

# Myriad Genetics Fiscal Third-Quarter 2020 Earnings Call

May 5, 2020



# 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.

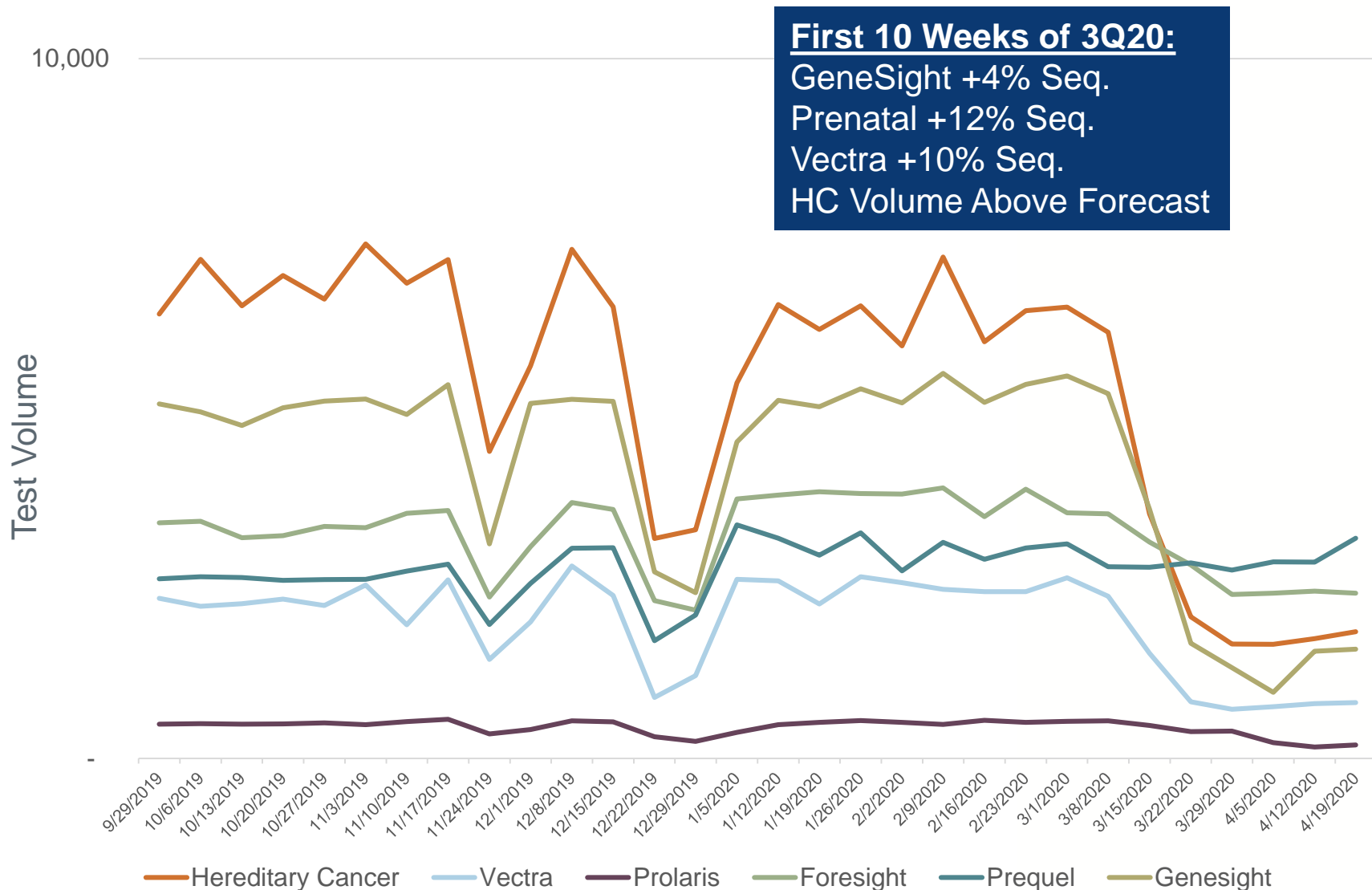
For additional information on GAAP to non-GAAP reconciliation see:

