



The Medicines Company Reports Third Quarter 2008 Financial Results

22 Oct 2008

PARSIPPANY, N.J.--(BUSINESS WIRE)--

The Medicines Company (NASDAQ: MDCO) today announced its financial results for the third quarter and first nine months of 2008.

Highlights for the third quarter of 2008:

- Net revenue increased by 42% to \$88.1 million for the third quarter of 2008 from \$62.2 million for the third quarter of 2007.
- Angiomax(R) (bivalirudin) U.S. sales increased by 40% to \$85.0 million for the third quarter of 2008 from \$60.7 million for the third quarter of 2007.
- Angiomax/Angiox international net revenue in the third quarter of 2008 increased \$1.6 million to \$3.1 million compared to \$1.5 million in the third quarter of 2007.
- Cleviprex(TM) (clevidipine butyrate) was approved on August 1, 2008 and launched in the U.S. on September 15, 2008. Initial gross wholesaler orders, which totaled \$10.0 million, were recorded as deferred revenue. These amounts were not recognized as net revenue during the third quarter of 2008, but will be recognized as net revenue in the future subject to various adjustments.
- Curacyte Discovery GmbH ("Curacyte"), acquired on August 11, 2008 for \$23.7 million, has been integrated to form the basis for research capability, and its lead compound CU-2010 is moving toward clinical studies. Approximately \$21.4 million of this acquisition investment was expensed as in process research and development.
- Net loss for the third quarter of 2008, primarily related to the Curacyte acquisition was \$13.2 million, or \$0.25 per share, compared to net loss of \$23.6 million, or \$0.46 per share, primarily due to the Nycomed transaction in the third quarter of 2007.

-- The Company reported third quarter of 2008 non-GAAP net income of \$8.5 million, or \$0.16 per share, compared to non-GAAP net income of \$6.3 million, or \$0.12 per share, for the third quarter of 2007. Non-GAAP net income excludes the Curacyte acquisition, the Nycomed transaction, stock-based compensation expense and non-cash income taxes.

John Kelley, President and Chief Operating Officer, stated, "We are pleased to report another successful quarter of executing on our strategy. Angiomax is gaining market share across the spectrum of PCI patients, which is translating into solid top-line sales growth both in the U.S. and internationally. We continue to make progress in building our European organization, with an expected roll out of the field force in January."

The recent presentation of the landmark HORIZONS-AMI 1-year data on October 15, 2008 at TCT, adds to the existing wealth of data that demonstrates the attributes of Angiomax in all types of patients undergoing PCI from those with stable angina to those with STEMI. The principal investigator, Gregg Stone, MD, CRF Chairman, Professor of Medicine and the Director of Research and Education at the Center for Interventional Vascular Therapy at New York-Presbyterian Hospital/Columbia University Medical Center was quoted as saying, "These data again demonstrate that bivalirudin is a better treatment option than conventional therapy for STEMI patients undergoing primary PCI. This strategy could save thousands of lives each year if incorporated globally into routine practice."

Financial highlights for the first nine months of 2008:

-- Net revenue increased by 37% to \$254.3 million for the first nine months of 2008 from \$185.2 million for the same period in 2007.

-- Angiomax U.S. sales increased by 35% to \$246.3 million for the first nine months of 2008 from \$182.2 million for the first nine months of 2007.

-- Angiomax/Angiox international net revenue in the first nine months of 2008 increased \$5.0 million to \$8.0 million compared to \$3.0 million in the first nine months of 2007.

-- Net loss for the first nine months of 2008, primarily related to the Curacyte acquisition was \$4.3 million, or \$0.08 per share, compared to net loss of \$19.8 million, or \$0.38 per share, which included the Nycomed transaction in the first nine months of 2007.

-- The Company reported non-GAAP net income of \$35.4 million, or \$0.68 per share, for the first nine months of 2008, compared to non-GAAP net income of \$19.6 million, or \$0.38 per share, for the first nine months of 2007. Non-GAAP net income excludes the Curacyte acquisition, the Nycomed transaction, stock-based compensation expense and non-cash income taxes.

