



LeMaitre Vascular Announces Q2 2019 Financial Results

July 24, 2019

BURLINGTON, Mass., July 24, 2019 (GLOBE NEWSWIRE) -- LeMaitre Vascular, Inc. (Nasdaq:LMAT), a provider of vascular devices, implants and services, today reported Q2 2019 results, provided guidance, and announced a \$0.085/share dividend.

Q2 2019 Results

- Record sales of \$29.5mm, +9% (+5% organic) vs. Q2 2018
- Operating income of \$5.9mm vs. \$11.5mm, -49% (+6% excluding special items)
- Net income of \$4.6mm vs. \$8.8mm, -47% (+10% excluding special items)
- Earnings of \$0.23 per diluted share vs. \$0.43, -47% (+10% excluding special items)
- EBITDA of \$7.2mm vs. \$12.4mm, -42% (+11% excluding special items)

The Company posted record Q2 2019 sales in both the Americas (+9%) and Europe/Middle East/Africa (+10%). Asia/Pac sales were also up (+5%). Sales were driven by embolectomy catheters, allografts and polyester grafts.

Gross margin decreased to 68.9% in Q2 2019 from 70.3% in Q2 2018, primarily due to the two 2018 acquisitions and the strong US dollar.

Operating expenses in Q2 2019 were \$14.4mm (+7% excluding special items) driven by more reps (110) and increased R&D (8% of sales).

Business Outlook

| | Previous Guidance (5/1/2019) | Current Guidance |
|----------------------------|---|---|
| Q3 2019 Sales | N/A | \$27.8mm - \$28.6mm (Midpoint: +17% reported, +11% organic) |
| Q3 2019 Gross Margin | N/A | 69.0% |
| Q3 2019 Operating Income | N/A | \$5.1mm - \$5.6mm (Midpoint: +16%) |
| Q3 2019 Earnings Per Share | N/A | \$0.20 - \$0.22 (Midpoint: +1%) |
| 2019 Sales | \$113.5mm - \$114.7mm (Midpoint: +8% reported, +6% organic) | \$115.5mm - \$116.7mm (Midpoint: +10% reported, +7% organic) |
| 2019 Gross Margin | 68.5% | 68.7% |
| 2019 Operating Income | \$20.9mm - \$21.7mm (Midpoint: -25%) (Midpoint Ex-Special Items: +4%) | \$21.5mm - \$22.4mm (Midpoint: -22%) (Midpoint Ex-Special Items: +6%) |
| 2019 Earnings Per Share | \$0.82 - \$0.86 (Midpoint: -26%) (Midpoint Ex-Special Items: +2%) | \$0.84 - \$0.88 (Midpoint: -24%) (Midpoint Ex-Special Items: +4%) |

Quarterly Dividend

On July 22, 2019, the Company's Board of Directors approved a quarterly dividend of \$0.085/share of common stock. The dividend will be paid on September 5, 2019 to shareholders of record on August 21, 2019.

Share Repurchase Program

On February 14, 2019, the Company's Board of Directors authorized the repurchase of up to \$10.0mm of the Company's common stock. The repurchase program may be suspended or discontinued at any time and will conclude on February 14, 2020, unless extended by the Board.

Conference Call Reminder

Management will conduct a conference call at 5:00pm ET today to review the Company's financial results and discuss its business outlook for the remainder of the year. The conference call will be broadcast live over the Internet. Individuals who are interested in listening to the webcast should log on to the Company's website at www.lemaitre.com/investor. The conference call may also be accessed by dialing 844-239-5284 (+1 512-961-6497 for international callers), using passcode 5595698. For individuals unable to join the live conference call, a replay will be available on the Company's website.

A reconciliation of GAAP to non-GAAP results is included in the tables attached to this release.

About LeMaitre Vascular

LeMaitre Vascular is a provider of devices, implants and services for the treatment of peripheral vascular disease, a condition that affects more than 200 million people worldwide. The Company develops, manufactures and markets disposable and implantable vascular devices to address the needs of its core customer, the vascular surgeon.

LeMaitre and the LeMaitre Vascular logo are registered trademarks of LeMaitre Vascular, Inc. This press release contains other trademarks and trade names of the Company.

For more information about the Company, please visit <http://www.lemaitre.com>.

