Applied Optoelectronics (AAOI) / 26 Feb 25 / 2024 Q4 Earnings call transcript

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Lindsay Savarese	executive
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Operator

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Good afternoon. I will be your conference operator. At this time, I would like to welcome everyone to Applied Optoelectronics Fourth Quarter and Full Year 2024 Earnings Conference Call. [Operator Instructions] Please note that this call is being recorded.

I would now like to turn the call over to Lindsay Savarese, Investor Relations for AOI. Ms. Savarese, you may begin.

Lindsay Savarese

Thank you. I'm Lindsay Savarese, Investor Relations for Applied Optoelectronics. I'm pleased to welcome you to AOI's fourth quarter and full year 2024 financial results conference call. After the market closed today, AOI issued a press release announcing its fourth quarter and full year 2024 financial results and provided its outlook for the first quarter of 2025. The release is also available on the company's website at ao-inc.com.

This call is being recorded and webcast live. A link to the recording can be found on the Investor Relations section of the AOI website and will be archived for 1 year.

Joining us on today's call is Dr. Thompson Lin, AOI's Founder, Chairman and CEO; and Dr. Stefan Murry, AOI's Chief Financial Officer and Chief Strategy Officer. Thompson will give an overview of AOI's Q4 results, and Stefan will provide financial details and the outlook for the first quarter of 2025. The question-and-answer session will follow our prepared remarks.

Before we begin, I would like to remind you to review AOI's safe harbor statement. On today's call, management will make forward-looking statements. These forward-looking statements involve risks and uncertainties as well as assumptions and current expectations, which could cause the company's actual results, levels of activity, performance or achievements of the company or its industry to differ materially from those expressed or implied in such forward-looking statements.

In some cases, you can identify forward-looking statements by terminology such as believes, forecasts, anticipates, estimates, suggest, intends, predicts, expects, plans, may, should, could, would, will, potential or thinks, or by the negative those terms -- of those terms or other similar expressions that convey uncertainty of future events or outcomes. The company has based these forward-looking statements on its current expectations assumptions, estimates and projections.

While the company believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the company's control.

Forward-looking statements also include statements regarding management's beliefs and expectations related to the expansion of the reach of its products into new markets and customer responses to its innovations, as well as statements regarding the company's outlook for the first quarter of 2025. Except as required by law, AOI assumes no obligation to update these forward-looking statements for any reason after the date of this earnings call to conform these statements to actual results or to changes in the company's expectations.

More information about other risks that may impact the company's business are set forth in the Risk Factors section of AOI's reports on file with the SEC, including the company's annual report on Form 10-K and quarterly reports on Form 10-Q.

Also, all financial results and other financial measures discussed today are on a non-GAAP basis, unless specifically noted otherwise. Non-GAAP financial measures are not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation between our GAAP and non-GAAP measures, as well as a discussion of why we present non-GAAP financial measures, are included in the company's earnings press release that is available on AOI's website.

Before moving to the financial results, I'd like to note that AOI management is attending the Susquehanna Annual Technology Conference virtually on Friday, February 28. Management will host an investor session at OFC on Tuesday, April 1 in San Francisco. This discussion will be webcast live and a link to the webcast will be available on the Investor Relations section of the AOI website. We would also like to note that the date of AOI's first quarter 2025 earnings call is currently scheduled for May 8, 2025.

Now I would like to turn the call over to Dr. Thompson Lin, AOI's Founder, Chairman and CEO. Thompson?

Chih-Hsiang Lin

Thank you, Lindsay, and thank you for joining our call today.

During the fourth quarter, we delivered revenue of $100 million, which was in line with our guidance range of $94 million to $104 million. We recorded non-GAAP gross margin of 28.9%, which was in line with our guidance range of 27.5% to 29.5%.

Our non-GAAP loss per share of $0.02 was in line with our guidance range of a loss of $0.04 to earnings of $0.04 per share.

Total revenue for our datacenter products of $44.2 million was essentially flat year-over-year and was up 8% sequentially. [indiscernible] for our [indiscernible] products increased 40% year-over-year and 70% sequentially. The growth was primarily driven by increased adoption of 400G products by our datacenter customers along with new customers that we began shipping to during the year.

Total revenue in our CATV segment was $52.2 million, which increased more than 4x year-over-year and more than doubled sequentially, largely driven by shipment of our 1.8 gigahertz [indiscernible] for one of our major MSO customers.

