

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

PLXS - Q4 2014 Plexus Corp Earnings Call

EVENT DATE/TIME: OCTOBER 23, 2014 / 12:30PM GMT

OVERVIEW:

Co. reported FY14 revenues of \$2.4b. 4Q14 revenues were \$666m and diluted EPS was \$0.77. Expects 1Q15 revenue to be \$630-660m and EPS to be \$0.68-0.74.



CORPORATE PARTICIPANTS

Angelo Ninivaggi *Plexus Corporation - SVP, CAO & General Counsel*

Dean Foate *Plexus Corporation - Chairman, President & CEO*

Todd Kelsey *Plexus Corporation - EVP & COO*

Pat Jermain *Plexus Corporation - EVP & CFO*

CONFERENCE CALL PARTICIPANTS

Brian Alexander *Raymond James & Associates - Analyst*

Shawn Harrison *Longbow Research - Analyst*

Steven Fox *Cross Research - Analyst*

Sherri Scribner *Deutsche Bank - Analyst*

Matthew Sheerin *Stifel Nicolaus - Analyst*

Sean Hannan *Needham & Company - Analyst*

Mark Delaney *Goldman Sachs - Analyst*

Jim Suva *Citigroup - Analyst*

Todd Schwartzman *Sidoti & Company - Analyst*

Amit Daryanani *RBC Capital Markets - Analyst*

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Plexus Corporation conference call regarding its fiscal fourth quarter 2014 earnings announcement. My name is Ellen, and I will be your operator for today's call.

(Operator Instructions)

I would now like to turn the call over to Mr. Angelo Ninivaggi, Plexus' Senior Vice President, Chief Administrative Officer, and General Counsel. Angelo?

Angelo Ninivaggi - *Plexus Corporation - SVP, CAO & General Counsel*

Thank you, Ellen. Good morning, everyone, and thank you for joining us today. Before we begin, I should remind everyone that statements made during the call today and information included in the supporting material that is not historical in nature such as statements in the future tense, and statements including believe, expect, intend, plan, anticipate, and similar terms are forward-looking statements.

Forward-looking statements are not guarantees, since there are inherent difficulties in predicting future results, and actual results could differ materially from those expressed or implied in the forward-statements. For a list of factors that could cause actual results to differ materially from those discussed, please refer to the Company's periodic SEC filings, particularly the risk factors in our Form 10-K for the fiscal year ended September 28, 2013, and the Safe Harbor and fair disclosure statement in yesterday's press release.

Plexus provides non-GAAP supplemental information such as earnings or margin excluding special items, as well as return on invested capital and free cash flow. We present information including special items because it provides a better indication of core performance for purposes of



period-to-period comparisons. Return on invested capital and free cash flow are used for internal management assessment because they provide additional insight into our financial performance.

In addition, we provide non-GAAP measures because we believe they offer insight into the metrics that are driving management decisions, as well as management's performance under the test that it sets for itself. For a full reconciliation of non-GAAP supplemental information, please refer to yesterday's press release and our periodic SEC filings. We encourage participants on the call this morning to access the live webcast and supporting materials at Plexus' website at www.Plexus.com by clicking at the Investor Relations at the top of the page, and then events calendar.

Joining me today are Dean Foate, Chairman, President, and Chief Executive Officer; Todd Kelsey, Executive Vice President and Chief Operative Officer; and Pat Jermain, Vice President and Chief Financial Officer. Let me now turn the call over to Dean Foate. Dean?

Dean Foate - Plexus Corporation - Chairman, President & CEO

Thank you, Angelo, and good morning, everyone. Please advance to slide 3. Yesterday after the close of the market, we reported results for our fiscal fourth quarter of 2014. Revenues were a record \$666 million, an increase of 7.4% from the prior quarter. Fourth quarter diluted EPS of \$0.77 was also strong.

Advancing to slide 4 for a few comments about at our fiscal fourth quarter and its highlights, our go-to-market teams delivered \$170 million of new Manufacturing Solutions wins, well above our target of \$160 million, and putting our trailing four quarter wins at \$816 million. Our Engineering Solutions group experienced another solid quarter of new project wins, with the result at \$20 million.

Our operating performance improved quarter-over-quarter. Our operating margin advanced to 4.8%, a 10 basis point improvement.

Our cash cycle improved to 56 days and helped contribute to better-than-anticipated free cash flow of \$23.8 million. Return on invested capital improved to 15.2%, a 60 basis point improvement, representing an economic return of 4.2%. During the quarter, we completed our FY14 \$30 million share repurchase program.

This month, we announced that our Engineering Solutions group has achieved AS9100 certification at our Neenah design center, an important requirement to support innovation in the aerospace and defense industries. Finally, Plexus has been accepted as an applicant member of the Electronic Industry Citizenship Coalition, the largest nonprofit coalition devoted to supporting the rights and well-being of employees in communities affected by the global electronic supply chain.

Advancing now to slide 5 for a few comments about FY14, FY14 was a recovery year after a disappointing FY13 that included weak end-market performance in combination with the loss of our largest customer, setting the stage for a \$284 million growth headwind. Despite the challenge, we grew revenues 6.7% to a record \$2.4 billion. Without the \$284 million headwind, our underlying growth rate was better than 22%, but unfortunately, we can't ignore the bad stuff.

Finally, we delivered an economic return of 4.2%, which is a spread between our return on invested capital and our weighted average cost of capital. Considering where we started the year, I'm very proud of the approximately 12,000 Plexus employees across the globe that pulled together to deliver these strong results.

Please advance to slide 6 for a review of our full year sector performance. During FY14, we achieved growth in three of our four market sectors, with the strongest growth and Defense/Security/Aerospace and Healthcare/Life Sciences, where we have a strong value proposition, and the products have longer relative life cycles.

Our Industrial/Commercial sector growth was less inspiring, as a few customers experienced end-market challenges and a couple of new opportunities were slow to develop. Networking/Communications did not achieve growth but performed well, considering the \$284 million to headwind. Overall, we ended the year with a healthier sector portfolio mix, and with our wins performance this past year, a strong portfolio of customers and growth opportunities.

