

— PARTICIPANTS

Corporate Participants

Brian Patrick McKeon – Executive Vice President, Chief Financial Officer & Treasurer, IDEXX Laboratories, Inc.

Jonathan J. Mazelsky – President, Chief Executive Officer & Director, IDEXX Laboratories, Inc.

Other Participants

Chris Schott – Analyst, JPMorgan Securities LLC

Nathan Rich – Analyst, Goldman Sachs & Co. LLC

Michael Ryskin – Analyst, BofA Securities, Inc.

Erin Wilson Wright – Analyst, Morgan Stanley & Co. LLC

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Ryan Daniels – Analyst, William Blair & Co. LLC

— MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the IDEXX Laboratories First Quarter 2024 Earnings Conference Call. As a reminder, today's conference is being recorded. Participating in the call this morning are Jay Mazelsky, President and Chief Executive Officer; Brian McKeon, Chief Financial Officer; and John Ravis, Vice President, Investor Relations.

IDEXX would like to preface the discussion today with a caution regarding forward-looking statements. Listeners are reminded that our discussion during the call will include forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those discussed today. Additional information regarding these risks and uncertainties is available under the forward-looking statements noticed in our press release issued this morning as well as in our periodic filings with the Securities and Exchange Commission, which can be obtained from the SEC or by visiting the Investor Relations section of our website, idexx.com.

During this call, we will be discussing certain financial measures not prepared in accordance with generally accepted accounting principles or GAAP. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures is provided in our earnings release, which may also be found by visiting the Investor Relations section of our website.

In reviewing our first quarter 2024 results and updated 2024 guidance, please note all references to growth, organic growth and comparable growth refer to growth compared to the equivalent prior-year period, unless otherwise noted. To allow broad participation in the Q&A, we ask that each participant limit their questions to one with one follow-up as necessary.

We appreciate you may have additional questions, please feel free to get back into the queue. And if time permits, we'll take your additional questions. Today's prepared remarks will be posted to idexx.com. Investors after the earnings conference call concludes.

I would like to turn the call over to Brian McKeon.

Brian Patrick McKeon, Executive Vice President, Chief Financial Officer & Treasurer, IDEXX Laboratories, Inc.

Good morning, and welcome to our first quarter earnings call. Today, I'll take you through our Q1 results and review our updated financial outlook for 2024.

In terms of highlights, IDEXX achieved solid organic revenue growth and strong profit gains in the first quarter. Overall revenues increased 7% organically, supported by 7% organic growth in CAG Diagnostic recurring revenues. Solid revenue gains were net of negative growth effects from severe US weather in January, which we estimate lowered overall IDEXX organic revenue growth by 0.5% to 1% and added pressure to US same-store clinical visit growth levels.

IDEXX execution trends remained strong, reflected in a continued high IDEXX CAG Diagnostic recurring revenue growth premium, 8% global gains in premium instrument placements and 11% organic gains in recurring veterinary software and diagnostic imaging revenues. Profit delivery was excellent in the quarter, supported by gross margin gains.

Strong operating margin performance enabled EPS delivery of \$2.81 per share. EPS was up 10% as reported and 9% on a comparable basis, net of a 7% negative EPS growth impact from the lapping of a prior-year customer contract resolution payment.

Overall, we're pleased with our continued progress in expanding our business and delivering strong financial performance, as we continue to work through sector and macro factors that have constrained visit growth at veterinary clinics.

We've updated our 2024 financial outlook to incorporate recent sector trends, which we estimate will constrain the high end of our full year organic growth outlook this year. We've also incorporated updated estimates for foreign exchange effects to reflect the recent strengthening of the US dollar.

Building on our strong first quarter performance, we're reinforcing our operational EPS outlook at midpoint. This reflects consistent goals for solid comparable operating margin improvement this year and favorable adjustments to estimates for net interest expense benefiting from our strong cash flow generation.

We'll review our updated guidance detail later in my comments. Let's begin with a review of our first quarter results. First quarter organic revenue growth of 7% was driven by 7% organic CAG gains and 11% organic growth in our Water business, with overall gains moderated by a 3% organic growth decline in LPD. CAG organic revenue growth was supported by 8% organic growth in veterinary software and diagnostic imaging revenues, driven by 11% organic gains in recurring revenues.

CAG instrument revenue increased 3% organically, building on a high prior-year placement levels. CAG Diagnostic recurring revenue increased 7% organically in Q1, supported by average global net price improvement of 5% to 6%, with US net price realization at the lower end of this range.

CAG Diagnostic recurring revenue growth in Q1 reflected solid gains across our major regions. International CAG Diagnostic recurring revenue organic growth was 9%, reflecting benefits from net price realization and solid volume gains, building on 2023 second half momentum. International results continue to be driven by IDEXX execution, reflected in strong new business gains and high premium instrument placements, which supported a double-digit year-on-year expansion of our global premium instrument installed base.

US CAG Diagnostic recurring revenue organic growth was 6.5% in Q1. This reflects a continued significant growth premium compared to same-store US clinical visit growth levels, which declined an estimated 2.3% overall in the quarter, including negative impacts from severe January weather.

IDEXX's solid growth results reflect sustained levels of diagnostic frequency and increased diagnostic utilization per clinical visit at the practice level. It also reflects benefits from IDEXX execution drivers, including solid new business gains, sustained high customer retention levels and net price civilization.

Excluding estimated weather impacts, US clinical visit growth levels in the first quarter were relatively softer than targeted in our midpoint outlook. These trends reflect ongoing staffing challenges at veterinary clinics and potentially pressure on US consumers from broader cumulative macro impacts.

