

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): July 21, 2018



Merit Medical Systems, Inc.

(Exact name of registrant as specified in its charter)

Utah
(State or other jurisdiction of
incorporation or organization)

0-18592
(Commission
File Number)

87-0447695
(I.R.S. Employer
Identification No.)

1600 West Merit Parkway
South Jordan, Utah
(Address of principal executive offices)

84095
(Zip Code)

(801) 253-1600
(Registrant's telephone number, including area code)

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

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 2.02. Results of Operations and Financial Condition.

On July 23, 2018, Merit Medical Systems, Inc. (the "Company") issued a press release announcing its operating and financial results for the quarter ended June 30, 2018 and adjusted revenue, earnings per share and gross margin forecasts for the year ending December 31, 2018. The full text of the Company's press release, including unaudited financial information, is furnished herewith as Exhibit 99.1. The Company's Annual Report on Form 10-K for the year ended December 31, 2017, Quarterly Report for the quarter ended March 31, 2018 and other filings with the Securities and Exchange Commission should also be consulted for other important information about the Company.

The information in this Current Report on Form 8-K (including the exhibits attached hereto) is furnished pursuant to General Instruction B.2. 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 (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing made by the Company under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On July 21, 2018, the Board of Directors of the Company removed the "interim" designation from the title and position of Raul Parra, Jr., and appointed him to serve as Chief Financial Officer of the Company. The biographical and compensation information with respect to Mr. Parra set forth in Item 5.02 of the Current Report on Form 8-K filed by the Company on May 31, 2018 remains unchanged and is incorporated herein by this reference.

Item 7.01. Regulation FD Disclosure.

On July 23, 2018, the Company is scheduled to conduct a conference call for the purpose of discussing its operating and financial results for the quarter ended June 30, 2018 and its adjusted revenue, earnings and margin forecasts for the year ending December 31, 2018. In connection with that call, the Company posted a slide presentation to its website. The presentation discusses the Company's operating and financial results for the quarter ended June 30, 2018, as well as the Company's outlook for its future operations and financial performance. A copy of the presentation is attached herewith as Exhibit 99.2.

The Company is furnishing the information in this Item 7.01 (including Exhibit 99.2 attached hereto) pursuant to Regulation FD promulgated under the Exchange Act. Such information shall not be deemed "filed" for purposes of the Exchange Act or otherwise subject to the liabilities of that section, and is not deemed incorporated by reference into any filing under the Securities Act, except as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
99.1	Press Release, dated July 23, 2018, entitled "Merit Medical Reports Record Revenues for Second Quarter of 2018; Merit Adjusts 2018 Guidance," including unaudited financial information.
99.2	Conference Call Presentation.

SIGNATURES

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

MERIT MEDICAL SYSTEMS, INC.

Date: July 23, 2018

By: /s/ Brian G. Lloyd
Brian G. Lloyd
Chief Legal Officer and Corporate Secretary

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.1	Press Release, dated July 23, 2018, entitled "Merit Medical Reports Record Revenues for Second Quarter of 2018; Merit Adjusts 2018 Guidance" including unaudited financial information.
99.2	Conference Call Presentation.



PRESS RELEASE

1600 West Merit Parkway,
South Jordan, Utah 84095
Telephone +1 801.253.1600
Fax +1 801.253.1688

FOR IMMEDIATE RELEASE

Date: July 23, 2018
Contact: Anne-Marie Wright, Vice President, Corporate Communications
Phone: (801) 208-4167 e-mail: awright@merit.com Fax: (801) 253-1688

**MERIT MEDICAL REPORTS RECORD REVENUES
FOR SECOND QUARTER OF 2018;
MERIT ADJUSTS 2018 GUIDANCE**

- Q2 2018 worldwide revenue of \$224.8 million (\$221.2 million on a comparable, constant currency* basis), up 20.5% as reported (up 18.6% on a comparable, constant currency* basis) over Q2 2017
- Q2 2018 core revenue* up 11.7% over Q2 2017 core revenue* (core revenue* up 9.8% on a comparable, constant currency* basis)
- Q2 2018 GAAP EPS was \$0.21, compared to \$0.19 in Q2 2017; Q2 2018 non-GAAP EPS* was \$0.43, compared to \$0.36 in Q2 2017
- Q2 2018 GAAP gross margin was 44.5%, compared to 45.1% in Q2 2017; Q2 2018 non-GAAP gross margin* was 48.9%, compared to 48.3% for Q2 2017
- Q2 2018 non-GAAP gross margin* was up 140 basis points compared to Q1 2018

** Constant currency revenue, core revenue, core revenue on a constant currency basis, non-GAAP EPS, non-GAAP gross margin and non-GAAP net income (referenced on the following page) are non-GAAP financial measures. A reconciliation of these and other non-GAAP financial measures used in this release to their most directly comparable GAAP financial measures is included under the heading "Non-GAAP Financial Measures" below.*

SOUTH JORDAN, UTAH - Merit Medical Systems, Inc. (NASDAQ: MMSI), a leading manufacturer and marketer of proprietary disposable devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care and endoscopy, today announced revenue of \$224.8 million for the quarter ended June 30, 2018, an increase of 20.5% over revenue of \$186.5 million for the quarter ended June 30, 2017. On a comparable, constant currency basis, revenue for the second quarter of 2018 would have been up 18.6% over revenue for the comparable quarter of 2017.

Merit's GAAP net income for the second quarter of 2018 was \$10.9 million, or \$0.21 per share, compared to \$9.5 million, or \$0.19 per share, for the second quarter of 2017. Merit's non-GAAP net income* for the quarter ended June 30, 2018 was \$22.4 million, or \$0.43 per share, compared to \$18.3 million, or \$0.36 per share, for the quarter ended June 30, 2017.

Merit's revenue by category for the three and six months ended June 30, 2018, compared to the corresponding periods in 2017, was as follows (unaudited, in thousands, except for percentages):

	% Change	Three Months Ended June 30,		% Change	Six Months Ended June 30,	
		2018	2017		2018	2017
Cardiovascular						
Stand-alone devices	30.2%	\$ 92,496	\$ 71,056	30.5%	\$ 175,742	\$ 134,709
Custom kits and procedure trays	6.9%	33,992	31,797	10.9%	67,264	60,672
Inflation devices	16.9%	24,305	20,789	18.9%	46,724	39,296
Catheters	21.4%	39,374	32,429	17.0%	73,239	62,605
Embolization devices	4.7%	12,724	12,158	2.5%	25,310	24,685
CRM/EP	18.0%	13,496	11,434	6.7%	23,962	22,451
Total	20.4%	216,387	179,663	19.7%	412,241	344,418
Endoscopy						
Endoscopy devices	22.3%	8,423	6,886	18.2%	15,603	13,200
Grand Total	20.5%	\$ 224,810	\$ 186,549	19.6%	\$ 427,844	\$ 357,618

Note: Certain revenue categories for 2017 have been adjusted from prior disclosures to reflect changes in product classifications to be consistent with updates in Merit's management of its product portfolios during 2018.

Adjusted 2018 Guidance

Based upon its operating and financial performance during the six months ended June 30, 2018, and its outlook for the balance of the year, Merit has adjusted its guidance for the year ending December 31, 2018 as follows:

<u>Financial Measure</u>	<u>Prior Guidance</u>	<u>Adjusted Guidance</u>
Net Sales	\$838 million - \$851 million	\$870 million - \$880 million
Earnings per Share - GAAP	\$0.77 - \$0.85	\$0.80 - \$0.90
Earnings per Share - Non -GAAP	\$1.57 - \$1.69	\$1.60 - \$1.70
Gross Margin - GAAP	45.6% - 46.5%	45.0% - 45.5%
Gross Margin - Non-GAAP	49.7% - 50.8%	48.9% - 49.4%

Merit's adjusted guidance for the year ending December 31, 2018 set forth above is based on information currently available to Merit's management and does not account for material acquisitions or other non-recurring transactions that may occur after the date of this release. This revised financial guidance is subject to risks and uncertainties, including, but not limited to, potential accounting adjustments attributable to Merit's ongoing valuation of intangibles

and other financial assets acquired from Becton, Dickinson and Company (“BD”), as well as risks and uncertainties identified in Merit’s public filings.

