

Transcript:

Power Integrations First Quarter 2013 Financial Results Conference Call
Thursday, May 02, 2013, 5:00 P.M. Eastern

OPERATOR: Good day and welcome to the Power Integrations First Quarter 2013 Earnings conference call. All participants will be in listen only mode. Should you need assistance, please signal a conference specialist by pressing the star (*) key followed by zero (0). After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star (*) then one (1) on a touchtone phone. To withdraw your question, please press star (*) then two (2). Please note, this event is being recorded. I would now like to turn the conference over to Mr. Joe, Shiffler, Director of Investor Relations. Mr. Shiffler, the floor is yours, sir.

JOE SHIFFLER: Thank you very much. Good afternoon and thanks, everyone, for joining us to discuss Power Integrations financial results for the first quarter of 2013. With me on the call are Balu Balakrishnan, president and CEO of Power Integrations and Sandeep Nayyar, our chief financial officer. During today's call, we will refer to financial measures not calculated according to generally accepted accounting principles. Please refer to today's press release, available on our website at investors.powerint.com for an explanation of our reasons for using such non-GAAP measures, as well as tables reconciling these measures to our GAAP results. Also, our discussion today, including Q&A session, will include forward-looking statements reflecting management's current forecast of certain aspects of the Company's future business.

Forward-looking statements are denoted by such words as will, would, believe, should, expect, outlook, estimate, plan, goal, anticipate, project, potential, forecast, and similar expressions that look toward future events or performance. Forward-looking statements are based on current information that is, by its nature, dynamic and subject to rapid and even abrupt changes.

Our forward-looking statements are subject to risks and uncertainties, which may cause actual results to differ materially from those projected or implied in our statements. Such risks and uncertainties are discussed in today's press release and under the caption "Item 1A Risk Factors" in part 2 of our most recent Form 10-K filed with the SEC on February 22, 2013. This conference call is the property of Power Integrations and any recording or rebroadcast of this conference call is expressly prohibited without the written consent of Power Integrations. And now I'll turn the call over to Balu.

BALU

BALAKRISHNAN: Thanks, Joe, and good afternoon. Our first quarter revenues were within our projected range, albeit towards the lower end due in large part to a drop of almost 20% in sales for computer end market, reflecting the well documented softness in that industry. Communications revenues fell by about 10% sequentially, as seasonal patterns were exacerbated by a sharp decrease in handset sales at a top-tier mobile-phone OEM, where we have a substantial share of the charger business.

Sales in the consumer and industrial markets increased sequentially by mid- and low-single-digit percentages, respectively. These markets, which account for nearly 70% of our total revenues, tend to be better indicators of overall demand trends since they encompass a broad range of applications, customers, and geographies, whereas the more concentrated computer and communications markets tend to be more prone to quarterly fluctuations. As further evidence of an improving demand environment, we saw a sequential increase in bookings of better than 10% in Q1 resulting in a book-to-bill ratio significantly above 1. We have seen particularly strong bookings for our high-power

IGBT-driver products, which are focused on industrial applications, providing an indication of accelerating demand at least in certain corners of the industrial market.

Based on strong order trends, we expect high-power to grow nicely in Q2, and we are equally encouraged by the long-term outlook for high-power as that business builds momentum behind new design wins, helped by an improving demand environment for infrastructure in China. Recent design successes include a new high-voltage DC transmission link in southern China, multiple solar inverter projects and a large-scale DC link to Germany from an offshore wind farm.

We are equally encouraged by design activity across our low- and mid-power businesses. Our new LYTSwitch family of high-voltage LED drivers has been extremely well received thanks to its combination of high efficiency, reliability, ease of design and excellent dimming performance. Overall activity in LED lighting continues to be brisk, with nearly a hundred new designs won during the quarter and revenues up more than 30% from a year ago. In the mid-power market, which includes applications from 50 to 500 watts, our products continue to gain traction in a range of applications, including street lighting, appliances and main power supplies for TVs and PCs, and we had multiple design wins in each of these areas in Q1. Energy efficiency is a major driver in this market, most notably the new European limitation on standby power usage, which took effect earlier this year and is driving adoption of our energy-saving CAPZero ICs in a variety of applications.

