

# IDEXX Q4 & Full Year 2020 Earnings Highlights (NASDAQ: IDXX)



## Revenue

**Q4**

**\$721M**

Reported growth: + 19%  
Organic growth: + 17%

### CAG Diagnostics Recurring

Organic Growth: + 21%



## Operating Profit

**\$185M**

26% of Revenue  
YoY change in basis points:  
Reported + 660 bps  
Comparable constant currency + 460 bps



## Diluted Earnings Per Share

**\$2.01**

Reported growth: + 93%  
Comparable constant currency growth: + 43%

**2020**

**\$2,707M**

Reported growth: + 12%  
Organic growth: + 12%

### CAG Diagnostics Recurring

Organic Growth: + 15%

**\$695M**

26% of Revenue  
YoY change in basis points:  
Reported + 270 bps  
Comparable constant currency + 340 bps

**\$6.71**

Reported growth: + 37%  
Comparable constant currency growth: + 31%



## CAG

Q4 Revenue

**\$630M**

Reported growth: + 19%  
Organic growth: + 17%



## Water

Q4 Revenue

**\$33M**

Reported growth: + 1%  
Organic growth: 0%



## LPD

Q4 Revenue

**\$42M**

Reported growth: + 16%  
Organic growth: + 13%

## Net CAG Revenue

### CAG Diagnostics Recurring

Q4 Revenue

**\$548M**

Reported Growth  
year over year

**+23%**

Organic Growth  
year over year

**+21%**

Q4 Premium Instrument  
Placements



WW

North  
America

Intl

2,179

784

1,395

*IDEXX VetLab® Consumables*

\$221M

+27%

+25%

*New and competitive*

1,506

414

1,092

*Rapid Assay Products*

\$60M

+20%

+20%



Premium  
Hematology

1,224

510

714

*Reference Laboratory Dx and  
Consulting Services*

\$243M

+21%

+19%



SediVue® Dx

671

441

230

*CAG Diagnostics Services and  
Accessories*

\$24M

+13%

+11%

**TOTAL**

**4,074**

**1,735**

**2,339**

CAG Diagnostics Capital – Instruments

\$37M

-7%

-10%

Veterinary Software, Services and  
Diagnostic Imaging Systems

\$44M

+1%

+1%

## IDEXX Premium Instruments Installed Base

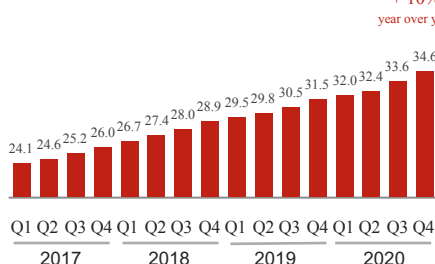
Catalyst Installed Base  
(in thousands)

+ 13%  
year over year



Premium Hematology Installed Base  
(in thousands)

+ 10%  
year over year



SediVue Installed Base  
(in thousands)

+ 20%  
year over year



# IDEXX Q4 & Full Year 2020 Earnings Highlights

## 2021 Growth and Financial Performance Outlook Commentary

- Provides initial outlook for 2021 revenue of \$3,065 million - \$3,120 million, reflecting projected reported revenue growth of 13% - 15.5% and organic revenue growth of 11.5% - 13.5%, driven by continued high CAG Diagnostics recurring revenue growth
- Estimates 2021 EPS of \$7.39 - \$7.71, an increase of 10% - 14% as reported and 15% - 20% on a comparable constant currency basis, reflecting a targeted 50 - 100 basis points on constant currency operating margin improvement, building on strong 2020 performance

