ELECTROPHORESIS

PROTEIN ANALYSIS

BIOCHROMATOGRAPHY

DNA AMPLIFICATION

GEL IMAGE ANALYSIS

DIABETES MONITORING

QUALITY CONTROLS

AUTOIMMUNE

BLOOD TYPING

LIFE SCIENCE RESEARCH

DIGITAL BIOLOGY

CLINICAL DIAGNOSTICS
Letter to our Shareholders

2019 was another year of progress on many fronts. We ended the year with sales of $2,311.7 million, topping the prior year by 3.3% on a constant currency basis. Likewise, operating income progressed nicely this year, reaching 9.9% of sales. These results underscore our commitment to the goals we set back in 2017 and the progress we are making towards their achievement.

The underlying momentum of our business was somewhat masked by a cyberattack we experienced early in December. While we responded quickly, the resulting work to clean and rebuild our systems caused some sales to be moved forward to 2020. No doubt, there were also sales lost in the process. For me, the good news is that none of our customers’ data appears to have been breached.

A Year of Change

Celebrating our progress this year are two key individuals who joined Bio-Rad in 2019. The first is Andy Last, our new Chief Operating Officer. Andy comes to us with a wealth of market and operational experience in life science. Second is Ilan Daskal, our new Chief Financial Officer. Ilan brings a strong background in financial management, operations, and information technology (IT), as well as mergers and acquisitions, all in a global setting. Both of them are welcome additions to our team.

Building on Investments

Over the last several years we have focused attention on building a stronger global IT platform, restructuring operations, and bringing new technologies to market. All of these are great building blocks in which we can benefit from as we move forward.

As we continue to roll out the new platform around the world, we feel that the heavy lifting is behind us. Today we have more than 90% of our manufacturing and greater than 70% of our sales up and running in SAP. Now we are focused on realizing the benefits of a global system; applying these tools to improve manufacturing, planning, and, ultimately, customer service. Similarly, the organizational changes implemented over these past few years will bring us value going forward, allowing us to operate more efficiently and effectively.

Looking Forward

While the new year brings with it continued opportunity for growth, the world continues to navigate the uncertainty of COVID-19 that was first identified in China in December 2019 and is now rolling out across the globe. The good news is that as of this writing, it appears that new cases of the virus in Asia have peaked and the rate of infection is slowing. However, in Europe and the Americas, we appear to still be early in the cycle. Bio-Rad is front and center in the fight to reign in this pandemic. Our qPCR platforms and reagents are being used in testing. In March of 2020, we launched a SARS CoV-2 Standard for COVID-19 to help labs validate their assay results. In addition, recent studies have found our QX200 Droplet Digital PCR System can detect COVID-19 with greater sensitivity than other existing molecular platforms. We are doing all we can to provide these products to laboratories during this public health emergency.

Notwithstanding this current crisis, our markets of life science research and medical diagnostics are both attractive, offering numerous areas in which Bio-Rad can contribute. In particular, funding on a global basis for academic research is robust and biopharma investment in new therapies continues at a high level. Our products are well suited for both of these areas and we continue to invest in new products and market segments where we can make a difference. Time will tell how COVID-19 will impact our markets in the short term, but we expect that as this crisis completes its cycle, life science research and medical diagnostics markets will continue at a healthy pace.

One of these focus areas has been cell biology, where we have created a portfolio of products to serve this growing area as researchers ask more questions—at the cellular level. Our portfolio today...
includes flow cytometry, cell sorting, cell imaging, antibodies, and detection products. Another area of investment has been the rapidly growing and evolving area of Droplet Digital PCR (ddPCR). We pioneered this technology in the area of life science and today we continue to see rapid growth of applications for this technology. The depth and breadth of these applications range from translational research to biopharma and into clinical diagnostics, where publications referencing liquid biopsy now account for approximately 25% of the total. Bio-Rad gained U.S. Food and Drug Administration (FDA) clearance for our platform in 2019 for its use in some diagnostic applications. On the research and biopharma side, we introduced the QX ONE Droplet Digital PCR System in early 2020. The new platform integrates the entire ddPCR workflow to serve the increasing high-volume market for this technology.

Our classic diagnostics business that represents over 60% of our total sales today is benefiting from a number of key market factors. First, is that early diagnosis and therefore early treatment is key to managing healthcare costs and, second, is that we have a longer-living population. In addition, we also have regions around the world where there is significant investment being made in a world class healthcare system. These factors will continue to drive our business.

In diagnostics, we are focused on a number of key market areas. One important area for us is blood typing, where we play a key role in helping to assure safe transfusions. We have a very broad array of platforms and assays that give us wide-ranging appeal in this specialty area of diagnostics. The geographic focus of this business had been in Europe and Asia. But in recent years, we turned our attention to the North American market, where we feel there is significant opportunity to expand our reach. In 2018, we received FDA clearance for our IH-Reader 24, a semi-automatic blood typing instrument and, in 2019, we received the same clearance for our IH-500 mid-volume platform. These low- and mid-volume platforms complement our flagship IH-1000 high-volume platform, providing solutions for our customers in any lab setting.

Quality controls is another area of focus for us where we continue to build on our leadership position. In 2019, we acquired Exact Diagnostics, expanding our offerings in the area of molecular quality controls. DNA-based tests continue to grow in popularity, increasing the need for these controls.

