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FLDM - Q2 2017 Fluidigm Corp Earnings Call

EVENT DATE/TIME: AUGUST 03, 2017 / 9:00PM GMT



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**Vikram Jog** *Fluidigm Corporation - CFO*

## CONFERENCE CALL PARTICIPANTS

**Adam Joseph Wieschhaus** *Cowen and Company, LLC, Research Division - Associate*

**Alexander David Nowak** *Piper Jaffray Companies, Research Division - Research Analyst*

## PRESENTATION

### Operator

Good afternoon, my name is Sonia, and I will be your conference operator today. At this time, I would like to welcome everyone to the Fluidigm Second Quarter 2017 Financial Results Conference Call. (Operator Instructions)

Ms. Ana Petrovic?

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**Ana Petrovic** - *Fluidigm Corporation - Director of Corporate Development and IR*

Thank you. Good afternoon, everyone. Welcome to the Fluidigm Second Quarter 2017 Earnings Conference Call. At the close of the market today, Fluidigm released financial results for the second quarter ended June 30, 2017. During this call, we will review our results and provide commentary on recent commercial activities, market trends and our strategic business initiative.

Presenting for Fluidigm today will be Chris Linthwaite, our President and Chief Executive Officer; and Vikram Jog, our Chief Financial Officer.

During the call and subsequent Q&A session, we will make forward-looking statements about events and circumstances that have not yet occurred, including plans and projections for our business, future financial results and market trends and opportunities. Examples of these forward-looking statements include statements regarding our business prospects and growth, the implementation and anticipated benefit of strategic initiatives and partnerships, opportunities, demand and sales expectations for products, new product launches and applications for and anticipated benefits of our products, cash management and other financial plans and projected financial results for the third quarter and second half of 2017.

These statements are subject to substantial risks and uncertainties that may cause actual events or results to differ materially from current expectations. Information on these risks and uncertainties and other information affecting our business and operating results is contained in our annual report and our Form 10-Q for the quarter ended March 31, 2017, and in our other filings with the SEC. The forward-looking statements in this call are based on information currently available to us, and Fluidigm disclaims any obligation to update these forward-looking statements except as maybe required by law.

During the call, we will also present some financial information on a non-GAAP basis. Non-GAAP information is not prepared under a comprehensive set of accounting rules and should not only be used to supplement an understanding of the company's operating results as reported under U.S. GAAP. We encourage you to carefully consider our results under GAAP as well as our supplemental non-GAAP information and the reconciliation between these presentations. Reconciliations between GAAP and non-GAAP operating results are presented in a table accompanying our earnings release, which can be found in the Investors section of our website.

I will now turn the call over to Chris, our President and CEO.



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

Thank you, Ana. Good afternoon, everyone, and thank you for joining our second quarter 2017 earnings call today. I'm excited to share updates from the Fluidigm story. We've made great strides towards returning Fluidigm to sustainable growth, driving an aggressive turnaround program that touches every aspect of our business and involves every employee in the company.

Fluidigm met total revenue guidance for the third consecutive quarter. In fact, revenue was in the upper range of second quarter guidance as we continue to execute on our commercial strategy and pivot towards more attractive markets.

We are proud of our progress from recent months. We are fostering innovation, partnering with customers and delivering on commitments. We are emphasizing discipline and ROI fundamentals with regard to internal efficiencies, improvements and cost management. In short, we are doing what we said we'd do. Increasingly, we'll be reaping the rewards of these actions. You will see it reflected in our guidance.

Today, we will review proof points that attest the effectiveness of our turnaround. No doubt, there is much work to be done, but I want you to know that we are encouraged by our progress, excited by our strategic direction and increasingly confident about the future of Fluidigm. I'm going to begin with our financial results for the quarter, provide some comments and context with regards to our market and strategies and then conclude with top line Q3 guidance. Then I'll turn the call over to our CFO, Vikram Jog, who will provide more depth on these results as well as examples of our progress on OpEx management and other aspects of our financial strategy.

On to our quarterly results. Total revenue decreased 15% to \$23.9 million compared to a year ago quarter due to lower revenue from instruments and consumables and partially offset by increased revenue from service and licenses.

Instrument revenue declined 25% to \$9.9 million from the second quarter of 2016 due to reduced sales from genomics instruments, primarily in single-cell genomics.

Consumables revenue increased 17% to \$9.6 million compared to the year ago period due to lower sales from genomics products, partially offset by increased revenue from mass cytometry reagents.

