

## Final Transcript

**TTM Technologies Inc - TTMI.OQ - Earning Conference Call/Presentation- 04/29/26  
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### Corporate Participants

- Sean K.F. Hannan - TTM Technologies - Vice President of Investor Relations
- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director
- Daniel Boehle - TTM Technologies Inc - Chief Financial Officer, Executive Vice President

### Conference Call Participants

- [Steven Fox](#) - [Fox Advisors LLC](#) - Analyst
- [James Ricchiuti](#) - [Needham & Company LLC](#) - Senior Analyst
- [William Stein](#) - [Truist Securities](#) - Analyst
- [Michael Crawford](#) - [B. Riley Securities](#) - Analyst
- [Ruben Roy](#) - [Stifel Nicolaus & Company Inc](#) - Equity Analyst

### Presentation

- Operator - -

Good day, and welcome to the TTM Technologies Q1 2026 earnings conference call.  
(Operator Instructions)

Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker, Mr. Sean Hannan, Vice President of Investor Relations. Please go ahead.

- Sean K.F. Hannan - TTM Technologies - Vice President of Investor Relations

Greetings, everyone. Welcome and thank you for joining us today. I'm Sean Hannan, Vice President of Investor Relations for TTM. With me on the call are Edwin Rocks, our President and Chief Executive Officer, and Dan Bailey, our Executive Vice President and Chief Financial Officer.

Before we get started, I'd like to remind everybody 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. GTM 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](http://investors.ttm.com). We have also posted on the website an earnings presentation that we will refer to during our call.

Here is Edwin.

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

Thank you, Sean. Good afternoon, everyone, and thank you for joining us for our first quarter 2026 conference call. At TTM Technologies, we are focused on designing and manufacturing complex products and solutions in two strategic directions.

The first is advanced interconnect, which includes highly complex printed circuit boards, substrates, and advanced packaging. The second strategic direction builds on our advanced interconnect technology to design and manufacture sophisticated modules, subsystems, and systems.

Examples of this include our RF modules, thermal and power management systems, edge and AI processing products, as well as complex subsystems and fully integrated mission systems. We believe the future of electronics lies in speed to market, high reliability, and efficient technology integration.

The markets in which we do business continue to demand highly complex technology solutions in an increasingly compact size and footprint. Our strategy is to stay at the cutting

edge of advanced interconnect technologies through innovation and continue to move up the value chain into complex modules and subsystems that combine sensors, actuators, RF and photonics.

We engage early with our customers to ensure alignment on product developments and speed to markets, while also enabling optimal management of their complex supply chains. From a demand standpoint, we are experiencing healthy multi-year tailwinds due to our participation in two key megatrends currently driving economic growth, artificial intelligence and defense.

We previously stated that approximately 80% of our net sales are related to these two megatrends and that this puts us in a unique position to benefit our investors. Our ability to seize these organic growth opportunities requires our continuous focus on technological innovation as well as expanding our capacity across our strategic footprint.

We are further investing capital and resources to take full advantage of these opportunities today and in the future through our global footprint, which offers our customers manufacturing options across 24 sites located in China, Malaysia, Canada and the United States.

We stand well positioned to support this growth across our end markets, and we are tracking well ahead of our previously communicated plan to grow revenues 15% to 20% per year for the next three years and to double our earnings from 2025 to 2027, which were goals that were reiterated on our February 4 earnings call.

In our commercial segments, we are highly focused on supporting the demand wave of artificial intelligence in the data center and networking end markets, where customer demand has materially accelerated. We are also focused on evolving opportunities in the use of automation and AI in our medical, industrial and instrumentation end markets.

While we remain strategically positioned in automotive, where our highly valuable solution designs are positioned to benefit from competitor consolidation and have additional transfer application into other markets.

In our airspace and defense end markets, we continue to excel with our leading position in advanced interconnect products, and we work to expand our product offerings in integrated electronics, including modules, subsystems, and full mission systems. Recently, we were proud to be a participant in the success of Artemis II mission with our

microelectronics, PCBs, and assemblies for both the Space Arch Vehicle and the Orion crew capsule.

