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Hologic, Inc. (HOLX)

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CORPORATE PARTICIPANTS

Karleen Marie Oberton
Chief Financial Officer, Hologic, Inc.

OTHER PARTICIPANTS

Puneet Souda
Analyst, Leerink Partners LLC

MANAGEMENT DISCUSSION SECTION

Puneet Souda
Analyst, Leerink Partners LLC

Welcome, everyone. I'm Puneet Souda, Life Science Tools and Diagnostic Analyst here at Leerink. And my pleasure to be hosting Karleen Oberton, CFO of Hologic. As Steve says, best CFO in the business. Wonderful to have you, Karleen.

Karleen Marie Oberton
Chief Financial Officer, Hologic, Inc.

Thank you. It's great to be here.

Puneet Souda
Analyst, Leerink Partners LLC

Yeah. Thank you. So, maybe the folks have questions in the audience and please raise your hand, and we'll get a mic to you.

QUESTION AND ANSWER SECTION

Puneet Souda

Analyst, Leerink Partners LLC

Q

First question I just sort of wanted to start with was, maybe just to set the stage, I mean, Hologic, as Steve has said, is – the company has been transformed after the pandemic, I mean, thanks to the larger Panther installed base that's out there. You continue to deliver ahead of the long-term 5% to 7% growth that you said, 30%-plus op margins in the business, strong balance sheet. I mean, all of the things that, in times like these, the company can value. And just maybe talk to us, where do you think Hologic can continue to win, and see this type of sort of a growth? And what opportunities that excites you the most?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Sure. Sure. So, certainly, Puneet, as you said, we really believe that Hologic coming out of the pandemic is a bigger, faster, stronger company. And what gives me confidence in that and really what – how I view the strength in that is the diversity of the growth, meaning that all of our businesses have growth drivers as we look ahead. They all have organic growth drivers, inorganic opportunities. Yes, there is operating efficiency opportunities and certainly international still continues to be, for all of our divisions, growing faster than the US. And as we all know, women are very much underserved outside the US. And so, a great way for us to lean into our purpose and drive our financial results the same. So, feel good about where we're at. As you said, the Panther installed base has transformed the molecular diagnostics business. But also in our Breast business, we have an incredible installed base of 3D gantries that we continue to kind of leverage that moat, if you will, of technology differentiated products.

Puneet Souda

Analyst, Leerink Partners LLC

Q

Got it. Just following up on that long-term growth, Panther installed is well above 3,000. If you look at the 5% to 7% long-term guide, maybe just help us to sort of understand, given the sort of growth that you're seeing, why is that's sort of the right number, just going forward, you have – your growth coming from Molecular DX, you have the Breast business and Surgical. So, just when all these franchises are working out well, is it just sort of more conservatism or is there something else in it?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yeah, let me put it in perspective. That 5% to 7% we gave back in 2021, and in that outlook was through 2025. And as you know, over the past several years, we've grown well above that. So, actually that – maintaining that 5% to 7% is a stronger number than we originally gave that long-term guidance. So, I think that's one we're really proud of that of how we've been able to execute consistently in above, but feel at this point in time where we're holding at that 5% to 7%.

If you think about the divisions, certainly the franchise Molecular Diagnostics is going to grow above that that 7%. But Cytology is probably below that, right? And so that's where you get that in the 5% to 7% trending towards the 7%. Surgical think about closer to the 7%. And again, you've got MyoSure with outpaced growth, but NovaSure has been a little bit of a decliner as that it's a legacy product. So, getting back into that 5% to 7%, when you look at all the franchises together. And then Breast, as we continue to recover through the supply chain challenges

and work down our backlog, know, the biggest piece of revenue in that division is actually our service contracts, right? So, that's tied to that installed base. So, that is going to grow on that lower end of the range. So, that's why I think when we look for the long term, while there is the potential to elevate at this point, given the portfolio, we're comfortable with the 5% to 7%.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

