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Cirrus Logic, Inc. (CRUS)

Q4 2019 Earnings Call

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Christopher Rolland

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Cirrus Logic Fourth Quarter and Full Fiscal Year 2019 Financial Results Q&A Session. At this time, all participants are in a listen-only mode. After a brief statement, we will open the call for questions from analysts. Instructions for queuing up will be provided at that time. As a reminder, this conference call is being recorded for replay purposes.

I would now like to turn the conference call over to Mr. Thurman Case, Chief Financial Officer. Mr. Case, you may begin.

Thurman K. Case

Chief Financial Officer & Vice President of Finance, Cirrus Logic, Inc.

Thank you and good afternoon. Joining me on today's call is Jason Rhode, Cirrus Logic's President and Chief Executive Officer; and Chelsea Heffernan, our Director of Investor Relations.

Today, we announced our financial results for the fourth quarter and full fiscal year 2019 at approximately 4:00 p.m. Eastern. The Shareholder Letter discussing our financial results, the earnings press release, including a reconciliation of non-GAAP financial information to the most directly comparable GAAP information, along with the webcast of this Q&A session are all available at the company's Investor Relations website at investor.cirrus.com. This call will feature questions from analysts covering our company as well as questions submitted to us via e-mail at investor.relations@cirrus.com.

Please note that during this session, we may make projections and other forward-looking statements that are subject to risks and uncertainties that may cause actual results to differ materially from projections. By providing

this information, the company undertakes no obligation to update or revise any projections or forward-looking statements whether as a result of new developments or otherwise.

Please refer to the press release today, which is available on the Cirrus Logic website, and the latest Form 10-K and 10-Q, as well as other corporate filings made with the Securities and Exchange Commission for additional discussion of risk factors that could cause actual results to differ materially from current expectations.

Now, I'll turn the call over to Jason.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

Thank you, Thurman. Before we begin taking questions, I'd like to make a few comments. For a detailed account of our financial results, please read the Shareholder Letter posted on our Investor Relations website.

Cirrus Logic delivered revenue of \$1.19 billion in FY 2019 and \$240.4 million in revenue for Q4 of FY 2019. Although our fiscal year revenue results were below original expectations, we executed on a number of strategic initiatives in FY 2019 that we believe will enable Cirrus Logic to grow our served markets. We significantly expanded our penetration in the Android market, including the addition of a second 10% customer in the fourth quarter, as sales of boosted amplifiers accelerated.

Additionally, we gained momentum with our haptic driver product line as we continue to move beyond audio and voice into adjacent markets. Our components are now shipping in 6 of the top 10 smartphone manufacturers, including four in China. With a solid portfolio of components shipping today and extensive product roadmap and strong relationships with many of the leading OEMs in the markets we target, we believe Cirrus Logic is well positioned for future success.

Before we begin the Q&A, I would also like to note that while we understand there is intense interest related to our largest customer, in accordance with our policy, we do not discuss specifics about our business relationship.

Operator, we are now ready to take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Your first question comes from the line of Ruben Roy from MKM Partners. Your line is open.

Ruben Roy

Analyst, MKM Partners LLC

Q

Thank you very much. Jason and Thurman, hello, and congrats on adding another significant customer. I'm wondering, Jason, in the past you've talked about getting involved with new customers with new products, and obviously boosted amps are the key growth driver for you guys, I guess, over the next, let's call, the medium-term. You've talked about once you establish a beachhead, design activity could lead to other areas and other devices, so overall content growth at those new customers.

I'm wondering if you could talk about design activity. And as you expand boosted amps into some of these news customers, are you seeing the potential to bundle other technologies and products into those customers as you're looking out into fiscal 2020 and beyond?

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Yeah. Thanks, Ruben. That's a good question. Yeah, you're exactly right. So the neat thing about the amplifiers is they're just such a great fit and the new ones in particular are such a great fit for the Android architecture. They slot right in very well. They're an extremely high performance, low-power amplifier that deliver a lot of great features and functionality. They sound fantastic. The stuff they're in is reviewed very well.

