

Wells Fargo Healthcare Conference

September 9, 2015

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Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the federal securities laws that involve material risks, assumptions and uncertainties. Many possible events or factors could affect our future financial results and performance, such that our actual results and performance may differ materially from those that may be described or implied in the forward-looking statements. As such no forward-looking statement can be guaranteed. Differences in actual results and performance may arise as a result of a number of factors including, without limitation, fluctuations in our operating results resulting from seasonality, the timing of the onset, length and severity of cold and flu seasons, government and media attention focused on influenza and the related potential impact on humans from novel influenza viruses, adverse changes in competitive conditions in domestic and international markets, the reimbursement system currently in place and future changes to that system, changes in economic conditions in our domestic and international markets, changes in sales levels as it relates to the absorption of our fixed costs, lower than anticipated market penetration of our products, the quantity of our product in our distributors' inventory or distribution channels, changes in the buying patterns of our distributors and changes in the health care market and consolidation of our customer base; our development and protection of intellectual property; our development of new technologies, products and markets; our reliance on a limited number of key distributors; our reliance on sales of our influenza diagnostics tests; our ability to manage our growth strategy, including our ability to integrate companies or technologies we have acquired or may acquire; intellectual property risks, including but not limited to, infringement litigation; limitations and covenants in our senior credit facility; that we may incur significant additional indebtedness; our need for additional funds to finance our operating needs; volatility and disruption in the global capital and credit markets; acceptance of our products among physicians and other healthcare providers; competition with other providers of diagnostic products; adverse actions or delays in product reviews by the U.S. Food and Drug Administration (the "FDA"); changes in government policies; compliance with other government regulations, such as safe working conditions, manufacturing practices, environmental protection, fire hazard and disposal of hazardous substances; third-party reimbursement policies; our ability to meet demand for our products; interruptions in our supply of raw materials; product defects; business risks not covered by insurance and exposure to other litigation claims; interruption to our computer systems; competition for and loss of management and key personnel; international risks, including but not limited to, compliance with product registration requirements, exposure to currency exchange fluctuations and foreign currency exchange risk sharing arrangements, longer payment cycles, lower selling prices and greater difficulty in collecting accounts receivable, reduced protection of intellectual property rights, political and economic instability, taxes, and diversion of lower priced international products into US markets; volatility in our stock price; dilution resulting from future sales of our equity; and provisions in our charter documents and Delaware law that might delay stockholder actions with respect to business combinations or the election of directors. Forward-looking statements typically are identified by the use of terms such as "may," "will," "should," "might," "expect," "anticipate," "estimate," "plan," "intend," "goal," "project," "strategy," "future," and similar words, although some forward-looking statements are expressed differently. Forward-looking statements in this presentation include, among others, statements concerning: our outlook for this fiscal year and beyond, including, among others, projections about our revenue, gross margins, cash flow, EBITDA, COGS, market opportunities, geographic expansion, and development, manufacturing and commercial activities;; our strategy, goals and objectives , including, among others, continuing to make substantial investments in research and development and sales and marketing; our expectations regarding regulatory submissions, approvals and CLIA waivers in 2014; and our intention to continue to evaluate technology and outside acquisition opportunities. The risks described in reports and registration statements that we file with the Securities and Exchange Commission (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 or update of these forward-looking statements, except as required by law.

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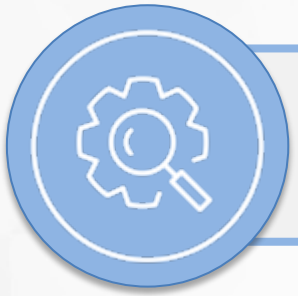
Our Strategic Intent (The What)

Build a broader-based diagnostic company that delivers revenue and margin more consistently. Use existing margin and cash to solidify price and volume in our core businesses, while gaining access to, and competing in larger markets, to include molecular.



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Our Strategy (The How)



Focus product development on Infectious Disease, Women's Health and Inflammation markers, areas in which we have extraordinary talent, expertise, contact, and know-how.



Develop products that, through clever design, address unmet market needs and issues, and are improvements to the attributes that drive method choice: accuracy, cost, time-to-result, ease of use, and data handling. In particular, we believe fundamentally that if we are successful at developing lower cost, easy to use, molecular product offerings, we can greatly accelerate the migration from culture and immunoassay to molecular methods because of performance and/or reduced turnaround time – and gain share.



Deliver our messages to the right stakeholders across the continuum of healthcare delivery, from the executive level in the larger IDN to the ultimate users of our products at the laboratory bench.

