

Mettler-Toledo International Inc.

(NYSE: MTD)

Paris Fear | Riley Russo

Mettler-Toledo: The Innovator

Mettler-Toledo is a global leader within the life sciences industry through its precision instruments and value-added services.

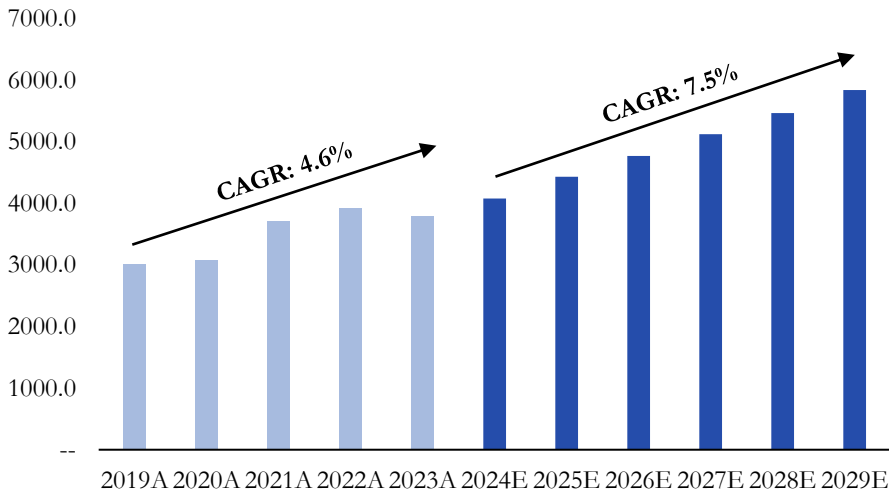
Business Overview

- Incorporated in 1991 and based in Columbus, OH
- Creates R&D, quality control, and manufacturing processes that are critical for innovation
- Its long-term track record has made Mettler-Toledo a global leader across all of its business segments
- Customers are from a diverse range of industries, such as life sciences, food, and chemicals

Strong Historical Financials

FCF last 10 years CAGR: 12%	→	2023 FCF: \$908mm
2013 Profit Margin: 19.6%	→	2023 Profit Margin: 30.4%

Revenue Growth (\$mm) & Crucial Competitive Advantages



Mettler-Toledo has consistently grown revenue by 1-1.5% due to pricing increases alone



Its Brains: MTD invests 5% of net sales into R&D each year & pursues strategic acquisitions to fill the gaps of its business model



Its Margins: MTD is able to win because its pricing power & ability to expand its operating margins each year



Its People: MTD has a sticky customer base & strong management team that enables its growth into emerging markets

Product Breakdown

Mettler-Toledo operates across its Laboratory Instruments, Industrial Instruments, and Retail Weighting Solutions segments. Through these segments, Mettler-Toledo also offers services, including calibration, certification, repairs, and spare parts supply.

Laboratory Instruments

55% of 2023 Net Sales



Laboratory Balances



Laboratory Software (LabX)



Analytical Instruments



Automated Chemistry Solutions



Pipettes



Process Analytics

Industrial Instruments

39% of 2023 Net Sales



Industrial Weighing Instruments



Industrial Terminals



Transportation and Logistics



Vehicle Scale Systems



Industrial Software



Product Inspection (metal detectors, x-ray, and camera-based systems)

