



Symmetry Medical Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question comes from the line of Ben Andrew, William Blair.

Benjamin Andrew - William Blair & Company

Hi. Good morning gentlemen.

Brian Moore

Good morning.

Benjamin Andrew - William Blair & Company

Hi, I guess the first question is Fred, given the \$0.30 that you kind of laid out of improvement versus I guess it's an adjusted \$0.48 number for 2008, if we take up to \$0.20 in Q4. That basically gets you to the middle-year range of earnings just adding that on. So you're just \$0.78 if you will, in the middle of your earnings target range with some modest low-single digit top line. Maybe talk about why you're not anticipating stronger performance on that operating side, given the other things that you did go through in terms of opportunities. Is it a function of other significant headwinds in parts of the business or just conservatism?

Fred Hite

Yeah, so two points. First of all, the \$0.20 was the favorable impact in the fourth quarter. But you can't use that as the total year impact. The total year impact it's actually \$0.14, because we did have some other unfavorable items in the first half of the year. So it's really \$0.14 of the total year adjustment on that.

Yes, to your point it is modest improvement with that 30%. We obviously, we have to do the operational performance of getting Sheffield from where's that to continued improving performance. And then, there is tax rate of 35%... for the 35, 36% for 2009, which does hurt us a little bit. And some of it is probably a little conservative, given the current economic climate that we have out there right now.

Benjamin Andrew - William Blair & Company

Okay. And Brain maybe you talk about what you're hearing from customers and from the fields. People tend to view you guys as leading indicator of procedure growth. And when I here inventory

adjustments, it makes me think lack of demand. So what's wrong with that thesis and maybe where are the customers thought process at this point in terms of smaller orders, large orders, intensity orders all the things that really drive your top line.

Brian Moore

Okay there are two demands sort of areas from our customers; the fundamental implant demand which is device procedures and they are telling us that that is single digit sort of growth going forward 3, 4, 6%. And the other demand of course is marketing activity, which drives sales of cases and instruments. And if you look at today's market, the people who are doing relatively well, if you like the strategic that have a good cash position, and that has two advantages for us, first of all a large of our customers are seeing this is an opportunity to take share. So they are improving and increasing their marketing activities and that drives instrument sales. And in our world, they are also strategic. So we can against competitors, take advantage of this in terms of cash and opportunities and low debts in our balance sheet.

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