



# ANSWERS



## 8<sup>th</sup> Annual SVB Leerink Global Healthcare Conference

Bonnie H. Anderson  
Chairman and Chief Executive Officer

# Forward-Looking Statements

This presentation contains statements that are not historical and that are based on our beliefs and assumptions and on information currently available to us. These statements constitute forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to known and unknown risks, uncertainties, assumptions, and other factors that could cause actual results to differ materially from our expectations.

Examples of forward-looking statements include, among others, statements we make regarding our belief that we have a strong foundation in place to drive revenue growth, our beliefs regarding momentum in our business and potential drivers of future growth, our expectations regarding full-year 2019 revenue and net cash used in operating activities, the success of our Afirma Xpression Atlas platform, our expectations regarding our ability to receive Medicare reimbursement and expand commercialization of our Percepta and Envisia Genomic Classifiers, our expectations regarding our strategic collaboration with Johnson & Johnson, and our ability to drive revenue growth across our endocrinology and pulmonology franchises. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, anticipated events and trends, the economy and other future conditions. Forward-looking statements involve risks and uncertainties, which could cause actual results to differ materially, and reported results should not be considered as an indication of future performance. These risks and uncertainties include, but are not limited to our history of losses since inception; our ability to successfully commercialize our Afirma classifier; the performance and acceptance of our Percepta and Envisia classifiers; our dependence on a few payers for reimbursements and payments of our tests and a significant portion of our revenue; the complexity, time and expense associated with billing and collecting from payers for our classifiers; our ability to increase usage of and reimbursement for the Afirma and Percepta classifiers and to obtain adequate reimbursement for our Envisia classifier, as well as any future products we may develop or sell; our dependence on physicians and patients who decide whether to order and use our tests; the fluctuation of our quarterly operating results; our ability to comply with federal and state licensing requirements and other laws and regulations applicable to our business, including potential regulation by the Food and Drug Administration or other regulatory bodies; our dependence on supplies for equipment and other materials used for our tests; our ability to continue our momentum and growth; our ability to develop and commercialize new products and the timing and speed of commercialization; the amount by which use of our products is able to reduce invasive procedures and reduce healthcare costs; our ability to attract and retain key personnel; our ability to achieve sales penetration in complex commercial accounts; the occurrence and outcome of clinical studies; the timing and publication of study results; the applicability of clinical results to actual outcomes; the continued application of clinical guidelines to our products and their inclusion in such clinical practice guidelines; our ability to compete; our ability to obtain capital when needed; and other risks set forth in our filings with the Securities and Exchange Commission, including the risks set forth in our Annual Report on Form 10-K for the year ended December 31, 2018. These forward-looking statements speak only as of the date hereof and Veracyte specifically disclaims any obligation to update these forward-looking statements.

This presentation also includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles, or GAAP. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the appendix.

Veracyte, Afirma, Percepta, Envisia, Know by Design, the Veracyte logo and Afirma logo are trademarks of Veracyte, Inc. This presentation also contains trademarks and trade names that are the property of their respective owners.

## Who We Are

# Trusted Genomics Pioneer Creating Value Through Innovation

Founded in 2008 with a mission to improve diagnostic accuracy; today, expanding to advance early detection and inform treatment decisions

- **Comprehensive scientific approach** using whole-transcriptome sequencing coupled with machine learning expertise to develop diagnostic tests changing clinical care
- **Clinical evidence published in top-tier journals** to facilitate test adoption, coverage and reimbursement
- Experienced management team with **deep expertise** and **proven track record**
- **Market leader with three first-to-market tests** in large, untapped clinical areas: thyroid cancer, lung cancer, and idiopathic pulmonary fibrosis (IPF)



# Recent Execution Driving 2019 Momentum

## COMMERCIAL GROWTH

- **Grew revenue and genomic test volume** by 28% and 22%, respectively, in 2018
  - **Percepta classifier** volume increased 74% sequentially from 3Q18 to 4Q18 **accelerating into 2019**
  - **30 Early Access** sites for **Envisia classifier** sets solid foundation for growth in 2019

## REIMBURSEMENT EXPANSION

- Achieved **in-network status** with nearly all **major health plans** as a service provider
- Commercial ramp for **Envisia classifier** on track with **final Medicare coverage policy** expected early 2019

