

Power Integrations
"Third Quarter 2013 Financial Results Conference Call"

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Joe Shiffler
Balu Balakrishnan
Sandeep Nayyar

OPERATOR: Good afternoon, and welcome to the Power Integrations Third Quarter 2013 Financial Results Conference Call. All participants will be in listen-only mode. Should you need assistance, please signal a conference specialist by pressing the "*" key followed by "0." After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press "*" then "1" on your touchtone phone, to withdraw your question, please press "*" then "2." Please note this event is being recorded.

JOE SHIFFLER: I would now like to turn the conference over to Joe Shiffler, Director of Investor Relations. Please go ahead.
Thank you very much. Good afternoon everyone, and thanks for joining us to discuss Power Integrations financial results for the third 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 the 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. Such 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 10-Q filed with the SEC on August 1, 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 third quarter results featured record revenues of \$91.7 million, up 4% from the prior quarter. For the second straight quarter, we had sequential growth in all four end-market categories, underscoring the breadth and the quality of our revenue base. Similarly, all four end-markets contributed double-digit year-over-year growth in Q3, resulting in overall growth of 18%. That growth is completely organic, with the anniversary of the CT-Concept acquisition having passed in the June quarter.

Another highlight of the quarter was the continued expansion of our gross profit margin, which rose to 54.2% on a non-GAAP basis. That's up 130 basis points from a year ago, which helped drive record non-GAAP earnings of \$0.71 per share, up 45% year-over-year. We also generated \$29 million of cash flow from operations in the quarter and our balance of cash and investments increased to \$180 million. Reflecting the strength of our business model and our balance sheet, our board of directors has approved a 25% increase in our quarterly dividend, beginning in the first quarter of 2014, when the quarterly payout will increase to \$0.10 a share.

For the December quarter, we expect revenues of \$86 million to \$92 million, roughly flat to 6% lower on a sequential basis. This is consistent with average Q4 seasonality, particularly in light of our current revenue mix, in which the industrial market has become our largest end-market at 35% of sales. The midpoint of that revenue range would bring us to 13% growth for the full year or about 10% on an organic basis. That should compare favorably to the overall analog semiconductor industry, where sales had contracted by about 1% through the first 8 months of this year.

And while it's hard to predict how much we'll grow next year on an absolute basis, we are well positioned to continue outperforming the industry. We have an attractive array of incremental growth opportunities ahead of us, even as we continue to gain share and grow across the broader AC to DC power supply market, based on our hallmark[s] of integration, reliability, ease of design and energy efficiency.

These incremental opportunities include LED lighting, where we have a substantial share of a fast-growing market, one that appears poised for an inflection, with price points becoming more attractive by the day and with significant subsidy programs on the horizon.

Design activity in LED lighting remains brisk, reflecting the rapid pace of development in an industry that's undergoing a dramatic technological transition. We won more than 100 new LED designs in the third quarter, and are seeing especially strong uptake of our LYTSwitch product line, which enables LED drivers with just a handful of components, making them ideal for cost-sensitive, space-constrained, replacement bulb applications.

Another key opportunity for the upcoming year is the rapid-charging for mobile devices, as OEMs seek to alleviate the bottleneck caused by the combination of larger batteries and the power limitations of standard USB chargers. Rapid-charging introduces a number of design challenges for device makers, including backward compatibility among chargers and phones, as well as size, since higher power usually increases the size of the charger, which is something users would find undesirable. Our unique combination of integration and energy efficiency gives us the meaningful competitive advantage when it comes to delivering higher power from the small form factors that users now expect.

As discussed on last quarter's call, we are working closely with Qualcomm Technologies on their Quick Charge protocol, which utilizes a simple communication scheme to ensure that devices receive the maximum power they are capable of accepting, and that high-power chargers remain backward compatible with non-enabled phones. While it's still early in the game, we are encouraged by the level of customer interest in rapid-charging. And earlier this month received our first orders for a Quick Charge chipset including CHY100, the interface chip we introduced in July for use with Quick Charge devices.

