

# **IDEXX Laboratories, Inc.**

Raymond James 43<sup>rd</sup> Annual  
Institutional Investors Conference

**Jay Mazelsky**

President and Chief Executive Officer

March 7, 2022

**IDEXX**







## Safe Harbor Disclaimer

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

We refer in this presentation to projections communicated at our Investor Day on August 12, 2021 and our 2022 outlook communicated on February 2, 2022; these references speak only as of the respective dates on which they were communicated and shall not be deemed to be a reiteration or affirmation of the guidance or an indication that our expectations have not changed since that time.

### Non-GAAP Financial Measures

In this presentation, we refer to some non-GAAP financial measures. For a reconciliation to the most comparable GAAP financial measures, we refer you to our footnotes and the Appendix to this presentation, which also refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2021, both available at [www.idexx.com/investors](http://www.idexx.com/investors).

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

# IDEXX Focus: Increasing Companion Animal Healthcare Globally Through Innovation, Insight and Customer-focused Engagement

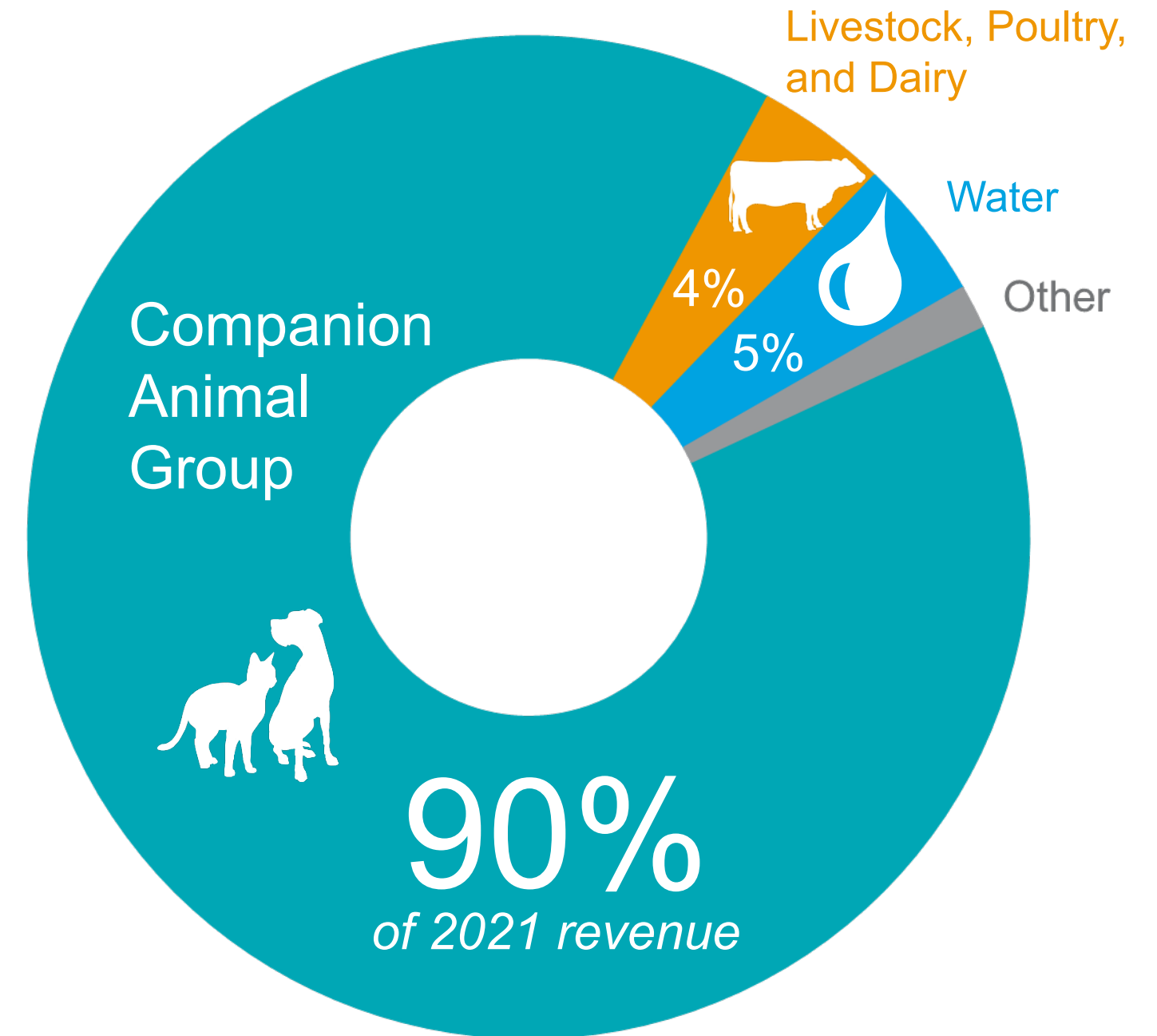
- Decades+ opportunity to increase standard of care (~\$37 billion TAM)
- Innovation delivering best-in-class, integrated diagnostic and software solutions
- Global commercial capability and multi-modality offering advancing adoption and diagnostic utilization
- Long-term, durable 10%+ organic growth potential with high ROIC





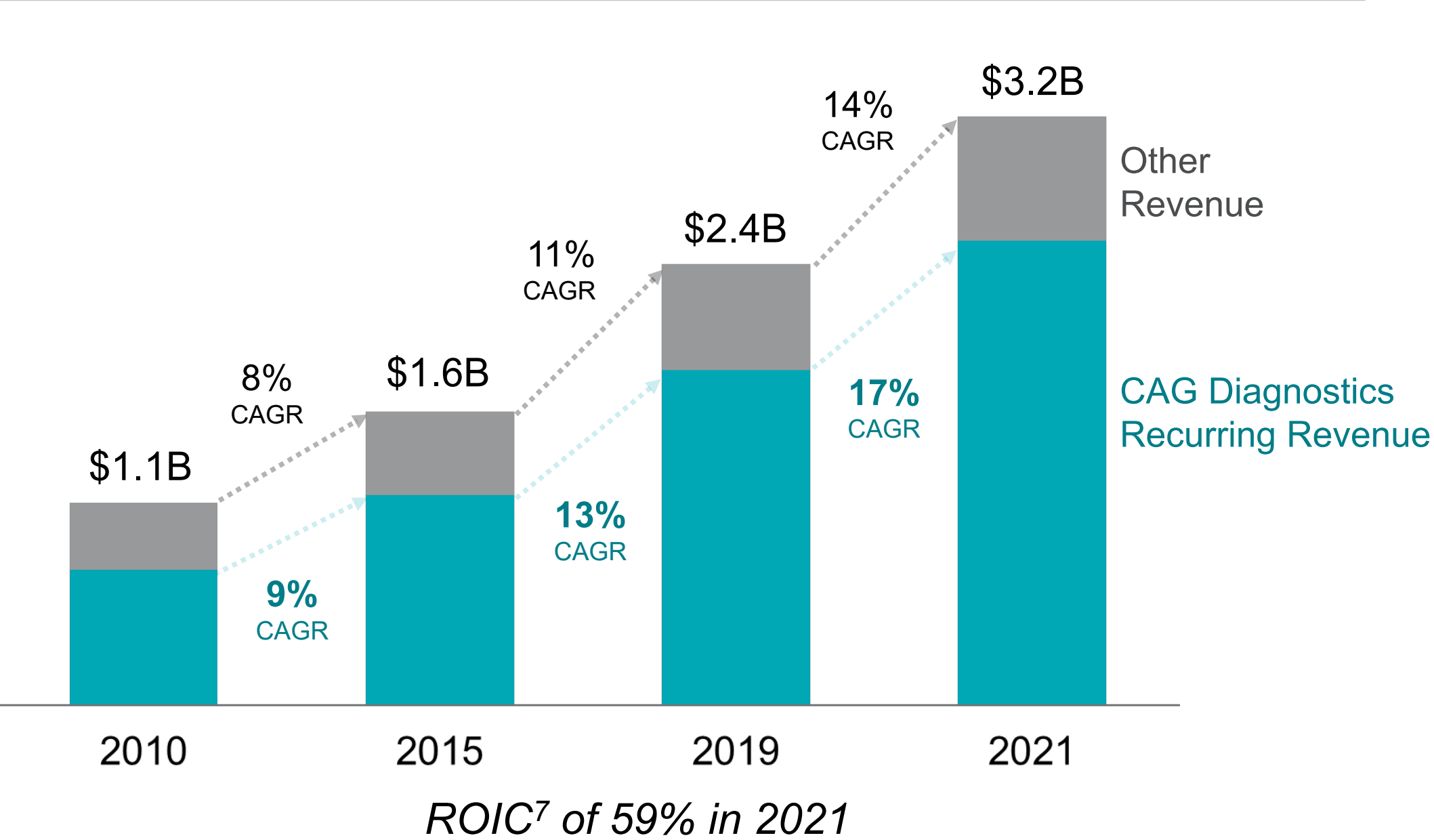
# We Focus on Pet Healthcare Diagnostics and Software

- Highly attractive long-term growth opportunity
- Global leadership position
- Innovation driven
- Durable recurring revenue model
- Consistent double-digit organic revenue growth history



# Consistent Strategy Yields High Long-term Revenue Growth and ROIC Supported by Strong Gains in CAG Diagnostics Recurring Revenue

IDEXX Revenue and Normalized Organic Revenue CAGRs (\$Billion)<sup>3</sup>



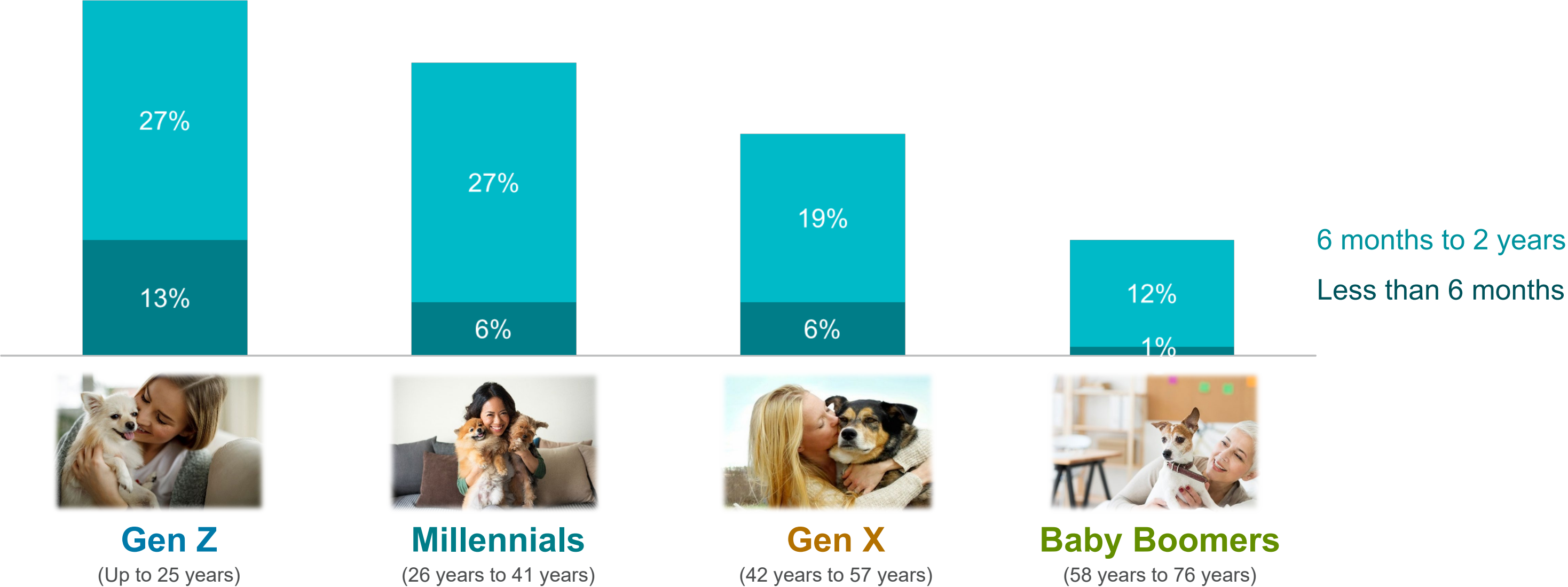
## Key Growth Drivers

- Innovation: diagnostic menu, new and existing platform extensions, integrated software
- Direct commercial model with subject matter experts and supporting ecosystem
- Geographic expansion
- Advancement of leading reference lab service model and network in key geographies

