ADI.OQ - Analog Devices Inc at JPMorgan CES Tech/Auto Forum

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All right. Let’s go ahead and get started. Greetings and Happy New Year, and thank you for attending JPMorgan’s 21st Annual CES, Semiconductor Tech and Automotive Conference.

My name is Harlan Sur, semiconductor, semiconductor capital equipment analyst for the firm. Very pleased to have Prashanth Mahendra-Rajah, Chief Financial Officer of Analog Devices; and Mike Lucarelli, Head of Investor Relations, here with us today.

For those of you that don’t know the Analog Devices team, leadership position in mixed signal and RF analog semiconductor, a strong position in power management and strong position in signal chain processing, both analog and digital, which is the technology that bridges the physical world to the digital world and a key focus for the team, best-in-class gross operating and free cash flow margins and a very diversified business with industrial, automotive and communications infrastructure segments, representing around 85% of total revenues.

So with that, gentlemen, thank you for joining us this morning.

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

Thank you, Harlan, great to be here.

Questions and Answers

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

So I’m going to start off with the first few questions, and we can open up for the audience. ADI’s fiscal ’22 revenues on a like-for-like basis up 26% year-over-year. Your core B2B markets of Auto, Industrial, Comm Infrastructure up 30%, better versus the industry data for the analog segment of the industry, which was up low 20% last year.

As we look ahead into this year, the team is well positioned to weather the weaker global macro demand trends given the high exposure to auto, industrial, and comm infrastructure with very low exposure, 2% to 3% exposure to the weaker segments of the market, namely consumer PCs and smartphones.

The market has the company growing revenues up low single digits this fiscal year and better than our industry forecast. So help us rank order your market segments in terms of demand sustainability this year in the face of a weaker macro environment.

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

Yes. Okay. Great. Thank you. Pleasure to be here, and thank you all for joining us, including those on the web.
So we had a pretty spectacular 2022. Harlan took you through the numbers as we look forward to 2023. And as a reminder, our fiscal started on November 1. So we'll be finishing our first quarter here in a couple of weeks.

As we look forward to 2023, we feel very good about the current guidance we have in there for the first quarter. And at this point, we still have considerable backlog that we are working through that give us confidence for the first half.

When I think about the end markets that we're most excited about, order activity for our Industrial business continues to be the strongest of the -- of our end markets and particularly in Industrial, we're excited about our health care business, our aerospace and defense, given the current geopolitical environment, our energy business, which has been seeing some pretty strong growth, given what's going on with energy prices here and the technology we provide to help people manage that.

And then as Harlan mentioned, our Automotive business that grew, I think, almost 30% last year on a relatively flat SAAR. And again, we -- much of that is content driven with our electric vehicle growth as well as our infotainment and GMSL products that we picked up from Maxim.

So the auto -- in a flat SAAR environment for 2023, if SAAR remains flat, I'd expect Auto to be up double digits as well. And then perhaps the other one that we're a little optimistic on as well is our wireless comms. We are looking for 5G deployment to continue as planned in India. And if 5G does deploy as scheduled in India, then we feel optimistic that we could see some year-over-year growth for our wireless business.

So for those of you here in person at CES, I encourage you to swing by our booth. We have a pretty big display of our automotive technologies out there. I think we actually have a -- we have an electric car there, which has a couple of hundred dollars of ADI content on it. So a good juncture to see why we do so well in auto.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

So last earnings call, so in summary, then it sounds like you feel very confident on the growth prospects for Industrial, for Automotive and maybe a little bit in the wireless comp side of the business. Last earnings call, the team mentioned that bookings stabilized middle of the October quarter and into the January quarter. And in particular, order trends continue to remain strong in auto and industrial end markets.

Have you seen order trends continue to remain relatively stable? And you did mention Asia China weakness last earnings. I mean have you seen any demand changes by geography?

