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PRESENTATION

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Hello, good afternoon. Thank you all so much for joining us. My name is John Demchick, and I work on the medical technology team here at Morgan Stanley. And I'm pleased to have with us Globus Medical. Specifically from the company, we have Dan Scavilla, the company's Executive Vice President and Chief Commercial Officer and still Chief Financial Officer; as well as Brian Kearns, VP Business Development and Investor Relations.

Before we get started, I wanted to quickly mention disclosures. Please check out the Morgan Stanley disclosures on our website.

And with that, Dan, that you've passed up the opportunity to give introductory remarks, so I'll just jump right in.

QUESTIONS AND ANSWERS

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Okay. So starting about a year ago, we were in a situation where you just received FDA clearance for Excelsius, your robotic platform. Now the robot's been on the market for coming up the better part of a year. There's about 30 to 40 systems-ish out there right now. What's the response been?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Yes, very positive, Jon. And so you're right, I mean, as we get through third quarter, we'll start anniversarying as we get into the fourth quarter. And now the uptake certainly exceeded our expectations. The interest, as you build a portfolio of potential candidates, has remained strong throughout the quarters, and so we're very positive on the placements. As we do place them, we see the usage that we would want, again of course like anything, a spectrum, but nonetheless, heavy usage. And as we kind of indicated as well earlier on, the pull-through of implants, we're actually seeing that occur at a rate that's equal to or greater than what we would've wanted for those hospitals that purchased it. So they're using the entire portfolio, not just those things specific to the robot. And we'll continue, there's really an unpenetrated market, so the whole goal is to continue to drive into it.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

And you mentioned the pull-through from it. When you think about what the incremental spine procedure gets you, how do you really kind of quantify that on your part? And then I guess the second part of that is, obviously, a lot of accounts that buy the robots are Globus-loyal accounts already. When you think about the placements that you've already made and the conversations you have going forward, what proportion of those are loyal Globus accounts versus what are those are competitive accounts?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

So in the beginning of the launch, I would tell you, and we said, it was clearly a 50-50 split, which was a pleasant surprise for us of non-Globus versus Globus. As we continue to get into the full year, it's migrated closer to about 25% of the sales are non-Globus. Again, that will move depending on the month, the month portfolio. So I'd still give you the range between 25% to 50% is new business occurring.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

And the pull-through, when you think about the incremental revenue, I mean, is that when we typically think about an incremental spinal procedure, as when you think about all of the implants that kind of go with that, somewhere around $5,000, $10,000 that you could really be getting incremental? Is that the right way to think about it?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

I do think that's a reasonable model to look at with that. And it's not an easy thing. It's not that we have a system and the report's out there. You have to do some assumptions, but if somebody was 0 before they're selling, that's an easier one. To your point, if you had a user, you have to try and gauge the incremental just based on normal penetration versus robot. But in general, I think we've got a good enough feel to say we see that implant pull-through. Again, we have to increase the installed base. I think that becomes more meaningful probably in 2019, 2020, as you have a larger install base. Right now, it's small, it's registering, but not big enough to move the needle.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Understood. Competition, you're not the only robot out there. You were, I guess, second to market following Mazor. You have a number of different attributes that are really associated with your robot versus theirs. One of the big, I guess, concerns that a lot of people have is, when they look at the Excelsius robot, it has the navigation element and Medtronic is now adding its stealth station into the Mazor X platform. Does that change the message as you walk into hospitals and have these sort of debates? I doubt there's many customers that are looking solely at buying an Excelsius and aren't at least comparing it to the competitive products out there?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Yes, I would say, not really. And what I mean by that is by them linking up stealth with Mazor and having same level of navigation, that brings them closer into parity of one of the things we have. We still have several attributes that we consider to be superior along those lines, and we continue to sell those. I think what's important to note is, this is the first generation of the robot as well. So it's not out there and we're done, but it's out there and we continue to evolve in many different ways. And so just as they make a step and get closer, we'll continue to take other steps, that would go that way. And this will be a technology war, as we 2 go at it as well as many other entrants come in, I think it's just going to be a natural part of the market.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

