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UEIC - Q4 2014 Universal Electronics Inc. Earnings Call

EVENT DATE/TIME: FEBRUARY 19, 2015 / 09:30PM GMT



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Ian Corydon B. Riley & Co. - Analyst

Jason Ursaner *CJS Securities - Analyst*

Josh Goldberg *G2 Investment Partners Management - Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen. Thank you for standing by and welcome to the Universal Electronics fourth-quarter and full-year 2014 results conference call. (Operator Instructions). As a reminder, this conference call is being recorded.

I would now like to turn the conference to our host, Ms. Becky Herrick of LHA. Please go ahead.

Becky Herrick - LHA - IR

Thank you, Operator, and thank you all for joining us for the Universal Electronics fourth-quarter and full-year 2014 conference call. 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 additional or updated material 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 subscription broadcast business and the smart device channel; the continuation and expansion of benefits the Company has experienced and anticipates due to the licensing of the Company's technologies and patents, such as the Company's smart device and QuickSet® technologies; the successes anticipated by management from the global growth expected in consumer electronics, particularly in Asian mobile markets; the continued adoption, selection, and acceptance of the Company's technologies and products by the world's largest companies in the home entertainment industries; the continued innovation of next-generation solutions that are accepted by the Company's customers and end users; management's continued ability to identify and execute on opportunities that maximize shareholder value, including the effects of repurchasing the Company's shares have on the Company's stock value; the continued sales and earnings growth as experienced in the past; management's ability to identify and execute upon growing trends and markets; management's ability to manage its cash and cash equivalents and achieving its revenue and earnings as guided; and 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 forward-looking statements 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, I would refer 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.

In management's financial remarks, it references 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.

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 period 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, stock-based compensation, certain costs incurred for years preceding the acquisition of Enson Assets Limited, and certain adjustments to deferred tax assets and liabilities resulting from tax law changes.

As a reminder, the results for the prior-year periods have been adjusted to reflect the exclusion of stock-based compensation expense.

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. 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 fourth-quarter financial results reflect the strong performance across our entire business. Net income grew 29% compared to the fourth quarter of 2013. This closes out another record year for UEI. We grew operating income 20% and net income 27% over the previous year.

While 2014 represents the most successful year in UEI history, it's important to note that it simply adds to our long-term track record of profitable growth. In fact, we have achieved a 15% EPS growth rate compounded over the last 10 years.

Our focus on providing an easier, more intuitive control interface for the consumer yields innovative products and technologies that are adopted by industry-leading companies around the world. This trend continued in the fourth quarter.

Subscription broadcasting remained a solid performer, as we deepened relationships with our existing customers while adding new ones. Comcast, Charter, Cox, Cablevision, and AT&T all introduced new products into the market during the quarter, driving strong sales throughout the Americas.

At the International Consumer Electronics Show in January, we announced that Comcast chose UEI to supply its new XFINITY® voice remote control that will be released this year. The new remote uses voice commands to help consumers find what they want faster, from changing channels to getting recommendations on what to watch and more. This new remote is powered by our advanced control technology that enables easy home setup and configuration.

Robust television sales worldwide supported our OEM performance during the year. According to DisplaySearch, worldwide television shipments gained momentum in every quarter of 2014, demonstrating 7% year-over-year growth in shipments, which is expected to continue into 2015.

Reflecting the strengthening trends, we realized an increase in shipments to OEM customers around the world, including Samsung and Panasonic.

Our embedded software solutions for smart devices gained traction during the quarter, as we are providing more and more of the world's largest companies with solutions to their advanced wireless control needs.

At CES, we announced we have completed the integration of our Control Plus™ technologies into our mainstream software solution, QuickSet® 3.0. QuickSet is our industry-leading embedded software technology that enables an AV device remote to be set up and programmed to control virtually any television or entertainment device in the home with minimal or no user input.



