

Analyst: Ramon Alfonso
Kevin Murillo

Description

DexCom, Inc., a medical device company, focuses on the design, development, and commercialization of **continuous glucose monitoring (CGM)** systems in the United States and internationally.

The company offers its systems for use by people with diabetes, as well as for use by healthcare providers. Its products include DexCom G6, a CGM system for diabetes management; DexCom G5 mobile CGM system to communicate directly to patient's mobile device; DexCom G4 PLATINUM system for continuous use by adults with diabetes; and DexCom Share, a remote monitoring system.

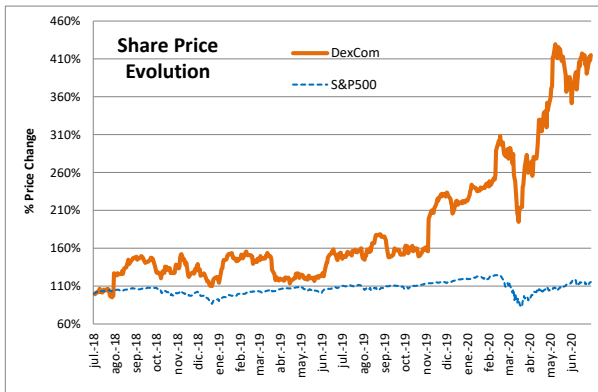
DexCom, Inc. has a collaboration and license agreement with Verily Life Sciences LLC and Verily Ireland Limited to develop a series of next-generation CGM products; and a collaboration with Companion Medical, Inc.

The company markets its products directly to endocrinologists, physicians, and diabetes educators.

DexCom, Inc. was founded in 1999 and is headquartered in San Diego, California.

NEXT QUARTERLY EARNINGS RELEASED	28/07/2020
YEAR END CLOSING DATE	31/12/2019

Link to Investor Relations
<https://investors.dexcom.com/>



COMPANY	DexCom			
ISIN Code	US2521311074		USD	
FISCAL YEAR END	31/12/2019			
SECTOR GICS	Healthcare /Diagnostic & Research			
MARKET CAPITALIZATION	37,313.3	Millions USD		
CURRENT PRICE	407.4	Price Upside Analysis		
TARGET PRICE	532.2	31%	BUY	
PE	Current Year	Next Year	In 2 Years	
	369.1	488.0	414.5	
	RATIOS			
ROE	11%	0.0%	193.4	
	BETA	WACC	DEBT/EQY	
	0.7	5.8%	48.7%	
PRICE CHANGE	Last Month	3 Month	12 Month	
	DexCom	-0.5%	26.5%	175.9%
	S&P500	1.0%	11.9%	8.6%
QUANT Q-SCORE	Historic	Forecast	Global	
Q-SCORE	4 /10	4 /10	4 /10	
QUALITY COMPANY	POOR	FINE	POOR	

SECTION 1. FINANCIAL STATEMENTS

Financial Statements: Profit and Loss Account

• Closed years and Forecast for the next 3 years.

PROFIT AND LOSS ACCOUNT (P/L)	Historic							Forecast		
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Amounts in Millions										
REVENUES (1)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
% Increase in Revenues		55.1%	42.6%	25.3%	43.6%	43.1%	20.0%	20.0%	20.0%	
COGS & General Expenses	272.3	448.3	622.2	744.9	1,188.8	1,285.0	1,558.7	1,870.4	2,244.5	
EBITDA (2)	-13.1	-46.3	-48.9	-26.4	-157.2	191.0	212.5	255.1	306.1	
Margin Ebitda/Revenues % (2)/(1)	-5.1%	-11.5%	-8.5%	-3.7%	-15.2%	12.9%	12.0%	12.0%	12.0%	
Depreciation & Amortization	8.4	10.8	15.0	16.1	29.1	48.7	35.4	42.5	51.0	
EBIT (3)	-21.5	-57.1	-63.9	-42.5	-186.3	142.3	177.1	212.5	255.1	
Margin EBIT/Revenues % (3)/(1)	-8.3%	-14.2%	-11.1%	-5.9%	-18.1%	9.6%	10.0%	10.0%	10.0%	
Financial Expenses (+)	0.8	0.4	0.3	9.5	20.3	33.9	0.0	0.0	0.0	
Financial Income (-) and Other	0.0	0.0	0.7	-3.4	-80.1	4.2	88.6	106.3	127.5	
PROFIT BEFORE TAX (PBT) (4)	-22.3	-57.5	-64.9	-48.6	-126.5	104.2	88.6	106.3	127.5	
Margin PBT/Revenues % (4)/(1)	-8.6%	-14.3%	-11.3%	-6.8%	-12.3%	7.1%	5.0%	5.0%	5.0%	
Corporate Tax (5)	0.1	0.1	0.7	1.6	0.6	3.1	10.6	12.8	15.3	
% Effective Corporate Tax (5)/(4)	-0.4%	-0.2%	-1.1%	-3.3%	-0.5%	3.0%	12.0%	12.0%	12.0%	
NET PROFIT (6)	-22.4	-57.6	-65.6	-50.2	-127.1	101.1	77.9	93.5	112.2	
Margin Net Profit / Revenues % (6)/(1)	-8.6%	-14.3%	-11.4%	-7.0%	-12.3%	6.8%	4.4%	4.4%	4.4%	
% net earnings growth		157.1%	13.9%	-23.5%	153.2%	-179.5%	-22.9%	20.0%	20.0%	
Amounts in Millions										
Dividends Paid (out of Net Profit) (7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
% Pay out (7)/(6)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				
Number of Shares (Millions)	77.3	81.7	84.6	87.0	90.0	91.6	93.4	95.2	97.0	
Earnings per Share (EPS)	-0.29	-0.71	-0.78	-0.58	-1.41	1.10	0.83	0.98	1.16	

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Financial Statements: Balance Sheet

• Closed years and Forecast for the next 3 years.

