

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

- ☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2020, OR
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 1-13595

Mettler Toledo International Inc

(Exact name of registrant as specified in its charter)

Delaware

13-3668641

(State or other jurisdiction of
incorporation or organization)

(I.R.S Employer Identification No.)

1900 Polaris Parkway
Columbus, OH 43240
and

Im Langacher, P.O. Box MT-100
CH 8606 Greifensee, Switzerland
1-614-438-4511 and +41-44-944-22-11

(Registrant's telephone number, including area code)

not applicable

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	MTD	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by checkmark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The Registrant had 23,794,563 shares of Common Stock outstanding at September 30, 2020.

METTLER-TOLEDO INTERNATIONAL INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

METTLER-TOLEDO INTERNATIONAL INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
Three months ended September 30, 2020 and 2019
(In thousands, except share data)
(unaudited)

	September 30, 2020	September 30, 2019
Net sales		
Products	\$ 630,372	\$ 586,756
Service	176,985	167,110
Total net sales	807,357	753,866
Cost of sales		
Products	254,050	233,369
Service	83,699	85,441
Gross profit	469,608	435,056
Research and development	34,656	36,015
Selling, general and administrative	204,974	202,826
Amortization	14,121	12,329
Interest expense	9,310	9,800
Restructuring charges	4,570	6,732
Other income, net	(3,832)	(2,005)
Earnings before taxes	205,809	169,359
Provision for taxes	44,042	39,964
Net earnings	\$ 161,767	\$ 129,395
Basic earnings per common share:		
Net earnings	\$ 6.76	\$ 5.28
Weighted average number of common shares	23,922,272	24,487,268
Diluted earnings per common share:		
Net earnings	\$ 6.68	\$ 5.20
Weighted average number of common and common equivalent shares	24,225,204	24,880,179
Comprehensive income, net of tax (Note 9)	\$ 180,099	\$ 115,842

The accompanying notes are an integral part of these interim consolidated financial statements.

METTLER-TOLEDO INTERNATIONAL INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
Nine months ended September 30, 2020 and 2019
(In thousands, except share data)
(unaudited)

	September 30, 2020	September 30, 2019
Net sales		
Products	\$ 1,656,819	\$ 1,677,030
Service	490,373	487,654
Total net sales	2,147,192	2,164,684
Cost of sales		
Products	662,681	670,401
Service	242,524	251,370
Gross profit	1,241,987	1,242,913
Research and development	100,236	108,650
Selling, general and administrative	593,852	612,466
Amortization	42,008	36,877
Interest expense	29,111	27,776
Restructuring charges	7,335	11,146
Other income, net	(10,118)	(4,253)
Earnings before taxes	479,563	450,251
Provision for taxes	93,119	81,891
Net earnings	\$ 386,444	\$ 368,360
Basic earnings per common share:		
Net earnings	\$ 16.13	\$ 14.93
Weighted average number of common shares	23,963,311	24,677,546
Diluted earnings per common share:		
Net earnings	\$ 15.92	\$ 14.67
Weighted average number of common and common equivalent shares	24,272,354	25,103,173
Comprehensive income, net of tax (Note 9)	\$ 382,844	\$ 355,788

The accompanying notes are an integral part of these interim consolidated financial statements.

METTLER-TOLEDO INTERNATIONAL INC.
INTERIM CONSOLIDATED BALANCE SHEETS
As of September 30, 2020 and December 31, 2019
(In thousands, except share data)
(unaudited)

	September 30, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 153,686	\$ 207,785
Trade accounts receivable, less allowances of \$17,979 at September 30, 2020 and \$17,009 at December 31, 2019	521,777	566,256
Inventories	292,329	274,285
Other current assets and prepaid expenses	78,528	61,321
Total current assets	1,046,320	1,109,647
Property, plant and equipment, net	758,010	748,657
Goodwill	541,722	535,979
Other intangible assets, net	199,151	206,242
Deferred tax assets, net	37,115	36,978
Other non-current assets	184,218	151,818
Total assets	<u>\$ 2,766,536</u>	<u>\$ 2,789,321</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 146,646	\$ 185,592
Accrued and other liabilities	180,139	166,118
Accrued compensation and related items	140,845	155,402
Deferred revenue and customer prepayments	150,476	122,489
Taxes payable	90,864	69,043
Short-term borrowings and current maturities of long-term debt	55,111	55,868
Total current liabilities	764,081	754,512
Long-term debt	1,169,136	1,235,350
Deferred tax liabilities, net	41,979	45,267
Other non-current liabilities	348,273	333,412
Total liabilities	2,323,469	2,368,541
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock, \$0.01 par value per share; authorized 10,000,000 shares	—	—
Common stock, \$0.01 par value per share; authorized 125,000,000 shares; issued 44,786,011 and 44,786,011 shares; outstanding 23,794,563 and 24,125,317 shares at September 30, 2020 and December 31, 2019, respectively	448	448
Additional paid-in capital	799,701	783,871
Treasury stock at cost (20,991,448 shares at September 30, 2020, and 20,660,694 shares at December 31, 2019)	(4,912,096)	(4,539,154)
Retained earnings	4,882,287	4,499,288
Accumulated other comprehensive loss	(327,273)	(323,673)
Total shareholders' equity	443,067	420,780
Total liabilities and shareholders' equity	<u>\$ 2,766,536</u>	<u>\$ 2,789,321</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

METTLER-TOLEDO INTERNATIONAL INC.
INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Nine months ended September 30, 2020 and 2019
(In thousands, except share data)
(unaudited)

	Common Stock		Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount					
Balance at December 31, 2018	24,921,963	\$ 448	\$ 764,717	\$ (3,814,604)	\$ 3,941,916	\$ (302,414)	\$ 590,063
Exercise of stock options and restricted stock units	171,752	—	751	28,257	(18)	—	28,990
Repurchases of common stock	(290,429)	—	—	(186,250)	—	—	(186,250)
Share-based compensation	—	—	4,482	—	—	—	4,482
Net earnings	—	—	—	—	111,805	—	111,805
Other comprehensive income (loss), net of tax	—	—	—	—	—	12,660	12,660
Balance at March 31, 2019	24,803,286	\$ 448	\$ 769,950	\$ (3,972,597)	\$ 4,053,703	\$ (289,754)	\$ 561,750
Exercise of stock options and restricted stock units	54,843	—	—	9,307	(540)	—	8,767
Repurchases of common stock	(248,897)	—	—	(186,250)	—	—	(186,250)
Share-based compensation	—	—	4,338	—	—	—	4,338
Net earnings	—	—	—	—	127,160	—	127,160
Other comprehensive income (loss), net of tax	—	—	—	—	—	(11,679)	(11,679)
Balance at June 30, 2019	24,609,232	\$ 448	\$ 774,288	\$ (4,149,540)	\$ 4,180,323	\$ (301,433)	\$ 504,086
Exercise of stock options and restricted stock units	246	—	117	43	—	—	160
Repurchases of common stock	(255,277)	—	—	(186,250)	—	—	(186,250)
Share-based compensation	—	—	4,463	—	—	—	4,463
Net earnings	—	—	—	—	129,395	—	129,395
Other comprehensive income (loss), net of tax	—	—	—	—	—	(13,553)	(13,553)
Balance at September 30, 2019	24,354,201	\$ 448	\$ 778,868	\$ (4,335,747)	\$ 4,309,718	\$ (314,986)	\$ 438,301
Balance at December 31, 2019	24,125,317	\$ 448	\$ 783,871	\$ (4,539,154)	\$ 4,499,288	\$ (323,673)	\$ 420,780
Exercise of stock options and restricted stock units	50,372	—	—	9,355	(2,220)	—	7,135
Repurchases of common stock	(268,161)	—	—	(200,000)	—	—	(200,000)
Share-based compensation	—	—	4,395	—	—	—	4,395
Net earnings	—	—	—	—	98,115	—	98,115
Other comprehensive income (loss), net of tax	—	—	—	—	—	(24,028)	(24,028)
Balance at March 31, 2020	23,907,528	\$ 448	\$ 788,266	\$ (4,729,799)	\$ 4,595,183	\$ (347,701)	\$ 306,397
Exercise of stock options and restricted stock units	63,737	—	—	11,837	(1,222)	—	10,615
Share-based compensation	—	—	4,423	—	—	—	4,423
Net earnings	—	—	—	—	126,562	—	126,562
Other comprehensive income (loss), net of tax	—	—	—	—	—	2,096	2,096
Balance at June 30, 2020	23,971,265	\$ 448	\$ 792,689	\$ (4,717,962)	\$ 4,720,523	\$ (345,605)	\$ 450,093
Exercise of stock options and restricted stock units	30,667	—	2,582	5,865	(3)	—	8,444
Repurchases of common stock	(207,369)	—	—	(199,999)	—	—	(199,999)
Share-based compensation	—	—	4,430	—	—	—	4,430
Net earnings	—	—	—	—	161,767	—	161,767
Other comprehensive income (loss), net of tax	—	—	—	—	—	18,332	18,332
Balance at September 30, 2020	23,794,563	\$ 448	\$ 799,701	\$ (4,912,096)	\$ 4,882,287	\$ (327,273)	\$ 443,067

The accompanying notes are an integral part of these interim consolidated financial statements.

METTLER-TOLEDO INTERNATIONAL INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine months ended September 30, 2020 and 2019
(In thousands)
(unaudited)

	September 30, 2020	September 30, 2019
Cash flows from operating activities:		
Net earnings	\$ 386,444	\$ 368,360
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	30,949	29,348
Amortization	42,008	36,877
Deferred tax benefit	(6,990)	(17,963)
Share-based compensation	13,248	13,283
Increase (decrease) in cash resulting from changes in:		
Trade accounts receivable, net	49,084	23,096
Inventories	(11,421)	(17,494)
Other current assets	(8,733)	(7,713)
Trade accounts payable	(40,874)	(45,659)
Taxes payable	19,117	16,658
Accruals and other	998	2,948
Net cash provided by operating activities	473,830	401,741
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	3,046	1,248
Purchase of property, plant and equipment	(57,428)	(71,627)
Acquisitions	(6,242)	(2,004)
Net hedging settlements on intercompany loans	(9,421)	(4,099)
Net cash used in investing activities	(70,045)	(76,482)
Cash flows from financing activities:		
Proceeds from borrowings	1,148,360	807,711
Repayments of borrowings	(1,231,191)	(660,795)
Proceeds from stock option exercises	26,194	37,916
Repurchases of common stock	(399,999)	(558,749)
Acquisition contingent consideration payment	—	(10,000)
Other financing activities	(800)	1,753
Net cash used in financing activities	(457,436)	(382,164)
Effect of exchange rate changes on cash and cash equivalents	(448)	(671)
Net decrease in cash and cash equivalents	(54,099)	(57,576)
Cash and cash equivalents:		
Beginning of period	207,785	178,110
End of period	\$ 153,686	\$ 120,534

The accompanying notes are an integral part of these interim consolidated financial statements.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except share data, unless otherwise stated)

1. BASIS OF PRESENTATION

Mettler-Toledo International Inc. ("Mettler-Toledo" or the "Company") is a leading global supplier of precision instruments and services. The Company manufactures weighing instruments for use in laboratory, industrial, packaging, logistics and food retailing applications. The Company also manufactures several related analytical instruments and provides automated chemistry solutions used in drug and chemical compound discovery and development. In addition, the Company manufactures metal detection and other end-of-line inspection systems used in production and packaging and provides solutions for use in certain process analytics applications. The Company's primary manufacturing facilities are located in China, Germany, Switzerland, the United Kingdom and the United States. The Company's principal executive offices are located in Columbus, Ohio and Greifensee, Switzerland.

