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Cirrus Logic, Inc. (CRUS)

Q3 2021 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Cirrus Logic Third Quarter Fiscal Year 2021 Financial Results Q&A Session. At this time, all participants are in a listen-only mode. After a brief statement, we will open up 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 Klay Case

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

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

Today, we announced our financial results for the third quarter fiscal year 2021 at approximately 4:00 PM Eastern. The shareholder letter discussing our financial results, the earnings press release, including a reconciliation of non-GAAP financial information to the most important directly comparable GAAP information along with the webcast of this Q&A session are all available on the company's Investor Relations website at investor.cirrus.com. This call will feature questions from the analysts covering our company as well as questions submitted to us via email at investor@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 expressly disclaims any 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 and the shareholder letter issued today, which are 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 the current expectations.

Now I'll turn the call over to John.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

Thank you, Thurman. Cirrus Logic delivered Q3 FY 2021 revenue of \$485.8 million, above the high end of our guidance as we experienced strong demand for certain products shipping in recently introduced smartphones. During the quarter, we were especially pleased with customer evaluations and design-in activity across our product lines. We expect a variety of new end products utilizing our boosted amplifiers, truly wireless headsets smart codecs and haptic solutions to be in the first half of this calendar year.

In reflecting on what is really an incredible set of results for the quarter, I'd like to acknowledge and express our thanks to Jason Rhode and to Al Schuele, who were, of course, CEO and Chair of the Board of Directors respectively for period and his leadership played such an instrumental role in building the company that we are today.

In the December quarter, the company also completed our annual strategic review and we are truly excited about the three growth vectors that we believe will contribute to our long-term success. First, we anticipate strengthening our position as the leading audio supplier in smart phones. Second, we are focused on increasing sales of audio components in certain applications beyond smart phones. And third, we are drawing on our extensive mixed-signal engineering expertise to develop technology in new development areas that we believe will drive diversification beyond the audio demand.

In the last quarter, we took an important step along that path with the introduction of a closed loop controller product. And in the last two earnings calls, we have also signaled that we're currently investing heavily in a product in another new area relating to power that we are aiming to introduce later this calendar year.

While we won't go into details on these products, I will report that our engineering progress continues to be really positive and that we continue to be very excited about the journey we are on with our customer. With the rich portfolio of products available today and a pipeline of innovative new components in development, we are optimistic about our ability to execute on this strategic plan and we believe that this will drive both revenue growth opportunities and product diversification in the coming years.

Before we begin the Q&A, I'd 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're now ready to take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And your first 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 and congratulations on the results. First question, John, could you calibrate a little bit your visibility right now – obviously, your largest customer didn't offer any public guidance, but would you say you have sort of the same visibility right now as you had in previous years? Or is it better or worse?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

I think it's always difficult to read across from what we see happening with our own orders to what's happening with our customer products, just given the fact we ship to contract manufacturers, in some cases, module vendors. What we do see generally is really strong demand. So in the macro sense, what we hear in the very positive and very bullish outlook from our largest customers, we see reflected in our order book. It's obviously a time of lot of capacity constraints in the supply chain. And we certainly see that same pattern of demand exceeding supply. It's definitely a quality problem to have, but, yeah, I think the outlook is for continued strength of the market.

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Very good. Second question. And you mentioned this a little bit in your prepared remarks. It does sound like the company is probably going to be a bit more aggressive targeting non-smartphone applications. I know historically the company has always kind of viewed those as opportunities, but perhaps a bit more opportunistic. So should we think that is going to be a more concerted effort to really diversify into wearables, laptops, and so on?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

We certainly think there are really good opportunities there, Tore. That is something that we – we've been talking about it gradually turning up the volume on over the past couple of years. In the last year, we thought we passed a lot of meaningful milestones on getting into some key wearable products at some big tablet launches across customers. And we want to keep that momentum going across those product categories.

