



IDEXX Laboratories, Inc.  
Q4 Fiscal Year 2025 Earnings Call – Prepared Remarks

**Introduction**

Good morning and welcome to the IDEXX Laboratories fourth 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](http://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 fourth quarter 2025 results and 2026 financial outlook, 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 into 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**

Good morning and welcome to our fourth quarter earnings call. Today, I'm pleased to review our Q4 and full year 2025 financial results and the company's outlook for 2026.

In terms of highlights for 2025, IDEXX delivered excellent financial performance in Q4 — driven by double-digit top-line gains.

- Revenue increased 14% as reported — and 12% organically — supported by 10% organic growth in CAG Diagnostics recurring revenues.
- We achieved record premium instrument placements in Q4, with strong gains across our major platforms including over 1,900 IDEXX inVue Dx placements — supporting a 69% organic YOY expansion of our CAG Diagnostics instrument revenues.
- Strong revenue growth delivered \$3.08 in EPS – up 17% on a comparable basis while advancing planned investments in our commercial and innovation capabilities.

IDEXX execution drove solid full-year revenue expansion, with benefits from organic revenue growth supporting strong financial performance, aligned with our long-term potential.

- IDEXX achieved 10% overall organic revenue growth for the full year — driven by 8% organic growth in CAG Diagnostics recurring revenues.
- Our global premium instrument installed base expanded 12% YoY, including benefits from nearly 6,400 inVue Dx instruments.
- Full-year operating margins reached 31.6% — an increase of 90 basis points on a comparable basis supported by solid revenue expansion and productivity gains.
- Full-year EPS of \$13.08 per share was up 14% YoY on a comparable basis from strong operational performance.

These results were achieved through successful advancement of our innovation-driven growth strategy including new platform launches, creating a solid foundation to build upon as we enter 2026. We'll discuss our 2026 financial expectations later in my comments. Let's begin with a review of our 2025 results.

Fourth quarter organic revenue growth of 12% reflected solid gains across IDEXX's major business segments — including 13% organic growth in CAG, 10% organic growth in Water, and

4% organic gains in LPD.

Worldwide CAG Diagnostics recurring revenue increased 10% organically in the fourth quarter, including solid benefits from volume growth and average global net price improvement of 4%.

US CAG Diagnostics recurring revenues increased 9% organically in Q4 — including ~4% net price improvement and ~5% volume growth. Volume benefited from sustained new business gains, aided by high customer retention levels, and expanded utilization including benefits from IDEXX innovations.

In the fourth quarter IDEXX achieved a revenue growth premium compared to US clinical visit growth levels of ~1,100 basis points. Pressure on clinical visits remains a headwind to the sector, with US same store clinical visit declines of ~1.7% in Q4 and 1.9% for the full year 2025. Wellness and discretionary visits remain more pressured than sick patient visits, with wellness visits down 3.6% in Q4 while early signs of an aging pet population, and benefits from IDEXX innovations, contributed to diagnostic frequency and volume utilization gains per clinical visit.

International organic CAG Diagnostics recurring revenue growth was 12% in Q4 with gains from net price realization and solid volume growth enabled by new business expansion, reflected in double-digit YOY growth of our international premium instrument installed base. International regions have maintained strong growth throughout the year, highlighting the significant global opportunity and strong demand for diagnostic solutions.

IDEXX VetLab™ consumable revenues increased 15% organically in the quarter — reflecting strong double-digit gains in US and International regions. Consumable gains benefited from 12% increase in our global premium instrument installed base — reflecting solid advancement across our Catalyst, premium Hematology, SediVue, and inVue Dx platforms.

In the fourth quarter, we placed 6,567 premium instruments — up 42% from the prior year. Quarterly placement results included strong gains in inVue Dx and SediVue while sustaining Catalyst placement levels worldwide.

For the full-year 2025, we achieved ~22,500 premium instrument placements with excellent quality — reflected in significantly expanded EVI metrics, bolstered by new and competitive Catalyst placements and nearly 6,400 inVue Dx instruments.

The successful launch of inVue Dx contributed over \$75MM in instrument revenue for the full year, supporting ~200 basis points of overall company growth.

Rapid assay revenues declined 3% on an organic basis in Q4. Rapid assay results were constrained by pressure on US wellness visits and continued transition of pancreatic lipase to our Catalyst slide which had an estimated 4% headwind to Q4 revenue growth.

