



## Quick Take

### Complete Genomics — Outperform (1)

**GNOM: \$13.31**

**April 15, 2011**

### Quick Take: Another Encouraging Update

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**Conclusion:** This morning at the BioCentury industry conference, Complete Genomics CEO Cliff Reid provided an update on the company's Q1 performance that suggests the company is positioned to beat our Q1 expectations.

**Expectations for Number of Genomes Shipped in Q1:11 Increased:** Management raised Q1:11 guidance for number of genomes shipped from 500 to over 600 genomes [previous guidance, and our forecast, was for 500 genomes shipped]. The YE2011 backlog of ~1,000 genomes and the previously discussed Q1:11 backlog of greater than 1,400 genomes does not include ~1,100 genomes from the NCI contract. Based on these numbers, the company now has contracts for over 3,500 genomes. The company's most recent update stated that the company's Q1:11 backlog was at 1,400 genomes by the end of February, our recently updated forecast is for 1,600 genome orders in Q1 backlog. Assuming no change in expected ASP in Q1 (\$9,300 / genome), today's update suggests the company could beat our Q1 revenue forecast by over \$930K or over 20%.

Since March 14, GNOM shares have appreciated over 70% following a strong Q4:10 and encouraging Q1:11 updates. Today's update is clearly another encouraging sign of market demand for whole human genome sequencing that we believe will continue and view our full year 2011 and 2012 revenue expectations as increasingly achievable, if not beatable.

**Further Updated Expected on Q1:11 Call, May 5th:** The company did discuss plans to expand capacity by year end, and based on capital needs described in the company's recent 10K, we believe the company will likely need to raise capital in the next several months in order to build out capacity in a timely manner. The company will provide further details on its Q1 conference call scheduled for May 5th.

## Addendum

### STOCKS MENTIONED IN IMPORTANT DISCLOSURES

Ticker	Company Name
GNOM	Complete Genomics

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(a) Assumptions: Time horizon is 12 months; S&P 500 is flat over forecast period.

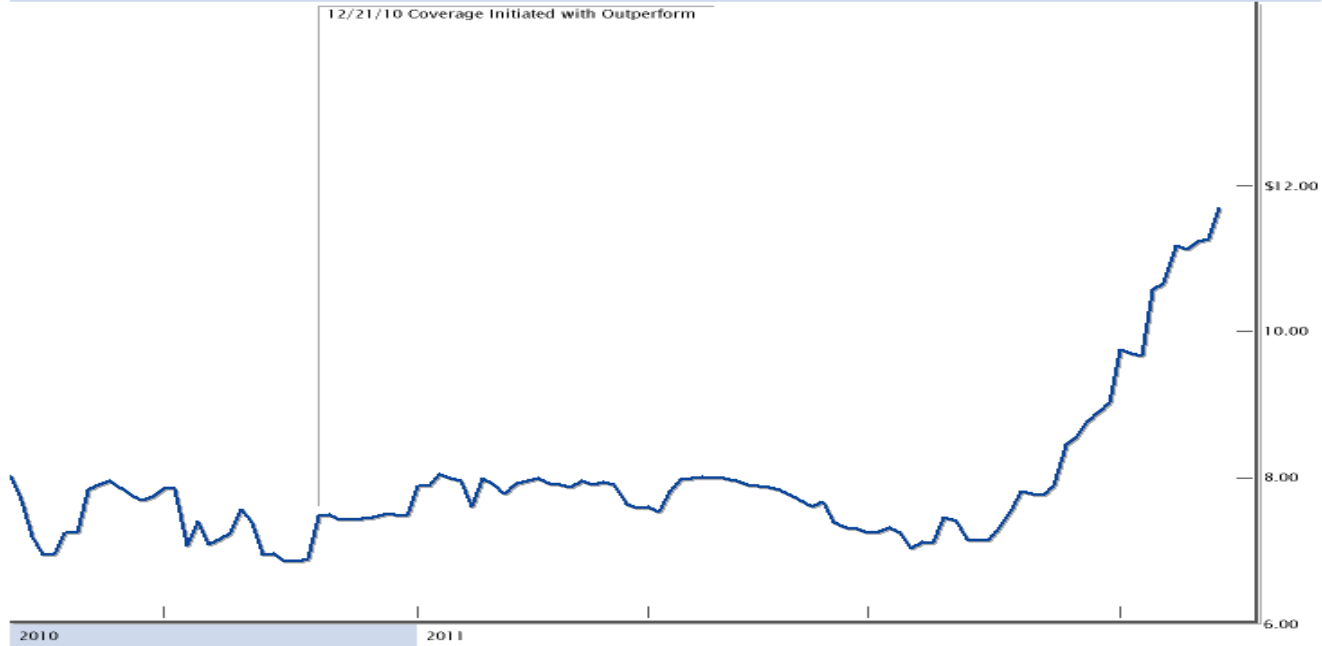
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**Complete Genomics - GNOM**



Pricing data provided by Reuters America. Chart as of 4/14/11 in USD.