



# Myriad Genetics Fiscal Third-Quarter 2017 Earnings Call

05/02/2017

# 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 reconciliation of the GAAP to non-GAAP financial guidance is provided below.

	Fiscal Year 2017
GAAP diluted earnings per share	\$0.23 - \$0.25
Acquisition – amortization of intangible assets	\$0.48
Acquisition – one time charges	\$0.30
<b>Non-GAAP diluted earnings per share</b>	<b>\$1.01 - \$1.03</b>
	Fiscal Fourth-Quarter 2017
GAAP diluted earnings per share	\$0.11 - \$0.13
Acquisition – amortization of intangible assets	\$0.13
Acquisition – one time charges	\$0.02
<b>Non-GAAP diluted earnings per share</b>	<b>\$0.26 - \$0.28</b>

For additional information on GAAP to non-GAAP reconciliation see:  
<https://www.myriad.com/investors/gaap-to-non-gaap-reconciliation/>



# Third Quarter FY2017 Financial Results

*Significantly Exceeded Expectations*

	<b>3Q17 Actual Results</b>	<b>3Q16 Actual Results</b>	<b>YoY Change</b>	<b>Guidance</b>
Revenue	\$196.9	\$190.5	3%	\$188 - \$190 million
GAAP EPS	\$0.06	\$0.47	(87%)	\$0.08 - \$0.10
Adjusted EPS	\$0.27	\$0.41	(34%)	\$0.23 - \$0.25

\* Based on higher than anticipated closing costs in the quarter due to the earlier than expected closing of the Assurex acquisition

# Key Accomplishments in 3Q17

## *Excellent Progress on Three Strategic Imperatives*

<b>Strategic Imperative</b>	<b>Accomplishment</b>
<p>Continued Leadership in an Expanding Hereditary Cancer Market</p>	<ul style="list-style-type: none"> <li>• Grew hereditary cancer volume in seasonally challenging 3Q for first time in five years</li> <li>• Oncology volume up sequentially for second quarter in a row</li> </ul>
<p>Diversify Revenue with New Products</p>	<ul style="list-style-type: none"> <li>• Non-hereditary cancer testing reached 68% of volume and 28% of revenue</li> <li>• GeneSight volume up 44% and revenue up 41% YoY</li> <li>• Completed enrollment early in major prospective clinical utility study for GeneSight</li> <li>• Vectra DA volumes increased 5% sequentially returning to sequential growth</li> <li>• Prolaris volume up 9% sequentially breaking 20,000 annual run rate</li> <li>• Presenting Prolaris study at AUA demonstrating the ability predict metastases</li> <li>• BRACAnalysis CDx successful at selecting patients in metastatic breast cancer study</li> <li>• Launched EndoPredict in U.S. market; over 83 million lives now covered</li> <li>• Submitted myPath Melanoma reimbursement dossier to Medicare and commercial payers</li> </ul>
<p>Grow Kit Products in Major International Geographies</p>	<ul style="list-style-type: none"> <li>• Grew revenue 41% year-over-year</li> <li>• International revenue reached 5% of total revenue</li> <li>• EndoPredict revenue grew 109% year-over-year</li> <li>• Submitted our regulatory filing in Japan for BRACAnalysis CDx as the companion diagnostic for Lynparza in conjunction with our collaboration with AstraZeneca.</li> </ul>

# Fiscal Third-Quarter 2017 Revenue By Product

*Achieved Highest Revenue in Last Three Years*

(in millions)

Product	3Q17	3Q16	YoY Growth
Hereditary Cancer	\$140.8	\$156.3	(10%)
GeneSight	\$23.9	NA*	NM
Vectra DA	\$11.2	\$12.3	(9%)
Prolaris	\$3.4	\$5.2**	(35%)
EndoPredict	\$2.3	\$1.1	109%
Other	\$3.6	\$2.5	44%
<b>Total Molecular Diagnostic Revenue</b>	<b>\$185.1</b>	<b>\$177.4</b>	<b>4%</b>
Pharmaceutical & Clinical Services	\$11.7	\$13.1	(11%)
<b>Total Revenue</b>	<b>\$196.9</b>	<b>\$190.5</b>	<b>3%</b>

\* Prior to the completion of the Assurex Health acquisition

\*\* Included Medicare retrospective payments

# Fiscal Third-Quarter Financial Results

(in millions except per share data)	3Q17	3Q16	YoY Growth
<b>Total Revenue</b>	<b>\$196.9</b>	<b>\$190.5</b>	<b>3%</b>
Gross Profit	\$152.6	\$150.3	2%
Gross Margin	77.5%	78.9%	NM
Operating Income	\$12.9	\$42.6	(70%)
<b>Adjusted Operating Income</b>	<b>\$24.0</b>	<b>\$45.8</b>	<b>(48%)</b>
Adjusted Operating Margin	12.2%	24.0%	NM
Net Income	\$4.2	\$34.5	(88%)
Diluted EPS	\$0.06	\$0.47	(87%)
<b>Adjusted EPS</b>	<b>\$0.27</b>	<b>\$0.41</b>	<b>(34%)</b>



# 4Q17 and FY17 Financial Guidance

*Raising Revenue Guidance; Narrowing EPS Outlook*

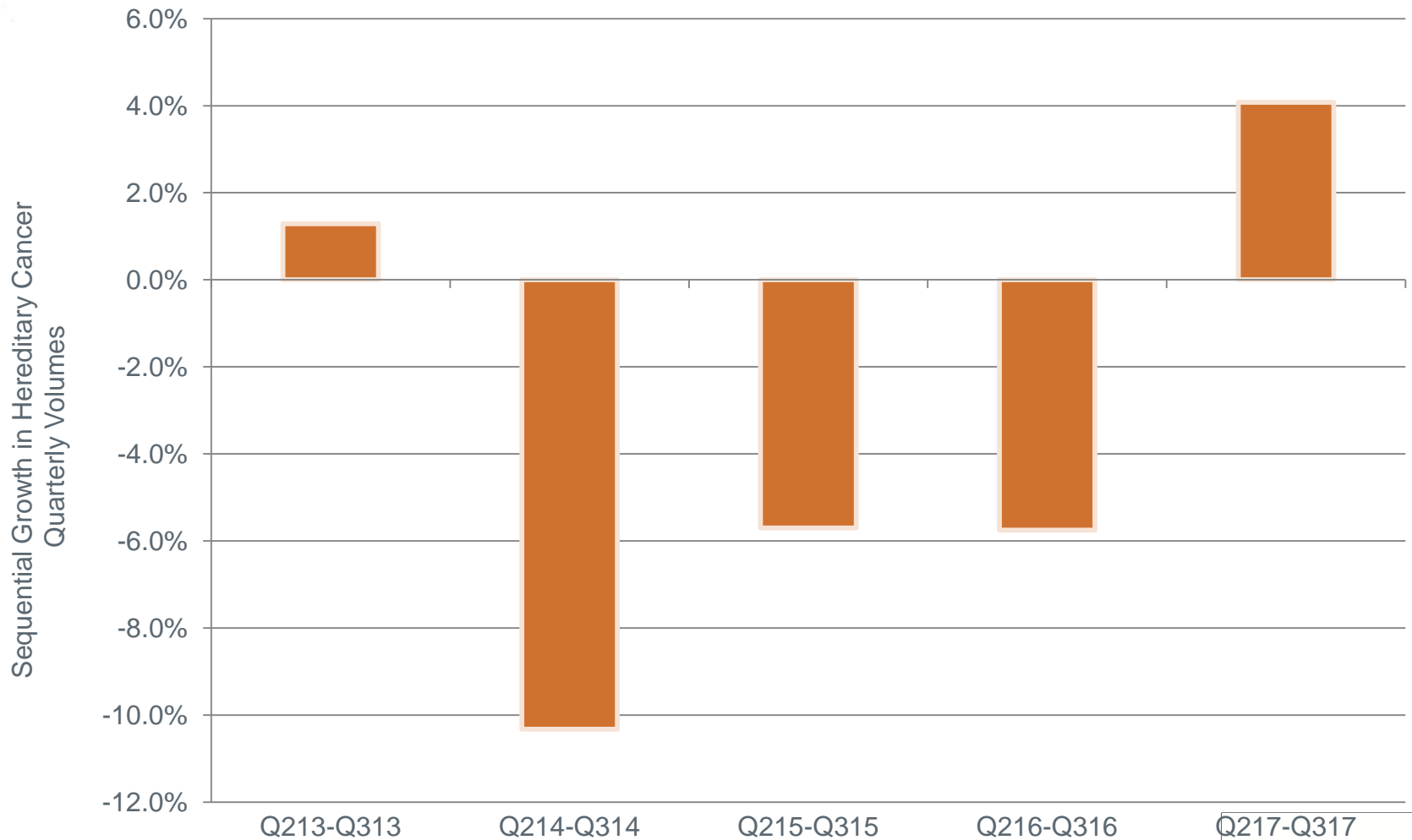
Metric	Fiscal Fourth-Quarter 2017	Fiscal Year 2017
Revenue	\$192 to \$194 million	\$763 to \$765 million
GAAP Diluted EPS	\$0.11 to \$0.13	\$0.23 to \$0.25
Adjusted EPS	\$0.26 to \$0.28	\$1.01 to \$1.03