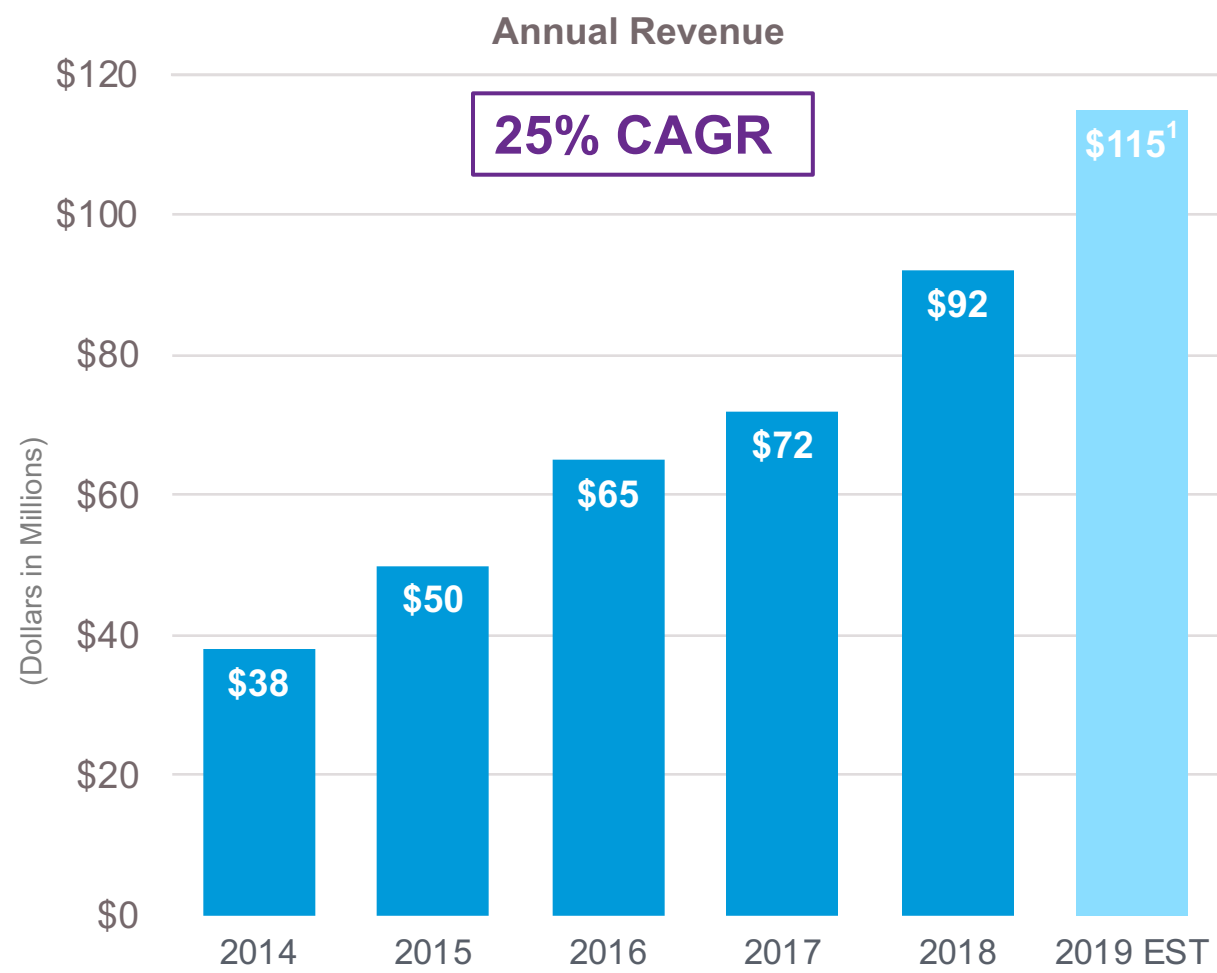
## STRATEGIC COLLABORATIONS DRIVING PIPELINE AND VALUE CREATION

- Executed long-term **strategic collaboration** with **Johnson & Johnson Innovation and the Johnson & Johnson Global Lung Cancer Initiative**
  - Advances Percepta next-generation test and **first nasal swab test for early lung cancer detection**
  - Monetary and non-monetary **value estimated at more than \$50 million**
  - Expands **global addressable market** for lung cancer to **over \$30 billion**

