
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 and Exchange Act of 1934

Date of Report (Date of earliest event reported): November 1, 2011

EXACTECH, INC.

(Exact Name of Registrant as Specified in Its Charter)

Florida	0-28240	59-2603930
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2320 NW 66th Court
Gainesville, Florida 32653

(Address of Principal Executive Office)

Registrant's telephone number, including area code (352) 377-1140

(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))
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Item 2.02. Results of Operations and Financial Condition

See disclosure set forth in Item 7.01 to this Current Report on Form 8-K.

Item 7.01. Regulation FD Disclosure.

On November 1, 2011, Exactech, Inc. (the “Company”) issued a press release disclosing certain financial information about the Company. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is hereby incorporated by reference in this Item 7.01.

The press release attached as an exhibit to this report contains various “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company’s expectations or beliefs concerning future events, including, but not limited to, statements regarding levels of and expected growth in sales of the Company’s products. When used in the press release and this report, the terms “anticipate,” “believe,” “estimate,” “expect” and “intend” and words or phrases of similar import, as they relate to the Company or its subsidiaries or its management, are intended to identify forward-looking statements. These forward-looking statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. These factors include, without limitation, the effect of competitive pricing, the Company’s dependence on the ability of its third-party suppliers to produce components on a cost-effective basis to the Company, market acceptance of the Company’s products, the outcome of litigation, the availability of third-party reimbursement for the Company’s products, high inventory maintenance requirements, the Company’s ability to protect its intellectual property, dedication of substantial resources towards research and development efforts, product liability risks and the effects of governmental regulation. Results actually achieved may differ materially from expected results included in these statements as a result of these or other factors, including those factors discussed under “Risk Factors” set forth in Item 1A of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010. Exactech undertakes no obligation to update, and the Company does not have a policy of updating or revising, these forward-looking statements. The information in this report will not be deemed an admission as to the materiality of any information required to be disclosed solely to satisfy the requirements of Regulation FD. The furnishing of this information is not intended to, and does not, constitute a determination or admission by the Company that such information is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company.

The information contained in Items 2.02 and 7.01 to this Current Report on Form 8-K and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing by the Company under the Securities Act of 1933, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
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99.1	Press Release issued by the Company on November 1, 2011.
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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.

EXACTECH, INC.

Date: November 1, 2011

By: /s/ Joel C. Phillips
Joel C. Phillips
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press Release issued by the Company on November 1, 2011.



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 CHRYSLER BUILDING | 405 LEXINGTON AVE, 26TH FL | NEW YORK, NY 10174 | TEL: 212.541.2465



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Exactech Q3 Revenue Up 13% to \$47.3M Driven by Robust International Growth. Net Income \$1.3M or \$0.10 EPS.

YTD Revenue Up 10% to \$152.3M, Net Income \$7.0M, EPS \$0.53

GAINESVILLE, Fla. – November 1, 2011 -- Exactech, Inc. (Nasdaq: EXAC), a developer and producer of bone and joint restoration products for hip, knee, shoulder, spine and biologic materials, announced today revenue of \$47.3 million for the third quarter of 2011, a 13% increase over \$42.0 million in the third quarter of 2010. Net income decreased 12% to \$1.3 million, or \$0.10 per diluted share, compared with \$1.5 million, or \$0.11 per diluted share, in the same quarter a year ago. Net income for the quarter, excluding Health Care Professional (HCP) compliance expenses of \$1.0 million related to the Department of Justice (DOJ) settlement, increased 19% to \$1.9 million or \$0.15 EPS.

Third Quarter Highlights and Segment Performance

- Third quarter revenue increased 13% to \$47.3 million
- Knee implant revenue increased 15% to \$17.9 million
- Extremity implant revenue increased 34% to \$9.8 million
- Hip implant revenue increased 22% to \$8.0 million
- Biologic and Spine revenue decreased 15% to \$5.4 million
- Other products revenue remained flat at \$6.2 million

Nine Months Highlights and Segment Performance

For the first nine months of 2011 revenue was \$152.3 million, an increase of 10% over \$138.7 million for the comparable period last year. Net income for the first nine months of 2011 decreased 10% to \$7.0 million, or \$0.53 per diluted share compared to \$7.8 million, or \$0.59 per diluted share for the first nine months of 2010. Net income for the nine months, excluding pre-tax HCP compliance expenses of \$3.7 million, increased 13% to \$9.4 million or \$0.71 EPS. First nine month product revenues were as follows:

- Knee implant revenue increased 7% to \$59.9 million from \$55.9 million
- Extremity implant revenue increased 34% to \$28.9 million from \$21.5 million
- Hip implant revenue increased 19% to \$24.4 million from \$20.5 million
- Biologic and spine revenue decreased 10% to \$18.4 million from \$20.5 million
- Other products revenue increased 2% to \$20.7 million from \$20.3 million

Management Comment

Exactech Chairman and CEO Bill Petty said, "We continued to improve market share with strong international sales that resulted in better than projected total sales of \$47.3 million for the quarter. Sales

in knee implants, our largest product segment, improved 15% to \$17.9 million for the third quarter of 2011 from \$15.6 million in the third quarter of 2010. Our fast-growing Equinoxe[®] shoulder products line continued to significantly outperform the market, with extremity revenues increasing 34% to \$9.8 million from last year's Q3 revenue of \$7.3 million. Hip implant sales for the third quarter rose 22% to 8.0 million from \$6.6 million in the third quarter of 2010. Biologic-spine revenue decreased more than we expected. It was down 15% to \$5.4 million compared with \$6.3 million in the same quarter last year. Other product sales remained flat at \$6.2 million."

