

Q3 2026 Earnings Call

Company Participants

- Kevin Krumm, Chief Financial Officer
- Michelle Simmons, Senior Vice President, Investor and Public Relations
- Revathi Advaiti, Director and Chief Executive Officer

Other Participants

- Jacob Moore, Analyst, KeyBanc Capital Markets
- Mark Delaney, Analyst, Goldman Sachs & Co.
- Ruplu Bhattacharya, Analyst, Bank of America Merrill Lynch
- Samik Chatterjee, Analyst, J.P. Morgan
- Steven Fox, Analyst, Fox Advisors

Presentation

Operator

Welcome to Flex's Third Quarter Fiscal Year 2026 Earnings Conference Call. Presently, all participants are in listen-only mode. After the speakers' remarks, there will be a question-and-answer session. (Operator Instructions) As a reminder, this call is being recorded.

I will now turn the call over to Mrs. Michelle Simmons. You may begin.

Michelle Simmons {[BIO 17929393](#) <GO>}

Thank you, Rob. Good morning, and thank you for joining us today for Flex's third quarter fiscal 2026 earnings conference call. With me today is our Chief Executive Officer, Revathi Advaiti; and Chief Financial Officer, Kevin Krumm. We'll give brief remarks followed by Q&A.

Slides for today's call, as well as a copy of the earnings press release, are available on the Investor Relations section at flex.com. This call is being recorded and will be available for replay on our corporate website. Today's call contains forward-looking statements, which are based on current expectations and assumptions. These statements involve risks and uncertainties that could cause actual results to differ materially. For a full discussion of these risks and uncertainties, please see the cautionary statements in our presentation, press release, or in the Risk Factors section in our most recent filings with the SEC. Note, this information is subject to change, and we undertake no obligation to update these forward-looking statements. Please note, all growth metrics will be on a year-over-year basis unless stated otherwise.

Additionally, all results will be on a non-GAAP basis unless we specifically state that it's a GAAP result. The full non-GAAP to GAAP reconciliations can be found in the appendix slides of today's presentation, as well as the summary financials posted on the Investor Relations website.

Now, I'd like to turn the call over to our CEO. Revathi?

Revathi Advaiti {[BIO 16619755](#) <GO>}

Thanks. Good morning, and thank you for joining us today. As you know, this is an exciting time for Flex. There's a lot happening here. Our portfolio is continuing to evolve, and I look forward to sharing with you as to where we are headed. But let's start with the quarter.

So beginning on slide 4, we had another exceptional quarter delivering results above our guidance across all metrics. Revenue came in at \$7.1 billion, up 8% versus last year, and adjusting operating margin was 6.5%. That was yet another quarter above 6%. We reported adjusted EPS of \$0.87, up 13%, and that was another record for Flex.

So this performance reflects the strength of our differentiated business model. Let's start with Data Center first. As you all know, there's tremendous complexity in the Data Center deployment, and the market needs an ecosystem of integrated products, capabilities, technologies and services. Flex's holistic approach is resonating with customers, enabling them to build at this scale, speed and quality demanded by the AI era, while drawing on Flex's more than five decades of experience navigating major technology shifts across industries. The growth we're seeing in Data Centers is being driven by rapidly expanding compute and AI workloads, and those demands are here to stay.

As customers continue to scale, complexity increases. Every design choice has downstream implications across the ecosystem and requires a systems-level approach. This is where Flex is uniquely positioned to help. Our Data Center portfolio is built around three tightly connected capabilities, that is computer integration, cooling and power. At the same time, scaling IT infrastructure adds additional layers of complexity. To scale effectively, power, cooling and IT infrastructure must be designed to move together and adapt as technologies and workloads evolve. While many companies address individual elements of this ecosystem, very few can integrate all three in a cohesive and end-to-end way.

