

# QIAGEN Fourth Quarter 2004 and Fiscal 2004 Year-End and Guidance 2005 Conference Call

February 15, 2005



## February 2005 – Q4 2004 and 2005 Guidance Call



### Our Mission

As the innovative market and technology leader, QIAGEN creates indispensable solutions that set standards in enabling access to content from any biological sample.

Our mission is to enable our customers to achieve outstanding success and breakthroughs in research, applied markets, drug development and molecular diagnostics. We thereby make improvements in life possible.

Our commitment to the markets we serve drives our innovation and leadership in all areas where solutions such as sample collection, stabilization, separation, purification, storage, handling and processing are required.

The exceptional talent, skill and passion of our employees are key to QIAGEN's excellence, success and value.

We create indispensable solutions  
that enable access to content from any biological sample



## Call Outline



February 15, 9:30 am EST, 14:30 GMT, 15:30 MET

### Fourth Quarter 2004 and 2005 Guidance Conference Call

Held as part of the 2005 Analyst Day at QIAGEN

Conference Call Outline:

**1) 20 min Presentation**

Peer M. Schatz, CEO  
Roland Sackers, CFO  
Dr. Solveigh Mähler, Director IR

**2) 40 min Q&A session**

Due to time restrictions we would like to ask for a maximum of TWO questions per caller.



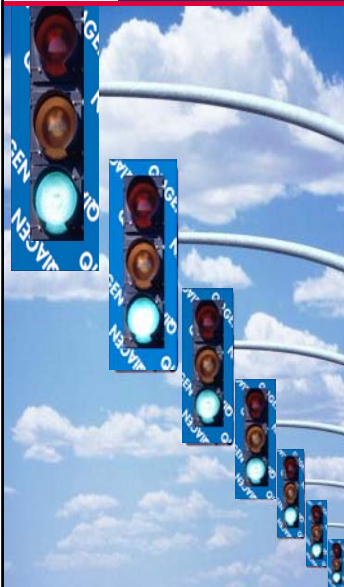
## Call Outline

*Safe Harbor Statement: Certain of the statements contained in this presentation may be considered forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. To the extent that any of the statements contained herein relating to QIAGEN's products and markets and operating results are forward-looking, such statements are based on current expectations that involve a number of uncertainties and risks. Such uncertainties and risks include, but are not limited to, risks associated with management of growth and international operations (including the effects of currency fluctuations), variability of operating results, the commercial development of the DNA sequencing, genomics and synthetic nucleic acid-related markets, as well as the nucleic acid-based molecular diagnostics and genetic vaccination and gene therapy markets, competition, rapid or unexpected changes in technologies, fluctuations in demand for QIAGEN's products (including seasonal fluctuations), difficulties in successfully adapting QIAGEN's products to integrated solutions and producing such products, the ability of QIAGEN to identify and develop new products and to differentiate its products from competitors, and the integration of acquisitions of technologies and businesses. For further information, refer to the discussion in reports that QIAGEN has filed with or furnished to the U.S. Securities and Exchange Commission (SEC).*

*Note: The following slides contain certain summary information about QIAGEN N.V.'s operating income, net income, and earnings per share for the fourth quarter and fiscal 2004, and the comparable periods of 2003, which information is presented on a "non-GAAP financial measures" basis rather than in accordance with U.S. generally accepted accounting principles ("GAAP"). Please review QIAGEN's press release dated February 14, 2005, for information on the company's operating income, net income, and earnings per share for these periods presented on a GAAP basis. Such GAAP-basis information will also be contained in the company's report on Form 20-F to be filed with the U.S. Securities and Exchange Commission.*



## Highlights of Q4 2004



	Guidance	Actual	
Revenues in US\$ millions	93-95	95.5	<i>exceeded</i>
EPS (US-GAAP!)	0.09-0.10	0.11	<i>exceeded</i>

- Q4 2004 Cash EPS: \$0.16/share
- Powered by organic growth and innovation
- Market and technology leadership is expanding
- \$ 227 million cash, strong cash flow
- Great basis for a strong 2005

