Company Name: Texas Instruments
Company Ticker: TXN US
Date: 2017-07-25
Event Description: Q2 2017 Earnings Call

Market Cap: 81,090.80
Current PX: 81.39
YTD Change($): +8.42
YTD Change(%): +11.539

Bloomberg Estimates - EPS
Current Quarter: 1.108
Current Year: 4.168
Bloomberg Estimates - Sales
Current Quarter: 3803.560
Current Year: 14357.241

Q2 2017 Earnings Call

Company Participants

- David Pahl
- Rafael R. Lizardi

Other Participants

- Adam Gonzalez
- Christopher B. Danely
- William Stein
- Harlan Sur
- Amit Daryanani
- John W. Pitzer
- Ambrish Srivastava
- Craig A. Ellis

MANAGEMENT DISCUSSION SECTION

David Pahl

Q2 Highlights

Revenue, Operating Margins and EPS

- I'll start with a quick summary of our financial results
- Revenue in Q2 increased 13% from a year ago
- Demand for our products continued to be strong in the automotive market and continued to strengthen in the industrial market
- In our core businesses, Analog revenue grew 18%, and Embedded Processing revenue grew 15%, compared with the same quarter a year ago
- Operating margins increased in both businesses
- EPS were $1.03

Cash Flow from Operations, Dividends and Stock Repurchases

- With that backdrop, I'll now provide details on our performance, which we believe continues to be representative of the ongoing strength of TI's business model
- In Q2, our cash flow from operations was $917mm
- We believe that FCF growth, especially on a per-share basis, is most important to maximizing shareholder value in the long term

- FCF for the trailing-12-month period was $4.0B, and FCF margin was 28.5% of revenue
- We continue to benefit from our improved product portfolio that is long-lived and diverse, and the efficiencies of our manufacturing strategy
  - The latter of which includes our growing 300-millimeter Analog output
- We believe that FCF will only be valued if it is productively invested in the business or returned to owners
- For the trailing-12-month period, we returned $4.1B of cash to owners through a combination of dividends and stock repurchases

Analog, Embedded Processing and Other Segment Revenue

- From a year ago, Analog revenue increased 18%, primarily due to growth in power and signal chain, each of which grew about the same amount
- High volume also grew
- Embedded Processing revenue increased by 15% from a year ago, due to growth in both product lines, processors and connected microcontrollers, by about the same amount
- In our Other segment, revenue declined $60mm from a year ago, primarily due to custom ASIC and the move of royalties to OI&E beginning in Q1 2017

Automotive and Industrial Demand

- Now we'll provide some insight into this quarter's revenue performance by end markets vs. a year ago
- Automotive demand remained strong, with most sectors growing double digit
- Industrial demand continued to strengthen, with broad-based growth as most sectors grew double digit

Personal Electronics and Communications Equipment

- Personal electronics grew, while results varied by customer
- Lastly, communications equipment grew, and enterprise systems was about even
- We continue to focus our strategy on the industrial and automotive market, which are the end markets where we've been allocating our capital and driving initiatives
  - This is based on our belief that industrial and automotive will be the fastest-growing semiconductor markets due to their increasing semiconductor content and that they'll provide diversity and longevity of products, which translates to a high terminal value of the portfolio

Rafael R. Lizardi

Financial Highlights

Gross Profit Margin, Operating Expenses and Acquisition Charges

- Gross profit in the quarter was $2.37B, or 64.3% of revenue
- From a year ago, gross profit increased, primarily due to higher revenue

- Gross profit margin increased 300BPS
- Operating expenses in the quarter were $812mm, and on a trailing-12-month basis they were 22.3% of revenue, which is in the lower half of our model
- Over the last 12 months, we have invested $1.4B in R&D, an important element of our capital allocation
- Acquisition charges were $79mm, all of which was the ongoing amortization of intangibles, which is a non-cash expense

Operating Profit, Margin, FCF, Net Income and Tax Benefit

- Operating profit was $1.48B, or 40.1% of revenue
- Operating profit was up 31% from the year-ago quarter
- Operating margin for Analog was 44.7%, up from 38.2% a year ago
- And for Embedded Processing, it was 31.2%, up from 25.4% a year ago
- Our focused investments on the best sustainable growth opportunities with differentiated positions enabled both businesses to continue to contribute nicely to FCF growth
- Net income in Q2 was $1.06B, or $1.03 per share, which included $28mm discrete tax benefit, about what we expected

