



Quidel Reports Financial Results for the Three and Nine Months Ended December 31, 1999 - New Fiscal Year End

February 17, 2000

SAN DIEGO, Feb. 17 /PRNewswire/ -- Quidel Corporation (Nasdaq: QDEL) announced today its financial results for the quarter ended December 31, 1999. The net income for the quarter was \$397,000, or \$.02 per share, on net sales of \$16.8 million, compared to a net income of \$946,000, or \$.04 per share, on net sales of \$13.7 million, for the quarter ended December 31, 1998. As previously announced, the company's quarterly results in 1999 were impacted by investment decisions made to set the stage for expected growth in the coming years. These changes included the market launch of the QuickVue(R) Influenza Test, the acquisition of a urinalysis business from Dade Behring, and the increase in staffing associated with the ramp up of production to a 24 hour, 7 days per week shift operation to meet increased product demand. In addition, the company incurred a one-time mortgage prepayment penalty of approximately \$900,000 associated with the sale and leaseback of its corporate facility during the quarter.

"As previously announced, Quidel has changed its fiscal year-end to a calendar year-end. As a result, we are reporting actual operating data for the nine-month period ended December 31, 1999 and 1998, as well as proforma operating data for the twelve-month period ended December 31, 1999 and 1998," said Andre de Bruin, Vice Chairman, President and CEO. "We look forward to seeing the returns of our investments made during 1999 in the upcoming years, and we believe these decisions will increase our competitive position in the point-of-care diagnostics market."

"We expanded our manufacturing capabilities to respond to increased demand for our products. Moving to a 7/24 operation was the most efficient route available to us, and we moved quickly to build capacity for this opportunity," de Bruin added.

For the nine months ended December 31, 1999, the company incurred a net loss of \$1,536,000, or \$.06 per share, on net sales of \$38.9 million, compared to a net income of \$248,000, or \$.01 per share, on net sales of \$33.9 million, for the same period in 1998. In addition to the items addressed above for the current quarter of 1999, the company also had a one-time charge of \$820,000 during the quarter ended September 30, 1999, related to the write off of acquired in-process research and development as a part of the acquisition of Metra Biosystems, Inc.

Income before taxes was \$1.3 million for both the three months ended December 31, 1999 and 1998. The company incurred a loss before taxes for the nine months ended December 31, 1999 of \$645,000 compared to an income before taxes of \$556,000 for the nine months ended December 31, 1998.

Quidel Corporation discovers, develops, manufactures and markets point-of-care, rapid diagnostic tests for detection of medical conditions and illnesses. These products provide accurate, rapid and cost-effective diagnostic information for acute and chronic conditions that affect women's health throughout the phases of their lives including reproductive status, pregnancy management and osteoporosis. Quidel also provides point-of-care diagnostics for 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 physician's offices, clinical laboratories and pharmacies, and to consumers through organizations that provide private label, store brand products. These tests provide diagnostic information to enable rapid treatment and improve health outcomes, lower costs, and increase patient satisfaction.

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, 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>.

Quidel Corporation Condensed Consolidated Statements of Operations (in thousands, except per share data)

	Three months ended December 31,		Nine months ended December 31,	
	1999	1998	1999	1998
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net sales	\$16,750	\$13,746	\$38,934	\$33,893
Research contracts, license fees and royalties	1,716	1,181	3,307	3,325
Total revenues	18,466	14,927	42,241	37,218
Operating expenses				
Cost of sales	8,150	7,970	19,959	19,006

