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OpenTV Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Our first question comes from the line of Todd Mitchell, Kaufman Brothers.

Todd Mitchell – Kaufman Brothers

Good morning. I guess I'm going to say, (inaudible) great results, but it's nice to see a good solid quarter in this environment. That's what I wanted to ask you about. In terms of you're looking forward, I know you guys have spent a lot of time visiting clients recently. And you're saying here that you're looking for ship – set-top ship box – set-top box shipments to be down year-over-year. Can you kind of characterize it a little bit more granularly in terms of looking out at – versus where you thought you would be about six months ago? Is the pull back in existing businesses? Is it in new products for existing customers? Or is it in green fields? And could you also talk about, is it in the developing markets or is developed markets?

Ben Bennett

Yes. Hi, Todd. This is Ben. I hope things are well. The guidance is mostly on existing customers. So it's a conservative view. As you all know, there's some price spots still there even in this global economy. Places (inaudible) continue to grow, but some of the existing customers will be pulling back a little bit. So it's a – our guidance is – given this climate long term, we're just being a little bit cautiously optimistic. But it's mostly in the existing customers. And I think I should mention that it's about, I think, another 5% year-over-year, roughly.

Todd Mitchell – Kaufman Brothers

And how does the environment relate to new RFP [ph] activity?

Ben Bennett

Let's say, and again, this is a guesstimate. I mean I've spoken to a number of customers. I can see they operate from both the legacy platforms and the thinner set-top boxes. But also now ever increasing numbers in HD and more advanced set-tops, et cetera. So in the advanced set-tops, we could see a slight slowdown in those boxes. And that just logic compared to what's happening in the market.

We're not seeing people retrenched from digital TV, but they may be delaying those decisions on buying that upgraded HD DVR, particularly in some of the – in the UK, some of the more mature pay TV markets. We don't have that spend in some of the more emerging markets where they're

going with more of these Apple [ph] boxes, which is still a strong business. Overall, I don't see a big degradation in that digital TV rollout, but I think all companies need to be a little bit cautious.

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