# EPS up 27% for the Quarter and 19% for the Year Over Adjusted EPS for Prior Periods

The Associated Press

http://www.atrioncorp.com [1] () —

Atrion Corporation (NASDAQ: ATRI) announced today that revenues and earnings were higher for the fourth quarter and the full year 2010 compared to the quarter and year ended December 31, 2009. Revenues for the fourth quarter of 2010 were $26.6 million compared to $24.4 million in the same period of 2009, representing a 9% increase. Diluted earnings per share for the quarter ended December 31, 2010 were $2.67, up 27% from adjusted diluted EPS of $2.10 for the fourth quarter of 2009, as described below.

Commenting on the Company's performance for the fourth quarter of 2010 compared to the fourth quarter of 2009, Emile A. Battat, Chairman & CEO, said, "We are extremely pleased with the operating performance of the Company in the fourth quarter of 2010. Increased revenues and a continued shift in sales mix towards higher margin proprietary products helped increase our gross margin for the fourth quarter of 2010 to 48% from 45% in the same period in 2009. Net income and diluted EPS registered outstanding increases of 28% and 27%, respectively, compared to fourth quarter 2009 adjusted net income and adjusted diluted EPS. In December 2010, the Federal R&D tax credit was extended retroactively, allowing us to book the full benefit for the year in the fourth quarter. Excluding the portion of the benefit attributable to prior quarters, the increase in net income and diluted EPS would have been slightly reduced to 26% and 25%, respectively."

For the full year 2010, Atrion's revenues increased 8% to $108.6 million from $100.6 million in 2009. Net income per diluted share of $10.32 in 2010 was 19% higher than adjusted net income of $8.68 per diluted share in 2009.

As previously reported, the Company has terminated its defined benefit pension plans and during the fourth quarter of 2009 recorded a pension termination settlement charge of $1.0 million, or $.32 per diluted share. Adjusted net income for 2009 excludes the $1.0 million settlement charge and adjusted diluted EPS for the fourth quarter and full year of 2009 exclude the $.32 per diluted share settlement charge. On a GAAP basis, net income per diluted share was $1.78 for the fourth quarter of 2009 and $8.36 for the full year of 2009.

Mr. Battat spoke to the results of 2010 compared to 2009 stating, "For the year as a whole, we are delighted with our organic growth in revenues compared to 2009. Each of our major product categories showed an increase of 8 to 11%, except for ophthalmology which was essentially flat. The 19% increase in EPS represents the 12th consecutive year of double-digit growth in earnings per share, excluding the pension termination settlement charge in 2009." Mr. Battat added, "In recognition of

the Company's strong financial position, the Board of Directors returned to our shareholders $18 million in special cash dividends during 2010. Despite these dividend payments, cash, short and long term investments increased by $5.3 million from the level at the end of 2009."

Atrion Corporation develops and manufactures products primarily for medical applications. The Company's website is www.atrioncorp.com [1] (http://www.atrioncorp.com [1]) .

ATRION CORPORATION CONSOLIDATED STATEMENTS OF INCOME (In thousands, except per share data) (unaudited) Three Months Ended Twelve Months Ended December 31, December 31, ---------- ---------- 2010 2009 2010 2009 --------- --------- --------- --------- Revenues $ 26,630 $ 24,403 $ 108,569 $ 100,643 Cost of goods sold 13,748 13,410 57,655 55,312 --------- --------- --------- --------- Gross profit 12,882 10,993 50,914 45,331 Operating expenses: Pension Charge -- 989 -- 989 Other operating expenses 5,127 4,711 19,937 19,338 --------- --------- --------- --------- Total operating expenses 5,127 5,700 19,937 20,327 --------- --------- --------- --------- Operating income 7,755 5,293 30,977 25,004 Interest income (expense), net 320 187 1,009 578 Other income, net -- 1 2 2 --------- --------- --------- --------- Income before provision for income taxes 8,075 5,481 31,988 25,584 Income tax provision (2,652) (1,889) (11,036) (8,741) --------- --------- --------- --------- Net income $ 5,423 $ 3,592 $ 20,952 $ 16,843 --------- --------- --------- --------- Net income per basic share $ 2.69 $ 1.81 $ 10.38 $ 8.51 Weighted average basic shares outstanding 2,013 1,980 2,018 1,979 --------- --------- --------- --------- Net income per diluted share $ 2.67 $ 1.78… $ 10.32 $ 8.36… Weighted average diluted shares outstanding 2,028 2,023 2,030 2,015 …Includes a $.32 per share net non-cash charge resulting from the settlement of the termination of defined benefit pension plans (see calculations in Table 1). ATRION CORPORATION CONSOLIDATED BALANCE SHEETS (In thousands) Dec. 31, Dec. 31, ASSETS 2010 2009 ---------- ---------- (Unaudited) Current assets: Cash and cash equivalents $ 10,670 $ 20,694 Short-term investments 10,715 4,230 ---------- ---------- Total cash and short-term investments 21,385 24,924 Accounts receivable 11,521 11,026 Inventories 17,400 18,675 Prepaid expenses and other 1,050 981 Deferred income taxes 625 596 ---------- ---------- Total current assets 51,981 56,202 Long-term investments 20,291 11,477 Property, plant and equipment, net 50,664 53,141 Other assets 11,716 11,929 ---------- ---------- $ 134,652 $ 132,749 LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities 7,752 6,682 Line of credit -- -- Other non-current liabilities 10,283 9,336 Stockholders' equity 116,617 116,731 ---------- ---------- $ 134,652 $ 132,749