Got it. It makes a ton of sense. And want to touch on, sort of, gross margin, operating margin, sort of ex-COVID. 2024 guide is for low, I think, 60% gross margin and 30% for op margin. There's still sort of COVID in the numbers. So, maybe you – could you describe once that sort of comes out. And I have a follow-up there, too, and why – at what would point COVID itself, these numbers get endemic. I know there's very limited amount of COVID, but when does that get endemic? And then if you strip that out, would you still say 60% gross margin, 30% op margin?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

Yeah. So, if we put kind of the margins in perspective prior to the pandemic, gross margin was roughly 61%, operating margin was about 31.5%. And I see us, as we manage through some of the supply chain issues that we've talked about primarily in the Breast business, at those levels as we exit 2024. So, we see that recovery. We haven't given specific margin detail on COVID, but certainly, it's accretive to the corporate average. But if you look at what we've guided for Q3 that we've said about \$5 million to \$10 million of COVID revenue, probably de minimis impact at this point in time as we kind of exit the pandemic fully.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

I see. Okay. Got it. Got it. And staying on margins, sort of, how should we think about the biggest margin levers across the country – I mean, across the company? And what do you see driving the sort of most operating leverage? I mean, can we – the question underlying that is, can we get to that mid-30% EBIT margins back again?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

Yeah. So, to put that mid-30% in perspective, I think that was when we still had the Blood Screening business.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

Yeah. Sure.

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

So, that Blood Screening business was a highly profitable business that we disposed of in 2017. So – and given that our margin profile, even at that pre-pandemic, of 31.5% is very rich, right? I don't see that as our goal to get back to that mid-30s. It's more of how do we continue to accelerate the top line and drive earnings faster than that. So, if we stick at that 5% to 7%, we're approaching that low-double digit earnings growth. And so, we look at that as not only through the revenue growth but some op margin expansion. But what can we do below the line, including tax rate to drive that earnings growth?

Puneet Souda

Analyst, Leerink Partners LLC

Q

Got it. Got it. And pricing what should we be assuming, if pricing increases this year and, sort of, wondering how you're thinking about longer term on price increases now with sort of the supply chain challenges somewhat behind – and talk to us about sort of your ability to offset those costs with further price increases.

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yeah. So, I think pricing is a bit of a challenge for us as we're already a premium priced product. Certainly, in the Breast Health business, where we have the most kind of supply chain challenges, really difficult to meaningfully offset those prices. But I think we're at a point now specifically for Breast, where we kind of work through those higher cost components that we had to procure during the height of the supply chain challenges. But I think we do look at pricing, certainly, on line extensions, when we launch new products, that's where we're going to take some pricing on our service contracts. Again, those long term contracts, when they come up for renewal, we have regular cadence of pricing. So, where we can do it, we take advantage of it, but it's not significant. It's more from volume is where we'll get our growth.

Puneet Souda

Analyst, Leerink Partners LLC

Q

Got it. Okay. And let's pivot to Endomag acquisition that you had recently [ph] endometrial best (00:08:37) offering. Maybe just tell us about sort of how it's positioned and what is the growth profile? I think that was a big question for us to – and investors like what is the growth profile of Endomagnetics and how should we think about the contribution both on the top line and on the margin line?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yes. So, let me first say, we're really excited about that potential acquisition, but that we are still in the regulatory approval process. So, I can't say much beyond what we've already talked about. Yes, so Endomag in calendar 2023 did about \$35 million of revenue, a mix of direct and indirect, a mix of US and OUS. They're actually a UK-based company. I would say that we certainly expect the revenue profile to be accretive to our revenue growth. I would also say that's obviously an opportunity for us to leverage our direct sales force in the US with a – again, a UK based company wouldn't have that significant direct presence that we have and the ability to kind of drop that in within our breast surgical sales teams. So – and on the bottom line, I think we said it – we expect it to be slightly dilutive in the near-term, but accretive thereafter.

