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Bio-Reference Laboratories Inc. F3Q09 (Qtr End 07/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Art Henderson - Jefferies & Co.

Art Henderson - Jefferies & Co.

A couple of questions; Marc, you've made it clear that reinvestment is a focus for you going forward to prepare for future growth. Can you just elaborate a little bit more in detail on kind of what you're doing there? Is it hurrying in both technical and semi-technical capabilities for sales force? Any sort of color you can give on that?

Also based upon I think the way you sort of approached it, it looks like maybe instead of having a trajectory of earnings in Q4 that playoff of Q3, we may see a little bit of a turndown. I don't know whether that's the right way of characterizing it, but with this additional expense, I just wanted to kind of get your thought, so that we can project more accurately.

Marc Grodman

I think that we are going to be positive, that we'll continue to grow and be positive. The rate of this number was certainly there, we pushed capacity a great deal this quarter, but we are going to be reinvestment.

We are doubling our sales force in Women's Health. We are opening up satellite facilities around the country to deal with that volume. So, I think the trajectory maybe a little bit not quite as great as what it was between these two third quarters, but we'll continue to grow and so positive.

When we add, we add in the specific ways. We did pretty good in dealing with infrastructure, but we will invest in sales and marketing, and believe that our top line growth will keep that as a percentage of around 9% of net revenues.

The other part of the building is going to be in people; capabilities to handle work; be able to give people the service that they deserve and that's going to be a hiring those capabilities. The tests that we do, and when you deal with some of these esoteric tests, they are not necessarily belated to go into a machine and turn it over; it really is going to be the cost of people to do the work. So to that regard, we do add people and capabilities, and we expect to be able to add that.

It does not take away from the growth and trajectory of what the company is, and may not to be the same extent that we saw here right now, with the number of factors stripping to an outstanding performance, but we'll continue to be able grow. We are going to see it in both above the line and

below the line in terms of direct, as well as indirect expense, but I still think the compares will be positive, and I still think that we will do very well with those. We'll be able to absorb those increases.

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