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Dexcom (NASDAQ: DXCM) Healthcare – Medical Devices

Glucose in Real Time

February 22, 2026

DexCom, Inc. is a pioneer in continuous glucose monitoring (CGM) technology, enabling real-time, sensor-based diabetes management. Its wearable G7 system is used by millions worldwide, helping patients and clinicians make smarter, data-driven decisions in managing blood sugar.

Industry Overview

The global diabetes care devices market is projected to grow from \$53.5 billion in 2024 to \$167.5 billion by 2034, fueled by rising diabetes rates and demand for real-time, personalized care. Continuous glucose monitors (CGMs) are the fastest-growing segment, driven by broader coverage and clinical adoption. The CGM space is dominated by Abbott and Dexcom, which together form a near-duopoly, while Medtronic, Roche, and Insulet remain smaller but active competitors.

Thesis

Dexcom is mispriced relative to its long-term earnings power. Consensus estimates understate the company's ability to capture outsized share through its singular CGM focus which an edge diversified peers like Abbott cannot replicate. The street is also underpricing margin upside from the Malaysia manufacturing ramp and the shift to the lower-cost G7 platform. With \$2.6 billion in cash and short-term securities, Dexcom has the flexibility to pursue tuck-in acquisitions, absorb pricing pressure, and sustain R&D spending without dilution.

Valuation

We initiate a BUY rating on Dexcom, Inc. with a target share price of \$93.00. Our target price is based on a Discounted Cash Flow analysis (equally weighted perpetuity growth and exit multiple methods), which carries an 80% weighting, and a comparable company analysis (equally weighted EV/EBITDA and P/E), which carries the remaining 20%. The heavier DCF weighting reflects the lack of pure-play publicly traded CGM peers.

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Equity Research US

Price Target	USD \$ 96.00
Rating	BUY
Share Price (Feb. 22 Close)	USD \$ 73.80
Total Return	30.0%

Key Statistics

52 Week H/L	\$90.8/\$54.8
Market Capitalization	\$28.8B
Average Daily Trading Volume	6.4M
Net Debt	(\$0.7B)
Enterprise Value	\$28.0B
Net Debt/EBITDA	-0.9x
Diluted Shares Outstanding	390.1M
Free Float	77.9%
Dividend Yield	0%

Analyst Forecast

	2024A	2025A	2026E
Revenue	\$4.0B	\$4.9B	\$5.8B
EBITDA	\$0.8B	\$1.1B	\$1.6B
Net Income	\$0.6B	\$0.9B	\$1.2B
EPS	\$1.5	\$2.3	\$3.1
P/E	50.0x	32.1x	24.1x
EV/EBITDA	34.3x	24.6x	17.8x

1-Year Price Performance



Company Overview

Core Business and Market Position

DexCom, Inc. (NASDAQ: DXCM) is a global leader in continuous glucose monitoring (CGM) technology, which uses a small sensor placed under the skin to track glucose levels in real time and transmit the data to connected devices. The company operates within a fast-growing, highly specialized segment of the medical device industry and holds a premium market position due to its accuracy, seamless integration with insulin pumps, and strong clinical credibility. Headquartered in San Diego, Dexcom generates roughly 71.7% of revenue from the U.S. and 28.3% internationally, supported by a user base exceeding 2.7 million across 60 countries. While Abbott's FreeStyle Libre leads in total volume, Dexcom's technology commands stronger pricing and physician loyalty. After execution challenges in 2024 led to a sharp one-day stock drop, the company has regained momentum, reporting 15.0% year-over-year revenue growth in Q2 2025 and reaffirming its leadership as CGM adoption expands into the broader Type 2 diabetes market.

Product Portfolio and Innovation

Dexcom's product lineup includes the G6, G7, Dexcom ONE, and Stelo CGM systems, each targeting distinct segments of the diabetes market. The G6, launched in 2018, established Dexcom's credibility as the first CGM approved for insulin dosing without finger-stick calibration, setting the benchmark for accuracy and pump integration. The G7, rolled out globally in 2023 and cleared for 15-day wear in 2025, advances this standard with a smaller design, faster warm-up, and seamless device connectivity that lowers costs and improves margins. Dexcom ONE, a value-tier model based on the G7 platform, extends access in price-sensitive international markets through simplified software and lower cost. The Stelo system, launched in 2024 as the first over-the-counter CGM in the U.S., expands Dexcom's reach into prediabetes and non-insulin Type 2 populations. Beyond hardware, Dexcom's Smart Food Logging helps users track meals and visualize glucose impact, while Dexcom Clarity provides real-time analytics for patients and clinicians, advancing the company's evolution from device maker to connected digital-health leader.



Growth Strategy

Dexcom's growth strategy focuses on product innovation, operational scale, and stronger distribution efficiency. Revenue is projected to rise from \$3.6 billion in 2023 to \$4.9 billion in 2025, reflecting double-digit annual growth. The rollout of the 15-day G7 sensor is expected to drive higher profitability by lowering replacement frequency and production costs, supporting Dexcom's ~62.0% gross margin and ~23% adjusted EBITDA margin targets for 2025. Operationally, the company continues to expand manufacturing capacity through its Malaysia facility and enhance control in key markets—most notably through the direct-sales transition in Japan, which added access to roughly four million additional patients. In the U.S., Dexcom has streamlined its distribution network by balancing shipments across pharmacy and durable-medical-equipment channels, improving accessibility and fulfillment speed. Combined with its growing software ecosystem—led by Smart Food Logging and Dexcom Clarity, these initiatives are designed to sustain double-digit revenue growth and long-term margin expansion.

