

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

SigmaTel Q2 2006 Earnings Conference Call Transcript (SGTL)

Question-and-Answer Session

Operator

Operator instructions. We'll go first to Jason Pflaum with Thomas Weisel Partners.

Q - Jason Pflaum, Thomas Weisel Partners

Good afternoon, guys. I guess I have a couple of quick questions here. Maybe starting with the 3600, it sounds like some of the video SDKs are not out and sampling currently. We need to talk a little bit about the traction you're seeing there, how much contribution you expect in Q3 in the guidance there?

A - Ron Edgerton

Yes, we're giving a lot of attention in the marketplace. We have actually demonstrated the 30 frames per second QCIF with Trusted Flash to customers. The product is ready for production. We're talking to companies that want to be in a leadership position, who understand our product line going forward, with the 3700, 3800 that with that migration, they'll be able to reuse their software, from generation to generation. So, we feel that going into Q3, we're getting a lot of design wins. We're trying to be conservative on our guidance from the standpoint that we shipped a significant number of 3600s in Q2. If that sells through, that will be good news for us. We are anticipating that it will. The reviews have been good, but we're waiting to see how well those products sell and that will have a big impact on us in Q3 and fourth quarter. With that said, design win momentum is moving ahead significantly. We have about between 25 and 30 designs that are in process, that we hope will actually start coming to market in Q3 and fourth quarter. Hopefully, they'll have the reception that we expect that they should have, now that the 3600 provides the best features in the market.

Q - Jason Pflaum, Thomas Weisel Partners

Last quarter, I think you suggested that the 3600 represented maybe 10% to 15% of the mix on a unit basis. Do you have a number for Q2?

A - Ron Edgerton

In Q2 it was about 15% of the mix, and I think in the forward looking guidance, I think it's quite a bit north of that.

Q - Jason Pflaum, Thomas Weisel Partners

And then, as far as the FM tuner solution, maybe you can give an update there as far as the design activity and, you know, a tax rate of percentage of mix, going forward?

A - Ron Edgerton

That product actually, as we mentioned, took longer to implement than what we thought. We are – some of our designing teams had no problem with it at all. Others had issues and so, it took us a while to get that up and running. Now, I think it's clear to everyone in the market that it does work, that there are no issues with it, that it gives great reception. It's the most cost effective solution out there. And so, you know, we're hoping that, you know, at the beginning of the year we had hoped that our penetration would be higher by now. But, I think that the penetration level on that product is probably 5% to 10%. We hope that by Q4, it could be closer to 20% to 30%.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.