



July 28, 2016

Harvard Bioscience Reports Second Quarter 2016 Financial Results

Conference Call To Be Held at 8:30 AM ET Today

HOLLISTON, Mass., July 28, 2016 (GLOBE NEWSWIRE) -- Harvard Bioscience, Inc. (Nasdaq:HBIO), a global developer, manufacturer and marketer of a broad range of solutions to advance life science, reported financial results for the three and six months ended June 30, 2016.

Revenues for the three and six months ended June 30, 2016 were \$26.1 million and \$53.1 million, respectively. Loss per diluted share, as measured under U.S. generally accepted accounting principles ("GAAP"), for the three and six months ended June 30, 2016 was \$0.02 and \$0.04, respectively, while earnings per diluted share, on a non-GAAP basis, was \$0.03 and \$0.08, respectively, for the same periods.

Jeffrey Duchemin, President and CEO of Harvard Bioscience, said, "At the half way point of fiscal year 2016, we remain confident in achieving our financial objectives and goals for the year. Our second quarter results reflect some near term challenges faced in the quarter. We believe the most challenging time of the year is behind us and our results will benefit from a few tailwinds in the second half of the year. For one, our former GE spectrophotometer business, which was negatively impacted by GE's decision to discontinue sales in the second half of 2015, continues to ramp up and will be up side for us for the remaining six months of the year as compared to the same periods in 2015. We continue to be pleased with our progress as we develop this direct channel since taking over the sales and service of NanoVue and SimpliNano spectrophotometers on January 1, 2016."

"Overall, we remain steadfast in our commitment to our strategic priorities and the shareholder value we believe it creates. We are positioned to finish the year strongly through commercial and operational execution."

Second Quarter Reported Results

- | Revenues for the three months ended June 30, 2016 were \$26.1 million, a decrease of approximately \$2.7 million, or 9% compared to revenues of \$28.8 million for the three months ended June 30, 2015. Excluding currency translation, revenues decreased 9% or \$2.5 million. For a reconciliation of changes in revenues, refer to Exhibit 8 below.
- | Net loss, as measured under U.S. generally accepted accounting principles ("GAAP"), was \$0.7 million, or \$0.02 per diluted share, for the three months ended June 30, 2016 compared to net income of \$0.3 million, or \$0.01 per diluted share, for the same quarter in 2015.
- | Net income, on a non-GAAP basis, was \$1.0 million, or \$0.03 per diluted share, for the three months ended June 30, 2016, compared to \$1.6 million, or \$0.05 per diluted share, for the three months ended June 30, 2015. For a reconciliation between GAAP and non-GAAP net income, and between GAAP and non-GAAP diluted earnings per share, refer to Exhibits 5 and 6 below, respectively. Additionally, refer to Exhibit 9 for the non-GAAP consolidated statement of operations.

Year-to-Date Reported Results

- | Revenues for the six months ended June 30, 2016 were \$53.1 million, a decrease of approximately \$1.5 million, or 3% compared to revenues of \$54.6 million for the six months ended June 30, 2015. Excluding currency translation, revenues decreased 2% or \$0.9 million. For a reconciliation of changes in revenues, refer to Exhibit 8 below.
- | Net loss, as measured under GAAP, was \$1.3 million, or \$0.04 per diluted share, for the six months ended June 30, 2016 compared to \$1.1 million, or \$0.03 per diluted share, for the six months ended June 30, 2015.
- | Net income, on a non-GAAP basis, was \$2.6 million, or \$0.08 per diluted share, for the six months ended June 30, 2016 compared to \$2.3 million, or \$0.07 per diluted share, for the same period in 2015. For a reconciliation between GAAP and non-GAAP net income, and between GAAP and non-GAAP diluted earnings per share, refer to Exhibits 5 and 6 below, respectively. Additionally, refer to Exhibit 9 for the non-GAAP consolidated statement of operations.