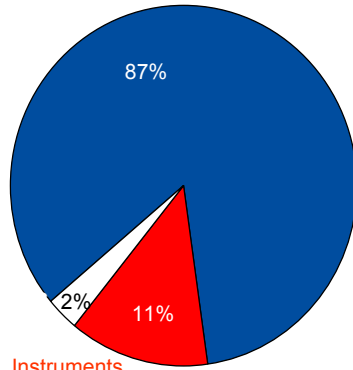
**Delivering – reliable – exceeding targets**



## Fiscal 2004 Revenue Distribution

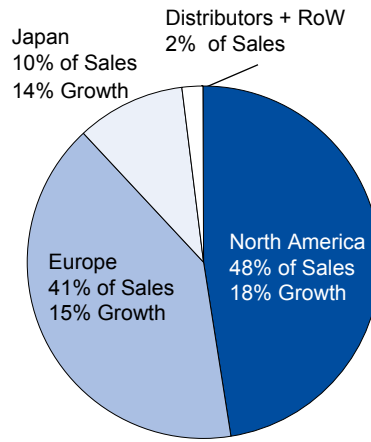
### Consumables

- 18% organic growth yoy



### Instruments

- 16% growth yoy
- great growth (~30%) in BioRobots
- sales of robots under OEM declined



## 2004 Great Year – Tremendous Progress



- Exceeded targets, beating estimates
  - Exceeded revenue forecasts
  - Exceeded EPS forecasts
  - Accelerating momentum
- Strong, focused engine. Operational excellence
  - Lean, fully integrated operations
  - relocations/concentrations are leveraging infrastructure
  - ISO, GMP, 6σ etc.
  - Complete/global SAP, CRM and logistics IT
  - paving the way in regulated molecular diagnostics

**A winning strategy – great execution**



## 2004 Great Year – Tremendous Progress

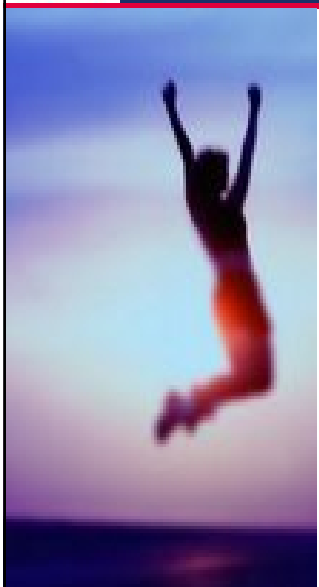


- Created detailed growth strategy, now implementing
  - One company, one mission: preanalytical solutions
  - Aligned strategy with tactics in sales and marketing
  - New: customer alignment in sales and marketing
  - New leadership in marketing, revamping
  - Kickoff of 2005 was a great success
- Innovation
  - New cross-departmental innovation teams
  - Over 30 products introduced in 2004
  - Full product pipeline for 2005 and 2006
  - Added 290 patents in 2004
  - Acquisition of Molecular Staging huge success
  - Great M&A opportunities

**Focused Strategy + Innovation**



## 2004 Great Year – Tremendous Progress



- Organic growth upsides – process excellence
  - Better portfolio
  - Real change in capabilities
  - Consistent, repeatable process to create growth
- Strong basis
  - Cultural Stability
  - Continuing process optimization (SAP Business Warehouse upgrade, e-commerce integration)
  - QIAGEN's talent potential, Performance Enhancement Systems
  - QIAGEN as a preferred employer
  - Global competence network (S&M and R&D)

**Cultural Stability + Improved Processes = Great Basis**





## January 12, 2005: QProteome Leadership in Protein Sample Preparation



Creates fractions  
(subgroups) of  
interest

- 2005 market size: US\$ 35 million
- Emerging, approx 50% growth
- Market dominated by home-brew
- Perfect fit
- Already leader in recomb. protein prep
- Extensive test marketing in 2004
- >5 tech-alliances around QProteome
- Jan 2005: QIAGEN introduces the leading portfolio for protein fractionation
- A lot more to come
- Same touch and feel, same customer

