

# Myriad Genetics Fiscal Second-Quarter 2020 Earnings Call

February 6, 2020



# Forward Looking Statements

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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.

	Fiscal Year 2020
GAAP diluted earnings per share	(\$0.80)
Stock based compensation expense	\$0.30
Acquisition – amortization of intangible assets	\$0.80
Adjustments to GAAP financial measures	\$0.15
<b>Non-GAAP diluted earnings per share</b>	<b>\$0.45</b>
	Fiscal Third-Quarter 2020
GAAP diluted earnings per share	(\$0.30)
Stock based compensation expense	\$0.08
Acquisition – amortization of intangible assets	\$0.20
Adjustments to GAAP financial measures	\$0.04
<b>Non-GAAP diluted earnings per share</b>	<b>\$0.02</b>

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

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

## Fiscal Second-Quarter 2020 Financial Results

	2Q20 Actual Results	2Q19 Actual Results
Revenue (in mil.)	\$195.1	\$216.8
GAAP EPS	(\$0.11)	\$0.03
Adjusted EPS	\$0.23	\$0.38

# Financial Overview

# Fiscal Second-Quarter 2020 Revenue By Product

(in millions)

Product	2Q20	2Q19	YoY Growth
Hereditary Cancer	\$117.7	\$126.7	(7%)
GeneSight <sup>®</sup>	\$22.5	\$24.0	(6%)
Prenatal Testing	\$16.4	\$31.2	(47%)
Vectra <sup>®</sup>	\$10.3	\$11.8	(13%)
Prolaris <sup>®</sup>	\$6.8	\$6.1	12%
EndoPredict <sup>®</sup>	\$2.6	\$2.2	18%
Other	\$4.8	\$1.0	380%
<b>Total Molecular Diagnostic Revenue</b>	<b>\$181.1</b>	<b>\$203.0</b>	<b>(11%)</b>
Pharmaceutical & Clinical Services	\$14.0	\$13.8	1%
<b>Total Revenue</b>	<b>\$195.1</b>	<b>\$216.8</b>	<b>(10%)</b>






# Fiscal Second-Quarter 2020 Financial Results

	GAAP Results			Adjusted Results		
	2Q20	2Q19	YoY Growth	2Q20	1Q19	YoY Growth
<b>Total Revenue</b>	<b>\$195.1</b>	<b>\$216.8</b>	<b>(10%)</b>	<b>\$195.1</b>	<b>\$216.8</b>	<b>(10%)</b>
Gross Profit	\$145.5	\$164.7	(12%)	\$145.9	\$165.4	(12%)
Gross Margin	74.6%	76.0%	-140 bps	74.8%	76.3%	-150 bps
Operating Income	(\$8.8)	\$6.1	NM	\$18.4	\$37.4	(51%)
Operating Margin	(4.5%)	2.8%	-730 bps	9.4%	17.3%	-790 bps
Net Income	(\$8.3)	\$2.6	NM	\$17.6	\$29.2	(40%)
<b>EPS</b>	<b>(\$0.11)</b>	<b>\$0.03</b>	<b>NM</b>	<b>\$0.23</b>	<b>\$0.38</b>	<b>(50%)</b>

