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UEIC - Q2 2014 Universal Electronics Inc Earnings Call

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CORPORATE PARTICIPANTS

Becky Herrick *Lippert/Heilshorn & Associates - IR*

Paul Arling *Universal Electronics Inc. - Chairman, CEO*

Bryan Hackworth *Universal Electronics Inc. - SVP, CFO*

CONFERENCE CALL PARTICIPANTS

Mike Olson *Piper Jaffray & Co. - Analyst*

John Bright *Avondale Partners - Analyst*

Jason Ursaner *CJS Securities - Analyst*

Steven Frankel *Dougherty & Company - Analyst*

Josh Goldberg *G2 Investment Partners Management - Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Universal Electronics second-quarter 2014 results conference call. (Operator Instructions). As a reminder, today's conference is being recorded.

I would now like to turn the call over to Ms. Becky Herrick of LHA. Ma'am, you may begin.

Becky Herrick - *Lippert/Heilshorn & Associates - IR*

Thank you. Thank you all for joining us. By now, you should have received a copy of the press release. If you have not, please contact LHA at 415-433-3777.

This call is being broadcast live over the Internet. A webcast replay will be available for one year at www.uei.com. Also, any nonpublic information that might be discussed during this call will be provided on the Company's website, where it will be retained for at least one year. You may also access that information by listening to the webcast replay.

After reading a short Safe Harbor statement, I will turn the call over to management.

During the course of this conference call, management may make projections or other forward-looking statements regarding future events and the future financial performance of the Company, including the benefits anticipated by the Company due to the continued strength across its entire business and the expansion of its share of the markets it serves, including its core business in consumer categories and the smart device channel, such as smart phones, tablets, smart TVs, IPTV devices, game consoles, smart watches, and over-the-top services; the benefits anticipated by management due to the expanded licensing of the Company's IP, such as the Company's QuickSet and Control Plus technologies; the successes anticipated by management from the growth expected in consumer electronics, particularly in the wearables segment; the continued innovation of next-generation solutions that are accepted by our customers and end users; management's continued ability to identify and execute on opportunities that maximize shareholder value, including the effects that repurchasing the Company's shares have on the Company's stock value; the continued sales and earnings growth as experienced in the past; the continued strengthening of its customer relationships; management's ability to identify and execute upon growing trends and markets; any other factors described in the Company's filings with the US Securities and Exchange Commission.

The actual results the Company achieves may differ materially from any forward-looking statement, due to such risks and uncertainties. Management wishes to caution you that these statements are just projections and actual results or events may differ materially, and the Company undertakes no obligation to revise or update these statements to reflect events or circumstances that may arise after today's date.



For further detail on risk, management refers you to the press release mentioned at the onset of this call and the documents the Company files from time to time with the SEC, including the annual report on Form 10-K for the year ended December 31, 2013, and the periodic and quarterly reports filed since then. These documents contain and identify various factors that could cause actual results to differ materially from those contained in management's projections or forward-looking statements.

Also, the Company references adjusted pro forma, or non-GAAP, metrics in this call. These adjusted pro forma metrics are provided because management uses them in making financial, operating, and planning decisions and in evaluating the Company's performance. The Company believes these measures will assist investors in assessing the Company's underlying performance for the periods being reported.

Adjusted pro forma metrics exclude amortization expense relating to intangible assets acquired, depreciation expense relating to the increase in fixed assets from cost to fair market value resulting from acquisitions, other employee-related restructuring costs, and stock-based compensation.

As a reminder, the results for the prior-year periods have been adjusted to reflect the exclusion of stock-based compensation expense. In management's financial remarks, it will reference adjusted pro forma metrics. A full description and reconciliation of these adjusted pro forma measures versus GAAP is included in the Company's press release that was issued after the close of market today.

On the call today are Chairman and Chief Executive Officer Paul Arling, who will deliver an overview, and Chief Financial Officer Bryan Hackworth, who will summarize the financials, and then Paul will return to provide closing remarks. It is now my pleasure to introduce Paul Arling. Please go ahead, Paul.

Paul Arling - Universal Electronics Inc. - Chairman, CEO

Thank you, Becky.

