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PRESENTATION

Matthew Stanton - *Jefferies LLC - Analyst*

Good afternoon. Welcome to the Day 2 of the Jefferies Global Healthcare Conference. My name is Matt Stanton. I'm a member of the tools and diagnostics team here at Jefferies. It's my pleasure to have Fluidigm with us here at the conference again this year.

Joining us from the team we have President and CEO, Chris Linthwaite, as well as CFO, Vikram Jog. Gentlemen, thanks for joining us today.

Chris Linthwaite - *Fluidigm Corp. - President and CEO*

Hi, Matt, thank you for including us and just thrilled to be here at Jefferies Healthcare conference. I appreciate the opportunity to present.

Vikram Jog - *Fluidigm Corp. - CFO*

Yes, great to be here.

QUESTIONS AND ANSWERS

Matthew Stanton - *Jefferies LLC - Analyst*

So, I guess, Chris, to kick it off, there's been a lot of debate (inaudible) within the analytical and tools space, focused on areas like multi-omics, proteomics, spatial-omics, seen a number of recent IPOs and SPACs. Can you just kind of help level set where Fluidigm fits in the discussion here?

Chris Linthwaite - *Fluidigm Corp. - President and CEO*

Yes. I think there's a lot of elements in the space that are getting lost with backdrop of new announcements and new companies coming on the scene. There's a couple of things.

One, the company itself, although we've been public for almost 10 years, really represents almost a re-launch of both technologies; our mass cytometry technology, which has a lot of runway and we'll talk about that probably maybe in a few minutes and it leans heavily in the proteomics space, which is particularly had a number of new launches or new announcements, new companies launched in the last few months.

In addition, I think it's misunderstood, our microfluidics technology, which is truly an enabling technology that reads across scores of categories, everything from -- initially, we were single-cell genomics, but we [read] on next-generation sequencing library prep, clinical diagnostics, laboratory-developed tests, agricultural and biosciences.

And then, most exciting in recent has been the proteomics, the leverage in the proteomics space and we're quite a unique participant powering the Olink Proteomics business coupling our technology and their PEA technology to really offer something fundamentally new to the marketplace and in [mid-plexity] proteomics. That continues what the most recent announcement they had today of the S100, which is Fluidigm technology and a Fluidigm product that was sponsored by Olink.

So, we're really just excited about where our market is headed and we feel like there's not a lot of read through yet or understanding of how Fluidigm fits in these exciting tools that are going to power healthcare decision making for the next decade and beyond.

Matthew Stanton - Jefferies LLC - Analyst

Great. It's been a busy last 7 to 10 days for you guys. You held an investor day event last week, also announced a new product launch with the CyTOF XT. Can you maybe talk about some the key takeaways from the event? Initial customer feedback? Any color you can share on building out the sales funnel and key points? .

Chris Linthwaite - Fluidigm Corp. - President and CEO

Yes. Last week, we had a couple of things. One, really develop the building blocks, the early part of this year we announced Vision 2025, which is our five-year forward plan and our growth strategy for the company. As part of that -- and it's really a hallmark of that or the foundation of that is innovation, leveraging the beachheads, and then partnerships.

We wanted -- due to the complexity of the business at first blush, wanted to break out mass cytometry, which is one of our two franchises into a dedicated Investor Day, which we held in the Analyst Day, Fluidigm sponsored last week. And as part of that, we not only laid out our five-year roadmap for innovation but the role partnerships will play and how we're leveraging beachheads to expand into healthcare decision making and show a profile of strong, double-digit growth, which had pre-COVID 26% of annum growth in the mass cytometry portfolio, had near-term impact in analytical instrument placements due to the headwinds of COVID, and see a resumption moving back onto that growth line as we are rolling out in the backend of the COVID overlay.

And then, what the -- the Investor Day also showcased the next-generation platform. So, we have -- our technology has both a suspension base, which is akin to flow cytometry, and then when mated with an imaging analyzer, it becomes a spatial imaging platform, both of which are market leading.

And in the investor event and then later the next day in our showcase annual user group meeting, we announced the CyTOF XT, which is the fourth generation platform. The reader -- that detection engine is for suspension, but you can imagine it will be utilized also for imaging later.