## FY20 and 3Q FY20 Financial Guidance

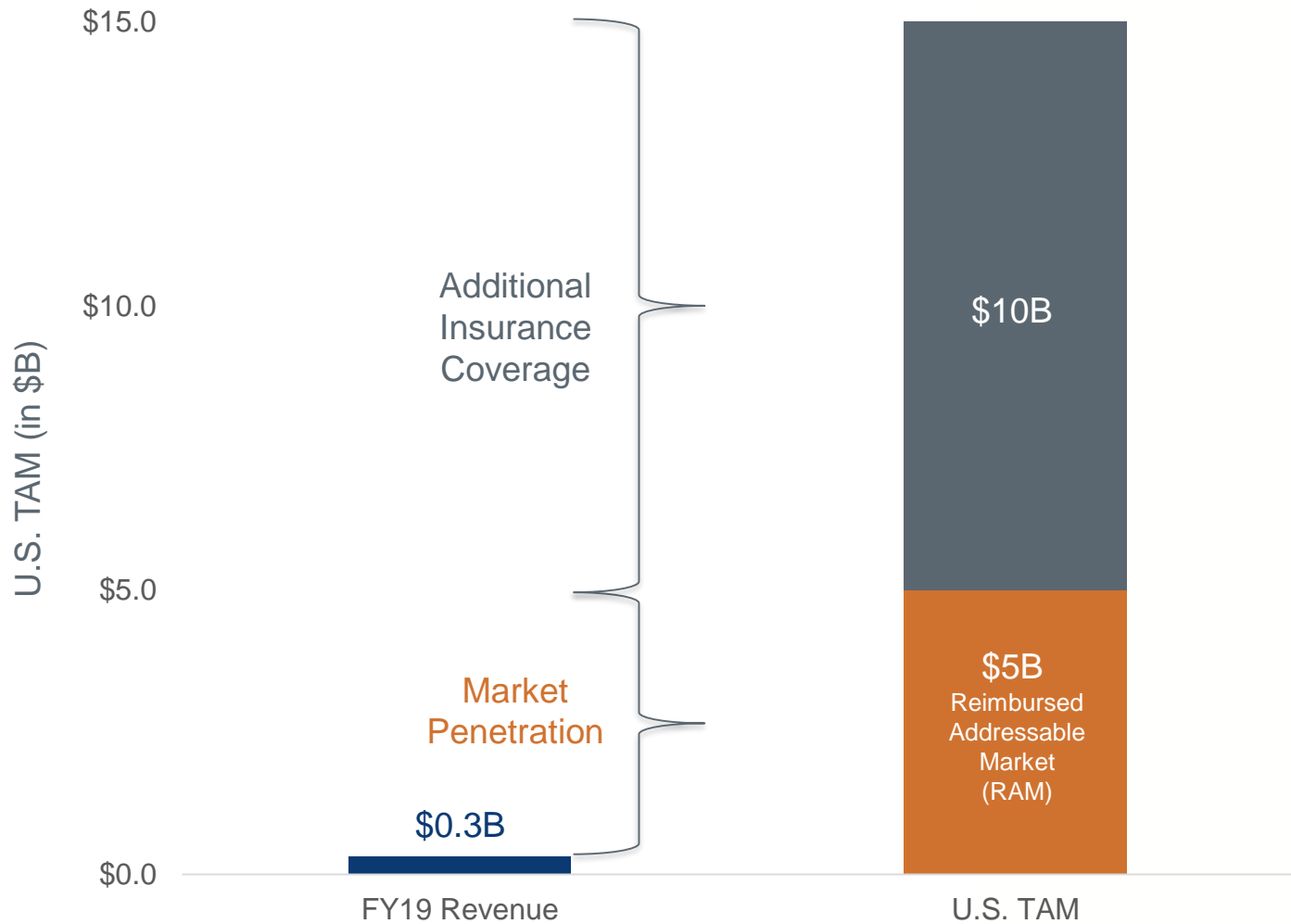
Metric	Fiscal Year 2020	3Q FY20
Revenue	\$735 million	\$172 million
GAAP Diluted EPS	(\$0.80)	(\$0.30)
Adjusted EPS	\$0.45	\$0.02

