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UTStarcom, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Paul Wainer – DLS Capital

Paul Wainer – DLS Capital

In your last call, you laid out some full-year revenue targets, and you expressed them in ranges. Would you like to comment on that, given the success of the first quarter?

Fran Barton

Yes, I think generally, I don't think we thought of them as targets, but more as indications of where we were heading. So I think generally speaking, we are confident that we've hit the first milestone in Q1 and, therefore, we should be on track to be in the range of those for the rest of the year, Paul.

Paul Wainer – DLS Capital

I'd say you exceeded the first milestone. I'm wondering if it's safer to assume that you're closer to the top end of that range now.

Fran Barton

Well, to be safe, I think we'll just hold on that for right now. So it's a little early. One quarter doesn't make a year.

Peter Blackmore

I'd like to have the second quarter behind us, Paul, for obvious reasons, and then we can perhaps give an updated guidance for the second half of the year. But let's leave it at that for the time being if you understand.

Paul Wainer – DLS Capital

The working capital improvements that you saw in the first quarter, you expect to be fully reversed. Or you don't think there's more to be squeezed out of there?

Fran Barton

When you look over a period such as a year, you get a sense of where you're heading. And we've been saying that for the year we looked like we'd probably be about neutral. In any given quarter,

depending on when the inventory comes in and when the bills get paid, you can fluctuate up and down, up and down. And just as within the quarter, every month varies fairly dramatically, frankly.

So the things that happened in Q1, a number of which, by the way, we drove operationally for our own reasons, will eventually settle back at, water seeks its own level. So we have improvements to make, we'll continue to make. We needed to make those improvements, by the way, to get to zero for the year. So it wasn't as if it was business as usual. So just to be clear to everybody, we could give back all of those gains.

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