst Analyzer Placements Outside North America



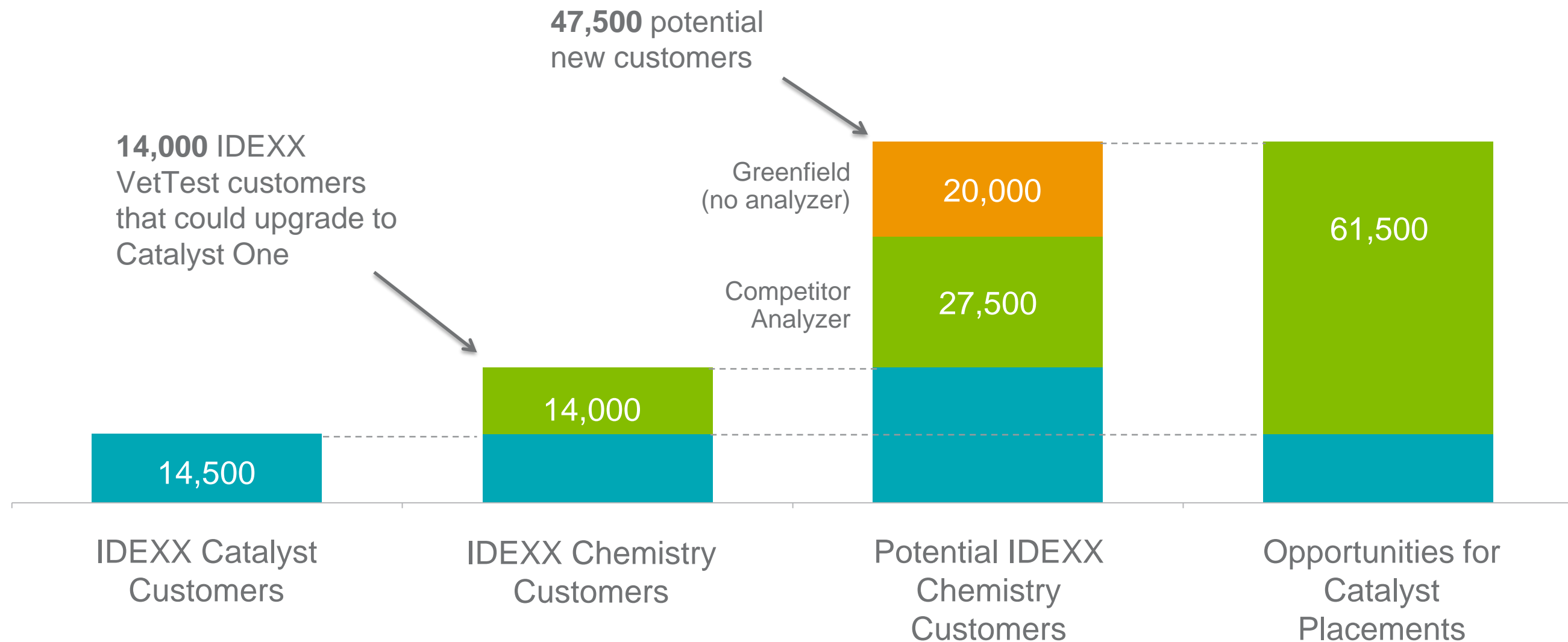
Catalyst loyalty rates exceeding 99%!



\* 2018E reflects the midpoint of 2018 outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.

# We Estimate Over 60,000 Additional Chemistry Placement Opportunities Exist Outside North America

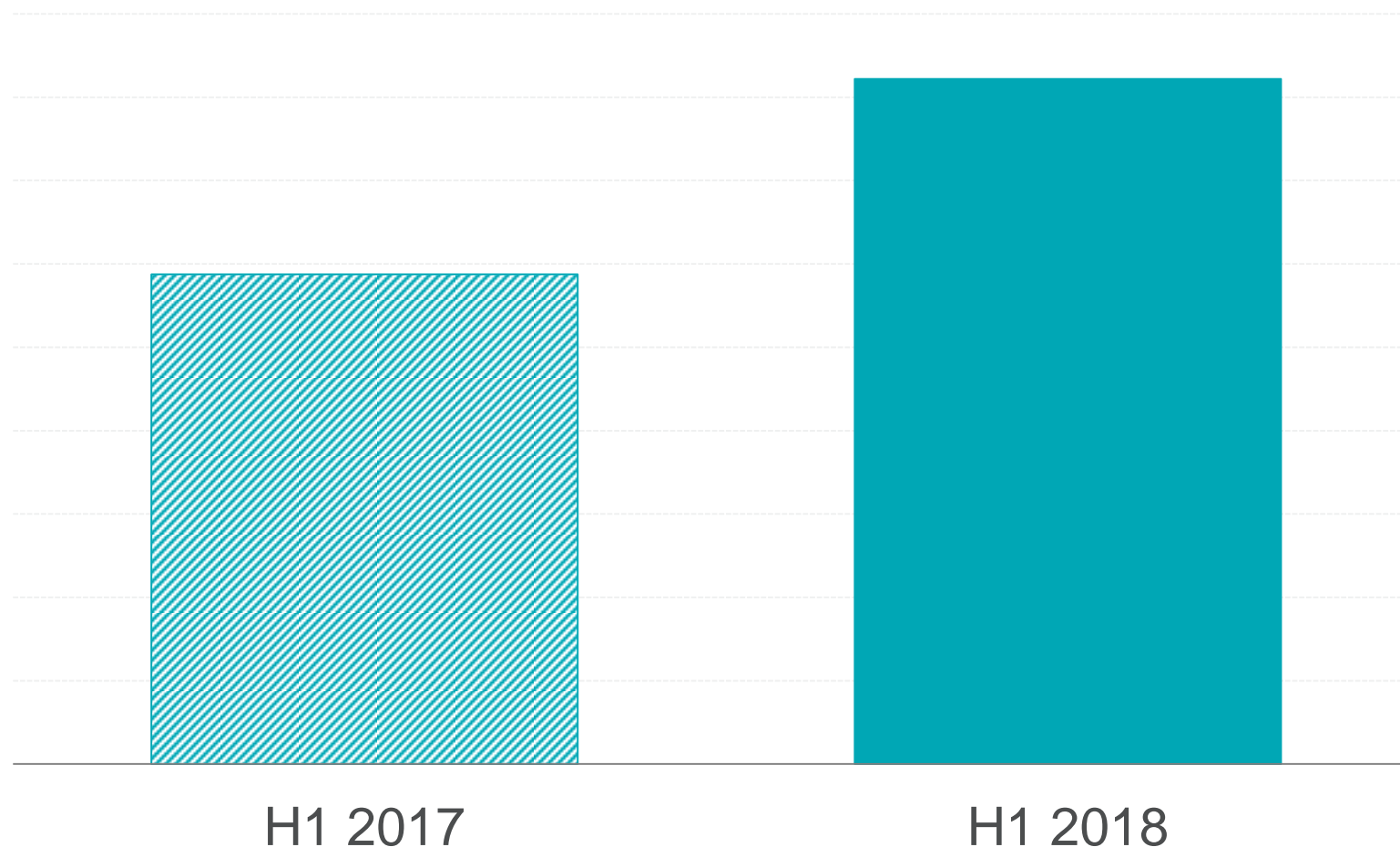
Practices Outside North America Grouped by Chemistry Analyzer Ownership as of end of 2017\*



\* Excludes practices that are not viewed as likely candidates for chemistry analyzer placement at this time.

# Introduced EVI\* into International Sales Compensation In 2018, and Generated a ~40% Boost in Economic Value

## International Instrument EVI\*

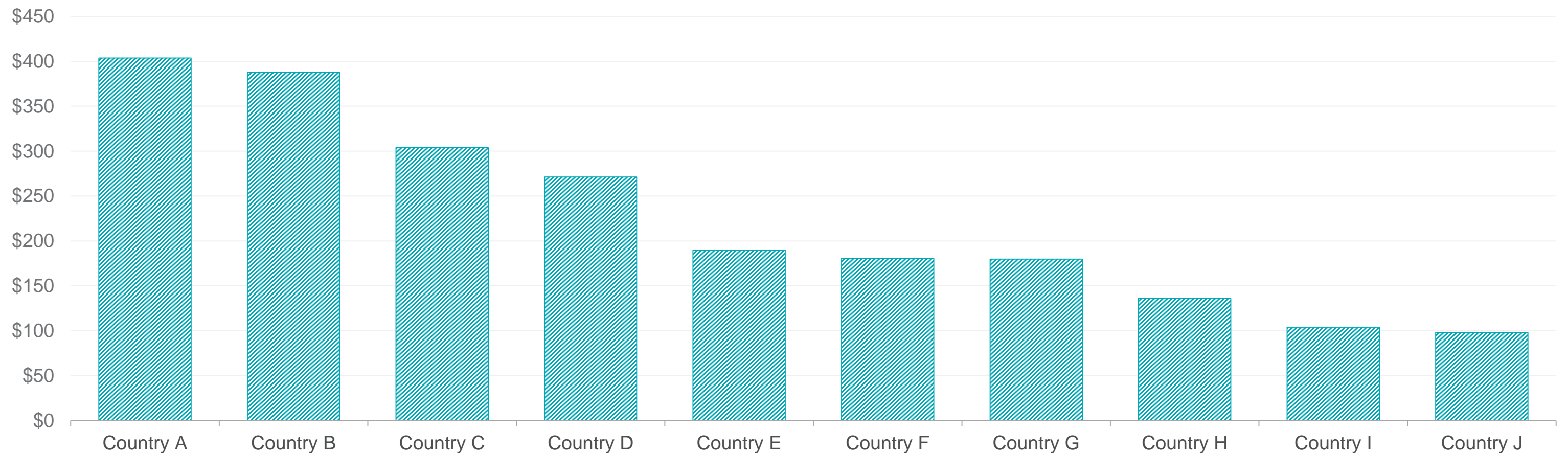


- Adoption drove H1 2018 Economic Value growth of 40%
- Reinforces competitive/greenfield chemistry placements
  - 41% growth in H1 2018 vs. H1 2017
- Drove over 20% growth in IDEXX VetLab consumables in Q2 of 2018

\* Economic Value Index (EVI) is a metric used in sales incentive compensation, that awards a higher number of points based on higher expected 'economic value', for example, to instrument placements with higher profitable revenue potential.

# Prioritizing Commercial Focus in Markets with Highest In-house Addressable Economic Value

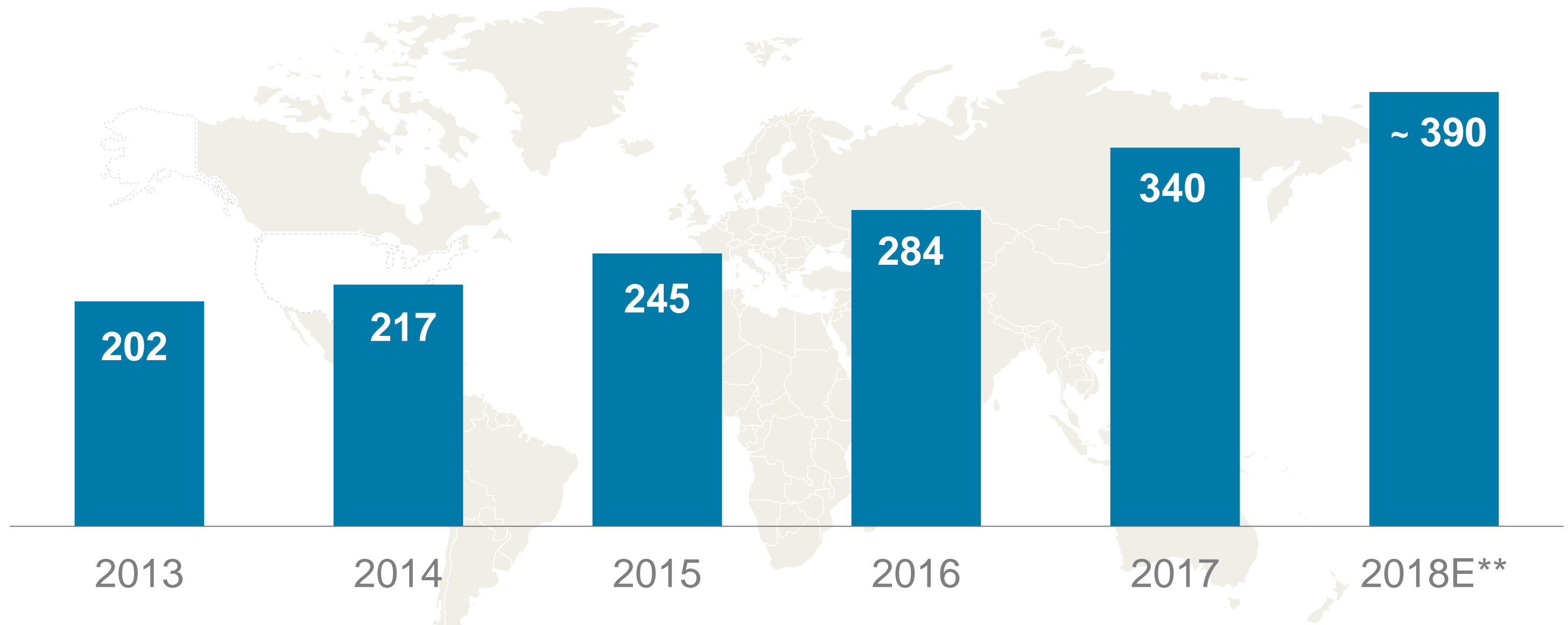
2017 Total In-House Diagnostics Addressable Economic Value Opportunity by Country Outside the U.S. (\$M)\*



\* Addressable Economic Value based on the average 7-year total gross profit expected per **Catalyst Placement** (including Competitive, Greenfield, and VetTest Upgrade opportunities) + average 7-year total gross profit expected per **Hematology Placement** (including ProCyte Dx, LaserCyte opportunities) + average 7-year total gross profit expected per **SediVue Placement**.

# International Commercial Presence has Doubled Over the Past Five Years

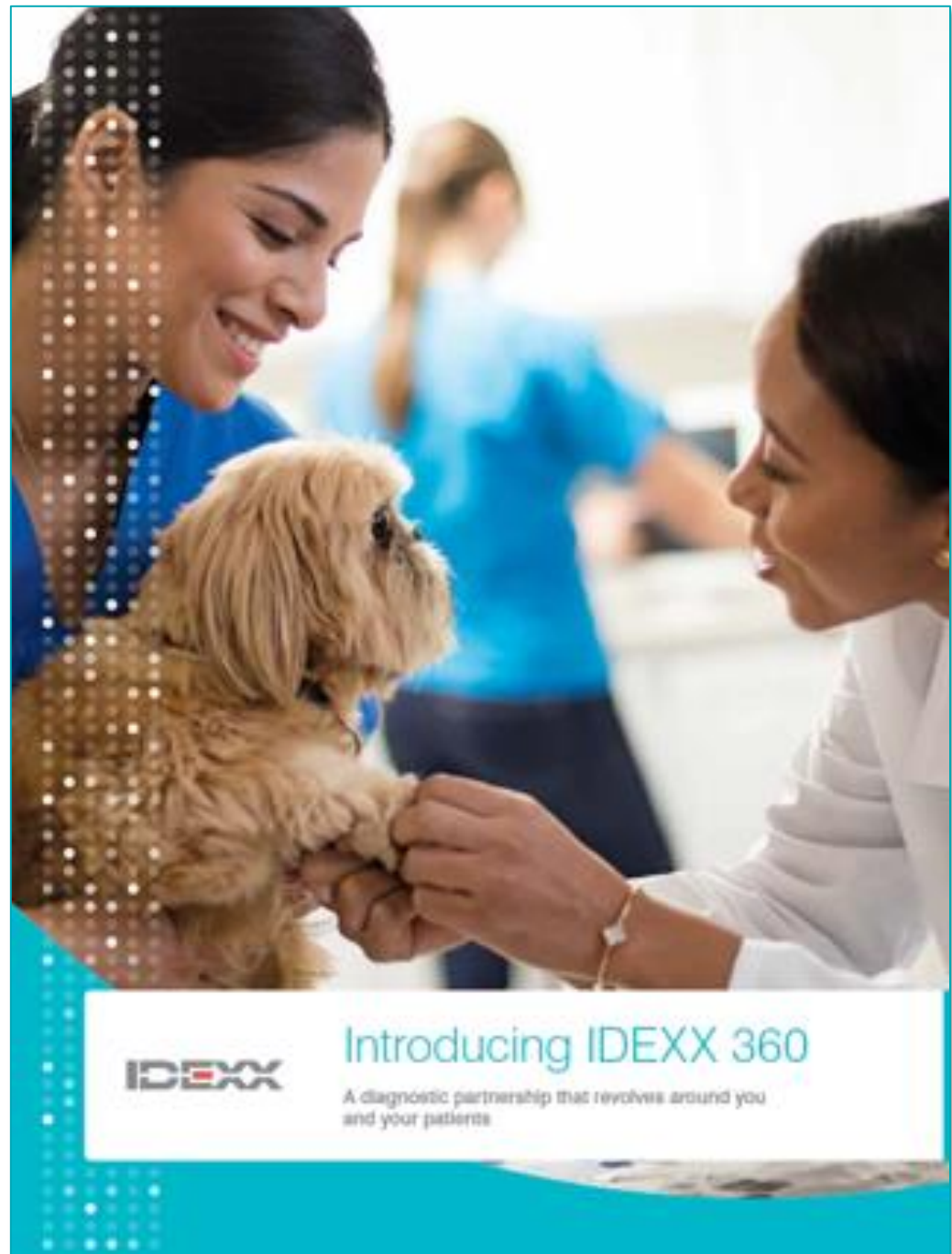
Total International CAG *Field-Based* Professional Headcount\*



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

\*\* Estimated number of CAG Field-based professional headcount as of end of 2018.

# We are Introducing **IDEXX 360** to Key International Markets Creating a New Diagnostic Partnership



- Annual revenue commitment above baseline that has a five to six-year life (i.e., growth)
- Revenue from IDEXX solutions, including revenue from previously competitive modalities, count towards growth
- Allows veterinarians to practice medicine the way they want
- Build existing customer relationships and grow diagnostic usage

# International Markets Quick to Adopt New and Medically Relevant Tests



## Catalyst SDMA Slide

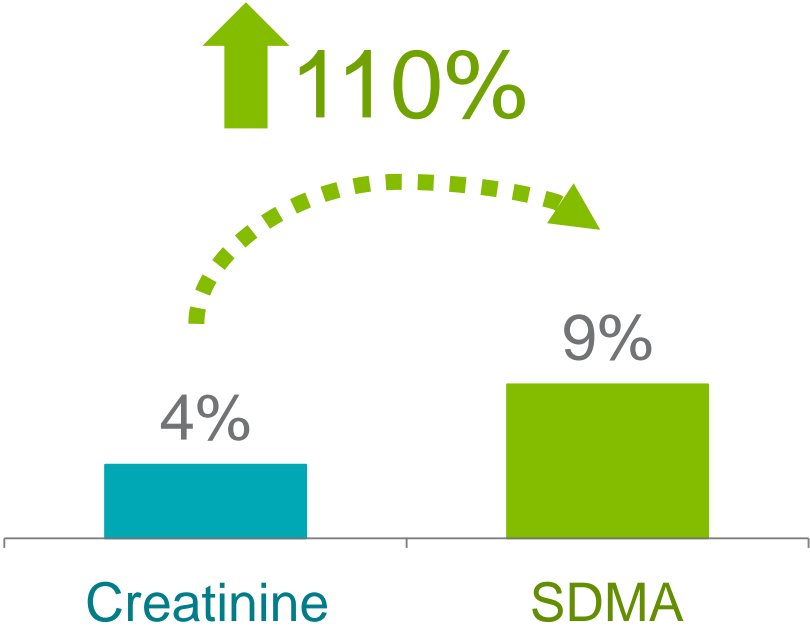
- SDMA testing in-clinic redefines routine chemistry testing
- International markets skewed toward sick and symptomatic pets
- >50% of all Catalyst customers in Europe and Australia have ordered SDMA tests in first three months on market

# IDEXX SDMA Brings Significant Value to Sick Animal Testing Internationally

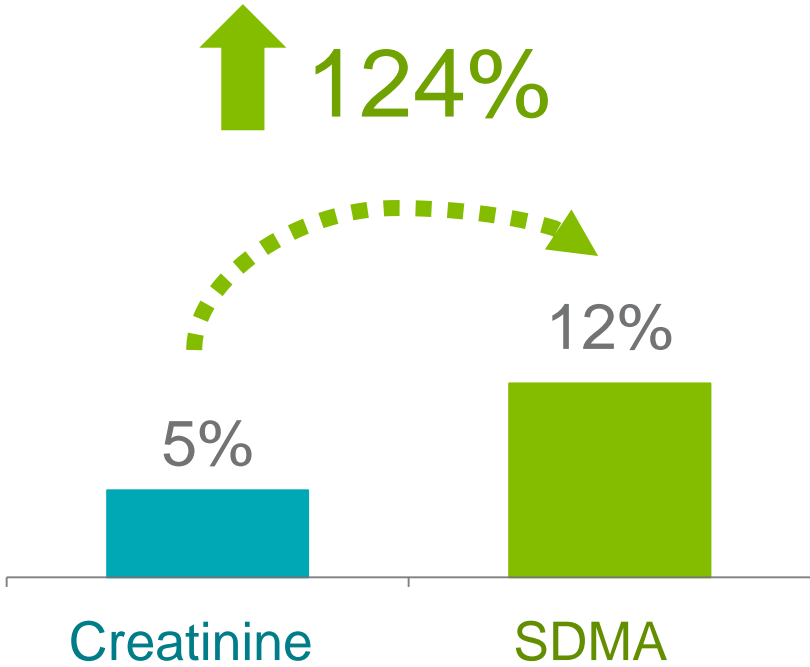
*Percentage of Patients with Clinically Significant Increases in Creatinine or SDMA (non-wellness visits)*



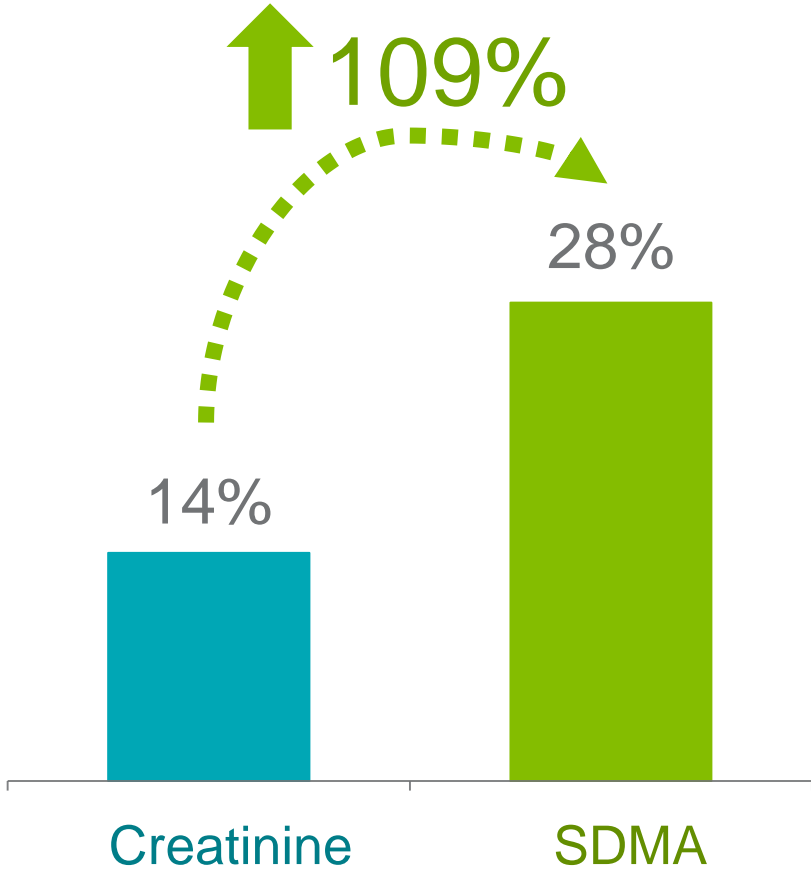
Adults



Seniors



Geriatrics



Source: Based on analyses of a sample of 1,018,286 patients, 72.8% canine and 27.2% feline, using IDEXX Reference Laboratories diagnostic results data.

