

IDEXX Q2 2019 Earnings Highlights (NASDAQ: IDXX)



Revenue

Q2 2019 **\$620M**

Reported growth: + 7%
Organic growth: + 9%

CAG Diagnostics Recurring

Organic growth: + 11%



Operating Profit

\$164M

26% of Revenue

YoY change in basis points:

Reported + 140 bps
Constant currency + 120 bps



Diluted Earnings Per Share

\$1.43

Reported growth: + 16%

Comparable constant currency growth: + 19%

Region	Q2 Revenue	Reported Growth year over year	Organic Growth year over year	Selected Business Segments	Q2 Revenue	Reported Growth year over year	Organic Growth year over year
U.S.	\$389M	+ 9%	+ 9%	CAG	\$547M	+ 8%	+ 10%
International	\$231M	+ 3%	+ 9%	Water	\$35M	+ 6%	+ 10%
				LPD	\$33M	-5%	0%

CAG Detail

Q2 Premium Instrument Placements

	Catalyst®	1,635
	Premium Hematology	934
	SediVue® Dx	602
TOTAL		3,171
	SNAP Pro®	2,663

Net CAG Revenue

	Q2 Revenue	Reported Growth year over year	Organic Growth year over year
CAG Diagnostics Recurring	\$477M	+ 9%	+ 11%
<i>IDEXX VetLab® Consumables</i>	\$175M	+ 10%	+ 13%
<i>Rapid Assay Products</i>	\$69M	+ 8%	+ 9%
<i>Reference Laboratory Dx & Consulting Services</i>	\$214M	+ 8%	+ 10%
<i>CAG Diagnostics Services and Accessories</i>	\$20M	+ 7%	+ 9%
CAG Diagnostics Capital – Instruments	\$32M	-9%	-7%
Veterinary Software, Services & Diagnostic Imaging Systems	\$38M	+ 9%	+ 7%

Full Year 2019 Outlook

Growth
year over year

Comparison to 2019 Outlook Provided on Q1 Call
(provided in Q1 2019 Earnings Call on May 1, 2019)

Revenue **\$2,380 - \$2,410M**

Reported: + 7.5% - 9.0%
Organic: + 9.5% - 10.5%

CAG Diagnostics Recurring Revenue

Reported: + 9% - 10.5%
Organic: + 11% - 12%

- Refining our overall organic revenue growth outlook to 9.5% - 10.5%, lowering our high end growth outlook by 0.5%, incorporating our second quarter results while maintaining our guidance for 11.0% - 12.0% organic growth in CAG diagnostic recurring revenues

EPS **\$4.82 - \$4.92**

Reported: + 13% - 15%
Comparable
Constant Currency: + 17% - 20%

- Raising EPS Guidance by + \$0.05 per share at mid-point: \$0.04 per share in benefit from lower projected effective tax rate and \$0.02 per share in operational improvement and updated interest rate projections, partially offset by a \$0.01 per share impact from updated foreign exchange assumptions.

Free Cash Flow **~60% - 65%** Of Net Income

For full financial data, non-GAAP reconciliations and cautionary language regarding forward-looking statements, please refer to IDEXX's fiscal year 2019 second quarter earnings release issued on August 1, 2019 available at <https://www.idexx.com/investors>. Amounts presented may not recalculate due to rounding.

U.S. Companion Animal Practice Growth Update

Updated Methodology Introduced in Q1 2019

Last quarter, we introduced an enhanced analytical methodology which provides a new metric for Q1 2018 forward - clinical visits per practice growth. In our quarterly updates, we plan to refresh the quarterly per practice growth rates for clinical visits, total visits and practice, to ensure the latest data and insight are available to you.