As we have discussed on our prior earnings calls, our MSO customers are in the process of upgrading their outside [indiscernible] networks so that they can support higher bandwidth in [indiscernible] direction and eventually enable DOCSIS 4.0.

We are pleased to announce that during the quarter we received a substantial order for our [indiscernible] bandwidth networking products from a top North American cable operator. This order is for product that began shipping this month.

With that, I will turn the call over to Stefan to review the details of our Q4 performance and outlook for Q1. Stefan?

Stefan Murry

Thank you, Thompson. We're pleased to end the year on a high note, driven by strength in both our datacenter and CATV businesses and with solid momentum heading into 2025.

As Thompson mentioned, our Q4 results were in line with our expectations. We delivered revenue of $100 million, which was in line with our guidance range of $94 million to $104 million. We recorded non-GAAP gross margin of 28.9%, which was in line with our guidance range of 27.5% to 29.5%. And lastly, our non-GAAP loss per share of $0.02 was within our guidance range of a loss of $0.04 to earnings of $0.04 per share.

During the fourth quarter, we continued to execute on many of the initiatives that we laid out last year. In our datacenter business, on our last few calls we discussed how we had begun to receive orders for 400G products from another large hyperscale customer. In line with our expectations, we continue to see increasing orders for 400G products both from long-term hyperscale customers as well as from this new hyperscaler that we've been talking about for the last several quarters.

We continued to make good progress on our 800G products with customers beginning to give us clear demand forecasts, which indicate ramping demand beginning in the second half of 2025, in line with our expectations.

In our CATV business, as Thompson mentioned, we received a substantial order for our Quantum Bandwidth networking products from a top North American cable operator. These products began to ship this month and we expect additional orders throughout the year based on forecasts we have received from this customer.

We are encouraged by the demand that we are seeing for our CATV products and are very excited to announce that our next-gen Quantum Bandwidth amplifiers have already begun to be deployed by a major North American MSO as part of its publicly announced network upgrade project.

Lastly, during the quarter, we took steps to expand our production capabilities.

We have been retrofitting our facility in Sugar Land, Texas to accommodate new automated production equipment, which we expect to begin to receive next month. This equipment will be used for the production of both 400G and 800G transceiver products.

We also signed an agreement to lease an additional building in Taiwan, which we are outfitting in order to increase production of our datacenter and CATV products there.

Turning to our fourth quarter results.

Our total revenue was $100 million, which was up 66% year-over-year and up 54% sequentially, and was in line with our guidance range of $94 million to $104 million.

During the fourth quarter, 44% of revenue was from datacenter products, 52% was from CATV products, with the remaining 4% from FTTH, telecom and other.

In our datacenter business, Q4 revenue came in at $44.2 million, which was essentially flat year-over-year and increased 8% sequentially. The sequential increase was due to shipments to existing customers along with the new hyperscale datacenter customer that we've talked about for the last several quarters. In the fourth quarter, 61% of datacenter revenue was from 100G products, 32% was from 200G and 400G transceiver products, and 8% was from 40G transceiver products.

As our datacenter customers work on building out their next-generation, AI-focused data center architectures, we remain active in our 800G-fication efforts with several hyperscale customers.

During the quarter, we received the first significant demand forecast from one of our hyperscale customers that bolsters our previously-held expectation of a second half 2025 ramp in 800G sales.

In our CATV business, with the explosive growth of data consumption and rising user expectations, we are already being recognized by cable operators as a preferred partner to ensure that these upgrades minimize cable subscribers' network interruptions and also optimize performance.

As a result, CATV revenue in the fourth quarter was $52.2 million, which was up more than 4x year-over-year and more than doubled sequentially. This significant increase is due to the ramp in orders for our 1.8 gigahertz amplifier products.

We continue to believe our CATV revenue will ramp further in Q1 and will remain elevated throughout 2025.

Now turning to our telecom segment. Revenue from our telecom products of $3.5 million was up 26% year-over-year and up 25% sequentially.

Looking ahead, we continue to expect telecom sales to fluctuate from quarter-to-quarter.

For the fourth quarter, our top 10 customers represented 97% of revenue, up from 95% in Q4 of last year. We had 3 greater than 10% customers, 2 in the datacenter market, which contributed 31% and 11% of total revenue, respectively; and 1 in the CATV market, which contributed 52% of total revenue.

