
Abbott 1Q19 - FreeStyle Libre 2 under FDA review as iCGM; Sales of \$566 million up 42% YOY, driven by \$379 million in FreeStyle Libre sales; almost 1.5 million FreeStyle Libre users - April 17, 2019

Executive Highlights

- **For the first time, Abbott broke out specific FreeStyle Libre sales, reporting \$379 million in worldwide revenue, up 70% YOY as reported and 80% YOY operationally. Wow!** It is remarkable to see this level of growth for a franchise now annualizing at ~\$1.5 billion per year. FreeStyle Libre now represents two-thirds of Diabetes Care revenue. CEO Mr. Miles White estimated that FreeStyle Libre has "almost 1.5 million" users worldwide, up ~10%-15% sequentially from ~1.3 million in [4Q18](#). The userbase remains split at roughly two-thirds type 1 diabetes and one-third type 2 diabetes. There is lots of runway for FreeStyle Libre and this category, especially in the estimated 40 million insulin users globally - per Abbott President Robert Ford in Q&A.
- **Record Diabetes Care sales for 1Q19 of \$566 million rose 34% YOY as reported (+42% operationally) on a challenging comparison to 44% YOY growth as reported in 1Q18.** Sequentially (and notably), global sales increased a strong 7% from the previous record of \$530 million in [4Q18](#). For the fourth straight quarter, US sales have climbed at a faster pace than OUS, from a much lower base - the US is only a little over 25% of total global sales, and a sizable gap of \$262 million still separates the geographies. Record international revenue of \$414 million increased 24% YOY as reported (+33% operationally), while record US sales climbed an impressive 77% YOY to \$152 million. By our rough math, with CGM up 70%, that puts SMBG down by roughly 6% for 1Q19.
- **FreeStyle Libre 2 is under FDA review and has been filed as an iCGM.** Management was optimistic that the Bluetooth-enabled device with optional hypoglycemia/hyperglycemia threshold alarms will meet the rigorous [iCGM standards](#) - the first confirmation we've heard on this front and a key competitive move to keep up with Dexcom's G6 on interoperability and lower-risk 510(k) classification. There were no comments on the FreeStyle Libre 2 launch in the EU - last we heard at ATTD [in February](#), it had only rolled out in Germany. Kelly has been using the FreeStyle Libre 2 the last few days (she has relatives in the UE) and confirms the alarms "really do work!" She's using it alongside G6 and Senseonics EverSense and had three low blood glucose alarms in the Field Museum this morning on her vacation with middle kid Lola - Lola was dutifully impressed "that seems good that they are all going off the same time!"
- **Mr. White confirmed that FreeStyle Libre 3 is "in development," but did not provide details on its features nor its role in Bigfoot's AID systems.** He did mention the potential to expand FreeStyle Libre to involve "other analytes." We'd guess continuous ketone monitoring would be at the top of the list, given Abbott's existing (expensive) blood ketone strips and a huge market for those on the ketogenic diet. Also, of course, the FreeStyle Libre in the EU already has intermittent ketone testing, so that's not exactly a stretch (though regulatory is of course more challenging in the US and this would be continuous rather than intermittent). Beyond ketones, continuous insulin monitoring is often floated at diabetes tech conferences - could that be built in? Would these be separate or combined products?

Abbott reported [1Q19 financial results](#) in a call this morning led by CEO Mr. Miles White, headlined by \$379 million in FreeStyle Libre sales, specifically broken out for the first time. Get the [press release here](#), listen to

the [webcast here](#), and download the [earnings infographic here](#). See below for our top takeaways and userbase/revenue growth charts below.