## Near-Term, Business Catalysts

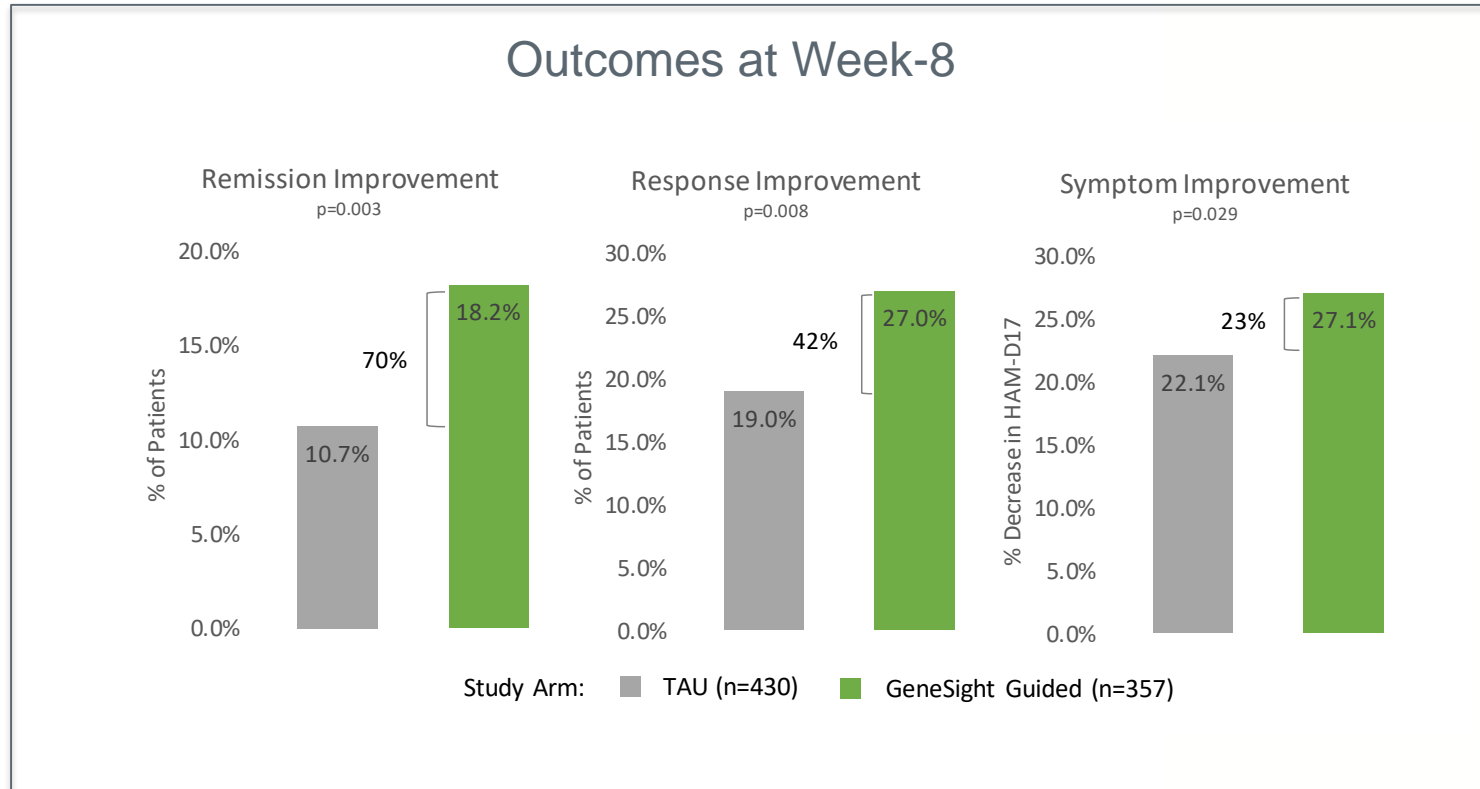
Product	Catalyst	Revenue Impact	EPS Impact
	Medicare LCD expansion to primary care (impact on current test volume)	\$30M	\$0.30
	Medicare LCD expansion to non-favorable intermediate and high-risk patients (impact on current test volume)	\$19M	\$0.19
 	Recapture revenue from prior authorization and patient payment issues	\$20M	\$0.20
	Impact of FY20 primary care launch on FY21 revenue	>\$15M	\$0.00



