

DEXCOM INC

FORM 8-K (Current report filing)

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Address	6340 SEQUENCE DRIVE SAN DIEGO, CA 92121
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): November 1, 2011

DexCom, Inc.

(Exact Name of the Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-51222
(Commission
File Number)

33-0857544
(IRS Employer
Identification No.)

6340 Sequence Drive, San Diego, CA
(Address of Principal Executive Offices)

92121
(Zip Code)

(858) 200-0200
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, If Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2)
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On November 1, 2011, DexCom, Inc. (“DexCom”), entered into a Research and Development Agreement (the “Agreement”) with Roche Diagnostics Operations, Inc. (“Roche”).

Pursuant to the Agreement, DexCom granted Roche the right to integrate a future generation of DexCom’s continuous glucose monitoring (“CGM”) technology with Roche’s next generation Accu-Chek® insulin delivery system (the “Integrated System”) in the United States. The Agreement requires that Roche pay DexCom (a) up to \$3 million upon the achievement of certain milestones set forth in the Agreement (the “Milestone Payments”), and (b) up to an additional \$1 million to offset a portion of DexCom’s development expenses for the Integrated System. An initial Milestone Payment of \$500,000 is payable to DexCom by Roche as a result of the execution of the Agreement.

The Agreement contemplates that Roche and DexCom will enter into a commercialization agreement (the “Commercialization Agreement”) that sets forth each party’s rights and obligations with respect to the commercialization of the Integrated System. The Commercialization Agreement will provide, among other things, that Roche will pay DexCom \$100 for each Integrated System sold.

The initial term of the Agreement commences on November 1, 2011 and expires on December 31, 2014. The initial term of the Agreement will automatically renew for additional one year periods unless either party gives the other party written notice of its intention not to renew the Agreement at least 90 days prior to the expiration of the then current term.

The foregoing summary of the material terms of the Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement, a copy of which DexCom intends to file with its Annual Report on Form 10-K for the fiscal year ending December 31, 2011.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On November 2, 2011, DexCom issued a press release announcing its financial results for the quarter ended September 30, 2011 and certain other information. This press release has been furnished as Exhibit 99.01 to this report and is incorporated herein by this reference.

The information in this Item 2.02, including Exhibit 99.01 hereto, is furnished pursuant to Item 2.02 of Form 8-K, and is not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section. The information contained herein and in the accompanying exhibit is not incorporated by reference in any filing of DexCom under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

ITEM 7.01. REGULATION FD DISCLOSURE

On November 2, 2011, DexCom issued a press release announcing the transactions described in Item 1.01 of this Current Report on Form 8-K. This press release has been furnished as Exhibit 99.02 to this report and is incorporated herein by this reference.

The information in this Item 7.01, including Exhibit 99.02 hereto, is furnished pursuant to Item 7.01 of Form 8-K, and is not deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section. The information contained herein and in the accompanying exhibit is not incorporated by reference in any filing of DexCom under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after the date hereof and irrespective of any general incorporation language in any filings.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.**(d) Exhibits.**

<u>Number</u>	<u>Description</u>
99.01	Press release dated November 2, 2011, announcing DexCom’s financial results for the quarter ended September 30, 2011 and certain other information.
99.02	Press release dated November 2, 2011, announcing the Research and Development Agreement entered into by DexCom and Roche.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DEXCOM, INC.

By: /s/ Steven R. Pacelli
Steven R. Pacelli
Chief Operating Officer

Date: November 2, 2011

Exhibit Index

<u>Number</u>	<u>Description</u>
99.01	Press release dated November 2, 2011, announcing DexCom's financial results for the quarter ended September 30, 2011 and certain other information.
99.02	Press release dated November 2, 2011, announcing the Research and Development Agreement entered into by DexCom and Roche.

DexCom Inc. Reports Third Quarter 2011 Financial Results

SAN DIEGO, CA – (BUSINESS WIRE-November 2, 2011) – DexCom, Inc. (Nasdaq: DXCM) today reported its unaudited financial results as of and for the quarter ended September 30, 2011.

