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Intersil Corporation Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from the line of Ross Seymore with Deutsche Bank Securities. Please proceed.

Ross Seymore - Deutsche Bank Securities

Hi guys. Can you just go into a little bit more about what happened in the communications market to drive that up so substantially? It seems like that was a big surprise versus your original guidance. Give us an idea of how that all played out.

David Zinsner

We expected it to be up. But not quite to the level it has been and it was pretty broad based. There are probably 20 product families within communications I would say about 2/3 of them showed growth sequentially in the quarter. DSL grew nicely. Our interface RX 232 business grew nicely. We originally expected the satellite business to be down a bit in the first quarter and it was actually up. It was pretty broad based. Nothing specific.

Ross Seymore - Deutsche Bank Securities

Is that a segment that is very distribution heavy or no?

David Zinsner

Some of it is. It is a hybrid of direct sale and [disty].

Ross Seymore - Deutsche Bank Securities

Okay. And then I guess the one follow-up, switching topics if we go to the third quarter how do we feel about that extra week coming off and how does that fold in on both the top and the op ex line?

David Zinsner

I think the best way to look at it is we said there would be 5% or at least our forecast was based on at least a 5% increase in revenue. You're gonna have to just [back] that out and assume normal seasonality in the third quarter or whatever you are going to build into your model. On the op ex side we anticipated 6% of our 8% increase in op ex would come from the extra week so I think you obviously take that back out and that is kind of a normal road.

I don't think we are ready right now to tell you what Q3 is going to look like because it is too early. But as you are building your model those are the numbers [inaudible]

Ross Seymore - Deutsche Bank Securities

Okay. Thank you.

Operator

Your next question comes from the line of Craig Ellis of Citigroup. Please proceed.

Craig Ellis - Citigroup

Thanks. Good afternoon gentlemen. Dave Zinsner first a question on the gross margin comments. For the quarter you said that utilization gold and mix impacted gross margins. Can you say to what extent each of those impacted gross margins?

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