



CryoLife, Inc. Reports Record Revenues and Improved Earnings For the Third Quarter and Nine Months Ended September 30, 2000

October 17, 2000

ATLANTA, Oct. 17 /PRNewswire/ -- CryoLife, Inc. (NYSE: CRY), a diversified biological implantable device company, today reported record revenues and improved earnings for the third quarter and nine months ended September 30, 2000.

Revenues for the third quarter ended September 30, 2000 were \$19,524,000, an increase of 18% over the \$16,529,000 recorded in the third quarter of 1999. Net income for the third quarter of 2000 was \$2,308,000, an increase of 35% over the net income of \$1,714,000 reported for the same period a year ago. On a fully diluted basis, earnings per share for the quarter ended September 30, 2000 rose to \$0.18 from \$0.14 for the quarter ended September 30, 1999.

For the nine-month period ended September 30, 2000 revenues rose 17% to \$58,601,000 from \$50,249,000 for the same period in 1999. Net income totaled \$5,890,000, an increase of 22% over the \$4,821,000 recorded in the first nine months of 1999. On a fully diluted per share basis, earnings for the nine-month period ended September 30, 2000 rose to \$0.46 from \$0.38 for the same period in 1999.

Steven G. Anderson, President and Chief Executive Officer, CryoLife, Inc., noted, "Record revenues reflect the expanding applications of the Company's cryopreserved tissues and proprietary products, in both domestic and international markets, as well as the successful United States commercial introduction of our BioGlue(R) surgical adhesive. Record earnings are a result of significantly increased revenues derived from products and services with higher gross margins."

Cryopreservation Services Review

The Company's performance in the third quarter of 2000 was driven by continued progress in its diversification strategies, combined with solid results from its core cardiovascular business. Revenue from cardiovascular tissue preservation, which contributed 40% of total revenues, increased by 1% in the third quarter over the same period a year ago, and rose 3% through the first nine months of 2000 compared to the same period in 1999. This performance compares favorably to the growth rate experienced in the implantable heart valve business.

Cryopreservation revenue growth in the third quarter was again led by orthopaedic tissue preservation, which rose 34% to account for 20% of corporate revenue. Revenue from vascular tissue preservation increased 13% to reach 27% of corporate revenue. Through the first nine months of 2000, vascular and orthopaedic tissue preservation revenues increased 16% and 50%, respectively, as compared to the same period in 1999. Over the past three years these two product lines have accounted for most of the Company's year-to-year growth.

BioGlue Progress

The commercial roll-out of CryoLife's BioGlue surgical adhesive in both domestic and overseas markets has begun to make a meaningful impact on CryoLife's corporate results. BioGlue revenue rose 275% in the third quarter to \$1,670,000, up from \$445,000 in the year ago period, while nine-month revenues advanced by 287% to \$4,291,000, up from \$1,109,000 in 1999. With the commercialization of BioGlue in the U.S. pursuant to a Humanitarian Device Exemption, average selling prices have improved and gross margins in the last two quarters have exceeded our targeted 70% level.

BioGlue is currently approved for vascular and pulmonary repair in 41 foreign countries and is commercially available in the United States under a Food and Drug Administration (FDA) approved Humanitarian Device Exemption (HDE) for use as an adjunct in the repair of acute thoracic aortic dissections, a life-threatening condition. Additionally, CryoLife received approval from the FDA under an Investigational Device Exemption (IDE) to expand human clinical trials for the use of BioGlue for all vascular and cardiac repair. The enrollment of all of the patients for this expanded IDE was completed during September 2000. The follow-up period for evaluating the results in these patients is three months, and the Company anticipates filing the data from the expanded IDE for all vascular repair with the FDA sometime in early January.

Gross Margins

Gross margins for the three- and nine-month periods ended September 30, 2000 were 57.3% and 55.8%, respectively, compared to 57.4% and 54.6% for the corresponding periods in 1999. The increase in year-to-date gross margins resulted from changes in product mix, most notably the growing contribution from BioGlue, which carries gross margins in excess of 70%, the growth in orthopaedic and vascular tissue preservation, and the winding down of the Ideas for Medicine OEM contract with Horizon Medical Products, Inc., which had significantly lower margins than the Company's core products.

SynerGraft(R) Progress

On October 16, 2000 the Company announced that it received "CE" (product certification) mark approval for the distribution in the European Union of its SynerGraft pulmonary heart valve. The CE mark, granted by Lloyd's Registry Quality Assurance, Limited (LRQA) of Croydon, England, allows the distribution of the SynerGraft pulmonary heart valve within the European Community member countries.

