

THOMSON REUTERS STREETEVENTS

# EDITED TRANSCRIPT

XRAY - Q1 2013 Dentsply International Inc Earnings Conference Call

EVENT DATE/TIME: MAY 09, 2013 / 12:30PM GMT

## OVERVIEW:

XRAY reported 1Q13 as-reported net income attributable to Co. of \$71.7m or \$0.49 per diluted share. Expects full-year 2013 adjusted EPS to be \$2.33-2.43.



## CORPORATE PARTICIPANTS

**Derek Leckow** *DENTSPLY International Inc - VP - IR*

**Bret Wise** *DENTSPLY International Inc - Chairman & CEO*

**Jim Mosch** *DENTSPLY International Inc - EVP & COO*

**Chris Clark** *DENTSPLY International Inc - President & CFO*

## CONFERENCE CALL PARTICIPANTS

**Glen Santangelo** *Credit Suisse - Analyst*

**Jeff Johnson** *Robert W. Baird & Company, Inc. - Analyst*

**Robert Jones** *Goldman Sachs - Analyst*

**Steve Beuchaw** *Morgan Stanley - Analyst*

**John Kreger** *William Blair & Company - Analyst*

**Jon Block** *Stifel Nicolaus - Analyst*

**Brandon Couillard** *Jefferies & Company - Analyst*

**Yi-Dan Wang** *Deutsche Bank - Analyst*

**Steven Valiquette** *UBS - Analyst*

**Robert Willoughby** *BofA Merrill Lynch - Analyst*

## PRESENTATION

### Operator

Welcome to the DENTSPLY International first quarter fiscal 2013 earnings call. Today's conference is being recorded. At this time, I would like to turn the conference over to Mr Derek Leckow, Vice President of Investor Relations. Sir, you may begin.

---

### Derek Leckow - *DENTSPLY International Inc - VP - IR*

Thank you very much, Mara. Good morning. Thank you all for joining us to discuss DENTSPLY International's first quarter 2013 results. Joining us on the call today are -- Bret Wise, Chairman and CEO; Chris Clark, President and CFO; and Jim Mosch, Executive Vice President and COO. We'll have some prepared remarks. Then we'll be glad to answer any questions that you may have. I hope you've had a chance to review our press release, which we issued earlier this morning. A copy of that press release is also available for download on our website at [www.DENTSPLY.com](http://www.DENTSPLY.com). We've also provided a set of supplemental slides to accompany this call, also available for download in the Investor Relations section.

Before we get started, it's important to note that this call may include forward-looking statements involving risks and uncertainties. These should be considered in conjunction with the risk factors and uncertainties that are described in our SEC filings. The Company undertakes no obligation to update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this call. A recording of this call in its entirety will be available on our website.

As you can see in the release, our results this quarter include a number of non-recurring items and other non-GAAP adjustments. Our comments on this call will focus on results, including certain adjustments that provide operational insight, excluding these items. These items are noted on the non-GAAP reconciliation tables contained in the release. You'll note that our earnings guidance is also presented on an adjusted basis. With that, I would now like to turn the call over to Chairman and CEO, Bret Wise. Bret?



**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Thank you, Derek. Good morning, everyone. Thank you for joining us on our first quarter call this morning. Before we get started, I'd like to comment on the Executive changes that we made in early April. As you probably have seen in our earlier announcement, Chris Clark, DENTSPLY's President has now also assumed the Chief Financial role. As you probably know, we have a matrixed organization. Chris now has responsibilities for essentially all the corporate functional organizations, that includes business development and strategy, finance, HR, R&D, manufacturing, logistics, IT and clinical. Chris has very strong business and finance skills and a keen knowledge of operational matters and of course, will be playing a key role in taking our organization to the next level, including finding ways to better leverage our costs across the very broad platform that we have.

Also announced in April is that Jim Mosch, DENTSPLY's Executive VP has been promoted to Chief Operating Officer. Jim has a wealth of operating experience, including a very long tenure here at DENTSPLY. This is a very strong next logical step for him and for the Company. Jim has had oversight responsibilities for over 50% of our businesses in the past and now has a responsibility for the full operating group. Jim also has strong capabilities in organizational design and management and is uniquely suited to this new role. Jim's been on these calls in the past, primarily in his role in business development. So some of you already know him. We believe this new structure in the team we have in place, will position us well to create value and capitalize on the opportunities that we have for the Company going forward.

Now before moving to our results, I'd like to make a few observations about market conditions. There are several factors that are creating noise in the results in the first quarter. As we discussed in our fourth quarter call, the first quarter this year had two less selling days than last year. The number of selling days has a strong correlation to sales growth for direct businesses and to a lesser degree for businesses that go through distribution. Also, we and most of our competitors implemented price increases January 1, which likely resulted in an inventory build in the channel in the fourth quarter. Both of these factors, as well as timing of the holidays, major trade shows, et cetera, can distort results in the short-term.

Cutting through all this noise, our take is that the US market is generally consistent with what we saw last year, stable and continuing to grow probably low single-digits. In Europe, we believe the markets may have had some mild weakening as we enter 2013. Although, again, it's difficult to tell given the selling day issue and the timing of the holidays and the trade shows. Regionally, Southern Europe, certainly is continuing to contract, while Northern Europe showed a little less strength to offset the contraction in the South in the quarter. In the Rest of World category, which includes probably close to 100 country markets, we believe that the emerging markets continue to grow mid single-digits and in some cases high or even double-digits, while developed countries in this category are showing low growth or perhaps even flat growth. Obviously, all these market assessments are vast generalizations across very wide and diverse regions. But overall, that's how we see it at this point.

Moving to DENTSPLY's results for the quarter. At a very high level, we had sales up 2.2% in total and 1.1% without precious metal. Earnings were flat, reflecting low internal growth. But also -- which of course, was influenced by these two shipping days. But also reflecting a decline in our operating margins year over year that we believe is temporary and which we'll comment on further today on the call. First on sales for the quarter, internal growth came in at a positive 1.6% with the US up 1.9%, Europe at a positive 0.8% and the Rest of World growing a positive 2.9%. Again, all these percentages are as reported and do not adjust for the two less shipping days in the quarter.

