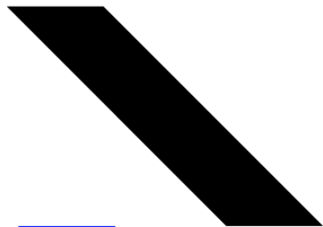


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An LSEG Business



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- **Operator**
- **Simon Leopold** *Raymond James - Analyst*
- **Ryan Koontz** *Needham & Co. - Analyst*
- **Steve Frankel** *Rosenblatt Securities - Analyst*
- **Tim Savageaux** *Northland Capital - Analyst*

PRESENTATION

Operator

Welcome to the fourth quarter and full-year 2024 Harmonic earnings conference call. My name is Victor. And I'll be your operator for today's call. (Operator Instructions) Please note that this conference is being recorded. I will now turn the call over to David Hanover, Investor Relations. David, you may begin.

David Hanover *Harmonic Inc - Investor Relation*

Thank you, operator. Hello, everyone. And thank you for joining us today for Harmonic's 4th quarter and full-year 2024 financial results conference call. With me today are Nimrod Ben-Natan, President and CEO; and Walter Jankovic, Chief Financial Officer.

Before we begin, I'd like to point out that in addition to the audio portion of the webcast, we've also provided slides for this webcast, which you may view by going to our webcast on our Industrial Relations website.

Now turning to slide 2. During this call, we will provide projections and other forward-looking statements regarding future events or future financial performance of the company. Such statements are only current expectations and actual events or results may differ materially.

We refer you to documents filed with the SEC, including our most recent 10-Q and 10-K reports in the forward-looking statement section of today's preliminary results press release. These documents identify important risk factors which can cause actual results that differ materially from those contained in our projections or forward-looking statements.

And please note that unless otherwise indicated, the financial metrics we provide you on this call are determined on a non-GAAP basis. These metrics, together with corresponding GAAP numbers and a reconciliation GAAP, are contained in today's press release which we have posted on our website and filed with the SEC on Form 8-K.

We will also discuss historical, financial, and other statistical information regarding our business and operation. And some of this information is included in the press release. The remainder of the information will be available on a recorded version of this call or on

our website.

And now I'll turn the call over to our CEO, Nimrod Ben-Natan. Nimrod?

Nimrod Ben-Natan *Harmonic Inc - President & Chief Executive Officer*

Thanks, David. And welcome everyone to our fourth quarter earnings call. I'd like to start today with an update on how we're executing on our long-term growth plans.

First, regarding our 2024 commitments, we delivered all-time record fourth quarter and full-year 2024 results with strong growth in our Broadband segment, driven by our growing leadership in DOCSIS 4.0, technology, and our increasing market share. At the same time, we return our Video segment to profitability, underscoring our operational focus.

Next, as we look into 2025, we're navigating an industry-wide transition to unified DOCSIS 4.0. Well, this change is expected to result in a below trend year for Broadband revenue due to the timing of the rollout and ecosystem dependencies. Our technology leadership position in unified DOCSIS 4.0 remains clear.

Despite the anticipated short-term headwinds in Broadband during 2025, we expect our robust operating model to continue to generate strong cash flow. At the same time, we've also set the stage for enhanced shareholder returns with a new \$200 million, 3-year share repurchase.

Looking ahead to 2026 and beyond, we anticipate a return to above trend growth driven by the full implementation of unified DOCSIS 4.0 and ongoing customer ramp ups. This trend has also been noted recently in an analyst report from Dell'Oro, reinforcing our positive, long-term outlook. And I will expand on that shortly.

Let's now move to slide number 5, our 2024 highlights. 2024 was a record year. And I would like to highlight four key achievements that set the stage for our future success.

First, we demonstrated a strong ability to ramp up our operations in both the third and the fourth quarter, positioning us very well for future growth.

Second, we successfully delivered on our expectation for both the fourth quarter and the full year of '24 with a growing footprint of DOCSIS 4.0 and Fiber deployments. Third, in the fourth quarter, we saw strong revenue growth in our Broadband, rest-of-world customer base exceeding 50% compared to the prior quarter.

And we also added five new customers during the quarter. And finally, our Video streaming staff segment is poised for growth. Thanks in part to the momentum provided by our collaboration with Akamai that we announced earlier today.

