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## Atmel Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) Your first question comes from the line of Steve Eliscu from UBS.

#### Steve Eliscu – UBS

Yes, good afternoon, guys. Given where gross margin is going in Q2 and thinking about it before going, exiting the year, at about 40%, given any upturn in the second half, is that now something that's possible or do you think gross margin being a little less aggressive?

#### Stephen Cumming

Yes, Steve, this is Stephen here. I think certainly 40% gross margin would be in sight if we could get sort of to return to pre-recession order rates. I think given our outlook, obviously, we have taken a lot of actions to take out costs operationally, we are well prepared for our gross margins to come out of this up down and much stronger and certainly north of the 40%, but it is tough to call whether we can attain 40% within 2009.

#### Steve Eliscu – UBS

And on OpEx, I think on the last call indicated that given that you're taking extraordinary cost reduction measures at this time, model in increases as we go into the back half of the year. Is that still a reasonable assumption or are you thinking now that costs will be more tightly managed on OpEx?

#### Stephen Cumming

Yes, so you can see from our results in Q1, we were very good at managing our overall OpEx, with very tight spending around discretionary levels. With the ongoing executive pay cuts, management time off, ongoing focus on travel and obviously the benefits from the restructuring activities that we did in the end of last year starting to ripple through. I think realistically with some of the temporary measures we've taken, they will continue into Q2 and Q3 and from an overall OpEx level, we can expect some uptick into Q4.

#### Steve Eliscu – UBS

Also just from switching gears to a macro point of view, are you finding that your exposure to the European market is weighing more heavily on your results given that at least what we're hearing on macroeconomic comments that Europe is still seeing greater weakness relative to Asia and America?

**Steven Laub**

Steve, this is Steve. I think to the extent, what you're hearing is accurate. I think Asia, as I articulate in my earlier comments, Asia is probably going to be the strongest geographical area this particular quarter for us, followed by North America and Europe, and I think that's probably more consistent with the rest of the industry as well. So I think exposure to Europe is going to be somewhat weaker at least for Q2. I think anybody who goes out and begins to predict Q3 and Q4 in this environment is being surprised that they're often not accurate. But I tend to think that Europe tends to follow the other economies. So I tend to think that it is later to become weak and of all of the markets, probably the last one to recover as well.

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