“The company grew substantially in the second quarter, driven primarily by demand for our legacy products, a full quarter of selling products acquired from BD, and continued growth in our international markets,” said Fred P. Lampropoulos, Merit’s Chairman and Chief Executive Officer. “We see additional growth opportunities for the balance of 2018, due primarily to recently-awarded tenders , anticipated releases of new products, commencement of production of the Laurane Medical product line in our Irish facility, our acquisition of product distribution agreements for the DirectACCESS Medical FirstChoice™ Ultra High Pressure PTA Balloon Catheter and the execution of a product distribution agreement for the QXMédical Q50® PLUS Stent Graft Balloon Catheter.”

“Recently, a competitor experienced substantial global shortages due to internal issues, which has resulted in increased demand for our Merit Laureate® Hydrophilic Guide Wires, our offering of microcatheters, including the Merit Maestro®, SwiftNINJA® and the recently introduced Merit Pursue™ Microcatheter, our Impress® Diagnostic Catheters and our vascular sheaths, including the recently introduced Prelude IDEal™ and PreludeEASE™ product offerings,” Lampropoulos said. “Consequently, we are raising our 2018 revenue, GAAP EPS and non-GAAP EPS forecasts from the levels we announced at the outset of the year.”

“We are very pleased with our 140 basis point sequential improvement in non-GAAP gross margin in the second quarter compared to the first quarter,” Lampropoulos said. “There are several demand-based factors, including changes in product mix, increases in revenue in certain markets served by distributors and increases in labor costs and logistical expenses of addressing global supply requirements, which have led us to adjust our 2018 GAAP and non-GAAP gross margin forecasts.”

“In summary, our business is robust, new product introductions continue, and we are successfully meeting customer needs on a global basis,” Lampropoulos said. “We believe these factors will create further opportunities for shareholder value.”

CONFERENCE CALL

Merit will hold its investor conference call (conference ID 9299964) today, Monday, July 23, 2018, at 5:00 p.m. Eastern (4:00 p.m. Central, 3:00 p.m. Mountain, and 2:00 p.m. Pacific). The domestic telephone number is (844) 578-9672 and the international number is (508) 637-5656. A live webcast and slide deck will also be available at merit.com.

CONSOLIDATED BALANCE SHEETS

(In thousands)

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 43,512	\$ 32,336
Trade receivables, net	131,943	105,536
Other receivables	8,490	9,429
Inventories	169,254	155,288
Prepaid expenses and other assets	12,142	9,096
Prepaid income taxes	3,292	3,225
Income tax refund receivables	2,331	1,211
Total current assets	370,964	316,121
Property and equipment, net	311,768	292,820
Intangibles assets, net	300,006	227,324
Goodwill	248,060	238,147
Deferred income tax assets	2,318	2,359
Other assets	58,075	35,040
Total Assets	\$ 1,291,191	\$ 1,111,811
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Trade payables	\$ 50,823	\$ 34,931
Accrued expenses	65,838	58,932
Current portion of long-term debt	21,985	19,459
Income taxes payable	948	2,298
Total current liabilities	139,594	115,620
Long-term debt	391,582	259,013
Deferred income tax liabilities	23,148	23,289
Long-term income taxes payable	4,846	4,846
Liabilities related to unrecognized tax benefits	2,746	2,746
Deferred compensation payable	11,620	11,181
Deferred credits	2,332	2,403
Other long-term obligations	16,069	16,379
Total liabilities	591,937	435,477
Stockholders' Equity		
Common stock	359,570	353,392
Retained earnings	337,618	321,408
Accumulated other comprehensive income	2,066	1,534
Total stockholders' equity	699,254	676,334
Total Liabilities and Stockholders' Equity	\$ 1,291,191	\$ 1,111,811

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in thousands except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2018	2017	2018	2017
NET SALES	\$ 224,810	\$ 186,549	\$ 427,844	\$ 357,618
COST OF SALES	124,801	102,408	239,779	197,535
GROSS PROFIT	100,009	84,141	188,065	160,083
OPERATING EXPENSES				
Selling, general and administrative	69,214	57,409	134,007	115,180
Research and development	15,197	13,313	29,638	25,838
Acquired in-process research and development	306	75	306	75
Contingent consideration expense (benefit)	178	(18)	219	19
Total	84,895	70,779	164,170	141,112
INCOME FROM OPERATIONS	15,114	13,362	23,895	18,971
OTHER INCOME (EXPENSE)				
Interest income	342	89	487	172
Interest expense	(3,338)	(1,639)	(5,736)	(4,345)
Gain on bargain purchase	—	(669)	—	11,574
Other income (expense) - net	(553)	170	(721)	434
Total other income (expense) - net	(3,549)	(2,049)	(5,970)	7,835
INCOME BEFORE INCOME TAXES	11,565	11,313	17,925	26,806
INCOME TAX EXPENSE	624	1,830	1,715	2,520
NET INCOME	<u>\$ 10,941</u>	<u>\$ 9,483</u>	<u>\$ 16,210</u>	<u>\$ 24,286</u>
EARNINGS PER COMMON SHARE:				
Basic	<u>\$ 0.22</u>	<u>\$ 0.19</u>	<u>\$ 0.32</u>	<u>\$ 0.51</u>
Diluted	<u>\$ 0.21</u>	<u>\$ 0.19</u>	<u>\$ 0.31</u>	<u>\$ 0.50</u>
AVERAGE COMMON SHARES:				
Basic	<u>50,473</u>	<u>49,957</u>	<u>50,376</u>	<u>47,406</u>
Diluted	<u>52,154</u>	<u>51,188</u>	<u>52,033</u>	<u>48,516</u>

Non-GAAP Financial Measures

Although Merit's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), Merit's management believes that certain non-GAAP financial measures referred to in this release provide investors with useful information regarding the underlying business trends and performance of Merit's ongoing operations and can be useful for period-over-period comparisons of such operations. Non-GAAP financial measures used in this release include:

- constant currency revenue;
- core revenue;
- core revenue on a constant currency basis;
- non-GAAP gross margin;
- non-GAAP net income; and
- non-GAAP earnings per share.

Merit's management team uses these non-GAAP financial measures to evaluate Merit's profitability and efficiency, to compare operating results to prior periods, to evaluate changes in the operating results of its operating segments, and to measure and allocate financial resources internally. However, Merit's management does not consider such non-GAAP measures in isolation or as an alternative to such measures determined in accordance with GAAP.

Readers should consider non-GAAP measures used in this release in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Merit believes it is useful to exclude such items in the calculation of non-GAAP earnings per share, non-GAAP gross margin and non-GAAP net income (in each case, as further illustrated in the reconciliation table below) because such amounts in any specific period may not directly correlate to the underlying performance of Merit's business operations and can vary significantly between periods as a result of factors such as new acquisitions, non-cash expenses related to amortization of previously acquired tangible and intangible assets, unusual compensation expenses or expenses resulting from non-ordinary course litigation, governmental proceedings or changes in tax regulations. Merit may incur similar types of expenses in the future, and the non-GAAP financial information included in this release should not be viewed as a statement or indication that these types of expenses will not recur. Additionally, the non-GAAP financial measures used in this release may not be comparable with similarly titled measures of other companies. Merit urges investors and potential investors to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate Merit's business or results of operations.

Constant Currency Revenue

Merit's revenue on a constant currency basis is prepared by translating the current-period reported revenue of subsidiaries whose functional currency is other than the U.S. dollar at the applicable foreign exchange rates in effect

during the comparable prior-year period. The constant currency revenue adjustments of \$(3.6) million and \$(8.8) million for the three and six-month periods ended June 30, 2018, respectively, were calculated using the applicable average foreign exchange rates for the three and six-month periods ended June 30, 2017, respectively.

Core Revenue and Core Revenue on a Constant Currency Basis

Merit's core revenue is defined (a) with respect to prior fiscal year periods, as GAAP revenue, and (b) with respect to current fiscal year periods, as GAAP revenue, less revenue from certain acquisitions and strategic transactions. For the three and six-month periods ended June 30, 2018, Merit's core revenue excludes revenues from (i) the acquisition of (1) the assets of Catheter Connections, Inc. in January 2017 (excluded January 2018 only), (2) the critical care division of Argon Medical Devices, Inc. in January 2017 (excluded January 2018 only), (3) Osseon LLC in July 2017, (4) Laurane Medical S.A.S. in August 2017, (5) ITL Healthcare Pty. Ltd. in October 2017, and (6) certain divested assets of Becton, Dickinson and Company in February 2018, and (ii) a distribution arrangement with NinePoint Medical, Inc. in April 2018. Core revenue on a constant currency basis is defined as core revenue (as described in the first sentence of this paragraph) plus the foreign exchange impact related to those core sales, using the applicable foreign exchange rates in effect for the comparable prior-year periods presented.

