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## Wright Medical Group Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Raj Denhoy - Thomas Weisel Partners.

#### Raj Denhoy - Thomas Weisel Partners

I wonder if I could ask you about the U.S. hip number. I mean, it was nice to see it accelerate so much. Is there anything behind that we can point to?

#### John K. Bakewell

Well I can point you back to the last two quarters or last quarter especially when I said I wasn't too worried about it, that it was just off for the quarter. I think it's just the strength of the product and I expect you to see that kind of growth going forward.

#### Raj Denhoy - Thomas Weisel Partners

You probably heard earlier that one of your large competitors talked about losing some surgeon customers for the first time in the quarter, have you seen any gains in that regard?

#### John K. Bakewell

I don't know. I mean, it's sort of difficult to say on customer-by-customer basis. We have obviously worked hard to gain customers and I'm not sure it's a result of our competitors' problems.

#### Raj Denhoy - Thomas Weisel Partners

But you are picking up customers obviously with a growth number like that?

#### John K. Bakewell.

Yes.

#### Raj Denhoy - Thomas Weisel Partners

Maybe I could just ask a little about the SG&A, the decrease as a percentage of sales. I mean, it was a pretty big move in the quarter. Is there anything behind that? I mean other than the moves you've made recently with Toulon? Is there anything else that's really driving that number down so much?

#### Gary D. Henley

Raj, about – there are about 50 basis points of improvement year-over-year related to the Toulon closure. There's also a slightly easier comp but there wasn't anything big enough last year to call out but there were some things of relatively minor, kind of non-recurring nature last year that would account for a little bit of it as well. But by-and-large, it was just good old fashioned leverage and we were pretty effective in controlling expenses.

And when you're able to do that in your seasonally low sales quarter, it has just that much more profound of an impact on your leverage number. So that's really what happened; a little bit of Toulon, a tiny little bit of easier comp and a whole bunch of just good expense control.

**Raj Denhoy - Thomas Weisel Partners**

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