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The Company has provided certain non-GAAP financial measures that exclude the effect of a pension termination settlement charge or that exclude a portion of the Federal R&D tax credit. Management has provided these non-GAAP measures as an additional tool for investors to evaluate the Company's performance. These measures should be considered in addition to, rather than as a substitute for, GAAP measures of the Company's performance. Table 1 below provides a reconciliation related to the pension termination settlement charge taken in 2009. Table 2 below provides a reconciliation related to the Federal R&D tax credit taken in 2010 and

the pension termination settlement charge taken in 2009.

Table 1 (in thousands, except per share data) Three Three Twelve Twelve Months Months Months Ended Ended Ended Ended December December December December 31, 2010 31, 2009 31, 2010 31, 2009 ---------- ---------- ---------- ---------- GAAP net income $ 5,423 $ 3,592 $ 20,952 $ 16,843 ---------- ---------- ---------- ---------- Plus pension termination settlement charge, net of tax(1) - 643 - 643 Adjusted net income (non-GAAP) $ 5,423 $ 4,235 $ 20,952 $ 17,486 ---------- ---------- ---------- ---------- Income per diluted share: ---------- ---------- ---------- ---------- GAAP EPS $ 2.67 $ 1.78 $ 10.32 $ 8.36 ---------- ---------- ---------- ---------- Plus pension termination settlement charge, net of tax(1) (calculated below) - 0.32 - 0.32 Adjusted EPS (non-GAAP) $ 2.67 $ 2.10 $ 10.32 $ 8.68 ---------- ---------- ---------- ---------- Adjustment to net income - $ 643 - $ 643 ---------- ---------- ---------- ---------- Diluted shares outstanding 2,028 2,015 2,030 2,015 Adjustment to income per diluted share - $ 0.32 - $ 0.32 ---------- ---------- ---------- ---------- (1) Calculated using an effective tax rate of 35% for 2009. Table 2 (in thousands, except per share amounts) Three Months Three Months Ended Ended December 31, 2010 December 31, 2009 ---------- ---------- GAAP net income $ 5,423 $ 3,592 ---------- ---------- Minus R&D tax credit adjustment (88) - ---------- ---------- Plus pension termination settlement charge, net of tax(1) - 643 ---------- ---------- Adjusted net income (non-GAAP) $ 5,335 $ 4,235 ---------- ---------- Income per diluted share: ---------- ---------- GAAP EPS $ 2.67 $ 1.78 ---------- ---------- Minus R&D tax credit adjustment (calculated below) (.04) - ---------- ---------- Plus pension termination settlement charge, net of tax(1) - 0.32 ---------- ---------- Adjusted EPS (non-GAAP) $ 2.63 $ 2.10 ---------- ---------- Adjustment to net income $ (88) $ 643 ---------- ---------- Diluted shares outstanding 2,028 2,023 ---------- ---------- Adjustments to income per diluted share $ (.04) $ 0.32 ---------- ---------- (1) Calculated using an effective tax rate of 35% for 2009.

**Source URL (retrieved on *05/21/2013 - 6:04pm*):**
http://www.mdtmag.com/news/2011/02/eps-27-quarter-and-19-year-over-adjusted-eps-prior-periods

**Links:**
[1] http://www.atrioncorp.com