In Q4, we generated non-GAAP gross margin of 28.9%, which was within our guidance range of 27.5% to 29.5% and was up from 25% in Q3 of 2024 and down from 36.4% in Q4 of 2023. The sequential increase in our gross margin was driven primarily by our favorable product mix, including growth in our CATV revenue.

Looking ahead, we continue to expect that our gross margins will improve as we see the impact of manufacturing efficiencies in our CATV production and improving product mix. We remain committed to our long-term goal of returning our non-GAAP gross margin to around 40% and continue to believe that this goal is achievable.

Total non-GAAP operating expenses in the fourth quarter were $31.5 million or 31.4% of revenue, which compared to $21.6 million or 35.7% of revenue in Q4 of the prior year, primarily due to increased R&D spending in 800G, 1.6 terabit and Quantum Bandwidth products.

Looking ahead, we expect non-GAAP operating expenses to increase slightly next quarter and range from $32 million to $33 million.

In 2025, we anticipate modest additional increase varying with quarter-by-quarter fluctuations, mainly in R&D expenditures.

Non-GAAP operating loss in the fourth quarter was $2.5 million, compared to an operating income of $0.4 million in Q4 of the prior year. GAAP net loss for Q4 was $119.7 million or a loss of $2.60 per basic share, compared with a GAAP net loss of $13.9 million or a loss of $0.38 per basic share in Q4 of 2023.

Our GAAP net loss in the fourth quarter of 2024 included a onetime charge of $112 million related to the exchange of our convertible notes in Q4.

On a non-GAAP basis, net loss for Q4 was $1 million or $0.02 per share, which compared to our guidance range of a loss of $1.9 million to income of $1.7 million or a loss per share in the range of $0.04 to earnings of $0.04 per basic share. This compares to a non-GAAP net income of $1.6 million or $0.04 per basic share in Q4 of the prior year. The basic shares outstanding used for computing the earnings per share in Q4 were 46.1 million.

Turning now to the balance sheet. We ended the fourth quarter with $79.1 million in total cash, cash equivalents, short-term investments and restricted cash. This compares with $41.4 million at the end of the third quarter of 2024. We ended the quarter with total debt, excluding convertible debt, of $46 million, compared to $39.4 million at the end of last quarter.

As of December 31, we had $88.1 million in inventory, which compared to $64.4 million at the end of Q3. The increase in inventory is primarily for raw materials purchased for customer orders.

During the quarter, we raised $53.9 million net of costs and fees on our previously announced at-the-market program. We made a total of $25.7 million in capital investments in the fourth quarter, which was mainly used for manufacturing capacity expansion for our 400G and 800G transceiver products. This brings our total CapEx for the year to $48.8 million, which was up compared to 2023 of $12.6 million, reflecting higher capital needs as we expand production to accommodate increased demand.

Going forward, we expect to make sizable CapEx investments over the next several quarters as we prepare for increased 400G, 800G and 1.6 terabit datacenter product production in 2025.

For the year, we expect between $120 million and $150 million in total CapEx.

We expect to finance these investments through a combination of cash on hand, cash generated from operations and some equity sales, including ongoing advanced discussions for possible strategic investments. This will mark the most significant capital expansion plan in our company's more than 27-year history. Included in this plan is adding significant production capacity in Texas, which we expect will make us one of the largest, if not the largest, domestic producer of datacenter transceivers for AI applications.

We continue to believe that we are poised for a sustained period of growth in both our datacenter and CATV businesses and that these capital commitments will be transformational to our company as we execute on these opportunities.

Moving now to our Q1 outlook.

We expect Q1 revenue to be between $94 million and $104 million and non-GAAP gross margin to be in the range of 29% to 30.5%. Non-GAAP net income is expected to be in the range of a loss of $3.6 million to breakeven and non-GAAP earnings per share between a loss of $0.07 per share and breakeven, using a weighted average basic share count of approximately 49.6 million shares.

With that, I will turn it back over to the operator for the Q&A session. Operator?

Operator

[Operator Instructions]

The first question comes from Tim Savageaux with Northland Capital Markets.

Timothy Savageaux

Congrats on the ramp in cable, in particular, in the quarter. I wanted to ask about the capacity investments, I guess, 135-or-so million mid-range, and pretty substantial in Q4 as well. I guess, to what extent is that -- I mean, I imagine it's principally focused on datacenter, but maybe you could provide some color datacenter versus cable because it looks like you're going to continue to ramp there. And within datacenter, could you give us an estimate of the kind of capacity you're heading towards, whether that's revenue or incremental revenue capacity or unit volumes or however you'd like to discuss it? And as you close the year, what kind of annual revenue capacity are you targeting in the U.S?