For additional information on GAAP to non-GAAP reconciliation see: <https://www.myriad.com/investors/gaap-to-non-gaap-reconciliation/>



# Strongest 3Q Sequential Growth in Five Years

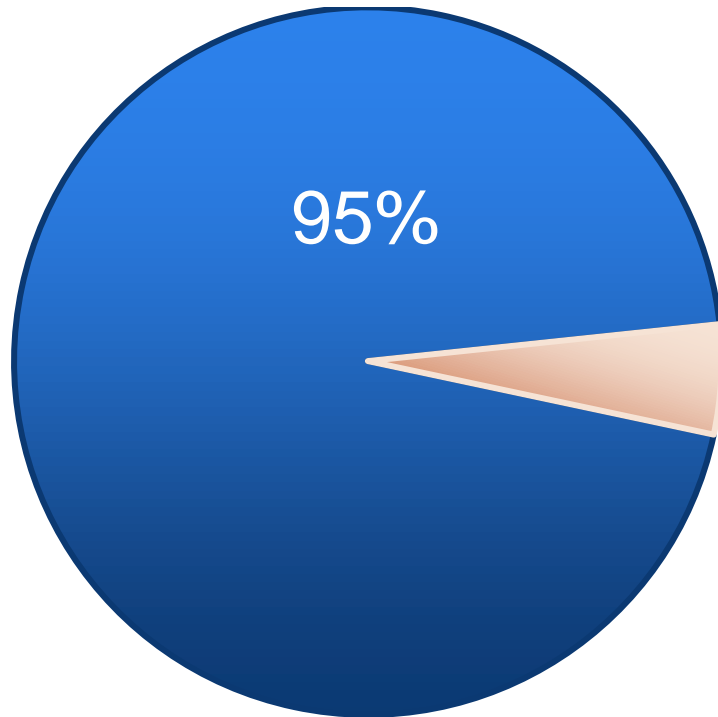
*Sales Force Productivity and New Strategies Leading to Strong Momentum*





# Volume With Out-of-Network Plans Grew Sequentially

*Physicians and Patients Continue To Demand Myriad's Superior Quality*



## As out-of-network provider:

- Physicians continue to demand highest quality test
- Out-of-network volume grew sequentially in Q3
- Billed at list price with no discount