This quarter, we reinforced that leadership through several milestones. We announced development of modular data center systems with NVIDIA to reimagine deployment for speed and scale, as well as a partnership with LG to advance thermal management solutions designed for gigawatt-scale data centers. We also deployed our advanced rack-level vertically-integrated liquid cooling solution at the Equinix Co-Innovation Facility, demonstrating these capabilities in real-world environments. In addition, we introduced a new AI infrastructure platform, the first globally manufactured data center platform to integrate power, cooling, compute and services into modular designs. And this is capable of accelerating deployment timelines by up to 30%.

These milestones demonstrate what sets Flex apart, our ability to understand the interdependencies and translate that insight into a comprehensive differentiated offering that helps customers move faster, scale with confidence, and stay ahead in a rapidly evolving industry.

While our data center business growth reflects where the industry is headed, that momentum extends across our diversified portfolio. Flex remains a trusted global manufacturing partner across a wide range of industries as we continue to move into higher-value, more complex product categories that also help drive margin improvement. Beyond data centers, we continue to see robust momentum across our diversified end-markets, each benefiting from long-term secular trends.

In Health Solutions, demand for Medical Devices remained strong, and we saw an improvement in the Medical Equipment category. In Core Industrial, we're seeing demand and productivity-driven areas like warehouse automation and robotics, along with strength in select semiconductor-related capital equipment programs. Another area of strength, not reflected in Data Center is high-performance networking and satellite communication products, serving next-generation network and infrastructure platforms. So we are pleased to see that AI is driving momentum in our portfolio outside of what we include in data centers.

Looking ahead, we believe in the strategic choices we have made to support both near and long-term success for Flex and our customers. We continue to expand and optimize our global footprint, while investing in advanced technologies and capabilities that help customers manage complexity at scale across industries and geographies.

The challenges our customers face are increasingly interconnected, whether supporting highly regulated healthcare devices, large-scale data center deployment, next-generation mobility platforms, or cutting-edge consumer technologies, success today demands speed, flexibility, and resilience. Flex is well-positioned to adapt as markets evolve, technologies mature, and customer requirements continue to change. We see ourselves as a strategic enabler, helping leading brands navigate complexity, improve performance, and scale with confidence in a fast-moving world.

Now I'll turn the call over to Kevin to walk through the details of our financials.

Kevin Krumm {BIO 21474181 <GO>}

Thank you Revathi, and good morning, everyone. I'll now review our third-quarter performance, which reflects disciplined execution and continued progress against our strategic priorities.

I'll start with our key financials on slide 8. Third quarter revenue came in at \$7.1 billion, up 8 % year-over-year, driven by continued strong performance in Data Center and improving momentum in our Industrial and Health Solutions businesses. Adjusted gross profit totaled \$690 million, and adjusted gross margin improved to 9.8%, up 50 basis points year-over-year.

Adjusted operating profit was \$460 million, with adjusted operating margins at 6.5%, up 40 basis points year-over-year, a record for Flex. This margin improvement reflects disciplined cost management and our deliberate shift towards higher-value products and services. Finally, adjusted earnings per share for the quarter increased 13% year-over-year to \$0.87, underscoring our strength in execution.

Turning to our quarterly segment results on the next slide. Reliability revenue accelerated this quarter, totaling \$3.2 billion, up 10% year-over-year. Power continues to drive strong growth alongside Core Industrial and Health Solutions. Adjusted operating income improved to \$233 million, and adjusted operating margin was 7.2%, up 50 basis points year-over-year, driven by Power and Core Industrial. Agility revenue totaled \$3.8 billion, up 6% from the previous year. Data Center related end markets continued to drive strong growth, but were offset by softness in our consumer related end markets. Adjusted operating income was \$239 million, and adjusted operating margin for the segment was 6.3%, unchanged from a strong Q3 last year.

Moving to cash flow on slide 10. Free cash flow in the quarter was \$275 million, showing robust conversion driven by efficient working capital management. Inventory was up 5% sequentially, and up 5% year-over-year. Inventory, net of working capital advances, was 56 days, flat from the prior year. Net CapEx totaled \$145 million, or approximately 2% of revenue. And, we repurchased around \$200 million of stock, which was approximately 3.3 million shares. Our capital allocation priorities remain unchanged. We're committed to maintaining our investment-grade balance sheet, funding strategic investments to support organic growth, and pursuing accretive M&A opportunities, while returning capital to shareholders through opportunistic share repurchases.

