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FLDM - Fluidigm Corp at Morgan Stanley Healthcare Conference

EVENT DATE/TIME: SEPTEMBER 09, 2019 / 6:15PM GMT

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PRESENTATION

Edmund Tu *- Morgan Stanley, Research Division - Analyst*

We have Chris Linthwaite, CEO of Fluidigm, on stage with me today. Vikram Jog, CFO, and Agnes Lee, VP of Investor Relations in the audience.

Before we get started, I just wanted to remind everyone that all disclosures pertaining to this conversation can be found on our disclosure website at www.morganstanley.com\researchdisclosures.

So Chris, very happy to have you here today. I have a series of questions prepared for you, but I think it'd be a good idea to start off with a high-level overview of your company for some of the investors in the room who might not be as familiar.

Stephen Christopher Linthwaite *- Fluidigm Corporation - President, CEO & Director*

Thank you, again. [Edmund], thank you very much for the invitation and for my extension Morgan Stanley for including Fluidigm in the Healthcare Conference.

I think Fluidigm is a company that's really, really interesting for a number of reasons. First, it's a company that's attacking a $3 billion market, we call or we've defined or coined around the immunome. So it's a composite picture of immune health that we believe is growing at upwards of 14% to 15% per annum and it's a market that is not dominated by any single 1 competitor in the marketplace as of today. It actually represents a convergence of many different technologies, including 2 platforms of which we commercialize, 1, related to microfluidics, which enables both genomics detection, genomic-based detection and sample prep for next generation sequencing as well as real-time PCR analysis on a proprietary microfluidic architecture. We also enable biomarker discovery, protein-based biomarker discovery through a partnership with a company named Olink out of Sweden for that portion of our portfolio. And then the proteomics side of our business is powered by a technology platform called mass cytometry. We deploy mass cytometry in 2 different avenues of approach or attack. One of this is suspension-based so we compete more in line with compendial flow cytometry, and we'll talk a little bit about that in a few minutes. And then, we've launched a commercially available instrument platform called the Hyperion, which is imaging-based. And so this is extremely exciting and we have now more than 240 systems of the suspension version and more than 50 commercial systems now in place on the imaging platform. And essentially, we enable highly multi-analyte or multiparameter analysis simultaneously of tissue or single-cell observations when it's used in a flow-based system.

And so, in this situation, we're commercializing 2 major platforms and this idea of addressing the immune competency or questions related to the immunome, really transcends hundreds of different diseases. As you well know, it touches everything from inflammatory diseases, autoimmune disorders, cancers, immuno-oncology applications, on to reproductive health and it goes on and on and on. And so we're really a technology provider who is enabling initially in the discovery market and we're rapidly moving in the translational space of which now we're supporting more than 50 clinical trials up from virtually none the prior year. Largely, those are Phase I, so we do have initial Phase II's in a number of situations and those are occurring both retrospectively as well as prospective trials integrating our technology. So that and also incorporating cell therapy makes us very, very excited about the potential for this platform in the coming years ahead.

QUESTIONS AND ANSWERS

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Sounds good. Recently, there's been a shift in the drug discovery paradigm. And companies and researchers are now more focused on not just the genomics or the proteomics, but more of a comprehensive view of the immunome and the tumor microenvironment and how the cancer or diseases react or interact with the immune system. You might have touched upon this briefly, but can you help us further understand how your company is positioned for this change?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

Thank you, again, for the question. So this is a very interesting moment in time in which, I myself, within the next-generation sequencing business and real-time PCR platforms for many, many years commercializing platforms such as the ion torrent technology as well as applied biosystems platforms. And so genomics has gotten a lot of attention, justifiably so and has been explosive in its growth over the last 15, 20 years. The part of the reason why the table was set is the technologies are beginning to enable bigger -- the ability to comprehend and starting with targeted sequencing, eventually moving to exon-based analysis and now we're on the cusp of actually true genomic level whole genome-based analysis. There was a series of technology breakthroughs that were required to enable that. We are, as we said before, uniquely positioned to help in the Library Prep portion in front of next-generation sequencing. We will come onto one of our new applications RNA sequencing in a few minutes. But our core microfluidics architecture on our PCR platform is also extremely powerful. And so, it's uniquely positioned in that case to do both genomic analysis as well as protein-based biomarker detection.

