



**QUIDEL / TRIAGE ACQUISITION
CONFERENCE CALL SCRIPT
July 17, 2017
4:30 a.m. PT/ 7:30 a.m. ET**

OPERATOR:

Ladies and gentlemen, thank you for standing by.

Welcome to the Quidel Corporation Triage conference call. At this time, all participants are in a listen-only mode. Later, instructions will be given for the question-and-answer session. If anyone has difficulty hearing the conference, please press *0 for operator assistance.

I'd now like to turn the call over to Mr. Randy Steward, Quidel's Chief Financial Officer. Please go ahead.



Randy Steward

Thank you, Operator. Good morning everyone -- and thank you for joining today's call. With me today is our president and chief executive officer, Doug Bryant and Ruben Argueta, Director of Investor Relations.

A press release discussing Quidel's definitive agreement to acquire Alere's Triage Assets is now available on ir.quidel.com, our Investor Relations website. We will also post our prepared remarks on the Presentations tab of our IR website following the conclusion of this call, on July 17, 2017, for a period of 24 hours. If you have not received our news release, or if you would like to be added to the company's distribution list, please contact Ruben at 858-646-8023.



Please note that this conference call will include forward-looking statements within the meaning of Federal securities laws. It is possible that actual results and performance could differ significantly from these stated expectations. For a discussion of risk factors, please review Quidel's press release today announcing the acquisition, our annual report on Form 10-K, registration statements and subsequent quarterly reports on Form 10-Q, as filed with the SEC.

Furthermore, this conference call contains time-sensitive information that is accurate only as of the date of the live broadcast, July 17, 2017. Quidel undertakes no obligation to revise or update any statements to reflect events or circumstances after the date of this conference call, except as required by law.

Following Doug's comments, we will open the call for your questions.



I'll now hand the call over to Doug for his comments.

DOUG BRYANT

Good morning, and thank you for joining us on such short notice. As you saw this morning, we announced that we have signed definitive agreements to acquire the assets of the Triage MeterPro cardiovascular and toxicology business, and the Triage BNP business from Alere, for \$400 million plus \$40 million in contingent consideration. As part of the acquisitions, Quidel will commercialize the products globally through a combination of our direct sales force and independent distributors.

This accretive transaction extends our market leadership, adding an extensive cardiac and toxicology point-of-care (POC) offering to our well established medical diagnostic portfolio. Further, it creates an expanded platform for growth, diversifies our business by product, geography and installed base, and gives us true global scale.



For those of you who don't know the Triage assets, the platform is a leader in the point-of-care market for cardiovascular testing, focusing on high-performance, low-cost products to help healthcare professionals deliver optimal care to patients across critical care settings. These assets are being divested in connection with antitrust approvals required for Abbott's pending acquisition of Alere.

In 2016, Triage MeterPro revenues were \$146 million, and BNP revenues as structured under the transaction were approximately \$51 million. Triage MeterPro systems for CV conditions and drug abuse are sold in over 90 countries, and roughly 51% of its 2016 sales were generated outside of the US. The Triage business has a strong recurring revenue base, derived from an installed base of approximately 16,000 MeterPro instruments globally, as well as a large installed base of Beckman immunochemistry analyzers. This installed base provides substantial longer-term opportunities as new products are introduced.



Triage competes in two fast-growing areas of patient need – cardiology (CV) and toxicology, given the aging population, evolving lifestyle demographics and the shift towards point-of-care.

We believe that Triage will soon return to a normalized revenue trajectory in the mid-single digits with the US launch of a new, compelling toxicology panel, and continued growth of the CV business in international markets.

The POC CV testing market is estimated today at \$700 million, and is growing at a 10 percent CAGR globally, driven largely by increasing CV disease in emerging markets.

The Triage MetroPro is a great diagnostic tool and we believe that our current customers will be very interested in it as well. Like Sofia, it is easy to use with multiple immunoassays on 1 platform. The Triage MeterPro is also fast, returning results in 15-20 minutes. It is also flexible, has a great reputation for reliability and is cost effective.



The combination of our two businesses is really a perfect fit, and what we have been looking for. Triage has nearly 500 of its employees right here in San Diego. Importantly, this acquisition is aligned with our stated M&A strategy to diversify and augment the non-respiratory part of our business, reduce the seasonality exposure in our legacy business, and increase our international market presence in one of the faster growing segments of the diagnostics market.

To be more specific, it diversifies our revenue base, increasing international revenues to 37% of sales from 17% and brings influenza-related revenues down to 18% of revenues from 37% based on 2016 results. Importantly, it also gives us additional commercial presence in key geographic regions and portfolio expansion in Asia Pacific, Europe and Latin America. And, it creates opportunities for new areas of expansion and gives the company global access to a large installed base of customers and distributors.



The installed base of Triage MeterPro instruments in the US complements the installed base of Quidel's Sofia and Solana platforms in the hospital segment. Additionally, there will be new call points that our US commercial organization can leverage to drive incremental revenue.

Internationally, we will make investments in the commercial infrastructure immediately and over time to drive growth opportunities. In the near term, we will have a variety of transition services agreements with Abbott to ensure we can support our international customers immediately on Day 1 at the same levels they are being supported today.

Let me now turn the call to Randy to discuss the transaction details.



RANDY STEWARD

Thank you, Doug.

Now, a bit more on the transaction. We expect the deal to be immediately accretive to GAAP and pro forma earnings per share and will be funded through a combination of cash on hand and debt.

Specifically, Quidel will acquire the Triage assets, including the San Diego Triage facilities, and the BNP business for \$400 million plus \$40 million in contingent consideration. We have entered into a commitment letter with Bank of America and JP Morgan Chase to provide us a \$245 million senior secured term loan facility and a \$25 million revolving credit facility. The lead arrangers will syndicate the financing after close.

We believe there are substantial benefits to be realized as we bring these strong organizations together. After close, we will provide additional information on the longer-term revenue, margin and



earnings profile of the combined business. That said, I want to reaffirm that we remain committed to reaching our long-term EBITDA margins.

In the near term, we will use operating earnings to fund the debt paydown. At the time of the acquisition's close, our Debt to EBITDA ratio will be slightly above 4 times, and we expect to reduce this by one-half to one turn annually for the next several years. As we reduce our debt, we will focus on maximizing cash flow from the core business while continuing to focus on creating long-term shareholder value, and at the same time, balancing other investments in the business.

And with that, we conclude our formal comments for today. Operator, we are now ready to open the call for questions.

Q&A