These highlights from 2024 underscore our strong performance and show how we have built a solid foundation for the next phase of our journey. Before we dive into our Broadband update, I would like to start today with a big-picture view of this business.

We are recognized as a clear leader in next-generation cable access technologies driven by a proven track record of innovation and successful execution over multiple years. Serving the world's largest operators has helped us secure a leading market share, underscoring the trust and confidence our customers demonstrate in our innovative solutions.

So even with the near-term industry-wide challenges in 2025, the overall growth trajectory for Broadband remains positive. We are guiding 2025 forecasts prudently, taking into account these near-term factors and positioning ourselves to capitalize on market momentum in 2026 and beyond.

Ultimately, our expertise, track record, and strategic approach reinforce why we're well prepared to remain a leader in the evolving Broadband landscape.

The Broadband industry is at a pivotal turning point. Service providers are facing increasing competition from telco and fixed wireless access providers, challenging both their market share and convergence opportunities. To stay ahead, operators must modernize their networks with DAA and virtuals, vCMTS.

These technologies drive business growth by improving network reliability, enhancing downstream and upstream speeds, lowering operating costs, reducing latency, and ensuring Fiber optionality. Harmonic is at the forefront of this transition, helping our customers futureproof their network for constantly changing consumer demands.

Beyond competition from other service providers, cable operators must also contend with an ever-growing demand for bandwidth and higher expectations for subscribers' quality of experience.

The surge in live sports streaming, major gaming releases, and AI-driven applications and agents, are prompting operators to accelerate network evolution towards a modern, virtualized platform, combining advanced DOCSIS with targeted Fiber optionality were necessary.

Unified DOCSIS 4.0 offers a major upgrade opportunity for cable Broadband networks, unlocking a range of symmetrical speed boosts that put cable on par with Fiber operators. In addition, advanced capabilities like low latency and AI powered by new unified silicon, help operators stay one step ahead in an increasingly competitive market.

At Harmonic, we are collaborating closely with our customers to optimize migration strategies tailored for each network's unique requirements and service goals.

Fiber optionality has always been a core element of our platform strategy. We designed our Broadband solutions so that operators can easily add Fiber services, no matter their network topology or architecture, by leveraging the COS platform and remote devices.

This approach not only ensures flexibility, but also delivers significant financial and operational benefits. A key differentiator of COS is its ability to power both Fiber and access technologies simultaneously within the same network.

This capability accelerates the evolution to Fiber in existing footprints while enabling a smooth shift to Fiber-focused expansion. Our customers are finding it a highly effective way to modernize and future proof their Broadband networks.

Let's now move to slide 11. Our Broadband vision, which is centered on accelerating the adoption of next-generation virtualized Broadband networks. By leveraging both DOCSIS and Fiber technologies, we aim to deliver unparalleled speed, reliability, and operational simplicity.

This vision is perfectly aligned with our customers' priorities, equipping them with the services and tools they need to better drive growth and stay ahead in an ever-evolving competitive market landscape.

Now, I would like to review the outlook for the cable Broadband market according to a recent analyst report from Dell'Oro.

First, let's look at the dark blue line which represents the virtual CMTS and DAA market. You will see it climb steadily over time and captures nearly the majority of the total Broadband cable market by 2028 when it reaches nearly \$1.2 billion. This clearly shows the industry's shift towards virtualized and distributed access architecture.

Second, even with the strong, long-term outlook, this report recognizes that there are some headwinds in 2025. These are driven primarily by operator readiness and the transition to unified DOCSIS 4.0. As a result, we see a slight dip or plateau in spending while providers prepare for the next major technology upgrade.

Third, these short-term ups and downs are not unusual. The chart highlights similar cycles in the past, especially during previous DOCSIS technology transitions, while clearly illustrating the market's long term growth trajectory.

Finally, even with the expected 2025 pause, the overall average CAGR for the virtual CMTS DAA market from '23 to 2028 is around 13%, a solid double-digit growth rate that underscores the growth opportunity of virtualized and distributed access solutions.

Turning to slide 13, the Broadband's strategic imperatives are built around four key areas: customer diversification, technology leadership, Fiber growth, and cloud services.

