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Wright Medical Group Inc Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions).

Your first question comes from the line of Raj Denhoy with Thomas Weisel Partners. Please proceed.

Raj Denhoy - Thomas Weisel Partners

Good afternoon, guys.

John Bakewell

Hi, Raj.

Gary Henley

Hi, Raj.

Raj Denhoy - Thomas Weisel Partners

A very fine quarter, but did I have one question. The soft spot is the U.S. hip business, I'm curious if you could, maybe, give a little more clarity around what's happening on that one particular line?

Gary Henley

Well, again I point to the fact that we think we have the best hip portfolio out there and I'm not losing sleep over the growth. We've got a lot of really good initiatives started. I think that, overall, when we look at our ortho-recon business, I'm very, very pleased with it.

You got to remember that the same sales reps that are selling the hips are selling knees, so they're gravitating to a place where they're having a lot of success. I think the hip line is not in trouble at all. I think it's very robust, and its day will come to shine, for sure.

Raj Denhoy - Thomas Weisel Partners

Okay. Just along the, say, lines, one of the things that's been postulated recently was some of the problems with some of your larger competitors and their hip portfolio, particularly in their hard bearing surface hip portfolio. Is that? you guys could potentially benefit from that. Do you have any thoughts around that, going in to the second half of the year?

Gary Henley

Well, it's early. I mean, obviously, a couple of those things happened just here in the last few weeks. We certainly are poised to move forward. We've got a very compelling product line, and who knows? This time next quarter, we may have something to talk about there, but we've got a lot of exciting initiatives, the PATH products, and we continue to sell out the training courses for that product.

I'm very pleased with the direction that hip's going. I'd like it to happen quicker, of course, but the team's doing a good job, and I'm confident those numbers will come back in line where we like them.

Raj Denhoy - Thomas Weisel Partners

Fair enough. And just one on the gross margin line. I think it was down a little bit in the quarter from last year, and also the first quarter. I'm not sure I caught what you said about that. Maybe you could give us a little more there as well.

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