

Good morning everyone and thank you for joining ST for our Q2 2026 earnings conference call.

I will start with an overview of the second quarter, including business dynamics, and I will hand over to Lorenzo for the detailed financial overview. I will then comment on the outlook and conclude before answering your questions.

So, starting with Q2:

- Our second quarter net revenues of \$3.49 billion came in above the mid-point of our business outlook range, driven by higher revenues in CECP and Automotive.
- Gross margin was 34.8% and non-U.S. GAAP gross margin was 35.2%; both were in line with the mid-point of our business outlook range. Non-U.S. GAAP Diluted Earnings Per Share was \$0.31.
- During the second quarter, inventory in our Balance Sheet remained flattish. In distribution, inventory further decreased and is now below our standard target.
- We generated a positive \$75 million Free-Cash-Flow.

Let's now discuss our business dynamics during Q2.

During the quarter demand increased further, with strong bookings and book-to-bill close to 2 overall. We were well above 1 in all end markets, and significantly above 2 in CECP mostly driven by optical connectivity including silicon photonics. We saw improved visibility and signs of tight supply in several product categories.

In Automotive revenues came in better than expected, increasing 14% sequentially and 16% year-over-year.

This growth was driven by our solid position on application-specific ICs and sensors for conventional applications, electrical powertrain, and ADAS.

Automotive design momentum continued to build across multiple OEM and Tier 1 ecosystems. We secured design wins across hybrid, electric, and conventional vehicles, including applications in onboard chargers, powertrain, and active suspension.

These wins were across our application-specific ICs and sensors. Specifically, our smart power ICs wins include custom devices for airbags, electronic stability control, and suspension applications based on our proprietary BCD technologies manufactured in our Agrate 300mm fab.

We have progressed well with the integration of NXP's MEMS sensors business, acquired in February. As we anticipated, the complementary technology and product portfolio is strengthening our automotive sensor business with awards at key players for active safety applications and tire pressure monitoring.

Industrial improved 20% sequentially and 34% year-over-year. Importantly, inventory in distribution further decreased and is now below our standard target.

This solid growth was driven by our general-purpose microcontrollers and by analog with their wide ecosystems, and by our application specific analog products, complemented by power conversion products. We are strongly positioned to support the ongoing transformation of factory automation, robotics, and power and energy infrastructure. Our portfolio is uniquely addressing the emerging needs of Physical AI, where intelligent sensing, real-time control, and efficient power management are increasingly critical.

During the quarter, we saw design wins across industrial automation, power systems, building automation, and home appliances.

We continued to introduce new advanced sensors for these applications.

We launched a new series of industrial MEMS sensors with embedded AI, tailored for the fast-growing industrial condition monitoring market. We also announced a new compact 3D LiDAR module delivering AI-ready output data for low-compute edge AI systems running on microcontrollers and high-performance sensing in applications such as robotics, industrial automation, smart buildings, AR/VR, and healthcare. This is in line with our strategy to move beyond standalone sensors and deliver integrated sensing systems that support real-world edge AI.

Finally, we announced a further expansion of our collaboration with NVIDIA to accelerate Physical AI. As a partner in NVIDIA Halos for Robotics, an end-to-end functional safety system for industrial and humanoid robots, ST is bringing its microcontrollers, sensors, motor control, and security solutions to support Halos readiness across chips, evaluation kits, software, and reference designs.

For **Personal Electronics**, second quarter revenues were up 3% sequentially and 20% year-over-year.

This growth was driven by increased content by device in our engaged customer programs and better than normal seasonality.

During the quarter, we introduced a secure chip that helps smartphone and personal electronics manufacturers prepare for quantum-ready security requirements.

It combines post-quantum cryptography acceleration with NFC, secure element, and eSIM functions on a single die, for use cases such as digital identity, payments, and digital car keys.

We also introduced a new generation of ultralow-power global-shutter image sensors that deliver high-quality, always-on vision to compact devices operating on batteries or harvested energy, such as wearables, AR/VR and XR headsets, smart home appliances, and medical devices. They are engineered to deliver rich visual context and AI-ready data under tight constraints on power, size, and cost.

With the depth sensing technologies I mentioned earlier and these devices for AI vision, ST delivers a complete perception stack for edge AI to customers.

For **Communications Equipment and Computer Peripherals**, second quarter revenues were above expectations, showing increases of 13% sequentially and 50% year-over-year.