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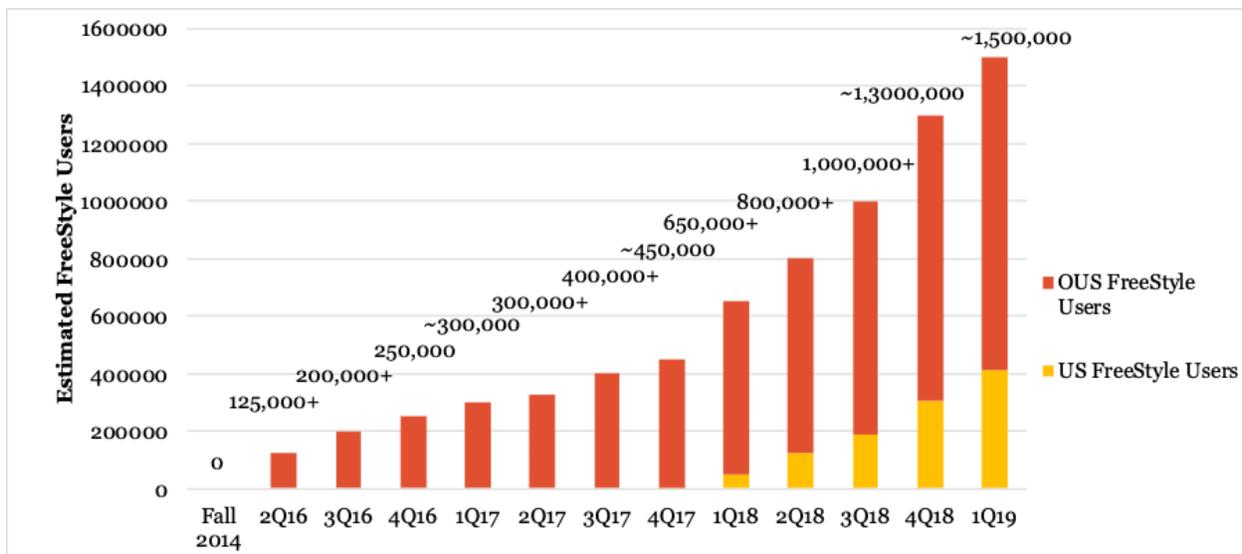
FreeStyle Libre Sales and User Base

1. \$379 Million in Worldwide FreeStyle Libre Revenue up 80% YOY; "Almost" 1.5 Million FreeStyle Libre Users

For the first time, Abbott's press release specifically shared FreeStyle Libre sales: \$379 million in worldwide revenue rose 70% YOY as reported and 80% YOY operationally. Hopefully Abbott will continue to disclose this figure going forward. (The last mention of sales came in [3Q18](#), when they were only confirmed to be ">\$300 million.") FreeStyle Libre is now two-thirds of total Diabetes Care quarterly revenue and rising, given obviously slower growth in BGM (in 1Q19, we estimate SMBG declined ~6% YOY).

- **In Q&A, Mr. White shared that FreeStyle Libre has amassed "almost 1.5 million users" worldwide, reflecting strong ~10%-15% sequential growth from ~1.3 million users in [4Q18](#).** Mr. White maintained previous estimates that the FreeStyle Libre user base is roughly two-thirds type 1 diabetes ("over one million type 1 users around the world") and one-third type 2 diabetes. Based off the geographic division of Diabetes Care sales, this roughly breaks down to ~1.1 million international FreeStyle Libre users and ~410,000 US FreeStyle Libre users. (This could be overweighting US uptake, however, as FreeStyle Libre is still much newer to the US.) As Mr. White put it: "patient acquisition continues to be strong." We spoke to one major US center recently whose investment in FreeStyle Libre rose 16x between 2017 and 2018.

FreeStyle Libre User Base Through 1Q19



2. 80% International FreeStyle Libre Sales Reimbursed; Coverage for "Well Over Half" US Commercial Lives

