



November 5, 2015

## ICU Medical, Inc. Announces Third Quarter 2015 Results

SAN CLEMENTE, Calif., Nov. 5, 2015 (GLOBE NEWSWIRE) -- **ICU Medical, Inc.**, (Nasdaq:ICUI) ("ICU Medical"), a leader in the development, manufacture and sale of innovative medical devices used in infusion therapy, oncology and critical care applications, today announced financial results for the third quarter ended September 30, 2015.

### Third Quarter 2015 Results

Third quarter 2015 revenue was \$86.0 million, compared to \$77.5 million in the same period last year. GAAP net income for the third quarter of 2015 was \$16.3 million, or \$0.98 per diluted share, as compared to GAAP net income of \$6.4 million, or \$0.42 per diluted share, for the third quarter of 2014. Adjusted diluted earnings per share for the third quarter of 2015 was \$1.00 as compared to \$0.66 for the third quarter of 2014. Also, adjusted EBITDA was \$29.7 million for the third quarter of 2015 as compared to \$18.9 million for the third quarter of 2014.

Vivek Jain, ICU Medical's Chief Executive Officer, said, "Our revenue, gross margin, adjusted EBITDA and net income results in the third quarter were above our expectations as we achieved growth in both our direct and OEM channels. Based on our results year-to-date in 2015 and expectations for the remainder of the year, we are adjusting our full year 2015 guidance."

Revenues by market segment for the three months ended September 30, 2015 and 2014 were as follows:

(dollars in millions)

Three months ended  
September 30,

| <u>Market Segment</u> | <u>2015</u>   | <u>2014</u>   | <u>Change</u> |
|-----------------------|---------------|---------------|---------------|
| Infusion Therapy      | \$62.1        | \$55.0        | \$7.1         |
| Oncology              | 11.2          | 9.4           | 1.8           |
| Critical Care         | 12.5          | 12.8          | (0.3)         |
| Other                 | 0.2           | 0.3           | (0.1)         |
|                       | <u>\$86.0</u> | <u>\$77.5</u> | <u>\$8.5</u>  |

The Company ended the third quarter with a strong balance sheet. As of September 30, 2015, cash, cash equivalents and investment securities totaled \$394.1 million and working capital was \$476.5 million. Additionally, the Company generated operating cash flow of \$16.7 million for the third quarter of 2015.

### Updated Fiscal Year 2015 Guidance

For the year, the Company now expects revenue to be in the range of \$335 million to \$340 million, compared to the previous range of \$325 million to \$330 million; GAAP diluted earnings per share to be in the range of \$3.13 to \$3.21, compared to the previous range of \$2.63 to \$2.83; adjusted diluted earnings per share to be in the range of \$3.88 to \$3.96, compared to the previous range of \$3.49 to \$3.69; and adjusted EBITDA to be in the range of \$110 million to \$112 million, compared to the previous range of \$100 million to \$105 million.

### Conference Call

The Company will be conducting a conference call concerning these announcements at 4:30 p.m. EST (1:30 p.m. PST), today, Thursday, November 5, 2015. The call can be accessed at 800-936-9761, international 408-774-4587, conference ID 6382989. The conference call will be simultaneously available by webcast, which can be accessed by going to the Company's website at [www.icumed.com](http://www.icumed.com), clicking on the Investors tab, clicking on the Webcast icon and following the prompts. The webcast will also be available by replay.

### Use of Non-GAAP Financial Information

This press release contains financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Our management believes that the non-GAAP data provides useful supplemental information to management and investors regarding our performance and facilitates a more meaningful comparison of results of operations between current and prior periods. The non-GAAP financial measures included in this press release are adjusted EBITDA and adjusted diluted earnings per share ("Adjusted Diluted EPS"). Adjusted EBITDA excludes intangible asset amortization expense, depreciation expense, stock compensation expense, restructuring and strategic transaction expense, gain on sale of building, legal settlements and income tax expense. Adjusted Diluted EPS excludes, net of tax, intangible asset amortization expense, stock compensation expense, restructuring and strategic transaction expense, gain on sale of building and legal settlements.

The non-GAAP financial measures should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. There are limitations in using these non-GAAP financial measures because they are not prepared in accordance with GAAP and may be different from non-GAAP financial measures used by other companies.