Puneet Souda

Analyst, Leerink Partners LLC

Q

Okay. Okay. Got it. And when you, again, continuing on the theme of M&A, you've remained fairly opportunistic when it came to sort of deploying cash. You had the ASR, you had some de-leveraging, you had some, I mean, obviously, M&A, a number of deals that have happened over the last few years. I mean, maybe just help us understand, how are you weighing these things in the current market environment, M&A versus more capital deployment towards share repurchases?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yeah, I mean, our perspective really hasn't changed. We're focused on deploying capital. The priority is going to be M&A, as we know, if we can acquire assets that move that revenue growth rate up, that's going to create multiple expansion, right? So, that's going to be the primary driver. But obviously, we need confidence in that revenue profile. We want to have a point of leverage and expertise that we bring, that the asset performance better as part of Hologic, that really nice strategic fit and then value creation. So, we need to get it at the right price. So that's, like Steve said on the last earnings call, we'd love to do an Endomag every quarter. The deal accretion just doesn't happen like that. So – but that is kind of the desire. And then certainly share repurchase, I would say, over the past several years, we've repurchased double our stock versus M&A from a capital deployment. So, really believe in ourselves and in the opportunity there, and you'll continue to see us to do that share repurchase activity.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

Got it. Just continuing just on the M&A side, you had – if I look at the prior deals, you had Biotheranostics, Diagenode, Mobidiag, Bolder, now Endomag. Maybe help us understand what's, from your perspective – and obviously, Steve's perspective is important here in terms of how these portfolios are fitting together. But what's the sort of the common thread as you're looking across these acquisitions? And what makes these, as you said, if you can find Endomag or – I mean Steve said, Endomag every quarter you'd acquire? But what are some other sort of characteristics sort of that you're looking at? And would you say it's the focus Diagnostics versus Surgical versus MedTech?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

Yes. Well, first, I'll say that all of our divisions have business development groups that are all actively looking for assets, cultivating relationships, so that we can find those right strategic fits. So, there's not a priority per se by division as to where we don't want to deploy capital. They're all there are pretty active. I would say beyond kind of financial metrics, obviously, that we're looking at, I think we feel that we're better operators, meaning that we want on market products, where we can – hopefully there's already reimbursement or guideline established that then we're just leveraging our commercial and operational expertise for that asset.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

I see. Okay. And I know historically, on the diagnostic side, you've focused more on the platform, but then Biotheranostics was a slight departure from that. Is the focus is still – help me understand. I mean, obviously there is a number of companies that are out there, a number of them in sort of the early diagnostic or central lab space that are not so profitable and whatnot. As you look at that sort of landscape, is the focus continuing to be on sort of the platform and enabling the customer or taking more on the – some things that you can bring in and bring to the central lab?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

Yeah, I would say that from a Diagnostics perspective, let me just touch on Biotheranostics. I would say we're still kind of in the learning mode there in operating a lab and how do we create leverage? Certainly, a lot of runway with that asset still, very low penetration. So, we're kind of – how do we build the penetration of that product, while we operate a lab efficiently and drive more profitable growth? So, I think that over time there might be an opportunity to add more there. But again, I would say we're still in the learning mode with that asset. I think with the rest of Molecular Diagnostics, I think closer to the patient is something that we continue to evaluate in that

portfolio. But I think in certainly workflow, what can we do for our customers, you see those large central lab customers, how can we partner with them is always a focus.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

Got it. Okay. And when you think about the appetite there being, sort of, these number of deals, but when we think about sort of the larger deals out there, what's sort of holding you back from that? Is it more valuation, just given the market make-up or is it more the fit? Maybe just walk us through there.

