

Illumina

Enabling the New Possible

Sam Samad, Chief Financial Officer

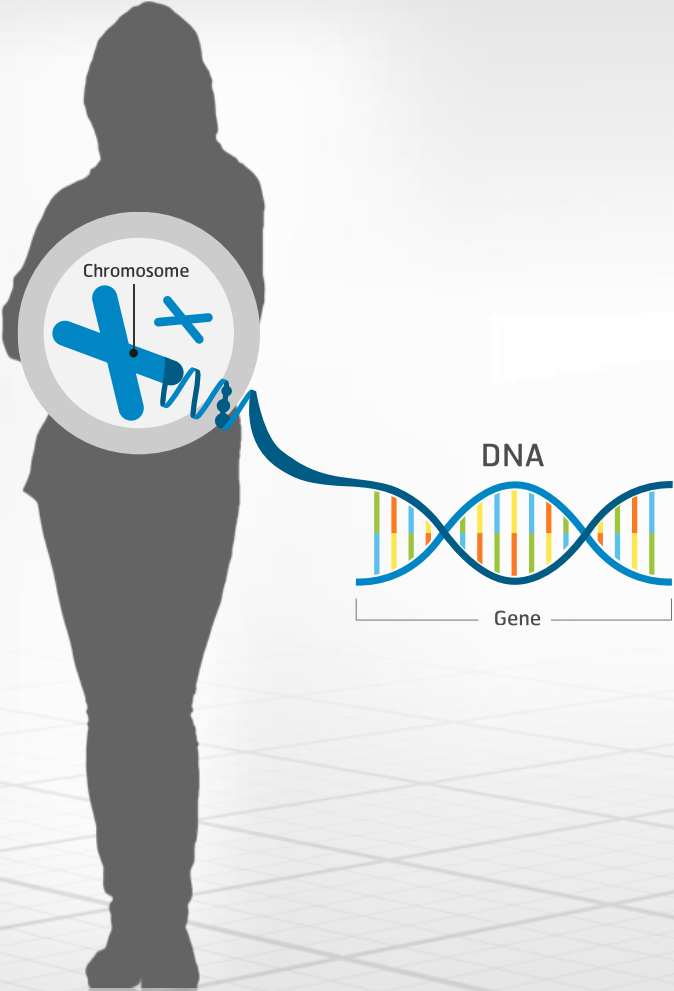
Barclays Global Healthcare Conference, 13 March 2019



Safe Harbor Statement

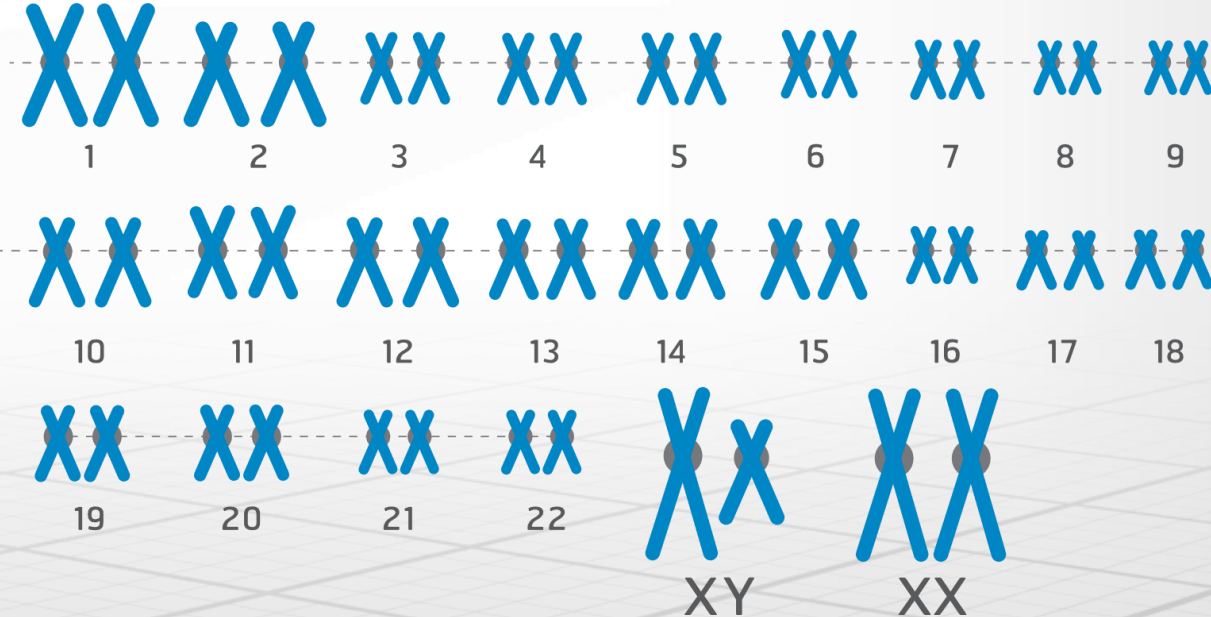
This communication may contain statements that are forward-looking. Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Among the important factors that could cause actual results to differ materially from those in any forward-looking statements are (i) our ability to further develop and commercialize our instruments and consumables and to deploy new products, services, and applications, and expand the markets, for our technology platforms; (ii) our ability to manufacture robust instrumentation and consumables; (iii) our ability to successfully identify and integrate acquired technologies, products, or businesses; (iv) our expectations and beliefs regarding future conduct and growth of the business and the markets in which we operate; (v) challenges inherent in developing, manufacturing, and launching new products and services; (vi) our expectations regarding the pending acquisition of Pacific Biosciences; and (vii) the application of generally accepted accounting principles, which are highly complex and involve many subjective assumptions, estimates, and judgments, together with other factors detailed in our filings with the Securities and Exchange Commission, including our most recent filings on Forms 10-K and 10-Q, or in information disclosed in public conference calls, the date and time of which are released beforehand. We undertake no obligation, and do not intend, to update these forward-looking statements, to review or confirm analysts' expectations, or to provide interim reports or updates on the progress of the current quarter.