**New: Leadership in Protein Fractionation**

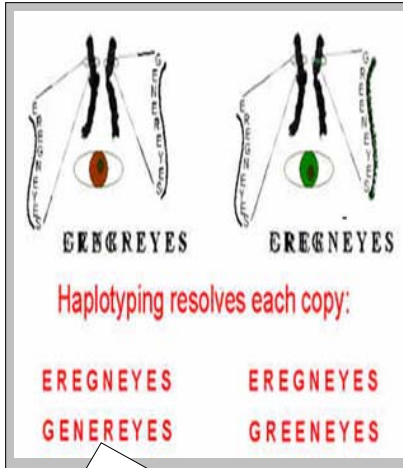


## February 1, 2005: Protodyne Alliance

1 sample/day	200	600	> 600
BioSprint EZ1 \$15,000- 30,000	BR M48 - M96 BR 3000 \$40,000-80,000	BR 8000 and MDx \$70,000 and up	Protodyne BioCube System

January 2005: Partnered uHT segment,  
Invested \$2 million, exclusive marketing  
Great molecular diagnostics pipeline

**Complete Automation Product Line is Key in Clinical Research and Diagnostics**



Mutation! HSE makes it detectable

- Chromosomes come in 2 copies (diploid)
  - one copy from each parent
- SNPs/mutations can be on any one copy
- Genotyping resolution often very low!
- HSE: separates chromosomes (core)
  - Broad application to any polymorphic gene that has high complexity where the paternal gene contribution needs to be identified
  - Creates huge increase in resolution
  - Resolution key in Dx!
- Integrates with DNA purification
- Runs on our instruments
- Testmarket phase in HLA market in 2004
- Developed at Princeton, Generation Biotech



### Academic Research Markets (45% of sales):

- Huge value of standards as research globalizes
- Meeting new guidelines and regulations
- Addressing new disciplines of science
- Systems biology, QIAGEN is key supplier, building

### Pharma and Biotech (35% of sales):

- Professional selling established
- Following dissemination of life sciences
- Clinical research: expanding leadership
- Translational research key
- New regulations big plus for QIAGEN, driving change



## Customer Segment Dynamics in 2005



### Molecular Diagnostics (20% of sales):

- Reliable: partnering since 1992, now great growth!
- Focused: > \$70 million in sales in diagnostics
- Delivering: major (regulated) pipeline in 2005
- Expanding: expanding GenoVision HLA range
- Investing: over 100 clinical trials using QIAGEN
- Investing: over 50 clinical trials involving PreAnalytiX
- Investing: over 15 partners in diagnostics (!)
- Investing: new, separate sales and marketing force
- Investing: leading/active in regulatory initiatives (e.g. Personalized Medicine Coalition February 2005)

**Setting standards – great potential**



## Markets by Customer/Geography



	North America		Europe		Asia	
	2004	2005	2004	2005	2004	2005
Academia	→	→	↓	→	↓	→
Pharma/Biotech	↑	↗	→	↗	→	↗
Diagnostics	↗	↑	↗	↑	↗	↗

- Academia: budget growth varies, use of QIAGEN products is spreading into new areas/new budgets
- Pharma/Biotech: growth is back. Pharmacogenomics, toxicogenomics, theranostics etc. are for real
- Applied testing (biodefense, forensics, veterinary, food etc)
- Diagnostics: expanding menu = momentum!

**A winning strategy – great execution**





## Strong Sales and Marketing Force



## Outlook into 2005



FY 2005 Guidance	Range	Growth*
Revenues	414 - 422	16%
Op Income	99 - 110	28%
EPS (Cents, GAAP)	44 - 47	26%

14% organic

\* excl. synthetic DNA business

- Market trends
  - Growth in Pharma and in Biotech ( Growth >15%)
  - MDx markets continue to grow (Growth >30%)
  - Public funding continues robust growth (Growth >8%)
- Accelerating in 2005!
  - Solid top line growth
  - Strong cash flow
  - Strong EPS expansion
- We see upside potential
  - Acquisition opportunities
  - Continued improvement in Japan



## Growth by Product Category



	Growth CER 2004	expected Growth 2005
Consumables	12%	17%
Instruments	10%	12%
Others	-26%	-38%

