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Changes	Previous	Current
Rating	--	Overweight(Vol)
Target Price	--	$70.00
Price:		$69.99
Fully Diluted Shares Out (mil.):		87.00
52-Week High:		$86.32
52-Week Low:		$42.62
Market Cap (mil.):		$6,088.9
Fiscal Year End:		Dec
Average Daily Volume:		1,117,550
Float (mil.):		97.3
Debt/Cap:		44.4
Cash/Shr:		$5.07
Dividend/Yield:		$0.00/0.0%
Book Value/Shr:		$4.82

PF EPS	2017A	2018E	2019E
Mar	($0.46)A	($0.01)	NE
Jun	($0.16)A	($0.06)	NE
Sep	($0.04)A	($0.10)	NE
Dec	$0.10A	($0.10)	NE
FY	($0.56)A	($0.27)	($0.09)
P/E	NM	NM	NM

EPS	2017A	2018E	2019E
Mar	($0.49)A	($0.01)	NE
Jun	$0.03A	($0.06)	NE
Sep	($0.02)A	($0.10)	NE
Dec	($0.11)A	($0.10)	NE
FY	($0.59)A	($0.27)	($0.06)
P/E	NM	NM	NM
Rev.	$718.5M	$834.3M	$968.4M

DexCom, headquartered in San Diego, California, is a pure play diabetics company focused on Continuous Glucose Monitoring (CGM) technology.

DexCom, Inc.

DXCM – NASDAQ

Overweight (Volatile)
Reason for Report: Company Update

A TRUE Game Changer: The G6 Eliminates Fingersticks

INVESTMENT CONCLUSION:

We reiterate our **O/V** investment rating on **DXCM**'s shares following the Company's receiving FDA Clearance for the next-gen G6 CGM offering well ahead of mid-year Street expectations. Importantly, not only was the G6 approved earlier than expected but also the device was approved for use in diabetics aged 2 and older as both a stand-alone as well as integrated device, the only CGM offering with this designation. Most importantly, the G6 is the first ever CGM device to truly eliminate the need for fingersticks to calibrate or dose insulin and the device is also approved for 10 continuous days of usage. In our opinion, the approval represents a favorable fundamental change to the Company's near and long-term growth outlook. ***Our 12-month, $70 price target and estimates remain unchanged pending further review following the company-sponsored conference call scheduled for 8:00 a.m. ET.***

KEY POINTS:

Price Target Remains Unchanged. At this time, our 12-month, $70 price target on DXCM's shares remains unchanged pending the company-sponsored conference call scheduled for 8:00 a.m. ET. Our price target assumes an EV/CY18E revenue multiple of approximately 7.0x.

Estimates Remain Unchanged For Now. We are maintaining our CY18 and CY19 pending expected updates to corporate guidance associated with the pending G6 commercial launch. Specifically, our CY18 revenue and non-GAAP loss estimates of $834.3 million ($0.27) as well as our CY19 revenue and non-GAAP earnings estimates of $968.4 million and ($0.09) per share, respectively, also remain unchanged. Recall corporate guidance, which did not assume a FH FDA Clearance of the G6, assumed annual revenue in the range of $830.0 million to $850.0 million or the equivalent of approximately 15.0% to 18.0% annual revenue growth. Additionally, the Company expects CY18 gross margin in the range of 65.0% to 68.0% (pre-call consensus 67.8%) and CY18 operating expenses to increased 10.0% year over year to $588.0 million (pre-call consensus $592.7 million), excluding $10.0 million to $20.0 million in planned non-intensive Type II diabetes program development expenditures. ***Our GAAP estimates are summarized in the table to the left.***

Valuation. DXCM's shares are currently valued at 7.0x EV/CY18E revenue, a slight premium relative to industry peers trading at approximately 6.0x and at a notable discount to the Company's 3-year average EV/NTM revenue multiple of 8.7x.

See important disclosures and analyst certification on pages 4 - 5 of this report. To access current disclosures for other Stephens Inc. covered companies, clients may refer to https://stephens2.bluematrix.com/sellside/Disclosures.action.