While pet owner demand for healthcare services remains durable and resilient, and we're confident in IDEXX's ability to execute and drive continued solid organic revenue growth, we believe it's prudent to factor these near-term sector trends into our outlook. This is reflected in adjustments to the high end of our 2024 full year organic revenue growth guidance.

IDEXX achieved solid organic revenue growth across our modalities in Q1. IDEXX VetLab consumable revenues increased 9% organically, reflecting high single-digit gains in the US and double-digit organic growth in international regions. Consumable gains were supported by 11% year-on-year growth in our global premium instrument installed base, reflecting gains across our Catalyst, Premium Hematology and SediVue platforms.

We placed 4,791 CAG premium instrument placements in Q1, an increase of 8% year-on-year compared to high prior-year levels. This was supported by strong growth in ProCyte One placements with the global ProCyte One installed base increasing to over 15,000 instruments. Global Catalyst placement decreased year-on-year in the quarter, reflecting comparisons to high prior-year placement levels and shifts in placement mix in the international regions.

Global rapid assay revenues expanded 5% organically in Q1, driven by high single-digit gains in the US, including benefits from higher net price realization. Global lab revenues increased 6% organically, reflecting similar solid gains in the US and international regions.

Veterinary software and diagnostic imaging revenues increased 12% as reported, including benefits from our recent software and data platform acquisition, which adds to our software ecosystem. 8% overall organic gains were driven by 11% organic growth in recurring revenues, reflecting benefits from ongoing momentum in cloud-based software placements.

Water revenues increased 11% organically in Q1, driven by double-digit gains in the US and Europe, including benefits from higher shipment order timing. Livestock, Poultry and Dairy revenues decreased 3% organically. Solid gains in the US and Europe were moderated by lower Asia Pacific revenues, including impacts from lower herd health screening revenues related to reduced China import testing and comparison to higher prior-year swine testing levels in China. We expect these negative growth impacts to moderate in the second half of 2024.

Turning to the P&L. Q1 profit results were supported by solid gross margin gains. Gross profit increased 9% in the quarter as reported and on a comparable basis. Gross margins were 61.5%, up 110 basis points on a comparable basis. Gross margin gains reflected benefits from business mix, lower instrument costs and software service margin expansion.

On a reported basis, operating expenses increased 12% year-on-year, including approximately 6.5% of overall growth impact related to the lapping of a prior year \$16 million customer contract resolution payment. Q1 OpEx growth was driven by increases in R&D spending, aligned with advancing our innovation agenda, including new platform development.

EPS was \$2.81 per share in Q1, an increase of 10% as reported and 9% on a comparable basis, net of a 7% negative EPS growth rate impact related to the lapping of the prior-year customer contract resolution payment. Foreign exchange had a limited impact on gross margin, operating profits and EPS in the quarter, net of a \$1 million hedge gain.

Free cash flow was \$168 million in Q1, reflecting normal seasonality. On a trailing 12-month basis, our net income to free cash flow conversion ratio was 92%. For the full year, we're maintaining our outlook for free cash flow conversion of 90% to 95%, reflecting estimated capital spending of approximately \$180 million.

Our balance sheet remains in a strong position. We ended the quarter with leverage ratios of 0.7 times gross and 0.4 times net of cash, as we continue to manage our balance sheet conservatively in the current interest rate environment. We allocated \$155 million in capital to share repurchases in the first quarter. Diluted shares outstanding were relatively flat compared to prior-year levels.

Turning to 2024 guidance. We've updated our full year P&L outlook to reflect adjustments to the high end of our full year organic growth goals. Our outlook reinforces our full year goals for solid comparable operating margin improvement and incorporates favorable adjustments to estimates for net interest expense. We've also revised estimates for foreign exchange impacts, reflecting the recent strengthening of the US dollar.

In terms of our revenue outlook, we've updated our full year guidance for reported revenues to \$3.895 billion to \$3.965 billion, a reduction of \$55 million at midpoint. Compared to earlier estimates, our updated reported revenue outlook includes a \$35 million or approximately 1% negative growth rate impact related to the recent strengthening of the US dollar. We've also lowered the high end of our full year organic growth outlook by 1% to capture more recent trends for US clinical visits, which have constrained the organic revenue growth outlook for the first half of 2024.

Our updated full year guidance for overall organic growth is now 7% to 9%, supported by 7.5% to 9.5% gains in CAG Diagnostic recurring revenues. For the full year, our outlook for overall organic growth continues to reflect expectations for solid CAG Diagnostic recurring revenue gains, supported by IDEXX execution.

Our midpoint outlook aligns with expectations of approximately 1.5% declines in US clinic visits in Q2, similar to late Q1 trends. For the second half of 2024, our midpoint outlook continues to assume a relative flattening of US clinical visit trends.

We expect our H2 organic revenue growth results to benefit by approximately 0.5% overall from equivalent days effects, reflecting approximately 1% organic growth rate benefits in Q3 with limited overall effects to full year growth. Our full year CAG Diagnostic recurring revenue outlook reflects consistent expectations for global net price improvement of approximately 5%.

In terms of our profit guidance, we're maintaining our outlook for reported operating margins of 30.2% to 30.7% for the full year 2024, supported by continued high levels of operating execution. This outlook aligns with 20 to 70 basis points in full year comparable operating margin expansion, net of a negative 40 basis point impact related to the lapping of the Q1 2023 customer contract resolution payment.

