

QIAGEN Q4 2016 CONFERENCE CALL TRANSCRIPT

February 2, 2017



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JOHN GILARDI: Thank you and welcome to all of you, and we appreciate you taking the time to join us for this call tonight.

Our speakers today are Peer Schatz, the Chief Executive Officer of QIAGEN, and Roland Sackers, the Chief Financial Officer. Also joining us is Dr. Sarah Fakih from our IR team.

(SLIDE 2: FORWARD LOOKING STATEMENTS)

JOHN GILARDI: On slide 2, you see the Safe Harbor statement explaining that the discussion and responses to your questions on this call reflect management's view as of today, February 2, 2017.

We will be making statements and providing responses to your questions that state our intentions, beliefs, expectations, or predictions of the future and these constitute forward-looking statements for the purpose of the Safe Harbor provisions. These statements involve risks and uncertainties that could cause actual results to differ materially from those projected. QIAGEN disclaims any intention or obligation to revise any forward-looking statements. For more information, please refer to our filings with the U.S. Securities and Exchange Commission. We will also be referring to certain financial measures not prepared in accordance with generally accepted accounting principles. You can find a reconciliation of these figures to GAAP in the press release and the presentation for this call.

With that, I would like to now hand over to Peer.

(SLIDE 4: FULL-YEAR 2016 OVERVIEW)

PEER SCHATZ: Thank you, John, and I would like to welcome all of you to this conference call.

As you saw in the press release and in our presentation, our results for the fourth quarter and the full year show an accelerating performance during 2016. Our transformation is building momentum as we move ahead on a new growth trajectory, and we are seeing the benefits of strengthening our position as a global leader for Sample to Insight solutions. We are determined to build on this success, and make significant progress in 2017.

Let me go through our key messages:

First, we achieved our targets for the fourth quarter and for 2016. On a full year basis, net sales rose 6% at constant exchange rates, which was in line with our guidance for 6-7% CER growth, and were up 4% at actual rates due to two percentage points of currency headwinds. Sales grew at a faster 8% CER rate when you exclude the declining sales of HPV tests in the U.S.

In terms of adjusted diluted earnings per share at constant exchange rates, they were 90 cents for the year, or one dollar and 14 cents per share excluding the restructuring charge of 24 cents recorded in the fourth quarter to deliver efficiencies while sustaining our sales momentum. This was above our target for one dollar and 10 cents to one dollar and 11 cents per share at constant exchange rates.

For the fourth quarter, net sales were up 8% CER, but we faced 3 percentage points of currency headwinds given the significant year-end shifts in rates. Adjusted diluted earnings per share excluding the restructuring charge were 41 cents at constant exchange rates, and the adjusted operating income margin excluding the charge was 31%, which is among the best in our industry.

Second, QIAGEN's transformation is building momentum across our Sample to Insight portfolio. The results for the fourth quarter, and also the accelerating performance during the year, were important steps toward achieving the new goals we have set for QIAGEN to excel toward 2020, and that we announced at our investor day in November. Those are for compound annual growth in net sales of about 7-9% CER from 2016 to 2020, and adjusted EPS growth of at least 12% CER during that same period. This positions QIAGEN as among the fastest growing companies in our sector.

During this transformation, we have placed priority on several areas of high growth and differentiation within our portfolio to address urgent customer needs. This includes the QuantiFERON latent TB test, a key growth driver. Our teams delivered worldwide growth above the 25% CER target for QuantiFERON, and the fourth-generation of this test was submitted for U.S. approval.

(SLIDE 4: FULL-YEAR 2016 OVERVIEW)

PEER SCHATZ: We are also pleased to have reached our target for 55-60 new placements of the GeneReader NGS System in the market segment for benchtop NGS systems for oncology applications. In fact, we exceeded our goal for at least 10% of new placements in this segment. This is a great result for a system that is primarily used in clinical and clinical research settings, which normally need long validation periods. We look forward to rolling out the comprehensive enhancements and new gene panels announced for 2017.

Related to our initiatives in next-generation sequencing and Bioinformatics, in January we announced the acquisition of OmicSoft, a privately held company in the U.S. that complements our industry-leading bioinformatics portfolio. OmicSoft markets a suite of tools that allow customers to analyze and manage very large NGS data sets in a research setting that increasingly benefits from the power of data sharing.