The following table provides reconciliations between GAAP and non-GAAP net (loss) income for the third quarter (Q3) and first nine months (9M) of 2008 and 2007. Non-GAAP net income excludes the Curacyte acquisition, Nycomed transaction, stock-based compensation expense and the non-cash provision (benefit) for income taxes:

Transaction	(in millions)	Reported	Curacyte	Nycomed
		GAAP Net (Loss) Income	Acquisition	

Q3 2008		(\$13.2)	\$13.2	
-				

Q3 2007		(\$23.6)	-	
\$28.1				

9M 2008		(\$4.3)	\$13.2	
-				

9M 2007		(\$19.8)	-	
\$28.1				

Transaction	(in millions)	FAS 123R	Non-Cash	Non-GAAP
		Stock-Based Compensation Expense	Provision (Benefit) for Income Taxes	Net Income
(1)				

Q3 2008		\$6.0	\$2.5	
\$8.5				

Q3 2007		\$4.1	(\$2.2)	
\$6.3				

9M 2008		\$17.4	\$9.1	
\$35.4				

9M 2007		\$11.3	-	
\$19.6				

Note: Amounts may not sum due to rounding.

(1) Excluding the Curacyte acquisition costs, non-recurring Nycomed transaction charges, stock-based compensation expense and the non-cash provision (benefit) for income taxes.

Reconciliations between GAAP and non-GAAP fully diluted (loss) earnings per share (EPS) for the third quarter (Q3) and first nine months (9M) of 2008 and 2007 are provided in the following table:

Transaction	(per share)	Reported	Curacyte	Nycomed
		GAAP EPS	Acquisition	

Q3 2008		(\$0.25)	\$0.25	

GAAP	FAS 123R Stock-Based Compensation	Non-Cash Provision (Benefit) for Non-
(per share)	Expense	Income Taxes
EPS (1)		
Q3 2008 \$0.16	\$0.11	\$0.05
Q3 2007 \$0.12	\$0.08	(\$0.04)
9M 2008 \$0.68	\$0.34	\$0.18
9M 2007 \$0.38	\$0.22	-
Q3 2007 \$0.54	(\$0.46)	-
9M 2008 -	(\$0.08)	\$0.25
9M 2007 \$0.54	(\$0.38)	-

Note: Amounts may not sum due to rounding.

(1) Excluding the Curacyte acquisition costs, non-recurring Nycomed transaction charges, stock-based compensation expense and the non-cash provision (benefit) 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 the Curacyte acquisition costs, non-recurring Nycomed transaction charges, stock-based compensation expense and non-cash 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 the results of the first nine months of 2008 and the Curacyte acquisition, the Company provided revised 2008 guidance as follows:

	July 23, 2008	October 22,
2008	Guidance	Revised
Guidance		
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(in millions, except percentages and per share amounts)		
Net Sales		
US Angiomax	\$320-\$330	\$325-\$335
International Angiox	\$10-\$15	\$10-\$15
US Cleviprex	\$5-\$10	\$5-\$10
Total	\$335-\$355	\$340-\$360
Cost of Revenue	25%	25%
R&D (GAAP)	\$79-\$83	\$104-\$109 (2)
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(w/o 123R)	\$75-\$79	\$100-\$105
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SG&A (GAAP)	\$153-\$159	\$158-\$164 (3)
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(w/o 123R)	\$135-\$140	\$140-\$145
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Stock Based Comp -123R (1)	\$22-\$24	\$22-\$24
Investment Income	\$6-\$8	\$6-\$8
Effective Tax Rate	50%-55%	(4)
Net Income (Loss) - GAAP	\$12-\$16	(\$6)-(\$2)
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- Non GAAP	\$41-\$49	\$36-\$44
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EPS - GAAP	\$0.22-\$0.30	(\$0.10)-
(\$0.03)		
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EPS - Non GAAP	\$0.77-\$0.92	\$0.68-\$0.83
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(1) Note that GAAP reporting of R&D and SG&A include stock based compensation expense

(2) \$21.4 million of in process research and development related to the Curacyte purchase, plus \$4 million to \$5 million of expenses

associated with various company product development efforts

(3) \$5 million related to accelerated European expansion costs, including the formation of a sales force

(4) Effective tax rate not provided as tax benefits associated with losses of international operations may not be recognized

There will be a conference call with management today at 8:30 a.m. Eastern Time to discuss third quarter and first nine months of 2008 financial results 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: 877-719-9795
International Dial In: 719-325-4749

Replay is available from 11:30 a.m. Eastern Time following the conference call through November 5, 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 1432418.

