29-Oct-2026

Monolithic Power Systems, Inc. (MPWR)

Q3 2026 Earnings Call

Copyright © 2001-2026 FactSet CallStreet, LLC

CORPORATE PARTICIPANTS

Arthur Lee
Finance Manager, Monolithic Power Systems, Inc.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

Rob Dean
Vice President & Chief Accounting Officer , Monolithic Power Systems, Inc.

OTHER PARTICIPANTS

Tore Svanberg
Analyst, Stifel, Nicolaus & Co., Inc.

Richard E. Schafer
Analyst, Oppenheimer & Co., Inc.

Quinn Bolton
Analyst, Needham & Co. LLC

Joshua Buchalter
Analyst, TD Cowen

William Stein
Analyst, Truist Securities, Inc.

Chris Caso
Analyst, Wolfe Research LLC

Sebastien Naji
Analyst, William Blair & Co. LLC

Kelsey Chia
Analyst, Citigroup Global Markets, Inc.

Joe Quatrochi
Analyst, Wells Fargo Securities LLC

Gary Mobley
Analyst, StoneX Financial, Inc.

Copyright © 2001-2026 FactSet CallStreet, LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Monolithic Power Systems Third Quarter 2026 Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Arthur Lee. Please go ahead.

Arthur Lee

Finance Manager, Monolithic Power Systems, Inc.

Earlier today, MPS released a written commentary on the results of its operations for the third quarter ended September 30, 2026. This document can be found on our website.

Before we begin, I would like to remind everyone that in the course of today's presentation, we may make forward-looking statements and projections within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risk and uncertainties. The risk, uncertainties, and other factors that could cause actual results to differ from these forward-looking statements are identified in the Safe Harbor statements contained in the Q3 2026 earnings commentary and in our SEC filings, including our Form 10-K and Forms 10-Q, which can be found on our website. Our statements are made as of today, and we assume no obligation to update this information.

Now, I would like turn the call over to Tony.

Tony Balow

Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

Thanks, Arthur. Good afternoon and, for us, good morning from Shanghai, and welcome to our Q3 2026 earnings call. In Q3, MPS achieved another significant milestone, exceeding $1 billion in quarterly revenue for the first time. Q2 revenue of $1.2 billion was 22% higher than the second quarter of 2026 and 63% higher than the third quarter of 2025.

During the quarter, our capacity surpassed $6 billion in annual revenue support. We expect to have $8 billion of capacity in place by the second half of 2027 on our way to $10 billion in support of our rapidly expanding business.

In our Enterprise Data end market, we saw strong demand across existing customers, which we expect to continue into 2027. In addition, using our in-house-developed AI design tools, we significantly expanded our customer base in traditional areas, as well as landing new wins in applications such as desktop AI designs.

Beyond our strong Enterprise Data growth, in Automotive, we received first orders for 48-volt power solutions and expect design wins for 48-volt and zonal architectures to be a driver of growth in 2027.

We started ramping robotics solutions with sensor and motor control products across multiple geographies. We continued to increase our SAM with the ramp of our high-speed memory products. We landed our first large data converter design win, which we expect to ramp next year, and we continue to build out our high-voltage portfolio

Copyright © 2001-2026 FactSet CallStreet, LLC

and began sampling GAN-based solutions for use in 800-volt data center architectures, complementing our existing silicon carbide-based designs.

And finally, in Q3, we repurchased over $450 million of our own stock. Overall, we see accelerated growth. Our diversified growth strategy is paying off.

Operator, you may now open the webinar for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question comes from Tore Svanberg with Stifel. Your line is now open.

Tore Svanberg
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Yes. Thank you, Michael and Tony. Congratulations on that $1 billion milestone. And to you Tony, congratulations on your CFO appointment. So, I guess for my first question, you talked about accelerated growth. Was hoping you can maybe elaborate a little bit on that. I mean, I'm sure you're not going to give us kind of 2027 guidance, but you are on track to growing 50%, 60% this year. And especially in light of your $8 billion capacity and then $10 billion, when should we potentially see $10 billion capacity in place? Thank you.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Yeah, thanks, Tore. See, as Tony mentioned the it was only a few items, but we see beyond that, and I see this explosive growth period, okay, in the next few years. And even this year's, you see the first nine months, okay, and we don't see anything, any sign of a slowdown.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Yeah. The only thing I'd add is I think as we've come into the second half, we started to see growth across multiple of our end markets, including like Auto, which the ramp started here in Q3 and we've talked about continuing here through the second half. And then as we start to see applications like robotics begin to ramp, we'd expect that trend to continue into the future. So, I think it's not just the existing businesses, it's adding on the additional growth areas over time, which is really giving us confidence going forward.