Cash Generation

- Let me now comment on our capital management results, starting with our cash generation
- Cash flow from operations was $917mm in the quarter
- You will see that while net income was significantly higher than a year ago, that increase was more than offset by a higher tax payment that was driven by our outlook for higher profitability this year

Inventory Days and CapEx

- Inventory days were 133, even with a year ago and within our range
- CapEx were $151mm in the quarter
- On a trailing-12-month basis, cash flow from operations was $4.56B
- Trailing-12-month CapEx were $527mm, or about 4% of revenue
- As a reminder, our long-term expectation for CapEx is about 4% of revenue

FCF, Dividends and Repurchase

- FCF for the past 12 months was $4.04B, or 28.5% of revenue
- Our cash flow reflects the strength of our business model
- As we have said, we believe FCF growth, especially on a per-share basis, is most important to maximizing shareholder value in the long term and will be valued only if it is productively invested in the business or returned to owners

- In Q2, we paid $498mm in dividends and repurchased $650mm of our stock for a total return of $1.15B
- Total cash returned to owners in the past 12 months was $4.05B
- Over the last 12 months, we paid $1.88B in dividends
- Outstanding share count was reduced by 1.2% over the past 12 months and has been reduced by 42% since the end of 2004, when we initiated a program designed to reduce our share count
    - These combined returns of dividends and repurchases demonstrate our confidence in our business model and commitment to return excess cash to owners

Debt, Cash and Short-Term Investments

- In the quarter, we retired $375mm of debt, and YTD we have retired $625mm
- In addition, we issued $600mm of debt in two tranches, $300mm each in four-year and seven-year notes
    - This leaves total debt of $3.6B, with a weighted average coupon rate of 1.93%
- Our cash management and tax practices are fundamental to our commitment to return cash
- We ended the quarter with $2.98B of cash and short-term investments, with our U.S. entity owning about 80% of our cash
    - This onshore cash is readily available for multiple uses

Outlook

Revenue, EPS and Discrete Tax Benefit

- Turning to our outlook
- For Q3, we expect revenue in the range of $3.74B to $4.06B and EPS to be in the range of $1.04 to $1.18, which includes an estimated $20mm discrete tax benefit

Tax Rate

- Our annual operating tax rate for 2017 is now about 31%, compared with our prior expectation of about 30% due to our outlook for higher profitability this year
- This annual operating tax rate assumes no discrete tax, no discrete items, and it's what you will need to use as a starting point for your longer-term model
- Next, we're assuming discrete tax items of about $20mm and $10mm in the third and fourth quarters of 2017, respectively
- Therefore, the effective tax rate, which includes discrete tax items, translates to about 29% and 30% in the third and fourth quarters, respectively
    - These are the quarterly effective tax rates you should use for your 2017 models
- I will also remind analysts who are beginning to work their 2018 models that we would expect the discrete tax benefit in Q1 2018 to be higher than what we are projecting for the third and fourth quarters of 2017 but lower than Q1 2017

- To estimate the 2018 annual operating tax rate, start with 2017 [ph] PBT (10:50) tax of 31% and apply a 35% tax rate to any incremental profit
- Then model discrete tax benefits by quarter, noting that first quarter is expected to be higher than the others

Closing Remarks

Now to wrap up, we remain focused on growing FCF per share over the long term and investing to strengthen our competitive advantages

We believe our second quarter results continue to demonstrate our progress

QUESTION AND ANSWER SECTION

<Q>: Just one question for me. You deal with how your end markets changed year on year. Could you provide some details on how you estimate they changed quarter on quarter?

<A - David Pahl>: Sure, [ph] Gerald (12:35). For automotive, basically it increased sequentially, with all sectors growing. Industrial – again, we saw very broad-based growth across the sectors, and overall it also increased. Personal electronics increased with most sectors growing. Communications equipment was about even sequentially, and enterprise systems also grew. Do you have a follow-on?

<Q>: Yeah, sure. So you talked in the past about R&D potentially being a little bit elevated near term. Now, you guys came in slightly below our model for the quarter. How much longer could R&D be elevated in order to invest in the business?