Our updated full year EPS outlook of \$10.82 to \$11.20 per share is down \$0.08 per share at midpoint, driven by our updated foreign exchange estimates. We now estimate foreign exchange will have a negative \$0.09 per share full year EPS impact, \$0.11 per share unfavorable to prior estimates. Operationally, reductions to the high end of our organic revenue growth guidance are mitigated by our sustained operating margin improvement outlook by approximately \$0.06 per share of net favorability from updated net interest expense projections.

In terms of our outlook for Q2, we're planning for reported revenue growth of 5% to 7.5%, net of an estimated 1.5% growth headwind from FX. This outlook aligns with an organic revenue growth range of 6% to 8.5% and incorporates growth benefits from our recent software acquisition.

As noted, at midpoint, the Q2 organic revenue growth outlook aligns with the relatively softer US clinical visit growth trends seen at the end of the first quarter. We're planning for reported operating margins of 31.0% to 31.4% in Q2, flat to down moderately on a comparable basis, factoring in projections for relatively higher quarterly R&D spending in support of new platform advancement.

That concludes our financial review. I'll now turn the call over to Jay for his comments.

Jonathan J. Mazelsky, President, Chief Executive Officer & Director, IDEXX Laboratories, Inc.

Thank you, Brian, and good morning. IDEXX had a solid start to the year as we continue to advance our strategy to drive the development of the companion animal diagnostics sector through innovation and customer engagement.

Our ongoing progress benefits from the durable secular growth drivers that have supported the multi-decade expansion of companion animal medical services. These drivers include growth in the pet population and a strengthened human pet bond as well as the ongoing expansion of pet healthcare services. Medical services is, in turn, enabled by diagnostics, and is a key element of vet clinic growth and profitability.

IDEXX's business strategy is focused on enabling long-term sector growth by providing unparalleled diagnostic insight through our leading testing and software solutions. This is supported by a robust innovation agenda and a high-touch customer-centered commercial model that helps clinicians test with confidence in an intuitive and efficient way, supporting their mission of delivering high levels of care.

Our strategy is brought to life by teams across IDEXX, who collectively executed at a high level in the quarter, reflected in continued global expansion of our diagnostics and software solutions and solid growth in recurring revenues. CAG Diagnostics recurring revenues once again grew at a healthy premium to the sector, supported by solid contribution from new business gains, sustained high customer retention rates and net price realization that reflects the increased value that our products and services deliver to our customers. IDEXX commercial teams delivered strong growth in global premium instrument placements, reflecting high interest in adopting IDEXX's point-of-care innovations, including expansion of our newest platform solution, ProCyte One.

Cloud-based software placements once again expanded in the quarter, reflecting vet clinic interest in cloud native solutions and the IDEXX full stack software suite that continues to advance in scope and functionality. These gains supported double-digit organic growth in recurring software revenues as veterinarians turn to IDEXX to help them grow their practices and drive productivity.

As Brian noted, we continue to work through dynamics in terms of staffing challenges and broader pressure on consumers that have impacted clinic visit growth levels. Our strong business performance demonstrates our ability to work through these near-term challenges, while continuing to expand our business globally to deliver strong financial performance and advance key drivers of our long-term growth strategy and potential.

Today, I'll provide an overview of IDEXX's progress against our strategic initiatives during the first quarter. Let's start with an update on our commercial efforts, which are key to driving the adoption and utilization of IDEXX's testing and software solutions.

IDEXX commercial teams continue to execute at a high level, bringing a customer-first mindset to their work, helping IDEXX customers to grow faster. Intuitive point-of-care testing platforms are foundational to this approach. Customer adoption of IDEXX solutions remains high globally, reflected in record first quarter global premium instrument placements for the third consecutive year. This performance, combined with the ability to retain our customers at consistently high levels by delivering an excellent user experience, resulted in double-digit growth in our global premium instrument installed base, in total and individually for in-clinic chemistry, premium hematology and urinalysis platforms. This progress is aligned with the approximately 220,000 global placement opportunity we see today for our business.

A key area of commercial focus is international regions that are at earlier stages of development than the US and provide a relatively more greenfield growth opportunity. Leveraging the successful commercial playbook we have developed from our decades of experience in the US, our international sales teams continue to deliver high international installed base growth.

Progress on this front is reflected in strong international premium instrument placement gains, supported by continued global expansion of our new platform innovations such as ProCyte One. ProCyte One provides significant benefits compared to our legacy hematology analyzers from a more intuitive workflow with load-and-go reagents to a smaller benchtop footprint and even back office productivity benefits due to its pay-per-run model, all of which combined to drive greater utilization for customers who upgrade.

A recent analysis revealed a 20-plus percent uplift in runs per day for customers who upgraded from LaserCyte to ProCyte One, with consistent benefits noted across major regions. Upgrades and adoption of new platforms also delivers multiplier benefits to our business through increased customer loyalty and retention and adoption of other IDEXX in-clinic analyzers. Our continued installed base expansion in our international sector results in another quarter of strong CAG Diagnostics recurring revenues.

Our integrated platform solutions, including benefits from our software ecosystem, are well-aligned to also support the formation of new practices in regions like the US, which continues to contribute a net 0.5% to 1% to sector growth. High interest in IDEXX solutions among new practices in the US has become an increasingly important driver of new and competitive placements. Our flexible and customer-friendly marketing programs, like IDEXX 360, modified to appeal to new practice growth dynamics, have attracted strong interest and full point-of-care suites with high attach rates of Catalyst and increased testing across modalities.

