Globus Medical Reports 2012 Third Quarter Results

The Associated Press

AUDUBON, Pa.--(BUSINESS WIRE)--Nov 1, 2012--Globus Medical, Inc. (NYSE:GMED), a leading spinal implant manufacturer, today announced its financial results for the quarter ended September 30, 2012.

Worldwide sales were $94.8 million, a 12.5% increase from the third quarter of 2011 Net income was $16.5 million or $0.18 per diluted share Non-GAAP Adjusted EBITDA was 35.1% of sales David Paul, Chairman and CEO commented, “During the third quarter, Globus continued to deliver sales growth in excess of the overall spine market, while maintaining our focus on operating the business efficiently. Our top line growth was achieved in a challenging spine market, driven by growth from our Disruptive Technology products. Nearly 100% of our sales growth is attributable to internally-driven, organic projects.” Third quarter net sales were $94.8 million, compared to $84.3 million last year, representing a 12.5% increase. Increased sales were driven by growth from our Disruptive Technology products, including our minimally invasive surgical (MIS) and lateral platform products. International revenue grew by 38.3% over the same quarter in 2011 and currently represents 8.0% of total sales. Globus currently sells in 23 countries, and has the infrastructure and plans in place to continue expanding into new geographies.

Net income for the quarter was $16.5 million or $0.18 per diluted share, as compared to $16.9 million, or $0.19 per diluted share in 2011. Non-GAAP Adjusted EBITDA was 35.1% of net sales, compared to 37.3% last year. The investments in our recently created interventional pain management division, Algea Therapies, negatively impacted the quarterly Adjusted EBITDA by 2.4%.

Mr. Paul continued, “In late September, we received our first PMA approval for our SECURE®-C cervical artificial disc. The 380 patient investigational device exemption (IDE) study demonstrated statistical superiority to anterior cervical discectomy and fusion (ACDF) in terms of overall success, subsequent surgery at the index level, device-related adverse events, and patient satisfaction at 24 months. We are proud of all the hard work and effort by our product development group, our internal clinical and regulatory group, and our participating investigator sites and surgeons. We have since launched SECURE®-C, and will be ramping up our surgeon training program over the coming months.

Financially, we continued to execute efficiently in terms of both gross margin and Adjusted EBITDA, and showed strong positive cash flow while making significant investments in infrastructure and Algea Therapies. Lastly, this has been an exciting quarter for us with the completion of our IPO in August. We are confident that our rapid product development engine and infrastructure foundation will enable us to continue our trend of long term, profitable growth.” Cash and cash equivalents for

the quarter increased by $29.6 million, including a net of $21.0 million raised in the IPO, to end the third quarter of 2012 at $195.2 million. The company remains debt free.

Conference Call Information Globus Medical will hold a teleconference to discuss its performance with the investment community at 5:30 p.m. Eastern Time today. Globus invites all interested parties to join the call by dialing:
1-855-533-7141 United States Participants 1-720-545-0060 International Participants There is no pass code for the teleconference.

For interested parties who do not wish to ask questions, the teleconference will be webcast live and may be accessed through a link on the Globus Medical website at investors.globusmedical.com.

If you are unable to participate during the live teleconference, the call will be archived until Thursday, November 15, 2012. The audio archive can be accessed by calling 1-855-859-2056 in the U.S. or 1-404-537-3406 from outside the U.S. The pass code for the audio replay is 5047-0117.

About Globus Medical, Inc. Globus Medical, Inc. is a leading spinal implant manufacturer and is based in Audubon, Pennsylvania. The company was founded in 2003 by an experienced team of spine professionals with a shared vision to create products that enable spine surgeons to promote healing in patients with spinal disorders.