Inherently, we believe that there is no one analyte, both -- there's a need for bulk cell analysis as well as single-cell analysis, so we offer both bulk cell analysis tools as well as single-cell analysis tools. And it's inherently a multi-omic question. So we believe there is not going to be 1 single analyte, whether it's DNA, RNA or protein that's going to rule amongst them all. We think there's going to be a combination of measurement systems that are going to be required to complete a more comprehensive picture.

And so onto proteomics, I think one of the things that we've had these ebbs and flows of the promise of proteomics and then we moved into the way that genomics would solve everything. And I think we're coming back full circle to looking -- and then we introduced the concept of single-cell-based analysis from bulk analysis. And that's one of the technology breakthroughs that we've uniquely pioneered in mass cytometry has provided the first kind of inherently extremely multiplexed ability to analyze proteins. And so we're able to do that on our reproducibility system to system, operator to operator and now across multiple sites, which is advancing the field significantly we think in the viability of protein-based detection platforms to then serve in things like recurrence-based monitoring. And ultimately in biomarker discovery and biomarker translation and biomarker deployment as well as in-process analytical measurements for things like cell therapy products, which have a need of both patient stratification requirements as well as posttreatment follow-up and then also product quality measurements throughout the system.

So we think that this technology breakthrough in the proteomics side and specifically in what we call mass cytometry is really going to be one of those enabling innovations that's going to help unlock the power of proteomics. Inherently, multi-omics there's going to be need for single-cell as well as bulk analysis, and I think Fluidigm is maybe the only company in the world that's uniquely positioned to balance the needs of a multi-omic world.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Switching to microfluidics as there's been a very exciting press release this morning. I understand you guys came out with a new RNA-Seq Library product. If you could tell us a little bit more about this, I understand it saves a lot of time and cost and it will be...

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

Yes, so this is -- thank you for the setup on that. So RNA sequencing is greater than $1.2 billion market in next-generation sequencing. It's probably perhaps the fastest growing application in next generation sequencing at the moment. One of the problems or one of the opportunities as the

cost curve continues to be bent or reduced which relates to the next generation sequencing itself. It's been that the Library Prep stage of the experiment is becoming more and more of a bottleneck. It's becoming a larger percentage of the cost of the total experiment. And at the current state of the state today it's really a question of 2 basic approaches. We believe that market is about $300 million market alone on the Library Prep portion, growing at approximately 15% with sample volume that's north of that amount. And so you have 2 solutions, you've got relatively similar -- got chemistry approaches that require highly manual intervention steps. By our calculations and estimations, it's about 6.5 hours of labor content that has to be put in place to prepare these libraries for RNA-Seq applications and it's about a 12- to 13-hour end-to-end workflow for those scientists or technicians that would like to conduct this experiment. So it takes a day or 2 days to do the preparation work in front of sequencing.

One alternative solution has been to port these chemistries onto automated liquid handlers. They're not unique, their automated liquid handlers are neutral or ambivalent to the type of chemistry selection, but they would still require significant amount of on-off, on-off manipulation by technicians as well as supervision by technicians. And those automated liquid handling solutions are relatively expensive. So we spent a significant amount of time and created some very significant technology breakthroughs using our fundamental -- combining 2 things, our commercialized system that we already have deployed with more than 200 of those systems in the field called the Juno. And the second is we took micro -- we miniaturized the reaction volumes and we automated the integration setup of 48 samples simultaneously, reducing about 70% of the hands-on time required for that experiment.

So not only have we reduced the most expensive component of the experiment, the reagent cost, we've also reduced the second most expensive component, which is the labor content. We believe we afford now the market, the first automated and integrated sample preparation solution for RNA sequencing that incorporates both the reagent solution, a chip solution and protocols that reduce dramatically hands-on time. So we're just super excited about the potential for this market and we're really pleased that we were able to be announce the commercialization and broad release today, this morning.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Okay. Now looking at the past quarter, I know that the consumable pull-through seemed a bit lower than expected along with a bit of softness in America. And the new ag-bio is also performing a little lower than expectations. I know your company doesn't provide annual guidance, but could you briefly talk about the dynamics, what happened here in these 3 topics? And some of the assumptions behind your third quarter guidance and what you expect going forward?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