DNA Analysis is Potentially Transformative



23 Pairs

Human Chromosomes



DNA Analysis is Potentially Transformative



Personalized Medicine



Predispositions & Symptoms



Family Planning



Lifestyle Choices

Why Genomics Matters

Marisa's Unexpected NIPT Finding



Routine NIPT Test



Additional testing led to cancer diagnosis for Mom



Baby Oliver* delivered so Mom can begin treatment

Today



Cancerous nodules shrinking

Note: Patient's name has been changed to protect her identity. The case details are as reported, but the images are for illustration only.

Why Genomics Matters

Two Brothers' Rare Disease Diagnosis



Today



Two brothers presented with phenotypes of profound intellectual disability and seizures

cWGS performed through iHope

Results identified new disease gene in both brothers

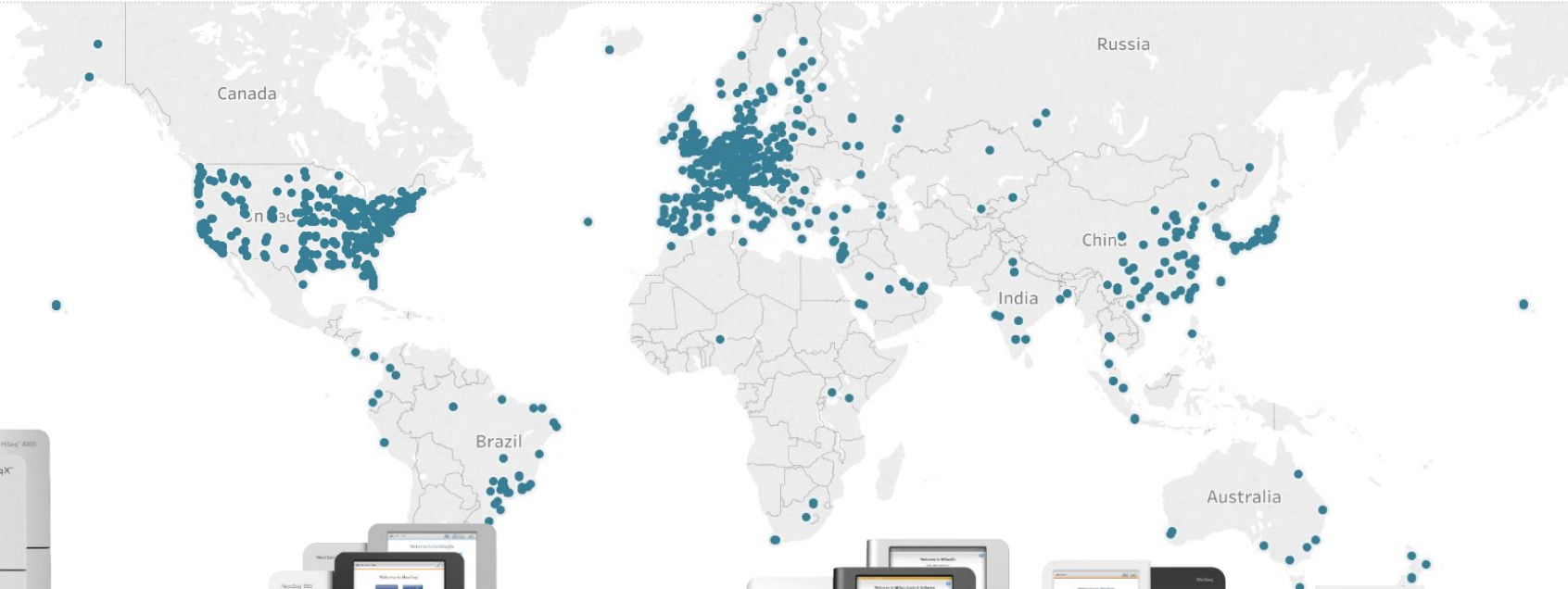
Treatment identified through GeneMatcher

