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# EDITED TRANSCRIPT

AMKR.OQ - Q3 2026 Amkor Technology, Inc. Earnings Call

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## OVERVIEW:

Company Summary

## CORPORATE PARTICIPANTS

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

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

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

## CONFERENCE CALL PARTICIPANTS

**Ruplu Bhattacharya** *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

**Joseph Moore** *Morgan Stanley - Analyst*

**Jack Adair** *Melius Research - Analyst*

**Randy Abrams** *Ubs Inc - Equity Analyst*

**Steven Fox** *Fox Advisors LLC - Analyst*

**Steve Barger** *Keybanc Capital Markets Inc - Analyst*

**Denis Pyatchanin** *Needham & Company, LLC - Analyst*

## PRESENTATION

### Operator

Good day, ladies and gentlemen, and welcome to the Amkor Technology third quarter 2026 earnings conference 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.

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

Good afternoon, and welcome to Amkor's third 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 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.

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

Thank you, Jennifer. Good afternoon, everyone, and thanks for joining. Amkor delivered a strong third quarter with revenue of approximately \$2 billion. For the second consecutive quarter, we achieved record revenue in both Computing and Automotive and Industrial end markets. Gross margins expanded to over 18%, and operating margins increased to over 11%. These results reflect continued execution against our strategy and demonstrate the improving earnings power of our business.

On a year-on-year basis, revenue in the third quarter continued to accelerate in Computing and Automotive and Industrial with both end markets growing 37%. In Computing, demand remained robust and our flagship HDFO CPU program ramped throughout the quarter. Automotive and Industrial continue to benefit from strong demand for advanced in-car computing applications such as ADAS and infotainment.

Now let me share an update on our three strategic pillars. First, enhancing strategic partnerships in key markets. Customers are engaging earlier, aligning technology roadmaps and making longer-term commitments as advanced packaging becomes increasingly critical to AI and high-performance computing. We continue to see a shift in how customers support capacity expansions.

Customers are not only planning further ahead, but are also making long-term commitments and providing advance payments tied to future capacity requirements. This gives us confidence as we accelerate our capital spending above historical norms. We believe this reflects a broader change in our industry. These commitments reflect our customers' confidence in their long-term advanced packaging requirements and in Amkor's ability to support their product roadmaps.

For Amkor, these agreements improve visibility, strengthen alignment with our customers and support disciplined investment in advanced packaging capacity as our global footprint increases, including Arizona and our Asia facilities.

The second pillar is elevating technology leadership. Customer engagements remain strong across our advanced packaging platforms and our pipeline continues to broaden. The progress we are making across our HDFO and 2.5D programs continues to reinforce positive outlook for the long-term growth opportunities in Computing.

Our flagship HDFO CPU program is scaling. An additional HDFO CPU program for a hyperscaler began ramping in Q3 and two new 2.5D programs in networking and data center are expected to come online in Q4. Customer engagement is particularly strong in next-generation AI infrastructure with additional advanced packaging opportunities developing across traditional data center, PC applications and automotive. Advanced packaging is on the critical path of system performance.

As customers push for greater performance, higher bandwidth and improved power efficiency, packaging technology is playing a larger role in enabling product roadmaps. As a result, customer discussions today are broader than they were just a few years ago. We are increasingly engaged in architectural design, technology roadmaps and test strategy along with long-term capacity planning.

Our turnkey model allows us to integrate advanced packaging and test capabilities, providing customers with more complete solutions. This strengthens our competitive position, deepens customer relationships and creates additional opportunities to deliver value across the product life cycle. Taken together, the breadth of customer engagements we see today affirms our view that advanced packaging will remain a meaningful growth driver for Amkor over the coming years.

Our third pillar is expanding our geographic footprint. In September, we announced phase 2 of our Arizona advanced packaging and test campus, which is expected to break ground in late 2027 as phase 1 construction nears completion. Together, both phases are planned to be over 90,000 square meters of clean room space and represent an estimated investment of \$12 billion. When fully ramped, the campus is expected to support a workforce of over 3,500 employees, strengthening the US semiconductor ecosystem and support our customers' long-term needs.

