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C.R. Bard, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question is from the line of Joanne Wuensch with BMO Capital Markets. Please go ahead, Joanne.

Matt – BMO Capital Markets

This is Matt [ph] for Joanne. Can you hear me?

John Weiland

Yes. Hi, Matt.

Matt – BMO Capital Markets

First question is on gross margins. Wondering if you could flush out the gross margin increase, possibly break it down between the different factors quantitatively?

Todd Schermerhorn

Let's see. Starting with foreign exchange, about 20 basis points to 30 basis points of favorable foreign exchange, we had a peso related item as a result of our Mexican operations for a couple million dollars that essentially won't repeat going forward. So we ended up favorable foreign exchange for the period. We are 30 basis points down as a result of new amortization. I think we said that in our comments. Price and mix are relatively flat. They are both slightly favorable. I would say ten basis points a piece. And then cost is the remainder of the 100 BPs, 80 basis points to 90 basis points.

Matt – BMO Capital Markets

Okay. Thanks. And then in urology, can you talk about that weakness? How much of it was procedure weakness versus price versus, can you point out any specific products that were weak?

Todd Schermerhorn

Well, we did say that the dealer aspect is quantified at \$9 million. So that would take that sort of on a restated basis it would take urology at about 5%. And that's that data is pretty hard.

John Weiland

We haven't seen any issues as it relates to price in the marketplace.

Matt – BMO Capital Markets

Okay. Very good. Thank you.

Operator

Our next question is from the line of Rick Weiss with Leerink Swann. Please go ahead.

Miroslava Minkova – Leerink Swann

Hi, guys. It's Miroslava here for Rick. A couple of questions. First of all, how much visibility actually do you have in the ultimate demand for your product? Do you think there is any sort of a sustainable change that you see out there for demand? And is there any sort of a pricing pressure that you are seeing in the environment?

Todd Schermerhorn

I'll take that one. Long-term we are very optimistic about the growth prospects of this industry and for Bard, obviously, and you just look at the demographics despite the short-term economic issues, it's a very good place to be, very good industry to be in. So we are optimistic there. Pricing pressures, I can't remember a year in my career, almost 30 years now, where there haven't been pricing pressures. I wouldn't see that as much of a change other than people are asking more about it. We think we've got a pretty broad portfolio approach to do with that to help them frankly on a volume related basis so that's kind of the answer to that.

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