

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 4, 2018**

AngioDynamics, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-50761
(Commission File
Number)

11-3146460
(IRS Employer
Identification No.)

14 Plaza Drive Latham, New York **12110**
(Address of Principal Executive Offices) (Zip Code)

(518) 795-1400

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2 (b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4 (c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 – Regulation FD Disclosure.

Presentation slides discussing AngioDynamics, Inc. (“AngioDynamics”) and its fiscal second quarter ended November 30, 2017 are being furnished herewith as Exhibit 99.1. The slides are being furnished pursuant to Item 7.01 and the information contained therein shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section. Furthermore, the information in Exhibit 99.1 shall not be deemed to be incorporated by reference into the filings of AngioDynamics under the Securities Act of 1933, as amended.

Item 9.01 – Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Presentation dated January 4, 2018. |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ANGIODYNAMICS, INC.
(Registrant)

Date: January 4, 2018

By: /s/ Stephen A. Trowbridge
Stephen A. Trowbridge
Senior Vice President and General Counsel

AngioDynamics

Second Quarter 2018 Earnings Presentation
January 4th, 2018



Forward-Looking Statement

Notice Regarding Forward-Looking Statements

This presentation 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," "optimistic," 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 AngioDynamics' expectations. Factors that may affect the actual results achieved by AngioDynamics include, without limitation, the ability of AngioDynamics to develop its existing and new products, technological advances and patents attained by competitors, infringement of AngioDynamics' technology or assertions that AngioDynamics' technology infringes the technology of third parties, the ability of AngioDynamics to effectively compete against competitors that have substantially greater resources, future actions by the FDA or other regulatory agencies, domestic and foreign health care reforms and government regulations, results of pending or future clinical trials, overall economic conditions, the results of on-going litigation, challenges with respect to third-party distributors or joint venture partners or collaborators, the results of sales efforts, the effects of product recalls and product liability claims, changes in key personnel, the ability of AngioDynamics to execute on strategic initiatives, the effects of economic, credit and capital market conditions, general market conditions, market acceptance, foreign currency exchange rate fluctuations, the effects on pricing from group purchasing organizations and competition, the ability of AngioDynamics to integrate purchased businesses, as well as the risk factors listed from time to time in AngioDynamics' SEC filings, including but not limited to its Annual Report on Form 10-K for the year ended May 31, 2017. AngioDynamics does not assume any obligation to publicly update or revise any forward-looking statements for any reason.

In the United States, the NanoKnife System has received a 510(k) clearance by the Food and Drug Administration for use in the surgical ablation of soft tissue, and is similarly approved for commercialization in Canada, the European Union and Australia. The NanoKnife System has not been cleared for the treatment or therapy of a specific disease or condition.

Notice Regarding Non-GAAP Financial 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, AngioDynamics has reported net sales excluding a supply agreement; adjusted sales growth; adjusted EBITDAS (income before interest, taxes, depreciation and amortization and stock-based compensation); adjusted gross profit; and adjusted earnings 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 AngioDynamics' performance over different periods. By using these non-GAAP measures, management believes that investors get a better picture of the performance of AngioDynamics' underlying business. Management encourages investors to review AngioDynamics' financial results prepared in accordance with GAAP to understand AngioDynamics' performance taking into account all relevant factors, including those that may only occur from time to time but have a material impact on AngioDynamics' financial results. Please see the tables that follow for a reconciliation of non-GAAP measures to measures prepared in accordance with GAAP.

