



Myriad Genetics Fiscal Fourth-Quarter 2018 Earnings Call

08/21/2018



Forward Looking Statements

Forward Looking Statements

Some of the information presented here today may contain projections or other forward-looking statements regarding future events or the future financial performance of the Company. These statements are based on management's current expectations and the actual events or results may differ materially and adversely from these expectations. We refer you to the documents the Company files from time to time with the Securities and Exchange Commission, specifically, the Company's annual reports on Form 10-K, its quarterly reports on Form 10-Q, and its current reports on Form 8-K. These documents identify important risk factors that could cause the actual results to differ materially from those contained in the Company's projections or forward-looking statements.

Non-GAAP Financial Measures

In this presentation, the Company's financial results and financial guidance are provided in accordance with accounting principles generally accepted in the United States (GAAP) and using certain non-GAAP financial measures. The Company's financial measures under GAAP include substantial one-time charges related to its acquisitions and ongoing amortization expense related to acquired intangible assets that will be recognized over the useful lives of the assets and charges related to executive severance. Management believes that presentation of operating results that excludes these items provides useful supplemental information to investors and facilitates the analysis of the Company's core operating results and comparison of operating results across reporting periods. Management also uses non-GAAP financial measures to establish budgets and to manage the Company's business. A link to reconciliation of the GAAP to non-GAAP financial guidance is provided above.

Financial Guidance	Fiscal Year 2019
GAAP diluted earnings per share	\$0.40 - \$0.45
Acquisition – amortization of intangible assets	\$0.80
Stock based compensation expense	\$0.30
One time expenses	\$0.20
Non-GAAP diluted earnings per share	\$1.70 - \$1.75

For additional information on GAAP to non-GAAP reconciliation see:

<https://www.myriad.com/investors/gaap-to-non-gaap-reconciliation/>



FY 2018 Fourth-Quarter Financial Results

Significantly Exceeded Expectations

	4Q18 Actual Results	4Q17 Actual Results (restated)	YoY Change	FY18 Actual Results	FY18 Initial Guidance
Revenue (in mil.)	\$200.9	\$199.6	1%	\$772.6	\$750-\$770
GAAP EPS	\$0.18	\$0.18	0%	\$1.82	\$0.37-\$0.42
Adjusted EPS	\$0.38	\$0.29	31%	\$1.20	\$1.00-\$1.05



Pioneering Science in Fiscal Year 2018

Multiple Significant Scientific Achievements

- Launch of riskScore: 4th epoch in hereditary cancer testing
- Genesight GUIDED study met Remission & Response endpoints
- BRACAnalysis CDx approved for metBC in U.S. and Japan
- Validated Vectra DA as 3X more predictive than any other DA test
- 70 presentations and 23 manuscripts

THE WALL STREET JOURNAL

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LIFE & ARTS

HEALTH

Can DNA Shed Light on Depression?

Study shows gene tests can be effective in helping psychiatrists prescribe anti-depressants

BY LUCETTE LAGIMOD

PAXIL OR PROZAC? Zohlt or Lexapro? When treating a patient suffering from depression, Brent Forester considers which anti-depressant to prescribe—ideally, one that will ease psychic pain without side effects. It can be a tough call.

Forester, however, now enlists an art—and a lot of it is advanced genomics. “I’m using a lot of genomic,” says Dr. Forester, chief of geriatric psychiatry at McLean Hospital in Belmont, Mass., an affiliate of Harvard Medical School. He worries that some psychiatrists “may think we are better than we really are” at making these choices.

That may change as Dr. Forester and others enlist genomics, a form of precision medicine and an intriguing new frontier for the elite science of the human genome. Other branches of medicine, such as oncology, have embraced gene-based testing to help determine which cancer patients need chemotherapy or surgery. But psychiatrists typically haven’t used genomics to guide treatment.

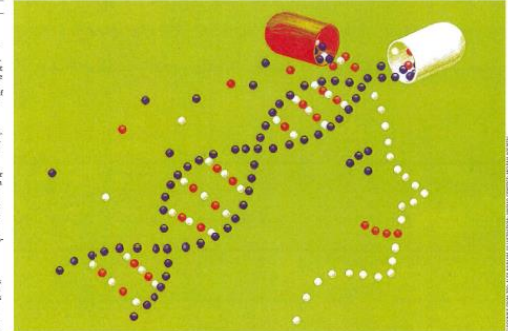
One test, called Genesight, uses a genetic analysis of 100 samples from a cheek swab to help doctors figure out which drugs are likely to combat a patient’s depression. The test examines a dozen genes to determine how well the patient will metabolize certain drugs and how his or her brain will respond to them.

The test predicts the effects of more than 30 anti-depressants and anti-psychotics based on patients’ results. Drugs are categorized as ones to be avoided, ones that have some drawbacks and ones that can be used “as directed.”

Brent Forester, a retired real-estate broker in Acton, Mass., became depressed last year. He, Dellevalle, who is 78 years old, was taking an anti-depressant, but “I wasn’t reacting well to it and I wasn’t feeling me at all,” she complained last year. A geriatric psychiatrist at McLean Hospital and assistant professor at Harvard Medical School, he told Ms. Dellevalle about the genomic test, which yields results for \$1,000 and is covered by Medicare and some health plans.

After receiving an analysis of his Dellevalle’s results, he switched her to a different anti-depressant and she began to respond in about six weeks, he says. Ms. Dellevalle has been feeling better, she says, though “I am still not there.”

Dr. Valia has been using the gene test more with his older depression patients but says clinical



Brent Forester, left, and Zohlt Valia, right, use a gene test to help inform decisions on anti-depressants.

son of psychiatry and behavioral sciences at the Stanford University School of Medicine, says initially he was “somewhat skeptical.” “Prior to the study I used it very rarely,” says Dr. Forester, who specializes in patients with treatment-resistant depression. He has been using the test more on patients who “have had problems tolerating medicine in the past,” he says. “There is nothing magical about it. It is not a substitute for clinical judgment.” But it does inform him what drug to try on a patient with serious depression.