Reconciliations of our GAAP to non-GAAP financial are included in the financial tables in this press release.

### About ICU Medical, Inc.

ICU Medical, Inc. (Nasdaq:ICUI) develops, manufactures and sells innovative medical technologies used in infusion therapy, oncology, and critical care applications. ICU Medical's products improve patient outcomes by helping prevent bloodstream infections and protect healthcare workers from exposure to infectious diseases or hazardous drugs. The Company's complete product line includes custom IV systems, closed delivery systems for hazardous drugs, needlefree IV connectors, closed blood sampling systems, and hemodynamic monitoring systems. ICU Medical is headquartered in San Clemente, California. For more information, visit the Company's website at [www.icumed.com](http://www.icumed.com).

### Forward Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements contain words such as "will," "expect," "believe," "could," "would," "estimate," "continue," "build," "expand" or the negative thereof or comparable terminology, and may include (without limitation) information regarding the Company's expectations, goals or intentions regarding the future. These forward-looking statements are based on Management's current expectations, estimates, forecasts and projections about the Company, our full year 2015 guidance and assumptions Management believes are reasonable, all of which are subject to risks and uncertainties that could cause actual results and events to differ materially from those stated in the forward-looking statements. These risks and uncertainties include, but are not limited to, decreased demand for the Company's products, decreased free cash flow, the inability to recapture conversion delays or part/resource shortages on anticipated timing, or at all, changes in product mix, increased competition from competitors, lack of continued growth or improving efficiencies and unexpected changes in the Company's arrangements with its largest customers. Future results are subject to risks and uncertainties, including the risk factors, and other risks and uncertainties, described in the Company's filings with the Securities and Exchange Commission, which include those in the Annual Report on Form 10-K for the year ended December 31, 2014. Forward-looking statements contained in this press release are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

**ICU Medical, Inc. and Subsidiaries**  
Condensed Consolidated Balance Sheets  
(Amounts in thousands, except per share data)

|   | <b>September<br/>30,<br/>2015</b> | <b>December<br/>31,<br/>2014</b> |
|---|-----------------------------------|----------------------------------|
|   | <b>(unaudited)</b>                | <b>(1)</b>                       |
| <b>ASSETS</b>   |                                   |                                  |
| <b>CURRENT ASSETS:</b>  |                                   |                                  |
| Cash and cash equivalents   | \$ 355,368                        | \$ 275,812                       |
| Investment securities   | 38,695                            | 70,952                           |
| Cash, cash equivalents and investment securities  | 394,063                           | 346,764                          |
| Accounts receivable, net of allowance for doubtful accounts of \$1,123 at September 30, 2015 and \$1,127 at |                                   |                                  |

|  |                   |                   |
|--|-------------------|-------------------|
| December 31, 2014  | 49,242            | 39,051            |
| Inventories  | 40,681            | 36,933            |
| Prepaid income taxes   | 8,798             | 3,963             |
| Prepaid expenses and other current assets  | 14,379            | 5,818             |
| Deferred income taxes  | 6,534             | 4,683             |
| Total current assets   | <u>513,697</u>    | <u>437,212</u>    |
| PROPERTY AND EQUIPMENT, net  | 78,768            | 86,091            |
| GOODWILL   | 1,478             | 1,478             |
| INTANGIBLE ASSETS, net   | 6,365             | 7,063             |
| DEFERRED INCOME TAXES  | 9,920             | 9,258             |
|  | <u>\$ 610,228</u> | <u>\$ 541,102</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY   |                   |                   |
| CURRENT LIABILITIES:   |                   |                   |
| Accounts payable   | \$ 14,732         | \$ 11,378         |
| Accrued liabilities  | 22,471            | 17,350            |
| Total current liabilities  | <u>37,203</u>     | <u>28,728</u>     |
| LONG-TERM LIABILITIES  | 1,566             | —                 |
| DEFERRED INCOME TAXES  | 3,069             | 1,376             |
| INCOME TAX LIABILITY   | 1,222             | 2,746             |
| COMMITMENTS AND CONTINGENCIES  | —                 | —                 |
| STOCKHOLDERS' EQUITY:  |                   |                   |
| Convertible preferred stock, \$1.00 par value Authorized—500 shares; Issued and outstanding— none  | —                 | —                 |
| Common stock, \$0.10 par value — Authorized, 80,000 shares; Issued and outstanding, 15,951 shares at September 30, 2015 and 15,595 shares at December 31, 2014 | 1,595             | 1,559             |
| Additional paid-in capital   | 134,413           | 107,336           |
| Retained earnings  | 448,433           | 408,911           |
| Accumulated other comprehensive loss   | (17,273)          | (9,554)           |
| Total stockholders' equity   | <u>567,168</u>    | <u>508,252</u>    |
|  | <u>\$ 610,228</u> | <u>\$ 541,102</u> |

(1) December 31, 2014 balances were derived from audited consolidated financial statements.

