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Atmel Corp. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions).

Our first question is from the line of Craig Hettenbach with Goldman Sachs.

Craig Hettenbach - Goldman Sachs

Steve, you mentioned Touch as an area that you are pursuing aggressively for 2009. Can you just talk about Atmel's positioning with Quantum and ABR, and how that stands up to from other competitive offerings in the market place?

Steve Laub

Sure, so the areas that, these are sort of three major different areas of touch, there is, lets consider, a touch screen, which is primarily, today, the large application area, is sort of a handset or smart phone, and there is also buttons and then sliders. Its really these kind of areas of touch that we will focus on. We have products across all three areas. I would say that from a standpoint of competitiveness of the company there is probably one other significant competitor, I would say, in the touch-screen area. And then, there is probably one recent competitor in the buttons and sliders area. From our standpoint, we are competing very effectively in all three areas. It's a very dynamic place, but there is only three people I'd say that are competing very effectively in the touch area today, including ourselves.

But today we're also wary about the way of high growth. We have design wins in the handset area with two of the top three cell phone manufacturers or handset suppliers. We also have design wins in areas that are also adopting touchscreen; such as printers and GPS, those types of applications, a lot of consumer handheld applications where touchscreen is becoming a major area as well and then expanding very considerably also in the buttons and sliders area.

The business for us grew very substantially in 2008 as compared to 2007. We expect this to be an area of very substantial growth, and despite the economic environment it will be an area of substantial growth in 2009 as well.

Craig Hettenbach - Goldman Sachs

Great. And if I can ask a follow-up related to the automotive market. Traditionally you haven't had a big presence in microcontrollers. Can you just discuss the potential opportunity to leverage

existing relationships within your RF and automotive business as it relates to penetrating deeper with microcontrollers?

Steve Laub

Yeah, though you're correct. Historically, the company hasn't had much of a presence in automotive with respect to the market controllers. For those people who are familiar with it, micros represent roughly full microcontrollers. Automotive customers represent roughly one third of the total market opportunity, and for us, it's really a complete renewal for us.

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