This growth was driven by our engaged customer programs with our custom-designed products, boosted by our microcontrollers for optical connectivity.

Indeed, ST is a core enabler of the cloud AI era. We see very strong traction on optical connectivity driven by silicon photonics ICs, electronic ICs, microcontrollers.

For the power stage of cloud AI, we are already successful with our microcontrollers and high voltage power and analog products, and we are building a pipeline of design wins for low voltage power and analog products. Therefore, we are raising our revenue ambition for datacenters. We now expect revenue above \$1 billion in 2026 and, assuming the current dynamic continues and with the current engagements we have, well above \$2 billion in 2027.

During the quarter, we secured multiple design wins across a range of products -from optical connectivity driven by silicon photonics ICs, electronic ICs, and microcontrollers, to silicon and silicon carbide-based power solutions. In addition, we see a growing number of “non-traditional” AI server companies, including players coming from industries such as solar power and battery storage, where we are leveraging strong relationships to support their expansion into this field.

In May, we held a webcast on the LEO and New Space opportunity for ST, highlighting how ST is positioned as a core semiconductor enabler across this new industry. We see a significant opportunity here, with our addressable market expected to reach around \$3 billion by 2030, or about four times the 2025 level. ST expects to generate well above \$3 billion in cumulative space revenue over the period 2026–2028, mainly with our BiCMOS, FD-SOI, and panel-level packaging technologies.

Finally, in June, ST joined the €115 million Series A financing of Quobly to accelerate the industrialization of its silicon-based quantum computers and bring its first commercial product to market by the end of 2026. For ST, the scale needed by HPC customers can only be achieved if breakthrough quantum systems can be industrialized and integrated with semiconductor-grade standards and backed by a robust ecosystem. We are leveraging years of shared expertise in FD-SOI and deep technological collaboration to accelerate the commercialization of Quobly's products through our 300mm silicon fab environment.

In May, we held our 2026 STMicroelectronics Annual General Meeting of Shareholders, where all resolutions were approved. Following the AGM, ST's Supervisory Board appointed Mr. Armando Varricchio as the Chairman and Mr. Nicolas Dufourcq as the Vice-Chairman of the Supervisory Board.

Now over to Lorenzo, who will present our key financial figures.

Thank you, Jean-Marc, and good morning, everyone.

Let's start with a detailed review of the second quarter. Starting with revenues, on a year-over-year basis.

By reportable segment,

- Analog products, MEMS and Sensors grew 26.0% mainly due to Imaging and MEMS and, to a lesser extent, Analog;
- Power and Discrete products increased 3.7%;
- Embedded Processing revenues were up 35.5%, mainly due to General Purpose MCU and, to a lesser extent, Custom Processing and Connected Security; and
- RF Optical Communications grew 32.0%.

By end-market, Communication Equipment and Computer Peripherals grew 50%, Industrial 34%, Personal Electronics 20%; and Automotive 16%.

Year-over-year, sales to OEMs and Distribution increased 23.3% and 33.1%, respectively.

On a sequential basis, by reportable segment, Analog Products, MEMS and Sensors increased by 8.2%, Power and Discrete by 19.2%, Embedded Processing by 17.7% and RF Optical Communications by 8.6%.

By end market, on a sequential basis, Industrial grew 20%, Automotive 14%, Communication Equipment and Computer Peripherals 13%; and Personal Electronics 3%.

Turning now to profitability:

Gross profit in the second quarter was \$1.22 billion, increasing 31.1% on a year-over-year basis.

Gross margin was 34.8%, increasing 130 basis points year-over-year, mainly due to lower unused capacity charges and better product mix. On a sequential basis, gross margin increased by 100 basis points. Non-U.S. GAAP gross margin was 35.2%.

Q2 gross margin included about 60 basis points of negative impact resulting from non-recurring costs related to our manufacturing reshaping program. The negative impact on Gross margin just mentioned non-recurring costs is expected to remain at similar level over the rest of the year.

Total net operating expenses, excluding restructuring, amounted to \$970 million in the second quarter. Non-U.S. GAAP Opex stood at \$960 million, in line with expectations given in April.

For the third quarter of 2026 we expect non-U.S. GAAP net Opex to stand at about \$980 million. The sequential increase is mainly due to start-up costs and employee share award expenses that are more than offsetting the positive vacation seasonality effect. Excluding these two headwinds, Q326 non-U.S. GAAP net Opex would have been at about \$920 million.

