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Cavium Networks, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from Tim Luke – Barclays.

Tim Luke – Barclays

I was wondering if you could provide some color on how you saw Cisco and F5 as a percentage of the revenue being more than 10% in the third quarter and then remind us in the guidance you are giving of 25.5-26 it sounds like you see broadband and enterprise up sequentially with the service provider flatter or lower. Could you just provide some color on that? I was also wondering if you could give us some color on the inventory level which went up a bit and how you expect that to trend going forward.

Art Chadwick

In regards to Cisco and F5, as I mentioned in my discussion Cisco was 24% of our business in Q3 and F5 was 12% of our business in Q3. In terms of the market segment going forward we didn't get that specific in our guidance.

Syed Ali

Let me just add on to that in terms of F5 they were not a 10% in Q2 and became a 10% customer and this was primarily driven by their new product cycles of new products that have been launched over the past few months. Cisco traditionally has a strong Q4 which is the end of their fiscal year and a little bit more muted Q1 and pretty much that is what reflects in our revenues.

Tim Luke – Barclays

As you see it today, having guided up from the mid singles in the fourth quarter, how do you see the shape of 2009 progressing? Is it kind of a similar sequential growth through March and June and then a strong second half or how should we think about that?

Syed Ali

I think at this point if you take a look at it you had made a comment broadband and consumer was the fastest growing segment and that is absolutely true with enterprise growing somewhat modestly. Obviously we have a little bit of caution in terms of the service provider and data center side just because these boxes are more expensive and some sales may not be as good as in the past. Having said that I think you will see over the next quarter or two strong growth in the broadband and

consumer side which is going to be the primary driver of our sequential growth but I do believe as we get into the first half of 2009 and beyond that we will start re-accelerating our sequential growth as we move along.

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