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Power Integrations, Inc. (POWI)

Q3 2015 Earnings Call

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Raymond James & Associates, Inc.

Matt Diamond

Deutsche Bank Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. I'd like to welcome everyone to the Power Integrations Third Quarter 2015 Results Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] Thank you.

Joe Shiffler, you may now begin your conference.

Joe Shiffler

Director-Investor Relations & Communications

Thanks Connor. Good afternoon, and thanks for joining us to discuss Power Integrations' financial results for the third quarter of 2015. 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.power.com, for an explanation of our reasons for using such non-GAAP measures, as well as tables reconciling these measures to our GAAP results. Our discussion today, including the Q&A session, will include forward-looking statements reflecting our forecast of certain aspects of the company's future business and financial results. Such statements are denoted by words like will, would, believe, should, expect, outlook, estimate, plan, goal, anticipate, forecast and similar expressions that look toward future events or performance.

Forward-looking statements are based on current information that is dynamic and subject to 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 in our most recent Form 10-Q filed with the SEC on July 31, 2015. This conference call is the

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And now I'll turn the call over to Balu.

Balu Balakrishnan

President, Chief Executive Officer & Director

Thanks, Joe, and good afternoon.

Our third quarter revenues grew 4% sequentially, coming in above the midpoint of our projected range in the face of a challenging demand environment. Weakness in the industrial end market was more than offset by growth in the communications category where our new InnoSwitch products continue to win share in smartphone chargers. InnoSwitch is well on its way to becoming our next flagship product family with Q3 revenues roughly doubling versus the prior quarter. In September, we introduced two new products to help not only sustain our momentum in charger applications, but also extend the benefits of InnoSwitch to other end markets. I will discuss those new products in more detail in a moment.

Our third quarter gross margin was sequentially lower, reflecting the change in end market mix as well as the growth of InnoSwitch, which is still early in its lifecycle and has not yet been optimized from a cost standpoint. However, a 5% reduction in operating expenses more than compensated for the lower gross margin resulting in a 17% sequential increase in non-GAAP EPS. We also generated nearly \$25 million in cash flow from operations and made good use of our cash resources during the quarter, buying back shares at average prices well below today's closing price.

Looking more closely at revenues, we saw sequential growth in three of the four end market categories. The lone exception was the industrial market where revenues declined by more than 10% reflecting the broad-based softness being reported across much of the analog semiconductor space. Revenues from the consumer market grew mid single-digits sequentially on strength in appliances, while computing revenues recovered slightly after several quarters of market-driven softness.

But the biggest driver of the growth was the communications end market where revenues increased more than 30% sequentially driven primarily by the ramp of InnoSwitch in smartphone chargers. The need for faster, more powerful chargers is a burgeoning opportunity in the power conversion market requiring a higher level of integration and energy efficiency than traditional low-power charger designs.

Our InnoSwitch products are extremely well suited for the needs of the market enabling us to not only gain market share, but also increase our average dollar content per charger. This in turn has led to a sharp uptick in our communications revenues this year with sales up nearly 30% through the first nine months compared to a year ago. We believe rapid-charging is a multiyear trend that is still in its early stages, with power levels likely to continue rising over time as mobile devices become more power hungry, batteries continue to grow in size and OEMs increasingly view charging speed as a way to differentiate their products.

These trends play to our strengths, and we continue to develop our product portfolio to maintain our competitive leadership position in this space. In September, we introduced CHY103D, the next generation of our interface chips that facilitate communication between chargers and phones to safely and efficiently deliver the maximum power a phone can handle. Used in combination with InnoSwitch power conversion ICs, the new chip implements Quick Charge 3.0, the latest generation of Qualcomm's highly effective rapid charging protocol, which

boosts both the speed and efficiency of the charge compared to the prior generation. We expect to begin high volume shipments of our first QC 3.0 design later this quarter for a top tier Chinese smartphone OEM.

Another key product introduction during the quarter was InnoSwitch-EP, for embedded power, launched in mid- September. While our InnoSwitch-CH family for chargers is already winning significant market share, the InnoSwitch-EP brings the same efficiency and performance benefits to embedded power suppliers including standby and auxiliary supplies for home appliances, air conditioners, TVs, monitors, PCs and many industrial applications.

