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Advanced Energy Industries Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from Timothy Arcuri from Citi.

Brian Lee - Citi

Hi, guys. This is actually Brian Lee calling in for Tim. I had a few quick things. First thing, is the 5.5 million in annual cost reductions is that all out of Q1 or is there, can we expect a residual impact coming in, in coming quarters?

Hans Betz

Larry?

Larry Firestone

We took -- yeah, we took the 5.5 million as the annual rate of the cost reductions that we took. And as I mentioned, we are currently analyzing the business looking for further but those reductions have been taken, and you will see those laying in on a quarterly rate going forward.

Brian Lee - Citi

Okay. What percent would you say was actually picking out of Q1 of that 5.5?

Larry Firestone

Oh. We took the -- I see what you are saying, I am sorry. We took the cost reduction action in March. So it was a pretty -- I mean, it was a certainly a one-third action against that, but then you also have the restructuring charge.

Brian Lee - Citi

Okay, okay. That's helpful. I guess shifting gears here a little bit. On the margin side, though it sounds like the non-semi business actually is helping on the margin front. Can you give us a sense for what the sort of margin delta is between your blended margins on the non-semi side versus the semi side?

Larry Firestone

Yeah we don't really break that out. What we have said is that the semi margins, are a little lower than the corporate average, and the non-semi are a little higher.

Brian Lee - Citi

Okay. So I mean, is it fair to assume several 100 basis points or is it somewhere in or could it be as high as 500?

Larry Firestone

Gosh, we really haven't guided that. It's probably in the -- yeah, I would say, because there is so many different markets, I would have to -- then all of a sudden we are talking about mix. So I would just answer it the same way we have, which is the non-semi run a little ahead of the corporate average and the semi runs a little bit south. On the other side, we get OpEx leverage on the semi business because we get a lot less sales energy that has to go through to sell the semi business, maybe energy is the wrong term, but certainly less bodies focused on that part of the market.

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