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TRW Automotive Holdings Corp. Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Ladies and gentlemen, we will now begin the question-and-answer portion of today's call. [Operator Instructions]. We'll take our first question from John Murphy with Merrill Lynch.

John Murphy - Merrill Lynch

Good morning, guys.

Unidentified Company Representative

Good morning, John.

Unidentified Company Representative

Good morning.

John Murphy - Merrill Lynch

I just wondering on the sales line you guys were forecasting growth of about 7.5% in 2008, you've been outpacing your 4% forecast that are targeted CAGAR [ph] for a while now and some pretty tough macro environments and production environment. So I was just wondering... you're just being incredibly conservative here or at some point in the next two or three years the backlog looks like it's particularly weak, just trying to understand what's actually happen versus your targeted 4% growth?

John C. Plant - President and Chief Executive Officer

I'll take that one John, I mean first of all, I mean it's true that over the last let say four or five years our sales have increased. Firstly, due to exclude currency, I mean but, if you do exclude currency, we have slightly trended above the 4% level. It does include of course some benefit of module sales, which we don't count in quite the same category. We have thought about moving off the single point growth give a range, so I think it's... entirely reasonable to expect that we're doing a plus or minus any particularly around that range.

At this stage I would say we still feel comfortable sticking with what we've said, but we are considering to give a range around the 4%, because it's really difficult to call. I think the thing, which we would say to you is clearly we feel confident in our sales they are going to increase into 2008, despite the difficult conditions. And we will be evaluated in a going forward. But at the moment, I'd say that the matter we put out there I think some of this fulfill good about, and we're not ready to change that at this point in time.

John Murphy - Merrill Lynch

But it's fair to say there's nothing specifically you're seeing in your out years, in your backlog that we does to believe that there will be any material change?

John C. Plant - President and Chief Executive Officer

No I mean our backlog is consistent, with the things I said, which was that, we see ourselves growing. We see the diversity of our customer base further increasing, and if you recall the pie charts where we show the investor conferences are diversity of customer base, and I look at the left hand side of the chart, which includes customers like BMW, and Honda, and Hyundai, etcetera. And look at those and they clearly have been increasing, and I know just a function of both production and also our business acquisition within... with those... that our customers and indeed PSA as well. So I mean the diversity is increasing, and so we feel comfortable in that order level. And I don't think we actually shown on these slides, the final customer outcomes for 2007, yet, but basically what you're going to see first of all by region is that again, near probably a touch less depends the North America that in 2006. Certainly, a very major step-up in our rest of the world which is the... which is essentially is China, India, and Brazil. Where for the year, I mean that was a very significant increase for us, so I think as it stepped up from 10% of our sales to 13% of our sales, and a full year growth of some 39%, so that segments grown very significantly, and with the customer diversity I think we will still see the VWR [ph] is our number one customer, and then really an increasingly spread around that's.... with this let say our second... let say customer I think being around about 2 percentage point low and that... and then everybody else printing in the pie chart appropriately. So good diversity gross spread and I think we feel at this point confident with the matter we've put out. But we are considering moving to a range from something low than 4 maybe to do something about 4 because it probably more reflects reality where we are.

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