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Our Strategy (The How)

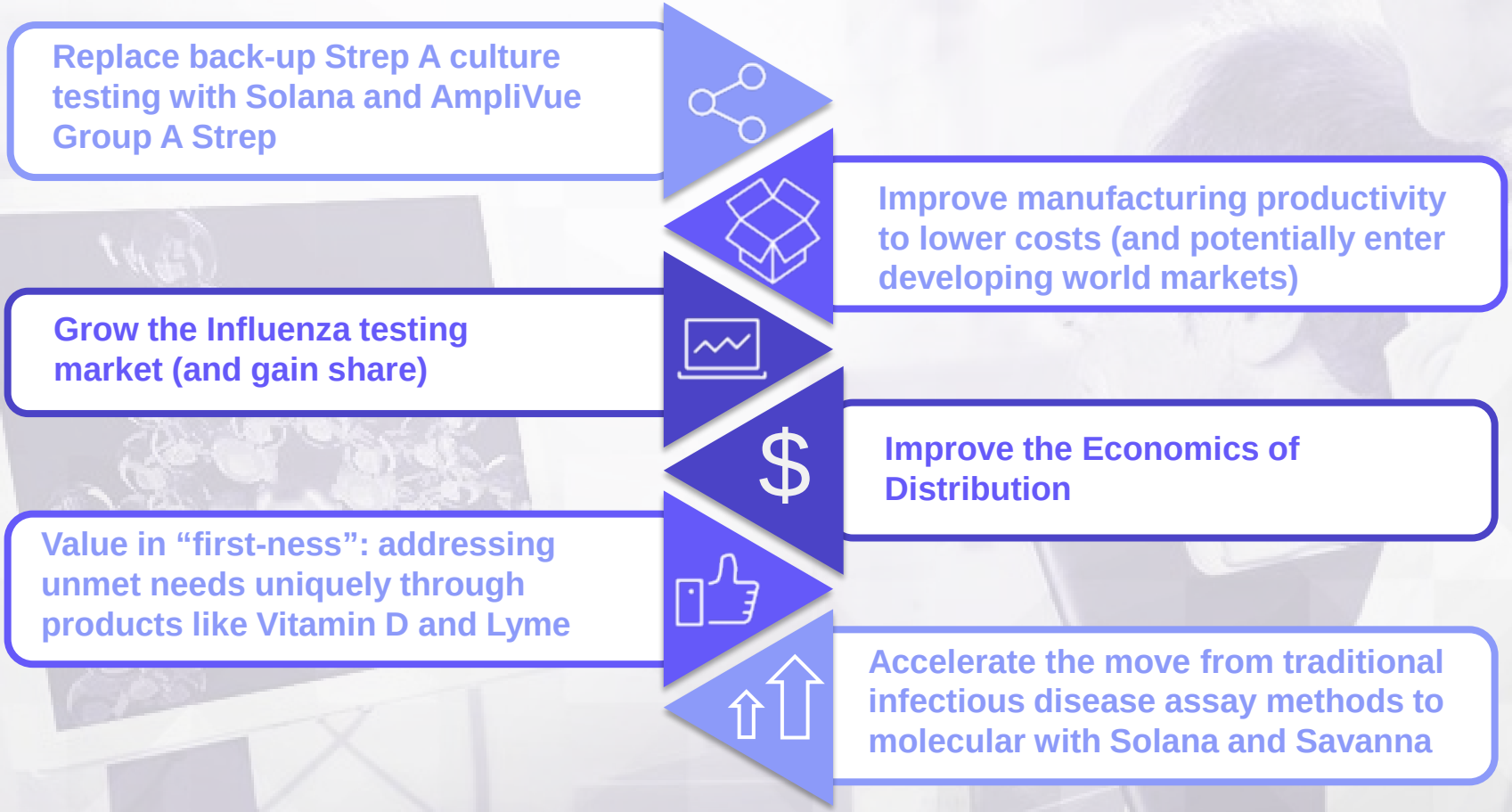
Since 2011:

- **Developed and submitted 25 products to the FDA for clearance to market in the U.S. (20 have received 510(k) designations).**
- **Built R&D, Manufacturing, and Commercial infrastructure.**
- **Can comfortably grow revenue 10-15% per year.**
- **But one or more of our Key Initiatives or Other Opportunities can gain traction and change our growth trajectory even more.**



