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CORPORATE PARTICIPANTS

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- **Carrie Eglinton Manner** *OraSure Technologies Inc - President, Chief Executive Officer, Director*
- **Kenneth McGrath** *OraSure Technologies Inc - Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

- **Operator**
- **Vijay Kumar** *Evercore ISI Institutional Equities - Analyst*
- **Casey Woodring** *J.P. Morgan Securities LLC - Analyst*

PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the OraSure Technologies, Inc. 2024 Third Quarter earnings conference call. (Operator Instructions). Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Jason Plagman, Vice President of Investor Relations. Please go ahead.

Jason Plagman *OraSure Technologies Inc - Vice President, Investor Relations*

Good afternoon, and welcome to OraSure Technologies' Third Quarter 2024 earnings call. Participating in the call today for OTI are Carrie Eglinton Manner, our President and Chief Executive Officer; and Ken McGrath, our Chief Financial Officer. As a reminder, today's webcast is being recorded, and the recording can be found on our Investor Relations website.

Before we begin, you should know that this call may contain certain forward-looking statements, including statements with respect to revenues, expenses, profitability, earnings or loss per share and other financial performance, product development, performance, shipments and markets, business plans, regulatory filings, and approvals, expectations, and strategies. Actual results could be significantly different. Factors that could affect results are discussed more fully in OTI's SEC filings, its annual report on Form 10-K for the year ended December 31, 2023, its quarterly reports on Form 10-Q, and its other SEC filings. Although forward-looking statements help to provide more complete information about future prospects, listeners should keep in mind that forward-looking statements are based solely on information available to management as of today. OTI undertakes no obligation to update any forward-looking statements to reflect events or circumstances after this call.

With that, I am pleased to turn the call over to Carrie.

Carrie Eglinton Manner *OraSure Technologies Inc - President, Chief Executive Officer, Director*

Thanks, Jason, and thank you to everyone for joining us today. We are pleased to provide an update on the progress OraSure is making on the three pillars of our strategic transformation: one, strengthening our foundation; two, elevating our core growth; and three, accelerating profitable growth.

A few notable developments during the third quarter include: we delivered Q3 revenue that was in the top half of our guidance ranges for core revenue and total revenue. We received initial international orders for our OraQuick HCV Self-test following receipt of WHO prequalification status in July. The OraQuick HCV Self-test is the first Hepatitis C self-test to earn this designation, and we look forward to expanding access to this important test. Also, we are expanding our sample management portfolio with the planned launch of a new solution targeting the rapidly growing blood proteomics market in the second half of 2025.

In order to further streamline our organization as well as sharpen our focus on markets that align with our strengths in diagnostics and sample management solutions and that offer better opportunities for growth and profitability, we are in the process of winding down our risk assessment testing business, which also includes substance abuse testing. We expect to exit this business by the end of 2024.

During Q3, we generated \$12.7 million of operating cash flow, which includes positive cash flow from operations for the core business. And with our healthy balance sheet, we continue investing in our innovation roadmap and opportunities internally and externally that leverage our existing strengths in order to position OTI for accelerated and sustainable profitable growth.

Starting with our core business. Q3 core revenue of \$37.8 million was above the midpoint of our guidance range. Performance in both diagnostics and sample management solutions was consistent with the outlook embedded in our guidance, and our international business had a strong quarter as we expected.

Within our diagnostics portfolio, we continue to have success with multiproduct sales across our portfolio of HIV, HCV, and syphilis tests as healthcare providers and public health organizations recognize the need for a Syndemic Approach to rapid testing given the significant overlap in patients at risk for these infections. We are also seeing solid momentum with Diagnostics Direct Syphilis Health Check following our launch of this test at the end of Q1.

In our international business, we received initial orders for our OraQuick HCV Self-test following its WHO prequalification in July. As a reminder, the OraQuick HCV self-test is the first Hepatitis C self-test to earn this designation, and we are actively working with the global health community to bring this test to populations in need, including the 50 million people living with HCV and the 1 million individuals who acquire HCV each year.

