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SonoSite Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Tycho Peterson for JP Morgan, you may proceed.

Unidentified Analyst

Hi, it's (inaudible) sitting here for Tycho.

Kevin Goodwin

Yes.

Unidentified Analyst

Just a quick question for you about the quarter in terms of -- if you talk about the clinical applications, which ones do you see are growing fastest. Then I have a follow-up in terms of pricing and competition, if you can talk about competitive activity?

Kevin Goodwin

Okay, we don't breakout our clinical segment revenues; however we historically have commented on our focus and our focal points in medicine which are in emergency care, anesthesiology and critical care. All three of those segments are doing very well in growth; they are adopting and we are leading the charge and we believe increasing market share. Products are uniquely designed for that. We are seeing growth in other sectors as well as new market opportunities and other specialties.

So, the basic formula or hypothesis of growth here at SonoSite is absolutely happening. Regarding pricing and competition, we feel pricing is holding up in an environment where there is more competition. That competition, however, is from the same players, primarily General Electric and few of the other major imaging companies. We do have in our view a significant market share lead in the segments that we focus on which are the point of care segments in the hospital and outside. So that's about what I can only say at this stage.

Unidentified Analyst

So, are you seeing anything from (inaudible) at all?

Kevin Goodwin

No, not at all.

Unidentified Analyst

Okay, thank you.

Operator

Your next question comes from the line of Alan Robinson from RBC. Please proceed.

Alan Robinson - RBC

Hi, good afternoon.

Kevin Goodwin

Hi, Alan.

Alan Robinson - RBC

Nice quarter, well done there. Just a point of clarification, I presume the revised guidance does not include the news that we just heard from the GE decision, nor does it include the Zonare settlement. Is that correct?

Kevin Goodwin

Let me have Bernie answer that. Yes?

Bernie Pitz

Sure it does - the 9% to 11% operating margin does include the news and the ranges. Why? Because we don't have an internal estimate yet of exactly how much that will impact us, the debt balance --

Alan Robinson - RBC

Okay, so it does include both news items, okay.

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