The Stanford colleague Alan Schatzberg isn’t persuaded. The test “has some value,” says Dr. Schatzberg, a psychiatrist and a former president of the American Psychiatric Association. “It has some use but what it doesn’t do is tell you which specific drug to use.” He adds, “What the field really wants is a test that tells me which specific drug I should put my patient on.”

That is precisely what Charles Geler, a professor of psychiatry at Washington University School of Medicine in St. Louis, likes about it. The test “provides recommendations,” Dr. Geler says. “It doesn’t say ‘Give this drug only.’ It says ‘This has a range of choices, which you will [make] based on your clinical judgment.’”

Judgment remains paramount in prescribing. McLean Hospital is one of 40 sites across the country that took part in a randomized trial of Genesight. The results, unveiled Monday at the American Psychiatric Association meeting, showed that patients fared better when physicians chose a medication with the help of the test, rather than relying solely on their judgment.

Among the 1,077 patients in the trial, half took the Genesight test and half were prescribed drugs based purely on their doctors’ clinical assessments. Genetics helps you “narrow” a patient with the appropriate medication, says Bryan Dellevalle, executive vice president for clinical development at Myriad

Genetics, which funded the trial. Anant Health, a subsidiary of Myriad Genetics, developed the Genesight test. The results were striking, according to doctors at several medical centers who participated in the trial. Patients were more likely to respond to anti-depressants when the gene test was used to determine which drug they should be taking.

Dr. Geler, a psychiatrist and executive director of the University of Michigan Comprehensive Depression Center, says that until now, many doctors took the following approach: “My favorite anti-depressant is this one, so I will try it. Oh, that didn’t work, so I will try this one.”

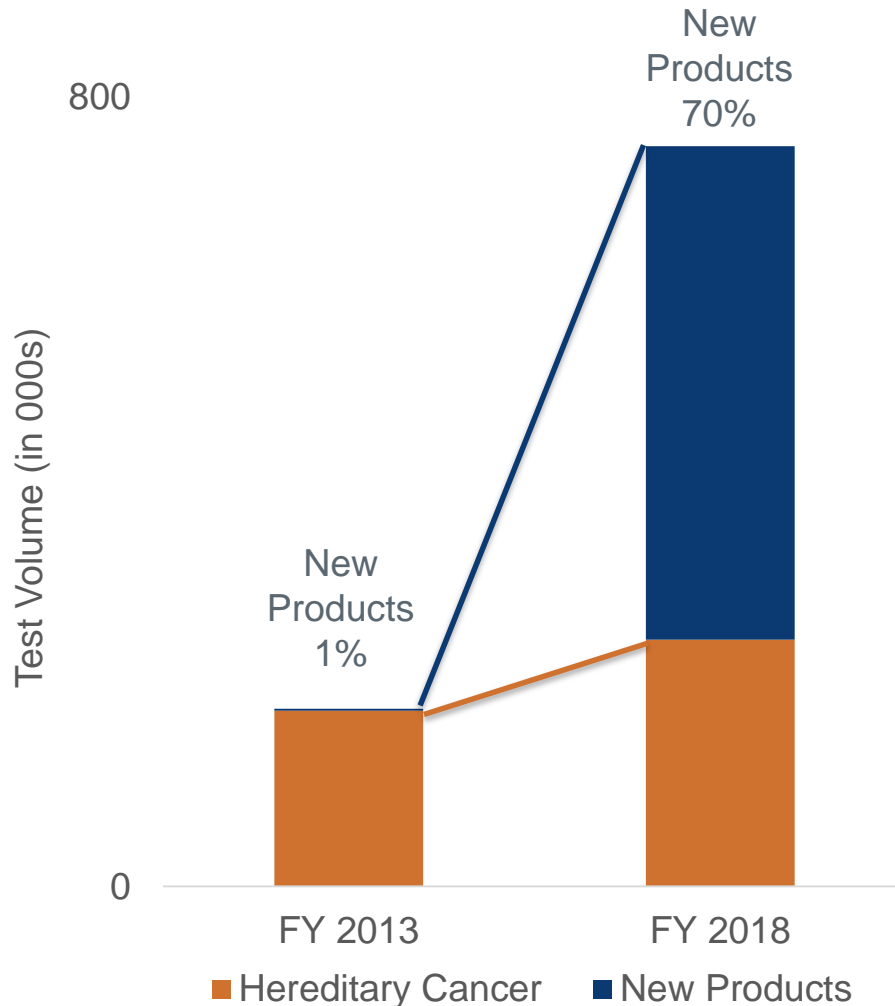
Unfortunately, he says, under that hit-or-miss method “what informed by training and experience—fewer than 40% of patients achieve remission.” Every year, 16 million Americans suffer an episode of depression, he says, making it one of the most common mental health conditions. Some doctors took solace in the fact that the Genesight test, Charles Dellevalle, a professor