### ICU Medical, Inc. and Subsidiaries

Condensed Consolidated Statements of Income

(Amounts in thousands, except per share data)

(unaudited)

|                     | <u>Three months ended</u> |               | <u>Nine months ended</u> |                |
|---------------------|---------------------------|---------------|--------------------------|----------------|
|                     | <u>September 30,</u>      |               | <u>September 30,</u>     |                |
|                     | <u>2015</u>               | <u>2014</u>   | <u>2015</u>              | <u>2014</u>    |
| REVENUES:           |                           |               |                          |                |
| Net sales           | \$ 85,891                 | \$ 77,329     | \$ 250,876               | \$ 228,997     |
| Other               | 125                       | 128           | 405                      | 367            |
| TOTAL REVENUE       | <u>86,016</u>             | <u>77,457</u> | <u>251,281</u>           | <u>229,364</u> |
| COST OF GOODS SOLD  | <u>39,751</u>             | <u>39,310</u> | <u>118,741</u>           | <u>117,648</u> |
| Gross profit        | <u>46,265</u>             | <u>38,147</u> | <u>132,540</u>           | <u>111,716</u> |
| OPERATING EXPENSES: |                           |               |                          |                |

|   |                  |                 |                  |                  |
|---|------------------|-----------------|------------------|------------------|
| Selling, general and administrative     | 20,206           | 21,843          | 60,698           | 68,640           |
| Research and development                | 4,227            | 5,055           | 11,657           | 13,252           |
| Restructuring and strategic transaction | 3,411            | 2,840           | 3,411            | 2,840            |
| Gain on sale of building                | (1,086)          | —               | (1,086)          | —                |
| Legal settlements                       | (5,261)          | —               | 1,798            | —                |
| Total operating expenses                | <u>21,497</u>    | <u>29,738</u>   | <u>76,478</u>    | <u>84,732</u>    |
| Income from operations                  | 24,768           | 8,409           | 56,062           | 26,984           |
| OTHER INCOME                            | <u>230</u>       | <u>155</u>      | <u>996</u>       | <u>572</u>       |
| Income before income taxes              | 24,998           | 8,564           | 57,058           | 27,556           |
| PROVISION FOR INCOME TAXES              | <u>(8,732)</u>   | <u>(2,136)</u>  | <u>(17,536)</u>  | <u>(8,593)</u>   |
| NET INCOME                              | <u>\$ 16,266</u> | <u>\$ 6,428</u> | <u>\$ 39,522</u> | <u>\$ 18,963</u> |
| NET INCOME PER SHARE                    |                  |                 |                  |                  |
| Basic                                   | \$ 1.02          | \$ 0.42         | \$ 2.50          | \$ 1.25          |
| Diluted                                 | \$ 0.98          | \$ 0.42         | \$ 2.41          | \$ 1.22          |
| WEIGHTED AVERAGE NUMBER OF SHARES       |                  |                 |                  |                  |
| Basic                                   | 15,894           | 15,319          | 15,790           | 15,220           |
| Diluted                                 | 16,575           | 15,488          | 16,409           | 15,497           |

**ICU Medical, Inc. and Subsidiaries**

Condensed Consolidated Statements of Cash Flows

(Amounts in thousands)

(unaudited)

