



Skyworks' Q1 FY 2026 Conference Call Prepared Remarks – Feb. 3, 2026

Raji Gill

Vice President, Investor Relations

Thank you, operator. Good afternoon everyone and welcome to Skyworks' first fiscal quarter 2026 conference call. With me today for our prepared remarks is Phil Brace, our Chief Executive Officer and President, and Philip Carter, Senior Vice President and Chief Financial Officer for Skyworks. This call is being broadcast over the web and can be accessed from the investor relations section of the company's website at skyworksinc.com.

In addition, the company's prepared remarks will be made available on our website promptly after their conclusion during the call.

Before we begin, I would like to remind everyone that our discussion will include statements relating to future results and expectations that are, or may be, considered forward-looking statements.

Please refer to our earnings press release and recent SEC filings, including our Annual Report on Form 10-K, for information on certain risks that could cause actual outcomes to differ materially and adversely from any forward-looking statements made today.

Additionally, today's discussion will include non-GAAP financial measures, consistent with our past practice. Please refer to our press release within the investor relations section of our company website for a complete reconciliation to GAAP.

With that, I'll turn the call over to Phil Brace.

Phil Brace

Chief Executive Officer and President

Thanks, Raji, and welcome, everyone.

Before turning to the quarter, I want to briefly address our previously announced combination with Qorvo. We believe this transaction is highly strategic and transformative, bringing greater scale, deeper R&D, and a broader technology portfolio. Together, this combination is expected to reduce historical mobile volatility, strengthen our competitive position, enhance our Broad Market capabilities and expand our TAM into defense and aerospace, while creating a clear path to more than \$500 million of synergies over time.

As highlighted in our investor presentation on October 28th, we believe this combination will deliver substantial financial benefits. We expect to achieve healthy gross margin through the cycles, in the 50–55% range, supported by significant operating leverage and enhanced earnings power.

The combined company will generate robust free cash flow, underpinned by an extremely favorable capital structure, with expected net leverage of approximately 1 at close. These advantages position us



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to drive long-term value for our shareholders and customers and support continued investment in innovation and growth.

Since announcing the transaction October 28th, we've made solid progress. We've completed our initial regulatory filings, a shareholder vote has been scheduled, and our teams have begun integration planning.

As is typical for a transaction of this scale, we expect a comprehensive regulatory review, and we are working closely with regulators around the world.

We still expect the transaction to close in early calendar year 2027, subject to the receipt of required regulatory approvals, approval of both companies' shareholders and the satisfaction of other customary closing conditions.

I'd also like to recognize the Qorvo team for the constructive and collaborative approach they've brought to the integration planning process. We're off to a great start and excited about the opportunity ahead when we come together as one stronger organization.

I want to emphasize that we are committed to closing the transaction and believe in the long-term value creation opportunity that the deal unlocks for our customers and shareholders. Beyond these prepared remarks, we will not be discussing the transaction, as today's call will focus on our results from the first fiscal quarter as well as our outlook for the March quarter.

Turning now to Skyworks' performance for this quarter. We stayed focused on what we can control: operational execution, customer engagement, and disciplined investment in our product roadmap. Our strategy remains straightforward: focus on our customers, invest in our core technologies, and continue to grow Broad Markets.

Broad Markets remains a key growth engine for the company, growing faster than the corporate average. Our products are designed into high growth areas across a wide range of end markets, including connected vehicles, enterprise infrastructure, satellite communications, data center networking, and emerging edge AI applications. This breadth supports durability and reduces reliance on any single program.

Skyworks delivered strong results, exceeding the high-end of our guidance, driven by upside in both mobile and broad markets.

- We posted revenue of \$1.04 billion;
- delivered earnings per share of \$1.54;
- generated \$339 million of free cash flow; and
- paid \$106 million in quarterly dividends.

Revenue, gross margin and non-GAAP EPS all came in above the midpoint of our outlook.



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In Mobile, we outperformed expectations supported by healthy sell-through and strong execution on new product launches at our top customer.

Smartphone replacement cycles, while still lengthy, are beginning to shorten. This trend is driving increased unit growth, as consumers upgrade more frequently, especially with the rise of new AI-capable devices and more integrated features.

While we are mindful of broader industry discussions around component pricing and availability, we have not seen an impact on demand to date. Reminder that the vast majority of our mobile revenue is tied to flagship and premium-tier devices. Channel inventory remains lean, and we continue to closely monitor customer forecasts.

