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PRESENTATION

Operator

Good afternoon and welcome to SiTime's First Quarter 2021 Financial Results Conference Call. (Operator Instructions) As a reminder, this conference call is being recorded today. Tuesday May 4, 2021.

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

Leanne K. Sievers - *Shelton Group - President*

Good afternoon. And welcome to SiTime's First Quarter 2021 Financial Results Conference Call. On the 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, timing market, and other areas of discussion. It is not possible for the company's management predict all risks, nor can the company assess the impact of all factors on its business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement. 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 statement.

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 our business, we refer you to the risk factors described in our 10-K filed on February 16, 2021, as well as the company subsequent filings with the SEC.

Also, during this call, we will refer to certain non-GAAP financial measures, which we consider to be an important measure of company performance. These non-GAAP financial measures are provided in addition to, and not as a substitute for superior to measures of financial performance prepared in accordance with US GAAP. The only difference between GAAP and non-GAAP results is stock-based compensation expense. Please refer to the press release issued today for a detailed reconciliation between GAAP and non-GAAP financial results.

So now I'd like to turn the call over to Rajesh. Please go ahead.

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

Thank you, Leanne. Good afternoon and thank you for joining on today's call. I'm pleased to report that the first quarter was another solid quarter with revenues of $35.5 million representing growth more than 63% year over year and above the high end of our guidance. Coming off of a very strong fourth quarter we've continued to see increasing order rates for our timing solutions.

There are several reasons for SiTime's tremendous year-over-year growth. First of all, we're the only semiconductor company that is solely focused on timing. As we have mentioned a few times, but also the only company to offer all high-volume timing categories -- oscillators clocks, and resonators. Moreover, we are committed to developing the higher-value products that solve difficult timing problems. We use the systems-level approach that is supported by a deep expertise in MEMS, in analog, packaging, and algorithms. As a result, products like Elite and Emerald perform up to 20 times better than our competitors. Customers recognize focus and the value that we bring to them, and they place their trust in us.

An example of this trust during Q1, we secured more than 40 design wins for Elite, Emerald and the Endura product line, which is in comms or communications applications, such as 5G, small cells, remote radio heads, and optical modules as well. In Aerospace-Ddfense applications, such as satellite communications, GPS, GNSS, and transponders. In each of these applications, the SiTime device was chosen because it solved a very specific problem. And we believe that this is only the start of -- this is only the start of our journey with these customers.

As we have deep technical engagements with key customers, we understand the customers' roadmaps, which enables us to do develop better, major, what we call "platform" products. As leaders, we also uncover specific opportunities that can be addressed by our rapid-release strategy, which we call "derivative" products, which are simpler modifications of our existing platforms. Driven by more stringent future technical requirements in communications and cloud infrastructure, automotive, and mobile-IoT, we plan to expand into higher-value oscillators and clocks over the next 5 -- 3 to 5 years, and we expect to deliver over a hundred platforms and derivatives in that timeframe.

About a year ago, we re-evaluated our pricing strategy, and decided to change prices on our lower margin business, primarily in the applications where we had already offered shorter lead times. We've expanded that effort to more applications in 2021 where we'll see the full year benefit of that. As an example, on one of our popular product families, the ASP or average selling price increased by 20% from 2020 to 2021. All other gross margin improvements efforts, such as product mix changes in favor of higher ASP products and lower product costs, continue strongly, of course, as well,

In the current, tight supply chain environment, SiTime's fabless model and product programmability continue to provide significant differentiations. As a reminder, SiTime's products are a hundred percent programmable and we can be more responsive than our competitors who are reliant on the course-based fixed frequency solutions. Customers are also taking comfort in having a non-overlapping supply chain from SiTime, and many of them have approached us recently to help in their supply chain environments. We have selectively engaged with about 25 key customers, where we believe we provide exceptional value, and a developing multi-year commitments with them.

Also, in anticipation of the rising demand, customers are also placing orders much earlier. In fact, more than half of our bookings in Q1, 2021 were for deliveries, which are five to 12 months out in the future, which gives us unprecedented visibility into 2021 revenue. We believe that as customers experience the benefits of using SiTime's technology, they tend not to go back to their older quartz solutions, and this results in even more opportunities in the future.

