

Viavi Solutions Inc. NasdaqGS:VIAV

FQ1 2025 Earnings Call Transcripts

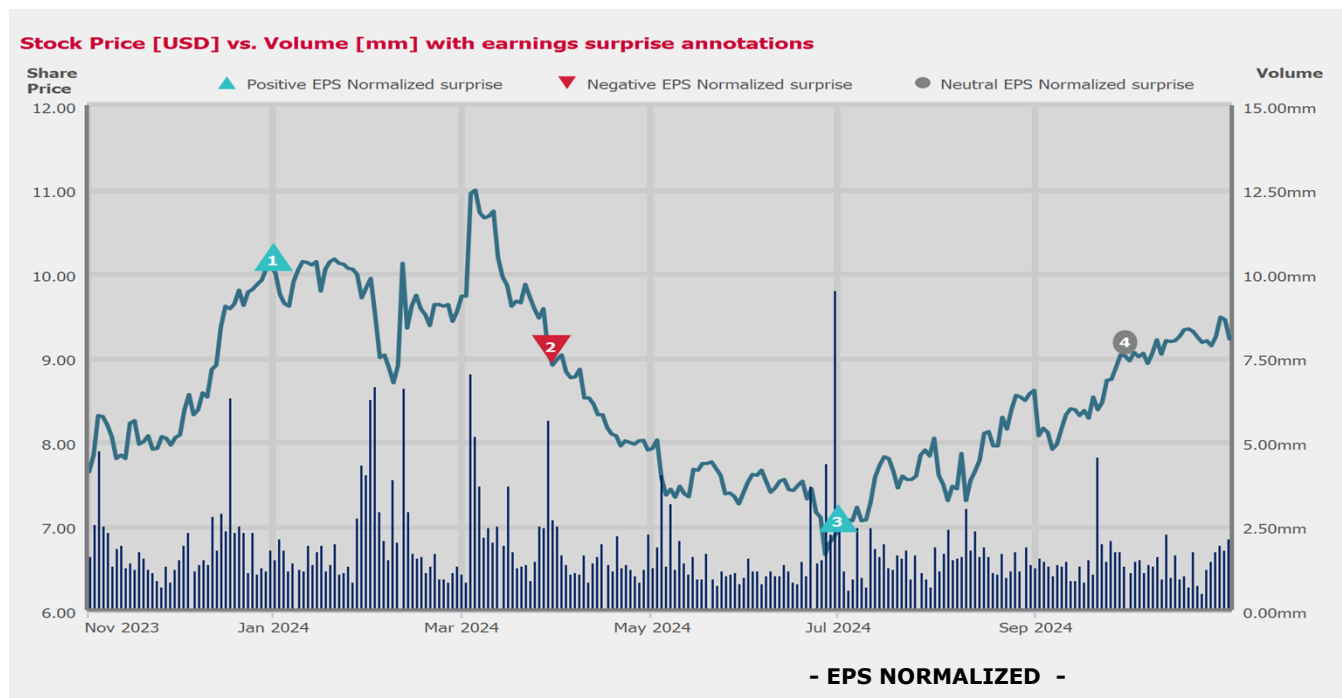
Thursday, October 31, 2024 8:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2025-			-FQ2 2025-	-FY 2025-	-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.06	0.06	●0.00	0.08	0.37	0.55
Revenue (mm)	240.10	238.20	▼ (0.79 %)	248.60	1008.36	1087.82

Currency: USD

Consensus as of Aug-14-2024 4:36 PM GMT



	CONSENSUS	ACTUAL	SURPRISE
FQ2 2024	0.09	0.11	▲ 22.22 %
FQ3 2024	0.07	0.06	▼ (14.29 %)
FQ4 2024	0.07	0.08	▲ 14.29 %
FQ1 2025	0.06	0.06	● 0.00 %

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Call Participants

EXECUTIVES

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President, CEO & Director

Vibhuti Nayar

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Incorporated, Research Division*

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*Needham & Company, LLC,
Research Division*

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*Northland Capital Markets,
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Presentation

Operator

Hello, everyone. My name is Tamika, and welcome to Viavi Solutions Fiscal First Quarter 2025 Earnings Call. [Operator Instructions]

I will now turn the conference over to Vibhuti Nayar, Viavi Solutions, Head of Investor Relations. Please go ahead.

