

To:

Dr. Håkan Björklund (Chairman of the Supervisory Board)
Stéphane Bancel (Supervisory Board Director)
Dr. Metin Colpan (Supervisory Board Director)
Prof. Dr. Ross Levine (Supervisory Board Director)
Prof. Dr. Elaine Mardis (Supervisory Board Director)
Lawrence A. Rosen (Supervisory Board Director and Chairman of the Audit Committee)
Elizabeth E. Tallett (Supervisory Board Director and Chairwoman of the Compensation Committee)
Thierry Bernard (Chief Executive Officer)
Roland Sackers (Chief Financial Officer)

Hulsterweg 82, 5912 PL Venlo, Netherlands

15 July 2020

Dear Members of the Supervisory Board and Management Board,

Davidson Kempner European Partners, LLP is the sub-adviser to Davidson Kempner Capital Management LP which acts as the discretionary investment manager to various funds which hold in aggregate, as of close of business 14 July 2020, 7,073,858 shares of Qiagen N.V. (the “**Company**”). This aggregate holding represents 3.1% of the share capital of the Company

Significant Profit Upgrade Confirms Concerns that Qiagen is Severely Undervalued by the Current Thermo Fisher Scientific (“Thermo”) Offer

We highlighted in our public letter on 10 July 2020 that COVID-19 has a material long-term impact on the diagnostics industry, and that these trends are going to be a significant driver for the Company’s prospects and fundamental value over the short and long term.

Despite the meaningful Q2 profit upgrade and outlook issued on the 13th July, the Board of the Company continues to fail to recognise the true value of the Company. We now urgently call for the Board to issue an Adverse Recommendation Change. It is increasingly apparent that the fair value of Qiagen is well in excess of the current stock price.

The Q2 Update and Outlook is Conservative and Significantly Underestimates Qiagen’s Prospects

As part of its material profit upgrade, Qiagen acknowledges the substantial impact of COVID-19. Based on the Company’s own numbers, it is expected to generate at least \$2/share of adjusted EPS in 2020 and at least \$2.36/share of adjusted EPS in 2021, this is compared to consensus estimates when the deal was announced in March 2020 of adjusted EPS of \$1.52/share and \$1.65/share for 2020 and 2021, representing an increase of 36% and 43%, respectively. Furthermore, the Company acknowledges that “coronavirus testing products will be required for a longer-term period before demand starts to recede.” This is in line with our research, which demonstrates that many industry experts expect that spending on this previously modest part of the healthcare industry will increase substantially in the coming years given the effectiveness and cost efficiency of these capabilities in managing future pandemics.

While we are encouraged that Qiagen is finally disclosing these positive developments, the Company’s numbers are highly conservative. For instance, we cannot understand how, in the scenario of RNA kit production increasing 67% from 12 million per month (as of 30 June 2020) to 20 million per month during Q4 2020, coupled with the non-COVID business declines being less impactful as the world emerges from lockdowns, the Company will *only* maintain its

Q2 adjusted EPS through the remaining two quarters of the year. Assuming the above RNA kit production profile and comparing this with the Company's revenue guidance for Q3 and Q4 2020 would imply that Qiagen's base business will decline c. 30% in Q3 and c. 40% in Q4. The magnitude of this decline and the sequential worsening seems very unlikely to us given that we don't believe (based on our analysis and the reporting from numerous of the Company's peers) that the Company's base business declined at this magnitude in Q2 2020 when lockdowns were at their most severe.