### Growth and Financial Performance Outlook

2021

|                                                                                     |                                                      |                           |   |                |
|-------------------------------------------------------------------------------------|------------------------------------------------------|---------------------------|---|----------------|
|    | <b>Revenue</b>                                       | <b>\$3,065</b>            | - | <b>\$3,120</b> |
|                                                                                     | <i>Reported growth</i>                               | 13%                       | - | 15.5%          |
|                                                                                     | <i>Organic growth</i>                                | 11.5%                     | - | 13.5%          |
|                                                                                     | CAG Diagnostics Recurring Revenue Growth             |                           |   |                |
|                                                                                     | <i>Reported growth</i>                               | 13.5%                     | - | 16%            |
|                                                                                     | <i>Organic growth</i>                                | 12%                       | - | 14.5%          |
|   | <b>Operating Margin</b>                              | 27.3%                     | - | 27.8%          |
|                                                                                     | <i>Reported margin expansion</i>                     | 170                       | - | 220 bps        |
|                                                                                     | <i>Comparable constant currency margin expansion</i> | 50                        | - | 100 bps        |
|  | <b>EPS</b>                                           | <b>\$7.39</b>             | - | <b>\$7.71</b>  |
|                                                                                     | <i>Reported growth</i>                               | 10%                       | - | 14%            |
|                                                                                     | <i>Comparable constant currency growth</i>           | 15%                       | - | 20%            |
| <b>Other Key Metrics</b>                                                            |                                                      |                           |   |                |
|                                                                                     | <i>Net interest expense</i>                          | \$30                      | - | \$31           |
|                                                                                     | <i>Share-based compensation tax benefit</i>          | \$7.5                     | - | \$9.5          |
|                                                                                     | <i>Effective tax rate</i>                            | 20%                       | - | 21%            |
|                                                                                     | <i>Change in average shares outstanding</i>          | 0%                        | - | (0.5)%         |
|                                                                                     | <b>Operating Cash Flow</b>                           | 100% - 110% of net income |   |                |
|                                                                                     | <b>Free Cash Flow</b>                                | 80% - 90% of net income   |   |                |
|                                                                                     | <b>Capital Expenditures</b>                          | \$120 - \$140             |   |                |

Amounts in millions except per share data and percentages

For full financial data, non-GAAP reconciliations and cautionary language regarding forward-looking statements, please refer to IDEXX's fiscal year 2020 fourth quarter and full year earnings release issued on February 2, 2021 available at <https://www.idexx.com/investors>. Amounts presented may not recalculate due to rounding.

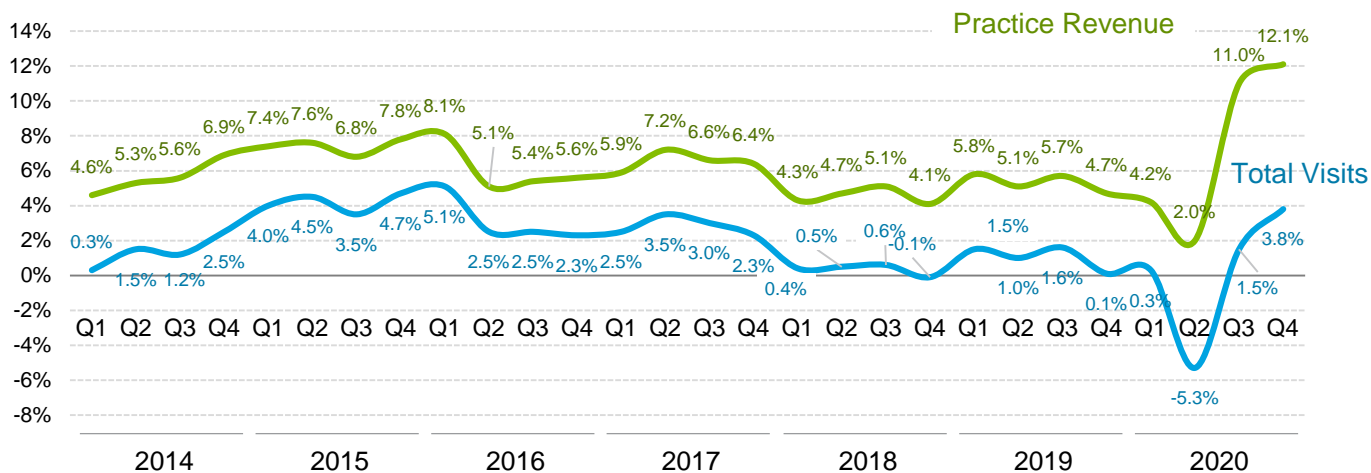
# U.S. Companion Animal Practice Growth Update