WGS ended the diagnostic odyssey for two brothers and led to a successful treatment

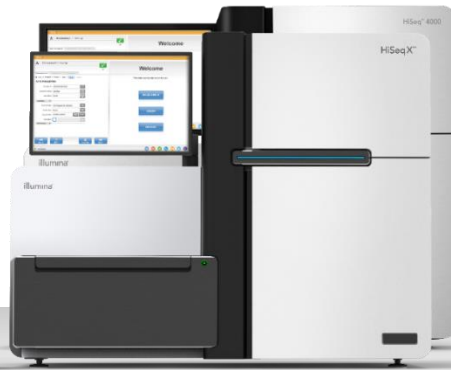
Note: Case study included with patient approval.

>13,000 Active Instruments Globally

~100 Pb Sequence Data in 2018



~600
NovaSeq™



~2,100
HiSeq™



~3,000
NextSeq™



~6,700
MiSeq™



~900
MiniSeq™



~350
iSeq™

High Throughput

Mid Throughput

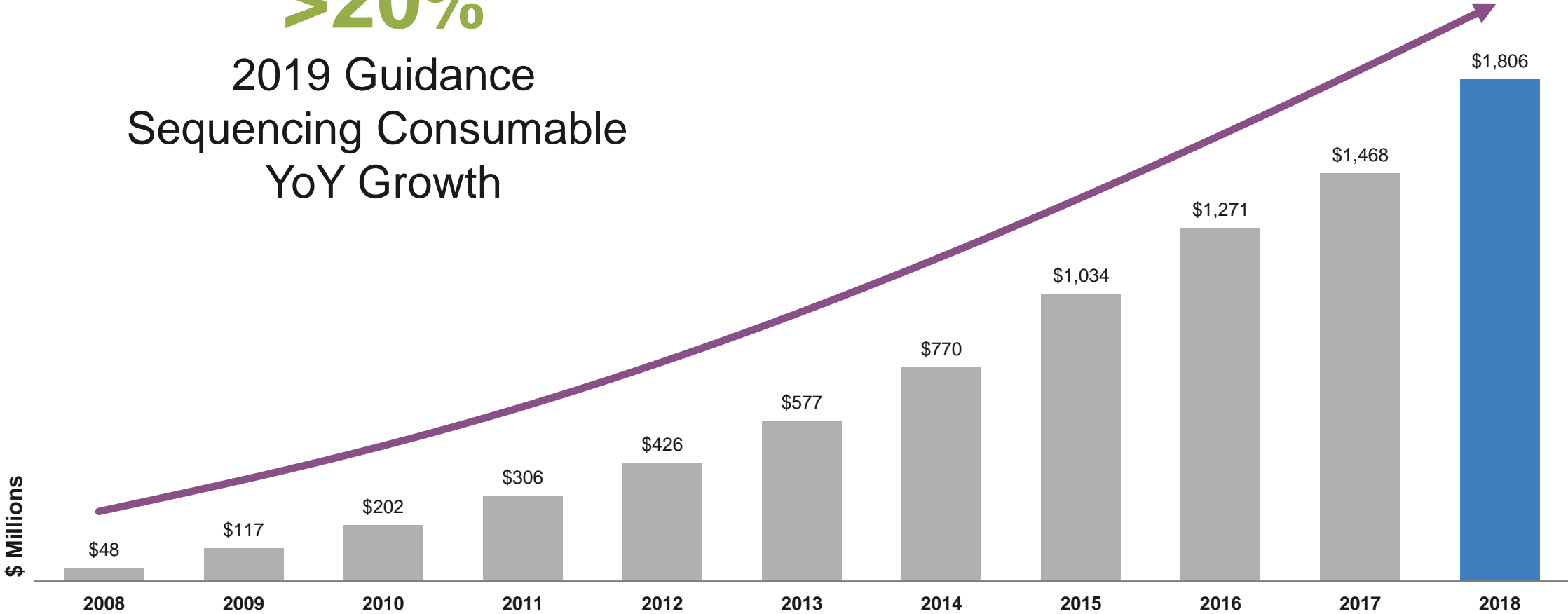
Benchtop

Note: Installed base as of December 30, 2018.

