

Q4 2024 MPS Earnings Webinar

Monolithic Power Systems, Inc. (NASDAQ:MPWR)
Q4 2024 Earnings Conference Call
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Company Participants:

Genevieve Cunningham - Senior Manager, Marketing Communications
Bernie Blegen - Executive Vice President and Chief Financial Officer
Michael Hsing - Chairman of the Board, President and Chief Executive Officer
Tony Balow - Vice President of Finance

Analysts:

Tore Svanberg - Stifel
Rick Schafer - Oppenheimer
Ross Seymore - Deutsche Bank
Gary Mobley - Loop Capital
Quinn Bolton - Needham
Chris Caso - Wolfe
Joshua Buchalter - Cowen
Will Stein - Truist
William Kerwin - Morningstar
Hans Mosesmann - Rosenblatt
Joe Quatrochi - Wells Fargo

Genevieve Cunningham

Welcome everyone to the MPS fourth quarter 2024 earnings webinar.

My name is Genevieve Cunningham and I will be the moderator for this webinar. Joining me today are Michael Hsing, CEO and Founder of MPS; Bernie Blegen, EVP and CFO; and Tony Balow, Vice President of Finance. Earlier today, along with our earnings announcement, MPS released a written commentary on the results of our operations. Both of these documents can be found on our website.

Before we begin, I would like to remind everyone, that in the course of today's presentation, we may make forward-looking statements and projections within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainty.

Risks, uncertainties, and other factors that could cause actual results to differ from these forward-looking statements are identified in the Safe Harbor statements contained in the Q4 2024 earnings release and in our SEC filings, including our Form 10-K, which can be found on our website. Our statements are made as of today and we assume no obligation to update this information.

Now, I'd like to turn the call over to Bernie Blegen.

Bernie Blegen

Thanks, Gen. Good afternoon, and welcome to our Q4 2024 earnings call.

In 2024, MPS posted its 13th consecutive year of growth with full year revenue of \$2.2 billion, up 21% from 2023. For Q4 2024, we had record quarterly revenue of \$621.7 million, above Q3 2024 and 37% higher than the fourth quarter of 2023. This performance reflected the strength of our diversified market strategy, consistent execution, continued innovation and strong customer focus.

Let me call out a few highlights from 2024. We introduced the silicon carbide inverter for high-powered clean energy applications. Initial revenue is expected to ramp in late 2025. Other silicon carbide-based applications are expected to be introduced in multiple geographies during both 2025 and 2026. We developed a family of high-quality, cost effective automotive audio products utilizing DSP technology from our 2024 Axign acquisition powered by MPS Solutions.

For enterprise notebooks, we launched a battery management solution and are sampling a new mini phase power stage. These products enable faster charge time and significantly improved notebook battery life. Building on our first analog to digital converter design win in 2024, we are developing new high accuracy 24-bit converters, which are expected to ramp in the second half of 2025.

MPS continues to focus on innovation, solving our customers' most-challenging problems and maintaining the highest level of quality. We continue to invest in new technology, expand into new markets and to diversify our end market applications and global supply chain. This will allow us to capture future growth opportunities, maintain supply chain stability and swiftly adapt to market changes as they occur.

Finally, I'm pleased to announce our quarterly dividend will increase 25% to \$1.56 per share. And during Q4 2024, we completed share repurchases under a 2023, \$640 million authorization. This week, our Board of Directors authorized a new \$500 million three-year share repurchase program.

For the three years ending December 2024, MPS has returned 86% of its free cash flow to shareholders through share repurchases and dividends paid. Our proven long-term growth strategy remains intact as we continue our transformation from being a chip only semiconductor supplier to a full-service silicon-based solutions provider.

I will now open the webinar up for questions.

Genevieve Cunningham

Thank you, Bernie. Analysts, I would now like to begin our Q&A session. Our first question is from Tore Svanberg of Stifel.

Tore Svanberg

Yes. Thank you and congratulations on the solid results. Either Michael or Bernie, could you talk a little bit about the dynamics here in the March quarter, especially by segment? Obviously, we know some end markets are still soft, yet others are actually quite healthy. So any more color on how you see the various segments in the March quarter will be really helpful.