<sup>3, 7</sup> Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

# Pet Population Expanded Significantly\* – Driven by Gen Z and Millennials

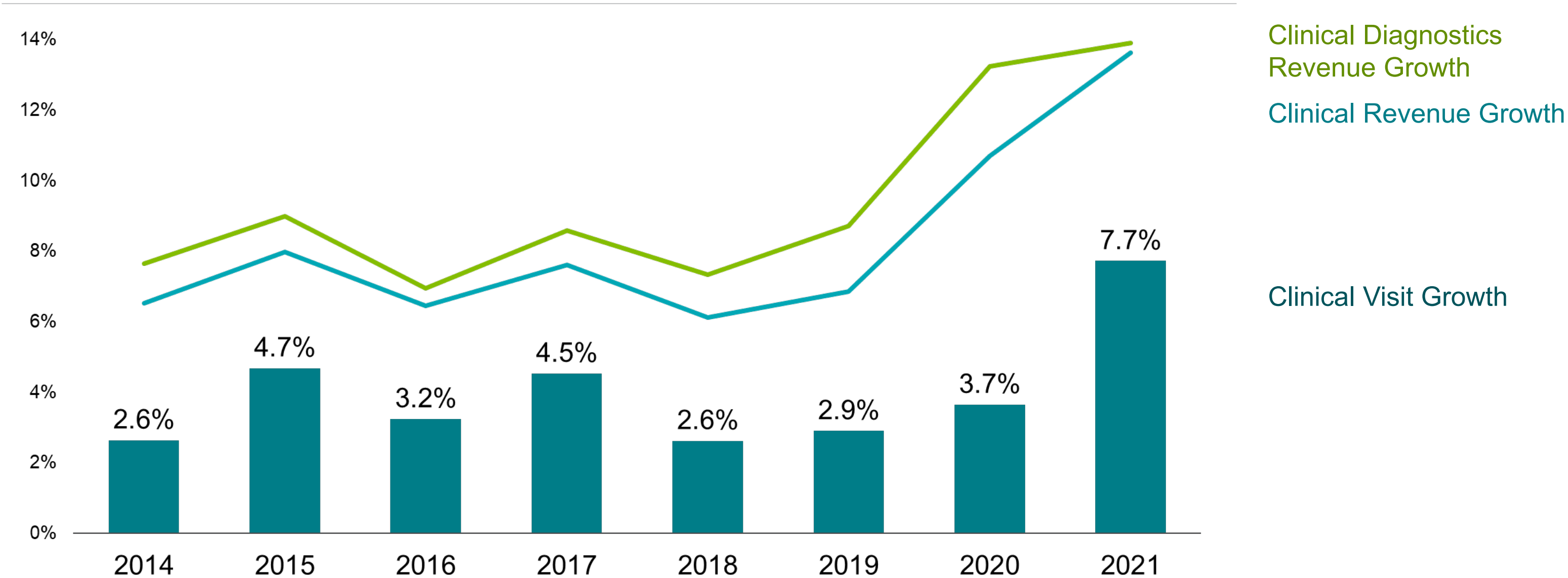
Percentage of U.S. Dog-owning Households with at Least 1 Dog Under 2 Years of Age  
as of December 2021



\* 2020 estimated U.S. pet population growth of ~6% (~10MM) based primarily on modeling of inputs from IDEXX primary research (n = 959 pet owners), published primary research estimates, compared to a normal year net population growth of ~1%.  
Question: [For those with at least one dog] What are the age(s) of your dog(s)? (Percentages reflect having at least 1 dog of this age).  
Source: Based on IDEXX U.S. Pet Parent Research Study fielded December 2021 (n = 1,563 U.S. pet parents); Excludes those responding they were unsure.

# Clinical Service Expansion Supporting Accelerated Growth

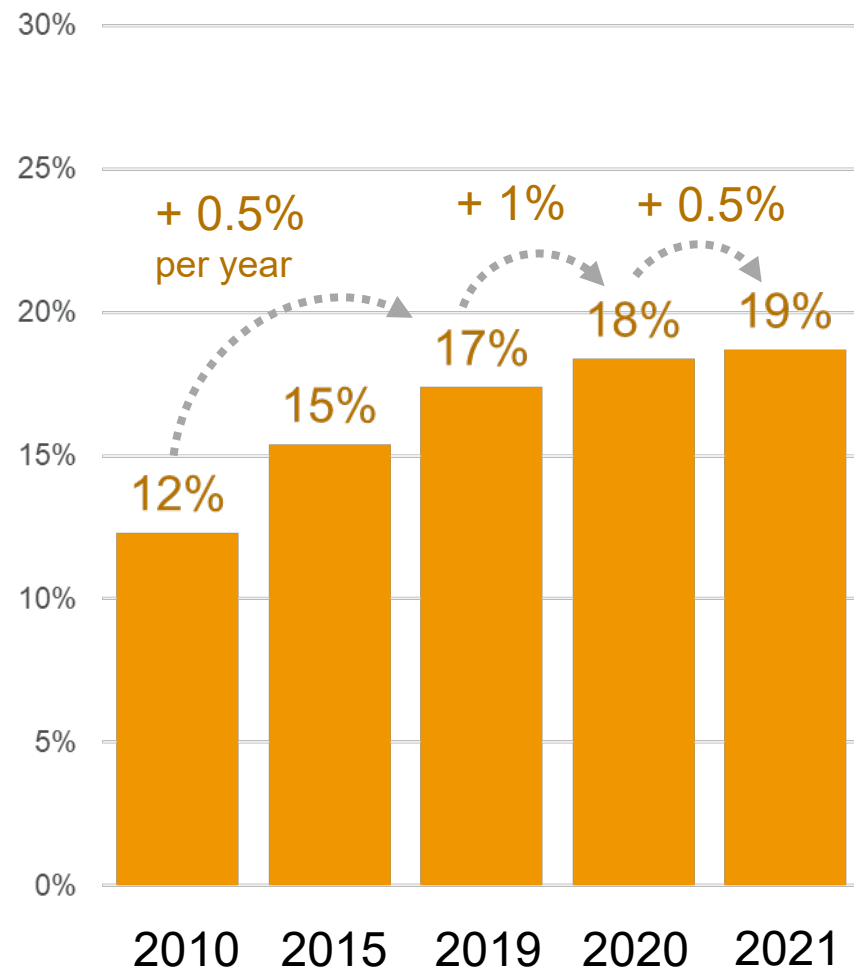
U.S. Clinical Visit and Clinical Revenue Growth per Practice Trends



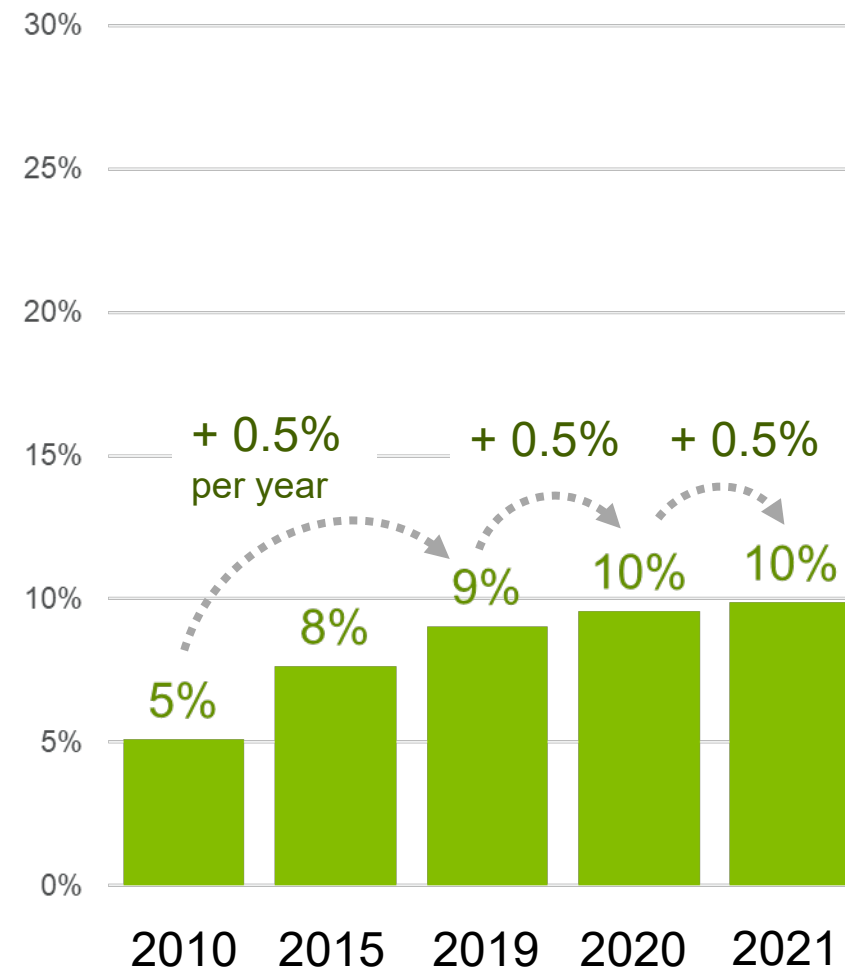
Source: Based on an analysis of IDEXX Practice Intelligence data; sample of ~8,900 practices representing six different practice information management systems, weighted based on practice size and region to reflect market composition. Clinical visits are those where the reason for visit involves an interaction between a clinician and a pet.

