

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

AMKR.OQ - Q3 2023 Amkor Technology Inc Earnings Call

EVENT DATE/TIME: OCTOBER 30, 2023 / 9:00PM GMT

CORPORATE PARTICIPANTS

Giel Rutten *Amkor Technology, Inc. - President, CEO & Director*

Jennifer Jue *Amkor Technology, Inc. - Senior Director of IR and Finance*

Megan Faust *Amkor Technology, Inc. - Executive VP, CFO & Treasurer*

CONFERENCE CALL PARTICIPANTS

Randy Abrams *Crédit Suisse AG, Research Division - Former MD & Head of Taiwan Research in the Equity Research Department*

Robert Stephen Barger *KeyBanc Capital Markets Inc., Research Division - MD & Equity Research Analyst*

Thomas Robert Diffely *D.A. Davidson & Co., Research Division - MD & Director of Research*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Amkor Technology Third Quarter 2023 Earnings Conference Call. My name is Diego, and I will be your conference facilitator today. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the call over to Jennifer Jue, Head of Investor Relations. Ms. Jue, please go ahead.

Jennifer Jue - *Amkor Technology, Inc. - Senior Director of IR and Finance*

Thank you, operator. Good afternoon, everyone, and thank you for joining us for Amkor's Third Quarter 2023 Earnings Conference Call. Joining me today are Giel Rutten, our Chief Executive Officer; and Megan Faust, our Chief Financial Officer.

Our earnings press release was filed with the SEC this afternoon and is available on the Investor Relations page of our website, along with the presentation slides that accompany today's call. During this presentation, we will use non-GAAP financial measures, and you can find the reconciliation to the U.S. GAAP equivalent on our website. We will make forward-looking statements about our expectations for Amkor's future performance based on the environment as we currently see it. Of course, actual results could differ. Please refer to our press release and SEC filings for information on risk factors, uncertainties and exceptions that could cause actual results to differ materially from these expectations. Please note that the financial results discussed today are preliminary, and final data will be included in our Form 10-Q.

And now I'll turn the call over to Giel.

Giel Rutten - *Amkor Technology, Inc. - President, CEO & Director*

Thank you, Jennifer. Good afternoon, everyone, and thank you for joining the call today. Amkor delivered solid results in the third quarter, with both revenue and profitability at the high end of guidance. Revenue of \$1.82 billion was up 25% sequentially, driven by the growth in advanced packaging, supporting the launch of premium tier smartphones.

Year-to-date, revenue of \$4.8 billion was down 8% versus prior year, reflecting strong outperformance compared to an estimated semiconductor industry decline of over 15% in that same period. Although we observed improvements in certain areas like smartphones and PCs, overall macroeconomic conditions continue to dampen end market demand, and inventory levels remain elevated in some markets. Looking forward, we remain confident that the secular growth drivers for the industry remain in place and that Amkor is well positioned to outperform the industry with our strategic focus on advanced packaging and our broad geographic footprint.

Now let me review the dynamics in each of our end markets. Revenue within our communication end market has remained strong throughout this industry cycle despite overall smartphone units projected to decline for the second year in a row. Third quarter revenue set a new record, crossing the \$1 billion mark with a sequential growth of 69% and a year-on-year growth of 3%. Amkor also leading position through our premium tier smartphones, build on our technology expertise and our proven track record as a trusted partner for codeveloping innovative solutions and delivering operational excellence. Our advanced packaging technology supports a wide range of applications and functionality throughout the phone. With our advanced SiP technology for heterogeneous integration, we enable continuous innovation and form factor, functionality and performance.

Devices supporting 5G connectivity, RF, camera applications, touch and display controllers, memory and sensors utilize advanced SiP technology, which drove the communication revenue to new record levels. Amkor's broad technology portfolio, scale and focus on operational excellence are key drivers for further growing our footprint in premium tier smartphones.

