



## **ICU Medical, Inc. Reports Third Quarter 2009 Results**

*Nine-Month 2009 Operating Cash Flow Totaled \$38.5 Million*

*The Company Raises FY 2009 EPS Guidance*

SAN CLEMENTE, Calif—October 19, 2009—ICU Medical, Inc., (Nasdaq: ICUI), a leading low cost manufacturer of safe medical connectors, custom medical products and critical care devices, today announced results for the third quarter and nine months ended September 30, 2009.

Third quarter 2009 revenue was \$54.0 million, compared to \$54.7 million in the same period last year. Net income for the third quarter of 2009 was \$6.3 million, or \$0.42 per diluted share, compared to net income of \$7.6 million, or \$0.52 per diluted share, for the third quarter of 2008. The Company experienced a more favorable tax rate in the third quarter of 2009, which added approximately \$0.08 to its earnings per share for the quarter.

For the nine months ended September 30, 2009, revenue increased 9.3% to \$161.7 million, compared to revenue of \$148.0 million in the same period last year. For the nine months ended September 30, 2009, the Company earned \$19.1 million, or \$1.27 per diluted share, compared to net income of \$15.3 million, or \$1.06 per diluted share, for the nine months ended September 30, 2008.

Scott Lamb, ICU Medical's Chief Financial Officer, said, "We are pleased with our financial performance during the third quarter and the initial results from our critical care acquisition that we closed on August 31, 2009. The third quarter was marked by solid profitability and strong cash flow and our top-line performance was driven by double-digit improvements in Non Critical Care Custom Sets and new products. International revenue was up 53% while sales from domestic distributors and direct sales posted an increase of 98%."

"The transition of recently acquired critical care operations is in-line with our expectations and we believe by controlling all aspects of this line, we will regain market share for this product line and return it to stronger growth over time," continued Mr. Lamb. "With industry leading partnerships in place, we are positioned to capitalize on worldwide market opportunities for all of our products. Additionally, our positive cash flow enables us to finance our immediate growth initiatives, such as sales force expansion and further improvements in manufacturing efficiencies."

The Company ended the third quarter with a very strong balance sheet. As of September 30, 2009, cash, cash equivalents and investment securities totaled \$123.4 million and working capital was \$187.2 million. Additionally, the Company achieved operating cash flow of \$38.5 million for the first nine months of 2009.

## **Fiscal Year 2009 Guidance**

For the full fiscal year of 2009, management is narrowing its previously announced revenue guidance to the range of \$223 million to \$228 million and maintaining gross margin guidance in the range of 46-47%. In addition, the Company is increasing its diluted earnings per share for full year 2009 to a range of \$1.74 - \$1.79, compared to the previously announced \$1.62 - \$1.71 per diluted share. Diluted earnings per share guidance include an additional \$0.08 related to a more favorable tax rate of approximately 22% in the third quarter of 2009. The Company expects its tax rate to be approximately 33% for the full year of 2009.

## **Conference Call**

The Company will be conducting a conference call concerning its third quarter results today at 4:30 p.m. EDT (1:30 p.m. PDT). The call can be accessed at 866-543-6411, passcode 27695770 or by replay at 888-286-8010, passcode 11079716. 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. Certain information provided as part of that call will be provided on the Company's website at [www.icumed.com](http://www.icumed.com) within 48 hours of the call.

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, including, but not limited to, statements regarding the Company's ability to control all aspects of its critical care operations, the ability to regain market share and a return to stronger growth, the ability to capitalize on worldwide market opportunities for all of the Company's products, investment in strategic initiatives, sales force expansion to take advantage of certain opportunities, and improvement of efficiencies. In addition, forward-looking statements also include the statements under the heading "Fiscal Year 2009 Guidance." These forward-looking statements are based on Management's current expectations, estimates, forecasts and projections about the Company 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: growing demand for our products, investments in strategic growth, continued growth and improving efficiencies. 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 Form 10-K for the year ended December 31, 2008 and 10-Q for the quarter ended June 30, 2009. 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.

