SKYWORKS®

Skyworks' Q3 FY 2026 Conference Call Prepared Remarks – July 28, 2026

Raji Gill
Vice President, Investor Relations

Thank you, operator.

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

Today, alongside our June-quarter results, we're making several important announcements related to the Qorvo combination: 1) an update on the regulatory process, 2) our financing plans, 3) the expected leadership team for the combined company, and 4) a new capital allocation framework. Let me take these first.

The regulatory process continues to move forward. In China, the review has advanced to Phase III with SAMR, and we are working constructively with regulators in all remaining jurisdictions. We are now optimistic that we can close within the calendar year, and we will be preparing to close as early as within this fiscal year. As always, the transaction remains subject to regulatory approvals and customary closing conditions.
In connection with the transaction, we anticipate raising approximately $2 billion of debt financing in

the near term, subject to market and other conditions. Philip Carter will cover the details, including what's already reflected in our September guidance.

We're also announcing the expected leadership team for the combined company.

- Philip Carter - Chief Financial Officer and Senior Vice President
- Philip Chesley - Senior Vice President and President of High-Performance Analog
- Kari Durham - Senior Vice President, Human Resources
- J.K. Givens - Senior Vice President and General Counsel, Secretary
- Yusuf Jamal - Senior Vice President and General Manager of RF and Mixed-Signal Intelligence Solutions
- Reza Kasnavi - Executive Vice President, Chief Operations and Technology Officer
- Joel King - Senior Vice President and General Manager of Mobile Solutions Business
- Todd Lepinski - Senior Vice President, Sales and Marketing
- Frank Stewart - Senior Vice President and President of Advanced Cellular

Bob Bruggeworth, president and chief executive officer of Qorvo, is expected to join the board of directors of the combined company.

This team brings together proven leaders from both organizations, and the work that we've done to identify these leaders now means we're ready to execute from day one.

Finally, our board has approved a new capital allocation framework for the combined company. Let me first remind you why we're in a position to do this: we deliberately structured the transaction so that the combined company starts with a favorable capital structure with modest net leverage - and, as we said in October, we expect it to be immediately and meaningfully accretive to non-GAAP EPS post close.

That financial strength is the foundation for the framework: this combination creates a company with robust free cash flow and adjusted EBITDA generation - and we intend to put that capital to work wherever it creates the greatest long-term value: repurchasing shares, de-levering the balance sheet, and pursuing strategic, and accretive M&A.

We expect stock repurchases to be a key vehicle for returning capital to shareholders, and to support that, the board has replaced our repurchase authorization expiring in February 2027, with a new $2 billion stock repurchase program, expiring in January of 2029.

As part of this framework, we have decided not to declare a quarterly dividend going forward, redirecting that capital toward these higher-return uses. Taken together, we believe this framework returns more value to shareholders over time, with far greater flexibility.

Stepping back, the strategic logic of this combination is simple: scale and diversification. In Mobile, we're creating a best-in-class RF portfolio with complementary capabilities that expands our reach across platforms and drives greater revenue stability; in Broad Markets, we're building a larger, more diversified business across defense and aerospace, edge IoT, AI data center, and automotive - a key growth platform for the combined company.

That same scale is what drives our cost opportunity - and we continue to make good progress in integration planning and remain confident in our ability to realize the anticipated synergies of $500 million or more.

A lot of important news, all pointing in one direction.

With that update on the transaction, and consistent with prior practice, we won't be discussing it in any further detail on today's call and will focus on our third fiscal quarter results and September quarter outlook.

Now let me turn to the June quarter, where the business performed well.

We delivered solid results, with both revenue and earnings above the midpoint of our guidance: revenue of $935 million, and non-GAAP diluted earnings per share of $1.08, five cents above the midpoint.

Let me touch on the demand environment. What we see across our business is steady: channel inventories are lean, demand in Mobile remains solid as we head into the fall launch cycle, and in parts of Broad Markets, demand is running ahead of what we can supply.

On memory, I know it remains front of mind for many investors. We're not a buyer of memory, so I'll speak to what we can see directly: our demand signals have remained stable, and our September guidance reflects what we see today, consistent with what we've said in the past couple of quarters. We recognize these dynamics are still playing out across the industry, and we're staying close to our customers and monitoring order patterns as we move through the second half. Our content sits predominantly in premium, high-complexity platforms, which have historically been the most resilient part of the market.

In Mobile, we executed well in what is seasonally a lighter quarter, with revenue slightly ahead of our expectations, supported by healthy demand at our largest customer, and successful new product ramps at our largest Android customer.

Looking ahead, we're well positioned for the fall season. And over the long term, the demands placed on RF front-end continue to expand - which is why we're confident in our growth thesis.

Let me spend a moment on those drivers.

- Uplink is becoming as important as downlink - real-time applications like video, cloud AI, and live translation demand higher transmit power and more sophisticated power amplification.
- Receive paths are multiplying to carry more simultaneous data streams.

- And satellite connectivity is going mainstream, requiring entirely new bands and components.

All of this adds RF complexity to every device — and complexity is what we do best.

Turning to Broad Markets — revenue of approximately $403 million, up 8% year-over-year. Our three growth engines - Wi-Fi, data center, and automotive - again represented nearly two-thirds of our Broad Markets business and collectively grew 15% year-over-year. Demand for these products continues to run well ahead of what we can currently supply, and we are actively working to close that gap.