BALANCE SHEET (B/S) Amounts in Millions	Historic						Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Cash and Banks	83.6	115.2	123.7	548.6	1,385.6	1,533.3	1,840.0	2,208.0	2,649.5	
Accounts Receivable	42.4	74.1	101.7	134.3	226.7	286.3	328.8	394.5	473.4	
Inventories	16.0	35.2	45.4	45.2	70.7	119.8	104.2	125.0	150.0	
Other Current Assets	3.9	6.8	9.2	16.6	16.5	30.0	12.9	12.9	12.9	
CURRENT ASSETS (1)	145.9	231.3	280.0	744.7	1,699.5	1,969.4	2,285.7	2,740.3	3,285.8	
Material Fixed Assets	64.0	92.9	156.6	200.4	262.9	497.8	696.4	974.3	1,362.9	
Non-Material Fixed Assets	5.9	5.9	11.5	12.1	18.7	18.6	23.4	29.4	37.0	
Other Fixed Assets	1.6	0.1	1.9	1.7	14.7	14.2	14.3	14.5	14.6	
Depreciation and Amortization	32.8	38.2	47.2	54.8	79.8	105.0	140.4	182.9	233.9	
FIXED ASSETS (2)	38.7	60.7	122.8	159.4	216.5	425.6	874.6	1,201.1	1,648.6	
TOTAL ASSETS (1)+(2)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
Accounts Payable	11.5	21.1	29.0	53.8	87.2	116.3	183.1	219.7	263.7	
Short Term Debt (5)	2.3	2.3	0.0	0.0	0.0	13.6	0.0	0.0	0.0	
Other Current Liabilities	26.8	43.5	73.4	85.1	135.2	230.3	34.5	5.2	0.8	
CURRENT LIABILITIES (3)	40.6	66.9	102.4	138.9	222.4	360.2	217.6	224.9	264.4	
Long Term Debt (6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Non Current Liabilities (7)	3.8	3.9	16.6	345.8	1,030.3	1,152.2	1,982.1	2,662.5	3,503.7	
<i>Total Debt ST+LT (5)+(6)+(7)</i>	<i>6.1</i>	<i>6.2</i>	<i>16.6</i>	<i>345.8</i>	<i>1,030.3</i>	<i>1,165.8</i>	<i>1,982.1</i>	<i>2,662.5</i>	<i>3,503.7</i>	
Total Liabilities (LT-CURRENT) (8)=(3)+(6)+(7)	44.4	70.8	119.0	484.7	1,252.7	1,512.4	2,199.8	2,887.4	3,768.1	
SHAREHOLDERS' EQUITY (4)	140.2	221.2	283.8	419.4	663.3	882.6	960.5	1,054.1	1,166.3	
TOTAL SH. EQUITY + LIABILITIES (8)+(4)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
Number of Shares (in Millions)	77.3	81.7	84.6	87.0	90.0	91.6	93.4	95.2	97.0	
Share prices as of the end of Year	70.4	111.1	146.9	201.8	207.6	407.4				
Buy-Back amount in millions		-309.5	-322.3	-352.6	-605.3	-332.1				

Financial Statements: Free Cash Flow

• Closed years and Forecast for the next 3 years.

NET CHANGE IN CASH Amounts in Millions	Historic						Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Net Profit	-22.3	-57.5	-64.9	-48.6	-126.5	104.2	88.6	106.3	127.5	
Net Change from Operations (Estimated)	23.6	49.0	56.2	92.0	123.2	314.5	424.6	573.2	773.8	
Net Change From Investments (Estimated)	-16.8	-51.5	-55.9	-144.4	-139.8	-1,015.2	-609.1	-365.5	-219.3	
Net Change From Financial Operations (Est.)	21.8	16.8	8.1	399.1	710.4	10.7	13.4	16.7	20.9	
NET CHANGE IN CASH (ESTIMATED)	71.8	86.1	94.5	441.5	1,137.1	446.4	275.2	499.7	1,075.1	

FREE CASH FLOW Amounts in Millions	Historic						Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
FREE CASH FLOW FROM OPERATIONS	23.6	49.0	56.2	92.0	123.2	314.5	393.1	491.4	614.3	
CAPITAL EXPENDITURES	16.2	33.3	55.7	66.0	67.1	180.0	216.0	259.2	311.0	
FREE CASH FLOW	7.4	15.7	0.5	26.0	56.1	134.5	177.1	232.2	303.2	

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SECTION 2. RATIO ANALYSIS

• Closed years and Forecast for the next 3 years.

TOTAL RATIO SCORING		
TOTAL RATIO HISTORIC SCORING:	4 / 10	FORECAST SCORING: 4 / 10

LIQUIDITY RATIOS	Historic		Historic Scoring:				Forecast		Scoring:	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Amounts in Millions										
Current Assets (1)	145.9	231.3	280.0	744.7	1,699.5	1,969.4	2,285.7	2,740.3	3,285.8	
Current Liabilities (2)	40.6	66.9	102.4	138.9	222.4	360.2	217.6	224.9	264.4	
CURRENT or SOLVENCY RATIO (1)/(2)	3.6	3.5	2.7	5.4	7.6	5.5	10.5	12.2	12.4	
DIAGNOSTIC: Is it bigger than 1,5?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Cash and Banks (1)	83.6	115.2	123.7	548.6	1,385.6	1,533.3	1,840.0	2,208.0	2,649.5	
Accounts Receivable (2)	42.4	74.1	101.7	134.3	226.7	286.3	328.8	394.5	473.4	
Current Liabilities (3)	40.6	66.9	102.4	138.9	222.4	360.2	217.6	224.9	264.4	
TREASURY RATIO (1)+(2)/(3)	3.1	2.8	2.2	4.9	7.2	5.1	10.0	11.6	11.8	
DIAGNOSTIC: Is it bigger than 1?	YES	YES	YES	YES	YES	YES	YES	YES	YES	
Shareholders' Equity	140.2	221.2	283.8	419.4	663.3	882.6	960.5	1,054.1	1,166.3	
Total Shareholders' Equity+Liabilities	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
SHAREHOLDERS EQUITY/TOTAL LIABILITIES	76%	76%	70%	46%	35%	37%	30%	27%	24%	
DIAGNOSTIC: Is it bigger than 40%?	YES	YES	YES	YES	NO	NO	NO	NO	NO	

