

Call transcript

Operator

Hello, and thank you for standing by. At this time, I would like to welcome you to the Navitas Semiconductor Q3 '24 Earnings Conference Call. All mics have been put on mute to prevent any background noise. After the speakers' remarks there will be a question and answer session. [Operator Instructions] I would now like to turn the conference over to Stephen Oliver, VP of Investor Relations. Please go ahead, sir.

Stephen Oliver

Good afternoon, everyone. I'm Stephen Oliver, Vice President of Investor Relations. Thank you for joining Navitas Semiconductor's Third Quarter 2024 Results Conference Call. I'm joined today by Gene Sheridan, our Chairman, President, CEO and Co-Founder; and Todd Glickman, CFO. A replay of this webcast will be available on our website approximately one hour following this conference call and available for approximately 30 days.

Additional information related to our business is also posted on the Investor Relations section of our website.

Our earnings release includes non-GAAP financial measures. Reconciliations of these non-GAAP financial measures with the most directly comparable GAAP measures are included in our third quarter earnings release and also posted on our website in the Investor Relations section. Non-GAAP expenses and operating margin exclude stock-based compensation, amortization of intangible assets and other nonrecurring items. In this conference call, we will make forward-looking statements about future events or about the future financial performance of Navitas, including acquisitions.

You can identify these statements by words like we expect or we believe or similar terms. We wish to caution you that such forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from expectations expressed in our forward-looking statements. Important factors that can affect Navitas business, including factors that could cause actual results to differ from our forward-looking statements are described in our earnings release. Please also refer to the Risk Factors sections in our most recent 10-K and 10-Qs.

Our estimates or other forward-looking statements may change, and Navitas assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other events that may occur except as required by law. And now over to Gene Sheridan, CEO.

Eugene Sheridan

Thanks, Steve, and thanks to all of you for joining us today.

Our Q3 revenue was \$21.7 million, within prior guidance and also a record quarter for GaN shipments. I'm excited to announce a major new technology launch, several very important customer events and 2 new significant corporate announcements. Navitas is the pioneer and leader in GaN technology, releasing the world's first GaN power ICs and driving the world's first

mainstream GaN adoption in mobile fast chargers starting back in 2018. Navitas GaN ICs continue to be generations ahead of our competitors.

Our ICs set new industry standards for integration, efficiency, performance, reliability, and ease of use.

Now we're expanding power capabilities into AI data centers, EV chargers and next-generation solar microinverters, including our latest GaNSafe family, the world's most protected and reliable GaN power platform. Today, we're proud to announce a new low-voltage GaN technology optimized for 48-volt systems, giving Navitas more content and complete solutions for AI data centers, next-generation EV platforms as well as opening up new markets like AI-based robotics. We believe this new 80 to 200-volt range creates an additional \$1 billion market opportunity for Navitas in the coming years. I'm also pleased to announce a strategic partnership with Infineon in which the 2 companies are creating common GaN specifications, giving our customers dual sourcing options from our two companies. With Navitas and Infineon aligning on fundamental elements such as packaging, pinout, footprint and intellectual property, customers will have increased confidence to accelerate GaN adoption into new high-volume mainstream applications. This low-voltage GaN platform is another significant step in Navitas' pure-play technology roadmap of next-gen integrated GaN and leading-edge silicon carbide with proprietary trench-assisted planar technology for no compromise high-efficiency, high-power density solutions.

Continued innovation across a broad range of platforms has now increased Navitas portfolio to over 300 patents granted or pending, expanding another key element of our significant competitive advantages.

Next, let me turn to our progress in each of our target markets. In AI and enterprise data centers and in step with NVIDIA's rack power demands for the Hopper Blackwell Rubin GPU road map demanding up to 480 kilowatts per rack, we've announced a new record-breaking 8.5 kilowatt AI power supply design, utilizing a winning combination of GaNSafe and Gen 3 Fast silicon carbide technology as well as our new IntelliWave architecture that achieves over 99% peak efficiency for data center PFC applications.

Our high-voltage GaNSafe power ICs and Gen 3 fast silicon carbide devices are featured in over 60 active customer projects with direct customers like Delta, Great Wall, Compuware and LiteON, supplying end users like AWS, Azure and Google.