Also internal growth for the quarter ex-Ortho and ex-Japan was up 1.3%. Overall, based on the reports that we've seen thus far, we believe this is above the growth rate for the global dental consumable market for the quarter. Internal growth of a positive 1.9% in the US was lead by our dental specialties products, lab and our non-dental businesses, with chairside consumables basically flat. I think there's several important considerations here for the US, including that we were going up against a positive 7.4% internal growth comp in the first quarter of last year and we had two less selling days this year. This created a very high hurdle that was difficult to overcome this quarter.

Complicating this a bit, we did implement price increases in the US on January 1 of this year. As we noted on our fourth quarter call, it's clear the dealers bought ahead of that price increase in the fourth quarter. That certainly had a positive impact in the fourth quarter and a negative impact here in the first quarter. But I think it's important to note that, we believe that channel inventories probably still are high at the end of the first quarter this year.

In Europe, as noted earlier, the markets are facing some pressure. We had some Company specific events that also influenced our performance this quarter. Our internal growth in Europe was just under 1%, that was lead by the dental specialties, the consumables and the non-dental products.



Implants were negative, in part, due to our go live events in our integration program for two very large markets in Europe in January. In one market in particular, Germany, we took the reps out of the field for an extended period of time for training. That certainly, weighed on our results there in the first quarter. We believe this was an important and a necessary investment for us to make for the long-term, despite the temporary disruption to sales that we experienced. Jim's going to speak to the integration and of course, he'll speak to this issue further.

In Europe moving forward, we have several important product launches this year, which we believe give us a good opportunity to boost growth in the back half. In Rest of World, results were lead by growth in our specialty group. But we also had good performance in lab products and in non-dental. We had particularly strong growth regionally in the Pacific Rim and in Latin America, while results were down in Japan.

On a worldwide basis for the product categories, internal growth was strongest in our dental specialties and in our medical business, while chairside consumables were slightly positive and lab was slightly negative. Again, that's -- all those comparison are with two less selling days. Dental implants were negative this quarter, reflecting the integration and the two less selling days. Again, Jim will provide more color on this. Despite the temporary impact from the integration this quarter, we remain pleased with the overall performance of our global dental implant business, particularly given the market growth that we have right now. We also continue to be impressed with the medical device business we acquired in the same transaction in 2011.

Just a few comments on earnings. Adjusted EPS was flat for the quarter. That's reflecting the low growth and the lower operating margin year over year, as well as a slightly higher share count. The margin compression was due in part to the short selling days, but also due to mix and the German integration. Both Jim and Chris have important factors to comment on here. But at a very high level, we have plans. We see good opportunities to improve the margin picture as we move through the year and also into next year.

On guidance, we're looking at slower markets than we expected in Europe at the beginning of the year. Currency exchange has moved against us by several cents. We're getting some help from a lower tax rate to offset both those issues, but not enough to fully mitigate it. We have plans in place that should improve margins as we move through the year and some opportunities for capital deployment that should also help. Given all these factors we see at present, we are revising our guidance to a range of \$2.33 to \$2.43 for the full year. Given the results for the first quarter, this implies earnings growth of 6.5% to 12.5% for the remainder of the year. That concludes my comments. I'd like to now turn the call over to Jim.

---

**Jim Mosch** - *DENTSPLY International Inc - EVP & COO*

Thank you, Bret. From an operations perspective, let me provide an update on the integration activities and performance, our key product launches and also frame the expectations in these areas. I'd first like to talk about the implant integration. As you are aware, we've been working over the last year on the integration of Astra Tech Dental and DENTSPLY Friadent implant businesses. The overriding objective of this integration was to create a single global implant business. The integration process has been strategically and organizationally comprehensive. While we recognized some synergies in 2012, we expect to recognize further synergies through manufacturing insourcing, distribution consolidation and the leverage of overhead costs as we move forward.

At the country level, the integration has involved the consolidation of locations, moving to a single sales force with a combined product portfolio and leveraging SG&A cost. No doubt, there is some disruption of this process as we merge territories, realign customers and retrain the majority of the organization; however, despite these challenges and distractions, we were able to grow above market in each quarter of 2012. Our first country integration was North America, which occurred May 1 of 2012. Systematically, we have moved country by country around the world to complete the integration. In January of this year, we integrated two large countries in Europe, Germany and France. At this point, we only have one large market left to integrate, which is Japan. We expect to complete this process in the second quarter.

Germany is our largest and most complex location, particularly as both of the pre-acquisition businesses enjoyed meaningful market share. As a result of the German integration, we combined the two organizations and created a single DENTSPLY Implants Germany business. At the same time, we separated the previous corporate and manufacturing organizations associated with DENTSPLY Friadent and their world headquarters and integrated them into the corporate organization of the new DENTSPLY Implants. One of the key requirements was the need to train the organization, particularly the field force, regarding product portfolios, new territory definitions and new procedures. As a result, the field force was out of their territories two to three weeks in Q1.



Of course, having them out of the field did have a negative impact on our sales growth in Germany. This was impactful to the sales per day in the January/February time frame. But we then recovered in March. We expect to return to normal levels in Q2; however, I would like to underscore this impact to our implant business. Given the size of the German business, this had a meaningful impact on our overall results for the global implant business, where we saw sales contract low to mid single-digits versus a solid prior year comparison; however, it is important to note that absent the impact in Germany, our global implant sales constant currency were flat to slightly positive for the quarter, despite being short two billing days.

