



## Mettler-Toledo International Inc. Reports Second Quarter 2019 Results

August 1, 2019

COLUMBUS, Ohio, Aug. 1, 2019 /PRNewswire/ -- Mettler-Toledo International Inc. (NYSE: MTD) today announced second quarter results for 2019. Provided below are the highlights:

- Reported sales increased 1% compared with the prior year. In local currency, sales increased 5% in the quarter as currency reduced sales growth by 4%.
- Net earnings per diluted share as reported (EPS) were \$5.06, compared with \$4.31 in the prior-year period. Adjusted EPS was \$5.16, an increase of 11% over the prior-year amount of \$4.65. Adjusted EPS is a non-GAAP measure, and we have included a reconciliation to EPS on the last page of the attached schedules.

### Second Quarter Results

Olivier Filliol, President and Chief Executive Officer, stated, "Sales growth was solid in the quarter with excellent growth in our Laboratory product lines and good growth in our Core Industrial business. Sales growth in the Americas and China was particularly strong while sales growth in Europe was impacted by strong prior-year comparisons. With the benefit of our margin initiatives, and despite significant challenges from the adverse impact of currency and tariff costs, we achieved strong growth in earnings in the quarter."

#### GAAP Results

EPS in the quarter was \$5.06, compared with the prior-year amount of \$4.31.

Compared with the prior year, total reported sales increased 1% to \$731.4 million. By region, reported sales increased 7% in the Americas and 2% in Asia/Rest of World. Reported sales in Europe declined by 6%. Earnings before taxes amounted to \$155.2 million, compared with \$143.6 million in the prior year.

#### Non-GAAP Results

Adjusted EPS was \$5.16, an increase of 11% over the prior-year amount of \$4.65.

Compared with the prior year, total sales in local currency increased 5% as currency reduced reported sales growth by 4%. By region, local currency sales increased 7% in the Americas and 7% in Asia/Rest of World. Local currency sales declined 1% in Europe. Adjusted Operating Profit amounted to \$177.7 million, a 5% increase from the prior-year amount of \$169.3 million.

Adjusted EPS and Adjusted Operating Profit are non-GAAP measures. Reconciliations to the most comparable GAAP measures are provided in the attached schedules.

### Six Month Results

#### GAAP Results

EPS was \$9.48, compared with the prior-year amount of \$7.88.

Compared with the prior year, total reported sales increased 2% to \$1.411 billion. By region, reported sales increased 5% in the Americas and 3% in Asia/Rest of World. Reported sales in Europe declined 2%. Earnings before taxes amounted to \$280.9 million, compared with \$261.0 million in the prior year.

#### Non-GAAP Results

Adjusted EPS was \$9.26, an increase of 11% over the prior-year amount of \$8.38.

Compared with the prior year, total sales in local currency increased 6% as currency reduced reported sales growth by 4%. By region, local currency sales increased 5% in the Americas, 4% in Europe and 8% in Asia/Rest of World. Adjusted Operating Profit amounted to \$325.6 million, a 5% increase from the prior-year amount of \$308.8 million.

Adjusted EPS and Adjusted Operating Profit are non-GAAP measures. Reconciliations to the most comparable GAAP measures are provided in the attached schedules.

### Outlook

The Company said that based on its assessment of market conditions today, management anticipates local currency sales growth in 2019 will be approximately 5%. This sales growth is expected to result in Adjusted EPS in the range of \$22.60 to \$22.75, a growth rate of 11% to 12%. This compares with previous Adjusted EPS guidance of \$22.55 to \$22.75.

Based on today's assessment of market conditions, management anticipates that local currency sales growth in the third quarter 2019 will be in the range of 4% to 5%, and Adjusted EPS is forecasted to be in the range of \$5.65 to \$5.75, an increase of 10% to 12%.

While the Company has provided an outlook for local currency sales growth and Adjusted EPS, it has not provided an outlook for reported sales growth or EPS as it would require an estimate of currency exchange fluctuations and non-recurring items, which are not yet known. The Company noted in making its outlook that economic uncertainty remains in certain regions of the world and market conditions are subject to change.