The accompanying interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include all entities in which the Company has control, which are its wholly-owned subsidiaries. The interim consolidated financial statements have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

The accompanying interim consolidated financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. Operating results for the three and nine months ended September 30, 2020 are not necessarily indicative of the results to be expected for the full year ending December 31, 2020.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results may differ from those estimates due to the uncertainty around the magnitude and duration of the COVID-19 pandemic, as well as other factors. A discussion of the Company's critical accounting policies is included in Management's Discussion and Analysis of Financial Condition and Results of Operations and the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

All intercompany transactions and balances have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Trade Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for expected credit losses represents the Company's best estimate based on historical information, current information, and reasonable and supportable forecasts of future events and circumstances.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except share data, unless otherwise stated)

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost, which includes direct materials, labor and overhead, is generally determined using the first in, first out (FIFO) method. The estimated net realizable value is based on assumptions for future demand and related pricing. Adjustments to the cost basis of the Company's inventory are made for excess and obsolete items based on usage, orders and technological obsolescence. If actual market conditions are less favorable than those projected by management, reductions in the value of inventory may be required.

Inventories consisted of the following:

	September 30, 2020	December 31, 2019
Raw materials and parts	\$ 130,478	\$ 129,294
Work-in-progress	51,989	43,202
Finished goods	109,862	101,789
	<u>\$ 292,329</u>	<u>\$ 274,285</u>

Goodwill and Other Intangible Assets

Goodwill, representing the excess of purchase price over the net asset value of companies acquired, and indefinite-lived intangible assets are not amortized, but are reviewed for impairment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that an asset might be impaired. The annual evaluation for goodwill and indefinite-lived intangible assets are generally based on an assessment of qualitative and quantitative factors to determine whether it is more likely than not that the fair value of the asset is less than its carrying amount.

Other intangible assets include indefinite-lived assets and assets subject to amortization. Where applicable, amortization is charged on a straight-line basis over the expected period of benefit. The straight-line method of amortization reflects an appropriate allocation of the cost of the intangible assets to earnings in proportion to the amount of economic benefits obtained by the Company in each reporting period. The Company assesses the initial acquisition of intangible assets in accordance with the provisions of ASC 805 "Business Combinations" and the continued accounting for previously recognized intangible assets and goodwill in accordance with the provisions of ASC 350 "Intangible - Goodwill and Other" and ASC 360 "Property, Plant and Equipment".

Other intangible assets consisted of the following:

	September 30, 2020			December 31, 2019		
	Gross Amount	Accumulated Amortization	Intangibles, Net	Gross Amount	Accumulated Amortization	Intangibles, Net
Customer relationships	\$ 200,528	\$ (65,555)	\$ 134,973	\$ 197,764	\$ (58,851)	\$ 138,913
Proven technology and patents	76,689	(50,223)	26,466	75,170	(46,532)	28,638
Tradenames (finite life)	4,657	(3,258)	1,399	4,594	(3,124)	1,470
Tradenames (indefinite life)	35,524	—	35,524	35,474	—	35,474
Other	5,201	(4,412)	789	5,462	(3,715)	1,747
	<u>\$ 322,599</u>	<u>\$ (123,448)</u>	<u>\$ 199,151</u>	<u>\$ 318,464</u>	<u>\$ (112,222)</u>	<u>\$ 206,242</u>

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except share data, unless otherwise stated)

The Company recognized amortization expense associated with the above intangible assets of \$4.0 million and \$3.8 million for the three months ended September 30, 2020 and 2019, respectively and \$11.8 million and \$11.3 million for the nine months ended September 30, 2020 and 2019, respectively. The annual aggregate amortization expense based on the current balance of other intangible assets is estimated at \$15.8 million for 2020, \$14.7 million for 2021, \$13.2 million for 2022, \$14.0 million for 2023, \$12.7 million for 2024 and \$11.8 million for 2025. Purchased intangible amortization was \$3.8 million, \$2.8 million after tax, and \$3.7 million, \$2.8 million after tax, for the three months ended September 30, 2020 and 2019, respectively and \$11.2 million, \$8.5 million after tax, and \$10.6 million, \$8.0 million after tax, for the nine months ended September 30, 2020 and 2019, respectively.

In addition to the above amortization, the Company recorded amortization expense associated with capitalized software of \$10.1 million and \$8.4 million for the three months ended September 30, 2020 and 2019, respectively and \$30.0 million and \$25.4 million for the nine months ended September 30, 2020 and 2019, respectively.

Revenue Recognition

Product revenue is recognized from contracts with customers when a customer has obtained control of a product. The Company considers control to have transferred based upon shipping terms. To the extent the Company's arrangements have a separate performance obligation, revenue related to any post-shipment performance obligation is deferred until completed. Shipping and handling costs charged to customers are included in total net sales and the associated expense is a component of cost of sales. Certain products are also sold through indirect distribution channels whereby the distributor assumes any further obligations to the end customer. Revenue is recognized on these distributor arrangements upon transfer of control to the distributor. Contracts do not contain variable pricing arrangements that are retrospective, except for rebate programs. Rebates are estimated based on expected sales volumes and offset against revenue at the time such revenue is recognized. The Company generally maintains the right to accept or reject a product return in its terms and conditions and also maintains appropriate accruals for outstanding credits. The related provisions for estimated returns and rebates are immaterial to the consolidated financial statements.

Certain of the Company's product arrangements include separate performance obligations, primarily related to installation. Such performance obligations are accounted for separately when the deliverables have stand-alone value and the satisfaction of the undelivered performance obligations is probable and within the Company's control. The allocation of revenue between the performance obligations is based on the observable stand-alone selling prices at the time of the sale in accordance with a number of factors including service technician billing rates, time to install, and geographic location.

Software is generally not considered a distinct performance obligation with the exception of a few small software applications. The Company generally does not sell software products without the related hardware instrument as the software is embedded in the product. The Company's products typically require no significant production, modification, or customization of the hardware or software that is essential to the functionality of the products.

Service revenue not under contract is recognized upon the completion of the service performed. Revenue from spare parts sold on a stand-alone basis is recognized when control is transferred to the customer, which is generally at the time of shipment or delivery. Revenue from service contracts is recognized ratably over the contract period using a time-based method. These contracts represent an obligation to perform repair and other services including regulatory compliance qualification, calibration, certification, and preventative maintenance on a customer's pre-defined equipment over the contract period.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except share data, unless otherwise stated)

Leases

The Company considers an arrangement a lease if the arrangement transfers the right to control the use of an identified asset in exchange for consideration. The Company has operating leases, but does not have financing leases.

Operating lease right-of-use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make payments arising from the lease agreement. These assets and liabilities are recognized at the commencement of the lease based upon the present value of the lease payments over the lease term. Lease payments include both lease and non-lease components for items or activities that transfer a good and service. Vehicle lease and non-lease components are separately accounted for based on standalone value. Real estate lease and non-lease components are accounted for as a single component. Operating lease right-of-use assets include initial direct costs, advanced lease payments and lease incentives.

The lease term reflects the noncancellable period of the lease together with periods covered by an option to extend or terminate the lease when management is reasonably certain that it will exercise such option. The Company generally uses its incremental borrowing rate at the lease commencement date in determining the present value of lease payments as the information necessary to determine the rate implicit in the lease is not readily available. The incremental borrowing rate reflects similar terms by geographic location to the underlying leases. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Variable lease payments consist of non-lease services related to the lease. Variable lease payments are excluded from the right-of-use asset and lease liabilities and are expensed as incurred. Short-term leases are less than one year without purchase or renewal options that are reasonably certain to be exercised and are recognized on a straight-line basis over the lease term. The right-of-use asset is tested for impairment in accordance with ASC 360.

Warranty

The Company generally offers one-year warranties on most of its products. Product warranties are recorded at the time revenue is recognized. While the Company engages in extensive product quality programs and processes, its warranty obligations are affected by product failure rates, material usage and service costs incurred in correcting a product failure.

Employee Termination Benefits

In situations where contractual termination benefits exist, the Company records accruals for employee termination benefits when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable. All other employee termination arrangements are recognized and measured at their fair value at the communication date unless the employee is required to render additional service after the legal notification period, in which case the liability is recognized ratably over the future service period.

Share-Based Compensation

The Company recognizes share-based compensation expense within selling, general and administrative in the consolidated statements of operations and other comprehensive income with a corresponding offset to additional paid-in capital in the consolidated balance sheet. The Company recorded \$4.4 million and \$13.2 million of share-based compensation expense for the three and nine months ended September 30, 2020, respectively, compared to \$4.5 million and \$13.3 million for the corresponding periods in 2019.

METTLER-TOLEDO INTERNATIONAL INC.
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Research and Development

Research and development costs primarily consist of salaries, consulting and other costs. The Company expenses these costs as incurred.

Business Combinations and Asset Acquisitions

The Company accounts for business acquisitions under the accounting standards for business combinations. The results of each acquisition are included in the Company's consolidated results as of the acquisition date. The purchase price of an acquisition is allocated to tangible and intangible assets and assumed liabilities based on their estimated fair values and any consideration in excess of the net assets acquired is recognized as goodwill. Acquisition transaction costs are expensed when incurred.

In circumstances where an acquisition involves a contingent consideration arrangement, the Company recognizes a liability equal to the fair value of the expected contingent payments as of the acquisition date. Subsequent changes in the fair value of the contingent consideration are recorded to other charges (income), net.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13: Financial Instruments - Credit Losses. The ASU requires the allowance for doubtful accounts to be estimated based on an incurred loss model, which considers historical and forecasted conditions. The guidance became effective for the Company January 1, 2020 on a prospective basis and did not have an impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-14: Compensation - Retirement Benefit which amends the current disclosure requirements for defined benefit pension plans and other post-retirement plans. The change in the disclosures will be applied retrospectively and becomes effective for fiscal years ending after December 15, 2020 with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15: Internal-Use Software which clarifies the accounting for implementation costs associated with cloud-computing internal-use software arrangements. The implementation costs should be capitalized and expensed over the service term, including options to extend, and recognized in selling, general, and administrative in the statement of operations. The guidance became effective January 1, 2020 and is applied on a prospective basis. The adoption of this guidance did not have a material impact on the consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12: Income Taxes which removes certain exceptions to the general principles of ASC 740 related to intraperiod tax allocation exceptions, deferred tax liabilities related to outside basis differences, and year-to-date losses in interim periods. In addition, the ASU amends the interim guidance to clarify that all tax effects, both deferred and current, related to enactments of tax laws or rate changes should be accounted for in the interim period that includes the enactment date. The change is applied prospectively and becomes effective for fiscal years beginning after December 15, 2020 with early adoption permitted. The Company is currently evaluating the impact of this guidance on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04: Reference Rate Reform which provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by discontinuance of LIBOR or another referenced rate. The guidance may be applied to any applicable contract entered into before December 31, 2022. The Company is currently evaluating the impact of this guidance on the consolidated financial statements.

