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The 1-Minute Brief

ST Microelectronics Q2'26 Earnings

Announced on 23, Jul'26

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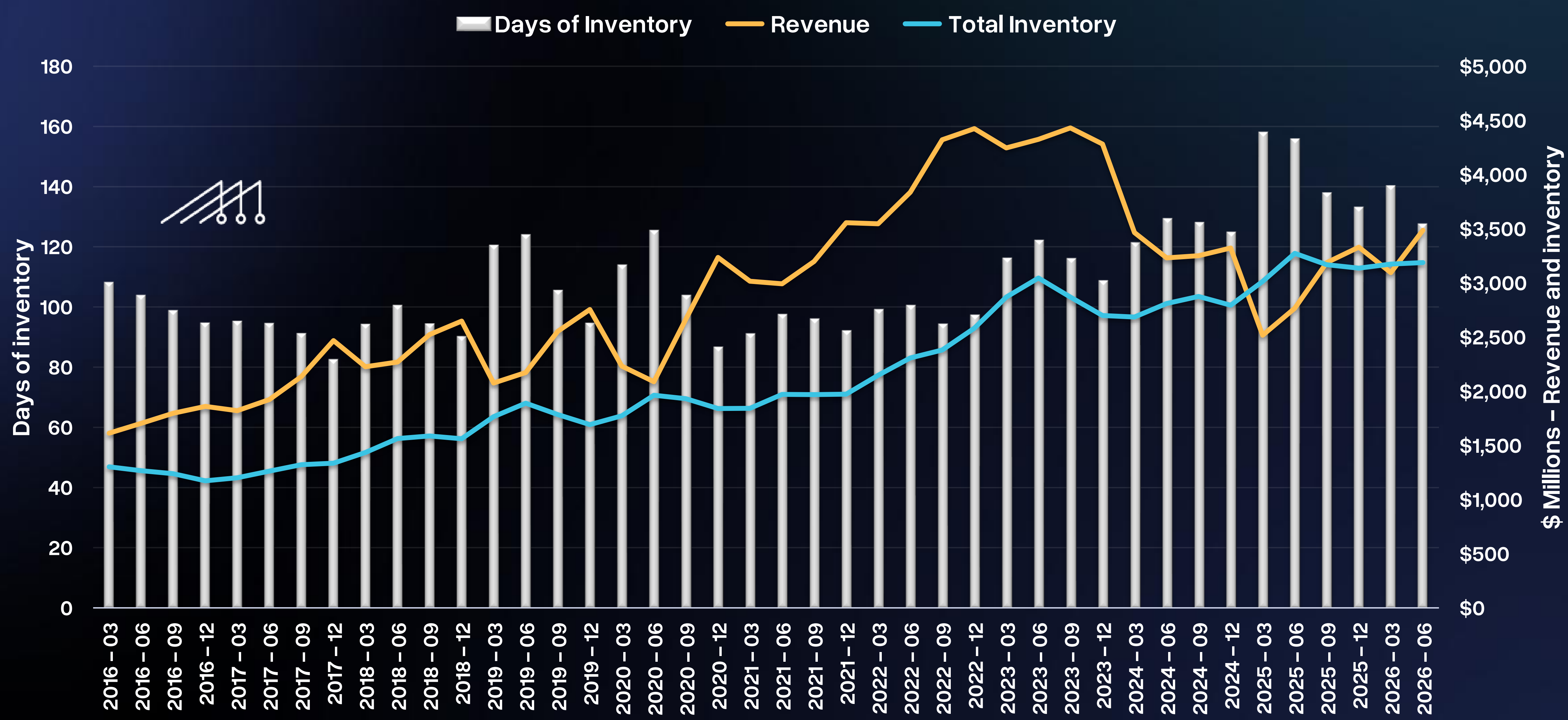
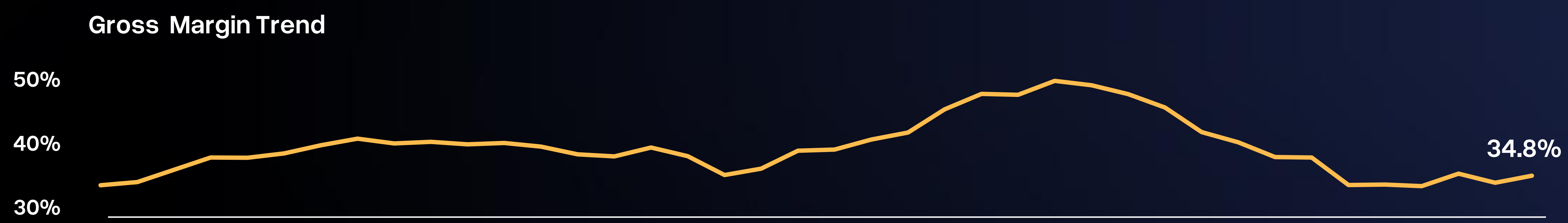
Key Takeaways

