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Danaher Corporation Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions). And our first question today comes from Bob Cornell with Barclays Capital.

Bob Cornell – Barclays Capital

Yes, thanks. Couple of things. One is, in the volume declines, you didn't mention anything about destocking. I know it's hard to measure it, but maybe give us an idea of what you see there.

Larry Culp

Bob, good morning. We certainly saw I think both our channel partners where we go to market through distribution and a number of our OEM customers take stock down during the course of the quarter. I think given some of the uncertainties out there, I don't think we would declare that today that, that resetting, that destocking that has been going on is finished. I suspect we're still going to see the effect of that in our order books and in our shipments during the course of the second quarter and perhaps some of that will play out in the second half. But it certainly had an effect. It's hard to say when that will conclude but we saw that in many businesses to be sure.

Bob Cornell – Barclays Capital

You didn't make a specific comment on the impact of price on the volume in the quarter. Maybe you could comment there. And are you guys seeing an increase or decrease in price competition and how are you on the whole price cost issue?

Larry Culp

Well, I think with respect to price, we had positive price in the first quarter about a 0.5, a little less than we saw obviously in the fourth quarter and during the course of last year. So, it's clear in many markets given the volume declines that competition is heating up. But I think by and large, there are lots of ways to manage price, like the work that we're doing. But as we look forward, certainly mindful that, that competitive pressure will remain, if not heightened, we would expect that the price will be a lesser positive impact for us, but a positive impact for us as we go through the year.

With respect to cost, obviously a lot of prepared commentary, maybe some additional follow-on questions relative to the additional restructuring. But the other cost activities whether it's around procurement, commodities, other things that we buy and the like, I like where we are. I think you see

that play out both in the core margin performance, down 130 BPs on 10% revenue declines, I think is indicative of that progress as is the cash flow performance.

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