Building on our progress advancing adoption and leverage of IDEXX solutions, we continue to make solid progress advancing our ongoing innovation agenda, including the development of new platforms for diagnostics testing. The first of two such new testing platforms currently under development was announced recently at VMX: the IDEXX inVue Dx Cellular Analyzer, a first of its kind, slide-free cellular analyzer platform. It's powered by advanced optics and enabled by AI that has been trained by IDEXX's global pathology network.

Development of this platform is proceeding to schedule and is in its final stages as we plan to begin shipping to customers in the fourth quarter of this year. Our commercial teams have begun educating busy customers on this new piece of technology, while also using it to engage with customers on other IDEXX solutions that may be relevant to their practices now. This is another multiplier of new IDEXX innovation, which helps support high reach to revenue metrics in the quarter, which reflect the efficacy of our commercial playbook.

Early feedback from customers across the globe remains highly positive, building on the enthusiasm experienced at both domestic and international veterinary conferences. Customers have resonated with both the medical and workflow productivity benefits. Clinicians are wowed, for example, by the powerful technological innovations and appreciate the clinical need for solutions to

ear cytology, a daily practice, and blood morphology, a critical element of a complete hematology exam. The feedback is consistent across general practices, specialists and corporate accounts who seek cutting-edge tools from IDEXX. We look forward to building on this highly innovative menu by delivering fine needle aspirate testing that reflect IDEXX's high-performance standards.

At IDEXX, innovation goes beyond new platforms. Our Technology for Life approach means that we're constantly assessing our on-market portfolio for opportunities to add value to our products through new insights, greater efficiency or improved ease of use. Similar to how blood morphology insights on the IDEXX inVue Dx complement our premium hematology analyzers, we recently launched a new generation of our IDEXX VetLab UA platform, which complements SediVue Dx. The new UA analyzer brings a highly attractive, modernized form factor, is easier to use and features enhanced integrations with IDEXX VetLab Station and VetConnect PLUS, saving practice team's time on commonly run urine diagnostics. And the eight essential urine parameters provided on IDEXX VetLab UA, including PH and protein, merge with results from SediVue Dx, driving actionable interpretive guidance on next steps that support clinicians to make informed medical decisions.

IDEXX Reference Labs are also benefiting from recent innovations where we see momentum building with the recently launched IDEXX Cystatin B, our differentiated kidney injury detection test that further bolsters our best-in-class renal health offering for our customers. We've now launched in North America, UK and Australia and plan to launch in Europe later this year. Experience is growing with this important innovation with almost 500,000 tests ordered by over 13,000 customers since the December launch. The awareness of the test is solid, estimated at just over 50% of US veterinarians based on recent survey work. Significant runway exists to increase awareness and deepen understanding of the clinical utility of this test.

IDEXX's software and imaging business continues to perform well and is addressing significant unmet customer needs. Our cloud-first strategy to building a seamlessly integrated software ecosystem delivers workflow and communication advantages across the clinic that drive productivity, while supporting double-digit growth of a profitable SaaS recurring revenue stream for IDEXX. Strong software placement growth is now virtually all via cloud-based products. It is supported by customers looking for modern tools to assess diagnostic insights, create and streamline practice workflows and communicate with an increasingly digitally native end customer. By partnering with IDEXX on these solutions, customers are increasingly freed from unrewarded administrative tasks to pursue their care mission for patients.

Like our diagnostic platforms and menu, we're also focused on enhancing the IDEXX software ecosystem. Our recent announcement at the Western Veterinary Conference is an example of this, where we were thrilled to announce Vello, our newest pet owner engagement platform, which officially went live in late March. Veterinarians increasingly tell us that their client communication processes and tools are disjointed, high friction and time-consuming. Vello provides veterinarians with a powerful tool that is directly embedded within our IDEXX practice management software, supporting streamlined interactions and more efficient workflows.

The benefits of expanding IDEXX's vertical software suite are many, including deeper customer relationships and improved compliance that helps drive better health outcomes. Vello supports the growth of our profitable recurring software revenues while also delivering multiplier benefits to our diagnostics business, as early Vello adopters are benefiting from fewer customer no-shows and increasing their diagnostics utilization with IDEXX.

Another addition to the software ecosystem was the acquisition of Greenline Pet, a leading digital platform that provides easy practice workflow solutions for coupon and rebate redemptions, which was completed in the first quarter. The Greenline digital platform enhances IDEXX partnerships with leading manufacturers in the animal health pharmaceutical and nutrition space, supporting

sector development through targeted rebating to customers, made possible through deep integrations with IDEXX and third-party practice management systems.

By delivering additional relevant solutions to our software customers, like Greenline and Vello, we're able to drive strong adoption of our deeply integrated vertical SaaS applications inside of our cloud practice management systems. Providing our customers with a single unified platform for payments, workflow and client communications, to name a few applications, helps drive efficiency and remove the need to toggle between multiple applications and manual reconciliations. Not only does this accelerated adoption drive practice productivity, but it also supports greater diagnostics revenue growth and very high retention rates, thereby helping drive our key recurring revenue annuity.

Overall, we're very proud of how we have advanced our strategic initiatives across multiple business areas in the first quarter, while also delivering an excellent customer experience and strong financial results. I'll now conclude our prepared remarks by thanking the 11,000 IDEXX employees for your ongoing commitment and incredible passion for our purpose-driven work. Your contribution to IDEXX not only helps deliver against our goal of providing a better future for animals, people and our planet, but also helped deliver a strong start against our financial objectives in 2024.

