OFIX 4Q23 Earnings Call

March 5, 2024

Louisa Smith – Gilmartin Group

Thank you, operator, and good afternoon, everyone. Welcome to the Orthofix Fourth Quarter 2023 Earnings Call. Joining me on the call today are President and Chief Executive Officer, Massimo Calafiore, and Chief Financial Officer, Julie Andrews.

During this call, we will be making forward-looking statements that involve risks and uncertainties. All statements other than those of historical facts are forward-looking statements, including any earnings guidance we provide and any statements about our plans, beliefs, strategies, expectations, goals, or objectives. Investors are cautioned not to place undue reliance on such forward-looking statements as there is no assurance that the matter contained in such statements will occur. The forward-looking statements we will make on today's call are based on our beliefs and expectations as of today, March 5, 2024.

We do not undertake any obligation to revise or update such forward-looking statements. Some factors that could cause actual results to be materially different from the forward-looking statements made by us on the call include the risk factors disclosed under the heading Risk Factors in our Form 10-K filed this afternoon, March 5, 2024, for the year ended December 31, 2023 as well as additional SEC filings we make in the future.

In addition, on today's call, we will refer to various non-GAAP financial measures. We believe that in order to properly understand our short-term and long-term financial trends, investors may wish to review these matters as a supplement to the financial measures determined in accordance with U.S. GAAP. Please refer to today's news release announcing our fourth quarter 2023 results for reconciliations of these non-GAAP financial measures to our U.S. GAAP financial results.

At this point, I will turn the call over to Massimo.

Massimo Calafiore President, Chief Executive Officer & Director, Orthofix Medical, Inc.

Thank you, Louisa. And thank you, everyone, for joining us this afternoon for my first quarterly earnings call as Orthofix CEO.

I'll begin by saying how happy I am to be part of Orthofix and this impressive organization. The Company has strong fundamentals and, I believe, great potential for future value creation. This is why I joined Orthofix. Yes, the Company has been through much change in the last twelve months, but our business fundamentals have remained strong, and our talented leaders and committed employees have executed exceptionally well. Fourth quarter performance was no exception. We executed against our guidance, gained momentum, and accelerated strategic initiatives. Despite dire predictions otherwise, we also expanded our distribution network in our US Spine sales channel! I am so pleased to be a part of the Orthofix team and will work to build on past successes, leverage our current momentum, and unlock future value creating opportunities.

During the last eight weeks, I've had the chance to speak to many stakeholders, and I am more encouraged than ever about the opportunity for growth and value creation that is in front of us. I joined Orthofix having admired the Company and its innovative solutions, and my early insights have affirmed those long-held beliefs. I want to spend some time on this call sharing my initial thoughts and observations about our business and highlighting some areas we'll prioritize throughout the year. Then, I'll turn the call over to Julie to provide a more in-depth look at our fourth quarter performance and financial results.

First and foremost, I've observed that the Company has remained stable throughout the recent period of transition, demonstrating our durable business model. I have spent a great deal of time understanding internal operations as well as how Orthofix fits into the markets where we are competing. I am confident in our fundamental strategy across orthopedics, spine, biologics, and bone growth therapies. There should be no misgivings about the ability of this Company to serve the evolving clinical needs of surgeons and patients while also delivering strong growth combined with improved operational efficiencies.

We performed well throughout 2023, gaining market share and maintaining relationships with our partners. Disruption and consolidation, within the spinal market specifically, have created commercial opportunities in spine and orthopedics. We've taken advantage of these opportunities, continuing to build out our network. I want to quell any notion that Orthofix is losing distributors; we are *adding* high-value relationships while optimizing our existing sales channels. In the fourth quarter, 8% of US Spinal Implant sales were attributed to new distributors alone.

Additionally, it's important to note that our merger thesis remains intact. With last January's business combination, Orthofix brought together uniquely complementary best-in-class portfolios to create a compelling product platform across spine and orthopedics. We are

well-positioned to capture value within specialized markets and have already seen the inherent cross-selling benefits of being able to leverage our portfolio as a whole.