MARGIN RATIOS	Historic		Historic Scoring:				Forecast		Scoring:	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Amounts in Millions										
EBITDA (1)	-13.1	-46.3	-48.9	-26.4	-157.2	191.0	212.5	255.1	306.1	
Revenues (2)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
EBITDA MARGIN (1)/(2)	-5.1%	-11.5%	-8.5%	-3.7%	-15.2%	12.9%	12.0%	12.0%	12.0%	
DIAGNOSTIC: Is it bigger than 25%?	NO	NO	NO	NO	NO	NO	NO	NO	NO	
EBIT (1)	-21.5	-57.1	-63.9	-42.5	-186.3	142.3	177.1	212.5	255.1	
Revenues (2)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
EBIT MARGIN (1)/(2)	-8.3%	-14.2%	-11.1%	-5.9%	-18.1%	9.6%	10.0%	10.0%	10.0%	
DIAGNOSTIC: Is it bigger than 15%?	NO	NO	NO	NO	NO	NO	NO	NO	NO	
Net Profit (1)	-22.4	-57.6	-65.6	-50.2	-127.1	101.1	77.9	93.5	112.2	
Revenues (2)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
NET PROFIT / REVENUES (1)/(2)	-8.6%	-14.3%	-11.4%	-7.0%	-12.3%	6.8%	4.4%	4.4%	4.4%	
DIAGNOSTIC: Is it bigger than 10%?	NO	NO	NO	NO	NO	NO	NO	NO	NO	

LONG TERM SOLVENCY RATIOS	Historic		Historic Scoring:				Forecast		Scoring:	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Amounts in Millions										
Total Liabilities (1)	44.4	70.8	119.0	484.7	1,252.7	1,512.4	2,199.8	2,887.4	3,768.1	
Liabilities + Sh. Equity (2)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
LEVERAGE RATIO (1)/(2)	24%	24%	30%	54%	65%	63%	70%	73%	76%	
DIAGNOSTIC: Is it less than 50%?	YES	YES	YES	NO	NO	NO	NO	NO	NO	
Current Liabilities (1)	40.6	66.9	102.4	138.9	222.4	360.2	217.6	224.9	264.4	
Total Liabilities (2)	44.4	70.8	119.0	484.7	1,252.7	1,512.4	2,199.8	2,887.4	3,768.1	
TREASURY RATIO (1)+(2)/(3)	91%	94%	86%	29%	18%	24%	10%	8%	7%	
DIAGNOSTIC: Is it less than 50%?	NO	NO	NO	YES	YES	YES	YES	YES	YES	
EBITDA (1)	-13.1	-46.3	-48.9	-26.4	-157.2	191.0	212.5	255.1	306.1	
Total Liabilities (2)	44.4	70.8	119.0	484.7	1,252.7	1,512.4	2,199.8	2,887.4	3,768.1	
PAYBACK ABILITY RATIO (1)/(2)	-30%	-65%	-41%	-5%	-13%	13%	10%	9%	8%	
DIAGNOSTIC: Is it bigger than 30%?	NO	NO	NO	NO	NO	NO	NO	NO	NO	
Financial Debt Short + Long Term (1)	6.1	6.2	16.6	345.8	1,030.3	1,165.8	1,982.1	2,662.5	3,503.7	
Shareholders Equity (2)	140.2	221.2	283.8	419.4	663.3	882.6	960.5	1,054.1	1,166.3	
FINANCIAL DEBT/SHAREHOLDERS EQUITY	4%	3%	6%	82%	155%	132%	206%	253%	300%	
DIAGNOSTIC: Is it less than 50%?	YES	YES	YES	NO	NO	NO	NO	NO	NO	

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TURNOVER RATIOS	Historic			Historic Scoring:			Forecast	Scoring:		
	2014	2015	2016	2017	2018	2019		2020	2021	2022
Amounts in Millions										
Accounts Receivable (1)	42.4	74.1	101.7	134.3	226.7	286.3	328.8	394.5	473.4	
Revenues (2)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
DAYS SALES OUTSTANDING (1)/(2)*365	59.7	67.3	64.7	68.2	80.2	70.8	67.8	67.8	67.8	67.8
Inventory (1)	16.0	35.2	45.4	45.2	70.7	119.8	104.2	125.0	150.0	
Cost of Goods Sold (2)	272.3	448.3	622.2	744.9	1,188.8	1,285.0	1,558.7	1,870.4	2,244.5	
DAYS INVENTORY OUTSTANDING (1)/(2)*365	21.4	28.7	26.6	22.1	21.7	34.0	24.4	24.4	24.4	24.4
Accounts Payable +Other Current Liabilities (1)	24.9	42.9	65.7	96.4	154.8	231.5	200.4	222.3	264.0	
COGS & General Expenses (2)	272.3	448.3	622.2	744.9	1,188.8	1,285.0	1,558.7	1,870.4	2,244.5	
DAYS PAYMENT OUTSTANDING (1)/(2)*365	33.4	34.9	38.5	47.2	47.5	65.7	46.9	43.4	42.9	42.9
DIAGNOSTIC: PAYMENT DAYS>SALES DAYS?	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Days Sales Outstanding (1)	59.7	67.3	64.7	68.2	80.2	70.8	67.8	67.8	67.8	
Days Inventory Outstanding (2)	21.4	28.7	26.6	22.1	21.7	34.0	24.4	24.4	24.4	
Days Payment Outstanding (3)	33.4	34.9	38.5	47.2	47.5	65.7	46.9	43.4	42.9	
CASH CONVERSION CYCLE (1)+(2)-(3)	47.8	61.1	52.8	43.2	54.4	39.1	45.2	48.8	49.2	49.2
DIAGNOSTIC: The more negative, the better	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Revenue (1)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
Assets (2)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
ASSET TURNOVER (1)/(2)	1.4	1.4	1.4	0.8	0.5	0.6	0.6	0.5	0.5	0.5