And so, the real exciting features and benefits related to that and I think the value for the marketplace is it's really built for where we see healthcare decision making going, so the need to look and integrate more complex signatures of phenotypes of the immune system, to inform clinical treatment paradigms and drug selection options when mated with imaging data, we think both data sets are very, very important and we had to showcase a speaker who profiled the impact in Switzerland of integrating these technologies and looking at them with also genomics information showing both the complimentary to genomics as well as the incremental or additional unique insights that come from the proteomics technology to inform new treatment selection options or additional treatment selection options for cancer patients.

And so, the technology, the CyTOF XT, is focused on 35% reduction in total cost of ownership. It reduces the -- eliminates the need for dedicated operators. It is higher throughput, so it has up to 23 hours of continuous operation and much fewer changeover cycles. So, we get about threefold increase in throughput on the platform.

And all of this has been added to it with improved data acquisition, clean up, and reporting, and then the automated loading tray and de-clogging features that allow the instrument to, again, run unaided and do night runs.

So, we really see this as setting the foundation along with these new panels we've been introducing to do larger and larger studies, to support clinical trials, to support patient treatment protocols, and with a consistency and reliability that our technology uniquely provides, and we do all of that at a lower price point. So, we signaled also this list price adjustment that was more than 30 percent below the predecessor technology. So, all of this was very affordable and high value at the same time.

Matthew Stanton - Jefferies LLC - Analyst

Just really quick on that, will there be a trade up or upgrade program for the existing Helios customers for the new instrument if they're so inclined?

Chris Linthwaite - Fluidigm Corp. - President and CEO

Yes. There's a number of advantages. There is trade-in options, which we're working with the install base on. There's also the ability to do capacity expansion. So, we also eliminated some of the exhaust porting requirements. And so, there's less facilities. So, not only it's a little bit smaller footprint of the instrument but you can also put two of our instruments where you priorly occupied one of the prior generation.

So, we see a lot -- we have a very flexible approach to addressing customers who are looking for incremental capacity expansion if they want to trade-in programs or trade-up programs. So, all those are being deployed.

Matthew Stanton - Jefferies LLC - Analyst

I think as part of the recent mass cytometry event, you talked about how you're underpenetrated in certain areas of the market. Can you just kind of talk about your overall strategy to expand market penetration in some of those various areas and then maybe we can jump into those a little more, but just kind of high level strategy to drive deeper penetration there?

Chris Linthwaite - Fluidigm Corp. - President and CEO

Yes. I mean mass cytometry is overall has a tremendous amount of market upside potential. So, we -- in the largest customer segment that we participated in, which is the academic medical centers, we estimate that we have approximately about 19% penetration rate.

And so, there's the concept to penetrate and radiate. So, those are defined as penetrations in those accounts. We have many of those. We have multiple systems, but we know there's opportunity to expand incrementally inside the institution or organizations we penetrated as well as continue to add new customers with a new -- yes, new institutions to our customer list.

We are seeing an increasing shift towards more clinical oriented work. So, we've now participating -- we're now participating, I think, in about a cumulative of 150 clinical trials and you're seeing the -- the majority of those are in suspension, but we also have quite a number in imaging and we're seeing a progression from preclinical and Phase 1 to later stages, so -- and we're seeing it across multiple disease areas in oncology, immuno-oncology, infectious disease, and vaccine development. It's really quite exciting.

So, if you think about our growth strategy, we knew that we needed to focus on where that translational activities occur and those early clinical trials are often sponsored by pharma partners. And so, initial focus has been on the academic and leading academic medical centers and translational centers, which we're going to continue to do more of that.

As the studies are scaling, you're seeing more CROs seeded. And so, we also profiled in our user day or in our investor day event one CRO -- leading CRO who works directly with pharmaceutical companies and in the business of scaling and just working on these projects over and over industrializing.

And then, we're seeing increased traction in pharma and biotech. We see it -- in that situation, they'll use some of that. They bring in-house. A lot of it they outsource the CROs or to academic medical centers.

So, we feel as where proof points occur, larger and larger studies, more integration of this into hospital settings and decision making environments that we will see a virtuous cycle of increased penetration in all of these segments. You'll see increase on a relative basis, a greater increase in CROs and pharma, biotech, and hospital settings over time.