Energy efficiency has been an equally important driver in low power applications. In the first quarter, we won our largest design to date for a zero-standby application, in this case a design for one of the world's largest TV makers. This is an example of an OEM going well beyond the requirements, tapping into growing awareness of energy usage among consumers and using efficiency to differentiate their products. We believe this is a long-term trend and no company is better positioned than Power Integrations to take advantage.

Before I turn it over to Sandeep, I'd like to touch on a couple of other recent developments. In March, we announced a new addition to our executive team. Radu Barsan has joined Power Integrations as vice president of technology and will be leading our technology development, foundry engineering and quality organizations. Radu was most recently CEO of a privately held start-up company and previously held a succession of engineering management roles at Cirrus Logic, AMD, and Cypress Semiconductor. With more than three decades in the industry, Radu has an outstanding track record of commercializing new silicon and compound-semiconductor technologies and leading engineering organizations at companies both large and small. He is taking over responsibilities from Derek Bell, who will be retiring this month, after twelve years with Power Integrations and a distinguished four-decade career in the technology industry. Power Integrations would not be where we are today without Derek's leadership and we wish him well and wish him the best in his retirement.

Lastly, I'd like to note two key court decisions in recent weeks in our ongoing patent litigation against Fairchild Semiconductor. In late March, the Federal District Court in Delaware issued post-trial rulings in our second lawsuit against Fairchild, following last year's jury verdict in which Fairchild was found to infringe two of our patents. In its post-trial decisions, the Court not only confirmed the validity of our asserted patents, but also ruled that Fairchild infringed an additional patent, further expanding the list of Fairchild products subject to potential legal sanctions.

Also, in late March, a federal appeals court affirmed a lower court ruling related to our first Fairchild lawsuit, in which Fairchild was found to infringe several of our patents, a ruling that sustained a permanent injunction against more than 100 infringing Fairchild

products. In its written decision, the appeals court stated that Fairchild had competed by reverse engineering and copying our products, noting that Fairchild had, “fostered a corporate culture of copying.” This stark language echoed that of the original district court ruling, in which the court ruled that Fairchild had engaged in “industrial stalking methods” and “blatant copying” of our products. In its decision, the appeals court did identify certain aspects of the case for reconsideration by the district court, including issues surrounding the calculation of damages. Nevertheless, we are gratified that the decision leaves no doubt as to which one of these two companies is the true innovator, and we continue to believe that we are entitled to compensation for the harm done by Fairchild’s repeated infringement of our intellectual property rights.

With that, I’ll turn the call over to Sandeep for the review of the financials.

SANDEEP NAYYAR: Thank you and good afternoon. Since Balu has already covered the sequential revenue drivers in his remarks, I will start with gross margin and then quickly cover the remainder of the financials before we take your questions. Non-GAAP gross margin increased 10 basis points sequentially, to 52.9%, coming in above the high end of the expected range due to a favorable end market mix, reflecting the sequential revenue trends. On a year-over-year basis, non-GAAP gross margin was up more than 400 basis points, due not only to mix, but also our successful cost reduction initiatives. On a GAAP basis, gross margin increased by almost 2 full percentage points to 51.7% as we have now exhausted the inventory that was marked up in conjunction with the acquisition of CONCEPT last year.

As discussed on prior calls, we see the possibility of a slight pull-back in gross margin over the middle two quarters of this year as our overall end market mix becomes a bit less favorable and as some newer products begin ramping in the second half. However, our gross margin does not yet reflect the recent upward movement of dollar vs. the Japanese yen, which reduces the cost of wafers from our Japanese foundries. This benefit will begin flowing through meaningfully in the December quarter and should help offset the negative effects of a less favorable mix. All told, we now expect our full year, non-GAAP gross margin to be in the range of 52 to 53%.

Turning to expenses, non-GAAP operative expenses for the first quarter were within our projected range at \$26.3 million, up about \$800,000 sequentially, driven mainly by higher payroll taxes and the fact that the fourth-quarter expenses were restrained by our year-end shutdown. GAAP operating expenses were \$30.8 million, including \$1.1 million of acquisition-related amortization expense and \$3.4 million of stock-based compensation expense.

Our tax rate for the first quarter reflects the outcome of last year’s favorable resolution to our tax audit, as well as the reinstatement of the federal R&D tax credit. Specifically, the non-GAAP tax rate fell to just under 5% for the first quarter and I expect it to be in the mid-single digits for the full year as well. Our GAAP effective tax rate was negative for the quarter, reflecting the retroactive application of the 2012 R&D credit, the benefit of which we excluded from our non-GAAP results. Earnings on a non-GAAP basis was \$0.47 per share, flat sequentially, but up 31% from a year ago due to the combination of higher revenues and gross margin, as well as the lower tax rate. GAAP earnings for the quarter came in at \$0.37 per diluted share.

