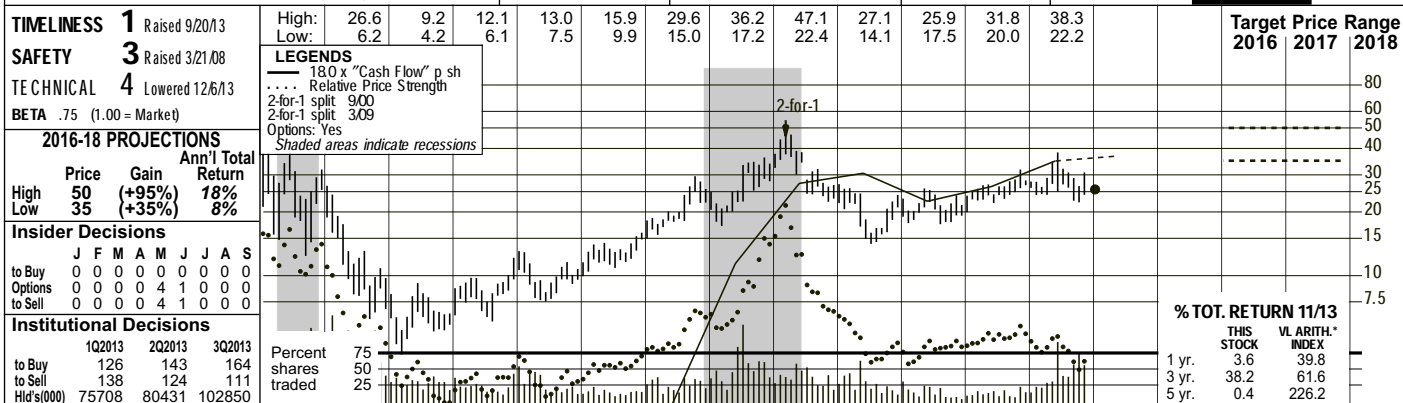


MYRIAD GENETICS NDQ-MYGN

RECENT PRICE **25.55** P/E RATIO **12.5** 12.2 NMF RELATIVE P/E RATIO **0.69** DIV'D YLD Nil VALUE LINE



Myriad Genetics was founded in 1991 to identify genes associated with various diseases. A key competitive advantage in this regard is its genetic and medical databases derived from the progeny of pioneers who settled in Utah and Quebec. Using its *ProTrap* high-throughput screening technology, bioinformatics software, and *ProNet* protein-interaction assay system, Myriad has identified genes associated with certain cancers and cardiovascular diseases, as well as potential drug targets. The company went public in 10/95 via a sale of 5.2 million shares (adjusted for subsequent split).

CAPITAL STRUCTURE as of 9/30/13
 Total Debt None

Leases, Uncapitalized: \$6.8 million
 No Defined Benefit Pension Plan
 Preferred Stock None
 Common Stock 74,753,490 shares as of 11/7/13
 MARKET CAP: \$1.9 billion (Mid Cap)

CURRENT POSITION

	2012	2013	9/30/13
Cash Assets	340.5	373.3	357.0
Receivables	60.4	94.3	86.2
Inventory (FIFO)	--	5.0	--
Other	21.6	11.4	15.4
Current Assets	422.5	484.0	458.6
Accts Payable	10.1	18.1	18.7
Debt Due	--	--	--
Other	34.9	46.4	60.3
Current Liab.	45.0	64.5	79.0

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '11-'13
change (per sh)			
Revenues	18.5%	21.0%	15.0%
"Cash Flow"	--	--	15.0%
Earnings	--	--	15.0%
Dividends	--	--	--
Book Value	10.5%	14.5%	17.5%

QUARTERLY REVENUES (\$ mill.)

Fiscal Year Ends	Q1	Q2	Q3	Q4	Full Fiscal Year
2010	85.1	92.8	90.8	93.9	362.6
2011	91.9	100.4	102.4	107.4	402.1
2012	110.4	122.8	129.8	133.0	496.0
2013	133.4	149.2	156.5	174.1	613.2
2014	202.4	160	175	182.6	720

EARNINGS PER SHARE

Fiscal Year Ends	Q1	Q2	Q3	Q4	Full Fiscal Year
2010	.31	.36	.33	.54	1.54
2011	.24	.26	.31	.30	1.10
2012	.29	.33	.34	.34	1.30
2013	.36	.42	.46	.53	1.77
2014	.68	.45	.44	.48	2.05