So, we think it's setting out for a multi-year macro and we're going to continue to provide innovation for this in the form of new consumables, tools, and continue to improve on the platform itself to streamline this and further standard -- make this even better suited for a long-term clinical and massive deployment.

Matthew Stanton - Jefferies LLC - Analyst

Okay. And then just kind of diving into that a little more in the pharma and biotech setting, that's the kind of the biggest gap of penetration you laid out and talked about it a little bit. But just from where you are today, is it going deeper at existing clients? Is it adding new clients? We talked about the CRO strategy kind of the mix of what will drive that penetration gap specifically in pharma and biotech.

Chris Linthwaite - Fluidigm Corp. - President and CEO

Yes. On a relative basis, we should see greater increases in CRO penetration in pharma and biotech, and then hospital and clinical settings. But on an absolute basis, we have a larger penetration in the academic centers and plenty of incremental placement opportunities and larger and larger studies that they're conducting as well as recruiting more studies to integrate our technology as a standard arm in the analysis that they're doing.

So, we really see opportunities across each of these segments and they do feed upon one another. So often, these large academic studies and actually, these -- many are sponsored by pharma or as they come out they then get integrated in pharma programs.

And we gave an example in the investor day event, for instance, of a large pharmaceutical company in Europe that was sitting behind the work that is being done in Swiss -- in the pathologist centers and in the hospital setting in Switzerland and how those technologies were being integrated into the patient workups, and then it led to reports, and these are clinically informed reports for the pathologists to then guide or select treatment options.

And the goal is to continue to bring in that study brought incremental or additional treatment options to the table. So, there's a vested interest for the pharmaceutical companies to ensure that they're getting access, that they're -- that they're part of the database development for all of this so that the patients -- the patient selection and optimization of treatment strategies it incorporates the broadest number of drugs. So, we really think this is setting up really nicely for how we envisioned it might a number of years ago started down this path.

So, we do see, at its core, likely more and more oncology, immuno-oncology, et cetera, to be the work horses, but more and more in vaccine developments, which is quite exciting for us. And I think there will be a number of other disease areas, anything that has an immune signature and then even in cell therapy and gene therapy products. And in some cases, there may be even in-process quality control measurements for the drugs themselves.

So, it's -- I think it's pretty exciting from where we stand on how this technology fits and we're going to continue to make improvements to -- and invest where we need to selectively in the channel. But I feel like we're really setup right now to support this growth and it's not just suspension, it will be in both sides both imaging and suspension base.

Matthew Stanton - Jefferies LLC - Analyst

Thanks. And then just kind of shifting gears quick over something you kind of touch on at the beginning, your microfluidics business, which I think is a little less understood by investors. Can you frame both the near-term as well as some of the long-term potential growth drivers for that area of the business.

Chris Linthwaite - *Fluidigm Corp. - President and CEO*

Yes. I think across the company, this is or in general, the company has been misunderstood or I can't really put the right words behind it. But the mass cytometry business has been growing historically 20%, 25%, 26%, and then, up until the COVID period the kind of direct impact on the analytical instrument placements and access to the labs for some of the consumables.

We're really seeing a return back onto that growth trajectory powered by innovations, these partnerships, more clinical trials exposure, et cetera. So, I think we made that point relatively well.

The microfluidics business had been a business that had been kind of going through a repositioning. At the end of the day, it's an enabling technology. It's not -- became synonymous with single-cell genomics, but that was only one application of a slew of applications that it's exquisitely well suited for, so the applications we've been standing up.

And if you think about it in a sense in one hand is an OEM type provider to our technology will sit inside the application suites of other companies who then own the go-to-market strategy and the content strategy specific, and I'll give you an example in a second. And then, there's a few categories in which we're taking and going direct.

So, we've gone direct in things like library prep as part of next-generation sequencing and getting those systems placed in front of say Illumina sequencers. We have started in-laboratory develop tests. And we've accelerated that into diagnostics. And we used the COVID outbreak to really showcase the power of mid-plex density and PCR readouts and the integrated -- the ability to look at many different samples simultaneously against many different targets and do that at an extremely cost effective and a simplified workflow.

And in our case, we also had an opportunity to take that before regulators and get the systems authorized for use. And then that's been really our next beachhead for establishing more durable diagnostics business through a combination of OEM and direct relationships.

