



August 11, 2014

## ICU Medical, Inc. Announces Second Quarter 2014 Results

SAN CLEMENTE, Calif., Aug. 11, 2014 (GLOBE NEWSWIRE) -- **ICU Medical, Inc.**, (Nasdaq:ICUI), a leader in innovative medical devices used in infusion therapy, oncology and critical care applications, today announced financial results for the second quarter and six months ended June 30, 2014.

### Second Quarter 2014 Results

Revenues were \$78.7 million in the second quarter of 2014 and 2013. GAAP net income for the second quarter of 2014 was \$5.9 million, or \$0.38 per diluted share, as compared to GAAP net income of \$7.4 million, or \$0.48 per diluted share, for the second quarter of 2013. Adjusted diluted earnings per share for the second quarter of 2014 was \$0.51 as compared to \$0.58 for the second quarter of 2013. Also, adjusted EBITDA was \$16.3 million for the second quarter of 2014 as compared to \$17.7 million for the second quarter of 2013.

Vivek Jain, ICU Medical's Chief Executive Officer, said, "Second quarter revenue and profitability were slightly above our expectations. International sales were up 12%, primarily due to increased sales in infusion therapy and critical care. Domestic sales were down 4%, primarily due to lower infusion therapy sales. Based on our results to date and expectations for the remainder of the year, we are raising our full year 2014 adjusted EBITDA, adjusted EPS and GAAP EPS guidance ranges."

Revenues by market segment for the three and six months ended June 30, 2014 and 2013 were as follows:

Market Segment	(dollars in millions)					
	Six months ended June 30,			Three months ended June 30,		
	2014	2013	Change	2014	2013	Change
Infusion Therapy	\$ 106.1	\$ 109.4	\$ (3.3)	\$ 55.3	\$ 56.2	\$ (0.9)
Critical Care	26.8	25.4	1.4	13.7	12.7	1.0
Oncology	18.3	17.5	0.8	9.3	9.4	(0.1)
Other	0.7	0.7	--	0.4	0.4	--
	<u>\$ 151.9</u>	<u>\$ 153.0</u>	<u>\$ (1.1)</u>	<u>\$ 78.7</u>	<u>\$ 78.7</u>	<u>\$ --</u>

The Company ended the second quarter with a strong balance sheet. As of June 30, 2014, cash, cash equivalents and investment securities totaled \$315.8 million and working capital was \$385.5 million. Additionally, the Company generated operating cash flow of \$16.6 million for the second quarter of 2014.

### Updated Fiscal Year 2014 Guidance

GAAP diluted earnings per share is increased to a range of \$1.30 to \$1.50 compared to the previous range of \$1.15 to \$1.45. Adjusted diluted earnings per share is in the range of \$1.95 to \$2.15, and adjusted EBITDA range is increased to \$63 million to \$68 million compared to the previous range \$58 million to \$65 million.

### Conference Call

The Company will be conducting a conference call concerning these results at 4:30 p.m. EDT (1:30 p.m. PDT), today, Monday, August 11, 2014. The call can be accessed at 800-936-9761, international 408-774-4587, conference ID 77489598. 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, strategic transaction expense, restructuring expense and income tax expense. Adjusted Diluted EPS excludes, net of tax, intangible asset amortization expense, stock compensation expense, strategic transaction expense and restructuring expense.

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, protecting healthcare workers from exposure to infectious diseases or hazardous drugs. The Company's complete product line includes needlefree infusion connectors, custom infusion systems, hemodynamic monitoring systems and Closed System Transfer Devices and systems for handling hazardous drugs. ICU Medical is headquartered in San Clemente, California. More information about ICU Medical, Inc. can be found 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, including, but not limited to, statements regarding guidance for fiscal year of 2014. 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, 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, 2013. 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)

	June 30, 2014	December 31, 2013
	(unaudited)	(1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 235,951	\$ 226,022
Investment securities	79,896	70,869
Cash, cash equivalents and investment securities	315,847	296,891
Accounts receivable, net of allowance for doubtful accounts of \$1,201 at June 30, 2014 and \$1,208 at December 31, 2013	41,022	45,318
Inventories	37,819	34,451
Prepaid income taxes	6,651	5,966
Prepaid expenses and other current assets	6,729	7,319