# Bloodwork Testing Utilization Continues to Expand – Building on Accelerated 2020 Gains

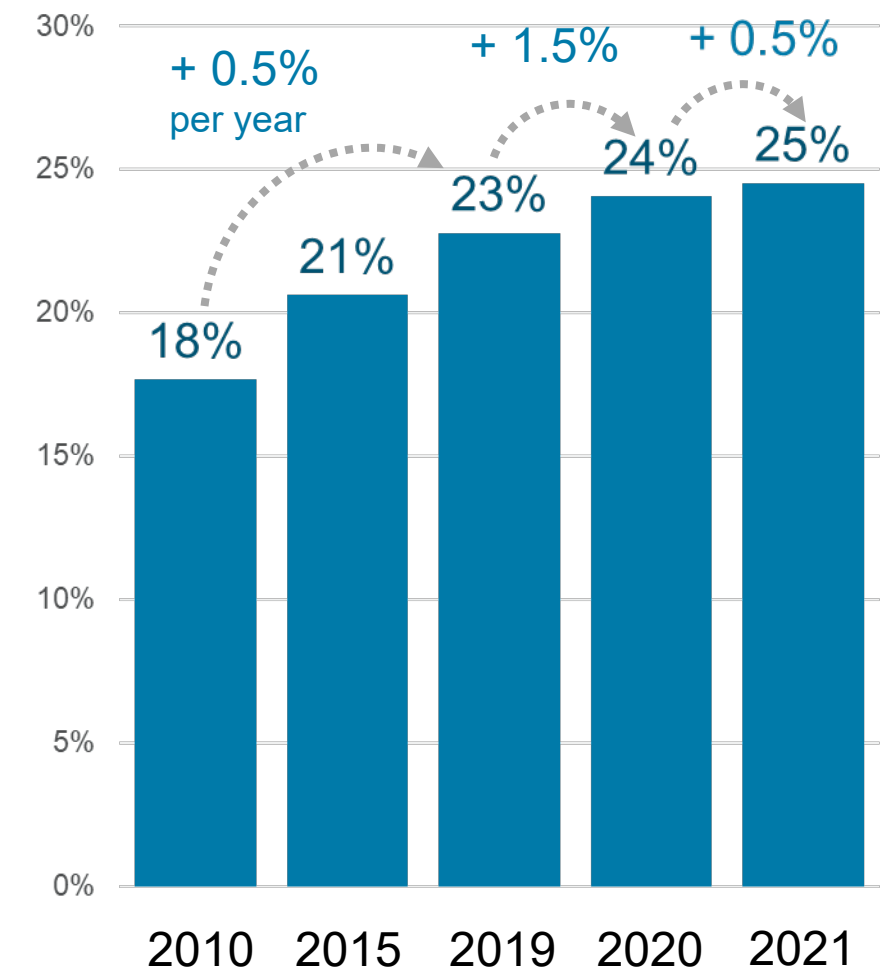
% of U.S. Clinical Visits including Bloodwork\*



% of U.S. Wellness Clinical Visits including Bloodwork\*



% of U.S. Non-wellness Clinical Visits including Bloodwork\*

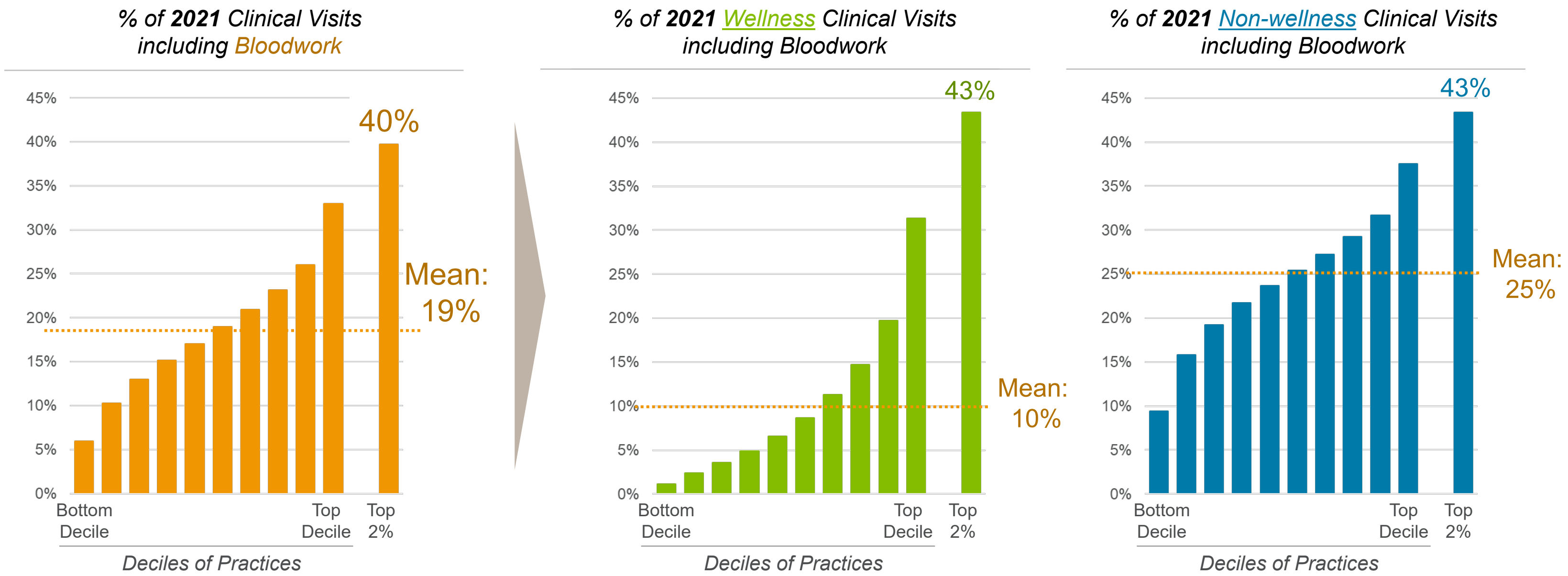


\* Percentages rounded to the nearest 1% and average annual changes rounded to nearest 0.5% except for 2020 vs. 2019 change.

Source: Based on an analysis of IDEXX Practice Intelligence data from ~2,200 to 6,300 practices. Bloodwork includes chemistry and/ or hematology testing. 'Clinical visits' are those where the reason for visit involves an interaction between a veterinary clinician and a pet, including wellness and non-wellness visit types. 'Bloodwork' represents chemistry and/ or hematology.



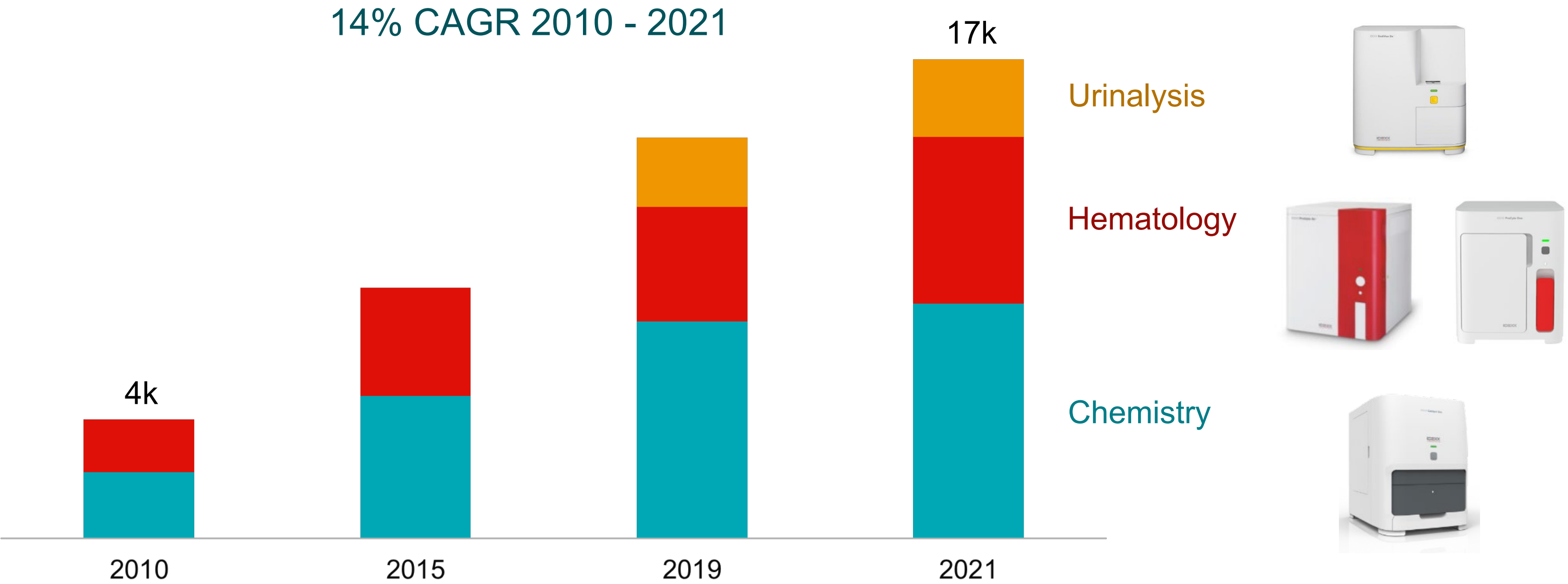
# Significant Range of Diagnostic Use Points to Long-term Growth Opportunity



Source: Based on analysis of IDEXX Practice Intelligence data (n = 6,310 practices). 'Clinical visits' are those where the reason for visit involves an interaction between a veterinary clinician and a pet, including wellness and non-wellness visit types. 'Bloodwork' represents chemistry and/ or hematology.

# Diagnostics Growth Supported by IDEXX Innovation

Worldwide Premium Instrument Placements\*



\* Premium chemistry includes Catalyst Dx® Chemistry Analyzer and Catalyst One® Chemistry Analyzer, premium hematology includes ProCyte Dx® Hematology Analyzer, ProCyte One™ Hematology Analyzer and LaserCyte® Hematology Analyzer and urinalysis includes SediVue Dx® Urine Sediment Analyzers.