The Companion Animal diagnostics sector, including supporting software solutions, remains highly attractive and IDEXX teams play a critical role in providing excellent care based on diagnostic insights. As a result, we are very well-positioned to deliver solid growth and financial results over the long-term horizon. So on behalf of the management team, thank you for your continued focus on enhancing the health and well-being of pets, people and livestock.

Now, let's open the line for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We'll go first to Chris Schott with JPMorgan.

<Q – Chris Schott – JPMorgan Securities LLC>: Great. Thanks so much for the question. I'm just interested in the comments you made earlier that it seems like you're seeing both maybe some capacity challenges and macro impacting vet visit trends. Can you just maybe elaborate a little bit on the latter?

It seems like your initial guidance for the year was a bit more optimistic on stabilization of visits. And I'm just wondering if there's any particular either regions or trends in corporate versus private practice where you're seeing this macro piece more acutely than others.

And maybe just linked to that, I know it would be a guess, but as we think about visit erosion right now, what's your best guess in terms of how much of this is just ongoing capacity dynamics at the vet versus what is actually consumer demand at this point? Thanks so much.

<A – Brian McKeon – IDEXX Laboratories, Inc.>: Thanks for question, Chris. Maybe I can provide a little clarity on the numbers upfront and then turn over to Jay to talk about the dynamics. We mentioned that clinical visits were relatively softer than we expected in the US in the first quarter. On our last call, we had talked – we did anticipate some weather impacts, but I think we were expecting the flattening trends that we've been planning for to emerge. And the trends coming out of the quarter were down about 1.5% versus prior year. And so that was relatively softer.

I would highlight, internationally, we had a very good quarter. The underlying volume growth was – continues to make progress, building on what we saw in H2. So this is relatively more of a US specific issue. And we did highlight, I think there are ongoing staffing challenges, capacity challenges that the practices are working through, but there may be – also be some impact here in the margin related to broader consumer impacts that could be impacting demand. But I'll let Jay talk to those dynamics.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Sure. Good morning Chris. The way I think about it is both from a customer standpoint, meaning the veterinarian and then the consumer or the pet owner standpoint. And we know that pet owners continue to prioritize spend for healthcare services in general spend on their pets vis-à-vis other priorities, be they going out for dinner, entertainment, travel, that sort of thing.

When we – the conversation we're having with customers is largely very positive, very positive on the outlook. They continue to invest in their practices. We see that from a technology standpoint, very significant increase we saw in placements of 8%. We're seeing it in software, new practice formation. So I think customers continue to be optimistic on the outlook for the animal health industry as a whole. And this continues to remain both a durable and resilient sector.

To Brian's point, we do see some ongoing staffing challenges that the practices have been working through. They see IDEXX as a partner from both a technology and solution standpoint and being able to help them. And we also potentially recognize the cumulative macro impacts, which may be affecting visit trends at the margin.

We have a lot – from our approach and standpoint and orientation, we really focus on those things that we can control. We have a lot of confidence in the operational execution of our commercial teams and the product development teams from an innovation standpoint. And I think on those dimensions, we're really very positive and hitting on all cylinders.

<Q – Chris Schott – JPMorgan Securities LLC>: Thank you.

Operator: We'll go next to Nathan Rich with Goldman Sachs.

<Q – Nate Rich – Goldman Sachs & Co. LLC>: Great. Can you hear me okay?

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: We do. Yeah.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: We can, Nate.

<Q – Nate Rich – Goldman Sachs & Co. LLC>: Okay. Great. Good morning. I wanted to follow-up on Chris' questions. I guess, you talked about the kind of end of first quarter traffic running a bit below the prior expectations. I guess, would you be able to comment on, is April kind of in line with that 1.5% decline?

And I guess more importantly, as we think about over the balance of the year, it sounds like you expect some improvement in traffic levels. I guess, just kind of relative degree of confidence in getting back to that, I know you mentioned there's maybe a days effect in there, too, that's a slight benefit, but just curious about where you may be, within your different lines of business, see that improvement playing out over the balance of the year?

<A – Brian McKeon – IDEXX Laboratories, Inc.>: Thanks for your question, Nate. Why don't I take a moment to just try to help with some of the first half to second half bridging? So you obviously have our Q1 results. And in my comments, I highlighted our expectations around Q2, the organic growth of 6% to 8.5%. What we're assuming in the Q2 outlook at midpoint is that we've assumed clinical visit trends similar to what we saw exiting in March. So that's the minus 1.5%. We don't comment on in-quarter trends, just highlighting what we're planning in Q2.

And if you take the midpoint outlook with our Q1 results, that would imply approximately 7% organic growth in the first half. The second half would imply approximately 9% organic growth. We have some positive factors that we highlighted. One is we'll have a 0.5 days overall equivalent days benefit largely flowing through in Q3 that we noted.

We'll have some select other factors that are favorable to us. We should see better lapping dynamics in areas like LPD. We're targeting higher growth in our software business. So those will be positive as well. And we do have an assumption at midpoint for relatively flattening US clinical visit trends and we see a number of factors that support that assumption that I know Jay can touch on.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Great. I mean, from our perspective, there's a couple things that I would highlight. One is that the clinical diagnostics revenue growth rates have continued to remain strong. We saw that in Q1 at 5%, actually higher than total practice revenue growth, which is a little bit over 3%. We continue to see healthy diagnostics frequency and utilization. So those metrics continue to remain strong. And it gets back to my earlier message on we see practices continuing to invest. They're investing in technology. They're investing in their staff. We know they're becoming more productive. We think tools like Vello, which is our client engagement software application, will be a big help. It integrates very tightly with IDEXX's PIM systems. It enables a reduction in no-shows, which we know is a productivity drag on practices, and we think there'll be benefits over time in terms of uplift to diagnostics.

