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# EDITED TRANSCRIPT

ADI.OQ - Analog Devices Inc at Evercore ISI TMT Conference (Virtual)

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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*

Well, good morning, good afternoon. This is C.J. Muse with Evercore ISI. Welcome to our Inaugural TMT Conference. It's a pleasure to introduce Analog Devices. We have Karim Hamed, General Manager of Instrumentation; and Michael Lucarelli, Senior Director of Investor Relations. We've got 35 minutes to go through the business, and I'm sure we'll have a lot to focus on. So I guess I will turn it over to Karim initially. Again, instrumentation is the biggest piece of the industrial segment of ADI, which is more than half of the company's overall business. And I will turn it over to Karim to give a quick overview, and then we'll move to Q&A. Karim?

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**Karim Hamed**

Great thank you, C.J. Good morning, everyone, and thank you for joining us this morning. I'm here to talk about our industrial instrumentation business, give you guys some color on the position we have in this market and the growth drivers that keep us excited about the potential growth. So in FY '20, our instrumentation business generated roughly \$860 million in revenue. So this is a very diverse market across customers, across applications, across geographies and across technologies.

But the revenue is roughly split between 3 submarkets, equal split. The first is our automatic test equipment or what we call it ATE. And this is covered like high-volume testing for semiconductor and portal devices. The second one is our drive test and measurement, which provides lab and field test solutions for markets in communication, automotive and aerospace and defense. And the third section is scientific instruments, and this is providing measurement solutions for molecules and for life sciences, such as drug discovery, genetics and environmental margins.

So ADI is the market leader in instrumentation, providing semiconductor solution, enabling the advances in the test and measurement market. We have a very strong product portfolio and across all precision, high-speed converters, power, RF and our acquisition of Maxim -- sorry, of Linear and Maxim's coming out of Linear and Hittite had strengthened our position in this market and enable us to create a unique signal chains that help our customers get to market faster.

Looking ahead, we are well positioned to grow this market, building upon the growth that we have seen over the last 3 years. And this is fueled by multiple drivers. First, all of our leading secular -- all of our leading secular drivers is well aligned with this market. And for example, in communications, connectivity in more traditional to EV, the growth in high-performance compute support like data centers and 5G, all of this drive like the test business, and hence, more content for us. Both the complexity of these applications requires more testing and requires more content, and that's also positive for our business.

Another tailwind is the whole reshoring of semiconductor happening globally is also a strong tailwind for this business. And over the last few months, I'm sure you all heard about the hundreds of billions of CapEx being invested in foundries expansion and (inaudible) is being built globally. A portion of this business -- portion of this CapEx spend will go towards test equipment, which will benefit our -- the instrumentation because we have a very strong play there.

So overall, a very strong, diverse business, and we are very excited about the growth potential looking forward. So with that, I'll turn it over to C.J., and we'll open to questions.

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## QUESTIONS AND ANSWERS

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

Yes, Karim. That's great. So I guess just to start with, I'm not sure that this is a business that's fully appreciated by investors. So could you help us understand how ADI wins in this market, including some of the challenges you're solving for customers and the types of customers you're most commonly working with?

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**Karim Hamed**

Yes. So good question, C.J. So instrumentation is a truly performance-driven market. And the reason being, like the test instrument have to have a better performance than what's being tested. What being tested can be anything from a handset, a base station, a semiconductor, but you have to have the best performance. You have to be able to have a high performance at what is being tested. And that plays very well for ADI because we have the most complete highest-performance analog. And our ability to be able to put all these signal chains together and optimize them to get to what we call the instrument grade performance is what differentiate us from competition. And that's why we win. That's why we have the share that we have in this market.

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**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 maybe we can start drilling deeper into 2 of the 3 segments. Could you provide some historical context around what did the trend contribute most to growth in the past several years? And then how should we think about it going forward?

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**Karim Hamed**

That's great. So I would say over the past few -- last few years, we have had like, I would say, high single -- double-digit growth over the last 5 CAGR and mostly, I would say, like driven by comms and aerospace and defense, test applications, and in areas I can -- like ATE for example, which is semiconductor test, (inaudible) we deploy complexity in 5G and the growing complexity in high-performance compute and processor testing, all stuff, that was a good growth driver for us over the last few years. And we see that continuing over the next 5 years.