Sales and marketing	5,215	2,330	11,555	6,866
Research and development	1,679	1,902	5,636	6,016
General and administrative	1,951	1,550	4,725	4,553
Write down and closure of subsidiaries	0	0	0	440
Acquired in-process research and development	0	0	820	0
Total operating expenses	16,995	13,752	42,695	36,881
Operating income	1,471	1,175	(454)	337
Other income (expense)	(183)	79	(191)	219
Income (loss) before benefit (provision) for taxes and extraordinary item	1,288	1,254	(645)	556
Benefit (provision) for income taxes	0	(308)	0	(308)
Income (loss) before extraordinary item	1,288	946	(645)	248
Extraordinary item: Early extinguishments of debt	(891)	0	(891)	0
Net income (loss)	\$397	\$946	(\$1,536)	\$248
Basic and diluted earnings per share on income (loss) before extraordinary item	\$0.05	\$0.04	(\$0.03)	\$0.01
Basic and diluted earnings per share for extraordinary item	(\$0.03)	\$0.00	(\$0.03)	\$0.00
Basic and diluted earnings per share	\$0.02	\$0.04	(\$0.06)	\$0.01
Shares used in basic earnings per share	23,895	23,788	23,853	23,780
Shares used in diluted earnings per share	25,392	23,796	24,435	23,800
Gross profit as a percent of net sales	51.3%	42.0%	48.7%	43.9%
Sales and marketing as a percent of net sales	31.1%	17.0%	29.7%	20.3%
Research and development as a percent of net sales	10.0%	13.8%	14.5%	17.7%
General and administrative as a percent of net sales	11.6%	11.3%	12.1%	13.4%
Earnings (loss) before interest, taxes,				

depreciation and amortization (EBITDA)	\$2,746	\$2,130	\$2,740	\$2,883
Basic and diluted EBITDA per share	\$0.11	\$0.09	\$0.11	\$0.12

Balance Sheet Data: 12/31/99 3/31/99

Cash and Cash Equivalents	\$4,672	\$6,622
Working Capital	12,483	16,547
Total Assets	68,040	52,606
Stockholders' Equity	43,755	44,706

Quidel Corporation
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three months ended December 31,		Pro Forma twelve months* ended December 31,	
	1999	1998	1999	1998
Net sales	\$16,750	\$13,746	\$52,204	\$47,166
Research contracts, license fees and royalties	1,716	1,181	4,315	4,733
Total revenues	18,466	14,927	56,519	51,899
Operating expenses				
Cost of sales	8,150	7,970	27,059	26,438
Sales and marketing	5,215	2,330	14,390	9,858
Research and development	1,679	1,902	7,562	8,284
General and administrative	1,951	1,550	6,287	6,292
Write down and closure of subsidiaries	0	0	0	3,498
Acquired in-process research and development	0	0	820	0
Total operating expenses	16,995	13,752	56,118	54,370
Operating income	1,471	1,175	401	(2,471)
Other income (expense)	(183)	79	(208)	238
Income (loss) before benefit (provision) for taxes and extraordinary item	1,288	1,254	193	(2,233)
Benefit (provision) for income taxes	0	(308)	6,575	2,374
Income (loss) before extraordinary item	1,288	946	6,768	141
Extraordinary item: Early extinguishments				

of debt	(891)	0	(891)	0
Net income (loss)	\$397	\$946	\$5,877	\$141
Basic and diluted earnings per share on income (loss) before extraordinary item	\$0.05	\$0.04	\$0.28	\$0.01
Basic and diluted earnings per share for extraordinary item	(\$0.03)	\$0.00	(\$0.03)	\$0.00
Basic and diluted earnings per share	\$0.02	\$0.04	\$0.25	\$0.01
Shares used in basic earnings per share	23,895	23,788	23,841	23,768
Shares used in diluted earnings per share	25,392	23,796	24,167	23,794
Gross profit as a percent of net sales	51.3%	42.0%	48.2%	43.9%
Sales and marketing as a percent of net sales	31.1%	17.0%	27.6%	20.9%
Research and development as a percent of net sales	10.0%	13.8%	14.5%	17.6%
General and administrative as a percent of net sales	11.6%	11.3%	12.0%	13.3%
Earnings (loss) before interest, taxes, depreciation and amortization (EBITDA)	\$2,746	\$2,130	\$4,392	\$693
Basic and diluted EBITDA per share	\$0.11	\$0.09	\$0.18	\$0.03

Balance Sheet Data: 12/31/99 12/31/98

Cash and Cash Equivalents	\$4,672	\$6,012
Working Capital	12,483	15,495
Total Assets	68,040	46,091
Stockholders' Equity	43,755	37,221

* Proforma information is presented to conform to the company's new fiscal year.

SOURCE Quidel Corporation

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