- > 35 new consumable products planned in 2005 – all in core
- Instruments include sales also to diagnostic partners
- In 2004, many “Others” offerings were discontinued (->focus)



## Outlook



Excellent  
financial  
performance

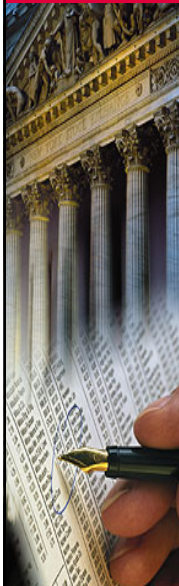
Expanding  
returns

- Leverage existing leadership
- Focus the Company on the future
- Change is a constant

Increasing  
market and  
technology lead

Faster  
growth rate

**QIAGEN – Our Leadership is Delivering for You**



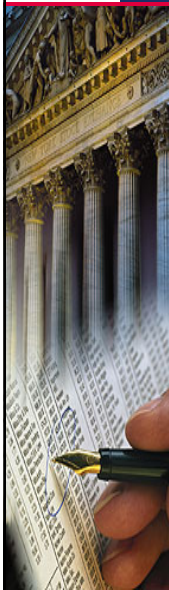
## 2004 Financials

	2003 Q4	2004			
		Q1	Q2	Q3	Q4
		<b>Exceeded</b>	<b>Exceeded</b>	<b>In line</b>	<b>Exceeded</b>
Revenues Reached (US\$ mio)	95	96	99	90	96
Guidance range		95 ↑ 93	98 ↑ 96	92 ↑ 89	95 ↑ 92
		<b>High End</b>	<b>High End</b>	<b>High End</b>	<b>Exceeded</b>
EPS Reached (US\$)*	0,09	0,08	0,10	0,10	0,11
Guidance range		0,08 ↑ 0,07	0,10 ↑ 0,09	0,10 ↑ 0,09	0,10 ↑ 0,09

\* excluding acquisition, relocation and restructuring related charges



## QIAGEN Fourth Quarter 2004



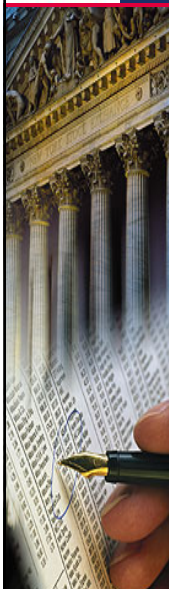
In US\$ millions unless indicated	Q4 2004	Q4 2003	Growth
Net Sales	95.5	95.1	0%
Net Sales*	95.5	84.9	13%
Operating Income Margin (%)**	24%	22%	
Operating Income	22.3	16.2	38%
Operating Income**	22.6	21.3	6%
Net Income	15.8	9.0	76%
Net Income**	16.4	13.0	26%
EPS in US\$ per share	0.11	0.06	83%
EPS in US\$ per share**	0.11	0.09	22%

\* excluding synthetic DNA business unit

\*\* excluding acquisition, relocation and restructuring related charges



## QIAGEN Fourth Quarter Segment Revenue Growth



Higher bulk siRNA revenues in Q4 2003

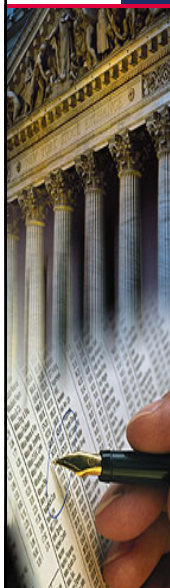
Instrument OEM business moved to 2005

	Q4 2004	Q4 2004 CER
Consumables	14%	9%
Consumables excl. siRNA deal in Q4 2003	18%	13%
Instruments	18%	13%
Others	-42%	-47%
Total	13%	8%
Total excl. siRNA deal in Q4 2003	16%	11%