As for this current state of the defense budget, as well as the geopolitical environment considering the conflict in Iran, our solutions are ever-present in the categories of advanced radar systems, advanced jamming systems, missiles and decoys, electronic surveillance systems, and satellite and ground-based communication systems.

In the commercial aerospace market, we recently won an award from an innovative electric autonomous aerospace company for light passenger travel to provide the sense and avoid radar system for their autonomous aircraft.

I'll now begin with an overview of our business highlights from the quarter. Then we'll follow-up with a summary on our Q1 fiscal 2026 financial performance and our Q2 and fiscal 2026 guidance. We will then open the call to your questions.

We delivered an excellent first quarter of 2026, and I would like to thank our employees for delivering these results. We achieved sales of \$846 million and non-GAAP EPS of \$0.75 per diluted share, both above our guidance issued in early February and both all-time quarterly highs.

Sales grew 30% year-on-year, reflecting continued demand strength in our data center and networking end market, driven by the requirements of AI, while our medical, industrial, and instrumentation, and aerospace and defense end markets also experienced strong growth.

The company-adjusted EBITDA margin was 15.7% in the first quarter of 2026, compared to 15.3% in the prior year, largely reflecting positive mix impacts. Non-GAAP EPS of \$0.75 per diluted share was a 50% improvement year-on-year.

The aerospace and defense end market represented 40% of first quarter 2026 sales. Sales in the aerospace and defense market grew 11% year-on-year for the first quarter. The sales growth in defense market continues to be a result of positive tailwinds in defense budgets. Our strong strategic program alignment, and key bookings for ongoing programs.

During the first quarter of 2026, we saw significant AMD bookings related to the LTAMS air defense radar, APS-153 maritime surveillance radar, and a transportable radar surveillance system for ballistic missile detection and tracking.

In addition, we continue to see an increase in bookings for restricted programs, and we also have first booking that was confirmed to support Golden Dome. A&V booked bill was \$1.1 billion for the quarter, which led to a program backlog of \$1.6 billion, similar to a level a year ago.

We expect second quarter 2026 from this end market to represent 36% of our total sales, while still delivering both year-on-year and sequential growth. Sales in the data center and networking end market represented 36% of our first quarter 2026 sales.

This end market experienced 61% year-on-year growth in the first quarter, above our growth expectation and reflecting continued demand strength from our data center and networking customers, building out the AI data centers.

For the second quarter of 2026, we expect this end market to represent 42% of net sales. The medical industrial instrumentation end market represented 16% of the first quarter 2026 sales. This end market saw year-on-year growth of 61% during the first quarter, aided by healthy demands of AI-enabled robotics in medical, automated test equipment for AI applications in instrumentation.

A notable example win in the quarter was for a major continuous glucose monitoring customer product with our involvement on both the current and next generation, which will feature a materially smaller footprint and more powerful performance.

For the second quarter of 2026, we expect medical, industrial and instrumentation end markets to represent 14% of total sales, growing both sequentially and year-on-year. Automotive sales represented 8% of the first quarter 2026 sales.

We continue to be very selective in this market to focus on higher value-add products that carry margin profiles consistent with our financial goals as we also believe long-term business cycles should migrate back towards advanced capabilities.

We are also supporting our Tier 1 automotive customers as they transition some of their more advanced capabilities towards products serving ancillary end markets. We expect the automotive end market to represent about 8% of our total sales in the second quarter of 2026.

The overall book-to-bill ratio was 1.41 for the first quarter of 2026, with the commercial reporting segment at 1.65 and the A&D reporting segment at 1.10. At the end of the first

quarter of 2026, the 90-day backlog, which is subject to cancellations, was \$787 million compared to \$517 million a year ago.

Now Dan Boehle will summarize our financial performance for the first quarter.

Dan?

- Daniel Boehle - TTM Technologies Inc - Chief Financial Officer, Executive Vice President

Thanks, Edwin, and good afternoon, everyone. I will review our financial results for the first quarter of 2026. That were included in the press release distributed today. Key financial highlights are also summarized in the earnings presentation posted on our website. For the first quarter, our net sales were \$846 million, compared to \$649 million in the first quarter of 2025.