In Korea, we recently broke ground on two new buildings on our Gwangju campus. This additional space is being built to support the continued ramp of HDFO for our data center customers, including the recent announcement with NVIDIA. On our Songdo campus, the new assembly and test building remains on schedule for completion by year-end. The incremental space is planned to expand test capacity for automotive and data center customers and strengthen our regional turnkey capabilities.

Following completion of these expansions in 2028, our Korea footprint is expected to increase by 40% from 2025. This cements Korea as a center of excellence for high-value advanced packaging. Our Vietnam build-out is also progressing as planned with increasing scale and a continued focus on automation. Automation allows for optimal space planning, higher equipment utilization and quality assurance. Our vision is for Vietnam to become our SiP center of excellence.

It's been exciting to see this facility ramp from a piece of undeveloped land in 2021 to a high-tech manufacturing operation today. As we migrate SiP from Korea to Vietnam, we are opening up needed clean room space in Korea for additional advanced packaging growth. The released space in Korea is being redeployed and quickly consumed by advanced packaging customers.

In closing, our third quarter results demonstrate strong execution and continued momentum across the business. We delivered record revenue in Computing and Automotive and Industrial, expanded margins and advanced key programs. Customer commitments continue to grow, giving us greater visibility as we expand advanced packaging capacity. We are well positioned to capture long-term growth opportunities ahead.

I will now turn the call over to Megan to provide more detail on our third quarter performance and near-term outlook.

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

Thank you, Kevin, and good afternoon, everyone. Amkor delivered third quarter revenue of \$1.99 billion, an increase of 5% sequentially. Our Computing and Automotive and Industrial end markets each achieved record revenue. Revenue in the Communications end market declined 8% sequentially. The factors we discussed last quarter largely developed as expected. These included the strategic migration of SiP technology to Vietnam, memory supply constraints and changes in build patterns.

Component shortages affecting premium tier smartphones and IoT wearable devices created an additional headwind during the quarter across both Communications and Consumer applications. We expect these conditions to continue in the fourth quarter and for Communications revenue to decline high single digits sequentially. Revenue in the Computing end market increased 25% sequentially to a new record. During the quarter, we continued to scale our flagship HDFO CPU program and saw growth in other data center programs.

Looking ahead to the fourth quarter, we expect revenue to increase low double digits sequentially, driven by ongoing scaling and new program ramps. Q4 is estimated to result in over 50% growth year-on-year and provides strong momentum heading into 2027.

Revenue in the Automotive and Industrial end market reached a new record, increasing 7% sequentially. Growth was driven by both ADAS and industrial products across multiple customers. In the fourth quarter, we expect continued strength with revenue growing low single digits sequentially.

Consumer revenue increased 10% sequentially, driven by demand for IoT and home electronic products. Revenue was impacted by the same component shortages affecting premium tier smartphones. We expect these shortages to continue in the fourth quarter with Consumer revenue declining more than seasonal into the mid-teens percent sequentially. Gross margin for the quarter was 18.3%, an increase of 150 basis points sequentially and 400 basis points year-on-year. Gross profit was \$364 million.

Gross margin expansion is primarily driven by a richer mix of high-value advanced packaging, reflecting strong growth in Computing and Automotive. During the quarter, gross margin was impacted by foreign currency headwinds and to a lesser extent, the impact of the July earthquake on our Kumamoto Japan facility. Together, these factors had an unfavorable impact of approximately 60 basis points sequentially. Our Japan facility returned to full operations within the quarter. Third quarter operating expenses were \$139 million.