# International Markets Quick to Adopt New and Medically Relevant Tests



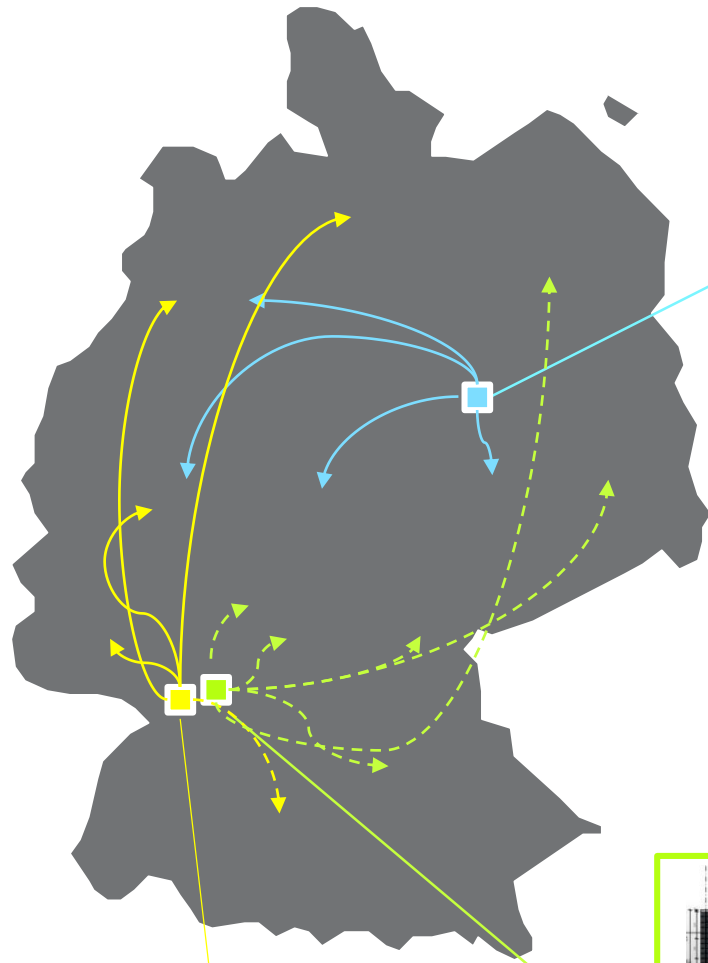
## Catalyst CRP Slide

- **Inflammation** test used in Western Europe and Asia in conjunction with hematology
- Amazing adoption in key Western European markets as standard of care for sick pets
- Rapid adoption in important Japanese and Chinese markets within first months of launch

# Germany is an Important Country for IDEXX with Strong Performance and Long Runway for Potential Growth



Leipzig, Germany  
IDEXX Direct



Ludwigsburg, Germany  
IDEXX Core Lab and IDEXX Office



Kornwestheim, Germany  
IDEXX Core Lab and IDEXX Office

- Large CAG diagnostic market
- Highly medically-centric with bias towards clinically-proven innovation
- Reference lab is ‘gold standard’
  - Leveraging IDEXX strength in reference lab modality to drive in-house diagnostic adoption
- Investing in new ‘state-of-art’ reference lab
- Moved to VDC account management sales model and increased customer-facing personnel

# International CAG is Continuing to Deliver on the IDEXX Opportunity



Expanding  
customer base



Growing  
diagnostic utilization



Improving productivity  
by strengthening our  
International organization

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International CAG Diagnostics Recurring Organic Revenue Growth Potential\*

12% to 16% per year

\* This projection assumes that foreign currency exchange rates will remain the same as in 2018.

Break





# IDEXX Reference Laboratories

Mike Lane, Corporate Vice President

August 16, 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 August 1, 2018; these references speak only as of August 1, 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.

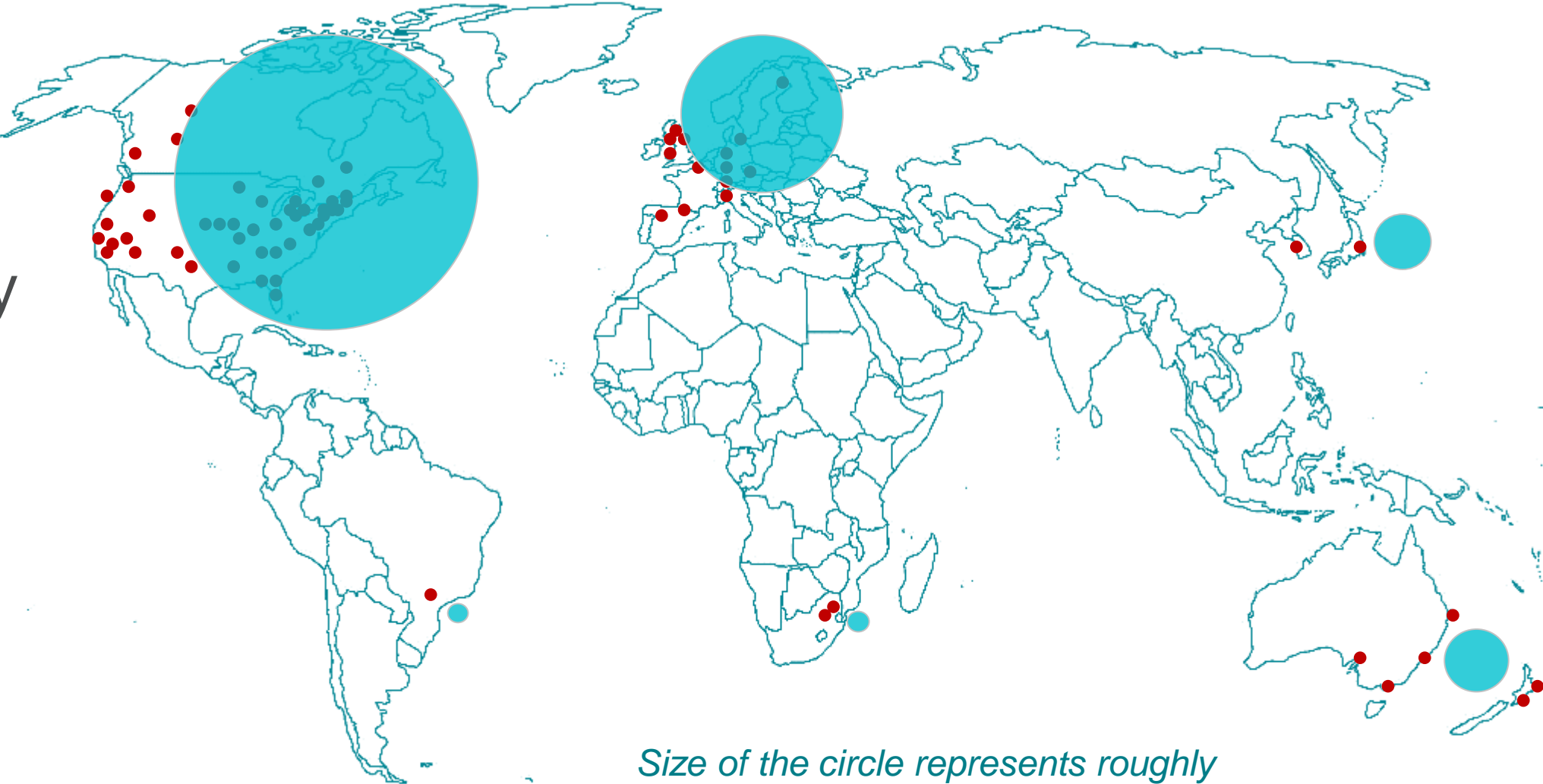
### **Non-GAAP Financial Measures**

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.**

# Well-positioned to Sustain Double-digit Reference Lab Revenue Growth and Continue to Drive Operating Margin Expansion

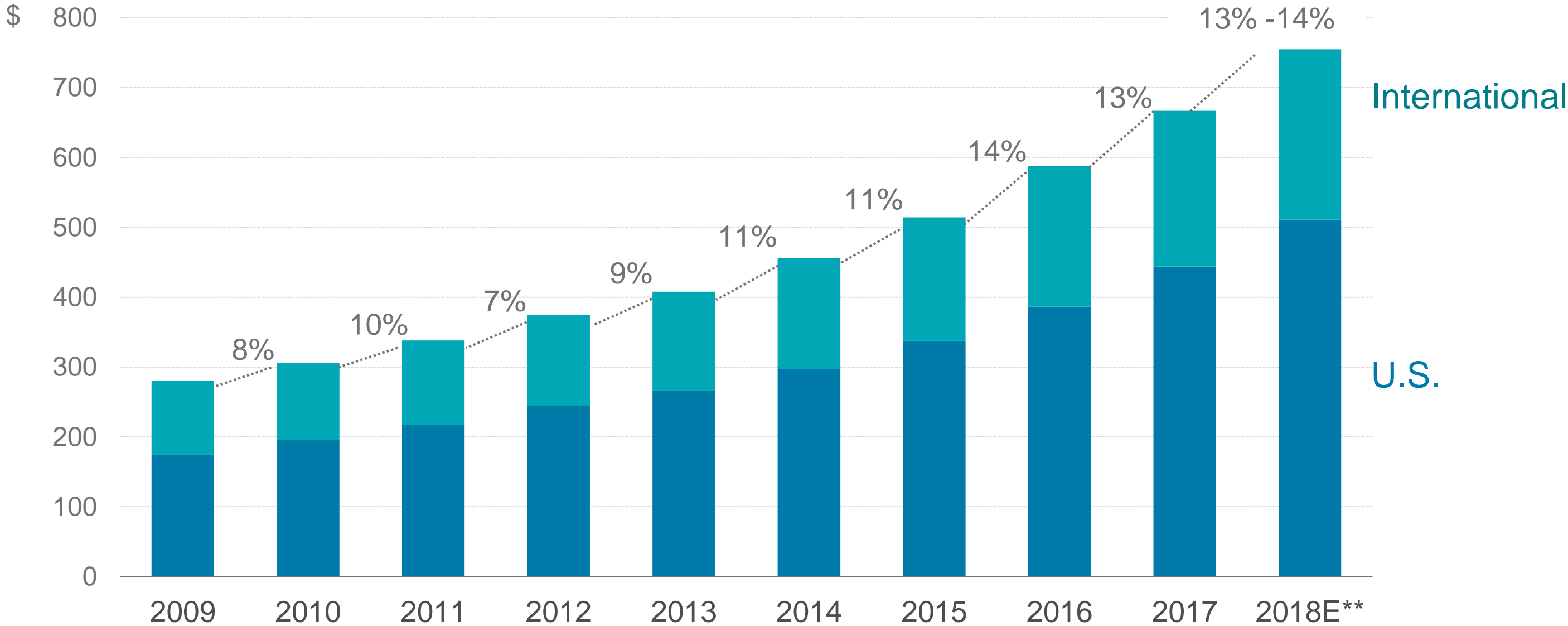
- Tremendous revenue growth opportunity
- Proven formula consistently grows enduring recurring revenue
- High operating leverage business model enables gross margin expansion



*Size of the circle represents roughly the relative 2017 revenue of the region*

# Our Proven Growth Formula is Resulting in Consistent Double-digit Global Organic Revenue Growth

Annual Global Reference Lab\* Constant Currency Revenue and Organic Revenue Growth (\$M)<sup>1,3,4</sup>



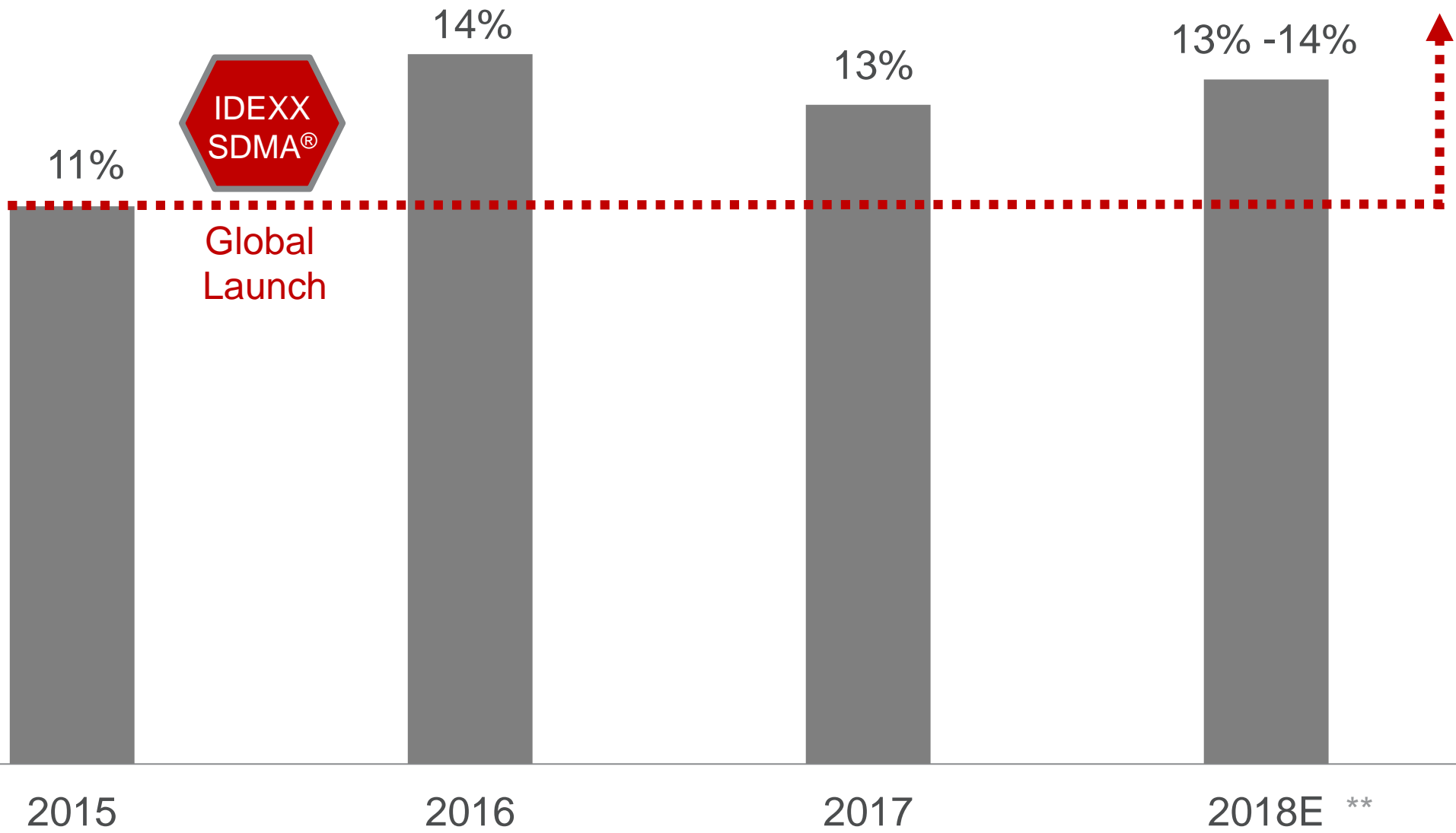
\* Reference Laboratory and Diagnostic Consulting Services.

\*\*All references to 2018E reflect the midpoint of 2018 outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.

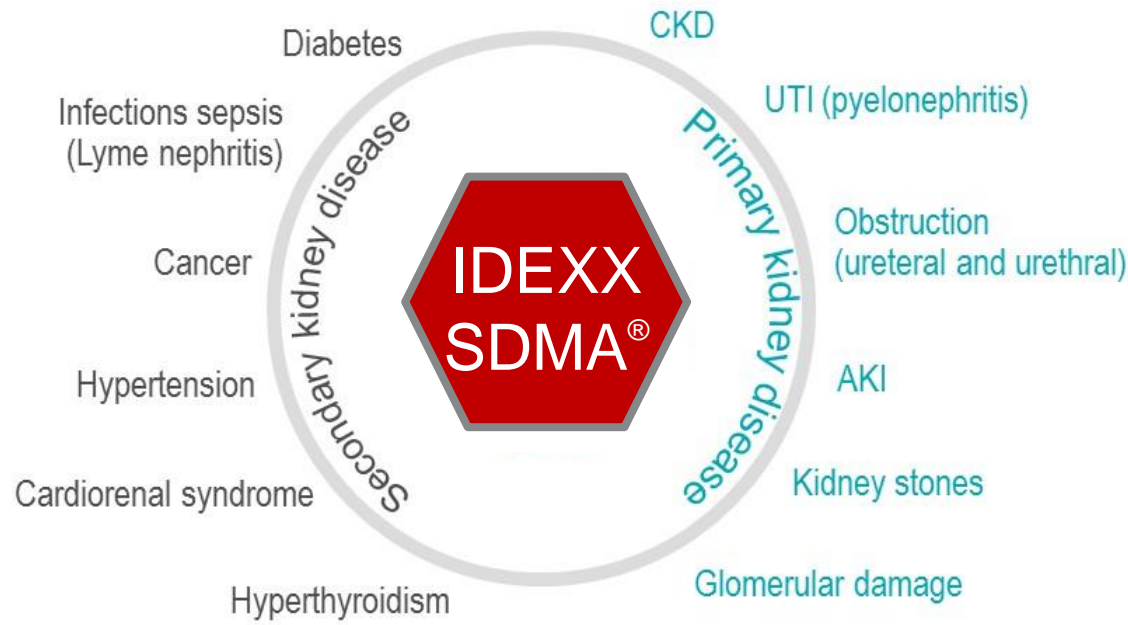
<sup>1,4</sup> Non-GAAP financial measure, please refer to Appendix for footnotes. <sup>3</sup> Please refer to the Appendix for descriptive footnotes.

# We have Seen +2% Point Acceleration in Global Revenue Growth since Introduction of IDEXX SDMA and Expansion of our Commercial Presence

% Global Reference Lab\* Organic Revenue Growth<sup>4</sup>

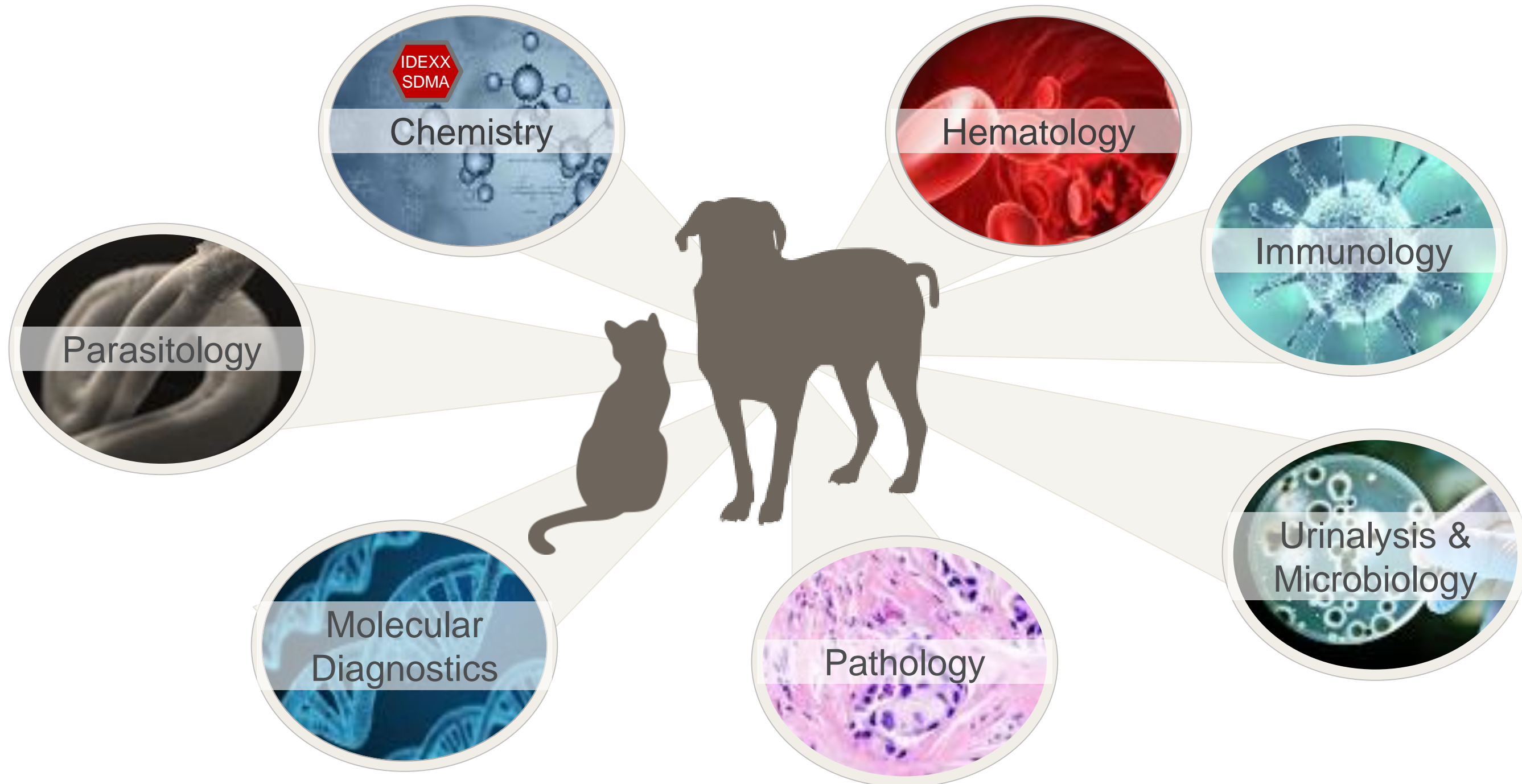


*+ ~2% point acceleration since IDEXX SDMA introduced*

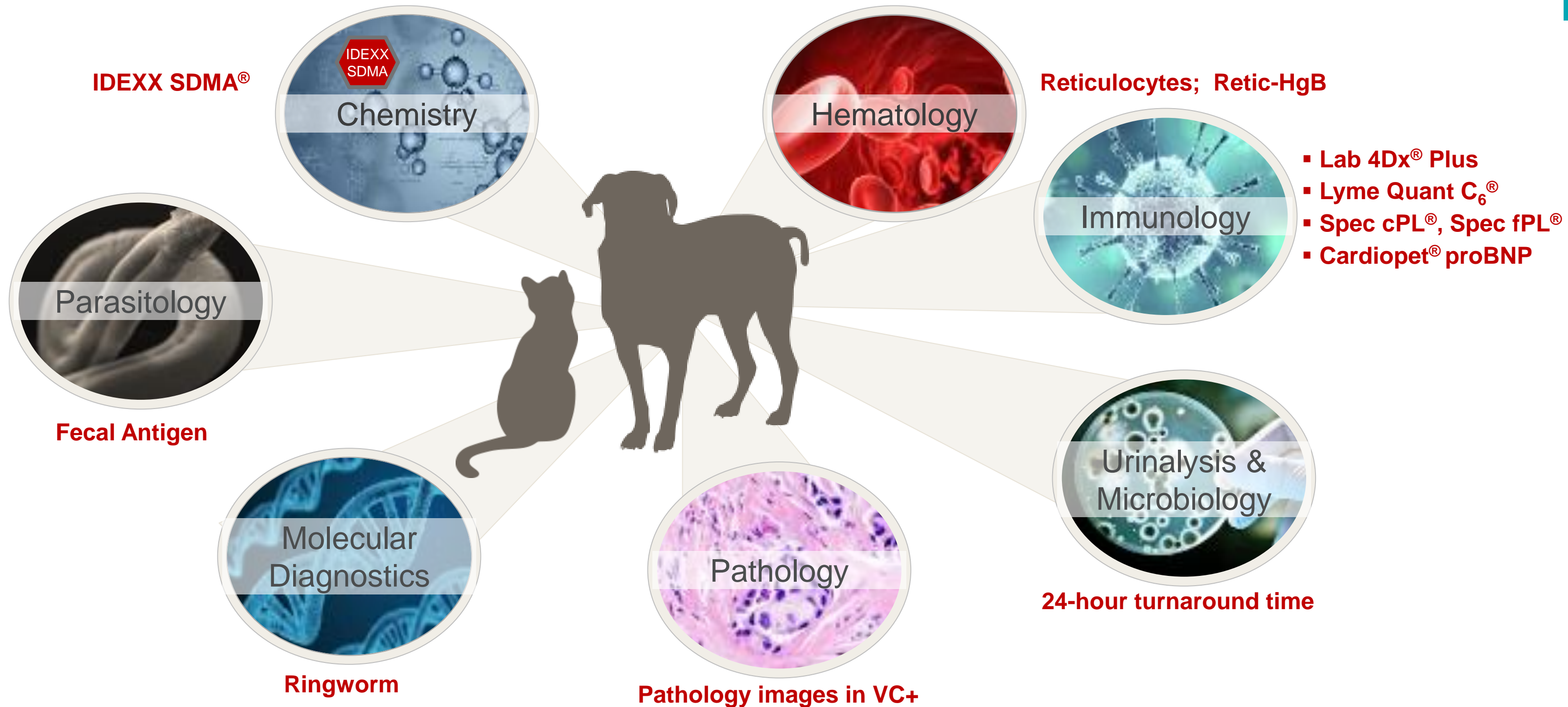


\* Reference Laboratory and Diagnostic Consulting Services.  
 \*\* All references to 2018E reflect the midpoint of 2018 outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.  
<sup>4</sup> Non-GAAP financial measure, please refer to Appendix for footnotes.