Overall revenue from the automotive and industrial end market was flat sequentially as well as year-to-date. But year-to-date revenue for advanced packaging in this market is up 15% versus the same period last year. Although we have observed some near-term variability in certain applications with ongoing inventory control measures by certain customers, we expect that the trend of increasing semiconductor content per car will continue.

Advanced driver assistance systems generate growth in multiple applications from cameras and high-performance processors to sensors like RADAR and LiDAR. Growth in the EV segment is leading innovation in electrification, especially with the introduction of white band gap materials like silicon carbide and gallium nitride. These materials enable improvements in power efficiency and charging infrastructure.

As the leading automotive OSAT, we are strategically expanding our capacity and technology base for automotive solutions, notably in our factories in Europe, Japan and Korea, in support of regional supply chains for critical automotive semiconductors. In these regions, we have built a pipeline for future growth by partnering with lead customers for new applications utilizing advanced technology portfolio.

Mixed near-term dynamics impacted our revenue in the computing end markets, resulting in a sequential decline of 14%. Strong demand for leading-edge advanced packaging technologies supporting high-performance computing devices for AI and other data center applications was offset by product life cycle changeovers and excess inventory corrections in more mature computing segments. Amkor is leading the OSAT supply chain with the deployment of 2.5D technologies, integrating high bandwidth memory and ASIC on interposers, combined with modular touch on substrates.

To support the strong demand now and in the future, we are optimizing line utilization and expect capacity to double by the end of the year. And with our planned investments coming online by Q2 next year, we will have more than tripled our capacity compared to the second quarter of this year. Amkor is well positioned to capitalize on opportunities in the computing market with our broad advanced packaging portfolio and established relationship with lead customers and foundries.

Revenue within the consumer end market remained stable sequentially. The headwinds impacting this market continue to dampen demand. Reduced consumer spending, excess inventory and product life cycle changeovers in the IoT wearable market are still holding back a full recovery. Beyond this cycle, we expect the IoT wearable market will diversify and grow, and we are expanding capacity and investing in our advanced SiP technology to drive manufacturing scale and innovation.

We are engaged with multiple customers across a diverse set of products ranging from audio devices, smart watches and the emerging AR/VR experience. Within our new Vietnam location, we are qualifying new advanced SiP consumer products that we expect to ramp to high volume in the second half of 2024. In the third quarter, our manufacturing organization demonstrated operational excellence and supply reliability to support a significant advanced packaging ramp within premium tier smartphones.

Geopolitical dynamics continue to impact the semiconductor supply chain. With our broad geographic footprint across multiple countries in Asia and in Europe, Amkor is uniquely positioned to support our customers with reliable and cost-effective manufacturing. We are actively working with our customers on programs that will support diversifying and derisking their supply chains.

In the U.S., we are progressing our discussions to establish an advanced packaging and test facility. We have submitted our pre-application for chips funding and are actively working with customers and partners on long-term commitments to secure a U.S. manufacturing supply chain. On October 11, we held the grand opening ceremony for our Vietnam manufacturing site. The Bac Ninh campus further diversifies and strengthens our broad geographic footprint. And qualifications of new programs is progressing for advanced SiP and memory technology.

Vietnam is an attractive location for our customers. We believe that the evolving local semiconductor ecosystem, coupled with Amkor's advanced packaging scale and expertise, will deliver a cost-effective and reliable manufacturing location.

Now let me turn to the fourth quarter outlook. With the ongoing uncertainties in the markets, we are observing several customers taking a prudent position on inventory to close out the year. With this backdrop, we are expecting the fourth quarter to be softer than seasonal, with revenue of \$1.675 billion at the midpoint of guidance. Although it is taking longer than anticipated to recover from this industry cycle, we believe that the secular growth drivers for the semiconductor industry remain in place. And with our leading technology portfolio, scale and global footprint, Amkor is poised to accelerate as the market recovers.