# New Products Represent a \$15B Market Opportunity

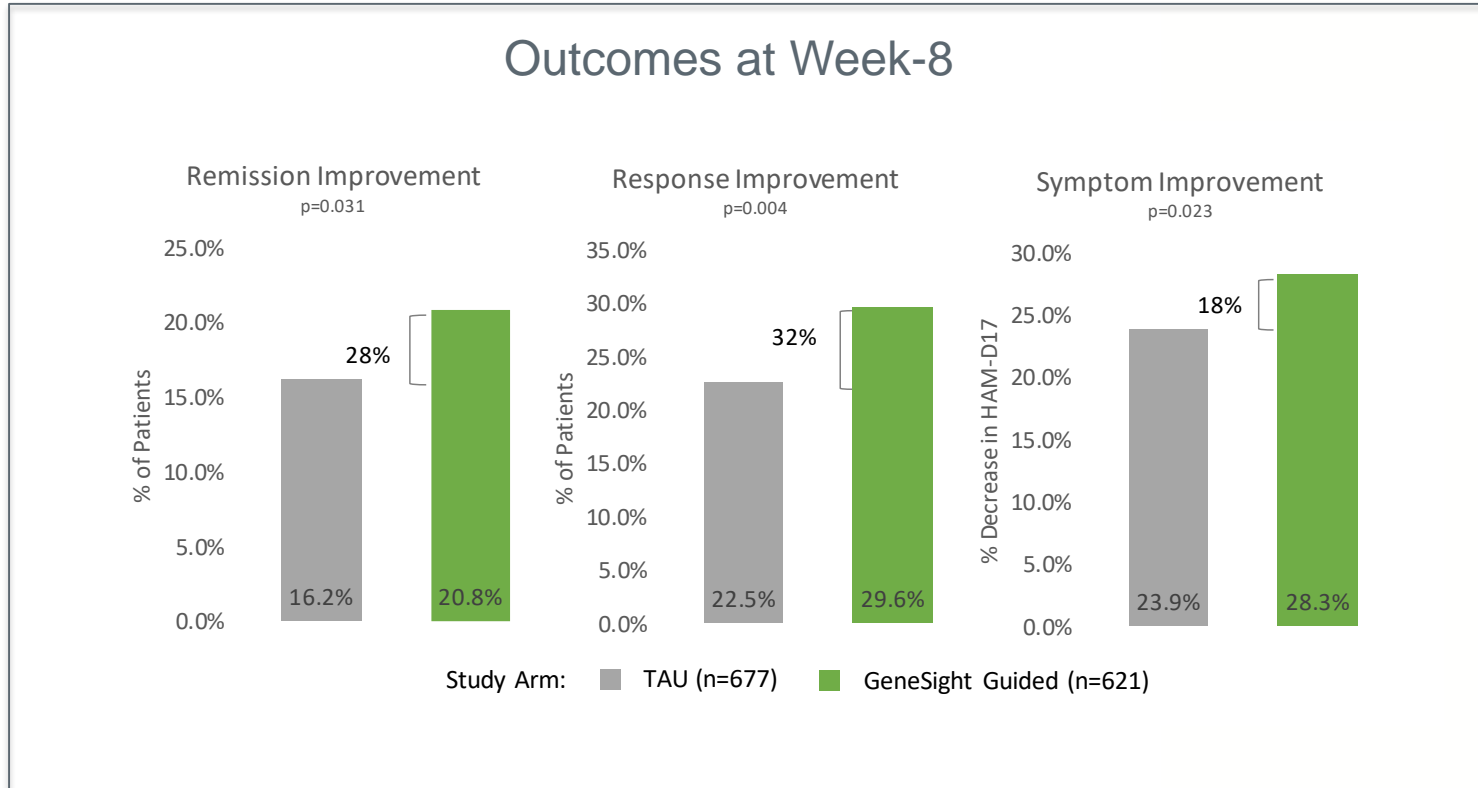


# Publication of the Precision Medicine Analysis from GUIDED



<sup>1</sup> Thase et al: Impact of pharmacogenomics on clinical outcomes for patients taking medications with gene-drug interactions in a randomized, controlled trial

# Publication of HAM-D6 Data from GUIDED

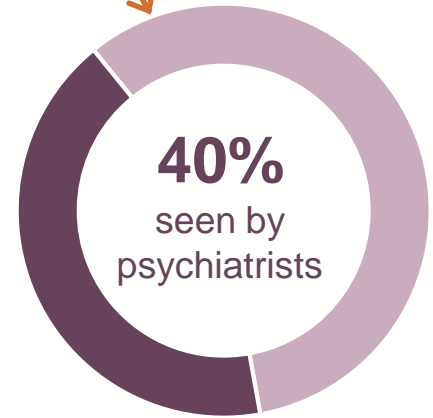
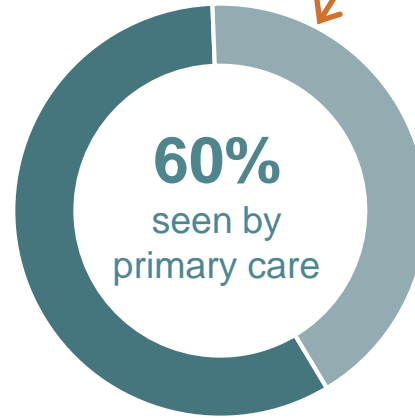
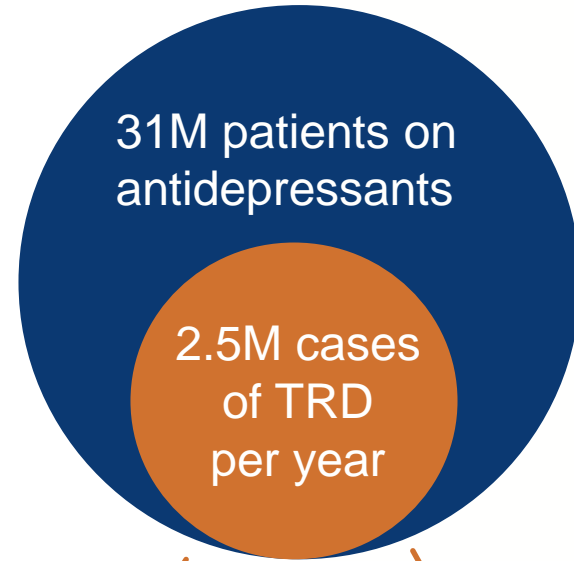