# We Offer a Broad and Unique Menu that Provides Endless “Breadth and Depth” Growth Opportunities for our Customers

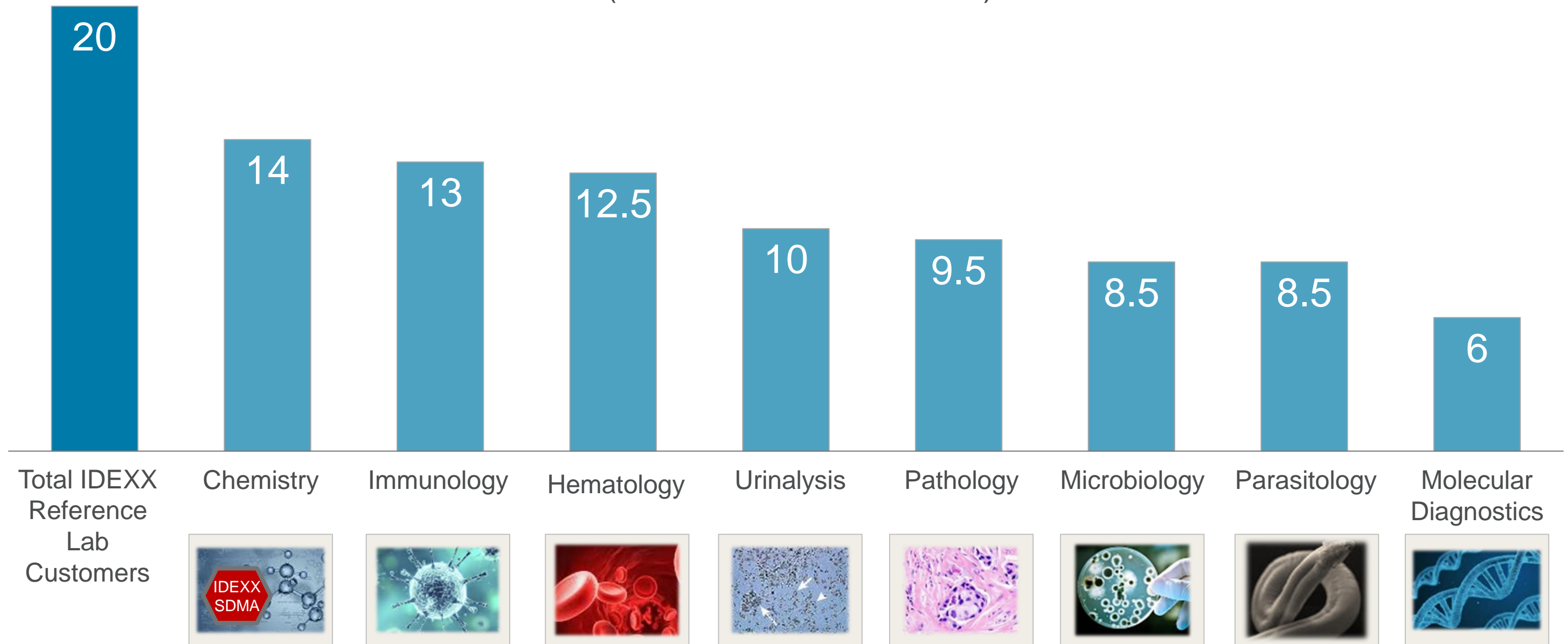


# We Offer a Broad and Unique Menu that Provides Endless “Breadth and Depth” Growth Opportunities for our Customers



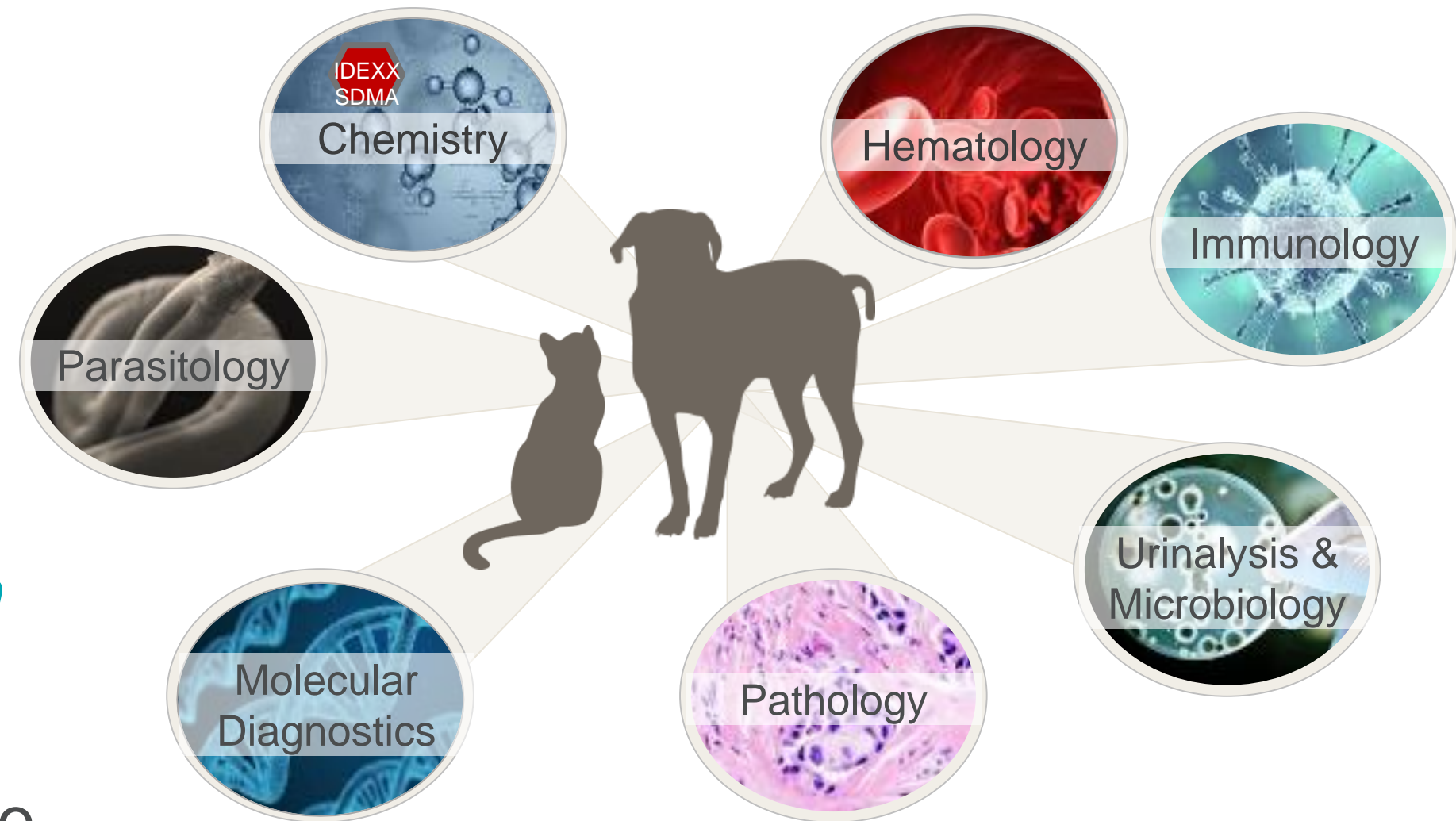
# Yet Very Few of our Existing Customers Access our Full Menu

Number of U.S. IDEXX Reference Lab Customers by Dx Category in Q2 2018  
(thousands of customers)



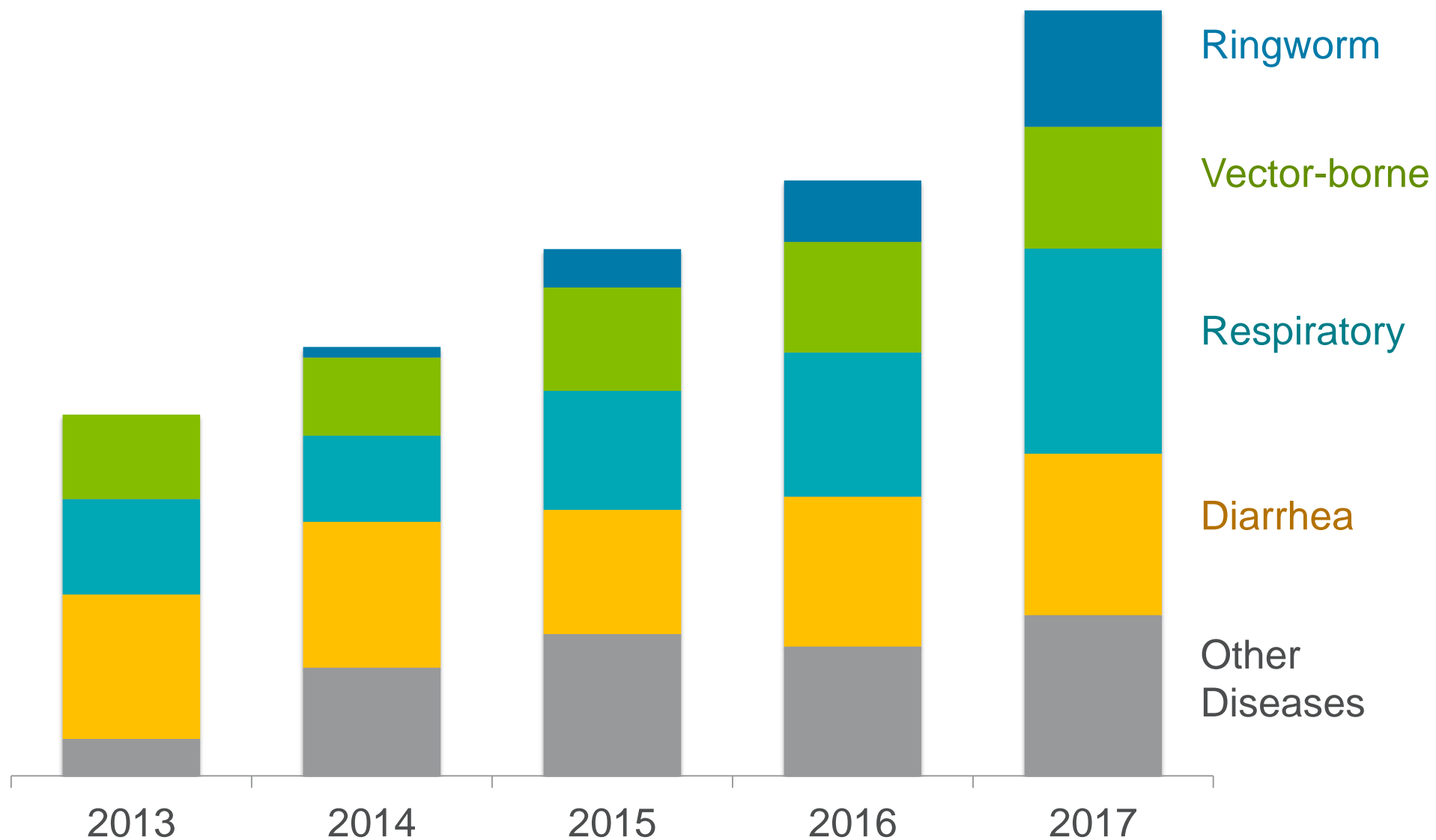
# We have a Proven Formula for Sustained Long-term Revenue Growth

- *Grow Existing Customers* through adoption of expanded menu and preventive care profiles
- Increase *Customer Loyalty* as we expand clinical value by finding more underlying disease
- Achieve modest *Price Realization* with highly-differentiated offering
- Continually add *New Customers* to this growth equation



# IDEXX Molecular Diagnostic Testing More than Doubled in Five Years through Customer Adoption of Innovative Infectious Disease Diagnostics

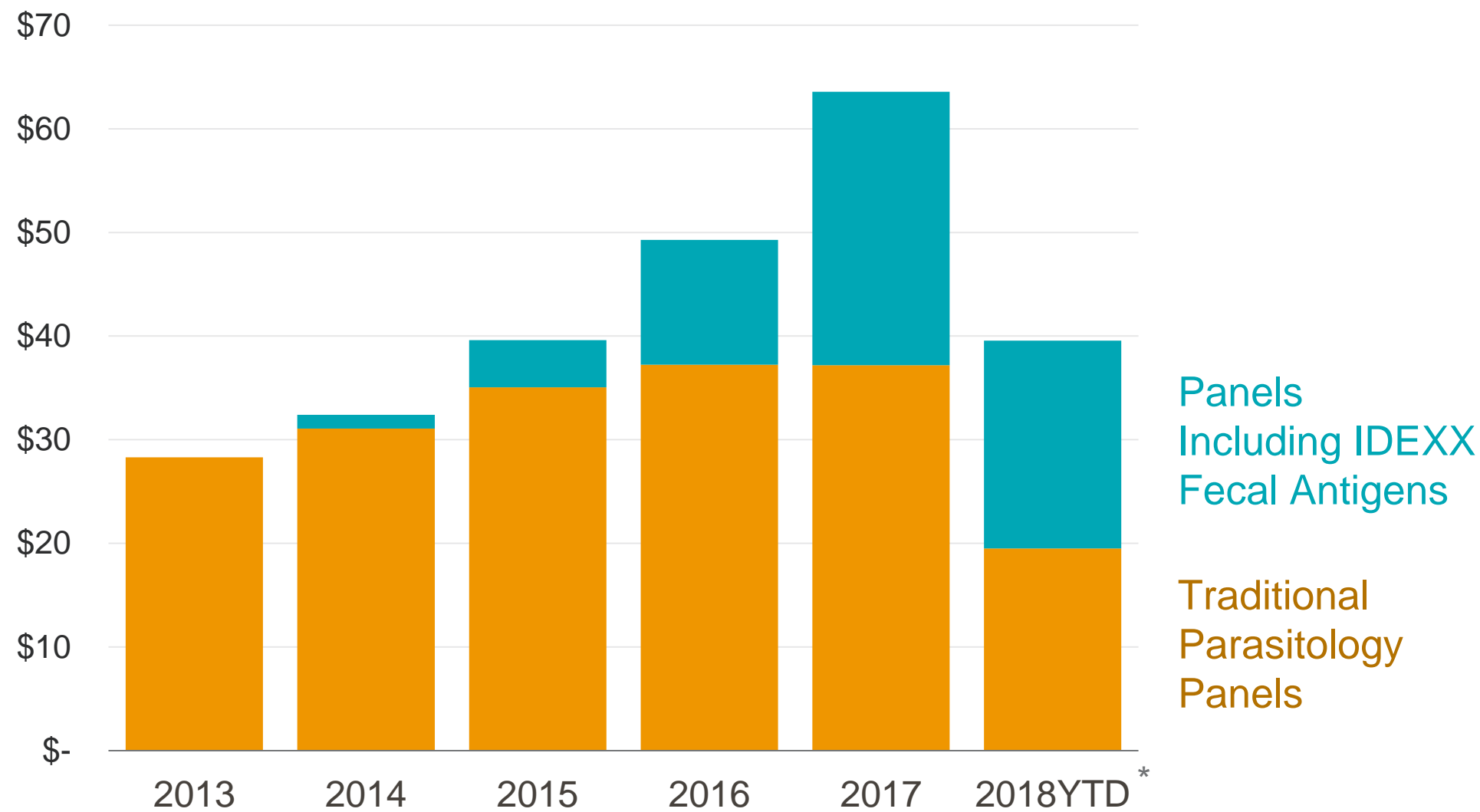
U.S. Molecular Diagnostics Revenue (\$M)



- Molecular diagnostic testing is underutilized globally
- IDEXX exclusive technology for diagnosis of a wide range of infectious diseases
- Incremental **\$50 million annual revenue** opportunity in five years

# IDEXX Fecal Antigen is Turbo Charging Parasitology Growth through Increases in Both “Breadth and Depth” of Testing

North America Reference Lab Fecal Testing Revenue (\$M)



*Hookworm*

*Roundworm*

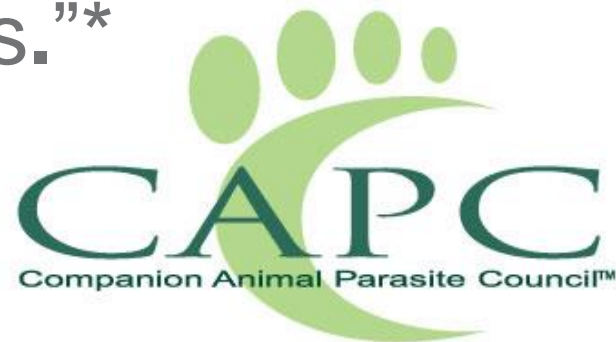
*Whipworm*

- Fecal Antigen testing finds more infections, generates more treatment income
- Included in all Preventive Care Challenge Panels
- Incremental annual **\$120 million revenue** opportunity in five years

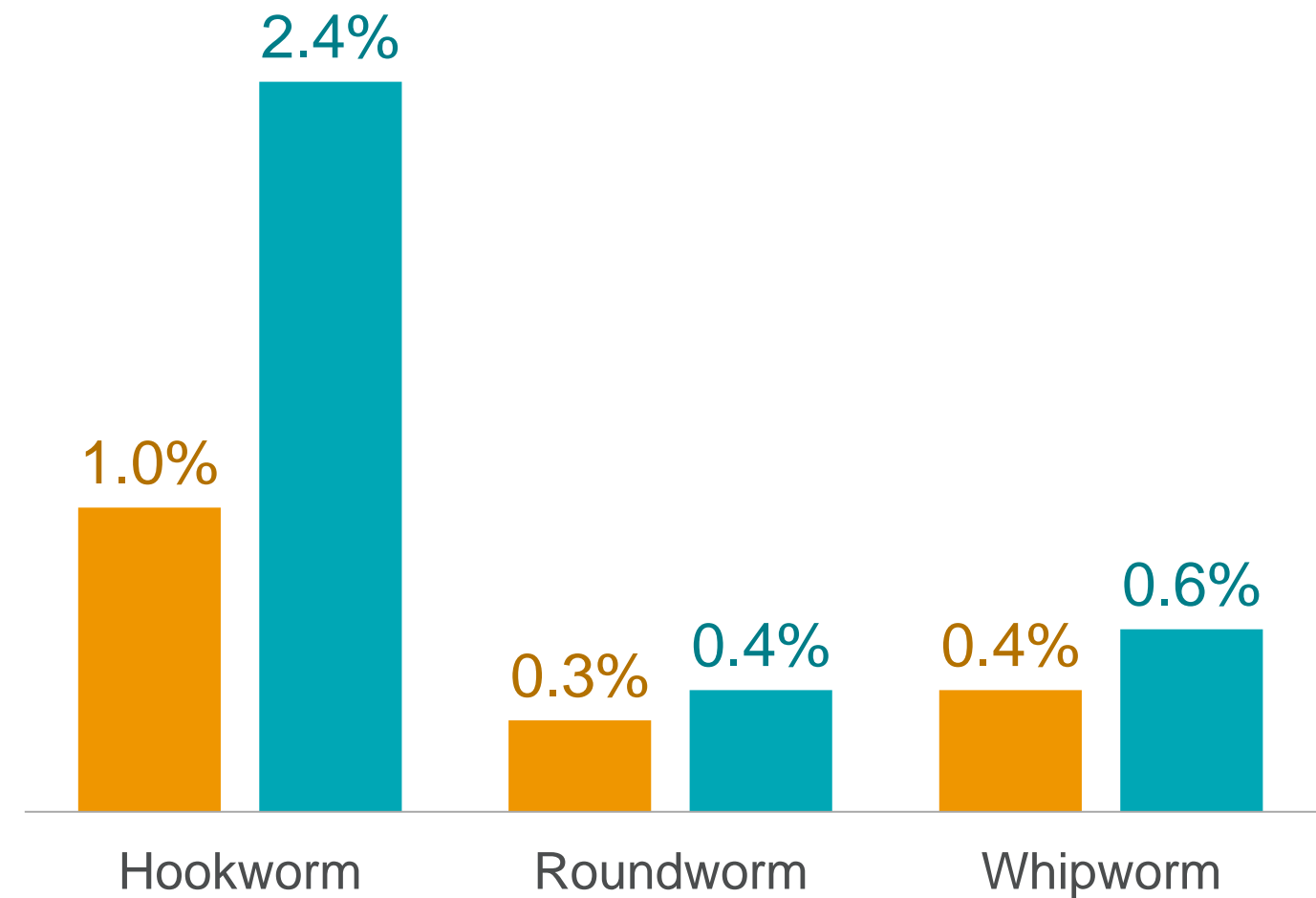
\* All references to 2018 YTD mean January 1, 2018 through June 30, 2018.

# Veterinary Practices are Detecting Twice as Many Infections when they Adopt IDEXX Fecal Antigen Testing

“To ensure the widest breadth of detection of intestinal parasites in dogs and cats, **fecal tests for antigen should be combined with microscopic examination** of feces for eggs.”\*



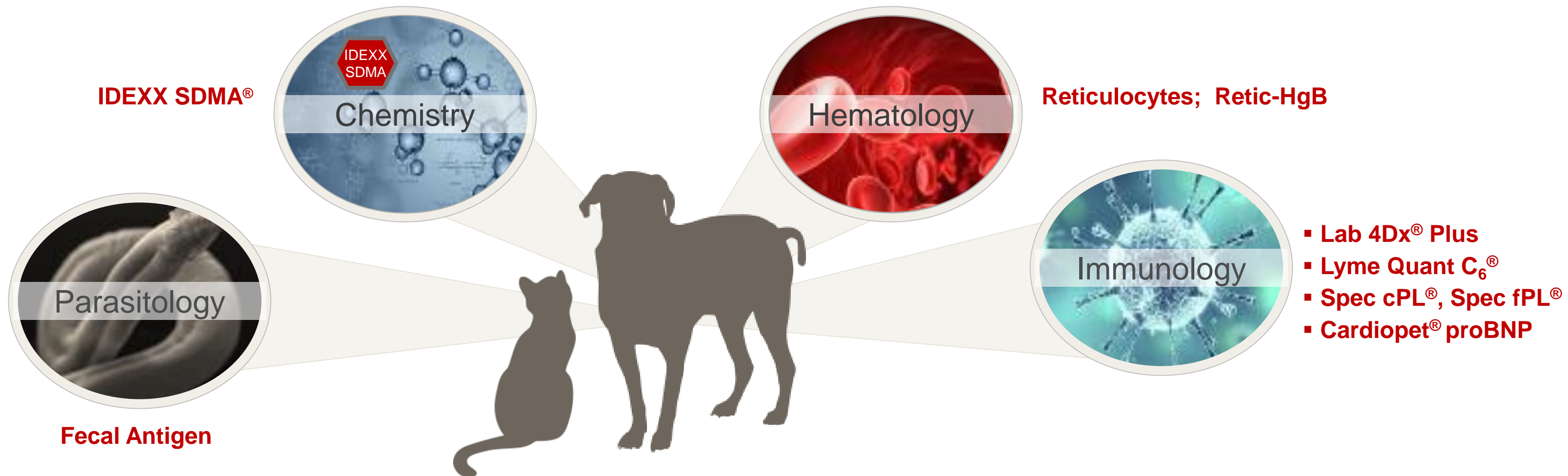
The Medical Evidence from Big Data  
Percentage of Fecal Samples with Positive Result (%)\*\*



\* Companion Animal Parasite Council Guidelines

\*\* Analysis based on a sample of 442,884 adult canines, presenting for preventive care visits with fecal exams sent to IDEXX Reference Labs between December, 2015 and June, 2018.

