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PRESENTATION

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

All right. Well, I guess, we can get started. Here we go. All right. Well, welcome to the afternoon session. My name is C.J. Muse with Evercore ISI and very pleased to host Analog Devices. We have Prashanth Mahendra-Rajah, CFO of the company; and Mike Lucarelli, Head of IR and, I also believe, Treasurer.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

FP&A.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

FP&A. Sorry. Next. Thank you, gentlemen, for being here. It's great to see you live in particular.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Thanks, C.J., great to be here.

QUESTIONS AND ANSWERS

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Great. Well, I guess to kick start things, I guess a near-term question and surprising. And I think many of us were surprised to hear you talk about a slowing of orders and a discussion of cancellations on your earnings call for July and August. And I guess, curious how things have proceeded since then.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. Yes. Great. Yes. So we're not going to do an update from the earnings call but I would -- I'll just provide some additional context and color, C.J. The business continues to see extraordinary demand. We are -- we again recorded record levels of orders with the book-to-bill above 1. What we tried to call out on the call was kind of in the spirit of our transparency was that we were seeing the early signs of a change in the inflection and, most notably, the -- our book-to-bill by our key end market had all -- had come down.

Industrial and automotive, we're still above 1. But in prior quarters, they had been quite strongly above 1. Consumer was pretty much at parity, 0.99, so close enough to the revenue forecast. And communications was slightly below 1, sort of in the high 0.9s. Overall, still above 1, which meant our backlog grew again to another near-record level. And maybe just a minute, C.J., to put that in perspective.

We are sitting on more, and I want to emphasize the more, than 4 quarters of backlog. Our backlog -- or a quarter of revenue for us, let's call it, $3.1 billion. So multiply that by 4, and you're looking at in excess of $12.5 billion of backlog.

In a pre-COVID world, we would be looking at closer to $2.5 billion of backlog. So there is a very sizable delta in the amount of demand that we have yet to fulfill in addition to the order activity that is continuing to be generated every quarter. So now I think all of us recognize that some of that extraordinary backlog is probably not going to hold firm as the cycle plays out here. So we're expecting some of that to be canceled. And in fact, we are aggressively working with our customers to make it as easy as possible for them to cancel orders on us for products they do not need.

That is the -- that's the best lever we're going to have to ensure we get supply and demand well aligned. A bad outcome for us would be a customer having to take inventory that they don't need and then taking that product away from somebody else who is in need of it.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

So as you've approached customers with this proactive policy, have you seen any changes in sort of the next kind of 3, 6, 9 months? And/or has it been more predominantly in the outyears?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. Thank you. So the increase in cancellations that we mentioned on the call, and I think maybe just to level set what that was is we are -- we went from a sub 5% number to above 5% number, but still mid-single digits. So I don't want to imply that it was this very big change. And that percentage is defined as order dollars divide -- sorry, cancellation dollars divided by total backlog.

The increase in cancellations that we saw were all in future quarters. So nothing in the current fourth quarter that we're shipping to, very minimal in the first quarter and the balance in much future quarters. And if you step back and think about it, that makes intuitive sense.

Lead times are stabilizing, so you have more predictability on when if you order something, you'll be able to get it. And with some of the macro challenges that are out there, I think our customers are also relooking at what is it they're going to be building in a year or year plus and what do they need to make that production.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Makes sense. I hear you and Vince have a bet going on in terms of what percentage of this total.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

I'd say that we've said publicly that it is likely to be no less than 15% and likely be no more than 40%. I'm more at the lower end of that, and Vince is perhaps a little bit at the higher end of that.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

So I'm going to vote with the guy who decided to get big poppy at the Analyst Day. Sounds good.

Michael C. Lucarelli - *Analog Devices, Inc. - VP, IR and FP&A*

An FP&A guy inside of that one. With the approval of the CFO, of course.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Good. Good. So I guess one last kind of near-term question. And I guess it relates to your positioning today versus prior cycles -- and I think you would highlight greater diversification and also much higher sustainable gross margin. And so I guess, can you walk through, I guess, how this cycle can be different for ADI, at least in terms of the earnings power of the company through the trough of what might not be great?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Sure. Yes, we're -- I think we're a very different company and for investors who may not have been following us as closely, if you think about the transformations that we've driven with the acquisitions that we've done and the focus we put on execution, we are structurally more profitable than we ever have been. And in that profit structure, that allows us a lot more flexibility in how we manage the company through cycles.