Advancing now to our guidance on slide 7, we are establishing fiscal first quarter 2015 revenue guidance of \$630 million to \$660 million. At that level of revenue, we anticipate EPS of \$0.68 to \$0.74, excluding approximately \$0.11 per share of stock-based compensation expense, and excluding any special items.

Our EPS guidance reflects near-term margin pressure associated with the accelerated ramp of our new facility in Guadalajara, Mexico. The midpoint of our revenue guidance suggests that our fiscal first quarter will be down approximately 3% to the episodically strong fourth quarter. This anticipated contraction is consistent with the guidance we provided last quarter of returning to more normalized revenue levels as we enter FY15.

With that, I will turn the call over to Todd for some comments about our market sectors and operating performance. Todd?

Todd Kelsey - *Plexus Corporation - EVP & COO*

Thank you, Dean. Good morning. Please advance to slide 8 for insight into the performance of our market sectors during our fiscal fourth quarter of 2014, as well as our current expectations for Q1 of FY15.

Our Networking/Communications sector was up 15% sequentially in fiscal Q4, which was in line with our expectations. Eight of our top 10 customers achieved growth quarter-over-quarter. Within this customer group, most outperformed expectations, while one networking customer significantly underperformed the forecast.

As discussed last quarter, we anticipate our Networking/Communications sector to contract in the high-single digit percentage point range in fiscal Q1, as a large program we recently ramped hits more normalized revenue levels. This customer revenue reduction is partially offset by strong growth from another major customer, due to new program launches. The remainder of the sector is showing mixed demand trends.

Our Healthcare/Life Sciences sector was up 7% sequentially in Q4, above our expectations. This was driven by our top five customers, where three significantly outperformed earlier forecasts.

Looking ahead to fiscal Q1, we currently anticipate revenue growth in our Healthcare/Life Sciences sector in the mid-single digits. We see near-term improvements in end markets, as seven of our top 10 customers increased Q1 forecasts from earlier expectations.

Our Industrial/Commercial sector was down 2% sequentially in our fiscal Q4, slightly below our expectations of flat. Three of our top five customers weakened during the quarter.

We currently anticipate that our Industrial/Commercial sector will be flat in our fiscal Q1. We are seeing weaker end markets in semiconductor capital equipment and near-term softening of several customer forecasts in the remainder of the sector, while longer-term demand remains stable.

Our Defense/Security/Aerospace sector was up 7% sequentially in Q4, a result that was slightly below our expectations, as shipments to a major aerospace customer were lower than anticipated, and certain new program transitions were slightly delayed. We currently expect Q1 to be down in the mid-single digit percentage point range, as we are anticipating softer end markets and typical seasonal weakness in our security business.

Next, to new business wins on slide 9, during the quarter we won 41 new programs in our Manufacturing Solutions group that we anticipate will generate approximately \$170 million in annualized revenue when fully ramped in production. Our wins were balanced across our regions, as each region had good wins performance relative to current quarterly regional revenue.

On a sector basis, our Manufacturing Solutions wins were well-balanced, but particularly strong in the Healthcare/Life Sciences and Defense/Security/Aerospace sectors. Our Defense/Security/Aerospace wins were highlighted by the addition of two meaningful new customers with strong growth potential.

In addition, we had another solid quarter in Engineering Solutions, with new project wins totaling approximately \$20 million. Our engineering wins in our Healthcare/Life Sciences sector, where we clearly differentiate in the marketplace, continued to be strong.



Now advancing to slide 10, our manufacturing wins trend remains strong in our trailing four quarter performance as shown by the blue bars improved to \$816 million, resulting in a trailing four quarter win ratio of 34% relative to trailing four quarter revenue. Our wins performance in fiscal Q4, as shown by the overlaid green bar, was above our quarterly target of approximately \$160 million.

Our funnel of new business opportunities increased to \$2.2 billion versus the \$2 billion funnel of last quarter. The funnel is at a three-quarter high, and we view it as quite healthy.

Next, I would like to highlight the progress of our operating performance on slide 11. Our Engineering Solutions, Manufacturing Solutions, supply chain, and go-to-market organizations have made significant strides in margin enhancement initiatives.

As a result, we are able to expand operating margins from 4.0% to 4.8% over the course of the past two fiscal years, while investing in new capabilities. This includes an increase to 4.8% from 4.7% quarter-over-quarter. In addition, our quarterly revenue increased sequentially throughout FY14, with record revenue in both Q3 and Q4, providing further evidence of the success of our go-to-market strategy and our focus on customer service excellence.

Please advance to slide 12 for additional insight into our recent operating margin performance and future expectations. As shown in the chart, our operating margin goal remains 5%, although we consider performance from 4.7% to 5% to be a healthy range. As Pat indicated last quarter, we anticipated a roughly 25 basis points drag to operating margin in Q4 of FY14 as a result of the Juarez closure, coupled with the Guadalajara ramp.

In Q1 of FY15, we are accelerating program ramps at our Guadalajara site and our recently announced Aerospace & Defense Center of Excellence at our Neenah operations facility, as a result of increased customer interest. As these sites ramp revenue or new customers at a much faster rate than anticipated, we are committed to maintaining operational excellence and properly investing ahead of the revenue.

As a result, we will see a near-term drag to operating margin impacting Q1. The combined effect of these faster-than-anticipated ramps is expected to be approximately 25 basis points.

As we move beyond Q1 into Q2, we face the typical seasonal headwinds due to US payroll tax reset and compensation adjustments. We expect most of the Guadalajara and Aerospace & Defense Center of Excellence ramp costs will be behind us as we enter Q3.

In addition, we should see improved leverage from revenue growth in the EMEA region as we move through FY15. With these improvements, we expect our operating margin to increase sequentially throughout FY15 and approach our goal in late 2015.

Specifically with regards to Mexico, we anticipate approximately 40 basis points of operating margin drag in Q1 of FY15, as we complete the transition of business from Juarez, cease operations in that facility, and plan for the accelerated ramp of additional customers in Guadalajara. We expect our Guadalajara site drag to reduce substantially in Q2, due to the projected rapid revenue ramp. We expect the facility to be profitable in Q3 and approach corporate profitability expectations in Q4, as we exit the year at a \$200 million to \$250 million annualized run rate.

