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## APAC Customer Services Incorporated Q3 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

[Operator Instructions]. And we will go first to Howard Smith with First Analysis.

#### Howard Smith - First Analysis

As we talk about the operating margin and to some extent the gross margin, as you layer on new customers and there is always that startup ramp expense. Where are we in that cycle as we look out to Q4? Do we still have more ramp expense and expect those numbers to continue to slide a little bit or are we now ramped enough that we are starting to get the benefit of those at higher margins?

#### Mike Marrow

Well it's a mixture. We certainly have been ramping in anticipation of, in preparation for Q4 and I guess our good fortune is we also have some recent wins and those will be ramping as well. So we are sort in a fortunate position to be brining on new business, but in terms of erosion in the margins what we have been ramping for previously is certainly going to contribute. I don't see really any continued slide as we sort of increase in size and increase the base of the revenue.

#### Howard Smith - First Analysis

Okay, one quick follow on. On the Tucson facility which you've taken over, is the new healthcare client that you signed to take some of that capacity, will that be coming on in the fourth quarter or is that a program that would ramp next year.

#### Mike Marrow

It's more next year than this year. There is going to be training that is going to occur, and it's predominantly in preparation for production early in the new year.

#### Operator

We will go next to Tim White with Robert W. Baird.

#### Tim White - Robert W. Baird

Just to kind a follow on a little bit. Looking at the revenue growth, historically you guys from Q3 to Q4 have grown revenue in the kind of 9% to 10% range sequentially. Is there any reason why, just

given the environment and given some of the ramps you are going through that that should be largely different than historical pattern?

**Mike Marrow**

We are expecting certainly growth quarter-over-quarter.

**Andrew Szafron**

The big difference between this year and historically is just the general uncertainties in the economy. As you know a large client of us is involved in package shipping and we have considerable business in the wireless space. So I think the way it's going to play out is depending on their businesses and the volumes. It's going to be difference between good and very good plus.

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