And as we've indicated, we believe other important product categories hold opportunity as well. You mentioned laptops there. From my perspective, really when it's something that is battery-dependent device, really power-constrained, where either haptics, or audio, or some other area of mixed-signal expertise is required then, I think, it could be a very good fit for us. So for sure, as we've been able to grow in scale our engineering capability over the past few years, it's not for one second that we're taking our eye off the ball. Regarding smartphones, you can see that's kind of mission number one. As I said, we continue to lead the field there, but yes, you'll see us I think continue to make progress in these other categories.

Operator: And your next question comes from the line of Ruben Roy from Benchmark Company. Your line is open.

Ruben Roy

Analyst, The Benchmark Co. LLC

Q

Great. Thank you very much. John, if I could follow up on the supply chain commentary around constraints et cetera, the first question is, would you say some of the constraints that either you're facing or maybe some other supply chain participants are facing are putting a cap on your near-term outlook, which could ease later on this year? Or are you able to supply everything to your customers as your demand exceeds as you look to the March quarter?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Well, look, when it comes to our largest customers and our largest selling products, obviously, a lot of the work we do there has a very long timing horizon. So we feel in very good shape there. When you step back and look the boom in demand across the broader category of products that we're selling to, there is for sure demand that exceeds our ability and the supply chain's ability to service that right now. That could be because during calendar 2020, customers had a – some customers had a bleak outlook on the market and then got back in the win back in their sales at the back end of the year. Or it could simply be just a completely new upside. So our guidance reflects what we're able to capture of that. We continue to work on supply chain constraints to see how much of that we can grab, but all of that is taken into account in our guidance, Ruben.

Ruben Roy

Analyst, The Benchmark Co. LLC

Q

Okay. That's helpful. Thank you, John. And then, higher level question around the growth vectors and the strategic planning, et cetera, that you've done. Some of these new products that you've been talking about and are excited about – I think the investor base is pretty excited about, [indiscernible] (10:12) custom products slated for your largest customer, what would you say the roadmap looks like in terms of more general product offerings both for your traditional smartphone end markets, but also some of these other markets that you are excited about as you think about the next 12 to 18 months?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. We're certainly very excited about the opportunities ahead of us. When it comes to evaluating them, Ruben, we look at the opportunity size above all else. If that happens to be with one customer versus another, that's a kind of second order consideration to us. Right now, what we're focused on is executing against our current plan and getting these first-generation devices in new categories for us, locked and loaded to help our customers ramp successfully with those products.

In the longer term, there may be additional upside, but honestly, the opportunity we see ahead of us with our largest customer is sufficiently significant and meaningful that we're very upbeat about the future based on that.

Operator: Your next question comes from the line of Matt Ramsay from Cowen. Your line is open.

Matthew D. Ramsay

Analyst, Cowen and Company LLC

Q

Yes. Thank you very much. Good afternoon. John, I wanted to – there was a lot in the shareholder letter and in your script as well about as the other guys had asked new domains. And you mentioned laptops and a few other things. I wonder if you might talk a little bit about – is the company investing and is it important for you to consider

things in the automotive market just as carrying smartphones with audio and that domain is important also, if there is tons of opportunities for haptics you would think and the long design-in cycles and whatnot. But I just wonder if that a market that your view might be different than it would have been if you did talk about it two, three years ago given the amount of disruption that's happening in that space? Thank you.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Thanks, Matt. Yeah, it's an interesting area. We have some business in the automotive space. We continue to evaluate that. As a major focus, I would say, we steer towards areas where the power constraints are really much more severe to something that needs to be really thin, carried around, worn on the person, those kind of devices where every microgram counts are the ones where, I think, we can deliver the most leverage from our engineering advantage.

There are, as you say, certain areas of the automotive space that are taking off; haptics being one of them, which we continue to look at. It's not a major focus for us right now, given all the opportunities in front of us in that more power-constrained device space that I mentioned.

Matthew D. Ramsay

Analyst, Cowen and Company LLC

Q

Got it. Got it. That makes sense. I guess, my second question and I guess, it's to Thurman or John, obviously, feel free to chime in here. But I guess, the question that I've got a few times in the last 45 minutes, hour, whatever, since the numbers came out are the growth is – I don't know – 30% or so on a year-over-year basis in December. And your largest customer wants their flagship device a little bit later this year than it has in the past, just from a calendar perspective.