Operating income was \$225 million, resulting in operating income margin of 11.3%. Net income was \$191 million, resulting in earnings per share of \$0.76. EBITDA was \$435 million and EBITDA margin was 21.8%. Our balance sheet remains strong and provides significant flexibility as we continue to invest to support long-term growth. As of September 30, we held \$2.4 billion in cash and short-term investments, and total liquidity was \$3.4 billion. Total debt was \$2.5 billion, and our debt-to-EBITDA ratio was 1.7 times.

Now turning to our fourth quarter outlook. Q4 revenue is expected to be between \$1.9 billion and \$2 billion. Gross margin is expected to be between 18% and 19%. We expect operating expenses of approximately \$140 million.

Our full year effective tax rate is expected to be in the high teens percent due to year-to-date discrete tax benefits. Net income is forecasted to be between \$160 million and \$185 million, resulting in earnings per share between \$0.65 and \$0.75.

We are narrowing our estimated 2026 CapEx spend to around \$2.5 billion, primarily reflecting the timing of construction payments for our Arizona campus. Phase 1 construction remains on schedule for completion by the end of 2027. Looking ahead, we expect a step-up in CapEx in 2027, driven primarily by facility investment in Arizona, Korea, and Vietnam, as we expand capacity to support our long-term growth opportunities.

We will provide specific 2027 CapEx guidance on our fourth quarter call in February. Customer advance payments are expected to provide significant funding support for these CapEx investments. Since 2025, Amkor has executed advance payment arrangements with a dozen customers, primarily supporting advanced packaging capacity across both Korea and Arizona, and there are several more customer agreements under discussion.

In closing, our third quarter results demonstrate the earnings power of our business. A richer mix of advanced packaging revenue and strong execution drove meaningful margin expansion. We remain focused on disciplined investment as we position the business for profitable long-term growth.

This concludes our prepared remarks. Operator, we will now open the call for questions.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Ruplu Bhattacharya, Bank of America.

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### Ruplu Bhattacharya - Bofa Merrill Lynch Asset Holdings Inc - Analyst

First one for Megan. You're guiding to about 20 bps of sequential gross margin improvement for the fourth quarter. How should we think about the impact of the SiP migration to Vietnam as well as weakness in the Android smartphone market and any other factors like FX or if there's any lingering issues in Japan? Can you just help us parse how you're thinking about that sequential improvement? And I have a follow-up.

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

Sure. So correct, we are going to see some modest expansion in our gross margin in Q4. That's primarily due to favorable product mix as it relates to further growth in our compute. And then I would say, lower SiP, as you had mentioned before. We are also anticipating continued unfavorable FX.

As it relates to the Communications market, we've indicated in Q4 that would be down sequentially. As it relates to the dynamics between, I would say, the iOS and the Android, we do see Android being down in Q4 compared to Q3. And we also see iOS down. So we see both ecosystems down. And did you have a follow-up?

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### Ruplu Bhattacharya - Bofa Merrill Lynch Asset Holdings Inc - Analyst

Yes. I had a follow-up for Kevin. So with this new announced agreement with NVIDIA, it looks like total prepayments are now about \$3 billion. Kevin, how should we think about the division of programs between South Korea and Arizona? And will the margin and capital return profiles differ materially between these 2 locations?

And from a risk management standpoint, if any major AI program changes, how fungible is this advanced packaging equipment? So a couple of different parts, but if you can just talk about Korea versus Arizona, the margin and capital return profiles and how you're thinking about risk management.

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

Yes. Thanks, Ruplu. So a few components there. So when we think about the mix between Korea versus Arizona, obviously, for Korea, we're ramping today. That's obviously very important for us to continue to accelerate that ramp.

There's a lot going on there. I mean, I have a little bit of color because we talked about the expansions in these locations as well. So in Korea, obviously, as we migrate the SiP from the Korea facility over to Vietnam, that opens up space in the Korea facility and that we're quickly filling with assets that we already have on order to continue that ramp profile, I would say, short term.

Then when we get to midterm, we have the new building on the Songdo campus that will be opening at the end of this year that will start to ramp to continue that acceleration. And then that announcement is also contemplating these K4 or that's our Gwangju location, where we have 2 new buildings where we recently broke ground, and those will drive the acceleration into late '27 into '28.

