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Flex Ltd. (FLEX)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Thank you for standing by. Welcome to Flex's First Quarter Fiscal 2026 Earnings Conference Call. Presently, all participants are in a listen-only mode. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] As a reminder, this call is being recorded.

I will now turn the call over to Mrs. Michelle Simmons. You may begin.

Michelle Simmons
Senior Vice President-Investor and Public Relations, Flex Ltd.

Thank you. Good morning and thank you for joining us today for Flex's first quarter fiscal 2026 earnings conference call. With me today is our Chief Executive Officer, Revathi Advaithi; and Chief Financial Officer, Kevin Krumm, will give brief remarks followed by Q&A. Slides for today's call as well as a copy of the earnings press release are available on the Investor Relations section at flex.com. This call is being recorded and will be available for replay on our corporate website. Today's call contains forward-looking statements which are based on our current expectations and assumptions. These statements involve risks and uncertainties that could cause actual results to differ materially. For a full discussion of these risks and uncertainties, please see the cautionary statements in our presentation, press release or in the risk factors section in our most recent filings with the SEC.

Note this information is subject to change and we undertake no obligation to update these forward-looking statements. Please note all growth metrics will be on a year-over-year basis unless stated otherwise. Additionally, all results will be on a non-GAAP basis unless we specifically state it's a GAAP result. The full non-GAAP to GAAP reconciliations can be found in the appendix slides of today's presentation as well as in the summary financials posted on our Investor Relations website.

Now, I'd like to turn the call over to our CEO. Revathi?

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.

Thank you, Michelle. Good morning and thank you for joining us today. So starting on slide 4, Flex just wrapped up an exceptional quarter, delivering positive results against our guidance. The groundwork we have laid out over the last several years continues to position us well in driving profitable growth with a growing data center business as well as serving as a manufacturer of choice for our partners. The benefits we are seeing from our global footprint are a result of our actions that started years ago as we focused on being able to meet the needs of our customers wherever they are in the world. Our revenues were $6.6 billion, up 4%; our adjusted operating margin was 6%; and we delivered adjusted EPS of $0.72, a record Q1 number for Flex. Our great start to fiscal year 2026 gives us improved confidence in our ability to hit our fiscal year commitments, which has been reflected in our improved FY 2026 guidance.

But we're not done, so let's turn to slide 5. Our portfolio mix continues to shift as data center becomes a larger and more strategic contributor, and this quarter was no exception. We delivered strong performance across both our cloud and power portfolios, and we continue to expect this business to deliver approximately $6.5 billion in revenue, growing at least 35% year-over-year and representing 25% of our total revenue. But what makes this business truly compelling isn't just the size of the growth, it's the architecture and integration behind it. So, let's take a moment to unpack what this means. On the cloud side, we deliver vertically integrated IT hardware and infrastructure solutions, including metal fabrication, custom rack assembly, and direct-to-chip liquid cooling technology. On the power side, our solutions span the full stack, from board-level modules managing power to the chip, all the way to the facility level with modular power pods.

Flex is the only provider providing both end-to-end cloud IT integration and a full power and cooling portfolio at scale. And that matters because customers today are in an arms race to scale. They don't just need custom rack solutions but they also need power for their chips, they need to cool it, and they need to deploy it quickly. Delivering integrated, scalable solutions from grid to chip is essential, and it's a key reason why Flex continues to be a strategic partner of choice. So, that brings me to our broader geographic footprint and scale on slide 6. Our global operational scale remains one of Flex's most significant competitive advantages, not just in data center but across all our end markets. And it's not just the size of our footprint, but our ability to shift and scale complex production across regions to meet evolving customer needs.

We operate more than 49 million square feet globally, including 7 million square feet in the US and 9 million square feet in Mexico, giving us one of the largest advanced manufacturing footprints in North America. But what truly sets us apart is how we operate. Across our sites, we have embedded AI-enabled systems, advanced automation, and localized supply chains designed for speed, flexibility, and resilience. These capabilities are critical not only in data center but also across our other end markets, including automotive, healthcare, industrial and more, which account for 75% of total Flex revenue. These are highly regulated, complex products that require global design and delivery. This scale, paired with deep supply chain expertise, enables Flex to help customers navigate challenges like tariffs, regional regulations, and supply disruptions.