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

	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
	(unaudited)	(1)
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents .....	\$ 53,259	\$ 55,696
Investment securities.....	<u>70,126</u>	<u>56,093</u>
Cash, cash equivalents and investment securities .....	123,385	111,789
Accounts receivable, net of allowance for doubtful accounts of \$304 at September 30, 2009 and \$320 at December 31, 2008.....	32,447	38,423
Inventories .....	44,942	17,930
Prepaid income taxes .....	838	4,544
Prepaid expenses and other current assets .....	6,196	3,471
Deferred income taxes — current portion.....	<u>2,877</u>	<u>3,231</u>
Total current assets .....	<u>210,685</u>	<u>179,388</u>
PROPERTY AND EQUIPMENT, net .....	74,486	69,897
PROPERTY HELD FOR SALE.....	940	940
RESTRICTED CASH .....	532	6,014
INVESTMENT SECURITIES — non-current portion .....	—	11,350
GOODWILL.....	1,478	—
INTANGIBLE ASSETS, net.....	17,263	10,780
DEFERRED INCOME TAXES — non-current portion .....	3,855	3,855
INCOME TAXES RECEIVABLE — non-current portion .....	<u>1,210</u>	<u>1,210</u>
	<u>\$ 310,449</u>	<u>\$ 283,434</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable.....	\$ 9,706	\$ 7,879
Accrued liabilities.....	11,887	14,081
Deferred revenue .....	<u>1,923</u>	<u>—</u>
Total current liabilities.....	<u>23,516</u>	<u>21,960</u>
COMMITMENTS AND CONTINGENCIES .....	—	—
DEFERRED INCOME TAXES — non-current portion .....	5,383	4,007
INCOME TAXES PAYABLE — non-current portion .....	4,663	4,436
<b>STOCKHOLDERS' EQUITY:</b>		
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 14,809 shares at September 30, 2009 and 14,784 shares at December 31, 2008, outstanding 14,809 shares at September 30, 2009 and 14,731 shares at December 31, 2008.....	1,481	1,478
Additional paid-in capital .....	53,495	50,970
Treasury stock, at cost - 0 and 53 shares at September 30, 2009 and December 31, 2008.....	—	(1,623)
Retained earnings.....	220,431	201,304
Accumulated other comprehensive income .....	1,480	902
Total stockholders' equity .....	<u>276,887</u>	<u>253,031</u>
	<u>\$ 310,449</u>	<u>\$ 283,434</u>

(1) December 31, 2008 balances were derived from audited consolidated financial statements.

The accompanying notes are an integral part of these condensed 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 September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>REVENUES:</b>				
Net sales.....	\$ 53,830	\$ 54,374	\$ 161,307	\$ 146,427
Other.....	135	361	392	1,554
<b>TOTAL REVENUE.....</b>	<u>53,965</u>	<u>54,735</u>	<u>161,699</u>	<u>147,981</u>
<b>COST OF GOODS SOLD.....</b>	<u>28,916</u>	<u>29,788</u>	<u>84,295</u>	<u>84,459</u>
Gross profit.....	<u>25,049</u>	<u>24,947</u>	<u>77,404</u>	<u>63,522</u>
<b>OPERATING EXPENSES:</b>				
Selling, general and administrative.....	16,751	13,571	48,366	40,364
Research and development.....	661	857	2,016	4,328
Total operating expenses, net.....	<u>17,412</u>	<u>14,428</u>	<u>50,382</u>	<u>44,692</u>
Income from operations.....	7,637	10,519	27,022	18,830
<b>OTHER INCOME.....</b>	<u>419</u>	<u>994</u>	<u>1,042</u>	<u>3,689</u>
Income before income taxes.....	8,056	11,513	28,064	22,519
<b>PROVISION FOR INCOME TAXES.....</b>	<u>(1,732)</u>	<u>(3,868)</u>	<u>(8,937)</u>	<u>(7,204)</u>
<b>NET INCOME.....</b>	<u>\$ 6,324</u>	<u>\$ 7,645</u>	<u>\$ 19,127</u>	<u>\$ 15,315</u>
<b>NET INCOME PER SHARE</b>				
Basic.....	\$ 0.43	\$ 0.53	\$ 1.29	\$ 1.09
Diluted.....	\$ 0.42	\$ 0.52	\$ 1.27	\$ 1.06
<b>WEIGHTED AVERAGE NUMBER OF SHARES.....</b>				
Basic.....	14,796	14,327	14,771	14,016
Diluted.....	15,146	14,685	15,033	14,481