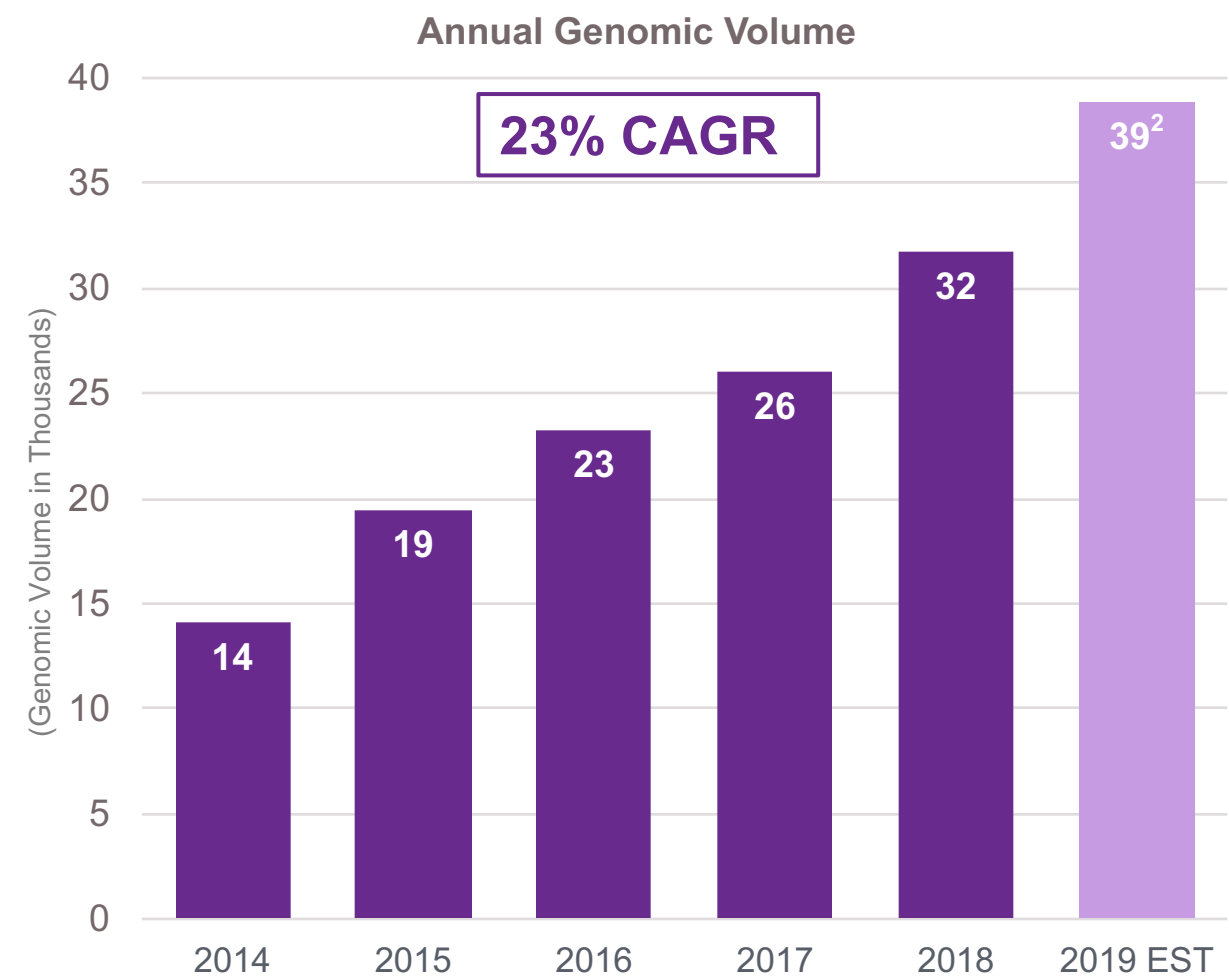
## FINANCIAL DISCIPLINE

- Expect to reach **cash flow breakeven** in **2019**
- **2019 revenue** guidance of **\$113 million to \$117 million** – represents **25% growth** over 2018 at midpoint of range

