Monolithic Power Systems, Inc. (NASDAQ:MPWR)

Q3 2025 Earnings Conference Call
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Company Participants:

Michael Hsing - Chairman of the Board, President and Chief Executive Officer
Bernie Blegen - Executive Vice President and Chief Financial Officer
Tony Balow - Vice President of Finance
Arthur Lee – MPS Moderator

Analysts:

Tore Svanberg - Stifel
Rick Schafer - Oppenheimer
Ross Seymore - Deutsche Bank
Gary Mobley - Loop Capital
Quinn Bolton - Needham
Chris Caso - Wolfe
Joshua Buchalter - Cowen
Kelsey Chia – Citi Research
Jack Egan- Charter
Joe Quatrochi – Wells Fargo

Moderator

Welcome everyone to the MPS Third Quarter 2025 Earnings Webinar. My name is Arthur Lee, and I'll 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 documents can be found on our website. Before we begin, I'd 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 risk and uncertainties. The risk, 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 Q3 2025 earnings release. Our Q3 2025 earnings commentary, 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, Arthur. Good afternoon and welcome to our Q3 2025 earnings call. In Q3, MPS achieved record quarterly revenue of $737.2 million, 10.9% higher than the second quarter of 2025 and 18.9% higher than Q3 of 2024. This performance reflected the ongoing strength of our diversified markets strategy, consistent execution, continued innovation and relentless customer focus. Let me call out a few highlights from the third quarter.

Our diversified market strategy drove year-over-year revenue growth in all of our end markets.

We continue to expand our automotive customer base with another major Tier I supplier adopting MPS for its next generation ADAS solution.

Additionally, we secured our first design win for a full BMS solution on a robotics platform which further supports our transformation from being a chip only semiconductor supplier to a full-service silicon-based solutions provider.

Overall, we continue to demonstrate our ability to grow and swiftly adapt to aspects of all aspects of our business to the fluid geopolitical and macroeconomic environment. Our proven long term growth strategy remains intact as MPS focuses on innovation and solving our customers' most challenging problems. We continue to invest in new technology, expand into new markets, and to diversify both our end market applications and global supply chain. This will allow us to capture future growth opportunities, maintain supply chain stability, and quickly adapt to market changes as they occur. I will now open the webinar up for questions.

Moderator

Thank you, Bernie. Analysts. I would now like to begin our Q&A session. *[Moderator Instructions]* Our first question is from Josh Buchalter of Cowen. Josh, your line is now open.

Josh Buchalter

Hey, guys. Thank you for taking my question. And congrats on another beat and raise. I guess to start, you know, maybe guiding up about a percent. Can you give us the puts and takes of which end markets you expect to grow more or less? And you know of note, I think earlier, you mentioned Enterprise Data was expected to be flat to down 20%. Any update to the guidance for that segment in particular? Thank you.

Bernie Blegen

Sure, Josh. When you look at Q3, I think that we saw a little bit better than anticipated performance in both our Enterprise Data and industrial markets. We had a pretty much every other group was as we anticipated. Looking ahead and I know that you're interested in Enterprise Data, we're seeing a layering of additional customers that began and this layering effect in Q4 and is providing this good momentum as we look ahead into the early part of next year.

Michael Hsing

Well, I should add all these in the script that read out Bernie mentioned a list of market segment and they've started growing. And we look back in the last few quarters, all these growth are coming from greenfield products that were released 2 to 3 years ago, and now we see the result. And so in the near future, in the next few quarters, I know we will see these will continue to to enhance our our revenues.

Josh Buchalter

Thank you for the color there. Maybe a follow up on that, Michael. You know, I think you've been pretty clear like the philosophically you have some reservations and even frustrations with the AI market because of that concentration and visibility, given all the massive announcements over the last quarter even or in that space. Maybe you could spend a couple of minutes talking to us about, you know, just big picture philosophically how you're approaching these huge forecasts and I'm sure competitive sockets with massive scale. How do you guys figure out which opportunities to go after and service, and your thoughts on the market just given you know, I think you've had frustrations about it distracting from your diversified growth. Thank you both.

