

TTM Technologies, Inc. ([TTMI](#)) Q3 2025 Earnings Call
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Company Participants

Daniel Boehle - Executive VP & CFO
Edwin Roks - President, CEO & Director

Conference Call Participants

James Ricchiuti - Needham & Company, LLC, Research Division
Michael Crawford - B. Riley Securities, Inc., Research Division
William Stein - Truist Securities, Inc., Research Division

Presentation

Operator

Good afternoon. Thank you for standing by. Welcome to the TTM Technologies, Inc. Third Quarter 2025 Financial Results Conference Call.

[Operator Instructions] As a reminder, this conference is being recorded today, October 29, 2025. Dan Boehle, TTM's Chief Financial Officer, will now review TTM's disclosure statement.

Daniel Boehle *Executive VP & CFO*

Before we get started, I'd like to remind everyone that today's call contains forward-looking statements, including statements related to TTM's future business outlook. Actual results could differ materially from these forward-looking statements due to one or more risks and uncertainties, including the risk factors we provide in our filings with the Securities and Exchange Commission, which we encourage you to review.

These forward-looking statements represent management's expectations and assumptions based on currently available information. TTM does not undertake any obligation to publicly update or revise any of these forward-looking statements, whether as a result of new information, future events or other circumstances, except as required by law.

We will also discuss on this call certain non-GAAP financial measures, such as adjusted EBITDA. Such measures should not be considered as a substitute for the measures prepared and presented in accordance with GAAP, and we direct you to the reconciliations between GAAP and non-

GAAP measures included in the company's earnings release, which is available on the Investor Relations section of TTM's website at investors.ttm.com. We have also posted on the website an earnings presentation that we will refer to during our call.

I will now hand the call over to Edwin Roks, our new President and Chief Executive Officer. Edwin, welcome to the TTM team and to your first quarterly conference call with us. Please go ahead.

Edwin Roks *President, CEO & Director*

Thank you, Dan, for welcoming me. Good afternoon, everyone, and thank you for joining us for our third quarter 2025 conference call. I want to thank Tom Edman for his leadership of the company for more than a decade, and I look forward to engaging with our shareholders in the future.

Before we review results, I want to reaffirm our strategic foundation. At TTM Technologies, we believe the future of electronics lies in speed, reliability and integration. With over 17,000 employees across 22 factories, we already deliver millions of printed circuit boards every year. But our road map goes further.

We continue to move up the value chain into highly complex modules and subsystems that combine sensors, actuators, RF and photonics for markets where reliability and performance matter most, aerospace, defense, datacenters, telecom, instrumentation and medical systems.

From AI-driven PCB design to mission-critical subsystems, TTM's mission is in our name, time to market, delivering complex, high-performance solution at global scales.

I know you want to hear whether I make any strategic changes. And all I will say about that now is that we're currently in the middle of our disciplined annual strategic review and will go before the Board for approval next month. This plan will guide our future conversations. But as you'll hear throughout the comments today, TTM is performing well and is aligned perfectly with key growth industries. So I'm happy to be here and excited about the opportunities for continued growth and excellence ahead.

I'll now begin with a review of our business highlights from the quarter and a discussion of our third quarter results, followed by an update of our current geopolitical environment and an update of our planned expansions. Then we'll

follow with an overview of our Q3 2025 financial performance and our Q4 guidance. We will then open the call to your questions.

We delivered an excellent third quarter of 2025, and I would like to thank our employees for their part in delivering these results. For the fourth quarter in a row, TTM achieved sales and non-GAAP EPS above the high end of the guided range. Sales grew 22% year-on-year, reflecting continued demand strength in our data center computing and networking end markets, driven by the requirements of generative AI.

Our medical, industrial, instrumentation and aerospace and defense end markets also experienced double-digit year-on-year sales growth. As you know, the company reports sales in 5 strategic end markets. Aerospace and defense is a focused end market, which we deliver a mix of approximately 50-50 between PCBs and integrated electronics products.

Sales in our aerospace and defense markets were better than expected this quarter at 45% of total sales, resulting from a pull forward of sales that were originally expected in the fourth quarter. Demand in this end market continues to be strong and book-to-bill increased to very close to 1 for the third quarter, keeping program backlog steady at approximately \$1.46 billion.

Three of the remaining 4 end markets, data center computing, networking; and medical, industrial and instrumentation; are experiencing sales growth directly or indirectly related to the growing requirements of AI. Nearly all of data center computing and networking and approximately 25% of medical, industrial and instrumentation.