And what's actually been really interesting as we looked at the first couple of quarters as placing the systems, it's been a relatively steady cadence, call it, $12 million, $14 million worth of emerging technology revenue, which is largely robotics at this point. As we think of itself, we're going to end up somewhere in the $50-ish million range probably this year, given reasonable assumptions. And then you think into 2019, most robotic systems that we've seen at the sort of level grow 50%, 100% kind of into the next year. As I look at the consensus models, they looked to be modeling in somewhere closer to 20% growth. I mean, how do you think about the normal ramp, given the pipeline that you have built?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

I think it's a great question. So first thing I'll tell you is, we don't tend to give out any guidance within particular lines. And the company will give out a full guidance in January. So actually I don't have any number to even share right now. But to your point, most capital launches are not as successful as what we've seen this year. And so to your point, if you looked at a model that normally it's 50% or 100%, that usually has a larger -- or a smaller uptake than what we've seen. I don't think consensus assumptions are really far off, to be honest with you. I think we've got a great year. I think we're penetrating and we'll continue to do that. I would advise to not get too far ahead, let's go through the first anniversary and evaluate it. So I think it's reasonable right now.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Okay. And then like when you think about what's next for Excelsius, right now, it's largely a pedicle screw system. There's a lot of different areas that it can go, whether deeper into spine with decompression or discectomy. You can get into trauma, into really interventional spine too with the way that the navigation components work, what is the next target and when do you think we'll start to hear more and more about various approvals that could be coming?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Well, I think you said it well really in your question. Capturing more of the procedure is the first goal, because you're there, you're with spine and to your point, going beyond a pedicle screw, whether that be bone removal, a more controlled discectomy, the precise placement of interbodies, certainly the ability to do automated rod bending. All of those things are out there. We already have approvals to do certain trauma procedures, and we'll continue to take it in there. And certainly, cranial-type operations including deep brain probes and all those things are out there. What I think is we'll kind of take this in concentric circles. I would tell you that towards the end of this year or beginning of next year, and that's really in the hands of the FDA, not us, I think you'll see some of the procedural expansions occur. I really can't say which ones just yet, because we have to get them approved first. But I think you'll to see more of the spine procedure growing. And then from there, we'll continue to branch out into other areas.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Last one on Excelsius. How many like engineers, how much resources do you have, kind of, on the R&D platform for Excelsius?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Yes. So I won't tell you the exact number, but what I would tell you is, we do have in Massachusetts an entirely stand-alone organization, our entire building up there, which is the robotic headquarter, and with that is an entire group of engineers dedicated to robotics, both hardware and software. We have all of the assembly people in there, all of the tech service people in there and all of the leadership for that in there. So it's a great system. It's really well staffed. We've been, as you know, funding it for years. And we have the capability to expand that as we continue to look at these other indications and have other needs for different software or hardware development where we've been expanding. So again, without giving the number, I would just tell you it's an entire department and they are not conflicted, what should I do, spine, trauma, robotics. It is a 100% robotic focused.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

So NASS coming up. Anything new that we're going to get specifically on Excelsius at NASS?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

I don't think so and the real reason with that is, again, pending FDA approvals, we're gun-shy to go out and flex any of these things now. The timing is unfortunate. I'd love to go out and kind of show up what we think is there. I just think that comes a few months or a little bit longer down the road when we get permission to put it out there.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Understood. Moving onto trauma, the other part of the emerging technology. The part that's smaller now, but certainly it has a very large market opportunity as well. Progress has been a little bit slower, handful of products have been approved, but there's been some supply chain effort that's kind of been a little slower. When do you think you're going to be able to fully launch the systems?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

