



# MesaLabs

NASDAQ: MLAB

## **Investor Presentation**

**Gary Owens, President and CEO**

**John Sakys, CFO**

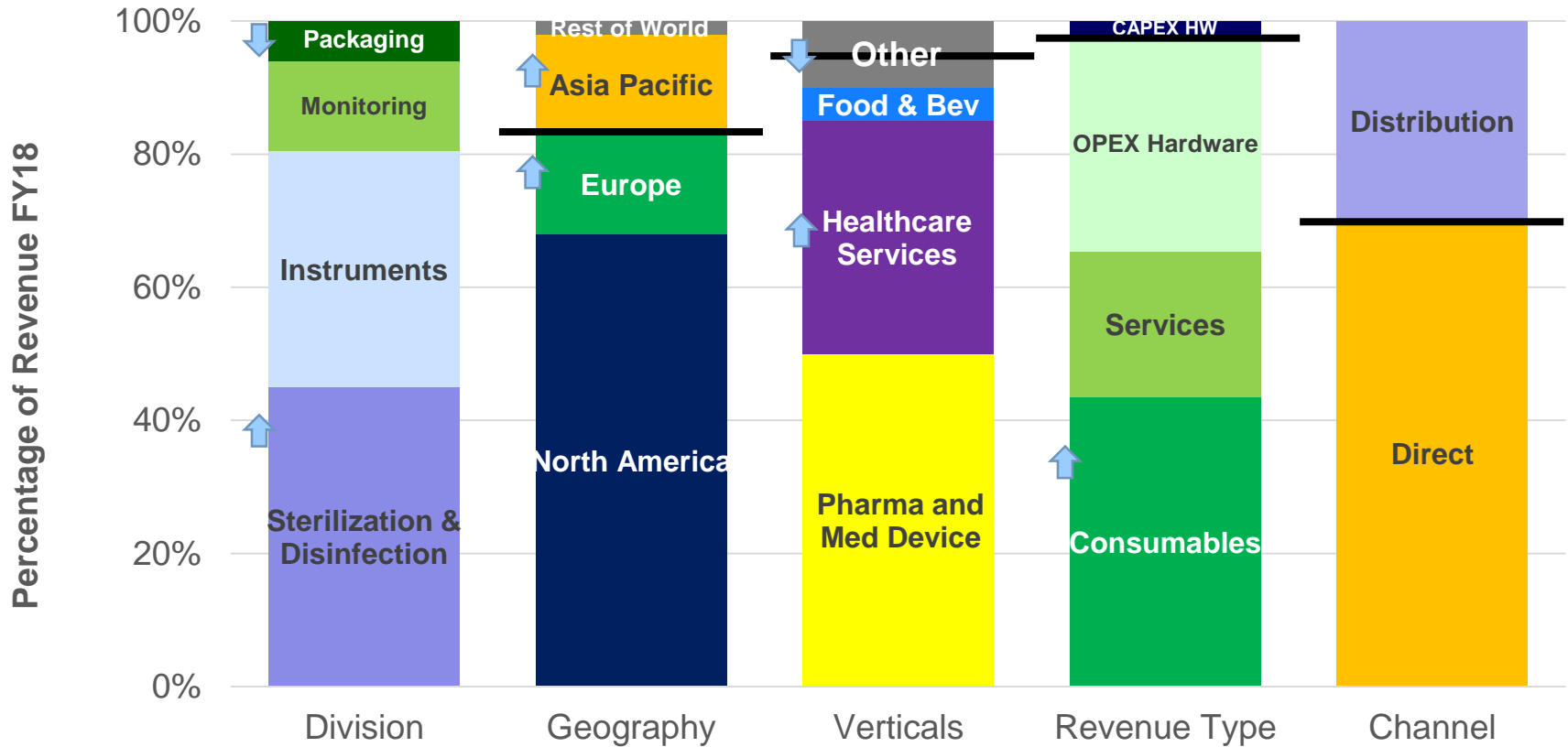
**John Sullivan, Chairman and Investor Relations**

The information provided in this presentation contains forward-looking statements within the meaning of the federal securities laws. These forward looking statements include, among others, statements regarding operating results, the success of our internal operating plans and the prospects for newly acquired businesses to be integrated and contribute to future growth, profit and cash flow expectations. Generally, the words "believe," "estimate," "expect," "project," "anticipate," "intend," "will" and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future — including statements relating to revenue growth and statements expressing general views about future operating results — are forward-looking statements. Management believes that these forward-looking statements are reasonable as and when made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our historical experience and present expectations or projections. These risks and uncertainties include, but are not limited to, those described in our Annual Report on Form 10-K for the year ended March 31, 2018, and those described from time to time in our subsequent reports filed with the Securities and Exchange Commission.