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

# Fiscal Third-Quarter 2020 Financial Results

	3Q20 Actual Results	Impact of Coronavirus on 3Q20 Results	3Q19 Actual Results
Revenue (in mil.)	\$164.0	≈\$18.0	\$216.6
GAAP EPS	(\$1.55)	≈\$0.13	\$0.09
Adjusted EPS	(\$0.08)	≈\$0.13	\$0.46

# Test Volume Trends



- Myriad Response – Focus on Employee & Customer Safety
- While Ensuring Business Continuity and Future Recovery

## Sales & Marketing

- Virtual sales calls including virtual learning videos and meeting programs
- Direct-to-patient kit shipments
- Mobile phlebotomy services
- Focus on sales training during downtime

## Laboratory

- Implemented policies consistent with CDC and local guidance provisions
- Isolation shifts to prevent broad contamination of lab workers
- Work distancing and face shields

## Financial

- Temporary furloughs for 320 employees and implemented pay cuts for senior executives
- Reduced commission, mileage, & T&E expenses
- Cut employee benefits and reduced bonuses
- Cares Act – received \$8M in stimulus payments in 4Q20 and \$30M in accelerated Medicare payments in 4Q20

# Financial Overview

# Fiscal Third-Quarter 2020 Revenue By Product

(in millions)

Product	3Q20	3Q19	YoY Growth	Test Volume Growth	ASP Change
Hereditary Cancer	\$85.2	\$117.6	(28%)	(4%)	(25%)
GeneSight®	\$20.4	\$29.6	(31%)	(33%)	2%
Prenatal Testing	\$20.3	\$30.6	(34%)	0%	(34%)
Vectra®	\$10.5	\$11.3	(7%)	(6%)	(2%)
Prolaris®	\$6.8	\$6.9	(1%)	9%	(10%)
EndoPredict®	\$3.5	\$2.8	25%	-	-
Other	\$3.8	\$1.7	124%	-	-
<b>Total Molecular Diagnostic Revenue</b>	<b>\$150.5</b>	<b>\$200.5</b>	<b>(25%)</b>	<b>-</b>	<b>-</b>
Pharmaceutical & Clinical Services	\$13.5	\$16.1	(16%)	-	-
<b>Total Revenue</b>	<b>\$164.0</b>	<b>\$216.6</b>	<b>(24%)</b>	<b>-</b>	<b>-</b>








# Fiscal Third-Quarter 2020 Financial Results

	GAAP Results			Adjusted Results		
	3Q20	3Q19	YoY Growth	3Q20	3Q19	YoY Growth
<b>Total Revenue</b>	<b>\$164.0</b>	<b>\$216.6</b>	<b>(24%)</b>	<b>\$164.0</b>	<b>\$216.6</b>	<b>(24%)</b>
Gross Profit	\$113.9	\$168.0	(32%)	\$114.3	\$168.6	(12%)
Gross Margin	69.5%	77.6%	-810 bps	69.7%	77.8%	-810 bps
Operating Income	(\$133.7)	\$5.9	NM	(\$12.2)	\$37.6	NM
Operating Margin	(81.5%)	2.7%	NM	(7.4%)	17.4%	NM
Net Income	(\$115.2)	\$6.9	NM	(\$6.3)	\$34.3	NM
<b>EPS</b>	<b>(\$1.55)</b>	<b>\$0.09</b>	<b>NM</b>	<b>(\$0.08)</b>	<b>\$0.46</b>	<b>NM</b>



# 4Q20 Business Outlook

## Test Volume Trends:

Test	  	 	 
Volume Change in April	(70%) – (75%)	(40%) – (45%)	(20%) – (25%)