So we're doing our part in partnering with clinics and we think, over time, that will play out positively.

<Q – Nate Rich – Goldman Sachs & Co. LLC>: Great. If I can maybe just ask a quick follow-up on the gross margin strength. Brian, you talked about the factors that were driving this. It sounds like some of those should be sustainable, but I'd be curious to just kind of get your view on that over the balance of the year. And you didn't change the operating margin guidance, I guess,

despite the strength that you saw in the first quarter. So any dynamics that we should be thinking about as we think about the cadence over the balance of the year, would be helpful.

<A – Brian McKeon – IDEXX Laboratories, Inc.>: Sure. To your point, we feel very good about the start that we had in terms of the profit performance and the gross margin performance. We sustained our outlook despite taking down the high end organic growth outlook. So I think that just reflects some of the underlying operational execution benefits that we're getting and our confidence in the ability to deliver solid operating margin gains this year.

I think that there are some select dynamics we noted, instrument costs being lower in Q1. Some of that is sort of an outflow of the pandemic supply chain impacts that have been alleviating. So we saw a relatively more benefit in Q1 than we'll expect to see over time, but – through the year. But I think for the most part, we're – the performance is reinforcing the outlook that we had this year for solid comparable operating margin gains and I think reinforces that we can deliver strong financial performance as we work through some of the near-term macro dynamics that we've been highlighting.

<Q – Nate Rich – Goldman Sachs & Co. LLC>: Great. Thanks very much.

Operator: We'll go next to Michael Ryskin with Bank of America.

<Q – Mike Ryskin – BofA Securities, Inc.>: Great. Thanks for taking the question, guys. I want to get at the vet visit dynamic and the underlying macro, but I'll try to ask it in a different way. If we take a step back, this really started in 2022 and it was initially seen as a temporary effect of comps and working through that. We're now almost 2.5 years into this and it continues to sort of lag behind expectations. We're still waiting for this recovery in the vet visits.

If this – if current trends persist, I hear what you're guiding to for second half and I hear what you're talking about in terms of the improvement, but, let's say, trends persist and we still continue to see declines, can you talk about other levers you could pull to sort of continue to hit numbers? In prior years, for example, you took price and you took a second price increase once. I know you've got the inVue coming, you've got operating leverage. So just talk us through sort of how you would think if visits – if visits remain under pressure, how you would address that? Thanks.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Yeah. Good morning. I would point to a couple things. One is, as you highlighted, our innovation agenda, the innovation portfolio we have, I think, is very strong. It consists really across the portfolio. From a point-of-care standpoint, obviously, we plan to begin shipping inVue in Q4. We think that that has both a direct and indirect leverage impact on the overall business.

I think our menu offering for the Reference Lab has never been stronger and growing. We expanded fecal antigen. We know that that's an important preventive care screening test that really sort of builds out the overall menu, Cystatin B, which is acute kidney injury and our overall – supporting our overall renal franchise menu, has been very well received in the overall sector.

And then software, which has the twofer of not only being a great individual vertical business, but also the leverage and impact – positive impact it has on diagnostics as a whole. I think our commercial execution continues to really be at a very high level. We see some benefits internationally where quarter-on-quarter-on-quarter, we've really seen some nice growth. I think that the investments we've made have been paying off in individual country and regions.

So we saw nice performance in EMEA, for example. And I think it's just continuing to support our customers as they work through the dynamics we've highlighted. And we have confidence in the – really in the attractiveness of the underlying demand that pet owners are generating and what the

practices are doing around retaining staff and training them and seeking productivity and that we think over time, those trends – those clinical visit trends will improve.

<A – Brian McKeon – IDEXX Laboratories, Inc.>: And, Mike, I'd just reinforce, I think we've consistently demonstrated the ability to grow – continue to grow solidly and deliver strong financial performance. And so even as we work through kind of the growth off of the higher base that was established post the pandemic and through some of the more recent kind of macro dynamics that we've been highlighting, I think we'll continue to find a way to advance our growth agenda and invest behind those things that are important while continuing to deliver strong financial results. So we remain committed to that and we would build a strong track record to support that outlook.

<Q – Mike Ryskin – BofA Securities, Inc.>: Okay. But would you consider taking another price increase again or potentially some cost controls in the second half? Is that on the table?

<A – Brian McKeon – IDEXX Laboratories, Inc.>: What we – I think we've laid out our outlook for this year and our assumptions to reinforce, we expect approximately 5% price improvement this year, and that supports the operating margin outlook that we shared today and the strong comparable EPS growth as we invest in advancing our R&D agenda. We highlighted we're investing more there and excited about what's going to come. So we're confident in our financial outlook that we shared today.

<Q – Mike Ryskin – BofA Securities, Inc.>: Okay. And then just really quick one, if I could squeeze in a follow-up. Jay, I think you said in your prepared remarks that the inVue continues to – inVue remains on track. You talked about it at VMX, obviously. What's been some of that early feedback from vets? I realize you're still maybe five, six months from actually releasing it, but you're three months further along than when you first sort of unveiled it. Any learnings in terms of the capabilities ramp and talk about some of the offerings that will be available to launch versus later on, sort of what's been the reception to that?

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. They've been – customers, in general, have been very enthusiastic about the product itself. They like the fact that it addresses very high-volume, time-consuming clinical-use cases within the practice, ear cytology and blood morphology.