I'd now like to move away from the implant business and review our sales and marketing activities. The first quarter was very active. There were two large dental conferences, the Chicago Midwinter in February and in March, the biennial International Dental Show in Cologne, Germany. Both these shows were very well attended. We showed and launched a wide range of new innovations at each. In total, this included more than 10 new products. Some are in the market now and others will launch later in the year. Of particular interest are the following. In the preventive segment, we launched two new fluoride varnishes, NUPRO Varnish and Durashield that have a higher fluoride release and faster hyper sensitivity relief than other products in the market. This is important, as this is a fast growing segment, where previously we did not have a competitive offering.

In the restoratives area, we launched a new curing light, SmartLite Focus, which is a cordless curing light. Also a new universal composite, TPH Spectra, which is offered in both low and high viscosities with a simplified shading system to meet the handling preferences of the clinician. In prosthetics, we showed the new high strength glass ceramic, CELTRA. Also a millable cobalt chrome product Crypton, that greatly enhance our offering in the important CAD/CAM area of dentistry. These products are expected to begin launching in the second and third quarters of this year. In endodontics, we launched the new rotary NiTi file system, ProTaper NEXT, which is a continuous rotary system that provides versatility, efficiency and safety to the endodontic procedure.

In implants, we are launching a new intraoral welding product called, WeldOne, that will allow clinicians to connect newly placed implants in the oral cavity to prove initial stability and provide more prosthetic options immediately in the operatory versus what is now, in many cases, a multi-visit process to complete the final prosthetic solution. Of course, there are several other new innovations that we did show in the quarter, but these represent the best example of the innovations we are currently bringing to the market. I look forward to reviewing our new products and business activities in future calls. I would now like to turn it over to Chris Clark to review the financial results.

---

**Chris Clark - DENTSPLY International Inc - President & CFO**

Thank you, Jim. Good morning, everyone. Let me build on some of Bret's comments and provide a bid of a deeper dive on some of the key income statement elements and also provide some additional color on our balance sheet, as well as the cash flow for the quarter. Our sales growth, excluding precious metals, of 1.1% and flat adjusted earnings per share for the period probably don't provide the best barometer of performance given the calendar comparison. As we look at our business performance compared to the market information available, we believe that our internal growth rate of 1.6% is probably slightly above market growth for the quarter, with the impacts of the calendar and a directionally softer European market, as well as the specific impact of the implant integration in Germany affecting our results this quarter.

Currency translation was a headwind of approximately 60 basis points on sales for the quarter. It was about 100 basis points worse than our expectations coming into the period. The gross profit rate on an adjusted basis in the first quarter was 58.2% of sales, excluding precious metals. That's 190 basis point improvement sequentially, but 130 basis points below our high watermark at 59.5% in the first quarter of 2012. Let me put that in perspective, since the date of the Astra Tech acquisition, we have reported average non-GAAP gross profit margins of 57.7%. So compared with historical averages, this performance is favorable, particularly when you consider the two less selling days; however, there are still a couple of important factors that weighed on the results in the quarter.

First, we estimate that the medical device excise tax in the United States reduced gross margins by about 40 to 50 basis points compared to prior year. This was obviously not in the baseline from last year. This will also continue to impact us moving forward, along with the rest of the medical device industry. The other two factors impacting quarterly gross profit rate comparison to prior year are mix and transactional currency. Mix was slightly negative in the quarter, primarily due to the disruption from the implant integration activity in Germany. We believe this should improve sequentially moving forward, now that the German integration is in our rear view mirror. With respect to the transactional currency impact, the key negative driver is the impact of the strong Swedish krona compared to the euro and the British pound. While we have some hedges in place to mitigate some of the risks associated with movements in these cross currency rates, the effect was not fully mitigated in the quarter.



Moving to SG&A expenses. On an adjusted basis, SG&A was \$283 million or 42.1% of sales, excluding precious metals. Expenses as a percentage of sales were down 50 basis points compared to prior year, but were higher than our long-term baseline, due to the costs of the biennial IDS show in Germany and also sales seasonality. These impacts are temporary. We expect that we will generate some improvement in this measure as we move through the year. Our expense ratio for the full year last year was 40.5%. We expect to be able to beat that this year. Adjusted operating margins for the quarter was 16.2% of sales, excluding precious metals. That compares to 16.9% in the first quarter of last year. This reflects the gross margin and SG&A impacts I just described, including the medical device tax, which caused 50% to two-thirds of the change versus prior year.

As we move forward, one of the key opportunities our new management structure provides us is the ability to focus more strongly on driving leverage and increased effectiveness across our operating units and franchises and to engage our functional organizations in a more integrated fashion. In short, we have a unique opportunity to more thoroughly leverage our size and also the proximity to our customers that our franchise structure provides, relative to cost, marketing impact, innovation efforts and manufacturing among other opportunities. I look forward to working with our global management team to help drive these efforts. Our reported tax rate for the first quarter was 4.5%. That reflects a number of significant tax adjustments in the period. The operating tax rate was 21.8%, which is a 120 basis point improvement compared to the 23% operating rate in the first quarter of 2012. This reflects some significant work on the part of our global tax team to minimize future tax impacts and also to allow for efficient repatriation of foreign generated cash flows. These efforts resulted in approximately a \$0.01 positive impact on adjusted earnings per share in the quarter. We think that this is going to hold for the year.

In addition, adjusted results exclude a one-time positive tax impact of approximately \$0.08 per share in the quarter, primarily relating to the impacts of the 2012 taxpayer relief act that was enacted in early 2013, including the 2012 R&D tax credit. So to clarify, the benefits of the 2012 act are removed from our adjusted results. Net income attributable to DENTSPLY International on an as reported basis in the first quarter was \$71.7 million or \$0.49 per diluted share. This compares to \$53.3 million or \$0.37 per diluted share in the first quarter of 2012. These results included a number of items, which we've listed in the schedules in the press release.

On an adjusted basis, earnings were \$75.2 million or \$0.52 per diluted share compared to \$75.3 million and also \$0.52 per diluted share in the first quarter of 2012. In addition to the items I have already mentioned, EPS was negatively impacted in the quarter by currency by about \$0.02 per share versus the prior year. This more than offset the benefits of the lower tax rate that I mentioned previously. Based on current rates, we estimate the earnings headwind from currency for the year to be between \$0.04 and \$0.05 per share.