Industry Analysis

Market Dynamics and Growth Drivers

The global diabetes care devices market, valued at roughly \$53.5 billion in 2024, is projected to reach roughly \$167.5 billion by 2029, reflecting a compound annual growth rate of about 12.2%. Growth is driven by the steady rise in global diabetes prevalence, which climbed to approximately 504.0 million adults in 2024 and is forecast to surpass 560.0 million by 2029. Rising awareness of preventive and personalized care has accelerated the shift toward continuous monitoring solutions that provide real-time feedback and reduce long-term complications.

Within this market, continuous glucose monitoring (CGM) systems remain the fastest-expanding category, growing at an estimated 12.2% CAGR through 2030. Momentum in 2025 has been fueled by key policy and coverage milestones. The American Diabetes Association's 2025 Standards of Care expanded eligibility to include adults with Type 2 diabetes not using insulin, broadening clinical adoption beyond intensive insulin users. On the payer side, the three largest U.S. pharmacy benefit managers, CVS Caremark, Express Scripts, and OptumRx, introduced commercial coverage for CGM across all diabetes types, extending access to roughly 6.0 million additional non-insulin Type 2 patients by the end of 2025. These structural changes, coupled with smartphone connectivity and AI-enhanced biosensors, have positioned CGM as a foundational technology in modern diabetes management and a critical driver of the sector's overall growth trajectory.

Key Trends and Challenges

The diabetes technology sector is going through a rapid digital shift. CGMs are increasingly linked with automated insulin delivery systems, connected insulin pens, and mobile apps, creating personalized care that pairs glucose tracking with lifestyle feedback. Younger patients who are comfortable with technology now make up a growing share of new device users and are pushing adoption through their demand for app connectivity and real-time data. That said, the industry still faces real challenges. Insurers continue to push back on pricing, and reimbursement caps limit profitability. Data privacy and cybersecurity rules, especially under Europe's GDPR, add cost and complexity. Smaller companies often lack the resources to get through long clinical validation timelines, while larger players lean on scale and R&D budgets to stay ahead. Long-term winners will be the companies that can innovate at price points insurers will cover while keeping up with tightening regulatory standards.

Competitive Landscape and Dexcom Position in the Industry

The diabetes care devices market is highly concentrated, with a few dominant players accounting for most global sales. Abbott Laboratories leads with about 19.0% of total market share, followed by Dexcom at 15.0%, Medtronic at 10.0%, and Roche and Insulet at 7.0% each, while smaller competitors represent the remaining 43.0%. In the continuous glucose monitoring (CGM) segment, Abbott and Dexcom form the dominant pair in the CGM segment, though Medtronic, Roche, and Insulet hold meaningful positions in adjacent diabetes technology categories. However, Abbott's portfolio spans multiple diagnostic and medical device categories, while Dexcom remains highly specialized in CGM technology, allowing it to focus resources on innovation, accuracy, and user experience. High regulatory standards, the need for continuous product iteration, and large-scale biomanufacturing capacity make new market entry difficult, reinforcing the dominance of established players.

Dexcom's specialization and scale have solidified its premium positioning within the CGM market. Its focus on sensor accuracy, software integration, and expanding reimbursement coverage continues to differentiate it from broader diversified peers. As CGM adoption extends into preventive and consumer health segments, Dexcom's singular focus and strong brand trust leave it well-positioned to sustain leadership in this rapidly expanding industry.

Investment Theses

Market Expansion with Underappreciated Share Caption

Dexcom is set to deliver strong top-line growth as the CGM market expands, but we think consensus is underestimating the company's ability to take a larger slice of that growth relative to competitors. In 2023, CMS extended CGM reimbursement to all insulin-using diabetics, bringing in roughly 1.5 million basal insulin patients who had previously been excluded. That policy shift was widely reported, but what the market has been slower to price in is just how early we still are in terms of adoption. CGM penetration sits below 30% even among core insulin-using populations. That gap between coverage and actual usage points to a much longer growth runway than what is baked into sell-side revenue estimates.

There are a few reasons we expect penetration to move meaningfully higher from here. The ADA's 2025 Standards of Care now recommend CGM for Type 2 patients not on insulin, which changes how doctors prescribe at the clinical level. All three major U.S. PBMs, CVS Caremark, Express Scripts, and OptumRx, have added commercial coverage for this broader patient group, removing the out-of-pocket barrier that kept most non-insulin Type 2 patients from even considering a CGM. Early data from these newly covered populations shows retention rates in line with insulin-using patients, which suggests this is not a short-term trial effect but a genuine shift in how Type 2 diabetes gets managed going forward. Internationally, recent reimbursement approvals in Ontario, Germany, France, and the U.K. are opening similar adoption curves, with penetration trends that tend to follow the U.S. pattern with a lag of two to three years.

What separates Dexcom from the broader rising-tide story is its ability to capture more value per patient than peers. Unlike Abbott, which splits its focus across diagnostics, nutrition, and pharma, Dexcom puts all its R&D and commercial resources into CGM. This is shown through their latest product: the G7 has consistently posted best-in-class accuracy with a MARD below 9%, which is the metric doctors care about when choosing which device to prescribe and which to pair with insulin pumps. Once a patient is on Dexcom and integrated with their pump and health apps, switching costs are high. The company also monetizes patients at higher ASPs than Abbott's Libre, and is layering on recurring software revenue through Clarity and Smart Food Logging. So Dexcom does not just ride category growth, it captures more revenue per patient and holds onto them longer. That is the differentiated revenue capture that consensus models are not fully reflecting.