1 Greden JF, Parikh SV, Rothschild AJ, et al. Impact of pharmacogenomics on clinical outcomes in major depressive disorder in the GUIDED trial: A large, patient- and rater-blinded, randomized, controlled study. *J Psychiatry Res.* 2019; 111:59-67

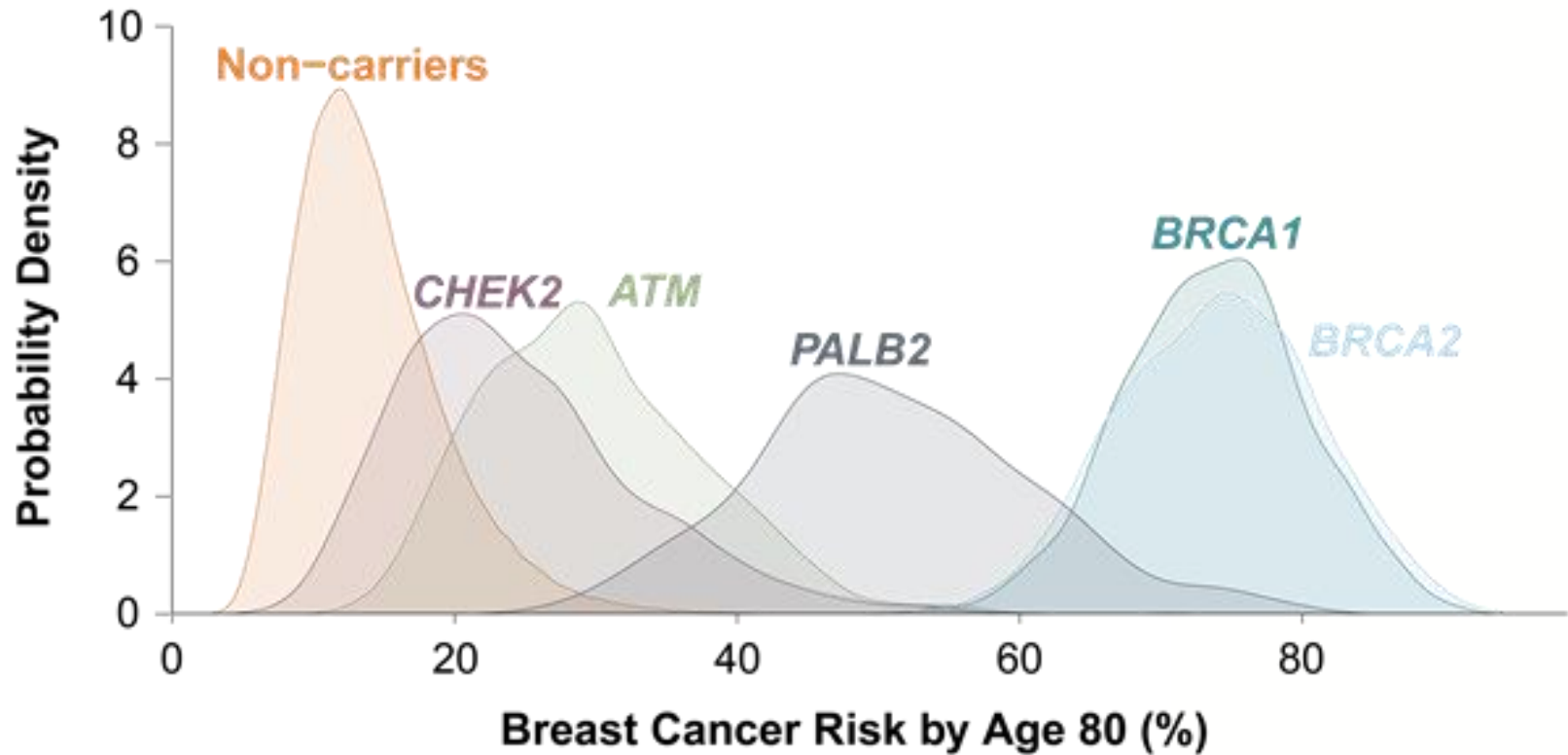
# Expanding Sales Team to Target \$1.5B Primary Care Market



