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Trimble Navigation Ltd. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question is from the line of Rich Valera with Needham & Company.

Rich Valera - Needham & Company

Thank you. Good afternoon gentlemen. Raj with respect to the cost cuts that sounds like that will be fully faced in the second quarter. Can you give us an estimated non-GAAP operating expense number that you expect to see, can you give us that kind of granularity?

Raj Bahri

Well, it gets driven by because this is excluding acquisitions and we did quite a few acquisitions in Q4. So net-net what I can tell you is, we can expect to see for 2009 savings of around \$25 million from these costs cutting efforts versus 2008.

Rich Valera - Needham & Company

And that's not linear obviously because you wouldn't really see the impact fully in the first quarter?

Raj Bahri

One and half month impact in Q1 and then we will see the full quarter impact starting in Q2.

Rich Valera - Needham & Company

Okay. And those predominately effect operating expense as opposed to gross margin, is that correct?

Raj Bahri

One of the things that got us in Q4 was that we have some manufacturing costs that are fixed in nature, and we did take some actions to reduce that as well. So part of it, it will be reflected in gross margin.

Rich Valera - Needham & Company

Great. And then Steve just one question on sort of the bigger picture, on Caterpillars call there was a discussion about sort of almost [idle] capacity that creeps into the system as you have [idle] used equipment, that sort of ends up taking up some of the capacity once the demand returns, so there is

kind of delay in the purchase of new equipment as demand returns. Do you think that concept applies to any parts of your business, and if so where?

Steve Berglund

Actually, maybe there are probabilities in some corner case, some cornered cases would apply, but in general, I would say is the scenario that we are looking at given that the market is still very much un-penetrated. Pretty much across all of our businesses whether it would be E&C, machine control, or certainly the new connect-to-site stuff, but agriculture, as well as the Mobile Solution stuff. I think the scenario that we contemplate is walking onto a contractors yard and walking into the contractors office and basically saying , yes on the way end we observed that 50% of your fleet is parked outside, which represents idle capacity.

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