



The Medicines Company Reports Second Quarter and First Half 2008 Financial Results and Raises Full Year Top Line Guidance

23 Jul 2008

PARSIPPANY, N.J.--(BUSINESS WIRE)--July 23, 2008--The Medicines Company (NASDAQ: MDCO) today announced its financial results for the second quarter and first half of 2008.

Financial highlights for the second quarter of 2008:

- Net revenue increased by 54% to \$86.7 million for the second quarter of 2008 from \$56.4 million for the second quarter of 2007.
- Angiomax(R) (bivalirudin) U.S. sales increased by 53% to \$84.5 million for the second quarter of 2008 from \$55.2 million for the second quarter of 2007.
- Angiomax/Angiox international net revenue in the second quarter of 2008 increased \$1.0 million to \$2.2 million compared to \$1.2 million in the second quarter of 2007.
- Net income for the second quarter of 2008 was \$4.1 million, or \$0.08 per share, compared to net income of \$0.8 million, or \$0.02 per share, for the second quarter of 2007.
- Excluding stock-based compensation expense and non-cash income taxes, the Company reported second quarter of 2008 non-GAAP net income of \$14.5 million, or \$0.28 per share, compared to non-GAAP net income of \$5.1 million, or \$0.10 per share, for the second quarter of 2007.

John Kelley, President and Chief Operating Officer, stated, "We continue to execute our Angiomax strategy to gain market share and further penetrate the PCI market. We look forward to hearing from the FDA on our Cleviprex submission and continue to build our European infrastructure which will lead to multiple revenue sources in the near future."

Financial highlights for the first half of 2008:

- Net revenue increased by 35% to \$166.2 million for the first half of 2008 from \$123.0 million for the same period in 2007.
- Angiomax U.S. sales increased by 33% to \$161.4 million

for

the first half of 2008 from \$121.5 million for the first half of 2007.

-- Angiomax/Angiox international net revenue in the first half of 2008 increased \$3.3 million to \$4.8 million compared to \$1.5 million in the first half of 2007.

-- Net income for the first half of 2008 was \$8.9 million, or \$0.17 per share, compared to net income of \$3.9 million, or \$0.07 per share, for the first half of 2007.

-- Excluding stock-based compensation expense and non-cash income taxes, the Company reported first half of 2008 non-GAAP net income of \$26.9 million, or \$0.51 per share, compared to non-GAAP net income of \$13.3 million, or \$0.25 per share, for the first half of 2007.

The following table provides reconciliations between GAAP and non-GAAP net income for the second quarter (Q2) and first half (1H) of 2008 and 2007. Non-GAAP net income excludes stock-based compensation expense and the non-cash provision for income taxes:

| Income (in millions) | Reported GAAP Net Income | FAS 123R Stock-Based Compensation Expense | Non-Cash Provision for Income Taxes | Non-GAAP Net (1) |
|-------------------------|-----------------------------|--|--|------------------------|
| -- | | | | |
| Q2 2008 \$14.5 | \$4.1 | \$ 6.9 | \$3.6 | |
| -- | | | | |
| Q2 2007 5.1 | \$0.8 | \$ 3.7 | \$0.6 | \$ |
| 1H 2008 \$26.9 | \$8.9 | \$11.4 | \$6.6 | |
| -- | | | | |
| 1H 2007 \$13.3 | \$3.9 | \$ 7.2 | \$2.2 | |

Note: Amounts may not sum due to rounding.

(1)Excluding stock-based compensation expense and the non-cash provision for income taxes

Reconciliations between GAAP and non-GAAP fully diluted earnings per share (EPS) for the second quarter (Q2) and first half (1H) of 2008 and 2007 are provided in the following table:

| (per share) | Reported GAAP EPS | FAS 123R Stock- Based Compensation Expense | Non-Cash Provision for Income Taxes | Non-GAAP EPS (1) |
|-------------------|----------------------|---|---|---------------------|
| -- | | | | |
| Q2 2008 \$0.28 | \$0.08 | \$0.13 | \$0.07 | |
| -- | | | | |

| | | | |
|---------|--------|--------|--------|
| Q2 2007 | \$0.02 | \$0.07 | \$0.01 |
| \$0.10 | | | |
| 1H 2008 | \$0.17 | \$0.22 | \$0.13 |
| \$0.51 | | | |
| ----- | | | |
| -- | | | |
| 1H 2007 | \$0.07 | \$0.14 | \$0.04 |
| \$0.25 | | | |

Note: Amounts may not sum due to rounding.

(1)Excluding stock-based compensation expense and the non-cash provision for income taxes

The Company believes that presenting the non-GAAP information contained in the financial tables and in this press release assists investors and others in gaining a better understanding of the Company's core operating results and future prospects, expected growth rates or forecasted guidance, particularly as related to stock-based compensation expense and the non-cash provision for income taxes. Management uses this non-GAAP information, in addition to the GAAP information, as the basis for measuring the Company's core operating performance and comparing such performance to that of prior periods and to the performance of its competitors. Such measures are also used by management in its financial and operating decision-making. Non-GAAP information is not meant to be considered superior to or a substitute for the Company's results of operations prepared in accordance with GAAP. A reconciliation of GAAP results with non-GAAP results may also be found in the attached financial tables.

