



WISCONSIN
SCHOOL OF BUSINESS
UNIVERSITY OF WISCONSIN-MADISON

DEPARTMENT OF
FINANCE, INVESTMENT
& BANKING

illumina[®] GRAIL

M&A Model

Prepared by Purvesh Shende
Version: 11/19/2023

Control				
Circuit Switch	Off			
Operating Case	Street			
Cash Acc/Dilution Switch	Off			
Announcement Date	9/21/20			
Assuming Closing Date	12/31/20			
		Gail Transaction Value		
		Equity Value at Offer	8000	
		Add: Debt	0	
		Less: Cash & Marketable Securities	(686)	
		Enterprise Value at Offer	7,314	
		Consideration Value		
		Cash	3500	
		Stock	4500	
		CVR	0	
		Total	8000	
		ILMN Vs Non-ILMN Shareholders		
		ILMN		
		Ownership	12.00%	
		ILMN Cash Consideration	420	
		ILMN Stock Consideration	540	
		Implied Shares Issued (MM) at Collar Midpoint	1.6	
		Non-ILMN Shareholders		
		Ownership	88.00%	
		Non-ILMN Cash Consideration	3080	
		Non-ILMN Stock Consideration	3960	
		Implied Shares issued (MM) at Collar Midpoint	11.4	
		Fully Diluted Shares Outstanding	816.2	
		Exchange Ratio Per Gail Share	0.0159	
		Sources of Funds		
		ILMN Equity	4500	
		Acquisition Debt	1000	
		Gail Cash (at closing)	575	
		ILMN Cash	1504.86	
		Cash Paid to ILMN	420	
		Additional Cash Need	80	
		Total Sources of Funds	8080	
		Acquisition Debt Interest Expense	4.00%	
		Illumina Capitalization		
		Share Price (Cap IQ 9/18/20)	\$295.50	
		x Fully Diluted Shares Outstanding	149.7	
		Equity Value	44,250	
		Add: Debt	1,162	
		Less: Cash & Marketable Securities	(3,268)	
		Enterprise value	42,144	
		Illumina Share Count		
		Basic Shares Outstanding	146	
		Unvested RSUs / PSUs	1.7	
		Convertible Notes due 2021	2.0	
		Fully Diluted Shares Outstanding	149.7	
		Convertible Notes due 2023	750,000,000	
		Conversion Price	\$457.77	
		Shares per \$1000	2.1845	
		Shares issued	1,638,375	
		Convertibles Notes due 2021	517,000,000	
		Conversion Price	\$254.34	
		Shares per \$1000	3.9318	
		Shares issued	2032741	
		Uses of Funds		
		Stock Consideration	4500	
		Cash Consideration (Non-ILMN Shareholders)	3080	
		Cash Consideration (ILMN)	420	
		Transaction Fees	80	
		Total Sources of Funds	80	

Illumina														
SMM unless otherwise noted														
	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Income Statement														
Revenue	2,752	3,333	3,543	3,103	3,999	4,601	5,238	5,969	6,759	7,609	8,440	9,316	10,239	11,214
% growth		21.1%	6.3%	(12.42%)	28.88%	15.05%	13.85%	13.94%	13.25%	12.56%	10.92%	10.38%	9.91%	9.51%
Cost of Goods Sold	(926)	(1,033)	(1,076)	(925)	(1,180)	(1,345)	(1,531)	(1,745)	(1,976)	(2,224)	(2,467)	(2,723)	(2,993)	(3,278)
% margin	(33.6%)	(31.0%)	(30.4%)	(29.81%)	(29.51%)	(29.23%)	(29.23%)	(29.23%)	(29.23%)	(29.23%)	(29.23%)	(29.23%)	(29.23%)	(29.23%)
Gross Profit	1826	2300	2467	2,178	2,819	3,256	3,707	4,224	4,783	5,384	5,973	6,592	7,246	7,935
% margin	66.4%	69.0%	69.6%	70.2%	70.5%	70.8%	70.8%	70.8%	70.8%	70.8%	70.8%	70.8%	70.8%	70.8%
R&D	(546)	(623)	(647)	(689)	(789)	(903)	(1,028)	(1,171)	(1,327)	(1,493)	(1,656)	(1,828)	(2,010)	(2,201)
% sales	(19.8%)	(18.7%)	(18.3%)	(22.20%)	(19.73%)	(19.63%)	(19.63%)	(19.63%)	(19.63%)	(19.63%)	(19.63%)	(19.63%)	(19.63%)	(19.63%)
SD&A	(674)	(794)	(835)	(759)	(849)	(936)	(1,039)	(1,163)	(1,293)	(1,430)	(1,564)	(1,705)	(1,852)	(2,008)
% sales	(24.5%)	(23.8%)	(23.6%)	(24.46%)	(21.23%)	(20.34%)	(19.84%)	(19.49%)	(19.12%)	(18.80%)	(18.53%)	(18.30%)	(18.09%)	(17.90%)
Total Operating Expenses	(1220)	(1417)	(1482)	(1,448)	(1,638)	(1,839)	(2,067)	(2,335)	(2,619)	(2,923)	(3,221)	(3,533)	(3,862)	(4,208)
% sales	(44.3%)	(42.5%)	(41.8%)	(46.7%)	(41.0%)	(40.0%)	(39.5%)	(39.1%)	(38.7%)	(38.4%)	(38.2%)	(37.9%)	(37.7%)	(37.5%)
EBIT	606	883	985	730	1,181	1,417	1,640	1,889	2,164	2,461	2,752	3,059	3,384	3,727
% margin	22.0%	26.5%	27.8%	24%	30%	31%	31%	32%	32%	32%	33%	33%	33%	33%
EBITDA	762	1062	1173	884	1,353	1,611	1,859	2,138	2,446	2,781	3,114	3,467	3,844	4,243
% margin	27.7%	31.9%	33.1%	28%	34%	35%	35%	36%	36%	37%	37%	37%	38%	38%
Net Interest Income / (Expense)	(18)	(13)	23	40	34	45	55	65	82	101	122	145	171	200
Other Income	455	24	110											
Income before taxes	1043	894	1118	770	1,215	1,462	1,694	1,955	2,246	2,562	2,874	3,204	3,555	3,927
Taxes	(365)	(112)	(128)	(126)	(200)	(241)	(279)	(322)	(371)	(423)	(474)	(529)	(587)	(648)
% tax rate	35.0%	12.5%	11.4%	16%	16%	16%	16%	16%	16%	17%	16%	17%	16%	17%
Consolidated Net Income	678	782	990	644	1,015	1,221	1,415	1,632	1,876	2,139	2,400	2,676	2,969	3,279
Non-Controlling Interest	48	44	12	0	0	0	0	0	0	0	0	0	0	0
Net Income Attributable to Illumina Shareholders	726	826	1002	644	1,015	1,221	1,415	1,632	1,876	2,139	2,400	2,676	2,969	3,279
Diluted Shares Outstanding	146	149	149	147.2	148	148.4	148.4	148.4	148.4	148.4	148.4	148.4	148.4	148.4
Diluted GAAP EPS	\$4.96	\$5.56	\$6.74	\$4.38	\$6.86	\$8.23	\$9.53	\$11.00	\$12.64	\$14.42	\$16.17	\$18.03	\$20.00	\$22.09
Cash Flow Statement														
Net Income	678	782	990	644	1,015	1,221	1,415	1,632	1,876	2,139	2,400	2,676	2,969	3,279
Depreciation & Amortization	156	179	188	153.60	171.51	193.88	219.60	248.90	282.10	319.70	361.70	408.30	459.60	515.90
% sales	5.7%	5.4%	5.3%	4.95%	4.29%	4.21%	4.19%	4.17%	4.17%	4.20%	4.29%	4.38%	4.49%	4.60%
Stock-based Compensation	164	193	194	198	205	215	220	230	240	240	240	240	240	240
% sales	6.0%	5.8%	5.5%	6.38%	5.13%	4.67%	4.20%	3.85%	3.55%	3.15%	2.84%	2.58%	2.34%	2.14%
Working Capital	195.00	(18.00)	(194.00)	115.70	(174.61)	(75.19)	(71.80)	(84.10)	(90.70)	(98.70)	(98.40)	(105.00)	(112.00)	(119.30)
% sales	7.1%	(0.5%)	(5.5%)	4%	(4%)	(2%)	(1%)	(1%)	(1%)	(1%)	(1%)	(1%)	(1%)	(1%)
Other	(318)	6	(127)	(79)	(86)	(92)	(95)	(97)	(100)	(100)	(100)	(100)	(100)	(100)
% sales	(11.6%)	0.2%	(3.6%)	(3%)	(2%)	(2%)	(2%)	(2%)	(1%)	(1%)	(1%)	(1%)	(1%)	(1%)
Cash Flow from Operations	875	1142	1051	1032	1130	1462	1687	1930	2207	2500	2803	3119	3456	3815
Capital Expenditures	(310)	(296)	(209)	(178)	(246)	(283)	(323)	(368)	(417)	(469)	(520)	(574)	(631)	(691)
% sales	(11.3%)	(8.9%)	(5.9%)	(6%)	(6%)	(6%)	(6%)	(6%)	(6%)	(6%)	(6%)	(6%)	(6%)	(6%)
M&A Related	195	(115)	(34)	0	0	0	0	0	0	0	0	0	0	0
Other	(99)	(1,402)	988	0	0	0	0	0	0	0	0	0	0	0
Cash Flow from Investing	(214)	(1,813)	745	(178)	(246)	(283)	(323)	(368)	(417)	(469)	(520)	(574)	(631)	(691)
Common stock repurchases	(251)	(201)	(324)	0	0	0	0	0	0	0	0	0	0	0
Proceeds from issuance of common stock	71	46	59	28	51	60	60	60	60	60	60	60	60	60
Contributions from noncontrolling interest owners	79	92	0	0	100	144	150	150	150	150	150	150	150	150
Debt paydown / borrowing	(4)	731	(550)	(557)	(460)	98	(917)	0	0	0	0	0	0	0
Other	(71)	(74)	(82)	0	0	0	0	0	0	0	0	0	0	0
Cash flow from Financing	(176)	594	(897)	(529)	(309)	302	(707)	210	210	210	210	210	210	210
FX changes on cash	5	(4)	(1)	0	0	0	0	0	0	0	0	0	0	0
Beginning Cash	735	1,225	1,144	2,042	2,367	2,942	4,423	5,081	6,853	8,854	11,095	13,588	16,343	19,379
Change in Cash	490	(81)	898	325	575	1481	658	1772	2001	2241	2493	2755	3035	3334
Ending Cash	1,225	1,144	2,042	2,367	2,942	4,423	5,081	6,853	8,854	11,095	13,588	16,343	19,379	22,713
Levered Free Cash Flow	565	846	842	854	884	1179	1365	1562	1791	2031	2283	2545	2825	3124
% margin	20.5%	25.4%	23.8%	28%	22%	26%	26%	26%	26%	27%	27%	27%	28%	28%

