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Silicon Storage Technology, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And our first question is from the line of Richard Shannon with Northland Securities. Please go ahead.

Richard Shannon – Northland Securities

Good afternoon guys. How are you?

Jim Boyd

Good. Thank you, Richard.

Richard Shannon – Northland Securities

Good. A couple of questions, I guess I will start on the guidance for the quarter. Bing, I think I caught your comments regarding the licensing revenues, royalties being down 30%, and I think you made some comments about your up front royalties in the first quarter, does your guidance imply any sort of up front coming in the second quarter or should we see that number coming down about 30% or so?

Bing Yeh

No. There is more than 30% decline for royalty portion, and the up front fee portion is hard to predict depending on the timing of the agreement executed. So there is no upfront in the forecast.

Richard Shannon – Northland Securities

Okay. All right, fair enough. And then the second question on product revenues, you mentioned your products you made in 120 nanometer and also ramping up the 300-millimeter versions of that, how much revenues have you implied from those 120 nanometer memory products in the second quarter?

Bing Yeh

At this time, still small.

Richard Shannon – Northland Securities

Still small?

Bing Yeh

They will begin to ramp. Yes.

Richard Shannon – Northland Securities

Okay. I would love to get, Bing, your comments about what you're seeing from Spansion as they have progressed through some of the bankruptcy proceedings in the past quarter, what you're seeing in terms of them being aggressive in terms of pricing and / or capacity out there in the market?

Bing Yeh

Well, at present Spansion is supporting the high intensity portion of the memory, medium to high density, and because they continue to operate and the pricing has been very aggressive as you induced. Low pricing has been there now for several quarters because previously they were motivated to catch the inventory, and that pressure continued to be the. So at this time they had to walk away from opportunities while we continue to encourage the potential customers to design our products. And they're not actually taking business. We just do the design win – do the design-ins.

Richard Shannon – Northland Securities

Okay. And referring to Spansion again, you made some comments about your forward-looking thoughts on ASP pressures and mentioned that you think those pressures could persist for several quarters, was that – is that broad-based out there, or is that primarily due to expansion?

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