In total, approximately 80% of our total sales in the quarter related to 2 very strong industries, aerospace and defense and AI. We are well positioned in both areas and offer highly innovative technologically advanced products to meet our customers' needs. We are focused on working diligently with our customers and suppliers to support the continued growth demand in each.

The company's adjusted EBITDA margin was 16.1%, which is comparable to 16.3% in the same quarter a year ago, reflecting continued solid execution. Non-GAAP EPS of \$0.67 reflect a solid consecutive quarterly record for TTM. And cash flows from operations were \$141.8 million or 18.8% of sales, which brings the year-to-date cash flow from operations to \$229 million or 10.7% of sales.

To reiterate comments made over the past 2 quarters regarding the potential impact of tariffs, with our diversified supplier base and global manufacturing footprint, we do not expect a significant short-term impact of tariffs, whether through direct impact to sales or direct impact to materials and equipment purchases. And while it's possible that there could be an indirect impact such as overall end market demand weakness and economic slowdown, we have not seen that impacting our key end markets, as I mentioned.

In Penang, we continue to make progress with our customer qualifications and training the local workforce. Third quarter sales matched the second quarter at \$5 million, and we expect to see growth in the fourth quarter. We are focused on improving and sustaining yields to support our customers' production cycles, and it remains one of our top priorities.

Customer interest in our Penang facility remains strong, and our confidence in our growth in Malaysian production is evident in our long-term plans for a second production facility announced last quarter. We will align the timing of construction of our planned second facility with the longer-term customer demand. And as of now, we have not broken ground.

Progress on our Ultra-HDI PCB manufacturing facility in Syracuse, New York continues as planned. Equipment is arriving, and we are beginning to install and test equipment setups. As a reminder, we expect volume production to start in the second half of 2026.

The aerospace end market represented 45% of third quarter 2025 sales compared to 45% in the second quarter and 45% in the third quarter of 2024. Sales in this market grew 20% year-on-year to a record high and were significantly better than expected, partially due to timing of sales that were originally planned in the fourth quarter.

The solid demand in the defense market is a result of positive tailwinds in defense budgets, our strong strategic program alignment and key bookings for ongoing programs. We maintain a solid A&D program backlog of about \$1.46billion at the end of the quarter compared to \$1.49 billion a year ago.

Bookings in the aerospace and defense market ship over a longer period of time than our commercial markets and provide good visibility into future sales growth. During the quarter, we saw significant bookings related to the AMRAAM missile program, the passive detection and reporting system for the

U.S. Army and the APS-153 radar system for the MH-60R helicopter. We expect sales in Q4 from this end market to represent 42% of our total sales.

Sales in data center computing end markets represented 23% of third quarter 2025 sales compared to 21% in the second quarter and 20% of third quarter 2024 sales. This end market saw 44% year-on-year growth, which was better than expected and a record high due to continued demand strength from our data center customers, building products for GenAI applications. We expect this growth rate to continue, increasing this end market to 28% of the fourth quarter sales.

The medical, industrial and instrumentation end market represented 14% of third quarter 2025 sales compared to 15% in the second quarter and 14% in third quarter of 2024. This end market saw year-on-year growth of 22% during the third quarter of 2025 as the medical and industrial segment saw increased demand for robotics and in the Instrumentation segment saw increased demand for automated test equipment and GenAI applications.

For the fourth quarter, we expect the medical industrial instrumentation end market to represent 14% of total sales. Automotive sales represented 11% of third quarter 2025 sales compared to 11% in the second quarter and 14% in the third quarter of 2024. The year-over-year decline for automotive was primarily due to continued inventory adjustments and soft demand at several customers. We expect the automotive end market to represent about 9% of total sales in the fourth quarter.

Networking represented 7% of third quarter 2025 sales compared to 8% in the second quarter and 7% of third quarter 2024 sales. Year-on-year growth was 35% as this market continues to show strong growth driven by AI-related demand and new products. In Q4, we expect this market to represent 7% of total sales.

At the end of Q3, our 90-day backlog, which is subject to cancellations was \$610.4 million compared to \$534.5 million in the third quarter of last year. As I mentioned earlier, our aerospace and defense program backlog was \$1.46 billion at the end of Q3 this year compared to \$1.49 billion at the end of third quarter 2024. Our overall book-to-bill ratio was 1.15 for the third quarter of 2025 with the Commercial segment at 1.29, the A&D segment at 0.99 and the RF&S segment at 0.95.

Now Dan will review our financial performance for the third quarter. Dan?