We stood up other categories and transplant sciences through a partner and we're going to continue down that line working -- and the other one is going to be in proteomics, which I talked about a little bit before, but I'm not going to hit that one more time.

And then we have more innovations coming. So, we took the investment, the windfall from COVID plus the investments from the U.S. government to invest in a next-generation platform. So, the next-generation biomark that takes two of our boxes down to a single box, all that's about one-sixth of the size of the two predecessor boxes, so combined and integrated in that workflow.

We're also mating it with some new chips and those chips will take more steps that were off workflow or off chip and were being done on say Tecan or Hamilton platforms and larger footprints and taking that all down to a 1 centimeter square sort of space, so very small footprint, and then automating that all on instrument. So, we think that's really the direction this technology needs to continue to head and continuing to open up many more applications.

On the partnership side, we have a durable relationship with Olink, proteomics, which I think right now, there's relatively poor read through on the understanding of our business and how we relate to powering the Olink platform.

And most recently today, they announced the next-generation platform, the S100. That S100, as you'll see in the footnote, says it's powered by Fluidigm. And so, it's not just our chip technology but we also did a large sponsored OEM and development program which has been footnoted in our historic and that has resulted in the next-generation platform that will have their name on the front as a Signature 100, has our name on the back and is powered by our chip technology.

So, we're really setting up we think the microfluidics business because it -- was it a COVID story; was it not a COVID story. COVID was really a means to an end to prove these categories. And then, we've been seeding more partnerships behind that to ultimately drive a consumables-rich business. And so, we're really looking forward to seeing both of those businesses, mass cytometry and microfluidics, executing as we head over the next five years and delivering double-digit growth.

Matthew Stanton - Jefferies LLC - Analyst

Thanks, that's helpful. And I guess relative to the segments that are under penetrated, which you just ran through on the mass cytometry side, can you kind of briefly touch on market penetration for the microfluidics business and then your strategy there to drive deeper penetration as well?

Chris Linthwaite - Fluidigm Corp. - President and CEO

Yes. The simple -- the academic placements that was our historic footprint. So, we certainly have the relationships and channel for those sorts of applications, although we're always going to be open to novel ways to get our product or better ways to get our product distributed.

The core of our strategy has been through partnerships, so things like Olink Proteomics. Olink Proteomics owns the placement, the market segmentation strategy, and go-to market, and it gives us a lot of operating leverage in supporting. It's a win-win for both parties.

You could imagine we're going to continue to add more categories. I talked about transplant scientists being another example where they own all of the go-to market, the partner and the segmentation and penetration strategies related to that.

There's a few categories, so using say diagnostics, and in this case, we'll go very specific to infectious disease. In infectious disease, we went through a combination of go direct in the early days of the COVID outbreak and then also worked with CROs and contract testing labs as a resell partner taking our authorized, emergency use authorized product and then distributing it out to individual customer segments.

So, we've used that as a -- beachheads in our language. So, we've had beachheads in this clinical reference labs or clinical or testing or contract testing labs. And then, we're going to look to expand more categories. In that case, we will take the advantage of their own distribution and channel power to continue to get these products more available to marketplace.

Now, there's other diagnostic categories and we're certainly completely open to more partnerships in this area. In fact, we think that's a great way for us to accelerate the adoption of the technology and accelerate our penetration particularly in the testing labs themselves.

Matthew Stanton - Jefferies LLC - Analyst

I was going to ask you a little bit about the partnerships in beachheads which clearly big focus, but you've done a good job kind of running through. Is there anything to call out there in terms of any gating factors to establishing those whether it be in cancer centers, pharma, biotech, CROs? What is it, if anything, the biggest gating factor to executing on that strategy?

Chris Linthwaite - Fluidigm Corp. - President and CEO

Well, the classic paradigm has been a little bit of the chicken and egg around placement of an instrument and menu. And what we benefitted -- we have benefitted from in the -- from the COVID outbreak is to establish beachheads. So, we've now gotten our technology and our systems in place into many contract testing labs and there's plenty of opportunity to expand into more labs. That's been foundational.

So, we're going to make them go across two dimensions. One, now that they're getting the familiarity with the technology, we can work with them, our chips have a lot of flexibility to add different assays into to do customized testing that's unique for their business, so porting other menu that they may have or they desire and then adapting to bigger panels and they can have more efficiency in running tests. That's one logical expansion category.