Our strong performance in 2014 continued in the second quarter as we expanded our share of the global wireless control technology market. Year to date, we grew net sales by 10%, gross profit by 14%, operating income by 23%, and net income by 31% compared to the first six months of last year.

Driving these improvements was the continued growth in our core business, as well as our continued advancements in smart device control technology. Subscription broadcasting remains a strong channel for us, as our worldwide customers continue adding new subscribers and introducing new, more advanced devices. Consumer electronics companies are rolling out new devices, utilizing both our traditional remote controls and advanced technologies and software solutions.

We also continue to expand our licensing footprint within this smart device channel. UEI QuickSet is fast becoming the de facto solution for the world's largest companies, such as DIRECTV, Samsung, Sony, LG, and Microsoft. The list continues to grow as industry-leading companies choose our embedded software technology to enable this simple and almost effortless setup and programming of a remote to control virtually any television or entertainment device in the home.

UEI's Control Plus technology builds upon QuickSet to further simplify the home entertainment setup and control experience. This technology solution addresses the most common consumer challenges in universal AV control, such as mode confusion on the remote control and switching to the right input. With UEI Control Plus technology, consumers can simply plug in a new device, have it discovered and set up automatically, and have activities such as watch TV automatically enabled from a single universal remote control.

Our smart device implementations continue to ramp. As we have mentioned previously, Samsung chose our IP and control SDK to power its WatchON app for the Galaxy S5 smart phone, as well as our embedded app technology for its Gear 2 and Gear 2 Neo smart watches. Our technology enables these devices to control and communicate with a connected home.

Over the past two years, we have established relationships with many companies in the mobile category that are rolling out these new devices. These smart devices provide an ideal platform to implement automated setup solutions, like QuickSet, and everyday ease-of-use solutions, like Control Plus.

Put simply, we have proactively embraced the challenges in the home entertainment arena and developed innovative solutions that address growing trends in the industry. New devices, including smart phones, tablets, smart TVs, and game consoles, and new connection standards, like HDMI-CEC, Ethernet, wireless IP, and the myriad forms of RF communication, are offering enormous opportunity for us to accomplish AV control solutions never before possible.

We have used these new smart or connected platforms to bring software solutions that make home entertainment setup and everyday use easier and more intuitive than ever before. Our ability to anticipate these trends has cemented our position as the supplier of choice for the leading names in consumer electronics, subscription broadcasting, and mobile devices across the world.



With that, I would now like to turn the call over to our CFO, Bryan Hackworth, to discuss the financial results.

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

Thank you, Paul.

As a reminder, our results for the second quarter of 2014, as well as the same periods in 2013, will reference adjusted pro forma metrics.

Second-quarter 2014 net sales were \$146.3 million, up 7% compared to \$136.1 million for the second quarter of 2013. Business category net sales increased 7%, from \$124.2 million in the second quarter of 2013 to \$132.7 million in the second quarter of 2014.

We experienced growth in the OEM market as consumer electronics companies continued to adopt our technologies in various forms, including traditional remote controls, chips, and pure licensing arrangements. We also continue to increase our market share in subscription broadcasting, both in the Americas, as well as Europe.

Our consumer category net sales increased 14%, from \$11.9 million in the second quarter of 2013 to \$13.6 million in the second quarter of 2014, as we increased our distribution in the European retail space, primarily in the grocery channel. In addition, our European retail sales benefited from the FIFA World Cup.

Gross profit for the second quarter was \$43.8 million, or 29.9% of sales, compared to a gross margin of 28% in the second quarter of 2013. The increase in our gross margin percentage was driven primarily by the increase in our licensing revenue, as more customers are adopting our technologies and are including these technologies in additional smart devices, including televisions, game consoles, tablets, phones, and wearables.

Total operating expenses were \$29.3 million, compared to \$25.6 million in the second quarter of 2013. Breaking down our operating expenses, R&D expense was \$4 million for both the current and year-ago periods. SG&A expenses were \$25.3 million, compared to \$21.6 million in the second quarter of 2013.

Operating income was \$14.5 million, an increase of 15% when compared to \$12.5 million in the second quarter of 2013. The effective tax rate was 24.6%, compared to 25.5% in the second quarter of 2013. Second-quarter 2014 net income was \$10.6 million, or \$0.66 per diluted share, compared to \$8.1 million, or \$0.53 per diluted share, in the second quarter of 2013.