All figures based on revenues excluding synthetic DNA business unit



## QIAGEN Fourth Quarter 2004

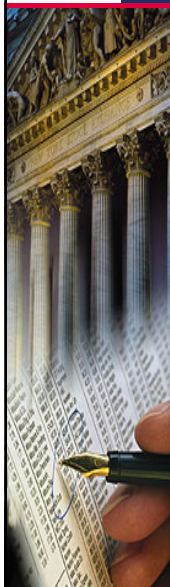


in % of revenues	2004 Q4		2003 Q4		Growth Rates	
	Reported	Constant Currency	Reported	Constant Currency	Reported	Constant Currency
Gross profit	67%	68%	63%	67%	7%	3%
Gross profit*	67%	68%	67%	67%	1%	-2%
Operating income	23%	24%	17%	22%	38%	37%
Operating income*	24%	25%	22%	22%	6%	6%
Net income	17%	17%	9%	14%	76%	74%
Net income*	17%	18%	14%	14%	26%	24%
EPS in US\$ per share	0.11	0.11	0.06	0.09	83%	83%
EPS* in US\$ per share	0.11	0.11	0.09	0.09	22%	22%

\* excluding acquisition, relocation and restructuring related charges



## QIAGEN Fiscal 2004



In US\$ millions unless indicated	Fiscal 2004	Fiscal 2003	Growth
Net Sales	380.6	351.4	8%
Net Sales*	360.3	309.2	17%
Operating Income Margin (%)**	24%	22%	
Operating Income	84.1	68.9	22%
Operating Income**	90.0	75.6	19%
Net Income	48.7	42.9	14%
Net Income**	57.3	46.4	23%
EPS in US\$ per share	0.33	0.29	14%
EPS in US\$ per share**	0.39	0.32	22%

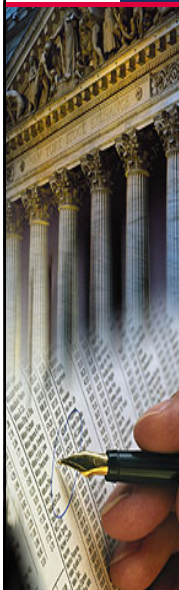
\* excluding synthetic DNA business unit

\*\* excluding acquisition, relocation and restructuring related charges





## QIAGEN Fiscal 2004 Segment Revenue Growth

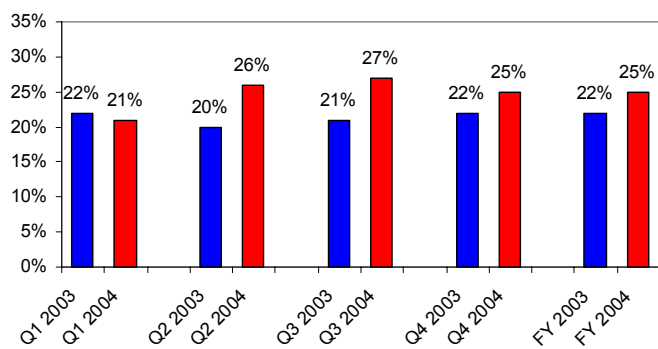


	FY 2004	FY 2004 CER
Consumables	18%	12%
Instruments	16%	10%
Others	-16%	-26%
<b>Total</b>	<b>17%</b>	<b>11%</b>

All figures based on revenues excluding synthetic DNA business unit



## Operating Margin Improvement under constant currencies

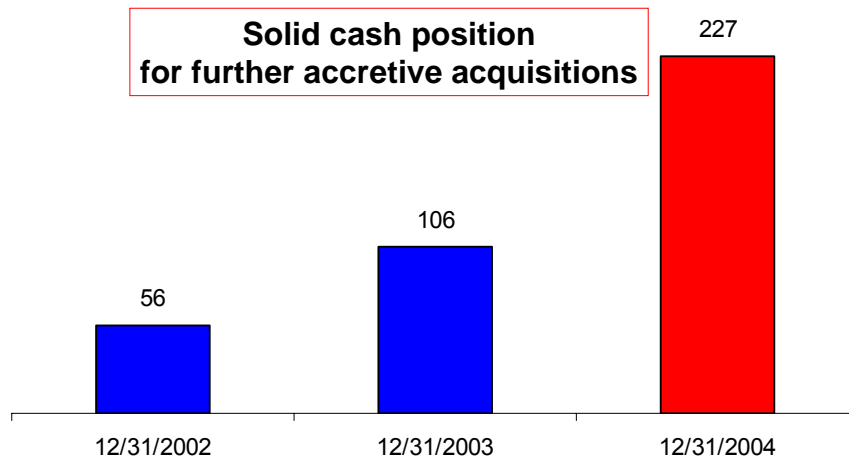


\* all figures excluding acquisition, relocation and restructuring related charges



