



# DEXCOM EARNINGS

Q4 2020

**dexcom**

# SAFE HARBOR STATEMENT

This presentation contains “forward” looking statements that are based on our management’s beliefs and assumptions and on information currently available to management. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning our possible or assumed strategy, future operations, financing plans, operating model, financial position, future revenues, projected costs, competitive position, industry environment, potential growth opportunities, potential market opportunities, plans and objectives of management and the effects of competition on our business. These also include statements with respect to the impacts of the COVID-19 pandemic on Dexcom.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “targets,” “guidance,” “expects,” “intends,” “may,” “plans,” “potential,” “predicts,” “prospects,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms, although not all forward-looking statements contain these identifying words.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We cannot guarantee that we will achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements.

The risks and uncertainties that may cause actual results to differ materially from DexCom’s current expectations are more fully described in DexCom’s annual report on Form 10-K for the period ended December 31, 2020, as filed with the Securities and Exchange Commission on February 11, 2021, its most recent quarterly report on Form 10-Q for the period ended September 30, 2020, as filed with the Securities and Exchange Commission on October 27, 2020, and its other reports, each as filed with the Securities and Exchange Commission. DexCom assumes no obligation to update any such forward-looking statement after the date of this report or to conform these forward-looking statements to actual results.

The accompanying presentation dated February 11, 2021 contains non-GAAP financial measures. The appendix reconciles the non-GAAP financial measures in that presentation to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures include non-GAAP gross profit margin, non-GAAP operating income (loss), non-GAAP net income (loss), and non-GAAP net income (loss) per share as well as adjusted EBITDA.

DexCom reports non-GAAP financial measures in addition to, and not as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles, differ from GAAP measures with the same names, and may differ from non-GAAP financial measures with the same or similar names that are used by other companies. We believe that non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures. We encourage investors to carefully consider our results under GAAP, as well as our supplemental non-GAAP information and the reconciliations between these presentations, to more fully understand our business.



