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Micrel, Incorporated Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And the first question comes from the line of Tore Svanberg with Thomas Weisel Partners. Please go ahead.

Tore Svanberg – Thomas Weisel Partners

Yes. Thank you and congratulations on the results. A few questions, first of all, Ray could you comment a little bit more about booking momentum so far this quarter, seems like March was a strong month for you, but just trying to get a sense of how the momentum has continued into the June quarter?

Ray Zinn

So I will let Mark answer that one, go ahead Mark.

Mark Lunsford

Our bookings continued very strong Tore. We are still seeing good activity on all of the channels. As a matter of fact, we are ahead of what I would say is my plan for this quarter right now. So I think some of that is due to some of the lead times availability, but I think really people – the business is still there.

Ray Zinn

In fact, the turns are much higher than we need right now for – to hit our number of midpoint, that you know, the 1 to 6. So turns are a good indication of the strength of the momentum of these bookings.

Tore Svanberg – Thomas Weisel Partners

Very good, and I think Ray Wallin, I think you mentioned that, inventories would be up sequentially, and I'm just wondering, does that mean utilization will be up next quarter, and if so, why shouldn't we expect the gross margins to start to increasing already in Q2?

Ray Wallin

So our utilization will be up slightly in Q2. We have given our lead time situation here, and some say we are producing kind of a difference, some customers were producing some inventory, (inaudible) they had some long-term demand on, and some that were (inaudible) inventories that got quite a

demand, and we expected that we would be growing our inventory slightly, we would have a little bit higher utilization. On the other side of the coin, we have changed slightly the way we look at and how we account for our utilization in the FASB, and there is FASB called 151, we had to account for higher facility cost, and so in the quarter we made some adjustments relative to that, and we expect that to continue also in Q2, where we are operating still below where we would see our normal operating range for the plan.

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