Given Imaging Reports Fourth Quarter and Fiscal Year 2012 Financial Results

The Associated Press

Given Imaging Ltd. (NASDAQ: GIVN) today announced financial results for the fourth quarter and fiscal year ended December 31, 2012.

Revenues were $48.7 million in the fourth quarter of 2012, compared to $48.5 million in the fourth quarter of 2011.

Gross margin on a GAAP-basis in the fourth quarter of 2012 was 74.6 percent, compared to 77.4 percent in the fourth quarter of 2011. Gross margin on a non-GAAP-basis in the fourth quarter of 2012 was 76.1 percent, compared to 77.9 percent in the fourth quarter of 2011.

On a GAAP-basis, operating profit was $3.6 million in the fourth quarter of 2012, compared to $4.9 million in the fourth quarter of 2011. Non-GAAP operating profit was $7.0 million in the fourth quarter of 2012, compared to $7.1 million in the same period in 2011. The acquisition of SmartPill assets negatively impacted gross and operating profit. The effect on GAAP and non-GAAP operating profit was approximately $1.3 million and $0.3 million, respectively in the fourth quarter and full year 2012. The Company recorded SmartPill revenue of $0.6 million in the fourth quarter of 2012.

On a GAAP-basis, net income for the fourth quarter of 2012 was $5.1 million, or $0.16 per share, compared to $5.6 million, or $0.18 per share, in the same period in 2011. On a non-GAAP-basis, net income for the fourth quarter of 2012 increased three percent to $7.9 million, or $0.25 per share on a fully diluted basis, compared to $7.7 million, or $0.25 per share on a fully diluted basis, in the fourth quarter of 2011.

A reconciliation of GAAP results to non-GAAP results is attached.

Cash provided by operating activities in the fourth quarter and in fiscal year 2012 was $11.0 million and $27.8 million, respectively. Cash and cash equivalents, short-term investments and marketable securities on December 31, 2012 totaled $124.1 million.

"We are pleased to have delivered record net income, both on a GAAP and non-GAAP-basis in 2012. We achieved a solid six percent increase in revenues in the Americas region. Revenues in the rest of the world were impacted by the continuing economic weakness in Europe, delays caused by a change in our Japanese commercial strategy and a shortfall in revenues in China. We expect 2013 to be a

pivotal year for Given Imaging and our goal is to return to double-digit revenue growth as we expand the market for our comprehensive line of devices to visualize, detect, and monitor disorders in the digestive tract and introduce new, innovative products, including our next-generation capsule endoscope for the small bowel, PillCam SB3. We plan to launch PillCam SB3 in Europe this quarter and in the U.S. later this year," said Homi Shamir, president and CEO, Given Imaging.

Fourth Quarter 2012 Revenue Analysis

Revenues in the Americas region in the fourth quarter of 2012 increased by one percent to $31.3 million from $30.9 million in the same period in 2011. The increase is attributable to a seven percent increase in sales of PillCam SB, which was partially offset by lower functional GI diagnostics product sales. Revenues in the EMEA region were $11.3 million compared to $11.4 million in the same period in 2011. APAC revenues were $6.1 million, compared to $6.3 million in the same period in 2011.

Worldwide PillCam SB sales increased two percent to 61,800 capsules in the fourth quarter of 2012, compared to 60,300 capsules in the same period in 2011. PillCam SB sales in the Americas region increased by seven percent to 40,300 capsules in the fourth quarter of 2012, compared to 37,800 capsules in the fourth quarter of 2011. PillCam SB sales in the EMEA region decreased by eight percent to 14,200 capsules, compared to 15,400 capsules in the fourth quarter of 2011, while PillCam SB sales in the APAC region increased by two percent to 7,300 capsules, compared to 7,200 capsules in the same period in 2011.

Worldwide sales of functional GI diagnostics products including the Bravo pH Monitoring System, Digitrapper pH-Z, ManoScan and SmartPill products increased by two percent to $14.6 million in the fourth quarter of 2012 compared to $14.3 million in the same period in 2011. In the Americas region, functional GI diagnostics product revenue decreased by eight percent in the fourth quarter of 2012 to $11.0 million compared to $12.0 million in the same period in 2011. Functional GI diagnostics revenue in the EMEA region increased by 63 percent to $2.9 million, while revenue in the APAC region was $0.7 million, $0.1 million over the same quarter last year.

Supplemental fourth quarter data can be found at www.givenimaging.com in the Investor Relations section.