As we look ahead to future business at our top customer, we successfully defended key mobile sockets and gained content where architecture changes created opportunities, with mix dynamics potentially moderating some of that progress. Based on what we see today, we currently expect blended mobile content to be roughly flat year over year. We will not be commenting on specific sockets, models, or launch timing.

We remain bullish on the long-term drivers of RF content supported by accelerated replacement cycles coupled with rising RF complexity tied to AI-driven workloads, and higher performance requirements.

Broad Markets delivered its eighth consecutive quarter of growth, with revenue up double digits year-on-year, reflecting strength across edge IoT, data center, and automotive.

In edge IoT, Wi-Fi 7 momentum continues to build, supported by bandwidth-intensive applications in the home and workplace. Wi-Fi 7's higher throughput, lower latency, and reliability position it as an important enabler as AI inference move closer to the edge. Design-win activity remains strong, backlog is healthy, and we're already engaged with customers on early Wi-Fi 8 programs, positioning us well for the next cycle.

Automotive demand remains solid, driven by increased connectivity across telematics, infotainment, and software-defined vehicle architectures. Our pipeline is broad, global, and aligned with long-cycle platforms across multiple OEMs and tiers, giving us good visibility into fiscal 2026.

In data center and infrastructure, demand signals are improving across our customer base, supported by increasing design-win activity. Timing and power-management content is expanding as the ecosystem transitions to next-generation 800G and emerging 1.6Tb architectures.

We are seeing higher activity particularly with cloud and networking customers that require tighter timing accuracy, improved power performance, and better synchronization across high-bandwidth systems.



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Broad Markets continues to expand its reach across a more diversified set of customers while consistently delivering margins above the corporate average. The demand drivers across these end markets are long-cycle and multi-year, positioning the business well as we move into fiscal 2026 and beyond.

With that, let me turn the call over to Philip for a discussion of last quarter's performance and outlook for Q2 of fiscal '26.

Philip Carter Chief Financial Officer and Senior Vice President

Thanks, Phil. Skyworks delivered revenue of \$1.035 billion, exceeding the high end of our guidance range. During the quarter, our largest customer accounted for approximately 67% of revenue, consistent with the prior quarter.

Mobile represented 62% of total revenue, and came in higher than our expectations, driven by healthy sell-through at our top customer.

Broad Markets also outperformed expectations, growing 4% sequentially and 11% year-over-year driven by growth across edge IoT, data center and cloud infrastructure, and automotive.

Gross profit was \$482 million with gross margin of 46.6%.

Operating expenses were \$230 million, at the low end of our guidance range, reflecting disciplined cost control while continuing to invest in priority growth areas. Operating income was \$252 million, translating to an operating margin of 24.3%.

Other income was \$6 million, and our effective tax rate was 10%, resulting in net income of \$232 million and diluted earnings per share of \$1.54, 14 cents above the midpoint of our guidance.

We generated \$396 million of operating cash flow and capital expenditures of \$57 million, resulting in free cash flow of \$339 million, or 33% free cash flow margin.

We ended the quarter with approximately \$1.6 billion in cash and investments and \$1 billion in debt, maintaining a strong balance sheet and ample flexibility to support our strategic and financial priorities.

Looking ahead to the second quarter of fiscal '26, we expect revenue to range between \$875 million to \$925 million.

We anticipate Mobile to decline approximately 20% sequentially, consistent with seasonality.

We expect Broad Markets to be flat sequentially, representing 44% of sales, and up high-single digits year-over-year.



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Gross margin is projected to be approximately 44.5% to 45.5%, reflecting seasonally lower volume.

We expect operating expenses to be between \$230 million and \$240 million, as we continue to fund key R&D initiatives while maintaining tight control over discretionary spending.

Below the line, we anticipate approximately \$4 million in other income, an effective tax rate of 10%, and diluted share count of 151 million shares. At the midpoint of our revenue outlook of \$900 million, this equates to expected diluted earnings per share of \$1.04.

With that, I'll turn it back over to Phil for closing remarks.

Phil Brace
Chief Executive Officer and President

Thank you, Philip.

Before we wrap up, a heartfelt thank you to our employees, customers, and partners. Your dedication fuels our success and sets the stage for continued leadership and growth.

Operator let's open the line for questions.

End of Q&A

Phil Brace
Chief Executive Officer and President

Thanks for participating on today's call. I look forward to speaking with you at upcoming investor conferences during the quarter.