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

It's probably a little bit of all of the above. If we talk about looking for assets, so certainly in Diagnostics, we could find a lot of assets at the right value, but they're significantly dilutive, right? And so, when you look at the – looking at assets that have on market products that are not going to be dilutive, there's that premium there, right? So, we have to – or they're going to command a significant premium that raises the confidence level that it has to be an absolute right strategic fit, and that we have the best owner for that product.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

Got it. And just remind me, what is the ideal leverage ratio that you're targeting here? At what level you're comfortable leveraging up to?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

Yeah, I think prior to the pandemic, we were about 2.5 times levered. I think a 2 times to 3 times range is probably where we're comfortable.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

Okay, got it. I want to switch gears. And this question comes up to us from investors. I mean, we had the USPSTF guidelines on – one is cervical cancer and one is breast cancer. But with cervical cancer being sort of more important topical, I mean, we were expecting some updates on that by now. Any thoughts from your end in terms of potential timing, when this could emerge, anything sort of getting that? And how do you think about the USPSTF cervical primary versus co-testing, if it was to come out either way?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

Yes. Let me take that in a couple of buckets. From a timing perspective, unfortunately, USPSTF is a little bit of a black box. We have no real indication as to when we would expect a draft guideline. So, anything that comes out on cervical cancer would be draft. And to put it in perspective, it took almost a year from the breast cancer draft guidelines to the final to come out. And then, that we saw the USPSTF kind of recognize that earlier screening for women is better, right? So, we saw them step back from 50 to 40. But that was the common practice already, right? So, the theme here is that physician practice, which is based on science, and the best healthcare for women is probably what will dominate versus what the USPSTF guidelines say.

So, the second step – or point I'll make is that the current guidelines for cervical cancer screening give co-testing and HPV primary the same rating, and that's been since 2018. But only 1% to 2% of physicians practice HPV primary, right. So, physicians know that co-testing is the best science that HPV primary misses one in five cancers. HPV primary leads to more [indiscernible] (00:17:43) for women. And we also see in the United States right now the rate of cervical cancer in younger women increasing. So, sitting here, personally, for the USPSTF to step back on screening seems illogical. And there's been no new scientific data to support a change in guidelines.

Having said that, as I mentioned earlier, it's a black box, so there could be a change. But we believe that any change, again, no near-term impact because it will come out as draft, nine months to a year to get final. And then, I think it's going to be a long churn for physicians to actually change practice. And again, the USPSTF, as regards to the Affordable Care Act and Medicare [ph] or (00:18:31) Medicaid, most sort of the women getting tested are in commercial insurance, right? So, just because the USPSTF changes guidelines doesn't mean that the commercial payers will change what they pay for. So, I think – and worst case guidelines go against co-testing. It's a leaky bucket over a long period of time for us. But again, for the health of women in this country and to hopefully reverse what we saw, what we're seeing in increases in the rate of cervical cancer is that the guidelines don't change.

Puneet Souda

Analyst, Leerink Partners LLC

Q

Yeah, no, that's an important point that you pointed out. I mean, it's going to still take longer term, if it was to be implemented. But maybe just if primary testing was required then by the guidelines, how do you think about the impact overall to Hologic in the model?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yeah, I think we haven't quantified that specifically. And I think we've just framed it as a leaky bucket over a really long period of time. And think about if our globally – our Cytology business is about \$450 million, about 60% of that is in the US, so to kind of frame it. But again, we believe that co-testing is the best option for women, and we'll keep fighting for that.

Puneet Souda

Analyst, Leerink Partners LLC

Q

Got it. Okay. Right. I want to switch gears to Breast business, maybe just update us on the sort of the backlog. I know there was initially with gantries. Where do we stand today?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yeah, so, I think we feel good about the backlog. I would say it's probably – it gives us better visibility over the next four to five quarters. We always have backlog in that business. It's the nature of the capital business. And typically healthcare facilities to put in a gantry, if it's to replace an existing one, it's about week's process. And these gantries are fully scheduled in two to three months out. So, there's always a few months backlog that – or three quarters of backlog that we're playing with.

