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Rudolph Technologies, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Gary Hsueh – CIBC.

Gary Hsueh – CIBC

First question looking at your positive cash flow, I think it's a good job in light of such a low revenue level, my question is how much room do you have to continue to drive down your inventory and accounts receivable to actually remain cash flow positive in the coming quarters?

Paul F. McLaughlin

Obviously when the top line is a suspect you cannot make meaningful dents in the inventory. However and I caution right now the receiving docs are essentially closed so we would not be adding much, we will be able to make some headway but very limited because of the fact that the inventory itself, cost of goods is so small because our top line revenue is so small.

We will make some progress. In terms of receivables, Steve, what are you thinking?

Steven R. Roth

I think we'll still continue to work down our receivables obviously at a lot slower pace than we have been, it's getting down to low levels and the sales are lower so there's not a lot to go after. We are obviously cleaning up any older balances as best we can and of course you can imagine this environment is getting tougher to collect balances from a lot of our customers.

I do believe we have some room to come down a little bit in the receivable bucket.

Paul F. McLaughlin

I think we were fortunate when we saw this coming on we worked over the receivable list pretty heavily and we were fortunate to go after some particular accounts that have since exhibited some significant financial problem, in fact insolvency in one case, such that our exposure there has been very, very limited.

I'm pleased that we were on the front end of that, not pleased that we weren't getting the orders but pleased that we did respond and get receivables in the door and in think that's a reflection of a good job done by our finance team. Does that answer your question?

Gary Hsueh – CIBC

Paul you mentioned about the possibility of seeing some technology buys in the Q3 quarter. In which area do you see recovery to happen first if it ever comes?

Paul F. McLaughlin

I think we're hearing out there in the world through silicon vias, as I tried to mention in my prepared remarks, that is a hot area, lots of people trying it that we're getting wafers here where we know that in better times our customers are saying we're just on a cap ex freeze so we can't get anything but when it comes we're going to get a tool to work on this in our labs.

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