That was about 5 questions there. I'll make you track all 5 of those and try to answer. So first of all, it's true on an overall basis the consumables business underperformed against our expectations and those of The Street in the Q2 time period. But it is important to kind of parse all of those -- all that data out because we don't break out our consumables by different business segments and technology platforms on a quarterly basis. It can lead to some erroneous assumptions on the performance of the business. So I'm going to first split it by the 2 technology bases, the mass cytometry versus the microfluidics business. The microfluidics business, before now I did not have -- before the announcement of the RNA-Seq platform did not have a significant new catalyst to talk about growth. Our top demand driver for that is and continues to be the biomarker development or protein biomarker detection on this microfluidics platform. That's continued to do fantastic. But we have a relatively concentrated customer base and it's roughly an 80/20 rule or 80% of our business is concentrated in 20 customers. And we have a number of accounts and we talked about this in the call that have continued to have challenging dynamics from the end customer perspective. We have -- we don't talk about it because it gets a little confusing with the immuno-oncology story, but we have a significant business in agricultural biosciences and for trade assisted breeding. And in that case, those companies themselves and some of our customers which are relatively concentrated have been going through their own litigation and their own challenges in their business model. And in this particular situation, they built out safety stock, a significant amount of safety stock partially because they were concerned about the company a number of years ago, so they've been working through a burn off of that particular material. They had forecasted that we would see consumption in the second quarter. We did not see those orders and so that created a real headwind for us.

In addition, we've had 1 or 2 direct-to-consumer accounts, 1 primarily in China, which I think is going through its own business challenges right now as it has become a bit of a red ocean in the direct-to-consumer space. And I think others including Illumina have talked about that narrative in other public formats.

So we're relatively concentrated in that area. So as the maybe 1 or 2 competitors are in trouble then we feel that pain. So that's why we're really focusing on things like RNA sequencing to kind of transform and catalyze things we can control to drive new growth. Now let's talk about mass cytometry. Mass cytometry has been doing very well. It continues to do extremely well for us in absolute terms and in sequential terms, Q1 versus Q2 or Q2 versus Q1 as well as -- versus the prior year. What we did experience in the Q1 time period versus Q4 is we did our price increase that we announced for 2019 and we saw some pull through that we had -- did not have a lot of experience with price increases. And so we did see some stock up orders that occurred in the fourth quarter in anticipation of that price increase. Now we've worked through that, but that was something that impacted us somewhat in the first half.

In addition, we had a larger number of installations of units than we had modeled and anticipated. So we hold ourselves to a pretty high standard in the way we calculate pull-through per system and we increased our guidance between 2018 into 2019 by 20% on an average pull through across a much broader instrument platform space. So we both -- we announced between '17 -- 2018 January and 2019 January, February a 20% increase on our installation base for a platform in active systems and mass cytometry and then we simultaneously increased our pull-through on an average basis by 20%. That created a significant kind of we didn't intend it to be a quarter-to-quarter guidance, so we are very comfortable with what's happening across the broad growth in consumption dynamics for that platform and the recurring revenue streams and we've reaffirmed that we are very comfortable with the back half of the year that we're going to see ourselves in that range even against a larger installation base.

So I don't think there's a fundamental problem with that business. We had record performance in Europe. We also had fantastic performance in China, which has been a many, many quarter sequentially story as well as Japan has been quite successful for us, and Korea has been coming on quite nicely in Asia Pac. So it's really about the Americas and trying to overcome from a consumable lens the impact of the microfluidics challenge when you look at our consumables numbers overall.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Since you mentioned China, I understand it's about 12% of your total company revenue. Have you -- some of your peers in the tool space have reflected that they're seeing a bit of a resistance over there and changing local sentiments due to trade disputes. Have you or your team seen anything of that sort coming out of China?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

I can't say I personally experienced that or the company has experienced that. There's a couple of things that influence our presence in China. So we have a direct relationship in China, well established in China with their own direct selling team, which are Chinese nationals entirely. Our company actually presents as a Canadian company, so we ship out of our Canadian distributor, or Canadian subsidiary primarily, so our manufacturing of record is out of Canada. And the third piece of data here is that similar to a number of other major countries, we are clearly in the sights of the national 5-year healthcare pushes, which is focusing on things like immuno-oncology, stem cells and cell therapy research in general, of which we provide a highly differentiated unique technology platform that does not have a domestic or local solution for it. So to a certain extent, I believe we are immunized from those sorts of sentiments and we're certainly doing our best to stay out of the way of any potential trade war. And by and large, as I said, we're a Canadian company of record and we have highly differentiated technology and we can't see any evidence of any negative sentiments against the company.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Got it. And many of your customers are currently using about 30 to 40 biomarkers. Where do you see the opportunity for your mass cytometry Helios platform? And I know you don't provide annual guidance, but do you think most of the instrument sales will be fourth quarter?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

What was the last question?