Michael Hsing

Yeah. As you said, yeah, it is a – it is a kind of a distraction. But business is a business that. A good money is a good money. We don't want to take a bad money. It's okay. And but overall, the bottom line is MPS want to demonstrate in that the any segment of a market we are the best, we have – possess the best technology, and the best customer service, and we're solving problems, we demonstrate that we can have our quality, and shipments and like all these category, we are the best company. And in terms of which segment – which AI company, we don't really care. We engage with the large companies and the small companies, and we want to demonstrate that this is the best technology. When revenue comes, it comes. And given times and that gave us that we said it giving time every all the true color will show up.

Josh Buchalter

Thank you, Michael.

Moderator

Our next question is from Ross Seymore of Deutsche Bank. Ross, your line is now open.

Ross Seymore

Hi, guys. Can you hear me?

Bernie Blegen

Just fine, Ross.

Ross Seymore

Perfect. Thank you. I guess for my first question, the automotive side of things, you talked about getting an incremental design win in the ADAS side of things. There's a lot of choppiness in that end market across different geos and at different points in time, cyclically, geopolitically, all those sorts of things. But from a secular growth perspective, can you just talk about ADAS as a percentage of your revenues now versus user interface or USB or those sorts of things? And how ADAS penetrating more of that market changes the growth rate, the content, the diversity of it. Just kind of want to capture that ADAS theme and what it really means to you?

Bernie Blegen

Sure. Why don't I take a start at this? So, I think that we've demonstrated a history of establishing a strong presence in various markets with differentiated technology. You might recall going back aways was USB ports for automotive and now it's ADAS. And what this does is it has a cascading effect where we're able to get adoptions and the design wins, and we call out when these begin to ramp. And that's actually been more important to us than the – necessarily the – what the SAR is for particular end market. And in this one in particular, we have started with a lot of ADAS opportunities, particularly in the EVs, because they're faster to come to market. But what that's given us, the opportunity has been to showcase all of our other technologies, and now we're starting to see those ramp, whether it's in body electronics or different applications, what we're more excited about is as we look ahead and the transformation of the end market for automotive as it moves into 48 volt into zonal electronics.

Michael Hsing

Yeah. So, we don't know the breakdown, okay, to answer your question exactly. And look, I mean, maybe Bernie you have some idea of some of them. I think it's less than half. And I think it is less than half.

Bernie Blegen

It's considerably less than half.

Michael Hsing

Yeah. Yeah. Okay. And I'm just looking at the number of cars and also our revenues. And it cannot be more than half. But in the ADAS side, more in the more cars in including a combustion engine cars, they're adapting ADAS. We will see a significant growth in that in the next few years. That's where we anticipated. Okay.

Ross Seymore

Great. Thanks for that color. I guess as my follow up pivoting to another thing you talked about in your press release of moving from a silicon chip-based supplier to more of a solution provider. How do you think about the gross margin implications of that over time? You know, you guys were a few points higher than you are now couple of years ago. We've talked about what does it take to get you back to kind of the upper 50s from the mid-50s-ish where you are today? Does that system approach help, or is that actually a headwind in the gross margin as you go forward, as much as it might even be operating margin accretive?

Michael Hsing

I don't think so. I don't think that will be a headwind, and a lot of the large systems are buildings. And okay, we're kind of learning how to do it, and it created a lot of issues, and once the volume goes up and so we are learning, okay. And I think as things gets a lot better at the end of season. Season, last year I guess, and it will improve quite a bit. We actually making our own tested equipment as a lot of people know about it. We eat our own dog food, and creating that all fully automated test systems, those type of products and never existed before. And I think as ultimately, we improve the yield and improve the gross margins.

Ross Seymore

Thank you.

Moderator

Our next question is from Joe Quatrochi of Wells Fargo. Joe, your line is now open.