Our data center revenue started in Q3 as expected and will continue ramping this quarter and throughout 2025. The new low-voltage GaN technology announced today is a perfect complement to our existing high-voltage GaN. In particular, for AI data centers, this allows Navitas to deliver end-to-end solutions from high-voltage AC to DC converters with our existing GaN and silicon carbide technologies to low-voltage DC to DC converters using these new 80 to 200-volt GaN devices. These technologies are a critical element for the recent exponential demands and AI power requirements to boost energy efficiencies and power densities in order to target a doubling of rack power every year for many years to come. Sampling of the new low-voltage GaN will start this quarter for 48-volt data centers and other markets with first

customer designs expected to ramp in the second half of 2025. In electric vehicles, based on our silicon carbide best-in-class in-circuit performance, we have won another 6 designs in Q3, including both onboard chargers and roadside chargers for 2025 and 2026 revenue ramps.

In addition to these performance benefits, our trench-assisted planar GeneSiC devices are fully qualified to industry AECQ-101 grade, and we're extending those tests well beyond AEC standards for best-in-class reliability. EV continues to be the largest segment in our customer pipeline with over 200 active projects.

In addition, our new low-voltage GaN technology will be a perfect fit for 48-volt battery EV applications in the future. Navitas continues to drive excellence in the mobile and consumer market with GaN Slim ICs featured in another 26 design wins in Q3. Adding to the Samsung wins we announced in August, we now have another 3 Tier 1 OEM wins, which are expected to deliver multimillion starting to ramp in Q2 of next year. In the appliance and industrial pipeline, 30 new design wins were achieved in Q3, ranging from vacuum cleaners and LED lighting to solid-state grid-connected circuit breakers, multi-kilowatt power supplies and heat pumps. In solar and energy, we added another 10 design wins, including a multimillion dollar win at Generac, which is scheduled to start production in the middle of next year.

Next-gen GaN ICs, including Navitas proprietary industry-leading bidirectional GaN ICs continue to track for a significant mid-'25 ramp in solar microinverters.

Our new low-voltage GaN will also provide further opportunities in solar in the low-voltage panel side of these inverters as a perfect complement to our high-voltage GaN and silicon carbide, doubling our content potential in these applications. Today, we're also announcing some important changes to streamline our company and drive important efficiency gains with the goal of scaling our company to profitability.

As Todd will further explain, we have reduced headcount and expenses, which will reduce our revenue threshold for positive EBITDA and accelerate our time to profitability. We've also increased our organizational focus on our 3 most strategic markets, AI data center, mobile, and EV. We believe these three markets, utilizing our industry-leading GaN and silicon carbide technology, along with complementary silicon controllers and isolators will be our largest revenue drivers over the coming years. The technologies we create for these markets will have significant opportunities for cross-selling into industrial, appliance, consumer, solar, and energy storage markets.

Looking forward, given continued softness in some of our end markets, combined with a couple of customer project delays, we anticipate a more muted outlook for the next couple of quarters.

However, with the strength of our \$1.6 billion plus customer pipeline and continued design win momentum, we expect solid growth to resume later next year.

In addition, today's announcements of our new low-voltage GaN technology, a dual sourcing partnership with Infineon and creation of a more efficient and focused organization all set Navitas on an improved path to growth and profitability.

Now over to Todd for our financial updates.

Todd Glickman

Thank you, Gene. I'm just as excited today to be talking to you all as I was in 2022. Navitas has proven world-class technology, strong secular trends driving gallium nitride and silicon carbide to replace silicon, a seasoned leadership team with plenty of experience in semi cycles and a fabless model that provides important flexibility to navigate these choppy waters.

As we expand into new markets, we expect to further diversify our revenue stream from mobile chargers into multiple high-growth markets with an increased focus on EV and AI data centers. I'll continue my comments today with a review of our third quarter financial results, and then I'll walk you through our outlook for the fourth quarter. Revenue in the third quarter of 2024 was \$21.7 million, essentially flat with prior year and a 6% sequential quarter increase.

As Gene discussed, macroeconomics continues to impact a number of our end markets.

However, our mobile business hit an all-time record in the third quarter.

Before addressing expenses, I'd like to refer you to the GAAP to non-GAAP reconciliations in our press release earlier today. In the rest of my commentary, I will refer to non-GAAP expense measures. Gross margin in the third quarter was 40.1% compared to 42.1% in the third quarter of 2023 due to the strong mobile market mix. Sequentially, gross margin was relatively flat from 40.3% in the second quarter.

