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Airgain, Inc.

Third Quarter 2018 Earnings Call

November 01, 2018

CORPORATE PARTICIPANTS

Anil Doradla, *Chief Financial Officer & Secretary*

James Sims, *Chairman & Interim CEO*

CONFERENCE CALL PARTICIPANTS

Craig Ellis, *B. Riley FBR, Inc.*

Auguste Richard, *Northland Capital Markets*

Karl Ackerman, *Cowen and Company*

Alessandra Vecchi, *William Blair & Company*

PRESENTATION

Operator:

Good afternoon. Welcome to Airgain's Third Quarter 2018 Earnings Conference Call. My name is Doug, and I will be your coordinator for today's call. Joining us for today's call are Airgain's Interim CEO, Jim Sims; CFO, Anil Doradla, and Senior Vice President, Jacob Suen.

I would now like to turn the call over to Mr. Doradla who will provide the necessary cautions regarding the forward-looking statements made by Management during today's call.

Anil Doradla:

Thank you, and good afternoon, everyone. Please note that certain information discussed on the call today is covered under the Safe Harbor provisions of the Private Securities Litigation Reform Act. I caution listeners that during this call, Airgain Management will be making forward-looking statements about future events and Airgain's business strategy and future financial and operating performance, including performance for the fourth quarter and Fiscal 2018.

Actual results could materially differ from those stated or implied by these forward-looking statements due to risks and uncertainties associated with the Company's business. These forward-looking statements should be considered in conjunction with, and are qualified by, the cautionary statements contained in Airgain's earnings release and SEC filings, including its Form 10-Q, which we expect to file by November 8, 2018.

This conference call contains time-sensitive information that is accurate only as of the date of the live broadcast, November 1, 2018. Airgain undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date of this conference call.

This conference call may include a discussion of non-GAAP financial measures, including non-GAAP net income, non-GAAP EPS and Adjusted EBITDA. Please see today's earnings release, which is posted on Airgain's website for further details, including the reconciliation of GAAP to non-GAAP results. Any discussion of non-GAAP measures is not intended to detract from the importance of comparable GAAP measures.

Finally, I would like to remind everyone that this call will be recorded and made available for replay via a link available in the Investor section of the Company's website at www.airgain.com.

Following Management's prepared remarks, we will open up the call for questions from Airgain's publishing sell-side analysts.

Now with that, I would like to turn the call over to our Interim CEO, Jim Sims. Jim?

James Sims:

Thank you, Anil, and welcome, everyone, and thank you for joining us today. After the market closed, we issued a press release announcing our unaudited results for the third quarter ended September 30, 2018, which is available in the Investor Relations section of our website.

I am very pleased to report another record sale quarter for Airgain. For the third quarter 2018, our sales were $15.8 million, up 5.4% sequentially and 27% year-over-year. Furthermore, in 2018, this marks the third consecutive record sales quarter in the Company's history. Like the last couple of quarters, we witnessed strength in our connected home business, where we saw the ramp up of both new and existing programs.

As you may know, multiple service operators are in the midst of an upgrade to higher broadband bandwidth to consumers, which in turn is fueling the need for more sophisticated antennas from Airgain. Based on these recent trends in the business, combined with our current design win momentum, we remain on target for achieving our key objectives of growth and sustainable profitability.

When I took over as Interim CEO of Airgain in May, I set out a couple of key objectives. While the first was tied to profitability, the second was tied to the Company's long-term competitive position and above-average industry growth. In my last quarter's prepared remarks, I highlighted the importance of returning the Company to profitability, both on GAAP and on non-GAAP basis. On that front, I am happy to report a GAAP net income of $0.4 million and a GAAP earnings per share of $0.04 a share, well ahead of our prior expectations to breakeven.

On a non-GAAP basis, third quarter net income was $0.9 million, and EPS was $0.09 a share, well ahead of our prior guidance of $0.03 to $0.05. We have achieved this with greater focus on spending and greater efficiencies on the marketing and sales front. We will continue to benefit from these efforts in the fourth quarter, as we expect vast profitability once again, and more importantly in the longer term, these efforts put in place will enable us in achieving our goals of sustainable profitability.

My second objective after taking over was to ensure that Airgain continued to maintain its innovative leadership along with improving its operational efficiencies with the appropriate level of investments. As you all know, our area of market focus includes the connected home, enterprise, and IoT and automotive.

