

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

November 7, 2017
Date of Report (date of earliest event reported)

CUTERA[®]

Cutera, Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-50644
(Commission File Number)

77-0492262
(I.R.S. Employer
Identification Number)

3240 Bayshore Blvd.
Brisbane, California 94005
(Address of principal executive offices)

(415) 657-5500
(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 (see General Instruction A.2. below):

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

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

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 November 7, 2017, we are issuing a press release and holding a conference call regarding our financial results for the third quarter ended September 30, 2017. A copy of the press release is furnished as Exhibit 99.1 to this Form 8-K.

This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Cutera, Inc. dated as of November 7, 2017.

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, thereunto duly authorized.

Date: November 7, 2017

CUTERA, INC.

/s/ Darren Alch

Darren Alch

Vice President, General Counsel and Corporate Secretary



FOR IMMEDIATE RELEASE

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Cutera Reports Third Quarter 2017 Financial Results

*Generates Record Quarterly Revenue of \$38.2 Million; Increase of 26%
North America Product Revenue Grows by 57%*

*truSculpt® Leads North American Product Platform Revenue; Initial International Introduction
in 3rd Quarter 2017 with Further Geographic Expansion Expected in 4th Quarter 2017*

Achieves 13th Consecutive Quarter of Year-over-Year Double-Digit Revenue Growth

BRISBANE, California, November 7, 2017 — Cutera, Inc. (NASDAQ: CUTR) (“Cutera” or the “Company”), a leading provider of laser and other energy-based aesthetic systems for practitioners worldwide, today reported financial results for the third quarter and nine months ended September 30, 2017.

James Reinstein, President and Chief Executive Officer stated, “We are pleased with our third quarter financial and operational performance and the continued progress of our commercial teams. Our 26% revenue growth in the third quarter was again driven primarily by North American product sales. In addition, our International team produced systems revenue of \$10 million – a single quarter record for this team. Much of our growth was fueled by recent product launches, including enlighten III and truSculpt 3D, however we continue to see growth in some of our legacy platforms such as xeo. We expect this momentum to continue throughout the fourth quarter.”

Key operating highlights for the third quarter of 2017, compared to the third quarter of 2016:

- **Revenue** increased 26%, to a record \$38.2 million, primarily due to 57% growth in North America systems revenue;
 - 13th consecutive quarter of year-over-year double-digit revenue growth;
- **Gross margin** of 58%, consistent with previous guidance;
- **Research and Development** increased 19% as we continue to invest in our product portfolio;
- **Operating income** was \$6.2 million, including a one-time \$4 million benefit from our facility lease cancellation;
 - Excluding the one-time \$4 million benefit, operating income was \$2.2 million, an increase of 44% over the third quarter 2016;
- **Cash generated by operations** was \$3.7 million, including the one-time \$4 million benefit from our facility lease cancellation;
 - Excluding the one-time \$4 million benefit, cash used by operations was \$300,000 due primarily to increased working capital investment to support higher revenue levels;
- **Net income** was \$6.2 million, or \$0.42 per fully diluted share (including the \$4 million income benefit from our previously announced facility lease cancellation);
 - **Adjusted net income** (non-GAAP*) was \$3.5 million, or \$0.24 per fully diluted share excluding non-cash stock based compensation, depreciation and the facility lease cancellation benefit (refer to the GAAP to Non-GAAP reconciliation provided).

Product Updates

Market acceptance for the Company's *truSculpt 3D* system continues to be robust in North America as many practitioners believe it is the best-in-class system for body sculpting. The Company introduced *truSculpt 3D* in select International markets in September 2017, and plans to continue to execute regional expansion of the launch throughout the fourth quarter. This latest version of the *truSculpt* family includes a consumable product enabling the Company to participate in the procedure income with its customers. Although only launched in mid-May of this year, *truSculpt* leads all platforms in revenue generation during the quarter and year-to-date periods ended September 30, 2017, highlighting the importance of new products and new markets.

Sandra Gardiner, Consultant Chief Financial Officer, commented, “Our continued quarterly success allows us to invest in new product platform opportunities, as reflected in our increased research and development investments. We also continue to purchase our stock in the open market and have now repurchased \$13.8 million of stock through the nine months ended September 30, 2017. We ended the third quarter with over \$50 million in cash, cash equivalents and investments. Based on our strong third quarter results, we are reiterating our guidance ranges for the full year.”