<A - Rafael R. Lizardi>: I'll take that. First, I would point out that I know you're asking about R&D, but let me address it from an OpEx standpoint. We look at the OpEx as a model, and our model is to be between 20% and 30% of revenue, and in stable times to be at the lower half of that. In fact, that's where we've been in the last two and a half years or so, 23% to 22%. Now we're running at 22% of revenue. And, again, in stable times, we think we can operate there.

Now inside of that, both in R&D and actually in SG&A, we have various investments that are strengthening our competitive advantages. So on the R&D front we continue to focus on industrial and automotive to continue to broaden our portfolio. On the SG&A side, we invested to increase the reach of our channels, TI.com in particular. So our thinking is that we're going to continue to make those investments to strengthen the company.

<Q - Adam Gonzalez>: First question, maybe – could you contrast auto's demand now vs. say maybe six months ago? And industrial is an even larger market for you guys, even though auto tends to get all the attention. Just wondering, do they correlate at all? Can industrial offset any potential demand fluctuations in autos? Thanks. And I have a follow-up.

<A - David Pahl>: Sure. Yeah. So the strength that we've seen inside of automotive is something that we've seen for probably greater than four years now. So – and I would attribute that to our early focus on that market, the breadth of our technologies, and really just the overall diversity of our positions. So we've got five sectors inside of automotive that we're investing in. So that includes infotainment; safety systems; ADAS, or advanced driver assist systems; powertrain, which includes EV and hybrid; and body electronics and lighting. So we're seeing good growth across those – we call them sectors that sit inside of the automotive market. And really also diversity across subsystems suppliers, across car companies, across geographical regions. So we feel really good about that.

Very similar story inside industrial, very broad-based growth. I won't speak to whether they'll be connected through economic cycles or not. But both do have increasing content. So I'd be a little cautious to think that that increasing content could offset a correction that we may see in a nearer term in any one given quarter or even in any one given year. But we believe that there will be more content there over the longer term when you're looking five and 10 years. And that's why our investments are higher there.

Do you have follow-on?

<Q - Adam Gonzalez>: Yeah. Thanks. My second question's more on your FCF growth. I'm just curious why, if you look at it on a trailing-12-month basis, why FCF hasn't grown year on year despite your core Analog and Embedded businesses growing in the low double-digit range? And what's the catalyst for maybe getting that back to the higher single-digit, maybe low double-digit range? Thanks.

<A - Rafael R. Lizardi>: Yeah, this is Rafael. Thanks for a chance to clarify that. First, in any given quarter, you're going to have puts and takes on FCF, on any line of the P&L, but particularly on the cash flow statement. In this particular quarter, and also on a trailing-12-month basis, what you see there is that we had an increased tax payment in Q2 2017 that was primarily due to our outlook for higher profitability this year.

<Q - Christopher B. Danely>: As long as I'm not unemployed. I had a question on gross margin. So your revenue is basically back to where it was in the third – well, I guess a little bit higher than it was in Q3 last year, but the gross margins are 230BPS higher. Can you just kind of give us the reasons why they're higher? Then what would be the gross margin drivers going forward?

<A - Rafael R. Lizardi>: Yeah, sure. I'll be happy to address that. So our gross margins in second quarter 2017 ended at 64.3%, and that was 300BPS higher than the same quarter last year. And that just reflects the quality of our product portfolio as we continue to focus on automotive and industrial, but also the efficiency of our manufacturing strategy. And, as you know, we have the unique advantage of having a 300-millimeter factory that at the chip level provides a 40% cost advantage. As of 2016, we had about $2.5B of our revenue running through 300 millimeter, and as we continue to grow the company, and in this case Analog in particular, and that growth primarily runs to 300 millimeter, then we're going to accrue that benefit over and over and over. And it's a cumulative benefit that really yields some nice results to the gross margin line but even more important to the FCF and FCF per share for the owners of the company.

<A - David Pahl>: Do you have a follow-on, Chris?

<Q - Christopher B. Danely>: Yeah. Another thing that is going on out there – at least some of your competitors have talked about their lead times extending. Is that happening at all at TI?

<A - David Pahl>: Chris, I'd describe our lead times as continuing to remain stable. We do have pockets where we've got a processor package supply tightness, but we're aggressively working those. But overall our lead times continue to remain stable.