Moreover, our funnel of new business opportunities at the Guadalajara site, which is not included in these revenue projections, is very strong. With that, I will turn the call to Pat for a more detailed review our financial performance. Pat?

Pat Jermain - Plexus Corporation - EVP & CFO

Thank you, Todd, and good morning, everyone. Our fiscal fourth quarter results are summarized on slide 13.

Fourth quarter revenue was a record \$666 million, above the midpoint of our guidance range for the quarter. Gross margin was 9.4% for the fiscal fourth quarter.

This was in line with our expectations and consistent with the fiscal third quarter result of 9.4%. Gross margin was impacted approximately 25 basis points by the continued ramp up of our Guadalajara, Mexico, facility.



Selling and administrative expenses of \$30.6 million, slightly above the high end of our expectations for the quarter, was a result of higher equity compensation expense. While SG&A dollars increased compared to the fiscal third quarter, we continue to see a meaningful reduction in SG&A as a percentage of revenue. This percentage has improved from 5% in the fiscal second quarter to 4.7% in the fiscal third quarter, and now down to 4.6% in the fiscal fourth quarter, a level we feel we can maintain as we experience better leverage with our revenue growth.

Operating margin of 4.8% before special charges was in line with our guidance range, and a continued to improvement from the 4.7% in the fiscal third quarter. This reflects the benefits of our operational initiatives and focused cost management.

We are mindful that we set a goal earlier in FY14 to exit the year at 5% operating margin. Having made the subsequent decision to exit and consolidate our Juarez facility into Guadalajara, the 5% goal has proven overly optimistic, given the 25 basis point drag to execute the project.

Diluted earnings per share of \$0.77 was at the midpoint of our guidance. For the fiscal fourth quarter, we recorded \$0.11 per share of stock-based compensation expense, which was \$0.01 higher than guidance. During the fiscal fourth quarter, our Board of Directors authorized the acceleration of stock-based awards for a retiring, long-term Executive.

Diluted earnings per share also includes the detriment of \$0.01 per share, as a result of restructuring charges in the amount of \$400,000. These restructuring charges were lower than anticipated for the fiscal fourth quarter, and related primarily to the closure of our manufacturing facility in Juarez that was announced in our fiscal second quarter.

Turning now to the balance sheet on slide 14, return on invested capital was 15.2% for the fiscal fourth quarter, a 60 basis point improvement from the prior quarter, and generating an economic return of 420 basis points above our 11% weighted average cost of capital for FY14. This year's return improved 120 basis points compared to the 14% return on invested capital for FY13. This was a result of operating profit improving 16% on a modest 4% increase in our invested capital base.

During the quarter, we repurchased 188,000 of our shares for approximately \$7.7 million, at a weighted average price of \$40.96 per share, which completed the \$30 million stock repurchase program authorized last year. For FY14, we purchased \$30 million of our shares under this program at an average price of \$40.90 per share. The Plexus Board of Directors authorized a \$30 million stock repurchase program for FY15, which the Company expects to complete on a relatively consistent basis over FY15.

During the quarter, we generated \$32 million in cash from operations and spent \$8 million in capital expenditures, with approximately half of that capital for footprint expansion in Guadalajara. Resulting free cash flow during the quarter was \$24 million. Given the increase we saw in this year's working capital to support new program ramps, we are pleased to finish the full fiscal year with \$23 million in free cash flow.

I will now turn to our recent cash cycle performance on slide 15. Our cash cycle days for Q4 ended at 56 days, at the low end of our guidance range of 56 to 58 days, as a result of meaningful improvement in inventory management and unusually strong accounts receivable performance. We're focused on continued improvement in inventory days and accounts payable, and anticipate our cash cycle remaining under 60 days throughout FY15.

As Dean has already provided revenue and earnings per share guidance, I will now turn to the some additional details on the fiscal fourth quarter of 2015, which are summarized on slide 16. During the fiscal first quarter, we expect to complete our restructuring activities related to the Juarez closure and transition to Guadalajara. We anticipate restructuring costs of approximately \$1.5 million to \$1.8 million during the current quarter; these costs are excluded from the guidance discussed today.

Gross margin is expected to be in the range of 9.1% to 9.4%. At the midpoint of our guidance range, gross margin will be below the 9.4% for the fiscal fourth quarter 2014. As Todd has shown, this is primarily a result of our investment in the Guadalajara start-up and Aerospace & Defense Center of Excellence.



We expect SG&A costs to be slightly lower than the fiscal fourth quarter, in the range of \$29.5 million to \$30.5 million. At the midpoint of our revenue guidance range, SG&A will be approximately 4.6% of revenue, consistent with the fiscal fourth quarter. This results in expected operating margin of approximately 4.4% to 4.7% for the fiscal first quarter.

A few other notes, depreciation and amortization expense is expected to be approximately \$13.1 million in the fiscal first quarter, up from \$11.9 million in the fiscal fourth quarter. This increase is primarily related to a full quarter of depreciation expense for the Guadalajara facility.

We are expecting a tax rate for both the fiscal first quarter and full FY15 of 8% to 10%. This is above our FY14 tax rate of 7%, which had included approximately \$4 million of discrete tax benefits.

Our expectation for the balance sheet is for working capital dollars to be up from the fiscal fourth quarter. Based on the forecasted levels of revenue, we expect these changes will result in cash cycle days, net of deposits, of 58 to 60 days in the fiscal first quarter. This increase in days largely reflects a change in customer mix resulting in less favorable receivable terms. We are forecasting capital spending at approximately \$50 million for FY15.

The majority of this capital is for equipment to support new program ramps. I will now turn the call back to Dean for some wrap-up comments. Dean?

Dean Foate - Plexus Corporation - Chairman, President & CEO

Thank you, Patrick. Could we advance to slide 17, please, for some comments on FY15? I'll begin my comments with a reality check on our environment.

Uncertainty due to macroeconomic, geopolitical, and other risks is apparently impacting customer forecasts that currently appear muted in later quarters. In my view, customers see little incentive in driving optimistic forecasts. Our operations have become increasingly agile, and our supply chain is generally responsive.

