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Intersil Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions).

Your first question comes from the line of Ross Seymore with Deutsche Bank. Please proceed.

Ross Seymore - Deutsche Bank

Thanks. Guys, the first quarter revenue guidance seems like 50% turns is your assumption, versus 40% turns, if I recall right, heading into the fourth quarter. Given what visibility has done why are you more confident that turns are going to be up quarter-over-quarter?

Jonathan Kennedy

Ross it is Jonathan. I think, like we said in the prepared remarks, as inventories get depleted and we have pretty good visibility what's on our dusty shelves and some of the pipelines. So we have a very good idea that inventory has been depleted substantially, that that's an indication that turns will come in with very short lead times. So we expect a higher rate of turns business than we would normally.

Ross Seymore - Deutsche Bank

Are you seeing that already?

Dave Bell

Yes, Ross, this is Dave. As I kind of alluded to we're already seeing that in some instances. So we're starting to see bookings reappear and I think that's just the beginning of a trend that I think largely is going to unfold in Q2. But yes, we are beginning to see that occur, and of course the revenue levels that we're at right now are way below the consumption, the actual build rates at our customers.

So we know that inventory is being depleted and we also know that customer is going to be pretty cautious. So, when they do need to start ordering, it's going to be with short lead times and that kind of implies also fairly high turns ratio when it picks up.

Ross Seymore - Deutsche Bank

Last little tweak to that question. Could you quantify at all the channel inventory burn, where it was dollar basis last quarter, versus where it is now, et cetera?

Dave Bell

I don't think we would talk about the actual balances, and it's down significant double digits.

Ross Seymore - Deutsche Bank

Okay, thank you.

Dave Bell

Ross, one of the things that we can see more accurately, of course, is what's on the inventory or on the distributor shelves. What we really don't have is clear picture of, it's of course, is what's on the shelves at our OEMs and CEMs, but Jonathan's right, we had a pretty substantial reduction of the inventory in the distributor supply chain.

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