



Medicines Company Reports First-Quarter 2017 Financial Results

IRVING, N.J.--(BUSINESS WIRE)--Apr. 26, 2017-- The Medicines Company (NASDAQ:MDCO) today announced its business and financial results for the first quarter ended March 31, 2017.

In the first quarter of 2017, The Medicines Company continued to deliver excellent execution against our 2017 objectives, significantly advancing key clinical programs, strictly managing cash deployment to enhance our ability to support our products and pipeline going forward, maintaining strategic and operational flexibility and positioning us to drive shareholder value," said Clive Meanwell, M.D., Ph.D., Chief Executive Officer of The Medicines Company. "Nowhere is that execution excellence more evident than in our press release this morning announcing our agreement with the FDA for a Phase III development program for inclisiran. We believe this agreement adds significantly to the strategic value of inclisiran, and follows the receipt of positive final results from the ORION-1 Phase II study of inclisiran at the American College of Cardiology's 66th Annual Scientific Session in Orlando, Florida, 2017. Those results, which were simultaneously published in *The New England Journal of Medicine*, demonstrated inclisiran's unique and differentiated attributes and its game-changing potential."

Clive continued, "During the first quarter, we also announced that the FDA had accepted for priority review the Company's NDA filing for meropenem-vaborbactam (the combination formerly known as CARBAVANCE) for complicated urinary tract infections. The TANGO 2 Phase III trial, which evaluates the safety, tolerability and efficacy of meropenem-vaborbactam with best available therapy in patients with selected serious infections caused or suspected carbapenem-resistant Enterobacteriaceae, is ongoing and we expect results to be available before the end of the third quarter of 2017. In the meantime, in the event that meropenem-vaborbactam is approved by the FDA, we are actively preparing to launch the product in the United States through our existing sales and distribution infrastructure."

First Quarter 2017 Financial Summary from Continuing Operations

Total net revenue was \$24.2 million in the first-quarter of 2017 compared to \$50.3 million in the first-quarter of 2016. Included in total net revenue for the first quarter of 2017 and 2016 were \$10.4 million and \$18.9 million, respectively, of royalty revenues derived from the gross profit on authorized generic sales of Angiomax® (bivalirudin) by Sandoz, Inc. Worldwide Angiomax®/Angiox® (bivalirudin) net product sales were \$6.9 million in the first-quarter of 2017, compared to \$16.9 million in the first-quarter of 2016, with net product sales in the United States decreasing to \$4.8 million in the first-quarter of 2017 from \$13.2 million in the first-quarter of 2016. Other products, including lonsys® (fentanyl iontophoretic transdermal system), Minocin® (minocycline) for Injection, and Orbactiv® (oritavancin), and including the divested non-core cardiovascular products in the first-quarter of 2016, recorded \$17.3 million in the first-quarter of 2017 compared to \$14.5 million in the first-quarter of 2016.

Income from continuing operations in the first-quarter of 2017 was \$102.7 million, or \$1.44 per share, compared to \$90.4 million, or \$1.31 per share, in the first quarter of 2016. Adjusted net loss⁽¹⁾ from continuing operations in the first-quarter of 2017 was \$74.7 million, or \$1.05⁽¹⁾ per share, compared to \$71.2 million, or \$1.03⁽¹⁾ per share, in the first-quarter of 2016.

First Quarter 2016 Financial Summary from Discontinued Operations

In the first quarter of 2016, the Company completed the sale of its hemostasis products. Net loss from discontinued operations in the first-quarter of 2016 was \$2.1 million, or \$0.03 per share.

Net loss and adjusted loss per share from continuing operations are non-GAAP financial performance measures with no standardized definition under U.S. GAAP. For further information and a detailed reconciliation, refer to the "Non-GAAP Financial Performance Measures" and "Reconciliation of GAAP to Adjusted Net Loss and Adjusted Loss per Share" sections of this press release.

