



Quidel Reports Fourth Quarter Pre-Tax EPS of \$0.07, Revenues of \$22.8 Million

February 10, 2003

Company Announces Restatement of Certain Historical Financial Statements for Non-Cash Charge, Reaffirms 2003 Financial Guidance

SAN DIEGO, Feb 10, 2003 (BUSINESS WIRE) --Quidel Corporation (Nasdaq:QDEL), a leading provider of rapid point-of-care (POC) diagnostic tests, today reported financial results for the fourth quarter and year ended December 31, 2002.

Total revenues for the fourth quarter of 2002 were \$22.8 million, a 5.6% increase from the \$21.6 million in the prior year's comparable period. Total revenues for the fourth quarter of 2002 conform to the high-end of our previously announced guidance range.

On a pre-tax basis, earnings for the fourth quarter of 2002 were \$2.0 million, or \$0.07 per fully diluted share, compared with pre-tax earnings of \$3.0 million, or \$0.10 per fully diluted share, for the fourth quarter of 2001. On a net basis, earnings were \$1.0 million for the fourth quarter of 2002, or \$0.03 per fully diluted share, compared with \$1.2 million, or \$0.04 per fully diluted share, for the fourth quarter of 2001. Earnings per share for the fourth quarter of 2002, both on a pre-tax and net basis, conform to the high-end of our previously announced guidance range.

Gross margin on net sales for the fourth quarter of 2002 was 51%, compared with a gross margin of 52% in the fourth quarter of 2001. Operating expenses for the fourth quarter of 2002 totaled \$9.7 million, or 43% of net sales, compared with \$9.8 million, or 46% of net sales, for the fourth quarter of 2001.

The financial results relating to the 2001 fourth quarter and the fiscal year ended December 31, 2001, as discussed in this press release, have been adjusted to reflect the expected restatement as described below under "Restatement of Certain Historical Financial Statements" and are unaudited.

"Quidel finished 2002 with continued market share strength for our three key product lines, very strong global brand identity, an expanding product portfolio and a heightened focus on improving operations and thereby our economic model," commented S. Wayne Kay, president and chief executive officer.

"In 2002, we commercialized the first products on our proprietary LTF(TM) (Layered Thin Film) platform, the QuickVue(R) Advance pH and Amines test and the QuickVue(R) Advance G. vaginalis test. In addition, we launched the QuickVue(R) One-Step hCG Urine and Combo tests manufactured with our new web technology manufacturing process," said Kay. "These are just a few of the success stories for 2002. The progress we made in 2002 advances our corporate goals of sales growth and increasing profitability, and sets the stage for continued gains in these key metrics during 2003 and beyond."

During the fourth quarter and subsequent weeks, Quidel further sharpened its focus on the LTF technology platform. "We have placed LTF research and development activities under the full-time leadership of a seasoned Quidel executive, and look forward to initiating clinical testing with our highly promising LTF-based Strep A product as well as further tapping this powerful technology."

Full-Year Financial Results

Total revenues for the year ended December 31, 2002 were \$76.3 million, an increase of 3% compared with total revenues of \$74.1 million for the year ended December 31, 2001. On a pre-tax basis, earnings for the year ended December 31, 2002 were \$2.8 million, or \$0.10 per fully diluted share, compared with pre-tax earnings of \$3.2 million, or \$0.11 per fully diluted share, for the year ended December 31, 2001. Gross margin on net sales for the year ended December 31, 2002 was 49%, compared with 51% for the year ended December 31, 2001. On a net basis, earnings for the year ended December 31, 2002 were \$1.3 million, or \$0.04 per fully diluted share, up from net earnings of \$0.2 million, or \$0.01 per fully diluted share, for the year ended December 31, 2001.

Quidel reported accelerated growth in international sales in 2002, with international sales comprising 33% of full-year net sales, up from 26% in 2001. These gains largely are attributed to the success of the RapidVue(R) Influenza test in Japan. "Based on forecasts from our Japanese distribution partner, Sumitomo Biomedical, we anticipate for the flu season currently underway that we will achieve a substantial increase in sales of RapidVue(R) Influenza versus last year," added Kay.

Restatement of Certain Historical Financial Statements

Also today, Quidel announced that it would correct the accounting treatment for a lease obligation on a facility in the San Francisco Bay Area that it undertook in January 2001 with its acquisition of Litmus Concepts. As a result, Quidel will restate its financial results for the first three quarters of 2002 and the fiscal year ended December 31, 2001 to record the lease expense on a straight-line basis over the life of the lease, rather than expensing as paid. The correction follows a review by Quidel's new independent public accountants, Ernst & Young LLP, in relation to its fiscal year end 2002 audit.

Quidel currently expects that it will take a non-cash charge for each of the first three quarters of 2002 of approximately \$145,000. As reflected above, for 2001, Quidel estimates earnings will decrease by approximately \$660,000, or \$0.02 per fully diluted share, on a pre-tax basis. Because this is a non-cash charge, there are expected to be no changes to the cash and cash equivalents or cash provided by operations as previously reported by Quidel.

Because Arthur Andersen, Quidel's previous independent public accountant, is no longer able to perform public company audits, and thus cannot opine with respect to the restatement, Ernst & Young LLP is re-auditing Quidel's financial statements for the fiscal year ended December 31, 2001. Based on currently available information, this re-audit is expected to be completed prior to the filing deadline for Quidel's 2002 Annual Report on Form 10-K.

