




**GLOBUS**  
MEDICAL

*Life moves us* 

Globus Medical, Inc.

*Investor Day*

November 12, 2015

## ■ FORWARD LOOKING STATEMENTS

All statements included in this presentation other than statements of historical fact are forward-looking statements and may be identified by their use of words such as “believe,” “may,” “might,” “could,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “plan” and other similar terms. These forward-looking statements are based on our current assumptions, expectations and estimates of future events and trends. Forward-looking statements are only predictions and are subject to many risks, uncertainties and other factors that may affect our businesses and operations and could cause actual results to differ materially from those predicted. These risks and uncertainties include, but are not limited to, factors affecting our quarterly results, our ability to manage our growth, our ability to sustain our profitability, demand for our products, our ability to compete successfully (including without limitation our ability to convince surgeons to use our products and our ability to attract and retain sales and other personnel), our ability to rapidly develop and introduce new products, our ability to develop and execute on successful business strategies, our ability to comply with changing laws and regulations that are applicable to our businesses, our ability to safeguard our intellectual property, our success in defending legal proceedings brought against us, trends in the medical device industry, general economic conditions, and other risks. For a discussion of these and other risks, uncertainties and other factors that could affect our results, you should refer to the disclosure contained in our most recent annual report on Form 10-K filed with the Securities and Exchange Commission, including the sections labeled “Risk Factors” and “Cautionary Note Concerning Forward-Looking Statements,” and in our Forms 10-Q, Forms 8-K and other filings with the Securities and Exchange Commission. These documents are available at [www.sec.gov](http://www.sec.gov). Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for us to predict all risk factors and uncertainties, nor can we assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements contained in this presentation speak only as of the date of this presentation. We undertake no obligation to update any forward-looking statements as a result of new information, events or circumstances or other factors arising or coming to our attention after the date hereof.



Providing  
Exceptional  
Response



Delivering  
Innovation



Advancing  
Patient  
Care

# Welcome

# OBJECTIVES FOR MEETING

## Globus Overview

- Introduce Globus – mission, history, and team

## Market Overview

- Provide market overview & identify drivers

## Understand Success Drivers

- Hands-on evaluation of assets, products and team

## Emerging Technologies

- Outline new market opportunities

## Long Range Plan

- Present 5 year plan, strategy and financial outlook



# AGENDA

|                   |   |                               |                                |
|-------------------|---|-------------------------------|--------------------------------|
| 8:00am – 9:00am   | <b>Registration (Lobby)</b>                 |                               |                                |
|                   | Coffee and Refreshments (Multipurpose Room) |                               |                                |
| 9:00am – 10:00am  | <b>MANAGEMENT PRESENTATIONS</b>             |                               |                                |
| <b>BREAK</b>      |   |                               |                                |
| 10:00am – 11:00am | <b>Branch</b><br>Group A                    | <b>Globus Tour</b><br>Group B | <b>Product Room</b><br>Group C |
| 11:00am – 12:00pm | <b>Branch</b><br>Group C                    | <b>Globus Tour</b><br>Group A | <b>Product Room</b><br>Group B |
| 12:00pm – 1:00pm  | <b>Branch</b><br>Group B                    | <b>Globus Tour</b><br>Group C | <b>Product Room</b><br>Group A |
| 1:15pm – 2:15pm   | Leadership Interactions (Lunch served)      |                               |                                |
| 2:15pm – 2:45pm   | Wrap-up (Education Center)                  |                               |                                |

■ MISSION

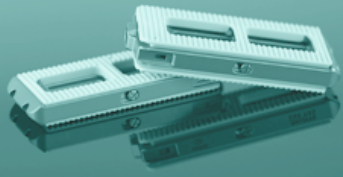


*To become the pre-eminent musculoskeletal company in the world by developing products that promote healing in patients with musculoskeletal disorders.*



# ■ GLOBUS MEDICAL OVERVIEW

## HISTORY



- **Founded in 2003** by an experienced team to create products that enable surgeons to promote healing in patients with musculoskeletal disorders.
- **Experienced leadership team** with over 200 years combined in the spine and medical device industry

## BUSINESS



- **Comprehensive portfolio of Innovative Spine** products
- **Product development engine** has generated over **140 products** since inception
- **Worldwide exclusive sales** distribution channel

## FINANCIAL HIGHLIGHTS



- **Q3 2015 Sales** \$137.0 Million **up 16.3%**; **EPS \$0.28**
- Q3 2015 **Cash & Investments** **\$300.1 Million**; No Debt
- 2014 Sales \$474.4 Million, **Adjusted EBITDA 36.1%**
- **2015 Guidance:** Sales **\$539 Million**, **EPS \$1.07**

