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MKS Instruments Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Jay Deanha - JP Morgan.

Jay Deanha - JP Morgan

You guys continue to run a tight ship and nice job in solar. Leo, since the end of these September quarter last couple of weeks or so, have you seen any change in turn it all stabilization and the forecast are continued weakness in the forecast from semi and, I was kind of shock at that percentage decline in your contract manufacturing business to semi OEMs that was down 37% in the quarter. If you think you're getting that point now where you're sort of looking at kind of maintenance level equipment demands of that the shipments to the semi OEMs can sort of stabilize in 1Q versus 4Q or is it still slippery, too hard to tell.

Leo Berlinghieri

Jay, thanks for the comments. I think it's too hard to tell so far. It's changed so far each quarter and I don't think anything has stabilize enough that, we can get some kind of indications of what's going to happen beyond this quarter yet. I think that on the contract manufactures one of the things that we commented on our few of the calls is that, when there been questions around inventory and things like that.

I've always mentioned that the contract manufacturers usually wildcard, if you know as the equipment companies changed their bill schedules they need to consume inventory, if we're dealing directly with them we have that adjustment, if we're dealing to contract manufacturer they have their adjustment of inventory.

So they've always been the wildcard we've talked about, I suspect, I don't have any specific number, but I suspect some of that is them adjusting their inventory. As you know they work on fairly thin margins and inventory can be a great cost to them. So, that's my suspicion of what probably happen there. I don't think there is anything that's different in the dynamics of the business relative to the actual demand in the equipment.

I think as far as, so far, obviously we've adjusted the guidance based on what we've seen is the trend. So, I think the guidance sort of reflects the answer to the question of, I think stabilizing or not, we've got a lower guidance in the previous quarter, which to us as it, it didn't stabilized in Q3.

Jay Deanha - JP Morgan

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