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## SonoSite Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

Thank you. (Operator Instructions). And our first question will come from Tycho Peterson with J.P Morgan.

**Unidentified Analyst**

Hi it's (inaudible) here for Tycho. Congrats on a great quarter guys.

**Kevin Goodwin**

Thank you.

**Unidentified Analyst**

A couple of questions in terms of trying to figure out the market dynamics here. Can you give us a bit more color in terms of the international growth, in terms of where you saw things coming, which areas were better performing especially given [appropriately] what a hand held item should be in the South East Asia.

**Kevin Goodwin**

Well all of our geographic segments internationally made progress and progress was more thorough in Q1 than we have seen in the past. It was arguably the best quarter we have had internationally in several quarters. So, if you break the world up into Europe, Middle East, Africa, Latin America, Asia etcetera, everybody showed growth, very solid. We don't break that out any longer because it created a lot of confusion historically, but I would say that we are very happy with our performance in Europe, Latin America, Asia, Japan; all came on strong. Canada, Australia, New Zealand all came on strong.

So, overall we're feeling pretty good about the week-by-week, month-by-month progress. Our products do in fact play different roles in different markets in the affluent or more developed countries. It is truly a hand held portable. And as you move into some of the emerging markets, those machines tend to serve more purposes in just the portability point of care side of things. So, in general, we are feeling pretty good about the progress, and there is much more to do beyond.

**Unidentified Analyst**

Can you give a bit more, I think that a bit more color in terms of the shift from early replacement of existing equipment versus actually new market growth and your ability to penetrate that with a better product offering?

**Kevin Goodwin**

Well. You have to assume with us, and this has been the case for a long, long time. That the majority of what we get in terms of revenue is market stretching or market expanding purchases for the purposes of efficiency in the healthcare environment, better safety, better patient care throughput, just better overall physician performance. We are really not that heavily invested in and sourcing our revenue from cart replacement.

Now, sure there is some, but the dominant revenue stream is really derived from market expanding purchases. We are getting good responses worldwide to the innovation. The price point, the functional breath in fact makes it attractive as an alternative in many emerging countries. Brazil, Russia, India, China, you see situations where physicians have multiple offices, so they can buy one of our machines and take it everywhere and that serves the purposes of both the portable and the dual purpose machine, stand alone stationery device. So, that's really the best I can tell you on that in terms of our revenue.

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