SELF FINANCING RATIOS	Historic			Historic Scoring:			Forecast	Scoring:		
	2014	2015	2016	2017	2018	2019		2020	2021	2022
Amounts in Millions										
Free Cash Flow (1)	7.40	15.70	0.50	26.00	56.10	134.50	177.13	232.21	303.22	
Dividends (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Revenues (3)	259.20	402.00	573.30	718.50	1,031.60	1,476.00	1,771.20	2,125.44	2,550.53	
SELF FINANCING OVER REVENUES (1)-(2)/(3)	3%	4%	0%	4%	5%	9%	10%	11%	12%	12%
Is it bigger than 10%	NO	NO	NO	NO	NO	NO	YES	YES	YES	YES
Free Cash Flow (1)	7.40	15.70	0.50	26.00	56.10	134.50	177.13	232.21	303.22	
Dividends (2)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Assets (3)	184.60	292.00	402.80	904.10	1,916.00	2,395.00	3,160.31	3,941.43	4,934.37	
SELF FINANCING OVER ASSETS (1)-(2)/(3)	4%	5%	0%	3%	3%	6%	6%	6%	6%	6%
Is it bigger than 6%	NO	NO	NO	NO	NO	NO	NO	NO	YES	YES

RETURN ON ASSETS	Historic			Historic Scoring:			Forecast	Scoring:		
	2014	2015	2016	2017	2018	2019		2020	2021	2022
Amounts in Millions										
EBIT (1)	-21.5	-57.1	-63.9	-42.5	-186.3	142.3	177.1	212.5	255.1	
Total Assets (2)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
ROA (1)/(2)	-12%	-20%	-16%	-5%	-10%	6%	6%	5%	5%	5%
Is it bigger than 10%?	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
EBIT (1)	-21.5	-57.1	-63.9	-42.5	-186.3	142.3	177.1	212.5	255.1	
Assets (2)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
Current Liabilities (3)	40.6	66.9	102.4	138.9	222.4	360.2	217.6	224.9	264.4	
ROCE on EBIT (1)/(2-3)	-15%	-25%	-21%	-6%	-11%	7%	6%	6%	5%	5%
DIAGNOSTIC: Is it bigger than 15%?	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Free Cash Flow (1)	7.4	15.7	0.5	26.0	56.1	134.5	177.1	232.2	303.2	
Assets (2)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
Current Liabilities (3)	40.6	66.9	102.4	138.9	222.4	360.2	217.6	224.9	264.4	
ROCE on FCF (1)/(2-3)	5%	7%	0%	3%	3%	7%	6%	6%	6%	6%
DIAGNOSTIC: Is it bigger than 10%?	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO
Cash Flow from Operations (1)	23.6	49.0	56.2	92.0	123.2	314.5	393.1	491.4	614.3	
Assets (2)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
CASH FLOW OPERATIONS TO ASSETS (1)/(2)	12.8%	16.8%	14.0%	10.2%	6.4%	13.1%	12.4%	12.5%	12.4%	12.4%
DIAGNOSTIC: Is it bigger than 10%?	YES	YES	YES	YES	NO	YES	YES	YES	YES	YES
Free Cash Flow (1)	7.4	15.7	0.5	26.0	56.1	134.5	177.1	232.2	303.2	
Revenues (2)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
FCF OVER REVENUES (1)/(2)	2.9%	3.9%	0.1%	3.6%	5.4%	9.1%	10.0%	10.9%	11.9%	11.9%
DIAGNOSTIC: Is it bigger than 8%?	NO	NO	NO	NO	NO	YES	YES	YES	YES	YES

RETURN ON EQUITY	Historic			Historic Scoring:			Forecast	Scoring:		
	2014	2015	2016	2017	2018	2019		2020	2021	2022
Amounts in Millions										
Net Profit (1)	-22.4	-57.6	-65.6	-50.2	-127.1	101.1	77.9	93.5	112.2	
Revenues (2)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
Total Assets (3)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4	
Shareholders' Equity (4)	140.2	221.2	283.8	419.4	663.3	882.6	960.5	1,054.1	1,166.3	
Margin (5) = (1)/(2)	-9%	-14%	-11%	-7%	-12%	7%	4%	4%	4%	4%
Turnover (6) = (2)/(3)	1.40	1.38	1.42	0.79	0.54	0.62	0.56	0.54	0.52	0.52
Operating Leverage (7) = (3)/(4)	1.32	1.32	1.42	2.16	2.89	2.71	3.29	3.74	4.23	4.23
ROE Dupont (5)*(6)*(7)	-16%	-26%	-23%	-12%	-19%	11%	8%	9%	10%	10%
Is it bigger than 15%?	NO	NO	NO	NO	NO	NO	NO	NO	NO	NO