So we have very high conviction that in a scenario where if our revenue was to decline by 15% on a trailing 12-month basis, which I want to highlight that 15% would be a pretty significant impact for us. If you think about the end markets we serve, that would really be talking about something that's happening at a very large global level for us to see that 15% decline. We still have very high confidence that gross margins stay north of 70% and operating margins staying north of 40%.

And we achieved that through the work that we've done to build a hybrid manufacturing model with swing capacity. So typically, as you go through these cycles, where companies get more pressured on them is you have underutilization in your manufacturing facilities. We're able to minimize that underutilization by being able to swing more production internal versus using our foundry partners, allowing that utilization rate to stay higher and also the flexibility that we have in our OpEx that allows us to minimize the impact to shareholders without having to get into more aggressive cost reduction actions.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Makes sense. I guess, a longer-term question. So the first one here would be your focus at the Analyst Day back in the spring on total solution-based products. And I guess, curious, you've talked about new markets, higher content, differentiation. Can you speak to where you've had your greater success so far in terms of integrating hardware, software and services?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes, there's quite a number of examples, but maybe I'll pick healthcare and automotive. On the healthcare side, the ability for us to provide a solution that is not just the hardware but also packaging that hardware and embedding software in there, which has algorithms that allow us to provide a more comprehensive solution. And a good example would be in our Photon-to-Bits product, which is used in CT machines. And what that product does is it allows the device basically to go from the photons to the X-rays coming off the emitter all the way into the digital signal. And it allows the patient to have a lower dosage of X-rays and it allows the resolution of the picture for the radiologist to be of a higher granularity and we've -- I think we were public a little bit ago about 1 customer, right? We did name 1 customer on that. And now we basically have the majority of market share for folks who are making those machines because the value proposition is so compelling.

And on the BMS side, really, the wireless BMS is a culmination of so many different technologies. It includes our precision. It includes the power management, includes software algorithms in there that help maintain that robust resiliency in a -- when you're doing the communications wirelessly. And that's another good example of where we're getting paid for the value that we're creating there.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

So when you think about your top line target model of 7% to 10% CAGR, how much of that is coming from this? And I guess second part of the question would be how differentiated is this versus your competition?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. I think, C.J., what is perhaps most underappreciated by investors on ADI is we're not in the game of gaining share. We are focused on creating new market. And when we create that market, we own the share in that market. And we recognize eventually, competition will come in. And by the time they come in and taken their position, we've moved on and created a new market. And I know I used this example, but I think it's one that is easier for folks to understand.

When we launched the idea of wireless BMS, which was shortly after we acquired Linear and for investors, and I think you were there, C.J., who came to the Consumer Electronics Show in 2018, we had a very rudimentary demo of how this product would work. There was low interest by the auto guys. They had -- didn't understand what would be the value proposition of wireless BMS. But the ability for the ADI engineering team to see what the customer needs, even though the customer may not have recognized that need, build that product out and now to see the success we've had in a very short period of time now, we have 4 OEs. I can name Lotus as the smallest one, but the other 3 are all very meaningful size. And General Motors obviously has also been public.

But that's in a very short time where we're moving the entire architecture of how electric vehicles are being built to a wireless infrastructure, which is a product that when we -- in 2018, most of the customers said, don't want it, don't need it.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

So maybe you could remind us, what does that do for you in terms of moat as well as incremental dollars?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Right. It is the investment that is necessary to build those markets, and we have this in spades in multiple markets. The investment that's needed when we create that market allows us to really capture that value, which you can see in the gross margins that we print. Those gross margins are really a reflection of the innovation premium that we bring to our customers and the sustainability of that because once you are designed in on a socket, you hold that socket for decades, which is why we have this very robust model that we don't feel some of the same pricing competitive pressures as folks, who play sort of in standard analog because we're solving problems that are unique for our customers.

We're getting paid for that innovation, which is both sustainable and also allows us to feed more of that R&D, which allows us to create the next market.

In the Investor Day, I think one of the executives did a little bit of discussion about handheld ultrasound and some of the technology that we are exploring in this concept of handheld ultrasound. And when that works, that is going to be another highly disruptive technology that, again, will be a market that we're making and will allow us to really revolutionize how health care is delivered.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

And just going back to the wireless BMS side. My understanding, and please correct me if I'm wrong, but that one of the beauties of the technology is that you can go in and just take out a bad cell within the battery and not have to replace the whole thing, could you elaborate on that opportunity? And is that one of the key selling points or not?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. Absolutely. So when you think about a BMS system, what are you solving for? You're solving for -- a traditional wired system is designed so that it never comes apart, right? You can drive off-road, you can hit the curve of the car and those wires are meant to stay connected. So it's incredibly strong connectivity, which connects all those cells together. And that same safety need of keeping it all tightly connected makes maintenance a nightmare because by making it so tightly connected, it's actually difficult to disconnect it.