QuickSet 3.0 now includes One Touch View, a feature that completely eliminates manual input switching to access content, as well as configuration sharing, a feature that synchronizes traditional remote control set-up and control with second screen apps. Already deployed in over 150 million devices around the world, including set-top boxes, televisions, game consoles, smartphones, and tablets, QuickSet is the de facto solution for simplifying universal remote control set-up and operation.

We are continuing to build our licensing footprint by deepening current customer relationships and adding new ones. In fact, our software and hardware technology was selected by some of the leading mobile phone brands in China, including Huawei, OPPO, [KUBI], and ZTE. This market provides a sizable long-term opportunity for us as it is the world's largest smartphone market.

We believe we are well positioned to provide entertainment control features that can differentiate our customers' products and set them apart as the world's top brands. We are getting closer and closer to the day where home entertainment control is completely automated and intuitive.

UEI is at the forefront of providing the innovations that support this evolution no matter the type of device. Whether it is embedded in a TV, a set-top box or other AV device, or whether it's being controlled by a traditional universal remote control, a game controller, a tablet, or a smartphone, UEI's products, software, and device metadata library enable us to redefine exactly what a remote control is and what a remote control is able to do.

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

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

Thank you, Paul. As a reminder, our results for the fourth-quarter and full-year 2014, as well as the same periods in 2013, will reference adjusted pro forma metrics.

Fourth-quarter 2014 net sales were \$138.4 million, compared to \$136.1 million for the fourth quarter of 2013. Business category net sales were \$120.7 million, compared to \$117.2 million. Consumer category net sales were \$17.7 million, compared to \$18.9 million.

Gross profit was \$41.9 million or 30.3% of sales, compared to a gross margin of 30% in the fourth quarter of 2013.

Total operating expenses were \$29.1 million for both the fourth quarters of 2014 and 2013. Breaking down our operating expenses, R&D expense was \$4.3 million, compared to \$3.9 million, as we continue to invest in product innovations and technologies, such as QuickSet 3.0 and Control Plus. SG&A expenses were \$24.8 million, compared to \$25.2 million.

Operating income was \$12.8 million in the fourth quarter of 2014, an increase of 9% when compared to \$11.8 million in the fourth quarter of 2013.

The effective tax rate was 15.6%, compared to 23.8%. Net income for the fourth quarter of 2014 was \$11.3 million or \$0.70 per diluted share, compared to \$8.8 million or \$0.55 per diluted share in the fourth quarter of 2013.

For the full year ended December 31, 2014, net sales were \$562.3 million, up 6% compared to \$529.4 million in 2013. Gross margin was 29.8%, compared to 28.8%.

Total operating expenses were \$115.3 million, compared to \$108.7 million in 2013. Operating income was \$52.5 million, an increase of 20% when compared to \$43.9 million in 2013. Net income increased by 27% to \$41.1 million or \$2.55 per diluted share, compared to \$32.4 million or \$2.08 per diluted share in the prior-year period.

Next, I will review our cash flow and balance sheet at December 31, 2014. We ended the quarter with cash and cash equivalents of \$112.5 million, compared to \$76.2 million at December 31, 2013. DSOs were approximately 64 days at December 31, 2014, compared to 63 days a year prior. Net inventory turns were approximately 4.1 turns at December 31, 2014, compared to 3.8 turns a year prior.

Now turning to our guidance, for the first quarter of 2015 we expect revenue between \$133 million and \$141 million, compared to last year's first-quarter revenue of \$129.8 million. EPS for the first quarter is expected to range from \$0.41 to \$0.51 per diluted share, compared to \$0.40 recorded for the first quarter of 2014.

Reaffirming our long-term financial outlook, we expect average annual sales growth of 5% to 10% and average earnings growth of 10% to 20%.

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



Paul Arling - Universal Electronics Inc. - Chairman, CEO

Thanks, Bryan. We believe we are better positioned than ever to continue our long-term track record of strong financial performance, as well as providing the innovative products and technologies that anticipate the trends in the industry. We remain true to our strategy and we have continued to deliver record results.

As always, we are focused on winning new customers, expanding relationships with existing customers, and deepening our penetration of new markets and geographies.