Vibhuti Nayar

Director of Investor Relations

Thank you, Tamika. Good afternoon, everyone. Welcome to Viavi Solutions Fiscal First Quarter 2025 Earnings Call. My name is Vibhuti Nayar, Head of Investor Relations for Viavi Solutions. With me on the call today is Oleg Khaykin, our President and CEO; and Ilan Daskal, our CFO.

Please note, this call will include forward-looking statements about the company's financial performance. These statements are subject to risks and uncertainties that could cause actual results to differ materially from our current expectations and estimations. We encourage you to review our most recent annual report and SEC filings, particularly the risk factors described in those filings. The forward-looking statements, including guidance that we provide during this call, are valid only as of today. Viavi undertakes no obligation to update these statements.

Please also note that unless we state otherwise, all results discussed on this call, except revenue, are non-GAAP. We reconcile these non-GAAP results to our preliminary GAAP financials and discuss their usefulness and limitations in today's earnings release. The release as well as our supplemental earnings slides, which include historical financial tables, are available on Viavi's website at www.investor.viavisolutions.com.

Finally, we are recording today's call and will make the recording available on our website by 4:30 p.m. Pacific Time this evening.

With that, I would now like to turn the call over to Ilan. Ilan?

Ilan Daskal

Executive VP & CFO

Thank you, Vibhuti. Good afternoon, everyone.

Now I would like to review the results of the first quarter of fiscal year 2025. Net revenue for the quarter was \$238.2 million, which is slightly below the midpoint of our guidance range of \$235 million to \$245 million. Revenue was down 5.5% sequentially and on a year-over-year basis, was down 3.9%. Operating margin for the first fiscal quarter was 10%, at the low end of our guidance range of 9.9% to 11.7%. Operating margin decreased 90 basis points from the prior quarter and on a year-over-year basis, was down 240 basis points. EPS at \$0.06 at the midpoint of our guidance range of \$0.05 to \$0.07 and was down \$0.02 sequentially. On a year-over-year basis, EPS was down \$0.03.

Moving on to our Q1 results by business segment. NSE revenue for the first fiscal quarter came in at \$159.4 million, which is around the low end of our guidance range of \$160 million to \$168 million. This was mainly driven by slower order pace from service providers for field instruments. On a year-over-year basis, NSE revenue was down 6.5%. NE revenue for the quarter was \$141.6 million, which is a 5.6% year-over-year decline as a result of continued conservative spend by service providers and NEMs. SE revenue was \$17.8 million and declined 12.7% from the same period last year, driven mainly by conservative spend by enterprise customers.

NSE gross margin for the quarter was 60.9%, which is 270 basis points lower on a year-over-year basis. NE gross margin was 60.9%, which is a decrease of 220 basis points from the same period last year due

to lower volume and product mix. SE gross margin was 60.7%, which is a decrease of 650 basis points from the same period last year as a result of lower revenue.

NSE's operating margin for the quarter was negative 4.6%, which is a 550 basis point decline on a year-over-year basis. NSE operating margin was below our guidance range due to lower revenue and gross margin fall-through.

OSP revenue for the first fiscal quarter came in at \$78.8 million, which was above the high end of our guidance range of \$75 million to \$77 million, primarily driven by anticounterfeiting and 3D sensing. On a year-over-year basis, revenue was up 1.7%, driven by strength across all products. OSP gross margin was 55.3%, up 280 basis points from the same period last year and was primarily driven by higher volume. OSP's operating margin was 39.6%, which is an increase of 180 basis points on a year-over-year basis as a result of the higher gross margin fall-through. OSP operating margin exceeded the high end of our guidance range of 33% to 35%.

Moving on to the balance sheet and cash flow. Total cash and short-term investments at the end of Q1 was \$497.9 million compared to \$496.2 million in the fourth quarter of fiscal 2024. Cash flow from operating activities for the quarter was \$13.5 million versus \$50.3 million in the same period last year. During the quarter, we purchased 2 million shares of our stock for about \$16.4 million. The fully diluted share count for the quarter was 224 million shares, down from 224.2 million shares in the prior year and versus 224.2 million shares in our guidance for the first fiscal quarter. CapEx for the quarter was \$7.3 million versus \$6.7 million in the same period last year.