Non-GAAP Financial Measures Adjusted EBITDA represents net income before interest (income)/expense, net and other non-operating expenses, provision for income taxes, depreciation and amortization, stock-based compensation, changes in the fair value of contingent consideration in connection with business acquisitions and provision for litigation settlements. This financial measure is not calculated in conformity with accounting principles generally accepted in the United States of America (GAAP). We present Adjusted EBITDA because we believe it is a useful indicator of our operating performance. Our management uses Adjusted EBITDA principally as a measure of our operating performance and believes that Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in their evaluation of the operating performance of companies in industries similar to ours. We also believe Adjusted EBITDA is useful to our management and investors as a measure of comparative operating performance from period to period and among companies as it is reflective of changes in pricing decisions, cost controls and other factors that affect operating performance, and it removes the effect of our capital structure (primarily interest expense), asset base (primarily depreciation and amortization) and items outside the control of our management (primarily income taxes and interest income and expense). Our management also uses Adjusted EBITDA for planning purposes, including the preparation of our annual operating budget and financial projections.

Adjusted EBITDA should not be considered in isolation or as a substitute for a measure of our liquidity or operating performance prepared in accordance with GAAP, and is not indicative of net income (loss) from operations as determined

under GAAP. Adjusted EBITDA and other non-GAAP financial measures have limitations that should be considered before using these measures to evaluate our liquidity or financial performance. Adjusted EBITDA does not include certain expenses that may be necessary to review our operating results and liquidity requirements. Our definition and calculation of Adjusted EBITDA may differ from that of other companies.

Safe Harbor Statements All statements included in this press release other than statements of historical fact are forward-looking statements and may be identified by their use of terms such as anticipate, believe, could, estimate, expect, intend, may, plan, predict, project, will, and other similar terms. These forward-looking statements are based on our current assumptions, knowledge, beliefs, estimates, expectations and views. These forward-looking statements are only predictions and are subject to many risks, uncertainties and other factors that are difficult to predict and may affect our businesses and operations. As a result, our actual results may differ materially and adversely from those expressed or implied by our forward-looking statements. As a result, you should not place undue reliance on any of these forward-looking statements. For a discussion of some of the risks, uncertainties and other factors that could affect our results, you should refer to the disclosure contained in our prospectus filed with the Securities and Exchange Commission on August 3, 2012, as amended, including the sections labeled “Risk Factors,” “Cautionary Note Concerning Forward-Looking Statements,” and “Management's Discussion and Analysis of Financial Condition and Results of Operations,” and in our periodic reports on file with the Securities and Exchange Commission. These documents are available at www.sec.gov. We undertake no obligation to update any forward-looking statements as a result of new information or future events or circumstances arising after the date on which it was made. Moreover, we operate in an evolving environment. Additional risks, uncertainties and other factors emerge from time to time and it is not possible for us to predict all risks, uncertainties and other factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

GLOBUS MEDICAL, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (unaudited) Three Months Ended Nine Months Ended September 30, September 30, September 30, September 30, (In thousands, except per share amounts) 2012 2011 2012 2011 Sales $ 94,764 $ 84,270 $ 285,458 $ 243,485 Cost of goods sold 18,872 17,141 55,642 49,309 Gross profit 75,892 67,129 229,816 194,176 Operating expenses: Research and development 7,022 5,916 20,698 17,691 Selling, general and administrative 41,780 34,762 124,236 102,529 Provision for litigation settlements 30 (78) (801) 306 Total operating expenses 48,832 40,600 144,133 120,526 Operating income 27,060 26,529 85,683 73,650 Other expense, net (45) (172) (124) (193) Income before income taxes 27,015 26,357 85,559 73,457 Income tax provision 10,528 9,494 32,495 26,243 Net income $ 16,487 $ 16,863 $ 53,064 $ 47,214 Earnings per share: Basic $ 0.18 $ 0.19 $ 0.60 $ 0.54 Diluted $ 0.18 $ 0.19 $ 0.58 $ 0.52 Weighted average shares outstanding: Basic 90,111 88,063 88,900 88,119 Diluted 92,697 90,398 91,563 90,709 This article has been truncated. You can see the rest

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