Tore Svanberg
Analyst, Stifel, Nicolaus & Co., Inc.

Q

Very good. And now for my follow-up, you mentioned the 800-volt GAN product sampling. Now that you are sampling GAN, could you maybe elaborate a little bit more, help us understand a little bit more the positioning there. Is this – is it vertical GAN, is it horizontal GAN? Is it your own process? Yeah, any more color you can help us there? And when do you expect to start to see some 800-volt GAN revenue? Thank you.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Copyright © 2001-2026 FactSet CallStreet, LLC

Yeah. We let – it is based on MPS's own development, which is later than we'd develop a silicon carbide device. When we start to – we started sampling this type of a solutions, we let our customer choose in either using GAN because the GAN is the new technology for everyone, okay. And for everyone adopted it in the data center, then the industrial, automotive type of applications, okay. This is the first times. And we're always very cautious about the reliability. We want to achieve below 1 ppm failures, and – for these module. And so, we let our customer choose, okay, GAN or silicon carbide.

Silicon carbide is known, okay. We know the data. And so, that's a very high reliability product. Then the GANs, we have to ship the – somewhere it's a 50 million units before we can say that it's good, it's a new one okay. But we let our customer chose.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

Yeah. I'll just add...

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

I'm just going to add a few things there. Just the experience we've already gained in data center, I think, puts us in a really good position to do what Michael's talking about in terms of making sure we can meet all the standards the customer requires. You asked a question on the timing of it. I think, right now, we're still – we've always kind of been late in 2027 for any kind of the 800-volt kind of architecture ramps, with probably more in 2028. I don't think our thinking in that is changed. We're just obviously getting ahead of that design work now.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

Yeah, even for our customers, they use both. They don't want to have a failure either, okay. They use both solutions.

Tore Svanberg
Analyst, Stifel, Nicolaus & Co., Inc.
Q

Makes a lot of sense. Congrats again. Thank you.

Operator: Thank you. Our next question comes from Rick Schafer with Oppenheimer & Co. Your line is open.

Richard E. Schafer
Analyst, Oppenheimer & Co., Inc.
Q

Thanks. And congratulations, you guys. And congratulations, Tony, on the appointment. If I could ask a question on Storage and Compute for my first one. I was hoping maybe you could level set us on some of the moving parts in there. I mean, how does that segment split now? If you look at SSD, HDD, DDR5, PMIC, versus the PC, the vCore power piece? Because I don't – we all see PC units tracking down about 20% here in the second half. So, I'm just curious, is that kind of what you guys are seeing on the PC side of that segment? And then how much is the storage piece growing and what's it contributing? Thanks.

Copyright © 2001-2026 FactSet CallStreet, LLC

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

Yeah, Rick, let me start and then I'll let Michael come in. I think just kind of mechanically, if you look at it, the big driver of growth in that segment has been the DDR5, primarily on the PMIC solution. As we'd said, we are just starting the high-speed journey on the DDR5.

We have seen pretty healthy growth over the past year or so on the hard disk drive and SSD part of that storage business as well. But clearly, DDR5 is the biggest portion of that.

On notebook, sort of tactically, yeah, I think we've been talking about this and that's what we're seeing as well, right. We're seeing not the same strength on notebook due to what's happening downstream with some of the memory constraints. But I think if you look forward, I think we're still pretty bullish on notebook in the long-term because we have really good technology and good share. And then I think there's applications around AI that will continue to build out over time at the edge, of which notebook will play a part. So, I think what you're seeing in the short term around notebook tracks with what you're seeing, Rick, but I think, long term, I think we're still pretty high on what notebook could be for the company. Michael?

