

US Semiconductors and Semi Equipment

SemiBytes: Earnings Previews (STX, TER, KLAC, PI, QCOM, ENTG, WDC)

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Figure 1: Summary of estimate changes

Ticker	Rating	Price Target				Revenue (US\$)						EPS (US\$)						New Valuation		Old Valuation	
		New	Old	Delta (\$)	Delta (%)	2026		2027		2026		2027		C27E EPS	P/E	C27E EPS	P/E				
						New	Old	Delta (%)	New	Old	Delta (%)	New	Old					Delta (%)	New	Old	Delta (%)
TER	Buy	\$440	\$325	+115	+35%	\$4,605	\$4,315	+6.7%	\$6,190	\$5,660	+9.4%	\$7.14	\$6.34	+12.6%	\$11.44	\$9.90	+15.6%	\$11.44	29x	\$9.90	28x
KLAC	Neutral	\$1,835	\$1,575	+260	+17%	\$13,557	\$13,557	--	\$17,940	\$16,945	+5.9%	\$37.30	\$37.32	-0.0%	\$54.59	\$51.73	+5.5%	\$66.59	28x	\$57.25	27x
PI	Neutral	\$155	\$155	--	--	\$350	\$350	--	\$437	\$437	--	\$1.51	\$1.51	--	\$2.94	\$2.94	--	\$2.94	53x	\$2.94	53x
ENTG	Buy	\$185	\$150	+35	+23%	\$3,449	\$3,445	+0%	\$3,881	\$3,846	+1%	\$3.46	\$3.45	+0%	\$5.32	\$5.12	+4%	\$5.32	33x	\$5.12	29x
QCOM	Neutral	\$150	\$160	-10	-6%	\$44,016	\$44,016	--	\$44,368	\$44,368	--	\$11.21	\$11.21	--	\$10.86	\$10.86	--	Avg C22-26E EPS	14x	Avg C22-26E EPS	14x
STX	Neutral	\$515	\$440	+75	+17%	\$11,614	\$11,614	--	\$15,265	\$14,899	+2.5%	\$13.47	\$13.39	--	\$24.89	\$23.06	--	Avg C27/28E EPS	14x	Avg C27/28E EPS	15x
WDC	Neutral	\$350	\$285	+65	+23%	\$12,624	\$12,590	+0.3%	\$16,783	\$15,940	+5.3%	\$9.29	\$9.26	--	\$16.78	\$15.40	--	\$24.22	14x	\$18.47	15x

Source: UBS estimates

STX (reports 4/28 AMC): Because STX essentially knows what it will ship every Q, we expect revenue to be at or maybe above the high-end of the range with a similar outcome on EPS. We model EB shipments and ASP +3% and +2% Q/Q respectively. As for F4Q (Jun), we model revs/eps of \$3.20B/\$4.21 (Street \$3.14B/\$3.91) on the basis of EB +5% Q/Q, ASP +3% Q/Q, and GM +250bps Q/Q. Overall, our nearer term estimates reflect persistent hyperscaler demand, while we continue to push out our forecast downcycle now into at least late 2028. We roll forward our valuation basis to the average of C2027/2028E and trim our multiple by 1x to 14x which yields a new PT of \$515. We continue to see both STX and WDC (in addition to, of course, Toshiba) starting to buy heads externally from TDK - a bit of an evolution to the capacity narrative. While we don't see any negative catalysts on the near-term horizon, we also find it troubling that the market is taking a seemingly totally different structural view to HDD stocks versus memory stocks and would still much rather buy memory stocks - like MU for its inevitable re-rating. Put a different way, the market is treating HDD stocks as if they are no longer cyclical - something we push back on aggressively as we believe customers will 2x order HDD capacity until demand starts to flatten - at which case revenue and EPS for HDD stocks will fall off a proverbial cliff. Even if we take an aggressive ~30% EB growth Y/Y, HSD% price increases, and LDD% costdowns for the next 2-3 years, STX still trades at 11x - almost 2-3 turns higher than the peak of previous cycles (Figure 8) and the exact opposite of the expectations placed on MU despite the memory industry structurally changing. So, with a still-positive cyclical view for now and a negative structural view relative to the current peaky multiples, we remain Neutral; we continue to prefer MU and semicaps as better cyclicals to gain exposure to the AI buildout.

TER (reports 4/29 BMO): We see Mar Q revenue/eps of \$1,240MM/\$2.11, ahead of guidance midpt on TER's usual conservatism (Figure 31). Relative to guidance, the company already steered Jun down Q/Q (Street down ~2% Q/Q at ~\$1,160MM), but we sense this might be too conservative considering that: (1) June has been up >10% Q/Q in 6 of the past 7yrs, largely driven by AAPL, and we believe Amazon Trainium test demand and NVDA networking both remain very strong. On the call, the key focus will be commentary on the shape of 2H:26 which TER previously indicated to be a mirror of last year in terms of seasonal loadings (~58% of revenue in 1H and ~42% in 2H) - implying that the Compute strength observed in 4Q/1Q does not persist into 2H. However, while we appreciate mgmt wanting to de-risk 2H:26 on the lumpiness of VIP, our checks across TER's supply chain (both in US and Malaysia) point to strength persisting into 2H:26. As a result, we are comfortable modeling 2H26 revenue down only ~10% H/H (vs. Street down ~20% H/H). Beyond the quarter, we continue to believe test intensity is rising considerably - meaning that TER and the market are likely

underestimating the size of the test TAM. This is due to the industry moving toward a "test everything" paradigm, as the value of silicon across DC hardware systems (not just devices) continues to grow and electrical test increasingly viewed as a critical enabler rather than just a cost. On top of this, we continue to see TER shipping to NVDA for data center prior to the end of this year with share ultimately reaching 40-50% in a total NVDA test TAM that could be \$3.5-4B by C2028. Net, we raise C2026/2027/2028E EPS to \$7.14/\$11.48/\$14.51 – all well above Street, with our estimates already baking in contributions by NVDA – and our PT goes to \$440 (from \$325).

KLAC (reports 4/29 AMC): We model FQ3:26 (Mar) revenue of ~\$3.37B, reflecting KLAC's tendency to print above mid-pt of guidance. For FQ4:26E (Jun), we see revenue in the ~\$3.68B range (+\$140MM vs Street) driven by the co's higher full-year WFE outlook at Analyst Day (our key takeaways [here](#)) which, as indicated by management, implies revenue growth in the ~high-teens % Y/Y (UBSe +21% Y/Y), and Semi PC now expected to grow "a couple points" ahead of the overall topline as revenue strengthens in 2H (UBSe +23% Y/Y). On the call, we expect management's tone on C2026 to remain constructive with KLAC maybe even raising its full year WFE forecast in an effort to better align with peers and clarify the differences in its communication on WFE. We would also not be surprised to hear customer conversations already shifting well into C2027, in line with recent commentary from ASML and justified by SPC's attach rate to litho. That said, we still struggle to see how KLAC continues to gain WFE share and keep pace w/ films peers like AMAT/LRCX - especially as litho is set to lose share along with the fact that much of its N2 monetization has already occurred. As such, despite our view that the industry will be run-rating \$200B in WFE by C1H27, we see KLAC's share only slightly up over the next few years - and this dynamic likely intensifies next year as memory inflects sharply higher as a portion of incremental WFE. Net, we raise C2026/2027E EPS to \$66.59/\$81.98 and our PT goes to \$1,835 (from \$1,575) though we much prefer AMAT or LRCX.

PI (reports 4/29 AMC): We maintain our estimates and PT for PI, though we expect an upward bias to MarQ results as we sense conservatism in management's outlook coming off such a bad miss. Investor sentiment around Softline retail remains broadly bearish (as discussed in the [UBS Consumer team's recent note](#)), with geopolitics (including the Iran conflict) and higher gas prices viewed as incremental risks to discretionary spending. That said, UBS research and recent survey data indicate U.S. apparel and footwear spending intentions remain healthy, with only modest M/M pressure stemming from recent macro developments – a risk to restocking expectations. For PI specifically, we believe the stock has probably overcorrected following the last earnings but the retail/consumer backdrop is still not very good and PI's growth opportunity is more long duration in nature – both of which combine for us to see a general lack of urgency here. Execution is also a question after a repeat of the prior year – all of which has taken some of the luster from the story given the lack of supply chain visibility in managing UPS pre orders in each of the last two March quarters. We expect the ramp of custom SKU shipments for UPS to improve supply chain visibility, and view the June quarter as an important first step for management to rebuild credibility. Net, we believe PI fundamentals should stabilize into the 2H:26, though execution consistency will be critical before investors adopt a more constructive stance. We maintain our CY26 revenue/EPS estimates at \$350MM/\$1.51 and CY27 revenue/EPS at \$437MM/\$2.72, which already reflect our cautious outlook on the retail recovery and near-term grocery ramp. Our PT remains unchanged at \$155.

QCOM (reports 04/29 AMC): The company tried to reset numbers last call but we see estimates and fundamentals continuing to worsen – in large part due to rising memory prices. UBS recently again cut global smartphone growth assumptions for C2026 to -7.5% (from -5%) - a revision that will come largely from units in C2H:26. For AAPL, QCOM's base case has been that it would maintain ~20% of the launch this Fall but we do sense a more aggressive ramp that may imply that there is downside to this target for the entirety of the iPhone 18 launch. We also maintain the view that once AAPL no longer needs QCOM's modem that it will significantly pressure AAPL's royalty payment – especially if Huawei remains un-signed to a deal. On top of this, we see risk to QCOM's China business (both QTL and QCT) as higher memory prices cannibalize demand and/or move units to lower price points and/or move share to Mediatek. Outside of smartphones, we are more optimistic – especially in autos as new wins are finally coming to the market, but also for PC and server where agentic inference opens up new opportunities for QCOM's solutions. We expect the call to focus on 1) updating the ongoing impact to the market from higher memory prices, 2) potential updates on the

base case assumptions around AAPL, 3) any updates on the Huawei QTL negotiations, 4) QCOM's data center strategy amid strong server CPU demand, and 5) the HUMAIN deal on AI200 amid geo-political uncertainty. A longer-term positive for the stock is its opportunity in data center with AI250 and the longer term roadmap (none of which is baked into its LT roadmap) but we would think that QCOM would hold most of this for its Analyst Day update. We lower our Mar Q and Jun Q revenue estimates to \$10.4B and \$9.9B (from \$10.5B/\$10.3B) and EPS to \$2.53 and \$2.20 (from \$2.60/\$2.41), and as a result revise our PT to \$150 (from \$160) based on C24–28E average EPS of \$10.76 at a 14x multiple, reflecting a more cautious view on C2026 smartphone growth and Y/Y share headwinds at Apple and Samsung, while maintaining our Neutral rating.

ENTG (reports 4/30 BMO): We expect 1Q26 (Mar) results broadly in line with guidance. Given wafer capacity constraints across the chip industry, the ~80% of ENTG's revenue that is consumables based still has limited room for much upside surprise, though we do feel that coming out of last earnings call ENTG kept CQ2 revenue expectations low enough that it should be able to guide revenue nicely above (UBSe ~\$840MM v Street ~\$830MM). The key for June Q guidance in our view is gross margin as some of ENTG's material input costs have likely risen since the onset of the Iran conflict (e.g., prices for polyethylene, polypropylene, and other plastic polymers [hitting four-year highs](#)). That said, we view any potential pressures as transitory, and note that historically, ENTG has been more sensitive to FX than raw material cost inflation. On the call we continue to expect management to continue to sound constructive around margin expansion opportunities, (mainly via consolidation of its manufacturing footprint), which should also offset any input cost GM pressures and re-inject EPS leverage. Looking ahead, we reiterate our view that revenue growth in 2026 should be fairly gradual (UBSe +8% Y/Y), before accelerating in 2027 - when we see ENTG approaching ~\$4B/yr, driving close to ~50% gross margin (~600-700 bps above current levels) and >\$5 EPS. Net, we tweak our estimates slightly, refresh our multiple to 34x, and raise PT to \$185 (up from \$150). Maintain Buy.

WDC (reports 4/30 AMC): Because WDC essentially knows what it will ship every Q, we expect FQ3 (Mar) revenue right around the top of the guidance range (UBSe \$3.29B with EB up 6% Q/Q and ASP per bit up 3% Q/Q) and EPS at or above the top (UBSe \$2.45). As for FQ4 (Jun), we model revs/eps of \$3.50B/\$2.91 on the basis of EB +3% Q/Q, ASP per bit up 3% Q/Q, and GM +200bps Q/Q. Overall, our nearer term estimates reflect persistent hyperscaler demand, while we continue to push out our forecast downcycle now into at least late 2028. We roll forward our valuation basis to the average of C2027/C2028E and trim our multiple by 1x to 14x which yields a new PT of \$350. We continue to see both WDC and STX (in addition to, of course, Toshiba) starting to buy heads externally from TDK - a bit of an evolution to the capacity narrative. While we don't see any negative catalysts on the near-term horizon, we also find it troubling that the market is taking a seemingly totally different structural view to HDD stocks versus memory stocks and would still much rather buy memory stocks - like MU for its inevitable re-rating. Put a different way, the market is treating HDD stocks as if they are no longer cyclical - something we push back on aggressively as we believe customers will 2x order HDD capacity until demand starts to flatten - at which case revenue and EPS for HDD stocks will fall off a proverbial cliff. Even if we take an aggressive ~30% EB growth Y/Y, HSD% price increases, and ~10% costdowns for the next 2-3 years, WDC still trades at 12x - almost 4-6 turns higher than the peak of previous cycles ([Figure 78](#)) and the exact opposite of the expectations placed on MU despite the memory industry structurally changing. So, with a still-positive cyclical view for now and a negative structural view relative to the current peaky multiples, we remain Neutral; we continue to prefer MU and semicaps as better cyclicals to gain exposure to the AI buildout.

STX PREVIEW

Results/Guidance

Results: Our FQ3:26 (Mar) model is unchanged with revs/EPS of \$2.96B/\$3.51, versus Street \$2.95B/\$3.49. We model non-GAAP GM of 44.5% (vs. Street 44.6%) and OpM of 34.7% (vs. Street 34.7%).

Guide: We model FQ4:26 (Jun) revs/EPS \$3.20B/\$4.21, above Street \$3.14B/\$3.91. We model non-GAAP GM of 47.0% (vs. Street 45.9%) and OpM of 37.9% (vs. Street 36.4%).

Valuation PT \$515 (from \$440)

We lower our target multiple from 15x to 14x (consistent with LT avg S&P-implied multiple), which is applied to a higher CY27/CY28E average non-GAAP EPS of \$35.40 (from CY27E \$28.34), increasing our PT from \$440 to \$515.

Key Topics for Earnings

1) Update on the ongoing HAMR sampling/qualification ramping process; 2) Color on nearline market and demand from cloud and enterprise customers in the US and China; 3) Visibility into cloud capex and enterprise spending environment; 4) Outlook on HDD pricing; 5) Customer acceptance of build-to-order approach 6) Order patterns and visibility from hyperscalers

Estimates Changes

Our FQ3:26 revs/EPS estimates remain unchanged at \$2.96B/\$3.51. We raise CY26E revs/EPS from \$13.2B/\$17.87 to \$13.3B/\$18.64, CY27E revs/EPS from \$16.5B/\$28.34 to \$17.1B/\$31.21, and CY28E from \$15.6B/\$25.11 to \$19.3B/\$39.59, driven largely by better EB shipments and higher gross margin.

Figure 2: STX Annual Estimate Change Summary

	CY 2026E			CY 2027E			CY2028E		
	New	Old	Change	New	Old	Change	New	Old	Change
Revenue (\$MM)	\$13,317	\$13,208	+0.8%	\$17,122	\$16,539	+3.5%	\$19,254	\$15,633	+23.2%
Y/Y Growth	32.4%	31.3%		28.6%	25.2%		12.5%	-5.5%	
Gross Margin	48.8%	47.7%	+1.1%	56.9%	55.0%	+1.9%	60.5%	52.5%	+8.0%
OpEx % of Revs	9.0%	9.1%	+0.1%	7.7%	8.0%	+0.3%	7.4%	8.9%	+1.5%
Operating Margin	39.8%	38.6%	+1.2%	49.2%	47.0%	+2.2%	53.1%	43.7%	+9.5%
Non-GAAP EPS	\$18.64	\$17.87	+4.3%	\$31.21	\$28.34	+10.1%	\$39.59	\$25.11	+57.7%
FCF (\$MM)	\$3,826	\$3,703	+3.3%	\$6,294	\$5,783	+8.8%	\$8,134	\$5,873	+38.5%
Segment Revenues (\$MM)									
EB shipments	851	840	+1.3%	1,042	992	+5.1%	1,155	1,003	+15.2%
Y/Y Growth	25.5%	23.9%		22.5%	18.1%		10.9%	1.1%	
ASP (\$/TB)	\$15.6	\$15.7	-0.5%	\$16.4	\$16.7	-1.5%	\$16.7	\$15.6	+6.9%
Y/Y Growth	5.5%	6.0%		5.0%	6.0%		1.4%	-6.5%	

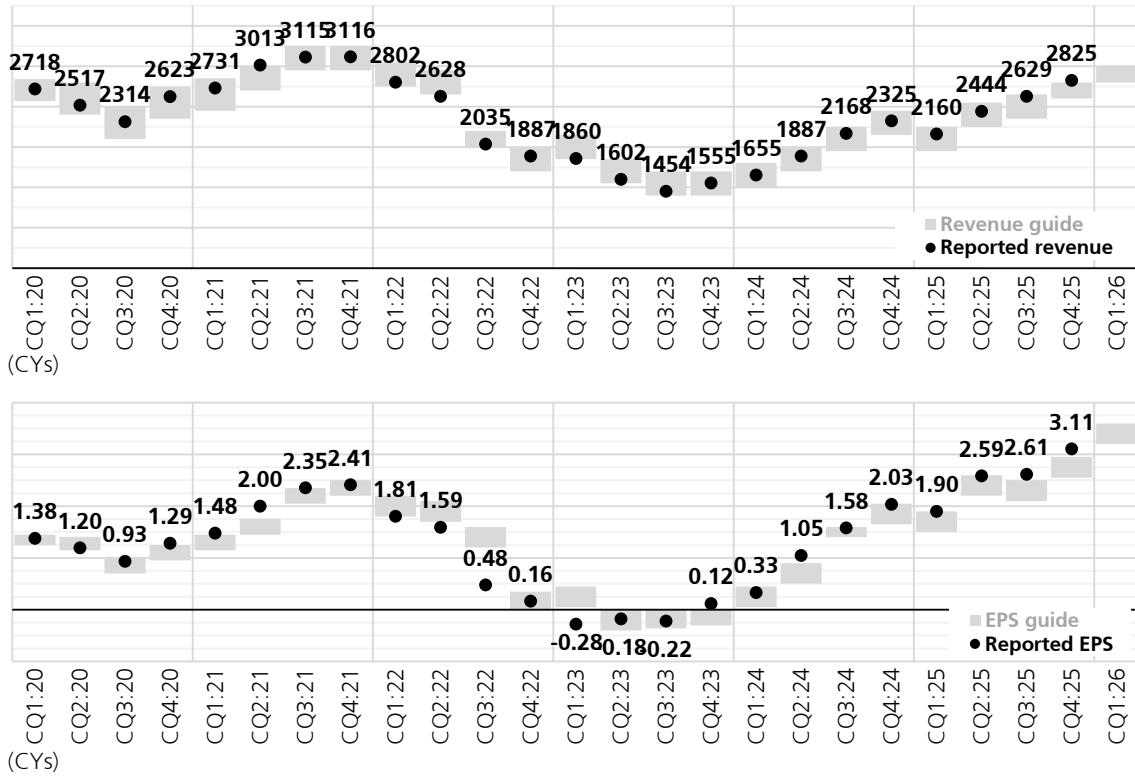
Source: Company reports, UBS estimates.