With that, I will now turn the call over to Megan to provide more detailed financial information.

Megan Faust - Amkor Technology, Inc. - Executive VP, CFO & Treasurer

Thank you, Giel, and good afternoon, everyone. Third quarter revenue of \$1.82 billion was up 25% sequentially, primarily driven by advanced packaging supporting the launch of premium tier smartphones. We achieved a notable highlight with communications growing to a quarterly record of over \$1 billion. Given the increase in utilization and leverage in our financial model, our EPS more than doubled sequentially to \$0.54.

For the first 3 quarters of this year, Amkor's revenue is down 8% compared to 2022. Amkor's market share gains in communications, together with its diversified end market landscape and strategic focus on advanced packaging, is mitigating cyclical variability and providing the resilience needed to perform better than the industry. Gross margin for the third quarter was 15.5%, and gross profit increased over 50% sequentially to \$283 million. With effective cost discipline, manufacturing costs, defined as cost of goods sold less materials only increased 3% sequentially, allowing for significant flow-through to gross profit.

Optimizing utilization is the key variable to improving profitability. Operating expenses for the third quarter came in as expected at \$116 million. Operating income more than doubled sequentially to \$167 million. And operating margin expanded nearly 400 basis points to 9.1%.

Net income for the third quarter was \$133 million, resulting in EPS of \$0.54. Third quarter EBITDA was \$333 million, and EBITDA margin was 18.3%. We ended the quarter with \$1.2 billion of cash and short-term investments, and our total liquidity was \$1.9 billion. Our total debt as of the end of the third quarter is \$1.1 billion, and our debt-to-EBITDA ratio is 0.9x. Amkor has exercised cost and CapEx discipline during this cycle, and our strong balance sheet demonstrates financial strength.

We continue to invest strategically in our global manufacturing footprint during the industry cycle, and we completed our new Vietnam factory on schedule. This state-of-the-art factory will support advanced packaging growth, offer our customers an alternative to diversify their global supply chain and provide for capacity expansion when we exit the current cycle.

Moving on to our fourth quarter outlook. We expect Q4 revenue to be \$1.675 billion at the midpoint of guidance. We observed customers taking a cautious approach in Q4 to control inventory. Although we see improvement in some areas, overall macroeconomic conditions continue to dampen end market demand. We expect gross margin to be between 14% and 16%. We expect operating expenses to increase to around \$120 million as we start to onboard our new Vietnam factory. We expect our full year effective tax rate to be around 17%. Fourth quarter net income is expected to be between \$80 million and \$120 million, resulting in EPS of \$0.32 to \$0.49. Our full year CapEx target remains at \$750 million.

We have chosen to continue to invest strategically through this cycle to expand our global manufacturing footprint and strengthen our technology leadership position in advanced packaging to build foundations for future growth. Amkor recently celebrated its 55th anniversary and 25th year

as a public company by ringing the NASDAQ closing bell. We are proud of our rich history and what we have accomplished over the past 5 decades. Our scale and leadership position in the OSAT market allows us to bring enabling technology to the world's leading semiconductor company.

With that, we will now open the call up for your questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Tom Diffely with D.A. Davidson.

Thomas Robert Diffely - *D.A. Davidson & Co., Research Division - MD & Director of Research*

First, I was curious if you could just compare a year ago, fourth quarter to this upcoming fourth quarter by end markets to tell us where the relative 10% to 15% year-over-year weakness is?

Giel Rutten - *Amkor Technology, Inc. - President, CEO & Director*

Thanks, Tom, for the question. I can best refer to Megan to answer that. Megan, can you take this?

Megan Faust - *Amkor Technology, Inc. - Executive VP, CFO & Treasurer*

Sure. Tom, so just to give you some color on end market dynamics for what we're seeing in Q4. With respect to communications, while we are showing a sequential decline off of a record Q3, that communications amount we're anticipating will be pretty much flat to the prior year Q4. So I would say holding very strong. And just a reminder, communications is -- depending upon the quarter, can be 40% to 50% of our business.