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Your instrument sales, do you think it'll be weighed more heavily towards the fourth quarter of this year?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

Okay, I understand. So there's a couple of things. So 1 on, as you highlighted, we're uniquely positioned in our ability to look at 30 to 40 parameters. We have publications of up to 52, although we don't commercialize all of the metals right now at this stage, that gets you to 52. We did announce on the last call that we're going to commercialize 7 new metals and we are on track to do exactly what we said we would do this quarter. And that will open up additional channels. So it will increase the size of these experiments well north of high 40s or for people who are in, into the low 50s. So we'll continue to kind of push the technology envelope in layman's terms or investor terms. Each one of these channels provides a new monetization angle, so it increases the size of the panels, the transaction cost potential and the competitiveness of the technology platform overall. So it's an enabling tool that helps us sell other things, more antibodies, more pre-conjugated content, more labeling kits and more of our panels of prefixed panels, which we also announced the commercial release of 3 imaging panels this last week, which is also a first in the industry to offer fixed content panels to help accelerate new people with the technology to ask questions.

So the question then, I think the follow on question related to that or related to that was about instrument placements. Typically the fourth quarter is, I think with most analytical equipment companies is the strongest quarter of the year. And we don't see any change in that dynamic whatsoever. There is some seasonality or cyclicality in Japan and the first quarter tends to be very strong quarter of regional flavor. Our government business tends to have a flush that occurs as late as this quarter right now that we're in the third quarter, that's the U.S. for example. And some companies are in different fiscal calendars, but larger capital purchases tend to happen later in the year. And certainly with the economy in the background, there's always been a little bit of a dynamic around delaying capital purchases to the last part of the financial or fiscal year. But we would reaffirm our confidence that the fourth quarter should be a strong quarter in line with traditional performance of analytical instrument placements.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Interesting. And with all of your new products and your new markers, do you see any changes in your customer mix in terms of new users versus existing users? Is there a shift going in either direction?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

Yes. In particularly in the mass cytometry space, we've been talking about the concept in marketing parlance of moving from particularly the early adopter space in which the technology is extremely differentiated and people will buy 1 of everything new that comes out. And that tends to be the earliest adopters, hence the name the early adopters. We believe we're transitioning really into kind of the early majority phase and we're crossing the so-called chasm. It's one of the 2 chasms in marketing parlance, which begins to open up the addressable user base quite significantly. And I -- we don't relay it publicly, but we have data from different institutions that it can show the exponential of the significant dramatic growth of user base in sequential years as we're expanding once we get penetration into places like academic medical centers. We've announced in the United States that we've surpassed the 50% penetration level into the comprehensive cancer and cancer centers in the U.S. and in many places now we have multiple installations of those systems. And we generally see a lag effect, but a significant expansion of the user base of principal investigators and then normally clinical trials follow as it relates to that. And that's been happening in a very natural nice wave inside those major institutions. That begets a virtuous cycle of new incremental instrument placements, more exposure to clinical trials. And then the companies that are contracting, which are generally commercial companies that are contracting for that work with the institutions then evolve. They either go to

contract research labs for scale-up work or they take that capability in-house and there's examples of therapeutic companies that we've done business with through the academic centers first in terms of taking that technology in-house.

So that's the setup that we think is really, as we create more and more tools, we've had matched informatics solutions. So things like we haven't talked about this yet, we announced on March 29 of this year, the commercialization of something we called the Maxpar Direct Immune Profiling Assay. And in this case, it's probably been the fastest growing consumable on our mass cytometry history. And what it allows is an out-of-the-box way to analyze the 36 different cell types and create a core immune phenotype. And we mastered with informatics, so it's all these antibodies that have been put into a dry down format into a single tube experiment. And as we say to just add blood and you'll have an answer in 5 minutes, produces a 17-page report with built-in quality scores and things that you would have dreamed about in a flow cytometry lab.