Full-Year 2017 Outlook

- We expect to be at the upper end of our previously announced revenue guidance range of \$144 - \$147 million;
- Gross margin is expected to be in the range of 58% - 59%;
- GAAP Earnings per Share is expected to be in the range of \$0.77 - \$0.81. This includes the benefit from the \$4 million facility cancellation income received.

Conference Call

The conference call to discuss these results is scheduled to begin today at 1:30 p.m. PST (4:30 p.m. EST). Participating in the call will be James Reinstein, President and Chief Executive Officer and Sandra Gardiner, Consultant Chief Financial Officer. The call will be broadcast live over the Internet, hosted at the Investor Relations section of Cutera's website at <http://www.cutera.com/>, and will be archived online within one hour of its completion through November 21, 2017. In addition, you may call 1-877-705-6003 to listen to the live broadcast.

About Cutera, Inc.

Brisbane, California-based Cutera is a leading provider of laser and other energy-based aesthetic systems for practitioners worldwide. Since 1998, Cutera has been developing innovative, easy-to-use products that enable physicians and other qualified practitioners to offer safe and effective aesthetic treatments to their patients. For more information, call 1-888-4CUTERA or visit www.cutera.com.

Use of Non-GAAP Financial Measures

** To supplement our condensed consolidated financial statements presented in accordance with Generally Accepted Accounting Principles, or GAAP, management has disclosed certain Non-GAAP financial measures for the statement of operations and net income per diluted share, which exclude non-cash expenses for stock-based compensation, depreciation and a non-recurring lease termination income. Company management uses these measurements as aids in monitoring the Company's ongoing financial performance from quarter to quarter, and year to year, on a regular basis and for benchmarking against other medical technology companies. Non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. These Non-GAAP financial measures should be considered along with, but not as alternatives to, the operating performance measure as prescribed by GAAP.*

Safe Harbor Statement

Certain statements in this press release, other than purely historical information, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These statements include, but are not limited to, Cutera’s plans, objectives, strategies, financial performance and outlook, product launches and performance, trends, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual financial results, performance, achievements or prospects may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “seek,” “guidance,” “predict,” “potential,” “likely,” “believe,” “will,” “should,” “expect,” “anticipate,” “estimate,” “plan,” “intend,” “forecast,” “foresee” or variations of these terms and similar expressions, or the negative of these terms or similar expressions. Forward-looking statements are based on management’s current, preliminary expectations and are subject to risks and uncertainties, which may cause Cutera’s actual results to differ materially from the statements contained herein. These statements are not guarantees of future performance, and stockholders should not place undue reliance on forward-looking statements. There are a number of risks, uncertainties and other important factors, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking statements contained in this press release, including those described in the “Risk Factors” section of Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, the Registration Statement on Form S-8 and other documents filed from time to time with the United States Securities and Exchange Commission by Cutera.

Undue reliance should not be placed on forward-looking statements, which speak only as of the date they are made. Cutera undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date they were made, or to reflect the occurrence of unanticipated events. Cutera’s financial performance for the third quarter ended September 30, 2017, as discussed in this release, is preliminary and unaudited, and subject to adjustment.

CUTERA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)
(unaudited)

