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Benchmark Electronics Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions)

The first question comes from the line of Steven Fox from Merrill Lynch. Please go ahead.

Gayla Delly

Good morning, Steven.

Celeste Santangelo - Merrill Lynch

Good morning. Actually, this is Celeste Santangelo for Steve. Just I had a question. Looking at your expectations for sales growth in '08, how much of wins from the new customers you mentioned contributing to that growth were pure end demand?

Gayla Delly

At this point in time, I believe that the majority of the growth is coming from new product introductions and new sales wins that we've had over the last few months, because I don't think that you see as much strength simply coming from unit increases and sales forecasted in the current environment.

I don't have a specific percentage to apply to that, but clearly we see part of our growth and a significant portion of the reason we feel good about 2008 is because of the groundwork that we laid in 2007, not because of the current environment.

Celeste Santangelo - Merrill Lynch

Okay. And then, just following up on that, can you provide a little more details around the new customers just maybe how many wins and what kind of markets they're in?

Gayla Delly

Yes, let me get Don to go back over the market wins.

Don Adam

Yes. As we said for the fourth quarter, the wins were \$64 million to \$81 million.

Gayla Delly

Right. But I think you said those were from new and existing, so I was just asking on the new customers?

Don Adam

I guess I'm not following the question. Again let me just?

Gayla Delly

Just a mix of (Multiple Speakers)

Don Adam

The mix of new and --.

Gayla Delly

So it's now half and half typically in the given quarter.

Celeste Santangelo - Merrill Lynch

Okay. And then just one more question on the operating leverage in '08, how do you plan to hit the earnings growth targets of 15% to 20%?

Gayla Delly

I think what you'll see as you model through the numbers that we have not anticipated, although our goal is to get greater leverage on the operating margin targeting back to 4.5%. If you model through the numbers, we have not put that out there in the current environment. So, making it more consistent with the current performance and planning for improvement, but not modeling the improvement in the numbers that are expected, because the general environment and the NPI ramps that always have cost associated with those.

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