Stefan Murry

Okay.

So there's a lot embedded in there.

As far as the application of the capital expenditures, it's going to be almost entirely for datacenter. There'll be some spending on cable TV as well, but most of that ramp has already been accommodated in terms of production capacity.

As far as what this would bring to us in terms of incremental capacity, it's going to be designed for production of primarily 800 gig and 1.6 terabits. We're still working with our customers and other related parties to figure out exactly how much of that capacity is going to be built in the U.S. versus other locations.

So I can't answer that question directly. But it's going to be substantially targeted at U.S. investment, and again, mostly for 800 gig and 1.6 terabit.

Chih-Hsiang Lin

So let me answer the other.

For the [indiscernible] manufacturing in Houston, so we're getting to the 4-inch manufacturer for the [EML] and the high-power single [indiscernible].

For [indiscernible] 1.6 [indiscernible] our plan to have maybe [indiscernible] more than 120,000 or even 140,000 per month of capacity by annum this year or early next year [indiscernible] transceiver for datacenter.

Timothy Savageaux

Okay. That's super helpful and kind of a good segue to the next question, which is, Stefan, you mentioned some demand forecasts coming in from hyperscale customers for 800 gig. I imagine that's related to your capacity planning. But any chance you can quantify that type of demand? Or should we assume it's in line with the monthly production figures that Thompson just mentioned?

Stefan Murry

Yes, it's in line with those production figures. I mean, obviously, we're not planning on targeting our entire CapEx at one particular customer, so there's some aggregated demand across a number of different hyperscale customers. But certainly, the aggregate demand is consistent with the numbers that Thompson mentioned. .

Operator

Our next question comes from Michael Genovese with Rosenblatt Securities.

Michael Genovese

I guess first question on the Quantum Bandwidth to a North American cable order that you referenced in the quarter.

Just explain to us, how is that similar or different from the 1.8 gigahertz amplifiers that drove the sequential increase in the quarter? Is that a different product and a different customer, or is it related?

Stefan Murry

No. It's the same. Quantum Bandwidth is a suite of products that include amplifiers and other things. This was specifically for our 1.8 gigahertz Quantum Bandwidth amplifier products.

So yes, it's the same product that we're talking about here.

Michael Genovese

Okay. And then I guess, just could you kind of give us any more color on -- I mean, obviously, the datacenter opportunity is a multiyear opportunity, and we're -- identified some targets sort of for the second half of the year. But if we think about the quarter itself and the first quarter, with 3 hyperscale customers that we sort of know about, just -- how is the quarter versus your expectations? Are things going slower in the near term or are they going according to your expectations? Just a little bit more color on datacenter would be helpful.

Stefan Murry

I think it's pretty much in line with our expectations. I mean we said for -- pretty consistently for a while that 400 gig was going up, which it is. It's up almost 4x year-over-year. Meanwhile, 100 gig is gradually declining, which is what we've said for a while as well. And that 800 gig and 1.6 terabit will start ramping -- I mean, 800 gig later this year, 1.6 terabits maybe later this year, more likely 2026.

So all this is in line with what we've expected.

Michael Genovese

And for your 400G result in the quarter or what 400G could be in 1Q, is that gated by capacity? Or is capacity not an issue in 400 gig?

Stefan Murry

The capacity is sort of a moving target, right? We're adding capacity as demand shows that to be prudent, right? In other words, we're not getting too far ahead on the capacity expansion plan.

So there's a number of different products that go into the 400 gig mix.

Some of those were at capacity, others were a little below. But in general, we're trying to keep capacity in line with demand.

Michael Genovese

Okay. And then just last quick one for me. The $120 million to $150 million CapEx target in 2025, I actually suspected that maybe it could have even been higher than that.

So I'm kind of wondering, is that like a number that would have to be repeated in the next year? Or does that get you multiple years of revenue growth for, let's say, $150 million?

Stefan Murry

Let's put it this way.

Our hope is that we're going to continue to make sizable capital investments because that means that our revenue in the future is expected to continue to ramp, which is what I think, based on what we're hearing from our datacenter customers, this is a multiyear upgrade cycle that they're going through with respect to their AI datacenters. And to that extent, if we're participating in that, then our expectation is that we would continue to see increased demand, not just 2025 and we're done.