■ In-Network    ■ Out-of-Network

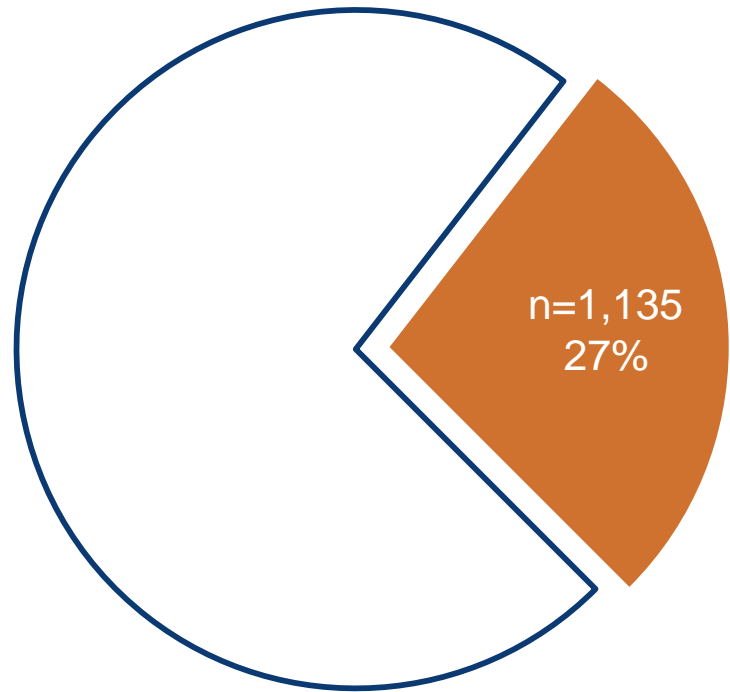


# High Discordance in Public Databases

*Myriad's Database Provides Highest Quality Answers*

Gradishar Study

n=4,250

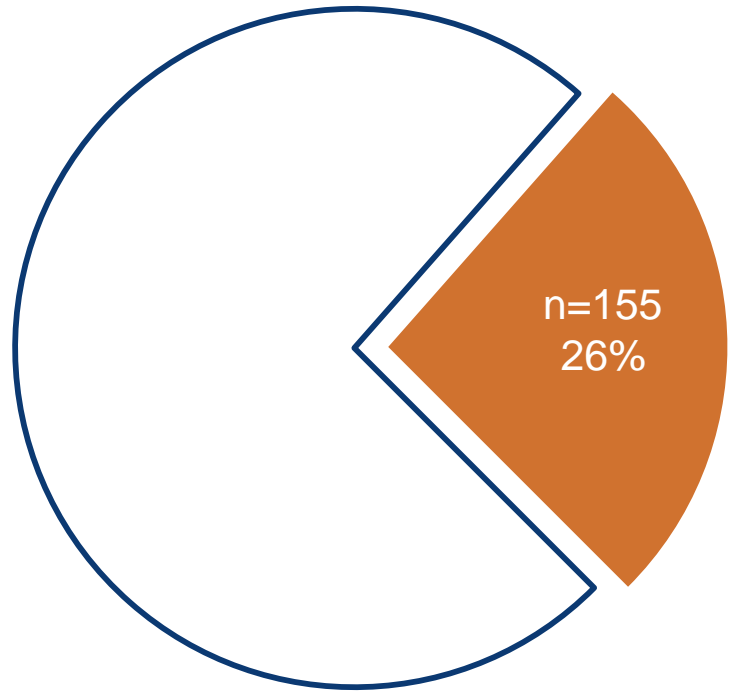


■ Conflicting interpretation between laboratories

Source: *The Oncologist* April 2017

PROMPT Study

n=603



■ Conflicting interpretation between laboratories

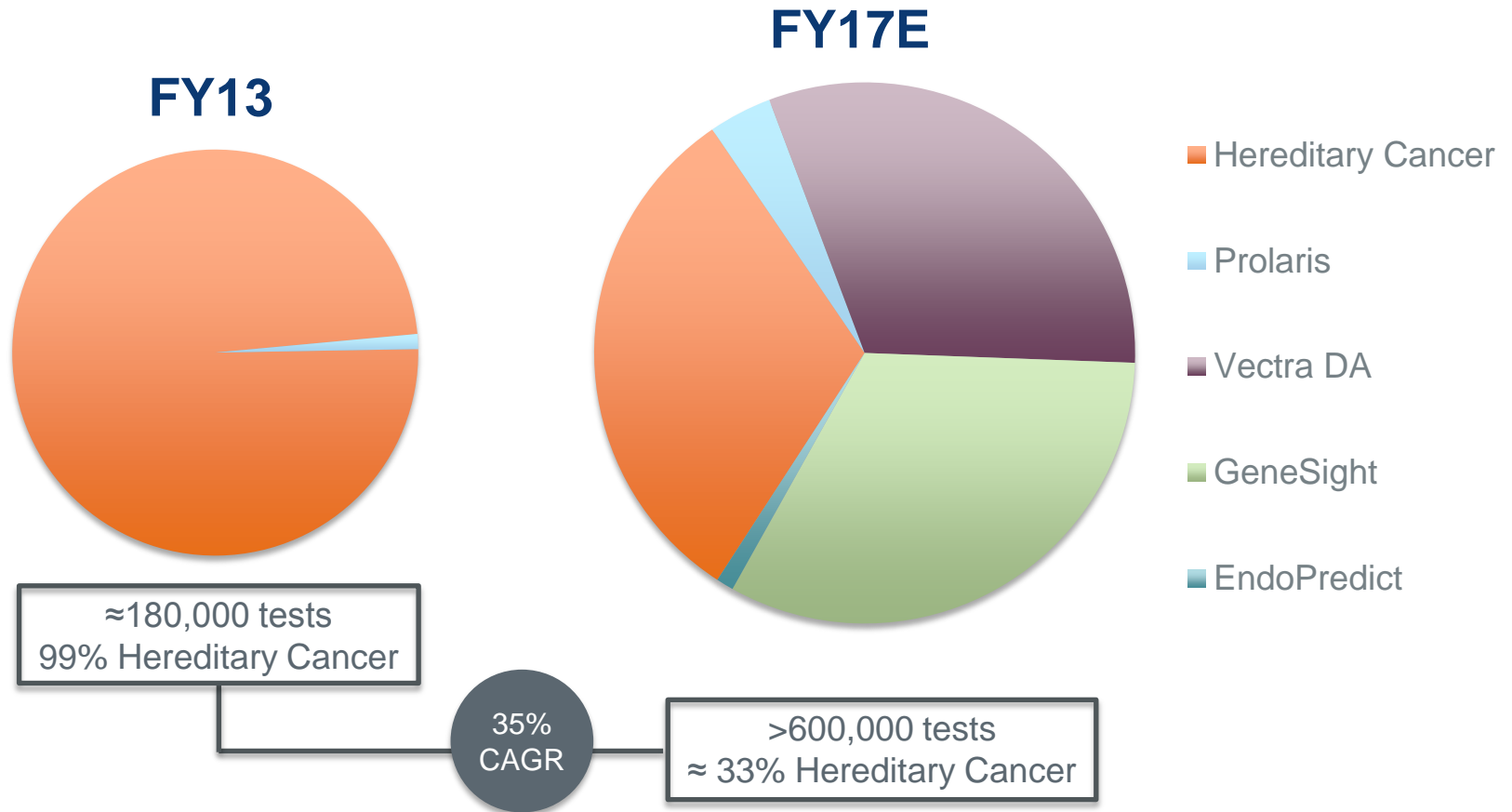
Source: *PROMPT Study* presented at ASCO 2016 Annual Meeting





# Substantial Diversification in Testing Volumes

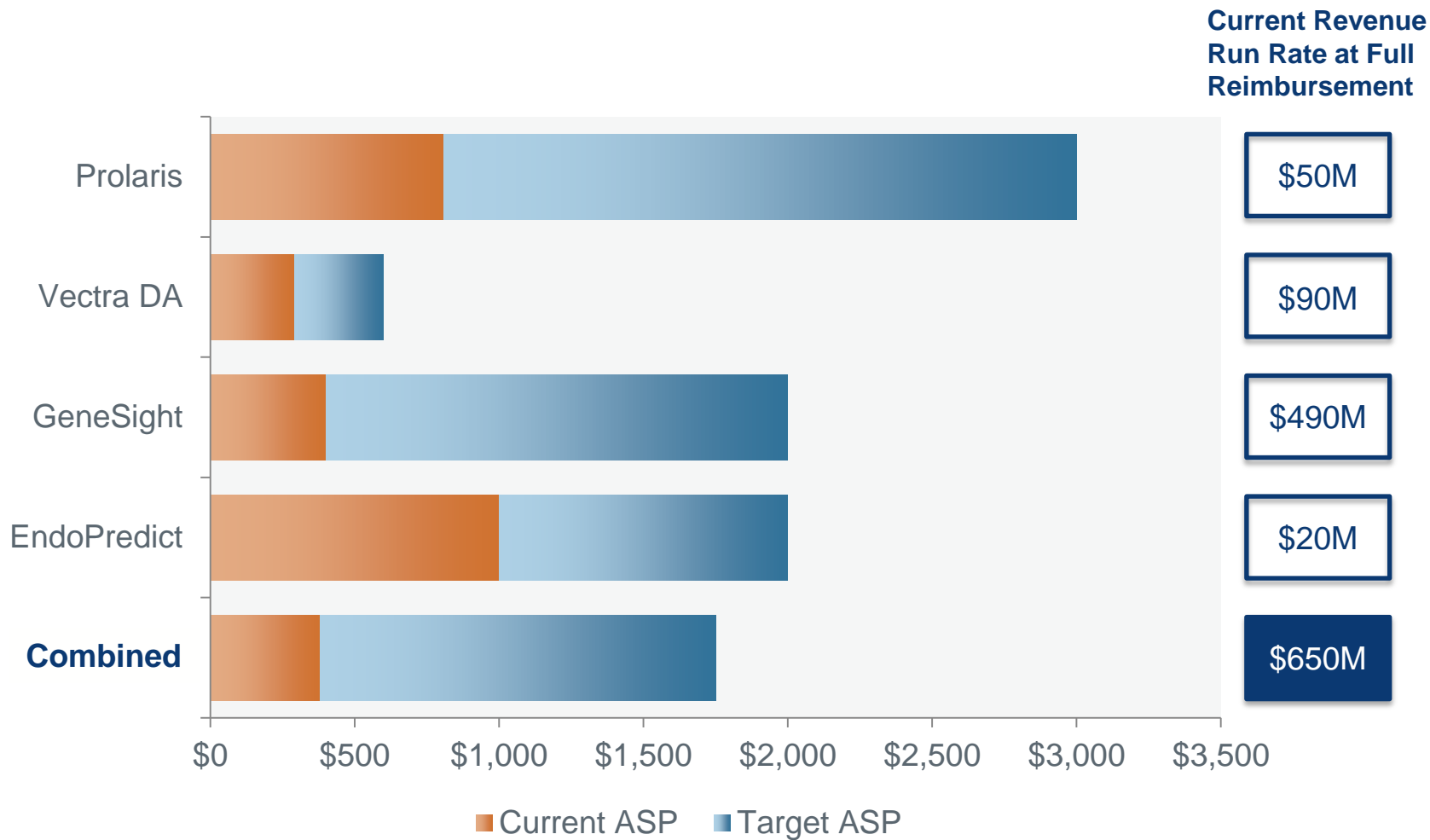
> Two Thirds of Volume Attributed to Non-Hereditary Cancer Tests