We have led the shift towards regionalization, and the impact is clear. Americas revenue for us rose to 49% in fiscal year 2025, up from 38% in fiscal year 2020; while Asia declined to 30%, down from 41% over the same period. These shifts reflect evolving customer needs and Flex's ability to execute. So looking ahead, we're especially bullish on our advanced manufacturing capabilities where we see continued productivity gains from deploying AI and intelligent systems across our factories. You can see by bringing together advanced manufacturing services and Flex IP products, all supported by advanced automation and AI capabilities, are powering transformation across industries and geographies. While there is no shortage of news flow around uncertainty in the markets, we remain confident in our positioning. The Flex you see today is not the same company it was 10 years ago, from the people, to the portfolio of businesses.

We have positioned ourselves to lead in our markets, focusing on profitability and transformational acquisitions that continue to evolve who we are as a company. We were early to focus on high-growth end markets such as the data center and power, built a scaled and regionalized footprint, and integrated services in a way that transform Flex from a contract manufacturer to a strategic end-to-end partner. I remain deeply confident in our strategy and the unique value we deliver. The solutions we provide and capabilities we have built have positioned us for one of the most compelling opportunities in Flex's history.

With that, I'll turn it over to Kevin to walk through the financials. Kevin?

Kevin S. Krumm

Chief Financial Officer, Flex Ltd.

Thank you, Revathi, and good morning, everyone. I'll start with our key financials on slide 8. First quarter revenue came in at $6.6 billion, up 4% driven by strong data center growth across both cloud and power end markets. Gross profit totaled $596 million and gross margin improved to 9.1%, up 130 basis points. Operating profit was $395 million with operating margins at 6%, up 120 basis points. Finally, earnings per share for the quarter increased more than 40% to $0.72 per share. Turning to our quarterly segment results on the next slide. In Reliability Solutions, revenue was $2.9 billion, down 2% year-over-year, in line with our expectations. Results reflected continued macro-related pressure in automotive and renewables, which was partially offset by strength in power.

While all three reporting units saw modest declines, operating income improved to $172 million and segment margin expanded 100 basis points to 6%, demonstrating strong execution, continued focus on mix, and disciplined cost management. Agility Solutions revenue totaled $3.7 billion, up a strong 10% year-over-year driven by robust cloud and AI demand that more than offset continued softness in traditional telecom and consumer-facing end markets. Operating income was $240 million with operating margin expanding 120 basis points to 6.5%, supported by effective cost management and favorable mix shift, including increased penetration of value-added services. Moving to cash flow on slide 10. Free cash flow in the quarter was $268 million, representing conversion of 98%. Net inventory was up 3%, sequentially driven by increased volumes and down 11% year-over-year.

Inventory net of working capital advances was 55 days, a reduction of 7 days versus the prior year. Net CapEx totaled $131 million or approximately 2% of revenue, and we purchased around $247 million of stock which was approximately 7 million shares. Our capital allocation priorities remain unchanged. We are committed to maintaining our investment grade balance sheet, funding strategic investments to support organic growth, pursuing accretive M&A opportunities, and returning capital to our shareholders through opportunistic share repurchases. In the quarter, we acquired a new manufacturing site in Poland which will produce low and medium-voltage switchgear, power pods, and busways. This doubles our power capacity in Europe, allowing us to meet the rising global demand for reliable data center power. It is also a great example of Flex deploying capital in a margin-accretive way to grow our capabilities and our products portfolio.

Looking at our full year guidance on slide 11. As we head in the second quarter and we look out to the rest of the year, the macro environment remains dynamic. That said, we're continuing to execute well and the steps we've taken to focus Flex on high-growth, strategically important end markets are delivering results. One of the key enablers of our performance is our global scale. It has allowed us to support customers in accelerating their regionalization strategies, bringing manufacturing closer to end markets to improve agility, reduce risk, and meet evolving trade requirements. While the situation continues to evolve, a few key points to keep in mind. We expect tariffs to remain largely pass-through costs with strong contractual protections in place. Importantly, while last quarter we did not incorporate the direct impact of tariffs into our revenue guidance, this quarter we're doing so.

