

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

SAN DIEGO, Feb. 24, 2014 /PRNewswire/ -- Volcano Corporation (Nasdaq: [VOLC](#)), a leading developer and manufacturer of precision guided therapy tools designed to enhance the diagnosis and treatment of coronary and peripheral vascular disease, today reported results for the fourth quarter and all of 2013.

For the quarter ended December 31, 2013, Volcano reported revenues of \$103.3 million versus revenues of \$102.5 million in the same period a year ago. On a constant currency basis, revenues increased six percent year-over-year after adjusting for a negative impact of approximately \$5.5 million from foreign currency. Medical segment revenues increased approximately one percent and six percent on a reported and constant currency basis, respectively.

The company reported a net loss on a GAAP basis of \$20.5 million, or \$0.38 per share, in the fourth quarter of 2013, versus net income of \$2.5 million, or \$0.04 per diluted share, in the same period a year ago. The results for the fourth quarter of 2013 include restructuring charges of \$14.5 million related to a strategic reprioritization initiative that began in the third quarter of 2013. Excluding acquisition-related items, amortization of intangibles and non-cash interest expense on convertible notes, net of tax, the company reported a non-GAAP loss of \$0.29 per share.

For all of 2013, Volcano reported revenues of \$393.7 million versus \$381.9 million a year ago. This represents an increase of three percent on a reported basis and eight percent on a constant currency basis after adjusting for a \$20.6 million negative effect from foreign currency. Medical segment revenues increased four and nine percent on a reported and constant currency basis, respectively.

The company reported a net loss on a GAAP basis of \$34.5 million, or \$0.63 per share, in 2013

versus net income on a GAAP basis of \$8.0 million, or \$0.15 per diluted share, in 2012. The results for 2013 include restructuring charges of \$19.4 million, a year-over-year increase of approximately \$3.0 million in acquisition-related charges and a year-over-year increase in net interest expense of \$18.5 million reflecting the company's convertible debt offering in the fourth quarter of 2012. Excluding acquisition-related items, amortization of intangibles and non-cash interest expense on convertible notes, net of tax, the company reported a non-GAAP net loss of \$0.31 per share.

"Volcano had a very solid quarter throughout all of its businesses and across all of our key geographies, with particular strength in our U.S. IVUS (Intravascular Ultrasound) disposable revenues as we increased our penetration of the peripheral market and recorded contributions from the Pioneer Plus Re-Entry Catheter that we acquired in the third quarter of 2013," said Scott Huennekens, president and chief executive officer.

"We continued to experience share gains in Europe, where we realized a greater than 20 percent increase in our combined IVUS and FFR (Fractional Flow Reserve) disposable revenues year-over-year. Also during the quarter, we initiated the roll-out of several new products, including the Pioneer Plus, our new Verrata FFR wire and the Crux IVC (inferior vena cava) filter, and continued our limited market release of our iFR (Instant Wave-Free Ratio) FFR technology in Europe and Japan. We believe these products will provide even more significant revenue contributions during 2014," he added.

Guidance

The company provided guidance for 2014. Based on current foreign currency exchange rates, it expects revenues on a reported basis will be \$413.0-\$421.0 million, with revenues on a constant currency basis in the range of \$417.0-\$425.0 million

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

The company said it expects gross margins on a reported basis will be in the range of 64.0-64.5 percent and that operating expenses, including restructuring charges, will be 68.0-69.0 percent of revenues. On a reported basis, the company expects a GAAP net loss of \$0.57-\$0.60 per share. On a non-GAAP basis, the company expects a net loss per share of \$0.16-\$0.19

. Non-GAAP results exclude acquisition-related expenses, amortization of intangibles and non-cash interest expense, and assume an effective tax rate of 35.0 percent for the GAAP to non-GAAP adjustments. The company expects weighted average basic shares in 2014 will be approximately 51.2 million shares.

For the first quarter of 2014, Volcano expects revenues in the range of \$94.0-\$95.0 million on a reported basis, and \$98.0-\$99.0 million on a constant currency basis. The company expects a loss per share of \$0.20-\$0.21 on a GAAP basis and \$0.11-\$0.12 on a non-GAAP basis.

