



ALERE INC. ANNOUNCES THIRD QUARTER 2014 RESULTS

WALTHAM, MA...October 28, 2014...Alere Inc. (NYSE: **ALR**), a global leader in rapid diagnostics and health information solutions, today announced its financial results for the quarter ended September 30, 2014.

Namal Nawana, Interim Chief Executive Officer and Chief Operating Officer of Alere said, “We made great progress during the third quarter to reset our strategic direction to focus on our strengths as the Global Leader in Rapid Diagnostics. Doing so has allowed us to begin to execute a significant cost reduction program and to clearly identify non-core assets for disposition. As we announced earlier today, the agreement that we reached with Optum for the disposition of our Alere Health organization is a great step towards simplifying and focusing our organization and achieving our strategic goals.”

Financial results for the third quarter of 2014:

- Net revenue of \$736.2 million for the third quarter of 2014, compared to \$753.3 million for the third quarter of 2013. Non-GAAP adjusted net revenue was \$736.6 million for the third quarter of 2014, compared to \$753.9 million for the third quarter of 2013.
- Loss from continuing operations of \$98.6 million attributable to common shareholders of Alere Inc., and respective net loss per diluted common share of \$1.19 for the third quarter of 2014, compared to net loss from continuing operations of \$21.7 million attributable to common shareholders of Alere Inc., and respective net loss per diluted common share of \$0.27 for the third quarter of 2013.
- Non-GAAP adjusted net income from continuing operations attributable to common shareholders of Alere Inc. per diluted common share of \$0.48 for the third quarter of 2014, compared to non-GAAP adjusted net income from continuing operations attributable to common shareholders per diluted common share of \$0.61 for the third quarter of 2013.
- Net product and services revenue from our Professional Diagnostics segment was

\$581.8 million in the third quarter of 2014, compared to net product and services revenue of \$587.3 million in the third quarter of 2013. Non-GAAP adjusted net product and services revenue from our Professional Diagnostics segment was \$582.1 million in the third quarter of 2014, compared to non-GAAP adjusted net product and services revenue of \$587.8 million in the third quarter of 2013.

- U.S. influenza and meter-based Triage product revenues were \$15.0 million and \$15.8 million, respectively, for the third quarter of 2014, compared to \$18.3 million and \$17.7 million, respectively, for the third quarter of 2013.
- Excluding the impact of the change in U.S. influenza revenues and the impact on revenues from the U.S. meter-based Triage product sales, currency-adjusted organic growth in our Professional Diagnostics segment was negative 1.2%. This decrease reflects a 5.4% decrease in adjusted U.S. revenues, compared to the third quarter of 2013, offset by a 3.3% increase in our international business. The decrease in the U.S. business principally relates to lower revenues from sales of Beckman Coulter BNP tests due to supply constraints and to lower pain management revenues in our Toxicology business. New products contributed favorably to our overall adjusted growth rate, with sales of CD4 products increasing from \$5.0 million in Q3 2013 to \$7.6 million in Q3 2014 and Epoc sales increasing from \$5.7 million to \$6.7 million for the same periods.
- Net product and services revenue from our Health Information Solutions segment was \$123.9 million in the third quarter of 2014, compared to \$133.7 million in the third quarter of 2013, reflecting growth in our patient self-testing business from \$27.0 million in the third quarter of 2013 to \$30.2 million in the third quarter of 2014.
- Gross margin was 46.6% of net revenue in the third quarter of 2014, compared to 49.0% in the third quarter of 2013. Non-GAAP adjusted gross margins, which exclude from cost of net revenue amortization of acquisition-related intangibles, stock-based compensation expense, restructuring charges, and non-cash charges associated with acquired inventory, was 49.6% of non-GAAP adjusted net revenue in the third quarter of 2014, compared to 52.1% in the third quarter of 2013 and 48.4% in the second quarter of 2014.
- Non-GAAP adjusted selling, general and administrative expenses were \$207.1 million or 28.1% of adjusted net revenue in the third quarter of 2014, compared to \$218.8 million or 29.0% of adjusted net revenue in the third quarter of 2014. Non-GAAP adjusted research and development expense was \$31.6 million, or 4.3% of adjusted net revenue, compared to \$37.1 million, or 4.9% of adjusted net revenues, in Q3 2013

