PARTICIPANTS

Corporate Participants

Andrew Emerson – Executive Vice President, Chief Financial Officer and Treasurer, IDEXX Laboratories, Inc.
Jonathan J. Mazelsky – President, Chief Executive Officer & Director, IDEXX Laboratories, Inc.

Other Participants

Michael Ryskin – Analyst, BofA Securities, Inc.
Ekaterina V. Knyazkova – Analyst, JPMorgan Securities LLC
Erin Wilson Wright – Analyst, Morgan Stanley & Co. LLC
Jonathan D. Block – Analyst, Stifel, Nicolaus & Co., Inc.
Brandon Vazquez – Analyst, William Blair & Co. LLC
Daniel Clark – Analyst, Leerink Partners LLC
David Westenberg – Analyst, Piper Sandler & Co.
Navann Ty – Analyst, BNP Paribas Securities Corp.

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, and welcome to the IDEXX Laboratories first quarter 2025 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; Andrew Emerson, 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 notice 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 2025 results and updated 2025 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, so please feel free to get back in the queue and if time permits we'll take your additional questions. Today's prepared remarks will be posted to the Investor Relations section of our website after the earnings conference call concludes.

I would now like to turn the call over to Andrew Emerson.

Andrew Emerson, Executive Vice President, Chief Financial Officer and Treasurer, IDEXX Laboratories, Inc.

Good morning, and welcome to our first quarter earnings call. Today I'd like to update you on Q1 results and review our 2025 financial outlook. IDEXX achieved a solid start to 2025. In terms of key highlights for the quarter, overall revenues increased 5% organically, supported by a 4.5% organic growth in CAG diagnostic recurring revenues, net of an approximate 1.5% equivalent days headwind.

Solid revenue gains were also net of global same store growth headwinds, including a 2.6% decline in US clinical visits. IDEXX execution trends remain strong, reflecting a continued IDEXX CAG diagnostic recurring revenue growth premium, a 9% expansion of the premium instrument installed base, and a 9% organic recurring revenue gains in veterinary software and diagnostic imaging.

Profit delivery was aligned with our outlook, supported by gross margin gains, while we invested in innovation priorities. Operating margin performance enabled EPS delivery of $2.96 per share, delivering 5% growth as reported, and 7% growth on a comparable basis. We're pleased with the progress in expanding our business as we work through sector and macro factors that have pressured recent visit growth at the veterinary clinic level.

We're confident in the long-term growth potential of our business, supported by ongoing focus on innovation, including our recent IDEXX Cancer DX launch starting with canine lymphoma. We've updated our 2025 financial outlook to incorporate positive changes from foreign exchange and a now concluded litigation expense accrual adjustment, while reinforcing consistent 2025 goals for organic revenue growth in comparable operating margin improvement.

Let's begin with a review of our first quarter results before transitioning to our full-year outlook. First quarter organic revenue growth of 5% was driven by 4.5% organic revenue gains in our CAG business, 7% organic growth in Water, and 4% organic growth in LPD. CAG organic revenue growth was supported by 7% organic gains in veterinary software and diagnostic imaging revenues, driven by 9% organic recurring revenue growth.

CAG instrument revenues decreased 5% organically against high prior-year placement levels, while benefiting from initial placements of IDEXX inVue Dx, which will ramp throughout the year. CAG Diagnostic recurring revenues increased 4.5% organically in Q1, net of a 1.5% headwind from equivalent days.

Global CAG Diagnostic recurring revenue growth reflected solid gains across all major regions. On average, global net price improvement was 4%, and on a days adjusted basis, volume gains were approximately 2%. International CAG Diagnostic reoccurring revenue organic growth was 8.5%, and on a days adjusted basis sustained double digit organic revenue growth, reflecting benefits from net price realization and strong volume gains building on 2024 momentum.

International results continued to be driven by IDEXX execution, reflected in strong new business gains, which supported double-digit year-over-year expansion of our premium instrument installed base. US CAG Diagnostic reoccurring revenue, organic growth was 3% in Q1, net of the days headwind. This reflects a continued solid growth premium compared to same store US clinic visit growth levels, which declined an estimated 2.6% overall in the quarter.

IDEXX solid growth reflects increased levels of diagnostic frequency and increased diagnostic utilization per clinical visit at the practice level, along with strong execution, including solid new business gains, sustained high levels of customer retention, and net price realization of 3.5%.

Modality gains in the quarter were supported by strong growth in consumable revenues. IDEXX VetLab consumable revenues increased 10% organically, reflecting high single-digit gains in the US and double-digit growth in international regions.

Consumable gains were supported by 9% year-over-year growth in our global premium instrument installed base. During Q1, we placed 4,163 CAG premium instruments, a decline of 13% against high prior-year levels. Our focus on quality of instrument placements continues to be strong, reflected in sustained levels of competitive and greenfield Catalysts, including 7% growth in the US and 5% gains in Europe, along with double-digit growth in our global EVI metric.