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

Yes. Yes. Thanks, Harlan. I guess a couple of things that we can update on today that versus -- and maybe I'll start by just doing a quick recap of what we saw in 2022 to give context. So in the first half of 2022, we saw extraordinarily strong orders. As a result of those, very strong orders, we saw backlog build to levels that we really haven't seen in the company where our backlog exceeded our ability to ship by several quarters. So we were looking at backlog that went out more than 1 year.

In the third quarter, we started seeing that order rate begin to decline at a meaningful rate. And in the fourth quarter, we saw that begin to stabilize. Now over that same period, the team has been working very aggressively with our customers to review what they have on order from us and where appropriate, clean some of that backlog out so that we can get a true signal of what is demand. What do they need in the current quarters versus what they're in line for because lead times were so high.

That the order activity, particularly in Industrial has been relatively stable on a gross basis, but the cancellation activity, again, which was driven by ADI to as an effort for us to clean up that backlog has been progressing. And as a result, I would -- I'd expect our first quarter book-to-bill ratio to probably be below 1, and that's a good thing for us because we are trying to look at how do we bring that backlog inside of 52 weeks.
Again, for those of you who have followed us, you know that typically, our backlog would only cover about 9 to 10 weeks. So we’re well ahead of what we would normally be, and we need to bring that down to kind of get our demand and our supply aligned.

So good progress from the sales team working with customers for cancellations. And I think that’s probably the update for today.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Perfect. And -- so in terms of cancellations and pushouts and/or lead times, have they changed in a meaningful fashion?

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

Lead times are improving. Lead times are definitely improving, but they are very node-specific. So it’s dependent on the manufacturing process. So we like lead times to be, in general, 6 to 8 weeks and on average, today, again, that’s a very broad average because there’s a wide distribution. But on average, we’re still measuring them in months.

So more work to do. I would expect that it will be another quarter or 2 at least before we start to get lead times back to where they need to be. One of the key steps to improving lead times is clearly getting the backlog down to more reasonable levels.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Got it. So is the way to interpret the book-to-bill less than 1 is that more a function of overall, new bookings being relatively stable, and that’s been offset by sort of your team sort of flushing through the current book of business and just making sure that customers are going to take what they previously ordered.

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

Largely, yes. So let me say it a little bit differently, that we think of orders on a gross basis and then we offset that with cancellations that happened in the quarter. So orders on a gross basis in Industrial continue to be the strong point and our other markets not quite as strong.

And then cancellations are spread across all markets -- all end markets. On top of that, I think what we’re also just beginning to see a bit more of now and we’ll be mindful of this over the coming weeks and share more in the earnings call is as China has reopened and relaxed some of its COVID restrictions, we are certainly seeing a higher level of disruption in China that is being driven by employment limitations where what our teams are telling us is that there’s a great deal of disruption going on now as COVID is spreading the fear of COVID given the relaxation.

So it will probably be a choppy couple of weeks until everyone gets on the other side of the Chinese New Year to see where that settles out. But the same group feels very optimistic about the recovery after that. The business is well poised for growth.

We just need folks back to work across China to start driving that.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Sounds like Automotive is incrementally weaker relative to, I think, your prior views. What are the dynamics shaping the more recent view?
Prashanth Mahendra-Rajah - Analog Devices, Inc. - Executive VP of Finance & CFO

Yes, Harlan, I would say that investors need to be watching the production numbers. What is SAAR going to do? I feel very confident that we will outperform SAAR at a meaningful rate. There's no risk to the secular drivers that are behind our growth there.

And as I mentioned, you can get a good flavor of that, if you swing by the booth today at CES. What is unknown to us is how is that production going to roll out.

Clearly, the growth in electric vehicles is not as strong as it is, but it is still clearly growing better than IC.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Right. Okay. And that goes back to your prior view, which is if SAAR is flattish this year, team is going to grow their automotive franchise.