Joe Quatrochi

Yeah. Thanks for taking the questions. Maybe first I just wanted to ask, you know, with embedded within the 4Q guide, is there any help you can kind of provide in just thinking about the end markets? I think there's some seasonality to maybe like in consumer in the fourth quarter. And I think enterprise data, you guys were previously thinking that would be up somewhere like high single digits sequentially in the December quarter. Is that still the case?

Michael Hsing

Yeah. So okay. To anticipating the market, that's a very difficult call. And as you guys are betting on which stocks, it's difficult. And but we have our way of operating our business. We do the best we do the best, develop a technology, engage our customers closely. And probably the same way that you pick how you pick a stocks. Okay. And so you engage customers closely. Whatever happens happens, and you can't predict of what the market is. And we don't do that, actually.

Bernie Blegen

And if I could just add to that, that since we last talked about the second half of this year, nothing has fundamentally changed in our positioning.

Joe Quatrochi

Okay. Thanks for that. That's helpful. Maybe just also following up, but I think in the press release or prepared remarks, you had a comment around the first design win for a full BMS solution for robotics platform. Can you talk about what drove that, and how you think about the revenue opportunity ramping there and more wins in the future?

Michael Hsing

Well, we probably get too excited to talk about those. The fact that we got excited is that because we see the robotics actually happening, okay. And they kind of – we kind of predicted that that's the BMS is going to happen. And we got in and we design in and it's our customers engage with us okay there is the ground up system so that we developed, and that we see more and more these type of a system will happen. So now this kind of system will become a reality, and that's the reason we put out there.

Tony Balow

Yeah. And I'll just add on very specifically on that one. Clearly, we called it out because of the fact it was the first opportunity that we had the design win on. In terms of a revenue ramp that's really starting in 2026, and it's not in and of itself necessarily a needle mover on the model. But I do think it sort of starts the wave of these full solution design wins that we might have going forward.

Michael Hsing

Yeah, that's the same time we are making it a point that is, okay, we do start to do robotics and stuff for our actuators and the by IC for actuators, and the BMS charging, wireless charging, and these are back a few years ago. We even don't know that the robotics were taking off. Okay. I've been talking about robotics since 2017 or 2018. And but AI Assist robots are more believe that were really starting taking off. And so that's kind of a project that we think as, we pick the winners. And we're glad to see it. And that's why we're probably too excited to talk about this.

Joe Quatrochi

Thank you.

Moderator

Our next question is from Quinn Bolton of Needham. Quinn, your line is now open.

Quinn Bolton

Thank you. Congratulations, Michael, Bernie and Tony. I just guess I wanted to start with a big picture question. Just, you know, looking through this earnings season, Intel's talked about, you know, sort of shortages of server CPUs. We've seen Hyperscalers significantly increasing CapEx. Nvidia talked about half trillion of demand in 2025, 2026. I guess my question is, about a year ago, I think you guys were seeing very, very short lead times in that business and dealing with some level of pricing pressure. I'm wondering, as you look into the second half and more importantly into next year, have you started to see any change in customer lead times? Are they giving you better forecasts across the Enterprise Data segment? And is the pricing on voltage regulators and vertical power, has that changed at all over the last quarter or so?

Bernie Blegen

Quinn, thanks for the question. Let me start that this remains a very dynamic market. We're responding to a variety of requests when it comes to the orders and the expectations from our customers. So in some ways, we're getting improved predictability because with all the blockbuster announcements that have been we're adding – we're layering, as I said, more customers into the mix. But as far as the market itself, and particularly coming out recently, you can see how quickly things are changing. our customers necessarily, but and you know, what our position is, is that we can't control we can position the company to be as responsive as we can.

Quinn Bolton

Is this sort of dynamic market, I mean, if folks are scrambling sort of to get capacity, has that had any lifting effect on pricing? And then I'll ask my second question.

