

DEXCOM INC
Form 10-Q
August 01, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 000-51222

DEXCOM, INC.
(Exact name of Registrant as specified in its charter)

Delaware 33-0857544
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

6340 Sequence Drive 92121
San Diego, California
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including area code: (858) 200-0200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check one):

Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 27, 2017, 86,560,946 shares of the Registrant's common stock were outstanding.

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ITEM 1. FINANCIAL STATEMENTS

DexCom, Inc.

Consolidated Balance Sheets

(In millions—except par value data)

	June 30, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 395.9	\$ 94.5
Short-term marketable securities, available-for-sale	100.7	29.2
Accounts receivable, net	101.7	101.7
Inventory	42.8	45.4
Prepaid and other current assets	15.7	9.2
Total current assets	656.8	280.0
Property and equipment, net	125.0	109.4
Goodwill	11.9	11.3
Other assets	1.9	2.1
Total assets	\$ 795.6	\$ 402.8
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 72.2	\$ 68.1
Accrued payroll and related expenses	31.4	33.4
Current portion of deferred revenue	1.5	0.9
Total current liabilities	105.1	102.4
Other liabilities	16.3	16.6
Long term senior convertible notes	320.5	—
Total liabilities	441.9	119.0
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5.0 shares authorized; no shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	—	—
Common stock, \$0.001 par value, 200.0 authorized; 86.8 and 86.5 issued and outstanding, respectively, at June 30, 2017. Common stock, \$0.001 par value, 100.0 authorized; 84.9 and 84.6 shares issued and outstanding, respectively, at December 31, 2016.	0.1	0.1
Additional paid-in capital	1,015.6	905.7
Accumulated other comprehensive loss	(1.6)	(1.0)
Accumulated deficit	(660.4)	(621.0)
Total stockholders' equity	353.7	283.8
Total liabilities and stockholders' equity	\$ 795.6	\$ 402.8
See accompanying notes		

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DexCom, Inc.

Consolidated Statements of Operations

(In millions—except per share data)

(Unaudited)

	Three Months		Six Months	
	Ended		Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Revenues	\$170.6	\$137.3	\$312.9	\$253.5
Cost of sales	53.1	51.8	101.3	92.9
Gross profit	117.5	85.5	211.6	160.6
Operating expenses				
Research and development	45.3	36.3	93.4	68.5
Selling, general and administrative	85.8	69.3	172.2	131.4
Total operating expenses	131.1	105.6	265.6	199.9
Operating loss	(13.6)	(20.1)	(54.0)	(39.3)
Other income	1.8	—	2.2	—
Interest income	0.5	0.1	0.7	0.2
Interest expense	(3.1)	(0.1)	(3.6)	(0.2)
Loss before income taxes	(14.4)	(20.1)	(54.7)	(39.3)
Income tax expense (benefit)	(17.3)	0.1	(15.9)	0.1
Net income (loss)	\$2.9	\$(20.2)		