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## Applied Micro Circuits Corporation Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) We will take our first question from James Schneider with Goldman Sachs.

#### James Schneider -- Goldman Sachs

Hi, good afternoon and thanks for taking the question. I guess, first of all, there has been during this earnings season quite a wide dispersion in the kind of commentary portrayed by some of your telecom equipment customers throughout different geographies. Could you maybe comment on what you are seeing specifically in the geographies, with respect to Europe and Asia in particular?

#### Kambiz Hooshmand

We mentioned on the previous call that there was chatter about Asia being slower. We are now sensing and hearing that Asia is actually recovering, in particular China. Europe is potentially getting slower, but I would not be confident of that indication yet. I think U.S. carriers continue to invest heavily. I would add to that comment that AMCC has a strong presence in the 10 gig high-speed sector of the network and that's exactly where the carriers are investing the heaviest. So, from a product cycle standpoint and from a product segment standpoint, I think we are going to be a key beneficiary of continued investment in high speeds. As I mentioned previously, we are the undisputed leader in high-speed networks and we are going to continue that leadership into 40 gig and 100 gig.

#### James Schneider -- Goldman Sachs

Okay. And then, secondly, could you comment on the leading area you saw in the quarter in terms of order patterns and what you have seen so far this quarter?

#### Kambiz Hooshmand

First, relative to our process and transport business, we saw very good linearity. As we mentioned, we entered the quarter, the March quarter, we mentioned in the January call, with the strongest backlog ever, with record backlog. And therefore, we actually had low turns business in that portion of our business. The orders for the subsequent quarter, the bookings were pretty much linear and very strong, as we already mentioned.

On the storage side of our house, March was particularly strong. Sell-through was very, very strong for us. So the end demand is there, but I think the distribution partners on the storage side of the house decided to reduce inventories. As I mentioned, this small reduction of inventory has an impact on our revenues because we recognize revenue on sell-in basis.

**James Schneider -- Goldman Sachs**

Fair enough. Last one would be -- in your processor business, over the past couple of quarters, you have noted some variability in supply chain. Do you think that has stabilized at this point?

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