Wright Medical slides to loss in 3rd-quarter

The Associated Press

Wright Medical Group Inc. on Tuesday reported that it moved to a loss in the third quarter as the orthopedic device maker recorded charges for restructuring costs and other expenses and saw U.S. sales soften.

The company also issued new earnings and revenue outlooks for 2011 that fell short of Wall Street estimates. That sent its shares tumbling almost 13 percent in aftermarket trading.

Wright Medical said it lost $16 million, or 42 cents a share, for the three months ended Sept. 30. That compares with net income of $4.7 million, or 12 cents a share, in the prior-year quarter.

The latest results included $36.4 million in charges for restructuring costs, estimated liability for medical device claims and a deferred prosecution agreement, among other costs.

Excluding the special items, the company's earnings amounted to 20 cents a share.

Analysts' consensus forecast called for adjusted earnings of 16 cents a share, according to FactSet.

Wright Medical's quarterly revenue slipped 3 percent to $118.2 million from $121.7 million a year earlier. Analysts had expected revenue of $125.9 million.

The company said U.S. sales were hurt by distributor transitions and challenges with its compliance processes, something that also has led to a slowdown in Wright Medical's education and research and development projects.

"We are clearly facing some challenges, which are reflected in our third-quarter results and our outlook for the remainder of the year," said Robert Palmisano, Wright Medical's president and CEO.

The company expects full-year adjusted earnings per share will range from 63 cents to 67 cents, which represents an annual drop of 10 percent to 4 percent. It anticipates 2011 net sales will range from $505 million to $509 million, which suggests a drop of 3 percent to 2 percent from last year.

The estimates are well short of analysts' consensus forecast, which calls for 2011 adjusted earnings of 76 cents a share on $533.7 million in revenue.

Wright Medical also expects to book additional charges related to its cost restructuring plan by the end of this year and in the first half of next year.

Shares of Wright Medical fell $2.09 to $14.50 in aftermarket trading. The stock slid 60 cents, or 3.5 percent, to $16.59 during the regular session.

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