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Quest Diagnostics Incorporated Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Amanda Murphy - William Blair

Amanda Murphy - William Blair

Regarding 2009 guidance, in terms of volume growth I know you probably don't want to guide specifically but can you help us think about how volumes have trended, maybe in 2008 in the core business, so ex drugs of abuse, are you seeing a slowdown in test for rec or lower physician office visits and then how does that extrapolate into next year.

Robert Hagemann

As I said in the prepared remarks when you adjust for the drugs of abuse testing business which obviously is most impacted by the economy, we've seen about 1% growth in each of the first three quarters in our underlying physician and hospital reference testing business. And although we're not giving guidance in terms of revenue per rec and volume for 2009, we tend to give it in just terms of total revenues, we're not expecting a dramatic change in that.

Amanda Murphy - William Blair

So when you are thinking about the economic environment were you assuming status quo or did you anticipate some worsening or how did that work.

Robert Hagemann

I think like everybody else, its really difficult to estimate when the economy might reach bottom and how quickly it will rebound but as we've said while we might be impacted somewhat in terms of the physician office visits or volume, we've not been significantly impacted and I think you can see that in our results through all four quarters of the year where underlying volume was steady at about 1%.

Amanda Murphy - William Blair

In terms of share repurchases and acquisitions did you include those in the guidance or would that be incremental?

Robert Hagemann

No, our EPS guidance is always all in so whether we're doing share repurchases, acquisitions or debt repayments, you should consider that reflected in our EPS guidance. While its all in for EPS guidance, our revenue growth is organic revenue growth and not anticipating acquisitions.

Operator

Your next question comes from the line of Jason Gurda – Leerink Swan

Jason Gurda – Leerink Swan

Can you give us an update on what's going on with the Ameripath business and how the integration of the sales effort is going there?

Surya Mohapatra

Well Ameripath is now fully integrated into the company and the specialty partners in the hospital and we see growth in our outpatient anatomic pathology and dermatopathology and there is a slowness in the inpatient but it is fully integrated in the company and we are not separately [inaudible].

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