Deferred income taxes	4,577	4,351
Total current assets	<u>412,645</u>	<u>394,296</u>
PROPERTY AND EQUIPMENT, net	91,899	87,861
GOODWILL	1,478	1,478
INTANGIBLE ASSETS, net	7,668	8,490
DEFERRED INCOME TAXES	<u>5,827</u>	<u>7,518</u>
	<u>\$ 519,517</u>	<u>\$ 499,643</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 11,328	\$ 11,335
Accrued liabilities	<u>15,798</u>	<u>15,551</u>
Total current liabilities	<u>27,126</u>	<u>26,886</u>
DEFERRED INCOME TAXES	4,211	3,630
INCOME TAX LIABILITY	2,713	4,402
COMMITMENTS AND CONTINGENCIES		
<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, 15,287 shares at June 30, 2014 and 15,103 shares at December 31, 2013; Outstanding, 15,268 shares June 30, 2014 and 15,102 shares at December 31, 2013	1,529	1,510
Additional paid-in capital	88,625	78,495
Treasury stock, at cost — 19 shares at June 30, 2014 and 1 shares at December 31, 2013	(1,188)	(49)
Retained earnings	395,111	382,576
Accumulated other comprehensive income	<u>1,390</u>	<u>2,193</u>
Total stockholders' equity	<u>485,467</u>	<u>464,725</u>
	<u>\$ 519,517</u>	<u>\$ 499,643</u>

(1) December 31, 2013 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 June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>REVENUES:</b>				
Net sales	\$ 78,555	\$ 78,537	\$ 151,668	\$ 152,710
Other	<u>122</u>	<u>124</u>	<u>239</u>	<u>250</u>
TOTAL REVENUE	78,677	78,661	151,907	152,960
<b>COST OF GOODS SOLD</b>				
	<u>41,135</u>	<u>40,623</u>	<u>78,338</u>	<u>78,128</u>
Gross profit	<u>37,542</u>	<u>38,038</u>	<u>73,569</u>	<u>74,832</u>
<b>OPERATING EXPENSES:</b>				
Selling, general and administrative	24,278	23,182	46,797	46,048
Research and development	<u>4,566</u>	<u>3,906</u>	<u>8,197</u>	<u>5,809</u>
Total operating expenses	<u>28,844</u>	<u>27,088</u>	<u>54,994</u>	<u>51,857</u>

Income from operations	8,698	10,950	18,575	22,975
OTHER INCOME	<u>207</u>	<u>212</u>	<u>417</u>	<u>380</u>
Income before income taxes	8,905	11,162	18,992	23,355
PROVISION FOR INCOME TAXES	<u>(3,027)</u>	<u>(3,795)</u>	<u>(6,457)</u>	<u>(7,303)</u>
NET INCOME	<u>\$ 5,878</u>	<u>\$ 7,367</u>	<u>\$ 12,535</u>	<u>\$ 16,052</u>
NET INCOME PER SHARE				
Basic	\$ 0.39	\$ 0.50	\$ 0.83	\$ 1.10
Diluted	\$ 0.38	\$ 0.48	\$ 0.81	\$ 1.06
WEIGHTED AVERAGE NUMBER OF SHARES				
Basic	15,242	14,617	15,170	14,562
Diluted	15,362	15,216	15,439	15,147

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

	<u>Six months ended June 30,</u>	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 12,535	\$ 16,052
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,666	9,589
Provision for doubtful accounts	3	40
Provision for warranty and returns	(597)	16
Stock compensation	4,459	2,822
Loss (gain) on disposal of property and equipment	2	(20)
Bond premium amortization	1,060	1,338
Cash provided (used) by changes in operating assets and liabilities		
Accounts receivable	4,786	(623)
Inventories	(3,456)	(186)
Prepaid expenses and other assets	548	649
Accounts payable	(134)	208
Accrued liabilities	498	(1,035)
Income taxes, including excess tax benefits and deferred income taxes	<u>(95)</u>	<u>(2,894)</u>
Net cash provided by operating activities	<u>29,275</u>	<u>25,956</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(12,729)	(11,781)
Proceeds from sale of asset	5	20
Intangible asset additions	(377)	(633)
Purchases of investment securities	(60,090)	(45,368)
Proceeds from sale of investment securities	<u>49,863</u>	<u>49,650</u>
Net cash used by investing activities	<u>(23,328)</u>	<u>(8,112)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	7,016	3,921
Proceeds from employee stock purchase plan	1,384	1,267
Tax benefits from exercise of stock options	1,985	3,084
Purchase of treasury stock	<u>(5,835)</u>	<u>(1,792)</u>