ILLUSTRATION BY JILL MARSH FOR THE WALL STREET JOURNAL



Review of Fiscal Year 2018

New Product Sample Volume and Revenue Set New Records



New Product FY18 Revenue = \$212M

Product	YoY Growth
GeneSight	59%
Vectra DA	31%
Prolaris	73%
EndoPredict	16%



Critical Success Factors to Achieving Strategic Goals

STRATEGIC GOALS

>10%
Revenue Growth

>30%
Operating Margin

7 Products
>\$50M

>10%
International
Revenue

CRITICAL SUCCESS FACTORS

Build upon a solid hereditary cancer foundation

Grow new product volume

Expand reimbursement coverage for new products

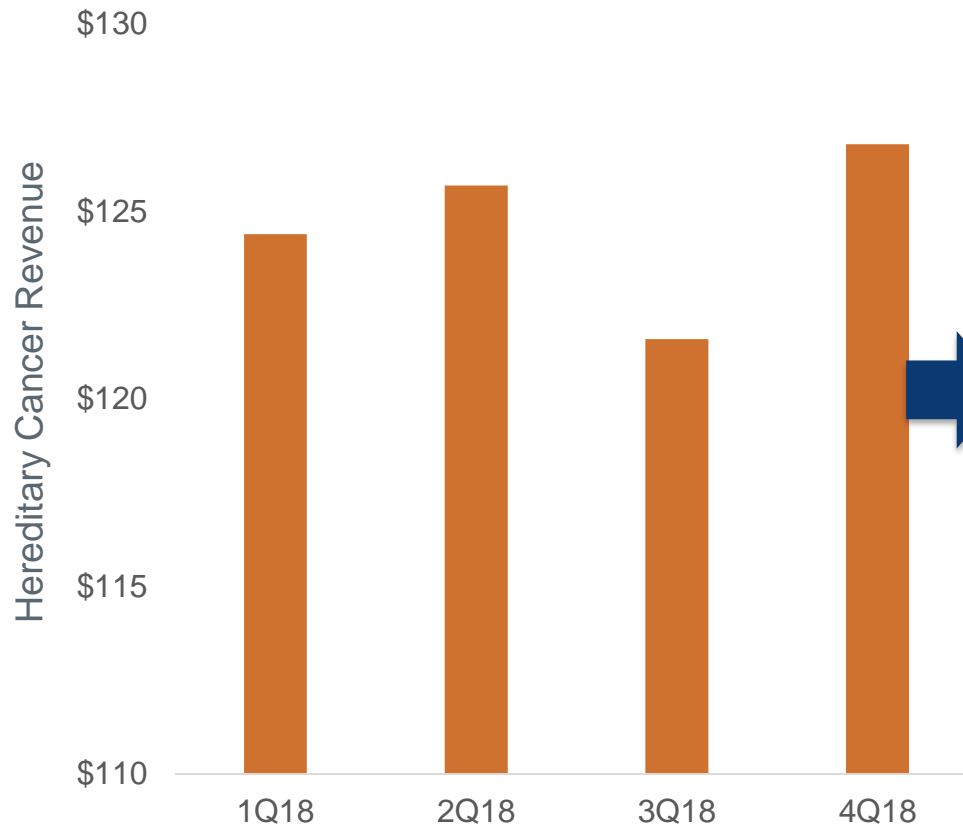
Increase RNA kit revenue internationally

Improve profitability with Elevate 2020



Solid Hereditary Cancer Foundation

Six Straight Quarters of YoY Volume Growth With Stable Pricing

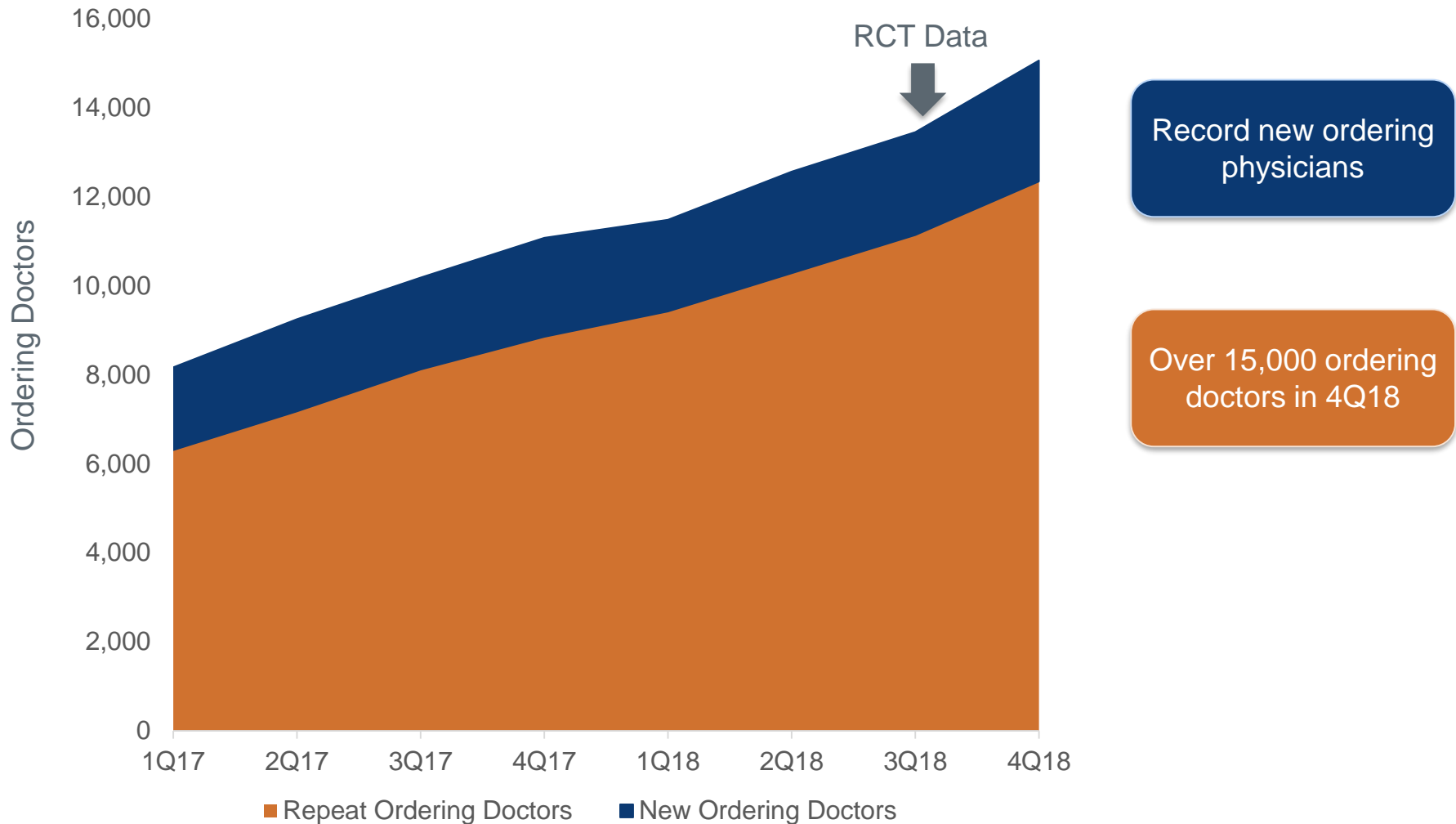


- 6 sequential quarters with YoY volume growth
- 3 sequential quarters with stable pricing
- Launched riskScore in Sept.
- BRACAnalysis CDx approved for metBC in U.S. and Japan
- metBC volume up 13% sequentially in fourth quarter
- Revenue expected to increase nominally YoY in FY19
- Expanded indications for >120,000 patients per year



