
**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): October 30, 2019

CRYOLIFE, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or Other Jurisdiction
of Incorporation)

1-13165
(Commission File Number)

59-2417093
(IRS Employer
Identification No.)

1655 Roberts Boulevard, N.W., Kennesaw, Georgia 30144
(Address of principal executive office) (zip code)

Registrant's telephone number, including area code: (770) 419-3355

(Former name or former address, if changed since last report)

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|--------------------------|--|
| Common Stock, \$0.01 par value | CRY | NYSE |

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 (see General Instruction A.2. below):

- 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.

Section 2 Financial Information

Item 2.02 Results of Operations and Financial Condition.

On October 30, 2019, CryoLife, Inc. (“CryoLife” or the “Company”) issued a press release announcing its financial results for the quarter ended September 30, 2019. CryoLife hereby incorporates by reference herein the information set forth in its press release dated October 30, 2019, a copy of which is attached hereto as Exhibit 99.1. Except as otherwise provided in the press release, the press release speaks only as of the date of such press release and it shall not create any implication that the affairs of CryoLife have continued unchanged since such date.

The information provided pursuant to this Item 2.02 is to be considered “furnished” pursuant to Item 2.02 of Form 8-K and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended, nor shall it be deemed incorporated by reference into any of CryoLife’s reports or filings with the Securities and Exchange Commission, whether made before or after the date hereof, except as expressly set forth by specific reference in such report or filing.

Except for the historical information contained in this report, the statements made by CryoLife are forward-looking statements that involve risks and uncertainties. All such statements are subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. CryoLife’s future financial performance could differ significantly from the expectations of management and from results expressed or implied in the press release. Please refer to the last paragraph of the text portion of the press release for further discussion about forward-looking statements. For further information on risk factors, please refer to “Risk Factors” contained in CryoLife’s most recently filed Form 10-K and its subsequent filings with the Securities and Exchange Commission, as well as in the press release attached as Exhibit 99.1 hereto. CryoLife disclaims any obligation or duty to update or modify these forward-looking statements.

Section 9 Financial Statements and Exhibits.

Item 9.01(d) Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|------------------------|--------------------------------------|
| 99.1 * | Press Release dated October 30, 2019 |

*This exhibit is furnished, not filed.

SIGNATURES

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

Date: October 30, 2019

CRYOLIFE, INC.

By: /s/ D. Ashley Lee
Name: D. Ashley Lee
Title: Executive Vice President, Chief
Operating Officer and Chief
Financial Officer

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**FOR IMMEDIATE RELEASE****Contacts:**

CryoLife
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Operating Officer
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Greg Chodaczek / Lynn Lewis
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CryoLife Reports Third Quarter 2019 Financial Results**Third Quarter and Recent Business Highlights:**

- Total revenues were \$67.9 million in the third quarter of 2019, reflecting year over year growth of 5% and a 6% increase on a non-GAAP constant currency basis, both compared to the third quarter of 2018
 - On-X[®] revenues increased 12%, and 12% on a non-GAAP constant currency basis, both compared to the third quarter of 2018
 - JOTEC[®] revenues increased 5%, and 9% on a non-GAAP constant currency basis, both compared to the third quarter of 2018
- Net loss was (\$134,000), or \$0.00 per fully diluted common share; non-GAAP net income was \$2.2 million, or \$0.06 per fully diluted common share

ATLANTA, GA – (October 30, 2019) – CryoLife, Inc. (NYSE: CRY), a leading cardiac and vascular surgery company focused on aortic disease, announced today its financial results for the third quarter ended September 30, 2019.

“Our third quarter results were in line with our expectations, and through the first three quarters of 2019 we have delivered constant currency growth of 8% relative to the same period last year,” said Pat Mackin, Chairman, President, and Chief Executive Officer. “The anticipated effects from continued currency headwinds and temporary issues with TMR handpiece supply in the US are causing us to lower our full year top line guidance. We believe the upcoming launch of three next-generation JOTEC products in the EU combined with the recent addition of NEXUS, manufacturing improvements at JOTEC, and the anticipated commencement of the PROACT Xa trial position us well for 2020 and beyond.”