Comms will -- again, with the emergence and -- what I want to talk about is actually when you look at comms, it's good to see, but we touch these applications across the various phases. So we touch it in R&D in testing. We touch it during deployment in field and lab test equipment, and we touch it in high-volume manufacturing, right?

So if you look at comms over the last 5 years, yes, definitely, the R&D piece was strong with 5G. Now we see it happening up more in field deployment and IC test. But we also start engaging in 6G, right? And the emergence of 6G, especially in R&D piece. The comms is definitely a good driver over the last 5 years.

Looking ahead, we see the transformation that's happening with EVs will be a future growth driver. Cars going from internal combustion to EVs will provide unique test capability, whether it's a semiconductor test, whether it's a testing of the EV itself and the host view of applications like inverter testing, battery testing and all this stuff that provide a good growth opportunity. And then in the scientific instrument space, that also went through a transformation with all of the ESG initiatives and the advances in life sciences and therapeutics and drug manufacturing and

vaccines, that will also provide a long term. So looking ahead, we think comms will continue, but we start seeing like more of automotive and life sciences will also have contributed to the growth.

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**Michael C. Lucarelli** - *Analog Devices, Inc. - Senior Director of IR*

(inaudible) comms actually hit both buckets, ATE and ETM, as Karim said, it's kind of a horizontal market across these different vertical applications. And if you think of like data centers or handsets, that's more on the ATE side, you think of like the actual base stations and 5G towers, it's more on the ETM side.

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**Karim Hamed**

That's correct.

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

That's great. So maybe just drilling deeper into 5G, and you also talked about early-stage work on 6G in measurement on the scientific side, R&D side of the house. But specifically, with 5G, we currently expect 5G build-outs in China to reaccelerate in the back half of '21 and for build-outs to begin in North America and in the EU in calendar '22. How are you thinking about 5G test over the next 18 months or so? And does your business generally track 5G build-outs pretty closely? Or does the correlation tend to be more nuanced?

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**Karim Hamed**

Yes. So C.J., like when you look at 5G, we touch it in different points, right, in the development. So definitely, as more deployment happen, then you will see like the need for testing these base stations that will drive the demand for tests and definitely that will benefit from ADI. And then the semiconductor side on the 5G, the memory, the processors and all of these semiconductor content will drive more test demand for semiconductor. This is the 2 pieces that we see with the deployment of 5G will benefit the instrumentation. Absolutely.

Of course, like when you look at it from -- as the 5G -- when you look at from the -- for UE side from the handset side, with 5G testing and where we have the handsets can support 3G, 4G, 5G low band, 5G high band, that will drive the test for the handset as well, right? So definitely, when it comes to deployment, we'll see impact of 5G in the instrumentation business for sure.

But what I'm trying to say as well, not only 5G is big, but also when you look at the R&D side, when stuff that will go on production 10 years actually, we're already engaging that as well. So 5G will continue to drive growth. But we also start looking ahead working with our customers on what 6G will look like.

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**Michael C. Lucarelli** - *Analog Devices, Inc. - Senior Director of IR*

Yes that -- one thing, you're right. I mean 5G is inherently lumpy for comms. It's less lumpy in the instrumentation business, as Karim said. It can touch us in different phases where on the comms side, it's more about basics being built and deployed, where Karim's business, there's so many different things going on across the bucket from R&D to lab to field that it's a much steadier less volatile business.

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**Karim Hamed**

Exactly.

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

That's great. So maybe drilling, I guess, now into the ATE segment, it looks like it's around, I don't know, 35%, 40% of the business. Two very large players there, some others also doing work in-house. And we've seen kind of a renaissance in terms of the growth for that market, both SoC and memory.

And so curious, how are you thinking about the growth for that business in the years ahead, particularly when you reflect on all the front-end capacity that's coming online and you would think there would be a correlation to back-end demand in time?