As successful as we have been already in chargers with InnoSwitch, we believe the technology may prove even more attractive in embedded power supplies where reliability is often the most important consideration for designers due to the high repair and replacement cost of many end products. After having sampled and qualified the product at multiple appliance OEMs over the summer, InnoSwitch-EP has already scored its first design win at a top-tier appliance maker. We believe that's the first of many more to come, and while design cycles tend to be relatively long in many of these applications, we do expect InnoSwitch-EP to begin contributing revenues in 2016.

We also expect healthy contributions in 2016 from our high-power and LED lighting businesses, both of which have faced headwinds in 2015, but look poised to grow nicely in the coming year. We have a promising pipeline of new products in both of these areas including products that will roughly double the size of our market opportunity in high-power by extending our reach into lower end IGBT drivers. These products are already sampling with key customers and we look forward to realizing this key synergy of the Concept acquisition as they come to market in 2016.

Our confidence in the future of our business is perhaps best demonstrated by how we have deployed our cash resources in recent months. We have generated \$67 million in cash flow from operations through the first nine months of the year, adding to our already strong balance sheet. These resources have enabled us to take advantage of recent market volatility and repurchase shares at attractive prices. We bought back more than 2% of our outstanding shares in Q3 at an average price of below \$40 per share, utilizing the entire \$30 million authorization we announced on last quarter's call. As stated in today's press release, our board of directors has allocated an additional \$30 million for further repurchases, a decision that reflects the continued strength of our balance sheet and confidence in our growth strategy.

With that, I will turn it over to Sandeep for a review of the financials.

Sandeep Nayyar

Chief Financial Officer & Vice President

Thanks, Balu and good afternoon. I will quickly cover the Q3 financials and the Q4 outlook and then we will take questions. My prepared remarks will focus mainly on the non-GAAP numbers which are reconciled to the corresponding GAAP figures in the tables accompanying our press release. Q3 revenues were above the midpoint of our guidance range, increasing 4% sequentially to \$88.9 million. As Balu noted, growth was led by the communications market with an increase of better than 30% driven by the strength in smartphone chargers as well as residential networking applications. Consumer and computing revenues each grew mid-single digits, while industrial revenues fell by more than 10%.

The relative strength of communications revenues and the softness in the industrial market are clearly reflected in the changes to our end market mix. Communications revenue were 26% of total sales for the quarter, up 5 percentage points from Q2, while industrial fell by 5 points to 31% of sales. Consumer and computer were unchanged at 36% and 7% respectively.

As many of you know, our gross margin is somewhat sensitive to end market mix with industrial and communications being our highest and lowest margin end markets respectively.

Non-GAAP gross margin for the third quarter was 51%, down about 2 percentage points sequentially with mix being the prime factor in the decline along with the impact of new product ramps and lower production levels.

Non-GAAP operating expenses decreased more than 5% sequentially to \$28.6 million, coming in well below our projections. A portion of the decrease was simply a function of timing as certain expenses we expected to fall in Q3 will instead be incurred in Q4. However it also reflects expense discipline as we continue to manage cautiously in light of the uncertain demand environment. Even with the modest uptick in the fourth quarter, we are on track for non-GAAP OpEx growth of less than 2% this year inclusive of the CamSemi acquisition in early January. On an organic basis, non-GAAP OpEx will be down for the full year compared to 2014.

Continuing down the income statement, other income increased from the prior quarter, reflecting a foreign currency benefit. Including this benefit, which added about a penny to our EPS, non-GAAP earnings were \$0.55 per share, up from \$0.47 in the prior quarter.

Weighted average diluted share count was 29.3 million shares, down 2.5% from the prior quarter, reflecting buyback activity. We repurchased 775,000 shares during the quarter for just less than \$31 million, an average purchase price of less than \$40 per share. Thus far this fiscal year, we have bought back more than 4% of our outstanding shares at an average price of approximately \$43 per share.