In this environment, customers tend to keep forecasts conservative to mitigate inventory risks, and they drive near-term forecast upside to fulfill their requirements. As a consequence, I expect forecast volatility to increase unless we see stabilization or strengthening in the macro environment.

Now having pointed out the challenges, we have cause for optimism. Our new wins performance throughout FY14 was solid, strengthening our portfolio of customers and improving our sector mix.

Revenue opportunities in our EMEA region developed slower than expectations during FY14, delaying a return to profitability in that region. The revenue ramps are finally underway, and we now anticipate profitability in our EMEA region in Q3 FY15.

We made the decision to consolidate our Juarez facility into our Guadalajara facility during FY14. While the right decision for the long-term performance of the Company, the consolidation project resulted in a drag on margins late in FY14 that will continue through the first quarter of FY15.

Further, our Guadalajara facility continues to attract new opportunities and is ramping programs at an aggressive rate. We believe our Guadalajara facility will swing to profitability in our fiscal third quarter.

Our APAC region is well-positioned to support growth, with minimal incremental investment. We continue to invest in higher margin value stream solutions that are attractive to our customers and drive greater customer stickiness.

Finally, as previously announced, our Board of Directors authorized a \$30 million share repurchase program for FY15. So overall, we are mindful that the macro could derail us, but we feel pretty good about our position coming into FY15. With that, we'll take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Brian Alexander, Raymond James.

Brian Alexander - *Raymond James & Associates - Analyst*

Thanks, and good morning, guys.

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

Good morning, Brian

Brian Alexander - *Raymond James & Associates - Analyst*

Dean, maybe just to pick up on your macro comments, I just wanted to see what may have changed in the last 90 days in terms of customer forecasts and booking patterns. If I look at your revenue guidance for December, it actually looks in line with where the Street was. Are you seeing any change currently in order patterns, or are those comments that you just made really more anticipatory?

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

I'd say that the change has been supportive of my comments, so let me just characterize it a little bit. As we look out further in our forecast, and I think as you know we roll a six quarter forecast so that we can plan better. We're seeing very little attentiveness to out quarters by customers.

So that the adjustments that they make to the forecasts are in the current quarter we're operating in, or the next quarter, and they just [leave] the out quarters sit, which is a bit of an unusual pattern for customers. I think it's just generally a sense that they don't know what to think about the longer term demand environment, considering all the various moving pieces in the macro overall.

Brian Alexander - *Raymond James & Associates - Analyst*

Was that a change in the last 90 days in terms of the lack of attentiveness to out quarters? Or is that something that's been with us through this macro malaise that we've seen for several quarters? I have one follow-up.

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

I think it's been consistent with the last several quarters.

Brian Alexander - *Raymond James & Associates - Analyst*

Okay. All right, so not a big departure. On the communications side, you guys have done a great job recovering from Juniper. I think your revenue in that segment was around \$160 million a quarter after the Juniper exit, and now you're above \$200 million even in the December quarter. I guess my question is, is the December quarter estimate that you're giving today, call it \$210 million to \$215 million for that segment, is that a good baseline to model off of? Or are you expecting further normalization from the strength that you've been seeing primarily from your cable customers?



Todd Kelsey - Plexus Corporation - EVP & COO

Brian, this is Todd. I'll take this question. With respect to Networking/Communications, if we look at year-over-year 2015 to 2014, would expect growth within the sector, but we came up a lot during the course of the fiscal year from Q1 to Q4. Certainly, you can think of Q4 as being a bit of a near-term peak quarter though. Obviously, we're projecting softening into Q1, and I think you need to think of that as being a likely landing point for the sector. And potentially, depending on the demand patterns and the volatility within the sector, it could even be a little bit softer beyond that.

Brian Alexander - Raymond James & Associates - Analyst

Great. Okay. Thanks very much.

Operator

Shawn Harrison, Longbow Research.

Shawn Harrison - Longbow Research - Analyst

I guess following in on that vein, but looking out at the entire fiscal year, considering the volatility along with the significant amount of program wins you've had over the past 12 to 18 months, could you talk about what you could potentially see in terms of year-over-year growth rates by sector for 2015? I'm not holding you the numbers but it looks like you should be above double-digits, top line growth overall for a Company, but maybe how the sectors layout?

Todd Kelsey - Plexus Corporation - EVP & COO

I think, let's just talk about the full Company just for a moment. We're in an interesting position because of the ramp up over in the quarter-over-quarter improvement that we've seen late in 2014. If you just take and annualized the midpoint of our guidance, the first quarter guidance, we'd be at 8.5% roughly growth. Obviously, we wouldn't consider that to be a grand victory because we want to grow quarter to quarter as we move through the year. We're in a pretty good position just from a full-year growth standpoint in terms of a baseline set of revenue.

Dean Foate - Plexus Corporation - Chairman, President & CEO

I think relative to the sector, if I'm not mistaken, I think we anticipate growth in all of the sectors for a full year. We feel, obviously, good about that which is, of course, what the goal is here with our go-to-market teams across the various sectors. Now, would you want calibrate, Pat, where you see the strongest?

Todd Kelsey - Plexus Corporation - EVP & COO

Sure. I would say we expect the strongest growth certainly on a percentage basis in the Defense/Security/Aerospace sector. We're really getting a lot of traction within that sector. We talked about the investments in the Aerospace & Defense Center of Excellence. That's really helping us.

We're doing something similar as well in the Asia-Pacific region which is further along than where we are at in the Americas, so we're seeing strong growth there. If we look at our Healthcare/Life Sciences, they had a great FY14. I wouldn't expect it to be quite as good in 2015, I should say, but I would expect growth and decent growth within that next sector.



Our Industrial/Commercial sector should have a much better year than they had in this past year. We're seeing the impacts of some new program ramps and some later in the year upside demand from certain customers. Then Networking/Communications, again, we're expecting growth but we went up quite a bit during the latter part of the year. We wouldn't expect it to be, the base of business, to grow at the same rate as it did in 2014. Again, that's excluding the \$284 million headwinds.