So to see the March quarter up, I guess, 10% year-over-year or certainly declining on a relative basis. I just wonder, anything else going on there, or is it mostly just the supply constraints that you talked about. And I guess, the second part of it is are you – as you informed in the guidance, are you guiding to supply you know you've secured and are going to try to do better than that? Or is there some sort of formula where you're calculating what your supply might look like? Thanks.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. Look, our guidance takes everything into account that we see internally and externally. So that obviously includes incredibly strong product launches from our largest customers; very strong demand across the board. And then also areas of our business that would be growing faster if we could secure more capacity than we currently have committed for this quarter. So we then take a broadly conservative line through that data when we give guidance while like I'm reiterating, I guess, just how optimistic we are on the outlook generally, given the strength of demand and what we have in the pipeline. Yeah. That's – it may well be that we can grab more upside, but this is – the capacity constraints there for sure real, but what we're basing our guidance on, I think, is a very solid outlook of demand we can service.

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

Blayne Curtis

Analyst, Barclays Capital, Inc.

Q

Hey, guys. Thanks for taking my question. I just want to ask you on the Android side. Last quarter you were enthusiastic about some of the upside potentially from China. And then it sounds like your Korean customer had some earlier launches as well. So when I look at the December quarter, it looks a little bit flatter. I'm just curious, December played out as you expected and then as you look to March – I know you don't like to guide by segment, but any color on what you expect from Android, you mentioned in the shareholder letter some new ramps of haptics and such. Thanks.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. I think overall for Android, yeah, we're very positive about what we think we're going to see this year. What do we did talk about, I mean, as you said, Blayne, we don't break it out by segment. But where we did talk about design-in momentum, which has been really good. And I think you'll see us in both – showing overall growth in Android, but also see us in more devices and more sockets this year in Android as a result of that design momentum, which really accelerated over the past quarter.

Blayne Curtis

Analyst, Barclays Capital, Inc.

Q

Thank you. And then, just a question for Thurman [indiscernible] (16:30) but on gross margin, the guide of 51%. I know you always are kind of conservative here. I'm just curious if you're seeing anything, it has come down from the beginning of the fiscal year to the end, 160 basis points. So I'm just curious any color as for the moving pieces there, whether it's the Android or new products. That would be helpful. Thanks.

Thurman Klay Case

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

A

Yeah. We don't break out that details on where the margins change. But we have supply chain efficiencies and product mix, product cycles and launches all have an effect on margin on any given quarter. We're guiding – again, we're guiding to a range that we think is reasonable for our visibility at this time. But we would note that when we look into FY 2022, we would expect that margins will trend slightly up as we move it across that fiscal year.

Operator: Your next question comes from the line of Derek Soderberg from Colliers Securities. Your line is open.

Derek Soderberg

Analyst, Colliers Securities LLC

Q

Yeah. Thanks. So I just want to start with John. So there was some positive commentary in the shareholder letter around new end products adding content. With the last few months of the fiscal year, last year, I was wondering if you can provide a bird's eye-view of fiscal 2022 as it relates to content increases and how that shapes up for growth for the year and then may be some moving parts in there. And then I have a follow-up.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Well, as you know, we don't guide for – beyond the current quarter. But directionally, I think you can read the tone and the body language here is that we've got so much going on in terms of new content introduction and new stuff in development that we feel very upbeat. And obviously, the strength of demand is a factor in that. But if units were flat, we would still be feeling very upbeat given what we have on the content side.

So in particular, I think the main headline, as we talked about is that we have what we fully previously referred to as a power conversion and control device that we are planning to ramp in the back end of this calendar year. That's something that we are both extremely excited about in terms of its introduction and the opportunity that that represents for us in landing new content and a new product – the smartphone system and then being able to add value and incremental benefit to our customers and uses over time based on that. So that's really exciting for us being in a new area of the system, new content with significant value.