Operating Leverage and Financial Flexibility

Dexcom's margin profile has improved meaningfully over the past three years, and we believe there is further upside that the street has not fully priced in. Operating margins expanded from 13.4% in 2022 to over 20.3% in 2025, driven by expense discipline and manufacturing efficiencies as the Malaysia facility ramped up. The company guided to 22–23% non-GAAP operating margins for 2026, but we see room for outperformance. The Malaysia plant is still moving toward full utilization and as volumes scale, fixed costs get spread across more units, pulling down per-sensor production costs. On top of that, the G7 15-day sensor cuts replacement frequency in half compared to the 10-day version, which reduces fulfillment and shipping costs per patient. These are product-level and facility-level efficiencies that compound with volume growth and sell-side models tend to project margin improvement as a gradual straight line rather than capturing the step-change in unit economics that the 15-day G7 creates. That gap between what the street expects and what the cost structure can deliver is the core of our operating leverage thesis.

Dexcom's balance sheet adds another layer to the investment case. The company ended Q4 2025 with roughly \$2.6 billion in cash and short-term securities after settling \$1.2 billion of expiring convertible notes and buying back \$300 million of stock in the quarter. Even after that, the balance sheet is in strong shape. The remaining debt is manageable. Primarily convertible notes where Dexcom has used capped call transactions to limit the dilutive hit to shareholders. Unlike diversified device companies that spread capital across multiple business lines, every dollar Dexcom reinvests goes directly into CGM,

whether that is sensor R&D, software development, or manufacturing capacity. That focus means the return on invested capital is not diluted by lower-margin product lines.

As capital spending normalizes after the Malaysia buildout and the upcoming Ireland facility comes online, free cash flow should accelerate. Dexcom generated over \$400 million in free cash flow in 2025, and that figure should grow meaningfully as margins expand and capex intensity fades. This gives the company real optionality and can be in the form of returning cash to shareholders through the \$750 million buyback program authorized for 2025 or pursuing bolt-on acquisitions to strengthen the platform.

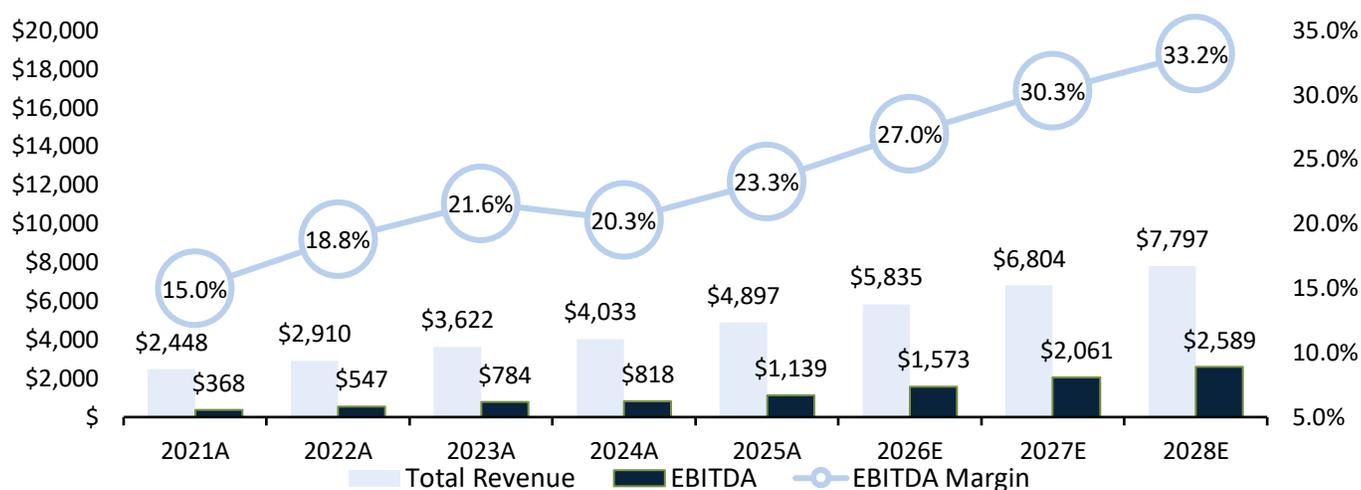
On acquisitions specifically, tuck-in deals are common in medtech, and Dexcom's cash position puts it in a better spot than most to act. The company has been disciplined historically. It's past acquisitions in sensor analytics and software have been small, targeted, and immediately useful to the platform. With \$2.6 billion in cash and short-term securities, Dexcom can pursue deals in areas like AI-driven glucose prediction and digital health coaching without needing to raise capital. That is an advantage smaller CGM entrants simply do not have, and it is underappreciated relative to how the street values the stock today.

Recurring Revenue from a Connected Software Ecosystem

One part of the Dexcom story that the market has largely overlooked is the software layer the company is building on top of its hardware business. Dexcom Clarity, its analytics platform for patients and clinicians, is now embedded in major electronic health record systems including Epic. That kind of workflow integration makes it harder for hospitals and clinics to switch to a competing sensor, because the data pipeline is already built around Dexcom. For physicians managing large panels of diabetes patients, Clarity has become the default dashboard and that stickiness shows up in prescription renewal rates.

On the consumer side, Smart Food Logging turns the CGM from a clinical monitoring tool into a daily health product. Users can photograph a meal and see how their glucose responds in real time, which drives engagement well beyond what a traditional medical device achieves. This is particularly important for the Stelo OTC channel, where patients are paying out of pocket and retention depends on perceived daily value rather than a doctor's prescription.