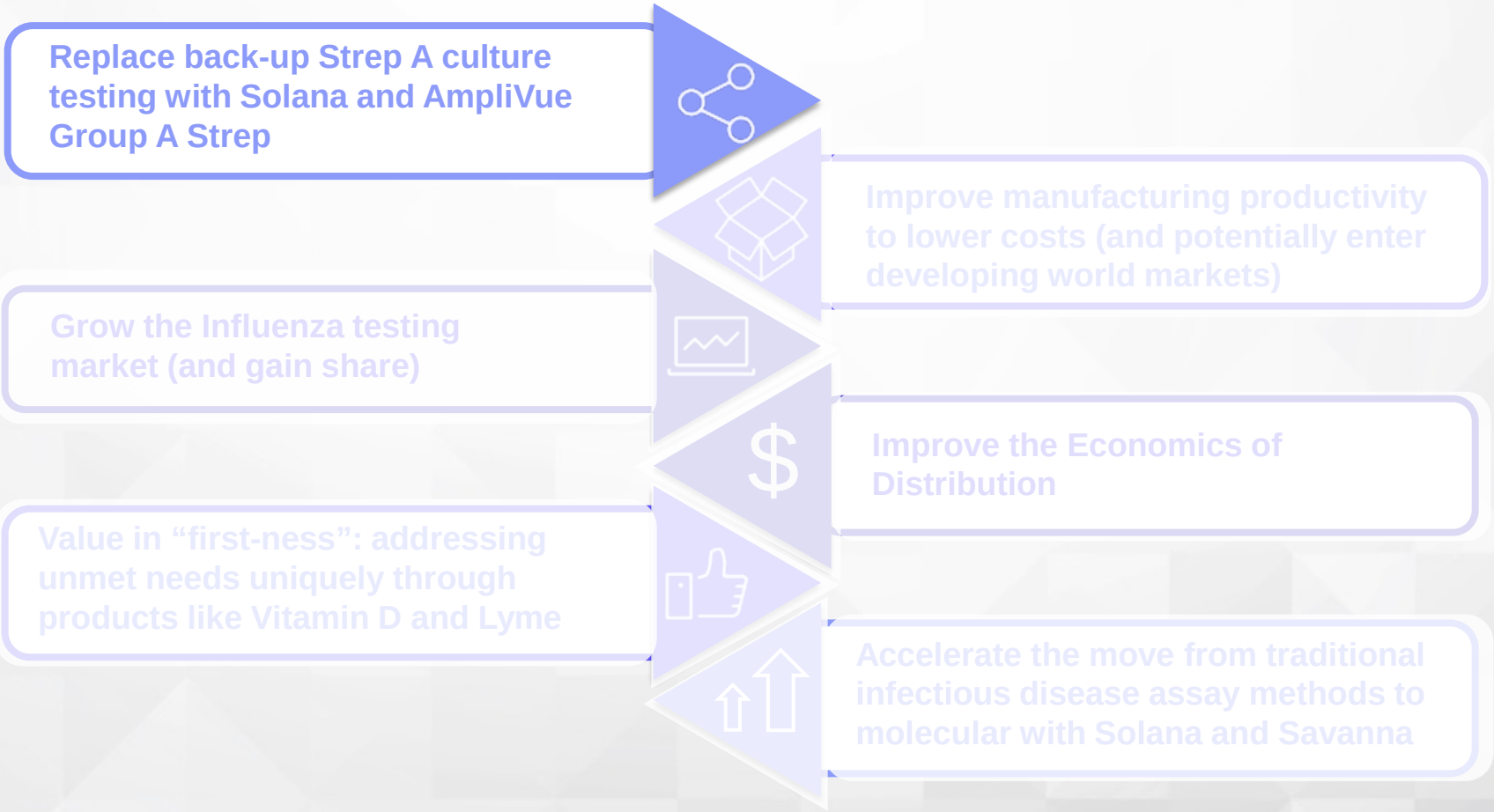
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Key Initiatives



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Key Initiatives



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Molecular GAS testing at the POC

- In Q4 2014 and Q3 2015, in depth interviews and focus groups were conducted with independent physician office practices in five states, which has greatly informed our commercial approach.
- GAS clinical guidelines will need to include molecular testing in order for POC molecular GAS products to be widely accepted.
  - While physicians are aware that there are MDx assays that have a "no culture backup required claim," they do not see significant clinical benefit and the IDSA guidelines do not support molecular testing.
- Physicians do not believe in the "high molecular reimbursement" story; they are waiting to see how the molecular reimbursement landscape shapes up.
  - They also think that the reimbursement for molecular GAS will settle down at a level that does not justify the increased cost/test of molecular assays.
- In the trade-off between lower TAT and hands on time, physicians say that TAT time is more important, provided the hands on time per test is 1-2 minutes.
- Small and mid-sized POLs think that 12 test/ hour is adequate for one assay, and they would be willing to accept more than one instrument if needed, assuming that the instruments were provided by the manufacturer. In fairness, however, we know from other customer interactions that many POLs have space constraints.
- In the short to medium term (clinical guidelines remain the same and the reimbursement landscape is uncertain), Sofia-like platforms remain the top choice for GAS testing over POC molecular platforms for the majority of POLs.
- In the longer term, assuming a guideline change and certainty with respect to reimbursement, customer propensity to migrate to molecular GAS testing may increase. No molecular platform fits all customer scenarios -- testing volumes, diagnosis and treatment philosophy, need for other assays, space and staff constraints, and operational flow differ by customer.