Moving on to our guidance. For NSE, we are seeing signs of recovery and normalization of seasonality trend and expect a stronger second fiscal quarter. For OSP, we expect a seasonally weaker second fiscal quarter, mainly driven by softer demand in anticounterfeiting products. We expect the near-term demand for anticounterfeiting products to be on the softer side as the end customers work down their inventories.

For the second fiscal quarter of 2025, we expect revenue in the range of \$255 million and \$265 million. Operating margin is expected to be 12.4%, plus or minus 100 basis points, and EPS to be between \$0.09 and \$0.11. We expect NSE revenue to be approximately \$188 million, plus or minus \$4 million, with an operating margin of 4.8%, plus or minus 100 basis points. OSP revenue is expected to be approximately \$72 million, plus or minus \$1 million, with an operating margin of 32.3%, plus or minus 100 basis points.

Our tax expenses for the second quarter are expected to be around \$7 million, plus or minus \$500,000, as a result of jurisdictional mix. We expect other income and expenses to reflect a net expense of approximately \$3.5 million, and the share count is expected to be around 224 million shares.

With that, I will turn the call over to Oleg. Oleg?

Oleg Khaykin

President, CEO & Director

Thank you, Ilan. During the September quarter, our revenue came in at the lower end of our guidance range with stronger OSP demand partially offsetting weaker NSE demand. The EPS was at the midpoint of our guidance range. On the positive side, we are seeing many of the NSE's traditional end markets showing signs of stabilization. We believe it marks the beginning of NSE recovery and expect it will continue into the second half of fiscal '25.

Now let's look in more detail at each of our businesses, starting with NSE. The NSE revenue in fiscal Q1 declined on a year-over-year basis, driven by softer demand for field instruments and wireless products. Lower September quarter demand notwithstanding, we are seeing positive signs around order stabilization, which imply the beginning of recovery in Q2 and continuing into second half of fiscal '25.

A bit more color on the individual product segments. A decline in field instruments was driven by lower demand from North American cable and service providers. At the same time, there are signs of stabilization and improved order momentum leading to demand recovery starting in the December quarter and continuing into the second half of fiscal '25. In addition, we're also seeing stabilization in our wireless

business and expect it to start recovering in the second half of fiscal '25, which is earlier than previously anticipated.

Fiber lab and production demand was slightly down. September quarter notwithstanding, we expect to see significant growth in this business for the remainder of fiscal '25, driven by high demand for our 800-gig and recently launched 1.6-terabit fiber and high-speed Ethernet products. Our mil/aero business continued its robust year-on-year growth, driven by growth in mission-critical products, including communication, avionics and PNT. Lastly, SE was down year-on-year, primarily driven by lower enterprise customer spend. Looking ahead for NSE, we expect a seasonally stronger Q2 across all product segments with continued gradual recovery momentum in the second half of fiscal '25.

Now turning to OSP. During the fiscal first quarter, OSP grew on a year-over-year basis, driven by higher demand for anticounterfeiting and 3D sensing products. Overall, OSP results exceeded the higher end of our guidance range. For OSP, we expect a seasonally weaker second fiscal quarter, mainly driven by softer demand for anticounterfeiting products. We expect the near-term demand for anticounterfeiting products to be on the softer side as the end customers work down their inventories.

In summary, Q1 notwithstanding, we expect Q2 rebound to be the beginning of gradual recovery. Despite the challenging environment over the last 2 years, Viavi has continued to invest in advanced products and technologies to maintain our industry leadership.

With that in mind, I would like to recognize the Viavi team for achieving 2 major milestones during the September quarter. The first milestone is the launch of the VALOR Lab in Chandler, Arizona, which will provide test-as-a-service for open RAN ecosystem. The second milestone is the release of industry's first 1.6 terabits per second high-speed Ethernet testing for AI workloads. These 2 achievements position Viavi well for the leadership in wireless, data center and high-performance computing market segments.

Lastly, I would like to thank our customers and shareholders for their continued support. With that, I will now turn it back to the operator for the Q&A.

