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AMKR.OQ - Q1 2026 Amkor Technology Inc Earnings Call

EVENT DATE/TIME: APRIL 27, 2026 / 9:00PM GMT

OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Amkor Technology first-quarter 2026 earnings call. My name is Diego, and I will be your conference facilitator today. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the call over to Jennifer Jue, Head of Investor Relations. Ms. Jue, please go ahead.

Jennifer Jue - *Amkor Technology, Inc. - Vice President, Investor Relations and Finance*

Good afternoon, and welcome to Amkor's first-quarter 2026 earnings conference call. Joining me today are CEO, Kevin Engel; and CFO, Megan Faust.

Our earnings press release was filed with the SEC this afternoon and is available on the Investor Relations page of our website, along with the presentation slides that accompany today's call.

During this presentation, we will use non-GAAP financial measures, and you can find the reconciliation to the comparable GAAP financial measures in the slides. We will make forward-looking statements today based on our current beliefs, assumptions and expectations.

Please refer to our press release for a disclaimer on forward-looking statements and our SEC filings for a discussion on the risk factors and uncertainties that may affect our future results.

I will now turn the call over to Kevin.

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

Thank you, Jennifer. Good afternoon, everyone. Thank you for joining us today.

Amkor delivered a strong start to the year, achieving record first quarter revenue of \$1.68 billion, up 27% year on year. We saw growth across all end markets, and we're encouraged by the breadth of demand we're seeing across our technology platforms.

Communications delivered the strongest growth, and Mainstream posted its fourth consecutive quarter of both sequential and year-on-year growth. Leading chip companies continue to trust us for their advanced packaging and test needs. We are clearly benefiting from our partnerships and our leading technology as we execute on a growing set of advanced packaging programs.

Earnings per diluted share were \$0.33, significantly higher than last year, reflecting disciplined execution and continued progress on our margin initiatives.

Overall, this was a quarter that reflected momentum and demand, disciplined execution by our teams and continued preparation for the advanced packaging ramps we expect in the second half of the year.

As we discussed last quarter, overall semiconductor demand is robust. The industry backdrop remains dynamic. We are closely monitoring export controls and evaluating trade policies. We see supply dynamics around advanced silicon, advanced substrates and memory and are managing these risks with agility alongside our customers and suppliers.

Some customer supplied materials are being delayed, causing non-linear loading. This has been expected, and we are prioritizing production where materials are available to minimize impact.

Uncertainty related to the geopolitical events in the Middle East have increased over the last few months. To date, we have not seen any supply disruptions related to these dynamics. However, conditions in the region are putting additional pressure on material pricing. We're working closely with our customers to offset these increases across the supply chain.

Now let me share an update on our strategic initiatives. First, elevating technology leadership. We continue to invest in advanced packaging platforms, including HDFO, flip chip and test. These are critical to next-generation AI and high-performance computing.

As discussed last quarter, we are engaged on several HDFO programs this year, and the newest data center CPU program is expected to be ramping this quarter. Our preparations in Korea remain on track to scale this program into high volume to second half of the year. Overall, we see increasing opportunities for the compute market from a diverse customer base.

Second, expanding our geographic footprint. In 2026, our priorities include meeting construction milestones of our Arizona facility and expanding manufacturing space in Korea.

In Arizona, we are excited to see the progress as we wrap up foundation work and move towards building steel construction. Construction of Phase 1 is planned to be completed in 2027.

In Korea, the new test building is on track for completion at the end of this year. This will provide incremental space to support data center demand going into 2027.

Third, enhancing our strategic partnerships in key markets. We continue to strengthen collaboration with customers across the ecosystem, including foundries, fabless companies, IDMs, and OEMs. As part of our partnership engagement model, our customers are making contributions that help align technology roadmaps, support our capital investment, and enable rapid ramps as new capacity comes online.

Across all three pillars, we remain focused on margin improvements driven by operational excellence, increased utilization, favorable pricing, and a sustained mix shift toward higher value advanced packaging.

Our mainstream factories in the Philippines are seeing improving demand, and we're continuing to optimize cost in Japan. Utilization of our advanced sites in Korea and Taiwan is increasing, improving profitability.