But we've indicated relative to the closed-loop controller, which we just ramped in the back half of calendar 2020 – relatively speaking, the new device will be meaningfully higher than that in terms of value. Beyond that, we have a number of developments ongoing and new product introductions. We talk in the letter about the introduction of devices using our new headset smart codec design for truly wireless headsets and delivering ANC, which is currently shipping. And so far the response to those – the reception of those products has been really positive. We're excited about the opportunities there.

And then sort of reading out the whole letter, I'd probably just refer you to the whole range of categories there were – I think, we're making really good progress. As I said, the Android momentum in the smartphone space is great, but looking beyond that, wearables, tablets and other categories beyond that represent significant growth opportunity for us where we have – we have great devices.

Derek Soderberg

Analyst, Colliers Securities LLC

Q

Great. And then, I guess, with recent products released in these non-audio adjacencies, the camera controllers and power control IC chip year after that, should we view this cadence as sort of normal, or is this more of an atypical product cadence in the shorter term? Just want to see how you're thinking about the cadence longer term. Thanks.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. That's a fair question. I don't think there is a crisp answer to it. When you look back at the cadence across all kinds of product that we shipped into our largest customers, actually, it's pretty variable. There are periods when you go through a new introduction on a given device every couple of years. There are periods when it's longer than that. So I wouldn't – I actually wouldn't hazard a guess on that right now. When it comes to the exact timing, what we are sure about is, there's plenty of headwind for bringing more innovation to those categories, and just integrating more functionality, providing – leveraging the integrated signal processing that we have in those devices and continuing to add some value to our customer. So if we can execute as we have been doing and continue to take innovation to our customers, then I would expect there to be a good frequency of update to those products in time.

Operator: Your next question comes from the line of Rajvindra Gill from Needham & Company. Your line is open.

Rajvindra S. Gill

Analyst, Needham & Co. LLC

Q

Yes. Thank you and congrats on all the momentum. A question on the non-Apple business – sorry, the new non-top customer, so if you look at the year-over-year growth from December of last year to December of this year, it seems based on the math that non-top customer, the revenue was basically flat year-over-year. So with your

strength in midrange audio amplifiers and truly wireless and other products, just wondering how you're thinking about that part of the business as we ramp throughout the year and going into subsequent years.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. I think maybe drawing too much out of the past quarter on that front, I'd maybe caution against that just given that a lot of the – when you look at our Android business, a lot of the Android market was hit pretty badly by COVID during calendar 2020 for a variety of reasons, partly regional, partly lack of having such a strong direct channel and so on. So that was fairly – there was a kind of hang on that part of the market. I think what we have seen, though, and this is what we described in the letter is a lot of momentum on the design side.

And so the general demand for our products and – including our state-of-the-art, leading-edge latest generation boosted amplifiers within that part of our business is really significant. And so we saw a lot of design momentum in the last quarter on that front. Obviously, that stuff that we will see bearing fruit through this calendar year.

Rajvindra S. Gill

Analyst, Needham & Co. LLC

Q

Just for a follow-up, for your top customers, just wondering if you could help me understand the mix of the phone versus the non-phone without maybe quantifying it, but just quantitatively, the mix of revenue that you're getting outside of the phone and what are your thoughts on that going forward?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. We don't break that out. Obviously, I'm sure you're expecting me to say that. Listen, on the non-phone side, the story there has been really positive over the past year. We had like some very – as I said earlier in the call, we had some really good milestones that we passed in terms of getting content into great new-to-us product categories that were launched during calendar 2020. But all of that – obviously, honestly, is dwarfed by the amount of momentum on the phone side in the past quarter in the current generation in particular. But still, the story on both sides is a very positive for us, lots of progress.

Operator: Your next question comes from the line of Vivek Arya from Bank of America. Your line is open.

Vivek Arya

Analyst, BofA Securities, Inc.