As Stelo scales and the app ecosystem matures, we expect Dexcom to see higher patient lifetime value and lower churn across its installed base. In practice, this means Dexcom is building a recurring revenue stream on top of its disposable sensor business where patients stay on the platform longer and engage more frequently, which supports both sensor reorder rates and future software monetization. Sell-side models still value Dexcom primarily as a hardware company, and we think the software and data layer deserves recognition as an independent source of long-term value.



Valuation

We initiate a BUY rating on Dexcom, Inc. with a target share price of \$96.00, implying 30.0% upside from the current price. Our target is based on a Discounted Cash Flow analysis (equally weighted perpetuity growth and exit multiple methods), which carries an 80% weighting, and a comparable companies analysis (equally weighted EV/EBITDA and P/E), which carries the remaining 20%. We weight the DCF more heavily because there are no pure-play publicly traded CGM companies, which limits how much we can rely on relative valuation for a business with Dexcom's specialized growth profile.

Discounted Cash Flow Analysis

We value Dexcom using a DCF with a 10-year explicit forecast period, which we think is appropriate given the company's competitive position and the long growth runway in CGM. Revenue growth over the forecast is driven by increasing penetration among Type 1 and Type 2 diabetics, and continued product innovation through the G7 and Stelo platforms. Margin expansion reflects operating leverage from Dexcom's high fixed-cost manufacturing base and a growing mix of recurring sensor revenue. Capex and working capital assumptions are modeled in line with the company's historical reinvestment patterns.

Unlevered free cash flows over the explicit forecast period are discounted at a weighted average cost of capital (WACC) of 9.1%. The WACC is derived from a cost of equity of 9.6%, estimated using the Capital Asset Pricing Model with a 4.08% risk-free rate, a 5.8% equity risk premium, and a 0.95x levered beta. The after-tax cost of debt of 2.9% is based on a 3.8% pre-tax cost of debt and an effective tax rate of 24.9%. Based on current market values, equity accounts for approximately 91.7% of total capitalization, with debt comprising the remaining 8.3%, resulting in a WACC that is primarily driven by equity risk.

Perpetuity Growth Method

Under the perpetuity growth approach, the present value of forecast unlevered free cash flows over the explicit forecast period totals \$10.6 billion. Terminal value is calculated using a 3.0% perpetual growth rate, which reflects long-term global healthcare spending growth and Dexcom's ability to grow modestly above inflation without assuming sustained excess growth indefinitely. Discounting the terminal value back results in a terminal value contribution of \$20.0 billion, implying a total enterprise value of \$30.6 billion.

After adding \$2.6 billion of cash and short-term securities and subtracting \$2.4 billion of debt, we arrive at an implied equity value of \$30.7 billion. Dividing by 390.1 million diluted shares gives an implied share price of \$78.68. On its own, this method implies modest upside from the current price of \$73.80. However, the perpetuity growth approach tends to be conservative for companies still in the early stages of a long growth cycle, where near-term cash flows have not yet caught up to the terminal value that drives most of the valuation. We view this as a floor rather than a central estimate.

Exit Multiple Method

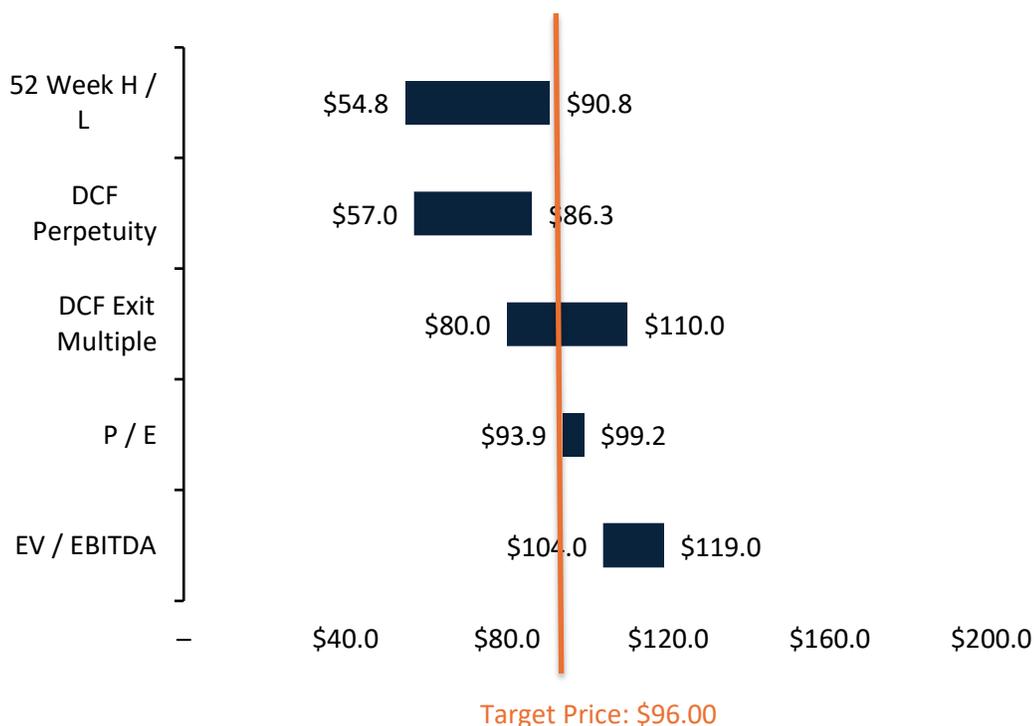
We also value Dexcom using an exit multiple approach, applying a 15.0x EV/EBITDA multiple to terminal-year EBITDA. We think this multiple is reasonable given Dexcom's premium growth profile within medtech. The company is expected to sustain double-digit revenue growth through at least 2030, which justifies a multiple above the broader medical device average. The 15.0x figure is also broadly in line with where high-quality medtech names have traded historically.