Let's start with customer diversification. Our focus here is on expanding revenue beyond our top two customers. In the rest of the world market, we saw a fourth-quarter revenue grow by over 50% compared to the previous quarter.

We also secured five new wins, including significant deals with Blue Stream Fiber in the US and IPKO in the EMEA region. To help our customers speed up the rollout of the new DOCSIS technology, we are now offering our customers expanded professional services to help them more quickly operationalize their next generation Broadband infrastructure.

Looking ahead, we expect the rest of the world segment to deliver even more substantial growth in 2025 as we win new accounts and see them expand the scope of their engagement with Harmonic.

Now let's talk about technology leadership. We're making significant strides with the rollout of DOCSIS 4.0, which features a unified core and supports both full duplex and FDD through our new unified remote devices.

Our COS platform plays a critical role by seamlessly orchestrating all formats of DOCSIS and Fiber, plus our differentiated Fiber offering, including our Open ONU, high density and versatile OLTs, and virtual platform ensures we remain ahead of the curve in innovation and market demand.

Moving on to Fiber growth, our strategy is to help our cable customers migrate cost effectively and expand into Fiber. Over 30% of our current DOCSIS customers are now purchasing our Fiber solution, which validates our Fiber optionality product strategy and positions us for future growth as they expand their Fiber footprint.

Looking forward, we see significant opportunity from our second-generation remote switch, the Jetty [2], which is forward compatible with 25GS-PON and is now available in shipping imminently. This module is compatible with our deployed base of nodes as well as a wide range of third-party nodes.

Additionally, the previously announced LATAM tier-one operator launched our high-density Pearl remote OLT into production, leveraging their existing DOCSIS network and outdoor nodes. They used our solution to deliver GPON and DOCSIS for residential applications while seeding their footprint with 10G-EPON to address competitive pressure and enterprise opportunities.

Finally, I want to highlight our cloud services, which provides our customers with network insights and telemetry to improve network reliability and subscriber satisfaction.

This offering also includes our edge compute functions such as the Beacon speed maximizer, which is now rolling out. In 2024, we achieved a 47% year-over-year revenue growth with our cloud offerings. This robust performance underscores the strength and reliability and scalability of our cloud strategy. And we will continue expanding the services and capabilities offered by our cloud services.

Turning to slide 14, I would like to share our Video market update. Traditionally, broadcast workflows ran on dedicated appliances while streaming dependent on the cloud for flexibility and scalability. Now those lines are blurring.

Broadcasters are moving some channels to the cloud for disaster recovery and pop-ups. And streaming providers want broadcast-like reliability and sometimes bring workflows on-prem to manage cost.

Although the cloud can be expensive for constant use and require specific expertise, it's great for occasional events, offers lower upfront cost, and lets you spin up new technology quickly. That's why we're seeing a great demand for hybrid solutions. Keep core channels on-prem while moving additional or short-term workloads to the cloud.

This demand for hybrid works well for us as Harmonic excels at both. We have deep experience with broadcast appliances and a robust cloud native platform. Our hybrid solutions give customers the best of both worlds, providing seamless migration between on-prem and Cloud while meeting broadcast standards in any environment.

Turning to slide 15. Let's look at our two strategic imperatives for our Video business, appliance profitability, and SAS transformation. On the appliance side, we're executing with clear focus on our core XOS and spectrum product lines. We're innovating around them to enable more functional consolidation, greater scalability, and advanced use cases.

This concentrated approach is already showing results. Our pipeline of larger deals in the fourth quarter of 2024 and into 2025 is growing. And we're entering 2025 with an improved backlog.

Turning to the SAS streaming, we're continuing to see strong momentum and are taking steps to increase this even further. We just announced a notable partnership with Akamai for Video streaming.

And our fourth quarter SAS revenue stands at \$15.1 million. We expect further growth in 2025 with the real impact of these sales efforts ramping into 2026 as recurring revenue builds over time.

Overall, these two pillars, appliances profitability and SAS transformation, are working together to create strong operating leverage and position us for sustained success as we move forward.

Now, let me turn it over to Walter for a deeper discussion of our financial results and outlook.

