Hickey Advisors LLC

April 2026

Conference Call Extracts

Disclaimer

The information provided herein is for general informational purposes only and does not constitute accounting, investment, tax, or legal advice. You should consult with a qualified accountant, financial advisor, tax professional, or attorney before making any decisions based on this information.

Information presented was obtained from sources believed to be reliable, but accuracy and completeness and opinions based on this information are not guaranteed. Under no circumstances is this an offer to sell or a solicitation to buy securities suggested herein. All data and information and opinions expressed, are subject to change without notice.

Conference Calls Extracts

Alphabet Inc. (GOOG)

*"**We are updating our full year 2026 CapEx guidance range to $180 billion to $190 billion, up from our previous estimate of $175 billion to $185 billion to now include investment related to the acquisition of Intersect, which closed in March.***

*We are seeing unprecedented internal and external demand for AI compute resources. The investments we are making in AI is delivering strong growth as evidenced by the record revenue and backlog growth in Google Cloud and strong performance in Google Services. Looking ahead, these strong results reinforce our conviction to invest the capital required to continue to capture the AI opportunity. **As a result, we expect our 2027 CapEx to significantly increase compared to 2026. In terms of expenses, as we've discussed previously, the significant increase in our investment in technical infrastructure will continue to put pressure on the P&L in the form of higher depreciation expense and related data center operations costs such as energy.** We also expect to continue hiring in key investment areas such as AI and cloud and are investing in marketing to support our AI products." - Anat Ashkenazi*

*"Let me start with your first question on the CapEx and how we think about CapEx increase going into 2027. **So you've seen us over the past several years increase CapEx every year.** And we have done it very thoughtfully to meet the demand that we are seeing, both from external customers as well as demands across the organization. And you're seeing the proof point, the ROIC on that in terms of just the growth rate we're seeing, whether it's growth rate within search or certainly the cloud business and the opportunity we have within the cloud backlog.*

***So as we're seeing that robust demand across the business, we are looking at what can we do to support that growing demand and the opportunity ahead of us and increasing CapEx to meet that demand. We'll provide more clarity in future earnings call about what that number will be but that's the opportunity we're seeing ahead of us. It's quite meaningful, and we want to make sure we capitalize that and we do it in a way that's responsible as we've done to date**." - Anat Ashkenazi*

Amazon Inc. (AMZN)

"The free cash flow and ROIC for these investments are cumulatively quite attractive a couple of years after being in service. However, in times of very high growth like now, where the CapEx growth meaningfully outpaces the revenue growth, the early years free cash flow is challenged until these initial tranches of capacity are being monetized and revenue growth outpaces CapEx growth. We've been through this cycle with the first big AWS growth wave and like the results. We expect to feel similarly about this next wave with much larger potential downstream revenue and free cash flow." - Andy Jassey

Hickey Advisors LLC

Apple Inc. (AAPL)

__“Products gross margin was 38.7%, down 200 basis points sequentially.__ Services gross margin was 76.7%, up 20 basis points sequentially. Operating expenses landed at $18.9 billion, up 24% year-over-year. This was slightly above the high end of our guidance range due to a one-time expense in SG&A. Net income was $29.6 billion and diluted earnings per share was $2.01, up 22% year-over-year. Both net income and diluted EPS achieved March quarter records and drove a very strong level of operating cash flow at $28.7 billion."- Kevan Parekh

"Accordingly, our Board has authorized an additional $100 billion for share repurchases, and we're also raising our dividend by 4% to $0.27 per share of common stock. This cash dividend will be payable on May 14, 2026, to shareholders of record as of May 11, 2026. " - Kevan Parekh

"Yes. Ben, let me talk about memory specifically, which I think is the root of the question. So -- and I'll go back to December for a moment and just walk you through the chronology. I__n the December quarter, we really had a minimal impact due to memory, and you can kind of see that in the gross margin results. We said it would be a bit more in the March quarter, and we did see higher memory costs in the March quarter, and they were partially offset by benefits from carry-in inventory that we had.__

__For the June quarter and what's embedded in the guidance that Kevan went through earlier, we expect significantly higher memory costs.__ They are also partly offset by the benefit of carry-in inventory. And then where we don't give color beyond June, I can tell you that beyond the June quarter, we believe memory costs will drive an increasing impact on our business. And we'll continue to evaluate this. And as we've said before, we'll look at a range of options." - Tim Cook

"David, the current constraint for -- well, the constraint in the March quarter and the June quarter__, the primary constraint is the availability of the advanced nodes our SoCs are produced on, not memory.__" -Tim Cook

ASM ADR (ASMIY)

"Revenue in the fourth quarter of '25 was EUR 698 million as preannounced on January 19. ***This represents a 7% year-on-year decline at constant currency****, but came in above the guidance range of EUR 630 million to EUR 660 million, which we provided with the Q3 results.*

Logic/foundry was our largest customer segment in the fourth quarter. Within this segment, advanced ***logic/foundry*** *accounted for the majority with* ***sales approximately flat*** *compared to the third quarter and somewhat down from a very strong level in Q4 of '24.* ***Mature logic/foundry sales, mostly from the Chinese market dropped sharply as anticipated****, both compared to the prior quarter and to Q4 of '24.*

Memory sales were relatively steady, *both year-on-year and compared to Q3 with* ***solid advanced DRAM sales, offset by lower NAND.*** *The contribution from the power analog wafer segment remained at a fairly low level overall.* ***Our spares and service sales were up 22% year-on-year*** *at constant currency. This represents a very strong performance, especially considering the tough comparison with Q4 '24 when sales grew roughly 50%, driven by accelerated demand in China.*

Gross margin of 49.8% in the fourth quarter was down from 51.9% in Q3, *but still at a solid level, supported by a favorable mix." - Paul Verhagen*

"Gate-all-around related sales increased very strongly as customers stepped up in investment in 2-nanometer high-volume manufacturing. Mature logic/foundry sales, mostly from the Chinese market also increased but at a more modest pace compared to the leading-edge segments.

In memory, sales dropped to 16% of total equipment sales, down from 25% in '24. Advanced DRAM for HBM-related applications continue to be solid and accounted for the large majority of memory sales. *However, this was offset by a normalization of memory-related sales in China...The* ***overall drop in memory sales was also explained by lower 3D NAND sales****, which were still at a relatively higher level in '24.* ***Power, analog and wafer sales dropped for the second consecutive year. As part of this, silicon carbide sales, which were still resilient in '24, dropped by more than 50% in '25, reflecting the sharp deterioration in this market.****" - Paul Verhagen*

*"In 2025, t****he semiconductor market continued to be driven by AI, reflected in a wave of new AI data center and infrastructure expansion plans from hyperscalers and other leading industry players****. This drove solid capacity investment in leading-edge logic/foundry and in advanced memory, areas where our ALD and Epi technologies play an increasingly central role.* ***At the same time, several other end markets, including smartphones, PCs, automotive and industrial remained relatively soft due to persistent macroeconomic and geopolitical uncertainties****."- Hichem M'Saad*

"Maybe to add what Hisham is saying, ***what we see indeed now, at this moment at least, is an accelerated demand. In China, we have a higher H1 expectation than H2, which might still change. We don't know, as Hisham already indicated. Possibly that is because of concerns on export controls.*** *We don't know. One thing is for sure, that the overall sentiment is very good, like in the rest of world. Also AI-related. That in itself a positive too. We also won some more layers, which in itself is a positive. Yeah, there is clearly an acceleration going on, which of course customers don't tell us, but which could be triggered by concerns around export controls and how that will develop further, I think at this stage, nobody knows." - Paul Verhagen*

ASML Holdings NV (ASML)