On the connected home front, our focus continues to be maintaining our market leadership, while on the enterprise and IoT and automotive front, our focus is to become a dominant player. Underpinning our ambitions across these markets is our innovative and differentiated solutions. We believe our efforts toward each of these areas of growth are progressing well. Based on these initiatives and our investments in R&D, along with our recent interaction with our manufacturing partners, we believe we are putting in place a structure that will enable us to support our long-term growth objectives and become a significant larger Company.

I would like to highlight some of the notable design wins and key programs in the third quarter across the connected home, enterprise, and IoT and automotive markets. On the connected home front during the quarter, we won a design win with a Tier 1 global infrastructure provider with our carrier-grade routers. This is a new relationship, and we expect the customer to sell our products on a global basis across service providers. Additionally, we won several designs in the 802.11ac and 802.11ax consumer space during the quarter.

In the enterprise and IoT space, we released the world's first 2-in-1 shot glass MIMO LTE antenna that is tailored for the enterprise IoT and M2M applications. Unlike our competitors' solutions that are bulkier and require multiple enclosures, our solutions combine the need of M2M and IoT applications within the same enclosure and with a smaller footprint. We expect revenues from this product line to begin in the fourth quarter of 2018.

In the automotive fleet front, we won a design win at a leading fleet Management Company to deliver antennas for mobile asset tracking for fleet application. Over the next several quarters, we believe there are multiple incremental opportunities, both in the U.S. and overseas, for these innovative solutions.

And finally, on the auto OEM front, we won a design win with a European-based global vendor for vehicular antenna applications. This is a new customer relationship with revenues anticipated to begin in 2020.

In a moment, I'll be happy to take any questions, but before I do, I'd like to turn the call over to the Chief Financial Officer Anil Doradla, who will walk us through the financial highlights for the quarter.

Anil Doradla:

Thank you, Jim. I will provide brief financial highlights for the third quarter 2018 and provide some preliminary color around the fourth quarter. As you know, due to the nature of our business, historically we've provided annual guidance and refrained from providing quarterly guidance; however, as highlighted on our call for the prior quarter, given the multiple expense and cost realignment initiatives that the Company is in the midst of, we felt it would be beneficial to the investment community to provide incremental color around the fourth quarter.

Reported sales of $15.8 million grew 5.4% on a sequential basis and 27% on a year-over-year basis. The year-over-year growth in the third quarter was organic in nature, as Antenna Plus acquisition was completed in May of 2017, resulting in a full quarter of revenue contribution in the third quarter of 2017. The strength in the third quarter was largely driven by our service provider business, as existing programs ramp along with contributions from new design.

Third quarter gross profit was $6.9 million or 43.5% of sales versus $6.6 million or 44.3% of sales in the second quarter and $6 million or 48.2% of sales in the same period a year ago. The decline as a percentage of sales was largely driven by product mix and the ramp of new products.

Our GAAP net income totaled $0.4 million or $0.04 per diluted share based on 10 million shares compared to a GAAP net income of $0.2 million or $0.02 per diluted share based on 10.2 million shares in the same period a year ago. On a non-GAAP basis, our net income was $0.9 million or $0.09 per diluted share compared to $0.5 million or $0.05 per diluted share in the same period a year ago. These results are better than our prior outlook of a breakeven on a GAAP basis and $0.03 to $0.05 on a non-

GAAP basis. The stronger-than-expected result was largely driven by our better-than-expected operating expense control.

Once again, we were active during the quarter in terms of our share buyback program, which as a reminder, our Board approved an extension to the existing program for an additional year expiring in August 2019. During the quarter, we purchased approximately 43,000 shares for $513,000. Since the share buyback program was implemented, we have repurchased a total of 328,000 shares for $3.1 million. Going forward, we will continue to be opportunistic in our repurchase of shares under this program.

Finally, our cash, cash equivalents and short-term investments totaled $31.8 million, which was slightly down from the last quarter.

Now, I'd like to provide preliminary outlook for the fourth quarter of 2018. For the fourth quarter of 2018, we expect sales to be in the range of $16.4 million to $16.5 million. At the midpoint of $16.45 million, we expect to grow 4.26% sequentially and 28.4% year-over-year.

On a GAAP basis, we expect fourth quarter diluted earnings per share to be between $0.02 and $0.03, and a non-GAAP earnings basis, we expect diluted earnings per share to be in the $0.07 to $0.08 range. Furthermore, we are reiterating our target of at least 20% year-over-year gross sales in 2018.