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

Correct.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

So many semiconductor companies are struggling with excess inventory work down, especially in consumer-focused markets. Obviously, you guys have low exposure there. In core Auto and Industrial, the inventory dynamics appear to be different. And for ADI, we think that high-performance analog is one of the golden screw component.

So customers probably have not been able to accumulate much in the way of excess inventories of your products. Do you agree with that? Do you hear that from your customers that high-performance analog, power management, I mean these are the products that are tougher to get.

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

Yes. I don't know that I can comment specifically to the golden screw, but I would add maybe some additional context, that for our Automotive business -- and we've talked about this in prior quarters. For our Automotive business, when we look at the growth we saw in 2022, where we grew 30% or so above the market car production.

We've been able to do a very detailed and thorough analysis to identify roughly 25% of that growth to come from a couple of core items, namely the growth in electric vehicles and our BMS products sales as a result of that, given our very high share there.

The growth in our A2B franchise, which were design wins that we had won in prior years and just given the cycle time of those going from design win into production. So we can see that clear growth. The growth in GMSL, which is Maxim's Datalink product that helps connect cameras, radars, LiDARs, et cetera, within the vehicle.

And then, of course, some pricing action that we took. So we're able to explain the overwhelming majority of our outperformance as not being inventory related. There's a little bit in there, as I mentioned, call it, 5%, 6% that could be inventory. But as we also know, and I'm sure investors view, there's been a growth in more premium models on a comparable basis, kind of pre-COVID.

So that could also account for some of that unexplained growth. But worst case, it is a little bit of inventory building, but we know that it's relatively modest. So we feel good about our auto inventory. And then that's validated by our ability to look through to those customers where we have inventory on consignment and we can see that consignment inventories are not elevated.
Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Distribution or channel inventories, which is a big part of your customer mix, it’s been below your 7- to 8-week target range over 2 years now. Do you expect to keep channel inventories at low levels in this period of uncertainty, just kind of keep things tight there?

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

In channel inventory, let’s talk about the benefit that our distribution partner provides us, it is coverage. So what is important for us is to build channel inventory with high dispersion of SKUs versus high quantity of fewer SKUs.

So that is the -- when we are not growing channel inventory, it is because of our desire to make sure that we have breadth of coverage versus a -- having a distributor have 100 units of 1 part versus 1 unit of 100 parts. So that’s the value they provide to us. So we do -- we will get channel inventories back to a healthy level.

It’s going to take us probably a couple more quarters because that is dependent on our production plans and building through the variety of products that we have. As a reminder, for investors, we have about 75,000 different SKUs. So it takes a lot of production plan to be able to run through all of those SKUs.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Let’s talk about the design win pipeline. First, before I go on to design win pipeline, revenue synergies and end markets, anybody have any questions? So on revenue synergies, the team noted that design win pipeline is beginning to benefit from cross-selling of the Maxim portfolio on track to achieve targeted $1 billion in revenue synergies over the next few years.

In particular, the team had highlighted 3 areas of revenue synergies: Automotive GSML, Industrial Process Control and then just broader sort of power management and power market synergies, right? What has the team seen -- where is the team seeing the most traction? And could you provide some color on how the team is leveraging its customer relationships and your anchor product positions with your core high-performance analog products to pull through the breadth of the portfolio.

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

Sure. Sure. So maybe some definitions for us to help people understand some of the terminology that we use. So at ADI, when we manage the opportunities that we have for us to grow the revenue we use a relatively rigorous data-driven model that captures the sales as it goes from an opportunity, which is where sales was identified, hey, here is an opportunity for us to bid on a specific product for a customer’s need.

If we win that selection, it goes from an opportunity to a design-in. Not all opportunities go to design-in. A customer may choose not to use us at that point or the project may not go forward. From design-in, the next phase is design win. Design win is where the product has begun to ship to that customer.

And again, what’s the transition from design-in to design win is we may be working with 1 assembler or 1 person in the supply chain, but a customer’s end solution may use a different outcome. So it may not be the partner that we’ve been working with that may not be that their choice goes forward.