I think it's going to be phase launch that occurs late in Q4 and into Q1 as we get sets out. So I think we underestimated the amount of effort it takes to design a full set and really that was one of the parts of the slowdown. It's a few months, it's not anything more than, I would even say a quarter. The truth is right now with the strong U.S. economy, finding manufacturing employees, people to run those machines, engineers to set up and program the manufacturing machines, that's actually one of the challenges. We're closing that gap out, but it's really the sum of those 2 that's kind of created the lag. I left there this morning, and I can tell you that I see the set starting to stack up and get ready to ship. So my thought is, again, as we exit this year, we should have the vast majority, we'll catch up the rest before the close of Q1 and we'll get this thing running.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

In case of visibility on getting the launch really started in 4Q seems pretty high.

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

I think so. And what I've said even before is, I would go very light with the dollars this year. I always thought this was a sort of a startup year. I think, trauma, to your point, is a great market, $7 billion, so it's almost equal to a spine market and the ability to penetrate that is there, but it's going to be a little bit of a slow battles. It's not a robotic explosion, where all of a sudden you're out there with this size. I think this is that concentric circle is building up slowly, just like we did in spine, to gain share over several years.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

So how does the sales force at this point? Are you focused on specific geography? Is that a really an area? Is the focus more, "Hey, we have this spine doc, he also does trauma call, let's get him to use of the trauma products," like, what's the strategy on launch?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

So it's all of the above, to be honest. So we have an entire management team already set up and ready to go. And our first wave of reps, for the most part, are hired. We've been carrying them expense-wise in Q2, a little bit in Q1, so they're already out in our books. And with that, they tend to be more competitive conversions, because we want to go out with people that know the market, know the docs, and help us penetrate faster, so they're all competitive conversions. And that was really, again, just driven by strategic hospitals that we know we want to be in. Again, surgeon interest and surgeon joining us, along with their rep, has been the real mix.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

So I know that you're not going to give me a dollar figure estimate for '19, for trauma, but maybe if we think longer term, it took you, obviously, a number of years to reach the spine position you're in, which is, call it mid- to upper-single digits in share. Trauma, as you kind of said, is another very large market. When you think about it as a per share basis, how many years do you think it takes to get, call it, 5% share? Or how long does it take to get a 1 point of share? What are the right goals to be thinking about as we measure success here?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Yes, it's a great question. And I'll tell you, I would be guessing right now, because what I need to do is get the sets out, get on contract, get the sets on the shelf, have docs use it and then understand that cadence before I really call it. My assumption is that I would try and gain about a share point a year. You got to give me 2019 to get out there and get set up. But going forward, that's what I'm trying to achieve, but I need to see the actuals to understand how to respond to that before we realize it.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Okay, so $7 billion market, I mean, is that more of a global market or is that the U.S. that you were...

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

I believe that's global, right? $7 billion.

Brian J. Kearns - *Globus Medical, Inc. - VP of Business Development & IR*

$6 billion or $7 billion I think is right.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

So you're talking a point of share, that's $70 million? That's the right way to think about it?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

That's what we're aiming to do, right? I would not build that into any of your writings and say here you go. Like I said, let's launch it in 2019, let's get the uptake, because we are battling entrenched and strong competitors. Let's have a better feel for that, and reelect in 2019 and then make that call in 2020 onward.

Brian J. Kearns - *Globus Medical, Inc. - VP of Business Development & IR*

One way to look at it, it could be in 15 short years, we built up whatever it may be, 7% shares in spine and that was starting with a relatively brand-new company undercapitalized, arguably. Now we have significant resources and significant talent and a very good team on the trauma side, both on the development R&D as well as commercial sale side, already in place, ready to go. And we have a process that we know how to work. So I think we'd be disappointed if we didn't achieve in that range of where you were asking in maybe half the time or somewhere around there.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Anything about the trauma market that you view as inherently different than the spine market? Or do you generally look at them as a reasonably similar-type markets?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

