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## ICU Medical Q4 2007 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions). First question comes from the line of Mitra Ramgopal with Sidoti. Please proceed.

**Mitra Ramgopal - Sidoti**

Yes. Hi, good afternoon guys, just a few questions. Just getting back to the guidance, I think you are saying the revenue is \$200 million excluding critical care?

**George Lopez**

No, including critical care.

**Mitra Ramgopal - Sidoti**

Including critical care. Okay. And the gross margin, I think your goal is a 45%?

**George Lopez**

Yeah.

**Frank O'Brien**

For the year.

**Mitra Ramgopal - Sidoti**

And I thought at some point last year it would have been -- the goal in '07 was just to get to 45% and by '08 closer to 50%. Fairly in '07 we were closer to 40%. Any reason why we can't get more, quicker expansion on the margins, now that the move is completed and you are pretty much going to be rolling out the new products and getting more capacity?

**George Lopez**

You want to take that.

**Frank O'Brien**

Yeah. Mitra, we've made a lot of progress there. I think one of the things that's happened though is our volume on critical care is down, and it's just tough to make that up. But we are continuing to make

progress on the margins. And I think overtime, once we get the new products in there, we'll forget about the 45% because we will be way passed that.

**Mitra Ramgopal - Sidoti**

All right. And it just seems like you are having a really significant bump up in SG&A.

**George Lopez**

Mitra that's all sales force. That's an addition of at least 20 new salesmen that's focusing on oncology for the launching of products at the end of this quarter.

**Mitra Ramgopal - Sidoti**

Because I think last time I talked to you, you were looking at SG&A closer to 23%, 24% range and this does seem a little high here.

**George Lopez**

That'll be a little low for us, 23%.

**Scott Lamb**

Yeah, we've made a decision to significantly increase our sales and marketing support for the new product.

**George Lopez**

Completely focused with the new sales force.

**Mitra Ramgopal - Sidoti**

Right, I was sort of expecting '08 in terms of the guidance. If you look back to what we did two years ago in '06, '08's guidance is still well below where you were two years ago. Is this like a conservative guidance or is this just a lot of headwind you are facing?

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