So we think it's really transforming the way that people think about the capability of this technology, and it's moving to much more suitable for translational and clinical trials support. And we have other situations in place where we're doing this in immuno-oncology or immunotherapy for helping consortium develop fixed content panels. And so we think this is just the beginning of the beginning. And this is what we've done in the suspension side and you can imagine that imaging is going to have a very similar potential for us. And in that case, you're going to have to do a lot of work related to tissue type and disease specific. And I think so the -- we're at the very -- there is the baseball analogy, we're at the bottom of the first inning in this thing I think. So it's very exciting and that's exactly what we need to do is we should be talking less and less about the technology with features and benefits of the technology. And it's our job to just kind of show how to get answers faster. And that will open up the whole next wave of early -- or past the early adopters to the early majority that are less interested in how the technology works and they want to know what they can do with it. What is the results they get and how do they monetize those results? How do they get additional grants? How do they get sponsored research from pharmaceutical companies? How do they advance drugs faster to the clinic? How do they identify better populations or responders and nonresponders and ultimately impact healthcare, and that's where we're headed right now.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Before I move on, let's take a quick pause for questions.

Vivek Khanna - *Partner Fund Management - Analyst*

I had a question Chris. You said you would feel very comfortable in the usual ramp of analytical instruments in the fourth quarter. I'm just curious what kind of leading indicators have you seen that helps you gain confidence that the company will experience this traditional year-end ramp here?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

Yes, thanks for that. So generally, our selling cycle is the 6 to 9 months sales cycle, and so we wait until the third quarter starts feeding the fourth quarter opportunities. We've been seeding opportunities since last year to feed into our overall instrument funnel. And so we continue to have a very strong and robust funnel both in the absolute size and the quality of that funnel as it advances, and it's really well distributed by region. And so back to the earlier discussion we were having, really most of the time it comes down to financing capabilities or the access to those funds. Those funds tend to happen later in the fourth quarter, most people roll those later in the year. And so we're experiencing those similar dynamics, and I think it's tracking as we thought it would within the funnel.

And we have short interval controls. We show funnel progression, goes through our tool that use salesforce.com probably like almost everybody does. And we hold ourselves to a higher standard. We don't even qualify opportunities to come into our funnel for potential modeling of placements until it's at least past the 50% and the 50% generally means they have to have identified funding sources. And then it's up to those institutions to -- or organizations to do the funding and the release of those funds. And that's probably the most squirrely part for us, it's just we can't control that process for how they release the funds. We do offer programs through third parties such as leasing capability, but they generally have to have a line of credit or some way to access funds in order to unlock that. But those are some of the data points that help feed into our funnel and generally their fourth quarter tends to be the strongest time period.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Great, Chris. So I know there's been a few new additions to the team recently. You've added a new COO, a VP of Commercial Operations in Americas, a new CSO and a new member on the Board of Directors. Now that they've had some time to familiarize themselves with the company, do you have any new strategies or plans that you would be able to share with us today?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

I couldn't be more thrilled with the group of people you just described. And I think we've been continuing to evolve the company since I joined 3 years ago and making it more fit for purpose for where we want to head in our 5-year strategy. Really as we kind of evolved and started seeing killer apps related to immuno-oncology and immunome in general. It's then lead us or informed us to say now let's go, the organization and people generally follow what the strategy is. And you realign around the competencies you need. So in our case, we can see a real need to scale globally. We brought in the Chief Commercial Officer who had significant experience around the world in scaling businesses like ours and had experience both in analytical instruments as well as consumables instruments. And we've had him in the seat since late part of April. We brought in, we had the Americas was an open headcount. Americas is an area that you asked simple questions about it at the very beginning, it was an area that we have not been -- we did extremely well last year and this year we have not been hitting the cover off the ball. And part of it I think is related to we didn't have enough oversight and coaching and development for those. We have good salespeople, but we needed to have a new leader to come in. We brought in a leader who happens to have a very strong background both in micro -- in genomics as well as in proteins. So it's a great balance of the 2. And they've had experience selling both highly differentiated technologies as well as ones not so differentiated. So I think it's perfect for our mix of products that we have in place.