# FOURTH QUARTER 2020



**Strong growth with \$569 million in revenue**

**23% revenue growth  
(20% US; 35% OUS)**



**Key Financial Highlights**

**Highest quarterly gross margin in the past five years (70.2%)**

**Exceeded full-year revenue and margin targets**



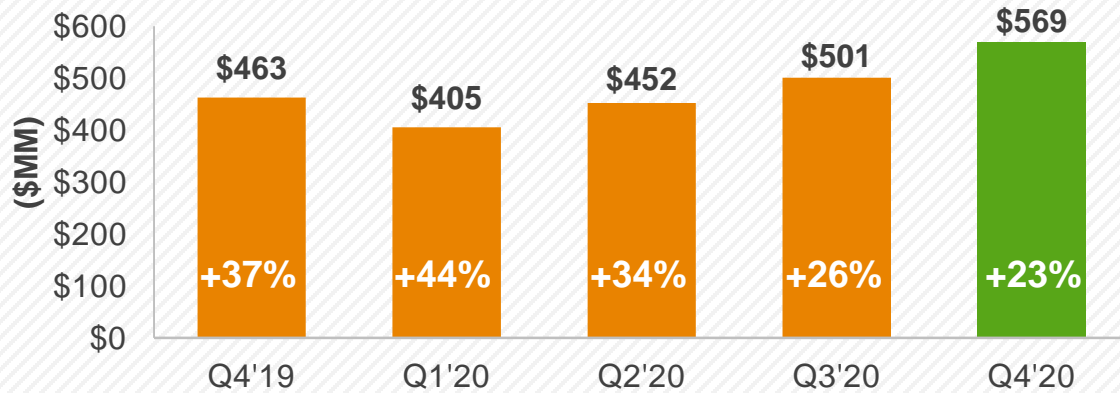
**Operational Highlights**

**Obtained reimbursement in France for people with Type 1 diabetes**

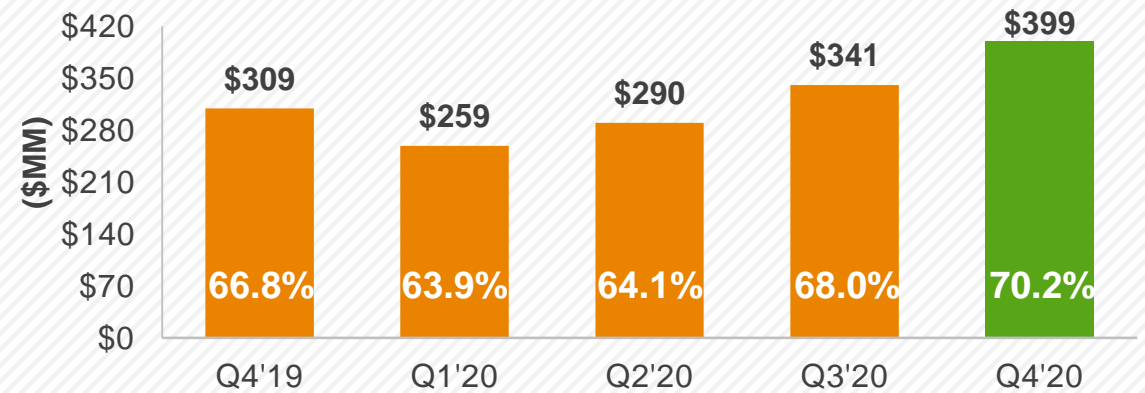
**Initiated significant expansion of US commercial field team**