Daniel Boehle *Executive VP & CFO*

Thanks, Edwin, and good afternoon, everyone. Highlights of our third quarter financial results were included in the press release distributed today that are summarized on Slide 7 of the earnings presentation posted on our website.

For the third quarter, net sales were \$752.7 million compared to \$616.5 million in the third quarter of 2024. The 22% year-over-year increase was due to growth in our aerospace and defense, data center computing, networking; and medical, industrial and instrumentation; end markets, partially offset by a slight decline in our automotive end market.

On a GAAP basis, gross margin for the third quarter of 2025 was 20.8% compared to GAAP gross margin for the third quarter of 2024 of 21.1%. On a GAAP basis, operating income for the third quarter of 2025 was \$71.9 million or 9.6% compared to GAAP operating income for the third quarter of 2024 of \$51 million or 8.3%.

On a GAAP basis, net income in the third quarter of 2025 was \$53.1 million or \$0.50 per diluted share. This compares to GAAP net income for the third quarter of 2024 of \$14.3 million or \$0.14 per diluted share.

In the third quarter of 2025, the Aerospace and Defense segment recorded \$336.8 million in net sales and \$52.9 million in segment operating income compared to \$279.5 million in net sales and \$40.3 million in segment operating income in the year ago quarter.

In the third quarter of 2025, the Commercial segment recorded \$408.9 million in net sales and \$60 million in segment operating income compared to \$329.4 million in net sales and \$51.1 million in segment operating income in the year ago quarter.

In the third quarter of 2025, the RF and Specialty Components segment recorded \$10.4 million in net sales and \$3.1 million in segment operating income compared to \$9.8 million in net sales and \$2.4 million in segment operating income in the year ago quarter.

The remainder of my comments will focus on our non-GAAP financial performance. Our non-GAAP performance excludes M&A-related costs, restructuring costs, certain noncash expenses items such as amortization of intangibles, impairment of goodwill, stock compensation, gains on the sale of property, unrealized gains or losses on foreign exchange and other unusual or

infrequent items. We present non-GAAP financial information to enable investors to see the company through the eyes of management and to facilitate comparisons with expectations and prior periods.

Gross margin in the third quarter was 21.5% compared to 22% in the third quarter of 2024. The year-over-year decrease was primarily due to ramp-up costs in connection with our fabrication plant in Penang, Malaysia. Selling and marketing expense was \$20.5 million in the third quarter or 2.7% of net sales versus \$18.9 million or 3.1% of net sales a year ago.

Third quarter general and administrative expense was \$42.1 million or 5.6% of net sales compared to \$36.4 million or 5.9% of net sales in the same quarter a year ago. The dollar increase was primarily driven by an increase in the incentive compensation accrual and outside services.

In the third quarter of 2025, research and development was \$6.9 million or 0.9% of net sales compared to \$7.7 million or 1.3% of net sales in the same quarter last year. Interest expense was \$9.9 million in the third quarter of 2025 compared to \$11.3 million in the same quarter last year. During the third quarter of 2025, there was \$1.8 million of realized foreign exchange loss below the operating income line compared to \$1.6 million of realized foreign exchange loss in the third quarter of 2024.

Interest and other income totaled \$2.5 million in the third quarter of 2025. This compares to interest and other income totaling \$3.6 million in the same quarter of last year. Our effective tax rate was 15% in the third quarter, resulting in tax expense of \$12.5 million. This compares to a rate of 10.6% or a tax expense of \$6.7 million in the same quarter of last year.

Third quarter 2025 net income was \$71 million or \$0.67 per diluted share. This compares to third quarter 2024 net income of \$56.8 million or \$0.55 per diluted share. Adjusted EBITDA for the third quarter of 2025 was \$120.9 million or 16.1% of net sales compared with third quarter 2024 adjusted EBITDA of \$100.6 million or 16.3% of net sales.

Depreciation for the quarter was \$27.6 million. Net capital spending for the quarter was \$99.2 million. Cash flow from operations in the third quarter of 2025 was \$141.8 million or 18.8% of net sales. Cash and cash equivalents at the end of the third quarter of 2025 totaled \$491.1 million, and our net debt divided by last 12 months EBITDA was 1.0.

Now I will turn to our guidance for the fourth quarter of 2025. We project net sales for the fourth quarter of 2025 to be in the range of \$730 million to \$770 million and non-GAAP earnings to be in the range of \$0.64 to \$0.70 per diluted share, which is inclusive of operating costs associated with starting up our Penang facility.