Michael Hsing

Yeah. Well, any market segment started from the ramp rapidly at the beginning always it cause these imbalance – supply imbalance. I mean so in the AI side and a clearly like that, and once it goes on things that will smoothen out.

Bernie Blegen

Yeah. And then being specific to your question, I don't think we've seen any recent or sustainable trends in pricing one way or the other.

Quinn Bolton

Okay, perfect. And then second question for you, Bernie. Gross margins have been sort of on a, you know, sort of ticking down over the last year or two. Can you give us any sense, you know, do you think they sort of stay in this mid 55%, 55.5% range? Is there some point next year that you start to see gross margin starting to move higher, either driven by mix or new products or, you know, should we be thinking about margins being fairly flat over the next year or two?

Bernie Blegen

Sure. As I've commented on prior calls, we've seen about three or four quarters in a row where I'd say that we have seen that a strong uptick in demand, and that continued even today. What makes this cycle different than ones that we've experienced in the past is that the orders are more short-term in nature. We're not seeing a large build up in backlog in future quarters. And so without that visibility, it limits our capacity to be able to manage the mix of business that we want to be able to have expansion in gross margin. So for the foreseeable future, until the demand profile changes and elongate the build up of backlog, I believe that we're going to be in sort of this steady range plus or minus 20, 30 basis points in the mid 55.

Quinn Bolton

Got it.

Michael Hsing

We have a lot of products.

Quinn Bolton

Okay.

Michael Hsing

A few thousand products. Okay. And a 40,000, 50,000 customers. And it's very stable margins. And with the transitions to more solution provided companies and as I said earlier, and all these it has to be automated and then okay and as time goes on and the margin will improve, and but not quickly. And that mass is very big. And so like we know it is operated on the low end of our margin profiles. But that longer term will improve, and we stick with a gross margin range.

Quinn Bolton

Got it. Thank you.

Moderator

Our next question is from Tore Svanberg of Stifel. Tore, your line is now open.

Tore Svanberg

Yes, thank you, Michael, Bernie, Tony, congrats on another record quarter. By the way, some of that dog food you're referring to must be pretty proprietary stuff. But my first question is on the Enterprise Data segment. So that's about an $800 million business right now. And my understanding is, you know, you're on a journey here, right. And you still selling predominantly chips. You are obviously moving into modules, subsystems, eventually systems. So I'm not looking for any numbers per se. But could you sort of let us know where we are in that journey? I mean, building an $800 million business with chips and, you know, where could we eventually go here with obviously more and more subsystem type solutions for Enterprise Data?

Michael Hsing

If I understood your question correctly, I can answer that way. So, we're anticipating building – millions of – multiple millions of units per month type of a shipment. And all of these – all these are integrated, highly integrated modules that never existed before. So how do we – how do we test this thing, how we achieve the – in that single low single digit PPM failures, and okay, that is a way we never encounter that kind of issues before us. And so, we start to using our own robotic systems to make that happen. So now we achieve with a very high volumes, 100% automated, including reliability test. And that's how our future is. And the goal is building multiple million units a month for that – 10 million a month for that. That's the near-term goal.

Tore Svanberg

Yeah. That's very helpful. Thank you for that, Michael. And did you also have a response to a question on the Enterprise Data? Again, you know, where are we in this journey towards delivering more system level solutions, especially which we are talking about, you know, rack level power and so on and so forth?

Michael Hsing

This is at the very beginning. Maybe I think as a module power still less than a third. Okay. And the less than a third of our revenues and it grow in the last half year. And we expected it to grow, some got delayed, and it now started happening, and next year it could be much more.

Tore Svanberg

Great. Thank you for that Michael.

Tony Balow

Yeah. And maybe just to add on to the back of that Tore, I think as you start talking about some of these solutions for 800 volt, as we discussed, those are like 27, 28 revenue ramps. So, I think it supports what Michael was saying, that we're still at the front end of this opportunity in the data center for us.

Tore Svanberg

Great. Thank you again.