Puneet Souda

Analyst, Leerink Partners LLC

Q

I see. Got it. You do have some tougher comps on the chip supply. I mean, I think it's 37% in 3Q. And at least in our model, I think 27% year-over-year 4Q. But you're expecting to deliver more chips versus last year. So, maybe just talk to us and sort of what should the normalized growth rate look like here?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

Yeah. So, if we look at 2024 specifically, Q1 was an easier comp. Q2 was our toughest comp of the year. We saw that play out. Q3 and Q4 are strong comps, but not as elevated as Q2 was. And so, I think we'll see that normalize back growth in the back half. It's still a recovery growth. We're still not delivering total gantries at the level we were prior to the pandemic. I think we'll see us return to that in 2025.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

Got it. I see. Okay. And just in terms of competitive landscape, has anything changed in terms of overall what you're seeing in the market? Just the overall demand in the market and any new product introductions, is there anything different competitively?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

I don't – I think certainly in breast cancer screening, AI is certainly a new entry in which we already have those kits and those capabilities and continuing to invest in those capabilities. Shortages of radiologists, what can we do to facilitate the more accurate and more efficient reading of images is always top of mind. We do have a next generation gantry that we're working on. Nothing meaningful in 2024. It's something we'll probably talk a lot more about in 2025.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

Got it. Just touching on AI and sort of maybe newer system introduction. You have the Genius digital cytology system that was introduced. Maybe what's been the feedback so far? And how do you think about the throughput of that system in the US?

Karleen Marie Oberton*Chief Financial Officer, Hologic, Inc.*

A

Yeah. So, the initial feedback is a lot of excitement and positivity on the workflow. So, think about a screen that – an image that is looked at under a microscope right to be evaluated. Now, that sample, that slide has been digitized, and allows the cytologists to view that image digitally, and can view it anywhere. It doesn't have to be right in that lab, under that microscope. So that really creates tremendous efficiency for the cytologists in the lab. So, I'd say in the US right now, it's early days. We're really working with our largest customers to kind of say how do we transition that workflow to this digital modality? But there is a lot of excitement about it. And what we'll see is – really we already imaged these slides today. So, it's going to be more from a revenue perspective, a little uptick in the pricing on the imaging aspect of it.

Puneet Souda*Analyst, Leerink Partners LLC*

Q

I see. Okay. And so, would you expect that to be – I mean, obviously, the contribution is going to be small here, but this should be accretive to existing margins as with the improved pricing?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

I don't think significantly...

A

Puneet Souda

Analyst, Leerink Partners LLC

Okay.

Q

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

...because to think about if this is – we have a very large installed base of equipment that's been fully amortized. Now, we're recapitalizing our customers with new equipment that we'll have to start to amortize.

A

Puneet Souda

Analyst, Leerink Partners LLC

Got it. Okay. Thanks. Switching to Panther, I mean, obviously very successful platform. Customers, call it, very flexible platform in their labs and the preferred platform after pandemic. But just given the strong growth that you've seen, more than 3,000 systems or more than 3,250 today, plus – more than that. Where do you think the next leg of growth is coming from? I mean, if these are labs that are already well capitalized, then where do you expect to see next set of growth?

Q

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

Yes. So, let me take that in a couple of different steps. So, yes, we've almost doubled our installed base during the pandemic, which is fantastic. And so, as expected, we've seen a slowing of Panther placements here recently and we expect that to continue for the next couple of years, until we get back to a more regular cadence of like 200 to 250. But most of these Panthers are reagent rentals, we call them. So, the actual placement of the Panther does not drive any revenue. It's the utilization, it's the menu adoption that drives Panther revenue. And as we saw last quarter, Molecular Diagnostics grew over 10% globally, right, and placed minimal Panthers in the quarter. So it's really about how do we drive more content on the Panthers that are installed? How do we get more assays adopted by our customers?

A

Puneet Souda

Analyst, Leerink Partners LLC

Yeah. And on that point, I mean, you obviously have expanded the menu, I think roughly sort of 19 assays now. And there – I think you've commented BV, CV/TV seeing nice growth quarter-after-quarter.

Q

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

Yeah.

A

Puneet Souda

Analyst, Leerink Partners LLC

Maybe just talk to us sort of what's the durability of that. And when you look at the existing competitive landscape and the sort of the need in the market, what gives you confidence of this continued growth here on these?

