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Myriad Genetics Gets a Lift from Angelina Jolie Going Public with Double Mastectomy

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Scrolling through news this week uncovered countless stories on financial portals covering actress and director Angelina Jolie publicly disclosing that she has undergone a double mastectomy and reconstructive surgery to greatly minimize her risk of developing breast cancer due to a genetic trait. Jolie, who lost her mother to the dreaded disease at the young age of 56, released her story via a [New York Times article](#) titled, "My Medial Choice" on Tuesday, recanting her thought process in making the decision. The decision for surgery was, of course, primarily focused around her children, but the public offering of the information was about creating awareness of the choice that women have to avert a disease that claims nearly half a million people each year.

From a public company perspective, Brad Pitt's partner has created a great deal of



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awareness for Salt Lake City's **Myriad Genetics, Inc. (MYGN)**, the company that owns BRACAnalysis, the diagnostic test behind Jolie's decision that told her she has an 87 percent risk of breast cancer and 50 percent chance of ovarian cancer because of an inherent genetic mutation. People with a defect in the gene BRAC1, a trait of Jolie, carry a scary average of a 65 percent risk of developing breast cancer.

Not trying to see the shiny side of the coin of a life-threatening condition, this is the type of recognition that creates publicity with a long shelf life for Myriad. Sorry, Angelina, not trying to twist your purpose. The courage that it took to go public with your experience (after all there was absolutely not one reason that you had to) is extremely admirable and to the benefit of women worldwide, but this is a [financial](#) website and investors will surely take notice as well – to the benefit of Myriad.

To be fair, shares of Myriad did rise on May 8 when it topped analyst predictions with a 28-percent rise in net income to \$37.9 million, or 46 cents per share, and 21 percent rise in revenue to \$156.5 million in the latest quarter as well as improved outlook for the year. Sales of BRACAnalysis rose 9 percent to \$115.4 million during the quarter. Shares jumped about 8 percent the following day, but gave a little bit back the next day.

Also to be fair, the awareness has made it pointedly clear that, in many instances, the testing is covered for many insured women in the United States as part of the Affordable Care Act, a fact that should help line Myriad's coffers.

Maybe people read about the earnings later. Maybe investors realized a great opportunity in cancer diagnostics. Maybe people knew this revelation from Jolie was coming (not trying to insinuate anything there). Whatever the case, the stock price has swelled more than 11 percent since that day, including a 3 percent rise in Tuesday trading after Angelina went public. (**Editor's Note:** *At the time of writing this article, shares of MYGN were lower by 1.7 percent at \$33.53 as of the close of trading on Wednesday.*)

Ah, but this isn't about Myriad, so to speak, as shares are in bull-mode and looking strong by printing three-year highs. More power to them for developing a concise



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diagnostic tool that can potentially save thousands of lives globally each year. If investors are going to lurch at what Myriad has commercialized, it should also spawn awareness for other companies that are maneuvering down a similar path or can capitalize from the subsequent procedures or therapeutics involved.

After all, a report by [Global Industry Analysts, Inc.](#) estimates that the global genetic testing market will reach \$1.8 billion by 2015, with the U.S. representing the largest market in the world.

In the blue chip arena, it's hard to overlook **Abbott Laboratories (ABT)** and their franchise of molecular, hematology and immunoassay diagnostic technologies. In addition to its portfolio of products used for guidance in a wide array indications, including breast and lung cancer, HIV and more, Abbott [disclosed in February](#) that it is collaborating with **Johnson & Johnson (JNJ)** and **Pharmacyclics (PCYC)** on expanded uses for its FISH [technology](#), or fluorescence in-situ hybridization, for chronic lymphocytic leukemia. The research is evaluating if FISH can help to identify leukemia patients most likely to benefit from treatment with ibrutinib, a drug in development by J&J and Pharmacyclics that received a "breakthrough" designation by the FDA earlier this year.

On Tuesday, **Roche's (RHHBY)** Genentech announced that the [FDA approved](#) both its cobras EGFR Mutation Test and an extended indication for erlotinib (Tarceva) tablets, a now first-line treatment of people with metastatic non-small cell lung cancer (NSCLC) whose tumors have certain epidermal growth factor receptor activating mutations as detected by the now FDA-approved test.