Shawn Harrison - Longbow Research - Analyst

Got you. Very helpful, Todd. Pat, just on the operating expenses as we move onto the March quarter, maybe I missed it. I thought it was maybe highlighted in that seasonal costs, but typically you see something like \$1 million to \$1.5 million seasonal increase. Is that the number you would expect to see this year in terms of operating expense inflation?

Pat Jermain - Plexus Corporation - EVP & CFO

Yes, I think it's usually \$1.5 million to \$2 million, so that's the range I would use.

Shawn Harrison - Longbow Research - Analyst

That would all fall into the March quarter?

Pat Jermain - Plexus Corporation - EVP & CFO

Yes.

Shawn Harrison - Longbow Research - Analyst

Okay. Perfect. Thanks so much and congrats on the results.

Dean Foate - Plexus Corporation - Chairman, President & CEO

Thank you.

Operator

Steven Fox, Cross Research.

Steven Fox - Cross Research - Analyst

Thanks. Good morning. First question, could we dive a little bit deeper into the success you're having in Guadalajara? What is attracting new business there? If you could remind us how the revenue run rate has changed with this update that you're providing now? It seems like the target's a little higher by the end of the year. That would be helpful. Thanks.



Dean Foate - Plexus Corporation - Chairman, President & CEO

I think the first comment on Guadalajara is, it turns out that it was the absolutely right decision. Unfortunately, we should of made it several years ago as we kept trying to get a value proposition in Mexico that was attractive to customers. Of course, we just couldn't make that work down in Juarez because of the broader security and safety concerns in that marketplace.

The first piece, obviously, to pay attention to is that we've got business that is coming into Guadalajara from other sites. A big piece of it, obviously, is the startup customers that are coming out of Juarez. But we also are rotating some business out of another US facility, at least a portion of business, out of another US facility that makes a lot more sense for our customer.

In addition, I'm going to let Todd just maybe give you a little color on how it's attracting new customers and what's happening with the funnel which is, I wouldn't say, surprisingly strong. It certainly is exceeding what I would consider my expectation for a brand new site which usually takes you some time for the customers to get comfortable with a new site and to consider it. They like to see it up and running for a period of time before they're willing to commit, and we're seeing a much more assertive stance relative to customers in that facility. We trying to manage expectations accordingly on execution. Go ahead, Todd.

Todd Kelsey - Plexus Corporation - EVP & COO

Sure. I think, Steve, you also asked about the change in run rate as we're seeing it? If you look at the quarterly run rate as we step through FY15, it's about a 50% increase in each of the quarters, in essence. We talked about it being a \$150 million to \$200 million run rate as we exited FY15 when we had the call last quarter. We're now looking at more like a \$200 million to \$250 million run rate, and that's without taking into account any additional business we may win into the facility.

Now if we look at the funnel, I would say it's one of the strongest funnels of any of the sites that we have within Plexus. The site shows great, they're off to an excellent start from an execution standpoint with the business that's transitioned in from Juarez. Right now, we're at a point where nearly all the business is in from Juarez, but we're not ramping any of the new business yet. That starts this quarter, but really gets underway in earnest in Q2, as we continue to ramp.

As we look at across our market sectors, our Healthcare/Life Sciences and our Defense/Security/Aerospace sectors really have strong funnels for our Guadalajara site. We would expect to land some new customers in there, I would say, over the course of the next quarter or two. That about characterizes how we're looking at the new business going into the site, but the site will be capable of all the same sectors and the same capabilities as any of our Plexus sites.

Steven Fox - Cross Research - Analyst

Great. Then just one quick follow-up, is the new Defense/Aerospace customer that you're ramping in Neenah, is that related to success in Guadalajara? It in other words, is that eventually going to move volume, going to transfer into Guadalajara?

Todd Kelsey - Plexus Corporation - EVP & COO

No, at this point it's unrelated.

Steven Fox - Cross Research - Analyst

Okay. Great. Thank you very much.



Dean Foate - Plexus Corporation - Chairman, President & CEO

Thank you.

Operator

Sherri Scribner, Deutsche Bank.

Sherri Scribner - Deutsche Bank - Analyst

Hello. Thanks. I just wanted to dig a little more deeply into some of your comments, Dean, about the uncertainty in the environment. I'm just curious in terms of the Industrial and Defense segments. You are a little more cautious on those, but for the full year you seem to be very bullish. I'm trying to understand your cautious comments in terms of the near-term. Is that primarily macro? Or is it more related to Industrial and Defense programs taking a bit longer to ramp, but you expect them to be strong for the full year?

Dean Foate - Plexus Corporation - Chairman, President & CEO

I think my comments about the macro were primarily related, Sherri, to the out quarters in the year. Like I tried to characterize, the customers are just not attentive to forecast later in the year, even though we tried to get them to make adjustments; basically because the sentiment is that they don't know which way things are going to go. You've got concerns about Europe tilting back into recession. You've got China slowing down. You've got all kinds of other political issues and, of course, the scare with Ebola, and all these kinds of things going on.

If you're a customer, or you're responsible to forecast to the customer, I don't think there's a lot of incentive to take a lot of risk. In other words, you have a lot of credibility to talk bullish about the second half. So I think the stance from the customer perspective is leave it the way it is and focus on a quarter or two.

Near-term, what we're seeing is more activity around, here's base level forecast. The customers will come in and upside those forecasts. We saw some of that activity as we're coming in to setting guidance for this quarter. I think we're just going to see this increase in volatility across our markets.

Now with respect directly to Industrial/Commercial; there, there were just some unique issues of individual customers and some challenges in end markets, in combination with some things that just took a little bit longer to develop than was anticipated. Of course, Todd talked about Industrial/Commercial is doing better in 2015, and it's second behind the Defense/Security/Aerospace in terms of its growth rate, at least as we see it right now in FY15. We think that some of the individual customer challenges are largely behind us. Did I miss anything?

Sherri Scribner - Deutsche Bank - Analyst

No. That is helpful. It sounds like on the Industrial side and the Defense and Aerospace side, less about impact from the economic issues, and more customer specific related to programs ramping in different end markets.

Dean Foate - Plexus Corporation - Chairman, President & CEO

Yes, I think that's true.