Service revenue increased 27% to a record \$4.3 million year-over-year, primarily driven by increased revenue from post-warranty service contracts. It should be noted that this increase encompassed both genomics and mass cytometry service.

Moving on to our end markets. Mass cytometry is rapidly becoming the premier research tool for unique insights in oncology, immunology and immuno-oncology. And it is the research itself published work based on CyTOF that is making the case for its unique value proposition. We believe the research enabled by mass cytometry will ultimately lead to changes in the way clinicians practice medicine and empower or perhaps, catalyze new paradigms in diagnosis, treatment and management of complex diseases.

In the first half of 2017, we saw clear signs of this progress ranging from research breakthroughs to potential practical applications in human health. In the words of a prominent cancer biologist, one who was been with us or been using our technology for years at a leading translational medicine institute, "Mass cytometry has taught us to expect the unexpected; to arrive at questions we didn't even know to ask." Just look to the publications citing research findings based on this technology. In sheer numbers, we've seen an increase of about 70 publications year-to-date from approximately 340 at the end of 2016. Consider this remarkable work that has been published just in the first half of 2017.

In kidney cancer, an in-depth atlas of the immune microenvironment in clear cell, renal cell carcinoma patients was realized through mass cytometry research in the Bernd Bodenmiller lab at University of Zurich. Those researchers were able to identify a distinct immune cell composition in tumors that correlated with progression free survival. The study revealed potential biomarkers and targets for immunotherapy that can be applied to immune-profiling of other tumor types as well. These findings were published in Cell in May of this year.

For tumors of the central nervous system, scientists at Yale examined the expression of SOX2 retrospectively in these pediatric tumors as well as the nature of tumor infiltrating immune cells with a 37-marker mass cytometry panel. They learned that SOX2 was over expressed on pediatric



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glioma tumor cells and that phenotypes of tumor-infiltrating immune cells suggest that SOX2 is immunogenic. This knowledge will aid in the development of more effective therapies against these pediatric tumors. This research was published in the Journal of Neuro-Oncology in June.

In rheumatoid arthritis, although it is well known that a type of T cell known as CD4+ is a central mediator of autoimmune disease pathology. Identifying the phenotypes and functions of tissue-infiltrating immune cells is still a challenge. Researchers in the Michael Brenner lab at Brigham and Women's Hospital in Boston applied mass cytometry panels to the analysis of synovial fluid from rheumatoid arthritis patients and identified a unique and previously unknown populations of these T cells. This pathologic T cell subset may serve as a biomarker for autoantibody diseases and may offer a potential strategy for future therapies. This work was published in Nature earlier this year.

To punctuate this point, I attended our Sixth Annual Mass Cytometry Summit in Boston recently, and I was simply astonished by the advances that have been made possible in basic and translational research. We had record attendance this year, and we all came away feeling very proud of the exciting new work that is being accomplished with our systems.

We believe mass cytometry performance this year reflects the broadening of our footprint in this market. Certainly, we are seeing validation and customer acceptance of the unique value proposition our platforms offer.

As a reminder, we are on the cusp of expanding our addressable market. We remain on track for a broad commercial launch of our imaging mass cytometry system in the fall. The imaging module enables our entry into entirely new market opportunity and a significant franchise value-driver. We continue a thoughtful rollout, booking new system orders that will be complemented by software and content releases. We will patiently nurture our penetration and radiation into this market.

Demand in mass cytometry remains healthy as demonstrated by our performance in the first half of the year. You'll recall that last quarter, mass cytometry sales benefited from imaging mass cytometry orders fulfilled by early-adopting customers. Initial feedback from these customers has been extremely positive, and we see it as an encouraging signal of future demand for this first-in-class technology. Key applications include Immuno-oncology research and analysis of the tumor microenvironment. Demand is distributed broadly across North America, Europe and Asia.

Mass cytometry revenues also delivered double-digit growth across instruments, consumables and service in the first 6 months of 2017 compared to the prior year period.

Now moving on to high-throughput genomics. [Obviously], although sales declined year-over-year in the second quarter and the first 6 months of 2017, we are encouraged that product revenue stabilized over the last 4 quarters. Importantly, we expect high-throughput genomics product revenue to increase sequentially in the second half of the year as we execute on our current growth strategy. For example, we expect to see increased consumable sales associated with newly installed units. The vibrancy of our genomics portfolio is critical to our improving financial strength, and we continue to make investments and strike deals to reignite growth.