I want to highlight that as spine surgery progresses toward data-driven solutions, a gap remains in detecting changes in the operating room. Translating a surgical plan to reality requires real-time information with the flexibility and tools to adapt. Orthofix is a leader in this space, and we plan to fully leverage the 7D FLASH Navigation System. In turn, the growth within Orthofix's spine segment has been supported by a 29% increase in our global 7D Flash System installations over the past year. With continued investment, our next generation advancements in enabling technology and hardware will build upon this unique foundation and establish us as the partner of choice for surgeon seeking real-time, data-driven intraoperative solutions in orthopedics and spine.

The merger between Orthofix and SeaSpine also created a biologics business unit with best-in-class products in three of the most significant bone substitute segments: Cellular Bone Matrices, Demineralized Bone Matrices, and Synthetic bone substitutes. The breadth of our biologics portfolio enables Orthofix to meet surgeon preferences and procedure-specific requirements. Furthermore, biologics is a capital-efficient unit, ultimately driving cash and EBITDA gains for the Company. As it relates to platform synergies, biologics remains an integral part of our overall spine and orthopedics hardware strategy, carrying with it a diverse offering with the associated clinical data to broaden IDN and GPO access that helps attract and retain spine distributors.

Moving to Bone Growth Therapies or BGT, this business is well positioned to continue growing the market and take share. We have the industry's only cervical indication and are the only company to offer both LIPUS and PEMF solutions for fracture healing. In addition, the opportunity to support acute trauma with our Accelstim solution is propelling the growth of this franchise to well above market. Throughout 2024 we expect to accelerate the cross selling of BGT through our Spine and Orthopedics sales channels.

The Orthopedics business has an impressive portfolio and pipeline of highly specialized internal and external solutions for complex limb reconstruction and deformity correction. It is uniquely positioned to lead pediatric and adult limb deformity correction, and we are *just* starting to tap into its potential in the US. Additionally, we have recently rolled out OrthoNext, our case planning software platform, for use with our orthopedic products. We will be expanding the OrthoNext application to incorporate many of our product platforms across segments.

Moving to the key priorities for 2024,

First off, our mandate is to grow the company, and to grow it profitably. A key part of the merger thesis was to combine SeaSpine's innovative growth engine with the capital efficiencies of Orthofix. Throughout 2023, we have been able to do just that. We have sequentially improved adjusted EBITDA every quarter and we are effectively managing cash flow to exit 2024 cash flow positive. We believe that profitable growth will be a key differentiator for Orthofix amongst our peers and will ultimately be a driving force in creating shareholder value. We will not subscribe to a "growth at all costs" mindset and we intend to use one of Orthofix's greatest strengths, and my second key area of prioritization, our balanced portfolio platform, to accomplish that goal.

As stated, the second priority is to further leverage our technologies and sales channels across all product segments. We are not a pure play spine company, nor are we a commodity products orthopedics company. Orthofix occupies a unique corner of the end markets it serves, and we intend to highlight the *entire* portfolio platform as the key driver of further market share gains. In addition, we believe enabling technology is critical in positioning us for long term sustained growth and future success. The capabilities of 7D to redefine image-guided surgery within spine AND orthopedics is an increasingly important aspect of how we will fuel growth. Adding to that the application of fresh fracture and spine indications for our BGT business, layered in with the integration of a surgeon preference market for biologics across spine and orthopedics, the complementary nature of our portfolio becomes even more evident. Our products work together to create a best-in-class offering, each improving the performance of the other and enabling growth through cross selling opportunities.

And finally, the third priority, is our commitment to innovation. As I've just noted, 7D is a key contributor to our growth engine. We envision that the combination of 7D with our spinal hardware will strengthen our position in selected market segments, especially in spine deformity where we expect to emerge as a formidable contender. We will also continue to commit resources developing high value initiatives that will enable profitable growth and market share gain. In recent years, the decision to invest more heavily in BGT by seeking a fresh fracture indication for Accelstim has led to unprecedented growth in the franchise. We've delivered four consecutive quarters of double-digit growth and the traction in BGT is a direct result of conscientiously reallocating investments to a high growing business. Similarly, the investments in the FitBone platform and the best-in-class Trulok circular frame platform are driving growth well above historical norms for that business. The current and planned pipeline within orthopedics should take this business to a market leading position in complex limb deformity correction. We will continue to invest strategically across the entire portfolio and put resources behind products where we can create or

deepen market segments and drive above market growth without burdening the bottom line.