**Karim Hamed**

Yes, absolutely. So ATE has been, yes, definitely one of the strongest segments we have within the business. And when looking ahead at -- C.J., I said, like, look at all the trends, all the mega driver, whether it's wired connectivity, whether it's wireless or wireline, whether it's electrification and the testing of all high-power devices, continued electrification and the memory. So I think overall -- and again, the tailwind coming as well from all the reshoring.

So I think ATE will have a sustained growth over the next few years. It's a -- it is mostly coming from the whole -- I would say it's multiple drivers from electrification, from connectivity, from data centers, from memory growth. So we see this trend this year. It's very strong, and we see it continue over the next year or 2. And we don't think that get soften at least with all the capacity coming on as I said in my introduction. All the front-end capacity added, you will require like some test capacity to go along with it. The portion of this spend will go towards ATE and we'll benefit -- we'll benefit our business for sure.

**Michael C. Lucarelli** - *Analog Devices, Inc. - Senior Director of IR*

Yes. On that side, if you think of one application of memory, for example, as memory goes from kind of NAND to 3D NAND, the test time (inaudible) they go up twofold, threefold, 3 times. And as the guys -- the memory guys want the same throughput, well, the only way to the same throughput of (inaudible) is going up by factor of 3x is either you have more testers or more complex testers. Both scenarios are good for Karim's business because he needed more of them and is more content per box. So yes, overall, the market is doing well, but also what the market needs to be tested is being more complex, which is additional content for ADI's business.

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

So I know ADI has a very special relationship with Teradyne, both in the Boston area. And this is not a question specific to one customer. But the ATE business is really driven by 2 factors: semiconductor units and complexity of those units. Is it fair to say that, that's precisely what will drive your business as well? Or are there other factors?

**Karim Hamed**

Yes, it's fair to say that, C.J. I think it is -- as Mike said, as the semiconductor complexity increase, that drive test time. And again, with the secular growth, which is volume growth, that drives the overall number of testers needed and hence, it's like more content.

So I'll give you an example. The move towards finding no joint is from, what, 10 nanometer to 7 nanometer to 5 to 3, what does that mean? It means that you can pack more transistors. You can add more functionality to the (inaudible), which means more testing needs to be done and performed. So definitely, that will be a factor. And on top of the secular trends, which will drive the volume growth. So yes, I would say I agree with your statement.

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

Okay. Great. So it looks like, I guess, scientific instruments is roughly 1/3 of your business, and I imagine that's much more aligned to maybe early-stage R&D-type investments, longer cycles, the (inaudible) the world. How -- I guess, how should we think about the growth of that segment and kind of your visibility?

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**Karim Hamed**

Yes. So that's a very interesting segment. And again, we felt that -- again, we can talk about the vaccine development, so a lot of the -- where we play right now is in the analytical instruments, which is the instruments used to analyze molecules, right? And this is used in QA, QC and drug manufacturing and vaccine development and so on and so forth.

This is one piece. And this is going to a transformative, and that's why I tell about like you see the rapid development of the COVID vaccines. And there's a lot of happening in drug discovery and therapeutics and vaccine development that is also going through transformative, going through this, what we call it, connected workflows where they want to have more of instituting testing rather than taking a template and going to let analyze it more of doing this institutional development. There's a lot of activity happening there that will benefit a lot from our technology.

And then we have also within the scientific instruments, we have the environmental like the (inaudible) all the stuff and quality. And with the more awareness in the SG&A stuff, we think that this would also will accelerate the growth. So historically, this segment, I would say, mid-single digits, low mid-single digits, but we see that, that's going to accelerate over the next 4 years, driven by what I just expect.

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

Got you. So maybe I misspoke. So this is more medical with electronic test and measurement, that's more than the keys set of growth?

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**Karim Hamed**

Yes. So the electronic test and measurement, if you think about this testing electronics, right, the scientific and (inaudible) more of molecules testing like analyzing the molecules and stuff like that, sort of mass spectrometer (inaudible) machines and the likes.

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**Michael C. Lucarelli** - Analog Devices, Inc. - Senior Director of IR

I think of like in that bucket, more like Agilent or Thermo Fisher customers.