Conference Call Information

The company will hold a conference call at 2 p.m., Pacific Standard Time, (5 p.m., Eastern Standard Time), today. The teleconference can be accessed by calling (631) 291-4555, passcode 36718821, or via the company's website at

<http://www.volcanocorp.com>

. Please dial in or access the webcast 10-15 minutes prior to the beginning of the call. A replay of the conference call will be available through

March 3

, at (404) 537-3406, passcode 36718821, and via the company's website at

<http://www.volcanocorp.com>

About Volcano

Volcano Corporation (Nasdaq: [VOLC](#)) is revolutionizing the medical device industry with a broad suite of technologies that make imaging and therapy simpler, more informative and less invasive. Our products empower physicians around the world with a new generation of analytical tools that deliver more meaningful information—using light and sound as the guiding elements. Founded in cardiovascular care and expanding into other specialties, Volcano is changing the assumption about what is possible in improving patient outcomes by combining imaging and therapy together. For more information, visit the company's website www.volcanocorp.com

.

Note Regarding the Use of Non-GAAP Financial Measures

The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP. The company uses non-GAAP financial measures for financial and operational decision making as a means to compare period-to-period results. The company believes that they provide useful information about operating results, enhance the overall understanding of operating results and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making.

Constant Currency Basis Revenue Changes: Volcano reports changes in revenues on a constant currency basis, which is a non-GAAP financial measure. Volcano believes that investors' understanding of the company's short-term and long-term financial results is enhanced by taking into consideration the impact of foreign currency translation on revenue. In addition,

Volcano's management uses results of operations before currency translation to evaluate the operational performance of Volcano and as a basis for strategic planning.

Volcano reports its expectations of earnings per share performance excluding certain expenses described below; for additional details, please see the "Reconciliation of GAAP to non-GAAP EPS Guidance" table in this press release. This accompanying table has more details on the GAAP financial measures that are most directly comparable to non-GAAP financial measures and the related reconciliations between these financial measures.

Exclusion of Acquisition-Related Expenses: Volcano excludes acquisition-related expenses because it does not consider these acquisition-related costs and adjustments to be related to the continuing organic operations of the acquired businesses and are generally not relevant to assessing or estimating the long-term performance of the acquired assets. In addition, the size, complexity and/or volume of past acquisitions, which often drive the magnitude of acquisition-related costs, may not be indicative of the size, complexity and/or volume of future acquisitions.

Exclusion of Amortization of Intangibles: Volcano excludes amortization of intangibles because it is a non-cash expense relating primarily to acquisitions. At the time of an acquisition, the intangible assets of the acquired company, which consist of technology and supplier agreements, are valued and amortized over their estimated lives. Volcano believes that since intangible assets represent efforts of the acquired company to build value prior to acquisition, Volcano management eliminates the impact of the amortization when evaluating its current operating performance.

Exclusion of Non-Cash Interest Expenses: In addition to disclosing the financial statement impact of the authoritative guidance for convertible debt accounting, Volcano management believes that excluding the impact of this authoritative guidance because it is non-cash in nature, may provide meaningful supplemental information regarding elements of the company's borrowing costs in order to properly understand its operational performance and liquidity, and facilitates comparisons to competitors' results.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Any statements in this press release regarding Volcano's business that are not historical facts may be considered "forward-looking statements," including statements regarding Volcano's expected revenues, revenue growth, margins, financial results and foreign currency exchange rates for the first quarter and calendar year 2014, its growth and other strategies and ability to execute on these strategies, competitive position, target markets, development of its base business and pipeline, benefits from recent acquisitions and benefits from its products and technologies, including new products. Forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that may cause Volcano's actual results to differ materially and adversely from statements contained herein. Some of the potential risks and uncertainties that could cause actual results to differ include the risk that Volcano's revenues or other projections may turn out to be inaccurate or Volcano may encounter unanticipated difficulty in achieve

these projections; global and regional macroeconomic conditions, generally, and in the medical device and telecom industries specifically; currency exchange rate fluctuations; the effect of competitive factors and the company's reactions to those factors; purchasing decisions with respect to the company's products; the pace and extent of market adoption of the company's products and technologies; uncertainty in the process of obtaining regulatory approval or clearances for Volcano's products or devices; the success of Volcano's growth and other strategies, including the integration of recently-acquired businesses and our ability to integrate businesses from potential future acquisitions; risks associated with Volcano's international operations; timing and achievement of product development milestones; outcome of ongoing and future litigation, investigations or claims; the impact and benefits of market development and the related size of Volcano's addressable markets; our ability to protect our intellectual property; dependence upon third parties; unexpected new data, safety and technical issues; market conditions and other risks inherent to medical and/or telecom device development and commercialization. These and additional risks and uncertainties are more fully described in Volcano's filings made with the Securities and Exchange Commission, including our 10-Q for the quarter ended September 30, 2013, which should be read in conjunction with these financial results. Undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. Volcano disclaims any obligation to update any forward-looking statements to reflect new information, events or circumstances after the date they are made, or to reflect the occurrence of unanticipated events.