A third key growth area is our push into higher-power applications, most conspicuously through last year's acquisition of CT-Concept. That transaction has paid off in spades thus far, contributing substantially to our revenue growth and profit margins. That business is on course to grow nearly 40% this year, thanks to strong market penetration and improved demand in several key end markets, including industrial drives, renewable energy and DC transmission.

Design activity for our IGBT drivers remain healthy, with key design wins in Q3 including a utility grade solar inverter for the Japanese market, and a 10-megawatt propulsion system for a large-scale locomotive project in China.

As one of the world's only non-captive suppliers of IGBT drivers, we are well positioned to capitalize on the critical trends occurring in the high-power market, including the move to highly efficient DC motor drives, and the continuing growth of clean energy, electric transportation and high-voltage DC transmission systems. Reliable, efficient power electronics are critical to the success of each of these applications, which puts these opportunities right in our sweet spot.

In sum, we had a record quarter in terms of revenues and earnings, and our financial model is in excellent shape. We are executing on our growth strategy and we remain as optimistic as ever about the opportunities in front of us.

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

SANDEEP NAYYAR: Thank you, and good afternoon. Since our results are fairly straightforward, I will just quickly review a few highlights of the financials, touch on the outlook and then we will take your questions. In my remarks, I will focus primarily on the non-GAAP numbers, which are reconciled to the corresponding GAAP numbers in the tables accompanying our press release.

Our third-quarter revenues were \$91.7 million, up 4% sequentially, and squarely in line with the forecast we provided on our July conference call. As Balu noted, all four end-market categories contributed nicely to the sequential growth, resulting in a revenue mix that was unchanged from the prior quarter at 35% industrial, 34% consumer, 21% communication and 10% computer.

Non-GAAP gross margin was slightly better than forecast, increasing 60 basis points sequentially to 54.2% due mainly to the benefits of the more favorable dollar/yen exchange rate. We expect the exchange rate to benefit us further in the fourth quarter, as lower-cost wafers continue to flow through our inventory.

Non-GAAP operating expenses were \$27.2 million, a bit below our forecasted range, due mainly to timing as several key expense drivers we had planned for Q3 either came later in the quarter than expected or will instead occur in the December quarter.

The combination of higher revenues and gross margins, plus lower operating expenses, resulted in a significant expansion of our operating margin. Non-GAAP operating margin for Q3 was up 260 basis points sequentially to 24.6%. That's up almost 4 percentage points from a year ago and a full 8 points over the past eight quarters. The resulting non-GAAP earnings were \$0.71 per diluted share, up 45% from a year ago and 16% sequentially.

Cash flow was also very strong, with \$29 million of cash generated from operations and capital expenditures of just \$4.4 million. For the first nine months

of the year, we have generated more than \$75 million in cash flow from operations, with just over \$11 million of CAPEX. Cash and investments on the balance sheet rose to just over \$180 million as of September 30, up \$35 million during the quarter.

Looking further down the balance sheet; internal inventories decreased by \$3 million sequentially and we had 85 days of inventory on hand at quarter-end, down nine days from the prior quarter. Channel inventories ticked up slightly to six weeks, up from 5.8 weeks in the prior quarter.

Turning to the outlook, we project fourth quarter revenues in the range of \$86 million to \$92 million. Non-GAAP gross margin should increase again to approximately 54.5%, reflecting further benefit from the more favorable exchange rate.

Non-GAAP operating expenses should be in the range of \$28 million to \$28.5 million. Please see our press release for an approximate reconciliation of this forecast to the corresponding GAAP numbers. Lastly, I expect the non-GAAP effective tax rate to be in the mid-single digits, while the GAAP tax rate should be in the low single-digits.

With that, I'll turn it back over to Joe.

JOE SHIFFLER: Thanks, Sandeep. We will move now to the Q&A session. And in the interest of time, I would like to ask callers to please adhere to a limit of two questions at a time. We will be happy to come back around for a second round of questions, time permitting. Operator, would you please now give the Q&A instructions?

Q&A

OPERATOR: Certainly, to ask a question, you may press "*" then "1" on your touchtone phone. If you are using a speakerphone, please pickup your handset before pressing the keys, to withdraw your question, please press "*" then "2."