Robust Sequencing Consumable Revenue Growth

>20%

2019 Guidance
Sequencing Consumable
YoY Growth



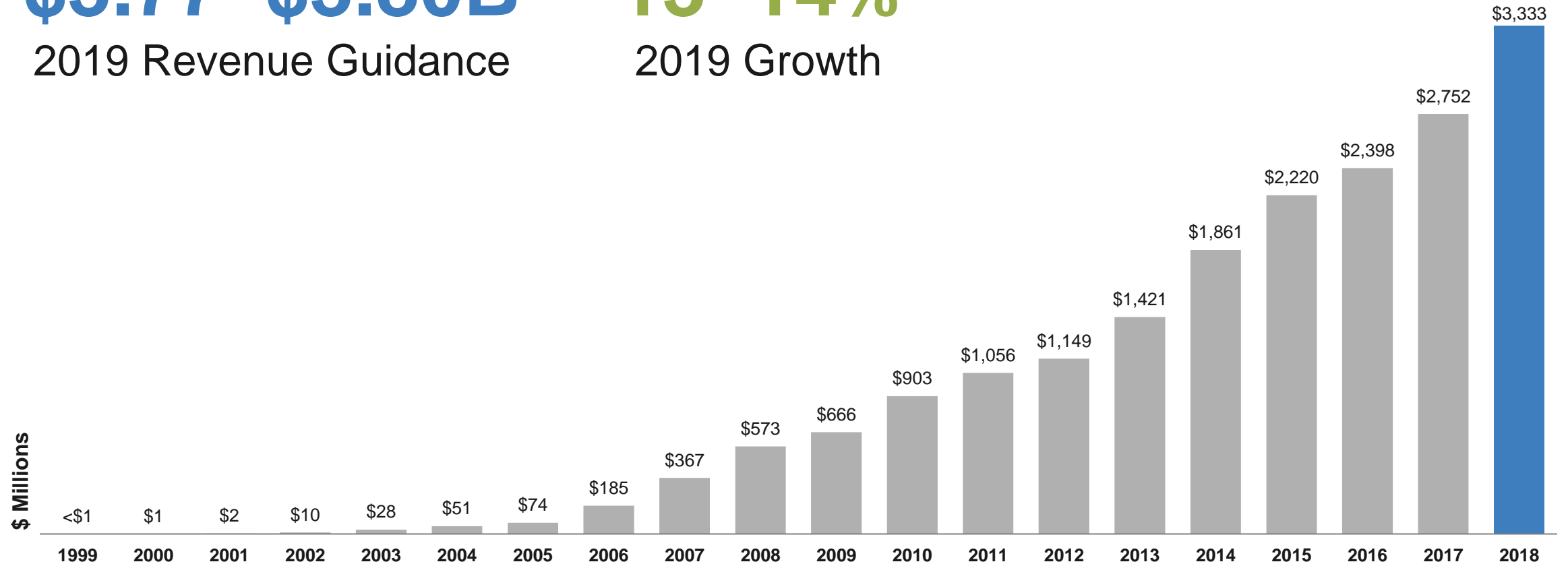
20 Years of Sequential Revenue Growth

\$3.77–\$3.80B

2019 Revenue Guidance

13–14%

2019 Growth



Vast, Growing and Emerging Markets



NIPT



RUGD



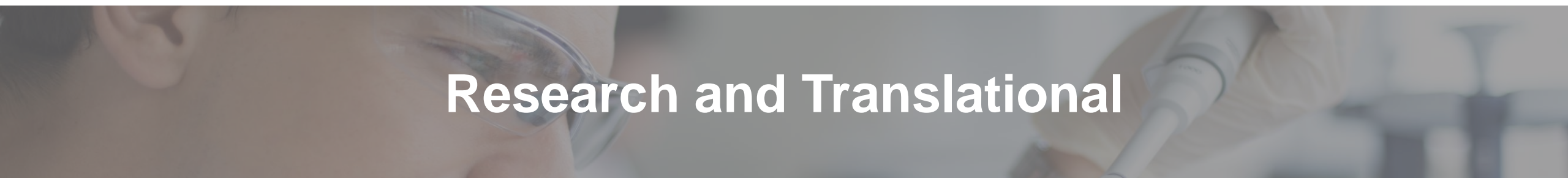
Population Genomics



Oncology



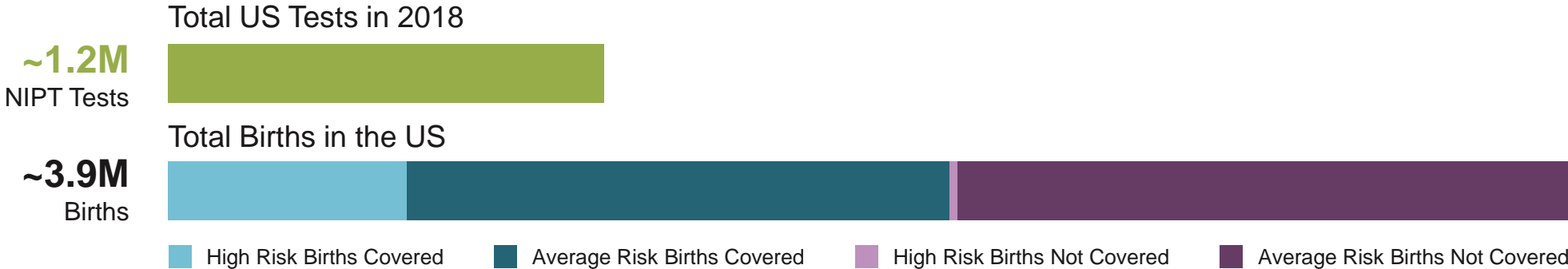
Consumer



Research and Translational

Bringing NGS into the Clinical Care with NIPT