Walter Jankovic Harmonic Inc - Chief Financial Officer

Thanks, Nimrod. And thank you, all, for joining us today. Before I discuss our quarterly results and outlook, I'd like to remind everyone the financial statements I'll be referring to on this call are provided on a non-GAAP basis. As David mentioned earlier, our

Q4 press release and earnings presentation include reconciliations of the non-GAAP financial measures to GAAP. Both of these are available on our website.

Looking at some of our fourth quarter highlights here on slide 17, we delivered record quarterly total company revenue, adjusted EBITDA, and EPS. Total company revenue increased 33% year over year to \$222.2 million. EPS rose 246% to \$0.45. And our cash balance reached \$101.5 million, up \$43.3 million, sequentially.

Broadband revenue in EBITDA reached record levels to \$171 million and \$64.1 million, respectively. Video revenue was \$51.1 million, and Video EBITDA was \$7.8 million as we continue to improve efficiencies in that business. Video SaaS revenue in the quarter was \$15.1 million, up 15% year over year.

Before we review our detailed fourth-quarter financials and provide Q1 and full-year 2025 guidance, I want to put our top line and profitability results in perspective by reviewing the past five years as shown on slide 18.

In this time span, we've delivered solid total company revenue growth and rapid Broadband growth, with similar trends in EBITDA during this same period. While we expect a decline for both total company and Broadband revenue in 2025 due to recent market dynamics, we expect revenue growth to resume in 2026 for both of these.

As Nimrod highlighted earlier, the overall market growth for our part of the cable access market is estimated to be 13% CAGR from 2023 to 2028. We are cautiously managing our Broadband business based on a more conservative growth rate in the low double digits. Having said that, we are extremely well positioned with our strong market share and technology leadership to capitalize on expected growth in 2026 and beyond.

I will now briefly review our capital allocation priorities on slide 19. One of our priorities is driving organic growth. This includes investments to support Broadband rest of world growth, new service offerings, and funding anticipated working capital needs. Another priority is returning capital to our shareholders through stock repurchases.

Today, we announced a new three-year share repurchase program of up to \$200 million which doubles our previous program and reflects our extreme confidence in the business. We will fund these repurchases with expected free cash flow over the next three years and our strong liquidity position of \$101.5 million in cash and \$82 million in undrawn credit facility at the end of 2024.

In December 2024, we increased our current credit facility by \$40 million to \$200 million which includes a \$160 million revolving credit line and a \$40 million delayed draw term loan. Therefore, we have ample liquidity to support our capital allocation priorities.

During Q4, we did not purchase any of our common stock under our prior repurchase program. In 2025, we intend to opportunistically repurchase shares when we believe our stock is undervalued, relative to the strength of our business, thereby creating value for our long-term shareholders.

As we said previously, the timing and amount of any stock repurchases will depend on a variety of factors, including the price of Harmonic's common stock, market conditions, corporate needs, and regulatory requirements.

Additionally, we will continue to prudently manage our balance sheet with the goal of maintaining overall net leverage of two times or less and available liquidity of no less than \$100 million going forward. And finally, we intend to explore inorganic expansion opportunities that complement and leverage our growing footprint in broadband.

Turning back to our fourth quarter 2024 financial results on slide 20. In the fourth quarter, we had two customers representing greater than 10% of total revenue, with Comcast representing 43% of total revenue and Charter representing 24%.

Total company Q4 gross margin was 56.1% at the higher end of our guidance and significantly up both sequentially and year over year.

Broadband Q4 gross margin was 52.7%, up 440 basis points sequentially, and 1,030 basis points year over year due predominantly to a higher mix of COS licenses, partially offset by inventory provisions taken related to the current unified DOCSIS Ford auto transition.

Video gross margin in Q4 was 67.4%, up 280 basis points year over year. The increase mainly due to a favorable product mix, coupled with our restructuring efforts in this business.

Moving down the income statement on slide 21. Q4 '24 operating expenses were \$61.5 million, down 3% year over year.

In the quarter, we had an unrealized non-cash foreign exchange gain of approximately \$5.8 million as a result of inter-company balances that we don't expect to settle in the short term. This is reflected in our other expense income line of the P&L and in our

adjusted EBITDA.

Turning to the order book, Q4 bookings were \$150 million. The book-to-bill ratio for the quarter was 0.7 compared to 0.9 in Q3 '24 and 1.2% in Q4 '23. The 0.7 book-to-bill ratio was due to the sharp increase in Broadband revenue in the quarter and the expected outlook for early 2025.