In the US, we placed 1,544 instruments, an increase of 12% year-over-year, supported by strong competitive and greenfield Catalyst placements. In North America, we placed 302 IDEXX inVue Dx analyzers as we move from a controlled to full launch of our exciting new platform. Global rapid assay revenues declined 2% organically in Q1. Rapid assay results were constrained by customers shifting pancreatic lipase testing to our Catalyst instrument platform, which we estimated to be a 5% headwind in Q1 revenue growth.

Global lab revenues increased 1% organically. When adjusting for equivalent days effects, international regions drove solid growth in the quarter, with the US at low single-digit growth.

Global growth was supported by modest volume gains aided by new business. In Q1, net pricing gains in our reference lab line of business were moderated by impacts from previously highlighted major new customer agreements, which we will begin lapping during Q2.

Veterinary software and diagnostic imaging revenues increased 9% as reported, including benefits from a software acquisition last year. 7% overall organic gains were driven by reoccurring revenues, reflecting benefits from ongoing momentum in cloud-based software placements. Water revenues increased 7% organically in Q1 against high prior-year levels. Growth was driven by double-digit revenue expansion in our European region. Livestock, Poultry and Dairy revenues increased 4% organically. Solid gains in the US built off of momentum in the second half of 2024.

Turning to our P&L. Q1 profit results were supported by solid gross margin gains. Gross profit increased 5% in the quarter as reported, and 6% on a comparable basis. Gross margins were 62.4%, up 80 basis points on a comparable basis. Gross margin gains reflected benefits from business mix, including VetLab consumable growth and instrument mix. Reported gross margin gains benefited by approximately 10 basis points related to foreign exchange impacts, net of hedge positions.

Operating expenses increased 4% year-over-year as reported in the quarter and 8% on a comparable basis. This was net of a $9 million or 3% operating expense growth offset related to a favorable adjustment to the discrete litigation expense accrual and 1% from foreign exchange impacts. Q1 OpEx growth was driven by increases in R&D and commercial spending aligned with advancing our innovation road map.

EPS was $2.96 per share in Q1, an increase of 5% as reported and 7% on a comparable basis, net of a 3% EPS growth benefit related to the adjustment of a discrete litigation expense accrual. Foreign exchange reduced operating profits by $4 million and EPS of approximately $0.04 per share in the quarter, net of a $4 million hedge gain. Free cash flow was $208 million in Q1, reflecting normal seasonality.

On a trailing 12-month basis, our net income to free cash flow conversion ratio was 95%. For the full year, we're updating our outlook for net income to free cash flow conversion of 80% to 85%, reflecting the impact of the now concluded litigation matter and estimated impacts as a result of tariff planning.

Our balance sheet remains healthy. We ended the quarter with leverage ratios of 0.7 times gross and 0.6 times net of cash. We look to maintain full-year gross leverage ratios at similar levels. Share repurchases over the last year supported a 2.4% reduction in diluted shares outstanding, and we allocated $415 million in capital to share repurchases during the first quarter.

Turning to our 2025 guidance. Our outlook reinforces consistent full-year goals for solid organic revenue growth, comparable operating margin improvement, and EPS gains. We revised estimates for foreign exchange impacts, reflecting the recent weakening of the US dollar and Q1 discrete litigation expense accrual adjustment. In terms of our revenue outlook, we've updated our full-year guidance for reported revenues to $4.095 billion to $4.210 billion, an increase of $40 million, or approximately 1% growth rate improvement related to foreign exchange at the rates published in our press release.

We've maintained a full-year organic growth outlook of 6% to 9%, supported by 5% to 8% gains in CAG Diagnostic reoccurring revenues, including global net price realization of 4% to 4.5% at midpoint, and expectations for 4,500 IDEXX inVue Dx placements.

We're increasing our outlook for reported operating margins to 31.1% to 31.6% for the full year. This outlook maintains consistent 30 to 80 basis points of comparable operating margin expansion for the full year, net of a 180-basis-point operating margin benefit related to the discrete litigation expense accrual adjustment and updated for foreign exchange effects.

With respect to the dynamic trade environment, we're well positioned to navigate the changing tariff landscape. As previously highlighted, we captured high-level tariff estimates for internationally sourced materials in our initial outlook. We have revised these estimates based on the current US pronouncements, and have incorporated estimates for China's retaliatory tariffs.

Our primary objectives are focused on maintaining continuous supply to customers and minimizing tariff impacts through effective operational planning and balance sheet leverage. Our updated full-year EPS outlook is $11.93 to $12.43 per share, an increase of $0.19 per share at midpoint, driven by $0.11 per share from foreign exchange and $0.08 per share from a favorable adjustment to the discrete litigation expense accrual.

We now estimate foreign exchange will have a negative $0.10 per share full-year EPS impact. Operationally, we're maintaining consistent outlook for 8% to 12% comparable EPS growth.

For our second quarter we're planning for reported revenue growth of 5% to 7.5%, net of approximately a 1% growth headwind from foreign exchange. This operational outlook aligns with overall organic revenue growth of 6% to 8.5%, and organic CAG Diagnostic revenue growth of 5% to 7.5%. At midpoint, the second quarter organic revenue growth outlook includes US clinical visit growth in line with our full-year estimates. We're planning for reported operating margins of 32.9% to 33.4% in Q2, reflecting expansion of 40 to 90 basis points on a comparable basis.