Third Quarter 2019 Financial Results

Total revenues for the third quarter of 2019 were \$67.9 million, reflecting growth of 5%, and 6% on a non-GAAP constant currency basis, both compared to the third quarter of 2018. The increase was driven by revenue growth from On-X, JOTEC, and tissue processing.

Net loss for the third quarter of 2019 was (\$134,000), or \$0.00 per fully diluted common share, compared to a net income of \$1.6 million, or \$0.04 per fully diluted common share for the third quarter of 2018. Net loss for the third quarter of 2019 includes \$1.2 million in business development expenses. Non-GAAP net income for the third quarter of 2019 was \$2.2 million, or \$0.06 per fully diluted common share, compared to non-GAAP net income of \$3.1 million, or \$0.08 per fully diluted common share for the third quarter of 2018.

2019 Financial Outlook

CryoLife expects total revenues for 2019 to be in the range of \$276.5 million to \$278.5 million. This compares to the previous expected range of \$280.0 million to \$284.0 million for the year, with the change due to the effects of foreign currency and a lack of availability of TMR handpieces in the fourth quarter of 2019. Non-GAAP earnings per share are still expected to be between \$0.28 and \$0.32 for the full year.

All numbers are presented on a GAAP basis except where expressly referenced as non-GAAP. The Company does not provide GAAP income per common share on a forward-looking basis because the Company is unable to predict with reasonable certainty business development and acquisition-related expenses, purchase accounting fair value adjustments, and any unusual gains and losses without unreasonable effort. These items are uncertain, depend on various factors, and could be material to results computed in accordance with GAAP.

The Company's financial guidance for 2019 is subject to the risks identified below.

Non-GAAP Financial Measures

This press release contains non-GAAP financial measures. Investors should consider this non-GAAP information in addition to, and not as a substitute for, financial measures prepared in accordance with U.S. GAAP. In addition, this non-GAAP financial information may not be the same as similar measures presented by other companies. The Company's non-GAAP net income and non-GAAP EBITDA results exclude (as applicable) business development and integration expenses, amortization expense, inventory basis step-up expense, loss on foreign currency revaluation, and stock-based compensation expense. The Company believes that these non-GAAP presentations provide useful information to investors regarding unusual non-operating transactions; the operating expense structure of the Company's existing and recently acquired operations, without regard to its on-going efforts to acquire additional complementary products and businesses and the transaction and integration expenses incurred in connection with recently acquired and divested product lines; and the operating expense structure excluding fluctuations resulting from foreign currency revaluation and stock-based compensation expense. The Company believes it is useful to exclude certain expenses because such amounts in any specific period may not directly correlate to the underlying performance of its business operations or can vary significantly between periods as a result of factors such as acquisitions, or non-cash expense related to amortization of previously acquired tangible and intangible assets. The Company has excluded the impact of changes in currency exchange from certain revenues to evaluate growth rates on a constant currency basis. The Company does, however, expect to incur similar types of expenses and currency exchange impacts in the future, and this non-GAAP financial information should not be viewed as a statement or indication that these types of expenses will not recur.

Webcast and Conference Call Information

The Company will hold a teleconference call and live webcast later today, October 30, 2019 at 5:30 p.m. ET to discuss the results followed by a question and answer session. To listen to the live teleconference, please dial 201-689-8261. A replay of the teleconference will be available through November 6, 2019 and can be accessed by calling (toll free) 877-660-6853 or 201-612-7415. The Conference ID for the replay is 13695440.

The live webcast and replay can be accessed by going to the Investor Relations section of the CryoLife website at www.cryolife.com and selecting the heading Webcasts & Presentations.

About CryoLife, Inc.