Turning to our full year guidance on slide 11. As we enter the last quarter of our fiscal year, we are pleased to see our team's hard work translate into meaningful progress against our strategy. Our disciplined execution and focus on portfolio management is reflected in our results. For the fiscal year, we now expect the following: Revenue: between \$27.2 and \$27.5 billion, which is \$350 million

higher at the midpoint vs. our prior guide. Adjusted operating margin of approximately 6.3%. Adjusted EPS between \$3.21 and \$3.27, a midpoint increase of \$0.11. Finally, we anticipate further strong cash generation, and maintain our guidance of 80%+ free cash flow conversion for the year.

Moving to our segment outlook for the year. For Reliability Solutions, we expect revenue to be up mid-single digits, driven by strong Data Center Power demand, and solid growth in Core Industrial and Health Solutions. For Agility Solutions, we expect revenue to be up mid-single digits driven by continued strength in Cloud, offset by softness in demand in Consumer Devices and Lifestyle.

Finishing with our guidance for the fourth quarter on Slide 13, we expect to exit the year with very good momentum. We anticipate Reliability Solutions revenue to be up low double digits to mid-teens, driven by continued strength in Power and Core Industrial and further growth in Health Solutions. We expect Agility Solutions revenue to be up low to mid-single digits as Cloud and Networking growth is offset by softer demand for Consumer Devices and Lifestyle, as noted earlier. For total Flex, we expect revenue to be between \$6.75 billion and \$7.05 billion, with adjusted operating income of \$445 million to \$475 million. We expect an adjusted tax rate of ~21%.

Finally, we anticipate adjusted EPS to be between \$0.83 and \$0.89 based on approximately 375 million weighted average shares outstanding. As we close FY26, we remain focused on disciplined execution. Margin expansion, driven by our product and services mix, underscores the resilience of our model and, with our improving revenue momentum, positions us for continued profitable growth in FY27.

With that, I will now turn the call back over to the operator to begin Q&A.

Questions And Answers

Operator

Thank you. We'll now begin the question-and-answer portion of today's call. (Operator Instructions) Our first question comes from Ruplu Bhattacharya with Bank of America. Please proceed with your question.

Q - Ruplu Bhattacharya {[BIO 16684253](#) <GO>}

Hi, thank you for taking my questions. Revathi, you're seeing strong growth in data center. Where do you see the bigger opportunity? Is it in Power or in compute? And correspondingly, where are you focusing Flex's investments this year? I ask because as we look out over the next couple of years, there is a bunch of new AI programs that are scheduled to come online. Do you think Flex has the opportunity to benefit from one or more of those?

And does Flex have the manufacturing capacity to handle these opportunities, or do you expect to need to retrofit any facility to handle more AI-related work? And I have a follow-up.

A - Revathi Advaiti {[BIO 16619755](#) <GO>}

Thanks, Ruplu. First is, we're really thrilled with the performance that we're showing across all the business segments that we have. Now, with regard to data centers, we're still in line with this very strong year-over-year growth that we talked about earlier in the year, and we'll update that at the completion of the full year next quarter. This year, if you look at our investments, first thing is both

Power and Compute are growing very, very strongly, whether it's Embedded power, or Critical power, or the compute side for the year, if you look at it.

And our investments, I would say, have been in both parts of our businesses. Power has been more heavy this year in terms of investments for capacity, but we expect that because of the large AI infrastructure spend that you continue to see and new programs coming on board for compute, that we will be investing more in compute capacity in the next few years.

So -- but that is normal, Ruplu, as far as I'm concerned, right. Some years, one segment will be a little higher investment than the other. As you add-in capacity, you digest that capacity, and you move forward. So next year, I think we'll be adding probably more capacity in our Embedded power business, not as much in our Critical power business, because we'll be digesting the capacity we're adding this year.

