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EMS Technologies, Inc. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Our first question comes from Chris Quilty of Raymond James.

Chris Quilty - Raymond James

Good morning gentlemen.

Paul B. Domorski

Good morning, Chris.

Chris Quilty - Raymond James

A quick question for you, Don. Is it fair to assume – I think you had guided to about a 18% tax rate for the quarter, so we are looking at \$0.37 based upon your guidance?

Paul B. Domorski

Using that tax rate?

Chris Quilty - Raymond James

Yes. Rather than the tax benefit you showed in the quarter?

Paul B. Domorski

That's probably pretty close to it.

Chris Quilty - Raymond James

Okay. And you had said in the past in last quarter that we should probably model to about a 24% tax rate for your 2008 guidance and that reflects the tax benefits in Canada. I didn't notice however whether that includes any of the US R&D tax credits which haven't yet been passed by Congress?

Paul B. Domorski

We don't usually include those when we look forward, but probably in modeling I've used probably something little less than 24, probably 22.

Chris Quilty - Raymond James

Okay. Traditionally, I know you don't typically guide to revenue but I was hoping that, Paul, maybe you could give us a general sense of where you think each of the three segments should grow in terms of order of magnitude, without giving us specific numbers?

Paul B. Domorski

I think you going to see – I think you are going to see that what you saw basically this year. I think basically our SATCOM business will continue to grow. We believe we were at, you know, we are seeing good growth in both the military as well as the business ship market and we are starting to see a lot of activity particularly outside the US in the international market, Air France as I mentioned before, has gone on board, Quantis airline was the last airline that went on last quarter. So, we are seeing big carriers starting to move in in that space.

I think in the Defense space, we will continue to grow in that area; we believe that our position in the communications-on-the-move segment is an attractive one. We believe that many of the different platforms that are out there are very interested in some of the technology that we've developed. We are, as I said earlier in my comments, expanding our role and our customers are asking us basically to do that which is often to provide more value than we are providing today and we are benefiting from that and the results that I described to you before. And then LXE, I think, we are again seeing a good progress in that area. We are particularly seeing good growth in the international space. We were able to do an acquisition that enabled us to be able to add to our existing market space, which was very attractive to us in that area, and we are starting to see some progress in the US market. So we continue to believe that we will grow in the areas that you are seeing growth now.

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