Michael Hsing

Yeah. I think the investor investment community. So, it's a – if you have 800 volts of technology, the datacenter transformer is like a flip a switch the lights turn on they turn on its not like that, but like it takes a couple of years, okay, more than a couple of years to make a – to see the revenues. These take us three or four years.

Tore Svanberg

Great perspective. Thank you again.

Moderator

Our next question is from Rick Schafer of Oppenheimer. Rick, your line is now open.

Rick Schafer

Well. Thanks. And I'll add my congratulations to you guys. Just maybe I think if I could start with an auto question, kind of a follow up, but I know we talked about BMS robotics, but I know BMS becomes a bigger contributor for your auto segment next year. And you mentioned a couple of things I hope in an earlier question, but I'm just curious if you could give some guide rails and provide some guide rails about potential content trends for MPS, you know, as you start ramping some of those BMS opportunities. I mean, again, not asking for dollar content per car, but you know does it double or triple, you know, those kinds of numbers like what does it do to your potential content per vehicle moving into that BMS space in a more meaningful way? And as part of your answer, I'm curious, you know, where some of the where the some of the lowest hanging fruit is for you guys? I mean, is it 48 volt, is it power isolation, you know, that kind of thing? Thanks.

Michael Hsing

It's actually all of them. BMS revenues for auto – for EVs it's a bit in the far away again and but our customer it's a very – and this is a very concentrated market there's a few players and in a few – or not a few car makers, and then gradually all of them. They have, they want BMS. And so our customers are glad to see MPS is going to develop that series of – that type of a product too. And in terms of other low hanging fruits, we see 48 volt as a trend, and we develop all those products back in a few years ago like five, six years ago, and we provide all these integrated solution rather than these are discrete ones and the size can be 6, 7 times smaller. And the other one is the 800 volts for EV. And then now all goes up and from 400 volts to 800 volts. Okay. And in the China market is a lot of cars already have a 800 volts. So our silicon carbide solutions came in not for traction inverters and for control systems. These are these product will be shine. And so that's I pull up my hairs at this moment.

Tony Balow

And Rick, maybe just shape you a little bit on timing there to make sure I think what we said is the layering of opportunities in auto really sort of out of the end of this year and next year starts with design wins that we have bringing new content to market per vehicle. You start to see zonal designs hit market next year, then ramping through into 2027. And then the BMS and traction inverter solutions are really kind of more like 2027 and beyond just to make sure you understand sort of how those revenue opportunities are layering in.

Rick Schafer

Good. Thanks, Tony, for that color. And thanks, Michael. And then if I could ask my follow up it just on HVDC, and appreciate the timing commentary you provided a second ago, Tony. But I'm also curious, I mean, I'm just trying to figure out the right way to think about that emerging market. I mean, can you give us a sense of how HVDA compares to sort of how you've described at your Analyst Day earlier this year, maybe how you described the 48 volt accelerator power opportunity, or in any terms of bond, just to try to give a sense of what that market represents to you guys, or what do you think you could...

Michael Hsing

I think the 48 volt system is clear. There's a reason why the 48 volt is going back to those telecom times. And telephone systems, these 48 volt plus minus 48 volts or plus and minus 45. So first this started with – in a server side. Okay, we'll talk about it for years. Okay. And it has to be the solutions because it once you've got current goes up, everybody remembers the car using a 6-volt battery, and then it became 12, and is ultimately moving up to 48 volts I mean these are for full control systems, 48 volts. And the data center is already happening 48 volts. I see that's why I predict all the building systems, all the building automations are going to be on 48 volts. And the building will be a DC power solutions. And the opportunity is great. And as we've put out engage customers with the building automation systems, and we prove the point and actually it's so welcome for that type of a product. And so that's my view at this time.

Tony Balow

And Rick, I think part of your question was also on the 800-volt high voltage DC for data center as well, right.

Rick Schafer

Yes.