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**Karim Hamed**

Exactly. Exactly.

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

Okay. And so the takeaway here is that historically, that's been a mid-single-digit grower, but now it feels like it's accelerating?

**Karim Hamed**

Yes. There's a lot of happening that there is acceleration in this, and we also have share growth opportunities as well that we have identified.

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**Michael C. Lucarelli** - *Analog Devices, Inc. - Senior Director of IR*

So I think those 2 markets we talked about already, ATE, we're very high share, good market share. We'll grow with the market plus new secular drivers. The scientific instruments portion, we have -- we can -- as Karim said, we have more share to gain in that market and is also new areas of growth, like you're talking about from the vaccine or from environmental monitoring. So they're different areas of growth for us, one to share gainer once to kind of grow with our customers, we have such high market share already, plus new drivers in the bulk businesses.

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

Got you. So I guess I'm going to go off order because that's a great segue to that comment in terms of the competitive landscape and your competitive advantage. So why does ADI win? I'm imagining it's all about quality and performance, but would love to hear from you. And perhaps if there's different nuances around what's required in each of the 3 segments.

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**Karim Hamed**

Yes. So C.J., if you look why ADI wins because, well, then even the (inaudible) we've talked, you look at the diversity of applications, so testing a high-speed ATE for like testing a processor, a 7-nanometer, 5-nanometer processor, the testing molecules, the testing base stations. Do you see the diverting applications, that drive a lot of various signal chains, a lot of technologies to feed into these signal chains. And when you look at the competitive landscape, yes, like we have competition from all the provision in analog semis. But ADI has the most complete portfolio.

If you think about it from RF, microwave, precision, high-speed power to really have the most complete portfolio. And when you talk to these customers, what you really care about is time to market and how to get time to market faster. And our ability to put our system domain knowledge and integrating these signal chains for any of these applications is what differentiates us.

And I would tell you that this is, I would say, what is the key why we are a trusted partner across all of these customers in these markets, right? So looking ahead, I believe we have the most complete portfolio. We'll continue our investment in this. It's a very industrialized, it's a very profitable market, and we're going to continue doing what we have. And again, we are the incumbent, and we have a good position, and we're going to maintain it and grow it in certain segments.

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**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 if we go back to the scientific instruments side, mid-single-digit grower, but you expect share gains. Can you elaborate on what you -- where you're focused there and what the time line is and how that translates into overall growth for that part of your business? .

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**Karim Hamed**

Good. So the focus will be on drug discovery and manufacturing and environmental. These will be the 2 focus areas that we're going to put more focus on. And it's around really our high-performance precision sensor and power. These are the areas where we see identified -- like definitely share growth opportunities.

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

And so I guess maybe just to hit on the last subsegment, electronic test and measurement, what's the growth outlook there? And is that a place where you can gain share? Or do you have high share there today?

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**Karim Hamed**

So if you look at, C.J., the electronic test and measurement, it serves multiple markets. So comms is one of them. And I'm thinking comms, we have a very good share. We have a very good share and I think that's going to continue. But in areas like I said, in automotive where there's a transformation to EVs, I think, that's an opportunity for us in whether it's in battery formation and test; whether it's an automotive test for radars, LIDAR systems, inverters for EVs and all the stuff. So this is an area that, I would say, don't have as big of a share, and the market is growing as well. So this is definitely one of the growth segments that we're going to focus on while maintaining the momentum we have in comms as well as the wireline or wireless.

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

Makes sense. So I guess maybe if we take a step back, can you kind of talk through whether you're seeing any shortages today? Cyclically, how are you seeing the landscape?

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**Karim Hamed**

Yes. So it's not secret to anyone that the semiconductor is very tight at the moment, right? And we are no different there. I would say one of the things -- we have a very (inaudible) the resilient supply chain and I think we have upped our capacity that will help us respond of the demand. And you can see it in our -- we had the record quarter this quarter and think that Q3 will also be a strong quarter for ADI as we highlighted.