# Robust Annual Revenue and Genomic Volume Growth



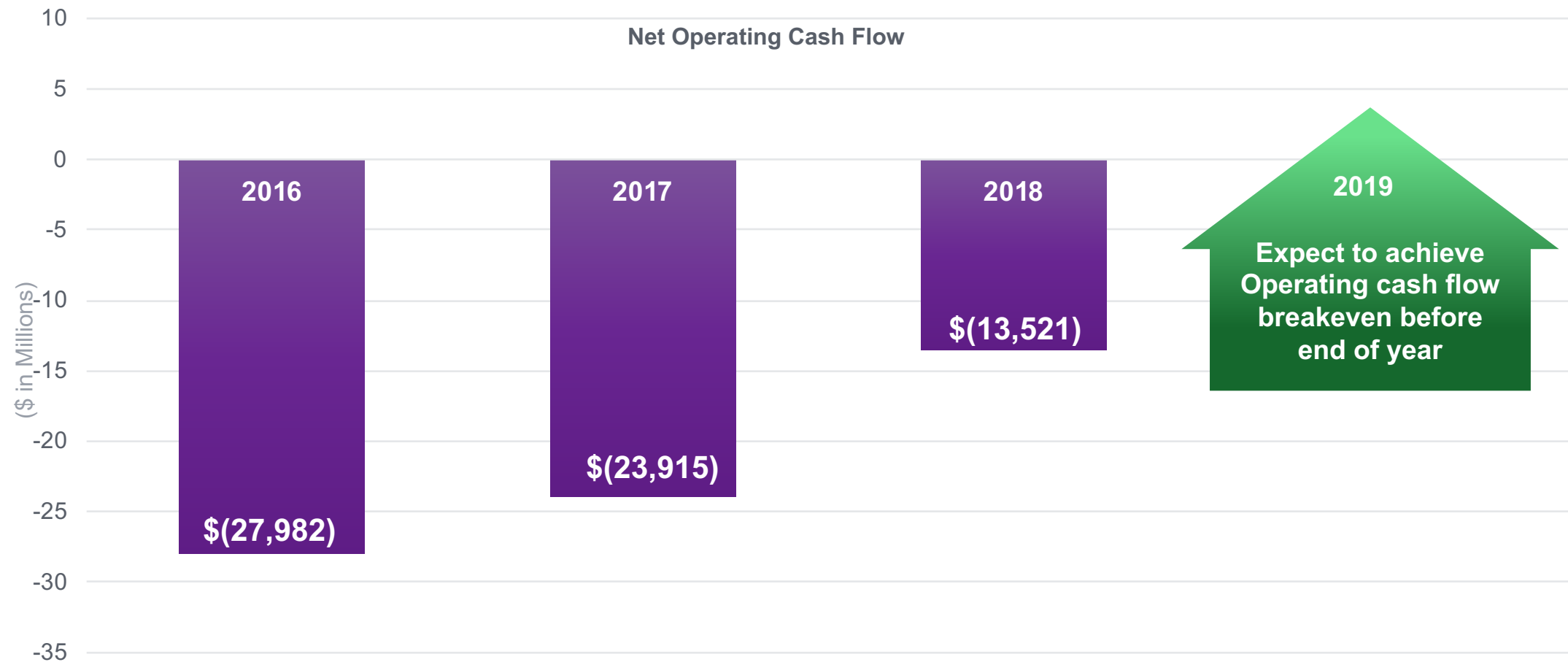
<sup>1</sup> Midpoint of 2019 revenue guidance as of February 25, 2019



<sup>2</sup> As of February 25, 2019, the \$115M midpoint of 2019 revenue guidance is supported by an estimated 20% to 25% growth in genomic test volume over the prior year, or a midpoint for 2019 genomic volume of 39 thousand reported tests.

