Sanmina-SCI Meets Q1 Guidance

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SAN JOSE – **Sanmina-SCI** reported first-quarter revenue of \$2.53 billion, up a slight 0.8% sequentially and down almost 9% year-over-year. The results were inline with company guidance.

Net income was \$21 million, up 51% sequentially, and down 39.5% year-over-year. Gross profit was \$155.1 million, or 6.1% of revenue.

During the quarter, Sanmina-SCI was boosted by demand for high-end computing storage (up 13% sequentially) and communications (up 6% sequentially). Core EMS gross margins improved 100 basis points over the fourth quarter to 7.7%.

Overall, the company's core business revenue was \$1.79 billion. Its discontinued PC business experienced weakness in the quarter with revenue of \$740 million, Sanmina said. "While the company is making good progress on its plans, we remain concerned about the slowing macro environment and the sale of the PC business," said analyst Sherri Scribner of **De ustche Bank's** equity research group.

The company forecast revenue in the range of \$2.4 billion to \$2.5 billion for the second quarter. The PC business is expected to be down five to 10% sequentially, suggesting the EMS sales will be flat to up in the March quarter. "In the current macro environment, we view flat-to-up EMS revenue as somewhat optimistic," Scribner said.