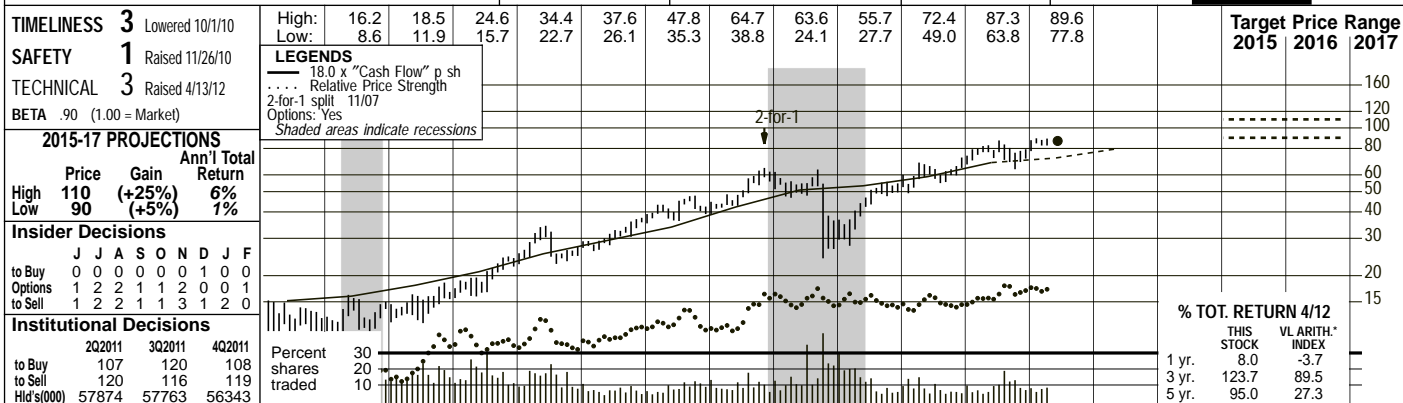


# IDEXX LABORATORIES NDQ-IDXX

RECENT PRICE **86.87** P/E RATIO **28.0** (Trailing: 30.2 Median: 26.0) RELATIVE P/E RATIO **1.94** DIV'D YLD **Nil** VALUE LINE



**TIMELINESS** 3 Lowered 10/1/10  
**SAFETY** 1 Raised 11/26/10  
**TECHNICAL** 3 Raised 4/13/12  
**BETA** .90 (1.00 = Market)

**2015-17 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 110	(+25%)	6%
Low 90	(+5%)	1%

**Insider Decisions**

J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	1	0
Options	1	2	2	1	1	2	0	0
to Sell	1	2	2	1	1	3	1	2

**Institutional Decisions**

2Q2011	3Q2011	4Q2011	Percent shares traded
to Buy	107	120	108
to Sell	120	116	119
Hld's(000)	57874	57763	56343

IDEXX Laboratories was founded in 1983 by David E. Shaw. In June, 1991, the company completed an initial public offering, at which time, 120,000 shares of priority amount common stock along with 13,192,628 shares of preferred stock were converted into an equal number of shares of IDEXX common stock. An additional 6.4 million shares were sold through Lehman Bros., Cowen & Co., and Vector Securities Intl. for \$3.75 each. Shares and prices have been adjusted for stock splits.

**CAPITAL STRUCTURE as of 3/31/12**  
**Total Debt** \$257.2 mill. **Due in 5 Yrs** \$160.0 mill.  
**LT Debt** \$2.3 mill. **LT Interest** \$.1 mill.  
 (Total int. coverage and LT int. earned: over 25X)  
 (Less than 1% of Cap'l)

**Leases, Uncapitalized Annual rentals** \$12.8 mill.  
**No Defined Pension Benefit Plan**  
**Pfd Stock** None

**Common Stock** 55,037,413 shs.  
**MARKET CAP: \$4.8 billion (Mid Cap)**

CURRENT POSITION (\$MILL.)	2010	2011	3/31/12
Cash Assets	156.9	183.9	185.5
Receivables	120.1	141.2	161.0
Inventory (FIFO)	127.9	133.1	141.1
Other	55.7	66.0	57.3
Current Assets	460.6	524.2	544.9
Accts Payable	22.7	36.6	40.6
Debt Due	129.9	243.9	254.9
Other	132.5	156.4	141.8
Current Liab.	285.1	436.9	437.3