Q2 FY2018 Highlights

Financial Performance

- Revenue of \$86.7 million, down 2.6% year-over-year (Excluding impact of Cook Recall: Revenue down 1% year-over-year)
- Adjusted EPS of \$0.16, compared to \$0.19 in Q2 FY17
- Adjusted EBITDAS of \$13.3 million, compared to \$15.2 million a year ago
- Generated operating cash flow of \$10.2 million and free cash flow of \$9.4 million
- Company reduced full-year revenue guidance to \$345 – \$350 million from \$352 – \$359 million and Free Cash Flow guidance to \$30-\$35 million from \$35+ million
- Reconfirmed Adjusted EPS guidance of \$0.64 - \$0.68, excluding any positive impact from the Tax Reform Act

Peripheral Vascular

Strength in fluid management and thrombus management portfolios

Vascular Access

Continued growth in BioFlo product family

Oncology/Surgery

Launch of Solero well received by market

Corporate Developments

- Continued execution on operational efficiencies across the business
- Launch of Solero, first product from revised Product Development Process, showed early marketplace acceptance
- Tax reform will have positive impact on Adjusted EPS calculations due to statutory rate change from 35% to 21% (impact not included in Adjusted EPS guidance)

Second Quarter 2018 Results

| <i>\$ in millions (except per share)</i> | FY2018 Q2 Results | FY2017 Q2 Results | Change |
|--|----------------------|----------------------|-------------|
| Revenue | \$86.7 | \$89.0 | (3)% |
| - Peripheral Vascular | 51.4 | 53.7 | (4)% |
| - Vascular Access | 22.6 | 23.6 | (4)% |
| - Oncology/Surgery | 12.8 | 11.8 | 8% |
| - United States | 68.3 | 71.4 | (4)% |
| - International | 18.4 | 17.6 | 5% |
| Net Income | \$0.3 | \$13.7 | |
| Adjusted Net Income | \$5.8 | \$6.9 | |
| GAAP Earnings Per Share | \$0.01 | \$0.37 | |
| Non-GAAP Adjusted EPS† | \$0.16 | \$0.19 | |
| Gross Margin | 49.3%* | 50.6% | |
| Adjusted EBITDAS† | \$13.3 | \$15.2 | |
| Free Cash Flow | \$9.4 | \$13.6 | |
| Cash and Cash Equivalents | \$49.9 | \$35.7 | |
| Debt | \$95.0 | \$116.5 | |

* Adjusted gross margin in the quarter was 51.2% when excluding the impact of a \$1.7 million inventory write-off related to Company's RF ablation product Volta, which was previously sold in Japan

Revised FY2018 Guidance

| | <u>Previous Guidance</u> | <u>Revised Guidance</u> |
|-------------------|--------------------------|-------------------------|
| Revenue | \$352-\$359m | \$345-\$350m |
| Adjusted EPS * | \$0.64-\$0.68 | \$0.64-\$0.68 |
| Free Cash Flow ** | \$35m+ | \$30m-\$35m |

* Excludes positive impact of statutory tax rate change from 35% to 21%.

** Excludes the potential cash payment related to the DOJ legal matters disclosed previously.

FOCUS | EXECUTION | ACCOUNTABILITY

GAAP to Non-GAAP Reconciliation

Reconciliation of GAAP to Non-GAAP Gross Profit, Net Income and EPS

Reconciliation of Gross Profit to non-GAAP Adjusted Gross Profit

| | Three months ended | | Six months ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | November 30, 2017 | November 30, 2016 | November 30, 2017 | November 30, 2016 |
| | (unaudited) | | (unaudited) | |
| Gross profit | \$ 42,731 | \$ 45,010 | \$ 83,960 | \$ 90,042 |
| Inventory charge included in cost of sales | - | 202 | - | 201 |
| Adjusted gross profit | \$ 42,731 | \$ 45,212 | \$ 83,960 | \$ 90,243 |
| Adjusted gross profit % of sales | 49.3% | 50.8% | 48.8% | 50.9% |