"Well, I think we see that the semiconductor industry growth continues to solidify. Th**is is still very much driven by investments in AI infrastructure.** So, this translates into a lot of demand for advanced Memory, for advanced Logic. **We expect in fact that the supply will not meet the demand for the foreseeable future. So, this is creating a strong constraint in the end markets from AI to mobile and PC. As a result our customers are strongly invited to create more capacity.** So if we look at Memory, what our customers tell us is that they are sold out for 2026. And their supply constraints will last beyond 2026. For advanced Logic, we see our customers building capacity for several nodes, while they also continue to ramp 2 nm in order to address the AI products." - Christophe Fouquet

"Well absolutely. W**e see our Memory and Logic customers increasing their capital expenditure and** trying to accelerate basically their capacity ramp in 2026 and beyond. What's also very interesting is that a lot of this demand is supported by long-term commitment from their customers. On top of that, we see both Memory customers, DRAM customers and advanced Logic customers continuing to increase their adoption of EUV, but also immersion. So this translates basically into higher litho intensity and a higher litho demand for ASML. So we're going to continue to work very closely with our customers to increase our capacity. We are doing that in 2026. We will continue to do that in 2027." - Christophe Fouquet

"Yes. Yes, yes, clearly. So the mix next year is more favorable than this year. No Ds and a bunch of Fs. **So clearly, the ASP next year will improve over this year.**" - Roger Dassen

"Yes. So in terms of visibility and behavioral change, the visibility to us, customers are very, very open. By the way, that's also the case on the Logic side. But very -- customers are very open to us, and they're very openly discussing with us also their expansion plans for this year, but also beyond. **It's also clear that if you look at the scale of the fabs that they're building, it's pretty significant, right? So if you look at the more recent fabs that are being built by our customers, it's pretty clear that they allow for quite some expansion.** So if you talk about behavioral change, I think that's probably the #1 behavioral change out there. Vis-a-vis us, they're just very, very open in terms of how they see the market and how they see their further capacity expansion.

Now in our model of pricing, as you know, our model of pricing is not based on the squeeze that our customers find ourselves in. That's not the way we do business. The way we do business is that we look at the value that we provide to our customers, generation on generation, tool on tool, and we take our fair share in that. And you might say in the current climate, can't you squeeze out a little bit more? I understand that. But it's also true that when the market is good, it goes down a little bit and the customers are going through more difficult times that it also pays these fees.

So fundamentally, we believe that the model that we have is a fair model. It's also a model that is fair to all the players because I would find it difficult to explain why we're charging more in, let's say, the memory environment versus the logic environment. That's just not the way we do business. So we're very, very happy with the business model we have, which is based on the value of our tools, and we would gladly continue with that approach." Roger Dassen

AT&T (T)

*"**One of the things that we see is, first of all, the BYOD segment is increasing more broadly. That's one reason why we started with it. We see customers more willing to hang on to their devices a bit longer, and they're certainly becoming more accustomed to porting them from one carrier to the next.** And so we want to tailor this plan to make sure that we can receive those customers and then attach them to a network construct that drives churn down. And our belief is that by allowing them to have the simplicity of taking a number of devices and not thinking about whether it's the Wi-Fi in the car, the watch or anything else that they carry around, we think that, that starts to provide the network as the basis for driving customer loyalty and relationships, which plays into our strong suit. And that's also bolstered by the fact that, as you notice, it requires that you have fiber broadband."*

Hickey Advisors LLC

Avnet Inc (AVT)

"Customers are increasingly recognized as the challenges of a tightening supply environment and are turning to Avnet's proven expertise to help manage their component supply chains. Our backlog is growing and our book-to-bill ratios are well above parity in all regions. In the December quarter, we saw early indicators of certain component price increases. ***During the March quarter, we have seen price increases across a few suppliers and technologies, most predominantly related to memory. We expect to see additional price increases over the next several months, and majority of which are being driven by increases in the underlying input cost of components.*** *Ken will give more color on the impact of pricing during the quarter in his comments." - Phillip Gallagher*

*"****Approximately half of the sequential sales growth and approximately 1/4 of the year-over-year sales growth was attributable to higher memory pricing. For the third quarter, gross profit margin of 10.4% was down 68 basis points year-over-year and slightly lower sequentially. Electronic Components gross profit margin was flattish sequentially and down year-over-year, primarily due to a combination of higher percentage of sales coming from our Asia region as well as some differences in product and customer mix in the Western regions.***

We reported higher gross profit dollars as a result of the previously mentioned price increases. Although the pass-through of these price increases has less of an impact on gross profit margin. *As a reminder, when component prices increase, we communicate the changes to our customers and pass through the corresponding increases." - Ken Jacobson*

"Melissa, thanks for the comments. This is Bill. Not -- not -- I mean, the memory -- we just wanted to be fully transparent on that because it's frankly so public right now. I know you have a question on that. a lot of them are sort I think more of the price increase will start to come into play this quarter as April 1. So we didn't have a whole lot to calculate as far as a percentage of growth based on ASPs and the balance of the technologies. And if there were ASP increase, they already would have been in the run rate from the prior quarter. You know what I mean. So effectively, it was the bulk was memory. It might change for here in the June quarter." - Phillip Gallagher

[Joseph Quatrochi] "Yes. Okay. And then I guess, as we think about just like what's embedded in the guidance, I think you said earlier, right, we've seen a round of price increases across maybe more of the broad analog mixed-signal space that kind of started taking place in April. So how do we think about that contemplate, I guess, in the 5% sequential growth for the June quarter?"

[Response]"Yes, I would say I think it's in there, at least what we know. But again, it's less pronounced than what we saw last quarter, right?

So I think it's already kind of in the Q3 run rate for the memory pricing and then some of the other things are just a much smaller percentage. And again, it's not everything. And the timing is kind of throughout the quarter versus everything at the beginning of the quarter. So think about, yes, it might be double-digit increases in price, but it's 10 to 20, let's say, on average right?

Intel Corporation (INTC)

"First quarter revenue was $13.6 billion, $1.4 billion above the midpoint of our guide. Q1 revenue would have been meaningfully higher, ***but demand continues to outpace our growing supply. Our collective AI-driven businesses now represent 60% of revenue and grew 40% year-over-year.*** *These results reflect real and deliberate changes we have made to be more responsive and accountable. " - David Zinsner*

"Moving to segment results. ***CCG revenue was $7.7 billion, down 6% sequentially and better than our expectations****. Even with improved factory output, demand outstripped supply against a client TAM that remains resilient despite industry-wide component shortages and inflationary pressures. Our AI PC revenue grew 8% sequentially and now represents greater than 60% of our client CPU mix." - David Zinsner*

"DCAI revenue was $5.1 billion, an increase of 7% sequentially and 22% year-over-year, well above expectations and reinforcing the strong year of growth for DCAI we signaled 90 days ago. *Strength continued across all segments and customers as investments in CPUs are accelerating to* ***support the evolution of AI*** *from foundational training to inference and from inference to agentic." - David Zinsner*

"As we look ahead, we remain mindful that the macroeconomic and geopolitical environments are dynamic. Views on global growth, policy and trade continue to shape customer behavior and investment decisions. ***In addition, constraints and rising prices around key components like memory, wafers and substrates are driving higher costs that could impact demand for our product at some point in the year.***

We're prudently planning for PC demand to weaken in the second half of the year and expect the full year PC unit TAM to be down low double-digit percent in line with industry peers and experts. *Offsetting this, near-term customer order patterns remain very robust across all of our businesses. In addition, our confidence in the sustained growth of CPUs driven by the AI infrastructure build-out is growing. Our outlook for server CPU demand has improved over the last 90 days, and we expect a strong year of double-digit unit growth for the industry and for us with momentum extending into 2027.*

Combining all of these factors, we're guiding Q2 revenue to a range of $13.8 billion to $14.8 billion, up 2% to 9% sequentially. As we work hard to support the needs of all of our customers, we expect sequential revenue growth in both CCG and DCAI on improved supply and a full quarter of pricing actions, with DCAI up double digits." -David Zinsner

*"****For OpEx in 2026, we have been directionally targeting $16 billion, but are likely to be higher due to inflationary pressures, variable compensation and targeted investments we are making to capture the opportunities ahead...We forecast capital expenditures in 2026 to be flat to last year versus our prior expectation of flat to down, reflecting increased capacity investments to support committed demand and a continued emphasis on improving fab productivity and output. We now expect expenditures to be roughly equal across the year and still to be heavily weighted towards the equipment that directly grows wafer outs to support growth this year and next."*** *- David Zinsner*

"I'd say let me unpack CapEx just for a minute. So what we're now calling it is flat year-over-year. The initial thinking was that it was going to be down. I think we kind of moved it last

quarter to flat to down. And now I think we're looking at flat. And that is really a function of the current demand environment we're seeing.

