# AtriCure Reports Fourth Quarter and Full Year 2012 Financial Results

The Associated Press

WEST CHESTER, Ohio--(BUSINESS WIRE)--Feb 28, 2013--AtriCure, Inc. (Nasdaq: ATRC), a medical device company and a leader in the development of technologies and solutions for the treatment of atrial fibrillation, or AF, and systems for the exclusion of the left atrial appendage, today announced fourth quarter and full year 2012 financial results.

Revenue for the fourth quarter of 2012 was $18.4 million, reflecting 9.5% growth (10.1% growth on a constant currency basis) over the fourth quarter of 2011. Revenue from U.S. product sales was $13.7 million, reflecting growth of 10.2%, and revenue from product sales to international customers was $4.7 million, reflecting growth of 7.8% (10.1% growth on a constant currency basis).

“We are pleased to report fourth quarter and full year 2012 results which provide a strong growth platform from which we can continue to build in 2013 and beyond. I continue to be impressed with the resiliency and talent of the team at AtriCure – we have a great brand and customer service ethic which permeate every aspect of the company,” said Mike Carrel, President and Chief Executive Officer of AtriCure.

Mr. Carrel continued, “AtriCure is emerging as the education leader in the field of atrial fibrillation, and I am confident in our ability to further develop and expand the market. With our recently completed financing in January, we have strengthened our balance sheet to successfully build and grow our business, and in 2013 expect to continue our investments in training and education, clinical science, international expansion and other commercial investments. We are transforming AtriCure into a commercially focused organization with a clear eye toward accelerating revenue growth, leveraging our operating structure and eventually driving profitability.” 2012 Financial Results Revenue for 2012 was $70.2 million, an increase of $5.8 million or 9.1%, compared to 2011 revenue. Domestic revenue increased 7.5% to $52.6 million, driven by strong sales of ablation-related open-heart products and AtriClip products. International revenue was $17.6 million, an increase of $2.2 million or 14.0% (18.9% on a constant currency basis) when compared to $15.5 million for 2011. International revenue growth was driven primarily by an increase in product sales in direct European markets, Russia and Asia.

Gross profit for 2012 was $50.0 million compared to $47.0 million for 2011. Gross margin for 2012 was 71.2% compared to 73.0% for 2011. The decrease in gross margin was due primarily to an increased mix of revenue from international sales, slight pressure on prices, primarily in our clamp and clip products, an increase in capital equipment sales and 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 2012 increased 10.6%, or $5.5 million, to $57.2 million from $51.7 million for 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 and other charges during the year.

Loss from operations for 2012 was $7.2 million as compared to $4.7 million for 2011. Adjusted EBITDA, a non-GAAP measure, was a loss of $1.8 million for 2012 as compared to income of $0.1 million for 2011 (see reconciliation table below). Net loss per share was $0.47 for 2012 and $0.35 for 2011.

Cash, cash equivalents and investments were $12.0 million at December 31, 2012 and cash used in operations during 2012 was $1.9 million.

Fourth Quarter 2012 Financial Results Revenue for the fourth quarter of 2012 was $18.4 million, an increase of $1.6 million or 9.5%, compared to fourth quarter 2011 revenue. Domestic revenue increased 10.2% to $13.7 million, driven by strong sales of ablation-related open-heart products and AtriClip products. International revenue was $4.7 million, an increase of $0.3 million or 7.8% (10.1% on a constant currency basis) when compared to $4.4 million for the fourth quarter of 2011. International revenue growth was driven primarily by an increase in sales in European markets.

Gross profit for the fourth quarter of 2012 was $13.0 million compared to $11.7 million for the fourth quarter of 2011. Gross margin for the fourth quarter of 2012 and 2011 was 70.8% and 70.0%, respectively. The increase in gross margin was due primarily to a decrease in manufacturing scrap partially offset by some pricing pressure in the clamp and AtriClip products.

Operating expenses for the fourth quarter of 2012 increased 10.6%, or $1.4 million, compared to the fourth quarter of 2011. The increase in operating expenses was driven primarily by an increase in selling, marketing and training expenses.

Loss from operations for the fourth quarter of 2012 was $1.9 million compared to $1.7 million for the fourth quarter of 2011. Net loss per share was $0.12 for the fourth quarter of 2012 and $0.13 for the fourth quarter of 2011.

2013 Guidance Management projects that 2013 revenue will be in the range of $76.5 - $78.0 million, an increase of 9 - 11% from 2012.

Adjusted EBITDA, a non-GAAP measure, is projected to be a loss in the range of $3.0 to $5.0 million including the impact of the Medical Device Tax which is estimated to be in the range of $0.8 - $1.0 million for 2013. Management expects to continue making investments targeted at future revenue growth.

Conference Call AtriCure will host a conference call at 4:30 p.m. Eastern Time on Thursday, February 28, 2013 to discuss its fourth 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.

You may also access this call through an operator by calling (888) 713-4217 for domestic callers and (617) 213-4869 for international callers at least 15 minutes prior to the call start time using reservation code 53242423.

The webcast will be available on AtriCure's website and a telephonic replay of the call will also be available through April 7, 2013. The replay dial-in numbers are (888) 286-8010 for domestic callers and (617) 801-6888 for international callers. The reservation code is 18558054.

About AtriCure, Inc.
AtriCure, Inc. is a medical device company providing innovative Atrial Fibrillation (Afib) solutions designed to produce superior outcomes that reduce the economic and social burden of Atrial Fibrillation. AtriCure's Synergy Ablation System is the first and only device approved for the treatment of Persistent and Longstanding Persistent forms of Afib in patients undergoing certain open concomitant procedures. AtriCure's AtriClip Left Atrial Appendage (LAA) exclusion device is the most widely implanted device for LAA management worldwide. The company believes cardiothoracic surgeons are adopting its ablation and LAA management devices for the treatment of Afib and reduction of Afib related complications such as stroke. Afib affects more than 5.5 million people worldwide.

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