# MANAGEMENT TEAM



David C. Paul  
Chairman & CEO



Anthony Williams  
President



Daniel Scavilla  
Sr. Vice President & CFO



David Demski  
Group President  
Emerging Technologies



Andrew Iott  
Sr. Vice President  
Global Product Development



Kelly Baker  
Sr. Vice President  
Regulatory & Clinical Affairs



David Davidar  
Sr. Vice President  
Operations



Brett Murphy  
Group President  
Commercial Operations



Gregg Harris  
Executive Vice President  
US Sales



Steve Payne  
Vice President  
Controller  
& Chief Accounting Officer



Kevin Carouge  
Sr. Vice President  
Corporate Development



Dennis Booth  
Sr. Vice President  
Corporate Development



Daniel Paul  
Vice President  
QA/IT



Jeff Cohen  
Chief Compliance Officer &  
Regulatory Counsel



Barclay Davis  
Sr. Director  
Trauma



Brian Kearns  
Vice President  
Business Development



Jay Jani  
Vice President  
Intellectual Property



Kelly Huller  
Vice President  
Legal



Mike Boyer  
Vice President  
Engineering Services



Norbert Johnson  
Vice President  
Robotics



Saif Khalil  
Vice President  
Neuro



Ole Stoklund  
Vice President  
International



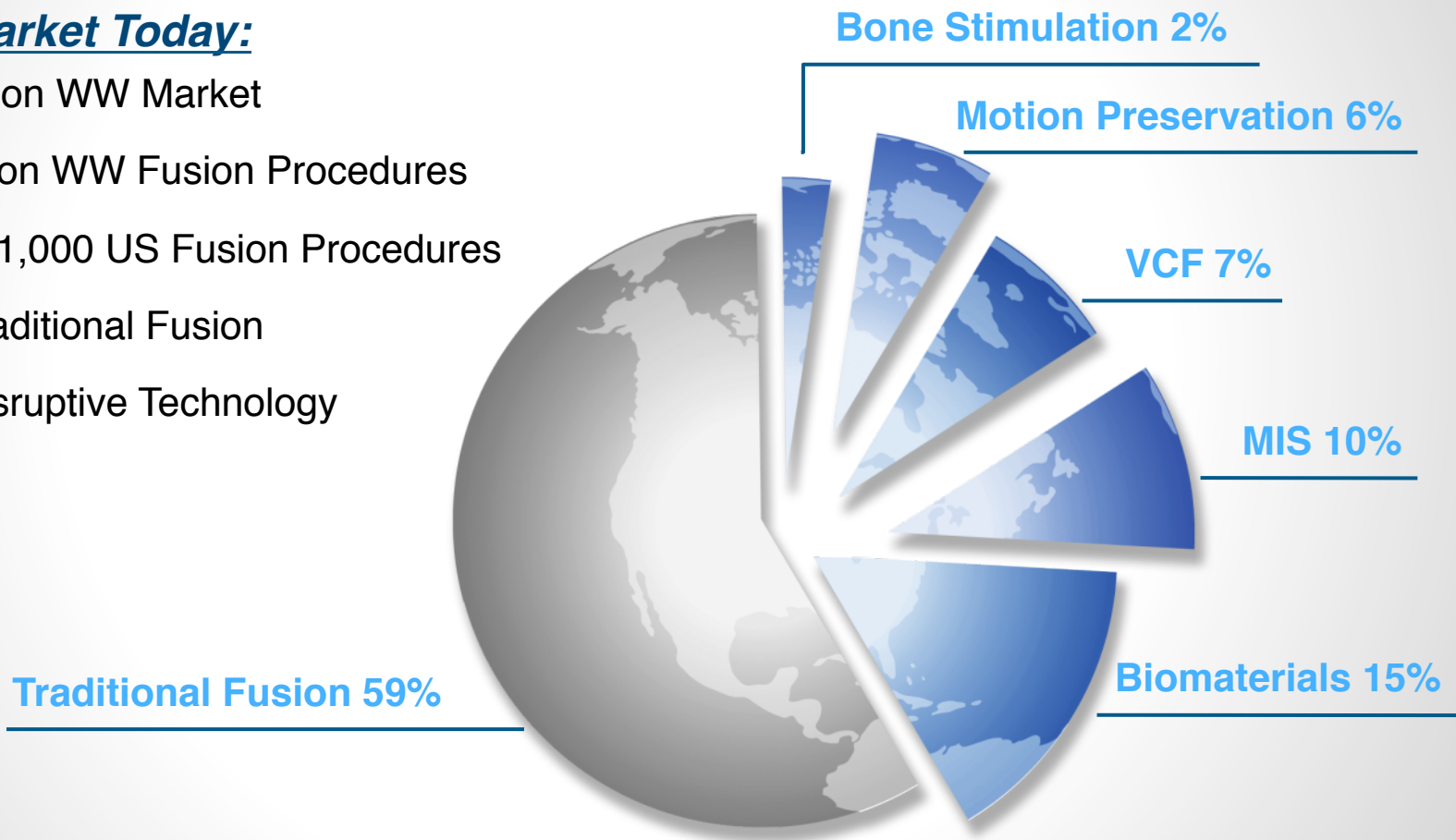
Jason Leigl  
Vice President  
Professional Services,  
Training & Education

# SPINE MARKET OVERVIEW & DRIVERS

*Large market in which existing and novel procedures help improve healthcare*

## Spine Market Today:

- \$10 Billion WW Market
- 1.8 Million WW Fusion Procedures
  - 881,000 US Fusion Procedures
- 59% Traditional Fusion
- 41% Disruptive Technology



**Worldwide Market**

# MARKET DRIVERS

## FAVORABLE PATIENT DEMOGRAPHICS

- Annual population growth ~5% for ages 40-80 from 2015 to 2030<sup>1</sup>

## UNSOLVED CLINICAL PROBLEMS

- Long term success rates only 70%, even for gold standard ACDF's<sup>2</sup>
- Deformity<sup>3</sup>, Spinal Cord Injury<sup>4</sup>, & Vertebral Compression Fractures<sup>5</sup>

## DISRUPTIVE TECHNOLOGIES FOR EARLIER INTERVENTION

- MIS adoption rate to climb through 2025: 20% → 70%
- MIS approaches allow for earlier surgical interventional therapies

## CONTINUED GROWTH OF SPINE PROCEDURES WORLDWIDE

- Increased access to treatment and ability to pay for care



<sup>1</sup> US Census Bureau 2014

<sup>2</sup> McAfee et al., *Spine* 37(11):943-952, 2012

<sup>3</sup> Reames et al., *Spine* 36(18):1484-1491, 2011

<sup>4</sup> National Spinal Cord Injury Statistical Center, 2015

<sup>5</sup> Vaccaro et al., *Spine* 32(16):1728-1734, 2007

## ■ 2020 GMED OBJECTIVES<sup>1</sup>

- >\$1B in Sales (13% CAGR)
- Invest in Diversification
  - Imaging, Navigation, and Robotics
  - Trauma
- EPS Growth to exceed Sales Growth (14% CAGR)

*<sup>1</sup>Assumes current foreign exchange rates unless otherwise noted. Adjusted financial results exclude special items. See [www.globusmedical.com](http://www.globusmedical.com) for information regarding Non-GAAP financial information used throughout this presentation, including adjusted operating margin and adjusted EBITDA margin.*



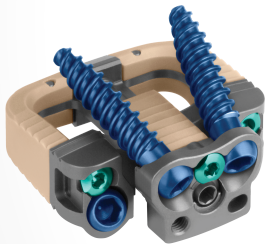
## ■ GLOBUS STRATEGY



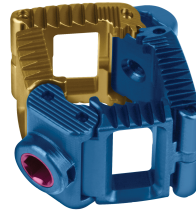
- Leverage Integrated Product Development Engine
- Continued Sales Force Expansion
- Drive Operational Excellence
- Disciplined Expense Control
- Investment in Emerging Technologies

