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DSP Group, Inc. Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from the line of Daniel Amir with Lazard Capital Markets. Please proceed.

Daniel Amir – Lazard Capital Markets

Thank you, thanks a lot for taking my question. A couple of questions here, first of all, can you guys talk about what you are seeing in terms of dynamics I guess in the US cordless market, in the European cordless market? And also, how do you see the global slowdown if at all impacting the cordless market at all here in the second half of the year?

Eli Ayalon

As I mentioned Daniel, we left our (inaudible) of the second half as given in the last quarter and the reason for that is that we slowed the trends that we described in our last conference call continuing. And I gave some figures that reflect this in terms of increase in sales of DECT 6.0 that is very fast replacing the 5.8GHz and 2.4GHz in the US. And as I mentioned in the last conference call, when if you remember we reduced our guidance which was almost the reason. In terms of units there is no significant change here but in terms of dollars DECT we sold for less dollars and this put pressure on the rather new envelope in this domain in the US market. We continue to see some increase, and to expect some increase in units in the non-US market due to the addition of the Eastern European markets that adopt the DECT protocol and begin to equip themselves. These are the trends as we described the last time. So, there is no change here and we really do not expect to see significant changes until we shall begin to see deliveries of the new equipment, the new interactive bases and consumer electronic products that we expect will begin to unlock this tough situation in the traditional cordless market.

Daniel Amir – Lazard Capital Markets

Okay thanks. And related to the NXP integration, etc, where do we stand in terms of potential cost savings? Could you remind us what the plan is still, whether it has changed at all since the last quarter in terms of your expectations into next year on this?

Eli Ayalon

In terms of operating expenses, we expect to remain until the end of the year, quite stable at the level of operating expenses that we run now. We shall see additional synergies implemented in '09

as a result of completion of projects that (inaudible) engaged with in the past. So, we expect to see additional synergies implemented in '09. But we are really are not yet prepared to give specific figures for operating expenses or any kind of figures for '09, it is still cut away. So, you will have to wait a couple of quarters for this. But in principle, I can tell you there will be additional synergies in home.

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