<Q - William Stein>: It's sort of a follow-up to the last one. We've heard quite a bit about shortages for complementary products, the semis in particular on the passive side. And I'm hoping to find out if TI is seeing any sort of capping of its growth opportunities because customers are certainly not going to order parts from you if they can't get a full kit –

<A - David Pahl>: Right.

<Q - William Stein>: – from all of their suppliers. Are you seeing that dynamic play out at all?

<A - David Pahl>: Yeah, well, I would say in general, I'm not sure we could see that if it was there. But I'd just remind you that about 60% of our revenues are on consignment. So we've got no inventory of our product sitting in front of the customer's production line that they own – we may have it positioned that it sits on our balance sheet – and same thing with distributors. But we actually do get demand forecasts from them, and those oftentimes will be several months out, sometimes even as far as six months out. And that doesn't mean that they can't change. And I'd say for that, where we do have very good visibility, you won't see anything unusual going on inside of there, no unusual expedites or cancellations or those types of things.

Do you have follow-on?

<Q - William Stein>: Yeah, maybe you could comment on order linearity through the quarter and book-to-bill.

<A - David Pahl>: Sure. Yeah. So, again, I'll make the comment that we've got 60% of our revenues on consignment. So there we actually don't have orders or backlogs. We only see those demand forecasts. So book-to-bill is less helpful inside of that. But orders, if you look at through the month, they were strong overall, and they did accelerate as we went through the quarter and into the month of June. Book-to-bill overall was 1.06.

<Q - Harlan Sur>: Solid job on the quarterly execution, margin expansion, and on the outlook. Clearly macro demand trends are strong in your end markets. Similar to last quarter, I'm just wondering if you could just talk about some of the demand trends from a geographic perspective. I think last quarter you guys saw y-over-y growth in most of the geographies. Wondering if you can just provide us with some details on the June quarter.

<A - David Pahl>: Sure, Harlan. Y-over-y, revenue was up in all regions, so Asia, Europe, the U.S., and Japan on a y-over-y basis, and that was true additionally on a sequential basis. So we saw growth really across the board there. And, just as a reminder, some know this well and some don't, that we track our revenue on where we ship it. So it's not where that product is ultimately consumed. So we may ship into a car manufacturer or a Tier 1 car manufacturer in Europe, and that car may end up and be sold in China, as an example. So it really is not a good look-through for end consumption by market.

Do you have a follow-on?

<Q - Harlan Sur>: Yeah, I do. Thanks for the color there. So on Embedded, strong y-over-y growth in sales. I think your operating profitability was up something like almost 600BPS y-over-y. Is this mostly leverage on the OpEx as you drive revenue growth? Or are there some positive mix benefits? I'm not sure, for example, if some of your processor solutions going into automotive carry, like, a higher gross margin profile?

<A - Rafael R. Lizardi>: This is Rafael. What I would tell you is that the main driver of what you're seeing here is the revenue growth as we have over a number of years now, we've refocused our investments in Embedded. And now that's really paying off very nicely. Embedded has – quite a bit of our investment there is in automotive and industrial, just like it is in Analog. And then, as we have said, those are the best markets, and that's yielding very nice results.

<Q - Amit Daryanani>: I guess two questions from me as well. First off, historically you guys have always talked about this 30 to 40BPS of share gain I think on an annual basis. I'm just wondering, given the inflection of R&D higher over the last several quarters now, should we start to think about share gains potentially accelerating? Or are share gains happening in places where the margin profile is much richer? And when do you see those benefits starting to transfer for you guys on the revenue line?

<A - David Pahl>: Well, I'll take a shot at that, and if Rafael wants to add something, he can jump in.

I would just say that as we look and allocate R&D, we're allocating those to the best projects that we can find, ones that are going to produce, get designed into the most customers, into the most markets, and have longevity of revenue. And really mostly that's about finding better opportunities to invest in than trying to just double the number of product, as an example that we're doing. But we have found more opportunities to make investments. It's things – as our products live longer and repurposed products into adjacent markets, we've found opportunities to be able to do that.

So – and I'd say just in general, the quality of the opportunity sure doesn't shift very quickly. And so we're not penciling in an inflection point inside of our revenue. But when we look at our competitive advantages – and I'd just say, just as a reminder, all four of those working together and the investments that we're making, and that includes the manufacturing and technology, the most visible one there is the 300-millimeter advantage that we have, the broad product portfolio, just the tens of thousands of products that we've got, the opportunity to sell more products to more customers, the reach of the channel markets, including TI.com that Rafael had mentioned earlier, as well as our sales force, and then just the diverse and long-lived positions. All those working together, I think, gives us confidence that, in the future, that we can continue to gain share in that range of 30 to 40BPS.