Operating cash flow in the quarter was \$36 million, up nicely from \$20 million in last year's first quarter. I should note that the first quarter is typically our lightest quarter from a cash flow standpoint. So we should see operating cash flow increasing in subsequent quarters. Inventories increased about four days from December in anticipation of our new product launches. Inventory now stands at 110 days. That's flat in terms of days compared to prior year.

Accounts Receivable days were 59 days at the end of March. That was up one day compared to last March. Capital Expenditures were \$24 million in the quarter. We estimate the capital spending to ramp up during the year to a full year level in the \$120 million range. Depreciation in the quarter was \$20 million. Amortization was \$12 million compared to \$15 million in the prior year period.

Our net debt to capital ratio continues to improve. It stood at 39% at the end of the first quarter. That compares to 45% last March and 39% at the end of December. We anticipate that ratio continuing to gradually improve as we move through the year. I would note that, we are approaching our long-term target range of between 35% and 40%. We see more flexibility to create value through our capital deployment strategies. We did not repurchase any shares during the first quarter, but still have approximately 14 million shares available for repurchase based on the Company's authorization. We do view a reasonable level of share repurchases as an opportunity as we move through the year.

We're also continuing to be active on the M&A front and are continuing to dialogue and actively assess specific opportunities. During the first quarter, we completed one small acquisition and would not be surprised to see more acquisitions as we move through the year. Finally, as Bret stated, we are revising our 2013 earnings per share guidance to a range of \$2.33 to \$2.43 on an adjusted basis. This reflects the positive impact of the operating tax rate, as well as the currency headwinds, our first quarter results and our assessment of the current dental market conditions. That completes our prepared remarks. We certainly thank you for your support. We would now be glad to take any questions that you might have.



## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions)

Glen Santangelo, Credit Suisse.

### Glen Santangelo - Credit Suisse - Analyst

Just a couple quick questions, if I could. Essentially, Bret, if I heard you correctly, it sounds like maybe Europe took one step backwards this quarter. That's not that inconsistent with what we've heard from other vendors. I'm just curious if you have any anecdotal data points? Or anything that would put that in a little bit more perspective? Is it just macroeconomic? Or is there something else that we should be thinking about? Now that we're also almost into mid May, I mean, what have you seen thus far in the second quarter? Anything worth calling out?

### Bret Wise - DENTSPLY International Inc - Chairman & CEO

Thanks, Glen. Certainly, Northern Europe differs from country to country. But it was slightly weaker this quarter. If I had to talk about specific countries, I'd say France in particular seem to be weaker. Germany seemed to be about the same and of course several other countries. But generally, just a slightly weaker Northern Europe. It wasn't as strong as it had been to allow it to offset weakness in the Southern part of Europe. In our guidance -- the adjustment to our guidance that we made today, we're reflecting that we don't see indications that will turn around, as we move through the back half of the year here. Although, we are encouraged by some recent reports about manufacturing in Germany, for instance, that seem to be rather strong in April. I think it's hard to translate that into the dental market without some specific data points. But from a very high level Europe just seemed to be a little bit weaker than we had experienced last year.

### Glen Santangelo - Credit Suisse - Analyst

Maybe if I could just follow-up on that, related to margins. You said in the press release that obviously, the slower revenue growth may have impacted margins to some extent. But you also called out specifically some important investments made by the Company during the quarter, which maybe depressed margins a little bit. I'm not sure if you were referring to what we talked about with respect to Germany and the implant business? Or if there were some other investments? I'm trying to get a sense if those investments were one-time? Or are they going to be ongoing within the cost structure? Any additional details?

### Bret Wise - DENTSPLY International Inc - Chairman & CEO

Sure. The investments we were referring to -- the primary one was the integration in Germany that Jim discussed in more detail. That certainly is a one-time event. We believe, we've got that behind us now. It was important to get that done, but it did depress margin somewhat in the quarter. The other investment was the International Dental Show in March. We've made commitments for those expenses far in advance. We kept those commitments. We had a great show at IDS, but we weren't able to -- even though, we brought SG&A down by 50 basis points with lower growth and with the IDS expenses, the fact those expenses were in the plan for the quarter, constrained us a little bit about -- towards bringing expenses down further. So those are the two primary items.

### Operator

Jeff Johnson, Robert Baird.





**Jeff Johnson** - *Robert W. Baird & Company, Inc. - Analyst*

Bret, wondered if I could just focus on the dental implant business for a second. First, I don't think I heard a US number. Or if you didn't give it, maybe even just some qualitative comments around US? Then in Germany, hearing especially the January and February impact of taking the sales force out for a few weeks there. Wondering if you could maybe talk about the March, April, May trends there? Just, it sounds like it's bounced back. But the other thing we're hearing in Germany is that the dental implant market itself may have slowed. You had the number two player there in Germany introduce a lower priced pre-packaged system here recently. Just wondering how you think of the German dental implant market here over the next few quarters?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Okay, I'll try to do that. Jim if you have further insights you can add them. Our results ex-Germany were positive for the quarter, even though we had two less selling days. We view that as -- certainly, compared to the announcements we seen from other people, we view that as a pretty strong performance. We did take the hit in Germany by taking the reps out of the field early in the quarter. We saw that reflected in our sales per selling day, particularly over the first two months of the quarter. There was some recovery late in the quarter of that. I'm not sure about April. I haven't seen the April numbers yet. But as far as we can tell, this looks like a Company specific event early in the quarter, so that doesn't really provide evidence that the market there, in total, has changed in any way. Jim, do you have anything that you would add to that?