And then we'll have to continue to add capacity in compute because of AI programs coming into play, as you just mentioned. So yes, I think that's a continuous process. It's a good problem to have with the tremendous growth we're seeing. So we're pretty excited about the opportunity.

Q - Ruplu Bhattacharya {[BIO 16684253](#) <GO>}

Okay. Thanks for the details there, Revathi. Can I ask a follow-up? You guided fiscal '26 operating margins to 6.3%. I'm wondering conceptually, is there a ceiling on how high the operating margin for Flex can go, given the business mix that you currently have? I mean, you've done a great job of focusing the company on the longer lifecycle, higher margin segments. Do you think it would be now strategic to maybe focus Flex more on AI and other higher growth opportunities, and maybe exit completely the lower-margin consumer-related segments? Thanks for taking my questions. Appreciate it.

A - Kevin Krumm {[BIO 21474181](#) <GO>}

Hi, Ruplu. This is Kevin. I'll take the first stab at answering this question. I would say that we got this question last year at this time: Are our margins stable and sustainable? And I would say, last year, as we looked into this year, we answered it, yeah, we believe our margins are sustainable when you look across our underlying business units. And then -- and we expect our underlying business units to continue to drive margin improvement, plus there'll be mix impacts. So when you look at our margins this year, I think we've delivered against that. Our underlying businesses have improved across -- from a margin standpoint, and we've seen positive mix impacts.

As we go forward here, our answer isn't going to change. When you look across our business units, we expect them to continue to deliver margin expansion year-on-year, and we expect there to be mix impacts in our business. So that's how I would answer your question right now. As it relates to the overall portfolio, we're comfortable with where we are. I'll leave it at that.

A - Revathi Advaiti {[BIO 16619755](#) <GO>}

Yeah, Ruplu, I'd say the only thing I'd add is all of you know that we got to the 6% a year ahead of the long-term guide that we had given. And it is the continued focus on shifting our mix, which is exactly what you're talking about. And we make investments into the highest areas of return and the highest areas of growth, and that has driven the mix-shift and improved our operating margin.

Now, with the growth in data centers continuing to be strong that we expect in the next few years, I think, you'll see that mix-shift. But we've also done a tremendous job on productivity. And I expect with AI implementation in our own facilities, that will also continue to be strong for us. So

more to come on Investor Day in May in terms of long-term guide on margins. So stay tuned for that.

Q - Ruplu Bhattacharya {[BIO 16684253 <GO>](#)}

Okay. Thank you for all the details. Appreciate it.

Operator

Our next question is from the line of Samik Chatterjee with JP Morgan. Please proceed with your questions.

Q - Samik Chatterjee {[BIO 15496543 <GO>](#)}

Yeah. Hi. Thank you for taking my questions. Maybe, Revathi, I appreciate your comments on the power business doing robust growth right now. If you can help us differentiate a bit between Embedded Power and Critical Power, just in terms of what are you seeing from a competitive landscape perspective, where do you see sort of more opportunity for share gains for Flex? Is it more on Embedded and Critical, and where do you see more opportunity to like gain large customers, large cloud customers that would make a more material impact on that growth or inflection growth? Sort of help us just differentiate between the two as much as you sort of have a high-margin business across both of them. And I have a follow-up.

A - Revathi Advaiti {[BIO 16619755 <GO>](#)}

Yeah, Samik, again, we'll talk more about this in our Investor Day, but at a high level, I would say both businesses, Embedded Power and Critical Power, are growing very, very strongly, right, for -- through this year. So we feel good about that. Critical Power is driven by -- it's all about how quickly can you manage your lead times, how quickly can you manage installations. Innovation does play a role, but it's all about kind of putting these large power pods in schedule management is a huge part of what people expect from that particular group of products. And that we compete with the traditional electrical players that you all know about.