DexCom Exhibit 2002
Abbott v. DexCom
IPR2024-00890

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The Bottom Line: Recall that prior to the Company's earlier-than-anticipated FDA clearance of the G6 we viewed 1Q18 revenue growth guidance as conservative and expected market headwinds to abate by mid-year as expected continued strong international sales growth more than offset domestic competitive challenges prior to the G6 being commercialized. With the G6 now approved a full quarter earlier than anticipated, our confidence in DXCM's ability to return to low to mid 20% annual sales growth in CY18 has been materially enhanced. Moreover, we are of the opinion Street concerns that corporate growth may not accelerate year-over-year in CY19 will now be absolved, enabling DXCM's shares to appreciate more in line with historical corporate revenue multiples. Accordingly, we reiterate our O/V investment rating on DXCM's shares.

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DexCom Inc.
Consolidated Income Statement
For The Period 2010 - 2020E
(Dollars in Thousands, except per share data.)

	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	For the Fiscal Period, 1Q17A	2Q17A	3Q17A	4Q17A	CY 2017A	For the Fiscal Period, 1Q18E	2Q18E	3Q18E	4Q18E	CY 2018E	CY 2019E	CY 2020E
Total Revenues	$ 47,258	$ 76,266	$ 99,934	$ 160,000	$ 259,200	$ 402,000	$ 573,300	$ 142,300	$ 170,600	$ 184,600	$ 221,000	$ 718,500	$ 178,541	$ 192,643	$ 218,261	$ 244,840	$ 834,286	$ 968,444	$ 1,193,117
Cost of Revenues	27,217	40,422	53,402	60,372	82,300	123,600	194,900	48,200	53,100	57,600	67,500	226,400	54,814	59,610	69,104	78,874	262,402	302,736	371,603
Gross Profit	20,041	35,844	46,532	100,100	176,900	278,400	378,400	94,100	117,500	127,000	153,500	492,100	123,728	133,033	149,158	165,966	571,884	665,707	821,514
% Gross Profit Margin	42.4%	47.0%	46.6%	62.6%	68.2%	69.3%	66.0%	66.1%	68.9%	68.8%	69.5%	68.5%	69.3%	69.1%	68.3%	67.8%	68.5%	68.7%	68.9%
Operating Expenses:																			
Research and Development	$ 23,428	$ 30,747	$ 39,495	$ 44,800	$ 69,400	$ 137,500	$ 156,100	$ 48,100	$ 45,300	$ 43,300	$ 48,700	$ 185,400	$ 41,064	$ 44,308	$ 50,200	$ 48,968	$ 184,540	$ 208,215	$ 238,623
Selling, General, and Administrative	43,261	49,940	62,805	84,200	128,400	198,000	286,200	86,400	85,800	84,200	92,800	349,200	80,349	90,547	104,771	122,425	398,091	464,853	536,903
Total Operating Expenses	74,864	80,687	102,300	129,000	197,800	335,500	442,300	134,500	131,100	127,500	141,500	534,600	121,413	134,855	154,971	171,393	582,632	673,068	775,526
Operating Income (Loss)	(54,823)	(44,843)	(55,768)	(28,900)	(20,900)	(57,100)	(63,900)	(40,400)	(13,600)	(500)	12,000	(42,500)	2,314	(1,822)	(5,813)	(5,427)	(10,748)	(7,361)	45,988
% Operating Profit Margin	(116.0%)	(58.8%)	(55.8%)	(18.1%)	(8.1%)	(14.2%)	(11.1%)	(28.4%)	(8.0%)	(0.3%)	5.4%	(5.9%)	1.3%	(0.9%)	(2.7%)	(2.2%)	(1.3%)	(0.8%)	3.9%
Interest Income, net	$ (1,486)	$ 96	$ (37)	$ (900)	$ (800)	$ (400)	$ (1,000)	$ 100	$ (800)	$ (2,000)	$ (3,400)	$ (6,100)	$ (3,400)	$ (3,400)	$ (3,400)	$ (3,400)	$ (13,600)	$ (500)	$ (499)