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Molecular GAS testing at the POC









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Key Initiatives

Replace back-up Strep A culture testing with Solana and AmpliVue Group A Strep

- Migration to molecular at the POC likely to be slow, as our market research shows; therefore our strategy is different.
- Approximately 37 million negative rapid Strep tests are cultured to confirm a negative result; only 10% are positive.
- In the infectious disease community, patient satisfaction and antibiotic stewardship are growing concerns. A better testing algorithm has big clinical and economic benefits.
- Assuming success with this strategy, we hope to generate in excess of $20 million in revenue in 2020 at a gross margin that is significantly accretive to our P&L. Early success LTD validates our forecast.

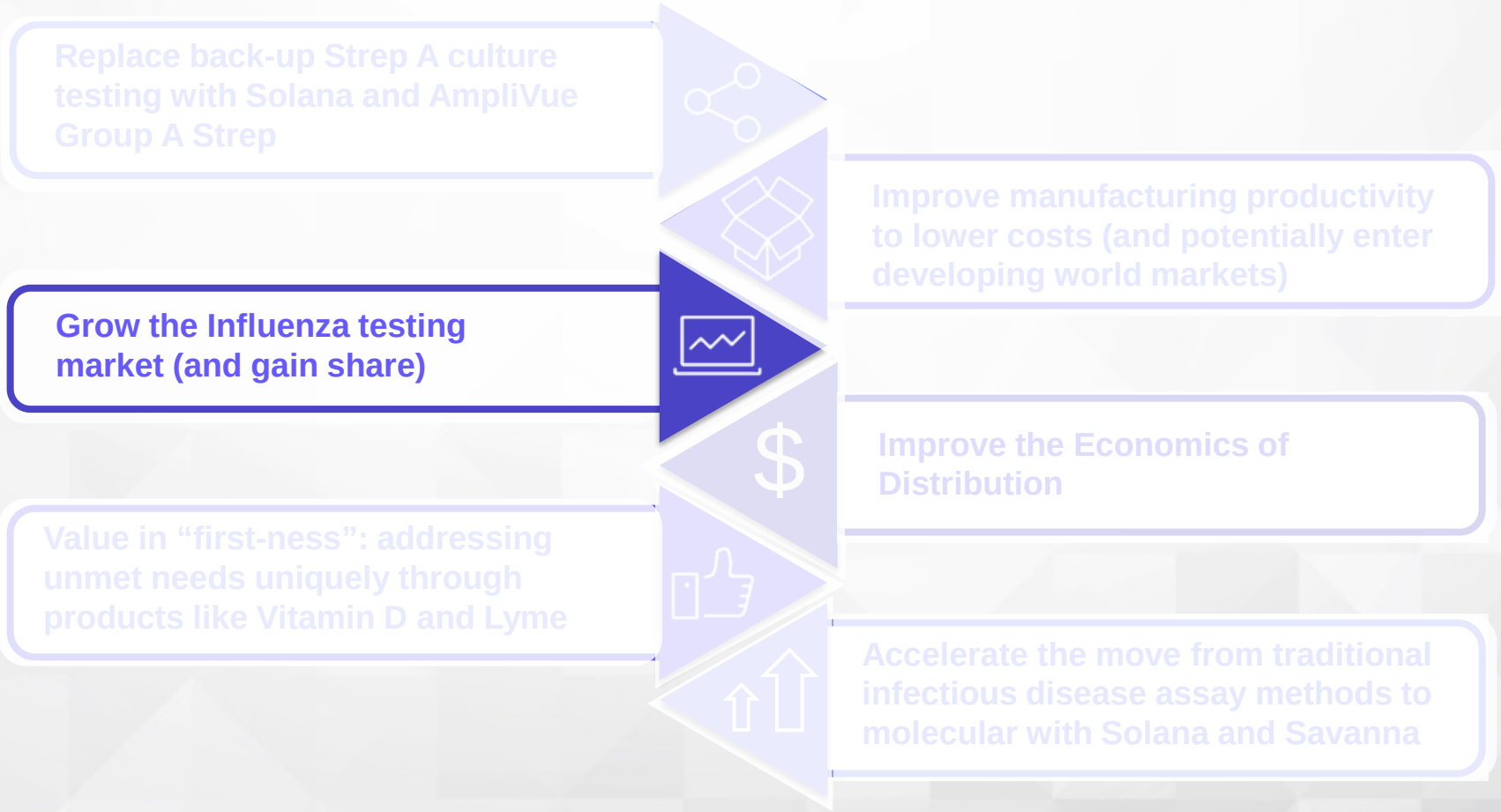
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With the launch of Solana GAS, our approach to the molecular market/opportunity is different