Product revenue grew to \$16.7 million for the third quarter of 2011, an increase of approximately 55% from the \$10.8 million in product revenue reported for the third quarter of 2010. Total third quarter 2011 revenue, which included development grant and other revenue, grew to \$18.3 million, an increase of 56% from the same quarter in 2010. Product gross profit totaled \$7.4 million for the three months ended September 30, 2011, compared to \$3.8 million for the three months ended September 30, 2010. The Company reported a net loss of \$13.3 million, or \$0.20 per share for the three months ended September 30, 2011, compared to a net loss of \$13.4 million, or \$0.23 per share for the three months ended September 30, 2010. The net loss included \$5.0 million in non-cash expenses, comprised primarily of share-based compensation, depreciation, and amortization.

Product cost of sales increased \$2.2 million to \$9.2 million for the third quarter of 2011 compared to \$7.0 million for the same quarter in 2010, primarily due to increased volume of product sales. Total cost of sales totaled \$10.1 million for the third quarter of 2011 compared to \$8.2 million for third quarter of 2010, primarily due to increased product sales. Research and development expense increased by approximately \$2.1 million to \$8.2 million for the third quarter of 2011 compared to \$6.2 million for the third quarter of 2010. Changes in research and development expense included additional salaries and payroll related costs, share-based compensation, and consulting costs. Selling, general and administrative expense increased by approximately \$2.9 million to \$13.2 million for the third quarter of 2011 compared to \$10.4 million for the third quarter of 2010, with the change primarily due to additional selling, marketing, and information technology costs. As of September 30, 2011, the Company had \$98.3 million in cash, marketable securities, and restricted cash.

Conference Call

Management will hold a conference call today starting at 4:30 p.m. (Eastern Time). The conference call will be concurrently webcast. The link to the webcast will be available on the DexCom, Inc. website at www.dexcom.com under the investor webcast section and will be archived for future reference. To listen to the conference call, please dial (800) 447-0521 (US/Canada) or (847) 413-3238 (International) and use the participant code “28602165” approximately five minutes prior to the start time.

About DexCom, Inc.

DexCom, Inc., headquartered in San Diego, California, is developing and marketing continuous glucose monitoring systems for ambulatory use by patients with diabetes and by healthcare providers in the hospital.

Cautionary Statement Regarding Forward Looking Statements

DexCom is a medical device company with a limited operating history. Successful commercialization and sale of the company's products is subject to numerous risks and uncertainties, including product performance, a lack of acceptance in the marketplace by physicians and patients, the company's inability to manufacture products in commercial quantities at an acceptable cost and quality level, possible delays in the company's development programs, the inability of patients to receive reimbursement from third-party payors and inadequate financial and other resources. Certain of these risks and uncertainties, in addition to other risks, are more fully described in the company's quarterly report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 2, 2011.

FOR MORE INFORMATION:

Steven R. Pacelli
Chief Operating Officer
(858) 200-0200
www.dexcom.com

DexCom, Inc.
Consolidated Balance Sheets
(In thousands—except par value data)

	September 30,	December 31,
	2011	2010
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 17,523	\$ 4,889
Short-term marketable securities, available-for-sale	79,794	42,224
Accounts receivable, net	9,003	6,671
Inventory	6,455	8,112
Restricted cash	0	775
Prepaid and other current assets	2,457	2,690
Total current assets	115,232	65,361
Property and equipment, net	12,524	10,763
Restricted cash	939	939
Other assets	98	101
Total assets	<u>\$ 128,793</u>	<u>\$ 77,164</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,045	\$ 5,350
Accrued payroll and related expenses	6,961	5,730
Current portion of long-term debt	0	525
Current portion of deferred revenue	1,737	3,524
Total current liabilities	14,743	15,129
Other liabilities	985	1,042
Total liabilities	15,728	16,171
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	0	0
Common stock, \$0.001 par value, 100,000 authorized; 67,783 and 67,500 issued and outstanding, respectively, at September 30, 2011; and 62,360 and 62,078 shares issued and outstanding, respectively, at December 31, 2010	68	62
Additional paid-in capital	491,964	407,375
Accumulated other comprehensive loss	(94)	(66)
Accumulated deficit	(378,873)	(346,378)
Total stockholders' equity	113,065	60,993
Total liabilities and stockholders' equity	<u>\$ 128,793</u>	<u>\$ 77,164</u>