Reconciliation of Net Income to non-GAAP Adjusted Net Income:

| | Three months ended | | Six months ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | November 30, 2017 | November 30, 2016 | November 30, 2017 | November 30, 2016 |
| | (unaudited) | | (unaudited) | |
| Net income (loss) | \$ 249 | \$ 13,734 | \$ 214 | \$ 15,034 |
| Inventory charge included in cost of sales | - | 202 | - | 201 |
| Amortization of intangibles | 4,146 | 4,291 | 8,242 | 8,526 |
| Change in fair value of contingent consideration | 82 | (15,951) | 187 | (15,508) |
| Acquisition, restructuring and other items, net (1) | 4,766 | 7,861 | 7,755 | 10,278 |
| Tax effect of non-GAAP items (2) | (3,434) | (3,213) | (5,997) | (5,209) |
| Adjusted net income | \$ 5,809 | \$ 6,924 | \$ 10,401 | \$ 13,322 |

Reconciliation of Diluted Earnings Per Share to non-GAAP Adjusted Diluted Earnings Per Share:

| | Three months ended | | Six months ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | November 30, 2017 | November 30, 2016 | November 30, 2017 | November 30, 2016 |
| | (unaudited) | | (unaudited) | |
| Diluted earnings (loss) per share | \$ 0.01 | \$ 0.37 | \$ 0.01 | \$ 0.41 |
| Inventory charge included in cost of sales | - | 0.01 | - | 0.01 |
| Amortization of intangibles | 0.11 | 0.12 | 0.22 | 0.23 |
| Change in fair value of contingent consideration | 0.00 | (0.43) | 0.01 | (0.42) |
| Acquisition, restructuring and other items, net (1) | 0.13 | 0.21 | 0.21 | 0.27 |
| Tax effect of non-GAAP items (2) | (0.09) | (0.09) | (0.17) | (0.14) |
| Adjusted diluted earnings per share | \$ 0.16 | \$ 0.19 | \$ 0.28 | \$ 0.36 |

Adjusted diluted sharecount 37,383 37,146 37,322 37,000

(1) Includes costs related to mergers and acquisition activities, integrations, restructurings, asset impairments and write-offs, litigation, and other items.
 (2) Represents the net tax effect of non-GAAP adjustments. Based on our historical non-GAAP earnings, our tax effect of non-GAAP items has been calculated assuming no valuation allowance on our deferred tax assets and an effective tax rate of 30%.

Reconciliation of Net Income to EBITDAS to Adjusted EBITDAS

Reconciliation of Net Income to EBITDAS and Adjusted EBITDAS:

| | Three months ended | | Six months ended | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | November 30, 2017 (unaudited) | November 30, 2016 (unaudited) | November 30, 2017 (unaudited) | November 30, 2016 (unaudited) |
| Net income (loss) | \$ 249 | \$ 13,734 | \$ 214 | \$ 15,034 |
| Income tax expense | (166) | 681 | (147) | 2,284 |
| Interest expense, net | 760 | 810 | 1,483 | 1,529 |
| Depreciation and amortization | 5,884 | 6,133 | 11,677 | 12,286 |
| Stock-based compensation | 1,966 | 1,701 | 3,763 | 3,385 |
| EBITDAS | <u>\$ 8,693</u> | <u>\$ 23,059</u> | <u>16,990</u> | <u>34,518</u> |
| Inventory charge included in cost of sales | - | 202 | - | 201 |
| Change in fair value of contingent consideration | 82 | (15,951) | 187 | (15,508) |
| Acquisition, restructuring and other items, net (1,2) | 4,560 | 7,861 | 7,441 | 10,278 |
| Adjusted EBITDAS | <u>\$ 13,335</u> | <u>\$ 15,171</u> | <u>\$ 24,618</u> | <u>\$ 29,489</u> |
| Per diluted share: | | | | |
| EBITDAS | \$ 0.23 | \$ 0.62 | \$ 0.46 | \$ 0.93 |
| Adjusted EBITDAS | \$ 0.36 | \$ 0.41 | \$ 0.66 | \$ 0.80 |

- (1) Includes costs related to mergers and acquisition activities, integrations, restructurings, asset impairments and write-offs, litigation, and other items.
(2) Excludes depreciation expense captured in the depreciation and amortization component of the reconciliation.

Growth *through*
Focus | Execution | Accountability