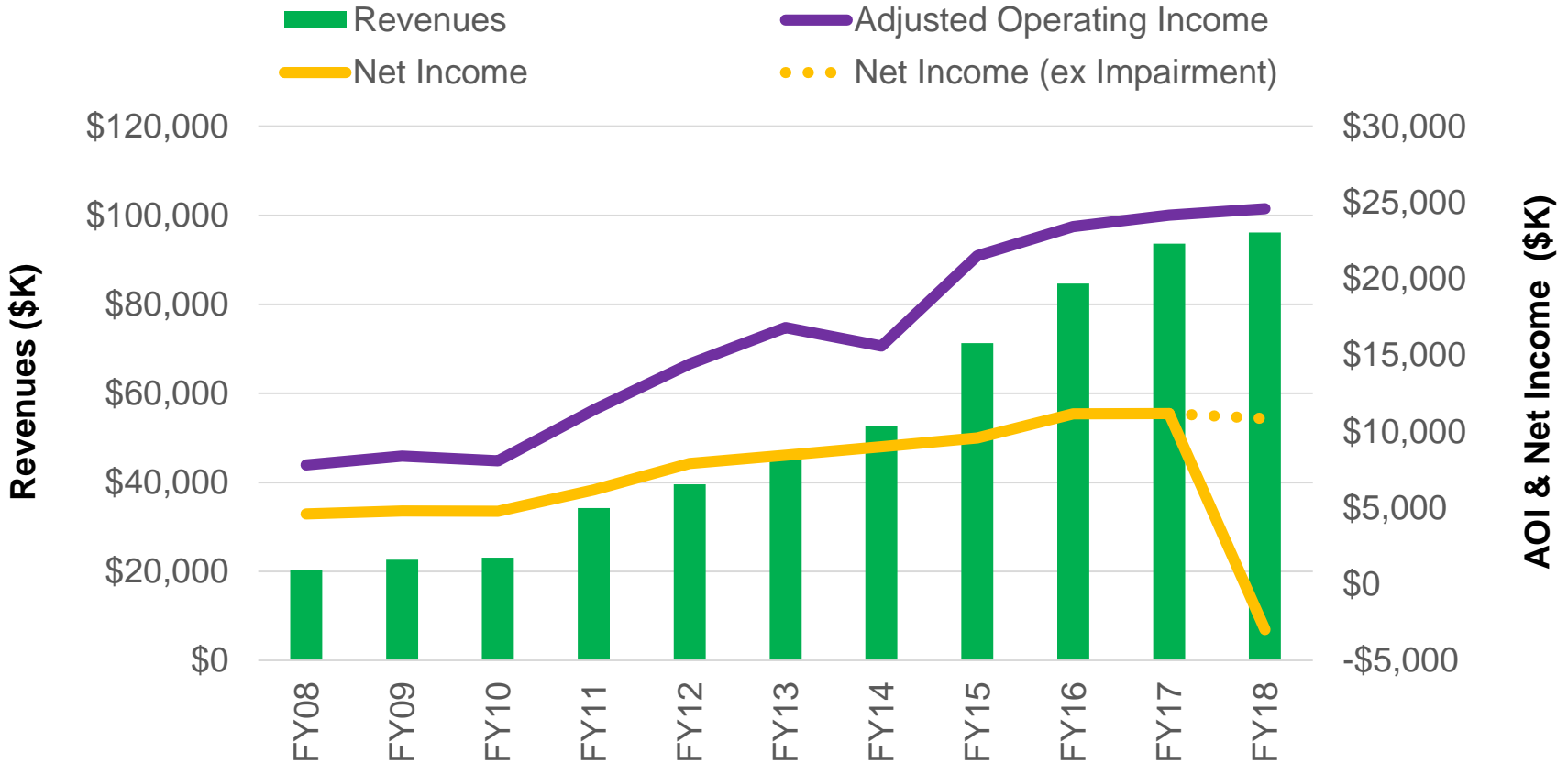
We refer to certain non-GAAP financial measures in this presentation including adjusted operating income ("AOI") which is defined to exclude the non-cash impact of amortization of intangible assets, stock based compensation expense, and impairment of goodwill. Reconciliations of certain of the non-GAAP financial measures (including AOI) to the most directly comparable GAAP financial statements can be found in various reports that are filed with the SEC.