But one thing I would highlight, C.J., is we have this symbiotic relationship with our customers, whereas we need our technology to build their testers, we need the tester to build our -- to test more semiconductors. So we work very closely with all of the customers -- with all of our customers. And we have this great relationship that, of course, like still constrained, but we work closely to make sure that we can provide the supply as best as we can.

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

And if you think about your product portfolio for this business, is that -- I imagine lion's share is produced internally? Or does it follow kind of the company's mix of 50-50?

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**Karim Hamed**

I would say it's follow the company mix, it's 50-50 in certain segments. It's more internal. But overall, I'd say, it's 50-50.

And again, like because when -- it's just -- it's the beauty of this business like we have thousands of customers. It's really across all of the technology segments that ADI produce, which is great.



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

Excellent. So I guess maybe moving to earnings contribution. So ADI has some of the best margins in the industry with the industrial segment carrying higher than corporate average incremental margins. Within industrials, would strength and instrumentation serve as a further tailwind to margins? Or does it have a margin profile largely in line with the broader industrial segment?

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**Karim Hamed**

I would say it is in line with the industrial segment, which is the most profitable segment in ADI. So I think instrumentation for in line is with the overall industrial segment in terms of margin profile.

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

I guess, Karim, as you grow the business, whether you think there'll be sacrifices to be had to grow the business from a margin side? Or is it...

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**Karim Hamed**

We believe we can -- we grew the business and become margin profile.

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

Got you.

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**Michael C. Lucarelli** - Analog Devices, Inc. - Senior Director of IR

I think if you look at the market for instrumentation and the more vertical markets and more customer concentrated markets, gross margins there are on corporate average. Just the other ones on the broad market side, like we do in our business overall. The margin profile there is a little bit better as well. So you kind of have a mix of business and the net of that is kind of a very profitable high-growth business for ADI.

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

That's helpful. So Maxim is expected to close, I think, in the next few months. Curious if there's any aspect to their technology portfolio that you're eager to get your hands on, as GM of this business.

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**Karim Hamed**

Definitely, there will be some, again, some interesting technology. Maxim is a great company and hence, why we acquired. So definitely, there will be some great technology and good synergies. I really can't speak to the Maxim now until we close the deal. So -- but after we close the deal, it's going to happen soon. We'd be happy to have another call and see how this synergies we have within this business. But definitely have great technologies and great engineering capabilities that we believe is going to be beneficial and additive to our business.

**Michael C. Lucarelli** - Analog Devices, Inc. - Senior Director of IR

Got you. All the good thing is there's not much overlap between the 2 businesses. We have a better position in instrumentation than they do. So will be almost all additive to what they bring from a portfolio and customer standpoint.

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**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 maybe just kind of another area of focus, given your leverage to ATE and given the current tip shortage situation that we're in and complications arising from global supply chains and a focus on perhaps regional supply chains emerging, curious how your conversations are going with your customers in that part of your business. And how are you thinking about that bringing -- either bringing on capacity or being able to supply potentially upside from these things that might be happening over the next 1, 2, 3 years?

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**Karim Hamed**

Yes. So as I highlight, we have this symbiotic relationship with our customers, like, especially in the ATE space where outside they need our technology builder tester. We need their test to build for these more semiconductor. So we have this very close relationship and engagement.

But in general, I would say, as the supply grow, and I think we will -- we see the potential, like we've added, we've increased our capacity. But as the supply grow over the next 2 or 3 quarters, I think, we'll be in a better position. We are actually in terms of supplying to these ATE customers. But overall, obviously, we've done a great job, and it's reflective in our results. We've done a great job, and we're very close with these guys, and they understand the dependence we have in each other. And I think that's worked well over the last few months.

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**Michael C. Lucarelli** - Analog Devices, Inc. - Senior Director of IR

And then as we said earlier, is as you see all those billions of -- hundreds of billions of CapEx dollars being put into additional capacity, there's a portion of that hundreds of billions that's carved out for the test side, which directly benefits our business, too.

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**Karim Hamed**

Absolutely.

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

I guess just to follow up on that, there is talk of whether a back-end test and assembly lines will actually be put in place in the United States and do we move from Philippines and Singapore, Malaysia, et cetera. Do you have a view on that?