One thing to keep in mind, in the last few years, a lot of our CapEx spending was space. And I think we're actually in a pretty good position in space. We wanted to have white space available to move into when needed. And I think Lip-Bu and I both feel like we're in a good place. So we actually will be bringing the space spend down pretty materially, even though the total is flat." - David Zinsner

"In the back half of the year, we'll see some of those dynamics helping us. ***<u>I'd say the one cautionary concern I have on gross margin in the back half of the year is just some of the materials have gone up in terms of cost, substrates are going up, T glass. We've got memory going up, as you know.</u>*** *So those things offset some of the improvements that we're having through the year." - David Zinsner*

[Stacy Rasgon]"I do. ***To push on the PC a little bit. So you said industry volumes probably down double digits. So it's going to be even worse, I guess, in the second half given where you guys are running pretty strong in the first half. I guess, do you expect your full year client revenues to be down consistent with that industry outlook? Or is pricing helping you or hurting you or share helping you or hurting you?*** *I think about the -- how do we think about the shape of your client business in the wake of that industry forecast?"*

[Response]"Yes, good question. Well, one thing you got to kind of separate is when we talk about the industry, we're generally talking about consumption. And when we're -- obviously, that's different than our billings because of the inventory movements at customers. We're not going to be as impacted as the industry TAM because we expect partly because of pricing a little bit, but also because of inventory replenishment at the customer level.

So I think from a modeling perspective, if we -- whatever we get to in 2Q is probably what we run the rest of the year roughly. So it's going to be kind of flattish from Q2 onward from a revenue perspective, at least that's how we're modeling it."- David Zinsner

*"****<u>ASPs, we have moved, obviously, to offset some of the cost increases we've seen over the last couple of quarters.</u>*** *But it's not the biggest driver, obviously, of our revenue outlook.* ***<u>We think the unit volume is going to be the biggest driver. Now that's on an ASP per core basis.</u>*** *Obviously, core count is increasing significantly in the data center CPU space. And so we get the lift on a -- as core count increases, we get the lift on the ASPs from that, and that obviously is meaningful." -David Zinsner*

Kforce Inc. (KFRC)

"While recent economic data continues to point to a generally softer labor market for professionally oriented roles, our performance reflects strong execution and a clear shift we're seeing across our customer base. However, several of the leading indicators we track, which have historically signaled strengthening demand for our services are improving. Companies are increasingly turning to flexible talent strategies to move forward on significant backlog of high-priority technology initiatives, especially in the age of artificial intelligence where CEOs remain cautious to add permanent headcount. ***At the same time, heightened geopolitical uncertainty, including the conflict involving Iran has contributed to significant volatility in the global energy markets, resulting in sharp price increases across oil, gasoline, natural gas and electricity.****" - Joe Liberatore*

"Yes. I would say let's remove the great shutdown, which was a little bit unique coming out of that. But if we look at prior cycles, that's really what our trends are telling us and what we're seeing. So Tobey, this goes back to the cycles that I know I spoke about. I know Michael spoke about, where we typically see companies when we go into tougher times, the first thing they do is they let go of contract or temporary labor. The next thing they typically do is they rightsize their organizations. Then as there starts to become some firming and visibility, they start to bring flexible workforce back in. And until there's great certainty, then they start to rebuild their permanent workforces.

There is no question in looking at the data that the dynamics that were driven by coming out of the great shutdown, all of the overhiring, all of the hoarding of people, basically, our belief is we've now, over the course of 3 years, organizations by natural attrition versus rightsizing have basically gotten to a baseline of workers that they can't support the work that needs to be done. So we're at that same point that we historically have seen during normal recessionary cycles. We usually get there in a matter of 12 months. It's taken over 36 months to get there. So we would anticipate short of anything macro happening or major disruptions that that's where we are in the cycle and that the use of flexible workforce will continue to build from this point forward." - Joe Liberatore

KLA Corporation (KLAC)

"As discussed last quarter, the guidance also includes the persistent impact of elevated DRAM chip costs for the company's image processing computers that ship with our systems, creating a headwind to the company's gross margins. While the memory pricing environment remains challenging in the near term, we have secured the required supply to meet our build plan requirements." - Richard Wallace

Lam Research Corp (LRCX)

"Revenue in dollar terms was approximately flat sequentially, and it was up 35% year-over-year. Foundry saw strength in investments at the leading edge as well as ongoing mature nodes spending. Advanced packaging within foundry continues to be an area of solid growth for us. ***Memory was 39% of systems revenue, up from 34% in the December quarter.***

Within memory, we delivered record DRAM revenue, accounting for 27% of systems revenue, which was up from 23% in the December quarter*. High bandwidth memory investments remained strong.*

The profile of spending is also gravitating towards the 1c node and beyond, enabling the ramp of DDR5 and LPDDR5. Non-volatile memory contributed 12% of our systems revenue, up slightly from 11% in the December quarter." - Douglas Bettinger

*[Vivek Arya]"****I guess maybe the subtext of my question is the gross margins that you're seeing, right, the 50.5%, how durable are they?*** *So let's say,* ***if memory pricing goes down next year for whatever reason, do you still think these gross margins are sustainable and maybe you can even expand from these? Or do you think these gross margins are because the industry is so tight today?*** *So I'm not asking for a gross margin forecast per se. I'm just trying to understand that if your customers are getting assurance of their pricing, is there anything Lam can do to help get assurance around your pricing and your -- the sustainability of your margins over the next 1, 2 years?*

[Response]"Yes. You know what -- obviously, ***we're not going to give you a gross margin forecast longer term****. But I think that what you can see and what we've said is we have been building the gross margin improvement in our company around fundamental capabilities, either our own through our own operational efficiency or through the value that our equipment delivers.*

And that can be technically as the manufacturing becomes more complex, it can be the unique capabilities, our tools provide from a technical or productivity perspective. And so we have moved at a pace where we feel like the improvements we're making are sustainable because they're rooted in real value or real efficiency.

And they're not -- they're not leveraging sort of the opportunity and they're not transactional in nature. They're really founded in fundamental value delivered to the customer. And when I talk about things like cobots, for instance, the value of a cobot is rooted directly in the value being delivered to the customer through better uptime, better yield, and we get paid for that.