The EPS forecast is based on a diluted share count of approximately 106 million shares, which includes the dilutive effect of outstanding stock options and other stock awards. We expect SG&A expense to be about 8.9% of net sales in the fourth quarter and R&D to be about 1% of net sales. We expect interest expense of approximately \$10.2 million and interest income of approximately \$2.7 million. We estimate our effective tax rate will be between 11% and 15%.

Further, we expect to record depreciation of approximately \$28.1 million, amortization of intangibles of approximately \$9.2 million, stock-based compensation expense of approximately \$12.3 million and noncash interest expense of approximately \$0.5 million.

And finally, I'd like to announce that we will be participating in the Stifel Midwest One-on-One Conference in Chicago, Illinois on November 6, the Bank of America Leveraged Finance Conference in Boca Raton, Florida on December 2, the UBS Global Industrials and Transportation Conference in Palm Beach, Florida on December 3; and the UBS Technology Conference in Scottsdale, Arizona on December 4.

That concludes our prepared remarks. Now I'd like to turn it over for questions. Sherry?

Question-and-Answer Session

Operator

[Operator Instructions] And our first question will come from the line of Jim Ricchiuti with Needham & Co.

James Ricchiuti *Needham & Company, LLC, Research Division*

First off, Edwin, welcome. Best of luck to you. I wanted to start off just on the data center market. Can you talk about; 2 questions. One, how far out does your visibility extend into this market? And the follow-up really deals with the -- whether you have been able to bring on additional capacity to be able to satisfy the demand from your customers from our 2 main facilities in China?

Edwin Roks *President, CEO & Director*

Yes. Jim, first of all, thank you for your question, and thank you for your nice comments here, and good to meet you again. Yes, the visibility is pretty okay. I would say our visibility is between 6 to 9 months. And again, we are already dealing with the top players there. So it's going relatively smooth. And if I look at capacity, Jim, I think when we are in the middle of, let's say, of our strategic planning, we are sort of, let's say, over the coming years, we're good regarding capacity, both in North America and Asia Pacific; well balanced, by the way, between these 2 continents. So that's --yes, that's what I want to mention here.

James Ricchiuti *Needham & Company, LLC, Research Division*

And Penang, can you update us, maybe, Dan, you could take this one, just the margin headwind that you experienced in Penang and how you think about that in Q4 going forward?

Edwin Roks *President, CEO & Director*

Yes. So happy to update you about Penang. First of all, Penang remains a key part of our China Plus One strategy. And we're making very good progress there, I would say. Like Tom mentioned in the last quarter, we are very much focused now on yield before we start ramping up. We want to ramp steadily with our customers. So the good news, Jim, is that we have 5 customers lined up, and we are basically qualifying these customers before the end of the year, and that's still progressing very well.

The training aspect is key. We're working a lot with local staff now. The training aspect is key. That we are still planning also for that second facility in Penang. So I will say I'm pleased with the progress over the last quarter. I know we were a bit optimistic in the past, but I think we should be okay going forward.

Daniel Boehle *Executive VP & CFO*

And Jim, I'll jump in and address your question with regards to the headwind on the profit. In Q3, it was about 195 basis points to the bottom line, which is an improvement from Q2, which was about 210 basis points. And then in Q4, we're forecasting with increased revenue about 160 basis points impact to the bottom line, which is comparable to Q4 of last year, actually, when you look at it year-over-year.

Operator

One moment for our next question. And that will come from the line of Mike Crawford with B. Riley Securities.

Michael Crawford *B. Riley Securities, Inc., Research Division*

Just more broadly, could you help characterize your PCB manufacturing capacity share globally in China and in the U.S.?

Edwin Roks *President, CEO & Director*

Yes, Mike, good question. First of all, in the U.S., we are still the #1 player. And globally, it's always a bit more tricky to mention it. But of course, we are typically a high-end player. But if you look at overall, I think we're about the #6 or 7 of the world. That's basically where we are. And if you look -- concentrate on data center, it's about the #3 or 4 with some typical competition, but about the #3 or 4.

Michael Crawford *B. Riley Securities, Inc., Research Division*

Okay. And then the follow-up is in Penang, I believe you're starting out with something like maybe 15 layer boards, but where are you moving to density in China for data center applications?

Edwin Roks *President, CEO & Director*

Yes. Yes, absolutely. You will not see us -- we still have, of course, capacity, let's say, below the 16 layers. But our focus is, let's say, beyond that, going to a lot of layers. One of our typical things happening right now is that we are demonstrating 87 layers. So this is going very, very rapidly.