In early Q3, we announced the broad launch of the Advanta Immuno-Oncology Gene Expression Assay. Initial customer interest has been positive. Recall that in March, we began shipment of the panels to early adopters. You should expect to see more future product launches in oncology.

We're also very pleased to announce we've entered into 2 new agreements, aligned with our strategies to expand geographically and to offer our broader menu of application solutions. First, we've entered a multi-year agreement with Ascendas Genomics, a company cofounded by DaAn Genomics (sic) [DaAn Gene] to develop molecular diagnostics in China. Under the agreement, Ascendas Genomics will develop and commercialize molecular diagnostic systems and assays in China using microfluidic technologies included in Fluidigm's BioMark HD and Juno systems.

Second, soon we will announce details of a signed license agreement with a world-renown leader in genetics testing to offer next-generation sequencing, library prep assays that develops or enables efficient sequencing of the cystic fibrosis, transmembrane, conductance regulator gene, CFTR. Under the agreement, Fluidigm obtains the right to commercialize the CFTR library prep assay for research use with the Juno automated microfluidic system. This agreement is another example of delivering on our strategy to expand application solutions to position Fluidigm for growth.



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We have made meaningful advancements in this vertical of our business, and you should expect further news throughout the year. We had an installed base of 815 high-throughput genomic systems at the end of 2016 and a 2017 product pipeline that includes new content to leverage this footprint. We see significant downstream opportunities in large-scale pharma and other applied market, and we believe we have only begun to tap the potential of this business line.

I'd like to conclude with a word about consumables in our high-throughput genomics business. We're very pleased with the quality of customers who are expressing interest in these products and associated instrument systems. These customers follow a pattern of testing, validating and scaling of production in a methodical manner that varies by customer, but we continue to nurture these opportunities, and they should pay dividends in coming quarters.

Switching to single-cell genomics. While total product sales declined year-over-year, they were generally in line with our expectations. Importantly, we expect the year-over-year comps for C1 to be less pronounced in the back half of 2017. We are committed to our C1 customers. C1 delivers differentiated value and selected applications such as epigenetics, particularly useful in the Human Cell Atlas initiative. Single-cell genomics product revenue represented approximately 8% of total product revenue in the quarter.

Next, we are making solid progress strengthening each of our 3 strategic pillars. Starting with our pillar of innovation and partnership. We continue to deliver on product launch requirements or product launch commitments, content strategy and partnership initiatives. To quickly review, we remain on track to launch the groundbreaking imaging mass cytometer system in the fall. Demand is strong and extends across the diverse range of customer segments and geography. We are in early innings with this system, but we're excited. We also entered into the Ascendas and the aforementioned licensing deal with a leading clinical genetics lab. I'd like to note that with the addition of these agreements, we have completed 5 new partnering arrangements since I became CEO in Q4 of last year, including joint product offerings, licenses and distribution deals.

In yet another significant Q2 milestone, we completed the broad commercial launch of Advanta. This is 170-marker gene expression qPCR assay and a great example of our commitment to innovation.

Turning to our pillar of operational efficiency. We are laser-focused on identifying opportunities to drive cost savings. Our business transformation office and other Fluidigm initiatives are expected to deliver significant anticipated cost savings. One notable example is expected savings of \$6 million over 4 years from the exit or sublease of certain Fluidigm facilities, which layers on top of the actions we took in Q1 of this year.

Finally, our pillar of improving financial discipline and retaining talent. We have taken significant steps to manage expenses and improve our cash balance outlook. In Vikram's segment today, he'll be reviewing progress around financial discipline and OpEx.

We are also focused on retaining and adding to a great team of employees at all levels of our organization. Talent management, broadly speaking, is among the most critical yet undervalued levers we have in delivering long-term value, to stockholders. We have several initiatives underway in this area. For example, we have a new Vice President of Global Human Resources, Angela Peters, who joined us in July, bringing human resources leadership experience from Medivation and Life Technologies.

Before merging with larger companies, both Medivation and Life Technologies were known for forward-thinking approaches to attracting and retaining talent as well as creating and maintaining a conscious corporate culture. Ms. Peters' pharmaceutical industry leadership experience and expertise in talent, organizational and cultural development will contribute to the successful transformation of our business.

