

Meridian Bioscience Revises Guidance for Fiscal 2010 and Comments on Preliminary Second Quarter Operating Results and Business Outlook Including illumigene(TM) Update

March 17, 2010 7:03 AM ET

CINCINNATI, Mar 17, 2010 (BUSINESS WIRE) -- Meridian Bioscience, Inc., Cincinnati, Ohio (NASDAQ: VIVO) today announced that it is revising downward its previous sales and earnings guidance for the fiscal year ending September 30, 2010. This action is being taken as a result of weaker than expected operating results for the second quarter ending March 31, 2010, based on preliminary results to date. Separately, Meridian announced that it will file a 510(k) for FDA marketing clearance next week in connection with its illumigene(TM) C. difficile product.

Fiscal 2010 Revised Guidance

Net sales are now expected to be between \$145 million and \$153 million, compared to the previous guidance range of \$160 million to \$165 million. Diluted earnings per share is expected to be between \$0.70 and \$0.80, compared to the previous guidance range of \$0.90 to \$0.95. For fiscal 2009, Meridian reported net sales of \$148.3 million and diluted earnings per share of \$0.80. These estimates do not include any impact from the expected market introduction of *illumigene* or any other new products.

Fiscal 2010 Second Quarter Preliminary Outlook

Based on operating results to date, second quarter net sales are expected to be between \$30 million and \$33 million and diluted earnings per share between \$0.13 and \$0.15. Meridian does not provide sales and earnings guidance on a quarterly basis. However, analyst estimates for net sales range from \$37.2 million to \$39.0 million (consensus median estimate of \$38.6 million) and diluted earnings per share estimates range from \$0.21 to \$0.22 (consensus median estimate of \$0.22). During the same period of the prior fiscal year, net sales were \$33.3 million and diluted earnings per share were \$0.18.

Financial Condition

The Company's financial condition is sound. At December 31, 2009, current assets were \$116.2 million compared to current liabilities of \$13.5 million, thereby producing working capital of \$102.7 and a current ratio of 8.6. Cash and short-term investments were \$66.7 million and the Company had 100% borrowing capacity under its \$30 million commercial bank credit facility. The Company has no long-term-debt obligations outstanding.

Cash Dividends

The current indicated annual cash dividend rate is \$0.76 per share. Although the declaration of quarterly cash dividend amounts rests with Meridian's Board of Directors, it is management's intention to recommend that the current cash dividend rate be maintained. Meridian has increased its regular cash dividend rate nineteen times since it established a regular dividend in 1991. Guided by the Company's policy of setting a payout ratio of between 75% and 85% of each fiscal year's expected net earnings, the actual declaration and amount of dividends will be determined by the Board of Directors in its discretion based upon its evaluation of earnings, cash flow requirements and future business developments, including acquisitions.

Business Commentary

Meridian's reportable segments are U.S. Diagnostics, European Diagnostics, and Life Science. The following business commentary is intended to provide the financial community and shareholders with additional information regarding recent business conditions and future expectations.

- *U.S. and European Diagnostics*: The U.S. Diagnostics operating segment consists of manufacturing operations in Cincinnati, Ohio and the sale and distribution of diagnostic test kits in North America, South America, and the

Pacific Rim. The European Diagnostics operating segment consists of the sale and distribution of diagnostic kits in Europe, Scandinavia, Africa, and the Middle East.

- Upper Respiratory products, which had increased by 83% for the twelve month period ending December 2009, declined sharply during the second quarter. The H1N1 pandemic came to an abrupt end in early December, resulting in a collapse in order volumes and a likely overstock situation in many laboratories. As a result, our expectations for this product category have been lowered for the balance of this year.
- *C. difficile* products, which accounted for over 25% of global diagnostics revenues for fiscal 2009, suffered a decline in the first half of fiscal 2010 due principally to increased competition from traditional immunoassay companies plus emerging new molecular diagnostic methods. In addition, the overall *C. difficile* market, which had been experiencing test unit growth in excess of 5% per year, declined by approximately 5%. The introduction of Meridian's *illumigene* molecular *C. difficile* product later this fiscal year, combined with its market leading position in toxin testing for *C. difficile*, will provide a strong competitive response.
- Foodborne testing products have continued to grow and the Company believes that this emerging market will maintain its double-digit pace as more laboratories and physicians recognize the enormous benefits of rapid testing to patients and labs.
- *H. pylori* products are also expected to continue growing as managed care agencies continue to support test and treat strategies for patients with *H. pylori* infections who would ordinarily be prescribed symptom relieving drugs (PPIs).
- *Life Science*: The Life Science operating segment consists of manufacturing operations in Memphis, Tennessee; Saco, Maine; and Boca Raton, Florida, and the sale and distribution of bulk antigens, antibodies and bioresearch reagents domestically and abroad. The Life Science operating segment also includes the contract development and manufacture of cGMP clinical grade proteins and other biologicals for use by biopharmaceutical and biotechnology companies engaged in research for new drugs and vaccines. Meridian Life Science revenues are up versus the prior period and are on course for a double-digit increase for the quarter. Pipeline activity has been very positive and the outlook is strong for this business unit.

illumigene Update

Clinical trials for the *illumigene C. difficile* test were conducted at five sites. The trials have now been completed successfully and the data has been analyzed. The 510(k) for FDA marketing clearance in connection with Meridian's *illumigene C. difficile* product will be filed with the FDA on or about March 22, 2010. Shortly following the FDA submission, this new, simple to use molecular amplification product will be launched in markets outside the United States early in the third quarter. The *illumigene* molecular-based platform will be an important, new and complementary technology for diagnostic tests to be introduced in the future. *illumigene* is based on DNA amplification utilizing the loop amplification (LAMP) technology.

