



Mettler-Toledo International Inc. Reports Third Quarter 2017 Results

November 2, 2017

-- Good Sales Growth --
-- Strong EPS Growth --

COLUMBUS, Ohio, Nov. 2, 2017 /PRNewswire/ -- Mettler-Toledo International Inc. (NYSE: MTD) today announced third quarter results for 2017. Provided below are the highlights:

- Sales in local currency increased 6% in the quarter compared with the prior year. Reported sales increased 7% as currency increased sales growth by 1% in the quarter.
- Net earnings per diluted share as reported (EPS) were \$3.99, compared with \$3.77 in the prior-year period. Adjusted EPS was \$4.36, an increase of 12% over the prior-year amount of \$3.89. Adjusted EPS is a non-GAAP measure, and we have included a reconciliation to EPS on the last page of the attached schedules.

Third Quarter Results

Olivier Filliol, President and Chief Executive Officer, stated, "Sales growth in the quarter was good, with excellent growth in Asia/Rest of World. In the Americas and Europe, sales growth was good in our Lab and Industrial businesses but, as expected, Food Retailing declined. Our productivity and margin initiatives continue to yield tangible results, which contributed to strong growth in EPS."

EPS in the quarter was \$3.99, compared with the prior-year amount of \$3.77. Adjusted EPS was \$4.36, an increase of 12% over the prior-year amount of \$3.89.

Sales were \$698.8 million, a 6% increase in local currency sales, compared with \$650.6 million in the prior-year quarter. Reported sales increased 7% as currency increased sales growth by 1% in the quarter. As compared with the prior year, local currency sales increased 2% in the Americas, 2% in Europe and 15% in Asia/Rest of World. Adjusted operating income amounted to \$162.9 million, a 7% increase from the prior-year amount of \$151.7 million. Adjusted operating income is a non-GAAP measure, and a reconciliation to earnings before taxes is provided in the attached schedules.

Nine Month Results

EPS for the nine months was \$11.31, compared with the prior-year amount of \$9.08. Adjusted EPS was \$11.61, an increase of 21% over the prior-year amount of \$9.56.

Sales were \$1.947 billion, a 9% increase in local currency sales, compared with \$1.799 billion in the prior-year period. Reported sales increased 8% as currency reduced sales growth by 1% in the period. As compared with the prior year, local currency sales increased 8% in the Americas, 6% in Europe and 13% in Asia/Rest of World. Adjusted operating income amounted to \$438.8 million, a 15% increase from the prior-year amount of \$382.8 million. Adjusted operating income is a non-GAAP measure, and a reconciliation to earnings before taxes is provided in the attached schedules.

Acquisition to Expand Channel Access and Brands in the Liquid Handling Market

The Company announced that, during the quarter, it completed the acquisition of Biotix Inc., a manufacturer and distributor of plastic consumables associated with pipettes, including tips, tubes and reagent reservoirs used in the life sciences market. The Company stated the acquisition will expand its consumable offering for the pipette market into indirect distribution channels. Management stated that this expansion is an excellent complement to its Rainin pipette and tips offering that is sold through its direct salesforce. Biotix is headquartered in San Diego with a manufacturing facility in Mexico.

Outlook

Based on today's assessment, management anticipates that local currency sales growth in the fourth quarter 2017 will be approximately 5.5%, and Adjusted EPS is forecasted to be approximately \$5.90, an increase of 12%.

For the full year 2017, local currency sales growth is expected to be approximately 8%. This sales growth is expected to result in Adjusted EPS of approximately \$17.50, an increase of 18%. This compares with previous guidance of Adjusted EPS in the range of \$17.25 to \$17.35.

The Company said that based on its assessment of market conditions today, management anticipates local currency sales growth in 2018 will be approximately 6%. This sales growth is expected to result in Adjusted EPS in the range of \$19.65 to \$19.85, which reflects growth of 12% to 13%.

