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Alphatec Holdings Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). We'll go first to Tao Levy with Deutsche Bank.

Tao Levy - Deutsche Bank

Hi. This is Tao. Thanks for taking my question. First, Dirk, I just wanted to talk to you briefly about guidance and just get a little detail. So, on the topline, you've reiterated revenue guidance. But if my math is correct, that suggests that's you're going to be sequentially flat in the back half of the year. So, with the new European business coming on and some potential product launches in the back half of the year, is that fair? And also, in the past, you had mentioned EBITDA and GAAP profitability by yearend, I think EBITDA by 2Q. I think -- are we moving away from those guidelines?

Dirk Kuyper

In terms of the revenue growth, we're at this point just reiterating that we're extremely comfortable with the guidance we've given. Obviously, the European business has not factored in at all at this point, and basically it will be recognized as we're paid for that. In order to support the distributor with such a significant order and based on the reimbursement in the country, we established sort of payment milestones over a period of time. So, we have a great momentum. We see that momentum continuing, and I don't see any reason why that's going to change in back half.

Tao Levy - Deutsche Bank

Okay. And then profitability?

Peter Wulff

Hi. Tao. This is Peter Wulff. In terms of profitability, we're still assessing the adoption rates of how these new products will come through. Obviously, we're looking for, and I think one thing everybody can be able to compute, is our EBITDA going forward based on our financial disclosures. But we'd be looking for the momentum to improve into the first half of the year. Then on a GAAP basis, that would be something towards the end of the year, potentially in '09. But, again, we're not providing specific guidance as we're still assessing and evaluating the adoption of these products as well as our investments into these products.

Tao Levy - Deutsche Bank

Okay. Then turning over to the balance sheet, if I am just looking at this correctly, it looks like you have about 600,000 net cash on your balance sheet, if I deduct the line-of-credit in current portion of debt. So with some -- again with these product launches and I assume some expense ramping up in the back half of the year and -- how do you plan on moving forward with financing and would you anticipate having on the balance sheet for cash at the end of the year?

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