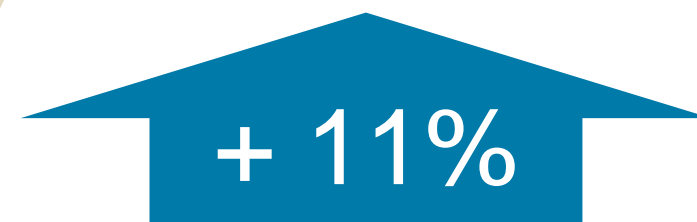
# Practices are Utilizing Numerous IDEXX Proprietary Tests as Part of their Routine Preventive Care Protocols...



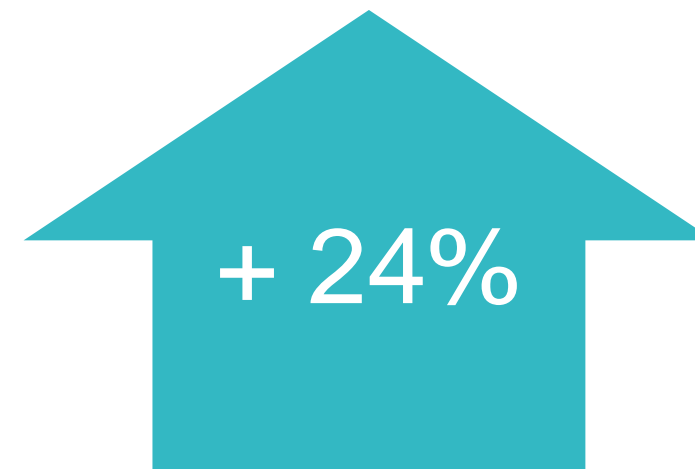
...which uncover more underlying disease.

# When Practices Adopt Preventive Care, Reference Lab Revenue Surges

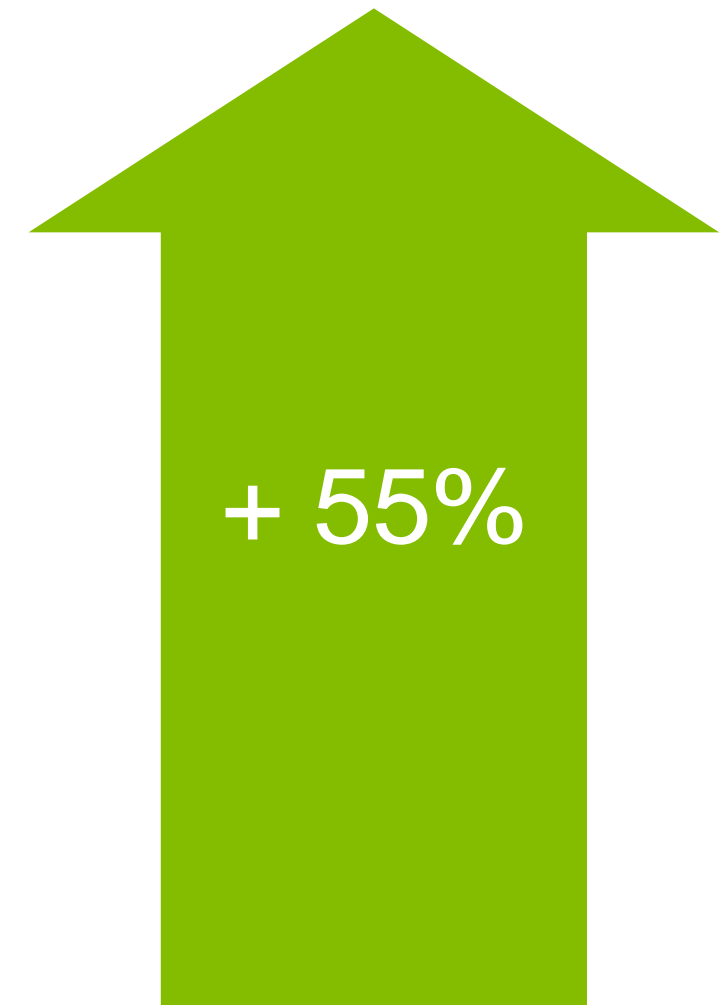
Preventive Care Challenge Program (PCC):  
Increase in Annual IDEXX Reference Lab Revenue per Practice Post-Implementation



Non-PCC  
Practices\*



748  
Practices Enrolled\*\*



Top 150  
Practices Enrolled\*\*\*

\* Practices purchasing reference lab service from IDEXX, and not enrolled in Preventive Care Challenge.

\*\* Mean growth for ~748 existing practices enrolled in IDEXX Preventive Care Challenge, with a minimum of 12 months post-enrollment.

\*\*\* Mean growth for the 'Top 150' practices defined based on the greatest increase in IDEXX Reference Lab revenue post-enrollment.

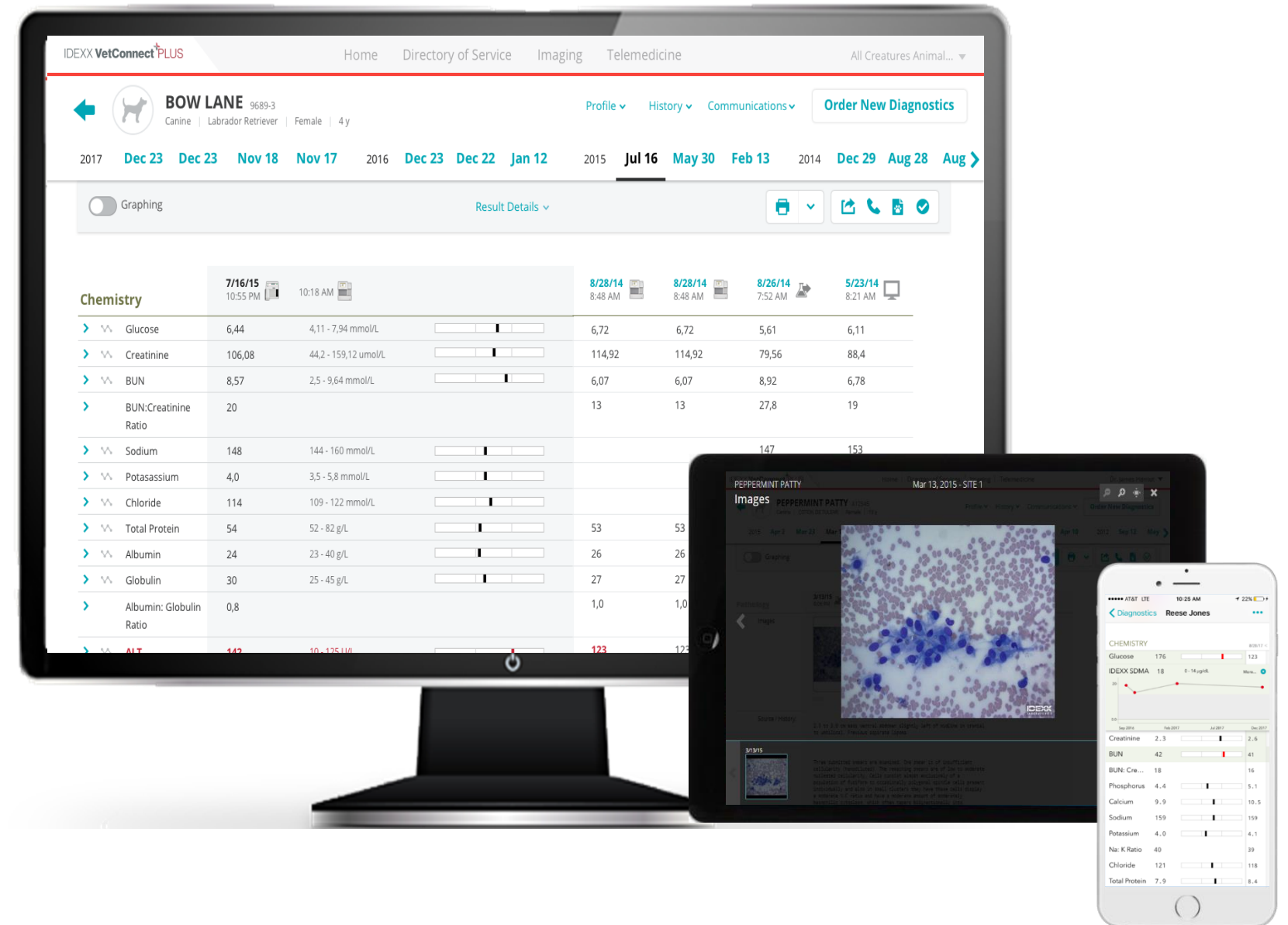
# We are also Enabling Practice Growth through Significant U.S. Service Expansions, Reaching Thousands of Rural Practices Starting in September, 2018

- Continued expansion of courier routes and labs in metro areas
- Through FedEx and UPS, we reach more rural practices across U.S.
- Over 4,000 current and potential customers will see service improvement of 5:00 PM or later
- Incremental annual **\$150 million revenue opportunity** in five years



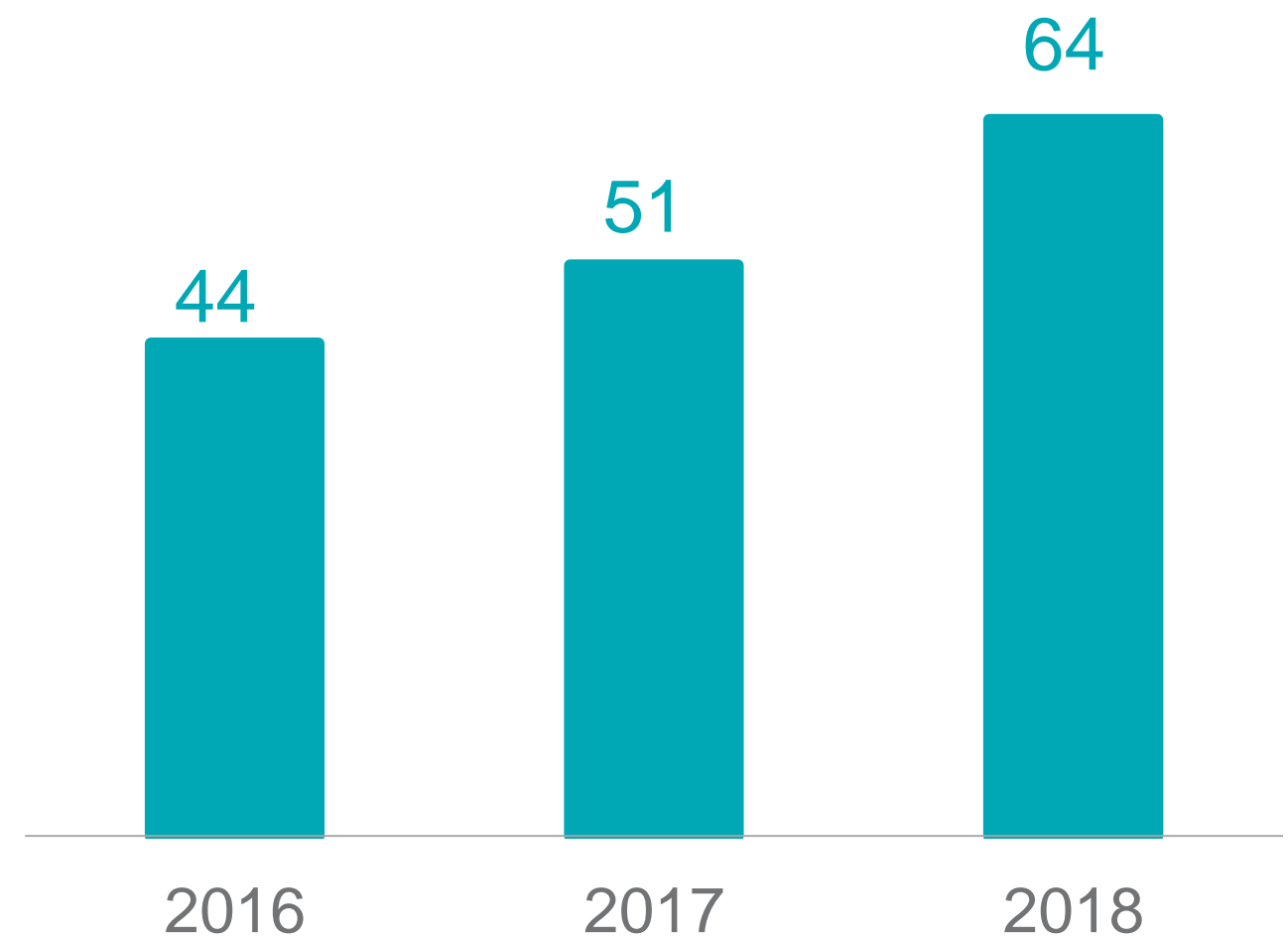
# The Complete IDEXX Diagnostics Experience is Integrated and Elevated with VetConnect® PLUS

- Fully integrates and streamlines the IDEXX offering
- Supports improved clinical decision making
- Enables increases in client compliance
- Results in increased customer loyalty for IDEXX



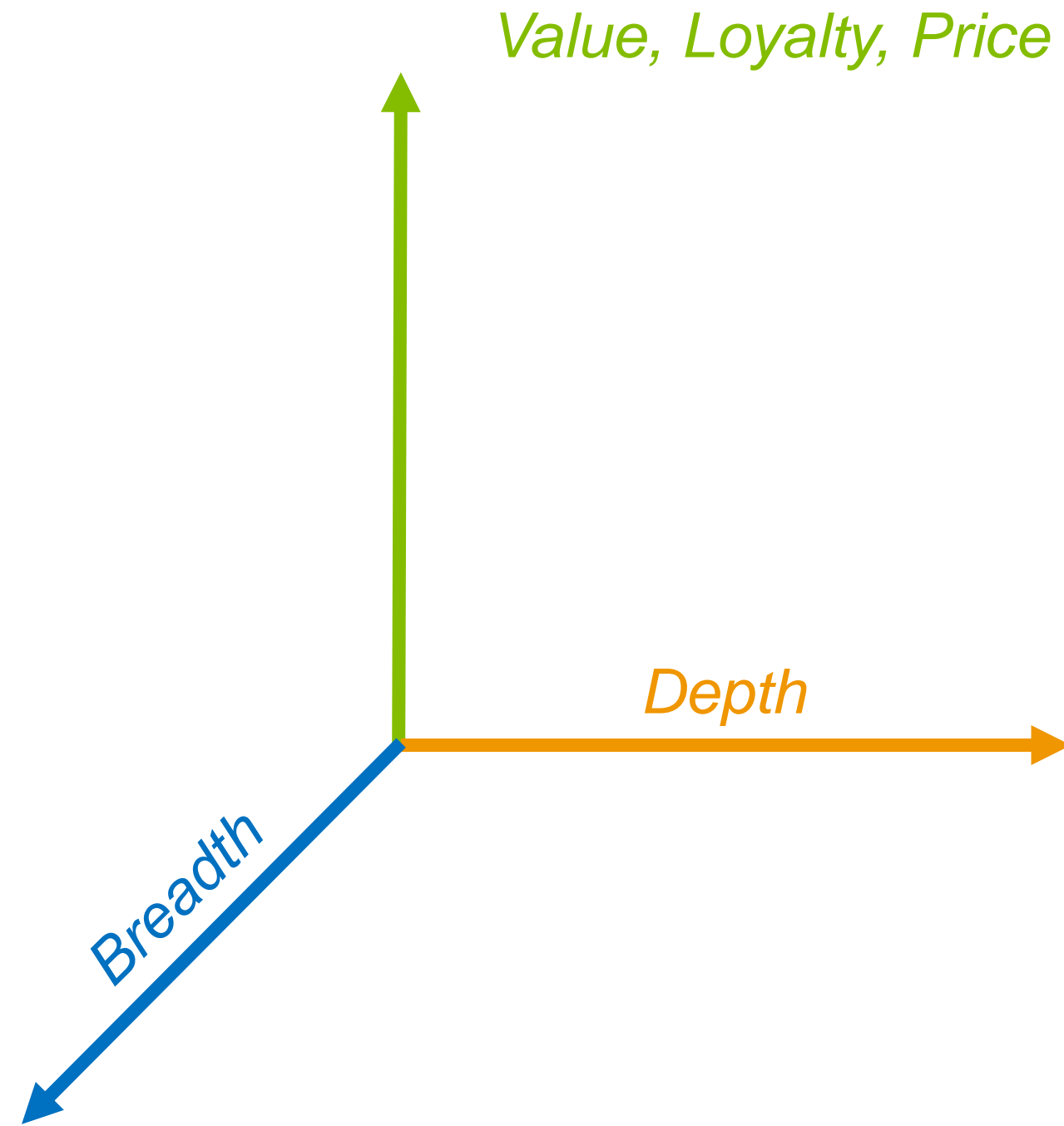
# High Customer Loyalty is the Foundation of Enduring Recurring Revenue Growth

*Would you recommend IDEXX Reference Laboratories to a colleague?*  
Net Promoter Score (NPS)\*



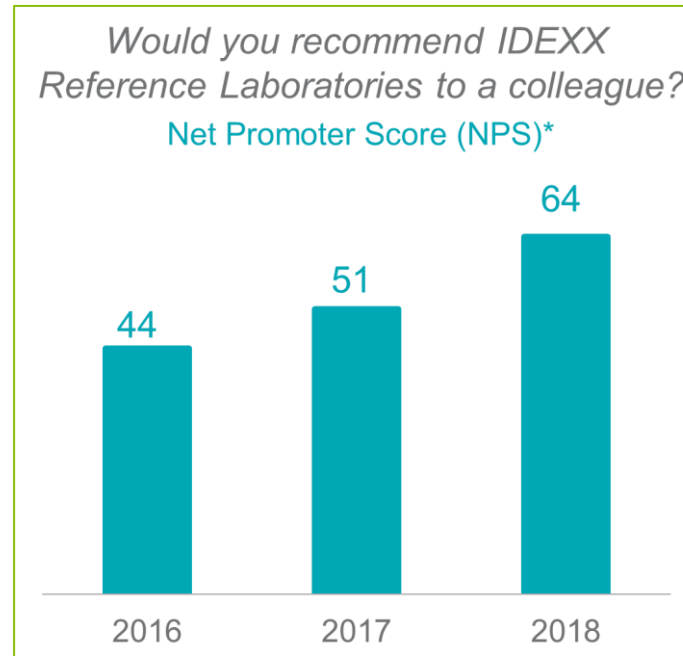
\* Double-blind primary research study conducted in June, 2018 (n = 466). Question: How likely are you to recommend IDEXX reference lab to a colleague? Score calculated as the % of respondents who are 'promoters' (scoring 9 or 10 on a 0 to 10 point scale) minus % of respondents who are 'detractors' (scoring 0 through 6 on a 0 to 10 point scale).

# We have a Proven Formula for Sustained Long-term Revenue Growth

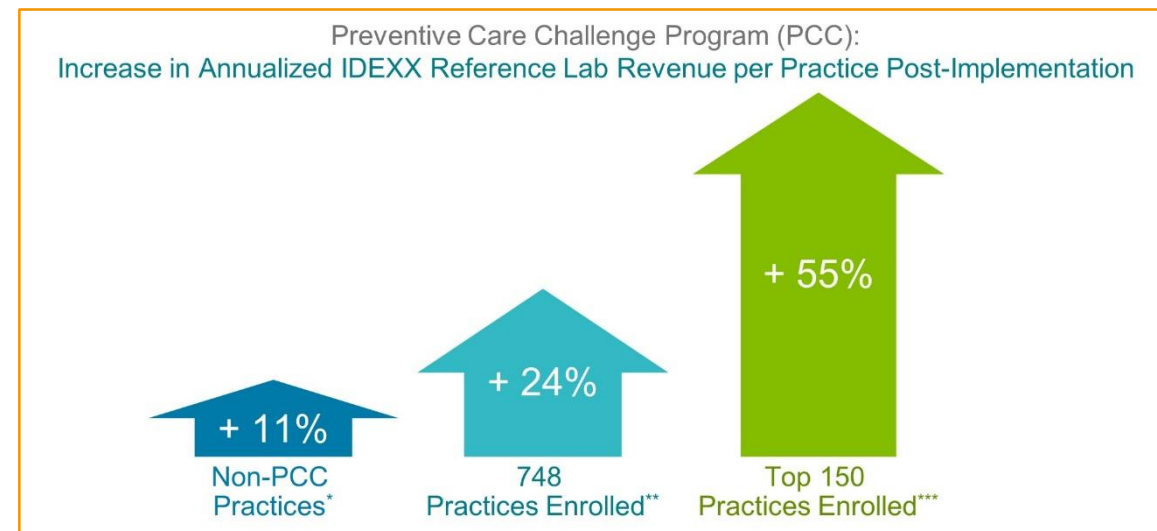


# We have a Proven Formula for Sustained Long-term Revenue Growth

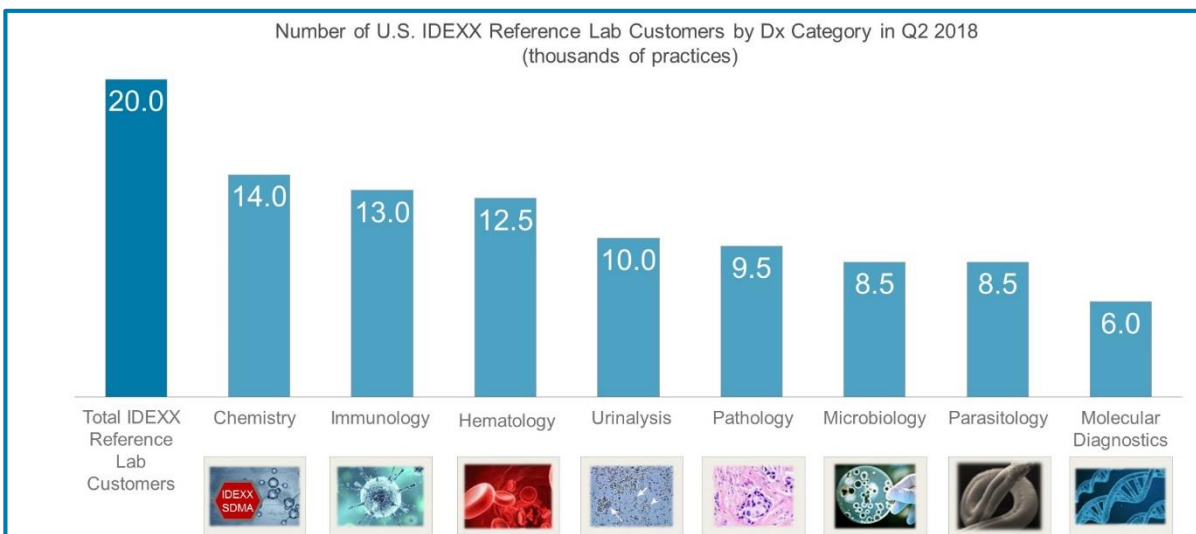
## Value, Loyalty, Price



## Depth

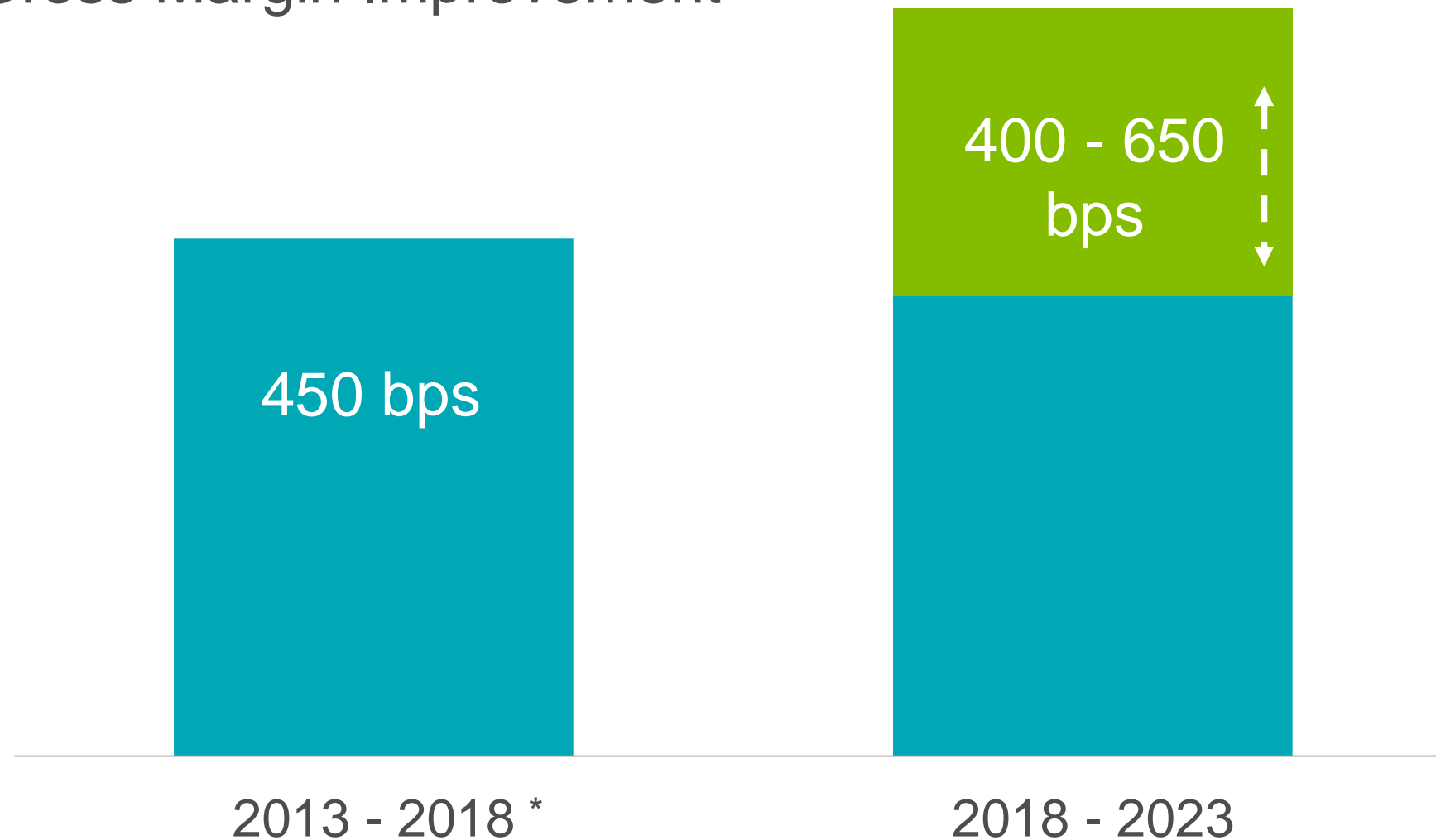


## Breadth



# As We Grow, We are Delivering on our Gross Margin Expansion Goals

## Global Reference Lab Cumulative Constant Currency Gross Margin Improvement<sup>1,\*</sup>



- Long-term gross margin expansion opportunity
- Positioned to deliver average annual gross margin expansion of **80-130 basis points**
- Proven formula for revenue growth and systematic margin expansion

\* The Gross Margin Improvement excludes the negative impact of ~50 bps related to cost reclassifications from opex to cost of revenue from 2013-2017.