# Reimbursement Will Drive Significant Growth

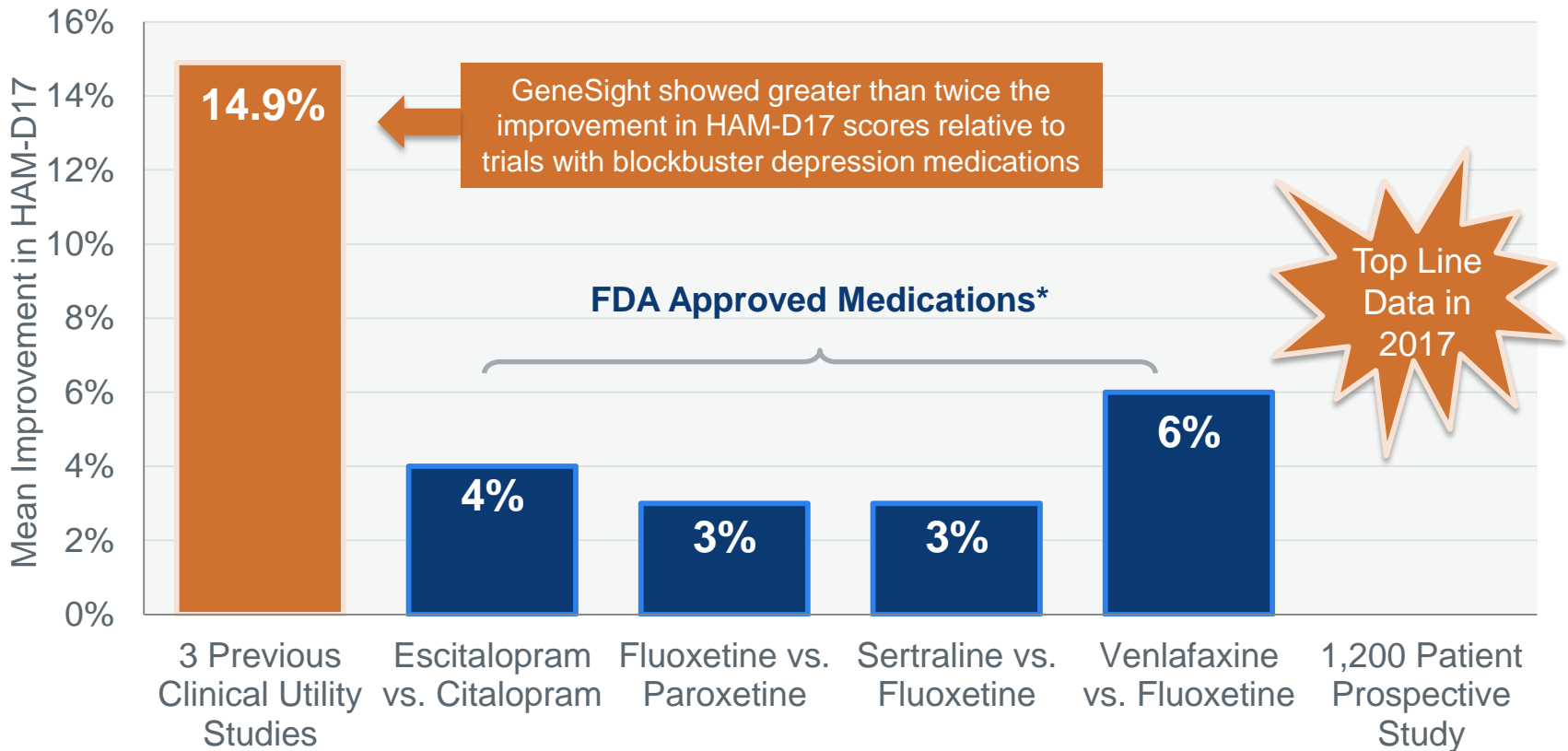
*\$650M Annual New Product Revenue When Fully Reimbursed*





# Landmark GeneSight Study Fully Enrolled

Top Line Data Expected by End of Calendar Year 2017



\*Sources: FDA summary bases of approvals

Hall-Flavin DK, et al. Utility of integrated pharmacogenomic testing to support the treatment of major depressive disorder in a psychiatric outpatient setting.

Pharmacogenetics and Genomics. 2013;23(10):535-548

Winner JG, et al. A prospective, randomized double-blind study assessing the clinical impact of integrated pharmacogenomic testing for major depressive disorder.

