

FOURTH QUARTER 2018 & FULL YEAR RESULTS

“2018 marked the first year in which a majority of the company’s revenues were generated by our growth initiatives, driving gross margins to an all-time record of 49%. The improving product mix, coupled with solid momentum across our growth businesses and continued excellent supply chain execution, provide us with confidence that we are well positioned for margin expansion and that these initiatives should account for over two thirds of our total revenues in 2019. These are exciting developments for DSP Group.”

Ofer Elyakim, Chief Executive Officer

FINANCIAL HIGHLIGHTS

\$26.1M
REVENUES

\$0.04
EPS NON-GAAP

\$15.5M
GROWTH INITIATIVES REVENUES

47.9%
GROSS MARGINS NON-GAAP

GROWTH INITIATIVES HIGHLIGHTS

SmartHome

- SmartHome revenues of \$2.9 million, a year-over-year decrease of 21%.
- Orange, France’s leading telecommunication service provider, announced “Maison-Connectee”, its new Smart Home service based on ULE.
- Technicolor announced its future voice enabled solutions based on our ULE and SmartVoice technologies.
- Bezeq, Israel’s leading telecommunication service provider, selected our ULE technology to power its smart security solutions for enterprise customers.



Office / VoIP

- Office/VoIP segment revenues of \$8.5 million, a year-over-year decrease of 10%.
- Secured a major design win with a tier 1 OEM based on our DVF101 SoC
- Audiocodes launched a Microsoft Teams Android business phone based on our DVF101 SoC.
- AtalsIED launched an IP speaker that extends tele-presence with enhanced audio based on our VoIP solution.

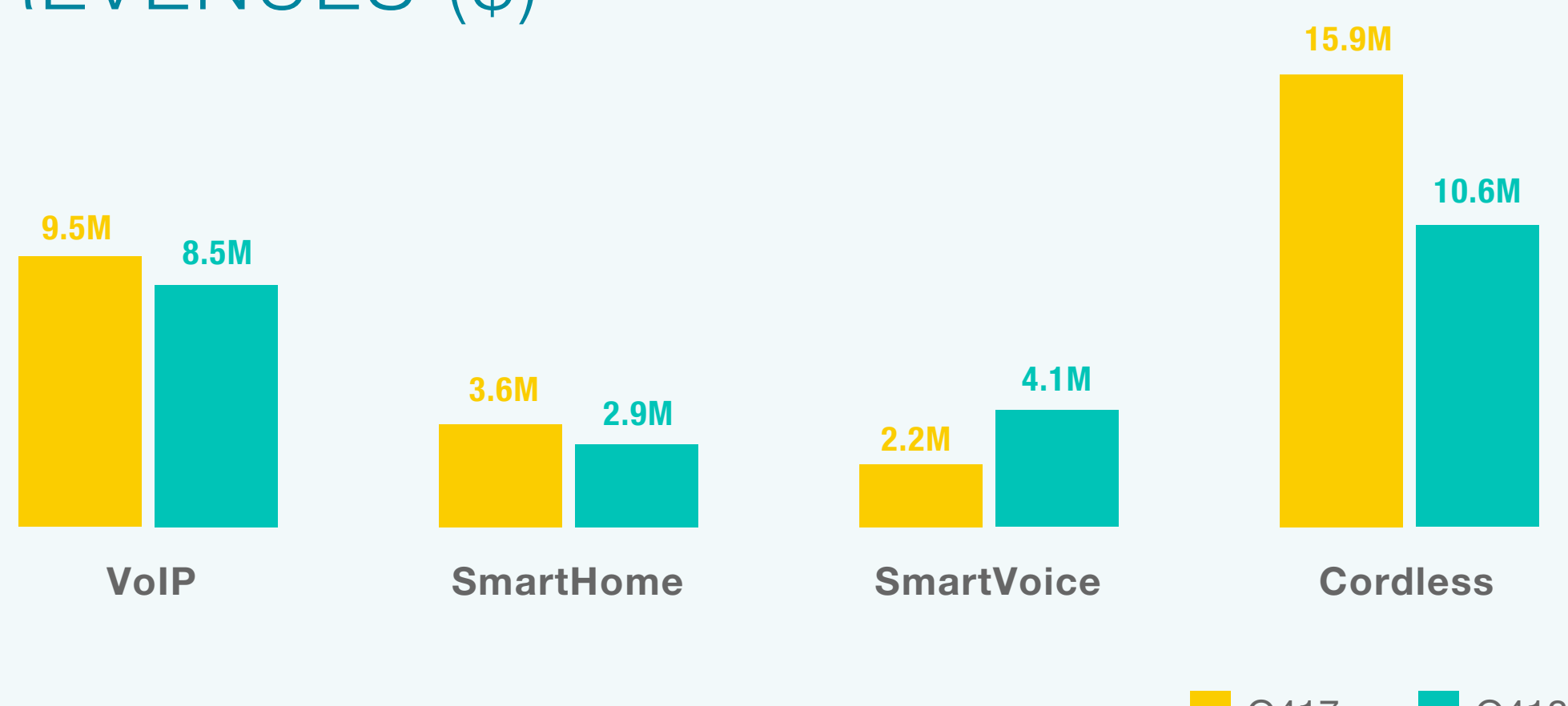


SmartVoice

- SmartVoice segment revenues of \$4.1 million, a year-over-year increase of 83%.
- Began mass shipments of our SmartVoice products to a tier 1 Chinese smartphone OEM
- Lenovo™ Smart Tabs integrated our SmartVoice technology to enable Alexa voice experiences.
- Universal Electronics developed a hands-free, low power, voice-activated remote control based on our SmartVoice technology