Financial Guidance

Today we are updating our full-year 2016 financial guidance, as issued on April 29, 2016, to reflect current foreign currency exchange rates, including the impact of Brexit uncertainty on current British pound sterling rates. We now expect to report revenues of approximately \$108 million to \$110 million.

On the bottom-line, we now expect to report full-year 2016 GAAP diluted earnings per share of approximately \$0.00 to \$0.02 and non-GAAP diluted earnings per share of \$0.16 to \$0.18, or a 23% to 38% increase compared to 2015 non-GAAP diluted earnings per share.

The Company may incur charges, realize gains, or experience other events in 2016 that could cause actual results to vary from this guidance. Refer to Exhibit 7 below for a reconciliation between the GAAP and non-GAAP diluted earnings per share guidance.

Conference Call Details

Harvard Bioscience will be hosting a conference call and webcast today at 8:30 am ET. On that call, management may respond to questions from the audience and provide information on any of a number of topics related to the business, including operations, plans and outlook.

Participating in the call will be Jeffrey A. Duchemin, President and Chief Executive Officer and Robert Gagnon, Chief Financial Officer of Harvard Bioscience. Investors can access the live conference call by dialing the following phone numbers: toll-free 1-800-708-4540, or international: 1-847-619-6397, and referencing the conference ID# 43011203.

The conference will be simultaneously webcast and can be accessed through the Harvard Bioscience website. To listen to the webcast, log on to the webcast at <http://investor.harvardbioscience.com/> and click on the Earnings Call icon. Financial information presented on the call, including the earnings release, will also be available on the investor relations section of the website.

If you are unable to listen to the live conference call, the webcast will be available on the Company's website through August 4, 2016.

To add this meeting to your calendar visit: <http://investor.harvardbioscience.com/> and click "remind me".

Use of Non-GAAP Financial Information

In this press release, we have included non-GAAP financial information including revenues, adjusted operating income, adjusted net income and adjusted earnings per diluted share. We believe that this non-GAAP financial information provides investors with an enhanced understanding of the underlying operations of the business. For the periods presented, these non-GAAP financial measures of revenues and income have excluded certain revenues and expenses and income primarily resulting from purchase accounting or events that we do not believe are related to the underlying operations of the business such as currency translation, amortization of intangibles related to acquisitions, costs related to acquisition initiatives, forensic investigation costs, severance and restructuring expenses and stock-based compensation expense. They also exclude the tax impact of the reconciling items. This non-GAAP financial information approximates information used by our management to internally evaluate the operating results of the Company. Tabular reconciliations of our non-GAAP adjusted operating income, non-GAAP adjusted net income and non-GAAP adjusted earnings per diluted share for the three and six months ended June 30, 2016 and 2015 are included as exhibits below in this press release.

The non-GAAP financial information provided in this press release should be considered in addition to, not as a substitute for, the financial information provided and presented in accordance with GAAP.

About Harvard Bioscience

Harvard Bioscience is a global developer, manufacturer and marketer of a broad range of solutions to advance life science. Our products are sold to thousands of researchers in over 100 countries through our global sales organization, websites, catalogs, and through distributors including Thermo Fisher Scientific Inc., VWR, and other specialized distributors. We have sales and manufacturing operations in the United States, the United Kingdom, Germany, Sweden, Spain, France, Canada and China. For more information, please visit our website at www.harvardbioscience.com.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of the federal securities laws. You can identify these statements by our use of such words as "will," "guidance," "objectives," "optimistic," "potential," "future," "expects," "plans," "estimates," "continue," "drive," "strategy," "potential," "potentially," "growth," "long-term," "projects," "projected,"

"intends," "believes," "goals," "sees," "seek," "develop" "possible" "new," "emerging," "opportunity," "pursue" and similar expressions that do not relate to historical matters. Forward-looking statements in this press release or that may be made during our conference call may include, but are not limited to, statements or inferences about the Company's or management's beliefs or expectations, the Company's anticipated future revenues and earnings, the strength of the Company's market position and business model, the impact of acquisitions, or potential acquisitions, the outlook for the life sciences industry, the Company's business strategy, the positioning of the Company for growth, the market demand and opportunity for the Company's current products, or products it is developing or intends to develop, and the Company's plans, objectives and intentions that are not historical facts.