- Based on our research and our deep understanding of our customers, we believe that a strategy to encourage our customers to migrate to molecular over the next couple years is not viable, and that significant efforts to do so would not be rewarded.
- Even with CLIA waiver, we don't intend to spend resources converting the visually read market, which is fraught with underperforming products. For that we have Sofia, which has excellent performance, and tremendous TAT and cost advantages. And awesome brand strength.
- Instead, we intend to compete with culture that is performed as a confirmation of negative RADTs.
- While not a layup, Solana, among several molecular GAS alternatives, is best suited to the task:
  - 12 results in 35 minutes.
  - Superb sensitivity and specificity when compared to composite culture.
  - A no culture backup claim. Confirmation of a negative in minutes rather than days.
  - Connectivity with the Virena cloud enables physicians, parents and communities, public health officials, and laboratories to view and understand test results in the context of test results from thousand of Sofia users, as well as from colleagues using Solana GAS as a confirmatory method.
  - With Virena data, in conjunction with HEBIC studies, the ability to demonstrate dramatic improvement in clinical outcome, economic benefit, and antibiotic stewardship. At the cost of culture.

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Key Initiatives



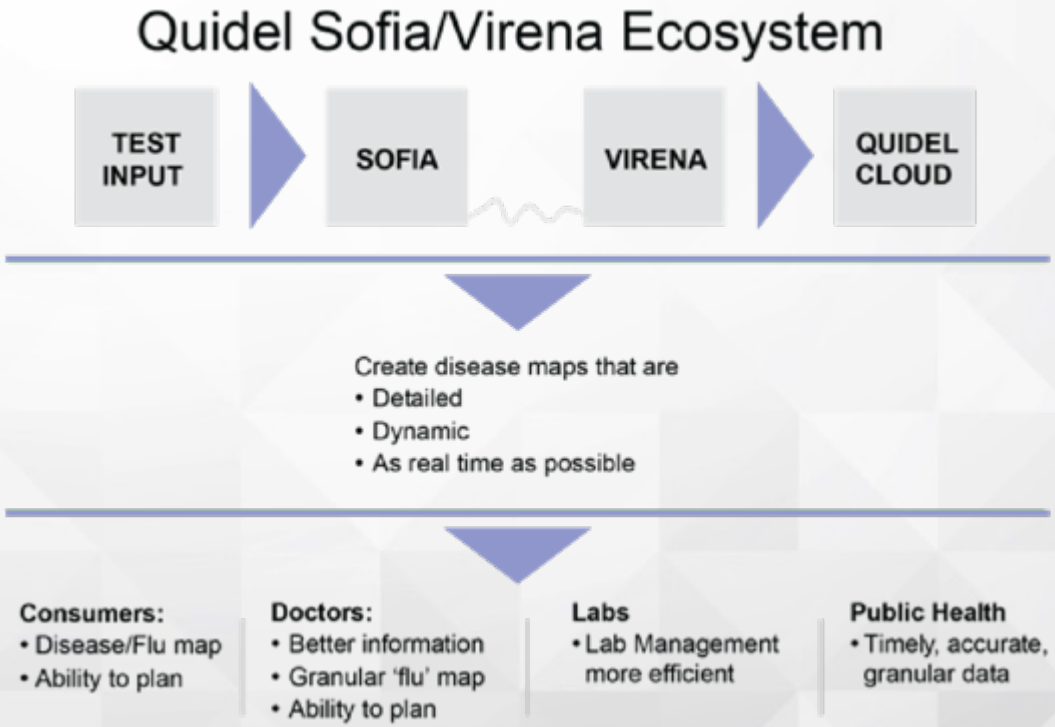
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Key Initiatives

Grow the U.S. influenza testing market (and gain share) by providing better information

VIRENA AND CONNECTIVITY

Data visualization tools will be tailored to each constituent audience



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Key Initiatives

Grow the U.S. influenza testing market (and gain share) by providing better information

