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CEVA, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instructions) Your first question is coming from Allan Mishan of Oppenheimer. Please go ahead.

Allan Mishan - Oppenheimer

Hi, guys. Does the 9.5 to 10.5 include the 2.5 million from U-Blox?

Yaniv Arieli

Yes, it does.

Allan Mishan - Oppenheimer

So then why is the revenue excluding U-Blox taking such a decline on a sequential basis?

Yaniv Arieli

No, I wouldn't look at it this way, Allan. We monitor and honored our customers on an ongoing basis. Every once a while, we find some money that either was not paid for us for different reasons or mistakenly not paid or a catch-up in the license fee per use fee in the license agreement. So this is on an ongoing basis. The same thing in U-Blox. In U-Blox, we have monitored and working on the products for quite some time. The only reason this had to have a special 8-K type of announcement was because this was tied to some legal proceedings that we had to update our 10-Qs and K. This was the only reason it came up in the press release, but on a business front, this is a license, the type of a license fee, a catch-up license fee like any other customer that we have any single quarter that wants to move from the single use and buy two more uses from new product launches or wants to move from a single used to a multi-use. These types of deals we have an ongoing basis. This is a regular license fee from the way we look at it, and the only thing it's popped up special this quarter versus other announcements or other deals that we signed similar to it is because of the legal proceedings. It's not something that have sued a company for a breach of patents or anything like it. It's ongoing business.

Allan Mishan - Oppenheimer

Okay. And then over on the unit shipments, approximately what percentage of the \$70 million was baseband related?

Yaniv Arieli

Half.

Allan Mishan - Oppenheimer

Half?

Yaniv Arieli

Yes. So our market share is about 35 million baseband out of a just shy of probably 280 something million units sold in Q1, meaning we have about 12% market share similar to last quarter, which we had 13% worldwide market share, and I think that should continue to grow as we go along into Q3 and Q4.

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