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ICU Medical Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

(Operator Instructions). And the first question comes from the line of Mitra Ramgopal. You may proceed.

Mitra Ramgopal - Sidoti & Company

Yes, hi good afternoon guys. Just a few questions, starting first with the a maintenance work that was done. If you can just give us a sense as what was being accomplished there and should we expect any of that again by the end of the year, looking out at '09?

Scott Lamb

This was planned preventive maintenance. This was maintenance that a lot of it in the past we have been unable to or haven't taken the opportunity to do the maintenance throughout the year, and so this was something that we had to do at the end of the year. A lot of our machinery equipment, the cleaning and so forth. (Inaudible) this year. We are looking at ways to reduce shutting the plant down to do preventive maintenance so that we can do it throughout the year, so we are looking at that right now.

George Lopez

We are looking at other options rather than shutting down and not absorbing any overheads for that period of time, Mitra.

Mitra Ramgopal - Sidoti & Company

Okay. And I believe you said, as far as the end of the first quarter, Hospira is obviously committing more efforts in terms of turning the Critical Care business around. What's your feel so far? I mean, if you can say, are you encouraged that --

George Lopez

Mitra, I have actually checked on it again yesterday, talking to our angio sales force and they confirmed that they are working together that they have a specialty sales force, they are targeting accounts. It looks like they are actually working the line. So we believe that they are actually putting a good amount efforts compared to zero effort before.

So we get to see the sizeable difference. We have 18 people that were Critical Care specialists before in other product line and there is evidence that they are starting to see results with the

conversions. But it's still early to say anything other than that. We think it's going to take a couple of quarters to reverse this.

Mitra Ramgopal - Sidoti & Company

Right. And your guidance overall, is assuming a decline for the year, is that correct?

George Lopez

Correct, absolutely.

Mitra Ramgopal - Sidoti & Company

Okay. And I guess that if you have to look at the gross margin, you're saying it would have been 43% absent the shutdown. So, starting the second quarter, we should be seeing some improvement of the 43, is that a good way of looking at it?

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