For the six-month period ended June 30, 2014, net sales were \$276.2 million, an increase of approximately 10% compared to \$250.8 million in the same period of 2013.

Gross margin for the first six months of 2014 was 29.2%, compared to 28.3% in the same period a year ago. Total operating expenses were \$57.3 million, compared to \$52.1 million in 2013.

Operating income was \$23.2 million, an increase of approximately 23% compared to \$18.9 million in 2013. Our operating income for the first six months of 2014 represents the highest level in our Company's history.

Net income for the six-month period was \$17 million, or \$1.05 per diluted share, compared to \$12.9 million, or \$0.84 per diluted share, in the prior-year period.

Next, I will review our cash flow and balance sheet at June 30, 2014. Cash and cash equivalents was \$87.6 million at June 30, 2014, compared to \$49.7 million the year prior.

During the second quarter, we repurchased approximately 338,000 shares for \$13.9 million, representing an average price of approximately \$41 per share. Over the past 20 years in aggregate, we have repurchased approximately 7.3 million shares for \$123 million at an average price of approximately \$17 per share. Going forward, we will continue to evaluate opportunities to maximize shareholder value, including repurchasing additional shares, reinvestments into the business, and M&A.

DSOs were approximately 66 days at June 30, 2014, compared to 59 days the year prior. Net inventory turns were approximately 4.6 turns at June 30, 2014, compared to 3.9 turns the year prior.

Now turning to our guidance, for the third quarter of 2014 we expect revenue between \$149 million and \$157 million, compared to last year's third quarter revenue of \$142.4 million. EPS for the third quarter is expected to range from \$0.70 to \$0.80 per diluted share, compared to \$0.68 recorded for the third quarter of 2013.

I would now like to turn the call back to Paul.



Paul Arling - *Universal Electronics Inc. - Chairman, CEO*

Thanks, Bryan.

In the past 27 years, we have clearly established ourselves as the global leader in home entertainment control technology. Our continued focus on delivering the innovative solutions that enable consumers to connect and control their home entertainment systems has proven successful year after year.

Our long-term leadership position in the markets we serve has also been demonstrated through our financial results. We have just reported the most successful first-half performance in our Company's history, but this simply continues on our long-term tradition of solid performance. We have grown our sales and earnings at a compound annual growth rate of 15% over the last decade and we just recorded our 66th consecutive quarter of profitability.

As such, our strategy for growth continues to serve us well as the applications for our technology and solutions continue to expand. Going forward, we remain focused on investing in innovation to support the simplification and enhancement of the home entertainment experience, as well as supporting new trends in devices and content, and deepening existing customer relationships, while also adding new ones across the world. Stay tuned.

I would now like to open it up for questions. Operator?

QUESTION AND ANSWER

Operator

(Operator Instructions). Mike Olson, Piper Jaffray.

Mike Olson - *Piper Jaffray & Co. - Analyst*

I had a couple quick ones on the mobile front. Are there any details that you can provide regarding downloads of UEI technology on Samsung devices, like the Galaxy S5, that don't necessarily ship with it preloaded? I think Samsung was included, if I remember right, in the recommended bundle of apps, but just curious if you can talk at all about the download rates there.

Paul Arling - *Universal Electronics Inc. - Chairman, CEO*

Unfortunately, Mike, we can't disclose anything about specific customers. That's our long-standing policy.

I will tell you, however, that the level of downloads or the level of unit volume from the relationship are as we expected or slightly better. So the relationship is going very well, but we can't give any specifics about the individual customers.

Mike Olson - *Piper Jaffray & Co. - Analyst*

Okay, got you. And then, maybe more broadly in mobile, can you talk about where we are in the growth of mobile devices with IR emitters built in, or maybe on the other side of the equation, CE devices with Wi-Fi? And is that the biggest limiting factor in growth for the category?

Paul Arling - *Universal Electronics Inc. - Chairman, CEO*

I will handle those separately. The device code database being embedded into mobile devices is very early. We have seen it over the last couple years. It started with a couple of device manufacturers starting with one model. They have now expanded that to multiple models across their lineup.

