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Advanced Analogic Technologies, Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you sir. Ladies and gentlemen, at this time, we'll begin the question-and-answer session. (Operator instructions) One moment please for our first question. Our first question is from the line of Tore Svanberg with Thomas Weisel Partners. Please go ahead.

Tore Svanberg – Thomas Weisel Partners

Okay. My first question is on design wins. I mean obviously, you've seen a slowdown in bookings, but have you also seen now the push outs of certain key design wins?

Richard Williams

No. I don't think we've seen that. In fact, what's happened is that the design win fraction on the LED drivers have been pretty constant. And then, the securing of design wins in over voltage protected battery chargers has actually opened up the opportunity for increased content. So we think that the newer models that are coming will actually have an opportunity for greater content and higher margin contribution potentials because we have more valuable products in. So what we see is the push out, as you're referring to, is that if those new models don't ramp, then we just see the existing models last longer.

So the business isn't going away. Of course, there are some volume fluctuations with the market and seasonality. But you see that the existing models will last longer, and the transition will happen maybe later in 2009 than it would normally. But we're tuned up and ready for the next round. And that's why we focus – continue to focus on cost reductions on the existing round because there's still a lot of life in those older products.

Tore Svanberg – Thomas Weisel Partners

Sounds good. And then, I think you mentioned that 90% of your revenues now are from products with the modular BCD process. How much of that is cell phone—?

Richard Williams

Nineteen percent.

Brian McDonald

Nineteen.

Tore Svanberg – Thomas Weisel Partners

Or non-cell phone?

Brian McDonald

How much was the non-cell—?

Richard Williams

So the initial part is – of actual revenue is still handset related. So we would view that as a new application in the existing market. And we are just now sampling the products that expand into the non-handset, which is the routers, the LED backlight for notebooks. And we're just very excited about a new chip that just came out. And the initial evaluations were very encouraging, which is the unique power supply that produces a positive and a negative voltage, two outlets from one inductor for AMOLED. And that one we'll be sampling very soon, but we think the appetite for that product is quite great.

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