Global reference lab revenues expanded 9% organically in Q4. Reference lab results in the quarter were supported by solid volume growth across regions and net price improvement. Volume expansion included new customer growth along with continued traction of innovations like IDEXX Cancer Dx™ in North America, reaching nearly 6,000 customers.

CAG veterinary software, services and diagnostic imaging revenues increased 13% organically in Q4, with results supported by 12% recurring revenues with momentum from our vertical SaaS strategy, including double-digit growth in our cloud-based PIMs recurring revenue.

In other business segments, Water revenues increased 10% organically in Q4 with double-digit International revenue growth and solid gains in the US.

Livestock, Poultry, and Dairy revenues increased 4% organically in Q4 — supported by solid gains in the Americas.

Turning to the P&L — Q4 operating profits increased 21% as reported and 17% on a comparable basis from the prior year including gross margin gains and modest operational expense leverage.

Gross profit increased 15% as reported and 13% on a comparable basis, achieving 60.3% in Q4 — this is an improvement of 60 basis points comparably, adjusting for ~10 basis points of negative foreign exchange impact. Gross margin gains were aided by strong consumable growth and benefits from higher reference lab gross margins, offsetting headwinds from business mix on strong instrument revenue levels.

Operating expenses were up 11% as reported and 10% YoY on a comparable basis in the quarter — reflecting increases in R&D and commercial investments aligned with advancing our innovation roadmap, including recently announced expansions of inVue Dx and Cancer Dx platform capabilities and the completion of our global commercial expansions.

For the full year 2025 — operating margins were 31.6%, an increase of 90 basis points on a comparable basis, net of ~180 basis point benefit related to lapping a now-concluded litigation expense. On a full year basis, there was immaterial margin impact from foreign exchange

effects.

Q4 EPS was \$3.08 per share, up 17% YoY on a comparable basis. In Q4, EPS benefited from strong operational results and lower effective tax rate, including \$0.07 per share in tax benefit from share-based compensation. Foreign exchange provided a \$0.09 per share tailwind to the quarter, net of hedge effects.

Full-year earnings per share was \$13.08 - an increase of 14% on a comparable basis. EPS results were driven by strong operational performance in the year and include a combined \$0.64 benefit from an accrual adjustment during 2024 and 2025 related to a now-concluded litigation, a \$0.10 positive impact from currency changes and \$0.35 in tax benefits from share-based compensation activity.

Foreign exchange had an 80 basis point full-year revenue growth benefit and increased operating profits by \$10MM and EPS by \$0.10 per share, net of \$1MM in hedge losses.

Full-year free cash flow was \$1.1B for 2025 — or 100% of net income — aligned with our third quarter guidance and ahead of our long-term goals with capital spending of \$125MM, or ~3% of revenue. We allocated \$1.2B to repurchase 2.4MM shares at an average cost per share of \$506, supporting a 2.7% YoY reduction in diluted shares outstanding. Our balance sheet remains in a strong position and we ended 2025 with modestly lower leverage ratios of 0.5x gross and 0.4x net of cash.

Turning to our full-year 2026 financial outlook, IDEXX is planning to deliver solid organic revenue growth and profit gains, building on strong commercial execution and extensible new platforms.

We're providing initial guidance for revenue of \$4,632MM to \$4,720MM, an increase of 7.6% - 9.6% on a reported basis, reflecting 7.0% - 9.0% organically. CAG Diagnostics recurring revenues are expected to grow 8.0% - 10.0% organically for the year, representing an increase of ~100 basis points at midpoint compared to our 2025 results. At current exchange rates, we expect foreign exchange to have an approximate 60 basis point benefit to full-year revenue growth, largely in the first half of the year.

At mid-point, our 2026 organic CAG Diagnostics recurring revenue growth outlook incorporates expectations for global net price realization of ~4%, reflecting a modestly lower net price realization than 2025. In the US we anticipate net price improvement of ~3.5% and have incorporated declines in US same-store clinical visit growth of ~2%, similar to the full-year 2025

given ongoing macro and sector constraints.

These targets incorporate continued solid global growth benefits from IDEXX execution and innovation drivers including new customer gains and increases in testing utilization. The higher end of our CAG Diagnostics recurring revenue growth outlook captures the potential for improved sector and same-store growth trends while the lower end of the range calibrates for further potential effects of macro and sector pressures.