That concludes our financial review, and 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, Andrew, and good morning. 2025 is off to a solid start as IDEXX's innovations gain commercial traction across the portfolio. At the end of March, we launched IDEXX Cancer DX through our reference labs in North America. This first-of-its-kind diagnostic panel for early detection of canine lymphoma brings exceptional levels of performance and is priced to our veterinarian partners in a way that is intended to support broad inclusion and access to pet owners.

Adding to this excitement in the quarter, we continued our rollout of IDEXX inVue Dx, our new-to-the-industry cellular analyzer. With strong pre-order momentum from last year, we placed over 300 instruments in Q1, and moved from a controlled rollout in Q1 to broad availability in April.

Together, these two platforms, IDEXX Cancer DX and IDEXX inVue Dx, represent an important leap forward. They embody our vision for innovation that elevates patient care, supports our customers, and fuels long-term, sustainable growth for IDEXX.

Let's now take a closer look at our commercial performance. Our commercial organization executed strongly in the quarter. We delivered solid growth in organic recurring revenue, including days-adjusted double-digit CAG Diagnostics recurring revenue growth internationally, sustained high levels of customer retention, and expanded our customer base while further expanding our commercial footprint in high potential regions. We delivered strong premium instrument placements in the quarter, including over 1,100 new and competitive Catalysts, resulting in high-single-digit growth in our worldwide premium instrument installed base and double-digit growth in future economic value.

In the US, our commercial team delivered record Q1 placements in EVI, supported by early interest in IDEXX inVue Dx. In Europe, we lapped a record upgrade cycle in hematology from LaserCyte to ProCyte One, while delivering solid growth in competitive and greenfield Catalyst placements. We sustained high levels of customer retention in the high 90s across our diagnostic modalities, demonstrating the ongoing value and trust our customers place in IDEXX. This loyalty is foundational to our growth model, as it enables predictable, recurring revenue while providing a large customer base to introduce innovations like IDEXX Cancer Dx and IDEXX inVue Dx.

Internationally, in addition to another strong quarter with double-digit instrument installed base growth, recent innovations like Catalyst Pancreatic Lipase has been especially well received, benefiting the strong IDEXX VetLab consumables performance. These regions are responding favorably to our tailored commercial strategies, which combine local support with global innovation.

We completed onboarding and training for commercial expansion in South Korea, where customers are primed to adopt IDEXX's innovative point-of-care solutions while benefiting from our in-country reference laboratory capabilities. This additional investment in Korea represents another example of investing towards growth aligned with regional readiness and commercial momentum.

As practices continue to seek productivity improvements, our diagnostic solutions position not just as medical tools, but also as operational enablers. By providing fast accurate results, our platforms help practices see more patients, reduce callbacks, and make better use of limited clinical time. Our field teams partner with customers to optimize workflows, bringing up technicians and doctors to focus on care rather than coordination.

Altogether, the commercial performance in Q1 lays a solid foundation for the year ahead. While macroeconomic conditions remain dynamic, we're seeing strong demand signals and continued willingness by clinics to invest in diagnostics as a core part of animal health. Our commercial model, grounded in partnership, flexibility, and execution excellence remains a key differentiator and a critical enabler of our innovation-led growth strategy.

This was a landmark quarter for IDEXX's diagnostic innovation strategy, as we brought some of our most ambitious, clinically impactful technologies to market. IDEXX Cancer Dx marks a major evolution in our approach to diagnostics, making complex molecular-level testing accessible to general practitioners through a simple, cost effective blood test. Veterinarians now have a tool that allows them to incorporate cancer detection into a wellness visit seamlessly, alongside other blood chemistry and hematology workups.

With turnaround times of just two to three days in the US and a price point as low as $15, this solution provides an affordable solution that delivers powerful clinical insight. Since launch, we now have over 1,000 practices that have already ordered the test, representing broad awareness and strong initial interest.

Cancer is personal to many pet owners. The earlier we can detect cancer and determine the type of cancer, the better the chance for targeted treatments and improved outcomes, such as additional quality of months or years of life. This is only the beginning. Within three years, we intend to broaden the scope of our oncology menu to address the majority of canine cancer cases. With an established diagnostic footprint and strong relationships with general and specialty practitioners, IDEXX is uniquely positioned to lead in this high-impact area of veterinary medicine.

Similarly, IDEXX inVue Dx is poised to transform point-of-care diagnostics across several high-volume testing categories. As noted, we moved from a controlled rollout in Q1 to broad availability entering Q2. With gating controls removed, we've seen an acceleration of placements, with over 900 placements through the end of April, which supports the increase in consumables usage expected to grow throughout the year. This momentum highlights the high level of customer interest in this breakthrough AI-empowered slide-free cytology system.