I am very pleased with the team's performance in the last several months and incredibly encouraged by my initial findings. Orthofix is on very solid footing and I anticipate being able to share increasingly meaningful updates about key opportunities as we move into the next chapter of our story. With that, I will now turn the call over to Julie for further detail on our fourth quarter and full year results.

Julie B. Andrews Chief Financial Officer, Orthofix Medical, Inc.

Thank you, Massimo, and good afternoon, everyone. Like Massimo, I'm very happy to join Orthofix at this important time and look forward to contributing to the company's future success.

Before I begin, I'd like to remind you to please refer to our press release published earlier today for information regarding our non-GAAP results including our reconciliation of these results to our GAAP results. Additionally, all percentage changes discussed will be on a year over year basis and revenue growth rates will be on a pro-forma constant currency basis unless otherwise noted. In addition, all results of operations that I refer to in my prepared comments will be on a non-GAAP as-adjusted basis and comparisons to prior year will be on a pro-forma basis including the combined results Orthofix and SeaSpine in 2022 unless otherwise stated. Starting in Q1 we will annualize the impact of the merger and no longer refer to proforma growth.

As noted earlier in the call, Orthofix finished the year with a strong fourth quarter. Operating performance remained on track, and we were pleased to deliver net sales above the high end of the range provided in our third quarter call. For my commentary, I'll go through each of our business units and review financial results on the quarter and for the full year as well as provide guidance for 2024.

Total Company net sales were $200.4 million in the fourth quarter of 2023, up 6.9 percent over prior year. For the full year 2023 net sales were $746.6 million growing 8.1 percent on a pro forma constant currency basis and normalizing for a one-time stocking order that occurred in the third quarter of 2022, prior to SeaSpine's exit from the European market.

Bone Growth Therapies revenue grew 15.3 percent to $58.8 million in Q4 and delivered 13.5 percent growth for the full year 2023. The fourth quarter marked four consecutive quarters

of double-digit growth for the BGT franchise. This growth was driven by above market performance in both the spine and fracture channel. We have seen great performance with the Accelstim product and from our continued investment in a focused sales channel for the fracture market with growth of 23.6% in the fourth quarter. The fracture market is a $200 million plus market opportunity and we are just getting started.

Global Spinal Implants, Biologics, and Enabling Technologies grew 4 percent this quarter and 6.3 percent for the full year 2023 when normalizing for a one-time stocking order that occurred in the third quarter of 2022, prior to SeaSpine's exit from the European market. U.S. Spine fixation revenue grew 13.5 percent in the quarter which is well above market growth rates. To clarify this excludes motion preservation and is a metric we will be providing in future quarters. As we saw in Q3, the performance was driven in large part by more exclusive distributor partnerships, cross-contract access and an increased focus on cross-selling. New distributor partners added since July 2023 contributed approximately 8 percent of revenue for U.S. Spinal implants in Q4. We are pleased we have been able to maintain existing and build new relationships with our key distributor partners.

The Global Orthopedics business grew 2.7 percent in the fourth quarter and 5.2 percent for the full year. Full year growth was led by the U.S. with 11.1 percent growth driven by strong performance with our new Trulok Evo and our trauma solutions, as well as distributor expansion and sales channel investments that were made in 2022 and 2023, and best in class surgeon education programs.

Now moving on to some detail below the sales line:

Beginning with our Q4 non-GAAP adjusted gross margins - We delivered 72.2 percent for the quarter, a 330 pro-forma basis point improvement over Q4 2022. For the full year, non-GAAP adjusted gross margins were 71.4 percent compared to 68.7 percent for the full year 2022, a 270 basis point improvement on a pro-forma basis. These increases were primarily due to product mix.

Due to differences in allocation methodologies and classification of operating expenses between legacy Orthofix and legacy SeaSpine prior year pro forma numbers are not available. As a result of this, my comments on line-item operating expenses will be on a GAAP basis for both Q4 and full year 2023 compared to GAAP results for the prior year.