Exactech President David Petty said, "In the third quarter, international sales grew 56% to \$15.8 million and increased to 33% of total sales from 24% of total sales for the third quarter of 2010 as we continued to leverage recent investments in our OUS distribution channels. For the first nine months of the year, international sales increased 29% to \$53.3 million from \$41.2 million for the same period of 2010. As a percentage of sales, international sales in the first nine months of 2011 increased to 35% from 30% in the first nine months of the prior year. For the quarter, U.S. sales decreased 1% to \$31.5 million compared with \$31.9 million in the third quarter of 2010. This performance was below our expectations as both knees and hips aligned more with market trends than we expected. For the first nine months of 2011, U.S. sales rose 2% to \$99.0 million compared with \$97.5 million in 2010."

Chief Financial Officer Jody Phillips said, "Net income for the quarter was down 12% to \$1.3 million from \$1.5 million in the same quarter last year. Gross margins increased to 68.5% for the third quarter of 2011 from 67.4% for the third quarter of 2010, primarily due to the increase in international sales in direct markets.

"Total operating expenses for the quarter were \$30.3 million, an increase of 20% from \$25.2 million in the third quarter of 2010. As a percentage of sales, third quarter operating expenses increased to 64% from 60% for the third quarter of 2010. Total sales and marketing expenses were up 15%, and increased to 38% as a percentage of sales from 37% during 2010, as we continued to incur expansion expenses in our Spanish subsidiary. General and administrative expenses rose 32% in the third quarter to \$5.1 million from \$3.9 million primarily due to the compliance costs. Research and development expenses increased 17% to \$3.5 million from \$3.0 million in the third quarter of 2010."

Looking forward, Exactech updated its 2011 revenue guidance to \$204 - \$207 million and diluted EPS of \$0.74 - \$0.76 on a GAAP basis and diluted EPS of \$0.96 - \$0.98 excluding the impact of the company's projection of \$4.6 million in compliance expenses for 2011. For the fourth quarter ending December 31, 2011, the company said it anticipates revenues of \$52 - \$55 million and diluted EPS of \$0.21 - \$0.23 on a GAAP basis and diluted EPS of \$0.25 - \$0.27 excluding the projected impact of \$1.0 million in compliance related expenses. The foregoing statements regarding targets for the quarter and full year are forward-looking and actual results may differ materially. These are the company's targets, not predictions of actual performance.

The financial statements are below.

Conference Call

Exactech will hold a conference call with CEO Dr. William Petty and other key members of the management team on **Wednesday, November 2, 2011 at 10:00 a.m. Eastern Time**. The call will cover the company's third quarter 2011 results. Dr. Petty will open the conference call and a question-and-answer session will follow.

To participate in the call, **dial 1-877-941-8416 any time after 9:50 a.m. EDT on November 2**. International and local callers should dial **1-480-629-9808**. While in conference, if callers should require operator assistance, they can press the star followed by the zero button. This will call an operator to the line.

A live and archived webcast of the call will be available at <http://www.hawkassociates.com/profile/exac.cfm> or at <http://viavid.net/dce.aspx?sid=00008E46>

About Exactech

Based in Gainesville, Fla., Exactech develops and markets orthopaedic implant devices, related surgical instruments and biologic materials and services to hospitals and physicians. The company manufactures many of its orthopaedic devices at its Gainesville facility. Exactech's orthopaedic products are used in the restoration of bones and joints that have deteriorated as a result of injury or diseases such as arthritis. Exactech markets its products in the United States, in addition to more than 30 markets in Europe, Latin America, Asia and the Pacific. Additional information about Exactech, Inc. can be found at <http://www.exac.com>. Copies of Exactech's press releases, SEC filings, current price quotes and other valuable information for investors may be found at <http://www.exac.com> and <http://www.hawkassociates.com>.

An investment profile on Exactech may be found at <http://www.hawkassociates.com/profile/exac.cfm>. To receive future releases in e-mail alerts, sign up at <http://www.hawkassociates.com/about/alert>.

This release contains various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which represent the company's expectations or beliefs concerning future events of the company's financial performance. These forward-looking statements are further qualified by important factors that could cause actual results to differ materially from those in the forward-looking statements. These factors include the effect of competitive pricing, the company's dependence on the ability of third party manufacturers to produce components on a basis which is cost-effective to the company, market acceptance of the company's products and the effects of government regulation. Results actually achieved may differ materially from expected results included in these statements.