The 30% year-over-year increase was due to continued strong growth in our data center and networking, medical, industrial and instrumentation and aerospace and defense end markets, partially offset by a more modest than anticipated decline in our automotive end market.

GAAP operating income for the first quarter of 2026 was \$72.4 million, compared to GAAP operating income for the first quarter of 2025 of \$50.3 million. On a GAAP basis, net income in the first quarter of 2026 was \$50 million or \$0.47 per diluted share. This compares to GAAP net income for the first quarter of 2025 of \$32.2 million or \$0.31 per diluted share.

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 non-cash expense 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 first quarter of 2026 was 22.3%, an increase of 150 basis points from 20.8% in the first quarter of 2025.

The year-on-year increase was due primarily to higher sales volume and favorable product mix, particularly in the data center and networking and aerospace and defense end

markets. Selling and marketing expense was \$23.7 million in the first quarter or 2.8% of net sales versus \$20.3 million or 3.1% of net sales a year ago.

First quarter general and administrative expense was \$49.3 million or 5.8% of net sales compared to \$38.9 million or 6% of net sales in the same quarter a year ago. Our operating margin for the first quarter of 2026 was 12.8%, a 230 basis point improvement from 10.5% in the same quarter last year. The increase in the period was due both to the improved.

Gross margin, as well as operating leverage resulting from selling, general and administrative expense discipline. Interest expense was \$10 million in the first quarter of 2026, compared to \$10.9 million in the same quarter last year. Interest income was \$2.5 million in the first quarter of 2026, compared to \$3 million in the same quarter last year.

Realized foreign exchange and other non-operating income and expenses in the first quarter of 2026 totaled a net expense of \$6.8 million. As compared to net income of \$1.5 million in the same quarter last year. The increased expense was driven by the weakening of the US Dollar, which resulted in a \$7 million foreign exchange loss in the first quarter of 2026 as compared to a \$0.9 million gain in the same quarter last year.

Our effective tax rate was 14.5% in the first quarter of 2026, resulting in a tax expense of \$13.6 million. This compares to an effective tax rate of 15% or a tax expense of \$9.3 million in the same quarter last year. First-quarter 2026 non-GAAP net income was \$80.1 million, or \$0.75 per diluted share.

This compares to first-quarter 2025 non-GAAP net income of \$52.4 million, or \$0.50 per diluted share. Adjusted EBITDA for the first quarter of 2026 was \$132.9 million, or 15.7% of net sales. Compared with first quarter 2025 adjusted EBITDA of \$99.5 million or 15.3% of net sales.

Cash flow provided by operating activities was \$21.7 million in the first quarter of 2026, despite the increased net working capital supporting our continued revenue growth. This compares to cash used in operating activities of \$10.7 million in the same quarter last year.

Free cash flow in the first quarter of 2026 was a net usage of \$85 million as compared to net usage of \$74 million in the first quarter of last year, both periods reflecting increased capital expenditures in support of organic growth opportunities.

Now I'll return to our guidance for the second quarter of 2026 and a directional outlook for

fiscal 2026. We project net sales for the second quarter of 2026 to be in the range of \$930 million to \$970 million. And non-GAAP earnings to be in the range of \$0.82 to \$0.88 per diluted share.

In addition, considering the current demand dynamics reflected in our first quarter results and second quarter guidance, we believe that the net sales growth trajectory in the first half of the year should continue in the second-half.

The second quarter 2026 non-GAAP diluted EPS forecast is based on a diluted share count of approximately 107.5 million shares, which includes the dilutive effect of outstanding stock options and other stock awards. We expect SG&A expense to be about 7.4% of net sales in the second quarter and R&D expenditures to be about 1% of net sales. We expect interest expense of approximately \$10.6 million, interest income of approximately \$2.5 million.

And realized foreign exchange and other non-operating expenses of approximately \$6.9 million. We estimate our effective tax rate will be between 13% and 17%. Further, we expect to record depreciation of approximately \$32.1 million, amortization of the tangibles of approximately \$9.2 million, stock-based compensation expense of approximately \$11.5 million, and non-cash interest expense of approximately \$0.5 million.

