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Abbott Laboratories Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Rick Wise from Leerink Swann.

Frederick Wise - Leerink Swann Llc

Let me start off with a big picture question since we have the pleasure of Miles on the call again. Miles I am real clear that you all are going to drive low double-digit EPS growth as you leverage expenses, improve mix and margins, and so forth. I would be curious to hear your thoughts on the right aspirational sales growth and top line growth, ex currency, that we should think about for the next few years. What do you aim for and do you feel like you have the firepower inside Abbott today to get there?

John highlighted the pipeline, but said a little differently, it is a perennial question. Do you need the M&A? Do you need to acquire to hit your growth goals? Thanks.

Miles White

First let me put it in kind of a target perspective. I think that we have the firepower across the company right now, based on what I see, to do high single-digits plus on the top line. It is hard to make a call about what this economy means, because we are now seeing, for the first time, the real impact of the current economic downturn, which is severe, arguably, across all industries, impacting healthcare in ways we haven't seen in the past. I think that's new for everybody. It is not as severe, obviously, in our industry as it is in other, so we can say we're not getting hammered per se, we're taking a dent here as an industry, but the fact is it's a different economic environment than many of us have seen in decades.

With that, I would say we have the firepower for the high single-digits plus, which obviously would leverage to double-digits on the bottom line and that's our target. I just don't know how the overall economy will impact that. I think we have that firepower anyway. We have it because of our products and the mix of businesses we have and how acutely patients need the products we have and so forth. So, I am optimistic and I don't see anything to change that yet.

I don't think this quarter, for example, is some kind of harbinger of gee these are the growth rates we're going to see in the future. You have to remember that our entire growth rate this quarter in our whole business was in effect negated by Depakote going generic. I would argue that there are very, very few companies, I can count two or three tops, that can deliver the quality of this performance, or

this kind of performance, in this kind of environment, in this kind of economy, and when a product as large as Depakote goes generic. So, do we have the firepower? Yes. I think we have the firepower.

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