Non-GAAP Gross Margin

Non-GAAP gross margin is calculated by reducing GAAP cost of sales by amounts recorded for amortization of intangible assets and inventory mark-up related to acquisitions.

Non-GAAP Net Income

Non-GAAP net income is calculated by adjusting GAAP net income for certain items which are deemed by Merit's management to be outside of core operations and vary in amount and frequency among periods, such as expenses related to new acquisitions, non-cash expenses related to amortization of previously acquired tangible and intangible assets, unusual compensation expenses or expenses resulting from non-ordinary course litigation, governmental proceedings or changes in tax regulations, as well as other items set forth in the table below.

Non-GAAP EPS

Non-GAAP EPS is defined as non-GAAP net income divided by the diluted shares outstanding for the corresponding period.

Other Non-GAAP Financial Measure Reconciliation

The following table sets forth supplemental financial data and corresponding reconciliations of non-GAAP net income and non-GAAP earnings per share to Merit's net income and earnings per share prepared in accordance with GAAP for the three and six-month periods ended June 30, 2018 and 2017. The non-GAAP income adjustments referenced in the following table do not reflect stock-based compensation expense of approximately \$1.6 million and \$1.1 million

for the three-month periods ended June 30, 2018 and 2017, respectively, and approximately \$2.8 million and \$1.7 million for the six-month periods ended June 30, 2018 and 2017, respectively.

Reconciliation of GAAP Net Income to Non-GAAP Net Income

(Unaudited, in thousands except per share amounts)

	Three Months Ended			
	June 30, 2018			
	Pre-Tax	Tax Impact (a)	After-Tax	Per Share Impact
GAAP net income	\$ 11,565	\$ (624)	\$ 10,941	\$ 0.21
<i>Non-GAAP adjustments:</i>				
Cost of Sales				
Amortization of intangibles	7,937	(2,061)	5,876	0.12
Inventory mark-up related to acquisitions	1,888	(485)	1,403	0.03
Operating Expenses				
Severance	163	(38)	125	0.00
Acquisition-related (b)	620	(159)	461	0.01
Fair value adjustment to contingent consideration (c)	178	(46)	132	0.00
Long-term asset impairment charge (d)	29	(7)	22	0.00
Acquired in-process research and development	306	(79)	227	0.00
Amortization of intangibles	2,466	(655)	1,811	0.03
Special legal expense (e)	1,646	(423)	1,223	0.02
Other (Income) Expense				
Amortization of long-term debt issuance costs	201	(52)	149	0.00
Non-GAAP net income	\$ 26,999	\$ (4,629)	\$ 22,370	\$ 0.43
Diluted shares				52,154

	Three Months Ended			
	June 30, 2017			
	Pre-Tax	Tax Impact (a)	After-Tax	Per Share Impact
GAAP net income	\$ 11,313	\$ (1,830)	\$ 9,483	\$ 0.19
<i>Non-GAAP adjustments:</i>				
Cost of Sales				
Amortization of intangibles	4,917	(1,840)	3,077	0.06
Inventory mark-up related to acquisitions	985	(383)	602	0.01
Operating Expenses				
Severance	128	(50)	78	0.00
Acquisition-related (b)	1,736	(552)	1,184	0.02
Fair value adjustment to contingent consideration (c)	(18)	7	(11)	0.00
Long-term asset impairment charge (d)	2	(1)	1	0.00
Acquired in-process research and development	75	(29)	46	0.00
Amortization of intangibles	1,329	(512)	817	0.02
Special legal expense (e)	3,657	(1,422)	2,235	0.04
Other (Income) Expense				
Gain on bargain purchase (f)	669	—	669	0.01
Amortization of long-term debt issuance costs	171	(67)	104	0.00
Non-GAAP net income	\$ 24,964	\$ (6,679)	\$ 18,285	\$ 0.36
Diluted shares				51,188

Reconciliation of GAAP Net Income to Non-GAAP Net Income

(Unaudited, in thousands except per share amounts)

	Six Months Ended			
	June 30, 2018			
	Pre-Tax	Tax Impact (a)	After-Tax	Per Share Impact
GAAP net income	\$ 17,925	\$ (1,715)	\$ 16,210	\$ 0.31
<i>Non-GAAP adjustments:</i>				
Cost of Sales				
Amortization of intangibles	14,400	(3,670)	10,730	0.21
Inventory mark-up related to acquisitions	3,761	(967)	2,794	0.05
Operating expenses				
Severance	162	(38)	124	0.00
Acquisition-related (b)	2,590	(666)	1,924	0.04
Fair value adjustment to contingent consideration (c)	219	(56)	163	0.00
Long-term asset impairment charge (d)	86	(22)	64	0.00
Acquired in-process research and development	306	(79)	227	0.00

Amortization of intangibles	4,465	(1,187)	3,278	0.06
Special legal expense (e)	3,337	(858)	2,479	0.05
Other (Income) Expense				
Amortization of long-term debt issuance costs	402	(103)	299	0.01
<hr/>				
Non-GAAP net income	\$ 47,653	\$ (9,361)	\$ 38,292	\$ 0.74
<hr/>				
Diluted shares				52,033

	Six Months Ended			
	June 30, 2017			
	Pre-Tax	Tax Impact (a)	After-Tax	Per Share Impact
GAAP net income	\$ 26,806	\$ (2,520)	\$ 24,286	\$ 0.50
Non-GAAP adjustments:				
Cost of Sales				
Amortization of intangibles	9,743	(3,646)	6,097	0.13
Inventory mark-up related to acquisitions	2,878	(1,120)	1,758	0.04
Operating Expenses				
Severance	1,344	(523)	821	0.02
Acquisition-related (b)	3,288	(834)	2,454	0.05
Fair value adjustment to contingent consideration (c)	19	(7)	12	0.00
Long-term asset impairment charge (d)	19	(7)	12	0.00
Acquired in-process research and development	75	(29)	46	0.00
Amortization of intangibles	2,672	(1,031)	1,641	0.03
Special legal expense (e)	8,497	(3,305)	5,192	0.11
Other (Income) Expense				
Gain on bargain purchase (f)	(11,574)	—	(11,574)	(0.24)
Amortization of long-term debt issuance costs	343	(133)	210	0.00
<hr/>				
Non-GAAP net income	\$ 44,110	\$ (13,155)	\$ 30,955	\$ 0.64
<hr/>				
Diluted shares				48,516

(a) Reflects the tax effect associated with pre-tax income and the non-GAAP adjustments.

(b) Represents transaction costs related to acquisitions.

(c) Represents changes in the fair value of contingent consideration liabilities and contingent receivables as a result of acquisitions.

(d) Represents abandoned patents.

(e) Costs incurred in responding to an inquiry from the U.S. Department of Justice.

(f) Represents the gain on bargain purchase realized from the acquisition of the critical care division of Argon Medical Devices, Inc.

Reconciliation of Reported Revenue to Core Revenue (Non-GAAP), Constant Currency Revenue (Non-GAAP), and Core Revenue on a Constant Currency Basis (Non-GAAP)

(Unaudited; in thousands, except percentages)

	% Change	Three Months Ended		% Change	Six Months Ended	
		June 30,			June 30,	
		2018	2017		2018	2017
Reported Revenue	20.5%	\$ 224,810	\$ 186,549	19.6%	\$ 427,844	\$ 357,618
Add: Impact of foreign exchange (a)		(3,645)	—		(8,798)	—
Constant Currency Revenue	18.6%	\$ 221,165	\$ 186,549	17.2%	\$ 419,046	\$ 357,618
	% Change	Three Months Ended		% Change	Six Months Ended	
		June 30,			June 30,	
		2018	2017		2018	2017
Reported Revenue	20.5%	\$ 224,810	\$ 186,549	19.6%	\$ 427,844	\$ 357,618
Less: Revenue from certain acquisitions (b)		(16,364)	—		(30,998)	—
Core Revenue	11.7%	\$ 208,446	\$ 186,549	11.0%	\$ 396,846	\$ 357,618
Add: Impact of foreign exchange on core revenue (a)		(3,645)	—		(8,798)	—
Core Revenue on a Constant Currency Basis	9.8%	\$ 204,801	\$ 186,549	8.5%	\$ 388,048	\$ 357,618

(a) The constant currency revenue adjustments of \$(3.6) million and \$(8.8) million to reported revenue and to core revenue, for the three and six months ended June 30, 2018, respectively, were calculated using the applicable average foreign exchange rates for the three and six months ended June 30, 2017, respectively.