One of the things that customers continue to tell us is they know they should be doing more blood morphologies than they're doing just as part of a complete CBC or hematology workup. And now they feel like they're going to be able to do it because it just makes a lot of sense. And so they're looking forward to it, and we think the awareness level is increasing and that they see this as a really a worthy extension of our overall point-of-care VetLab suite.

We're also just – I would just remind folks that as part of the overall suite, we have a next generation of our VetLab Station, the IVLS station that provides workflow optimization and benefits, and we send that to customers, too, and they're very enthusiastic about that as a whole.

So really excited. I think that description, as I've laid it out, fits across both generalists, within practices of specialists. Corporate accounts are also enthusiastic about it. I think it gets to some of the questions and the discussion we've had this morning around how do we continue to support the productivity of the practice, which at least addresses the dimension of staff retention and optimization. And I think this fits a bill on both the productivity and capacity front as well as the clinical medical front.

<Q – Mike Ryskin – BofA Securities, Inc.>: Great. Thanks a lot, guys.

Operator: We'll go next to Erin Wright with Morgan Stanley.

<Q – Erin Wright – Morgan Stanley & Co. LLC>: Great. Thanks. Can you talk a little bit about the competitive landscape? Do you think that there's more of an opportunity to see some more meaningful market share gains, either across the smaller practices or corporate accounts as well? And there's clearly been some disruption in terms of ownership structure, in terms of distribution changes. And I'm just thinking about how you can kind of take advantage of that and if you have seen any notable kind of share gains to date. Thanks.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Good morning, Erin. Yeah. We've always said, and I think it's still true now that a very competitive landscape, I would say that on a global basis, not just in our largest market, the US. And the – what we focus on, obviously, is being able to support our customers, be they independent practices or corporate with a full end-to-end suite at the point of care, patient and Reference Labs and increasingly software.

We're pleased with the progress we've made commercially in terms of advancing the overall solutions. What customers tell us is they like the integrated nature of what we provide. They see that as a differentiator or a set of differentiators relative to our competitors and that includes being able to take software and tie it all together that supports the workflow as they want to practice within the environment.

We think that Vello, which is our client engagement application, takes that really to the next level in terms of being able to help them digitally communicate indirect with pet owners as a whole. We also are enthusiastic about new practice formation, as I've indicated in my remarks, where we continue to do well there. New practices see IDEXX as a partner to be able to help them get those practices off to a strong start. And it's been an area of focus for us.

So, overall, I think our commercial agenda continues to advance nicely. Obviously, we're pretty transparent in terms of placements, new and competitive, and how we're doing on that front, both within the US and internationally, and we're doing well.

<Q – Erin Wright – Morgan Stanley & Co. LLC>: Okay. And then how inVue kind of fits into that strategy as well? I guess, initially, is the focus on existing customers or swapping out competitor equipment where you have exclusive contracts? Or can you remind us kind of on the timing, too, of the fine needle aspiration? And that seems to be where we're getting some of the earlier feedback. And is that sort of 2025, or how do we think about the timeline there? Thanks.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. So a couple questions there. The inVue, well, from a focus standpoint, obviously, the IDEXX customers who already enjoy our VetLab suite are obvious – our obvious customers from a targeting or focus standpoint. We know it'll fit right in with their workflow and already partnership they have with IDEXX. We saw that – by the way, we saw that with SediVue, where the mix of SediVue sales, at least initially, we're more focused on existing IDEXX customers. So it was a great entrée into competitive accounts and opportunity to give us a fresh look, which then we leverage down the road with chemistry and hematology and other solutions.

In terms of fine needle aspirate, all we've said at this point is it's next. We're working hard at it. We know customers are very enthusiastic about fine needle aspirate and the ability to really expand a set of cancer diagnostics, which is important to their clients and great practice of medicine. And we'll talk more about that as we get closer.

Operator: We'll go next to Jon Block with Stifel.

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: Thanks, guys. Good morning. I don't think really a shocker that I'm also going to try to hit on visits and just sort of need to because your stock is largely tethered to seeming with the data. For visits, you mentioned macro capacity constraints weighing on the overall vet visits. And some of our checks seem to tease out, call it, like a higher

sensitivity from the pet owner. You're taking price and in many cases that that might be marking up 2x, 3x, 4x, somewhere in there.

So I'm just curious, anecdotally, are you identifying more sensitivity on the pet owner sticker shock? Just sort of a broader question. Did this industry overstep a bit on price over the past couple years? And if so, Brian, do we think about your price getting back to that, I think it's 3% on your LRP, call it, sooner rather than later?

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Let me – Jon, I'll take that. Good morning. We obviously don't control in pricing to the pet owners. That's up to practices and veterinarians. A lot of things factor into that. They're investing in their staff. We think that's a good thing when they retain their staff and really upskill the folks who are supporting pet owners. That's a long-term driver and a point of stability within practices. And I think coming out of the pandemic that was a real challenge for them.

We continue to get back to – when we have conversations with practices and customers, they're optimistic. They see some of the challenges around capacity alleviating over time. They continue to invest heavily in the business, with technology, we think pricing – their pricing helps them do that.

From our standpoint, we always, from a pricing standpoint, look to maintain a good equilibrium of value for what we deliver. We continue to provide parameters and biomarkers like Cystoisospora, Cystatin B at no additional charge. So those are included in existing panels that obviously helps – help them on the value end of the equation. But we acknowledge that the cumulative macro impacts at the margin may be affecting some pet owners.