As of March 31, 2017, the Company had \$436.7 million in cash and cash equivalents compared to \$541.8 million at the end of 2016.

er 2017 Conference Call and Webcast Information

ny will host a conference call and webcast today, April 26, 2017, at 8:30 a.m., Eastern Daylight Time, to discuss first-quarter 2017 financial dial-in information to access the call is as follows:

a: (877) 359-9508
 tl: (224) 357-2393
 ID: 4094876

lay of the conference call will be available from 11:30 a.m., Eastern Daylight Time, today until 11:30 a.m., Eastern Daylight Time, on May 3, 2017. may be accessed as follows:

a: (855) 859-2056
 tl: (404) 537-3406
 ID: 4094876

it can be accessed in the Investors section of [The Medicines Company \(http://cts.businesswire.com/ct/CT?&url=http%3A%2F%2Fwww.themedicinescompany.com%2Finvestors%2Fevents&esheet=51547582&newsitemid=20170426005501&lan=en-=-The+Medicines+Company&index=1&md5=cafab3f8bf07a17a60a1009938b62c5f\)](http://cts.businesswire.com/ct/CT?&url=http%3A%2F%2Fwww.themedicinescompany.com%2Finvestors%2Fevents&esheet=51547582&newsitemid=20170426005501&lan=en-=-The+Medicines+Company&index=1&md5=cafab3f8bf07a17a60a1009938b62c5f) website. A replay of the webcast will also be available.

Medicines Company

res Company is a biopharmaceutical company driven by an overriding purpose – to save lives, alleviate suffering and contribute to the of healthcare. The Company's mission is to create transformational solutions to address the most pressing healthcare needs facing patients, and providers in three critical therapeutic areas: serious infectious disease care, cardiovascular care and surgery and perioperative care. The headquartered in Parsippany, New Jersey, with global innovation centers in California and Switzerland.

oking Statements

contained in this press release that are not purely historical may be deemed to be forward-looking statements for purposes of the safe isions under The Private Securities Litigation Reform Act of 1995. Without limiting the foregoing, the words "believes," "anticipates," "plans" s" and similar expressions, including the Company's preliminary financial results, are intended to identify forward-looking statements. These king statements involve known and unknown risks and uncertainties that may cause the Company's actual results, levels of activity, e or achievements to be materially different from those expressed or implied by these forward-looking statements. Important factors that or contribute to such differences include whether the Company's product candidates will advance in the clinical trials process on a timely ll, or succeed in achieving their specified endpoints; whether the Company will make regulatory submissions for product candidates on a ; whether its regulatory submissions will receive approvals from regulatory agencies on a timely basis or at all; whether the Company's d planned commercial launches will be successful; the extent of the commercial success of our products; the Company's ability to penetrate kets; whether physicians, patients and other key decision makers will accept clinical trial results; whether the Company can protect its roperty; whether the Company will be able to raise additional capital on favorable terms or at all when needed; and such other factors as are he risk factors detailed from time to time in the Company's periodic reports and registration statements filed with the Securities and ommission, including, without limitation, the risk factors detailed in the Company's Annual Report on Form 10-K filed with the SEC on March 1, are incorporated herein by reference. The Company specifically disclaims any obligation to update these forward-looking statements.

FINANCIAL PERFORMANCE MEASURES

o financial information prepared in accordance with U.S. GAAP, this press release also contains adjusted net loss and adjusted loss per share ing operations attributable to The Medicines Company. The Company believes these measures provide investors and management with al information relating to operating performance and trends that facilitate comparisons between periods and with respect to projected

Net loss from continuing operations excludes share-based compensation expense, amortization of acquired intangible assets, inventory impairment, restructuring charges, milestone payments, changes in contingent purchase price, non-cash interest expense and net loss tax adjustments. The Company believes these non-GAAP financial measures help indicate underlying trends in the Company's business and are important in comparing results with prior period results and understanding projected operating performance. Non-GAAP financial measures provide the Company and its investors with an indication of the Company's baseline performance before items that are considered by the Company not to be reflective of the ongoing results. See the attached Reconciliations of GAAP to Adjusted Net Loss and Adjusted Loss per Share for explanations of the items excluded and included to arrive at adjusted net loss and adjusted loss per share amounts for the three month periods ended March 31, 2017 and

Adjusted measures are non-GAAP and should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The Company strongly encourages investors to review its consolidated financial statements and publicly-filed reports in their entirety and cautions investors that the non-GAAP measures used by the Company may differ from similar measures used by other companies, even when similar measures are used to identify such measures.

