



Glaukos Corporation Announces Third Quarter 2018 Financial Results

2018-11-07

SAN CLEMENTE, Calif.--(BUSINESS WIRE)-- Glaukos Corporation (NYSE: GKOS), an ophthalmic medical technology and pharmaceutical company focused on the development and commercialization of novel surgical devices and sustained pharmaceutical therapies designed to transform the treatment of glaucoma, today announced financial results for the third quarter ended September 30, 2018. Key highlights include:

- Achieved 9% net sales growth to \$43.9 million in the third quarter of 2018, compared to \$40.4 million in the third quarter of 2017.
- Reported gross margin of approximately 86% in the third quarter of 2018, compared to approximately 86% in the third quarter of 2017.
- Raised 2018 net sales guidance to \$175 million to \$177 million, versus previous guidance of \$162 million to \$166 million.

“Glaukos achieved important milestones in the third quarter, delivering record net sales and commencing the U.S. commercial launch of our next-generation *iStent inject*[®] *Trabecular Micro-Bypass System*,” said Thomas Burns, Glaukos president and chief executive officer. “Our progress demonstrates continued successful execution of our core growth strategies, including delivering our comprehensive pipeline of novel, micro-scale glaucoma therapies and expanding the reach of our global sales operations. As the pioneer and corporate founder of Micro-Invasive Glaucoma Surgery, we remain fully focused on building this new treatment class with reliable products that offer ophthalmic surgeons and their patients compelling treatment options.”

Third Quarter 2018 Financial Results

Net sales rose 9% in the third quarter of 2018 to \$43.9 million, compared to \$40.4 million in the same period in 2017.

Gross margin for the third quarter of 2018 was approximately 86%, compared to approximately 86% in the same period in 2017.

Operating expenses for the third quarter of 2018 rose 32% to \$44.8 million, compared to \$33.9 million in the same period in 2017. The year-over-year increase reflected primarily growth in domestic sales, marketing and administrative personnel and expenses, the company's ongoing expansion of its global direct sales infrastructure, and increased spending associated with pharmaceutical research and clinical trials.

Loss from operations in the third quarter of 2018 was \$6.9 million compared to operating income of \$0.7 million in the third quarter of 2017. Net loss in the third quarter of 2018 was \$6.6 million, or \$0.19 per diluted share, compared to net income of \$1.3 million, or \$0.04 per diluted share, in the third quarter of 2017.

2018 Revenue Guidance

The company raised its 2018 net sales guidance to \$175 million to \$177 million, versus previous guidance of \$162 million to \$166 million.

Webcast & Conference Call

The company will host a conference call and simultaneous webcast today at 1:30 p.m. PST (4:30 p.m. EST) to discuss the results and provide additional information about the company's financial outlook. A link to the webcast is available on the company's website at <http://investors.glaukos.com>. To participate in the conference call, please dial 833-231-8262 (U.S.) or 647-689-4107 (international) and enter Conference ID 6967477. A replay of the webcast will be archived on the company's website following completion of the call.

About Glaukos

Glaukos (www.glaukos.com) is an ophthalmic medical technology and pharmaceutical company focused on the development and commercialization of novel surgical devices and sustained pharmaceutical therapies designed to transform the treatment of glaucoma, one of the world's leading causes of blindness. The company pioneered Micro-Invasive Glaucoma Surgery, or MIGS, to revolutionize the traditional glaucoma treatment and management paradigm. Glaukos launched the *iStent Trabecular Micro-Bypass Stent*, its first MIGS device, in the United States in July 2012 and is leveraging its platform technology to build a comprehensive and proprietary portfolio of micro-scale injectable therapies designed to address the complete range of glaucoma disease states and progression. The company believes the *iStent inject* is the smallest medical device ever approved by the FDA.

Forward-Looking Statements

All statements other than statements of historical facts included in this press release that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Although we believe that we have a reasonable basis for forward-looking statements contained herein, we caution you that they are based on current expectations about future events affecting us and are subject to risks, uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that may cause our actual results to differ materially from those expressed or implied by forward-looking statements in this press release. These potential risks and uncertainties include, without limitation, uncertainties about our dependence on the success and market acceptance of the *iStent* and the *iStent inject*; our ability to leverage our sales and marketing infrastructure to increase market penetration and acceptance of our products both in the United States and internationally; our ability to bring our pipeline products to market; our dependence on a limited number of third-party suppliers, some of which are single-source, for components of our products; the occurrence of a crippling accident, natural disaster or other disruption at our primary facility, which may materially affect our manufacturing capacity and operations; maintaining adequate coverage or reimbursement by third-party payors for procedures using the *iStent*, the *iStent inject* or other products in development; our ability to properly train, and gain acceptance and trust from, ophthalmic surgeons

