

The background of the entire page is a dark, textured overlay of various financial charts. In the upper right, there is a line chart with a peak and a subsequent decline, labeled with '52.34%'. Below this, there are several bar charts and candlestick patterns, some in blue and some in orange/yellow, set against a grid. The overall aesthetic is professional and data-driven.

HAVEN

EQUITIES

Equity Research Report

Research Standards

HAVEN Report Standards (Mandatory)

1. Structure

- Do not remove sections.
- Pages may be duplicated for depth.
- Every report must include thesis, industry, financials, valuation, risks, and conclusion.

2. Clarity

- Use bullet points, not long paragraphs.
- If crowded → create a new page.
- Visuals > text walls.

3. Evidence

All claims must be supported by:

- Financial data
- Industry comparisons
- Historical performance
- Valuation logic

4. Professional Formatting

- Maintain layout, fonts, and spacing.
- No casual language.
- No opinions without reasoning.

Equity Research Report



DexCom (DXCM)
Healthcare | Medical Devices | CGM

Written By: Shubh Bhardwaj
Date: 26 March 2026

This report is prepared by Haven Equities for educational and informational purposes only and does not constitute investment advice or a recommendation to buy or sell any security.

Investment Overview

DexCom (DXCM)

Sector: Healthcare | Industry: Medical Devices | Price: \$65.68

Thesis:

Buy DXCM at \$65 because the stock trades at 30x P/E, a 70% discount from its 5-year average, while the CGM TAM is expanding from \$9B to \$17B+ by 2030. G7 15-day launch, Stelo OTC expansion into wellness, and Type 2 non-insulin coverage wins position DXCM as the premium CGM franchise in a secular growth market.

Key Drivers:

G7 15-day sensor rollout & adoption,
Stelo OTC CGM mass-market expansion,
Type 2 non-insulin reimbursement wins
International acceleration (18% growth)
Margin expansion trajectory (63-64% GM)

Key Risks:

Abbott FreeStyle Libre price competition,
GLP-1 impact on CGM demand perception,
FDA warning letter & Class 1 recall history,
CEO transition (Leach replacing Sayer).

Haven Rating: 7/10

Recommendation: Buy

Time Horizon: 12-18 Months

Risk Level: Moderate

Catalyst Driven: Yes

Catalysts (Next 1-6 Months):

Q1 FY26 earnings (April 2026),
G7 15-day full commercial ramp,
New international reimbursement wins,
Stelo direct-to-consumer scaling,
Potential GLP-1 combo therapy data,
Share buyback execution.

Quick Stats:

- Price: \$65.68
- Forward P/E Ratio: 24.9x
- P/E Ratio (TTM): 31.5x
- Market Cap: ~\$25B
- Enterprise Value: ~\$23.3B
- Revenue (TTM): \$4.66B
- Cash & Investments: \$2B
- FCF: \$1.08B
- Beta (5Y): 1.55

Business Overview

Company Snapshot

Business Description:

DexCom is a leading American medical device company specializing in continuous glucose monitoring (CGM) systems for diabetes management and metabolic health. Founded in 1999, headquartered in San Diego, California.

- Serves millions of patients across 50+ countries with real-time glucose monitoring.
- Products: DexCom G7, G7 15-Day, G6, DexCom ONE+, and Stelo (OTC biosensor).
- 35% share of the global CGM market; #1 in real-time CGM accuracy (MARD 8.0%)

Revenue Model:

- Hardware + recurring sensor consumables model. Sensors are replaced every 10-15 days, creating high-margin recurring revenue. Transmitters replaced periodically.
- Revenue Split: ~70.8% U.S., ~29.2% International. Razorblade model ensures lifetime patient value.

Operating Segments Segment	% of Revenue
United States	70.8%
International	29.2%
Total	100

- Geographic Growth: U.S. +11% YoY, International +18% YoY.