# FOURTH QUARTER PERFORMANCE

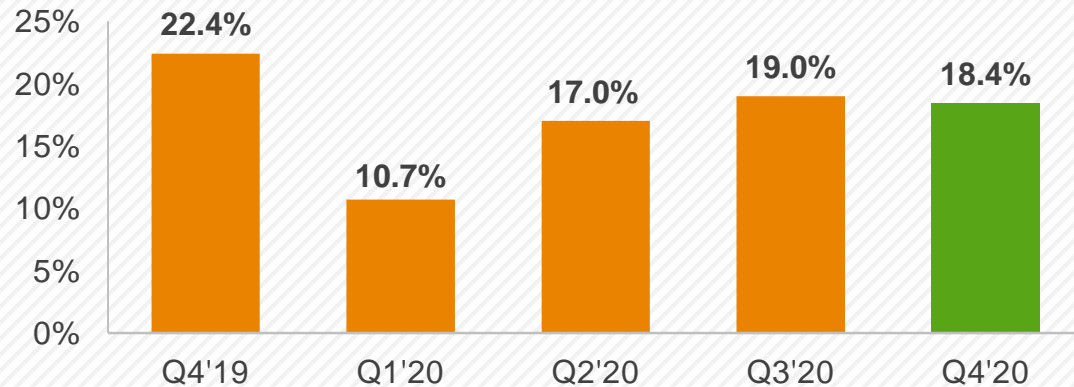
## Total Revenue & Growth Rate



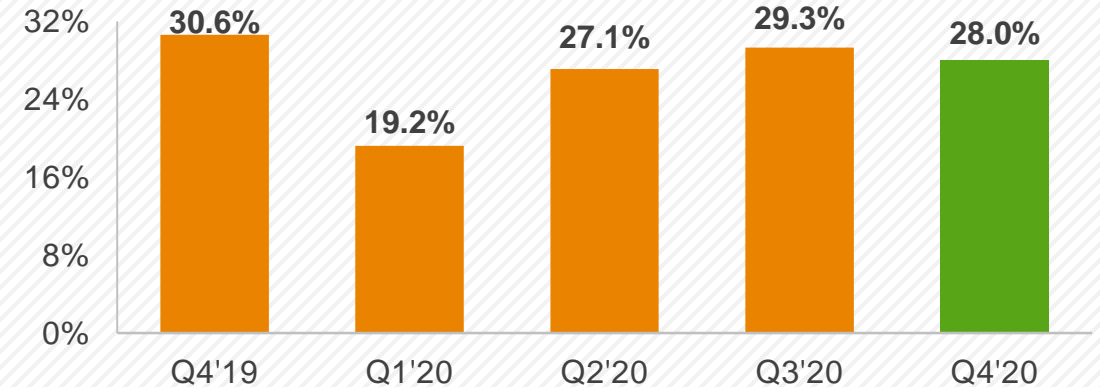
## Non-GAAP Gross Profit and % Margin\*



## Non-GAAP Operating Margin\*



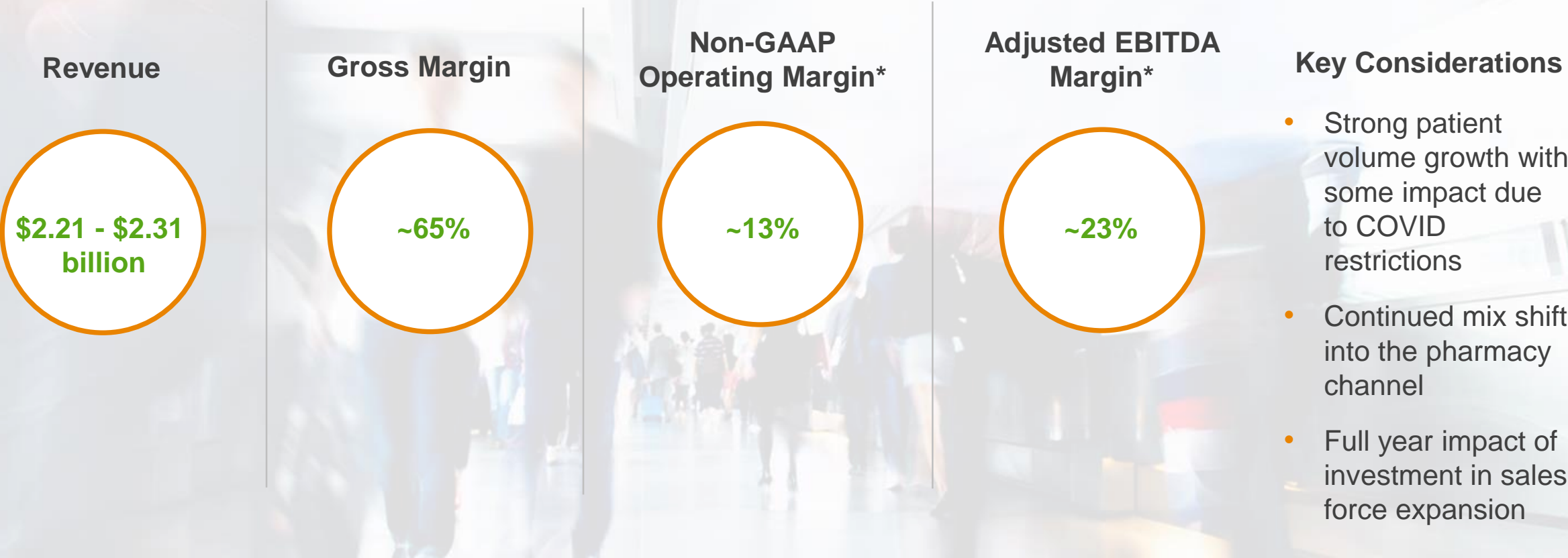
## Adjusted EBITDA Margin\*



\*See appendix for reconciliations to GAAP metrics. Adjusted EBITDA defined as EBITDA adjusted to exclude non-recurring charges and stock-based compensation.