We are planning for solid placement levels for full-year 2026 across our premium instrument installed base categories, including 5,500 inVue Dx instruments. We expect declines in CAG instrument revenues in 2026 as we lap the rapid expansion of IDEXX inVue Dx instrument placements and anticipate regional revenue mix dynamics.

Our 2026 reported operating margin outlook for the full-year is 32.0% - 32.5%. On a comparable basis, this reflects an outlook for 30 - 80 basis points of improvement year-over-year, net of ~30 basis point benefit from foreign exchange and an ~20 basis point headwind from lapping a prior year now-concluded litigation accrual adjustment in 2025. We're planning for solid gross margin gains on a comparable basis — supported by growth in CAG Diagnostics recurring revenues, benefits from lab and operational productivity initiatives and expansion of our high-margin cloud-based software business. We've captured impacts of tariffs, under current laws, in our outlook and we remain well positioned to maintain supply continuity to our customers.

Our 2026 EPS outlook is \$14.29 to \$14.80 per share. This reflects an increase of 10% - 14% on a comparable basis — net of a 1% reported growth headwind from comparison to the prior year now-concluded litigation accrual adjustment. Our EPS outlook includes \$34MM of net interest expense at prevailing rates and foreign exchange benefit of ~\$0.22 YoY at rates disclosed in our earnings release, net of established hedge positions. We are planning for a consistent year-to-year tax rate when excluding share-based compensation effects.

In terms of sensitivities to changes in foreign exchange rates — we project a 1% change in the value of the US dollar would impact full year reported revenue by ~\$16MM and operating income by ~\$5MM, net of hedge effects.

Our 2026 Free Cash Flow outlook is for net income to Free Cash Flow conversion ratio of 85% - 95%, aligned with our long-term potential and reflects capital spending of \$180MM — or ~4% of revenues.

The outlook incorporates capital deployment toward share repurchases to support a 1% - 2% YoY reduction in diluted shares outstanding while maintaining leverage ratios similar to the past couple of years.

Regarding our Q1 outlook — we're planning for overall reported revenue growth of 11.5% - 13.5% including ~2.5% growth benefit from foreign exchange at rates outlined in our press release. Organic revenue growth of 9.0% - 11.0% includes ~1% - 1.5% growth benefit from CAG instrument revenues, supported by ongoing momentum from inVue Dx analyzer placements. As noted, growth from Capital revenues is projected to become a headwind to overall growth over the balance of the year as we lap the launch of inVue Dx. We expect Q1 CAG Diagnostics recurring revenue growth of 8.5% - 10.5%, which includes ~50 basis points benefit from equivalent days at midpoint, US clinical visit trends and pricing expectations aligned with the full-year guidance levels.

Our Q1 reported operating margins are planned for 31.4% - 31.9%, reflecting solid expansion of comparable margins in the quarter, aligned with our full-year expectations, net of a ~90 basis point headwind from lapping a discrete litigation accrual adjustment in the prior year quarter, and a ~30 basis point benefit from YoY foreign exchange impacts.

We're well positioned entering 2026 with an expanded global field team and innovative platforms aimed at solving customer challenges.

This concludes our guidance update, and I will now turn the call over to Jay for his comments.

**Jay Mazelsky**

**President & Chief Executive Officer**

Thank you, Andrew, and good morning.

IDEXX delivered a very strong fourth quarter, closing a year marked by exceptional execution across the organization and meaningful strategic progress toward our long-term potential. In many respects, 2025 was a defining year for our company. We successfully scaled multiple transformative innovations, expanded our commercial presence in key international regions, and continued to demonstrate the resilience and durability of the IDEXX business model pressured by broader economic uncertainty.

Our performance reflects the strength of that model—one built on customer-centric innovation, high-quality, durable, recurring revenue, and solutions deeply embedded in the daily workflows of veterinary practices. This year, through significant innovations like inVue Dx,

Cancer Dx, Vello™ and Catalyst™ Cortisol, our solutions provided valuable insights and the productivity lift sought by our customers.

The human-animal bond continues to deepen, and pet owners remain committed to providing a high standard of care, even amid what for many of them, may be challenging household economics. This commitment is especially evident in the aging pet population, where owners and veterinarians alike are prioritizing early detection, proactive screening, and longitudinal monitoring. Early signs of aging pets, with solid visit growth for canines 5+ years old, more weighted to non-well, supported a second consecutive quarter of improving visits in this important segment. Additionally, in the fourth quarter, diagnostic frequency—the percentage of visits that include diagnostic testing— expanded, highlighting the structural demand for advanced diagnostics and the role it plays in driving the broader veterinary care envelope.