These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that may cause the Company's actual results to differ materially from those in the forward-looking statements include reductions in customers' research budgets or government funding; domestic and global economic conditions; economic, political and other risks associated with international revenues and operations; currency exchange rate fluctuations; economic and political conditions generally and those affecting pharmaceutical and biotechnology industries; the seasonal nature of purchasing in Europe; the Company's failure to expand into foreign countries and international markets; the Company's failure to realize the expected benefits of facility consolidations; the Company's inability to manage its growth; competition from the Company's competitors; material weakness in the Company's internal control over financial reporting; failure or inadequacy of the Company's information technology structure; impact of difficulties implementing our enterprise resource planning systems; the Company's failure to identify potential acquisition candidates and successfully close such acquisitions with favorable pricing or integrate acquired businesses or technologies; unanticipated costs relating to acquisitions and known and unknown costs arising in connection with the Company's consolidation of business functions and any restructuring initiatives; the Company's inability to effectively sell spectrophotometer products following the retirement of the GE Healthcare brand; failure of any banking institution in which the Company deposits its funds or the institution's failure to provide services; the Company's substantial debt and its ability to meet the financial covenants contained in its credit facility; the Company's failure to raise or generate capital necessary to implement its acquisition and expansion strategy, expand operation and invest in new products; the failure of the Company's spin-off of Harvard Apparatus Regenerative Technology, Inc. (now known as Biostage, Inc., "Biostage"), to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes; the failure of Biostage to indemnify the Company for any liabilities associated with Biostage's business; impact of any impairment of the Company's goodwill or intangible assets; the Company's ability to retain key personnel; rising commodity and precious metals costs; the Company's ability to protect its intellectual property and operate without infringing on others' intellectual property; exposure to product and other liability claims; plus factors described under the heading "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015 or otherwise described in our other public filings. The Company's results may also be affected by factors of which the Company is not currently aware. The Company may not update these forward-looking statements, even though its situation may change in the future, unless it has obligations under the federal securities laws to update and disclose material developments related to previously disclosed information.

For investor inquiries, please call (508) 893-8066. Press releases may be found on our web site.

Exhibit 1

HARVARD BIOSCIENCE, INC.
Condensed Consolidated Balance Sheet Information
(unaudited, in thousands)

| | <u>June 30,</u> <u>2016</u> | <u>December 31,</u> <u>2015</u> |
|--------------------------------|--------------------------------|------------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 3,631 | \$ 6,744 |
| Trade receivables | 16,347 | 17,547 |
| Inventories | 22,209 | 22,343 |
| Property, plant and equipment | 5,641 | 5,902 |
| Goodwill and other intangibles | 60,577 | 62,452 |
| Other assets | 5,680 | 5,062 |
| Total assets | <u>\$114,085</u> | <u>\$ 120,050</u> |

Liabilities and Stockholders' Equity

| | | |
|---------------------------|-----------|-----------|
| Total current liabilities | \$ 14,850 | \$ 19,323 |
| Total liabilities | 37,422 | 42,452 |

| | | |
|--|------------------|-------------------|
| Stockholders' equity | <u>76,663</u> | <u>77,598</u> |
| Total liabilities and stockholders' equity | <u>\$114,085</u> | <u>\$ 120,050</u> |