DexCom Inc.
Consolidated Statements of Operations
(In thousands—except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Product revenue	\$ 16,656	\$ 10,776	\$ 44,974	\$ 26,583
Development grant and other revenue	1,598	888	8,871	6,412
Total revenue	18,254	11,664	53,845	32,995
Product cost of sales	9,230	6,982	25,933	18,440
Development and other cost of sales	860	1,206	2,761	3,101
Total cost of sales	10,090	8,188	28,694	21,541
Gross profit	8,164	3,476	25,151	11,454
Operating expenses				
Research and development	8,231	6,161	21,515	16,325
Selling, general and administrative	13,241	10,377	36,203	30,533
Total operating expenses	21,472	16,538	57,718	46,858
Operating loss	(13,308)	(13,062)	(32,567)	(35,404)
Interest income	31	20	82	73
Interest expense	(1)	(44)	(10)	(1,540)
Loss on debt extinguishment upon conversion of convertible debt	0	(312)	0	(8,487)
Net loss	<u>\$(13,278)</u>	<u>\$(13,398)</u>	<u>\$(32,495)</u>	<u>\$(45,358)</u>
Basic and diluted net loss per share	<u>\$ (0.20)</u>	<u>\$ (0.23)</u>	<u>\$ (0.50)</u>	<u>\$ (0.81)</u>
Shares used to compute basic and diluted net loss per share	<u>67,397</u>	<u>58,200</u>	<u>64,910</u>	<u>55,707</u>

Media Release

Indianapolis and San Diego, November 2, 2011

Roche Diagnostics and DexCom announce research and development agreement

INDIANAPOLIS AND SAN DIEGO – November 2, 2011—Roche Diagnostics U.S., with its business unit Roche Diabetes Care, a leader in blood glucose monitoring and insulin delivery systems, and DexCom, Inc. (NASDAQ:DXCM), a leader in continuous glucose monitoring systems, announced today that they have signed a research and development agreement. The goal of this agreement is to integrate DexCom's next generation continuous glucose monitoring (CGM) system with the next generation of Accu-Chek® insulin delivery systems targeted at the U.S. market. In the future, users of an Accu-Chek insulin pump in the U.S. will not only be able to view their blood glucose data and insulin information on their wireless handheld, but also continuous glucose monitoring readings and trends. This would enable the user to make therapy adjustments from the palm of his hand while operating the pump.

In addition, the companies signed an exclusive distribution agreement under which Roche Diabetes Care will promote DexCom's SEVEN PLUS® CGM system for real time professional use in the U.S. The agreement allows Roche Diabetes Care to sell the DexCom SEVEN PLUS system directly to healthcare providers, who will use it with patients to promote a better understanding of individual glucose patterns and trends. This information will support healthcare providers to make better informed adjustments and to tailor therapy to the needs of a patient which can lead to an optimized diabetes management.

Luc Vierstraete, Global Head of Roche Diabetes Care, said: "Roche Diabetes Care is committed to facilitating everyday diabetes management for people with diabetes with integrated solutions that are not just intuitive to use, but also meet the requirements of individual lifestyles. With this partnership we are taking the next step in further integrating the key elements of optimal diabetes management into combined solutions that can contribute to improved medical outcomes."