## Financial Execution

# Disciplined Cash Management





# Our Founding Strategy: Improve Diagnostic Accuracy

Hundreds of thousands of patients evaluated for suspected disease



Imaging and/or  
biopsies

Diagnosis Uncertain\*  
**15% to 70%**

*“...The committee concluded that most people will experience at least one diagnostic error in their lifetime, sometimes with devastating consequences.”*

Improving Diagnostics in Healthcare Committee on Diagnostic Error  
In Healthcare Institute of Medicine (September 2015)

## Providing Answers that Matter — Thyroid Cancer

# An Incredibly Inefficient and Avoidable Diagnostic Paradigm

**525<sub>k</sub>**



**~15% to 30%**



**~180<sub>k</sub>**

fine needle aspirations  
per year to evaluate  
thyroid nodules

yield inconclusive results

**Majority**

of patients with  
indeterminate results  
undergo surgery

**~75%**

deemed benign  
post-operatively

surgeries to diagnose  
**~60K** cancers

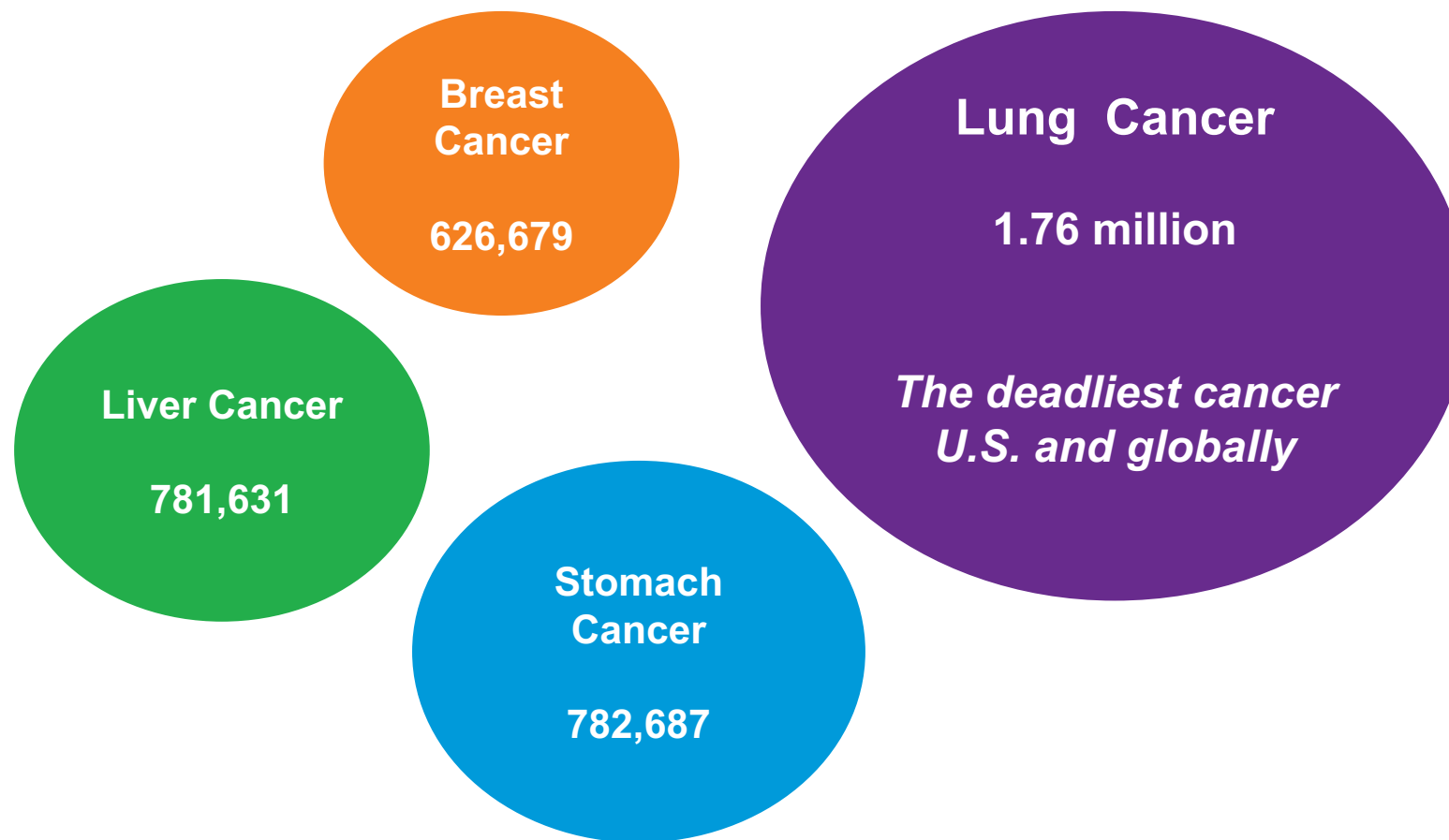
***Diagnosis challenging  
with 100,000+  
unnecessary surgeries  
performed in  
U.S. annually***

