
SIAN CAPITAL

January 13, 2021

2020 4Q

For the fourth quarter, we expect service revenues >\$450mm. EBITDA should be ~\$45.

Given the lack of granularity into Product, we expect \$26-\$29mm of revenue. We expect (9mm-12.5mm).

The last two quarters have been boosted by small amounts of CARES grants and they guide to “6m-\$8mm” of other revenue which we do not know what is. Regardless, we believe EBITDA should top the high end of \$20mm-\$30mm EBITDA.

2021

Excluding the drivers we identify in the accompanying document, we expect COVID-19 testing to continue to increase in Q1 to approximately 5mm PCR tests. We then decline by the same amounts it increased this past year: 4.2mm, 3.5mm, 2.2m for a total of ~15mm PCR tests. We believe Routine testing will return to growth in 2H'21. We also believe 4k Score test will grow healthily in 2021 for between 75k-100k tests, generating ~\$65mm-\$80mm in revenue and \$35mm-\$50mm of EBITDA.

Services Revenue: 1.75-\$2B Rev. EBITDA should be b/w \$200mm-\$250mm.

In Product, Rayaldee should begin to grow again, though not to pre-COVID levels. Additionally, Vifor Royalties will kick in. The company has stated that over \$50mm of Rayaldee Revenues is where they are EBITDA positive. They will receive \$90mm by October at the latest as a milestone payment for US approval.

Product revenue: ~\$110mm with Rayaldee + Int'l + 90mm Pfizer == \$200mm. Rayaldee should be profitable, we don't know what the rest loses, and the \$90mm is profit. So ~\$75mm of EBITDA.

Total \$300mm of EBITDA. Note this excludes Rayaldee for COVID-19, Rayaldee Stage 5 trials and the Phase IV trials. It also excludes the extra Drivers and stimulus and strains could cause COVID-19 to be stronger. Further the Westchester deal should add ~\$125mm of revenue and the increased insurance coverage should start to pick up. So, we think this is on the low end.

We also note this excludes any strategic option. Finally, they should enter 2021 with ~\$100mm of net cash ex converts. Given their EBITDA estimates, they can easily repurchase 5% (\$150mm) of the Company with plenty of cash left over which will help technical with shorts, as well as drive mutual fund interest as stock climbs above \$5.

2022

A word on 2022. 2022 will be a very large growth year. You will have two years of pent up routine demand plus a third year of routine growth. BioReference grew top line 7%/year with a 2% PAMA headwind. So, when you include their increased customers, insurance, Westchester and Brand, they should grow 15% plus 2 years of pent up demand drives that >20%. Further Genetics should start to be a bigger piece of the business, and with acquisitions (if they aren't bought makes that) makes that 25%. Scale drives margins as does the numbers we laid out in previous materials.

On the Product side, they will have \$165mm of milestones from Europe and Japan. Rayaldee will grow and Rayaldee and Japan royalties grow. Plus they will have >20% royalties from Pfizer's product, over a year in America, and over 6 months in Europe and Japan (where they will have a monopoly on the next gen

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product). One can easily see this being a \$500mm-\$600mm EBITDA year with cash flow to be used for high ROIC purchases or to buyback 10%-15% of the company driving further valuation.