This completes my financial summary. I will now turn the call over to Jim. Jim?

James Sims:

Thank you, Anil, and thanks to everyone for being on the call today. Before I open the call for your questions, I want to share a couple of closing thoughts. Over the past several months, I've had the chance to interact with our customers, vendors, and manufacturing partners. In this short time, I have come away with several impressions, all of them leading me to an important conclusion, that we are in the initial stage of a world of complex antenna designs. Over the next several years, the need for higher wireless speeds will demand more sophisticated and complex antennas.

In many ways, antennas are becoming the next frontier of end-to-end system performance improvement with magnitudes of improvement not being matched by other components in the industry. With that backdrop and Airgain's unique product offering and years of experience in solving difficult RF engineering problems, I am convinced that even brighter times are ahead for us.

In conclusion, as we enter into 2019, we believe the Company is in a much stronger position both on a competitive and execution front, and we are confident of achieving our goals of healthy growth along with profitability on a sustainable basis.

With that, we're ready to open the call for your questions. Operator, please provide us with the appropriate instructions.

Operator:

Thank you. We will now take questions from Airgain's publishing self-side analysts. If you would like to ask a question, you may press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it maybe necessary to pick up your handset before pressing the star keys.

Our first question comes from the line of Craig Ellis with B. Riley FBR. Please proceed with your question.

Craig Ellis:

Thanks for taking the question, and Jim and Anil, congratulations on the growth in the business and the strong return to profitability. Jim, I wanted to follow up on the first of the two key points that you made, the one on returning to profitability, and use it as an opportunity just to understand how you were thinking about the operating expense intensity in the business as we move ahead. Are we at levels that you think need further investment as you look to grow the business on a robust basis going forward; or is this going to be more of a steady-state operating expense level for some time?

James Sims:

Yes, what a great question, Craig. Here is our plan and strategy behind that. The current rate of expenses are adequate for the investments that we need for this year and moving into next year. What we are planning to do is to ensure that our revenue growth and margin growth will be higher than our expense growth as we move forward, with the lowest growth being in G&A, probably the highest growth being in R&D and second in marketing, but overall, expense growth should be less than the growth of our margins and the growth of our sales.

Craig Ellis:

Thanks for that. The follow-up is on the growth in the business and some of the trends that you're seeing. We've seen, I think in the broader technology space, some cross-currents, just given all of the things that are happening with tech's global supply chain, U.S.-China trade issues, etc. So, the first question is a bit of a clarification. One, are you seeing anything that's a bit unusual across broadband, your fleet business and then enterprise?

Two, as you look out to 2019, and as you look at the design win activity that you're getting, what are some of the more notable puts and takes we should be aware of across those three businesses? Thank you.

James Sims:

Yes, let me start with the connected home. We've seen no impact whatsoever on what's going on in China to date in our business. If we look in the next year in the connected home, we certainly see the 11.802ac that's moving crisply into the marketplace and continuing to grow. What's been really interesting over the past three months is the amount of wins we had in the AX, pretty much across every carrier across the world. That should start to do a crossover towards the end of '19 or '20, we can't really predict when they crossover, but that'll be a next kicker—a good kicker in growth for our firm.

The other thing that we're looking is new markets within the consumer space, the smartphone, the IoT, the entertainment, the client devices. What we've done in the past several months is look at each one of our sectors, looked at where our current growth opportunities are, and see are there expansion growth opportunities that are consistent with the core capabilities we have around antenna and RF design. In the consumer space, we've seen some auxiliary growth moving into 2019 that we're going to take advantage of.

The enterprise is the place where I think we have a huge amount of potential upside. We're a small player in the enterprise today, but now with the small cell and the femto cell, the LP win, the smart meters, the M2M, we think our technology, both what we're developing in Arizona and what we're doing in our home in San Diego, that we see pretty good growth opportunities in there.

The final one was the automotive. This is the one, as you are aware, a very significant investment was made into marketing several quarters ago that was the restructuring that we did during the second quarter. It turned out that we were correct in our assessment, that the huge marketing dollars were not required. Our core capabilities about how we do RF designs, how we interact with the OEMs, are essential to winning that, and we won our first one. We're really proud of that, that we're moving into that market, and now we're being certified that we can be a deliverer of technology to the automotive industry.