Updated Methodology Introduced In Q1 2019

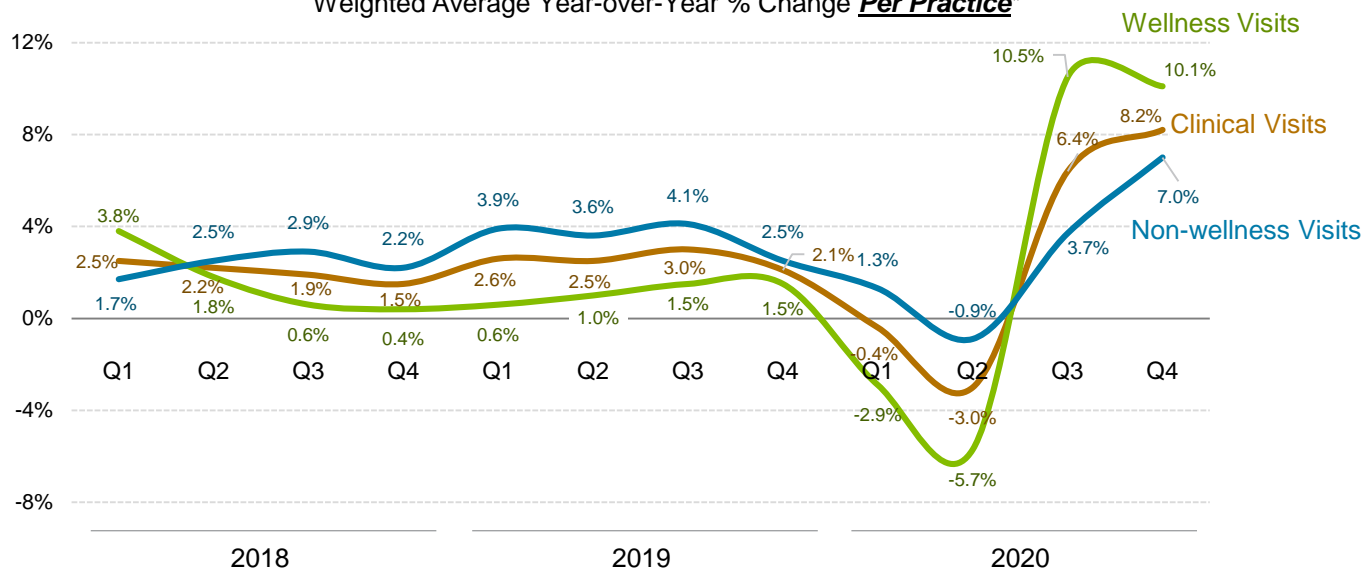
## Total Practice Revenue and Visit Growth

Weighted Average Year-over-Year % Change **Per Practice\***



## Clinical Visit Growth

Weighted Average Year-over-Year % Change **Per Practice\***



**Total visits** include clinical and non-clinical visits. In 2020, there were an estimated 320 million U.S. total visits. Approximately 70% of estimated U.S. companion animal diagnostic market revenue is from non-wellness visits.

**Clinical visits** are those where the reason for visit involves an interaction between a clinician and a pet.

**Non-wellness visits** include those for which the reason for visit is sickness, procedure or monitoring.

**Wellness visits** include those visits for which the reason for visit is an annual exam, vaccination, or routine check-up.

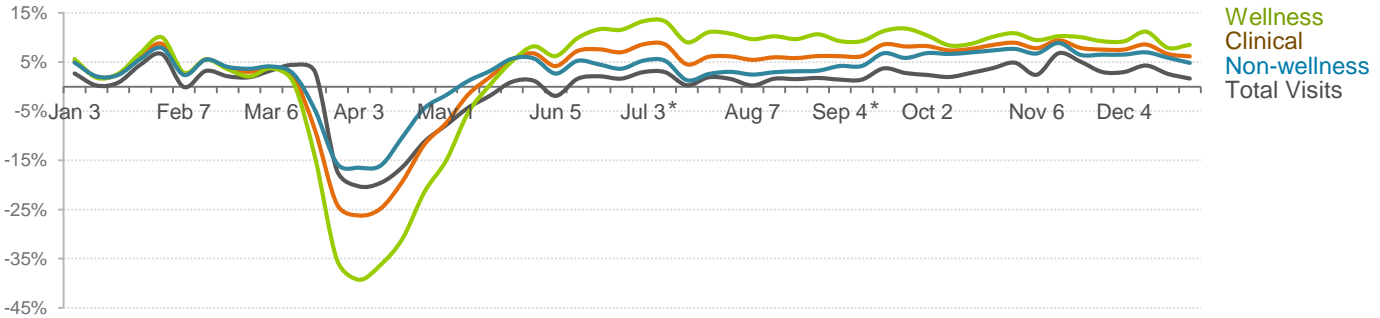
\* Note that we estimate net new practice formation adds ~1% of incremental market growth per year beyond *per practice* growth.