By combining advanced optics with an AI model trained on millions of cellular images, IDEXX inVue Dx analyzes ear cytology and blood morphology in minutes, while the patient is still in the practice. Seamless integration with IDEXX VetLab Station and VetConnect PLUS allows teams to store, view, and share results with ease.

Customer feedback has been especially enthusiastic around ease of use, confidence in results, and the way it enhances technician workflows by simplifying and automating what was once a time-consuming manual task. We're seeing exciting utilization trends across early adopters, with utilization for both ear cytology and blood morphology well aligned with our expectations. We look forward to sharing additional insights on utilization trends in the future.

Looking ahead, we are in an excellent position for manufacturing, inventory, and commercial capacity to deliver our 4,500-plus placement goal in 2025. And our R&D and operations teams continue to make great progress as we plan to introduce fine needle aspirate capabilities for lumps and bumps on IDEXX inVue later in 2025. This high-interest menu expansion as part of our technology for life approach will unlock substantial value in oncology diagnostics as F&A is a key method for evaluating the ubiquitous lumps and bumps common to many dogs.

Our software ecosystem continues to be an important growth driver and a source of strategic advantage, with deep integrations across diagnostics, imaging, communication, and practice operations. IDEXX software helps clinics unlock the full potential of their diagnostics, improve client engagement, and enhance operational efficiency. This quarter, we saw strong performance across our practice information management systems as well as pet owner engagement tools like Vello.

Our ezyVet and Neo platforms continue to grow as we delivered double-digit placement growth in our leading cloud-native PIMs during the quarter, with accelerated momentum particularly in multi-location practices and a corporate account customer. Customers are choosing our cloud-native platforms for their modern user interfaces, seamless integration with diagnostics, and ability to scale across locations with centralized data and workflows.

Vello, our cloud-native client engagement platform, continued its strong growth trajectory in Q1, increasing users over 20% from Q4. Vello users have experienced enhanced communications with pet owners, increased visit frequency, and improved compliance with diagnostics and treatment plans compared both to customers who are using other client engagement platforms, or relying on a simple capability resident in their PIMs.

As we manage through ongoing uncertainty in the global trade environment, our top priority is to support our customers with uninterrupted access to the high quality products and services they rely on IDEXX for. IDEXX is relatively well positioned, with 65% of consolidated revenues, and a majority of our CAG industrial base located in the US, while less than 1% of company revenues come from China.

While situated well, we are not immune to impacts from a highly dynamic tariff environment. As Andrew noted, we captured high-level tariff estimates for internationally sourced materials in our initial outlook, and have now incorporated estimates for China retaliatory tariff impacts. Our supply chain and operations teams are intensely focused on navigating the shifting tariff landscape and broader economic challenges. We have taken and are taking additional proactive steps to ensure staging where appropriate, and implementing plans to support high product availability while also seeking to mitigate financial impacts as we look to deliver our profit goals.

As noted, we're operating in a challenging environment, where both the broader macro and global trade environment as well as continuing sector factors have moderated our growth. Though veterinary capacity constraints have largely stabilized, economic uncertainty continues to be a factor in pressuring clinical visits.

We are pleased to share, as a point supporting the resiliency of the pet healthcare market, that the estimated pet population sustained in 2024 at similar levels to the prior year. Notably, this represents approximately 3% CAGR versus 2019 baseline, well ahead of historical approximately 1% annual growth rate. This higher baseline of the absolute number of pets supports strong tailwinds to our business, that gives us confidence in the opportunity to deliver solid organic revenue growth. Pet ownership remains high. Pets are living longer, and the expanded pet population is aging, which are all positive factors for diagnostics use.

Diagnostics sit at the center of the system of care. And pet owner expectations for quality care continue to rise. IDEXX is uniquely positioned to lead, and our focus is on exceptional execution to deliver solid growth and profit gains.

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.

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

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] We will now move to your first question coming from Michael Ryskin with Bank of America.

<Q – Mike Ryskin – BofA Securities, Inc.>: Great. Hey, can you hear me?

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah, we got you.

<Q – Mike Ryskin – BofA Securities, Inc.>: Hey, thanks for taking the question, guys, and congrats on the quarter. I'll start with a high-level question on visits and the macro. I mean, total visits from your snapshot down 2.6% in the quarter. Better than some third party data actually indicated. But you saw pretty meaningful swings between wellness and non-wellness. Looks like non-wellness deteriorated. Wellness kind of snapped back after being down a little bit in 4Q. Was wondering if you could just talk about what you're seeing there from a market perspective, the changes over the last couple months, and just an updated view for the rest of the year.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Good morning, Mike. Thanks for that question. Largely we've seen a consistent trend from both wellness, non-wellness. We do see some variation quarter-to-quarter obviously.

From a wellness standpoint where the front end of the vector-borne disease screening part of the year. So there's obviously some activity related to that, and you'd expect to see some snapback.

We still think that the overall market overhang from a macro standpoint is providing some moderation, some headwinds to wellness visits. But in general, I think there's some level of optimism that the clinical visit moderation that we've seen has stabilized. And more practices, both independent and corporates are really focused on trying to re-engage customers, getting them back into the practice. And the wellness visit piece is a key strategy for that.