	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Balance Sheet														
Cash		1,144	2,042	2,367	2,942	4,423	5,081	6,853	8,854	11,095	13,588	16,343	19,379	22,713
Marketable Securities		2,368	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
Working Capital Assets		978	1,037	921	1,096	1,171	1,243	1,327	1,418	1,516	1,615	1,720	1,832	1,951
Current Assets		4,490	4,451	4,660	5,410	6,966	7,696	9,552	11,643	13,984	16,575	19,435	22,582	26,036
PPE		1,075	889	914	989	1,078	1,181	1,300	1,434	1,583	1,742	1,907	2,079	2,254
Other non-current assets		1,394	1,976	2,055	2,141	2,233	2,328	2,425	2,525	2,625	2,725	2,825	2,925	3,025
Total Assets		6,959	7,316	7,629	8,540	10,277	11,205	13,277	15,603	18,192	21,042	24,168	27,586	31,315
Working Capital Liabilities		697	665	665	665	665	665	665	665	665	665	665	665	665
Other current liabilities		1,107	0	0	0	0	0	0	0	0	0	0	0	0
Current Liabilities		1,804	665	665	665	665	665	665	665	665	665	665	665	665
Long term debt and leases		890	1,836	1,279	819	917	0	0	0	0	0	0	0	0
Other long term liabilities		359	202	202	202	202	202	202	202	202	202	202	202	202
Total Liabilities		3,053	2,703	2,146	1,686	1,784	867	867	867	867	867	867	867	867
Total Shareholders Equity		3,906	4,613	5,483	6,854	8,493	10,338	12,410	14,736	17,325	20,175	23,301	26,719	30,448
Total Shareholders Equity and Liabilities		6,959	7,316	7,629	8,540	10,277	11,205	13,277	15,603	18,192	21,042	24,168	27,586	31,315
check		0	0	0	0	0	0	0	0	0	0	0	0	0

Illumina Discounted Cash Flow Analysis

\$MM, unless otherwise noted

Fiscal Year Ending December 31,

	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Normalized
UNLEVERED FREE CASH FLOW CALCULATION											
EBIT	1,181	1,417	1,640	1,889	2,164	2,461	2,752	3,059	3,384	3,727	3,727
- Taxes	(195)	(234)	(271)	(312)	(357)	(406)	(454)	(505)	(558)	(615)	(615)
% Tax Rate	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%	16.5%
EBIAT (NOPAT)	986	1,183	1,369	1,578	1,807	2,055	2,298	2,554	2,826	3,112	3,112
+ D&A	172	194	220	249	282	320	362	408	460	516	691
+ Share-Based Payment Expense	205	215	220	230	240	240	240	240	240	240	240
+ Other	(86)	(92)	(95)	(97)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
- Capital Expenditures	(246)	(283)	(323)	(368)	(417)	(469)	(520)	(574)	(631)	(691)	(691)
+ Change in Net Working Capital	(175)	(75)	(72)	(84)	(91)	(99)	(98)	(105)	(112)	(119)	(119)
Unlevered Free Cash Flow	856	1,141	1,319	1,508	1,722	1,947	2,181	2,424	2,682	2,958	3,133
% of Cash Flow Available for the DCF	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Discount Period	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	9.5
Discount Rate											
7.50%	825	1,024	1,101	1,170	1,244	1,308	1,363	1,409	1,451	1,488	1,576
8.00%	823	1,017	1,088	1,152	1,218	1,275	1,323	1,361	1,395	1,424	1,508
8.50%	821	1,010	1,076	1,133	1,193	1,243	1,284	1,314	1,341	1,363	1,443
TERMINAL VALUE											
Perpetuity Growth Rate Method											
	Perpetual	Terminal	PV of	Implied							
WACC	Growth Rate	Value	Terminal Value	Exit Multiple							
7.50%	2.5%	64,222	32,308	5.7x							
8.00%	2.5%	58,384	28,104	5.2x							
8.50%	2.5%	53,519	24,656	4.8x							
7.50%	3.0%	71,706	36,072	6.4x							
8.00%	3.0%	64,536	31,065	5.8x							
8.50%	3.0%	58,669	27,029	5.2x							
7.50%	3.5%	81,061	40,779	7.2x							
8.00%	3.5%	72,054	34,684	6.4x							
8.50%	3.5%	64,849	29,876	5.8x							
Exit Multiple Method											
	Exit	Terminal	PV of	Implied Perp							
WACC	Multiple	Value	Terminal Value	Growth Rate							
7.50%	5.0x	56,068	28,205	1.8%							
8.00%	5.0x	56,068	26,989	2.3%							
8.50%	5.0x	56,068	25,830	2.8%							
7.50%	6.0x	67,281	33,846	2.7%							
8.00%	6.0x	67,281	32,387	3.2%							
8.50%	6.0x	67,281	30,996	3.7%							
7.50%	7.0x	78,495	39,487	3.4%							
8.00%	7.0x	78,495	37,784	3.9%							
8.50%	7.0x	78,495	36,162	4.3%							