In just over three weeks, we will host our 2026 Investor Day. This will give us an opportunity to provide deeper view into our strategic pillars. We will explain Amkor's position as the semiconductor industry turns to advanced packaging for value creation.

We are well positioned for this shift, and we are at the beginning of a multi-year value creation journey. We're excited about our future. We look forward to sharing more of our story at the event on May 21.

I'll now turn the call over to Megan to provide more details on our first quarter performance and near-term outlook.

Megan Faust - Amkor Technology Inc - Chief Financial Officer, Executive Vice President

Thank you, Kevin, and good afternoon, everyone.

Amkor delivered record first quarter revenue of \$1.68 billion, increasing 27% year on year. Revenue was above the midpoint of guidance, driven by stronger-than-expected performance across all end markets, except computing, where we saw softness in PCs and laptops. The communications end market was the largest contributor to our year-on-year growth, increasing 42%.

We saw healthy demand across premium-tier smartphones, especially iOS due to our strong footprint in the current generation. Android demand also remained healthy.

For the second quarter, communications revenue is expected to be stronger than seasonal, increasing mid to high-single-digits sequentially, driven by continued strength in the iOS ecosystem.

Revenue in the computing end market increased 19% year on year. Record revenue within AI data center applications was driven by broad-based strength across multiple customers. This was partially offset by softness in PCs and laptops. Computing is expected to grow mid-single-digit sequentially in the second quarter, driven by the ramp of the new HDFO data center CPU device that Kevin mentioned.

Automotive and industrial revenue increased 28% year on year. ADAS and infotainment demand drove record revenue for advanced technology in this end market. The recovery in the mainstream portion of automotive and industrial continued, with Q1 marking the fourth consecutive quarter of sequential growth.

Revenue within the automotive and industrial end market is expected to grow mid-single-digits sequentially in Q2.

Consumer revenue increased 4% year on year due to broad-based improvement in demand across customers. Revenue in Q2 is expected to grow low-teens percent sequentially, driven by wearable products.

Gross margin of 14.2% exceeded the high end of our Q1 guidance range, primarily due to favorable product mix. Gross profit for the quarter was \$239 million, up 52% from last year due to increased volume and focused cost management.

Operating expenses were \$139 million for Q1. Operating income was \$100 million and operating income margin was 6%, an improvement of 360 basis points year on year. Our effective tax rate for the quarter was 12.8%, lower than our full-year target of 20% due to discrete tax benefits recognized in the quarter.

Net income was \$83 million and EPS was \$0.33. EBITDA was \$285 million and EBITDA margin was 16.9%. As we have grown revenue by delivering high-value advanced packaging technology to our customers, we are benefiting from the operating leverage in our model.

In addition, our actions to structurally manage costs are showing up in our results, demonstrating our ability to drive sustained margin improvement. As of March 31, we held \$1.8 billion in cash and short-term investments and total liquidity was \$2.9 billion. Total debt was \$1.4 billion and our debt-to-EBITDA ratio was 1.1 times.

Our strong balance sheet provides the financial flexibility and liquidity for this next investment cycle.

Now turning to our second quarter outlook. Building on the strong momentum in the first quarter, Q2 revenue is expected to be between \$1.75 billion and \$1.85 billion, representing a 7% sequential increase at the midpoint. Gross margin is projected to be between 14.5% and 15.5%.

We expect operating expenses of approximately \$120 million, which includes a gain on the sale of real estate of approximately \$20 million.

Our full-year 2026 effective tax rate is expected to be around 20%. Net income is forecasted to be between \$105 million and \$130 million, resulting in EPS between \$0.42 and \$0.52. Our 2026 CapEx estimate remains at \$2.5 billion to \$3 billion.

As a reminder, 65% to 70% is projected for facilities expansion, including Phase 1 of our Arizona campus. About 30% to 35% is projected for HDFO, test, and other advanced packaging capacity. The remaining spend is projected for R&D and quality programs.

We anticipate elevated CapEx spend for facilities expansion through 2027 as we complete Phase 1 of our Arizona campus. At that point, we will begin recognizing depreciation and other start-up costs as we build and train the workforce ahead of production in 2028.

Similar to our Vietnam ramp-up phase, these preparation costs will be recognized in OpEx until programs are qualified for production, at which point they will transition to cost of goods sold. As a result, we anticipate this will start to dilute operating income margin by approximately 1% to 2% beginning in 2027 and improving in 2028.

