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Adobe F2Q09 (Qtr End 5/29/09) Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We will first go to Steven Ashley with Robert W. Baird.

Steven Ashley - Robert W. Baird

Thank you. You mentioned that Europe was weaker than you had expected. Can you give us maybe a little color around where that weakness was? Was it by geography or product? And maybe a little bit of what the outlook is in those markets? Thanks.

Mark Garrett

We definitely saw some weakness in Europe. You can see that in the total revenue number. The stability that we clearly saw in North America since the beginning of February has not factored into Europe's results yet. I would say that it was pretty much across the board in terms of product performance and from a regional performance within Europe, it was maybe a little bit more impactful in Central Europe but again, it was fairly well spread across Europe in general. And the guidance that we provided for Q3 factors in what we know about Europe as of right now and that's one of the reasons that I said that Europe would decline sequentially. It's both a factor of seasonality that you normally have in Europe, as well as what we are seeing from an economic standpoint.

Steven Ashley - Robert W. Baird

And then with respect to the enterprise business, revenue there a little bit below our expectation. Can you provide a little color on what might have happened in that market?

Shantanu Narayen

I'll take that, Steve. With respect to LifeCycle, we continue to have a pretty strong pipeline and we believe that when we look at the full year 2009, we are going to continue to grow that business, despite not adding sales capacity over 2008, so while the revenue in Q2 was a little bit lower than what we thought, if you look at the number of transactions as well, the number of server transactions greater than 50,000 actually grew quarter over quarter.

Steven Ashley - Robert W. Baird

Thank you.

Operator

We'll next go to Kash Rangan with Merrill Lynch.

Kash Rangan - Merrill Lynch

Thank you very much. Just a couple of questions -- number one, Shantanu, I know you quantified Suite revenues as a percentage of Creative Suite. I was wondering if you could give us an update on that.

And also, secondly, you talked about how the company is gearing to increase the awareness of CS4 with all the productivity benefits. I think the second quarter we -- I think you pointed out that revenues are 20% below the comparable point in the prior cycle. I guess the question is do you see an inflection point ahead where that -- where they weren't as [inaudible] to the point where CS4 revenues absent the economic cycle will start to do better and you can see that actually before even a conversation starts about CS5 and what not. That's it for me, thanks.

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