Question and Answer

Operator

[Operator Instructions] Your first question is from the line of Ruben Roy with Stifel.

Ruben Roy

Stifel, Nicolaus & Company, Incorporated, Research Division

Oleg, thanks for going through some detail on the segments and sort of the quarter momentum. Wondering if you could just drill into any -- a little bit further and talk about linearity through the quarter. Were the bookings fairly linear? Or did that pick up towards the end of the quarter? And then I had 2 quick follow-ups.

Oleg Khaykin

President, CEO & Director

Sure. Well, I mean, as we start a quarter, we have a backlog and then there is some expected orders that come in within the quarter. And I would say that's largely linearity was pretty much as we expected, but we did have several major service providers indicated they would prefer to start taking product in the second fiscal quarter, that some of the revenue in NSE got pushed out. But what also was very evident is a much bigger engagement and orders looking at Q2, Q3 and a little bit even further into Q4 from not only NEMs and semiconductor vendors but also from service providers.

And we've seen a number of very interesting dynamics emerge. I was talking for the last, I'd say, 1.5 years about this, what I would call a Mexican standoff between all the operators, where they are all signaling to each other that they're not really investing, they're not spending. And what we have seen change during this quarter is a number of big events. I mean first of all, you saw AT&T became very vocal and very aggressive about their upcoming fiber deployment in calendar of '25. Then we saw Verizon went out and actually reentered the fiber market, buying Frontier, into which they dumped their fiber assets, what, about 8 years ago or so.

And of course, as the upper telecom players are becoming aggressive in fiber, it actually spurs a lot of the cable providers to accelerate their plans to upgrade or at least make their networks more competitive. With all of that, it's actually -- all of a sudden, everything went from talk and no auction to a lot of action and a lot of discussion on order placements and things like that, which truly marked a big pivot in the behavior among the operators.

And what also was very interesting is the wireless operators all of a sudden came out of hibernation. I guess when it rains, it pours. And also starting talking about accelerating 5G densification and deployment and actually starting placing field equipment -- field test equipment orders, which is usually a good indication of them deploying equipment and expanding the network.

So in that respect, we believe the -- we expect the follow-up from the wireless NEMs in the second half of the fiscal year, probably to be stronger demand than we initially anticipated. If you may remember, last quarter, we kind of thought wireless will be middle of next calendar year for recovery, I think now we are a bit more positive on it and think it's going to be more of a fiscal second half, which is the first calendar half of next year.

So hopefully, that gives you a bit more perspective. And by the way, we're seeing the same thing now being mirrored in EMEA and other geographic markets. So I think maybe the interest rate cut in September was one of the critical catalysts that spurred a lot of the money being released into the network upgrades and maintenance.

Ruben Roy

Stifel, Nicolaus & Company, Incorporated, Research Division

That's great. And you hit on sort of my follow-up. But I guess just to make sure I understand on the wireless side and sort of the sooner-than-expected modest recovery, I was going to ask if that was sort of project based. Obviously, we're hearing about AT&T and ORAN, but it sounds like it's broader than that. And I guess if we're thinking through that earlier-than-expected recovery as we look ahead to the second half of your fiscal year, would you say, and maybe Ilan you could chime in, that we should think about seasonality any differently as we think about the second half?

Oleg Khaykin

President, CEO & Director

Well, I mean, as you know, generally for us, first fiscal quarter and third are the weaker ones, clearly, to the extent a lot of these indications materialize in the March quarter. NSE may be a little bit stronger seasonally than it would be otherwise because we do see some of the orders -- I mean, believe it or not, with this rapid auto placement, as much as there is inventory in the channel, it's never the perfect inventory in the channel. And for some of the more specialized parts, we actually have lead times longer than 8 to 10 weeks.

So that kind of puts these orders more into the March quarter rather than being able to execute them in the December quarter. So I think it's a bit early to say, but there's definitely an opportunity for NSE to be stronger in the March quarter than normally would be.

