

ATRION CORP  
Form 8-K  
November 02, 2011

## **Atrion Reports Third Quarter Results**

Diluted EPS Increases by 25%

ALLEN, TX -- (Marketwire - November 02, 2011) - Atrion Corporation (NASDAQ: ATRI) today announced that for the third quarter of 2011 diluted earnings per share were up 25% and revenues were up 12% compared to the results for the third quarter of 2010.

Atrion's revenues for the quarter ended September 30, 2011 totaled \$30.5 million compared with \$27.2 million for the same period in 2010. On a diluted per share basis, earnings for the period increased to \$3.33 as compared to \$2.66 for the same quarter of last year. Net income for the third quarter totaled \$6.8 million compared to \$5.4 million in last year's third quarter.

Commenting on the results of the third quarter of 2011 compared to the same period of 2010, David Battat, President and CEO, said, "I am very pleased with the Company's performance in the recent quarter. Revenues were higher in all of our major product categories, with exports growing even more robustly than domestic sales, leading to an overall increase in sales of \$3.3 million in the quarter, compared with the same period last year." Mr. Battat added, "During the quarter we increased our inventory by \$2.3 million, primarily for finished goods, to increase safety stock levels of certain products that were unexpectedly reduced due to higher demand and raw material supply issues. Quality and customer service are key aspects of our value proposition. This includes the ability to supply key products even in the face of unanticipated events. The cost of keeping safety stocks is well outweighed by the favorable impact on customer relationships. We anticipate some further build-up of inventories in the fourth quarter to meet target levels. During the third quarter, we also expended some \$2.6 million for equipment purchases, a level of spending that we expect to continue through the remainder of the year and most of 2012 in anticipation of future capacity needs." Mr. Battat concluded, "Despite the high level of expenditures for inventory and equipment in the quarter and spending \$1.5 million to repurchase our common stock, the Company increased its cash and investments by \$5.0 million, to a total of \$52.7 million as of September 30, 2011."

Revenues for the first nine months of 2011 of \$92.2 million were 13% higher than revenues of \$81.9 million for the first nine months of 2010. Diluted earnings per share for the nine months ended September 30, 2011 increased 33% to \$10.17 from \$7.65 in the comparable 2010 period.

Atrion Corporation develops and manufactures products primarily for medical applications. The Company's website is [www.atrioncorp.com](http://www.atrioncorp.com).

Statements in this press release that are forward looking are based upon current expectations and actual results or future events may differ materially. Such statements include, but are not limited to, Atrion's expectations regarding a build-up of inventories in the fourth quarter and progress payments for equipment purchases in the remainder of 2011 and most of 2012. Words such as "expects," "believes," "anticipates," "intends," "should", "plans," "will" and variations of such words and similar expressions are intended to identify such forward-looking statements.

Forward-looking statements involve risks and uncertainties. The following are some of the factors that could cause actual results or future events to differ materially from those expressed in or underlying our forward-looking statements: changing economic, market and business conditions; acts of war or terrorism; the effects of governmental regulation; competition and new technologies; slower-than-anticipated introduction of new products or implementation of marketing strategies; the Company's ability to protect its intellectual property; changes in the prices of raw materials; changes in product mix; and intellectual property and product liability claims and product recalls.

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The foregoing list of factors is not exclusive, and other factors are set forth in the Company's filings with the Securities and Exchange Commission.

## ATRION CORPORATION UNAUDITED CONSOLIDATED STATEMENTS OF INCOME (In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues	\$ 30,457	\$ 27,156	\$ 92,185	\$ 81,939
Cost of goods sold	15,161	14,180	44,882	43,908
Gross profit	15,296	12,976	47,303	38,031
Operating expenses	5,292	4,973	16,766	14,810
Operating income	10,004	8,003	30,537	23,221
Interest income	325	315	993	689
Other income	1	2	3	2
Income before income taxes	10,330	8,320	31,533	23,912
Income tax provision	(3,556)	(2,920)	(10,883)	(8,384)
Net income	\$ 6,774	\$ 5,400	\$ 20,650	\$ 15,528
Income per basic share	\$ 3.35	\$ 2.68	\$ 10.22	\$ 7.69
Weighted average basic shares outstanding	2,023	2,017	2,020	2,019
Income per diluted share	\$ 3.33	\$ 2.66	\$ 10.17	\$ 7.65
Weighted average diluted shares outstanding	2,033	2,029	2,031	2,031

## ATRION CORPORATION CONSOLIDATED BALANCE SHEETS (In thousands)

	Sep. 30, 2011	Dec. 31, 2010
ASSETS		
	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 18,687	\$ 10,670
Short-term investments	20,508	10,715
Total cash and short-term investments	39,195	21,385
Accounts receivable	13,655	11,521
Inventories	23,422	17,400
Prepaid expenses and other	1,467	1,050
Deferred income taxes	625	625

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Total current assets	78,364	51,981
Long-term investments	13,529	20,291
Property, plant and equipment, net	54,124	50,664
Other assets	11,563	11,716
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	\$ 157,580	\$ 134,652
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## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	11,854	7,752
Line of credit	--	--
Other non-current liabilities	11,901	10,283
Stockholders' equity	133,825	116,617
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	\$ 157,580	\$ 134,652
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