Discounted Cash Flow Analysis Output									
Perpetuity Growth Rate Method									
Perpetuity Growth Rate	2.5%			3.0%			3.5%		
Discount Rate	7.50%	8.00%	8.50%	7.50%	8.00%	8.50%	7.50%	8.00%	8.50%
Present Value of Annual Cash Flows	12,383	12,075	11,778	12,383	12,075	11,778	12,383	12,075	11,778
Present Value of Terminal Value	32,308	28,104	24,656	36,072	31,065	27,029	40,779	34,684	29,876
Enterprise Value	44,691	40,179	36,434	48,456	43,140	38,806	53,162	46,759	41,654
(-) Net Debt	2,106	2,106	2,106	2,106	2,106	2,106	2,106	2,106	2,106
Equity Value	46,797	42,285	38,540	50,562	45,246	40,912	55,268	48,865	43,760
Fully Diluted Shares Outstanding	150	150	150	150	150	150	150	150	150
Implied Price / Share	\$312.50	\$282.37	\$257.36	\$337.65	\$302.15	\$273.21	\$369.07	\$326.32	\$292.22
Current Share Price	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50
Premium to Current	5.8%	(4.4%)	(12.9%)	14.3%	2.3%	(7.5%)	24.9%	10.4%	(1.1%)
% of Value in Terminal Value	72%	70%	68%	74%	72%	70%	77%	74%	72%
Implied Terminal Revenue Multiple	5.7x	5.2x	4.8x	6.4x	5.8x	5.2x	7.2x	6.4x	5.8x
Exit Multiple Method									
Terminal Exit Multiple	5.0x			6.0x			7.0x		
Discount Rate	7.50%	8.00%	8.50%	7.50%	8.00%	8.50%	7.50%	8.00%	8.50%
Present Value of Annual Cash Flows	12,383	12,075	11,778	12,383	12,075	11,778	12,383	12,075	11,778
Present Value of Terminal Value	28,205	26,989	25,830	33,846	32,387	30,996	39,487	37,784	36,162
Enterprise Value	40,589	39,064	37,608	46,230	44,462	42,774	51,871	49,860	47,940
(-) Net Debt	2,106	2,106	2,106	2,106	2,106	2,106	2,106	2,106	2,106
Equity Value	42,695	41,170	39,714	48,336	46,568	44,880	53,977	51,966	50,046
Fully Diluted Shares Outstanding	150	150	150	150	150	150	150	150	150
Implied Price / Share	\$285.11	\$274.93	\$265.21	\$322.78	\$310.97	\$299.71	\$360.45	\$347.02	\$334.20
Current Share Price	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50	\$295.50
Premium to Current	(3.5%)	(7.0%)	(10.3%)	9.2%	5.2%	1.4%	22.0%	17.4%	13.1%
% of Value in Terminal Value	69%	69%	69%	73%	73%	72%	76%	76%	75%
Implied Perpetuity Growth Rate	1.8%	2.3%	2.8%	2.7%	3.2%	3.7%	3.4%	3.9%	4.3%

Grail													
SMM unless otherwise noted													
	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Income Statement													
Revenue	0	0	0	8	79	300	550	853	1,301	1,886	2,641	3,433	4,120
% growth				0.00%	946.67%	282.17%	83.47%	54.98%	52.51%	45.00%	40.00%	30.00%	20.00%
Cost of Goods Sold	0	0	0	(6)	(59)	(225)	(330)	(468)	(626)	(792)	(1,056)	(1,373)	(1,648)
% margin				(80.00%)	(75.16%)	(75.00%)	(60.00%)	(54.85%)	(48.10%)	(42.00%)	(40.00%)	(40.00%)	(40.00%)
Gross Profit	0	0	0	2	20	75	220	385	675	1,094	1,584	2,060	2,472
% margin				20.0%	24.8%	25.0%	40.0%	45.2%	51.9%	58.0%	60.0%	60.0%	60.0%
R&D	(223)	(167)	(180)	(178)	(232)	(300)	(391)	(427)	(455)	(472)	(502)	(549)	(577)
% sales				(2368.00%)	(294.90%)	(100.00%)	(71.00%)	(50.00%)	(35.00%)	(25.00%)	(19.00%)	(16.00%)	(14.00%)
SG&A	(64)	(89)	(114)	(223)	(216)	(289)	(330)	(384)	(429)	(453)	(475)	(584)	(700)
% sales				(2968.00%)	(275.16%)	(96.25%)	(60.00%)	(45.00%)	(33.00%)	(24.00%)	(18.00%)	(17.00%)	(17.00%)
Total Operating Expenses	(287)	(256)	(294)	(400)	(448)	(589)	(721)	(810)	(885)	(924)	(977)	(1,133)	(1,277)
% sales				(5336.0%)	(570.1%)	(196.3%)	(131.0%)	(95.0%)	(68.0%)	(49.0%)	(37.0%)	(33.0%)	(31.0%)
EBIT	(287)	(256)	(294)	(399)	(428)	(514)	(501)	(425)	(209)	170	607	927	1,195
% margin				(5316.00%)	(545.22%)	(171.25%)	(91.00%)	(49.85%)	(16.10%)	9.00%	23.00%	27.00%	29.00%
EBITDA	(273)	(245)	(286)	(390)	(418)	(502)	(481)	(390)	(164)	220	667	997	1,275
% margin				(5196.00%)	(532.48%)	(167.25%)	(87.37%)	(45.75%)	(12.64%)	11.65%	25.27%	29.04%	30.94%
Net Interest Income / (Expense)	13	12	5	4	3	1	1	0	0	0	1	4	8
Other Income	(0)	(2)											
Income before taxes	(275)	(245)	(289)	(395)	(425)	(512)	(500)	(425)	(209)	170	609	931	1,202
Taxes	(0)	0	0	69.10	74.46	89.66	87.56	74.35	36.58	(29.80)	(106.54)	(162.91)	(210.43)
% tax rate	(0.2%)	0.1%	0	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
Net Income	(276)	(245)	(289)	(326)	(351)	(423)	(413)	(351)	(172)	140	502	768	992
Diluted Shares Outstanding	114	123	134.48	134.48	134.48	134.48	134.48	134.48	134.48	134.48	134.48	134.48	134.48
Diluted GAAP EPS	(\$2.42)	(\$1.99)	(\$2.15)	(\$2.42)	(\$2.61)	(\$3.14)	(\$3.07)	(\$2.61)	(\$1.28)	\$1.04	\$3.73	\$5.71	\$7.38
Cash Flow Statement													
	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net Income	(276)	(245)	(289)	(326)	(351)	(423)	(413)	(351)	(172)	140	502	768	992
Depreciation & Amortization	14	10	8	9	10	12	20	35	45	50	60	70	80
% sales				120.0%	12.7%	4.0%	3.6%	4.1%	3.5%	2.7%	2.3%	2.0%	1.9%
Stock-based Compensation	11	28	46	54	215	220	230	240	240	240	240	240	240
% sales				720%	274%	73%	42%	28%	18%	13%	9%	7%	6%
Working Capital	40	-39	24.74	(30)	(40)	(50)	(75)	(100)	(250)	(300)	(350)	(400)	(500)
% sales				(400.0%)	(51.0%)	(16.7%)	(13.6%)	(11.7%)	(19.2%)	(15.9%)	(13.3%)	(11.7%)	(12.1%)
Other	2	(0)	2	(87)	(93)	(95)	(97)	(100)	(100)	(100)	(100)	(100)	(100)
% sales				(1160.00%)	(118.47%)	(31.67%)	(17.62%)	(11.72%)	(7.69%)	(5.30%)	(3.79%)	(2.91%)	(2.43%)
Cash Flow from Operations	(209)	(246)	(209)	(380)	(259)	(336)	(335)	(276)	(237)	30	352	578	712
Capital Expenditures	(16)	(3)	(3)	(10)	(15)	(25)	(50)	(75)	(100)	(125)	(150)	(200)	(250)
% sales				(133.33%)	(19.11%)	(8.33%)	(9.08%)	(8.79%)	(7.69%)	(6.63%)	(5.68%)	(5.83%)	(6.07%)
(Purchases Of) / Proceeds from Marketable Securities	(78)	136	-70	250	100	100	21	0	0	0	0	0	0
Cash Flow from Investing	(93)	133	(73)	240	85	75	(29)	(75)	(100)	(125)	(150)	(200)	(250)
Stock options proceeds / repurchases	3	3	0	0	0	0	0	0	0	0	0	0	0
Convertible preferred issuance	300	160	241	150	175	200	350	350	350	100	0	0	0
Other	(2)	(2)	0	0	0	0	0	0	0	0	0	0	0
Cash flow from Financing	301	160	241	150	175	200	350	350	350	100	0	0	0
FX changes on cash	0	0	0	0	0	0	0	0	0	0	0	0	0
Beginning Cash	98	97	144	104	114	115	55	41	40	53	58	261	639
Change in Cash	(1)	48	(40)	10	1	(61)	(14)	(1)	13	5	202	378	462
Ending Cash	97	144	104	114	115	55	41	40	53	58	261	639	1,101
Levered Free Cash Flow	(224)	(249)	(211)	(390)	(274)	(361)	(385)	(351)	(337)	(95)	202	378	462
% margin				(5196.8%)	(349.0%)	(120.2%)	(69.9%)	(41.1%)	(25.9%)	(5.0%)	7.7%	11.0%	11.2%

