

AngioDynamics Reports Fiscal Fourth Quarter and Full Year 2009 Financial Results

Fourth Quarter Net Sales Increase 13% to \$52.8 Million Fourth Quarter Net Income of \$2.9 Million, or \$0.12 EPS vs \$0.02 EPS a Year Ago Fourth Quarter EPS of \$0.14 Prior to Non-Recurring Costs, vs \$0.19 a Year Ago Prior to Litigation Costs, Reflecting Investments in IRE Technology and Sales and Marketing Fourth Quarter Non GAAP EBITDA of \$0.32 Per Share vs \$0.12 Per Share a Year Ago Company Conference Call Begins Today at 4:30 p.m. Eastern Time

QUEENSBURY, N.Y.--(BUSINESS WIRE)--Jul. 16, 2009-- AngioDynamics, Inc. (NASDAQ: ANGO), a leading provider of innovative medical devices for minimally-invasive treatment of cancer and peripheral vascular disease, today reported financial results for the fiscal fourth quarter and year ended May 31, 2009. Financial results include the acquisition of Diomed assets since June 17, 2008 and the acquisition of FlowMedica assets since January 12, 2009, the dates of acquisition. In addition, the Company announced plans to establish a corporate office near Albany, N.Y.

Net sales in the fourth quarter were \$52.8 million, a 13% increase over the \$46.8 million reported in the fourth quarter a year ago. Gross margin in the fourth quarter was 61.9% compared with 62.7% a year ago, with the decline attributable to product mix. Operating income was \$4.8 million in the fourth quarter compared with \$322,000 a year ago.

Net income in the fourth quarter was \$2.9 million or \$0.12 per share compared with \$519,000, or \$0.02 per share a year ago. 2009 fourth quarter operating results include \$702,000 in certain non-recurring costs, which are primarily attributable to the write-off of facility design and related costs associated with a terminated project to build an office in Queensbury. In the fourth quarter a year ago, the Company recorded a \$6.8 million litigation provision. Excluding the aforementioned two items, fourth quarter net income was \$3.4 million or \$0.14 per share compared with net income of \$4.7 million or \$0.19 per share a year ago. The decline in net income is primarily attributable to increased operating expenses associated with the Company's investments in irreversible electroporation (IRE) technology and sales and marketing programs.

EBITDA (Non GAAP) was \$7.8 million or \$0.32 per share in the fourth quarter and \$2.8 million or \$0.12 per share in the fourth quarter a year ago.

For the fiscal year ended May 31, 2009, net sales of \$195.1 million increased 17% over the \$166.5 million reported for the prior year; gross margin was 61.6% in both years; operating income was \$16.1 million compared with \$16.2 million for the prior year; net income was \$9.9 million or \$0.41 per share, compared with \$10.9 million or \$0.45 per share for the prior year; and EBITDA (Non GAAP) was \$27.9 million or \$1.14 per share, compared with \$25.4 million or \$1.04 per share for the prior year.

AngioDynamics reported cash and investments of \$68.2 million and long-term debt of \$6.8 million at May 31, 2009. The Company generated \$6.9 million in cash flow from operations in the fourth quarter, bringing cash flow from operations for fiscal 2009 to \$19.9 million.

In fiscal 2009, AngioDynamics began operating three business units: Peripheral Vascular, Access and Oncology/Surgery. Peripheral Vascular sales were \$22.5 million in the fourth quarter, an increase of 26% from the fourth quarter a year ago, inclusive of the laser ablation products acquired from Diomed and the Benephit® renal infusion system acquired from FlowMedica. Access sales were \$17.9 million in the quarter, a decrease of 1% from the fourth quarter a year ago, and Oncology/Surgery sales grew 15% to \$12.4 million from the fourth quarter a year ago.

"While we made progress during the fourth quarter, our performance illustrates the investments we are making in IRE and sales

and marketing and the work to be done to restore organic sales growth,” said Jan Keltjens, President and CEO. “Since early March, I’ve spent a great deal of time getting to know our team and evaluating the Company’s strengths and opportunities. We have begun implementing several actions that I believe will improve future operating performance. We have identified the business areas that can drive global growth and are moving forward on streamlining the organization, increasing accountability, focusing R&D efforts and creating a center of expertise for manufacturing and process engineering. As a result, we are making plans to establish an office closer to the Albany area. This new office will allow us to create needed manufacturing and engineering capacity and focus at our Queensbury global supply chain hub. Additionally, it will provide an attractive and more easily accessible location for our marketing and R&D teams, while enhancing our ability to attract key talent to drive our growth.