And also on the stack micro VS to be more -- better, higher resolution, let's say, we're making really, really good progress. So working with customers on different aspects of the road map, be it more on the material side, be it more like asymmetrical designs like in PCBs, where you put the power on one side and the signal on the other side or, let's say, be it at the pitch where you try to minimize the pitch. We want to be a leader there.

And I can tell you, let's say, from my personal perspective here, we will invest a lot more in R&D and get more progress there to continue to be that top player.

Operator

[Operator Instructions] Our next question comes from the line of William Stein with Truist Securities.

William Stein *Truist Securities, Inc., Research Division*

Congrats on the great results tonight. Edwin, for investors who have not met you or had much experience with you, maybe you can share with us a little bit about your background, what led you to TTM. I understand you have some connections to the Board of Directors, but sort of what led you to the company? And maybe talk a little bit about how your experience and background leads you to succeed at TTM.

Edwin Roks *President, CEO & Director*

Okay. Happy to do that, Will, and good to meet you, by the way, and thank you for your nice words here. Yes, my background is, I'm an engineer. And of course, I did business school as well. 15 years, Philips, 20 years, DALSA and Teledyne, 9 years, let's say, leading the largest segment in Teledyne, the fastest-growing segment in Teledyne. And the last 2 years, I was the CEO of Teledyne, working closely with the executive chairman. And by the way, the new CEO as well, still really good relations with Teledyne and Teledyne will do great. But for me, it was time to do something else after 20 years. And TTM was a really good fit.

My background is physics and electronics and mostly semiconductor physics. So with TTM being a player in the backend, let's say, where the back-end players in silicon, the packagers, the PCB players, everybody comes together in that back end is absolutely a key thing to focus on. I still have great respect for the guys who are making the most complex chips. But nowadays, it's all about the back end. How can you integrate these chips, let's say, in a very compact heterogeneous package. And that's very exciting. And that's my main motivation to be part of TTM, a fantastic company, excellent leadership.

And again, a good relation with the Board of Directors. I know a few Board of Directors members, let's say, from my previous work. But again, this is a great company to be part of. Hopefully, that answers your question.

William Stein *Truist Securities, Inc., Research Division*

That helps. And one more, if I can follow up. The -- I don't know that these metrics are still entirely relevant because you're growing much faster now because of AI data center and also because defense is doing very well and margins are -- have been moving up. But at the last Analyst Day, the company had a 4% to 6% top line organic growth view and 11% to 13% operating margin target. Those were sort of the targets that the prior management team established.

I can't imagine you're going to give us new targets on this call, but I wonder if you can help us think about at least which metrics are most important to you? What are you trying to maximize like from a, let's say, from an outsider's perspective, just looking at the financials, what metrics and what levels should we think so that we're aligned with your way of thinking for the future of the company?

Edwin Roks *President, CEO & Director*

Yes. Great question. Thank you. First of all, we want to grow. The strategic plan, let's say, and even looking at already at next year, it's all about growth and of course, growth in a very qualitative manner. So we want to make sure that our gross margin stays very, very healthy. That's basically the #1 metric where you say -- where you can see if you're competitive. So that's the key thing here.

Of course, we like to generate cash. You saw our great cash position this quarter. Year-to-date, we're at a really nice level. This gives us a possibility not only, let's say, to do acquisitions, and we can do that both in a horizontal way or vertical way, let's say, buying more PCB factories or buying, let's say, up the chain. But also we can invest in our facilities, and that's what we do. We are planning to invest hundreds of millions, let's say, in our facilities in Penang and Syracuse and of course, also investing in China again. So that's going well.

The top metric for me is always cash. It's always growth, it's gross margin. And of course, our EBITDA should be healthy. Bottom line should be healthy. But again, we are set up to grow. That's my answer here.

Operator

I'm showing no further questions in the queue at this time. I would now like to turn the call back over to Mr. Roks for any closing remarks.

Edwin Roks *President, CEO & Director*

Thank you, Sherry. And I'd like to close by summarizing the points I made earlier. First, we delivered strong sales growth in Q3 of 22% year-on-year, driven by increases in our data center computing, networking, medical, industrial and instrumentation and aerospace and defense markets with record highs in A&D and data center markets.

Second, our adjusted EBITDA of 16.1% reflected strong operating performance, leading to a record quarterly non-GAAP EPS of \$0.67. And third, we had solid cash flow from operations of 18.8% of sales, enabling us to invest in our projected continued growth.

In closing, I would like to thank all employees of TTM, our customers, our suppliers and our shareholders for your continued support. Thank you very much. Goodbye.

Operator

This concludes today's program. Thank you all for participating. You may now disconnect.