**Nine months ended September 30,**

|   | <b><u>2015</u></b> | <b><u>2014</u></b> |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                    |                    |
| Net income  | \$ 39,522          | \$ 18,963          |
| Adjustments to reconcile net income to net cash provided by operating activities: |                    |                    |
| Depreciation and amortization   | 13,266             | 14,642             |
| Provision for doubtful accounts   | 53                 | 3                  |
| Provision for warranty and returns  | 38                 | (488)              |
| Stock compensation  | 9,305              | 6,990              |
| Loss (gain) on disposal of property and equipment                                 | (1,102)            | 8                  |
| Bond premium amortization   | 1,451              | 1,599              |
| Cash provided (used) by changes in operating assets and liabilities               |                    |                    |
| Accounts receivable   | (11,390)           | 9,433              |
| Inventories   | (4,867)            | (4,655)            |
| Prepaid expenses and other assets   | (8,824)            | 2,146              |
| Accounts payable  | 3,246              | 681                |
| Accrued liabilities   | 6,915              | 2,123              |
| Income taxes, including excess tax benefits and deferred income taxes             | <u>(5,177)</u>     | <u>(3,098)</u>     |
| Net cash provided by operating activities   | <u>42,436</u>      | <u>48,347</u>      |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                    |                    |
| Purchases of property and equipment   | (7,729)            | (14,924)           |
| Proceeds from sale of asset   | 3,592              | 5                  |
| Intangible asset additions  | (778)              | (709)              |
| Purchases of investment securities  | (40,217)           | (78,993)           |
| Proceeds from sale of investment securities                                       | <u>70,293</u>      | <u>69,470</u>      |
| Net cash provided (used) by investing activities                                  | <u>25,161</u>      | <u>(25,151)</u>    |
| CASH FLOWS FROM FINANCING ACTIVITIES:   |                    |                    |

|  |                          |                          |
|--|--------------------------|--------------------------|
| Proceeds from exercise of stock options        | 10,974                   | 9,105                    |
| Proceeds from employee stock purchase plan     | 2,162                    | 2,485                    |
| Tax benefits from exercise of stock options    | 6,194                    | 2,734                    |
| Purchase of treasury stock                     | <u>(1,523)</u>           | <u>(5,836)</u>           |
| Net cash provided by financing activities      | <u>17,807</u>            | <u>8,488</u>             |
| Effect of exchange rate changes on cash        | <u>(5,848)</u>           | <u>(5,465)</u>           |
| NET INCREASE IN CASH AND CASH EQUIVALENTS      | 79,556                   | 26,219                   |
| CASH AND CASH EQUIVALENTS, beginning of period | <u>275,812</u>           | <u>226,022</u>           |
| CASH AND CASH EQUIVALENTS, end of period       | <u><u>\$ 355,368</u></u> | <u><u>\$ 252,241</u></u> |
| NON-CASH INVESTING ACTIVITIES                  |                          |                          |
| Accrued liabilities for property and equipment | \$ 1,106                 | \$ 100                   |

### ICU Medical, Inc. and Subsidiaries

#### Reconciliation of GAAP to Non-GAAP Financial Measures

(Amounts in thousands, except per share data)

(unaudited)

|   | Adjusted EBITDA                  |                        | Adjusted EBITDA                 |                        |
|---|----------------------------------|------------------------|---------------------------------|------------------------|
|   | Three months ended September 30, |                        | Nine months ended September 30, |                        |
|   | 2015                             | 2014                   | 2015                            | 2014                   |
| GAAP net income                                     | \$16,266                         | \$6,428                | \$39,522                        | \$18,963               |
| Non-GAAP adjustments:                               |                                  |                        |                                 |                        |
| Stock compensation expense (a)                      | 3,358                            | 2,531                  | 9,305                           | 6,990                  |
| Depreciation and amortization expense (b)           | 4,240                            | 4,976                  | 13,266                          | 14,642                 |
| Restructuring and strategic transaction expense (c) | 3,411                            | 2,840                  | 3,411                           | 2,840                  |
| Gain on sale of building (d)                        | (1,086)                          | --                     | (1,086)                         | --                     |
| Legal settlements (e)                               | (5,261)                          | --                     | 1,798                           | --                     |
| Provision for income taxes (f)                      | <u>8,732</u>                     | <u>2,136</u>           | <u>17,536</u>                   | <u>8,593</u>           |
| Total non-GAAP adjustments                          | 13,394                           | 12,483                 | 44,230                          | 33,065                 |
| Adjusted EBITDA                                     | <u><u>\$29,660</u></u>           | <u><u>\$18,911</u></u> | <u><u>\$83,752</u></u>          | <u><u>\$52,028</u></u> |