And kind of to the direct point you're making, they provide a lot of opportunity for our team to be involved and help tune and help the customer achieve whatever their goal is for the particular product, which increasingly, in a lot of devices we ship, involves acoustic tuning and a lot of audio expertise and capability that not every customer has, and we do.

So, to the point you were referring that I've said in the past, pretty much across the board whenever our team has the opportunity to engage in detail with one of our customer sets of engineers, they just do an incredible job. They do a great job of customer care and hand-holding and helping the customer be successful. And it's very rare that that doesn't result in a customer looking for more opportunities to do business with us rather than less.

So, given the really ubiquitous nature of the appeal of the audio amps, that's opened the door for things that are very closely related, such as haptics. And then, in a bigger picture way, if there's opportunities for smart codecs they're participating in, a lot of those same customers have accessories and other things. So, yeah, it's a great opportunity in and of itself and definitely a good entrée to do business with our customers in other product lines.

Ruben Roy

Analyst, MKM Partners LLC

Q

Great. Thanks for that, Jason. And just a quick follow-up to kind of bring it into sort of nearer-term. When you think about fiscal 2020, in the past again you've talked about with content growth being able to grow in a flat smartphone unit market. Has anything changed that assessment or do you think that that's still the case as you think about fiscal 2020?

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

No, I think that's still very much the case. There's really nothing changed about our outlook versus prior periods as far as the things that we're in and what we're in them with. So we feel very good about that front. And of course, like the rest of the world, we'll be curious to see – or more than curious perhaps to see how the smartphone market unfolds and how quickly some of these other new form factors come online and start to be meaningful in terms of volume.

Feels like, if anything, the sentiment around that is more positive certainly than the last time we talked and our sentiment relative to the things that are under our control remains extremely good.

Operator: Your next question comes from the line of Charlie Anderson from Dougherty & Company. Your line is open.

Charles Lowell Anderson

Analyst, Dougherty & Company LLC

Q

Yeah. Thanks for taking my questions and congrats on the quarter. Jason, I want to start with, there was a reference in the Shareholder Letter for I think second consecutive time about an adjacent product or an adjacent area. And I think what you updated this time is that you're actually sampling now.

I wonder if maybe you could just give us a little bit of thought behind how material that product might be. Is it still under sort of the audio umbrella? Just any additional color on how important we should consider that development. And then I've got a follow-up.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Yeah. It's definitely important, the generally large kind of important. It's a different application than what we have served before and we're just kind of alluding to it in vague terms for all the obvious kind of reasons. So we're still very excited about it. It's going extremely well. We expect that to be a meaningful benefit for us, well, probably in the kind of FY 2021 timeframe.

Charles Lowell Anderson

Analyst, Dougherty & Company LLC

Q

Okay. Perfect. And then, you guys are sitting on a fair amount of cash. You probably have never had more financial flexibility as a company, considering the amount of cash that you're generating as well. I wonder if maybe you could just update us your thoughts and philosophy around M&A, appetite and philosophy, that'd be great. Thank you.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Yeah. Same answer as always, yeah, we're definitely blessed with generating a lot of cash. We discussed it pretty proactively on frequent occasions amongst management, with the board. Nothing's really changed about our priorities there. We'd love to find M&A if we find quality companies where we believe it would be a great addition, where it would be a key addition to our strategy, where it's philosophically and culturally aligned with what we do.

We've done some great examples of that in the past, including Wolfson. They're rare. They're very hard to find. Far more of them are things that don't end up adding a ton of shareholder value in the long-term and we're very careful to make sure we avoid those.

In lieu of M&A, we like buybacks. Of course, we've been successful implementing those over many years. We expect we will continue to do so. We've got a fair amount of authorization remaining on the current amount that's out there and we expect we'll continue to evaluate that kind of on an opportunistic basis.

