

**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) **November 7, 2016**

**HAEMONETICS CORPORATION**

(Exact name of registrant as specified in its charter)

**Massachusetts**  
(State or other jurisdiction  
of incorporation)

**001-14041**  
(Commission  
File Number)

**04-2882273**  
(I.R.S. Employer  
Identification No.)

**400 Wood Road**  
(Address of principal executive offices)

**02184**  
Zip code

Registrant's telephone number, including area code **781-848-7100**

(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 (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))

**Item 2.02      RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

On November 7, 2016, Haemonetics Corporation (the “Company”) issued a press release announcing financial results for the second quarter ended October 1, 2016. The Company has also provided further comments on its website regarding its second quarter performance. Copies of the release and comments are furnished with this report as exhibits 99.1 and 99.2, respectively.

The information in this current report on Form 8-K and the exhibit attached hereto shall not be deemed “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, regardless of any general incorporation language in such filing.

**Item 9.01      FINANCIAL STATEMENTS AND EXHIBITS**

99.1: Press Release of Haemonetics Corporation dated November 7, 2016 announcing financial results for the second quarter ended October 1, 2016.

99.2: Comments on 2<sup>nd</sup> Quarter Fiscal 2017 Results

**SIGNATURES**

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.

**HAEMONETICS CORPORATION**  
(Registrant)

Date: November 7, 2016

By: /s/ Christopher Simon  
Christopher Simon, President and  
Chief Executive Officer

**Earnings Release FY17 Q2****Investor Contact**

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**Haemonetics Reports 2<sup>nd</sup> Quarter and 1<sup>st</sup> Half Fiscal 2017 Results and Reaffirms Full Year Fiscal 2017 Guidance**

**Braintree, MA, November 7, 2016** - Haemonetics Corporation (NYSE: HAE) reported second quarter fiscal 2017 revenue of \$220.3 million, flat with the second quarter of fiscal 2016 as reported, and up 1% in constant currency.

The Company reported net income of \$19.8 million and \$0.38 per share, up 54% and 52%, respectively, in the second quarter of fiscal 2017 compared to the same period of the prior year. Excluding restructuring, turnaround and deal amortization expenses detailed below, adjusted net income was \$23.5 million and adjusted earnings per share were \$0.46, up 4% and 5%, respectively, compared to the prior year second quarter.<sup>1</sup>

First half fiscal 2017 revenue was \$430.2 million, down 1% as reported and up 1% in constant currency compared to the prior year first half. The Company reported first half net income of \$9.5 million and net income per share of \$0.18, both down 25% compared to the prior year first half. Exclusive of restructuring, turnaround and deal amortization expenses detailed below, adjusted net income was \$36.4 million and adjusted earnings per share were \$0.71, both down 10% compared to the prior year first half.<sup>1</sup>

Included in second quarter and first half fiscal 2017 results, both GAAP and adjusted, were \$0.9 million or \$0.02 per share and \$4.3 million or \$0.08 per share, respectively, of expenses related to a previously-reported leukoreduction filter recall.

Christopher Simon, Haemonetics' CEO, stated: "Our first half revenue achievement and cost reduction initiatives position us well to achieve our full year projections. The June leukoreduction filter recall had a modest negative revenue impact in the second quarter and added \$4 million of expenses in the first half.

Despite this challenge, our team delivered results in line with our expectations and we are reaffirming our full year guidance.”

Mr. Simon continued: “As we have said previously, this is a multi-year journey with all the associated challenges and uncertainties. We are implementing our strategic plan and we are gaining momentum in our businesses. Our focus for the first half of fiscal 2017 has been on stabilizing the company and we are on track to achieve our \$40 million annual savings target. Going forward, we will increasingly pivot to transforming our business through product innovation and reallocation of resources to growth businesses. We are restructuring our operating model, streamlining our organization and driving productivity.”

## **SECOND QUARTER REVENUE**

### Plasma

Plasma franchise revenue was \$103.6 million, up \$10.5 million or 11% over the prior year second quarter and up 12% in constant currency. North America Plasma disposables revenue was up 14%, with 6% growth in plasma collection sets and the remainder from increased saline and sodium citrate solutions shipments. Plasma collection volume strength continued, reflecting robust end user markets for plasma-derived biopharmaceuticals. Outside North America, plasma collection growth was strong in Japan.

### Hospital: Hemostasis Management

Hemostasis Management franchise revenue was \$16.5 million, up \$2.1 million or 15% over the prior year second quarter and up 18% in constant currency. TEG disposables revenue was similarly up 15% and up 18% in constant currency, with strong growth in the U.S. and China.

The TEG installed base continued to increase, benefiting from expanded adoption in new and existing accounts. The TEG family of products - TEG 5000, TEG 6s and TEG Manager™ software - remains well positioned for continued revenue growth, consistent with the Company’s long term outlook.

### Hospital: Cell Processing

Cell Processing (“surgical”) franchise revenue was \$26.0 million, down \$2.1 million or 8% versus the prior year second quarter and down 6% in constant currency. The revenue decline resulted primarily from continued OrthoPAT disposables volume decline, and was partly offset by Blood Track software growth.

## Blood Center

Blood Center franchise revenue was \$74.3 million, down \$10.0 million or 12% versus the prior year second quarter with no effect from currency.