	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Balance Sheet													
Cash (Including Restricted Cash)	97	144	104	114	115	55	41	40	53	58	261	639	1,101
Marketable Securities	546	401	471	221	121	21	0	0	0	0	0	0	0
Working Capital Assets	8	13	13	43	83	133	208	308	558	858	1,208	1,608	2,108
Current Assets	651	559	588	379	320	209	249	349	611	917	1,469	2,247	3,209
PPE	33	24	19	20	25	38	68	108	163	238	328	458	628
Other non-current assets	3	52	50	137	230	325	422	522	622	722	822	922	1,022
Total Assets	687	636	658	536	575	573	740	979	1,397	1,877	2,620	3,628	4,860
Working Capital Liabilities	71	38	63	63	63	63	63	63	63	63	63	63	63
Other current liabilities	3	7	7	7	7	7	7	7	7	7	7	7	7
Current Liabilities	73	45	70	70	70	70	70	70	70	70	70	70	70
Long term debt and leases	1	37	37	37	37	37	37	37	37	37	37	37	37
Other long term liabilities	12	3	3	3	3	3	3	3	3	3	3	3	3
Total Liabilities	86	85	110	110	110	110	110	110	110	110	110	110	110
Redeemable Convertible Preferred Stock	1603.224	1763.06	2004	2154.06	2329.06	2529.06	2879.06	3229.06	3579.06	3679.06	3679.06	3679.06	3679.06
Total Shareholders Equity	(1,003)	(1,213)	(1,456)	(1,727)	(1,863)	(2,066)	(2,249)	(2,359)	(2,292)	(1,911)	(1,169)	(161)	1,071
Total Shareholders Equity and Liabilities	686	635	658	536	575	572	740	979	1,397	1,877	2,619	3,627	4,859
check	0	0	0	0	0	0	0	0	0	0	0	0	0

Grail Discounted Cash Flow Analysis											
\$MM, unless otherwise noted		Fiscal Year Ending December 31,									
	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Normalized
UNLEVERED FREE CASH FLOW CALCULATION											
EBIT	(399)	(428)	(514)	(501)	(425)	(209)	170	607	927	1,195	1,195
- Taxes	0	0	0	0	0	0	(30)	(106)	(162)	(209)	(209)
% Tax Rate	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%	17.5%
EBIAT (NOPAT)	(399)	(428)	(514)	(501)	(425)	(209)	140	501	765	986	986
+ D&A	9	10	12	20	35	45	50	60	70	80	250
+ Share-Based Payment Expense	54	215	220	230	240	240	240	240	240	240	240
+ Other	(87)	(93)	(95)	(97)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
- Capital Expenditures	(10)	(15)	(25)	(50)	(75)	(100)	(125)	(150)	(200)	(250)	(250)
+ Change in Net Working Capital	(30)	(40)	(50)	(75)	(100)	(250)	(300)	(350)	(400)	(500)	(100)
+ NOL Utilization	0	0	0	0	0	0	30	106	162	135	0
Unlevered Free Cash Flow	(463)	(351)	(452)	(473)	(425)	(374)	(65)	307	537	591	1,026
% of Cash Flow Available for the DCF	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Discount Period	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	9.5
Discount Rate											
9.00%	(443)	(308)	(364)	(350)	(289)	(233)	(37)	161	258	261	452
9.50%	(442)	(306)	(360)	(344)	(283)	(227)	(36)	156	248	249	433
10.00%	(441)	(304)	(356)	(339)	(277)	(222)	(35)	150	239	239	415
TERMINAL VALUE											
Perpetuity Growth Rate Method											
	Perpetual	Terminal	PV of	Implied							
WACC	Growth Rate	Value	Terminal Value	Exit Multiple							
9.00%	2.5%	16,174	7,133	3.9x							
9.50%	2.5%	15,018	6,341	3.6x							
10.00%	2.5%	14,017	5,668	3.4x							
9.00%	3.0%	17,607	7,765	4.3x							
9.50%	3.0%	16,252	6,863	3.9x							
10.00%	3.0%	15,092	6,102	3.7x							
9.00%	3.5%	19,301	8,512	4.7x							
9.50%	3.5%	17,692	7,470	4.3x							
10.00%	3.5%	16,331	6,604	4.0x							
Exit Multiple Method											
	Exit	Terminal	PV of	Implied Perp							
WACC	Multiple	Value	Terminal Value	Growth Rate							
9.00%	5.0x	20,599	9,084	3.8%							
9.50%	5.0x	20,599	8,698	4.3%							
10.00%	5.0x	20,599	8,329	4.8%							
9.00%	6.0x	24,718	10,901	4.7%							
9.50%	6.0x	24,718	10,437	5.1%							
10.00%	6.0x	24,718	9,995	5.6%							
9.00%	7.0x	28,838	12,718	5.3%							
9.50%	7.0x	28,838	12,177	5.7%							
10.00%	7.0x	28,838	11,661	6.2%							

Discounted Cash Flow Analysis Output

Perpetuity Growth Rate Method

Perpetuity Growth Rate	2.5%			3.0%			3.5%		
Discount Rate	9.00%	9.50%	10.00%	9.00%	9.50%	10.00%	9.00%	9.50%	10.00%
Present Value of Annual Cash Flows	(1,345)	(1,346)	(1,346)	(1,345)	(1,346)	(1,346)	(1,345)	(1,346)	(1,346)
Present Value of Terminal Value	7,133	6,341	5,668	7,765	6,863	6,102	8,512	7,470	6,604
Enterprise Value	5,788	4,996	4,322	6,420	5,517	4,757	7,167	6,125	5,258
(-) Net Debt	686	686	686	686	686	686	686	686	686
Equity Value	6,473	5,681	5,008	7,106	6,203	5,442	7,853	6,811	5,944
Fully Diluted Shares Outstanding	816	816	816	816	816	816	816	816	816
Implied Price / Share	\$7.93	\$6.96	\$6.14	\$8.71	\$7.60	\$6.67	\$9.62	\$8.34	\$7.28
% of Value in Terminal Value	123%	127%	131%	121%	124%	128%	119%	122%	126%
Implied Terminal Revenue Multiple	3.9x	3.6x	3.4x	4.3x	3.9x	3.7x	4.7x	4.3x	4.0x

