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FEI Company Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from the line of Satya Kumar from Credit Suisse. Please go ahead.

Satya Kumar – Credit Suisse

Third quarter order guidance, \$175 million that is pretty strong, but can you just talk a little bit about your currency showing impacting the revenue guidance, but can you just talk a little bit about why your revenue guidance is significantly lower than your order guidance?

Ray Link

A couple quick points on that, our bookings of \$175.3 million is an all-time record. A portion of that relates to the KAUST order which Don mentioned is in excess of EUR20 million. That order will not ship until 2009; it will be spread over several quarters in the first half of 2009, potentially even go into the third quarter.

So that portion all gets deferred to 2009. So when you take that order out, our guidance was pretty much where we thought we would be basely in the 150 plus million range and that's generally what we have been shipping and if you take our revenue guidance of 141 to 148 bring that to the same currency (inaudible) but it does have a pretty big impact because of their main change. We said that we would have about \$7 million higher, but before the decline in currency. So that would put us right in line with a low \$150 million or so revenue bookings. So our book to bill will be about one to one.

Satya Kumar – Credit Suisse

And then one quick question on your service books. Typically your service bookings for third quarter are flat quarter over quarter, but this time they are down about 11%. Can you just comment on that?

Don Kania

Sure, this is Don. If you really look back to Q2, we had slightly stronger bookings in that quarter. So if you look at Q2 and Q3 we are comfortable with the flow. So I think we just pulled some stuff into the second quarter. I asked quite specifically if there is any kind of trend here and they've response is no, so I think we are okay.

Satya Kumar – Credit Suisse

Thank you.

Operator

Thank you. Our next question comes from the line of JoAnne Feeney with FTN. Please ahead.

JoAnne Feeney – FTN

Couple of questions; First of all Ray, could you clarify perhaps the amount of your fourth quarter EPS guidance that's due to anticipated losses for hedging?

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