While gross margin expanded in our mobile market and supply chain cost reductions are allowing us increased competitiveness with silicon, sequential product mix is offsetting that growth in gross margin. We held total operating expenses for the third quarter relatively flat sequentially at \$21.4 million, comprised of SG&A expenses of \$9.9 million and R&D expenses of \$11.6 million, demonstrating our ability to balance operating efficiency while investing in future product generations. Adding all this together, the third quarter 2024 loss from operations was \$12.7 million.

Our weighted average share count for the third quarter was 185 million shares.

Turning to the balance sheet. It remains very strong with high levels of liquidity. Cash and cash equivalents at quarter end were \$99 million, and we continue to carry no debt.

Although accounts receivable increased to \$26 million compared to \$23 million in the prior quarter, we made good progress on reducing inventory to \$21 million from \$25 million in the prior quarter.

As we've discussed in past earnings calls, we are continuing to focus on working capital improvements.

Moving on to guidance for the fourth quarter. We currently expect revenues in the range of \$18 million to \$20 million, reflecting the dynamic nature and short lead times for mobile business as well as the customer project delays, as Gene described. Gross margin for the fourth quarter is

expected to be approximately the same as the third quarter with our guidance at 40%, plus or minus 50 basis points as our mix continues to lean toward the mobile market in the near term.

We expect margin improvement will align with demand recovery in higher power markets.

As Gene described, in Q4, we initiated a reduction in headcount and expenses while streamlining our organization and increasing our focus on our most strategic revenue drivers. Headcount was reduced by about 14% or 45 employees, and we expect OpEx reduction of approximately \$2 million per quarter that should be fully realized in the first half of 2025.

Our non-GAAP operating expenses in the fourth quarter are expected to decline to approximately \$20.5 million.

For the fourth quarter of 2024, we expect our weighted average share count to be approximately 187 million shares. In closing, while we are excited about the growth opportunities in front of us, we are thoughtfully navigating near-term uncertainties that are impacting the entire semiconductor industry. Navitas is the only pure-play next-generation power semiconductor company, and this provides us with advantages, opportunities, and benefits for significant expansion. Operator, let's begin the Q&A session.

Operator

[Operator Instructions] Our first question comes from the line of Kevin Cassidy from Rosenblatt.

Kevin Cassidy

Yes, very interesting on the dual source below-voltage GaN platform agreement. Is there any IP licensing in this? And maybe another question I have is, is this driven by customer requests? Or is this more driven by the 2 companies you and Infineon saying that this would be a value add to our customers?

Eugene Sheridan

Yes. Thanks, Kevin. Good question.

So yes, we have a cross-license. It's a broad-based GaN cross-license.

So that gives us both the freedom to do a collaboration like this and gives our customers the confidence that this collaboration will be free of any sort of patent conflict between the 2. And why do we do it? I think 2 reasons. One, we've certainly seen with GaN ICs, people love the technology. They love that advanced technology, but they really don't like sole sourcing.

And so we want to go faster. We want to get into mainstream, high-volume markets quicker.

If you can do that with 2 credible high-quality suppliers with common specs, common footprints, things can go a lot faster. This has been proven in the industry. It's been done many times. And I think it's going to work really well for us. And I think Infineon fits our kind of reputation strategy and value-based pricing. I also think we're entering the low-voltage GaN market pretty recently, obviously, in our case. The same thing for Infineon. That market already has a couple of

suppliers, InnoScience and EPC, they actually follow a different common spec and footprint but are embroiled in a patent lawsuit that concerns customers and causes hesitation.

So we want to avoid that situation to give them the risk assurance, supply chain risk reduction, assurance of 2 strong suppliers, and also know they're free of any patent issues to worry about.

Kevin Cassidy

And maybe just to almost counter that, but is there an opportunity for product differentiation for you in some other aspects of the design, maybe it support or just any other angle you might be able to have an advantage in the market?

Eugene Sheridan

Yes, definitely. Obviously, we differentiate a lot on our system design and technical support.

We have a data center system design group that will be expanding into this DC-to-DC space, giving us strong technical support, close collaboration, maybe in joint labs with customers. But also, I should say that while we have a broad-based GaN cross-license, it doesn't mean we're transferring the know-how.