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FINANCIAL LEVERAGE	Historic					Historic Scoring:		Forecast		Scoring:	
	2014	2015	2016	2017	2018	10 / 10	2019	2020	2021	10 / 10	2022
Amounts in Millions											
EBIT (1)	-21.5	-57.1	-63.9	-42.5	-186.3	142.3	177.1	212.5	255.1		
Profit Before Tax (2)	-22.3	-57.5	-64.9	-48.6	-126.5	104.2	88.6	106.3	127.5		
Total Assets (3)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4		
Shareholders' Equity (4)	140.2	221.2	283.8	419.4	663.3	882.6	960.5	1,054.1	1,166.3		
PBT/EBIT (5)=(2)/(1)	1.04	1.01	1.02	1.14	0.68	0.73	0.5	0.5	0.5		
Assets / Shareh. Equity (6)=(3)/(4)	1.32	1.32	1.42	2.16	2.89	2.71	3.3	3.7	4.2		
FINANCIAL LEVERAGE (5)*(6)	1.4	1.3	1.4	2.5	2.0	2.0	1.6	1.9	2.1		
Is it bigger than 1%?	YES	YES	YES	YES	YES	YES	YES	YES	YES		

DEBT QUALITY RATIOS	Historic					Historic Scoring:		Forecast		Scoring:	
	2014	2015	2016	2017	2018	5 / 10	2019	2020	2021	7 / 10	2022
Amounts in Millions											
ST Financial Debt (1)	2.3	2.3	0.0	0.0	0.0	13.6	0.0	0.0	0.0		
LT Financial Debt (2)+Other LT (7)	3.8	3.9	16.6	345.8	1,030.3	1,152.2	1,982.1	2,662.5	3,503.7		
Total Shareholders' Equity+Liabilities (3)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4		
DEBT RATIO = (1)+(2)/(3)	3%	2%	4%	38%	54%	49%	63%	68%	71%		
Is it 40%-60%?	NO	NO	NO	NO	YES	YES	NO	NO	NO		
If less than 40%, conservative	CONSERV.	CONSERV.	CONSERV.	CONSERV.							

Net Profit (1)	-22.4	-57.6	-65.6	-50.2	-127.1	101.1	77.9	93.5	112.2
ST + LT Financial Debt	6.1	6.2	16.6	345.8	1,030.3	1,165.8	1,982.1	2,662.5	3,503.7
CAPACITY TO SERVICE DEBT	-367%	-929%	-395%	-15%	-12%	9%	4%	4%	3%
Is it bigger than 40%?	NO	NO	NO	NO	NO	NO	NO	NO	NO
Financial Expenses	0.8	0.4	0.3	9.5	20.3	33.9	0.0	0.0	0.0
EBITDA	-13.1	-46.3	-48.9	-26.4	-157.2	191.0	212.5	255.1	306.1
EFFECTIVE DEBT COST	-6.1%	-0.9%	-0.6%	-36.0%	-12.9%	17.7%	0.0%	0.0%	0.0%
Is it smaller than 5%?	YES	YES	YES	YES	YES	NO	YES	YES	YES

ALTMAN Z-SCORE	Historic					Historic Scoring:		Forecast		Scoring:	
	2014	2015	2016	2017	2018	10 / 10	2019	2020	2021	10 / 10	2022
Amounts in Millions											
Current Assets - Current Liabilities (1)	105.3	164.4	177.6	605.8	1,477.1	1,609.2	2,068.1	2,515.4	3,021.4		
Shareholders' Equity (2)	140.2	221.2	283.8	419.4	663.3	882.6	960.5	1,054.1	1,166.3		
EBITDA (3)	-13.1	-46.3	-48.9	-26.4	-157.2	191.0	212.5	255.1	306.1		
Short & Long Term Financial Debt (4)	6.1	6.2	16.6	345.8	1,030.3	1,165.8	1,982.1	2,662.5	3,503.7		
Market Capitalization (5)	5,438.1	9,079.3	12,429.4	17,552.3	18,679.5	37,313.3	39,178.9	41,137.9	43,194.8		
Asset Turnover (6)	1.40	1.38	1.42	0.79	0.54	0.62	0.56	0.54	0.52		
Assets (7)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4		
ALTMAN Z-SCORE	537.8	881.2	451.8	32.6	12.6	21.4	13.9	11.2	9.2		
DIAGNOSTIC: Is it bigger than 3?	YES	YES	YES	YES	YES	YES	YES	YES	YES		
If Altman z-score bigger than 3, company will not default											

PIOTROSKI F-SCORE	Historic					Historic Scoring:		Forecast		Scoring:	
	2014	2015	2016	2017	2018	4 / 10	2019	2020	2021	4 / 10	2022
Amounts in Millions											
EBITDA	-13.1	-46.3	-48.9	-26.4	-157.2	191.0	212.5	255.1	306.1		
ROA	-7.1%	-15.9%	-12.1%	-2.9%	-8.2%	8.0%	6.7%	6.5%	6.2%		
Cash Flow From Operations	23.6	49.0	56.2	92.0	123.2	314.5	393.1	491.4	614.3		
Free Cash Flow	7.4	15.7	0.5	26.0	56.1	134.5	177.1	232.2	303.2		
Net profit	-22.4	-57.6	-65.6	-50.2	-127.1	101.1	77.9	93.5	112.2		
Total Assets (1)	184.6	292.0	402.8	904.1	1,916.0	2,395.0	3,160.3	3,941.4	4,934.4		
Long Term Debt	3.8	3.9	16.6	345.8	1,030.3	1,152.2	1,982.1	2,662.5	3,503.7		
EBITDA/Revenues%	-5.1%	-11.5%	-8.5%	-3.7%	-15.2%	12.9%	12.0%	12.0%	12.0%		
Solvency (Current) Ratio	3.6	3.5	2.7	5.4	7.6	5.5	10.5	12.2	12.4		
Revenues (2)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5		
Asset Turnover (2)/(1)	1.40	1.38	1.42	0.79	0.54	0.62	0.56	0.54	0.52		
Number of Shares (in Millions)	77.3	81.7	84.6	87.0	90.0	91.6	93.4	95.2	97.0		
ROA > 0	0	0	0	0	0	1	1	1	1		
ROA _{t0} > ROA _{t-1}	0	1	1	0	1	0	0	0	0		
FCF > 0	1	1	1	1	1	1	1	1	1		
CFO > Net Profit	1	1	1	1	1	1	1	1	1		
(LT Debt/ Total Assets) _{t0} < (LT Debt/ Total Assets) _{t-1}	1	0	0	0	1	0	0	0	0		
EBITDA _{t0} > EBITDA _{t-1}	0	1	1	0	1	0	0	0	0		
Asset Turnover _{t0} > Asset Turnover _{t-1}	0	1	0	0	1	0	0	0	0		
Increase in Shares	0	0	0	0	0	0	0	0	0		
Increase Current Ratio	0	0	1	1	1	0	1	1	1		
PIOTROSKI F-SCORE	3	5	5	3	7	4	4	4	4		
Scoring: 7-9 Optimal; 4-6 Fine; 1-3 Poor											