We generated \$21.6 million of cash flow from operations in the quarter and utilized just less than \$4 million for capital expenditures. We also paid out \$2.3 million in dividends during the quarter, reflecting the increase in our quarterly payout as announced in conjunction with last quarter’s earning release. All in all, total cash and investments increased nearly \$24 million during the quarter to \$119 million. The rest of our balance sheet remains in excellent shape, particularly internal inventories, which decreased

sequentially in terms of dollars, and remains well within our targeted range at 107 days. Channel inventory increased during the quarter to about 6 and ½ weeks, mainly due to the abrupt slowdown in the PC market, which we serve primarily through distribution. As a reminder, we recognize distribution revenues on a sell-through basis, worldwide, for all products, except IGBT drivers, so the increased distribution inventory does not create an overhang on our revenue growth for Q2. In fact, based on the favorable booking trends that Balu discussed in his remarks, we expect revenues of between 79 and \$85 million in the second quarter, which should be an increase of about 3 to 10% sequentially. The width of that range reflects both the continuing uncertainty of the current macro environment, as well as the ever-present challenge of forecasting revenues given our sell-through revenue recognition policy, which applies to about 2/3 of our total sales.

We expect non-GAAP gross margin to be in the range of 52-53%, while non-GAAP operating expenses should be approximately \$27 million, plus or minus half a million dollars. As mentioned earlier, I expect the non-GAAP effective tax rate to remain in the mid-single digits, while the GAAP tax rate for Q2 should be somewhere in the low single digits. With that, I will turn it back over to Joe.

JOE SHIFFLER: Thanks, Sandeep. At this point, we'll open it up for Q&A and in the interest of time, I'd like to ask callers, please, to observe a limit of two questions at a time and we'll be happy to come back around for a second round of questions, time permitting. Operator, will you please give the instructions for the Q&A session?

OPERATOR: Yes, sir. To ask a question, you may press star (*) then one (1) on your touchtone phone. If you're using a speakerphone, please pick up your handset before pressing the keys. If at any time your question has been addressed and you would like to withdraw your question, please press star (*) then two (2). Again, it is star (*) then one (1) to ask a question. At this time, we will just pause momentarily to assemble our roster. The first question we have comes from Vernon Essi of Needham & Company. Please go ahead.

VERNON ESSI: Thank you very much for taking my question. Can you hear me all right, guys?

JOE SHIFFLER: Yes.

BALU
BALAKRISHNAN: Yep.

VERNON ESSI: Okay, sorry about the connection here. I just wanted to revisit, Sandeep, your comments on the gross margin as it relates to the mix going into the second quarter and, I guess as I hear it from your statement, you have a handset drop occurring, which, in theory, sort of improved the mix and then, going into the third quarter, it's not clear to me what would be working against that, and then it almost seems like it washes out at the end of the year. Can you just walk through the mechanics of that again, please?

SANDEEP NAYYAR: Yeah, so as we have given guidance at the beginning of the year, we had expected our communications business to increase, which, based on the macro trends and what happened with one of our key customers, that impacted it in the other direction. However, we still believe that the communication segment will grow for us in the coming quarters and, given the, and, you know, what, how mix can impact us, plus or minus, that's why you're seeing the range we have given from 52-53% at this point of time.

And, as far as the yen impacting us, that'll start happening us, benefiting us more in the fourth quarter, but as we had indicated to you in the first quarter and so at the beginning of the year, that we also have new product introductions coming in the second half and, typically, when new products come out, the margins are lower and they have a kind of an offsetting effect to the benefit we would get from the yen towards the end of the year.

VERNON ESSI: Okay, can you remind us what the new product introductions would be, specifically?

BALU
BALAKRISHNAN: Yeah, we don't generally discuss new products until they are out on the market.

VERNON ESSI: Okay, and then, just my follow on question, a lot of attention paid to the LED industry recently at Lightfair a couple weeks ago and you obviously have a pretty sizable market share of the LED driver market for incandescents. It seems, though, that your growth rate has been consistent but I'm curious, you know, I mean, question, I suppose, but have seen any signs that we are sort of in an inflection moment, we have a very, you know, obviously, of major North American vendors now out there with a low priced bulb, have you seen any responses in the market that would lead you to believe revenue could accelerate in 2013?