<b>Basics</b>	MLAB (NASDAQ), public 1984, HQ = Denver, CO, ~350 Employees
<b>What We Do</b>	Diversified quality control tools, consumables, and services for niche applications in highly regulated markets
<b>Financials</b>	FY18 = \$96M revenues, 57% gross margin, 26% adjusted operating income, FY08-18 revenue CAGR = 17%
<b>Growth Mix</b>	3% to 5% organic with low cyclicalilty, 10% to 15% acquisition
<b>How We Win</b>	Customer first Lean journey = The Mesa Way!
<b>Sustain</b>	Renewed infrastructure and executive team

↓ ↑ = mix vs. FY17

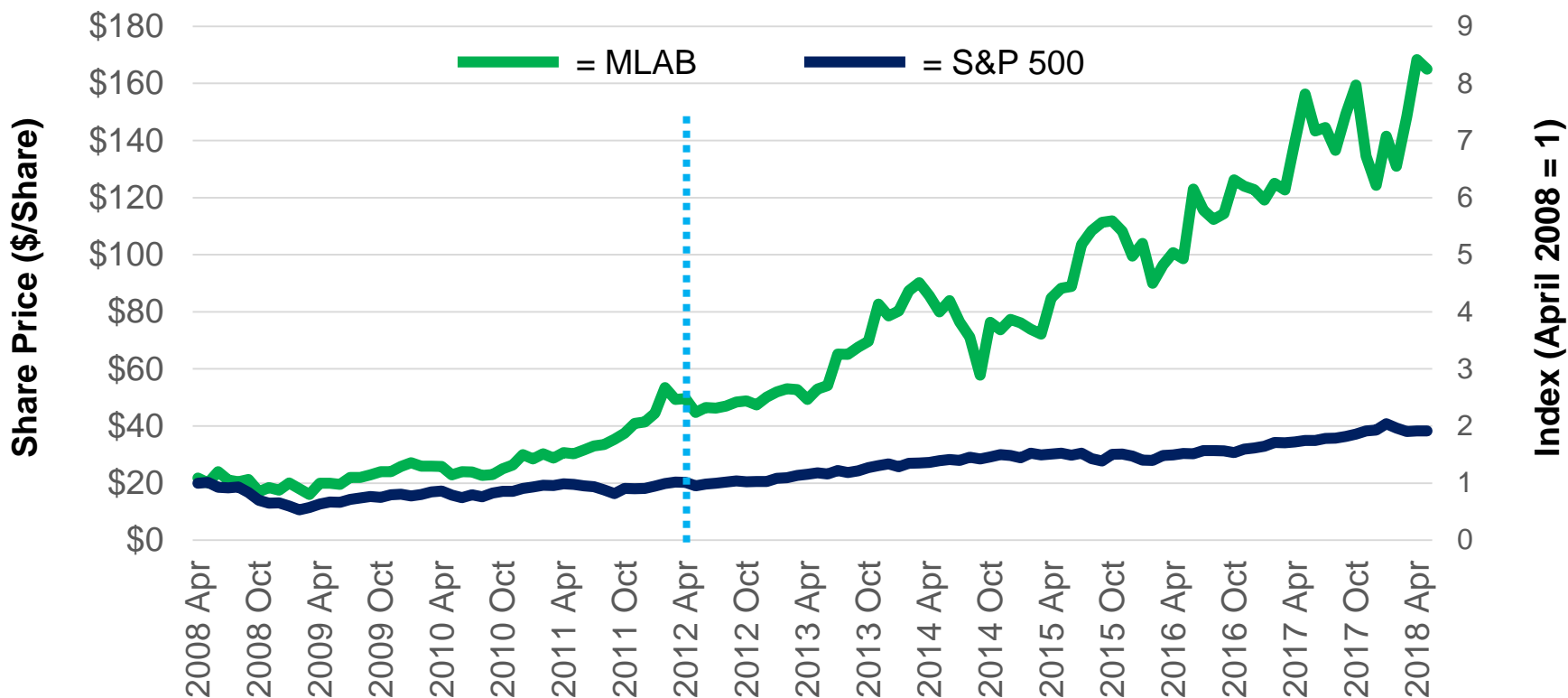


***High quality product mix, geographic opportunity, attractive end markets, defensible recurring revenues, and deep customer intimacy***



**Long history of compounding financial returns:  
 FY08-18 CAGR = 17% Revenues, 12% AOI, 9% Net Income (ex Impairment)**

# 10 Year Share Performance



**Compounding financial performance = compounding share performance:  
 Apr 08-18 = 23% CAGR. Defensive stock: Apr 07-12 = 21% CAGR**

## Endoscopy



Sterilization & Disinfection Controls (SDC)

## Invitro Fertilization



Continuous Monitoring