With greater clarity around the scope and timing of the tariff impact, we believe this adjustment provides a more accurate view of expected revenue performance. That said, incorporating our current view to tariffs does not have a material impact on our full year guided growth rates. With that context, our updated FY 2026 expectations are revenue between $25.9 billion and $27.1 billion, which increases our midpoint by approximately $600 million; adjusting operating margin – adjusted operating margin between 6% and 6.1%; adjusted EPS between $2.86 and $3.06 per share; adjusted tax rate of 21%; and we continue to expect strong cash generation and maintain our 80%-plus free cash flow conversion target for FY 2026. We'll continue to monitor the tariff environment and adjust as needed. But as it stands today, we're confident in our ability to navigate these shifts while delivering against our financial commitments.

Moving to our segment outlook for the year. Our segment outlook remains largely consistent with last quarter's as end market demand trends continue to track in line with our expectations. For Reliability Solutions, we now expect revenue to be down low single-digit to up mid-single-digit, a marginal improvement from our prior view. Continued strength in data center power is helping offset macro-related softness in automotive, core industrial, and renewables. For Agility Solutions, we anticipate modest year-over-year growth in the low to mid-single-digit range, reflecting a slight improvement from our prior year outlook. Growth will be driven by sustained demand in cloud, ongoing benefit from previously secured lifestyle wins, and strategic share gains in networking. These tailwinds are expected to be partially offset by continued softness in enterprise IT, telco, and consumer devices.

Finishing off with our guidance for the second quarter on slide 13. We expect Reliability Solutions revenue to be down low single-digit to up low single-digit with continued weakness in automotive and parts of health offset by solid performance in our power business. We expect Agility Solutions revenue to be up low single-digit to up mid-single-digit, with strength in cloud and continued momentum in networking offset by ongoing softness in traditional telecom and consumer-facing end markets. For total Flex, we expect revenue in the range of $6.5 billion to $6.8 billion, with adjusted operating income between $375 million and $415 million. Interest and other expense is estimated to be around $38 million and the adjusted tax rate to be approximately 21%. Lastly, we anticipate adjusted EPS to be between $0.70 and $0.78 per share based on approximately 381 million weighted average shares outstanding.

With that, I'll now turn the call back over to the operator to begin Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. We'll now begin the question-and-answer portion of today's call. [Operator Instructions] Our first question comes from the line of Samik Chatterjee with JPMorgan Chase & Company. Please proceed with your question.

Samik Chatterjee
Analyst, JPMorgan Securities LLC

Q

Hi. Thank you for taking my questions. Strong print here and strong margins as well. Maybe if I can start with the margin outlook for the year. You did 6% in 1Q; you're guiding to hold that level. I'm a bit surprised, along with the increase in the midpoint of the revenue, you're not seeing more leverage on the margin side for the full year outlook. Maybe you can clarify that as to why the margin outlook isn't improving along with the revenue guide, and then I have a quick follow-up. Thank you.

Kevin S. Krumm
Chief Financial Officer, Flex Ltd.

A

Hey, Samik. This is Kevin. What I would say is we held our prior margin guided range of 6% to 6.1%. The math would be – if you were looking at operating profit dollars, we did pass through and therefore improve our operating profit outlook as well. What I would say on the revenue volume, especially in the back half of the year, we remain cautiously optimistic there. We have brought in tariffs, as I said before, that's largely low-calorie revenue and actually is a headwind to our margin performance. So, that's an element you're seeing in the back half of the year. And then, we are making a few investments in the back half of the year as well.

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.

A

Samik, I would say first is it's first quarter. It was a very strong set of numbers for Q1. And as you can see, pretty much you're seeing the 6% kind of flow through. So, we feel we're always conservative about our – kind of how we forecast the year. But it's a really strong set of numbers both for the current quarter and the full year.

Samik Chatterjee
Analyst, JPMorgan Securities LLC

Q

Okay, okay. No, got it. And for my follow-up, I mean, I see for the data center revenue you're outlining the target of 35% year-over-year. Maybe you can sort of give us a bit more details on what the trends were in 1Q itself and if you can break it out between cloud and power. And is your – are your expectations still consistent for power to maybe have a stronger year than cloud this year? Thank you.

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.

A

Yeah. Samik, I'll say that first is we feel very good about our 35% growth forecast that we gave for this fiscal year. It's the first time we have given a full year fiscal forecast for our data center business, and that's because of it's becoming a large percent of our overall portfolio. We're in line with that 35%. And I would say from a quarterly perspective, we don't want to give quarterly guidance and quarterly numbers because they tend to move around, but the 35% we feel very strong about. We're still in line with what we had said earlier in the start of the year, that power will be stronger, and that's because they had a little bit softer year last year relative to the cloud business. But they're both going to be pretty significantly strong in terms of the overall 35%. So, on track for that and continued also margin accretion to the overall Flex portfolio. So, pretty robust numbers, I would say, data center for both cloud and power.