Our commercial organization continues to be a core competitive advantage for IDEXX.

In Q4, we completed the targeted expansions of our commercial footprint in geographies where we see significant long-term opportunity to increase diagnostics adoption and utilization. These new team members were fully onboarded and trained and are now active in their respective territories in Germany, the United Kingdom, and Australia, alongside an expansion in the United States.

By enhancing commercial capabilities in these markets, we meaningfully reduced the number of accounts assigned to each representative. This enables more frequent, higher-quality interactions with clinics and supports deeper integration of diagnostics into everyday care protocols. Our experience consistently shows that increased engagement leads to higher utilization, stronger customer satisfaction, and better medical outcomes.

CAG Diagnostics recurring revenue growth in the quarter was driven by a combination of strong volume gains, adoption of new innovations, and continued success in premium instrument placements. Diagnostic frequency and utilization per visit remained important contributors, benefiting both patient care and clinic economics.

Customer retention remains in the high nineties for our global CAG Diagnostics business. This level of loyalty underscores the value veterinarians place on the reliability, consistency, and clinical performance of IDEXX solutions—and the strength of the partnerships our teams build over time.

Our commercial team delivered an exceptionally productive year, achieving record instrument



placements and sustained double-digit economic value growth, including contributions from 6,200 Catalyst placements while delivering on our inVue Dx agenda.

We continue to see solid momentum in both competitive conversions and Greenfield accounts. For the full-year, we delivered double-digit growth in our premium instrument installed base, which now includes nearly 78,000 Catalyst analyzers globally. Our expanding premium instrument installed base provides multiple future growth vectors for the business, including benefits from higher diagnostics utilization and new menu additions over time.

We recently announced several new innovations, including expanding the IDEXX Cancer Dx panel to include canine mast cell tumor detection, with availability expected mid-year 2026 in North America. This builds off a successful start to canine lymphoma commercialization where we crossed an important milestone last quarter — now more than half the lymphoma tests submitted are for screening versus as an aid-in-diagnosis. Building off this successful start in North America, we are on track for the next stage of expansion, a Q1 international rollout of IDEXX Cancer Dx.

Getting back to mast cell tumors, they are among the most common cancers in dogs, yet they can be difficult to identify early. These “lumps and bumps” may go unnoticed, particularly in dogs with long coats, and often resemble benign lesions even when detected.

This creates uncertainty for clinicians and pet owners alike, and underscores the need for tools that support earlier, more confident assessment. Building on the strong momentum of the Cancer Dx Panel, mast cell tumor detection will be added at no additional cost, with no change to specimen requirements or workflow, and sustained 2-3 day turnaround in the United States.

This expansion allows veterinarians to screen at-risk dogs for ~1/3 of most common cancer types during routine wellness visits and to evaluate symptomatic patients when mast cell tumors are suspected. Importantly, it integrates seamlessly into existing workflows, reducing friction while expanding clinical insight. We believe this enhancement further strengthens Cancer Dx as a foundational tool for early detection and informed decision-making.

We have also seen exciting new developments with the first Cancer Dx marker for canine lymphoma. Evidence shows that we can detect a lymphoma signal up to EIGHT months prior to clinical manifestation of disease. This means crucial months of earlier detection and treatment potential. As patients undergo treatment, the lymphoma test has also been proven to be useful for repeated testing to monitor remission during CHOP chemotherapy, a common treatment for canine lymphoma. With this treatment monitoring use case, using reasonable assumptions,

we see an addressable opportunity for canine lymphoma monitoring with Cancer Dx at approximately 130,000 tests per year, in North America alone. As is the case with the broader diagnostic category, the more we test, the more we learn.

IDEXX inVue Dx continues to be a transformational platform, redefining point-of-care cell cytology across several high-volume use cases. The rollout of inVue Dx represents one of the most successful product launches in IDEXX history, and the fourth quarter reinforced that trajectory, bringing inVue Dx placements for the year to nearly 6,400. This performance was driven by strong customer demand, operational readiness, and highly positive clinician feedback, exceeding our initial expectations.

In December, we reached an important milestone with the controlled launch of Fine Needle Aspirate, or FNA, on inVue Dx. While the initial menu is for mast cell tumor detection, we view the FNA capability as a platform of its own. As with all new platforms, this will be a controlled launch that builds over time ensuring that the testing performance and customer experience are exceptional within the real-world environment of a veterinary practice.