Investor contacts
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EXACTECH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	<u>(unaudited)</u> <u>September 30,</u>	<u>(audited)</u> <u>December 31,</u>
	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,897	\$ 3,935
Accounts receivable, net of allowances of \$3,010 and \$2,751	43,094	39,796
Prepaid expenses and other assets, net	4,899	3,384
Income taxes receivable	727	1,544
Inventories – current	62,788	61,602
Deferred tax assets – current	2,563	2,278
Total current assets	117,968	112,539
PROPERTY AND EQUIPMENT:		
Land	2,214	2,210
Machinery and equipment	30,023	27,155
Surgical instruments	72,666	60,077
Furniture and fixtures	3,754	3,583
Facilities	17,984	16,365
Projects in process	1,702	3,669
Total property and equipment	128,343	113,059
Accumulated depreciation	(52,955)	(44,377)
Net property and equipment	75,388	68,682
OTHER ASSETS:		
Deferred financing and deposits, net	472	881
Non-current inventories	11,866	9,191
Product licenses and designs, net	11,529	11,812
Patents and trademarks, net	1,668	1,938
Customer relationships, net	1,689	2,003
Goodwill	13,461	12,947
Total other assets	40,685	38,772
TOTAL ASSETS	\$ 234,041	\$ 219,993
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 15,025	\$ 15,855
Income taxes payable	614	—
Accrued expenses and other liabilities	7,642	8,847
Other current liabilities	330	296
Current portion of long-term debt	644	1,066
Total current liabilities	24,255	26,064
LONG-TERM LIABILITIES:		
Deferred tax liabilities	6,196	6,175
Line of credit	44,591	37,556
Long-term debt, net of current portion	3,669	4,153
Other long-term liabilities	565	629
Total long-term liabilities	55,021	48,513
Total liabilities	79,276	74,577
SHAREHOLDERS' EQUITY:		
Common stock	131	130
Additional paid-in capital	60,075	57,735
Accumulated other comprehensive loss	(2,521)	(2,525)
Retained earnings	97,080	90,076
Total shareholders' equity	154,765	145,416
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 234,041	\$ 219,993

EXACTECH, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(Unaudited)

	Three Month Periods Ended September 30,		Nine Month Periods Ended September 30,	
	2011	2010	2011	2010
NET SALES	\$ 47,278	\$ 42,023	\$ 152,329	\$ 138,693
COST OF GOODS SOLD	14,898	13,704	48,156	47,810
Gross profit	32,380	28,319	104,173	90,883
OPERATING EXPENSES:				
Sales and marketing	18,041	15,711	57,292	46,914
General and administrative	5,070	3,850	16,555	12,427
Research and development	3,502	2,981	9,717	10,064
Depreciation and amortization	3,663	2,682	10,642	7,619
Total operating expenses	30,276	25,224	94,206	77,024
INCOME FROM OPERATIONS	2,104	3,095	9,967	13,859
OTHER INCOME (EXPENSE):				
Interest income	—	1	3	3
Other income (loss)	30	23	73	60
Interest expense	(281)	(198)	(821)	(458)
Foreign currency exchange gain (loss)	(48)	852	845	669
Total other income (expense)	(299)	(678)	100	274
INCOME BEFORE INCOME TAXES	1,805	3,773	10,067	14,133
PROVISION FOR INCOME TAXES	494	2,290	3,063	6,377
NET INCOME	<u>\$ 1,311</u>	<u>\$ 1,483</u>	<u>\$ 7,004</u>	<u>\$ 7,756</u>
BASIC EARNINGS PER SHARE	<u>\$ 0.10</u>	<u>\$ 0.11</u>	<u>\$ 0.54</u>	<u>\$ 0.60</u>
DILUTED EARNINGS PER SHARE	<u>\$ 0.10</u>	<u>\$ 0.11</u>	<u>\$ 0.53</u>	<u>\$ 0.59</u>
SHARES - BASIC	13,125	12,908	13,083	12,879
SHARES - DILUTED	13,207	13,049	13,215	13,081
Adjusted net income to exclude the effect of HCP compliance expenses:				
Net Income	\$ 1,311	\$ 1,483	\$ 7,004	\$ 7,756
Adjustments for HCP compliance expenses:				
HCP compliance expenses, pre-tax	951	216	3,692	795
Income tax benefit	(329)	(80)	(1,343)	(294)
	<u>622</u>	<u>136</u>	<u>2,349</u>	<u>501</u>
Adjusted net income - excluding HCP compliance expense	<u>\$ 1,933</u>	<u>\$ 1,619</u>	<u>\$ 9,353</u>	<u>\$ 8,257</u>
Diluted earnings per share	\$ 0.10	\$ 0.11	\$ 0.53	\$ 0.59
Adjustment of HCP compliance expenses, net	0.05	0.01	0.18	0.04
Adjusted diluted earnings per share	<u>\$ 0.15</u>	<u>\$ 0.12</u>	<u>\$ 0.71</u>	<u>\$ 0.63</u>