Reimbursement for FreeStyle Libre continues to expand, with 80% of international sales reimbursed. Additionally, Mr. White estimated that FreeStyle Libre has received coverage for "well over half" of US commercial lives. The strong reimbursement continues to reflect payer recognition of FreeStyle Libre's "appeal for any kind of patient." Later in the call, COO Mr. Robert Ford added that the US is seeing "a shift into pharmacy," which he characterized as "a very intentional strategy to accelerate adoption specifically in the US." Reiterating [previous comments](#), Mr. White confirmed that Abbott is adding a "significant amount of new manufacturing capacity" expected to "come online starting" in 2H19 to meet the growing FreeStyle Libre demand. We continue to be impressed by Abbott's mission to promote widespread access to FreeStyle Libre and were encouraged to hear Mr. White make several references to adoption within the type 1 and type 2 segments. We'd add that from a patient hassle perspective, FreeStyle Libre is still well ahead of Dexcom G6 on acquisition simplicity through the pharmacy channel. Abbott has the advantage of being strong in the pharmacy from its BGM history, whereas Dexcom has to pivot the business there from DME. See below for some of our favorite quotes from Mr. White on FreeStyle Libre's remarkable growth and popularity. Adam and Kelly can confirm it's very easy to get FreeStyle Libre through Walgreens.

- "On Diabetes Care, that's been a particular bright spot where clearly new technology and affordable technology has made a very big difference in life for both type 1s and type 2s worldwide.** Libre has been a pretty powerful leader in that segment on all counts and all points. We've been pretty enthused about its success, its uptake, and its reception by patients all over the world. In a fairly short amount of time we've achieved global leadership in terms of continuous glucose monitoring in both type 1 and type 2."

We note of course that it's a much higher percentage of type 1s globally with access to FreeStyle Libre and we'd love to see more focus on type 2 patients who particularly need real-time CGM. We hear a lot of complains in the US that to "prove" a patient on Medicare is ready for CGM, four SMBG tests are needed daily for 90 days - it's totally worth it in our view but a hassle for patients, particularly since Medicare pays for only three strips a day.

- "I think part of the attraction to patients is obviously not having to fingerstick, as well as the information, and the continuous nature of it.** The way it allows diabetics to manage their health and manage their diabetes has been life-changing and that's been reflected. **I think very importantly it's been affordable to a degree that it's really become a very broadly accessible technology, which was our intent with it. It's got a unique ease of use and it's got appeal for any kind of patient.** I think that's pretty important and it's reflected in reimbursement worldwide."

- **"I think [Libre] is going to be a very different kind of device or diagnostic product than what we've seen in the past.** Because there's so many millions of diabetics worldwide, this is not a niche product - not for type 1s or type 2s. **There's not a niche here, there's a mass of population around the world that needs to manage diabetes and this product will be broadly accessible to all of them.** So, it calls for quite a lot of capacity in the second half of this year. That will be initiated."

(Editor's note - we were surprised to hear that "this product will be broadly accessible to all" type 1 and type 2 patients - we believe the field is quite far away from that at this point and that risk stratification is necessary. Figuring out which patients most need and will benefit most from FreeStyle Libre is critical. For all patients to be on CGM at current pricing is not possible given current investments - even getting patients on insulin in the US all on CGM is proving to be quite challenging for many.