## QIAGEN Strong Cash Position

In US\$ millions



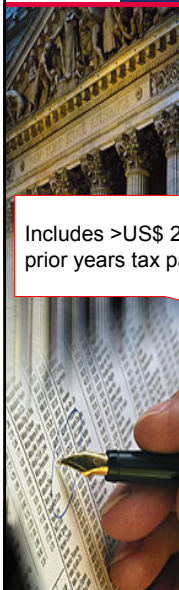
## QIAGEN Cash Flow Statement

Includes >US\$ 20 mio  
prior years tax payments

In US\$ millions unless indicated	2004	2003
Operating Cash Flow	53.8	64.1
Investing Cash Flow	-51.1	-14.1
Thereof purchase of marketable securities (net)	-23.1	
Financing Cash Flow	95.6	-1.9
<b>Net Cash Flow</b>	<b>97.4</b>	<b>54.1</b>
Net Cash Flow Margin	26%	15%



## QIAGEN Cash Flow Statement



Includes >US\$ 20 mio prior years tax payments

In US\$ millions unless indicated	2004	2003
Net Income	48.7	42.9
Depreciation & Amortization	23.0	25.8
Working Capital & Others	-17.9	-4.6
Cash from Operations	53.8	64.1
Capital Expenditures	12.6	19.6
Free Cash Flow	59.1	49.1



## QIAGEN – Managing Working Capital

	Q4 03	Q1 04	Q2 04	Q3 04	Q4 04
Inventory Days	185 <sup>1</sup>	184	180 <sup>2</sup>	177	173
Receivables - DSO	63	65	61	65	67

<sup>1</sup> Excluding approx. \$3.6 million restructuring charges in COGS

<sup>2</sup> Adjusted to MBO of synthetic DNA business unit, including MBO 160 days





## Employees December 31, 2004

	US/Can	Europe	Japan	RoW	Total 2004	Total 2003	Growth
<b>Production</b>	74	252			326	470	-31%
<b>R&amp;D</b>	11	265			276	269	3%
<b>Sales</b>	177	209	28	15	429	481	-11%
<b>Marketing</b>	34	59	5		98	104	-6%
<b>Admin</b>	55	131	4	3	193	229	-16%
<b>Total</b>	351	916	37	18	1322	1553	-15%

Reflects sale of  
Operon business



## 2005 Guidance



## Summary Income Statement 2004 - 2005

>14% organic growth



Continued operating margin improvement

	2004*	2005E	Growth%
Revenues (US\$ mio)	360	414 - 422	~16%
Operating Margin**	23%	24 - 26%	~28%
EPS in US\$ per share**	0.36	0.44 - 0.47	~26%

\* excluding synthetic DNA business unit

\*\* excluding synthetic DNA business and charges related to acquisition, relocation and restructuring

EPS excluding equity-based compensation expenses starting Q3 2005 which will impact operating income by approx. 50 bps and EPS by approx. one to two cents for the rest of the year