## Cancer & Autoimmune



SDC, Packaging, Instruments (DataTrace)

## Diabetes



Instruments (DialyGuard), SDC

## Safety



Instruments (DryCal)

## Environmental

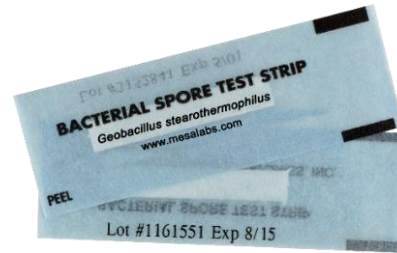


Instruments (BGI)

*Our purpose is to...* **Protect the Vulnerable**

## Vertical Markets

- Pharmaceutical
- Medical Device
- Healthcare Services



**Spore Strip  
Biological Indicators**



**Chemical  
Indicators**



**Cleaning  
Verification**

## Growth Drivers

- Pharma and medical device growth
- Increased focus on sterilization in healthcare
- Higher value added products



**Self-Contained  
Biological  
Indicators**



**Process  
Challenge  
Devices**



**Lab Testing  
Services**

**Quality assurance in validated sterilization and disinfection processes**



## ***Vertical Markets***

- Dialysis
- Pharmaceutical
- Healthcare Services
- Food & Beverage
- Safety & Environmental



***Dialysis Calibration  
& Standards***



***Equipment / Process  
Validation Data Loggers***

## ***Growth Drivers***

- Pharma manufacturing and dialysis
- Environmental and safety regulations in high growth geographies
- Regulatory driven product upgrades