Once at full scale, we expect Arizona will be a significant driver of operating income margin expansion, reflecting the benefits of high-value advanced packaging at what is planned to be our most automated factory.

To wrap up, we are pleased with our first quarter performance and the momentum we are building in 2026. We remain confident in the full-year outlook we provided last quarter, with revenue growth driven by acceleration in computing and strong growth in advanced automotive. Our focus and discipline as we execute on our strategic pillars positions us well to continue generating improved financial results and sustained shareholder value.

I would like to emphasize Kevin's remarks regarding our upcoming Investor Day. We are embarking on a multi-year value creation journey, investing today to drive materially stronger earnings power in the future. We look forward to sharing more with you at our event on May 21st.

This concludes our prepared remarks. We will now open the call up for your questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Jim Schneider, Goldman Sachs.

James Schneider, Ph.D. - Goldman Sachs Group Inc - Analyst

Good afternoon, and thanks for taking my question. Given what your commentary on some of the customer supply materials being delayed as well as some pricing pressure that you expect could happen, can you maybe kind of discuss what on net you expect to happen in terms of gross margins in the back half of this year?

I mean, it seems like there are some things very much in your favor, increased loadings, better mix. Maybe talk about from the Q2 baseline you just guided to what the sort of puts and takes are in terms of net impact on gross margins in the back half?

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

So maybe let me -- and thanks, Jim. So let me start maybe with a little bit more detail on the material supply dynamics and then Megan can cover the margin and profitability perspective. So I think when we look at the materials, obviously, we've highlighted that memory, advanced silicon, substrates, we are seeing dynamics there, slightly different dynamics.

I'd say the one that we were able to kind of really see from a supply perspective is the advanced silicon. Sometimes when it comes to memory, we're not quite sure how customers are moving demand around depending on their supply, but we definitely see that from advanced silicon.

So basically what dynamics going on there is we have these situations where there's forecasted material, the wafers or the memory doesn't show up and then we luckily we're in such a demand profile situation such that we have other material that we can typically load. So we haven't really seen a utilization impact, but that is creating a dynamic to where some of the demand is getting pushed forward.

So we're definitely seeing that. And overall, we feel that this supply dynamic for Q2 will be similar as Q1, and we'll continue to manage that way.

But Megan, can you talk a little bit about the margin profile?

Megan Faust - *Amkor Technology Inc - Chief Financial Officer, Executive Vice President*

Sure. So given that environment, we're also in what we would say a constructive pricing environment. So we have been working with our customers to manage some of these pricing pressures. So considering that aspect, we expect that would cover most of those cost increases. So as we look out to the second-half of the year, we're still seeing our gross margins being able to rise in that mid to high teens level.

Given the increase in utilization as well as the ramp expected for our compute segment surrounding the data center, that will have a favorable impact on product mix in addition to that being more high-value advanced packaging. So those three elements, pricing, utilization and product mix are all going to support that lift in the second-half.

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

And maybe let me add a little bit more on pricing and give you a little color there. So when we go back to Q1, we started some pricing activities then that was early on focused on Japan, we had talked about some of the dynamics for Japan in the past. But what we've been doing over the last quarter is we're working with most, if not all of our customers to look at pricing dynamics throughout the course of the year.

I think in general, customers understand that the environment is such that costs are going up and we're seeing some ability and willingness from customers to help us in those dynamics. So we expect to see pricing will kind of increase as we go throughout the year, so that will just help offset some of these cost increases that we're seeing on the material side.

James Schneider, Ph.D. - *Goldman Sachs Group Inc - Analyst*

That's great color. Thank you. And then just to clarify, in terms of the computing ramp you're expecting in the back half, should we expect that to inflect in Q3 or is that more of a kind of Q4-weighted event?

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

So it's going to continue to ramp throughout the year. I'd say the ramp specifically for the CPU device will start this quarter, but we'll start seeing meaningful revenue contribution in the third quarter and then just continues to ramp beyond that even going into 2027 and beyond.

Operator

Ben Reitzes, Melius Research.