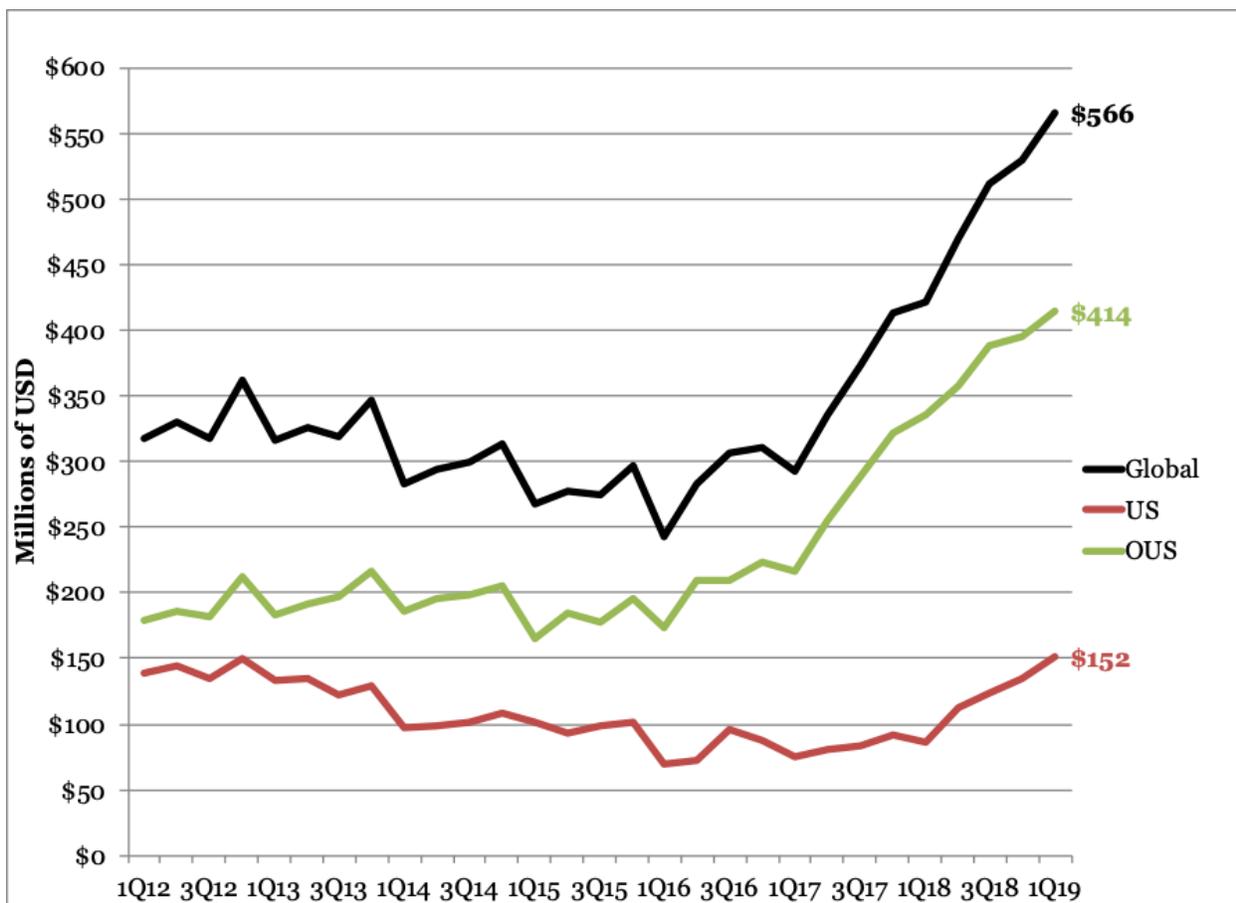
- **"The [Libre] patient acquisition continues to be obviously strong, frankly, right in line with our growth rates around the world, which is as you'd expect because we're not trying to drive price here.** We're trying to drive the volume and acquisition of patients, and obviously that's going pretty strongly."
- **"There's nothing but happiness about this product, I can tell you.** We're pretty happy with it. It's doing really well. I actually think we're kind of in its early stages. With this kind of a growth rate, that kind of a user base, and with the capacity expansion coming online, we're obviously expecting this to be a continuingly big and bigger product for us."

Financial Highlights

1. Record Diabetes Care Sales of \$566 Million Up 42% YOY; 7% Sequential Growth

Abbott reported record worldwide Diabetes Care revenue of \$566 million, up 34% YOY as reported and 42% YOY operationally. This performance came on a very tough comparison to 44% YOY growth as reported in [1Q18](#). Diabetes Care sales have now seen 12 consecutive quarters of YOY growth and six straight quarters of growth exceeding 30% - wow! Sequentially, revenue climbed a strong 7% from the previous record of \$530 million in [4Q18](#). With \$379 million in FreeStyle Libre sales contributing ~two-thirds of total Diabetes Care revenue, BGM accounts for ~one-third of Diabetes Care sales, clocking in at \$187 million.