Figure 3: STX UBSe vs. Street

	2024	2025	Sep'25 2026/1F	Dec'25 2026/2F	Mar'26 2026/3F	Jun'26 2026/4F	2026	Sep'26 2027/1F	Dec'26 2027/2F	Mar'27 2027/3F	Jun'27 2027/4F	2027	Sep'27 2028/1F	Dec'27 2028/2F	Mar'28 2028/3F	Jun'28 2028/4F	2028	CY2024	CY2025	CY2026	CY2027	
Revenue (\$MM)																						
UBS	\$ 6,551	\$ 9,097	\$2,629	\$2,825	\$2,961	\$3,200	\$11,614	\$3,455	\$3,702	\$3,931	\$4,177	\$15,265	\$4,406	\$4,608	\$4,727	\$4,846	\$18,587	\$ 8,035	\$10,058	\$13,317	\$17,122	
UBS (old)					\$2,961	\$3,200	\$11,614	\$3,415	\$3,633	\$3,824	\$4,027	\$14,899	\$4,247	\$4,441	\$4,339	\$4,041	\$17,067			\$13,208	\$16,539	
Consensus					\$2,949	\$3,140	\$11,543	\$3,369	\$3,590	\$3,703	\$3,860	\$14,522	\$4,012	\$3,965	\$3,994	\$3,992	\$15,963			\$13,048	\$15,540	
Delta					0.4%	1.9%	0.6%	2.6%	3.1%	6.2%	8.2%	5.1%	9.8%	16.2%	18.3%	21.4%	16.4%			2.1%	10.2%	
					█	█	█	█	█	█	█	█	█	█	█	█	█			█	█	
Non-GAAP EPS																						
UBS	\$ 1.29	\$ 8.10	\$ 2.61	\$ 3.11	\$ 3.51	\$ 4.21	\$ 13.47	\$ 5.05	\$ 5.87	\$ 6.57	\$ 7.42	\$ 24.89	\$ 8.27	\$ 8.95	\$ 9.35	\$ 9.88	\$ 36.43	\$ 4.99	\$ 10.21	\$ 18.64	\$ 31.21	
UBS (old)					\$ 3.51	\$ 4.14	\$ 13.39	\$ 4.78	\$ 5.45	\$ 6.11	\$ 6.74	\$ 23.06	\$ 7.39	\$ 8.11	\$ 7.56	\$ 6.57	\$ 29.63			\$ 17.87	\$ 28.34	
Consensus					\$ 3.49	\$ 3.91	\$ 13.11	\$ 4.44	\$ 4.96	\$ 5.34	\$ 5.76	\$ 20.50	\$ 6.08	\$ 5.89	\$ 5.90	\$ 5.91	\$ 23.78			\$ 16.79	\$ 23.08	
Delta					0.8%	7.7%	2.7%	13.7%	18.4%	23.0%	28.7%	21.4%	36.1%	51.9%	58.5%	67.4%	53.2%			11.0%	35.2%	
					█	█	█	█	█	█	█	█	█	█	█	█	█			█	█	

Source: Company reports, FactSet, UBS estimates

Figure 4: STX Revenue and EPS Guidance History



Source: Company reports, FactSet, UBS estimates

Figure 5: STX Summary Model

Seagate (STX) - Key Metrics (in \$MM except EPS)	2024				2025				Estimates				2026				2027				2028				Fiscal Years			
	C2024A	FQ3A CQ1A	FQ4:25A CQ2A	FQ1A CQ3A	FQ2A CQ4A	C2025A	FQ3E CQ1E	FQ4:26E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2026E	FQ3E CQ1E	FQ4:27E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2027E	FQ3E CQ1E	FQ4:27E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2028E	F2025A	F2026E	F2027E	F2028E			
Revenue (\$MM)	\$8,035	\$2,160	\$2,444	\$2,629	\$2,825	\$10,058	\$2,961	\$3,200	\$3,455	\$3,702	\$13,317	\$3,931	\$4,177	\$4,406	\$4,608	\$17,122	\$4,727	\$4,846	\$4,872	\$4,809	\$19,254	\$9,097	\$11,614	\$15,265	\$18,587			
YY Growth	24%	31%	30%	21%	22%	25%	37%	31%	31%	31%	32%	33%	31%	28%	24%	29%	20%	16%	11%	4%	12%	39%	28%	31%	22%			
Gross Margin	31.9%	36.2%	37.9%	40.1%	42.2%	39.3%	44.5%	47.0%	50.0%	52.5%	48.8%	54.0%	56.0%	58.0%	59.0%	56.9%	59.5%	60.5%	61.0%	61.0%	60.5%	35.8%	43.6%	53.3%	59.3%			
Opex	\$1,073	\$274	\$286	\$291	\$290	\$1,141	\$289	\$292	\$303	\$312	\$1,196	\$319	\$324	\$333	\$341	\$1,317	\$348	\$354	\$357	\$358	\$1,417	\$1,128	\$1,162	\$1,258	\$1,376			
YY Growth	4%	10%	12%	4%	1%	6%	5%	2%	4%	8%	5%	10%	11%	10%	9%	10%	9%	9%	7%	5%	8%	14%	3%	8%	9%			
Operating Margin	18.5%	23.5%	26.2%	29.0%	31.9%	27.9%	34.7%	37.9%	41.2%	44.1%	39.8%	45.9%	48.2%	50.4%	51.6%	49.2%	52.1%	53.2%	53.7%	53.6%	53.1%	23.4%	33.6%	45.0%	51.9%			
Non-GAAP EPS	\$ 4.99	\$ 1.90	\$ 2.59	\$ 2.61	\$ 3.11	\$ 10.21	\$ 3.51	\$ 4.21	\$ 5.05	\$ 5.87	\$ 18.64	\$ 6.57	\$ 7.42	\$ 8.27	\$ 8.95	\$ 31.21	\$ 9.35	\$ 9.88	\$ 10.18	\$ 10.18	\$ 39.59	\$ 8.10	\$ 13.47	\$ 24.89	\$ 36.43			
Cash Flow																												
FFO	\$938	\$259	\$508	\$532	\$723	\$2,022	\$940	\$1,019	\$1,148	\$1,355	\$4,461	\$1,523	\$1,699	\$1,883	\$2,044	\$7,150	\$2,157	\$2,244	\$2,319	\$2,328	\$9,048	\$1,083	\$3,214	\$5,725	\$8,328			
Capex	\$253	\$43	\$83	\$105	\$116	\$347	\$133	\$144	\$173	\$185	\$635	\$197	\$209	\$220	\$230	\$856	\$236	\$242	\$219	\$216	\$914	\$265	\$498	\$763	\$929			
FCF	\$685	\$216	\$425	\$427	\$607	\$1,675	\$807	\$875	\$975	\$1,169	\$3,826	\$1,327	\$1,490	\$1,663	\$1,814	\$6,294	\$1,920	\$2,002	\$2,100	\$2,112	\$8,134	\$818	\$2,716	\$4,962	\$7,399			
% revenue	8.5%	10.0%	17.4%	16.2%	21.5%	16.7%	27.3%	27.3%	28.2%	31.6%	28.7%	33.7%	35.7%	37.7%	39.4%	36.8%	40.6%	41.3%	43.1%	43.9%	42.2%	9.0%	23.4%	32.5%	39.8%			
Net Debt	\$4,441	\$4,332	\$4,104	\$3,882	\$3,453	\$3,453	\$2,840	\$2,235	\$1,934	\$1,439	\$1,439	\$786	(\$32)	(\$515)	(\$1,151)	(\$1,151)	(\$1,895)	(\$2,222)	(\$2,140)	(\$2,073)	(\$2,073)	\$4,104	\$2,235	(\$32)	(\$2,222)			
Gross Leverage	3.2x	2.5x	2.1x	1.9x	1.5x	1.5x	1.1x	0.8x	0.6x	0.5x	0.5x	0.3x	0.2x	0.1x	0.1x	0.1x	0.0x	0.0x	0.0x	0.8x	0.8x	2.1x	0.8x	0.2x	0.0x			
Net Leverage	2.5x	2.1x	1.7x	1.4x	1.1x	1.1x	0.8x	0.5x	0.4x	0.4x	0.4x	0.1x	0.0x	-0.1x	0.1x	0.1x	-0.2x	-0.2x	-0.2x	0.5x	0.5x	1.7x	0.5x	0.0x	-0.2x			
Product Revenue (\$MM)																												
HDD Shipments in Exabytes	501.7	143.6	162.5	182.0	190.0	678.1	196.2	205.8	217.9	231.2	851.1	243.1	255.7	267.0	276.5	1,042.3	283.7	290.8	292.4	288.6	1,155.4	594.5	774.0	947.9	1,118.0			
YY Growth	27%	45%	42%	32%	26%	35%	37%	27%	20%	22%	26%	24%	24%	23%	20%	22%	17%	14%	9%	4%	11%	49%	30%	22%	18%			
of which Nearline	390.9	119.7	136.6	159.0	165.0	580.3	172.4	180.2	192.8	206.3	751.7	218.7	231.8	243.4	253.1	947.0	260.7	268.5	271.2	268.5	1,069.0	491.2	676.6	849.6	1,025.7			
Nearline YY Growth	49%	67%	62%	46%	31%	48%	44%	32%	21%	25%	30%	27%	29%	26%	23%	26%	19%	16%	11%	6%	13%	77%	38%	26%	21%			
ASP \$/TB	\$ 16.02	\$ 13.95	\$ 14.04	\$ 14.45	\$ 14.87	\$ 14.83	\$ 15.09	\$ 15.54	\$ 15.86	\$ 16.01	\$ 15.65	\$ 16.17	\$ 16.34	\$ 16.50	\$ 16.66	\$ 16.43	\$ 16.66	\$ 16.66	\$ 16.66	\$ 16.66	\$ 16.66	\$ 14.23	\$ 15.01	\$ 16.11	\$ 16.62			
YY Growth	-2%	-6%	-7%	-1%	3%	-7%	8%	11%	10%	8%	5%	7%	5%	4%	4%	5%	3%	2%	1%	0%	1%	-4%	5%	7%	3%			
HDD Shipments in MM units	49.6	11.4	12.5	12.5	12.9	49.4	12.9	12.9	12.8	12.9	51.4	12.9	12.9	12.9	12.7	51.4	12.8	12.9	12.9	12.6	51.2	49.9	51.2	51.5	51.2			
Q/Q growth		-11%	10%	-1%	4%		0%	0%	-1%	1%		0%	0%	-1%	-1%		1%	1%	0%	-2%								
YY growth	-6%	1%	1%	-4%	0%	0%	13%	3%	2%	0%	4%	0%	0%	1%	-2%	0%	-1%	0%	0%	0%	0%	5%	3%	1%	0%			
ASP \$/unit	\$ 162	\$ 189	\$ 195	\$ 211	\$ 218	\$ 204	\$ 229	\$ 248	\$ 271	\$ 287	\$ 259	\$ 305	\$ 323	\$ 343	\$ 363	\$ 333	\$ 371	\$ 374	\$ 378	\$ 381	\$ 376	\$ 182	\$ 227	\$ 297	\$ 363			
Q/Q growth		5%	3%	8%	4%		5%	8%	9%	6%		6%	6%	6%	6%		2%	1%	1%	1%								
YY growth	32%	29%	28%	26%	22%	26%	22%	27%	28%	32%	27%	33%	30%	26%	26%	29%	22%	16%	10%	5%	13%	32%	24%	31%	22%			
Data Center Revenue		\$1,615	\$1,863	\$2,114	\$2,224	\$7,816	\$2,398	\$2,624	\$2,833	\$3,036	\$10,891	\$3,263	\$3,425	\$3,569	\$3,640	\$13,897	\$3,734	\$3,780	\$3,800	\$3,751	\$15,065	\$6,796	\$9,360	\$12,557	\$14,723			
YY Growth				34%	28%		48%	41%	34%	36%	39%	36%	31%	26%	20%	28%	14%	10%	6%	3%	8%		38%	34%	17%			
Edge IoT Revenue		\$545	\$581	\$515	\$601	\$2,242	\$563	\$576	\$622	\$666	\$2,427	\$668	\$752	\$837	\$968	\$3,225	\$993	\$1,066	\$1,072	\$1,058	\$4,189	\$2,300	\$2,254	\$2,708	\$3,864			
YY Growth				-12%	2%		3%	-1%	21%	11%	8%	19%	31%	35%	45%	33%	49%	42%	28%	9%	30%		-2%	20%	43%			

Source: Company reports, FactSet, UBS estimates

Valuation

We lower our target multiple from 15x to 14x (consistent with the LT avg S&P-implied multiple), which is applied to a higher CY27/CY28E average non-GAAP EPS of \$35.40 (from CY27E \$28.34), increasing our PT from \$440 to \$515.

Figure 6: STX Price Target

Valuation	New	Old
Non-GAAP EPS		
C2027	\$ 31.21	\$28.34
C2028	\$ 39.59	
CY27/CY28 avg.	\$ 35.40	
Multiple	14x	15x
Price Target	\$ 515	\$ 440

Source: Company reports, UBS estimates, FactSet.

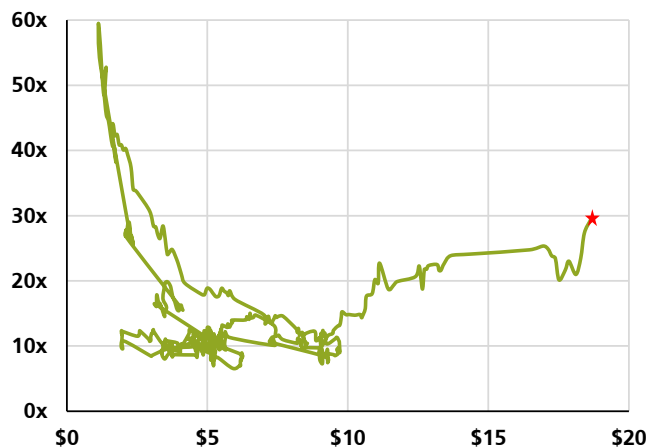
Figure 7: STX Relative Valuations

Seagate Relative Valuation

Current WDC conglomerate NTM P/E Multiple	23.5x
Seagate LT Avg Premium/Discount to WDC	+3%
WDC Conglomerate-Implied STX NTM Multiple	24.1x
Current SOX NTM P/E Multiple	19.5x
Seagate LT Avg Premium/Discount to SOX	-40%
SOX-Implied STX NTM Multiple	11.7x
Current S&P 500 NTM P/E Multiple	19.9x
LT Avg Premium/Discount to S&P 500	-28%
S&P 500-Implied STX NTM Multiple	14.2x

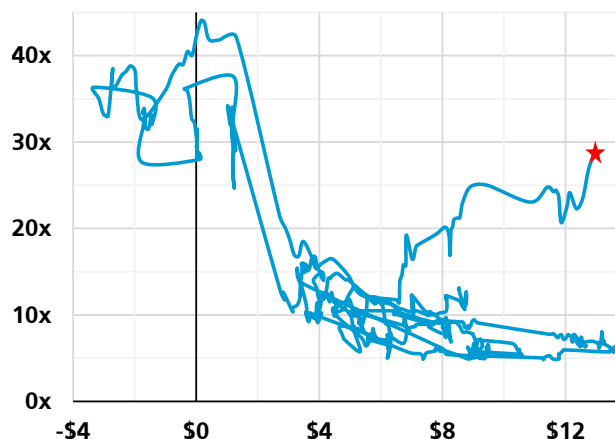
Source: Company reports, UBS estimates, FactSet.

Figure 8: STX PE and EPS LT trajectory



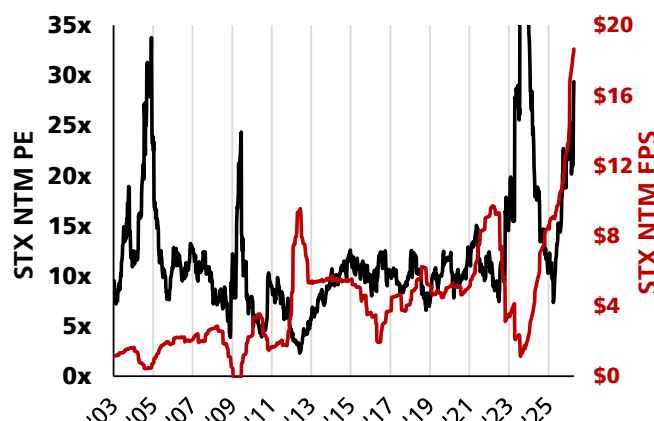
Source: Company reports, UBS, FactSet.

Figure 9: WDC PE and EPS LT trajectory



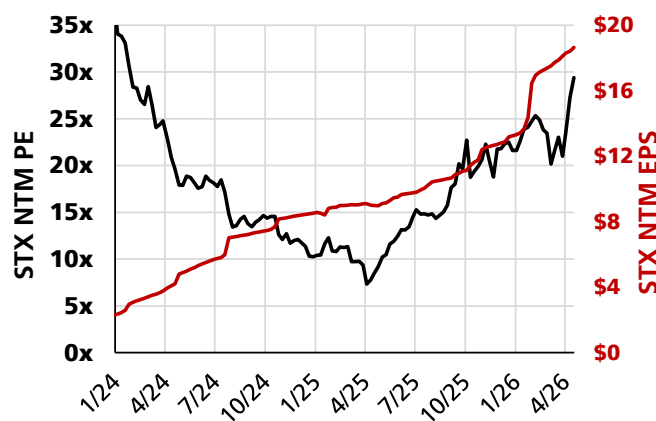
Source: Company reports, UBS, FactSet.

