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Actel Corporation, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instruction). Your first question comes from Ryan Bouchard – Piper Jaffray. Please go ahead with your question.

Ryan Bouchard – Piper Jaffray

Hi, this is Ryan calling for Gary Mobley. I was wondering; are you guys seeing any gross margin improvements yet in your flash-based product?

John East

You are pretty faint, but I think you asked have we seen gross margin improvements in a flash-based products. The answer is yes. The margins picked up in the past quarter and we expect a more or less gradual increase in those margins over time. Do you have a follow on?

Ryan Bouchard – Piper Jaffray

Yes. What should be the overall impact due to gross margins in the coming quarters?

John East

Well, as I have talked about before, I believe that we will see a steady increase in the margin percentage in flash products. I also believe that we will see a steady increase in the percent of total of Actel that comes from flash products. So if you think about that for a minute, those two can cancel each other out an overall effect on Actel and as a result, I do not really forecast or see changes in either direction for overall Actel margins and timeframe that I can foresee. I think it will be up a point or two down a point or two but mostly stay in the neighborhood that it has been in.

Next question please.

Operator

Your next question comes from Richard Shannon – Northland Securities. Please go ahead of your question.

Richard Shannon – Northland Securities

Let us see here. I guess maybe a quick question on inventories. Obviously, it is come up here the last couple of quarters. I am kind of curious where you see this going. You have talked about, I think in

your press release about Nano having fairly low lead-time availability for those products. I am kind of wondering how we should view the inventories trending over time, the next couple of quarters.

John East

Yes, that is a great question. Richard, even before I ask that. I think I left one thing out of the last answer. I mentioned that the margins were going up on flash. I mentioned that the percent of flash was going up. I forgot to remind you that typically our margins on flash are less than they are on any of these products. So if you put those three things together, you can arrive at even though the percent margin is going up, the overall stays flat.

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