Just as a note for folks out there, we don't engage in program trading on that front. Again, we deliver opportunistically in an open market window and so forth. And so, that results in lots of times where we like to buy shares back where we can't. But, so be it, we're not in a giant rush about that either but we like that. We've evaluated – just if anyone was wondering, we certainly have evaluated dividends and other vehicles, but given the overall company circumstances, the opportunities, we think we have to continue to grow. We think that a buyback is more flexible and more appropriate vehicle, continues to be that at this point.

Operator: Your next question comes from the line of Blayne Curtis from Barclays. Your line is open.

Thomas O'Malley

Analyst, Barclays Capital, Inc.

Q

Hey, guys. This is Tom O'Malley on for Blayne Curtis. Congrats on the good results. I had a quick one on the Android business. Obviously, in March, a really robust quarter. From what I can see, I think a record quarter with the 15% customer as well.

I guess my question heading into this fiscal year 2020 is, do you think that that higher level of Android revenue kind of sustains or do you think that seasonality-wise you see a dip down in the first half and building back up to maybe a higher level for the year? Can you just kind of shape for us what you see there? Obviously, with a lot of their contribution coming from one customer, it's helpful to kind of have some color on what you expect from the rest as well?

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Right. Yeah, it is very difficult to call as you, I'm sure, are very similar with. That segment of the market is pretty volatile and there is quite a lot of, I don't know if the right term is seasonality or product cycle, but some of both probably.

So the customer that we ramped heavily with in the March quarter, certainly you would expect – that being a major launch quarter, you expect that to be a pretty strong quarter overall and then maybe later in the year has some additional strength. But, at the same time, we're layering in a fair number of new opportunities as well.

We've alluded to in the letter that we're shipping now to the top two Android handset manufacturers, and that second one has done pretty solid work at the moment, which is a good benefit for us. So, how all of that nets out, we'll just kind of have to roll that through as we go quarter-by-quarter. But the net of it is, on a steady-state long-term basis, we expect the Android business to continue to grow.

Thomas O'Malley

Analyst, Barclays Capital, Inc.

Q

Great. And then just digging a little more there on the moving pieces, handsets, and then also in the Shareholder Letter you mentioned the wireless ear bud at an Android OEM. Can you just talk about the proliferation of your products set in the wireless ear buds. Clearly, it's gaining traction. It's just the market trend both with the big guy and also the big Korean guy as well. You talk about different areas where you're focused in. Do you think that generally that business is something that you think contributes to a lot of growth in fiscal year 2020?

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

I wouldn't say it's a huge growth number in 2020, but we're in some good opportunities that, as you pointed out, we're already shipping. We're in some additional ones that are not already shipping. I wouldn't expect it to be a huge needle mover for us in 2020, but over time, you're exactly right, that form factor is very popular and for good reason, and turns out that most but not all the folks that are making those types of devices want it to be a great user experience. And really the only thing they have to monkey with other than form factor is audio and voice.

So, us finding ways to help customers make wireless various ear buds that are a great audio and voice experience, that deliver key features, that deliver security and so forth, over time we see as a great opportunity.

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

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yes. Thank you. You mentioned surface audio playback in your Shareholder Letter. I was hoping you could elaborate a little bit more on that. What does it exactly mean for whether a content or whether it is Cirrus Logic's competitive positioning in the amplifier market overall?

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

I mean, I wouldn't view it as a huge content differentiator versus a traditional speaker, for example, from us, but it is definitely an area where a customer needs – that customers, to make it sound good, would need a lot of signal processing to go with it. These solutions have been around for a while historically, largely driven by piezo. Piezos is very problematic for a lot of reasons, contains [indiscernible] (15:10), anyway there's lot of higher voltages, there's other technical reasons why that's maybe not dead but extremely sleepy.

So the one of the things that's come to pass over the last while is people are coming up with things that are a lot more like an LRA type of an actuator that can be used to drive a surface audio type of experience. And so we see that as being a good way forward for manufacturers that are trying to get rid of holding glass and so forth.