GAAP Sales and Marketing expenses were 48.8 percent of net sales for the fourth quarter and 51.7 percent for the full year 2023, compared to 48.5 percent and 49.7 percent of net sales for Q4 and full year 2022, respectively. The increase in GAAP sales and marketing expenses for the quarter and full year is primarily driven by integration-related severance, retention costs and stock-based compensation associated with the merger and higher commissions as a result of the achievement of certain sales objectives.

GAAP General and Administrative expenses were 17.2 percent of net sales for Q4 2023 down from 20.8 percent in the same quarter prior year. The decrease is due to merger related synergies, a reduction of stock-based compensation, and a lower level of one-time merger related costs partially offset by legal and investigation costs during the quarter.

For the full year, GAAP general and administrative expenses were 19.4 percent of net sales up from 17.4 percent for the prior year. This increase is due to merger and integration related expenses, an increase in share-based compensation due to the merger, and legal and investigation costs.

GAAP R&D expenses were 9.5 percent for the quarter compared to 10.8 percent for the prior year quarter. The decrease in GAAP R&D expenses was primarily driven by lower spend related to EU MDR-readiness and realization of merger-related synergies, which were slightly offset by higher stock-based compensation expenses.

GAAP R&D expenses for the full year 2023 were 10.7 percent which was flat to prior year. Merger related synergies were offset by severance and retention expenses related to the merger and a development milestone payment that was achieved during the year.

For the quarter, Non-GAAP adjusted EBITDA was $19.6 million or 9.8 percent of net sales, a 96 percent increase over Q4 2022 on a pro forma basis.

For the full year, Non-GAAP adjusted EBITDA was $46.3 million or 6.2 percent of net sales, a 230 basis point improvement driven by higher gross margins and merger related synergies. This represented a 41 percent drop-through on incremental revenue dollars. We are encouraged by these results as we are seeing the impact of merger- related synergies materialize.

From a cash standpoint, our total cash balance including restricted cash at the end of Q4 was approximately $37.8 million. During the fourth quarter of 2023, we entered into a four-year $150 million financing arrangement and as of the end of the year we had $100 million

in borrowings outstanding under this arrangement. We subsequently borrowed an additional $15 million in January 2024.

Overall, we are pleased with our fourth quarter and 2023 results. The business showed resilience during a time of transition with growth across all business lines demonstrating the strength of our portfolio. We sequentially improved adjusted EBITDA every quarter and exited the year with adjusted EBITDA expansion of 440 basis points as we saw the realization of cost synergies. This gives us confidence in our ability to deliver profitable revenue growth as we move into 2024.

Now moving on to 2024 full year guidance, we are providing guidance for full year net sales to range between $785 and $795 million, representing implied growth of 5 to 7 percent year-over-year on a constant currency basis. Please note, our expectations are based on the current foreign exchange rates and do not account for rate changes that may occur throughout 2024.

Our outlook for full year 2024 non-GAAP adjusted EBITDA is $62 to $67 million. From a non-GAAP adjusted EBITDA perspective we expect to deliver approximately 8 percent EBITDA margin which represents 42% drop thru of 2024 incremental revenue. At the midpoint, our 2024 non-GAAP adjusted EBITDA guidance represents more than four hundred basis points of EBITDA margin improvement over the first two years (2023 and 2024) post close of the merger. This is a result of the $32 million in annualized synergies we have achieved to date and the progression toward delivering $50 million in synergies 3 years post close of the merger. It is also worth noting that we will no longer be adjusting out MDR related expenses as the initial wave of implementation is complete and we believe the current cost represents the ongoing expense to remain in the European market.

And finally, we are reiterating our commitment to exit the fourth quarter of 2024 being cash flow positive.

While we are not providing quarterly guidance, I do want to provide you with some directional comments on the expected cadence of our business to assist you in modeling our quarterly performance.

We expect Q1 and Q2 revenue to be slightly below our full year growth guidance range due to timing of stocking orders in 2023. Additionally, we expect Q3 to reflect the highest year-over-year growth due to disruption in prior year as we closed the quarter.

Now for some specifics on the individual line items on the P&L. First on gross margin. For 2024, we are expecting gross margin to be in the 71 percent range, in line with 2023.

We expect operating expenses to decrease approximately 200 to 300 basis points through leverage on incremental sales and additional cost synergies.

