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CORPORATE PARTICIPANTS

Arthur D. Chadwick *SiTime Corporation - Executive VP & CFO*

Rajesh Vashist *SiTime Corporation - Chairman, President & CEO*

CONFERENCE CALL PARTICIPANTS

Alessandra Maria Elena Vecchi *William Blair & Company L.L.C., Research Division - Research Analyst*

Christopher Caso *Raymond James & Associates, Inc., Research Division - Research Analyst*

Nathaniel Quinn Bolton *Needham & Company, LLC, Research Division - Senior Analyst*

Suji Desilva *ROTH Capital Partners, LLC, Research Division - MD & Senior Research Analyst*

Tore Egil Svanberg *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

Brett Perry *Shelton Group - VP*

PRESENTATION

Operator

Good afternoon, and welcome to SiTime's First Quarter 2022 Financial Results Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded today, Wednesday, May 4, 2022.

I would now like to turn the call over to Brett Perry of Shelton Group Investor Relations. Brett, please go ahead.

Brett Perry - *Shelton Group - VP*

Good afternoon, and welcome to SiTime's First Quarter 2022 Financial Results Conference Call. On today's call from SiTime are Rajesh Vashist, Chief Executive Officer; and Art Chadwick, Chief Financial Officer.

Before we begin, I'd like to point out that during the course of this call, the company may make forward-looking statements regarding expected future results, including financial position, strategy and plans, future operations, the timing market and other areas of discussion. It's not possible for the company's management to predict all risks nor can the company assess the impact of all factors on its business or the extent to which any factor or a combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. In light of these risks, uncertainties and assumptions, the forward-looking events discussed during this call may not occur, and actual results could differ materially and adversely from those anticipated or implied. Neither the company nor any person assumes responsibility for the accuracy and completeness of the forward-looking statements. The company undertakes no obligation to publicly update forward-looking statements for any reason after the date of this call to conform these statements to actual results or to changes in the company's expectations. For more detailed information on risks associated with the business, we refer you to the risks factors described in the 10-K filed on February 25, 2022, as well as the company's subsequent filings with the SEC.

Also during this call, we refer to certain non-GAAP financial measures, which are considered to be important measures of the company performance. These non-GAAP financial measures are provided in addition to and not as a substitute for, nor superior to, measures of the financial performance prepared in accordance with U.S. GAAP. The only difference between GAAP and non-GAAP results is stock-based compensation expense and related payroll taxes. Please refer to the company's press release issued today for a detailed reconciliation between GAAP and non-GAAP financial results.

With that, I'd now like to turn the call over to Rajesh. Please go ahead.

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

Good afternoon, and thank you for joining on today's call. Before I talk about SiTime's performance, I'd like to make a few comments about the war in Ukraine and the impact on SiTime. We've had an office in Lviv, Ukraine for more than 15 years and it's an important location for us. Despite the war, I wanted to report that our entire Ukrainian team has remained productive with high morale. I admire the courage and dedication and the single-minded focus that they've put into their work without being asked to do so. For our part, we're providing and will continue to provide maximum logistical, financial, emotional support to our Ukrainian employees and their families. This is behavior that is central to the culture and integrity of the company, and as the employees tell me, it's one of the key reasons worldwide that employees join SiTime and stay on at SiTime.

Turning to our results. We had a great first quarter. SiTime's business is exceptionally strong, underpinned by macro trends, such as connectivity, cloudification, ADAS and AI, which I believe will continue to drive worldwide growth across industries for multiple decades to come. SiTime, with a singular focus on precision timing, a category we pioneer and we're leading, is in a wonderful place to capitalize on it. In precision timing, we of course service customers with significantly improved products from SiTime that customers are unable to get from traditional suppliers. Additionally, however, with the launch of products like Elite X, we are creating new categories of precision timing, as these categories that we are creating new markets and new demand for our products. This is being recognized by customers leading to a significant increase in our opportunity funnel, as well as driving our average prices higher in 2022 across our major product lines. The more we look, the more business we find.

