



Genomic Health Reports First Quarter 2019 Financial Results and Recent Business Progress

May 7, 2019

**Delivered \$108.8M in Revenue and Growth of 17.4 Percent
Achieved Significant Revenue Growth for All Key Product Areas
Reported \$13.0M in Profit and EPS of \$0.34 Per Share on a Diluted Basis**

REDWOOD CITY, Calif., May 7, 2019 /PRNewswire/ -- Genomic Health, Inc. (NASDAQ: GHDX) today reported financial results and business progress for the quarter ended March 31, 2019.

"In the first quarter of 2019, we delivered more than 17 percent overall revenue growth and \$13.0 million in profit driven by significant growth across all key product areas," said [Kim Popovits](#), chairman of the board, chief executive officer and president of Genomic Health. "Our first quarter performance was very strong, based in part on the impact of the landmark TAILORx trial results, which are continuing to drive increased Oncotype DX Breast Recurrence Score test usage both in the United States and globally. We expect to achieve double-digit revenue growth for the year with continued growth across key products and look forward to the national reimbursement decision in Germany for the Oncotype DX breast cancer test."

First Quarter Financial Results

Total revenue for the first quarter of 2019 was \$108.8 million, compared with \$92.6 million for the first quarter of 2018, an increase of 17.4 percent, and an increase of 18.0 percent on a non-GAAP constant currency basis. U.S. product revenue was \$91.0 million for the first quarter of 2019, compared with \$78.9 million for the first quarter of 2018, an increase of 15.4 percent.

Revenue delivered across key product areas was as follows:

- U.S. invasive breast revenue from Oncotype DX Breast Recurrence Score[®] tests was \$79.8 million for the first quarter of 2019, compared with \$71.0 million for the first quarter of 2018, an increase of 12.5 percent.
- U.S. prostate test revenue from Oncotype DX[®] Genomic Prostate Score[®] (GPS[™]) tests was \$8.5 million for the first quarter of 2019, compared with \$5.8 million for the first quarter of 2018, an increase of 46.6 percent.
- International product revenue for the first quarter of 2019 was \$17.8 million, compared with \$13.8 million for the first quarter of 2018, an increase of 29.0 percent, and an increase of 32.9 percent on a non-GAAP constant currency basis.

Net income was \$13.0 million, or \$0.35 and \$0.34 per share on a basic and diluted basis, respectively, for the first quarter of 2019, an improvement of \$16.8 million, compared with a net loss of \$3.8 million, or \$0.11 per share on a basic and diluted basis, for the first quarter of 2018. Operating income was \$11.5 million for the first quarter of 2019, an improvement of \$15.9 million, compared with an operating loss of \$4.4 million for the first quarter of 2018.

More than 37,580 Oncotype[™] test results were delivered in the first quarter of 2019, an increase of 15.9 percent, compared with more than 32,440 test results delivered in the same period in 2018. Tests delivered across key product areas was as follows:

- Oncotype DX Breast Recurrence Score tests delivered in the U.S. grew 9.4 percent in the first quarter of 2019, compared with the same period in 2018.
- Oncotype DX Genomic Prostate Score tests delivered in the U.S. grew 24.5 percent in the first quarter of 2019, compared with the same period in 2018.
- Oncotype DX international tests delivered grew 28.1 percent in the first quarter of 2019, compared with the same period in 2018 and represented approximately 25 percent of total test volume in the first quarter of 2019.

Recent Business Highlights

- Presented results from [five studies](#) at the 16th St. Gallen International Breast Cancer Conference, including real-world evidence that reinforces the treatment paradigm established by the TAILORx trial. Additionally, two decision impact studies from the UK and the Czech Republic highlighted the value of Oncotype DX in personalizing and improving the quality of clinical decisions in patients with early-stage breast cancer, including those with node positive disease .
- Multiple private insurers established new coverage for the Oncotype DX Genomic Prostate Score test, bringing the total number of U.S. covered lives to more than 114 million, including Medicare.
- First private insurer established reimbursement for the Oncotype DX AR-V7 Nucleus Detect[™] test, bringing the total number of U.S. covered lives to more than 61 million, including Medicare.
- The National Comprehensive Cancer Network (NCCN) strengthened its prostate cancer guidelines, recommending the consideration of AR-V7 testing in metastatic castrate resistant prostate cancer (mCRPC) patients following abiraterone/enzalutamide to help guide the selection of further therapy.

Conference Call Details

| | | |
|---|---------------|---------------|
| Shares used in computing basic net income (loss) per share | <u>36,719</u> | <u>35,198</u> |
| Shares used in computing diluted net income (loss) per share. | <u>38,764</u> | <u>35,198</u> |

- (1) Included in operating expenses for the three months ended March 31, 2019, were non-cash charges of \$9.7 million, including \$6.3 million of stock-based compensation expense and \$3.4 million of depreciation and amortization expenses, compared with non-cash charges for the same period in 2018 of \$8.3 million, including \$5.2 million of stock-based compensation expense and \$3.1 million of depreciation and amortization expenses.

