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## Advanced Energy Industries, Inc. Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Your first question comes from the line of Jim Covello with Goldman Sachs. Go ahead, sir.

#### Kate Kotlarsky - Goldman Sachs

Hi. This is Kate Kotlarsky for Jim Covello. I had a couple of questions. One is you talked about the semiconductor market potentially being sort of the last to recover, as you look at all of your businesses. At the same time, we are already seeing a little bit of an improvement off of the bottom, granted off of the low base, but there is some improvement.

And you alluded to some of your customers, talking about improvement in shipments, et cetera. So I was just wondering where your comment was more about kind of significant improvement in business related to capacity buys or whether that was also related to some of the technology related buying we are already seeing from your customers?

#### Hans Betz

I think in reality, it's both. What we see at this point in time is some kind of silver lining, but it's hard for us to derive from these kind of stabilizing effect. We have higher service revenue. We see some (QAM) prices stabilizing. We see a higher fab utility.

All those indications are positive, but they are not strong enough in order to derive something very strong as a rebound from that. We are just cautiously optimistic. But I think as long as no new fabs are really being announced than except the Intel fab and AMD fab, we haven't heard anything around that too. As long as this is not happening, we don't think there is a very fast recovery.

#### Kate Kotlarsky - Goldman Sachs

And if we just think about your guidance for Q1, if you think about the various market segments, how should we think about what's doing relatively better or worse as you see it in Q2?

#### Hans Betz

In Q2, we see definitely a much better solar business, in particular coming out of Europe and China. And I think we still are very, very cautious as far as the semiconductor market is concerned. Again, we haven't seen any strong recovery in our orders from this market, even though Lam and Novellus indicated shipments up in Q2 in a pretty substantial manner, 35% and 28%.

But because it didn't trickle down to us yet, I think we think it's more burning through the inventory, which may be a good sign, but it's not necessarily something which gives a strong indication that everything is rebounding on the semi side.

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