***Cap Torque Validation***



***Gas Flow  
Calibrators***



***Air Quality Monitor  
Calibration***

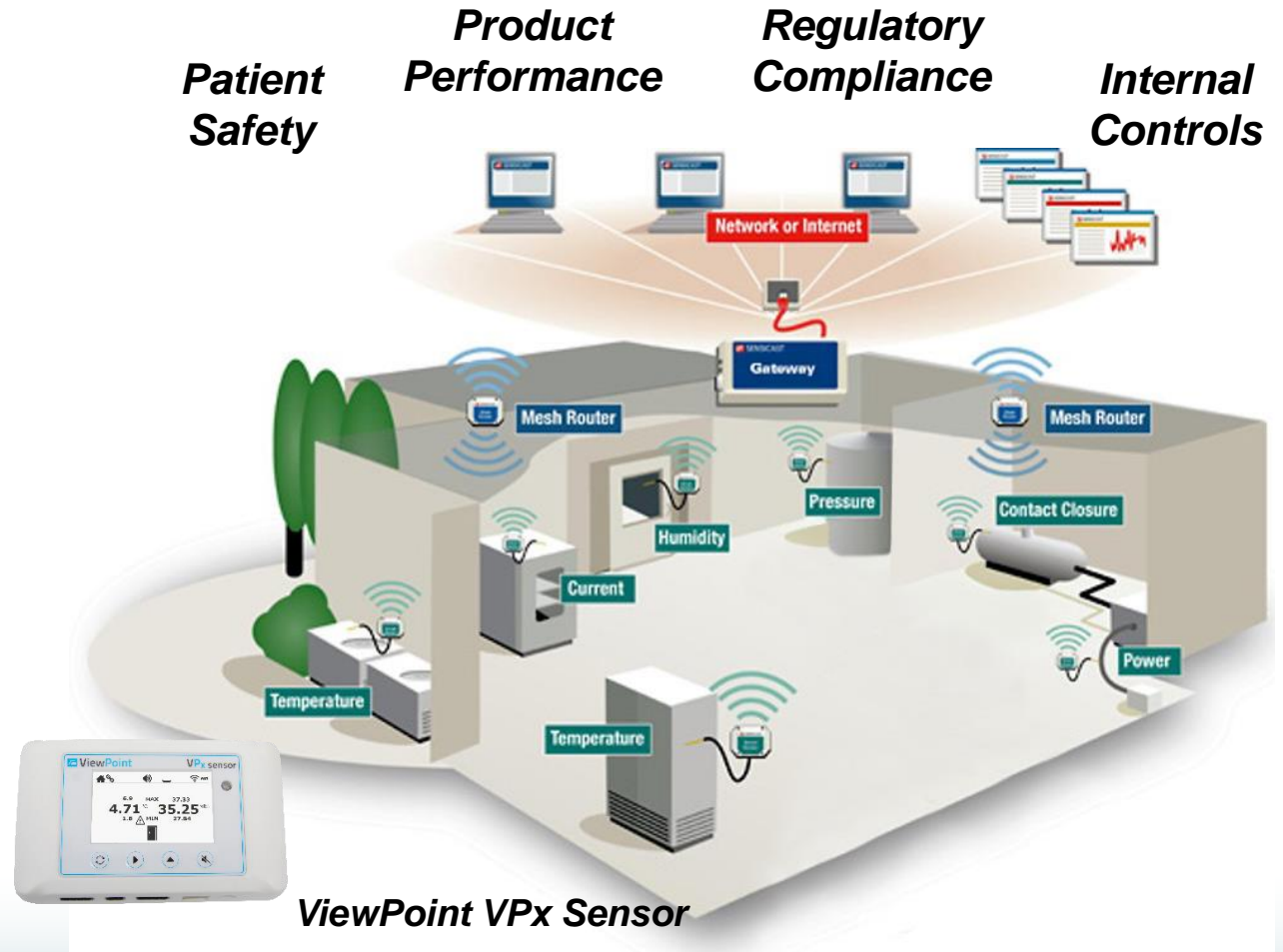
***Niche calibration and controls for applications demanding the highest standards***

## Vertical Markets

- Pharmaceutical
- Healthcare Services
- Blood Banks

## Growth Drivers

- Recurring revenue from SaaS and new equipment
- Increasing adoption in healthcare



**Continuous monitoring of the pharmaceutical supply chain**

## ***Vertical Markets***

- Pharmaceutical Manufacturing
- Pharmaceutical Distribution
- Specialty Pharmacy



## ***Consulting and Testing Services***

## ***Growth Drivers***

- Temperature sensitive drugs
- Supply chain fragmentation
- Best practice adoption in logistics



