Good morning. I'd like to welcome everyone to NeoGenomics’ Third Quarter 2018 conference call.

Joining me from our Fort Myers headquarters is Sharon Virag, our Chief Financial Officer, Rob Shovlin, President of our Clinical Services Division, George Cardoza, President of our Pharma Services Division, and Bill Bonello, Chief Strategy and Corporate Development Officer and Director of Investor Relations.

Before we begin our prepared remarks, Bill Bonello will read the standard language about Forward-Looking Statements.

This conference call may contain forward looking statements, which represent our current expectations and beliefs about our operations, performance, financial condition, and growth opportunities. Any statements made on this call that are not statements of historical fact are forward-looking statements. These statements, by their nature, involve substantial risks and uncertainties, certain of which are beyond our control.

Should one or more of these risks or uncertainties materialize or should the underlying assumptions prove incorrect, actual outcomes and results could differ materially from those indicated in the forward-looking statements. Any forward-looking statement speaks only as of today, and we undertake no obligation to update any such statements to reflect events or circumstances after today.

Before turning it back to Doug, I want to let everyone know that we will be making a copy of our transcript for this morning’s call available on the investor relations section of our website shortly after the call is completed. We also want to let everyone know that we are going to limit the number of questions to two per person in order to give more people a chance to ask questions within the one hour that has been allotted for this call.

For today’s call, I will briefly review some key Quarter 3 highlights and then turn the call over to Sharon for a more detailed review of the financial results. After that financial review, I will provide some additional commentary on our growth initiatives and some of the investments that we are making to drive both near-term and long-term growth.
Let’s begin with the Quarter 3 highlights.

**Quarter 3 Performance**

Our Quarter 3 results were very good. We reported record revenue and adjusted-EBITDA, with 17% top-line growth, 53% adjusted EBITDA growth and a 39% adjusted-EBITDA contribution on revenue growth.

In the Clinical Services Division, we drove 14% volume growth, a 3% increase in average revenue per test, and a 6% decrease in average cost per test. Those results reflected a continued gain in market share, generating double digit volume growth across all test modalities.

Our Pharma Services Division revenues grew 21% compared with last year and we signed $21 million of new contracts for future work. At the end of Quarter 3, our Pharma Services Division backlog was up 75% year over year and currently stands at $97 million.

Profitability also improved as we gained leverage and continued to drive down cost per test. Our adjusted EBITDA margin of 16.3% was an all time high, even as we continued to make significant investments for future growth. Importantly, service levels continued to be excellent and customer retention levels remained outstanding.

We also achieved positive results from our Strategic and Corporate Development initiatives. During the quarter we completed a $135 million equity offering, and just last week we announced that we signed a definitive agreement to acquire Genoptix, Inc., a leading provider of oncology focused laboratory testing for $125 million in cash and 1 million shares of common stock.

We are excited by the Genoptix acquisition opportunities. This combination sets NeoGenomics apart from the rest of the industry, with unprecedented reach to all customer segments, including hospitals, pathologists, and community oncology practices. Importantly, the acquisition expands our reach into community oncology practices, which has been a strategic priority given changes in ordering paradigms by oncologists. We believe the combination will make NeoGenomics more competitive by leveraging the best offerings from each company and will create an innovative value proposition for oncologists, pathologists, hospitals, payors and patients.

At this point, I would like to turn the call over to our Chief Financial Officer, Sharon Virag, for a more detailed review of third quarter financial results.

**Doug transitions to Sharon**

Thanks Doug.

**Third quarter Review**

Before I begin, I would like to remind everyone that we adopted ASC 606 effective January 1, 2018. As part of that adoption, we restated 2017 results, so that the year-over-year comparisons that we discuss include the adoption of ASC 606 for both periods.
Our third quarter revenues were $69.1 million, a 17% increase from last year. Clinical genetic testing revenue increased 17% to $59.5 million and Pharma Services revenue increased 21% to $9.6 million, which is an all time high for quarterly Pharma Services revenue.

Clinical genetic testing volume increased 14% year-over-year. Importantly, this growth was balanced across all modalities with double-digit growth in every test category.

Average Revenue per Clinical Genetic Test was $320, which was up modestly both year over year and sequentially. As we discussed last quarter, we are optimistic that we are beginning to see less downward pressure on price per test than we have experienced over the past several years.