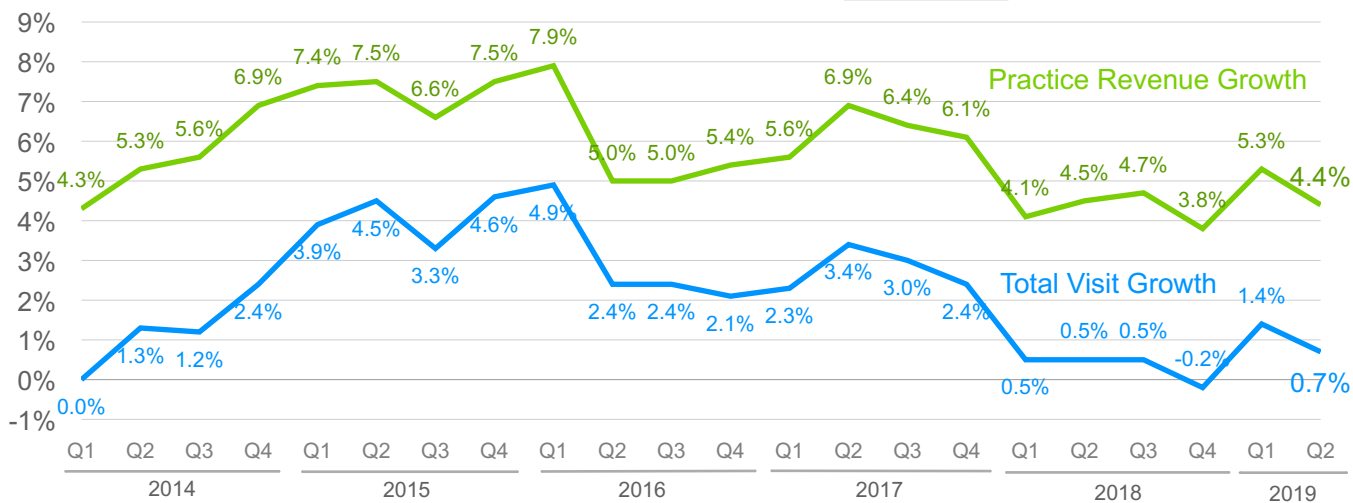
Clinical visits, representing approximately 56% of total visits in 2018, are those where the reason for visit involves an interaction between a clinician and a pet, including wellness and non-wellness visit types. Assessing and tracking clinical visit trends is helpful for the profession, and is more relevant to assessing the health of the diagnostics market segment, since these visits present the opportunities to assess and manage the health of the pet.

Notably, the rate of growth in nonclinical visits, including retail, boarding and grooming visits, has declined in the veterinary practice segment, resulting in deceleration of total visit growth since Q2 2017.

- Data Source:
 - IDEXX Practice Intelligence data
- Sample:
 - ~7,500 practices
 - Representing five different practice information management systems (PIMS)
- Analytical Approach:
 - Algorithm-based analysis of practice activity, including proprietary visit classification modeling
- Weighting Framework:
 - Weighted based on practice size and region, to reflect market composition, prepared in collaboration with Animalytix

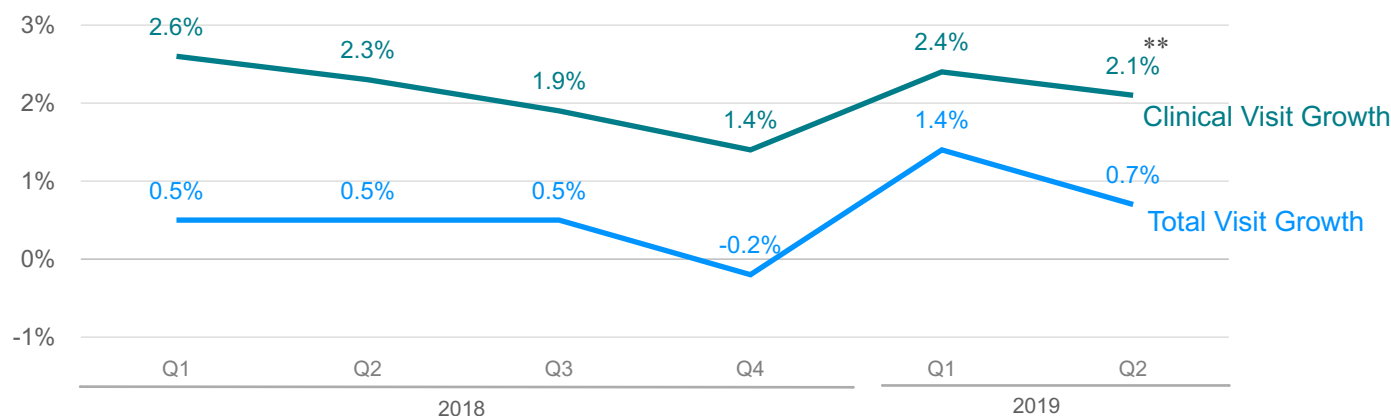
Total Practice Revenue and Visit Growth

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



Total and Clinical Visit Growth

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



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

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