## Conclusion

Fillioli concluded, "With the exception of our Food Retail business, demand in our markets is favorable and our growth initiatives continue to generate tangible results. We assume market conditions will remain unchanged and our outlook for the third quarter is positive. As we look to the later part of the year, we acknowledge there is more uncertainty due to macroeconomic data. We remain focused on our growth strategy and believe we can continue to gain market share regardless of the economy. Based on market conditions today, we believe we can deliver strong results in 2019."

## Other Matters

The Company will host a conference call to discuss its quarterly results today (Thursday, August 1) at 5:00 p.m. Eastern Time. To hear a live webcast or replay of the call, visit the investor relations page on the Company's website at [www.mt.com/investors](http://www.mt.com/investors). The presentation referenced in the conference call will be located on the website prior to the call.

METTLER TOLEDO (NYSE: MTD) is a leading global supplier of precision instruments and services. We have strong leadership positions in all of our businesses and believe we hold global number-one market positions in most of them. We are recognized as an innovation leader and our solutions are critical in key R&D, quality control and manufacturing processes for customers in a wide range of industries including life sciences, food and chemicals. Our sales and service network is one of the most extensive in the industry. Our products are sold in more than 140 countries and we have a direct presence in approximately 40 countries. With proven growth strategies and a focus on execution, we have achieved a long-term track record of strong financial performance. For more information, please visit [www.mt.com](http://www.mt.com).

Statements in this press release which are not historical facts constitute "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934. These statements involve known and unknown risks, uncertainties and other factors that may cause our or our businesses' actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. 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" or the negative of those terms or other comparable terminology. For a discussion of these risks and uncertainties, please see the discussion on forward-looking statements in our current report on Form 10-K. All of the forward-looking statements are qualified in their entirety by reference to the factors discussed under the caption "Factors affecting our future operating results" and in the "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of our annual report on Form 10-K for the most recently completed fiscal year, which describe risks and factors that could cause results to differ materially from those projected in those forward-looking statements.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(amounts in thousands except share data)  
(unaudited)

|  | Three months ended<br>June 30, 2019 | % of sales   | Three months ended<br>June 30, 2018 | % of sales   |
|--|-------------------------------------|--------------|-------------------------------------|--------------|
| Net sales  | \$731,366(a)                        | 100.0        | \$721,996                           | 100.0        |
| Cost of sales  | <u>311,828</u>                      | <u>42.6</u>  | <u>309,371</u>                      | <u>42.8</u>  |
| Gross profit   | 419,538                             | 57.4         | 412,625                             | 57.2         |
| Research and development                                       | 36,582                              | 5.0          | 35,315                              | 4.9          |
| Selling, general and administrative                            | 205,215                             | 28.1         | 208,024                             | 28.8         |
| Amortization   | 12,326                              | 1.7          | 11,970                              | 1.7          |
| Interest expense   | 8,882                               | 1.2          | 8,309                               | 1.2          |
| Restructuring charges  | 2,891                               | 0.4          | 7,321                               | 1.0          |
| Other charges (income), net                                    | <u>(1,574)</u>                      | <u>(0.2)</u> | <u>(1,916)</u>                      | <u>(0.3)</u> |
| Earnings before taxes  | 155,216                             | 21.2         | 143,602                             | 19.9         |
| Provision for taxes  | <u>28,056</u>                       | <u>3.8</u>   | <u>32,134</u>                       | <u>4.5</u>   |
| Net earnings   | <u>\$127,160</u>                    | <u>17.4</u>  | <u>\$111,468</u>                    | <u>15.4</u>  |
| Basic earnings per common share:                               |                                     |              |                                     |              |
| Net earnings   | \$5.15                              |              | \$4.41                              |              |
| Weighted average number of common shares                       | 24,698,032                          |              | 25,299,414                          |              |
| Diluted earnings per common share:                             |                                     |              |                                     |              |
| Net earnings   | \$5.06                              |              | \$4.31                              |              |
| Weighted average number of common and common equivalent shares | 25,118,352                          |              | 25,867,383                          |              |

Note:

(a) Local currency sales increased 5% as compared to the same period in 2018.