Use of Non-GAAP Financial Measures

LeMaitre Vascular management believes that in order to better understand the Company's short-term and long-term financial trends, investors may wish to consider certain non-GAAP financial measures as a supplement to financial performance measures prepared in accordance with GAAP. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles and do not have standardized meanings. These non-GAAP measures result from facts and circumstances that may vary in frequency and/or impact on continuing operations. Non-GAAP measures should be considered in addition to, and not as a substitute for, financial performance measures in accordance with GAAP. In addition to the description provided below, reconciliation of GAAP to non-GAAP results is provided in the financial statement tables included in this press release.

In this press release, the Company has reported non-GAAP sales growth percentages after adjusting for the impact of foreign currency exchange, business development transactions, and/or other events as well as EBITDA or earnings before interest, taxes, depreciation and amortization. The Company refers to the calculation of non-GAAP sales percentages as "organic." The Company analyzes non-GAAP sales on a constant currency basis, net of acquisitions and other non-recurring events, and EBITDA to better measure the comparability of results between periods. Because changes in foreign currency exchange rates have a non-operating impact on net sales, and acquisitions, divestitures, product discontinuations, and other strategic transactions are episodic in nature and are highly variable to the reported sales results, the Company believes that evaluating growth in sales on a constant currency basis net of such transactions provides an additional and meaningful assessment of sales to management. The Company believes that evaluating EBITDA provides an approximation of the cash generating ability of its operations.

The Company has calculated the percentage change in its Q2 2019 operating income, net income, earnings per share, EBITDA and operating expenses excluding "special items." Those special items were the gain on the Company's Q2 2018 divestiture and a 2019 restructuring charge. Because acquisitions, divestitures and restructurings are episodic in nature and are highly variable to the Company's results, the Company believes that evaluating its profitability net of such transactions and events provides an additional and meaningful assessment of profitability to management. The Company also believes that evaluating the increase in its operating expenses excluding such items provides an approximation of the ongoing operating expenses of its business without the impact of highly variable events.

The Company has also identified the percentage change in its projected 2019 operating income and earnings per share excluding "special items." Those special items are the gains on the Company's 2018 acquisitions and divestitures, net of tax, and a 2019 restructuring charge. Because acquisitions, divestitures and restructurings are episodic in nature and are highly variable to the Company's results, the Company believes that evaluating its profitability net of such transactions and events provides an additional and meaningful assessment of profitability to management.

Forward-Looking Statements

The Company's current financial results, as discussed in this release, are preliminary and unaudited, and subject to adjustment. This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Statements in this press release regarding the Company's business that are not historical facts may be "forward-looking statements" that involve risks and uncertainties. Specifically, forward-looking statements in this release include, but are not limited to, statements about the Company's expectations regarding Q3 2019 and 2019 sales, gross margin, operating income and earnings per share. Forward-looking statements are based on management's current, preliminary expectations and are subject to risks and uncertainties that could cause actual results to differ from the results expected, including, but not limited to, the risk of significant fluctuations in our quarterly and annual results due to numerous factors including the acceleration or deceleration of product growth rates; the risk that we may not be able to maintain our recent levels of profitability; the risk that the Company may not realize the anticipated benefits of its strategic activities; the risk that assumptions about the market for the Company's products and the productivity of the Company's direct sales force and distributors may not be correct; risks related to the integration of acquisition targets; risks related to the Company's ability to attain or maintain regulatory approvals for its products; product demand and market acceptance of the Company's products and pricing; the risk that a recall of our products could result in significant costs or negative publicity; the risk that the Company is not successful in transitioning to a direct-selling model in new territories; and other risks and uncertainties included under the heading "Risk Factors" in our most recent Annual Report on Form 10-K, as updated by our subsequent filings with the SEC, which are all available on the Company's investor relations website at <http://www.lemaitre.com> and on the SEC's website at <http://www.sec.gov>. Undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update publicly any forward-looking statements to reflect new information, events, or circumstances after the date they were made, or to reflect the occurrence of unanticipated events.

LEMAITRE VASCULAR, INC (NASDAQ: LMAT) CONDENSED CONSOLIDATED BALANCE SHEETS (amounts in thousands)

| | June 30, 2019 (unaudited) | December 31, 2018 |
|---|------------------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 13,264 | \$ 26,318 |
| Short-term marketable securities | 34,979 | 21,668 |
| Accounts receivable, net | 15,548 | 15,721 |
| Inventory and other deferred costs | 32,243 | 27,388 |
| Prepaid expenses and other current assets | 2,125 | 2,922 |