And I think those types of things are sustainable. When we deliver technology that enables the move to the next technology node, we think those are sustainable regardless of the cycle because it is delivering value to the customer. And that's -- we're in this for the long term with our customers, and that's where we look at all of this." - Tim Archer

Meta Platforms (META)

*"**My view of AI is very different from many others in the industry. I hear a lot of people out there talk about how AI is going to replace people. Instead, I think that AI is going to amplify people's ability to do what you want** -- whether that's to improve your health, your learning, your relationships, your ability to achieve your personal and career goals and more. My view is that human progress has always been driven by people pursuing their individual aspirations, and I believe that this will continue to be true in the future. **People will be more important in the future, not less.** Meta believes in empowering individuals. Those are the kinds of products we're going to build, and I believe they're going to be some of the most important and valuable products of all time. " - Mark Zuckerberg*

*"On that note, **we are increasing our infrastructure capex forecast for this year. Most of that is due***
***to higher component costs, particularly memory pricing.** But every sign that we're seeing in our own work and across the industry gives us confidence in this investment. That said, we are very focused on increasing the efficiency of our investments." - Mark Zuckerberg*

"We anticipate 2026 capital expenditures, including principal payments on finance leases, to be in the range of $125-145 billion, increased from our prior range of $115-135 billion. This reflects our expectations for higher component pricing this year and, to a lesser extent, additional data center costs to support future year capacity." - Susan Li

*"**I don't -- I mean like I don't think we have a very precise plan for exactly how each product is going to scale month-over-month or anything like that.** But I think we have a sense of the shape of where these things need to be. And I think if you look at the usage of these and the quality of the products and the quality of the models that are out there and the use that other frontier models are getting and the trajectory of that, I'm quite comfortable that, A, the lab that we're building is on track to be a leading lab in the world." - Mark Zuckerberg*

*"Mark, on your second question, we aren't providing a specific outlook for 2027 . And we are, frankly, undergoing a very dynamic planning process ourselves as we're working through what our capacity needs will be over the coming years. **Our experience so far has been that we have continued to underestimate our compute needs even as we have been ramping capacity significantly as the advances in AI have continued and our teams continue to identify compelling new projects and initiatives.** And now too, there are very compelling internal use cases. So our expectation is that compute will become even more central to the business going forward. And it will be critical to determining the quality of the models we develop, the types of products we can introduce, how productive we can be as an organization. So we're going to continue building out our infrastructure with flexibility in mind. And if we end up not needing as much as we anticipate, we can choose to bring it online more slowly or reduce our spending in future years as we grow into the capacity that we're building now. " - Susan Li*

Microsoft Corporation (MSFT)

*"It was a record third quarter, powered by the continued strength of the Microsoft Cloud, which exceeded **$54 billion in revenue, up 29% year-over-year. Our AI business surpassed $37 billion ARR, up 123%.** " - Satya Nadella*

"We are evolving our family of Copilots from synchronous assistants to async coworkers that can execute long-running tasks across key domains. In knowledge work, it was another record quarter for Microsoft 365 Copilot seat adds, which increased 250% year-over-year representing our fastest growth since launch. Quarter over quarter, we continue to see acceleration and now have over 20 million Microsoft 365 Copilot paid seats. The number of customers with over 50,000 seats quadrupled year-over-year. And Accenture now has over 740,000 seats – our largest Copilot win to date. And Bayer, Johnson & Johnson, Mercedes, and Roche all committed to 90,000 or more seats." - Satya Nadella [RH: These large companies waste money chasing 'efficiencies' often.]

*"**Company gross margin percentage was 68%, down year-over-year, driven by continued investment in AI infrastructure and growing AI product usage.** The impact from these investments was partially offset by ongoing efficiency gains, particularly in Azure and M365 Commercial cloud. " - Amy Hood*

*"**Capital expenditures** were **$31.9 billion,** down sequentially due to the normal variability from cloud infrastructure buildouts and the timing of delivery of finance leases. **And this quarter, roughly two thirds of our capex was for short-lived assets, primarily GPUs and CPUs.***
The remaining spend was for long-lived assets that will support monetization over the next 15 years and beyond. This quarter, total finance leases were $4.7 billion and were primarily for large datacenter sites. And cash paid for PPE was $30.9 billion, roughly in line with capital expenditures as the impact from finance leases was partially offset by differences between the receipt of goods and payment. " - Amy Hood

*"Now to More Personal Computing. Revenue was $13.2 billion and declined 1% and 3% in constant currency. **Windows OEM and Devices revenue decreased 2% and 3% in constant currency.** Windows OEM increased slightly and was ahead of expectations as OEM and channel partners continued to build inventory given increasing memory prices. " - Amy Hood*

"In More Personal Computing, we are lapping strong prior year comparables, navigating complex PC market dynamics impacted by memory prices, and refocusing on delivering quality and value to consumers. Therefore, we expect revenue to be $11.75 to $12.25 billion.
***Windows OEM revenue should decline in the high teens with roughly 6 points of impact from a prior year comparable that benefited from Windows 10 end of support, 6 points from inventory levels that we expect to come down through the quarter, and 6 points from a lower PC market as prices increase due to memory costs.** The range of potential outcomes remains wider than normal. **Therefore, Windows OEM and Devices revenue should decline in the mid to high teens**." - Amy Hood*

*"And in Xbox content and services, **we expect revenue to decline in the low-teens, reflecting a prior year comparable that benefited from strong first-party content, as well as the recent price changes for Xbox Game Pass as we focus on delivering more value to gamers.** Hardware revenue should decline year-over-year." Amy Hood*

"We expect CapEx spend to increase to over $40 billion as we continue to bring more capacity online. The sequential increase includes roughly $5 billion from higher component pricing as well as the impact from finance leases which add variability given the full value is recorded in the period of lease commencement. And we expect the mix of short-lived assets to remain similar to Q3.

For calendar year 2026, we expect to invest roughly $190 billion in capital expenditures which includes approximately $25 billion from the impact of higher component pricing. *We remain confident in the return on these investments given higher demand signals and increasing product usage as well as the efficiencies we're already driving across the platform. " - Amy Hood*

[Analyst Mark Moerdler] "Thank you very much for taking my question, and congratulations on the quarter. You delivered in the rate of growth and some of the commentary you made on guidance, etcetera. I'd like to drill in a little bit on this whole question of the CapEx and the spending there you're making. ***Obviously, the commercial cloud is growing fast. Azure is growing fast. AI is growing even faster within your overall business, but there's a bit of a disconnect that makes investors a bit nervous between how fast they're seeing CapEx growing and how fast they're seeing revenue growing.*** *Can you give some color about how the timing works out, or how much needs to be spent on replacement of equipment or first party in order to build that confidence that, as we look for the towards this strong spending on CapEx, that the core business will continue to be very, very healthy, and that the margins will be good? Thank you."*

[Response] - Dodge

NXP Semiconductors (NXPI)

"We delivered revenue of $3.18 billion, ***up 12% year-over-year and seasonally down 5% sequentially.*** *All end markets grew year-over-year. And in aggregate, we outperformed by $31 million, above the midpoint of our guidance.* ***Our company-specific strategic growth drivers across the auto and industrial and IoT end markets grew 18% year-over-year year and represented roughly 1/3 of first quarter revenue,*** *120 basis points above last year and 40 basis points above the midpoint of our guidance. Taken together, we delivered non-GAAP earnings per share of $3.05, $0.08 above the midpoint of our guidance." - Rafael Sotomayor*

"Now turning to end market performance. In automotive, revenue was $1.78 billion, up 6% year-over-year and in line with expectations. Adjusted for the sales of the MEMS Sensors business, automotive growth was 10% year-over-year. ***During the quarter, the growth was driven primarily by accelerating customer software-defined vehicle programs, improved electrification trends and continued momentum in radar and connectivity.*** ***<u>Together, the auto accelerated growth drivers contributed nearly 90% of the year-over-year growth.</u>****" - Rafael Sotomayor*

"Looking ahead, the industrial & IoT market is entering a transformative phase as physical AI moves intelligence into real-world systems and robotics. This is creating significant content growth opportunities for NXP, particularly in processing, connectivity and security. As AI is deployed at the edge, customers need greater processing headroom to future-proof their platforms. As a result, we're seeing customers making deeper multigenerational commitments to NXP because of the strength of our AI-enabled product portfolio.