<A – Andrew Emerson – IDEXX Laboratories, Inc.>: Yeah. Mike, I would just add, just in terms of the quality of the visits, right, something we pay close attention to, we saw increase in both frequency and utilization for those that are coming into the clinic. So while we continue to see a headwind on the actual pets coming in the door, I think the quality remains strong in the use of diagnostics. And that's a key part of our strategy going forward.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: The other thing I would just add quickly is part of our strategy with like IDEXX Cancer Dx and the initial launch of lymphoma is to include that as part of the screening offering. We know that there's been a lot of receptivity on the part of customers to think about cancer screening and to include that as part of their wellness offering. And within a month we've seen over 1,000 unique practices order the test. So that's something we think over time can provide a tailwind.

<Q – Mike Ryskin – BofA Securities, Inc.>: Okay. That's helpful. And then my follow-up's just going to be on the inVue. You did 302 in the quarter, but then you talked about I think 900 cumulative through the end of April, so really picked up the pace in April as you remove the gating. Just what's been the feedback as you've opened it up to more broader release? And you're still sticking with the 4,500 for the year, but just how should we think about pacing for that through the rest of the year? Thanks.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. So what I've guided to is 4,500 plus. But 4,500 is what is in the guidance. See, we're very enthusiastic about inVue, because customers are enthusiastic about it. Couple pieces of feedback that I think are important. One is, these are very well understood clinical use cases in terms of ear cytology, blood morphology. So you don't have

the – if you're bringing something that's new to the world or new to how they practice, there's obviously market or sector development activity connected with that. That's not the case here.

Practices across the board do these type of tests every day. So being able to eliminate work, you don't have to do a slide. That's a 15 to 20 minute exercise that captures the actual charge and invoices the customer to being able to provide consistent and accurate results. These are all things that customers respond to. And the initial feedback we've seen from a utilization standpoint very much in line with where we thought it was going to be. It's early days.

To the earlier point of your question we have moved from more of a gated approach to full volume and ramped up pretty significantly in April. We'll continue to work through backlog at a fairly rapid pace. We have the capacity, both in the field and product ready. And we know that that's important to get it out into our customers' hands and get the recurring revenue flywheel going.

<Q – Mike Ryskin – BofA Securities, Inc.>: Thanks. I'll leave it there, guys. Thank you.

Operator: We will now take the next question from Chris Schott with JPMorgan.

<Q – Ekaterina Knyazkova – JPMorgan Securities LLC>: Thank you so much. This is actually Ekaterina on for Chris and JPMorgan. Thank you so much for taking our questions. So first, just on the theme of the macro, can you just maybe talk about the overall health of the pet owner demand in the US at this point? And maybe if you're starting to see any changes as you think about the broader economic environment, as we potentially head into a recession.

And then the second question's just around tariffs. Can you elaborate a bit on your exposure and how you're thinking about potential impact? And if there's any ability to mitigate some of that over time, and how you're thinking about potential future retaliatory tariffs after that 90-day pause and what you're most focused on there? Thank you so much.

<A – Andrew Emerson – IDEXX Laboratories, Inc.>: Good morning. Thanks for the questions. So when we think about the macro and the consumer, just as we were highlighting it, we certainly are seeing some pressure in terms of the clinical visits. And that's more recently played out on the wellness side. I think as we look at the consumer, they, on the margin, are making trade-offs in areas of elective type of procedures or visits for wellness. And we see that pressure on our clinical visit metrics here overall.

So that's been an ongoing constraint. I think we have that well factored in our outlook. We're not expecting any meaningful change associated with that. Our guidance is a range. I think we capture positive improvement or a little bit more of a decline associated with trends within that metric. But again, I come back to the quality of the visits that we continue to see partnering with our customers at the veterinary clinic level.

The diagnostic frequency and the utilization continue to be really important drivers for the business, and that comes back to execution from the teams, our ability to continue to drive new innovations. And I think we're really excited by some of the more recent ones between inVue Dx and Cancer DX as Jay was highlighting. Already seeing the early ramps within those.

So I think it's something we're continuing to monitor, but feel like we have that captured in our outlook ultimately, and it's not a major trend change in anything that we're seeing at this point in time.

Just thinking about the tariff component, yeah, I think one of the things we highlighted was about 65% of our overall revenues are really US based. And our CAG industrial footprint is largely US based as well. So we're relatively well positioned from that perspective. Jay also highlighted that China represents less than 1% of our overall revenues here. We're certainly focused at this point of

just making sure that we can supply our customers. And really have some operational plans put in place, leverage our balance sheet where possible to minimize the impacts of tariffs, including the post-90-day pause that you highlighted there.

So something we're working through. We're paying close attention to that. But again, feel like we're well positioned to manage that. Operationally, we're sticking with our guide that we had started with at the beginning of the year.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah, I would add just a couple of other points. If you think about our reference lab business, so over 80 reference labs on a global basis, those are essentially local for local-type factories within the countries. And so the tariff impact is pretty, pretty small, maybe related to some of the regions or what have you. But that's largely manageable, and it gives us good local reach.