# LEVERAGE PRODUCT DEVELOPMENT ENGINE

- A “full bag” with over **140 products**
- 30+ products in development at any time
- 5-10 product launches expected each year
  - *15 new products in each of 2012, 2013, 2014*
  - Broad portfolio of issued **patents** and new applications
- Differentiated product pricing



**MONUMENT®**



**LATIS®**



**FORTIFY® I**



**SILC®**



**KINEX®**



**SIGNIFY®**



**UNIFY®**



**CREO® &  
CREO AMP®**



# LEVERAGE PRODUCT DEVELOPMENT ENGINE

## *Globus Posterior Interbody Fusion*

Continuous innovation: from static cages to expandable technologies

**SUSTAIN®-O**



**CALIBER®**



**LATIS®**



2002

2004

2006

2008

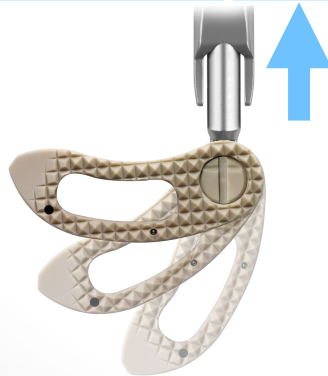
2010

2012

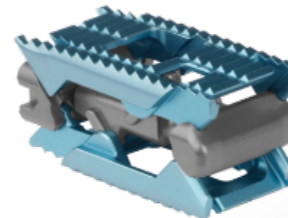
2014



**SUSTAIN® Arch**



**SIGNATURE®**



**RISE®**

# CONTINUED US SALES FORCE EXPANSION

*Exclusive U.S. sales force includes direct sales representatives and distributors*

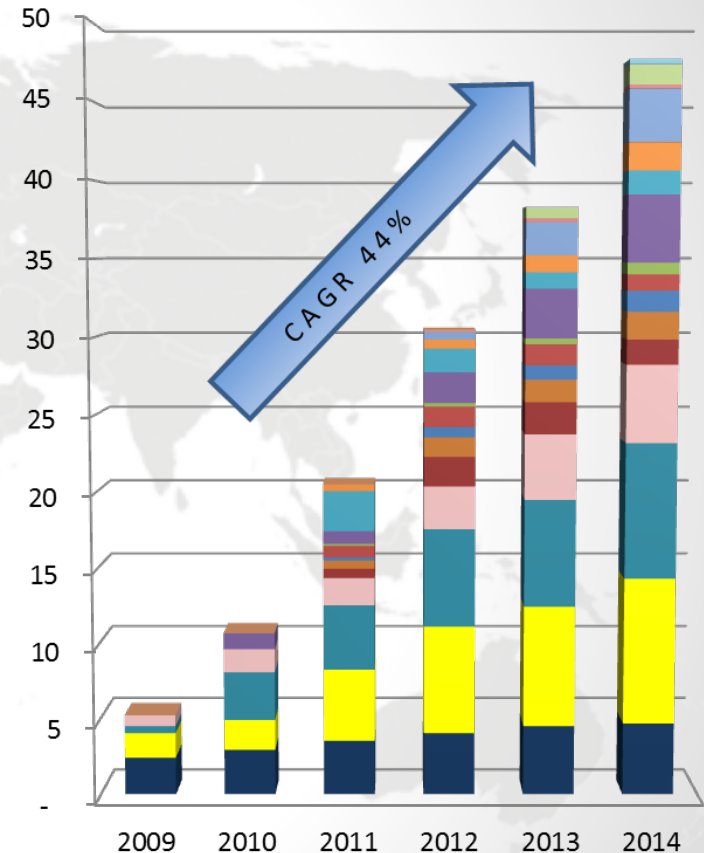
- Actively recruiting experienced sales representatives
- Increase sales force proportional to sales growth
- Robust sales training and development programs



# CONTINUE TO GROW INTERNATIONAL MARKETS

## INTERNATIONAL ORGANIZATION

- 33 countries as of Q3 2015
- Typically shorter regulatory pathway for disruptive products
- Approximately 8% of WW Sales now; 15% in 2020



■ CORE COMPETENCIES

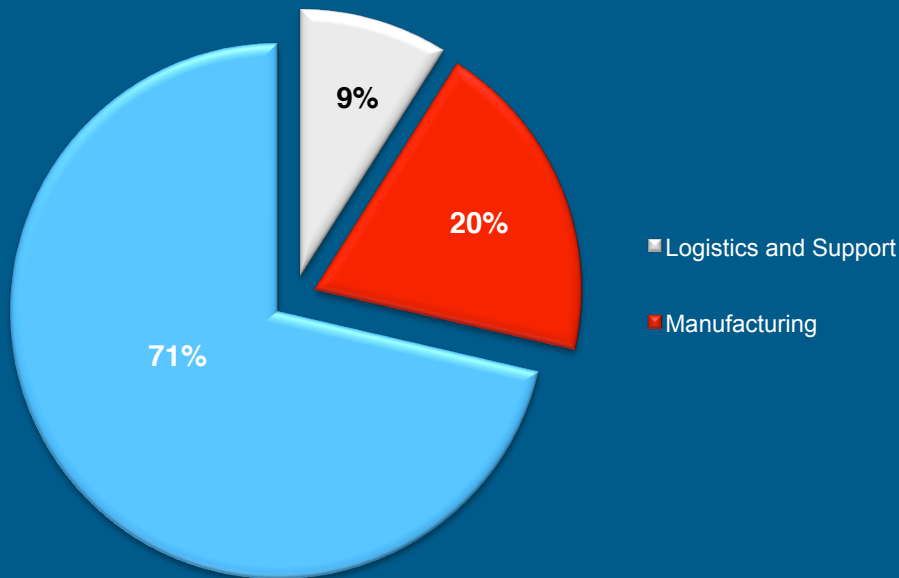


Anthony Williams  
*President*

## DRIVING OPERATIONAL EXCELLENCE

- Mission to find excellent means to deliver our solutions
- Significant investments in operational excellence throughout history
- Infrastructure exists today to support plan