Shifting to sample management solutions. Revenue increased sequentially in Q3, and we continue to see signs of a still gradual recovery in the market environment as genetic testing and research segments adapt to the post-COVID landscape and an evolving regulatory environment for diagnostic labs.

Moving to operating efficiency. We continue to drive and demonstrate the benefits of operational improvements through an enterprise-wide focus on continuous improvement and by leveraging our capabilities, including in automation. To that end, earlier this year, we discussed our initiative to in-source production of certain sample management products from external contractors in Canada into our own manufacturing center of excellence in Bethlehem, Pennsylvania.

We are making terrific progress and expect to complete the transition in 2025, consistent with the project timelines we've outlined previously. Internalizing these activities is expected to further improve our operating efficiency, leveraging our existing infrastructure as we work to expand our gross margins.

As I mentioned earlier, as part of our efforts to focus our resources in areas that best leverage our core strengths and streamline our cost structure, we plan to exit our risk assessment testing business by the end of 2024. OTI has served this market for many years, but our addressable market has now declined significantly due to several external factors, including the evolving legal status of marijuana and cannabis products and changes to the Department of Transportation testing guidelines.

Our legacy risk assessment testing products do not meet these new guidelines and would have required significant investment by OTI in both product development resources and new production equipment to continue to successfully compete. Given this backdrop and our priority focus on growth opportunities, we have decided to wind down and exit our risk assessment testing business by the end of this year.

Switching gears to product innovation. We are excited to begin sharing more details around our planned 2025 launch into the proteomics space. Our anticipated launch is a prime example of our sample management solutions strategy in action, where we seek to drive growth in our portfolios by targeting new sample types, analytes, and applications.

We anticipate our proteomics product will address all three priorities as it represents expansion into blood collection with innovation in protein stabilization that enables us to enter new high-growth applications such as liquid biopsy, Alzheimer's disease, and diabetes to name a few. Sample collection solutions for these and other chronic illnesses represent a total addressable market in the hundreds of millions of dollars that is rapidly growing. These applications, specifically in developing areas like oncology and

neurology may be more research-oriented in the near future, but are expected to evolve into the clinical space over time just as genomic risk testing did.

Our proprietary innovation targets specific gaps in competitive offerings. Intended benefits of our proteomic device and chemistry combination include ambient temperature shipping and room temperature storage over a longer duration of time as well as compatibility with traditional and next-gen proteomic technologies. Initially, we anticipate our product to be for phlebotomy-collected blood, but we expect future iterations to marry our proprietary chemistries with self-collected small-volume blood technology accessed through our Sapphiros partnership. We look forward to sharing more details as the launch progresses.

Another important growth driver for our collection kits portfolio involves working with key partners to validate new applications for our cleared collection devices. We are pleased to share a recent collaboration in which PacBio validated and endorsed our DNA Genotek saliva collection devices for use with Nanobind extraction kits on PacBio's long-read sequencing platform. Long-read sequencing provides insights about complex genomic variables, including complex bacterial genomes and are also used in applications such as oncology, treatment monitoring, rare disease testing and chronic disease research.

Additionally, we are making good progress on our Colli-Pee initiatives for FDA submission of self-collected volumetric urine by end of 2025 and the HIV claims expansions that we discussed last quarter. On each, we expect to share more next year. With that, I'd like to turn the call over to Ken to discuss our financial results and guidance.

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

Thanks, Carrie. I'm happy to discuss our results for the third quarter of 2024 and provide updates on our financial outlook.

In Q3, total revenue was \$39.9 million. Core revenue, which excludes COVID-19 products and the molecular service business that we have exited was \$37.8 million. Core revenue decreased 1% on a year-over-year basis in Q3 and was impacted by a decrease in revenue from the risk assessment testing business that we are exiting. Excluding the impact from the risk assessment business, core revenue growth in Q3 would have been 1%. Within core revenue, our diagnostic products generated \$22 million of revenue in Q3 and increased 13% year-over-year, driven by strong order trends in our international HIV business as we previewed last quarter.