As it relates to the other markets, automotive, what we're expecting for Q4. While that is expected to be down year-over-year, when we also look at the full year, we are still continuing to see an increase in advanced packaging. So I think that's the notable aspect with respect to automotive that despite some of that near-term softness in automotive, we are continuing to see strength in the advanced.

From a computing perspective, that's had some mixed dynamics. With respect to Q4, again, down year-over-year. we are seeing for the full year, strong in the data center and infrastructure, where we really saw the most notable year-over-year was in the memory and storage component. And then last, consumer that had the most significant year-over-year decline. That's 2 factors. One, that is being impacted, I would say, the most by the macroeconomic conditions, but also timing with respect to product life cycle changeovers.

Thomas Robert Diffely - *D.A. Davidson & Co., Research Division - MD & Director of Research*

Okay. That's very helpful. So when you look at computing and consumer to the softer segments, how close do you think we're getting to a bottom here in terms of customers rationalizing their inventory levels?

Giel Rutten - *Amkor Technology, Inc. - President, CEO & Director*

Yes. Let me try to take care of that, Tom. Let's start with computing. I mean, as Megan already mentioned in the computing segment, we see clearly 2 dynamics. One is on the data center, high-performance computing, specifically products for AI utilizing over 2.5D technologies. That is showing a significant quarter-on-quarter growth, and we expect that to continue and support our overall computing business. The rest of the computing

market, we expect that -- difficult to say whether we are at the bottom right now, but we see currently slight inventory corrections, but we are very positive for next year in the overall computing segment.

For consumers, that depends on a few things here. One is end market demand. Very much dependent on recovery, for example, of the China markets, macroeconomic elements. There, it's slightly difficult to predict. The market is still very uncertain, broadly. But with improving consumer demand, we expect that there will be a recovery, certainly because we see that inventory in that market is being digested. Not completely in balance yet, but definitely improving towards the end of the year. And that creates a good basis for further growth next year.

Thomas Robert Diffely - D.A. Davidson & Co., Research Division - MD & Director of Research

Great. And it sounded like from your comments that even though there's ebbs and flows in each of these markets, you're continuing to invest capital expansion to the high end of each of these markets. Is that correct?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Yes, that's correct, Tom. I mean, definitely, on the computing segment, we see that as a long-term growth market for Amkor. We have a strong position in discriminating -- differentiating technologies like 2.5D. And also, there's a road map going forward into, let's say, road map technologies there. We have a strong customer portfolio, so we continue to invest in that technology as well as in capacity.

When it comes to the consumer market, that's driven, let's say, specifically also by the consumer wearables. And there, in our Vietnam factory, we will launch in the course of next year a next-generation wearable products, and we expect that creates a good basis for further growth.

Thomas Robert Diffely - D.A. Davidson & Co., Research Division - MD & Director of Research

Okay. And maybe just quickly on that wearables market, is that going to be a new business for you? Or is that just an evolution from the prior generation to the new generation that you've done?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

That specific product we're talking about is new. It's a new generation, and is also a new business for us, a business that we didn't have in '23 and that we will have in '24.

Thomas Robert Diffely - D.A. Davidson & Co., Research Division - MD & Director of Research

Great. And then -- sorry to take some of precious your time, but the capacity expansion in 2.5D, it sounds like that business is currently under a pretty heavy ramp, and it's not until the second quarter of '24 where it gets to kind of 3x of last year's level?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Yes. I mean that's a continuous ramp in that line. Of course, we have existing capacity there, Tom. And by debottlenecking that capacity and optimization of the utilization of the line, we are able to double capacity and output by the end of this year already. And by further investments of incremental equipment, we share further plan to, in total, triple our capacity towards the second quarter of '24.