### Operations Personnel



# OPERATIONS



- Purchasing
- Receiving/inspection
- Shipping/distribution
- Customer service
- In-house manufacturing

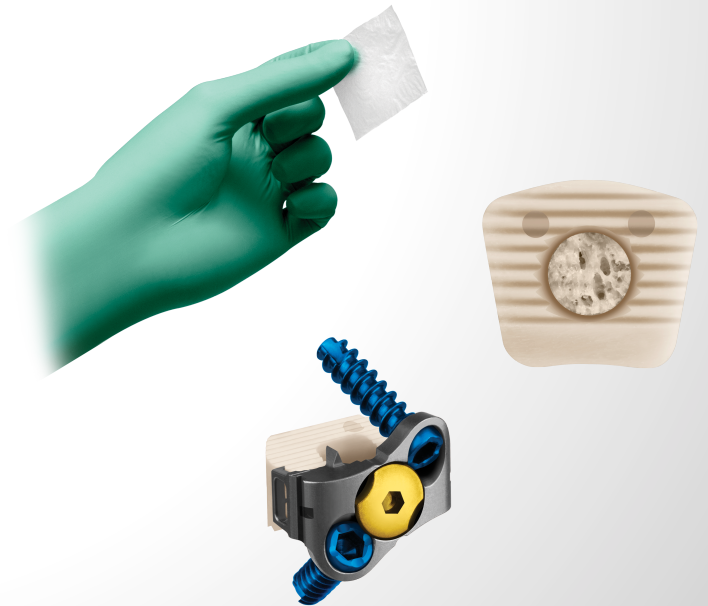
# HIGH PRECISION IN-HOUSE MANUFACTURING

- Right, On Time
- Precision, timely and cost-effective manufacturing
- More collaboration earlier in the product development process
- In-house manufacturing of 50% of products by 2017
- Counter lever to industry-wide pricing pressure





- Dedicated and cost-effective supply of tissue
- Enable launch of high precision tissue products
- Support growth of biologics to 10%+ of spine sales



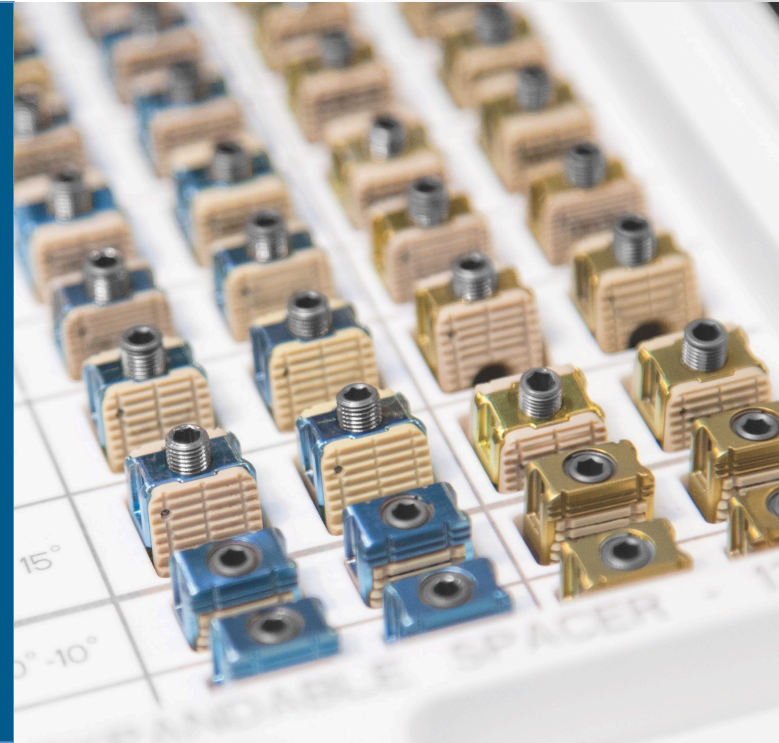
## ■ DISCIPLINED EXPENSE CONTROL

- Culture since inception
- Evaluate every expense critically – is it additive to our mission?
- Still able to invest heavily in our business – R&D expense consistent with other orthopedic companies; operations investment to support continued growth



## ■ COGS

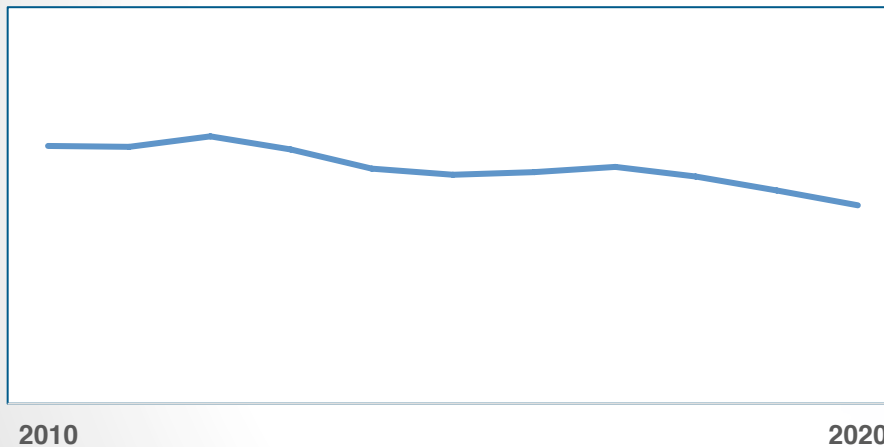
- Continued negative impact of pricing
- Product mix and geography
- Focused efforts to find counter levers to GP degradation
  - In-house manufacturing, inventory utilization, delivery costs
  - SG&A improvements
  - Taxes



## SALES AND MARKETING EXPENSES

- Straight commission sales reps are the most cost-effective reps
- Leverage marketing and administration assets as sales grow