Fiscal Year 2012 Financial Results

For the full year ended December 31, 2012, revenues increased by one percent to $180.5 million compared to $178.0 million in the same period in 2011. Revenues in the Americas region in 2012 increased by six percent to $115.1 million from $108.8 million in the same period in 2011. Revenues in the EMEA region decreased by five percent to $42.9 million compared to $45.1 million in 2011. APAC revenues decreased by six percent to $22.5 million, compared to $24.0 million in the same period in 2011. The decrease was attributable to weakness in sale of functional GI diagnostics products in the Far East and to lower capsule sales in the first half of

2012 in Australia and Japan.

Worldwide PillCam SB sales increased by 2 percent to 235,700 capsules in 2012, compared to 232,200 capsules in the same period in 2011. PillCam SB sales in the Americas region increased two percent to approximately 145,500 capsules, compared to the 142,200 capsules that were sold in 2011. PillCam SB sales in the EMEA region decreased by one percent to 58,900 capsules, compared to 59,400 capsules in 2011, while PillCam SB sales in the APAC region increased by two percent to 31,300 capsules, compared to 30,600 capsules in the same period in 2011.

Worldwide sales of Given Imaging's functional GI diagnostics products increased by eight percent to $53 million in 2012 compared to $48.2 million in the same period in 2011. In the Americas region, functional GI diagnostics product revenue increased by 11 percent in 2012 to $41.7 million compared to $37.5 million in the same period in 2011. Functional GI diagnostics revenue in the EMEA region were $8.1 million, 13 percent higher than 2011, while revenue in the APAC region was $2.9 million compared to $3.5 million in the same period in 2011.

Gross margin on a GAAP-basis in 2012 was 76.2 percent, compared to 76.7 percent in 2011. Gross margin on a non-GAAP-basis in 2012 was 77.2 percent, similar to 2011.

On a GAAP-basis, operating profit was $13.9 million in 2012, compared to $13.0 million in the same period in 2011. Non-GAAP operating profit was $23.1 million, compared to $21.6 million in the same period in 2011. On a GAAP-basis, net income for 2012 was $14.4 million, or $0.45 per share, compared to $12.0 million, or $0.39 per share, in 2011. GAAP net income and EPS in 2012 increased 20 percent and 15 percent over 2011, respectively. On a non-GAAP-basis, net income for 2012 increased 12 percent to $22.6 million, or $0.72 per share on a fully diluted basis, compared to $20.1 million, or $0.65 per share on a fully diluted basis, in the same period in 2011.

2013 Guidance

The Company expects that 2013 revenues will be between $195 million and $205 million.

The Company expects that earnings per share will be between $0.55 - $0.63 on a GAAP-basis and between $0.80 - $0.88 on a non-GAAP-basis. EPS expectations have been reduced by approximately 8 cents per share related to the effect of the newly imposed Medical Device Tax in the U.S.

Conference Call / Webcast Information

Given Imaging will host a conference call on Wednesday, February 13, 2013 at 9:00am ET, 4:00pm Israel time to discuss fourth quarter and fiscal year 2012 financial results. To participate in the teleconference, please dial the following numbers fifteen minutes before the call is scheduled to begin: U.S. and Canada,

1-888-438-5448; Israel, 1-80-924-5906. Callers in other countries should dial 719-457-2645. The call will also be webcast live at www.givenimaging.com.

A replay of the call will be available for two weeks on the company's website, or until February 27, 2013, by dialing 888-203-1112. Callers in Israel should dial 1-80-924-6038. Callers outside of the U.S. and Israel should dial 719-457-0820. The replay participant code is 9489476.

Use of Non-GAAP Measures

This press release provides financial measures for net income and basic and diluted earnings per share that exclude certain items and are therefore not calculated in accordance with generally accepted accounting principles (GAAP). Management believes that these non-GAAP financial measures provide meaningful supplemental information regarding our performance that enhances management's and investors' ability to evaluate the Company's net income and earnings per share and to compare it with historical net income and earnings per share.

The presentation of this non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management uses both GAAP and non-GAAP measures when evaluating the business internally and therefore felt it is important to make these non-GAAP adjustments available to investors.

About Given Imaging Ltd.

Since pioneering the field of capsule endoscopy in 2001, Given Imaging has become a world leader in GI medical devices, offering health care providers a range of innovative options for visualizing, diagnosing and monitoring the digestive system. The company offers a broad product portfolio including PillCam® capsule endoscope for the small bowel, esophagus and colon. The company also offers industry-leading GI functional diagnostic solutions including ManoScan high-resolution manometry, Bravo® capsule-based pH monitoring, Digitrapper® pH-Z impedance, and the SmartPill® GI monitoring systems. Given Imaging is committed to delivering breakthrough innovations to the GI community and supporting its ongoing clinical needs. Given Imaging's headquarters are located in Yoqneam, Israel, with operating subsidiaries in the United States, Germany, France, Japan, Australia, Vietnam, Hong Kong and Brazil. For more information, please visit www.givenimaging.com.

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