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Wright Medical Group, Inc. Q1 2008 Earnings Call

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Michael Matson - Wachovia Capital Markets.

Mike Matson - Wachovia Capital Markets

Regarding the guidance for Q2, given where you've guided relative to consensus, it looks like the mid-point is about \$0.05 below consensus. Your overall guidance you took down a little bit, but it looks like you're implying that there's going to be a pretty big ramp in EPS between Q2 and Q4. Is that the case and is that because of the INBONE products gaining momentum over the course of the year?

John Bakewell

You can reconcile pretty easily from where consensus was for Q2 to where the range is, that we just put out there today. The delta's about a \$0.05 difference and you can account for that with \$0.02 of INBONE dilution, that I don't believe most people have in their models as of yet. Another \$0.02 related to the reduced interest income below the line, and then lastly we're taking our effective tax rate up by about a \$0.01 impact: those three items together, collectively are the \$0.05 that gets you from where consensus was to where our range is today.

Above the line, we're still in pretty good shape even with dilution from INBONE.

Mike Matson - Wachovia Capital Markets

The INBONE ankle, does that require extensive surgeon training and is that something that you're going to have to roll out before you can really get a lot of momentum in the sales of that product?

John Bakewell

It does require training. We had that program in place, in fact we began training surgeons the day after we acquired it; we are in that process and we will continue to do that. The good news is we have a very capable staff; we have a mobile lab that we can take around the country and facilitate those trainings. We have a very aggressive plan that, you're right it does take some training.

Mike Matson - Wachovia Capital Markets

Are the DHA related expenses being recorded in SG&A?

John Bakewell

Yes, they flow through SG&A.

Mike Matson - Wachovia Capital Markets

Can we expect I realize it's a non-operational expense, but can we expect similar levels of spending on that through out the remainder of the year?

Gary Henley

It's hard to say. We didn't have a way of judging what those costs were going to be in Q1 and we honestly can't predict it for Q2.

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