### SG&A as Percentage of Sales



## ■ EMERGING TECHNOLOGIES



**Dave Demski**

*Group President,  
Emerging Technologies*

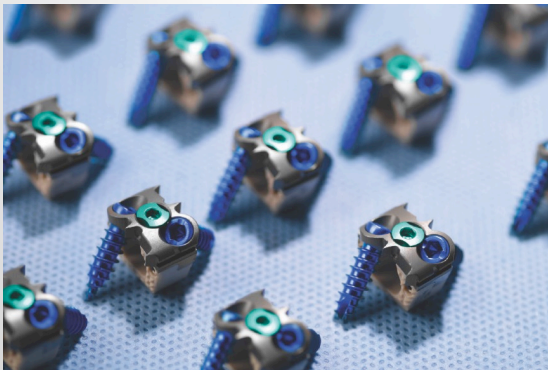
# STRATEGIC RATIONALE EMERGING TECH

## Core Spine Extremely Strong

- Multiple Growth Opportunities/ Momentum
- Strong Team/Execution Story
- At \$1B → Growth % Challenging

## Plant Multiple Seeds Now

- Leverage Core Competencies/ Strengths
- Modulate investment to maintain AEBITDA +/- 35%
- Build Momentum/Reach Profitability



## EMERGING TECHNOLOGIES

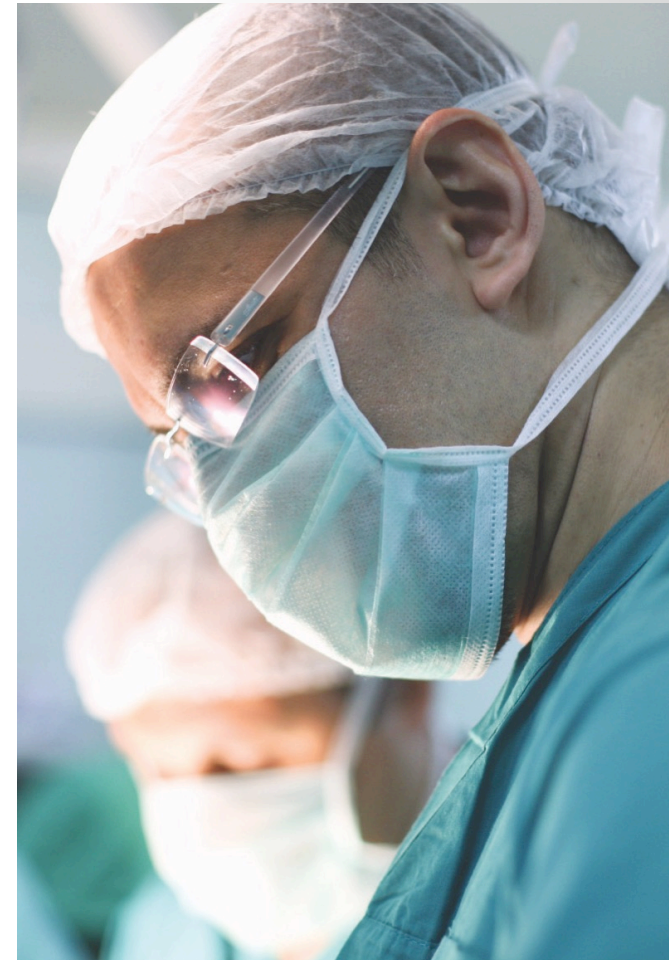
### Robotics

- Early stages of adoption
- Leverage GMED sales force/relationships

### Trauma

- Lack of innovation in market
- History of collaboration with clinicians to solve unmet needs

### Other Adjacencies



# ROBOTICS

## Why Robotics?

### Minimally Invasive Surgery

- MIS advantages → Less blood loss, less muscle damage and faster recovery
- Today MIS is skill-intensive with large time/learning curve and high radiation exposure

### Robotics Advantages

- Improve accuracy → Reduce complications
- Pre-operative and intra-operative planning → Improve outcomes
- Significant reduction in radiation exposure

### Potentially Huge Market

- Spine, Orthopedics, Neurosurgery

## Competitive Advantages

### Multiple Imaging Technologies

- Pre-op CT, intra-op CT, fluoroscopy

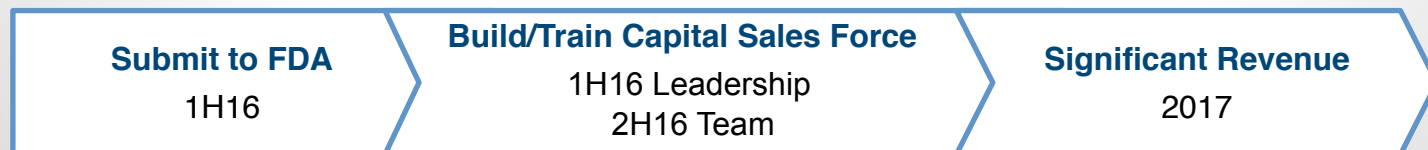
### Robotic and Navigational Capabilities

- Streamlined surgical workflow with extensive instrumentation options

### Intuitive User Interface

- Touchscreen monitor and tablet

## Rollout Plan



# 2015 US TRAUMA MARKET

## • WHY TRAUMA?

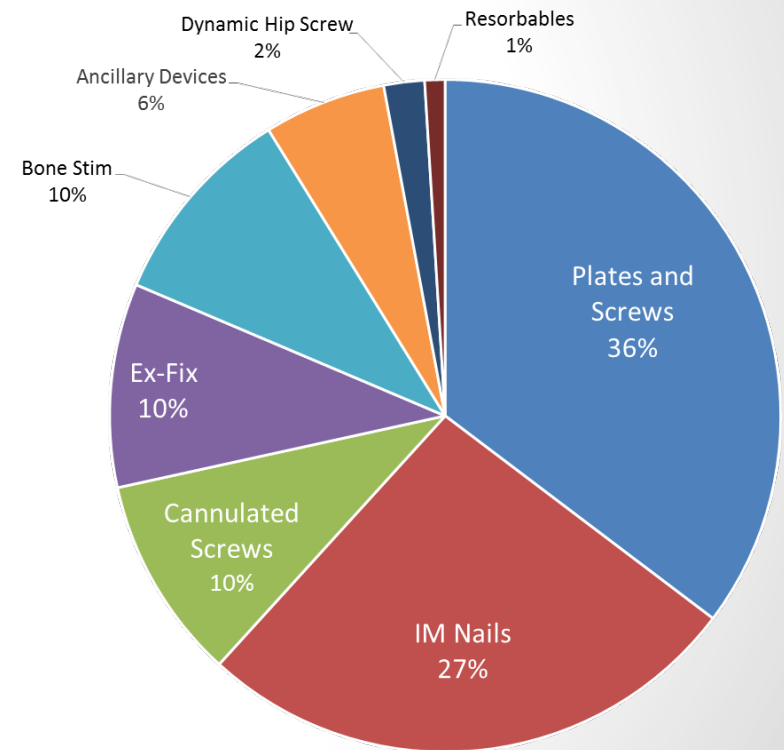
- \$5.7B WW Market; \$3.6B US
- Opportunity to drive innovation to solve unmet needs
  - Mechanical Engineering
  - Tissue Based

