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Cymer, Inc. F1Q09 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operators Instructions) Your first question comes from the line of C.J. Muse - Barclays Capital.

C.J. Muse - Barclays Capital

Good afternoon and thank you for taking my question. I guess first question, Bob, if you can talk about the pickup in Q3 units and I guess the moving parts there in terms of inventory at the channel particularly at ASML as well as the shipments of product to Nikon and particular Intel and I guess how that should progress in the second half of '09 and when you think will deplete the excess inventory out there in the channel?

Robert Akins

Well, we believe that, as I mentioned, we will be shipping as part of our units probably ship less than a handful of new lasers in the second quarter as we see that to be the low point in our laser shipments.

We saw in the first quarter, our inventories of light sources at our direct customers come down by about 10 units from about 86 to about 76, and going forward, I would continue, I would expect that we will see it to continue to drop by probably five or six units for the next few quarters. Certainly our direct customers are in the mode of if they can utilize light sources in their inventory, they would do so without doubt rather than to buy new light sources. So, we anticipate that they will continue to pull down for the course of this year and then if demand follows the patterns that we all currently believe that is that pick up and demand starting in the second half of the year and building more strength in the first half of next year that stronger demand for new light sources would materialize in the first half of next year.

With that being said, we do anticipate laser shipments increasing in the second half of this year as I mentioned in our prepared remarks beginning in the third quarter. Certainly, the biggest single immersion application as we speak right now is in the logic sector. As you mentioned before, Nikon is well positioned for that particular business and both the immersion leaders, ASML and Nikon are very interested as our chipmakers in defense chipmakers in this new 600iX technology and of course they do not have 600iX systems in their inventory since we just shipped the first unit this month and as a result, we are also in significant discussions with our direct customers about the opportunities that we have to upgrade the previous generation XLR models to the 600iX configuration which can be done in the field and we look forward to helping our customers with that going forward.

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