Sherri Scribner - *Deutsche Bank - Analyst*

Then could I just ask a question on the CapEx guidance of \$50 million for the year? I'm surprised the number is so low. I think that's the lowest CapEx spending you've had since 2007, considering how strongly you guys are projecting to grow in the December quarter and extrapolating that. I would think that you guys would need to spend more on facilities. I'm just trying to understand. Do you have a lot of extra capacity at this point? Why is the CapEx number so low? Thanks.

Pat Jermain - *Plexus Corporation - EVP & CFO*

Sherry, I can take that. We've got capacity in all three of our regions with Guadalajara coming on board this year. We've got availability there, in Neenah, and then Europe, in Oradea. We've got capacity available in Asia as well. There's no site expansions needed. It's really just based on equipment upgrades that we'll be expending this year.

Sherri Scribner - *Deutsche Bank - Analyst*

Great. Thank you.

Pat Jermain - *Plexus Corporation - EVP & CFO*

It probably is the first time in a few years now that we haven't had a major expansion going in during the year.

Sherri Scribner - *Deutsche Bank - Analyst*

Okay. Great. Thanks, Pat.

Operator

Matthew Sheerin, Stifel.

Matthew Sheerin - *Stifel Nicolaus - Analyst*

Thanks. Good morning. I just want to ask this question regarding the margin targets because I know you're being a little bit more cautious in terms of timetable for hitting the 5% number. I know that Guadalajara, the shift in Mexico, has a lot to do with that. But once you get past that, what are the obstacles? Is it more of a volume game, or mix of business that keeps you or gets you to that 5% number?

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

This is Dean. I think there's a couple of levers. One, obviously we're focusing a lot of Mexico because of what we're seeing a lot of business activity, but it's also important to be mindful that our EMEA region has been an investment region for us over the last several years.

We've added a facility in Livingston, Scotland, and of course we added a significant facility in Oradea, Romania. That region has been operating at a loss. We've been working hard to develop a brand position in that marketplace and get the word out about Plexus.

We won a number of opportunities as we came through early FY14, but they were, as I characterized, a little bit slower -- I guess a couple of quarters slower, to develop than we thought. If we're sitting here a year ago or maybe nine months ago, I would've said we might start to swing into profitability in EMEA maybe in this quarter. The reality is that we're going to see that in the third quarter of 2015. That's another important lever in terms of bringing the margins up for the Company overall.

Matthew Sheerin - *Stifel Nicolaus - Analyst*

Okay. That's helpful. Then looking at your communications area where you've got -- every quarter, you seem to have one customer you're ramping, good numbers. Then you've got some lowered expectations. It sounds like within those eight core customers you've got a very diversified portfolio of customers and end markets. Could you just talk about the strategy going forward in terms of trying to keep that diversified and not relying on one big customer, obviously, as you had a couple of years ago?

Todd Kelsey - *Plexus Corporation - EVP & COO*

Yes, I think it's important to recognize that we were very sensitive to changes in the Network/Communications because it was 45% or so of our revenue. In fact, it was significantly more than that at one point in time. Of course, with our strategy a number of years ago was to try to more aggressively grow our other sectors to bring our portfolio more into balance.

Now, of course, with the loss of our largest customer that happens in a little bit more of a step function than we would have ideally liked it to happen. In any case now, our portfolio is coming more into balance, and we're somewhat less sensitive to the volatility in that sector than we were before; but it is still a volatile sector. I think it's important to be mindful that the characteristics of the sector is that product life cycles are relatively short, compared to the other sectors that we compete in and the average program sizes of individual products are relatively larger. In other words, the volumes are relatively larger.

So, when a product does well or it reaches end of life, or doesn't do well, the impact is more dramatic than it might be in other sectors. Our strategy has been to try to partner with the right kinds of customers, not get overly concentrated in that sector within the individual customer. Or if we have a reasonably significant customer, to be mindful that we want to have a good mix of products that provide different values in the subsectors that that customer might compete in.

We're just trying to be a little bit more cautious about not just taking on anything in that sector. I should say, much more cautious about that; and making sure that we're positioned with products that we think are more complex, more difficult to manufacture, have a little bit longer life cycles, and we're not just generating \$100 million from a single product line.

Matthew Sheerin - *Stifel Nicolaus - Analyst*

Got it. That's very helpful. Thanks a lot.

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

You're welcome.

Operator

Sean Hannan, Needham & Company.

Sean Hannan - *Needham & Company - Analyst*

Good morning. Can you hear me?

Dean Foate - Plexus Corporation - Chairman, President & CEO

Yes.

Sean Hannan - Needham & Company - Analyst

Thank you for taking my question here. I just wanted to ask a little bit about the trailing 12 months of wins that you've had, in basically preparation for some of that ramping. I think some of that, slightly might be ramping a little bit today. When you look at that \$816 million; can you talk about whether there's anything notable in there for the ramp plans, whether there's any outsized influence that could be on that \$816 million, whether it's going to have an impact of a longer or shorter timeframe for you to generate revenues on? Any sense we could get, Dean, on how this ultimately translates over to the top line, and whether it's been different?

Dean Foate - Plexus Corporation - Chairman, President & CEO

I'm going to ask Todd to take that because he's closest to these characteristics of the programs that we've won.

Todd Kelsey - Plexus Corporation - EVP & COO

In the \$816 million, one thing to keep in mind, is we did announce the large Networking/Communications win last quarter that ramped relatively quickly. Other than that though, I would say that the business is a lot more traditional for Plexus, and tends to be longer ramp cycles, particularly Healthcare/Life Sciences, where we had a really good FY14, and then Defense/Security/Aerospace.

If you look at our quarter in Defense/Security/Aerospace, I believe it's a high point over several quarters. That is traditionally a vary long ramp cycle as well.

I think you can look at Healthcare/Life Sciences and DSA as tending to be longer ramps. When we show Networking/Communications wins that tends to be a shorter ramp, and Industrial/Commercial is a bit of a mixed bag. It can go either direction.

Sean Hannan - Needham & Company - Analyst

Okay, but outside of what's typical for those segments, there aren't necessarily unique outsized programs that would be different from what you would typically experience?

