

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Wright Medical Group, Inc., Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Taylor Harris - J.P. Morgan.

Taylor Harris - J.P. Morgan

Just want to talk about constant currency trends heading into the second quarter; so you did 7% in the first quarter and you're guiding to 6% to 8% for the second quarter. I think, normally we would expect just given the selling day differential for the second quarter to have increased. So, walk us through what you're seeing that will lead you to that outlook for 2Q.

John K. Bakewell

Taylor, you started your question with an inquiry on FX. The currency comparable is going to be the hardest of the year in Q2. On a global basis currency affected us by about 3% points in Q1. It should affect us by roughly 4% points in Q2 and then it starts to moderate; I believe, it should be about 2% to 3% points in Q3 and perhaps only 1% point in Q4 if our assumptions hold up here. That's how FX is going to roll out throughout the period. Looking into Q2 in terms of constant currency performance, I think you can look to our reconstructive joint business to come in pretty much at market rates of growth in the second quarter and that's to say some more in that 4% to 6% range on a domestic basis. It will be lower than that outside the US because once again we're expecting to be affected by the slowdown we've seen in our international stocking distributor business. Extremities, we would expect that it would continue to roll. We're having a pretty good go of it in extremities. It has shown a lot of results. It doesn't appear to be getting affected by the slowdown that we're seeing in other areas of orthopedics.

Taylor Harris - J.P. Morgan

Two followup to that; one, what you're saying is that you started to see this domestic large joint slowdown in the last month or so of the first quarter and you get a full quarter's worth of impact in the second quarter there; just want to make sure I understand that.

John K. Bakewell

Yes, that's accurate; the last half of the first quarter.

Taylor Harris - J.P. Morgan

On the international stocking distributor issue; help us quantify how much in terms of sales that has pulled out of your results in the first quarter and how much you think it's going to pull out in the second quarter. It seems like all in all it's a fairly small part of your business and yet it's definitely having an impact.

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.