



Alere Reports Third Quarter 2015 Financial Results

WALTHAM, Mass., November 4, 2015 – Alere Inc. (NYSE: ALR), a global leader in rapid diagnostic tests, today announced its financial results for the quarter ended September 30, 2015. Net revenue for the third quarter of 2015 was \$602.0 million, a 7.3 percent decrease compared to \$649.2 million in the third quarter of 2014, or a 1.7 percent decrease in organic growth, which is on a constant currency basis, excluding impacts of acquisitions and divestitures. Net income from continuing operations available to common stockholders was \$0.2 million, or \$0.00 per diluted share, in the third quarter of 2015. On a non-GAAP basis, the Company reported non-GAAP adjusted net income from continuing operations available to common stockholders of \$48.3 million, or \$0.54 per diluted share, in the third quarter of 2015.

Net Revenue (in millions)	Third Quarter 2015	Third Quarter 2014 ⁽¹⁾	% Change
Cardiometabolic Disease	\$208	\$208	-
Infectious Disease	\$164	\$184	(11)
Toxicology	\$163	\$167	(2)
Other	\$ 45	\$ 65	(30)
Consumer Diagnostics	\$ 19	\$ 21	(12)
License and Royalty	\$ 3	\$ 4	(21)
Total	\$602	\$649	(7)

⁽¹⁾ Revenues, other than License and Royalty, have been reclassified due to a change in segment reporting as a result of the divestiture of our health management business in 2015 and the results of our patient self-testing business are primarily included within Cardiometabolic Disease.

“Third quarter revenue was impacted by currency and lower international sales. Europe organic growth declined by 4 percent and tender awards in Africa and Asia have taken longer to ramp than anticipated; however, we expect both Africa and Asia to contribute to near-term growth,” said Namal Nawana, CEO of Alere. “Pain management and INRatio revenue declined year-over-year and negatively impacted our profitability in the third quarter; however, excluding pain management, our core Toxicology revenue grew by 6% during the third quarter, which represents 10 consecutive quarters of organic growth. Despite these short-term challenges, our core businesses and platforms had solid growth and we gained significant traction with the launch of Alere i, with revenue of \$5 million in the third quarter and total worldwide placements of more than 2,800 instruments to date.

From an operational perspective, we exercised strong operating expense discipline and delivered third quarter non-GAAP EPS growth of 54 percent year-over-year. Looking ahead, we expect fourth quarter 2015 revenue to rebound and we are re-doubling our efforts to establish

solid and sustainable organic growth for Alere. We are confident that the strength of our core platforms will eclipse near-term challenges and accelerate our overall growth. The Alere team is fully focused on continuing to execute against our strategic growth initiatives to deliver enhanced value for our shareholders.”

Third Quarter Highlights

- [Alere receives FDA CLIA Waiver for Alere™ i Strep A Rapid Molecular Test](#)
- [Alere Agrees to Sell BBI Group and Acquires US Diagnostics](#)
- [Dr. Geoffrey S. Ginsburg Joins Alere Board](#)

Third Quarter 2015 Results

Third quarter 2015 net revenue of \$602.0 million declined by \$47.2 million from \$649.2 million, or 7.3 percent, compared to the prior year period, primarily due to a \$33.0 million negative impact from foreign currency exchange; a \$12.6 million decrease in pain management; and a \$7.7 million decrease in global sales of INRatio. In addition, BBI revenue and contract manufacturing revenue associated with our consumer joint venture declined by \$8.7 million and CD4 and malaria sales in Africa decreased by \$8.0 million during the third quarter. Growth areas included: patient self-testing, Afinion and ePoc in Cardiometabolic Disease; dengue in Infectious Disease; and employer services and reagents in Toxicology. Global influenza sales were \$19.6 million in the third quarter of 2015, a 15.9 percent increase over the prior year period, including approximately \$4.9 million in Alere i sales.

Gross profit in the third quarter of 2015 was \$275.0 million, with 45.7 percent gross margin, compared to \$301.6 million in the third quarter of 2014, with 46.5 percent gross margin. Non-GAAP adjusted gross profit in the third quarter of 2015 was \$292.5 million, with 48.5 percent non-GAAP adjusted gross margin, compared to \$323.6 million in the third quarter of 2014, with 49.8 percent non-GAAP adjusted gross margin. Non-GAAP adjusted gross profit excludes amortization of acquisition-related intangibles, restructuring charges, and stock-based compensation.

Operating expenses were \$245.9 million, or 40.8 percent of net revenue, in the third quarter of 2015, compared to operating expenses of \$266.3 million, or 41.0 percent of net revenue, in the third quarter of 2014. Included in the third quarter 2015 operating expenses was R&D expense of \$36.0 million, or 6.0 percent of net revenue, and SG&A expense of \$207.8 million, or 34.5 percent of net revenue. Also included in the third quarter 2015 operating expenses were \$2.1 million in net charges related to impairment and loss on dispositions. Non-GAAP adjusted operating expenses during the third quarter of 2015 were \$187.0 million, or 31.0 percent of net revenue, and were comprised of \$27.4 million of non-GAAP adjusted R&D expense, or 4.5 percent of net revenue, and non-GAAP adjusted SG&A expense of \$159.6 million, or 26.5 percent of net revenue. Non-GAAP adjusted operating expenses, non-GAAP adjusted R&D expenses and non-GAAP adjusted SG&A expense exclude, as applicable, amortization of acquisition-related intangibles, restructuring charges, stock-based compensation, fair value adjustments to contingent consideration,

compensation costs associated with contingent consideration, costs associated with business dispositions, and impairment and loss on dispositions, net.