We note the persistent use of the phrase "at least" to caveat the adjusted EPS guidance for both FY 2020 and FY 2021 and would highlight that in the most recent instance of the Company using the phrase "at least" to outline the Q2 2020 adjusted EPS guide of \$0.40/share, actual results came in 40% higher at \$0.56/share. **We also note that the Company highlights longer term benefits but does not address them in any capacity, which is highly disappointing.**

Davidson Kempner's own forecasts of \$2.54/share of adjusted EPS for 2020 consists of \$0.66/share for Q3 and \$0.98/share for Q4. We note Berenberg also published forecasts after Qiagen's Q2 Update and Outlook and believe the Company will attain \$2.28/share of adjusted EPS for 2020 and \$2.70/share for 2021¹. We believe even under the most conservative scenarios the Company's stock price would be trading higher than the offer value and this is before any control premium. **None of these positive developments have been reflected in the current offer.**

Thermo's €39/share offer announced on 3 March 2020 represented a P/E multiple of 29.2x on consensus 2020 adjusted EPS of \$1.52/share and 26.8x on consensus 2021 adjusted EPS of \$1.65/share. **Using the Company's own updated numbers (which we deem highly conservative) of \$2/share of adjusted EPS for 2020 results in a valuation of €51.3/share, on \$2.36/share of adjusted EPS for 2021 results in a valuation of €55.7/share.**

Qiagen Standalone Valuation Range (EUR/share)										
		P/E Range (x)								
		Trading Range						Deal Multiples		
		Conservative Range			Historical Range (see Appendix)			Thermo 3-Mar Offer (1)		
		19.0x	20.0x	21.0x	22.0x	23.0x	24.0x	21 P/E	20 P/E	
EPS (\$/sh)	QIA MIN 2020 EPS >	2.00	33.3	35.0	36.8	38.5	40.3	42.0	47.2	51.3
		2.10	34.9	36.8	38.6	40.5	42.3	44.1	49.5	53.9
		2.20	36.6	38.5	40.5	42.4	44.3	46.2	51.9	56.4
	BERENBERG 20 EPS >	2.28	37.9	39.9	41.9	43.9	45.9	47.9	53.8	58.5
	QIA MIN 2021 EPS >	2.36	39.3	41.3	43.4	45.5	47.5	49.6	55.7	60.6
		2.45	40.8	42.9	45.1	47.2	49.4	51.5	57.8	62.9
	DK 2020 EPS	2.54	42.3	44.5	46.7	48.9	51.2	53.4	59.9	65.2
		2.64	43.9	46.2	48.6	50.9	53.2	55.5	62.3	67.7
	BERENBERG 21 EPS >	2.70	44.9	47.3	49.7	52.0	54.4	56.8	63.7	69.3
		2.80	46.6	49.0	51.5	54.0	56.4	58.9	66.1	71.8
	DK 2021 EPS	2.91	48.4	51.0	53.5	56.1	58.6	61.2	68.6	74.7
		3.00	49.9	52.6	55.2	57.8	60.4	63.1	70.8	77.0

Notes:

(1) Based on EUR39/share offer divided by consensus EPS estimates at time of deal (\$1.52/share for 2020, \$1.65/share for 2021)

¹ Berenberg Research Published 14 July 2020

The Current Offer is Wholly Inadequate and Davidson Kempner Will Not Be Tendering its Shares into the Offer

Based on the Company's own conservative figures, Berenberg estimates and Davidson Kempner's numbers, it is very clear that the current offer of €39/share is wholly inadequate.

While we are encouraged that Qiagen finally acknowledges COVID-19's material long-term impact (albeit using very conservative numbers), the fact that the Company has so far decided not to update the transaction documentation (Offer Document, Fairness Opinions, Reasoned Position Statement, Guidance and any ad hoc disclosures) or their recommendation in light of its dramatic profit upgrade has become even more unacceptable.

The Board's current position fails to acknowledge that these trends are going to be a significant driver for Qiagen's prospects and fundamental value over the short and long term, with the potential to create significant long term value and benefits for all the Company's stakeholders.

As such we urgently request that the Board of the Company issue an Adverse Recommendation Change. We believe the fair value of Qiagen to be €50/share.

We will not be tendering our shares into the offer. We encourage other shareholders to likewise make their views clear to the Board of the Company and reject the offer.



Davidson Kempner European Partners, LLP

Mr. Michael Herzog

Partner

cc: Risto Koivula (Partner)

Appendix 1 – Historic P/E Multiples for Qiagen