---

**Jim Mosch** - *DENTSPLY International Inc - EVP & COO*

Yes, Jeff, from a standpoint of Germany, I would say that we don't feel that there was an underlying softness in the market. There was a lot of noise. Obviously, for us there was some particular noise regarding the integration. But in addition to that, I think the two less selling days and the fact that there was an additional week of Easter versus the prior year in Q1, it just created some noise in the market that didn't lead us to believe that there was anything other than that and that the overall market was okay. You also asked a question about CAMLOG's introduction. Obviously, this was a pretty big announcement for them at IDS. From our perspective, we look at this as somewhat of an effort on their part.

It's a fairly standard implant system with some fairly standard but limited applications. As you probably know, CAMLOG is generally priced a little bit below the premium players in the German market. But not at the level of the value players. So from our perspective and I can't say that we totally understand their strategy. But we believe that this is an effort on their part to retain some of their customers that may be reaching into the value segment. Also obviously maybe participating the value segment on some level as well. I think -- long-term average sell price stability, I think could be a challenge. But we don't see this as a direct impact to the premium market in Germany.

---

**Jeff Johnson** - *Robert W. Baird & Company, Inc. - Analyst*

Okay, that's helpful. Thanks, Jim. Bret, not to push you here, but I don't know if you're being evasive or just not giving us the US number. That's fine. But qualitatively anything on the US specifically? Is it fair to quantify the impact of pulling these guys out in Germany for the few weeks, at maybe \$0.02 to \$0.03? That's backing into the model, what I'm seeing anyway.

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

I'm sorry, Jeff. I forgot that you had asked about the regional assessment. Actually Jim, you probably -- you have those numbers. You're closer to those numbers than I am. Why don't you go ahead.

---



**Jim Mosch** - *DENTSPLY International Inc - EVP & COO*

Yes. Jeff, one of the things -- what's interesting about that, we feel that in the US, that we grew at or above the market in North America. One of the interesting dynamics for us was that, as I mentioned early on, we went live May 1, last year. Obviously just from that standpoint, we had some activities leading up to that, that clouded the picture in Q1. So it's difficult for us to make a true year-on-year comparison from that perspective. But I would say overall, we are very pleased with our growth in North America.

---

**Operator**

Robert Jones, Goldman Sachs.

---

**Robert Jones** - *Goldman Sachs - Analyst*

Just looking at the US internal growth. I was wondering if you could share what the impact actually was in the quarter from the med-tech tax? I'm just wondering -- I know you guys have commented on this before, but just wondering, were you actually able to fully pass that on to customers in the quarter?

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

Yes. Rob, it's Chris Clark. We took a price increase in January that included a number of factors, including tax and other items. When we pass that through, I think at this point, we do believe that the bulk of that is sticking consistent with what we've seen in the past.

---

**Robert Jones** - *Goldman Sachs - Analyst*

Okay, that's fair. Then I know you mentioned an acquisition in the quarter. Was just wondering if you'd be willing to give any more specifics around what area that acquisition was in? Then it sounds like you are currently evaluating other deals. Maybe even just broadly, being respectful of the competitive landscape -- maybe just broadly, what product categories you're most interested in? I guess in particular, high-tech has continued to perform fairly well within dental. Just curious, Bret, if maybe any comments or thoughts about moving further up the value chain within the dental offering?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Okay. First of all, the small acquisition we did in the quarter was a small sales and marketing organization outside the US. It's really immaterial. As far as categories we're looking at, I don't like to get into a lot of specifics there. But certainly, we're looking at acquisitions in the specialty categories and consumable categories. Those are probably the highest focus at this point. With respect to high-tech, as you know, we're a consumable Company. We're very focused on being able to participate in high-tech in the consumable categories, meaning ultimately, our products are what end up in the patients mouth. There's a lot of buzz about digital dentistry right now. Digital dentistry is a facilitator for products that end up in the patients mouth. But ultimately, we see our products as part of that facilitation. Not necessarily being the high-tech item itself, but being what is facilitated to get the dentistry done.

---

**Robert Jones** - *Goldman Sachs - Analyst*

Got it. Then just quickly, the last one I had. Maybe I missed this. I didn't hear an update on the Ortho relaunch. Just wondering, any comments around how you're feeling about the market share regain there?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Yes. We're very much on track relative to our expectations. I think, we've commented, I think, on the last call that we thought we had recovered about one-third of the lost market share. I think that we also commented that from there on out, it's going to be a little bit of a tougher fight, if you will. That said, I think we're very pleased with the progress we had in the first quarter. We just had the AAO show, which is the largest orthodontic show in the year, this past week in Philadelphia. I would say that we were very pleased with the results from that show, as well as the customer sentiment regarding our product line. So we're very upbeat.

---

**Operator**

Steve Beuchaw, Morgan Stanley.

---

**Steve Beuchaw** - *Morgan Stanley - Analyst*

Just a question on the outlook for the balance of the year. It's easy to understand -- thanks for all the granularity -- how there were a number of puts and takes in the quarter that made the quarter a little atypical. But I wonder if you could use that context to help us think about the drivers of the earnings acceleration over the balance of the year, given the magnitude? Something like -- not a 1,000 basis points, but quite a bit of the EPS growth acceleration over the balance of the year. How do you think about or how are you telling us to think about the organic growth profile? Are we back to north of 3% on a consistent basis? Do we see SG&A trend back to, I guess, where The Street have been looking for them? Is that the really, simplistic way to think about the model that you would think is appropriate?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Well, I think a couple things. One, our growth in the first quarter here was 1.6% organic, with two less selling days. So it's hard to adjust that for the selling days, but certainly, it would have been reasonably higher without the two less selling days. As we look at our markets around the world, we see the US seems to be doing fine and consistent with last year. Europe is a little weaker, but some of the issues that we had in the first quarter, including an adverse mix, the implant integration, et cetera, are things that we can overcome going forward -- we can likely overcome going forward. But we don't think we can make up for the impact that we had in the first quarter. So I think that's the way we think about it. The plans we had for the year, we think are intact. We can't quite make up for what happened in the first quarter. We are going to have a little bit more headwind from slower markets in Europe, as we move for the year. We're very focused on expense leverage, as we've commented in our comments today, although I don't want to quantify that at this point. Chris, you got anything to add on that?