Under this method, the present value of forecast free cash flows remains \$10.6 billion, while the discounted terminal value comes in at \$30.9 billion, bringing total implied enterprise value to \$41.5 billion. After adjusting for cash and debt, this implies an equity value of \$41.7 billion, or \$106.80 per share, representing 44.7% upside from the current price. The spread between the perpetuity growth and exit multiple results reflects the sensitivity of Dexcom's valuation to terminal assumptions, which is typical for high-growth companies where a large share of value sits in the out-years.

Comparable Companies Analysis

We benchmark Dexcom against a peer set of leading medical device companies: Edwards Lifesciences, Intuitive Surgical, Boston Scientific, and Insulet. We acknowledge that this comp set is imperfect. None of these companies are pure-play CGM businesses, and Intuitive Surgical operates in a different device category (surgical robotics). We include it because its growth and margin profile are comparable to Dexcom's within the broader medtech universe, but this limitation is one reason we weight comps at only 20% in our blended target price.

Using the median 2026E EV/EBITDA multiple of 24.0x from the peer group implies an equity value of \$98.6 per share. As a cross-check, applying the median 2026E P/E multiple of 37.9x yields an implied share price of \$115.9. Together, the comps suggest a valuation range of \$98.6 to \$115.9, which sits above the current price and above our DCF-derived values. While we do not take these figures at face value given the comp set limitations, they do highlight that Dexcom's premium positioning and recurring revenue model are not fully reflected in where the stock trades today.



Catalysts

Expanded CGM Adoption Across Type 2 and Non-Intensive Insulin Users

Dexcom continues to benefit from expanding adoption of continuous glucose monitoring beyond its historical Type 1 diabetes base into the significantly larger Type 2 diabetes population, including non-intensive insulin users. Recent reimbursement expansions and evolving clinical guidelines increasingly support broader CGM use as a standard of care, improving glucose control and long-term patient outcomes. As payer coverage widens and physician adoption accelerates, Dexcom is well positioned to capture incremental patient volumes, driving sustained revenue growth and reinforcing the company's leadership position in diabetes technology.

Product Innovation and Platform Upgrades

Dexcom's ongoing product innovation remains a key growth driver, with next-generation CGM systems improving accuracy, ease of use, and wearability while reducing manufacturing costs. Platform enhancements, including longer sensor wear, smaller form factors, and improved digital integration with insulin delivery and health-management ecosystems, strengthen customer retention and support pricing power. These innovations are expected to accelerate new user adoption while increasing lifetime value per patient, contributing to margin expansion over the medium term.

International Expansions and Operating Leverage

International markets remain significantly underpenetrated relative to the U.S., representing a meaningful long-term growth opportunity for Dexcom. As the company scales distribution across Europe and select emerging markets, revenue growth is expected to outpace incremental operating costs, with operating leverage converting that top-line growth into outsized profit gains. Combined with Dexcom's high recurring revenue mix from disposable sensors, continued international

expansion is expected to support sustained EBITDA margin expansion and free cash flow generation, though near-term capital spending on new facilities like the planned Ireland manufacturing plant may slow that margin improvement in late 2026.

Risks

Reimbursement and Regulatory Risk

Dexcom's growth is partially dependent on reimbursement coverage from public and private payers, including Medicare and international health systems. Changes to reimbursement policies or delays in coverage expansion could slow adoption or compress margins. Dexcom mitigates this risk through continued clinical validation of CGM efficacy, active engagement with regulators and payers, and diversification across geographies and patient populations, reducing reliance on any single reimbursement regime.

Competitive Pressure in Diabetes Technology and Margin Sustainability

The CGM market is highly competitive, with large, diversified medical device companies offering alternative glucose monitoring solutions. Increased competition could lead to pricing pressure and slower market share gains. Dexcom mitigates competitive risk through sustained investment in R&D, frequent product innovation, and a differentiated user experience focused on accuracy, wearability, and digital integration, supporting customer loyalty and premium positioning.

Beyond market share risk, intensifying competition also threatens margin sustainability, as pricing pressure from lower-cost alternatives like Abbott's Libre could force Dexcom to narrow the pricing gap, compressing gross margins over time.

Manufacturing Scale and Supply Chain Execution

Dexcom relies on complex manufacturing processes and third-party suppliers to produce CGM sensors and transmitters at scale. Disruptions in production or quality issues could impact product availability and financial performance. The company mitigates this risk through supplier diversification, capacity expansion initiatives, and ongoing investments in automation and process optimization, improving supply chain resilience and supporting long-term margin expansion.

Recommendation - BUY

We recommend a BUY on Dexcom, Inc. (NASDAQ: DXCM) at a current share price of \$73.80 and a target price of \$96.00, implying 30.0% upside. The target is based on an 80% DCF weighting (equally weighted perpetuity growth and exit multiple methods) and a 20% comparable companies weighting (equally weighted EV/EBITDA and P/E). This weighting reflects the absence of pure-play publicly traded CGM peers and the resulting limitations of relative valuation in capturing Dexcom's fundamental value.