Exhibit 2

HARVARD BIOSCIENCE, INC.
Consolidated Statements of Operations
(In thousands, except per share data)
(unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|----------------|-------------------------|-------------------|
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Revenues | \$ 26,136 | \$ 28,800 | \$53,099 | \$54,563 |
| Cost of revenues | <u>14,461</u> | <u>16,205</u> | <u>28,479</u> | <u>30,490</u> |
| Gross profit | 11,675 | 12,595 | 24,620 | 24,073 |
| Sales and marketing expenses | 5,086 | 5,128 | 10,188 | 10,327 |
| General and administrative expenses | 5,236 | 4,922 | 11,184 | 9,753 |
| Research and development expenses | 1,502 | 1,714 | 2,927 | 3,462 |
| Restructuring charges | 1 | 54 | 12 | 111 |
| Amortization of intangible assets | 690 | 678 | 1,370 | 1,471 |
| Total operating expenses | <u>12,515</u> | <u>12,496</u> | <u>25,681</u> | <u>25,124</u> |
| Operating (loss) income | <u>(840)</u> | <u>99</u> | <u>(1,061)</u> | <u>(1,051)</u> |
| Other income (expense): | | | | |
| Foreign exchange | 282 | (134) | 273 | 89 |
| Interest expense | (180) | (215) | (344) | (437) |
| Interest income | - | 3 | 1 | 4 |
| Other expense, net | <u>(29)</u> | <u>(180)</u> | <u>(79)</u> | <u>(796)</u> |
| Other income (expense), net | <u>73</u> | <u>(526)</u> | <u>(149)</u> | <u>(1,140)</u> |
| Loss before income taxes | (767) | (427) | (1,210) | (2,191) |
| Income tax (benefit) expense | <u>(54)</u> | <u>(776)</u> | <u>139</u> | <u>(1,139)</u> |
| Net (loss) income | <u>\$ (713)</u> | <u>\$ 349</u> | <u>\$ (1,349)</u> | <u>\$ (1,052)</u> |
| (Loss) earnings per share: | | | | |
| Basic (loss) earnings per common share | <u>\$ (0.02)</u> | <u>\$ 0.01</u> | <u>\$ (0.04)</u> | <u>\$ (0.03)</u> |
| Diluted (loss) earnings per common share | <u>\$ (0.02)</u> | <u>\$ 0.01</u> | <u>\$ (0.04)</u> | <u>\$ (0.03)</u> |
| Weighted average common shares: | | | | |
| Basic | <u>34,127</u> | <u>33,569</u> | <u>34,070</u> | <u>33,240</u> |
| Diluted | <u>34,127</u> | <u>35,026</u> | <u>34,070</u> | <u>33,240</u> |

Exhibit 3

HARVARD BIOSCIENCE, INC.
Condensed Cash Flow Information
(unaudited, in thousands)

| | Six Months Ended | |
|---|--------------------------|--------------------------|
| | June 30, | |
| | <u>2016</u> | <u>2015</u> |
| Cash flows from operations: | | |
| Net loss | \$ (1,349) | \$ (1,052) |
| Changes in assets and liabilities | (2,377) | (2,402) |
| Other adjustments to operating cash flows | <u>3,942</u> | <u>2,473</u> |
| Net cash provided by (used in) operating activities | 216 | (981) |
| Investing activities: | | |
| Acquisitions, net of cash acquired | - | (4,545) |
| Other investing activities | <u>(412)</u> | <u>(1,625)</u> |
| Net cash used in investing activities | (412) | (6,170) |
| Financing activities: | | |
| Proceeds from issuance of debt | 2,000 | 4,050 |
| Repayments of debt | (4,625) | (4,850) |
| Other financing activities | <u>(9)</u> | <u>1,832</u> |
| Net cash (used in) provided by financing activities | (2,634) | 1,032 |
| Effect of exchange rate changes on cash | <u>(283)</u> | <u>(613)</u> |
| Decrease in cash and cash equivalents | <u><u>\$ (3,113)</u></u> | <u><u>\$ (6,732)</u></u> |

Exhibit 4

HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP Operating (Loss) Income to Non-GAAP Adjusted Operating Income
(unaudited, in thousands)