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

# U.S. Companion Animal Market Trends Update

As of December 31, 2020

## U.S. Average Visits per Practice 7-day Average Year-Over-Year Change (%)



## 2020 Year-Over-Year % Growth Rates

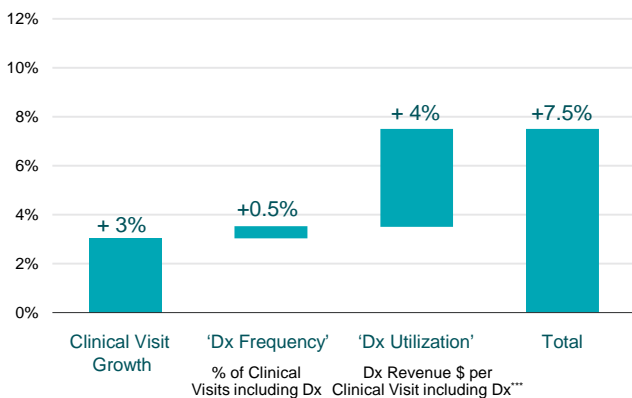
| Average per Practice   | Q1    | Q2  | Q3  | Q4  |
|------------------------|-------|-----|-----|-----|
| Total Practice Revenue | 4%    | 2%  | 11% | 12% |
| Total Visits           | 0.3%  | -5% | 2%  | 4%  |
| Clinical Visits        | -0.3% | -3% | 6%  | 8%  |
| Non-Wellness Visits    | 1%    | -1% | 4%  | 7%  |
| Wellness Visits        | -3%   | -6% | 10% | 10% |

## Monthly Year-Over-Year % Growth Rates

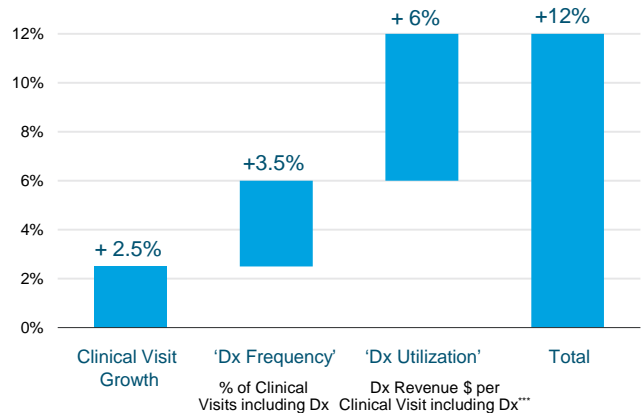
| Month     | Total | Clinical | Non-wellness | Wellness |
|-----------|-------|----------|--------------|----------|
| July      | 1%    | 6%       | 3%           | 11%      |
| August    | 1%    | 6%       | 3%           | 10%      |
| September | 3%    | 8%       | 6%           | 11%      |
| October   | 3%    | 8%       | 7%           | 10%      |
| November  | 5%    | 8%       | 7%           | 9%       |
| December  | 4%    | 9%       | 7%           | 12%      |

## Contributors to U.S. Companion Animal Diagnostic Revenue Growth per Practice\*\*

### Average of 2014 – 2019 Year-Over-Year Growth (%)



### 2020 Year-Over-Year Growth (%)



\* To smooth the volatility associated with holiday timing, the graph reflects 2-week average growth rates for the weeks ending 7/3, 7/10, and ending 9/4, 9/11.

\*\* Rounded to nearest 50 bps. Analyzed based on IDEXX Practice Intelligence data n = 7,830 practices.

\*\*\* Diagnostic revenue per clinical visit includes volume/ intensity of Dx activity and net price realization.

**Source:** IDEXX Practice Intelligence data; sample of ~7,800 practices representing six different practice information management systems, weighted based on practice size and region to reflect market composition. Analysis reflects representative real-time trends on same practice year-over-year growth and does not include adjustments related to equivalent business days and may understate period activity due to latency at clinic level posting daily transactions. We update data for previously reported periods to include subsequent data reporting. Growth rates margin of error of +/- 0.4% at a 95% confidence level.