Gross profit increased by $7.4 million to $32.3 million, up 30%, from the prior year. This increase represents a 75% contribution on the $9.9 million of revenue growth. Gross margin improved by 468 basis points year over year to 46.8%. This improvement was driven by productivity gains, cost efficiencies, and the negative impact of Hurricanes Harvey and Irma on 2017 results. As Doug mentioned, average cost-of-goods-sold per clinical genetic test, our standard Cost per Test metric, decreased by 6%.

G&A expenses increased by $2.8 million, or 15% year over year, to $21.0 million. Approximately $700,000 of this increase is related to one-time, non-recurring costs associated with the relocation of our Houston facility. These moving expenses are counted as Non-GAAP adjustments in our calculation of adjusted EBITDA, adjusted net income, and adjusted EPS. The balance of the increase is primarily attributable to an increased number of employees to handle our increasing growth as well as increases in professional fees.

Sales and Marketing costs increased by 8% year over year to $6.9 million, primarily due to commissions expense on increased revenue and additional investment in marketing-related activities.

Third quarter GAAP net income attributable to common shareholders was $2.0 million compared to a net loss of $6.9 million in the third quarter of 2017, and Diluted Income per share was $0.02 versus a loss of $0.09 in the prior year.

We believe that in order to compare the net income related to the true operations of the Company on a more consistent basis across periods, it is appropriate to adjust GAAP net income or (loss) available to common shareholders to exclude certain non-cash items and, if applicable, one-time costs. We refer to this measure as “Adjusted Net Income” and on a per share basis, “Adjusted Diluted Earnings per Share”, and we have included a table with how these are calculated in our earnings release.

Adjusted EBITDA was $11.3 million, an increase of 53% year-over-year. As Doug mentioned, the marginal adjusted EBITDA contribution on revenue growth was 39%, which is above our long-term guidance of 25% to 35%. As we have mentioned in the past, the 25% to 35% guidance is a range that we expect to fall into on average, with some quarters above and some quarters below that range.
In the third quarter, Adjusted Net Income was $4.6 million compared to a loss of approximately $600,000 in the prior year. Adjusted Diluted EPS was $0.05 versus a loss of $0.01 in Quarter 3, 2017.

Cash collections were strong in the quarter. Although DSO’s this quarter increased two days sequentially to 84 days, this still represents a 14 day decrease compared with last year. Cash flow from Operations of $29.3 million was up significantly in the first 9 months of this year compared with $12.3 million in the comparable period last year.

We ended the quarter with $118 million of cash and $110 million of total debt, including capital leases. As Doug mentioned, during the quarter, we completed a $135 million equity financing.

We finished the third quarter with 1,078 full-time equivalent employees, contract doctors, and temps, versus 1,063 as of June 30, 2018, and 942 as of September 30, 2017.

We are updating and narrowing our full year revenue and earnings guidance. We now expect consolidated revenue to be in the range of $270 to $272 million, which compares to prior guidance of $260 to $272 million. We expect Adjusted EBITDA to be in the range of $40 to $42 million, which compares to prior guidance of $39 to $43 million.

Net income is now expected to be $4.0 to $5.0 million, compared to prior guidance of $1.2 to $5.2 million. This new range includes the impact of $2.6 million of one-time transaction costs related to the proposed Genoptix acquisition. GAAP Diluted EPS is expected to be $0.04 to $0.05 per share versus prior guidance of $0.01 to $0.06 and Adjusted diluted EPS is expected to be $0.17 to $0.19 per share versus prior guidance of $0.12 to $0.17.

I will now turn the call back over to Doug to provide some additional commentary on our 2018 growth initiatives.

Sharon transitions to Doug

Thank you Sharon.

Before we begin the Question and Answer segment of the call, I would like to highlight some important drivers for near-term and long-term growth and profitability.

First, our acquisition of Genoptix will significantly accelerate our revenue and growth trajectory. Genoptix will add approximately $85 million of revenue, resulting in a pro forma combined company revenue run-rate of approximately $350 million. The acquisition will also improve our level of profitability over time as we have identified $25 million of cost-synergies which we expect to realize by the end of 2021.