## RECONCILIATION OF EARNINGS BEFORE TAXES TO ADJUSTED OPERATING PROFIT

|                             | Three months ended<br>June 30, 2019 | % of sales | Three months ended<br>June 30, 2018 | % of sales |
|-----------------------------|-------------------------------------|------------|-------------------------------------|------------|
| Earnings before taxes       | \$155,216                           |            | \$143,602                           |            |
| Amortization                | 12,326                              |            | 11,970                              |            |
| Interest expense            | 8,882                               |            | 8,309                               |            |
| Restructuring charges       | 2,891                               |            | 7,321                               |            |
| Other charges (income), net | <u>(1,574)</u>                      |            | <u>(1,916)</u>                      |            |
| Adjusted operating profit   | <u>\$177,741</u> (b)                | 24.3       | <u>\$169,286</u>                    | 23.4       |

Note:

(b) Adjusted operating profit increased 5% as compared to the same period in 2018.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(amounts in thousands except share data)  
(unaudited)

|  | Six months ended<br>June 30, 2019 | % of sales | Six months ended<br>June 30, 2018 | % of sales |
|--|-----------------------------------|------------|-----------------------------------|------------|
| Net sales  | \$1,410,818(a)                    | 100.0      | \$1,382,817                       | 100.0      |
| Cost of sales  | <u>602,961</u>                    | 42.7       | <u>595,259</u>                    | 43.0       |
| Gross profit   | 807,857                           | 57.3       | 787,558                           | 57.0       |
| Research and development                                       | 72,635                            | 5.1        | 70,028                            | 5.1        |
| Selling, general and administrative                            | 409,640                           | 29.0       | 408,698                           | 29.6       |
| Amortization   | 24,548                            | 1.7        | 23,705                            | 1.7        |
| Interest expense   | 17,976                            | 1.4        | 16,668                            | 1.2        |
| Restructuring charges  | 4,414                             | 0.3        | 11,734                            | 0.8        |
| Other charges (income), net                                    | <u>(2,248)</u>                    | (0.1)      | <u>(4,316)</u>                    | (0.3)      |
| Earnings before taxes  | 280,892                           | 19.9       | 261,041                           | 18.9       |
| Provision for taxes  | <u>41,927</u>                     | 3.0        | <u>56,269</u>                     | 4.1        |
| Net earnings   | <u>\$238,965</u>                  | 16.9       | <u>\$204,772</u>                  | 14.8       |
| Basic earnings per common share:                               |                                   |            |                                   |            |
| Net earnings   | \$9.65                            |            | \$8.07                            |            |
| Weighted average number of common shares                       | 24,774,262                        |            | 25,383,402                        |            |
| Diluted earnings per common share:                             |                                   |            |                                   |            |
| Net earnings   | \$9.48                            |            | \$7.88                            |            |
| Weighted average number of common and common equivalent shares | 25,217,359                        |            | 25,979,508                        |            |

Note:

(a) Local currency sales increased 6% as compared to the same period in 2018.

**RECONCILIATION OF EARNINGS BEFORE TAXES TO ADJUSTED OPERATING PROFIT**

|                             | Six months ended<br>June 30, 2019 | % of sales | Six months ended<br>June 30, 2018 | % of sales |
|-----------------------------|-----------------------------------|------------|-----------------------------------|------------|
| Earnings before taxes       | \$280,892                         |            | \$261,041                         |            |
| Amortization                | 24,548                            |            | 23,705                            |            |
| Interest expense            | 17,976                            |            | 16,668                            |            |
| Restructuring charges       | 4,414                             |            | 11,734                            |            |
| Other charges (income), net | <u>(2,248)</u>                    |            | <u>(4,316)</u>                    |            |
| Adjusted operating profit   | <u>\$325,582</u> (b)              | 23.1       | <u>\$308,832</u>                  | 22.3       |

Note:

(b) Adjusted operating profit increased 5% as compared to the same period in 2018.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(amounts in thousands)