(b) Merit's core revenue is defined (a) with respect to prior fiscal year periods, as GAAP revenue, and (b) with respect to current fiscal year periods, as GAAP revenue, less revenue from certain acquisitions and strategic transactions. For the three and six-month periods ended June 30, 2018, Merit's core revenue excludes revenues from (i) the acquisitions of (1) the assets of Catheter Connections, Inc. in January 2017 (excluded January 2018 only), (2) the critical care division of Argon Medical Devices, Inc. in January 2017 (excluded January 2018 only), (3) Osseon LLC in July 2017, (4) Laurane Medical S.A.S. in August 2017, (5) ITL Healthcare Pty. Ltd. in October 2017, and (6) certain divested assets of Becton, Dickinson and Company in February 2018, and (ii) the distribution arrangement with NinePoint Medical, Inc. in April 2018.

Reconciliation of Reported Gross Margin to Non-GAAP Gross Margin (Non-GAAP)

(Unaudited, as a percentage of reported revenue)

	Three months ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Reported Gross Margin	44.5%	45.1%	44.0%	44.8%
Add back impact of:				
Amortization of intangibles	3.5%	2.7%	3.3%	2.7%
Inventory mark-up related to acquisitions	0.9%	0.5%	0.9%	0.8%
Non-GAAP Gross Margin	48.9%	48.3%	48.2%	48.3%

ABOUT MERIT

Founded in 1987, Merit Medical Systems, Inc. is engaged in the development, manufacture and distribution of proprietary disposable medical devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care and endoscopy. Merit serves client hospitals worldwide with a domestic and international sales force and clinical support team totaling in excess of 300 individuals. Merit employs approximately 5,400 people worldwide with facilities in South Jordan, Utah; Pearland, Texas; Richmond, Virginia; Malvern, Pennsylvania; Rockland, Massachusetts; San Jose, California; Maastricht and Venlo, The Netherlands; Paris, France; Galway, Ireland; Beijing, China; Tijuana, Mexico; Joinville, Brazil; Markham, Ontario, Canada; Melbourne, Australia; Tokyo, Japan; and Singapore.

FORWARD-LOOKING STATEMENTS

Statements contained in this release which are not purely historical, including, without limitation, statements regarding Merit's forecasted plans, revenues, net income, financial results or anticipated or completed acquisitions, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to risks and uncertainties such as those described in Merit's Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent filings with the Securities and Exchange Commission. Such risks and uncertainties include risks relating to Merit's potential inability to successfully manage growth through acquisitions, including the inability to commercialize technology acquired through completed, proposed or future transactions; expenditures relating to research, development, testing and regulatory approval or clearance of Merit's products and risks that such products may not be developed successfully or approved for commercial use; governmental scrutiny and regulation of the medical device industry, including governmental inquiries, investigations and proceedings involving Merit; restrictions on Merit's liquidity or business operations resulting from its debt agreements; infringement of Merit's technology or the assertion that Merit's technology infringes the rights of other parties; product recalls and product liability claims; changes in customer purchasing patterns or the mix of products we sell; the potential of fines, penalties or other adverse consequences if Merit's employees or agents violate the U.S. Foreign Corrupt Practices Act or other laws or regulations; laws and regulations targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations, including reforms to the procedures for approval or clearance of our products by the U.S. Food & Drug Administration or comparable regulatory authorities in other jurisdictions; changes in tax laws and regulations in the United States or other countries; increases in the prices of commodity components; negative changes in economic and industry conditions in the United States or other countries; termination or interruption of relationships with Merit's suppliers, or failure of such suppliers to perform; fluctuations in exchange rates; concentration of a substantial portion of Merit's revenues among a few products and procedures; development of new products and technology that could render Merit's existing products obsolete; market acceptance of new products; volatility in the market price of Merit's common stock; modification or limitation of governmental or private insurance reimbursement policies; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; introduction of products in a timely fashion; price and product competition; availability of labor and materials; fluctuations in and obsolescence of inventory; and

other factors referred to in Merit's Annual Report on Form 10-K for the year ended December 31, 2017 and other materials filed with the Securities and Exchange Commission. All subsequent forward-looking statements attributable to Merit or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Actual results will likely differ, and may differ materially, from anticipated results. Financial estimates are subject to change and are not intended to be relied upon as predictions of future operating results, and Merit assumes no obligation to update or disclose revisions to those estimates.

TRADEMARKS

Unless noted otherwise, trademarks and registered trademarks used in this release are the property of Merit Medical Systems, Inc., in the United States and other jurisdictions.

###



Exhibit 99.2

Second Quarter 2018 Results

FRED LAMPROPOULOS
Chairman & CEO

RAUL PARRA
CFO



DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This presentation and any accompanying management commentary include "forward-looking statements," as defined within applicable securities laws and regulations. All statements in this presentation, other than statements of historical fact, are "forward-looking statements", including projections of earnings, revenues or other financial items, statements regarding our plans and objectives for future operations, statements concerning proposed products or services, statements regarding the integration, development or commercialization of our business or any business, assets or operations we have acquired or may acquire, statements regarding future economic conditions or performance, statements regarding governmental inquiries, investigations or proceedings and statements of assumptions underlying any of the foregoing. All forward-looking statements, including financial projections, included in this presentation are made as of the date of this presentation, and are based on information available to us as of such date. We assume no obligation to update or disclose revisions to any forward-looking statement, except as required by law or regulation. In some cases, forward-looking statements can be identified by the use of terminology such as "may," "will," "likely," "expects," "plans," "anticipates," "intends," "believes," "estimates," "projects," "forecast," "potential," "plan," or other comparable terminology. Forward-looking statements are based on our current beliefs, expectations and assumptions regarding our business, domestic and global economies, regulatory and competitive environments and other conditions. There can be no assurance that such beliefs, expectations or assumptions or any of the forward-looking statements will prove to be correct. Actual results will likely differ, and may differ materially, from those projected or assumed in the forward-looking statements. Our future financial and operating results and condition, as well as any forward-looking statements, are subject to inherent risks and uncertainties such as those described in our Annual Report on Form 10-K for the year ended December 31, 2017 and other filings with the U.S. Securities and Exchange Commission. Such risks and uncertainties include risks relating to our potential inability to successfully manage growth through acquisitions, including the inability to commercialize technology acquired through completed, proposed or future transactions; expenditures relating to research, development, testing and regulatory approvals of our products and risks that such products may not be developed successfully or approved for commercial use; governmental scrutiny and regulation of the medical device industry, including governmental inquiries, investigations or proceedings; restrictions on our liquidity or business operations resulting from our debt agreements; infringement of our technology or the assertion that our technology infringes the rights of other parties; product recalls and product liability claims; changes in customer purchasing patterns or the mix of products we sell; the potential of fines, penalties or other adverse consequences if our employees or agents violate the U.S. Foreign Corrupt Practices Act or other laws or regulations; laws and regulations targeting fraud and abuse in the healthcare industry; potential for significant adverse changes in governing regulations, including reforms to the procedures for approval or clearance of our products by the U.S. Food & Drug Administration or comparable regulatory authorities in other jurisdictions; changes in tax laws and regulations in the United States or other countries; increases in the prices of commodity components; negative changes in economic and industry conditions in the United States or other countries; termination or interruption of relationships with our suppliers, or failure of such suppliers to perform; fluctuations in exchange rates; concentration of a substantial portion of our revenues among a few products and procedures; development of new products and technology that could render our existing products obsolete; market acceptance of new products; volatility in the market price of our common stock; modification or limitation of governmental or private insurance reimbursement policies; changes in healthcare policies or markets related to healthcare reform initiatives; failure to comply with applicable environmental laws; changes in key personnel; work stoppage or transportation risks; introduction of products in a timely fashion; price and product competition; availability of labor and materials; and fluctuations in and obsolescence of inventory.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. The financial projections set forth in this presentation are based on a number of assumptions, estimates and forecasts. The inaccuracy of any one of those assumptions, estimates or forecasts could materially impact our financial results. Inevitably, some of those assumptions, estimates or forecasts will not occur and unanticipated events and circumstances will occur subsequent to the date of this presentation. In addition to changes in the underlying assumptions, our future performance is subject to a number of risks and uncertainties with respect to our existing and proposed business and other factors that may cause our actual results or performance to be materially different from any predicted or implied. Although we have attempted to identify important assumptions in the financial projections, there may be other factors that could materially affect our actual financial performance, and no assurance can be given that all material factors have been considered in the preparation of the financial projections. Accordingly, you should not place undue reliance on such projections. Future operating results are, in fact, impossible to predict.