While the Company has provided an outlook for Adjusted EPS, it has not provided an outlook for EPS as it would require an estimate of 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

Filliol concluded, "Demand in our markets remains solid. We continue to execute well and are benefiting from our Field Turbo investments, Spinnaker sales and marketing initiatives, new product launches and margin and productivity initiatives. The addition of Biotix will further strengthen our position in the attractive liquid handling market and bring us more exposure to life sciences. As we look to the remainder of this year and into 2018, we believe we are well positioned to continue to gain market share and deliver strong results."

Other Matters

The Company will host a conference call to discuss its quarterly results today (Thursday, November 2) 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. 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.

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 8-K to which this release has been furnished as an exhibit. 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 September 30, 2017	% of sales	Three months ended September 30, 2016	% of sales
Net sales	\$698,799(a)	100.0	\$650,598	100.0
Cost of sales	298,522	42.7	281,104	43.2
Gross profit	400,277	57.3	369,494	56.8
Research and development	32,477	4.6	30,139	4.6
Selling, general and administrative	204,915	29.3	187,680	28.8
Amortization	10,716	1.5	9,087	1.4
Interest expense	8,248	1.2	7,167	1.1
Restructuring charges	3,385	0.5	1,494	0.3
Other charges (income), net	909	0.2	603	0.1
Earnings before taxes	139,627	20.0	133,324	20.5
Provision for taxes	34,677	5.0	31,992	4.9
Net earnings	\$104,950	15.0	\$101,332	15.6
Basic earnings per common share:				
Net earnings	\$4.10		\$3.84	
Weighted average number of common shares	25,613,433		26,375,468	
Diluted earnings per common share:				
Net earnings	\$3.99		\$3.77	
Weighted average number of common and common equivalent shares	26,303,529		26,888,810	

Note:

(a) Local currency sales increased 6% as compared to the same period in 2016.

RECONCILIATION OF EARNINGS BEFORE TAXES TO ADJUSTED OPERATING INCOME

	Three months ended September 30, 2017	% of sales	Three months ended September 30, 2016	% of sales
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Earnings before taxes	\$139,627		\$133,324	
Amortization	10,716		9,087	
Interest expense	8,248		7,167	
Restructuring charges	3,385		1,494	
Other charges (income), net	909(b)		603(b)	
Adjusted operating income	<u>\$162,885(c)</u>	23.3	<u>\$151,675</u>	23.3

Note:

(b) Other charges (income), net includes acquisition costs of \$1.7 million and \$1.1 million for the three months ended September 30, 2017

and 2016, respectively.

(c) Adjusted operating income increased 7% as compared to the same period in 2016.

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

	Nine months ended September 30, 2017	% of sales	Nine months ended September 30, 2016	% of sales
Net sales	\$1,947,022(a)	100.0	\$1,798,558	100.0
Cost of sales	<u>828,928</u>	<u>42.6</u>	<u>781,581</u>	<u>43.5</u>
Gross profit	1,118,094	57.4	1,016,977	56.5
Research and development	96,723	5.0	89,813	5.0
Selling, general and administrative	582,604	29.9	544,399	30.3
Amortization	31,010	1.6	26,166	1.5
Interest expense	24,160	1.2	20,619	1.1
Restructuring charges	8,840	0.5	4,579	0.2
Other charges (income), net	<u>(5,565)</u>	<u>(0.3)</u>	<u>8,492</u>	<u>0.5</u>
Earnings before taxes	380,322	19.5	322,909	17.9
Provision for taxes	<u>81,326</u>	<u>4.1</u>	<u>76,315</u>	<u>4.2</u>
Net earnings	<u>\$298,996</u>	<u>15.4</u>	<u>\$246,594</u>	<u>13.7</u>
Basic earnings per common share:				
Net earnings	\$11.60		\$9.25	
Weighted average number of common shares	25,764,472		26,644,938	
Diluted earnings per common share:				
Net earnings	\$11.31		\$9.08	
Weighted average number of common and common equivalent shares	26,446,677		27,153,450	

Note:

(a) Local currency sales increased 9% as compared to the same period in 2016.