So it's great for us to be able to help provide that signal processing capability. We see it as another advantage both from the perspective of our team and the kinds of expertise that they have, as well as the capabilities of the amplifier which don't need us to go build a whole completely new amplifier to try that market out and see if customers actually salute.

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Q

That's helpful. And as my follow-up, I think this is the first time in a while I've seen you actually be able to be more concrete about your MEMS microphone supply chain and basically having the transition to Taiwan. Could you

elaborate a little bit more on that? What does this mean from a timing perspective as far as MEMS microphone becoming more material part of revenue?

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Well, it's another couple of steps forward. FY 2019 was a really good year of progress by the team. We are today shipping microphones, but we're shipping microphones that are kind of [ph] the need of (16:51) the game, not the main event. We intend to change the microphone market in the long, long-term and we've got a tremendous amount of support from customers to go do that.

So the progress the team have made both from where the wafer is coming from, how do we achieve the kind of uniformity that we want, how do we achieve the kind of reliability in every sense from drop test to even just the design process we can turn up on the day we commit to do, just like we do on the silicon side. Those are all works in progress, but we've made a bunch of great progress in the past year on those fronts. And we've done it with vendors that are in much more of that very high volume kind of sphere.

We've worked with some good partners in the past on microphones, but they haven't been as nearly as focused on a scalable, very large kind of business. We need them to all – these things are tricky, so a lot of things that can go wrong with microphones. We need the very best suppliers and we need them to be very logically located relative to one another and relative to where the things are going to ship in the long run.

And so those are – and then additionally, there's been a lot of IP that we've developed in the area of tests that are needed to be able to ship these things in high-volume production and give our customers the same sort of happy experiences they have with us on the silicon side. So, a bunch of great progress. We're not there yet, but the support we've got from the customers we're targeting remains extremely high, and I think the team is very focused and marching to a real good plan.

Operator: Your next question comes from the line of Adam Gonzalez from Bank of America Merrill Lynch. Your line is open.

Adam Gonzalez

Analyst, Bank of America Merrill Lynch

Q

Hi. Yeah. Thanks for taking my question and congrats on the solid results and execution. Just following up on the Android comments from earlier, I'm just wondering if you see perhaps a second at least close to 10% customer ramping in the near- to mid-term, beyond the one that you already announced.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Sure. Yeah. Yeah, exactly. The potential is definitely there. Like I say, there evolved a bunch and I don't want to call that before it's there. That's certainly the goal though and we think we've got both the engagements and the team and the products in place to do that over the next coming period. However long that takes, the potential is certainly there and I know the team will execute well on everything that's under our control on that front.

Adam Gonzalez

Analyst, Bank of America Merrill Lynch

Q

Got it. And then, on the digital headsets, there was a question asked about this earlier, but in the Shareholder Letter you also cited potentially getting traction with your continuously adaptive ANC product. Just wondering if

this could perhaps be implemented in the popular wireless ear bud form factor at some point this year, perhaps early next year? Or maybe that's too specific of a question, but just wondering what your comments are there.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

It's not something that we're heavily focused on in the short-term. The noise canceling is inherently a relatively high-power function relative to tiny, tiny little batteries. I mean, it's not trivial power relative to handset batteries by the time you put them in the form factor of an in-ear wireless device. I think most people's priorities at the moment are power and then followed by power, even more power. It's really a tremendous task to bring the functionality that's already there out with a reasonable battery life and so forth.

So it's not that what we've got isn't applicable in that form factor. There doesn't appear to be a huge pull from our customer base on that front right now. They are trying to make sure that these types of devices deliver a really great voice experience, have a long battery life, provide clear audio quality in both directions, echo cancelations, and don't howl how when there's wind and things that are kind of you got to have it type features to be a valuable headset out in the wild. Somewhere down the road, that's certainly a possibility that we could circle back on the truly wireless kind of stuff.

Operator: [Operator Instructions] Your next question comes from the line of Christopher Rolland from Susquehanna. Your line is open.