## 2005 Quarterly Revenue Guidance

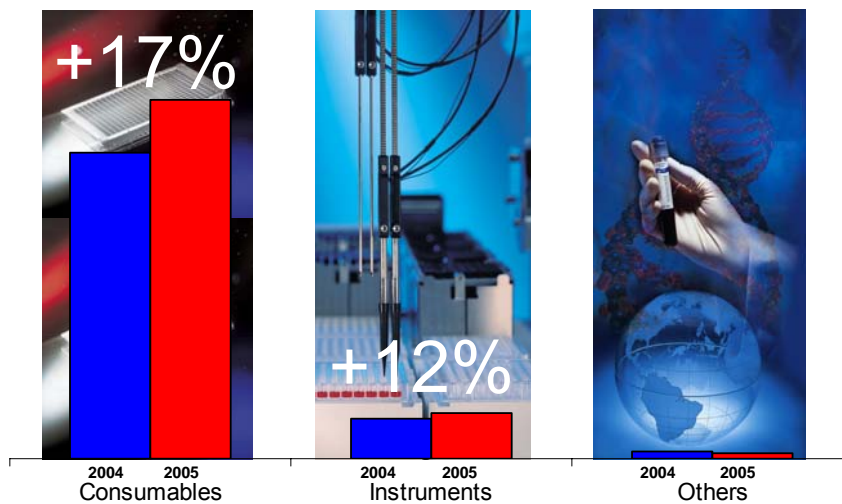
	Q1 2005E	Q2 2005E	Q3 2005E	Q4 2005E
Revenues (US\$ mio)	95 - 97	101 - 103	107 - 109	111 - 113
Operating Income	21 - 23%	22 - 24%	24 - 26%	26 - 28%
EPS in US\$ per share	~0.09	0.10 - 0.11	0.11 - 0.13	0.13 - 0.14

EPS excluding equity-based compensation expenses starting Q3 2005 which will impact operating income by approx. 50 bps and EPS by approx. one to two cents for the rest of the year



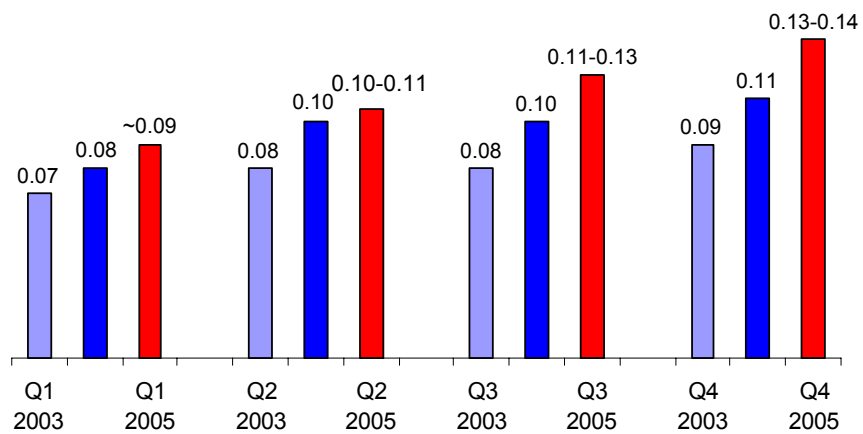


## Product Group Revenue Growth Guidance



## QIAGEN Group Quarterly EPS Growth 2003 - 2005

in US\$



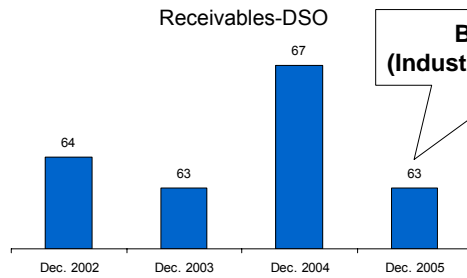
\* all figures excluding acquisition, relocation and restructuring related charges



## Managing Working Capital



Continuous decrease in Inventory Days

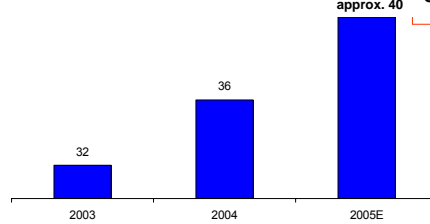


Back to 63 DSO (Industry standard 70 days)



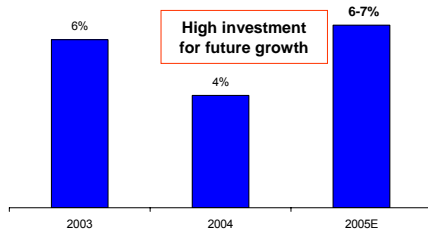
## QIAGEN Group R&D and Capital Expenditures

