

devices; Diagnostics (32%) provides products for the safe collection and transport of diagnostic specimens, as well as instrumentation and reagents used to detect infectious diseases, healthcareassociated infections, and cancers; Biosciences (17%) produces

29,400. Officers & directors own 1.3% of stock; State Street, 5.9% (12/11 proxy). Chairman & CEO: Edward J. Ludwig. Incorporated: New Jersey. Address: One Becton Drive, Franklin Lakes, New Jersey 07417. Telephone: 201-847-6800. Internet: www.bd.com.

ANNUAL RATES Past Past Est'd '09-'11 to '15-'17 of change (per sh) 5 Yrs. 8.5% 10.5% Sales 7.5% 8.0% 9.0% 'Cash Flow" 11.0% Earnings Dividends Book Value 13 0% 12.0% 8.5% 15.5% 10.5% 11.0% 8.0%

325.4 202.8

1671.7

304.8 234.9

1823.2

300.0 410.7

1889.7

Accts Payable Debt Due

Current Liab.

Fiscal Year Ends	QUA Dec.31	RTERLY S Mar.31	ALES (\$ m Jun.30	ill.) <sup>A</sup> Sep.30	Full Fiscal Year
2009	1717.9	1725.0	1820.3	1897.7	7160.9
2010	1868.8	1799.4	1830.9	1873.2	7372.3
2011	1842.0	1922.0	2014.1	2050.8	7828.9
2012	F	F	1980.5	1993.8	7735
2013	1855	1985	2045	2075	7960
Fiscal	EARNINGS PER SHARE AB				<u>F</u> ull .
Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Fiscal Year
2009	1.25	1.16	1.30	1.25	4.95
2010	1.25	1.22	1.23	1.24	4.94
2011	1.35	1.38	1.51	1.39	5.62
2012	F	F	1.52	1.41	5.36
2013	1.34	1.40	1.55	1.56	5.85
Cal-	QUARTERLY DIVIDENDS PAID C=				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2008	.57	.285	.285		1.14
2009	.66	.33	.33		1.32
2010	.74	.37	.37	.41	1.89
2011	.41	.41	.41	.45	1.68
2012	.45	.45			

Becton, Dickinson is in the process of selling its Discovery Labware unit. The division, which was housed in the Biosciences segment, is being purchased by Corning for approximately \$730 million. The transaction remains subject to customary closing conditions, but should be completed by the end of the calendar year. The results of operations associated with the divestiture have been reclassified as discontinued operations, and our estimates have been updated.

The company put together a decent showing in the fiscal third quarter (years end September 30th). Revenues were almost \$2.0 billion, up 2% from a year ago on an apples-to-apples basis. The Medical and Diagnostics segments both reported small growth, while the Biosciences group posted a nominal top-line decline. Sales were hurt by unfavorable currency translation. Share earnings came in at \$1.52, which was up about 6% from a year ago.

We have cut our top- and bottom-line targets. We clipped \$240 million from our fiscal 2012 sales call, due to global economic softness, the pending sale of the

Discovery Labware business, and the likelihood of adverse foreign exchange rates. Indeed, we estimate that year-overyear revenue growth will be just under 4%, but currency translation will erode nearly two percentage points of the advance. We shaved \$0.36 a share from our full-year earnings target, though about 80%, or \$0.29, of the revision is due to the aforementioned divestiture.

We look for strong profit growth in fiscal 2013. Indeed, we think share net will approach \$5.85, which represents a 9% advance from our fiscal 2012 target. The company's diabetes care products, pharmaceutical systems, and safetyengineered offerings are all selling well, both at home and abroad. Ongoing share repurchases (the company is on pace to spend about \$1.5 billion on buybacks this fiscal year) will also help.

We like this neutrally ranked issue. It is ranked 1 for Safety; it is about as stable as they come (Beta: 0.65); and it offers a worthwhile dividend yield of 2.4%. Moreover, thanks to solid growth prospects, long-term capital gains potential is good. August 24, 2012 Erik A. Antonson

(A) Fiscal years end September 30th. (B) Primary earnings thru '97, diluted thereafter. Excludes nonrecurring: '97, (6¢); '98, (47¢); '99, (47¢); '99, (42¢); '01, (14¢); '03, (8¢); '04, (79¢); '05,

(11¢); '06, (35¢); '07, (35¢); '08, (11¢); '09, 4¢; late June, and late September. ■ DRIP avail- '10, 55¢; '12, 22¢. Quarterly EPS may not sum. Next earnings report due late October. (C) Dividends paid in late December, late March, for splits. (F) Awaiting restatement.

Company's Financial Strength Stock's Price Stability A++ 100 Price Growth Persistence **Earnings Predictability** 100

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