Figure 10: STX PE and EPS LT history



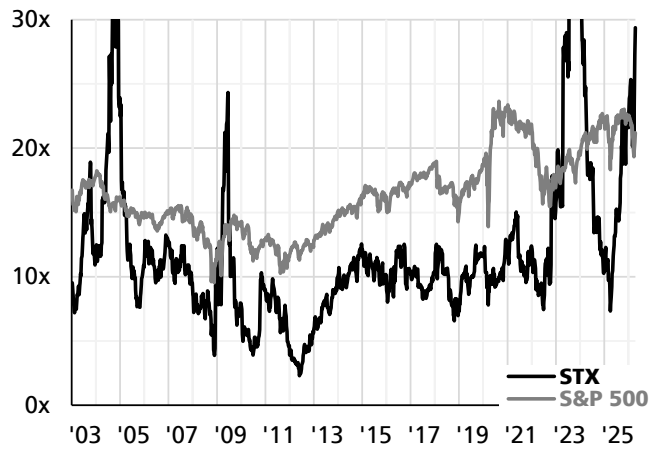
Source: Company reports, UBS, FactSet.

Figure 11: STX PE and EPS ST history



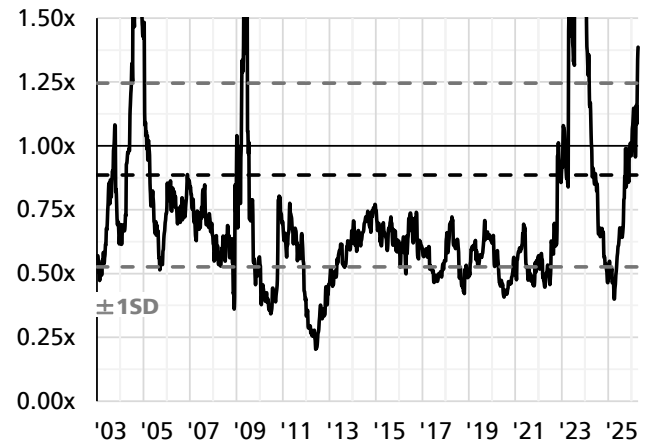
Source: Company reports, UBS, FactSet.

Figure 12: STX and S&P 500 1-YR forward P/E LT History



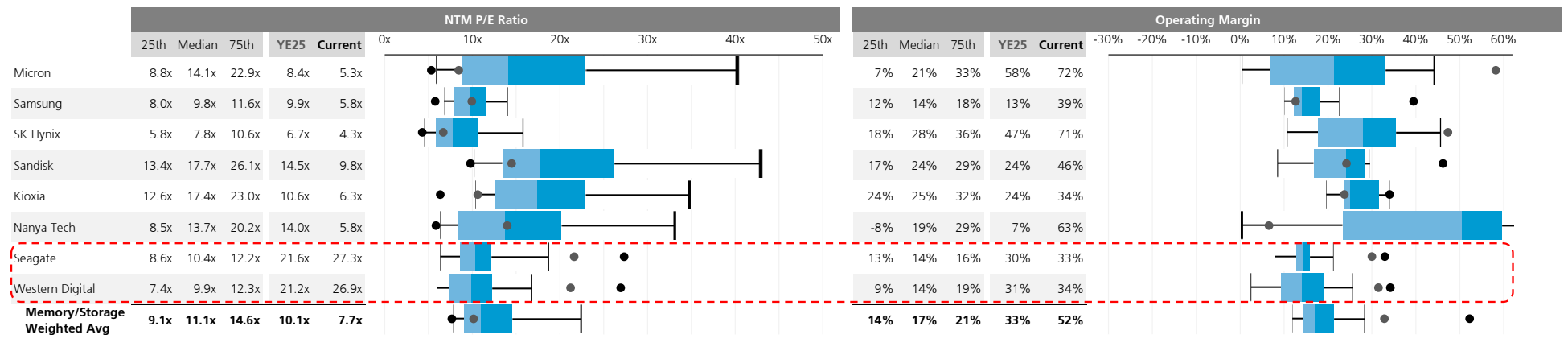
Source: FactSet

Figure 13: STX 1-YR forward Relative to S&P 500 - LT History



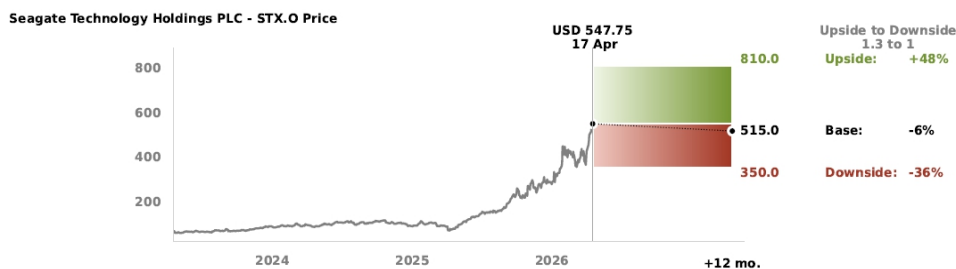
Source: FactSet

Figure 14: Memory Cycle Overview - STX and WDC are both at peak margins and peak multiples at the same time



Source: Company reports, UBS estimates, FactSet

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

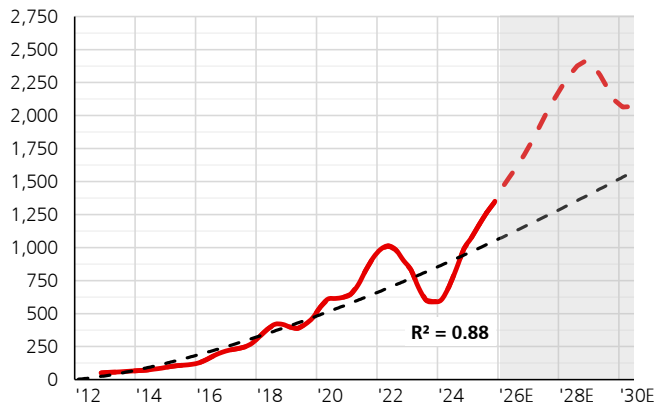
UPSIDE (\$810): Our upside case contemplates stronger hyperscaler demand supporting pricing and leading to stronger CY27/28E HDD revs of \$17.9B/\$21.0B, which coupled with operating leverage leads to C2027/C2028E Non-GAAP EPS of \$34.80/\$46.08. We apply a 20x P/E multiple to CY27/CY28E average EPS of \$40.44 to arrive at an \$810 upside valuation.

BASE (\$515): Our base case assumes bit shipments expand to 1,042EB in CY27 and 1,155EB in CY28 and ASPs increase to \$15.84/\$16.15 in CY27E/CY28E respectively. This yields CY27E/CY28E HDD revenue of \$16.5B/\$18.7B respectively. This leads to an average CY27E/CY28E EPS of \$35.40 to which we apply a 14x multiple, giving a base scenario valuation of \$515.

DOWNSIDE (\$350): Our downside case is premised on a modest HDD upcycle with weaker pricing strength. We assume bit shipments of 976EB in CY27 and 1,053EB in CY28 and ASPs of \$15.25/\$15.24 in CY27E/CY28E respectively. This yields CY27E/CY28E HDD revenue of \$14.9B/\$16.05B respectively. This leads to an average CY27E/CY28E EPS of \$29.36 to which we apply a 12x multiple, giving a downside scenario valuation of \$350.

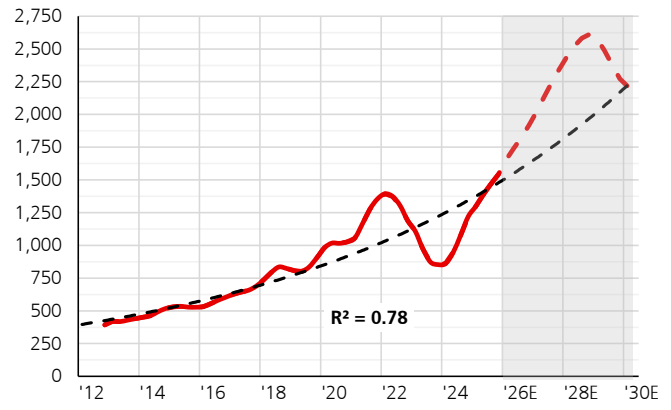
Key HDD Industry Charts and WDC vs. STX Comparison

Figure 15: WDC + STX TTM Nearline EB Shipments and trendline



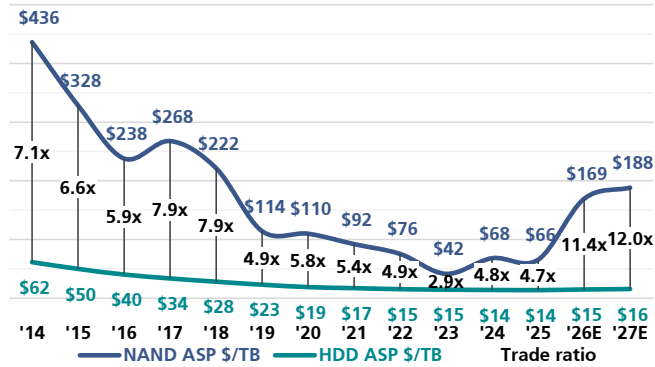
Source: UBS estimates, Company reports

Figure 16: WDC + STX TTM Total EB Shipments and trendline



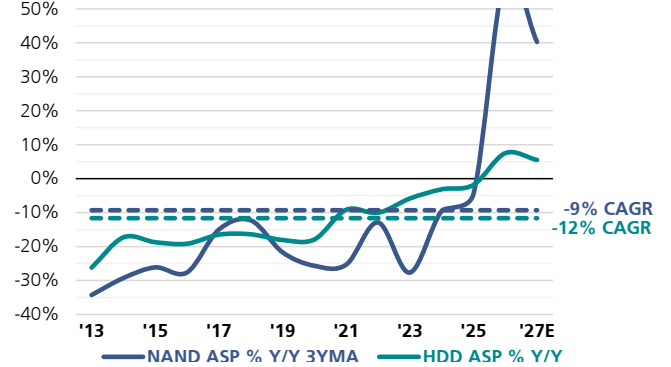
Source: UBS estimates, Company reports

Figure 17: HDD vs NAND ASP



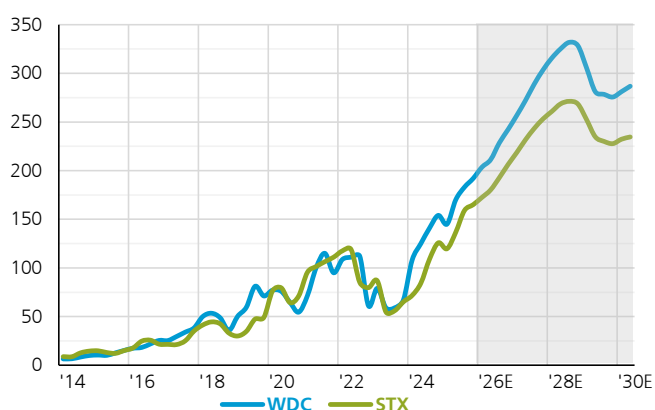
Source: UBS estimates, Company reports

Figure 18: HDD vs NAND ASP Declines



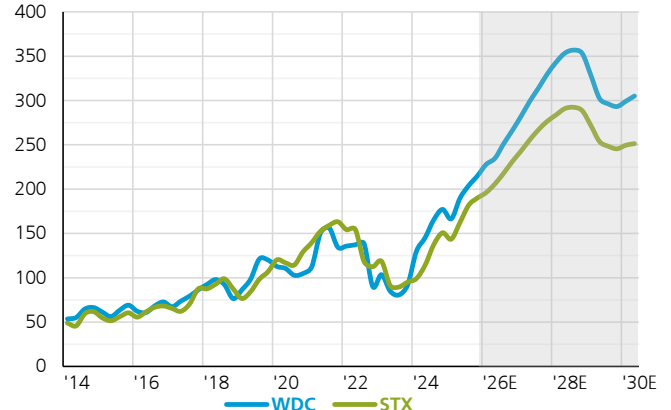
Source: UBS estimates, Company reports

Figure 19: Nearline Capacity (EB)



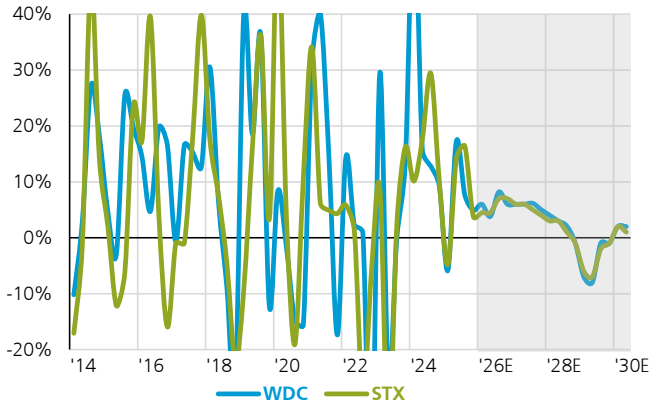
Source: UBS estimates, Company reports

Figure 20: Total Capacity Shipped (EB)



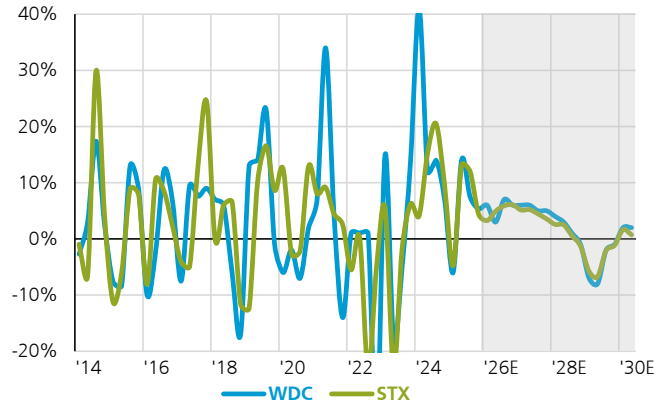
Source: UBS estimates, Company reports

Figure 21: Nearline EB Shipment Q/Q Growth



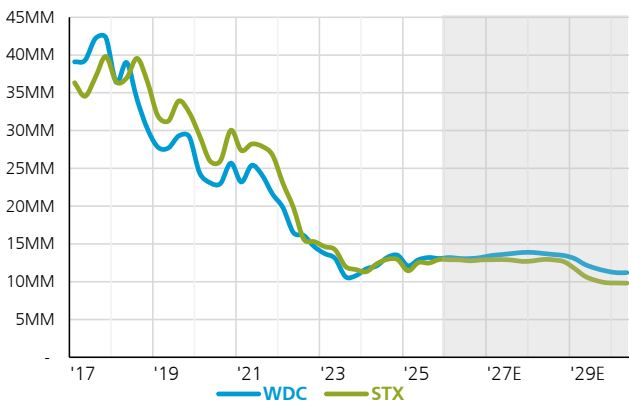
Source: UBS estimates, Company reports

Figure 22: Total EB Shipment Q/Q Growth



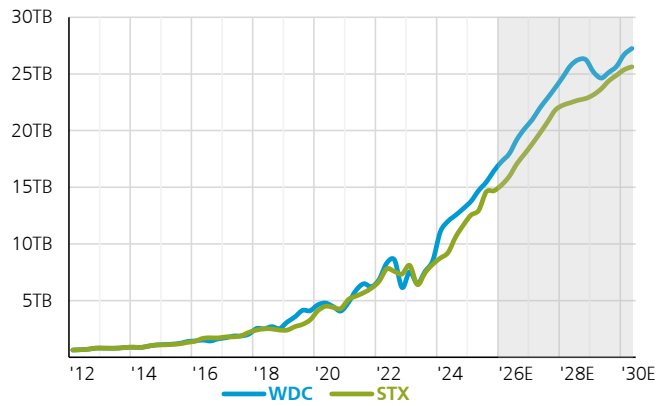
Source: UBS estimates, Company reports

Figure 23: Drive Units (MMs)



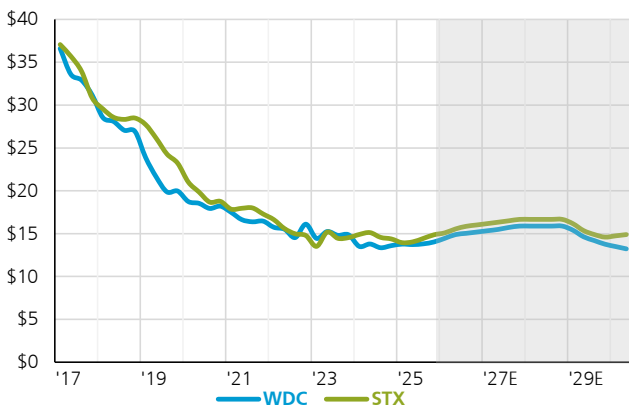
Source: UBS estimates, Company reports

Figure 24: Capacity per drive (TB)



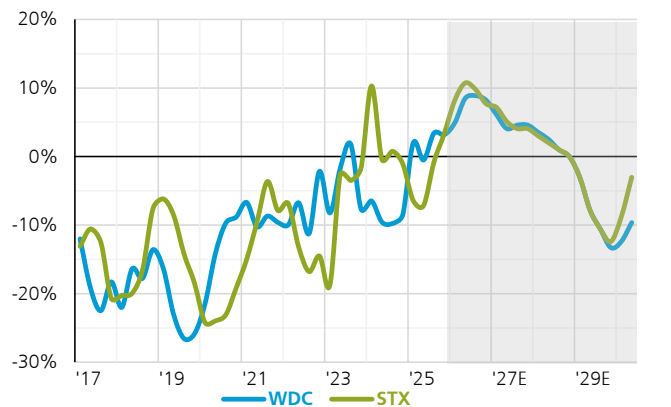
Source: UBS estimates, Company reports

Figure 25: HDD Unit Price \$/TB



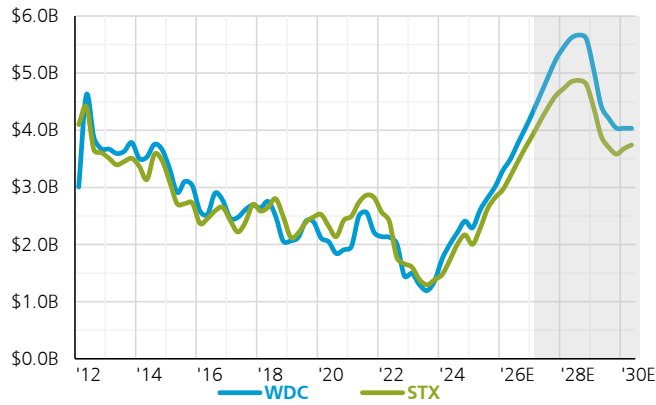
Source: UBS estimates, Company reports

Figure 26: HDD Unit Price \$/TB Y/Y Growth



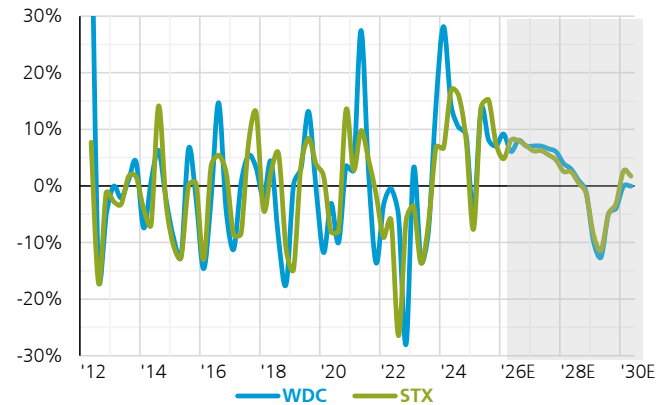
Source: UBS estimates, Company reports

Figure 27: HDD Revenue (US\$B)