# Pet Diagnostics and Software Growth Aided by Long-term Tailwinds, with Potential for Moderation from Vet Capacity and Return to “Normalcy”

## Tailwinds



Strengthening Pet – Parent Bond



Growth of the ‘Pet Generation’



Innovation in Diagnostics,  
Therapeutics and Software



Veterinarian Demographic Shift

## Potential Headwinds



Capacity Constraints:  
Supply of Veterinarians, Vet Techs  
May be Challenged to Keep Pace  
with Demand



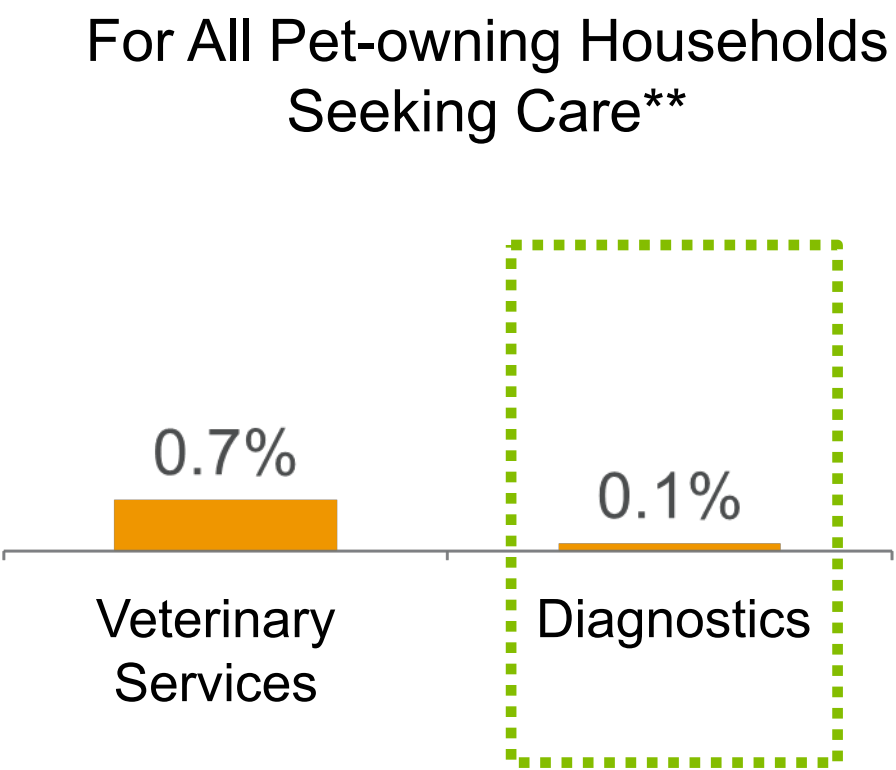
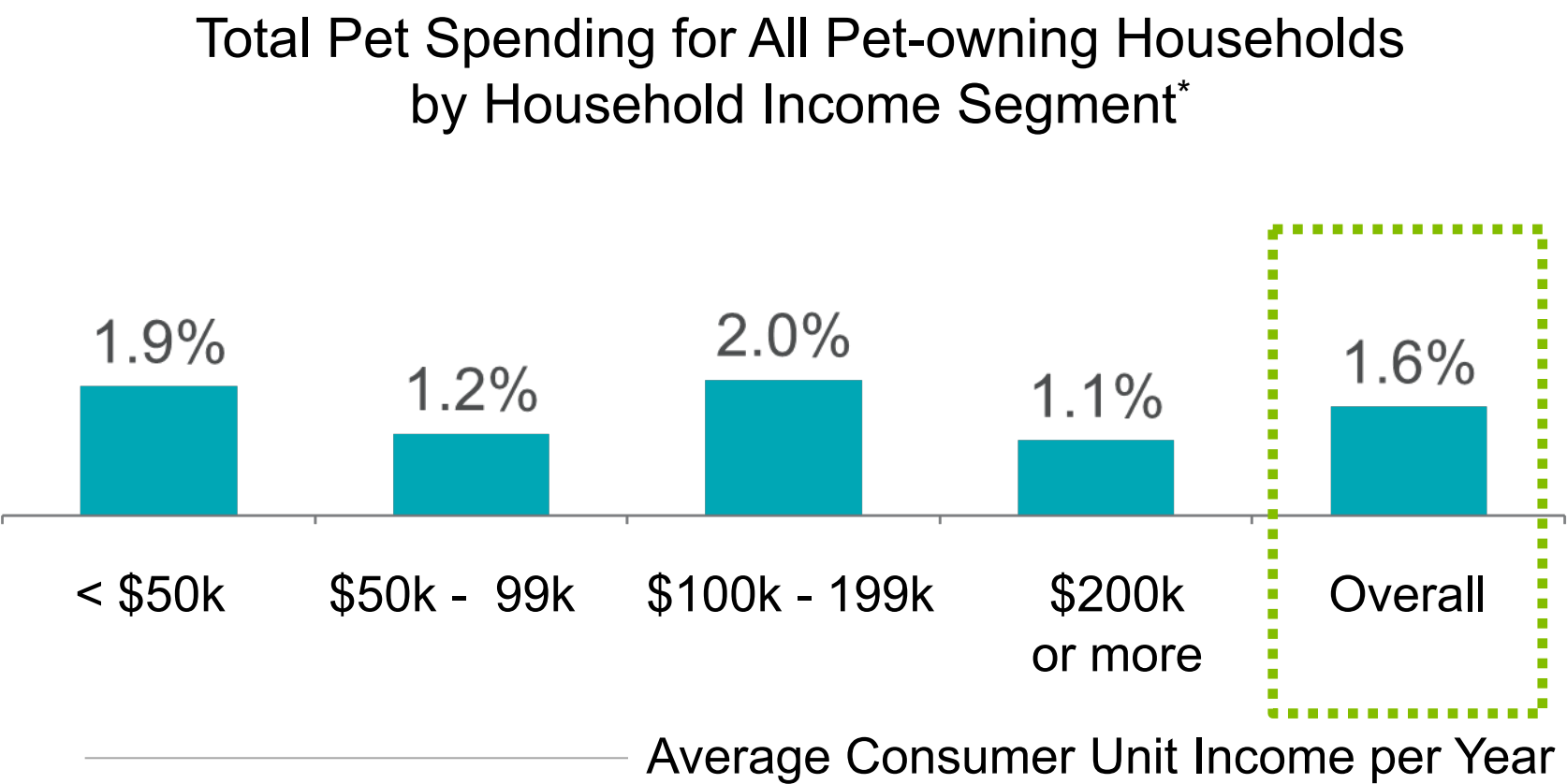
Pet Parent Return to  
‘Normalcy’



# Pets Comprise Less than 2% of Spending for U.S. Pet-owning Households

Veterinary diagnostics spending averages 0.1% of household spending for those seeking care

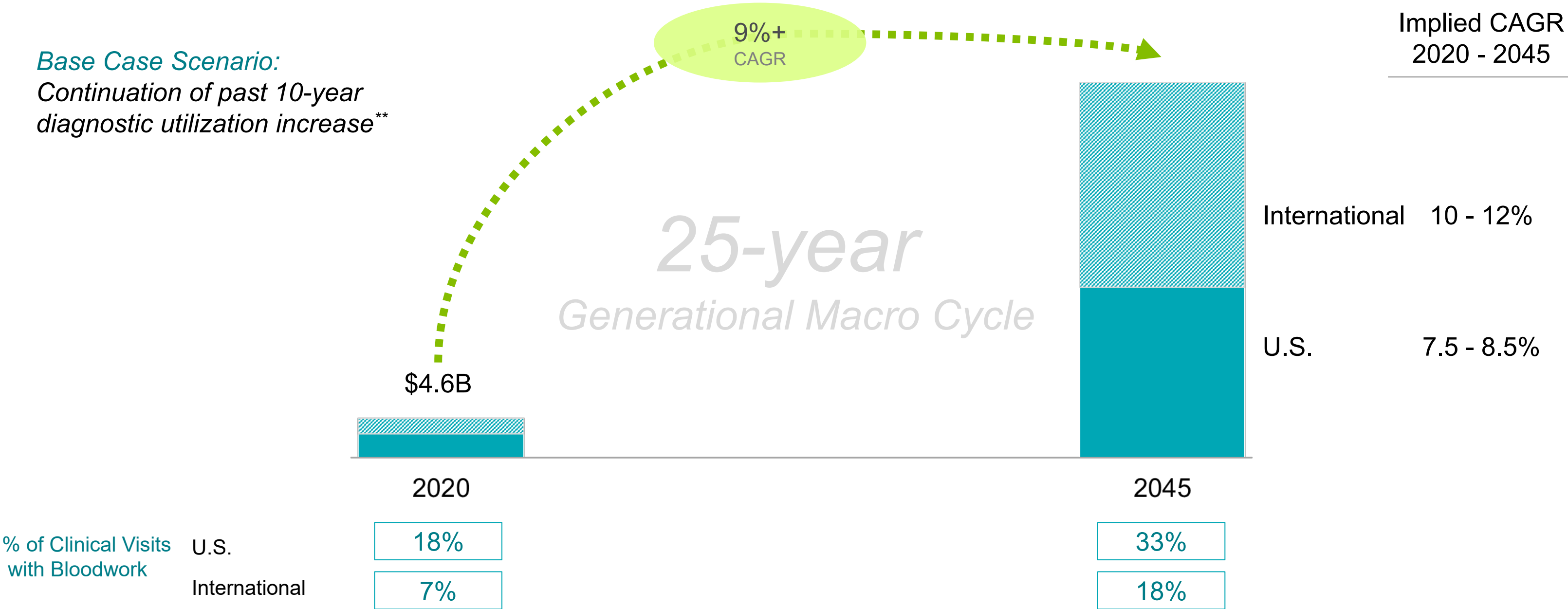
2020 U.S. Pet Spending as a Percentage of Household Consumption Spending\*



\* Analysis by income segment based on Bureau of Labor Statistics Personal Consumption Expenditure Survey, for 12 months ended December 2020; Total Pet Spending adjusted upward to reflect average spend per pet-owning household.  
\*\* Based on total clinical visit spending per year per pet for pets with at least 1 clinical visit in 2020; IDEXX Practice Intelligence data n patients visiting 8,961 U.S. practices in 2020.

# Strong Execution and Increasing Standard of Care Point to High Long-term Diagnostics Sector Growth (~1% Above Earlier Estimates)

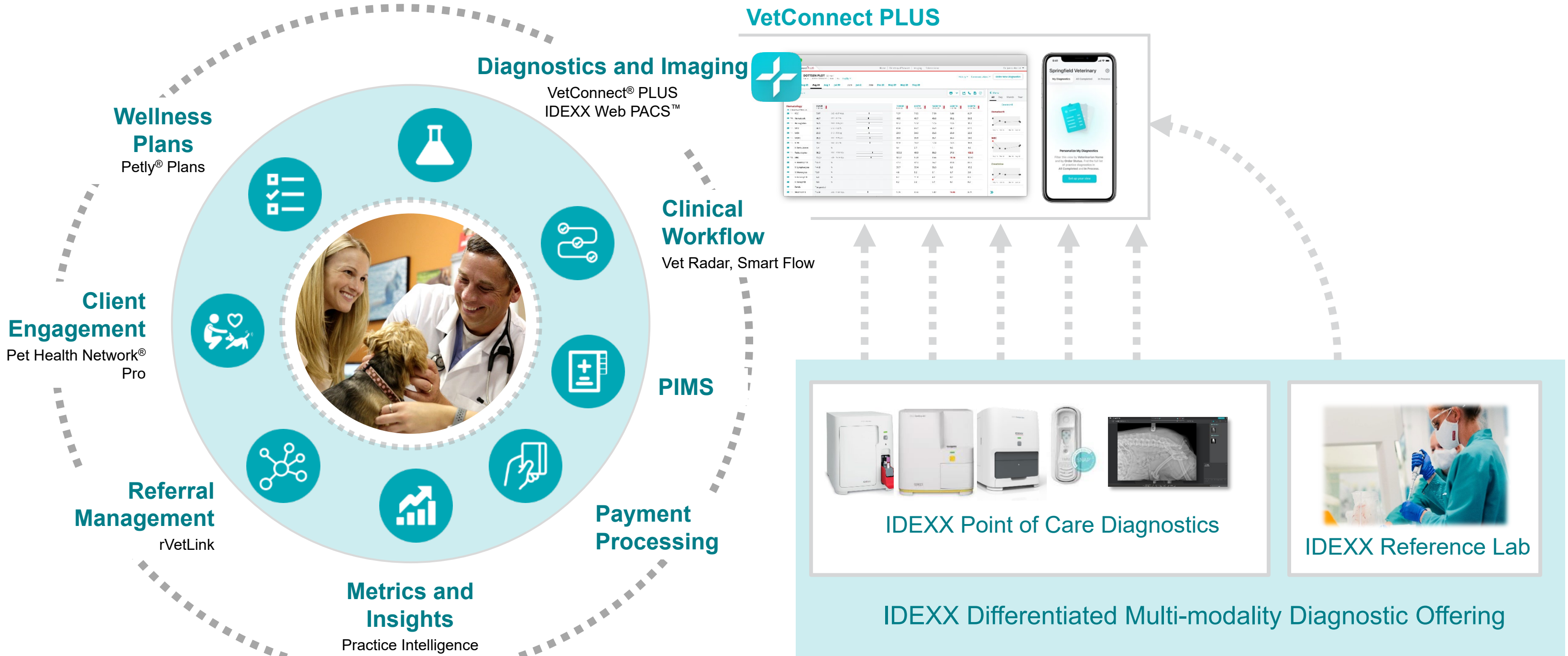
Estimated Total Worldwide Companion Animal Diagnostics Spending (\$M)\*



\* Revenue estimated at the manufacturer level. Includes reference lab, telemedicine, in-house instruments and consumables, rapid assay, manual microscopy and 'similar' types of diagnostics through 2045. Excludes veterinary software, digital and ultrasound. Figures stated in USD, based on 2020 average exchange rates.