- **Patients**. Today, about 60 million in the US have ILI each year. About 30 million seek medical care.
- **Physicians and other Providers.** Of those patients seeking treatment, about 40% are tested with an RADT; a much smaller number is tested by a molecular method. Some physicians test, treat, and monitor with more than one test, treating with an antiviral until a negative test result is achieved, and the patient is deemed to be convalescing. Most physicians don't test at all, and their PPV of clinical diagnosis is <40%.
- **Parents.** Many patients are seen by pediatricians, and parents want to know what the cause of their child's disease is, about its severity, about treatment options, and when their child will be better. Given a choice, parents will want a pediatrician who will test, treat and monitor, which is possible with better information.
- With the creation of the **Quidel Ecosystem**, enabled by thousand of providers sending millions of real-time data points to the Virena cloud, the market for Influenza testing will grow in the US (and elsewhere):
- Through interaction with data visualization tools, **patients/ parents** will become increasingly aware that Influenza is everywhere, including in their communities. Encouragement from public health officials who have access to near-realtime Virena data will motivate those with ILI to seek treatment and to be tested for Influenza -- and other respiratory pathogens like RSV and hMPV -- and to be vaccinated.
- **Physicians**, with access to better information, and a better understanding of more effective test and treat algorithms, will test for influenza before prescribing an antiviral, and with education, will test each patient more than once.

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Key Initiatives

Grow the U.S. influenza testing market (and gain share) by providing better information

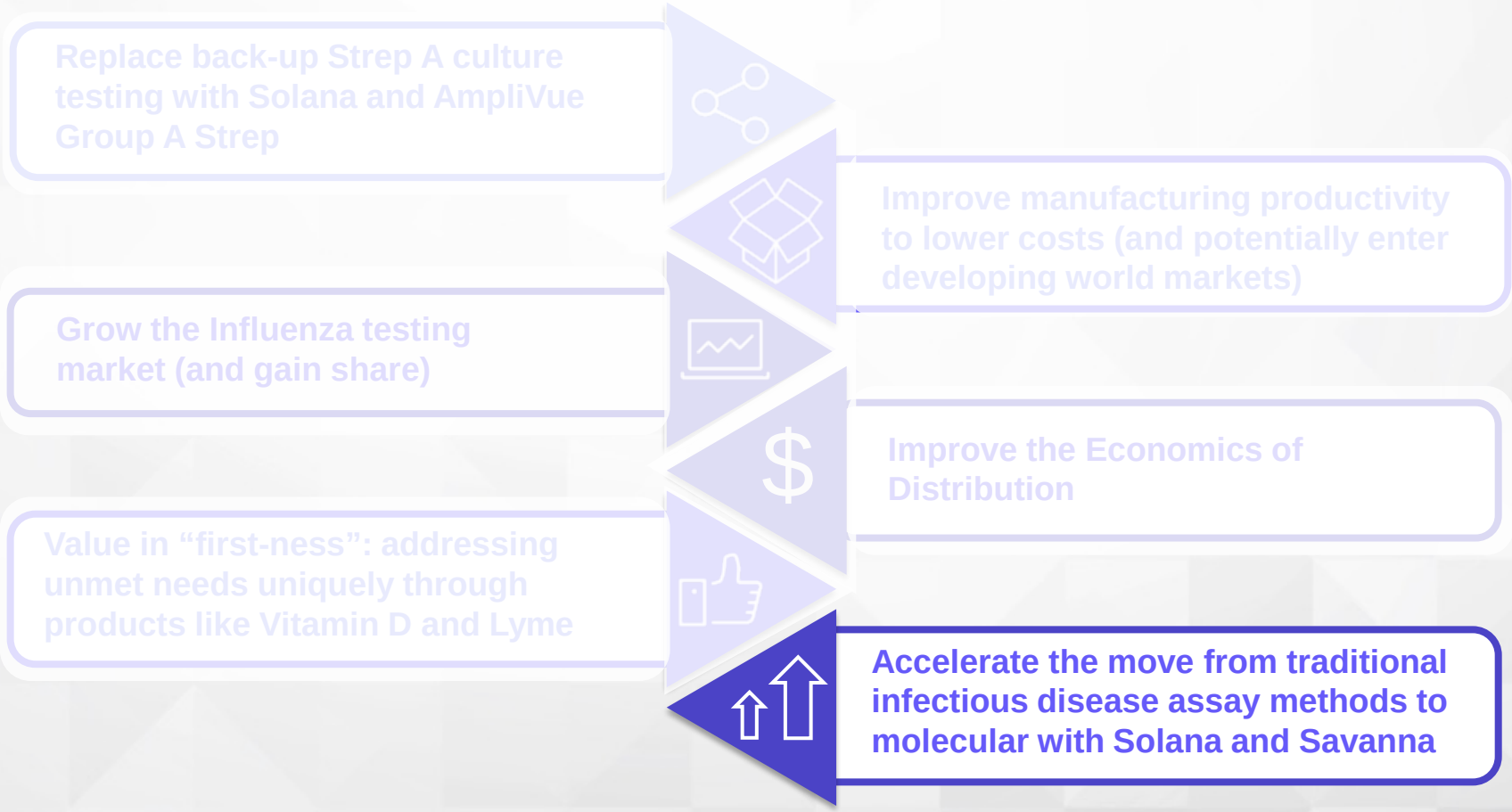
- With launch of a next-gen Sofia in 2016 and beyond, our influenza users will see an improvement in individual test performance and workflow
  - Next-gen Sofia optics and liquid extraction lowers background signal and improves sensitivity
  - Kinetic reading enables positive test results to be read in as few as 2 minutes, which is critical to workflow in the POL during an influenza epidemic
  - With the earlier read, the time to confirm a negative could be extended, further enhancing sensitivity, potentially matching the performance of the better PCR assays
  - With launch of Next-gen Sofia, our cost to manufacture is roughly ¼ that of existing Sofia, which will lower CAPEX and depreciation expense, and improve gross margin.