Before we move to line items below the operating income line, to assist you with modeling EBITDA, I want to provide you with our outlook for depreciation expense, which for the full-year 2024 is in the range of approximately $36 million to $37 million as compared to $33 million in 2023. Stock-based compensation expense is anticipated to be in the range of $30 million to $32 million.

Now let's touch briefly on the items below the operating income line. Our expectation for interest and other is approximately $5 million per quarter.

We expect our adjusted EBITDA margin improvement of 200 basis points to be weighted more toward the first half of the year as we annualize prior year synergies. We expect the bulk of our remaining synergies to be focused on gross margin improvement and be realized during 2025.

To touch briefly on cash, we anticipate cash use to be front end loaded with the magnitude of investment in Q1. With Q2, stepping down relative to Q1 and the second half of the year progressing toward breakeven with Q4 exiting positive. In 2023, we used approximately $108 million of cash for operating and capital expenditures. A significant portion of this was driven by one-time merger related expenses and outsized investments in inventory and instrument sets to drive above market growth in U.S. spine fixation which we are realizing. Our ability to utilize these assets to drive growth in 2024 and beyond underlie our belief that we will exit 2024 cash flow positive.

At this point, we will open the line for questions.

QUESTION AND ANSWER SECTION

Operator

In the interest of time, we ask that you please limit yourself to one question and one follow up. Thank you. Our first question will come from Mathew Blackman from Stifel. Please go ahead. Your line is open.

Mathew Blackman Analyst, Stifel, Nicolaus & Co., Inc.

All right. Good afternoon, everybody. Thank you so much for taking my questions. Maybe, Massimo, to start with you, maybe just help us understand what your marching orders are from the board and what's on the table and what's not in terms of your ability to drive value creation here, divestitures, more M&A, et cetera. Just any help there. And then I've got one follow up for Julie.

Massimo Calafiore President, Chief Executive Officer & Director, Orthofix Medical, Inc.

Yeah. Thank you. Thank you, Matt, for the question. Look, the marching order right now is to create value for the company, focus on profitable growth. So, my team and I would be solely focused right now on driving the company and creating, let's say, accelerating market growth that is optimal opportunities out there. And really take care of the full portfolio that we have. Like Orthofix is not just a spine company. We have a lot of levers to use in spine, biologic, orthopedics, BGT enabling technologies. But reiterating what I said in my remark, profitable growth and value creation, leveraging the full portfolio and keep working on innovation and leveraging our great technology that we have in 7D. So right now, focus on execution.

Mathew Blackman Analyst, Stifel, Nicolaus & Co., Inc.

Got it. I appreciate that. And Julie, if I'm looking at it correctly, I think the 2023 MDR add-back was about $9.5 million. Is that right? And does that mean we should be looking at this 2024 guidance sort of on an apples-to-apples basis approaching mid $70 million? Is that sort of the right way to think about it? And then, if I just tack on there, it would be helpful if you could maybe just describe your guidance philosophy in general. Are these ranges and

the ranges you'll provide in the future ranges you have high conviction in meeting and there's some upside or no, we should take it literally, just help us frame that. And then I'll get back in queue. Thank you.

Julie B. Andrews Chief Financial Officer, Orthofix Medical, Inc.

Sure. Thanks, Matt. Yeah, so the MDR expenses for 2023 were $9.5 million. We expect that to ramp down. I think our expectation is that it'll ramp down to around $3 million and that's kind of the ongoing run rate that we'll see in the business. So, if you think about that, that's included in our adjusted EBITDA guidance going forward.

In terms of philosophy on guidance, we set the guidance at a number that we're confident in. We believe that we can deliver. And, that's our commitment. We want to be prudent. Massimo and I are both two months into the job but our estimates are informed what we've seen in the pipeline and also trying to provide some parameters around the quarterly cadence as well. But we believe we said that we're confident that we can execute against it.

Operator

Our next question comes from Ryan Zimmerman from BTIG. Please go ahead. Your line is open.

Ryan Zimmerman Analyst, BTIG LLC

Hey, guys. First off, congrats on your first quarter here at Orthofix, first earnings call, I should say. One, I got a bunch of questions, I want to follow up on a lot of math. But I want to start maybe with segment expectations.

And Julie, I really appreciated all the color you gave on quarterly pacing and so forth.