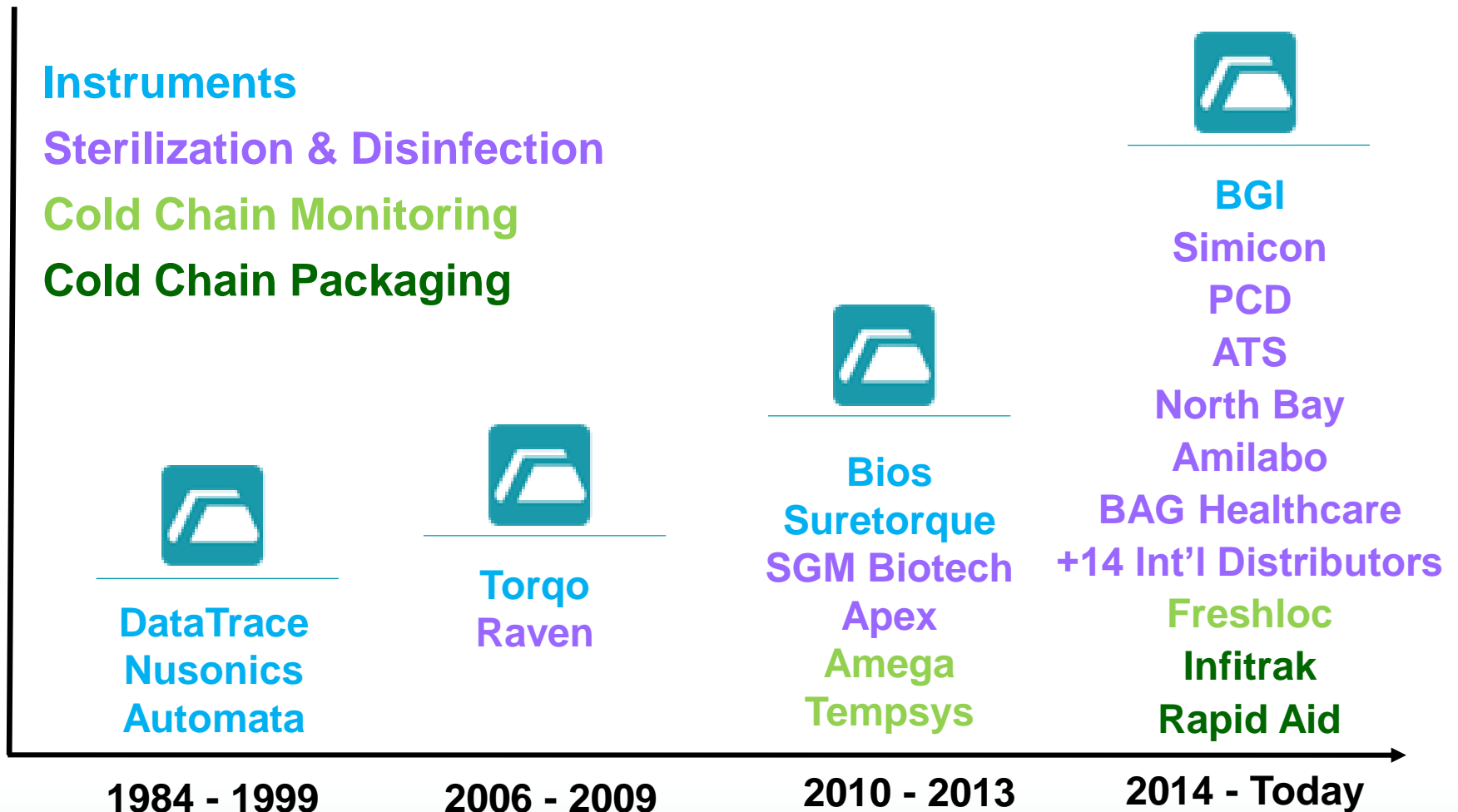
## ***Qualified Packaging Systems***

***Qualified, passive packaging for the pharmaceutical supply chain***

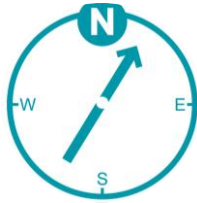
# Macro Growth Drivers

	Sterilization & Disinfection	Instruments	Cold Chain Monitoring	Cold Chain Packaging
Regulatory	✓	✓	✓	✓
Healthcare	✓	✓	✓	✓
Safety	✓	✓	✓	✓
Environmental		✓		✓
High Growth Geographies	✓	✓		

***Increasing regulatory intensity and investment in human health deliver solid long term, low cyclical organic growth***



*Experienced acquirer in high quality niche markets*



**M**easure  
What Matters



**E**mpower  
Teams



**S**teadily  
Improve



**A**lways  
Learn

## What

- Customer Driven Strategy
- True North KPI's
- Strategy Deployment
- Enterprise Risk Management
- Cascade Objectives
- Daily Management at Gemba
- Initiative Teams
- Problem Solving
- Kaizen
- Action Planning
- “Just Do It”
- Full Engagement
- Performance Management
- Development
- Create Opportunities