QUARTERLY DIVIDENDS PAID

Calendar	Q1	Q2	Q3	Q4	Full Year
2009					
2010					
2011					
2012					
2013					

NO CASH DIVIDENDS BEING PAID

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	© VALUE LINE PUB. LLC 16-18
Revenues per sh ^A	1.19	.93	1.34	1.44	1.81	3.73	3.41	3.86	4.66	6.01	7.61	10.00	12.15
"Cash Flow" per sh	d.36	d.57	d.55	d.39	d.32	.63	1.52	1.69	1.25	1.47	1.94	2.20	2.80
Earnings per sh ^B	d.48	d.75	d.65	d.53	d.43	.51	1.38	1.54	1.10	1.30	1.77	2.05	2.55
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil
Cap'l Spending per sh	.15	.06	.11	.10	.13	.15	.08	.08	.04	.11	.14	.15	.20
Book Value per sh	3.02	2.83	2.20	3.15	3.92	4.76	4.53	5.93	6.57	7.70	9.04	8.75	14.35
Common Shs Outst'g ^C	54.16	61.25	61.72	79.37	86.88	89.49	95.90	94.05	86.24	82.57	80.58	72.00	68.00
Avg Ann'l P/E Ratio	--	--	--	--	--	43.5	25.4	15.5	17.9	17.0	15.3	--	16.0
Relative P/E Ratio	--	--	--	--	--	2.62	1.69	.99	1.12	1.08	.89	--	1.05
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--	--	--	Nil
Revenues (\$mill) ^A	64.3	56.6	82.4	114.3	157.1	333.6	326.5	362.6	402.1	496.0	613.2	720	825
Operating Margin	NMF	NMF	NMF	NMF	NMF	14.0%	41.6%	39.2%	41.0%	38.2%	38.6%	35.5%	39.0%
Depreciation (\$mill)	5.3	5.8	6.1	6.9	7.5	8.8	9.4	7.1	7.2	9.1	8.9	9.0	10.5
Net Profit (\$mill)	d24.8	d40.6	d40.0	d38.2	d35.0	47.8	136.3	152.3	100.7	112.2	147.1	150	180
Income Tax Rate	--	--	--	--	--	1.3%	1%	--	36.9%	39.2%	36.9%	35.0%	35.0%
Net Profit Margin	NMF	NMF	NMF	NMF	NMF	14.3%	41.7%	42.0%	25.0%	22.6%	24.0%	20.8%	21.8%
Working Cap'l (\$mill)	83.5	122.1	112.3	225.5	311.6	303.6	334.0	446.5	383.9	377.5	419.5	320	600
Long-Term Debt (\$mill)	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil
Shr. Equity (\$mill)	163.5	173.3	135.7	249.8	340.4	425.7	434.2	557.6	566.8	635.7	728.6	630	975
Return on Total Cap'l	NMF	NMF	NMF	NMF	NMF	11.2%	31.4%	27.3%	17.8%	17.6%	20.2%	24.0%	18.5%
Return on Shr. Equity	NMF	NMF	NMF	NMF	NMF	11.2%	31.4%	27.3%	17.8%	17.6%	20.2%	24.0%	18.5%
Retained to Com Eq	NMF	NMF	NMF	NMF	NMF	11.2%	31.4%	27.3%	17.8%	17.6%	20.2%	24.0%	18.5%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil

BUSINESS: Myriad Genetics, Inc. is a leader in genetic testing. It primarily develops and markets tests which detect predispositions for diseases (breast, colon, or uterine cancers, and susceptibility to hypertension and drug toxicity). 2013 depreciation rate: 10.5%; Spun off pharmaceutical research and drug development business in June 2009 along with \$188 million in cash (stake in Prolexys was

included in the divesture). 2013 R&D: \$55 million. Has 1,325 employees. Royce and Associates owns 12.4% of stock; Royce and Associates, 12.0%; BlackRock, 8.1%; Officers and directors as a group; 7.2% (10/13 Proxy). Chmn.: J.T. Henderson. Pres./CEO: P.D. Meldrum. Inc.: DE. Add.: 320 Wakara Way, Salt Lake City, Utah 84108. Tel.: 801-584-3600. Internet: www.myriad.com.

Myriad Genetics shares are quite an attractive short-term selection. The equity currently holds our Highest rank (1) for relative year-ahead price performance. The company posted strong top- and bottom-line performances for the September period. Sales and earnings advanced almost 52% and 89%, respectively, versus the previous year's tallies. Strong demand trends for the company's testing kits, particularly the *BRAC Analysis* kits that are used to detect breast cancer, have helped drive the strong showings.

Other operating segments ought to boost top- and bottom-line prospects. In the recent past, the company has augmented its oncological studies with the development of testing kits for prostate cancer. Such moves have been beneficial, as evidenced by the 19% revenue growth in this segment during the September period. With these solid growth platforms in place, shareholders are likely to continue to be rewarded further as the stock price seems to have more room to appreciate.

The company has announced a collaboration with BioMarin Pharmaceuticals. Under the agreement, BioMarin in-

tends to utilize one of Myriad's breast cancer testing kits to further develop the discovery of *BMN-673*. If BioMarin gains regulatory approval, this should be beneficial to Myriad's business. The company also has other development plans in the works, such as its study on melanoma. The oncological space is significant, since the addressable markets are immense. Thus, Myriad seems to be on the right track in augmenting its reach.

Recent legal developments have caused a slight stock-price decline. The Supreme Court has ruled that no research company can patent a gene, but that gene-sequencing discoveries are allowed to be patented. The latest headwind here was a patent lawsuit filed against the company by Invitae. It is facing similar issues with Quest Diagnostics and Bio-Reference Laboratories. Still, the impact of these legal disputes are unclear, for now.

The stock is a solid long-term choice, too. Although 3- to 5-year annual earnings growth will likely moderate, 2016-2018 capital appreciation potential is above average.

Nira Maharaj
 December 13, 2013

(A) Fiscal year ends June 30th.	(B) Diluted earnings. Excludes discontinued operations: In '09, (\$0.52) a share. Next earnings report due late January. May not sum due to rounding.	(C) In millions, adjusted for splits.	Company's Financial Strength	B++
			Stock's Price Stability	40
			Price Growth Persistence	65
			Earnings Predictability	30