Bernie Blegen

Sure. As far as our Q1 outlook, I think need to take the perspective that, relative to the size of the market, we're a fairly small player. But we have a lot of Greenfield design wins, which have been previously delayed that are now starting to ramp, as we enter 2025.

So, when we look at two of the areas that are going to drive most of the growth in the quarter, automotive is continuing to grow and communications, where we launched some new products in Q3, are bouncing back from Q4 and will continue strong. Memory's demand profile is also very good, and notebooks look to be having a Q1 uplift. We don't know for sure, but we've had many design wins and believe that those are coming into the market.

On industrial consumer, we have a lot of new product ramps, but those are likely to start to contribute at the end of 2025 and the enterprise data will be down.

Tore Svanberg

Very good. And as my follow-up on enterprise data, how should we think about that business throughout calendar '25? Again, obviously, a lot of different dynamics, different players, the growth trajectory for that business throughout calendar '25. Any color you can share with us there?

Michael Hsing

Yes. We don't talk about it in near terms any specific customers as, we always do. It's okay. I mean, the near-term is that we can't control our customers' buying pattern, their allocations, and this year's -- but overall, the, this is a multi-billion dollars market segment. We are getting ready for these next few years growth and it's clearly is a multi-billion-dollar opportunities. But for us, in near-terms, we -- this year could be even or maybe slightly up, and this is our best guess, we don't know.

Bernie Blegen

Yes. Just to add a little bit of color to how we see the year rolling out, we believe that we will be off to a slower start in the first half of the year. But as the year develops, the customer base is expected to broaden as hyperscalers launch their new products. We have multiple product ramps with both existing customers as well as with these new hyperscalers. So as Michael just said, we believe, it's likely to be a flattish year, but we believe that from a quality and supply availability perspective, we're in very good shape.

Michael Hsing

Could be up too, we don't know.

Bernie Blegen

Yes. Exactly.

Tore Svanberg

Congrats again on the results.

Genevieve Cunningham

Our next question is from Rick Schafer of Oppenheimer.

Rick Schafer

Yes. Thanks, guys. I'll add my congratulations. And if I could maybe tack on to the back of Tore's question. I was wondering if you could update us maybe, just to give us a sense of the number of the accelerator projects that you expect to ramp this year and into 2026 just to kind of get a sense. I heard you loud and clear, Michael, that this is a billion dollar plus TAM. I'm just trying to get a sense of how many --

Michael Hsing

Multiple billion dollars.

Bernie Blegen

Don't be shy about that.

Michael Hsing

We're not shy on that. And then, we don't want to lose that.

Tony Balow

Rick, this is Tony. I'll jump in. I think what we wanna say is we're engaged across all hyperscalers, but what you heard Michael say was that, the exact timing of the ramp is very difficult for us to call. So, I don't think we want to put a specific number of customers or exact ramp times out there, other than saying that we're engaged broadly across them, as Bernie said, we believe that's gonna scale through the second half.

Michael Hsing

I can give you examples. And we foresee that, these projects are ramping. In the 2022, 2023, you look at the automotive side, we said that we have a lot of design wins and, we said all these are going to ramp up or a lot of have a lot of inventories and 2023 is kind of flattish years. Our customer delayed their launch. So '23 affected us. But I keep saying, we don't really care. And as long as we have a product and design in, and design in their new product, especially, and will turning to a revenue plus, minus 12 months, 18 months.

Bernie Blegen

And if I could just add to Michael's comments there, when you look at automotive, it was delayed not just in '23, but also in the first half of 2024 against what we had built inventory against our expectations. But now as you can see, it's very solidly on track with two consecutive quarters of growth. And likewise, you could apply that same formula to what we're seeing in the communications with the release of the fiber optics in the data center. So we have the technology, but where it intersects some ramps in the market. A lot of that's a little bit out of our control.

Michael Hsing

Even directly AI powers, and we have so many projects working with multiple hyperscale companies. And so, we cannot tell, which one is we're ramping first. I know what the magnitude they're ramping. Just we are getting the supply chain ready, get our quality testing facility ready to get these -- to receive these revenues, turning to these revenues. And so, the timing, we care less.

