Tornier Reports Fourth Quarter and Fiscal Year 2012 Results and Provides 2013 Outlook

The Associated Press

AMSTERDAM--(BUSINESS WIRE)--Feb 21, 2013--Tornier N.V. (NASDAQ: TRNX), a global medical device company focused on providing surgical solutions to orthopaedic extremity specialists, reported today its financial results for the fourth quarter and fiscal year ended December 30, 2012.

Revenue for the fourth quarter of 2012 reached $79.0 million compared to fourth quarter 2011 revenue of $69.0 million, an increase of 14.5% as reported and 16.0% in constant currency. Revenue for the fiscal year 2012 was $277.5 million compared to 2011 revenue of $261.2 million, an increase of 6.3% as reported and 9.4% in constant currency. Revenue for the fourth quarter and full year included $8.0 million of revenue from the acquisition of OrthoHelix Surgical Designs, Inc., which closed October 4, 2012.

Fourth quarter 2012 revenue of Tornier’s extremities product categories totaled $64.7 million compared to $54.4 million a year ago, growth of 18.9% as reported and 19.8% in constant currency. Revenue of Tornier’s extremities product categories for the fiscal year 2012 was $224.9 million compared to $204.9 million a year ago, growth of 9.8% as reported and 11.8% in constant currency.

Giving pro forma effect to the OrthoHelix acquisition to include OrthoHelix revenue in prior periods, Tornier’s 2012 fourth quarter and full year constant currency revenue growth was 6.7% and 8.2%, respectively, and Tornier’s fourth quarter and full year extremities product constant currency revenue increased 7.9% and 10.0%, respectively.

Dave Mowry, President and Chief Executive Officer of Tornier, commented, “We are pleased with our revenue performance during the fourth quarter as we closed and began the integration of our OrthoHelix acquisition, and as we faced continued challenges related to our U.S. distribution channel transition and a weak economy in Europe. Based on the benefits a strengthened U.S. distribution channel and new products such as the Ascend Flex convertible shoulder system will yield, we are excited about our prospects to return to double-digit, constant currency revenue growth on a pro forma basis during the second half of 2013.” The Company’s fourth quarter 2012 adjusted EBITDA, as defined in the GAAP to non-GAAP reconciliation provided later in this release, was $11.0 million, or 13.9% of reported revenue, compared to $8.3 million, or 12.1% of revenue, in the same quarter of the prior year, an increase of 31.5%. Adjusted EBITDA for the fiscal year 2012 reached $32.9 million, or 11.9% of revenue, compared to $28.6 million, or 11.0% of revenue, in 2011, representing an increase of 15.1%.

Mr. Mowry continued, “Despite challenges, we were able to improve our adjusted

EBITDA margin during the fourth quarter and fiscal year 2012. As we enter 2013, we are committed to making the investments in our distribution channel and expanded product portfolio which are necessary to return to and sustain double-digit revenue growth and adjusted EBITDA margin improvement, and to increase shareholder value." Fourth Quarter 2012 Revenue Highlights Extremities Revenue from the upper extremity joints and trauma category was $45.8 million, an increase of 6.4% in constant currency over the same quarter in 2011. This growth was primarily led by the Company's shoulder arthroplasty portfolio, including the Aequalis™ Reversed Shoulder and Aequalis™ Ascend™. Limited launch of the Ascend Flex commenced in the fourth quarter, and this product is expected to be a major source of revenue growth in 2013. Revenue from Tornier's lower extremity joints and trauma category in the fourth quarter of 2012 reached $14.8 million, an increase of 111.5% in constant currency. Fourth quarter lower extremity revenue included approximately $8 million of revenue from the acquisition of OrthoHelix. Giving pro forma effect to the OrthoHelix acquisition to include OrthoHelix revenue in the fourth quarter 2011, fourth quarter 2012 lower extremity revenue recorded constant currency growth of 15.2%. Pro forma growth was led by OrthoHelix products, particularly its new IFS Hammer Toe product line for toe deformities. Revenue from the sports medicine and biologics product category was $4.2 million, an increase of 4.8% in constant currency over the same quarter in 2011, and was led by the Company's BioFiber and Conexa product lines. Large Joints Revenue of the Company's large joints and other product lines was $14.3 million, an increase of 1.7% over the same quarter in 2011 on a constant currency basis. In the fourth quarter, this product category decreased to 18% of reported global revenue.

Geographic Revenue
On a geographic basis as compared to the fourth quarter of 2011, Tornier's international revenue increased 3.7% as reported and 7.1% in constant currency, representing 42% of reported global revenue. Revenue in the United States increased by 23.6% and represented 58% of reported global revenue.

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