Headquartered in suburban Atlanta, Georgia, CryoLife is a leader in the manufacturing, processing, and distribution of medical devices and implantable tissues used in cardiac and vascular surgical procedures focused on aortic repair. CryoLife markets and sells products in more than 100 countries worldwide. For additional information about CryoLife, visit our website, www.cryolife.com.

Forward Looking Statements

Statements made in this press release that look forward in time or that express management's beliefs, expectations, or hopes are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements reflect the views of management at the time such statements are made. These statements include our revenue and non-GAAP earnings per share guidance, and our beliefs that the effects of our TMR handpiece supply in the US are temporary and that the upcoming launch in the EU of three of our next-generation JOTEC products, combined with the recent addition in the EU of NEXUS, manufacturing improvements at JOTEC, and anticipated commencement of the PROACT Xa trial position us well for 2020 and beyond." These forward-looking statements are subject to a number of risks, uncertainties, estimates, and assumptions that may cause actual results to differ materially from current expectations. These risks and uncertainties include the risk factors detailed in our Securities and Exchange Commission filings, including our Form 10-K for year ended December 31, 2018. CryoLife does not undertake to update its forward-looking statements, whether as a result of new information, future events, or otherwise.

CRYOLIFE, INC. AND SUBSIDIARIES
Financial Highlights
(In thousands, except per share data)

| | (Unaudited) Three Months Ended September 30, | | (Unaudited) Nine Months Ended September 30, | |
|---|--|-----------------|---|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | |
| Products | \$ 47,484 | \$ 45,152 | \$ 147,053 | \$ 138,063 |
| Preservation services | 20,397 | 19,446 | 59,472 | 56,979 |
| Total revenues | 67,881 | 64,598 | 206,525 | 195,042 |
| Cost of products and preservation services: | | | | |
| Products | 12,706 | 12,459 | 41,021 | 40,166 |
| Preservation services | 9,953 | 9,425 | 29,043 | 27,083 |
| Total cost of products and preservation services | 22,659 | 21,884 | 70,064 | 67,249 |
| Gross margin | 45,222 | 42,714 | 136,461 | 127,793 |
| Operating expenses: | | | | |
| General, administrative, and marketing | 34,259 | 32,871 | 105,402 | 104,946 |
| Research and development | 6,259 | 5,225 | 17,648 | 16,314 |
| Total operating expenses | 40,518 | 38,096 | 123,050 | 121,260 |
| Operating income | 4,704 | 4,618 | 13,411 | 6,533 |
| Interest expense | 3,555 | 4,104 | 11,260 | 11,863 |
| Interest income | (259) | (52) | (608) | (141) |
| Other expense, net | 2,400 | (1,542) | 2,662 | (257) |
| (Loss) income before income taxes | (992) | 2,108 | 97 | (4,932) |
| Income tax (benefit) expense | (858) | 543 | (2,304) | (2,868) |
| Net (loss) income | \$ (134) | \$ 1,565 | \$ 2,401 | \$ (2,064) |
| (Loss) income per common share: | | | | |
| Basic | \$ 0.00 | \$ 0.04 | \$ 0.06 | \$ (0.06) |
| Diluted | \$ 0.00 | \$ 0.04 | \$ 0.06 | \$ (0.06) |
| Weighted-average common shares outstanding: | | | | |
| Basic | 37,255 | 36,526 | 37,065 | 36,331 |
| Diluted | 37,255 | 37,610 | 37,850 | 36,331 |

CRYOLIFE, INC. AND SUBSIDIARIES
Financial Highlights
(In thousands)