I would say the Embedded Power is very different in the sense that it is going through huge technology shift with what is happening in the 800-volt DC category, larger 1-megawatt deployments in terms of rack power itself. So big technology shift that is happening there. We are in the forefront of that technology shift. They're only very small group of competitors, who play in that space, which is a significant advantage for us. And we're very excited about the changes that is happening in 800-volt DC and larger megawatt deployments that are happening across hyperscalers. So I would say that business is growing very well. We expect that to accelerate with these large power deployments and power-hungry data racks that are happening.

So in both spaces, we're seeing strong growth. And the 35% guide this year is pretty strong. And if that continues at a pretty double-digit pace, I will be quite excited about the growth in these categories. But I would stay tuned for what comes out of Embedded Power just because of the technology shift that is happening and the very small set of competitors in that space.

Q - Samik Chatterjee {[BIO 15496543 <GO>](#)}

Got it. Got it. No, very helpful. And maybe -- for my follow-up, the full-year revenue guide expectation for Agility was sort of walked down a bit, and I'm assuming it's the consumer end-markets being soft, that's sort of probably impacting it. But it's a bit more -- also a bit surprising on the flip side to see not more upside from the compute side to sort of offset that where you're clearly growing much faster in power, and that's driving the reliability acceleration, but as you --

didn't have as much upside on compute to offset that. I mean, anything going on specifically on that front because the cloud companies have obviously been pretty strong in their spending. So anything you can help us there? Thank you.

A - Revathi Advaiti {[BIO 16619755 <GO>](#)}

No, actually, I mean, we're very pleased with Agility's kind of growth. And if you think about first, as I'd say, Data Center growth remains on track for what we have said for the full-year guide, and we will update that when we finish the year. And so that remains on track, and we are comfortable with that.

I think the additional upside that you're seeing in Agility is driven by kind of what is happening in high-speed networking or network interface cards. And I'll just remind you that we don't include those end-markets in our data center business, but these are data center-related infrastructure deployments that are happening. That is really driving very good growth for Agility. The place that I see softness for Agility is basically consumer-related end-markets, which is Lifestyle and Consumer Devices. So very pleased with the growth in data centers and Data Center-supported infrastructure deployment like networking or NIC cards that we don't report in our overall -- that we don't talk about in our overall Data Center numbers. So I'd say really strong growth in Agility just offset by consumer end-markets.

Q - Samik Chatterjee {[BIO 15496543 <GO>](#)}

Yeah. Great. Thank you. Thanks for taking my questions.

Operator

The next questions are from the line of Mark Delaney with Goldman Sachs. Please proceed with your questions.

Q - Mark Delaney {[BIO 17231530 <GO>](#)}

Hi, yes, good morning. Thank you very much for taking the questions. First, I was hoping to better understand if Flex is already seeing material upside that it would attribute specifically to the Amazon warrant deal that you reached in calendar '25? And if not, when might that be additive to your business in a more meaningful way?

A - Kevin Krumm {[BIO 21474181 <GO>](#)}

Hey, Mark, this is Kevin. I'll take the first part of your question. Short answer is, the warrants are not incremental, nor were they expected to be material incremental to FY26. So it's really -- that program, as we move forward, is where we'd expect to see that. Deployments are complex, and they scale over time. And so that's kind of how we expect the upside in the additional revenue to come to us.

A - Revathi Advaiti {[BIO 16619755 <GO>](#)}

Yeah. Mark, the only thing I'd add is that in our overall growth rate that we gave for the year, which is the 35% growth rate for Data Center, we were expecting pretty decent growth with our hyperscale customers, and it is playing out the way we imagined it to be. The only other thing I'll add is, when we update you with kind of the customer consigned inventory mix-shift, that does play into some of these growth rate numbers. But our growth with AWS is very strong and is going as expected, and we continue to expect to see that growth rate continue into the few -- next few years and then more to update that in our Investor Day.

