



Insulet Reports Fourth Quarter 2018 Revenue of \$164.9 Million, Up 26% Year-Over-Year, and Full Year 2018 Revenue of \$563.8 Million, Up 22%

February 25, 2019

ACTON, Mass.--(BUSINESS WIRE)--Feb. 25, 2019-- Insulet Corporation (NASDAQ: PODD) (Insulet or the Company), the global leader in [tubeless insulin pump](#) technology with its Omnipod[®] Insulin Management System (Omnipod System), today announced financial results for the three months and full year ended December 31, 2018.

Fourth Quarter Financial Highlights:

- Fourth quarter 2018 revenue of \$164.9 million, up 26% compared to \$130.5 million in the prior year, exceeds guidance of \$159 to \$164 million
 - U.S. Omnipod revenue of \$93.2 million, an increase of 22%
 - International Omnipod revenue of \$55.0 million, an increase of 54%
 - Drug Delivery revenue of \$16.7 million, a decrease of 8%
- Gross margin of 66.9%, up 600 basis points
- Operating income of \$16.2 million compared to an operating loss of \$0.8 million in the prior year
- Net income of \$9.9 million, \$0.16 per diluted share, compared to a net loss of \$6.9 million, \$(0.12) per share

Full Year Financial Highlights:

- Full Year 2018 revenue of \$563.8 million, up 22% compared to \$463.8 million in the prior year, exceeds guidance of \$558 to \$563 million
 - U.S. Omnipod revenue of \$323.5 million, an increase of 19%
 - International Omnipod revenue of \$172.0 million, an increase of 43%
 - Drug Delivery revenue of \$68.3 million, a decrease of 5%
- Gross margin of 65.7%, up 590 basis points
- Operating income of \$27.4 million compared to an operating loss of \$7.4 million
- Net income of \$3.3 million, \$0.05 per diluted share, compared to a net loss of \$26.8 million, \$(0.46) per share

Recent Strategic Highlights:

- Achieved full year positive operating income and net income for the first time in Insulet's history
- Executed limited commercial release for Omnipod DASH[™], including securing extensive coverage through the pharmacy channel ahead of full commercial release
- Omnipod DASH became the only [DTSec](#) and [ISO 27001](#) certified insulin pump for cyber and information security and safety
- Omnipod Horizon[™] with personal smartphone control granted designation in the FDA's breakthrough device program
- Substantially completed construction of new Company headquarters and manufacturing facility in Massachusetts

"Insulet had a remarkable 2018, achieving our third consecutive year of over 20% revenue growth, significantly improving gross margin, and achieving profitability for the first year in the Company's history," said Shacey Petrovic, President and Chief Executive Officer. "Our fourth quarter and full year results were driven by strong commercial and operational execution and gives us great momentum, ensuring more people with diabetes can benefit from our life-changing technology."

Ms. Petrovic continued, "Insulet has multiple value creation catalysts ahead and we are well on our way to achieving our 2021 financial targets of \$1 billion in revenue, 70% gross margin and mid-teens operating margin. We have ambitious plans for Insulet and we are confident we will continue our strong growth trajectory and create value for shareholders."

2019 Outlook:

- For the year ending December 31, 2019, the Company expects revenue in the range of \$662 to \$687 million, compared to 2018 revenue of \$563.8 million, representing growth of approximately 17% to 22%
 - U.S. Omnipod revenue of \$373 to \$383 million, an increase of 15% to 18%
 - International Omnipod revenue of \$235 to \$244 million, an increase of 37% to 42%
 - Drug Delivery revenue of \$54 to \$60 million, a decrease of 12% to 21%
- For the quarter ending March 31, 2019, the Company expects revenue in the range of \$152 to \$156 million, compared to first quarter 2018 revenue of \$123.6 million, representing growth of approximately 23% to 27%
 - U.S. Omnipod revenue of \$82 to \$84 million, an increase of 17% to 19%

(Unaudited)**(In thousands, except per share data)**

Revenue	\$ 164,907	\$ 130,524	\$ 563,823	\$ 463,768
Cost of revenue	54,595	51,016	193,655	186,599
Gross profit	110,312	79,508	370,168	277,169
Operating expenses:				
Research and development	28,514	18,782	88,606	74,452
Sales and marketing	39,661	35,329	142,321	121,617
General and administrative	25,904	26,165	111,818	88,487
Total operating expenses	94,079	80,276	342,745	284,556
Operating income (loss)	16,233	(768)	) 27,423	(7,387)
Interest expense and other, net	(5,345)	) (6,153)	) (22,197)	) (19,187)
Income (loss) before income taxes	10,888	(6,921)	) 5,226	(26,574)
Income tax expense (benefit)	995	(61)	) 1,934	257
Net income (loss)	\$ 9,893	\$ (6,860)	) \$ 3,292	\$ (26,831)
Net income (loss) per share:				
Basic	\$ 0.17	\$ (0.12)	) \$ 0.06	\$ (0.46)
Diluted	\$ 0.16	\$ (0.12)	) \$ 0.05	\$ (0.46)
Basic weighted-average number of shares outstanding	59,097	58,236	58,860	58,003
Diluted weighted-average number of shares outstanding	61,077	58,236	61,008	58,003

INSULET CORPORATION**CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(In thousands)****December 31, 2018 December 31, 2017****ASSETS**

Cash, cash equivalents and short-term investments	\$ 288,946	\$ 440,056
Accounts receivable and unbilled receivable	76,672	53,373
Inventories	71,414	33,793
Prepaid expenses and other current assets	24,254	9,949
Total current assets	461,286	537,171
Long-term investments	140,784	125,549
Property and equipment, net	258,379	107,864
Goodwill and intangible assets, net	50,029	44,191
Other assets	18,266	1,969
Total assets	\$ 928,744	\$ 816,744

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable	\$ 25,500	\$ 24,413
Accrued expenses and other current liabilities	90,157	61,612
Total current liabilities	115,657	86,025
Convertible debt, net	591,978	566,173
Other long-term liabilities	9,010	6,030
Total liabilities	716,645	658,228
Stockholders' Equity	212,099	158,516
Total liabilities and stockholders' equity	\$ 928,744	\$ 816,744

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