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Boston Scientific Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And our first question comes from the line of Bob Hopkins of Merrill Lynch. Please go ahead.

Bob Hopkins – Banc of America Securities-Merrill Lynch

Hi. Thanks and good morning. Can you hear me okay?

Jim Tobin

Yes. Hi Bob.

Bob Hopkins – Banc of America Securities-Merrill Lynch

Hi. Great. Good morning. A question for Sam and then a question for Jim. Sam to just start out on gross margins, I think you said on the fourth quarter call that excluding one-time items your gross margin was about 70%. And now you're on this call, excluding one-time items your gross margin is a little bit above that, and yet it looks like you might have had slightly improved currency benefit on the gross margin, so I was just wondering, could you talk about the sequential change in gross margin, are my numbers correct, and because it would seem to be that you might have seen or should have seen a little bit greater gross margin benefit given some of the improvement in CRM and DES sequentially? Thanks.

Sam Leno

Yes. So it is still primarily driven by mix as well as what you don't see going on behind the scenes is manufacturing variances. So we start the year because we have VIPs programs built into our standards through the course of the year, we start the year with some negative manufacturing variances and we finish it with positive variances. So some of it is timing differences, the variances, but most of it though is while we are very pleased with the Taxus Promus mix, Promus is still a major contributor to declining – the downward pressure on gross profit margins.

Bob Hopkins – Banc of America Securities-Merrill Lynch

But those numbers are right on an adjusted basis about 70% and then a little bit above that for this quarter?

Sam Leno

It is – I have to go back to my first quarter script, I thought it was a little less than 75, but hence it is not a big difference.

Bob Hopkins – Banc of America Securities-Merrill Lynch

Okay.

Jim Tobin

69.8 is the number I remember but I could be wrong.

Sam Leno

Yes.

Bob Hopkins – Banc of America Securities-Merrill Lynch

And then for Jim, two quick things, one MADIT CRT, what do you think the probabilities are that we do see it at HRS versus later in the year? And then secondly, Cognis and Teligen, you mentioned the supply constraints, and you have talked about that before, can you just give us a sense in the US where we are with that rollout, like where we were we at the end of the fourth quarter, where are you at the end of the first quarter and when is that product a 100% rolled out in the US?

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