Fiscal 2011 Preliminary Outlook

As is customary, Meridian expects to provide its net sales and earnings guidance in late August or early September following its formal business planning exercise for fiscal 2011. However, based on current business trends and outlook, as well as expected new product development and introductions, including *illumigene*, management intendsto provide a preliminary outlook on fiscal 2011 following the international launch of *illumigene* scheduled for April 2010.

Company Comments

John A. Kraeutler, Chief Executive Officer, said, "To date, the second quarter of fiscal 2010 has been a disappointment. The lack of a respiratory season greatly slowed the momentum that we had been building in our new TRU FLU^(R) and TRU RSV^(R) testing products. We believe that, due to the abrupt end to the H1N1 pandemic, lab and distributor inventories of these types of rapid flu tests are higher than normal and that this may impact purchases ahead of the next season. *C. difficile* revenue growth slowed in the first quarter; however we expected a rebound in the second quarter without the distraction of swine flu testing demands. This market has been chaotic due to increased competition from

traditional immunoassays and from newer molecular methods as they attempt to take share from existing technologies. Our response will be the launch of *illumigeneC. difficile*. The results from our clinical trials exceeded our expectations for the technology's performance and the simplicity of its workflow will make *illumigene* an ideal technology platform for the infectious disease lab. Going forward, we will continue to invest in the growth drivers of the business as we continuously address opportunities for upgrading our capabilities. Our balance sheet is solid and cash flow is strong. We have accelerated our efforts to identify and investigate potential acquisitions that fit our long-term growth strategies. Costs are under close control as we continue to look for ways to improve manufacturing and other efficiencies. As we look forward to the balance of fiscal 2010 and beyond, the focus will be to improve sales and marketing effectiveness, bring the *illumigene* platform to market, and develop new products."

Forward Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor from civil litigation for forward-looking statements accompanied by meaningful cautionary statements. Except for historical information, this report 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, which may be identified by words such as "estimates", "anticipates", "projects", "plans", "seeks", "may", "will", "expects", "intends", "believes", "should" and similar expressions or the negative versions thereof and which also may be identified by their context. Such statements, whether expressed or implied, are based upon current expectations of the Company and speak only as of the date made. The Company assumes no obligation to publicly update or revise any forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized. These statements are subject to various risks, uncertainties and other factors that could cause actual results to differ materially, including, without limitation, the following: Meridian's continued growth depends, in part, on its ability to introduce into the marketplace enhancements of existing products or new products that incorporate technological advances, meet customer requirements and respond to products developed by Meridian's competition. While Meridian has introduced a number of internally developed products, there can be no assurance that it will be successful in the future in introducing such products on a timely basis. Ongoing consolidations of reference laboratories and formation of multi-hospital alliances may cause adverse changes to pricing and distribution. Recessionary pressures on the economy and the markets in which our customers operate, as well as adverse trends in buying patterns from customers can change expected results. Costs and difficulties in complying with laws and regulations administered by the United States Food and Drug Administration can result in unanticipated expenses and delays and interruptions to the sale of new and existing products. Changes in the relative strength or weakness of the U.S. dollar can also change expected results. One of Meridian's main growth strategies is the acquisition of companies and product lines. There can be no assurance that additional acquisitions will be consummated or that, if consummated, will be successful and the acquired businesses successfully integrated into Meridian's operations. The Company cannot predict the possible effects of potential healthcare reform in the United States and similar initiatives in other countries on its results of operations. In addition to the factors described in this paragraph, Part I, Item 1A Risk Factors of our Form 10-K contains a list and description of uncertainties, risks and other matters that may affect the Company.

Meridian is a fully integrated life science company that manufactures, markets and distributes a broad range of innovative diagnostic test kits, purified reagents and related products and offers biopharmaceutical enabling technologies. Utilizing a variety of methods, these products and diagnostic tests provide accuracy, simplicity and speed in the early diagnosis and treatment of common medical conditions, such as gastrointestinal, viral and respiratory infections. Meridian's diagnostic products are used outside of the human body and require little or no special equipment. The Company's products are designed to enhance patient well-being while reducing the total outcome costs of healthcare. Meridian has strong market positions in the areas of gastrointestinal and upper respiratory infections, serology, parasitology and fungal disease diagnosis. In addition, Meridian is a supplier of rare reagents, specialty biologicals and related technologies used by biopharmaceutical companies engaged in research for new drugs and vaccines. The Company markets its products and technologies to hospitals, reference laboratories, research centers, veterinary testing centers, physician offices, diagnostics manufacturers and biotech companies in more than 60 countries around the world. The Company's shares are traded

through NASDAQ's Global Select Market, symbol VIVO. Meridian's website address is www.meridianbioscience.com.

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