But when you think about kind of the business segments and specifically within that, when we think about kind of legacy SeaSpine versus legacy Orthofix, I mean, the spine business at SeaSpine was kind of putting up kind of low double-digit type numbers. And you're guiding to $5 million to $7 million. I'm wondering kind of how that splits out in terms of kind of your expectations for growth, be it BGT or orthopedics versus the core spine. Any commentary there would be appreciated. And I have a couple of follow-ups. Thank you.

Julie B. Andrews Chief Financial Officer, Orthofix Medical, Inc.

Sure, Ryan. So we're not breaking out specific product line guidance today. But I think generally speaking, we talked about US spine fixation market, our growth at 13.5% for the quarter. And so we feel really good about that. But we're not breaking out specific line item guidance.

Ryan Zimmerman Analyst, BTIG LLC

Okay. All right. I'll keep rolling. So, I want to ask another question, which is about segment profitability. And if you look at the 10-K, you can see where most of the profit is coming from, from a segment perspective. And there's not a lot of profit coming from orthopedics. Why remain committed to that business at this point? And what can you do to potentially drive that growth higher? And frankly, is it worth keeping that business given the profitability it ascribes to the company?

Massimo Calafiore President, Chief Executive Officer & Director, Orthofix Medical, Inc.

Yeah, look, this is a great question. But, we need to remember one foundational thing for Orthofix. Orthopedics is the DNA of this organization. And if you think about how the business is structured right now, it's totally skewed in Europe, where we are at a level of maturity that is very, very high. I think what we see in front of us is an enormous opportunity in the United States, where we have a very small market share. So, there is a lot of focused investment, and then right now, we're making in a specific market that's not just around marketing and sales, but also innovation. So, what you should expect that over time with the market, let's say, if you start to share the market between United States and Europe. With the United States market, it grows much faster. You will see automatically a much higher profitability. So, as I say, we are very excited about all of the opportunities that we have in all of the different market segments, orthopedics is one of them.

Ryan Zimmerman Analyst, BTIG LLC

Understood. Appreciate that. And if I could squeeze one more in just a follow up to Matt's question. Julie, if I look at the operating expenses dropping 200 basis points, 300 basis points, I think it's in the range around 610, maybe call it, let's say, Euro MDR cost come

down a little bit. Where else do you feel like you have opportunity to kind of manage those costs and just your thoughts there would be appreciated?

Julie B. Andrews Chief Financial Officer, Orthofix Medical, Inc.

Yeah. So, we're going to be still annualizing our synergies that we achieved in 2023. And we talked about last year that the majority of that was coming from headcount. So, we'll see that go down in 2024 as we fully annualize those. In addition, part of it is just creating leverage on our incremental revenue growth where we don't believe that we need to invest at the same rate G&A and R&D we're holding flat to revenue. So that's what we're looking at for our leverage point.

Operator

Our next question comes from Jeff Cohen from Ladenburg Thalmann. Please go ahead. Your line is open.

Destiny A. Hance Analyst, Ladenburg Thalmann & Co., Inc.

Hi. This is actually Destiny on for Jeff. Thank you for taking the questions. I wanted to quickly talk about the BGT segment. Can you describe some of the drivers that are really helping you grow within this growing market and how your growth rate is compares to the overall market? And a special shout out to Jason for getting a promotion. Do you see him adjusting the strategy? Are you, as part of your marching orders, as previously asked, is BGT growth really central to it?

Massimo Calafiore President, Chief Executive Officer & Director, Orthofix Medical, Inc.

Look, this is a great question. We are very excited about this segment for many reasons that I'm sure you are familiar with. But if you see how the BGT business is divided, we have market leadership in spine where we have not just an advantage from the technology perspective, but also from the infrastructure perspective.

I think what Jason did and the team has built up a great system to convert all of the orders that we have to cash. So, the idea is that, okay, how can we bring out this knowhow that we

have on different market? And then right now, we are focusing on the fracture market where we have a very good opportunity right now with a very small market share.

And so, you will see us really focus on the fracture, keep growing well above market and bringing, let's say, all of the EBITDA and the gross margin positive that we see from BGT. So, let's say a great focus is on creating value on additional markets than spine right now.