Ilan Daskal

Executive VP & CFO

And Ruben, I would add that we continue, obviously, to monitor the macro environment, I mean, post election and the kind of interest rates kind of dynamics. I mean Oleg mentioned earlier the first kind of Fed move, I mean, probably was the inflection point. But we have to see kind of how it continues from here, and that will be another factor. So generally thinking -- generally speaking, we are thinking about momentum continuing, but we have to continue to monitor the macroeconomic.

Operator

Your next question is from the line of Ryan Koontz with Needham.

Ryan Boyer Koontz

Needham & Company, LLC, Research Division

Great to hear carriers coming alive here with cable and fiber and as well as even wireless, which is a bit of a surprise. But maybe can you touch on your comments around Europe a little more? And is there -- it sounds like there's a little movement there, number one. And the second question is about your 1.6T opportunity with data centers and the AI builds. Can you maybe unpack those a little bit for us?

Oleg Khaykin

President, CEO & Director

Sure. So we'll just take it as 2 questions, Ryan. So there's no freebies, but it's all right. You can always ask more. So EMEA -- well, EMEA was never as bad as North America. But also, we do see -- I mean, the fiber never really went down because there's a lot of state-sponsored activity to keep rolling out fiber in Europe. But I would say the wireless was particularly hard hit in Europe. And we do see fiber continues to be doing fairly well in Europe.

And improvement in North -- I mean in many ways, it looks like European carriers kind of look at North America, what North America is doing, and then they kind of follow it. So in that respect, I'd say we've seen this couple of behavior, right? If U.S. goes down, Europe goes down. If U.S. goes up, Europe goes up. So I think it's -- in a way, it's kind of a bit of a herd mentality. On the 1.6 terabit, that is, of course, all driven by AI and data centers.

An interesting thing. Up until 400 gigabit per second, it was all driven by telecom operators. And generally, transition node to node was about, I'd say, 4 to 6 years, like from 100 gig to 400 gig and then so on and so forth. What we are seeing with the data centers, that transition period is more like, I would say, 2 to 4

years. And it's currently ramping very rapidly with 800 gigabits and already a lot of design activity and a lot of pressure to start sampling the 1.6 terabit. And that is all being driven by data centers.

So while the telecoms drove 400-gig deployment, and then, of course, data centers kind of joined in or piggybacked on it, the 800 gig and 1.6 terabit, I would say, it's 100% driven by chip vendors, by module vendors and system vendors who are all being driven by the AI data center operators. So in that respect, I think we're already selling this quarter some of the 1.6-terabit systems, mainly to the leading -- I won't say which companies, but leading player equipment and semiconductor vendors. And I expect that will accelerate into the next year by -- but 800 gig is now really entering the high-volume production.

Ryan Boyer Koontz

Needham & Company, LLC, Research Division

Are these -- at the 1.6T, are these new customers to you or customers you've always had, they just are taking a bigger slice of the pie?

Oleg Khaykin

President, CEO & Director

It's a mix. So it's clearly on semiconductor and NEM. These are the same customers. But what we are increasingly seeing is the -- all these dozens of fiber optic module vendors in Asia.

Ryan Boyer Koontz

Needham & Company, LLC, Research Division

Is that just for production then, mostly for them with their module makers?

Oleg Khaykin

President, CEO & Director

Initially, the first 1.6 is, of course, for development. And as they -- then we'll transition into the production. I'd say probably late next calendar year. I think most of the '25 will be driven by R&D CapEx for 1.6 with maybe initial production orders for 1.6 towards the end of the calendar year.

Ryan Boyer Koontz

Needham & Company, LLC, Research Division

Got it. Super helpful. And on the -- you mentioned briefly the enterprise world. It sounds like that's still fairly soft. Is that more around WiFi testing typically? And what's that environment been like?

Oleg Khaykin

President, CEO & Director

Well, this is mainly our enterprise service assurance. It's a software. And the reality is most of our customers in that space are big financial services, health care institutions-type customers, and we've just been seeing a much more conservative enterprise software spending environment, at least for our type of products. So it's -- and there, we can have 1 million-plus orders. All it takes is 1 or 2 of them push out, and it actually drives quite a bit of volatility.

Operator

Your next question is from the line of Michael Genovese from Rosenblatt.

Michael Edward Genovese

Rosenblatt Securities Inc., Research Division

Oleg, can you talk at all about cable? How big is your exposure to cable now? And are you seeing a pickup in those orders for the next quarter and beyond?