Platelet disposables revenue was \$30.9 million, down 10% with no effect from currency. A continued market shift toward double dose collection techniques in Japan drove the decline.

Red cell disposables revenue was \$7.4 million, down 20% with no effect from currency. Lower volume, as well as pricing and volume changes associated with previously announced U.S. customer contracts, accounted for the declines.

Whole blood disposables revenue was \$26.5 million, down 13% and down 12% in constant currency. Declines in the U.S. whole blood collection market and global price erosion continued.

## Geographic

Second quarter fiscal 2017 revenue was up 3% in North America with no currency effect. Revenue in Asia Pacific was up 3% or 6% in constant currency, Japan was up 1% or down 5% in constant currency and EMEA and global distribution markets revenue was down 9% or 5% in constant currency.

## **OPERATING RESULTS**

Second quarter fiscal 2017 gross margin on a GAAP basis was 47.3%, down 60 basis points. Unfavorable currency, reduced pricing in U.S. red cells and unfavorable product mix were only partially offset by productivity benefits.

Operating expenses on a GAAP basis were \$79.5 million and \$86.1 million in the second quarters of fiscal 2017 and 2016, respectively, a decrease of \$6.7 million. Restructuring, turnaround and deal amortization expenses decreased by \$4.2 million to \$8.6 million versus \$12.8 million in the prior year second quarter. The benefit from cost reduction initiatives implemented earlier in fiscal 2017 and timing of R&D investments more than offset increased costs of variable compensation.

Second quarter fiscal 2017 GAAP operating income was \$24.8 million, up \$5.6 million or 29% over the second quarter of the prior year. Adjusted operating income was \$33.4 million, up \$0.3 million or 1% over the second quarter of the

prior year, and included \$1.1 million of negative currency effects and \$0.9 million of leukoreduction filter recall expenses.

The GAAP income tax provisions were 13.2% of the second quarter fiscal 2017 pre-tax income and 22.4% of the second quarter fiscal 2016 pre-tax income, while the income tax rates were 25.2% and 26.5% of adjusted pre-tax income in the second quarters of fiscal 2017 and 2016, respectively.

### **Balance Sheet and Cash Flow**

Cash on hand was \$139 million, an increase of \$24 million during the first half of fiscal 2017. The Company utilized \$20 million of cash for debt repayment in the first half of fiscal 2017 and expects to repay another \$24 million of debt in the second half. The Company also utilized \$18 million of cash, less \$5 million of cash tax benefits, for restructuring and turnaround initiatives.

First half fiscal 2017 free cash flow was \$28 million, inclusive of the aforementioned net restructuring funding requirements, and \$41 million before such funding.

### **RESTRUCTURING AND TURNAROUND EXPENSES AND DEAL AMORTIZATION**

The Company announced and has been implementing a turnaround plan to optimize growth and profitability. For fiscal 2017, that plan includes a repositioning of the Company's organization and cost structure. The Company indicated that the plan includes, in fiscal 2017, charges and expenses that are expected to total \$26 million pre-tax or \$18 million net of tax benefit, representing approximately \$0.35 per share impact on fiscal 2017 GAAP earnings. In the second quarter of fiscal 2017, the Company incurred \$2 million of such expenses pre-tax, or approximately \$0.02 per share. In the first half of fiscal 2017, the Company incurred \$20 million of such expenses pre-tax, or \$14 million net of tax benefit of such charges, approximately \$0.27 per share.

The Company excludes acquisition related amortization expenses from adjusted operating income and adjusted earnings per share. Excluded from second quarter pre-tax adjusted earnings were \$7.0 million in fiscal 2017 and \$7.4 million in fiscal 2016, or \$0.10 per share in each second quarter. Excluded from first half pre-tax adjusted earnings were \$14.1 million in fiscal 2017 and \$14.8 million in fiscal 2016, or \$0.20 per share in each first half.

## **Fiscal 2017 Guidance**

The Company reaffirmed its previously provided fiscal 2017 guidance ranges, summarized as follows.

Revenue, including 1.7% impact of having one less week in the Company's fiscal 2017 calendar than in the prior fiscal year:

- Total revenue: \$850-\$875 million, down 4-7% vs. prior year on a reported basis and down 2-4% in constant currency.
- Plasma: 7-9% revenue growth as reported or 8-10% in constant currency.
- Hemostasis Management: 17-20% revenue growth as reported or 20-23% in constant currency.
- Cell Processing: approximately 10% revenue decline as reported, 6% in constant currency, with flat revenue in Cell Saver, growth in BloodTrack and a continuing decline in OrthoPAT.
- Blood Center (whole blood, red cell and platelet): 19-23% revenue decline as reported or 16-20% decline in constant currency.

Operating margin: 6-7% of revenue and, exclusive of restructuring and related expenses, 13% adjusted operating margin.

Income taxes: 20-21% of pre-tax income (guidance originally issued was 17-18%) and 25-26% of adjusted pre-tax income.

Acquisition related amortization: \$27 million pre-tax or \$0.39 per share.

Earnings per share: \$0.70-\$0.80 and, exclusive of restructuring charges, turnaround expenses and acquisition related amortization, \$1.40-\$1.50 on an adjusted basis.

Free cash flow: \$47-\$52 million, including the funding of \$18 million of after-tax restructuring charges and turnaround expenses; \$65-\$70 million before funding such charges and expenses.

