AtriCure Reports Third Quarter 2012 Financial Results

The Associated Press

WEST CHESTER, Ohio--(BUSINESS WIRE)--Nov 1, 2012--AtriCure, Inc. (Nasdaq: ATRC), a medical device company and a leader in cardiac surgical ablation systems for the treatment of atrial fibrillation, or AF, and systems for the exclusion of the left atrial appendage, today announced financial results for the third quarter of 2012.

Revenue for third quarter 2012 was $16.1 million, reflecting 6.0% growth (7.8% growth constant currency) over the third quarter of 2011. Revenue from U.S. product sales was $12.4 million, reflecting growth of 5.1%, and revenue from product sales to international customers was $3.8 million, reflecting growth of 9.0% or 16.7% on a constant currency basis.

“We are pleased with our performance in the third quarter which saw continued growth in domestic product sales, driven by US open heart revenue, and ongoing strength in international markets. Our management and sales teams have remained steadfast in their commitment to executing our strategy – to increase market share and penetration in open procedures, support our MIS business and expand our international presence,” said Dick Johnston, Chairman of AtriCure’s Board of Directors. “We are also pleased to announce today that Mike Carrel has joined AtriCure as President and Chief Executive Officer, effective November 1, 2012. We believe Mike will be instrumental in leading the company to capitalize on our AF approval, the strength of our product portfolio, ongoing marketing and education initiatives and clinical programs to drive shareholder value.” Third Quarter Financial Results Revenue for the third quarter of 2012 was $16.1 million, an increase of $0.9 million or 6.0% compared to third quarter 2011 revenue. Domestic revenue increased 5.1% to $12.4 million, including $1.6 million in sales of the AtriClip system. International revenue was $3.8 million, an increase of $0.3 million or 9.0% (16.7% on a constant currency basis) when compared to $3.5 million for the third quarter of 2011. International revenue growth was driven primarily by an increase in sales in European markets.

Gross profit for the third quarter of 2012 was $11.5 million compared to $11.1 million for the third quarter of 2011. Gross margin for the third quarter of 2012 was 71.6% compared to 72.8% for the third quarter of 2011. The decrease in gross margin was due primarily to our investment in manufacturing and quality systems to transition and maintain the manufacturing of PMA approved products and to support our expanding operations.

Operating expenses for the third quarter of 2012 increased 14.7%, or $1.8 million, to $14.1 million from $12.3 million for the third quarter of 2011. The increase in operating expenses was driven primarily by a combination of increased selling, marketing and training expenses as well as non-recurring severance charges in the

quarter.

Loss from operations for the third quarter of 2012 was $2.5 million compared to $1.2 million for the third quarter of 2011. Adjusted EBITDA, a non-GAAP measure, was a loss of $1.0 million for the third quarter of 2012. Net loss per share was $0.16 for the third quarter of 2012 and $0.07 for the third quarter of 2011.

Cash, cash equivalents and investments were $13.0 million at September 30, 2012, and cash used in operations during the third quarter of 2012 was $0.5 million.

Conference Call AtriCure will host a conference call at 4:30 p.m. Eastern Time on Thursday, November 1, 2012 to discuss its third quarter 2012 financial results. A live webcast of the conference call will be available online from the investor relations page of AtriCure's corporate website at www.atricure.com.

Pre-registration is available and recommended for this call at the following URL: https://www.theconferencingservice.com/prereg/key.process?key=PJLC7TYK6 You may also access this call through an operator by calling (888) 680-0893 for domestic callers and (617) 213-4859 for international callers at least 15 minutes prior to the call start time using reservation code 74114405.

The webcast will be available on AtriCure's website and a telephonic replay of the call will also be available through December 3, 2012. The replay dial-in numbers are (888) 286-8010 for domestic callers and (617) 801-6888 for international callers. The reservation code is 96443161.

About AtriCure, Inc. AtriCure, Inc. is a medical device company and a leader in developing, manufacturing and selling innovative cardiac surgical ablation systems designed to create precise lesions, or scars, in cardiac, or heart, tissue for the treatment of atrial fibrillation, or AF, and systems for the exclusion of the left atrial appendage. The Company believes cardiothoracic surgeons are adopting its ablation products for the treatment of AF during concomitant open-heart surgical procedures and sole-therapy minimally invasive procedures. AF affects more than 5.5 million people worldwide and predisposes them to a five-fold increased risk of stroke. The FDA has not cleared or approved certain AtriCure products for the treatment of AF or a reduction in the risk of stroke.

Forward-Looking Statements This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements that address activities, events or developments that AtriCure expects, believes or anticipates will or may occur in the future, such as earnings estimates, other predictions of financial performance, launches by AtriCure of new products and market acceptance of AtriCure's products. Forward-looking statements are based on AtriCure's experience and perception of current conditions, trends, expected future developments and other factors it believes are appropriate under the circumstances and are subject to numerous risks and uncertainties, many of which are beyond AtriCure's control. These risks and uncertainties include the rate and degree of market acceptance of AtriCure's products, AtriCure's ability to develop and market new and enhanced

products, the timing of and ability to obtain and maintain regulatory clearances and approvals for its products, the timing of and ability to obtain reimbursement of procedures utilizing AtriCure's products, competition from existing and new products and procedures or AtriCure's ability to effectively react to other risks and uncertainties described from time to time in AtriCure's SEC filings, such as fluctuation of quarterly financial results, reliance on third party manufacturers and suppliers, litigation or other proceedings, government regulation and stock price volatility. AtriCure does not guarantee any forward-looking statement, and actual results may differ materially from those projected. AtriCure undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures To supplement AtriCure's condensed consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles, or GAAP, AtriCure uses certain non-GAAP financial measures in this release as supplemental financial metrics. Non-GAAP financial measures provide an indication of performance excluding certain items. Our management believes that in order to properly understand short-term and long-term financial trends, investors may wish to consider the impact of these excluded items in addition to GAAP measures. The excluded items vary in frequency and/or impact on our continuing operations and our management believes that the excluded items are typically not reflective of our ongoing core business operations. Further, management uses results of operations before these excluded items as a basis for its strategic planning. The non-GAAP financial measures used by AtriCure may not be the same or calculated the same as those used by other companies. Reconciliations of the non-GAAP financial measures used in this release to the most comparable GAAP measures for the respective periods can be found in tables later in this release. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation or as a substitute for AtriCure's financial results prepared and reported in accordance with GAAP.

ATRICURE, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (In Thousands, Except Per Share Amounts) (Unaudited) Three Months Ended September 30, Nine Months Ended September 30, 2012 2011 2012 2011 Revenue $ 16,139 $ 15,222 $ 51,883 $ 47,639 Cost of revenue 4,590 4,137 14,871 12,383 Gross profit 11,549 11,085 37,012 35,256 Operating expenses: Research and development expenses 2,905 3,069 9,180 8,893 Selling, general and administrative expenses 11,173 9,207 33,178 29,399 Total operating expenses 14,078 12,276 42,358 38,292 Loss from operations (2,529) (1,191) (5,346) (3,036) Other (expense) income (27) 47 (148) (314) Loss before income tax expense (2,556) (1,144) (5,494) (3,350) Income tax expense (11) (12) (20) (26) Net loss $ (2,567) $ (1,156) $ (5,514) $ (3,376) Basic and diluted net loss per share $ (0.16) $ (0.07) $ (0.34) $ (0.22) Weighted average shares used in computing net loss per common share: Basic and diluted 16,278 15,811 16,143 15,608 This article has been truncated. You can see the rest of this article by visiting http://www.businesswire.com/news/home/20121101006469/en.

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