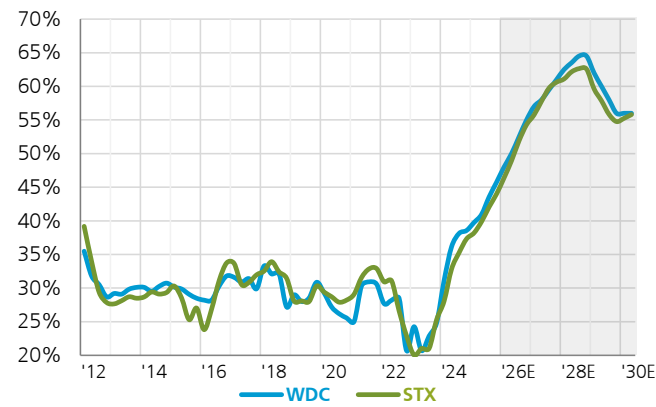
Source: UBS estimates, Company reports

Figure 28: HDD Revenue Q/Q Growth



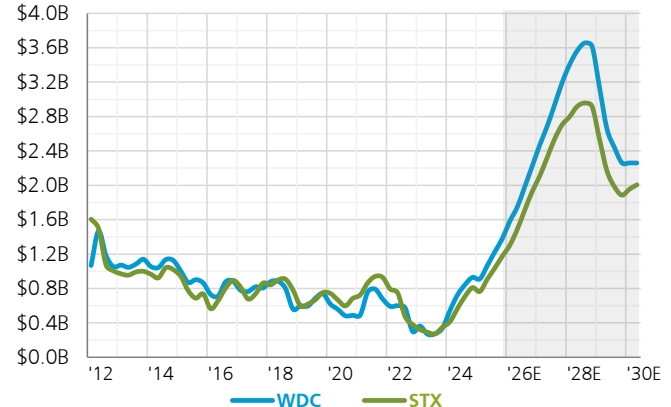
Source: UBS estimates, Company reports

Figure 29: HDD Gross Margin



Source: UBS estimates, Company reports

Figure 30: HDD Gross Profit (US\$B)



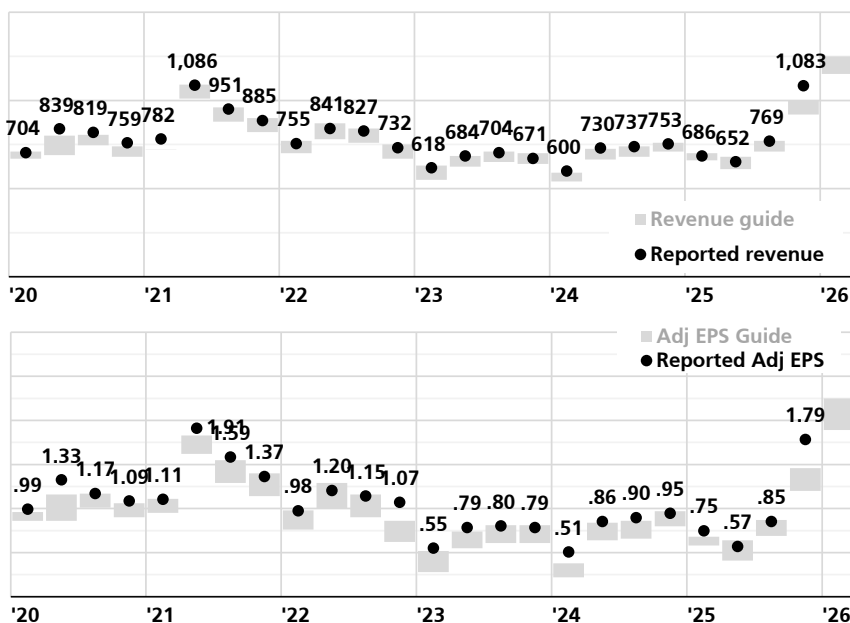
Source: UBS estimates, Company reports

TER PREVIEW

Results: Our 1Q:26 (Mar) model is unchanged with revenue of \$1,240MM, above management's guidance midpt of \$1.15-1.25 and Street at \$1,187MM, on our view that Semi Test should grow robustly (+17% Q/Q) to \$1,035MM. We model Mar Q EPS of \$2.11, slightly above Street.

Guidance: For 2Q:26 (Jun), we raise our revs/EPS forecast to \$1,190MM/\$1.95 (vs \$1,150MM/\$1.83 prior), above Street at \$1,162MM/\$1.93. On an annual basis, we model CY26E and CY27E revs/EPS of \$4.61B/\$7.14 and \$6.19B/\$11.44, compared to Street at \$4.21B/\$6.42 and \$5.18B/\$8.96, respectively.

Figure 31: TER - Revenue & Adj. EPS Guidance and Surprise History



Source: Company data, UBS research, Factset

Estimate Changes

For the full year, our estimate changes are shown below:

Figure 32: TER - New vs Old

	CY2026			CY2027			CY2028		
	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenue (\$MM)	\$4,605	\$4,315	+9.6%	\$6,190	\$5,660	+17.8%	\$7,477	\$6,827	+17.8%
Y/Y Growth	44%	36%		34%	31%		34%	21%	
Gross Margin (Non-GAAP)	58.7%	58.7%	-0.8%	60.1%	60.2%	-0.0%	60.7%	60.8%	-0.0%
Non-GAAP EPS	\$7.14	\$6.34	+18.0%	\$11.44	\$9.90	+31.9%	\$14.51	\$12.44	+31.9%
Segment Revenues (\$MM)									
Semiconductor Test	\$3,795	\$3,525	+9.5%	\$5,160	\$4,630	+19.9%	\$6,185	\$5,535	+19.9%
Y/Y Growth	50%	40%		36%	31%		36%	20%	
Robotics	\$405	\$405	+8.9%	\$560	\$560	--	\$665	\$665	--
Y/Y Growth	31%	32%		38%	38%		38%	19%	
Product Test	\$405	\$385	+11.0%	\$470	\$470	+20.5%	\$627	\$627	+20.5%
Y/Y Growth	13%	8%		16%	22%		16%	33%	

Source: UBS estimates

Figure 33: TER - UBSe vs. Street

	2025	2026/1F	2026/2F	2026/3F	2026/4F	2026	2027/1F	2027/2F	2027/3F	2027/4F	2027	2027/1F	2027/2F	2027/3F	2027/4F	2028
Revenues (\$MM)																
UBS (New)	\$3,190	\$1,240	\$1,190	\$1,090	\$1,085	\$4,605	\$1,405	\$1,605	\$1,680	\$1,500	\$6,190	\$1,835	\$2,000	\$1,920	\$1,722	\$7,477
UBS (Old)		\$1,240	\$1,150	\$1,010	\$915	\$4,315	\$1,210	\$1,405	\$1,580	\$1,465	\$5,660	\$1,540	\$1,645	\$1,920	\$1,722	\$6,827
Consensus		\$1,187	\$1,162	\$952	\$906	\$4,207	\$1,159	\$1,300	\$1,364	\$1,359	\$5,182	\$1,159	\$1,300	\$1,364	\$1,359	\$5,182
Delta		4.4%	2.4%	14.5%	19.8%	9.5%	21.2%	23.5%	23.2%	10.4%	19.4%	58.3%	53.8%	40.8%	26.7%	44.3%
EPS (non-GAAP)																
UBS (New)	\$ 3.96	\$ 2.11	\$ 1.95	\$ 1.60	\$ 1.48	\$ 7.14	\$ 2.51	\$ 3.02	\$ 3.28	\$ 2.63	\$ 11.44	\$ 3.60	\$ 4.09	\$ 3.76	\$ 3.06	\$ 14.51
UBS (Old)		\$ 2.11	\$ 1.83	\$ 1.38	\$ 1.02	\$ 6.34	\$ 1.91	\$ 2.43	\$ 2.99	\$ 2.57	\$ 9.90	\$ 2.66	\$ 2.89	\$ 3.76	\$ 3.14	\$ 12.44
Consensus		\$ 2.08	\$ 1.93	\$ 1.26	\$ 1.15	\$ 6.42	\$ 1.98	\$ 2.29	\$ 2.37	\$ 2.33	\$ 8.96	\$ 1.98	\$ 2.29	\$ 2.37	\$ 2.33	\$ 8.96
Delta		1.4%	1.0%	27.1%	29.1%	11.3%	26.6%	32.0%	38.6%	13.2%	27.7%	81.7%	78.8%	58.8%	31.6%	61.9%

Source: Company data, FactSet, UBS estimates

Figure 34: TER - Summary Model

(in \$MM except EPS)	Estimates																	
	C2025	CQ1E	CQ2E	CQ3E	CQ4E	C2026E	CQ1E	CQ2E	CQ3E	CQ4E	C2027E	CQ1E	CQ2E	CQ3E	CQ4E	C2028E	C2029E	
Revenue	\$3,190	\$1,240	\$1,190	\$1,090	\$1,085	\$4,605	\$1,405	\$1,605	\$1,680	\$1,500	\$6,190	\$1,835	\$2,000	\$1,920	\$1,722	\$7,477	\$5,649	
YY Growth	13%	81%	83%	42%	0%	44%	13%	35%	54%	38%	34%	31%	25%	14%	15%	21%	(24%)	
Gross Profit	\$1,859	\$732	\$702	\$640	\$629	\$2,703	\$836	\$959	\$1,016	\$911	\$3,723	\$1,115	\$1,220	\$1,171	\$1,033	\$4,539	\$3,405	
Gross Margin	58.3%	59.0%	59.0%	58.8%	58.0%	58.7%	59.5%	59.8%	60.5%	60.8%	60.1%	60.8%	61.0%	61.0%	60.0%	60.7%	60.3%	
R&D	\$505	\$153	\$153	\$155	\$160	\$620	\$170	\$180	\$190	\$200	\$740	\$210	\$215	\$220	\$220	\$865	\$825	
SG&A	\$649	\$175	\$173	\$175	\$180	\$703	\$180	\$190	\$195	\$205	\$770	\$210	\$210	\$220	\$220	\$860	\$820	
Opex (Non-GAAP)	\$1,153	\$328	\$325	\$330	\$340	\$1,323	\$350	\$370	\$385	\$405	\$1,510	\$420	\$425	\$440	\$440	\$1,725	\$1,645	
YY Growth	7%	19%	18%	12%	10%	15%	7%	14%	17%	19%	14%	20%	15%	14%	9%	14%	(5%)	
Operating Income (Non-GAAP)	\$704	\$404	\$377	\$310	\$289	\$1,381	\$486	\$589	\$631	\$506	\$2,213	\$695	\$795	\$731	\$593	\$2,814	\$1,760	
Operating Margin	22.3%	32.6%	31.7%	28.5%	26.7%	30.0%	34.6%	36.7%	37.6%	33.8%	35.7%	37.9%	39.8%	38.1%	34.4%	37.6%	31.2%	
Non-GAAP EPS (incl. SBC)	\$ 3.96	\$ 2.11	\$ 1.95	\$ 1.60	\$ 1.48	\$ 7.14	\$ 2.51	\$ 3.02	\$ 3.28	\$ 2.63	\$ 11.44	\$ 3.60	\$ 4.09	\$ 3.76	\$ 3.06	\$ 14.51	\$ 9.12	
Free Cash Flow																		
CFFO	\$674	\$202	\$434	\$379	\$300	\$1,315	\$150	\$529	\$515	\$602	\$1,796	\$329	\$797	\$719	\$690	\$2,535	\$2,066	
Capex	\$224	\$87	\$83	\$76	\$76	\$322	\$84	\$96	\$101	\$90	\$371	\$110	\$120	\$115	\$103	\$449	\$282	
FCF	\$450	\$116	\$350	\$303	\$224	\$992	\$65	\$433	\$414	\$512	\$1,425	\$219	\$677	\$603	\$586	\$2,087	\$1,783	
% revenue	14%	9%	29%	28%	21%	22%	5%	27%	25%	34%	23%	12%	34%	31%	34%	28%	32%	
Segment Information																		
SOC test	\$1,890	\$780	\$750	\$705	\$675	\$2,910	\$950	\$1,100	\$1,100	\$975	\$4,125	\$1,250	\$1,400	\$1,300	\$1,250	\$5,200	\$3,800	
Q/Q Growth		21%	(4%)	(6%)	(4%)		41%	16%	--	(11%)		28%	12%	(7%)	(4%)			
YY Growth		23%	92%	89%	60%	4%	54%	22%	47%	56%	44%	42%	32%	27%	18%	28%	26%	(27%)
TAM	\$7,675	--	--	--	--	\$9,800	--	--	--	--	\$12,050	--	--	--	--	\$13,250	\$9,650	
share	25%	--	--	--	--	30%	--	--	--	--	34%	--	--	--	--	39%	39%	
Memory test	\$505	\$215	\$200	\$125	\$150	\$690	\$155	\$185	\$225	\$185	\$750	\$165	\$180	\$200	\$140	\$685	\$600	
Q/Q Growth		4%	(7%)	(38%)	20%		3%	19%	22%	(18%)		(11%)	9%	11%	(30%)			
YY Growth		1%	97%	228%	(2%)	(27%)	37%	(28%)	(8%)	80%	23%	9%	6%	(3%)	(11%)	(24%)	(9%)	(12%)
TAM	\$1,375	--	--	--	--	\$1,580	--	--	--	--	\$1,650	--	--	--	--	\$1,500	\$1,400	
share	37%	--	--	--	--	44%	--	--	--	--	45%	--	--	--	--	46%	43%	
IST	\$129	\$40	\$40	\$60	\$55	\$195	\$55	\$65	\$85	\$80	\$285	\$80	\$80	\$80	\$60	\$300	\$200	
YY Growth		52%	50%	16%	60%	80%	51%	38%	63%	42%	45%	46%	45%	23%	(6%)	(25%)	5%	(33%)
Q/Q Growth		31%	--	--	50%	(8%)		--	18%	31%	(6%)		--	--	--	(25%)		
Total Semi Test	\$2,524	\$1,035	\$990	\$890	\$880	\$3,795	\$1,160	\$1,350	\$1,410	\$1,240	\$5,160	\$1,495	\$1,660	\$1,580	\$1,450	\$6,185	\$4,600	
Q/Q Growth		17%	(4%)	(10%)	(1%)		32%	16%	4%	(12%)		21%	11%	(5%)	(8%)			
YY Growth		19%	91%	101%	47%	(0%)	50%	12%	36%	58%	41%	36%	29%	23%	12%	17%	20%	(26%)
TAM	\$9,050	--	--	--	--	\$11,380	--	--	--	--	\$13,700	--	--	--	--	\$14,750	\$11,050	
share	26%	--	--	--	--	32%	--	--	--	--	36%	--	--	--	--	40%	40%	
Product Test	\$358	\$110	\$105	\$95	\$95	\$405	\$125	\$125	\$120	\$100	\$470	\$175	\$175	\$175	\$102	\$627	\$409	
YY Growth		8%	48%	23%	8%	(14%)	13%	14%	19%	26%	5%	16%	40%	40%	46%	2%	33%	(35%)
Q/Q Growth			(0%)	(5%)	(10%)	--		32%	--	(4%)	(17%)		75%	--	--	(42%)		
Universal Robots	\$248	\$80	\$80	\$90	\$90	\$340	\$100	\$110	\$130	\$140	\$480	\$145	\$145	\$145	\$150	\$585	\$560	
MiR	\$60	\$15	\$15	\$15	\$20	\$65	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	
Robotics	\$308	\$95	\$95	\$105	\$110	\$405	\$120	\$130	\$150	\$160	\$560	\$165	\$165	\$165	\$170	\$665	\$640	
Q/Q Growth			6%	--	11%	5%		9%	8%	15%	7%		3%	--	--	3%		
YY Growth		(16%)	38%	27%	40%	23%	31%	26%	37%	43%	45%	38%	38%	27%	10%	6%	19%	(4%)

Source: Company data, FactSet, UBS estimates

Valuation

Our price target has increased to \$440 (from \$325), based on a SOTP valuation. We assign \$19 in value to Robotics (IA), using a 6x EV/Sales multiple, which aligns with industry peers, applied to our unchanged C2027 revenue estimate of \$560MM. Core Testing is valued at \$421 per share, using a 37x P/E multiple (previously 30x), which is slightly discounted compared to core testing and semicap peers, and applied to a 2027 EPS forecast of \$11.38 (up from \$9.84). We believe this discount is justified as TER remains more exposed to customers "buying patterns" than peers like AMAT and LRCX, mainly due to the variability of VIP ramp programs (e.g., AMZN Trainium). However, we note that recent strong performance of testing and semicap peers is likely due to investor expectations of an AI-driven WFE super-cycle, with increased process complexity and silicon value, which should lead to higher test intensity.