Q - Mark Delaney {[BIO 17231530 <GO>](#)}

Very helpful. Thank you both. And my other question was on margins in the Reliability segment. You spoke a bit already around company-wide margins and the longer-term path you're on. You spoke a bit about mix, but Reliability margins were quite strong over 7%. Hoping to better understand if there's anything episodic in Reliability margins that might be more one-time in nature? Or is this just indicative of mix in some of the longer-term potential of that business segment? Thanks.

A - Kevin Krumm {[BIO 21474181 <GO>](#)}

Hey, Mark, this is Kevin. I'll answer that. Reliability margins in Q3 were strong. Really, what you're seeing there is underlying mix impacts from continued growth in power. Year-on-year improvements in our Core Industrial business, some of that's related to what Revathi was referencing earlier, which is strong performance in Industrial and our non-Data Center related end-markets that still have exposure to some of the secular AI trends. But generally, what you're seeing in Q3 is power improvement, power mix, and strong underlying performance in Core Industrial. And as we move to Q4, we would expect those to continue.

Q - Mark Delaney {[BIO 17231530 <GO>](#)}

Thank you.

Operator

(Operator Instructions) The next question is from the line of Steven Fox with Fox Advisors. Please proceed with your question.

Q - Steven Fox {[BIO 2420985 <GO>](#)}

Hi. Just a follow-up on that last question. Kevin, I'm looking at incremental margins just from last quarter that are like 20%, you dropped like \$250 million more profits quarter-over-quarter on \$250 million of sales. So, can you just maybe dig into that a little bit more? It feels like we're glossing over some pretty powerful moves there. Like, how would you force rank those incremental margins? Thanks. And then I had a follow-up.

A - Kevin Krumm {[BIO 21474181 <GO>](#)}

Mark, I'm going to have to ask a clarifying question -- (Multiple Speakers) or Steven, sorry. You're referring to Q3 margin performance, noting that we had in revenue?

Q - Steven Fox {[BIO 2420985 <GO>](#)}

No, I'm just looking Q3 versus Q2, and sales were up \$250 million-plus, and profits were up like \$50 million-plus quarter-over-quarter. So that's like you're dropping 20% sequential margins incrementally. And I'm just not sure why it's that strong.

A - Kevin Krumm {[BIO 21474181 <GO>](#)}

We had a strong quarter. A lot of that is related to the question we just had, which is underlying margin performance and reliability. Our Power business continued to drive margin improvement in Q3, Steven. And then we also saw improvement sequentially in Core Industrial for some of the reasons I said. So I would just reiterate our strong margin performance in Q3 sequentially or year-

on-year was related to continued mix impacts and growth in our Power business, and continued margin improvement in our Core Industrial business.

Q - Steven Fox {[BIO 2420985 <GO>](#)}

So not to (inaudible) down, but should we take away that it's mainly Power that drove sort of that outperformance?

A - Kevin Krumm {[BIO 21474181 <GO>](#)}

No, I would say it was Power, Power Mix, and Core Industrial, Steven.

Q - Steven Fox {[BIO 2420985 <GO>](#)}

Okay. That's helpful. And then, Revathi, I noticed this morning's Wall Street Journal, the headline is US manufacturing is in retreat. I was curious if you could react to that headline and based on what you're seeing in the US? Thanks.

A - Revathi Advaiti {[BIO 16619755 <GO>](#)}

Yeah. Steven, I would say we are definitely not seeing that. We are not only investing in our own capacity in US manufacturing, but we continue to get a lot of inbound requests from customers on future projects that require US manufacturing. So we're not seeing that at all. We're one of the world's largest manufacturers. We see a lot of activity in terms of what goes on in these multiple end-markets. So I would say our biggest investments are still happening in North America, and US is continuing to expand across many of our facilities.

So I have to go read that article. I haven't read it yet and see what the macros are saying, but we're not seeing that being reflected, Steven, at all in our businesses. In fact, most of our investments are being driven by what's expected in US and in Mexico.

Q - Steven Fox {[BIO 2420985 <GO>](#)}

Great. I appreciate that color and congrats on the great performance.