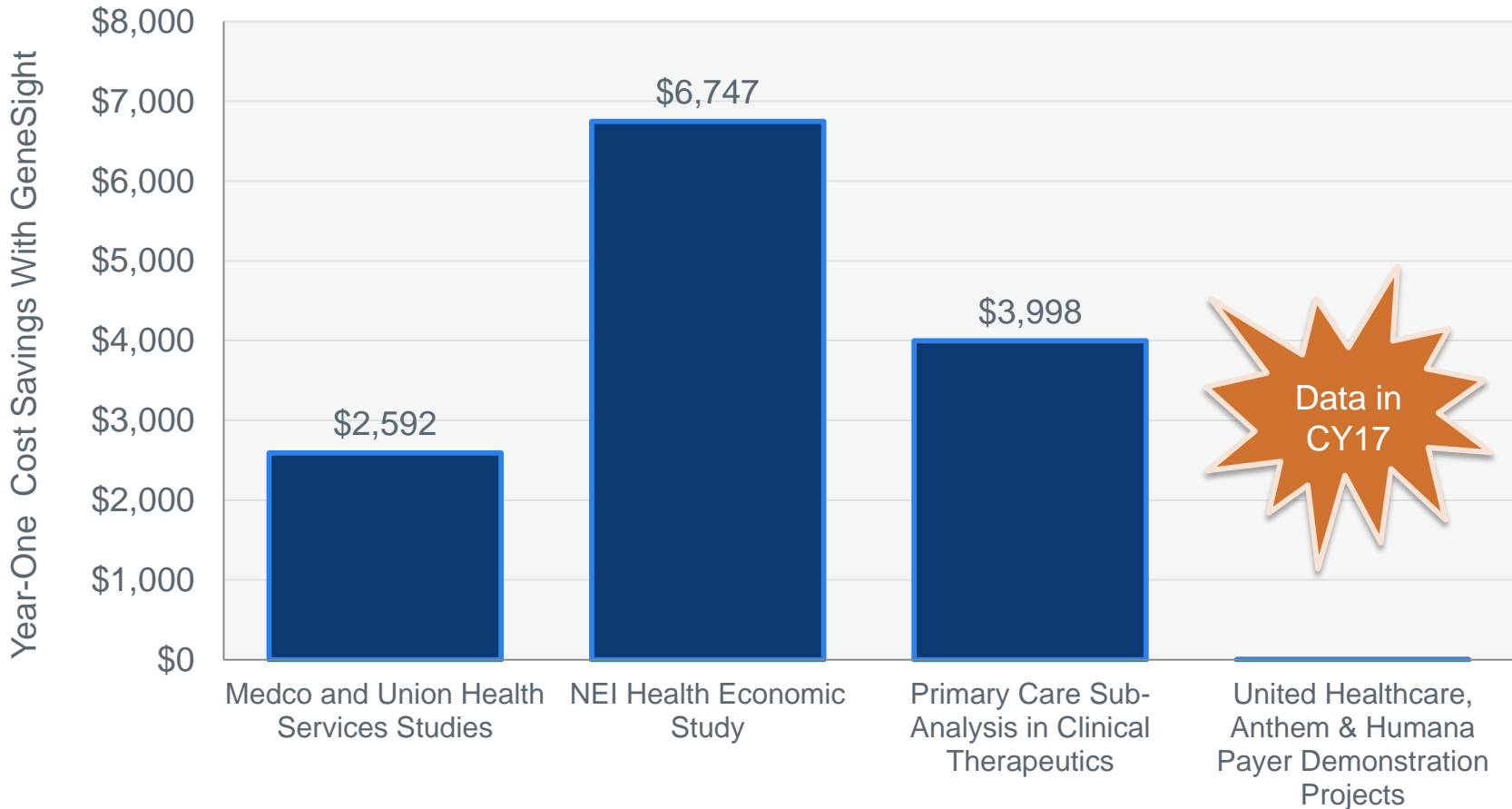
Discovery Med. 2013;16(89): 219-227

Hall-Flavin DK, et al. Using a pharmacogenomic algorithm to guide the treatment of depression. Transl Psychiatry. 2012;2:e 172



# Strong New Health Economic Data For GeneSight

## *Mounting Evidence Supporting Substantial Cost Savings*



Sources: Winner JG, et al. Combinatorial pharmacogenomic guidance for psychiatric medications reduces overall pharmacy costs in a 1 year prospective evaluation. *Curr Med Res Opin.* 2015 Jul 23:1-11. [PMID: 26086890]

Winner JG, Allen JD, et al. Psychiatric pharmacogenomics predicts health resource utilization of outpatients with anxiety and depression. *Transl Psychiatry.* 2013;3:e300. doi:10. 1038/tp.2013.2

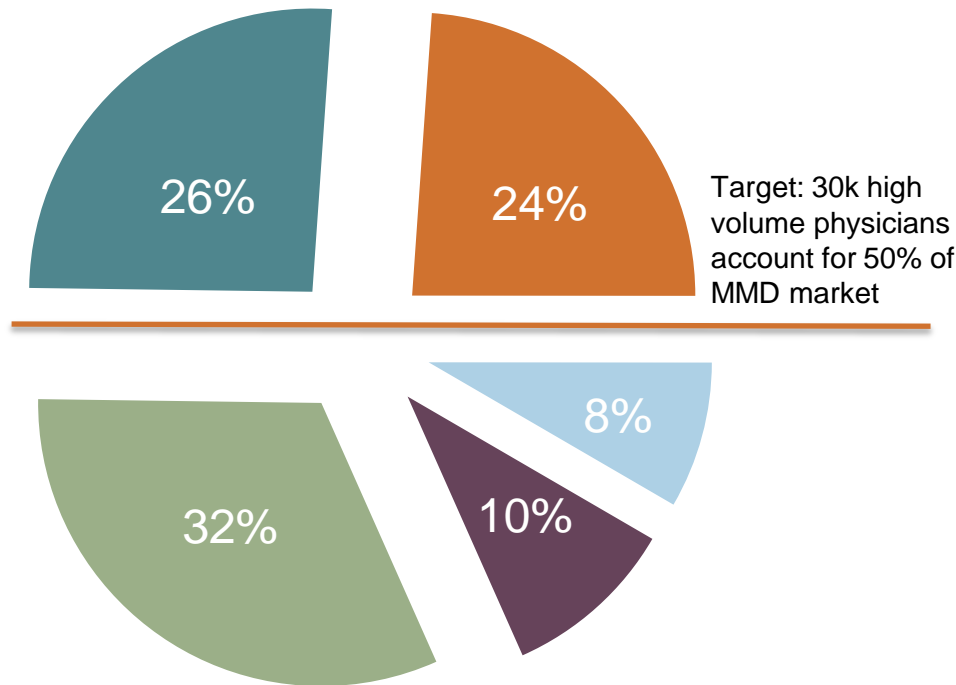
Data presented at the Neuroscience Education Institute Annual Conference 2016  
Clinical Therapeutics February 2017

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# Preventive Care Pilot Highly Successful

## Significant Opportunity to Leverage Large Preventive Care Sales Team

TREATING PHYSICIAN FOR PATIENTS WITH MAJOR DEPRESSIVE DISORDER



- 13,600 High Volume Psychiatrists
- Other 35,000 Psychiatrists
- Other
- >200,000 Primary Care and Other
- 16,000 High Volume Primary Care

- Most MDD patients are seen by primary care consisting of general practice, internal medicine and OB/GYNs.
- Top 16,000 primary care physicians and OB/GYN channel order almost half of the prescriptions for MDD.
- Sales reps in pilot study generated average volumes at an annual run rate of 300 tests per year.