So I can't give you any kind of guidance on what we're going to be in 2026 in terms of CapEx. But I think it would be a very good sign if we continue to invest substantial amounts.

Chih-Hsiang Lin

Or let me say that based on the information we have from 4, 5 customers, I think by end of next year, the demand for the [indiscernible] 1.6 T single [indiscernible] transceiver could be more than 200,000 per month or even 250,000 per month. But I think we want to be conservative because the demand change from time to time.

We will not invest until we cut the commitment or maybe the [indiscernible] from customers. But this year, I think we are very confident the demand there. And that's why we need to speed up the investment, especially in Houston.

I think really we need to make the transceiver in Houston because I think that's required by the customers. All right?

Operator

The next question comes from Simon Leopold with Raymond James.

Jeffrey Koche

Yes. This is Jeff Koche in for Simon.

So I just wanted to hit on 400 gig for a little bit. Maybe you could break out, of the $14 million, like how much was the Microsoft AOC agreement? And then thinking just about how the -- maybe the front end, the 400 gig demand there, how you expect that to trend into March? And I have a follow-up.

Stefan Murry

Yes. I can't really comment on customer-specific products, and all that would be covered under NDA. But I can say that we've been pretty consistent that the Microsoft program would ramp later this year, and that's consistent with the forecast that we're continuing to see. But with respect to exactly how much we sold this quarter, we don't break that out.

And I'm sorry, your second question was what?

Jeffrey Koche

Just the I know that that was targeted more to the back end. I'm just thinking the 400 gig, that's front more front-end related. Or is some of the 400 gig that you're getting in the business, is that -- should we consider that back end? And how do you expect that dynamic to trend into March?

Stefan Murry

Well, again, we don't give forward guidance by product line either, so I can't really comment on exactly what we'd expect to...

Chih-Hsiang Lin

Let me say. Right now, we can see very strong demand for 400G single-mode transceiver for maybe 2 kilometers or 10 kilometer. That's why we are adding our capacity too, all right? Not only [indiscernible] but that's not the majority of this year because -- so basically, I will say we see in a few months, I would say, by June or July, I think the single-mode capacity, we need to be maybe, I would say, maybe 50,000 to 70,000 per month. The multimode, I think we have to work maybe 100,000 per month maybe by similar times, all right, June, July, August. This is based on the demand we see. That's how far I can say.

But we have many customers, okay, maybe 5 or 6, 7 customers, all right, all U.S. customers, all right?

Jeffrey Koche

Maybe just clarify based -- I'm sorry if I missed this, but like embedded within the guidance for March, where do you see CATV versus datacenter sales? Datacenter should be up, I'm assuming, and maybe some moderation in CATV? That's it.

Stefan Murry

Yes. I mean, again, we don't really break it out by product line like that. But I think we said pretty consistently that we're going to reach a kind of plateau in CATV revenue. I mean I've been pretty consistent in past calls talking about how, at some level, our CATV revenue is limited by the rate at which our customers can deploy the product, right? This is not like datacenter where a technician can just go into the data center and replace a bunch of product all at once. Each one of these amplifiers needs to have a crew, a bucket, trucks and a lot of infrastructure is required to do that.

So there's just a natural limit to how much of that can be installed in a given quarter.

So we expect to see kind of a plateauing in the CATV business. And as Thompson mentioned, the cable -- I mean, excuse me, the datacenter business is where we expect to see most of the growth going forward.

Chih-Hsiang Lin

And by the way, the Q1 guidance is not limited by demand. It's because it's [indiscernible] New Year, as you know, so there's 2, 3 weeks or even 1 month including the manpower issues.

So otherwise, I think the revenue will be much, much higher.

So in Q1, the revenue is limited by our capacity, especially in manpower, okay, not the demand.

So that's why we are working very hard to catch up the demand for the customers, especially in datacenter 100G, 400G, then 800G [indiscernible] start getting to [indiscernible] manufacturer in Q2, for sure Q3.

Operator

The next question comes from Dave Keng with B. Riley Securities.

Dave Kang

First question is on cable TV.

You've got that 52% customer. Is that a disti or can you talk more about that customer, because it's not ATX, right?

Stefan Murry

No, it's the same big customer we've had for the last few quarters in cable. And it is a stocking distributor for cable TV products in the U.S., yes.