Wireless BMS gets rid of that need. And it also takes out the weight of all those wiring connections, which means that when you do have a bad cell, it is really kind of just a pull out and replace with a new one. And the maintenance of replacing it becomes very easy. But I would say also the installation for the vehicle becomes very easy. We've got a very compelling demo that we show to customers on where we time the same battery pack being wired up in a traditional manner versus a wireless manner. And you can see -- and it's time-lapsed but you can see a dramatic reduction in the amount of labor hours that are necessary to put this in.

So you're getting more robustness, you're getting easier maintenance, you're getting less weight, which is important for electric vehicles because that means more range, and you're getting less labor hours to actually build the vehicle. And as General Motors is demonstrating very effectively, you can iterate new models very fast because you don't have the same level of testing that's going on. And you can see that with the rapid deployment of new models that they're able to launch.

Michael C. Lucarelli - *Analog Devices, Inc. - VP, IR and FP&A*

One thing, the benefit to us, that's the benefit of the customer. At the same time, we accrue a lot of benefit, too. Our content per vehicle in a wireless versus wired about 2x. And those margins are actually higher. The gross margins had are higher on the wireless side because we're adding software and algorithms to that solution. So it's a win-win for our customer and ADI.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

That's great. So I guess last point on this front would be, I think you talked about GM, Lotus, 2 other customers, including large European OEM. Any additional wins on the come and/or what would be the kind of client customer penetration that would kind of make you happy looking out 6, 12, 18 months, whatever period is?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

I would be surprised if the wireless solution wasn't the market share-leading solution in a few years. The value is very compelling. Now why would that not occur is, as we all know, there's a lot involved in automotive companies purchasing decisions. So there's a lot of things that go into their overall considerations. But if it was a straightforward sort of economic and value-driven decision then this is super compelling.

Just as we've seen with A2B. So our A2B portfolio now is at 18 of the top 20 OEMs. That product has been out there for...

Michael C. Lucarelli - *Analog Devices, Inc. - VP, IR and FP&A*

6 years.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

6 years. 6 years now, and we're only 50% through the ramp. So there are still half of those customers who have model -- who have car models that haven't yet redesigned for A2B, but they will. And the value proposition there is so compelling. It will -- it's going to become the de facto standard.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

The last question, sticking to auto. I think that there's obviously fears amongst investors that we've been over-shipping and building inventory. I think your take is maybe a little bit more nuanced in the fact that BMS, A2B and GSM are really the principal drivers of that over-shipment and that the rest of your business is really tracking the SAR. So I guess, assuming the rest of the business is in line with SAR, what gives you the confidence that these are truly the type of growth end markets that you see in such that there really isn't much inventory?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. I think that the -- when we look at the year-over-year shipment or year-over-year sales for ADI products, and we categorize those based on SKUs, into those that bundle, that supports each of those sort of secular drivers, whether it be electric vehicles, the infotainment inside a vehicle that's getting upgraded to have more speakers, more microphones to support a more audio-rich experience and the connectivity architecture that's necessary for blind spot monitoring, backup cameras and so forth, so we can pull out of our overall automotive sales the products that support those 3 big drivers. And then if you adjust for price, the rest of our business is performing exactly in line with SAR.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Got you. All right. So I want to move now to hybrid versus the IDM model. You and TI are really taking very different approaches. And so I guess under your approach, how can you make sure that you have sufficient capacity, right? What are the incentives that are being provided to your foundry partners to ensure that looking at 3, 5, 10 years, you have all the supply you need?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. Great. So I think it -- to start with the appreciation that our business model is not a volume-driven model. And if you look at our ASPs, which are multiples of the average analog ASP versus our competitors, we sell more dollar per chip than the average and our competitors. We make fewer chips, and that's because we sell for the value versus the volume. So you don't want to really compare us on a unit basis because although the company may be similar in revenue size, the actual production quantities are much smaller.

The use of our foundry partners, both -- as well as our internal fabs is designed for that hybrid manufacturing model to give us that flex. And by flex, I mean that we have internal production capabilities, which we are expanding. And as part of that expansion, it includes the ability to move production internal from our foundry partners when it requires. So that flex capacity is what allows us to manage through cycles. And when times are very good, then we can rely on our foundry partners to pick up more of the load.