(unaudited)

|  | <u>June 30, 2019</u> | <u>December 31, 2018</u> |
|--|----------------------|--------------------------|
| Cash and cash equivalents                              | \$124,439            | \$178,110                |
| Accounts receivable, net                               | 498,723              | 535,528                  |
| Inventories  | 286,347              | 268,821                  |
| Other current assets and prepaid expenses              | <u>71,937</u>        | <u>63,401</u>            |
| Total current assets                                   | 981,446              | 1,045,860                |
| Property, plant and equipment, net                     | 728,007              | 717,526                  |
| Goodwill and other intangibles assets, net             | 745,768              | 752,088                  |
| Other non-current assets                               | <u>205,637(a)</u>    | <u>103,373</u>           |
| Total assets   | <u>\$2,660,858</u>   | <u>\$2,618,847</u>       |
| Short-term borrowings and maturities of long-term debt | \$51,918             | \$49,670                 |
| Trade accounts payable                                 | 160,584              | 196,641                  |
| Accrued and other current liabilities                  | <u>494,749(a)</u>    | <u>488,123</u>           |
| Total current liabilities                              | 707,251              | 734,434                  |
| Long-term debt   | 1,087,874            | 985,021                  |
| Other non-current liabilities                          | <u>361,647(a)</u>    | <u>309,329</u>           |
| Total liabilities                                      | 2,156,772            | 2,028,784                |
| Shareholders' equity                                   | <u>504,086</u>       | <u>590,063</u>           |
| Total liabilities and shareholders' equity             | <u>\$2,660,858</u>   | <u>\$2,618,847</u>       |

(a)Includes a lease right-of-use asset of \$88.1 million, a short-term lease liability of \$26.4 million and a long-term lease liability of \$62.3 million in accordance with ASC 842 "Leases" that went into effect on January 1, 2019.

**METTLER-TOLEDO INTERNATIONAL INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(amounts in thousands)  
(unaudited)

|  | <u>Three months ended</u> |                 | <u>Six months ended</u> |                  |
|--|---------------------------|-----------------|-------------------------|------------------|
|  | <u>June 30,</u>           |                 | <u>June 30,</u>         |                  |
|  | <u>2019</u>               | <u>2018</u>     | <u>2019</u>             | <u>2018</u>      |
| Cash flow from operating activities:   |                           |                 |                         |                  |
| Net earnings   | \$127,160                 | \$111,468       | \$238,965               | \$204,772        |
| Adjustments to reconcile net earnings to net cash provided by operating activities:    |                           |                 |                         |                  |
| Depreciation   | 9,623                     | 9,449           | 19,390                  | 18,606           |
| Amortization   | 12,326                    | 11,970          | 24,548                  | 23,705           |
| Deferred tax expense (benefit)   | 58                        | (3,693)         | (14,881)                | (10,109)         |
| Other  | 4,286                     | 3,951           | 8,790                   | 7,036            |
| Increase (decrease) in cash resulting from changes in operating assets and liabilities | <u>(26,383)</u>           | <u>7,050</u>    | <u>(50,947)</u>         | <u>(27,251)</u>  |
| Net cash provided by operating activities  | <u>127,070</u>            | <u>140,195</u>  | <u>225,865</u>          | <u>216,759</u>   |
| Cash flows from investing activities:  |                           |                 |                         |                  |
| Proceeds from sale of property, plant and equipment                                    | 1,144                     | 23              | 1,216                   | 4,530            |
| Purchase of property, plant and equipment  | (22,295)                  | (31,812)        | (44,699)                | (61,586)         |
| Acquisitions   | (504)                     | -               | (504)                   | (500)            |
| Net hedging settlements on intercompany loans  | <u>(6,028)</u>            | <u>3,738</u>    | <u>(1,226)</u>          | <u>7,042</u>     |
| Net cash used in investing activities  | <u>(27,683)</u>           | <u>(28,051)</u> | <u>(45,213)</u>         | <u>(50,514)</u>  |
| Cash flows from financing activities:  |                           |                 |                         |                  |
| Proceeds from borrowings   | 336,123                   | 266,668         | 638,830                 | 603,180          |
| Repayments of borrowings   | (261,083)                 | (171,410)       | (532,729)               | (502,524)        |
| Proceeds from exercise of stock options  | 8,767                     | 4,291           | 37,757                  | 9,960            |
| Repurchases of common stock  | (186,249)                 | (118,749)       | (372,500)               | (237,499)        |
| Acquisition contingent consideration payment   | -                         | -               | (10,000)                | -                |
| Other financing activities   | <u>1,753</u>              | <u>(1,635)</u>  | <u>1,753</u>            | <u>(1,635)</u>   |
| Net cash used in financing activities  | <u>(100,689)</u>          | <u>(20,835)</u> | <u>(236,889)</u>        | <u>(128,518)</u> |

