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DTS, Inc. Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you, sir. We will now begin the question-and-answer session. (Operator Instructions) And our first question, comes from the line of Ralph Schackart with William Blair. Please go ahead.

Jon Kirchner

How are you doing?

Ralph Schackart - William Blair & Company

Very well.

Mel Flanigan

Hi, Ralph.

Ralph Schackart - William Blair & Company

Hey, couple of questions if I could. First and foremost, on the recent news about the economics changing with the Blu-ray licensing, just curious what impact that has if any on sort of your ASPs for the Blu-ray cycle?

Jon Kirchner

None.

Ralph Schackart - William Blair & Company

Okay. That was easy. Secondly, Jon or Mel, can you give us some insights what happened to Blu-ray post-holiday, on a year-over-year basis? Do you see any acceleration year-over-year despite sort of the increased pricing, promotion pricing that was saw during the holidays?

Jon Kirchner

Well I think, what happened Ralph is that, during the holiday season, obviously manufacturers have pulled back somewhat on their expectations at retail. Such that a number of retailers that we are aware of, we're largely stocked out of products of \$200 during the Christmas season.

So coming into CES and they are after what we had heard is there were a number of people that were back ordered and brought it in to fill the channels here in the very near future, as people

completely want changes and what not. And essentially wrap up to meet the demand that we think exists and that's of \$200 category.

Ralph Schackart - William Blair & Company

Okay great. And then in terms of the '09 guidance, couldn't write this fast, Neural is expected to add single-digit -- millions in the single digit million. Is that correct? To your revenue?

Jon Kirchner

Yes.

Ralph Schackart - William Blair & Company

And then BD as a percentage for '09 guidance, if you don't want to give it, that's fine. But can you sort of help us think about, the acceleration in BD year-over-year, is that 100% plus again year-over-year, and standalone in PC categories, that we should be thinking about?

Jon Kirchner

Ralph, we think it -- you know it very well. When you think about it on a unit volume basis, the unit volumes for BD are going to go up by more than a factor or two. So as a percentage of revenue its going to be well north of where it is this year. And Mel do you want to comment further?

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