So it's like any new technology; it starts off with one or two models and then expands from there. So it looks like it is on a good track for long-term growth.

As far as that's concerned, as you have heard me say many times, what better app to put on these mobile devices than something that helps the consumer with something they are already doing in America five hours a day and across the world more than three hours a day.



So I think the device manufacturers see that, want to cater to that need within the consumer, and we think it's something that long term is going to continue to be there and grow.

The consumer electronics devices also have become more and more connected, either via Ethernet or Wi-Fi or other forms of communication. We have a lot of products we are shipping with multiple forms of RF, either IP protocol combined with other forms of RF for different types of control.

We do think that this type of feature is expanding. We don't just think that; you can see it over the last number of years. The number of these devices becoming, quote, unquote, smarter, more connected. And we think the features that we bring to these products, as I said in the prepared remarks, we can start to do things that we just simply couldn't have done five years ago.

We had the technology to do it, but the architecture of the home did not support it. That architecture is changing, so we see some changes going on over the last couple years and projected to continue that will bring the types of QuickSet Control Plus-like features to these products over the next five years.

Mike Olson - Piper Jaffray & Co. - Analyst

Thanks very much.

Operator

John Bright, Avondale Partners.

John Bright - Avondale Partners - Analyst

Paul, Bryan, the gross margins ticked up nicely. I think you mentioned that licensing was contributing to that in the quarter. One quarter doesn't make a trend, but is that something where you see that product mix continuing to be favorable throughout the remaining portion of the year?

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

Yes, it is Bryan, John. We don't give guidance in the future quarters, but I will say this. I don't view Q3 as an anomaly.

As we talked about before, as each quarter progresses, we seem to layer on top additional licenses. We are gaining customers and some of the customers are starting to expand the licenses in a different -- and the technologies into different products. So I don't view this as an anomaly at all. I do think it is going to continue.

Paul Arling - Universal Electronics Inc. - Chairman, CEO

You don't view Q2 as an anomaly.

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

Q2 as an anomaly, correct.

John Bright - Avondale Partners - Analyst

Right, right. The consumer sales were up a little bit better, showing some signs of life. Anything particular going on there?

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO



As I said in the prepared remarks, the guys in Europe have done a great job. They have expanded distribution in the grocery channels. They are in a number of what we call supermarkets here in the US.

And I think the other thing that helped them out was the FIFA World Cup. I think the general market was up because of that, so we benefited.

John Bright - *Avondale Partners - Analyst*

Thank you.

Operator

Jason Ursaner, CJS Securities.

Jason Ursaner - *CJS Securities - Analyst*

Good afternoon. Great quarter. Just first question relates to the business category. For the guidance, how do you see growth there between the subscription operators and sales to the TV OEMs?

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

We usually don't break out -- we don't break out the guidance, but what we have seen so far is we have got a strong comeback in the OEM market.

A couple years ago, it took a little bit of a dip, and we are seeing that come back nicely, and within that OEM category, you are selling the traditional remote controls into the TV manufacturers. We are selling chips with our technology embedded on it, and then we were also selling pure licenses to them.

So, the OEM market has been very strong for us, but to a lot of people's surprise, the subscription broadcast market, we continue to do well also, even in the Americas. But Europe is doing well. We are doing well in western Europe, as well as eastern Europe in subscription broadcasting, so both categories -- both channels are doing well.

Jason Ursaner - *CJS Securities - Analyst*

Okay, and the growth in the TV OEM market, is that more from expectations and forecasts for the holiday season where you are seeing a growing build or is some of that looking back on pull-through demand from the World Cup where you are seeing more restocking and actual sales have been better than expected when you look back to last year?

Paul Arling - *Universal Electronics Inc. - Chairman, CEO*

It is a little of both, but I think the bigger point for us is that we, during many periods in our history, have outperformed the market because of the technologies we're embedding.

So what we are -- I guess the bigger impact is that we are -- while there is some market growth right now, we went through a couple of difficult years in the consumer electronics market. 2013 was not a good year, nor was 2012, for the industry, but this year, we are starting to see some growth in CE as a market, but more importantly, we're embedding our technology in a wider share of products, so it's more an issue of share gain, also supported a little bit by market growth. So both are helping.