FNA is a critical diagnostics technique used daily to evaluate masses and skin lesions. Historically, this process has been manual, time-intensive, and dependent on specialized expertise and external lab interpretation. By automating key steps and applying AI-powered analysis, inVue Dx allows technicians to prepare a sample and receive results within minutes—while the patient is still in the clinic, with the option of a one-click pathologist evaluation for additional expertise and review of FNA images and results.

The initial FNA rollout focuses on mast cell tumor detection, one of the most clinically significant canine cancers. Together with Cancer Dx, these innovations will give clinicians confidence at every step, from screening to diagnosis, so they can act sooner and faster – ruling cancer in or out with certainty.

Our Catalyst platform continues to reflect IDEXX's technology-for-life strategy, delivering sustained value through disciplined menu expansions that enhance diagnostic confidence and efficiency at the point of care. In 2025, we built on this strategy with growing adoption of Catalyst™ Pancreatic Lipase and the launch of Catalyst™ Cortisol, both of which enable veterinarians to make faster, more informed decisions during the patient visit.

Catalyst Pancreatic Lipase, introduced in late 2024, saw broad uptake throughout 2025 as practices incorporated it into routine workflows to support timely pancreatitis assessment. The test provides rapid, quantitative results, for both dogs and cats, with reference-lab quality,

helping veterinarians address a clinically challenging condition with greater confidence. Adoption across tens-of-thousands of practices supported diagnostic frequency gains and improved patient outcomes.

We extended this momentum with the launch of Catalyst Cortisol in the third quarter, marking the third Catalyst menu expansion in under a year when including Catalyst™ SmartQC™. This test delivers real-time cortisol measurements to support endocrine diagnosis and ongoing disease management, allowing clinicians to move quickly from testing to action. Early adoption exceeded expectations and contributed to solid consumable growth in the second half.

Together, these high-impact menu additions underscore the platform benefits of our robust installed base and technology for life strategy. We are able to rapidly expand new specialty tests like these across a large global installed base of ~78,000 Catalysts. For example, in North America, over 50% of Catalyst users adopted the pancreatic lipase test in the first twelve months.

Our software ecosystem remains an important growth driver and a source of strategic differentiation. IDEXX software is deeply integrated across diagnostics, imaging, client communication, and practice operations, helping clinics fully realize the value of their diagnostic investments.

In 2025, we saw strong performance across our practice information management systems, as well as continued momentum in pet owner engagement tools such as Vello.

Our ezyVet™ and Neo™ platforms delivered double-digit installed base growth, with particular strength among multi-location practices and corporate customers. We closed the year with record quarterly bookings, reflecting contracted future ARR, signaling strong momentum for IDEXX's software solutions. Clinics continue to choose our cloud-native platforms for their modern interfaces, diagnostic interpretation, and ability to scale efficiently across locations with centralized workflows and data.

Vello continues to expand, growing its users over 40% from last quarter and nearly tripling last year. Clinics using Vello report improved communication with pet owners, increased visit frequency, and better compliance with diagnostics and treatment plans compared to practices relying on more basic engagement tools. We see Vello as a powerful complement to diagnostics, helping clinics translate clinical insight into action.

We also made exciting progress in our Diagnostic Imaging business where we launched in early

January the most advanced radiography system in veterinary medicine, one that combines superb image quality at the lowest dose of radiation, an important consideration where 75% of technicians are women of childbearing age. Our solution enables a connected diagnostic imaging workflow for veterinary professionals, where our AI-powered Viewer automates key clinical measurements and customers can now submit and review Telemedicine cases directly through Web PACS.

As we close out 2025, IDEXX remains firmly committed to creating long-term value for our customers, employees, and shareholders. Over the past year, we strengthened our commercial foundation, scaled impactful innovations, and reinforced our leadership in diagnostics and software.

We enter 2026 with confidence in our strategy, our teams, and the opportunities ahead. The human-animal bond continues to deepen, and expectations for quality veterinary care continue to rise. IDEXX is uniquely positioned to support this evolution by delivering diagnostic and digital tools that enhance productivity, improve outcomes, and support sustainable practice growth.

I want to close by thanking our 11,000 employees around the world. Your dedication to innovation, quality, and customer partnership is what enables IDEXX to deliver consistent performance year after year. We are excited about the year ahead and look forward to continuing to build on this momentum.

With that, I will open the line for Q&A. Thank you.