## **CONFERENCE CALL AND ADDITIONAL COMMENTARY**

Haemonetics will host a webcast to discuss second quarter results on Monday, November 7, 2016 at 8:00am Eastern Time. Interested parties may participate at: <http://edge.media-server.com/m/p/wcn22ipf>.

The Company is posting this press release and additional commentary to be discussed on the webcast entitled **Comments on 2<sup>nd</sup> Quarter and Year-to-Date Fiscal 2017 Results** to its Investor Relations website.

These comments can be accessed by the following direct link: <http://phx.corporate-ir.net/External.File?item=UGFyZW50SUQ9MzU2MzQ0fENoaWxkSUQ9LTF8VHlwZT0z&t=1&cb=636132771875970279>.

## **About Haemonetics**

Haemonetics (NYSE: HAE) is a global healthcare company dedicated to providing a suite of innovative hematology products and solutions for our customers, to help them improve patient care and reduce the cost of healthcare. Our technology addresses important medical markets: blood and plasma component collection, the surgical suite, and hospital transfusion services. To learn more about Haemonetics, visit [www.haemonetics.com](http://www.haemonetics.com).

## **Forward Looking Statements**

The Company provides forward-looking statements that could be influenced by risks and uncertainties, demand for whole blood and blood components, changes in executive management, changes in operations restructuring and turnaround plans, asset revaluations to reflect current business conditions, technological advances in the medical field and standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, product quality, market acceptance, regulatory uncertainties, including in the receipt or timing of regulatory approvals, the effect of economic and political conditions, the impact of competitive products and pricing, blood product reimbursement policies and practices, foreign currency exchange rates, changes in customers' ordering patterns including single-source tenders, the effect of industry consolidation as seen in the plasma and blood center markets, the effect of communicable diseases and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate and other risks detailed in the Company's filings with the Securities and Exchange Commission.

The foregoing list should not be construed as exhaustive.

Forward-looking statements are based on estimates and assumptions made by management of the Company and are believed to be reasonable, though inherently uncertain and difficult to predict. Actual results and experience could differ materially from the forward-looking statements. Information set forth in this press release is current as of today and the Company undertakes no duty or obligation to update this information.

<sup>1</sup> A reconciliation of GAAP to adjusted financial results is included at the end of the financial sections of this press release as well as on the web at [www.haemonetics.com](http://www.haemonetics.com).



**Haemonetics Corporation Financial Summary**  
**Condensed Consolidated Statements of Income for the Second Quarter of FY17 and FY16**  
(Data in thousands, except per share data)

	10/1/2016	9/26/2015	% Inc/(Dec) vs Prior Year
	(unaudited)		
<b>Net revenues</b>	\$ 220,253	\$ 219,693	0.3%
Gross profit	104,248	105,297	(1.0)%
R&D	8,336	11,553	(27.8)%
S,G&A	71,118	74,565	(4.6)%
Operating expenses	79,454	86,118	(7.7)%
Operating income	24,794	19,179	29.3%
Interest and other expense, net	(1,962)	(2,606)	(24.7)%
Income before taxes	22,832	16,573	37.8%
Tax expense	3,007	3,710	(18.9)%
<b>Net income</b>	<b>\$ 19,825</b>	<b>\$ 12,863</b>	<b>54.1%</b>
<b>Net income per common share assuming dilution</b>	<b>\$ 0.38</b>	<b>\$ 0.25</b>	<b>52.0%</b>
Weighted average number of shares:			
Basic	51,378	50,680	
Diluted	51,701	51,187	
<b>Profit Margins:</b>			<b>Inc/(Dec) vs prior year profit margin %</b>
Gross profit	47.3%	47.9%	(0.6)%
R&D	3.8%	5.3%	(1.5)%
S,G&A	32.3%	33.9%	(1.6)%
Operating income	11.3%	8.7%	2.6%
Income before taxes	10.4%	7.5%	2.9%
Net income	9.0%	5.9%	3.1%

**Haemonetics Corporation Financial Summary**  
**Condensed Consolidated Statements of Income for Year-to-Date FY17 and FY16**  
(Data in thousands, except per share data)

	10/1/2016	9/26/2015	% Inc/(Dec) vs Prior Year
	(unaudited)		
<b>Net revenues</b>	\$ 430,209	\$ 433,106	(0.7)%
Gross profit	195,304	207,836	(6.0)%
R&D	19,773	22,874	(13.6)%
S,G&A	158,618	162,177	(2.2)%
Operating expenses	178,391	185,051	(3.6)%
Operating income	16,913	22,785	(25.8)%
Interest and other expense, net	(4,139)	(4,615)	(10.3)%
Income before taxes	12,774	18,170	(29.7)%
Tax expense	3,295	5,574	(40.9)%
<b>Net income</b>	<b>\$ 9,479</b>	<b>\$ 12,596</b>	<b>(24.7)%</b>
<b>Net income per common share assuming dilution</b>	<b>\$ 0.18</b>	<b>\$ 0.24</b>	<b>(25.0)%</b>
Weighted average number of shares:			
Basic	51,200	51,020	
Diluted	51,463	51,638	
<b>Profit Margins:</b>			<b>Inc/(Dec) vs prior year profit margin %</b>
Gross profit	45.4%	48.0%	(2.6)%
R&D	4.6%	5.3%	(0.7)%
S,G&A	36.9%	37.4%	(0.5)%
Operating income	3.9%	5.3%	(1.4)%
Income before taxes	3.0%	4.2%	(1.2)%
Net Income	2.2%	2.9%	(0.7)%