Todd Kelsey - Plexus Corporation - EVP & COO

No. I wouldn't say unique outsized. One of the things too, I did mention of the ramp time for Healthcare/Life Sciences and Defense/Security/Aerospace. I think it's also important that you keep in mind the product life cycles of those products. They're significantly longer than Networking/Communications for certain, and depending on the Industrial/Commercial, certain Industrial/Commercial products as well.

Sean Hannan - Needham & Company - Analyst

Sure. That's appreciated. Then next question here, in terms of the components of your top 10 customers were not willing to scenario these days, we were in the past with a 10%-er like Juniper. But can you talk a little bit about whether at this point we should expect or could expect another 10%-er to emerge consistently here? Who in the segments represented, and where we're having the most movement whether up or down? I'm not sure how much that's actually reflecting the broader trends we're just seeing at a segment performance level. Thanks.



Dean Foate - Plexus Corporation - Chairman, President & CEO

I think it's reasonably probable here that we're going to have a couple of customers that are going to be over 10%. I haven't looked at the numbers just yet, but one of them of course is relative to GE overall. We've had a substantial amount of business with GE Healthcare over the years, and so they've been a big customer, but generally have been under 10% for the whole year. I think we've been working hard to diversify our business with GE, and so we've managed to build up fairly good-sized position with other parts of GE.

Now I don't see the GE part as, even though it could overall be over 10%, as necessarily changing the risk profile of the business because parts of GE operates so independently. In fact, even within the healthcare part, there's a certain level of independence among the different modalities or divisions of GE.

The other we have is in Network/Communications sector. It's conceivable because of the strong end finish to the year that that could bring the full year revenues could tick up over 10% for the full year. If I were to predict through FY15 however, I'd suspect that GE would likely be the sole customer, if maybe, maybe not. We'll see how it turns out in terms of 10% customer for the full year looking forward.

Sean Hannan - Needham & Company - Analyst

Okay, very helpful color. Thanks so much.

Dean Foate - Plexus Corporation - Chairman, President & CEO

You're welcome.

Operator

Mark Delaney, Goldman Sachs.

Mark Delaney - Goldman Sachs - Analyst

Good morning. Thanks very much for taking the question. I had a follow-up question on the margins. I understand that the cost headwinds that you laid out this morning, and Plexus certainly has much better operating margin than most of the peer group, but it sounds like the target margin range is shifting more to 4.7% to 5% for this year instead of 5%. I'm trying to get an understanding. When we think beyond FY15 is 4.7% to 5% more of a new target range, and 5% is now of more of a stretch goal, or is this more of some near-term issues?

Dean Foate - Plexus Corporation - Chairman, President & CEO

I think 5% remains our goal. It's important to understand that we're not going to make poor decisions just to deliver 5%. Even in this quarter, if we would have made the decision, stuck with the 5% commitment, that would have forced us to a decision not to consolidate Juarez into Guadalajara. That would've been a poor decision.

We should have backed off of the 5% as we exit the year when we made the decision to consolidate Juarez back in fiscal Q2 of 2014. Like I said, that's the better decision for the business over the long-term. What we're trying to say is we're going to make intelligent decisions. If that results in us operating this 4.7%, 4.8% range, then we think that's still a good performance range. We should be somewhat unapologetic considering where we're at relative to our peer sets. Again, when you look at how we plan and how we look at the business longer-term, 5% is always the line that we draw in terms of trying to drive the business on a go-forward basis.



Mark Delaney - *Goldman Sachs - Analyst*

Got it. That makes a lot of sense. As a follow-up question, maybe you could just talk a little bit about the competitive environment. There is always talk from some of your larger competitors about trying to do more in some of the lower volume, higher mix markets that Plexus has done well in focusing on. Maybe if you could just characterize if you've seen any increase in the competitive environment from a pricing perspective? Is any of the near-term margin headwinds that you've seen because of pricing?

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

The margin issue is not a pricing issue. I can absolutely tell you that. I think that the competitive marketplace is certainly prevalent, but I don't think that we've seen over the last fiscal year anything unique or new relative to competitiveness or the behaviors of the other EMS companies in the marketplace.

I would just say relative to Plexus' overall value proposition, again, if we ignore the bad stuff and take out the \$284 million headwind, we grew north of 22% this year in the business. I think that suggests that our value proposition is alive and well and quite strong. You look at our 4.8% operating margin here as we exit the year. I think that it's supportive of the notion that the pricing and the business model of Plexus works in the marketplace.

Mark Delaney - *Goldman Sachs - Analyst*

Thank you very much

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

You're welcome.

Operator

Jim Suva, Citi.

Jim Suva - *Citigroup - Analyst*

Thank you very much, and congratulations to you and your team.

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

Thank you, Jim.

Jim Suva - *Citigroup - Analyst*

Your win rate, I've commented for many quarters, is just absolutely phenomenal. Dean, if we were to take your commentary, as well as the market commentary, about uncertainty in the future and stuff, is it fair to say or maybe you can answer this or not, the business wins, are those adjusted for at all any volatility or uncertainty? Is that like best in case or most likely to hit revenues? Should we take that revenue run rate and just simply say, that's likely maybe less 10% of fall-through, that's not going to come through. That's likely the Plexus go-forward sales rate? Or, do we also then need to layer on some additional macro uncertainty on top of those new business wins?

Dean Foate - Plexus Corporation - Chairman, President & CEO

I think, Jim, there's a few components to this. One is, if you go back several quarters, every time we announce these wins, this is the best number from an annualized revenue standpoint that we believe we can project. We don't just take the customer, what they tell us. We try to apply some intelligence to that, and put a number out there that we think is consistent with how we think the product is going to ramp up, and how it's going to perform in the marketplace the best that we can.

Now, again, when you look at the trailing four quarter \$816 million, if I've got that number right, we don't go back and adjust prior quarters when the macro may have looked differently than it looks today. That was three or four quarters ago. That was the best number looking forward. The wins that we're announcing this quarter are the best that we can do predicting what we think the yield of those programs is going to be looking forward from now.