	September 30, 2017	June 30, 2017	September 30, 2016
Assets			
Current assets:			
Cash and cash equivalents	\$ 14,784	\$ 18,679	\$ 11,275
Marketable investments	35,692	32,270	35,108
Restricted investments	—	2,290	—
Cash, cash equivalents and investments	<u>50,476</u>	<u>53,239</u>	<u>46,383</u>
Accounts receivable, net	19,604	18,191	11,680
Inventories	23,728	16,913	16,478
Other current assets and prepaid expenses	2,894	2,840	2,507
Total current assets	<u>96,702</u>	<u>91,183</u>	<u>77,048</u>
Property and equipment, net	1,842	1,867	1,720
Deferred tax asset	384	381	410
Intangibles, net	—	—	16
Goodwill	1,339	1,339	1,339
Other long-term assets	381	381	444
Total assets	<u>\$ 100,648</u>	<u>\$ 95,151</u>	<u>\$ 80,977</u>
Liabilities and Stockholders' Equity			
Current liabilities:			
Accounts payable	\$ 5,805	\$ 4,293	\$ 3,283
Accrued liabilities	22,203	18,973	14,786
Deferred revenue	8,801	8,901	8,312
Total current liabilities	<u>36,809</u>	<u>32,167</u>	<u>26,381</u>
Deferred revenue, net of current portion	1,950	1,982	1,426
Income tax liability	171	170	164
Other long-term liabilities	505	604	597
Total liabilities	<u>39,435</u>	<u>34,923</u>	<u>28,568</u>
Stockholders' equity	61,213	60,228	52,409
Total liabilities and stockholders' equity	<u>\$ 100,648</u>	<u>\$ 95,151</u>	<u>\$ 80,977</u>

CUTERA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net revenue	\$ 38,173	\$ 30,281	\$ 103,861	\$ 80,181
Cost of revenue	15,963	12,538	45,084	33,959
Gross profit	22,210	17,743	58,777	46,222
Gross margin %	58%	59%	57%	58%
Operating expenses:				
Sales and marketing	13,148	10,574	36,708	30,002
Research and development	3,467	2,914	9,393	8,335
General and administrative	3,379	2,716	10,143	9,933
Lease termination	(4,000)	—	(4,000)	—
Total operating expenses	15,994	16,204	52,244	48,270
Income (loss) from operations	6,216	1,539	6,533	(2,048)
Interest and other income, net	197	166	746	527
Income (loss) before income taxes	6,413	1,705	7,279	(1,521)
Provision for income taxes	225	61	166	115
Net income (loss)	\$ 6,188	\$ 1,644	\$ 7,113	\$ (1,636)
Net income (loss) per share:				
Basic	\$ 0.44	\$ 0.12	\$ 0.51	\$ (0.12)
Diluted	\$ 0.42	\$ 0.12	\$ 0.48	\$ (0.12)
Weighted-average number of shares used in per share calculations:				
Basic and diluted	13,973	13,163	13,917	13,102
Diluted	14,767	13,544	14,733	13,102

CUTERA, INC.
RECONCILIATION OF GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
TO NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30, 2017		
	GAAP	Adjustments*	Non-GAAP*
Net revenue	\$ 38,173	\$ —	\$ 38,173
Cost of revenue	15,963	(188)(a)	15,775
Gross profit	22,210	188	22,398
Gross margin %	58%		59%
Operating expenses:			
Sales and marketing	13,148	(560)(b)	12,588
Research and development	3,467	(162)(c)	3,305
General and administrative	3,379	(345)(d)	3,034
Lease termination	(4,000)	4,000(e)	—
Total operating expenses	15,994	2,933	18,927
Income from operations	6,216	(2,745)	3,471
Interest and other income, net	197	—	197
Income before income taxes	6,413	(2,745)	3,668
Provision for income taxes	225	(92)(f)	133
Net income	\$ 6,188	\$ (2,653)	\$ 3,535
Net income per share:			
Basic	\$ 0.44	\$ (0.19)	\$ 0.25
Diluted	\$ 0.42	\$ (0.18)	\$ 0.24
Weighted-average number of shares used in per share calculations:			
Basic:	13,973	13,973	13,973
Diluted	14,767	14,767	14,767

* Fiscal third quarter 2017 Non-GAAP results exclude the effect of the below mentioned adjustments (\$000s):

- (a) Adjustment of \$188 included non-cash expenses of \$87 related to depreciation and \$101 of stock based compensation.
- (b) Adjustment of \$560 included a non-cash expenses of \$166 related to depreciation and \$394 of stock based compensation.
- (c) Adjustment of \$162 included a non-cash expenses of \$5 related to depreciation and \$157 of stock based compensation.
- (d) Adjustment of \$345 related to stock based compensation.
- (e) Adjustment of \$4,000 represents non-recurring lease termination income
- (f) Adjustment of \$92 for income tax benefit relates to the net impact of excluding the Non-GAAP adjustments from our year-to-date tax provision.