A - Revathi Advaiti {[BIO 16619755 <GO>](#)}

Thanks, Steven.

Q - Steven Fox {[BIO 2420985 <GO>](#)}

Thank you. The last question is from the line of Jacob Moore with KeyBanc Capital Markets. Please proceed with your questions.

Q - Jacob Moore {[BIO 22825304 <GO>](#)}

Hi, good morning. Thanks for taking our questions. This is Jacob on for Steve Barger. First from us is on Automotive. I think we're all glad to hear that stabilization is the trend. But if we could just dig into that a little bit, what trends does that assume between unit volume versus content? And how do you think that those trends inform your view of growth from here? Or do you think that automotive maintains at these levels for a while?

A - Revathi Advaiti {[BIO 16619755 <GO>](#)}

Jacob, thank you for asking a question that's not data center related, but still all good. I'd say the comment on auto-stabilizing was more. If you recall what we have said in the last few quarters, is that programs were at Flex -- were in Flex, right, because people are trying to decide what EV programs to put on hold, how to switch to some hybrid programs, or a combustion engine program. So there was a lot of confusion in terms of which platforms we're going to grow for which customers.

So the stabilization comment is more in terms of clarity, which you can see from a lot of auto OEMs in terms of what programs are going on hold, which cars are being pulled off, and what platform investments are being made. And that helps us a lot in terms of being able to make forecasts and really understand where we see the end market growth.

In terms of unit volume versus content itself, I would say you, as well as I, know kind of what the global car forecasts are right now. They haven't moved significantly. If anything, that only dropped.

So for us, any automotive growth actually comes from continuing to invest in future compute platforms. And because compute is needed in every vehicle, whether it is a combustion engine, or hybrid, or an EV, that is what drives our automotive growth for us is continuing to win in these software-defined compute platforms, which is agnostic of any platform itself. And that is super helpful for us. And so, we like the first is the stabilization and clarity of platforms, and it is definitely not unit volume, it is driven more by these compute platforms accelerating.

Q - Jacob Moore {[BIO 22825304 <GO>](#)}

Got it. Thanks. That's helpful. And then the second one from us is it's on the effect of skyrocketing memory prices. I think naturally, more price-sensitive markets like consumer most vulnerable to that trend. Could you just talk through any dynamics that you're planning for as memory prices jump sharply? Are you seeing or anticipating any demand effects on consumer products or other high-memory content platforms?

A - Revathi Advaiti {[BIO 16619755 <GO>](#)}

Yeah. I would say the good news for us, Jacob, is that most of our customers outside of what we use in our own products in the Power side are all procured by our customers. Our volume of memory procurement is happening by our customers directly from the memory suppliers. And so I'm sure -- I mean, you hear this in the calls that the memory companies have, they are selecting few end-markets more than the others. So you are seeing a bigger distribution go to data centers and those types of end-markets. That being said, we're not seeing a significant effect in terms of consumer end-markets because those end-markets are soft to begin with.

So, memory is not driving any kind of demand issue or supply issue in terms of consumer end-markets. But I think you're hearing from memory companies that there is allocation of material that is happening, and we baked that into our forecast.

Q - Jacob Moore {[BIO 22825304 <GO>](#)}

All right. Understood. And I appreciate you taking the questions.

A - Kevin Krumm {[BIO 21474181 <GO>](#)}

Thanks, Jacob.

Operator

Thank you. I'll now turn the call back over to the CEO for any closing remarks.

A - Revathi Advaiti {BIO 16619755 <GO>}

Thank you. So, on behalf of our leadership team, I want to give a sincere thank you to all our customers for their trust and partnership, our shareholders for your continued support, and to all our employees across Flex. We're looking forward to speaking to all of you again when we report our fourth quarter results. And most importantly, I'm hoping to see most of you in-person at our Investor Day, which will be held on May 13th here in Austin. Thank you, all.

Operator

Thank you. This now concludes today's conference call. Thank you for joining. You may now disconnect.

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