UEI has established itself as the market leader in wireless control technology. Our industry-leading technical expertise positions us to continue to gain share in the home entertainment control market worldwide. While we have much to celebrate in our accomplishments to date, we strongly believe the best is yet to come. Stay tuned.

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

QUESTION AND ANSWER

Operator

(Operator Instructions). Steven Frankel, Dougherty & Company.

Steven Frankel - Dougherty & Company - Analyst

Good afternoon, Paul. The revenue growth in the last couple of quarters has been at the lower end of expectation, but you are forecasting a nice rebound in Q1. What gives you that confidence?

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

Steve, it's Bryan. We've got a backlog report to a certain degree, so it's not like we are going in completely blind in the first quarter.

And also, in terms of the back half, you're right. The back half growth was a little slower than the first half. But if you look at the history of us, of our Company, it's not as if the growth is always ratable throughout the year. It varies, and the back half is a little lighter than the front half, but that's not a harbinger of things to come and you see that rebound in the first quarter.

Steven Frankel - Dougherty & Company - Analyst

Okay, and are you guys vulnerable at all to these West Coast port problems or have you rerouted your goods to someplace else?

Bryan Hackworth - Universal Electronics Inc. - Chairman, CEO

We had to reroute, so we are vulnerable, but we had to reroute through Seattle and through other ports, so it was a little more costly, but we circumvented the problem.

Steven Frankel - Dougherty & Company - Analyst

Okay, Paul, on this QuickSet 3.0, when should we expect to start seeing that showing up on products in the marketplace and are there any set-top boxes that are out today that would be field upgradable for your customers?

Paul Arling - Universal Electronics Inc. - Chairman, CEO



The answer is QuickSet 3.0, you should expect to see it this year in products. I can't give you the exact date, for a variety of reasons, but we are obviously in discussions with many customers about implementation. Our expectation would be this year, and yes, some of the products that are in the field are, in fact, field upgradable.

Steven Frankel - Dougherty & Company - Analyst

Okay, and then you named off a list of Chinese handsets. Could you just give me how many manufacturers did you have last quarter, and then what's the total this quarter that you have as customers?

Paul Arling - Universal Electronics Inc. - Chairman, CEO

We added -- I think we added just one this quarter, but some of the ones we announced last quarter began shipping. Some had shipped already when we mentioned it last quarter. Some hadn't.

This is one of those things where we add the customer name, but over time what you expect to have happen, and I don't mean over months, I mean over months and years, you expect more and more of their models or SKUs to carry the feature, and that's much like we have seen in AV over the last two decades. It starts with a SKU and then it goes to three and then it goes to more, our expectation is to, over time, win more and more models.

Steven Frankel - Dougherty & Company - Analyst

How many manufacturers do you have now?

Paul Arling - Universal Electronics Inc. - Chairman, CEO

Four.

Steven Frankel - Dougherty & Company - Analyst

Okay, I'll let somebody else ask some questions and then I will jump back in the queue. Thank you.

Operator

Ian Corydon, B. Riley & Co.

Ian Corydon - B. Riley & Co. - Analyst

The Q1 EPS guidance at the low end implies not much change from Q1 of 2014. Can you just talk about why that would be, given the revenue growth that you expect to see?

Paul Arling - Universal Electronics Inc. - Chairman, CEO

It's just a range. We always range it by about \$8 million. If you take the midpoint, we are showing growth, about 6%. We're up 6%. We always range it --

Paul Arling - Universal Electronics Inc. - Chairman, CEO

[The midpoint is 15% for earnings] We always put a range because you never know, but I wouldn't look necessarily at the bottom of the range. I would probably look in the middle.



Ian Corydon - *B. Riley & Co. - Analyst*

Okay. In terms of the tax rate, it varied a lot between the first half and the second half. Can you just talk about what dynamics impact that tax rate?

Then maybe you could help us by telling us what kind of tax rate you are thinking about for the first quarter.