Figure 35: TER - Price Target

SOTP Valuation	New	Old
Robotics		
C2027 Revenue (\$MM)	560	560
Automation Multiple	6x	6x
Shares	162	158
Value/Share	\$19	\$23
Core Testing Businesses		
C2027 Non-GAAP EPS	\$11.38	\$9.84
Combined Semi P/E Multiple	37x	30x
Value/Share	\$421	\$300
SOTP Price Target	\$440	\$325

Source: UBS estimates, FactSet

Figure 36: TER - Comps Table

Ticker	Company Name	P/E			EV/Sales			EV/EBITDA			EV/FCF			Mkt Cap	EV
		2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027		
Core Testing + Semicap															
6857-JP	Advantest Corp.	70x	46x	38x	20.0x	14.9x	12.8x	46x	31x	26x	80x	53x	42x	\$129,234	\$120,666
AMAT-US	Applied Materials	26x	34x	28x	6.5x	9.6x	8.2x	21x	29x	23x	42x	48x	32x	\$315,016	\$313,695
LRCX-US	Lam Research	23x	43x	36x	6.7x	13.1x	11.1x	20x	35x	29x	29x	50x	38x	\$334,171	\$332,474
KLAC-US	KLA Corp	29x	42x	35x	10.0x	15.7x	13.6x	22x	34x	29x	43x	47x	40x	\$234,816	\$235,719
8035-JP	Tokyo Electron	37x	32x	26x	8.3x	7.3x	6.4x	29x	23x	19x	50x	46x	36x	\$131,487	\$125,407
	Weighted Average	32x	39x	32x	8.9x	12.2x	10.5x	24x	31x	26x	43x	49x	37x	\$1,144,723	\$1,127,960
	Simple Average	37x	39x	33x	10.3x	12.1x	10.4x	28x	30x	25x	49x	49x	38x		
	Median	29x	42x	35x	8.3x	13.1x	11.1x	22x	31x	26x	43x	48x	38x		
Industrial Automation															
6861-JP	KEYENCE Corp.	36x	33x	29x	12.3x	11.0x	9.7x	24x	21x	18x	40x	33x	28x	\$96,768	\$87,986
ROK-US	Rockwell Automation, Inc.	46x	33x	30x	5.1x	5.5x	5.1x	24x	24x	21x	56x	35x	31x	\$46,711	\$50,094
6954-JP	FANUC Corp.	37x	32x	29x	6.6x	6.0x	5.6x	25x	22x	20x	37x	34x	29x	\$38,758	\$32,528
6506-JP	YASKAWA Electric Corp.	41x	30x	25x	2.8x	2.5x	2.4x	23x	17x	15x	-128x	118x	59x	\$8,763	\$8,994
CGNX-US	Cognex Corp.	53x	45x	36x	5.9x	8.4x	7.6x	30x	35x	29x	32x	37x	30x	\$9,269	\$9,009
000150-KF	Doosan Corp.	185x	70x	50x	1.5x	1.4x	1.3x	16x	13x	10x	110x	150x	32x	\$16,309	\$26,147
6324-JP	Harmonic Drive Systems, Inc.	213x	97x	54x	7.3x	6.3x	5.3x	47x	31x	24x	147x	107x	97x	\$2,703	\$2,643
2049-TW	HIWIN Technologies Corp.	45x	42x	32x	2.9x	3.9x	3.4x	18x	19x	16x	107x	79x	44x	\$3,261	\$3,348
	Weighted Average	52x	37x	31x	7.7x	7.3x	6.5x	23x	21x	19x	47x	53x	32x	\$222,541	\$220,749
	Simple Average	82x	48x	36x	5.5x	5.6x	5.0x	26x	23x	19x	50x	74x	44x		
	Median	45x	37x	31x	5.5x	5.7x	5.2x	24x	21x	19x	48x	58x	31x		

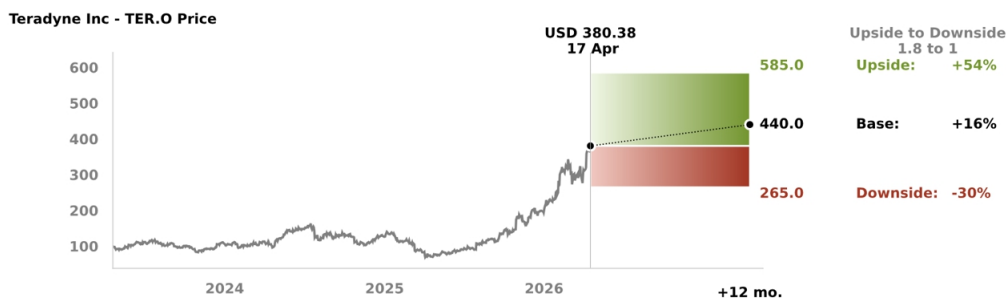
Source: FactSet

Figure 37: TER - IA Segment P&L for SOTP

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Industrial Automation												
IA Revenue \$MM	169	261	298	280	376	403	375	365	308	405	560	665
Gross Profit	96	154	176	164	218	236	231	219	185	243	330	386
Gross Margin%	57%	59%	59%	59%	58%	59%	62%	60%	60%	60%	59%	58%
IA OpEx \$MM (GAAP)	88	147	182	188	226	252	285	290	270	283	339	366
IA OpEx \$MM (non GAAP)	79	133	149	161	203	234	263	274	250	263	319	346
OpEx % of revenue	47%	51%	50%	58%	54%	58%	70%	75%	81%	65%	57%	52%
IA PBT \$MM (GAAP)	9	8	(6)	(24)	(8)	(16)	(54)	(71)				
IA PBT Margin (GAAP)	5%	3%	-2%	-9%	-2%	-4%	-14%	-20%				
IA PBT \$MM (non GAAP)	17	21	27	3	15	2	(32)	(55)	(65)	(20)	11	40
IA PBT Margin (non GAAP)	10%	8%	9%	1%	4%	1%	-8%	-15%	-21%	-5%	2%	6%
Effective Tax Rate	16%	16%	17%	15%	14%	16%	16%	12%	12%	16%	16%	16%
Net Income	7	6	(5)	(20)	(7)	(14)	(46)	(48)	(57)	(17)	9	34
Net Income Margin	4%	2%	-2%	-7%	-2%	-3%	-12%	-13%	-18%	-4%	2%	5%
Average S/O (MM) non GAAP	200	193	180	183	184	170	164	163	159	160	163	165
EPS	\$ 0.04	\$ 0.03	\$ (0.03)	\$ (0.11)	\$ (0.04)	\$ (0.08)	\$ (0.28)	\$ (0.29)	\$ (0.36)	\$ (0.11)	\$ 0.06	\$ 0.20
Core Testing												
Revenue (ex-IA)	1,968	1,839	1,997	2,842	3,327	2,752	2,301	2,455	2,882	4,200	5,630	6,812
OpEx (ex-IA)	575	559	611	679	772	765	733	804	904	1,059	1,191	1,379
OpEx % (ex-IA)	29%	30%	31%	24%	23%	28%	32%	33%	31%	25%	21%	20%
Adj. OI	521	466	560	952	1,217	848	555	649	715	1,387	2,188	2,760
OpM (ex-IA)	26%	25%	28%	34%	37%	31%	24%	26%	25%	33%	39%	41%
SOTP EPS												
Consolidated	\$ 2.34	\$ 2.38	\$ 2.67	\$ 4.58	\$ 5.97	\$ 4.40	\$ 2.93	\$ 3.21	\$ 3.96	\$ 7.14	\$ 11.44	\$ 14.51
of which IA	\$ 0.04	\$ 0.03	\$ (0.03)	\$ (0.11)	\$ (0.04)	\$ (0.08)	\$ (0.28)	\$ (0.29)	\$ (0.36)	\$ (0.11)	\$ 0.06	\$ 0.20
of which ex-IA	\$ 2.30	\$ 2.35	\$ 2.70	\$ 4.69	\$ 6.01	\$ 4.48	\$ 3.21	\$ 3.51	\$ 4.32	\$ 7.25	\$ 11.38	\$ 14.31

Source: Company data, UBS estimates

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$585): We assume C26/27E core test revs of \$4.41B/\$6.25B and Robotics revs of \$0.44B/\$0.65B, respectively, and core net income margin of 33%/38% and Robotics net income margin of 8%/9% to arrive at CY27E Core EPS of \$14.70 and CY27E Robotics EPS of \$0.36. We then apply a ~37x P/E multiple to the Core EPS and an ~8x EV/Sales multiple to Robotics sales to arrive at our \$585 upside valuation.

BASE (\$440): We assume C26/27E core test revs of \$4.20B/\$5.63B and Robotics revs of \$0.41B/\$0.56B, respectively, and core net income margin of 29%/34% and Robotics net income margin of -4%/2% to arrive at CY27E Core EPS of \$11.38 and C27E Robotics EPS of \$0.06. We then apply a ~37x P/E multiple to the Core EPS and a ~6x EV/Sales multiple to Robotics sales to arrive at our \$440 base case valuation.

DOWNSIDE (\$265): We assume C26/27E core revs of \$379B/\$4.52B and Robotics revs of \$0.39B/\$0.50B, respectively, and core net income margin of 23%/28% and Robotics net income margin of 0%/0% to arrive at average CY27E Core EPS of \$7.76 and negligible CY27E Robotics EPS. We then apply a ~32x P/E multiple to the Core EPS and a ~4x EV/Sales multiple to Robotics sales to arrive at our \$265 downside valuation.

ENTG PREVIEW

Results/Guidance

Results: We model 1Q:26 (Mar) revs/EPS of \$818MM/\$0.78, versus Street at \$809MM/\$0.75, versus guided revs/EPS of \$785-825MM/\$0.62-\$0.69. By segment, we model MS revs of \$365.4MM (+1% Q/Q) and APS revs of \$455MM (-2% Q/Q). We model GM of 45.0%, ahead of Street.

Guide: We model 2Q:26 (Jun) revs/EPS of \$841MM/\$0.80, versus Street at \$828MM/\$0.77. By segment, we model MS revs \$373MM (+3% Q/Q) and APS revs of \$470MM (+3% Q/Q). Overall, we model GM of 43.5%, ahead of Street, and model opex of \$191.9MM.

Estimate Changes

We leave our 1Q:26 revs/EPS estimates unchanged at \$818MM/\$0.78. We revise our C26/27E revenue from \$3.45B/\$3.85B to \$3.45B/\$3.89B. In addition, we revise our C26/27E EPS from \$3.45/\$5.12 to \$3.46/\$5.32 reflecting a moderate recovery of wafer starts across all nodes - both mature and leading-edge.

Figure 38: ENTG - New vs Old

	C2026E			C2027E			C2028E		
	New	Old	Change	New	Old	Change	New	Old	Change
Revenue (\$MM)	\$3,449	\$3,455	-0.2%	\$3,881	\$3,846	0.9%	\$4,325	\$4,193	3.1%
<i>Y/Y Growth</i>	7.9%	8.3%		12.5%	11.6%		11.4%	9.0%	
Gross Margin	45.5%	45.5%	0.0%	49.1%	48.6%	0.5%	51.3%	50.6%	0.7%
OpEx % of Revs	22.3%	22.1%	-0.1%	20.3%	20.5%	0.3%	18.4%	18.9%	0.5%
Operating Margin	23.3%	23.2%	0.1%	28.8%	28.1%	0.7%	32.9%	31.7%	1.2%
Non-GAAP EPS	\$3.46	\$3.45	0.2%	\$5.32	\$5.12	4.0%	\$7.19	\$6.65	8.1%
FCF (\$MM)	\$413	\$409	0.9%	\$682	\$655	4.1%	\$883	\$827	6.8%

Source: Company reports, UBS estimates

Figure 39: ENTG - UBSe vs. Street

	2025	2026/1F	2026/2F	2026/3F	2026/4F	2026	2027/1F	2027/2F	2027/3F	2027/4F	2027	2028/1F	2028/2F	2028/3F	2028/4F	2028
Revenues (\$MM)																
UBS (New)	\$ 3,197	\$818	\$841	\$873	\$916	\$ 3,449	\$903	\$948	\$989	\$1,042	\$ 3,881	\$1,031	\$1,064	\$1,095	\$1,136	\$ 4,325
UBS (Old)		\$818	\$845	\$871	\$911	\$ 3,445	\$897	\$941	\$978	\$1,030	\$ 3,846	\$992	\$1,032	\$1,060	\$1,109	\$ 4,193
Consensus		\$809	\$828	\$876	\$912	\$ 3,425	\$901	\$934	\$967	\$993	\$ 3,795	\$961	\$996	\$1,035	\$1,065	\$ 4,058
Delta		1.2%	1.5%	(0.3%)	0.4%	0.7%	0.2%	1.4%	2.3%	4.9%	2.3%	7.3%	6.8%	5.7%	6.6%	6.6%
EPS (Non-GAAP)																
UBS (New)	\$ 2.75	\$ 0.78	\$ 0.80	\$ 0.89	\$ 0.99	\$ 3.46	\$ 1.00	\$ 1.18	\$ 1.42	\$ 1.73	\$ 5.32	\$ 1.70	\$ 1.76	\$ 1.83	\$ 1.89	\$ 7.19
UBS (Old)		\$ 0.78	\$ 0.81	\$ 0.88	\$ 0.98	\$ 3.45	\$ 0.96	\$ 1.14	\$ 1.36	\$ 1.67	\$ 5.12	\$ 1.51	\$ 1.62	\$ 1.70	\$ 1.82	\$ 6.65
Consensus		\$ 0.75	\$ 0.77	\$ 0.90	\$ 0.99	\$ 3.41	\$ 0.97	\$ 1.06	\$ 1.18	\$ 1.27	\$ 4.49	\$ 1.28	\$ 1.37	\$ 1.45	\$ 1.51	\$ 5.60
Delta		4.7%	3.0%	(1.6%)	0.3%	1.4%	3.0%	11.2%	20.2%	35.9%	18.7%	33.1%	28.9%	26.4%	25.7%	28.3%

Source: Company data, FactSet, UBS estimates

Figure 40: ENTG - Summary Model

Entegris (ENTG) - Key Metrics (in \$MM except EPS)	C2025	Estimates					C2026E	CQ1E	CQ2E	CQ3E	CQ4E	C2027E	CQ1E	CQ2E	CQ3E	CQ4E	C2028E
		CQ1E	CQ2E	CQ3E	CQ4E												
Revenue (\$MM)	\$3,197	\$818	\$841	\$873	\$916	\$3,449	\$903	\$948	\$989	\$1,042	\$3,881	\$1,031	\$1,064	\$1,095	\$1,136	\$4,325	
<i>Y/Y Growth</i>	-1.4%	6%	6%	8%	11%	8%	10%	13%	13%	14%	13%	14%	12%	11%	9%	11%	
Gross Margin	44.6%	45.0%	45.3%	45.5%	46.3%	45.5%	47.0%	48.0%	49.5%	51.5%	49.1%	51.5%	51.5%	51.5%	50.7%	51.3%	
Opex	\$743	\$182	\$192	\$193	\$201	\$768	\$201	\$201	\$196	\$189	\$787	\$189	\$199	\$203	\$205	\$796	
<i>Y/Y Growth</i>	0%	-2%	2%	6%	7%	3%	10%	5%	2%	-6%	2%	-6%	-1%	4%	8%	1%	
Operating Margin	21.3%	22.8%	22.4%	23.4%	24.3%	23.3%	24.7%	26.8%	29.7%	33.4%	28.8%	33.2%	32.8%	33.0%	32.7%	32.9%	
Non-GAAP EPS	\$2.75	\$0.78	\$0.80	\$0.89	\$0.99	\$3.46	\$1.00	\$1.18	\$1.42	\$1.73	\$5.32	\$1.70	\$1.76	\$1.83	\$1.89	\$7.19	
Cash Flow																	
CFFO	\$695	\$167	\$153	\$175	\$176	\$671	\$217	\$201	\$257	\$280	\$954	\$313	\$292	\$305	\$297	\$1,208	
Capex	\$299	\$61	\$63	\$66	\$69	\$259	\$54	\$66	\$74	\$78	\$273	\$77	\$80	\$82	\$85	\$324	
FCF	\$396	\$106	\$90	\$109	\$107	\$413	\$163	\$135	\$183	\$202	\$682	\$236	\$213	\$223	\$211	\$883	
<i>% revenue</i>	12.4%	12.9%	10.7%	12.5%	11.7%	12.0%	18.0%	14.2%	18.5%	19.4%	17.6%	22.9%	20.0%	20.4%	18.6%	20.4%	
<i>Y/Y Growth</i>	25%	227%	92%	-40%	-20%	4%	54%	49%	67%	88%	65%	45%	58%	22%	5%	30%	
Segment Revenue (\$MM)																	
Advanced Purity Solutions (APS)	\$1,799	\$455	\$471	\$496	\$523	\$1,944	\$513	\$539	\$568	\$591	\$2,212	\$585	\$608	\$633	\$664	\$2,491	
<i>Q/Q Growth</i>		5%	3%	5%	5%		13%	5%	5%	4%		14%	4%	4%	5%		
<i>Y/Y Growth</i>	-3%	5%	7%	8%	13%	8%	13%	15%	15%	13%	14%	14%	13%	11%	12%	13%	
Materials Solutions (MS)	\$1,407	\$365	\$373	\$380	\$395	\$1,514	\$391	\$411	\$423	\$453	\$1,679	\$448	\$457	\$464	\$474	\$1,844	
<i>Q/Q Growth</i>		7%	2%	2%	4%		7%	5%	3%	7%		15%	2%	1%	2%		
<i>Y/Y Growth</i>	-3%	5%	7%	8%	13%	8%	13%	15%	15%	13%	14%	14%	13%	11%	12%	13%	
Intersegment Elimination	(\$9)	(\$2)	(\$2)	(\$2)	(\$2)	(\$10)	(\$2)	(\$2)	(\$2)	(\$2)	(\$10)	(\$2)	(\$2)	(\$2)	(\$2)	(\$10)	

Source: Company reports, UBS estimates

Valuation

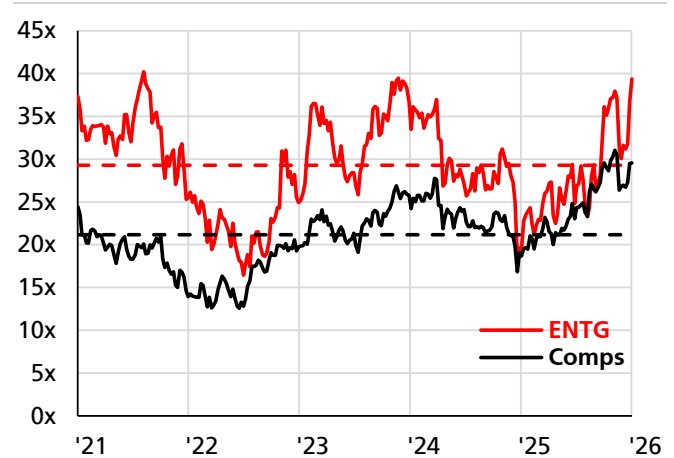
We are increasing our price target to \$185 from \$150, using a 34x NTM P/E multiple (previously 29x) applied to our 2027 estimated EPS of \$5.32, up from \$5.12. This multiple broadly aligns with ENTG's comparable companies in the segments it operates in (i.e., Semi Consumables, WFE, and Semi Capex) whose valuations have recently run up due to increased investor confidence in an AI-driven supply chain supercycle - with semi materials being a primary beneficiary.