Steven G. Anderson, President and Chief Executive Officer, said, "SynerGraft is a revolutionary heart valve replacement technology that incorporates the use of a porcine heart valve, which has been depopulated of its porcine heart valve cells providing a collagen matrix that we believe has the normal functionality of a human heart valve, with the potential to recellularize itself with the recipient's own cells. The cell remodeling process has been successful in advanced animal studies that showed that the collagen matrix in SynerGraft pulmonary heart valves repopulated and remodeled itself with new cells and tissue architecture from the heart valve recipient. It is anticipated that the SynerGraft pulmonary tissue engineered heart valve will

be used for right heart reconstruction primarily in children."

Ideas for Medicine Developments

As announced on October 11, 2000, Horizon Medical Products, Inc. (Amex: HMP) acquired substantially all of the remaining assets of Ideas For Medicine, Inc. (IFM), a wholly-owned subsidiary of CryoLife, located in St. Petersburg, Florida. The assets consist primarily of inventory and leasehold improvements.

The transaction provides for Horizon to pay CryoLife up to approximately \$5.9 million, payable in equal monthly installments of principal and interest of \$140,000. If all payments are made on a timely basis, \$2.1 million of the note will be forgiven. In addition, CryoLife entered into a sublease agreement with Horizon under which Horizon will assume responsibility for the IFM manufacturing facility. Substantially all of the employees of IFM will become employees of Horizon.

Founded in 1984, CryoLife, Inc. is the leader in the development and commercialization of implantable living human tissues for use in cardiovascular, vascular, and orthopaedic surgeries throughout the United States and Canada. The Company's BioGlue surgical adhesive, CE Marked in the European Union for use in vascular and pulmonary sealing and repair, is distributed throughout Europe. The Company also manufactures CryoLife-O'Brien(R) and CryoLife-Ross(R) stentless porcine heart valves, which are distributed within the European Community. The CryoLife-O'Brien valve received approval for general distribution in Canada in July of 2000.

Statements made in this press release that look forward in time or that express management's beliefs, expectations or hopes regarding future occurrences are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These future events may not occur when expected, if at all, and are subject to various risks and uncertainties. Such risks and uncertainties include the possibility that SynerGraft valves will not have the functionality of human heart valves or repopulate with human recipient cells, that future clinical SynerGraft or BioGlue test results will prove less encouraging than current results, that SynerGraft or BioGlue regulatory submissions will not be ready when planned or that anticipated regulatory approvals will not be obtained on a timely basis, if at all, the possibility that there will not be an adequate supply of human tissue for cryopreservation, the possibility of rapid technological change, uncertainties regarding products in development, competition from other companies, changes in laws and governmental regulations applicable to the Company and other risk factors detailed in the Company's Securities and Exchange Commission filings, including the Company's Form 10-K for the year ended December 31, 1999.

For additional information about the company, visit CryoLife's web site, <http://www.cryolife.com>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
Revenues	\$ 19,524	\$ 16,529	\$ 58,601	\$ 50,249
Cost and expenses:				
Cryopreservation and products	8,288	6,930	25,751	22,541
General, administrative and marketing	7,000	6,181	21,499	18,283
Research and development	1,211	1,156	3,705	3,113
Interest expense	75	92	236	300
Interest income	(526)	(361)	(1,313)	(1,153)
Other	33	(28)	(73)	(32)
Total costs and expenses	16,081	13,970	49,805	43,052
Earnings before income taxes	3,443	2,559	8,796	7,197
Income tax expense	1,135	845	2,906	2,376
Net income	\$ 2,308	\$ 1,714	\$ 5,890	\$ 4,821
Earnings per share:				
Basic	\$ 0.19	\$ 0.14	\$ 0.48	\$ 0.39
Diluted	\$ 0.18	\$ 0.14	\$ 0.46	\$ 0.38
Weighted average shares outstanding:				
Basic	12,404	12,274	12,328	12,372

Diluted	12,835	12,485	12,687	12,563
Revenues From:				
Cardiovascular	\$ 7,891	\$ 7,820	\$ 23,068	\$ 22,468
Vascular	5,184	4,592	16,233	13,978
Orthopaedic	3,977	2,962	11,804	7,865
Total Cryo- preservation	17,052	15,374	51,105	44,311
Bioprosthetic Valves	188	224	611	753
IFM	519	231	2,208	3,428
BioGlue	1,670	445	4,291	1,109
Other	95	255	386	648
Total Revenues	\$ 19,524	\$ 16,529	\$ 58,601	\$ 50,249

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