Revised 2008 Guidance

Based upon results of the first half of 2008, the Company provided revised 2008 guidance as follows:

- Full year net revenue of \$335 million to \$355 million, including:
 - U.S. net revenue for Angiomax of \$320 million to \$330 million
 - SG&A expense of \$153 million to \$159 million (GAAP)
 - \$135 million to \$140 million excluding stock-based compensation expense
- Total stock-based compensation expense of \$22 million to \$24 million

The Company reaffirmed 2008 guidance on other line items as follows:

| | Original | Revised |
|---|--------------|---------|
| ----- | | |
| -- | | |
| (in millions, except percentages and per share amounts) | | |
| Net Sales | | |
| U.S. Angiomax | \$ 310-\$320 | |
| \$320-\$330 | | |
| International Angiox | \$ 10-\$15 | |
| US Cleviprex | \$ 5-\$10 | |
| Total | \$ 325-\$345 | |
| \$335-\$355 | | |
| Cost of revenue | | 25% |
| R&D (GAAP) | \$ 79-\$83 | |
| ----- | | |

| | | | |
|----|----------------------------|----|---------------|
| -- | | | |
| | (w/o 123R) | \$ | 75-\$79 |
| -- | | | |
| | SG&A (GAAP) | \$ | 146-\$153 |
| | \$153-\$159 | | |
| -- | | | |
| | (w/o 123R) | \$ | 130-\$135 |
| | \$135-\$140 | | |
| -- | | | |
| | Stock Based Comp -123R (1) | \$ | 20-\$22 |
| | 22-\$24 | \$ | |
| | Investment Income | \$ | 6-\$8 |
| | Effective Tax Rate | | 50%-55% |
| | Net Income - GAAP | \$ | 12-\$16 |
| -- | | | |
| | - Non GAAP | \$ | 41-\$49 |
| -- | | | |
| | EPS - GAAP | | \$0.22-\$0.30 |
| -- | | | |
| | EPS - Non GAAP | | \$0.77-\$0.92 |
| -- | | | |

(1) Note that GAAP reporting of R&D and SG&A include stock based compensation expense

There will be a conference call with management today at 8:30 a.m. Eastern Time to discuss second quarter and first half 2008 financial results, guidance and operational developments. The conference call will be available via phone and webcast. The webcast can be accessed at The Medicines Company website at www.themedicinescompany.com (<http://www.themedicinescompany.com>).

The dial in information is listed below:

Domestic Dial In: 877-419-6590

International Dial In: 719-325-4894

Replay is available from 11:30 a.m. Eastern Time following the conference call through August 6, 2008. To hear a replay of the call, dial 888-203-1112 (domestic) and 719-457-0820 (international). Passcode for both dial in numbers is 4642411.

MDCO-F

About The Medicines Company: The Medicines Company (NASDAQ: MDCO) is focused on advancing the treatment of critical care patients through the delivery of innovative, cost-effective medicines to the worldwide hospital marketplace. The Company markets Angiomax(R) (bivalirudin) in the United States and other countries for use in patients undergoing coronary angioplasty, a procedure to clear restricted blood flow in arteries around the heart. The Company also has two products in late-stage development, Cleviprex(TM) (clevidipine butyrate) injectable emulsion and cangrelor. The Company's website is www.themedicinescompany.com (<http://www.themedicinescompany.com>).

| | | | |
|--|----|--------|----|
| Basic earnings per common share | \$ | 0.08 | \$ |
| 0.02 | | | |
| Shares used in computing basic earnings per common share | | 51,834 | |
| 51,638 | | | |
| Diluted earnings per common share | \$ | 0.08 | \$ |
| 0.02 | | | |
| Shares used in computing diluted earnings per common share | | 52,441 | |
| 52,294 | | | |

| The Medicines Company | |
|---------------------------------------|---------------------------|
| Consolidated Statements of Operations | |
| (unaudited) | |
| (in thousands, except per share data) | Six Months Ended June 30, |
| | ----- |
| | 2008 |
| | ----- |
| Net revenue | \$ 166,159 |
| 123,046 | \$ |
| Operating expenses: | |
| Cost of revenue | 41,032 |
| 32,874 | |
| Research and development | 38,443 |
| 35,208 | |
| Selling, general and administrative | 74,139 |
| 53,957 | |
| Total operating expenses | 153,614 |
| 122,039 | |
| Income from operations | 12,545 |
| 1,007 | |
| Other income | 4,186 |
| 5,302 | |
| Income before income taxes | 16,731 |
| 6,309 | |
| Provision for income taxes | (7,821) |
| (2,444) | |
| Net income | \$ 8,910 |
| 3,865 | \$ |

| | | | |
|--|----|--------|----|
| Basic earnings per common share | \$ | 0.17 | \$ |
| 0.07 | | | |
| ===== | | | |
| Shares used in computing basic earnings per common share | | 51,792 | |
| 51,578 | | | |
| ===== | | | |
| Diluted earnings per common share | \$ | 0.17 | \$ |
| 0.07 | | | |
| ===== | | | |
| Shares used in computing diluted earnings per common share | | 52,361 | |
| 52,587 | | | |
| ===== | | | |