An example is in the Automotive segment, which is one of our fastest growing markets and where we continue to build a $100 million business over the coming years. We're well on our way with automotive revenues expected to double this year over 2021. The same dynamics that worked in data center and enterprise. We continue to see strong growth here. And again, revenues this year are expected to double over 2021. As cloud services providers expand and add new advanced features, precision timing, again, becomes critical for increasing bandwidth and lowering latencies.

The same demand for precision timing is giving us strength in aerospace and defense. With some of the unique products that we are creating, we expect to see here too a $100 million business in the coming years. In summer 2019, we introduced our Endura line of products for this market, creating specialized products that are specifically oriented towards mission-critical electronic equipment in aerospace, defense and satellite communications. These devices must reliably operate in the harshest of environments, compared to -- and compared to quartz-based alternatives, SiTime's Endura solutions provides up to 50x better performance in such environments, making it a preferred choice for these applications.

In 2020, the second half, we introduced our first clocking product family, the Cascade product line. I'm especially pleased that in the past few quarters we have seen a huge upsurge in customer activity based on the performance and delivery of the Cascade product line, with the result that customer traction that would normally take 24 months has been compressed to a few quarters. As a metric, we have over 100 customers today in our Cascade product line and anticipate reaching 200 customers by the end of the year, doubling in effect. With 10x higher reliability and resilience, our clocking chips are being used across more than 20 applications that include switches, radios, satellite communications, video, power grid, and we are getting new opportunities weekly. You can tell that we are excited about our clocking business not only because of its strength, but also because we have several new clocking products under development that we will be introducing over the coming quarters, forming a very strong business for years to come.

As I mentioned in the past, SiTime is a product innovation company, and we are meaningfully increasing our investment into new product development because this is a golden chance for us to seize the high ground in precision timing. We expect to introduce a total of 6 new products this year and more next year. With these new products, we believe, we expect, that our served available market, SAM as it's known, will grow from $1 billion in 2021 and to $4 billion per year in 2024, out of a $10 billion per year total available market.

Recently, we introduced one of these new products, our Elite X Super TCXO that I mentioned earlier. We believe that this platform is a true game changer for Edge Networks as it delivers tremendous value, 2x better stability, 30x better reliability, 2x smaller, 4x lower power. You can see that there are applications that need these features, such as edge data centers, 5G, front haul, connected cars, industrial IoT, to name a few. As with all of SiTime's TCXO devices, our Elite X product is fully programmable to within a very wide range of parameters. And this unique capability allows one product to address countless applications, which you can understand would be very important in the supply challenged environment as well. At the same time, while giving the customer exactly the product they want.

Our consistent outperformance and increased growth expectations for 2022 are indisputable evidence that SiTime's growth trajectory is accelerating. This is being driven by a powerful combination of secular trends in rapidly growing end markets, our expanding high-value product offerings and road map, and our aggressive customer acquisition strategy. We look forward to extending this success for years to come. And I will now turn this over to Art Chadwick.

Arthur D. Chadwick - *SiTime Corporation - Executive VP & CFO*

Great. Thanks, Rajesh, and good afternoon, everyone. Today, I'll discuss first quarter financial results and provide some guidance for the second quarter and full year 2022. I'll focus my discussion on non-GAAP financial results and refer you to today's press release for a detailed description of our GAAP results as well as a reconciliation of GAAP to non-GAAP results.

As Rajesh just pointed out, we continue to experience exceptional strength in our business and had a very strong first quarter. Revenue in the first quarter was $70.3 million, up 98% over the same quarter last year. Sales increased significantly year-over-year in each of our major market segments. Sales into mobile, IoT and consumer, which consists of sales into mobile phones, wearable devices and consumer products, was $30.0 million or 43% of sales. This was down 28% sequentially due to seasonality, but up 34% over the same quarter last year.