But otherwise, a design-in will become a design win and then it will start ramping to peak revenue. So we track each of those individual phases. It’s a process that ADI has used for years. I will say that as we’ve acquired companies over time, it is a process that seems to be unique to us, certainly with the rigor that we have on it because neither Maxim nor Hittite or Linear had this level of focus and granularity in tracking the projects as they move through these various stages.
When we look at our design-in activity for 2022, so that means opportunities that we won and we have gone to a design-in. In 2022, the dollar value of that is up over 10% -- over 10% thanks, Mike, over 10% versus 2021. So that's a great indicator for us that our plans to kind of grow this business at a 7% to 10% model is on track because we're 1 year in, and we're seeing that strong 10% on a design-in leading indicator.

I would also say that when we gave you our cost synergy numbers, we probably had a little bit of hedge in there. But as we've talked about, we've greatly exceeded the cost synergies that we expected from Maxim. What we learned in that process is that scale matters, and we found that we were able to really extract a lot more value from the Maxim deal than we had originally intended.

We feel a similar level of optimism now on the revenue synergies. So having learned what we did from Linear and using that same kind of tools that we have and knowing how to make this success, we -- I would say that the internal view on our ability to deliver revenue synergies with Maxim are probably higher than they were when we did Investor Day, which was in April, so that is 9 months ago.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Perfect. Let's move on to the Automotive segment. Given that this is CES, Automotive is obviously always a big focus. In fiscal '22, this is including Maxim. So like-for-like, your Auto business grew like 31% year-over-year relative to auto production, right, of high single digits type of growth.

And the team has talked about the growth areas within auto of BMS, GMSL, A2B, functional safety. This represents over $1 billion of your automotive revenue or 40% of your sales. Can you talk about how much this segment grew in fiscal ’22 and whether the team can sustain its 20%-plus targeted growth CAGR should auto SAARs remain flattish or even decline?

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

Yes. So I think that comes back to the -- what is the assumptions that you have on automotive production, right? But what can I say with respect to those key growth drivers. On the A2B platform, it is essentially the standard now. Almost every OE is using A2B, but it is only about halfway through its deployment.

So again, thinking of those different phases, over -- pretty much everyone has designed it in, but we haven't hit design win for all of them, I think only half of them -- yes, about half of them are actually shipping. So there's still significant growth as they move from design-in to design win and begin shipping.

So we feel great about A2B. The value on that is so compelling in terms of the economic value that we're delivering to our customers on that. On GMSL, GMSL, we have really taken advantage of what Harlan referred to as the cross-selling benefit. Where did Maxim have particular strengths with a customer, where did ADI have strength with the customer and be able to use strength that we have with those customers to bring GMSL in.

So the design-in on GMSL is giving us great, great optimism for -- one of the reasons why we feel even better about the revenue synergies coming from Maxim. And then for BMS, I think people know that we are the market share leader by quite a bit. I think we have been public, if not, I will be public now that in 2022, we won 8 -- we won 8. We lost 1. Of the 1 we lost the sales team is telling us that, that customer is coming back around too. So it may not be a loss for us right now, but -- and of those 8 that we won, 2 were wireless BMS.

So I think it's a place that we really don't have competition on. So it's a tremendous franchise for us. For customers who are in the room, we do have a display at CES for our next-gen BMS. It's not accessible to the general public, but on an invite-only basis, you can go into the back room and you can see some pretty amazing things that we're working on for next-gen BMS.
I think you guys have talked about a BMS pipeline of around $4 billion. How big is the BMS business today? And how should we think about the growth into that $4 billion opportunity over the next few years?

Prashanth Mahendra-Rajah - Analog Devices, Inc. - Executive VP of Finance & CFO
Mike, do you want to take the sizing?