Global, US, and International Quarterly Sales (1Q12-1Q19)



- US sales have grown at a faster pace than OUS sales for four straight quarters now - to be expected, given the much smaller US business and years-later entry of FreeStyle Libre.** A difference of \$262 million still separates the geographies, though the US is already beginning to approach international sales in terms of quarterly share of growth. In 1Q19, US sales contributed 45% of the quarter's growth, while in 4Q18, they accounted for just 37%. Even at the current rate, it will take many quarters for US sales to catch up. However, it's interesting to note that when looking at the proportion of sales by geography, the US has nearly returned to a share similar to that achieved in the pre-FreeStyle Libre days. In 1Q19, the US accounted for 27% of total revenue, whereas in 1Q16, the US contributed 28% of worldwide sales. Given that in 1Q18 the US contributed just 20% of total revenue, the US market is progressing nicely. On the pipeline front, however, the US has seen some important developments with recent FDA approvals of [FreeStyle LibreLink](#), the app that allows users to scan their Libre sensors with an iPhone to see their glucose readings, and [LibreLinkUp](#), FreeStyle Libre's remote monitoring app. The Bluetooth-enabled [FreeStyle Libre 2](#) iCGM with optional hypoglycemia and hyperglycemia threshold alarms is still pending FDA clearance and is already available in the EU, potentially allowing for international sales to gain meaningful ground in the interlude. Pediatric approval is presumably still under FDA review, though perhaps Abbott will wait to launch that with FreeStyle Libre 2.

2. Record International Sales of \$414 Million up 33% YOY; 5% Sequential Growth

Record international sales of \$414 million rose 24% YOY as reported (+33% operationally) on a very tough comparison to 54% YOY growth in 1Q18. This performance marks 13 consecutive quarters of YOY growth. Sales increased 5% sequentially from the previous record of \$395 million in 4Q18, reflecting eight straight quarters of consecutive growth. It also shows the steadiness of this business, given the typical seasonality in diabetes technology. Sequential growth was actually stronger in 1Q19, ahead of the 2%

gain in [4Q18](#). While we last heard [at ATTD](#) in February that the FreeStyle Libre 2 is only available in Germany and has yet to launch in the upcoming "gradual European rollout," Mr. White noted that FreeStyle Libre 2 is "on the market" in the EU, suggesting an expansion has commenced. Regardless, the promising OUS growth suggests that FreeStyle Libre and FreeStyle Libre 2 are continuing the incredible momentum. FreeStyle Libre 2 will be a compelling product addition in the US, giving Abbott alarms to compete with Dexcom's G6. Currently, FreeStyle Libre is available in 30 countries, well ahead of Dexcom's 14 countries (as of [3Q18](#)); OUS launches of G6 are [expected](#) in "multiple" countries in 2019.

3. Record US Sales Up 77% YOY to \$152 Million; Strong 13% Sequential Growth

Record US sales of \$152 million rose an impressive 77% YOY, handily accelerating from 15% YOY growth in [1Q18](#). This performance marks the largest YOY growth the US has seen to date and reflects four straight quarters of YOY growth >35%. Clearly, FreeStyle Libre's US launch is ramping nicely, perhaps boosted by November's [FDA approval](#) of FreeStyle LibreLink for iPhone. The [recent availability](#) of LibreLinkUp, the FreeStyle Libre remote monitoring app, is also a plus for the product features - especially in Medicare users. Sequentially, US sales climbed a strong 13% from the previous record of \$135 million in [4Q18](#).

Pipeline Highlights

1. FreeStyle Libre 2 Under Review with the FDA as an iCGM; "On the Market" in the EU

Excitingly, Mr. White confirmed that FreeStyle Libre 2 is under review with the FDA and has been filed as an iCGM. This aligns with [4Q18 expectations](#) to bring the Bluetooth/alarm-enabled FreeStyle Libre to the US "shortly," but this was the first formal confirmation that it has been filed as an iCGM. Management was confident in receiving FDA 510(k) clearance for FreeStyle Libre 2, with Mr. Ford explaining: "We know what the [iCGM standards](#) are, we know what needs to be achieved... we know we meet the standards. We won't forecast when the file will come through, but I think it's clear." This would be a tremendous win for Abbott, given the iCGM advantages of interoperability and faster innovation in the lower-risk 510(k) pathway. Abbott has historically had much slower FDA reviews than Dexcom, and getting iCGM status would help close the gap. The indication would also be useful for marketing similar accuracy as G6 (Abbott needed to improve hypoglycemia accuracy), in making it easier to integrate into automated insulin delivery systems (will Abbott integrate with more pump partners?), getting FreeStyle Libre [data integrated](#) with smart pens (e.g., [Novo Nordisk partnership](#)), and innovating more quickly on mobile apps and software. FreeStyle Libre 2 is also a stepping stone to the continuous real-time glucose communication that will be needed for automation with Bigfoot's systems. While not discussed on today's call, Mr. White has emphasized in the past that despite the added cost of Bluetooth, FreeStyle Libre 2 is offered at the same price. We'll be interested to see how FreeStyle Libre 2 is positioned in the US vs. FreeStyle Libre and whether pricing remains the same.