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

Yeah. For that segment, we have a new product. Like a clock, the drivers and the RCD, these all lined up, and other than in addition to our power management product. These are where we are lined up for revenue 2027 or 2028. And we see, even 2028, we'll – these products will really ramping up, okay. So, that part of a TAM is much bigger than power management. And the notebooks, as Tony mentioned, we will see this as the very, very fast-growing market segments. Because after the manufacturing capacity opens up, that's the segment will grow, along with the desktops.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

If you sum that up...

[indiscernible]

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

...what we said for kind of the segment overall is, with the puts and takes, it could be kind of flattish up a couple of points year-over-year is kind of how we positioned it. But it's really a tale of two cities, as we've talked about, with really strong storage and then the TAM just being limit in the notebook side.

Richard E. Schafer
Analyst, Oppenheimer & Co., Inc.
Q

Got it. And then, if I could, Tony, this is your first call with the CFO moniker. And I'm curious how you look at OpEx growth going forward. I mean, any meaningful changes to the prior targets that you guys have laid out? I mean, these type of top line growth rates that Tony called out, 50%, 60% type top line, how fast can you actually scale R&D, et cetera? It seems like we're – seems like you guys are set for some pretty material operating leverage to be flowing through the model. Is that the right way to be thinking about it? Any rules of thumb in there?

Copyright © 2001-2026 FactSet CallStreet, LLC

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Let me answer that part again – question again. I never believe that big dollars R&D equivalent to a bigger result. For our business, it's inversely proportional to that. We just need some good idea, good people that's going to make everything happen, okay.

[indiscernible]

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

So, yeah, I think, Rick, you're not going to see us necessarily change our model. What we've seen pragmatically, though, as we start to get to higher levels of growth, that we start to fall below our model range in terms we just can't spend money that fast. But I completely can agree with Michael on that. It's about the efficiency of the R&D and the people that you get versus just spending more. But in general, I'd say, at the growth rates that we've seen, for example, this year, you're going to fall below the model from an OpEx perspective.

Richard E. Schafer
Analyst, Oppenheimer & Co., Inc.

Q

Got it. Thanks again and congrats to you guys.

Operator: Thank you. Our next question comes from Quinn Bolton with Needham and Company. Your line is open.

Quinn Bolton
Analyst, Needham & Co. LLC

Q

Hey, guys, I'll echo my congratulations. And, Tony, congratulations on the new role. I guess I wanted to start with Enterprise Data. Last quarter, you gave us a floor of 130%. With September results and December guidance, it kind of looks like you're tracking to maybe 150% growth. But wondering if, Tony, you might be able to level set us what a new floor growth for Enterprise Data might be.

And then I know it's early, but any sort of thoughts on that segment as you look into 2027, what kind of growth rate you might be looking at in a floor case? And then I've got a follow-on in the Comms business.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Sure. Let me start just kind of with the – to answer your question straight. I think, at this point, given what we've seen in Q3 and Q4, we're comfortable raising the floor from – we were at 130% year-over-year, but to your point, I think we're comfortable with a floor of 150% year-over-year now going forward.

On 2027, I think it's a little early for us to go put a percentage out at this time. But I'll start and Michael, I'm sure, will follow up in that. Structurally, the growth drivers that we're seeing this year are all intact right. Whether you see the diversification of customers, the growth in modules, the content gains as new platforms roll out. And I think, over time, as you start to see even stronger growth in CPU, potentially driven by the Agentic AI workloads, that's going to be even a further tailwind out in time. So, while we're early to call next year, I feel really good about the growth drivers.

Copyright © 2001-2026 FactSet CallStreet, LLC

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Well, I see even in the next years and beyond next years, and I'm very excited to see that we've built our own data centers. And as Tony mentioned earlier, the result is a tremendous, okay, improvement. And so, this is not in the data centers, okay, in the MPS's own servers. And all these server, we believe, I believe it will change, and change to, again, the type of servers, okay thst the hardware will change, and it will trickle down to the desktops and even the notebook, I said earlier. And that – this type of growth, it will trickle down in the next year and the year after. We already see those trends, these design activities, so, really happening. And so, this is not only this year, it's not only the data centers, okay. It will trickle down to all other areas.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Do you have a follow-up on Comms?

Quinn Bolton
Analyst, Needham & Co. LLC

Q

Yeah. It's obviously congrats on the nice growth. I think it was 43% sequentially. Really looks like it was a breakout quarter in September. Wondering if that was primarily driven by optical modules or are you seeing a broader set of contributors to that growth? And just any thoughts into the December quarter? Does that sort of pace of growth continue into December?