Third, we are committed to increasing returns and creating significant value. Our conviction about the power of this transformation was shown through our decision in 2016 to set a goal to return 300 million dollars to shareholders by the end of 2017. The first tranche was completed in January with the return of about 245 million dollars through the synthetic share repurchase, and we intend to return the balance of the 300 million dollars through open-market repurchases during the year.

Finally, we are reaffirming the guidance for 2017 that we shared with you in November. On a full-year basis, we continue to expect about 6-7% CER sales growth, and this incorporates the modest incremental contributions from the OmicSoft acquisition. Our guidance for adjusted diluted earnings per share also remains at 1.25-1.27 dollars per share at constant exchange rates, excluding the anticipated 3 cents of restructuring costs for 2017.

(SLIDE 4: FULL-YEAR 2016 OVERVIEW)

PEER SCHATZ: As a last point, I would like to mention the leadership change mentioned in the quarterly report with the appointment of Thomas Schweins to be the head of the Life Science Business Area. Thomas has been with QIAGEN since 2004 and has been an integral part of our Executive Committee during this period.

Thomas has extensive industry experience based on his prior role as head of marketing and strategy at QIAGEN, where he was involved in managing our global Life Science business for many years, and also through his previous experience at Boston Consulting Group as well as Hoechst and Aventis.

Thomas is taking over from Brad Crutchfield, who unfortunately had to step down from this role for personal and family reasons, and is returning to California from his assignment at QIAGEN based in Germany.

We discussed whether Brad could continue in his role from the West Coast, but we felt this was just not possible.

So on behalf of my colleagues, and all of our employees around the world, I would like to wish Brad all the best in returning to the U.S.

(SLIDE 5: Q4 2016 KEY DEVELOPMENTS)

PEER SCHATZ: On slide 5, I would like to now update you on some of the key developments in the fourth quarter.

The QuantiFERON latent TB test reached an important milestone when the fourth generation of the test was submitted for pre-market approval by the U.S. Food and Drug Administration in early January. The recent guidelines from the World Health Organization and the U.S. Preventive Services Task Force provide an important tailwind for us and very recently, QuantiFERON was selected in a major government tender in South Korea as part of a national strategy to eliminate TB.

We are rolling out a comprehensive package of enhancements for the GeneReader NGS System, further streamlining workflow efficiency, enabling improved data output and shorter turnaround times – as well as significantly broadening our content offering, featuring a range of oncology panels and most importantly a channel for customized panel design.

I would like to now walk you through each of the key highlight areas in more detail.

(SLIDE 6: QUANTIFERON)

PEER SCHATZ: I am now on slide 6 to give you an overview of the QuantiFERON latent TB test.

QuantiFERON continues to be a very exciting opportunity for us and we saw growth accelerating to a new 25% CER pace for full-year 2016 and growing above this pace in the fourth quarter.

The submission of the fourth-generation test to the FDA is an important step in further driving the adoption of the test and its increased clinical benefits. This follows the successful 2016 launch of QuantiFERON-TB Plus in more than 60 countries across Europe, the Middle East, Africa, Asia and Latin America.

The fact that we submitted the fourth generation test in the U.S. is also a good indication that we were able to address the issues raised in an FDA warning letter we discussed with you last year and we believe this issue is now fully resolved.

During 2017 we will continue to create more awareness around latent TB testing and to participate in new national initiatives to eliminate tuberculosis such as in South Korea. In the latest milestone, QuantiFERON-TB has won a tender by the Republic of Korea Armed Forces for screening about 340,000 recruits during this year. This is just one example of many such initiatives we are pursuing and working on around the world.

We will also continue to strengthen our QuantiFERON sales team to further accelerate geographic expansion and to drive an even faster conversion of the market from skin tests to QuantiFERON-TB.

(SLIDE 7: NEXT GENERATION SEQUENCING)

PEER SCHATZ: I am now on slide 7 to update you on recent developments with the GeneReader NGS System, our complete Sample to Insight next generation sequencing workflow.

The GeneReader system is really the first purpose-built NGS platform for clinical panel testing, and the reception in 2016 was extremely positive. We targeted to achieve about 10 percent of the clinical oncology benchtop sequencing market in the first year, and we were very proud to announce that we met that target. We have now set a substantially increased target for 2017. GeneReader is the first fully integrated, complete NGS clinical workflow with predictable costs, actionable insights, expertise and services. It also provides great flexibility, and this allows even the lowest-throughput customers to start NGS sequencing with good economics, and also allows higher-throughput labs to address their gene panel needs.

Our goal for 2017 is to further accelerate the positive commercialization momentum we reached in 2016 and to fully leverage the benefits of the new system enhancements and the vastly broadened menu capabilities.