In addition to the buyback, we utilized \$10 million during the quarter to support our future growth with the purchase of a third building in our San Jose headquarters complex. The building is currently fully leased to external tenants and will not affect our P&L materially in the near term. Other uses of cash during the quarter included \$3.5 million for dividend payments and \$2.5 million of CapEx.

Partially offsetting these uses of cash was strong cash flow from operations which came in at about \$24.7 million for the quarter. All told, cash and investments on the balance sheet decreased by \$20 million during the quarter and stood at \$151 million at quarter end.

Inventory on our balance sheet decreased significantly during the quarter as we trimmed production to bring inventory back within our targeted range. We ended the quarter with 113 days of inventory on hand, down 29 days from the prior quarter.

Looking ahead to the fourth quarter, while the overall demand picture remains uncertain, bookings did increase modestly in Q3 versus Q2 and we entered the current quarter with a slightly higher starting backlog. All things considered, we are projecting a fourth quarter revenue range of \$89 million plus or minus \$3 million which would be roughly flat sequentially at the midpoint.

While end market mix is difficult to predict, we are modeling a neutral-to-slightly more favorable mix in Q4 and we believe that a slight uptick in margin is likely. Specifically, we are projecting a range of 51% to 51.5% on a non-GAAP basis. Non-GAAP operating expenses will tick up somewhat as certain expenses were pushed from Q3 into Q4, but should remain well under control. Specifically, we expect non-GAAP OpEx for December quarter to be between \$29.5 million and \$30 million. I expect the non-GAAP tax rate for the fourth quarter to be between 6% and 7%.

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

Joe Shiffler

Director-Investor Relations & Communications

Thanks Sandeep. We'll open it up now for the Q&A session. Connor, would you please give the instructions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] . Your first question comes from the line of Tore Svanberg. Your line is open.

Evan Wang

Stifel, Nicolaus & Co., Inc.

Q

Yes hi. This is Evan Wang calling in for Tore. Thank you for taking my question. You talked about industrial being a little softer, but then you also balanced that with maybe some high-power business coming back, looking good in the pipeline in 2016. I was wondering if you could talk about high-power, whether it's dependent on a sound macro or are those decisions already made?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

Hi Evan, this is Balu. Yes next year, we believe that the high-power market is poised to come back for multiple reasons. Obviously, the macro being weak in China is kind of a headwind. However during the difficult times, typically China tends to invest in infrastructure and there are a number of infrastructure projects that are coming up both in renewables area and also in transportation. And in transportation specifically, locomotives and electric buses are going to do really well. We have a number of designs going on not only for the buses in China, but also locomotives in other countries that China ships to. So that's why we feel that the high-power will come back next year in addition to LED.

Evan Wang

Stifel, Nicolaus & Co., Inc.

Q

Great. My second question is about your Quick Charge 3.0 product. We know that the Quick Charge 2.0 had a little bit of trouble in the beginning ramping up and I think it was known that the customers had trouble making the decision about which scheme to adopt. How do you see Quick Charge 3.0 ramping up versus 2.0 and how much of an overlap will there be between these two standards as 3.0 gets adopted?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

Yeah. So speaking generally, it is still not very clear which one of these protocols is going to eventually win or be very popular. Having said that many of the customers, especially in China, have decided to go forward with the Quick Charge and one of them is actually going to switch over to Quick Charge 3.0 and we expect to start shipping to this large OEM starting in Q4. As far as the overall markets, there are still other protocols that are being talked about and then on top of that, we also have the USB PD which is another option that customers have. Having said that we actually in the long-term don't care what protocol they use, because InnoSwitch can be used with any of these protocols and we'll support whatever protocols becomes popular, but in the meanwhile, we are pleased that a number of customers have adopted Quick Charge and we expect many of them to switch to Quick Charge 3.0, which provides lots of new features.

Evan Wang

Stifel, Nicolaus & Co., Inc.

Q

Okay, great. Thank you very much.

Balu Balakrishnan
President, Chief Executive Officer & Director

A

You're welcome.

Operator: Your next question comes from the line of Ross Seymore. Your line is open.