Oleg Khaykin

President, CEO & Director

Mike, sure. So I mean cable is proceeding with upgrades. I mean the -- clearly, they've had some delays due to some architectural and system level and software delays from their network vendors. But I think it's finally the train is starting to move in the second -- starting in the second quarter. We had some initial sales in the September quarter. I think more coming up now and later.

And increasingly, I mean, cable is becoming a bit more muted for us because more and more of the cable orders are fiber orders. So they are all kind of becoming part of our fiber customer base. But I think there's probably one more cycle where you're going to see coax testers. And all our coax testers are now hybrid fiber and the copper.

But I would -- my expectation is -- what I'm seeing from a lot of cable vendors, they're starting to look more and more as the service providers. They're investing a lot more into the assurance kind of high -- to ensure higher performance of their networks. They're investing much more into fiber. And incredibly, they are actually even going further than many of the traditional fiber service providers by deploying things like optical monitoring systems to actually -- which gives you a much higher level of availability and reliability of your fiber optic network.

So we're seeing cable going from kind of moving and up in the world in terms of the high-performance networking. And I wouldn't be surprised if within a year, we don't really start -- we'll still call them cable because they are origin, but they're really becoming very much in line with companies like Zayo, Frontier and other fiber operators.

Michael Edward Genovese

Rosenblatt Securities Inc., Research Division

Great. Very helpful. And I also want to echo that it's great to see service provider in the U.S. certainly moving in the right direction here. That being said, 3D sensing these days gets very little attention and maybe because it's kind of boring. But let me just ask you for any update, anything we should be thinking about in 3D sensing. What's going on in the market there?

Oleg Khaykin

President, CEO & Director

Sure. I mean, well, it's still very much our anchor customer. I mean they're doing pretty well. And -- but it's -- for us, it's a fairly saturated market. So I mean we grow if they grow. But we are now seeing -- and I mentioned it earlier in the year. We are seeing some early adoption by Android players in China, in particular, not so much in Korea, but China, of 3D sensing. And it's initially on the high-end models to the extent that it will move more into midrange and down. And if that happens, it actually could become a quite exciting market for us. But at this point in time, it's too premature to talk about.

Operator

[Operator Instructions] Your next question is from the line of Meta Marshall with Morgan Stanley.

Meta A. Marshall

Morgan Stanley, Research Division

Maybe a couple of questions. So first question just on -- is there any changes on how we should think about kind of the run rate of the OSP business? Any changes to kind of volumes of reprints or how we think about that business? And on the second question, just on SE, I understand kind of enterprise commentary. But just kind of what are some of the green shoots you're seeing on the SE side of the business?

Oleg Khaykin

President, CEO & Director

Okay. Sure. So I would say in OSP, in terms of run rate, clearly the way we talk about it is the base business, which is anticounterfeiting, I would say, kind of industrial, mil/aero piece kind of base. And then we talk about 3D sensing. So I think I already provided color on 3D sensing. I think it's very much going with the dynamics of our lead customer for that business, and I don't see it really changing going

forward. I think it's usually stronger in the first half of the fiscal year, and it's a bit weaker in the second half, although it's no longer as asymmetric as it used to be. So it's more maybe like, I'd say, 55-45, 60-40 split between half and half.

On the anticounterfeiting, I think there is several things. I would say in the near term, there may be a bit of the lower demand. And it's coupled with some currency redesigns at major economies, and they want to consume all the inventory of the older products that they have before they place new orders. Then there is also obviously some sanctions that have hit a number of markets. There were -- I'd say we used to make maybe, say, probably around \$7 million, \$8 million a year. So that kind of goes away.

So I'd say, in the near term, we think the anticounterfeiting to be more on the conservative side of the spend, probably at least for the first half of next calendar year. And then we do see a number of new designs and new products once the old inventory cycle through and the new nodes go into production. We expect it to rebound more to its traditional run rate.