Source: Company estimates



## Providing Answers that Matter – Lung Cancer

# Early Detection and Improved Diagnosis are Key to Saving Lives



**Estimated Cancer Deaths Worldwide, 2018**

Source: GLOBOCAN 2018

# IPF: A Progressive, Life-Threatening, Interstitial Lung Disease (ILD)



**48,000**  
deaths globally  
each year

## Notoriously difficult to diagnose

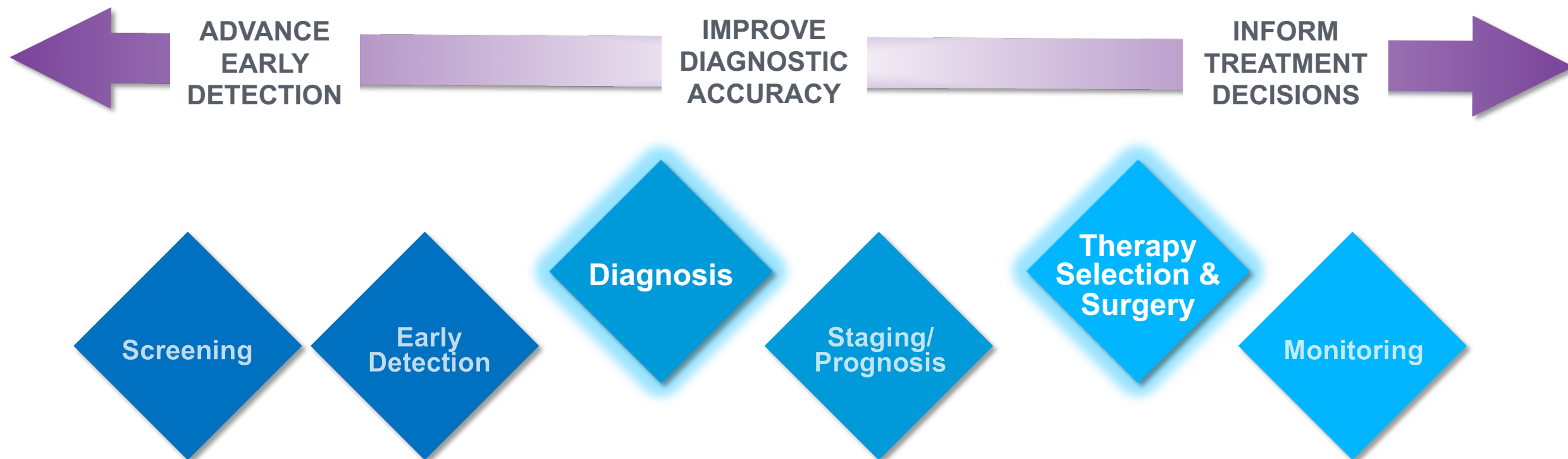
- Leading to treatment delays, prolonged misdiagnosis, patient distress and added healthcare expense

## Median survival time 2.5 years

- Life expectancy with IPF is worse than that of many cancers

**Improving diagnosis to inform treatment that could save lives**

# Our Expanded Strategy: Advance, Improve and Inform



**Delivering patient value across the clinical care continuum**

## Building on a Firm Foundation

# Following a Proven Formula for Success



### Relevance

Answer questions that matter!  
Integrated into current care pathway to  
change practice and reduce surgeries