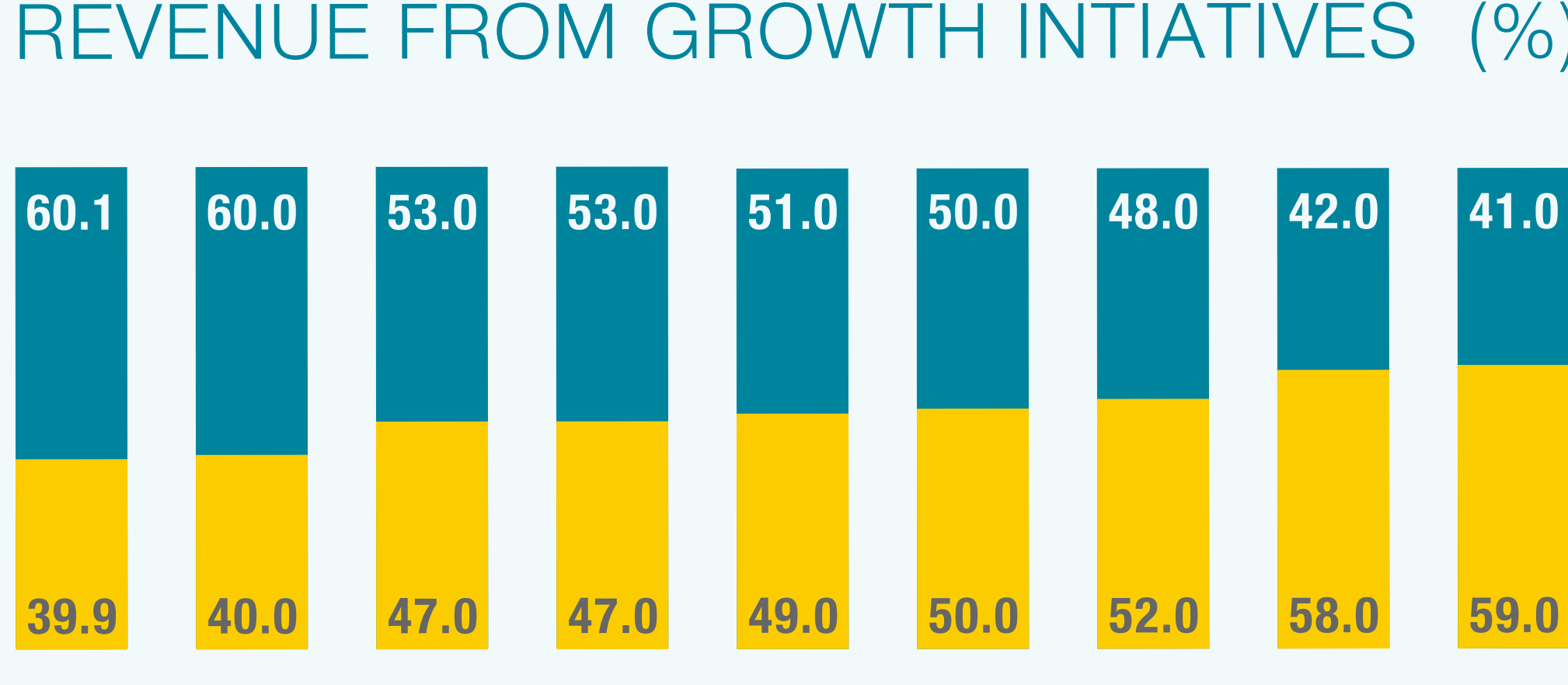
REVENUES (\$)



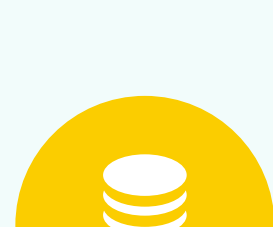
GROSS MARGINS NON-GAAP



REVENUE FROM GROWTH INITIATIVES (%)

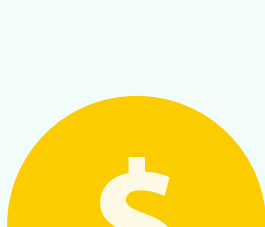


FAST FACTS



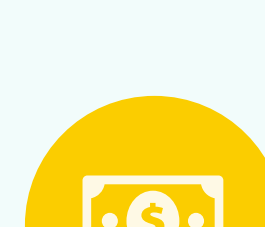
\$2.7M

Q4 SHARE BUYBACK



\$123.9M

Q4 CASH



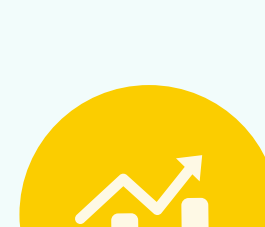
\$6.7M

Q4 OPERATING CASH FLOW



(2.8%)

OPERATING MARGIN NON-GAAP



\$5.60

Q4 CASH PER SHARE