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Kevin Murillo

SECTION 3. VALUATION MODELS

VALUATION SUMMARY	DexCom				02-jul-20	
	Historical Multiple	Current Multiple	Company Intrinsic Value	# Shares Millions	Intrinsic Share Price	
PBV MULTIPLE VALUATION (1)	41.4	42.3	49,306	91.6	538.3	
PSALES MULTIPLE VALUATION (2)	22.1	25.3	64,477	91.6	703.9	
PE MULTIPLE VALUATION (3)	-173.6	369.1	41,419	91.6	452.2	
PCF MULTIPLE VALUATION (4)	626.7	277.4	56,080	91.6	612.2	
EV/EBITDA MULTIPLE VALUATION (5)	-222.9	193.4	39,469	91.6	430.9	
DCF VALUATION (6)			73,359	91.6	800.9	
PE VALUATION TO PEERS (7)			2,672	91.6	29.2	
EV/EBITDA VALUATION TO PEERS (8)			6,807	91.6	74.3	
MEDIAN INTRINSIC VALUE FROM MODELS (3), (4), (5), (6)			52,693		532.2	
STOCK MARKET VALUE			37,313	91.6	407.4	

TARGET PRICE ESTIMATED OFFERS % DIFFERENCE TO CURRENT MARKET PRICE	31%	BUY
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If price upside to target price is >25% BUY; If between 10% to 25%, HOLD; If less than 10%, SELL

VALUATION WITH PSALES	Historic						Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Revenues (1)	259.2	402.0	573.3	718.5	1,031.6	1,476.0	1,771.2	2,125.4	2,550.5	
Number of Shares (2)	77.3	81.7	84.6	87.0	90.0	91.6	2,285.7	2,740.3	3,285.8	
Share Price (3)	70.4	111.1	146.9	201.8	207.6	407.4				
Market Capitalization (4)=(2)*(3)	5,438.1	9,079.3	12,429.4	17,552.3	18,679.5	37,313.3				
PRICE TO SALES (5)=(4)/(1)	21.0	22.6	21.7	24.4	18.1	25.3				

Price per Share using PSales Valuation	Value	% Upside
PE Valuation Year (11)	64,477	
PE Valuation Avg (12)	56,451	
Number of Shares (Millions) (13)	91.6	
PE Valuation per Share Year (13)/(11)	703.9	72.8%
PE Valuation per Share Avg (13)/(12)	616.3	51.3%
Market Price Current	407.4	

PSALES VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical PBV	22.1			
PBV (6)	25.3			
	(7)	(8)	(9)	(10)
Revenues	1,476.0	1,771.2	2,125.4	2,550.5
	(6)*(7)	(6)*(8)	(6)*(9)	(6)*(10)
Price to Sales Valuation	37,313	44,776	53,731	64,477
PSales Valuation AVG	32,668	39,202	47,042	56,451

VALUATION WITH PBV	Historic						Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Shareholders' Equity (1)	140.2	221.2	283.8	419.4	663.3	882.6	960.5	1,054.1	1,166.3	
Number of Shares (2)	77.3	81.7	84.6	87.0	90.0	91.6	93.4	95.2	97.0	
Share Price (3)	70.4	111.1	146.9	201.8	207.6	407.4	407.4			
Market Capitalization (4)=(2)*(3)	5,438.1	9,079.3	12,429.4	17,552.3	18,679.5	37,313.3	38,031.4			
PRICE TO BOOK VALUE (5)=(4)/(1)	38.8	41.0	43.8	41.9	28.2	42.3	39.6			

Price per Share using PBV Valuation	Value	% Upside
PBV Valuation Year (11)	49,306	
PBV Valuation Avg (12)	48,340	
Number of Shares (Millions) (13)	91.6	
PE Valuation per Share Year (13)/(11)	538.3	32.1%
PE Valuation per Share Avg (13)/(12)	527.7	29.6%
Market Price Current	407.4	

PBV VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical PBV	41.4			
PBV (6)	42.3			
	(7)	(8)	(9)	(10)
Shareholders' Equity	882.6	960.5	1,054.1	1,166.3
	(6)*(7)	(6)*(8)	(6)*(9)	(6)*(10)
Book Value Valuation	37,313	40,608	44,562	49,306
PBV Valuation AVG	36,582	39,812	43,689	48,340