Our first question comes from Andrew Huang at Sterne Agee.

ANDREW HUANG: Thank you guys, congratulations on the good quarter.

BALU

BALAKRISHNAN: Thank you.

SANDEEP NAYYAR: Thank you, Andrew.

ANDREW HUANG: The first question is, like in your prepared remarks you talked about industrial being 35% of sales. And I seem to...I think I caught a nuance that was implying that, because industrial is so high, that the Q4 revenue would be down sequentially. Is that correct, what I caught there?

BALU

BALAKRISHNAN: Yes, that's part of the reason, that's why seasonally Q4 is down, partly due to industrial being such a large portion of our business.

ANDREW HUANG: Okay, and then, presumably, would that rebound to then in the March quarter, industrial, typically?

BALU

BALAKRISHNAN: Yes.

ANDREW HUANG: Okay, great. And then, as a follow-up, I was wondering if you could give us a little bit more color on Quick Charge. Maybe remind us of what the revenue potential could be for calendar '14. And I am wondering if any cell phone makers have talked about implementing Quick Charge?

BALU

BALAKRISHNAN: Good question, so we have one second-tier cell phone maker who has started ordering products. They expect to go into production in Q4. It's a relatively small volume, it's a high-end phone. It remains to be seen how many people will jump on the QC bandwagon. We are obviously fully prepared for that, we are optimistic that the QC, as a standard, would take off. But I do want to mention that, there are several cell phone OEMs looking at alternative ways of doing this and we are closely tracking those. But we feel that QC is a very simple method, it's a very cost-effective way to speed up the charging process. And so, we will know a lot more in Q1...Q4, I should say. It's hard to predict at this time, because we don't know how many of the cellphone guys will jump on to QC.

ANDREW HUANG: Great, and just to be clear, that's a cellphone maker, not a cellphone charger maker, that's signed on to do this, correct?

BALU

BALAKRISHNAN: That is correct. I am talking about the cellphone OEMs.

ANDREW HUANG: Great, thank you very much.

BALU

BALAKRISHNAN: You're welcome.

OPERATOR: Our next question comes from Vernon Essi at Needham & Company.

VERNON ESSI: Thank for taking my question. I am sorry, Sandeep just a housekeeping thing, I hope this doesn't count against my one question allotment. I missed the split of distributor versus OEM revenue.

SANDEEP NAYYAR: It's 75/25.

VERNON ESSI: Okay, 75/25.

SANDEEP NAYYAR: Yes.

VERNON ESSI: And then my one follow-on. Just to dive into more the high-power products out of CT-Concept. I guess, Balu, you've listed a couple of different applications there, is there one in particular that outweighs the rest? I mean, you have described sort of these IGBT drivers as being pretty broad based, but sometimes you keep bringing up the DC transmission side and renewable energy. Are any of these particularly large programs that you have sort of a long or length of visibility that go you know, into 2014 on, with governments or utilities or what have you or is it still sort of somewhat, I don't want to call it fragmented, but sort of, catch-as, catch-can, kind of environment in some of these things?

BALU

BALAKRISHNAN: It is definitely very fragmented, which is actually very good news. They have like a thousand customers for the revenue they generate. If I look at the applications they ship into, the largest one is industrial motor drives, which is basically using electronic motors in place of AC motors to improve efficiency. This is not as much driven by the government as it's driven by the industry, but they are doing it because the governments want industry to consume less electricity. This is especially true in China. They don't want to build any more power plants than they have to, so they are asking industries to reduce their power consumption, and the easiest way to do that is to go to electronically controlled motors. So that's probably the largest application segment. And followed by that will be the renewables, which is wind and solar, and we are seeing significant installations in Japan, in China, on China, specifically, on solar and wind, they are doing both.

India has recently announced that they are going to install a very large capacity solar installation, and possibly even wind installation. And so those are the ones that are...that's the second largest I should say application. The third one is traction, primarily locomotives. These are electric locomotives that require the motors that need to be driven by IGBT drivers. Now, there is also a category, the high-voltage DC transmission that really falls more into you know, probably into the renewables. And that's another area which is up and coming. A lot of new installations of long distance transmission lines are now using DC rather than AC, because DC is much more efficient way to transmit energy over long distances. But DC requires electronics on both ends to convert power from AC to DC on one end and convert it back to AC on the other end, and that requires a large number of IGBT drivers.