Now switching to third quarter revenue guidance. We are optimistic regarding the back half of the year and expect revenues to increase relative to the first half of 2017. Specifically for the third quarter, we expect revenue to be \$24 million to \$26 million. We are reestablishing revenue growth while simultaneously improving our fiscal leverage and addressing our cash flow needs.

Finally, some comments on our board that I will share on behalf of our Chair, Samuel Colella. As we previously announced, Evan Jones is retiring from the board. We thank Evan for his valuable contributions to Fluidigm, and we wish him success as CEO of OpGen and in his other endeavors.



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The second half is going to be exciting. This is both a challenging and transformative time for Fluidigm. We are at a critical inflection point from which we can pursue sustainable top line growth and market leadership. Our primary focus remains our value proposition, extraordinary insights in health care and life sciences based on biomarker discovery and development.

I want to note that we'll be launching a much more proactive outreach to investors beginning this fall. We're proud of the progress that we've made in our plan to turn the company around. We're excited about the prospects for this business, and we have a lot to talk about.

And finally, one last comment. Part of the turnaround of Fluidigm is ensuring that we're prepared when financing opportunities arise. This afternoon, we announced an at-the-market equity offering program to support general, corporate purposes and working capital. We think it's a prudent step at this phase of the game. Vikram will provide further details, and we're pleased to take questions after the call.

Now I'd like to turn the call over to Vikram, our CFO, who will begin with a further review of our financial results. Vikram?

### **Vikram Jog** - Fluidigm Corporation - CFO

Thanks, Chris, and good afternoon, everyone. Total revenue of \$23.9 million in the second quarter declined 15% from \$28.2 million in the year ago period and was down 6% from \$25.5 million in the first quarter of 2017. As a reminder, last quarter, we said that the expected Q2 revenue to be down sequentially, primarily due to fulfillment of the early adopter orders for the imaging mass cytometry system in Q1 of 2017.

Instrument revenue of \$9.9 million in the second quarter decreased 25% from \$13.2 million in the year ago period due to lower genomics revenue, primarily from single-cell genomics. Consumables revenue of \$9.6 million in the second quarter decreased 17% from \$11.5 million in the year ago period, primarily due to lower sales from genomics products, partially offset by increased revenue from mass cytometry reagents.

In the second quarter, our annualized consumables pull-through per active system were as follows: BioMark and EP1 pull-through tracked in line with our projected range; Access Ray, Juno and C1 pull-through tracked below our projected ranges; and mass cytometry pull-through tracked above our projected range.

Service revenue of \$4.3 million in the second quarter increased 27% from \$3.4 million in the year ago period driven primarily by a post-warranty service contracts and parts.

From a market perspective, genomics product revenue of \$10.9 million decreased 35% from \$16.8 million in the prior year period driven by lower single-cell and high-throughput genomics revenue.

Mass cytometry product revenue of \$8.6 million increased 9% from \$7.9 million in the prior year period due to increased revenue from consumables.

By customer type, in the second quarter, research customers accounted for 73% of our product revenue of \$19.5 million, and applied customers accounted for the remainder.

Geographic revenues as a percentage of total revenue in the second quarter were as follows: the United States, 49%; Europe, 32%; APAC, 16%; and other, 3%.

Year-over-year total revenues in the second quarter declined 16% in the U.S., 8% in Europe and 3% in APAC. The decrease in the United States was mainly due to lower mass cytometry instruments and genomics consumables revenue, while the decline in Europe was due to lower genomics product revenue, partially offset by higher revenue from mass cytometry products.

On a GAAP basis, product margin was 44.6% in the second quarter of 2017 versus 54.6% in the year ago period and down sequentially from 49.1% in Q1 of 2017. The year-over-year and sequential decrease was due primarily to increased unit product costs from lower production volumes, reserves for excess and obsolete inventories and fixed amortization of developed technology over lower revenues.



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On a non-GAAP basis, product margin was 63% in the second quarter of 2017 compared with 69.5% in the year ago period and down sequentially from 66.4% in Q1 of 2017. Non-GAAP product margin excludes the effect of amortization of developed technology, depreciation and amortization and stock-based compensation expense.

Before I move to operating expense, I'd like to take a moment to provide some additional context on our product margin trend and expectations in the longer term. As part of our strategy to focus on workflow and content, we expect to leverage pricing opportunities and partnerships to increase our consumables revenue from high-throughput customers. In addition, going forward, as revenue growth resumes, we expect the impact from capacity underutilization that we are currently experiencing to be less pronounced and the eventual change in the sales mix shift to consumables to offset some of the decline in product margin.