### R&D Expenses (MUSD)



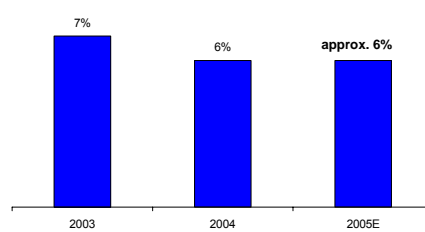
CAGR 12%

### CAPEX as % of sales



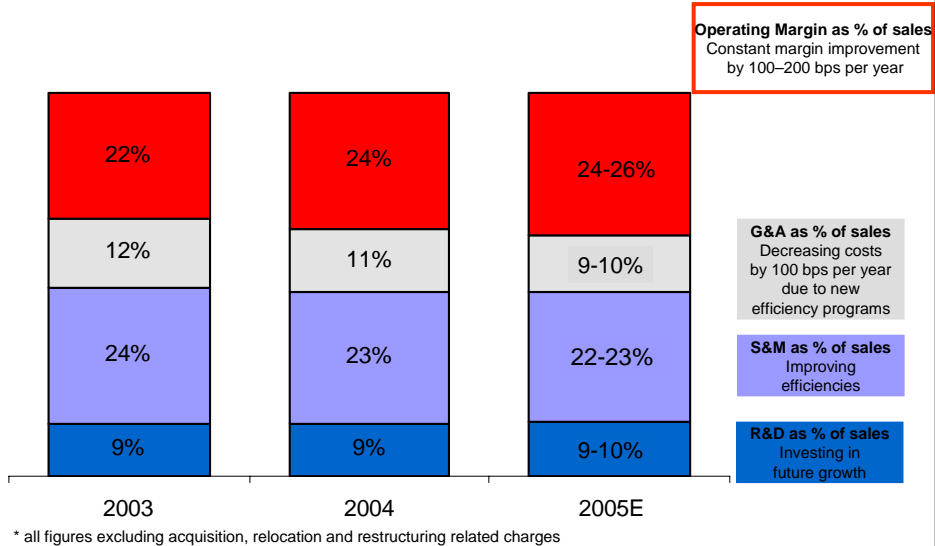
High investment for future growth

### Depreciation as % of sales

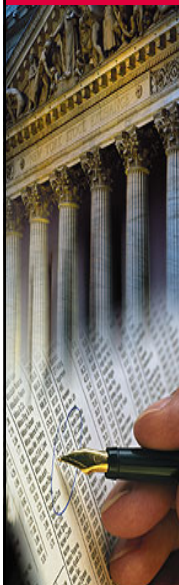




## QIAGEN Group Strong Margin Improvement



## QIAGEN Non Operational Excellence



- Raised US\$ 150 mio, 1.5% p.a.
- Repaid US\$ 52 mio in liabilities with interest rates up to 3.75%
- Strong Cash Flow

➔ Financial strength  
to act on arising exciting acquisition  
opportunities



## QIAGEN Preliminary Conference Calendar 2005

March 17, 2005	SG Cowen, 25th Annual Healthcare Conference, Boston
March 18, 2005	Deutsche Bank, Mid-Cap Conference, London
March 30, 2005	Lehman Brothers, Global Healthcare Conference, Miami Beach
May 2 - 4, 2005	Deutsche Bank, Global Healthcare Conference, Baltimore
May 4 - 6, 2005	Morgan Stanley, 3rd Annual Global Healthcare Conference, Miami
May 10, 2005	Bear Stearns European Healthcare Conference, London
May 10 - 12, 2005	Robert W. Baird, Growth Stock Conference, Chicago
May 17, 2005	Merrill Lynch 2nd Mid Cap Conference, London
June 10, 2005	Deutsche Bank, German Corporate Conference, Frankfurt
June 13 - 16, 2005	Goldman Sachs Annual Healthcare Conference, Laguna Niguel



## QIAGEN Financial Calendar 2005

May 02, 2005	QIAGEN Q1 2005 Earnings Release
June 14, 2005	QIAGEN AGM, Venlo, the Netherlands
August 08, 2005	QIAGEN Q2 2005 Earnings Release
November 7, 2005	QIAGEN Q3 2005 Earnings Release