Now I want to take a moment to speak directly about our data center exposure because this is an area that we haven't previously emphasized. In 2025, revenue related to data center applications was about $200 million, and it was reflected evenly in both our industrial & IoT and communication infrastructure end markets. Based on our other programs now ramping, we believe this business will be north of $500 million this year with a similar end market split. We have established meaningful positions in system cooling, power supply, board management and control plane switching applications." - Raphael Sotomayor [RH: chasing the AI narrative]

"Yes. Maybe, Ross, I'll start by maybe explaining what is our exposure to data center because that could be confusing. So off the bat, right, I would say we're not claiming exposure to the data plane. So no GPUs, no accelerators, no high-speed AI connectivity. So our domain is in the control plane. So the way to think about it as data center scales, the constraints are not just compute and memory, they're also power, cooling, uptime, secure controls. And I think this is where NXP plays.- Raphael Sotomayor [RH: Lots of AI discussion on call]

"Francois, let me answer the question here with -- in the way we see. I mean, I think your question relates to inflationary costs and the impact into pricing. And pressure in terms of cost is always a challenge. And this is something that we do that -- we're paid to actually handle. And so we must tackle it. So our first reaction to cost increase is always to mitigate it through operational efficiency. And that for us is our preferred approach. That said, in selected areas, we are seeing high input cost pressure. And so we are taking selectively smart pricing adjustments to protect the economics of the business. ***The reason we haven't talked about it is because the Q2 impact is immaterial.*** *Now we will continue to be disciplined and protect gross margins when cost inflation requires a response. And so we'll keep you updated if things change." - Raphael Sotomayor [RH: DOI is 165 or ~5.5 months. Impact from the middle east will be in late Q2, Q3]*

Pegasystems Inc. (PEGA)

*"**While LLMs dramatically accelerate the build, they don't replace these other key factors, nor are they going to be able to.** That's why clients need Pega. Some people are going, "Well, I would just code a software." **Certainly AI can generate code quickly, but prompts to code alone fall short. It doesn't tell the enterprise what should change. The gap we have isn't coding speed, it's understanding what's there and making sure you don't accidentally change something with unintended consequences.** When you're operating at the speed of the prompts, it's actually easier to do that, not harder, particularly if you haven't put out a nice, solid architecture that makes what's going on visible. Now, we do run into some people who say that they believe in AI-only execution. Why do I need a workflow engine at all? Why do I need a harness at all?*

***Why don't you just simply turn everything over to general-purpose AI agents and manage it and just have, say, a control tower that watches what's going on and reports out and keeps things in line? I'll tell you, this creates systems that are difficult to test, expensive to run, and nearly impossible to evolve safely. LLMs are incredibly sensitive to even the tiniest bits of additional data. A new version of the LLM, and let's look at how quickly they're coming out, can often behave differently from the one you used just the day before. I think it's safe to say that for many types of work, improvisation is not a reasonable business strategy. People want predictability and reliability.** The other thing which really broke last week is that this approach to AI reasoning is becoming cost-prohibitive.*

***I hear growing discussion about the cost of GenAI and how teams are bouncing between token maxing, in which they try to tell the team to use as many tokens as possible, to rationing tokens, to usage caps, to surprising bills. The concerns are real, but they reflect a misapplication of AI, using the wrong AI at the wrong time.** When you ask GenAI to reason at runtime over and over again for processes you've already validated, every interaction becomes a new experiment and consumes tokens. You end up paying repeatedly for the same thinking, which is expensive, unpredictable, and hard to scale. Instead, do what Blueprint AI does. Do the super heavy reasoning at design time, where GenAI can brilliantly explore options, map workflows, let you collaborate and pressure test decisions.*

*Use the right AI for the execution, focusing on consistency and speed. Costs become predictable and value scales with confidence. **GenAI isn't expensive, but misapplication is. The smart organizations will stop paying the LLM to relearn their business every five minutes. Success in the enterprise doesn't come from AI reasoning everything on the fly. It comes from executing redesigned work, reimagined work, within clear governed structures.** Our architecture uniquely allows enterprises to design intelligence into how work gets done, not bolted on afterwards. Now, since we last spoke, we introduced new vibe coding tooling into Pega Blueprint. This combines the speed of AI-augmented design with security and predictability that Blueprint gives. You can try it out on pega.com/blueprint. Remember that Blueprint facilitates the reimagination of critical work, not just the development of applications. That reimagination goes beyond process alone." - Alan Trefler*

"With all of the AI experimentation that Alan mentioned, the federal government shutdown, two wars, both in Europe and in the Middle East, clearly puts pressure on the entire environment. It's not surprising as well that Q1 did have a lower growth rate. We continue to believe in the durability of demand for our platform, especially for our cloud offering." - Ken Stillwell

"Yeah, I think that there's some things that looked at properly, you have to really laugh or cry, as the case may be. I talk to people. Look, I spent my whole time out in the field talking to people about what they're doing. Much going on when people talk about LLMs, people talk about the word agentic, we

talk a lot about LLM technology because we make very heavy use of vector databases, which is a way to use LLM technology, but to do it in a very cost-effective fashion. ***What I encounter is there are some people, there was actually an article about this, where they think that they will be at their most successful when they use the LLMs for as much as possible. I'll be honest, that's just crazy. The LLMs do magical things.***

What you want to do is use them for the right things, not for the parts of this problem that are statistical and not for the parts of the problem that should be planned out in advance. *They'd be planned out with an LLM, as a Blueprint does, but should not be just planned and replanned and pay this incredible tax for rethinking what you already know.* ***Some people are just so enamored with the LLMs that they're in love with it, and I think some of the enterprises out there have told their teams, "Hey, we just want you to use this stuff." I can appreciate that they're trying to get people to understand it, but that's not going to be remotely what ends up sticking. Not just cost, but also lack of reliability.***

It's like most un-green thing you could do, in terms of the electricity use and all of that. I think understanding proper use of LLMs is absolutely key. *To be honest, I think we've nailed it. What I see with the others, structurally different path in just about all cases." - Alan Trefler*

*"**Yeah, I was really seeing those last week, actually, after Anthropic announced its price changes**. It's going to be fabulous for us because Blueprint, yeah, Blueprint is as consumptive as anything else. When you design something once and run it 200,000 times, the design cost is not really relevant. That's really nailing it. I do think it's great that the tokens have started to approach closer to reality.* ***They're still very, very heavily subsidized, and I think that subsidy will persist because people are trying to push the numbers up till one of you guys takes them public.****" - Alan Trefler*

Qualcomm Incorporated (QCOM)

" QTL revenues of $1.4 billion and EBT margin of 72% came in at the high end of our guidance, driven by favorable mix with global handset units approximately flat on a year-over-year basis. QCT revenues of $9.1 billion and EBT margin of 27% were in line with our expectations. ***QCT handset revenues of $6 billion came in as anticipated as OEMs remain cautious on handset builds due to the impact of challenging memory industry dynamics.****" - Akash Palkhiwala*

*"Lastly, we released a previously recorded tax valuation allowance, resulting in a $****5.7 billion noncash GAAP tax benefit*** *in the second fiscal quarter. This benefit is excluded from non-GAAP results.* ***This reversal reflects new guidance on corporate alternative minimum tax issued in February by Treasury and IRS, permitting taxpayers to deduct previously capitalized domestic R&D expenses****." - Akash Palkhiwala*