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Effect of exchange rate changes on cash and cash equivalents | (739)            | (7,067)          | 2,566            | (3,224)          |
| Net (decrease) increase in cash and cash equivalents         | (2,041)          | 84,242           | (53,671)         | 34,503           |
| Cash and cash equivalents:                                   |                  |                  |                  |                  |
| Beginning of period  | 126,480          | 98,948           | 178,110          | 148,687          |
| End of period  | <u>\$124,439</u> | <u>\$183,190</u> | <u>\$124,439</u> | <u>\$183,190</u> |

#### RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO ADJUSTED FREE CASH FLOW

|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Net cash provided by operating activities           | \$127,070        | \$140,195        | \$225,865        | \$216,759        |
| Payments in respect of restructuring activities     | 3,154            | 8,167            | 6,846            | 13,409           |
| Transition tax payment                              | 4,289            | 4,200            | 4,289            | 4,200            |
| Proceeds from sale of property, plant and equipment | 1,144            | 23               | 1,216            | 4,530            |
| Purchase of property, plant and equipment           | (22,295)         | (31,812)         | (44,699)         | (61,586)         |
| Adjusted free cash flow                             | <u>\$113,362</u> | <u>\$120,773</u> | <u>\$193,517</u> | <u>\$177,312</u> |

### METTLER-TOLEDO INTERNATIONAL INC. OTHER OPERATING STATISTICS

#### SALES GROWTH BY DESTINATION (unaudited)

|  | Europe | Americas | Asia/RoW | Total |
|--|--------|----------|----------|-------|
| U.S. Dollar Sales Growth (Decrease)    |        |          |          |       |
| Three Months Ended June 30, 2019       | (6%)   | 7%       | 2%       | 1%    |
| Six Months Ended June 30, 2019         | (2%)   | 5%       | 3%       | 2%    |
| Local Currency Sales Growth (Decrease) |        |          |          |       |
| Three Months Ended June 30, 2019       | (1%)   | 7%       | 7%       | 5%    |
| Six Months Ended June 30, 2019         | 4%     | 5%       | 8%       | 6%    |

#### RECONCILIATION OF DILUTED EPS AS REPORTED TO ADJUSTED DILUTED EPS (unaudited)

|   | Three months ended |               |          | Six months ended |               |          |
|---|--------------------|---------------|----------|------------------|---------------|----------|
|   | June 30,           |               | % Growth | June 30,         |               | % Growth |
|   | 2019               | 2018          |          | 2019             | 2018          |          |
| EPS as reported, diluted                      | \$5.06             | \$4.31        | 17%      | \$9.48           | \$7.88        | 20%      |
| Restructuring charges, net of tax             | 0.09(a)            | 0.22(a)       |          | 0.14(a)          | 0.35(a)       |          |
| Purchased intangible amortization, net of tax | 0.10(b)            | 0.10(b)       |          | 0.21(b)          | 0.19(b)       |          |
| Income tax expense                            | (0.09)(c)          | 0.02(c)       |          | (0.57)(c)        | (0.04)(c)     |          |
| Adjusted EPS, diluted                         | <u>\$5.16</u>      | <u>\$4.65</u> | 11%      | <u>\$9.26</u>    | <u>\$8.38</u> | 11%      |

#### Notes:

- (a) Represents the EPS impact of restructuring charges of \$2.9 million (\$2.3 million after tax) and \$7.3 million (\$5.7 million after tax) for the three months ended June 30, 2019 and 2018, and \$4.4 million (\$3.5 million after tax) and \$11.7 million (\$9.2 million after tax) for the six months ended June 30, 2019 and 2018, respectively, which primarily include employee related costs.
- (b) Represents the EPS impact of purchased intangibles amortization, net of tax, of \$2.6 million and \$2.5 million for the three months ended June 30, 2019 and 2018, and \$5.2 million and \$5.0 million for the six months ended June 30, 2019 and 2018, respectively.
- (c) Represents the EPS impact on our reported tax rate during the three and six months ending June 30, 2019 and 2018, respectively, due to excess tax benefits associated with stock option exercises.

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SOURCE Mettler-Toledo International Inc.

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