Matt Diamond
Deutsche Bank Securities, Inc.

Q

Hey, guys, this is actually Matt Diamond on Ross's behalf. Congrats on the solid results in this environment. We talked a lot about the internal inventories, but forgive me, I didn't get any color on the channel inventories. I am hoping that you could give some color there?

Sandeep Nayyar
Chief Financial Officer & Vice President

A

Yeah, our channel inventories are slightly down from the prior quarter. They are roughly around 6.5 weeks.

Joe Shiffler
Director-Investor Relations & Communications

6.5 weeks.

Matt Diamond
Deutsche Bank Securities, Inc.

Q

Okay, excellent. And we've heard a lot about the GM from the mix – from a mix point of view, but I'm curious. It sounds like InnoSwitch is penetrating the mobile device market really well and it's poised to penetrate into other end markets too. Curiously, about the direction of gross margin for next year, given those puts and takes, what do you see for the gross margin directionally for next year. I don't want to have you guide – you're obviously not going to guide, but any sort of directional color for gross margin for 2016 would be helpful?

Sandeep Nayyar
Chief Financial Officer & Vice President

A

So, it's pretty early. We still haven't done our planning and mix is a hard one to tell. But as Balu talked about that, we are expecting LED and high-power to come back. Along with that, we believe that our communication business will do very well with the InnoSwitch business. So directionally, I think for modeling purposes at this point of time, I would say our gross margin in next year would be somewhere in the 51% to 52% range.

Matt Diamond
Deutsche Bank Securities, Inc.

Q

Okay, excellent. Thanks very much.

Operator: [Operator Instructions] . And your next question comes from the line of Steve Smigie. Your line is open.

J. Steven Smigie
Raymond James & Associates, Inc.

Q

Great, thank you. I was hoping if you could comment a little bit on InnoSwitch in terms of – as you mentioned taking it to other markets, have you seen much adoption outside of the Quick Charge at this point?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

Actually, we have won two or three designs already, but the big one that I mentioned is the one we won at a large appliance manufacturer who has qualified InnoSwitch as a platform for all new designs. And the first one of those designs is going to be a dryer that goes into production in the second half of next year. We think it's just the beginning. There will be a lot more designs coming not only from that particular OEM but also from number of other OEMs who are, as we speak, evaluating and designing with InnoSwitch-EP.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Okay, great thanks. I know you don't really guide two quarters out, but just how should we be thinking about March. It seems like you might have some handset business that might ramp up, but – and excuse me – might have some handset customers that might ramp down then, but at the other hand, it's a typically strong quarter for industrial. So just curious any thoughts on directionally where March might go?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

Historically, March has been kind of a flat-to-slightly down quarter relative to Q4. But I really don't believe in historical seasonality anymore, because if you look at the last few years, every year it has been different. So it's really hard to predict. But if you want to take the historic data, I would say it's flat to maybe slightly down.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Okay, great. With regards to communications it's up 30% sequentially, can you talk a little bit more about – I think you had some wins with a major Korean guy there. Was it more about just getting adopted there or was it some new wins at some Chinese guys, or what was sort of the driver there?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

It's actually all of those customers. We certainly had a strong growth in share at the Korean OEM, but also the Chinese OEMs where we got designed in, they ramped very nicely in Q3. They're all ramped to full production volumes on the projects we have won the designs on. So that's what really created the significant growth. I must say that it's not only cell phones. Even though cellphones was a primary growth driver, but we also had growth in the networking products. If you remember we had weakness in the early part of last year and that weakness was overcome in the second half, but that continues to grow this year. So we had growth in both cell phones and the networking area.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Okay, great. Can you give us some thoughts here on what you think Concept will have done revenue wise this year? And you talked about the recovery next year. What magnitude of growth are you thinking about?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