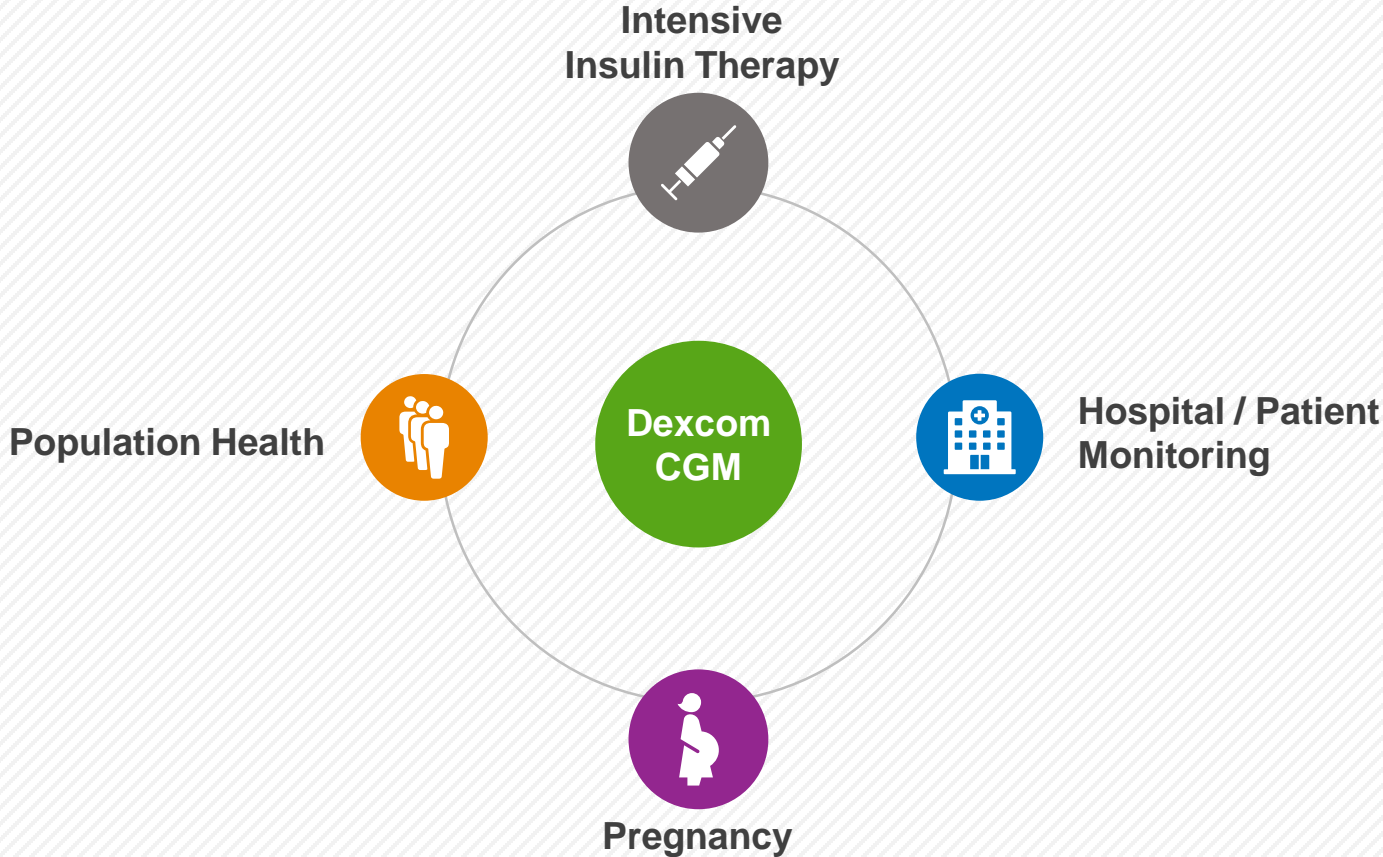
# 2021 GUIDANCE AS OF FEBRUARY 11, 2021

## 2021 Annual Revenue and Profitability Guidance



\*See appendix for reconciliations to GAAP metrics. Adjusted EBITDA defined as EBITDA adjusted to exclude non-recurring charges and stock-based compensation.

# STRATEGIC OUTLOOK



## Key 2021 Initiatives

- 1** Complete sales force expansion and drive greater awareness of Dexcom CGM globally
- 2** Advance G7 manufacturing scale-up, clinical trial and regulatory submissions, toward expected 2H launches
- 3** Further demonstrate value proposition for Dexcom CGM in new markets while expanding initial commercial traction in T2 non-intensive

# APPENDIX

Revenue Data and GAAP Reconciliations

---

**dexcom**

# DEXCOM, INC.

## ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP FINANCIAL MEASURES

<i>(In millions)</i>	Three Months Ended December 31,	
	2020	2019
<b>GAAP operating income</b>	\$ 104.0	\$ 101.5
Amortization of intangible assets	0.4	0.8
Business transition and related costs <sup>(1)</sup>	—	1.3
<b>Non-GAAP operating income</b>	<u>\$ 104.4</u>	<u>\$ 103.6</u>
<b>GAAP net income</b>	\$ 355.2	\$ 92.7
Business transition and related costs <sup>(1)</sup>	—	1.1
Depreciation and amortization	20.4	14.3
Share-based compensation	34.1	23.6
Interest expense and interest income	23.4	8.4
Income tax (benefit) expense	(273.9)	1.6
<b>Adjusted EBITDA</b>	<u>\$ 159.2</u>	<u>\$ 141.7</u>