RECONCILIATION OF EARNINGS BEFORE TAXES TO ADJUSTED OPERATING INCOME

	Nine months ended September 30, 2017	% of sales	Nine months ended September 30, 2016	% of sales
Earnings before taxes	\$380,322		\$322,909	
Amortization	31,010		26,166	
Interest expense	24,160		20,619	
Restructuring charges	8,840		4,579	
Other charges (income), net	<u>(5,565)(b)</u>		<u>8,492(d)</u>	
Adjusted operating income	<u>\$438,767(c)</u>	22.5	<u>\$382,765</u>	21.3

Note:

(b) Other charges (income), net includes a one-time gain of \$3.4 million relating to the sale of a facility in Switzerland in connection with our initiative to consolidate certain Swiss operations into a new facility and \$1.7 million of acquisition costs for the nine months ended September 30, 2017.

(c) Adjusted operating income increased 15% as compared to the same period in 2016.

- (d) Other charges (income), net includes a one-time non-cash pension settlement charge of \$8.2 million related to a lump sum settlement to former employees of our U.S. pension plan and acquisition costs of \$1.1 million for the nine months ended September 30, 2016.

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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Cash and cash equivalents	\$169,086	\$158,674
Accounts receivable, net	483,167	454,988
Inventories	263,527	222,047
Other current assets and prepaid expenses	70,784	61,075
Total current assets	<u>986,564</u>	<u>896,784</u>
Property, plant and equipment, net	641,709	563,707
Goodwill and other intangibles assets, net	768,393	643,433
Other non-current assets	100,533	62,853
Total assets	<u>\$2,497,199</u>	<u>\$2,166,777</u>
Short-term borrowings and maturities of long-term debt	\$18,533	\$18,974
Trade accounts payable	148,521	146,593
Accrued and other current liabilities	485,304	421,948
Total current liabilities	<u>652,358</u>	<u>587,515</u>
Long-term debt	1,050,681	875,056
Other non-current liabilities	281,181	269,263
Total liabilities	<u>1,984,220</u>	<u>1,731,834</u>
Shareholders' equity	512,979	434,943
Total liabilities and shareholders' equity	<u>\$2,497,199</u>	<u>\$2,166,777</u>

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

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flow from operating activities:				
Net earnings	\$104,950	\$101,332	\$298,996	\$246,594
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation	8,502	8,411	24,421	24,527
Amortization	10,716	9,087	31,010	26,166
Deferred tax benefit	(3,914)	(2,226)	(7,754)	(11,078)
Other	4,027	3,719	12,050	10,867
Gain on facility sale	-	-	(3,394)	-
Non-cash pension settlement charge	-	-	-	8,189
Increase (decrease) in cash resulting from changes in operating assets and liabilities	<u>21,577</u>	<u>24,613</u>	<u>(4,094)</u>	<u>2,048</u>
Net cash provided by operating activities	<u>145,858</u>	<u>144,936</u>	<u>351,235</u>	<u>307,313</u>
Cash flows from investing activities:				
Proceeds from sale of property, plant and equipment ^(a)	228	143	10,437	361
Purchase of property, plant and equipment	(37,297)	(22,376)	(85,826)	(51,234)
Acquisitions	(107,748)	(105,352)	(108,445)	(109,681)
Net hedging settlements on intercompany loans	4,749	956	3,716	2,031
Net cash used in investing activities	<u>(140,068)</u>	<u>(126,629)</u>	<u>(180,118)</u>	<u>(158,523)</u>

Cash flows from financing activities:				
Proceeds from borrowings	312,773	317,428	985,694	709,988
Repayments of borrowings	(218,899)	(186,229)	(834,061)	(455,913)
Proceeds from exercise of stock options	6,380	6,222	23,315	20,187
Repurchases of common stock	(85,049)	(124,997)	(334,998)	(374,994)
Other financing activities	-	-	(7,205)	(680)
Net cash provided by (used in) financing activities	<u>15,205</u>	<u>12,424</u>	<u>(167,255)</u>	<u>(101,412)</u>
Effect of exchange rate changes on cash and cash equivalents	1,757	756	6,550	(132)
Net increase in cash and cash equivalents	22,752	31,487	10,412	47,246
Cash and cash equivalents:				
Beginning of period	<u>146,334</u>	<u>114,646</u>	<u>158,674</u>	<u>98,887</u>
End of period	<u>\$169,086</u>	<u>\$146,133</u>	<u>\$169,086</u>	<u>\$146,133</u>

