

COMPANY PROFILE

Mettler-Toledo International Inc

REFERENCE CODE: B16DAA16-EEEE-44E1-A799-E41E3C66019F
PUBLICATION DATE: 02 Jul 2018
www.marketline.com
COPYRIGHT MARKETLINE. THIS CONTENT IS A LICENSED PRODUCT AND IS NOT TO BE PHOTOCOPIED OR DISTRIBUTED

TABLE OF CONTENTS

Company Overview 3
Key Facts 3
SWOT Analysis 4

COMPANY OVERVIEW

Mettler-Toledo International Inc. (Mettler-Toledo or 'the company') is a global supplier of precision instruments and services. The company offers products such as laboratory balances, pipettes, titrators, physical value analyzers, thermal analysis systems, other analytical instruments, pH meters, process analytics instruments among others. Mettler-Toledo provides services such as automatic identification and data capture solutions, heavy industrial scales and related software, networked scales and software, automated packaging and labeling solutions, track-and-trace solutions and multiple weighing and food labeling solutions. It caters to various industries such as chemical, pharma and biotech solutions, food and beverages solutions, academia and education, metal, plastic and electronics, retail, transport and logistics. The company primarily operates in Europe, the Americas, Asia and other countries. Mettler-Toledo is headquartered in Columbus, Ohio, the US.

The company reported revenues of (US Dollars) US\$2,725.1 million for the fiscal year ended December 2017 (FY2017), an increase of 8.6% over FY2016. In FY2017, the company's operating margin was 21.1%, compared to an operating margin of 20.1% in FY2016. In FY2017, the company recorded a net margin of 13.8%, compared to a net margin of 15.3% in FY2016.

The company reported revenues of US\$660.8 million for the first quarter ended March 2018, a decrease of 15.1% over the previous quarter.

KEY FACTS

Head Office	Mettler-Toledo International Inc 1900 Polaris Parkway Columbus Ohio Columbus Ohio USA
Phone	1 614 4384511
Fax	1 302 6555049
Web Address	www.mt.com
Revenue / turnover (USD Mn)	2,725.1
Financial Year End	December
Employees	15,400
New York Stock Exchange Ticker	MTD

SWOT ANALYSIS

Mettler-Toledo International Inc. (Mettler-Toledo or 'the company') is a global supplier of precision instruments and services. Global presence, focus on research and development activities and revenue performance provide the company an edge over its competitors and strengthen its sales, even as increasing trade receivables could be a cause for concern. Strategic initiative, new product launches, positive outlook for the global pharmaceutical industry could present ample growth opportunities to the company. However, growing competition, uncertain r&d outcomes and stringent regulations could affect Mettler-Toledo's business, operating results and financial condition.

<p>Strength</p> <p>Revenue performance Global presence reducing concentration risks Focused research and development (R&D) activities</p>	<p>Weakness</p> <p>Increasing trade receivables</p>
<p>Opportunity</p> <p>Strategic initiative New product launches Positive outlook for the global pharmaceutical industry</p>	<p>Threat</p> <p>Growing Competition Stringent regulations Uncertain r&d outcomes</p>

Strength

Revenue performance

Strong revenue growth increases the company's ability to allocate adequate funds for its future growth prospect. The company exhibited a strong financial performance during the review year, the company generated revenues of US\$2,725 million as compared to US\$2,508.2 million in FY2016, with an annual growth of 8.6% over the FY2016. This growth in revenue was primarily due to The Biotix and Troemner acquisitions which contributed 1% of net sales in 2017 along with favourable global market conditions, execution of global sales and marketing programs and development of product portfolio.

Global presence reducing concentration risks

Mettler-Toledo has its presence in diversified global markets. It serves global customers on a worldwide base with the largest sales and service network in industry. The company has operations in Europe, the Americas, Asia, the Middle East and Africa. It has manufacturing facilities located in China, Switzerland, the US, Germany, and the UK. The company's sales and services group consisted of about 7,600 employees in sales, marketing and customer service and post-sales technical service, located in 40 countries as of December 2017. The company has a well-diversified geographic revenue stream, as it derived 38.6% of its total revenues from the Americas, 31.2% from Europe, 30.2% from Asia/Rest of World in FY2017. The company's presence in diversified geographic markets protects it from demand

fluctuations in certain markets and regions.

Focused research and development (R&D) activities

Mettler-Toledo puts strong focus on its research and development (R&D) activities. Innovation based strategies enables the company to stay abreast of the changes in the industry and provides it with 'first mover' advantage by launching products ahead of competition. The company's R&D initiatives are aimed at reducing product development time and costs, improve customer focus, and maintain technological leadership. During FY2017 the company had 1,300 employees that focus on research and development with product engineering across the world. It holds 5,000 patents and trademarks (including pending applications), in the United States, Switzerland, the European Union, Germany, the United Kingdom, Italy, France, Japan, China, South Korea, Brazil, and India. The company's research and development activities provide technologically advanced products to customers for existing and new applications. In the FY2017, the company spent US\$129.3 million in R&D activities.