Large Addressable Opportunity Remains



VeriSeq™ NIPT v2 Solution



Note: Not available in the US

99.9% Accurate

~26hr Turnaround Time

Expanded Test Menu

Source: [DeciBio](#); CDC - [National Vital Statistics Reports](#), Nov 2018

Ending Diagnostic Odysseys for RUGD Patients



350 Million

RUGD Patients



50%

Patients are Children



Average

8 Years

for Accurate Diagnosis



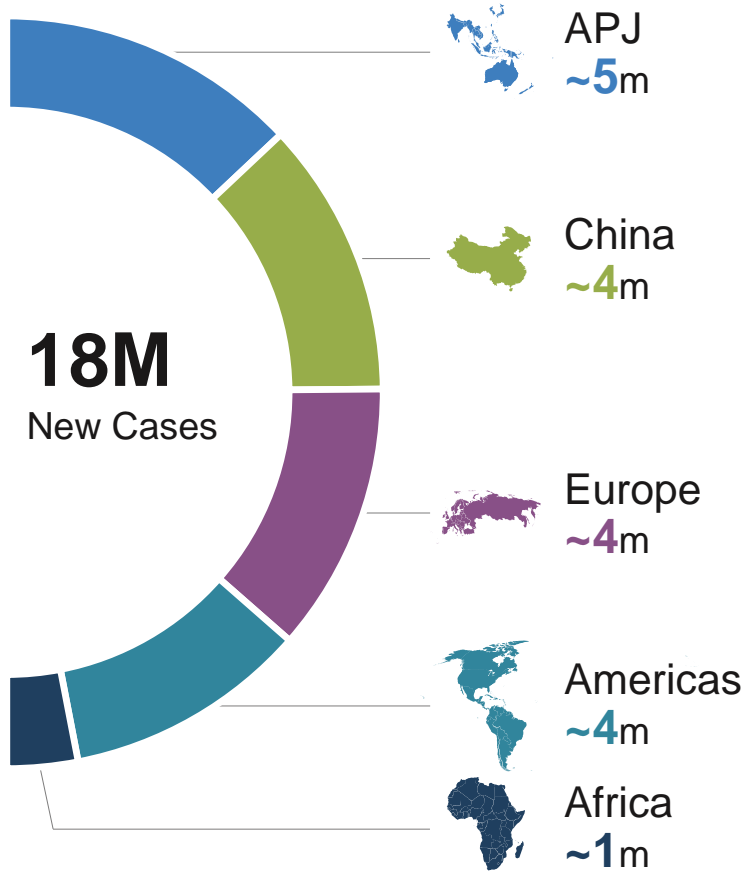
30%

Toddler Mortality Rate



Source: [Global Genes](#)

