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Magma Design Automation, Inc. F4Q09 (Qtr End 05/01/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) The first question comes from the line of Raj Seth – Cowen and Company.

Raj Seth – Cowen and Company

Pete can you talk a little bit about why you expect such a sequential drop in revenues as you move into Q1? As it relates to your annual guidance you are talking about \$0.01 to \$0.03 for the whole year, \$0.01 in Q1. Are you just being conservative there? It strikes me if you do a [center] two in the first quarter that seems a bit conservative. I would love to hear your perspective.

Pete Teshima

In terms of our quarter one numbers, for us seasonally it is the lowest quarter so we are just staying consistent with that in terms of why it decreases from quarter four down in quarter one. Relative to your question on the EPS and where EPS falls out for the whole year, I have to tell you given the macro economic environment as we currently see it visibility is really tough. I would say we are being prudent and we are being conservative but I think that is the way we want to be to position the company right now.

Raj Seth – Cowen and Company

This doesn't make any comment given your model a lot of what you do I would imagine in the next fiscal year is dependent on the amount of bookings you had this year which were obviously low. What is your view on bookings and tell me what is the best way to think about this because you did I think \$140 million, forgive me as I don't have the numbers in front of me, last year. You talked about \$100 million drop in backlog which suggests somewhere in the order of \$50 million in bookings this last year. I understand that bookings by themselves can be a little bit misleading given the term has reduced somewhat from whatever it was, the three plus year average. How do you think about bookings into the next fiscal year?

Pete Teshima

What I am expecting or what I would expect is for bookings to be in excess of say \$120 million. As I mentioned before, these are pretty abnormal times. It is difficult to predict. What I can say and what I do know is we have a healthier renewal portfolio this year and an even better one in fiscal 2011.

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