| | | |
|--|------------|------------|
| Total current assets | 98,159 | 94,017 |
| Property and equipment, net | 14,163 | 14,102 |
| Right-of-use leased assets | 6,428 | - |
| Goodwill | 29,860 | 29,868 |
| Other intangibles, net | 12,632 | 13,692 |
| Deferred tax assets | 1,209 | 1,215 |
| Other assets | 210 | 194 |
| Total assets | \$ 162,661 | \$ 153,088 |
| Liabilities and stockholders' equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,427 | \$ 1,732 |
| Accrued expenses | 12,097 | 15,847 |
| Acquisition-related obligations | 2,200 | 2,179 |
| Lease liabilities - short-term | 1,698 | - |
| Total current liabilities | 17,422 | 19,758 |
| Lease liabilities - long-term | 5,152 | - |
| Deferred tax liabilities | 484 | 484 |
| Other long-term liabilities | 2,066 | 2,611 |
| Total liabilities | 25,124 | 22,853 |
| Stockholders' equity | | |
| Common stock | 213 | 211 |
| Additional paid-in capital | 100,890 | 98,442 |
| Retained earnings | 50,624 | 45,831 |
| Accumulated other comprehensive loss | (3,818) | (3,900) |
| Treasury stock | (10,372) | (10,349) |
| Total stockholders' equity | 137,537 | 130,235 |
| Total liabilities and stockholders' equity | \$ 162,661 | \$ 153,088 |

LEMAITRE VASCULAR, INC (NASDAQ: LMAT)
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(amounts in thousands, except per share amounts)
(unaudited)

| | For the three months ended | | For the six months ended | |
|----------------------------|----------------------------|---------------|--------------------------|---------------|
| | June 30, 2019 | June 30, 2018 | June 30, 2019 | June 30, 2018 |
| Net sales | \$ 29,483 | \$ 27,020 | \$ 57,962 | \$ 53,014 |
| Cost of sales | 9,168 | 8,028 | 18,183 | 15,548 |
| Gross profit | 20,315 | 18,992 | 39,779 | 37,466 |
| Operating expenses: | | | | |
| Sales and marketing | 7,613 | 6,792 | 15,458 | 13,882 |
| General and administrative | 4,531 | 4,547 | 9,475 | 9,244 |
| Research and development | 2,256 | 1,988 | 4,496 | 3,813 |
| Gain on divestiture | - | (5,876) | - | (5,876) |
| Total operating expenses | 14,400 | 7,451 | 29,429 | 21,063 |
| Income from operations | 5,915 | 11,541 | 10,350 | 16,403 |

| | | | | |
|--|----------|----------|----------|-----------|
| Other income: | | | | |
| Other income (loss), net | 173 | 6 | 251 | 60 |
| Income before income taxes | 6,088 | 11,547 | 10,601 | 16,463 |
| Provision for income taxes | 1,464 | 2,796 | 2,464 | 3,859 |
| Net income | \$ 4,624 | \$ 8,751 | \$ 8,137 | \$ 12,604 |
| Earnings per share of common stock | | | | |
| Basic | \$ 0.23 | \$ 0.45 | \$ 0.41 | \$ 0.65 |
| Diluted | \$ 0.23 | \$ 0.43 | \$ 0.40 | \$ 0.62 |
| Weighted - average shares outstanding: | | | | |
| Basic | 19,680 | 19,320 | 19,660 | 19,301 |
| Diluted | 20,246 | 20,260 | 20,226 | 20,243 |
| Cash dividends declared per common share | \$ 0.085 | \$ 0.070 | \$ 0.170 | \$ 0.140 |

LEMAITRE VASCULAR, INC (NASDAQ: LMAT)

SELECTED NET SALES INFORMATION

(amounts in thousands)

(unaudited)

| | For the three months ended | | | | | | For the six months ended | | | | | |
|-------------------------------|----------------------------|------------|----------|------------------|------------|----------|--------------------------|------------|----------|------------------|------------|----------|
| | June 30, 2019 | | | June 30, 2018 | | | June 30, 2019 | | | June 30, 2018 | | |
| | \$ | % | | \$ | % | | \$ | % | | \$ | % | |
| Net Sales by Geography | | | | | | | | | | | | |
| Americas | \$ 17,511 | 59 | % | \$ 16,082 | 59 | % | \$ 33,886 | 58 | % | \$ 31,942 | 60 | % |
| Europe/Middle East/Africa | 10,014 | 34 | % | 9,074 | 34 | % | 20,027 | 35 | % | 17,829 | 34 | % |
| Asia/Pacific Rim | 1,958 | 7 | % | 1,864 | 7 | % | 4,049 | 7 | % | 3,243 | 6 | % |
| Total Net Sales | \$ 29,483 | 100 | % | \$ 27,020 | 100 | % | \$ 57,962 | 100 | % | \$ 53,014 | 100 | % |