Ben Reitzes - *Melius Research LLC - Equity Analyst*

I wanted to clarify your comments around the 1 to 2-point hit that comes at some point in 2027 due to the ramp of, I believe, Arizona. And when exactly should we think about that timing to [OpEx]? And then how should we be thinking about the offsetting revenue impacts there because I assume that there's quite a bit -- but I'm not sure what if it hits right on time or if there's a delay.

And I know you only guide one quarter at a time here or not that far out, but I'm wondering how you would advise us to model that as we look into '27, which is going to be a really strong year for the space?

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

Yeah, so thanks. Yeah, Megan will go through a little bit of the details on the timing. I wanted to kind of step back a little bit and give you our color here. We wanted to make sure that the investment community understood the way that we were looking at the dilution and the cost impacts.

And part of that is thinking about, obviously, the building depreciation versus the equipment depreciation. And obviously, the equipment depreciation cycle is only a seven-year cycle, so that will have a larger impact as we really bring in equipment. So we wanted to just make sure that the investment community understood these dynamics and understood the timing.

And then, Megan, can you give me some more color there?

Megan Faust - *Amkor Technology Inc - Chief Financial Officer, Executive Vice President*

Sure. So, Ben, as far as the exact timing for when in 2027, that's expected to hit, it's a bit too early. Our estimates can shift based on the timing of equipment delivery as well as the speed of qualification process.

So as a reminder, this impact is really following the same framework as what we experienced in Vietnam, where those costs will begin in OpEx and then once we call our first program, those costs move to cost of goods sold and then those will be in margin. So as far as that 1% to 2%. Impact on operating income margin that was anticipated to be a full-year impact based on our estimate of currently when we believe those costs will begin.

And then we see that improving in 2028, which is when we're going to start scaling. And that leads to your second part of the question. We will see some modest revenue in 2028. That will then scale in 2029, where we believe exiting '29, we will have meaningful revenue such that moving into 2030, we would experience the full impact from the Arizona facility. And all that obviously is subject to customer qualification, et cetera, but that's what our current plan shows.

Ben Reitzes - *Melius Research LLC - Equity Analyst*

Okay, thanks for that color. And then just with regard to the CPU ramp, this is a new product and whatnot. You've talked about it being higher margin. How should we think about -- you already mentioned, Kevin, that it's going to sustain and get bigger in '27. Do you see a strong pipeline for the CPU business, both ARM and maybe even [x86]?

And just how would you characterize that win? Is it the first one? Is that the only one you have visibility on -- or is this a category that could become a meaningful contributor even beyond the big one that you got?

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

Yeah, thanks for that. I would say, in general, strong tailwinds, obviously, the one device that will ramp first, we see a lot of opportunity there, again, really ramping even beyond 2026. Other customers, we are engaged, so there are other activities going on there, even in some of the more advanced package types, kind of again, kind of looking more into 2027 for the more advanced packages.

But if we look at this HDFO platform in general, whether this is a swift technology similar to TSMC's COAS R, or whether it's a COAS L, Amkor S-Connect technology, the customer engagements are broadening. So for those platforms now, we have over five customers that we're engaged with, different levels of qualification. And then obviously, just to go back to the 2.5D, the silicon interposer type technologies.

Again, while we're ramping down the legacy volume customer, we continue to see more customers engaging there, so that customer base we had talked about before being half a dozen, I would say we're over half a dozen now.

So across that whole platform, that's what we're really looking at the when when we look at our investments in equipment for this year, vast majority of that investment is going into these types of platforms in Korea and then some of the other wafer-based activities in Taiwan.

Operator

Randy Abrams, UBS.

Randy Abrams - *UBS AG - Analyst*

Yes, okay, thank you. Yeah, I wanted to ask a follow-up question on your loading level with it picking up across mainstream advanced. If you could give a sense of utilization or headroom to grow to take on projects both in Korea, Vietnam, just ahead of Arizona?

And then if we look at the Phase 1, it looks like it adds about 10% to your network in terms of floor space. Should we think that's approximate revenue power or if we're doing advanced packaging, should we take a different approach to revenue as you bring on Arizona?

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

So first, utilization. So at a high level, our Q1 utilization was in the low 70s and if you compare that to Q1 last year, we were in the 50s, so pretty significant improvement year on year. When we think about Q2, we'll still be in the 70s, it will be a slight improvement, but a little bit of an increase from Q1.