And if things go -- if things get a little rough, then we can bring more of that internal to keep our utilization levels high. It's that balanced model that works well for us. If you think of in kind of the broad system, broad ecosystem, who is your ideal customer as a foundry partner, it's going to be a large analog company. Why? Because we use technology that, for the most part, has been fully depreciated by another client. We have very, very stable revenue streams, right? As you can see from our vintage charge, once we put a product into a foundry partner's process, they can rely on us being a steady customer of theirs for decades.

And then the third is that as a relative percentage of their overall production capacity, we represent a small volume. So we're very much an ideal customer, and that's why we have the most -- I think we have tremendous relationships with our foundry partners. And I think you saw that over the course of this year. We were steadily able to get additional wafers every quarter through this year from our foundry suppliers while this industry was in an incredibly tight situation using the relationships that we've built.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

And so one last question on the capacity side. How do you see the transition in terms of your mix, 200-millimeter to 300-millimeter? And is it only internal capacity in terms of where you're adding 200 or are foundries adding -- willing to add 200?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. So the -- we have -- our internal production is all 200 today. And when we need 300 millimeter, we use our foundry partners. The difference for us is because we are a high mix, low quantity there's not a large number of product SKUs that make themselves really amenable to a 300-millimeter process. It's again, that quantity versus value proposition so that where we need it, either because of the technology, and we do go down to some very small lithography as we embed certain digital products into our overall analog products, we need access to that more cutting-edge technology where we will rely on it from the foundry partners.

But otherwise, we're sort of well balanced with what we do on 200. It is a -- you should think of us as a lot of -- it's a lot of short runs given that we have 75,000 SKUs.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Got you. Okay. I guess now to your bread and butter industrial business. I think at a high level, you've talked about tracking PMIs, which have kind of deteriorated in the last few months. But at the same time, you have fairly large franchises that should be more secular in nature. So can you kind of walk through how you see that business through cycle?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Mike, why don't you break down all the components of industrial percentage? And then I'll touch on a couple of them.

Michael C. Lucarelli - *Analog Devices, Inc. - VP, IR and FP&A*

Yes. So if you look at our Industrial business, 25% or 30% is instrumentation, instrumentation test, think of ATE, ETM. Think of customers that are like Teradyne, ADVANTEST, Thermo Fisher, Keysight, those type of customers in that business. Automation is the next biggest, just about 25% of industrial. So those 2 make up half of industrial for us. The next 2 biggest are aerospace and defense, which is about 15%; and health care, which is about the same, 15%, maybe just over 15%. It's 1-5%. The last bucket we break out is sustainable energy, which is just under 10%, but growing quite fast. As the world moves to EVs, you need infrastructure for it that benefits that business. And the remainder is I'll call it other broad market.

And there are a lot of secular trends, C.J., to your point. What we say at a high level is PMI does dictate a bunch of that business. Maybe half of that overall industrial bucket trends with GDP, but there are a lot of growth drivers and secular drivers we can dig into more across each of those buckets that doesn't matter PMIs are doing, you're seeing customers still invest in those technologies.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Right. Right. I think the -- what is underappreciated in industrial is there is a content story going on. It's very easy for us as -- because we're all consumers, to get our arms around the content growth in an automobile because we see it happening as we continue to drive cars and see new models. That same trend is going on in industrial. It doesn't go at the same pace, and it's a lot more distributed. But I think the -- what we will see in the coming quarters is a better way to differentiate.

Historically, our business had a high correlation to PMI. I am confident that we will have more of a buffer as we go forward because of the secular content growth in industrial. But how much of that, I think we will have to look back in a few years to see if we've been able to really tease that out. And I know, C.J., one of the things I admire about your shop is you guys do some good core research from time to time. I think there's a great opportunity there to kind of figure out, can we tell -- can you help investors understand secular growth in industrial?

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

All right. We got a project. Excellent. I guess some work to do. There goes next weekend. All right. So now a tough question. So maybe moving on to margins and free cash flow. And I think that this is the place where I think about ADI over the last kind of 5 years, where you guys have clearly shined and created this kind of religious model in terms of generating free cash flow and returning that to shareholders. So I'd be remiss if we didn't spend some time on that.

So you've talked about the gross margin story in a trough shouldn't be below 70%. I guess how are you thinking about op margins, free cash flow margins? And then we can talk about capital returns.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. Yes, sure. As the business continues to grow, we're going to see continued positive leverage on our cash flow. We're not a big consumer of cash. We've talked about sort of mid- to high single digit as a percentage of revenue to be used towards capital and sort of asymptoting back to maybe 6-ish percent over time, which leaves substantial cash flow available to return to shareholders.