From a longer term perspective and looking at the entire semiconductor industry, I believe that we are in a Golden Age and expect it to continue for the next few years, At SiTime, we believe that we also have a multi-year growth opportunity in timing, specifically as connected devices proliferate in all parts of our lives. In order to pack more features and functionality, these devices need timing chips with higher precision, smaller size, and higher resilience, and other features. As the leading provider of high value timing, SiTime can only stand to gain tremendously from this key trend. With that, I now turn the call over to Art to discuss the first quarter results in more detail, and provide our outlook for the second quarter of 2021.

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

Great, thanks for Rajesh, and good afternoon, everyone. So today I'll discuss first quarter 2021 financial results and provide some guidance for the second quarter of 2021.

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, which excludes stock-based compensation and related payroll tax expense.

So as Rajesh mentioned, the first quarter was another great quarter for us. We had strong year-over-year revenue growth, continued gross margin expansion and strong year-over-year growth in non-GAAP net income.

Revenue for the quarter was $35.5 million, up 63% over the same quarter a year ago with revenue growth in each of our major market segments.

Sales into our "Mobile, IoT and Consumer" segment, which consists of sales into mobile phones, wearable devices, and consumer products, were $22.4 million, up 81% over the same quarter last year

Sales into our "Industrial, Automotive and Aerospace" segment, which includes sales into automotive, industrial medical aerospace, military, and broad-based sales were $7.3 million, up 31% year-over-year. And sales into "Communications and Enterprise, which consists of wireless infrastructure, including 5G, data center, and networking were $5.8 million, up 33% year-over-year. Our largest customer accounted for 37% sales.

This quarter's gross margins continued to expand. Non-GAAP gross margins were 54.1% up 60 basis points, sequentially, and up more than 700 basis points over the same quarter, last year.

Non-GAAP operating expenses were $15.3 million comprised of $8.2 million in R&D and $7.1 million in SG&A. This was up from $13.3 million in Q4 as we expanded our workforce by more than 10% this quarter, primarily in R&D as we continue to invest in advancing our technology and expanding our product portfolio.

Non-GAAP net income was $3.8 million or 19 cents per share, compared to a $2.2 million loss in the same quarter last year.

Stock-based compensation expense and related payroll taxes were $7.4 million up from $6.2 million in the fourth quarter, due to new employee stock grants and our performance stock-based bonus plan.

Our big financial event this quarter was the follow-on stock offering. In February, we sold 1.5 million shares of stock at $127 per share, netting $181.6 million after fees and expenses. MegaChips also sold 1.5 million shares, which increased the public float and liquidity of our stock and reduced their ownership to just under 32%.

Trade receivables were at $22.2 million, with DSOs in the 59 days.

Inventory was $15.0 million, up from $12.4 million at the end of Q4. As we ramped production this quarter in anticipation of higher Q2 sales.

In regards to cash flow, we generated $6.0 million in positive cash flow from operations. We invested $4.2 million in equipment and assets. We added $181.6 million from our stock offering. And as a result, we ended the quarter with just over a quarter-billion in cash and no bank debt.

I'd now like to provide some guidance for the second quarter of 2021.

First of all, the trends that are driving the need for high performance timing solutions continue to drive significant year-over-year revenue growth. Additionally, as Rajesh mentioned, many of our customers are now placing orders up to 5 to 12 months in advance, which is giving us the best visibility we have ever had.

For the second quarter, we expect sales to increase 10% to 15% sequentially. At midpoint that would be about $40 million, or 85% higher than the same quarter last year.

Sequential growth will come primarily from Comms, Enterprise and Industrial markets, while sales into Mobile/IoT and Consumer will be essentially flat quarter-to-quarter, from Q1 to Q2.

We expect continued gross margin expansion of at least 50 basis points sequentially.

Operating expenses will increase due to an expanding workforce. We expect Q2 non-GAAP operating expenses will increase about 10% sequentially, to approximately $17 million.

Though we have significant cash balance now, interest rates are low, which means our interest income will be relatively nominal and is expected to be about $50,000 for the quarter. The basic share count in Q2 will be approximately 19.0 million shares. And the dilutive effect of employee RSUs will add approximately 2.0 million additional shares, taking the total expected diluted share count to approximately 21.0 million shares.

Stock-based compensation expense is expected to be approximately $7.5 million.

And based on this guidance just given, we expect second quarter non-GAAP EPS will be between $0.21 and $0.25 per share.