The DCF captures Dexcom's long-term earnings power, driven by sustained CGM adoption across Type 1 and Type 2 populations, expanding international reimbursement, and ongoing product innovation through the G7 platform and over-the-counter Stelo system. The valuation reflects durable double-digit revenue growth and accelerating free cash flow as capital intensity moderates beyond 2025.

While the comparable companies analysis points to a materially higher valuation, we carry it at only 20% given differences in product mix and growth profiles across the peer group. That said, the relative valuation does highlight the degree to which Dexcom's recurring revenue model, premium positioning, and clinical credibility are not fully reflected in the current share price.

Overall, Dexcom is well positioned to outperform as CGM penetration deepens and the company continues to consolidate its leadership in a market that is still in the early innings of a structural growth cycle. The combination of sustained revenue growth, improving profitability, a strong balance sheet, and an underappreciated software ecosystem supports our BUY recommendation.

Appendix 1: Discounted Cashflow Analysis

Discount Rate Calculation																
All Figures in mm USD																
Cost of Equity																
Risk-free Rate	4.1%															
Expected Market Return	9.9%															
Market Risk Premium	5.8%															
Levered Beta	1.0x															
Cost of Equity	9.6%															
Cost of Debt																
Pre-tax Cost of Debt	3.8%															
Effective Tax Rate	24.9%															
Cost of Debt	2.9%															
WACC																
Market Value of Equity	28,789															
Market Value of Debt	2,594															
Total Capitalization	31,383															
Cost of Equity	9.6%															
Cost of Debt	2.9%															
WACC	9.1%															
Free Cash Flow																
All Figures in mm USD																
	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	31-Dec-31	31-Dec-32	31-Dec-33	31-Dec-34	31-Dec-35
	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
EBIT	300	266	391	598	600	994	1,360	1,790	2,285	2,705	3,120	3,422	3,683	3,922	4,025	4,155
Less: Tax Expense	269	(19)	(50)	(169)	(133)	(207)	(275)	(356)	(448)	(527)	(605)	(661)	(710)	(755)	(774)	(799)
Add: Depreciation	64	96	144	147	181	119	194	257	293	361	403	414	469	614	682	747
Add: Amortization	3	6	12	39	37	26	19	15	11	8	6	5	3	3	2	1
Less: Capital Expenditures	(199)	(389)	(365)	(237)	(359)	(539)	(671)	(735)	(858)	(922)	(918)	(991)	(1,198)	(1,246)	(1,279)	(1,313)
Less: Change in Net Working Capital	(21)	(132)	27	3	109	(283)	(76)	(87)	(99)	(86)	(83)	(54)	(44)	(20)	(21)	(3)
Unlevered Free Cash Flow	416	(172)	159	381	435	111	550	884	1,184	1,539	1,924	2,134	2,202	2,517	2,635	2,788
Discount Factor						0.92	0.84	0.77	0.71	0.65	0.59	0.55	0.50	0.46	0.42	0.42
Present Value of Unlevered Free Cash Flow						505	743	913	1,088	1,247	1,247	1,269	1,201	1,258	1,208	1,172
Period						1	2	3	4	5	6	7	8	9	10	
Valuation																
Perpetuity Growth Rate																
Perpetuity Growth Rate	3.0%															
PV Sum of UFCF	10,604															
Terminal Value	19,952															
Enterprise Value	30,556															
Add: Cash	2,579															
Less: Debt	(2,441)															
Less: Other EV Adjustments	-															
Equity Value	30,694															
Shares Outstanding	390															
Implied Share Price	78.68															
Current Share Price	73.80															
Total Return	6.6%															
Exit Multiple Method																
Exit Multiple	15.0x															
PV Sum of UFCF	10,604															
Terminal Value	30,919															
Enterprise Value	41,523															
Add: Cash	2,579															
Less: Debt	(2,441)															
Less: Other EV Adjustments	-															
Equity Value	41,661															
Shares Outstanding	390															
Implied Share Price	106.80															
Current Share Price	73.80															
Total Return	64.7%															
WACC																
Perpetuity Growth Rate																
WACC																
Exit Multiple (EV / EBITDA)																

Appendix 2: Comparable Companies Analysis

Comparable Company Analysis									
All Figures in mm USD									
Company	Ticker	Balance Sheet Data		EV / EBITDA			Price / Earnings		
		Equity Value	Enterprise Value	2024A	2025E	2026E	2024A	2025E	2026E
				EV/EBITDA	EV/EBITDA	EV/EBITDA	P/E	P/E	P/E
Edwards Lifesciences Corporati	(NYSE: EW)	48,072	44,930	27.5x	24.7x	22.0x	35.4x	32.1x	28.9x
Intuitive Surgical	(NasdaqGS: ISI)	197,407	192,610	68.2x	45.3x	40.3x	86.7x	64.5x	57.1x
Boston Scientific Corporation	(NYSE: BSX)	140,057	151,063	35.4x	24.6x	21.8x	75.6x	31.2x	27.2x
Insulet Corporation	(NasdaqGS: F)	20,357	20,675	53.1x	32.7x	25.9x	50.1x	59.2x	46.9x
Dexcom	(Nasdaq: DX)	28,789	28,043	34.3x	24.6x	17.8x	50.0x	32.1x	24.1x
High		197,407	192,610	68.2x	45.3x	40.3x	86.7x	64.5x	57.1x
75th Percentile		183,069	182,224	64.4x	42.1x	36.7x	83.9x	63.1x	54.5x
Median		94,065	97,997	44.2x	28.7x	24.0x	62.8x	45.7x	37.9x
Mean		101,473	102,320	46.0x	31.8x	27.5x	62.0x	46.7x	40.0x
25th Percentile		27,286	26,739	29.4x	24.6x	21.8x	39.1x	31.4x	27.6x
Low		20,357	20,675	27.5x	24.6x	21.8x	35.4x	31.2x	27.2x
				EV / EBITDA Implied Price		P / E Implied Price			
High				\$134.2	\$164.5		\$148.1	\$174.8	
75th Percentile				\$125.0	\$150.0		\$145.1	\$166.9	
Median				\$85.6	\$98.6		\$104.9	\$115.8	
Mean				\$94.8	\$112.8		\$107.4	\$122.4	
25th Percentile				\$73.7	\$89.9		\$72.2	\$84.6	
Low				\$73.7	\$89.6		\$71.7	\$83.3	