Sales into industrial, automotive and aerospace, which includes sales into auto, industrial, medical, aerospace, military and broad-based sales, were $27.6 million or 39% of sales. This was up 20% sequentially and up 280% year-over-year. Sales in the comms and enterprise, which consists of wireless infrastructure, including 5G, data center and networking, were $12.6 million or 18% of sales. This was up 15% sequentially and up 117% year-over-year. Sales to our largest end customer accounted for 18% of sales.

Gross margins were 65.3%, up more than 10 points from a year ago. Non-GAAP operating expenses were $24.6 million, up from Q4 as we continue to expand our workforce and increase the cadence of new product development. R&D expenses were $14.4 million, and SG&A expenses were $10.2 million. Non-GAAP operating margins were 30.3%, nearly 3x higher than they were in the year-ago quarter. Non-GAAP net income was $21.3 million or $0.94 per share, up from just $3.9 million or $0.22 per share last year.

Stock-based compensation expense increased to $15.2 million due to beginning of the year employee refresh and new hire grants. Receivables were $30.7 million, with DSOs of 39 days, the lowest DSOs in our history. Inventory increased to $30.8 million as we ramp production to support second quarter sales. We generated $20 million in positive cash flow from operations, invested $8 million in equipment and assets, and ended the quarter with $571.4 million in cash and no bank debt.

I'd now like to provide some guidance for the second quarter and full year of 2022. To begin with, we expect 2022 will be another great year for the company. Market trends that require precision timing are stronger than ever, and we continue to have excellent visibility well into the year. We continue to target high-growth market segments, including 5G connectivity, data center, automotive, aerospace, along with other markets that require advanced timing solutions. We now expect revenue will grow by at least 50% this year. Furthermore, we expect gross margins will remain strong in the mid-60s, with operating margins of at least 30%.

For the second quarter, we expect revenue will increase between 8% and 12% sequentially, which at the midpoint would be approximately $77 million. On our last conference call, I commented that wafer costs will increase this quarter, and that remains true. However, we have been aggressively working on reducing product costs by improving test yields, increasing back-end throughput and reducing package costs. These product cost reductions, along with higher volume and a favorable mix, should more than offset the higher wafer costs. We now believe gross margins in the second quarter will be as high or higher than in Q1.

We are increasing operating expenses as we continue to expand our workforce and increase spending on new product development but we plan to manage that growth to be commensurate with top line sequential growth. Therefore, we expect operating expenses in the second quarter will increase between 8% and 12% sequentially, which at the midpoint would be approximately $27 million. Basic share count in the second quarter will be approximately 21.0 million shares. The dilutive effect of employee RSUs will add an additional 2.0 million shares, taking the total diluted share count to approximately 23.0 million shares. The resulting non-GAAP EPS will be approximately $1 a share, plus or minus.

I'd now like to make a few comments about the prospectus we filed with the SEC today. First, a little background. When SiTime went public in November 2019, we granted RSUs, which stands for restricted stock units, to employees of the company, those RSUs vest on a quarterly basis over 4 to 5 years. Stock that vests each quarter gets deposited into each employee's stock account, receipt of that stock is taxable income to the employee on that day, and the company is obligated to immediately withhold income taxes. To collect those taxes, shares are automatically sold from each employee account to cover their tax obligation and the proceeds are remitted to the tax authorities.

The issue we have is that the stock vesting happens for all employees on the same day once each quarter. Sale of that stock all at the same time can cause volatility in our stock. To avoid this, we have now entered into what's called an at-the-market sales agreement with Stifel Nicolaus and filed a prospectus supplement with the SEC relating to that sales agreement. So going forward, we now plan to withhold that portion of the employee's shares needed to cover taxes and use the sales agreement to sell those shares directly into the market. We believe this should allow for a much more orderly sale of stock and reduce volatility. The proceeds of those share -- sales will then be used to satisfy the employee tax obligations.

