



ANALYST QUICK NOTES

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Hologic Inc. (NGS: HOLX: BUY)

Target Price: \$52

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3/13/2017

Overview

- We spoke with the company last week and we came away even more impressed with the Cynasure acquisition (on track for completion in April).
 - One of Cynasure's products is MonaLisa Touch, which is a laser system that treats women with vagina wall atrophy. For post-menopausal women, this laser system helps restore collagen to the vaginal walls, improving their quality of life.
 - Cynasure has multiple solutions for three other categories, besides women's health. These are fat reduction, skin revitalization/tattoo removal and hair removal. These solutions enable physicians to expand the base of cash-pay patients in their practices, thus avoiding the dependence on health insurance.
 - Cynasure had \$443 million in sales in 2016 (+24%), which included only partial-year contributions from product approvals in South Korea and China in 3Q16.
 - We think that with its deeper salesforce and already strong presence in the women's health market, Hologic can expand the use of Cynasure's products in the U.S. and overseas markets.
 - We like Cynasure's razor/razor blade model, with revenue growth from the placement of units followed by recurring revenue for parts, disposables and services. By way of illustration, Cynasure's product revenue in North America grew 24% in 4Q16.
 - In restating our thesis, the Cynasure deal adds another growth driver to Hologic's portfolio that currently includes 3-D mammography, molecular diagnostics and surgical tools for women's health.
 - HOLX is up 8.2% since an initial sell-off on the Cynasure deal (announced Feb. 14).
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