



## ANALYST QUICK NOTES

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**Hologic Inc. (NGS: HOLX: BUY)**

**Target Price: \$52**

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### Overview

- We want to reiterate the growth drivers we see in the HOLX stock. We view any pullback as a good buying opportunity. The stock has bounced around in the past six weeks. Down 6.1% from 2Q earnings on May 10 to May 24, the date of our last morning call on the stock, and then up 5.5% since then through yesterday.
  - We also spoke to management last week and came away with greater conviction in the company's growth drivers and our investment thesis.
  - First, we see Cynosure, the recent acquisition in medical aesthetics, as being on track to achieve at least \$250 million in revenue for the rest of fiscal 2017, or annual run-rate close to \$500 million. Cynosure received FDA clearance to expand its body-contouring product for fat reduction in the back and inner and outer thighs, expanding from treating abdomen and "love handles."
  - Aesthetics is a very attractive market with strong growth opportunities. Cynosure, which was acquired in March, is complementary to Hologic's portfolio in women's health and gives the sales force additional products to sell.
  - Other growth drivers include Diagnostics and Women's Surgical, both of which are on track for double-digit sales growth in 2017.
  - To be sure, Hologic faces a headwind from the sale of its blood screening business. Blood screening was a very profitable, but slow-growth business. The way we see it, blood screening was replaced by Cynosure in aesthetics, a larger and faster-growing asset.
  - As we noted earlier, Hologic, as a mid-cap, has quite a bit of trading volatility and that provides opportunities for entering the stock. We note the stock is up 34% over the past 52 weeks.
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