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Yeah. It's a great question. And to take us back here, obviously, coming into the year, we obviously had very strong growth in optical modules. And what we added beginning of the year is what we've been calling the switch business. And I know I've talked about this before, but to answer your question, why are you starting to see the acceleration of growth in that particular end market is because you are adding both of those growth drivers together, and we saw the effect really in Q3.

And I think, for the year, we've been positioning it as – I think Comms is going to be our second fastest-growing end market, for sure. Not quite as fast as Enterprise Data but certainly won't be far behind. And just like Enterprise Data, I think if you go into next year, all of those growth drivers are intact. In optical modules, you see the transition to 1.6. That's not just a volume play, but there's a content play there as well. And then certainly, as we continue to build out additional sockets in the switch business, that's going to be a driver of growth as well. So, I think, right now, we really like the Comms business, not just this year but going into next year.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Yeah. We are not – MPS is not a macro economy and market segment predictions. I only care what is the design activity and what our customer's excited about, what we are excited about, okay. We are all positive, new technology, new product introductions. And I said earlier, okay, all these segments were introduced the new product, and all the design activities, that gave us the indication, clearly, the growth for even beyond next year.

Copyright © 2001-2026 FactSet CallStreet, LLC

Quinn Bolton
Analyst, Needham & Co. LLC

Q

Thank you, Michael.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Okay.

Operator: Thank you. Our next question comes from Joshua Buchalter with TD Cowen. Your line is open.

Joshua Buchalter
Analyst, TD Cowen

Q

Hey, guys. Thank you for taking my question. Congrats on the results and echoing the congrats to Tony on the CFO gig. Best of luck. I'll stick with policy and ask one on Enterprise Data and then one on another segment. Maybe can you comment on the diversity of Enterprise Data? Like, how has that business evolved over the last year or two? And looking into 2027, I would just be curious to hear how much you see coming from your GPUs versus A6 or even any comments you can help us on how much is coming from modules versus discretes at this point and expectations into 2027? Thank you.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

[indiscernible]

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Yeah. Modules versus the chip design, the chip power supplies, and the ICS, and, okay, all of it, okay. And even for the server side, okay, we see some – many activities and are going through it using modules because of the high current – high power demand. That's my comment, okay. And it's all segments, okay. The growth, okay, the real growth percentage, I'll let Tony take that then.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

All right. Yeah. I think – and that, I think it's an important point around this customer diversity that, starting in the middle of 2025 until now, what we've seen is a really rapid growth in a lot of ASIC customers, which again are primarily using modules over time. And so, that's benefited us from a revenue diversity perspective as those carry the higher ASP associated with that.

I think, furthermore, what Michael was talking about in terms of how we've been using AI to create scale to allow us to go address even a longer tail of small customers out over time, which may be big customers in the future. And that's really what we try to do, go in every socket, not knowing who, and ultimately in the long-term, might grow into a sizable customer. So...

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Copyright © 2001-2026 FactSet CallStreet, LLC

Yeah. And it's – all we clearly see is we have the huge beneficial from this artificial, this artificial intelligence or these – based on these large language model. Of course, MPS [indiscernible] and it benefit us or benefited for everybody. And that's a world I'm very optimistic about it, and they would – our growth trend will continue.

Joshua Buchalter
Analyst, TD Cowen

Q

Got it. Thank you both for the color there. Maybe in the same theme of starting with small sockets that become big opportunities, any context you can provide on how much revenue contribution we can expect from the initial high-speed data converter design win? And how big is that TAM as we think about you growing into this new market. Thank you.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Yeah. This – we can't tell, okay, because we have – we just counted. Like, these are over, conservatively well over 6,000 products, okay, and we're continuing to develop newer product. So, what we do is we do every segment in our best, far better than or to meet the new market demand. And we are much faster than any of our competitors. And as long as we do – these segment do the best, then the revenue will come. And we just don't know which segment.