Dividends are the cornerstone of our capital allocation policy. So we're committed to, on average, grow kind of 10% divvy annually through the cycle. It may not be 10% every year, but it will be over a multiyear trend. And our history would show that we've committed to that. The balance of that is into share count reduction. When I think about free cash flow generation of that, it is -- you expect perhaps a little bit of a tick up in the tax rate based on the new tax legislation that's come out there. But in general, as we are kind of consistently putting in 50% operating margins, which is sort of where we're headed now, you should expect for cash flow as a percentage to kind of climb to that low 40 number.

Michael C. Lucarelli - *Analog Devices, Inc. - VP, IR and FP&A*

Just a quick clarification on the CapEx. We talked about the Investor Day. Our long-term mile is 4% to 6%. We talked about being elevated for the next couple of years as we add this capacity. And then as Prashanth said, asymptote down back to that mid-single-digit range.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

And as you think about the uncertainty of where we are cyclically, how should investors think about your commitment in terms of approaching that 100% free cash flow each and every quarter? Is that something that you think about on a quarterly basis an annual basis?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

It's on an annual basis. And the only reason -- frankly, it's on an annual basis. The only reason is we set up a kind of a buyback target and program at the beginning of the quarter, and then we walk away and let it run. So it doesn't execute for whatever reason because of the volatility in the stock price and we end up on the short side of that, then we have to adjust the next quarter to make up for it.

So it is not -- we are in no way trying to time the purchases, but we set a goal of this is how much we want to buy back and these kind of parameters in which we're comfortable buying back. And sometimes it can go over and sometimes they can go under. But in general, we will -- we iterate to solve for 100% return.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Got you. So we've got about 5 minutes left. We'd love to hear your thoughts in terms of maybe bigger picture. How are you thinking about current R&D today and kind of projects that you're investing and looking out over, say, the next decade? What can you share on that front?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

I think the trend that we continue to have very high conviction on and I would add that sort of as we've gone through the supply-demand imbalance, it's made our conviction even stronger is that customers are very desperate for companies that can bring them solutions. We see that the complexity of the problems they're solving are getting harder and harder and they don't have the skills internal to solve those. And where they want to spend their R&D dollars is further up the stack in solving more algorithmic software, AI, ML problems.

So we really see the door opening wider and wider for ADI to become the partner to our customers and really unload a big piece of their engineering development work and their problem-solving on to us. And the goal for us is to make that model scalable.

It is something that we know how to do very well. We have done a great job in the last decade-plus bringing domain expertise in-house. We have -- I think people are always surprised to know that ADI has biochemists on staff because we need that type of expertise when you're working with a scientific instrument provider. So our ability to bring in that expertise from our customer in-house allows us to solve their problem at a much greater intimacy. And so I think as time plays out here, you'll see us continue to differentiate ourselves from our customers -- sorry, from our competitors just through the stickiness of the relationship we have with our customers.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

So as you think about bringing the portfolio to bear, and obviously, you've been highly acquisitive from Hittite to the Linear to Maxim, how do you think about the portfolio today?

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

I think we have a lot of what we need. I think you can expect us to continue to explore tuck-ins where it makes sense to bring a technology and that we can help scale it. Now as a larger enterprise, tuck-ins might be bigger than they have when we were a $3 billion enterprise 5, 6 years ago.

But that's -- the focus today really is we have this incredible franchise with Maxim that we bought, the revenue synergies are in front of us and really the next couple of years, Vince is driving the team, execute on those revenue synergies.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Okay. Well, we've got 2 minutes. I tried to prepare in order, but why don't I go back? A lot of questions around data center. And so I guess, could you speak to the trends that you're seeing there? I think that's more in your wired business.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Yes. We are -- we've heard some concerns out there. We're not seeing it in our business yet. I would say that. We're not seeing anything from an order activity in our business yet. I will just share anecdotally, I was with our Asian sales team -- was it last week? Yes, it was with our Asian sales team last week. And so they are starting to share that some of the large data center operators in China might be slowing down some of their procurement activity. So again, it hasn't come through yet, but that seems consistent with what other folks have been telling us.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Makes sense. Okay. Sure.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

Let's wrap it up.

Christopher James Muse - *Evercore ISI Institutional Equities, Research Division - Senior MD, Head of Global Semiconductor Research & Senior Equity Research Analyst*

Okay. We'll wrap it up. Well, thank you. Greatly appreciate your time.

Prashanth Mahendra-Rajah - *Analog Devices, Inc. - Executive VP of Finance & CFO*

All right. Thank you.

Michael C. Lucarelli - *Analog Devices, Inc. - VP, IR and FP&A*

Thanks.