The overall answer to your question, we haven't seen any impact, and we haven't seen any disruptive moves in the market that would change our, I think, positive position going into the fourth quarter and going into next year.

Craig Ellis:

Thanks, Jim. And then lastly—and it goes back to one of the longer-term points that you made on the last call—but related, I think, to one of the themes that we're seeing across broader technology reporting this reporting season, there seem to be more and more companies that are talking about 5G and 5G starting to come into design win pipelines and development pipelines led by Korean activity next year. Can you just update us on where you are with your thinking on 5G, and how we should think about how Airgain interacts with that opportunity? Thank you.

James Sims:

Yes, I suspect you're referring to 5G millimeter wave?

Craig Ellis:

Yes.

James Sims:

Okay, yes, I want to make—as opposed to the 5G. The 5G millimeter, as you know, we made a very aggressive movement in R&D about 6 months ago in that area. I'm pleased to report that we do have a working prototype, and we've been showing it to clients today, which is an active array being forming antenna. We think we're certainly on path in the connected home, what'll happen in small cell around the 5G millimeter.

Now we're looking at other growth like the small cell outdoors, and what we were able to do over the last months was look at every sector the 5G millimeter is going to play in. We've picked those sectors that we think we have a very good chance of winning a competitive position in, and those are the ones we're focusing on now. There are some parts of the market that probably won't fit us, the towers and the rest, which just don't fit where our background is and our capabilities are, but we are well underway on 5G. We have a prototype and a prototype up today; we're demonstrating them to clients, and we would suspect to start getting wins. We already—we suspect to start getting wins late this year or early next year in that area.

Craig Ellis:

Thank you very much. Good luck.

James Sims:

Thanks, Craig.

Operator:

Our next question comes from the line of Auguste Richard with Northland. Please proceed with your question.

Auguste Richard:

Hi, guys, thanks for taking my question. Could you talk a little bit about just outside of Wi-Fi, which air interfaces do you think are going to have the biggest impact on your business next year?

Anil Doradla:

So, that's—hey, Gus, this is Anil. In Jim's opening comments, he talked about Wi-Fi; he talked about several end markets. The way we're looking at our business, as we enter into 2019, it's still going to be an 802.11ac story, right? There's going to be a lot of versions of it. Our connected home, as you know, is the biggest portion of our business. That's going to be driven. As we get into ax, that's going to be more towards—end 2019 and we go into 2020. So, again, from an axes technology, our core business will continue to be Wi-Fi, but beyond that, as you question, I think we've got our—within automotive, we got certain flavors of it.

Now, within the unlicensed spectrum, there are many other technologies, whether it is ZigBee, whether it's Bluetooth, whether it's all these different flavors, that will also impact us, but also remember, as we said in our last earnings call, we're even having these integrated boxes with 4G technologies, right? We talked about a European brand space, a customer that's using about 16 antennas. We're already seeing some of that business where we're integrating some of the cellular technologies with our Wi-Fi. By and large, it's going to be a Wi-Fi story in 2019, but you're going to start seeing cellular flavors kick in too maybe.

James Sims:

There was one major 5G win—not millimeter—but 5G win that we had during the quarter that had all the way from 900 megahertz to 3.5 gigahertz, and we have something like nine antennas in there and that's for the outdoor small cell. We're seeing those bids; we're aggressively going after them. We think we're very well positioned with our ability to integrate all those different antenna technologies to solve that problem.

Auguste Richard:

Great. And then just one follow-on. Can you talk about is there seasonality in the business, any thoughts there?

James Sims:

Yes—I'm laughing because Anil and I have been talking about this over the last few weeks. We certainly don't see a seasonality in the fourth quarter. We're—I think he’s given pretty good guidance and we're optimistic about the fourth quarter. There's always been some seasonality because of the amount of business we do in Asia, specifically China, in the first quarter, but we also have our fleet market, which does not have that in the U.S. So, we'll have some seasonality in the first quarter, but our guidance for next year is exactly on target with what we've said before. We haven't really—our goal is over the next couple of months are going to—actually, maybe 3 to 4 weeks—get a really good understand, but there could be some seasonality light in the first quarter. Was that…

Auguste Richard:

Got it.

Anil Doradla:

Yes, and just to clarify, Gus, on Jim's point, we haven't provided any 2019 guidance yet, so that's more—I think Jim was counting more in generic terms about just the nature of the business, how business was going. So, I just wanted to clarify, we have not provided any guidance for 2019, but business trends, as you expect, are very positive.