- **Mr. White did not share much on the current FreeStyle Libre 2 launch abroad, but briefly noted that it is "already on the market" in the EU.** We last heard at ATTD [in February](#) that the FreeStyle Libre 2 was still only available in Germany, but perhaps Mr. White's comments point to the initiation of the [anticipated](#) "gradual European rollout."

2. FreeStyle Libre 3 "In Development;" No Official Mention of Bigfoot Partnership; Potential for Additional Analytes Included in Libre Platform

During Q&A, Mr. White briefly referenced a "Libre 3 in development." He mentioned only that it has been in development "for quite some time." We assume that this device will be the next-gen continuous communication CGM intended for Abbott's partnership with Bigfoot to develop an automated insulin delivery with a pump (Autonomy - previously called Loop) and MDI auto-titration with a Bluetooth-enabled pen cap (Unity - previously called Inject). As we understand it, FreeStyle Libre 2 is not the device for Autonomy and

Unity, as it does not send and display the actual real-time glucose values unless the sensor is manually scanned - an obvious prerequisite for Bigfoot's pump system. In an email update [in March](#), we learned that Bigfoot is now prioritizing Unity, the smart pen titration system, for a 2020 launch. The pump-based system, Autonomy, will come after Unity. Bigfoot is no longer disclosing pivotal timing. We'll have an interview published soon with the Bigfoot team, discussing this pivot to focus on smart pens. Competitively speaking, Abbott is behind Dexcom and Medtronic on automated insulin delivery; getting something on the market in the next year or so with Bigfoot (or other partners) will be important to prevent loss of share to other AID systems. It's unclear how "sticky" AID systems will be, though historically, people with type 1 aren't switching between pump brands frequently. That could change, however, in a pay-as-you-go pharmacy model, though we'll have to see.

- **Intriguingly, Mr. White noted "a lot of potential for expansion of [Libre] to other analytes."** Mr. White stressed that FreeStyle Libre is a platform and not "just a glucose test kit," explaining that "there's an R&D innovation strategy" that is underway. Continuous ketone monitoring would be an obvious play for Abbott, given its existing (expensive) blood ketone strips and growing uptake of the ketogenic diet. Of course, "intermittent" ketone testing already available in the EU and presumably the decision not to move ahead with this to date has simply been one of timing - continuous ketone testing would of course be a different investment! We're not sure about demand for this at present but there certainly would be some interest based on DKA alone associated with SGLTs. Beyond ketones, continuous insulin monitoring is often floated at diabetes tech conferences - could that be built in? We also wonder if the analytes could be layered on the same sensor, or if these would all be separate products. Beyond ketones and insulin, we wonder what additional analytes might become available and whether they will remain solely applicable to diabetes or expand into other diseases. [At ATTD](#), Dr. Eyal Dassau detailed a Helmsley-funded project to include additional sensors for biomarkers such as glucose, lactate, insulin, and cortisol in future closed loop systems. Perhaps Abbott is considering incorporating one or more of these analytes into the FreeStyle Libre sensor. We're excited by the prospect of fine-tuning AID and decision support with additional continuous sensor inputs. Given at least [42 factors](#) that impact blood glucose, there is huge potential for additional signals - assuming they are accurate and matter enough for titrating insulin. (To date, heart rate measurements have not meaningfully improved AID algorithm performance.) Will the additional analytes be included in Libre 3 for the Bigfoot AID systems?