I think that's something where we can choose selectively where does the dual sourcing actually benefits customers and benefits both companies. But there'll be plenty of spaces where we'll continue to drive differentiation and offer sole-source benchmark solutions.

So we'll kind of pick and choose where that dual-sourcing relationship makes sense.

Kevin Cassidy

And by the way, I was going to give congratulations to Todd for taking the position as CFO.

Looking forward to working with you.

Operator

Our next question is from Quinn Bolton from Needham & Company.

Shadi Mitwalli

This is Shadi Mitwalli dialing in for Quinn Bolton. I'd like to start off on the gross margin guide. It looks like you guys are guiding gross margins flat even though revenue will be down a few million. Is this due to mix? Or is there anything else contributing to the gross margin guide?

Eugene Sheridan

Yes, that's a great question.

As revenue has gone down a little bit, mobile continues to be strong. And within mobile, we've been able to expand our margins with that product.

And so that's why we were able to keep margins flat even though some of our higher power markets have been more muted on the revenue growth.

Shadi Mitwalli



And then my follow-up is on what Navitas is seeing in the automotive market.

Some of the auto semi-players have talked about strengths and weaknesses in certain geographies. And I was curious if Navitas is seeing the same.

Eugene Sheridan

Yes. We're certainly seeing some pickup that's encouraging.

I think a year ago when the slowdown started, we saw a pickup with hybrids.

I think that's continuing. But now I think we're seeing a pickup with pure EV. We're mainly engaged on the OBC. We see some nice progress in design wins. We talked about 6 new design wins in Q3.

I think that momentum is going to continue, not just OBC roadside chargers. I know that infrastructure is a little weak and building out slowly, but it's got to accelerate to get the full potential for battery EV. And we have a lot of really impressive designs going on roadside chargers with our high-voltage silicon carbide. That will, I think, be really instrumental to improving the speed at which you can get charged up with your car, the reliability of these chargers, and of course, the frequency of getting more of them spread around.

So I think that's all pretty encouraging, but it does take time to work through some of the short-term slower growth rates everybody is experiencing on EV.

Operator

Our next question comes from Tristan Gerra with Baird.

Unknown Analyst

This is Tyler on for Tristan. Where are channel inventories today for silicon carbide? And then maybe initially, how are you looking at the silicon carbide market growth for next year?

Eugene Sheridan

Yes. Thanks, Tyler. Yes, certainly, with the slowdown first last year in solar, earlier this year, we talked about it with industrial and EV. Anytime you get a change in growth rates, we do see pockets of channel inventory. It's not broad-based, but certainly, there are some pockets that have to be worked through.

I think the channel inventory numbers are coming down.

So I think the trend is good. And I think they're all factored into the more muted outlook for Q4 and Q1 as well as our bullishness on returning to strong growth next year.

So I think we're going to see that growth come as silicon carbide market is recovering. We're winning, as I said, a bunch of designs in onboard chargers, off-board chargers as well as industrial and solar. We talked about in my prepared remarks, 10 new design wins in solar, that's the biggest we've seen this year.

So these are good encouraging signs. A lot of those high-power markets are silicon carbide, as you know. And then we're going to layer in GaN for solar, middle of next year, GaN for EV for the first time, end of next year.

And so those are all going to add together to give us a better outlook for next year.

Unknown Analyst

Yes. Great. And that kind of touches on my next question. We're beginning to hear some higher voltage GaN and encroaching on traditional silicon carbide applications. What are your views on this development? And how would this affect Navitas as a supplier of both technologies?

Eugene Sheridan

Yes. Yes, it's definitely an interesting space. There's a lot of alternate ways to go about it. There's a lot of trade-offs, too.

So I think you can get there today.

You could go out and announce a 1,200-volt GaN or something higher, but one is what's the reliability, what's the performance, but also what's the cost effectiveness.

If you just do it by making the chip a lot bigger to handle that voltage, it will look good. The specs might look good, but it may not be cost effective.

So we're really taking our time to study the right path, what's the right substrate, what's the right device geometry, what's the right voltage to make sure when we launch that higher voltage GaN, we really nail the right combination of commercial and technical competitiveness.

So I do think high-voltage GaN as basically a displacement of silicon carbide technology over time could make sense. I haven't seen anything announced now that I think is going to have a significant impact. But I do believe when Navitas approaches it, we'll have the right approach in the coming years. But I think it's not a quick solution.