Figure 41: ENTG Price Target

Valuation	New	Old
EPS (Non-GAAP)		
C2027E	\$5.32	\$5.12
Multiple	34x	29x
Price Target	\$185	\$150

Source: UBS estimates

Figure 42: ENTG and Comps NTM P/E - 5yr History



Source: FactSet

Note: Comparable companies are shown in figure below.

Figure 43: ENTG - Comparable Companies Table

Ticker	Company Name	P/E			EV/Sales			EV/EBITDA			EV/FCF			Mkt Cap	EV
		2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027		
Semi Consumables															
Q-US	Qnity Electronics, Inc.	25x	36x	31x	4.4x	6.2x	5.6x	15x	21x	18x	22x	63x	35x	\$28,574	\$32,457
DHR	Danaher Corp.	45x	23x	21x	7.3x	5.7x	5.3x	23x	18x	16x	41x	25x	23x	\$137,824	\$152,912
AI-FR	Air Liquide SA	26x	26x	24x	3.8x	4.2x	4.0x	13x	14x	12x	185x	38x	34x	\$127,322	\$139,228
DCI	Donaldson Co., Inc.	24x	22x	20x	2.5x	2.7x	2.5x	14x	14x	13x	44x	26x	24x	\$10,331	\$10,817
Wafer Fab Equip (WFE)															
KLAC	KLA Corp.	29x	42x	35x	10.0x	15.7x	13.6x	22x	34x	29x	43x	47x	40x	\$234,816	\$235,719
ONTO	Onto Innovation, Inc.	60x	42x	31x	7.5x	10.1x	8.3x	28x	31x	23x	25x	48x	33x	\$14,451	\$13,829
LRCX	Lam Research Corp.	23x	43x	36x	6.7x	13.1x	11.1x	20x	35x	29x	29x	50x	38x	\$334,171	\$332,474
AMAT	Applied Materials, Inc.	26x	34x	28x	6.5x	9.6x	8.2x	21x	29x	23x	42x	48x	32x	\$315,016	\$313,695
ASML	ASML Holding NV	38x	39x	30x	11.0x	12.1x	9.9x	29x	31x	23x	42x	59x	33x	\$570,446	\$559,900
Semi Capex/Infrastructure															
3680-TW	Gudeng Precision Industrial Co., Ltd	38x	25x	20x	5.5x	4.7x	3.7x	23x	17x	15x	NM	NM	NM	\$1,308	\$1,482
PH	Parker-Hannifin Corp.	26x	30x	28x	5.0x	6.0x	5.5x	20x	22x	20x	40x	35x	30x	\$124,803	\$134,255
4063-JP	Shin-Etsu Chemical Co., Ltd.	26x	25x	22x	4.8x	4.6x	4.4x	13x	13x	12x	28x	31x	28x	\$86,851	\$75,027
	Median	26x	32x	28x	6.0x	6.1x	5.6x	20x	21x	19x	41x	47x	33x	\$1,985,913	\$2,001,796
	Weighted Average	31x	36x	30x	7.9x	10.4x	8.9x	22x	28x	23x	49x	47x	33x		
	Simple Average	32x	32x	27x	6.2x	7.9x	6.8x	20x	23x	19x	49x	43x	32x		

Source: FactSet

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$240): We assume C26/27E revenue \$3.55B (+11%Y/Y)/\$4.15B (+17% Y/Y), gross margin of 48%/54%, respectively, and net income margin of 19%/25% to arrive at CY27E Core EPS of \$6.83. We then apply a ~35x P/E multiple to arrive at our \$240 upside valuation.

BASE (\$185): We assume C26/27E revenue \$3.45B (+9%Y/Y)/\$3.88B (+14% Y/Y), gross margin of 47%/50%, respectively, and net income margin of 16%/22% to arrive at CY27E Core EPS of \$5.32. We then apply a ~34x P/E multiple arrive at our \$185 base valuation.

DOWNSIDE (\$95): We assume C26/27E revenue \$3.36B (+5%Y/Y)/\$3.69B (+10% Y/Y), gross margin of 44%/46%, respectively, and net income margin of 10%/16% to arrive at CY27E Core EPS of \$3.89. We then apply a ~25x P/E multiple to arrive at our \$95 downside valuation.

KLAC PREVIEW

Results/Guidance

Results: Our FQ3:26 (Mar) model is unchanged with revs/EPS of \$3.37B/\$9.20, and above Street estimates of \$3.36B/\$9.15. We model systems revenue of \$2,585MM (with \$2,370MM of SPC systems rev), and Services revenue at \$785MM, ~flat Q/Q.

Guide: We model FQ4:26 (Jun) revs/EPS of \$3.68B/\$9.20, above Street at \$3.54B/\$9.84. We model product revenue of \$2,880MM (with \$2,645MM of semis systems rev). We see services revenue at \$800MM, +2% Q/Q.

Estimates Changes

For the full year, our estimate changes are shown below:

Figure 44: KLAC - New vs Old

	FY 2026			FY 2027			FY 2028		
	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenue (\$MM)	\$13,557	\$13,557	--	\$17,940	\$16,945	5.9%	\$23,850	\$19,020	25.4%
<i>Y/Y Growth</i>	11.5%	11.5%		32.3%	25.0%		32.9%	12.2%	
Gross Margin (Non-GAAP)	62.3%	62.3%	--	62.7%	63.4%	-0.7%	63.8%	64.0%	-0.3%
Operating Margin	43.3%	43.3%	--	47.3%	47.2%	0.1%	50.4%	48.8%	1.6%
OpEx	\$2,573	\$2,573	--	\$2,767	\$2,734	1.2%	\$3,174	\$2,894	9.7%
Non-GAAP EPS	\$37.30	\$37.32	-0.0%	\$54.59	\$51.73	5.5%	\$78.28	\$60.82	28.7%
System Revenue (\$MM)	\$10,441	\$10,441	-0.0%	\$14,430	\$13,435	7.4%	\$19,825	\$14,995	32.2%
<i>Y/Y Growth</i>	10.2%	10.2%		38.2%	28.7%		37.4%	11.6%	
Services Revenue (\$MM)	\$3,116	\$3,116	0.0%	\$3,510	\$3,510	--	\$4,025	\$4,025	--
<i>Y/Y Growth</i>	16.1%	16.1%		12.7%	12.7%		14.7%	14.7%	
FCF (\$MM)	\$4,544	\$4,467	1.7%	\$5,240	\$5,562	-5.8%	\$7,968	\$6,995	13.9%

Source: Company reports, UBS estimates.

Figure 45: KLAC - UBS vs Street

	2025	Sep-25	Dec-25	Mar-26	Jun-26	2026	Sep-26	Dec-26	Mar-27	Jun-27	2027	Sep-27	Dec-27	Mar-28	Jun-28	2028	CALENDAR YEARS			
		2026/1F	2026/2F	2026/3F	2026/4F		2027/1F	2027/2F	2027/3F	2027/4F		2028/1F	2027/2F	2027/3F	2027/4F		CY2025	CY2026	CY2027	CY2028
Revenues (\$MM)	\$ 12,156	\$ 3,210	\$ 3,297	\$ 3,370	\$ 3,680	\$ 13,557	\$ 3,945	\$ 4,400	\$ 4,595	\$ 5,000	\$ 17,940	\$ 5,590	\$ 5,720	\$ 6,100	\$ 6,440	\$ 23,850	\$ 12,745	\$ 15,395	\$ 20,905	\$ 24,870
UBS (New)				\$ 3,370	\$ 3,680	\$ 13,557	\$ 3,945	\$ 4,100	\$ 4,395	\$ 4,505	\$ 16,945	\$ 4,580	\$ 4,660	\$ 4,870	\$ 4,910	\$ 19,020	\$ 12,745	\$ 14,995	\$ 18,180	\$ 20,375
UBS (Old)				\$ 3,363	\$ 3,540	\$ 13,410	\$ 3,849	\$ 4,161	\$ 4,323	\$ 4,409	\$ 16,742	\$ 4,443	\$ 4,161	\$ 4,323	\$ 4,409	\$ 17,335	\$ 12,745	\$ 14,914	\$ 17,657	\$ 18,912
Consensus				\$ 3,370	\$ 3,680	\$ 13,557	\$ 3,945	\$ 4,400	\$ 4,595	\$ 5,000	\$ 17,940	\$ 5,590	\$ 5,720	\$ 6,100	\$ 6,440	\$ 23,850	\$ 12,745	\$ 15,395	\$ 20,905	\$ 24,870
Delta				0.2%	4.0%	1.1%	2.5%	5.7%	6.3%	13.4%	7.2%	25.8%	37.5%	41.1%	46.1%	37.6%		3.2%	18.4%	31.5%
EPS (Non-GAAP)	\$ 33.28	\$ 8.81	\$ 8.85	\$ 9.20	\$ 10.45	\$ 37.30	\$ 11.54	\$ 13.27	\$ 13.99	\$ 15.80	\$ 54.59	\$ 18.22	\$ 18.59	\$ 20.04	\$ 21.45	\$ 78.28	\$ 35.45	\$ 44.46	\$ 66.59	\$ 81.98
UBS (New)				\$ 9.20	\$ 10.46	\$ 37.32	\$ 11.58	\$ 12.18	\$ 13.65	\$ 14.30	\$ 51.70	\$ 14.48	\$ 14.76	\$ 15.59	\$ 15.92	\$ 60.74	\$ 35.45	\$ 42.94	\$ 57.25	\$ 66.45
UBS (Old)				\$ 9.15	\$ 9.84	\$ 36.65	\$ 11.05	\$ 12.32	\$ 12.91	\$ 13.31	\$ 49.59	\$ 13.46	\$ 12.32	\$ 12.91	\$ 13.31	\$ 52.00	\$ 35.45	\$ 42.36	\$ 53.24	\$ 57.92
Consensus				\$ 9.20	\$ 10.45	\$ 37.30	\$ 11.54	\$ 13.27	\$ 13.99	\$ 15.80	\$ 54.59	\$ 18.22	\$ 18.59	\$ 20.04	\$ 21.45	\$ 78.28	\$ 35.45	\$ 44.46	\$ 66.59	\$ 81.98
Delta				0.5%	6.2%	1.8%	4.5%	7.7%	8.4%	18.7%	10.1%	35.4%	50.8%	55.2%	61.2%	50.5%		4.9%	25.1%	41.5%

Source: Company reports, FactSet, UBS estimates

Figure 46: KLAC - Summary Model

KLA Corporation (KLAC) - Key Metrics (in \$MM except EPS)	Estimates																FISCAL YEAR SUMMARY			
	C2025A	FQ3E CQ1E	FQ4:26E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2026E	FQ3E CQ1E	FQ4:27E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2027E	FQ3E CQ1E	FQ4:28E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2028E	F2025A	F2026E	F2027E	F2028E
Systems	\$9,842	\$2,585	\$2,880	\$3,100	\$3,550	\$12,115	\$3,715	\$4,065	\$4,615	\$4,740	\$17,135	\$5,105	\$5,365	\$5,100	\$4,950	\$20,520	\$9,473	\$10,441	\$14,430	\$19,825
Y/Y Growth	18%	8%	16%	26%	41%	23%	44%	41%	49%	34%	41%	37%	32%	11%	4%	20%	27%	10%	38%	37%
Services	\$2,903	\$785	\$800	\$845	\$850	\$3,280	\$880	\$935	\$975	\$980	\$3,770	\$995	\$1,075	\$1,105	\$1,175	\$4,350	\$2,683	\$3,116	\$3,510	\$4,025
Y/Y Growth	15%	17%	14%	13%	8%	13%	12%	17%	15%	15%	15%	13%	15%	13%	20%	15%	15%	16%	13%	15%
Revenue	\$12,745	\$3,370	\$3,680	\$3,945	\$4,400	\$15,395	\$4,595	\$5,000	\$5,590	\$5,720	\$20,905	\$6,100	\$6,440	\$6,205	\$6,125	\$24,870	\$12,156	\$13,557	\$17,940	\$23,850
Y/Y Growth	17%	10%	16%	23%	33%	21%	36%	36%	42%	30%	36%	33%	29%	11%	7%	19%	24%	12%	32%	33%
Gross Margin	62.8%	62.0%	62.1%	62.4%	62.4%	62.2%	62.7%	63.3%	63.8%	63.8%	63.4%	63.8%	63.8%	63.8%	63.3%	63.6%	62.3%	62.3%	62.7%	63.8%
Opex	\$2,450	\$645	\$656	\$665	\$684	\$2,650	\$704	\$715	\$745	\$781	\$2,944	\$816	\$832	\$852	\$848	\$3,348	\$2,330	\$2,573	\$2,767	\$3,174
Y/Y Growth	9%	12%	9%	8%	5%	8%	9%	9%	12%	14%	11%	16%	16%	14%	9%	14%	7%	10%	8%	15%
Operating Margin	43.6%	42.9%	44.3%	45.5%	46.9%	45.0%	47.4%	49.0%	50.4%	50.1%	49.3%	50.4%	50.8%	50.0%	49.4%	50.2%	43.2%	43.3%	47.3%	50.4%
Non-GAAP EPS	\$35.45	\$9.20	\$10.45	\$11.54	\$13.27	\$44.46	\$13.99	\$15.80	\$18.22	\$18.59	\$66.59	\$20.04	\$21.45	\$20.44	\$20.06	\$81.98	\$33.28	\$37.30	\$54.59	\$78.28
Free Cash Flow																				
FFFO	\$4,766	\$1,317	\$1,111	\$1,170	\$1,213	\$4,811	\$1,715	\$1,680	\$1,591	\$2,407	\$7,393	\$2,221	\$2,464	\$3,089	\$2,810	\$10,585	\$4,082	\$4,957	\$5,778	\$8,683
Capex	\$384	\$101	\$110	\$118	\$132	\$462	\$138	\$150	\$168	\$172	\$627	\$183	\$193	\$186	\$184	\$746	\$335	\$413	\$538	\$716
FCF	\$4,382	\$1,216	\$1,001	\$1,051	\$1,081	\$4,349	\$1,577	\$1,530	\$1,424	\$2,235	\$6,766	\$2,038	\$2,271	\$2,903	\$2,626	\$9,839	\$3,747	\$4,544	\$5,240	\$7,968
% revenue	34.4%	36.1%	27.2%	26.6%	24.6%	28.2%	34.3%	30.6%	25.5%	39.1%	32.4%	33.4%	35.3%	46.8%	42.9%	39.6%	30.8%	33.5%	29.2%	33.4%
Segment Revenue																				
Total Systems Revenue	\$9,842	\$2,585	\$2,880	\$3,100	\$3,550	\$12,115	\$3,715	\$4,065	\$4,615	\$4,740	\$17,135	\$5,105	\$5,365	\$5,100	\$4,950	\$20,520	\$9,473	\$10,441	\$14,430	\$19,825
Process control	\$8,830	\$2,325	\$2,600	\$2,800	\$3,250	\$10,975	\$3,400	\$3,750	\$4,275	\$4,400	\$15,825	\$4,750	\$5,000	\$4,750	\$4,600	\$19,100	\$8,395	\$9,399	\$13,200	\$18,425
Spec semis	\$483	\$125	\$130	\$145	\$145	\$545	\$145	\$145	\$155	\$155	\$600	\$155	\$155	\$155	\$155	\$620	\$517	\$477	\$580	\$620
FPD+PCB	\$387	\$90	\$105	\$100	\$100	\$395	\$115	\$115	\$125	\$125	\$480	\$135	\$145	\$130	\$125	\$535	\$356	\$393	\$430	\$530
Other	\$141	\$45	\$45	\$55	\$55	\$200	\$55	\$55	\$60	\$60	\$230	\$65	\$65	\$65	\$70	\$265	\$205	\$173	\$220	\$250
Total Service Revenue	\$2,903	\$785	\$800	\$845	\$850	\$3,280	\$880	\$935	\$975	\$980	\$3,770	\$995	\$1,075	\$1,105	\$1,175	\$4,350	\$2,683	\$3,116	\$3,510	\$4,025

Source: Company reports, UBS estimates

Valuation

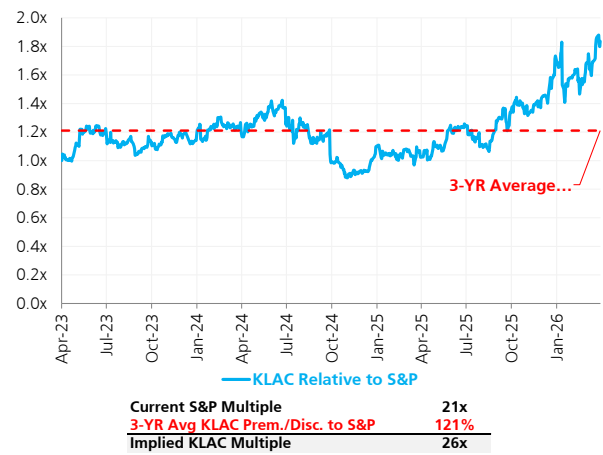
We are increasing our price target to \$1,835 (from \$1,575) by using a ~28x NTM P/E multiple applied to our C2027E Non-GAAP EPS of \$66.59 (vs. \$57.25 prior). We believe a ~one- to two-turn premium to KLAC's S&P-implied three-year historical average multiple is justified, as the industry is entering an AI-driven WFE super-cycle with increasing process complexity and capital intensity per wafer. As such, we see the magnitude (and quality) of the expected WFE growth as justifying a modest premium to the S&P-implied historical average multiple.

Figure 47: KLAC Price Target

Valuation	New	Old
EPS (Non-GAAP)		
C2027E	\$66.59	\$57.25
Multiple	28x	27x
Price Target	\$1,835	\$1,575

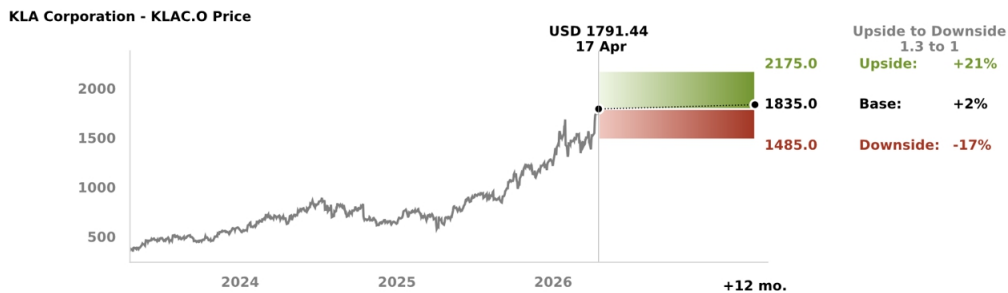
Source: UBS estimates

Figure 48: S&P-implied KLAC NTM P/E Multiple



Source: FactSet

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$2,175): We assume C26/27E systems revs of \$12.4B/\$17.8B and services revs of \$3.4B/\$4.0B, respectively, gross margin of 65%/66%, respectively, and net income margin of 40%/44% to arrive at CY27E EPS of \$73.51. We then apply a ~30x P/E multiple to arrive at our \$2,175 upside valuation.