MDCO-F

About The Medicines Company: The Medicines Company (NASDAQ: MDCO - News) 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, and Cleviprex(TM) (clevidipine butyrate) injectable emulsion in the United States for the reduction of blood pressure when oral therapy is not feasible or not desirable. The Company also has an investigational antiplatelet agent, cangrelor, in late-stage development and a serine protease inhibitor, CU-2010, in early-stage development. The Company's website is www.themedicinescompany.com (<http://www.themedicinescompany.com>).

This document is intended to assist listeners of The Medicines Company's quarterly results conference call available via webcast at www.themedicinescompany.com (<http://www.themedicinescompany.com>). In this document and the call, statements about The Medicines Company that are not purely historical, and all other statements that are not purely historical, may be deemed to be forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Without limiting the foregoing, the words "believes," "anticipates" and "expects" and similar expressions, including our 2008 guidance, are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by these forward-looking statements. Important factors that may cause or contribute to such differences include the extent of the commercial success of Angiomax, whether the Company's products will advance in the clinical trials process on a timely basis or at all, whether the Company will make regulatory submissions for product candidates on a timely basis, whether its regulatory submissions will receive approvals from regulatory agencies on a timely basis or at all, whether physicians, patients and other key decision makers will accept clinical trial results, risks associated with the establishment of international operations, and such other factors as are set forth in the risk factors detailed from time to time in the Company's periodic reports and registration statements filed with the Securities and Exchange Commission including, without limitation, the risk factors detailed in the Company's Quarterly Report on Form 10-Q filed on August 11, 2008, which are incorporated herein by reference. The Company specifically disclaims any obligation to update these forward-looking statements.

The Medicines Company
Consolidated Statements of Operations
(unaudited)

(in thousands, except per share data) Three months ended September 30,

	2008	2007
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Net revenue	\$ 88,126	\$
62,191		
Operating expenses:		
Cost of revenue	22,089	

16,157			
	Research and development		44,075
18,741			
	Selling, general and administrative		42,865
55,499			
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	Total operating expenses		109,029
90,397			
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	Loss from operations		(20,903)
(28,206)			
	Other income		1,070
2,664			
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	Loss before income taxes		(19,833)
(25,542)			
	Benefit from income taxes		6,616
1,899			
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	Net loss	\$	(13,217) \$
(23,643)			
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	Basic loss per common share	\$	(0.25) \$
(0.46)			
=====			
	Shares used in computing basic loss per common share		51,941
51,672			
=====			
	Diluted loss per common share	\$	(0.25) \$
(0.46)			
=====			
	Shares used in computing diluted loss per common share		51,941
51,672			
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The Medicines Company
Consolidated Statements of Operations
(unaudited)

(in thousands, except per share data) Nine Months Ended September
30,

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		2008	2007
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	Net revenue	\$	254,285 \$
185,237			

Operating expenses:		
Cost of revenue		63,121
49,031		
Research and development		82,518
53,948		
Selling, general and administrative		117,004
109,457		

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Total operating expenses		262,643
212,436		

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Loss from operations		(8,358)
(27,199)		
Other income		5,256
7,965		

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Loss before income taxes		(3,102)
(19,234)		
Provision for income taxes		(1,205)
(545)		

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Net loss	\$	(4,307) \$
(19,779)		
Basic loss per common share	\$	(0.08) \$
(0.38)		
=====		
Shares used in computing basic loss		
per common share		51,842
51,596		
=====		
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Diluted loss per common share	\$	(0.08) \$
(0.38)		
=====		
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Shares used in computing diluted loss		
per common share		51,842
51,596		
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The Medicines Company
Condensed Consolidated Balance Sheets
(unaudited)

