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Teradyne, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Yes, sir. (Operator Instructions) and your first question will come from the line of Timothy Arcuri with Citi.

Brian Lee - Citigroup

Hi, guys. This is actually Brian Lee calling in for Tim. Just had two quick things. First, is there any assumption of HDD test revenues in Q4. And if not, can you give me a sense of what the revenue opportunity there is over the next few quarters and for 2009?

Michael Bradley

The answer to your first question is no, there's nothing in the fourth quarter and we're not projecting, as I said earlier, what the estimates are for 2009. The key issue for us is to secure some significant lead customers in 2009 and it's hard to predict what that level of revenue would be. But, we want to get a substantial position with a lead customer in that space.

Brian Lee - Citigroup

Okay, maybe if I could ask it a different way, outside of magnitude, can you give me a sense for maybe what you're thinking with respect to timing of first revenue in that business?

Michael Bradley

We would hope to be able to recognize some revenue in the first half of next year.

Brian Lee - Citigroup

Okay, so there's really no opportunity in Q4 to recognize revenue?

Michael Bradley

No.

Brian Lee - Citigroup

Okay. And then secondarily, given the capacity cuts that we've seen in DRAM and the incremental push-outs in the DDR3 RAM, it would seem the revenue opportunity for you guys next year is smaller

there than what you might have expected entering this year. So does that really do anything to change your development efforts in that area?

Michael Bradley

It really doesn't because the phase we're in now is in close development work with target customers and despite all of the turmoil in the general market and certainly the upheaval in the memory market, the new design work is really where the intensity remains with our potential customers. So, there's been no relaxation on that end from our customers and obviously, that puts the pressure on us to keep the engine full tilt.

Brian Lee - Citigroup

Okay, thanks guys.

Operator

Your next question will come from the line of Michael Chu with JP Morgan.

Michael Chu - JP Morgan - JP Morgan

Hi, guys. Thanks for taking my questions. I was just wondering if you could provide a little bit of color on where utilization rates in your equipment were at in third quarter and how they're trending in the current quarter.

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