

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.

Varian, Inc. F2Q09 (Qtr End 04/03/09) Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) And we will take our first question from Derik de Bruin with UBS.

Dan – UBS

Hi guys, this is Dan [ph] in for Derik.

Garry Rogerson

Hi Dan.

Dan – UBS

You haven't spoken last quarter quite a bit about the lack in visibility that you had. I was just wondering whether you're starting to get a better sense for ordering trends and patterns now that we are a few months into the calendar.

Garry Rogerson

Well I guess firstly, we got to exclude something. We got to exclude NMR imaging, those high ticket items where clearly the backlog is there – a lot of the backlog is there for a quite long period of time.

Dan – UBS

All right.

Garry Rogerson

So you have to push those to one side. On the analytical instruments and the consumables that you are talking about shipping within 48 hours from getting the order and on instrumentation our general lead times are four to six weeks on product and really that's about the visibility we got at the present time. We haven't got much more visibility than that. The biggest issue is delays. We are getting a lot of delays out there.

Ed McClammy

But I think that what we did see, I think Gary talked about, as we saw the order patterns, even at a lower level it did level off. And as Gary said, it appears that what from what we have seen over the last few months that we're either – feel like we're either at or very close to the bottom and are

somewhat bouncing along there now. I think it's a very positive news out. But I think if you had asked us a quarter ago, as you said, we basically we're saying visibility was awful. But at least now we have got some pattern in these tough times that we can – as we start to get more comfortable with.

Garry Rogerson

It fell off a cliff in December and pulled back some of the way in January and then from there on has bounced around the bottom, which is in fact what we said I think in a conference in sometime in February that has seemed to have flatten off from that point.

Dan – UBS

Okay, that makes sense. Looking ahead, what would be the back half of the calendar year when presumably there, hopefully will be some more visibility at least from a government spending perspective? Some of your competitors are starting to put a loose figure around the potential opportunities from the NIH stimulus plan. Is that something you are able to do at this point or is it a little too early?

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