VALUATION WITH PE	Historic						Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Net Profit (1)	-22.4	-57.6	-65.6	-50.2	-127.1	101.1	77.9	93.5	112.2	
Number of Shares (2)	77.3	81.7	84.6	87.0	90.0	91.6	93.4	95.2	97.0	
Share Price (3)	70.4	111.1	146.9	201.8	207.6	407.4	407.4			
Market Capitalization (4)=(2)*(3)	5,438.1	9,079.3	12,429.4	17,552.3	18,679.5	37,313.3				
PRICE EARNINGS (5)=(4)/(1)	-242.8	-157.6	-189.5	-349.6	-147.0	369.1	488.0	414.5	352.1	

Price per Share using PE Valuation	Value	% Upside
PE Valuation Year (11)	41,419	
PE Valuation Avg (12)	-19,476	
Number of Shares (Millions) (13)	91.6	
PE Valuation per Share Year (13)/(11)	452.2	11.0%
PE Valuation per Share Avg (13)/(12)	-212.6	-152.2%
Market Price Current	407.4	

PE VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical PE	-173.6			
PE (6)	369.1			
	(7)	(8)	(9)	(10)
Net Profit	101.1	77.9	93.5	112.2
	(6)*(7)	(6)*(8)	(6)*(9)	(6)*(10)
Price Earnings Valuation (11)	37,313	28,763	34,515	41,419
PE Valuation AVG (12)	-17,546	-13,525	-16,230	-19,476

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VALUATION WITH PCF	Historic						Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Amounts in Millions										
Free Cash Flow (1)	7.4	15.7	0.5	26.0	56.1	134.5	177.1	232.2	303.2	
Number of Shares (2)	77.3	81.7	84.6	87.0	90.0	91.6	93.4	95.2	97.0	
Share Price (3)	70.4	111.1	146.9	201.8	207.6	407.4				
Market Capitalization (4)=(2)*(3)	5,438.1	9,079.3	12,429.4	17,552.3	18,679.5	37,313.3				
PRICE TO CASH FLOW (5)=(4)/(1)	734.9	578.3	24,858.9	675.1	333.0	277.4	214.7	166.9	130.3	

Price per Share using PCF Valuation	Value	% Upside
PE Valuation Year (11)	84,119	
PE Valuation Avg (12)	190,025	
Number of Shares (Millions) (13)	91.6	
PE Valuation per Share Year (13)/(11)	918.3	125.4%
PE Valuation per Share Avg (13)/(12)	2074.5	409.3%
Market Price Current	407.4	

PCF VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical PCF	626.7			
PCF (6)	277.4			
	(7)	(8)	(9)	(10)
Net Profit	134.5	177.1	232.2	303.2
	(6)*(7)	(6)*(8)	(6)*(9)	(6)*(10)
Price to Cash Flow Valuation	37,313	49,138	64,419	84,119
PCF Valuation AVG	84,290	111,003	145,522	190,025

VALUATION WITH EV/EBITDA	Historic						Forecast			
	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Amounts in Millions										
EBITDA (1)	-13.1	-46.3	-48.9	-26.4	-157.2	191.0	212.5	255.1	306.1	
Long Term Debt + Short Term Debt (2)	6.1	6.2	16.6	345.8	1,030.3	1,165.8	1,982.1	2,662.5	3,503.7	
Cash at Banks (3)	83.6	115.2	123.7	548.6	1,385.6	1,533.3	1,840.0	2,208.0	2,649.5	
Number of Shares (4)	77.3	81.7	84.6	87.0	90.0	91.6	93.4	95.2	97.0	
Share Price (5)	70.4	111.1	146.9	201.8	207.6	407.4				
Market Capitalization (6)=(4)*(5)	5,438.1	9,079.3	12,429.4	17,552.3	18,679.5	37,313.3	38,031.4	38,763.3	39,509.4	
Enterprise Value (7)=(6)+(2)-(3)	5,360.6	8,970.3	12,322.3	17,349.5	18,324.2	36,945.8	38,173.6	39,217.9	40,363.5	
EV/EBITDA (8)=(7)/(1)	-409.2	-193.7	-252.0	-657.2	-116.6	193.4	179.6	153.8	131.9	

Price per Share using EV/EBITDA Valuation	Value	% Upside
EV/EBITDA Valuation Year (14)	59,203	
EV/EBITDA Valuation Avg (15)	-68,211	
Number of Shares (Millions) (13)	91.6	
EV/EBITDA Valuation p Share Year (14)/(11)	646.3	58.7%
EV/EBITDA Valuation p Share Avg (15)/(12)	-744.7	-282.8%
Market Price Current	407.4	

EV/EBITDA VALUATION BY MULTIPLES				
Years	2019	2020	2021	2022
Historical EV/EBITDA	-222.9			
EV/EBITDA (8)	193.4			
	(9)	(10)	(11)	(12)
EBITDA	191.0	212.5	255.1	306.1
	(8)*(9)	(8)*(10)	(8)*(11)	(8)*(12)
EV Value Estimated	36,946	41,113	49,336	59,203
EV Value Estimated AVG	-42,568	-47,369	-56,843	-68,211
Market Cap Estimated	37,313	40,971	48,881	58,349
EV/EBITDA Valuation per Share	407.4	438.8	513.7	601.6

DCF	Historic					Forecast				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Amounts in Millions										
FREE CASH FLOW (BBG)	0.5	26.0	56.1	134.5	177.1	232.2	303.2	394.6	511.9	
WACC				5.8%						
Average Price to Cash Flow (5)				277.42						
Terminal Value (6)=(4)*(5)									142,006.8	
Present Value FCF (7)					167.4	207.5	256.1	315.0	386.3	
Present Value of Terminal Value (8)									107,173.2	
Cash at banks				1,533.3						
INTRINSIC VALUE (9)=(7)+(8)				110,038.9						
Number of Shares (10)	84.6	87.0	90.0	91.6						
Intrinsic Value per Share (Po) (11)=(9)/(10)				1,201.3						