To Andrew's point, what we learned during the pandemic is customers really value product and business continuity. They don't want to have to worry about tariffs and what it may mean from a product standpoint. And so we're very focused. Our supply chains are resilient, focused on really making sure that customers get what they want when they need it. And we have a high degree of confidence that we're well positioned to be able to do that.

<Q – Ekaterina Knyazkova – JPMorgan Securities LLC>: Thank you.

Operator: We will now go to our next question from Erin Wright with Morgan Stanley.

<Q – Erin Wright – Morgan Stanley & Co. LLC>: Great. Thanks. Could you talk a little bit about Cancer Dx and the pull through that you're seeing, for instance, for those who have used it, are familiar with it? And like, is it every wellness panel is becoming that premium wellness panel? Or what's the goal there in terms of that conversion rate and any sort of metrics you can give on that front? I know it's early, but would love to hear it. Thanks.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Sure. Good morning, Erin. Yeah. We're only a month in, so it is early. We have seen very – I think we're very pleased with the awareness and initial uptake with over 1,000 unique customers ordering it. And many of those customers have ordered more than one. It's too early from a trend standpoint to understand the mix between aid-in-diagnosis versus part of the wellness panel. We think that there's a role to play in each of those, and we've positioned both from a product offering and a pricing strategy standpoint, giving customers the option of doing both.

We've priced it in a way for inclusion in wellness, so that, from a performance and price standpoint, it can support practice strategies of including it more broadly as part of a wellness screen. I think a lot of veterinarians have resonated with that. They recognize that pet owners are looking for that. And there's a lot of breeds, designer breeds so to speak, that are at higher risk as young adults, four, five years of age.

So the initial feedback has been great. I think customers see this as something that is long overdue, and that they're very enthusiastic about it, and looking to really include it as part of their care strategies.

<Q – Erin Wright – Morgan Stanley & Co. LLC>: Okay, great. And then on guidance, I guess what gives you confidence right now in terms of – and it sounds like you do feel like you have some conviction in terms of underlying utilization trends. But I guess, what gives you confidence in the pickup in CAG recurring for the balance of the year? Like what's at the high end versus the low end of guidance from a vet office visit standpoint? And yeah, I know you spoke to the disconnect with some of the other industry metrics. But just trying to understand what some of the buffers are in your guidance at this point. Thanks.

<A – Andrew Emerson – IDEXX Laboratories, Inc.>: Thanks for the question. Good morning, Erin. This is Andrew. So from a guidance standpoint, if I just come back to the underlying business in the trends that we're currently seeing, we're really expecting that to stay similar throughout the year. At midpoint we had highlighted for the full year that we expected clinical visits to decline similar levels to 2024, which is approximately 2%. If you take a step back and think about the last four quarters, it's still within that range. It's just over 2% from a metric standpoint. So we're not expecting any major change within the clinical visit component of this.

Really what this comes down to is our ability to continue to ramp innovations. Again, we're really excited by inVue Dx and Cancer Dx, but we also have other menu expansions like our Pancreatic Lipase Test which continues to add positive momentum for our business.

The other kind of components that we'll continue to see play out here, as we noted, the lapping of some of those large customer agreements. Yeah, I think we have the ability to both gain a little bit of price associated with that as well as, when we think about the ability to expand the relationships there and capture volumes over time. So we have a lot of really good building blocks that we're putting in place.

The guidance is a range, right? So we certainly have a range of outcomes here that we're expecting. It's a bit wider than we typically may be as well. So I think we're capturing that piece of it.

And then in Q1 in particular, I think we also just had a day's headwind. So when you normalize for that, it's another component that you think about the overall outcome being pretty similar to the trends that we've seen in the second half and what we're expecting for the full year.

So overall, I think we're well positioned. And there's certainly a variety of variables that we're considering. And I think the range allows us to stay consistent at the moment.

Operator: [Operator instructions] Your next question is coming from Jon Block from Stifel.

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: Hey, guys. Good morning. Maybe just the first on inVue, a small series of questions all wrapped into one. Jay, I think the inVue order number was 1600 last quarter. You gave more details around shipments, but is there an updated order number to share as of the end of the first quarter?

And then regarding FNA timing, I think you said later in 2025. But you've been saying later in 2025, so anything more granular that you can give. And the final one is that additional metric in April of I think the implied 600 shipments for the month of April, like, what led to that accelerating rate? Was it a component issue that was rectified? Did you get the software in a better place to accelerate the shipments? Maybe you can comment there. And then I'll ask my follow-up.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Good morning, Jon. As I've described in the past, when we launch a new instrument, typically we go through a controlled launch process. And that's an opportunity to put, add volume, like product, in the hands of customers. You always learn things that may involve some tweaks to an algorithm or helping to refine the training and onboarding experience. And we went through that process. We've done that with every instrument. And it tends not to be a long process. It can be a couple months, three, four months, something like that.

We got confident that we were delivering the right experience with inVue, and we opened up the gates. And so April represented confidence that we're now through the controlled launch period and can deliver the experience we want to with customers.