So the sales agreement allows the company to sell shares for reasons other than tax withholding, our current intention is to use it for tax withholding. The sales agreement allows for the sale of 800,000 shares -- up to 800,000 shares. To size this, in the first quarter, there were 86,000 shares sold to cover tax withholding. So at that rate, this at-the-market sales agreement and prospectus supplement should be sufficient for the next few years.

So to recap, the shares we intend to sell for tax withholding through this at-the-market sales agreement and prospectus supplement are simply the shares that would have been sold by our employees, but now would be sold directly to Stifel Nicolaus in a much more orderly fashion.

So with that, I'd like to turn the call back to the operator for Q&A. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Tore Svanberg from Stifel.

Tore Egil Svanberg - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

Congratulations on the very strong results and outlook. My first question, Rajesh, is on your outlook for this year. So Art just said you expect to grow more than 50%. I was just wondering if you maybe qualitatively talk a little bit about your visibility there, and perhaps also talk about which of the 3 segments that you expect to drive that 50% plus growth rate?

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

Yes. So I think Art said that we would grow by at least 50%, not more than 50%, but I'm not quibbling. But I think that it's exactly what I spoke about, Tore, it's comms, enterprise, networking, data center, as well as the automotive sector as well. The consumer stuff does grow, but albeit small, and the mil/aerospace, as I singled out this time, will also grow, but it's growing from a pretty small base. So even though the percentage growth is phenomenally high, the dollar amounts are relatively low. So, I think that's exactly the answer. That's how we intend to see it and that's how we intend to grow. It's good for us because these are high ASP, high gross margins in dollars as well as in percentage products, and they're very, very sticky.

Tore Egil Svanberg - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

Great. And as my follow-up, you talked a little bit about the customer acquisition strategy. And you mentioned you keep finding more and more opportunities, right, for your high precision products. So, I was just hoping you could update us on the customer acquisition strategy in a bit more detail, whether it's working with other reference partners, working with perhaps some of the new distributors?

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

Right. So we're definitely working with distributors and we're definitely working with semiconductor partners in customer acquisition strategies because, as you know, that's where a lot of the leverage happens. But we've also added significantly higher amount of salespeople, direct SiTime salespeople. We've added a significant amount of marketing people that are focused on different markets, again, mil/aerospace is an example of that. Automotive is an example of that. Comms is an example of that.

And finally, or not maybe so finally, we have a program that we call our CAPP program, which is looking at customer pain points of delivery in very short lead times and fulfilling those. That's been, as we've said before, phenomenal success in acquisition because when everybody else has been unable to supply, SiTime may always be able to supply something, if not all their needs, and even more importantly, higher quality and program to their final needs. We also have just started paying great attention to digital marketing, customer experience. And I think that's something that you'll hear from us a little bit more as the quarters roll along and as we get more mature in that. But really, it's firing on all cylinders, Tore.

Operator

Your next question comes from the line of Chris Caso from Raymond James.

Christopher Caso - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Yes. First question is regarding some of the macro conditions out there, particularly some of the China lockdowns that we've heard from some of the customers in the space. Have you seen any impact from that either from your own supply side or on your customer side that was any effect or factored into the second quarter guidance?

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

Yes, Chris, we've paid attention to it quite a bit actually just based on the headlines, but we are unable to find any real impact to SiTime because of that.

Christopher Caso - *Raymond James & Associates, Inc., Research Division - Research Analyst*

Okay. Very simple. I guess moving forward, we have -- I guess a 2-part question here, and we've obviously been in a pretty tight supply situation from an industry standpoint for a while that you benefited from having better access to supply. Can you speak to what you think about the industry supply-demand balance here? Do you think that these tight supply conditions from an industry's perspective are still persisting and likely to persist? And then maybe if you could talk about the visibility that you have or you've spoken perhaps that your customers are still booking you several quarters out and giving you very good visibility. With the increase in annual guidance, is that an indication that that's still continuing as well?