Retail Weighting Solutions

6% of 2023 Net Sales



Counter Scales



Self-Service Scales



Wrapping and Weigh Price Labeling



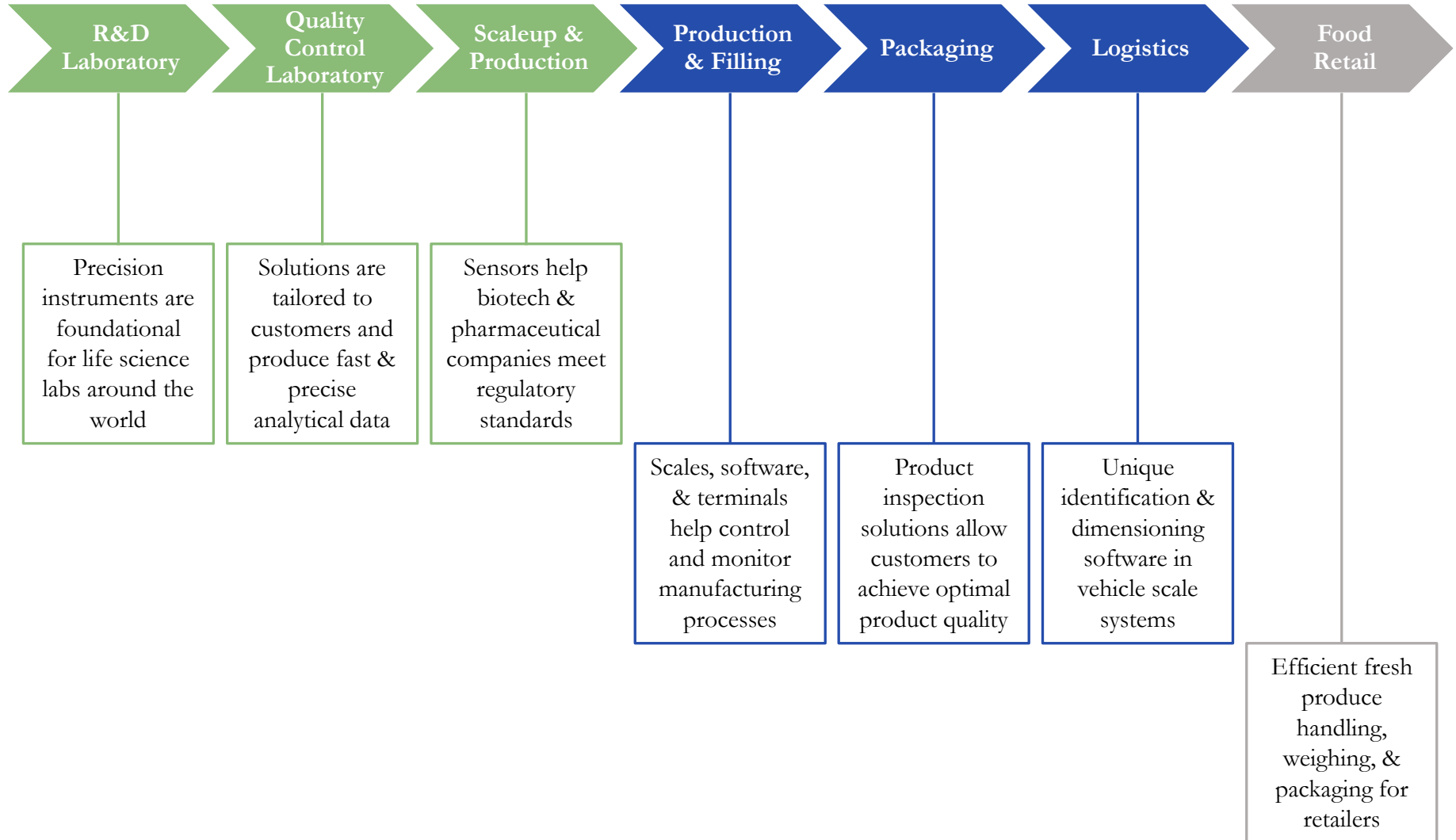
Checkout Scales



Retail Software

Customer Value Chain

Mettler-Toledo is able to reach a wide array of customers through its precision instruments and services.



