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Teradyne Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Your first question is from CJ Muse with Barclays Capital.

CJ Muse - Barclays Capital

Yeah, good morning. Thank you for taking my question. I guess first half, I was hoping to run through similar line items for the March quarter. In this Semi-Test product area, can you shed some light on core SOC versus Eagle versus the memory side?

Gregory Beecher

This is Greg. In the first quarter, the flash memory was very low. It was about a million dollars. And the SOC, we'll speak to in total, the SOC in total was 64.5 million.

I'm sorry. I just forget bookings, excuse me. The sales, I apologize, were flat for 2.5 million and Semi-Test was 76 million. So the Semi-Test in total was 78.5 million.

CJ Muse - Barclays Capital

Okay. And then on the Semi-Test service side?

Gregory Beecher

Semi-Test service was 38.2 million in the first quarter.

CJ Muse - Barclays Capital

Okay. I can figure out the rest after that. All right. And then, I guess second question on the convert front, can you talk about mechanics of the hedging and how that can impact both cash flows and the income statement?

Gregory Beecher

Okay. I mean first say that how it works economically. Then I'll get into the income statement. There are 34.8 million shares that are connected to the convertible note, and that's based upon 190 million divided by 5.475. And those shares based upon the convertible note hedged that we entered into, we basically would have economic dilution if the stock gets above 7.665 at maturity in 2014. And that's different than how it's accounted for, but let me just make sure that's first understood. Again 34.8 million shares and if the stock goes above 7665 is basically an option.

So if stock close at 10 bucks, lets' just say it is a gain of \$2.30, times 24.8 million shares and we could settle that with net shares in the future.

Now from an accounting basis, it's gets a little more complicated in terms of how the EPS works. And that depends upon what is our EPS level, when is it dilutive not dilutive. And I think it's a little too complex to get into that in this call. We can certainly do that offline.

CJ Muse - Barclays Capital

Okay. And then I guess last question, you talked about slotting for the second half of 2009. Can you talk about where you are seeing strength and whether that is IDM based or OSAT based?

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