Christopher Rolland

Analyst, Susquehanna International Group (SIG)

Q

Hey, guys. Congrats on getting your second 10% customer. Just a question on voice biometrics, if you could talk about some of the progress there you're making on 28-nanometers? And just one point of clarification, when do you plan on shipping mics for volume?

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

I will take the last point first so that I don't forget it, but we haven't specified that. We are shipping mics today. We'll let you know when we're a lot closer to seeing it actually be a needle mover from a revenue perspective. But, as I said, we've made a very good progress on that front in the last year.

As far as voice biometrics, more progress there as well. We've now firmly moved into the realm of where customers are actually sticking them on boards and evaluating them in more in-depth ways. As we've referred to in the past, it's an extraordinarily complex thing, and also the process of designing it in and figuring out what you're going to give it access to and so forth is also proportionally more complex than most of what we do.

We're extremely pleased with the progress we've made on the security standards front over the past little while in terms of achieving good results and good progress with the FIDO folks. We see that as very closely tied to those being a viable product in the long run that all of that processing needs to be done on the edge and device that you're to secure information and not leaving the handset or whatever it is that the device is integrated into.

And so we've made great progress on all those fronts. The device is ready to go. We've demonstrated to our customer that it really can be a valuable part of the customer experience. So we look forward to seeing that make progress as well as capitalize on other variance of the same type of device over time in other applications.

Christopher Rolland

Analyst, Susquehanna International Group (SIG)

Q

Great. And then one on haptics. So, can you guys talk about your design funnel there? And in terms of amp wins overall or perhaps even design activity, what percent are addressing haptics today versus speakers in the overall end market?

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Well, from a revenue and a production volume, the vast majority of it in the Android ecosystem is audio. That product was first and frankly the demand for that is more universal and also, in a lot of cases, is stereo. So the revenue piece is far more weighted towards the audio. Over the next while – and certainly the design-ins and design wins, haptic is coming up very nicely behind that, again proportional but given the fact that audio vary out from stereo and haptic generally does not. But we're seeing the design-in and design win progress very nicely on haptics.

So, extremely pleased with both those product lines. I can't say enough about the good work that the team did, both hardware, software, marketing, sales, you name it, across the board was really a world-class effort.

Operator: Your next question comes from the line of [indiscernible] (24:46) from Needham. Your line is open.

Q

Yeah. Thank you for taking my question, guys. I'm asking for Raji Gill. Can you talk a little bit about from the trends you are seeing in the China smartphone market in the past few months any signs of stabilization? Any color would be greatly appreciated. Thank you.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Sure. So, I mean, I think we talked about this on the last call. It's difficult for us to speculate much on are things stabilizing or otherwise there, because most of what we're participating in is relatively new to us. So, customers in China tend to be, from our perspective, quite volatile and no matter what's going on. So, in a lot of cases for us and these are – we're shipping in customers that either we are in not as much stuff before or we're in with a lot more content now or so forth. So it's kind of all new – a lot of it's new for us, so making a relative judgment about it stabilizing or not is not something I've got a bunch of great insight on.

But at the same time, we did see a lot of strength in some of those customers in the March quarter where, in fact, in a couple of cases where we were chasing supply all the way through the quarter and expect to continue to do so for a while. So, again, you enjoy the volume but that they're not generally known for being exceptionally good at forecasting, which I don't know how they would be, frankly, because just with the business models that they've got I don't think provides a tremendous amount of visibility.

As we've talked about in the past, no matter how much you read about in the news, speculation about how much the next phone of anyone that anyone ships is going to ship. You never know until somebody puts it on the market and we see how many customers actually line up and buy the thing. And I think that's obviously true in China as well.

So they – but they clearly have had some successes that surprised some of the customers we're dealing with over there because, again, we've seen quite a lot of upside in the past little while. So it certainly doesn't seem bad to us but I don't know how to compare it in terms of a relative statement or a stabilization.