3. Abbott and Novo Nordisk's Data Integration Agreement Featured in 1Q19 Infographic

Abbott and Novo Nordisk's [partnership](#) to integrate insulin dosing data from Novo Nordisk's connected pens directly into the FreeStyle LibreLink app and LibreView diabetes management system was heavily featured in Abbott's [1Q19 infographic](#). Announced [in February](#), the non-exclusive partnership [aims](#) to deploy the integration between late 2019 to early 2020, presumably in Europe where Novo Nordisk's connected, NFC-enabled, durable Novo Pen 6 and Echo Plus are already [CE Marked](#) and expected to launch in "early 2019," beginning in Sweden. Abbott is Novo Nordisk's fourth publicly-announced smart pen data partner, joining Dexcom, Glooko, and Roche. While Abbott has yet to share how it will use the insulin data, even the most basic application of overlaying insulin doses with CGM traces will be very valuable. We wonder if Abbott might eventually build out decision support, in addition to its work with Bigfoot.

4. No Mentions of LibreLinkUp App or US Pediatric Indication

There was no mention of LibreLinkUp, FreeStyle Libre's remote monitoring app made available to US iPhone users earlier [this month](#). LibreLinkUp works like the version in Europe: the person with diabetes scans a FreeStyle Libre sensor with their own FreeStyle LibreLink iPhone app, allowing the caregiver to remotely view the current glucose and trend arrow within LibreLinkUp. LibreLinkUp is a key launch for Abbot, given the obvious remote monitoring needs in Medicare and pediatrics. FreeStyle Libre is

only indicated in the US for 18+ year-olds - we assume the pediatric indication is still under FDA review, last confirmed on the [3Q18 call](#). Mr. White did mention that there are "a number of things we're expecting and waiting for," likely referencing both the pediatric indication, FreeStyle Libre 2 iCGM approval, and Libre 3 development. We wonder if FreeStyle Libre 2 will launch in the US with pediatric labeling out of the gate.

Selected Questions and Answers

Q: I was wondering if you could specifically address Libre. I think a lot of investors are anticipating Libre 2 and other enhancements that you could make in addition to all the capacity you're adding. Can you talk about the pathway for Libre and some of the other big growth drivers?

Mr. White: On Diabetes Care, that's been a particular bright spot where clearly new technology and affordable technology has made a very big difference in life for both type 1s and type 2s worldwide. Libre has been a pretty powerful leader in that segment on all counts and all points. We've been pretty enthused about its success, its uptake, and its reception by patients all over the world. In a fairly short amount of time we've achieved global leadership in terms of continuous glucose monitoring in both type 1 and type 2.

I think part of the attraction to patients is obviously not having to fingerstick, as well as the information, and the continuous nature of it. The way it allows diabetics to manage their health and manage their diabetes has been life-changing and that's been reflected. I think very importantly it's been affordable to a degree that it's really become a very broadly accessible technology, which was our intent with it. It's got a unique ease of use and it's got appeal for any kind of patient. So I think that's pretty important and it's reflected in reimbursement worldwide. 80% of sales are now reimbursed internationally, we're in over 30 countries, and well over half of US commercial lives are covered. We're seeing a lot of support for the product in all ways.

We've mentioned a number of times that we've invested heavily in capacity expansion. That is correct. We put significant investment into that, and as we've noted a couple of times, the first waves of that come online in the second half of this year and then there's a steady cadence of capacity expansions underway that will come online sequentially after that. There won't be any constraints to the growth that's possible there.

I think [Libre] is going to be a very different kind of device or diagnostic product than what we've seen in the past. Because there's so many millions of diabetics worldwide, this is not a niche product - not for type 1s or type 2s. There's not a niche here, there's a mass of population around the world that needs to manage diabetes and this product will be broadly accessible to all of them. So it calls for quite a lot of capacity in the second half of this year. That will be initiated.

We have a number of things we're expecting and waiting for. You asked about Libre 2. That is under review at the FDA. We have filed Libre 2 with alarms in the US as an iCGM. We're not going to forecast FDA review timelines, but we clearly have expectations to achieve that milestone. I'm trying to think of what else to tell you about [Libre 2]. It's already on the market in Europe.