Q

Thanks for taking my question. I'm curious, what is the right metric or milestone we should track for Cirrus or how would you do on the Android side. So if let's say Android market goes up x-percent this year in terms of units, how is your visibility in terms of growing with that market? I think you've outlined a number of interesting content opportunities. But when do they actually start to show up in the model?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Well, we're obviously shipping today in a whole range of Android smartphones. We tend to be focused on the upper half of the market, so the flagships here and then the upper half of the mid-tier smartphones. Historically, we've been very strong in some vendors, less well populated in some of the other flagship phone vendors. And we're seeking to maximize that over time. So certainly, one leading indicator I would point to is design-in and the sockets -our amplifiers are in the flagship smartphones from across the Android OEM community. Then,

obviously, once we get into those sockets, we look to iterate, grow the value, and populate other SKUs and other tiers as appropriate.

Vivek Arya

Analyst, BofA Securities, Inc.

Q

Okay. I'm curious, what is the right way to think about the second half of the year that you potentially have camera content perhaps expanding in all models and then the power control content, which I think you described as a meaningful step-up opportunity that coming only at the high-end? Or do you think that also has a chance to show up in multiple models?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. Look, I think what we've said about that in particular is long term, we regard that as being highly relevant across the tiers and across SKUs. So that I think latter device is likely to trend towards an attach rate of one. How that looks on the first run-up when we ramp in the back half of this year, that remains to be seen. And then on the closed-loop controller content, yes, I think we previously talked about taking an ASP of being roughly equivalent to an amplifier there as your general guideline based on – that's a blended ASP based on a certain attach rate. Again, just given the nature of the devices that ships in, we'd expect to see that blended ASP trend up over time as well.

Operator: Your next question comes from the line of Christopher Rolland from SIG. Your line is open.

Christopher Rolland

Analyst, Susquehanna Financial Group LLLP

Q

Hey, guys, thanks for the question. I guess, first, I'll have kind of a big picture and then drill down a little bit. So in your letter you talked about the annual strategic review. Perhaps, John, if you could talk about the topics that were reviewed there, but also maybe your couple of biggest takeaways that you had from that review in your short tenure-ship as CEO thus far?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

I hate to disappoint. I think I'm going to tell you that I've told you everything I want to say about the takeaways. But look, yeah, there were obviously – every company does a strategic review. There are times [indiscernible] (29:26) comparatively painful. There are times you do it where you're looking – we ask all the teams to come pitch their and their opportunities that they've identified for business growth. And this is one of those occasions where you're looking across that list of stuff and stretching ahead, wondering how you're going to select between them and staff as many as you can.

So that's what we've gone through over the past few months. I think out of that, there are three really clear vectors which I talked about. We feel that there's really significant opportunity to both continue our leadership in the smartphone space and then build beyond that and build meaningful revenue beyond audio and continue the trajectory that we believe are on there.

Christopher Rolland

Analyst, Susquehanna Financial Group LLLP

Q

Awesome. Thanks. And for my second question, in the presentation, there was something that was new that was pretty cool. And that was the HP mixed-signal beyond audio breakout that you guys gave. And I guess that's a camera controller and haptics, if there is anything else that I missed in there, that would be great as well. But my question is really around this market, would you say this solidly hold a growth rate that you guys expect above market trend for the next couple of years here? Where do you think perhaps five years from now, this 19% number could be for the company overall as you look at the various products and opportunity sets you have?

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

I'm not going to get drawn on that. Obviously, we have a view on it. It continues that trends that we've outlined in that slide. Thanks for highlighting that, because I think that tells exactly the story that I was communicating. We believe that there is still growth in our core audio business, around smartphones; there's growth taking those products and that IP into other product categories – into other device categories. And then there is really meaningful opportunity for us to continue to expand the areas where we're applying our advanced mixed-signal expertise.

So that you can see in the shareholder presentation where we illustrate that we see the revenue from that other non-audio set of domains growing significantly over time. We expect that to be, for sure – I mean, who knows exactly what's going to happen with the market. But we believe the best way of growing our revenues is growing content and then growing the content by phone, and obviously, any underlying market growth is upside on that.