### Rigor

Build robust scientific  
and clinical evidence;  
inform guidelines



### Rationale

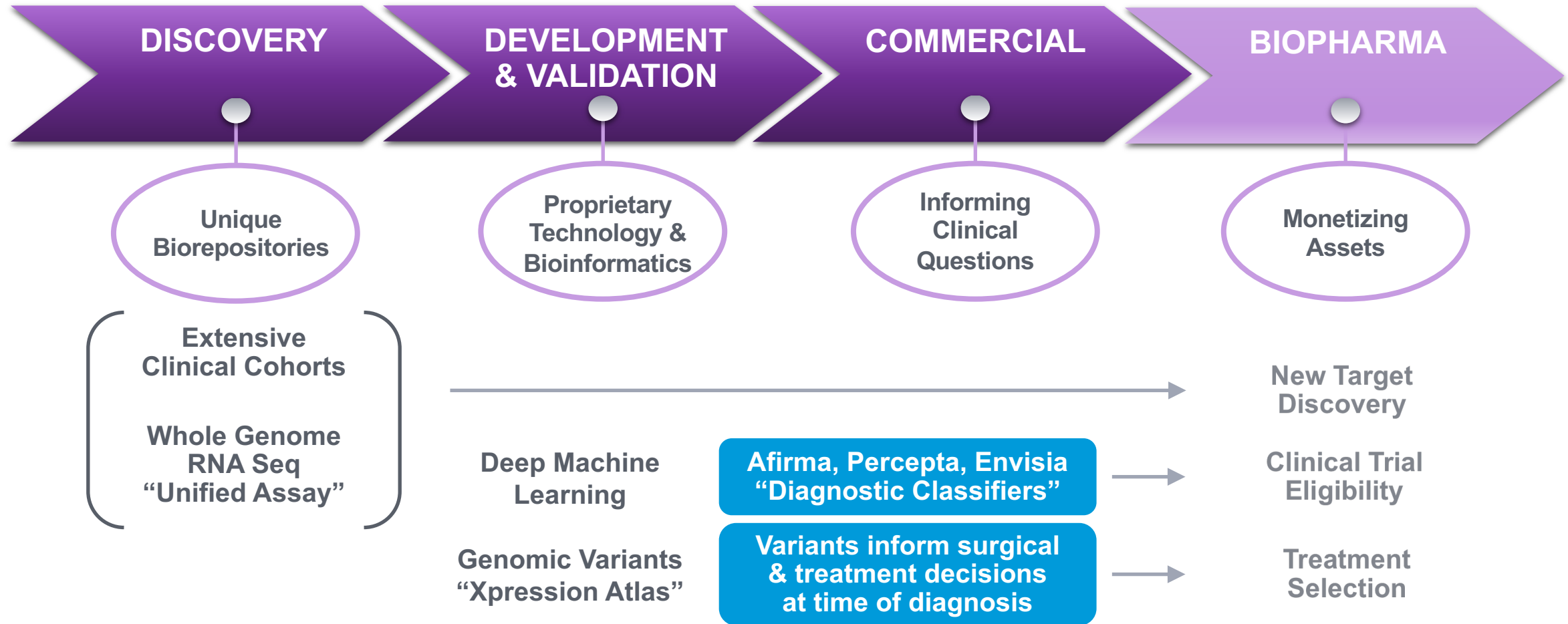
Provide answers that  
change care with real clinical  
utility and economic value