BALU
BALAKRISHNAN: Well, we certainly have seen signs, you know, in terms of the Lightfair and so on, a lot of activity, but in terms of actual revenues inflecting, we haven't seen that yet.

VERNON ESSI: Okay, thank you.

BALU
BALAKRISHNAN: Thank you.

OPERATOR: Next, we have Tore Svanberg of Stifel Nicolaus.

EVAN WANG: Yes, hi, this is Evan Wang calling for Tore. I was wondering if you could comment a little bit about the, your TV design win, could you give us some idea about maybe the timing of this design win, as well as the revenue potential?

BALU
BALAKRISHNAN: Well, timing-wise, the design win occurred in Q1 and, typically, it takes one to two quarters before it ramps up. It is the largest PC standby design win with zero standby. I'm sorry, TV standby. What did I say? I said PC, sorry. So it's the largest TV standby design win we have won with zero standby and we are enthused because it is one of the largest TV makers and they usually set the trend in the market. So we are very optimistic that other companies would go for zero standby because of that.

EVAN WANG: Okay, great, thank you for that, and for my second, or follow-up question, I'd like to ask about the hints that Vernon Essi had mentioned earlier. At the California Energy Commission had put out a document talking about the California quality bulb. Could you comment on that requirement and whether you have any distinct advantage in fulfilling, for meeting that quality requirement for eligibility for the rebate?

BALU
BALAKRISHNAN: Yes. We certainly meet all of the quality requirements of California Energy Commission. I think what they're trying to do is make sure that the type of bulbs that are sold in California meet, you know, significant, you know, minimum thresholds on, in terms of efficiency, in terms of efficacy, in terms of dimmability, and so on and so forth, and it is in reaction to some bad experiences they've had with CFL lamps, where there were a lot of lamps sold with claims of long life that didn't happen and the quality of the color was not so good, so they're just taking precautions. Suffice to say we meet all of those requirements.

EVAN WANG: Okay, thank you very much.

BALU
BALAKRISHNAN: You're welcome.

OPERATOR: The next question we have comes from Ross Seymore of Deutsche Bank.

MIKE CHU: Hi, this is Mike Chu for Ross, thanks for taking my questions. I know it's hard for to see sometimes where your products are actually being used until after the end of the quarter, but on the softness that you saw in 1Q in the communications and computing segments from a handful of customers, do you see this as a pause and should we expect to see some snap back in these areas on normal seasonality and, perhaps, a continuation of the ramp in your design wins, in both the handset side and on the PC power supply side?

BALU
BALAKRISHNAN: I think I would agree because if you look at the decline in the computer segment of 20%, that seems like a little bit of an over-reaction because what happens is there's a supply chain, there may be inventories in different places and since we sell to a power supply manufacturer, it is very possible that they are reacting probably more than they should be because of the slowdown. So that's a possibility and that could also be true in cell phones, but it's hard to tell because there is so much fluctuation from quarter to quarter for various reasons.

For one thing, we don't necessarily follow the shipments of chargers, again because of the long supply chain and also the timing of purchase of chargers. Secondly, that market is volatile because the share of business that goes to a particular vendor can change, quarter to quarter, even the ordering patterns can change. They can buy a lot in one quarter and not buy as much in the next quarter. So it's very hard to determine, on a quarterly basis, what happens is much easier to say in the long-term. We have, we are very optimistic about this market because the trends in these markets are going in our direction, higher power, smaller size and so on.

MIKE CHU: Okay, and on my follow-up, just wanted to ask you about, you know, last call you had mentioned some strength that you were seeing in China, that high level we've been seeing a little bit choppier macro data out of that country and I was wondering if you had, or see any change in the environment there for your products?

BALU
BALAKRISHNAN: Yes, we had two China customers ramping in Q4 and one of them is not as ramping as fast as we hoped and the second one, again, that ramp rate is not as high as hoped. So it looks like there was a slowdown in Q1. Certainly the shipments of phones has slowed down across the board by, I think, the low single, double digits. So that has an impact at a macro level for us.

MIKE CHU: Okay, and on the, I guess on China, the industrial side, as well, IGBTs, is there any change in the demand patterns you're seeing in that segment, as well?