<sup>1</sup> Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

# Delivering Systematic Margin Expansion through Scale Economies, Leveraging Global Capabilities and Standardizing on Global Best Practices



# Delivering Systematic Margin Expansion through Scale Economies, Leveraging Global Capabilities and Standardizing on Global Best Practices

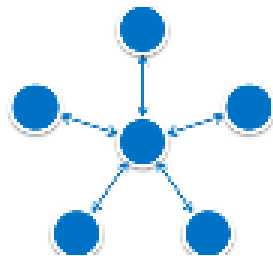
*Global Sourcing*



*Logistics Partnerships*



*Lab Network Efficiencies*



*Differentiated Technology Platforms*



*Advanced Information Technology Systems*

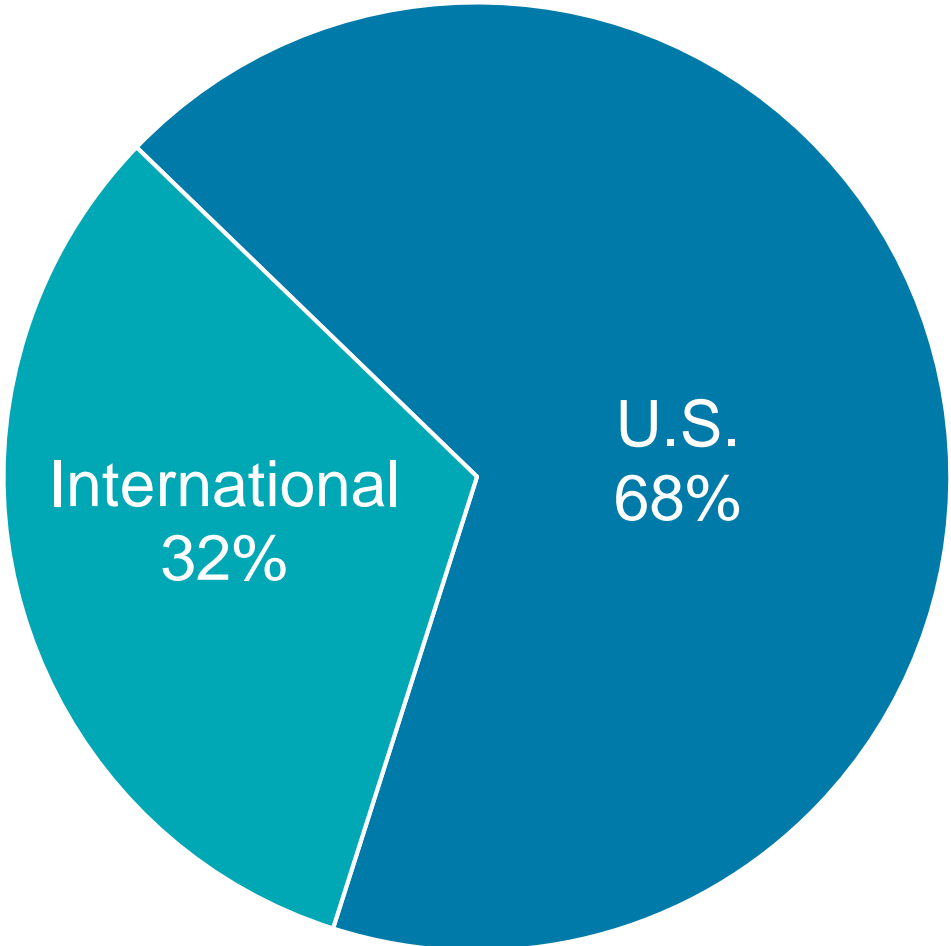


*Global Best Practice Standardization*

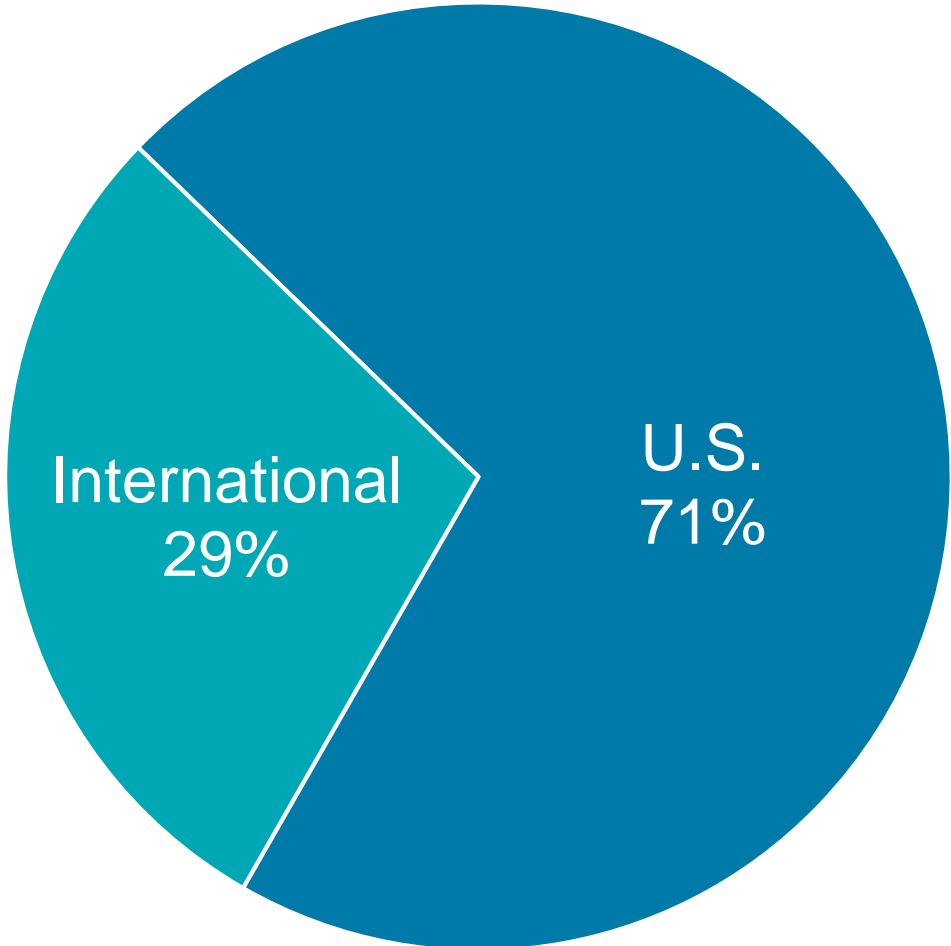


# Leveraging Scale in North America and European Networks Represent our Most Significant Margin Expansion Opportunities

2018E\* Global Revenue (\$M)



2018E\* Global Gross Profit (\$M)



\* All references to 2018E reflect the midpoint of 2018 outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.

# New State-of-the-art Reference Lab in Germany Opening in 2020 Supports Long-term Growth and Enables Enhanced European Network Efficiencies



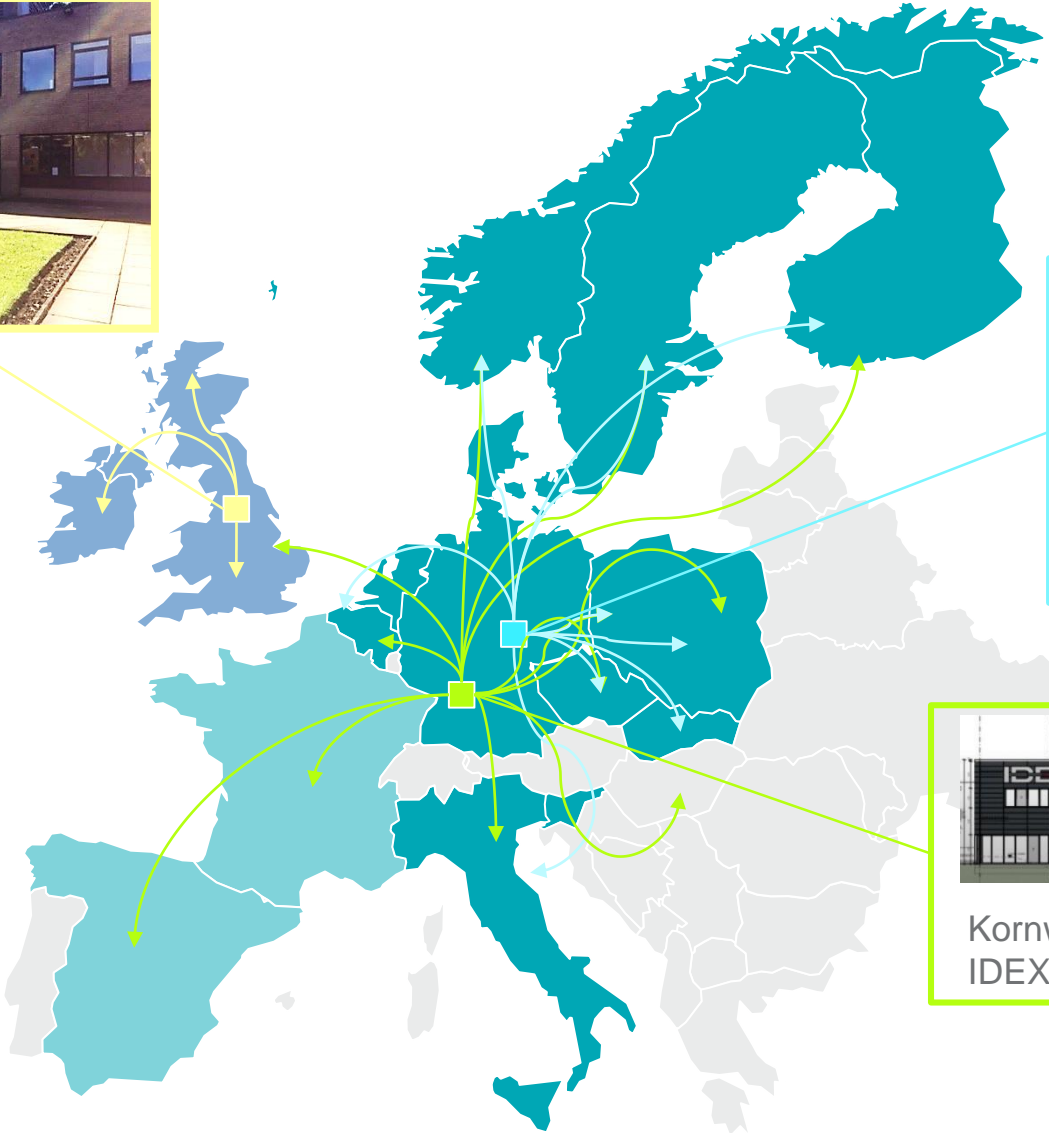
Wetherby, U.K.  
IDEXX Core Lab



Leipzig, Germany  
IDEXX Direct

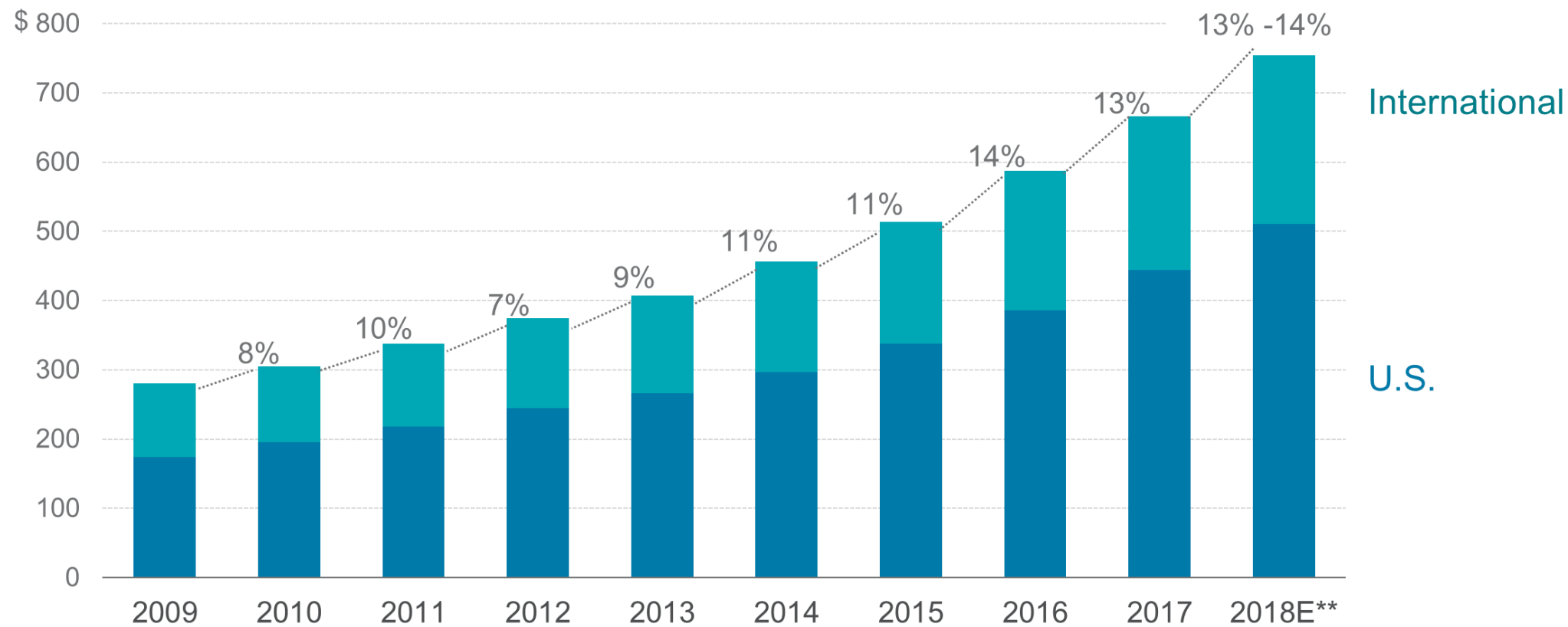


Kornwestheim, Germany  
IDEXX Core Lab



# In Summary, We have a Proven Formula for Sustained Long-term Revenue Growth and Continued Operating Margin Expansion

Annual Global Reference Lab\* Constant Currency Revenue and Organic Revenue Growth (\$M)<sup>1,3,4</sup>



- Tremendous enduring recurring revenue growth opportunity
- Systematic margin expansion through scale economies
- Exciting phase of leveraging our regional and global scale
- Scale supports sustained long-term gross margin expansion

\* Reference Laboratory and Diagnostic Consulting Services.

\*\*All references to 2018E reflect the midpoint of 2018 outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.

<sup>1,4</sup> Non-GAAP financial measure, please refer to Appendix for footnotes. <sup>3</sup> Please refer to the Appendix for descriptive footnotes.



IDEXX VetLab®

Tina Hunt, PhD, Corporate Vice President  
IDEXX Investor Day | August 16, 2018



# Global IDEXX VetLab Business Strategy



- Expanding patient care globally with real-time diagnostics
- Purposefully innovating to add unique and highly medically relevant products
- Accelerating customer base growth
- Increasing enduring recurring revenue

# IDEXX In-House Lab Enables Real-Time Care™

*Higher standard of care for pets, greater compliance, satisfied clients, higher clinic productivity and growth*



2:00 pm  
Check In



2:05 pm  
Exam



2:12 pm  
Test



2:21 pm  
Results and  
Treatment Plan\*



2:27 pm  
Check Out

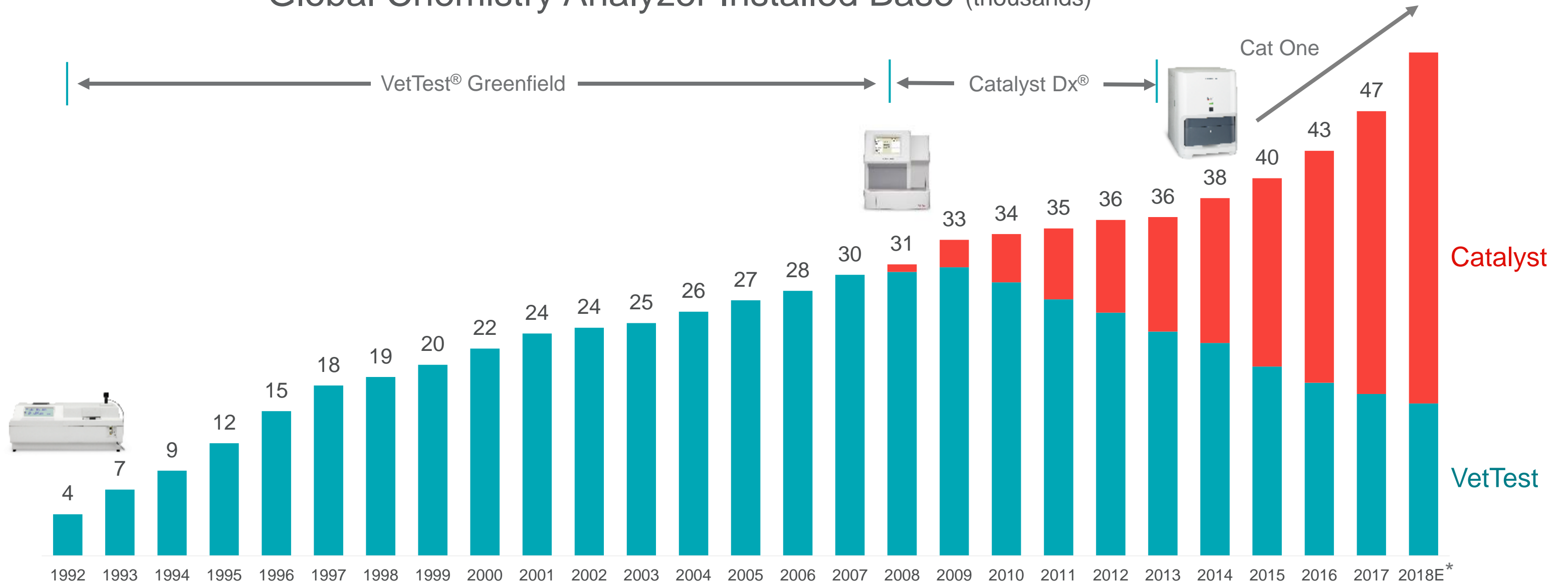
Diagnostic results with fresh samples, interpretation assistance, and actionable next steps during the patient visit enhance medical and client value

*Interpretation assistance with VetConnect® Plus Differentials, results trending, Internal Medical Consultants, Professional Service Veterinarians*

# Developing the In-house Lab Segment as a Leader

*IDEXX's journey to bring advanced point-of-care bloodwork capabilities to veterinary practices globally*

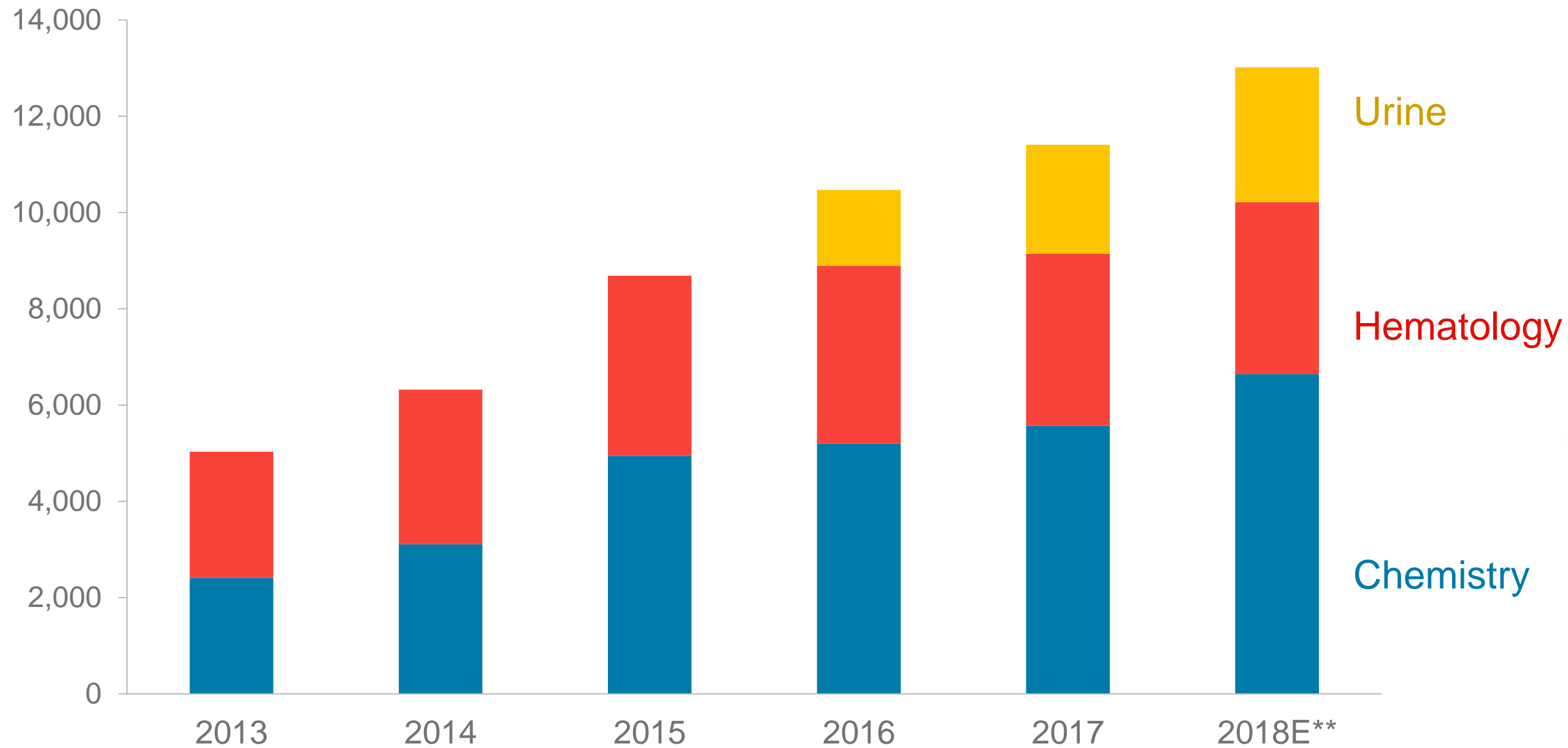
Global Chemistry Analyzer Installed Base (thousands)



\* 2018E reflects the forecast for 2018 consistent with the outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.