Record GeneSight Ordering Physicians and Volume

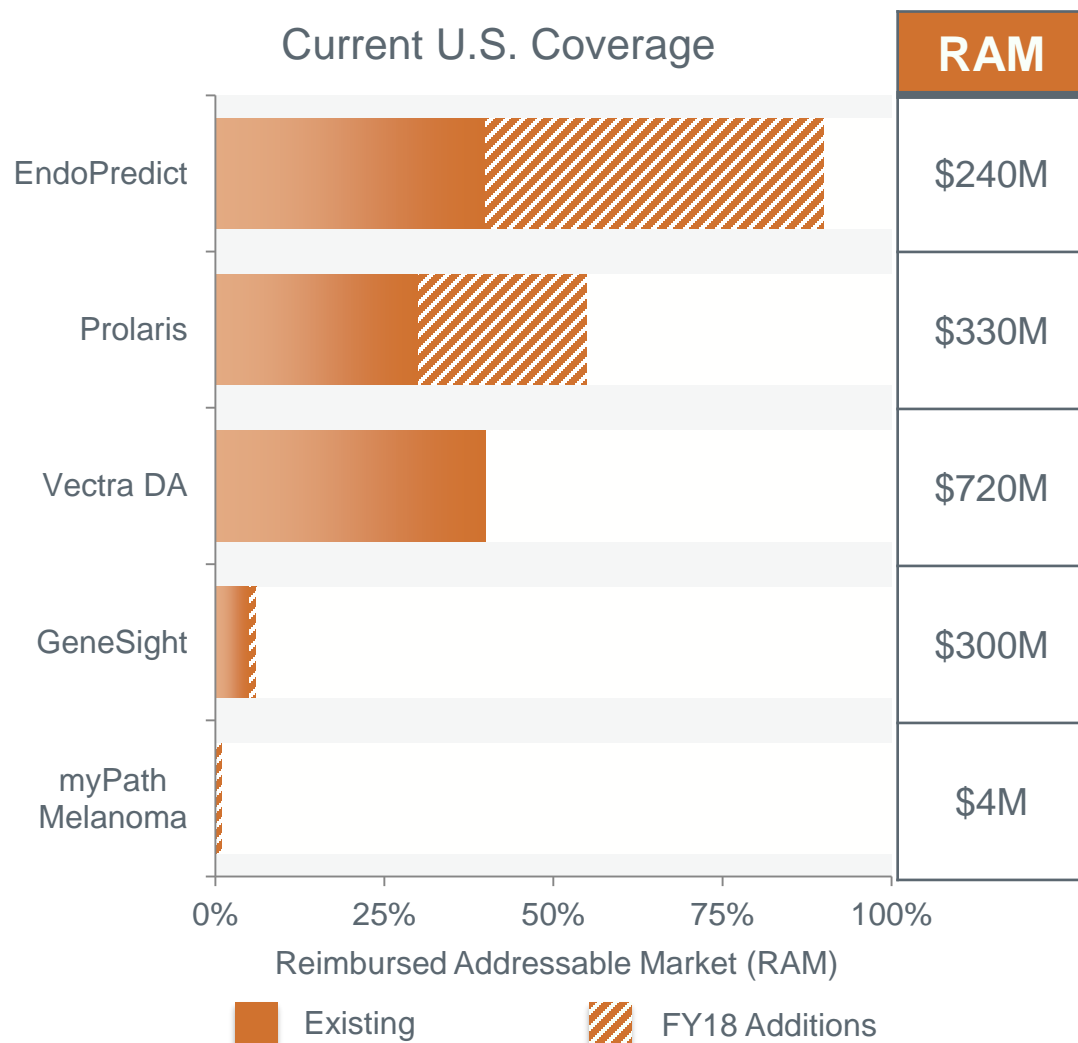
Ordering Physicians Have Nearly Doubled in Last Two Years





Advances in Reimbursement Coverage For New Products

New Product Reimbursement 1.6B in Potential Revenue



- Signed eight payers for Prolaris representing 20M lives including a top 10 national payers
- Announced CareFirst® coverage for GeneSight
- Large employer with 30,000 employees to cover GeneSight
- Signed partnership with Kroger® to cover Vectra DA – in late stage discussions on GeneSight
- Coverage from 8 commercial payers on myPath Melanoma
- Received final LCD from Medicare for EndoPredict