BALU
BALAKRISHNAN: Yes, we are, it's actually positive. The IGBT driver demand in China is growing very nicely. We expect our high-power revenue, which is basically IGBT drivers, to grow in Q2 relative to Q1 very nicely.

MIKE CHU: Great, that's helpful, thank you.

BALU
BALAKRISHNAN: You're welcome.

OPERATOR: The next question we have comes from the location of Andrew Huang of Sterne Agee.

ANDREW HUANG: Hi, guys, can you hear me okay?

BALU
BALAKRISHNAN: Yes, we can hear you, Andrew.

ANDREW HUANG: Okay. I guess the first question is on the weakness in the computer end market, can you say whether or not that was exclusively standby power supplies or was it primary, as well?

BALU
BALAKRISHNAN: Well, it was primarily standby power supplies – that is the largest portion of our revenue in the computer segment. The main power supply was also down, but not to the same extent. It was down...

ANDREW HUANG: Okay.

BALU
BALAKRISHNAN: The programs we're in were down but we also got some new additional business. So the overall impact was less in the main power, relative to the standby.

ANDREW HUANG: Right. Do you think that computers should rebound in Q2?

BALU
BALAKRISHNAN: That's a good question. It's always hard to predict the macro market. You know, if I assume that there has been some overreaction on the PC standby, it could potentially rebound.

ANDREW HUANG: Okay. And, the second question, my follow-up, is related to your TV design wins and you, I guess you described it as having zero standby power, so can you tell us just how that works? Like, you have a TV that's kind of waiting for the remote control signal, how do you have it running on zero power?

BALU
BALAKRISHNAN: Ha ha, good question. It would be hard for me to explain that, you know, without going into technical details, but suffice to say that our LinkZero product is used to reach that zero consumption and the receiver for the remote control is still on and it periodically checks to make sure that the, you know, that it's not receiving any signals. But most of the time, there is nothing going on.

ANDREW HUANG: Got it. Thank you very much.

BALU
BALAKRISHNAN: You're welcome.

OPERATOR: As a reminder, if you'd like to participate in today's Q&A, please press star (*) then one (1) on a touchtone phone. Again, that is star (*) then one (1) to ask a question. Next, we have Christopher Longiaru of Sidoti and Company. Please go ahead.

CHRISTOPHER
LONGIARU: Hey, how're you doing guys?

JOE SHIFFLER: All right.

BALU
BALAKRISHNAN: Doing well, thanks.

CHRISTOPHER
LONGIARU:

So my question has a little bit to do with PC, once again, in your opinion, at this point and judging from what you've seen going into April, would you call your computing revenue kind of a bottom at this point? Or do you expect, I mean, within your guidance that you gave for June, is there some continued weakness in PC?

BALU
BALAKRISHNAN:

Well, there's the same answer I gave earlier. It appears that this might be an overreaction, in which case, it could come back some in Q2, but no way to be absolutely sure. But, in terms of share, we have actually grown our share in PC standby in Q4. So certainly, that would, again, indicate that there is a possibility it could come back, given the level of the decline we have seen in Q1, which it seems to be quite a bit more than actual demand.

CHRISTOPHER
LONGIARU:

That makes sense. And can you comment on inventories and how they trended over the course of the quarter and into April?

SANDEEP NAYYAR:

Yeah, I mean, we had slowed down a bit in the fourth quarter and pretty much, if you look at, if you're looking at our internal inventories, we are within that. Now, as far as the channel inventories, obviously, they tended to go up during the quarter because of the PC abruptness that, you know, the slowdown that we saw and that's why the weeks in the channel went up.

CHRISTOPHER
LONGIARU:

Got it, okay, that makes sense. And then, just in terms of, you know, your TV design wins, are there, you know, others going on here or was this one that was ahead of the curve because they went and beat the standard, as you said, you know, they went substantially above and beyond what the standard requires? Or do you think this is a trend for television manufacturers that they're going to, you know, continue to go above and beyond the standard?

BALU
BALAKRISHNAN:

We're clearly seeing a number of manufacturers going well beyond the requirements of the standard. In fact, I would go as far as to say that the OEMs are the ones who are driving the spec at this point, not as much as standards, although standards do play a role because it applies to all manufacturers and, generally, the large OEMs tend to be drivers in terms of energy efficiency, whereas the smaller ones will be followers.

