

May 5, 2009

AtriCure shares rocket on Q1 results

By Laura Baverman
lbaverman@enquirer.com

Shares of AtriCure Inc. jumped more than 125 percent Tuesday after the company posted higher first-quarter revenues and its lowest operating loss since going public in 2005. The West Chester-based medical device firm announced \$13.7 million in revenues for the quarter, a 1.1 percent increase from the first quarter of 2008 and 13.3 percent above fourth quarter 2008 results. Its adjusted operating loss, though still \$1.1 million, improved 71 percent from \$3.9 million in the year prior quarter.

Shareholders responded favorably to the news. AtriCure shares jumped to \$17.76, or 125.7 percent, to close at \$31.16 on the news. Volume was heavy with 2 million shares traded compared to the 90-day moving average of about a quarter million shares.

The company - including a \$6.8 million goodwill impairment charge due to a reduction in the company's market capitalization - also achieved its first positive adjusted earnings before interest, depreciation, taxes and amortization (EBITDA) of \$600,000. This was a "major milestone during what has historically been our heaviest spend quarter," said President and CEO David Drachman in a news release.

Drachman attributed the stronger results to attempts to align costs and revenues to achieve profitability. Profit margins climbed to 78.5 percent in the quarter, up from 76.1 percent in the first quarter of 2008. Those attempts offset lower sales growth of its domestic open-heart products, which climbed 2.5 percent in the quarter compared to 18.4 percent growth in the previous quarter.

Revenues from domestic minimally-invasive products grew 6.6 percent in the fourth quarter of 2008, but fell 12 percent in the first quarter of 2009. But international revenues grew 38 percent, or 49 percent factoring exchange rates, to \$2.3 million.

The company said it completed a \$10 million credit facility, which includes a \$6.5 million term loan, on May 1.