Operating income was \$29.2 million in the third quarter of 2015, compared to operating income of \$35.3 million in the third quarter of 2014. Non-GAAP adjusted operating income was \$105.4 million in the third quarter of 2015, compared to non-GAAP adjusted operating income of \$116.6 million in the third quarter of 2014.

Net income from continuing operations available to common stockholders was \$0.2 million, or \$0.00 per diluted share, in the third quarter of 2015, compared to a net loss from continuing operations available to common stockholders of \$89.4 million, or \$1.08 per diluted share, in the third quarter of 2014. On a non-GAAP basis, the Company reported non-GAAP adjusted net income from continuing operations available to common stockholders of \$48.3 million, or \$0.54 per diluted share, in the third quarter of 2015, compared to non-GAAP adjusted net income from continuing operations available to common stockholders of \$30.0 million, or \$0.35 per diluted share, in the third quarter of 2014.

Financial results for the three- and nine-month periods of 2015 and the comparable three- and nine-month periods of 2014 are included in the schedules to this press release.

Detailed reconciliations of the non-GAAP financial measures presented in this release to the most directly comparable financial measures under GAAP, as well as a discussion regarding these non-GAAP financial measures, are included in the schedules to this press release.

2015 Business Outlook

For the year ending December 31, 2015, the Company expects:

- Net revenue to be in the range of \$2.48 billion to \$2.50 billion
- Non-GAAP adjusted net income from continuing operations available to common stockholders in the range of \$2.20 to \$2.25 per diluted common share

Conference Call

We will host a conference call beginning at 5:00 p.m. (Eastern Time) today, November 4, 2015, to discuss these results, as well as other company matters. During the conference call, we may answer questions concerning business and financial developments and trends and other business and financial matters. Our responses to these questions, as well as other matters discussed during the conference call, may contain or constitute material information that has not been previously disclosed.

A live webcast will be available on the Investor Relations section of Alere's website, or accessed directly through the following link: <https://www.webcaster4.com/Webcast/Page/411/11453>

To access the audio conference call, please use the following dial-in numbers and access code 5625983:

- US (toll-free): 1-888-317-6003
- International: 1-412-317-6061
- Canada (toll-free): 1-866-284-3684

A replay will be available approximately one hour after the conclusion of the call and will remain available for a period of seven days following the call. To hear a replay of the conference call, please use the following dial-in numbers and replay code 10075496 (available for seven days):

- US (toll-free): 1-877-344-7529
- International: 1-412-317-0088
- Canada (toll-free): 1-855-669-9658

The replay will also be available via online webcast on the Investor Relations section of the Alere website.

Additionally, reconciliations to non-GAAP financial measures not included in this press release that may be discussed during the call will also be available on the Investor Relations section of the Alere website.

Forward-looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. For example, forward-looking statements include statements regarding: the Company expects both Africa and Asia to contribute to near-term growth, tender awards in Africa and Asia will ramp, revenue will rebound in the fourth quarter of 2015, the Company is re-doubling efforts to establish solid and sustainable organic growth, the strength of the Company's core platforms will eclipse near-term challenges and accelerate overall growth which will enable the Company to deliver enhanced value for our stockholders, expected net revenues for the year ending December 31, 2015, expected non-GAAP adjusted net income from continuing operations available to common stockholders per diluted share for the year ending December 31, 2015, future operating results, and future financial and operational goals. In some cases, forward-looking statements can be identified by terms such as "may," "will," "intend," "expect," "plan," "believe," "estimate," "outlook," "predict" or the like. These statements involve risks and uncertainties, and actual results could differ materially from the statements made in this press release. Factors that might cause these differences include, but are not limited to: limited demand for certain of our products in the markets we serve; limited market acceptance for new products brought to market (and inability to recover investments made in such products); the effect of intense competition in the markets we serve; ability to execute on business plans; risks and expenses arising from FDA inspections and government subpoenas; delays in product development; international business risks; fluctuations in currency exchange rates; the effects of healthcare reform; risks of clinical trials; potential regulatory burdens and obstacles; litigation and legal compliance risks; government investigations; cybersecurity risks; changes in global economic and political conditions; potential product defects; manufacturing or supply issues;

potential intellectual property infringement and risks (and expense) related to the ability to enforce intellectual property rights held by the Company; risks of acquisitions and divestitures; substantial indebtedness and risks related to the inability to refinance outstanding indebtedness; contractual debt restrictions and requirements; fluctuations in quarterly results; potential future financial restatements; potential reviews, investigations or other proceedings by government authorities, stockholders or other parties; the risk that the Company's remediation plan related to its material weakness will be unsuccessful to prevent or detect additional misstatements, including a potential inability to prepare financial statements or file periodic reports on a timely basis, which would be a default under the Company's senior secured credit facility and note indentures as well as a violation of the Securities Exchange Act and the listing rules of the NYSE; and any additional material weaknesses in internal controls. These and other risk factors are discussed in more detail under the heading "Risk Factors" in Item 1A of the Company's Annual Report on Form 10-K, as amended, filed with the Securities and Exchange Commission on May 28, 2015. Copies are available through the Company's Investor Relations department and at www.alere.com. The Company does not assume any obligation to update its forward-looking statements to reflect new information and developments.

About Alere

Alere believes that when diagnosing and monitoring health conditions, **Knowing now matters.**[™] Alere delivers reliable and actionable information by providing rapid diagnostic tests, enhancing clinical and economic healthcare outcomes globally. Headquartered in Waltham, Mass., Alere focuses on rapid diagnostics for cardiometabolic disease, infectious disease and toxicology. For more information on Alere, please visit www.alere.com.

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