BASE (\$1,835): We assume C26/27E systems revs of \$12.1B/\$17.1B and services revs of \$3.3B/\$3.8B, respectively, gross margin of 62%/63%, respectively, and net income margin of 38%/42% to arrive at CY27E EPS of \$66.59. We then apply a ~28x P/E multiple to arrive at our \$1,835 base valuation.

DOWNSIDE (\$1,485): We assume C26/27E systems revs of \$11.5B/\$15.5B and services revs of \$3.1B/\$3.4B, respectively, gross margin of 59%/60%, respectively, and net income margin of 36%/40% to arrive at CY27E EPS of \$57.91. We then apply a ~26x P/E multiple to arrive at our \$1,485 downside valuation.



PI PREVIEW

Results/Guidance

Results: We model FQ1:26 (Mar) revs \$73MM (-22% Q/Q), at about the midpoint of the guided range and in line with the Street. We model Endpoint ICs revs \$58MM (-24% Q/Q), slightly below Street at \$60MM, and Systems revs \$15MM (-15% Q/Q), above Street at \$12MM. Our EPS estimate of \$0.11 is about in line with the guided midpoint and Street.

Guide: We model FQ2:26 (Jun) revs/EPS of \$97MM (+34% Q/Q)/\$0.11, in line with the Street. We model Endpoint ICs revs of \$80MM (+40% Q/Q, about in line with normal positive seasonality), and Systems revs of \$17MM (+13% Q/Q, ~100 bps better than normal seasonality). We model GM of 60.5% (vs. Street 60.3%) and OpM of 23.5% (vs. Street 20.4%).

Valuation: \$155 (unchanged)

We leave our estimates and PT unchanged at \$155, applying a 53x P/E multiple which is based on a 1.4x PEG ratio (unchanged) and a LT EPS CAGR of ~42%, to C2027E EPS of \$2.94. We refresh our comp table (see [Figure 75](#)) and our 1.4x PEG is about in-line with higher-growth fabless semiconductor peers .

Key Topics for Earnings:

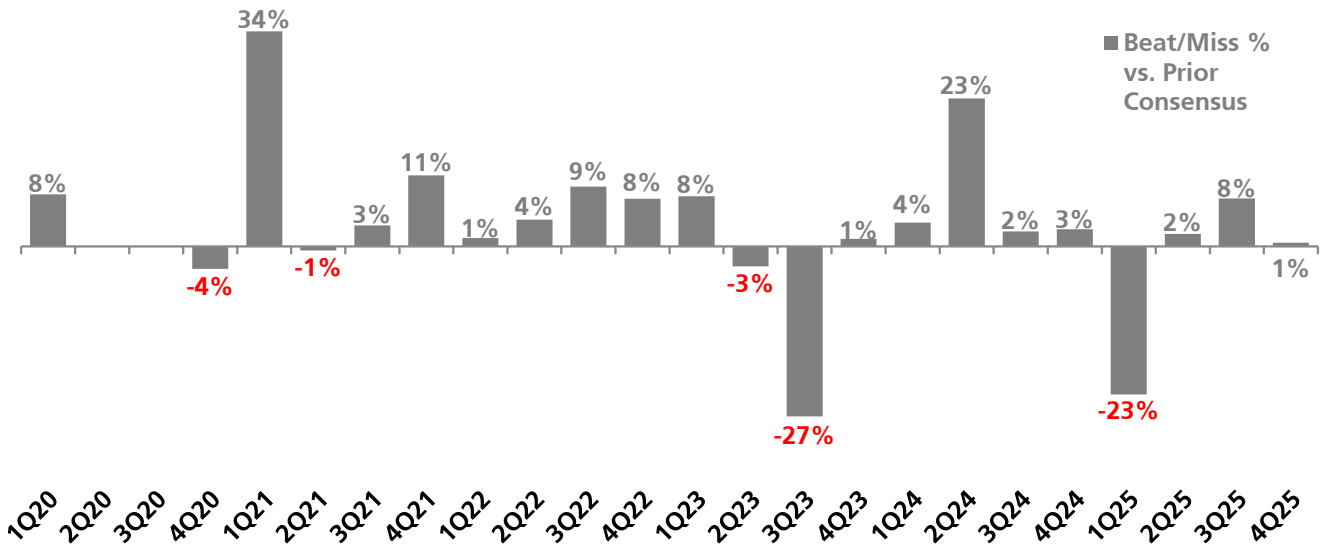
(1) Retail end market strength in end point ICs and systems, (2) progress on new programs in retail, general merchandise and food retail, (3) update on M800 ramp

Figure 49: Impinj UBS vs Street Estimates

	2024A	2025A	Mar '26	Jun '26	Sep '26	Dec '26	2026E	Mar '27	Jun '27	Sep '27	Dec '27	2027E
Revenue(\$MM)												
UBS (New)	\$ 366	\$ 361	\$ 73	\$ 97	\$ 90	\$ 90	\$ 350	\$ 88	\$ 117	\$ 115	\$ 117	\$ 437
Consensus			\$ 73	\$ 97	\$ 96	\$ 98	\$ 363	\$ 93	\$ 122	\$ 122	\$ 120	\$ 456
Delta			(0.0%)	0.7%	(6.3%)	(7.7%)	(3.6%)	(5.0%)	(4.5%)	(5.5%)	(2.4%)	(4.1%)
			█	█	█	█	█	█	█	█	█	█
Non-GAAP EPS												
UBS (New)	\$ 2.11	\$ 2.11	\$ 0.11	\$ 0.66	\$ 0.35	\$ 0.41	\$ 1.51	\$ 0.43	\$ 0.96	\$ 0.77	\$ 0.78	\$ 2.94
Consensus			\$ 0.11	\$ 0.64	\$ 0.46	\$ 0.47	\$ 1.68	\$ 0.36	\$ 0.93	\$ 0.74	\$ 0.69	\$ 2.72
Delta			0.0%	3.1%	(23.9%)	(12.8%)	(10.1%)	19.4%	3.2%	4.1%	13.0%	8.1%
			█	█	█	█	█	█	█	█	█	█

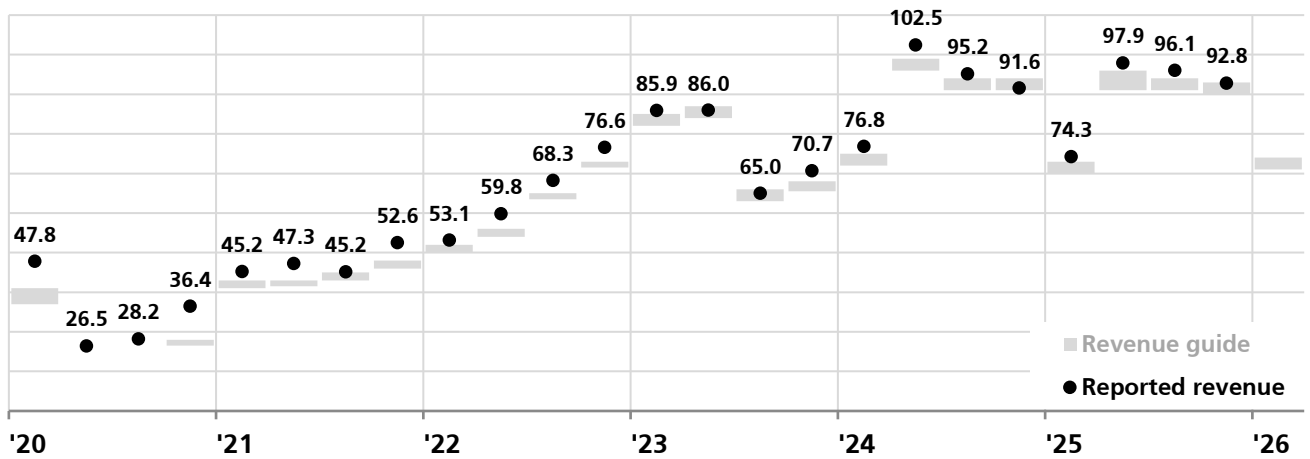
Source: Company reports, UBS estimates, FactSet.

Figure 50: Revenue Beat/Miss History



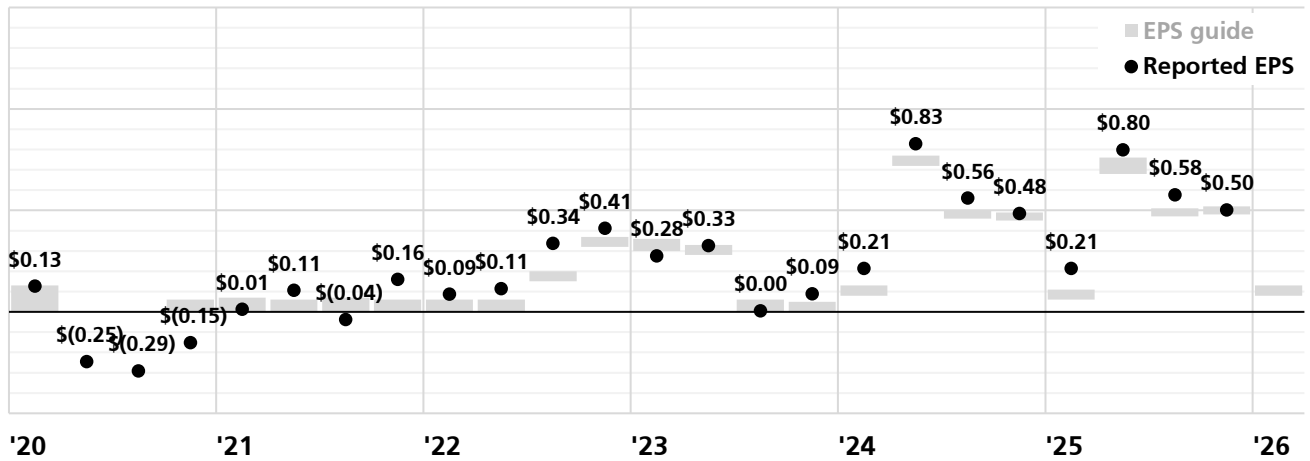
Source: FactSet

Figure 51: Revenue Guidance vs. Actuals



Source: Company reports, UBS

Figure 52: EPS Guidance vs. Actuals



Source: Company reports, UBS

Figure 53: Impinj Seasonality

	Total Revenue % Q/Q				Endpoint IC Revenue % Q/Q				Endpoint IC (ex Licensing) % Q/Q				Systems Revenue % Q/Q			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2016		+20.1%	+19.3%	+8.5%												
2017	-5.7%	+7.5%	-4.4%	-17.6%		+11.2%	-9.2%	-27.1%						-3.5%	+11.8%	+9.0%
2018	-6.7%	+13.9%	+20.5%	+0.6%	+10.9%	+3.2%	+18.4%	-7.9%					-39.6%	+50.6%	+25.5%	+19.6%
2019	-4.5%	+15.5%	+6.7%	+0.1%	+0.1%	+8.5%	+11.2%	-2.4%					-12.3%	+29.1%	-0.6%	+4.8%
2020	+17.2%	-44.7%	+6.6%	+29.3%	+30.8%	-44.9%	+16.4%	+32.1%					-6.2%	-44.1%	-16.5%	+19.9%
2021	+24.1%	+4.5%	-4.4%	+16.3%	+33.5%	-19.2%	+3.8%	+20.2%					-9.6%	+130.0%	-19.7%	+6.9%
2022	+1.1%	+12.5%	+14.2%	+12.2%	+1.0%	+10.5%	+19.4%	+14.8%					+1.4%	+18.1%	+1.0%	+4.4%
2023	+12.2%	+0.1%	-24.4%	+8.7%	+14.2%	-3.2%	-25.1%	+10.9%					+5.5%	+11.8%	-22.1%	+2.2%
2024	+8.7%	+33.4%	-7.1%	-3.8%	+14.2%	+45.3%	-9.4%	-8.5%		+21.0%	+8.8%	-8.5%	-8.7%	-14.5%	+8.6%	+23.1%
2025	-18.9%	+31.8%	-1.9%	-3.3%	-17.3%	+38.2%	-6.9%	-4.6%	-17.3%	+12.1%	+14.8%	-4.6%	-25.5%	+1.7%	+30.1%	+2.3%
2026E	-21.9%	+34.2%	-7.3%	+0.1%	-23.5%	+39.7%	-11.0%	-3.0%	-23.5%	+10.0%	+13.0%	-3.0%	-15.0%	+13.0%	+10.0%	+12.0%
5Y median	+8.7%	+12.5%	-4.4%	+8.7%	+14.2%	+10.5%	-6.9%	+10.9%	-17.3%	+16.5%	+11.8%	-6.6%	-8.7%	+11.8%	+1.0%	+4.4%
10Y median	+1.1%	+13.2%	+2.3%	+4.6%	+12.5%	+8.5%	+3.8%	-2.4%	-17.3%	+16.5%	+11.8%	-6.6%	-9.1%	+11.8%	+1.0%	+6.9%
LT median	+1.1%	+13.2%	+2.3%	+4.6%	+12.5%	+8.5%	+3.8%	-2.4%	-17.3%	+16.5%	+11.8%	-6.6%	-9.1%	+11.8%	+1.0%	+6.9%

	Total Opex % Q/Q				Adj Gross Margin bps Q-Q				Adj Operating Margin bps Q-Q				Working Capital \$				
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
2016		+3.0%	+14.6%	+13.2%		+84 bp	+20 bp	+202 bp		+887 bp	+210 bp	+1 bp		-1	-5	-5	-2
2017	+4.0%	+1.7%	+10.4%	+1.6%	-143 bp	+45 bp	-96 bp	-322 bp	-641 bp	+336 bp	-881 bp	-1,684 bp	-17	-7	-9	+3	
2018	+0.8%	-6.1%	-1.2%	+3.5%	-123 bp	+72 bp	-0 bp	-96 bp	-698 bp	+1,434 bp	+1,154 bp	-245 bp	-1	+0	+2	+7	
2019	+0.7%	-2.9%	+0.4%	+6.9%	+103 bp	-3 bp	+21 bp	+39 bp	-190 bp	+906 bp	+306 bp	-266 bp	+2	+2	-3	+4	
2020	-2.8%	-1.6%	+8.4%	+5.4%	-444 bp	+518 bp	-127 bp	+25 bp	+375 bp	-2,587 bp	-248 bp	+1,356 bp	-1	+12	-10	+0	
2021	+2.0%	+2.6%	+8.9%	+3.6%	-1 bp	+420 bp	-117 bp	+491 bp	+1,048 bp	+504 bp	-777 bp	+1,085 bp	+10	-7	+6	-8	
2022	+5.7%	+7.8%	+0.9%	+1.2%	-128 bp	-230 bp	+230 bp	-318 bp	-346 bp	-16 bp	+791 bp	+100 bp	-18	+4	+5	-18	
2023	+23.5%	-1.3%	-9.3%	+1.5%	-143 bp	+96 bp	-287 bp	+48 bp	-532 bp	+155 bp	-1,119 bp	+378 bp	-34	-31	-2	-1	
2024	-0.5%	+0.0%	-0.9%	+3.3%	+53 bp	+677 bp	-582 bp	+74 bp	+452 bp	+1,747 bp	-798 bp	-178 bp	+10	+17	-8	-3	
2025	-2.9%	-3.6%	+0.9%	+7.5%	-46 bp	+769 bp	-743 bp	+158 bp	-770 bp	+1,948 bp	-836 bp	-215 bp	-18	+6	+1	-3	
2026E	+3.9%	+1.3%	+2.7%	+0.1%	-253 bp	+850 bp	-700 bp	+250 bp	-1,469 bp	+2,050 bp	-1,100 bp	+250 bp	+28	-21	+4	+7	
5Y median	+2.0%	+0.0%	+0.9%	+3.3%	-46 bp	+420 bp	-287 bp	+74 bp	-346 bp	+504 bp	-798 bp	+100 bp	-18	+4	+1	-3	
10Y median	+0.8%	-0.6%	+0.9%	+3.5%	-123 bp	+90 bp	-107 bp	+43 bp	-346 bp	+696 bp	-513 bp	-89 bp	-1	+1	-3	-2	
LT median	+0.8%	-0.6%	+0.9%	+3.5%	-123 bp	+90 bp	-107 bp	+43 bp	-346 bp	+696 bp	-513 bp	-89 bp	-1	+1	-3	-2	

