

# **Q1 2026 Financial Results Texas Instruments Incorporated**

## **Conference Call Prepared Remarks**

**Wednesday, April 22, 2026  
3:30 p.m. Central time**

### **Mike Beckman, vice president and head of Investor Relations**

Welcome to the Texas Instruments first 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 Rafael Lizardi.

For any of you who missed the release, you can find it on our website at [ti.com/ir](https://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 first quarter revenue results, with some details on what we are seeing with respect to our end markets.
- Lastly, Rafael will cover the financial results, give an update on capital management, as well as share the guidance for second quarter 2026.

With that, let me turn it over to Haviv.

### **Haviv Ilan, chairman, president and chief executive officer**

Thanks, Mike.

Before I go into the results, I want to highlight that, in the first quarter, we announced an agreement for TI to acquire Silicon Labs. This transaction enhances our global leadership in embedded wireless connectivity, expands TI's portfolio, and leverages TI's internally owned technology and manufacturing and reach of market channels. We expect the transaction to close in the first half of 2027, subject to necessary approvals.

Now, let me provide a quick overview of the first quarter.

Revenue was \$4.8 billion, an increase of 9% sequentially and an increase of 19% year over year. Analog and Embedded both grew sequentially and year on year. Analog revenue grew 22% year on year, and Embedded Processing grew 12%. Our "Other" segment declined 16% from the year-ago quarter.

Let me provide a few comments about the current market environment. In the first quarter, revenue came in above the top of the range, as we saw continued acceleration in industrial and data center. The overall semiconductor market recovery is continuing, and we remain well positioned with inventory and capacity that allows us to support our customers with competitive lead times through the cycle.

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

- First, industrial increased more than 30% year on year and was up more than 20% sequentially, growing broadly across all sectors and regions.
- Automotive increased mid-single digits year on year and was about flat sequentially.
- Data center grew about 90% year on year and grew more than 25% sequentially.
- Personal electronics was flat year on year and grew low-single digits sequentially.
- And lastly, communications equipment grew about 25% year on year and grew more than 30% sequentially.

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

**Rafael Lizardi, senior vice president and chief financial officer**

Thanks, Haviv, and good afternoon everyone.

As Haviv mentioned, first quarter revenue was \$4.8 billion. Gross profit in the quarter was \$2.8 billion, or 58% of revenue. Sequentially, gross profit margin increased 210 basis points.

Operating expenses in the quarter were \$974 million, about as expected. On a trailing 12-month basis, operating expenses were \$3.9 billion, or 21% of revenue.

Operating profit was \$1.8 billion in the quarter, or 37% of revenue, and was up 37% from the year-ago quarter.

Net income in the quarter was \$1.5 billion, or \$1.68 per share. Earnings per share included a 5-cent benefit for items not in our original guidance, primarily due to discrete tax benefits.

Let me now comment on our capital management results, starting with our cash generation. Cash flow from operations was \$1.5 billion in the quarter and \$7.8 billion on a trailing 12-month basis. Capital expenditures were \$676 million in the quarter and \$4.1 billion over the last 12 months. Free cash flow on a trailing 12-month basis was \$4.4 billion, up from \$1.7 billion in the first quarter of 2025, trending up as growth returns and CapEx begins to moderate. Free cash flow in the trailing 12 months includes \$965 million of CHIPS Act incentives. This includes a \$555 million payment received in the first quarter as part of our direct funding agreement, related to the start of production at our newest 300mm wafer fab in Sherman, Texas.

In the quarter, we paid \$1.3 billion in dividends and repurchased \$158 million of our stock. In total, we returned \$6.0 billion to our owners in the past 12 months.

Our balance sheet remains strong with \$5.1 billion of cash and short-term investments at the end of the first quarter. Total debt outstanding is \$14 billion with a weighted average coupon of 4.0%.

Inventory at the end of the quarter was \$4.7 billion, down \$109 million from the prior quarter, and days were 209, down 13 days sequentially.

Turning to our outlook for the second quarter, we expect TI's revenue in the range of \$5.00 billion to \$5.40 billion and earnings per share to be in the range of \$1.77 to \$2.05. We expect our effective tax rate to be about 13% in the second quarter.

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**

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 an opportunity for an additional follow-up.

[Q&A]