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Key Initiatives



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Key Initiatives

Accelerate the move from traditional infectious disease assay methods to molecular with Solana and Savanna

SAVANNA

- Leverage clinical urgency to drive decentralized, on-demand MDx testing. While impact on patient outcomes well accepted, cost has been a factor.
- Key success factors: low cost of ownership; low TAT; ease of use; and menu.
- Wave 1 menu: bread and butter, “me too,” some overlap with Quidel MDx platforms; low regulatory risk.
- Wave 2 menu: one or more unique assays that drive co-existence with other MDx systems in larger hospitals; other assays to expand usage on existing and new placements.
- Instrument COGS < $10,000; cartridge < $5.00; TAT 30-60 minutes, Virena connectivity; menu of 20 targets at launch.

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We are on a path to our longer term financial objectives

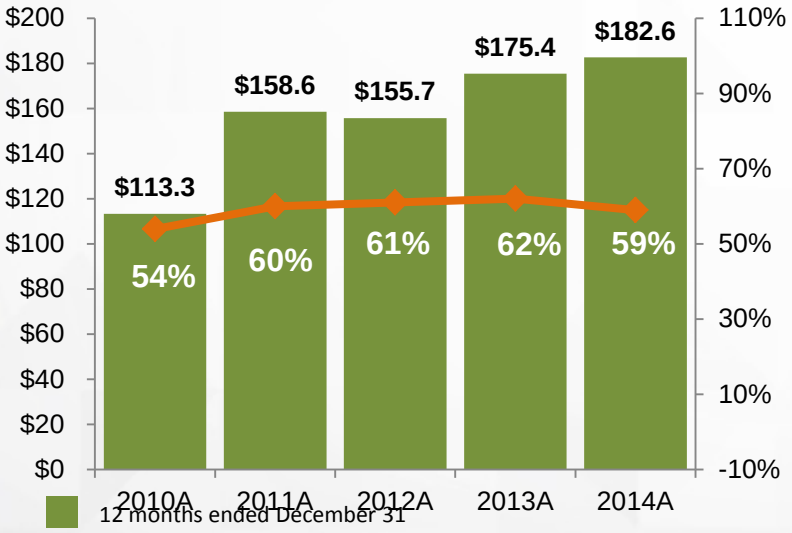


1. Achieve low- to mid-teens in annual revenue growth through new product introductions.
2. Invest in the development and commercialization of new products driving gross margins to exceed 65%.
3. Leverage operational efficiency driving EBITDA margins in excess of 30%.
4. Maximize cash flow from the core business
5. Pursue outside opportunities to complement organic growth

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Quidel financial overview

Revenue
(in $ million, percent gross margin in white)



Adjusted EBITDA [1]
(adjusted, in $ million)



Balance Sheet as of June 30, 2015
(in millions)

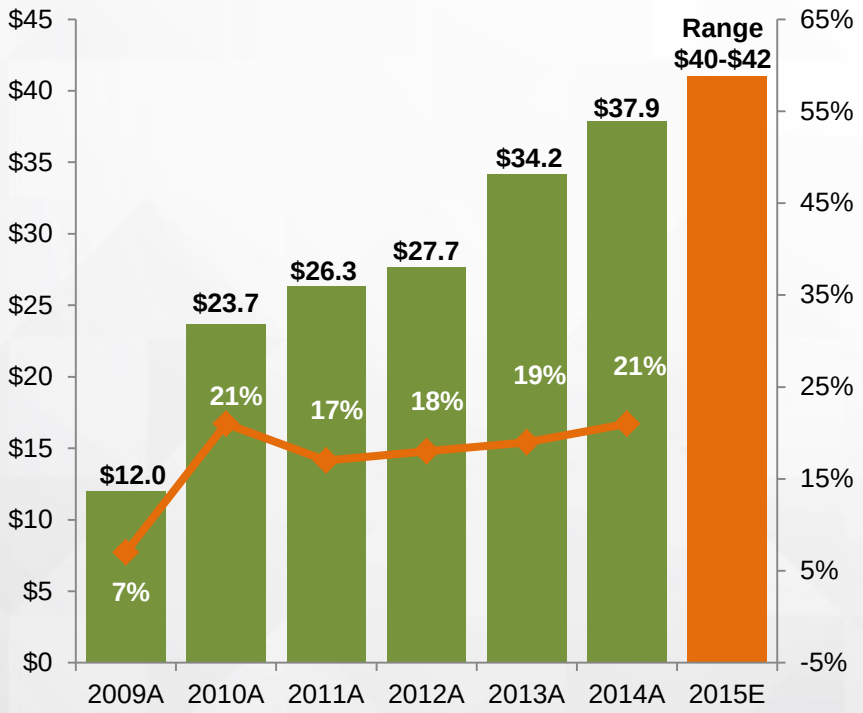
Cash and Cash Equivalents	**$209.6**
Total Assets	**$429.2**
Long-term Debt and Lease Obligations	**$144.8**
Stockholder's Equity	**$230.1**