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

Right. Well, I don't want to be a spokesman for the semiconductor industry because we play in certain markets. And we, for example, don't play in 28 nanometers and tighter markets. But speaking for the markets that we are in, generally speaking, we don't see a real significant loosening out. It's hard to tell, wishing for it to be so from the actual events. We still believe that there are -- there's pretty good take rates from our customers.

One of the advantages, of course, we have is that we have 15,000 customers, so we have a very, very broad base of customers. So, we don't have that massive concentration and our concentration continues to grow -- to decline from that one customer.

And so I would say, in my book, even for 12 months, even outside this calendar year, between now and '23 second quarter, I continue to see a generally tight supply. And regarding one more point, which is that we are a premium supplier with very specific use case of our products. So, we may be seeing a particularly tighter supply because there are fewer customers. There are fewer customers for it, but there's also fewer suppliers for it, if at all. So generally, that's how I feel.

Arthur D. Chadwick - *SiTime Corporation - Executive VP & CFO*

And Chris, I'll add to that. You asked about customer lead time. I just looked at this yesterday and looked at our statistics, and our customers are still booking orders on average 6 months out, some a little more, some a little less. And that has actually remained relatively constant for a number of quarters now. So, no real change in that. But that gives us really excellent visibility. We're sitting here at early May and our average customer is booking 6 months out. So that gives me a lot of comfort in my comment that we expect to grow revenue by at least 50% this year.

Operator

Your next question comes from the line of Alessandra Vecchi from William Blair.

Alessandra Maria Elena Vecchi - *William Blair & Company L.L.C., Research Division - Research Analyst*

I echo the congratulations on a very strong quarter. Art, maybe one for you just on gross margins and the tremendous gross margin performance you're able to put up in this tight environment with input costs. I think in the past, you guys have said that you viewed 65% as the long-term target, at which point you'd be giving up revenue growth for margin. But it seems like between data center, automotive traction and higher-margin costs IC product, that you have maybe stronger gross margin tailwinds than we would have thought. Can you sort of walk us through how to think about the structural margin we can expect going forward?

Arthur D. Chadwick - *SiTime Corporation - Executive VP & CFO*

Yes. I think -- first of all, thank you, Alex. I think your observations are valid. We are getting to premium pricing in terms of the value that we provide our customers, and that is even more so the case in some of these high-value, newer products and higher performance products that we have introduced and we will continue to introduce. We've always thought that 65%, plus or minus, kind of mid-60s, is the sweet spot for gross margins. And I think that's still a good way to look at it, though we are seeing upward bias to that for the reasons that you mentioned.

I mentioned on the call that I expect our gross margins to remain very strong in the mid-60s for the balance of the year. I'm very comfortable with that. There is that upward bias that we just talked about. Though in the back half of the year, we generally have a slightly higher percentage of consumer sales than other sales and that will put a slightly lower bias. So, without getting too granular, I think the best way to think about our gross margins are mid-60s with a slight upward bias going forward.

Alessandra Maria Elena Vecchi - *William Blair & Company L.L.C., Research Division - Research Analyst*

Great. That's incredibly helpful. And then just on the inventory and the increase in your inventory dollars, I understand that's for the revenue. But I'm more interested in how you were able to procure such a market increase in dollars. Is that part of the investments you've made on the back end? Are you seeing capacity free up? Is it you're becoming a more important customer at the foundry? Any color you can give on that?

Arthur D. Chadwick - *SiTime Corporation - Executive VP & CFO*

Yes. I think all of that is true. As I've mentioned in the past, we have been purchasing capital equipment to support our back-end capacity. That capacity has been going in, in the last couple of quarters, and that helps us get more throughput. That's also helped lower cost, part of what I talked about earlier in my script. I think our operations group has done a great job of securing the required wafer that we need from both TSMC for our CMOS wafers and from Bosch for our MEMS wafers. And obviously, we have to -- if we're going to grow revenue, we have to grow inventory. So our ops group is making sure that we've got the inventory to support our expected sales growth.