Seven, eight, nine, probably eight years ago, we're looking at our product lines, look at the optical market segment. One of the perfect example, we didn't know, today, it will be that high demand. And we got it in there we serve our customers regardless of large or small. And that's what happened today. I cannot predict next 10 years, next 5 years, what will be bigger. And we serve our small customers well.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Yeah. I think, and again, to Michael's point, we're not ready to call the long-term. We're just beginning that process. So, I wouldn't necessarily say it moves the needle here in 2026. And I think as we get into next year, we'll talk more and see how that ramp goes.

Joshua Buchalter
Analyst, TD Cowen

Q

Understood. Thank you both.

Operator: Thank you. Our next question comes from Will Stein with Truist Securities. Your line is now open.

William Stein
Analyst, Truist Securities, Inc.

Q

Great. Thanks for taking my question. First, on data center vertical power. I think there's still one meaningful customer doing lateral. And I'm wondering if you can comment as to whether you think that converts to vertical in the coming year and whether that wouldn't necessarily require a module from you instead of some other sort of solution?

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Copyright © 2001-2026 FactSet CallStreet, LLC

Certainly. Okay, I don't want to speak for our customers, okay, particularly one customer. But I said earlier, and you know that what we did in 2000 we predicted even 2016s. And for the server market, MPS's solution's so small and we have to use the adapter to meet the common footprint.

And so, for the server market segment, we predicted it. And if you go above 600 watts, 700 watts, and you run out of peripheral, and you have to use a smaller footprint. But the server CPU never get that, okay, never get to the 600 watts, 700 watts. But the GPU did it, okay. And as GPU power increase, I don't have Jinghai numbers, okay. It will, as the power goes up, you run out of peripheral, you have to do vertical. And we said this many years earlier, okay. I still believe that; very logical to me

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

Yeah. I mean, I'm just going to echo Michael. I think that we won't speak for that. Most of the industry has already moved to modules, right, and that's what we've seen in terms of content gains as well as the volume gains as we've gone through Enterprise Data. And I think that will be a great question for our customers. Yeah, we can go ask them another time.

William Stein
Analyst, Truist Securities, Inc.
Q

Great. And a different topic. Someone asked about the OpEx leverage. And I guess I understand that, for the time being, with the rapid growth, you're going to sort of undershoot on spending, overshoot on margins. What about gross margin? I think the company's talked for a long time about 10 bps to 20 bps per quarter of gross margin expansion. There was a time when you weren't in that range, and it seems like you are today. Any likelihood that because of the growth, you could exceed that expansion rate or should we still think about 10 bps to 20 bps as likely? Or any update there would be helpful. Thank you.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

No, and thanks for calling it out. Yeah, you saw that, we obviously did increase 10 basis points here in Q3. The midpoint of our guide in Q4 is kind of another 10 basis points. So, I think we're kind of squarely in the model that we like, right? 55% to 60% is the sweet spot for sure. And within that, being kind of slow and methodical about expansion.

I think we're going to continue on that path. Structurally, I feel pretty good about that. We'll see what happens in the future. But remember, what we don't want to do ever is put a bunch of gross margin in one quarter, then take it away the next quarter and move it around a bunch.

[indiscernible]

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

And then during the capacity constraint, okay, we don't gouge our customers. And so, we want to deliver to you guys, okay, and very consistent stories, okay. And I don't want to answer question when the margins, okay, drops, okay. And I want MPS to keep same business, same performance year-over-year, okay, quarter-over-quarter, year-over-year.

Copyright © 2001-2026 FactSet CallStreet, LLC

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

That's right. So, I think the model still holds. I'm very comfortable with that. And I think you called it out, but I'll highlight it again. I think if you look at the flow-through to operating margin, we've been growing operating margin. It's kind of 1 point a quarter almost, and we've seen a lot of expansion on the operating margin line recently.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

We're in a making-money business, and that's all I would [indiscernible].

William Stein
Analyst, Truist Securities, Inc.
Q

Thank you.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

Next question, operator?

Operator: Next question comes from Chris Caso with Wolfe Research. Your line is open.

Chris Caso
Analyst, Wolfe Research LLC
Q

Yes. Good afternoon. Just following from the prior discussion, maybe you could talk about how you're dealing with rising costs. And obviously, costs are going up a lot of different places. There's a lot of talk of foundry wafer prices going higher. So, to what extent are you passing that along? And as you go forward, does any of that result in pricing or any kind of revenue tailwind as you have to absorb some of those costs and pass it along to customers?