Plans to add 65 new sales reps beginning in 4Q20



# riskScore® Significantly Modifies Risk in Mutation Carriers



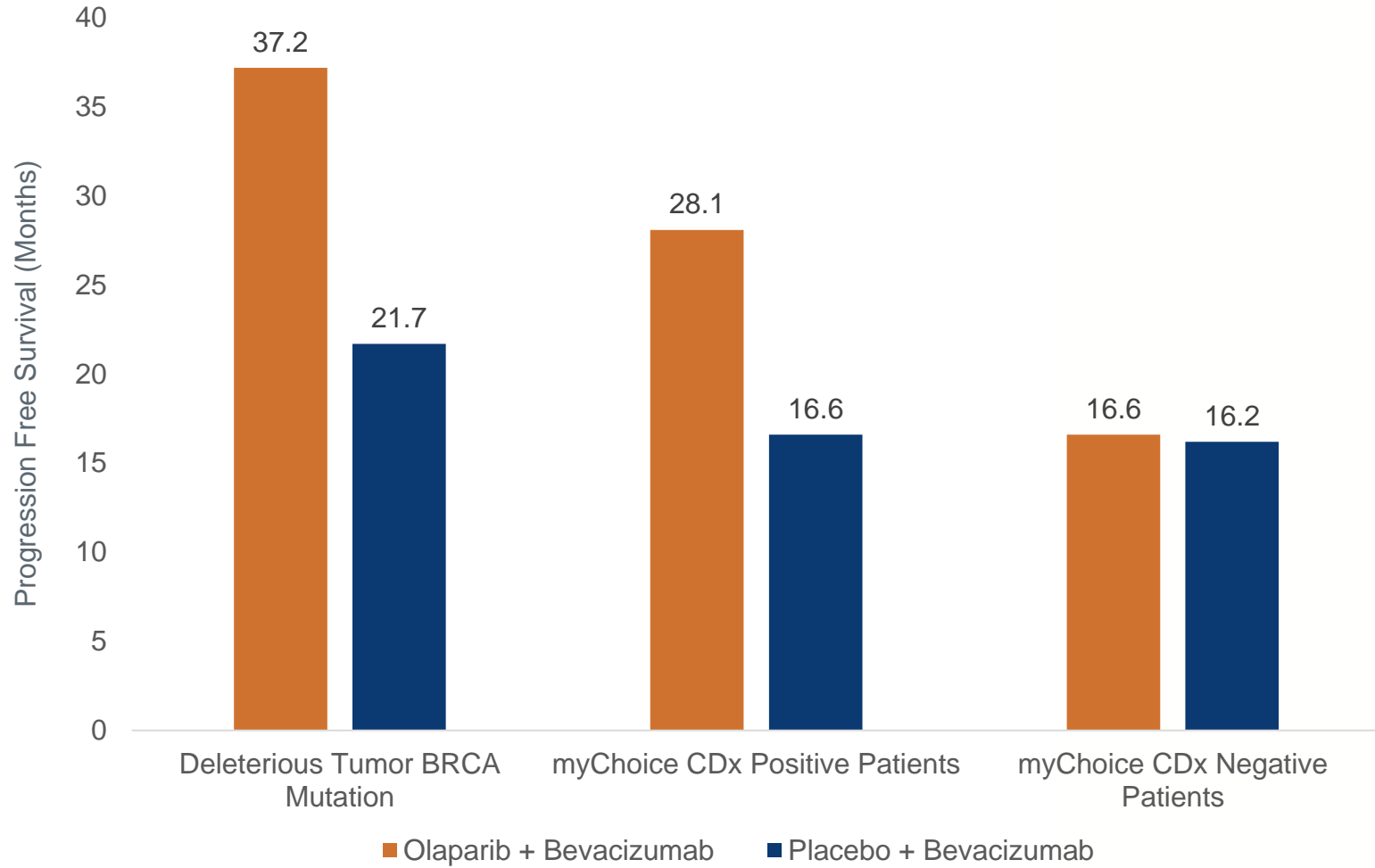
- Presentation at San Antonio Breast Cancer Symposium: “Polygenic Breast Cancer Risk Modification in Carriers of High and Intermediate Risk Gene Mutations”