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

Yes, the reason the back half is lower is mainly in Q4. The federal R&D credit, it passed in Q4 and it was pretty sizable. It was about \$840,000 for us in the fourth quarter.

Last year, if you look at 2013, the federal R&D credit passed in Q1, so we were able to take that credit ratably throughout the year, where in 2014 it basically all hit in Q4.

Ian Corydon - *B. Riley & Co. - Analyst*

Okay, and then, so for 2015, do we expect it to be more ratable?

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

They passed it for one year, so for 2015 we're not going to be able to take the credit until it passes, so the first probably at least two, three quarters, I won't be able to take it into the provision the tax rate.

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

The simple answer, Ian, is no.

Ian Corydon - *B. Riley & Co. - Analyst*

Okay.

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

We have to presume that the federal R&D tax credit will not pass until it does.

Ian Corydon - *B. Riley & Co. - Analyst*

And if it doesn't pass, your tax rate is going to be more like 25%, and if it does pass, it will be more like 20%? Is that right?

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

It will be low 20[%]s. If you were to put in low 20[%]s for the first two or three quarters, you will be fine.

Ian Corydon - *B. Riley & Co. - Analyst*

Okay. Then I know there's a bunch of moving parts in the business, but any reason for the sequential decline in gross margin from Q3 to Q4? And if you can just talk about the dynamics that impact that, that might help us think about how to model.



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

Yes, it's mainly mix. In Q4, you'll see this. We have two 10% customers, so we sold a lot of goods to large customers, and what that does is it puts downward pressure on the gross margin rate. It improved the operating income, so if you look at -- our licensing actually grew Q4 2013 to Q4 2014, but we did sell a lot to some large customers, as evidenced by the fact we have two 10% customers.

Ian Corydon - *B. Riley & Co. - Analyst*

Got it. That does it for me. Thank you.

Operator

Jason Ursaner, CJS Securities.

Jason Ursaner - *CJS Securities - Analyst*

Just maybe staying with that last point, wondering if you could talk a little bit how the embedded mobile -- chips into the embedded mobile market played into the results in terms of sales in gross margin specifically, if you parse out the two different 10% customers?

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

We don't break out the mobile dollars specifically, Jason, but as Bryan just stated, there is growth in our connected products, products that have two-way capability, including mobile. The gross margin was still up. It was 30.3%; it was higher than in the prior year. But the hardware sales to larger customers, when they make up a higher percent of the mix than we anticipated, that can make the gross margins slightly lower than they would have otherwise been.

Jason Ursaner - *CJS Securities - Analyst*

Right.

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

If we have a really good quarter with a large customer that is buying hardware products at lower than Company average gross margin, it will pull the gross margins down, but the earnings is obviously powerful. That's why the income was up strongly year over year.

Jason Ursaner - *CJS Securities - Analyst*

Right, no, I understand -- I guess I am also trying to understand, you had announced a couple of major customer wins -- Microsoft for the Xbox One, Samsung for the Galaxy in previous quarters. Obviously, there is a cycle with selling in the launch and then more of a steady state.

I am not asking you any specific product cycle, but I guess I'm trying to understand how that cycle looks for you guys from a sales and margin perspective over a two-, three-, four-quarter view because obviously in your pipeline, those customers are adding SKUs, adding new launches that I guess I would assume you're going to be a part of in the future. So trying to understand how that works.

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



Sure. Yes, the way the product cycle works in almost all of our businesses, with the exception of subscription broadcasting, because sometimes they can have platforms that come out every few months, but again they then don't redo that platform for sometimes two to three years. In mobile and even in television, it is once a year. They typically refresh the line once a year.

Now as far as changes between Q4 of last year and this year, Xbox was actually in both quarters, in Q4 of 2014, as well as Q4 of 2013. It was its first quarter. We won't, obviously, give specific numbers on that, but it did -- it was in both years.

But the way generally this works is the TV cycle is once annually and it's typically in the spring, sometime in the spring, the new models, and then mobile varies. Some companies are in the spring. Some are in the fall, but it's usually once a year that they do the design of SKUs and the selection of vendors for those SKUs.