On a slightly different topic, ESG, which stands for Environmental, Social and Governance, is getting more investor attention these days, and I'd like to make a few comments.

First of all, we believe the culture here at SiTime aligns very well with basic ESG principles. We promote an inclusive environment by valuing the contributions of all employees, and work to ensure our employees feel seen, heard, valued and respected. We believe diversity makes us stronger. A diverse workforce supports creativity, problem solving and better decision-making.

We also believe it's important to minimize the environmental impact of our products and operations to ensure a sustainable future. We are working to enhance our sustainability practices by developing and implementing policies to reduce our carbon emissions, and consumption of energy and water. We recently went live with our ESG and corporate governance website, and we encourage interested investors to visit.

So, in summary, our workforce continues to perform extremely well while working from home. Our product portfolio continues to expand with differentiated products that address large and growing markets. We have an enviable list of Tier one customers and now, an even stronger balance sheet. We believe 2021 will be a great year for us. And with that, I'd like to turn the call back to the operator for Q&A.

QUESTIONS AND ANSWERS

Operator

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

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

Michelle Waller - *Needham & Company, LLC, Research Division - Associate*

This is Michelle on for Quinn. Congrats on the great results. For my first question, I think it's been about a year since your first clock IC solution was launched, your Cascade product. I'm just wondering if you can give us an update on the progress you're making with that product family in terms of design wins, or what customer reception has been like relative to your expectations, or whatnot? So just any color there would be helpful.

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

Sure. You know, our Cascade product line is really intended for our communications product line and enterprise. And in that area in particular, we have been doing great business with Cascade in the small cell, in the DU, a Distributed Unit, in the Edge server market, and also in the smart NIC cards and front hall and mid-haul switches.

So the names of some of the customers that we have talked about in these areas are, of course, Nokia, we've been involved with Samsung networks, Intel, Xilinx, Dell, HP Enterprise, DASAN, some of these other customers. So I think we've done really well with that product. And we fully expect to come out with more products in that space as we go forward. Because as we've mentioned before, we use a companion approach where we get the Cascade product line and other future emerging product lines to join with our alternator products, and basically work as a mini subsystem for our customers. And that's of immense value to them.

Michelle Waller - *Needham & Company, LLC, Research Division - Associate*

And say this one quick one for Art. I think last quarter, there was a mention, we maybe mentioned that the first half of '21, revenues were probably going to be higher, than normal percentage of the annual revenues, that is. So I'm just wondering as you look out to Q2, do you still, or I'm sorry, not Q2, second half, do you still see the first half being a higher than normal percentage of annual revenues or is there an update to that kind of outlook? And also if you don't mind, just quickly on the gross margin guidance, did you say expansion sequentially 50 basis points? If you could just clarify that.

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

Yes, great questions I'll start with the latter. Yes. At least 50 basis points from Q1 to Q2. And also, as I mentioned on the call, our gross margins have expanded really dramatically over the last year. Just to repeat, in Q1 our gross margins were up over 700 basis points over what they were just a year ago in Q1 of 2020. To answer your other question. Yes, we are expecting less seasonality this year than we've seen in past years. And I think that remains to be true.

If you look at our sales growth in Q1, that was up 63% over the same quarter last year. And at the midpoint of my guidance, Q2 would be up 85% year over year. I expect very nice growth in Q3 and Q4, but the percentages, year over year, will not be as high as what we saw in the first half of the year, primarily because we're just seeing less seasonality. It's not going to be as back-end loaded this year as it was in past years.

Operator

The next question comes from the line of Alex Vecchi with William Blair.

Jacob Roberge - *William Blair & Company L.L.C., Research Division - Associate*

This is Jake on for Alex. Congrats on the great quarter. So you discussed 40 design wins, which is up from 30 last quarter. Can you walk us through what's keeping the healthy view increase these win rates versus the competition and how are you expecting that to progress throughout the year?

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

Yes, I mean, at the highest level, it's the introduction of a new product. Typically, we've announced the Cascade product line, the Etna product line. Those have helped us and we have maintained traction with Elite Endura, as well as our Emerald product line. So new product introductions and traction with older products that have been in the market for a while -- older products that have been in the market for a while.