# Annual Placements of Premium Instruments >2.6x in the Last Five Years

Worldwide Premium Instrument Placements (Units)\*



\* Premium placements include Catalyst, ProCyte Dx®, LaserCyte Dx® and SediVue Dx® analyzers.

\*\* 2018E reflects the forecast for 2018 consistent with the outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.

# Catalyst is a Unique Platform – A Class of its Own

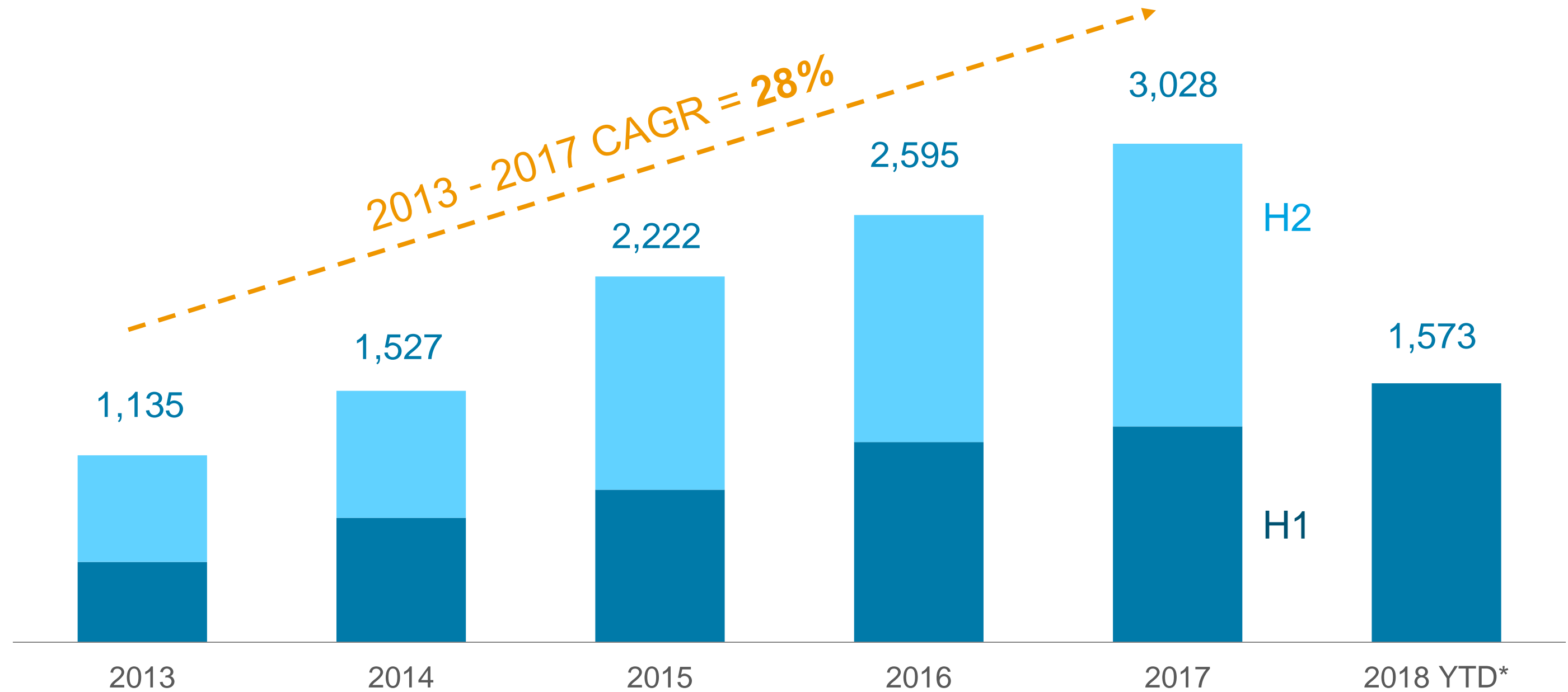
*Highly differentiated, comprehensive, excellent performance, low cost, appreciating value*

- Comprehensive core menu
- 30 parameters in a single patient run
- Expanding menu: SDMA, Total T4, CRP, Fructosamine
- Fast results and simple workflow
- Exceptional performance and incomparable connectivity
- Deep customer loyalty and satisfaction (NPS = 64)\*



\* Double-blind primary research study conducted in June, 2018 (n = 332). Question: How likely are you to recommend Catalyst to a colleague? Score calculated as the % of respondents who are 'promoters' (scoring 9 or 10 on a 0 – 10 point scale) minus % of respondents who are 'detractors' (scoring 0 through 6 on a 0-10 point scale).

# Accelerating Competitive and Greenfield Catalyst Placements Globally

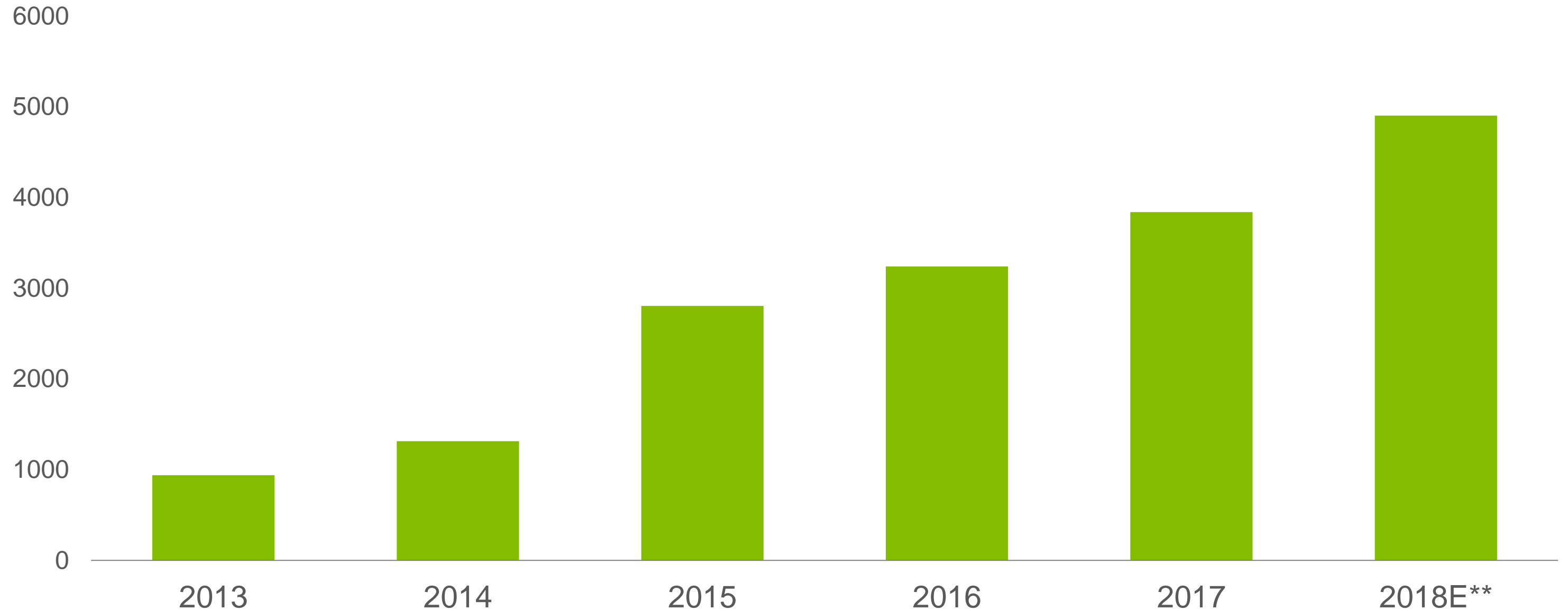


\* All references to 2018 YTD means January 1, 2018 through June 30, 2018.

# Strong International Catalyst Placement Momentum

*Driving accelerating international recurring revenue growth*

## International Annual Catalyst Placements\*

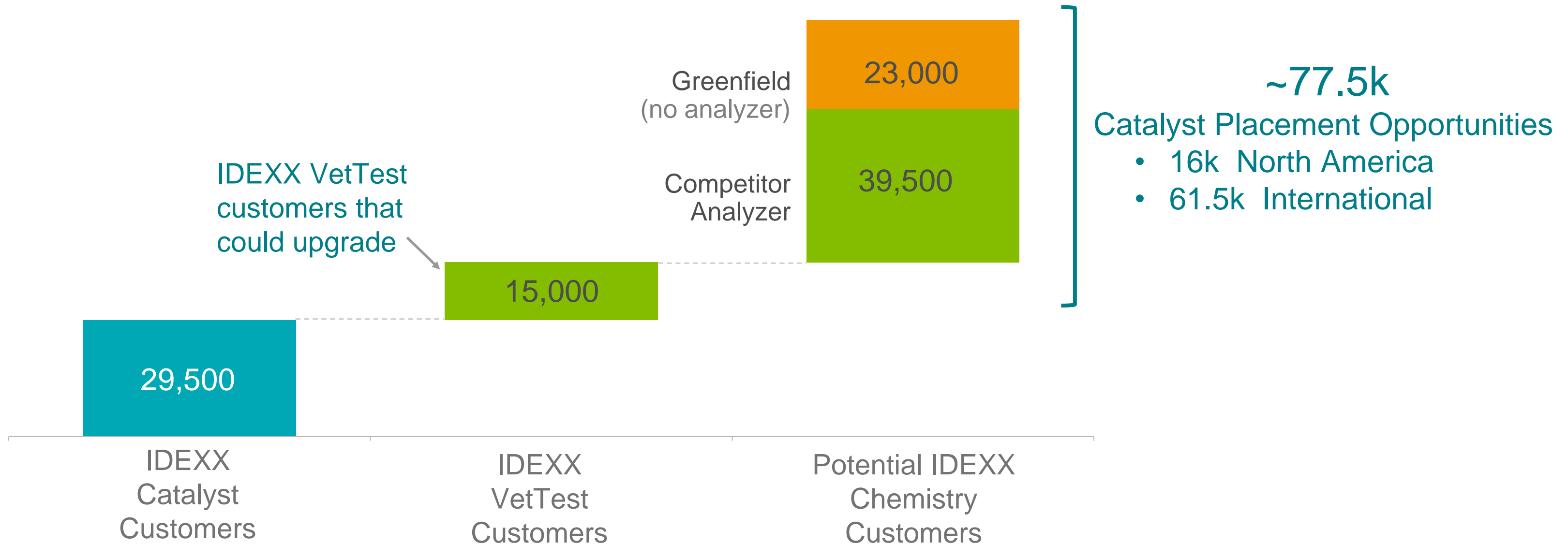


\* International includes all countries except the U.S. and Canada.

\*\* 2018E reflects the forecast for 2018 consistent with the outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.

# 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 SDMA<sup>®</sup> on the Catalyst Platform

*Expands market access and experience and creates significant and sustainable differentiation*



**Pets can't talk to you about their kidneys.** That's why there's SDMA, the one test that helps you assess kidney function earlier than any other parameter.

Unlike BUN and creatinine, SDMA is less impacted by extrarenal factors, like body condition, advanced age and disease state. Add IDEXX SDMA to every in-house Catalyst chemistry panel so you can advise with confidence.

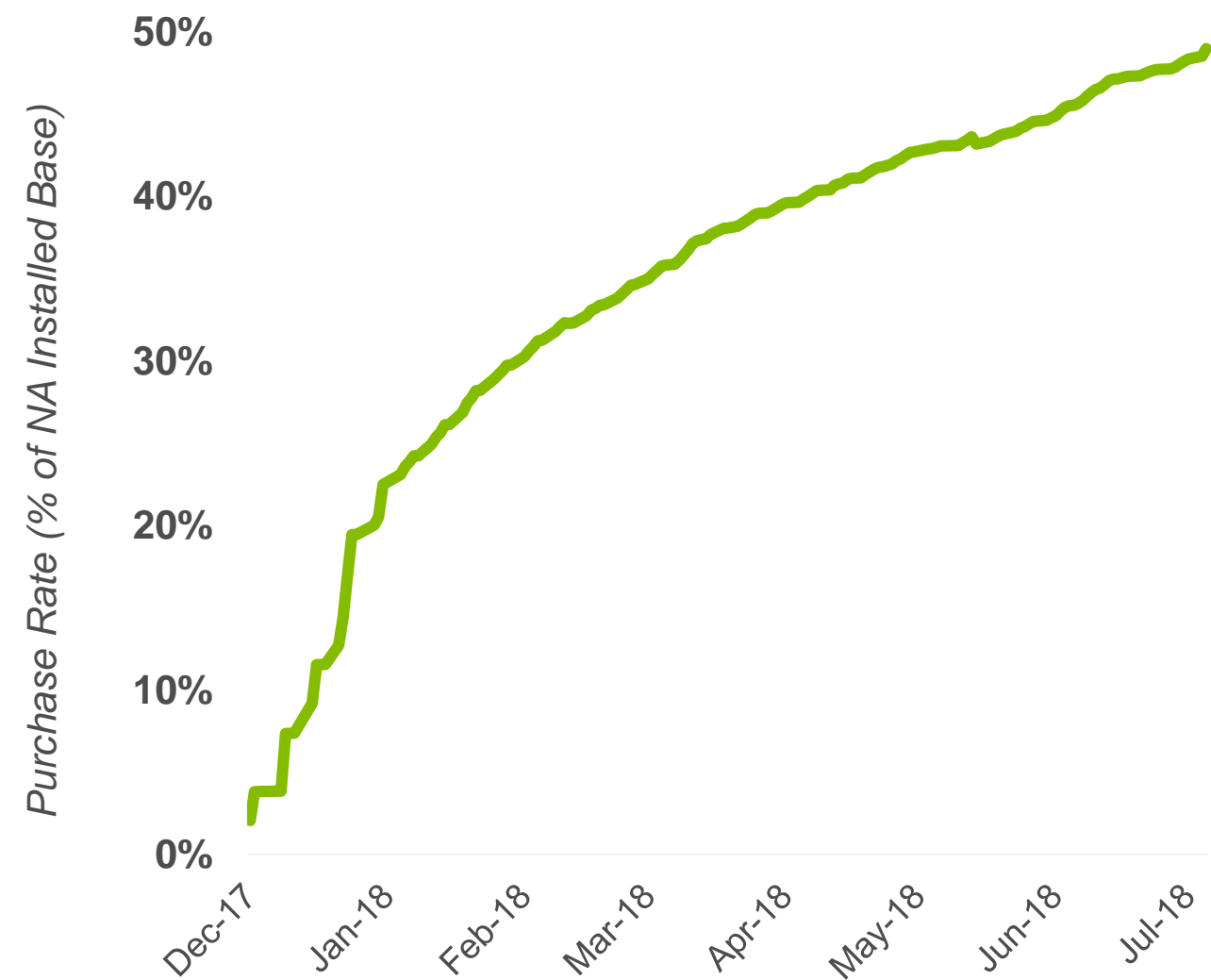
Assess kidney function earlier with the Catalyst SDMA test. Order today at [IDEXX.com/sdma](https://www.idexx.com/sdma).

- Redefines routine chemistry testing as an essential test in **every** chemistry panel
- Unique IDEXX offering enhances customer loyalty
- Strong early customer response; full market adoption will be a multi-year journey
- Profitable new revenue stream
- Multiplier impact (SediVue, Ref Lab)

# The Journey to IDEXX SDMA as an Essential Element of the Chemistry Panel

*Reference Lab SDMA Experience Accelerated Adoption on Catalyst*

Half of North America customers already buying Catalyst SDMA  
Launched in 66 Countries and Expanding



*Add SDMA to every  
Chemistry/CBC and  
Hyperthyroid Profile*



# Catalyst SDMA is Offered in Two Formats

*Single for inclusion in every chemistry panel; Combination kit of SDMA with TT4 when both should be tested*

## IDEXX SDMA Single Launched January 2018



Priced for broad adoption

## IDEXX SDMA + TT4 Kit Launched July 2018

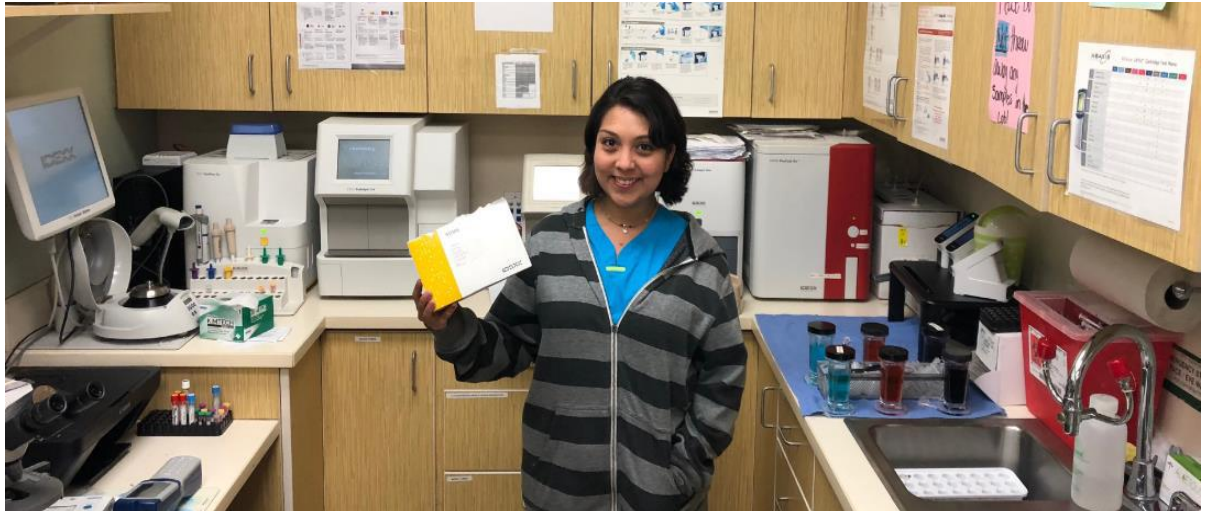
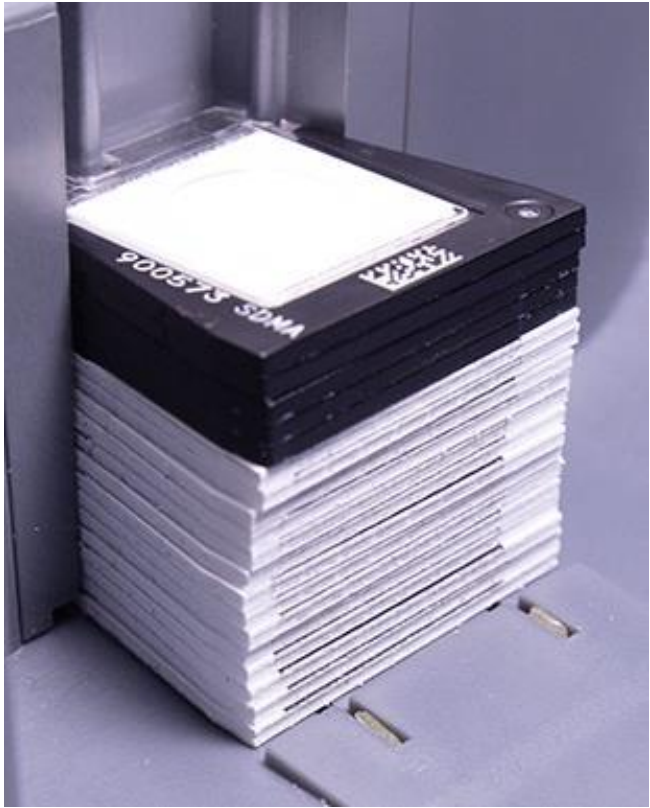


Combo kit at no incremental charge  
to TT4 single slide

# Customers are Delighted with Catalyst SDMA and SDMA-TT4 Kit

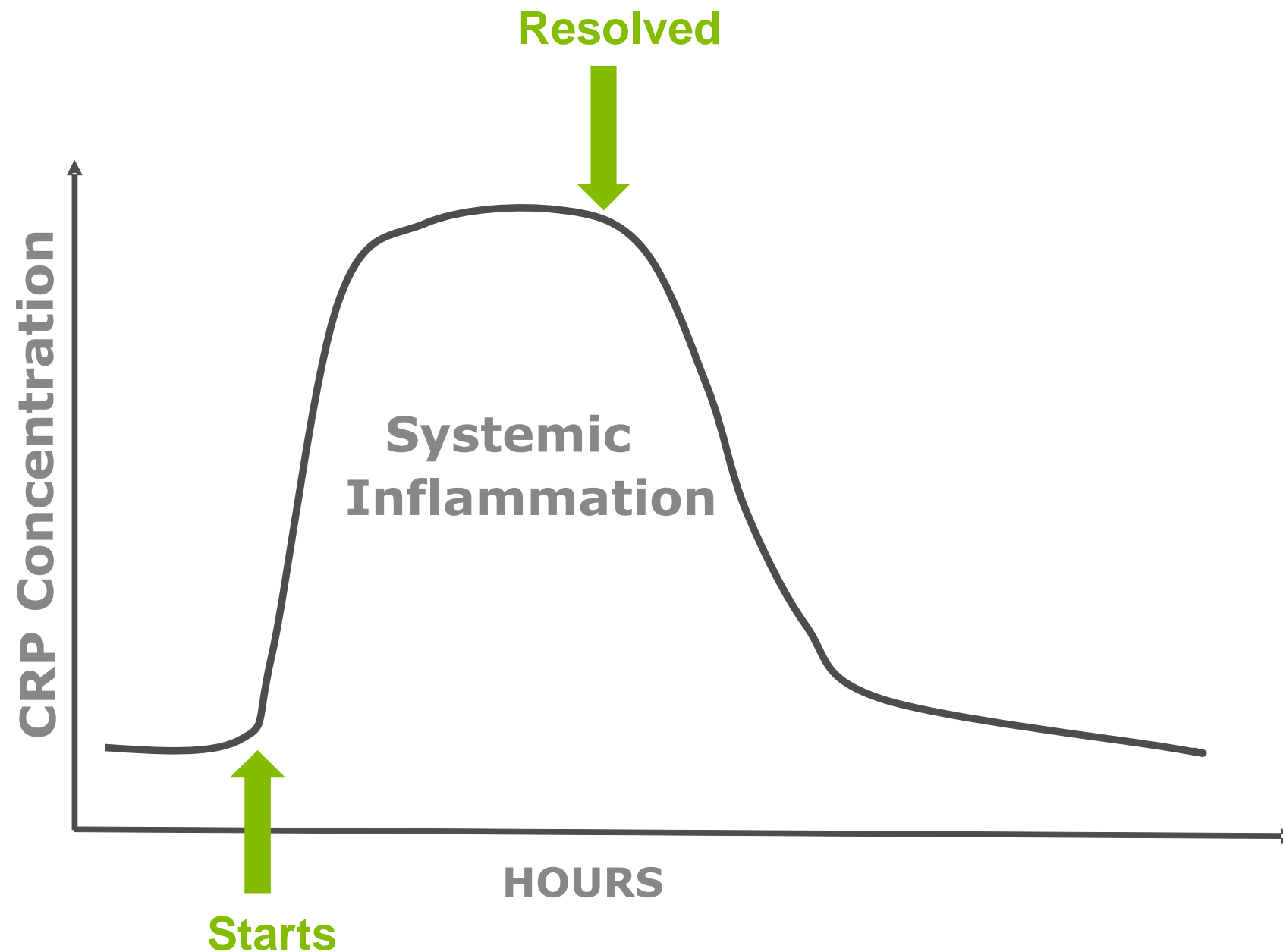
*Easy workflow, fast time-to-results, comprehensive diagnostics with whole blood sample in a single run*

