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Benchmark Electronics Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

[Operator Instructions]. And we will go to the line of Amit Daryanani from RBC Capital Markets. Please go ahead.

Amit Daryanani - RBC Capital Markets

Just a question on the Q2 guidance, sequentially you guys are still looking for about 6%, 7% growth or so, which I think is in line with normal seasonality. But given all the economic considerations that I think you have highlighted, what gives us conviction that we should be able to hit the number? And specifically, what's built into the computing segment expectations in Q2?

Cary Fu

Amit, as I discussed in my opening remarks, our guidance was based on the current market environment and plus the new program ramp we are anticipating. So, there is no reflecting on any improvement at the macro environment at all. All the increase of the revenues comes from the programs we have in process ramping. So we feel pretty comfortable with the guidance we're giving.

Amit Daryanani - RBC Capital Markets

So, Cary, I guess underlying your end markets will be flat and the incremental 6%, 7% sales is all from new programs? Is that right?

Cary Fu

Yes. The revenue increase guidance for Q2 is based pretty much upon the new program ramps.

Amit Daryanani - RBC Capital Markets

All right. Just one of the byproducts, I guess, of tampering down your sales expectations over the years, I would assume your cash flow from operations should do a little bit better. Last quarter you guys talked about \$75 million to \$100 million. Should we expect that to be the higher end of it? And the flip side is you're almost done with your buyback, any thoughts on doing a second one after this?

Don Adam

Amit, I think on the cash flows what we're expecting for the balance of the year is approximately \$75 million. We're about, what, \$49 million so far, so the balance of the year another \$25 million.

Amit Daryanani - RBC Capital Markets

And what about potentially looking to do a follow-on buyback? You still have a fair degree of liquidity on your books.

Cary Fu

Yes. As you talk about, we have a significant cash still on hand. Deposit to-date we purchased about \$103 million of the stock and our cash position maintain fairly high. We will continue to purchase the stock under the current programs and we will from time to time revisit the programs, either extended or expanded, and that will, of course, will be working with our Board of Directors very closely on the repurchased efforts.

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