

1 | KEY RESULTS VS. CONSENSUS

Metric	Reported	Consensus	vs. Cons.
Revenue	\$1.429 billion	\$1.37 billion	+4.3%
Net Income (vs. Year Ago)	\$136 million	\$198 million	-31.3%
Diluted EPS (vs. Year Ago)	\$0.59	\$0.90	-34.4%
SEGMENT REVENUE			
Semiconductor Technologies	\$744 million	\$728.1 million	+2.2%
Interconnect Solutions	\$685 million	\$641.9 million	+6.7%

2 | GUIDANCE AND OUTLOOK

FY revenue guidance rose to \$5.55-\$5.65 billion from \$5.225-\$5.375 billion; adjusted EBITDA to \$1.675-\$1.725 billion from \$1.535-\$1.625 billion; adjusted EPS to \$4.40-\$4.60 from \$3.80-\$4.14; and adjusted free cash flow to \$600-\$700 million from \$500-\$600 million. Capital expenditure guidance was reaffirmed at approximately \$450-\$470 million. Q3 consolidated sequential revenue growth is expected in the low-single-digit range, with Semiconductor Technologies margins in the mid-30% range and ICS in the high-20% range. A seasonal Q4 decline follows Q3 growth.

3 | EARNINGS ANALYSIS

ICS DROVE THE BEAT. Revenue increased 22.1% year-over-year and 8.7% sequentially, with ICS generating approximately 73% of the revenue surprise. ICS organic growth reached 28%, while advanced packaging and interconnects, AI PCBs, and thermal management collectively grew more than 50%. Consolidated volume increased 23%; local price and product mix reduced growth by approximately 1 percentage point. The beat was not principally driven by pricing, acquisitions, or foreign exchange. The prior-year third quarter also carried approximately \$40 million of sales accelerated ahead of pre-spin system go-lives, which does not recur.

TAX AIDED EPS. Adjusted EPS rose 53% to \$1.19, supported by a base tax rate of 19.8% versus 27.2%. GAAP EPS declined; the historical comparison lacked the standalone financing structure, including \$61 million of current-quarter interest expense. Adjusted free cash flow of \$259 million included \$108 million of exclusions. Operating cash flow less capital expenditure was \$151 million, versus \$224 million a year earlier. Those exclusions consumed cash and were not available for debt reduction or shareholder distributions.

ADJUSTMENTS CARRY REAL COSTS. Adjusted common earnings exceeded GAAP common earnings by \$126 million. The bridge included \$42 million of transformation, integration, and other charges, \$50 million of intangible amortization, and \$42 million of indirect legacy costs. Noncash amortization differs from transformation spending and legacy obligations that can consume cash. First-half cash conversion was approximately 60% on the adjusted definition and approximately 34% before cash exclusions. First-half receivables absorbed \$152 million; inventory absorbed \$77 million.

MARGIN CONVERSION WAS MIXED. Adjusted EBITDA rose 24.2% to \$431 million, but the 30.2% margin contracted approximately 110 basis points sequentially. Semiconductor Technologies margin fell to 34.0% from 36.4%, reflecting favorable Q1 mix reversing and continued R&D, qualification, and customer-ramp investment. ICS margin reached 28.8%; management described the business as structurally in the high-20% range, not a contractual floor. Its improved profitability strengthens the operating case, but consumables remain tied to production volumes and customer inventory cycles. Cash was approximately \$961 million, borrowings approximately \$4.02 billion, and reported leverage around 2.0x. First-half capital expenditure was \$212 million, leaving approximately \$238-\$258 million under the annual plan. Accrued legacy indemnification liabilities were \$253 million, with reasonably possible exposure up to approximately \$100 million above that amount and additional unquantifiable exposure possible. The strongest investment case rests on sustained materials-content gains and profitable customer commercialization, followed by conversion into unadjusted cash, rather than extrapolation of headline EPS growth.

4 | KEY READ-THROUGHS

ADVANCED PACKAGING AND PCB CHEMICALS: CONTENT GROWTH
MKS (MKSI), Element Solutions (ESI) | Positive | High for the directly exposed electronics-materials businesses; moderate for consolidated MKS and more substantial for Element Solutions’ operating portfolio
ICS organic growth of 28% and strategic-platform growth above 50% support increased chemistry consumption per package and board. Larger formats, finer interconnects, and additional layers favor Atotech and Element Solutions’ qualified materials. ESI had already reported 20% organic Electronics growth, making this corroboration rather than a fresh earnings prediction. Qnity’s share gains do not automatically accrue to peers.

HIGH-BANDWIDTH MEMORY: PRODUCTION RAMP CONFIRMATION
SK hynix (000660), Micron (MU) | Positive | High relevance to their business mix and capital deployment, but modest incremental information
HBM4 commercialization and DRAM utilization in the high-80% range support manufacturing execution, shipment growth, and absorption of advanced-memory investment. More demanding fabrication, stacking, and packaging increase materials consumption. SK hynix and Micron had already disclosed HBM4 shipment ramps, so this is manufacturing-chain confirmation, not an unannounced product ramp. Neither utilization nor materials demand establishes incremental pricing or future gross margin.

SEMICONDUCTOR CONSUMABLES: ADVANCED-NODE COMPLEXITY SUPPORTS PURITY AND PROCESS-MATERIAL DEMAND
Entegris (ENTG) | Positive overall | Moderate to high operating relevance; limited incremental surprise
Advanced-node sales grew more than 20%, and CMP was Qnity’s fastest-growing semiconductor portfolio. Greater process sensitivity supports filtration, purification, clean delivery, and contamination control as well as materials consumption. Qnity’s gains in cleans and slurries create competitive overlap, but identify no displaced supplier. Entegris had already reported approximately 11.5% revenue growth; this corroborates demand rather than establishing equivalent growth.

CROSS-PORTFOLIO RISK: LESS DIVERSIFIED THAN IT APPEARS
MKS (MKSI), Entegris (ENTG), Applied Materials (AMAT), TSMC (2330), SK hynix (000660), Micron (MU) | Negative for portfolio diversification assumptions | Potentially high for portfolios holding several of these exposures simultaneously
Equipment, foundry, memory, and materials businesses participate in overlapping AI investment programs rather than independent demand pools. A deployment slowdown can weaken equipment orders first, then inventories, utilization, and consumables. Approximately 80% of Qnity sales were in Asia Pacific, underscoring manufacturing dependencies. Healthy order books and no near-term supply or output risk argue for risk aggregation, not a sector-wide short.