Alessandra Maria Elena Vecchi - *William Blair & Company L.L.C., Research Division - Research Analyst*

Perfect. Congratulations again.

Arthur D. Chadwick - *SiTime Corporation - Executive VP & CFO*

Thanks, Alex.

Operator

Your next question comes from the line of Quinn Bolton from Needham.

Nathaniel Quinn Bolton - *Needham & Company, LLC, Research Division - Senior Analyst*

Let me offer my congratulations as well. Rajesh, you gave us some pretty impressive stats on the adoption of the clocking product, Cascade, with over 100 customers already and expecting that to get to 200 customers by year-end, and you expect to announce additional clocking products. Can you give us some sense, is that clocking revenue starting to become material or perhaps when it might become material to overall revenue?

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

Yes. I think it could have been material last year, but the thing is with growing our standard oscillator-based revenue a lot as well. So, I think we'll still come out at a pretty decent number for the year. And I think next year, I think it can be really significant. That's been the one product that -- it's not just the absolute amount of revenue, Quinn, that I'm really thrilled about, it is the relative to what we partly do. Because we thought it was a -- it is a very high-end clocking product. We thought it would be very specific to certain finance -- to certain comms applications. But what we are learning is this kind of synchronized clocking is being required in automotive, it's been required in data centers, it's been required in enterprise. And we have the right product for the right time.

We're also getting a little bit of a tailwind because there were some acquisitions made of one supplier's product by another company. And I think in that transition, there's been quite some significant loss which has been, of course, our gain. And we have taken that very closely to heart and customers are coming to us for that solution. Exiting next year, I think it will be really quite meaningful because we'll have more than one product line shipping in that. So, I'm particularly proud of that. I'm proud of the funnel and it's also demonstrating our ability to be a multi timing product supplier. Because as you know, we started in oscillators and we always said we'd grow into clocking and resonators. And here, I am saying that we're accelerating our clocking by a significant factor than what I thought. And that's what's impressive about it for me.

Nathaniel Quinn Bolton - *Needham & Company, LLC, Research Division - Senior Analyst*

The second question I had is have you seen any change on the quartz's capacity front? Or do you think the quartz market is still also fairly tight?

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

I think there are certain expansion of the low end of quartz that's been going on. As you know that that's an easier thing for people to do. We see that happening. But even at the low end in so-called the standard oscillator, not the TCXO, not OCXO, not the VCXO kind of level, even there, SiTime has significant value proposition around programmability, delivery, quality, reliability and commitment to the customer. And I think that those are still playing out really well for us. So, we find a very strong funnel. We find very strong customers coming to us. And I think we are still able to focus on some of the LTAs that we have talked about in getting customers to sign on for longer periods, not just because we can supply and others can't, but because we have a better product and they are committing to that.

Operator

Your next question comes from the line of Suji Desilva from ROTH Capital.

Suji Desilva - *ROTH Capital Partners, LLC, Research Division - MD & Senior Research Analyst*

Congrats on the progress here. So, if you pull back the end market segments, I'm wondering which ones do you feel like have the best relative opportunity for growth in the next 12 months? I know all of them are doing pretty well. And if it's wireless infrastructure, I'm wondering are there any geographic specifics to that demand?

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

I think answering the geographic first. I think the United States, Europe, that includes Israel, in the comms, enterprise comms, enterprise data center has done very, very well for us. If the data center, particularly is very much a North American big booming thing. You can think of all the big data centers, you can think of all the top server manufacturers, and that's where we're getting a lot of traction from, optical companies, switches, routers, et cetera. So clearly, I would pick networking and telecommunications enterprise, data center, as my biggest number in absolute terms and biggest number for growth. Having said that, Automotive is a pretty darn close second. And it continues to grow with tremendous focus and development. And automotive is a little bit broader in geo. It's not just in the United States. As I mentioned before, it's in China, it's in Korea, it's in certain parts of Europe, although Europe might be some of the weakest in the automotive area. But China, Korea, United States, are definitely getting the high point.