The accompanying notes are an integral part of these condensed consolidated financial statements.

**ICU Medical, Inc. and Subsidiaries**  
Condensed Consolidated Statements of Cash Flows  
(Amounts in thousands)  
(unaudited)

	<b>Nine months ended September 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income.....	19,127	\$ 15,315
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	11,280	10,714
Provision for doubtful accounts.....	(25)	(297)
Stock compensation.....	1,963	1,357
Cash provided (used) by changes in operating assets and liabilities, net of assets acquired		
Accounts receivable.....	6,502	(6,125)
Inventories.....	(1,754)	301
Prepaid expenses and other assets.....	(2,425)	(631)
Accounts payable.....	1,655	(836)
Accrued liabilities.....	(3,240)	1,698
Deferred revenue.....	1,923	—
Prepaid and deferred income taxes.....	3,517	(162)
Net cash provided by operating activities.....	38,523	21,334
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment.....	(10,164)	(9,685)
Asset purchase.....	(30,533)	—
Business acquisition, net of cash acquired.....	(5,662)	—
Change in restricted cash.....	5,497	—
Proceeds from finance loan repayments.....	—	60
Purchases of investment securities.....	(88,237)	(42,064)
Proceeds from sale of investment securities.....	85,554	73,543
Net cash provided (used) by investing activities.....	(43,545)	21,854
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from exercise of stock options.....	1,352	5,035
Proceeds from employee stock purchase plan.....	1,271	1,373
Tax benefits from exercise of stock options.....	88	4,293
Purchase of treasury stock.....	(560)	—
Net cash provided by financing activities.....	2,151	10,701
Effect of exchange rate changes on cash.....	434	(187)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(2,437)	53,702
CASH AND CASH EQUIVALENTS, beginning of period.....	55,696	7,873
CASH AND CASH EQUIVALENTS, end of period.....	\$ 53,259	\$ 61,575

The accompanying notes are an integral part of these condensed consolidated financial statements.

## ICU Medical, Inc. and Subsidiaries

The accompanying consolidated financial data should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2008 Annual Report to Shareholders.

The following table sets forth, for the periods indicated, total revenues by product as a percentage of total revenues:

Product Line	Three months ended September 30,		Nine months ended September 30,		Fiscal Year Ended	
	2009	2008	2009	2008	2008	2007
CLAVE.....	38%	37%	39%	39%	39%	38%
Custom products .....	36%	35%	35%	34%	34%	31%
Standard Critical care .....	14%	19%	16%	18%	18%	23%
Other products .....	12%	8%	10%	8%	8%	7%
License, royalty and revenue share .....	0%	1%	0%	1%	1%	1%
Total.....	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Net revenue as a percentage of total revenue for each distribution channel was as follows:

Channel	Three months ended September 30,		Nine months ended September 30,		Fiscal Year Ended	
	2009	2008	2009	2008	2008	2007
Medical product manufacturers .....	42%	67%	56%	67%	67%	71%
Domestic distributors/direct....	35%	18%	24%	18%	18%	16%
International distributors/direct	23%	15%	20%	15%	15%	13%
Total.....	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The breakdown of infusion sets, custom oncology products and custom critical care products as a percentage of total custom product sales is as follows:

## Percentage of Total Custom Product Sales