\*\* Modeled based on projecting continuation of the estimated 2010 – 2020 average annual increase in percentage of clinical visits including bloodwork, clinical visit growth and net price realization relative to 2020 base.

# IDEXX has Developed a Fully-integrated Multi-modality Diagnostic and Software Solution Meeting Customers' Needs in a Differentiated Way



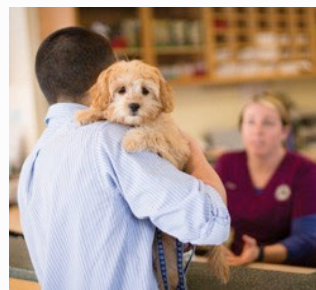


# Our Multi-modality Approach Enables Real-Time Care™

Actionable results during the patient visit benefits pets, clients and practices



- Higher **standard of care** for pets and more satisfied pet parents
- Better **clinical** and **financial** outcomes
- Intuitive, hands-off **workflow** and **productivity** benefits
- Lower stress and higher **employee engagement**



Patient Check-in

2:00 pm



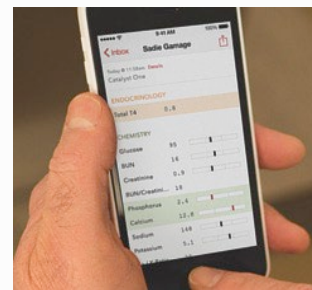
History and  
Physical Exam

2:05 pm



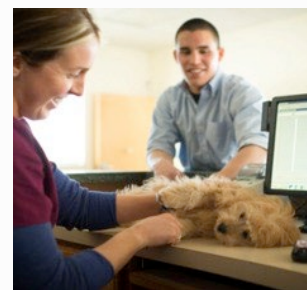
Diagnostics  
Initiated

2:12 pm



Results and  
Treatment Plan

2:21 pm



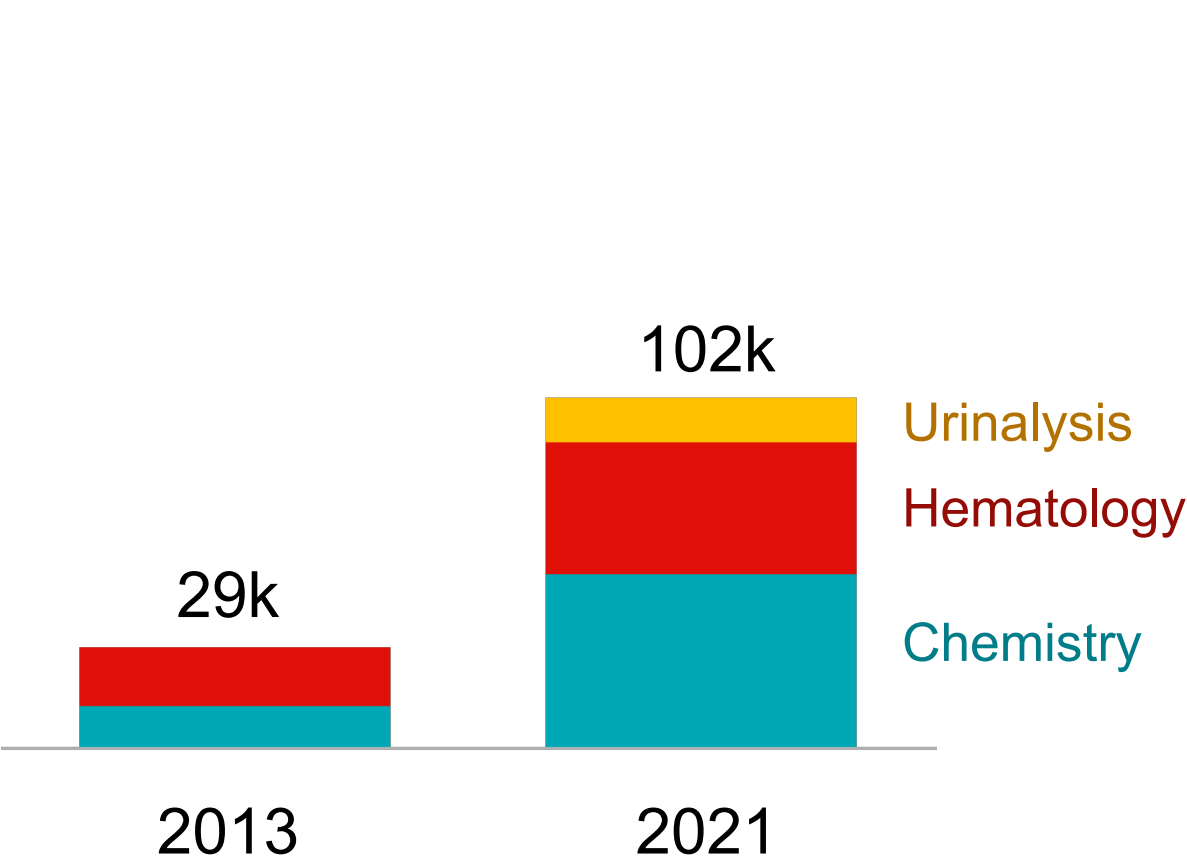
Patient  
Check-out

2:27 pm

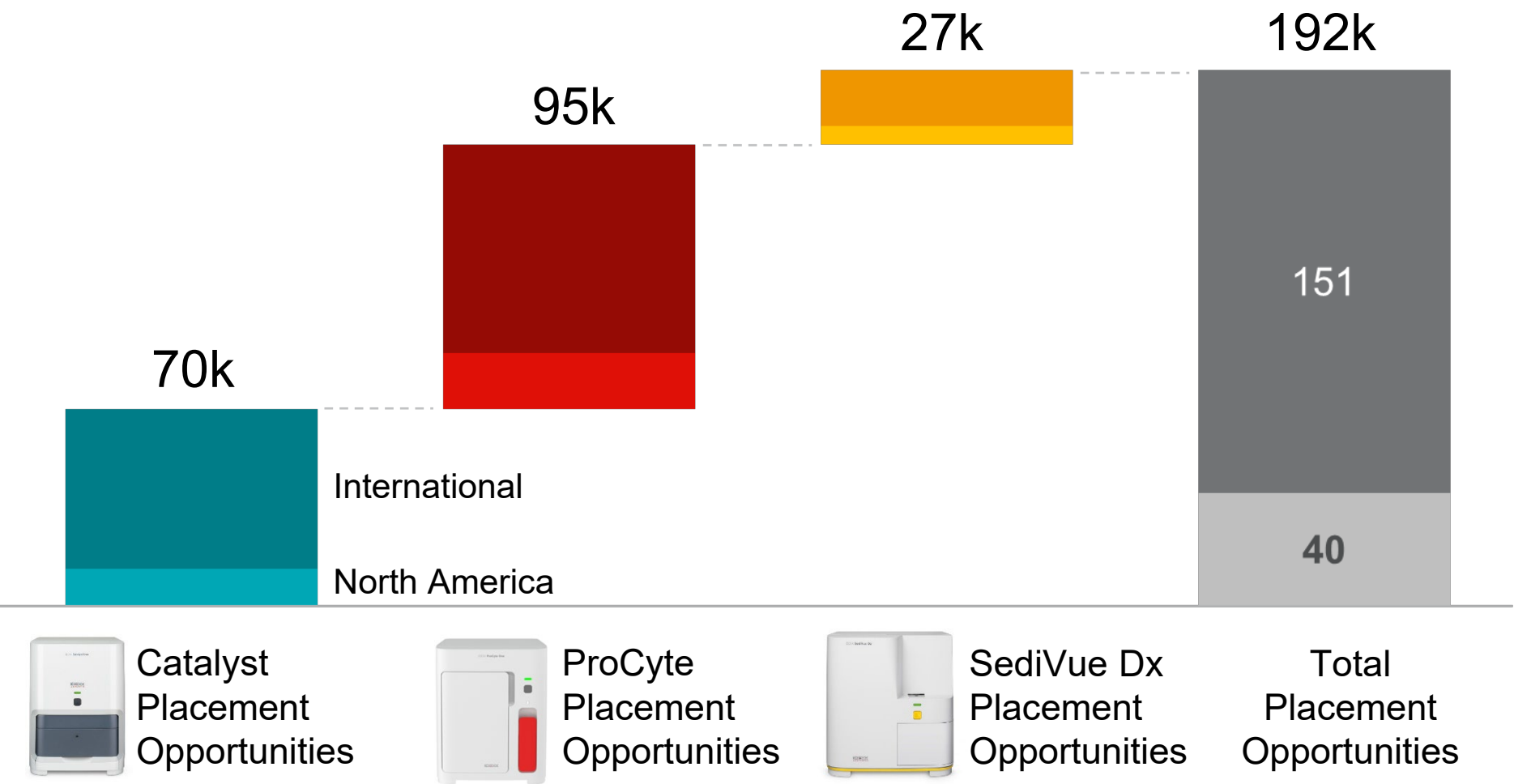
# Significant Instrument Runway Remains

~190k additional worldwide placement opportunities, ~150k outside of North America

Global IDEXX Premium Instrument  
Installed Base\*



Global Incremental IDEXX Premium Instrument Placement  
Opportunity\*\*

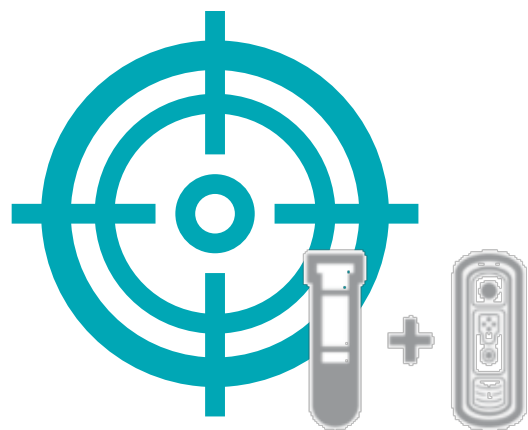


\* All figures are rounded. Premium chemistry includes Catalyst Dx® Chemistry Analyzer and Catalyst One® Chemistry Analyzer installs, premium hematology includes ProCyt Dx® Hematology Analyzer, ProCyt One™ Hematology Analyzer and LaserCyt® Hematology Analyzer installs and Urinalysis includes SediVue Dx® Urine Sediment Analyzer installs. Second placements are excluded.  
\*\* All figures are rounded. Excludes practices too small to be likely candidates for chemistry analyzer placement at this time.