<A - Rafael R. Lizardi>: Yeah. The only thing I would add is, as you know, and we talk about it quite a bit, we've been focusing on automotive and industrial for quite some time now, because those are the best markets. They have the highest semiconductor content growth, and we're confident that we'll continue to have that for many years to come. So, as of the end of last year, 51% of our revenue was automotive and industrial, and obviously with the growth we're seeing YTD, that number appears to be ticking up, that percentage. So as that number increases, and we continue driving performance on those two segments, then mathematically overall our revenue will do better.

<A - David Pahl>: Great. Amit, do you have a follow-on?

<Q - Amit Daryanani>: I do, and hopefully I don't jinx this trend right now, but last four quarters I think in a row you guys have been pretty much at the high end of the revenue guide that you guys initially provide. Is there a change in the way you provide guide or you roll up the revenue forecast? I think you've actually ended up at the high end for four quarters in a row. Or it just happened to be the case?

<A - David Pahl>: It's really the latter. When we look at the out quarter, again, we've got 60% of the revenue that we don't have order patterns to look at, but we can actually see the demand patterns that our customers have. And that can move in both directions pretty quickly, right? So even though we've got great visibility there, things can strengthen or weaken very quickly on us. But we do have very, very good visibility for that 60% of our revenue. And the rest of it we do look at the backlog. We look at order patterns on – our sales teams provide forecasts as well. So we go through a bottoms-up and a tops-down approach. So the revenue guidance that we gave you for Q3 is our best estimate of what we think we'll do.

<Q - John W. Pitzer>: Rafael, I apologize if I missed this, but wondering if you can just talk a little bit about OpEx trends going into the September quarter. Typically, it's a seasonally down quarter for OpEx. I'm just kind of curious, is that how we should be thinking about modeling it this September? Or are there some incentive or variable bonus offsets that might actually have OpEx flat or up sequentially?

<A - Rafael R. Lizardi>: Yeah, I'll be happy to add some clarity on that. As you know, we don't guide specifically on OpEx or GPM, any line for that matter, other than revenue and EPS. But on OpEx – and I should say on OpEx we focus on the model, the 20% to 30%, and we've been operating in the lower half of that, so we'd like you guys to think about it that way. I would tell you, though, if we had anything unusual going on in OpEx, we would point that out, second to third, and we do not. And we also don't have anything like a vacation or compensation adjustments that sometimes –or we do see fourth to first, for example. We do not have that going on in that second to third transition.

<A - David Pahl>: Yeah. And just to add to that, when you look at our history, we've had some restructurings in the last few third quarters that you may have seen that transition. But as Rafael stated, there's not a seasonal impact that you see inside of third quarter typically.

Do you have a follow-on, John?

<Q - John W. Pitzer>: Yeah. Dave, I just wondered if you can just talk a little bit more about what you're seeing in the auto market, because clearly over the last several years it's been one of the better [ph] markets (31:11) for semis, but there have been some sort of mixed data points, SAAR's decelerating. You've seen some auto manufacturers actually cutting forecasts into the back half of the year. So I guess how do you think about kind of SAAR unit growth vs. content growth? And how's the visibility there? And are you seeing things that others might have highlighted last week on their conference calls?

<A - David Pahl>: Yeah. So the one thing that's been clear, our business has grown very strong for four years plus now. And that's really due to the early investments that we had made inside of this market and we continue to make. And, again, we're trying to ensure that we're making those investments as broad as we can. So we're not dependent on one particular technology or one type of portion of the demand that's increasing.

And clearly the – I think it's well-known that SC content has grown faster inside of autos than, jeez, if you just go down into a showroom you can see that pretty clearly in any car today vs. even just a few years ago. So we're confident that that trend will continue, and we've also seen the announcements, like you've mentioned, that some car companies have reduced their build plans. We certainly continue to monitor those markets overall, but we're confident in our long-term position there, and we'll continue to make those investments.

<**Q - Ambrish Srivastava**>: Straddling two calls, and I apologize if this has been answered already. In the reported quarter, where did the upside come vs. your expectations going into the quarter?