Targeting \$50 million reduction in expenses relative to 3Q20 run rate

# Medicare LCD Expansion for GeneSight

Potential to increase addressable population **>4x**



31M patients on antidepressants

2.5M cases of TRD per year

2.5M+ new cases of GAD per year



Plans to add 65 new sales reps beginning in 4Q20

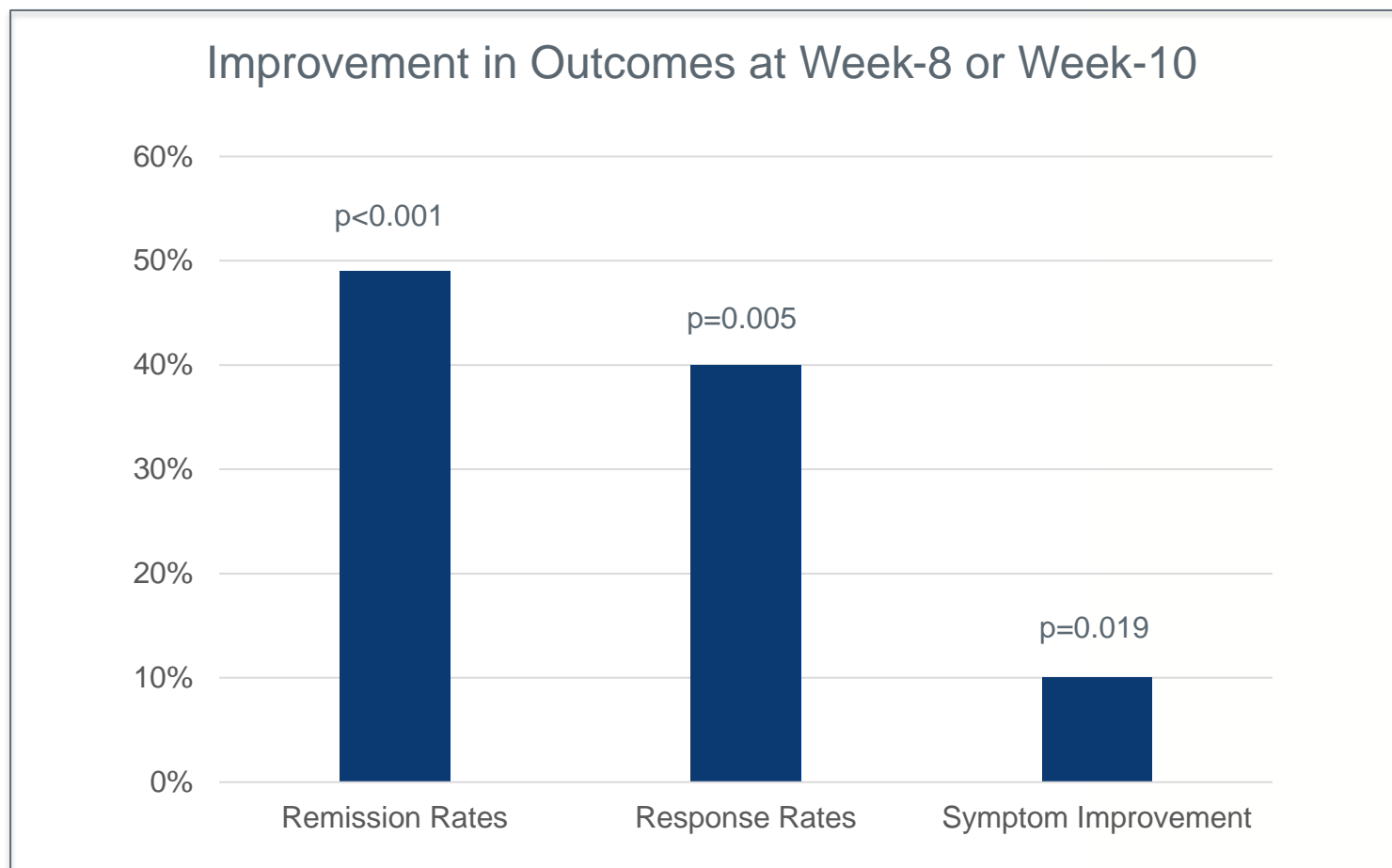


60% seen by primary care

40% seen by psychiatrists

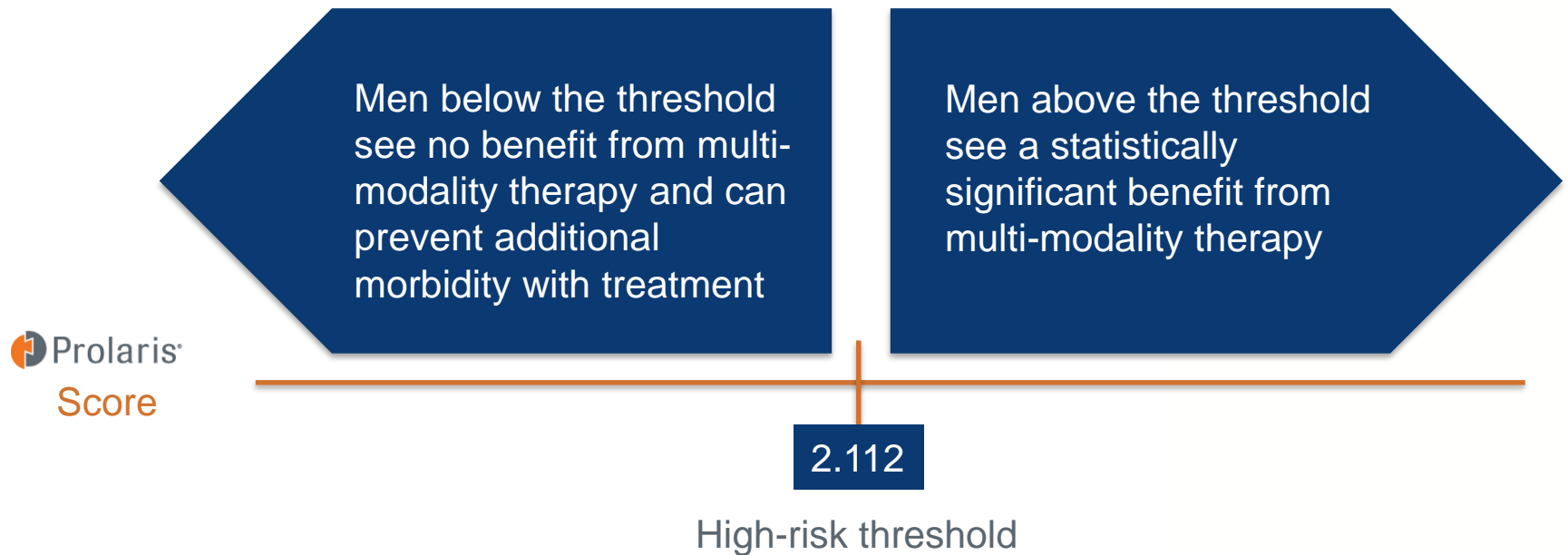
# GeneSight Meta-Analysis from Four Major Studies

## Meta-Analysis from Four Major Studies (1,556 Patients)



- Prolaris Predicts Which Men Will Benefit From Multi-Modality Therapy

Hazard ratio for predicting metastases = 3.75 ( $p=1.6 \times 10^{-16}$ )



# NCCN Guidelines Recommend Prolaris for Unfavorable Intermediate and High-Risk Patients



## NCCN Guidelines Version 1.2020 Prostate Cancer

[NCCN Guidelines Index](#)  
[Table of Contents](#)  
[Discussion](#)