# IDEXX 4Dx Plus Enhancements Deliver Confidence, Clarity, and Time Savings



## Improved IDEXX 4Dx<sup>®</sup> Plus Test



Accuracy Beyond Compare

IDEXX VetConnect PLUS

POPPY

Serology	8/5/21
Heartworm Antigen	Negative
Anaplasma phagocytophilum/platys	Positive
Lyme (Borrelia burgdorferi)	Negative

Clinical Decision Support

Expand all | Collapse all

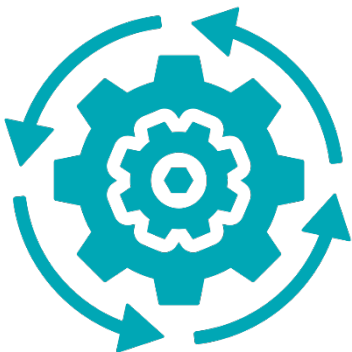
Anaplasma Antibody

☐ Yes

☐ No

Clinical signs

Clinical Decision Support



Extended Room Temperature Storage



# IDEXX's Expanded Oncology Offering Enables Improved Cancer Diagnosis, Support for Personalized Treatment, and Patient Monitoring



Diagnosis



Treatment



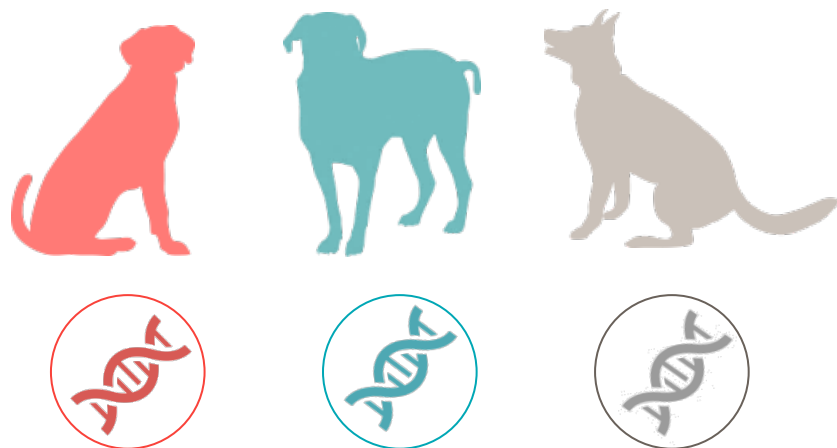
Monitoring

Anatomic and Clinical Pathology



**Additional diagnostic aids support genetic test** for dogs suspected of having cancer

Genetic Testing



**Genetic testing** that reveals targeted therapies **for personalized care**

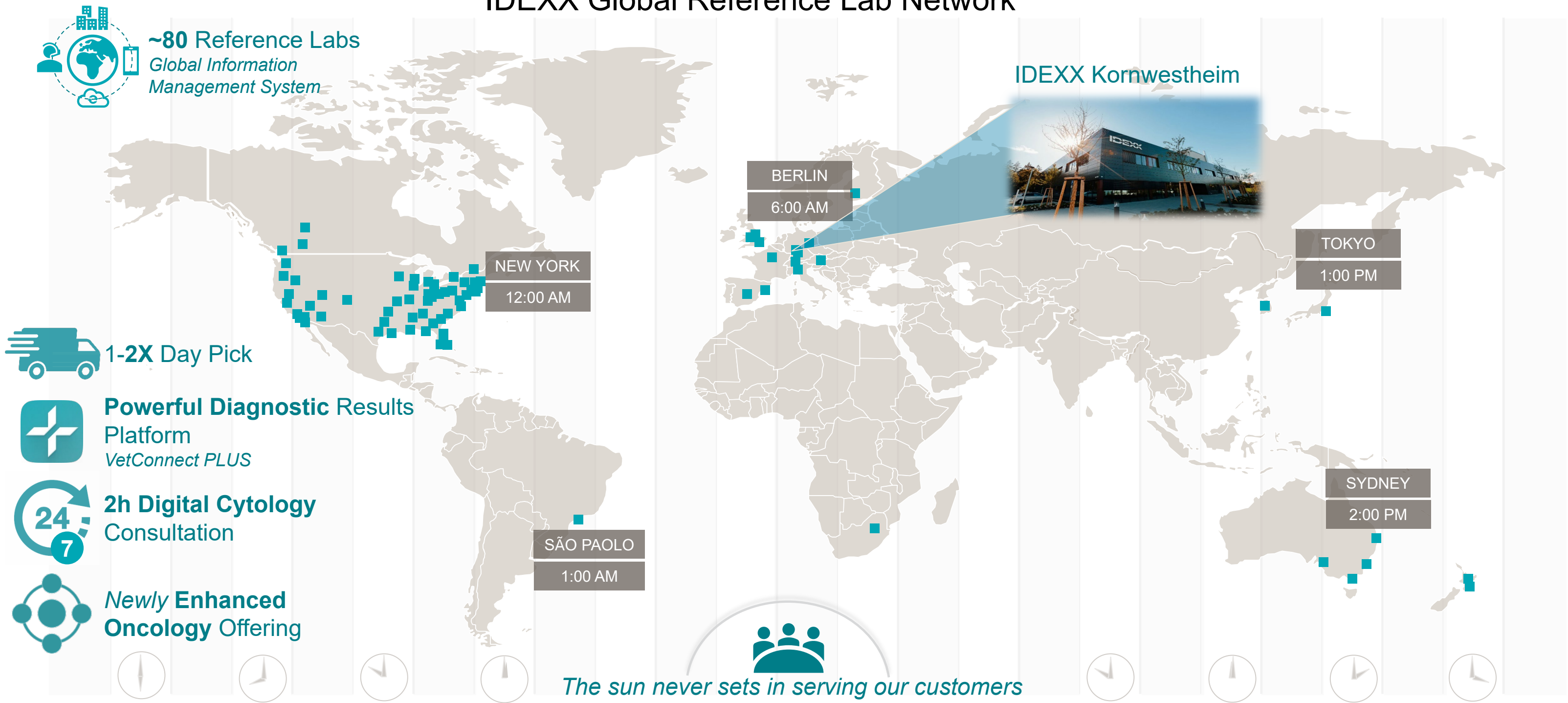
Diagnostic Panels



**Newly designed** reference lab **diagnostic panels** for therapy management and **monitoring**

# Advancing Our Best-in-class Global Lab Network and Capabilities

## IDEXX Global Reference Lab Network



# IDEXX Software Ecosystem Addresses Key Practice Needs

Core Deeply Integrated Functionality

Easy Turn-on Functionality



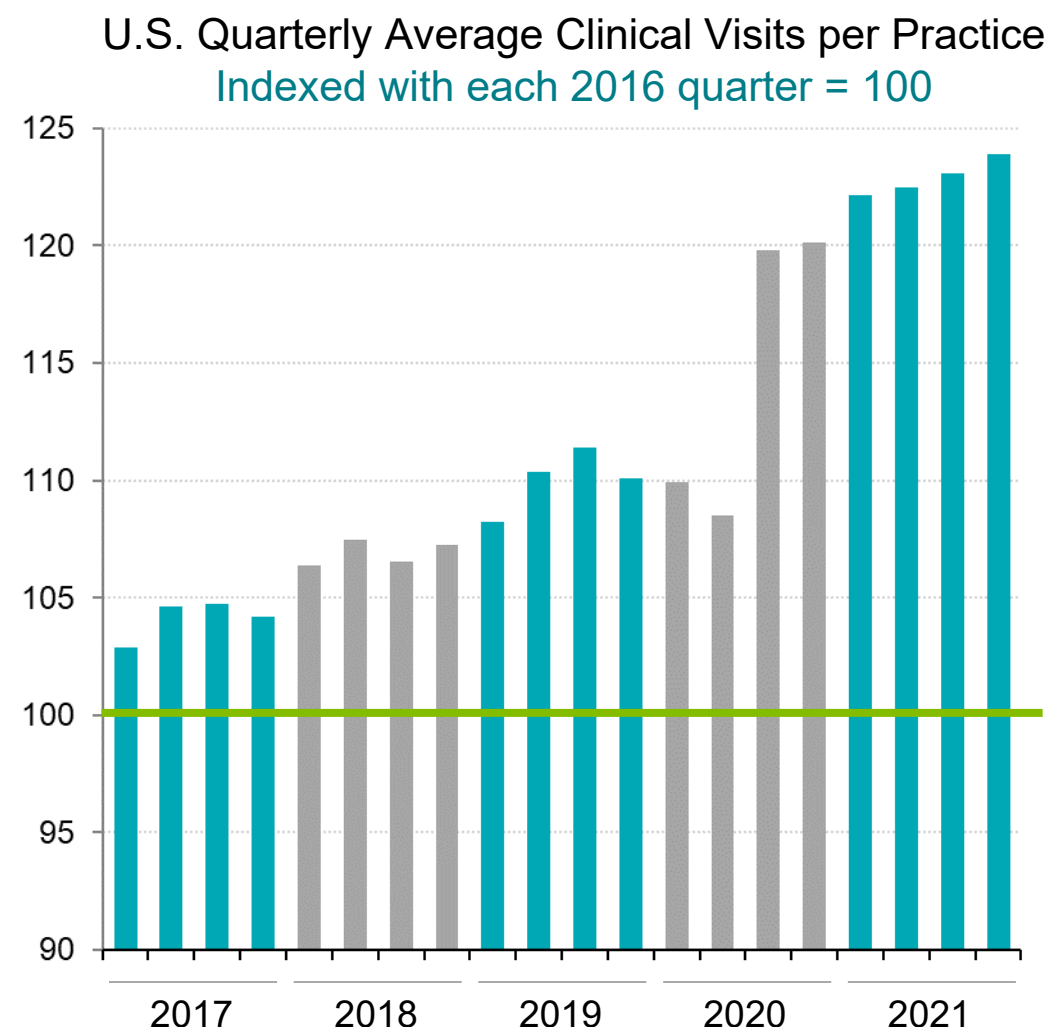


# Workflow, Productivity and Effective Client Communications have Never Been More Important to Success and Sustained Growth of Our Customers

Practices are Busy,  
Complex Places...