Now that we're in volume launch, we're no longer disclosing backlogs for the product itself. And we'll just continue to report like we do for the other products in terms of what we ship and put in the hands of customers.

In terms of the Cancer Dx, we have said, I think consistently, that FNA is an important part of the menu, that it's targeted later on in 2025. That's still our plan. We have teams working on it. We know it's an important part of the menu that customers want, and an integrated part of the overall company's cancer strategy.

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: Okay. So no order number going forward. And the last part of that question which was like, what resolved the bottleneck on the shipments. Any commentary there, if that was software or components or, could you sort of get after that?

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Well, it's just part of, as I was describing, the controlled launch piece where you want to exercise the system.

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: Okay. Yeah.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: There's always things you learn, there's tweaks you make to the algorithm from a manufacturing standpoint of the instrument and the consumable, and the field organization capacity is in place. I can't point to a single thing and say, that was it. It's more just how we run product launches that deliver a very high customer experience.

<Q – Jon Block – Stifel, Nicolaus & Co., Inc.>: Okay. That was helpful. Thank you. And then maybe I'll ask a similar small series of more annoying questions for Andrew. So, Andrew, just maybe you could just help us out on a couple things. The guidance that you gave or the metrics you gave for 2Q 2025, is that call it day neutral? I might have missed that. And if so, when we think about that acceleration in 2H, is that when you get that day or so back from 1Q? Can you help us out on why the visit data, the sample size is down to 7,500 from 8,500 last quarter? It moves around. But that was a pretty big move. Maybe you can give some clarity there.

And the last one is I thought I heard you say FX was a headwind Q on Q. I might have missed that, but maybe if you can just clarify the FX and the impact to the reported revenue for 2Q. Thanks, guys.

<A – Andrew Emerson – IDEXX Laboratories, Inc.>: Yeah. Good morning, Jon. So just in terms of days for Q2 in particular, we didn't highlight anything one way or the other. So, any impact that we have from a days perspective in Q2 wasn't something we called out and wouldn't be a material driver.

So to your point, I think we will benefit in the second half related to that compare if you're just looking at a half 1 to a half 2 type of metric. That is part of I think the acceleration that you could think about as part of that second half benefit.

When we think about the FX component, again, we're planning for about a 1% headwind for foreign exchange year-over-year. That's for the full-year outlook and Q2 at this point. It aligns with the rates that we publish in our press release.

Certainly foreign exchange has been relatively volatile lately. So I think it's something we're again paying attention to, but we're being transparent about what we have in planned. Just to give you a sense for sensitivities, a 1% change in foreign exchange rates would be about $11 million on the top line and $4 million of operating profit. So we'll continue to provide that level of transparency. But just to give you a flavor for how we're seeing the planning rates play out here.

And then on the visit data, again, to your point, I think it changes from period to period. I think it's largely in line with what we saw in terms of our Q4 numbers as well. So it's in that 7,000 to 8,000 range in the last several quarters here. And we'll pay attention to that. But nothing meaningful to call out there. Just tends to be how do we make sure we have a comparable basis, and it's still a really material portion of the overall sector. So yeah, I think it's a meaningful number.

Operator: Next question is coming from Brandon Vazquez with William Blair.

<Q – Brandon Vazquez – William Blair & Co. LLC>: Hi, everyone. Thanks for taking the question. I'll ask two up front because they're kind of related here. One is you guys were talking a lot about macro. So just curious how things have trended more so in April. I think a lot of us are trying to understand. The consumer tea leaves are a little harder to read these days. So curious how wellness visits, especially, have been trending more so into April and how you guys are feeling there.

And the kind of interconnected question to that is, despite the noise around macro, your utilization ex price has actually been pretty strong the past couple of quarters and has remained pretty resilient. So curious if you could talk a little bit about how that utilization is – what's driving that utilization growth despite the macro, how durable you think that can be as we go through 2025. Thank you.

<A – Andrew Emerson – IDEXX Laboratories, Inc.>: Yeah. Thanks, Brandon, for the question. I'll start. Maybe just to highlight it, we don't really typically talk about anything in-period here. So while Jay highlighted the ramp that we had on inVue Dx, which I think is really exciting and points to how we're thinking about that ramp going forward, we're not necessarily going to get into visit metrics here for April. The guide, again, if you just think about where we're positioning for Q2 at midpoint, CAG Diagnostic reoccurring revenue would be about 6.25%. And so that's largely in line on a days adjusted basis with what we saw in Q1. And we highlighted that, again, for the Q2 at midpoint, we would expect similar clinical visit levels as the full-year outlook, which approximates around 2% declines for the full year.

So I think those are probably the most important metrics to be thinking about in terms of how we see this playing out over time. And to your point, I think on the utilization component here, that's really encouraging for us. Again, the frequency and the utilization are key aspects of our strategy overall. I think we do see a level of resiliency here. That's what we've always said about the business is we're not immune to some of these macro impacts. And certainly we've seen that play out on clinical visits, but we see a resilient business that people are willing to continue to make trade-offs for their pet's health over time.