VERNON ESSI: Okay, and then, just to dig in this one step further. The visibility side though, your lead time on this, I mean, this is still something that you are not getting more than say, a two quarter outlook on from any of these customers. Is that a fair statement?

BALU
BALAKRISHNAN: That is correct. The visibility in this market is gradually reducing, we are getting more turns orders than we used to for example, at the end of last year.

VERNON ESSI: Okay, thank you very much.

OPERATOR: Our next question comes from Tore Svanberg at Stifel.

EVAN WANG: Yes, hi. This is Evan Wang standing in for Tore. Congratulations on the quarter and for your outlook. I'd like to just follow-up on something that you mentioned regarding the LED lighting, you mentioned that rebate may be on the horizon. I was wondering if you can provide any more specifics on that?

BALU
BALAKRISHNAN: Sure, as much as we know. The CEC, the California Energy Commission, has made a decision to provide rebates to promote LED lighting. And one of the requirements for that is the LED lighting has to meet California Energy Commission's special requirements, if you will. Which dictates not only high efficiency, but also long lifetime and color rendering has to be good, and so on. The reason they are doing that is to make sure the user experience is positive, which was not the case with CFLs. The rebates are supposed to start early 2014. No official announcement has been made to date, but there is certainly an expectation any moment now, there will be an announcement with the amount of rebates, and we are looking forward to that. And that should make a huge difference to the price of the LED to the consumer.

EVAN WANG: And I also detected some mention of a potential share gain, a measurable share gain this year, is that the case? And are you being helped by this requirement that the CTC requires?

BALU
BALAKRISHNAN: Yes, I don't think we mentioned anything about share gains in our prepared remarks. We do have a good share. We think we're on the top three worldwide. And we expect next year to be a strong growth year driven by lower prices.

EVAN WANG: Okay, great. I have a quick follow-up question for Sandeep, that you had mentioned that the gross margin is benefiting from the dollar/yen exchange rate, and that this effect will last through Q4 or some of it will be visible at Q4. Could you talk a little bit about what happens after Q4, and how would that...how might the gross margin look from that, from then on?

SANDEEP NAYYAR: So beyond Q4, of course, you know, we are in the midst of our planning for next year, and we'll give you a better update in January. But directionally, as we had indicated, that we should continue to see more benefit from the exchange rate going into Q1. Though, however, next year, we should start seeing that benefit and the benefit you are seeing further to be impacted by the mix with communications strength, as well as the pricing that Balu indicated, that you may see in the LED market. So I think we will give you a more specific answer in January, but I think the yen benefit will get mitigated, and actually you should see actually the margins having a little bit of a headwind, because of new products, the communication and the LED.

EVAN WANG: Thank you very much.

OPERATOR: Our next question comes from Christopher Longiaru at Sidoti.

CHRISTOPHER
LONGIARU: Hi guys, I'll echo my congratulations. Nice quarter.

BALU
BALAKRISHNAN: Thank you.

CHRISTOPHER
LONGIARU: I am going to piggyback on that gross margin question. So your margins have been escalating partially because of the yen, but also I assume it's because of the higher incidence of industrial revenue, which has a higher gross margin. Can you give us an idea of how much of the gross margin improvement was due to the yen as opposed to just due to the fact that industrial continues to become a bigger part of your business?

SANDEEP NAYYAR: Well, I think this quarter, bulk of the benefit of the increase was from the yen, because the mix didn't change very much from Q2 to Q3. So this was pretty much...this quarter was pretty much a yen story.

CHRISTOPHER
LONGIARU: Then just in terms of your operating cost structure going forward, you've been able to lower costs a little more than I think you had expected. Can you give us an idea of you know, are we going to kind of hang out around this range for the next few quarters, or are there any things coming up on the horizon where we should be changing the model going forward?