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|-------------|-------------------------|-------------|
| | June 30, | | June 30, | |
| | <u>2016</u> | <u>2015</u> | <u>2016</u> | <u>2015</u> |
| GAAP operating (loss) income | \$ (840) | \$ 99 | \$ (1,061) | \$ (1,051) |
| Adjustments: | | | | |
| Amortization of intangible assets | 690 | 678 | 1,370 | 1,471 |
| Inventory valuation step-up charges on acquisition | - | 402 | - | 793 |
| Forensic investigation costs | 498 | - | 1,663 | - |
| Severance and restructuring charges | 1 | 437 | 12 | 783 |
| Stock-based compensation expense | 899 | 692 | 1,653 | 1,272 |

| | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Non-GAAP adjusted operating income | <u>\$ 1,248</u> | <u>\$ 2,308</u> | <u>\$ 3,637</u> | <u>\$ 3,268</u> |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|

Exhibit 5

HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP Net (Loss) Income to Non-GAAP Adjusted Net Income
(unaudited, in thousands)

| | Three Months Ended | | Six Months Ended | |
|--|---------------------------|-----------------|-------------------------|-----------------|
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| GAAP net (loss) income | \$ (713) | \$ 349 | \$ (1,349) | \$ (1,052) |
| Adjustments: | | | | |
| Amortization of intangible assets | 690 | 678 | 1,370 | 1,471 |
| Inventory valuation step-up charges on acquisition | - | 402 | - | 793 |
| Forensic investigation costs | 498 | - | 1,663 | - |
| Severance and restructuring charges | 1 | 437 | 12 | 783 |
| Acquisition costs | - | 198 | 6 | 781 |
| Stock-based compensation expense | 899 | 692 | 1,653 | 1,272 |
| Income taxes (A) | (386) | (1,175) | (799) | (1,711) |
| Non-GAAP adjusted net income | <u>\$ 989</u> | <u>\$ 1,581</u> | <u>\$ 2,556</u> | <u>\$ 2,337</u> |

(A) Income taxes includes the tax effect of adjusting for the reconciling items.

Exhibit 6

HARVARD BIOSCIENCE, INC.
Reconciliation of GAAP Diluted (Loss) Earnings Per Common Share to Non-GAAP Adjusted Diluted Earnings Per
Common Share
(unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|---------------------------|-------------|-------------------------|-------------|
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| GAAP diluted (loss) earnings per common share | \$ (0.02) | \$ 0.01 | \$ (0.04) | \$ (0.03) |
| Adjustments: | | | | |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Amortization of intangible assets | 0.02 | 0.02 | 0.04 | 0.05 |
| Inventory valuation step-up charges on acquisition | - | 0.01 | - | 0.02 |
| Forensic investigation costs | 0.01 | - | 0.05 | - |
| Severance and restructuring charges | - | 0.01 | - | 0.02 |
| Acquisition costs | - | 0.01 | - | 0.02 |
| Stock-based compensation expense | 0.03 | 0.02 | 0.05 | 0.04 |
| Income taxes (A) | (0.01) | (0.03) | (0.02) | (0.05) |
| Non-GAAP adjusted diluted earnings per common share | <u>\$ 0.03</u> | <u>\$ 0.05</u> | <u>\$ 0.08</u> | <u>\$ 0.07</u> |

(A) Income taxes includes the tax effect of adjusting for the reconciling items.

Exhibit 7

HARVARD BIOSCIENCE, INC.
Reconciliation of Guidance for 2016 GAAP Diluted Earnings per Common Share to Non-GAAP Adjusted Diluted Earnings per Common Share
(unaudited)

| | |
|---|-----------------------|
| GAAP diluted earnings per common share (A) | \$ 0.00 - 0.02 |
| Adjustments: | |
| Amortization of intangible assets | 0.08 |
| Forensic investigation costs | 0.05 |
| Stock-based compensation expense | 0.09 |
| Income taxes (B) | (0.06) |
| Non-GAAP adjusted diluted earnings per common share (A) | <u>\$ 0.16 - 0.18</u> |

(A) This guidance excludes the impact of future acquisitions, acquisition costs or restructuring charges.

(B) Income taxes includes the tax effect of adjusting for the reconciling items.