Q

Perfect. Thank you. And one more question regarding gross margin outlook. With regards to gross margin, what would you say are some of the risks to hitting like your targets? And just your current target of 49% to 51%, should we assume that's like – I guess, your target gross margin [indiscernible] (27:24) long-term?

A

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

Well, I mean, things can definitely move in the long-term. I'll certainly refer you to the risk factors you can find in our filings for a whole bunch of different things that we certainly try very hard to make sure it don't happen, but they can. We think that's a decent range just to model us in until we give you a different number.

We're very meticulous about not biting off business that we think will materially move us off of where we think the model works, which is somewhere in the range near where we are today. So I wouldn't expect anything dramatic unless, as usual, the sort of asterisk strike type stuff that you see in the risk factors happens. Again, we're trying hard to make sure that doesn't happen.

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

Q

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Yes. Thank you. Just two follow-ups. First of all, Jason, sorry for putting you in the spot but sometimes beginning of the year you kind of give us at least directionally where you think revenues will go for the year. I know it's pretty early on here but do you think this could be a growth year?

A

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

I think it can be a growth year. I don't know how – as I was just saying on the last answer, I don't know how to predict how many phones are going to ship in Q3 and Q4. So we just decided at some point we went off the roller coaster, we'll leave that for you guys to add your value on from a market perspective of what might or might not happen. We're just not wise enough to guess how many phones are going to ship so and we're obviously pretty closely tied to that.

There are years that we've had in the past where our content increase is so significant that we're able to more confidently point that, hey, no matter what happens, we're going to grow, and this year isn't in that category obviously. We're substantially more excited, I will say, about that content story, both in applications that we haven't historically been in for next year for FY 2021, as well as new content and form factors that we have been in historically for next year. So we're extremely excited about FY 2021.

This year, there are areas where we've got new content. There's obviously new customers coming online, it's just hard to guess how that nets out against the overall handset market. As I said earlier, I will say, it does seem like the sentiment, the external to us just the sentiment that we're all looking at the same stuff [ph] already. (30:14)

Seems like it's a little more positive now than it was a quarter ago, but we'll see [ph] how it all on that side (30:21) over time.

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Q

That's very helpful. And excuse my ignorance, but you mentioned the Android released P and Q. Can you elaborate a little bit on why that is important for voice biometrics? Sorry, I just don't understand the technology.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

Sure. I can't say I'm super expert in it either. But the Android folks have definitely had a realization somewhere along the way that the security stuff is really, really critical that it needs to be architected in a FIDO type of way and that there needs to be broad support for that in the OS. So, yeah, I mean I think it's more reflective of just the awareness that's in there and building in the hooks and so forth. So I don't know exactly the details of what has been added to P and Q, but it's kind of reflective of the net of all that.

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Fair enough. Thank you.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

A

All right. Yeah. Take care.

Operator: There are no further questions at this time. Ms. Chelsea Heffernan, I turn the call back over to you.

Chelsea Heffernan

Director of Investor Relations and Risk Management, Cirrus Logic, Inc.

Thank you, operator. There are no additional questions. So I'll now turn the call back to Jason.

Jason P. Rhode

President, Chief Executive Officer & Director, Cirrus Logic, Inc.

All right. In summary, while FY 2019 was a challenging year financially, the company executed on multiple initiatives that we believe will contribute to growth in the coming years. We significantly increased our share in Android, executed on numerous new product development activities that are expected to come to market over the next 12 to 18 months, and strengthened key customer relationships. With an extensive product roadmap spanning audio, voice and other adjacent markets such as haptics, we are dedicated to delivering differentiated products that will enable us to capitalize on the increasing demand for complex analog and digital signal processing that we believe will drive our long-term success.

I would also note that we will be presenting at the Cowen Technology, Media, and Telecom Conference in New York on May 29 and the Stifel Cross Sector Insight Conference in Boston on June 12. Live webcasts of these events will be available at investor.cirrus.com. If you have any questions that were not addressed today, you can submit them to us via the Ask the CEO section of our investor website. I'd like to thank everyone for participating today. Goodbye.

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

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