Rick Schafer

Thanks for all that color, Michael. You know, it's funny you're talking about auto, because that's my second question if I could. The EV conversion to 48-volt power and to 800-volt batteries is sort of set to ramp this year, I believe. And I know you mentioned, in the prepared remarks, Bernie, that, you're going to be shipping power isolation content, second half, I think I heard you say. And I believe EV is about three quarters of your auto business.

So, I just wonder if you could talk us through sort of what your potential content, given all those changes all these additional drivers. What your content looks like last year or potential content per vehicle versus what it looks like in 2025 with all this with all these new jump balls?

Michael Hsing

That's very good questions. And, I -- we mentioned about 48-volt system many, many years ago. Particularly for auto, now, it became a hot topics. And we have all these product ready. We're design in those new vehicles, and these have based on 48-volt systems. We can capture a lot. Once their products, once their vehicles are ramping up, put on the market. Initially, we'll be another dominant players.

Bernie Blegen

I think that, this is -- the rollout in automotive starts with EV, which is quicker to adapt new technologies onto their platform, but we expect it to continue for a multiyear period.

Michael Hsing

Yeah. Again, MPS, again, we provide a 48-volt integrated solutions. All of these high power modules are based on the MPS silicon solutions. Those were significantly changed, all these discrete way of doing a together the 48-volt solutions. That definitely sets MPS apart from the rest of our competitors.

Tony Balow

And Rick, beyond just pure 48-volt, remember what you saw beginning Q3 was designs outside of ADAS start to hit the market. We saw more broad based growth in the auto segment and we'd expect that to continue as additional sockets come to market. So I think that's the other dynamic that's happening as well.

Rick Schafer

Great. Thanks you guys.

Genevieve Cunningham

Our next question is from Ross Seymore of Deutsche Bank.

Ross Seymore

Can you hear me now?

Michael Hsing

Yep.

Ross Seymore

Hi there. Just wanted to revisit the enterprise data side of things and not to overplay that, but the market share gains in Dynamics in the server CPU side of things, has that changed at all? I think everybody knows what's going on with one key customer and the diversification market share shifts and those sorts of things.

But you guys have other things that are happening, as we speak as well. So I really wanted to focus on the dynamics outside of those, not just with the ASIC providers and other GPU providers, but also with the CPU market share and servers. So any update on that would be helpful.

Michael Hsing

Ross, so let me say something else first. Our inventory is low and the channel inventory is low. We're going to ramping up. And the rest of our stuff, okay, Bernie.

Bernie Blegen

I don't know how I follow-up on that. It's a very good question, and let me just give you a little bit of what we're seeing. It's a fast changing landscape. And what I mean by that, it's difficult to offer commentary on enterprise data, in these different components. The lines between CPU and GPU are becoming blurry. And in support of both lines of business, we have a lot of standard products.

So, while we've historically had better visibility in the separation and could track them a little more easily, it's hard for us to make more than just a generalized comment about what direction either market segment is going in.

Michael Hsing

Yes. Let me add. We're getting significant shares on, on the server side. And once you see the server markets start to ramping up, while MPS revenue, ramp with it.

Ross Seymore

Great. I guess as my non-inventory follow-up, on the communication side, you guys did well on that in the second half of the year. It's a little bit choppy still. But can you just give us an idea of the profile of that business? How much is kind of the old comms versus the new comms? And give us a little bit more

color on what the growth driver is that gives you the confidence for the year and I assume it's on the optical side of things but just a little more detail on that will be helpful.

Michael Hsing

We are all laughing. And would you say the beginning of the question?

Tony Balow

It was comms, right? Ross.

Ross Seymore

Yes. In the communication side, it just, you guys have been talking about that growing for many, many years, and it finally did last year. But I know there's some legacy pieces and some new pieces. So I just wanted to try to get some color on the difference between them.

Tony Balow

Yeah. Ross, I think I think you kind of hit it when you were asking the question. Right? If you look at comms going forward, their area of strength that we've really been calling out is in optical, and we'd expect that to continue as part of the overall data center opportunity that you heard Michael talk about. So I think that's probably the biggest inflection point that you've seen over the past couple of quarters versus the legacy business.

Ross Seymore

Got it. Thank you

Genevieve Cunningham

Our next question is from Gary Mobley of Loop Capital.