The Medicines Company
Condensed Consolidated Balance Sheets
(unaudited)

| | June 30, | December |
|---|------------|----------|
| | 2008 | 2007 |
| | ----- | ----- |
| ASSETS | | |
| Cash, cash equivalents and available for sales securities | \$ 238,068 | |
| \$222,113 | | |
| Accrued interest receivable | 1,071 | |
| 1,598 | | |
| Accounts receivable, net | 25,081 | |
| 25,584 | | |
| Inventory | 29,567 | |
| 35,468 | | |
| Prepaid expenses and other current assets | 10,949 | |
| 7,425 | | |
| ----- | | |
| Total current assets | 304,736 | |
| 292,188 | | |
| ----- | | |
| Fixed assets, net | 4,054 | |
| 3,245 | | |
| Intangible assets, net | 14,641 | |
| 14,929 | | |
| Restricted cash | 5,000 | |
| 5,000 | | |
| Deferred tax assets | 39,433 | |
| 46,018 | | |
| Other assets | 181 | |
| 136 | | |
| ----- | | |

| | | | | |
|--|---------|---------|---------|-----|
| Provision for income taxes | (3,971) | - | 3,586 | (3) |
| (385) | | | | |
| Net income | 4,056 | 6,862 | 3,586 | |
| 14,504 | | | | |
| Basic earnings per common share | \$ 0.08 | \$ 0.13 | \$ 0.07 | \$ |
| 0.28 | | | | |
| Shares used in computing basic earnings per common share | 51,834 | 51,834 | 51,834 | |
| 51,834 | | | | |
| Diluted earnings per common share | \$ 0.08 | \$ 0.13 | \$ 0.07 | \$ |
| 0.28 | | | | |
| Shares used in computing diluted earnings per common share | 52,441 | 52,441 | 52,441 | |
| 52,441 | | | | |

- (1) GAAP Results
(2) Non-cash stock compensation expense
(3) Non-cash tax provision
(4) Non-GAAP Results

The Medicines Company
Reconciliation of GAAP to non-GAAP Measures
(Amounts in thousands, except per share data)
(Unaudited)

Six Months Ended June 30,

| | | | | |
|-------------|------------|----------|-----------|--------|
| | 2008 | | | |
| | GAAP (1) | | Non-Cash | Non- |
| GAAP | As | | Tax | (4) As |
| Adjusted | Reported | SFAS123R | Provision | |
| Net revenue | \$ 166,159 | \$ - | \$ - | \$ |
| 166,159 | | | | |

Operating expenses:

| | | | | |
|--|---------|-------------|-----------|----|
| Cost of revenue | 41,032 | (356) (2) | - | |
| 40,676 | | | | |
| Research and development | 38,443 | (1,872) (2) | - | |
| 36,571 | | | | |
| Selling, general and administrative | 74,139 | (9,196) (2) | - | |
| 64,943 | | | | |
| -- | | | | |
| Total operating expenses | 153,614 | (11,424) | - | |
| 142,190 | | | | |
| Income from operations | 12,545 | 11,424 | - | |
| 23,969 | | | | |
| Other income | 4,186 | - | - | |
| 4,186 | | | | |
| -- | | | | |
| Income before income taxes | 16,731 | 11,424 | - | |
| 28,155 | | | | |
| Provision for income taxes | (7,821) | - | 6,602 (3) | |
| (1,219) | | | | |
| -- | | | | |
| Net income | 8,910 | 11,424 | 6,602 | |
| 26,936 | | | | |
| Basic earnings per common share | \$ 0.17 | \$ 0.22 | \$ 0.13 | \$ |
| 0.52 | | | | |
| ===== ===== | | | | |
| Shares used in computing basic earnings per common share | 51,792 | 51,792 | 51,792 | |
| 51,792 | | | | |
| ===== ===== | | | | |
| Diluted earnings per common share | \$ 0.17 | \$ 0.22 | \$ 0.13 | \$ |
| 0.51 | | | | |
| ===== ===== | | | | |
| Shares used in computing diluted earnings per common share | 52,361 | 52,361 | 52,361 | |
| 52,361 | | | | |
| ===== ===== | | | | |

(1) GAAP Results

(2) Non-cash stock compensation expense

(3) Non-cash tax provision

(4) Non-GAAP Results

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SOURCE: The Medicines Company