Tarceva, co-marketed by Genentech and OSI Pharmaceuticals, was already approved in the U.S. for use in specific NSCLC patients as a second or third-line therapy. This latest first-line approval was derived from results of the EURTAC (European Randomized Trial of Tarceva versus Chemotherapy) study, which showed Tarceva-treated patients living twice as long without the disease getting worse (10.4 months vs. 5.2 months of median progression-free survival) compared to chemotherapy treated patients.



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"Increasingly, doctors and patients rely on diagnostics to help guide personalized treatment decisions. The approval of the cobas EGFR Mutation Test highlights the importance of sensitive, accurate tests that can be conducted in time to inform crucial treatment decisions," said Paul Brown, head of Roche Molecular Diagnostics in a statement Tuesday.

While we typically focus on big board plays, there are some developmental firms in the wings that may also emerge on the scene with their offerings. As with any junior, the risks are greater, but for those with a higher risk tolerance levels; the rewards can be greater as well. Generally, the largest obstacle for upstarts is the lack of capital to either complete development or effectively market a new technology, a substantial problem that can endlessly keep a thumb on increased valuation or eventually cripple the company. However, if overcome through a capital raise or partnership with a larger outfit, a matriculation to senior exchanges have been known to happen, creating a boon in value.

For the speculative investor, this can mean companies like **Arrayit Corporation (ARYC)** and its **OvaDx** proteomic approach for pre-symptomatic testing to detect ovarian cancer. Arrayit's microarray-based test exploits the immune system to provide a rapid response (start-to-finish test time is about 2.5 hours) to identify early stage ovarian tumor cell development.

According to the company, research studies with OvaDx indicate high sensitivity and specificity for all types and stages of ovarian cancer including stage IA-IV borderline serous, clear cell, endometrioid, mixed epithelial, mucinous, serous, and ovarian adenocarcinoma. More than 200 patients were analyzed in blind-format, retrospective studies with effectively 100-percent accuracy in identifying patients with ovarian cancer at varying stages. More research is required by the FDA to bring the product to commercialization. Arrayit is aiming to raise the capital necessary to conduct a planned two-phase clinical trial (a 500-patient retrospective study and a 2,000-patient prospective study) under guidance from the FDA in order to meet the regulatory agency's requirements to file for 510(k) marketing clearance.

Myriad Genetics has diagnostics for several types of cancer, including pancreatic and



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colorectal, but there are currently no diagnostics on the market for ovarian cancer.

For breast reconstruction in cases similar to Ms. Jolie's, upside potential could be found in **American CryoStem Corp. (CRYO)** with its autologous adipose tissue therapies that can be used for [augmentation of the breast](#) and other body parts. The company is diversified into several sectors of regenerative medicine; including processing and cryopreservation, adipose-based culture mediums and a recent pact with Rutgers University scientists for development of novel wound care products.

For the intent of this exercise, though, it is the company's ATGRAFT autologous layered fat transfer procedure and tissue storage platform that directly correlates to cancer diagnostics and reconstructive surgery. American CryoStem began offering ATGRAFT in December, saying, "a patient can undergo a standard liposuction and store their excess body fat as a natural biocompatible filler for a fuller, more natural look and feel for immediate or future use in cosmetic enhancement procedures." In essence, a person can elect to cryopreserve pure fat tissue in preparation for breast reconstruction (or other layered procedures) at a later date, averting multiple liposuctions at the time of treatment and overcoming problems of a potential short-supply of adipose tissue.

It's notable that industry pioneer Dr. Mel Bircoll, the first plastic surgeon to perform a liposuction procedure in North America and originator of fat transfer (autologous fat transplantation), sits on the Medical Advisory Board at American CryoStem.

Point being here that while Myriad is getting all the attention with the proactive efforts and public revelation of Angelina Jolie, savvy investors will be scouring the burgeoning diagnostics industry from top to bottom and everywhere in between looking for opportunities based upon their risk strategies.