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Flextronics International F4Q09 (Qtr End 3/31/09) Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. At this time, we are ready for the question-answer session. (Operator Instructions). Our first question comes from Jim Suva with Citi. Sir, your line is open.

Jim Suva - Citi

Hi, Mike and Paul. This is Jim Suva from Citi. A quick question, you mentioned that EPS came in at the low end of your guidance. And if my math is correct, it looks like you got about a \$18 million tax benefit, which would actually put EPS closer towards breakeven and below your guidance. Or do you believe that your guidance somehow included a tax benefit, which I don't think many of us got in our models? And also in your outlook then should we anticipate some other type of tax benefit coming through?

Paul Read

Hey Jim, it's Paul. Pretty correct, roughly the tax benefit was around \$0.02, so our guidance EPS guidance for \$0.03 includes the tax line of course, and therefore anything that we pick up on that line, we take credit for, going forward of course, some of these one time credits that we won't be getting, and the I think the operating tax rate is roughly 10 to 15% on a go forward basis.

Jim Suva - Citi

Okay and then you have a note receivable write-off or what was the call theory, yeah no receivable impairment. Can you give us some details on what that was?

Paul Read

Yeah sure, we have a note from a previous spin-off that we made a few years back. And we've been paid down to what we consider would be fair value and that's based on what we estimate to be the recoverable value of that investment.

Jim Suva - Citi

And that's the huge KKR transaction I assume?

Paul Read

No, no it's not that. It's another one. But, I don't want give details but it's not that.

Jim Suva - Citi

Okay, after that, may be just a quick general question for Mike. Mike in this environment where demand uncertainty is very unclear and the outsourcing model tends to go through different phases, are you saying right now OEMs kind of in a bit of freeze mode or are they actually reaching out to do more outsourcing, because it seems like the demand and the drop-off in the revenues look like that the outsourcing model right now is in little bit of a stalled mode or maybe I'm just often thinking about it a little too negatively.

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