<**A - David Pahl**>: Yeah, Ambrish, things were pretty strong, really across the board. So we saw growth really in most markets, most geographies, and even a lot of the subsectors inside of automotive and industrial.

<**A - Rafael R. Lizardi**>: I would just add, three-quarters of our growth came from industrial and automotive, so that just shows you how strong those were.

<**Q - Ambrish Srivastava**>: Okay. And –

<**A - David Pahl**>: Do you have a follow-on, Ambrish?

<**Q - Ambrish Srivastava**>: Yes, I did, Dave. And this is – you were kind enough always when we have – this topic comes up every couple quarters, and not surprisingly. We're in an economic expansion for a while now, top of the cycle. You have metrics that you look at, which are cancellations, booking, and so you share them quite frequently with us. Where is TI's business on those metrics, Dave? Thank you.

<**A - David Pahl**>: Yeah. So I would say that if you look again inside of distribution, our inventory there remains at about four weeks. It's actually down sequentially and down from a year ago. Our visibility into customers' inventories of course varies depending on if we're on consignment or not. So, with our consigned OEMs, we're not seeing anything that's unusual there such as expedites that would suggest that we have an issue. And of course our visibility into inventory beyond what customers manufacture in their operations is very low overall. So again cancellations remain low. Lead times continue to remain steady. So all of those metrics I think really are very similar to what we saw 90 days ago.

<**Q - Craig A. Ellis**>: I wanted to come back on the gross margin point, so congratulations on getting to 64% in the quarter. When I look at the incremental for the quarter, it was 79%, which is above the 68% to 69% level that it had been for the last five or six quarters – not unprecedented, but looked like a step up. Is that something we should interpret as being more sustainable? Or were there some either mix items or other lumpy 300-millimeter transition items that contributed to the atypical surge in the quarter?

<**A - Rafael R. Lizardi**>: Yeah. This is Rafael. What I would tell you is that any given quarter, the pull-throughs will be a little different. In a company the size of ours, there's just a lot of puts and takes inside this big P&L. The more important thing to remember is that we have some fundamental structural drivers that have increased our GPM percent, and we think going to continue increasing our GPM percent for the foreseeable future. And those are the quality of the portfolio as we continue to focus on the best markets, automotive and industrial, and the diversity and long-lived positions that we get with those, where we invest R&D today and we get the revenue for decades to come.

And then the other piece is 300-millimeter Analog. As I stated earlier, that it's 40% more cost-efficient than 200 millimeter, and that accrues, meaning you start one part on that and then the next part you start it on 300, and the third part, and the fourth part, and next thing you know a bigger percentage of your company is running on 300 millimeter. And it was only the 30% as of 2016, the 30% of the capacity that we have on 300 was used. So we have ample room to continue growing 300 millimeter and accrue benefits to the company.

<**Q - Craig A. Ellis**>: Got it. [ph] Great message. (37:31)

<**A - David Pahl**>: Do you have a follow-on, Chris?

<**Q - Craig A. Ellis**>: Yeah, thank you. Just regarding the end market color you provided in response to an earlier question, Dave, comms sounded kind of flattish quarter on quarter. Can you just refresh our memory in terms of where the company stands with respect to how it's looking at comms from a strategic standpoint and where you see demand as we look around and look at 4G infrastructure investments being made globally? Thank you.

<**A - David Pahl**>: Sure. Yeah, so comms equipment is 13% of our total revenue. The wireless infrastructure will be a sector inside of that, which tends to take a lot of the calls. It's more than half of that end market by itself. So probably

somewhere in the mid-single digits as a percentage of our revenue. And there I think when we look at incremental dollars of where we're investing, if I refer you back to our capital management call that we gave back in February, we talked about the fact that we wanted to increase incrementally dollars in both the industrial and automotive markets, because that's where we believe the growth will be.

With communications equipment, I would say that we've got some caveats depending on which business we're looking at. In Embedded, I would say that those investments are down vs. where they were maybe five years ago. But on the same view, inside of Analog, they're actually up because of some of the complexity that's being developed inside of the radio. So we do believe that that market will continue to provide great opportunities for us for a very long period of time, but we just don't believe that there's going to be significant growth. We don't know of any carriers that want to take up their CapEx over the next five and 10 years over a longer period of time