Operator: Next question comes from the line of Rick Schafer from Oppenheimer. Your line is open.

Andrew Hummel

Analyst, Oppenheimer & Co., Inc.

Q

Hi, this is Andy Hummel on for Rick. Thanks for taking my question. Just quickly on the CLC product, it sounded like in the shareholder letter that [indiscernible] (32:56) on that technology as a whole in your large customers. But are you guys capable of – or have you had any early conversations from other OEMs or anybody else that's interested in that product to roll that out other providers over course of time. I'm trying to get a sense of the potential demand for that product going on even beyond your largest customer.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. That's not a focus for us right now. We're really being very focused on executing and ramping with our customers [ph] of that (33:35). We're not in the business of working for years on a custom product for somebody and then shipping it to other customers. We obviously invest a lot of engineering expertise and IP in that. And we look to leverage that towards our biggest opportunities, but I'm pretty confident that we're focused on those.

Andrew Hummel

Analyst, Oppenheimer & Co., Inc.

Q

Okay. And then, just quickly on the buyback authorization, [indiscernible] (34:05) the \$350 million. Is that any indication of your guys plans on accelerating buybacks any time near term or is it just an extension of your sort of normal run rate buyback that you plan to look at over the course of time. Thanks for taking my questions.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah, sure. Well, our preferred use of cash remains M&A. So absence of good acquisition opportunity, then we'll continue to look to return cash through shared buyback on an opportunistic basis. What that authorization reflects and represents really is just that we have historically high amount of cash on the balance sheet and we want to be in a position to leverage that if the circumstances dictate.

Operator: [Operator Instructions] We have a follow-up question from the line of Tore Svanberg from Stifel. Your line is open.

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yes. Thank you. Two quick follow-ups. First of all, Thurman, inventory days of 55 days, that's not an all-time low, but it really is at the lower end, if you look through history. How should we feel about your ability to get that number back up for the March quarter? Obviously, revenue is going to be down, but just want to get a sense for your ability to build some inventory this quarter.

Thurman Klay Case

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

A

From our visibility, we're expecting the inventory to increase by the end of this quarter – how much, there's a lot environment, right? So how much that will be, but we do expect it to grow as we head into the first quarter of fiscal year 2022.

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Very good. And then, the ASP ranges that you guys have for your products, they tend to move around. And I assume that's because you keep penetrating new applications and especially the mid-tier part of the smartphone market. First of all, is that the case? And then, second of all, can you just clarify that these ASPs are tied to anything not related to your largest customer, right, so [indiscernible] (36:33) of your business.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Yeah. That's broadly correct, Tore. Let me move from quarter to quarter, if we update the presentation to reflect that, that's – yeah, typically, it may be because of new product introduction or may be a new category that we're penetrating or a new tier. And those products in there don't reflect – the ASPs that we talk about in there don't reflect custom products.

Tore Egil Svanberg

Analyst, Stifel, Nicolaus & Co., Inc.

Q

Great. Thank you, guys.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

A

Thank you.

Operator: [Operator Instructions] And there are no further questions at this time. I will turn the call back over to Chelsea Heffernan.

Chelsea Heffernan

Director-Investor Relations, Cirrus Logic, Inc.

Thank you, operator. There are no additional questions. So I'll hand the call back to John.

John Forsyth

President and Chief Executive Officer, Cirrus Logic, Inc.

Thank you. Well, in summary, we're delighted with our results for the December quarter as higher-than-anticipated demand for certain component shipping smartphones drove revenue above guidance. We continue to be amazed by what our team has been able to accomplish during the unusual and challenging circumstances of the past year. And I believe that this dedication and talent combined with our innovative roadmap and the strength of our relationships with the leaders in the markets that we serve will position the company well to capitalize on the growing opportunities ahead of us. If you have any questions that were not addressed, you can submit them to us by the Ask-the-CEO section of our Investor website. I'd like to thank everyone for participating today. Goodbye.

Operator: Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.

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