1

Mettler-Toledo's underappreciated economic moat and margin initiatives render it a long-term growth opportunity

2

Mettler-Toledo's recent earnings miss, which is driving negative investor sentiment, is reflective of two events: a one-off change in their European logistics provider and a lag in demand from their Chinese customers

BUY

Price Target: \$1,519.21

Upside: 13.3%

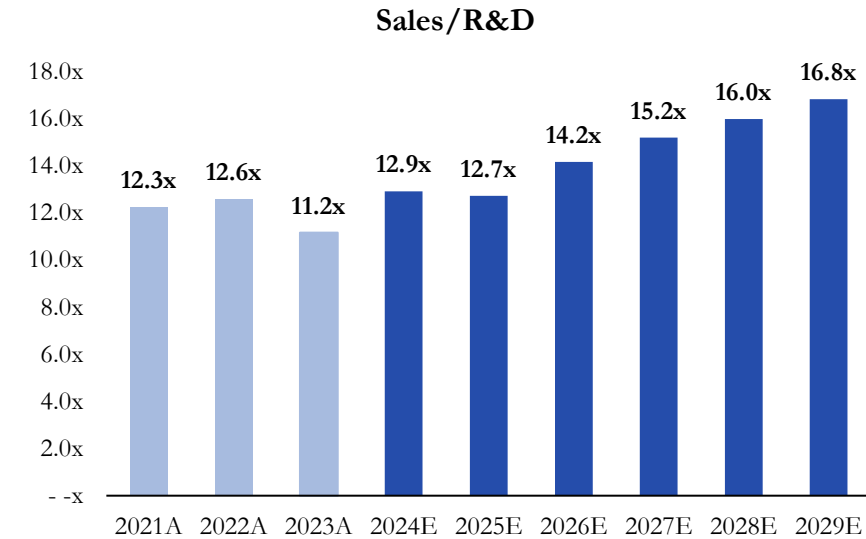
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Mettler-Toledo's Economic Moat

Mettler-Toledo's business model focuses on creating the best versions of products already within its portfolio to deliver maximum value to customers.

Innovation is Key



R&D

3 Key R&D Channels:

Technology Investments

Applications Development

Cost Reductions

MTD improved measurement performance in advanced lab balances by 30% and recognizes that it must continue to invest in R&D to facilitate long-term growth

Key Acquisitions



PendoTECH: Manufactures & Distributes single-use sensors, transmitters, control systems & software for bioprocess applications

Value Added for MTD: Increased net sales 1% in 2022 and synergies between MTD's process analytics and PendoTECH's products



Scale-Up Systems Inc.: Software provider of reaction and scale-up modeling for biopharma & chemical markets

Value Added for MTD: MTD is now the global pharmaceutical industry's leading supplier of process development software

Acquisition Strategy

1. Close strategic gaps
2. Acquire technologies to complement product portfolio
3. Expand distribution channel

Mettler-Toledo's Margin Growth Initiatives

Mettler-Toledo is utilizing its three growth and optimization programs to increase its market share and improve global efficiency. Prices are expected to increase 2% in FY 24.

Margin Expansion

Spinnaker

Growth strategy that allows Mettler-Toledo to **gain market share** through:

- Sales Programs
- Customer Databases
- Product Offerings
- Implement Marketing Programs
- Leverage Installed Base
- Advanced Data Analytics

6th wave will further promote new digitization processes & customer experience

SternDrive

Operational excellence program to improve:



Supply Chain Manufacturing Back Office

In 2023, launched 3rd wave of SternDrive automation to product offerings with **low unit volume and a high mix of variants**

Reaches 20 manufacturing locations, 3 logistics hubs, and ~5000 employees

Blue Ocean Program



Mettler-Toledo's incitive to establish a standardized operating model that contains high levels of **global data transparency**

More than 90% of Mettler-Toledo users are on the program, which enabled **margin expansion initiatives**



Releasing AI applications and other client-facing digital solutions in '24.



“Over the past couple years, we have continued to invest strongly in next-generation products and solutions and have also enhanced our best-in-class corporate programs by launching the next waves of Spinnaker and SternDrive. This will help us further increase our competitiveness and put us in an even more favorable position, especially once our markets pick up again.”

