SKYWORKS®

Skyworks' Q4 FY 2026 Conference Call Prepared Remarks – Nov. 3, 2026

Raji Gill
Vice President, Investor Relations

Thank you, operator. Good afternoon, everyone and welcome to Skyworks' fourth fiscal quarter 2026 conference call, our first as a combined company with Qorvo. 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 skyworks.com.

In addition, the company's prepared remarks will be made available on our website promptly after the conclusion during the call. We have also posted a new corporate overview presentation to the investor relations section of our website, which outlines the combined company's strategy, markets, technology portfolio and investment highlights.

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.

A note on presentation: because the Qorvo transaction closed on October 5th, after the end of our fiscal fourth quarter, our September-quarter results are Skyworks standalone, and our December-quarter outlook is on a combined basis.

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

Phil Brace
Chief Executive Officer and President

Thanks, Raji, and good afternoon, everyone.

This is an important moment for our company. On October 5th, we completed the combination of Skyworks and Qorvo, uniting more than six decades of innovation. We now have greater scale, a broader technology portfolio and an expanded manufacturing footprint enabling us to continue to push the boundaries of what's possible.

I want to thank our employees on both sides. Bringing two companies together while continuing to deliver for customers takes enormous effort, and our teams have stayed focused throughout.

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That focus on execution carried through our final quarter as a standalone company. In the September quarter, Skyworks:

- Delivered revenue of $1.05 billion, above the midpoint of our guidance range;
- Delivered non-GAAP diluted earnings per share of $1.28, one cent above the midpoint of our guidance;
- Managed operating expenses to $237 million, near the low end of our guidance range; and
- Repurchased $107 million of stock at an average price of $66.27.

In the quarter, demand was healthy across our end markets, and book-to-bill was strong. Timing and power products continued to be a highlight, with growing design engagement in AI data center. Automotive and industrial design activity was also robust.

In Smartphone, we executed well in our seasonally strongest quarter, driven by healthy demand at our largest customer, partially offset by well-known softness in the Android market.

Broad Markets, which will form part of our Diversified Growth Markets category going forward, delivered revenue of approximately $416 million, exceeding our expectations. Revenue grew 9% year-over-year in the quarter and approximately 10% for fiscal 2026, driven by strong growth in data center, Wi-Fi and automotive, despite continued softness in consumer IoT**.**

Consistent with prior quarters, strong demand came against a challenging cost backdrop. Input costs remain a headwind to margins, and we expect that to continue. We are taking actions to mitigate these costs, including optimizing factory loading, securing long-term supply agreements and continuing to raise prices as appropriate.

Looking ahead we now have:

- A full-stack RF front-end platform for next-generation smartphones, weighted heavily toward premium devices, where RF content is greatest and where we will continue to focus.
- Expanded reach across four secular growth markets: Physical AI, Defense, Infrastructure, and Automotive.
- A broader technology portfolio, adding RF GaN, higher-frequency capabilities, low-voltage power and wired broadband.
- A path to a compelling target financial model, which Philip will walk through.

Going forward, we will report our businesses in two categories: Smartphone and Diversified Growth Markets.

Smartphone includes our former Mobile business and Qorvo's Advanced Cellular Group. Diversified Growth Markets includes our former Broad Markets business and Qorvo's High Performance Analog and Connectivity and Sensors groups. It's a large and growing part of the company, with above-average gross margins and exposure to secular growth markets.

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On a pro forma combined basis, smartphone revenue was approximately $4.6 billion in fiscal 2026, down approximately 11% year-over-year, reflecting the anticipated decline in Android revenue and content dynamics at our largest customer. Broader content across each device should support steadier results, as our reliance on any single socket declines and our content opportunity expands.

Looking further out, the smartphone is emerging as a primary AI device, which we believe supports a continued shift towards premium phones. At the same time, RF complexity is rising again. 5G-Advanced and then 6G bring higher power, more transmit and receive paths, new spectrum and satellite connectivity, all of which require more filtering, more amplifications and more sophisticated antenna solutions. More bands. More paths. More performance and more opportunities for Skyworks.

On a pro forma combined basis, Diversified Growth Markets revenue was approximately $2.9 billion in fiscal 2026, up approximately 12% year-over-year at attractive gross margins. Let me give you a little more color of what's contained within our Diversified Growth Markets.

Physical AI and Connected Edge, more than $1.6 billion in fiscal 2026, covers connected devices at the edge: Wi-Fi access points and gateways, IoT devices, and industrial automation and robotics.

As AI inference moves from the cloud into these edge devices, factories and robots, our wireless connectivity, power management and power isolation technologies give us more content opportunity per device.

Defense and Aerospace, approximately $500 million, is driven by modernization, space and electronic warfare, and expanding satellite constellations. We bring more than 35 years of development in GaAs, GaN, filters, advanced packaging, along with Category 1A Trusted Foundry accreditation. Our products are fielded across air, land, sea and space, supporting all branches of the U.S. Armed Forces and allied forces worldwide in radar, electronic warfare, sensors and secure communications. Defense customers are also increasingly engaging with us on power solutions to pair with our GaN amplifiers, further strengthening our position.

Data Center and Network Infrastructure, approximately $400 million, is our fastest-growing market and we expect that to continue.

In the AI data center, we provide high-precision timing, power isolation from the grid to the rack, and power management for enterprise SSDs, where AI inference is creating new tiers of storage.

Automotive, approximately $340 million, continues to benefit as electrification, connectivity, autonomy and infotainment raise content per vehicle, from telematics and secure access to EV charging and battery management. We expect these trends to continue.

Now, an update on our integration.