<i>(In millions, except per share data)</i>	Three Months Ended December 31,	
	2020	2019
<b>GAAP net income</b>	\$ 355.2	\$ 92.7
Amortization of intangible assets	0.4	0.8
Business transition and related costs <sup>(1)</sup>	—	1.3
Non-cash interest expense <sup>(2)</sup>	20.3	11.7
Adjustments related to taxes <sup>(3)</sup>	(285.5)	—
<b>Non-GAAP net income</b>	<u>\$ 90.4</u>	<u>\$ 106.5</u>
<b>GAAP diluted net income per share <sup>(4)</sup></b>	\$ 3.48	\$ 1.00
Amortization of intangible assets	—	0.01
Business transition and related costs <sup>(1)</sup>	—	0.01
Non-cash interest expense <sup>(2)</sup>	0.20	0.13
Adjustments related to taxes <sup>(3)</sup>	(2.88)	—
Impact of adjustment to GAAP diluted shares <sup>(5)</sup>	0.10	—
<b>Non-GAAP net income per share <sup>(6)</sup></b>	<u>\$ 0.91</u>	<u>\$ 1.15</u>
Shares used in GAAP diluted per share calculations:	104.3	92.8
Shares used in non-GAAP per share calculations:	99.1	92.8

(1) Business transition costs are primarily related to the Restructuring Plan that Dexcom announced on February 21, 2019.

(2) Non-cash interest expense represents accretion of the debt discount associated with our senior convertible notes.

(3) For the three months ended December 31, 2020, we exclude the impact related to the Company's valuation allowance release of \$285.5 million. For the three months ended December 31, 2019, we tax-effected GAAP-only items at a 0% tax rate because we recorded a full valuation allowance on our deferred tax assets.

(4) Net income used for calculating diluted earnings per share for the three months ended December 31, 2020 was \$363.2 million, including an add back of \$8.0 million interest expense, net of tax, under the if-converted method for our 2023 senior convertible notes.

(5) Our 2023 senior convertible notes are dilutive on a GAAP basis due to the tax benefit from the release of the Company's valuation allowance. As the valuation allowance release is excluded from non-GAAP net income, we exclude the dilutive impact of the 2023 senior convertible notes from non-GAAP dilutive weighted-average shares outstanding. The 2023 senior convertible notes are also hedged through an anti-dilutive bond hedge arrangement.

(6) The sum of the non-GAAP net income per share components may not equal the totals due to rounding.

**dexcom**



# DEXCOM, INC.

## TRENDED UNAUDITED QUARTERLY AND ANNUAL REVENUE RELATED METRICS BY COMPONENT TOTAL COMPANY 2018 - 2020

	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>FY'18</u>	<u>FY'19</u>	<u>FY'20</u>
<b>Revenue Metrics By Component</b>															
<b>Sensor &amp; Other Revenue (millions)</b> <sup>(1) (2)</sup>	\$ 131.9	\$ 179.4	\$ 194.0	\$ 252.8	\$ 211.9	\$ 260.4	\$ 317.2	\$ 359.5	\$ 325.0	\$ 364.5	\$ 406.3	\$ 465.6	\$ 758.1	\$ 1,149.0	\$ 1,561.4
Year over year growth	30%	47%	47%	57%	61%	45%	64%	42%	53%	40%	28%	30%	47%	52%	36%
Quarter over quarter growth (decline)	(18%)	36%	8%	30%	(16%)	23%	22%	13%	(10%)	12%	11%	15%			
% of Total revenue	72%	74%	73%	75%	76%	77%	80%	78%	80%	81%	81%	82%	73%	78%	81%
<b>Hardware Revenue (millions)</b> <sup>(1) (3)</sup>	\$ 52.5	\$ 63.0	\$ 72.7	\$ 85.3	\$ 68.6	\$ 76.0	\$ 79.1	\$ 103.3	\$ 80.1	\$ 87.3	\$ 94.6	\$ 103.3	\$ 273.5	\$ 327.0	\$ 365.3
Year over year growth	27%	29%	38%	41%	31%	21%	9%	21%	17%	15%	20%	0%	35%	20%	12%
Quarter over quarter growth (decline)	(13%)	20%	15%	17%	(20%)	11%	4%	31%	(22%)	9%	8%	9%			
% of Total revenue	28%	26%	27%	25%	24%	23%	20%	22%	20%	19%	19%	18%	27%	22%	19%
<b>Total Revenue (millions)</b>	\$ 184.4	\$ 242.5	\$ 266.7	\$ 338.0	\$ 280.5	\$ 336.4	\$ 396.3	\$ 462.8	\$ 405.1	\$ 451.8	\$ 500.9	\$ 568.9	\$ 1,031.6	\$ 1,476.0	\$ 1,926.7
Year over year growth	30%	42%	44%	53%	52%	39%	49%	37%	44%	34%	26%	23%	44%	43%	31%
Quarter over quarter growth (decline)	(17%)	32%	10%	27%	(17%)	20%	18%	17%	(12%)	12%	11%	14%			

(1) Includes allocated subscription revenue

(2) Includes services, freight, accessories, etc.