Transforming Oncology Diagnosis and Treatment Paradigms



Enable Customer Innovation
As a tools provider



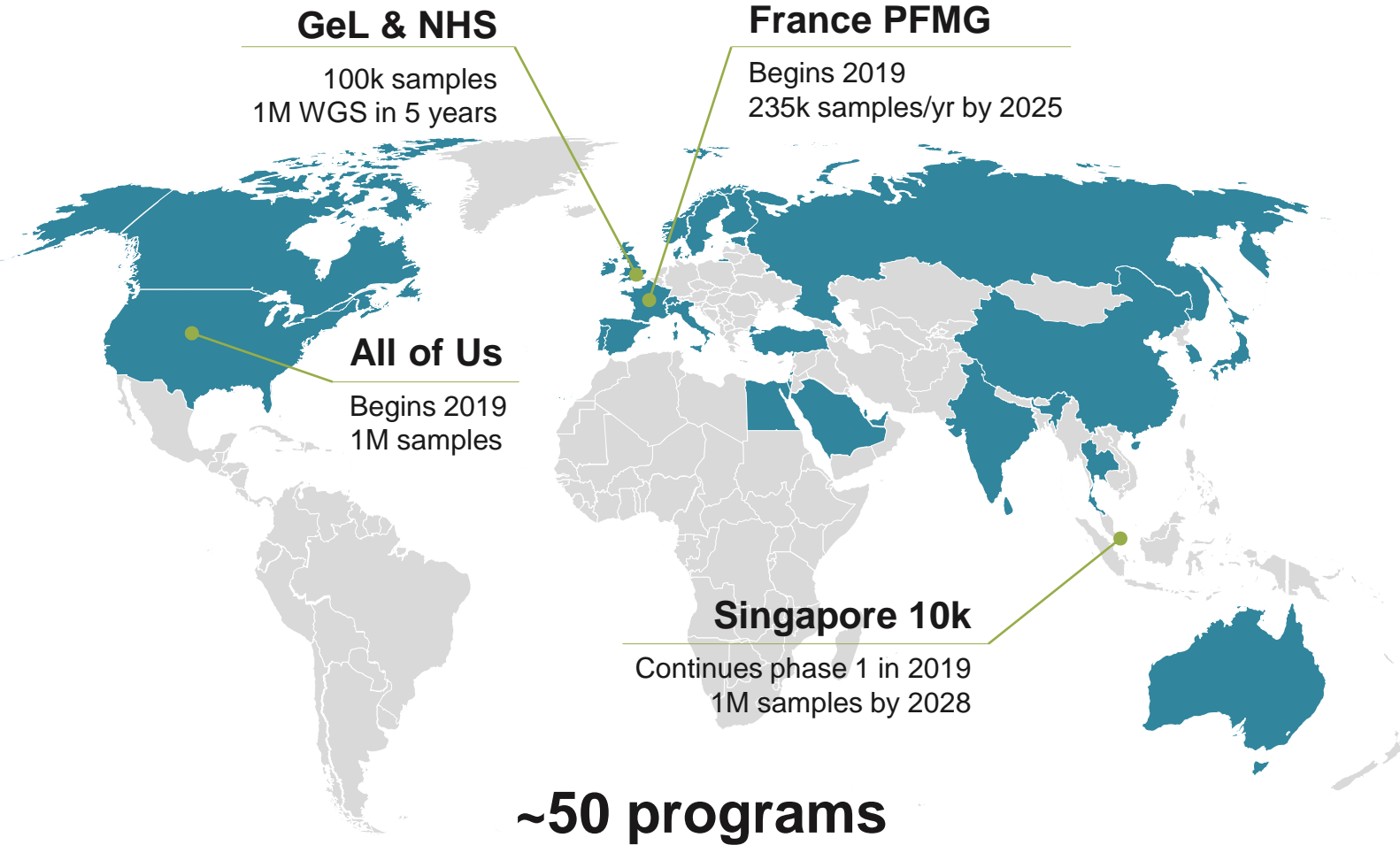
TruSight™ Oncology 500



Provide Clinical Tests
As a test kit provider

Source: [World Health Organization](https://www.who.int)

Enabling Population Genomics Around the World



All of Us RESEARCH PROGRAM



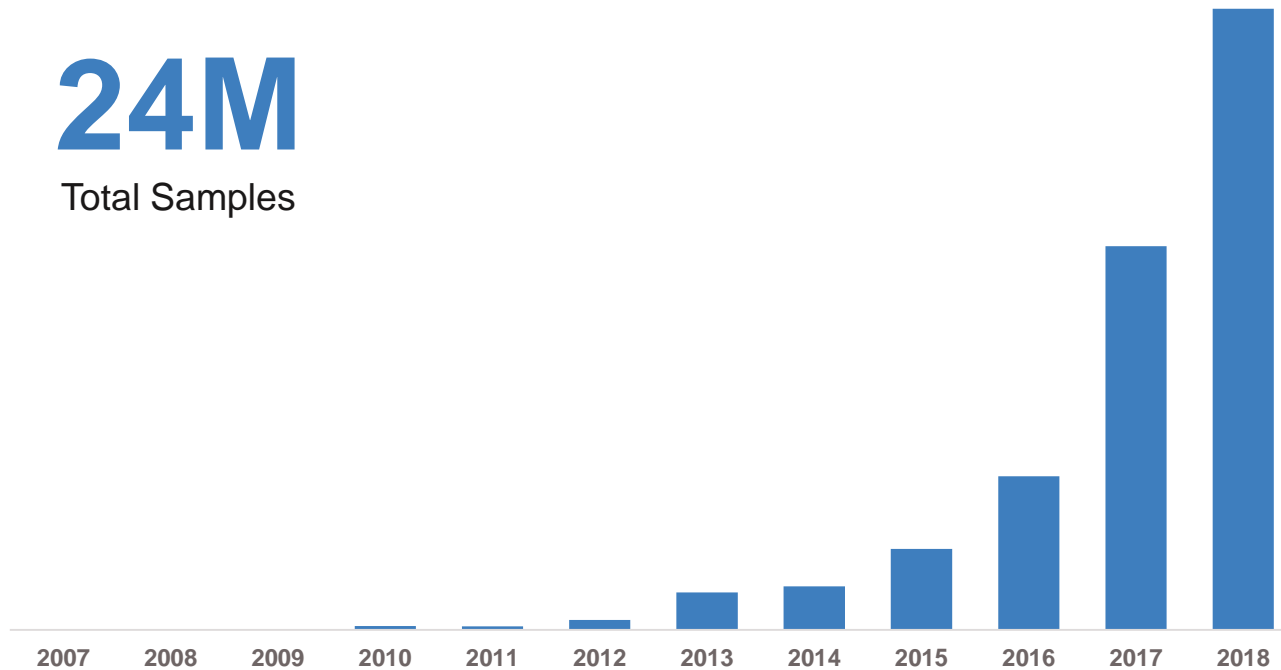
- 1 million participants
- \$1.5B of funding over 10 years
- >10,000 WGS in 2019
- Three selected genome centers
- Illumina scientific contribution of 1M Global Diversity Arrays

