

Company Overview

Figure 1. Revenue Distribution by Business Segment

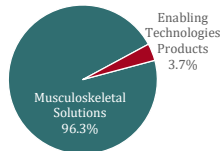
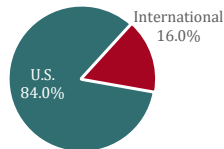


Figure 2. Revenue Distribution by Region



Globus Medical Inc is a medical device company that develops and commercializes healthcare solutions for patients with musculoskeletal disorders. They are at the forefront of innovation for implantable devices and advanced computer assisted intelligent systems (Enabling Technologies) aiming to streamline the surgical process to be safer, more accurate and minimally invasive. They offer a portfolio of 200 products on the market internationally, with most of the revenue based in the US.

(US\$m)	2018A	2019A	2020E	2021E
Revenue	713.0	785.0	714.7	832.1
EBIT	193.2	193.6	152.3	208.2
EBIT Margin (%)	27.1	24.7	21.3	25.0
Net Income	156.5	155.2	124.4	170.1
Profit Margin (%)	21.9	19.8	17.4	20.4
ROE (%)	13.2	11.1	8.1	10.0
EPS	2.08	2.06	1.65	2.26
D/E	0.0	0.0	0.0	0.0

Investment Thesis

Figure 5. Growth in 3D-printing 1. healthcare market (US\$m)

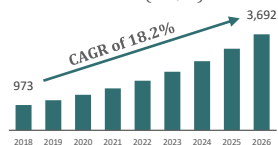


Figure 6. Key Products

Segment	Product Line
Musculo-skeletal disorders	REDRON Family, 3D titanium spacers
Enabling Technologies	ExcelsiusGPS

1. Increasing market leadership in the novel 3D-printed healthcare market, launch of the REDRON family. Globus Medical is the market leader in 3D expandable technologies and the successful launch of REDRON which promotes bone fusion through faster bone growth and formation will raise Globus Medical's competitiveness in the 3D titanium spacer category.

2. Continued confidence and robust worldwide adoption of the world's first three-in-one multifunctional robotic navigation platform, ExcelsiusGPS. The ExcelsiusGPS system fully integrates Imaging, Navigation and Robotic (INR) systems to offer CT scans, fluoroscopy and digital radiography and enables direct implant placement. This provides a more streamlined workflow, higher accuracy, and shorter recovery time.

3. Growing international presence with a healthy pipeline across its expanding portfolio of products in the spinal market and beyond, with focus on Japan and Europe. Globus Medical recently completed acquiring Finnish skeletal-deformation-focused company, SYNOSTE, and is poised for product launches in limb lengthening by 2022.

12M Industry Outlook

Figure 3. Growth in Minimally Invasive Surgery Market (US\$b)

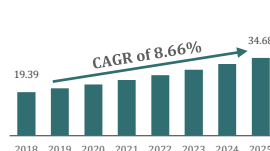
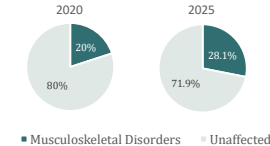


Figure 4. Increase in Musculoskeletal Disorders 2020-25



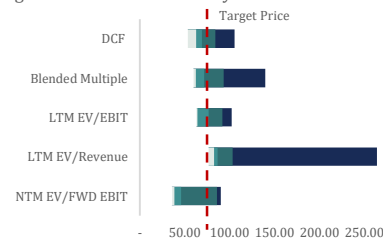
1. Rise in popularity of Minimally Invasive Surgeries (MIS). The MIS Instruments Market is forecasted to grow at a CAGR of 8.66% till 2025. The more effective and efficient surgical process which MIS spine procedures provide has facilitated a rise in treatments to be performed in ambulatory surgery centres, where there is greater availability and access to patients.

2. Increasing prevalence of musculoskeletal disorders including back pain and osteoarthritis as a global burden of disease. There was a worldwide annual percentage growth of about 6.73% in years lived with disability (YLDs) from 1990 to 2019. It has been estimated that in 2019, one in five people (inclusive of children) suffer from musculoskeletal pain globally. We predict that this continued trend will raise the demand for treatment options.

3. COVID-19 induced slowdown of uptake in robot technologies and musculoskeletal solutions. The current climate has placed a top-line drag on the industry as medical resources are directed toward combating the virus while revenue-generating elective procedures are delayed. US Hospitals are expected to generate US\$300b in losses by the year's end.

Valuations

Figure 7. Football Field Analysis



Target Price	
Blended Target Price	\$70.46
Blended Upside	+26.68%

Comparable Companies	NTM EV/EBIT	LTM EV/Rev	LTM EV/EBIT
Abiomed, Inc.	49.0x	7.2x	54.8x
CONMED Corporation	26.5x	26.2x	46.6x
Zimmer Biomet Holdings	19.4x	7.9x	43.8x
Intuitive Surgical	54.5x	8.2x	74.0x
Boston Scientific Corp.	24.2x	8.9x	58.4x

Blended 25:25:50 for a median target price of US\$71.58.

DCF Valuation (*Terminal Growth)	
Enterprise Value	4,905
Less: Debt	-
Add: Cash and Cash Equivalents	319
Add: Minority Interest	-
Market Value	5,224
Outstanding Shares (m)	75.33
Share Price (US\$)	69.35

WACC: 5%, Terminal Growth Rate: 1.85%

Blended Upside: Weighted 50:50 for a blended target price of \$70.46 (+25.7%)