Operator

Our next question comes from Joe Moore with Morgan Stanley.

Joseph Moore

I wonder if you could talk about the restructuring that you're doing, anything -- any end markets that you're pulling away from or sort of what's the cost of losing the headcount that you're losing?

Eugene Sheridan

Yes. Thanks, Joe.

As Todd described, about 14% headcount in aggregate, about \$2 million of savings per quarter, it will take 2 or 3 quarters to kind of fully realize that.



Going forward, the restructuring and headcount reduction was reasonably broad-based. We were in pretty good balance so there wasn't one major area from a geographic or functional impact. But not just in cutting -- tightening the belt and cutting the burn rate or headcount, but also in sharpening our focus. Todd and I both mentioned mobile, EV and AI data centers, we're sort of elevating those.

So in some cases, we're promoting and increasing -- promoting people and increasing resources around those 3 areas.

So I think by sharpening our focus while reducing our burn rate, I don't think we'll have a financial impact on growth rate.

I think it will actually accelerate growth rate and certainly accelerate our time to profitability and the revenue threshold we need to get to, to do it.

So mobile and EV and AI data centers are the bigger focus. With that said, I think we've already proven -- we saw it in the mobile world, the mobile technology we developed, the [ Hridge ] IC found really good homes into the broader-based appliance market.

And so that continues to be a nice adjacent or secondary market for us. And I think we're going to see the same thing. The technologies we develop for mobile, EV and AI data center will have high reuse in some of these secondary or adjacent markets, like I said, consumer, solar, energy storage and industrial.

So I think they'll all play together, and we'll continue to update you and talk about growth and design wins and pipeline in each of the segments.

Joseph Moore

Okay. And then for a follow-up, I'm just curious about pricing for new sockets right now.

You've got European competitors with empty fabs, Chinese competitors with empty fabs. Do you see that having an impact on like-for-like pricing for new design wins?

Eugene Sheridan

Yes, definitely, when the market softens, everybody gets a little more aggressive on price to try to keep the volumes going, keep the fabs full. The flip side of that is we've had tremendous success at renegotiating cost structures, both on the GaN side and the silicon carbide side. That's at the starting material level, epi fab and device level packaging and assembly and test.

So we didn't cite any numbers, but we're really taking advantage of the weaker market with significantly improved cost structures, which then gives us ability to keep pace with the price reductions to have more purchasing leverage and even win business with incremental gross margins as things improve, especially in the higher power, more industrial markets.

So I think that's how we see it playing out.

Operator

Our next question comes from Jack Egan from Charter Equity Research.

Jack Egan

So for the low-voltage GaN and the 48-volt data center platform, I believe the market there for like intermediate bus converters is still predominantly silicon.

So is GaN making inroads there at your customers? I mean it seems like the focus is -- GaN has very good efficiency, but silicon is such so cost effective that it's pretty tough to compete with.

So are more data center customers really getting real about using GaN in those intermediate bus converters?

Eugene Sheridan

Yes, that's a really good summary, Jack, of the situation, and that's kind of why we like our chances.

I think if we were entering late in the market had already taken off on GaN, that could be a little bit problematic. But I think there's been a lot of work done, a lot of R&D, a lot of advanced research, some products going into production, but we see a tremendous potential to push the frequency and efficiency up with our low-voltage GaN as we did with mobile chargers and really cross that barrier to showing significant value props compared to silicon. Also combine that with system design, it's not just the transistor.

Just like in the mobile chargers, we brought magnetic capability. [Par] magnetics will be really critical in these 48-volt DC to DC converters, pushing the frequencies up from their traditional silicon levels in hundreds of kilohertz to may be megahertz, pushing that to 2 megahertz, 3 megahertz and higher.

So I think we've got the skills.

I think we've got the road map.

I think we've got the technology that can really move it. Then you combine that with 2 strong suppliers with Navitas, Infineon, some common specs and footprints take care of supply chain risks or any IP risks.

I think it's a powerful combination that will really show up at the right time and the right place as we're going from Blackwell to Blackwell Ultra to Ruben, there's some really big power challenges on the horizon, and we need to get to work in solving those.

Jack Egan

Great.

Okay. That's helpful. And then I guess a good segue into my next question then.

