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St. Jude Medical, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. Our first question is coming from Bob Hopkins with Banc of America.

Robert Hopkins - Banc of America

Hi, thank you and good morning. My two questions I would like to refer them to John. Just to clarify some of the comments that were made. John, in terms of the hedging that you are putting in place, sounds like that's mostly related to transactional situations and not translational. Is that correct?

John C. Heinmiller - Executive Vice President and Chief Financial Officer

That's right; we're putting in place contracts that are typical, those used by other companies in our peer group. We are really only aware of one other situation that's out there where people have attempted to hedge their translational exposures. But these are contracts now will give us added flexibility as we move forward managing that area.

Robert Hopkins - Banc of America

Okay. And so than, roughly when I look at... so looking forward over that 12 months given where exchange rates are, for 2009 looks like you might have somewhere in a neighborhood of a \$100 million top line headwind, and than maybe a \$40 to \$50 million operating income headwind as a result. Is that roughly a ball park of where you think you'll be in terms of a translational headwind?

John C. Heinmiller - Executive Vice President and Chief Financial Officer

Yes, I think that... as we indicated, we aren't going to give guidance for 2009 officially until we get out to our January call. We are certainly mindful of the currency environment and what changes are taking place and then we'll factor that as well as all the other variables that we keep our eye on during this time of the year as we formulate our 2009 operating plan.

And then... the bottom line comment was that we expect to be comfortable with our \$2.61 consensus EPS that's is out there.

Daniel J. Starks - Chairman, President and Chief Executive Officer

And, Bob, this is Dan. Let me say a little bit more on the topic of FX impact on bottom line. I think that's a dynamic; that really is very widely misunderstood as it relates to St. Jude Medical. I think the help [ph] just clarified for everybody's thinking going forward. If you look at the third quarter results here for 2008 you'll notice that the... our revenue was negatively impacted by \$10 million due to actual versus assumed FX rates.

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