

MYRIAD GENETICS INC
Form 10-Q
February 06, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-26642

MYRIAD GENETICS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction

87-0494517
(I.R.S. Employer Identification No.)

of incorporation or organization)

320 Wakara Way, Salt Lake City, UT 84108
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (801) 584-3600

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “accelerated filer,” “large accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. Check one:

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of January 31, 2019, the registrant had 73,272,293 shares of \$0.01 par value common stock outstanding.

MYRIAD GENETICS, INC.

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MYRIAD GENETICS, INC.

AND SUBSIDIARIES

Condensed Consolidated Balance Sheets (Unaudited)

(In millions)

	December	
	31, 2018	June 30, 2018(a)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90.6	\$ 110.9
Marketable investment securities	74.8	69.7
Prepaid expenses	12.5	9.4
Inventory	33.3	34.3
Trade accounts receivable	116.6	99.5
Prepaid taxes	3.1	—
Other receivables	5.9	3.8
Total current assets	336.8	327.6
Property, plant and equipment, net	59.1	43.2
Long-term marketable investment securities	29.9	30.7
Intangibles, net	717.6	455.2
Goodwill	413.2	318.6
Total assets	\$ 1,556.6	\$ 1,175.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 31.9	\$ 26.0
Accrued liabilities	73.7	68.3
Short-term contingent consideration	5.3	5.3
Deferred revenue	2.4	2.6
Total current liabilities	113.3	102.2
Unrecognized tax benefits	24.9	24.9
Other long-term liabilities	6.6	6.3
Contingent consideration	10.4	9.2
Long-term debt	273.3	9.3
Long-term deferred taxes	64.0	57.3
Total liabilities	492.5	209.2
Commitments and contingencies		
Stockholders' equity:		
Common stock, 73.2 and 70.6 shares outstanding at December 31, 2018 and		
June 30, 2018 respectively	0.7	0.7
Additional paid-in capital	1,045.6	915.4
Accumulated other comprehensive loss	(5.0)	(4.1)
Retained earnings	22.9	54.1
Total Myriad Genetics, Inc. stockholders' equity	1,064.2	966.1
Non-Controlling Interest	(0.1)	—
Total stockholders' equity	1,064.1	966.1

Total liabilities and stockholders' equity	\$ 1,556.6	\$ 1,175.3
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See accompanying notes to condensed consolidated financial statements.

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606). See Note 1 to the financial statements contained in Part I, Item 1 of this report for additional information.

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MYRIAD GENETICS, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Operations (Unaudited)

(In millions, except per share amounts)

	Three months ended		Six months ended	
	December 31,		December 31,	
	2018	2017(a)	2018	2017(a)
Molecular diagnostic testing	\$203.0	\$173.1	\$392.0	\$340.5
Pharmaceutical and clinical services	13.8	14.8	27.1	26.2
Total revenue	216.8	187.9	419.1	366.7
Costs and expenses:				
Cost of molecular diagnostic testing	44.0	37.7	86.3	73.9
Cost of pharmaceutical and clinical services	8.1	6.7	15.5	13.5
Research and development expense	22.4	16.8	43.5	34.6
Change in the fair value of contingent consideration	1.0	13.0	1.4	(60.2)
Selling, general, and administrative expense	135.2	107.4	265.1	214.6
Total costs and expenses	210.7	181.6	411.8	276.4
Operating income	6.1	6.3	7.3	90.3
Other income (expense):				
Interest income	0.9	0.4	1.6	0.8
Interest expense	(3.4)	(0.7)	(5.6)	(1.6)
Other	—	(0.4)	1.1	(0.7)
Total other expense:	(2.5)	(0.7)	(2.9)	(1.5)
Income before income tax	3.6	5.6	4.4	88.8
Income tax provision	1.0	(25.3)	2.6	(20.8)
Net income	\$2.6	\$30.9	\$1.8	\$109.6
Net loss attributable to non-controlling interest	—	—	(0.1)	(0.1)
Net income attributable to Myriad Genetics, Inc. stockholders	\$2.6	\$30.9	\$1.9	\$109.7
Earnings per share:				
Basic	\$0.04	\$0.45	\$0.03	\$1.59
Diluted	\$0.03	\$0.43	\$0.02	\$1.54
Weighted average shares outstanding:				
Basic	74.2	69.3	73.6	68.9
Diluted	76.5	71.9	76.9	71.2

See accompanying notes to condensed consolidated financial statements.

(a) Amounts adjusted due to the adoption of Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606). See Note 1 to the financial statements contained in Part I, Item 1 of this report for additional information.

MYRIAD GENETICS, INC.

AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(In millions)

Three months ended December 31,	Six months ended December 31,
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