Jason Ursaner - CJS Securities - Analyst

Okay. Just overall sales in the business category, maybe qualitatively could you talk about performance from the TV market and OEMs during the holiday period versus the cable market? Were both 10% customers in cable?

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

The 10% customers are both in subscription broadcasting. They were DIRECTV and Comcast.

Jason Ursaner - CJS Securities - Analyst

Just the TV market in general, how did that -- have any characterization of that for the holiday period?

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

Yes, there was growth. There was growth in the TV market. Our sales from Asia into the OEMs was -- we showed growth year over year and the licensing was up as well.

Paul Arling - Universal Electronics Inc. - Chairman, CEO

Right.

Jason Ursaner - CJS Securities - Analyst

Okay, and just last one for me, on the cash flow. You had a sizable inflow for both the quarter and full year in payables and accrued expenses. Just wondering if anything specific drove this and where you see it trending.

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

No, we kind of stretched out our vendors a little bit, to be honest with you. I think we should be able to maintain that same cycle in 2015.

Jason Ursaner - CJS Securities - Analyst

Okay, great. I appreciate it, guys.

Operator

Steven Frankel, Dougherty & Company.



Steven Frankel - Dougherty & Company - Analyst

Given that so much of the consumer business is based in Europe, what kind of FX headwinds did you have there and might you have in 2015?

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

In Q4, the consumer was down about \$1 million, and if we had used the same exchange rates from the prior-year quarter, it would have been about flat, so call it a \$1 million effect on sales.

Then for 2015, it really all depends on how the FX rates play out. Right now, they are low. The euro, I think, is about \$1.12, \$1.13 from a sales perspective. If they stay at that rate, then it adversely affects us on the topline. Although we also have expenses in euros as well, so there is a natural hedge there.

Bottom line, it is not that big of an effect, Steve, but it can affect the topline.

Steven Frankel - Dougherty & Company - Analyst

Okay, and then going back to the gross margin question that we're all fascinated with, have we seen the biggest move in gross margin from your business transformation or are we still in the early part of this shift to software and embedded?

Paul Arling - Universal Electronics Inc. - Chairman, CEO

That's a difficult one to answer, to be honest with you, because again we have a lot of sales presence globally on the hardware side and certainly we are not going to have our hardware group -- or the people who sell hardware here stop.

To the extent a customer comes in with a deal that could be sizable at a 26% margin that would strongly bolster earnings, we certainly wouldn't walk away from that, even though it would potentially cause some gravity effect on gross margin.

But we like to focus on earnings and cash flow, obviously, as all businesses who want to drive value should, and I am not saying that we aren't concerned about gross margins, but to the extent the growth rate in hardware continues to be strong, it will bring some pressure on gross margin to not grow as quickly as it otherwise could. If we simply said we're only going to go forward selling licenses, because then our gross margin is way up, because the margins on some of these licenses are obviously 100%.

But we have a strong, thriving hardware business. We are converting customers to some of the advanced features that we are offering, things like QuickSet, even QuickSet 3.0. Some of the customers may choose us for the hardware side of that equation, which will mean the gross margins, while they will be stronger than they otherwise would have been, to the extent you are working with large customers and can achieve strong growth in profits at gross margins of 28% on certain deals, we will probably take those deals.

It's hard for us to predict exactly how that will work. Even in a quarter, we have customers that are buying at 27 points and they want to buy an extra 1 million units, we are going to ship them because it's great for our Company. It does pull the gross margin percentage down a little bit, but the gross margin dollar effect is strong.

Steven Frankel - Dougherty & Company - Analyst

All right, let me try to go at this one other way, which is if you are successful in selling QuickSet 3.0 to a lot of your traditional customers, shouldn't that in general raise your gross margin profile because you are going to have a higher software content?

Paul Arling - Universal Electronics Inc. - Chairman, CEO

Yes.



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

That's correct.

Steven Frankel - *Dougherty & Company - Analyst*

So that's the bet for [QuickSet] 3.0.