On SE, so I'd say SE is a story of 2 cities. I mean the enterprise on one hand, it's a very margin rich, good product. But we've seen -- we saw it initially in the March quarter, and we saw it again in September. It's taking longer to get customer acceptances. The spend velocity is a lot slower. So it's a bit on the softer side. On the -- interestingly-wise on telecom side, the operators and what I will say more on the private networks, there, we are seeing very strong momentum in the business development funnel and orders, which will start converting into revenue in the second half of our fiscal year and then beyond.

And I would say AIOps is really driving a lot of interest in our products. And we do think we will get next year into -- comfortably in the 20s in terms of quarterly run rate, and from thereon, moving higher as the more and more customers start taking acceptance of the AIOps product. And kind of basically, you do the land and you expand and then you deepen. So the initial acceptances are starting to take place in calendar '25, and from thereon, there will be a geographic expansion and the breadth of products -- domain products that we are selling expansion.

Operator

Your next question is from the line of Tim Savageaux.

Timothy Paul Savageaux

Northland Capital Markets, Research Division

Hopefully, I don't get bounced off again here before I say congratulations on the outlook, in particular. Took a while, but you do seem to be syncing up with this overall positive environment, especially around fiber spend, but more broadly as well. I mean as you look at that and what's setting up to be a strong finish to the year for most of the big carriers, you might want to historically call that a budget flush, although you seem to be characterizing it as more sustained than that with visibility over multiple quarters. I wonder if you could provide some color on that in terms of what you're seeing in terms of the carriers finishing the year strong but also extending that recovery and what kind of visibility you have there.

Oleg Khaykin

President, CEO & Director

So yes, I mean, I think it's probably less of a budget flush. I would probably say it's pent-up demand because they really haven't done anything in 2 years. Well, when they start spending, a bit feels like a budget flush because all of a sudden, everybody says, I need it and I need it now. Well, 3 months ago, you said you didn't even want to talk, right? So there is some of that. But reality is they're also quickly realizing that there is some lead times. I mean I would not say that there's a shortage of components. It's just when you don't order anything for a long time, to get -- well, you probably can get 95% of what you need. There's always something that probably has some lead time.

So I think there's -- to me, that is just fundamental base business, just getting back to what it should have been running as a maintenance, much -- and to the extent they expand the networks and do more build-out, it's actually all positive because what it does, it basically lifts the base business of Viavi

because then it makes our, I call them, speedboats, our much faster-growing segments really add to this full acceleration, things like our avionics and aerospace business, military business, the fiber lab and production businesses. These are all becoming quite interesting.

And we're now even starting to see customers approaching 6G topic, which is -- for advanced development is very positive, but also seeing the 5G densification finally starting. At least the talk around it is starting to pick up. That's all positive things. So in that respect, we feel pretty good about NSE finally turning the corner.

Timothy Paul Savageaux

Northland Capital Markets, Research Division

Got it. Good to hear. And if I could follow up on lead times. I imagine they vary across your business. I would imagine the bigger machines and lab and production tests are a little longer. But if you could -- if you want to talk field versus lab or what have you, talk about kind of where your lead times are right now. I imagine they're historically pretty short on the fiber field side. Is that changing given your reference to lead times there? Or is it really just a matter of logistics and getting the machine cranked back up?

Oleg Khaykin

President, CEO & Director

Well, actually -- so the more mainstream kind of field product is -- the lead times are not extensive. I mean there's a ton of inventory of semiconductor devices and connectors and all that stuff out there. Where we do feel lead time is a big deal is on the bleeding edge products like 1.6 terabit, 800 gigabits. There, you need to get things like SerDes, right? And as you can imagine, they're all in very high demand. And their lead times are, you can tell, anywhere within 3 to 6 months. And we tell everybody. The more of a bleeding-edge product you want, place orders now or deal with lead times that may be not as comparable for you.

So I'd say on a leading node product, node products like 3 nanometer and more aggressive than that, you probably have some, I'd say, 3 to 6 months lead time. On anything 400 gig and below, you can get a turnaround pretty quickly.

Operator

At this time, there are no further questions. Presenters, I'll hand the call back over to you for any closing remarks.

Vibhuti Nayar

Director of Investor Relations

Thank you, Tamika. This concludes our earnings call for today. Thank you, everyone. Have a good afternoon.

Operator

This concludes today's call. Thank you for joining. You may now disconnect your lines.

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