Samik Chatterjee
Analyst, JPMorgan Securities LLC
Q

Got it, got it. Thank you. Thanks for taking my questions.

Operator: Thank you. Our next question comes from the line of Mark Delaney with Goldman Sachs Asset Management (sic) [Goldman Sachs]. Please proceed with your question.

Mark Delaney
Analyst, Goldman Sachs & Co. LLC
Q

Yes. Good morning and thank you very much for taking my questions. Flex's products, assembly, and services capabilities has allowed it to do very well on the data center. I am hoping to better understand how the market for products may be evolving. Amazon recently announced it plans to use some of its own internally-designed cooling products going forward. So, do you think this maybe trend of hyperscalers doing more power and cooling products in-house more generally long-term? And if so, how may Flex fit into those plans?

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.
A

Yeah. I'd say, Mark, that as we look at our capability around IT rack integration, around cooling and power, we've toggled towards having product capability and our own technology capability around both power and on cooling. How I feel about cooling is very bullish. I think Amazon's announcement really validates the fact that we needed the capability both for manufacturing capability but also technology capability. So, having both is really important; you can't have one or the other. I would say that hyperscalers continuing to invest in their capability we see as a positive thing. So, whether it is providing it as an advanced manufacturing solution or bringing our own IP and technology into the manufacturing side of it or into the design side of it, giving a fully integrated solution, is the right way to go.

And again, as I've said this before, Mark, is having both compute and power with cooling overall we think is a good way to go. So, we view this announcement as a positive.

Mark Delaney
Analyst, Goldman Sachs & Co. LLC
Q

That's helpful. Thanks, Revathi. My other question was just to better contextualize the full year guidance compared to 1Q results. The 1Q earnings results were very strong. Earnings were $0.10 above the midpoint of your prior guidance. You only raised the full year outlook for earnings at the midpoint by $0.05. So, I'm hoping to better understand is the implied lower level of earnings for the balance of the year compared to your previous guidance, is that just a question of timing and some conservatism? Or are there any businesses that are weakening more than you had previously expected? Thank you.

Kevin S. Krumm
Chief Financial Officer, Flex Ltd.
A

Hey, Mark, this is Kevin. I'll take that. So first, first quarter was a great quarter, above expectations. The team navigated really well. As Revathi alluded to earlier, one quarter does not necessarily make the entire year. But as we look at it, we did raise revenue and, as I said earlier, sort of the midpoint of OP profit dollars. You don't see that pass all the way through to EPS because we lost a little guide-to-guide in the interest and other line item. That said, when you look at first half versus back half, which I think was the other part of your question, especially maybe looking at EPS or OP growth rates, I would say the first half of this year we are getting a benefit from a prior year comparison. Prior year revenue was down pretty significantly in the first half of the year, so we had some absorption issues that impacted operating profit pretty significantly. So, that is a comparison benefit that the first half of the year is getting.

The other thing I would say is we're seeing growth this year in the data center. We talked about that, so we're going to continue making investments in programs and capability in the back half of the year to support that.

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.
A

And, Mark, what I would say is none of our end markets have changed in terms of how we guided for the year and how we felt the markets were performing, so that's good news. I think in all this uncertainty, our guide is pretty strong in terms of how we felt the markets were going to perform, so we feel good about that. And then again, first quarter, like I said before, we're generally conservative in how we guide and I think that's – people expect that from us and that goes into the [indiscernible] (00:34:28).

Mark Delaney
Analyst, Goldman Sachs & Co. LLC
Q

Okay. Congratulations again on the good results. Thank you.

Kevin S. Krumm
Chief Financial Officer, Flex Ltd.
A

Thanks, Mark.

Operator: Thank you. Our next question comes from the line of Steven Fox with Fox Advisors. Please proceed with your question.