Sample management revenue in the third quarter was \$12.8 million and decreased 16% year-over-year, but did increase on a sequential basis for the second consecutive quarter as several key end markets show signs of gradual recovery.

COVID-19 products contributed \$2.2 million of revenue in the third quarter, which was above our expectations due to the timing of deliveries at the end of the quarter under our stay warm contract with the US government.

Our GAAP gross margin in the third quarter was 42.8%, and non-GAAP gross margin was 43.3%, which was consistent with our expectations. GAAP operating expenses in the quarter were \$23.1 million. During Q3, we had \$2.9 million of noncash stock compensation expense and \$353,000 for a reduction in workforce severance. Our GAAP operating loss in Q3 was \$6 million, and our non-GAAP operating loss was \$2.7 million.

As Carrie discussed, during Q3, we initiated steps to exit our risk assessment testing business by the end of 2024. The risk assessment business generated revenues of \$1.9 million in Q3 and \$6.3 million during the first nine months of 2024, which was a decline from \$2.6 million in Q3 '23 and \$7.5 million during the first nine months of 2023. The risk assessment business had become slightly unprofitable with the declining revenue. We are also making progress on the restructuring initiatives we announced in May, including completing our exit from the molecular sequencing services business during Q3 as we expected.

Moving to our balance sheet. We ended the third quarter with zero debt and total cash and cash equivalents of \$279 million. During Q3, we generated \$12.7 million of operating cash flow, driven by solid operational performance in our core business as well as the collection of accounts receivable related to IntelliSwab following the completion of our largest contract with the US government.

Turning to guidance. We are guiding to fourth quarter total revenue of \$36 million to \$38 million. We expect core revenue in Q4 to be \$35 million to \$37 million, which represents a return to core growth on a year-over-year basis, and this range includes \$1 million to \$2 million of risk assessment testing revenue as we wind down that business. Revenue from COVID-19 products is expected to be approximately \$1 million in the fourth quarter, which we anticipate to be the run rate for COVID-19 through the first quarter of 2025.

Moving to gross margin. We expect our gross margin in Q4 to be consistent with the level we reported in Q3. Our fourth quarter gross margin forecast is slightly lower than our prior outlook due to two primary factors. First, our expectation for another strong quarter in international diagnostics business, which carries gross margins that are lower than our corporate average; and second, elevated cost in our risk assessment business as we wind down production and exit that business.

Longer term, we continue to believe we can drive meaningful gross margin expansion and operating leverage from growth in 2025 and beyond. We also see significant opportunities to drive efficiencies across our enterprise, including further leveraging our automation capabilities.

With that, I'll turn the call back to Carrie to conclude.

Carrie Eglinton Manner *OraSure Technologies Inc - President, Chief Executive Officer, Director*

Thanks, Ken. And as we detailed today, we continue to advance our strategic transformation. We generated positive operating cash flow this quarter even with significantly lower COVID-19 volumes. And our core business delivered positive cash flow from operations during Q3. We continue to focus our resources in markets that align with our core strengths in rapid diagnostics and sample management and that offer the most attractive opportunities for profitable growth while we streamline our operations in order to unlock efficiency gains.

Our Q4 outlook reflects a return to year-over-year growth in core revenue, and we are innovating in product development and our portfolio road map, both for new launches and enhancements to existing product lines. Overall, we are confident that OTI is well positioned to return to growth in 2025 and beyond as key end markets gradually recover and we leverage our differentiated assets, our unique internal capabilities and our strong customer relationships. Additionally, our balance sheet is enabling flexibility to invest in our innovation road map, including internal development, partnerships and acquisition opportunities that can build on our existing assets and strengths to accelerate our growth.

With that, I'm pleased to turn the call over to Darian, the operator, for Q&A. Darian?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Patrick Donnelly, Citi.

Unidentified Analyst

This is Brendan on for Patrick. So first off, thanks for the additional color on the risk assessment business. I was wondering if you guys would be able to kind of give an update on how long it may take to work through those additional gross margin headwinds moving forward.

