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PDF Solutions, Inc Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). And your first question comes from the line Mahesh Sanganeria.

Mahesh Sanganeria

Hi guys. This is Casey in place of Mahesh. How do you guys see the rest of Calendar '08 shaping up beyond Q2?

John Kibarian

Hi Casey, this is John Kibarian. As you know, we gave guidance in February on Q1 and obviously, we were wrong. So we are skeptical in our ability to give guidance on second half of the year given what we saw was a very sharp change in the customers mind set, as we went through March. We gave guidance for this quarter, as we think we have a good understanding what's going on this quarter. We did and if you listened to Keith's communication express our confidence that gain share volumes will go back up would suggest that customer business should improve as we get to second half of this year, but we haven't really given or we don't plan to give any guidance for Q3 and Q4, in general about the business until we get through Q2 and understands what's going on in the market place.

Mahesh Sanganeria

Okay. What would you expect to see turning points which will lead your end customers to start spending more?

John Kibarian

We do believe as we get to the second half of this year the volumes at the leading-edge 65-nanometer primarily will improve, because we see that we do expect to see a customers spending on other you know, on costs control on those note in those beating boundaries, we expect to improve as the second half of this year happens. On memory we do believe customer will make a big push for 55-nanometer once that nodes start going into production and we expect that to be a catalyst as we get into the second part of the year. So for process control on the logic side it's primarily the volumes of 65-nanometer for the memory side as you believe is primarily the 55-nanometer note that will be a catalyst. And from an R&D standpoint, it's 45-nanometer or the logic end memory both that late stage ramping for logic memory, and 32 day for early stage.

Mahesh Sanganeria

If you were to look at your current device engagements could you give us a rough breakdown between logic versus memory versus FDC?

John Kibarian

Yeah, so the FDC versus logic and memory is a difficult one, because we have FDC engagement for all types of manufacturers including logic and memory manufactures, so that one I don't think I could really give up a clear answer on, Casey in terms of memory versus logic, logic is still the majority of our business. We do see strengthening in memory market in terms of customer interest especially in the R&D solutions we have at this point, but logic is still dominates out business.

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