■ VOLCANO CORPORATION ■

■ CONDENSED CONSOLIDATED BALANCE SHEETS ■

■ (in thousands) ■

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

□ **December 31,**□

□ **December 31,**□

2013

2012

□ **Assets**□

Current assets:

Cash and cash equivalents

\$ 107,159

\$ 330,635

Short-term available-for-sale investments

231,864

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

140,960

Accounts receivable, net

81,962

76,348

Inventories

60,970

52,811

Prepaid expenses and other current assets

28,079

21,773

Total current assets

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

510,034

622,527

Long-term available-for-sale investments

34,887

44,385

Property and equipment, net

118,094

104,385

Intangible assets, net

58,108

50,657

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Goodwill

55,087

51,577

Other non-current assets

74,299

28,813

□ Total Assets □

\$ 850,509

\$ 902,344

□ Liabilities and Stockholders' Equity □

Current liabilities:

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Accounts payable

\$ 19,137

\$ 16,284

Accrued compensation

26,918

23,227

Accrued expenses and other current liabilities

29,233

23,529

Deferred revenues

10,652

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

9,789

Contingent consideration

3,750

2,908

Total current liabilities

89,690

75,737

Convertible senior notes

401,012

382,300

Other long-term debt

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

1,268

1,119

Deferred revenues

5,079

4,661

Contingent consideration, non-current portion

29,888

27,323

Other non-current liabilities

23,770

2,859

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Total liabilities

550,707

493,999

Stockholders' equity

299,802

408,345

□ Total Liabilities and Stockholders' Equity □

\$ 850,509

\$ 902,344

VOLCANO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

Three Months EndedDecember 31,

Year EndedDecember 31,

2013

2012

2013

2012

Revenues

\$

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

103,290

\$

102,477

\$

393,678

\$

381,866

Cost of revenues, excluding amortization of intangibles

40,679

34,118

143,302

128,915

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Gross profit

62,611

68,359

250,376

252,951

Operating expenses:

Selling, general and administrative

48,165

45,759

182,950

172,794

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Research and development

18,944

14,909

69,159

55,469

Amortization of intangibles

1,344

770

3,832

3,240

Acquisition related items

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

1,222

1,858

4,964

1,858

Restructuring charges

14,500

-

19,374

-

Total operating expenses

84,175

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

63,296

280,279

233,361

Operating (loss) income

(21,564)

5,063

(29,903)

19,590

Interest income

317

246

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

1,287

902

Interest expense

(6,998)

(2,982)

(26,908)

(7,975)

Exchange rate loss

(131)

(257)

(1,156)

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

(576)

Loss from debt extinguishment

-

(4,969)

-

(4,969)

Other, net

1,712

2,749

5,856

2,717

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

(Loss) income before income tax

(26,664)

(151)

(50,824)

9,689

Income tax (benefit) expense

(6,175)

(2,628)

(16,330)

1,667

Net (loss) income

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

\$

(20,489)

\$

2,477

\$

(34,494)

\$

8,022

Net (loss) income per share:

Basic

\$

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

(0.38)

\$

0.05

\$

(0.63)

\$

0.15

Diluted

\$

(0.38)

\$

0.04

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

\$

(0.63)

\$

0.15

Shares used in calculating net (loss) income per share:

Basic

53,901

53,924

54,341

53,475

Diluted

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

53,901

55,371

54,341

55,195

VOLCANO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

Year Ended December 31,

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

2013

2012

Operating activities

Net (loss) income

\$

(34,494)

\$

8,022

Adjustments to reconcile net income to net cash provided by operating activities:

Depreciation and amortization

26,363

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

23,503

Amortization (accretion) of investment premium (discount), net

3,294

3,256

Accretion of debt discount on convertible senior notes and other long-term debt

19,026

5,743

Loss on debt extinguishment

-

4,969

Accretion of contingent consideration

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

3,607

231

Non-cash stock-based compensation expense

16,084

15,079

Asset impairment related to restructuring

11,402

-

Gain on sale of other long-term investment

(5,832)