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**Karim Hamed**

No, to be honest, I don't like have a view. But like what I can say, C.J., is that we have a very resilient, diverse supply at the back end as well. So we're not like dependent on ones. We have diversity within our back-end supply that help us, again, maneuver through this current situation, which is actually very beneficial to us. If this will move to the U.S. and how -- or even not only the U.S. globally, I don't have a good view on this at the moment of how this dynamic will change over the next (inaudible).

Definitely on the front-end side, which I think it's been public announced all of these new fabs added. And as Mike said, these fabs will require test, and the test will reflect in our business. Will the assembly move as well? I'm sure there will be some of that, but we haven't quantified that yet.

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

Got you. So I guess a broader question for you. Given where you play and how a lot of the work that you do is kind of early-stage R&D development type of work, you in your seat, gives you kind of a great view to some of the most exciting, I guess, emerging trends in all of technology. And so curious, given what you see, how is your business kind of helping out broader ADI to anticipate some of the fastest-growing areas and to get you perhaps to get the whole ADI portfolio beyond instrumentation geared for that type of emerging growth?

**Karim Hamed**

Yes, that's a great question, C.J. So I can go back and I'll give you 2 examples, right? For example, in 6G, right? So this is 10 years out, but the engagement we have right now with our customers being part of these forums and persuaded customer, maybe give us a view of what is this technology going to look like in 10 years? And what is -- what kind of technology we, as an ADI, need to develop and so on? So this is a great -- is a good example.

Another example, the emergence is high-performance computing, which is the heart of this high-performance computers, the -- this is very powerful processors. And that also when you look at this and we're engaging with this customer, that give us an idea of all of these applications that will benefit from this high-performance compute. The advances in electrification, advances in batteries, and in my piece of the business, we play in the battery formation side. And all of these new battery chemistries and new information architecture and new to help with the expected huge surge in EVs and batteries, that give us also a view that we can share and work with -- very closely with our automotive business.

So it's a good point, instrumentation is really -- as I said, we touch these applications at the different phases. Early on in the R&D phase, deployment and manufacturing. And the early R&D phase is what give us the visibility to a lot of these secular trends. And each of this segment is aligned to -- introduce segments aligned with a core ADI, like whether it's comms or automotive or health care, we see it all and we work very closely. So we see a lot of synergies within the organizations -- within ADI organization, I'd say.

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

That's great. So we've got 3 or 4 minutes left. So I guess I'd be interested, to conclude, to hear what you're most focused on, what you're strategically thinking about today in terms of what's coming over the next 3 to 5 years? And as part of that, perhaps a reiteration of the secular growth drivers behind your business?

**Karim Hamed**

Yes. No, that's a good way to close. So I would say, C.J., like first and foremost, we really are focusing on growing the top line. And again, we have a lot of opportunity and potential to grow our top line. And the growth will come from all the secular trends that we talked about, whether it's connectivity, electrification, environmental. We have a play in each of this and our ability to really put our technologies together. And we've done that before, and we're going to continue doing that, optimizing these signal chains, upping our game and like, I would say, we are very differentiated, but continue to up our game to be able to have this position because we have the incumbent to be able to continue this position. That will be our focus.

I would say -- if I were to say, I think we believe electrification will drive a lot of the growth. EV is really happening. High-performance compute would be another area of going growth. And the third one is this whole reshoring will also be a big area for growth.

So overall, I leave you guys with this. It really is a very broad, diverse business. We have -- we have a good position now we'll grow our position, and we're going to continue to drive the momentum. So I would say, overall, great business is going to continue to do -- outperform as well overall industrial.

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

Well, fantastic. Well, I think we're running out of time. So Karim, Mike, thank you both for your time today. Really enjoyed speaking with you, and best of luck as we -- hopefully, all emergence has nicely come from COVID.

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**Karim Hamed**

Thank you, C.J., and it's good talking to you this morning.

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**Michael C. Lucarelli** - *Analog Devices, Inc. - Senior Director of IR*

Thanks, C.J.

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

Thank you, everyone.

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