

Fulgent Genetics

The world of genomics is a vast and growing market. Think early diagnostics and preemptive treatments that allow you to delay (and even avoid) disease development. Prenatal diagnosis, gene therapy, and customized, *personalized* medical treatments based on genetic signatures.

And that's just the health-related applications.

At the heart of this expansive industry, is the data produced by testing, a technology that has made amazing advances over the years, but one that is also still relatively expensive. **Fulgent Genetics** (NASDAQ: FLGT) is seeking to change that reality, offering an ever-growing list of genetic testing services at a price that the masses can afford.

The Business Basics

Fulgent is a technology-based genetic testing company with a focus in oncology and pediatrics, as well as infectious and rare diseases. Founded in 2011, the company initially focused on pediatrics, launching its first series of commercial genetics tests in 2013, and covering more than 1,000 genes in 100 panels by the first quarter of 2014.

Today, those numbers have grown exponentially. Fulgent's testing currently covers more than 18,000 single-genes through 900+ panels, and they've also expanded their testing to target neurological disorders, cardiovascular diseases and a range of cancers. Translation: Fulgent's testing services can identify more than 7,500 genetic conditions with its proprietary NGS (*next-generation sequencing*) platform and in-house lab. That means a more efficient workflow for the company, and a more affordable price point for its customers.

Fulgent also provides COVID-19 testing, having secured contracts in multiple states near the end of 2020, and landing a \$47 million dollar contract with the CDC in 2021 to study variants. That testing is currently proving to be Fulgent's biggest source of revenue, helping to increase the company's total sales for the nine months ending September 30, 2021 by 485%, to \$740.9 million. Free cash flow is also up - \$104 million for FYE 2020, compared to \$4.1 million for FYE 2019 - and that is a continuing trend: cash flow for the current trailing twelve months (TTM) is just under \$553 million.

But if you're thinking that this incredible growth we're celebrating is dependent upon the pandemic, think again. Fulgent has also managed to make some key investments into existing enterprises, increasing its capabilities and expanding its foothold in this growing market of medical testing. One such investment is the acquisition of CSI Laboratories in August, 2021. CSI comes bearing gifts - relationships with insurers for example, as well as over 400 new tests that are now part of Fulgent's lineup. This acquisition was expected to produce an additional \$15 million in 2021 alone, and certainly increases the company's potential for future growth.