LEMAITRE VASCULAR, INC (NASDAQ: LMAT)

NON-GAAP FINANCIAL MEASURES

(amounts in thousands)

(unaudited)

Reconciliation between GAAP and Non-GAAP sales growth:

For the three months ended June 30, 2019

| | |
|---|-----------|
| Net sales as reported | \$ 29,483 |
| Impact of currency exchange rate fluctuations | 710 |
| Net impact of acquisitions excluding currency | (1,973) |
| Adjusted net sales | \$ 28,220 |

For the three months ended June 30, 2018

| | |
|--|-----------|
| Net sales as reported | \$ 27,020 |
| Net impact of divestiture excluding currency | (51) |
| Adjusted net sales | \$ 26,969 |

| | | | |
|--|----------|---|---|
| Adjusted net sales increase for the three months ended June 30, 2019 | \$ 1,251 | 5 | % |
|--|----------|---|---|

Reconciliation between GAAP and Non-GAAP operating income:

For the three months ended June 30, 2019

| | | | |
|-------------------------------|----------|----------|--|
| Operating income as reported | \$ 5,915 | | |
| Add back restructuring charge | 112 | | |
| Adjusted operating income | | \$ 6,027 | |

For the three months ended June 30, 2018

| | | | |
|-------------------------------|-----------|----------|--|
| Operating income as reported | \$ 11,541 | | |
| Impact of gain on divestiture | (5,876) |) | |
| Adjusted operating income | | \$ 5,665 | |

| | | | |
|---|--------|---|---|
| Adjusted operating income increase for the three months ended June 30, 2019 | \$ 362 | 6 | % |
|---|--------|---|---|

Reconciliation between GAAP and Non-GAAP net income:

For the three months ended June 30, 2019

| | | | |
|---|----------|----------|--|
| Net income as reported | \$ 4,624 | | |
| Add back restructuring charge, net of tax | 85 | | |
| Adjusted net income | | \$ 4,709 | |

For the three months ended June 30, 2018

| | | | |
|---|----------|----------|--|
| Net income as reported | \$ 8,751 | | |
| Impact of gain on divestiture, net of tax | (4,453) |) | |
| Adjusted net income | | \$ 4,298 | |

| | | | |
|---|--------|----|---|
| Adjusted net income increase for the three months ended June 30, 2019 | \$ 412 | 10 | % |
|---|--------|----|---|

Reconciliation between GAAP and Non-GAAP earnings per share:

For the three months ended June 30, 2019

| | | | |
|---|---------|---------|--|
| Earnings per share as reported | \$ 0.23 | | |
| Add back earnings per share from restructuring charge, net of tax | 0.00 | | |
| Adjusted earnings per share | | \$ 0.23 | |

For the three months ended June 30, 2018

| | | | |
|--|---------|---------|--|
| Earnings per share as reported | \$ 0.43 | | |
| Less earnings per share from gain on divestiture, net of tax | (0.22) |) | |
| Adjusted earnings per share | | \$ 0.21 | |

| | | | |
|---|---------|----|---|
| Adjusted earnings per share increase for the three months ended June 30, 2019 | \$ 0.02 | 10 | % |
|---|---------|----|---|

Reconciliation between GAAP and Non-GAAP operating expenses:

For the three months ended June 30, 2019

| | | | |
|--------------------------------|-----------|-----------|--|
| Operating expenses as reported | \$ 14,400 | | |
| Less restructuring charge | (112) |) | |
| Adjusted operating expenses | | \$ 14,288 | |

For the three months ended June 30, 2018

| | | | |
|--------------------------------|----------|-----------|--|
| Operating expenses as reported | \$ 7,451 | | |
| Less gain on divestiture | 5,876 | | |
| Adjusted operating expenses | | \$ 13,327 | |

| | | | |
|--|--------|---|---|
| Adjusted operating expense increase for the three months ended June 30, 2019 | \$ 961 | 7 | % |
|--|--------|---|---|

Reconciliation between GAAP and Non-GAAP projected sales growth:

For the three months ended September 30, 2019

| | | | |
|---|-----------|-----------|--|
| Net sales per guidance | \$ 28,215 | | |
| Impact of currency exchange rate fluctuations | 344 | | |
| Net impact of acquisitions excluding currency | (1,716) |) | |
| Adjusted projected net sales | | \$ 26,843 | |