# Clinical Guidelines Increasingly Recognize Vectra DA

*ACR Diagnostic Guideline Review Will Occur This Fall*

December 2016

United  
Rheumatology  
Clinical Practice  
Guidelines

February 2017

Creaky Joints  
Guidelines  
(Major Patient  
Advocacy Group)

Review in Fall 2017

American College  
of Rheumatology  
Diagnostic  
Guidelines



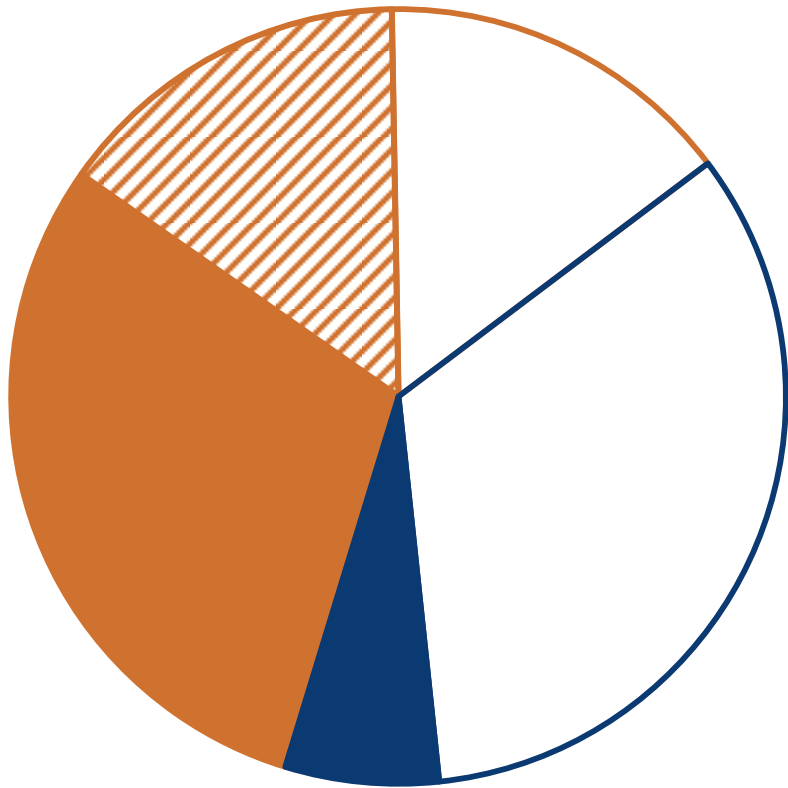


# New LCD Would Expand Coverage For Prolaris

*50% of Prostate Cancer Patients (>100,000/yr) Would be Covered*

## Prolaris Insurance Coverage

200,000  
localized  
prostate  
cancer  
patients



- Medicare Low Risk
- ▨ Medicare (Favorable Intermediate)
- Medicare Non-Covered
- Commercial Non-Covered
- Commercial Covered



# New Study Shows Ability to Predict Metastases

## Adding Metastases to Clinical Report Provides Added Value to Physicians

Considerably  
Less Aggressive

Less Aggressive

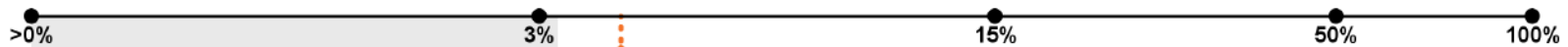
Consistent

More Aggressive

Considerably  
More Aggressive

### Mortality Risk

▶ **Mortality Risk: 4.0%** 10-Year Prostate Cancer-Specific (with conservative management)



4.0  
%DSM

In a clinical study estimating 10-year prostate cancer-specific mortality risks for men undergoing conservative management, there were no observed prostate cancer deaths in patients with a predefined clinical risk score (CCP combined with CAPRA) corresponding to a 3.2% (95% CI 2.0, 5.2%) prostate cancer-specific mortality risk. \*\*

#### Disease Specific Mortality

This patient's 10 year risk of prostate cancer-specific mortality is 4.0% (95% CI:2.5-6.2%) with conservative management. Mortality risks could be altered by various therapeutic interventions.\*\*\*

### Metastasis Risk

▶ **Metastasis Risk: 1.4%** 10-Year (with definitive treatment)



1.4  
%Mets

#### Metastasis

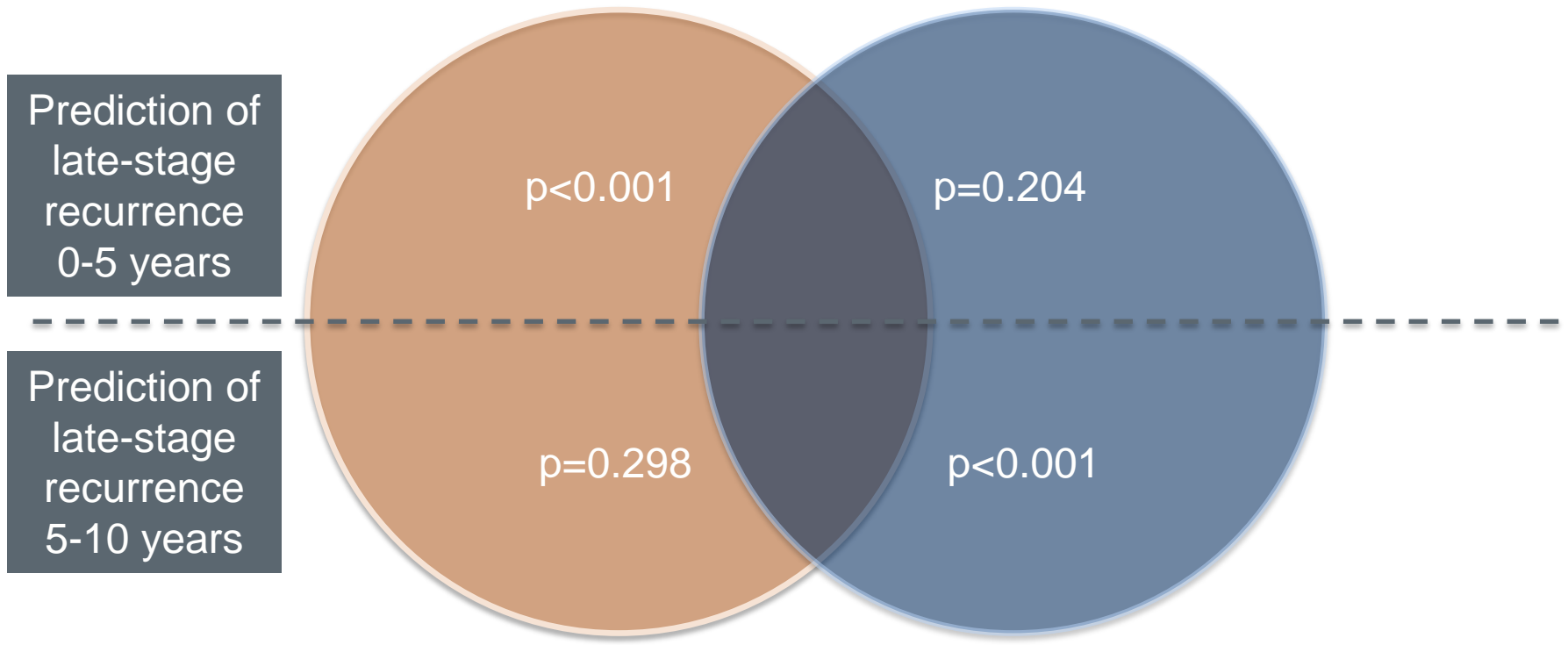
This patient's 10 year risk of metastasis is 1.4% (95% CI:0.6-2.9%) after definitive treatment. \*\*\*\*



