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DENTSPLY International Inc. Q3 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

[Operator Instructions] Our first question will come from Jon Wood with Banc of America Securities.

Brandon Coolyerd ñ Banc of America Securities

This is Brandon Coolyerd in for Jon. Any economic-related impact to your specialty business, is that something that worries you?

Bret W. Wise?ñ Chairman of the Board, President, Chief Executive Officer

Well, Brandon, good morning, and that's a good question. And there has been a lot of dialogue about this recently, particularly as it relates to the implant market. I think if you look at dentistry, it is not immune to economic conditions, although it is somewhat resistant to economic conditions. And so for most of our products, they might move slightly with the economy, but not a lot. In the very specialized area, meaning the highly esthetic products, or perhaps implants, which has been the focus of a lot of discussion recently in this area, those are expensive procedures. Many times they're not reimbursed, so they come out of your discretionary income. And I would think that they would be somewhat subject to economic swings, or more subject than perhaps our consumable category.

We haven't seen a big impact so far from the dialogue about the potential for a recession in the United States, for instance, on our implant business. And in fact, our implant business in the United States is growing rapidly. But again, we're probably not the best proxy to measure that because we have a small implant business here with a lot of sales and marketing resources, so we would expect it to grow above market. So I think there is an element of that, but I don't think it is an overriding consideration, particularly for a business like ours that is very diverse with respect to product categories, and very diverse with respect to geographic regions. So we typically, when we see one product or one category under perform or one region under perform, we generally have another region than outperforms and counteracts it.

Brandon Coolyerd ñ Banc of America Securities

Great. Thanks. And did you take a price increase at the beginning of October? And what proportion of the products in the portfolio were raised?

Bret W. Wise?ñ Chairman of the Board, President, Chief Executive Officer

We do, do price increases throughout the year, but we have kind of a concentration of products where we raise prices October 1. Most notably, all of the consumable categories in the United States that

go through distribution. We raise those prices October 1 annually, and we just last year got all the businesses to October 1, so that we can have a consistent trend year-over-year. So yes, we do, do price increases, and October 1 was the most important date.

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