Skyworks' Q2 FY 2026 Conference Call Prepared Remarks – May 5, 2026

Raji Gill
Vice President, Investor Relations

Thank you, operator.

Good afternoon, everyone and welcome to Skyworks' second fiscal quarter 2026 conference call. With me today for our prepared remarks is Phil Brace, our chief executive officer and president, and Philip Carter, chief financial officer and senior vice president 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.

Let me begin by highlighting a few key developments.

1. We secured a significant, multi-generational design win with a leading Android OEM, expected to generate over $1 billion in revenue through 2030. This win reflects our expanding footprint in premium AI-enabled devices, validating our RF content platform and our technology differentiation.

2. We introduced a range of new product innovations, including BAW filters targeting early 6G FR3 spectrum and next-generation RF front-end solution supporting frequencies above 7 GHz. We also expanded our timing portfolio with new clock buffers addressing data center, wireless infrastructure, and PCIe Gen 7 applications. Moreover, we're actively engaged with customers on early Wi-Fi 8 programs, positioning us well for the next upgrade cycle.

3. Regarding the Qorvo combination, regulatory reviews are progressing as expected - we have entered Phase II of the China SAMR review and are maintaining constructive dialogue with the relevant antitrust authorities.

While our formal guidance remains an expected closing early in calendar 2027, we are increasingly hopeful that we could close in late 2026. We continue to make good progress in our integration planning and remain confident in our ability to realize the anticipated synergies of $500 million or more.

Finally, in accordance with our operating covenants in our merger agreement, we supported Qorvo's $400 million share repurchase during the quarter, reflecting what we believe to be a prudent and efficient deployment of capital. Our confidence in the strategic and financial logic of this combination remains as strong as ever, and we look forward to closing and delivering its full value to shareholders and customers.

With that, and consistent with prior practice, we won't be discussing the transaction further on today's call and will focus on our second fiscal quarter results and June quarter outlook.

Skyworks delivered strong results driven by upsides in both mobile and broad markets.

- We posted revenue of $944 million, roughly $20 million above the high-end of our guidance range;
- Delivered earnings per share of $1.15, five cents above the high-end of our guidance range; and
- Paid $107 million in quarterly dividends.

We continue to see solid demand across the portfolio, with strength spanning mobile, Wi-Fi, data center and automotive.

We're mindful of the ongoing industry discussion around memory supply and pricing. Consistent with what we observed last quarter, we have not seen an impact on our business to date. Demand across mobile and broad markets has remained solid, channel inventories are lean, and our portfolio is weighted towards premium, high-complexity solutions where demand tends to be more resilient. We'll continue to monitor the environment closely, but our current outlook remains supported by what we're seeing across the customer base today.

In Mobile, we again outperformed expectations, supported by healthy sell-through and strong execution on new product launches at our key customers. We remain bullish on the long-term RF content opportunity. Stronger unit backdrop, and potential for increasing RF complexity driven by AI workloads continue to support our growth outlook.

Stepping back, the long-term driver of this business is the steady expansion of a more connected, wireless world, with physical AI emerging as the next wave of growth. Future growth is going to be driven by four converging forces:

1. More units - the installed base of wireless devices continues to expand globally;

2. More RF content per device - next-generation standards, including 6G, Wi-Fi 7 and beyond, and satellite connectivity will drive more bands, more antennas, and more filters into every endpoint;

3. AI-driven workloads - edge inference is placing higher demands on wireless performance, particularly uplink, latency, and power; and finally

4. New form factors — robotics, autonomous platforms, and edge AI devices are emerging as a new generation of connected endpoints.

Turning to Broad Markets — Nine consecutive quarters of growth, approximately $400M in quarterly revenue, and double-digit year-over-year growth. Our three growth engines – Wi-Fi, data center, and automotive - accounted for nearly two-thirds of our Broad Markets business and collectively grew 30% year-over-year.

Let me briefly talk about these three growth engines:

1. Wi-Fi — Wi-Fi 7 adoption is accelerating as AI workloads push towards the endpoint. Strong design engagement, solid backlog, and early collaboration with customers on Wi-Fi 8 position us well for continued growth into the next cycle.

2. Automotive — The connected car and infotainment are driving growth today, with power and connectivity expanding our footprint further into FY27. We are engaged with global OEMs and tier-one suppliers on multi-year vehicle programs.

3. AI Data Center — While still modest in absolute terms, this segment is expected to grow nearly 50% this year. The structural shift to higher data rates and rack density is driving demand for precision timing and advanced power delivery. Skyworks is well positioned across 800-gig and 1.6-terabit platforms with leading hyperscalers, global ODMs and infrastructure OEMs, as the industry transitions to 400-volt and 800-volt HVDC architectures.

Together, these three engines are reshaping the mix of our Broad Markets business and driving the diversification thesis we've been executing on.

In summary:

• **Strong quarterly execution** — broad-based performance across both Mobile and Broad Markets, with nine consecutive quarters of growth in Broad Markets and double-digit year-over-year gains;

• **Our outlook remains solid** — customer demand is healthy, channel inventories lean, and our portfolio is positioned in segments with structural tailwinds;

• **The Qorvo transaction is proceeding as expected** — regulatory process is on track and we are confident in delivering the shareholder value;

• **Finally, the long-term setup is compelling** — more endpoints, more content per device, AI at the edge, and exposure to secular growth areas like data center, Wi-Fi, satellites, and more. We believe we are well positioned for what comes next.

With that, let me turn the call over to Philip for a discussion of last quarter's performance and outlook for Q3 of fiscal '26.

Philip Carter
Chief Financial Officer and Senior Vice President

Thanks, Phil. Skyworks delivered revenue of $944 million, exceeding the high end of our guidance range. During the quarter, our largest customer accounted for approximately 60% of revenue.

Mobile represented 58% of total revenue, and came in higher than our expectations, driven by healthy sell-through at our top customer and product execution.

Broad Markets also outperformed expectations, representing 42% of sales, and grew 10% year-over-year driven by growth across Wi-Fi, data center, and automotive.

Gross profit was $425 million with gross margin of 45.0%, in line with the midpoint of guidance. Input costs remain a modest headwind to gross margin, but we continue to do a good job of containing those pressures through cost controls and selective price adjustments.

Operating expenses were $236 million, in line with the midpoint of our guidance range. Operating income was $189 million, translating to an operating margin of 20.0%.

Other income was $3 million and our effective tax rate was 10%, resulting in net income of $173 million and diluted earnings per share of $1.15, eleven cents above the midpoint of our guidance.

We ended the quarter with approximately $1.4 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 third quarter of fiscal 2026, we expect revenue to range between $900 million to $950 million.

We anticipate Mobile to decline approximately low single digits sequentially, consistent with normal seasonality.

We expect Broad Markets to be up modestly sequentially, representing 43% 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%, flat sequentially, reflecting seasonally lower volume and higher input costs.

We expect operating expenses to be between $235 million and $245 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 expenses, an effective tax rate of 10%, and a diluted share count of 151 million shares. At the midpoint of our revenue outlook of $925 million, this equates to expected diluted earnings per share of **one dollar and three cents**.

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

Phil Brace
Chief Executive Office and President

Thank you, Philip.

Before we wrap up, a heartful thank you to our employees, customers, and partners. And to the Qorvo team – we deeply respect what you've built, and we're energized by the opportunity ahead of us. Your dedication fuels our success and sets the stage for continued leadership and growth.

Operator let's open the line for questions.

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