Appendix 3: Operating Model

Operating Model																
Income Statement																
Revenue	1,927	2,449	2,910	3,622	4,633	4,897	5,835	6,804	7,797	8,781	9,659	10,432	11,058	11,500	11,801	12,111
Cost of Goods Sold	(647)	(768)	(1,027)	(1,333)	(1,595)	(1,861)	(2,159)	(2,449)	(2,729)	(3,029)	(3,284)	(3,547)	(3,760)	(3,933)	(4,036)	(4,178)
Gross Profit	1,280	1,681	1,883	2,289	2,438	1,036	1,676	4,354	5,068	5,752	6,375	6,885	7,298	7,567	7,765	7,933
SG&A	(621)	(811)	(1,008)	(1,185)	(1,286)	(1,371)	(1,517)	(1,633)	(1,715)	(1,844)	(1,932)	(2,034)	(2,101)	(2,070)	(2,124)	(2,119)
R&D	(360)	(604)	(484)	(506)	(552)	(671)	(799)	(932)	(1,068)	(1,203)	(1,323)	(1,429)	(1,515)	(1,575)	(1,616)	(1,659)
Operating Profit	300	266	391	598	600	994	1,360	1,790	2,285	2,705	3,120	3,422	3,683	3,922	4,025	4,155
(+) Depreciation	64	96	144	147	181	119	194	257	293	361	403	414	469	614	682	747
(-) Amortization	3	6	12	39	37	26	19	15	11	8	6	5	3	3	2	1
EBITDA	367	368	547	784	818	1,139	1,573	2,061	2,589	3,074	3,529	3,840	4,154	4,538	4,709	4,903
Interest and Other Income	10	8	18	113	109	109	109	109	109	109	109	109	109	109	109	109
Interest Expense	(85)	(100)	(19)	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax Expense	269	(19)	(50)	(169)	(133)	(207)	(275)	(356)	(448)	(527)	(605)	(661)	(710)	(755)	(774)	(799)
Net Income	494	155	341	542	576	897	1,194	1,543	1,946	2,287	2,624	2,870	3,081	3,276	3,359	3,465
Interest Rate	10.16%	11.78%	1.89%	0.00%	0.00%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%	4.77%
Tax Rate	-119.4%	11.0%	12.7%	23.8%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%	18.7%
Balance Sheet																
Assets																
Cash	818	1,053	642	566	606	(1,061)	(1,062)	(715)	(54)	979	2,410	4,065	5,799	7,843	10,012	12,335
Inventory	235	357	307	560	543	702	815	924	1,030	1,143	1,239	1,338	1,419	1,484	1,523	1,577
Accounts Receivable	429	514	713	974	1,006	1,171	1,396	1,627	1,865	2,100	2,310	2,495	2,645	2,750	2,822	2,897
Prepaid and Other Current Assets	54	82	193	168	174	174	174	174	174	174	174	174	174	174	174	174
Short Term Securities	1,890	1,679	1,814	2,158	1,973	2,125	2,276	2,428	2,580	2,731	2,883	3,034	3,186	3,338	3,499	3,641
Total Current Assets	3,425	3,684	3,669	4,426	4,301	3,111	3,598	4,439	5,594	7,127	9,016	11,107	13,222	15,589	18,021	20,623
Property, Plant and Equipment	515	802	1,056	1,113	1,340	1,759	2,237	2,714	3,279	3,840	4,355	4,932	5,662	6,295	6,891	7,457
Operating Lease Right-of-Use Assets	93	88	80	71	63	63	63	63	63	63	63	63	63	63	63	63
Goodwill	19	27	26	23	23	23	23	23	23	23	23	23	23	23	23	23
Deferred Tax Assets	216	221	341	419	481	481	481	481	481	481	481	481	481	481	481	481
Intangible Assets	21	42	173	135	103	77	58	43	32	24	18	14	10	8	6	4
Other Assets	189	179	173	173	173	173	173	173	173	173	173	173	173	173	173	173
Total Assets	4,291	4,864	5,392	6,265	6,485	5,688	6,633	7,936	9,645	11,732	14,128	16,792	19,634	22,631	25,658	28,824
Liabilities																
Accounts Payable & Accrued Liabilities	481	573	902	1,346	1,585	1,627	1,888	2,141	2,386	2,649	2,871	3,101	3,287	3,439	3,529	3,653
Accrued Payroll & Related Expenses	114	125	134	171	112	112	112	112	112	112	112	112	112	112	112	112
Short Term Debt	-	-	773	-	1,204	-	-	-	-	-	-	-	-	-	-	-
Short-Term Operating Lease Liabilities	17	21	21	21	23	23	23	23	23	23	23	23	23	23	23	23
Deferred Revenue	2	2	10	18	8	8	8	8	8	8	8	8	8	8	8	8
Current Liabilities	614	721	1,819	1,556	2,932	1,769	2,030	2,284	2,529	2,791	3,034	3,243	3,429	3,581	3,671	3,796
Long Term Debt	1,667	1,703	1,198	2,434	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237