Q: I think the one follow-up I had was just on Libre 2. You mentioned iCGM. Can you talk about your confidence in your ability to get that? And I also wanted to ask about the payer dynamics. Last call you talked about some preferential copays. Can you talk about any developments that you're seeing on the payer side in terms of support for Libre?

Mr. Robert Ford: On Libre 2 specifically in the US and the filing of iCGM, I'll just say we know what the iCGM standards are. We know what needs to be achieved, and we filed in the US as an iCGM knowing what the standards need to be achieved. So, we look at what we filed and we know that we meet those standards. We're not going to forecast here as to when that approval will come through, but I think it's clear in terms of what we filed and why we filed.

Regarding payers specifically in the US, I think that what we've always intended for this product is to remove some of the hurdles, and affordability was one of those. And if you look at a lot of the evolution of the reimbursement here in the US, that's slowly moving from something that was with a lot of prior authorizations, only going through mail order, to now looking very much like the blood glucose monitoring

market where we start to see fewer prior authorizations and formulary positions that are allowing patients to go to pharmacy and pick [Libre] up. A lot of our managed care strategy was focused on driving that shift, and a key part of that is the access and affordability. We're seeing that in our managed care coverage.

As Miles said, we're now over 50% of managed care lives covered in this patient population, and you see the shift into pharmacy. If you look at the script data, you can see that shift occurring with Libre. That was a very intentional strategy to accelerate adoption specifically in the US by going to pharmacy which is something that hadn't been done before with CGM systems. We did that and we're starting to kind of move that category into the pharmacy.

Mr. White: We've been pretty pleased with the performance going through pharmacy. The patient acquisition continues to be obviously strong - frankly, right in line with our growth rates around the world, which is as you'd expect because we're not trying to drive price here. We're trying to drive the volume and acquisition of patients, and obviously that's going pretty strongly.

There's nothing but happiness about this product, I can tell you. We're pretty happy with it. It's doing really well. I actually think we're kind of in its early stages. At this point, there's over a million type 1 users of Libre around the world and those only make up two-thirds of our user base. With this kind of a growth rate, that kind of a user base, and with the capacity expansion coming online, we're obviously expecting this to be a continuingly big and bigger product for us.

Q: Can Libre be a north of \$5 billion product for you guys longer term? And the reason I ask is sustainability. I think you've kind of left Libre open-ended saying it's a multibillion-dollar project. I'm just curious whether the Libre 2 that was submitted to the FDA - is that the same product as the Libre 2 in Europe? Or was the algorithm changed for the US submission?

Mr. Ford: A similar product; it's just got a different label. I mean, if you look at the amount of diabetic patients in the world where this technology tends to have a greater impact, it tends to have a greater impact with insulin users, whether you're a type 1 or a type 2 on a conventional kind of injection therapy. And there are 40 million of them around the world; 20 million of them in emerging markets and the other half in developed markets. We think this is, as we said, a multibillion dollar opportunity, whether it's \$2, \$3, \$4, \$5 (billion) - I mean, you can look at these patient segments and patient numbers and it's very big.

Mr. White: I'd add a couple things to that. We're investing in capacity expansion accordingly. But there's sort of more to this story. As you know, there's a Libre 2 in Europe. There's a Libre 2 under review in the United States. There's a Libre 3 in development and has been in development for some time. And there's a lot of potential for expansion of this product to other analytes besides glucose or additional analytes to glucose for the diabetic. There are other improvements that we can make in the product. All of that is in development. We know this platform well. It is a platform. It is not just a glucose test kit. And so there's an R&D development innovation strategy with it that is underway and has been underway.

Our capacity expansion plans are well planned. We've already got almost 1.5 million users of Libre, and to be honest, we haven't exactly let the flood gates go. I think you can kind of back into the math of that. This product is already probably \$1.5 billion or more in sales more, and it's growing 80%.

--by Maeve Serino, Adam Brown, and Kelly Close