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3. REVENUE

The Company disaggregates revenue from contracts with customers by product, service, timing of revenue recognition and geography. A summary of revenue by the Company's reportable segments for the three and nine months ended September 30, 2020 and 2019 follows:

For the three months ended September 30, 2020	U.S. Operations	Swiss Operations	Western European Operations	Chinese Operations	Other Operations	Total
Product Revenue	\$ 212,607	\$ 30,507	\$ 124,073	\$ 150,879	\$ 112,306	\$ 630,372
Service Revenue:						
Point in time	52,000	6,329	34,519	11,414	28,602	132,864
Over time	14,341	2,012	19,038	2,938	5,792	44,121
Total	<u>\$ 278,948</u>	<u>\$ 38,848</u>	<u>\$ 177,630</u>	<u>\$ 165,231</u>	<u>\$ 146,700</u>	<u>\$ 807,357</u>
For the three months ended September 30, 2019	U.S. Operations	Swiss Operations	Western European Operations	Chinese Operations	Other Operations	Total
Product Revenue	\$ 203,291	\$ 26,114	\$ 120,510	\$ 129,163	\$ 107,678	\$ 586,756
Service Revenue:						
Point in time	53,035	5,191	31,852	10,111	27,665	127,854
Over time	12,712	2,110	16,290	3,018	5,126	39,256
Total	<u>\$ 269,038</u>	<u>\$ 33,415</u>	<u>\$ 168,652</u>	<u>\$ 142,292</u>	<u>\$ 140,469</u>	<u>\$ 753,866</u>
For the nine months ended September 30, 2020	U.S. Operations	Swiss Operations	Western European Operations	Chinese Operations	Other Operations	Total
Product Revenue	\$ 578,405	\$ 76,796	\$ 334,408	\$ 369,351	\$ 297,859	\$ 1,656,819
Service Revenue:						
Point in time	148,577	16,611	93,855	28,304	77,768	365,115
Over time	42,714	6,286	51,743	9,083	15,432	125,258
Total	<u>\$ 769,696</u>	<u>\$ 99,693</u>	<u>\$ 480,006</u>	<u>\$ 406,738</u>	<u>\$ 391,059</u>	<u>\$ 2,147,192</u>
For the nine months ended September 30, 2019	U.S. Operations	Swiss Operations	Western European Operations	Chinese Operations	Other Operations	Total
Product Revenue	\$ 580,155	\$ 77,142	\$ 352,260	\$ 364,620	\$ 302,853	\$ 1,677,030
Service Revenue:						
Point in time	156,221	15,176	97,182	27,363	80,324	376,266
Over time	35,202	6,032	48,798	8,490	12,866	111,388
Total	<u>\$ 771,578</u>	<u>\$ 98,350</u>	<u>\$ 498,240</u>	<u>\$ 400,473</u>	<u>\$ 396,043</u>	<u>\$ 2,164,684</u>

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A summary of revenue by major geographic destination for the three and nine months ended September 30 follows:

	Three Months Ended		Nine Months Ended	
	2020	2019	2020	2019
Americas	\$ 304,963	\$ 298,304	\$ 840,087	\$ 849,282
Europe	232,133	212,736	621,126	629,600
Asia / Rest of World	270,261	242,826	685,979	685,802
Total	<u>\$ 807,357</u>	<u>\$ 753,866</u>	<u>\$ 2,147,192</u>	<u>\$ 2,164,684</u>

The Company's global revenue mix by product category is comprised of laboratory (54% of sales), industrial (40% of sales) and retail (6% of sales). The Company's product revenue by reportable segment is proportionately similar to the Company's global mix except the Company's Swiss Operations is largely comprised of laboratory products while the Company's Chinese Operations has a slightly higher percentage of industrial products. A summary of the Company's revenue by product category for the three and nine months ended September 30 is as follows:

	Three Months Ended		Nine Months Ended	
	2020	2019	2020	2019
Laboratory	\$ 430,516	\$ 388,441	\$ 1,147,078	\$ 1,127,833
Industrial	322,808	315,337	863,987	889,716
Retail	54,033	50,088	136,127	147,135
Total	<u>\$ 807,357</u>	<u>\$ 753,866</u>	<u>\$ 2,147,192</u>	<u>\$ 2,164,684</u>

The payment terms in the Company's contracts with customers do not exceed one year and therefore contracts do not contain a significant financing component. In most cases, after appropriate credit evaluations, payments are due in arrears and are recognized as receivables. Unbilled revenue is recorded when performance obligations have been satisfied, but not yet billed to the customer. Unbilled revenue as of September 30, 2020 and December 31, 2019 was \$29.4 million and \$17.4 million respectively, and is included within accounts receivable. Deferred revenue and customer prepayments are recorded when cash payments are received or due in advance of the performance obligation being satisfied. Deferred revenue primarily includes prepaid service contracts, as well as deferred installation.

Changes in the components of deferred revenue and customer prepayments during the nine month periods ending September 30, 2020 and 2019:

	2020	2019
Beginning balances as of January 1	\$ 122,489	\$ 105,381
Customer pre-payments/deferred revenue	435,952	466,617
Revenue recognized	(409,391)	(442,904)
Foreign currency translation	1,426	(2,169)
Ending balance as of September 30	<u>\$ 150,476</u>	<u>\$ 126,925</u>

The Company generally expenses sales commissions when incurred because the amortization period is one year or less. These costs are recorded within selling, general, and administrative expenses. The Company has not disclosed the value of unsatisfied performance obligations other than customer prepayments and deferred revenue above as most contracts have an expected length of one year or less and amounts greater than one year are immaterial.

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4. FINANCIAL INSTRUMENTS

The Company has limited involvement with derivative financial instruments and does not use them for trading purposes. The Company enters into certain interest rate and cross currency swap agreements in order to manage its exposure to changes in interest rates. The amount of the Company's fixed obligation interest payments may change based upon the expiration dates of its interest rate and cross currency swap agreements and the level and composition of its debt. The Company also enters into certain foreign currency forward contracts to limit the Company's exposure to currency fluctuations on the respective hedged items. For additional disclosures on derivative instruments regarding balance sheet location, fair value, and the amounts reclassified into other comprehensive income and the effective portion of the cash flow hedges, also see Note 5 and Note 9 to the interim consolidated financial statements. As also mentioned in Note 7, the Company has designated its euro-denominated debt as a hedge of a portion of its net investment in euro-denominated foreign subsidiary.

Cash Flow Hedges

In June 2019, the Company entered into a cross currency swap arrangement designated as a cash flow hedge. The agreement converts \$50 million of borrowings under the Company's credit facility into synthetic Swiss franc debt, which allows the Company to effectively change the floating rate LIBOR-based interest payments, excluding the credit spread to a fixed Swiss franc income of 0.82%. The swap matures in June 2023.

In June 2019, the Company entered into a cross currency swap arrangement designated as a cash flow hedge. The agreement converts \$50 million of borrowings under the Company's credit facility into synthetic Swiss franc debt, which allows the Company to effectively change the floating rate LIBOR-based interest payments, excluding the credit spread to a fixed Swiss franc income of 0.95%. The swap matures in June 2021.

In February 2019, the Company entered into a cross currency swap arrangement designated as a cash flow hedge. The agreement converts \$50 million of borrowings under the Company's credit facility into synthetic Swiss franc debt, which allows the Company to effectively change the floating rate LIBOR-based interest payments, excluding the credit spread to a fixed Swiss franc income of 0.78%. The swap matures in June 2021.

In 2015, the Company entered into an interest rate swap agreement designated as a cash flow hedge. The agreement has the effect of changing the floating rate LIBOR-based interest payments associated with \$100 million of borrowings under the Company's credit agreement to a fixed obligation of 2.25% beginning in February 2017 and matures in February 2022.

In 2013, the Company entered into an interest rate swap agreement designated as a cash flow hedge. The agreement has the effect of changing the floating rate LIBOR-based interest payments associated with \$50 million of borrowings under the Company's credit facility to a fixed obligation of 2.52% beginning in October 2015 and matured in October 2020.

The Company's cash flow hedges are recorded gross at fair value in the consolidated balance sheet at September 30, 2020 and December 31, 2019, respectively. A derivative loss of \$0.5 million based upon interest rates and foreign currency rates at September 30, 2020, is expected to be reclassified from other comprehensive income (loss) to earnings in the next twelve months. The cash flow hedges remain effective as of September 30, 2020.

Other Derivatives

The Company enters into foreign currency forward contracts in order to economically hedge short-term trade and non-trade intercompany balances largely denominated in Swiss franc, other major

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European currencies, and the Chinese Renminbi with its foreign businesses. In accordance with U.S. GAAP, these contracts are considered “derivatives not designated as hedging instruments.” Gains or losses on these instruments are reported in current earnings. The foreign currency forward contracts are recorded at fair value in the consolidated balance sheet at September 30, 2020 and December 31, 2019, respectively, and disclosed in Note 5. The Company recognized in other charges (income) related to these instruments, a net gain of \$7.1 million and a net loss of \$3.7 million during the three months ended September 30, 2020 and 2019, respectively, and a net gain of \$0.1 million and a net loss of \$8.2 million during the nine months ended September 30, 2020 and 2019, respectively. The gains and losses are primarily offset by the underlying transaction gains and losses on the related intercompany balances. At September 30, 2020 and December 31, 2019, these contracts had a notional value of \$500.7 million and \$494.6 million, respectively.

5. FAIR VALUE MEASUREMENTS

At September 30, 2020 and December 31, 2019, the Company had derivative assets totaling \$5.2 million and \$1.6 million respectively, and derivative liabilities totaling \$18.7 million and \$9.0 million, respectively. The Company has limited involvement with derivative financial instruments and therefore does not need to present all the required disclosures in tabular format. The fair values of the interest rate swap agreements, the cross-currency swap agreements and foreign currency forward contracts that economically hedge short-term intercompany balances are estimated based upon inputs from current valuation information obtained from dealer quotes and priced with observable market assumptions and appropriate valuation adjustments for credit risk. The Company has evaluated the valuation methodologies used to develop the fair values by dealers in order to determine whether such valuations are representative of an exit price in the Company’s principal market. In addition, the Company uses an internally developed model to perform testing on the valuations received from brokers. The Company has also considered both its own credit risk and counterparty credit risk in determining fair value and determined these adjustments were insignificant at September 30, 2020 and December 31, 2019.

Under U.S. GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement consists of observable and unobservable inputs that reflect the assumptions that a market participant would use in pricing an asset or liability.

A fair value hierarchy has been established that categorizes these inputs into three levels:

- Level 1: Quoted prices in active markets for identical assets and liabilities
- Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities
- Level 3: Unobservable inputs

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The following table presents the Company's assets and liabilities, which are all categorized as Level 2, that are measured at fair value on a recurring basis.

