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## Thermo Electron Corp. Q3 2008 Earnings Conference Call Transcript

### Question-and-Answer Session

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[Operator Instructions]. Our first question or comment comes from the line of Ross Muken from Deutsche Bank. Your line is open,

#### **Ross Mukin - Deutsche Bank Securities**

So relative to your comments Marijn about sort of the pullback in pharma as sort of the credit crisis heightens towards the end of the September quarter? the September time frame, what are we seeing in the emerging market economies now and by that, I mean sort of China and kind of the other major infrastructure plays globally, where there still continues to be a bit of a debt crisis and sort of a less favorable outlook, certainly from an economic perspective than even the IMF or other agencies had say, three or four weeks ago?

#### **Marijn E. Dekkers - President and Chief Executive Officer**

Ross, good morning. What I said about the slowing down in the last couple of weeks was not just large pharma, but also in general the industrial? larger industrial customers. And I also said that we've seen a pick up on that again, clearly so far in the fourth quarter, so things have loosened up.

With China, it's a little early to tell, I mean we read the same newspaper articles that China's economy is probably slowing down, but at the same time, China is still an enormous area of growth for us. And I don't know, it's really too early to tell? to say what is the effect of a slowdown in the economy on China for the quarter, but we haven't seen significant slowdown in China so far.

#### **Ross Mukin - Deutsche Bank Securities**

Okay, that's definitely helpful. And then, the other question is relative to sort of the operating leverage, I mean, I think that is sort of going to be a key for certainly the stock and for you guys going forward. I mean, how do you think about that relative to organic growth targets? And I'm not asking you to sort of prognosticate, what you are going to say for '09 because it's obviously too early.

But I mean how? is there sort of like break bands where, if we think organic growth is going to be X to X, we know we need to go to plan A, and if we know it's going to be below that there is plan B and even far below that there is plan C. I mean is that sort of the way of thinking about it? And relative to that, how easy are some of these levers to pull and how immediate are some of the cost savings you can get? I mean, peoples are relatively, sort-of quick and sometimes painful way to do it, but in terms of facilities or other levers on the OpEx side, can you give us a bit more clarity in terms of your flexibility there?

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