# 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>

# myChoice CDx Effectively Identified Responders to Olaparib



\* Ray-Coquard et al; Olaparib Plus Bevacizumab as First-Line Maintenance in Ovarian Cancer; The New England Journal of Medicine December 2019

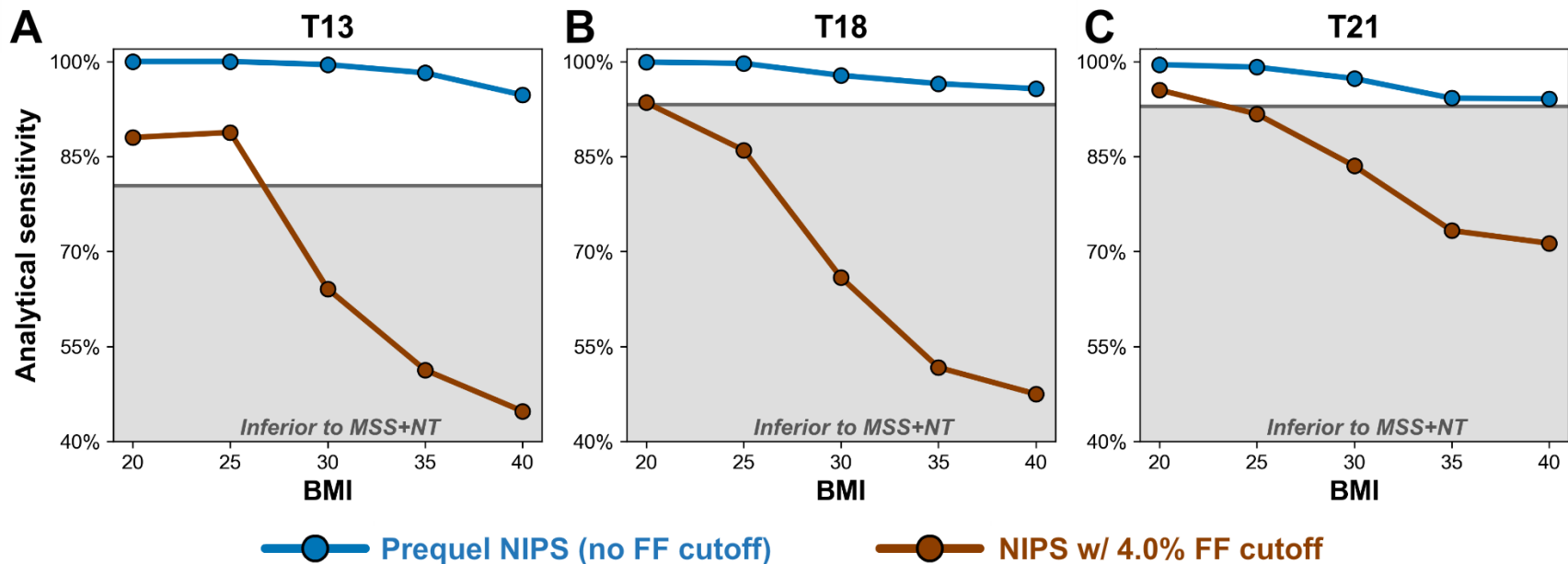
## Opportunities with myChoice CDx

Indication/Drug	Incident Population*	Launch Timing
4 <sup>th</sup> Line Ovarian Cancer U.S.	15,000 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
Metastatic Breast Cancer U.S.	80,000 patients	FY21

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/>



# Prequel<sup>®</sup> is the Most Accurate NIPS Test in Women With High BMI



- No call rate of up to 24% in high BMI women using SNP arrays with 4% fetal fraction cutoff
- Prequel has demonstrated high diagnostic accuracy in women below a 4% fetal fraction
- Prequel maintained high analytical sensitivity in women with high BMIs
- 50% of pregnant women are overweight or obese
- No call rate for Prequel is 1 in 1,000

Source: Muzzey et al: Noninvasive prenatal screening for patients with high body mass index: Evaluating the impact of a customized whole genome sequencing workflow on sensitivity and residual risk

- Expanded Prolaris Medicare Coverage Increases Coverage to  $\approx 75\%$

## U.S. Prolaris Insurance Coverage

