

Q3 2026 Financial Results Texas Instruments Incorporated

Conference Call Prepared Remarks

**Wednesday, October 21, 2026
3:30 p.m. Central time**

Mike Beckman, vice president and head of Investor Relations

Welcome to the Texas Instruments third quarter 2026 earnings conference call. I'm Mike Beckman, head of Investor Relations, and I'm joined by our Chief Executive Officer Haviv Ilan and our Chief Financial Officer Julie Knecht.

For any of you who missed the release, you can find it on our website at ti.com/ir. This call is being broadcast live over the web and can be accessed through our website. In addition, today's call is being recorded and will be available via replay on our website.

This call will include forward-looking statements that involve risks and uncertainties that could cause TI's results to differ materially from management's current expectations. We encourage you to review the "Notice regarding forward-looking statements" contained in the earnings release published today, as well as TI's most recent SEC filings, for a more complete description.

Today we'll provide the following updates:

- First, Haviv will start with a quick overview of the quarter.
- Next, he will provide insight into third quarter revenue results, with some details on what we are seeing with respect to our end markets.
- And lastly, Julie will cover the financial results and give an update on capital management, as well as share the guidance for fourth quarter 2026.

With that, let me turn it over to Haviv.

Haviv Ilan, chairman, president and chief executive officer

Thanks, Mike.

Let me start with a quick overview of the third quarter. Revenue was \$6.1 billion, an increase of 11% sequentially and an increase of 28% year over year. Analog and Embedded Processing both grew sequentially and year on year. Analog revenue grew 32% year on year, and Embedded Processing grew 21%. Our "Other" segment declined 6% from the year-ago quarter.

During the quarter, we saw broad demand, with revenue growth across all end markets and regions. Secular growth of semiconductor content is continuing, alongside a strong cyclical recovery. We are working closely with our customers to support them during this

time of increased demand. We are executing to our long-term manufacturing plan, and our investments have positioned us to ramp our factories to support revenue growth.

Now, I'll share some additional insights into third quarter revenue by end market:

- First, industrial increased more than 40% year on year and was up about 10% sequentially.
- Automotive increased mid-teens year on year and increased about 10% sequentially.
- Data center was up about 95% year on year and grew about 20% sequentially.
- Personal electronics was about flat year on year and grew upper-single digits sequentially.
- And lastly, communications equipment grew both year on year and sequentially.

With that, let me turn it over to Julie to review profitability and capital management.

Julie Knecht, senior vice president and chief financial officer

Thanks, Haviv, and good afternoon everyone.

As Haviv mentioned, third quarter revenue was \$6.1 billion. Gross profit in the quarter was \$3.9 billion, or 64% of revenue. Sequentially, gross profit margin increased 280 basis points.

Operating expenses in the quarter were \$1.0 billion. On a trailing 12-month basis, operating expenses were \$4.0 billion, or 19% of revenue.

Operating profit was \$2.9 billion in the quarter, or 47% of revenue, and it was up 73% from the year-ago quarter.

Net income in the quarter was \$2.4 billion, or \$2.62 per share. Earnings per share included a 1-cent reduction not in our original guidance, due to discrete tax items.

Let me now comment on our capital management results, starting with our cash generation. Cash flow from operations was \$3.4 billion in the quarter and \$9.9 billion on a trailing 12-month basis. Capital expenditures were \$463 million in the quarter and \$2.6 billion over the last 12 months. Free cash flow on a trailing 12-month basis was \$8.4 billion, up from \$2.4 billion in the third quarter of 2025. Free cash flow in the trailing 12 months includes \$1.6 billion of CHIPS Act incentives, which includes both the investment tax credit and direct funding.

In the quarter, we paid \$1.3 billion in dividends. In September, we announced we would increase our dividend by 7% to \$1.52 per share, marking our 23rd consecutive year of dividend increases. This reflects our continued commitment to return all free cash flow to owners over time. In total, we returned \$5.8 billion to our owners in the past 12 months.

Our balance sheet remains strong with \$8.1 billion of cash and short-term investments at the end of the third quarter. In the quarter, we repaid \$500 million of debt. Total debt outstanding is \$13.65 billion with a weighted average coupon of 4.11%.

Inventory at the end of the quarter was \$4.7 billion, up \$67 million from the prior quarter, and days were 194, down 2 days sequentially.

Turning to our outlook for the fourth quarter, we expect TI's revenue in the range of \$5.80 billion to \$6.30 billion and earnings per share to be in the range of \$2.45 to \$2.79. We expect our effective tax rate to be about 13% in the fourth quarter. For 2027, we expect it to be about 13% to 14%.

In closing, we will stay focused in the areas that add value in the long term. We continue to invest in our competitive advantages, which are manufacturing and technology, a broad product portfolio, reach of our channels, and diverse and long-lived positions. We will continue to strengthen these advantages through disciplined capital allocation and by focusing on the best opportunities, which we believe will enable us to continue to deliver free cash flow per share growth over the long term.

With that, let me turn it back to Mike.

Mike Beckman, vice president and head of Investor Relations

Thanks, Julie.

Operator, you can now open the line for questions. In order to provide as many of you as possible an opportunity to ask your questions, please limit yourself to a single question. After our response, we'll provide you with an opportunity for an additional follow-up.

[Q&A]