CUTERA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Cash flows from operating activities:				
Net income (loss)	\$ 6,188	\$ 1,644	\$ 7,113	\$ (1,636)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Stock-based compensation	997	570	3,623	2,652
Depreciation and amortization	258	249	750	733
Other	(22)	18	(67)	(45)
Changes in assets and liabilities:				
Accounts receivable	(1,407)	(525)	(3,048)	(61)
Inventories	(6,815)	(1,776)	(8,751)	(4,400)
Accounts payable	1,512	531	3,207	1,324
Accrued liabilities	3,223	1,659	4,757	886
Deferred revenue	(132)	(866)	652	(1,187)
Other	(87)	99	(631)	(1,015)
Net cash provided by (used in) operating activities	<u>3,715</u>	<u>1,603</u>	<u>7,605</u>	<u>(2,749)</u>
Cash flows from investing activities:				
Acquisition of property, equipment and software	(233)	(174)	(443)	(311)
Disposal of property and equipment	13	11	53	17
Net change in marketable investments	(1,093)	711	4,610	2,344
Net cash provided by (used in) investing activities	<u>(1,313)</u>	<u>548</u>	<u>4,220</u>	<u>2,050</u>
Cash flows from financing activities:				
Repurchases of common stock	(6,735)	(2,008)	(13,776)	(4,873)
Proceeds from exercise of stock options and employee stock purchase plan	695	3,848	4,566	6,798
Taxes paid related to net share settlement of equity awards	(165)	(45)	(1,332)	(601)
Payments on capital lease obligations	(92)	(91)	(274)	(218)
Net cash provided by (used in) financing activities	<u>(6,297)</u>	<u>1,704</u>	<u>(10,816)</u>	<u>1,106</u>
Net increase (decrease) in cash and cash equivalents	(3,895)	3,855	1,009	407
Cash and cash equivalents at beginning of period	18,679	7,420	13,775	10,868
Cash and cash equivalents at end of period	<u>\$ 14,784</u>	<u>\$ 11,275</u>	<u>\$ 14,784</u>	<u>\$ 11,275</u>

CUTERA, INC.
CONSOLIDATED FINANCIAL HIGHLIGHTS
(in thousands, except percentage data)
(unaudited)

	Three Months Ended		% Change	Nine Months Ended		% Change
	Q3 2017	Q3 2016	Q3 '17 Vs Q3 '16	Q3 2017	Q3 2016	YTD Q3 '17 Vs YTD Q3 '16
Revenue By Geography:						
United States	\$ 23,275	\$ 15,356	+52%	\$ 64,058	\$ 42,216	+52%
Rest of World	14,898	14,925	-0%	39,803	37,965	+5%
	<u>\$ 38,173</u>	<u>\$ 30,281</u>	<u>+26%</u>	<u>\$ 103,861</u>	<u>\$ 80,181</u>	<u>+30%</u>
<i>Rest of World as a percentage of total revenue</i>	39%	49%		38%	47%	

Revenue By Product Category:						
Systems						
- North America	\$ 21,869	\$ 13,896	+57%	\$ 58,955	\$ 36,808	+60%
- International	9,993	9,983	+0%	26,014	24,448	+6%
<i>Total Systems</i>	<u>31,862</u>	<u>23,879</u>	<u>+33%</u>	<u>84,969</u>	<u>61,256</u>	<u>+39%</u>
Service	4,687	4,788	-2%	14,173	14,278	-1%
Hand Piece Refills	595	602	-1%	1,743	1,886	-8%
Skincare	1,029	1,012	+2%	2,976	2,761	8%
	<u>\$ 38,173</u>	<u>\$ 30,281</u>	<u>+26%</u>	<u>\$ 103,861</u>	<u>\$ 80,181</u>	<u>+30%</u>

	Three Months Ended		Nine Months Ended	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Pre-tax Stock-Based Compensation Expense:				
Cost of revenue	\$ 101	\$ 73	\$ 377	\$ 254
Sales and marketing	394	239	1,215	844
Research and development	157	131	633	416
General and administrative	345	127	1,398	1,138
	<u>\$ 997</u>	<u>\$ 570</u>	<u>\$ 3,623</u>	<u>\$ 2,652</u>