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

No. I think those are the primary drivers, I agree.

---

**Steve Beuchaw** - *Morgan Stanley - Analyst*

Thanks, that's very helpful. Then one more specific question on the implant markets. There's been some disruption in the Japanese market with commentary in the media. It seems like that is starting to reverse. Would you agree with that characterization, that the noise is starting to fade? Does that set us up for a better trend over the balance of the year, maybe a rebound there?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Yes. You're absolutely right. Obviously, last year was very difficult and that impact probably lead through most of the year. I think we saw -- I would say, we saw a stabilization in the first quarter. There has been some efforts -- industry efforts with the Japanese Dental Association and others to try and quell some of those issues. We're hopeful that will improve things. Do we -- would we predict a rebound at this point in time? I don't think

I would be that strong quite yet. I think we need to see probably another quarter of activity before we have a better understanding of what's going on in Japan.

---

**Operator**

John Kreger, William Blair.

---

**John Kreger** - *William Blair & Company - Analyst*

Just a quick follow-up on Japan. I think, you mentioned that was the last major market where you need to integrate the impact business. Do you expect Japan therefore to be soft in the second quarter? Similar to what you saw in Germany this quarter?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

No, I don't. I think, the Japanese integration is not as complex from a standpoint of what we did in Germany. Germany was a very complex integration because that was the former world headquarters for Friadent. So it's a large organization, we had a lot of moving parts there. Japan, I think -- also obviously, it's at the end, so we've got a lot of internal knowledge regarding that integration. We expect it should go as others. I think we're well prepared for that. We don't really anticipate any disruption there.

---

**John Kreger** - *William Blair & Company - Analyst*

Great, thanks. Then, Chris, in terms of the guidance. Can you just clarify -- are you assuming that Europe is stable from Q1 levels for the rest of the year? Or deteriorates further?

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

Yes. We're basically saying, what we're seeing in Europe that's systemic to Europe would continue through the rest of the year. Obviously, the German implant integration, we're viewing as a first quarter one-time factor that is now behind us.

---

**John Kreger** - *William Blair & Company - Analyst*

Excellent, thank you. Then, one last one. I think in the past your annual price increases have been in the 1% to 2% range. With the med-tech tax, following up on Bob's question, can we assume in the US, therefore, it was more like 3% to 4%? Or maybe a bit lower than that?

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

Yes. I would characterize our global price increase -- I think we made this comment on the last call as well, that typically globally, we're probably in the 1.5% to 2% range. I think on the first quarter call, we made the comment that we were going to be north of 2%. I'll stick with that comment, John. Obviously, if you looked at it geographically, we would be a little bit higher in the United States relative to ex-US more than likely.

---

**Operator**

Jon Block, Stifel Nicolaus.



**Jon Block** - *Stifel Nicolaus - Analyst*

Maybe the first question, Bret, just high level thoughts on the endodontic business. I know you don't really give specific commentary there. But how did that perform? Then, I think it was at Chicago Midwinter when Sybron introduced a new reciprocating file. Can you talk to anything your sales guys are giving you there, that's having any sort of an impact in the field? Thank you.

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Okay. Jonathan. I'm going to start the response here. Then, pass it to Jim. The endodontics business is performing very well. We had some key innovation that came out about 1.5 years ago that's very popular in the market and growing rapidly. We also introduced a new file system at the Chicago and at the IDS, which has gotten rate responses from customers. With respect to the response from the competitor, I'm going to let Jim address that, as well as anything else he has to add to what I've said here.

---

**Jim Mosch** - *DENTSPLY International Inc - EVP & COO*

Yes, as far as from a standpoint of the overall market, I think what you've seen in our endodontic business really over the last two years is really successive product launches. We've made some pretty significant investments in R&D in the endodontic business really going back about four or five years ago. I would say that we're bearing the fruits of those efforts at this point in time. Those new products have been very well received in the marketplace. I believe in many cases, we've been fortunate to really set the standard in the marketplace. As far as the new products that are coming onboard, certainly we believe that competitors will attempt to emulate those products. But endodontics is not a one product category. New products that we've offered -- that we've launched in both -- really, three different file systems, a new gutta-percha filling systems, irrigation systems and also new motors and apex locators that improve the procedure as well as diagnostics. I mean, I think we're really offering a very updated innovative comprehensive solution for the customers. We believe that we're comfortably positioned in that market versus our competitors.

---

**Jon Block** - *Stifel Nicolaus - Analyst*

Perfect, great. Very helpful. Then, Chris, I think this one is for you. You guys are bringing down guidance by about \$0.05. I believe you mentioned tax is lower and will be a beneficiary of about \$0.01 per quarter. So if you call out, lowering by \$0.09, is half from FX and half from ops? That would be the first question. If that's true, in terms of ops, what's really the driver? It seems Europe might be a little bit weaker relative to where you guys were three months ago? Thanks.

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

Yes, thanks. I'd probably characterize it as the following. Tax is obviously favorable in the range that you mentioned, basically offset by incremental FX going the other way. Then you're looking at basically, about \$0.03 in terms of really the first quarter miss, if you will, in terms of the operational side on the softer Europe, but as well, the German implant integration and bad mix. We're carrying that forward. Then, basically carrying forward a little bit additional softness -- or continuing softness, if you will, for Europe. So those would be the building blocks that I would use to think about it.

---

**Jon Block** - *Stifel Nicolaus - Analyst*

Okay. Then, very last question. Bret, Europe up 0.8%, but Schein actually had down consumables year-over-year. So do you think the market is soft? You're confident that you're gaining share over in Europe? Thanks, guys.

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Yes, I think that it's pretty clear we are. We've seen -- of course, we've seen all the dental implant companies report. We seen the largest distributor report. Our numbers are clearly above the averages of those numbers. We feel pretty comfortable that the new product introductions and the innovations, such as the innovations that Jim referred to earlier, are driving above market performance for us at this point. Just a moment on the market. We had been running closer to 2% growth in Europe. This quarter came in a little bit under 1%; although, there's that two day selling issue, which clouds the picture. So apples-to-apples, we feel that we are performing about like we were in Europe, although we feel like the markets have weakened just a little bit, perhaps as we enter 2013.