—Patrick Kaltenbach, CEO of Mettler-Toledo

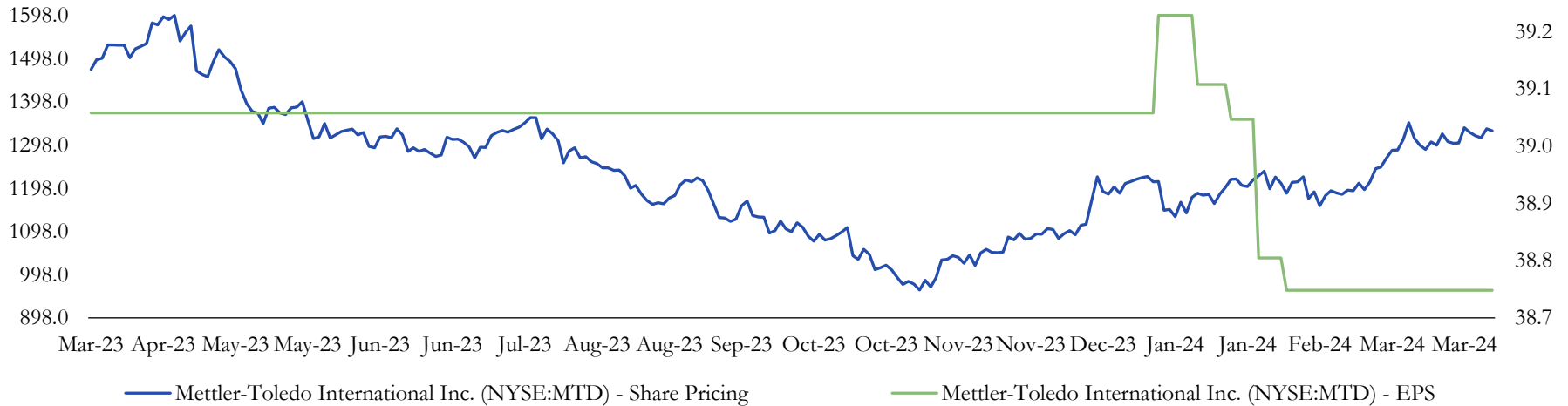
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The Perfect Storm

Mettler-Toledo's European and Asia segments were largely responsible for 2023 Q4 earnings miss; these misses led to a severe market overreaction.

Long-term Share Price (\$) vs Adjusted EPS (\$)



European Logistics Provider

Mettler-Toledo's external European logistics provider caused a \$58mm decline in '23 reported sales

Q4 '23 revenue was hit the hardest – falling ~13% due to delays

Management initially claimed that logistics were expected to resolve itself in Q1 '24; it now looks like a majority of these issues will be resolved in Q2