Those buildings will be completed for construction in late '27. To give you an idea of scale there from a spend perspective, the construction in Korea will basically for 2027 be in the \$400 million to \$450 million range. And then we talked about, obviously, this expansion in Vietnam, where the SiP is going in. And that expansion facility-wise for 2027 is in the \$50 million range. Obviously, for Arizona, that ramp is later.

Again, the facility will be completed late this year. We'll start moving assets in. So for that customer, that will be more of a 2020 -- late 2028 type ramp profile. And then when we think about gross margins for both facilities, what we -- obviously, when we think about Arizona, we do expect the overall cost to be higher related to building depreciation, labor. We're managing that through multiple ways.

Number one is keeping the factory very heavily utilized. So it will be lower product mix, higher utilization. And the customers we have planned for that facility understand that we want to reduce the seasonality, preferentially load in Arizona and then obviously offload into Asia. So that allows us to really keep that factory running at a high level. And obviously, it will be our most advanced related to automation.

So that will help us from a labor perspective. So long term, while there may be some slight deltas in the margin profile, we wouldn't expect a big delta between the two. So I think that's a positive outlook. When we think about risk, the CAP agreements really help us from a risk profile. There's obviously multiple terms in those agreements that build confidence for us in getting that profile built.

The asset fungibility, we think about any high-density fan-out program, 2.5D, even wafer bumping type things, these assets are fungible up and down that stack. Obviously, the scale that we're working with this customer is hard to offset. But I'd say, regardless, the technology is very fungible to different customers.

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**Operator**

Joe Moore, Morgan Stanley.

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**Joseph Moore** - Morgan Stanley - Analyst

Great. You had good results in compute, up 25%. I think you had talked about up 30% when you reported last quarter. So can you just talk about -- I assume that's sort of more constraints on the supply side, but can you give us some indication of that trajectory and any nuance there?

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

Yes. I wouldn't necessarily say supply side actually, Joe. It's more related to -- you have to kind of imagine this process flow for these HDFO parts. This is over 300 steps in the process. So to build out that pipeline, get the product in the right locations, I think we talk a lot about WIP loading to get that built into that whole chain with multiple steps takes time. So I'd say we were -- it took a little bit longer to really load the line to the level we wanted to. I wouldn't say anything related to supply constraints.

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**Joseph Moore** - Morgan Stanley - Analyst

Okay. That's helpful. And then also on the end market mix, it looked like you had some strength in Automotive. Any sense of what you're seeing in that part of the market?

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

Yes. Thanks for that question. I wasn't sure that was going to come up today. But I'd say Automotive and Industrial are actually very, very positive on that. There's a few things.

For Automotive, the advanced products, again, think in-car computing, ADAS, all those applications are continuing to grow for us, and that's a really exciting area. If you think about how the automotive industry has changed over the few years, it used to take years to develop a product, get it into a car. That's really accelerating.

And so the advancement of new technologies in cars is going much more aggressively than we've seen in the past, which benefits these advanced packages. Think about Arizona in general, where we have a lot of autonomous cars, the amount of semiconductor content in these vehicles is really increasing as that continues to proliferate down into passenger cars.

We obviously will continue to see semiconductor content per car growing. And then in addition to that, the mainstream legacy-type packages going into cars are also rebounding. I'd say our customers, it's nice to hear them talk about their positive outlooks, inventory being under control, where that's taken years to get to that level. So that's all boding well. And then I don't want to leave out Industrial.

Industrial, we also see some pretty significant growth there. So all three of those areas, we've seen positive momentum.

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**Operator**

Ben Reitzes, Melius Research.

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**Jack Adair** - Melius Research - Analyst

This is Jack Adair on for Ben. I wanted to dive deeper into the Computing segment. You had guided Computing to be up over 50% year-over-year in 4Q. Could you talk more about the momentum into 2027 with more capacity coming online in Korea and more data center engagements ramping? And if that pace can continue in 2027?