---

**Operator**

Brandon Couillard, Jefferies.

---

**Brandon Couillard** - *Jefferies & Company - Analyst*

Bret, could you elaborate on the Rest of World? Experience in the quarter seemed to decelerate a little bit. Were there any unusual channel dynamics?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Yes. Let me give you some insights on that. Rest of World was 2.9% for us this year. Again, that's not adjusted for the selling day issue. What we saw this quarter was a very strong growth in the emerging market elements of Rest of World. As I commented, Japan was down, which shouldn't be a surprise to anybody, given the reports that we've seen out of the implant companies in Japan. Then the other developed markets within our Rest of World category were flat or slow growth or maybe slightly down. So the report here is a result of average -- it's an average of those emerging markets, which are growing faster, the developed portions that are growing slower and the impact of the two selling days.

---

**Brandon Couillard** - *Jefferies & Company - Analyst*

Thanks. Chris, any chance you could break out the impact of FX on the gross margin line between both translation and transaction?

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

Yes. I mean for the year? Or for the quarter?

---

**Brandon Couillard** - *Jefferies & Company - Analyst*

Both, if that's possible.

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

Okay. Well, the way to think about it -- there's a lot going on, Brandon, in the FX line or in the FX rates. Obviously, translation was slightly negative for the quarter. We think that's probably going to be roughly neutral to a little bit positive probably for the year. But transaction is probably the primary challenge, specifically a lot of interactions between non-US dollar rates, given basically our business model and business structure. Then also, I'm trying to think, as Bill mentioned, I think on the last call, the impact of our hedging activities basically were going to be more beneficial or stronger benefits last year compared to this year.



**Brandon Couillard** - *Jefferies & Company - Analyst*

Is there a yen dynamic going on in terms of the revised outlook? Can you explain or just walk us through in terms of how you interact or how you transact with your Ortho partner there? I would have thought that might have been a slight positive given your source product?

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

Sure. Yes. It actually helps and hurts. Relative to the sourcing of the orthodontic product, yes, there is -- it does certainly -- the movement does help us there. Unfortunately, it also hurts us in terms of the translation impact coming back from our business in Japan. So you've got to weigh those two factors.

---

**Brandon Couillard** - *Jefferies & Company - Analyst*

All right. Thanks. Then just -- what should we be thinking about in terms of operating cash flow for the year? That would be helpful.

---

**Chris Clark** - *DENTSPLY International Inc - President & CFO*

Yes, Again, as we looked at it -- operating cash flow, we think should be improving sequentially. As we move forward, the first quarter typically is our lighter quarter. Again, our operating cash flow expectations for the year are slightly above what we had last year.

---

**Operator**

Yi-Dan Wang, Deutsche Bank.

---

**Yi-Dan Wang** - *Deutsche Bank - Analyst*

So I have two questions. One, on implants and the other one, on your continence care business. So on the implant business, I missed the first part of your call -- so apologies. Did I get it right that the business was in low to mid single-digit decline, including the negative impact of the two fewer selling days?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Yes. The implants were down globally low to mid single-digits, not correcting for the selling days.

---

**Yi-Dan Wang** - *Deutsche Bank - Analyst*

Okay, perfect.

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

If you take Germany out, it was flat to up. Again, not adjusting for the selling days.

---

**Yi-Dan Wang** - *Deutsche Bank - Analyst*

Okay, great. Then to what extent would you say that business benefited from the IDS? Also with the US integration done for a few quarters now, what cross-selling benefits are you seeing coming through so far? What could we see going forward?

---

**Jim Mosch** - *DENTSPLY International Inc - EVP & COO*

Yes. As far as the IDS is concerned, we had a fairly big presence at the IDS. I think this was mainly very much our -- in many ways, our global launch of the new DENTSPLY Implants, as we had been going through the integration over the last year. It was a good show. Sales were as expected. As you know, something about the IDS consumable sales are not as impactful at the IDS as is equipment sales. I think clinicians definitely go to that show to see the equipment that they can't see in their offices. But it was a good show for us. We were able to launch some new products. So we were comfortable with what we accomplished at that show. As it relates to the US, you're absolutely right. We launched the integration May 1 of last year. We're now coming up on a year anniversary of that. We've seen some good successes from that. The organization has been fully trained. They're doing well. They're selling the entire portfolio. We've seen some excellent cross-selling that's come out of that.

First of all, it's allowed us to put a little bit more sales resources on the previous DENTSPLY brands, as DENTSPLY was a smaller organization in North America. From a cross-selling standpoint, our ISUS bars and bridges -- we've fully launched that product. That is now -- you're able to order that online via the ATLANTIS web order system. We've had some excellent uptake in that area. In addition, we have a good portfolio of bone grafting products in the North American market. The new larger organization is now taking that on and has found that to be successful. Then quite frankly, between the two organizations, having a larger organization now selling the ATLANTIS customized abutments, that has also been an impact. So we're definitely seeing the leverage from the larger organization and the broader portfolio of products.

---

**Yi-Dan Wang** - *Deutsche Bank - Analyst*

Okay. It sounds like you should be seeing quite a lot of benefits. But from your commentary earlier, about your performance in the US relative to your peers, am I right in interpreting that we're still at a very early stages of seeing some of these benefits? If so, should be a lot more to come?

---

**Jim Mosch** - *DENTSPLY International Inc - EVP & COO*

No, actually, my earlier comments indicated that we were performing at the market or better. That we are quite pleased with our North American business. So we feel that we are beyond the integration and that organization is performing at a good level.