## • STRATEGY

- Comprehensive Bag
  - Attract best sales talent: customer focus
  - Expanded revenue opportunity
- Exclusive Sales Force
- Collaborate / Innovate / Evolutionary

## • ROLLOUT PLAN

- 6 products under development currently
- FDA submissions beginning in 2H16
- Begin Sales Force Build in 2H16/1H17
- No significant revenue until 2017
- Actively considering acquisitions



# ■ GLOBUS TRAUMA FDA SUBMISSIONS

|                           |   | Target |
|---------------------------|---|--------|
| Trauma Compression Screws |    | 2H16   |
| Proximal Humerus Plate    |    | 2H16   |
| Ex-Fix                    |    | 2H16   |
| Proximal Femoral Nail     |    | 1H17   |
| Volar Distal Radius Plate |   | 1H17   |
| Distal Tibia Plates       |  | 1H17   |



## ■ FINANCIAL OUTLOOK



**Dan Scavilla**

*Senior Vice President and  
Chief Financial Officer*

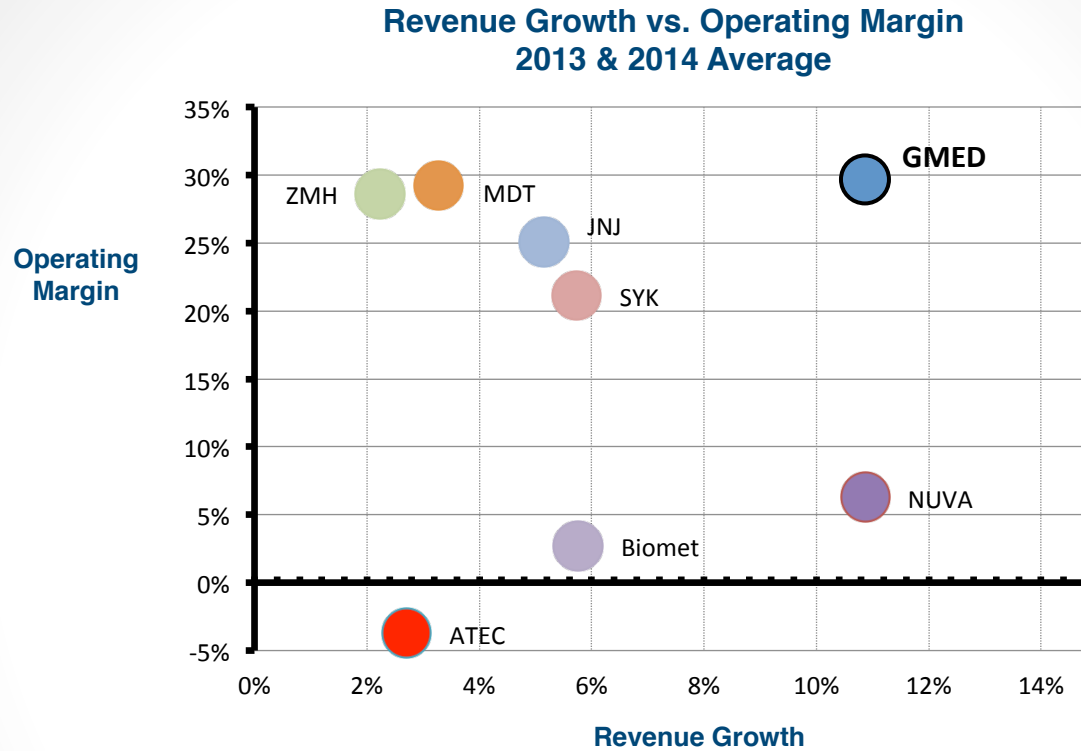
## ■ 2020 GMED OBJECTIVES<sup>1</sup>

- >\$1B in Sales (13% CAGR)
- Invest in Diversification
  - Imaging, Navigation, and Robotics
  - Trauma
- EPS Growth to exceed Sales Growth (14% CAGR)

<sup>1</sup>Assumes current foreign exchange rates unless otherwise noted. Adjusted financial results exclude special items. See [www.globusmedical.com](http://www.globusmedical.com) for information regarding Non-GAAP financial information used throughout this presentation, including adjusted operating margin and adjusted EBITDA margin.