The second is, I think, an overall shortage situation in semiconductors in general and timing in specific has given us a boost as well. Because while as explained in past times many of our design wins come as a result of higher performance, but I've also maintained that because of our advantages on the business side which include supply chain benefits, quality, reliability, and a semiconductor supply chain, because of all of these customers in this tight times have discovered the value proposition around that. And we're certainly expecting and getting customers who value these pieces of it. So I think all in all, it's a combination of our products and some very specific conditions that we bring to bear in the timing market.

Jacob Roberge - *William Blair & Company L.L.C., Research Division - Associate*

Thanks for the color, congratulations on a great quarter.

Operator

Up next is Chris Caso, Raymond James.

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

Rajesh, I wonder if you could expand a little bit on the comments you made in the prepared remarks on pricing and the extent to which you're able to get some higher prices from your customers? Is this a function of new design wins perhaps raising prices? Are you able to raise prices on existing customers, given the environment?

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

Yes, so thanks. We did take a very close look at some of our lower margin revenue last year and this year, and we basically looked at that and decided that it was time we started to move some of that up more close to our corporate levels. And so most of these products were in the consumer space, some of them in the mobile space, some of them were in the lower industrial kind of space. So we were able to, as we rolled out our pricing in a very coordinated way with our customers, I think we were able to retain most of them because they saw the value proposition that we had brought.

As far as the new business goes, most of our newer products particularly tend to be in the networking, industrial, automotive, enterprise, data center space, and they tend to be higher pricing as we have discussed anyway, because that's more of a premium part. This was bringing some of our legacy business up to our corporate levels, as well.

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

All right. As a follow-up, obviously there are a lot of supply constraints around that you do use foundry for the analog portion of your product, and it does sound like you're getting some good bookings farther out. To what extent are you also seeing supply constraints? Are there any constraints within your manufacturing network which would tend to put a cap on the revenue opportunity for you?

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

Yes, I think while we haven't had any specific timing constraints and we've been well-served by our suppliers like Bosch and TSMC and (inaudible), it is fair to say that we do tend to juggle some of the new business coming in because there is the tightness that is impacting everybody. It has not curtailed any of our revenue or revenue growth, but it does put a little bit extra burden on the operations and sales operations teams in managing the business. I don't think it's anything which is particularly significant. It is onerous but it doesn't curtail our business any way and at this point we feel pretty good that because of our relationships with our suppliers and because of the fact that we are a net add to the TAM, that we continue to get all the wafers that we need.

Operator

Your next question comes from the line of Blayne Curtis with Barclays.

Blayne Peter Curtis - *Barclays Bank PLC, Research Division - Director & Senior Research Analyst*

Congrats on the great quarter. Maybe just from a very high level, can you just help us with the June guidance. If 50% of your business is flat you're obviously then seeing some pretty sharp sequential growth. You mentioned comm, enterprise and industrial, if you could maybe speak to the products or applications that are kind of driving that because it's a very nice acceleration from what you've seen in those segments.

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

Sure. I'll make one comment on comms and enterprise in Q1, as Rajesh mentioned, we have worked very diligently to make sure that we don't have any supply constraints on our ability to satisfy our customers, but some of our customers have been challenged to get sufficient parts for their products. We actually had one comms customer in Q1 that could not secure enough parts from one of their other vendors and that reduced what we were able or what they needed from us in Q1. So our comms enterprise revenue in Q1, even though it was up 33% year over year, it was down just slightly from Q4 because of that.

It will come back very strong in the second quarter. And it's kind of across the board for us. It's in data center, it's in 5G applications, basically all of those areas that drive our comms and enterprise. It's kind of across the board and we're expecting to see a pretty strong uptick from Q1 to Q2.

And Rajesh, I don't know if you'd like to add to that.

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

Yes, I was just going to say a little bit more color. The data center market, whether it's on the server side or on the switch side, alone is about a 100 million dollar market for us and we continue to find a lot of design wins in that space. We also find a lot of design wins in the optical modules that have been growing. We've mentioned that before in previous earnings calls, and finally the market for the switches, the front and backhaul switches, as well as the servers in the edge continue to be a very good market for us so far.

Blayne Peter Curtis - *Barclays Bank PLC, Research Division - Director & Senior Research Analyst*

And then I just want to ask, you mentioned 25 key customers, I guess, are these existing customers? I guess, one, and then I was just kind of curious in the nature of the multi-year agreements here, is it that they're worried about supply or kind of what's the catalyst, I guess, for switching to these multi-year agreements with these customers?