Second, our strong Pharma Services backlog is an important driver of revenue growth. We have $97 million of signed contracts in our backlog, and we expect approximately 70 percent of this backlog to convert to revenue over the next three years, including approximately 50% over the
next 18 months. Our Pharma Sales team continues to perform at a very high level, and we are beginning to add to our Sales capabilities outside the U.S.

Third, we expect that our new partnership with PPD will help drive growth, and we are extremely pleased to have established this global strategic alliance. PPD is one of the largest contract research organizations in the world, with a significant expertise in oncology trials and an outstanding reputation. Our shared objective is to provide a seamless and fully-integrated global pathology and molecular testing solution to PPD’s pharmaceutical and biotech clients.

We have a handful of early wins and a number of bids outstanding with pharma and biotech customers today. Perhaps more importantly, the PPD and NeoGenomics commercial organizations recently met for a two day sales strategy meeting and our business development teams are working collaboratively to pursue new opportunities. We are hoping to generate run rate revenue of at least $10 million from this alliance by the end of 2019 and believe that the longer-term potential is greater than that.

Fourth, we continue to add new managed care and group purchasing contracts as a result of our scale and strong ability to serve providers and payors on a national basis. On the second quarter conference call, we discussed our agreement to be a national participating in-network provider with Cigna, which was effective August 1st. In September, we announced that we had been awarded a group purchasing agreement with Premier, effective October 1st. Premier is one of the largest group purchasing organizations in the U.S., representing approximately 4,000 U.S. hospitals. This agreement opens the door for us to negotiate contracts with these member hospitals. In addition to Cigna and Premier, we added several other important new contracts during the quarter which will also expand our access to both hospital customers and patients.

Fifth, we continue to make progress with our FDA initiative. As we have discussed on previous calls, we are in the process of seeking FDA approval for a large, multi-gene, next generation sequencing panel. Earlier this year we filed our presubmission documents and we had a very helpful presubmission meeting with the Agency in August. We believe that an FDA approved Next Generation Sequencing test offering will benefit both our Pharma Services and Clinical testing Divisions, by further differentiating us from other oncology labs, driving reimbursement for our multi-panel test, and increasing our attractiveness to pharma companies for clinical trials involving companion diagnostics. We are also working with a major pharma sponsor on getting FDA approval for a companion diagnostic in conjunction with their drug application. NeoGenomics is uniquely positioned to be able to work with pharma sponsors in the drug development process and take a test through the FDA all the way to commercialization with our clinical team.

Finally, we are beginning to make progress with our proactive measures to address revenue per test. We have enhanced our analysis of existing reimbursement trends, identified areas where we are being significantly underpaid, and implemented a plan for improvement. These activities include securing coverage for non-covered tests, improving our billing process to avoid denials, and working denials more effectively when they do occur. We are also evaluating our fee schedules to identify tests that are not appropriately priced. Our Quarter 3 results suggest that we are seeing some initial benefits from these efforts.
In summary, we are excited about the strength of our business, our position in the market, and our near-term and long-term growth opportunities. Sophisticated laboratory testing plays an increasingly critical role in identifying appropriate care protocols for cancer patients, ultimately improving quality of care and saving lives. We are pleased to play an important role in this vital segment of our health care system, and believe that our services are creating value for patients, employees, customers, and for our investors.

I will now hand the call over to Bill Bonello to lead us through Q&A.

**Transition to Bill for Q&A**

At this point, we would like to open it up for questions. Incidentally, if you are listening to this conference call via webcast only and would like to submit a question, please feel free to email us at bill.bonello@neogenomics.com during the Q&A session and we will address your questions at the end if the subject matter hasn’t already been addressed by our call-in listeners. As mentioned at the beginning of this call, we would like to ask each person to limit their questions to two so that we may hear from everyone and still keep within the hour allotted for this call.

Operator, you may now open up the call for questions.

**Closing Remarks (Doug)**

Before we end the call, I would like to recognize the approximately 1,078 NeoGenomics team members around the world for their dedication and commitment to building a world-class cancer-genetics testing company.

On behalf of our NeoGenomics team, I want to thank you for your time in joining us this morning. For those of you listening that are investors or are considering an investment in NeoGenomics, we thank you for your interest in our Company.

Goodbye.