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

Right. Well, yes. QuickSet 3.0, its successors, because again QuickSet started at 1.0, so presumably there will be a 3.1 and probably other point releases on 3 and even a QuickSet 4, but as we increase the ability for consumers to easily and automatically set up their AV stack and operate it through both remotes and software that rides on second screens, there's a lot of opportunities for margin capture in all of those markets and presumably that brings your margins up over time as it moves more towards that.

But to the extent our sales group is selling hardware along with it, there is a downward pressure, and the balance -- in the balance of those over the last year, we have raised our gross margins by a full point over the prior year.

Steven Frankel - *Dougherty & Company - Analyst*

Okay, great. Thank you.

Operator

(Operator Instructions). Josh Goldberg, G2 Investment Partners.

Josh Goldberg - *G2 Investment Partners Management - Analyst*

Just a couple things. One is you said you had two 10% customers. What percentage -- how much was that, roughly, each of them for the quarter?

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

DIRECTV was 10% and Comcast was 10.5%.

Josh Goldberg - *G2 Investment Partners Management - Analyst*

10.5%, okay. I guess some people on the call are a little concerned about the gross margin numbers in the first quarter. Just in terms of looking back every year, it seems like your gross margins are always the worst in the first quarter and then grow as the year grows. I am not asking you to give guidance for the rest of the year, but implied in your revenue and earnings would be a margin number, call it 29%, for the first quarter, which is up from last year's March quarter. Do you feel comfortable to say that as the year progresses, your gross margins should continue to grow?

I know there is obviously some big deals out there and opportunities on the hardware side, but it just looks like, based on the last couple years, that your margins pick up as the year progresses? And I have a follow-up.

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

Yes, historically that's true, Josh. It all depends. In the future, it's difficult to predict quarters out because, as we talked about, just the mix. Even if we embed our technologies, whether it's in a pure -- a form of a pure licensing arrangement or via on board a chip or through a full remote, it obviously changes the gross margin



percentages and also, then, if you look at the -- if you back out the embedded technologies, just taking a look at traditional remotes, the mix between large customers and smaller customers, et cetera.

It really depends, but what you are saying is historically true.

Josh Goldberg - G2 Investment Partners Management - Analyst

Okay. You talked about last quarter that your revenue suffered a little bit. You felt that the US business was a little bit softer than what you hoped and it sounds like foreign exchange hurt you a little bit this quarter. When you look at the revenue number in the middle or a little bit in the middle of the range, what else didn't fall into place as you expected?

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

We came in right in the middle, so there is really nothing that I would say I wouldn't expect. I mean, it came (multiple speakers)

Josh Goldberg - G2 Investment Partners Management - Analyst

There was a \$1 million headwind, though, on foreign exchange.

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

Right, which actually hurt us. That means we would have been \$1 million higher.

Josh Goldberg - G2 Investment Partners Management - Analyst

Okay.

Bryan Hackworth - Universal Electronics Inc. - SVP, CFO

I thought the quarter was solid. We came in in the middle range. We had some headwinds with consumer because of the FX rates, but we made up for it in the business category. So I don't think it was really much for me to say in terms of what didn't happen. I think we had a solid quarter.

Josh Goldberg - G2 Investment Partners Management - Analyst

Got you. Okay, great. Thanks so much.

Operator

There are no further questions at this time. I will now turn it back to Paul Arling for closing remarks.

Paul Arling - Universal Electronics Inc. - Chairman, CEO

Okay, thanks, everybody, for joining us today and for your continued interest in our Company.

We did want to announce that, coming up next month, we will be participating in the Deutsche Bank 2015 Media, Internet, and Telecom Conference in Florida on March 9th and the Piper Jaffray Technology, Media, and Telecom conference in New York on March 10th. We hope to see you at one or both of these events.

Thanks for joining us today. Goodbye.



Operator

Ladies and gentlemen, this does conclude today's conference. Thank you for your attendance. You may now disconnect. Everyone, have a great day.

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