- Wi-Fi — Wi-Fi 7 adoption continues as AI workloads move toward the endpoint. Design engagement is strong, backlog is solid, and our early collaboration with customers on Wi-Fi 8 positions us well.
- Automotive - the connected car and infotainment are driving growth today, with power and connectivity expanding our footprint over time. We are engaged with global OEMs and tier-one suppliers on multi-year vehicle platforms.
- AI data center - our fastest-growing business is tracking ahead of the ~50% annual growth we outlined last quarter, even with supply constraints. We're engaged with leading customers on two fronts: high-speed connectivity, as the industry moves to 800-gig and 1.6-terabit platforms, and power, as it shifts to 400- and 800-volt HVDC architectures. Rising data rates and rack density are driving demand for our precision timing and advanced power delivery solutions.

Together, these engines are reshaping the mix of our Broad Markets business and validating the diversification strategy we have been executing.

To summarize:

- We delivered another solid quarter of execution - revenue and earnings above the midpoint of guidance, with continued traction in Broad Markets;
- The Qorvo combination is advancing - regulatory reviews are progressing, and we are optimistic that we can close within the calendar year, and we will be preparing to close as early as within the fiscal year;
- We are preparing the combined company to execute from day one - with our financing plans set, the expected leadership team announced, and a new capital allocation framework in place, centered on balance sheet flexibility;
- Demand is healthy and channel inventories are lean; and,
- The long-term setup is compelling — more endpoints, more content per device, AI at the edge, and growing exposure to secular growth markets including data center, automotive, defense and aerospace.

With that, let me turn the call over to Philip to take you through our third quarter results and fourth quarter outlook.

Philip Carter

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Chief Financial Officer and Senior Vice President

Thanks, Phil.

Skyworks delivered revenue of $935 million, above the mid-point of our guidance range.

Mobile represented 57% of total revenue, supported by healthy sell-through at our largest mobile customer and strong execution of new product ramps at our largest Android customer. Our largest customer accounted for approximately 57% of total revenue.

Broad Markets represented 43% of sales and grew 8% year-over-year, led by strong double-digit growth in data center and automotive.

Gross profit was $420 million, with gross margin of approximately 45%, in line with our guidance. Input costs remained a headwind in the quarter, consistent with what we discussed last quarter, and we continue to work toward containing these pressures through disciplined cost controls and selective pricing actions.

Operating expenses were $238 million, slightly below the midpoint of our guidance, as we continued to fund high-return R&D programs while maintaining tight control over discretionary spending. Operating income was $182 million, translating to an operating margin of 19.4%.

Other income and expense was roughly neutral, and our effective tax rate was 10%, resulting in net income of $164 million and non-GAAP diluted earnings per share of $1.08 - five cents above the midpoint of our guidance.

Turning to the balance sheet, we ended the quarter with approximately $814 million in cash and investments and $497 million of debt, having retired $500 million of notes that came due during the quarter. The balance sheet is well positioned to support the Qorvo transaction.

In connection with the transaction, we anticipate raising approximately $2 billion of debt financing in the near term, subject to market and other conditions, in preparation for an earlier close.

Now to our outlook. For the fourth quarter of fiscal 2026, we expect revenue in the range of $1,010 million to $1,060 million.

We expect Mobile to grow sequentially in the high-teens range, supported by the seasonal ramp of new product launches at our largest customer, while Broad Markets is expected to grow approximately 5% year-over-year, representing approximately 39% of total sales.

We expect gross margin in the range of 44.0% to 45.0%. This reflects the seasonal shift in mix toward Mobile as new product ramps reach full volume. In addition, we noted last quarter, input costs continue to rise, and we expect that dynamic to persist. We are working to offset this through cost reductions and selective pricing adjustments.

We expect operating expenses of $235 million to $245 million as we continue to invest in our key technology roadmaps.

Below the line, we anticipate approximately $6 million in other expense, which includes approximately $5 million of incremental net interest expense, reflecting a partial quarter of financing costs for the Qorvo transaction.

We expect an effective tax rate of approximately 10%, and a diluted share count of 152 million shares. At the midpoint of our revenue outlook of $1.035 billion, this equates to expected non-GAAP diluted earnings per share of $1.27.

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

Phil Brace
Chief Executive Office and President

Thank you, Philip.

Before we open the line, I want to thank our employees, customers, and partners for another quarter of outstanding execution. And to the Qorvo team - the closer we get, the more energized we are by what we can build together. Your dedication sets the stage for continued leadership and growth.

Operator, let's open the line for questions.

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Safe Harbor Statement

Any forward-looking statements contained in this transcript are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include information relating to future events, prospects, expectations, and results of Skyworks (e.g., certain projections and business trends, as well as plans for dividend payments and share repurchases). Forward-looking statements can often be identified by words such as "anticipates," "expects," "forecasts," "intends," "believes," "plans," "may," "will" or "continue," and similar expressions and variations or negatives of these words. Actual events and/or results may differ materially and adversely from such forward-looking statements as a result of certain risks and uncertainties, including those identified in the "Risk Factors" section of Skyworks' most recent Annual Report on Form 10-K (and/or Quarterly Report on Form 10-Q) as filed with the Securities and Exchange Commission ("SEC"). Copies of Skyworks' SEC filings can be obtained, free of charge, on Skyworks' website (www.skyworksinc.com) or at the SEC's website (www.sec.gov). Any forward-looking statements contained in this press release are made only as of the date hereof, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.