# EndoPredict Has Both Sets of Predictive Genes

*Superior Ability to Predict Late-Stage Recurrence*

Proliferation Genes ER-Signaling Genes

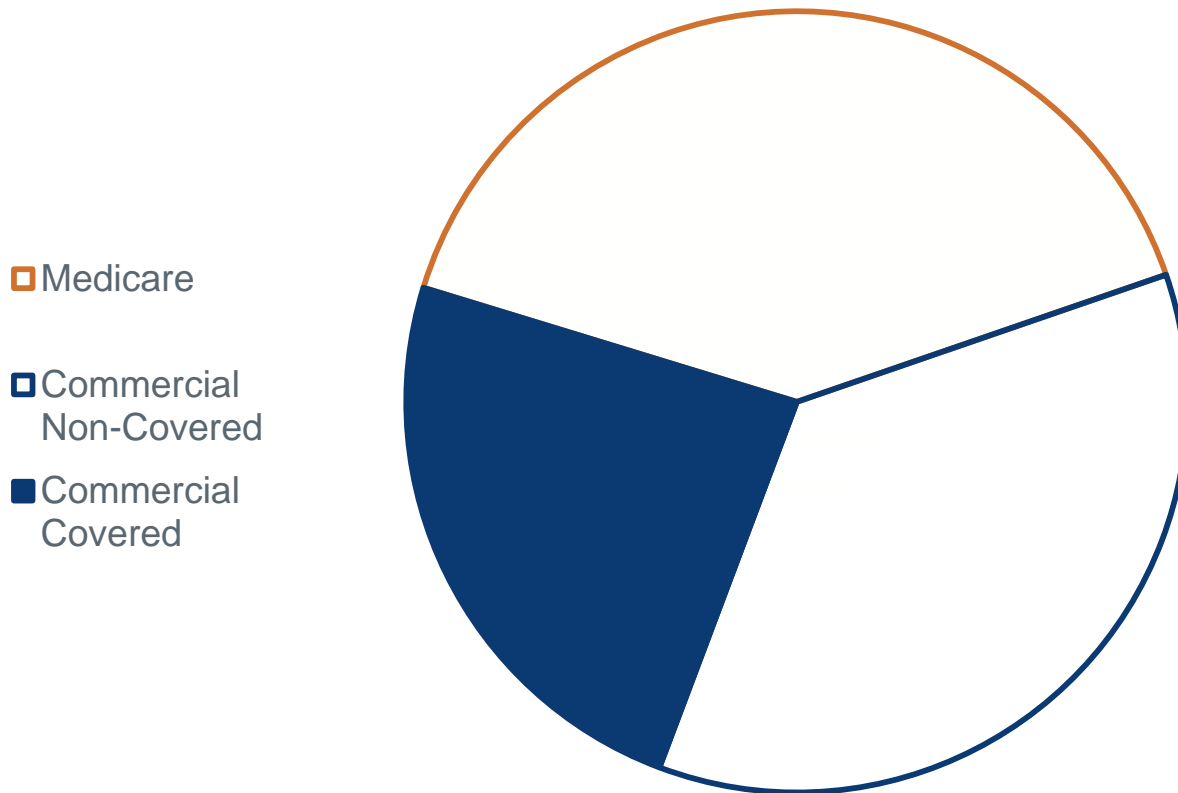




# Ramping Payer Coverage for EndoPredict

*Now Covered by Plans Representing 83 Million Lives in United States*

## EndoPredict Insurance Coverage

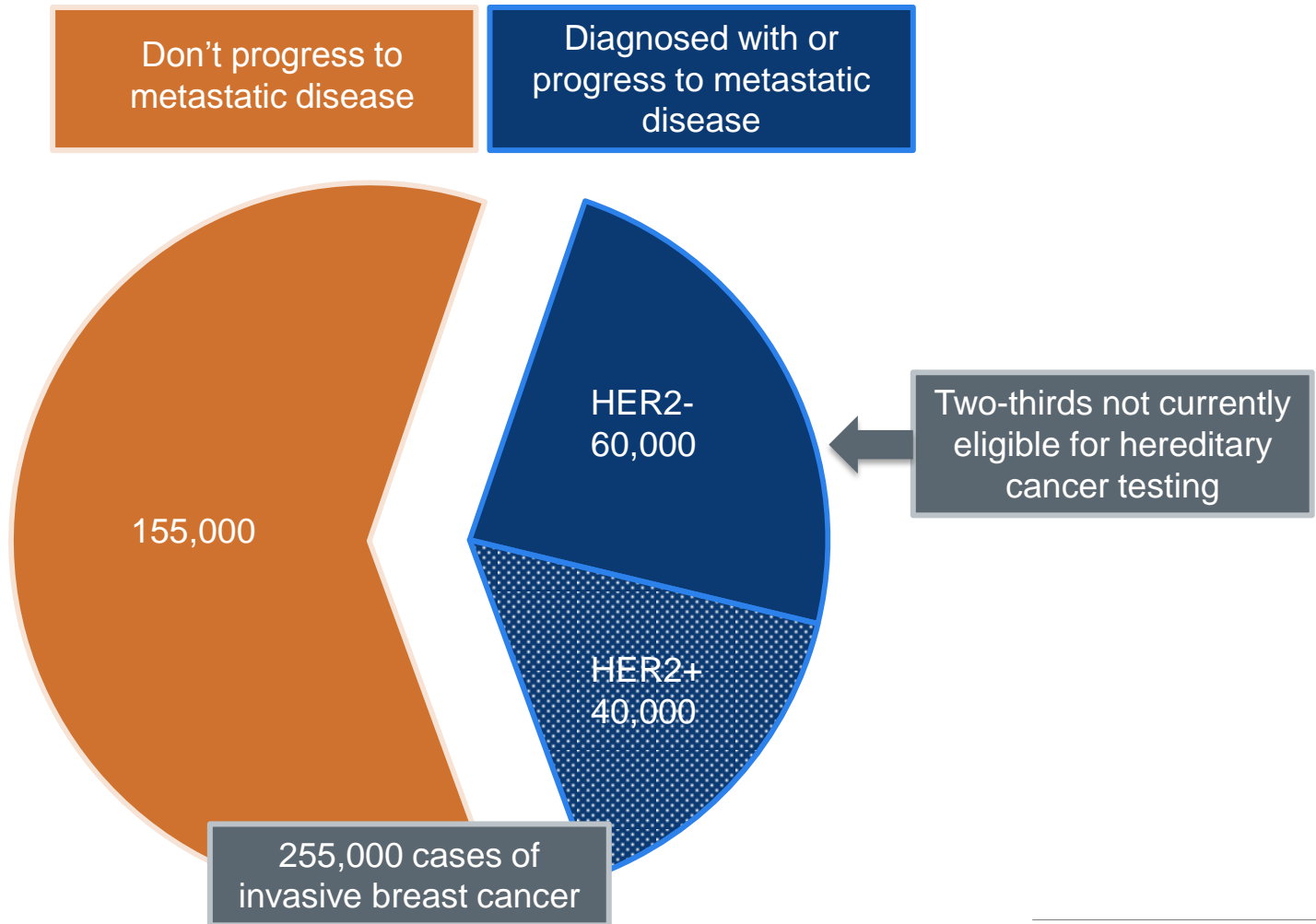


- Submitted dossier to Medicare in Q317
- Favorable recommendation from BCBS tech assessment committee Evidence Street
- Coverage decisions from payers representing 83 million lives