### INITIAL RISK STRATIFICATION AND STAGING WORKUP FOR CLINICALLY LOCALIZED DISEASE

Risk Group	Clinical/Pathologic Features		Imaging <sup>f,g</sup>	Germline Testing <sup>c</sup>	Molecular/Biomarker Analysis of Tumor <sup>c</sup>	Initial Therapy
Very low <sup>d</sup>	Has all of the following: • T1c • Grade Group 1 • PSA <10 ng/mL • Fewer than 3 prostate biopsy fragments/cores positive, ≤50% cancer in each fragment/core • PSA density <0.15 ng/mL/g		Not indicated	Recommended if family history positive or intraductal/criform histology <a href="#">See PROS-1</a>	Not indicated	<a href="#">See PROS-3</a>
Low <sup>d</sup>	Has all of the following but does not qualify for very low risk: • T1–T2a • Grade Group 1 • PSA <10 ng/mL		Not indicated	Recommended if family history positive or intraductal/criform histology <a href="#">See PROS-1</a>	Consider if life expectancy ≥10 y <sup>j</sup>	<a href="#">See PROS-4</a>
Intermediate <sup>d</sup>	Favorable intermediate	Has all of the following: • 1 IRF • Grade Group 1 or 2 • <50% biopsy cores positive <sup>e</sup>	• Bone imaging <sup>h</sup> : not recommended for staging • Pelvic ± abdominal imaging <sup>i</sup> : recommended if nomogram predicts >10% probability of pelvic lymph node involvement • If regional or distant metastases are found, <a href="#">see PROS-8</a>	Recommended if family history positive or intraductal/criform histology <a href="#">See PROS-1</a>	Consider if life expectancy ≥10 y <sup>j</sup>	<a href="#">See PROS-5</a>
	Unfavorable intermediate	Has one or more of the following: • 2 or 3 IRFs • Grade Group 3 • ≥50% biopsy cores positive <sup>e</sup>	• Bone imaging <sup>h</sup> : recommended if T2 and PSA >10 ng/mL • Pelvic ± abdominal imaging <sup>i</sup> : recommended if nomogram predicts >10% probability of pelvic lymph node involvement • If regional or distant metastases are found, <a href="#">see PROS-8</a>	Recommended if family history positive or intraductal/criform histology <a href="#">See PROS-1</a>	Consider if life expectancy ≥10 y <sup>j</sup>	<a href="#">See PROS-6</a>
High	Has no very-high-risk features and has at least one high-risk feature: • T3a OR • Grade Group 4 or Grade Group 5 OR • PSA >20 ng/mL		• Bone imaging <sup>h</sup> : recommended • Pelvic ± abdominal imaging <sup>i</sup> : recommended if nomogram predicts >10% probability of pelvic lymph node involvement • If regional or distant metastases are found, <a href="#">see PROS-8</a>	Recommended	Consider if life expectancy ≥10 y <sup>j</sup>	<a href="#">See PROS-7</a>
Very high	Has at least one of the following: • T3b–T4 • Primary Gleason pattern 5 • 2 or 3 high-risk features • >4 cores with Grade Group 4 or 5		• Bone imaging <sup>h</sup> : recommended • Pelvic ± abdominal imaging <sup>i</sup> : recommended if nomogram predicts >10% probability of pelvic lymph node involvement • If regional or distant metastases are found, <a href="#">see PROS-8</a>	Recommended	Not routinely recommended	<a href="#">See PROS-7</a>

Men with low or favorable intermediate-risk disease and life expectancy ≥10 y may consider the use of the following tumor-based molecular assays: Decipher, Oncotype DX Prostate, Prolaris, and ProMark. Men with unfavorable intermediate- and high-risk disease and life expectancy ≥10 y may consider the use of Decipher and Prolaris tumor-based molecular assays. Retrospective studies have shown that molecular assays performed on prostate biopsy or radical prostatectomy (RP) specimens provide prognostic information independent of NCCN or CAPRA risk groups. These include, but are not limited to, likelihood of death with conservative management, likelihood of biochemical progression after RP or external beam therapy, and likelihood of developing metastasis after RP or salvage radiotherapy. [See Discussion.](#)

## Opportunities with myChoice CDx

Indication/Drug	Incident Population*	Launch Timing
4 <sup>th</sup> Line Ovarian Cancer U.S.	20,000 patients	Approved
Ovarian Cancer Japan	9,000 patients	FY21
1 <sup>st</sup> Line Ovarian Cancer (olaparib, niraparib, veliparib) U.S & Europe	50,000 patients	In discussions with regulators and commercial partners

Sources: [www.cancer.net](http://www.cancer.net), <https://www.medscape.com/viewarticle/849644>, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5323288/>, <https://eurohealth.ie/policy-brief-women-and-ovarian-cancer-in-the-eu-2018/>

# Opportunities for BRACAnalysis CDx With PARP Inhibitors

Cancer Type	Incident Population*	Launch Timing
Pancreatic Cancer (POLO study)	57,000	Launched
Castrate Resistant Metastatic Prostate Cancer (PROfound)	32,000	2H FY20
Adjuvant HER2- Breast Cancer (OlympiA Study)	198,000	FY21 (If successful)

\* cancer.net, <https://www.healthline.com/health/breast-cancer/her2-positive-survival-rates-statistics#prevalence>