---

**Yi-Dan Wang** - *Deutsche Bank - Analyst*

Okay. Would you be able to give us just maybe a bit better idea on how much better you are versus the market?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Well, the beauty is in the eyes of the beholder here. We're not sure exactly what the market is, but we think the market is somewhere in the mid single-digit range in the US. You should reflect on our comments and comparison to that.

---

**Yi-Dan Wang** - *Deutsche Bank - Analyst*

Okay. Then on your continence care business, would you be able to give us -- how fast that business or how that business developed in the quarter? Your expectations in the short and also in the mid term with your key competitors being quite active in upgrading the US intermittent capital market and also launching some -- what we can see to be quite differentiated products?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

We're very happy with that medical business. I know that you weren't on earlier, but that was in our comments. That business performed -- as we went through the regional growth rates, we commented in each region that was a contributor to our growth rate. We're happy with that. We have



some -- we launched in January, a new product that we think is pretty innovative and is getting a good uptake there. We've been taking share for the last 18 months in the female market, off a new product as well. So we're feeling pretty good about that -- about the medical business. The outlook, not only in the US, which you raised, which is a growth market, but outside the US as well.

---

**Operator**

Steven Valiquette, UBS.

---

**Steven Valiquette - UBS - Analyst**

Just a question here. You mentioned the channel inventories were still a little bit high at the end of first quarter in the US. Just trying to reconcile back. To me that would imply maybe that the second quarter sales will still be a touch soft in relation to that. Then the flip side, you also referenced the tough comparison you had in the US in the first quarter with the 7.4% internal growth. That comp should get easier in the second quarter. So if we think about the puts and takes of all that, what's -- how should we be thinking about the second quarter without giving specific guidance, but just reconciling those factors for the upcoming quarter?

---

**Bret Wise - DENTSPLY International Inc - Chairman & CEO**

Let me work through those one at a time. Chris may have some insights too, because he's pretty close to this. But we did a price increase October 1. As predicted, the dealers bought ahead of that price increase. We commented on that at the time. Then as we moved through Q4, we could see the dealers were trying to increase their channel inventories ahead of the January 1 price increase. On our fourth quarter call, we commented we'd thought that happened. But then that was pretty much confirmed through subsequent announcements by the dealers themselves, that they in fact had increased inventories pretty substantially ahead of that January 1 price increase.

We did see some of that come down in the first quarter. But certainly not all of it. In a recent announcement by one of the major dealers, confirmed as well, that they seem to have worked off about one-third of that inventory build in the first quarter. So you're right, that's still got to come out. I don't know when it will happen. If it will be second quarter or if it will be over several quarters. But that -- we don't believe those inventory levels will stay that high over a very long period of time. With respect to the comparison, we did have a gang buster January -- or first quarter 2012 in the US, 7.4% internal growth. That comparison does ease as we move through the rest of the year. Chris, I don't know if you have anything?

---

**Chris Clark - DENTSPLY International Inc - President & CFO**

No. I agree. Those are the two factors. Again, on the channel inventories, they did come down in the quarter. But they still had room to go yet. So from that angle, I'd view that as a gradual transition, at this point over the next quarter or frankly maybe a little bit -- maybe even into Q3.

---

**Operator**

Robert Willoughby, Banc of America Merrill Lynch.

---

**Robert Willoughby - BofA Merrill Lynch - Analyst**

My question was answered, thank you.

---

**Operator**

Jeff Johnson, Robert Baird.

**Jeff Johnson** - *Robert W. Baird & Company, Inc. - Analyst*

Bret, help me reconcile one thing. If I look at your European number, up 0.8%. You had the two fewer selling days. You had the German issue. If I ex all that out, I could convince myself maybe 3%, 4% even 4%, 5% growth in the quarter. Obviously, that doesn't float with your tone on the European market right now and everything else we've been hearing on Europe. So I don't want to get too positive on the next few quarters. But it also seems like the numbers optically were definitely better. How do I reconcile all that?

---

**Bret Wise** - *DENTSPLY International Inc - Chairman & CEO*

Well, I think there's a number of factors there. One, is that this number is about a full, 1 point lower than we've been running. But there are two fewer selling days. Offsetting that, we did have the largest dental show in the world in Europe in the first quarter. So I mean that does generally boost growth, not so much in equipment. But it's certainly not negative to equipment. So you should take those comments -- the way to reconcile it is, we look country by country in Europe right now. We see those markets as being -- some of those markets, not all of them, being slightly softer than they were, let's say, six months ago or a year ago. I wouldn't take our number and just add 2% or 3% to it for the selling days, because there's more factors there, including the trade shows to consider.

---

**Jeff Johnson** - *Robert W. Baird & Company, Inc. - Analyst*

Okay. That's helpful. Then just on the channel inventory. Just a follow-up from the last question I made. Is your look at channel inventory just a comment Schein made on their call a couple days ago? Or do you have more of a direct line inside there? Because I think some of their inventory is remaining high on the equipment side, not necessarily the consumables that would impact you. So I'm assuming there's something more than just their public comments that have you talking about that?

---

**Jim Mosch** - *DENTSPLY International Inc - EVP & COO*

Yes. Jeff, we monitor that pretty closely. Obviously, we know we sell to them and we get their sell out data. So that enables us to monitor that pretty carefully.

---

**Jeff Johnson** - *Robert W. Baird & Company, Inc. - Analyst*

Yes. All right, helpful, thank you.

---

**Jim Mosch** - *DENTSPLY International Inc - EVP & COO*

Again, beyond just Schein.

---

**Operator**

Mr Leckow, that concludes today's question-and-answer session. I'd like to turn the conference back over to you for any additional or closing remarks.

---

**Derek Leckow** - *DENTSPLY International Inc - VP - IR*

Well thank you, everyone for joining us today. That concludes our conference call. We thank you for your interest in DENTSPLY. If you have any follow-up questions, please contact Investor Relations. Goodbye.

**Operator**

Ladies and gentlemen, that concludes today's conference. Again, we thank everyone for joining us.

**DISCLAIMER**

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2013, Thomson Reuters. All Rights Reserved.