	September 30, 2020	December 31, 2019	Balance Sheet Classification
Foreign currency forward contracts not designated as hedging instruments	\$ 5,167	\$ 1,568	Other current assets and prepaid expenses
Total derivative assets	<u>\$ 5,167</u>	<u>\$ 1,568</u>	
Foreign currency forward contracts not designated as hedging instruments	\$ 2,740	\$ 2,392	Accrued and other liabilities
Cash Flow Hedges:			
Interest rate swap agreements	99	371	Accrued and other liabilities
Cross currency swap agreement	8,742	—	Accrued and other liabilities
Interest rate swap agreements	3,075	1,548	Other non-current liabilities
Cross currency swap agreement	4,091	4,706	Other non-current liabilities
Total derivative liabilities	<u>\$ 18,747</u>	<u>\$ 9,017</u>	

The Company had \$18.9 million and \$8.2 million of cash equivalents at September 30, 2020 and December 31, 2019, respectively, the fair value of which is determined using Level 2 inputs, through quoted and corroborated prices in active markets. The fair value of cash equivalents approximates cost.

The fair value of the Company's debt exceeds the carrying value by approximately \$52.2 million as of September 30, 2020. The fair value of the Company's fixed interest rate debt was estimated using Level 2 inputs, primarily discounted cash flow models, based on estimated current rates offered for similar debt under current market conditions for the Company.

6. INCOME TAXES

The Company's reported tax rate was 21.4% and 23.6% during the three months ended September 30, 2020 and 2019, respectively and 19.4% and 18.2% during the nine months ended September 30, 2020 and 2019, respectively. The provision for taxes is based upon using the Company's projected annual effective tax rate of 20.5% and 20.0% before non-recurring discrete tax items during 2020 and 2019, respectively. The difference between the Company's projected annual effective tax rate and the reported tax rate is primarily related to the timing of excess tax benefits associated with stock option exercises.

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7. DEBT

Debt consisted of the following at September 30, 2020:

	U.S. Dollar	Other Principal Trading Currencies	Total
3.67% \$50 million ten-year Senior Notes due December 17, 2022	\$ 50,000	\$ —	\$ 50,000
4.10% \$50 million ten-year Senior Notes due September 19, 2023	50,000	—	50,000
3.84% \$125 million ten-year Senior Notes due September 19, 2024	125,000	—	125,000
4.24% \$125 million ten-year Senior Notes due June 25, 2025	125,000	—	125,000
3.91% \$75 million ten-year Senior Notes due June 25, 2029	75,000	—	75,000
3.19% \$50 million fifteen-year Senior Notes due January 24, 2035	50,000	—	50,000
1.47% Euro 125 million fifteen-year Senior Notes due June 17, 2030	—	145,637	145,637
1.30% Euro 135 million fifteen-year Senior Notes due November 6, 2034	—	157,288	157,288
Debt issuance costs, net	(1,191)	(889)	(2,080)
Total Senior Notes	473,809	302,036	775,845
\$1.1 billion Credit Agreement, interest at LIBOR plus 87.5 basis points	321,005	71,024	392,029
Other local arrangements	1,581	54,792	56,373
Total debt	796,395	427,852	1,224,247
Less: current portion	(374)	(54,737)	(55,111)
Total long-term debt	\$ 796,021	\$ 373,115	\$ 1,169,136

As of September 30, 2020, the Company had \$700.7 million of additional borrowings available under its Credit Agreement, and the Company maintained \$153.7 million of cash and cash equivalents.

On January 24, 2020, the Company issued \$50 million Senior notes with a fixed interest rate of 3.19%, which will mature January 24, 2035. The terms of the Senior Notes are consistent with the previously issued Senior Notes as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2019. The Company used the proceeds from the sale of the notes to refinance existing indebtedness and for other general corporate purposes. The Company was in compliance with its debt covenants at September 30, 2020.

The Company has designated the EUR 125 million 1.47% Senior Notes and the EUR 135 million 1.30% Senior Notes as a hedge of a portion of its net investment in euro-denominated foreign subsidiaries to reduce foreign currency risk associated with the net investment. Changes in the carrying value of this debt resulting from fluctuations in the euro to U.S. dollar exchange rate are recorded as foreign currency translation adjustments within other comprehensive income (loss). The Company recorded in other comprehensive income (loss) related to this net investment hedge an unrealized loss of \$11.2 million and an unrealized gain of \$5.3 million for the three months ended September 30, 2020 and 2019, respectively, and an unrealized loss of \$11.3 million and an unrealized gain of \$6.3 million for the nine month periods ended September 30, 2020 and 2019, respectively. The Company has a loss of \$12.8 million recorded in accumulated other comprehensive income (loss) as of September 30, 2020.

Other Local Arrangements

In April 2018, two of the Company's non-U.S. pension plans issued loans totaling \$39.6 million (Swiss franc 38 million) to a wholly owned subsidiary of the Company. The loans have the same terms and conditions, which include an interest rate of Swiss franc LIBOR plus 87.5 basis points. The loans were renewed for one year in April 2020.

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8. SHARE REPURCHASE PROGRAM AND TREASURY STOCK

In November 2020, the Company's Board of Directors authorized an additional \$2.5 billion to be added to its share repurchase program, which has \$0.9 billion of remaining availability as of September 30, 2020. The share repurchases are expected to be funded from cash generated from operating activities, borrowings, and cash balances. Repurchases will be made through open market transactions, and the amount and timing of purchases will depend on business and market conditions, the stock price, trading restrictions, the level of acquisition activity and other factors.

The Company has purchased 29.1 million shares since the inception of the program in 2004 through September 30, 2020. During the nine months ended September 30, 2020 and 2019, the Company spent \$400 million and \$558.7 million on the repurchase of 475,530 shares and 794,603 shares at an average price per share of \$841.14 and \$703.16, respectively. The Company also reissued 144,776 shares and 226,841 shares held in treasury upon the exercise of stock options and vesting of restricted stock units during the nine months ended September 30, 2020 and 2019, respectively.

9. ACCUMULATED OTHER COMPREHENSIVE INCOME

Comprehensive income (loss), net of tax consisted of the following as of September 30:

	Three Months Ended		Nine Months Ended	
	2020	2019	2020	2019
Net earnings	\$ 161,767	\$ 129,395	\$ 386,444	\$ 368,360
Other comprehensive income (loss), net of tax	18,332	(13,553)	(3,600)	(12,572)
Comprehensive income, net of tax	<u>\$ 180,099</u>	<u>\$ 115,842</u>	<u>\$ 382,844</u>	<u>\$ 355,788</u>

The following table presents changes in accumulated other comprehensive income by component for the nine months ended September 30, 2020 and 2019:

	Currency Translation Adjustment, Net of Tax	Net Unrealized Gain (Loss) on Cash Flow Hedging Arrangements, Net of Tax	Pension and Post-Retirement Benefit Related Items, Net of Tax	Total
Balance at December 31, 2019	\$ (61,015)	\$ (1,222)	\$ (261,436)	\$ (323,673)
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) cash flow hedging arrangements	—	(7,689)	—	(7,689)
Foreign currency translation adjustment	(571)	—	(11,662)	(12,233)
Amounts recognized from accumulated other comprehensive income (loss), net of tax	—	5,524	10,798	16,322
Net change in other comprehensive income (loss), net of tax	(571)	(2,165)	(864)	(3,600)
Balance at September 30, 2020	<u>\$ (61,586)</u>	<u>\$ (3,387)</u>	<u>\$ (262,300)</u>	<u>\$ (327,273)</u>

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	Currency Translation Adjustment, Net of Tax	Net Unrealized Gain (Loss) on Cash Flow Hedging Arrangements, Net of Tax	Pension and Post- Retirement Benefit Related Items, Net of Tax	Total
Balance at December 31, 2018	\$ (63,913)	\$ 702	\$ (239,203)	\$ (302,414)
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) cash flow hedging arrangements	—	1,170	—	1,170
Foreign currency translation adjustment	(21,854)	—	2,677	(19,177)
Amounts recognized from accumulated other comprehensive income (loss), net of tax	—	(3,586)	9,021	5,435
Net change in other comprehensive income (loss), net of tax	(21,854)	(2,416)	11,698	(12,572)
Balance at September 30, 2019	<u>\$ (85,767)</u>	<u>\$ (1,714)</u>	<u>\$ (227,505)</u>	<u>\$ (314,986)</u>

The following table presents amounts recognized from accumulated other comprehensive income (loss) for the three and nine month periods ended September 30:

	Three Months Ended September 30,		Location of Amounts Recognized in Earnings
	2020	2019	
Effective portion of (gains) / losses on cash flow hedging arrangements:			
Interest rate swap agreements	\$ 833	\$ 31	Interest expense
Cross currency swap agreement	2,936	(3,621)	(a)
Total before taxes	3,769	(3,590)	
Provision for taxes	440	(275)	Provision for taxes
Total, net of taxes	<u>\$ 3,329</u>	<u>\$ (3,315)</u>	
Recognition of defined benefit pension and post-retirement items:			
Recognition of actuarial losses and prior service cost, before taxes	\$ 4,746	\$ 3,890	(b)
Provision for taxes	1,047	874	Provision for taxes
Total, net of taxes	<u>\$ 3,699</u>	<u>\$ 3,016</u>	

(a) The cross currency swap reflects an unrealized loss of \$3.4 million for the three months ended September 30, 2020 recorded in other charges (income) that was offset by the underlying unrealized gain on the hedged debt. The cross currency swap also reflects a realized gain of \$0.4 million recorded in interest expense for the three months ended September 30, 2020.

(b) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and post-retirement cost. See Note 11 for additional details for the three months ended September 30, 2020 and 2019.

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	Nine Months Ended September 30,		Location of Amounts Recognized in Earnings
	2020	2019	
Effective portion of (gains) / losses on cash flow hedging arrangements:			
Interest rate swap agreements	\$ 1,774	\$ (82)	Interest expense
Cross currency swap agreement	4,555	(3,823)	(a)
Total before taxes	6,329	(3,905)	
Provision for taxes	805	(319)	Provision for taxes
Total, net of taxes	<u>\$ 5,524</u>	<u>\$ (3,586)</u>	
Recognition of defined benefit pension and post-retirement items:			
Recognition of actuarial losses and prior service cost, before taxes	\$ 13,835	\$ 11,639	(b)
Provision for taxes	3,037	2,618	Provision for taxes
Total, net of taxes	<u>\$ 10,798</u>	<u>\$ 9,021</u>	

(a) The cross currency swap reflects an unrealized loss of \$6.5 million for the nine months ended September 30, 2020 recorded in other charges (income) that was offset by the underlying unrealized gain on the hedged debt. The cross currency swap also reflects a realized gain of \$1.9 million recorded in interest expense for the three months ended September 30, 2020.

(b) These accumulated other comprehensive income (loss) components are included in the computation of net periodic pension and post-retirement cost. See Note 11 for additional details for the nine months ended September 30, 2020 and 2019.

