Benchmark Electronics Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). And our first question this morning comes from the line of Kevin Kessel with JPMorgan. Please go ahead.

Kevin Kessel - JPMorgan

Hi there, guys. My first question is when we look at the products that are maturing, is it very broad or is it just really concentrated amongst the largest customers?

Gayla Delly

Kevin, we have probably two to three programs that are maturing with two to three customers. So I guess, it's more than one but not broad.

Kevin Kessel - JPMorgan

Okay. And then, in terms of the China set that you guys have spoken about in the past, can you bring us up to date there in terms of where that stands in terms of the completion?

Cary Fu

The China facility will be online in Q3.

Kevin Kessel - JPMorgan

It will be online in Q3?

Cary Fu

Late Q3, early Q4. I'm sorry.

Kevin Kessel - JPMorgan

Okay. So you would expect then maybe some contribution from it at some point in 2008, it sounds like.

Cary Fu

Sure.

Kevin Kessel - JPMorgan

What's the focus going to be, Cary, on that site in terms of what end markets?

Cary Fu

Well, we're expecting the China capacity to provide a full range of the service, okay, including PCB modules as well as box built. We'll definitely see a continued shift in the business into the facility showing a pretty nice growth and the costs at that facility have been profitable after the first year. So it's continuing to be a very profitable operation for the company.

Gayla Delly

The most industries it serves and in the range of services it provides, it really addresses each of the markets, Kevin. So, it's a well diversified site for us.

Kevin Kessel - JPMorgan

Okay. And then, can you maybe give us a sense for like, I know typically your quarters are back-end loaded, but what was the linearity like this quarter? Was it different from prior quarters? And I guess I ask that question because my sense would be that maybe some of the increased weakness might have happened in the last month that may be more than typical?

Gayla Delly

I guess there are two ways to answer that, and I didn't mathematically compute it. But ultimately, clearly it was less back-end loaded than we had anticipated because, as you said, we typically do see very heavy shipments in some of the sectors in the back-end. So, since we didn't hit our revenue number it wasn't as back-end loaded as we had expected. But I don't have any determination as to what the percentages actually ended up being. I do know that we typically do see some stronger demand than we ultimately saw.