Net cash provided by financing activities	4,550	6,480
Effect of exchange rate changes on cash	(568)	(636)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,929	23,688
CASH AND CASH EQUIVALENTS, beginning of period	226,022	146,900
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 235,951</u>	<u>\$ 170,588</u>
NON-CASH INVESTING ACTIVITIES		
Accrued liabilities for property and equipment	\$ 140	\$ 228

### 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 June 30,		Six months ended June 30,	
	2014	2013	2014	2013
GAAP net income	\$ 5,878	\$ 7,367	\$ 12,535	\$ 16,052
Non-GAAP adjustments:				
Stock compensation expense (a)	2,486	1,432	4,459	2,822
Depreciation and amortization expense (b)	4,901	4,877	9,666	9,589
Strategic transaction expense (c)	--	238	--	560
Provision for income taxes (d)	3,027	3,795	6,457	7,303
Total non-GAAP adjustments	10,414	10,342	20,582	20,274
Adjusted EBITDA	<u>\$ 16,292</u>	<u>\$ 17,709</u>	<u>\$ 33,117</u>	<u>\$ 36,326</u>

	Adjusted diluted earnings per share		Adjusted diluted earnings per share	
	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
GAAP diluted earnings per share	\$ 0.38	\$ 0.48	\$ 0.81	\$ 1.06
Non-GAAP adjustments:				
Stock compensation expense (a)	\$ 0.16	\$ 0.09	\$ 0.29	\$ 0.19
Amortization expense (e)	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.09
Strategic transaction expense (c)	\$ --	\$ 0.02	\$ --	\$ 0.04
Estimated income tax impact from adjustments (f)	\$ (0.07)	\$ (0.05)	\$ (0.12)	\$ (0.11)
Adjusted diluted earnings per share	<u>\$ 0.51</u>	<u>\$ 0.58</u>	<u>\$ 1.06</u>	<u>\$ 1.27</u>

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

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

(c) Expenses associated with strategic business transaction.

(d) Income tax expense recognized during the period.

(e) Amortization of intangible assets.

(f) Estimated income tax effect on adjustments for stock compensation expense, amortization expense and strategic transaction expense.

**ICU Medical, Inc. and Subsidiaries**

Reconciliation of GAAP to Non-GAAP Financial Measures - Fiscal Year 2014 Outlook

(Amounts in thousands, except per share data)

(unaudited)

GAAP net income	\$ 20,148	\$ 23,183
Non-GAAP adjustments:		
Stock compensation expense (a)	9,339	9,339
Depreciation and amortization expense (b)	19,998	19,998
Restructuring and strategic transaction expense (c)	3,565	3,565
Provision for income taxes (d)	10,378	11,941
Total non-GAAP adjustments	43,280	44,843
Adjusted EBITDA	<u>\$ 63,428</u>	<u>\$ 68,026</u>

GAAP diluted earnings per share	\$ 1.30	\$ 1.50
Non-GAAP adjustments:		
Stock compensation expense (a)	\$ 0.60	\$ 0.60
Amortization expense (e)	\$ 0.16	\$ 0.16
Restructuring and strategic transaction expense (c)	\$ 0.23	\$ 0.23
Estimated income tax impact from adjustments (f)	<u>\$(0.34)</u>	<u>\$(0.34)</u>
Adjusted diluted earnings per share	<u>\$ 1.95</u>	<u>\$ 2.15</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) Income tax expense recognized during the period.

(e) Amortization expense

(f) Estimated income tax effect on adjustments for stock compensation expense, amortization expense and restructuring and strategic transaction expense.

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