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Volcano Corporation Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you (Operator Instructions)

We'll hear first from Mike Weinstein with J.P. Morgan.

Mike Weinstein - J.P. Morgan

Thanks. Good evening, guys.

John Dahldorf

Hi, Mike.

Mike Weinstein - J.P. Morgan

Hi, John. Nice quarter, and maybe I just want to dive into it. First a little bit for return of 2008, some of the announcements you guys made here on the call. The strength that we saw, if we look at 2007 and the strength you guys saw obviously in placements, obviously your increased [MR] placements was pretty remarkable in '07 given all that what's going on in the cath lab. But we finally really started to see at the back half of the year, particularly in the fourth quarter, the disposable growth catching up with that. Can you just talk a little bit about what you think you are seeing in the cath lab, and where do you think utilization is [regardless] in the different markets?

John Dahldorf

Yeah. Mike if you look at Japan, the Yano Research numbers are showing that it's now growing to over 65%. Our estimates of the U.S. for that in 2007, it was 14%, but probably a little bit higher in the fourth quarter. And in Europe, it's such a dispersed market with Eastern Europe and Europe it's tough to get your hands around it. But it's probably still in the 3.5% and hasn't increased that much. We see increased use of IVUS. But we also see increased uses of FFR, and you saw that with our growth in the FM business, especially in Europe.

Mike Weinstein - J.P. Morgan

The U.S. market right now, just to focus on the U.S. business, that you said 14%. I guess our math is saying that's probably maybe actually higher than that. Do you think that -- is there a number that, as you exit the year, you think is more achievable than maybe we thought about six to nine months ago

in terms of where that penetration can go, seeking obviously no change in reimbursement? As your thinking on that changed at all?

Scott Huenneken

No. No, I mean as we've talked about consistently without them, Boston is blocking and tackling its more advantageous, clinical data. Its increased speed on the street. Its more integration to eliminate the barriers to use train IVUS from the 15-minute procedure of the roll-in consoles to the integrated IVUS.

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