Operator: Next question is coming from Dan Clark with Leerink Partners.

<Q – Dan Clark – Leerink Partners LLC>: Great, thank you. Just wanted to stick with the theme of macro here. Is that a topic that comes up at all when you're discussing potential inVue sales with your customers? Or like what are they focusing on in addition to just being broadly enthusiastic about the new product? Thank you.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Hi, Dan. This is Jay. The customers, what we see pretty much across the board, have a pretty significant appetite for new technology provided it hits a sweet spot in terms of delivering good clinical impact, but also workflow optimization. So we see practices, whether it's an independent practice or the corporate groups, really willing to lean into technology investment. We've seen this on the software side. We're seeing it on the capital side. They are, I think, discerning consumers, so to speak. They want to know that it's not adding work or taking work away from their practices because, though I think staffing has largely stabilized, what they don't want to do is put themselves in a position where they will need more staff.

They also want to know that the technology can be applied to help them deliver more consistent and accurate care. So whether it's Cancer Dx or inVue or Pancreatic Lipase or the type of things that we're offering, a lot of, I think a lot of enthusiasm for those type of solutions. And we've seen that in the numbers.

Operator: Your next question is coming from David Westenberg with Piper Sandler.

<Q – David Westenberg – Piper Sandler & Co.>: Hi. Thanks for taking the question. So I wanted to hit on the pet adoption trends. Are you seeing – at least the data I think is suggesting there might be a little bit more cats than dogs in the pet adoption trend. Can you talk about how that changes the utilization dynamics, and if there's any innovation or drive or kind of like conversations with customers in terms of how to get these, the utilization of cats, up?

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. Good morning, David. We were very, I think, pleased with the overall trend being flat. It had come off, as you recall, through the pandemic and after the pandemic, really from a very significant adoption high. And as I mentioned in my remarks, it's approximately a 3% CAGR going back to 2019. Historically, that's a 3X figure. There's some mix in the cats, not surprisingly. I think there's increasingly interest in being able to provide excellent care to cats in addition to dogs.

So we expect over time to see higher standards of care being able to provide. A lot of our solutions like SDMA, for example, are tailor-made towards cats because there's a higher incidence of chronic kidney disease in cats. So we have a really nice portfolio. Our triple from a rapid assay standpoint is the gold standard in being able to support cat health, and something that we continue to look at and really understand how better to support cat health.

<Q – David Westenberg – Piper Sandler & Co.>: Thanks. And just another one on macro. But you guys specifically, I think you did mention the 10% growth in EVI. So I'm guessing maybe this leans towards 360. But I was just thinking about the dynamics and kind of the uncertain environment, whether or not they are gravitating toward 360 or a capital purchase. Just the only consideration of maybe 360 is, in an uncertain environment, you also want to have the minimum commitment. So just any color there on how to think about the purchase decisions that the customers are making. Thank you. And that's my last one.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah. IDEXX 360 has always been our primary. Or the majority of placements occur through IDEXX 360 as a program. So there's a lot of I think customer receptivity to it. And what we said is we said the EVI placement was double digits on a global basis. So obviously the quality of placements across our premium instrument portfolio was very high, which is what we shoot for. And really driven by competitive and greenfield Catalysts of both in the US and international. So we pay a lot of attention to quality of placements. We continue to make great, great traction and we'll provide updates throughout the year on that.

Operator: And your last question will be coming from Navann Ty with BNP Paribas.

<Q – Navann Ty – BNP Paribas Securities Corp.>: Hi. Good morning. Do you remain confident on the 4%, 4.5% net price given the vet visit environment? And I have a question on inVue as well. Is your confidence still based on the existing menu, or would you say the FNA expansion will materially help to reach the 4,500 target? Thank you.

<A – Andrew Emerson – IDEXX Laboratories, Inc.>: Good morning, Navann. Maybe I'll just start with your first question. So, as part of our 2025 outlook, we have said at midpoint that pricing is 4% to 4.5%. In Q1, we highlighted that we delivered 4% from a global net price realization perspective. So I think we're still confident with our overall focus on pricing at this point. Maybe I'll hand the call to Jay to talk to your next question, however.

<A – Jay Mazelsky – IDEXX Laboratories, Inc.>: Yeah, the menu on inVue is your cytology, blood morphology, and then we said later on in the year, FNA for lumps and bumps. And customers who purchase at this point have purchased based on the ear cytology and blood morphology. And they recognize that we have a technology for life orientation. I think there's a lot of confidence that we'll continue to expand the menu.

But our guidance and our outlook is based on what we've delivered in the hands of customers today, and that obviously as additional menu comes out, they'll be able to use that. And we provided, I think, back at Investor Day, some guidance in terms of the overall value of that consumable stream, between $3,500 and $5,500 annually which includes FNA as part of that model.

<Q – Navann Ty – BNP Paribas Securities Corp.>: Okay. That's helpful.

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

So 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. Once again, my pleasure to share how IDEXX executed against our organic growth strategy while delivering strong financial results in the first quarter.

So with that, we'll conclude the call. Thank you.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.

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