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

We definitely absorb some of the cost increase. And not that we don't increase the price, okay. And we share the cost increase with our customers.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

Yeah. I think that's right, Chris. And I think if what you're asking is, from some of the results, how much of that is from pricing, it's really not a significant contributor to the revenue growth that we've had. We are more just making sure that we don't dilute ourselves in the gross margin line.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

Yeah. Our customers have a very long memory.

Chris Caso
Analyst, Wolfe Research LLC
Q

Copyright © 2001-2026 FactSet CallStreet, LLC

Right. Okay. Thanks for that. As a follow-up, it's a question on the 800-volt transition. And I know there's a lot of noise out there with regard to the pace of that transition. In terms of MPS, how important is that to you in 2027? And I guess maybe the question is, is it really 800 volts a very material driver of content in the ED segment? Or is the majority of that still going to wind up in the existing low power – I'm sorry, low voltage designs?

Michael R. Hsing A
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

Yeah. We don't want to add more noises, okay. We don't talk about it until when the revenue for sure will come, okay. I do see the revenue for sure will come, not this quarter, not next quarter, okay, probably end of the 2027s and 2028. And it's clearly, that DC supplied for high-power demand, and will be the trend, will be the data center, okay. So, all will convert to that.

And power savings is, I think, beyond like single-digit percentage improvement versus the traditional power supply. I see this as even beyond the data center. And while – if data center can improve, let's say, 5%, where do you get the 5% money returns? And all the commercial building, even residentials, they all can be like this. 400 volts, these are in – there will be no – in Europe, will be 800 volts. In the in US, will be 400 volts. And these will be a significant power savings across the board. That's what I'm excited about this opportunity now.

Tony Balow A
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

Yeah. I mean, I'll even try to just address the question the other way, which is when we talked about how we were excited about growth in Enterprise Data, it's not because we're – we have a big built-in ramp on 800 volt. It's really around the existing customers, the new customers, transition to modules, all the things that we've been talking about, Chris. So, if you're kind of trying to figure out how much of that excitement was just at 800 volt, I really think that the business we have today is what we're confident in.

Michael R. Hsing A
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

Yeah. MPS now, we're using our own building, do a lot of experiment, okay, using these 800 volts and, okay, using this technology, and see what the power saving is.

Chris Caso Q
Analyst, Wolfe Research LLC

Got it. Thank you.

Michael R. Hsing A
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc. .

Next question?

Operator: Thank you. Our next question comes from Sebastien Naji with William Blair. Your line is open.

Sebastien Naji Q
Analyst, William Blair & Co. LLC

Yeah. Good afternoon or good morning for you guys. Thanks for taking the questions and congratulations, Tony, on your appointment. I wanted to maybe just ask my first question. Given some of the news around integrated

Copyright © 2001-2026 FactSet CallStreet, LLC

voltage regulators and the acquisition of Empower by Analog Devices, maybe could you just give us your view on this technology and whether you see it as a competitive risk in the AI data center or the larger data center?

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

Yeah. We don't comment in other companies' activities, okay. And we have our own solutions. We have our own – and we can deliver whatever customer wanted. And this is not a BS talk, okay. We do have multiple beyond what you guys – beyond the noise levels. And we have those technologies and we can deliver it, okay. And the GPU evolves very quickly to the power levels, okay, the architecture, and how the – in terms of power delivery. And we don't talk about those until we see, clearly see when the revenue will come.

Sebastien Naji
Analyst, William Blair & Co. LLC
Q

Okay. Okay, great. That's helpful. We'll look – I'll look forward to those announcements when those products are ready. Maybe moving to something that's a little bit closer to your heart, Michael, which is the building automation opportunity. I think last quarter you talked about $40 billion to $50 billion in size, but that the real bottleneck was the software still needed to catch up. Can you maybe just talk a little bit about the progress that's been made here as we get to the end of the year?

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

Well, good questions, okay. That's my baby project. And we just have installed in our 1-million-square-feet building that's in China. And as I've said just a minute ago, we're experimenting our own AC-to-DC power. These are either for 800-volt supply and for across the building. And that project – this project just started, but in terms of turning to a $50-billion revenue, it will be – take some time. We don't know how to get there yet, but the goal is very clear, and we will get there. There's a lot of software involved in it okay, but on the hardware side, we pretty much have every single component. And our single component, our component, our chips, our module technology is far better than, okay, sorry to say, these are the current existing technology. These are 50 year old, and we will do some significant improvement on it.