Gary Mobley

Hi, guys. Let me extend my congratulations as well. I wanted to start with a housekeeping question. Were there any greater than 10% customers in fiscal year '24? And if you can't name the customer, can you at least give us a sense of how big that customer was in the year?

Bernie Blegen

Certainly, for the three quarters Q1, 2, 3 in our 10-Q, we said that, we had two direct customers, which are distributors that were greater than 10% and one indirect customer that was greater than 10%, and that carries through for the full year as well.

Gary Mobley

Okay. But you can't give us a number that will publish in the 10-K in terms of the percentage of revenue from that direct customer?

Bernie Blegen

Not at this time.

Gary Mobley

Okay. I tried. Alright. I wanted to ask about revenue diversification outside of your traditional power management market. And if I count correctly, there's maybe four shots on goal, and you highlighted some of those in your press release. And that would be data converters, silicon carbide, DSP audio, and battery management systems. So my question is, how big in revenue terms can that be in the fiscal year '26 time frame? Or said differently, how much of a growth catalyst can it be on top of what you're producing in traditional power management?

Michael Hsing

Traditional power management, they're talking about -- these are low voltage things that if it's what you mean. And, the silicon carbide is, of course, to me, is also in the power management. But these are much higher powers, very higher power management. And, we don't want to put on the numbers, but these are -- again, it's a billion, a couple billion dollar opportunity for all of them for MPS. I don't want to put a timeline on it.

Tony Balow

Okay. The only thing is you know, we picked a couple for the script, but we only could put a few in for time. But I think our strategy continues to be plant a lot of seeds in a lot of different areas that can turn into to revenue as the market decides what to what to prioritize.

Michael Hsing

That's a good point. On March 20, we have an Analyst Day. This time, you come over, you will see a lot of showcase on the MPS's new technologies. These all will contribute in the next few years of growth. And if you want to paint down what is the numbers, I would say that, if you look at the past for MPS, what the model is, we will -- I don't see any reason we should change, faster or slower.

Gary Mobley

Thanks guys.

Genevieve Cunningham

Our next question is from Quinn Bolton of Needham.

Quinn Bolton

Hi, guys. I'll offer my congratulations as well. I guess, Bernie and Michael, obviously, a very strong start to the year in the March quarter. Your comments about enterprise data certainly sound like that business might be more second half weighted. And so, I guess I'm just trying to think, what sort of revenue pattern would you expect through 2025? Is the first half slower the second half materially stronger? Do you think that, you have some puts and takes and so it's kind of more linear ramp through the through the year? Just any sort of thoughts on the shape of revenue through 2025 would be helpful.

Bernie Blegen

Yes. The comment that we made as far as the outlook for the year, really looks at the design wins we've secured and an expectation of what is going to be ramping. Keep in mind though that, particularly in the AI side of enterprise data that has tended to be very volatile, and we have relatively short lead times as far as when we get hard information or POs for actual delivery. So I think that, within the context of what we believe is most likely to happen, we're very secure by saying a flattish year, that's weighted to the back half, but how that curve actually plays out over the quarters is to be determined.

Michael Hsing

Yes. Let me add, Bernie said volatile means is this industry, these applications, if you will. And again, and very -- is at the initial ramp. And so you only involved with -- we have a few customers -- now and again, we talked about it before. So we have multiple customers. And they start to ramp. It's very good for MPS, we focus on the diversifications and even within a single segment.

Quinn Bolton

Got it. I guess that was going to be my sort of second question, just thinking about the enterprise data segment. Can you just give us a sense what you're seeing in terms of, one, like-for-like pricing pressure, and then two, I think some of the newer designs really move away from a silicon-only solution to much more of a module solution. And I assume that, those carry much higher dollar content for you.

And so do you see -- as you mix the customer, you ramp some of the new hyperscaler designs. Do you think the blended ASP trends in that business, even if you see some like-for-like pricing, connect go higher through the year as these new platforms ramp?

Michael Hsing

Well MPS is going to stick with our models in our margin models, gross margin model. We provide performance. And if it doesn't fit the MPS business model, we don't take those business. And so far, we're the leading suppliers in silicon as well as the power modules. And so, this is the reason we, in very short times in the last 12, 24 months, we have engaged with all these hyperscalers, we have all these projects designed in -- design in. And also, we have future products where many future products are in the development.