Jason Ursaner - *CJS Securities - Analyst*

Okay, and to follow up on the embedded mobile piece, specifically license revenue for the phones, tablets, and game consoles, if you strip out the embedded chipsets for TVs, and I know you can't provide any figures for specific customers, but it is difficult to see the contribution in the sense of the overall reported figures. So any additional details you can give on that business to try to understand sales and margin contribution just from the new applications, not the sales into the TV market?



Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

I would love to give more information, but we just don't typically provide that kind of detail.

I will say that it is really across the board. Like we were talking about earlier, you are seeing the growth in both TVs, which you want to exclude, but you are seeing it in wearables. We are seeing it in mobile. We are seeing it in game consoles. It is really -- you are starting to see these -- the OEM companies really come in and start to incorporate our technologies in various products. So, we are benefiting from that.

Jason Ursaner - *CJS Securities - Analyst*

Okay, great. Appreciate those details. Thanks, guys.

Operator

(Operator Instructions). Steven Frankel, Dougherty.

Steven Frankel - *Dougherty & Company - Analyst*

Good afternoon. Paul, could you give us some insight into maybe what the design win pipeline looks like for Control Plus over the next year or so?

Paul Arling - *Universal Electronics Inc. - Chairman, CEO*

Yes, sure. I can't give a lot of details, because we don't have -- we would never talk about the implementation until the products actually came out.

But we are talking to -- I don't even know how many this point -- customers about introduction of Control Plus.

As you know, mobile is typically on an annual design cycle, as are things like televisions. Set-top boxes are a little different because they are not on an annual cycle. They are usually on the company's own cycle.

But mobile and TVs, we are talking to players in both of those markets about continued implementations of QuickSet, because it's important to remember that QuickSet is -- we have many point releases of QuickSet. It keeps improving.

Again, one day in the not-too-distant future, we're going to have a QuickSet version that automatically does the setup, where there is no user intervention at all. So we are working on next generations of that, as well as the supplement of Control Plus for input selection and elimination of mode confusion.

These things are being talked about with the major names in the industry, and probably later this year and into the 2015 product introductions, we will probably have more to say about those technologies.

Steven Frankel - *Dougherty & Company - Analyst*

Okay, and could you characterize how your business was in Latin America during the quarter? What kind of growth did you have on a year-on-year basis?

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

We don't provide that detail, but Latin America continues to do well, primarily in Brazil, so we are very optimistic about that.

Steven Frankel - *Dougherty & Company - Analyst*



And a lot of investors are concerned about Time Warner/Comcast causing a slowdown in your subscription business, at least that portion of the subscription business. Maybe you could give us your opinion on whether that matters to you or not.

Paul Arling - *Universal Electronics Inc. - Chairman, CEO*

Certainly it matters. They are both large players in the industry.

I will say this. Our relationship with Comcast is quite strong. We have been either a vendor to or a primary vendor to Comcast for more than a decade. They are the largest subscription broadcaster in the US.

I can't speak about the details of the merger. Best to ask either Time Warner or Comcast on that, but we believe that while we are, of course, concerned about it, we feel that this will be good for us. Our relationship with Comcast is, right now, really strong and we don't see any reason why this should interrupt our growth going forward.

Steven Frankel - *Dougherty & Company - Analyst*

Great. Thank you so much.

Operator

Josh Goldberg, G2 Investment Partners.

Josh Goldberg - *G2 Investment Partners Management - Analyst*

Hey Paul, hey Bryan, how is everything going? Just a couple of things. I guess starting, obviously, on the gross margins, a very good result, almost 30% on the pro forma basis. As you gain more and more of these licensing deals, whether it is TVs or smart phones or tablets, are you comfortable saying, hey, we're going to be able to grow above that 30% gross margin going forward? And have a follow-up.

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

Yes, it's definitely possible. If everything were to stay the same, the exact same mix, and we were to increase licensing revenue, then, yes, then it can increase above 30%.

I think the one thing we do battle with, and we mentioned this last quarter, is as some of our large customers continue to grow and purchase more from us, there is always that battle between increasing the gross margin rate from licensing, but also then you get a little bit of downward pressure by selling lower-margin products to large customers, which isn't a bad thing. It ends up improving our operating margin line, which, if you look at it year to date, we have done very well.