Chinese Demand Issues

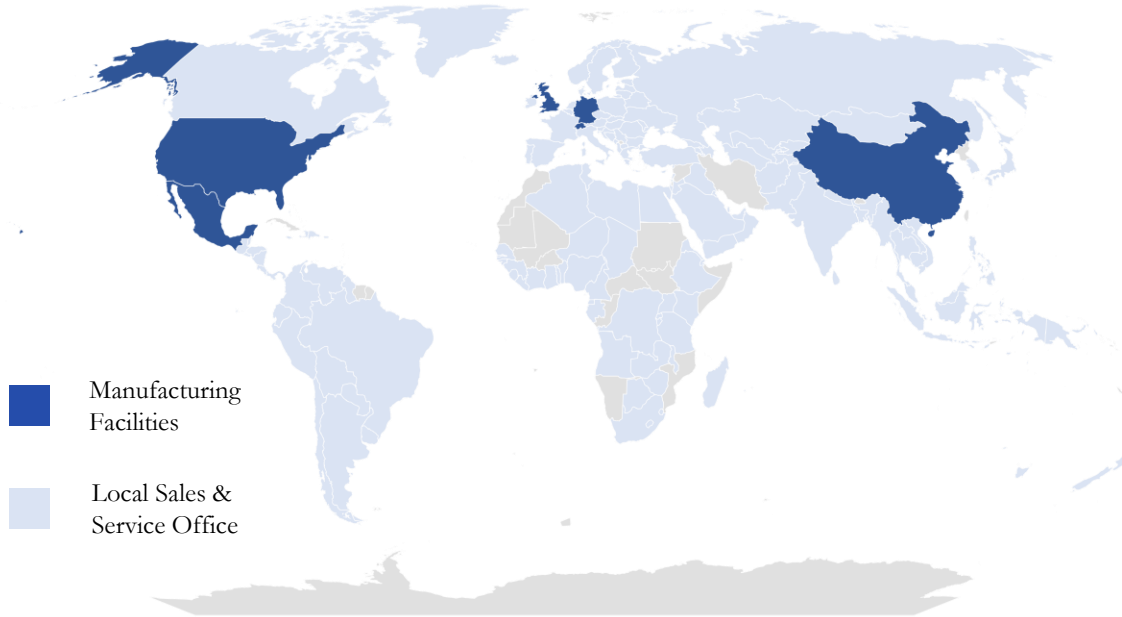
- 1 Weak Economic Growth
- 2 Higher Interest Rates
- 3 Increased Geopolitical Tensions

China had strong growth in '21 and '22, however, demand for life sciences has declined in Q3 & Q4 '23

A Global Phenomena

Mettler-Toledo products are sold in 140+ countries, has a direct presence in ~40 nations, and has 17,300 employees worldwide.

Worldwide Outreach



Why This Matters



Specialists: All sales & service offices have dedicated specialists to assist clients