	September 30,	December
	31,	2007
(in thousands)	2008	2007
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ASSETS

Cash, cash equivalents and available for sales securities	\$	205,695 \$
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222,113		
Accrued interest receivable		1,338
1,598		
Accounts receivable, net		42,906
25,584		
Inventory		25,498
35,468		
Prepaid expenses and other current assets		13,352
7,425		
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Total current assets		288,789
292,188		
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Fixed assets, net		6,448
3,245		
Intangible assets, net		16,495
14,929		
Restricted cash		5,000
5,000		
Deferred tax assets		45,264
46,018		
Other assets		5,239
136		
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Total assets	\$	367,235 \$
361,516		

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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities	\$	71,387 \$
83,620		
Stockholders' equity		295,848
277,896		
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Total liabilities and stockholders' equity	\$	367,235 \$
361,516		
=====		
=====		

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

	Three Months Ended September 30,				

	2008				

	GAAP	Non-			
		Cash			
	Reported	Curacyte	SFAS	Taxes	Non-
Adjusted					
	(1)	(2)	123R (3)	(4)	(5)

Net revenue	\$ 88,126	\$ -	\$ -	\$ -
88,126				
Operating expenses:				
Cost of revenue	22,089	-	(221)	-
21,868				
Research and development	44,075	(21,373)	(995)	-
21,707				
Selling, general and administrative	42,865	-	(4,735)	-
38,130				

Total operating expenses	109,029	(21,373)	(5,951)	-
81,705				
(Loss) income from operations	(20,903)	21,373	5,951	-
6,421				
Other income	1,070	-	-	-
1,070				

(Loss) income before income taxes	(19,833)	21,373	5,951	-
7,491				
Benefit (provision) for income taxes	6,616	(8,154)	-	2,499
961				

Net (loss) income	(13,217)	13,219	5,951	2,499
8,452				
Basic (loss) earnings per common share	\$ (0.25)	\$ 0.25	\$ 0.11	\$ 0.05
0.16				
=====				
Shares used in computing basic (loss) earnings per common share	51,941	51,941	51,941	51,941
51,941				
=====				
Diluted (loss) earnings per common share	\$ (0.25)	\$ 0.25	\$ 0.11	\$ 0.05
0.16				
=====				
Shares used in computing diluted (loss) earnings per common share	51,941	51,941	51,941	51,941
51,941				

Nine Months Ended September 30,					
2008					
GAAP	GAAP			Non-	
Adjusted	Reported	Curacyte	SFAS	Cash	Non-
	(1)	(2)	123R (3)	Taxes	(5)
	(1)	(2)	123R (3)	(4)	(5)
Net revenue	\$254,285	\$ -	\$ -	\$ -	-
\$254,285					
Operating expenses:					
Cost of revenue	63,121	-	(577)	-	-
62,544					
Research and development	82,518	(21,373)	(2,867)	-	-
58,278					
Selling, general and administrative	117,004	-	(13,931)	-	-
103,073					
Total operating expenses	262,643	(21,373)	(17,375)	-	-
223,895					
(Loss) income from operations	(8,358)	21,373	17,375	-	-
30,390					
Other income	5,256	-	-	-	-
5,256					
(Loss) income before income taxes	(3,102)	21,373	17,375	-	-
35,646					
(Provision) benefit for income taxes	(1,205)	(8,154)	-	9,101	-
(258)					
Net (loss) income	(4,307)	13,219	17,375	9,101	-

35,388

Basic (loss) earnings per common share	\$ (0.08)	\$ 0.25	\$ 0.34	\$ 0.18	\$
0.68					

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Shares used in computing basic (loss) earnings per common share	51,842	51,842	51,842	51,842
51,842				

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Diluted (loss) earnings per common share	\$ (0.08)	\$ 0.25	\$ 0.34	\$ 0.18	\$
0.68					

=====

Shares used in computing diluted (loss) earnings per common share	51,842	51,842	51,842	51,842
51,842				

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

Source: The Medicines Company