...Growth Accelerated in 2020

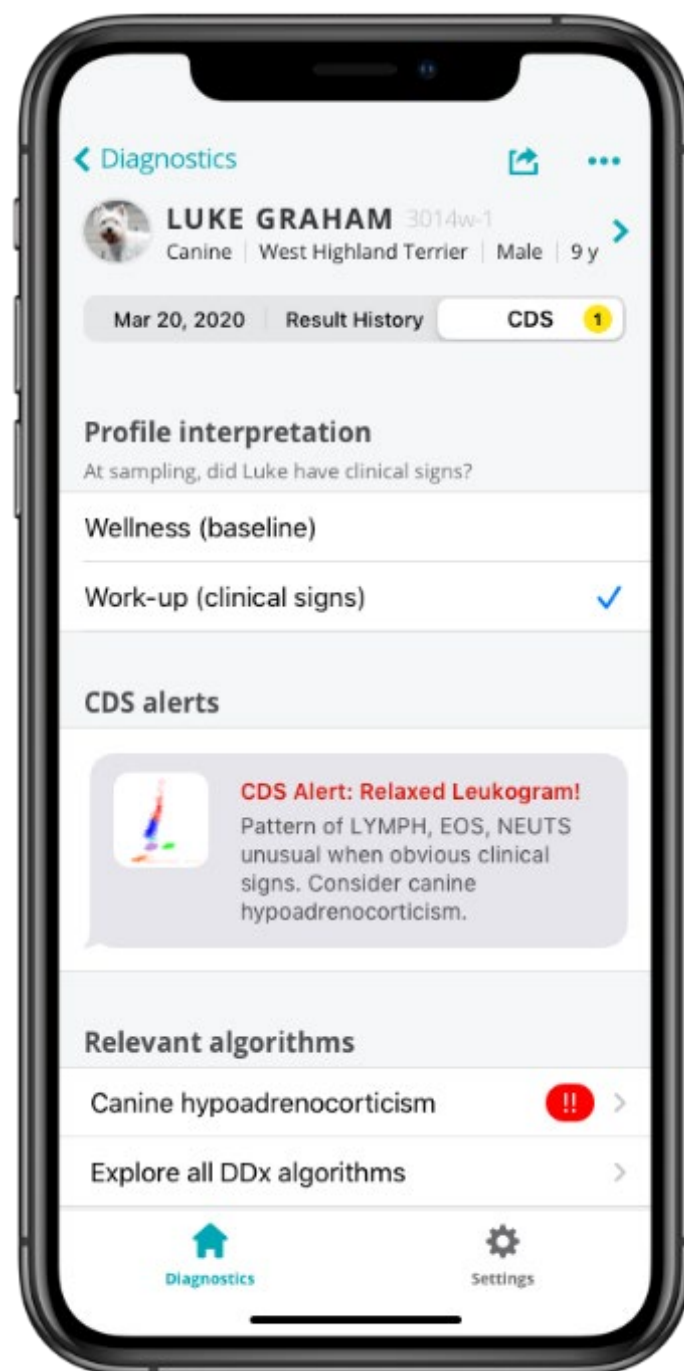


...And Integrated Diagnostics and  
Software are Key to the Solution

- Workflow
- Productivity
- Simplicity
- Client communication engagement tools
- Improved patient care
  - Clinical Decision Support
  - Diagnostic Results Integration
- Staff training, contentment

Source: Analysis of IDEXX Practice Intelligence data, n = ~8,960 practices. Note that 'clinical visits' are those where the reason for visit involves an interaction between a clinician and a pet, including wellness and non-wellness visit types.

# Clinical Decision Support Creates Value for Clinicians, Corporate Practices and IDEXX



## Benefits

### ***For Clinicians:***

Productivity, Confidence and Insight

- **Enables personalized clinical insight and action**
- **Differentiated customer experience** saves time and instills confidence

### ***For Corporate Partners:***

Best Practices and Productivity

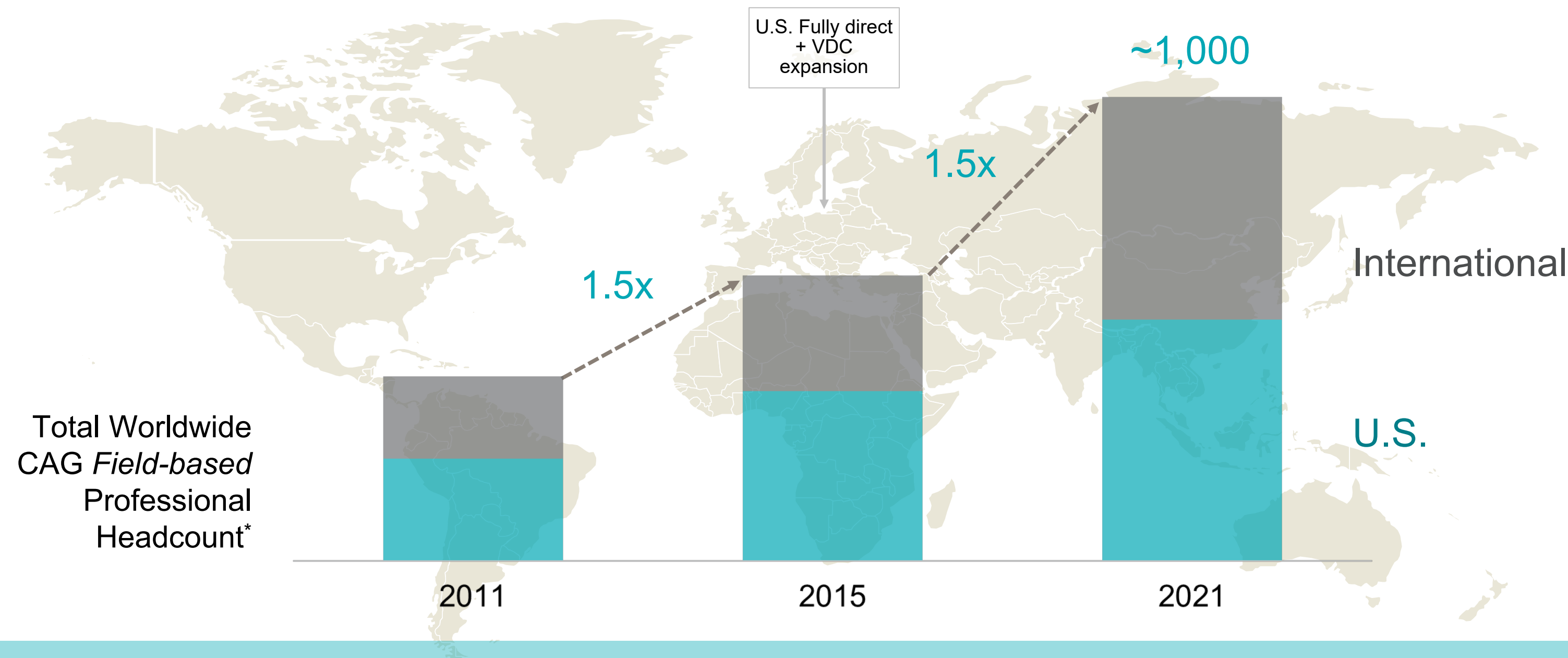
- **Integration of group-specific protocols** supports medical best practices
- **Comprehensive productivity assessment** promises realistic impact

### ***For IDEXX:***

Diagnostic Utilization, Customer Acquisition and Retention

- **Drives reflex testing**
- **Dx Utilization Growth** for targeted test categories
- **Modality-agnostic, global platform** supports Dx differentiation, acquisition and retention

# Expanding Team of Diagnostic Category Experts in Key Geographies Globally



Expanding Global Commercial Footprint Enables Reach Needed to Communicate IDEXX Differentiators

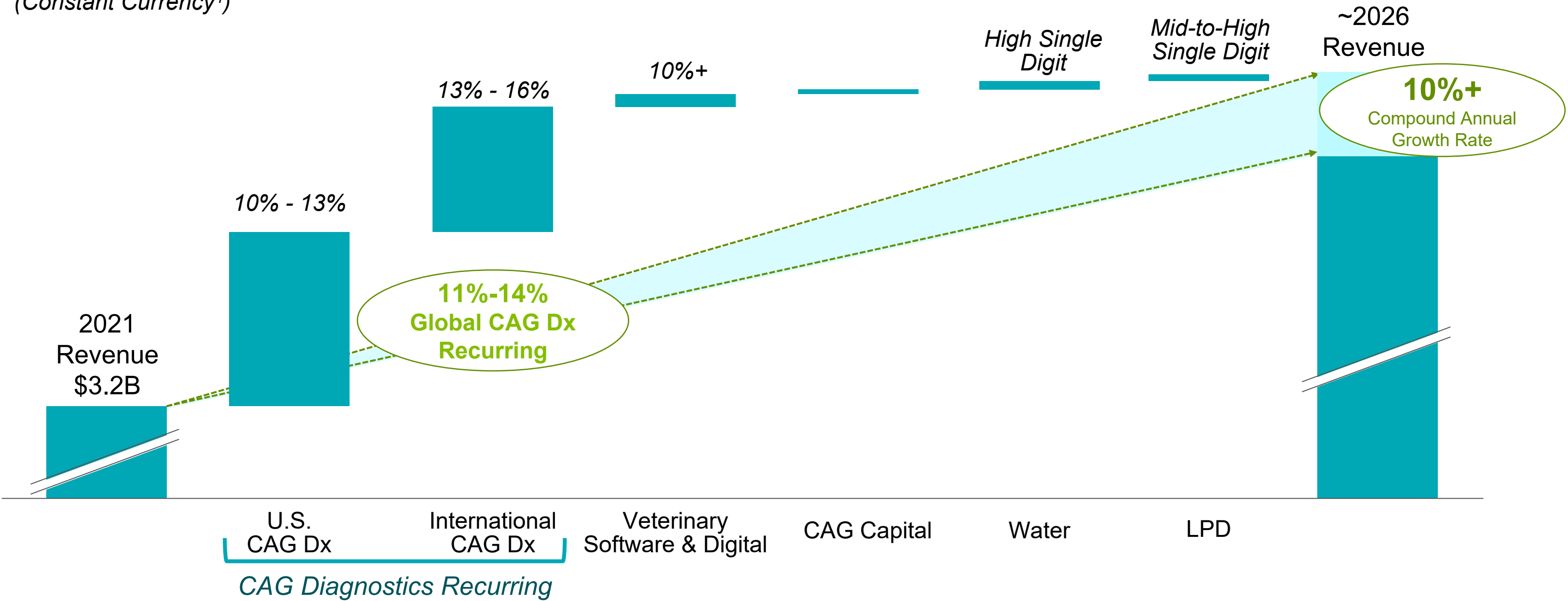
\* Includes all field-based sales and technical services headcount, excluding management. Figures as of December 31 of each calendar year.



# Five-Year Potential for Continued 10%+ Annual Revenue Growth

Driven by double-digit expansion of CAG Diagnostics Recurring Revenue

IDEXX Total Company Annual Revenue Growth Potential  
(Constant Currency<sup>4</sup>)



<sup>4</sup> Please refer to the Appendix for descriptive footnotes. These projections assume that foreign currency exchange rates will remain the same as in 2021 and excludes year-over-year changes in non-recurring or unusual items.

# Positioned to Build on Strong Track Record of Financial Performance

	2017	2018	2019	2020	2021	Multi-Year Goals*
Organic Revenue Growth <sup>2</sup>	10.4%	11.6%	10.3%	12.0%	16.4%	10%+
Operating Margin Gain (Comparable Operating Margin Gain) <sup>5</sup>	140 bps	130 bps	120 bps	340 bps	220 bps	50 - 100 bps
EPS Growth (Comparable EPS Growth) <sup>6</sup>	21%	36%	21%	31%	29%	15% - 20%
<i>ROIC<sup>7</sup> of 59% in 2021</i>						

<sup>2, 5, 6, 7</sup> Non-GAAP financial measure, please refer to Appendix for descriptive footnotes.