Steven B. Fox
Analyst, Fox Advisors LLC
Q

Hi. Good morning. I had a couple questions as well. First off, I was wondering if you can give us a sense for where you stand on some of the capacity constraints you had 90 days ago. I know you just mentioned you're making investments in the second half. You bought a plant in Poland. But how constrained are you now versus 90 days ago? When do you think you sort of catch up with demand, if that's the right terminology? And then, I had a follow-up.

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.
A

Yeah. I would say, Steven, first is I think it's a good problem to have where we have so much growth that we have to continue to invest in capacity. And you are well aware of all the supply/demand equation in terms of AI infrastructure, which we see both in cloud and power. I feel good about the investments that we have announced and making. Our Dallas facility is ramping up very well. We just bought this facility in Poland which is a fully capable facility that really helps us from a European perspective, so we feel really good about the new investments we are making. My hope is that we continue to make investments in growth for AI infrastructure, both in power and cloud. And our goal would always be not to have so much capacity but just enough capacity where we're able to bring down lead times and keep up with the demand, and I feel like we're in the right place.

You'll see that with our numbers, right? 35% is a very strong number for data center growth, and we're delivering that because we have new capacity and we'll continue to add more.

Steven B. Fox
Analyst, Fox Advisors LLC

Q

That's helpful. And then, I know you just said there wasn't much change in some of your non-data center markets versus 90 days ago. But I was curious if there's any green shoots, especially in like automotive, industrial for example where maybe some companies are seeing some better cyclical trends. Thanks.

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.

A

Yeah. I would say that for automotive, at least I know that from the end markets externally you're hearing that there are some upside. I think we gave a fairly conservative guide, and so we're in line with the guide in terms of numbers itself. So, I feel good that we took this view because I think how the year will turn out is pretty much how we thought it's going to work out. And then, if you look at our auto portfolio, we're kind of more geared towards North America. And so, that kind of fits into the overall kind of how we compare the global numbers. I'd say industrial is also performing as we've expected, right? In kind of end markets that are infrastructure-related, there is green shoots on areas like renewables; you know the story there. And then, I'd say the other areas to think about is on the networking side, we've talked about that we've had really good, strong gain – share gains, and that's a big plus for us.

And then on the healthcare side, equipment has performed in line but devices has been extremely strong. So, that's kind of how the overall markets have evolved. And being good at predicting the end markets in this environment I would say is quite a plus, and we feel good about kind of how we've looked at the year.

Steven B. Fox
Analyst, Fox Advisors LLC

Q

Great. That's all helpful. Thank you.

Kevin S. Krumm
Chief Financial Officer, Flex Ltd.

A

Thanks, Steven.

Operator: Thank you. Our next question comes from the line of Ruplu Bhattacharya with Bank of America. Please proceed with your question.

Ruplu Bhattacharya
Analyst, BofA Securities, Inc.

Q

Hi. Thanks for taking my questions. I have two, one for Kevin, one for Revathi. Maybe I'll start with Kevin. Can you give us a little bit more detail in terms of what you factored in in terms of tariff impact to the full year guide on the top line, operating margin, and EPS? Are you assuming any impact to the USMCA exemptions? What do you think about the Section 232 tariff impact? And I think you said to an earlier question that there's some impact on the interest and expense line that's impacting EPS guide or the increase of $0.05. Can you clarify how much that is? And then, I have a follow-up for Revathi.

Kevin S. Krumm
Chief Financial Officer, Flex Ltd.

A

Okay. So on tariffs, basically our view that we're pushing through is as of the June view sort of the pause, okay? So, that's what we've brought in. We do not see any USMCA impact. And as I said earlier, it's dynamic. Our customers are making moves to offset impacts of tariffs, et cetera, so we're not guiding to a tariff number this year. What I said on the release I'll repeat – or on the script I'll repeat here, which is tariffs are going to have – will not have a material impact on our growth rate when you look at our revenue growth year-on-year. They do have an impact on margin performance. We've talked about that in the past because you're passing it through. They're largely a pass-through for us, so you see that in this updated guide as well. You asked on interest expense. I would say there's really two elements to that. One is we're looking at the timing of interest rate, and we have variable interest rates that are included in there.

We also have timing of refinancing that's included in our view to the rest of the year. And then, we also have costs associated with currency exposures. We brought all those views into this revised guidance which is why you're seeing an increase in that line item guide-to-guide.

Ruplu Bhattacharya
Analyst, BofA Securities, Inc.

