

MaxLinear, Inc. (MXL)

FQ3 2026 Earnings Review | Period ended September 30, 2026 | Reported October 22, 2026

Operating Thesis Strengthened; Cash Conversion Remains Unproven

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$218.1M	\$214.9M	+1.5%
Operating Income, Adjusted (vs. Year Ago)	\$64.3M	\$15.2M	+323.0%
Net Income, Adjusted	\$60.8M	\$55.2M	+10.1%
Diluted EPS, Adjusted	\$0.62	\$0.56	+10.7%
SEGMENT REVENUE			
Infrastructure (vs. Year Ago)	\$124.9M	\$40.3M	+209.9%
COMPANY METRICS			
Adjusted Gross Margin	60.0%	60%	0.0 pp
Adjusted Operating Margin (vs. Year Ago)	29.5%	12.1%	+17.4 pp
Cash Flow from Operations	-\$13.6M	\$33.1M	-\$46.7M

2 GUIDANCE AND OUTLOOK	
Fourth-quarter revenue is guided to \$240 million to \$260 million, above the \$226.7 million consensus, the \$250 million midpoint 10.3% above consensus and up 14.6% sequentially. Adjusted gross margin is guided to 59% to 62% (consensus 60.2%), operating expenses to \$65 million to \$70 million. The 2026 optical outlook was raised to \$250 million to \$270 million from \$210 million to \$230 million. Broadband and connectivity are expected to decline seasonally in the fourth quarter. Initial Rushmore shipments are expected in 1H2027; no 2027 guidance was provided.	

3 | EARNINGS ANALYSIS

THE BEAT WAS IN THE GUIDANCE. Q3 revenue of \$218.1 million beat the \$214.9 million consensus by only 1.5%, and adjusted EPS of \$0.62 beat by 10.7%, helped by expense discipline, lower nonoperating expense, and a smaller share count. The material event was forward: Q4 guidance at the \$250 million midpoint sits 10.3% above consensus, and the 2026 optical outlook was raised by \$40 million at both endpoints. Growth remains concentrated: infrastructure produced approximately 92.3% of the year-over-year revenue increase, while broadband revenue fell 8.4%.

OPERATING LEVERAGE DROVE MARGIN EXPANSION. Adjusted gross margin reached 60.0%, up from 59.1% a year earlier, while adjusted operating expenses rose only 5.9% sequentially and 11.7% year over year against 72% revenue growth, taking adjusted operating income to \$64.3 million with an incremental margin of approximately 54.2% sequentially. The quality caveat is the adjustment stack: \$34.1 million of operating adjustments exceeded GAAP operating income of \$30.2 million, stock-based compensation was about \$29.0 million, and diluted shares rose 11.2% year over year.

CASH CONVERSION MOVED THE OTHER WAY. Operating cash flow was negative \$13.6 million against adjusted net income of \$60.8 million, as prepaid expenses absorbed \$45.7 million and receivables and inventory absorbed more. The \$109.9 million cash headline includes \$28.8 million of restricted cash; unrestricted cash was \$81.1 million against \$165 million of principal debt. The company drew \$40 million on its revolver, then expanded the facility to \$200 million and lowered its minimum liquidity covenant. The ramp is not yet self-financing.

THE TEST IS CONVERSION, NOT DEMAND. The 1.6T cycle raises content per module: DSP pricing is more or less doubling, Washington TIA attachment starts near 80% and could reach 100%, and Rushmore initial revenue moved into 1H2027 on bookings extending through 2027 into 2028. Against that, management's share and architecture views are assertions, not contracted revenue. The summary's stance is a hold near the \$67 reference price, with accumulation at \$58 to \$60: earnings power has improved faster than the evidence that bookings become durable, cash-generative revenue.

4 | KEY READ-THROUGHS

DSP-TIA CO-DESIGN REDUCES THE OPEN MARKET AVAILABLE TO STANDALONE ANALOG SUPPLIERS
Semtech Corporation (SMTC), MACOM Technology Solutions Holdings (MTSI) | Negative | Potentially meaningful for TIA socket share
Washington attachment to Rushmore runs about 80% initially, reaching 100% over about 18 months, with DSP and TIA commitments in design wins and sales alongside competitors' DSPs. A DSP win increasingly carries the analog content, leaving less of each deployment contestable. Industry growth can coexist with weaker capture by standalone TIA suppliers.

MERCHANT AEC SILICON CREATES A CREDIBLE CHALLENGE TO VERTICALLY INTEGRATED CABLE ECONOMICS
Credo Technology Group Holding (CRDO) | Negative | Potentially meaningful competitive pressure during the 1.6T cycle in 2027-2028
Annapurna is merchant silicon sold through cable makers, letting them build AECs without developing the DSP. A qualified second source improves hyperscaler leverage over pricing, allocation, and terms before it wins volume, letting small silicon sales enable competition against a larger cable pool. Initial revenue is expected in 2027, ramping in 2028.

HIGHER DSP CONTENT AND SUPPLY DISCIPLINE SUPPORT INCUMBENT OPTICAL REVENUE
Marvell Technology (MRVL), Broadcom (AVGO) | Positive | Moderate for Marvell's connectivity business; lower consolidated significance to Broadcom
DSP pricing more or less doubles from 800G to 1.6T, lead times run 26 to 28 weeks, with bookings throughout 2027 into 2028, supporting pricing resilience for DSP suppliers. MaxLinear's share gains pressure incumbent share, but share loss in an expanding pool can still produce absolute growth. Marvell's Ara platform is already shipping in mass volume.

QUALIFIED CAPACITY IS BECOMING A COMPETITIVE PRODUCT, NOT SIMPLY A MANUFACTURING INPUT
Samsung Electronics (005930), Taiwan Semiconductor Manufacturing Company (2330) | Positive | Strategically meaningful for Samsung's external-customer credibility
Rushmore runs on Samsung technology, and its 800G and 1.6T products do not compete for the same resources, giving customers an alternative supply chain and Samsung a high-speed program. Prepaid balances show customers committing cash earlier for capacity, shifting financing toward designers: prepaids absorbed \$45.7 million in Q3 while operating cash flow was negative.