Thomas Robert Diffely - D.A. Davidson & Co., Research Division - MD & Director of Research

Okay. And then when you look at the CapEx for the year, it sounds like you're maintaining the \$750 million, but did the location of the spend change? Are you spending more on computing and less on other markets?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Not really, Tom. You have to keep in mind that in that CapEx for this year, a significant part of that CapEx was allocated for our Vietnam facility. On the CapEx allocated for equipment and equipment expansion, I think that we already allocated, and that is as planned.

Operator

(Operator Instructions) Our next question comes from Randy Abrams with UBS.

Randy Abrams - Crédit Suisse AG, Research Division - Former MD & Head of Taiwan Research in the Equity Research Department

The first question, actually following up on Tom's questions on the applications. I may have missed it, but could you discuss for auto, industrial and mainstream, just the outlook for those applications to continue the correction or start to show signs of life on more of the mainstream and mature auto in industrial products?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Yes. Good question, Randy. Now let me try to give some color, and then Megan later on give a little bit more detail here. In the automotive, we're clearly monitoring our position in advanced products in automotive because the emerging applications like ADAS, infotainment, in-car networking are all supported by advanced silicon in combination with advanced packaging. So there, we see continued growth. I mean, year-to-date growth in automotive, advanced packaging was around 15% year-on-year. So that's a good signal that will continue to grow.

On the more mature part of the automotive market, we clearly see that customers are very prudent on keeping inventory or maintaining inventory at an elevated level, certainly go into the end part of this year, and we saw some corrections in specific areas. In our view, it's not that the inventory is extremely elevated, but it was more a prudent correction towards the end of the year. And we believe that going into next year, I think the overall supply chain for automotive is pretty much in balance.

Randy Abrams - Crédit Suisse AG, Research Division - Former MD & Head of Taiwan Research in the Equity Research Department

Good. On the margins, I'm curious on the incremental fourth quarter. Actually, the sales are pulling back. It looks like the margin is holding up a bit again. Is there a mix change, just sit relative to other part of the business? Or I think some of the efficiency measures on the nonmaterial costs that held in third quarter. Just if anything, relatively supporting the margin to hold up in the fourth quarter?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Okay. Thanks, Randy. Megan can take that.

Megan Faust - Amkor Technology, Inc. - Executive VP, CFO & Treasurer

Yes. Randy, yes, so Q4, despite some decline, the margin is holding up nicely within our, I would say, our financial model even a bit better than that. There is some product mix in there, but I wouldn't say that that's dramatic. There's also a bit of currency benefit in there. But overall, there's really good, I would say, cost management where we're holding manufacturing costs down as that revenue declines.

Randy Abrams - *Crédit Suisse AG, Research Division - Former MD & Head of Taiwan Research in the Equity Research Department*

The follow-up on CapEx, curious just how it ends the year for your overall CapEx. And then the initial take for next year with the advanced capacity expansion, if there'll be much lift in -- or for other investment areas in SiP, how you see the CapEx for next year as well?

Giel Rutten - *Amkor Technology, Inc. - President, CEO & Director*

Okay. Megan?

Megan Faust - *Amkor Technology, Inc. - Executive VP, CFO & Treasurer*

Yes. Randy, so from a CapEx perspective, now that we have our Q4 guide, you can see we really maintained that low teens capital intensity approach. As a reminder, and Giel mentioned, a significant portion of '23 was dedicated to construction. So we did pull back significantly on the equipment and capability.

As far as '24 goes, it's too early for us to give a guide on '24 CapEx. We would, as we have now, continued to focus on the advanced packaging elements of our investment. And I would say just as a guideline, we would anticipate that we wouldn't go outside of our rule of thumb of low-teens capital intensity.