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	14.0%	14.5%	8.5%
"Cash Flow"	15.0%	15.5%	8.0%
Earnings	17.0%	15.0%	10.5%
Dividends	--	--	Nil
Book Value	8.5%	9.5%	14.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	236.5	265.7	259.1	270.3	1031.6
2010	268.5	281.5	269.6	283.8	1103.4
2011	292.7	317.9	301.0	307.1	1218.7
2012	322.7	340	325	332.3	1320
2013	335	360	345	360	1400

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	.43	.55	.52	.51	2.01
2010	.55	.62	.59	.62	2.37
2011	.62	.83	.66	.67	2.78
2012	.72	.91	.73	.74	3.10
2013	.75	.95	.90	.90	3.50

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008					
2009					
2010					
2011					
2012					

NO CASH DIVIDENDS BEING PAID

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Revenues per sh	6.13	6.86	8.30	10.03	11.86	15.12	17.29	17.72	19.25	22.12	24.00	25.45	Revenues per sh	31.80
"Cash Flow" per sh	1.00	1.16	1.41	1.63	1.88	2.35	2.82	2.95	3.27	3.81	4.00	4.45	"Cash Flow" per sh	5.30
Earnings per sh <sup>A</sup>	.68	.86	1.05	1.17	1.33	1.58	1.90	2.01	2.37	2.78	3.10	3.50	Earnings per sh	4.40
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
Cap'l Spending per sh	.22	.24	.44	.38	.52	1.07	1.51	.85	.68	.95	1.00	1.00	Cap'l Spending per sh	1.20
Book Value per sh <sup>B</sup>	5.06	5.96	6.01	5.80	6.58	7.19	7.40	8.84	10.02	9.79	11.65	14.55	Book Value per sh	21.80
Common Shs Outst'g <sup>C</sup>	67.36	69.36	66.18	63.64	62.33	61.00	59.22	58.22	57.31	55.10	55.00	55.00	Common Shs Outst'g	55.00
Avg Ann'l P/E Ratio	21.7	23.1	25.8	26.4	30.9	31.6	25.7	21.8	25.5	27.2	27.2	27.2	Avg Ann'l P/E Ratio	23.0
Relative P/E Ratio	1.19	1.32	1.36	1.41	1.67	1.68	1.55	1.45	1.62	1.72	1.72	1.72	Relative P/E Ratio	1.55
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--	--	--	Avg Ann'l Div'd Yield	Nil
Revenues (\$mill)	412.7	476.0	549.2	638.1	739.1	922.6	1024.0	1031.6	1103.4	1218.7	1320	1400	Revenues (\$mill)	1750
Operating Margin	21.5%	23.6%	23.0%	21.9%	21.3%	20.6%	21.9%	21.9%	22.6%	23.3%	23.0%	23.0%	Operating Margin	23.0%
Depreciation (\$mill)	20.1	18.9	18.4	24.4	29.8	41.1	48.8	49.8	46.0	48.2	50.0	50.0	Depreciation (\$mill)	52.0
Net Profit (\$mill)	47.2	61.5	74.9	79.3	87.6	102.0	118.3	122.2	141.3	161.8	170	195	Net Profit (\$mill)	240
Income Tax Rate	34.2%	32.2%	29.7%	33.5%	33.1%	30.8%	31.7%	30.0%	30.1%	31.0%	30.0%	30.0%	Income Tax Rate	30.0%
Net Profit Margin	11.4%	12.9%	13.6%	12.4%	11.8%	11.1%	11.5%	11.8%	12.8%	13.3%	12.9%	13.9%	Net Profit Margin	13.7%
Working Cap'l (\$mill)	213.4	269.9	201.6	192.7	177.6	82.3	60.6	120.0	175.5	87.3	120	170	Working Cap'l (\$mill)	420
Long-Term Debt (\$mill)	--	--	--	--	6.4	5.7	5.1	4.3	3.4	2.5	2.0	2.0	Long-Term Debt (\$mill)	Nil
Shr. Equity (\$mill)	341.0	413.3	397.7	369.0	409.9	438.3	438.2	514.6	574.3	539.6	640	800	Shr. Equity (\$mill)	1200
Return on Total Cap'l	13.8%	14.9%	18.8%	21.5%	21.1%	23.0%	26.7%	23.6%	24.5%	29.9%	26.5%	24.5%	Return on Total Cap'l	20.0%
Return on Shr. Equity	13.8%	14.9%	18.8%	21.5%	21.4%	23.3%	27.0%	23.8%	24.6%	30.0%	26.5%	24.5%	Return on Shr. Equity	20.0%
Retained to Com Eq	13.8%	14.9%	18.8%	21.5%	21.4%	23.3%	27.0%	23.8%	24.6%	30.0%	26.5%	24.5%	Retained to Com Eq	20.0%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