Income Before Taxes	(56,309)	(44,746)	(55,805)	(29,800)	(21,700)	(57,500)	(64,900)	(40,300)	(14,400)	(2,500)	8,600	(48,600)	(1,086)	(5,222)	(9,213)	(8,827)	(24,348)	(7,861)	45,489
Tax Expense (Credit)	-	-	(1,287)	-	100	100	700	1,400	(17,300)	(500)	18,000	1,600	(24)	(137)	(207)	(232)	(601)	(2,358)	13,647
% Effective Tax Rate	0.0%	0.0%	2.3%	0.0%	(0.5%)	1.6%	(1.1%)	(3.5%)	120.1%	20.0%	209.3%	(3.3%)	2.3%	2.6%	2.3%	2.6%	2.5%	30.0%	30.0%
Net Income	**$ (56,309)**	**$ (44,746)**	**$ (54,518)**	**$ (29,800)**	**$ (21,800)**	**$ (57,600)**	**$ (65,600)**	**$ (41,700)**	**$ 2,900**	**$ (2,000)**	**$ (9,400)**	**$ (50,200)**	**$ (1,061)**	**$ (5,085)**	**$ (9,006)**	**$ (8,596)**	**$ (23,747)**	**$ (5,503)**	**$ 31,842**
Reported EPS	$ (1.07)	$ (0.68)	$ (0.79)	$ (0.42)	$ (0.32)	$ (0.73)	$ (0.77)	$ (0.49)	$ 0.03	$ (0.02)	$ (0.11)	$ (0.59)	$ (0.01)	$ (0.06)	$ (0.10)	$ (0.10)	$ (0.27)	$ (0.06)	$ 0.37
Non-GAAP EPS	$ (0.73)	$ (0.68)	$ (0.73)	$ (0.42)	$ (0.32)	$ (0.27)	$ (0.77)	$ (0.46)	$ (0.16)	$ (0.04)	$ 0.10	$ (0.56)	$ (0.01)	$ (0.06)	$ (0.10)	$ (0.10)	$ (0.27)	$ (0.09)	$ 0.51
Shares Outstanding	56,399	65,545	68,694	71,025	76,600	80,725	84,350	85,200	87,400	86,700	86,900	86,550	87,000	87,100	87,200	87,300	87,150	86,000	87,000
Margin Analysis																			
Gross Profit	42.4%	47.0%	46.6%	62.6%	68.2%	69.3%	66.0%	66.1%	68.9%	68.8%	69.5%	68.5%	69.3%	69.1%	68.3%	67.8%	68.5%	68.7%	68.9%
Research and Development	49.6%	40.3%	39.5%	28.0%	26.8%	34.2%	27.2%	33.8%	26.6%	23.5%	22.0%	25.8%	23.0%	23.0%	23.0%	20.0%	22.1%	21.5%	20.0%
Selling, General, and Administrative	91.5%	65.5%	62.8%	52.6%	49.5%	49.3%	49.9%	60.7%	50.3%	45.6%	42.0%	48.6%	45.0%	47.0%	48.0%	50.0%	47.7%	48.0%	45.0%
Operating Income	NM	NM	NM	(18.1%)	(8.1%)	(14.2%)	(11.1%)	(28.4%)	(8.0%)	(0.3%)	5.4%	(5.9%)	1.3%	(0.9%)	(2.7%)	(2.2%)	(1.3%)	(0.8%)	3.9%
Income Before Taxes	NM	NM	NM	(18.6%)	(8.4%)	(14.3%)	(11.3%)	(28.3%)	(8.4%)	(1.4%)	3.9%	(6.8%)	(0.6%)	(2.7%)	(4.2%)	(3.6%)	(2.9%)	(0.8%)	3.8%
Tax Rate	NA	NA	NA	0.0%	0.0%	3.0%	2.3%	3.0%	2.3%	3.0%	2.3%	2.6%	2.3%	2.6%	2.3%	2.6%	2.4%	2.6%	2.4%
Net Income	NM	NM	NM	(18.6%)	(8.4%)	(14.3%)	(11.4%)	(29.3%)	1.7%	(1.1%)	(4.3%)	(7.0%)	(0.6%)	(2.6%)	(4.1%)	(3.5%)	(2.8%)	(0.6%)	2.7%
Growth Analysis																			
Revenues	59.7%	61.4%	31.0%	60.1%	62.0%	55.1%	42.6%	22.5%	24.3%	24.2%	29.1%	25.3%	25.5%	12.9%	18.2%	10.8%	16.1%	16.1%	23.2%
Gross Profit	462.9%	78.9%	29.8%	115.1%	76.7%	57.4%	35.9%	25.3%	37.4%	25.6%	31.5%	30.0%	31.5%	13.2%	17.4%	8.1%	16.2%	16.4%	23.4%
Research and Development	63.9%	31.2%	28.5%	13.4%	54.9%	98.1%	13.5%	49.4%	24.8%	(1.4%)	11.4%	18.8%	(14.6%)	(2.2%)	15.9%	0.6%	(0.5%)	12.8%	14.6%
Selling, General, & Administrative	22.9%	15.4%	25.8%	34.1%	52.5%	54.2%	44.5%	39.1%	23.8%	11.2%	17.3%	22.0%	(7.0%)	5.5%	24.4%	31.9%	14.0%	16.8%	15.5%
Operating Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Pretax Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Net Income	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Pro Forma	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM

Source: Company reports and Stephens Inc. estimates
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APPENDIX A

ANALYST CERTIFICATION

The analyst primarily responsible for the preparation of the content of this report certifies that (i) all views expressed in this report accurately reflect the analyst's personal views about the subject company and securities, and (ii) no part of the analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the analyst in this report.

REQUIRED DISCLOSURES

The research analyst principally responsible for preparation of this report has received compensation that is based on the firm's overall revenue which includes investment banking revenue.

Stephens Inc. maintains a market in the common stock of DexCom, Inc. as of the date of this report and may act as principal in these transactions.

Stephens Inc. expects to receive or intends to seek compensation for investment banking services from DexCom, Inc. in the next three months.



Valuation Methodology for DexCom, Inc.

Our 12-month, $70 per share price target assumes a EV/CY18E revenue multiple of approximately 7.0x.

Risks to Achievement of Target Price for DexCom, Inc.

In our opinion, the following risks should be considered with an investment in DexCom: (1) dependence upon a single, novel technology, (2) macro market acceptance of CGM, (3) competitive risks, (4) legal risks regarding challenges to intellectual property, (5) regulatory risks, and (6) the Company's history of significant operating losses.

Ratings Definitions

OVERWEIGHT (O) - The stock's total return is expected to be greater than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. EQUAL-WEIGHT (E) - The stock's total return is expected to be equivalent to the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. UNDERWEIGHT (U) - The stock's total return is expected to be less than the total return of the company's industry sector, on a risk-adjusted basis, over the next 12 months. VOLATILE (V) - The stock's price volatility is potentially higher than that of the company's industry sector. The company stock ratings may reflect the analyst's subjective assessment of risk factors that could impact the company's business.

Distribution of Stephens Inc. Ratings

			IB Serv./Past 12 Mos.	
Rating	Count	Percent	Count	Percent
BUY [OW]	267	52.15	77	28.84
HOLD [EW]	235	45.90	36	15.32
SELL [UW]	10	1.95	0	0.00

OTHER DISCLOSURES

Certain investment programs offered by Stephens to clients sometimes engage in purchases or sales of securities that are consistent or inconsistent with Research Analyst recommendations. These programs are managed on a discretionary basis, or provide investment recommendations, by program managers in the exercise of their independent judgment and analysis. Stephens' directors, officers and employees are allowed to participate in these programs subject to established account minimums and applicable compliance restrictions.

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