Suji Desilva - *ROTH Capital Partners, LLC, Research Division - MD & Senior Research Analyst*

Okay. Great. And just a follow-up on that in terms of the automotive market, I know you had a very strong traction with the lead customer. How has the traction been in gaining content at additional auto OEMs?

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

I think it's been pretty good. I don't have anything like earth shattering to report. But it's been a design win by design win, but I don't think we've had anything of the kind of that we described the last time and the time before that, primarily because those kinds of wins are only few and far in between. But I do believe that the -- what is really good to see is the renewed push towards electric vehicle, electric mobility, electric trucks, farm equipment, bikes, boats. It's just more than just cars and Tesla and others. And I think the auto companies are looking at their -- the older lines, auto companies are looking at all their products and seeing where they can lose weight. And adding semiconductors is a good way to remove electromechanical, harnesses, wires, cables and focus on high performance and low weight. And that's where we come in.

Operator

(Operator Instructions) You have a follow-up question from the line of Tore Svanberg from Stifel.

Tore Egil Svanberg - *Stifel, Nicolaus & Company, Incorporated, Research Division - MD*

I just had a follow-up on the R&D efficiency and new products. And Rajesh, you mentioned 6 new products scheduled for this year, which would give an additional $3 billion SAM. I mean I know historically, you've always been very efficient from an R&D perspective, but it just seems like this is a really big step-up. So I don't know how you can add more color on that, whether it's how many SKUs you can get from those 6 product lines. But yes, any color you could share with us on the R&D efficiency really stepping up with those 6 new products, that would be great.

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

Sure. First of all, these 6 new products are across the categories of oscillators, clocks and resonators. So, they're in all 3 categories. So that's really good to know, right? So, this would be the first year that we'd have products in all 3 categories being introduced new. The second is that a typical oscillator or even a clock puts out anywhere from 15 to 20 derivatives. So, assuming that all of these 6 are either a clock or an oscillator, which they're not because, as I mentioned, there's at least one resonator in there, but even 5 of them at 20 derivative products, not all at once, not all in 1 year, but within a year, 1.5 years, 2 years, means that that's a good 100 other products that are easily available. Add to that our Endura line and our automotive line, and I think you get some specific products that are really going to, as you said, be a significant step-up for SiTime going forward. I'm very, very happy with this because we've been working towards this for a long time.

The other thing that we should note is that in these 6 products, there are some that are in a category that already exists. So, they may be an existing clock or an existing XO or a TCXO or whatever. But some of them, as I mentioned, are category creators, are very clearly products that today don't exist, just like our Elite X, which is the TCXO that replaces OCXOs; or like XCalibur product, which is -- takes the world of passive resonators and makes it an active resonator. These are new products with new ways to sell, new ways to adopt, that I think, open up markets. So in other words, we're creating markets as we do this. So to some extent, we -- that world is a little unknown, but it's the one that we are forging ahead because we think that that's what the role of SiTime in delivering exceptional timing products is.

Arthur D. Chadwick - *SiTime Corporation - Executive VP & CFO*

Tore, I was going to add a few comments on that. SAM goes up for 2 basic reasons. One is new products, and Rajesh just talked through that. But the other is that the segments that we're addressing are also growing, right? Electric vehicles, for example. That's a segment that's growing significantly. And some of the other markets that we're addressing are also growing. So that accelerates the SAM expansion.

Operator

There are no further questions at this time. I would now like to turn the conference back to the management for further remarks.

Arthur D. Chadwick - *SiTime Corporation - Executive VP & CFO*

Great. If that's the case, we will conclude this conference call. I want to thank everybody for taking the time to listen to our comments and ask questions. Have a great afternoon, everyone. Thank you.

Rajesh Vashist - *SiTime Corporation - Chairman, President & CEO*

Bye-bye.

Operator

Ladies and gentlemen, this concludes today's conference. Thank you for your participation, and have a wonderful day. You may all disconnect.