As we stated previously, over time, we expect our book-to-build ratio to normalize and approach the historical benchmark of greater than one, especially as unified DOCSIS 4.0 and Broadband ramps.

Turning to the balance sheet on slide 22, we ended Q4 with cash and cash equivalents of \$101.5 million. The quarter-over-quarter change was mainly attributed to strong positive free cash flow of \$46.2 million resulting from higher income, improved DSL, and lower inventory levels.

Day sales outstanding at the end of Q4 '24 was 72 compared to 80 in Q3 '24 and 76 in Q4 '23. The sequential decrease was due to strong in quarter collections performance and timing of shipments.

Our day's inventory on hand was 59 days at the end of Q4 '24 compared to 73 at the end of Q3 '24 and 89 at the end of Q4 '23. Inventory decreased \$9.9 million in the quarter due to lower receipts and higher inventory provisions, mainly in Broadband.

At the end of Q4, total backlog and deferred revenue was \$496.3 million. Around 57% of our backlog and deferred revenue has customer request dates for shipments of products and for providing services within the next 12 months.

Turning to guidance, as we've mentioned previously, due to recent market developments around unified DOCSIS 4.0, we've seen some customers pushing out their deployment timing plans for 2025.

We believe this is mainly a timing shift and expect that these 2025 deployment delays to create a positive tailwind for us in 2026 as schedules are refined and unified Ford auto technology deployments accelerate.

Now let's review our non-gap guidance for 2025 beginning on slide 23. We're taking a prudent approach, given the factors I just mentioned.

For Q1, we expect Broadband to deliver revenue between \$80 million to \$90 million, gross margins between 52% to 54% due to product mix, and adjusted EBITDA between \$9 million to \$15 million.

For the full year 2025, we expect Broadband revenue between \$400 million to \$450 million gross margins between 51% to 54%, and adjusted EBITDA between \$77 million to \$106 million.

Of note, we saw reduced order forecasts from some of our Broadband customers last month. And our current conservative outlook reflects this and the ongoing unified Ford auto tech technology transition.

For our Video segment in Q1, we expect revenue in the range of \$40 million to \$45 million, gross margin in the range of 64% to 65%, and adjusted EBITDA to range from zero to \$2 million.

For the full year, we expect Video revenue between \$185 million to \$195 million, gross margins between 63% to 65%, and adjusted EBITDA to range from \$8 million to \$17 million.

On slide 24, we've provided the total company guidance for Q1 and full year 2025. In the interest of time, I will let you read through the details. Please also note that our non-GAAP tax rate for 2025 is 20%.

I would like to highlight that the total company EPS for full year 2025 is expected to be in the range of \$0.43 to \$0.68. As mentioned earlier, subsequent to our Q3 earnings call, we have seen additional demand forecast reductions which are factored into this guidance.

Before closing, as you can tell from today's remarks, we provided more content on this earnings call than we typically do. We felt it was important to do so given the current industry dynamics and how they relate to our 2025 guidance and our outlook for 2026. We appreciate you giving us this extra time today and on future calls we'll return to a more normal level of detail.

In summary, our strong 4th quarter results, including record quarterly total company revenue and adjusted EBITDA, reflect the substantial progress we've made. In Broadband, we have proven our technological capabilities and the ability to scale to our customers' needs.

Our technology leadership position has never been stronger. And we believe this puts us in a strong position to capitalize on the long-term growth opportunities we see in Broadband DOCSIS 4.0 and Fiber.

Thank you everyone for your attention today. And now I'll turn it back to Nimrod for final remarks before we open up the call for questions.

Nimrod Ben-Natan *Harmonic Inc - President & Chief Executive Officer*

Thank you, Walter. So in conclusion, we had a record 2024, a testament to our technology leadership, strong operating model, and proven execution. We are navigating the expected 2025 Broadband headwinds thoughtfully and positioning ourselves for the growth rebound we anticipate in 2026.

The short-term challenges do not alter our long-term trajectory. We remain confident in our market-leading positions. The strengths of our products and our ability to execute on both our Broadband and Video strategy.