-

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Effect of exchange rate changes and others

13,360

(593)

Deferred income taxes

(18,558)

(1,009)

Changes in operating assets and liabilities

(20,738)

(9,383)

Net cash provided by operating activities

13,514

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

49,818

Investing activities

Purchase of short-term and long-term available-for-sale securities

(374,954)

(298,260)

Sale or maturity of short-term and long-term available-for-sale securities

290,304

252,937

Capital expenditures

(31,926)

(43,842)

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Cash paid for acquisitions, net of cash acquired

(14,975)

(54,462)

Cash paid for other intangible assets and investments

(3,537)

(4,823)

Cash paid for other long-term investments

(17,936)

(1,001)

Proceeds from sale of long-term investments

7,333

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

1,500

Proceeds from foreign currency exchange contracts

-

1,260

Payment for foreign currency exchange contracts

-

(525)

Net cash used in investing activities

(145,691)

(147,216)

Financing activities

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Common stock repurchase

(100,048)

-

Proceeds from issuance of convertible senior notes

-

460,000

Payment of debt issuance costs in connection with the convertible senior notes

-

(14,611)

Purchase of call options in connection with the convertible senior notes

-

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

(89,798)

Proceeds from warrants issuance in connection with the convertible senior notes

-

53,686

Repurchase of a portion of 2.875% convertible senior notes due 2015

-

(104,832)

Retirement of call options in connection with the retirement of a portion of 2.875% convertible senior notes

-

15,156

Retirement of warrants in connection with the retirement of a portion of 2.875% convertible senior notes

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

-

(11,603)

Proceeds from sale of common stock under employee stock purchase plan

3,576

3,880

Proceeds from exercise of common stock options

6,383

9,933

Other Financing

(37)

(55)

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Net cash (used in) provided by financing activities

(90,126)

321,756

Effect of exchange rate changes on cash and cash equivalents

(1,173)

(739)

Net (decrease) increase in cash and cash equivalents

(223,476)

223,619

Cash and cash equivalents, beginning of period

330,635

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

107,016

Cash and cash equivalents, end of period

\$

107,159

\$

330,635

VOLCANO CORPORATION

REVENUE SUMMARY

(in millions)

(unaudited)

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Three Months Ended December 31,

Percentage Change

Currency Impact

Constant Currency Percentage Change

2013

2012

2012 to 2013

Dollar

Percentage

Medical segment:

Consoles:

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

United States

\$ 6.3

\$ 7.1

(12)%

\$ -

-%

(12)%

Japan

0.8

1.1

(31)

(0.2)

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

(17)

(14)

Europe

3.2

2.1

53

0.1

7

46

Rest of world

1.9

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

1.9

2

-

-

2

Total Consoles

\$ 12.2

\$ 12.2

-

\$(0.1)

-

-

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

IVUS single-procedure disposables:

United States

\$ 23.0

\$ 20.2

15%

\$ -

-%

15%

Japan

18.9

25.4

(26)

(4.6)

(19)

(7)

Europe

6.3

5.0

24

0.3

5

19

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Rest of world

2.1

1.6

28

-

-

28

Total IVUS single-procedure disposables

\$ 50.3

\$ 52.2

(3)

\$(4.3)

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

(8)

5

FFR single-procedure disposables:

United States

\$ 15.0

\$ 14.4

4%

\$ -

-%

4%

Japan

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

4.5

5.0

(9)

(1.1)

(22)

13

Europe

8.7

7.1

22

0.4

6

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

16

Rest of world

1.1

0.7

47

-

-

47

Total FFR single-procedure disposables

\$ 29.3

\$ 27.2

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

8

\$(0.7)

(2)

10

Other

\$ 9.0

\$ 8.4

7%

\$(0.4)

(5)%

12%

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Sub-total medical segment

\$ 100.8

\$ 100.0

1

\$(5.5)

(5)

6

Industrial segment

\$ 2.5

\$ 2.5

(2)

-

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

-

(2)

Total

\$ 103.3

\$ 102.5

1

\$(5.5)

(5)

6

VOLCANO CORPORATION

REVENUE SUMMARY

(in millions)