10. EARNINGS PER COMMON SHARE

In accordance with the treasury stock method, the Company has included the following common equivalent shares in the calculation of diluted weighted average number of common shares outstanding for the three and nine months ended September 30, relating to outstanding stock options and restricted stock units:

	2020	2019
Three months ended	302,932	392,911
Nine months ended	309,044	425,627

For the three months ended September 30, 2020, there were no anti-dilutive outstanding options or restricted stock units. Outstanding options and restricted stock units to purchase or receive 55,568 shares of common stock for the three months ended September 30, 2019, have been excluded from the calculation of diluted weighted average number of common and common equivalent shares as such options and restricted stock units would be anti-dilutive. Options and restricted stock units to purchase or receive 56,371 and 64,649 for the nine month period ended September 30, 2020 and 2019, respectively, have been excluded from the calculation of diluted weighted average of common and common equivalent shares as such options and restricted stock units would be anti-dilutive.

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11. NET PERIODIC PENSION COST

Net periodic pension cost for the Company's defined benefit pension plans and U.S. post-retirement medical plan includes the following components for the three months ended September 30:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other U.S. Post-retirement Benefits		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Service cost, net	\$ 326	\$ 266	\$ 4,750	\$ 3,788	\$ —	\$ —	\$ 5,076	\$ 4,054
Interest cost on projected benefit obligations	889	1,146	1,208	2,547	5	16	2,102	3,709
Expected return on plan assets	(1,523)	(1,472)	(8,426)	(7,342)	—	—	(9,949)	(8,814)
Recognition of prior service cost	—	—	(1,819)	(1,679)	(18)	—	(1,837)	(1,679)
Recognition of actuarial losses/(gains)	643	593	5,947	5,149	(7)	(173)	6,583	5,569
Net periodic pension cost/(credit)	<u>\$ 335</u>	<u>\$ 533</u>	<u>\$ 1,660</u>	<u>\$ 2,463</u>	<u>\$ (20)</u>	<u>\$ (157)</u>	<u>\$ 1,975</u>	<u>\$ 2,839</u>

Net periodic pension cost for the Company's defined benefit pension plans and U.S. post-retirement medical plan includes the following components for the nine months ended September 30:

	U.S. Pension Benefits		Non-U.S. Pension Benefits		Other U.S. Post-retirement Benefits		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Service cost, net	\$ 978	\$ 797	\$ 13,795	\$ 11,290	\$ —	\$ —	\$ 14,773	\$ 12,087
Interest cost on projected benefit obligations	2,667	3,438	3,541	7,595	19	48	6,227	11,081
Expected return on plan assets	(4,571)	(4,415)	(24,530)	(21,846)	—	—	(29,101)	(26,261)
Recognition of prior service cost	—	—	(5,279)	(5,033)	(56)	—	(5,335)	(5,033)
Recognition of actuarial losses/(gains)	1,933	1,780	17,258	15,410	(21)	(518)	19,170	16,672
Net periodic pension cost/(credit)	<u>\$ 1,007</u>	<u>\$ 1,600</u>	<u>\$ 4,785</u>	<u>\$ 7,416</u>	<u>\$ (58)</u>	<u>\$ (470)</u>	<u>\$ 5,734</u>	<u>\$ 8,546</u>

As previously disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, the Company expects to make employer contributions of approximately \$25.6 million to its non-U.S. pension plans during the year ended December 31, 2020. This estimate may change based upon several factors, including fluctuations in currency exchange rates, actual returns on plan assets and changes in legal requirements.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except share data, unless otherwise stated)

12. RESTRUCTURING CHARGES

For the three and nine months ended September 30, 2020, the Company has incurred \$4.6 million and \$7.3 million of restructuring expenses, respectively, which primarily relates to employee related costs. Liabilities related to restructuring activities are included in accrued and other liabilities in the consolidated balance sheet. A rollforward of the Company's accrual for restructuring activities for the nine months ended September 30, 2020 is as follows:

	Total
Balance at December 31, 2019	\$ 6,701
Restructuring charges	7,335
Cash payments and utilization	(6,261)
Impact of foreign currency	244
Balance at September 30, 2020	\$ 8,019

13. OTHER CHARGES (INCOME), NET

Other charges (income), net includes non-service pension costs (benefits), (gains) losses from foreign currency transactions and related hedging activities, interest income and other items. Non-service pension benefits for the three months ended September 30, 2020 and 2019 were \$3.1 million and \$1.2 million, respectively and \$9.0 million and \$3.5 million for the nine months ended September 30, 2020 and 2019, respectively.

14. SEGMENT REPORTING

As disclosed in Note 19 to the Company's consolidated financial statements for the year ended December 31, 2019, the Company has determined there are five reportable segments: U.S. Operations, Swiss Operations, Western European Operations, Chinese Operations and Other.

The Company evaluates segment performance based on Segment Profit (gross profit less research and development and selling, general and administrative expenses, before amortization, interest expense, restructuring charges, other charges (income), net and taxes).

The following tables show the operations of the Company's operating segments:

For the three months ended September 30, 2020	Net Sales to External Customers	Net Sales to Other Segments	Total Net Sales	Segment Profit	As of September 30, 2020 Goodwill
U.S. Operations	\$ 278,948	\$ 30,857	\$ 309,805	\$ 65,493	\$ 414,370
Swiss Operations	38,848	167,335	206,183	61,902	23,353
Western European Operations	177,630	42,130	219,760	36,954	88,292
Chinese Operations	165,231	54,314	219,545	81,055	651
Other (a)	146,700	1,509	148,209	23,554	15,056
Eliminations and Corporate (b)	—	(296,145)	(296,145)	(38,980)	—
Total	\$ 807,357	\$ —	\$ 807,357	\$ 229,978	\$ 541,722

METTLER-TOLEDO INTERNATIONAL INC.
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For the nine months ended September 30, 2020	Net Sales to External Customers	Net Sales to Other Segments	Total Net Sales	Segment Profit
U.S. Operations	\$ 769,696	\$ 84,761	\$ 854,457	\$ 163,012
Swiss Operations	99,693	462,671	562,364	164,060
Western European Operations	480,006	123,543	603,549	91,406
Chinese Operations	406,738	148,794	555,532	190,560
Other (a)	391,059	3,281	394,340	47,702
Eliminations and Corporate (b)	—	(823,050)	(823,050)	(108,841)
Total	\$ 2,147,192	\$ —	\$ 2,147,192	\$ 547,899

(a) Other includes reporting units in Eastern Europe, Latin America, Southeast Asia and other countries.

(b) Eliminations and Corporate includes the elimination of inter-segment transactions and certain corporate expenses and intercompany investments, which are not included in the Company's operating segments.

For the three months ended September 30, 2019	Net Sales to External Customers	Net Sales to Other Segments	Total Net Sales	Segment Profit	As of September 30, 2019 Goodwill
U.S. Operations	\$ 269,038	\$ 28,075	\$ 297,113	\$ 54,628	\$ 410,021
Swiss Operations	33,415	160,736	194,151	54,226	21,803
Western European Operations	168,652	42,794	211,446	29,888	83,971
Chinese Operations	142,292	60,710	203,002	72,745	615
Other (a)	140,469	1,513	141,982	17,938	14,814
Eliminations and Corporate (b)	—	(293,828)	(293,828)	(33,210)	—
Total	\$ 753,866	\$ —	\$ 753,866	\$ 196,215	\$ 531,224

For the nine months ended September 30, 2019	Net Sales to External Customers	Net Sales to Other Segments	Total Net Sales	Segment Profit
U.S. Operations	\$ 771,578	\$ 80,791	\$ 852,369	\$ 146,599
Swiss Operations	98,350	466,398	564,748	156,361
Western European Operations	498,240	126,050	624,290	77,842
Chinese Operations	400,473	170,135	570,608	197,718
Other (a)	396,043	4,108	400,151	45,425
Eliminations and Corporate (b)	—	(847,482)	(847,482)	(102,148)
Total	\$ 2,164,684	\$ —	\$ 2,164,684	\$ 521,797

(a) Other includes reporting units in Eastern Europe, Latin America, Southeast Asia and other countries.

(b) Eliminations and Corporate includes the elimination of inter-segment transactions and certain corporate expenses and intercompany investments, which are not included in the Company's operating segments.

METTLER-TOLEDO INTERNATIONAL INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
(In thousands, except share data, unless otherwise stated)

A reconciliation of earnings before taxes to segment profit for the three and nine month periods ended September 30 follows:

	Three Months Ended		Nine Months Ended	
	2020	2019	2020	2019
Earnings before taxes	\$ 205,809	\$ 169,359	\$ 479,563	\$ 450,251
Amortization	14,121	12,329	42,008	36,877
Interest expense	9,310	9,800	29,111	27,776
Restructuring charges	4,570	6,732	7,335	11,146
Other charges (income), net	(3,832)	(2,005)	(10,118)	(4,253)
Segment profit	<u>\$ 229,978</u>	<u>\$ 196,215</u>	<u>\$ 547,899</u>	<u>\$ 521,797</u>

During the three months ended September 30, 2020, restructuring charges of \$4.6 million were recognized, of which \$2.3 million, \$0.1 million, \$1.8 million, and \$0.4 million related to the Company's U.S., Swiss, Western European, Chinese and Other Operations, respectively. Restructuring charges of \$6.7 million were recognized during the three months ended September 30, 2019, of which \$2.0 million, \$2.9 million, \$1.7 million, and \$0.1 million, related to the Company's U.S., Swiss, Western European, and Chinese Operations, respectively. Restructuring charges of \$7.3 million were recognized during the nine months ended September 30, 2020, of which \$2.9 million, \$0.8 million, \$2.9 million, \$0.1 million and \$0.6 million related to the Company's U.S., Swiss, Western European, Chinese and Other Operations, respectively. Restructuring charges of \$11.1 million were recognized during the nine months ended September 30, 2019, of which \$3.6 million, \$3.2 million, \$3.8 million, and \$0.5 million and related to the Company's U.S., Swiss, Western European, and Chinese Operations, respectively.

15. CONTINGENCIES

The Company is party to various legal proceedings, including certain environmental matters, incidental to the normal course of business. Management does not expect that any of such proceedings, either individually or in the aggregate, will have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Unaudited Interim Consolidated Financial Statements included herein.

General

Our interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Operating results for the three and nine months ended September 30, 2020 are not necessarily indicative of the results to be expected for the full year ending December 31, 2020.

Changes in local currency exclude the effect of currency exchange rate fluctuations. Local currency amounts are determined by translating current and previous year consolidated financial information at an index utilizing historical currency exchange rates. We believe local currency information provides a helpful assessment of business performance and a useful measure of results between periods. We do not, nor do we suggest that investors should, consider such non-GAAP financial measures in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. We present non-GAAP financial measures in reporting our financial results to provide investors with an additional analytical tool to evaluate our operating results.

We also include in the discussion below disclosures of immaterial qualitative factors that are not quantified. Although the impact of such factors is not considered material, we believe these disclosures can be useful in evaluating our operating results.

