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Zoran Corporation Q2 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(OPERATOR INSTRUCTIONS) Your first question comes from the line of Gary Mobley from Piper Jaffray. Please proceed.

Gary Mobley - Piper Jaffray

We are certainly incorporated to meet typically seasonality in the third quarter here, I am wondering what the chances are we might see some atypical seasonality in the fourth quarter, or should we expect the normal 10% sequential decline, and if you are not willing to answer that question, maybe if you can talk regarding your operating expenses heading into your seasonally weak period. Do you plan to carry the same level of operating expenses into Q4 and Q1?

Karl Schneider

Well, Gary, to the first part of that question, you know, I think it is still early to go out and call Q4. I mean we do expect it is down on a seasonal basis. We just can not predict how much at this point in time. As far as operating expenses goes, of course we are doing, looking across the board at areas where we can save and cut back, but of course we do not want to cut into the meat of the company and misexecute going forward. Because the reality is we got good positions in the markets. We have got new products under development and we believe that this situation will recover and we want to be in position to take advantage of it.

Gary Mobley - Piper Jaffray

Okay. Just had a quick follow-up question relating to the inventory turns, they are improved from the first quarter level, but your turns are still I think well below historical norms. What are the chances of seeing some inventory write-down?

Karl Schneider

At this point in time, we are not expecting inventory write-downs. I would say the biggest surprise from an inventory's perspective from us, and it is not really a surprise, of course, well, the event was a surprise, but the reality is that we did not deliver in the handset area to the level we were expecting to deliver and so that is where the inventory did not decrease as much as we would like to have.

Gary Mobley - Piper Jaffray

Thank you.

Operator

Your next question comes from the line of Mahesh Sanganeria with RBC Capital Markets please proceed.

Mahesh Sanganeria - RBC Capital Markets

Thank you for the call, Levy. Can you talk about the DTV market? Looks like overall the market is a little bit weaker and you talked some about your strength primarily coming from market shares. Can you give us more color on how should we look at it going forward? Can you continue this growth rate?

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