The impression is when the Synthes acquisition occurred, and there was a lot of synergies that were required to pay that off, the innovation slowed down. And so you look at some great products that are out there, but haven't really evolved in close to a decade, and when we talk to trauma surgeons, they're very hungry for innovation. And I think there's an excitement of them to have a player like us come in. And our goal is to not only get there, but create rapid innovation similar to spine and continue to add to the bag. And I think that could be something different, because you're jumping a decade ahead using newer technologies, and you're trying to introduce it in to help the patient outcome in a way that hasn't been focused on.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Okay. Maybe we'll spend some time on the spine market, because that's actually where your -- most of your revenues are these days. But it's been a bit of a more challenging market of late and probably a couple of reasons for that: One is the market into it -- has, I guess, slowed a bit as well as some of the larger competitors have gotten a bit more focused. How do you see the spine market overall right now?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Yes, it's been interesting. I mean, if you went through 2016 and into 2017, there's no doubt that you could see a quarter-on-quarter decline. I think that's stabilized out as we got into 2018. I kind of reading you and several other folks, I still call it between 0% to 2% growth overall. I do think there are 2 factors that may not be fully understood or discussed. I think one of those are pricing pressures of the bigger guys. I think they're becoming under pressure through hospitals to do some negotiations from what I see. It hasn't really impacted us. We always tend to be a mid-single-digit price but I'm thinking and from what I'm hearing, I think that's part of it. I also wouldn't be surprised if there is a more of a migration into private players out of public. And so I think two of those factors, in addition to possible insurance pushbacks and other slowdowns, I think contribute to this. Overall, though, this year, I call it a steady market.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

So just to make sure I'm understanding the math right, the push to private, I guess, is really -- it's why I guess people like me, when we look at all the public reporting numbers, can see a decline. But if you're really thinking the underlying volumes in a broader industry, we're probably not seeing that level of slowdown. It's probably a little faster as market overall, it's just that those the revenues are going to some of the private players. Is that what you are talking about?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

That's my assumption and it's just based on the demographics aren't shifting, folks are not getting younger or healthier. The need for spine surgery isn't drying up. So even if something were delayed through an insurance pushback, it eventually needs to happen and therefore, equalize. And so I think there's just multiple factors like that, that may create the overall slowdown that we're currently seeing.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

And on the pricing side, you've had, I guess, a number of larger competitors, potentially think of this more bundled approach, giving navigation, imaging, stuff like that, to get committed volumes. Is that what you're, kind of, talking about?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

No, what I think what we're seeing overall is the hospitals are getting smarter in their approaches and in their negotiating styles, and I think they're coming out with a more effective way to help manage some of their budgets. And again, we're too small to move the market, with the 7 shares, it's not anything that we're doing, to be honest. But I do think that bigger players wanting to hold on, to your point, may be making flexes like that.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

K2M just was bought, for a while we have talked about are there too many players in the spine market and is it poised for consolidation. I guess every now and then we see another one of the players, LDR a couple of years ago, K2M now. First off, do you think that there's any sort of impact that you guys are going to see from that, either from a disruption side, or from just a broader footprint really with the exact type of product portfolios that those Stryker and K2M bring together? And then second of all, do you think this is potentially the tip of the iceberg on a broader consolidation trend in spine?