- H1'26 revenue rose 24.6% YoY; Q2'26 revenue reached $3.5B, up 26.1%YoY and 12.7% QoQ, driven by strength in CECP* and automotive
- Gross margin improved 130bps YoY, mainly due to lower unused capacity charges and better product mix
- Demand strengthened in Q2 with broad bookings (~2x), tighter supply visibility, and distribution inventory now below ST's normal target
- AI data centers is now ST's largest structural growth driver, lifting revenue targets

*CECP– Communication equipment, and computer peripherals





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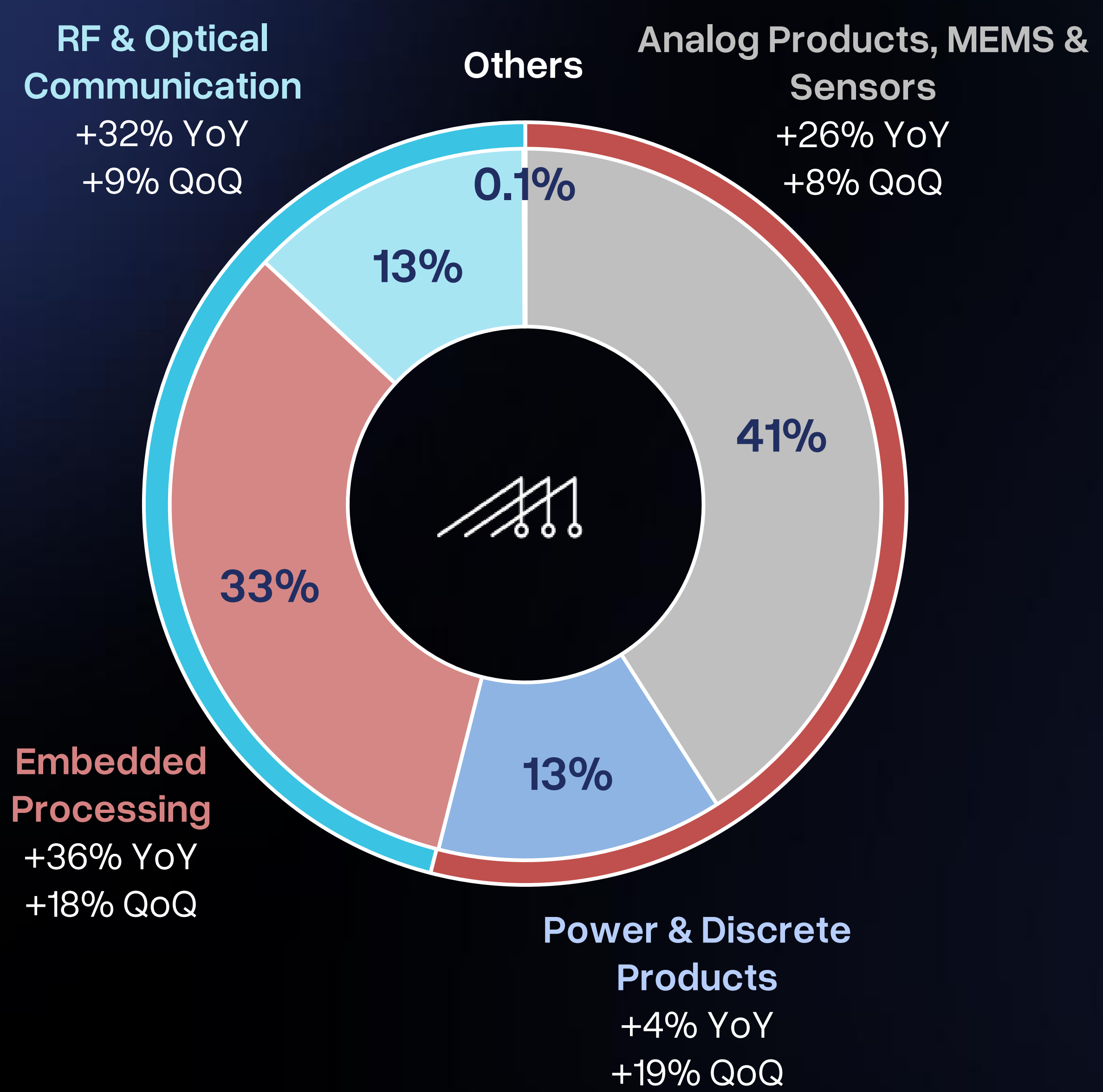
Performance Breakdown

- **Automotive:** Growth driven by application-specific ICs, smart power devices, sensors, conventional vehicle electronics, EV powertrain, ADAS
  - Strong design wins across hybrid, electric, and conventional vehicles
- **Industrial:** Growth supported by strong demand for general-purpose MCUs, analog and power products with momentum in factory automation, robotics, energy infra, and Edge AI applications
- **Personal electronics:** Growth driven by higher chip content and customer programs
- **CECP**: Strongest segment driven by robust AI data center demand, optical connectivity, silicon photonics, custom ASICs, and MCUs, with bookings remaining well above 2x