“We have also decided to accelerate our investments in developing our international business opportunities and we plan to hire a general manager for international commercial operations who will be based in Europe and report to me. We also made good progress with our promising IRE program during the fourth quarter. Our team is currently implementing clinical programs designed to gain specific labeling for the treatment of prostate and pancreatic cancers in the U.S. and generate clinical outcome data for Liver/HCC therapy in international markets,” concluded Mr. Keltjens.

Highlights of the quarter and more recent activities include the following:

- The Company has determined that it will focus on three strategic clinical programs for the NanoKnife™ IRE system. The programs will focus on prostate, pancreatic and HCC/liver cancers. There has been good progress with pre-clinical work supporting FDA Investigational Device Exemptions and the first patient enrollment is expected before the end of calendar year 2009. To date, 66 NanoKnife procedures have been conducted worldwide in seven centers, including the first fully commercial IRE case at Banner Good Samaritan hospital in Phoenix.
- AngioDynamics has released NanoKnife software version 2.0.7. Among other features of the software, version 2.0.7 offers a robust cardiac synchronization algorithm to avoid ventricular arrhythmia during irreversible electroporation near the heart, an occurrence which had been noted in a few early NanoKnife cases but not since this feature was implemented.
- During the past seven weeks, AngioDynamics launched four new products:
 - The Starburst® Xli-enhanced Semi-Flex electrode is the first radiofrequency ablation (RFA) device specifically designed to deliver a 7cm ablation of a tumor in a single placement during CT-aided procedures.
 - The Starburst® XL is an RFA device with a convenient, pre-attached main cable designed to provide reproducible spherical ablations up to 5cm.
 - The DuraMax™ hemodialysis catheter is AngioDynamics’ latest evolution in the Company’s market-leading stepped tip design that improves ease of use, dialysis efficiency and overall patient outcomes.
 - The NeverTouch-FRS (fiber recognition system) makes NeverTouch™ fiber technology compatible with AngioDynamics’ latest Delta Laser system, as well as lasers formerly manufactured by Diomed.
- A Center of Excellence for Process Engineering & Technology has been established at the Company’s Queensbury manufacturing operations. The goal of the Center is to drive stronger product designs plus manufacturing efficiencies resulting in improved supply chain performance including stable product supply and improved gross margins.

Fiscal 2010 Guidance

The Company’s outlook for fiscal 2010 is as follows:

- Net sales in the range of \$209 million to \$215 million, an increase of 7-10% over fiscal 2009 net sales
- Gross margin in the range of 61-62% of net sales
- GAAP operating income in the range of \$18 million to \$20 million, an increase of 12-24%
- EBITDA in the range of \$30 million to \$32 million, an increase of 8-15%
- GAAP EPS in the range of \$0.43 to \$0.47, inclusive of a \$0.24 EPS impact from IRE investments

Conference Call

AngioDynamics management will host a conference call to discuss its fourth quarter results today beginning at 4:30 p.m. Eastern Time. To participate in the live call by telephone, please dial 1 (877) 941-8609 from the U.S. or for international callers, please dial +1 (480) 629-9818.

In addition, individuals can listen to the call on the Internet by visiting the investor relations portion of the AngioDynamics Web site at <http://investor.angiodynamics.com>. To listen to the live call, please go to the Web site 15 minutes prior to its start to register, download and install the necessary audio software.

A replay will be available on the Web site. A telephone replay will be available from 6:30 p.m. Eastern time on July 16, 2009, through 11:59 p.m. Eastern time on July 23, 2009, by dialing 1 (800) 406-7325 (domestic) or +1 (303) 590-3030 (international) and entering the passcode: 4104137#.