Exit Multiple Method

Terminal Exit Multiple	5.0x			6.0x			7.0x		
Discount Rate	9.00%	9.50%	10.00%	9.00%	9.50%	10.00%	9.00%	9.50%	10.00%
Present Value of Annual Cash Flows	(1,345)	(1,346)	(1,346)	(1,345)	(1,346)	(1,346)	(1,345)	(1,346)	(1,346)
Present Value of Terminal Value	9,084	8,698	8,329	10,901	10,437	9,995	12,718	12,177	11,661
Enterprise Value	7,739	7,352	6,983	9,556	9,092	8,649	11,373	10,831	10,315
(-) Net Debt	686	686	686	686	686	686	686	686	686
Equity Value	8,425	8,038	7,669	10,242	9,777	9,335	12,059	11,517	11,001
Fully Diluted Shares Outstanding	816	816	816	816	816	816	816	816	816
Implied Price / Share	\$10.32	\$9.85	\$9.40	\$12.55	\$11.98	\$11.44	\$14.77	\$14.11	\$13.48
% of Value in Terminal Value	117%	118%	119%	114%	115%	116%	112%	112%	113%
Implied Perpetuity Growth Rate	3.8%	4.3%	4.8%	4.7%	5.1%	5.6%	5.3%	5.7%	6.2%

Pro Forma Balance Sheet					
	December 31, 2020				
	Illumina	Grail	Adjustments (+)	Adjustments (-)	Pro Forma
Assets					
Cash and Marketable Securities	3,739	575	1,420	(3,580)	2,154
Working Capital Assets	921	13			934
Current Assets	4,660	588	1,420	(3,580)	3,089
Capitalized Financing Fees	0	0	40		40
PPE	914	19	0		933
Goodwill	894	0	5,398	0	6,292
Other non-current assets	1,161	50	2,459	0	3,670
Total Assets	7,629	658	9,317	(3,580)	14,024
Liabilities					
Working Capital Liabilities	665	63			728
Other Current Liabilities	0	7			7
Current Liabilities	665	70	0	0	735
Long Term debt and leases	1,279	37			1,316
New Acquisition Debt	0	0	1,000		1,000
Other Long Term Liabilities	202	3	406		611
Total Liabilities	2,146	110	1,406	0	3,661
Equity (and Preferred Stock)	5,483	548	4,920	(588)	10,363
Liabilities and Equity	7,629	658	6,326	(588)	14,024
check	0	0	2,992	(2,992)	0
Assumptions:					
Stock Deal for U.S. tax purposes (i.e. no allow able U.S Federal Tax goodwill or intangible amortization)					

Purchase Price Allocation	
Step 1: Excess Purchase Price	
Equity Purchase Price	8000
(-) Target Book Value at Equity	(548)
(+) Existing Goodwill at Target	0
(+) Existing Intangibles at Target	0
Excess Purchase Price	7,452
Step 2: Allocation to Intangible Assets	
Book Value of Target PPE	19
% Write-up	0%
Asset Write-up	0
Useful Life	20
Acquiror Tax Rate	16%
Incremental Depreciation	0
Incremental Deferred Tax Liability (DTL)	0
Incremental DTL Amortization	0
Step 3: Allocation to Intangible Assets	
% Intangible allocation	33%
New Intangibles	2,459
Useful Life	15
Incremental Transaction Amortization	164
Acquiror Tax Rate	16%
Incremental Deferred Tax Liability (DTL)	406
Incremental DTL Amortization	27
Step 4: Goodwill Created	
Goodwill	5,398
Step 5: Financing Fee Amortization	
Capitalized Financing Fee	40
Amortization Period	7
Financing Fee Amortization Annually	6