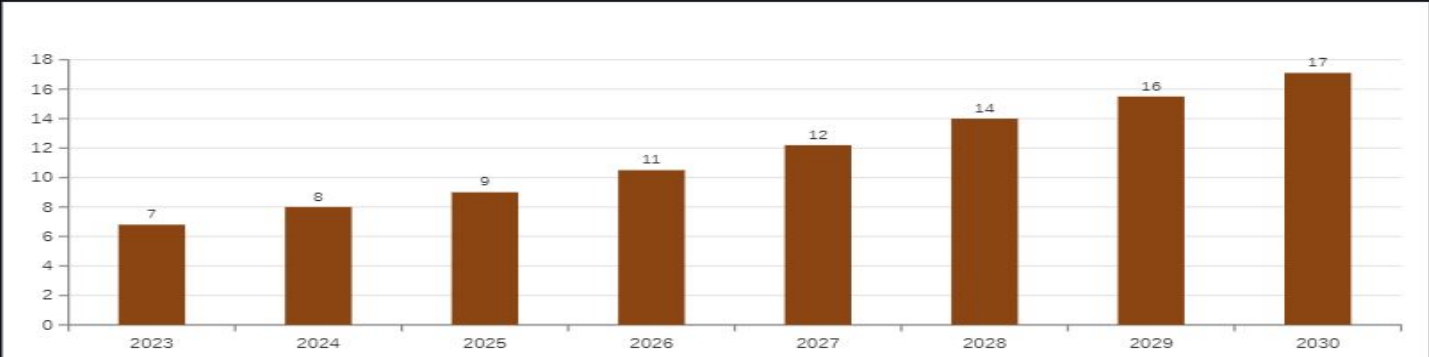
Key Operating Metrics

- Mission: To empower people to take control of their health through innovative CGM technology. Revenue CAGR last 3Y: ~19.6%.

Industry & Competition

Industry Overview

- The global CGM market was valued at ~\$9B in 2025 and projected to reach \$17-31B by 2030–2033 (CAGR ~13.8%-15.4%)
- The broader blood glucose monitoring market is projected to reach \$25.4B by 2030 from \$16.5B in 2025 (CAGR 9.1%).
- Global diabetes prevalence expected to reach 643 million by 2030. Type 2 accounts for 96% of cases and is trending younger.
- Market is highly concentrated: Abbott ~56%, DexCom ~35%, Medtronic ~ 7%.



TAM Analysis

Segment	TAM 2025	DXCM Share	Growth Rate
Real-Time CGM (Rx)	\$6.5B	~42%	15% CAGR
Flash/isCGM	\$2.5B	~5%	12% CAGR
OTC/Wellness CGM	\$0.5B	~30%	35%+ CAGR

Key Insights

DXCM dominates real-time CGM with best-in-class accuracy (8.0% MARD) but the Type 2 non-insulin CGM TAM is 2.5x larger with only ~15% share, Stelo + G7 15-Day is a deliberate land grab into this white space. The OTC wellness category could double CGM’s reachable population by 2030.

Industry & Competition

Trends

- Medicare’s 2024 policy expansion opened CGM access for Type 2 patients with hypoglycemic episodes, instantly raising the insured bar.
- OTC CGM category created by Stelo (DexCom) and Lingo/Libre Rio (Abbott) — targeting health-conscious wellness consumers.
- GLP-1 drugs (semaglutide/Ozempic) are a double-edged sword: may reduce some CGM need but also bring newly diagnosed patients into monitoring.
- Sensor miniaturization, 15-day wear time, factory calibration, and smartphone integration — creating sticky, high-margin recurring revenue.
- Automated insulin delivery (closed-loop) systems require CGM integration.

Main Competitors

Competitor	Ticker	Market Cap	Additional Notes
Abbott Laboratories	ABT	\$200B	FreeStyle Libre — #1 by volume, 56% CGM share
Medtronic	MDT	\$105B	Guardian CGM + insulin pump ecosystem, ~7% share
Senseonics	SENS	\$0.3B	Eversense 365 implantable CGM – niche player

Company Positioning

- **Abbott(ABT):** Volume leader with lower-cost Libre. Wins on price/accessibility. Now entering OTC with Lingo brand.
- **Medtronic (MDT):** Integrated pump+CGM ecosystem. Abbott partnership for Libre limits DXCM pump exclusivity.
- **DexCom (DXCM):** Premium accuracy leader. Best MARD, fastest warm-up, deepest pump integration partnerships (Tandem, Insulet)

Valuation

Current Valuation			
	Prev. Year	Current Year	Next Year (Projected)
EV/Revenue	12.5	5.01	4.5
P/S	11.8	5.14	4.6
Market Cap	\$45B	\$25B	\$28B

Peer Comparison			
	EV/Revenue	P/E	Market Cap
DexCom	5.01	31.5x	\$25B
Abbott	4.8	22x	\$200B
Medtronic	3.2	24x	\$105B
Competitor C	8.5	55x	\$16B

Valuation Scenarios			
Scenario	Assumption	Implied Value	Upside/Downside
Base Case	13% rev growth,	\$34B	+36%
Bull Case	Type 2 expansion	\$42B	+68%
Bear Case	GLP-1 headwinds	\$19B	-24%

Quantitative Analysis (Financial Health)

What does the revenue trend mean?

3Y revenue CAGR of ~19.6% reflects secular CGM adoption, FY2025 revenue hit \$4.66B (16% YoY), exceeding the high end of guidance. The growth temporarily decelerated from 20%+ to 13%+ in Q4 due to tough comps from July 2024 reset, but management guided FY2026 to \$5.26-5.35B (11-13% growth), with acceleration expected as G7 15-day ramps and Type 2 coverage expands.