Use of Non-GAAP Measures

Management uses non-GAAP measures to establish operational goals, and believes that non-GAAP measures may assist investors in analyzing the underlying trends in AngioDynamics' business over time. Investors should consider these non-GAAP measures in addition to, not as a substitute for or as superior to, financial reporting measures prepared in accordance with GAAP. In this news release, the Company has reported non-GAAP EBITDA, (income before interest, taxes, depreciation and amortization) and non-GAAP EBITDA per share. Management uses these measures in its internal analysis and review of operational performance. Management believes that these measures provide investors with useful information in comparing the Company's performance over different periods. By using these non-GAAP measures, management believes that investors get a better picture of the performance of the Company's underlying business. Management encourages investors to review the Company's financial results prepared in accordance with GAAP to understand the Company's performance taking into account all relevant factors, including those that may only occur from time to time but have a material impact on the Company's financial results. Please see the tables that follow for a reconciliation of Operating Income to non-GAAP measures.

About AngioDynamics

AngioDynamics, Inc. ("AngioDynamics" or the "Company") is a leading provider of innovative medical devices used by interventional radiologists, surgeons and other physicians for the minimally-invasive treatment of cancer and peripheral vascular disease. The Company's diverse product line includes market-leading radiofrequency and irreversible electroporation ablation systems, vascular access products, angiographic products and accessories, dialysis products, angioplasty products, drainage products, thrombolytic products, embolization products and venous products. More information is available at www.angiodynamics.com.

Safe Harbor

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements regarding AngioDynamics' expected future financial position, results of operations, cash flows, business strategy, budgets, projected costs, capital expenditures, products, competitive positions, growth opportunities, plans and objectives of management for future operations, as well as statements that include the words such as "expects," "reaffirms" "intends," "anticipates," "plans," "believes," "seeks," "estimates," or variations of such words and similar expressions, are forward-looking statements. These forward looking statements are not guarantees of future performance and are subject to risks and uncertainties. Investors are cautioned that actual events or results may differ from the Company's expectations. Factors that may affect the actual results achieved by the Company include, without limitation, the ability of the Company to develop its existing and new products, future actions by the FDA or other regulatory agencies, results of pending or future clinical trials, overall economic conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations and competition, the ability of the Company to integrate purchased businesses as well as the risk factors listed from time to time in the SEC filings of AngioDynamics, Inc., including but not limited to its Annual Report on Form 10-K for the year ended May 31, 2008. The Company does not assume any obligation to publicly update or revise any forward-looking statements for any reason.

In the United States, NanoKnife has been cleared by the FDA for use in the surgical ablation of soft tissue. This document may discuss the use of NanoKnife for specific clinical indications for which it is not cleared in the United States at this time.

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share data)

	Three months ended		Twelve months ended	
	May 31,	May 31,	May 31,	May 31,
	2009	2008	2009	2008
	(unaudited)		(unaudited)	
Net sales	\$52,821	\$46,752	\$195,054	\$166,500
Cost of sales	20,128	17,439	74,989	63,913
Gross profit	32,693	29,313	120,065	102,587
% of net sales	61.9%		61.6%	61.6%
		62.7%		
Operating expenses				

Research and development	4,836	4,064	17,914	14,424
Sales and marketing	16,051	12,507	56,785	46,047
General and administrative	4,033	3,820	16,394	15,425
Amortization of intangibles	2,310	1,843	9,126	6,849
Litigation provision	-	6,757	-	3,606
Non-recurring costs	702	-	3,743	-
Total operating expenses	27,932	28,991	103,962	86,351
Operating income	4,761	322	16,103	16,236
Other income (expense), net	(293)	403	(951)	1,092
Income before income taxes	4,468	725	15,152	17,328
Provision for income taxes	1,566	206	5,220	6,439
Net income	\$ 2,902	\$ 519	\$ 9,932	\$ 10,889
Earnings per common share				
Basic	\$ 0.12	\$ 0.02	\$ 0.41	\$ 0.45
Diluted	\$ 0.12	\$ 0.02	\$ 0.41	\$ 0.45
Weighted average common shares				
Basic	24,427	24,199	24,363	24,082
Diluted	24,544	24,394	24,513	24,349

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(in thousands, except per share data)

Reconciliation of Operating Income to non-GAAP EBITDA:

	Three months ended		Twelve months ended	
	May 31,	May 31,	May 31,	May 31,
	2009	2008	2009	2008
	(unaudited)		(unaudited)	
Operating income	\$ 4,761	\$ 322	\$ 16,103	\$ 16,236
Amortization of intangibles	2,310	1,843	9,126	6,849
Depreciation	689	673	2,687	2,328
EBITDA	\$ 7,760	2,838	\$ 27,916	\$ 25,413
		\$		
EBITDA per common share				
Basic	\$ 0.32	\$ 0.12	\$ 1.15	\$ 1.06
Diluted	\$ 0.32	\$ 0.12	\$ 1.14	\$ 1.04
Weighted average common shares				
Basic	24,427	24,199	24,363	24,082
Diluted	24,544	24,394	24,513	24,349