Michael C. Lucarelli - Analog Devices, Inc. - VP, IR and FP&A
Yes, sure. If you look at it currently, we exit the year at a run rate, an annual basis of over $500 million from BMS. So it’s increased a lot. It's the share, it's content. And in front of us, we have, as Prashanth mentioned, we're winning more than we're losing by a lot, and wireless BMS will also start ramping.

So that $4 billion pipeline is think with that as kind of over the next 5, 10 years. No reason to think this isn't a multibillion dollar business for ADI.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst
And of the -- you won 8. So the -- on Prashanth's comment, you guys won 8 on BMS. Is that cumulative? Or is that just fiscal '22.

Prashanth Mahendra-Rajah - Analog Devices, Inc. - Executive VP of Finance & CFO
That was just '22.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst
Yes. So can you guys give us a cumulative number roughly? And how many BMS wins you guys have? Just curious.

Michael C. Lucarelli - Analog Devices, Inc. - VP, IR and FP&A
I can tell you we won a lot and we keep winning more. But at the investor, we talk about, we ship into 16 of the top 20 OEMs. And our share is probably in VMS by 70% plus. So we're a market leader and we continue to win at least that much share. We're already looking at some different analysis. To your point, Harlan, if you look at all EV models coming to market this year, we'll likely kind of share in the future, how many of those are ADI.

So to give you confidence that we're the leader and sustain that position and expanding it as well.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst
Great. Good to see the strong revenue traction exiting last year. Industrial, our industrial business has performed very strongly. Again, like-for-like, team ended fiscal '22 with that business up 29% well above your targeted high single digits CAGR. Help us understand what drove the outperformance in entering this year with GDP set to decelerate 1%, 2% growth this year below trend line? I mean, how should we think about the sustainability of the Industrial business?
Yes. So the Industrial business is, again, this is a content story that there is -- it's a lot more challenging for folks to internalize as compared to Automotive, but it's a very similar trend. The role of semiconductors and the role of analog devices, particularly with our industrial customers continues to grow.

And as they continue to do their next generation of products, we end up with more content versus their prior generation. So it takes a longer cycle because they don't refresh at the same rate of auto companies but it is a long-term trend for us. You can see it in -- we are on our seventh year, I believe, of double-digit growth in health care.

Our Aerospace and Defense business, we have probably the best visibility on and will be very surprised, barring some major change in DoD budget in the next couple of years, I'd be very surprised if we don't see continued healthy growth from our defense business for another 3 to 5 years really we have enough visibility out to see that there's just tremendous content and program -- programmatic wins that are going to continue to ride out there.

And then for the other parts of the business, factory automation, again, is a great story for us. And I think folks are hearing more about companies diversifying their supply chain and onshoring their supply chain and the way to make those domestic manufacturing operations more cost efficient is through automation. And then instrumentation and test again continues to be a key driver, great, great share position for us.

We have dominant share among majority of those players where performance matters and you need ADI's technology to be able to measure precisely and measure with speed.

Yes, I feel like the -- not a feel. I'm pretty sure this is the case. But relative to your analog peers, the biggest differentiators in your industrial business are medical and health care, and aerospace and defense. That's where I feel like your revenue mix is much higher relative to your peers.

I would add to that, that having a portfolio that has mixed signal RF and power and the ability to provide a more holistic solution to our customers because we have that full spectrum makes a difference as well.

Yes. And you got -- and to your point, right, so you leverage that portfolio across things like medical imaging, instrumentation, monitoring this is in health care, and these trends are all expected to be extremely strong over the next few years, certainly even this year, too. I'm sorry if you mentioned this, but is the medical and health care business already driving $1 billion annualized run rate?

And sort of given the bookings and backlog trends, what is the outlook for digital -- your digital health care franchise for this year?