Customers: Service call triage operation timely addresses customer issues

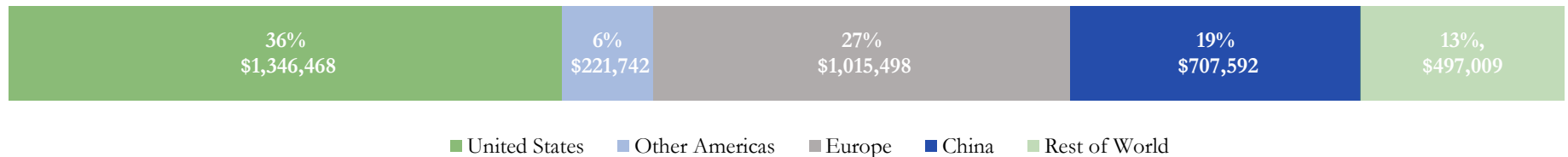


Raw Material Sourcing: Wide range of suppliers for non-critical components



Internal Manufacturing: Proprietary technology is made in-house

2023 Global Revenues



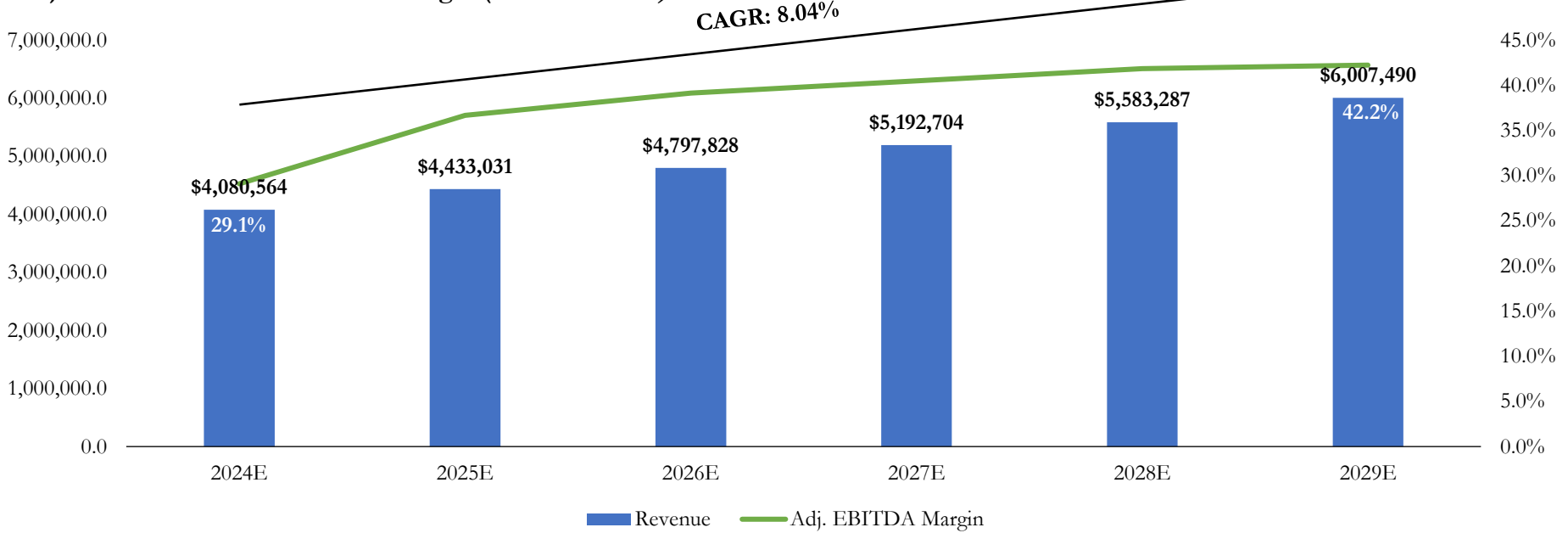
Mettler-Toledo manufactures its components in Switzerland, China, the UK, Germany, the US, and Mexico. Its geographically diverse presence allows it to react quickly to local situations and adapt to regional needs.

Valuation

DCF: Base Case



Projected Revenue and EBITDA Margin (\$ in thousands)



WACC:

10.00%

Market Risk Premium: 4.96%
 Adjusted Beta: 1.23
 Cost of Equity: 10.40%
 Cost of Debt: 3.9%

Blended Share Price	
Exit Multiple Method:	\$1,586.63
Gordon Growth Method	\$1,249.53
Exit Multiple Weight	80%
Gordon Growth Weight	20%
Blended Share Price	\$1,519.21
Upside/Downside	13.3%