Well this year they will, they'll be probably slightly less than last year. If you remember they've had a number of headwinds including slowness in China, the currency issues, oil prices being very low, and we had issue in Russia and so on and so forth. And however, all of that are behind us now. I think we have a baseline to grow from. And as I mentioned earlier, there are number of infrastructure projects in China in renewables and transportation we think will help us grow. Renewables overall worldwide should do well, especially solar and wind.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Okay. And last question is just on computing. It's been struggling a little bit over the year. It seems like maybe it stabilized. Could that grow again next year or should be expect that to continue to be a little bit soft?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

That's a good question. It all depends upon how the desktops do. You have to remember that our exposure is primarily to desktops. We do have some exposure to the monitors and printers, but it's really primarily desktops, and desktops have done especially poorly over the last two years. Having said that I think that there is a chance for us to grow that revenue with some of our new products like LinkSwitch-HP, the Hiper products, HiperPFS-3 and HiperLCS-2 and so on, but it's very hard to tell.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Okay, great. Thanks a lot.

Balu Balakrishnan

President, Chief Executive Officer & Director

A

You're welcome.

Operator: There are no further questions at this time. I will turn the call back over to Mr. Shiffler.

Joe Shiffler

Director-Investor Relations & Communications

Okay, thank you. I know there's people with one ear on our call and one ear on another call and maybe wishing they had a third ear. So if anyone does want to jump back in, we'll pause for just a moment. Do we have any additional questions, Connor?

Operator: Another question has come in from the line of Steve Smigie with Raymond James. Your line is open.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Great, thanks. So just on the LED business, I apologize I missed your comment there. Did you say it had still been a little bit soft in Q3? And what kind of growth do you think you can get in that in 2016?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

So, once again, as you know, we've had headwinds there because of the way we've repositioned the business. We have decided to walk away from the real low end of the bulb business. But I think all of that is behind us now. So we think that 2016 we should be able to grow that revenue nicely. I should add that there are three new products that we'll be introducing over the next couple of quarters that should give us a nice boost in revenue next year.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Okay. And as far as the growth for next year, is that just going to be European and North American markets or any chance that China has changed its standards there to require the more, safer solutions for the power grid?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

Well, I think it will be across the board. I mean we have some design wins in India, we have some designs we're working on in China that will be both for internal and external market but this is on the higher end of the internal market. Mostly I would say the China designs are for export as they'll be going into U.S. and Europe.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Okay. And just to get an update on where rapid charging is in terms of gross margin at this point?

Sandeep Nayyar

Chief Financial Officer & Vice President

A

We don't break out gross margins by category, by market, but I think we have explained that the industrial is our highest margin segment followed by consumer, then computer and the lowest margin is communications, and that's one of the reasons why we've had the impact on the gross margin, because industrial is up 5% as a percentage of revenue. What did I say?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

Industrial.

Sandeep Nayyar

Chief Financial Officer & Vice President

A

Industrial. Sorry, no, no, industrial is down 5% as a percentage of revenue and communications is up 5% as a percentage of revenue. And since they are on the two extremes of gross margins, it has had an impact on our gross margin. So directionally that's how far I can go on gross margins for competitive reasons.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

Okay. Just one last one, on USB Type-C, can that be a potential threat to quick charge, fast charge, whatever you want to call it in terms of as we switch over to that cable, does it potentially displace it?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

I don't think it's a threat. It's another option for a protocol and I think it is a very attractive option because it brings other advantages. The Type-C cable can carry much higher current, so in many cases you don't have to increase the voltage at all. Even at five volts it can deliver much higher currents like 3 amps to 5 amps. And on top of that the USB cable provides data communications, so you can actually communicate with the charger to tell the charger what to do in terms of power delivery and voltage and current and so on.

The other advantage of USB PD as it is called, PD stands for power delivery, that uses the C-type cable is that you can actually do the charging function in the charger itself relieving quite a bit of the power dissipation in the phone or the tablet. Right now the charging function resides on the phone or the tablet and actually dissipates some amount of power, and it becomes an increasing challenge when you start putting a lot of power into the phone and the tablet that you're burning power in the charging function. By moving the charging function into the charger, you relieve that thermal load, and so it's very, very attractive. But, of course, that requires more complexity on the charger, which is always good for us going forward.

J. Steven Smigie

Raymond James & Associates, Inc.

