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## SanDisk Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

Thank you. (Operator Instructions). We will go first to Daniel Berenbaum with Auriga USA.

**Daniel Berenbaum – Auriga USA**

Yes, thanks for taking my call. Judy, when you are talking about pricing, obviously pricing has been firming when you talk about pricing going up in Q2. Are you talking, just to clarify you're talking essentially about product pricing and what's happening to pricing on a per megabit basis?

**Judy Bruner**

I'm talking about SanDisk's product, average ASP per gigabyte for our products that we are expecting that average ASP per gigabyte to be stable to slightly up in Q2.

**Daniel Berenbaum – Auriga USA**

Okay. And, just out of curious, so that hasn't happened for quite a while back in my model.

**Judy Bruner**

Its right.

**Daniel Berenbaum – Auriga USA**

What you call in the last and that happened on a per megabyte basis per gigabyte basis?

**Judy Bruner**

I don't believe that it's happened while I have been here for five years.

**Daniel Berenbaum – Auriga USA**

Okay.

**Eli Harari**

I have been here 21 years I'm trying to remember.

**Daniel Berenbaum – Auriga USA**

So also you have been characterized this is the best pricing by [Inaudible] using in a while. And then along those lines, can you talk about.

**Eli Harari**

But let's say, the pricing is still not very good, quite honestly. I mean the pricing is, I mean, the pricing is I mean we are still reporting negative margins.

**Judy Bruner**

We would like to see several quarters of benign pricing to get our P&L healthy again.

**Daniel Berenbaum – Auriga USA**

Right. So then along those lines, I – seems like cost reduction in the quarter was quite good again, by my calculations was the best you have seen in at least a couple of years. Can you give us guidance for a full year cost reduction, and then also since megabyte shipments were up in Q1, which again I have to go back to '06 to see an up Q1 megabyte shipments I think, where do you think that your megabyte shipments are going to be for the full year?

**Judy Bruner**

You are right, that our cost reduction in Q1 was very good. And it was largely the result of seeing the benefit of transition to 43-nanometer in 2008, which then begins to roll through our cost of sales in 2009. We still expect our overall cost reduction on a cost per bit basis to be in the range of 40% to 50% for 2009, that's a range that we gave on our last conference call. And you are also right, that the 9% increase in bit sales in Q1 is very good, compared to...

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