| | (Unaudited) | | (Unaudited) | |
|-------------------------------------|--------------------|------------------|-------------------|-------------------|
| | Three Months Ended | | Nine Months Ended | |
| | September 30, | | September 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| Products: | | | | |
| BioGlue | \$ 15,679 | \$ 15,646 | \$ 50,834 | \$ 48,685 |
| JOTEC | 15,774 | 15,004 | 48,936 | 46,669 |
| On-X | 12,610 | 11,298 | 36,751 | 33,495 |
| CardioGenesis cardiac laser therapy | 1,354 | 1,590 | 4,966 | 4,514 |
| PerClot | 980 | 882 | 2,814 | 2,822 |
| PhotoFix | 1,087 | 732 | 2,752 | 1,878 |
| Total products | 47,484 | 45,152 | 147,053 | 138,063 |
| Preservation services: | | | | |
| Cardiac tissue | 11,304 | 9,502 | 30,734 | 26,660 |
| Vascular tissue | 9,093 | 9,944 | 28,738 | 30,319 |
| Total preservation services | 20,397 | 19,446 | 59,472 | 56,979 |
| Total revenues | \$ 67,881 | \$ 64,598 | \$ 206,525 | \$ 195,042 |
| Revenues: | | | | |
| U.S. | \$ 37,981 | \$ 36,516 | \$ 113,548 | \$ 108,123 |
| International | 29,900 | 28,082 | 92,977 | 86,919 |
| Total revenues | \$ 67,881 | \$ 64,598 | \$ 206,525 | \$ 195,042 |

| | (Unaudited) | |
|---|-----------------------|----------------------|
| | September 30, 2019 | December 31, 2018 |
| Cash, cash equivalents, and restricted securities | \$ 37,177 | \$ 42,236 |
| Total current assets | 181,354 | 179,168 |
| Total assets | 592,602 | 571,091 |
| Total current liabilities | 42,190 | 34,523 |
| Total liabilities | 315,101 | 296,024 |
| Shareholders' equity | 277,501 | 275,067 |

CRYOLIFE, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP
Net (Loss) Income and Diluted (Loss) Income Per Common Share
(In thousands, except per share data)

| | (Unaudited) Three Months Ended September 30, | | (Unaudited) Nine Months Ended September 30, | |
|--|--|-----------------|---|-------------------|
| | 2019 | 2018 | 2019 | 2018 |
| GAAP: | | | | |
| (Loss) income before income taxes | \$ (992) | \$ 2,108 | \$ 97 | \$ (4,932) |
| Income tax (benefit) expense | (858) | 543 | (2,304) | (2,868) |
| Net (loss) income | \$ (134) | \$ 1,565 | \$ 2,401 | \$ (2,064) |
| Diluted (loss) income per common share: | \$ 0.00 | \$ 0.04 | \$ 0.06 | \$ (0.06) |
| Reconciliation of (loss) income before income taxes, GAAP to adjusted net income, non-GAAP | | | | |
| (Loss) income before income taxes, GAAP | \$ (992) | \$ 2,108 | \$ 97 | \$ (4,932) |
| Adjustments: | | | | |
| Business development and integration expenses | 1,250 | 1,917 | 2,562 | 6,933 |
| Amortization expense | 2,660 | 2,707 | 7,796 | 8,195 |
| Gain on On-X escrow settlement | -- | (2,675) | -- | (2,675) |
| Inventory basis step-up expense | -- | 62 | -- | 2,805 |
| Adjusted income before income taxes, non-GAAP | 2,918 | 4,119 | 10,455 | 10,326 |
| Income tax expense calculated at a pro forma tax rate of 25% | 730 | 1,030 | 2,614 | 2,582 |
| Adjusted net income, non-GAAP | \$ 2,188 | \$ 3,089 | \$ 7,841 | \$ 7,744 |
| Reconciliation of diluted (loss) income per common share, GAAP to adjusted diluted income per common share, non-GAAP: | | | | |
| Diluted income (loss) per common share, GAAP: | \$ 0.00 | \$ 0.04 | \$ 0.06 | \$ (0.06) |
| Adjustments: | | | | |
| Business development and integration expenses | 0.03 | 0.05 | 0.06 | 0.19 |
| Amortization expense | 0.07 | 0.08 | 0.20 | 0.22 |
| Gain on On-X escrow settlement | -- | (0.07) | -- | (0.07) |
| Inventory basis step-up expense | -- | -- | -- | 0.07 |
| Tax effect of non-GAAP adjustments | (0.02) | (0.02) | (0.05) | (0.10) |
| Effect of 25% pro forma tax rate | (0.02) | -- | (0.06) | (0.04) |
| Adjusted diluted income per common share, non-GAAP: | \$ 0.06 | \$ 0.08 | \$ 0.21 | \$ 0.21 |
| Diluted weighted-average common shares outstanding | 37,940 | 37,610 | 37,850 | 37,351 |