A Growing Diversity of Applications in Consumer Genomics

Continued Increase in Sample Volume

24M

Total Samples



Expanding Beyond Genealogy



Genealogy



Health



Fitness



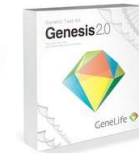
Nutrition



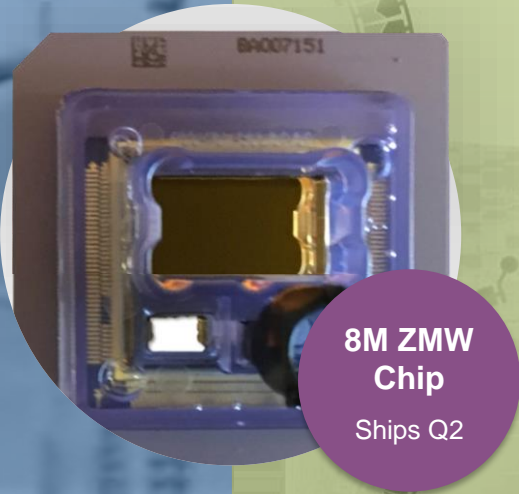
Wellness



Entertainment



PacBio's Complementary Technology Supports Our Mission



Combination Delivers:

More Perfect View
of the Genome

Disruptive Methods
and Applications

Accelerated
Innovation



Accelerated Product Roadmap



Global Coverage Access



Differentiated Customer Experience



Novel Insights

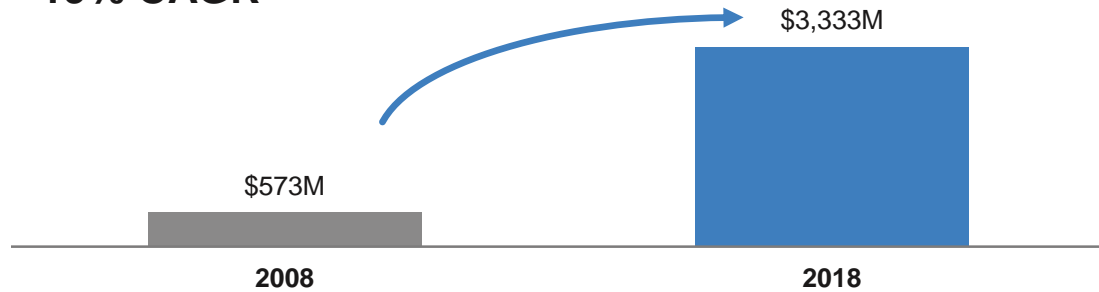


Expanded Clinical Utility

Delivering Shareholder Value

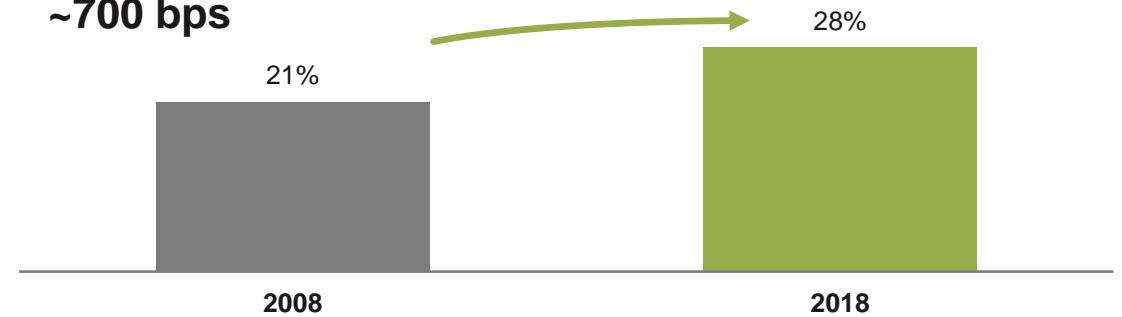
Robust Revenue Growth

19% CAGR

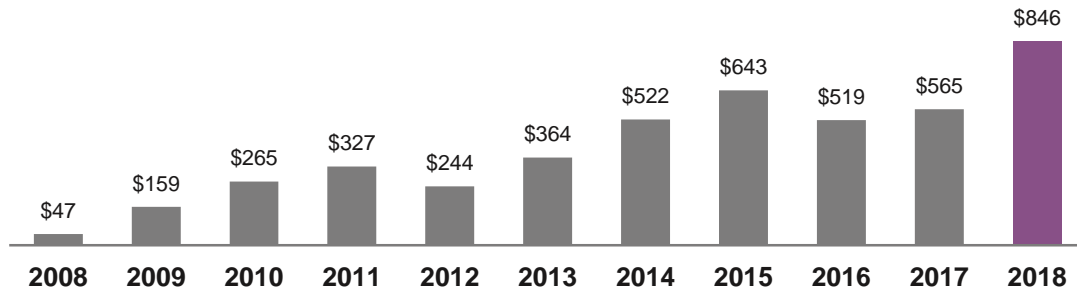


Strong Operating Leverage¹

~700 bps



Free Cash Flow (\$M)



Disciplined Capital Allocation

- Strategic M&A
 - Acquisition of Edico
 - Pending acquisition of PacBio
- Stock Buybacks
 - \$550M authorization in FY19
- Internal Investments
 - R&D totaled ~19% of revenue
- Debt Management
 - 2019, 2021, 2023 Convertibles

Strong financials & disciplined capital allocation drives shareholder value

¹Operating margin; adjusted non-GAAP figures as % of revenues.

Innovation Expanding Market Opportunities



illumina, Inc.

Calculation of Free Cash Flow

Free cash flow, which is a non-GAAP financial measure, is calculated as net cash provided by operating activities reduced by purchases of property and equipment. Free cash flow is useful to management as it is one of the metrics used to evaluate our performance and to compare us with other companies in our industry. However, our calculation of free cash flow may not be comparable to similar measures used by other companies.

	Fiscal Years										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
CALCULATION OF FREE CASH FLOW											