(SLIDE 8: GENEREADER NGS SYSTEM)

PEER SCHATZ: On slide 8 you can now see a more detailed overview of the GeneReader enhancements we announced earlier this month.

We are pleased to announce that the upgraded capabilities of GeneReader, which are spread across the new and vast content menu, exceed the competing solutions in terms of critical parameters, that matter the most in this segment:

We introduced new panel variant types to now also include detection of copy number variations, large rearrangements, exon skipping events and gene fusions. With the introduction of our proprietary Digital NGS technology we have boosted accuracy on the GeneReader NGS System to Q60 – meaning a 1,000-fold lower base call error rate than the current industry standard. In addition, we can now detect even the most complex mutations, and do so with both FFPE and liquid biopsy samples using the same gene panels. This eliminates the need for a specialist panel and significantly reduces the validation effort for every lab.

The comprehensive upgrade package also includes new sequencing chemistry that will become available during the first quarter of this year, higher data output per flow cell, a 20% higher sample throughput capacity and higher batch efficiency.

This is an important next step in the successful roll-out of the system one year after launch, keeping up to date with the evolution of the technology and we are confident the market is beginning to really understand the value proposition of the GeneReader NGS System as the first complete and economical Sample to Insight NGS system.

(SLIDE 9: PERSONALIZED HEALTHCARE)

PEER SCHATZ: On slide 9 I would now like to give you an overview of our Personalized Healthcare franchise. In 2016 we successfully surpassed the milestone of 20 master collaboration agreements for companion diagnostics with pharmaceutical companies and on the left you can see a selection of our pharma partners, who are running multiple programs with us.

In Personalized Healthcare we are leveraging our know-how, experience and development expertise to bring forward new solutions for patient stratification to capture about 50% of the available companion diagnostic deals. Our ambition going into 2017 is not just to further increase this share but also to expand our portfolio of tests beyond our current PCR and NGS focus.

We intend to broaden indications as well as platforms in our companion diagnostic deals and expand our track record in oncology, infectious disease and immune monitoring. One example of how we are doing this is the recently announced partnership we signed with Singulex, a U.S. based next-generation immunodiagnostic company.

This collaboration will add new multi-modal diagnostic solutions and highly sensitive platform technologies for our pharma partners to support clinical trial investigations for a number of disease areas that they are interrogating with immuno-assay diagnostics such as cardiovascular diseases, Immunology and inflammation.

(SLIDE 10: QIASYMPHONY)

PEER SCHATZ: I am now on slide 10 to update you on the QIASymphony automation system.

We exceeded our 2016 goal of 1,750 cumulative placements and have again achieved solid double-digit consumable growth.

Our strategy takes a geographic focus. In the United States we are primarily targeting areas such as transplantation testing, the needs of customers to automate laboratory-developed tests and higher-volume sample processing with a wide installed base upstream of many molecular detection methods such as PCR and next-generation sequencing. In Europe we are leveraging our broad PCR test menu, in addition to the opportunities for sample processing, and are adding new tests that will create greater value for customers.

Our goal is to maintain a solid annual placement rate and reach more than 2,000 cumulative placements at the end of 2017.

(SLIDE 11: DIFFERENTIATED TECHNOLOGIES)

PEER SCHATZ: I am now on slide 11 to review highlights of our Sample to Insight portfolio of Life Science products and workflows that support innovations at the cutting-edge of research.

Differentiated technologies refer to areas that we have identified in academic and other environments as core innovation areas that are building up a critical mass in scientific research, and have the potential to move into clinical use.

One example is liquid biopsies. Today, our market share in processing liquid biopsy samples is above 90%. At the core of this technology is really a sample processing challenge. We have an extremely strong position in this area for blood based on our workflows for unbiased DNA stabilization and purification with the PAXgene blood system, and this has been launched for full automation on the QIAAsymphony platform.

We also introduced new and highly specific QIAamp solutions for circulating free DNA that have an incredible DNA capturing efficiency. While our previous solutions already set a strong liquid biopsy gold standard, these new solutions exhibit a capturing efficiency at least three times higher than the performance of competitor products in direct head-to-head comparisons.

Microbiome is another area in which we have built up capacities in 2016, in particular with the successful integration of MO BIO. We have a market share here above 80% in sample processing, and during 2016 we introduced dedicated assays and bioinformatics solutions to create seamless Sample to Insight workflows.