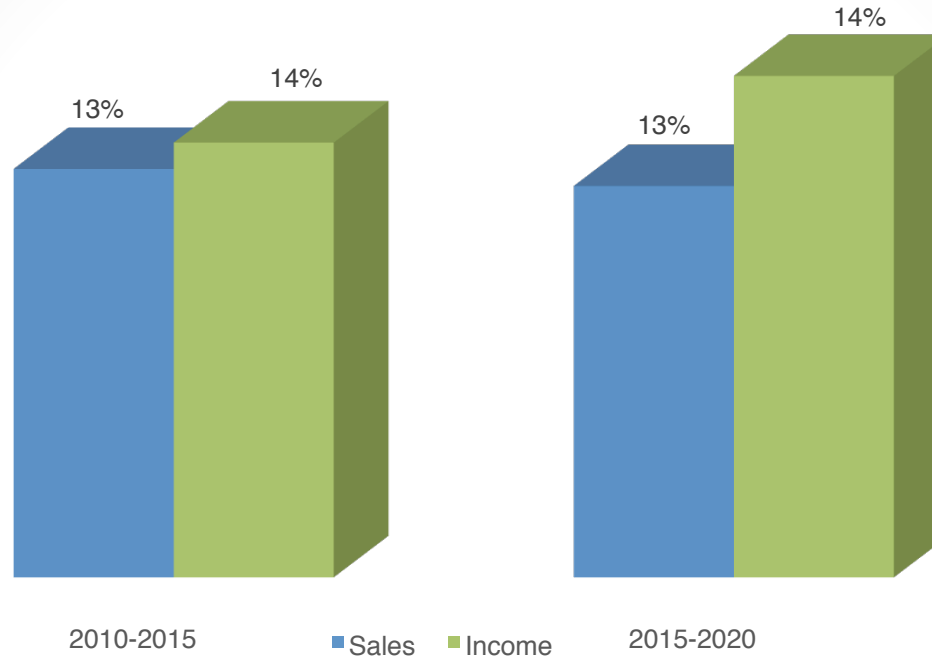


# ORTHOPEDIC PEER COMPARISON



- High Growth, Gaining Share
- Best-in-class profitability
- 2015 is 7<sup>th</sup> consecutive year of mid-30's EBITDA

## INVESTING NOW FOR LONG TERM GROWTH



- Leverage spine to invest in emerging technology
- Invest now for sustained long term growth
- Maintain spine strength while building adjacencies

## ■ GROWTH ASSUMPTIONS

### SPINE

- US sales CAGR 9%
- International sales CAGR 22%

### EMERGING TECHNOLOGIES

- Less than 15% of sales by 2020

### P&L

- Price pressure & Biologics mix partially offset through Branch benefit of +\$18M/year
- Maintain mid-30's EBITDA through COGS offsets & SG&A leverage
- Implement global tax strategy



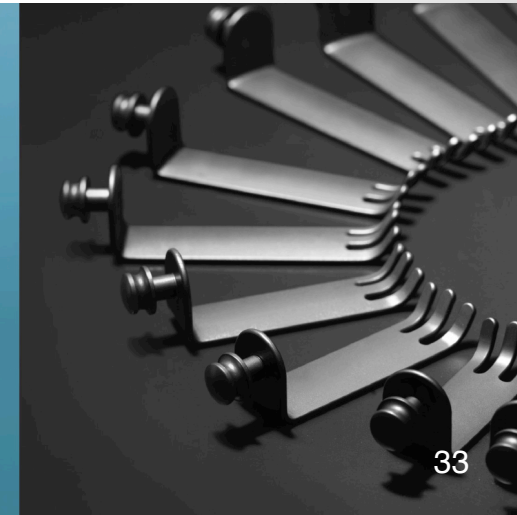
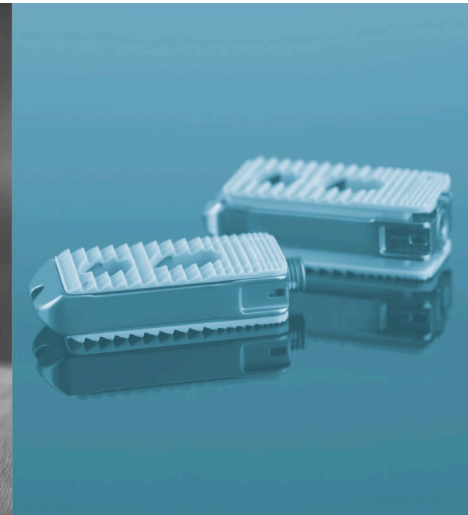
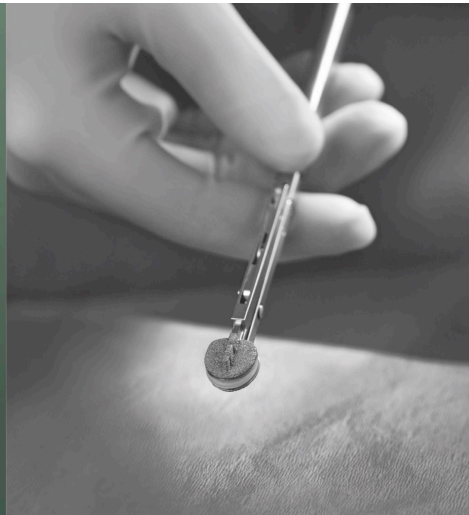
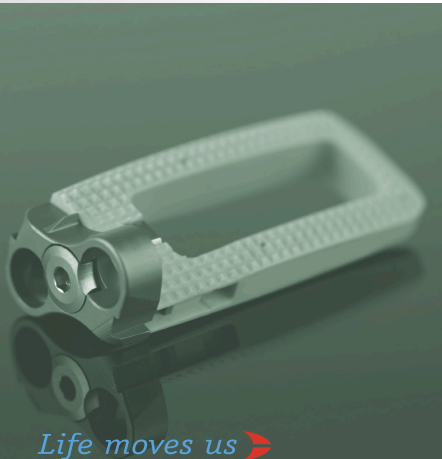
# IDENTIFY TAILWINDS TO OFFSET HEADWINDS