NON-GAAP FINANCIAL MEASURES

Although Merit's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), Merit's management believes that certain non-GAAP financial measures provide investors with useful information regarding the underlying business trends and performance of Merit's ongoing operations and can be useful for period-over-period comparisons of such operations. Certain financial measures included in this presentation, or which may be referenced in management's discussion of Merit's historical and future operations and financial results, have not been calculated in accordance with GAAP, and, therefore, are referenced as non-GAAP financial measures. Readers should consider non-GAAP measures used in this presentation in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Additionally, non-GAAP financial measures used in this presentation may not be comparable with similarly titled measures of other companies. Merit urges investors and potential investors to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate Merit's business or results of operations. Please refer to "Notes to Non-GAAP Financial Measures" at the end of these materials for more information.

TRADEMARKS

Unless noted otherwise, trademarks used in this presentation are the property of Merit Medical Systems, Inc., in the United States and other jurisdictions.

Financial Summary

GAAP

	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Revenue	\$224.8M	\$186.5M	\$427.8M	\$357.6M
Gross Margin	44.5%	45.1%	44.0%	44.8%
Net Income	\$10.9M	\$9.5M	\$16.2M	\$24.3M
EPS	\$0.21	\$0.19	\$0.31	\$0.50

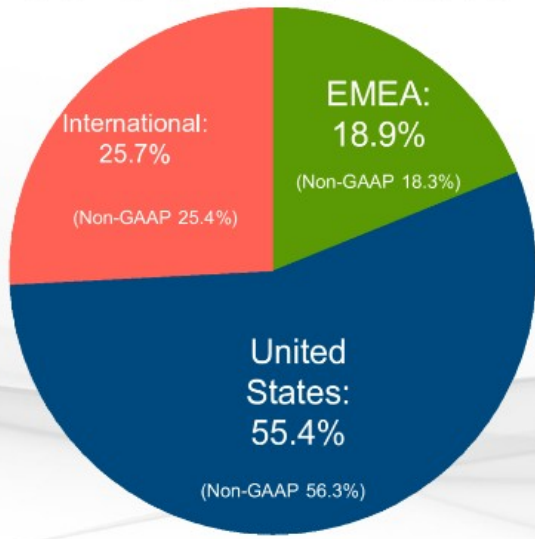
Financial Summary

Non-GAAP

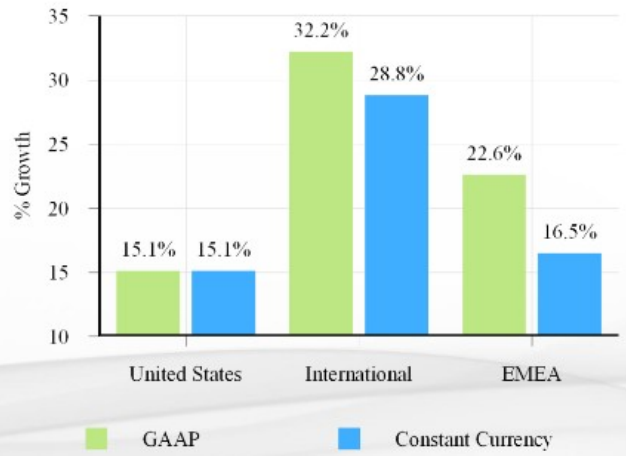
	Q2 2018	Q2 2017	YTD 2018	YTD 2017
Revenue (Constant Currency)	\$221.2M	\$186.5M	\$419.0M	\$357.6M
Non-GAAP Gross Margin	48.9%	48.3%	48.2%	48.3%
Non-GAAP Net Income	\$22.4M	\$18.3M	\$38.3M	\$31.0M
Non-GAAP EPS	\$0.43	\$0.36	\$0.74	\$0.64

Q2 2018 Revenue by Market

Revenue by Market - GAAP and Constant Currency

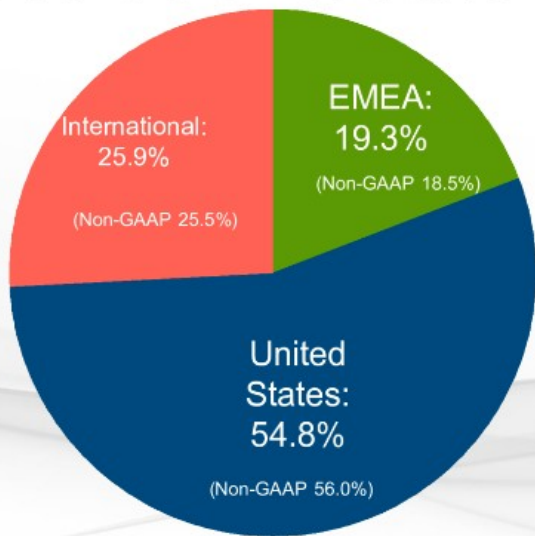


Revenue Growth Q2'18 over Q2'17

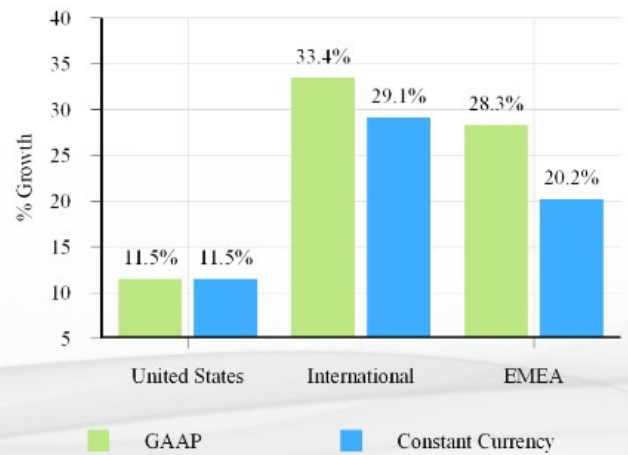


YTD 2018 Revenue by Market

Revenue by Market - GAAP and Constant Currency



Revenue Growth YTD'18 over YTD'17



New Products in 2018

- FLO40XR™ Hemostasis Valve
- PreludeSYNC™ DISTAL Radial Compression Device
- Prelude Pursuit™ Splittable Sheath Introducer
- Prelude IDEal™ Hydrophilic Sheath Introducer
- Prelude Choice™ Hemostasis Valve Adapter



