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## Rudolph Technologies, Inc. Q1 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator instructions) Our first question comes from Suresh Balaraman.

#### Suresh Balaraman – ThinkPanmure

Thanks guys. Paul, a couple of questions. One is, when we look at the utilization rates in the – even the second-tier foundries, some of them have had the best utilization rates in almost two years. And are you seeing different dynamics this time in terms of when they are placing orders as opposed to what we have seen historically?

#### Paul McLaughlin

I think we are. I think the – there has been a big change in the foundry business model and it has been led by TSM. They are waiting until the last minute, Suresh. I think the 2004 downturn where those foundries put up some pretty awful red numbers, which was on the heels of a downturn three years earlier, they changed the way they operated. And they wanted to try to develop a model that – wait until the last minute to buy any capital equipment and try to – in any case try to minimize the capital. Now that's not good for us. But what it has done is pushed a bubble into the hose if you will and at the end of the day I think this has got to break loose, but it will break loose in a moderate way. So the answer to your question roundabout is, yes, the model has changed. I think the foundry people are acting differently with TSM leading this pack. And I think they are being very measured in their capital equipment expenditures and when you look at the charts that talks CapEx to sales ratio, you can see the foundry has been down quite substantially over the past couple of years. That probably cannot continue. We expect it will not continue. We think, overall, it will have to come back up. And it will come up – come back up at selected foundries depending upon how well they (inaudible) do. Does that make sense? Suresh, did that make sense to answer your question?

#### Suresh Balaraman – ThinkPanmure

Yes. With the book to bill greater than one, is it all the bookings out in the future and not next quarter, next one or two quarters. Is that how the bookings are which is why – so I'm trying to reconcile the higher book-to-bill ratio with the sequential downtick in revenues.

#### Paul McLaughlin

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