So digital health care now, which we have -- which we broadly call our medical business is now what percentage make of total, it's 15%, right? 15% of total ADI revenues on a $12 billion revenue base, 15%. So it's a great business for us.
Michael C. Lucarelli - Analog Devices, Inc. - VP, IR and FP&A

It's 50% of Industrial, 7% or 8% of the total ADI. So it's about, call it, $900 million to Harlan's question, the run rate exit the year is probably $1 billion plus.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Strong growth there. Comm Data Center. Communications business grew 27% last fiscal year. 5G base station deployments are forecasted to grow this year, led by India, cloud CapEx spending is forecasted to decelerate but still grow 8% to 10%, right, led by accelerating compute initiatives, artificial intelligence, given that these are very strategic programs in general, like what's the team's visibility to the deployment activity and confidence on the outlook in '23?

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

I mentioned this in an earlier point that our '23 outlook for wireless comms is really tied to does India deploy 5G. As you know, prior years was driven by tremendous deployment in China. '23 is tied to India, and it doesn't matter which of the 3 big infrastructure companies gets share in that deployment.

We're well represented on all of them. In '24 and '25, we would look for that to be the year that Europe starts to spend money for those of you who have traveled in from Europe or who travel to Europe, you probably recognize that there's still many pockets of Europe where you're down to 3G speed. So it is a necessary upgrade that needs to happen in Europe. And as long as that capital is spent, then it's going to flow to us given our dominant share in providing 5G technology.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

On the financials, on cost synergies, you realized $350 million of the 500 -- $400 million of Phase 2 cost synergies. So we still have $50 million to go. Beyond the $400 million of cost synergies, the team has other longer-term cost-saving initiatives, right? Like you're adding ADI production into Maxim's Beaverton fab or bringing some of Maxim's outsourced wafers internally.

At the Analyst Day, you noted the plans to increase internal capacity by 2x. Where do you stand on these initiatives? And how should we think about the margin implications as these initiatives begin to be put into place?

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

Sure. Thank you. Yes. So what -- I guess what I would ask, and we've said this before is we're asking we're asking our investors to really measure us on our operating margin, give us the flexibility to make those trade-offs that we need to be able to drive revenue growth and deliver to you a strong operating margin and then convert that into free cash flow.

Our op margins today, as you know, are in the mid-70s. There certainly are ways that, that could grow, but we would rather trade some of that margin growth for incremental revenue growth where it matters. So our focus is be able to deliver you a company that's generating high single-digit revenue growth with very, very strong op margins kind of in that high 40s, 50% and then convert that to free cash flow and return all that cash to you. So it's really a cash flow model that we would ask you to model versus trying to put us into the high 70s on gross margin.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Yes. No, absolutely. And then on that note, at your last Analyst Day, you laid out a path to $15 of earnings power by fiscal '27. As you mentioned, high single digits revenue growth, very strong operating margins at the upper end, hitting 50%. This is a question I often get asked from investors
is, did the Analog team factor in potential macro slowdown through this modeling period? And given your design win pipeline, your confidence on achieving the financial targets.

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

Sure. Sure. I'll take the first part of that, which is that we have very high conviction on that $15 of EPS. Now what we are less clear about is what are the market multiples that could apply in the future. I don't know if we return to what we saw in prior years, just given where interest rates are. But from an EPS standpoint, we have very high conviction on $15 of EPS. In terms of what was factored into the model, I'm going to ask our modeler who's sitting next to me here.

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

Yes. Harlan, it's a good question. We did. So we factored in a year of decline. So the -- we do think that there will be a year of decline in that long-term 7% to 10% model. And we also assume that bounce back year, after like a typical semi cycle, we have a down year and then up year after that.

So we factor that in to get to the long-term revenue growth rate and the $50 EPS. I think we're kind of cheap for $50 EPS and $150 stock at 10x. I think it's a good buy.

Harlan Sur - JPMorgan Chase & Co, Research Division - Senior Analyst

Well, we're just about out of time. I appreciate the insights and looking forward to monitoring the progress and execution of the team this year. Thank you very much.

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

Great. Great. Thank you all, and Happy New Year.