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## Beckman Coulter, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Our first question comes from the line of David Lewis with Morgan Stanley. Please go ahead with your question.

#### David Lewis – Morgan Stanley

Hi good afternoon.

#### Scott Garret

Hi David.

#### David Lewis – Morgan Stanley

Few quick questions here Scott. I guess first talking about the environment. Historically you had been very aggressive on certain competitors whether it be Abbott and others. At last you were seen kind of two different changes in the competitive environment: one being, a lot of senior management changes at Siemens, a lot of disruptions at Siemens and of course Abbott has been very public in talking about their ability to hold, desire to be focused on profit and not growth. Can you talk about the implications for those two competitors stated changes to their business will have in '09 and perhaps 2010 results?

#### Scott Garrett

I would expect that in '09 we will see a continuation of the approach that Siemens and Abbott in 2008. I think Siemens is very much focused on the overall consolidation of the many product lines that they have acquired and Abbott appears to be very intent on moving clinical testing outside the Central Lab with patient self-testing and some near patients initiatives. I wouldn't expect that to change in a material way in '09.

#### David Lewis – Morgan Stanley

Okay, that's helpful, and Scott help us. You made a interesting comment about the number of your placement that actually were competitive win. I think the number was 43% or 46%. Help us to think about how you expect that number to trend in 2009 and what should we think about in terms of the downstream implications to recurring revenue or essentially assay growth if you are not able to place as many boxes in 2009. I'm thinking more sort of over the next 18 to 24 months. What implications would this change is due to place boxes having in your core business or recurring business?

**Scott Garrett**

Okay just a couple, you got a lot of information into that question. Let me try to answer it completely. First of all, we coded a number of 30% in terms of competitive displacements in our chemistry product line. And that's the historical number since we launched the DxC series and it continues and we expect it to continue. So, that's number one. Number two, I think we can sustain our recurring revenue and it's important to note David that there is big difference between the slowdown and cash sales of instruments and the slow down of competitive wins and expansion of our market share. Remember our leasing program has also been accelerating and we think in an environment as we see it today, we'll see more and more customers who might have been using cash in the past opt for leases in the future. So, we have tremendous momentum in virtually all of our product lines in Diagnostics and we expect to continue to win and expand our market share across the board and continue our recurring revenue growth. However we've moderated the expectation to about 6% to 7% in constant currency going into next year for recurring revenue down from the 7% to 9% that we've been quoting in recent years. Just to be prudent about the impact of the global economy on all industry sectors and to some degree on healthcare.

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