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

Yes, I think some of them are in fact new customers that came to us because they saw this tightness of supply. They had been talking to us or were looking at some products and then they accelerated those when the tightness of supply started to happen. And in fact, we actually got a lot more than these 25 coming into the pipeline but we looked carefully at where we are clearly providing value and where it was not someone who was trying to buy from us on a panic basis and wouldn't be a long-term customer for us, so I think we were pretty diligent in doing that.

The second part is that the belief that we have is that this is evenly divided between people who come to us for performance, as we have mentioned in the past, and now increasingly those who are seeing the benefits of diversifying their supply chain away from quartz which is kind of monolithic and has some choke points which were not very evident before to them, and in recent days, recent months with recent events, have become much more evident to our customers that the MEMS or semiconductor based supply chain is a lot more robust and resilient, not to mention of course the quality and reliability.

So these are the factors, and as I've mentioned before, once they come to SiTime they almost never leave SiTime unless we -- yes, they almost never leave SiTime so I think it's a great place to be.

Blayne Peter Curtis - *Barclays Bank PLC, Research Division - Director & Senior Research Analyst*

And then maybe just finally, for Art, I was just curious on the OpEx, I guess you're bringing it up kind of commensurate with revenues. Is there particular areas that you're investing in and that's why it's coming up, and kind of any way to think about the rest of the year?

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

Yes. So we have been stepping up our OpEx but that's because revenue has been growing very substantially. We're still pretty much keeping to our model. You know, my guide for Q2, for example, revenue would be up 85% year over year and my OpEx guide would be up I'd calculate it 28% year over year. So that's well less than half of my top line growth, but with the higher top line growth rate, we are hiring. We're hiring primarily in R&D, as I mentioned in my discussion, and that's kind of across the board in R&D. We've hired a number of folks into our MEMS group, a number of folks into our analog group and a number of folks into our systems group. So we're investing much more heavily and we think this will pay off going forward by improving our technology, continuing to improve our technology, and expanding our product portfolio. And I don't know if Rajesh...

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

Yes, and very specifically I mentioned the 100 platforms and databases that we intend to offer. I think we have certainly given that a significant boost than in previous times because of the recent successes and growth and the opportunities that we see.

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

Thanks Blayne.

Operator

Your next question comes from the line of Tori Svenberg with Stifel.

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

Yes. Congrats on another great quarter. I apologize for my technical issues before. My first question is on your programmability. How is that helping you manage your own inventories and also help customers increase their reliance, their resilience in their supply chains, because obviously they're probably dealing with very extended lead times right now from the discrete companies. So yes, if you could talk a little bit about how the programmability factor is helping you get some more design wins right now.

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

Yes. So the customers have a couple of things going on. One is that there's the tightness of supply, of course and so they can't get as much. The second thing which comes together is that they have an unpredictability of supply. In other words, they may not have product and then they suddenly have product. So in these times, the programmability very specifically is of help to some of the customers, because this has, when they urgently think tend to need a product, or they were expecting to use our product with X frequency and they started to get more availability in another product. And so now they wanted our product to be of wide frequency.

It's an example of programmability. So I think that's one way to do it. The second is that in general, as lead times of other timing products, particularly in the area of quartz tend to go out even longer than they normally have. Customers still find that in spite of the fact that we've increased our lead times, we are still at a relatively reasonable level of lead time advantage. And so they tend to naturally gravitate to that because it's a much more reliable source of supply for them. So I think that our programmability stands us in good stead in these two ways.

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

Great, and as my follow up. Could you just elaborate a little bit on the pricing increase for the one sort of legacy product family? Just trying to understand the rationale there. I mean, did you just see more use cases for it with more customers?

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

Yes. So basically what happened is that as you know, we've talked in the past about being a premium supply chain vendor and our products delivering exceptional value and therefore being priced at a premium level. We also happen to have other products from, as you said, the legacy, which are not necessarily significantly differentiated across performance. But what we did find is that at this time of tightness, it did make sense for us to have any revenue coming from lower gross margin than what we think it was that is that our products deserve. So we went out and started increasing prices last year, as well as through this year at some of our customers where we think it warranted it. And actually the response was pretty positive by in large, most of our customers stayed with us. And in fact, we discovered the ability to build long-term relationships with them because they showed us their appreciation of the support we've given them in the past and the future support by signing long-term contracts with us.

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

Great quarter, thanks again.