Auguste Richard:

Got it. All right. Thank you so much.

Anil Doradla:

Thanks, Auguste.

Operator:

Our next question comes from the line of Karl Ackerman from Cowen and Company. Please proceed with your question.

Karl Ackerman:

Hi, good afternoon, gentlemen. I had two. I first want to start on automotive. Despite all this near-term consternation on automotive, I think your business—your automotive aftermarket and (inaudible) opportunities continue to do well. At the same time, you talked about this quarter you've added key personnel to your Board. That should help fortify, I think, your fleet Management opportunity. With that being said, how are you thinking about that business in the fourth quarter, and how should we think about the ramp of your FirstNet business opportunity as we look into 2019?

James Sims:

I think we expect positive sequential growth in our aftermarket fleet from the third and fourth quarter and probably a slight accelerated rate from what this quarter was. We're pretty optimistic moving into that. Remember, we announced nine new products, four of which were this quarter and five at the end of last quarter, all of which go directly after the fleet to go after the first step, to go after the IoT and to go after the M2M. We added new salespeople in that area, and we see growth opportunities not just in the U.S., but overseas. So, we're very positive on the aftermarket.

That's before we even move into buses and trains and there's just a huge big market. It's a great business for us because the ASP is higher, and the margins are higher, so we're pretty optimistic about going after that worldwide, but mainly Europe and the United States to focus on next year. The automotive OEM, we had our first win. Remember, we said all along that would be 2020 before we started seeing production runs of that, but that first win was very significant. It proved we could be competitive, and it proves the technology, and what it really proves is the auto industry is going to require the same thing that connected home did and the enterprise, which is sophisticated RF design, that they want to solve this problem far more difficult; the difficulty and the problems is far more significant, and they need good RF capabilities that we deliver here at Airgain. I think we'll continue to win in the fleet market going into 2020, and I think our aftermarket looks really good moving into the fourth quarter of next year.

Anil Doradla:

Karl, this is Anil—great question regarding TJ, our new Board Director. From my point of view, as you can see, his background, a lot of operational excellence, a lot of experience in running manufacturing-oriented companies. One of the things that we are very thrilled to have him on board would be in the areas of operational execution, focusing on our factories, getting greater efficiencies. If you recall a couple of quarters ago when Jim came on board, he talked about his strategy into two or three parts, and the last part, which we're working on right now is scaling up our operations, investing in our operations and creating more efficiencies. Jim, I don't know whether you want to add something more to that?

James Sims:

I think that's exactly right. It's what we had mentioned, and we focused on the third quarter and now, we're going to focus on the fourth quarter is, as we move into next year, we have two contract manufacturers today. It's our interest to look at broadening that to ensure we have competitiveness across those factories because we're going to try and improve our cost at the same time we're improving our revenues and operating expenses. So, we're on line; we're where we wanted to be at the end of this quarter, and we have actions in place to win in the fourth quarter. I think TJ will help us a great deal in that area.

Karl Ackerman:

That's helpful. I appreciate that. One of is your chip set partners spoke about a fourth cable MSO provider ramping solutions with their (inaudible) chip set. Your lead times are much shorter, but how would you characterize where we are in the ramp toward this DOCSIS 3-for-1 transition, and how do you see your content opportunities in gateways, routers, and set-top boxes to scale in 2019 from what appears to be this growing diversity of your customer base? Thank you.

Anil Doradla:

Karl, good question here. I don't think I want to go into individual customers, especially coming off of one of our ecosystem partners, but it's fair to say that we are pretty much actively involved with most of the large service providers. So, we are—especially when it comes to 8x8—we are known across the industry as the leading player. As you know, as you get more and more conflicts (inaudible) antennas, it plays well into our core expertise. So, as we talk about in the opening statement, as we go into 2019, most of the 8 by—going from 4x4 to 8x8, most of that will be focused around 802.11ac, right?

As we go towards late 2019, going to maybe 2020, that's when you're going to start seeing materially the AX switch. It's not saying that people are not tinkering around with AX right now; absolutely everyone are, but for a materiality point of view, from a revenue contribution.