International Developments

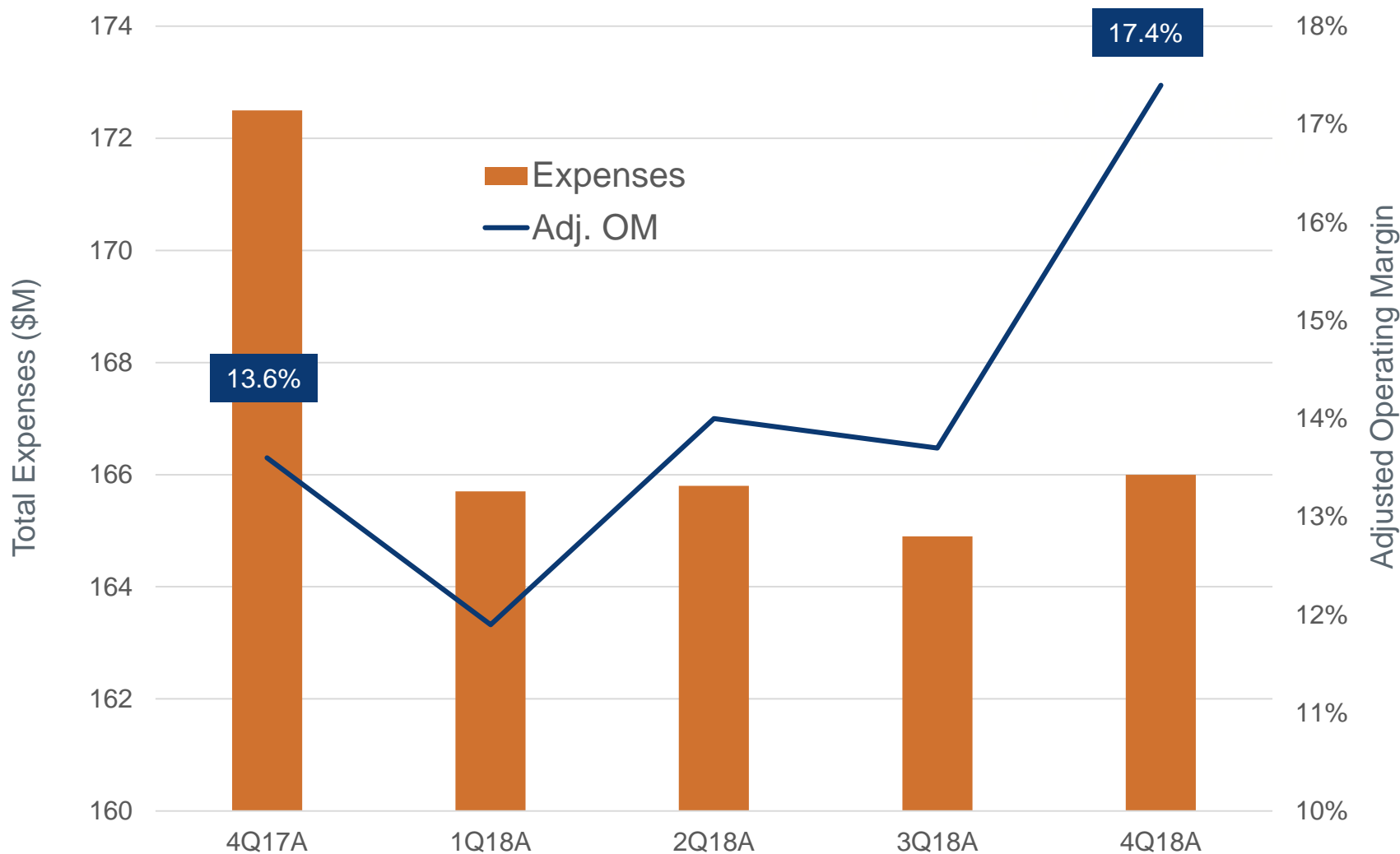
Kit-Based Strategy With Restructuring to Global LDT Laboratory

- Revised NICE draft guidance document on breast cancer prognostics recommends EndoPredict as one of three diagnostic tests
- Received pre market approval for BRACAnalysis CDx in Japan for HER2- metastatic breast cancer = 15,000 patients per year
- Selling German clinic and closing Munich laboratory
- Shift LDT testing to single U.S. based laboratory
- Continue with kit manufacturing and laboratory in Cologne Germany



Improve Profitability With Elevate 2020

Adjusted Operating Margin Improves 380BP Year-Over-Year





FY 2018 Fourth-Quarter Revenue By Product

(in millions)

Product	4Q18	4Q17 (Restated)	YoY Growth
Hereditary Cancer	\$126.8	\$143.5	(12%)
GeneSight	\$33.9	\$25.5	33%
Vectra DA	\$15.1	\$10.3	47%
Polaris	\$7.0	\$3.0	133%
EndoPredict	\$2.8	\$2.0	40%
Other	\$2.0	\$2.7	(26%)
Total Molecular Diagnostic Revenue	\$187.7	\$187.0	0%
Pharmaceutical & Clinical Services	\$13.3	\$12.6	6%
Total Revenue	\$200.9	\$199.6	1%



Fiscal Fourth-Quarter Financial Results

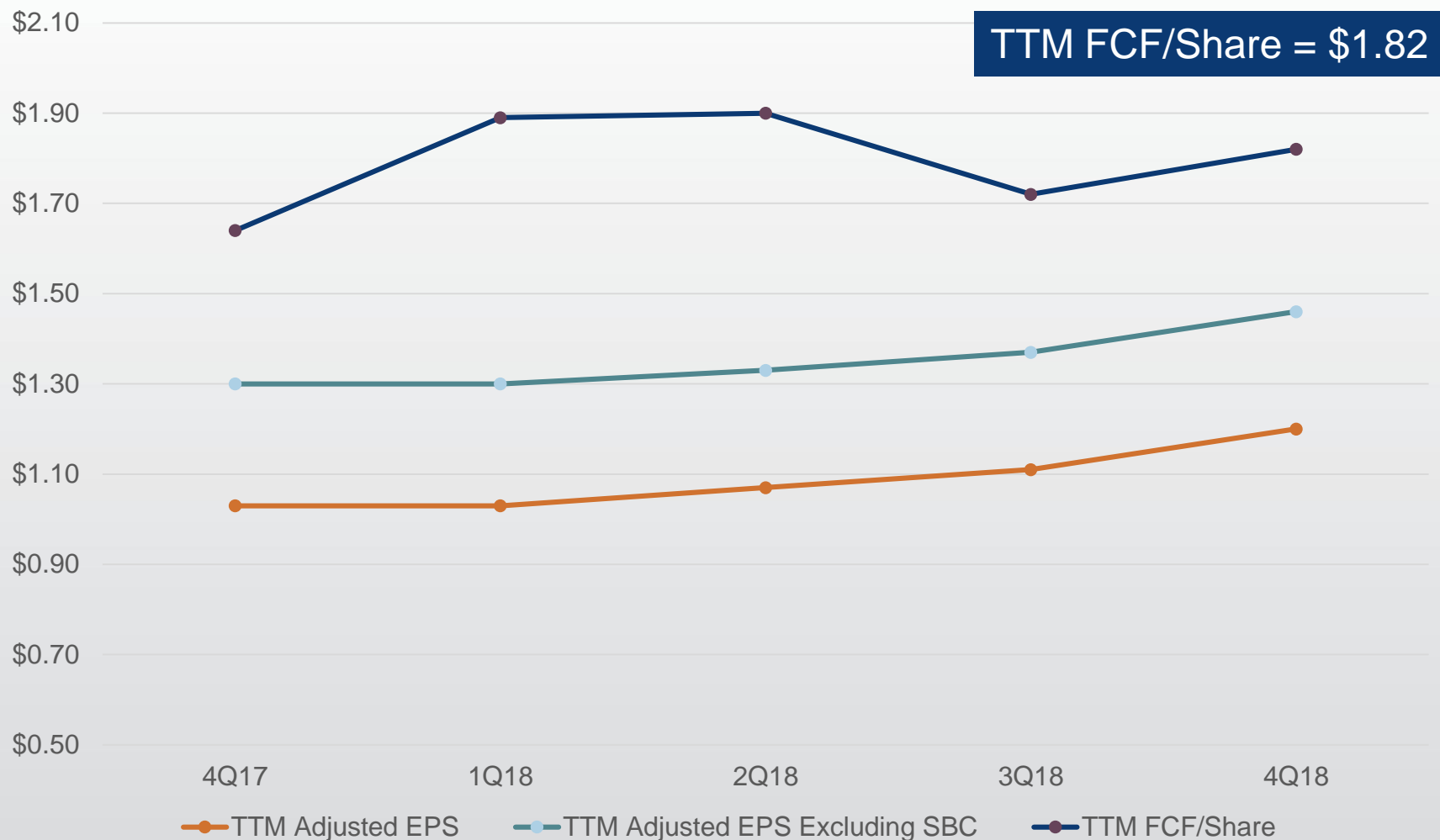
Adjusted Earnings Per Share Increase 31% Over Q4 FY2017