\* Our multi-year goals represent our projected annual gains, assuming that foreign currency exchange rates remain the same and excluding year-over-year changes in share-based compensation tax benefits and non-recurring or unusual items.

# IDEXX – Long-term Durable Growth and Returns



## A Durable Recurring Revenue Business Model with ...

- Tremendous runway and supportive demographic trends
- Expertly served by IDEXX's differentiated innovation and commercial model
- Generating exceptional financial returns



# Appendix



# Footnotes

**<sup>1</sup> IDEXX Reportable Segment Revisions and Divested Revenues:** Prior to January 1, 2015, our Companion Animal Group (“CAG”) segment included herd testing diagnostic services processed within and managed by our CAG reference laboratories. We have transitioned the responsibility for these diagnostic services to our LPD segment to more effectively align our business with the nature and customers of these livestock services. Revenue and revenue growth calculations have been retrospectively revised to reflect this change in the composition of our reportable segments. The impact on CAG Diagnostics recurring revenue growth was not material.

**<sup>2</sup> Organic Revenue Growth and CAGR:** Organic revenue growth and CAGR are non-GAAP financial measures and represent the percentage change in revenue for a measurement period, as compared to the prior year period(s), excluding the impact of changes in foreign currency exchange rates, certain business acquisitions, and divestitures. Management believes that reporting organic revenue growth and CAGR provides useful information to investors by facilitating easier comparisons of our revenue performance with prior and future periods and to the performance of our peers. Organic revenue growth and CAGR should be considered in addition to, and not as replacements of or superior measures to, revenue growth and CAGR reported in accordance with GAAP. The percentage change in revenue resulting from certain acquisitions represents incremental revenues attributable to business acquisitions that have occurred since the beginning of the prior year period. Effective January 1, 2018, we exclude only acquisitions that are considered to be a business (consistent with ASU 2017-01, *Business Combinations: (Topic 805) Clarifying the Definition of a Business*) from organic revenue growth. For more detail on what acquisitions we consider to be a business in computing organic growth, please see *Management’s Discussion and Analysis of Financial Condition and Results of Operations – Results of Operations and Trends – Non-GAAP Financial Measures*, contained in the *Company’s Annual Report on Form 10-K* for the year ended December 31, 2021, available at [www.idexx.com/investors](http://www.idexx.com/investors). See tables included in Footnote 3, *Normalized Organic Revenue Growth* for reconciliation of Total Company and Worldwide CAG Diagnostics recurring organic revenue growth to reported growth.

**<sup>3</sup> Normalized Organic Revenue Growth:** Normalized organic revenue growth and CAGR are non-GAAP financial measures that represent organic revenue growth and CAGR, normalized for the effects of our transition to an all-direct sales strategy in the U.S., which was effected fully by January 1, 2015, on revenue growth for the relevant period(s) in 2014 and 2015. Management believes that reporting normalized organic revenue growth and CAGR is a more useful way to measure business performance because it enables better period-over-period comparisons of the fundamental financial results by excluding one-time transitional growth rate impacts. Normalized organic revenue growth and CAGR should be considered in addition to, and not as replacements of or superior measures to, revenue growth or CAGR reported in accordance with GAAP. During our transition to an all-direct sales strategy, we incurred one-time transitional impacts related to the drawdown of distributor inventory in the fourth quarter of 2014 and reported revenues for 2014 have been adjusted to exclude this \$25 million impact. Further, during the three months ended December 31, 2014, we began recognizing revenue on rapid assay kits and instrument consumables upon delivery to end users in the U.S., instead of at distribution. We also began to capture additional revenue that was previously earned by our distribution partners, net of other changes related to this all-direct strategy, such as free next-day shipping and a new returns policy for expired product. We refer to this net additional revenue as distributor margin capture, and 2015 revenue has been adjusted ~\$40 million to exclude this impact.

Total Company	2017	2018	2019	2020	2021
Reported Growth	10.9%	12.4%	8.8%	12.5%	18.8%
Currency Impact <sup>5</sup>	0.3%	0.7%	-1.8%	0.0%	1.6%
Acquisition Impact	0.2%	0.1%	0.2%	0.5%	0.8%
Organic Revenue Growth	10.4%	11.6%	10.3%	12.0%	16.4%
Margin Capture Adjustment					
Normalized Organic Revenue Growth					

2010-2015 CAGR	2015-2019 CAGR	2019-2021 CAGR
8%	11%	16%
-1%	0%	1%
0%	0%	0%
9%	11%	14%
1%		
8%	11%	14%

# Footnotes

**<sup>3</sup> Normalized Organic Revenue Growth, continued:**

Worldwide CAG Diagnostics Recurring	2010-2015 CAGR	2015-2019 CAGR	2019-2021 CAGR
Reported Growth	9%	12%	18%
Currency Impact <sup>5</sup>	-1%	0%	1%
Acquisition Impact	0%	0%	0%
Organic Revenue Growth	10%	13%	17%
Margin Capture Adjustment	1%		
Normalized Organic Revenue Growth	9%	13%	17%

**<sup>4</sup> Constant Currency:** Constant currency references are non-GAAP financial measures which exclude the impact of changes in foreign currency exchange rates and are consistent with how management evaluates our performance and comparisons with prior and future periods. We estimated the net impacts of currency on our revenue, gross profit, operating profit, and EPS results by restating results to the average exchange rates or exchange rate assumptions for the comparative period, which includes adjusting for the estimated impacts of foreign currency hedging transactions and certain impacts on our effective tax rates. Prior periods were restated to current rates and may vary from previously reported constant currency figures. See Footnote 3, *Organic Revenue Growth and CAGR*, and Footnote 4, *Normalized Organic Revenue Growth* for further details of currency impacts on revenue growth. See Footnote 5, *Comparable Operating Margin Gain (or Expansion)*, and Footnote 6, *Comparable EPS Growth*, for further details of currency impacts on operating margin and gain and EPS growth, respectively.

**<sup>5</sup> Comparable Operating Margin Gain (or Expansion):** Comparable operating margin gain (or expansion) is a non-GAAP financial measure and excludes the impact of changes in foreign currency exchange rates and non-recurring or unusual items (if any). Management believes that reporting comparable operating margin gain (or expansion) provides useful information to investors because it enables better period-over-period comparisons of the fundamental financial results by excluding items that vary independent of performance and provides greater transparency to investors regarding key metrics used by management. Comparable operating margin gain (or expansion) should be considered in addition to, and not as a replacement of or superior measure to, operating margin gain reported in accordance with GAAP. The reconciliation of comparable operating margin gain (or expansion) is provided in the table below. Amounts presented may not recalculate due to rounding.

	For the Year Ended December 31,					
	2016	2017	2018	2019	2020	2021
Operating Margin (as reported)	19.7%	21.0%	22.2%	23.0%	25.7%	29.0%
Comparability Adjustments (bps):						
Change from currency	(120)	(10)	(10)	10	(30)	20
Ongoing litigation matter					(100)	
CEO transition charges				(60)		
Comparable operating margin	20.9%	21.1%	22.3%	23.4%	27.0%	28.8%
Comparable operating margin gains		140 bps	130 bps	120 bps	340 bps	220 bps

# Footnotes

**6 Comparable EPS Growth:** Comparable EPS growth is a non-GAAP financial measure and represents the percentage change in earnings per share (diluted) ("EPS") for a measurement period, as compared to the prior base period, net of the impact of changes in foreign currency exchange rates from the prior base period and excluding the tax benefits of share-based compensation activity under ASU 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*, a one-time negative impact related to the 2017 Tax Cuts and Jobs Act, and non-recurring or unusual items. Comparable EPS growth for a measurement period is calculated using the measurement period's comparable EPS and the prior base period's comparable EPS excluding change from currency. Management believes comparable EPS growth is a more useful way to measure the Company's business performance than EPS growth because it enables better period-over-period comparisons of the fundamental financial results by excluding items that vary independent of performance and provide greater transparency to investors regarding a key metric used by management. Comparable EPS growth should be considered in addition to, and not as a replacement of or a superior measure to, EPS growth reported in accordance with GAAP. The reconciliation of this non-GAAP financial measure is provided in the table below. Amounts presented may not recalculate due to rounding.

	For the Year Ended December 31,				
	2017	2018	2019	2020	2021
EPS growth (as reported)	20%	45%	15%	37%	28%
Earnings per share (diluted)	\$ 2.94	\$ 4.26	\$ 4.89	\$ 6.71	8.60
CEO transition charges			(0.14)		
Share-based compensation activity	0.30	0.24	0.22	0.45	0.38
Impact of U.S. Tax Reform	(0.34)				
Swiss tax reform impact				0.25	
Impact of foreign tax credit utilization	0.04				
Ongoing litigation matter				(0.24)	
Change from currency	(0.02)	0.01	(0.05)	(0.06)	0.16
Comparable EPS	\$ 2.96	\$ 4.01	\$ 4.86	\$ 6.31	\$ 8.06
Comparable EPS Growth	21%	36%	21%	31%	29%

**7 After-Tax Return on Invested Capital, Excluding Cash and Investments ("ROIC"):** After-tax return on invested capital, excluding cash and investments, is a non-GAAP financial measure that represents our after-tax income from operations, divided by our average invested capital, excluding cash and investments, using beginning and ending balance sheet values. After-tax return on invested capital, excluding cash and investments, and after-tax income from operations and average invested capital, excluding cash and investments, are not measures of financial performance under GAAP and should be considered in addition to, and not as replacements of or superior measures to, return on assets, net income, total assets or other financial measures reported in accordance with GAAP. Management believes that reporting after-tax return on invested capital, excluding cash and investments, provides useful information to investors for evaluating the efficiency and effectiveness of our use of capital. The reconciliation of this non-GAAP financial measure is as follows:

# Footnotes

7 After-Tax Return on Invested Capital, Excluding Cash and Investments (“ROIC”), continued:

	For the Year Ended December 31,		
Numerator (amounts in millions)			2021
Income from operations (as reported)			\$ 932
After-tax income from operations *			\$ 769
	As of December 31,		
Denominator (dollar amounts in millions)		2020	2021
Total shareholders' equity (deficit)		\$ 632	\$ 690
Noncontrolling interest		\$ 1	\$ -
Line of credit			\$ 74
Long-term debt		\$ 908	\$ 850
Deferred income tax assets		\$ (32)	\$ (25)
Deferred income tax liabilities		\$ 12	\$ 9
Total invested capital		\$ 1,521	\$ 1,598
Less cash & marketable securities		\$ 384	\$ 144
Total invested capital, excluding cash and investments		\$ 1,138	\$ 1,453
Average invested capital, excluding cash and investments **		\$ 945	\$ 1,295
After-tax return on invested capital, excluding cash and investments			59%

\* After-tax income from operations represents income from operations reduced by our reported effective tax rate.

\*\* Average invested capital, excluding cash and investments, represents the average of the amount of total invested capital, excluding cash and investments.