(unaudited)

Year Ended December 31,

Percentage Change

Currency Impact

Constant Currency Percentage Change

2013

2012

2012 to 2013

Dollar

Percentage

Medical segment:

Consoles:

United States

\$ 24.3

\$ 24.9

(2)%

\$ -

-%

(2)%

Japan

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

2.5

3.2

(23)

(0.5)

(16)

(7)

Europe

9.9

6.3

57

0.3

5

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

52

Rest of world

7.0

6.3

11

-

-

11

Total Consoles

\$ 43.7

\$ 40.7

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

7

\$ (0.2)

(1)

8

IVUS single-procedure disposables:

United States

\$ 83.6

\$ 79.4

5%

\$ -

-%

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

5%

Japan

78.8

99.1

(20)

(16.8)

(17)

(3)

Europe

23.7

20.7

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

15

0.7

3

12

Rest of world

8.1

6.7

21

-

-

21

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Total IVUS single-procedure disposables

\$ 194.2

\$ 205.9

(6)

\$(16.1)

(8)

2

FFR single-procedure disposables:

United States

\$ 58.0

\$ 51.7

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

12%

\$ -

-%

12%

Japan

17.7

13.9

27

(3.8)

(28)

55

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Europe

32.8

26.2

25

0.9

3

22

Rest of world

4.1

3.1

35

-

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

-

35

Total FFR single-procedure disposables

\$ 112.6

\$ 94.9

19

\$ (2.9)

(3)

22

Other

\$ 34.8

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

\$ 29.7

17%

\$ (1.4)

(5)%

22%

Sub-total medical segment

\$ 385.3

\$ 371.2

4

\$(20.6)

(5)

9

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Industrial segment

\$ 8.4

\$ 10.7

(21)

\$ -

-

(21)

Total

\$ 393.7

\$ 381.9

3

\$(20.6)

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

(5)

8

VOLCANO CORPORATION

RECONCILIATION OF GAAP RESULTS TO NON-GAAP RESULTS

(in thousands, except per share data)

(Unaudited)

Three Months Ended December 31, 2013

Pre-tax Adjustments

Net of Tax (1)

Earnings Per Share

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

GAAP net loss

\$ (20,489)

\$ (0.38)

Acquisition related items

1,222

758

0.01

Amortization of intangibles

1,344

833

0.02

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Non-cash interest expense on convertible notes

4,839

3,000

0.06

Non-GAAP net loss

\$ 7,405

\$ (15,898)

\$ (0.29)

Weighted average shares outstanding—basic

53,901

Year Ended December 31, 2013

Pre-tax Adjustments

Net of Tax (1)

Earnings Per Share

GAAP net loss

\$ (34,494)

\$ (0.63)

Acquisition related items

4,964

3,078

0.06

Amortization of intangibles

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

3,832

2,376

0.04

Non-cash interest expense on convertible notes

18,863

11,695

0.22

Non-GAAP net loss

\$ 27,659

\$ (17,345)

\$ (0.31)

Weighted average shares outstanding—basic

54,341

(1) Effective tax rate of 38% applied to non-GAAP adjustments

VOLCANO CORPORATION

RECONCILIATION OF GAAP TO NON-GAAP EPS GUIDANCE

(in thousands, except per share data)

(Unaudited)

Q1 2014

Guidance Range

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

From

To

GAAP net loss per share—basic

\$ (0.20)

\$ (0.21)

Acquisition related items

0.01

0.01

Amortization of intangibles

0.02

0.02

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Non-cash interest expense

0.06

0.06

Non-GAAP net loss per share—basic

\$ (0.11)

\$ (0.12)

Weighted average shares outstanding—basic

51,102

51,102

2014

Guidance Range

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

From

To

GAAP net loss per share—basic

\$ (0.57)

\$ (0.60)

Acquisition related items

0.06

0.06

Amortization of intangibles

0.09

0.09

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

Non-cash interest expense

0.26

0.26

Non-GAAP net loss per share—basic

\$ (0.16)

\$ (0.19)

Weighted average shares outstanding—basic

51,187

51,187

Note: Effective tax rate of 35% applied to non-GAAP adjustments

Volcano Reports Fourth Quarter Revenues Increase Six Percent On A Constant Currency Basis

Written by Australian Business

SOURCE Volcano Corporation

RELATED LINKS <http://www.volcanocorp.com>