Q

Okay. Thanks for all the details there. Revathi, can I ask when you look at the two segments, Reliability and Agility, can you help us rank order for each of those segments how – like, which end markets you expect to grow stronger or which ones grow weaker? And how does that impact your decision to invest in different end markets? So, I mean, I'm sure you're going to be investing in cloud and power. But beyond that, as you think about investing for growth, I mean, which end markets or which segments should we expect more spend from Flex on? Thank you.

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.

A

Yeah. So I'll say, Ruplu, our view on kind of what's weaker and stronger, despite all the noise in the end markets, hasn't changed very significantly. So as an example, automotive where we kind of projected the year was going to be weak and somewhat spotty and is going to turn out to be that way. I would say our consumer kind of end markets, both in lifestyle and consumer devices, are kind of holding its own. I would say that we were expecting that to be slow for the year, and it is definitely playing out that way. The places that we expected kind of strong growth in, which is in our medical device business and healthcare and infrastructure-related items for industrial, power and cloud, networking, all those are pretty much in line with what we were expecting it to be. So, I would say how the end markets are playing out are fairly in line with what we were expecting.

In terms of investments, it'll always be prioritized towards the higher-growth, higher-return end markets for us. And so, I would say data center is driving a large part of our investment, both in cloud and in power, not just for kind of this year but we're investing for the future. I mean, 35% growth does require investment. So, you heard Kevin talk about continued investment this year for kind of what will drive growth next year. And – but it doesn't mean that other businesses aren't getting their share. Healthcare is getting its share of investments, but we'll – it's our job to prioritize towards the higher-growth, higher-return end markets.

Ruplu Bhattacharya
Analyst, BofA Securities, Inc.

Q

Okay. Thank you for all the details. Appreciate it.

Operator: Thank you. Our next question comes from the line of Steve Barger with KeyBanc Capital Markets. Please proceed with your question.

Steve Barger
Analyst, KeyBanc Capital Markets, Inc.

Q

Thanks. Good morning. Revathi, for data centers what percentage of customers engage with the entire suite of IT, integration, and power products? And for customers that are partial users, how successful have you been at converting them to more content?

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.

A

Yeah. Steve, I would say that's a great question. First is as you know very well, the host of customers, whether it's hyperscalers or kind of these neo cloud folks who are coming up or co-lo, is a small set of customers at the end of the day, right? So, it's not a large population. So most of them, particularly the hyperscalers, will be buying a whole suite of products, whether it is IT integration, cooling or power. And so, we do see kind of them going across the spectrum. And then on kind of co-los, it'll tend to be a little bit more spotty. I'd say lean more towards kind of the power side, but heading more towards kind of cooling and IT integration when scale presents itself as an opportunity.

So, I would say – and then, our ability to convert the compute and power coming together is becoming more and more reality because as you see technology heading towards this higher power density, the 1 megawatt rack that you hear about, having an integrated cooling solution, power solution, and having your compute all integrated together is going to become part of reality. So, technology is heading in that direction. We were ahead of the game, and now customers want that integrated solution which puts us in a great sweet spot because nobody else is doing that.

Steve Barger
Analyst, KeyBanc Capital Markets, Inc.

Q

Yeah, I agree. To your earlier comment on hyperscalers making some internal investments, are you seeing customers standardizing on solutions or is each DC still more custom, even if it's the same owner?

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.

A

Yeah. I would say each hyperscaler is kind of their own solution, and each co-lo kind of tends to gravitate towards kind of whoever is their largest customer base in terms of the standardized solution that they usually implement, so that hasn't changed in a significant way. I think the biggest places that we get to really influence technologies, Steve, for all of them would be like if you need high power density to power your chip, then we're designing power for you that really needs to work well with heat and cooling. So there, we will – may use their technology, but most of the time we are using our technology, integrating that, and providing them an end-to-end solution. So it'll be a mix, I would say, to your question.

Steve Barger
Analyst, KeyBanc Capital Markets, Inc.

Q

Understood. Thanks.

Operator: Thank you. I will now turn the call back over to the CEO for any closing remarks.

Revathi Advaithi
Chief Executive Officer & Director, Flex Ltd.

Great. Thank you so much. So, we look forward to speaking with you again next quarter. And on behalf of my entire leadership team, I do want to thank our customers, our shareholders, and of course to the Flex team around the world for all your hard work, dedication, and your contributions. Thank you, everyone.

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