### Revenue Analysis for the Second Quarter of FY17 and FY16

(Data in thousands)

	Three Months Ended		Percent change	Currency impact	Constant currency growth <sup>(1)</sup>
	10/1/2016	9/26/2015			
	(unaudited)				
<b>Revenues by geography</b>					
United States	\$ 130,843	\$ 127,031	3.0 %	— %	3.0 %
International	89,410	92,662	(3.5)%	(1.7)%	(1.8)%
<b>Net revenues</b>	<b>\$ 220,253</b>	<b>\$ 219,693</b>	<b>0.3 %</b>	<b>(0.7)%</b>	<b>1.0 %</b>
<b>Revenues by franchise</b>					
Plasma	\$ 103,564	\$ 93,036	11.3 %	(0.7)%	12.0 %
Blood Center	74,270	84,235	(11.8)%	(0.1)%	(11.7)%
Cell Processing	25,955	28,105	(7.6)%	(1.3)%	(6.3)%
Hemostasis Management	16,464	14,317	15.0 %	(2.6)%	17.6 %
<b>Net revenues</b>	<b>\$ 220,253</b>	<b>\$ 219,693</b>	<b>0.3 %</b>	<b>(0.7)%</b>	<b>1.0 %</b>

<sup>(1)</sup> Constant currency growth, a non-GAAP financial measure, measures the change in sales between the current and prior year periods using a constant currency. See description of non-GAAP financial measures contained in this release.

### Revenue Analysis for Year-to-Date FY17 and FY16

(Data in thousands)

	Six Months Ended		Percent change	Currency impact	Constant currency growth <sup>(1)</sup>
	10/1/2016	9/26/2015			
	(unaudited)				
<b>Revenues by geography</b>					
United States	\$ 256,543	\$ 247,726	3.6 %	— %	3.6 %
International	173,666	185,380	(6.3)%	(3.0)%	(3.3)%
<b>Net revenues</b>	<b>\$ 430,209</b>	<b>\$ 433,106</b>	<b>(0.7)%</b>	<b>(1.4)%</b>	<b>0.7 %</b>
<b>Revenues by franchise</b>					
Plasma	\$ 201,213	\$ 181,563	10.8 %	(1.3)%	12.1 %
Blood Center	145,213	167,318	(13.2)%	(0.7)%	(12.5)%
Cell Processing	52,031	55,918	(7.0)%	(2.4)%	(4.6)%
Hemostasis Management	31,752	28,307	12.2 %	(2.4)%	14.6 %
<b>Net revenues</b>	<b>\$ 430,209</b>	<b>\$ 433,106</b>	<b>(0.7)%</b>	<b>(1.4)%</b>	<b>0.7 %</b>

<sup>(1)</sup> Constant currency growth, a non-GAAP financial measure, measures the change in sales between the current and prior year periods using a constant currency. See description of non-GAAP financial measures contained in this release.

**Condensed Consolidated Balance Sheets**  
(Data in thousands)

	As of	
	10/1/2016	4/2/2016
	(unaudited)	
<b>Assets</b>		
Cash and cash equivalents	\$ 138,870	\$ 115,123
Accounts receivable, net	151,600	157,093
Inventories, net	194,511	187,028
Other current assets	27,406	28,842
Total current assets	512,387	488,086
Property, plant & equipment, net	339,843	337,634
Intangible assets, net	192,451	204,458
Goodwill	268,546	267,840
Other assets	21,599	21,110
<b>Total assets</b>	<b>\$ 1,334,826</b>	<b>\$ 1,319,128</b>
<b>Liabilities &amp; Stockholders' Equity</b>		
Short-term debt & current maturities	\$ 51,549	\$ 43,471
Other current liabilities	147,115	142,080
Total current liabilities	198,664	185,551
Long-term debt	336,505	364,529
Other long-term liabilities	50,543	47,483
Stockholders' equity	749,114	721,565
<b>Total liabilities &amp; stockholders' equity</b>	<b>\$ 1,334,826</b>	<b>\$ 1,319,128</b>

**Condensed Consolidated Statements of Cash Flows**  
(Data in thousands)

	Six Months Ended	
	10/1/2016	9/26/2015
(unaudited)		
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 9,479	\$ 12,596
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	45,253	44,998
Stock-based compensation expense	4,235	3,883
Provision for losses on accounts receivable and inventory	6,902	3,080
Change in other non-cash operating activities	1,264	123
Change in accounts receivable, net	6,807	(287)
Change in inventories	(12,661)	(40)
Change in other working capital	8,681	(27,592)
Net cash provided by operating activities	69,960	36,761
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(41,624)	(50,130)
Proceeds from sale of property, plant and equipment	197	293
Other	—	(3,000)
Net cash used in investing activities	(41,427)	(52,837)
<b>Cash Flows from Financing Activities:</b>		
Change in (repayments) / borrowings, net	(20,086)	6,366
Proceeds from employee stock programs	15,511	10,637
Share repurchases	—	(60,984)
Net cash used in financing activities	(4,575)	(43,981)
Effect of exchange rates on cash and cash equivalents	(211)	(358)
Net Change in Cash and Cash Equivalents	23,747	(60,415)
Cash and Cash Equivalents at Beginning of the Period	115,123	160,662
<b>Cash and Cash Equivalents at End of Period</b>	<b>\$ 138,870</b>	<b>\$ 100,247</b>
<b>Free Cash Flow Reconciliation*:</b>		
<b>Free cash flow after restructuring and turnaround costs</b>	<b>\$ 28,533</b>	<b>\$ (13,076)</b>
Restructuring and turnaround costs	17,990	24,434
Tax benefit on restructuring and turnaround costs	(5,213)	(6,189)
Capital expenditures on VCC initiatives	—	5,347
<b>Free cash flow before restructuring, turnaround costs and VCC capital expenditures</b>	<b>\$ 41,310</b>	<b>\$ 10,516</b>