I think that it's also important to keep in mind that we overdrive the wins to 25% of our trailing fourth quarter number, and embedded in that 25% goal, is an expectation for end of life of existing programs. There's an expectation for some underperformance of new wins relative to our predictions. We think there's adequate and reasonable cushion built into that 25% spread of trailing four quarters versus the 12% growth rate that we endeavor to achieve on a long-term basis.

I don't know that you need to necessarily try to game those numbers or discount them. I think that's embedded in our math, and I think it's been proven to hold up reasonably well, going backward to predict how we're going to perform going forward, other than periods where we have a disruptive event, like we had when we lost a really big customer.

Jim Suva - Citigroup - Analyst

Great. Again, congratulations to you and your team.

Dean Foate - Plexus Corporation - Chairman, President & CEO

Thank you, Jim.

Operator

Todd Schwartzman, Sidoti & Company.

Todd Schwartzman - Sidoti & Company - Analyst

Good morning, everybody. I hope you could maybe parse your Q1 expectations for gross margin contraction year over year and sequentially maybe a little more. You called out Guadalajara. I'm just wondering maybe if you could allocate the rest of it. Is the balance evenly split between IC and DSA, or are there other factors going on there as well that we should know about?

Todd Kelsey - Plexus Corporation - EVP & COO

Todd, this is Todd. I'll take the question. One of the things, I think first of all it's important to note that we're much more focused on operating margin than gross margin. One of these shifts in our gross margin performance has really been about investing in new capabilities, investing in our sites, investing in our regions, which are closer to the customer and really balancing that off by more effectively managing SG&A. We don't necessarily think of it as a sector issue. We think of it as putting in place the right capabilities and the right services, and the right people to service our customers.

Todd Schwartzman - *Sidoti & Company - Analyst*

Got it. Thanks. What was the impact of FX in the quarter? Can you maybe speak to the strength of the dollar in Q4?

Pat Jermain - *Plexus Corporation - EVP & CFO*

Todd, this is Pat. I can take that. Pretty minimal. Our European facilities did experience some impact, negative impact, from foreign exchange losses, but it was less than \$0.5 million on revenue.

Todd Schwartzman - *Sidoti & Company - Analyst*

Pat, was it a benefit in any of the companies in which you operate or not really?

Pat Jermain - *Plexus Corporation - EVP & CFO*

Not really. We didn't see that. We do hedge certain transactions too to mitigate the loss or gain for that matter, so it was pretty minimal.

Todd Schwartzman - *Sidoti & Company - Analyst*

Got it. It looks as though interest expense crept up a little bit in the quarter. What's baked into your guidance for the quarter as far as that line item?

Pat Jermain - *Plexus Corporation - EVP & CFO*

Todd, the reason that's up too, is with Guadalajara coming online that's a capital lease, so we are incurring interest expense for that facility.

Todd Schwartzman - *Sidoti & Company - Analyst*

Is that Q4 number a good number to use going forward?

Pat Jermain - *Plexus Corporation - EVP & CFO*

It is. Yes, because we'll see that continuing.

Todd Schwartzman - *Sidoti & Company - Analyst*

Great. Thank you very much.

Pat Jermain - *Plexus Corporation - EVP & CFO*

You're welcome

Operator

Amit Daryanani, RBC Capital Markets.



Amit Daryanani - *RBC Capital Markets - Analyst*

Thanks. Good morning, guys. Two questions, one, just talk about your free cash flow expectations in 2015, given the fact CapEx is going to be lower. I think you mentioned working cash cycle [little] will be up \$60 million, so could you see north of \$100 million consistent free cash flow next year from your perspective?

Pat Jermain - *Plexus Corporation - EVP & CFO*

Amit, this is Pat. Yes, we could see that for the full year.

Amit Daryanani - *RBC Capital Markets - Analyst*

Dean, just on your comments about FY15 and the macro challenges, I'm curious, did you see things decelerate or get worse from a linearity basis in the quarter? Are you seeing some (inaudible) at your customer level that gives you some kind of concern? (inaudible) December quarter guidance, literally what you guys have said, what you had initially said, all the way back in July, it doesn't seem like business has changed that much. Maybe things that you read or something else that's concerning you? I just want to get more sense of what you think is worrisome about the macro from your perspective?

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

I don't know that I incrementally have a different view than I would have had a quarter or two ago. I think it's just when we come into the fiscal year and we start thinking about what are we going to see in the coming fiscal year. The last several years, there was maybe muted or challenged demand earlier in the year and then a miracle happens and all the forecasts tilt north and everything is wonderful. We're just not seeing this end of the year, hockey stick, enthusiasm, optimism in the back half of the year forecast from customers; which is a little letter atypical than what you see normally.

From my perspective, like I said, I think it's just a question that the customers don't know what to think about next year because there's just generally is more stuff going on in the world that they're having a hard time interpreting. I just wanted to call attention to that. Overall, barring that backdrop, I feel really optimistic about our business. We've done a great job getting ourselves repositioned.

I really like the customer portfolio we have and our opportunity to really develop, expand those relationships with those customers. I just felt like to be balanced, I thought it was appropriate to just say there's something about the macro backdrop here that definitely has customers, as I keep saying, less attentive to their longer-term forecasts.

Amit Daryanani - *RBC Capital Markets - Analyst*

Fair enough. Thank you.

Dean Foate - *Plexus Corporation - Chairman, President & CEO*

Okay. With that I think we're at our one hour timeframe, or just a little bit past. Are there any other customers in the queue at the moment?

Operator

We have no further questions.



Dean Foate - Plexus Corporation - Chairman, President & CEO

I'm sorry. Customers. Customer-focused. With that, I want to thank everyone for their questions. As always, they're excellent, and they keep us on our toes. Then finally, I just want to again, a shout-out to the Plexus folks across the world that just did an outstanding job this past year. I know Pat and Todd both wanted to get the shout-outs in their scripts as well, but we felt it might be a bit too much, but we all feel really strongly about the year that we came through, and the great work that we saw from people across the globe at Plexus. Thank you very much.

Operator

Thank you, ladies and gentlemen. This concludes today's conference. Thank you for participating. You may now disconnect.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2014, Thomson Reuters. All Rights Reserved.