Net cash provided by operating activities (a)	\$1,142	\$875	\$779	\$786	\$628	\$443	\$313	\$405	\$315	\$212	\$107
Purchases of property and equipment (b)	(296)	(310)	(260)	(143)	(106)	(79)	(69)	(78)	(50)	(53)	(60)
Free cash flow	<u>\$846</u>	<u>\$565</u>	<u>\$519</u>	<u>\$643</u>	<u>\$522</u>	<u>\$364</u>	<u>\$244</u>	<u>\$327</u>	<u>\$265</u>	<u>\$159</u>	<u>\$47</u>

(a) Reflects the retrospective application of ASU 2016-09 adopted in Q1 2017, under which excess tax benefit related to stock-based compensation was reclassified from cash used in financing activities to cash provided by operating activities.

Illumina, Inc.

Reconciliation of Non-GAAP Operating Margin

Non-GAAP operating margin excludes the effect of the pro forma adjustments detailed below. Management has excluded the effects of these items in these measures to assist investors in analyzing and assessing our past and future core operating performance.

RECONCILIATION BETWEEN GAAP AND NON-GAAP OPERATING MARGIN AS A PERCENT OF REVENUE:

	Fiscal Years	
	2018	2008 (a)
GAAP operating margin	26.5 %	18.3 %
Amortization of acquired intangible assets	1.1 %	1.8 %
Restructuring (b)	0.2 %	—
Acquisition related expense (c)	0.1 %	—
Impairment of manufacturing equipment	—	0.7 %
Compensation expense (d)	—	0.3 %
Non-GAAP operating margin	26.5 %	21.1 %

(a) 2008 non-GAAP results have been restated to include stock-based compensation in order to conform to current period presentation.

(b) Amount consists primarily of employee and lease exit costs related to restructuring that occurred in Q1 2018.

(c) Amount for 2018 consists of acquisition related expenses from the pending Pacific Biosciences acquisition.

(d) Compensation expense represents the contingent consideration due to stockholders of Avantome, Inc. for post-combination services for a three year period contingent upon the primary stockholders' continued employment. This expense was included within research and development on our statement of operations for FY 2008.