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## EMS Technologies, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. The floor is now open for questions. (Operator instructions). Your first question is coming from Chris Quilty of Raymond James. Please go ahead.

#### Chris Quilty – Raymond James

Good morning, gentlemen. Just wanted to get a little bit of clarification on the LXE business. If I had understood your statement, it seemed to imply that you think you will get back to breakeven or profit in the LXE business by Q2, or were you talking more towards profitability by the end of the year?

#### Paul Domorski

Well, I would answer it this way, Chris, if you looked at our results last year, we were north of breakeven throughout 2008, and certainly it is our goal to remain at that point throughout the year. We have taken actions. I have summarized some of those actions. You know as well – probably you know better than I do that it is a choppy market out there, so certainly we have our goal is to get above that number.

#### Chris Quilty – Raymond James

Okay. And the cost reduction efforts, you mentioned in the quarter, are you on a run rate basis seeing those savings now, or are they going to accrue over time? In other words, mostly headcount reductions that immediately accrue or these things that are going to take time?

#### Gary Shell

Yes. About the – Chris, this is Gary. The cost should start picking up right away, because the severance related issues will of course get some payroll pickups and there were other cost-saving issues as well, and all of that should start picking up in Q2.

#### Chris Quilty – Raymond James

Got you. And while I have you Gary, the tax rate, obviously a little bit beneficial here in Q1. I think you have guiding towards about a 9% tax rate for the year, does that mean we should raise our expectations for the balance of the year, or should we still be modeling about 9%?

#### Gary Shell

No. Zero is what we were expecting for the full-year and that really reflects the shift because of the lower performance at LXE. That reflects the real significant shift in the balance towards the Canadian earned taxable income.

**Chris Quilty – Raymond James**

Okay. So that is – you know, I haven't run the numbers here, but a little bit of a lift in terms of your full year guidance outlook since we were previously assuming a 9% tax rate. If you're not thereby raising your guidance, are the weakness all manifested in the LXE business, the incremental weakness that is implied?

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