# New Indication Would Represent 60,000 Patients/Yr

*3x the Size of Ovarian Cancer Market*





# Multiple PARP Clinical Studies to Report in CY17

*8 Additional Pivotal Clinical Study Results Expected*

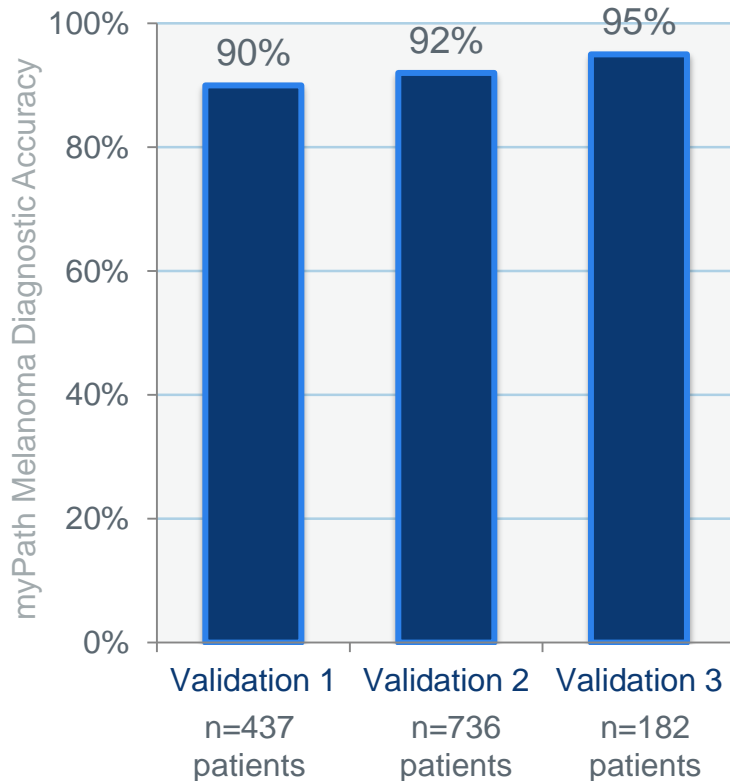
Indication	Number of Studies	First Data Expected	Total Patients
HER2- metastatic breast cancer	3	AZN olaparib data reported - OlympiAD	160,000
Neoadjuvant TNBC	1	Jun. 2017	70,000
Other ovarian	3	AZN olaparib data reported – SOLO2	50,000
Pancreatic	1	Dec. 2017	100,000

<b>Total</b>	<b>380,000</b>
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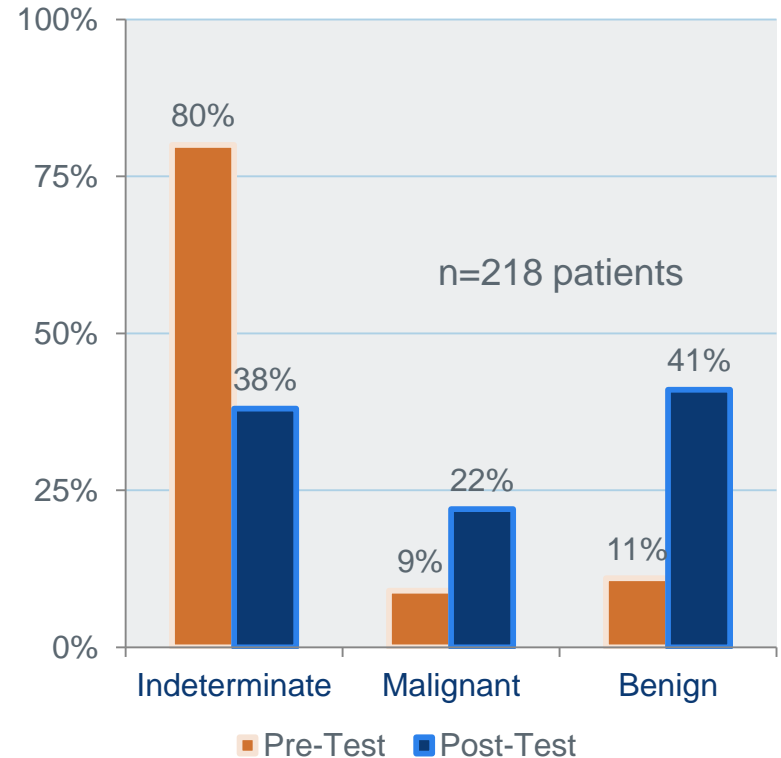
# Final myPath Melanoma Studies Published

*Dossier Submitted to Medicare and Private Payers*

## myPath Melanoma Diagnostic Accuracy



## myPath Melanoma Clinical Utility

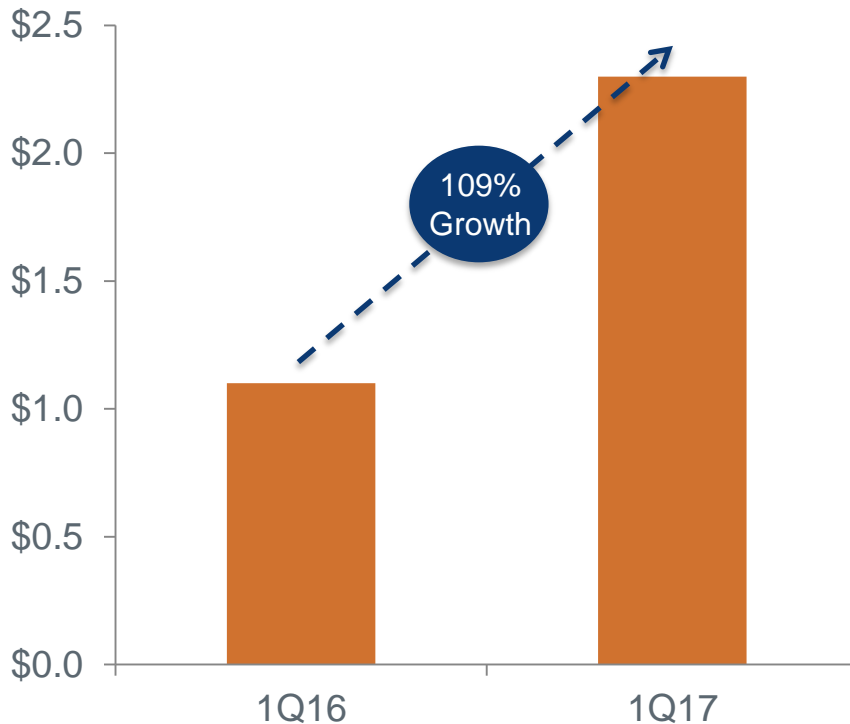


Sources: Data presented at ASDP: Diagnostic Distinction of Malignant Melanoma and Benign Nevi by a Gene Expression Signature and Correlation to Clinical Outcome. Clarke L et al. Clinical validation of a gene expression signature that differentiates benign nevi from malignant melanoma J Cutan Pathol 2015; 42:244-252. Cockerell et al. The Influence of a Gene Expression Signature on the Diagnosis and Recommended Treatment of Melanocytic Tumors by Dermatopathologists. Medicine. 2016; 95(40):e4887

# International Product Revenue Up 41%

*Driven by Strong Growth and Expanding Reimbursement for EndoPredict*

EndoPredict Revenue (in mil.)



- French public health care system funding began in 1H CY16 covering all patients.
- German national reimbursement (GBA) covering local testing in authorized major centers.
- Submitted to U.K. NICE and Health Canada; expect decision in 1H CY18.