A further initiative is in single-cell research, where we launched QI-Ascout in 2016 as a single-cell selector that integrates very nicely with our sample processing products as well as assays and bioinformatics solutions. This compact and cost-efficient device enables a significant number of labs to get involved in this area, and that will further drive democratization of single-cell technology.

We are developing various technologies to add to this portfolio, and we will keep you updated.

(SLIDE 12: OMICSOFT ACQUISITION)

PEER SCHATZ: On slide 12 I would like to introduce the latest addition to our bioinformatics franchise, OmicSoft, a small U.S. based company, which we acquired in January 2017 and which further expands and complements our industry-leading portfolio of bioinformatics solutions.

Bioinformatics represent a crucial asset and an integral part of our Sample to Insight portfolios in Life Sciences and Molecular Diagnostics, and is increasingly becoming a competitive advantage.

The acquisition of OmicSoft further differentiates our capabilities for data management by adding a scalable and flexible software infrastructure that enables customers to effectively manage and share vast amounts of omics and NGS primary datasets, analyze and visualize datasets, and compare them to large and highly curated publicly available multi-omics datasets. Data management of these large datasets is very important for all genomics customers and in particular in the clinical community. Data sharing is emerging as an incredibly important need in this new age of genomic testing.

With that, I would like to hand over to Roland.

(SLIDE 13: Q4 AND FY 2016: FINANCIAL REVIEW)

ROLAND SACKERS: Thank you, Peer.

Good afternoon to those of you in Europe and good morning to those of you in the U.S. I would like to review our financial performance for the fourth quarter and the year, and also update you on our guidance for 2017.

We achieved our goals for 2016 in terms of sales, adjusted earnings, and we are particularly pleased with the 22% increase in free cash flow to 267 million dollars. We have been taking targeted actions to support future sales growth and deliver operating margin improvements after a period of investments, and these results are an important step in setting the new growth trajectory toward 2020. Above all, they support our top priority to increase shareholder returns and create value.

For the fourth quarter, net sales rose 8% at constant exchange rates, and were up 5% at actual rates to 366.5 million dollars due to an unexpectedly strong three percentage points of adverse currency movements. This happened later in the quarter with the surge in the dollar against the euro, and also against the yen, the Turkish lira and other currencies.

As expected, about three percentage points of growth came from the acquisitions of MO BIO and Exiqon, while organic growth provided five percentage points. You also saw the headwinds fade in this quarter for U.S. HPV test sales, and they were down largely in line with our 2016 target to about 33 million dollars compared to 46 million in 2015. To address the issue now, we expect about one percentage point of headwind in 2017. But in any case, these sales are expected to represent well below 2% of the total for QIAGEN in 2017.

Among the product categories, we saw solid growth rates during the fourth quarter and full year for consumables and related revenues. Here we saw sales rise 8% CER in the fourth quarter, which was above the full-year rate of 6% CER growth, and providing about 87% of full-year total sales. Instrument sales also rose at a solid rate, growing 6% CER in the fourth quarter, and at a 5% CER growth rate for the full year, and providing about 13% of full year sales.

The stronger growth rates in the second half of the year, which led to full-year sales rising 6% CER in line with our guidance, reflect the impact of our transformation and the benefits of investments we made to step up commercialization of our growth drivers and expand into new geographic markets. The organic growth rate for 2016 was actually right at 4.5% CER, and had to absorb the U.S. HPV sales headwind, so this provides a good foundation to move into 2017.

(SLIDE 13: Q4 AND FY 2016: FINANCIAL REVIEW)

ROLAND SACKERS: Moving down the income statement, for the fourth quarter, the adjusted gross margin excluding the pre-tax restructuring rose by about 50 basis points to 71.1% of sales thanks to better product mix toward consumables.

Adjusted operating income was 44.5 million dollars, but was 112.7 million dollars excluding the charge. This means the underlying adjusted operating income margin for the fourth quarter was 31% of sales, and in line with the target we had set, and this was due to overall significantly lower operating expenses as a percentage of sales.

As a reminder, the pre-tax restructuring charge was 79.1 million dollars, of which about 68 million was taken against adjusted operating income, and about 11 million was taken against the "other expense" line as a non-operating income charge.

For the full year, adjusted operating income excluding the charge rose 2% to 324.8 million dollars, and the adjusted operating income margin excluding the charge declined by about 50 basis points to 24.3% of sales from 24.8% in 2015.

