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## DENTSPLY International, Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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Thank you. [Operator Instructions] We'll take our first question from Barrington Research, Derek Leckow.

**Derek Leckow - Barrington Research**

Thank you. Good morning and congratulations on a great quarter.

**Christopher T. Clark - Executive Vice President and Chief Operating Officer**

Thanks, Derek.

**William R. Jellison - Chief Financial Officer and Senior Vice President**

Thanks, Derek.

**Derek Leckow - Barrington Research**

I am having a really hard time with the guidance, however it looks like if I pull out the 2 million shares you repurchased and I lower my tax rate, I am having a hard time keeping it within that range. Can you tell me where the... where shall we be more conservative?

**Bret W. Wise - Chairman of the Board, Chief Executive Officer and President**

Well Derek, the guidance we have given is for the full year. We certainly outperformed expectations here in the first quarter, I think, both on a sales basis and on a margin basis. Certainly the interest expense issue that Bill raised is important because those hedges are doing exactly what they were designed to do and that is mute the impact of earnings... of currency on earnings. So you may want to take a look at that and then remodel the tax rates. I think that sustainable 100 basis point margin improvement might be a little bit aggressive for the full year, particularly if we continue to run this strong. We'll probably look for ways to reinvest, to accelerate growth further in the future. And thus we don't give guidance on specific points of the income statement. And in the past, as you know, even if we performed extraordinarily strong in the first quarter, we'd like to see two quarters behind us before we start adjusting our guidance. So that's about the most guidance I can give you at this point.

**Derek Leckow - Barrington Research**

Okay, that's helpful. Thank you, Bret. The second question is related to your visibility into your distributed consumables businesses, especially the U.S. where you have the strategic partnership program in place, my understanding is that you have real time access to that data and I'm just

wondering if you could share with us what you're seeing in terms of distributor behavior right now, especially in the U.S. market?

Bret W. Wise - Chairman of the Board, Chief Executive Officer and President

Well, I think there's a couple of dynamics in the U.S. market in Q1, some of which we've discussed already, some of which we haven't. I would say the dynamics in Q1 for the distributor base businesses was very strong in January and February and weaker in March. No there were two less selling days in March than there were the year before, so to break-even, to not grow at all, you had grow 10% basically in March. So that's not surprising because of the change from Easter, which last year was in the second quarter and this year was in the first quarter. So the comment that they made earlier about the consumables market, I think, hold true at this point. That is that to us it looks like it slowed just a little. Now we're going to get a lot more input on that when we have the public distributors come out with their results of course, because they're probably a much better measure of the total consumables market than we would be at this point. But as best we can tell that market slowed a little bit, but not much.

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