And then when we kind of think about how that's split, I think we talked about this a little bit last quarter, the advanced lines are filling up. And some of these areas are getting to levels of high utilization. And then we still have some factories more in the mainstream side where utilization is low.

I think we're seeing improvements in the Philippines and mainstream, but some other factories where we have some additional space to improve utilization.

Then when we think about these more advanced programs prior to the US factory coming online, for Korea, space is something that we're monitoring very closely. You may recall we're building a new facility there now. That facility will be completed the end of this year, so that will give us some headroom going into 2027 to continue to ramp.

And then when we look at Vietnam, we talked a little bit about this in the past, we're migrating some of our SIP products from our Korea facility over to Vietnam, that will help provide additional room in Korea, and then we're also obviously improve our utilization in Vietnam.

So we have continued room in Vietnam to grow from a space perspective, that building, we even have some clean room space that's yet to be facilitated, so we have headroom there. And then just to summarize again, Korea, we're expanding aggressively. I think that's an area where we see just a tremendous amount of demand going through this year and into next.

Randy Abrams - UBS AG - Analyst

Great, I appreciate the color on that. And then for the Arizona, it's maybe just to follow up to the first question, Arizona, if you could run through on the scale that that could add?

And then second question. Wanted to ask on the just a bit more on the computing. I think one side with the traction that Intel is seeing on EMIB, if you could talk about opportunity timing or potential to take on either foundry or internal business, if that's an opportunity.

And then just curious a bit more on the CoASL or S-Connect, how that's coming together with a lot more projects seem to be moving in that direction?

Kevin Engel - Amkor Technology Inc - President, Chief Executive Officer, Director

Okay, Randy, so for Arizona, you're thinking right, I think we had mentioned roughly from a revenue perspective, we can be in the \$1 billion run rate kind of range about 10% of our 2025 revenue to over 10%, so I think you're thinking around the right levels.

Then when it comes to EMIB, I don't want to talk too much about that. Obviously, we had talked about how in the past that there is a collaboration with Amcor and Intel related to providing some additional outsource modeling for EMIB. I'd say that activity is continuing. I don't think I want to go too much more into detail there.

And then on the COAS-L. As I mentioned a little while ago, we do have one CPU product that we're working on with our customer. I think I would say we're still a little bit early in the development cycle with that customer, so it's going to take some time.

I would say that's more likely a 2027 discussion, but because of the constraints in general in the supply chain and in the packaging space, these customers are very motivated to try to move as quickly as they can to develop these new technologies and new supply chain options. So we really feel that's a positive benefit for us.

Randy Abrams - UBS AG - Analyst

Okay, great. Thanks a lot, Kevin.

Operator

Peter Peng, JPMorgan.

Peter Peng - JPMorgan - Analyst

Hey, guys. Thanks for taking my question. Just on your AI advanced packaging, I think last quarter you mentioned that it can grow three times year over year. To what extent is that a demand number or is that a supply constraint number?

I just want to get a sense of how much you guys can improve that number over the course of this year.

Kevin Engel - Amkor Technology Inc - President, Chief Executive Officer, Director

Okay. Hey, Peter. So yeah, I'd say we're still on track for tripling. I'd say the opportunities are there to grow beyond that, I'd say there's several dynamics that can affect it, like you said, potentially silicon supply, memory supply, also just our ramp profile, obviously, we're bringing in equipment as rapidly as we can to support these ramps.

So I think either one of those could affect it, we'll see how the year progresses, but I think at this point, we're still very confident in that tripling.

Peter Peng - JPMorgan - Analyst

And then I think last quarter, you guys mentioned that the compute is going to grow 20% and then the high end of the automotive is going to grow pretty strong and the rest of the business is kind of just single-digits, but if you kind of look at your communications, right, you guys are setting up for strong growth.

One is, do you still see low single-digits as a reasonable assumption for the remainder of the business? And if so, does that imply that you guys are probably baking in some sort of deterioration in your communication markets for the second half of the year?