	GAAP Results			Adjusted Results		
	4Q18	4Q17 (Restated)	YoY Growth	4Q18	4Q17 (Restated)	YoY Growth
Total Revenue	\$200.9	\$199.6	0%	\$200.9	\$199.6	0%
Gross Profit	\$155.2	\$157.1	(1%)	\$158.0	\$157.1	1%
Gross Margin	77.3%	78.7%	-140 bps	78.6%	78.7%	-10 bps
Operating Income	\$15.9	\$18.9	(16%)	\$34.9	\$27.1	29%
Operating Margin	7.9%	9.5%	-160 bps	17.4%	13.6%	+380 bps
Net Income	\$13.1	\$12.3	7%	\$27.6	\$20.2	37%
EPS	\$0.18	\$0.18	0%	\$0.38	\$0.29	31%



Comparison of Adjusted EPS and FCF/Share

Adjusted EPS Significantly Understates Cash Earnings Power





FY17 & FY18 Revenue and EPS After Adjustments

Revenue (in mil.)

	FY18	FY17 (Restated)	YoY Growth
Q1	\$187.9	\$178.8	5%
Q2	\$192.7	\$196.7	(2%)
Q3	\$191.1	\$194.8	(2%)
Q4	\$200.9	\$199.6	1%
Total	\$772.5	\$769.9	0%

Adjusted EPS

	FY18	FY17 (Restated)	YoY Growth
Q1	\$0.24	\$0.24	0%
Q2	\$0.30	\$0.24	25%
Q3	\$0.29	\$0.25	16%
Q4	\$0.38	\$0.29	31%
Total	\$1.20	\$1.03	17%



FY19 Financial Guidance

Metric	Fiscal Year 2019
Revenue	\$880 to \$890 million
GAAP Diluted EPS	\$0.40 to \$0.45
Adjusted EPS	\$1.70 to \$1.75



FY19 Revenue Guidance Bridge

Overall revenue growth >20% Assuming No Counsyl Synergies

Fiscal Year 2018 (\$M)		Fiscal Year 2019 Guidance	YoY Growth
As Reported	\$772.6		
ASC-606 Impact	(\$28.9)		
Clinic (6 months)	(\$12.7)		
Post ASC-606, Clinic	\$731.0	\$750-\$760	3% - 4%
Counsyl (11 months)	\$0.0	\$130	NA
Overall	\$731.0	\$880-\$890	20% - 22%



FY19 Adjusted EPS Guidance Bridge

Adjusted EPS growth > 16%

Fiscal Year 2018			
Adjusted EPS	\$1.20		
Stock Based Compensation	\$0.26		
ASC-606 Impact	\$0.01	Fiscal Year 2019 Guidance	YoY Growth
New Adjusted EPS	\$1.47	\$1.70-\$1.75	16% - 19%



Potential Financial Catalysts in FY19

Multiple Opportunities for Material Upside

Product	Current Status	Initiative	Annualized Financial Impact
GeneSight Coverage	6% coverage	Commercial payers, Medicare and Medicaid coverage	Coverage for current contracted payers = \$67M in rev. and \$0.67 in EPS
GeneSight LCD	Medicare limited to psychiatrists	Revised LCD to include primary care physicians	7% increase in RAM = \$350M potential
Prolaris Coverage	55% coverage	Commercial payers Medicaid	+10% increase in RAM = \$6M in rev. and \$0.06 in EPS
Vectra DA Coverage	40% coverage	Commercial payers Medicaid	+10% increase in RAM = \$7M in rev. and \$0.07 in EPS
myPath Melanoma Coverage	1% coverage	Medicare coverage, additional commercial coverage, sales expansion	Medicare coverage = \$3M in rev. and \$0.03 in EPS
Hereditary Cancer	New indications for 120k patients per year	Expanded indications, riskScore, Met BC	1% incremental YoY volume growth = \$5M in rev. and \$0.05 in EPS
ForeSight Coverage	Limited ECS coverage	Commercial payer coverage for ECS	Medicare price for CPT Code 81412 = \$2,449
Prelude Coverage	Average Risk 50% Medicaid 50%	Commercial payer and Medicaid coverage for average risk	10% increase in Average Risk coverage = \$3M in rev. and \$0.03 in EPS
Reproductive Health Tests	9,000 Myriad OBGYNs no calls	Train Myriad sales force	1 sample/month/MD = \$50M in rev. and \$0.50 in EPS



1Q19 Financial Guidance

Metric		First Quarter Fiscal Year 2019	
Revenue		\$200 to \$202 million	
GAAP Diluted EPS		(\$0.08) to (\$0.06)	
Adjusted EPS		\$0.28 to \$0.30	