Randy Abrams - *Crédit Suisse AG, Research Division - Former MD & Head of Taiwan Research in the Equity Research Department*

I actually want to follow up on the high-performance compute, the ramp up to double and then trip more -- I think, triple or more than triple by middle of next year. Two questions. One, the profitability and returns on this advanced business. And then the assurance on that capacity, where you have the foundry also doubling capacity, how you see assurance or just the momentum once you triple it, if you see trends and activity for customers broadening out to continue to grow that business?

Giel Rutten - *Amkor Technology, Inc. - President, CEO & Director*

Yes, Randy, I think we feel fairly comfortable that we can utilize the capacity that we bring in place. I mean there, we work with customers as well as with, for example, parties in the supply chain that provides elements like interposers to make sure that we share half demand and supply lined up. I mean there is also a broadening of our customer base in that technology. So we're fairly confident that into 2024, we can fill that capacity.

Randy Abrams - *Crédit Suisse AG, Research Division - Former MD & Head of Taiwan Research in the Equity Research Department*

And the returns, like normally for advanced, I guess, capital intensity higher. But how do you see like return on investment and profitability? Is it still ramping and takes time to get scale and margin accretive as you ramp?

Giel Rutten - *Amkor Technology, Inc. - President, CEO & Director*

Yes. I mean we already have capacity in place since 2017. So we're now in the third generation of products where we provide an end-to-end solution. So that means both population of the interposer as well as the on substrate part. If we invest in that technology, the majority of that equipment is fungible with a standard bumping line, so the utilization can be warranted. And even if there are swings on the 2.5D sites, we believe that since the fungibility of the equipment, we can utilize that with a very solid return on investment in the individual equipment. So it is broadly fungible, and you could label it as investment in wafer-level capacities in the broader sense of the word.

Randy Abrams - *Crédit Suisse AG, Research Division - Former MD & Head of Taiwan Research in the Equity Research Department*

Okay. And 1 final question on the interposer, sub and silicon that industry is looking at trying to find a bit less expensive or different options. Do you see much interest in activity for redistribution interposer? And would that be a value shift or opportunity? And are you investing towards that, if you're seeing that trend?

Giel Rutten - *Amkor Technology, Inc. - President, CEO & Director*

Yes. We're seeing that trend from an interposer or silicon interposer base into an RDL-level interposer. And we're working with several customers on initial, I would say, pilot production for that technology. I mean in general, the industry is conservative. Let's say, the maturing of the interposer-based technologies. Certainly, the yield levels is extremely important because the combination of high-bandwidth memory and expensive silicon requires very high yield levels, and that takes a steep learning curve.

But on the other hand, the RDL-based technologies is emerging, and we're preparing that. And by the way, the installed capacity that we have in place is, to some extent or to a very large extent, fungible with between RDL and interposer-based technology.

Operator

Our next question comes from Steve Barger with KeyBanc Capital Markets.

Robert Stephen Barger - *KeyBanc Capital Markets Inc., Research Division - MD & Equity Research Analyst*

I'm not familiar with Amkor. So I appreciate you letting me ask a question. And I'm not looking for near-term guidance like meaning this quarter or 2024. But can you talk about how you see longer-term growth rates for advanced packaging individually across your smartphone exposure, your automotive business and then maybe AI?

Giel Rutten - *Amkor Technology, Inc. - President, CEO & Director*

Yes. Let me try to give you a bit of color there, Steve. I mean, we believe that the markets that we are serving and catering for, specifically for advanced packaging, will grow at an above average rate if we compare that to regular semiconductor growth rates expected.

A couple of key drivers there. For Amkor specifically, I think if we take our core strategic pillars, it is diversification of our supply chain where we support customers in -- with semiconductor supply chains in jurisdictions where they like to be, like, for example, in Europe, supporting the European automotive industry or in Japan or now, for example, in Vietnam, where we offer customers an alternative supply chain vis-a-vis their China manufacturing. That will continue. We believe that Amkor is better positioned than the industry there, and that will drive incremental growth.