The main reason was the decline in the adjusted gross margin, which fell to 70.6% of sales from 71.2% in 2015. Sales and Marketing as well as General and Administration expenses were largely flat as a percentage of sales, while R&D investments declined modestly.

Moving further down the income statement, for the fourth quarter, adjusted diluted earnings per share excluding the charges was 39 cents at actual rates, and 41 cents at constant exchange rates. The adjusted tax rate excluding the charge was 15% of sales, which was slightly below our target of 17%.

On a full-year basis, in fact we came in ahead of our guidance with one dollar and 14 cents per share at CER excluding the charge, and that was one dollar 11 cents at actual rates. Here again we had an adjusted tax rate at 16% of sales, and in line with our guidance for about 16 to 17%.

(SLIDE 14: Q4 AND FY 2016: CUSTOMER CLASSES)

ROLAND SACKERS: I would like to now provide you with an overview of the performance among the customer classes.

As noted earlier, the acquisitions of MO BIO and Exiqon supported the performances in all customer classes, and the majority of these sales were in Academia, Pharma and Applied Testing.

In Molecular Diagnostics, sales of products to these customers were up 11% CER in the fourth quarter, and rising at a 12% CER rate when excluding the modest headwinds from U.S. HPV sales in this period. These results show the power of our portfolio, and led to full-year sales rising 7% CER in Molecular Diagnostics, and advancing 10% CER excluding U.S. HPV test sales.

Moving to the Life Science customer classes, we saw robust 10% CER growth among Applied Testing customers in the fourth quarter, maintaining the double-digit CER growth trend from the second and third quarter of 2016. Sales for the year were up 7% CER, and as we have noted, these results can be volatile on a quarterly basis due to customer ordering patterns.

After an outstanding performance in the third quarter of 2016, sales to Pharma customers maintained a solid mid-single-digit pace in the fourth quarter, rising 5% CER and achieving a full-year rate of 7% CER growth. Here we are seeing solid consumables growth, but weaker trends in instrument sales, and have a modestly optimistic outlook going into 2017 given the expectations for increases in pharma R&D spending.

In Academia, sales were up 3% CER in the fourth quarter, thanks to higher consumables sales, but weaker instruments sales and in particular the soft trends in Europe. At the same time, sales for 2016 rose 4% CER, and we see positive company-specific factors supporting our growth prospects for 2017.

(SLIDE 15: Q4 AND FY 2016: GEOGRAPHIC RESULTS)

ROLAND SACKERS: I would like to now review our performance across the regions, with all regions delivering growth for the fourth quarter and for the year. We were particularly pleased with the ongoing expansion in the top 7 emerging markets, which grew 17% CER for the fourth quarter and provided 18% of sales, and were up 19% CER for the year. China kept up a double-digit CER growth pace during the year, along with important contributions from South Korea, Turkey, India and Brazil.

Emerging markets helped drive the Asia-Pacific / Japan region to the fastest growth rates, with sales up 14% CER in the fourth quarter and 11% CER for the year. China, South Korea and India were among the key contributors, and we saw good expansion in Thailand following our entry.

The Americas region showed 5% CER growth for both the fourth quarter and for the year, moving beyond the U.S. HPV test headwinds thanks to higher sales of the QuantiFERON-TB test and improved conditions among Life Science customers. Brazil also maintained a solid CER growth pace in the fourth quarter, while Mexico had growth for the year despite a drop in the fourth quarter due to the timing of national tenders.

As a last point, the Europe / Middle East / Africa region delivered 10% CER growth in the fourth quarter, returning to a stronger pace after softer trends in the third quarter, and resulting in sales for the full year rising 8% CER and providing about one third of our total sales. In this region we benefited from expansion in markets such as France, the United Kingdom, Turkey and the Middle East, where we opened a new hub in Dubai. This helped to more than offset the softer trends in Germany that we had seen during the second half of the year.

(SLIDE 16: Q4 AND FY 2016: BALANCE SHEET AND CF)

ROLAND SACKERS: I would like to now give you an update on our balance sheet and cash flows, and also on the progress to return 300 million dollars of capital to shareholders by the end of 2017.

We had a goal for about 350 million dollars of operating cash flow for 2016, and we came close with 342 million dollars. This compares to 318 million dollars in 2015, and an achievement especially given the currency headwinds against the dollar.

In fact, we had 100 million dollars of operating cash flow in the fourth quarter of 2016, and this marks the first we have reached this quarterly level.