Quinn Bolton

Got it. Thank you Michael.

Genevieve Cunningham

Our next question is from Chris Caso of Wolfe.

Chris Caso

Yes. Thanks. I guess just to start, I just want to make sure I understood correctly some of the comments. So, when we heard about the enterprise data flattish for the year weighted to the back half, and I'm assuming that's the entirety of the enterprise data segment, not just that associated with AI. And maybe you could talk about how -- you talked about some of the hyperscalers, some of the custom ramps happen in the second half of the year. Is that what's driving that strength in the back half of the year? What's kind of driving that back half weighting?

Bernie Blegen

Chris, that's an accurate observation. It's as we look at the ramps for both the SOC's and some of the tensor processor products that are expected to come out, we've been prototyping those, but the revenue ramps are really weighted to the second half. In addition, some of our existing customers in the AI business in particular have multiple new products that they're ramping, and those will have different demand profiles as well.

And then, that's just within the enterprise data. I think another important ingredient is, what we've referred to as the trickle-down effect, as we see the other applications that are allied to enterprise data or AI specifically in memory, optical, and networking. And all three of those are areas for growth as well during 2025.

Chris Caso

And I guess, as you look at the full year, obviously, from what you guys are seeing and the better than seasonal Q1, I'd safe to say you're starting out a little better than, some of the others in this space. What's your thought as you go through the year? Is there any lumpiness with regard to some of the opportunities that are ramping early in the year that we should consider as we go through the year, or is excluding the enterprise data business, do you see revenue kind of on a fairly stable trajectory, upslope trajectory as you go through the year?

Michael Hsing

Yes, I think, tell you some. It's very difficult to say. Surely, you go by year-by-year, we don't go by year-by-year, but although we have to report a year-by-year. And, I'll give you examples. Our large customers start to push out some product, pulling a lot of other ones. So we can't really tell. And other customers, other hyperscalers start to ramp. They start telling us we're going to keep a ramp, whether the ramp have effective move our revenue needles in Q4 over this year or Q1 over next year, we can't tell.

Tony Balow

Yes. Maybe the only thing I'd add on Michael is and it just comes back to the focus on what you can control. The organization looking at providing the best products with the best quality and that's what we can do right now and as the market then, plays through that will turn into revenue. So I don't think we're trying to get into a quarter-by-quarter debate here, Chris. I think that's how we've more landed kind of in a first half, second half dynamic at this point.

Chris Caso

Alright. Thank you

Genevieve Cunningham

Our next question is from Joshua Buchalter of Cowen.

Joshua Buchalter

Thank you for taking my questions. A couple of times, you've talked about the hyperscale program sort of driving growth more so in the back half of the year. I guess if we compare these sockets to what you've already done in AI and the accelerator side, there's a lot of companies in the analog space that are saying that, they have power engagements with ASIC vendors as well. Would you expect the majority of these emerging, the ASIC programs to be dual source?

And I know you're not going to necessarily quantify share, but I'd just be curious to hear how you're seeing the competitive environment in these sockets.

Bernie Blegen

Sure. Let me take the first opportunity there. If you look at our most recent track record in the new, and I'd say new, relatively new AI business, the reason we were able to secure a lead position initially is, because of our ability to innovate and our time to market, along with our overall performance characteristics. So to the extent that, that is valued in these product launches, those are the qualities that give us an opportunity to have a first mover advantage.

But as we've said a couple of times on this call that, when we look at our customers, we don't necessarily control what their decision process is or why. And so, again, we lead with our strengths and believe that we're well-positioned, and then we'll see how the numbers turn out towards the end of the year here.

Michael Hsing

Yes, you mentioned the second half, you're pinning us down on the second half of the ramp. What we mean is in the very near future. It could be Q1 of next year or could be Q3 of this year or even overlaps in Q2. And a lot of things, as I said earlier, and our large customers, some of the push out other ones pull-in very urgently, I mean -- so we cannot tell.

Bernie Blegen

I guess, to put a punctuation statement, we remain cautiously optimistic, but our momentum is certainly in the right direction.

Michael Hsing

That's the professional way to say it.