New Products in 2018

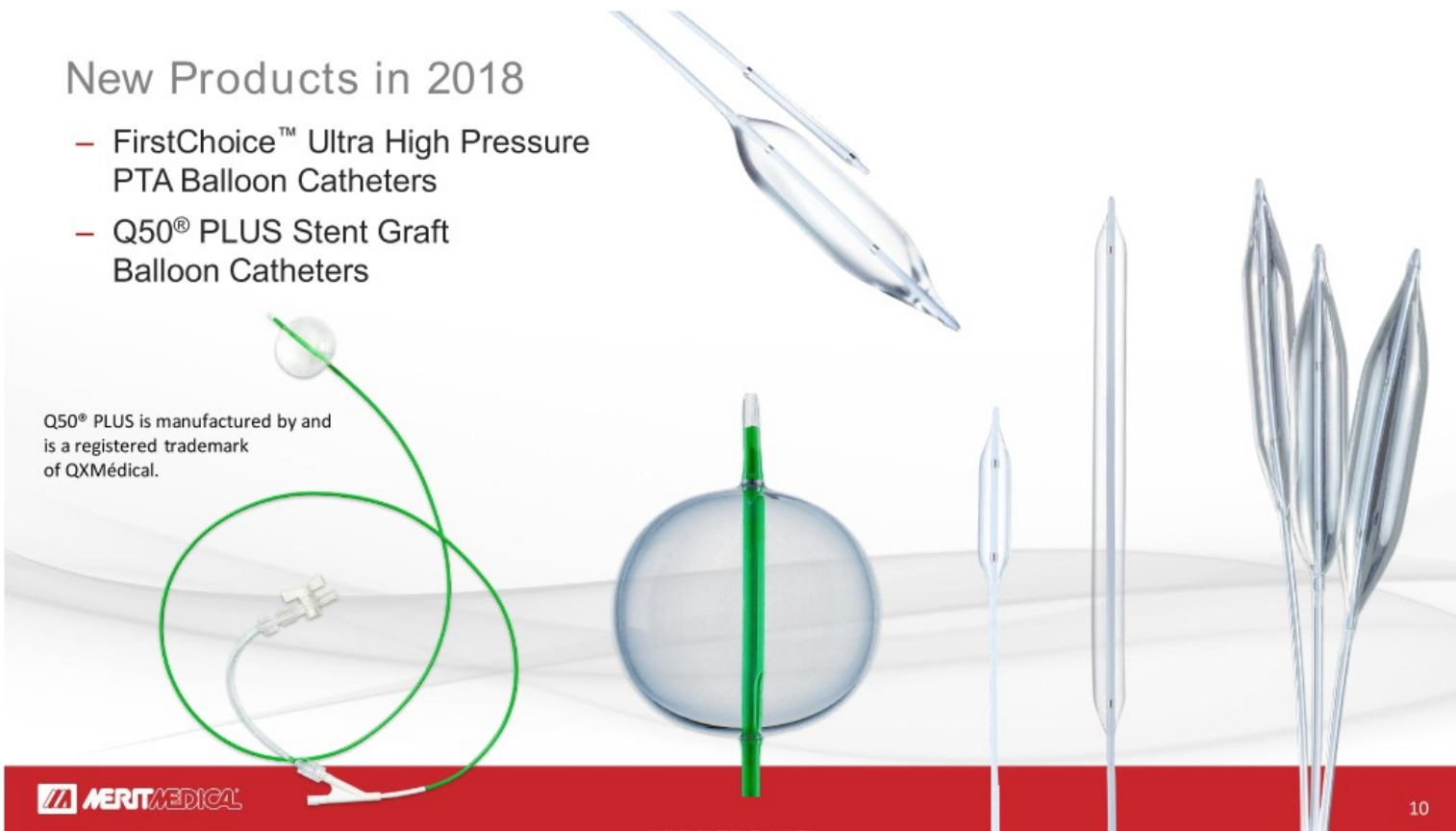
- CorVocet™ Biopsy Device
- DiamondTOUCH™ Inflation Device
- BasixTAU™ Inflation Device
- Bone & Spine Biopsy Products
- ReSolve CirQ™ Nephrostomy Catheter
- FastBreak™ Breakaway Connector



New Products in 2018

- FirstChoice™ Ultra High Pressure PTA Balloon Catheters
- Q50® PLUS Stent Graft Balloon Catheters

Q50® PLUS is manufactured by and is a registered trademark of QXMedical.



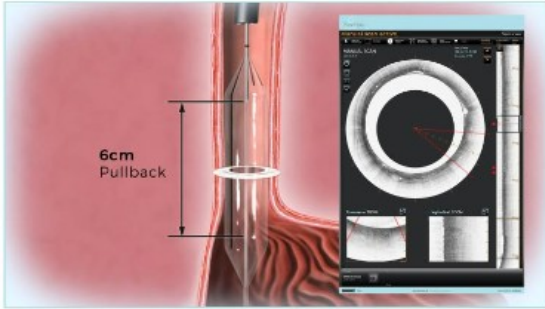
Assets Purchased from Becton, Dickinson and Company

- Achieve®
Automatic Biopsy System
- Pink Achieve™
Automatic Biopsy System
- Original Temno™
Biopsy Device
- Temno Evolution®
Biopsy Device
- Adjustable Coaxial
Temno™ (ACT) Biopsy
- Aspira®
Drainage System



NvisionVLE® Imaging System

- Breakthrough Design
- High-Speed Optical Probe
- Real-Time Image-Guided Tissue Marking



NvisionVLE® is a registered trademark of NinePoint Medical, Inc.



❖ NvisionVLE® Imaging System recently purchased by 4 major U.S. hospitals



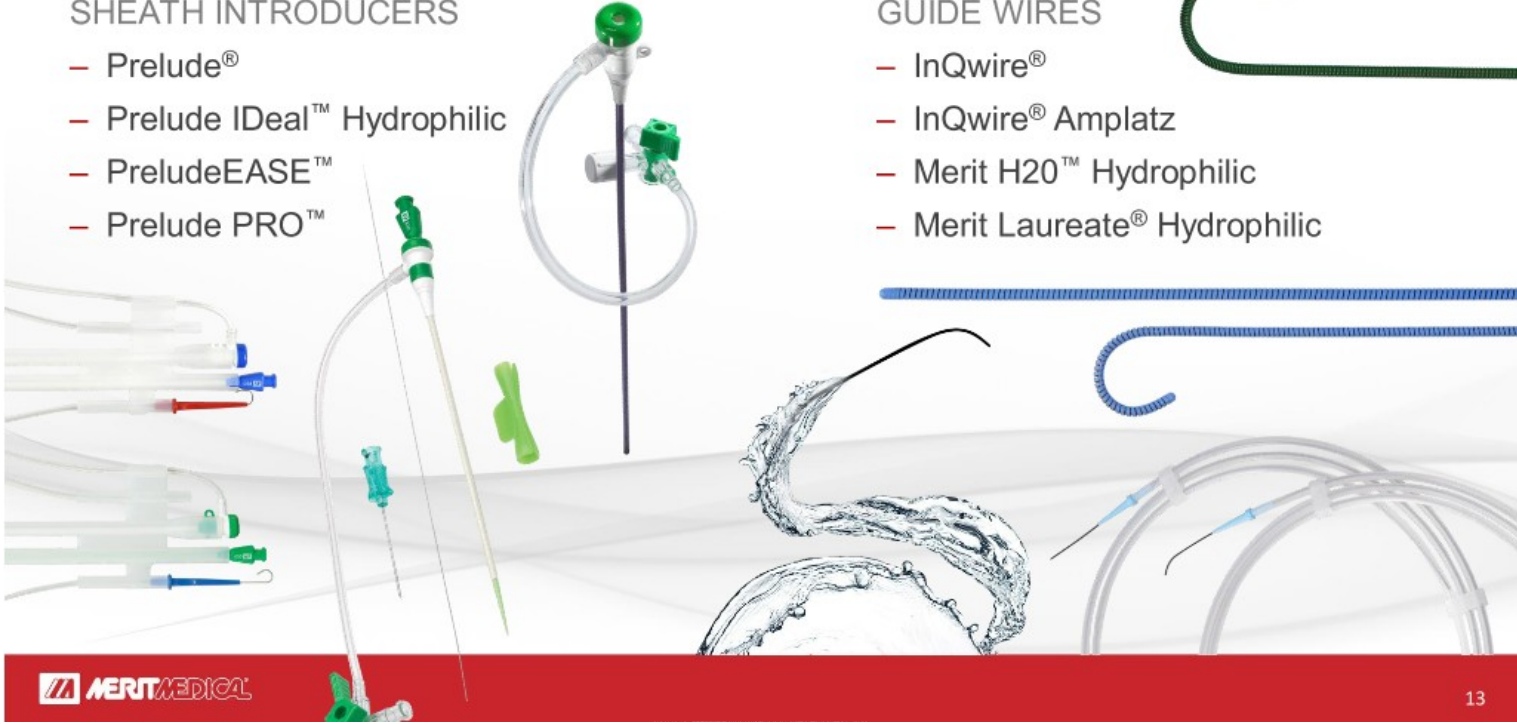
Product Benefits from the Competitor Shortage

SHEATH INTRODUCERS

- Prelude®
- Prelude IDeal™ Hydrophilic
- PreludeEASE™
- Prelude PRO™

GUIDE WIRES

- InQwire®
- InQwire® Amplatz
- Merit H20™ Hydrophilic
- Merit Laureate® Hydrophilic