**Chemistry, Electrolytes, SDMA, TT4 (24 results)**  
***One Sample, One Run, 15 minutes***



# Catalyst CRP: Rapid Adoption Where Clinical Utility is Well Understood

*A marker of systemic inflammation that changes rapidly providing real-time information*



## Under the Weather



## Post-Op Complications

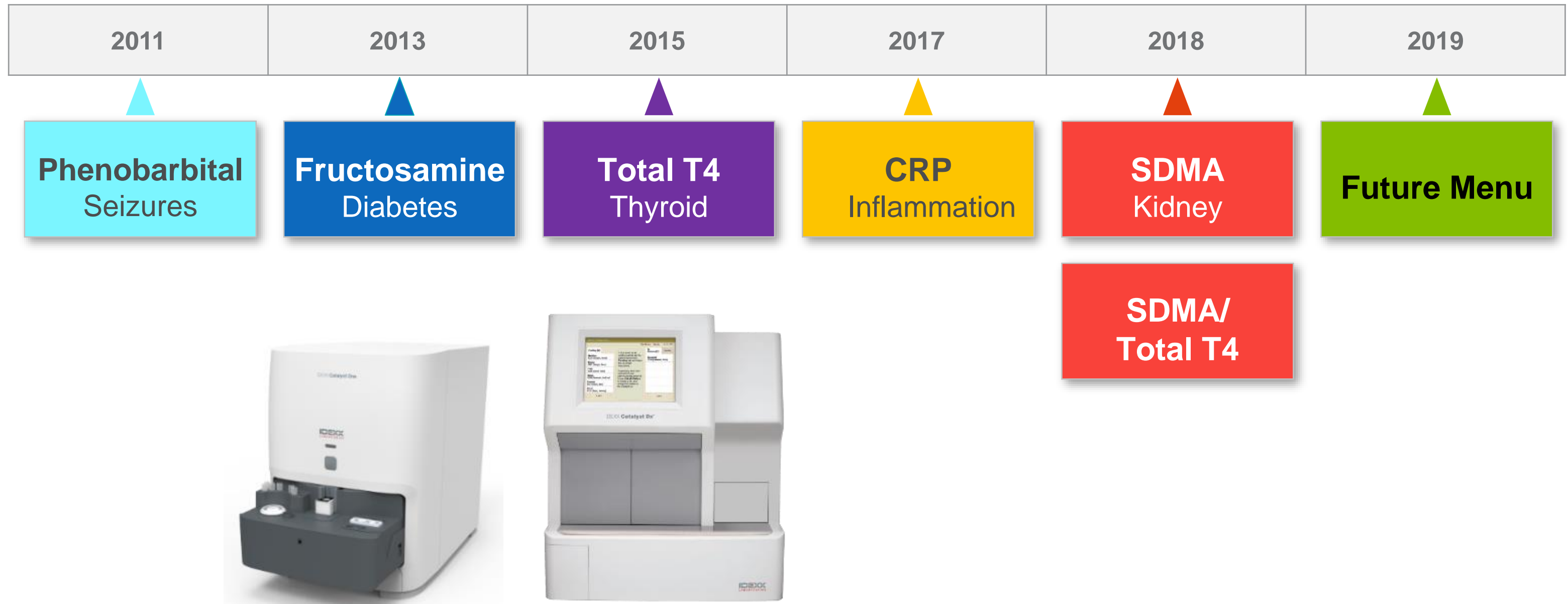


## Treatment Efficacy



# Expanding Menu on Catalyst Platform Increases Differentiation and Loyalty

*As customers run menu not available elsewhere, it increases stickiness while bringing new and very profitable revenue streams to IDEXX; minimal competitive investment in menu expansion*



# IDEXX has Highly Differentiated Hematology Solutions

*The best got even better with another powerful first-and-only parameter: **Retic-Hemoglobin***

**Procyte Dx** is the “Door Opener” for Catalyst Placements



- Advanced diagnostics with several unique parameters
- Highly accurate and reliable
- Fast (2 min), easy and intuitive workflow
- Very high customer satisfaction (NPS = 58)\*



\* Double-blind primary research study conducted in June, 2018 (n = 197). Question: How likely are you to recommend ProCyte to a colleague? Score calculated as the % of respondents who are ‘promoters’ (scoring 9 or 10 on a 0 – 10 point scale) minus % of respondents who are ‘detractors’ (scoring 0 through 6 on a 0-10 point scale).

# SediVue Dx (Urine Sediment) Delighting Customers in Over 5,200 Clinics

*Multiplier effect for IDEXX VetLab placements, retention, and lab growth*



- Exceptional customer reception and experience
- Outstanding performance and reliability
- Strong diagnostic synergy with IDEXX SDMA
- Incredible menu expansion potential

# Machine Learning Powers SediVue's Neural Network Expansions

*Crowd-sourcing images from millions of real patient samples to expand diagnostic utility of urinalysis*

## Neural Network Expansions

2016



1.0

5000 fresh veterinary samples

2017



2.0

200,000

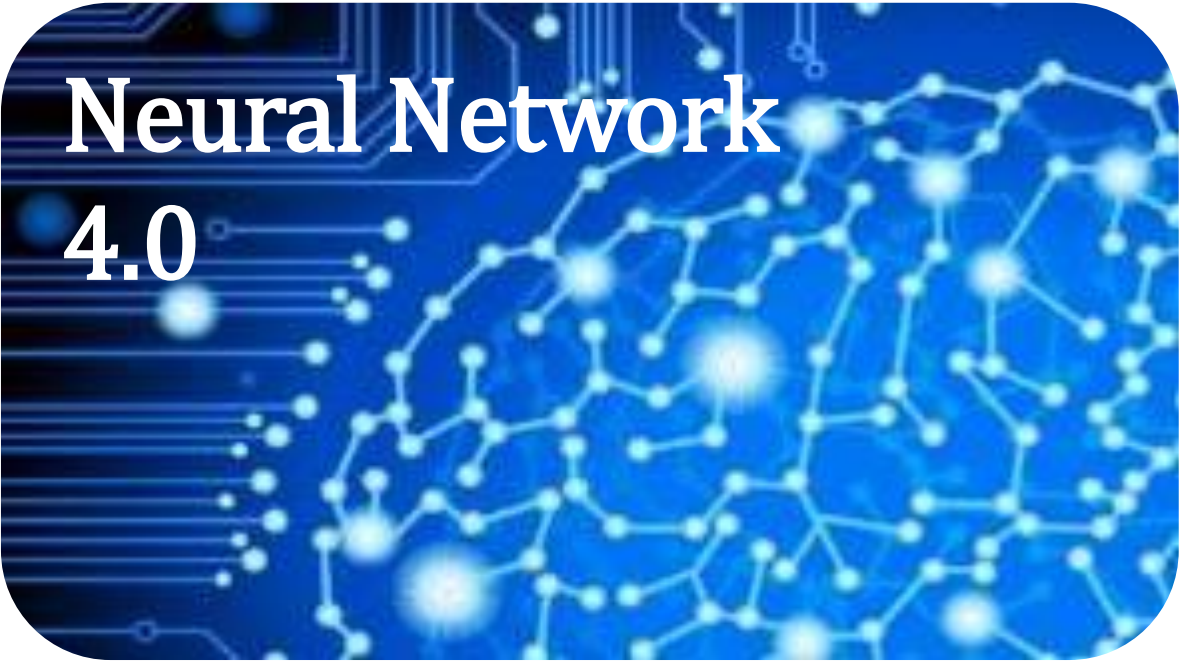
2018



3.0

1 million

## Focused on Menu Expansion in 2019



Neural Network

4.0

2.4 million

fresh veterinary samples to deliver new sediment parameters

# Urinalysis is Very Pertinent and Should be Included with Every Blood Work

*Enormous diagnostic value and future utilization growth potential*



**1 in 3 urinalyses**  
indicated follow-up in “well” patient testing\*



---

The Standard of  
Veterinary Excellence

---

AAHA recommends urinalysis be included as part of the minimum database with **all mature, senior, and geriatric patients.**

\* Data from >3,000 patients marked as “healthy” by the clinic, Free UA Day, April 2018

# IDEXX SmartService: A Powerful Differentiator

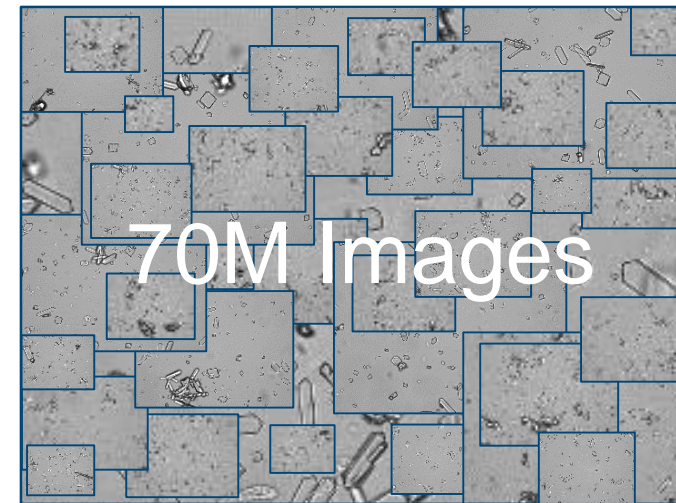
*SmartService enables smart, connected products and services throughout IDEXX Ecosystem*



Proactively Monitor &  
Support Analyzers;  
Remote Service



Seamless Software  
Upgrades &  
Notifications



Enable SediVue's  
Neural Network  
Expansions

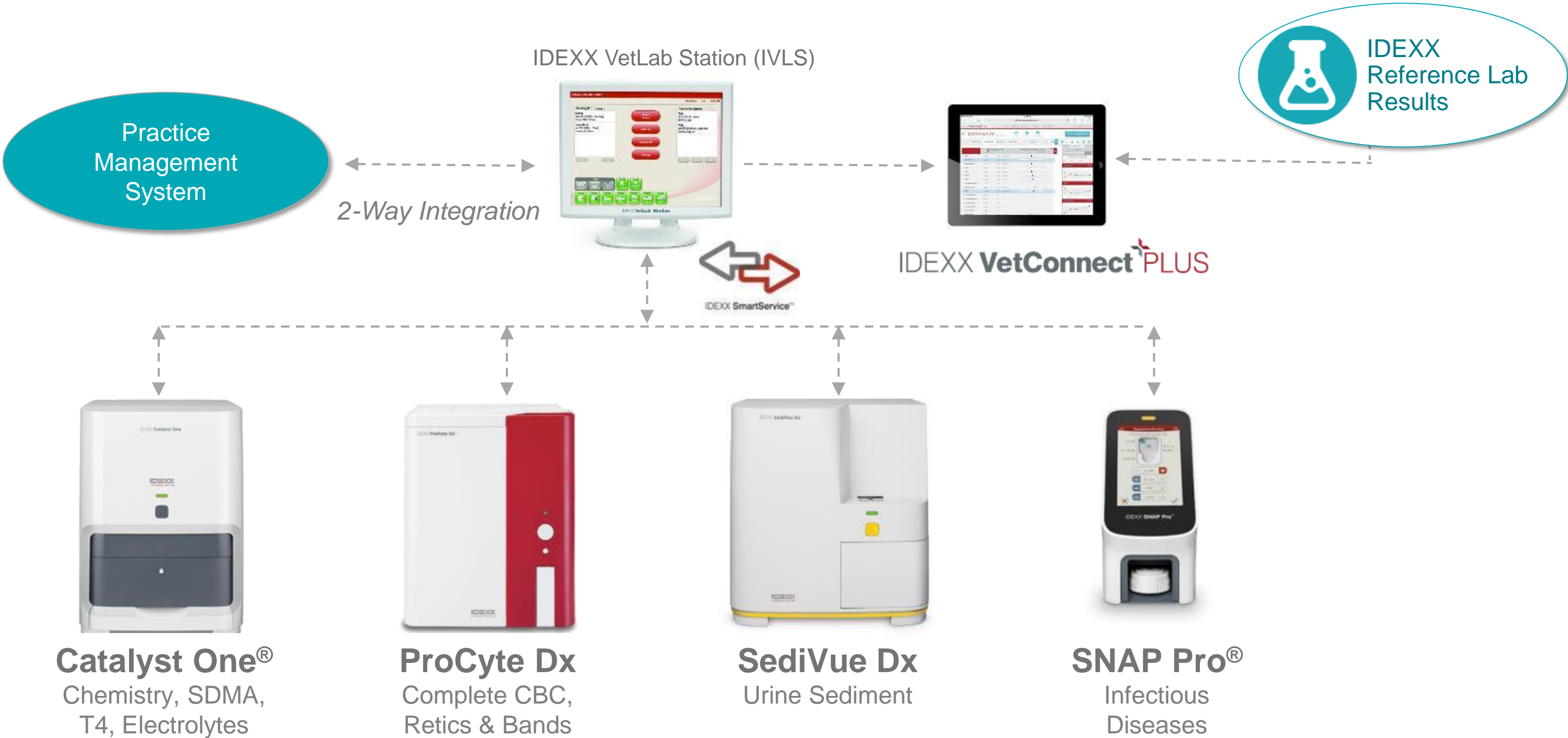


Auto Replenishment  
&  
Pay-Per-Run

**186,000** SmartService™ (IoT) connections in 42,000 clinics across 108 countries

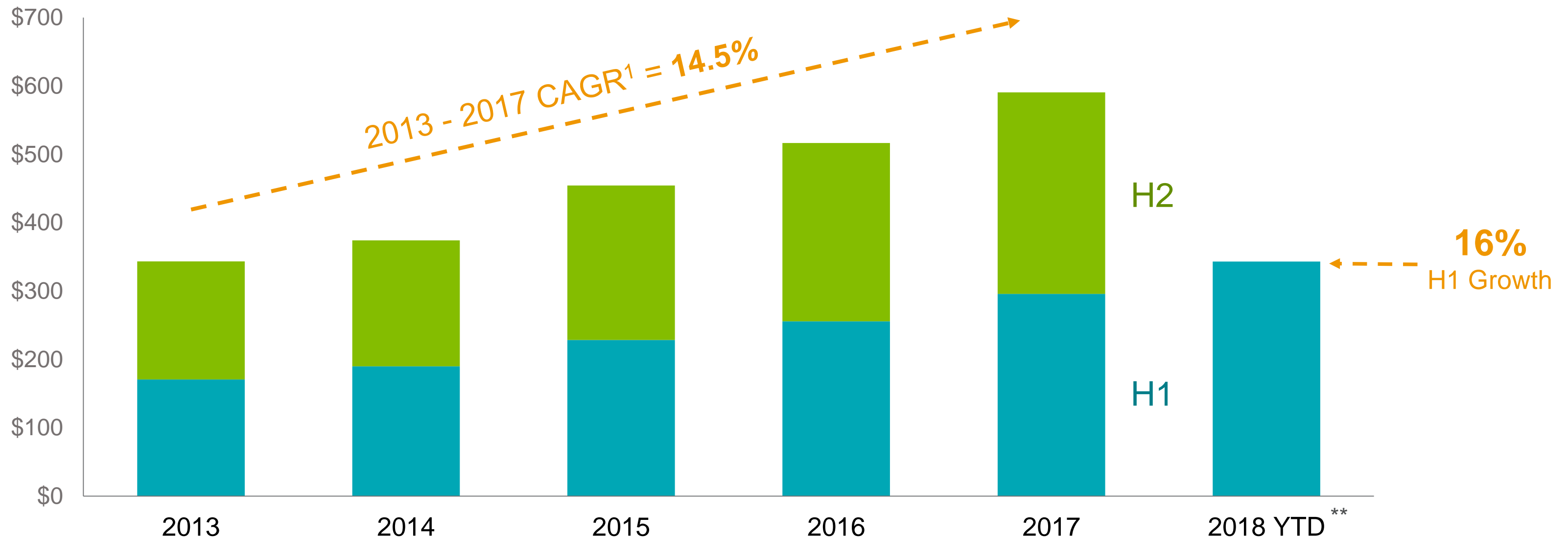
# Only IDEXX Enables a Fully-Integrated Practice

*Seamless customer workflow and actionable diagnostic information*



# Well-Posed for the Future with Accelerating Recurring Revenue Growth

IDEXX VetLab Constant Currency Recurring Revenue (\$M)<sup>\*,1,2</sup>



\* IDEXX VetLab recurring revenue includes consumables, service and accessories.

\*\* All references to 2018 YTD means January 1, 2018 through June 30, 2018.

<sup>1</sup> Non-GAAP financial measure, please refer to Appendix for footnotes. <sup>2</sup> Please refer to the Appendix for descriptive footnotes.

# IDEXX VetLab Business

*An enduring recurring revenue business model with a loyal and expanding install base*



- Strong global leadership position
- Deep commitment to profound innovations elevating standard of care
- Relentless customer focus
- Exceptional and expanding global commercial presence
- Educating and developing markets for greenfield testing opportunities

Break





## Fireside Chat

**Dr. Ted Sprinkle, DVM** and **George Fennell, *Corporate Vice President***



Olivier te Boekhorst, Corporate Vice President

IDEXX Investor Day | August 16, 2018

## IDEXX Water



## 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 August 1, 2018; these references speak only as of August 1, 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.

### **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.**

# Supporting the IDEXX Purpose: Protecting Public Health



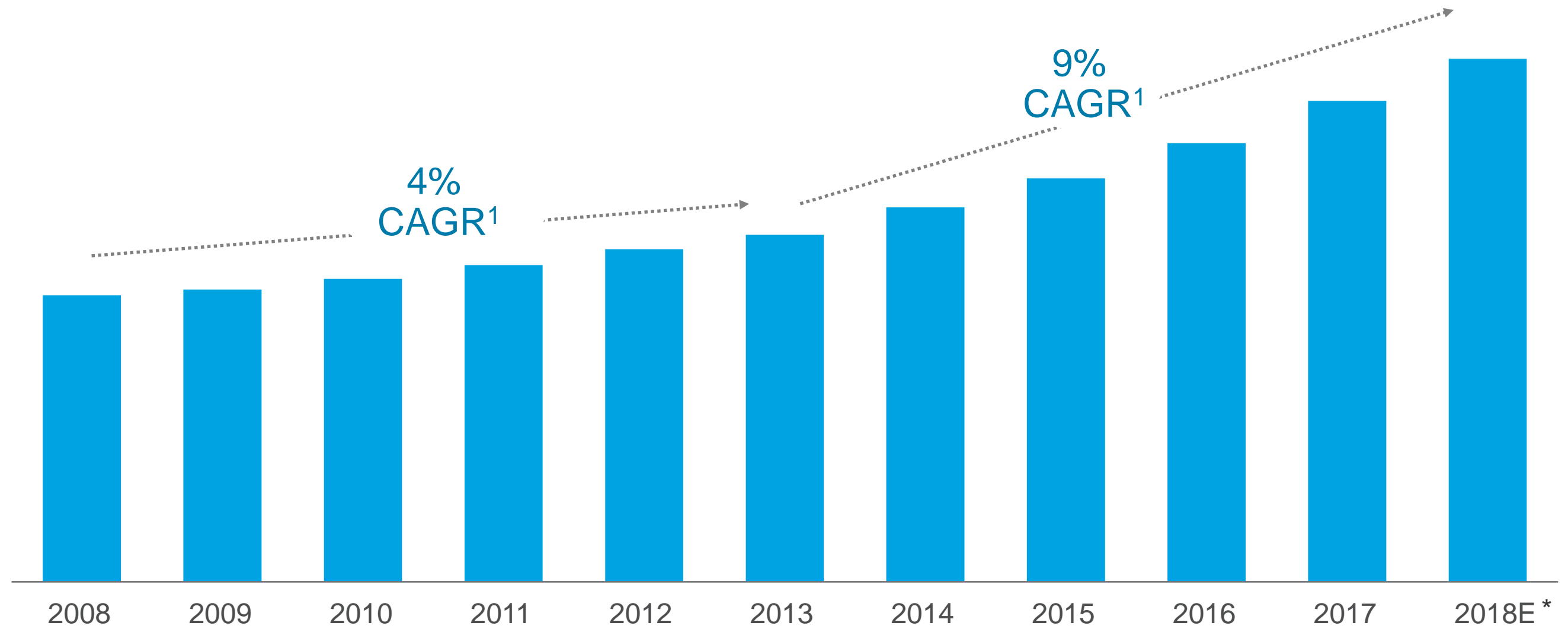
To be a great company that creates exceptional long-term value for our customers, employees and shareholders by enhancing the health and well-being of pets, people and livestock.

- 25 million water tests per year
- Used in 120 countries and on seven continents
- **Protecting water quality for 2.5 billion people every day**



# IDEXX Water is a \$120+ Million Business, with Accelerating Revenue Growth

IDEXX Water Constant Currency Revenue (\$M)<sup>1</sup>

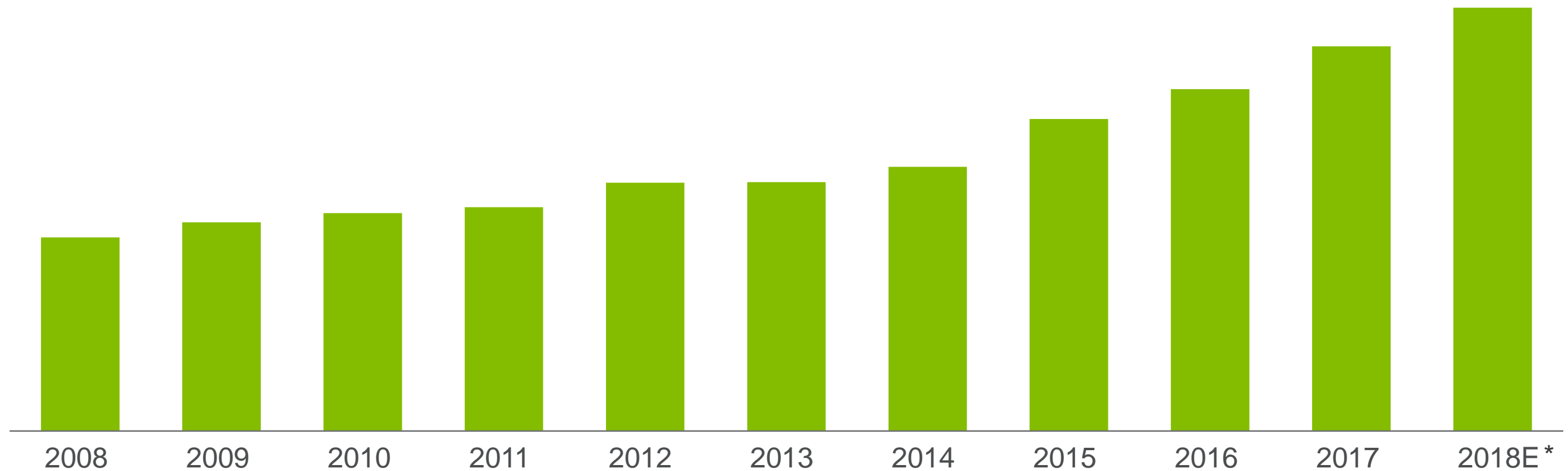


\*All references to 2018E reflect the midpoint of 2018 outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.  
<sup>1</sup>Non-GAAP Financial measure, please refer to Appendix for footnotes.



