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Tekelec Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Scott Coleman - Morgan Stanley.

Scott Coleman - Morgan Stanley

I'm wondering if we could dig into the guidance a little bit. If I understood you said you expect your revenue in the first and fourth quarters to be the highest for the year. Is that a matter of visibility, did some business get pulled, get recognized a little bit earlier than you would have thought and that's why Q1 was a bit higher than expected?

Bill Everett

With respect to the second part of your questions in Q1 we did receive some additional orders that we didn't initially anticipate in Q1 so we did end up with a little bit more revenue than we expected. As you know overall we've slightly increased our guidance for the year. With respect to the comment that we made in the presentation itself the visibility we have today is that in total we expect our revenues in total to go up slightly from the guidance we previously gave.

The comment about Q1 and Q4 is that we do expect those two to be the two strongest quarters with respect to revenue and with respect to Q2 and Q3 because of our revenue recognition policies its always very difficult to predict the quarterly split of revenue which is why we don't give quarterly guidance. With respect to Q2 and Q3 the timing of things like software releases, customer acceptances on major pieces of the business and even the book ship business in terms of how it comes in and when it comes in makes it very difficult for us to predict the split between and revenues and correspondingly in earnings between Q2 and Q3.

There are a lot of factors moving around but in general the Q1 the favorable variance that we got in Q1 relative to even our own expectations really was the result of business that came in that we didn't have visibility to when we gave the last guidance.

Scott Coleman - Morgan Stanley

Will you expect, given your order guidance which picks up here on higher revenue, do you think orders should increase sequentially as you go through the year?

Bill Everett

The comment we made in our last earnings call about the quarterly distribution of orders as compared to revenues was that it would follow similar patterns of last year. The second half was a lot stronger

than the first half. We're not making predictions about sequential growth in orders but we feel quite comfortable that we slightly raised our guidance with respect to orders. We're comfortable with the comment that it will follow the distribution pattern similar to last year.

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