So it all depends on the mix, but I am never going to get upset if we grow licensing revenue, but our gross margin rate doesn't grow as fast because we are also selling additional standard remotes.

Josh Goldberg - *G2 Investment Partners Management - Analyst*

Got you. And in terms of the share count for Q3, you bought 338,000 shares -- that's almost 2% of the Company -- this quarter?

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

Correct.

Josh Goldberg - *G2 Investment Partners Management - Analyst*



So what would be the proper share count for Q3?

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

We don't provide a forecast for how many shares we think we are going to buy back in the (multiple speakers)

Josh Goldberg - *G2 Investment Partners Management - Analyst*

No, no, I meant assuming your guidance, obviously your --

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

It is about 16.1 million.

Josh Goldberg - *G2 Investment Partners Management - Analyst*

16.1 million?

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

Yes.

Josh Goldberg - *G2 Investment Partners Management - Analyst*

And is your tax rate roughly going to stay the same? I know it was lower last year.

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

It depends on -- right now, Congress hasn't passed the federal R&D credit, so right now I can't incorporate that credit in the effective tax rate for the year, so right now, it is a little bit higher than it was -- than it would be last year.

But if they pass it, which they have for the last -- I don't know how many years, last 20, 30 years, it's passed. It typically passes in Q4, then you will see a benefit come through Q4. A couple of years ago, it actually passed in Q1, so it lapsed a year, but then it gave you are retroactive credit for the prior year. So it all depends. But that's why it is (multiple speakers)

Josh Goldberg - *G2 Investment Partners Management - Analyst*

What's roughly that number?

Bryan Hackworth - *Universal Electronics Inc. - SVP, CFO*

It's about \$500,000.

Josh Goldberg - *G2 Investment Partners Management - Analyst*



Okay. And the other question I had is for Paul. In the press release, you talked about how you are more than ever well positioned to continue expanding your footprint in the high-growth markets you serve. It certainly sounds like the future is very bright.

Maybe you could just give some investors some color on what you are seeing now versus even three or six months from now that makes you feel so confident.

Paul Arling - Universal Electronics Inc. - Chairman, CEO

I think it is just the fact that what's happened over the last 10 years, the last five years, the last two years. We have extended our leadership in the ability to capture and emulate the device codes for all of the ways -- the myriad ways that these devices are operated today. Infrared, radiofrequency, IP, CEC, there is many different ways that your AV devices can be controlled.

In one way, technically, it is getting more complex, but we have captured the method that will allow that to be discerned by the consumer in a simple, intuitive way through software. So I feel really good about the things that our team here has done in that arena.

Secondly, with all of those protocols now being put into these products, there are ideas that we have had here at UEI for more than a decade on how an Internet-based or cloud-based world could help in the area -- or a network world could help in the area of AV control. Those things are now coming to fruition, and we have both the base-level foundation of those device control codes, as well as the software to power those next-generation devices, including the mobile devices.

So we just feel really good about the initial wins we have gotten in some of these new areas, but also when we look at ourselves versus others in the marketplace, I don't really yet see where anyone has done anything even close to what we are doing as far as AV home control.

So, we just feel really well positioned. When we are meeting with customers, they are very interested in these next-generation solutions that we are building, and we are just -- we have really good feelings about how things have unfolded so far and how this AV world is changing -- has changed over the last two years and probably will continue to over the next five.

Josh Goldberg - G2 Investment Partners Management - Analyst

Just one last one for me. Did you have any 10% customers in the quarter and how big was that customer?

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

We had one 10% customer and I believe they were just above 10%.

Josh Goldberg - G2 Investment Partners Management - Analyst

Just above, okay, great. Congratulations, guys, on a strong result.

Operator

(Operator Instructions). I am showing no further questions at this time. I would now like to turn the call back over to Mr. Paul Arling for any closing remarks.

Paul Arling - Universal Electronics Inc. - Chairman, CEO

Okay, thank you, everyone, for joining us today and for your continued support and interest in UEI.

One small note, in September we will be presenting at the Credit Suisse 5th Annual US Small & Mid Cap Conference in New York City. Hope that we will be able to see some or all of you there.

Thanks again and goodbye.



Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may all disconnect. Have a great day, everyone.

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