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Spirit AeroSystems Holdings Inc Q3 2008 Earnings Conference Call Transcript

Question-and-Answer Session

[Operator Instructions]. And your first question is from the line of Robert Stallard from Macquarie. Please proceed.

Robert Stallard - Macquarie Research Equities

Good morning.

Jeff Turner - President and Chief Executive Officer

Good morning.

Rick Schmidt - Executive Vice President and Chief Financial Officer

Hi Rob.

Rick Schmidt - Executive Vice President and Chief Financial Officer

The first question I'd like to ask you is on the timing of the catch up after the strike. I know that there is a lot of uncertainty here but Rick I was wondering if you could give us some idea of how you're expecting the revenues, earning and cash flow to come backup in Q4 and Q1 as Boeing gets back online?

Rick Schmidt - Executive Vice President and Chief Financial Officer

Sure. Well as we said Rob, we expect there to be a 90 day transition period after the conclusion of the strike and we need to add periods to burn... as we said burn-off the units that we've been building during the strike. I mean if you look at very high level math prior to the strike, Boeing was producing about 40 units a month. We've continued to produce at a rate of about 60% of that, so roughly 24 units a month and by the time Boeing returns to... assuming that the ratifications both this weekend and return to work fairly soon. We'll have about 2.5 months of time that we were producing at that rate versus Boeing's production rate obviously where they go in producing so that would translate into somewhere around 55 to 60 units that we're ahead of Boeing in terms of delivery.

So those are the units that obviously we will not deliver. We saw the first part of that already in the third quarter and you'll see the remainder of that into the fourth quarter and probably into the first couple of weeks of 2009.

Robert Stallard - Macquarie Research Equities

So, basically you could be at this sort of 24 months rates through the whole of this quarter and then steadily start to see things move back up to the sort of 40 months may be in to some February or something like that.

Rick Schmidt - Executive Vice President and Chief Financial Officer

Yes, good analysis Rob.

Robert Stallard - Macquarie Research Equities

Yes. And is there anything on the cash flow side. Is that fairly equivalent to what you see in revenues and earnings or that the inventory would wind down at a similar sort of rates, is nothing unusual there.

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