Q

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yes, I think it's – while we haven't given updated utilization numbers lately, it is the continued uptick in our customers by the number of assays and the level of testing that they're doing. So, if we look at our customers, over 90% of our customers have at least one other assay besides COVID. 85% of our new customers, those acquired during the pandemic, have at least one other assay besides COVID, which are contracted three to five year terms. So, still early days, over 55% have over two other assays contracted.

If you look in the US, went back to 2019, about 20% of our customers were running four or more assays at the end of 2023. That was approaching 35%. So, it's driving that content on the Panthers. And we believe it's still early days. Continue to drive things like BV/CV probably mid innings, if you will, a baseball analogy, on where we are with the adoption of BV/CV, where we're actually converting from a manual lab developed test to a highly automated throughput on our Panther, utilization of Panther instruments. So, we're continuing to develop -in our roadmap, we have GI panels, we have hospital acquired infections. So, I believe we'll continue to expand the menu. Again, it's about driving that utilization, that installed base that we have that gives us confidence.

Puneet Souda

Analyst, Leerink Partners LLC

Q

Got it. One point I wanted to touch there was just around the FDA LDT regulation. Obviously, your menu is FDA approved in most cases. So, it doesn't seem to be an issue, but just wanted to know if there are any other parts of the business, where you think that would drive higher cost because you have to now plan for these.

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yeah, we don't think it's significant, but [indiscernible] (00:28:10) anywhere would be in the Biotheranostics. But we think that that's a new lab in our San Diego facility. So I think we're in a good spot there.

Puneet Souda

Analyst, Leerink Partners LLC

Q

Okay. Got it. Just – Steve has talked about this, and I want to understand this better. Maybe it's a little bit underappreciated aspect, sort of, from investor side. If you look at the labor pool in the lab today and the automation that Panther is providing, the flexibility it's providing, maybe just tell us, sort of, how acute – when you look at the customers, when you have conversations across the team, how acute is the staffing issue and where your systems are getting placed, how sort of – how much is it easing that staffing challenge that they have?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.

A

Yeah. So, I'll lead with when we talked about the Cytology Genius product, right? I mean, I think there were some of our largest customers prior to the US approval were like, how can we somehow we can get it and use it, right? They really wanted it for workflow in an area where there's not going to – the US isn't producing any more cytologists, right? So, that is a real labor shortage. And our Cytology – Genius Cytology product is a real solution there. And I think, certainly Panther, I mean, the workflow there is tremendous. It has the most walkaway time, random access, you don't have to wait in batch before you run it. So, I think those are things that are important to our customers, and we certainly think about in product design and even our next generation gantry is part of that innovation is workflow.

Puneet Souda

Analyst, Leerink Partners LLC



Yeah, good point. Just given the time, I want to touch on a sort of slightly competition question, but help us sort of understand, when you look at the central lab versus point of care, you have a competitor that's on [indiscernible] (00:30:06) that is more point of care closer to the patient in some ways versus the central lab. Is it a sort of a zero sum game in terms of where prescription – I mean, where the tests are sent or do you think there is, sort of, segmentation of the market that really – it's unlike – one company is unlikely to see an impact from the other in terms of point of care?

Karleen Marie Oberton

Chief Financial Officer, Hologic, Inc.



Yeah, what I would say is, cost is an element and turnaround time is an element. So, if you think about respiratory where you have an actively ill patient there, you need a quick turnaround to – if this patient needs to be isolated, what medication treatment do they need? That point of care is going to be really important, and you're going to absorb a higher cost to do that. You look at the STD market, majority of testing for STD is asymptomatic patients. So, a woman is there just for her well-woman visit. Based on a sexual activity or age, the doctor will screen for a variety of STDs. There's no symptoms. There's no need for quick turn. You're going to want the cost there, right, more efficient cost. So, I think it's an and that there's going to be for different diseases conditions, state of disease, where the lab is going to – the large reference labs will be perfectly fine and more cost efficient versus there's going to be some instances where point of care is more appropriate.

Puneet Souda

Analyst, Leerink Partners LLC

Got it. Okay. All right. Super. Well, with that, we're at the time...

[Abrupt End]

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