Joshua Buchalter

We always get the more professional answers from Bernie. Thank you. Thank you both for the color there. As my follow-up, I guess, you're kind enough to give sort of a rough outlook for enterprise data

growth for 2025. Any more clues you can give us on how you're expecting either at the company level 2025 growth to shake out and any sort of, which segments you would expect to be the biggest contributors to growth?

Michael Hsing

Biggest ones, we're thinking. There's a multiple of them.

Bernie Blegen

Yeah.

Michael Hsing

Well, multiple will ramp in a different -- many different segments. And we -- sometimes we pick the numbers was wrong, and but other ones are coming up. And we focus on the diversified growth that -- that is the key strategy. So we've been playing the same principles for the last 25 years. And if this thing doesn't work, and then other things will work, okay, that's always with always our strength. And as long as long we bring up the best performance, highest performance products in the market. We will -- if this segment slows down for whatever the reasons, other segment will pick up.

Joshua Buchalter

Thank you both and congrats on the results.

Genevieve Cunningham

Our next question is from Will Stein of Truist.

Will Stein

Great. Thanks for taking my question. Let me start with, what everyone has been asking about is enterprise data, I think you highlighted, Bernie, that it's going to be down sequentially. Can you give us a little help on the modeling? Because down could be down, 3% or, like, 30%. Maybe just dimensionalize it a little bit to give us some context, please.

Bernie Blegen

Yes. I think that it'd be really hard. Again, what Michael just said is that, the strength of our model is the diversification. And I would probably point to the outlook that we've given in total for Q1 as being a risk profile, that we believe we can deliver comfortably against, based on what we can see in our backlog and the continuing the ongoing ordering patterns. But again, trying to actually stratify with a level of precision on the end market at this point might be difficult.

Michael Hsing

Yes. You may be looking for positions and okay, and the realities in the business, we go for long terms and we go for long-term. It doesn't mean near-term will have uplifting in our revenues.

Will Stein

Yes. Clearly, my ability to model the near-term is problematic. A follow-up if I can, maybe let me switch gears a little bit. Michael, I think in the past, you talked about having some capability in microcontrollers. Historically, I know that it's not like a focus, or it's not a meaningful part of your revenue as well as I understand. Should we expect that to change? There's so many new products. You talk about silicon carbide power and converters now and DSPs even. Should we expect microcontrollers or another, any other digital sort of, logic technology to become a bigger part of your revenue over time?

Michael Hsing

Very good questions. And, we don't list out a microcontroller as a standalone standard product that we sell. As a matter of fact, we have many -- we sell many microcontroller now. And as I recall, in my mind, can come up 12, 13 microcontroller projects is ongoing. Some of those stuff is shipping. But what we sell microcontroller is on the system level.

And as Bernie earlier said in the last comments, so that MPS is evolving to a silicon-based solution company, Microcontrollers plays a key role. And, all these powers, all these are other lighting, all these other audios, including power supply, including AIs, they all have microcontrollers in it. And we don't list, separate items in the standard microcontroller part. But a lot of -- and clearly also a lot of microcontroller were integrated. And that's the reason we don't list it apart. This is separate.

Will Stein

Thank you.

Genevieve Cunningham

Our next question is from William Kerwin of Morningstar.

William Kerwin

Hey, everyone. Thanks for letting us get a question in here. Lot of good questions so far, so I'll try not to beat any dead horses. But maybe it sounds like at least in the March quarter, automotive, communication seemed to be driving some of the growth. So I'm wondering if you could just give a broader view into the demand for those markets for 2025 and your opportunities for share gains in those two.

Bernie Blegen

Sure Will. Good to hear you in the Q&A, by the way. When you look at the end markets, most of the ones that we have are long design cycles. And automotive probably lends itself to being the most predictive because we secure design win two to three years for an EV in advance of when it gets launched, or as many as four to five years for a traditional internal combustion.

Now having said that, the timing of those ramps, when we get the design win comes to market, still remains a question mark. But within the context of six to nine months, we can be reasonably predictive. So in automotive, we see a continuation of what's been driving our last two quarters of growth as far as EVs in China.

And those will be supplemented in the second half of the year more likely by a European OEM that is going to be bringing up an autonomous driving ADAS solution, as well as additional content opportunities in North American EV Company. And then, when you look at the communications side, I think that is, we're very early stages of being able to ramp the revenue opportunities, particularly in fiber optics. We started out with two primary customers, but that we expect that customer base diversify over the year.