Now turning to OpEx. GAAP research and development expenses were \$7.5 million in the second quarter compared to \$10 million in the year ago period and \$8.5 million in Q1 of 2017. The year-over-year decrease was primarily due to lower outside service expense, lower headcount, lower stock-based compensation and lower project costs. The sequential decrease was mainly due to lower headcount and severance expense.

GAAP SG&A expenses were \$21 million in the second quarter of 2017 compared to \$23.8 million in the year ago period and \$22.6 million in Q1 of 2017. The year-over-year decrease was primarily due to cost savings initiatives and lower stock-based compensation. The sequential decrease was mainly due to lower severance expense.

I'd also like to highlight the achievements we have had year-to-date in reducing expenses. As we mentioned in our press release today, we've announced that our business transformation office and other Fluidigm initiatives are expected to deliver significant anticipated cost savings, including more than \$6 million in total savings over 4 years from the exit or sublease of certain Fluidigm facilities. This is in addition to approximately \$8 million in cost savings before severance expenses that we expect to realize in 2017 from the actions we took in the first quarter to right-size our organization.

For the first half of 2017, operating expenses decreased by \$10.2 million or 15% on a GAAP basis and \$8.5 million or 14% on a non-GAAP basis compared to the year ago period.

GAAP net loss for the second quarter was \$16.9 million compared to \$18.6 million for the same period last year and \$17.2 million in Q1 of 2017. Non-GAAP net loss for the second quarter was \$9 million compared to \$9.9 million for the year ago period and \$9.6 million in Q1 of 2017.

Moving on to the balance sheet. Accounts receivable decreased to \$13.7 million at the end of the second quarter from \$14.4 million at the end of Q1 2017. DSO for the second quarter was 52 days compared to 51 days in Q1 2017.

I'm also pleased with our progress in our strategic initiative to manage cash. Our total cash outflow in the second quarter decreased sequentially for the third consecutive quarter. Our Q2 net cash used in operating activities was \$8.2 million compared to \$8.5 million in Q1.

In the current report on Form 8-K filed with the SEC today, we announced that we had established an aftermarket equity offering program under which we may offer and sell from time to time up to \$30 million aggregate offering price of shares of our common stock through at-the-market transaction. Please refer to the report available on the SEC's website for further detail. We plan to use the net proceeds of this offering for general corporate purposes and working capital.

I'll end with our financial guidance for Q3 of 2017. Total revenue is projected to be \$24 million to \$26 million. GAAP operating expenses are projected to be \$27.5 million to \$28.5 million. Non-GAAP operating expenses are projected to be \$24.5 million to \$25.5 million. And total cash outflow is projected to be \$8 million to \$9 million, including \$2 million related to a litigation settlement and \$2.8 million of semiannual interest payment on our convertible debt, which is payable in the first and third calendar quarter of every year. We expect total cash outflow in the fourth quarter to be lower than our projected outflow for Q3.

And with that, I will turn the call over to the operator to open it up for questions.



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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Your first question comes from the line of Bill Quirk from Piper Jaffray.

### Alexander David Nowak - Piper Jaffray Companies, Research Division - Research Analyst

This is Alex Nowak, on for Bill. I was just hoping, what is specifically driving the renewed interest in the mass cytometry business? Just trying to get a sense if -- is just the market starting to wake up to the platform? Or is Fluidigm's specifically putting out more sales and marketing support material that are starting to get existing customers and new customers interested in the system?

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

Alex, thanks a lot for the question. This is Chris. I think it's a combination of a number of things. I believe, as we cited kind of in the prepared comments, certainly, the cumulative effect of the publications is creating a cumulative interest in the platform. But more importantly, I think as you've seen these kind of things like the mass cytometry conference that we held in Boston, it's really users speaking to prospective users that are giving us a multiplier effect. So as these proof points, as we transition from the early papers, we're about proving the method. And now we're beginning to see true stories, successes in both identifying a new insight in cellular systems or understanding mechanisms of a disease as well as perhaps, some exciting breakthroughs as it relates to treatment options that are applicable for combinatorial therapies today in the clinic. And so the mix of the customers is shifting in the background for us, and that's the primary one. The second is we are seeing -- we are putting more focus with our selling organization and with marketing, and as well, is we started putting out content. And so I think, as you see us putting out more fixed content, adding to our large position in antibodies that have been prevalidated, our Maxpar reagent that have been prevalidated for use in our system, I think you're seeing the networking effect occur. And we'll continue to see that with each successful quarter.