Kenneth McGrath *OraSure Technologies Inc - Chief Financial Officer*

Yes. Thank you for the question, Brendan. As we mentioned in the guidance, we have some great opportunities to continue to improve our gross margins over time. Part of this for Q4 is driven by, A, like you mentioned, the risk assessment business, and then also B, the international mix that we're seeing. And just a reminder, we've said it before that the international business has lower margins than the overall business, overall gross margin of the business. But we continue to be excited about the opportunities to drive efficiency.

And those -- what excites us is when it comes to some of the efforts that we've gone forward as far as leveraging our automation to our business and leveraging some of the automation and capabilities that we developed while implementing COVID IntelliSwab products as well as consolidating our business into our Opus Way facility in Bethlehem. What that's allowed us to do kind of consistent with what we announced in Q1 earnings, where we are consolidating some of our manufacturing, both external contract manufacturing as well as manufacturing from Thailand into the Opus Way facility. And what that allows us to do is leverage that overhead.

So we have a lot of optimism about driving additional gross margin growth. And I think what we said in prior quarters is we have visibility and expectation in the future to get back to the 50s for gross margin.

Unidentified Analyst

Got it. Appreciate the color. And then just to follow-up. I wanted to touch on the Sapphiros partnership. Any more details on the possible time line or even just an update on how the new products are kind of progressing?

Carrie Eglinton Manner *OraSure Technologies Inc - President, Chief Executive Officer, Director*

Yes. Thanks, Brendan. We're very encouraged by the co-development and strategic partnership with Sapphiros. We've talked about it being off to a good start.

In terms of launches, we're -- we remain in the regulatory process. I should say they remain in the regulatory process, which always has uncertainty in it. But we accounted for that. So you'll remember that we always described that the revenue would be for 2025, even though we knew submission was planned ahead of time based on that uncertainty and their experience and our experience with it, we had planned for 2025, and that's still what we are anticipating. But off to a very good start, regulatory process to be worked -- to be continued to work through and then still planning '25 launch and the revenue that we had previously talked about.

Operator

Jacob Johnson, Stephens.

Unidentified Analyst

This is Mac on for Jacob. Just a few quick ones from me. I think you're guiding to a roughly 5% year-over-year growth in core revenues for 4Q '24. Do you see this as a reasonable starting place for modeling 2025 outside of the Sapphiros contribution?

Kenneth McGrath *OraSure Technologies Inc - Chief Financial Officer*

Yes. I think what we've said in prior earnings calls is what are the exact quotes we've used, Jason, for overall growth is modest. I think we used modest growth in the past. This little bit is probably an example of Q4 of last year being a little bit lower. But we are looking for moderate growth in 2025, being driven by our investments and our partnership in Diagnostics Direct with our Syphilis test, which we are very positive on as well as Sapphiros driving that growth.

Carrie Eglinton Manner *OraSure Technologies Inc - President, Chief Executive Officer, Director*

Yes. We'll provide more -- thanks, Ken and Mac for the question. We'll provide more details in February. We don't provide that sort of 2025 guidance, but we will provide more color to that after our Q4 -- or within Q4 earnings. And I think we are building on quarter-over-quarter sequential growth and this gradual recovery that we continue to see with some green shoots just in terms of the customers we're adding.

Unidentified Analyst

Appreciate the color there. And then you ended 3Q with, I think it was roughly \$280 million worth of cash. How should we think about this capital being deployed in the near-term? Should we expect more continued partnerships and smaller investments? Or could you potentially look at a larger deal if one was to be presented?

Carrie Eglinton Manner *OraSure Technologies Inc - President, Chief Executive Officer, Director*

Yes. We're highly focused on innovation, accelerating growth through our product road map. Opportunistically, we very clearly are working on internal development and where we can accelerate that profitable growth through external opportunities from strategic

transformation through bolt-ons and otherwise. I think it's the opportunity that rebuilding, strengthening our foundation has given us, which is the opportunity to really do the right diligence.