Sebastien Naji
Analyst, William Blair & Co. LLC
Q

Great. Thank you.

Operator: Thank you. Our next question comes from Kelsey Chia with Citi. Your line is open.

Kelsey Chia
Analyst, Citigroup Global Markets, Inc.
Q

Hi. Hi, Michael and Tony. Congrats on the great results again. And, Tony, congrats on your well-deserved appointment. So, my question is on the switching business. So, to what extent is that contributing to the strong communications growth that we saw in third quarter? And how should we think about the ramp as we head into 2027 and if that business is accretive to gross margins?

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

Copyright © 2001-2026 FactSet CallStreet, LLC

Yeah. I'll start on that one. So, we're obviously not going to start guiding at sub-end markets a little bit. But certainly from just a percentage basis, it's been growing very quickly, probably on a percentage basis, the fastest-growing sub-end market inside of Communications just because it started from a very low amount at the beginning of the year.

As we go forward, again, I still think that optical modules are going to be significant growth drivers for Communications into 2027.

On the margin side, I think if you look at all of our end markets, plus or minus, they'll all operate around the corporate average because, to Michael's point, we have north of 6,000, 7,000 products. And so, if you look at the distribution of that, basically, what we've said is as we grow this, we don't think growing one end market over another will necessarily take us out of our model. And so, right now, I would still take MPS as a total, kind of in that 55% to 60% range, with sort of the slow methodical expansion when we can provide it, versus worrying about whether growth in one end market would take you out of model.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

Yeah.

Kelsey Chia
Analyst, Citigroup Global Markets, Inc.
Q

Got it. And my second question is on the Industrial end market, I mean, very strong growth this quarter as well. What drove that strong growth this quarter? And if you could talk about the ramp of the robotic solutions and how do you see that ramping in 2027?

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.
A

The robotics, okay. This – we – I tried to enter robotics in the 2016. On the Analyst Day, we talked about robotics, okay. That's the area we're focused on, okay?We have a product for these sensors and motor controls and I didn't know what I was talking about, okay. So, revenue didn't come, okay. And then, now, it shows up. And I think that it's still at the very beginning. And I think once the vision for the recognitions and visual recognitions, and with improvement, and that – improve from using the AI-based vision improvement, okay, technology. These robots, as you know, they will propagate in our everyday life. So, I see this as the futures, and the revenue will be significantly higher than now, okay.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.
A

Yeah. I think the only thing I'd add kind of in the overall segment is I think, this year, we still look at is just piling up design wins in robotics and other places and really look for more of that in 2027. The growth in the quarter was fairly broad-based, but I think you start to see a lot of these other design wins come to turn into revenue in the future. So, I think that, and kind of Consumer and Industrial, 2026, I think really does still remain mostly about winning all the designs that support future growth.

Kelsey Chia
Analyst, Citigroup Global Markets, Inc.
Q

Got it. Thank you.

Copyright © 2001-2026 FactSet CallStreet, LLC

Operator: Thank you. Our next question comes from Joe Quatrochi with Wells Fargo. Your line is open.

Joe Quatrochi
Analyst, Wells Fargo Securities LLC

Q

Yeah. Thanks for taking the question, and my congrats as well, Tony. Maybe just sort of kind of the finer point on the expansion capacity to $8 billion. I can appreciate that you can't grow OpEx as fast and you don't need to grow as fast. But how do we think about like maybe some of the investments you have to make on the working capital side or go-to-market side to support that?

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Yeah. I think one of the nice things about being in a fabless model, right, is we don't have to dig a hole and put concrete into it.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

We don't makeit that way. Our brain generates them.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

That's right. So, what we – I don't anticipate at this point seeing a large increase in capital intensity just to go ramp this capacity, right? So, it gives us a lot of flexibility. As a matter of fact, I am personally just amazed at the amount of capacity we've been able to put out in the industry over the last year. And I think the operations team has done a tremendous job. But I don't see it necessarily inflecting the overall OpEx at this point or any kind of change to our capital structure just to put on that extra capacity.