Tony Balow

And I think on that one, we've been pretty careful about trying to go size the opportunity because one, it's very far out. Two, we don't know how it will ramp in the market. I think what we have said is since we don't plan that part of the market today, the business we get is sort of all accretive to our overall SAM going forward. But I think we want to be careful about sizing the market yet given how far out it is and not knowing how will layer into the data centers going forward.

Rick Schafer

I appreciate that. Thank you guys.

Moderator

Our next question is from Gary Mobley of Loop Capital. Gary, your line is now open.

Gary Mobley

Hey, guys, let me extend my congratulations on the continued strong growth and continuing execution. I appreciate the fact that you still only have about 3 to 4 months of visibility, given the capacity that you can support in the quick turns business you can support, but can you confirm whether bookings continue to improve sequentially? And, you know, what are the seasonal considerations as we look out into the first quarter?

Michael Hsing

So again, it's very difficult for us to predict that, okay, what's – where's the bookings. We build our inventory, we try to build and okay, look at the inventory now, and we try to build up as okay so it builds our models, and whatever comes the way we anticipated and we can swiftly to adopt.

Bernie Blegen

Yeah. Just to add to that is that we really don't have a lot of visibility into the first half of next year. We can definitely point to the normal drivers as far as both enterprise data and automotive are very well positioned for new revenue ramps. But getting both the timing as well as getting that to balance out, we don't have a strong view on Q1 yet.

Gary Mobley

Okay. Appreciate that. And if I'm not mistaken, your distribution inventory is of mid-year was at the low end of your five-day week target range, and it decreased in the June quarter. What was the trend sequentially for the September quarter, and when might you take that distribution inventory back up to maybe the mid to upper part of that normal range?

Bernie Blegen

Yeah. Currently the Q3 channel inventory was unchanged in terms of days from where it was in the prior quarter. So, we take from that that we're satisfying real demand at this point, which again is a reflection of the quick turns business that we're working with.

Gary Mobley

Thank you.

Moderator

Our next question is from Chris Caso of Wolfe Research. Chris, your line is now open.

Chris Caso

Yes, thank you. Good evening. The first question is on enterprise data. And you know what are sort of the puts and takes as you look into next year? And of course, this year there was, you know, some changes in the market share in that which affected that business. But, you know, I guess I'm going to assume that things are cleaner as you go from this year into next year. And I mean, one, do you expect to grow that business as you go into next year, and then...

Michael Hsing

Well, it's cleaner instead of this year or next year – this year we are doing pretty good this year. And see we – and as I said earlier the module business is growing, and so all these area MPS technology shines, and the power, the higher power, the better it is. And because we provide the highest density, power density products that fits this market perfectly. And in the next couple of years you will see it. MPS is a major player in this market segment, and also the market is big – okay, we don't want to place, or we don't to be MPS only. We want to have multiple competitors, it's good for the industry.

Bernie Blegen

Yeah. I could see enterprise data growing in the range of 30% to 40% in 2026 for us. Much of that, though, would be back in the second half of the year. So while we've seen a number of new players that have been layered in, I think the material ramps are more weighted to the second half of 2026.

Chris Caso

That's very helpful. If I could follow on to that. You know, since you provided a little bit of color on that, Bernie, when you look at that 30% to 40% growth, is that you know, because I know that some of the vertical power of designs, for example, you have more content. What's the driver of that? Is it fairly broad based? Is it is it skewed towards, you know, some of the ASIC solutions, you know, more towards vertical power, whatever kind of color you can give behind that 30% to 40% expectation?

Michael Hsing

As a CEO, I don't know how to make a 30% to 40% cost. I don't know. Okay. And the opportunities are there, okay. If we didn't deliver 30%, 40% stocks I see it from a $900 to $400. Okay. What kind of a inaudible is that? And so, I don't want to make them just waiting for the numbers. Let the numbers show it.

Chris Caso

Fair enough. Thank you.

Moderator

Our next question is from Kelsey Chia of Citi Research. Kelsey, your line is now open.