GENOMIC HEALTH, INC.
Condensed Consolidated Balance Sheets
(In thousands)

| | As of March 31, 2019 (Unaudited) | As of December 31, 2018 (1) |
|--|---|--|
| Cash and cash equivalents | \$ 101,406 | \$ 61,645 |
| Short-term marketable securities (2) | 104,551 | 148,149 |
| Accounts receivable, net | 59,248 | 51,531 |
| Prepaid expenses and other current assets | <u>15,446</u> | <u>13,511</u> |
| Total current assets | 280,651 | 274,836 |
| Property and equipment, net | 39,913 | 39,532 |
| Operating lease right-of-use assets | 53,295 | — |
| Long-term marketable securities | — | 4,066 |
| Other assets | <u>18,931</u> | <u>15,938</u> |
| Total assets | <u>\$ 392,790</u> | <u>\$ 334,372</u> |
| Accounts payable | \$ 9,290 | \$ 8,849 |
| Accrued expenses and other current liabilities | 35,701 | 50,927 |
| Current portion of operating lease liabilities | 4,495 | — |
| Operating lease liabilities | 53,482 | — |
| Other liabilities | 1,941 | 4,436 |
| Stockholders' equity | <u>287,881</u> | <u>270,160</u> |
| Total liabilities and stockholders' equity | <u>\$ 392,790</u> | <u>\$ 334,372</u> |

- (1) The condensed consolidated balance sheet at December 31, 2018, has been derived from the audited consolidated financial statements at that date included in the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

- (2) Included in short-term marketable securities as of March 31, 2019, and December 31, 2018, is \$3.5 million and \$3.1 million, respectively, of corporate equity securities, representing the company's investment in Biocartis N.V.

GENOMIC HEALTH, INC.
GAAP to Non-GAAP Reconciliations
(In thousands)
(Unaudited)

| | Three Months Ended March 31, | |
|--|---|-----------------|
| | <u>2019</u> | <u>2018</u> |
| Income (loss) from operations reconciliation: | | |
| GAAP income (loss) from operations | \$ 11,539 | \$ (4,388) |
| Cost of product revenues – cessation of Oncotype SEQ | — | 3,576 |
| Research and development – cessation of Oncotype SEQ | — | 3,063 |
| Selling and marketing – cessation of Oncotype SEQ | — | 995 |
| General and administrative – cessation of Oncotype SEQ | — | 909 |
| Non-GAAP income (loss) from operations | <u>\$ 11,539</u> | <u>\$ 4,155</u> |
| Net income (loss) reconciliation: | | |
| GAAP net income (loss) | \$ 12,999 | \$ (3,775) |
| Cost of product revenues – cessation of Oncotype SEQ | — | 3,576 |
| Research and development – cessation of Oncotype SEQ | — | 3,063 |

| | | |
|--|------------------|-----------------|
| Selling and marketing – cessation of Oncotype SEQ | — | 995 |
| General and administrative – cessation of Oncotype SEQ | — | 909 |
| Non-GAAP net income (loss) | <u>\$ 12,999</u> | <u>\$ 4,768</u> |

GENOMIC HEALTH, INC.
Non-GAAP Constant Currency Reconciliations
(In thousands)
(Unaudited)

| | Three Months Ended | |
|--|--------------------|------------------|
| | March 31, | |
| | 2019 | 2018 |
| Constant currency reconciliations: | | |
| International Revenue: | | |
| International revenue (1) | \$ 17,751 | \$ 13,758 |
| Currency exchange adjustments (2) | 531 | — |
| Non-GAAP International revenue | <u>\$ 18,282</u> | <u>\$ 13,758</u> |
| Period over period constant currency increase | 4,524 | |
| Period over period constant currency increase percentage | 33% | |
| Total Revenue: | | |
| Total revenue (1) | \$ 108,769 | \$ 92,625 |
| Currency exchange adjustments (2) | 531 | — |
| Non-GAAP total revenue | <u>\$ 109,300</u> | <u>\$ 92,625</u> |
| Period over period constant currency increase | 16,675 | |
| Period over period constant currency increase percentage | 18% | |

- (1) For the three months ended March 31, 2019, compared to the same period ended March 31, 2018, the increase in international revenue was 29%.
- (2) Constant currency is a non-GAAP measure that is calculated by comparing the company's quarterly average foreign exchange rates for the three months ended March 31, 2019 and 2018. The constant currency disclosures take current local currency revenue and translate it into U.S. dollars based upon the foreign currency exchange rates used to translate the local currency revenue for the applicable comparable period in the prior year, rather than the actual exchange rates in effect during the current period. It does not include any other effect of changes in foreign currency rates on the company's results or business.

GENOMIC HEALTH, INC.
Adjusted EBITDA Reconciliations
(In thousands)
(Unaudited)

| | Three Months Ended | |
|--|--------------------|-----------------|
| | March 31, | |
| | 2019 | 2018 |
| Adjusted EBITDA reconciliation: | | |
| GAAP income (loss) from operations | \$ 11,539 | \$ (4,388) |
| Add: | | |
| Stock-based compensation expense | 6,281 | 5,186 |
| Depreciation and amortization | 3,412 | 3,155 |
| Adjusted EBITDA | <u>\$ 21,232</u> | <u>\$ 3,953</u> |

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SOURCE Genomic Health, Inc.

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