Finally, I'd like to announce that we will be participating in the Barclays Leverage Finance Conference in Austin, Texas, on May 19, and the B. Riley 2026 Investor Conference in Los Angeles, California, on May 20. In addition, we will host an Investor Day on May 27, at the NASDAQ Exchange in New York City, as announced in our press release last week.

That concludes our prepared remarks. Shiri, we'll turn it over to you for questions.

### **Question And Answers**

- Operator - -

A. Thank you. (Operator Instructions)

Stephen Fox, Fox Advisors.

- [Steven Fox - Fox Advisors LLC](#) - Analyst

Q. Great. Thank you. Good afternoon, everyone. Two questions, if I could. First of all, I was wondering if you could maybe discuss the current interest you're seeing from your

customers in bringing business into the [Euclair] facility as you ramp it. What kind of customers are looking at the facility and maybe how have the discussions progressed versus a year ago? And then I had a follow-up.

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. Hi, Stephen. Yeah, happy to answer your question.

If you think about Eau Claire, I think we're making really good progress there. We are identifying, let's say, our anchor customers like we did in Penang, so that's going well. A core team has identified to see what we're going to do.

As you remember, probably remember, it's about 750,000 square feet, and we have basically three modules, so we can use them for both our commercial business or our defense business, so we're very flexible with that. So we're identifying the customers right now.

We have, of course, our supplier agreements in place. We are dealing with our equipment vendors, so that's going well. And what I really like in that side as well is that we are going to build an R&D center, which is not only, let's say, providing capacity for our customers, but also being very close with them on new R&D developers.

- [Steven Fox - Fox Advisors LLC](#) - Analyst

Q. Great. That's helpful. And as a quick. Follow-up, can you give us your latest thinking around the impact of higher oil prices on laminate costs and how that flows through your income statement in coming quarters?

- Sean K.F. Hannan - TTM Technologies - Vice President of Investor Relations

A. Yeah, Steve. So hey, it's Sean Hannon here. So we did have some conversations within the company here and what we're observing within our supply. Chain of suppliers. We are observing some pressure in the supply chain environment, as is the rest of the industry, and that can relate certainly to lead times and to pricing, but we don't think it's restricting our ability to reach our goals. In terms of a derivative, specifically due to oil pricing, that's not something that we're. Currently observing through our questions.

- Operator - -

A. Jim Ricchiuti, Needham & Co.

- [James Ricchiuti - Needham & Company LLC](#) - Senior Analyst

Q. Hi, thanks. Good afternoon. Just wanted to focus on the growth you're seeing in the data center networking portion of the business. Is there a way for you to give us a sense of how much of that is volume-driven versus price?

And when I say price, I guess there are two components to that, right? They're the higher ASPs for the more complex boards and maybe just higher pricing in general. So I'm just wondering if you can maybe drill down a little bit more on that.

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. Yeah, Jim, happy to do that. And again, good to meet you again. First of all, I think if we think before we get to the ASP and the volume aspects, let's go back to the visibility first.

I think our visibility is still, let's say, for normal order, still within the quarter. As we are doing some larger order for larger players here, where we have a visibility of, let's say, a year, and we still have our strategic alliance with these top customers, and these are, let's say, in the multi-year regime.

That is, let's say. The whole point with respect to complexity. These boards are getting more and more complex. We spoke in the past about the number of layers. We can go to 80 layers, we get 100 layers, even 140 layers, which is really the sum. And then, of course, we have these asymmetrical panels as well, where we distinct the power from the signals.

So that's going very well. Because of that complexity, our ASPs are going up. A factor of four, maybe a factor of eight, but I hate to talk about ASP because it's basically the complexity. It's basically the complexity of what's going on.

Then the volume aspect of it, yes, there is more volume, there are more panels, but also if you look at volume, if you want to create a more complex panel, you need more cycles in the facility to build that panel. That's also a volume aspect. Let's say bottom line, if you look at ASP versus volume, yeah, it's mostly ASP, but it still has a big effect on the facility because complex panels require more cycles in the facility.

Hopefully, that's the answer to your question.