CRYOLIFE, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP
Revenues
(In thousands, except per share data)

| | (Unaudited) Three Months Ended September 30, | | | (Unaudited) Nine Months Ended September 30, | | |
|---|--|------------------|----------------|---|-------------------|----------------|
| | 2019 | 2018 | Growth Rate | 2019 | 2018 | Growth Rate |
| <i>Reconciliation of total revenues, GAAP to total revenues, non-GAAP:</i> | | | | | | |
| Total revenues, GAAP | \$ 67,881 | \$ 64,598 | 5% | \$ 206,525 | \$ 195,042 | 6% |
| Impact of changes in currency exchange | -- | (701) | | -- | (3,775) | |
| Total constant currency revenues, non-GAAP | \$ 67,881 | \$ 63,897 | 6% | \$ 206,525 | \$ 191,267 | 8% |
| <i>Reconciliation of total On-X revenues, GAAP to total On-X revenues, non-GAAP:</i> | | | | | | |
| Total On-X revenues, GAAP | \$ 12,610 | \$ 11,298 | 12% | \$ 36,751 | \$ 33,495 | 10% |
| Impact of changes in currency exchange | -- | (46) | | -- | (214) | |
| Total constant currency On-X revenues, non-GAAP | \$ 12,610 | \$ 11,252 | 12% | \$ 36,751 | \$ 33,281 | 10% |
| <i>Reconciliation of total JOTEC revenues, GAAP, to total JOTEC revenues, non-GAAP:</i> | | | | | | |
| Total JOTEC revenues, GAAP | \$ 15,774 | \$ 15,004 | 5% | \$ 48,936 | \$ 46,669 | 5% |
| Impact of changes in currency exchange | -- | (496) | | -- | (2,780) | |
| Total constant currency JOTEC revenues, non-GAAP | \$ 15,774 | \$ 14,508 | 9% | \$ 48,936 | \$ 43,889 | 11% |

CRYOLIFE, INC. AND SUBSIDIARIES
Reconciliation of GAAP to Non-GAAP
Adjusted EBITDA
(In thousands, except per share data)

| | (Unaudited) | | (Unaudited) | |
|--|--------------------|------------------|-------------------|------------------|
| | Three Months Ended | | Nine Months Ended | |
| | September 30, | | September 30, | |
| | 2019 | 2018 | 2019 | 2018 |
| <i>Reconciliation of net (loss) income, GAAP to adjusted EBITDA, non-GAAP:</i> | | | | |
| Net (loss) income, GAAP | \$ (134) | \$ 1,565 | \$ 2,401 | \$ (2,064) |
| Adjustments: | | | | |
| Depreciation and amortization expense | 4,526 | 4,530 | 13,257 | 13,636 |
| Income tax (benefit) expense | (858) | 543 | (2,304) | (2,868) |
| Interest income | (259) | (52) | (608) | (141) |
| Interest expense | 3,555 | 4,104 | 11,260 | 11,863 |
| Gain on On-X escrow settlement | -- | (2,675) | -- | (2,675) |
| Inventory basis step-up expense | -- | 62 | -- | 2,805 |
| Business development and integration expenses | 1,250 | 1,917 | 2,562 | 6,933 |
| Loss on foreign currency revaluation | 2,419 | 683 | 2,669 | 2,141 |
| Stock-based compensation expense | 2,462 | 1,565 | 6,581 | 4,685 |
| Adjusted EBITDA, non-GAAP | \$ 12,961 | \$ 12,242 | \$ 35,818 | \$ 34,315 |