For FY2026, we now expect non-U.S. GAAP net Opex to be slightly above \$3.8 billion, taking into account increased employee share award expenses and the temporary impact of startup costs which reduce our Other Income and Expense line. FY2026 non-U.S. GAAP net Opex are expected to increase low-double digit year-over-year. Excluding NXP's MEMS business acquisition and the exchange rate impact, like-for-like net Opex should be up high single-digit year-over-year. Our Cost savings plan is delivering its expected benefits. At the same time, we are accelerating our investments in new business opportunities.

In the second quarter we reported a \$187 million operating income which included \$58 million for impairment, restructuring charges and other related phase-out costs. These charges are related to the execution of the previously announced company-wide program to reshape our manufacturing footprint and resize our global cost base. Q2 operating income also included \$24 million Purchase Price Allocation (PPA) effects from our acquisition of NXP's MEMS sensor business.

Excluding these items, Q2 non-US GAAP operating income stood at \$269 million and non-US GAAP operating margin was 7.7%, with Analog Products, MEMS and Sensors at 10.1%, Power and Discrete at -21.4%, Embedded Processing at 19.7% and RF Optical Communications at 21.2%.

Second quarter 2026 net income was \$222 million, compared to a net loss of \$97 million in the year-ago quarter. Diluted Earnings per share were a positive \$0.24 compared to a negative \$0.11.

Non-US GAAP net income stood at \$291 million and non-US GAAP diluted Earnings Per Share stood at \$0.31.

Net cash from operating activities totaled \$502 million in the second quarter, after approximately \$44 million outflow related to restructuring, compared to \$354 million in the year-ago quarter.

Net Capex was \$409 million in the second quarter compared to \$465 million in the year-ago quarter.

We now expect 2026 net Capex to be at the high end of our \$2.0 to \$2.2 billion range, reflecting accelerated investments in selected growth drivers, including Cloud Optical Interconnect.

Free cash flow was positive at \$75 million in the second quarter compared to negative \$152 million in Q2 2025.

Inventory at the end of the quarter was \$3.19 billion, compared to \$3.17 billion in Q126 and \$3.27 billion in Q225. Days sales of inventory at quarter end were 126 days, in line with our expectation, compared to 140 days for the previous quarter and 166 days in the year-ago quarter.

Cash dividends paid to stockholders in the second quarter of 2026 totaled \$75 million.

ST maintained its financial strength with a net financial position that remained solid at \$2.01 billion as of June 27, 2026, reflecting total liquidity of \$6.03 billion and total financial debt of \$4.02 billion.

During the quarter, ST issued a new \$1.5 billion dual-tranche senior unsecured convertible bond (Tranche A and Tranche B for \$750 million each) due 2031 and 2033 and announced the early redemption of its \$750 million convertible bond due in 2027.

Now back to Jean-Marc, who will comment on our outlook.

Thank you Lorenzo.

Now, let's move to our business outlook for Q3 2026:

- We are expecting Q3 revenues of \$3.70 billion +/- 350 basis points. At the mid-point, our Q326 net revenues will increase 6.2% sequentially and by 16.2% year-over-year.
- We expect our gross margin to be at about 37.0% +/- 200 basis points, including about 70 basis points of unused capacity charges.
- This business outlook does not include any impact for potential further changes to global trade tariffs compared to the current situation.

To conclude:

In Q2 we saw demand further accelerating, strong bookings in all end-markets and improved visibility.

In Q3 revenues are expected to continue to grow sequentially and year-over-year; and gross margin to continue to improve. As previously anticipated, Personal Electronics seasonality this year is different compared to previous years. Revenue growth for Personal Electronics is expected to be below normal seasonality in Q3, moderating ST's sequential growth in the third quarter.

In Q4 we anticipate a revenue growth acceleration, mainly driven by our engaged customer programs in AI datacenters and LEO satellite communication. We expect Q4 revenues to be above \$4 billion, representing a sequential improvement better than normal seasonality.

This translates into a H2 vs H1 growth above our normal 15% seasonality.

ST's growth drivers remain solid. We continue to see strong demand in AI datacenters, reflecting the success of our product and technology portfolio. We are raising our revenue ambition for datacenters. We now expect revenues above \$1 billion in 2026 and, assuming the current dynamic continues and with the current engagements we have, well above \$2 billion in 2027.

This confirms ST's strong position in the evolving AI datacenters.

Thank you, and we are now ready to answer your questions.