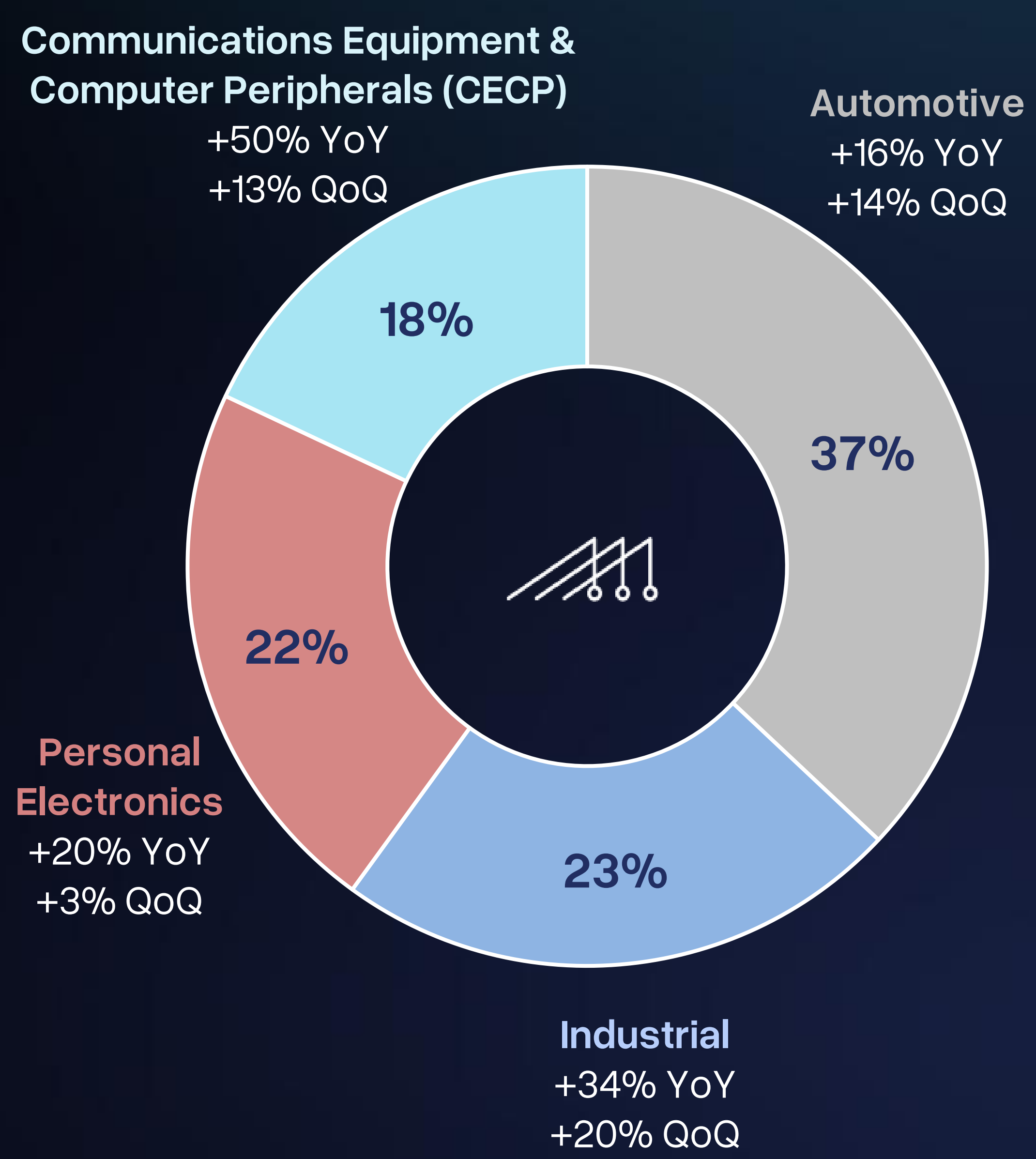
Q2’26 % by Product Segment



Analog, Power & Discrete, MEMS and Sensors (APMS)

Microcontrollers, Digital ICs, and RF products (MDRF)

Q2’26 % by End Market



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Outlook

- **Q3’26 quarter midpoint guidance:**
  +16.2% YoY (vs. Q3’25) and +6.2% QoQ (vs. Q2’26)
- Above seasonal outlook with continued strength in industrial, automotive, CECP (AI infrastructure), and SiC
- Personal electronics revenue is expected to be below normal seasonality

Q4’26 & Long-term Outlook:

- Q4’26 revenue expected to exceed $4.0B on AI & industrial strength
- AI Data Center: AI revenue expected to exceed $1B in 2026 and $2B in 2027
- Gross Margin: Targeting >40% by end-2027 as manufacturing transformation progresses
- Silicon Carbide: Expects double-digit SiC revenue growth in 2026, driven by EV electrification
- LEO Satellites: Targeting well above $3B cumulative revenue (2026—2028) from satellite communications

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