# Operating Margin has Expanded from 37% to ~44% over the Past Decade

IDEXX Water Constant Currency Operating Profit (\$M)<sup>1</sup>



Constant Currency  
Operating Profit  
Margin (%)<sup>1</sup>

37%

40%

~44%

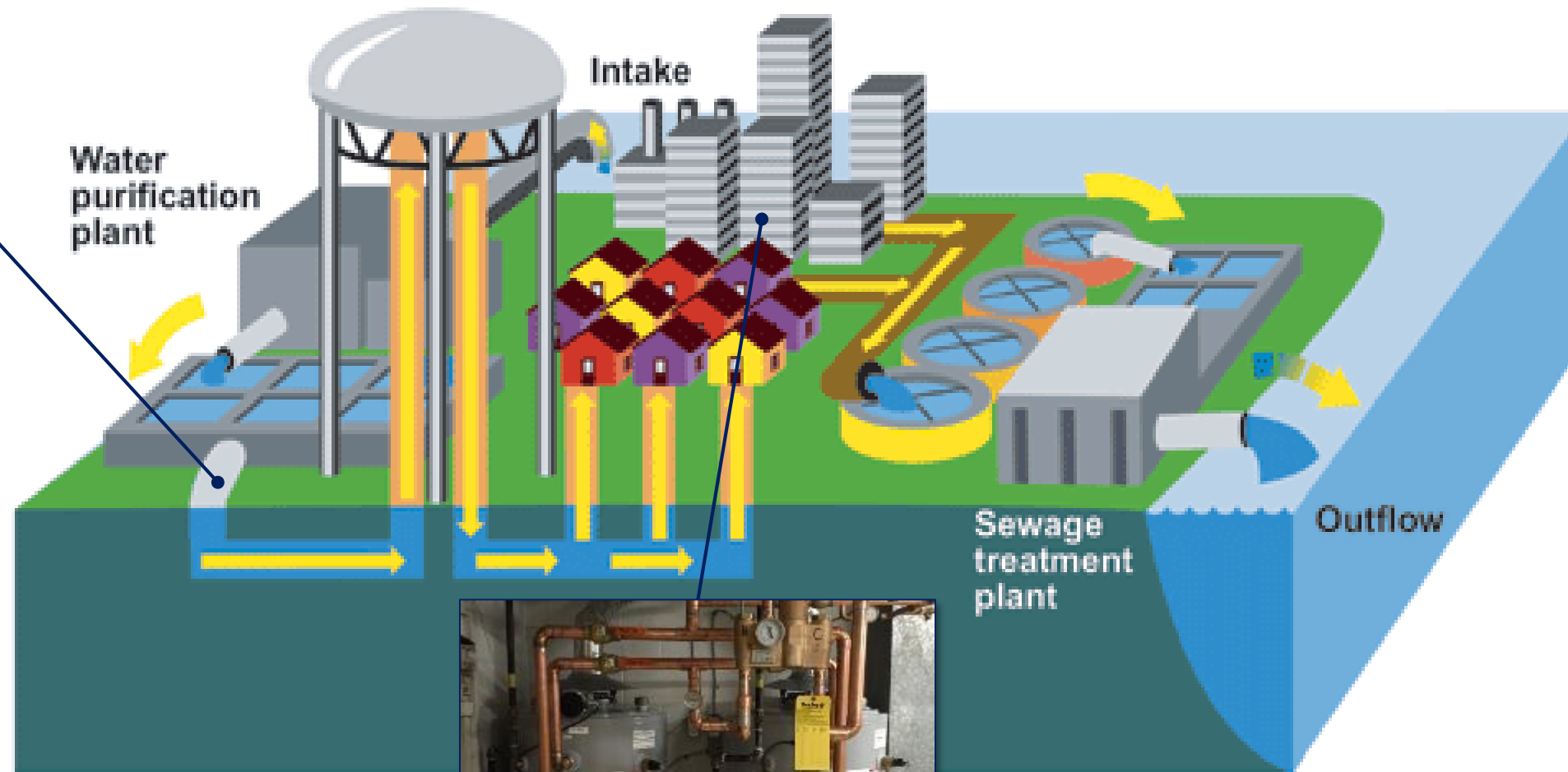
\*All references to 2018E reflect the midpoint of 2018 outlook communicated August 1, 2018. Please refer to our Safe Harbor Disclaimer.

<sup>1</sup>Non-GAAP Financial measure, please refer to Appendix for footnotes.

# IDEXX Water Products Detect Microbiological Contamination in Three Market Segments



**Drinking water**  
Potable water in  
distribution system  
~70% of revenue



**On-premise water**  
Water in building plumbing systems



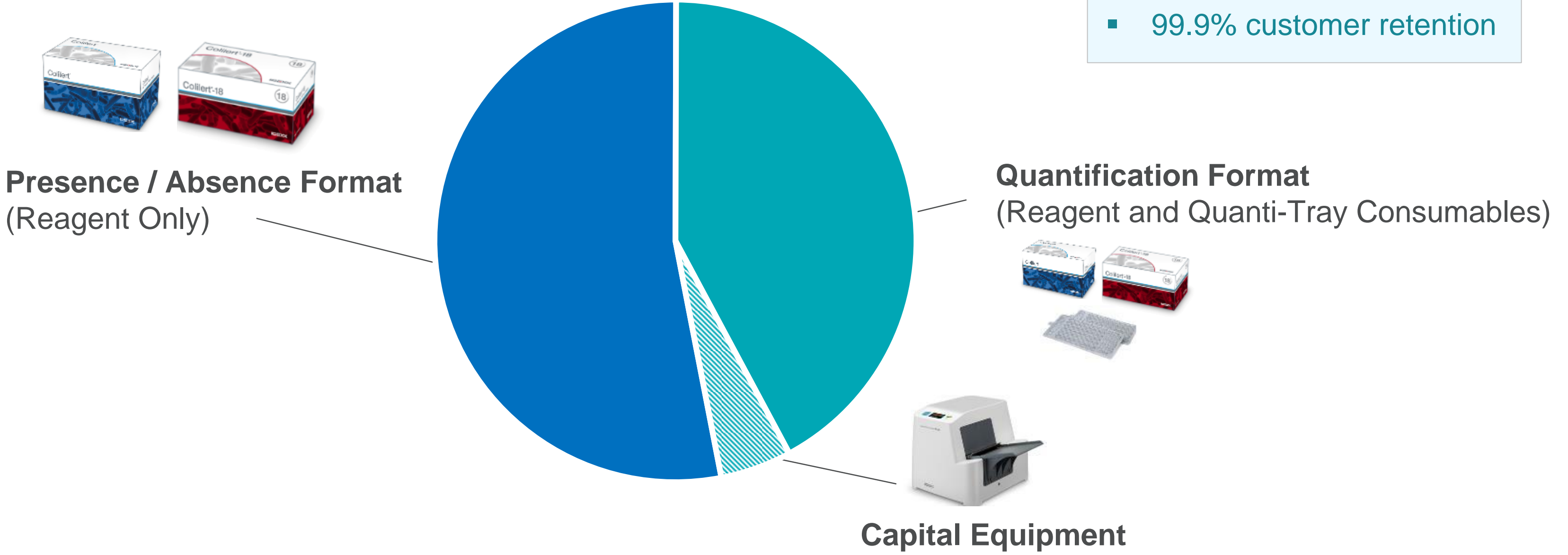
**Environmental water**  
Wastewater, beach  
water, etc.

# We have a Broad Base of Recurring Revenue Products

2017 Global Revenue  
\$114M

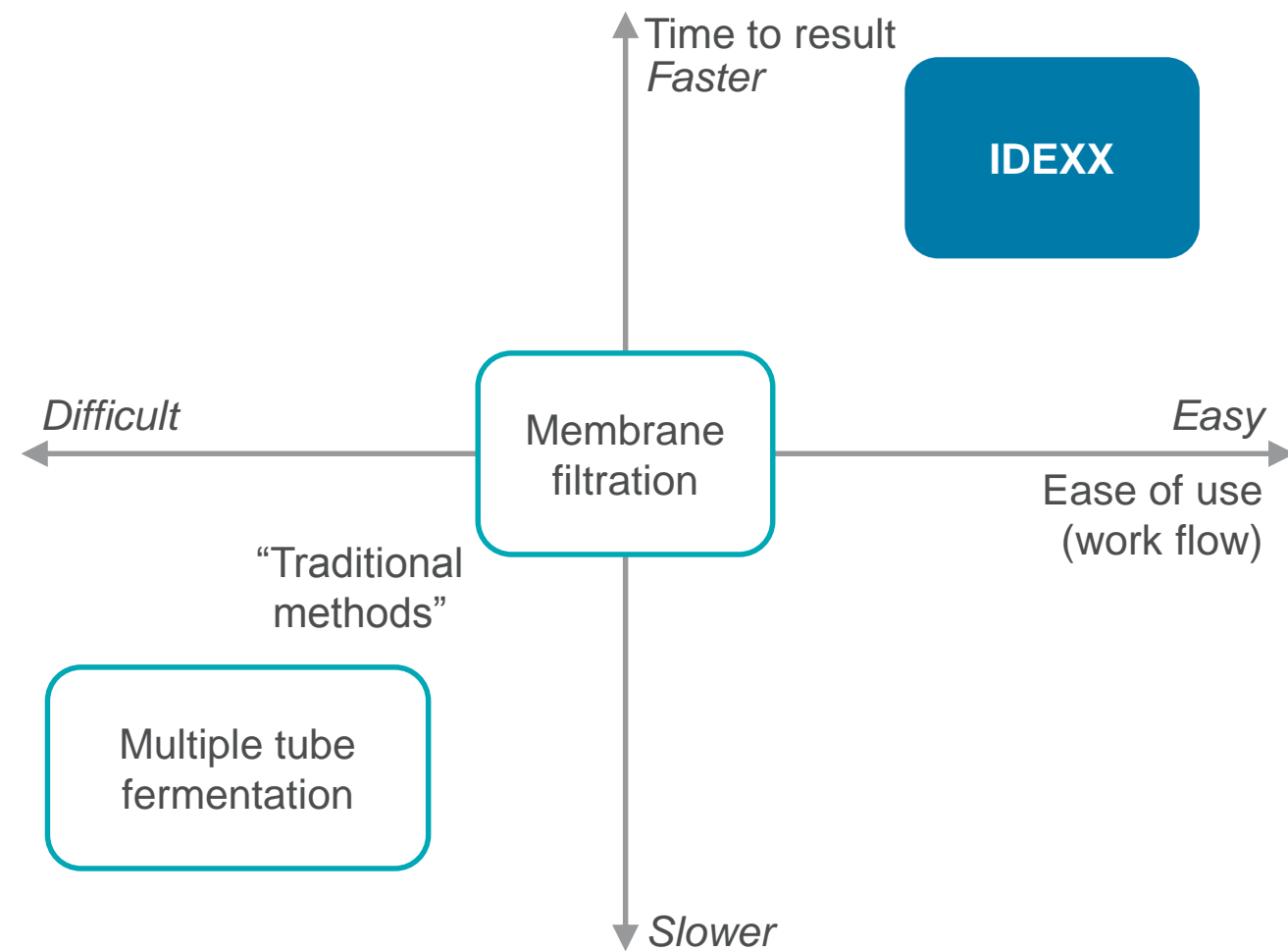
**Durable Revenue Base**

- 95%+ recurring revenues
- 99.9% customer retention



# Leading Market Position is Built on Unique Products, Superior Value, and Global Regulatory Approvals

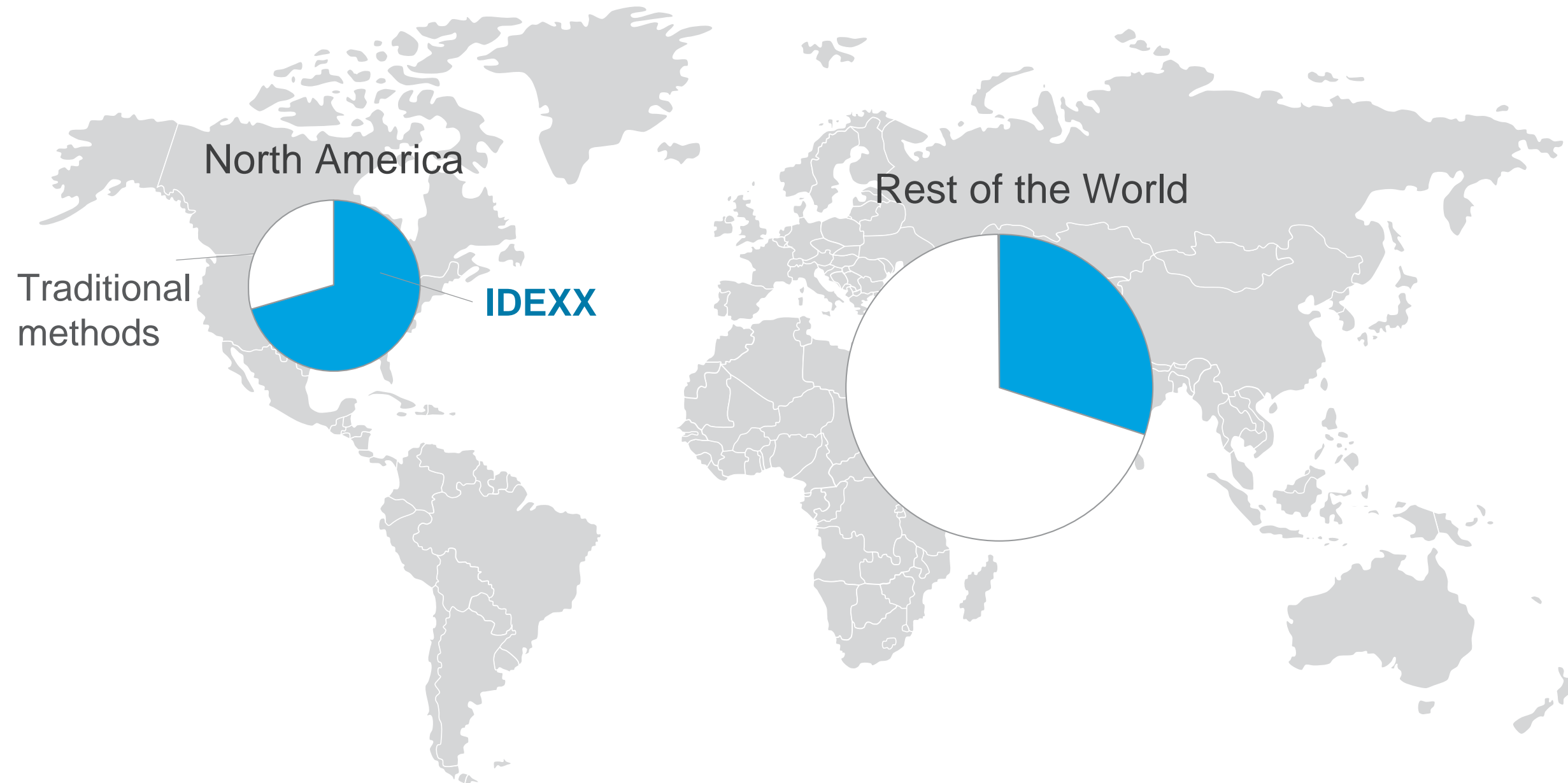
Market position is driven by strong product differentiation ...



... supported by 120+ global regulatory approvals and a direct commercial model

# IDEXX Water has Significant Runway for Growth with Less than 40% Share of Global Coliform Tests Run Today

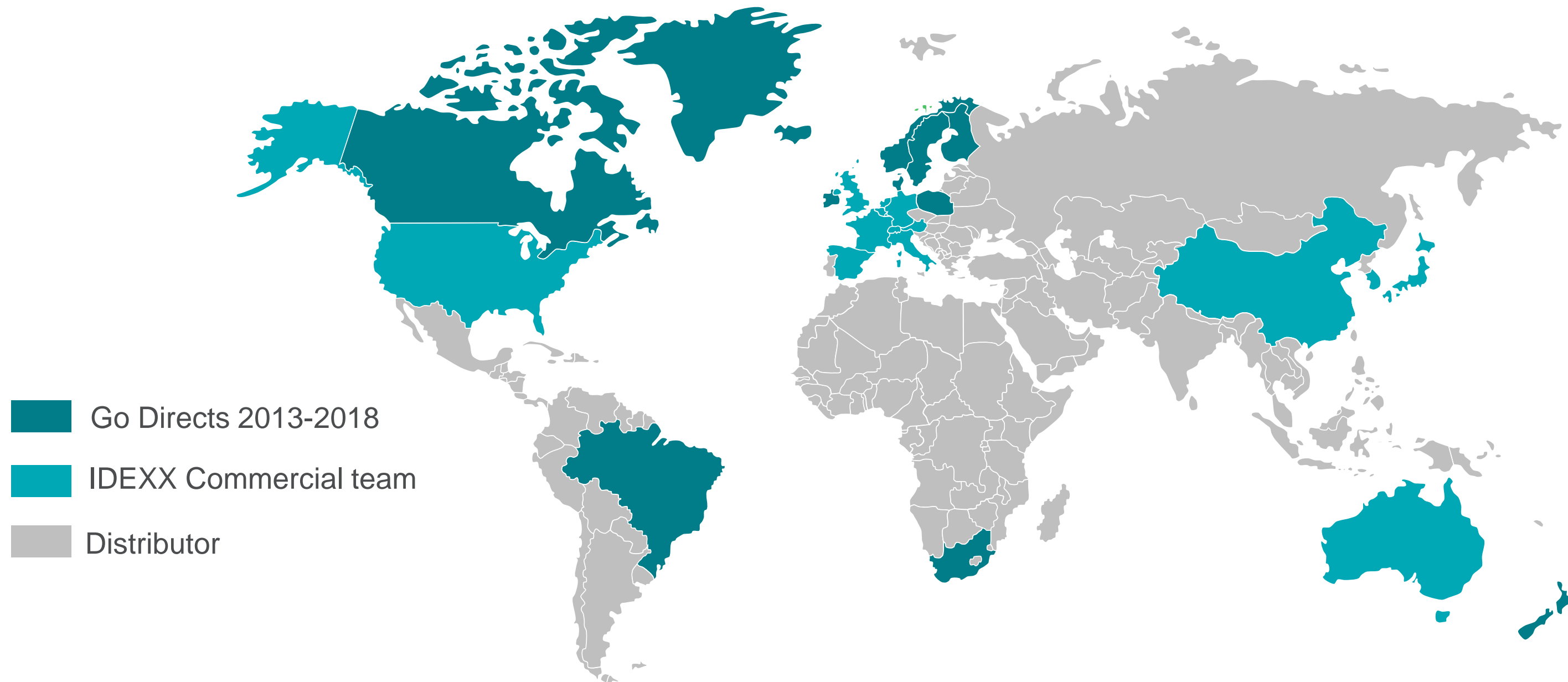
Global Coliform Testing Segment: ~60 Million Tests per Year\*



\* Based on analysis of secondary data from multiple government and industry sources.

# Nearly 90% of IDEXX Water Revenue is Through Direct Sales Channels

## IDEXX Water Global Commercial Channels



# IDEXX Water is Building a Portfolio for On-premise Water Tests, including a Groundbreaking Test for *Legionella pneumophila*

## ***Legionnaires' Disease Sickens 11 in Upper Manhattan***

By Zoe Greenberg

July 12, 2018



An outbreak of Legionnaires' disease has sickened 11 people in Upper Manhattan, 10 of whom have been hospitalized, according to city health officials.

**Legionnaires' Disease** is caused by *Legionella* bacteria that proliferate in building water systems

**IDEXX Legiolert™** detects *Legionella pneumophila*, the cause of 99% of clinical cases more quickly and more easily than older technologies, and eliminates the need for a separate confirmation test



\* Estimated as of 2018 based on analysis of secondary data from multiple government and industry sources.

# Our Long-term Strategy is Focused on Continued Execution in Attractive Markets

1

Commercial Excellence



2

Geographic Expansion



3

On-Premise Water



\$200M  
Market Runway\*

\$150M+  
Market Runway\*

\* Estimated as of 2018 based on analysis of secondary data from multiple government and industry sources.

# High Single-digit Growth Driven by a Durable Mix of Volume, Price and New Product Innovation

IDEXX Water Revenue Annual Growth Potential  
 – Next Five Years  
 Constant Currency\*



\* These projections assume that foreign currency exchange rates will remain the same as in 2018.  
 \*\* 2018E Revenue based on midpoint of guidance range communicated on August 1, 2018. Please refer to our Safe Harbor Disclaimer.  
 \*\*\* Estimated contribution to Water Revenue potential compound annual growth rate from this driver

# IDEXX Water: A World Of Difference



- Unique products, superior value
- 99.9% customer retention
- 120+ global regulatory approvals
- Large and growing core market opportunity
- Entry into legionella testing
- Accelerating recurring revenue growth and high operating margins



Q&A



# Appendix

# Footnotes

**<sup>1</sup> Constant Currency:** Constant currency references are non-GAAP financial measures and exclude the impact of changes in foreign currency exchange rates. Management believes that constant currency information provides valuable supplemental information regarding our revenue, and operating margin because it is consistent with how management evaluates our performance and facilitates comparisons with prior and future periods. We estimated the net impacts of currency on our revenue, operating margin, and EPS results by restating results to the average exchange rates or exchange rate assumptions for the comparative period, which includes adjusting for the estimated impacts of foreign currency hedging transactions and certain impacts on our effective tax rates. The periods 2009-2017 were restated to 2018 forecast rates and may vary from previously reported constant currency figures.

For IDEXX VetLab constant currency recurring revenue, the compound annual growth rate (“CAGR”) from 2013-2017 excludes the impact of changes in foreign currency exchange rates, which had an unfavorable impact of ~2% to the CAGR. These estimated currency changes increased 2018 YTD growth by ~3%.

For Reference Lab, the cumulative constant currency gross margin improvement from 2013-2018E excludes the impact of changes in foreign currency exchange rates, which is projected to have a favorable impact of 20 bps.

For CAG International constant currency revenue, the CAGR from 2008-2013 and 2013-2018E excludes the impact of changes in foreign currency exchange rates, which had an unfavorable impact of 1% to the CAGR from 2008-2013 and is projected to have an unfavorable impact of 3% to the CAGR from 2013-2018E. For Europe CAG constant currency revenue, the CAGR from 2008-2013 and 2013-2018E excludes the impact of changes in foreign currency exchange rates, which had an unfavorable impact of 2% to the CAGR from 2008-2013 and is projected to have an unfavorable impact of 3% to the CAGR from 2013-2018E. For Asia Pacific CAG constant currency revenue, the CAGR from 2008-2013 and 2013-2018E excludes the impact of changes in foreign currency exchange rates, which had a favorable impact of 2% to the CAGR from 2008-2013 and is projected to have an unfavorable impact of 4% to the CAGR from 2013-2018E. For Canada CAG constant currency revenue, the CAGR from 2008-2013 and 2013-2018E excludes the impact of changes in foreign currency exchange rates, which had a favorable impact of 1% to the CAGR from 2008-2013 and is projected to have an unfavorable impact of 5% to the CAGR from 2013-2018E. For Latin America CAG constant currency revenue, the CAGR from 2008-2013 and 2013-2018E excludes the impact of changes in foreign currency exchange rates, which had an immaterial impact.

For IDEXX Water constant currency revenue, the CAGR from 2008-2013 and 2013-2018E excludes the impact of changes in foreign currency exchange rates, which had an unfavorable impact of 0.4% to the CAGR from 2008-2013, and is projected to have an unfavorable impact of 1.3% to the CAGR from 2013-2018E. The constant currency operating margin excludes the impact of changes in foreign currency exchange rates, which had a favorable impact of 4.5% in 2008, 2.7% in 2013, and is projected to have an immaterial impact in 2018.

**<sup>2</sup> Recurring Revenue:** Annual recurring revenue for LPD, Water, Veterinary Software Services and Diagnostic Imaging Systems 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> 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>4</sup> Organic Revenue Growth:** Organic revenue growth is a non-GAAP financial measure and excludes the impact of changes in foreign currency exchange rates and revenue from business acquisitions. 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. See **Exhibit A** for impact of currency and acquisitions to IDEXX Global Reference Labs revenue for 2010-2017. For the calculation of projected 2018 organic revenue growth, the impacts of revenue from acquisitions is immaterial and currency changes are expected to increase projected 2018 revenue growth by approximately 0.5%-1%.

# Exhibit A: Reported to Organic Growth Reconciliation

## Reconciliation of Annual Organic Revenue Growth

IDEXX Global Reference Labs	2010	2011	2012	2013	2014	2015	2016	2017
Reported Growth	10%	13%	9%	8%	12%	7%	13%	14%
<i>Reportable Segment Revisions<sup>3</sup></i>	1%	0%	0%	0%	1%	0%	0%	0%
<i>Currency Impact<sup>1</sup></i>	1%	3%	-2%	-1%	-1%	-6%	-1%	0%
<i>Acquisition Impact</i>	1%	1%	3%	0%	1%	1%	1%	1%
Organic Growth	8%	10%	7%	9%	11%	11%	14%	13%

\* Columns might not add due to rounding

<sup>1</sup> See Footnote 1 for a description of constant currency. Note that all years are restated to 2018 Forecast rates and currency impact will vary from previously reported figures.

<sup>3</sup> See Footnote 3 for a description of IDEXX reportable segment revisions. vary from previously reported figures.