COVID-19

The 2019 Coronavirus (COVID-19) pandemic has resulted in millions of confirmed cases throughout the world and in all countries where we conduct business. The outbreak has caused many governments to implement stay-at-home orders, quarantines and significant restrictions on travel. Several governments have also implemented work restrictions that prohibit many employees from going to their customary work locations and which require these employees to work remotely if possible. The quarantines, travel bans, work and other restrictions were initially put in place on a national level in China in January 2020, and with the global spread of the virus, subsequently adopted in other countries and regions during the first quarter of 2020 with many restrictions commencing in Asia Pacific, Europe, North America, and South America. These restrictions continue to change as COVID-19 evolves in each country and region.

The health and safety of our employees and business partners has been our highest priority throughout the COVID-19 pandemic, and we have implemented several preventative and protective measures relating to social distancing, hygiene, health monitoring, personal protective equipment, split shifts and remote work. We have also implemented business continuity plans and have been able to continue to support our customers with their essential businesses such as in life sciences, food manufacturing, chemicals (e.g. sanitizers, disinfectants, soaps etc.), food retail and transportation and logistics. Our production and logistics facilities are currently operational, and our office-based employees have been able to work remotely in adherence to applicable jurisdictional stay-at-home orders. Our supply chain is currently continuing with minimal interruption, and we generally maintain adequate product inventory levels and safety stock for certain components. We quickly adapted to leverage our digital and remote sales and service capabilities, while also meeting delivery requirements with our global supply chain. Our service organization also continues to provide on-site and remote customer support to facilitate uptime, productivity and regulatory compliance.

We have also implemented various temporary cost containment measures related to workforce management and discretionary spending. Our workforce management measures

primarily include reduced work hours, salary freezes, and voluntary senior leadership salary reductions.

We maintain adequate liquidity consisting of approximately \$700.7 million of additional borrowings available under our Credit Agreement, and \$153.7 million of cash and cash equivalents as of September 30, 2020.

As further described in the Risk Factors section of this Form 10-Q, COVID-19 presents several risks to our business. For example, businesses can be shutdown, supply chains can be interrupted, slowed, or rendered inoperable, and individuals can become ill, quarantined, or otherwise unable to work and/or travel due to health reasons or governmental restrictions. COVID-19 also interferes with general commercial activity related to our supply chain and customer base. In addition, it is expected that COVID-19 will negatively affect the global economy and our customers' businesses, which will likely result in delayed or reduced purchases from us. Some customers may also have difficulty meeting their payment obligations to us, resulting in late payments or an inability of some customers to make payments at all.

During the nine months ended September 30, 2020, COVID-19 had a negative impact on our business, primarily related to reduced customer demand in all regions. We remain cautious as uncertainties related to COVID-19 and the resulting impact to the economy continues in most regions of the world and market conditions may also change quickly. With the global spread of the virus and related negative impact to the global economy, we may experience reduced global sales volume due to lower customer demand in future quarters. The longer-term effects on our business will be impacted by the global economy and any recession implications in different regions of the world. While it is extremely difficult to estimate the extent and duration of any COVID-19 implications, the effects on our business, results of operations and financial condition could be material.

Results of Operations – Consolidated

The following tables set forth certain items from our interim consolidated statements of operations for the three and nine month periods ended September 30, 2020 and 2019 (amounts in thousands).

	Three months ended September 30,				Nine months ended September 30,			
	2020		2019		2020		2019	
	(unaudited)	%	(unaudited)	%	(unaudited)	%	(unaudited)	%
Net sales	\$ 807,357	100.0	\$ 753,866	100.0	\$ 2,147,192	100.0	\$ 2,164,684	100.0
Cost of sales	337,749	41.8	318,810	42.3	905,205	42.2	921,771	42.6
Gross profit	469,608	58.2	435,056	57.7	1,241,987	57.8	1,242,913	57.4
Research and development	34,656	4.3	36,015	4.8	100,236	4.7	108,650	5.0
Selling, general and administrative	204,974	25.4	202,826	26.9	593,852	27.7	612,466	28.3
Amortization	14,121	1.7	12,329	1.6	42,008	2.0	36,877	1.7
Interest expense	9,310	1.2	9,800	1.3	29,111	1.3	27,776	1.3
Restructuring charges	4,570	0.6	6,732	0.9	7,335	0.3	11,146	0.5
Other income, net	(3,832)	(0.5)	(2,005)	(0.3)	(10,118)	(0.5)	(4,253)	(0.2)
Earnings before taxes	205,809	25.5	169,359	22.5	479,563	22.3	450,251	20.8
Provision for taxes	44,042	5.5	39,964	5.3	93,119	4.3	81,891	3.8
Net earnings	<u>\$ 161,767</u>	<u>20.0</u>	<u>\$ 129,395</u>	<u>17.2</u>	<u>\$ 386,444</u>	<u>18.0</u>	<u>\$ 368,360</u>	<u>17.0</u>

Net sales

Net sales were \$807.4 million and \$753.9 million for the three months ended September 30, 2020, and 2019, respectively, and \$2.1 billion and \$2.2 billion for the nine months ended September 30, 2020 and 2019, respectively. This represents an increase of 7% and a decrease of 1% in U.S. dollars for the three and nine months ended September 30, 2020, respectively. Excluding the effect of currency exchange rate fluctuations, or in local currencies, net sales increased 6% and

were flat for the three and nine months ended September 30, 2020, respectively. Net sales for the nine months ended September 30, 2020 were negatively impacted by the COVID-19 pandemic and related reduction in global customer demand on our operations. Net sales for the three months ended September 30, 2020 reflected improved customer demand in most businesses and regions with particularly strong growth in China and our laboratory-related products. While we saw increased business activity during the third quarter of 2020, we remain cautious as uncertainties relating to COVID-19 and the global economy continue and market conditions may change quickly. Net sales in local currencies may be adversely affected in future quarters by the COVID-19 pandemic related to unfavorable economic conditions and reduced customer demand.

Net sales by geographic destination for the three months ended September 30, 2020 in U.S. dollars increased in the Americas 2%, in Europe 9% and in Asia/Rest of World 11%, and in local currencies increased in the Americas 3%, in Europe 4% and in Asia/Rest of World 10%. Our net sales by geographic destination for the nine months ended September 30, 2020 in U.S. dollars decreased in both the Americas and in Europe 1%, while Asia/Rest of World was flat. Net sales by geographic destination for the nine months ended September 30, 2020 in local currencies decreased in the Americas 1%, in Europe 2% and increased in Asia/Rest of World 1%. Net sales in Asia/Rest of World in local currency for the three months ended September 30, 2020 includes local currency growth in China of 17% that benefited from increased customer demand. A discussion of sales by operating segment is included below.

As described in Note 19 to our consolidated financial statements for the year ended December 31, 2019, our net sales comprise product sales of precision instruments and related services. Service revenues are primarily derived from repair and other services, including regulatory compliance qualification, calibration, certification, preventative maintenance and spare parts.

Net sales of products increased 7% in U.S. dollars and 6% in local currencies for the three months ended September 30, 2020 and decreased 1% in both U.S. dollars and in local currencies for the nine months ended September 30, 2020, compared to the corresponding periods in 2019. Service revenue (including spare parts) increased by 6% in U.S. dollars and 4% in local currencies for the three months ended September 30, 2020 and increased 1% in both U.S. dollars and in local currencies for the nine months ended September 30, 2020, compared to the corresponding periods in 2019.

Net sales of our laboratory products and services, which represented approximately 54% of our total net sales, increased 11% in U.S. dollars and 9% in local currencies for the three months ended September 30, 2020, and increased 2% in both U.S. dollars and in local currencies for the nine months ended September 30, 2020. The local currency increase in net sales of our laboratory-related products for the three months ended September 30, 2020 includes growth in most product categories, with excellent results in pipettes, as well as strong growth in automated chemistry and process analytics. The local currency increase in net sales of our laboratory-related products for the nine months ended September 30, 2020 includes strong growth in pipettes, automated chemistry and process analytics, offset in part by declines in other product categories.

Net sales of our industrial products and services, which represented approximately 40% of our total net sales increased, 2% in U.S. dollars and 1% in local currencies for the three months ended September 30, 2020, and decreased 3% in U.S. dollars and 2% in local currencies for the nine months ended September 30, 2020. The local currency increase in net sales of our industrial-related products for the three months ended September 30, 2020 includes strong growth in core industrial products, offset in part by a decline in product inspection. Core industrial growth included particularly strong growth in China. The local currency decrease in net sales of our industrial-related products for the nine months ended September 30, 2020 includes a decline in product inspection, offset in part by modest growth in core industrial products.

Net sales in our food retailing products and services, which represented approximately 6% of our total net sales, increased 8% in U.S. dollars and 5% in local currencies for the three months ended September 30, 2020, and decreased 7% in both U.S. dollars and in local currencies for the nine months ended September 30, 2020. The local currency increase in food retailing for the three

months ended September 30, 2020 is primarily due to improved project activity in Europe and the Americas. The decline in food retailing for the nine months ended September 30, 2020 is primarily due to challenging market conditions.

Gross profit

Gross profit as a percentage of net sales was 58.2% and 57.7% for the three months ended September 30, 2020 and 2019, respectively and 57.8% and 57.4% for the nine months ended September 30, 2020 and 2019, respectively.

Gross profit as a percentage of net sales for products was 59.7% and 60.2% for the three months ended September 30, 2020 and 2019, respectively, and 60.0% for both the nine months ended September 30, 2020 and 2019.

Gross profit as a percentage of net sales for services (including spare parts) was 52.7% and 48.9% for the three months ended September 30, 2020 and 2019, respectively, and 50.5% and 48.5% for the nine months ended September 30, 2020 and 2019, respectively.

The increase in gross profit as a percentage of net sales for the three and nine months ended September 30, 2020 primarily reflects favorable price realization, benefits from temporary cost savings measures and material cost reductions, offset in part by higher transportation costs and unfavorable business mix. Gross profit for the three month period also benefited from improved sales volume.

Research and development and selling, general and administrative expenses

Research and development expenses as a percentage of net sales was 4.3% and 4.8% for the three months ended September 30, 2020 and 2019, respectively, and was 4.7% and 5.0% for the nine months ended September 30, 2020 and 2019, respectively. Research and development expenses decreased 4% in U.S. dollars and 7% in local currencies for the three months ended September 30, 2020, and decreased 8% in U.S. dollars and 9% in local currencies for the nine months ended September 30, 2020, respectively, compared to the corresponding periods in 2019. The decrease relates to the timing of project activity and benefits from our temporary cost savings measures.

Selling, general and administrative expenses as a percentage of net sales were 25.4% and 26.9% for the three months ended September 30, 2020 and 2019, and was 27.7% and 28.3% for the nine months ended September 30, 2020 and 2019, respectively. Selling, general and administrative expenses increased 1% in U.S. dollars and decreased 1% in local currencies for the three months ended September 30, 2020, and decreased 3% in both U.S. dollars and in local currencies for the nine months ended September 30, 2020. The local currency decrease includes benefits from our temporary and ongoing cost savings initiatives.