Kevin Engel - Amkor Technology Inc - President, Chief Executive Officer, Director

Yeah, so I would say if we look at communications today, a little bit stronger than we were thinking last quarter, so I'll say that guided single-digits. I don't know that we said low or mid, but we said single-digits. I'd say now we're feeling a little more confident that that market is going to be higher into low double-digits. So I think that's positive.

We are obviously looking at first half versus the second half, the dynamics there. Typically, that second-half lift is very high. We're anticipating potentially a slightly less boost in the second-half related to that this was a very strong cycle we're coming off of the first half, we're seeing a little bit of strength, a little bit more than we would have anticipated.

So we're a little bit hesitant to say that the first half, second-half dynamic will be the same for this year.

Operator

Craig Ellis, B. Riley Securities.

Craig Ellis - *B. Riley Securities Holdings Inc - Equity Analyst*

Yeah, thanks for taking the question. Kevin, I'll start with one there and just dig a little bit deeper into what you guys are saying. So I think in the data that we track, it sure looks like the supply chain built above seasonal for both.

Smartphones, mid to high-end and PCs mid to high-end through the first quarter, and our read is that that's persisting in the second quarter. And some of that relates to memory and other component availability. And there are some other things that are at place?

So the question is this, can you quantify the extent to which the communications business, it may be tracking a little bit better? And Megan, are you hearing any concern from your customers about the build intensity in the back half of the year? And I was a little bit surprised to see that notebooks weren't a little stronger.

Intel's client computing group comes to mind as an area of strength there. Is there something programmatic that's happening inside of that business or what do you see going on?

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

Okay, Craig, I'll actually start with that one and I'll ask Megan to help me a little bit on the communication side. So on the PC, yeah, I'd say there's something a little bit different going on there. If we look at the unit volumes that we're seeing from the customers that we're supporting, it's still holding in there.

So we've talked in the past about how the transition to ARM-based PCs, how more of a preference toward a premium tier that we think that will buffer us somewhat from the material constraints, and I'd say we're seeing that.

One of the biggest dynamics that we're seeing is we have a customer where they were rebalancing their supply chain a bit. And so we saw increases in a different market and then slight decreases in the computing in the PC space.

So overall, that customer is growing significantly, but they decided to prioritize a slightly different market. So I'd say that's a bigger dynamic than the actual PC unit volume. So I definitely don't want to signal that we're seeing strong PC sales. So that's the first one.

Megan, can you comment?

Megan Faust - *Amkor Technology Inc - Chief Financial Officer, Executive Vice President*

So if I understood the question around comms, I mean, we are seeing both with our Q1 actuals and our Q2 guide, the communications market coming in stronger than we expected last quarter. And just to reiterate Kevin's comments about the full-year shape for comms, because of that strength coming off a very successful last fall launch. We don't anticipate that the second-half growth over the first half will be as pronounced because we see the first half being, I'm going to say, much stronger.

And then for the full year, we do see a better outlook on comms rising into the high single-digits plus. Did that answer your question, Craig?

Craig Ellis - *B. Riley Securities Holdings Inc - Equity Analyst*

And then the follow-up, I'll direct to you, Megan. So we're looking for \$2.75 billion in CapEx this year. It looks like we spent about \$275 million in the first quarter, so how should we think about the linearity through the year with the balance of the CapEx investment?

Megan Faust - Amkor Technology Inc - Chief Financial Officer, Executive Vice President

Yeah, sure. So the first quarter came in a little bit lower than what we were expecting. I will point you to the balance sheet. Our CapEx payable did increase \$200 million. So that's really just timing of when those payments will be made.

But as far as the shape of the year, it looks like it's going to be more of a 30% first half, 70% second half year for CapEx.

Craig Ellis - B. Riley Securities Holdings Inc - Equity Analyst

Really helpful.

Operator

Denis Pyatchanin, Needham & Company.

Denis Pyatchanin - Needham - Analyst

I think this was maybe partially answered in the previous question, but maybe for your end markets, could you please like rank order the expected growth or visibility going through the rest of 2026? And for all of these end markets, are high memory prices showing any impact on demand at all?

Kevin Engel - Amkor Technology Inc - President, Chief Executive Officer, Director

Thanks, Denis. So where do I want to start? So if we look at the trying to rank them a little bit, so the compute segment as or market as an example, we're still seeing plus 20% in that kind of a rate for the full year.