Now, your question is where are we on the DOCSIS 3.1 ramp? Again, I think 2019 will be a good year for the 3.1 ramp, as you recall, we were expecting some of these ramps to take place in 2017, late 2017. We had our own kind of—the hiccups due to the whole ecosystem out there, but we finally started seeing it taking off in Q1, Q2. Every quarter is building up, but as you go into the next 12 months, 12 to 15 months, I think that's when we're going to really hit our sweet spot. The way we look at the business, we hit our sweet spot in AC as we get into 2019, and then AX picks it up to the next level as we go into 2020.

James Sims:

And I think to add on that, it's fair to say that the major carriers, we have been looking at the transition from AC to AX and all the ones we've worked with today, we intend—and we think we'll be working with as we move into AX.

Karl Ackerman:

That's helpful. Thank you.

Operator:

Our next question comes from the line of Alessandra Vecchi with William Blair. Please proceed with your question.

Alessandra Vecchi:

Hi, guys, great quarter. Just one quick one, given most of my other questions have been asked already. Jim, you touched a little bit on the expansion of the contract manufacturers out of size on Asia. Can you just maybe go into a little more detail on the timeline of that? Additionally, how should we be thinking about the core appropriate level for gross margins from the 43.5 level in Q3?

Anil Doradla:

Hi, Alex, and great question.

James Sims:

I'm turning this one over to Anil.

Anil Doradla:

All right. It comes back to our strategy, Alex, and this is a good time to bring up our bigger strategy. Again, when Jim and I came on board, what we're doing is that we're breaking it into portions and dealing with it. We dealt with the sales and marketing; we dealt with the product positioning, and as you saw with TJ's coming on board with us expanding to third and fourth contract manufacturer, you're absolutely right, that's our third area of focus. Now, there are many puts and takes on that. See, there's an element where we have to improve the efficiency, okay, so that's one thing, but there's an element where we have to invest in it too, right? What we're trying to do is we're balancing some of these things.

The third element out there is that many new products are ramping and, as you know, as new products are there, the—until you get to scale, the margin profile tends to be very different. So, we're trying to balance these three parts of the triangle where we need to invest. We need to invest for growth, but on the other hand, that, as you saw in this current quarter and from our last quarter, we had some of those—the gross margin declining.

I want to leave a couple of thoughts. Whatever we do over the next couple of quarters, I think we were—as we stand here, we're still evaluating our options. It is all to capture the growth, capture the opportunities, and capture the incremental areas where we're not in for us. So, as we go into 2019, some of the efforts that we already started, and you're seeing the impacts on gross margin into Q4, will start helping us in 2019 and beyond. Jim, do you want to add anything?

James Sims:

Only thing I'd add to it, our strategy was, last quarter, to go over and meet with the contract manufacturers to ensure we were getting at least the first level of efficiencies that we require. We're actually working this quarter with the two current manufacturers to ensure that we can improve our margins going into next year. At the same time, we're looking at adding probably a third, maybe more, and we're in the process. We'll know more towards the end of the quarter what we plan to do moving into next year, but we're going to put serious attention to it again this quarter.

Alessandra Vecchi:

All right. That's very helpful, thank you.

James Sims:

Thanks, Aless.

Operator:

At this time, this concludes our question-and-answer session. If your question was not taken, you may contact Airgain's Investor Relations at investors@airgain.com.

I'd now like to turn the call back over to Mr. Sims for his closing remarks.

James Sims:

I'd like to say one thing and I kind of mentioned it in my remarks earlier, but one of the transitions that is taking place, and it's a good way to look at Airgain today, is that if you look at the entire value chain in the wireless market from the components to the antennas, it's always been the dominant performance enhancements were around the front end, the chips, and that's going to continue. The difference is as we move to more advanced requirements from the clients, the antenna technology is going to be a huge differentiator in performance, and that's where we play.

We're the custom RF antenna designer; we're playing exactly where the market is going. In all the sectors we talked to, the consumer markets; we talked about the enterprise market; we talked about the auto; we talked about the fleet, all of those. We talked about the millimeter 5G. All of those are going to require advanced antenna design and a great deal of the performance that's going to be required in those markets will come from sophisticated design, and we think we're the player to be part of that.

With that, I want to just thank you for joining the call today, and I especially want to thank our employees and partners, investors, for all their continued support. We look forward to updating you on our next call, so, thank you very much.

Operator:

Thank you for joining us today for Airgain's Third Quarter 2018 Earnings Call. You may now disconnect your lines and have a wonderful day.