Thank you for your attention throughout this presentation. Walter and I are now happy to take your questions.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions)

Simon Leopold, Raymond James.

Simon Leopold *Raymond James - Analyst*

Thanks for taking the question. I guess one of the things I'm trying to get my head around here is in terms of this outlook, how much is broad market trends? And how much of your outlook specifically in the Cable Edge segment is reflective of market share shifts? How are you thinking about market share versus market trends? Thank you.

Nimrod Ben-Natan *Harmonic Inc - President & Chief Executive Officer*

Yeah. So we think this is mostly a market trend. We believe our market share on virtual CMTS remains very strong north of 90%. And on remote devices north of 60%, we don't see any market share loss. I would say quite the opposite as we get into more, although this is going to be I would say developing slowly into the year and getting stronger at the second half of the year.

The more we win on unified 4.0, more customers are going there. We're going to -- in our mind, increase our market share given our strengths in the end-to-end solution for Unified. So the short answer is a market trend, more so than a market share, we feel very confident about our market share position.

Walter Jankovic *Harmonic Inc - Chief Financial Officer*

And just add to Nimrod's point, I mean you'll see it reported. I'm sure shortly from Dell'Oro in terms of the quarterly market share. But we feel very good in terms of where the last few quarters have gone in terms of our market share position.

Simon Leopold *Raymond James - Analyst*

And then I guess the related question is then is how much of this is reflective of patterns among your your two lead customers? Is one behaving differently or are they sort of moving in sync? How should we think about those behaviors? I'm assuming one is maybe slowing to a greater extent than another, any color you could offer I'd appreciate.

Nimrod Ben-Natan *Harmonic Inc - President & Chief Executive Officer*

We cannot provide the -- both of them reported recently. Both of them discussed at some level, the development of their initiatives. One has specifically noted increase in the overall CapEx category, which we are subset of that.

There are many other network elements that they spend money on. The other one was talking about the expansion into DOCSIS 4.0 and the kind of percentage of completion of their mid-slit initiative.

They both have different dynamics. We cannot specifically comment on one versus the other in terms of the impact on what we see in 2025. We also have the rest of the world, dynamics, which we provided details on expectation for that, to kind of grow and expand during the course of the year.

Simon Leopold *Raymond James - Analyst*

Thanks for taking the questions.

Operator

Ryan Koontz, Needham.

Ryan Koontz *Needham & Co. - Analyst*

Great. Thanks for the question. With regards to maybe what's changed in your comments around ecosystem readiness, and you've mentioned before about the full-duplex amplifiers that are a real challenge for the industry.

Can you kind of reflect reflect broadly on what you see happening across the broader cable industry as it relates to making these full-duplex amps work versus moving forward in an ESD model or even in DOCSIS 3.1 for now and then coming back and doing the DOCSIS for clean up later? Thanks.

Nimrod Ben-Natan *Harmonic Inc - President & Chief Executive Officer*

Yeah. So first of all, no dependency on customers that are rolling out DOCSIS 3.1 or extended spectrum in DOCSIS 4.0. It primarily impacts those that want to take advantage of the full duplex, or the flexible FDD, what's called FDD that you can dynamically change. The split, in such case, you will need these types of amplifiers.

As we said previously, these are not just smart amplifiers. These are -- in fact, brilliant amplifiers. And they require quite a significant integration, ecosystem integration into the network, to fully operationalize them. And it takes time.

The volume of these devices relative to our devices is a factor of 1 to 17. You have 17 times more of these devices. And these are outdoor.

Once you put them, majority of the investment is to put them out there. So there is quite a lot of effort to fully operationalize that. And this is what we have been talking about that previously.

At the same time, you may recall that we mention Sercomm getting into that space. And later on, we announced a partnership with them, a technological partnership with them. And we're very encouraged with the progress made. And we think that this is going to help the ecosystem move faster to fully operationalize these brilliant amplifiers.

Ryan Koontz *Needham & Co. - Analyst*

That's really helpful, Nimrod. Thank you. And maybe just in terms of your metrics, you quoted I think [1.3 million] new cable modems served, which is the lowest in a few years, but yet also reported record revenue in Broadband.

Can you help us kind of true that up in terms of what's happening there? Is this -- are these hardware shipments in advance of activations or some kind of other rev recognition going on in the quarter? Thanks.

