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DENTSPLY International Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions). And we will take our first call from Derek Leckow with Barrington Research

Bret Wise

Good morning Derek. Are you there?

Derek Leckow – Barrington Research

Hi there.

Bret Wise

Hi Derek, how are you?

Derek Leckow – Barrington Research

Can you hear me now?

Bret Wise

Derek yes, very fine.

Derek Leckow – Barrington Research

Okay great thanks. So you had an unusual item in the fourth quarter was that anesthetic issue and I think you said it was resolved by the end of the quarter. But if you look at that negative 12.4%, what was the actual quantification of that impact on your sales?

Bret Wise

Well in total we work on it reviewing that as part of the inventory liquidation as well.

Derek Leckow – Barrington Research

Okay.

Bret Wise

And we said that would have been down mid single digits as in fact improves the anesthetic business is about a third of that impact.

Derek Leckow – Barrington Research

It's a pretty bit impact, so would your internal growth rate have been slightly positive without that?

Bret Wise

The internal growth rate for the full role would have been kind of flattish without that.

Derek Leckow – Barrington Research

Flattish, okay. And you said that it was still lingering, what was the issue there, wouldn't that be reasonable to assume that we see orders kind of making up for that gap in the early part of the year?

Bret Wise

Yes, if production goes smoothly at the outsourcer and they can keep up with the demand that would be the case.

Derek Leckow – Barrington Research

Okay. And was there a corresponding bottom line impact from that also?

Bret Wise

Of course, we lost a margin on those sales during the quarter.

Derek Leckow – Barrington Research

Was it about a penny or how much would you say that was?

Bret Wise

I would say probably between half a penny and penny something of that sort.

Derek Leckow – Barrington Research

All right. And then you had really excellent performance on margins and I guess your, I think from Bill's remarks it sounds like those margin improvements are expected to be sustainable even with the lower sales volume, is that right?

Bret Wise

I think that's right. We target 20 to 50 basis points a year in margin improvement. In the current year we got 60 basis points, so we are little bit above that may be contingency plans that Chris, went through are ways that we would try to preserve profitability and margins even in a slower growth environment. So, we continue to target that 20 to 50 basis points per year, although, one year it's over the longer term, so some years will be above that range some years will be below that range.

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