Analyst: Ramon Alfonso
Kevin Murillo

PEERS COMPARISON									
Company	Currency	Market Cap	PE	PBV	ROE	EV/EBITDA	Net Income 3Yr Growth	DVY	Moat
DexCom	USD	37,313	369.1	42.3	11.5%	193.4	-9.2%	0.0%	Wide
Medtronic	USD	125,828	23.8	2.4	10.5%	14.8			
Masimo	USD	13,465	67.6	10.7	18.7%	24.0			
Abbott Lab.	USD	159,001	45.5	5.3	11.7%	22.2			
Boston Scientific	USD	48,739	11.5	3.5	37.2%	42.1			
Johnson&Johnson	USD	396,612	23.5	6.5	28.6%	15.2			
PEER VALUATION			PE	EV/EBITDA					
AVERAGE SECTOR			34.4	23.7					
MEDIAN SECTOR (1)			23.8	22.2					
Company Net Profit (2)			112.2	306.1					
Equity Value (3)=(2)*(1)			2,672	6,807					
Number of Shares			91.6	91.6					
Intrinsic Share Price compared to Peers' Multiples			29.2	74.3					
Current Share Price			407.4	407.4					
Upside Target in %			-93%	-82%					

SWOT ANALYSIS

Internal	
<p>Strengths</p> <ul style="list-style-type: none"> - Strong position in liquidity and cash. - Most of its sales are made through distributors. Strong logistics chain. - Highly qualified and motivated workforce to continue with the growth of the company. - High level of customer satisfaction for the quality of its products and Dexcom management for maintaining this level. - Reliable suppliers to overcome any bottleneck in your supply chain. - Development of a solid brand portfolio. DexCom has 35% CGM market share in the U.S. 	<p>Weaknesses</p> <ul style="list-style-type: none"> - They are less innovative than their competitors. They present products with field proven features. - Financial planning can be much more effective, using cash more efficiently to generate value. - Due to its unique sales position and positioning they are potentially open to a possible attack from its competitors. - The company has lost a small market share in the new niches that appear in the market level with new competitors. - The net contribution percentage and profitability ratio is below the industry average. - Its centralization may generate a problem in the future.
<p>Opportunities</p> <ul style="list-style-type: none"> - Specialization and future product outlets give the organization the opportunity to practice a differentiated pricing strategy by optimizing its resources. - Loyal customers and the above will allow it to attract new ones with value propositions. - With new debt issuance, they can reduce their financial costs. - Solid cash flow also provides a wide margin of opportunities to invest in adjacent products, seeking new technologies or segments. - There has been a reduction in transportation costs, which means that you can reduce your shipping costs. - Investment in the online channel, it has created a new sales channel. 	<p>Threats</p> <ul style="list-style-type: none"> - Tendency towards isolation which can lead to a loss of sales internationally. - They do not have a constant supply of innovative products, they have normally acted as a follower rather than a pusher. - The Paris agreement on new environmental regulations may affect certain existing products. - Increase in raw material, costs, regulations among other factors can weaken the organization's capacity. - Due to the type of debt they issued, there may be a threat of a dilution of their shares that results in a loss of value for their shareholders.
External	

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INVESTMENT HIGHLIGHTS

Key 2020 Initiatives:

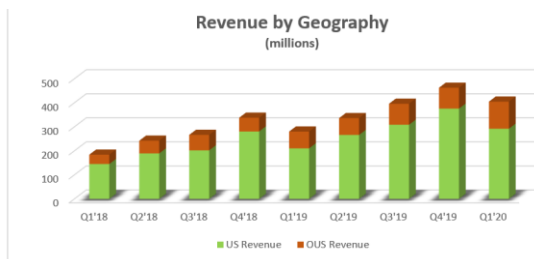
1. Continue market access efforts in core markets
2. Leverage additional scale to continue OUS G6 rollout and extent geographic presence (e.g. Japan, South Korea)
3. New geographies represent >5x TAM expansion opportunity relative to existing core markets.
4. Interoperability in Insulin Delivery. Dexcom positioned to drive multiple commercial offerings in 2020 (Lilly, Insulet, Tandem Diabetes Care, Novo Nordisk, Companion Medical, Ypsomed, Diabeloop, BetaBionics).

Diabetes constitutes a global concern

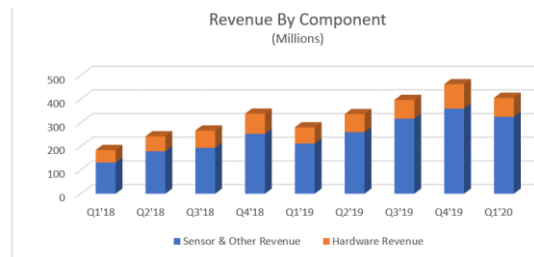
Considering the factors that occur in the market, there are forecasts by the WHO that indicate that **diabetes will be the seventh leading cause of death in the world population by 2030**. According to the study by Mordor Intelligence in the analysis entitled "CONTINUOUS GLUCOSE MONITORING (CGM) MARKET - GROWTH, TRENDS, AND FORECASTS (2020 - 2025)", the following forecasts are given where a **CAGR of 14.43% is expected for 2025**.

REVENUE BY GEOGRAPHY. 72% of DexCom sales were concentrated in the USA in the 1Q2020. Revenue growth of 39% compared to the same period of the previous year. Its international sales have been increasing, practically tripling in 2 years, reaching the highest percentage proportion in 2 years of 28%. The CGM market in the United States is expected to reach \$ 4.5 billion by 2025 with a possible annual compound rate of approximately 10.8%

REVENUE BY COMPONENTS. 80% of the revenues are related to the sensors and other devices. 20% of the revenues are from hardware. Their growth in CGM sensors is way faster than in hardware, therefore increasing the gap.



Fuente: Dexcom Earnings Q1 2020. Elaboración: Propia.



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