We've talked about this before. I know, Mac, we've shared it in probably every quarter, but to take multiple shots on goal, align with the strengths we have today, leverage our assets and really figure out -- take the time to make the right bet -- but with multiple opportunities, the cash we have, that gives us the potential to do that. So I'd say everything you described is well in our line of sight, and we look forward to talking more about each of those.

Operator

Vijay Kumar, Evercore ISI.

Vijay Kumar Evercore ISI Institutional Equities - Analyst

I guess on that Q4, how should we think about gross margins and OpEx on a sequential basis? Is that going to be flattish, up or down? And gross margins, it's been -- it's moved around quite a bit given the mix. What's the right baseline for gross margins from which it's going to expand?

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

Yes. That's a great question. Yes, what we're guiding towards is consistent with Q3. So to your point, relatively flattish. The drivers for that for Q4 is we are seeing or expecting more international revenue than we expected than originally when we gave the guidance in the prior quarter. In addition, as we wind down our risk assessment business, the costs related to that. So we are considering pretty consistent.

From an operating, same, pretty consistent with Q3. Going forward, we do have expectations and visibility to margins -- gross margins in the 50%. Again, driven by all the things we talked about, whether it's automation, operational efficiency, consolidations into one facility, all of those elements, we do have expectations in the future and outer years to be in the 50% margins.

Vijay Kumar Evercore ISI Institutional Equities - Analyst

So is the back half here the low 40s? Is that the right jump-off point on how we should be modeling gross margin expansion?

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

Yes. We haven't guided to 2025. I would say Q3 and Q4 were impacted a bit by the international mix, which is a bit more than usual. But we haven't guided to '25 as far as margins. What we have guided to is we think in the long-term future or in the mid- to long-term future, we have visibility expectations to be in the 50% range.

Vijay Kumar Evercore ISI Institutional Equities - Analyst

Sorry, Ken, what I meant was what is the right baseline, right? So clearly, back half is not the right baseline given the mix. Is mid-40s is the right baseline for us to model gross margins going forward? What is the --

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

Yes, I'd say right baseline is probably like the mid-40s in that range.

Vijay Kumar Evercore ISI Institutional Equities - Analyst

Understood. That's helpful. And Carrie, maybe one for you. On this Sapphiros revenues, how meaningful could these revenues be? What's the margin profile on this? And is that -- when you say revenues to fall through in fiscal '25, is it early? Is that mid, back half of '25?

Carrie Eglinton Manner OraSure Technologies Inc - President, Chief Executive Officer, Director

Yes. Vijay, it's good to hear you. The specifics around Sapphiros we'll share as we launch the product together with them. So we are anticipating sharing more on that in February as well, I'm talking more about '25. The opportunities are significant. So in terms of the kind of scope without sizing it or giving guidance, what we've shared is it really spans our portfolio. And I think that's part of our excitement.

On the sample management side, it's an opportunity in small volume self-collected blood. We have shared that we anticipate that to be the first launch. And then it's a range of diagnostics products from visual and digital lateral flow through to molecular-like and onwards to the potential for a molecular point-of-care type offering and the road map down the road.

So I know it's unsatisfying when you ask detailed questions, not to give you the detailed line by line, here's the exact timing of launch, this is contribution and this is a margin, but we do anticipate sharing more on that and how it can be accretive to our core growth to follow.

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

Yes. We've shared in the past when it comes to some of these deals. We do expect them to be accretive from an operating perspective. And then just one thing to keep in mind is the P&L geography could be different depending on some of these deals. You could see from between gross margins or operating margins, where we leverage.

Vijay Kumar Evercore ISI Institutional Equities - Analyst

Understood. And maybe one last one for you, Ken. This risk assessment exit, how does it impact the P&L from a gross margin and operating margin standpoint?

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

Yes. Right now, I think we've said -- we said it was slightly declining in revenue as well as slightly unprofitable. So it should improve slightly as you pull that mix out from a gross margin and an operating perspective.

Vijay Kumar Evercore ISI Institutional Equities - Analyst

In Q4, like all revenues, like is that the last quarter? Or should we expect some risk assessment revenues in first half next year?

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

Correct. Yes, we'll be exiting by the end of 2024, correct.