Brian J. Kearns - *Globus Medical, Inc. - VP of Business Development & IR*

I'll take the second part first. I'm not sure how much more consolidation there is. I mean, there's a lot of smaller players out there but in terms of players of size that can really move the needle, there aren't that many. And I was a little surprised with the Stryker decision to move forward with the K2 only because I was thinking that, that size, even though they are a well-known public company, wasn't really going to move the needle enough. But I think the reason why that did make sense from their perspective, and I think there's some positives and negatives from Globus' perspective. As result of this, Stryker had, I think, traditionally been known as having a pretty good sales force, and a good management team, but not a great product lineup. I think on the K2 side, they're known as having a very good deformity lineup and some pretty decent products, but not really a profitable model. So they're not really generating cash flow at this time. So when you put the 2 together, I think it makes sense. To extent their business helps that, that's good. Having said that, in any spine transaction we have seen going back quite a ways, there's usually some pretty significant revenue dis-synergies associated with that. So it's very rarely 1 plus 1 equals 2-plus right out of the gate. And the other players, in this case, it would be us, might have an opportunity to benefit from that, and we're always looking for talented sales folks out there, particularly competitive successful ones. And we think Globus Medical is an excellent home for folks that might be looking for an opportunity to make some good money and take their skills and hard-earned value in the marketplace. And we think we'd be a great home for them in the future.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

And so along those lines, one of the other parts that was really with a lot of competitors kind of pushing harder, some of the larger guys, that's also led to just this view that taking reps and keeping reps has become a little challenging. And then the other thing I would just like to throw in here, to finish up the competition side of things, is expandable cages. Obviously, that's been one of the bread and butter items that you guys had for a while. A number of players have really started launching expandable cages as well. Have you seen any impact from those areas?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

So let me get both of those out. We're actually having a record recruiting year. So we kind of flexed that a little bit last year. We're seeing something equal to or better than this year and again, not only is it the portfolio or just different opportunities, as Brian said, but the back to the robot, the interest in the robot, knowing that it can play something and drive business, we're seeing a lot of surgeons who are interested and therefore a competitive rep would want to come along and vice versa. So I think that's one good thing. We're not necessarily seeing any impact from bigger players on any strategies that change how we're doing with recruiting, the first one. Second one is with expandable cages, you're right, we've had a lot of influx occur last year, and I think the first think we though is, why did it take so long? We would have thought it would come years and years ago, but nonetheless, they're there. Everything that we've looked at still we feel is equal to or less than our first gen, and we're on Generation 5. We continue to see very strong growth in our current expandables, and we've had cannibalization and erosion in our first gens. That is accelerating, no doubt, and some of that going into competition. But we're not seeing anything occur that is taking us off track from our growth or our strategy there.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Understood. Now this is going to be the part of when we're not really going to get the answers I want because we're going to talk about 2019 a bit.

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Yes, you're right.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

But so guidance this year implies about 10% growth versus last year. And if you look at it, maybe 2/3 of that is coming from robotics, the other 1/3 of it is really coming from the base business. As I look at the business, the core likely continues to get a little bit better, robotic pull-through should continue more, full year of having Alphatec included, so international should ramp a little bit more. But obviously, the incremental contribution from robotics, especially if the 20% to 30% growth that we kind of talked about, consensus being modeled in, seems reasonable, then clearly robotics is not going to grow at the level it was this year, off of the 1 quarter base. So as we look into next year, I mean, is this 10% growth level sustainable when you start adding trauma on top of that as well? Is this more of a, call it, upper single-digit growth-type arena? What are reasonable expectations as consensus thinks about it?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