**BUSINESS:** IDEXX Laboratories, Inc., develops, manufactures, and distributes detection and diagnostic products for veterinary uses, the detection of contaminants in meat and dairy plants, and for soil and water testing. Also provides laboratory testing and consulting services to veterinarians. Segments: Companion Animal Group, 82% of '11 sales; Water, 7%; Livestock and Poultry Diag-

nostics, 7%; Other, 4%. Has about 5,100 employees. Foreign sales, 43% in '11; R&D expense, 6.2%. Off./Dir.s. own 3.6% of common; Ruane Cunniff & Goldfarb, 10.2%; T. Rowe Price, 8.9%; Baron Cap., 6.4%; Neuberger Berman, 6.0%; (3/12 proxy). Chrmn., Pres. & CEO: Jonathan Ayers, Inc.: DE. Addr.: 1 IDEXX Dr., Westbrook, ME 04092. Tel.: 207-556-0300. Internet: www.idexx.com.

**IDEXX Laboratories topped our estimates in the first quarter.** The company posted earnings of \$0.72 a share for the period, modestly surpassing our expectations of \$0.70. The outperformance was driven by better-than-expected revenues and improved margins. Total sales increased 10% year over year to \$322.7 million, primarily led by strength in the Companion Animal Group (CAG) segment (+11.4%). Meanwhile, a higher gross margin helped to offset seasonal increases in administrative costs.

**We are raising our 2012 earnings estimate by a nickel, to \$3.10 a share.** The revision largely reflects the first-quarter beat, coupled with improving industry trends. In our view, positive momentum within the companion animal sector should become more sustainable as an industry rebound becomes more apparent. Indeed, IDEXX has implemented several new strategies within its business that we believe should help to increase placement for its *Catalyst* and *ProCyte* instruments in the year ahead. Investors should note that the CAG unit remains IDEXX's bread and butter, accounting for roughly 82% of

total revenue. Future performance will hinge considerably on continued improvement within veterinary services.

**Asian expansion presents an intriguing opportunity.** Asia/Pacific remains one of IDEXX's fastest-growing regions, evidenced by a 30% increase in *VetLab* instrument placements during the March period. The company placed its first *Procyte* unit in Japan earlier this year.

**The stock is ranked 3 (Average) for Timeliness.** We look for solid organic trends with the CAG business to help support top- and bottom-line growth in the year ahead. However, enhanced investor enthusiasm year to date has probably discounted some of the equity's near-term upside. Shares of IDEXX are currently trading just below their 52-week high.

**Long-term investors can find better options elsewhere.** Shares of IDEXX are currently trading just below our 3- to 5-year Target Price Range, indicating the valuation may be a bit rich at this time. In our view, patient accounts should probably wait for a potential pullback before committing additional funds here.

*Michael Ratty* May 25, 2012

(A) Based on diluted shares. Excludes net non-recurring charges/gains: '02, \$0.03; '03, \$0.06; '04, \$0.04; '08, (\$0.03). May not sum due to rounding. Next egs. report due late July.

(B) Includes intangibles. In 2011: \$241.8 million, \$4.39/share.

(C) In millions, adjusted for stock split.

Company's Financial Strength	A+
Stock's Price Stability	85
Price Growth Persistence	100
Earnings Predictability	100

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