SMM unless otherwise noted					Pro Forma Operating Model									
					Fiscal Year Ending December 31									
Income Statement					2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
ILMN Revenue	2,752	3,333	3,543	3,103	3,999	4,601	5,238	5,969	6,759	7,609	8,440	9,316	10,239	11,214
Grail Revenue	0	0	0	0	8	79	300	550	853	1,301	1,886	2,641	3,433	4,120
Pro Forma Sales	2,752	3,333	3,543	3,103	4,007	4,680	5,538	6,519	7,612	8,910	10,326	11,957	13,672	15,333
%growth			6.30%	(12.42%)	29.12%	16.80%	18.35%	17.71%	16.77%	17.04%	15.90%	15.79%	14.35%	12.15%
ILMN Standalone EBIT	606	883	985	730	1181	1417	1639.6	1889.2	2164.3	2461	2752	3059	3384	3727
Grail Standalone EBIT	0	(287)	(256)	(294)	(399)	(428)	(514)	(501)	(425)	(209)	170	607	927	1,195
Combined EBIT	606	596	729	436	782	989	1,126	1,388	1,739	2,252	2,922	3,666	4,311	4,922
%margin	22.02%	17.87%	20.59%	14.05%	19.53%	21.13%	20.33%	21.30%	22.85%	25.27%	28.30%	30.66%	31.53%	32.10%
Pro Forma Adjustments to EBIT (Ongoing Items)														
Synergies					100	150	225	225	225	225	225	225	225	225
CVR Payment (2.5% up to \$1Bn, 9% if above \$1Bn)					(0)	(2)	(7)	(12)	(19)	(46)	(92)	(152)	(215)	(269)
Transaction Intangible Amortization					(164)	(164)	(164)	(164)	(164)	(164)	(164)	(164)	(164)	(164)
Financing Fee Amortization					(6)	(6)	(6)	(6)	(6)	(6)	(6)	0	0	0
Pro Forma Adjustments to EBIT (One-Time Items)														
Transaction Fees (excluding Financing Fees)				(40)										
One-Time Cost to Achieve Synergies					(225)									
Pro Forma EBIT	606	596	729	396	487	968	1,175	1,432	1,776	2,261	2,885	3,575	4,157	4,714
%margin	22.02%	17.87%	20.59%	12.76%	12.17%	20.68%	21.21%	21.96%	23.33%	25.38%	27.94%	29.90%	30.41%	30.74%
PF EBITDA	762	789	928	558	838	1,341	1,576	1,870	2,262	2,795	3,466	4,208	4,851	5,474
%margin	27.69%	23.66%	26.18%	17.97%	20.95%	29.15%	30.08%	31.33%	33.47%	36.74%	41.07%	45.17%	47.37%	48.81%
ILMN Standalone Net Interest Income / (Expense)	(18)	(13)	23	40	34	45	55	65	82	101	122	145	171	200
Grail Standalone Net Interest Income / (Expense)	0	13	12	5	4	3	1	1	0	0	0	1	4	8
Pro Forma Adjustment - New Acquisition Debt Interest Expense					(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)
Pro Forma Adjustment - Additional / (Less) Interest Income on Pro forma Cash					(23)	(22)	(20)	(17)	(14)	(9)	(2)	9	23	38
Pro Forma Net Interest Income / (Expense)	(18)	(0)	35	45	(25)	(15)	(4)	9	29	52	81	116	158	205
ILMN Other Income / (Expense)	455	24	110	0	0	0	0	0	0	0	0	0	0	0
Grail Other Income / (Expense)	0	(0)	(2)	0	0	0	0	0	0	0	0	0	0	0
Pro Forma Other Income / (Expense)	455	24	108	0	0	0	0	0	0	0	0	0	0	0
Pro Forma Income Before Taxes (PBT)	1,043	619	873	441	462	953	1,171	1,441	1,804	2,313	2,966	3,692	4,315	4,919
Pro Forma Taxes	365	112	128	116	74	153	188	233	294	380	491	615	721	823
%tax rate	35.00%	18.18%	14.64%	26.19%	16.01%	16.09%	16.06%	16.15%	16.27%	16.41%	16.55%	16.66%	16.71%	16.73%
ILMN Non-Controlling Interest	48	44	12	0	0	0	0	0	0	0	0	0	0	0
Pro Forma GAAP Net Income	1,456	775	1,013	557	536	1,106	1,359	1,673	2,098	2,693	3,456	4,307	5,036	5,742
%margin	52.91%	23.26%	28.58%	17.94%	13.38%	23.64%	24.54%	25.67%	27.56%	30.22%	33.47%	36.02%	36.83%	37.45%
ILMN Diluted Shares Outstanding	146	149	149	147	151	151	151	151	151	151	151	151	151	151
New Shares Issued to the Target					11	11	11	11	11	11	11	11	11	11
Pro Forma Diluted Shares Outstanding	146	149	149	147	163	163	163	163	163	163	163	163	163	163
Pro Forma Earnings Per Share	\$9.95	\$5.22	\$6.81	\$3.78	\$3.29	\$6.80	\$8.35	\$10.28	\$12.89	\$16.55	\$21.24	\$26.47	\$30.95	\$35.29
ILMN's Standalone EPS					\$6.86	\$8.23	\$9.53	\$11.00	\$12.64	\$14.42	\$16.17	\$18.03	\$20.00	\$22.09
EPS Accretion / Dilution - \$					(\$3.56)	(\$1.43)	(\$1.18)	(\$0.71)	\$0.25	\$2.13	\$5.07	\$8.44	\$10.95	\$13.20
EPS Accretion / Dilution - %					-51.94%	-17.35%	-12.39%	-6.49%	2.00%	14.80%	31.35%	46.79%	54.72%	59.72%
Additional Pre-Tax Breakeven Synergies	689.79	276.76	228.88		689.79	276.76	228.88	138.56	(49.15)	(415.35)	(988.70)	(1,647.22)	(2,138.27)	(2,578.62)
%Target Last Fiscal Year Sales	N/A	N/A	N/A		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Cash Flow Statement	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Pro Forma GAAP Net Income	1,456	775	1,013	557	536	1,106	1,359	1,673	2,098	2,693	3,456	4,307	5,036	5,742
ILMN D&A	156	179	188	154	172	194	220	249	282	320	362	408	460	516
Grail Standalone D&A	0	14	10	8	9	10	12	20	35	45	50	60	70	80
New Intangible Amortization from GRAIL Deal					164	164	164	164	164	164	164	164	164	164
New Financing Fee Amortization from GRAIL Deal					6	6	6	6	6	6	6	6	6	6
Pro Forma D&A	156	193	198	162	350	374	401	439	487	534	581	632	694	760
%sales	5.67%	5.79%	5.60%	5.21%	8.74%	7.98%	7.24%	6.73%	6.39%	6.00%	5.63%	5.29%	5.07%	4.96%
ILMN Standalone Share Based Compensation	164	193	194	198	205	215	220	230	240	240	240	240	240	240
GRAIL Standalone Share Based Compensation	0	11	28	46	54	215	220	230	240	240	240	240	240	240
Pro Forma Share Based Compensation	164	204	222	244	259	430	440	460	480	480	480	480	480	480
%sales	5.96%	6.12%	6.28%	7.85%	6.48%	9.35%	8.40%	7.71%	7.10%	6.31%	5.69%	5.15%	4.69%	4.28%
ILMN Standalone Change in Working Capital	195	(18)	(194)	116	(175)	(75)	(72)	(84)	(91)	(99)	(98)	(105)	(112)	(119)
GRAIL Standalone Change in Working Capital	0	40	(39)	25	(30)	(40)	(50)	(75)	(100)	(250)	(300)	(350)	(400)	(500)
Pro Forma Change in Working Capital	195	22	(233)	140	(205)	(115)	(122)	(159)	(191)	(349)	(398)	(455)	(512)	(619)
ILMN Standalone Other	(318)	6	(127)	(79)	(86)	(92)	(95)	(97)	(100)	(100)	(100)	(100)	(100)	(100)
GRAIL Standalone Other	0	2	(0)	2	(87)	(93)	(95)	(97)	(100)	(100)	(100)	(100)	(100)	(100)
Pro Forma Adjustment - DTL Change from Transaction Amortization					(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)	(27)
Pro Forma Other	(318)	8	(127)	(77)	(200)	(212)	(217)	(221)	(227)	(227)	(227)	(227)	(227)	(227)
Pro Forma Cash Flow from Operations	1,653	1,202	1,073	1,025	741	1,583	1,861	2,192	2,647	3,131	3,892	4,737	5,471	6,136
ILMN Standalone Capital Expenditures	(310)	(296)	(209)	(178)	(246)	(283)	(323)	(368)	(417)	(469)	(520)	(574)	(631)	(691)
GRAIL Standalone Capital Expenditures	0	(16)	(3)	(3)	(10)	(15)	(25)	(50)	(75)	(100)	(125)	(150)	(200)	(250)
Pro Forma Capital Expenditures	(310)	(312)	(212)	(181)	(256)	(298)	(348)	(418)	(492)	(569)	(645)	(724)	(831)	(941)
ILMN M&A	195	(115)	(34)	0	0	0	0	0	0	0	0	0	0	0
ILMN Other	(99)	(1,402)	988	0	0	0	0	0	0	0	0	0	0	0
Grail (Purchases of) / Proceeds from Marketable Securities	0	(78)	136	(70)	0	0	0	0	0	0	0	0	0	0
Pro Forma Other	96	(1,595)	1,090	(70)	0	0	0	0	0	0	0	0	0	0
Pro Forma Cash Flow from Investing	(214)	(1,906)	878	(251)	(256)	(298)	(348)	(418)	(492)	(569)	(645)	(724)	(831)	(941)
ILMN Common Stock Repurchases	(251)	(201)	(324)	0	0	0	0	0	0	0	0	0	0	0
ILMN Proceeds from Issuance of Common Stock	71	46	59	28	51	60	60	60	60	60	60	60	60	60
ILMN Contribution from Noncontrolling Interest Owners	79	92	0	0	100	144	150	150	150	150	150	150	150	150
ILMN Debt Borrowing / (Paydown)	(4)	731	(550)	(557)	(46)	98	(917)	0	0	0	0	0	0	0
ILMN Other	(71)	(74)	(82)	0	0	0	0	0	0	0	0	0	0	0
GRAIL Stock Option Proceeds / Repurchases	0	3	3	0	0	0	0	0	0	0	0	0	0	0
Grail convertible preferred issuance	0	300	160	241	0	0	0	0	0	0	0	0	0	0
Grail Other	0	(2)	(2)	0	0	0	0	0	0	0	0	0	0	0
Pro Forma Adjustment - New Acquisition Debt Paydown/Borrowing					0	0	0	0	0	0	0	0	0	0
Pro Forma Cash Flow from Financing	(176)	895	(737)	(288)	(309)	302	(707)	210	210	210	210	210	210	210
FX changes on cash	5	(4)	(1)	0	0	0	0	0	0	0	0	0	0	0
Beginning Cash					2,154.24	2,329.46	3,915.59	4,722.28	6,706.31	9,071.71	11,844.31	15,301.68	19,524.44	24,374.12
Change in Cash					175.22	1,586.13	806.69	1,984.03	2,365.39	2,772.61	3,457.37	4,222.76	4,849.68	5,404.66
Ending Cash					2,329.46	3,915.59	4,722.28	6,706.31	9,071.71	11,844.31	15,301.68	19,524.44	24,374.12	29,778.78
Pro Forma Levered Free Cash Flow	1,343	891	861	844	484	1,284	1,514	1,774	2,155	2,563	3,247	4,013	4,640	5,195
%margin	48.80%	26.72%	24.29%	27.21%	12.11%	27.91%	28.90%	29.72%	31.89%	33.68%	38.48%	43.08%	45.31%	46.33%
Pro Forma Levered Free Cash Flow per Share					2.98	7.89	9.30	10.90	13.25	15.75	19.96	24.66	28.51	31.92
ILMN's Standalone Levered Free Cash Flow Per Share					5.97	7.94	9.20	10.53	12.07	13.69	15.39	17.15	19.04	21.05
LFCF Accretion / Dilution - \$					(\$3.00)	(\$0.05)	\$0.11	\$0.38	\$1.18	\$2.06	\$4.57	\$7.51	\$9.48	\$10.87
LFCF Accretion / Dilution - %					(50%)	(1%)	1%	4%	10%	15%	30%	44%	50%	52%
Additional Pre-Tax Synergies					580.74	10.24	(20.62)	(72.96)	(229.26)	(401.00)	(891.47)	(1,466.64)	(1,851.00)	(2,124.38)
%Target Last Fiscal					N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Balance Sheet														
Cash and Marketable Securities				2,154	2,329	3,916	4,722	6,706	9,072	11,844	15,302	19,524	24,374	29,779
Working Capital Assets				934	1,139	1,254	1,376	1,535	1,726	2,075	2,473	2,928	3,440	4,059
Current Assets				3,089	3,469	5,170	6,098	8,241	10,798	13,919	17,775	22,452	27,814	33,838
Capitalized Financing Fees				40	34	29	23	17	11	6	0	0	0	0
PPE				933	1,009	1,103	1,220	1,368	1,543	1,747	1,980	2,236	2,537	2,882
Goodwill				6,292	6,292	6,292	6,292	6,292	6,292	6,292	6,292	6,292	6,292	6,292
Other				3,670	3,679	3,701	3,727	3,757	3,793	3,829	3,865	3,901	3,937	3,973
Total Assets				14,024	14,483	16,295	17,360	19,676	22,437	25,793	29,912	34,881	40,581	46,986
Working Capital Liabilities				728	728	728	728	728	728	728	728	728	728	728
Other current liabilities				7	7	7	7	7	7	7	7	7	7	7
Current Liabilities				735	735	735	735	735	735	735	735	735	735	735
Long term debt and leases				1,316	856	954	37	37	37	37	37	37	37	37
New Acquisition Debt				1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other long term liabilities				611	584	557	530	502	475	448	421	394	367	340
Total Liabilities				2,927	2,440	2,511	1,567	1,539	1,512	1,485	1,458	1,431	1,404	1,377
Equity				10,363	11,309	13,049	15,058	17,402	20,190	23,572	27,719	32,715	38,442	44,874
Total Liabilities and Equity				14,024	14,483	16,295	17,359	19,676	22,437	25,792	29,912	34,881	40,580	46,985
check				0	0	0	0	0	0	0	0	0	0	