The second is, us continue to develop more menu. As we beget more menu, then it drives the -- reduces the total cost of ownership to make a commitment to a single system, gives us more flexibility in our business model, and it creates greater utilization of the platform itself. So, we'll continue to weave in more content.

And then, the third is through partnerships that wanted to develop adjacent categories. That actually adds to the menu and the collective. So, those are the kind of three approaches we think are highly complementary to driving greater adoption of the microfluidics base detection technology.

So, I think that's our basic playbook. So innovation, we got more. We got a next-generation instrument platform coming out, next-generation chip. And then, we are working through these partnerships to develop more menu and content to feed into and lead to the virtuous cycle of more adoption of the platform, more menu, and more menu then driving more adoption, purchase of the platform.

Matthew Stanton - Jefferies LLC - Analyst

Well, then, I guess given the new products and then these visions to drive deeper penetration across a number of end markets here, can you talk about the need to potentially expand your sales force or build out your commercial reach from here? And if the answer is yes, anyway to kind of quantify the size of that or the investment needed and the timing around such build out?

Chris Linthwaite - Fluidigm Corp. - President and CEO

I think that's another that's been relatively misunderstood on our business. So, we actually had made a very significant investment in our commercial organization just before the COVID outbreak.

So, in this case, we began to segregate or segment the sales organization, one, to focus more on mass cytometry, which has been growing very, very rapidly. And then, we knew we have these new products under development at microfluidics that have made a lot of sense to begin to stand up more dedicated resources for them.

So, we actually had just upscaled our selling organization going into the COVID downturn and in fact, it paid us a good stead. So, we thought it was important to protect that selling organization and carry it through because we felt that COVID was going to be a time-based event.

So, I feel really good about the leverage we've established from the selling organization perspective. And then in addition to partnerships really would give us additional sales and marketing reach. So, it's about leveraging the spend of say Olink Proteomics, they're doing joint -- they're doing an announcement today of Fluidigm and gets pulled through that process.

So, that's -- and then, we take advantage of their selling organization and their selling motions and it's a win-win for both parties. And so, that's exactly what we wanted to keep rinsing and repeating with other partners so that we can have a really good balanced investment profile and OpEx.

And there's often opportunities also such as Olink was a great example of getting sponsored NREs that come into the business to give us a flywheel effect of driving more innovation that feeds multiple partnerships. So, this is at the core of our business model and our flywheel effect for getting leverage out of this business.

Matthew Stanton - Jefferies LLC - Analyst

Great. And we're bumping against time, I guess the last 30 seconds or so, clearly, pretty evolving stories, you just kind of run through here. What do you think is the most misunderstood of aspect or aspects of the story? And where should investors be focused over the next 12 months or so?

Chris Linthwaite - Fluidigm Corp. - President and CEO

Again, from my perspective, there's a couple of levels to this. One is multi-omics and the importance of multi-omic signatures. Meaning, it's not just going to be a genomics and not only proteomics. It's not only going to be single-cell. It's going to be bulk cells also and it's going to be imaging-based analysis. There's a need for composite mixture. And we have multiple shots on goal in both the genomics sector and NGS and real-time PCR.

At single-cell genomics, we have single-cell proteomics and we have single-cell-based imaging resolution that can do multi-omic analysis. And we already have proof points including the references I just did from the Swiss clinical trial on how actually it took multi-omics technologies to come up with these improved, predictive -- suggested out or suggested treatment strategies for the ill.

If you're bullish on that macro, then we have multiple shots ongoing or participating at multiple levels. So, I think that's why I don't think that story is getting out very clearly. And then, if you want to talk about business model, it's actually pretty straightforward, instrument placement, consumables, recurring revenue streams, capital, and consumables.

I think that's really the two messages I hope they're taking away is that really strong read in on multi-omics, multiple read-throughs on other partners, and then improving leverage.

Matthew Stanton - Jefferies LLC - Analyst

Great. Thanks. We're out of time. Thanks for joining us today, Chris and Vikram, and everyone on the line, and have a great afternoon. Thank you.

Chris Linthwaite - Fluidigm Corp. - President and CEO

Thank you.

Vikram Jog - Fluidigm Corp. - CFO

Yes. Thank you.

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