|   | Adjusted diluted earnings per share |        | Adjusted diluted earnings per share |        |
|---|-------------------------------------|--------|-------------------------------------|--------|
|   | Three months ended September 30,    |        | Nine months ended September 30,     |        |
|   | 2015                                | 2014   | 2015                                | 2014   |
| GAAP diluted earnings per share                     | \$0.98                              | \$0.42 | \$2.41                              | \$1.22 |
| Non-GAAP adjustments:                               |                                     |        |                                     |        |
| Stock compensation expense (a)                      | \$0.20                              | \$0.16 | \$0.57                              | \$0.45 |
| Amortization expense (g)                            | \$0.02                              | \$0.04 | \$0.09                              | \$0.12 |
| Restructuring and strategic transaction expense (c) | \$0.21                              | \$0.18 | \$0.21                              | \$0.18 |
| Gain on sale of building (d)                        | \$ (0.07)                           | \$ --  | \$ (0.07)                           | \$ --  |

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Legal settlements (e)                            | \$ (0.32)        | \$ --            | \$0.11           | \$ --            |
| Estimated income tax impact from adjustments (h) | <u>\$ (0.02)</u> | <u>\$ (0.14)</u> | <u>\$ (0.31)</u> | <u>\$ (0.26)</u> |
| Adjusted diluted earnings per share              | <u>\$1.00</u>    | <u>\$0.66</u>    | <u>\$3.01</u>    | <u>\$1.71</u>    |

(a) Stock-based compensation expense in accordance with ASC 718.

(b) Depreciation of fixed assets and amortization of intangible assets.

(c) Restructuring and strategic transaction expense.

(d) Gain on sale of building.

(e) Legal settlements.

(f) Income tax expense recognized during the period.

(g) Amortization expense.

(h) Estimated income tax effect on adjustments for stock compensation expense, amortization expense, restructuring and strategic transaction expense, gain on sale of building and legal settlements.

### ICU Medical, Inc. and Subsidiaries

#### Reconciliation of GAAP to Non-GAAP Financial Measures - Fiscal Year 2015 Outlook

(Amounts in thousands, except per share data)

(unaudited)

|   |  |                  |                  |
|---|--|------------------|------------------|
| GAAP net income                                     |  | \$51,555         | \$52,879         |
| Non-GAAP adjustments:                               |  |                  |                  |
| Stock compensation expense (a)                      |  | 12,695           | 12,695           |
| Depreciation and amortization expense (b)           |  | 17,936           | 17,936           |
| Restructuring and strategic transaction expense (c) |  | 3,411            | 3,411            |
| Gain on sale of building (d)                        |  | (1,086)          | (1,086)          |
| Legal settlements (e)                               |  | 1,798            | 1,798            |
| Provision for income taxes (f)                      |  | <u>23,734</u>    | <u>24,416</u>    |
| Total non-GAAP adjustments                          |  | 58,488           | 59,170           |
| Adjusted EBITDA                                     |  | <u>\$110,043</u> | <u>\$112,049</u> |
| GAAP diluted earnings per share                     |  | \$3.13           | \$3.21           |
| Non-GAAP adjustments:                               |  |                  |                  |
| Stock compensation expense (a)                      |  | \$0.77           | \$0.77           |
| Amortization expense (g)                            |  | \$0.11           | \$0.11           |
| Restructuring and strategic transaction expense (c) |  | \$0.21           | \$0.21           |
| Gain on sale of building (d)                        |  | \$ (0.07)        | \$ (0.07)        |
| Legal settlements (e)                               |  | \$0.11           | \$0.11           |
| Estimated income tax impact from adjustments (h)    |  | <u>\$ (0.38)</u> | <u>\$ (0.38)</u> |
| Adjusted diluted earnings per share                 |  | <u>\$3.88</u>    | <u>\$3.96</u>    |

(a) Stock-based compensation expense in accordance with ASC 718.

(b) Depreciation of fixed assets and amortization of intangible assets.

- (c) Restructuring and strategic transaction expense.
- (d) Gain on sale of building.
- (e) Legal settlements.
- (f) Income tax expense recognized during the period.
- (g) Amortization expense.
- (h) Estimated income tax effect on adjustments for stock compensation expense, amortization expense, restructuring and strategic transaction expense, gain on sale of building and legal settlements.

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