"So if you think about the impact to QCT from Chinese handset OEMs as a result of the memory dynamics, it's really 2 parts. The first part is the scale of the handset market. ***And there, we've seen some small decline in it, especially in the mid-low tiers. But by far, the larger impact have been the OEMs making a decision to slow down their builds and draw down on channel inventory.*** *So both of these factors have been in our March quarter results, and they're also represented in our June quarter guidance.*

And so what we end up doing in both quarters is really significantly under-shipping the end consumer demand for handsets as a result of the channel inventory drawdown factor. ***So as we look forward, we feel confident that the third quarter is now the bottom.*** *And so as we go forward, the revenue is going to be much closer to the scale of the handset business versus the inventory drawdown factor continuing into our forecast." - Akash Palkhiwala*

"Yes. Stacy, it's Akash. You're right. I think in terms of kind of handset revenues for QCT from Chinese OEMs, we do expect that the June quarter is the bottom, and you will see sequential growth from there. And Apple, you're right as well that typically, it's a growth quarter for Apple product revenue, and we do not see that at this point given the share assumption change. So those are the 2 factors you would use to forecast the September quarter." - Akash Palkhiwala

Robert Half (RHI)

"As Keith noted, global revenues were $1.3 billion in the first quarter. On an adjusted basis, first quarter talent solutions revenues were down 7% year-over-year. U.S. talent solutions revenues were $626 million, down 7% from the prior year's first quarter. Non-U.S. talent solutions revenues were $208 million, down 3% year-over-year. We conduct talent solutions operations throughout offices in the United States and 18 other countries" - Michael Buckley

"Before we move to second quarter guidance, let's review some of the monthly revenue trends we saw in the first quarter and so far in April, all adjusted for currency and billing days. ***Contract talent solutions exited the first quarter with March revenues down 5% versus the prior year compared to a 7% decrease for the full quarter. Revenues for the first 2 weeks of April were down 1% compared to the same period last year. Permanent placement revenues in March were down 6% versus March 2025. This compares to a 5% decrease for the full quarter. For the first 3 weeks of April, permanent placement revenues were down 7% compared to the same period in 2025.*** *We provide this information so you have insight into some of the trends we saw during the first quarter and into April. But as you know, these are very brief time periods. We caution against reading too much into them." - Michael Buckley*

*"**Resource levels in small and midsized businesses, which represent the majority of our client base remain lean following several years of cost discipline, creating capacity constraints as project activity begins to recover. In addition, broader labor market indicators continue to point to underlying demand for skilled talent.** Unemployment remains low, particularly among college, educated workers and in many of the roles we support, while job openings continue to run above historical averages. Decision time lines remain extended but are beginning to improve as companies revisit postponed initiatives and consider hiring tied to business critical priorities.*

Economic uncertainties related to the conflicts in the Middle East and higher energy costs have not yet significantly impacted client demand. However, concerns remain if these conditions persist. *Candidate behavior also reflects a gradually improving market. Professionals with in-demand skills are increasingly selective with continued preference for flexibility and competitive compensation, reinforcing the value of our ability to deliver highly skilled talent efficiently. With respect to artificial intelligence, we continue to see limited impact on employment levels related to the roles we place in our specialties.*

This is supported by multiple external studies, and there is very little evidence to date that AI adoption is leading to widespread job displacement. Instead, AI is reshaping the way work gets done and increasing the need for skilled professionals with domain expertise and enhanced AI skills who can also apply judgment, validate outputs and support implementations. In addition, the growing use of generative AI by job seekers has increased application volumes, made it more difficult to verify candidate qualifications and made resumes more homogenous and harder to differentiate*. This further underscores the value of our services, including our proprietary data on candidate performance and our ability to deliver vetted proven talent" - Keith Waddell*

*"**And I would argue it's that more than a pause on full time that's fueling demand for contract. I mean as we go up to larger companies, I think there is some kind of evaluation by larger companies as to what this whole AI wave is going to mean to their full-time employee count. And while they're making that evaluation to the extent they have needs, they hire -- they use more contractors in that case. But as to our bread and butter core SMB clients, it's more about pent-***

up demand and really lean resources or only so much you can stretch your existing employees. And our SMB clients are pretty much at that point." *Keith Waddell*

"***On this issue of job elimination, I guess, with every passing day, I get more and more convinced that this is about augmentation more than it is displacement that it's more about taking somebody that already has domain expertise and enhancing their skills with AI. And I'll take a person with that domain expertise as enhanced every day versus a novice that doesn't have domain expertise using these new tools. And so domain expertise is not obsolete. I don't think but it's going to become obsolete. And every technology cycle, every technology wave we've seen historically, that's exactly what's happened, and that's exactly what we see playing out so far, and I would expect to continue to see play out.***" *- Keith Waddell*

Seagate Technology Holdings (STX)

*[Samik Chatterjee]"**Maybe on the pricing side, pretty strong price increase, both on a year-over-year and quarter-over-quarter basis here. I know you sort of expect these pricing trends to continue. But just trying to think through why shouldn't we see pricing maybe accelerate a bit as more new contracts come into play as you go through sort of end of 2026 into 2027, why shouldn't sort of -- how should we think about pricing?** And why should it sort of accelerate more as more new contracts come into the P&L from here on?"*

[Response]"Yes, thanks. The first way I think about it is what is the true demand and I think the demand is rising to your point, further out in time as we roll out of one LTA and into the next, then the market demand dictates what the economics. We talked about this a little bit in the prepared remarks about when we set exact capacity configurations, what products are qualified with what customers and therefore, what price. As we've been rolling forward, though, we have the ability to -- just a few more drives out of manufacturing or whatever. So we can always test what that demand is and the demand keeps going up. And so we're seeing what the market price, if you will, is. Our goal still is to try to lock in with our customers and give them predictability so that they have a great economics plan to build their data centers out and we know what we're going to get paid for, for what we start in our factories." - William Mosley

TE Connectivity plc (TEL)

"So with that as an overview of orders, let me now discuss quarterly segment results, and I'll start with the Industrial segment on Slide 5. Our sales in the Industrial Solutions segment grew 27% in the quarter and 17% on an organic basis year-over-year. ***We are benefiting from the secular growth trends that we see in our digital data networks business as well as our energy business, where we continue to see significant demand tied to AI and energy grid investments, along with continued growth in aerospace and defense and factory automation applications.***

In our digital data networks, we had another outstanding quarter where our business grew nearly 50% year-over-year and sales were as we expected. ***We continue to win new programs with customers and the orders that we have received are building backlog into 2027. We now expect our AI revenues in fiscal 2026 to be about $150 million higher than our view 90 days ago, and this entire increase will be in the second half of the year and reflects the increased momentum that I talked about in orders." - Terrance Curtin***

"We continue to operate in a dynamic environment versus 90 days ago, ***we are seeing increased inflationary pressures across certain input costs such as oil-based resins and freight charges, driven by higher energy costs and broader geopolitical tensions. We are managing these impacts through our proven playbook, including optimization of our factory footprint, targeted pricing actions and ongoing productivity initiatives." -*** *Heath Mitts*

"Joe, I mean, ***we've been dealing with different types of inflationary pressures, whether those are tariff related or certainly the metals that we've seen some pretty significant inflation on here for a while. Within the quarter that we just reported here in the second quarter, certainly, we've seen the oil-based derivatives increase. For us, that means resins, and we do buy a lot of resins. So we've seen those go up. We've seen freight and logistics costs go up as we move things around to our customers.***

