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Advanced Analogic Technologies Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. (Operator Instructions). Our first question comes from Tore Svanberg. Please go ahead.

Tore Svanberg - Thomas Weisel Partners

Yes. Congratulations on a great year, guys. I had a couple of questions. First of all, you had mentioned you expect the gross margin to gradually improve throughout the year. Could you elaborate a little bit more on that, what types of improvement should we be looking for and when do they start happening?

Brian McDonald

Okay. Tore, like we said the first quarter is going to be roughly flat. But in the second quarter we'll start to see a modest increase primarily attributable to the lower cost products for the low end handsets, that will start to ramp in the later part of the quarter, and then you will start to the new high-voltage products, expectedly in the second half.

Richard Williams

And the final switching regulators also starting to come in during the second half.

Brian McDonald

Right. So you'll start to see the gross margin increase little bit in the second quarter and get up close to model by the end of the year which is up into the 58% range, there will be a little bit softer that maybe exit the year at about 57%.

Tore Svanberg - Thomas Weisel Partners

Great. And I think you mentioned you had 106 new products in '07, how did that compare with '06?

Richard Williams

I think '06 was in the range of its like 65 or something?

Brian McDonald

It was almost twice.

Richard Williams

50 to 60 somewhat there, yeah.

Tore Svanberg - Thomas Weisel Partners

Okay.

Brian McDonald

Almost twice.

Richard Williams

It's almost double. But I think the point to make here is that not only did we nearly double the number of new products, new products we're putting on now are much more complex.

Tore Svanberg - Thomas Weisel Partners

And I guess to that point you keep talking about ModularBCD and the flexibility (inaudible).

Richard Williams

We were 57 I checked, 57 were released last year.

Tore Svanberg - Thomas Weisel Partners

Okay. So the [first] period of market would be, have you made any studies yet on how faster the products are now generating revenues versus what you did before ModularBCD?

Richard Williams

I think the design in time depends upon the complex of the application. So all I can comment on is the design time doing something as a complex as a power SOC for a digital still camera with multiple positive and negative voltages and high voltages and chargers and all these functions. These kinds of functions integrated under a single chip. Before my experience with other technologies you could go through several iterations before would even work. It would be absolutely unheard of to put it on to a chip and have it work the first time.

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