\* Free cash flow is defined as cash provided by operating activities less capital expenditures net of the proceeds from the sale of property, plant and equipment.

**Haemonetics Corporation Financial Summary**  
**Reconciliation of Non-GAAP Measures**

Haemonetics has presented supplemental non-GAAP financial measures as part of this earnings release. A reconciliation is provided below that reconciles each non-GAAP financial measure with the most comparable GAAP measure. The presentation of non-GAAP financial measures should not be considered in isolation from, or as a substitute for, the most directly comparable GAAP measures. There are material limitations to the usefulness of non-GAAP measures on a standalone basis, including the lack of comparability to the GAAP financial results of other companies.

These measures are used by management to monitor the financial performance of the business, make informed business decisions, establish budgets and forecast future results. Performance targets for management are established based upon these non-GAAP measures. In the reconciliations below, we have removed restructuring, turnaround and other costs from our GAAP expenses. Our restructuring and turnaround costs for the periods reported are principally related to employee severance and retention, product line simplification, accelerated depreciation and other costs associated with the fiscal 2017 restructuring initiative announced May 9, 2016.

In addition to restructuring and turnaround costs, we are reporting adjusted earnings before deal amortization and asset impairments.

We believe this information is useful to investors because it allows for an evaluation of the Company with a focus on the performance of our core operations.

**Reconciliation of Non-GAAP Measures for the Second Quarter of FY17 and FY16**  
(Data in thousands except per share data)

	Three Months Ended	
	10/1/2016	9/26/2015
	(unaudited)	
<b>GAAP operating income</b>	<b>\$ 24,794</b>	<b>\$ 19,179</b>
Restructuring and turnaround costs <sup>(1)</sup>	1,637	6,531
Deal amortization <sup>(2)</sup>	7,006	7,399
<b>Non-GAAP operating income</b>	<b>\$ 33,437</b>	<b>\$ 33,109</b>
<b>GAAP net income</b>	<b>19,825</b>	<b>12,863</b>
Restructuring and turnaround costs <sup>(1)</sup>	1,597	6,652
Deal amortization <sup>(2)</sup>	7,006	7,399
Tax benefit associated with non-GAAP adjustments	(4,911)	(4,373)
<b>Non-GAAP net income</b>	<b>\$ 23,517</b>	<b>\$ 22,541</b>
<b>GAAP net income per common share</b>	<b>\$ 0.38</b>	<b>\$ 0.25</b>
Non-GAAP items after tax per common share assuming dilution	\$ 0.08	\$ 0.19
<b>Non-GAAP net income per common share assuming dilution</b>	<b>\$ 0.46</b>	<b>\$ 0.44</b>

<sup>(1)</sup> Includes restructuring and turnaround costs included in gross profit of \$0.1M and \$1.2M for the three months ended October 1, 2016 and September 26, 2015, respectively.

<sup>(2)</sup> Deal amortization is included within operating expenses.

**Reconciliation of Non-GAAP Measures for Year-to-Date FY17 and FY16**  
(Data in thousands except per share data)

	Six Months Ended	
	10/1/2016	9/26/2015
	(unaudited)	
<b>GAAP operating income</b>	<b>\$ 16,913</b>	<b>\$ 22,785</b>
Restructuring and turnaround costs <sup>(1)</sup>	20,453	21,347
Asset impairments <sup>(2)</sup>	1,315	—
Deal amortization <sup>(3)</sup>	14,081	14,804
<b>Non-GAAP operating income</b>	<b>\$ 52,762</b>	<b>\$ 58,936</b>
<b>GAAP net income</b>	<b>9,479</b>	<b>12,596</b>
Restructuring and turnaround costs <sup>(1)</sup>	20,413	21,468
Asset impairments <sup>(2)</sup>	1,315	—
Deal amortization <sup>(3)</sup>	14,081	14,804
Tax benefit associated with non-GAAP adjustments	(8,874)	(8,343)
<b>Non-GAAP net income</b>	<b>\$ 36,414</b>	<b>\$ 40,525</b>
<b>GAAP net income per common share</b>	<b>\$ 0.18</b>	<b>\$ 0.24</b>
Non-GAAP items after tax per common share assuming dilution	0.53	0.55
<b>Non-GAAP net income per common share assuming dilution</b>	<b>\$ 0.71</b>	<b>\$ 0.79</b>

<sup>(1)</sup> Includes restructuring and turnaround costs included in gross profit of \$0.3M and \$2.2M for the six months ended October 1, 2016 and September 26, 2015, respectively.