Amortization, interest expense, other charges (income), net and taxes

Amortization expense was \$14.1 million and \$12.3 million for the three months ended September 30, 2020 and 2019, respectively, and \$42.0 million and \$36.9 million for the nine months ended September 30, 2020 and 2019, respectively.

Interest expense was \$9.3 million and \$9.8 million for the three months ended September 30, 2020 and 2019, respectively, and \$29.1 million and \$27.8 million for the nine months ended September 30, 2020 and 2019, respectively.

Other charges (income), net includes non-service pension costs (benefits), (gains) losses from foreign currency transactions and hedging activities, interest income and other items. Non-service pension benefits was \$3.1 million and \$1.2 million for the three months ended September 30, 2020 and 2019, respectively, and \$9.0 million and \$3.5 million and for the nine months ended September 30, 2020 and 2019, respectively.

Our reported tax rate was 21.4% and 23.6% during the three months ended September 30, 2020 and 2019, respectively, and 19.4% and 18.2% during the nine months ended September 30, 2020 and 2019, respectively. The provision for taxes is based upon using our projected annual effective tax rate of 20.5% and 20% before non-recurring discrete tax items for the three and nine months ended September 30, 2020 and 2019, respectively. The difference between our projected annual effective tax rate and the reported tax rate is related to the timing of excess tax benefits associated with stock option exercises.

Results of Operations – by Operating Segment

The following is a discussion of the financial results of our operating segments. We currently have five reportable segments: U.S. Operations, Swiss Operations, Western European Operations, Chinese Operations and Other. A more detailed description of these segments is outlined in Note 19 to our consolidated financial statements for the year ended December 31, 2019.

U.S. Operations (amounts in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	%	2020	2019	%
Total net sales	\$ 309,805	\$ 297,113	4 %	\$ 854,457	\$ 852,369	— %
Net sales to external customers	\$ 278,948	\$ 269,038	4 %	\$ 769,696	\$ 771,578	— %
Segment profit	\$ 65,493	\$ 54,628	20 %	\$ 163,012	\$ 146,599	11 %

Total net sales and net sales to external customers both increased 4% for the three months ended September 30, 2020 compared with the corresponding period in 2019. Total net sales and net sales to external customers were both flat for the nine months ended September 30, 2020 compared with the corresponding period in 2019. Net sales to external customers for the three months ended September 30, 2020 includes particularly strong growth in pipettes, as well as automated chemistry and process analytics, offset in part by a decline in product inspection. Net sales to external customers for the nine months ended September 30, 2020 includes strong growth in pipettes, transportation and logistics, and automated chemistry, offset by declines in most product categories reflecting reduced customer demand as a result of COVID-19.

Segment profit increased \$10.9 million and \$16.4 million for the three and nine months ended September 30, 2020, respectively, compared to the corresponding periods in 2019. Segment profit during the three and nine months ended September 30, 2020 includes benefits from our temporary cost savings measures and margin expansion initiatives. Segment profit during the three months ended September 30, 2020 also includes benefits from our increased net sales volume.

Swiss Operations (amounts in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% ¹⁾	2020	2019	% ¹⁾
Total net sales	\$ 206,183	\$ 194,151	6 %	\$ 562,364	\$ 564,748	— %
Net sales to external customers	\$ 38,848	\$ 33,415	16 %	\$ 99,693	\$ 98,350	1 %
Segment profit	\$ 61,902	\$ 54,226	14 %	\$ 164,060	\$ 156,361	5 %

1) Represents U.S. dollar growth (decline) for net sales and segment profit.

Total net sales increased 6% in U.S. dollars and were flat in local currency for the three months ended September 30, 2020, and were flat in U.S. dollars and decreased 5% in local currency for the nine months ended September 30, 2020 compared to the corresponding periods in 2019. Net sales to external customers increased 16% in U.S. dollars and 11% in local currency for the three months ended September 30, 2020 and increased 1% in U.S. dollars and decreased 2% in local currency for the nine months ended September 30, 2020, compared to the corresponding periods in 2019. The increase in local currency net sales to external customers for the three months ended

September 30, 2020 includes strong growth in laboratory-related products, especially process analytics, pipettes and automated chemistry. Net sales to external customers for the nine months ended September 30, 2020 includes declines in most products related to lower customer demand as a result of COVID-19, offset in part by strong growth in automated chemistry, product inspection and pipettes.

Segment profit increased \$7.7 million for both the three and nine month periods ended September 30, 2020, compared to the corresponding periods in 2019. Segment profit during the nine months ended September 30, 2020 includes benefits from our temporary cost savings measures and the timing of research and development activity, offset in part by unfavorable currency translation. Segment profit during the three months ended September 30, 2020 also includes benefits from our increased sales volume.

Western European Operations (amounts in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% ¹⁾	2020	2019	% ¹⁾
Total net sales	\$ 219,760	\$ 211,446	4 %	\$ 603,549	\$ 624,290	(3)%
Net sales to external customers	\$ 177,630	\$ 168,652	5 %	\$ 480,006	\$ 498,240	(4)%
Segment profit	\$ 36,954	\$ 29,888	24 %	\$ 91,406	\$ 77,842	17 %

1) Represents U.S. dollar growth (decline) for net sales and segment profit.

Total net sales increased 4% in U.S. dollars and decreased 1% in local currencies for the three months ended September 30, 2020 and decreased 3% in both U.S. dollars and in local currencies for the nine months ended September 30, 2020, compared to the corresponding periods in 2019. Net sales to external customers increased 5% in U.S. dollars and were flat in local currencies for the three months ended September 30, 2020, and decreased 4% in both U.S. dollars and in local currencies for the nine months ended September 30, 2020, compared to the corresponding periods in 2019. Net sales to external customers for the three months ended September 30, 2020 includes strong growth in laboratory-related products, especially pipettes, and food retail, offset in part by a decline in product inspection. Net sales to external customers for the nine months ended September 30, 2020 includes declines in most product categories related to lower customer demand as a result of COVID-19, offset in part by strong growth in pipettes.

Segment profit increased \$7.1 million and \$13.6 million for the three and nine month periods ended September 30, 2020, respectively, compared to the corresponding periods in 2019. Segment profit increased during the three and nine months ended September 30, 2020 primarily due to benefits from our temporary cost savings measures and margin expansion initiatives and timing of research and development project activity. Segment profit for the three months ended September 30, 2020 also includes benefits from our increased net sales volume.

Chinese Operations (amounts in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% ¹⁾	2020	2019	% ¹⁾
Total net sales	\$ 219,545	\$ 203,002	8 %	\$ 555,532	\$ 570,608	(3)%
Net sales to external customers	\$ 165,231	\$ 142,292	16 %	\$ 406,738	\$ 400,473	2 %
Segment profit	\$ 81,055	\$ 72,745	11 %	\$ 190,560	\$ 197,718	(4)%

1) Represents U.S. dollar growth for net sales and segment profit.

Total net sales increased 8% in U.S. dollars and 7% in local currency for the three months ended September 30, 2020 and decreased 3% in U.S. dollars and 1% in local currency for the nine months ended September 30, 2020, compared to the corresponding periods in 2019. Net sales to external customers increased 16% in U.S. dollars and 15% in local currency by origin for the three months ended September 30, 2020 and increased 2% in U.S. dollars and 3% in local currency during the nine months ended September 30, 2020, compared to the corresponding periods in 2019.

The increase in local currency net sales to external customers during the three months ended September 30, 2020 reflects strong growth in industrial and laboratory-related products that benefited from improved customer demand. However, uncertainty remains and market conditions may change quickly.

Segment profit increased \$8.3 million and decreased \$7.2 million for the three and nine month periods ended September 30, 2020, respectively, compared to the corresponding periods in 2019. The decrease in segment profit for the nine months ended September 30, 2020 primarily reflects the decline in total net sales as well as unfavorable foreign currency translation, offset in part by our temporary cost savings measures. Segment profit for the three months ended September 30, 2020 also includes benefits from our increased net sales volume.

Other (amounts in thousands)

	Three months ended September 30,			Nine months ended September 30,		
	2020	2019	% ¹⁾	2020	2019	% ¹⁾
Total net sales	\$ 148,209	\$ 141,982	4 %	\$ 394,340	\$ 400,151	(1)%
Net sales to external customers	\$ 146,700	\$ 140,469	4 %	\$ 391,059	\$ 396,043	(1)%
Segment profit	\$ 23,554	\$ 17,938	31 %	\$ 47,702	\$ 45,425	5 %

1) Represents U.S. dollar growth for net sales and segment profit.

Total net sales and net sales to external customers increased 4% in U.S. dollars and 5% in local currencies for the three months ended September 30, 2020, compared to corresponding periods in 2019. Total net sales decreased 1% in U.S. dollars and were flat in local currencies for the nine months ended September 30, 2020, compared to the corresponding periods in 2019. Net sales to external customers decreased 1% in U.S. dollars and increased 1% in local currencies for the nine months ended September 30, 2020, compared to the corresponding periods in 2019. The increase in net sales to external customers for the three months ended September 30, 2020 includes solid growth in most product categories. The increase in net sales to external customers for the nine months ended September 30, 2020 includes growth in laboratory-related products offset in part by a decline in industrial-related products due to reduced customer demand related to COVID-19.

Segment profit increased \$5.6 million and \$2.3 million for the three and nine months ended September 30, 2020, respectively, compared to the corresponding periods in 2019. The increase in segment profit for the nine months ended September 30, 2020 primarily reflects benefits from our temporary cost saving measures, offset in part by unfavorable foreign currency translation. The increase in segment profit for the three months ended September 30, 2020 also includes benefits from our higher net sales volume.

Liquidity and Capital Resources

Liquidity is our ability to generate sufficient cash to meet our obligations and commitments. Sources of liquidity includes, cash flows from operating activities, available borrowings under our Credit Agreement, the ability to obtain appropriate financing and our cash and cash equivalent balances. Currently, our financing requirements are primarily driven by working capital requirements, capital expenditures, share repurchases and acquisitions.

Cash provided by operating activities totaled \$473.8 million during the nine months ended September 30, 2020, compared to \$401.7 million in the corresponding period in 2019. The increase for the nine months ended September 30, 2020 benefited from favorable working capital including strong cash collections and higher net earnings as compared to the prior year period.

Capital expenditures are made primarily for investments in information systems and technology, machinery, equipment and the purchase and expansion of facilities. Our capital expenditures totaled \$57.4 million for the nine months ended September 30, 2020 compared to \$71.6 million in the corresponding period in 2019. We expect to make net investments in new or expanded manufacturing facilities of \$10 million to \$15 million over the next two years.