Walter Jankovic Harmonic Inc - Chief Financial Officer

I'll address that, Ryan. Yes. So absolutely, the cable modems getting activated come after folks are picking up equipment and licenses. So you kind of answered your own question there.

Ryan Koontz Needham & Co. - Analyst

Got it. Alright. Thank you. And your earlier comment about inventory was that similar to this too. But inventory stacking up at some customers ahead.

Walter Jankovic Harmonic Inc - Chief Financial Officer

No. Our comments on inventory was with regards to taking an inventory provision related to the transition to DOCSIS unified 4.0. We had certain 3.1 inventory, a specific type that we took a \$5 million-dollar provision on roughly \$5 million-dollar provision on in Q4. That was the comment earlier.

Ryan Koontz Needham & Co. - Analyst

Perfect. Thanks so much. Appreciate it both.

Walter Jankovic Harmonic Inc - Chief Financial Officer

Okay, thanks, Ryan.

Operator

Steven Frankel, Rosenblatt Securities.

Steve Frankel Rosenblatt Securities - Analyst

Talk about a question -- about unified DOCSIS. And when do you think there will be an availability of chips to go into things like amplifiers?

(multiple speakers)

Nimrod Ben-Natan Harmonic Inc - President & Chief Executive Officer

The silicon is available. There is no dependency on availability of silicon. What I was talking about is how you put the product together and how you put all the firmware and software to operationalize that, how you, get the deployment teams, fully mastering the deployment and troubleshooting of that.

So it's more of how you put that into the system together, more so than the silicon. The silicon itself is fully available.

Steve Frankel Rosenblatt Securities - Analyst

Okay and like a couple of other previous questions, I'm trying to square up what we're fairly bullish full year spending plans by your two biggest customers with your forecast which is kind of the opposite of that. So what am I missing? Are they doing other things in their network build out that doesn't involve you? Or you're just not going to factor that build out in until you see the orders?

Nimrod Ben-Natan Harmonic Inc - President & Chief Executive Officer

So when you look at major MSOs' CapEx in this network evolution category, it includes our piece of technology. But it also includes amplifiers. It includes a lot of labor to put it out there into the network, depending on the type of upgrade that you do.

If you do extended spectrum, you go and replace all the passive and taps in the network itself, which is a lot of labor effort. So holistically, when you look at that, we are a portion of that. And in any given year, it's not necessarily that they spend equally on all parts.

Steve Frankel Rosenblatt Securities - Analyst

Okay. And you could you give us any more color about these recent inventory or order reductions that you -- that you've heard about in the last month? And is there any rationale for that that you could share?

Walter Jankovic Harmonic Inc - Chief Financial Officer

Yeah, Steve. It's Walter. I'll address that one. Our belief is those demand pushouts are all related to the market dynamics we talked about in terms of the transition over to unified 4.0 as well as the the other, the ecosystem dependency.

So I believe it's all related to that. And we saw that as I mentioned in the prepared remarks, we saw that here in January.

So we've now had all of our forecasts. We believe those forecasts are now settled out. And as we mentioned on the call today, we're prudently guiding based on the market dynamics and the transitions we we spoke about for 2025.

Steve Frankel Rosenblatt Securities - Analyst

All right, thank you.

Walter Jankovic Harmonic Inc - Chief Financial Officer

Thank you.

Operator

Tim Savageaux, Northland Capital.

Tim Savageaux Northland Capital - Analyst

Hey, good afternoon. [It's then] a couple of questions here. Looking at the increase in gross margin forecast or guidance for calendar '25, I assume that's a result of -- well, maybe a higher mix of Video overall. But within Broadband, it would appear to be a higher mix of routing versus nodes, is it?

Would you confirm that it would be fair to say that substantially all the revenue declines that you're forecasting for Broadband next year are in on the node side? Looks based on -- (multiple speakers) Yeah.

Walter Jankovic Harmonic Inc - Chief Financial Officer

Yeah. Hey, Tim. It's Walter. But yes, you have noticed that if you look at the midpoint of our Broadband guide on gross margins as compared to the full year '24 Broadband gross margins, we're up about [290] basis points and that shifted.