Destiny A. Hance Analyst, Ladenburg Thalmann & Co., Inc.

Excellent. Okay. And then, Julie, one for you. I really appreciate the commentary around the synergies, especially on the top line and how it will affect adjusted EBITDA. I'm wondering if you could just give us an update on the current head count and how the synergies impacted that?

Julie B. Andrews Chief Financial Officer, Orthofix Medical, Inc.

So, I think most of the head count action was taken last year, and we don't expect to have much more head count impacted this year. You can see in our K; I believe our head count numbers print there.

Operator

Our next question comes from Jason Wittes from ROTH MKM, please go ahead. Your line is open. Jason, your line is open. Please go ahead.

Jason Wittes Analyst, ROTH MKM

Hi. Just I know you're not giving line-by-line guidance wise by division, but the numbers do look somewhat conservative. Is this just a reflection of sort of, I think, your stated goals, Massimo, when you started, which were profitable growth versus high growth or growth with heavy investment? Is that the way we should be thinking about it, or is it just a combination of conservatism, just conservatism, but generally speaking, the business trends look pretty good.

Julie B. Andrews Chief Financial Officer, Orthofix Medical, Inc.

Yeah, I mean, this is Julie. I'll take that. Our business trends look good. We're expecting all of our businesses, while we're not giving line-item details to grow at or above market. And, like I said earlier, Massimo and I are two months into the job. We want to set guidance where we have confidence that we can execute against it and deliver on that commitment. And that's what we believe we've done with the guidance that we've provided.

Jason Wittes Analyst, ROTH MKM

Understood. I don't know if you mentioned anything about 7D. Could you give us some color in terms of placements or give us an outlook for 7D?

Massimo Calafiore President, Chief Executive Officer & Director, Orthofix Medical, Inc.

Look, as Julie said, we're not giving, let's say, right now, a specific forecast for the market segment. But I said during – something is important to note is that 7D as being a great contributor to the success of the spine franchise even the last year like we had 29% if I remember of the overall revenue that came from 7D.

And, you know that all of our competitors have been successful in leveraging enabling technology and you will see us really focus on a platform that is unique in the marketplace. So, we are pretty excited about the contribution of 7D in 2023 and what we can achieve together in 2024.

Jason Wittes Analyst, ROTH MKM

Okay. Thanks. And maybe just one follow up. You kind of addressed this, but I'm just curious kind of what the outlook is and that is on distributors. It sounds like it’s stable, and you're adding – can we anticipate that you'll continue to add high-quality distributors throughout the year, especially particularly in the spine?

Massimo Calafiore President, Chief Executive Officer & Director, Orthofix Medical, Inc.

Yeah, yeah. Thank you for the question. Look, there is a lot of excitement about what we're doing today around spine and orthopedics, and we have a very healthy pipeline. So, like spine market always go through fluctuation, as you see what's happened in the last few years.

But, right now, given the recent mergers, there is even greater opportunity of reps and a distributor to go get. Hope we are fully capitalized to do that. And like the results in Q4 helped us just to show that the thesis of the flight of our product is there. So, I think towards the year you see we would be able to keep adding high quality distributors that is going to – that marries our vision around what we want to accomplish in Orthofix. So, a lot of deal of opportunities out there.

Julie B. Andrews Chief Financial Officer, Orthofix Medical, Inc.

Yeah. And just to amplify and to clarify on what Massimo said, we had 25% revenue growth in enabling technology last year. In Q4. I'm sorry.

Jason Wittes Analyst, ROTH MKM

Got it.

Operator

We have no further questions. I would like to turn the call back over to Massimo Calafiore for any closing remarks.

Massimo Calafiore President, Chief Executive Officer & Director, Orthofix Medical, Inc.

Thank you. Look, I said earlier today by reiterating my enthusiasm to be part of Orthofix and my optimism about the company future. My first two months have really underscored the stability of Orthofix fundamentals and in the breadth of portfolio offering. I would also like to thank all of our employees worldwide for their commitment to Orthofix and their initiative in maintaining momentum across our whole portfolio.

We are going to continue building a high dynamic organization dedicated to collaboration, innovation and patient care. 2024 would be a great opportunity for growth and value creation, and I look forward to providing more granularity on specific initiatives in future updates. Thank you.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.