SANDEEP NAYYAR: Well, so this quarter was a little unusual because of the timing, as I indicated in the prepared remarks. We had certain expenses planned, because in the Q2 quarter, we had some extra expenses related to the Quick Charge, which we are obviously trying to...would be coming down, but we had planned for other expenditures. Those expenditures did not happen as we had planned, they happened more towards the end, and probably [will] happen in [Q4]. So the guide we have given you for Q4 is kind of where we are. But next year, as you know, you have the typical raises and the investments we make for our growth, and our model, on an average, that we have talked about is that if our revenue grows in the low teens, then our expenses will grow at half the rate. So, we will give more specific guidance for next year in January. But I think from a modeling standpoint, that's you know, over a multiyear horizon is the model I am talking to you about, and we can be more specific in January.

CHRISTOPHER LONGIARU: That's helpful. Thank you guys, I'll jump out.

OPERATOR: Our next question comes from Steve Smigie at Raymond James.

ELIZABETH HOWELL: Hi, thanks. This is actually Elizabeth Howell on behalf of Steve. Congrats on a solid quarter and outlook.

BALU BALAKRISHNAN: Thank you.

ELIZABETH HOWELL: So regarding your QC product, which is compatible with Qualcomm, just curious if you have additional protocols that allow your product to work with other products beyond just Qualcomm?

BALU BALAKRISHNAN: We certainly can implement whatever protocol is necessary for the market. The reason we started with QC is because, you know, Qualcomm came to us, and we still...we believe that QC is the most cost-effective way to address rapid-charging. But if for some reason, some other type of standard becomes more popular, or if there are more than one standard, then we'll implement you know, both the standards, if you will.

ELIZABETH HOWELL: Right, okay. And then just more broadly, what are you thinking will be the largest drivers for 4Q in terms of end markets? I know you said industrial probably down, but what are you seeing for communications, consumer, computing, and specifically, if you could maybe go into a bit of what you are seeing in handsets versus networking?

BALU BALAKRISHNAN: Well, that's very difficult for us to predict because you know, 75% of our business goes through distribution. And we can't really tell from the products we ship, what end markets they go into. And we can only talk about you know, very broad, seasonal kind of trends. And the only trend I know of is that, fourth quarter is usually slightly lower than Q3. And industrial is usually weak. There were...some years have been a little bit different, but usually industrial is weak in Q4. But in terms of growth areas, you know, LED should continue to grow, which is actually part of industrial. That will offset some of the weakness. And beyond that, I really can't you know, give you any more color.

ELIZABETH HOWELL: Okay, that's fair. Thank you.

OPERATOR: As a reminder, to ask a question you may press "*" then "1" on your touchtone phone. And our next question comes from Ross Seymore at Deutsche Bank.

MICHAEL CHU: Congratulations, guys, on a great quarter. This is Mike Chu for Ross.

BALU BALAKRISHNAN: Thanks, Mike.

MICHAEL CHU: Most of my questions have been asked, but just a question about the end market growth outlook for next year. You guys have talked about LED and the industrial segment overall continuing to grow, and Quick Charge being a growth driver in the comms area. I wonder if you could talk about any other growth drivers that you anticipate for next year, just to help us for modeling purposes.

BALU BALAKRISHNAN: Sure. We think that all four markets have a potential for growth. And we talked about LED and the high-power in the industrial segment. We talked about the Quick Charge and smartphones in the Communications segment. And in the PC segment, we are seeing growth in PC standby, monitors, printers and also, main power, that's on what we call the mid-power products in PCs. And in the...even though the PC market is declining, because we have a relatively low share of the main power supply, we have room to grow. And then, when you go to the consumer, appliance market is something we have been growing quite steadily for a long time. And even though the market for appliances itself is not growing, our content in appliances is growing, driven by more and more electronics getting into the appliances. And then on the entertainment electronics side of the consumer market, we see a significant growth potential in TVs, because of both the main power supply where we are barely entering that market. And also, in the standby power supply, which is driven by very low, no-load consumption like zero standby for example. So we are pretty excited about the future growth potential for many years to come, we have a lot of room to grow in all of the four markets.