## Headwinds

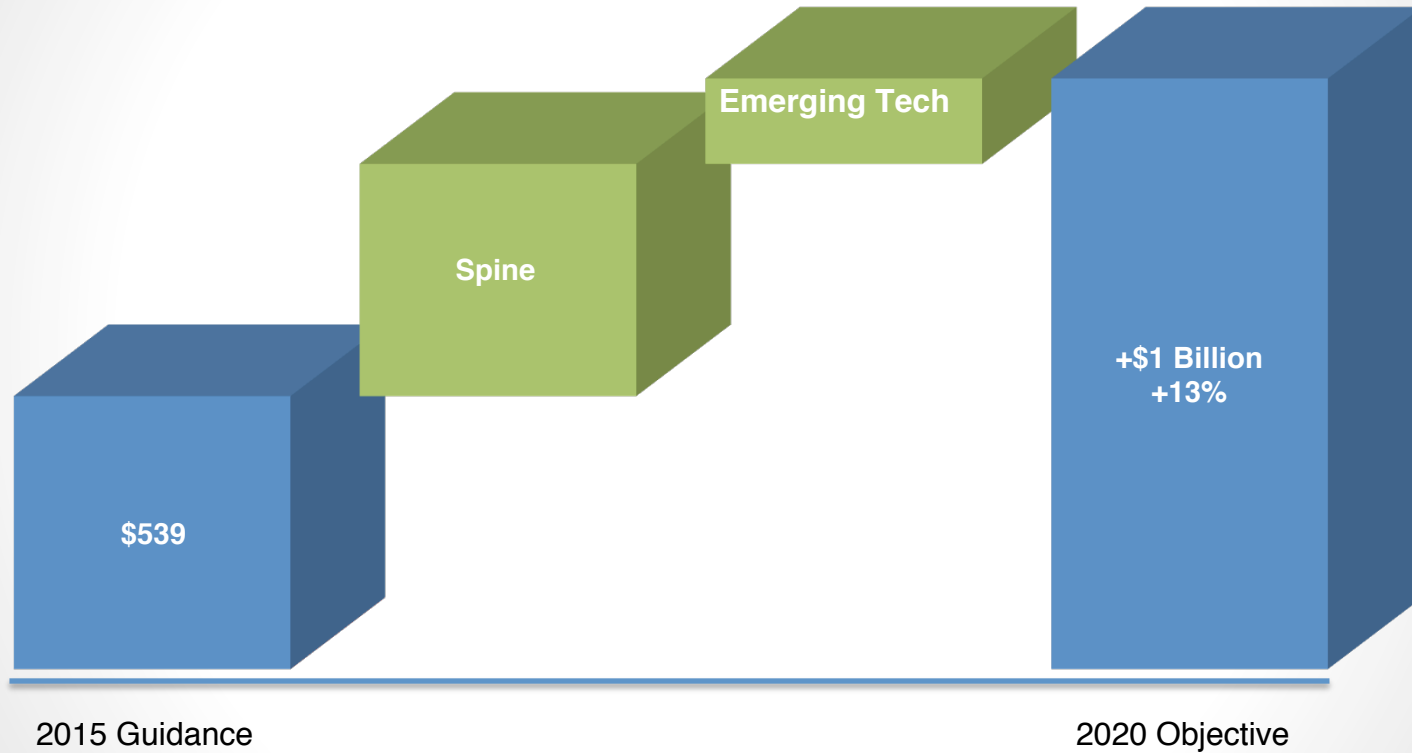
- Continued single digit price pressure
- Biologic mix GP Impact
- Nearer term investments in Emerging Technologies

## Tailwinds

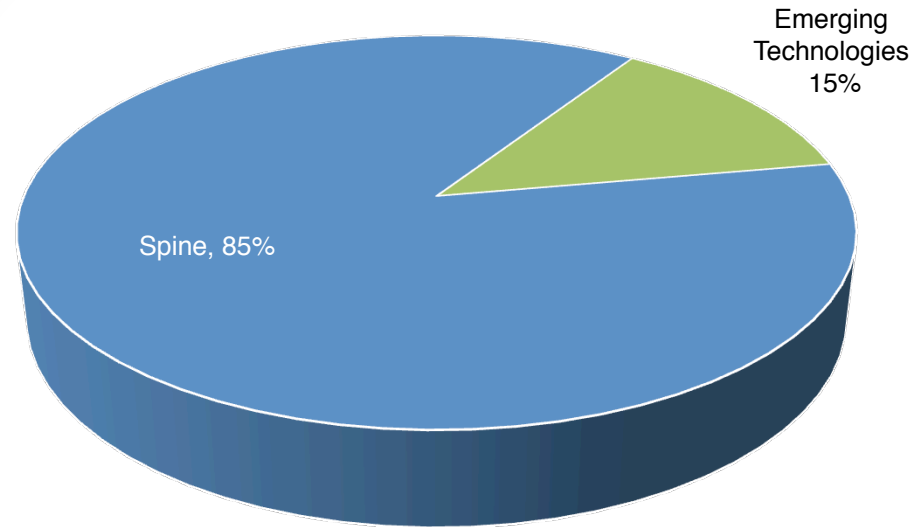
- New Product portfolio
- Market penetration
- In-house manufacturing benefit
- Leverage SG&A (International)
- Implement tax strategy



# BALANCED CONTRIBUTION: SPINE & EMERGING



## EXPANDING PORTFOLIO WITH EMERGING TECH



- Spine 85% of 2020 sales objective:
  - International ~15% of Spine sales
  - Biologics ~10% of Spine Sales
- Emerging Technologies ~15% of 2020 sales objective

■ MISSION



*To become the pre-eminent musculoskeletal company in the world by developing products that promote healing in patients with musculoskeletal disorders.*



# AGENDA



|                   |   |                               |                                |
|-------------------|---|-------------------------------|--------------------------------|
| 8:00am – 9:00am   | <b>Registration (Lobby)</b>                 |                               |                                |
|                   | Coffee and Refreshments (Multipurpose Room) |                               |                                |
| 9:00am – 10:00am  | <b>MANAGEMENT PRESENTATIONS</b>             |                               |                                |
| <b>BREAK</b>      |   |                               |                                |
| 10:00am – 11:00am | <b>Branch</b><br>Group A                    | <b>Globus Tour</b><br>Group B | <b>Product Room</b><br>Group C |
| 11:00am – 12:00pm | <b>Branch</b><br>Group C                    | <b>Globus Tour</b><br>Group A | <b>Product Room</b><br>Group B |
| 12:00pm – 1:00pm  | <b>Branch</b><br>Group B                    | <b>Globus Tour</b><br>Group C | <b>Product Room</b><br>Group A |
| 1:15pm – 2:15pm   | Leadership Interactions (Lunch served)      |                               |                                |
| 2:15pm – 2:45pm   | Wrap-up (Education Center)                  |                               |                                |

## ■ 2020 GMED OBJECTIVES<sup>1</sup>

- >\$1B in Sales (13% CAGR)
- Invest in Diversification
  - Imaging, Navigation, and Robotics
  - Trauma
- EPS Growth to exceed Sales Growth (14% CAGR)

<sup>1</sup>Assumes current foreign exchange rates unless otherwise noted. Adjusted financial results exclude special items. See [www.globusmedical.com](http://www.globusmedical.com) for information regarding Non-GAAP financial information used throughout this presentation, including adjusted operating margin and adjusted EBITDA margin.