- Free cash flow for the third quarter of 2014 was a \$62.9 million, reflecting cash flow from operations of \$91.7 million, offset by capital expenditures of \$28.8 million. Of the \$91.7 million of operating cash flows during the third quarter, \$96.4 million was cash flows from continuing operations.
- Non-GAAP EBITDA for the third quarter of 2014 was \$129.4 million, which reflects adjustments to add back non-interest related restructuring charges of \$17.9 million, \$0.3 million of acquisition-related costs and \$6.2 million of costs associated with potential business dispositions. On a last-twelve-months basis, our non-GAAP adjusted EBITDA, with restructuring, acquisition and other costs added back, was \$630.3 million, resulting in a net debt to non-GAAP adjusted EBITDA ratio of 5.3 times.

The Company's GAAP results for the third quarter of 2014 exclude \$0.3 million of revenue associated with acquired software license contracts that are not recognized due to business combination accounting rules and include \$66.1 million of amortization, \$17.9 million of restructuring charges, \$3.2 million of stock-based compensation expense, \$0.3 million of acquisition-related costs recorded in accordance with ASC 805, *Business Combinations*, \$6.2 million of costs associated with potential business dispositions, \$0.4 million of interest expense recorded in connection with fees paid for certain debt modifications, \$0.7 million in compensation charges and \$0.1 million of related interest accretion associated with acquisition-related contingent consideration obligations, \$0.4 million loss on the sale of our equity investment in Vedalab S.A., offset by the reversal of \$5.5 million of expense recorded for fair value adjustments to acquisition-related contingent consideration. The Company's GAAP results for the third quarter of 2013 exclude \$0.5 million of revenue associated with acquired software license contracts that are not recognized due to business combination accounting rules and include amortization of \$82.4 million, \$7.8 million of restructuring charges, \$5.7 million of stock-based compensation expense, \$0.5 million of acquisition-related costs recorded in accordance with ASC 805, *Business Combinations*, \$2.7 million of expense recorded for fair value adjustments to acquisition-related contingent consideration, \$0.4 million of interest expense recorded in connection with fees paid for certain debt modifications, \$0.8 million in compensation charges and \$0.1 million of related interest accretion associated with acquisition-related contingent consideration obligations, a \$0.7 million charge associated with the write-up to fair market value of inventory acquired in connection with the acquisition of Epocal Inc., \$5.5 million of costs associated with the proxy contest, a \$5.9 million loss

associated with the disposition of our Spinreact, S.A. subsidiary located in Spain and a \$0.04 million adjustment to the bargain purchase gain in connection with our acquisition of the Liberty business.

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.

The Company will host a conference call beginning at 8:30 a.m. (Eastern Time) today, October 28, 2014, to discuss these results, as well as other corporate matters. During the conference call, the Company may answer questions concerning business and financial developments and trends and other business and financial matters. The Company's 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.

The conference call may be accessed by dialing (877) 443-4809 (domestic) or (412) 902-6615 (international) and asking for Alere Inc. A webcast of the call can also be accessed via the Alere website at <http://www.alere.com/us/en/about/investor-relations/events.html>, or directly through the following link: <http://www.videonewswire.com/event.asp?id=100809>.

A replay of the call 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. The replay may be accessed by dialing (877) 344-7529 (domestic) or (412) 317-0088 (international) and entering replay code 10054917. The replay will also be available via online webcast at <http://www.videonewswire.com/event.asp?id=100809> or via the Alere website at <http://www.alere.com/us/en/about/investor-relations/events.html> for a period of 60 days following the call.

Additionally, reconciliations to non-GAAP financial measures not included in this press release that may be discussed during the call will also be available at the Alere website (<http://www.alere.com/us/en/about/investor-relations/events.html>) under the Earnings Calls and Releases section shortly before the conference call begins and will continue to be available on this website.

For more information about Alere, please visit our web site at <http://www.alere.com>.

About Alere

Because **Knowing now matters**™, Alere delivers reliable and actionable information through rapid diagnostic tests, resulting in better clinical and economic healthcare outcomes globally. Headquartered in Waltham, Mass., Alere focuses on rapid diagnostics for infectious disease, cardiometabolic disease and toxicology. For more information on Alere, please visit www.alere.com.

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