Kelsey Chia

Hi. Michael and Bernie, thanks for taking my question. So, my question is on the competitive landscape. And I was hoping if you could share more, especially with regards to materials side of things that gallium nitride, silicon carbide, I think your biggest Enterprise Data customer has been signing a lot of partnerships with all these semiconductor companies. And I was just wondering MPS positioning in those, and if you actually see those materials as being important in the next generation of the power modules and chips.

Michael Hsing

We do our own silicon carbide, and we're building the modules. And also, we are seeing – we are using again – but that's a very, very early stage and we're evaluating that in. And also don't forget about silicon. Silicon power MOSFET have evolved, and we engaged a lot of new development, and a lot of the data showed it can be very cost effective and also can compete with a silicon carbide.

Kelsey Chia

Got it. Thank you.

Michael Hsing

And it's very new. That's a very, very recent development.

Kelsey Chia

Yeah. Okay. Got it. And I would just like to have a sense of how do you guys feel today versus a quarter ago, and especially you guys have come a long way since the start of the year when you're dealing with all these market share changes, visibility on the ASIC customers and things like that. And given the slew of announcements from all these big mega partnerships, how do you see that relative to opportunities and also, you know, given the maturity of the supply chain, I believe, like things are probably, you know, the supply chain partners are getting to a good cadence. So how do you guys feel? We've got recent announcements relative to your opportunity set?

Michael Hsing

I don't measure quarter by quarters. I measure by multiple years. So, I can't tell you that.

Kelsey Chia

Okay.

Bernie Blegen

Yeah. I guess the simplest way is, we're very broadly indexed across not just the merchant vendors or large ASICs, but medium and small time opportunities. And all of these need to find their way into the marketplace, and it's right now we're still very, very early in the process. So as Michael said, it's very hard to sort out in any particular time period. But I think that we're as well indexed amongst all the opportunities as anybody in this market.

Kelsey Chia

Okay. Thank you.

Moderator

Our last question is from Jack Egan of Charter Equity Research. Jack, your line is now open.

Jack Egan

Great. Thank you for taking the questions. I had one on enterprise data and one on modules more broadly. So you know, the shift to module and vertical power delivery with the custom ASIC ramp should be a pretty big tailwind for MPS. And I'm kind of wondering about what the main drivers have been, at least so far, for those customers that are switching from lateral to modules of vertical power. So I'm not really sure if you have that level of granularity, but among the major benefits, like higher power density, higher efficiency, you know, smaller footprint on the top side of board, et cetera. Is there any one characteristic that's kind of being cited by your customers as the main reason that they are moving to those modules or vertical power delivery?

Michael Hsing

Well, we don't see from a chip to module. Whoever stays the module stays the module start with the module. Whoever stays the chip, stay with the chip looking. And so MPS provides the both the circuit and both chip solutions and a module solutions and at this time. Okay. And so I don't know if it answers that question for you.

Jack Egan

Got it. Okay. And then just on the modules more broadly, I think I believe if I understood it correctly, last quarter, you mentioned that module sales outside enterprise data could be like 10% to 15% of your total revenues. And so I was curious how much of your revenue base or I guess addressable market outside enterprise data would be eligible for switching to modules? I mean, even if you're looking several years into the future, how high could that mix of modules outside enterprise data go?

Michael Hsing

Well. That's a good question. And we want to – we've built those modules very similar to enterprise modules since 2017, and industrial market adapting is kind of slow, and actually faster than telecom, and that these are two market segments that we focus on. And then to our suppliers, like auto industries also want to use it in that because this is easy to implement. And so the other one is semi-equipment and that's our largest segment, and we didn't realize that. And but now we see all these revenues are happening there. So I think in the next couple of years, it will be growing faster than three or four years ago. And so we're picking up a business, the rate of increase is picking up.

Jack Egan

Got it. Thanks, Michael. That's helpful.

Michael Hsing

Good. Good.

Moderator

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 for joining us in this conference call. I look forward to talking to you again during our fourth quarter 2025 conference call, which will likely be held in early February.