Mix is most significantly related to COS platform as compared to nodes. When we look at the mix with the revenue dropping, you are correct in assuming it's a lower mix of nodes and an increased mix with regards to -- with regards to licenses.

Tim Savageaux Northland Capital - Analyst

If I can just dig in on that a little bit more increase mix, would it be fair to say that the routing of the license size looking about flat?

Walter Jankovic Harmonic Inc - Chief Financial Officer

Oh, in terms of the revenue profile --

Tim Savageaux Northland Capital - Analyst

I think 25 over 24.

Walter Jankovic Harmonic Inc - Chief Financial Officer

I think it would be slightly up even at a nominal dollar basis.

Tim Savageaux Northland Capital - Analyst

Yeah. All right. Well, that's interesting. And you managed mentioned kind of managing the business prudently, although it seems like you're forecasting a pretty solid increase in OpEx on the Broadband side, despite the revenue declines. I wonder if you could give us a little more color on what's driving that.

Yeah. Correct, Tim. As on the Video side of the business, we instituted our cost optimization through 2024. So now we're going to get the full-year benefit of that in 2025. And you're correct in terms of the direction on the Broadband OpEx is increasing.

And the major reason for that is that as we mentioned earlier, rest-of-world customer growth in 2025 and supporting all of those customers, basically, building up the the support structure on that OpEx. So we have Broadband OpEx moving upward in 2025 over 2024.

Nimrod Ben-Natan Harmonic Inc - President & Chief Executive Officer

And maybe I can add on that. We mentioned on the last quarter that we expect Rogers to start deploying, towards the second half of the year. That's an integration effort that we're investing.

We have, in the pipeline quite a few of sizable opportunities that we're expecting to secure this year. They all require some level of effort, both from an engineering point of view and integration and support. So put it all together, that requires that incremental expense.

Tim Savageaux Northland Capital - Analyst

Okay. Got it. And last from one from me. Walter, I think you -- if you're quite specific, but talking about Broadband, I guess on a medium-term basis, I mean, you're kind of revising the growth profile. I think you said double digits or low double digits. I mean, I know we're looking solidly over 30%, sorry, 20% before.

I mean is that a function of what you're seeing this year and factoring that in, or is there something changed in the market to alter your overall sense of of growth rate?

Walter Jankovic Harmonic Inc - Chief Financial Officer

Yes, certainly. And just to first of all, make sure it was crystal clear. As we've shown on the chart today, the overall market for the Dell'Oro report from '23 to '28 for the cable access part that's related to virtualized CMTS, DAA, and remote OLTs is increasing at a 13% CAGR if you go over that period of time.

And our comments, the comments that we made during prepared remarks are around us managing our business and looking at it over the same time period and a low double digit kind of growth, growth rate from that '23 to '28 span using that type of CAGR.

And the relevance of that is that you know from a cost structure standpoint, from the things we control, we're managing the business that way as you can appreciate, very difficult to by going out two years, three years to know exactly what a year is going to look like.

I think our focus right now is making sure that we continue to grow our market share, that we do the right thing from a cost standpoint, and that we capitalize on the opportunities that are ahead of us when that revenue comes based on the timing of our customers and and their deployment plans.

So I wanted to address that. First, now your question as compared to prior CAGR rates that were out there, I think there have been some market revisions, the market analyst revisions from the prior views that were out there, and especially over the medium term.

And what I mean by that is '25, '26, we're seeing a drop off. So I think we're managing our things that we control very cautiously. And we'll be ready for whenever the customer's deployment timings work out over the next few years. So that that that's what I meant by that. And I also just wanted to provide you a little color on what has changed.

Tim Savageaux Northland Capital - Analyst

Oh, appreciate it. Thanks very much.

Walter Jankovic Harmonic Inc - Chief Financial Officer

Okay. Thanks, Tim.

Operator

Thank you. I'm not showing any further questions at this time. I'd like to call back over to Nimrod for any closure remarks.

Nimrod Ben-Natan Harmonic Inc - President & Chief Executive Officer

We appreciate your continued interest in Harmonic and look forward to updating you on our progress in the future. Thank you, all, for joining the call. Have a good day.

Operator

Thank you for your participation in today's conference. This does include the program. You may now disconnect, everyone. Have a great day.

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