

## Cymer's shares belted despite record sales and profits

### Stock falls 17 percent in after-hours trading

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A continuing surge in semiconductor manufacturing helped Cymer post record sales and profits for the three months ended June 30, but nervous investors hammered the San Diego company's stock in after-hours trading.

Cymer shares plunged 17.5 percent, from \$40.57 at the close of regular trading to \$33.48, after the company released second-quarter financial results that missed analysts' estimates for net income and revenue.

[Graphic: Record earnings for Cymer](#)

Cymer has long been viewed as a bellwether in the semiconductor industry because it makes the specialized lasers used to etch the microcircuit patterns in computer chips. Cymer says its lasers account for roughly 83 percent of the global market for lasers used to make semiconductors.

But a sketchy U.S. economy and other uncertainties have made investors jittery, despite the bullish tenor of Cymer's financial results.

So even though Cymer said its net income doubled in the second quarter – to \$22.6 million, or 55 cents a share – investors focused on how the company's earnings fell below the Reuters Estimates consensus of 57 cents a share.

In the same quarter last year, Cymer posted net income of \$11 million, or 30 cents a share.

“If you look at our net income, it was pretty much right on the nail in terms of what analysts were expecting,” said Robert Akins, Cymer's founding chairman and chief executive.

But he indicated there might have been confusion among some analysts over the exact number of Cymer's outstanding shares, 42.7 million, which could have affected some earnings-per-share calculations.

While investor sentiment “has obviously become more cautious” over the past few months, Akins said, “All the indicators we have from scanner manufacturers as well as from chipmakers continue to move upward and to the right.”

But one analyst said investors also were spooked that Cymer's second-quarter sales fell below Reuters Estimates' consensus of \$139.1 million. The company said revenue grew to almost

\$135.4 million, 40 percent higher than the \$96.4 million in sales the company posted in the same quarter last year.

“The stock plainly sold off because they missed (sales) by a couple of million bucks,” said Mark W. Bachman of Pacific Crest Securities in Portland, Ore.

Though Cymer's financial results were “relatively strong,” Bachman said, “from an investment perspective, the stock is not trading on the fundamentals. It's trading on investor perceptions.”

Investors also may be concerned whether Cymer's future sales orders will continue to rise. The company reported that bookings for its laser equipment declined in the quarter to \$128.3 million, from nearly \$135.6 million in the first quarter.

The average sale price of Cymer's lasers also declined in the quarter, to \$958,000 per unit, from \$970,000 in the first quarter.

Bachman attributed the decline to a changing mix of product sales during the quarter, indicating that Cymer sold more of its older and less-expensive lasers.

On the other hand, Cymer said its profit margin grew to 48 percent in the second quarter – the sixth quarter in a row in which profits have improved. The company said it expects continued improvement in profit margin – to between 50 percent and 52 percent – in the third quarter.

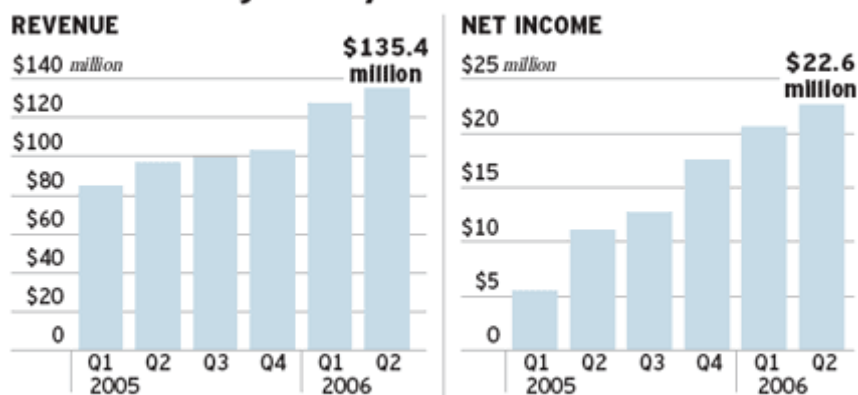
The company's revenue from nonsystem sales, which includes services, upgrades, spare parts and other consumables, amounted to nearly \$62.7 million – or 46 percent of Cymer's total revenue.

Cymer shares had risen 82 cents to close at \$40.57 in regular trading. The shares have a 52-week range of \$29.80 to \$56.69.

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