Product Benefits from the Competitor Shortage

MICROCATHETERS

- Merit Pursue™
- SwiftNINJA® Steerable
- Merit Maestro®

COMPRESSION DEVICES

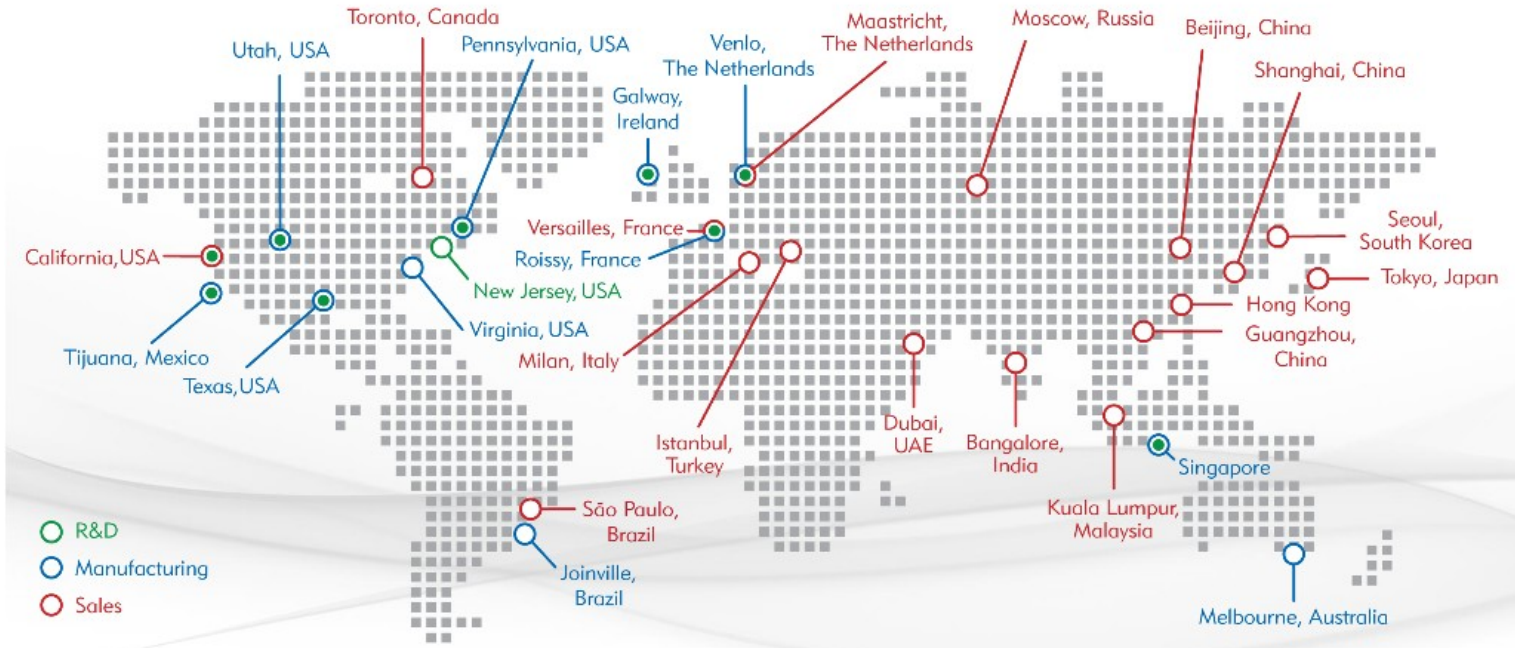
- PreludeSYNC™ Radial
- PreludeSYNC™ Distal

CATHETERS

- Impress® Hydrophilic
- ConcierGE® Guiding
- Performa® Angiographic



Global Reach



NOTES TO NON-GAAP FINANCIAL MEASURES

For additional details, please see the accompanying press release and forward-looking statement disclosure.

These presentation materials and associated commentary from Merit's management, as well as the press release issued today, use non-GAAP financial measures, including:

- constant currency revenue;
- core revenue;
- core revenue on a constant currency basis;
- non-GAAP gross margin;
- non-GAAP net income; and
- non-GAAP earnings per share.

Merit's management team uses these non-GAAP financial measures to evaluate Merit's profitability and efficiency, to compare operating results to prior periods, to evaluate changes in the operating results of each segment, and to measure and allocate financial resources internally. However, Merit's management does not consider such non-GAAP measures in isolation or as an alternative to such measures determined in accordance with GAAP.

Readers should consider non-GAAP measures in addition to, not as a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures generally exclude some, but not all, items that may affect Merit's net income. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded. Merit believes it is useful to exclude such items in the calculation of non-GAAP net income, non-GAAP earnings per share and non-GAAP gross margin (in each case, as further illustrated in the reconciliation table below) because such amounts in any specific period may not directly correlate to the underlying performance of Merit's business operations and can vary significantly between periods as a result of factors such as new acquisitions, non-cash expense related to amortization of previously acquired tangible and intangible assets, unusual compensation expenses or expenses resulting from non-ordinary course litigation or governmental proceedings. Merit may incur similar types of expenses in the future, and the non-GAAP financial information included in this presentation should not be viewed as a statement or indication that these types of expenses will not recur. Additionally, the non-GAAP financial measures used in this presentation may not be comparable with similarly titled measures of other companies. Merit urges investors and potential investors to review the reconciliations of its non-GAAP financial measures to the comparable GAAP financial measures, and not to rely on any single financial measure to evaluate Merit's business or results of operations.

NOTES TO NON-GAAP FINANCIAL MEASURES (cont.)

Constant Currency Revenue

Merit's revenue on a constant currency basis is prepared by translating the current-period reported sales of subsidiaries whose functional currency is other than the U.S. dollar at the applicable foreign exchange rates in effect during the comparable prior-year period. The constant currency revenue adjustments of \$(3.6) million and \$(8.8) million for the three and six-month periods ended June 30, 2018 were calculated using the applicable average foreign exchange rates for the three and six-month periods ended June 30, 2017, respectively.

Core Revenue and Core Revenue on a Constant Currency Basis

Merit's core revenue is defined (a) with respect to prior fiscal year periods, as GAAP revenue, and (b) with respect to current fiscal year periods, as GAAP revenue, less revenue from certain acquisitions and strategic transactions. For the three and six-month periods ended June 30, 2018, Merit's core revenue excludes revenues from (i) the acquisition of (1) the assets of Catheter Connections, Inc. in January 2017 (excluded January 2018 only), (2) the critical care division of Argon Medical Devices, Inc. in January 2017 (excluded January 2018 only), (3) Osseon LLC in July 2017, (4) Laurane Medical S.A.S. in August 2017, (5) ITL Healthcare Pty. Ltd. in October 2017, and (6) certain divested assets of Becton, Dickinson and Company in February 2018, and (ii) a distribution arrangement with NinePoint Medical, Inc. in April 2018. Core revenue on a constant currency basis is defined as core revenue (as described in the first sentence of this paragraph) plus the foreign exchange impact related to those core sales, using the applicable foreign exchange rates in effect for the comparable prior-year periods presented.

Non-GAAP Gross Margin

Non-GAAP gross margin is calculated by reducing GAAP cost of sales by amounts recorded for amortization of intangible assets and inventory mark-up related to acquisitions.

Non-GAAP Net Income

Non-GAAP net income is calculated by reducing GAAP net income by certain items which are deemed by Merit's management to be of a special or non-recurring nature, such as items related to new acquisitions, non-cash expense related to amortization of previously acquired tangible and intangible assets, unusual compensation expenses or expense resulting from non-ordinary course litigation or governmental proceedings, as well as other items as set forth in the table below.

Non-GAAP EPS

Non-GAAP EPS is defined as non-GAAP net income divided by the diluted shares outstanding for the corresponding period.

Other Non-GAAP Financial Measure Reconciliation

The following table sets forth supplemental financial data and corresponding reconciliations of non-GAAP net income and non-GAAP earnings per share to Merit's net income and earnings per share prepared in accordance with GAAP, in each case, for the three and six months ended June 30, 2018 and 2017. The non-GAAP income adjustments referenced in the following table do not reflect stock-based compensation expense of approximately \$1.6 million and \$1.1 million for the three-month periods ended June 30, 2018 and 2017, respectively, and approximately \$2.8 million and \$1.7 million for the six-month periods ended June 30, 2018 and 2017.