So you're right. You're not going to get the answers you want, and I appreciate that. What we need to do is, honestly, work on those, go through the board before we release anything like that. I would tell you that when you look at a market that, again, if you want to call it, 2% growth, we will position ourselves to be share takers and we tend to put guidance out that is at least 2x the market when it comes to our base business. I don't see us coming off of that for any real reason. I don't have a great answer yet for where the robotic and where we want to be until I do anniversary this and get into Q4. But I would just say, look, let's have that conversation more into January when I think we've got more facts and we've closed out a full year on those things and we can launch trauma and sit down and say, this is where we think we're putting the stake in the ground. That said, whether it's high singles or low doubles, to be determined, but in that range, I don't think id an unreasonable assumption right now.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Embedded in that is definitely some acceleration in international. You've had relatively low single-digit growth internationally. Probably if you pro forma the Alphatec with the Globus base business over the last year or so, it's probably been around there too. The expectation sounds that it's going to be inflecting higher to the more mid, upper single-digit range, what's driving that?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Yes. So a couple of things. I think it's a multiyear journey, to be honest with you, Jon. We had gone in and did market rationalization that we sort of announced in '16 and '17, and I think we're in a good position with that. We realized as we looked for surgeon conversion, our name is not as well-known as competition out there internationally. And so what we did this year is significantly increase our investment in surgeon awareness, surgeon training, surgeon events, all international and targeted markets and at least, 5- to 7-fold spending versus prior years. And I think that awareness, along with us increasing our investment in infrastructure and management internationally, will create the conversions that we see that should help us take the lift in growth that we're looking to achieve.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Okay. I think we've hit growth pretty well. Margins, always been one of the very big strong suits of Globus, kind of that mid-30s EBITDA range is what you've kind of always talked to. This year, for a number of reasons, you just kind of mentioned some of the investments internationally. We talked about trauma holding the sales force, robotics, the big investment. We've actually seen margins drop a little bit this year relative to prior years, nothing overly surprising, especially given tax reform and the desire to reinvest. But as we kind of look forward, should we expect a lot of that to come back with these elevated levels of investment going to stay moving forward. What's-- I think The Street is modeling in about 100 basis points of expansion for the margins next year.

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

So I think, the answer is both to that, right? So as you said earlier on, we announced that we intended to reinvest in the tax reforms, and you see that benefit and that pull down. I think we're still in that mid-30s range. If you remember, I always say 33% to 37% at any given time, and we're tracking that. The truth is, we intend to be in mid-70s GP and mid-30s EBITDA. I would think that as trauma continues and starts putting revenue out, that would be the natural lift that you would see that gets us back there. So I don't think the assumptions are unreasonable right now. Not looking to go beyond that, we're looking to drive EPS through top line growth, and we want to still spend on the future growth things beyond trauma and robot, which we have out there now. So it's going to be about the continuous reinvestment of R&D for the next 3- to 5-year items that we want to put out there.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

When you look at all of the emerging technology investments that you're making right now and offsetting that with, I guess, obviously, the robotics revenue right now, how much is that a drag on the P&L?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

About $0.01, $0.015 per quarter right now.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Okay. Last question I really wanted to get to was, I guess with your new role. So first of all, congratulations.

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Thanks.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Where are you spending your time now when you...

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

I'm running about.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Right here, perfect. But when you think about between the 2 roles right now, you obviously are a little bit joined, when are we going to get a new CFO to really free up some time?

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Yes. So a couple of things. So the move is really more about creating a deeper management bench, bringing new talent in, creating stronger succession planning as the organization goes from mid-cap into something bigger and that's just one of the things we're doing. This is a natural move to allow us to do that. The majority of my time is spent on manufacturing, because we have products that are just having incredible growth right now. We need to feed those machines to get the products out. And so we're looking how do we optimize? How do we expand those type of items? That's where I've been spending a lot of time, not only for learning and interest, but just the fact that the pull-through of the robot, many other things, is just creating that drive, which is great. The finance team is a great team that's been really carrying along and just grabbing me as needed. The interviews are going well. A lot of interest for CFO for the company, and we filter through a lot. We're actually in the process now of having several face-to-face conversations. The goal would be at the next earnings release to have somebody. But again, that's our goal, and you never know how that slips. I'd be stunned if we didn't have one as we exit the year. And the real point is that role will still report to me and we'll bring someone new in, and we'll create a smooth transition, so that's not a shock to the company or to the investors. We'll make sure that, that's a well-managed move.

Jonathan Lee Demchick - *Morgan Stanley, Research Division - Equity Analyst*

Understood. Dan, Brian, thank you very much for being here. Thank you all for listening.

Daniel T. Scavilla - *Globus Medical, Inc. - CFO, Executive VP & Chief Commercial Officer*

Thank you.