Comparable Companies Breakdown



Sector: Genomics

Product Focus: DNA sequencing technologies

EV/EBITDA: 49.0x



Agilent
Trusted Answers

Sector: Technology

Product Focus: Analytical tools & clinical testing

EV/EBITDA: 21.3x



Waters™

Sector: Industrial Life Science Tools

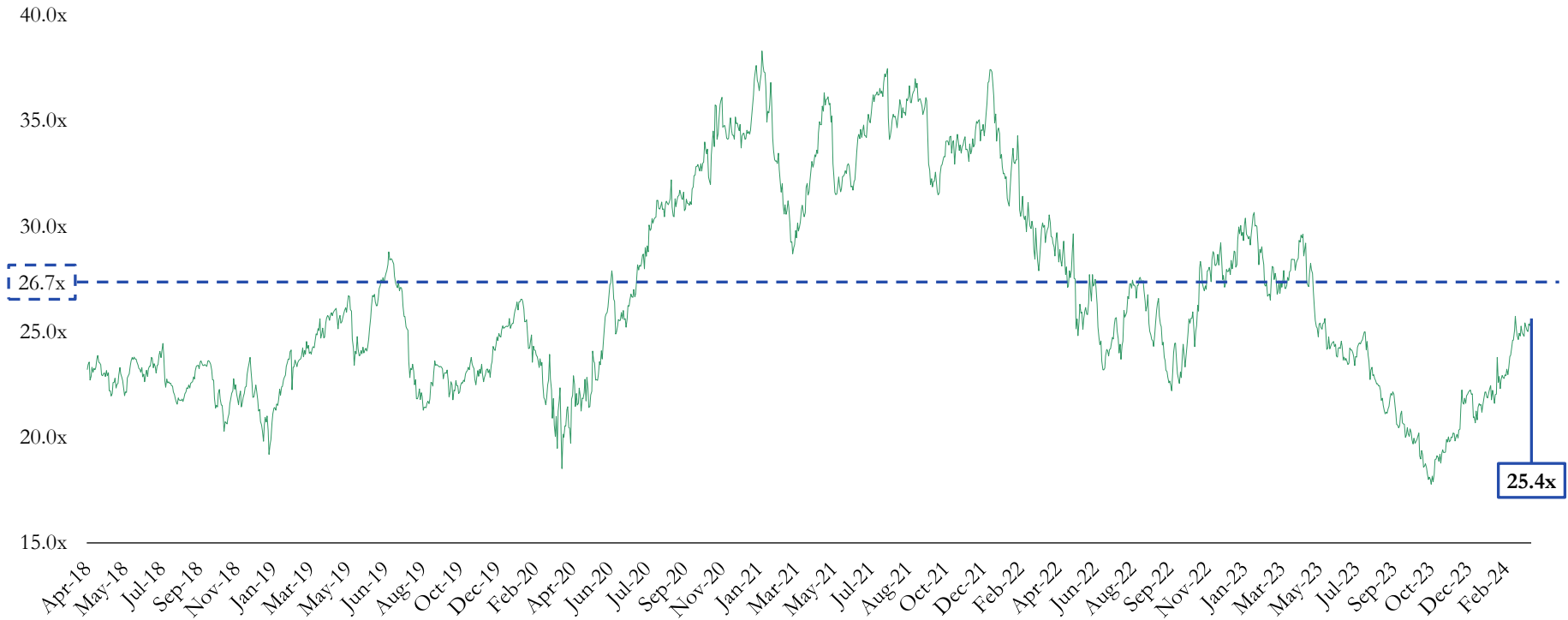
Product Focus: Chromatography supplies and analytical tools

EV/EBITDA: 20.7x

Median EV/EBITDA: 21.24x

Now is the Time

Mettler-Toledo is currently trading below its historical EV/EBITDA multiple.



Conclusion

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Appendix

Value Proposition

Mettler-Toledo's business model has enabled their stance as a strong player within the life sciences industry.



Research & Design

Mettler-Toledo prides itself on its innovation capabilities to create premium products



Weight Instruments

Global market leader in laboratory weighing; scales range from one-ten millionth g to 64 kg



Customer Relations

No single-end consumer accounts for more than 1% of 2023 net sales



Market Position

Top market share in 75% of markets it operates in & top 3 position in all markets



Global Brand

Mettler-Toledo has a reputation for its product quality, which drives consumer loyalty



Typical Low Backlog

Manufacturing turnaround time is typically not longer than 1-2 months

Growth Strategies

Mettler-Toledo's key growth strategies differentiates the company from its competitors.



Its Brains



Research & Development

Initiatives: R&D grew 3% in 2023 to support innovation and product development



Pursuing Strategic

Acquisitions: “bolt-on” acquisitions to leverage its brand



Its Margins



Cost Cutting: Continuously improving cost structure and pricing through automation & digitalization



Selling Service: MTD is looking to expand selling service @ the point of sale & attaching service and product quotes



Its People



Expanding Presence in Emerging Markets: Growing in these markets by leveraging low manufacturing costs



