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## Beckman Coulter, Inc. Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

[Operator Instructions]. Your first question comes from Sara Michelmore with Cowen.

#### Scott Garrett - President and Chief Executive Officer

Good morning Sara

#### Sara Michelmore - Cowen & Company

Hey, good morning. I guess just two questions, Scott. First on the gross margin. I understand you have got a couple of positive dynamics as well as some negative dynamics in the next year. But at some point here at least on diagnostic product margins, I would think that the immunoassay consumable sales would allow you guys to start to show some gross margin expansion there and again I understand that you have got kind of a tough comp here in terms of the instrument revenues. But if you could just kind of give us an update in terms of where you think you are in terms of the mix shift there and the potential for the immunoassay to drive some additional gross margin expansion, at least in the diagnostic products piece of the business?

#### Scott Garrett - President and Chief Executive Officer

We certainly agree that immunoassay will be a positive influence on our gross margin going forward. Immunoassay is becoming a bigger and bigger part of our business. And as you know, Sara, the gross margins in immunoassay are certainly among the highest in our business. In the third quarter, we also had some offsetting downward pressure from freight costs and also some declines in some very matured products, which we have been harvesting for years now. These are not important projects strategically, but because they are old and have been in harvest mode for a while, the margins were quite high and that decline in the third quarter offset some of our gains in immunoassay.

#### Sara Michelmore - Cowen & Company

So you are still in transition there? I mean, is there a timeframe in which you will be coming out of that?

#### Scott Garrett - President and Chief Executive Officer

We are on track in the year-to-date and we expect to achieve our goals for the full. We are close to 47% this year and we are going to be moving that up quarter by quarter and year by year over

the next few years. And I think this transition is really in the stage where immunoassay is going to start shining through in a stronger and stronger way because it is getting to be such a big part of our business now.

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