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NetLogic Microsystems Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Adam Benjamin with Jefferies and Company.

Adam Benjamin - Jefferies & Co.

Thanks, guys. Nice job in this environment. First off, as you look at your business, given the sequential decline that you saw not only in Cisco and the increase you saw in Alcatel, it's safe to assume that all your other customers were down sequentially pretty materially, correct?

Michael T. Tate

There were some pockets of strength in Q4. We did see some ramp in the layer 7 which was a positive and there were some select other customers but yes, the substantial majority of the customers were down sequentially in Q4.

Adam Benjamin - Jefferies & Co.

Then just trying to factor that in with as you look at Q1 guidance you expect Cisco to go back up and you have some other customers working down inventory and you seem to indicate that wireless infrastructure continues to grow, that would seem to imply that Alcatel sees the sequential increase after that large leap in Q4. Just trying to figure out that dynamics and see if that makes sense there.

Michael T. Tate

In Q1 we still see some inventory reduction efforts by our customers so predominantly kind of enterprise applications and the data center exposures, for example on the 10 gigabit, the optical module makers still have an inventory situation that needs to be worked through and some of the boxes that are geared more towards enterprise, I think the end demand environment still is a little sluggish so it's going to take a little longer for the inventory to clear through but on the positive side, it seems like Cisco has really got their inventories in balance so we're shipping more in line with their end demand which is obviously an improvement from Q4 and then we're seeing some incremental contribution from the new designs that we're kind of in pre-production in 2008 but are starting to gear up a little bit.

Then finally the mobile wireless had a very positive Q4 and not a big [inaudible] in Q1 off to Q4 but definitely a good potential through the potential of 2009.

Ron Jankov

As to Alcatel, we’re not predicting them to go up again in Q1 because they had such a strong Q4 but generally speaking their business is still strong.

Adam Benjamin - Jefferies & Co.