

GLOBUS MEDICAL INC  
Form 10-Q  
August 22, 2012  
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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, 2012

Or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-35621

GLOBUS MEDICAL, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of incorporation or  
organization)

04-3744954  
(I.R.S. Employer Identification No.)

2560 General Armistead Avenue, Audubon, PA 19403  
(Address of principal executive offices) (Zip Code)

(610) 930-1800  
(Registrant's telephone number, including Area Code)

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 Web site, 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, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes  No

The number of shares outstanding of the issuer's Common Stock (par value \$0.001 per share) as of August 8, 2012 was 90,461,035 shares.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

GLOBUS MEDICAL, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

| (In thousands, except par value)   | June 30,<br>2012<br>(Unaudited) | December 31,<br>2011 |
|--|---------------------------------|----------------------|
| <b>ASSETS</b>  |                                 |                      |
| Current assets:  |                                 |                      |
| Cash and cash equivalents  | \$ 165,577                      | \$ 142,668           |
| Accounts receivable, net of allowances of \$906 and \$602, respectively  | 49,475                          | 46,727               |
| Inventories  | 53,122                          | 47,369               |
| Prepaid expenses and other current assets  | 4,035                           | 2,515                |
| Income taxes receivable  | 3,812                           | 3,336                |
| Deferred income taxes  | 17,747                          | 16,160               |
| Total current assets   | 293,768                         | 258,775              |
| Property and equipment, net  | 55,772                          | 52,394               |
| Intangible assets, net   | 7,238                           | 7,433                |
| Goodwill   | 9,808                           | 9,808                |
| Other assets   | 718                             | 980                  |
| Total assets   | \$ 367,304                      | \$ 329,390           |
| <b>LIABILITIES AND EQUITY</b>  |                                 |                      |
| Current liabilities:   |                                 |                      |
| Accounts payable   | \$ 7,371                        | \$ 5,323             |
| Accounts payable to related party  | 483                             | 1,178                |
| Accrued expenses   | 19,207                          | 21,268               |
| Income taxes payable   | 764                             | 302                  |
| Business acquisition liabilities, current  | 1,200                           | 1,200                |
| Total current liabilities  | 29,025                          | 29,271               |
| Business acquisition liabilities, net of current portion   | 8,333                           | 9,089                |
| Deferred income taxes  | 5,500                           | 5,755                |
| Other liabilities  | 2,758                           | 2,799                |
| Total liabilities  | 45,616                          | 46,914               |
| Commitments and contingencies (Note 10)  |                                 |                      |
| Equity:  |                                 |                      |
| Convertible preferred stock; \$0.001 par value. Authorized, issued and outstanding 50,691 shares at June 30, 2012 and December 31, 2011                        | 51                              | 51                   |
| Common stock; \$0.001 par value. Authorized 785,000 and 679,178 shares; issued and outstanding 72,780 and 72,529 shares at June 30, 2012 and December 31, 2011 | 73                              | 73                   |
| Additional paid-in capital   | 109,269                         | 106,708              |
| Accumulated other comprehensive loss   | (1,128                          | ) (1,202             |
| Retained earnings  | 213,423                         | 176,846              |
| Total equity   | 321,688                         | 282,476              |
| Total liabilities and equity   | \$ 367,304                      | \$ 329,390           |

See accompanying notes to consolidated financial statements.



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GLOBUS MEDICAL, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF INCOME  
 (unaudited)

| (In thousands, except per share amounts) | Three Months Ended |                  | Six Months Ended |                  |
|--|--------------------|------------------|------------------|------------------|
|  | June 30,<br>2012   | June 30,<br>2011 | June 30,<br>2012 | June 30,<br>2011 |
| Sales                                    | \$95,977           | \$80,936         | \$190,694        | \$159,215        |
| Cost of goods sold                       | 18,379             | 17,269           | 36,770           | 32,168           |
| Gross profit                             | 77,598             | 63,667           | 153,924          | 127,047          |
| Operating expenses:                      |                    |                  |                  |                  |
| Research and development                 | 6,940              | 5,735            | 13,676           | 11,775           |
| Selling, general and administrative      | 41,231             | 33,753           | 82,456           |                  |