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

Yes. Thanks for the question. Yes. I mean, so basically, with our guide, we're expecting over 30% growth in Computing from 2025 to 2026. Again, keep in mind, that encompasses PC as well as data center.

PC is relatively soft, but data center has offset that, and that's really what's driving this over 30% growth. We would expect a similar growth rate to even higher growth rate into 2027, again, based on that space profile that I outlined already.

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**Jack Adair** - *Melius Research - Analyst*

That's helpful. And if I could ask one more about your Communications business. And with the new launch cadence at Apple, just if you could help us with more color on seasonality in '27 and if you expect content gains to be a factor there with new form factors in the mix.

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

Okay. Yes. So comms is interesting. I think overall, it's a little early to tell what the full year profile will look like. But you're right, with the different launch profiles, which we tried to signal a little bit going back last quarter, that we would expect that to change our typical seasonality.

But I think it's, again, a little too early to see how that's going to completely play out. You can imagine there's lots of different dynamics going on there between supply constraints, memory pricing affecting overall demand, the build cycles like you talked about. So there's lots of components there. But in general, related to the form factors, I don't see that there's a lot of impact related to that. Obviously, it's more about unit sales, the better these -- the phones sell, obviously, that bodes well to just increased demand overall.

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**Operator**

Randy Abrams, UBS.

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**Randy Abrams** - *Ubs Inc - Equity Analyst*

Yes. My first question, I wanted to expand on your Computing opportunities. You're having a nice ramp on the CPU program. Could you talk about your progress on the fan-out bridge, how that is progressing? And also, if you could talk about the scope. I think you mentioned a couple of other new projects such as networking ramping up, how you see those incremental activities for compute.

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

Okay. Yes. Thanks, Randy. So yes, a few things there. So when we think about the bridge opportunity, I'd say that's progressing as expected.

We talked about that being a late 2027 opportunity into '28. I think our timeline still matches that. The discussions with the customer are ongoing. Obviously, there's a lot of interest again, to kind of secure capacity overall. Again, we kind of paint a little bit of a picture around capacity constraints in general across the industry.

When we think about Computing, obviously, early on, there's a lot of discussion around silicon availability, memory availability. I'd say those seem to be -- I mean, they're still there, but at least customers understand better what is available to them going into 2027. And I think that has highlighted even more that packaging is becoming one of the key bottlenecks. So customers are really working to make sure they secure capacity into '27 and even into 2028. So that's where you start to see a lot of these advance payment discussions.

And help me with the second question again, Randy?

**Randy Abrams** - *Ubs Inc - Equity Analyst*

Yes. The second part of that was the other projects. If you could talk a bit more about the scope, is compute concentrated with the core CPU or you're seeing good broadening out to these other projects, if you expect them to be meaningful?

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

Yes. So I mean, meaningful. I think these core fundamental programs are scaling much, much faster. So I think I have to say that. But I think we have programs going on in the xPU, networking programs and things like switches.

Those are 2.5D type programs. And then again, we talked about the CPU program for a hyperscaler. Again, all of those are on track, either ramping now or ramping in the next quarter or this quarter, late this quarter. But I think overall, the scale-wise, the big driver is the key programs we talked about.

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**Randy Abrams** - *Ubs Inc - Equity Analyst*

Okay. Great. And my second question, I wanted to ask about the cost and also the pricing environment. We're seeing a lot of the substrate and material costs rise, but also tight capacity. I think your Taiwan peer has been raising price.

How do you see both of those drivers? And if I could add just one offset. Would the SiP business rebound stronger next year to offset if you indeed could see some pricing improvement? Do you see any offsets from SiP?

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

Okay. Yes. So yes, I mean, there's definitely cost pressure. I think we're managing that closely with our suppliers. And typically, we're passing those costs on to our customers.