THE MEDICINES COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

UNAUDITED

(In thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2017	2016
Net revenues	\$ 13,845	\$ 31,375
Operating expenses	10,371	18,931
Net revenues	24,216	50,306
Operating expenses:		
Product revenues	13,553	18,797
R&D development	38,427	33,491
General and administrative	63,182	79,298
Marketing expenses	115,162	131,586
Other operating expenses	(90,946)	(81,280)
Goodwill impairment and license income	757	975
Other non-recurring income	(12,422)	(9,746)
Other non-recurring expenses	(9)	(262)
Income from continuing operations before income taxes	(102,620)	(90,313)
Income tax expense	(50)	(46)

m continuing operations	(102,670)	(90,359)
discontinued operations, net of tax	–	(2,105)
	(102,670)	(92,464)
attributable to non-controlling interest	–	16
attributable to The Medicines Company	\$ (102,670)	\$ (92,448)

attributable to The Medicines Company:

m continuing operations	\$ (102,670)	\$ (90,343)
discontinued operations, net of tax	–	(2,105)
attributable to The Medicines Company	\$ (102,670)	\$ (92,448)

per common share attributable to The Medicines Company:

continuing operations	\$ (1.44)	\$ (1.31)
discontinued operations	–	(0.03)
per share	\$ (1.44)	\$ (1.34)

per common share attributable to The Medicines Company:

continuing operations	\$ (1.44)	\$ (1.31)
discontinued operations	–	(0.03)
per share	\$ (1.44)	\$ (1.34)

average number of common shares outstanding:

71,073	69,210
71,073	69,210

THE MEDICINES COMPANY

RECONCILIATIONS OF GAAP TO ADJUSTED NET LOSS AND

ADJUSTED LOSS PER SHARE

UNAUDITED*(In thousands, except per share amounts)*

	Three Months Ended	
	March 31,	
	2017	2016
Income from continuing operations attributable to The Medicines Company -	\$ (102,670)	\$ (90,343)
Adjustments:		
Product revenues:		
Product compensation expense	(1) 171	215
Amortization of acquired intangible assets	(2) 6,469	6,285
Other adjustments	(3) (411)	-
Provision for bad debt charges	(4) (66)	-
Research and development:		
Product compensation expense	(1) 1,031	850
Provision for bad debt charges	(4) (108)	-
Royalty payments	(5) -	1,000
General and administrative:		
Product compensation expense	(1) 5,441	5,938
Provision for bad debt charges	(4) (51)	-
Contingent purchase price	(6) 8,513	(1,428)
Interest expense	(7) 6,973	6,300
Other adjustments	(8) (1)	9
Income from continuing operations attributable to The Medicines Company - Adjusted	\$ (74,709)	\$ (71,174)
Income per share attributable to The Medicines Company - Adjusted	\$ (1.05)	\$ (1.03)
	\$ (1.05)	\$ (1.03)
Average number of common shares outstanding:	71,073	69,210

71,073

69,210

of Adjustments:

Excludes share-based compensation of \$6,643 and \$7,003 for the three months ended March 31, 2017 and 2016 because these expenses are substantially dependent on changes in the market price of the Company's common stock.

Excludes amortization of intangible assets resulting from transactions with Targanta, Incline Therapeutics and Rempex.

Excludes all non-cash inventory adjustments.

Excludes restructuring adjustments for the workforce reorganization related to the sale of the non-core cardiovascular products.

Excludes upfront and milestone payments for research and development collaboration arrangements and manufacturing scale up for MDCO-216.

Excludes changes in fair value of the contingent price related to the acquisitions of Targanta, Incline Therapeutics, Rempex and Annovation.

Excludes non-cash interest expense which is in excess of the actual interest expense paid on the Convertible Senior Notes.

Loss tax adjustments reflect the estimated tax effect of the above adjustments and the impact of certain other non-operating tax adjustments.

In addition to the financial information prepared in accordance with U.S. GAAP, this press release also contains adjusted financial measures that the Company believes provide investors and management with supplemental information relating to operating performance and trends that facilitate comparisons between periods and with respect to projected information. These adjusted measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with U.S. GAAP. The Company strongly encourages investors to review its consolidated financial and publicly filed reports in their entirety and cautions investors that the non-GAAP measures used by the Company may differ from similar measures used by other companies, even when similar terms are used to identify such measures.

For a full version on businesswire.com: <http://www.businesswire.com/news/home/20170426005501/en/businesswire.com/news/home/20170426005501/en/>.

The Medicines Company

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