Senior Notes and Credit Facility Agreement

Our debt consisted of the following at September 30, 2020:

	U.S. Dollar	Other Principal Trading Currencies	Total
3.67% \$50 million ten-year Senior Notes due December 17, 2022	\$ 50,000	\$ —	\$ 50,000
4.10% \$50 million ten-year Senior Notes due September 19, 2023	50,000	—	50,000
3.84% \$125 million ten-year Senior Notes due September 19, 2024	125,000	—	125,000
4.24% \$125 million ten-year Senior Notes due June 25, 2025	125,000	—	125,000
3.91% \$75 million ten-year Senior Notes due June 25, 2029	75,000	—	75,000
3.19% \$50 million fifteen-year Senior Notes due January 24, 2035	50,000	—	50,000
1.47% Euro 125 million fifteen-year Senior Notes due June 17, 2030	—	145,637	145,637
1.30% Euro 135 million fifteen-year Senior Notes due November 6, 2034	—	157,288	157,288
Debt issuance costs, net	(1,191)	(889)	(2,080)
Total Senior Notes	473,809	302,036	775,845
\$1.1 billion Credit Agreement, interest at LIBOR plus 87.5 basis points	321,005	71,024	392,029
Other local arrangements	1,581	54,792	56,373
Total debt	796,395	427,852	1,224,247
Less: current portion	(374)	(54,737)	(55,111)
Total long-term debt	\$ 796,021	\$ 373,115	\$ 1,169,136

As of September 30, 2020, approximately \$700.7 million of additional borrowings was available under our Credit Agreement, and we maintained \$153.7 million of cash and cash equivalents. Changes in exchange rates between the currencies in which we generate cash flows and the currencies in which our borrowings are denominated affect our liquidity. In addition, because we borrow in a variety of currencies, our debt balances fluctuate due to changes in exchange rates. Further, we do not have any downgrade triggers related to ratings from rating agencies that would accelerate the maturity dates of our debt. We were in compliance with our debt covenants at September 30, 2020.

We currently believe that cash flow from operating activities, together with liquidity available under our Credit Agreement and local working capital facilities and our cash balances, will be sufficient to fund currently anticipated working capital needs and capital spending requirements for the foreseeable future.

We continue to explore potential acquisitions. In connection with any acquisition, we may incur additional indebtedness. During the nine months ended September 30, 2019, we paid \$10 million related to the settlement of the Biotix acquisition contingent consideration as further described in Note 4 of our Annual Report on Form 10-K for the year ended December 31, 2019.

In April 2018, two of our non-U.S. pension plans issued loans totaling \$39.6 million (Swiss franc 38 million) to a wholly owned subsidiary of the Company. The loans have the same terms and conditions which include an interest rate of Swiss franc LIBOR plus 87.5 basis points. The loans were renewed for one year in April 2020.

Share Repurchase Program

In November 2020, the Company's Board of Directors authorized an additional \$2.5 billion to be added to our share repurchase program, which has \$0.9 billion of remaining availability as of September 30, 2020. The share repurchases are expected to be funded from cash generated from operating activities, borrowings, and existing cash balances. Repurchases will be made through open market transactions, and the amount and timing of purchases will depend on business and

market conditions, stock price, trading restrictions, the level of acquisition activity, and other factors.

We have purchased 29.1 million shares since the inception of the program through September 30, 2020. During the nine months ended September 30, 2020 and 2019, we spent \$400 million and \$558.7 million on the repurchase of 475,530 and 794,603 shares at an average price per share of \$841.14 and \$703.16, respectively. We also reissued 144,776 shares and 226,841 shares held in treasury upon the exercise of stock options and vesting of restricted stock units during the nine months ended September 30, 2020 and 2019, respectively.

Effect of Currency on Results of Operations

Our earnings are affected by changes in exchange rates. We are most sensitive to changes in the exchange rates between the Swiss franc, euro, Chinese renminbi, and U.S. dollar. We have more Swiss franc expenses than we do Swiss franc sales because we develop and manufacture products in Switzerland that we sell globally, and have a number of corporate functions located in Switzerland. When the Swiss franc strengthens against our other trading currencies, particularly the U.S. dollar and euro, our earnings decrease. We also have significantly more sales in the euro than we do expenses. When the euro weakens against the U.S. dollar and Swiss franc, our earnings also decrease. We estimate a 1% strengthening of the Swiss franc against the euro would reduce our earnings before tax by approximately \$1.6 million to \$1.8 million annually.

We also conduct business in many geographies throughout the world, including Asia Pacific, the United Kingdom, Eastern Europe, Latin America, and Canada. Fluctuations in these currency exchange rates against the U.S. dollar can also affect our operating results. The most significant of these currency exposures is the Chinese renminbi. The impact on our earnings before tax of the Chinese renminbi weakening 1% against the U.S. dollar is a reduction of approximately \$1.8 million to \$2.0 million annually.

In addition to the effects of exchange rate movements on operating profits, our debt levels can fluctuate due to changes in exchange rates, particularly between the U.S. dollar and the Swiss franc. Based on our outstanding debt at September 30, 2020, we estimate that a 5% weakening of the U.S. dollar against the currencies in which our debt is denominated would result in an increase of approximately \$22.6 million in the reported U.S. dollar value of our debt.

Forward-Looking Statements Disclaimer

You should not rely on forward-looking statements to predict our actual results. Our actual results or performance may be materially different than reflected in forward-looking statements because of various risks and uncertainties, including statements about expected revenue growth and long-term impacts of the COVID-19 pandemic. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential” or “continue.”

We make forward-looking statements about future events or our future financial performance, including earnings and sales growth, earnings per share, strategic plans and contingency plans, growth opportunities or economic downturns, our ability to respond to changes in market conditions, customer demand, our competitive position, pricing, our supply chain, adequacy of our facilities, access to and the costs of raw materials, shipping and supplier costs, gross margins, planned research and development efforts and product introductions, capital expenditures, cash flow, tax-related matters, the impact of foreign currencies, compliance with laws, effects of acquisitions, and the impact of the COVID-19 pandemic on our businesses.

Our forward-looking statements may not be accurate or complete, and we do not intend to update or revise them in light of actual results. New risks also periodically arise. Please consider the risks and factors that could cause our results to differ materially from what is described in our forward-looking statements, including the uncertain duration and severity of the COVID-19 pandemic. See in particular “Factors Affecting Our Future Operating Results” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2019 and other reports filed with the SEC from time to time.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2020, there was no material change in the information provided under Item 7A in the Company’s Annual Report on Form 10-K for the year ended December 31, 2019.

Item 4. Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures as required by Exchange Act Rule 13a-15(b) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer, have concluded that these disclosure controls and procedures are effective. There were no changes in our internal control over financial reporting during the quarter ended September 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings. None

Item 1A. Risk Factors.

For the three and nine months ended September 30, 2020 there were no material changes from risk factors disclosed in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2019, except the following update.

The COVID-19 outbreak has and will likely continue to negatively affect various aspects of our business, including our workforce and supply chain, and make it more difficult and expensive to meet our obligations to our customers, and has and will likely continue to result in reduced demand from our customers as their businesses may also be negatively affected.

Our global operations are susceptible to global events that could have an adverse effect on our business results and financial condition.

For instance, we are susceptible to a widespread outbreak of an illness or other health issue, such as the ongoing 2019 Coronavirus outbreak ("COVID-19"), and which now has since spread globally, resulting in millions of confirmed cases throughout the world and in all countries where we conduct business. The outbreak has caused many governments to implement stay-at-home orders, quarantines and significant restrictions on travel. Several governments have also implemented work restrictions that prohibit many employees from going to their customary work locations and which require these employees to work remotely if possible. The quarantines, travel bans, work and other restrictions were initially put in place on a national level in China in January 2020, and with the global spread of the virus, subsequently adopted in many other countries and regions throughout the first half of 2020 with many restrictions commencing in Asia Pacific, Europe, North America and South America. These restrictions continue to change as COVID-19 evolves in each country and region.

As a result of pandemic outbreaks, including COVID-19, businesses can be shut down, supply chains can be interrupted, slowed, or rendered inoperable, and individuals can become ill, quarantined, or otherwise unable to work and/or travel due to health reasons or governmental restrictions. COVID-19 interferes with general commercial activity related to our supply chain and customer base. In addition, it is expected that COVID-19 will negatively affect the global economy and our customers' businesses, which will result in delayed or reduced purchases from us. Some customers may also have difficulty meeting their payment obligations to us, resulting in late payments or an inability of some customers to make payments at all.

During the nine months ended September 30, 2020, COVID-19 had a negative impact on our business, primarily related to reduced global customer demand. We remain cautious as uncertainties related to COVID-19 and the resulting impact to the economy continues in all regions of the world and market conditions may also change quickly. With the global spread of the virus and related negative impact to the global economy, we may experience reduced global sales volume from lower customer demand in future quarters. Our operations could be negatively affected further if our employees who are currently not subject to stay-at-home or work restriction orders are quarantined or become ill as a result of exposure to COVID-19, or if they become subject to governmental COVID-19 curfews or stay-at-home orders. The longer-term effects on our business will be impacted by the global economy and any recession implications in different regions of the world. While it is extremely difficult to estimate the extent and duration of any COVID-19 implications, the effects on our business, results of operations and financial condition could be material.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.
Issuer Purchases of Equity Securities

	(a)	(b)	(c)	(d)
	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value (in thousands) of Shares that may yet be Purchased under the Program
July 1 to July 31, 2020	—	\$ —	—	\$ 1,133,425
August 1 to August 31, 2020	104,644	\$ 955.37	104,644	\$ 1,033,449
September 1 to September 30, 2020	102,725	\$ 973.69	102,725	\$ 933,425
Total	207,369	\$ 964.44	207,369	\$ 933,425

In November 2020, the Company's Board of Directors authorized an additional \$2.5 billion to be added to our share repurchase program, which has \$0.9 billion of remaining availability as of September 30, 2020. We have purchased 29.1 million shares since the inception of the program through September 30, 2020.

During the nine months ended September 30, 2020 and 2019, we spent \$400 million and \$558.7 million on the repurchase of 475,530 and 794,603 shares at an average price per share of \$841.14 and \$703.16, respectively. We also reissued 144,776 shares and 226,841 shares held in treasury upon the exercise of stock options and vesting of restricted stock units during the nine months ended September 30, 2020 and 2019, respectively.

Item 3. Defaults Upon Senior Securities. None

Item 5. Other information. None

Item 6. Exhibits. See Exhibit Index below.

EXHIBIT INDEX

Exhibit No.	Description
<u>31.1*</u>	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes — Oxley Act of 2002</u>
<u>31.2*</u>	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes — Oxley Act of 2002</u>
<u>32*</u>	<u>Certification Pursuant to Section 906 of the Sarbanes — Oxley Act of 2002</u>
101.INS*	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed herewith

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 6, 2020

Mettler-Toledo International Inc.

By: /s/ Shawn P. Vadala

Shawn P. Vadala
Chief Financial Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Olivier A. Filliol, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Mettler-Toledo International Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 6, 2020

/s/ Olivier A. Filliol

Olivier A. Filliol

Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Shawn P. Vadala certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Mettler-Toledo International Inc.;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the Audit Committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: November 6, 2020

/s/ Shawn P. Vadala

Shawn P. Vadala

Chief Financial Officer

**Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Mettler-Toledo International Inc. (the "Company") does hereby certify, to such officer's knowledge, that:

This quarterly report on Form 10-Q for the period ending September 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 6, 2020

/s/ Olivier A. Filliol

Olivier A. Filliol
Chief Executive Officer

/s/ Shawn P. Vadala

Shawn P. Vadala
Chief Financial Officer