I think the pricing environment in general is still attractive related to being able to pass costs along and think about long-term investment and how we're managing that margin profile to make sure the return is there. And again, you think about the number of players that support these types of products or these types of packages, it's relatively limited.

So that creates an environment where I think all of the players in this field are able to really drive an attractive cost structure and price structure just because of the overall constraints in the capacity in general.

Then when it comes to SiP, we definitely see that -- again, we talked about the short-term kind of headwinds related to the transfer and how you always have a little bit of a gap as you're moving assets across the oceans. But we definitely see with working with the customers that the rebound is there.

There's a lot of pipeline built up for SiP. Pricing, I'd go back with that related to passing on cost increases that we're seeing, maybe not so much related to really driving an overall margin acceleration related to that business part.

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**Operator**

Steven Fox, Fox Advisors.

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**Steven Fox** - *Fox Advisors LLC - Analyst*

I had two as well. I guess, first of all, you gave a lot of great clues on how CapEx could look like for next year. Can you talk about how some of the capacity expansion could impact gross margins in the coming calendar year? And also how much of a mix offset you could get roughly when we think about that? And I have a follow-up.

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

Okay. Megan, can you take that one?

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

Sure. So just to reiterate, Steve, we did want to signal without -- we're not yet ready to provide full 2027 CapEx guidance, but that we are proceeding with some programs that Kevin outlined that are going to step up CapEx, specifically around facilities.

So just to recap there, we have the Arizona facility, we gave a framework that '27 could be up to 15% of that \$12 billion in '27. And then for Korea in the range of \$400 million to \$450 million. And then Vietnam, \$50 million.

So altogether, those are higher than \$2 billion just around those programs. So as it relates to margin impact, just as a reminder, the Arizona facility will not yet be completed until the end of '27. So that won't start being recognized in the income statement until that's completed. So we'll be capitalizing that over the course of the year, similarly with the other primary projects in Korea. As it relates to equipment, we do anticipate further expansion on the equipment side.

We're going to see probably around a mid-teens percent increase in depreciation in '26. I do expect that, that will increase somewhat in '27. It's still too early to tell yet what that impact on margin will be. However, as you just mentioned, we are executing on our strategic plan, which identified product mix as one of the primary areas for margin expansion. And with our plan around compute to grow similarly 30% or more in '27, we would anticipate having a benefit related to that in '27.

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**Steven Fox** - *Fox Advisors LLC - Analyst*

Great. That's super helpful. And then just as a follow-up, I know you just covered pricing, but maybe just asking it a little differently on some of these agreements. Obviously, you've taken some of the -- a lot of the risk out in terms of planning for capacity with some of these new compute agreements and networking, et cetera. How do we think about just how you're creating pricing power within that? Is there any other thing -- anything else we should think about besides you mentioned sort of the predictability of the production in a specific plant?

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

No. Again, I think if you look at all of the Computing customers, the environment and the pricing environment, they understand that these are very significant capital investments, and there needs to be a return on these capital investments. So I think the margin profile and the return is not a major issue. They are more focused on making sure they secure the capacity. So at this point, we feel very optimistic around the pricing environment related to these multiyear agreements.

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**Operator**

(Operator Instructions) Steve Barger, KeyBanc Capital Markets.

**Steve Barger** - *Keybanc Capital Markets Inc - Analyst*

Megan, you talked about the dozen customers with prepayments, and it sounds like there could be some more coming. As you think about CapEx timing versus these payments arrangements, can you manage this build-out without incremental debt? Or is it too early to tell?

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

Thanks, Steve. So with what we have outlined, we are -- obviously, there's going to be significant support in '27. So that even pushes through '28, where there may not even need to be incremental debt at that point. So I would say it's still too early to tell whether we would need incremental debt within '28 and beyond. But I would say the balance sheet positioning is solid through 2027.

