Plexus' Outlook Dims on Slower Networking Sales

Written by Mike Buetow Tuesday, 08 January 2013 10:13 -

NEENAH, WI -- Plexus last night preannounced its fiscal first-quarter results, saying sales would be about \$531 million, well below prior guidance of \$550 million to \$580 million. The company said it was seeing broad-based decline in its December quarter demand, in particular in its networking/communications segment.

In a press release, president and CEO Dean Foate said, "While manufacturing demand softened across all of our sectors during the quarter, in particular we did not experience the typical demand-pull of products in our Networking/Communications sector in the final few weeks of the quarter. As a consequence, our Networking/Communications sector revenue was substantially below our expectations for the quarter and accounted for the majority of the shortfall to our original guidance."

The EMS provider had said in December that the Networking and Communications segment were showing softness and pulling down the company's overall sales. And in November, **Junip er Networks**,

Plexus' largest customer,

announced it was cutting ties with its longtime EMS provider.

In a research note, **Deutsche Bank** analyst Sherri Scribner said, "While the telecom and networking industry has been generally weak, Plexus is also dealing with the disengagement of Juniper, and this business may have been the weak spot during the quarter as Juniper possibly transitioned more quickly than expected to other EMS providers. Although some may view [the] announcement as a negative read for telecom and networking demand in general, we believe the weakness is more likely company specific given the recent Juniper defection."

Plexus is due to report its final results on Jan. 16.