- [James Ricchiuti](#) - [Needham & Company LLC](#) - Senior Analyst

Q. It does help. And maybe one quick follow-up. I wonder if you can give us an update. On how the ramp is going in Penang. And Dan, maybe if you can give us some sense as to what

kind of a headwind it might have represented in the quarter and how you see that unfolding in Q2 in the second-half?

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. Yeah, Penang, absolutely. I'm very happy with the performance of Penang. Yields, let's say, are improving a lot. If I look at these anchor customers and I pick one of them, then we are seeing yields, let's say, in the past, we saw yields above 40% last quarter, now we are seeing it close to 70% and 80%, so that's going very well.

In the past, I would say a year ago. We disclosed some of the breakeven numbers. I can tell you, we were getting very close to that number. So I would be very surprised, let's say, if Q4 and hopefully earlier that we are in a breakeven situation for Penang, so that's going well.

We spoke about the headwind of 160 basis points, bringing that back some, let's say, in half to 80 basis points headwind for the full year. We're still on track there. And again, we hope to do better. So again, we changed the team. I was there myself, by the way, a few weeks ago. It is going very smooth. It's a highly automated facility.

So yeah, I'm very positive, Jim, about that situation there.

- [James Ricchiuti - Needham & Company LLC](#) - Senior Analyst

Q. Edwin, just to clarify, when you say anchor customer, is that an anchor customer in the data center networking area? Yeah. Okay.

Thank you.

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. It is. But in that facility, we also do a lot of medical industrial instrumentation business. But in this case, I was talking about one of the data center networking players. Yeah.

- Operator - -

A. Thank you. William Stein, Truist Securities.

- [William Stein - Truist Securities](#) - Analyst

Q. Great. Congrats on the great results network, and thanks for taking my questions. First, I want to ask something about data center networking. Can you help us understand your size in that market relative to the market overall, because most of this market really is served out of Asia.

I think there are many investors here in the US who might not appreciate that you may not be the biggest. And so it highlights the potential for significant growth, maybe almost you can take whatever you can build to can you maybe characterize that?

And then the other question I had was about the exposure or concentration in that end market relative to the various. GPU or TPU type customers and the other hyperscaler customers, maybe talk about the dispersion of or the customer concentration?

Thank you.

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. Yeah, thank you, Will. These are really good questions. So first of all, your first question, if you look at the size of the market, that's always a bit difficult to define, correct? It's the spend, let's say, in all these data centers, about 75% of it is still in hardware, which I really like. It's the energy component, and it's basically what we do is the interconnect.

Yeah, we are the nervous system, as of all these interconnect, all these putting all these chips together. The market overall is a bit difficult to define in that sense, but I can tell you, we play in the high end of that market.

So everything what has to do with, let's say, more than 40 layers, and like I said in the previous question, this can go up to 140 layers, high complexity, very small pitch, that's where we play in. If I look at our competition.

So thinking about victory giants, thinking about Woost and Unimicron and others, let's say we are in that top four. There is a lot of demand, and we are in that top four. Some of the, let's say, innovations, some of the innovations we did, let's say I'm talking about M-plus-M, which is, for instance, the asymmetrical boards where power is on one side of the board and signal on the other side of the board.

We basically transferred some of that IP. To our competition to be able to make sure that we can supply as a whole business. So the whole landscape is, let's say, five, six players where we are in the top four. That's about the situation.

Of course, we have a pretty unique situation here, we are a US Player that also means that we are very flexible with our location with respect to what the customer wants. If you want

the process in China, we do that, we have five facilities in China, we have a facility in Malaysia, if you want China plus one, but if these customers want to be in the US, we have 16, 17 sites in the US supporting this, so that's basically.

What's happening. Then you're related to your second question regarding GPU, TPU, XPU, whatever you want the PU, I can tell you we're agnostic. We're agnostic for that particular situation. Even if it goes to quantum processing, QPUs, there's a lot of conventional processing required after quantum.

So there's always a need for these boards, these boards. For whatever customer are very similar, and the complexity is very similar. So I'm so happy to say that we are very agnostic for that situation.

Hopefully, that answers your question, Will.

