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Sanmina-SCI Corp. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question is from the line of Jim Suva with Citigroup.

Jure Sola

Hello Jim.

Jim Suva - Citigroup

Great. Thanks very much. You gave us some great information about the cash flow of next year, \$200 million to \$300 million. Can you let us know what the sales basis was for that assumption?

Jure Sola

Right now it's hard to forecast the revenue, but we assume that the market is not going to get better. We did our budget about eight weeks ago. Two weeks ago we had to do a budget what we call plan B internally. So, plan B is based on really assuming that nothing has gotten better. As you can see, based on forecast our customers especially in our Telecommunication, Enterprise Computing, Multimedia really is down a lot. So we think, this is pretty bad right now. We assume, if this continues for next four quarters, we'd still be able to stay profitable, generate the cash that I just talked about, and position ourselves for a better time.

Jim Suva - Citigroup

So, on prudence, would you say it would be reasonable to generate or model sales down for next fiscal year?

Jure Sola

Right now, Jim, at this time, for us it's tough to forecast. As I talk to our customers, some are more optimistic than others, but I don't know if it would be really fair for us to say what is going to be. I would say it's going to be close to that. We can ship lots. Let's put it that way. So, I think we are just planning the worst case situation and we are going to work very hard to fight what is out there and hopefully we win. We feel comfortable. We do because the restructuring is behind us; the only thing that we have on our plate right now is to watch the cost and book the new order that the customer wants us to bill.

Jim Suva - Citigroup

Okay. Maybe I'll switch topics for my follow-up then. When you talked about seeing additional outsourcing, can you talk about your appetite for asset purchases versus outright outsourcing wins and it seems like you still have internal capacity where you wouldn't need to make asset acquisition, is that fair?

Jure Sola

It is fair. We are not interested really, in an asset unless there's maybe a transition period, and what our customer is paying for that but we have no interest to take on more assets just for asset sakes.

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