Enhance Customer Experience: investing in digital optimization programs

Comparable Companies

**in billions unless otherwise noted*

Company	Market Capitalization	Enterprise Value	NTM Forward P/E	TEV/Forward EBITDA NTM
Agilent Technologies	42.64	43.62	25.7x	21.3x
Waters Corp	20.38	22.44	28.9x	20.7x
Illumina	21.82	23.03	140.4x	49.0x
Avantor inc	17.34	22.73	25.4x	18.5x
Bruker Corp	12.93	13.82	34.1x	21.2x

MTD	28.47B	30.6B	33.4x	24.9x
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Summary Statistics				
Low	12.93	13.82	25.43	18.49
Mean	23.02	25.13	50.90	26.14
Median	20.38	22.73	28.93	21.24
High	42.64	43.62	140.4	48.96

DCF: Bull Case

Gordon Growth Method

Terminal Value	
2034 FCF	3,749,304
PGR	3.00%
Terminal Value	53,560,822
Period	10.75
PV of Terminal Value	19,230,350
Implied Exit Multiple	6.6x

Exit Multiple Method

Terminal Value	
2029 FCF	2,116,384
Exit Multiple	24.89
Terminal Value	52,676,802
Period	4.75
PV of Terminal Value	33,505,609

Value Distribution	
PV of Period Cash Flows	13,652,330
PV of Terminal Value	19,230,350
Total	32,882,680
Period Cash Flows	41.52%
Terminal Value	58.48%
Total	100.00%

Value Distribution	
PV of Period Cash Flows	7,533,497
PV of Terminal Value	33,505,609
Total	41,039,106
Period Cash Flows	18.36%
Terminal Value	81.64%
Total	100.00%

Blended Share Price	
Exit Multiple Method:	\$1,826.02
Gordon Growth Method	\$1,446.27
Exit Multiple Weight	80%
Gordon Growth Weight	20%
Blended Share Price	\$1,750.07
Upside/Downside	30.5%

Implied Share Price	
Enterprise Value	32,882,680
(-) Total Debt	(1,888,620)
(+) Cash	69,807
Equity Value	31,063,867
Shares Outstanding	21478.605
Share Price	\$1,446.27
Upside/Downside	7.8%

Implied Share Price	
Enterprise Value	41,039,106
(-) Total Debt	(1,888,620)
(+) Cash	69,807
Equity Value	39,220,293
Shares Outstanding	21478.605
Share Price	\$1,826.02
Upside/Downside	36.1%

DCF: Bear Case

Gordon Growth Method

Terminal Value	
2034 FCF	2,758,318
PGR	3.00%
Terminal Value	39,404,057
Period	10.75
PV of Terminal Value	14,147,539
Implied Exit Multiple	6.9x

Exit Multiple Method

Terminal Value	
2029 FCF	1,556,999
Exit Multiple	24.89
Terminal Value	38,753,694
Period	4.75
PV of Terminal Value	24,649,676

Value Distribution	
PV of Period Cash Flows	9,032,171
PV of Terminal Value	14,147,539
Total	23,179,710
Period Cash Flows	38.97%
Terminal Value	61.03%
Total	100.00%

Value Distribution	
PV of Period Cash Flows	4,530,619
PV of Terminal Value	24,649,676
Total	29,180,295
Period Cash Flows	15.53%
Terminal Value	84.47%
Total	100.00%

Blended Share Price	
Exit Multiple Method:	\$1,273.89
Gordon Growth Method	\$994.52
Exit Multiple Weight	80%
Gordon Growth Weight	20%
Blended Share Price	\$1,218.02
Upside/Downside	(9.2%)

Implied Share Price	
Enterprise Value	23,179,710
(-) Total Debt	(1,888,620)
(+) Cash	69,807
Equity Value	21,360,897
Shares Outstanding	21478.605
Share Price	\$994.52
Upside/Downside	(25.8%)

Implied Share Price	
Enterprise Value	29,180,295
(-) Total Debt	(1,888,620)
(+) Cash	69,807
Equity Value	27,361,482
Shares Outstanding	21478.605
Share Price	\$1,273.89
Upside/Downside	(5.0%)

Potential Upside