Directly addressing the red flags (credibility)

July 2024 guidance cut was a one-time reset due to overly aggressive salesforce expansion. Q3 and Q4 2025 both beat estimates, proving the stumble was operational, not structural. FDA warning letter in March 2026 regarding manufacturing processes – company submitted corrective actions and subsequent inspections have been clean. CEO transition: Jake Leach (former COO/President) took over from Kevin Sayer in 2026.

Key Ratios

- **Valuation:** Price-to-Earning (P/E) 31.5x, Price-to-Book ~10x, Price-to-Sales (P/S) 5.14x.
- **Profitability:** Return on Equity (ROE) 34.50%, Return on Assets (ROA) 8.3%, Net Profit Margin 17.94%
- **Liquidity & Solvency:** Debt-to-Equity Ratio 0.51x, Current Ratio 1.88x
- **Growth Metrics:** Revenue 3Y CAGR ~19.6%, EPS Growth (Q4 YoY), PEG Ratio 1.23.

Quantitative Analysis (Business Fundamentals)

~35% of the global CGM market = structural duopoly with Abbott. No competitor has crossed 10% in the last decade.

Best-in-class accuracy: G7 MARD of 8.0% is the industry gold standard. FDA-cleared for dosing decisions without fingersticks.

Only FDA-cleared OTC CGM (Stelo): First-mover advantage in the wellness/non-insulin market — a category that could double CGM's addressable population by 2030.

Price Action and Charts

Strong Support: \$54-\$58. The 52-week low of \$54.11 was tested in March 2026 and held with increasing volume. This is the absolute floor and where risk/reward is most asymmetric.

Key resistance: \$72-\$75, which is the level where the stock consolidated in January 2026 before breaking down. Reclaiming this zone on volume confirms a trend reversal. The \$90 level is a major resistance — the 52-week high zone. Break above opens the path to \$100+ and would mark a full recovery from the July 2024 guidance-cut sell-off.

Common Technical Indicators

- **Moving Averages (MA):** 50-day ~\$70, 200-day ~\$78. Price below both MAs = bearish.
- **Relative Strength Index (RSI):** 14-day RSI ~35-40 range, approaching oversold. Has bounced from sub-30 levels twice in 2025.
- **MACD:** Negative but flattening. Histogram bars shrinking = momentum loss in the downtrend, potential crossover forming.
- **Bollinger Bands:** Bands contracting around \$60-\$72 range, middle band ~\$66. Low volatility squeeze often precedes a large directional move.

Core Assumption

- **Market discounts everything:** The Current Price of \$65.68 already reflects the July 2024 guidance cut, GLP-1 overhang fears, FDA warning letter, and CEO transition. All four negatives are now in the rearview mirror. Any upside surprise from Q1 FY26 earnings, G7 15-Day ramp data, or Type 2 reimbursement expansion will lead to immediate re-rating.
- **Prices move in trends:** The extended downtrend from \$160 to \$54 appears to be bottoming. Higher lows forming \$54 -> \$58 -> \$64. Volume expanding up on days.
- **History tends to repeat itself:** DXCM experienced a similar ~60% drawdown in 2022 driven by competitive fears. The stock subsequently recovered to \$140+ within 18 months as execution proved the thesis. The current setup is structurally similar: compressed valuation, beaten-down sentiment, but improving fundamentals. Analyst consensus is “Strong Buy” with an average price target of \$87.08, representing 33%+ upside from current levels.

Conclusion/Recommendation

Investment Recommendation

BUY

Target Price & Potential Returns

Target Price: \$87.07
Potential Upside: +32.6%

Core Thesis Summary

31.5x P/E on a company growing revenue at 16% with 63.5% gross margins expanding to 65%+, 34.5% ROE, and \$1B+ annual FCF, CGM TAM expanding from \$9B to \$17B+ by 2030. G7 15-Day, Stelo OTC, and Type 2 expansion create multiple growth vectors. Technically basing at \$54-\$65 with oversold indicators signalling asymmetric risks/rewards.

Key Catalysts

Q1 FY 26 earnings beat (April 2026).
G7 15-day commercial ramp acceleration.
New Type 2 reimbursement wins globally.
Stelo OTC direct-to-consumer scaling.

Key Risks:

- Competitive Threats: Abbott Libre Pricing
- GLP-1 Impact: Ozempic reducing CGM need
- Regulatory: FDA warning letter history

Key Financial Metrics

Revenue: \$4.66B
EBITDA Margin: 27%
Cash: \$2.08B | Debt: \$1.4B
Market Cap: ~\$25B
P/E Ratio: 31.5x
EPS (Non-GAAP): \$2.09

Stock Type

Asset Class: Growth
Size: Large Mid Cap
Dividend: No

Company Snapshot

Ticker: DXCM
Current Price: \$65.68