## How

- Customer Centric Game Plan
- Critical Few
- Clear Direction / Buy In
- Stretch Goals That Drive Innovation
- Ownership at Point of Impact
- Coach vs. Direct
- Fact Based Decisions
- Proactive and Urgent
- Seeks a Better Way
- Problem Solve to Root Cause
- Experiment
- Bias for Action
- High Expectations
- Transparent Two-Way Communication
- Passion for Teaching and Learning
- Continuous Feedback
- Humility and Self Awareness

***Integrated, customer first operating model built upon Lean principles***

- **Portfolio:** niche quality control tools, consumables, and services for highly regulated markets. Stable, long term organic growth of 3% to 5% and high margins
- **Inorganic:** ~10% - 15% per year. Niche business with application leadership in high quality markets
- **Operating Model:** finalize infrastructure upgrades. Leverage The Mesa Way! to build both the process muscle and team to support our high growth strategy

# Questions??

## Key Contacts:

Gary Owens, CEO

John Sakys, CFO

John Sullivan, Chairman and Investor Relations

[InvestorRelations@mesalabs.com](mailto:InvestorRelations@mesalabs.com)

Phone – 303-987-8000



		1Q18	2Q18	3Q18	4Q18	FY18	1Q19	2Q19
<b>Revenue</b>	<b>(\$M)</b>	<b>22,673</b>	<b>22,954</b>	<b>23,671</b>	<b>26,881</b>	<b>96,179</b>	<b>25,142</b>	<b>24,865</b>
	<b>(% YoY)</b>	<b>7%</b>	<b>-6%</b>	<b>-1%</b>	<b>11%</b>	<b>3%</b>	<b>11%</b>	<b>8%</b>
SDC	(% YoY)	8%	12%	15%	13%	12%	11%	16%
Instruments	(% YoY)	5%	-8%	-9%	10%	-1%	1%	9%
Monitoring	(% YoY)	26%	-11%	5%	1%	3%	10%	-6%
Packaging	(% YoY)	-12%	-44%	-36%	22%	-27%	90%	-11%
<b>Gross Profit</b>	<b>(\$M)</b>	<b>12,671</b>	<b>13,233</b>	<b>12,681</b>	<b>16,034</b>	<b>54,619</b>	<b>15,091</b>	<b>14,577</b>
	<b>(% Rev)</b>	<b>56%</b>	<b>58%</b>	<b>54%</b>	<b>60%</b>	<b>57%</b>	<b>60%</b>	<b>59%</b>
<b>Adj Op Income</b>	<b>(\$M)</b>	<b><u>4,126</u></b>	<b><u>5,717</u></b>	<b><u>6,003</u></b>	<b><u>8,757</u></b>	<b><u>24,603</u></b>	<b><u>7,363</u></b>	<b><u>3,970*</u></b>
	<b>(% Rev)</b>	<b>18%</b>	<b>25%</b>	<b>25%</b>	<b>33%</b>	<b>26%</b>	<b>29%</b>	<b>16%</b>
<b>Op Income</b>	<b>(\$M)</b>	<b>1,982</b>	<b>3,648</b>	<b>(10,088)</b>	<b>6,641</b>	<b>2,183</b>	<b>4,764</b>	<b>1,138*</b>
	<b>(% Rev)</b>	<b>9%</b>	<b>16%</b>	<b>-43%</b>	<b>25%</b>	<b>2%</b>	<b>19%</b>	<b>5%</b>
<b>Net Income (Loss)</b>	<b>(\$M)</b>	<b><u>1,517</u></b>	<b><u>2,353</u></b>	<b><u>(11,086)</u></b>	<b><u>4,254</u></b>	<b><u>(2,962)</u></b>	<b><u>4,230</u></b>	<b><u>994*</u></b>
	<b>(% Rev)</b>	<b>7%</b>	<b>10%</b>	<b>-47%</b>	<b>16%</b>	<b>-3%</b>	<b>17%</b>	<b>4%</b>

\*FY19 profit metrics include \$3,300 unusual charge for TCPA legal accrual in 2Q19