MICHAEL CHU: Thank you, that's really helpful. And just a quick follow-up; Sandeep you talked about there being some headwinds to gross margins later into next year. But just wondering if given the fact that industrial now is a much higher percentage of revenues and the manufacturing changes that you have made over the last year or so. I am just wondering if, kind of the 54% range is kind of a new baseline, plus or minus with those headwinds that you talked about.

SANDEEP NAYYAR: Well, I think we will be able to give you more specific answer in January. But you know we are hovering around the 54%; with the headwinds I think it will be more a little downward trend from there for next year. But I think we can be more specific in January. But with the mix as I talked about, with the opportunities in the cellphone area, with the continued pricing pressure in the LED. Plus we are coming up with lot of new products that we are going to announce next year, which typically have you know, lower margins as they initially come out. So that's why we are talking about a little bit of a headwind from mix, as well as new products introduction.

MICHAEL CHU: Okay. Thank you.

- OPERATOR: Our next question comes from Tore Svanberg at Stifel.
- TORE SVANBERG: Yes, thank you. So I don't want to make this a negative, because it's not, but the inventory days are down to 85 days. So I am just wondering, do you plan to operate this low or do you have plans to maybe increase inventories in the fourth quarter?
- SANDEEP NAYYAR: So I think this quarter is a little lower than normal. Our typical model is like 110 plus or minus 15 and even last quarter it was on the lower end. I think it will be in the near term on the lower end, but this quarter partly it was because of the [distributor] inventory going up a bit where...because you know, the holiday that was there in China, people pulled in the inventory a little bit sooner to make sure that they had inventory when they came back from the holidays. And also, there was some timing of shipment from our fabs, which caused it. So I think we will be back in our range, going forward.
- TORE SVANBERG: Very good. Can you also talk a little bit about how your business has been so far this quarter, as far as bookings are concerned?
- BALU
BALAKRISHNAN: Well, the October bookings was slightly ahead of the average booking for Q3.
- TORE SVANBERG: Very good, and then last question, just coming back to the fast charger end-market. I understand this is a very sort of dynamic market, a lot of moving parts. But as far as meaningful revenue contribution for POWI, should we think of this as more of a second half event?
- BALU
BALAKRISHNAN: Yes, I would say second half next year would be where we see significant revenue. But it is possible, we could see some in Q2, depending upon the design wins we get.
- TORE SVANBERG: Very good. Congratulations on the results. Thank you.
- BALU
BALAKRISHNAN: Okay, thank you Tore.
- OPERATOR: Our next question comes from Vernon Essi at Needham.
- VERNON ESSI: Thanks for taking my follow-up. I just was wondering, since you have such a broad range of geographies and end markets, is there anywhere in particular that seems to be outperforming relative to what you have seen in prior years at this time of the season? Since you have...you have the time on the phone, I figured I might as well cherry-pick a question like that out of you?
- SANDEEP NAYYAR: Yes, you know, bulk of our power supply guys are in Asia, so the end product goes at different places. But obviously, in the high-power area, we are continuing to see strength in China. So in certain pockets that we could talk about where we know, like you know, very specifically I can mention that. Otherwise, it's a little harder.
- VERNON ESSI: Okay, so in terms of at least the consumer electronics area, most of the traction you are seeing is just share gains and sort of design changes if you will, towards, low standby, zero standby, those sorts of things. Not necessarily any specific areas that seem to be unusually active for you.

BALU
BALAKRISHNAN: Yes, I would say it's very, very broad based. And of course, a lot of these things happen in Asia, specifically. But even though business in US and...the Americas and the European area is doing really well, it's growing very nicely. And it is much more fragmented in US and Europe because they generally go into smaller companies, whereas most of the high volume manufacturing is now done in Asia. So we see across the board, a nice, gradual growth outside of Asia.

VERNON ESSI: Okay, thank you.

BALU
BALAKRISHNAN: You're welcome.

OPERATOR: At this time, I show no further questions. I would like to turn the conference back over to Joe Shiffler for any closing remarks.

JOE SHIFFLER: Okay, thanks. Thanks very much. Thanks everyone for listening. There will be a replay of this call available on our website, investors.powerint.com. Thanks again for listening and good afternoon.

OPERATOR: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.