Michael Hsing

As always, the pattern.

William Kerwin

That's excellent. And then maybe one just on some of the new products that were introduced at the start of the call, really just which one of these maybe excite you the most? And what are the new markets that you might be able to enter with these that are the most attractive, do you think, from a growth perspective?

Michael Hsing

The most exciting product we haven't announced yet. Come us to Analyst Day, March 20. And these are equal babies, okay? They all grow should be very same weight.

Tony Balow

Yes. Again, we picked four, but there's many more behind that. So it's hard to pick just one.

Bernie Blegen

Actually, we wanted to have a teaser to make sure we had the best turnout for the Investor Day.

William Kerwin

Ok excellent. We'll wait for more detail in March.

Genevieve Cunningham

Our next question is from Hans Mosesmann of Rosenblatt.

Hans Mosesmann

Thanks. Congrats, guys. I'll be quick. What is the split for your enterprise data between AI and non-AI, if that's possible? And I have a follow-up.

Bernie Blegen

Yes. Again, I think we already, answered that question by saying that those lines are getting blurry. So we really don't have a meaningful way to make that divide.

Michael Hsing

And our customers are not and we're not appreciated we are disclosed those numbers. And our customers have made it very clear.

Hans Mosesmann

Is non-AI considered memory and optical historically?

Bernie Blegen

They are different market segments.

Tony Balow

Optical is in communication, memory is in storage.

Hans Mosesmann

Fine. At the risk of upsetting your customers, if you answer, what is the share between your historical AI customer for this year versus accelerator customers? What's the split? Is it 10/90 or 50/50?

Michael Hsing

For this year and at the end of the year, and we probably will have a -- in the near term where we have a more clear picture, but now we don't. And we are in -- frankly, it's a way, as Bernie said, we're not in a position to answer it. And also, by -- either by product, they share the same product. And also, our customers doesn't want us to release these information.

Hans Mosesmann

Ok. Thanks very much

Genevieve Cunningham

Our last question is from Joe Quatrochi from Wells Fargo.

Joe Quatrochi

Yeah. Thanks for taking the questions. Just curious on the notebook strength that you guys are talking about into the first quarter. Wondering what's driving that? Is that strength from you're starting to see pull for AI PCs or is it channel refill? Just trying to understand some of those dynamics.

Bernie Blegen

That's a great question. In fact, we believe that a lot of the design wins that we've had in notebooks more recently are tied into new AI product demand. But as I said, it's a little bit of an atypical ramp for Q1. So we really don't have a definitive answer on the why behind it.

Joe Quatrochi

Got it. And then just trying to think about the new projects that are ramping in the second half for enterprise data. Any help that you can provide and just try to think about like the architectures of those solutions that you're shipping to your customers? Are you still largely seeing that as being lateral power opportunities? Or are they starting to move to more vertical solutions?

Tony Balow

Yes. I think you heard us talk a couple of times that, we're not going to talk specific to any customer or their particular architectural solution. I think for us, what you see us again, focus is providing a portfolio of products with the best quality, the best performance, and then the customers can choose what works for them.

Bernie Blegen

And going back to, Michael's earlier comment, as far as, basically the value proposition of the principles we operate under, what we're most interested in doing and continuing to do is winning sockets.

Michael Hsing

Yes. Our customers particularly does not want us to reveal the lateral power or vertical power.

Joe Quatrochi

Got it. Thanks that helpful.

Genevieve Cunningham

This concludes our Q&A session. I would now like to turn the webinar back over to Bernie.

Bernie Blegen

I'd like to thank you all for joining us for this conference call. As a quick reminder, we will be hosting our Investor Day on March 20, 2025. Michael and other MPS executives will showcase our vision for innovation and outline key elements of the company's long-term growth strategy. The event will be held at our San Jose offices and will include live presentations, a Q&A session and demos of our latest solutions for a number of applications and a lot of a, number of other markets.

If you haven't done so already, please e-mail your RSVP to mpsinvestor.relations@monolithicpower.com. You can also access the live stream of the event on our Investor Relations website. Separately, I look forward to talking to you again during our first quarter 2025 conference call, which will likely be held in May. Thank you, and have a nice day.