Joe Quatrochi
Analyst, Wells Fargo Securities LLC

Q

Okay. Thanks. And then maybe as a follow-up, I think Auto's continuing to see some inflection. Can you just talk about the breadth of demand you're seeing there from a geographical perspective and how we think about like the design pipeline looking into 2027?

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

It's across geographic. So, again, in US side, Europe side, okay, and also in Asia, China, okay, we see in China in particular, we see a lot of activities. And so, that's probably worldwide. And as we said, as I said earlier, we can't predict which market segment. And that's our diversified growth strategies. And some years, like a – some years, one segment's good. And even with a mature market, in some years, one market segment's good, and the other one's not so good, okay. And in the last few years, okay, all of a sudden, the GPU market happened or the optical market – and the revenue happened, okay. And so, we didn't anticipate it. We just provide the best, highest-performance product. Our customers will realize it.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Copyright © 2001-2026 FactSet CallStreet, LLC

Yeah. And the only thing I'd add is I think the reason we've been pretty confident in the ramp in the second half is because it is so diverse amongst customers and regions and not dependent just on one. You've seen that same level of customer diversity grow in Auto over the past several years, like we've been talking about in Enterprise Data. And the pipeline is similar, right. It's very geographically diverse, very customer diverse. We were just very excited to start seeing some of the architectural transitions that we've been talking about in sort of 48-volt and zonal because those sort of form the next wave of growth for us.

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

We're not predicting what the market is. Next question.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Last question?

Operator: Thank you. Our last question comes from Gary Mobley with Stone X. Your line is open.

Gary Mobley
Analyst, StoneX Financial, Inc.

Q

Good morning, gentlemen. Thanks for squeezing in my question. Congrats, Tony, again. I wanted to ask about what you might be signaling in your capacity milestones. You're currently at $6 billion in production capacity, which I assume supports your 2027 outlook. Doesn't take much to get there. Just extrapolating out Q4 revenue guidance and you're expected to be at $8 billion of capacity exiting fiscal year 2027. So, should we think about that in terms of the revenue velocity exiting fiscal year 2027?

Michael R. Hsing
Chairman, President, Chief Executive Officer & Founder, Monolithic Power Systems, Inc.

A

Does it take much to get there? Oh, come on , its not just move the numbers, okay. There's a lot of work behind it, okay.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

So, right now, I think what we're trying to strongly signal is that just like we've been doing in the past 20 years, we're making sure that capacity stays ahead of the business. And in a world where there's a lot of narrative around there being tightness, we wanted to be very clear to you and our customers how we're growing capacity to support that business. So, I think it's too early to go write in in a quarterly revenue ramp or what that means for 2027. What we wanted to make sure was loud and clear was that see the demand coming and we're going to make sure capacity is there to deal with it.

Gary Mobley
Analyst, StoneX Financial, Inc.

Q

Thanks for that. And on inventory, I just wanted to confirm that distribution inventory still within that normal five to eight-week range. And then, it looks like your internal inventory is down to 117 days based on a forward revenue

Copyright © 2001-2026 FactSet CallStreet, LLC

guide basis and that's been trickling down. Are you inventoried properly to support sales, I guess is really the question?

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

I think, right now, we're still, on the channel side, certainly on the lean end of our range like we've been for some time now. And internally, I think we grew dollars on a gross basis, right. But obviously, as the revenues ramp, that's come down from a days perspective. So, I think that our range certainly hasn't changed. And it's something that as we increase our capacity and our wafer starts, we'll make sure that we're positioned for the business. But right now, it's not limiting us on the business.

Gary Mobley
Analyst, StoneX Financial, Inc.

Q

Got it. Thank you all again.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

A

Sure.

Operator: Thank you. This concludes the question-and-answer session. I would now like to turn it back to Tony Balow for closing remarks.

Tony Balow
Vice President & Chief Financial Officer, Monolithic Power Systems, Inc.

Right. Thank you to operator and thank you all for joining us for this conference call today. We look forward to speaking with you on the next call for the fourth quarter and full year 2026 revenue guidance. Thank you again and have a great day.

Operator: This concludes today's conference call. Thank you for participating. You may now disconnect.

Copyright © 2001-2026 FactSet CallStreet, LLC

Disclaimer
The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.

Copyright © 2001-2026 FactSet CallStreet, LLC