Operator

Your next question comes from the line of John Pitzer With Credit Suisse.

John William Pitzer - *Crédit Suisse AG, Research Division - MD, Global Technology Strategist and Global Technology Sector Head*

Congratulations on the solid results. We're just, I'd like to go back to your prepared comments around bookings. I think I heard you say that about half your bookings now, or somewhere between five to 12 months in duration implying pretty good visibility. I was hoping maybe you could put some context around what kind of a normal bookings pattern looks for you. And as you think about the improved visibility, how much of this is just a reflection of sort of the tight supply environment we find ourselves in how much of it is kind of company specific demand drivers that just look good as the year unfolds.

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

Yes. So welcome, John. So we find that in the past, there's two things going on. So the answer to what has been typical isn't as clear for two reasons. One is that our products in the last year and a half have tended to be much more higher end, which is for us means communications and, and enterprise. So there's that trend going on, overlay that with the tightness and the supply overall, and then the particular tightness and timing supply.

I would just say though, I would guess to say that our deliveries were, were more like three to eight months out in the future, and now they're 5 to 12 months out in the future. I believe that this trend is going to continue for a while, again, because of a macro event, which is, I believe this tightness will continue for a while, maybe a year and a half, maybe two years.

I think that our products should continue to be those that tend to be longer, longer term and higher value. And I also believe finally that even those customers that come to us because of supply chain issues are unlikely to go away. So even though it just remains to be seen, we don't have data on this. I would say that I would, I would expect that we maintain this kind of visibility going forward into the future.

John William Pitzer - *Crédit Suisse AG, Research Division - MD, Global Technology Strategist and Global Technology Sector Head*

That's helpful. And then maybe with my follow-up art last quarter, and you're probably going to regret doing this, you were helpful enough to kind of give us a sense of what the largest customer might look like when you guided margin and you got pretty close to that number. I know you guys had mobile IoT, consumer flat sequentially, can you differentiate between largest customer and other? And the reason why I ask is to exclude the largest customer in March, and you saw really good sequential growth in that business. And I'd be curious as you answer the question, what drove that? The strength ex the large customer in March?

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

Yes. So, so I can offer some color on that. I expect our largest customer in Q2 will be somewhere less than 25% of revenue. So that's down from 37% in Q1, which means that our consumer IOT ex our largest customer should see some very nice growth from Q1 to Q2. And let me just add a comment to that. I don't want people thinking that our largest customer is going away by any means. We expect sales to that customer to increase very nicely in the back half of the year as it has in past years.

John William Pitzer - *Crédit Suisse AG, Research Division - MD, Global Technology Strategist and Global Technology Sector Head*

Perfect, thank you.

Operator

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

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

Hi, Rajesh. Hi, Art. Congratulations on the progress here, just to follow up on the lead time question. Can you guys talk about the extension of lead times and the significant land thinking applies across all the segments equally? Or are there some that are particularly extended versus others and markets?

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

I think, yes, I think that they're all pretty tight. They're just very different. I think the consumer segment is pretty tight. I think the IoT segment is pretty tight. The coms enterprise data centers pretty tight automotive is very tight automotive, as you know, has made all the headlines in the past few months. But probably the one that's not particularly tight, no surprised is male arrow, but it still continues so robustly. And it's such a, sort of a cranking away kind of business that, that it's hard to tell, but I would say it's pretty across the board.

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

Okay. And then you talked a lot about consumer IoT, but the infrastructure side, the 5g build outs globally, have you seen the pauses or push outs they're affecting you or perhaps are you in new, in the bills and the product cycles, so it's not as impactful to you? Any color there would be helpful.

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

Yes, it's been, it's been steady. Remember that with, when we say coms, when we say 5g, we sometimes use that loosely because it's not really 5g is really more about communications, even though 5g is a big portion of it. So I would say that it's a pretty steady roll-out it isn't anything which is a particularly spikey roll out yet, but we do get everything else in the mid-haul in the core and the data centers. So it's pretty evenly spread for all of that for all our products.

Operator

And there are no further questions. So I will now turn the call back over to Mr. Art Chadwick for any closing remarks.

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

Okay that's very helpful. Thanks Rajesh, thanks Art.

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

Great, thank you. Well, that pretty much concludes our conference call today. I want to thank everybody for joining us on this call. We appreciate all of your sport and we hope you have a great day. Thanks again, everyone.

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

Thank you.