Hereditary Cancer Upsides in Fiscal Year 2019

Several Significant Contributors to Growth

Companion Diagnostics

- Continued launch of BRACAnalysis CDx in metBC in U.S. and Japan
- BRACAnalysis CDx in first-line ovarian cancer based upon SOLO-1 olaparib data
- Submission of BRACAnalysis CDx in metBC with talazoparib

Expanded Guidelines

Indication	Mkt. Expansion
Prostate Cancer	+40,000
Pancreatic Cancer	+40,000
Colon Cancer	+41,000

riskScore

- Added validation studies
- New ethnic groups
- Additional clinical data



IMPACT Study Published

Primary Care Physicians Have Even Better Outcomes Than Psychiatrists

- Prospective unblinded study
- All 1,871 patients received GeneSight

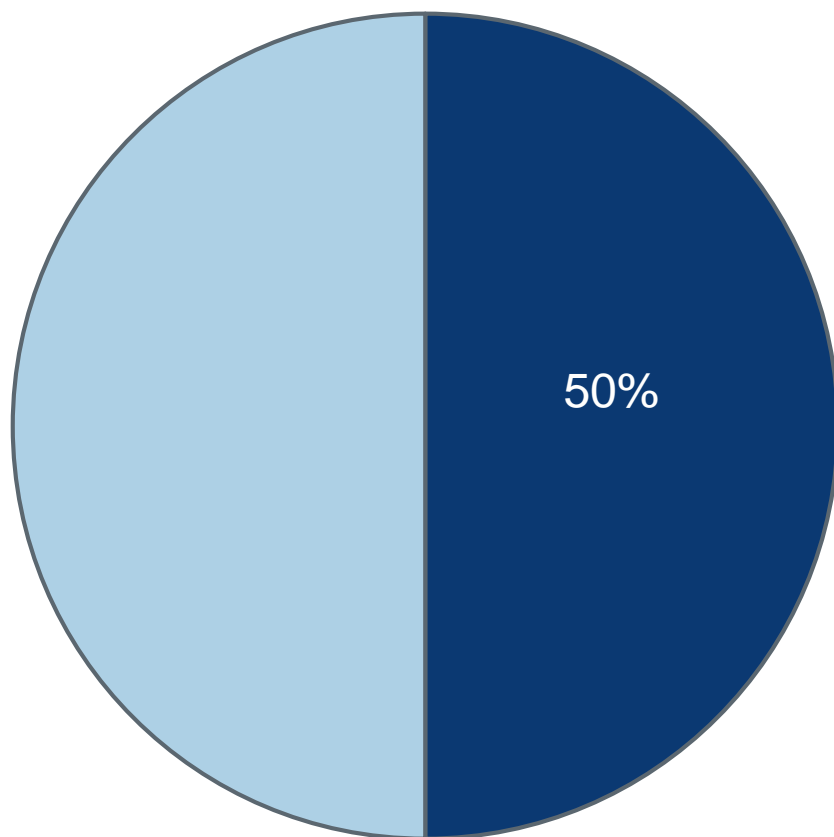
Clinical Outcome	Primary Care Physicians	Psychiatrists	% Difference	p-value	GUIDED Study Results (Genesight Arm)
Symptom Improvement	31.7%	24.9%	27%	<0.01	27.2%
Response Rates	30.1%	22.3%	35%	<0.01	26.0%
Remission Rates	19.5%	12.0%	63%	<0.01	15.3%



Self-Insured Employers Another Avenue to Coverage

Comprise 50 Percent of Commercial Lives in the United States

175M Commercial Lives in the U.S.



