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Cymer, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Satya Kumar – Credit Suisse.

Satya Kumar – Credit Suisse

A question on the inventories. It's pretty high levels on an absolute basis and on dollars. Could you give us some color on the composition of inventories between systems and how do you think about the possibility of monetizing that asset?

Paul Bowman

Good question on the inventory. It's an area where we are clearly focused given the current business conditions. We carry inventory as you know in support of our field service organization and during 2008 we made the strategic investment along the lines of customer support and customer service as well as ensuring that we had the part support there in place for the XLR product line.

So we did make an investment in 2008 which represents a good portion of our inventory. We also have an inventory support really driven by demand for EUV and PCZ which is again, a smaller portion of that.

The actions that we're taking as we look ahead here given that the drop in demand is really to try to further optimize now our field inventory. We did have a slight decrease here in the fourth quarter in our field inventory. There's obviously a lead time that we have there and we're responding to that especially as we go into the current quarter here.

My forecast would be for inventory going forward that I think you can expect to see some continued drop in our field inventory. I would expect that driven by the demand for EUV that we will have some increase in EUV inventory but we're going to do everything on our end here to try to optimize the overall field inventory levels and start to drive those down in relation to demand.

Satya Kumar – Credit Suisse

In terms of your balance sheet, after you repay this convertible next week any potential charges you may have for restructuring? How comfortable are you with the cash? Is any of this cash tied up in foreign jurisdictions? Are you essentially liquid to run the business? What is the minimum cash you need to continue investing and supporting the shipment in EUV end of the business?

Paul Bowman

As we repay the convert next week, that puts the company in a position where we'll have just over \$150 million in cash. The bulk of that is here in the U.S. We do have some regent cash that we're able to repatriate back at a very efficient tax rate if not tax rate. So I think from an overall cash position and availability or access to cash, we're in a good position there.

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