Q

All right. Okay, great. Thank you.

Balu Balakrishnan

President, Chief Executive Officer & Director

A

You're welcome.

Operator: Your next question comes from the line of Tore Svanberg with Stifel. Your line is open.

Evan Wang

Stifel, Nicolaus & Co., Inc.

Q

Hi, this is Evan Wang calling in for Tore again. You mentioned about your backlog being up slightly this quarter and I would like to ask to see if you can give a little more color about not just the backlog but also the quarter that we're entering now. Could you talk a little bit above what the linearity was like and together with the backlog what that might imply for this coming quarter?

Sandeep Nayyar

Chief Financial Officer & Vice President

A

Well, we ended a little earlier, but the bookings if you look in the last two or three months have been fairly linear. And that's why you've seen why we have guided what we have guided.

Evan Wang

Stifel, Nicolaus & Co., Inc.

Q

What do you think might be the drivers for revenue this quarter, in the December quarter, what might be...?

Sandeep Nayyar

Chief Financial Officer & Vice President

A

For the December quarter, we said we are expecting slight favorability in the mix, so we think the high-power will be slight better along with LED, which typically is better in the fourth quarter. And of course the InnoSwitch is continuing to do well and I believe that will continue to help us.

Balu Balakrishnan

President, Chief Executive Officer & Director

A

And the other thing is that the Q4 usually is strong for air conditioners, which comes under appliances for us. So we think that the mix will be slightly in favor in terms of gross margin in Q4 and that's why we have guided accordingly.

Evan Wang

Stifel, Nicolaus & Co., Inc.

Q

I see, okay. And on the topic of InnoSwitch, you mentioned that because it's still in early ramp that you haven't quite gotten to the yield that you'd like or production is not quite optimal. How long would it take for InnoSwitch to get to that stage where you can see some benefit...?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

There are number of things we are doing there. We are obviously improving the yield and reducing the manufacturing cost, which will provide incremental improvements over the next several quarters. But the big improvement in gross margin will come when we introduce the next generation product in the second half of next year, which will bring a much more significant cost reduction. And after that you should not have a drag on the gross margin of the overall company. And, of course, I also should add that one of the reasons we have a bigger impact now is because we are really focused on rapid charging market, which is all in communications. Once we start getting designs outside of that in industrial applications, consumer applications and computing applications the gross margin will balance, and therefore we should not have much of an impact once these things happen.

Evan Wang

Stifel, Nicolaus & Co., Inc.

Q

Okay. And on your LED lighting, you had made a decision to exit the low end and maybe focus more on the commercial industrial if I'm correct there. Could you talk a little about how well you're doing there and which specific areas are you seeing more traction and when do you see the switch over to complete?

Balu Balakrishnan

President, Chief Executive Officer & Director

A

Yes, sure. Just to be clear, we have decided to walk away from the low-end of the bulb market. We are still playing in the higher end of the bulb market which requires features like lifetime, the power factor correction, dimming and so on. So there we will still be in the lighting business, even the essential lighting business. But it will be for the higher end of that which will be primarily for U.S. and Europe, although we have won number of designs in India and some local designs in China.

Then beyond that we'll be focusing on commercial markets. This is commercial tube lights for office environments and also industrial markets like bay lighting, traffic lights, street lights, emergency lighting, signage, and so on and so forth. And we had a pretty high share of street lighting in India, for example. We have something like 70% to 80% share of all street lighting in India. So we have kind of a broad range of applications. The only area we have decided to walk away from is the very low end.

Evan Wang
Stifel, Nicolaus & Co., Inc.

Q

Thank you for that clarification. That's all my questions. Thanks.

Balu Balakrishnan
President, Chief Executive Officer & Director

A

You're welcome.

Operator: There are no further questions at this time. I will turn the call back over to Mr. Shiffler.

Joe Shiffler
Director-Investor Relations & Communications

All right, thank you. We'll leave it there. Thanks everyone for listening on this busy afternoon. There will be a replay of this call available on our website at investors.power.com. Thanks again for listening.

Operator: This concludes today's conference call. You may now disconnect.

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