ANGIODYNAMICS, INC. AND SUBSIDIARIES
NET SALES BY BUSINESS UNIT AND BY GEOGRAPHY
(in thousands)

	Three months ended		Twelve months ended	
	May 31,	May 31,	May 31,	May 31,
	2009	2008	2009	2008
	(unaudited)		(unaudited)	

Net Sales by Business Unit

Peripheral Vascular Access	\$ 22,510	\$ 17,793	\$ 83,457	\$ 63,677
Oncology/Surgery	17,881	18,111	66,812	64,433
	12,430	10,848	44,785	38,390
Total	\$ 52,821	\$ 46,752	\$ 195,054	\$ 166,500

Net Sales by Geography

United States	\$ 47,049	\$ 41,950	\$ 173,310	\$ 150,567
International	5,772	4,802	21,744	15,933
Total	\$ 52,821	\$ 46,752	\$ 195,054	\$ 166,500

ANGIODYNAMICS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

May 31,	May 31,
2009	2008
(unaudited)	(2)

Assets

Current Assets

Cash and cash equivalents	\$ 27,909	\$ 32,040
Restricted cash	-	68
Marketable securities	40,278	46,182
Total cash and investments	68,187	78,290
Receivables, net	27,181	26,642
Inventories, net	36,928	22,901
Deferred income taxes	9,337	10,902
Prepaid income taxes	3,694	375
Prepaid expenses and other	3,271	2,772
Total current assets	148,598	141,882
Property, plant and equipment, net	22,183	21,163
Intangible assets, net	67,770	71,311
Goodwill	161,974	162,707
Deferred income taxes	4,263	6,860
Other non-current assets	3,915	4,824
Total Assets	\$ 408,703	\$ 408,747
Liabilities and Stockholders' Equity		
Current portion of long-term debt	\$ 265	\$ 10,040
Contractual payments on acquisition of business, net	5,227	9,625
Other current liabilities	24,207	19,537
Litigation provision	-	6,757
Long-term debt, net of current portion	6,810	7,075
Total Liabilities	36,509	53,034
Stockholders' equity	372,194	355,713
Total Liabilities and Stockholders' Equity	\$ 408,703	\$ 408,747
Shares outstanding	24,428	24,268

(2) Derived from audited financial statements

ANGIODYNAMICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

Twelve months ended

May 31, May 31,
2009 2008
(unaudited)

Cash flows from operating activities:

Net income	\$ 9,932		\$ 10,889	
Depreciation and amortization	11,813		9,205	
Tax effect of exercise of stock options	(149)	(390)
Deferred income taxes	4,268		5,483	
	5,793		4,902	
Stock-based compensation				
Other	1,754		737	
Changes in operating assets and liabilities				
Receivables	401		(6,134)
Inventories	(10,635)	4,172	
Accounts payable and accrued liabilities	5,566		2,340	
Litigation provision	(6,757)	3,967	
Other	(2,044)	(9,264)
Net cash provided by operating activities	19,942		25,907	

Cash flows from investing activities:

Additions to property, plant and equipment	(4,361)	(6,711)
Acquisition of intangible assets and businesses	(17,078)	(18,694)
Change in restricted cash	68		1,718	
Purchases, sales and maturities of marketable securities, net			(2,507)
	5,672			

Net cash used in investing activities	(15,699)	(26,194)
Cash flows from financing activities:		
Repayment of long-term debt	(10,040)	(315)
Proceeds from exercise of stock options and ESPP	1,774	4,238
Tax effect of exercise of stock options and issuance of performance shares	-	91
Net cash (used in) provided by financing activities	(8,266)	4,014
Effect of exchange rate changes on cash	(108)	-
(Decrease) Increase in cash and cash equivalents	(4,131)	3,727

Cash and cash equivalents

Beginning of period	32,040	28,313
End of period	\$ 27,909	\$ 32,040

Source: AngioDynamics, Inc.

AngioDynamics, Inc.

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