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Teradyne, Inc., Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question comes from the line of Gary Hsueh of Oppenheimer.

Gary Hsueh – Oppenheimer

Hi, guys. Thanks for taking my question. Question here on HDD. Are you seeing a benefit in terms of HDD already in terms of bookings and the flow through is yet to come in terms of revenue? Can you kind of breakout in Q4, your system test and your semi test bookings?

Mike Bradley

\$we don't, Gary it's Mike. We don't have anything on the books in HDD. We can breakout the other bookings for you.

Gary Hsueh – Oppenheimer

Okay, so you're not actually booking HDD yet on the books, but do you expect to sometime in '09 revenue flow through should happen as well sometime in '09?

Mike Bradley

That's the objective, correct.

Gary Hsueh – Oppenheimer

Okay. My second question is just on inventory. Your inventory numbers, I'm not sure if you walked through that, but it kind of popped up sort of significantly in the December quarter, what's kind of driving that? Maybe that might have been the HDD test business, but can you explain why inventory levels left in Q4 to 168?

Greg Beecher

Hi, Gary. This is Greg the inventory jumped in the fourth quarter, because of Eagle Test, Eagle Test carried a large amount of inventory than we do relative to sales. Then there is also a purchase accounting adjustment under GAAP that added about \$16 million to fair value their inventory, so the increase was basically all Eagle Test.

Gary Hsueh – Oppenheimer

Okay and my final question is just about taxes. I see that you guided to a \$1 million tax provision, and you kind of wrote down a lot of the short-term and long-term differed tax assets. What should we be modeling for your tax rate in terms of 2009 for the full year? And just if you could answer that question first, that would be helpful.

Greg Beecher

If the year is a difficult year, which you expected to be might, you might just model \$1 million or \$2 a quarter and expense and not use a rate I just put a \$1 or \$2 as expense.

Gary Hsueh – Oppenheimer

Okay and then in Q4 of 2004, I think you wrote down roughly \$300 million in deferred tax assets that are now kind of off balance sheet NOLs. Is that about right, and do we just kind of add to that off balance sheet NOL kind of asset value roughly another \$20 million is that the right way to think about it?

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