- Operator - -

A. Thank you. Mike Crawford, B. Riley Securities.

- [Michael Crawford](#) - [B. Riley Securities](#) - Analyst

Q. Thank you. Within your aerospace and transport, how much was commercial, how much was space, and where would you expect to see space in the future, especially as compute migrates to LEO, GEO, [Syslunar], even Moon-based space?

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. Yeah, Mark, that's a very clear question. If you look at the aerospace and defense, and by the way, you probably saw in the earnings that we did move our commercial space business from our commercial group to the aerospace and defense group. And we did that for a reason, because there is a lot of synergy between these businesses, and it's much easier to put it in one business.

So that's what we did. If you look at, let's say, aerospace and defense, the breakdown is about 50% of the aerospace and defense business, and that can be printed circuit boards, can also be up the chain, what we call up the chain, let's say, all kinds of modules or subsystems or systems. It's about 50% radar related.

Then we have about, let's say, 25% communication, mostly communication related, some guidance systems, these type of things. Below the smaller fraction here, below 10%, is munitions. That's, by the way, that's where I expect a lot of upside in the coming period.

And then 5%, only 5%, currently 5% of our business is space. And I agree with you, there's a lot of room to maneuver. There's a lot of potential, especially with our radiation heart designs and all the other things we do. So space is absolutely an area, a focus area, but currently it's only 5% of our business.

- [Michael Crawford](#) - [B. Riley Securities](#) - Analyst

Q. Okay, thank you, Edwin. And then switching gears. CapEx was high, \$107 million in Q1. Can you just provide any updated thoughts on where that might fall out this year or next? And that's assuming that you are not only ramping in China and Malaysia and Syracuse, but also you, Claire.

- Daniel Boehle - TTM Technologies Inc - Chief Financial Officer, Executive Vice President

A. And Mike, I'll take that question. So you'll see in our 10-Q, when it comes out, we disclose the CapEx forecast for the year. It was originally about \$250 million, \$240 million to \$260 million. We're increasing that to \$300 million to \$320 million is the range that we're currently looking at.

So we've accelerated some of the capital expenditures that we talked about for Asia as. Some of the lead times on equipment, we're starting to get indications that those would start stretching out. So we got our orders in early. We were starting to really get some of that equipment in a little bit quicker.

We've had to pay deposits for that, so that's why the cash expenditures have been up a little bit higher. But as you can see in our numbers, it's also generated fast revenue for us. So we've accelerated some of that \$200 million to \$300 million of. That I said we're going to spend and expand in Asia.

- Operator - -

A. Thank you. Ruben Roy, Stifel.

- [Ruben Roy](#) - [Stifel Nicolaus & Company Inc](#) - Equity Analyst

Q. Hi, guys. This is -- excuse me. This is Fed staying on for Ruben. Look, yesterday, one of the major EMS guys reported, and they made mention of challenges in 40-plus layer PCBs and sort of sourcing them. We've already talked about price leverage. Sounds like you have that. Edwin, correct me if I'm wrong. I think I heard you say 8 times on that.

We're talking about volumes via the accelerated CapEx ramp, which sounds. Perhaps tied to the anchor customer. Maybe we look at perhaps the contract structures themselves and the length of contracts, the update into 27 we got earlier this year was healthy and great.

I'm curious if you're seeing contract structures extend out as we're seeing with some of these other rack scale inputs and what that looks like in terms of securitizing supply with you being the supplier over a multi-year period, particularly as you're investing on an accelerated cadence into CapEx?

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. Yeah, that's a good question. Thank you very much for the question. If you look at contracts, it works a bit different here, I think it's all with these hyperscalers and data center and networking customers, it's about very tight relations, we have very tight relations, that basically means we have a lot of.

A lot of alignment on roadmaps or future, either you think about, let's say, multi-layers or you think about zero-stop, which is basically making sure there's no antenna function in these boards. You can imagine that everything becomes more and more complex, so you get a lot of antenna functionality in that thing which you don't want.

So zero-stop is a new thing there. We spoke already about the [N plus N], where the power and the signal are separated. There's a lot of, let's say, material science in. Boards, which makes sure that signal integrity becomes at the highest point.

I think that's the key things for these customers. You need to be the technology leader. You cannot be a follower here. And then the other thing is, of course, you need to have the capacity and the flexibility. And that's what we provide, let's say, being in China plus one, in our case, Malaysia, and being in the US. And hopefully soon in Europe. So that's basically where we are.