### Alexander David Nowak - Piper Jaffray Companies, Research Division - Research Analyst

All tight. That's helpful. And then, I know the CyTOF instrument isn't particularly user-friendly. So I was just curious. Are you working on building a system that's easy to use that will be designed for the clinical lab?

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

Well, what we're finding, and I visited with scores of customers in the course of the second quarter, is that depending on the customer's experience curve, the system isn't exactly that difficult to use. I mean, there are stories I can tell you and specific customers that have mastered the technology quite readily. What we've been trying to do is create associated portions of the ecosystem that make it easier to use. So by having a larger antibody library, by helping work through more fixed content with them, provide them custom services for developing that content and most remarkably is actually releasing improvements in our software that's allowing easier interpretation of the data. I think that's where we're seeing the fundamental breakthroughs and improvements in usability. We've put a special focus on that over the past 9 months, in particular, since I became CEO, on making improvements to make it easier with the existing system to increase uptime and usability of the system overall. I think any other comments would be premature about future improvements to the system. But I -- we are taking continuous feedback in a very deliberate manner to look for ways to make the system ever more easy to use.

### Alexander David Nowak - Piper Jaffray Companies, Research Division - Research Analyst

Okay. That's helpful. And then I just wanted to, shift, just the last question here, over to single-cell. So I was hoping just to reconcile your statement on single-cell this quarter to what you said in Q1. So in Q1, I think you said you're going to be focusing less on single-cell and developing new



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single-cell products. But now just the statement in the press release today talks about continuing to invest in single-cell innovation. So I was just curious, how should we think about single-cell development as Fluidigm going forward?

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

There's nothing incongruent about the statement in the press release today as compared to the comments in the first half. I think what we talked about is a continued commitment to innovation, and we are putting a significant portion of resources forward to develop new content. What I was trying to, I think, lay before you in the first half of the year or the first quarter was that the mix of spend has shift -- shifted. So relative to what single-cell -- what was in the historically for Fluidigm, we have shifted more resources proportionally into mass cytometry as well as into high-throughput genomics.

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**Operator**

Your next question comes from the line of Doug Schenkel from Cowen and Company.

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**Adam Joseph Wieschhaus** - *Cowen and Company, LLC, Research Division - Associate*

This is Adam Wieschhaus, on for Doug. In advance of product rollout for the imaging mass cytometry this fall, can you just provide your updated thoughts on how we should think about that market size? I think you noted in your prepared remarks, it allows you access to an entirely new market opportunity. Maybe related to that, what percentage of current [yield] of customers do you think are likely targets for this imaging capability?

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

Adam, first, thanks for the question. I think what we'll probably do is maybe, when we get an opportunity later in a private session, we can work at a more detailed level as it relates to that. I think at this stage, we're not prepared to work through the dynamics of the 2 markets.

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**Adam Joseph Wieschhaus** - *Cowen and Company, LLC, Research Division - Associate*

Okay. Sure enough. And you've also now announced several products and agreements over the last few months. Can you briefly provide how you're strategizing future product launches and R&D investment maybe as it relates to your various instrument lines and market opportunities?

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

Yes. As I probably will reference back to the first time we spoke in Q4 of last year, we're making very few forward-looking statements as it relates to the research and development. Now historically, Fluidigm had announced new systems, perhaps in advance of their commercial availability. In this particular situation, I think we're not going to talk too much about systems or content going forward. But what we intend to do, I think in the second half of this year through investor conferences, et cetera, is we'll start laying out more specifically or more clearly the broad areas in which we're investing and the types of content, the types of software and the types of instrument improvements you might imagine from us in the coming years.

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**Operator**

I am showing no further questions at this time. I would like to turn the conference back to Ms. Petrovic.



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**Ana Petrovic** - Fluidigm Corporation - Director of Corporate Development and IR

We'd like to thank everyone for attending our call. A replay of this call will be available on Investors section of our website. This concludes the call, and we look forward to the next update following the close of the third quarter of 2017. Good afternoon, everyone.

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**Operator**

Ladies and gentlemen, this concludes today's conference. Thank you for your participation, and have a wonderful day. You may all disconnect.

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