<sup>(2)</sup> Includes impairment charges included in gross profit of \$0.9M for the six months ended October 1, 2016. There were no impairment charges included in gross profit during the six months ended September 26, 2015.

<sup>(3)</sup> Deal amortization is included within operating expenses.



**Comments on 2nd Quarter and 1st Half Fiscal 2017 Results****November 7, 2016**

*Please note that these comments include forward looking statements. Our actual results may differ materially from anticipated results. Additional information concerning factors that could cause results to differ materially is available in the Form 8K we are filing today, as well as in our recent 10K and 10Q filings.*

*Haemonetics presents supplemental non-GAAP financial measures. The presentation of non-GAAP financial measures should not be considered in isolation from, or as a substitute for, the most directly comparable GAAP measures. There are material limitations to the usefulness of non-GAAP measures on a standalone basis, including the lack of comparability to GAAP financial results of other companies.*

*These measures are used by management to monitor the financial performance of the business, make informed business decisions, establish budgets and forecast future results. Performance targets for management are established based upon these non-GAAP measures.*

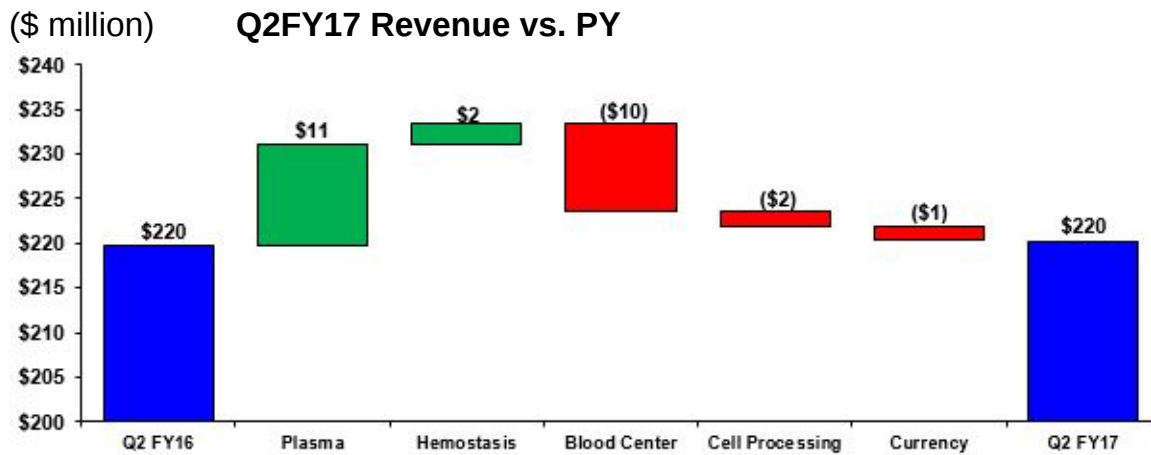
*Consistent with our past practice, we have excluded certain costs and charges from our adjusted financial results and adjusted financial guidance. In the second quarter and first half of fiscal 2017 and in guidance for the full year fiscal 2017 we excluded certain charges and reserves related to fiscal 2017 restructuring and turnaround activities, as well as their tax effects. In the second quarter and first half of fiscal 2016 we excluded certain charges for certain restructuring and turnaround activities and their tax effects. The earnings information discussed for all periods, including guidance for future periods, also exclude deal related amortization expense and its tax effects.*

*Further details of second quarter and first half fiscal year 2017 excluded amounts, including reconciliations of each non-GAAP financial measure with the most comparable GAAP measure and comparisons with the comparable periods of fiscal 2016, are provided in our Form 8K and have been posted to our Investor Relations website. Our press release and website also include reconciliations of our GAAP and adjusted results for reported and prospective periods.*

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**SUMMARY: 2<sup>nd</sup> Quarter Fiscal 2017 Results****Revenue**

In the second quarter of fiscal 2017, total Company revenue was \$220 million, flat with the second quarter of fiscal 2016 as reported, and up 1% in constant currency.. Strong performance in the Plasma and Hemostasis Management franchises continued, as did declines in the Blood Center business.



In the second quarter of fiscal 2017, Plasma franchise revenue was \$104 million, an increase of 11% over the prior year second quarter and 12% in constant currency. Shipments of saline and sodium citrate contributed about 6 percentage points of growth in the second quarter. There was also strength in Japan, as increased plasma collections accompany the shift toward double dose platelets.

Hemostasis Management franchise revenue was \$16 million in the second quarter of fiscal 2017, as both disposables and total franchise revenue were up 15% as reported and 18% in constant currency. Revenue growth rates were nearly identical to first quarter growth rates, as demand remained strong.

Blood Center franchise revenue was \$74 million, down 12% versus the prior year second quarter with no effect from currency:

- Platelet disposables revenue was \$31 million, down 10% with no effect from currency, with a continued market shift toward double dose collection techniques in Japan and order weakness in Russia, partially offset by strength in China. The decline in Japan was attributable to the decreasing use of single-dose collection technology by our largest customer in that geography. Approximately 23% of platelet collections in Japan are currently performed with a competitor's double-dose technology versus 12% a year ago.
- Red cell disposables revenue was \$7 million, down 20% with no effect from currency, due to previously announced volume and pricing reductions in U.S. customer contracts, including the implementation of our long-term contract with the American Red Cross during the second quarter. Through this agreement,

we expect to achieve 100% of the ARC's double red cell business, achieving greater volume at a lower price.