For the three months ended September 30, 2018

| | | | | |
|---|-----------|-----------|----|---|
| Net sales as reported | \$ 24,165 | | | |
| Adjusted net sales | | \$ 24,165 | | |
| Adjusted projected net sales increase for the three months ended September 30, 2019 | | \$ 2,678 | 11 | % |

Reconciliation between GAAP and Non-GAAP projected sales growth:

For the year ended December 31, 2019

| | | | | |
|---|------------|------------|--|--|
| Net sales per guidance | \$ 116,140 | | | |
| Impact of currency exchange rate fluctuations | 2,093 | | | |
| Net impact of acquisitions excluding currency | (6,540) |) | | |
| Adjusted net sales | | \$ 111,693 | | |

For the year ended December 31, 2018

| | | | | |
|---|------------|------------|--|--|
| Net sales as reported | \$ 105,568 | | | |
| Net impact of divestitures excluding currency | (787) |) | | |
| Adjusted net sales | | \$ 104,781 | | |

| | | | | |
|--|----------|---|---|--|
| Adjusted projected net sales increase for the year ended December 31, 2019 | \$ 6,912 | 7 | % | |
|--|----------|---|---|--|

Reconciliation between GAAP and Non-GAAP projected operating income:

For the year ended December 31, 2019

| | | | | |
|-------------------------------------|-----------|-----------|--|--|
| Operating income per guidance | \$ 21,943 | | | |
| Add back restructuring charge | 112 | | | |
| Adjusted projected operating income | | \$ 22,055 | | |

For the year ended December 31, 2018

| | | | | |
|--|-----------|-----------|--|--|
| Operating income as reported | \$ 28,209 | | | |
| Impact of gains on acquisitions and divestitures | (7,474) |) | | |
| Adjusted operating income | | \$ 20,735 | | |

| | | | | |
|---|----------|---|---|--|
| Adjusted projected operating income increase for the year ended December 31, 2019 | \$ 1,320 | 6 | % | |
|---|----------|---|---|--|

Reconciliation between GAAP and Non-GAAP projected earnings per share:

For the year ended December 31, 2019

| | | | | |
|---|---------|---------|--|--|
| Earnings per share per guidance | \$ 0.86 | | | |
| Add back earnings per share from restructuring charge, net of tax | 0.00 | | | |
| Adjusted earnings per share | | \$ 0.86 | | |

For the year ended December 31, 2018

| | | | | |
|---|-----------|---------|--|--|
| Earnings per share as reported | \$ 1.13 | | | |
| Less earnings per share from gains on acquisitions and divestitures, net of tax | \$ (0.30) |) | | |
| Adjusted earnings per share | | \$ 0.83 | | |

| | | | | |
|---|---------|---|---|--|
| Adjusted projected earnings per share increase for the year ended December 31, 2019 | \$ 0.03 | 4 | % | |
|---|---------|---|---|--|

| For the three months ended | For the six months ended |
|----------------------------|--------------------------|
| June 30, 2019 | June 30, 2019 |
| June 30, 2018 | June 30, 2018 |

Reconciliation between GAAP and Non-GAAP EBITDA

| | | | | |
|---------------------------------------|----------|----------|----------|-----------|
| Net income as reported | \$ 4,624 | \$ 8,751 | \$ 8,137 | \$ 12,604 |
| Interest (income) expense, net | (224) | (164) | (381) | (260) |
| Amortization and depreciation expense | 1,346 | 1,066 | 2,630 | 2,102 |
| Provision for income taxes | 1,464 | 2,796 | 2,464 | 3,859 |

| | | | | |
|--|----------|-----------|-----------|-----------|
| EBITDA | \$ 7,210 | \$ 12,449 | \$ 12,850 | \$ 18,305 |
| EBITDA percentage increase | | -42 % | | -30 % |
| Reconciliation between non-GAAP EBITDA and EBITDA excluding special items: | | | | |
| EBITDA | \$ 7,210 | \$ 12,449 | | |
| Impact of gain on divestiture | - | (5,876) | | |
| Impact of restructuring charge | 112 | - | | |
| Adjusted EBITDA | \$ 7,322 | \$ 6,573 | | |
| Adjusted EBITDA percentage increase | | 11 % | | |

CONTACT: J.J. Pellegrino, CFO, LeMaitre Vascular
781-425-1691
jjpellegrino@lemaitre.com



Source: LeMaitre Vascular, Inc.