Long-Term Operating Lease Liabilities	102	99	95	80	65	65	65	65	65	65	65	65	65	65	65	65
Other Long-Term Liabilities	81	90	128	126	148	148	148	148	148	148	148	148	148	148	148	148
Total Liabilities	2,464	2,612	3,260	4,196	4,382	3,219	3,480	3,734	3,978	4,241	4,464	4,693	4,879	5,031	5,121	5,246
Shareholders Equity																
Common Stock	0.1	0.1	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Additional Paid-in Capital	2,125.3	2,504.5	2,258.1	3,514.6	2,091.8	2,313	2,553	2,810	3,079	3,366	3,666	3,981	4,305	4,624	4,952	5,279
Accumulated Other Comprehensive Loss	3.2	0.5	(11.6)	(16.7)	(8.0)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)
Treasury Stock	(100.0)	(106.2)	(595.0)	(2,451.1)	(1,581.2)	(2,331)	(3,081)	(3,831)	(4,581)	(5,331)	(6,081)	(6,831)	(7,581)	(8,331)	(9,081)	(9,831)
Retained Earnings	(202)	(47)	(48)	(1,021)	(1,508)	2,494	3,688	5,231	7,176	9,463	12,087	14,957	18,038	21,314	24,673	28,138
Total Equity	1,827	2,252	2,132	2,069	2,103	2,468	3,152	4,202	5,667	7,491	9,665	12,099	14,754	17,600	20,536	23,578
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Cash Flow Statement																
Cash from Operating Activities																
Net Income	494	155	341	542	576	897	1,194	1,543	1,946	2,287	2,624	2,870	3,081	3,276	3,359	3,465
Net Working Capital Adjustment	(21)	(132)	27	3	109	(283)	(76)	(87)	(99)	(86)	(83)	(54)	(44)	(20)	(21)	(3)
Share Based Compensation	119	113	127	151	170	197	218	234	246	265	277	292	302	297	305	304
non-cash interest expense	74	89	6	8	8	-	-	-	-	-	-	-	-	-	-	-
Deferred Income Tax	(277)	(5)	(22)	(55)	(44)	-	-	-	-	-	-	-	-	-	-	-
Depreciation	64	96	144	147	181	119	194	257	293	361	403	414	469	614	682	747
Amortization	3	6	12	39	37	26	19	15	11	8	6	5	3	3	2	1
Other non-cash Income and expenses	19.6	120.6	34.7	(85.8)	(47)	-	-	-	-	-	-	-	-	-	-	-
CO	476	443	670	749	900	955	1,548	1,962	2,397	2,834	3,227	3,525	3,811	4,169	4,327	4,514
Cash from Investing Activities																
Purchase of Marketable Securities	(3,058)	(2,473)	(2,266)	(3,200)	(2,576)	(2,715)	(2,715)	(2,715)	(2,715)	(2,715)	(2,715)	(2,715)	(2,715)	(2,715)	(2,715)	(2,715)
Proceeds from Sale of Marketable Securities	2,251	2,666	2,128	2,947	2,824	2,563	2,563	2,563	2,563	2,563	2,563	2,563	2,563	2,563	2,563	2,563
Other Investing Activities	(11)	(20)	(18)	(19)	(97)	-	-	-	-	-	-	-	-	-	-	-
Capital Expenditures	(199)	(389)	(365)	(237)	(359)	(539)	(671)	(735)	(858)	(922)	(918)	(991)	(1,198)	(1,240)	(1,279)	(1,313)
CFI	(1,018)	(214)	(522)	(567)	(208)	(699)	(823)	(886)	(1,009)	(1,074)	(1,069)	(1,143)	(1,350)	(1,398)	(1,433)	(1,464)
Cash from Financing Activities																
Stock Issuance (Employee Plan)	15	20	23	27	28	23	23	23	23	23	23	23	23	23	23	23
Purchase of Treasury Stock	-	-	(558)	(689)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activities	(9)	(10)	(17)	(100)	(13)	-	-	-	-	-	-	-	-	-	-	-
Repurchase of Convertible Notes	(209)	(389)	(365)	(237)	(359)	-	-	-	-	-	-	-	-	-	-	-
Debt Issuance	1,189	-	-	1,231	-	(1,206)	-	-	-	-	-	-	-	-	-	-
CF	912	10	(553)	(319)	(730)	(1,932)	(727)	(727)	(727)	(727)	(727)	(727)	(727)	(727)	(727)	(727)
Effect of FX on Cash	2	(1)	(6)	2	(7)	-	-	-	-	-	-	-	-	-	-	-
Total Cash Flow	372	236	(410)	(76)	40	(1,667)	(2)	348	660	1,033	1,431	1,655	1,733	2,044	2,169	2,322
Starting Cash Balance	446	818	1,054	643	568	606	(1,061)	(1,062)	(715)	(54)	979	2,410	4,065	5,799	7,843	10,012
Ending Cash Balance	818	1,053	642	566	606	(1,061)	(1,062)	(715)	(54)	979	2,410	4,065	5,799	7,843	10,012	12,335
Less: Restricted Cash	(1)	(1)	(1)	(1)	(1)	-	-	-	-	-	-	-	-	-	-	-

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