Again, a couple of things there, as we mentioned, tripling. On the advanced side for the data center and then muted on the PC side related to the dynamics we just spoke about.

For auto industrial, we had talked about pretty strong growth there, definitely on the advanced side, a little bit modest growth on the mainstream. So that's the wire bond type packages. And again, what's going on there, the dynamics you're aware of, increases in ADAS. In-car computing, those types of applications and then the more traditional drivetrain type of CPU or those types of products, they're just a little bit more muted, but at least recovering.

Then when we look at the rest of the market, we had signaled again single-digit growth. We've been talking about how comms is looking a little bit better, potentially approaching double-digits, so we feel better there.

But in general, still a lot of different dynamics, it's hard to gauge how memory is going to impact things. I'd say a lot of customers obviously are talking about memory, prioritizing, looking at different supply chain options, optionality for them, but in general, we're still seeing pretty strong demand.

If we look at impacts related to material supply, I would try to give that a range of around \$50 million to \$100 million for Q1, and again, that likely is just a push out of materials, and then we would expect a similar level in Q2, but again, we'll see how that develops overtime time.

Denis Pyatchanin - *Needham - Analyst*

Great, thank you. And then regarding the operating margin impact from the Arizona facility, maybe so if we look at the positive side going into 2028, how big of an impact can we expect there? Like what are your expected co-op product margins? Are they significantly higher than the current corporate average?

Maybe like on a related note, what are we thinking about the financing mix for the overall \$7 billion outlay?

Megan Faust - *Amkor Technology Inc - Chief Financial Officer, Executive Vice President*

Sure, I can take that. So as far as the business that we are operating in our Arizona facility, that will be at a, I'm going to say, meaningfully higher than our corporate average. So as far as impact on '28, we don't want to give too much detail here, we'll save that for our Investor Day and long-term outlooks.

And then your second part of that question was about funding. So, we had outlined a \$7 billion investment for the two phases in Arizona. We have several, I would say, opportunities to help fund that. Just as a reminder, we do have government incentives in the form of CHIPS grant funding of \$400 million, as well as the 35% investment tax credit. That's a pretty meaningful support of \$2.8 billion.

In addition, we are working with our customers on different forms of support, and so that is a second part, we have some that have been executed and others that are currently in discussion. And then on the Amkor side, we have quite a bit of liquidity.

We have, I would say, debt capacity. And so we're evaluating what we may need to do there as well in the future. But as far as our 2026 investments, our current liquidity provides ample flexibility for us to manage that.

Operator

Joe Moore, Morgan Stanley.

Joseph Moore - *Morgan Stanley - Analyst*

Great. Thank you. You talked about export controls as a factor you're considering. Can you talk about what the variables might be there? Is that more around the AI-centric stuff or anything else that we should be aware of?

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

I think what we were trying to signal more there was around pricing that basically between -- well, I guess two dynamics. One related to the Middle East and what's going on there and as oil prices continue to rise and just commodity pricing in general, whether it's precious metals, things like that, those are putting pricing dynamics in play for our suppliers.

So that's one dynamic that we're watching very closely.

And then the other one is just in general, whether it's trade discussions going back and forth between the US and China related to different AI products. But I'd say that is at least become more normalized now for us.

So we see the demand and fluctuations, but for us, there's whether it accelerates from a restriction perspective or it loosens, I think we're ready to kind of balance that. It's not a dynamic that has a huge impact on what we're looking at today.

Operator

Thank you. And at this time, I'm showing no further questions. I would like to turn the call back over to Kevin for closing remarks.

Kevin Engel - *Amkor Technology Inc - President, Chief Executive Officer, Director*

Thank you.

Now for a recap of our key messages. Amkor delivered a strong start to the year, achieving record first quarter revenue of \$1.68 billion, up 27% year on year with growth across all markets. Utilization is improving, even as material supplies are constrained in the industry.

Over the past couple of quarters, we have been preparing for growth in our advanced packaging portfolio. We are ready to support a strong Q2. Key product ramps are coming in the second half of the year. Our footprint is expanding to meet customer needs going into 2027 and beyond.

Thank you for joining the call today, and we look forward to seeing you at our Investor Day.

Operator

Ladies and gentlemen, this concludes today's conference call. You may now disconnect.

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