in the use of our products; our ability to successfully develop and commercialize additional products; our ability to compete effectively in the highly competitive and rapidly changing medical device industry and against current and future competitors (including MIGS competitors) that are large public companies or divisions of publicly traded companies that have competitive advantages; the timing, effect and expense of navigating different regulatory approval processes as we develop additional products and penetrate foreign markets; the impact of any product liability claims against us and any related litigation; the effect of the extensive and increasing federal and state regulation in the healthcare industry on us and our suppliers; the lengthy and expensive clinical trial process and the uncertainty of timing and outcomes from any particular clinical trial; our ability to protect, and the expense and time-consuming nature of protecting, our intellectual property against third parties and competitors that could develop and commercialize similar or identical products; the impact of any claims against us of infringement or misappropriation of third party intellectual property rights and any related litigation; and the market's perception of our limited operating history as a public company. These and other known risks, uncertainties and factors are described in detail under the caption "Risk Factors" and elsewhere in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for 2017 and will also be included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, which we expect to file on or before November 9, 2018. Our filings with the Securities and Exchange Commission are available in the Investor Section of our website at www.glaukos.com or at www.sec.gov. In addition, information about the risks and benefits of our products is available on our website at www.glaukos.com. All forward-looking statements included in this press release are expressly qualified in their entirety by the foregoing cautionary statements. You are cautioned not to place undue reliance on the forward-looking statements in this press release, which speak only as of the date hereof. We do not undertake any obligation to update, amend or clarify these forward-looking statements whether as a result of new information, future events or otherwise, except as may be required under applicable securities law.

GLAUKOS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net sales	\$43,908	\$40,412	\$127,202	\$117,604
Cost of sales	6,011	5,718	17,957	16,420
Gross profit	37,897	34,694	109,245	101,184
Operating expenses:				
Selling, general and administrative	31,632	24,141	87,425	70,297
In-process research and development	-	-	-	5,320
Research and development	13,202	9,805	36,719	28,380
Total operating expenses	44,834	33,946	124,144	103,997
(Loss) income from operations	(6,937)	748	(14,899)	(2,813)
Non-operating income:				
Interest income	583	335	1,568	945

Other (expense) income, net	(230)	295	(1,346)	900
Total non-operating income	353	630	222	1,845
(Loss) income before taxes	(6,584)	1,378	(14,677)	(968)
Provision for income taxes	37	53	53	130
Net (loss) income	\$(6,621)	\$1,325	\$(14,730)	\$(1,098)
Basic net (loss) income per share	\$(0.19)	\$0.04	\$(0.42)	\$(0.03)
Diluted net (loss) income per share	\$(0.19)	\$0.04	\$(0.42)	\$(0.03)
Weighted average shares used to compute basic net (loss) income per share	35,541	34,472	35,075	34,314
Weighted average shares used to compute diluted net (loss) income per share	35,541	37,654	35,075	34,314

GLAUKOS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except par values)

	September 30,	December 31,
	2018	2017
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 37,278	\$24,508
Short-term investments	100,555	94,506
Accounts receivable, net	19,659	16,656
Inventory, net	13,537	11,222
Prepaid expenses and other current assets	4,218	2,568
Total current assets	175,247	149,460
Property and equipment, net	12,298	11,794
Intangible assets, net	393	3,147
Deferred tax asset, net	235	235
Deposits and other assets	2,327	1,200
Total assets	\$ 190,500	\$165,836
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 5,595	\$6,244
Accrued liabilities	19,066	20,449
Deferred rent	110	95
Total current liabilities	24,771	26,788
Other liabilities	2,322	846
Total liabilities	27,093	27,634
Stockholders' equity:		
Preferred stock, \$0.001 par value; 5,000 authorized; no shares issued and outstanding	-	-

Common stock, \$0.001 par value; 150,000 authorized; 35,995 and 34,647 shares issued and 35,967 and 34,619 shares outstanding at September 30, 2018 and December 31, 2017, respectively	36	35
Additional paid-in capital	369,709	331,073
Accumulated other comprehensive income (loss)	707	(591)
Accumulated deficit	(206,913)	(192,183)
Less treasury stock (28 shares as of September 30, 2018 and December 31, 2017)	(132)	(132)
Total stockholders' equity	163,407	138,202
Total liabilities and stockholders' equity	\$ 190,500	\$ 165,836

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