We also continue to invest in the menu for our BioPlex 2200 multiplex immunoassay system. The multiplex feature of this platform allows for the simultaneous detection of multiple analytes from a single sample, making it a compelling platform for a variety of assays where more than one marker is used to make a diagnosis. During the year, we introduced an innovative test to aid in the diagnosis of Lyme disease. Utilizing this multiplex capability, the test is able to simultaneously detect multiple targets, providing laboratories valuable information in the early stages of Lyme disease so that patients are able to receive treatment as quickly as possible.

While we are making progress, there is still much we can do. We entered 2020 with good momentum and a plan for continued growth. Today, we find ourselves in the middle of an unprecedented global pandemic, which we are adapting to in the near term. As we return to normal, we will continue to realize the value of our investments in our systems and organization, but most important, we will pursue those innovations that are key to contributing to the advancement of science and healthcare.

Thank you for your interest in Bio-Rad.

Norman Schwartz
CHAIRMAN OF THE BOARD, PRESIDENT AND CEO
Bio-Rad announced the release of its QX ONE Droplet Digital PCR System to early access customers in November 2019 and then launched the instrument in early 2020. The QX ONE Droplet Digital PCR System automates our Droplet Digital (ddPCR) technology into a single integrated platform, designed for biopharmaceutical drug development, manufacturing quality control, and other highly critical testing environments. It automates each step of the ddPCR workflow: droplet generation, amplification, and droplet reading, offering continuous operation and analyzing up to 480 samples a day. First introduced to the life science research industry, rapid adoption of our ddPCR technology continues in the clinical setting, where it is used to detect mutations or epigenetic alterations in various genes and in regions of our DNA linked to many cancer types, paving the way for the development of new cancer diagnostics and therapies.
In April 2019, we received 510(k) clearance from the U.S. Food and Drug Administration for our IH-500 system, an automated random access instrument for blood typing and screening. The system was designed for small- to medium-size laboratories, offering automated blood typing and screening based on gel card technology and with minimal user intervention. It can process our entire range of IH gel cards for ABO blood grouping, reverse testing, phenotype, Rh-subgroups, antibody screening, antibody identification, single antigen testing, direct AHG testing (DAT), and crossmatch, to deliver safe and accurate results. Bio-Rad offers a wide range of platforms, reagents, data management, and connectivity solutions to address different volume blood typing needs. With our IH-Com patient data management software and IH-Web remote results management interface, our blood typing and screening instruments can be seamlessly integrated to help laboratories to more efficiently manage their blood testing workload.
Bio-Rad Laboratories, Inc. is a global leader in developing, manufacturing, and marketing a broad range of innovative products for the life science research and clinical diagnostic markets. With a focus on quality and customer service since 1952, our products advance the discovery process and improve healthcare. Our customers are university and research institutions, hospitals, public health and commercial laboratories, biotechnology, pharmaceutical, and applied laboratories that include food safety and environmental quality.

### 2019 AT A GLANCE

<table>
<thead>
<tr>
<th>Year</th>
<th>NET SALES (IN MILLIONS)</th>
<th>GROSS PROFIT (IN MILLIONS)</th>
<th>OPERATING INCOME (IN MILLIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$2,289.4</td>
<td>$1,121.7</td>
<td>$166.7</td>
</tr>
<tr>
<td>2016</td>
<td>$2,311.7</td>
<td>$1,138.4</td>
<td>$55.7</td>
</tr>
<tr>
<td>2017</td>
<td>$2,160.2</td>
<td>$1,187.7</td>
<td>$119.3</td>
</tr>
<tr>
<td>2018</td>
<td>$2,019.4</td>
<td>$1,223.2</td>
<td>$(103.3)</td>
</tr>
<tr>
<td>2019</td>
<td>$2,068.2</td>
<td>$1,257.0</td>
<td>$229.7</td>
</tr>
</tbody>
</table>

*2018 operating loss includes $232.5 million of goodwill and long-lived asset impairments.

<table>
<thead>
<tr>
<th>Year</th>
<th>CASH FLOW FROM OPERATIONS (IN MILLIONS)</th>
<th>2019 SALES BY GROUP (IN MILLIONS)</th>
<th>2019 SALES BY REGION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$186.2</td>
<td>$1,412.0</td>
<td>33% Europe</td>
</tr>
<tr>
<td>2016</td>
<td>$216.1</td>
<td>$885.9</td>
<td>45% Pacific Rim</td>
</tr>
<tr>
<td>2017</td>
<td>$104.1</td>
<td>$1,192</td>
<td>1% Other</td>
</tr>
<tr>
<td>2018</td>
<td>$285.5</td>
<td>$2,019.4</td>
<td>22% Americas</td>
</tr>
<tr>
<td>2019</td>
<td>$457.9</td>
<td>$2,068.2</td>
<td>33% Europe</td>
</tr>
</tbody>
</table>

**2019 Key Figures:**
- **Founded in 1952 by David & Alice Schwartz**
- **9,000 + Products**
- **2,000 + Patents**
- **8,100 + Employees**
- **Stock Exchange:** NYSE: BIO & BIOb
- **Global Headquarters:** Hercules, CA USA

BIO-RAD, DDPCR, DROPLET DIGITAL PCR, and I1H-500 are trademarks of Bio-Rad Laboratories, Inc. in certain jurisdictions.
CORPORATE OFFICES
1000 Alfred Nobel Drive
Hercules, California 94547 USA
+1 510-724-7000 PHONE
+1 510-741-5817 FAX
www.bio-rad.com