Dave Kang

So how is that -- can you talk about the difference between the demand difference between your product versus, say, like the DAA, from Harmonic and [indiscernible] they're talking about slowing down where you guys seem to be kind of immune from that?

Stefan Murry

Yes. I mean I think we've mentioned this on the last few calls, but I'll kind of reiterate that.

So the DAA, the element that is principally causing the DAA deployments to slow down is a Remote PHY module. It goes out in the node and it translates the digital input and output signals into analog signals that can be carried over the rest of the co-ax portion of the HFC network, okay? That particular device has had some challenges, okay?

And so our products are downstream of that device. Right now, what we're selling are the amplifier products that go downstream of the node, okay? So those -- the upgrade of those amplifiers is independent of the DAA aspect of the network, okay? And carriers can get benefits from deploying the amplifiers independent of whether or not the node has been upgraded.

And so that's what they're doing.

As they work their way through whatever the issues are with the Remote PHY deployment, they're going full speed ahead on their amplifier upgrades.

So that when the Remote PHY devices and the nodes are ready, then they'll be able to immediately or more quickly turn on DOCSIS 4.0 services.

Dave Kang

Got it. And then regarding your top customer, that disti customer, or cable TV customer, I mean, who are their major customers? I mean, do they sell to major MSOs like Charter and Comcast? Or any more color on their customer base?

Stefan Murry

I mean, yes, they do sell to large MSOs, including the ones that you mentioned, and a variety of others.

The units that we have been selling are principally destined for large North American MSOs who are doing upgrade projects.

Dave Kang

Got it. And then I'm assuming when you talk about second half regarding 800 gig ramping in second half, I'm assuming third quarter, what's your lead time or expected lead times for 800 gig? Is that like maybe 10 weeks or 8 weeks?

Stefan Murry

Something like that. I mean that's been -- I mean, typically, our lead time in the datacenter business has been something -- we're around 8 to 10 weeks. I guess that would be what we would expect to the 800 gig as well. There's no principal reason why 800 gig would differ from that.

Operator

The next question is a follow-up from Tim Savageaux with Northland Capital Markets.

Timothy Savageaux

This kind of follows on to Thompson's comments about midyear capacity.

And so it sounds like a lot of this is going to need to happen pretty quickly. I guess that, talking about the potential for a strategic investment, it seems like if that's going to happen, that would need to happen pretty soon to be part of the financing of the capacity. I just want to get any color on that, on any expectations you might have.

Stefan Murry

Look, I mean, we've been adding -- I mean, as you can see, our CapEx numbers are -- have ramped fairly dramatically over the last couple of quarters already.

So we're not holding back on investments that we need to make until we get a strategic investment. What I was trying to say in our prepared remarks is simply that those discussions are ongoing and that that could be a part of our financing plan.

Chih-Hsiang Lin

And let me add something too.

For the 400G multimode, demand was actually, it's not storage, it's AOC. But the same capacity can be used for 800G AOC too.

So if it comes to the capacity is 240,000 per month of storage 120,000 per month AOC by June or July, and for both 400G and 800G, and that's based on the demand from the customer.

The other is most of this new production line will be almost fully automated, not like 100G [indiscernible] it's totally different.

So we can set minimal 80% to 90% manpower. And that's why we are very confident we can make [indiscernible] in Q3. All right. Thank you.

Operator

And the next question comes from Michael Genovese from Rosenblatt Securities as a follow-up.

Michael Genovese

Just last follow-up question for me. I just want to ask directly, have you guys qualified 800G products with any customer yet? And have you shipped any 800-gig revenue in the fourth quarter?

Chih-Hsiang Lin

We are almost there. We shipped out a lot of the 800G by a few hundred thousand that [indiscernible] the final qualification beside the [indiscernible] is more [indiscernible] qualification, something like that. .

Michael Genovese

To more than 1 customer, you said?

Chih-Hsiang Lin

Three or 4. Single-mode transceiver, not in multimode. .

Operator

At this time, we have no further questions. And I will turn the call back over to Dr. Thompson Lin for closing remarks.

Chih-Hsiang Lin

Okay. Thank you for joining us today.

As always, we want to extend a thank-you to our investors, customers and employees for your continued support.

As we discussed today, we believe the long-term demand driver remains strong for both our datacenter and CATV business, and we believe we are well positioned to capitalize on this opportunity.

We look forward to seeing many of you at OFC. Thank you.

Operator

The conference has now concluded. Thank you for attending today's presentation.

You may now disconnect.