

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

Benchmark Electronics, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) And our first question today comes from the line of Brian White with Collins Stewart. Please go ahead.

Brian White – Collins Stewart

Okay, good morning.

Gayla Delly

Hi, Brian.

Don Adam

Good morning, Brian.

Brian White – Collins Stewart

Just, when we look at the EPS range, I think it's much wider than we typically see yet the revenue range is not that much different. So, what drives that wide EPS range?

Don Adam

Again, I think, a lot of that, Brian, has to do with certainly I guess the absorption (inaudible) fixed cost of the facility. So when you see a decline in revenue, what will happen is you won't – you will see a larger proportion of a drop on the EPS side. So it's really volume related.

Brian White – Collins Stewart

But the volume is very similar to what you typically gave in revenue guidance in the past, but the EPS is very different.

Gayla Delly

Right, it really is going to be most significantly impacted by the mix and the variability in forecast, in essence the accuracy from the customers and so as you can see from our recent quarters we have had a pretty strong performance in operational discipline and a favorable mix. And so the market as it turns out for Q1 and the industries, which may show contraction will have an impact on the earnings

range. So we'd really try to fix that with quite a few different scenarios into the assumption of the earnings.

Brian White – Collins Stewart

And how should we think about the tax rates for '09?

Don Adam

Generally in the 11% to 12% range.

Brian White – Collins Stewart

Okay. We can use that for the first quarter as well?

Don Adam

Yes.

Brian White – Collins Stewart

And I just want to be clear, on the market segments, was that for the December quarter?

Don Adam

Yes.

Brian White – Collins Stewart

Oh, it was.

Don Adam

Yes.

Brian White – Collins Stewart

Okay. It was for the December quarter. So if you look out at the March quarter, what markets do you think will probably see the biggest sequential decline in sales?

Gayla Delly

I don't think we ever guide on an industry-by-industry basis for any given quarter, but just a general lay of the land the markets we see right now performing and giving opportunities to Benchmark, which do not always equate to the general state of the industry we speak to itself. But likely where we are ramping programs and winning programs we continue to see telecom and industrial strong. In medical you'll see we are going through some life cycle transition and whereas some products have been introduced into the marketplace and will be declining in volumes, and other products will be brought to market. That is the one industry that I'd say it's going to be difficult to truly anticipate how many of those will affect Q1 versus Q2.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.