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## ICU Medical Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from the line of Mitra Ramgopal with Sidoti.

#### Mitra Ramgopal – Sidoti & Co.

A few questions; first, the critical care business really came back strongly. I don't know if you could give us a little more color as to anything specific that was done to get it back on track?

#### George Lopez

The biggest change was the integrated put on 18 direct sales people, on a full time basis, that's the biggest change. We think we're seeing the effects of that. It's truly to call whether it's a trend or not, it just one quarter, so we are still guardedly optimistic.

#### Mitra Ramgopal – Sidoti

Okay and I know if look at the gross margin, again this is probably the best quarter we have seen in about four years and again I know I looked at the guidance for the rest of the year, but if we go a little further out '09 etc, it seems like a lot of things are working now in your favor including critical care and the product mix and the efficiencies etc. Do you think it's fair to say now we have kind of a sound quarter on margins also?

#### George Lopez

Well, just to reiterating, people do 43% for the year and we are seeing some efficiency gains particularly in our Mexico facility, in addition to our new product and really asking our margins going to go up next year. Well, we'll tell you more about that and we will give you a short answer. We think that it will be higher than this year.

#### Mitra Ramgopal – Sidoti

And then I guess just looking broadly in terms of the nature of your products and the end-user, just looking at the overall economy and what's happening out there, again are you seeing any concern in anyway that it could impact you?

#### George Lopez

I was asked this question earlier this morning, I believe Mitra that we're absolutely be fresh and prudent because our products are not like other medical companies that have elective surgeries, elective products. I think the medical companies that have Botox, companies that have durable medical equipment, you're going to see a interaction in that market.

Our products are basically like the name says ICU products; they are not elected. If you have get chemotherapy and you have to get it through an IV set, you have to get drug, so ICU's pretty much recessional to it and I don't see any recession more likely to depression hurting us in any lower target. I think we'll as you know our cash flow and our balance sheet is strong and we don't require any banking or lines of credit. So I think we are as bulletproof as far as we can be as far as in this recession goes.

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