Roche

Diabetes Care
9115 Hague Road
Indianapolis, IN 46256

“We are very pleased to partner with Roche Diabetes Care because of our companies’ shared commitment to innovative, individualized therapy options,” stated Terrance H. Gregg, Chief Executive Officer of DexCom. “Roche and DexCom are both focused on enabling people to better manage their diabetes by providing them with best-in-class solutions”.

Roche Diabetes Care develops and commercializes solutions in the field of insulin delivery combining blood glucose monitoring, personalized insulin delivery and information management including therapy advice. One example of this new class of such integrated product solutions is the interactive Accu-Chek[®] Combo system (this product is not cleared or available for use in the U.S.; a 510(k) submission is pending), allowing for enhanced convenience in managing insulin pump therapy via a smart meter remote control. DexCom’s SEVEN PLUS system is the only CGM system approved for up to seven days of use enabling users to see trends and patterns in glucose readings to better control their diabetes.

Roche Diabetes Care’s next generation of innovative insulin delivery systems will integrate DexCom’s future CGM system – combining the proven benefits of both technologies. The proposed new solution would enable the pump system’s remote control to receive the continuous glucose monitoring data directly and display this information combined with the insulin data on the color screen of the handheld. It will provide insulin pump users and their caregivers with easy access to real-time glucose values, important trending information and alerts for hypo- and hyperglycemia.

Marc Gibeley, Head of Roche Diabetes Care North America states: “Our partnership with DexCom will allow us to offer people with diabetes a single device to test their blood sugar, administer insulin and monitor short and long-term glycemic trends. This integrated solution for people with diabetes will improve their management options and allow us to strengthen our position as a leader in the U.S. market.”

The development agreement is non-exclusive and limited to the U.S. market.

About DexCom, Inc.

DexCom, Inc. (www.dexcom.com), headquartered in San Diego, California, is developing and marketing continuous glucose monitoring systems for ambulatory use by patients and by healthcare providers in the hospital.

DexCom's Cautionary Statement Regarding Forward Looking Statements

DexCom is a medical device company with a limited operating history. Successful commercialization of the company's products is subject to numerous risks and uncertainties, including a lack of acceptance in the marketplace by physicians and patients, the inability to manufacture products in commercial quantities at an acceptable cost, possible delays in the company's development programs, the inability of patients to receive reimbursement from third-party payors and inadequate financial and other resources. Certain of these risks and uncertainties, in addition to other risks, are more fully described in the company's quarterly report on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on November 2, 2011.

About Roche

Headquartered in Basel, Switzerland, Roche is a leader in research-focused healthcare with combined strengths in pharmaceuticals and diagnostics. Roche is the world's largest biotech company with truly differentiated medicines in oncology, virology, inflammation, metabolism and CNS. Roche is also the world leader in in-vitro diagnostics, tissue-based cancer diagnostics and a pioneer in diabetes management. Roche's personalized healthcare strategy aims at providing medicines and diagnostic tools that enable tangible improvements in the health, quality of life and survival of patients. In 2010, Roche had over 80,000 employees worldwide and invested over 9 billion Swiss francs in R&D. The Group posted sales of 47.5 billion Swiss francs. Genentech, United States, is a wholly owned member of the Roche Group. Roche has a majority stake in Chugai Pharmaceutical, Japan. For more information: www.roche.com.

About Roche Diabetes Care

Roche Diabetes Care is a pioneer in the development of blood glucose monitoring systems and a global leader for diabetes management systems and services. For more than 35 years, the Accu-Chek brand has been dedicated to enabling people with diabetes to live life as normally and actively as possible as well as to empowering healthcare professionals to manage their patients'

condition in an optimal way. Today, the Accu-Chek portfolio offers people with diabetes and healthcare professionals innovative products and impactful solutions for convenient, efficient and effective diabetes management, spanning from blood glucose monitoring through information management to insulin delivery. The Accu-Chek brand encompasses blood glucose meters, insulin delivery systems, lancing devices, data management systems and education programs – leading to an improved medical outcome. For more information please visit www.accu-chek.com.

For more information please contact

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