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

Net cash provided by operating activities	\$145,858	\$144,936	\$351,235	\$307,313
Payments in respect of restructuring activities	2,375	2,002	7,701	6,304
Payments for acquisition costs	764	910	764	910
Proceeds from sale of property, plant and equipment ^(a)	228	143	10,437	361
Purchase of property, plant and equipment	(37,297)	(22,376)	(85,826)	(51,234)
Free cash flow	<u>\$111,928</u>	<u>\$125,615</u>	<u>\$284,311</u>	<u>\$263,654</u>

(a) Proceeds from sale of property, plant and equipment includes \$9.9 million relating to the sale of a facility in Switzerland in connection with our initiative to consolidate certain Swiss operations into a new facility for the nine months ended September 30, 2017.

METTLER-TOLEDO INTERNATIONAL INC. OTHER OPERATING STATISTICS

SALES GROWTH BY DESTINATION (unaudited)

	Europe	Americas	Asia/RoW	Total
U.S. Dollar Sales Growth				
Three Months Ended September 30, 2017	7%	2%	15%	7%
Nine Months Ended September 30, 2017	5%	8%	12%	8%
Local Currency Sales Growth				
Three Months Ended September 30, 2017	2%	2%	15%	6%
Nine Months Ended September 30, 2017	6%	8%	13%	9%

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

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	% Growth	2017	2016	% Growth
EPS as reported, diluted	\$3.99	\$3.77	6%	\$11.31	\$9.08	25%
Restructuring charges, net of tax	0.10(a)	0.04(a)		0.26(a)	0.13(a)	
Purchased intangible amortization, net of tax	0.07(b)	0.05(b)		0.18(b)	0.13(b)	
Acquisition costs, net of tax	0.05(c)	0.03(c)		0.05(c)	0.03(c)	
Income tax expense	0.15(d)	-		(0.09)(d)	-	
Gain on facility sale	-	-		(0.10)(e)	-	
Non-cash pension settlement charge, net of tax	-	-		-	0.19(f)	
Adjusted EPS, diluted	<u>\$4.36</u>	<u>\$3.89</u>	12%	<u>\$11.61</u>	<u>\$9.56</u>	21%

Notes:

- (a) Represents the EPS impact of restructuring charges of \$3.4 million (\$2.6 million after tax) and \$1.5 million (\$1.1 million after tax) for the three months ended September 30, 2017 and 2016, and \$8.8 million (\$6.9 million after tax) and \$4.6 million (\$3.5 million after tax) for the nine months ended September 30, 2017 and 2016, respectively, which primarily include employee related costs.
- (b) Represents the EPS impact of purchased intangibles amortization of \$2.6 million (\$1.7 million after tax) and \$2.0 million (\$1.3 million after tax) for the three months ended September 30, 2017 and 2016, and \$7.2 million (\$4.7 million after tax) and \$5.2 million (\$3.5 million after tax) for the nine months ended September 30, 2017 and 2016, respectively.
- (c) Represents the EPS impact of acquisition costs of \$1.7 million (\$1.3 million after tax) and \$1.1 million (\$0.8 million after tax) for the three and nine months ended September 30, 2017 and 2016, respectively.
- (d) Represents the EPS impact of the difference between our reported tax rate of 25% and 21% during the three and nine months ending September 30, 2017 and our estimated annual income tax rate of 22%, which reflects a 2% estimated annual benefit pertaining to excess tax benefits associated with stock option exercises.
- (e) Represents the EPS impact of a one-time gain of \$3.4 million (\$2.7 million after tax) for the nine months ended September 30, 2017 relating to the sale of a facility in Switzerland in connection with our initiative to consolidate certain Swiss operations into a new facility.
- (f) Represents the EPS impact of a one-time non-cash pension settlement charge of \$8.2 million (\$5.1 million after tax) related to a lump sum settlement to former employees of our U.S. pension plan for the nine months ended September 30, 2016.

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