So we do have a playbook. The team is pretty well conditioned right now that we don't get flat-footed when we see these things happening. ***We're able to largely pass that through in terms of price or maybe some other things we can do with our customers logistically in terms of where they take receipts of things.*** *But there is a little bit of noise in our absolute margins for sure on that. Now as we talked about at the Investor Day, we're still committed to our -- to getting at least 30% flow-through on the operating income side year-over-year. We were able to do that in both segments. And obviously, for the company, I think if you kind of think about what our guide implies, you'll still see that level of consistency as we work forward." - Heath Mitts*

"So clearly, memory is tight. You can go to the memory and see that. But net-net, we're not seeing any impact in any of our businesses yet. ***And some of our customers are trying to do planning and they build buffer stock to make sure their supply is secure on those components, but we're not the closest to it****." - Terrence Curtin*

Texas Instruments Incorporated (TXN)

*"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. I**n 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." - Haviv Ilan*

***"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**." - Haviv Ilan*

*"Yes. Thanks, Tim. In general, I think Q1 was a continuation of what we saw in Q4, very similar behavior, meaning growth coming from 2 main areas, led by industrial, as you mentioned. **And also supported by the data center market that we've seen the secular growth over there for the last couple of years.** This is -- this was the eighth quarter of sequential growth, just off of a higher number. So that also helps the overall growth of the company. I would say that the industrial signal was a little bit broader this time. So I would say all sectors, all geographies grew sequentially and it continued to accelerate through the quarter. So if you think about January, February and then you always want to see how the exit from the Lunar or the Chinese New Year break is going to look like but it continued in March. So just a continuation. I would say it's now 5 or 6 months of continued growth in industrial. We want to keep watching it. But I would say that's what guides our forecast into the second quarter." -Haviv Ilan*

*[Stacy Rasgon]"I do. Maybe to ask about the acquisition itself, not the deals but I know you've talked about it being accretive. **You guys are like one of the few, if not maybe the only company, in my coverage certainly that still does a pure GAAP earnings. And I even remember when you bought Nat Semi, you did pro forma for a little while and then kind of said this is stupid, we're going back to GAAP.** You guys make whatever adjustments you want to make. What are your intentions for how you're going to report once you do close SLAB? Because I have a hard time getting it accretive on a GAAP basis. Are you going to be going to a pro forma? Or how should we be thinking about that?"*

*[Response]"O**ur thinking right now is, we will do GAAP but we'll do -- we'll give you all the pieces that you need to do your own non-GAAP in whichever way you want to do that.** So we'll have the acquisition charges line, for example. You can take that out, if you like and not count it. Once we're on a run rate basis, all those will be noncash. But initially, there actually -- some of those are cash charges, right? The charges to -- cost to the bankers, the lawyers, the regulatory fees, et cetera. There'll be other things like the first quarter, we'll have some weird transitions in gross margins and inventory as we write up the inventory that we're buying. So we'll give you all those pieces that way you can do the non-GAAP analysis yourself." - Raphael Lizardi*

*"Yes. So I'll take that. **No change to depreciation expectations for this year, $2.2 billion to $2.4 billion. And then for 2027, continued upward pressure but likely at a slower rate.** On the CHIPS Act, first, I would tell you the more interesting one is ITC. We've been talking about that one. That's*

the one that's going to give us more money over the long term and that's a 35% of qualified manufacturing investments. We have been getting that ITC and then we'll continue to get ITC. But on the direct funding, we just received over $500 million. In total, what we received in fourth quarter is $630 million out of the -- up to $1.6 billion of direct funding. And the remaining, we should get that over the coming years as we continue fulfilling the various milestones stipulated in the contract." - Raphael Lizardi

"Yes. Let me just add taking a longer picture and just the next quarter, when you think of our range of inventory days, 150 to 250, during an upturn, we should be draining that number. It should be -- right now, we're at 209, should shift -- drift towards the lower end. And then during the downturn, that's when we build inventory and then it moves upward, right? So high level, in an ideal scenario, that's what you would see in terms of days of inventory." - Raphael Lizardi

Taiwan Semiconductor Manufacturing Company (TSM)

*"In U.S. dollar terms, **revenue increased 6.4%** sequentially to USD 35.9 billion, slightly ahead of our first quarter guidance. Gross margin increased 3.9 percentage points sequentially to 66.2%, **primarily due to cost improvement efforts, a high capacity utilization rate and a more favorable foreign exchange rate**." - Jen- Chau Huang*

"Moving on to revenue contribution by platform. HPC increased 20% quarter-over-quarter to account for 61% of our first quarter revenue. Smartphone decreased 11% to account for 26%. IoT increased 12% to account for 6%. Automotive decreased 7% and accounted for 4%, and DCE increased 28% to account for 1%." - Jen Chau- Huang

*<u>**"In addition, given the recent situation in the Middle East, prices for certain chemicals and gases are likely to increase. Based on our current assessment, there may be impact to our profitability, but it is too early to quantify the impact.**</u> On the other hand, we will continue to leverage our manufacturing excellence to generate more wafer output and drive greater cross node capacity optimization in our fab operations to support our profitability. Also, N3 gross margin is expected to cross over to the corporate average in second half 2026. Finally, we have no control over the foreign exchange rate, but that may be another factor." - Jen-Chau Huang*

*"H**aving said that, AI-related demand continues to be extremely robust. The shift from generative AI and the query mode to agentic** AI and command and action mode is leading to another step-up in the amount of tokens being consumed. This is driving the need for more and more computation, which supports the robust demand for leading-edge silicon. Our customers and customers' customers, who are mainly the cloud service providers, continue to provide us with their very strong signal and positive outlook. Thus, our conviction in the multiyear AI megatrend remains high, and we believe the demand for semiconductors will continue to be very fundamental. Supported by our robust technology differentiation and broad customer base, w**e maintain strong confidence for our full year 2026 revenue to now grow by above 30% in U.S. dollar terms**." - CC Wei*

*"Well, Sunny, <u>**memory price hike definitely has some impact to price sensitive end market, especially in PC and smartphone market. We did see a little bit softer market.**</u> But to share with you, all the high-end smartphones continue to do better, and this is to TSMC's advantage. And as you're asking about how much higher than above 30% year-over-year growth, we will share with you in July, how about that, that we will have a more accurate or a more precise number to share with everybody." - CC Wei*

Verizon Wireless (VZ)

*"**We added 55,000 postpaid phone net adds in the quarter. That represents an improvement of over 340,000 postpaid phone net adds versus the same period a year ago, and it's the first time in 13 years that Verizon has had positive postpaid phone net adds in Q1.** Both consumer and business had significant improvements in postpaid phone net adds. Overall, we delivered almost 0.5 million net adds across our mobility and broadband platforms." - Dan Schulman*

"As expected, when we stop imposing blunt price increases without corresponding value on our customers and begin to remove friction from the end-to-end customer experience, they reward us with their loyalty. " - Dan Schulman

*[Michael Ng]"I **wanted to ask about upgrade rates and the changing approach to device subsidies. What are you expecting around upgrade activity for the rest of the year? And how do you balance improved profits on some of these lower device subsidies versus opportunities to use devices to drive gross adds given that it should be a strong device refresh year**?"*

*[Response]"Yes. Well, I would say both on our cost of acquisition and our cost of retention. The improvements that we saw throughout the quarter. These are structural changes. They're not onetime or seasonal. We would expect that based on micro segmentation really understanding what our customers exactly want and what our customized offer to them will be will result in us being able to be much more disciplined in how we think about retention. **Not every retention is going to be a free handset. In fact, quite the opposite. I mean, I think our industry has been too dependent on free handsets being the solution for everything.***

*And I think all of us, and I know for sure, Verizon can be much more profitable when we start the micro segment really listen to what a customer wants and not just give them a free handset for everything. **So I'll give you an example of that. If a customer calls us and says that they're having a difficulty with service in their home, previously, what we would have done is send them a free handset so that they wouldn't churn. And what would happen at that point is the customer would have a nice new handset and still have poor service at their home.***

__So we just spent like $1,000 and did not solve the customers' issues. If we have listened and sent a femtocell to be installed at the house, we could have done that at 1/3 the cost and made the customer happy. And so that's what's happening right now.__ We're listening to what customers really want. We're customizing offers to exactly their needs and we are moving away from just, I think, one tool in our toolbox becoming much more sophisticated. And as we continue to micro segment, we're going to become much, much better at this. And so I think we will continue to be ferociously focused on retention and acquisition, but doing it in a smart fiscally micro segmented manner that should really improve our unit economics going forward." - Dan Schulman [RH: Slowing free/discounted handset incentives]

"...On cost of retention, the cost of retention and cost of acquisition have come down substantially through the quarter.

