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SigmaTel Q4 2006 Earnings Call Transcript

Question-and-Answer Session

Operator

Operator instructions.

Your first question is from Quinn Bolton, with Needham and Company.

Q - Quinn Bolton, Needham & Company

I just wanted to ask a couple of questions, especially as related to the guidance. Can you first, for the December quarter, give us a sense of the revenue split between the traditional PMP business and then the printer and acquired businesses, and then sort of looking into the guidance, what's the biggest change from the 37.5 down to the 18 to 22? Is it coming from just lower units? Lower pricing in PMPs or some of the acquired businesses facing seasonality? Just if you could talk about what's behind the big change in revenue QoverQ.

A - Phil Pompa

Why don't we split that question up and start with the split for the business. Let me turn that to Scott.

A - Scott Schaefer

In Q4 it was split about 80% from the PNP business and the other businesses totaled 20%.

A - Phil Pompa

Then your second question is what is in some of the difference between Q4 revenue and the guidance we just gave for Q1. A couple of things come into play with that. Kevin, if you have any other things to join to this, please jump in. I think the thing that I'm looking at, number one is that seasonalities typically occur in this industry from Q4 to Q1. In addition to that, we've also built in into our forecast that there'll be some changes based on some of our restructuring that will have to settle out and may impact some of our revenue. The other reason is that part of our Q4 number was also about \$2.4 million in NRE that won't be there in Q1.

Q - Quinn Bolton, Needham & Company

Okay. Any specific comments on the PMP part of the business? Is this just more units declining seasonally or is there also any significant change in pricing quarter to quarter?

A - Scott Schaefer

The most significant contribution is the units dropping seasonally. The ASPs will have some erosion in Q1, but it would be what we would expect to be pretty typical.

Q - Quinn Bolton, Needham & Company

The second question - I know it's going to take a couple of quarters to fully implement your cost reduction efforts, but once you get out to a third or fourth quarter, you've reduced the opex by \$5-7 million. Can you give us a sense of where you think your revenue breakeven is going to be at that point?

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