Operator

Casey Woodring, J.P. Morgan.

Casey Woodring J.P. Morgan Securities LLC - Analyst

I guess the first one, can you just walk through what drove the 13% growth in diagnostics? Maybe if you can break that down between HIV and HCV and maybe internationally versus domestic kind of where you saw the strength in the quarter?

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

Yes. We saw some -- we saw a lot of strength kind of alluded to it during the script in our international business, where we saw some positive growth versus the prior year as well as sequentially. So that's probably the big driver that was international. In the domestic business,. And we did see some strength in -- domestically, but the majority of the growth was from international.

Carrie Eglinton Manner OraSure Technologies Inc - President, Chief Executive Officer, Director

And it's HIV.

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

HIV. Correct.

Casey Woodring J.P. Morgan Securities LLC - Analyst

Got it. Okay. And then curious to hear your thoughts or get an updated view on how you guys are thinking about the consumer genomics end market. One of the larger players in that space has been going through a lot of turmoil publicly over the last few weeks. So just curious to hear your latest thoughts on the opportunity there for your business.

Carrie Eglinton Manner OraSure Technologies Inc - President, Chief Executive Officer, Director

Yes, Casey, you're right on. There's some significant turmoil in -- with some of our largest customers. We have very close relationships and work sort of hand-in-hand and have shared some renewal and our agreements, just the belief in the go forward and the opportunities there.

But those large customers, we've talked about this, that experienced their end market softness have continued to be something that we are tracking closely, and where our optimism comes in, both is in the durability of their opportunities, but I'd say simultaneously, it's in adding a number of new customers across different segments as well. So we believe in consumer genomics and that there will be that return to growth for all of those customers, including our larger ones.

And we've added significant new customer base in clinical diagnostics, in pharma, and biotech. We've talked about segments like animal health. So you'll see that the green shoots are there. What we all are looking for is the accelerated return to growth. And you point out one of those significant ones.

But I think with the increasing applications in omics across the board, we went from a strength in DNA to adding RNA capabilities, and we just talked in this release about our proteomics launch, the increasing applications that connect these disease biomarkers to disease and potential treatments, it's only going to increase. We believe it's a matter of when, not if. And so while we believe consumer genomics remains important, this ability to add applications and customers and opportunities, we believe those green shoots are going to grow, and that will be a significant part of the return to growth.

Casey Woodring J.P. Morgan Securities LLC - Analyst

Got it. That's helpful color. Maybe if I can just squeeze one last one in. Curious to hear your thoughts on the go-to-market strategy for the sample management solution in blood proteomics. Are you going to have to -- is there any additional investment needed to launch that product from a commercial perspective next year?

And then you mentioned the TAM is in the hundreds of millions of dollars. Just kind of curious if that TAM is going to be that big at launch or just kind of how you're thinking about that end market and the opportunity here for OraSure.

Carrie Eglinton Manner OraSure Technologies Inc - President, Chief Executive Officer, Director

Yes. Thanks, Casey. You're right on that ramp-up. And you'll note, we talked in our prepared remarks about starting with research use only with academic opportunities, pharma opportunities with exploration because it really is about the increasing potential that connect protein and proteomic biomarkers to disease.

So we highlighted oncology, neurology, and cardiometabolic applications. we mentioned liquid biopsy that includes Alzheimer's disease and other dementias, of course. So it's a customer base that we serve today, many of whom have both blood and saliva-based applications in their sort of the scheme of their portfolios.

But yes, because we're launching RUO first and this really is about emerging applications in proteomics, which we believe it will be a ramp-up, but it's one of the exciting areas in omics that we're excited to bring some benefits like the longer duration of room temperature storage capabilities and ambient temperature shipments, not having to do cold storage, et cetera.

And that our solution, we intend it to be compatible with sort of the next-gen of proteomics. So I know I'm getting sort of my excitement in on multiple fronts on that. But yes, I expect it will ramp up. I think the RUO itself kind of demonstrates that, but we do believe it's an application of the future with really tremendous potential.

Operator

Andrew Cooper, Raymond James.