Reconciliation of GAAP Net Income to Non-GAAP Net Income
(Unaudited, in thousands except per share amounts)

	Three Months Ended June 30, 2018				Three Months Ended June 30, 2017			
	Pre-Tax	Tax Impact (a)	After-Tax	Per Share Impact	Pre-Tax	Tax Impact (a)	After-Tax	Per Share Impact
GAAP net income	\$ 11,565	\$ (624)	\$ 10,941	\$ 0.21	\$ 11,313	\$ (1,830)	\$ 9,483	\$ 0.19
Non-GAAP adjustments:								
Cost of Sales								
Amortization of intangibles	7,937	(2,061)	5,876	0.12	4,917	(1,840)	3,077	0.06
Inventory mark-up related to acquisitions	1,888	(485)	1,403	0.03	985	(383)	602	0.01
Operating Expenses								
Severance	163	(38)	125	0.00	128	(50)	78	0.00
Acquisition-related (b)	620	(159)	461	0.01	1,736	(552)	1,184	0.02
Fair value adjustment to contingent consideration (c)	178	(46)	132	0.00	(18)	7	(11)	0.00
Long-term asset impairment charge (d)	29	(7)	22	0.00	2	(1)	1	0.00
Acquired in-process research and development	306	(79)	227	0.00	75	(25)	46	0.00
Amortization of intangibles	2,466	(655)	1,811	0.03	1,329	(512)	817	0.02
Special legal expense (e)	1,646	(423)	1,223	0.02	3,657	(1,422)	2,235	0.04
Other (Income) Expense								
Gain on bargain purchase (f)	—	—	—	0.00	669	—	669	0.01
Amortization of long-term debt issuance costs	201	(52)	149	0.00	171	(67)	104	0.00
Non-GAAP net income	\$ 26,999	\$ (4,629)	\$ 22,370	\$ 0.43	\$ 24,964	\$ (6,675)	\$ 18,289	\$ 0.36
Diluted shares				52,154				51,188

- (a) Reflects the tax effect associated with pre-tax income and the non-GAAP adjustments
- (b) Represents transaction costs related to acquisitions
- (c) Represents changes in the fair value of contingent consideration liabilities and contingent receivables as a result of acquisitions
- (d) Represents abandoned patents
- (e) Costs incurred in responding to an inquiry from the U.S. Department of Justice
- (f) Represents the gain on bargain purchase realized from the acquisition of the critical care division of Argon Medical Devices, Inc.

Reconciliation of GAAP Net Income to Non-GAAP Net Income
(Unaudited, in thousands except per share amounts)

	Six Months Ended June 30, 2018				Six Months Ended June 30, 2017			
	Pre-Tax	Tax Impact (a)	After-Tax	Per Share Impact	Pre-Tax	Tax Impact (a)	After-Tax	Per Share Impact
GAAP net income	\$ 17,925	\$ (1,715)	\$ 16,210	\$ 0.31	\$ 26,806	\$ (2,520)	\$ 24,286	\$ 0.50
Non-GAAP adjustments:								
Cost of Sales								
Amortization of intangibles	14,400	(3,670)	10,730	0.21	9,742	(3,646)	6,097	0.13
Inventory mark-up related to acquisitions	3,761	(967)	2,794	0.05	2,876	(1,120)	1,756	0.04
Operating Expenses								
Severance	162	(38)	124	0.00	1,344	(523)	821	0.02
Acquisition-related (b)	2,590	(666)	1,924	0.04	3,286	(834)	2,454	0.05
Fair value adjustment to contingent consideration (c)	219	(56)	163	0.00	19	(7)	12	0.00
Long-term asset impairment charge (d)	86	(22)	64	0.00	19	(7)	12	0.00
Acquired in-process research and development	306	(79)	227	0.00	75	(29)	46	0.00
Amortization of intangibles	4,465	(1,187)	3,278	0.06	2,672	(1,031)	1,641	0.03
Special legal expense (e)	3,337	(858)	2,479	0.05	8,497	(3,305)	5,192	0.11
Other (Income) Expense								
Gain on bargain purchase (f)	—	—	—	0.00	(11,574)	—	(11,574)	(0.24)
Amortization of long-term debt issuance costs	402	(103)	299	0.01	342	(133)	210	0.00
Non-GAAP net income	\$ 47,653	\$ (9,361)	\$ 38,292	\$ 0.74	\$ 44,110	\$ (13,155)	\$ 30,955	\$ 0.64
Diluted shares	52,033				48,516			

- (a) Reflects the tax effect associated with pre-tax income and the non-GAAP adjustments
(b) Represents transaction costs related to acquisitions
(c) Represents changes in the fair value of contingent consideration liabilities and contingent receivables as a result of acquisitions
(d) Represents abandoned patents
(e) Costs incurred in responding to an inquiry from the U.S. Department of Justice
(f) Represents the gain on bargain purchase realized from the acquisition of the critical care division of Argon Medical Devices, Inc.

Reconciliation of Reported Revenue to Core Revenue (Non-GAAP), Constant Currency Revenue (Non-GAAP), and Core Revenue on a Constant Currency Basis (Non-GAAP)

(Unaudited, in thousands)

	% Change	Three Months Ended June 30,		% Change	Six Months Ended June 30,	
		2018	2017		2018	2017
Reported Revenue	20.5%	\$ 224,810	\$ 186,549	19.6%	\$ 427,844	\$ 357,618
Add: Impact of foreign exchange (a)		(3,645)	—		(8,79€)	—
Constant Currency Revenue	18.6%	\$ 221,165	\$ 186,549	17.2%	\$ 419,046	\$ 357,618

	% Change	Three Months Ended June 30,		% Change	Six Months Ended June 30,	
		2018	2017		2018	2017
Reported Revenue	20.5%	\$ 224,810	\$ 186,549	19.6%	\$ 427,844	\$ 357,618
Less: Revenue from certain acquisitions (b)		(16,364)	—		(30,99€)	—
Core Revenue	11.7%	\$ 208,446	\$ 186,549	11.0%	\$ 396,846	\$ 357,618
Add: Impact of foreign exchange on core revenue (a)		(3,645)	—		(8,79€)	—
Core Revenue on a Constant Currency Basis	9.8%	\$ 204,801	\$ 186,549	8.5%	\$ 388,048	\$ 357,618

(a) The constant currency revenue adjustments of \$(3.6) million and \$(8.8) million to reported revenue and to core revenue for the three and six-months ended June 30, 2018, respectively were calculated using the applicable average foreign exchange rates for the three and six-months ended June 30, 2017, respectively.

(b) Merit's core revenue is defined (a) with respect to prior fiscal year periods, as GAAP revenue, and (b) with respect to current fiscal year periods, as GAAP revenue, less revenue from certain acquisitions and strategic transactions. For the three and six-month periods ended June 30, 2018, Merit's core revenue excludes revenues from (i) the acquisitions of (1) the assets of Catheter Connections, Inc. in January 2017 (excluded January 2018 only), (2) the critical care division of Argon Medical Devices, Inc. in January 2017 (excluded January 2018 only), (3) Osseon LLC in July 2017, (4) Laurane Medical S.A.S. in August 2017, (5) ITL Healthcare Pty. Ltd. in October 2017, and (6) certain divested assets of Becton, Dickinson and Company in February 2018, and (i) the distribution arrangement with NinePoint Medical, Inc. in April 2018.

Reconciliation of Reported Gross Margin to Non-GAAP Gross Margin (Non-GAAP)
(Unaudited, as a percentage of reported revenue)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Reported Gross Margin	44.5%	45.1%	44.0%	44.8%
Add back impact of:				
Amortization of intangibles	3.5%	2.7%	3.3%	2.7%
Inventory mark-up related to acquisitions	0.9%	0.5%	0.9%	0.8%
Non-GAAP Gross Margin	48.9%	48.3%	48.2%	48.3%

Updated Guidance

Year Ended December 31, 2018

	Prior Guidance	Updated Guidance
Revenue	\$838 - \$851 million	\$870 - \$880 million
GAAP Gross Margin	45.6% - 46.5%	45.0% - 45.5%
GAAP EPS	\$0.77 - \$0.85	\$0.80 - \$0.90
Non-GAAP Gross Margin	49.7% - 50.8%	48.9% - 49.4%
Non-GAAP EPS	\$1.57 - \$1.69	\$1.60 - \$1.70



Understand. Innovate. Deliver.™