So I was curious about your general thoughts on liquid cooling in data centers and how it kind of impacts power content.

I think there are arguments for both sides that liquid cooling might reduce the need for more efficient power convergent semiconductors. But at the same time, the processor companies are going to use that liquid cooling to just keep pushing to higher and higher power levels.

So as it relates to power content, kind of how do you see liquid cooling? Is it a benefit for power semi companies or could it be kind of a bit of a headwind?

Eugene Sheridan

I think you nailed it with your latter comments.

I think it's like any budget, we desperately need.

As an industry, we desperately need a bigger power budget.

If you don't go to liquid cooling, everybody is going to be limited in power, including the processors. And then they're going to be stuck and then you're not going to be able to keep going down this exciting path of AI processors and capabilities.

So I think liquid cooling is inevitable.

I think it's necessary, and it just accelerates the ability of the whole industry to get the full potential of AI, and that's going to keep that parallel going up and up and up. And the thirst for power for energy savings and power density are not going to slow down with liquid cooling. We need it to keep going.

Operator

Our next question comes from Jon Tanwanteng from CJS Securities.

Jonathan Tanwanteng

Gene, I wanted to clarify, will Infineon be manufacturing power technologies using your IP? And if so, how does that benefit you?

Eugene Sheridan

Yes. We -- well, first of all, the benefit.

So the biggest benefit, as I said, is people love the Navitas GaN technology, love GaN ICs, but would love to see 2 sources for this advanced GaN technology. It really allows the customer to go much faster from sort of their initial niche adoption or first 1 or 2 kind of high-performance platforms into the high-volume mainstream adoption. That's where they really want to see 2 sources, 2 credible sources.

And so we're bringing them now 2 credible sources, at least in fixed focus areas, which starts with the low-voltage 48-volt GaN. With that said, our technologies are developed separately. And the beauty of it is with the cross licensing, we can develop these products, common specs, common footprints, common sourcing for the customer, dual sourcing for the customer, but not have to worry about patent infringement between the 2 companies. That's the simplest way to describe it in terms of the benefit and how it will work.

Jonathan Tanwanteng  
Got it.

So it's only a form factor that's shared as a partnership, if that makes sense?

Eugene Sheridan  
Yes.

Jonathan Tanwanteng  
You mentioned returning to strong growth versus near-term headwinds. I was wondering if you expect growth to remain negative heading into Q1? And if so, when does the inflection occur as we get into next year?

Eugene Sheridan  
Yes. I know there's a lot of debate and various opinions next year.

I think the general consensus is we'll see decent market recovery throughout next year. We certainly feel bullish about all the design wins, the design win momentum we've had for the last 2 or 3 quarters, the pipeline conversion that we're seeing. A lot of those kicking in as Q2 and Q3, next year. The 2 projects that pushed out from Q4, one is an EV one, another one is an industrial one. Those are both two- to three-quarter push outs.

So instead of seeing multimillion dollar impacts in Q4, those are pushed to Q2 or Q3.

So a lot of things point to that part of the year. With that said, Q1 is seasonally typically down. Last year was down 11%. We see that seasonality continuing or even getting magnified.

So that's why I mentioned a couple of quarters. We're not formally guiding to Q1, but it's clear Q1 looks seasonally down and a bit soft. And then I would expect we're on to a strong recovery in growth thereafter.

Jonathan Tanwanteng  
And then lastly, I didn't hear you mention the industrial and appliances business, specifically the appliances. I'm wondering how that fits into the new equation where you're focusing on EV and data center and mobile?

Eugene Sheridan  
Yes. It will continue. And I did mention, it was a short comment, admittedly, appliance and industrial with 25 more design wins, which is great. It's got a nice long tail. They're not usually as big as we know, right, not \$5 million or \$10 million programs, but a nice long tail of small- to medium-sized customers. 25 design wins that's usually GaN in appliance, silicon carbide and industrial. That's nice. We had -- or sorry, it was 30 in Q3. We had 25 in Q2.

So that's good. And as I mentioned earlier, even as we increase focus on mobile, EV and AI data centers, the technology we develop for those markets will have high reuse into appliance, industrial, solar, energy storage and consumer.

So we'll continue to track and drive those, but with greater emphasis on our biggest drivers, mobile EV and AI data center.

Operator

Our next question comes from Kevin Cassidy from Rosenblatt.