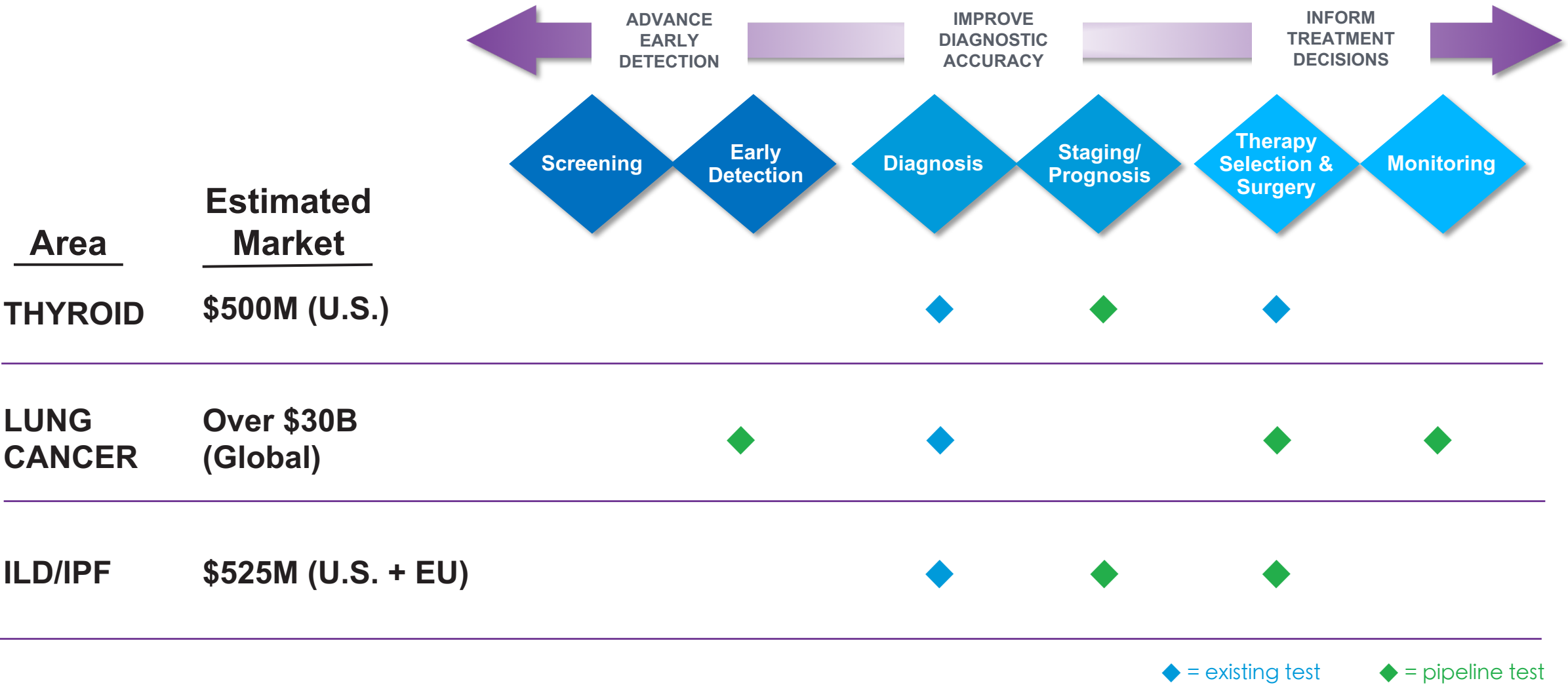
### Reimbursement

Extensive coverage policies and contracted  
relationships pave way for additional tests

# Our Powerful Scientific Platform: Multiple Vectors for Value Creation



# Significant Pipeline Addressing Substantial Market Opportunity



# Strategic Collaboration Accelerates Pipeline and Expands Market Opportunity



Accelerate the development and commercialization of tests to improve diagnostic accuracy and advance early detection

Accelerates two key programs for Veracyte:

**1 Nasal swab test** for **early lung cancer detection**

*Expect early data in 2019*

**2 Commercialization of second-generation Percepta classifier**,  
deploying our RNA whole-transcriptome sequencing platform

*Expected in 1H 2019*

**+\$50M**  
in monetary  
and  
non-monetary value\*

Further strengthens our leading position in lung cancer

\*Company estimate

© Veracyte, Inc. All rights reserved. February 2019



# Catalysts to Drive Further Momentum in 2019

**Afirma**  
THYROID FNA ANALYSIS

**Percepta**  
BRONCHIAL GENOMIC CLASSIFIER

**Envisia**  
GENOMIC CLASSIFIER

<b>Revenue Growth</b>	Afirma GSC and Xpression Atlas	Launch of next-generation Percepta classifier	Final Medicare coverage policy*; commercial expansion
<b>Evidence Development</b>	Ongoing real-world studies	Spotlight clinical utility data	Publication of clinical validation and utility data
<b>Pipeline Advancement</b>		Field of injury advances; early data on nasal swab test	

***Expect to achieve 25% revenue growth in 2019 and operating cash flow breakeven before end of this year***

\*As of September 27, 2018, Envisia Genomic Classifier has received draft Medicare coverage through the MoDx program; final policy expected in early 2019

# Veracyte: A Compelling Value Proposition



## Proven Model for Success that Answers Clinical Questions that Matter

- Novel scientific platform using **RNA whole-transcriptome sequencing** and **machine learning** changing clinical care
- Clinical evidence published in top-tier journals facilitates test adoption and reimbursement



## First to market and first to coverage with three commercial tests

- Address large, underserved thyroid cancer, lung cancer and idiopathic pulmonary fibrosis markets



## Significant growth opportunity

- Current and pipeline products address **a market opportunity of more than \$30 billion**



Experienced management team with **deep expertise** and **proven track record**



## Strong financial profile

- Projecting revenue of \$113M to \$117M: 25% growth at midpoint of range
- Projecting operating cash flow breakeven before end of 2019