■ Self-Insured Employer ■ Payer At-Risk



≈450,000 employees



Other Self-Insured Employer

≈30,000 employees

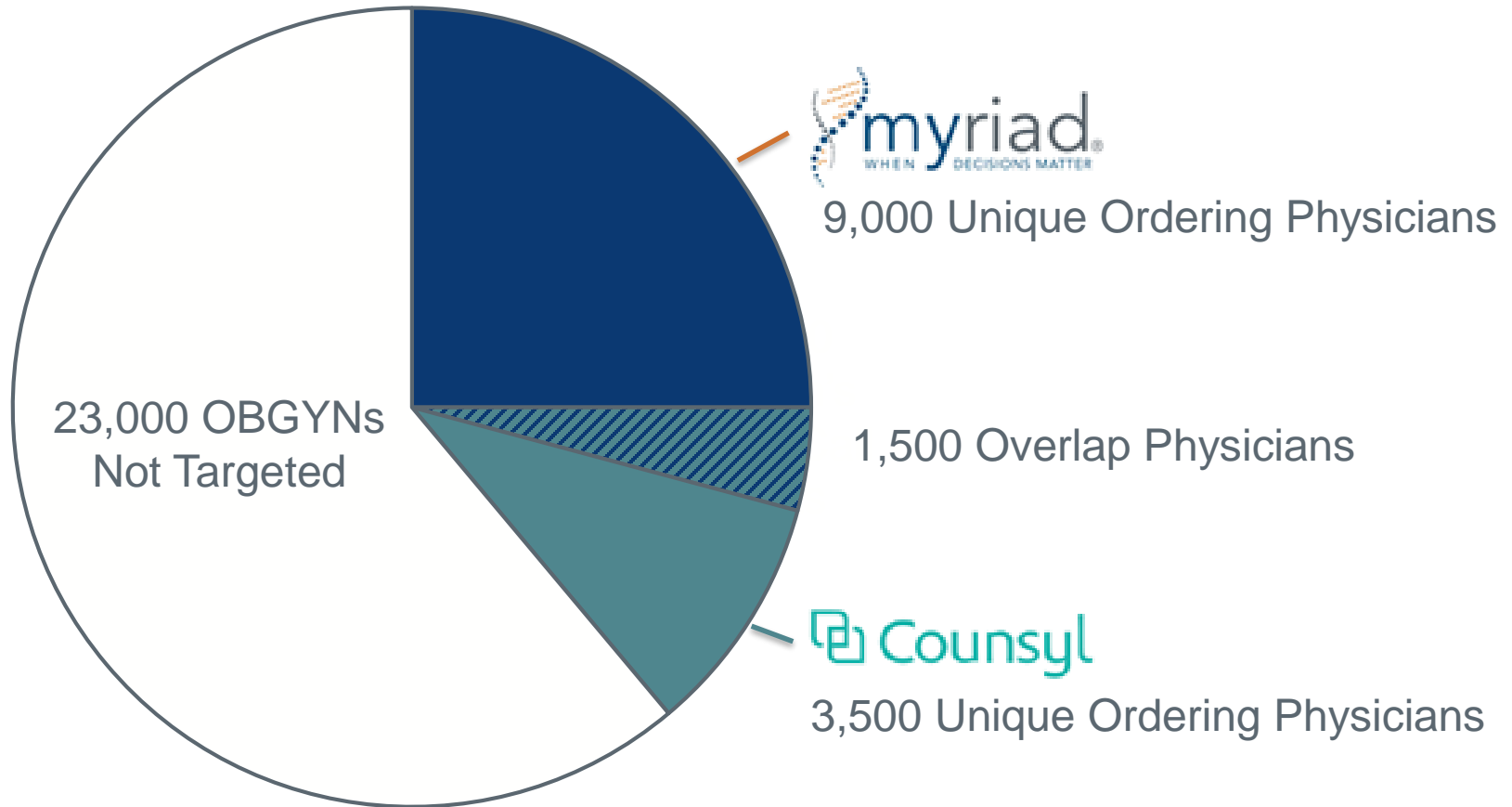




Tripling Number of Physician Targets

Guidance Assumes No Contribution From 9,000 Myriad Physicians

37,000 OBGYNs in Clinical Practice



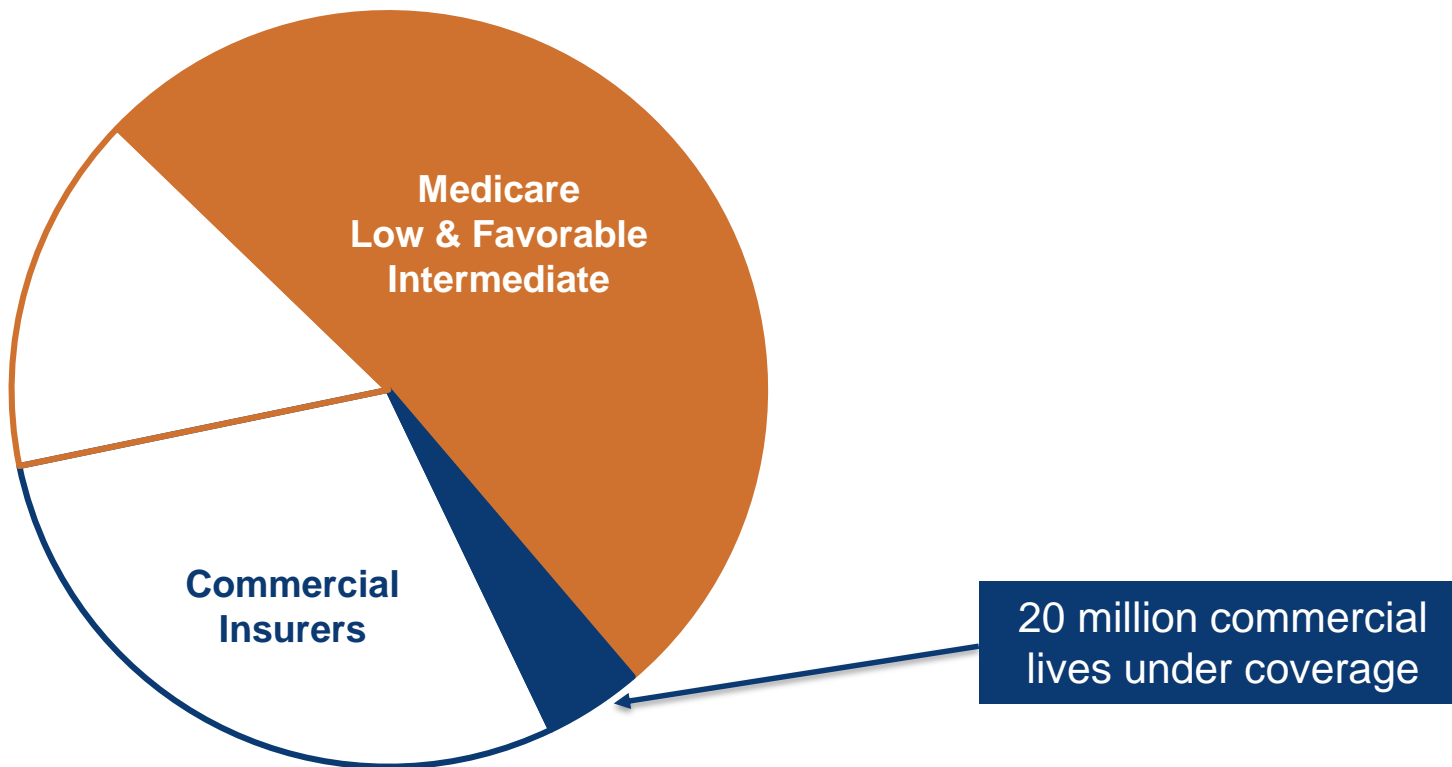
■ Myriad Orderers ■ Overlap ■ Counsyl Orderers □ Not Targeted



Significant Expansion in Prolaris Reimbursement

8 Commercial Payers Now Cover the Test Totaling 20 Million Lives

U.S. Prolaris Insurance Coverage (55%)



■ Medicare ■ Private Covered ■ Private Non-Covered ■ Medicare Non-Covered

Worldwide Leader in Personalized Medicine

- We are entering the **golden age** for personalized medicine
- Molecular diagnostics are the keystone for improving patient outcomes while eliminating waste in healthcare spending
- Myriad is the pioneer of “research-based” and “education-centric” business model for molecular diagnostics
- We are the best positioned company to lead this revolution in healthcare