	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Debt Paydown Schedule														
Beginning Cash Balance					2,154	2,329	3,916	4,722	6,706	9,072	11,844	15,302	19,524	24,374
Less: Minimum Cash				(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Plus: Cash flow available before debt paydown (current period)					175	1,586	807	1,984	2,365	2,773	3,457	4,223	4,850	5,405
Cash Available for Debt Paydown					1,829	3,416	4,222	6,206	8,572	11,344	14,802	19,024	23,874	29,279
New Acquisition Debt														
Beginning Balance					1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Debt Paydown					0	0	0	0	0	0	0	0	0	0
Ending Balance			Size:	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Interest Expense			Rate:	4.00%	40	40	40	40	40	40	40	40	40	40
New Acquisition Debt Balance					1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
New Acquisition Debt Interest Expense					40	40	40	40	40	40	40	40	40	40
Interest Income on Excess PF Cash														
ILMN Standalone cash					4,314	5,795	6,453	8,225	10,226	12,467	14,960	17,715	20,751	24,085
Grail Standalone cash					335	236	76	41	40	53	58	261	639	1,101
Combined Standalone cash					4,650	6,032	6,529	8,266	10,266	12,520	15,019	17,976	21,389	25,186
Pro Forma Cash					2,329	3,916	4,722	6,706	9,072	11,844	15,302	19,524	24,374	29,779
Additional / (Less) Cash Pro Forma vs. Combined					(2,320)	(2,116)	(1,806)	(1,560)	(1,194)	(676)	283	1,548	2,985	4,593
Investment Income on Excess cash			Rate:	1.00%	(23)	(22)	(20)	(17)	(14)	(9)	(2)	9	23	38

Pro Forma Discounted Cash Flow Analysis

\$MM, unless otherwise noted											
Fiscal Year Ending December 31,											
	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Normalized
UNLEVERED FREE CASH FLOW CALCULATION											
EBIT	487	968	1,175	1,432	1,776	2,261	2,885	3,575	4,157	4,714	4,714
- Taxes	(78)	(156)	(189)	(231)	(289)	(371)	(478)	(596)	(695)	(789)	(774)
% Tax Rate	16.0%	16.1%	16.1%	16.2%	16.3%	16.4%	16.6%	16.7%	16.7%	16.7%	16.4%
EBIAT (NOPAT)	409	812	986	1,200	1,487	1,890	2,407	2,980	3,463	3,925	3,940
+ D&A	350	374	401	439	487	534	581	632	694	760	941
+ Share-Based Payment Expense	259	430	440	460	480	480	480	480	480	480	480
+ Other	(200)	(212)	(217)	(221)	(227)	(227)	(227)	(227)	(227)	(227)	(227)
- Capital Expenditures	(256)	(298)	(348)	(418)	(492)	(569)	(645)	(724)	(831)	(941)	(941)
+ Change in Net Working Capital	(205)	(115)	(122)	(159)	(191)	(349)	(398)	(455)	(512)	(619)	(100)
Unlevered Free Cash Flow	358	990	1,141	1,301	1,544	1,760	2,198	2,686	3,066	3,377	4,093
% of Cash Flow Available for the DCF	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Discount Period	0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	9.5
Discount Rate											
7.75%	344	885	946	1,002	1,104	1,167	1,353	1,535	1,626	1,662	2,014
8.25%	344	879	936	986	1,081	1,138	1,313	1,482	1,563	1,590	1,927
8.75%	343	873	925	970	1,059	1,109	1,274	1,432	1,503	1,522	1,845
TERMINAL VALUE											
Perpetuity Growth Rate Method											
	Perpetual Growth Rate	Terminal Value	PV of Terminal Value	Implied Exit Multiple							
WACC											
7.75%	2.5%	79,913	39,324	5.2x							
8.25%	2.5%	72,964	34,359	4.8x							
8.75%	2.5%	67,127	30,257	4.4x							
7.75%	3.0%	88,756	43,675	5.8x							
8.25%	3.0%	80,303	37,815	5.2x							
8.75%	3.0%	73,320	33,048	4.8x							
7.75%	3.5%	99,679	49,050	6.5x							
8.25%	3.5%	89,187	41,999	5.8x							
8.75%	3.5%	80,693	36,371	5.3x							
Exit Multiple Method											
	Exit Multiple	Terminal Value	PV of Terminal Value	Implied Perp Growth Rate							
WACC											
7.75%	5.0x	76,666	37,726	2.3%							
8.25%	5.0x	76,666	36,103	2.8%							
8.75%	5.0x	76,666	34,556	3.2%							
7.75%	6.0x	91,999	45,271	3.2%							
8.25%	6.0x	91,999	43,323	3.6%							
8.75%	6.0x	91,999	41,467	4.1%							
7.75%	7.0x	107,332	52,816	3.8%							
8.25%	7.0x	107,332	50,544	4.3%							
8.75%	7.0x	107,332	48,379	4.8%							