*We believe that those lower levels will continue to play out through the year. And that really has to do with micro segmentation and really understanding what a customer needs. **The era of just the free handset, that's gone right now. We are looking at what does the customer need. Can they have a handset that is last year's model that's been refurbished. Do they need a new handset? Many of***

them because of the economy are keeping their handsets longer right now. And so I believe that you're going to continue to see CoR and CoA at reduced levels." *- Daniel Schulman*

United Postal Service (UPS)

"Fuel didn't have a material impact in the first quarter because really the ramp in prices happened late in the quarter and as we've gone into April. Look, fuel -- we manage fuel through fuel surcharges. So even though we have a large airline, we're very different than passenger airlines and our industry operates very differently. ***And so our fuel surcharge indexes protect us from impact to profit, right? Now there could be revenue impact to that, but there will also be offsetting expense. What we don't know is how long the high prices could persist. And then what happens, which relative to oil prices and commodity prices around the world where we actually procure****." - Brian Dykes*

Hickey Advisors LLC

Yara International ASA (YARIY)

"First quarter results mostly reflect pre-war markets, but the Middle East conflict has disrupted global fertilizer markets since the end of February. ***The blockage of the Strait of Hormuz disrupts around 1/3 of global traded urea.***

It also has other key raw materials for fertilizer production such as its gas, its ammonia, its phosphates, and sulfur. And this supply shock has led to significant increase in global fertilizer prices. And that, coupled with weak crop prices and high regulatory burdens, farmer affordability has increasingly come under pressure. *And the high prices are increasing volatility and also risk premiums across the fertilizer value chain and eventually into the food markets as well." - Svein-Tore Holsether*

*"**And gas price changes are typically reflected after 2 months in our earnings.** So this quarter, EBITDA is largely based on pre-war market dynamics. Volumes are also up, reflecting strong commercial execution in the season to date. And keep in mind here that we also had a strong fourth quarter on volumes." -Svein-Tore Holsether*

*"**Global fertilizer markets are currently heavily affected by the ongoing conflict in the Middle East. Around 1/3 of globally traded urea is exported through the Strait of Hormuz, but also 1/4 of the world's ammonia as well as 50% of sulfur, which is significantly impacting the availability of phosphate fertilizer.***

And furthermore, 20% of global LNG trade is disrupted, and that's leading to urea production curtailments as well, such as in India. The disruption to urea availability has led to a significant price increase, so far, 47% since February. And urea FOB Egypt is up even more at 77%. TTF gas prices have also increased, however, less so than urea and phosphate prices.

Farmers' situation was challenging before the war driven by weak crop prices and cost inflation across many input factors as well as regulatory burdens and global market volatility, which all add to this pressure, and this is concerning. *And those that will be hit the hardest are smallholder farmers in the poorest parts of the world because of lower ability to pay.*

But it's actually a double hit because it's likely also impacting the farmers where the yield curves are the steepest, meaning that marginally lower fertilizer application will have a higher yield impact. Fertilizers are essential for food production and stable access is really critical for farmers to produce the food that the world needs. *Yara's role is to remain robust and to ensure the continuity of our production and also the deliveries to the farmers." - Svein-Tore Holsether*

"And building on that, there is no doubt that the current global situation puts significant stress on supply chains, and this is particularly visible in the fertilizer space." - Magnus Ankarstrand

"In the medium term, as previously illustrated at our Capital Markets Day, there's a limited number of supply additions from ongoing urea projects, and this already seem to increase market tightness versus historic demand growth. And recently and recent announcements suggest that several of these projects are -- that were announced to be commissioned in 2027 will be further delayed, driven by both the Middle East situation and other factors." - Magnus Ankarstrand

"The current situation is really unprecedented for the global markets, and the fertilizer industry is no exception to that. Together with the Ukraine war, the current conflict in the Middle East adds to the

geopolitical volatility. Yara's business model is well adapted to navigate such volatility." - Svein-Tore Holsether

Miscellaneous

"Slide 4 provides a more detailed view of growth and orders by end market. When you look across our portfolio, roughly 60% of our businesses showed relative strength in Q1, including general industrial and safety. Importantly, we also saw strong orders in these markets, which gives us visibility and reinforces that the demand environment in these verticals remains healthy. At the same time, we experienced macro and industry-driven softness in about 40% of the portfolio that we've been highlighting as watch areas.

In electronics, we delivered flat year-over-year growth in Q1 versus mid-single digits last year. Our performance in semiconductor and data centers was very strong, while consumer electronics was soft due to industry-wide memory chip issues, which is impacting demand. Electronics orders were up double digits due to significant activity in semis and data centers, which will convert to revenue in Q2 and the second half.

In automotive, the market was soft as expected in the first quarter*. Global IHS build rates were down about 3% overall and 10% in China, which pressured volumes. And in Consumer,* ***we continue to see soft U.S. consumer discretionary spending with a few pockets of strength in categories with recent new product introductions****. POS trends in the U.S. improved over the course of the quarter and were positive in 7 of the last 8 weeks, providing some encouragement heading into Q2." – 3M*

"Yes. ***And in terms of the rollout in the timeline, we've already started in April in a couple of countries in Asia. And then in the United States, it starts in May 1 and Europe as well. So it is imminent right now with all the letters going out to the customers, knowing when the surcharge is going to impact them, oil price increase is going to impact them. Yes****." – 3M*

*"Slide 9 shows the trend of key earning elements and the current guidance. We are trending $0.05 to $0.15 higher on earnings from momentum on productivity and lower share count and interest expense****. We are facing higher input costs due to the recent increase in oil price, but have implemented targeted price increases to mitigate the impact at the current levels****." – 3M*

"Our strategic curtailments act as a form of storage, keeping gas in the ground during seasonally low periods of demand and surging volumes above baseline when demand rebounds. This approach allows us to leverage the flexibility of our integrated asset base to maximize value in both peak and trough demand seasons." - EQT

"We generated more than $1.8 billion of free cash flow in the first quarter, another record-high for EQT. To put this into perspective, in just 90 days, we generated roughly as much free cash flow as we did during the entirety of 2022, a year when gas prices were over $6. This is a powerful illustration of how we've strategically transformed EQT over the past several years."- EQT

"I'd say where we're seeing the most pressure, as Ben mentioned, would be more on that industrial basket. ***So you're seeing that in the solvents and resins, those petrochemical based commodities. Propylene drives about 75% of our basket, and that pricing is up because of the Middle East forecasted maybe up 50% more through the rest of '26 related to those disruptions****." -Sherwin Williams*

*"In terms of raw material price/cost dynamics, cost for oil, natural gas and key petrochemical feedstocks such as propylene have inflated and remain volatile****. As we have previously indicated,***

sustained inflation in these commodities typically takes about a quarter or 2 before we begin seeing an impact in our P&L. *Specifically, we would expect to see these inflating costs impacting us more materially as we move through the second quarter and into the second half of the year." – Sherwin Williams*