(3) Includes transmitter and receiver revenue

Note - All periods reflect the current component level reporting

# DEXCOM, INC.

## TRENDED UNAUDITED QUARTERLY AND ANNUAL REVENUE RELATED METRICS BY GEOGRAPHY

### TOTAL COMPANY

#### 2018 - 2020

	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>Q1'20</u>	<u>Q2'20</u>	<u>Q3'20</u>	<u>Q4'20</u>	<u>FY'18</u>	<u>FY'19</u>	<u>FY'20</u>
<b><i>Revenue Metrics By Geography</i></b>															
<b>US Revenue (millions)</b>	\$ 145.4	\$ 189.6	\$ 202.4	\$ 281.0	\$ 210.5	\$ 266.3	\$ 308.8	\$ 375.9	\$ 292.3	\$ 367.1	\$ 398.6	\$ 451.5	\$ 818.4	\$ 1,161.5	\$ 1,509.5
Year over year growth	25%	35%	34%	50%	45%	40%	53%	34%	39%	38%	29%	20%	37%	42%	30%
Quarter over quarter growth (decline)	(23%)	30%	7%	39%	(25%)	27%	16%	22%	(22%)	26%	9%	13%			
% of Total revenue	79%	78%	76%	83%	75%	79%	78%	81%	72%	81%	80%	79%	79%	79%	78%
<b>OUS Revenue (millions)</b>	\$ 39.0	\$ 52.9	\$ 64.3	\$ 57.0	\$ 70.0	\$ 70.1	\$ 87.5	\$ 86.9	\$ 112.8	\$ 84.7	\$ 102.3	\$ 117.4	\$ 213.2	\$ 314.5	\$ 417.2
Year over year growth	49%	78%	93%	72%	79%	33%	36%	52%	61%	21%	17%	35%	74%	48%	33%
Quarter over quarter growth (decline)	17%	36%	22%	(11%)	23%	0%	25%	(1%)	30%	(25%)	21%	15%			
% of Total revenue	21%	22%	24%	17%	25%	21%	22%	19%	28%	19%	20%	21%	21%	21%	22%
<b>Total Revenue (millions)</b>	\$ 184.4	\$ 242.5	\$ 266.7	\$ 338.0	\$ 280.5	\$ 336.4	\$ 396.3	\$ 462.8	\$ 405.1	\$ 451.8	\$ 500.9	\$ 568.9	\$ 1,031.6	\$ 1,476.0	\$ 1,926.7
Year over year growth	30%	42%	44%	53%	52%	39%	49%	37%	44%	34%	26%	23%	44%	43%	31%
Quarter over quarter growth (decline)	(17%)	32%	10%	27%	(17%)	20%	18%	17%	(12%)	12%	11%	14%			

# DEXCOM, INC.

## ITEMIZED RECONCILIATION BETWEEN GAAP AND NON-GAAP SELECTED DATA

### Definitions:

**Amortization of intangible assets** – When we acquire an entity, we are required by GAAP to record the fair values of the intangible assets of the entity on our balance sheet and amortize them over their useful lives. We exclude these non-cash amortization charges from our non-GAAP financial measures.

**Business transition and related costs** – Represents costs associated with acquisition, integration and business transition activities, including severance, relocation, consulting, leasehold exit costs, third party merger and acquisition costs, and other costs directly associated with such activities. We exclude business transition and related costs from our non-GAAP financial measures because they are unrelated to our ongoing business operating results.

**Non-cash interest expense on senior convertible notes** – Represents the accretion of the debt discount associated with our senior convertible notes. We exclude these non-cash interest expenses from our non-GAAP financial measures.

**Adjustments related to taxes** – For periods with a full valuation allowance on our deferred tax assets, we reflect no income tax effects for our non-GAAP adjustments because we record a full valuation allowance on our deferred tax assets. We also exclude the impact of the Company's valuation allowance release related to deferred tax assets.

**Adjusted EBITDA** – Adjusted EBITDA excludes non-cash operating charges for share-based compensation and depreciation and amortization as well as non-operating items such as interest income, interest expense, and income tax expense or benefit. For the reasons explained above, Adjusted EBITDA also excludes business transition and related costs.