



Quidel's First Quarter Sales Increase 66%, Pretax Profits More Than Double to \$1.9 Million

April 25, 2000

SAN DIEGO, April 25 /PRNewswire/ -- Quidel Corporation (Nasdaq: QDEL) today announced record revenues and pre-tax profits for the first quarter of 2000. Compared to the first quarter of 1999, product sales were up 66%, operating income rose 170%, and pre-tax profits increased 129%, fueled by an increase in demand for the Company's core diagnostic products, as well as the new products recently launched or acquired. Gross margin also expanded, increasing to 52% of net sales.

Total revenues increased to \$22.4 million for the first quarter ended March 31, 2000, compared to \$14.3 million in the same quarter a year ago. Operating income grew to \$2.3 million and pre-tax profits totaled \$1.9 million, or \$.08 per share. Net income for the quarter, after a provision (non-cash) for income tax, was \$1.2 million, or \$.04 per share, on a fully diluted basis, compared to \$7.4 million, or \$0.31 per share, which included a \$6.6 million tax credit recorded in the quarter ended March 31, 1999. On a fully taxed basis, and excluding the tax credit, first quarter 1999 results would have been \$503,000, or \$.02 per share. Earnings before interest, taxes, depreciation and amortization (EBITDA) was \$4.0 million, or \$.15 per share, on a fully diluted basis, compared to \$2.9 million, or \$.12 per share, in the year ago quarter.

"Our excellent results this quarter demonstrate the success of several investment initiatives implemented during the last year," said Andre de Bruin, vice chairman, president and chief executive officer. "We boosted production to around-the-clock manufacturing last quarter to meet the surge in demand for our core products. The acquisition of Metra's osteoporosis diagnostic products and Dade Behring's urinalysis business contributed not only to revenue growth, but also to strong margins. This quarter, which marks the peak of our seasonal business, also included the impact from our new point-of-care QuickVue Influenza Test."

"The move to a 24 hour/7 day operating schedule is proving to be a cost-effective approach to expanding our manufacturing capacity. We are filling backlog orders as quickly as possible, and are very pleased with the tremendous efforts from our manufacturing group to meet demand," said Charles Cashion, senior vice president and chief financial officer. "The ability to build capacity in-house, combined with the introduction of our new higher margin products, helped us maintain gross margins above the 50% mark for the second consecutive quarter."

Operating expenses, excluding cost of goods, increased 49% to \$9.4 million for the quarter compared to \$6.3 million a year ago. Sales and marketing expenses increased 67% to \$4.7 million, compared to \$2.8 million in the prior year, primarily due to investing in sales and marketing infrastructure, as well as costs associated with the contract sales force employed to help launch the QuickVue Influenza Test during the flu season.

First quarter research and development expense increased 11% to \$2.1 million, compared to \$1.9 million in the same quarter a year ago, primarily due to continuing improvement of existing core products and the development of point-of-care tests for Herpes Simplex Virus (HSV), which afflicts 1-in-5 adults nationwide.

General and administrative expenses grew 60% to \$2.5 million, as compared to \$1.6 million, reflecting further investments in business development. Other expense increased to \$391,000 primarily due to currency exchange rate differences at the Company's subsidiaries in the United Kingdom, Germany and Italy.

"The balance sheet remains strong with a 37% increase in cash, from December 31, 1999, to \$6.4 million, and working capital improving to \$16.7 million, up 34%, from that same period. With EBITDA at \$4 million, for the quarter, Quidel continues its ability to finance much of its growth from internal cash flows," said Cashion.

Quidel is a market leader in point-of-care, rapid diagnostics, providing simple, accurate and cost-effective diagnostic tests to physicians and/or consumers. QDEL's Test and Treat products are easy to use and provide results in minutes facilitating rapid treatment and improve health outcomes, lower costs, and increase patient satisfaction. Its core products address issues relating to a woman's health throughout her life including reproductive status, pregnancy management and osteoporosis. In addition, the Company provides diagnostic products for all family members for common health problems and infectious diseases, including influenza A and B, strep throat, H. pylori infection, chlamydia and infectious mononucleosis. Quidel's products are sold to healthcare professionals for use in physicians' offices, clinical laboratories, pharmacies, and wellness screening centers. Quidel also manufactures a line of products sold to consumers through organizations that provide store branded products.

CONFERENCE CALL TODAY, April 25th, at 1:30 p.m. Pacific (4:30 p.m. Eastern)
CALL: 415-217-0050 Reservation: Quidel (Nasdaq: QDEL)
REPLAY until May 2, 2000: 913-385-6780 access code 2076

This press release contains forward-looking statements regarding Quidel's future activities within the meaning of the federal securities laws. These forward-looking statements involve material risks and uncertainties. Many possible factors could affect the future results and performance of Quidel's products, such that actual results and performance may differ materially. If Quidel's products fail to perform as expected, or if there is lower consumer demand for these products than expected, Quidel's financial condition and operating results may be materially and adversely affected. Quidel's financial condition and operating results may also be materially and adversely affected by a number of other factors, including, without limitation, seasonality, adverse changes in competitive and economic conditions, currency fluctuations, actions by the Company's distributors, manufacturing and production delays or difficulties and adverse actions or delays in product reviews by the FDA. Please see the discussion of these and other factors in Quidel's annual reports on Form 10-K and subsequent quarterly reports on Form 10-Q. For more information, please visit Quidel's web site at <http://www.quidel.com>.

(in thousands, except per share data)
(unaudited)

| | Three months ended | |
|--|--------------------|----------|
| | March 31, | |
| | 2000 | 1999 |
| Net sales | \$22,068 | \$13,270 |
| Research contracts, license fees and royalties | 314 | 1,008 |
| Total revenues | 22,382 | 14,278 |
| Operating expenses | | |
| Cost of sales | 10,691 | 7,100 |
| Sales and marketing | 4,748 | 2,835 |
| Research and development | 2,133 | 1,926 |
| General and administrative | 2,499 | 1,562 |
| Total operating expenses | 20,071 | 13,423 |
| Operating income | 2,311 | 855 |
| Other income (expense) | (391) | (17) |
| Income before benefit (provision) for taxes | 1,920 | 838 |
| Benefit (provision) for income taxes | (768) | 6,575 |
| Net income | 1,152 | 7,413 |
| Basic earnings per share | \$0.05 | \$0.31 |
| Diluted earnings per share | \$0.04 | \$0.31 |
| Shares used in basic earnings per share | 24,404 | 23,806 |
| Shares used in diluted earnings per share | 26,703 | 23,816 |
| Gross profit as a percent of net sales | 51.6% | 46.5% |
| Sales and marketing as a percent of net sales | 21.5% | 21.4% |
| Research and development as a percent of net sales | 9.7% | 14.5% |
| General and administrative as a percent of net sales | 11.3% | 11.8% |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) | \$3,954 | \$2,883 |
| Basic EBITDA earnings per share | \$0.16 | \$0.12 |
| Diluted EBITDA earnings per share | \$0.15 | \$0.12 |
| Balance Sheet Data: | 3/31/00 | 12/31/99 |
| | (unaudited) | |
| Cash and cash equivalents | \$6,396 | \$4,672 |
| Working capital | 16,671 | 12,483 |
| Total assets | 70,440 | 68,040 |
| Long-term obligations | 11,420 | 11,429 |
| Stockholders' equity | 47,103 | 43,755 |
| Common shares outstanding | 24,583 | 24,029 |

SOURCE Quidel Corporation

CONTACT:

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