Our balance sheet benefits from the improving cash flow, and our leverage ratio stood at 1.2 times net debt to adjusted EBITDA at the end of 2016, and this compares to 1.6 times at the end of 2015.

We continue to pursue a disciplined capital allocation strategy to support internal business expansion while also making targeted acquisitions, as you saw with OmicSoft, and also increasing returns to shareholders.

We just completed the synthetic share repurchase on January 24th with the return of about 245 million dollars. This reduced the total number of issued QIAGEN shares by approximately 3.7% to 230.8 million as of January 31, 2017, compared to 239.7 million at the end of 2016. We intend to return the balance of the 300 million dollar commitment through traditional open-market purchases during the year.

Taking into account the OmicSoft acquisition and the capital return plans, the pro forma leverage would have been about 1.9 times net debt to adjusted EBITDA at the end of 2016.

However, given our strong cash flow generation, we see this coming down quickly and we have a healthy balance sheet to take advantage of targeted strategic opportunities.

(SLIDE 17: FULL YEAR 2017 OUTLOOK)

ROLAND SACKERS: I would like to now review our guidance for 2017, and this remains unchanged from the initial perspectives we gave you in November 2016 at our investor event.

We continue to expect about 6 to 7% CER sales growth for the full year, and for underlying earnings of about 1.25 to 1.27 dollars per share, also at constant exchange rates. In terms of sales growth, we will return to using adjusted net sales due to the OmicSoft acquisition, which is common for IT-related deals to show the full sales and profitability impact, and also what we did in the past with these types of deals. We are currently expecting about 5 to 6 percentage points of organic growth and about 1 percentage point contribution from the acquisition of Exiqon, which was acquired in June 2016, and from OmicSoft, which was acquired in January.

For adjusted EPS, this target represents a significant increase from underlying 1.11 dollars per share for 2016. This outlook includes about 3 cents of benefits from the planned 300 million dollar return commitment and initial contributions from the efficiency initiatives.

It also takes into account an anticipated 18% adjusted tax rate, and excludes the expected 3 cents of dilution from restructuring charges in 2017.

I would like to also provide some estimates about the anticipated adverse currency impact given the swings seen at the end of 2016. Based on rates as of January 31, we expect pressure of about 2 percentage points on the full-year CER sales growth target, and about 2 cents per share on the full-year adjusted EPS guidance at CER rates.

You can find further information on anticipated currency impact for 2017 based on rates as of January 31, 2017, in the appendix of this presentation.

(SLIDE 18: Q1 AND FY 2017: OUTLOOK/ASSUMPTIONS)

ROLAND SACKERS: On slide 18, you see information on the details and assumptions for our outlook for the full year, and also for the first quarter of 2017.

In terms of net sales, for the first quarter we have set a target for about 4-5% CER growth in adjusted net sales. This is based on about 1 to 2 percentage points of organic growth and about 3 percentage points from the Exiqon and OmicSoft acquisitions. As we noted earlier, we anticipate about one percentage point of headwind from U.S. HPV sales for the full year, and this includes about 2 percentage points in the first quarter.

We have set a target for adjusted diluted EPS of about 21 to 22 cents per share for the first quarter of 2017 at constant exchange rates, and this also excludes the restructuring charge. We anticipate about 2 to 3 cents per share of restructuring charges to be taken in the first quarter of 2017, and this is part of the full-year guidance for about 3 cents of charges. As for currency impact, based on rates as of January 31, 2017, we anticipate for the first quarter about 2 percentage points of headwind on sales at actual rates and up to 1 cent on adjusted diluted EPS.

With that, I would like to hand back to Peer.

(SLIDE 19: SUMMARY)

PEER SCHATZ: Thank you, Roland. I'm now on slide 19 for a summary before we move into Q&A.

Let me review what we have announced:

- First, in 2016 we achieved an inflection point for faster sales growth and took steps to increase operating leverage in 2017 and years to come.
- Second, our Sample to Insight transformation makes QIAGEN a stronger, more differentiated leader with momentum across a broad range of molecular testing.
- We are committed to higher returns and delivering value creation for shareholders, as I think you can see from our allocation of capital and actions to drive improvements in efficiency.
- Finally, we have affirmed the 2017 guidance we provided in November 2016, and we are executing on actions to deliver higher sales and adjusted EPS – with targets to excel through to 2020.

With that, I'd like to hand back to the operator for the Q&A session. Thank you.

JOHN GILARDI: With that, I would like to close this conference call and thank you for your participation. If you have any questions or comments, please do not hesitate to contact us. Thank you.