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## ON Semiconductor Corporation Q1 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions). Our first question is from the line of Tristan Gerra with Robert Baird. Please go ahead with your question.

#### Tristan Gerra - Robert Baird

Your revenue guidance for Q2 implies about 30% decline year-over-year. Based on customer feedback, is it fair to assume that current levels of [your old] demand reflects less than this decline including any lasting effect of inventory reduction and also what would you be your sell-in sequential growth estimate in Q2?

#### Keith Jackson

Tristan, we believe we will continue to have a slight drain of inventory in the supply chain, in the channel in Q2. So, the answer to your question, I do believe semiconductors will get a little bit leaner in Q2 than they were in Q1, indicating a further demand constriction over the end consumption.

So, that is the generic answer and then relative to a sequential on a sell-in basis, our sell-in will go up, but less than the end demand because again we will be burning some off. So, that number would probably closer to 10 plus percent than what you see in the sequential sell through.

#### Tristan Gerra - Robert Baird

Okay and also your ASP guidance for Q2 is also declined than normal trends and also in Q1 which is counterintuitive given the excess inventories in the whole food chain earlier in the year and the low utilization rate. What is making the cycle decent and would you expect this trend to continue?

#### Keith Jackson

I will speak quickly and then let Donald add in. First of all, our first quarter normally sees our largest declines, because we do our annual contract pricing in the first quarter of a year. So, actually, that is traditionally our biggest decline in any given set of quarters for a year. So, just to set that part of it straight, we typically do see the biggest declines because of the annual contracts we renew every year in the first quarter.

We also saw some pressures in the first quarter. We did a high amount of turns in Asia, and certainly on some of the commodity products, the market squeezes a little more than we expected. So, just

under 3% for Q1, I think is definable between the annual contracts and a little extra pressure in a very, very slow season.

As we get into Q2, we don't have the annual contract impact. The numbers we see there are less than 2%, as you can see from our guidance and we are very comfortable right now in the turns market that we are seeing, that pressure actually is not as strong as it was in the first quarter. So, all of that adds up to what we think will be less significant in Q2.

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