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Plexus Corp. F2Q09 (Qtr End 04/04/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from Sean Hannan with Needham & Company.

Sean Hannan - Needham & Company

Just quickly on your top customer, Juniper, I think from a relative standpoint this was pretty decent or strong performance, perhaps certainly a bit higher than a lot of folks I think had anticipated. Can you maybe drill down a little bit more to provide some color on what drove this in March versus December and how we should be thinking about this in the near term?

Dean Foate

Well, once again I like to be cautious about anything I say about Juniper Networks. They like us to be careful about sharing too much about what's happening with Juniper. So I'm going to talk just in general terms. I would just reemphasize that we feel that our relationship with Juniper is quite strong. We like our position with Juniper relative to their outsourcing strategy and the mix of products that they outsource. We believe that we're in a good position to continue to gain share, some of their key products that are moving into the marketplace. I'm afraid I'm going to have to just leave it at that.

Sean Hannan - Needham & Company

So if I can just step back and look at the programs you've won over the last few quarters, last quarter you talked about a specific instance, where the Mechatronics program had basically been scaled back for a less aggressive launch.

Can you talk a little bit around the areas of your business, where you have seen that type of OEM action in the last few months in terms of scale-backs, product launches, on the overall revenue opportunity versus what had originally been anticipated? How this speaks to the diversification in your backlog as a consequence?

Dean Foate

I think just generally, all of the new programs are subject to the same kinds of challenges that existing customers are facing with their programs that we already manufacture and that end markets are challenging. When an existing customer comes to us, wants to launch a new product line or new program, many times the revenue associated with that is muted from what their earlier expectations were due to end market conditions or they may delay a quarter or two the launch of the product just to try to manage cost structure.

So we're seeing those kinds of things happen with programs that we're bringing in. We are doing our best to provide the annualized revenue that the customers are forecasting associated with those programs. The numbers that I have giving you are adjusted to align as best we can with our current expectations looking forward in the marketplace.

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