Adjusted EBITDA excludes interest, depreciation, amortization, stock compensation, business acquisition costs, asset impairment and restructuring charges.

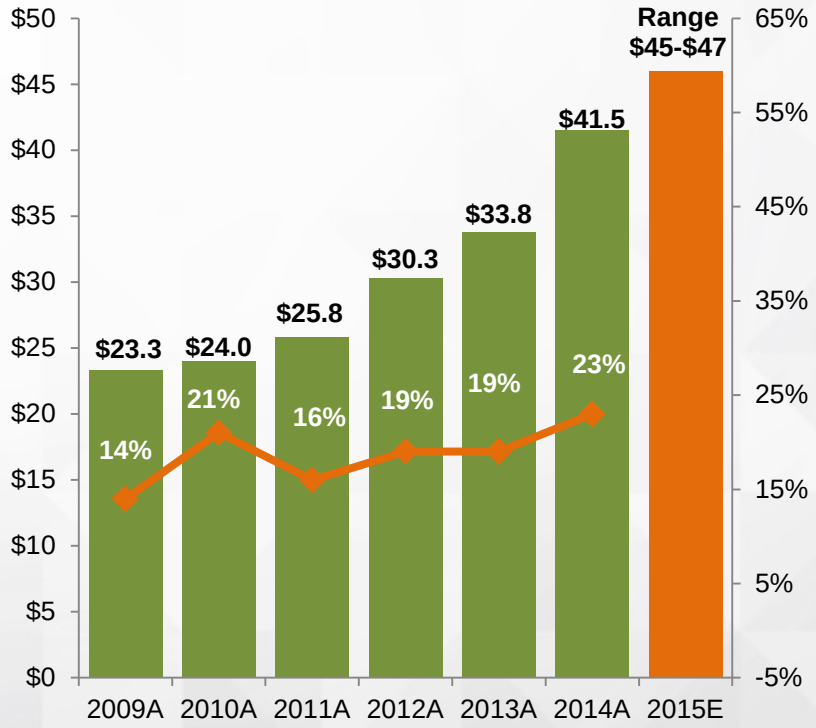
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2015 expected operating cost structure

Annual Investment: R&D
(in $ million; percentage of sales in white)



Annual Investment: S&M
(in $ million; percentage of sales in white)



Note: R&D investment includes the Q2 2013 acquisition of BioHelix and acceleration of Savanna.
S&M investment includes the additional increase in resources in Q2 2013.

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Growth drivers and milestones for 2015



- Expand **Sofia installed base** through **commercialization of CLIA-waived Sofia Strep A**
- Receive **CLIA waiver** for **Sofia hCG**
- Continue **Sofia conversions** from **visually-read lateral flow** products
- **Submit 510(k)** package to the FDA for **Quantitative Vitamin D**



- Grow revenue and expand AmpliVue customer base with **6 FDA-cleared** hand-held **molecular products:**
  - C. difficile
  - Group A Strep
  - Group B Strep
  - HSV 1+2
  - Bordetella Pertussis
  - Trichomonas



- **510(k) submission** and **clearance** of Solana **instrument** and **Group A Strep** assay
- **510(k) submission** of **Influenza A+B** assay
- Development of **additional Solana assays**



- Commercialization of **15 FDA-cleared PCR analytes:**
  - Influenza A+B
  - RSV+hMPV
  - C. difficile
  - Strep A+C/G
  - HSV 1+2/VZV
  - Adenovirus
  - Parainfluenza 1,2,3



- Continue **field testing** of Savanna **cartridge** and **integrated system** in **Africa**
- **Optimize** and **automate manufacturing line** for **test cartridges**

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