Weakness

Increasing trade receivables

Increasing receivables could adversely affect the company's cash flows. Mettler-Toledo has reported increase in its trade receivables. The company's trade receivables stood at US\$528.6 million in FY2017, and US\$454.9 million in FY2016. The company maintains a substantial amount of current assets in the form of receivables. In the FY2017, the company's trade and other receivables accounted for 52.5% of its current assets. Such increasing accounts receivable reflects inefficient credit management by the company. In the backdrop of recovering economic slowdown, the probability of defaults by any of creditors increased, may impact the overall financial position of the company.

Opportunity

Strategic initiative

The focused on strategic initiatives to enhance its position for instance, Mettler-Toledo Blue Ocean Program, a global operating model that aims at enterprise architecture and a global single-instance ERP system with integrated, homogeneous applications and common data structures that are implemented in Swiss, Chinese, UK, Benelux, and certain US and German operations. The company expects to implement the program in additional locations over the coming years. Further more it plans to standardize its key business processes.

New product launches

In the recent past, the company has been focusing on new product launches for better growth opportunities. As part of this strategy, In September 2017, the company launched new Excellence XPR Precision Balances to deliver the accurate results. In May 2017, the company launched a new UV/VIS Thermostating System, CuveT to control the temperature in UV/VIS spectroscopy applications. Such new

product launches may help the company to stay abreast in the market and attracts new customer base.

Positive outlook for the global pharmaceutical industry

The company could benefit from the growing global pharmaceutical industry. According to an in-house research report, the market already realized a strong growth in past and is aiming for further positive result in coming future. In 2017, the global pharmacy market had total revenues US\$1,066.5 billion, where Asia Pacific led the market with revenues of US\$291 billion. The global market is further expected to grow at a CAGR of 5.9% during 2017-22 to reach value of US\$1,423.6 billion by the end of 2022. In FY2017, the US accounted for 37.6% of the global pharmaceutical market followed by Asia Pacific (27.3%). Major factors driving the growth include increased specialty drug innovation, greater patient access to medicines in developing countries and reduced impact from patent expiry dates. Apart from these, the global pharmaceutical market is projected to be strongly influenced by positive global GDP growth, innovations and the introduction of new products, wider access to healthcare services and rising funding. The company provides various solutions to pharmaceutical industries. Thus, positive outlook of global pharmaceutical industry may help in increasing demand for the company's products.

Threat

Growing Competition

The company faces increasing competition across different market segments it serves. Many of the markets in which it competes are fragmented both geographically and by application, particularly the industrial and food retailing markets. As a result, it faces numerous regional or specialized competitors, many of which are well established in their markets. In addition, some of its competitors are domiciled in emerging markets and may have a lower cost structure than it. Mettler-Toledo faces competition from its peers who may continue to improve design and performance of their products and to introduce new products with competitive prices. The company's major competitors include Agilent Technologies, Danaher, Harvard Bioscience, IDEX Corporation and Thermo Fisher Scientific. Increasing competition from different players across different segments is likely to affect company's market position and may keep the revenues under pressure.

Stringent regulations

Mettler-Toledo's products, research and development activities and manufacturing processes are subject to various local, state, federal, foreign and transnational laws and regulations. In the US, the FDA regulates the introduction of new medical products, manufacturing and labeling and record keeping procedures for such products. Receiving marketing approval for new medical devices from the US FDA is time consuming and expensive. Products distributed outside the US are also subject to regulations in countries in which Sunrise Medical operates. The company has to comply with different regulations governing product standards, packaging and labeling requirements, import restrictions, tariff regulations and tax requirements. Non-compliance by the company with applicable laws and regulations or failure to maintain, renew or obtain necessary permits and licenses could have an adverse effect on its results of operations and financial performance.

Uncertain r&d outcomes

Adverse or inconclusive results from preclinical testing or clinical trials may substantially delay or halt the development of the company's various product candidates, consequently affecting its timeliness for profitability. The outcome of clinical trials is always a subject of uncertainty. After the discovery of a new compound, substantial amount of money and a great deal of time are required to successfully launch a new product. Moreover, it may become necessary to discontinue clinical development if the effectiveness of a drug is not proven as initially expected, or if serious adverse effects arise. In addition, pharmaceuticals are subject to legal restrictions in each country and authorization from local regulatory authorities is a prerequisite for a product launch in every country. It is difficult to accurately foresee when approvals for a new product can be obtained.

Copyright of Mettler-Toledo International Inc. SWOT Analysis is the property of MarketLine, a Progressive Digital Media business and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.