- Whole blood disposables revenue was \$26 million, down 13% as reported and down 12% in constant currency. Declines in the U.S. whole blood collection market and global price erosion continued. North America whole blood revenue continues to be impacted by reductions in the U.S. red cell transfusion rates. The market decline rate in fiscal 2017 appears to be moderating; however, patient blood management practices have not been implemented at all U.S. hospitals, so declines are expected to continue. Additionally, the previously announced North American leukoreduction filter recall had approximately a \$3 million negative impact on second quarter fiscal 2017 revenue.

Cell Processing franchise revenue was \$26 million down 8% versus the prior year second quarter and down 6% in constant currency. Surgical, or Cell Saver, revenue was relatively flat in constant currency, while OrthoPAT revenue represented most of the decline in Cell Processing. Within our transfusion management software business, BloodTrack/HaemoBank grew 34% in constant currency to over \$2 million in the second quarter.

### **Gross Profit and Operating Income**

Second quarter fiscal 2017 gross margin was 47.3%, down 60 basis points versus the prior year second quarter, and adjusted gross margin was 47.4%, down 110 basis points, . Currency headwinds, reduced pricing in U.S. red cells and unfavorable product mix (greater sales of plasma liquid solutions, lower sales of platelets in Japan) were only partially offset by productivity savings from cost reduction initiatives.

Operating expenses were \$79 million and \$86 million in the second quarters of fiscal 2017 and 2016, respectively, a decrease of \$7 million. Operating expenses included restructuring, turnaround and deal amortization expenses of \$9 million and \$13 million in the fiscal 2017 and 2016 second quarters, respectively. The benefit from cost reduction initiatives implemented earlier in fiscal 2017 and timing of R&D investments more than offset increased costs of variable compensation.

There was one notable item in the second quarter that impacted our earnings. That item was the North American leukoreduction filter recall, discussed a quarter ago, and its impact was \$1 million on operating income, or \$0.02 per share in the second quarter of fiscal 2017. Such costs are included in the GAAP and the adjusted gross profit and operating income amounts discussed below.

Second quarter fiscal 2017 operating income was \$25 million, up \$6 million over the prior year second quarter. Adjusted operating income was \$33 million in the second quarters of fiscal 2017 and 2016.

Second quarter operating margin was 11% in fiscal 2017 and 9% in fiscal 2016. Excluding restructuring, turnaround and deal amortization expenses, adjusted operating margin was 15% in both the second quarters of fiscal 2017 and 2016.

### **Interest Expense, Taxes and EPS**

Interest expense associated with loans was \$2.0 million in the second quarter of fiscal 2017. The GAAP income tax provisions were 13% of the second quarter fiscal 2017 pre-tax income and 22% of the second quarter fiscal 2016 pre-tax income, while the adjusted income tax rates were 25% and 27% of adjusted pre-tax income in the second quarters of fiscal 2017 and 2016, respectively.

Second quarter earnings per share were \$0.38 and \$0.25, respectively, in fiscal 2017 and 2016, up 52%. Second quarter adjusted earnings per share were \$0.46 and \$0.44, respectively, in fiscal 2017 and 2016, up 5%. Both the GAAP and adjusted earnings per share included \$0.02 negative impact of the leukoreduction filter recall in the second quarter of fiscal 2017.

### **SUMMARY: 1<sup>st</sup> Half Fiscal 2017 Results**

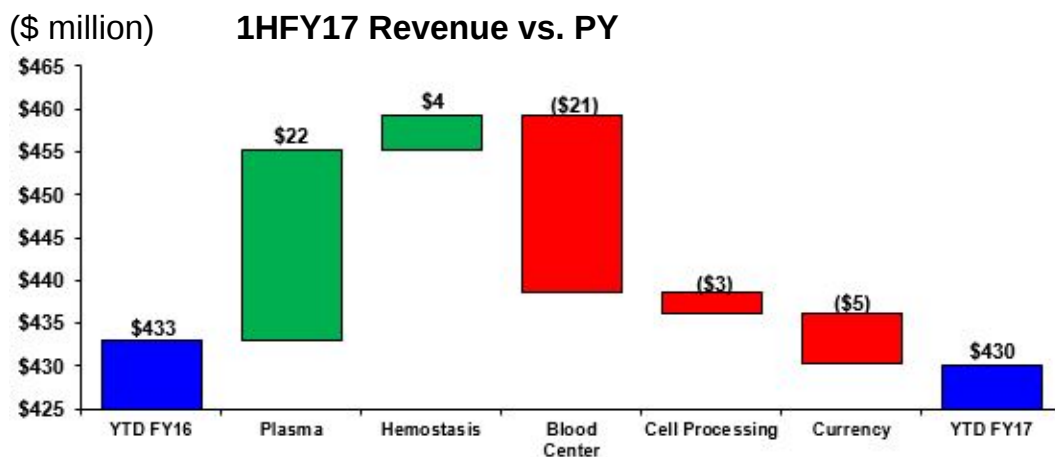
There was one notable item in the first half of fiscal 2017 that decreased our revenue and earnings. That item was the North American leukoreduction filter recall, whose impact on lost revenue was \$3 million in the first half.

