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SRA International Inc. Q3 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Our first question comes from Gautam Khanna with Cowen.

Gautam Khanna - Cowen

Hey couple, if I may ask one in the follow-up. On Era you mentioned there was an FX gain and there was some severance cost, what was the net impact of the FX gain and what was the severance? Was it a plus in the EPS this quarter?

Melissa Burgum

It was a plus of about \$1 million.

Gautam Khanna - Cowen

A \$1 million after tax?

Melissa Burgum

Pre-tax.

Gautam Khanna - Cowen

Pre-tax, okay. Secondly, the DSOs now are around 80 days, is that sort of the right run rate going forward, if I would call Era has some unique cost to completion type of sales recognition, is that right?

Stan Sloane

They do, but my answer to you is no1. That's not the run rate we were going forward. We're working hard to get that down lower and we think we're going to start seeing some progress in that direction, but that's too higher number for us.

Melissa Burgum

Right. We dropped two days quarter-over-quarter, as I mentioned and hope that will drop another two or three days over the next quarter.

Gautam Khanna - Cowen

Operator

Our next question comes from Bill Loomis with Stifel Nicolaus.

Bill Loomis - Stifel Nicolaus

Much improved results today. Just looking at the again Era and global health again, just to make sure I understood your comments more. So, including that \$1 million benefit on exchange rates pre-tax from Era, did you say that Era was still, when you say dilutive do you mean it lost money in the quarter in the third quarter?

Melissa Burgum

Yes.

Bill Loomis - Stifel Nicolaus

Including that exchange rate gain?

Melissa Burgum

Yes.

Bill Loomis - Stifel Nicolaus

Then Global Health also lost money in the quarter?

Melissa Burgum

Yes.

Bill Loomis - Stifel Nicolaus

Looking to the fourth quarter, how do you see it sounds like global health going to continue to lose money and Era will be profitable is that correct?

Stan Sloane

That would be our current expectation.

Bill Loomis - Stifel Nicolaus

When does Era get back to, would be consider more normal profitability, do you see that happening late this calendar year or is that something that's going to happen next year?

Stan Sloane

We're working hard have it happen, as soon as we can make it happen.

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