Unidentified Analyst

This is Noah on for Andrew. Firstly, I was just kind of curious, you mentioned international growth has been pretty strong and the margin impacts around that. How important are those international growth vectors for your core business going forward? And then how would that affect any of the margin ramp longer term towards that 50% range?

Kenneth McGrath OraSure Technologies Inc - Chief Financial Officer

International is a healthy portion of our overall core business. And we do have solid expectations for growth in that area. As far as the impact on gross margins, -- what we get excited about is the operational efficiency throughout all of our business. And that allows us -- and that gives us visibility to get to that 50% gross margin target that we're looking to get to in the mid- to long term.

And those really come from the operational efficiency that we talked about. So yes, it's a portion of our business. It's a healthy portion of our business. We're excited about the growth opportunities there, but we're also excited about the opportunities to drive efficiency throughout the overall business to improve our margins.

Carrie Eglinton Manner OraSure Technologies Inc - President, Chief Executive Officer, Director

And just to add to Ken's point, Noah, around international, I'd just say a part of the potential we have is this long track record of service to and collaboration with and credibility with global funders who are a very big portion of this market. It's a big public health need, and there are very important government testing programs and international agencies that support that, including through government direct ministries of health.

We have -- that's a complex environment to navigate, which we have decades of serving and are continuing to bring like WHO PQ cleared, or status, tests to that. And one of the other things we're seeing is real patient preference for saliva collection in international markets versus blood.

So a part of the success of reach -- accessing patients and being able to understand the status and get to treatment in one of the most important diseases in our lifetimes in HIV is the ability to get patients to do the testing and our oral fluid test is a real enabler for that. So I think our track record and demonstrated success over many years really -- we're continuing to build on that. And that growth is an opportunity, I think we think is a big one.

Unidentified Analyst

Awesome. And if I could just sneak one more in. What would the incremental investments look like in order to drive some of that core growth going forward? I know you have the blood proteomics in the back half of next year. You have the Sapphiros partnership coming online, but you're also rolling off the risk assessment business, which is somewhat minor revenue. But still, what could be some of those incremental investments that we might need to see in order to get growth? Or are you mostly focusing on those organic opportunities that you already have in place?

Carrie Eglinton Manner *OraSure Technologies Inc - President, Chief Executive Officer, Director*

Yes. I mean I'd say we see those in our run rate. We're not looking at large incremental investment opportunities. A part of what we're focused on is leveraging the strengths we have, the capabilities we have, the commercial channel we have, the customer relationship, and history we have. And so we view that as largely within our run rate. If we decide to add more, we'll definitely share that. But as we've been planning '25, I'd say it really is, other than sort of what we've talked about before.

Kenneth McGrath *OraSure Technologies Inc - Chief Financial Officer*

Yes. In the past, we've talked about with Sapphiros in past calls that it could be a few million of dollars of investment. However, to Carrie's point, what we're trying to do is leverage our -- leverage as much as we can our existing capabilities and be able to deliver with our existing capabilities. So run rate is a pretty good assumption. Whether or not there's \$1 million here or there to help boost some of those launches or start-ups, you could see that.

Carrie Eglinton Manner *OraSure Technologies Inc - President, Chief Executive Officer, Director*

And then we'll pivot as necessary. I mean our work is going to be in successful launches. And I said it earlier, but we are incredibly focused on innovation. We've spent two years strengthening the foundation while making investments into accelerating our innovation pipeline.

This really -- the financial position we're in, we have a tremendous opportunity through this investment internally and externally to really accelerate innovation. And our strengths allow us the potential to scale that, and that's where we're laser-focused.

Operator

This concludes our question-and-answer session. I would now like to turn it back to Carrie for closing remarks.

Carrie Eglinton Manner *OraSure Technologies Inc - President, Chief Executive Officer, Director*

Thank you, Darian. We really appreciate everyone's interest and look forward to the ongoing conversations. We'll talk to you again in February, if not before. Thanks.

Operator

Thank you for your participation in today's conference. This does conclude the program. You may now disconnect.

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