Our manufacturing engineering team determined the root cause, corrected the issue and resumed shipments to customers. We incurred charges of \$2 million for product returned, \$1 million of inventory on hand and we accrued \$1 million of related charges including certain customer claims. Such costs totaling \$4 million pre-tax, or \$0.08 per share, are included in the GAAP and adjusted gross profit, operating income and earnings per share amounts discussed below.

### **Revenue**

In the first half of fiscal 2017, total Company revenue was \$430 million, down 1% versus the prior year second quarter and up 1% in constant currency. Strong

performance in the Plasma and Hemostasis Management franchises continued, as did declines in the Blood Center business.



In the first half of fiscal 2017, Plasma franchise revenue was \$201 million, an increase of 11% over the prior year first half and 12% in constant currency. Shipments of saline and sodium citrate contributed about 6 percentage points of growth in the first half. There was strength in Japan, as increased plasma collections accompany the shift toward double dose platelets.

Hemostasis Management franchise revenue was \$32 million in the first half of fiscal 2017. Disposables revenue grew 15% as reported and 17% in constant currency, while total franchise revenue - including equipment and software - grew 12% as reported and 15% in constant currency.

Blood Center franchise revenue was \$145 million in the first half, down 13% over the prior year first half with no effect from currency:

- Platelet disposables revenue was \$58 million, down 11% as reported and down 10% in constant currency, with a continued market shift toward double dose collection techniques in Japan and order weakness in Russia, partially offset by strength in emerging markets. The decline in Japan was attributable to the decreasing use of single-dose collection technology by our largest customer there.
- Red cell disposables revenue was \$15 million, down 23% as reported and down 22% in constant currency, due to previously announced volume and pricing reductions in U.S. customer contracts.

- Whole blood disposables revenue was \$53 million, down 16% as reported and down 14% in constant currency. Declines in the U.S. whole blood collection market and global price erosion continued. North America whole blood revenue continues to be impacted by reductions in the U.S. red cell transfusion rates. As noted, the North American leukoreduction filter recall had approximately a \$3 million negative impact on first half fiscal 2017 revenue.

Cell Processing revenue was \$52 million, down 7% versus the prior year first half and down 5% in constant currency. Surgical, or Cell Saver, revenue was relatively flat in constant currency, while OrthoPAT revenue represented most of the decline. BloodTrack/HaemoBank grew 24% in constant currency to \$4 million in the first half.

## **Gross Profit and Operating Income**

First half fiscal 2017 gross margin was 45.4%, down 260 basis points versus the prior year first half and adjusted gross margin was 45.7%, down 280 basis points. Currency headwinds, recall expenses, reduced pricing in U.S. red cells and unfavorable product mix were partially offset by savings from cost reduction initiatives.

Operating expenses were \$178 million and \$185 million in the first halves of fiscal 2017 and 2016, respectively, a decrease of \$7 million. Operating expenses included restructuring, turnaround and deal amortization expenses of \$34 million in both the fiscal 2017 and 2016 first halves, respectively. First half fiscal 2017 operating expenses also included benefits from cost reduction initiatives implemented early in the fiscal year and timing of R&D investments. These benefits more than offset increased costs of variable compensation.

First half fiscal 2017 operating income was \$17 million, down \$6 million over the prior year first half. Adjusted operating income was \$53 million, down \$6 million versus the prior year first half, and included \$5 million of currency headwinds.

The leukoreduction filter quality issue that surfaced in the first quarter of fiscal 2017 resulted in \$4 million pre-tax, or \$0.08 per share, of costs in the first half of the year. Such costs are included in the GAAP and adjusted gross profit and operating income amounts discussed.

First half operating margin was 4% in fiscal 2017 and 5% in fiscal 2016. On an adjusted basis excluding restructuring, turnaround and deal amortization expenses, adjusted operating margin was 12% in the first half of fiscal 2017, down 130 basis points from the first half of fiscal 2016.

## **Interest Expense, Taxes and EPS**

Interest expense associated with loans was \$3.9 million in the first half of fiscal 2017.

The income tax provisions were 26% of the first half fiscal 2017 pre-tax income and 31% of the first half fiscal 2016 pre-tax income, while the adjusted income tax rates were 25% and 26% of adjusted pre-tax income in the second quarters of fiscal 2017 and 2016, respectively.

First half earnings per share were \$0.18 and \$0.24, respectively, in fiscal 2017 and 2016, down 25%. First half adjusted earnings per share were \$0.71 and \$0.79, respectively, in fiscal 2017 and 2016, down 10%. Both the GAAP and adjusted earnings per share included \$0.08 negative impact of the leukoreduction filter recall in the first half of fiscal 2017.

## **Cash and free cash flow**

We ended the first half of fiscal 2017 with \$139 million of cash on hand, up \$24 million from our fiscal 2016 year end. We repaid \$20 million of debt in the first half of fiscal 2017.

In fiscal 2017, including \$13 million of net after-tax restructuring and turnaround costs, we reported first half fiscal free cash flow of \$28 million, defined as cash provided by operating activities, less net capital expenditures. Excluding the restructuring and turnaround charges, free cash flow was \$41 million.

In fiscal 2016, excluding \$24 million of restructuring and turnaround charges, free cash flow was \$11 million.