The effect of the restatement described in this press release and the attached tables are estimates and are unaudited. While Quidel expects no further

adjustments, until Quidel issues its restated financial statements, investors are cautioned not to rely on Quidel's annual and quarterly reports filed with the Securities and Exchange Commission for the affected periods.

Quidel Reaffirms 2003 Financial Guidance

Quidel reaffirmed its full-year 2003 financial guidance as provided on December 17, 2002, for total revenues of \$87 million, gross margin on net sales of 54%, pre-tax EPS of approximately \$0.26, and EPS on a net basis of \$0.15.

Conference Call Information

Quidel management will host a conference call to discuss fourth quarter and 2002 financial results today, February 10, 2003, beginning at 5:00 p.m. Eastern Time (2:00 p.m. Pacific Time). To participate via telephone, please call (888) 803-7396 from the U.S., or (706) 634-1052 from outside the U.S. A telephone replay will be available for 48 hours following the conclusion of the call by dialing (800) 642-1687 or (706) 645-9291, and entering reservation number 7842253. The conference call will be broadcast live over the Internet at www.quidel.com. A replay will also be available on Quidel's Web site for 14 days.

About Quidel

Quidel Corporation, a worldwide company helping women and their families live healthy lives, discovers, develops, manufactures and markets rapid point-of-care diagnostic tests for detection of medical conditions and illnesses. These products provide accurate, rapid and cost-effective diagnostic information for acute and chronic conditions associated with women's health in areas such as reproduction and diseases of the elderly. Quidel also provides point-of-care diagnostics for infectious diseases, including influenza A and B, Strep throat, H. pylori infection, chlamydia, infectious mononucleosis and infectious vaginitis. Quidel's products are sold to healthcare professionals for use in physician offices, clinical laboratories and pharmacies, and to consumers through organizations that provide private label, store brand products. These tests provide diagnostic information that enables rapid treatment and improves health outcomes, lowers costs and increases patient satisfaction. For more information, please visit Quidel's Web site at www.quidel.com.

This press release contains forward-looking statements within the meaning of the federal securities laws, including statements relative to the scope and timing of our restatement. Such forward looking statements are based on current expectations and involve material risks and uncertainties, including possible events or factors that could affect our future financial results and performance, such that our actual results and performance may differ materially. As such, no forward-looking statement can be guaranteed. Differences in operating results may arise as a result of a number of factors including, without limitation, seasonality, adverse changes in the competitive and economic conditions in domestic and international markets, actions of our major distributors, manufacturing and production delays or difficulties, adverse actions or delays in product reviews by the FDA and the lower acceptance of our new products than forecast. Further, there are risks associated with the accounting restatement and the timing and impact of the re-audit and review of our financial reporting for the fiscal year ended December 31, 2001. Forward-looking statements typically are identified by the use of terms such as "may," "will," "should," "might," "expect," "anticipate," "estimate" and similar words, although some forward-looking statements are expressed differently. The risks described under "Risk Factors" and in other sections of our most recent report on Form 10-K and in other reports and registration statements that we file with the SEC from time to time should be carefully considered. You are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this presentation. We undertake no obligation to publicly release the results of any revision of the forward-looking statements.

QUIDEL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Three months ended		Year ended	
	December 31, 2002	2001	December 31, 2002	2001
Net sales	\$22,370	\$21,234	\$74,623	\$72,419
Research contract, license and royalty income	394	319	1,650	1,636
Total revenues	22,764	21,553	76,273	74,055
Cost of sales	10,886	10,153	38,267	35,801
Research and development	2,001	1,435	6,748	6,203
Sales and marketing	4,831	4,036	17,002	14,801
General and administrative	2,351	3,183	8,845	9,822
Restructuring	-	-	-	550
Amortization of intangibles	485	1,119	1,945	4,365
Total costs and expenses	20,554	19,926	72,807	71,542
Earnings from operations	2,210	1,627	3,466	2,513
Interest expense	238	304	960	1,314
Interest income	(4)	(8)	(13)	(51)
Other, net	(71)	(1,682)	(322)	(1,944)
Total other (income) expense	163	(1,386)	625	(681)
Earnings before income taxes	2,047	3,013	2,841	3,194
Income tax expense	1,046	1,800	1,550	3,002
Net earnings	\$1,001	\$1,213	\$1,291	\$192
Earnings per share before income taxes - basic	\$0.07	\$0.11	\$0.10	\$0.11
Earnings per share before income taxes - diluted	\$0.07	\$0.10	\$0.10	\$0.11

Net earnings per share - basic and diluted	\$0.03	\$0.04	\$0.04	\$0.01
Weighted shares used in basic per share calculation	28,889	28,538	28,824	28,287
Weighted shares used in diluted per share calculation	28,923	29,983	29,629	29,282
Gross profit as a % of net sales	51%	52%	49%	51%
Research and development as a % of net sales	9%	7%	9%	9%
Sales and marketing as a % of net sales	22%	19%	23%	20%
General and administrative as a % of net sales	11%	15%	12%	14%
Condensed balance sheet data (in thousands):		12/31/02		12/31/01
Cash and cash equivalents		\$2,910		\$3,396
Working capital		24,001		17,790
Total assets		81,678		82,393
Long term obligations		11,438		11,316
Stockholders' equity		62,756		59,747

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