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MEMC Electronic Materials Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Brett Hodess – Merrill Lynch.

Brett Hodess – Merrill Lynch

Can you tell us what you are going to try to do with the operating expenses in this tough environment? Are they going to be pretty stable here or is there room to take some out of that? And also, can you address your comment on the tax rate? So the 16% is for both and you see that for the full year as well?

Kenneth Hannah

We were very cautious not to try to provide some guidance. We did, however, want to make sure that everyone could get an understanding of what we were dealing with and what we were using for planning purposes. What I would tell you is the opex, as you know, we have run very lean.

And big portion of our operating expenses is made up of R&D, as well as stock option expense, and so we will continue to manage that and make sure that we watch it very closely and if we see that this current environment is going to last for a longer period of time, we will act appropriately.

As far as the tax rate, we have been kind of using that 15% rate for the last couple of years and in anticipation of those numbers converging below 20%, 16% is our best estimate for the quarter and we will have to come back to you as the environment changes and the mix of income changes for the year.

Brett Hodess – Merrill Lynch

When you look at the drop in revenues in the first quarter here, do you expect that the volume on the solar side will drop along with the pricing and volume drops that you are seeing in semi and pricing drops in spot and stuff?

Kenneth Hannah

It depends on which of the scenarios you pick. We were very cautious to provide some insight that it could be up to 50% and depending on where you are along that range is going to ultimately determine how I would answer the question.

What I would say is pricing is under pressure. We are working through that to understand how much of it is real and how much of it is customers just wanting lower prices. A big piece of it is pricing in semiconductor reductions as opposed to solar volume reductions.

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