CHRISTOPHER
LONGIARU:

Got it. Okay, I'll jump out. Thank you, guys.

BALU
BALAKRISHNAN:

You're welcome.

OPERATOR:

The next question we have comes from Sumit Dhanda of ISI Group.

JASON JONES:

Hi, this is Jason Jones for Sumit. I didn't hear you guys comment on the order patterns in the quarter, other than the totals. Can you comment on that at all, in the area of bookings?

SANDEEP NAYYAR:

Yeah, the orders were very significantly high in January and came down, pretty much to half of the January levels in February, and then we saw it [come back up] and then the month of April has been fairly strong again.

JASON JONES: Okay and, I know you don't like to talk about it, but in the turns for the quarter, can you comment on those with the slight miss to the midpoint?

SANDEEP NAYYAR: Ah, looking forward, yeah, it's somewhere in the low 40's.

JOE SHIFFLER: Yeah, Jason, Joe here. For Q1, the turns based on the shipments we did, turns were in the high 40's, of course, we, you know, recognized less revenue than what we shipped during the quarter, as we mentioned on the script. But for Q2, in order to meet the midpoint, if we assume that shipments and revenues are equal, it would be a requirement somewhere in the low 40's.

JASON JONES: Okay, and then, sorry, just one last quick one, the deferred income is getting up there a little bit, is that reflecting this effect of the PC business in the channel, also?

SANDEEP NAYYAR: Yeah, that's the weeks in the channel going up.

JASON JONES: And could you just repeat what the number was for the weeks, I missed that, I'm sorry.

SANDEEP NAYYAR: About 6 ½ weeks.

JASON JONES: Okay, thank you very much.

BALU
BALAKRISHNAN: Thank you.

OPERATOR: Next we have a follow-up from the location of Tore Svanberg, Stifel Nicolaus.

EVAN WANG: Ah, yes, hi, I had meant to ask about handset, the sharp decline that you saw, would you characterize that as a push out of a program that you were expecting to ramp or was this in an ongoing program?

BALU
BALAKRISHNAN: This is an ongoing program with one of our Tier 1 customers who saw a significant decline in shipments in Q1.

EVAN WANG: Okay, great. Thank you very much, that's all I had.

BALU
BALAKRISHNAN: You're welcome.

OPERATOR: Again, as a final reminder, if you'd like to ask a question, please press star (*) then one (1) on a touchtone phone. Again, that is star (*) then one (1) to ask a question. Next, we have a follow-up from the location of Andrew Huang of Sterne Agee.

ANDREW HUANG: Thank you. Can you, I seem to remember you talking about getting a primary power supply design win for the TV this year, is that correct?

BALU
BALAKRISHNAN: That is correct.

ANDREW HUANG: And is that still within your expectations for this calendar year?

BALU
BALAKRISHNAN: It is, I believe, it was second TV design win and it is in a large company but we are in our first program there. So we are encouraged that we got into this company and we will, we are optimistic that we'll get additional models as we go along.

ANDREW HUANG: Okay. And can you give us a sense of what the dollar content is in that primary TV power supply as opposed to the standby power supply?

BALU
BALAKRISHNAN: Good question. I don't have it with me, but it is not a very large revenue component, but it is a very significant strategic design win.

ANDREW HUANG: Okay, and then, my follow-up is for the remainder of the year, Sandeep, can you give us some color on how we should think about OPEX, you know, through the end of the year?

SANDEEP NAYYAR: Yeah, I think through the end of the year there should just be a gradual increase from the guidance we gave for Q2 as we continue to make investments in R&D.

ANDREW HUANG: Okay. Thank you very much.

BALU
BALAKRISHNAN: You're welcome, Andrew.

OPERATOR: Well, at this time it appears that we have no further questions. We'll go ahead and conclude our question and answer session. I would now like to turn the conference back over to management for any closing remarks. Gentlemen?

JOE SHIFFLER: Okay, thank you, Mike. Since we have no more questions, we'll end it there. Thanks, everyone, for listening. There'll be a webcast replay of this call available on our website at investors.powerint.com. Thanks, everyone, for listening, and good afternoon.

OPERATOR: And we thank you, sir, and to the rest of management for your time. The conference is now concluded. We thank you all for attending today's presentation. At this time, you may disconnect your lines, thank you and take care, everyone.