Exhibit 8

HARVARD BIOSCIENCE, INC.
Reconciliation of Changes In Revenues Compared to the Same Period of the Prior Year
(unaudited)

| | Three Months Ended | | | For the Year Ended | Three Months Ended | | | For the Year Ended | Three Months Ended | | Six Months Ended | |
|-------------------------|--------------------|----------------|---------------|--------------------|--------------------|---------------|----------------|--------------------|--------------------|---------------|------------------|---------------|
| | Jun. 30, 2014 | Sept. 30, 2014 | Dec. 31, 2014 | Dec. 31, 2014 | Mar. 31, 2015 | Jun. 30, 2015 | Sept. 30, 2015 | Dec. 31, 2015 | Dec. 31, 2015 | Mar. 31, 2016 | Jun. 30, 2016 | Jun. 30, 2016 |
| Growth | 0.7% | 0.0% | 11.0% | 2.4% | 3.8% | 11.5% | 3.9% | -3.3% | 3.7% | 6.0% | -8.6% | -1.7% |
| Foreign exchange effect | 2.6% | 1.2% | -2.0% | 0.9% | -4.3% | -4.7% | -2.8% | -3.3% | -3.7% | -1.3% | -0.7% | -1.0% |
| Total revenue growth | <u>3.3%</u> | <u>1.2%</u> | <u>9.0%</u> | <u>3.3%</u> | <u>-0.5%</u> | <u>6.8%</u> | <u>1.1%</u> | <u>-6.6%</u> | <u>0.0%</u> | <u>4.7%</u> | <u>-9.3%</u> | <u>-2.7%</u> |

Exhibit 9

HARVARD BIOSCIENCE, INC.
Consolidated Statements of Non-GAAP Adjusted Net Income
(In thousands, except per share data)
(unaudited)

| | Three Months Ended | | Six Months Ended | |
|-------------------------------------|--------------------|-----------------|------------------|-----------------|
| | June 30, | | June 30, | |
| | 2016 | 2015 | 2016 | 2015 |
| Revenues | \$ 26,136 | \$ 28,800 | \$ 53,099 | \$ 54,563 |
| Cost of revenues | 14,445 | 15,654 | 28,452 | 29,527 |
| Gross profit | 11,691 | 13,146 | 24,647 | 25,036 |
| Sales and marketing expenses | 4,951 | 5,000 | 9,952 | 10,112 |
| General and administrative expenses | 4,019 | 4,207 | 8,180 | 8,313 |
| Research and development expenses | 1,473 | 1,631 | 2,878 | 3,343 |
| Total operating expenses | 10,443 | 10,838 | 21,010 | 21,768 |
| Operating income | 1,248 | 2,308 | 3,637 | 3,268 |
| Other income (expense): | | | | |
| Foreign exchange | 282 | (134) | 273 | 89 |
| Interest expense | (180) | (215) | (344) | (437) |
| Interest income | - | 3 | 1 | 4 |
| Other (expense) income, net | (29) | 18 | (73) | (15) |
| Other income (expense), net | 73 | (328) | (143) | (359) |
| Income before income taxes | 1,321 | 1,980 | 3,494 | 2,909 |
| Income tax expense | 332 | 399 | 938 | 572 |
| Net income | <u>\$ 989</u> | <u>\$ 1,581</u> | <u>\$ 2,556</u> | <u>\$ 2,337</u> |
| Earnings per share: | | | | |
| Basic earnings per common share | <u>\$ 0.03</u> | <u>\$ 0.05</u> | <u>\$ 0.08</u> | <u>\$ 0.07</u> |

| | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| Diluted earnings per common share | <u>\$ 0.03</u> | <u>\$ 0.05</u> | <u>\$ 0.08</u> | <u>\$ 0.07</u> |
| Weighted average common shares: | | | | |
| Basic | <u>34,127</u> | <u>33,569</u> | <u>34,070</u> | <u>33,240</u> |
| Diluted | <u>34,127</u> | <u>35,026</u> | <u>34,070</u> | <u>33,240</u> |

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