<A – Brian McKeon – IDEXX Laboratories, Inc.>: Yeah. And Jon, just to reinforce Jay's point. I think we align our pricing with the value we're delivering and the underlying inflationary dynamics that we're seeing, and we'll continue to factor that in. And our outlook is consistent with what we shared earlier for 2024, which is approximately 5% net price realization globally.

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: Okay. Sorry about that. And then let me just maybe try to throw a bunch of small ones in the second question. Brian, you talked about the vet visit data sort of embedded at the midpoint. I've just gotten some questions. Is it as simple as extrapolating out the negative 1.5%, call it, for the lower end, just when we think about your guidance?

And then, you still have this other box coming. I think that's really what can really separate almost the stock from the visit data, as people are getting more excited about the premium, right? So just taking a step back, do we think about you guys like handling it in a similar manner? Just if I recall last year, I think it was grade out in the investor presentation in August, officially introduced at VMX in January and then hitting the market 9 or 10 months after that in 4Q 2024. Maybe just at a high level, if you can just talk about, from a timing perspective, when we think about that second still TBD box that you've alluded to in the past? Thanks, guys.

<A – Brian McKeon – IDEXX Laboratories, Inc.>: Jon, can you just clarify your first question? I just wanted to follow what you're trying to get at when you said the – was it a full year question you're asking? Yeah, just trying to clarify what ...

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: I'm trying – yeah. Sorry, Brian. Is it just as simple as, I think, and maybe hopefully, I've this right, but the midpoint of your guide has visits down 1.5% in 2Q and then essentially flat in 2H. Is it as simple for the lower end, call it, just take that 1.5% and like extrapolate it out for 2H? And that's sort of what's, call it, embedded in the lower band of your CAG Dx recurring. That's where I was sort of going with the first part.

<A – Brian McKeon – IDEXX Laboratories, Inc.>: It's obviously a broader set of considerations, but I think, directionally, your point is valid, which is if trends continue to be softer, that would be a factor that could be leading us towards the lower end.

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: And then on the new box?

<A – Brian McKeon – IDEXX Laboratories, Inc.>: Look, I look forward to sharing more. As we get closer to launch, we're – we'll maintain the approach that we've used in the past that we'll share that when we're closer to commercial launch. We're very excited about the inVue advancing, and that's on track. And as you know, will contribute directly and will have a lot of multiplier benefits to our business. And I know our sales force is very excited about that, and we are too. And we continue to advance our second platform and we'll share more on that over time. And we see that as also being an additive driver for our business over time.

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: Thank you.

Operator: We'll go next to Navann Ty with BNP Paribas.

<Q – Navann Ty – BNP Paribas Securities Corp.>: Hi. Good morning. Thanks for taking my question. A few follow-up on vet visits. If you could comment on the US vet industry progress on addressing shortages and mental health of vets and using more vet technicians to assist vets? Has this continued? And can you discuss any progress to date?

And another follow-up on the macro headwinds on the pet owner side. What are your assumptions for the full year vet visits, wellness and non-wellness, please? Thank you.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. From an industry profession side, what customers tell us and what we see is that the staffing churn has largely stabilized. Coming out of the pandemic, I think there was a lot of challenges and the veterinarian pet owners responded by, I think, increasing salary and benefits and cutting back some hours. So those impacts, I think, have largely stabilized.

I think practices, to the extent that they were able to hire more, have hired more. In some cases, they've instituted training, more internal training programs, and have taken those sort of steps. They've also, as I mentioned earlier, invested more in technology. I think they're just far more receptive around technology, software, equipment, use of our Reference Labs that helps them save time. Sometimes it may be 10 minutes, 15 minutes per procedure, but on the other hand, cumulatively, that matters, that I think can be highly worthwhile.

Operator: We'll go next to Ryan Daniels with William Blair.

<Q – Ryan Daniels – William Blair & Co. LLC>: Yeah, guys, thanks for taking the question. Maybe just one quick one in the interest of time. You've talked about the longer-term dynamics of higher diagnostic utilization as pets age through their life cycle. And I know you also have some data about kind of larger than normal pet population growth, post the pandemic. So I'm curious if you could give us your thoughts on when we might start seeing the benefits of that flowing through in the industry in regards to diagnostic use? Thanks.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Good morning, Ryan. What we see is it really increases over time even with the young adult dog. So there's obviously a lot of visits, puppies and kittens. And then as they become the young adults, cats and dogs, that both healthcare services, there's a very modest dip, but generally, healthcare services and diagnostics, as both an absolute dollar amount and proportion, expands. And then there's – it grows or accelerates even more quickly as they get into the adult and geriatric stage.

So our focus has been able to – is really on accelerating that through all life stages, including young adults or things like wellness testing and exams. But it does go up over time. It's just not linear through the different stages.

Jonathan J. Mazelsky, President, Chief Executive Officer & Director, IDEXX Laboratories, Inc.

Okay. And with that, we'll now conclude the Q&A portion of the call. Thank you for all your questions and for participating this morning.

I'll finish today's call by reiterating that IDEXX is committed to the significant multi-decade opportunity to increase the standard-of-care for Companion Animal healthcare through diagnostics utilization. IDEXX's organic growth strategy is helping lead the development of our sector, and we look forward to continued high execution against our growth initiatives, supported by teams from across the organization.

Our growth outlook for 2024 builds off decades of investments in business capabilities that we have made and reflects ongoing sector development and financial results aligned to our long-term framework. And now, we'll end the call. Thank you.

Operator: This does conclude today's conference call. You may now disconnect.

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