And then, the Chief Science Officer really is a signal about where we're headed. So we brought in Andrew Quong, he came most recently from the NCI and his job at the NCI was to manage both the assessment of new technologies that can be run at the NCI. And the second part was to manage pharmaceutical partnerships and collaborations. So that's -- and he worked at multiple academic medical centers, including Jefferson and -- Thomas Jefferson as well as Georgia Medical Center. So he has real tangible experiences walking in the shoes of our end customers. And he built his crew on oncology and immuno-oncology, and so he is definitely helping inform the therapeutic strategies we might pursue and how do we build bespoke content strategies to leverage the unique capabilities of our instrument. And he is really kind of agnostic. He is not a technologist, so he is able to look across our various technologies and imagine how could you combine or what would be the right tool to position for that therapeutic area, that therapeutic question.

So I think he's signaling exactly where we're headed with the company. And then the last is Bill Colston who we added on the Board -- of our Board of Directors. Bill has an interesting background because he came out of Lawrence Livermore Lab and has extraordinary academic credentials. He successful pioneered droplet-based technology and he created a company that was ultimately now part of Bio-Rad called Quanterix, had a successful exit on the basic core tools business so he is right in the sweet spot of what we're doing in microfluidics.

And then he proceeded to get involved in a biomarker discovery platform in healthcare platform, and it's in a conjoin -- he had a own company in the U.S. and then he merged that with a company called iCarbonX based in China. And so he's been straddling business in China and North America for a number of years. Exactly at this hotspot interaction of biomarker discovery and in healthcare insights.

And so in his case, he has worked in the informatics sciences and how to best use all the tool purveyors to assess human insights and the human health. So he couldn't be more better fit for purpose. He has the technology background, he understands exactly how our technologies work and he's been successful commercializing his own platforms. And he is now a consumer of information and using our products and helping us guide and helping kind of the smoke from the fire and helping us understand what you can make marketing claims, what you have to actually have to be able to do at the end of the day and how other technologies position themselves. So I think he just gives us a lot of confidence at the Board level about the very detailed work that we're going into and we love it. And it's great to have him on Board.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Okay. And for the last couple of minutes, do you think anything The Street is missing or anything else you would like to highlight to the investors in the room today?

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

Yes, I mean clearly from the performance of the first half of the year, we did a tremendous amount of work in the first half. We deleveraged the company, reduced $150 million of debt. We equitized that debt and brought in our shareholder base, increased liquidity. We also had cash in our balance sheet in the fourth quarter of last year. We've shown continuous commitment to operating leverage reducing our cash burn and particularly reducing our operational expenses. We've also made investments in how to continuously drive gross margin improvement inside the company through another hire that we didn't talk about on the operations side.

I think the biggest kick has been kind of the performance, the kind of the reaction the post Q2 call. And I think it's been a gross over reaction to the actual health of the company. This company is fundamentally in big markets that are growing. We've got a highly differentiated technology base, we're more than a one trick pony. I think the RNA-Seq is a new catalyst for what -- but I think the big knock has been on microfluidics, when are you going to see a floor in the microfluidics business and tell us what the case for optimism is for that. We are tempering expectations and because we said, hey we just got this new product that's coming out to the market and we don't want to just create one shiny object that everyone pays attention to at the compromise of our core business. But with every leading indicator we have strong underlying market demand, really good science, differentiated products. We continue to drive more innovation into the space, more clinical trials exposure, these are all and reducing our cash burn. This is exactly an equation for value creation but for whatever reasons right now we have been, there is a lot of negative sentiment filled around this. I think this is the sort of moment in time where fundamental-based investors and value-based investors really step up and see that this is a misunderstood story and they do the work on it. And maybe it's just from our history as a company, people -- we're not a core research business, we're moving the translational space and you have to look at this on a multiquarter story and I think we are really setting up for a unique and differentiated asset in an area that has a huge scarcity of assets.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

I think we hit the end of our time today.

Stephen Christopher Linthwaite - *Fluidigm Corporation - President, CEO & Director*

Thank you very much.

Edmund Tu - *Morgan Stanley, Research Division - Analyst*

Thank you very much, Chris.