We are off to a fast start. The initial consolidation of our management team is complete, our HR systems

are integrated, and we expect the remaining IT integration to be done in the first half of calendar 2027. We remain fully committed to the $500 million or more of annual cost synergies, with roughly two-thirds from operating expenses and one-third from cost of goods sold.

Operating expense savings will come first, with cost-of-goods savings building over time as we optimize our factory footprint, and we expect the earnings benefit to build through fiscal 2027, weighted to the second half.

What excites me the most is our expanded engineering capability. Our engineers are already working together, sharing ideas and combining technologies with the goal of creating products that neither company could build alone.

With that, I'll turn the call over to Philip to take you through our fourth quarter results and first quarter outlook as a combined company.

Philip Carter
Chief Financial Officer and Vice President

Thanks, Phil, and good afternoon. Because the transaction closed after our quarter-end, our September-quarter results are Skyworks standalone. Skyworks revenue for its fiscal quarter ended October 2 was $1,046 million. Qorvo's revenue for its fiscal quarter ended October 3rd was $937 million, which included an additional week, bringing combined September quarterly revenue to approximately $1.98 billion.

Beginning with our February earnings call, we will only report on a fully combined basis, with Smartphone and Diversified Growth Markets as our revenue categories, and therefore not providing legacy Skyworks or Qorvo details going forward.

For the Skyworks standalone September quarterly results**,** revenue was $1,046 million and above the midpoint of our guidance range of $1,035 million. Mobile represented approximately 60% of revenue, supported by healthy sell-through at our largest customer in our seasonally strongest quarter, partially offset by well-known softness in the Android market as we remain focused on the premium tier.

Broad Markets represented approximately 40% of revenue and grew 9% year-over-year in the quarter and approximately 10% for fiscal 2026, led by strong growth in data center, Wi-Fi and automotive.

Our largest customer accounted for approximately 62% of revenue, including non-smartphone products. Gross profit was $465 million, or 44.4% of revenue, in line with our guidance. Input costs continue to remain a headwind.

We are working toward offsetting them through cost controls and price increases, and over time through manufacturing synergies as we consolidate our factory footprint.

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Operating expenses were $237 million, about $3 million below the midpoint of our guidance, as we continued to fund key R&D programs while maintaining tight control over discretionary spending.

Operating income was $227 million, translating to an operating margin of 21.7%.

Other income and expense was roughly $12.5 million, and our effective tax rate was 10%, resulting in net income of $193 million and non-GAAP diluted earnings per share of $1.28, one penny above the midpoint of our guidance.

Turning to the balance sheet, we ended the quarter with approximately $2.6 billion in cash and investments and approximately $2.5 billion of debt, reflecting the roughly $2 billion of acquisition financing we completed ahead of the Qorvo closing.

Turning to our outlook for the December quarter, our first as a combined company, we expect revenue of $1.80 billion to $1.90 billion. At the midpoint, this includes approximately $1.07 billion from legacy Skyworks and approximately $780 million from legacy Qorvo. This will be the last quarter in which we will provide this split.

As Qorvo did not provide guidance during the pendency of the transaction, we want to be clear on the starting point. Combined September quarterly revenue was approximately $1.98 billion, including an extra week at Qorvo worth approximately $70 million. Our outlook at the midpoint is down approximately 7 percent sequentially, or approximately 3 percent excluding the extra week.

We expect Smartphone revenue to decline in the low teens percent sequentially, reflecting seasonality, well-known softness in the Android market as we remain focused on the premium tier, and the extra week in Qorvo's September quarter.

We expect Diversified Growth Markets revenue to grow in the low single digits sequentially, despite the extra week in the prior quarter, and in the high to low double digits year-over-year on a combined basis, representing more than 40 percent of sales, led by data center and defense.

We expect non-GAAP gross margin of 46% to 48%, reflecting a favorable mix shift toward Diversified Growth Markets, including higher-margin defense and infrastructure. This is partially offset by continued input-cost increases, which we expect to persist.

Over time, an increasing mix of Diversified Growth Markets, manufacturing synergies, improved factory loading and pricing actions support our path towards our gross margin target.

We expect non-GAAP operating expenses of $465 million to $505 million, reflecting the combined company as we continue to invest in our key technology roadmaps. Including our planned merit increases, we expect operating expenses to decline sequentially from December-quarter levels throughout fiscal 2027 as synergies are realized. We expect the majority of the earnings benefit in the second half of fiscal 2027.

We expect to realize approximately $150 million of synergies in operating expenses within fiscal 2027, and to exit the year at an annualized run-rate of approximately $250 million to $300 million.

Below the line, we anticipate approximately $50 million in other expenses at the midpoint, primarily reflecting a full quarter of interest expense on the acquisition financing.

We expect an effective tax rate of approximately 10% and a diluted share count of approximately 241 million shares. At the midpoint of our revenue outlook of $1.85 billion, this equates to expected non-GAAP diluted earnings per share of $1.25.

As synergies are realized, we remain confident in the earnings power of the combined company. Over the long term, we target mid-to-high single-digit revenue growth, and once fully integrated, within 24 to 36 months of close, non-GAAP gross margin of 50 to 55 percent, non-GAAP operating margin of 30 to 35 percent, and adjusted EBITDA margin of 35 to 40 percent.

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

Phil Brace
Chief Executive Officer and President

Thank you, Philip.

Before we open the line, I want to thank our employees, customers and partners. This is our first quarter as one company, and the energy across our teams is outstanding. Engineers from both sides are already working together, and I'm excited about what lies ahead.

Together, we are stronger than either company on its own: broader technology, greater scale and a much larger opportunity ahead. I've never been more excited about where we're headed.

Operator, let's open the line for questions.

End of Q&A
Phil Brace
Chief Executive Officer and President

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

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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.