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**Steve Barger** - *Keybanc Capital Markets Inc - Analyst*

Got it. And if consumer electronics in comms and compute remains soft for multiple quarters into next year, does it change the margin trajectory or the earnings trajectory as you think about the CapEx investments that you've talked about relative to the unit volume, potential losses from some of these consumer electronics programs? Or do you expect that the AI-related devices acceleration can mitigate that?

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

Yes. So let me just start again with the overall picture. And I think we talked about this a good bit during the Investor Day. So when we think about what's our long-term vision, compute is going to continue to accelerate. And obviously, that's a very attractive margin profile.

and become a larger portion of the business. We talked about the CAGRs we would expect there. Some of these opportunities that we've talked about in advance payments were already contemplated in those long-term targets. But I think -- and then when we look at Communications, we would expect it to continue to grow, maybe not at -- obviously not at the kind of growth rates we're talking about for Computing. So in general, we feel the assets, we will have troughs and things like that.

But the assets overall, we don't think that utilization levels will change over time. They'll continue to rise and be an attractive profile for the overall Communications business. And Megan, anything to add there?

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

Yes. I just wanted to mention that we do see having a diversified portfolio as a benefit. And so in times like this, where we are seeing weakness in Communications and Consumer, those changes in market dynamics are being cushioned by the strength in compute.

And we've seen this before when we had Automotive significantly declining post COVID, and we had other markets such as Communications and Compute at the time. So I think having a diversified portfolio definitely helps smooth through dynamics such as what we're experiencing today.

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

Yes. And again, just thinking about build cycle changes, we're optimistic that the first half, second half peaks will be different moving forward. We'll see if that cycle continues longer term. But I think that will also be pretty significant related to the Communications first half, second half dynamic.

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**Operator**

Denis Pyatchanin, Needham & Company.

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**Denis Pyatchanin - Needham & Company, LLC - Analyst**

My first one is for Kevin. Given persistently high memory prices over the last year, what are you seeing in terms of impact on PC and smartphone-related product volume? Would you be able to quantify the current impact for each? And could you maybe provide an outlook for these markets for the next year?

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

Yes, that's a hard question. I'd say, obviously, memory pricing and then just availability in general has affected both markets. Definitely in Communications, and I think we tried to signal some of this before, we saw that Android maybe had a little bit harder time adjusting than iOS. And that may be related to overall pricing dynamics. I think the low-tier type phones had a harder time absorbing those cost changes than the premium tier.

So I think that will continue. And then when we think about the PC market, again, memory is a pretty sizable component to the overall PC cost. So we definitely saw impacts there. But I think the general trend that we've always highlighted about the migration to ARM from x86 is continuing, and that's helping to offset some of those challenges for us.

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**Denis Pyatchanin - Needham & Company, LLC - Analyst**

And my second one is for Megan. So more recently, CapEx has come up to over 30% of sales, while historically, it has been in the low to mid-teens. Would you be able to provide a longer-term outlook for CapEx intensity? Any thoughts on whether it will ramp down more slowly or if there will be a more significant drop at some point two or three years out?

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

Sure. So we have indicated '27 will have a step-up in CapEx for -- specifically for the facility build-out. We've also at least shared a framework that our Arizona build-out will peak in '28 and '29. That's because we will be constructing phase 2 at the same time that we're bringing on equipment for phase 1. So I think the CapEx is going to stay elevated through those periods.

And then from that perspective, from what we've shared so far, it will probably taper back down. As far as a long-term normalized, we have not provided that level of detail.

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**Operator**

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

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

Okay. Thank you, everyone, for the questions. Let me close with three key messages. First, our financial performance continues to strengthen. Record Computing and Automotive and Industrial revenue and margin expansion demonstrates the improving earnings power of the business.

Second, advanced packaging is driving significant growth opportunities. We continue to make progress across our HDFO and 2.5D programs with strong momentum in AI and high-performance Computing. And third, customers are making longer-term commitments to Amkor. This gives us greater visibility as we accelerate our global capacity expansions. Thank you for joining the call today.

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**Operator**

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

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