There is also growth in advanced packaging. Because the growth drivers in the industry, be it 5 or 6G, automotive, IoT or high-performance computing, all that growth will be supported by advanced packaging. And there, we are positioned as a leader. We are engaged for -- with the leaders in that industry, and we believe that will drive growth going forward.

And then an additional element there is that the relative outsourced potential of the industry volumes is increasing. So where companies in the past, for example, in automotive, to a large extent, were vertically integrated, we see that for advanced packaging, more and more outsourcing takes place, both on the silicon side as well as on the packaging side. So increased outsourcing, solid geopolitical footprints, and that combined with engaged in the lead segments of the market will drive growth for Amkor.

Robert Stephen Barger - KeyBanc Capital Markets Inc., Research Division - MD & Equity Research Analyst

I appreciate that detail. And just to follow up, I think people expect very high growth rates for advanced packaging around AI for obvious reasons. But will packaging content gains in smartphone and auto result in growth rates that can match that? Or how would you rank those kind of relative to each other?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Well, specifically in the -- Steve, in the high-end part of smartphone and the premium tier smartphone, we still continue to see significant innovation. I mean, you referred to AI adoption, specifically in the data centers. But on the edge and then referring to smartphones, we also expect that an edge devices like smartphones, there is an incremental innovation to adopt AI functionality that will drive a new generation and a next generation of, for example, application processors. And that, again, will drive advanced packaging. So there is a kick-on effect also to edge devices like smartphones.

Robert Stephen Barger - KeyBanc Capital Markets Inc., Research Division - MD & Equity Research Analyst

And same question for auto. Do you expect that the content gains there will drive significantly above-average growth relative to the semi-cycle itself?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Yes. I mean, we believe that automotive, actually, from our analysis, and that's also referring to industry data, is that the automotive semiconductor market is the fastest-growing market going forward in the next couple of years. We're well positioned there. And if you take applications like ADAS, in-car networking, connectivity that drives growth, and not only on the processing side, but also on the sensor side, for example, and that helps the automotive market moving forward.

And on top of that, we see a proliferation of these features from, let's say, high-end part of the automotive market into the more mainstream mid segment and low segment of the market because multiple of these features are becoming mandatory to be deployed in the car industry.

Robert Stephen Barger - KeyBanc Capital Markets Inc., Research Division - MD & Equity Research Analyst

That's great. And just 1 last one for me. When you talk about an AI-enabled smartphone or an edge smartphone, what time -- what's the timing of something like that? Is that 20 -- in '24, '25, '26?

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Well, if you -- I can only refer to the recent announcement of the biggest, let's say, smartphone chip company in the U.S. And you will see that the next generation of that high-end processors already has, let's say, an AI core included in that device. So we expect that to be '24, '25 range. This functionality to enter into the smartphones.

Operator

Thank you. And at this time, I'm showing no further questions. I would like to turn the call back over to Giel for closing remarks.

Giel Rutten - Amkor Technology, Inc. - President, CEO & Director

Let me recap the key messages. We delivered solid third quarter results at the high end of guidance, with revenue growing 25% sequentially to \$1.82 billion and EPS more than doubling to \$0.54. We are expecting fourth quarter revenue of \$1.675 billion at the midpoint of guidance.

Through the cycle, Amkor continued to invest in a diversified large-scale manufacturing base to support a secure and reliable global semiconductor supply chain. In August, Amkor had the opportunity to ring the NASDAQ closing bell in celebration of the company's legacy and success. We celebrated 2 significant milestones: our 55th anniversary and our 25th anniversary as a publicly traded company.

With our leadership in advanced packaging, our broad geographic footprint and diversified exposure to industry megatrends, we are poised to outperform the semiconductor market and accelerate out of this cycle. Thank you for joining the call today.

Operator

Thank you. We conclude today's conference. All parties may now disconnect. Have a good day. Thank you.

DISCLAIMER

Refinitiv reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2023, Refinitiv. All Rights Reserved.