And that's basically tied in that relation with the customers. The other side is, let's say, the suppliers, they have the same thing. We have strategic alliances with all the critical components. And yes, of course, we have contracts in place, but if you have to rely on that contract, you're just too late.

It's always a matter of relation and making sure you're very relevant for that supplier, you're very relevant for your customers. So that will be my answer here.

- Sean K.F. Hannan - TTM Technologies - Vice President of Investor Relations

A. By the way, just to add to. To Edwin's answer, so, and also coming back to part of the question, so to clarify within data center and networking, we don't have just a anchor customer.

I think there was a reference to an anchor customer specific to a facility being Penang earlier in the conversation, but we have about 10 very major customers within that segment. Only one is a 10 percenter right now, but we're playing with 10 substantial names.

- [Ruben Roy - Stifel Nicolaus & Company Inc](#) - Equity Analyst

Q. Okay, that's great. That was actually going to be a follow-up, particularly Daniel, because of your CapEx commentary. And I think last quarter, as you mentioned, we're pointing to \$250 million at the midpoint, and this quarter, it sounds like \$310 million, and you're still talking about FY '27 going up. So you're talking about an incremental \$120 million or so million relative to at least what we signaled last quarter.

If you can point to any sort of puts and takes on the pace at which you might recognize these ramps. I don't know if you're ready to make those types of disclosures. I understand if you're not. And if you're not, the question on A&D would be, you're pointing to munitions in space. Similar sort of question on contract structure. Are these procurement-based contracts whereby margins are fixed or are these fixed firm price whereby, there's potential for margin accretion?

I'll stop there.

- Daniel Boehle - TTM Technologies Inc - Chief Financial Officer, Executive Vice President

A. I guess I'll first address your capital expenditures. I'm not going to go beyond what I just said about this year, as you mentioned. So our capital expenditures from this year is going up from centered on \$250 million to now centered on \$310 million, so the range is from \$300 million to \$320 million.

And so that's accelerated a little bit of what we had previously talked about over the next two years, and that's to continue to stay at pace with the demand that we are experiencing from our customers in the data center area. So I'll maybe pass it over to you to answer the other question.

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. So repeat that.

- Daniel Boehle - TTM Technologies Inc - Chief Financial Officer, Executive Vice President

A. Sorry, do you want to repeat that second one about a comment earlier?

- [Ruben Roy - Stifel Nicolaus & Company Inc](#) - Equity Analyst

Q. On A&D, as far as you're talking to munitions in space, and it sounds like, Edwin, you're saying munitions might be the upside more near-term with space with a longer tailed upside?

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. Yeah, absolutely. But by the way, we see strong demand in general, I'd say, in our airspace and defense business and for the obvious reasons, of course.

But on the munition side, yeah, if you read the newspapers, there is, the supply becomes more and more important, and we see that. We are long lead time items, so basically the primes are already coming to us, let's say, with respect to, hey, what can you do additionally on the munition side. And for us, it's more of the same, we already do that, so that's a very good thing, so yeah, that's the answer.

- Operator - -

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

- Edwin Roks - TTM Technologies Inc - President, Chief Executive Officer, Director

A. Yeah. Thank you, Cherie.

Now I'd like to close by summarizing three key items.

First, we are experiencing high healthy growth. We delivered strong sales growth in Q1 of 30% year-on-year, resulting in an all-time high for quarterly revenue, driven by increases in our data center networking, medical, industrial, and instrumentation in aerospace and defense end markets.

Secondly, our adjusted EBITDA for the first quarter of 15.7% has reflected strong operating performance, leading to another all-time high at quarterly non-GAAP EPS results of \$0.75 per diluted share.

And third, we continue to generate solid cash flows from operation, which enables us to invest in our projected continued growth while maintaining a healthy net leverage ratio of about one.

In closing, I would like to thank all the employees of TTM, our customers, our suppliers, and our shareholders for your continued support.

Thank you very much, and goodbye.

- Operator - -

A. This concludes today's program.

Thank you all for participating. You may now disconnect.