Kevin Cassidy

Thanks for taking my follow-up. Last week, there was a smartphone supplier that said that there's a trend in smartphones where they're shifting from mid-range phones to entry-level phones.

First, are you seeing that? They're kind of saying it's a barbell now of high-end phones or entry-level phones? Are you seeing that? And does that change anything in your market? I think a little bit. What matters to us, of course, entry-level can mean maybe more volume because they're going to hit better price points.

Of course, the key for us is what's the charging power. They're going to keep charging super slow to kind of minimize the cost, but not maximize the consumer experience, 20 watts, 15 watt chargers, then that's not going to be interesting to us, as you know. But what we're seeing is a lot of guys are going to mainstream chargers and even you might call them entry-level chargers, but pushing that power level to 45 watts or higher.

As we've always talked about, that's really the tipping point for GaN bringing a lot of value, bring a much faster charging experience.

So as one -- so I'm not sure exactly of that announcement. I don't know the specifics and don't know the charging. But as one relevant point, I didn't highlight it in the prepared remarks, but we're doing great work with transient. And you may not -- that's not a household name for smartphones, but they're the leaders in Africa and other third world regions. And we're making incredible progress in bringing cost-effective 45 watt, 65 watt chargers to those really low-cost phones.

So that's been a pleasant surprise for us. It's adding to our numbers. We said GaN was at a mobile charger all-time high in Q3. They're part of that mix already.

So that's one relevant customer example that shows me we can bring fast charging and GaN fast charging even into sort of entry-level and mainstream phones or, let's say, super price-sensitive phones.

Operator

[Operator Instructions] Our next question comes from Richard Shannon from Craig-Hallum Capital Group.

Richard Shannon

I apologize for jumping late on here and asking a question that I'm sure has been discussed before, but let me ask a simple one, just reading from the press release here with a kind of refocusing on certain markets that don't include solar here.

So I'm kind of curious what we're thinking about that space. Is this an area of continued development at all? Or just -- I just want to get your read on this from that team, please.

Eugene Sheridan

Yes, definitely.

I think if you look at broad-based solar, it's a decent-sized market. But given where we're at as a smaller company, our silicon carbide being a smaller business, focus is pretty key.

And so we'll continue to capture and win, I think silicon carbide and broad-based solar applications with silicon carbide.

If you look at strategically where can Navitas bring the most value, the combination of GaN and silicon carbide is super exciting, where we can bring our system design centers to bear. And we've got one in EV. We've got one in data centers. We've got one in mobile.

So when you look at the combination of technologies we can uniquely bring the deep system knowledge and system focus around mobile, EV and data center, that's where we'll place our biggest bets. That doesn't mean there aren't going to be opportunities. And even niche.

So even within the world of solar, I commented on silicon carbide, GaN is emerging really promising opportunity for solar microinverters in particular, not broad-based solar.

So even there, we'll find our niches, which can be sizable niches, and we'll continue to focus on those areas.

So I think bidirectional GaN as an example, into solar microinverters, I reiterated in my prepared remarks, is on track for a nice ramp-up in mid-'25.

So this focus on mobile, EV and data centers will be very important, very strategic, but it won't be exclusive and ignoring some of these other opportunities in the other markets.

Richard Shannon

Okay. Fair enough. And maybe just a quick follow-up here.

You talked about a dual sourcing arrangement with Infineon for lower voltage products here. Obviously, this is the first announcement I've seen of this.

I think you've alluded to it before. I am honestly not familiar with whether Infineon has announced any products in this general voltage area here.

So maybe you can just discuss how this partnership came up, how you expect it to ramp out here. Generally, when do you expect to start to see some real revenue contributions from it? Yes. It's certainly been in the works for months. Obviously, just being public today for the first time. I'm not sure about Infineon's time line for their public announcements, but they're certainly aware of what we're announcing today, and I'm sure theirs will be coming. Coming soon, the dual sourcing is very focused on this particular family where we see a really hot opportunity in AI



data centers in particular. There's a real need for it, but people love dual sourcing, especially they get it with this advanced technology to solve the efficiency and density problems of data centers. We're going to start sampling the first low-voltage GaN actually this quarter, so in the coming weeks. That's coming quite quickly, and we expect first production ramps late next year.

Operator

There are no further questions at this time. And this concludes today's conference call. We thank you for joining.

You may now disconnect.