Discounted Cash Flow Analysis Output

Perpetuity Growth Rate Method

Perpetuity Growth Rate	2.5%			3.0%			3.5%		
Discount Rate	7.75%	8.25%	8.75%	7.75%	8.25%	8.75%	7.75%	8.25%	8.75%
Present Value of Annual Cash Flows	11,624	11,311	11,010	11,624	11,311	11,010	11,624	11,311	11,010
Present Value of Terminal Value	39,324	34,359	30,257	43,675	37,815	33,048	49,050	41,999	36,371
Enterprise Value	50,948	45,671	41,267	55,299	49,127	44,058	60,674	53,310	47,381
(-) Net Debt	(162)	(162)	(162)	(162)	(162)	(162)	(162)	(162)	(162)
Equity Value	50,786	45,509	41,105	55,137	48,965	43,896	60,513	53,148	47,220
Fully Diluted Shares Outstanding	163	163	163	163	163	163	163	163	163
Implied Price / Share	\$312.11	\$279.68	\$252.62	\$338.86	\$300.92	\$269.77	\$371.89	\$326.63	\$290.20
% of Value in Terminal Value	77%	75%	73%	79%	77%	75%	81%	79%	77%
Implied Terminal Revenue Multiple	5.2x	4.8x	4.4x	5.8x	5.2x	4.8x	6.5x	5.8x	5.3x

Exit Multiple Method

Terminal Exit Multiple	5.0x			6.0x			7.0x		
Discount Rate	7.75%	8.25%	8.75%	7.75%	8.25%	8.75%	7.75%	8.25%	8.75%
Present Value of Annual Cash Flows	11,624	11,311	11,010	11,624	11,311	11,010	11,624	11,311	11,010
Present Value of Terminal Value	37,726	36,103	34,556	45,271	43,323	41,467	52,816	50,544	48,379
Enterprise Value	49,350	47,414	45,566	56,895	54,635	52,478	64,440	61,855	59,389
(-) Net Debt	(162)	(162)	(162)	(162)	(162)	(162)	(162)	(162)	(162)
Equity Value	49,188	47,252	45,405	56,733	54,473	52,316	64,279	61,693	59,227
Fully Diluted Shares Outstanding	163	163	163	163	163	163	163	163	163
Implied Price / Share	\$302.30	\$290.40	\$279.04	\$348.67	\$334.77	\$321.52	\$395.04	\$379.15	\$363.99
% of Value in Terminal Value	76%	76%	76%	80%	79%	79%	82%	82%	81%
Implied Perpetuity Growth Rate	2.3%	2.8%	3.2%	3.2%	3.6%	4.1%	3.8%	4.3%	4.8%

Has / Gets Analysis					
Illumina Pre-Deal Shareholder Equity Value			Grail Shareholder Equity Value (including ILMN)		
DCF			DCF		
Standalone	Combined	% Delta	Standalone	Combined	% Delta
\$302.15	\$300.92	0%	\$7.60	\$9.07	19%

Target:	GRAIL	Transaction Value (Enterprise Value)		7,314						
		% of Acquirer's Market Cap		17%						
Acquirer:	illumina	Consideration		Cash & Stock						
		Run Rate Synergies		225						
		% Target Sales		N/A						
		Pro Foma Ownership		Acquirer Target	93%					
				7%						
M&A Analytics	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
GAAP EPS Accretion / Dilution \$	(\$3.56)	(\$1.43)	(\$1.18)	(\$0.71)	\$0.25	\$2.13	\$5.07	\$8.44	\$10.95	\$13.20
GAAP EPS Accretion / Dilution %	(52%)	(17%)	(12%)	(6%)	2%	15%	31%	47%	55%	60%
Cash EPS Accretion / Dilution \$	(\$2.35)	(\$0.21)	\$0.03	\$0.50	\$1.47	\$3.36	\$6.30	\$9.63	\$12.14	\$14.39
Cash EPS Accretion / Dilution %	(34.26%)	(2.60%)	0.36%	4.58%	11.66%	23.30%	38.95%	53.40%	60.68%	65.14%
Levered FCF EPS Accretion / Dilution \$	(\$3.00)	(\$0.05)	\$0.11	\$0.38	\$1.18	\$2.06	\$4.57	\$7.51	\$9.48	\$10.87
Levered FCF EPS Accretion / Dilution %	(50%)	(1%)	1%	4%	10%	15%	30%	44%	50%	52%
Transaction ROIC in Excess's Target's WACC	(15.49%)	(15.27%)	(15.64%)	(15.43%)	(14.17%)	(10.60%)	(4.31%)	2.94%	8.25%	12.69%
Pro Forma Leverage	2.2x	1.5x	0.7x	0.6x	0.5x	0.4x	0.3x	0.2x	0.2x	0.2x
Impact To Acquirer:	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Sales Growth										
% increase in sales (\$)	\$0.00	\$0.02	\$0.06	\$0.09	\$0.13	\$0.17	\$0.22	\$0.28	\$0.34	\$0.37
% increase in sales Growth Rate	0.84%	11.58%	32.49%	27.01%	26.60%	35.63%	45.55%	52.13%	44.74%	27.68%
EBITDA Growth and Margin										
% increase in EBITDA (\$)	(\$0.31)	(\$0.07)	(\$0.03)	(\$0.02)	\$0.02	\$0.09	\$0.19	\$0.28	\$0.32	\$0.34
% increase in EBITDA margin	61.93%	83.26%	84.76%	87.47%	92.48%	100.53%	111.32%	121.35%	126.21%	129.00%
Levered Free Cash Flow Growth and Margin										
% increase in Levered Free Cash Flow (\$)	(\$0.45)	\$0.09	\$0.11	\$0.14	\$0.20	\$0.26	\$0.42	\$0.58	\$0.64	\$0.66
% increase in Levered Free Cash Flow margin	54.77%	108.92%	110.92%	113.56%	120.37%	126.15%	142.23%	157.67%	164.22%	166.26%
Pro Forma Financials	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	4,007	4,680	5,538	6,519	7,612	8,910	10,326	11,957	13,672	15,333
Synergies	100	150	225	225	225	225	225	225	225	225
EBITDA (with synergies)	938	1,491	1,801	2,095	2,487	3,020	3,691	4,433	5,076	5,699
%margin	23%	32%	33%	32%	33%	34%	36%	37%	37%	37%
Levered Free Cash Flow	484	1,284	1,514	1,774	2,155	2,563	3,247	4,013	4,640	5,195
%margin	12%	27%	27%	27%	28%	29%	31%	34%	34%	34%

	Transaction ROIC Calculator									
	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
GRAIL's EBIT	(399)	(428)	(514)	(501)	(425)	(209)	170	607	927	1,195
Synergies	100	150	225	225	225	225	225	225	225	225
EBIT+Synergies	(299)	(278)	(289)	(276)	(200)	16	395	832	1,152	1,420
Taxes	69.10	74.46	89.66	87.56	74.35	36.58	(29.80)	(106.54)	(162.91)	(210.43)
%tax rate	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%
NOPAT	(368)	(352)	(378)	(363)	(275)	(21)	425	939	1,315	1,630
Equity Purchase Price	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000
Debt Assumed Net of Cash	(686)	(686)	(686)	(686)	(686)	(686)	(686)	(686)	(686)	(686)
Cost to Achieve Synergies	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)
Transaction Fees	0	0	0	0	0	0	0	0	0	0
Invested Capital	7089	7089	7089	7089	7089	7089	7089	7089	7089	7089
Transaction ROIC	(5.19%)	(4.97%)	(5.34%)	(5.13%)	(3.87%)	(0.30%)	5.99%	13.24%	18.55%	22.99%
WACC	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%	10.30%
Transaction ROIC in excess of WACC	(15.49%)	(15.27%)	(15.64%)	(15.43%)	(14.17%)	(10.60%)	(4.31%)	2.94%	8.25%	12.69%