Source: Company reports, UBS

Figure 54: Impinj Summary Model

Impinj (PI) - Key Metrics (in \$MM except EPS)	Estimates																					
	2023A	2024A	Q1A	Q2A	Q3A	Q4A	2025A	Q1E	Q2E	Q3E	Q4E	2026E	Q1E	Q2E	Q3E	Q4E	2027E	Q1E	Q2E	Q3E	Q4E	2028E
Revenue	307.5	366.1	74.3	97.9	96.1	92.8	361.1	72.5	97.3	90.2	90.3	350.2	88.1	116.9	115.4	116.9	437.4	126.0	155.2	146.4	156.6	584.2
Y/Y Growth	19%	19%	(3%)	(4%)	1%	1%	(1%)	(2%)	(1%)	(6%)	(3%)	(3%)	21%	20%	28%	30%	25%	43%	33%	27%	34%	34%
COGS (non-GAAP)	147.9	168.3	35.1	38.8	45.2	42.2	161.3	34.8	38.4	41.9	39.7	154.9	40.5	46.2	51.9	51.4	190.1	54.2	61.3	62.9	67.3	245.8
Gross Profit (non-GAAP)	159.6	197.8	39.1	59.1	50.9	50.6	199.7	37.7	58.9	48.2	50.5	195.4	47.6	70.7	63.5	65.5	247.3	71.8	93.9	83.4	89.3	338.4
Gross Margin (non-GAAP)	51.9%	54.0%	52.7%	60.4%	52.9%	54.5%	55.3%	52.0%	60.5%	53.5%	56.0%	55.8%	54.0%	60.5%	55.0%	56.0%	56.5%	57.0%	60.5%	57.0%	57.0%	57.9%
R&D (GAAP)	88.6	98.8	25.3	24.7	25.7	26.9	102.6	28.4	27.5	27.5	27.6	111.0	26.1	28.5	28.8	30.4	113.9	35.1	42.7	40.5	43.2	161.5
% of revenue	28.8%	27.0%	34.1%	25.2%	26.8%	29.0%	28.4%	39.2%	28.3%	30.5%	30.5%	31.7%	29.6%	24.4%	25.0%	26.0%	26.0%	27.9%	27.5%	27.7%	27.6%	27.6%
SG&A (GAAP)	102.0	92.4	20.5	20.6	21.4	23.3	85.7	23.7	23.8	23.9	24.0	95.5	22.5	26.2	25.9	26.2	100.8	28.2	34.6	34.2	36.5	133.5
% of revenue	33.2%	25.2%	27.5%	21.0%	22.3%	25.1%	23.7%	32.7%	24.5%	26.6%	26.6%	27.3%	25.6%	22.4%	22.4%	22.4%	23.1%	22.4%	22.3%	23.3%	23.3%	22.9%
Stock comp	48.0	56.5	12.5	13.0	14.6	15.2	55.3	15.2	14.6	13.5	13.5	56.9	13.2	17.5	17.3	17.5	65.6	18.9	23.3	22.0	23.5	87.6
Other adjustments	(100.7)	(115.8)	(25.6)	(26.7)	(29.9)	(31.2)	(113.4)	(31.8)	(29.9)	(28.0)	(28.1)	(117.8)	(27.5)	(35.4)	(35.1)	(35.6)	(133.6)	(38.1)	(46.2)	(43.9)	(46.9)	(175.2)
Opex (Non-GAAP)	137.8	131.9	32.7	31.5	31.8	34.2	130.2	35.5	36.0	37.0	37.0	145.5	34.4	36.8	36.9	38.6	146.7	44.1	54.3	52.7	56.4	207.5
% of revenue	45%	36%	44%	32%	33%	37%	36%	49%	37%	41%	41%	42%	39%	32%	32%	33%	34%	35%	35%	36%	36%	36%
Operating Income (Non-GAAP)	21.8	65.9	6.5	27.6	19.1	16.4	69.6	2.2	22.9	11.3	13.5	49.8	13.2	33.9	26.5	26.9	100.6	27.7	39.6	30.7	32.9	130.9
Operating Margin (Non-GAAP)	7.1%	18.0%	8.7%	28.2%	19.8%	17.7%	19.3%	3.0%	23.5%	12.5%	15.0%	14.2%	15.0%	29.0%	23.0%	23.0%	23.0%	22.0%	25.5%	21.0%	21.0%	22.4%
Incr./Decr. Op Mgn (Non-GAAP)	(14.3%)	75.3%	8.3%	(16.9%)	203.0%	109.1%	(73.9%)	246.1%	799.2%	132.0%	111.2%	181.9%	70.9%	56.3%	60.5%	50.1%	58.2%	38.3%	14.8%	13.5%	15.1%	20.7%
GAAP NI	(43.4)	40.8	(8.5)	11.6	(12.8)	(1.1)	(10.8)	(13.0)	5.3	(3.8)	(1.9)	(13.4)	(0.7)	13.4	7.3	7.5	27.4	7.2	13.6	7.2	7.9	35.9
GAAP Diluted WASO	26.8	29.5	28.6	29.7	29.3	30.1	29.3	30.4	31.5	31.4	31.5	31.0	31.6	32.6	32.7	32.8	33.4	32.8	32.9	33.0	33.1	33.7
GAAP EPS	(\$1.62)	\$1.39	(\$0.30)	\$0.39	(\$0.44)	(\$0.04)	(\$0.37)	(\$0.43)	\$0.17	(\$0.12)	(\$0.06)	(\$0.43)	(\$0.02)	\$0.41	\$0.22	\$0.23	\$0.82	\$0.22	\$0.41	\$0.22	\$0.24	\$1.07
Non-GAAP NI	19.8	62.9	6.3	24.5	17.7	15.6	64.2	3.5	21.3	11.3	13.2	49.3	14.2	32.1	25.8	26.3	98.3	27.2	37.6	30.1	32.2	127.1
Non-GAAP Diluted WASO	28.4	32.1	29.4	32.2	32.7	31.1	32.4	31.4	33.1	32.4	32.5	33.1	32.6	33.4	33.4	33.5	33.4	33.6	33.6	33.7	33.8	33.7
Non-GAAP EPS	\$0.70	\$2.11	\$0.21	\$0.80	\$0.58	\$0.50	\$2.11	\$0.11	\$0.66	\$0.35	\$0.41	\$1.51	\$0.43	\$0.96	\$0.77	\$0.78	\$2.94	\$0.81	\$1.12	\$0.89	\$0.95	\$3.77
Segment Revenues																						
Endpoint ICs	234.4	305.9	61.2	84.6	78.8	75.2	299.8	57.5	80.3	71.5	69.4	278.7	66.6	94.1	90.3	90.3	341.3	97.5	124.8	113.8	121.7	457.8
Y/Y Growth	22%	30%	(0%)	(5%)	(3%)	2%	(2%)	(6%)	(5%)	(9%)	(8%)	(7%)	16%	17%	26%	30%	22%	47%	33%	26%	35%	34%
of which, Licensing	-	15.0	-	16.0	-	-	16.0	-	17.1	-	-	17.1	-	18.2	-	-	18.2	-	19.4	-	-	19.4
Y/Y Growth	--	--	--	7%	--	--	7%	--	7%	--	--	7%	--	7%	--	--	7%	--	7%	--	--	7%
Systems	73.1	60.2	13.1	13.3	17.3	17.7	61.3	15.0	17.0	18.7	20.9	71.5	21.5	22.8	25.1	26.6	96.1	28.5	30.5	32.6	34.9	126.4
Y/Y Growth	--	--	(25%)	2%	30%	2%	--	(15%)	13%	10%	12%	--	3%	6%	10%	6%	--	7%	7%	7%	7%	--
Cash Flow & Capital Deployment																						
Adjustments and other CFFO items	0.3	49.6	1.7	1.3	1.8	2.0	6.8	4.4	2.3	2.9	2.6	12.2	3.4	3.4	3.5	3.7	13.9	3.9	4.1	4.2	4.6	16.9
Working Capital	(68.2)	16.0	(18.5)	5.8	0.7	(2.8)	(14.8)	28.4	(21.1)	3.9	7.1	18.2	3.2	(23.2)	(2.1)	4.7	(17.4)	(5.2)	(20.3)	9.2	(4.3)	(20.6)
CFFO	(49.4)	128.3	(11.1)	33.9	20.9	15.1	58.7	35.4	3.5	18.3	23.4	80.6	20.2	12.3	27.1	34.3	93.9	25.6	21.4	43.2	32.0	122.2
Capex	(18.6)	(17.1)	(1.9)	(6.5)	(2.9)	(1.5)	(12.9)	(2.9)	(4.9)	(4.5)	(4.5)	(16.8)	(4.4)	(5.8)	(5.8)	(5.8)	(21.9)	(6.3)	(7.8)	(7.3)	(7.8)	(29.2)
FCF	(68.0)	111.2	(13.0)	27.3	18.0	13.6	45.9	32.5	(1.3)	13.8	18.9	63.8	15.8	6.5	21.3	28.4	72.1	19.3	13.7	35.8	24.2	92.9
% of revenue	(22%)	30%	(18%)	28%	19%	15%	13%	45%	(1%)	15%	21%	18%	18%	6%	18%	24%	16%	15%	9%	24%	15%	16%
Y/Y Growth	--	264%	(124%)	(38%)	286%	60%	(59%)	350%	(105%)	(23%)	38%	39%	(51%)	588%	54%	51%	13%	22%	111%	68%	(15%)	29%
Net Debt	187.1	237.4	222.6	241.9	228.6	232.7	232.7	201.6	203.7	93.1	74.8	74.8	59.4	53.3	32.4	4.3	4.3	(14.8)	(28.2)	(63.9)	(87.9)	(87.9)

Source: Company reports, UBS estimates

Valuation

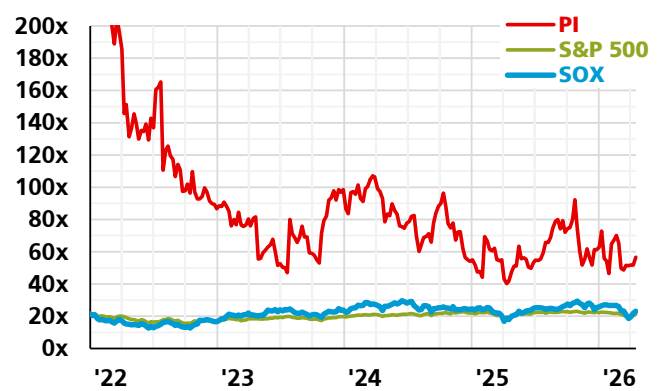
We leave our PT unchanged at \$155. We value PI on a PEG basis to normalize P/E for growth. We apply a 1.3x target PEG, approximately in line with peer fast-growing fabless semiconductor firms (see Figure 75). Our long-term EPS CAGR for Impinj is ~42%, resulting in a 53x P/E multiple. The 53x NTM P/E times our 2027E EPS of \$2.94 yields a ~\$155 price target.

Figure 55: Impinj Valuation

Valuation		New	Old
Non-GAAP EPS			
CY2027	\$	2.94	\$ 2.94
CY2030	\$	4.84	\$ 4.84
Target PEG		1.3x	1.3x
LT EPS Growth		42.0%	42.0%
P/E		53x	53x
Price Target	\$	155	\$ 155

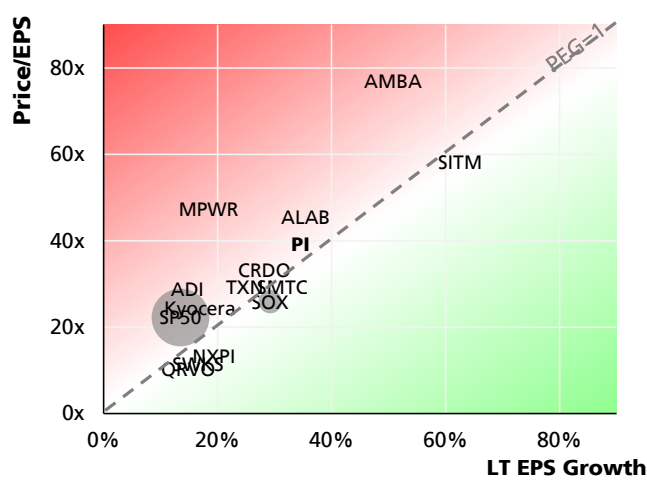
Source: Company reports, UBS estimates

Figure 56: PI, S&P 500 and SOX 1-yr Forward P/E



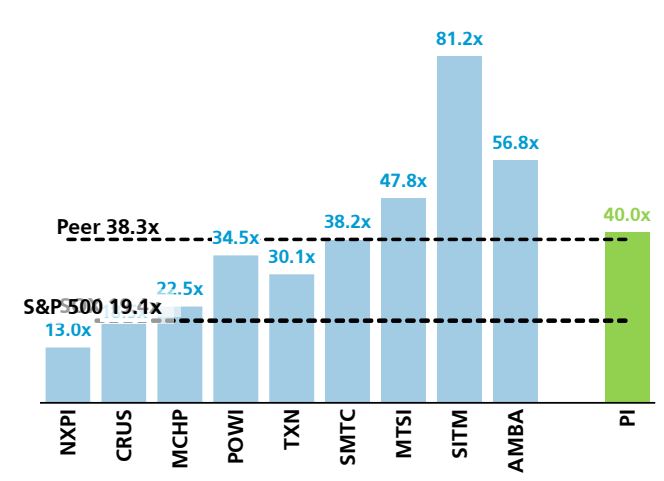
Source: Company reports, UBS, FactSet

Figure 57: Comparable Companies P/E and EPS Growth



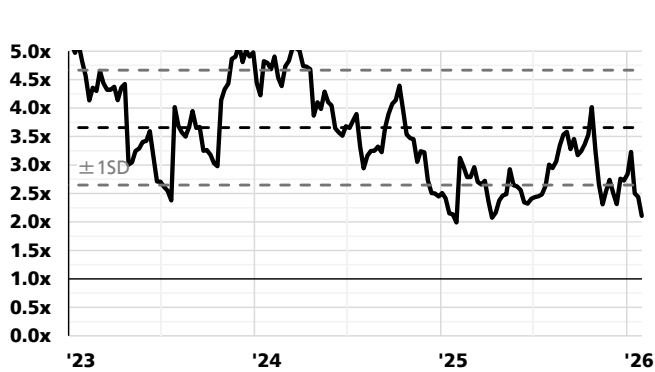
Source: Company reports, UBS estimates, FactSet, Visible Alpha

Figure 58: Comparable Companies' PE ratio



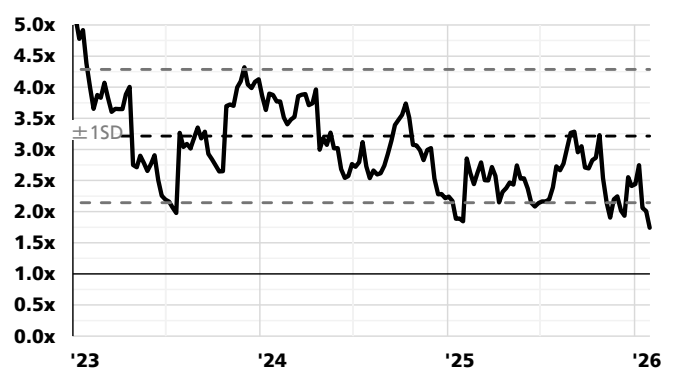
Source: Company reports, UBS estimates, FactSet, Visible Alpha

Figure 59: S&P 500 Relative NTM PE History



Source: FactSet

Figure 60: SOX Relative NTM PE History



Source: FactSet

Figure 61: Impinj Comps

Ticker	Company Name	P/E			PEG		EV/FCF		
		2025	2026	2027	LT Growth	PEG	2025	2026	2027
NXPI-US	NXP	27x	16x	13x	45%	0.3x	46x	18x	16x
ADI-US	Analog Devices	51x	32x	28x	36%	0.8x	52x	33x	28x
MPWR-US	Monolithic Power	70x	69x	58x	10%	5.6x	112x	69x	59x
CRDO-US	Credo	66x	36x	27x	55%	0.5x	108x	44x	27x
SMTC-US	Semtech	66x	50x	38x	31%	1.2x	47x	59x	37x
SITM-US	SiTime	157x	98x	81x	39%	2.1x	228x	138x	106x
MTSI-US	MACOM	74x	59x	48x	25%	1.9x	56x	74x	54x
AMBA-US	Ambarella	105x	79x	57x	36%	1.6x	42x	69x	34x
	Simple Average	77x	55x	44x	35%	1.7x	86x	63x	45x
	Weighted Average	58x	41x	35x	34%	1.7x	71x	44x	36x
	Median	68x	54x	43x	36%	1.4x	54x	64x	36x

Source: Company reports, UBS estimates, FactSet, Visible Alpha

QCOM PREVIEW

Results/Guidance

Results: We model FQ2:26 (Mar) revs/EPS of \$10.38B/\$2.53, slightly below midpoint of guide \$10.60B/\$2.55 and Street at \$10.58B/\$2.56. We model QCT revs \$9.00B (-15% Q/Q), below Street \$9.20B. We are above Street on Chipset revenue estimate at \$5.89B; we model ~205MM MSM with ASP +6% Q/Q. Street is modeling IoT+Autos revs \$3.09B, +11% Q/Q. We model QTL revs of \$1.38B, at the high end of guidance (\$1.20B-\$1.40B) and above Street at \$1.31B.

Guide: We model FQ3:26 (Jun) revs/EPS \$9.89B/\$2.25, vs. Street at \$10.26B/\$2.45. We model QCT revs \$8.62B, below Street at \$8.90B on the back of Chipset/Adjacencies \$5.40B/\$3.22B vs. Street at \$5.79B/\$3.04B. We model ~200MM MSM (-2% Q/Q vs. 3-year seasonality of +17% Q/Q), and model ASP -7% Q/Q. We model QTL revs \$1.27B, above Street at \$1.23B. We model Opex \$2.62B, flat Q/Q, and QCT/QTL EBT margins of 30%/71%.

Valuation: \$150 PT (from \$160)

We leave our multiple unchanged at ~14x, which is applied to the average C2024-2028E EPS of \$10.76 (down from \$11.37), lowering our PT from \$160 to \$150.

Key Topics for Earnings:

1) Outlook for content/share gain; 2) Expectations for handset demand given macro outlook; 3) China smartphone; 4) Commentary on adjacencies (PC, autos).

Estimate Changes

We model our FQ2:26E Revs/EPS \$10.38B/\$2.53 from \$10.54/\$2.60. We revise FY26E Revs/EPS from \$44.02B/\$11.21 to \$43.23B/\$10.87 and FY27E Revs/EPS from \$44.37B/\$10.86 to \$41.88B/\$9.71.

Figure 62: QCOM - New vs Old Estimates

	FY 2026			FY 2027			FY 2028		
	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenue (\$MM)	\$43,229	\$44,016	-1.8%	\$41,879	\$44,368	-5.6%	\$44,167	\$46,678	-5.4%
Y/Y Growth	-2.4%	-0.6%		-3.1%	0.8%		5.5%	5.2%	
Gross Margin (Non-GAAP)	54.7%	54.6%	0.0%	54.7%	54.7%	0.0%	55.5%	55.5%	0.0%
Operating Margin	30.8%	31.2%	-0.4%	27.7%	29.2%	-1.5%	28.6%	30.1%	-1.4%
Non-GAAP EPS	\$10.87	\$11.21	-3.1%	\$9.71	\$10.86	-10.5%	\$10.82	\$12.07	-10.3%
Segment Revenues									
QCT Revenues	\$37,386	\$38,174	-2.1%	\$36,738	\$39,227	-6.3%	\$39,635	\$42,146	-6.0%
Y/Y Growth	-2.6%	-0.5%		-1.7%	2.8%		7.9%	7.4%	
EBT Margin	27.9%	27.9%	0.0%	29.6%	29.6%	0.0%	31.7%	31.7%	0.0%
QTL Revenues	\$5,796	\$5,796	0.0%	\$5,140	\$5,140	0.0%	\$4,531	\$4,531	0.0%
Y/Y Growth	3.8%	3.8%		-11.3%	-11.3%		-11.8%	-11.8%	
EBT Margin	72.3%	72.3%	0.0%	71.5%	71.5%	0.0%	71.3%	71.3%	0.0%
MSM Shipments (MM)	897	927	-3.2%	723	814	-11.1%	710	803	-11.6%
Y/Y Growth	-10%	-7%		-19%	-12%		-2%	-1%	

Source: Company reports, UBS estimates

Figure 63: Qualcomm Seasonality Analysis

	Total QCT revenue				QCT Chipset Revenue				QCT Handset Units				QCT Handset ASP			
	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4
	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1
2009	-2.2%	36.8%	-4.7%	-7.8%	-4.5%	40.3%	-4.3%	-7.9%	9.5%	36.5%	-3.2%	0.9%	-12.8%	2.8%	-1.2%	-8.7%
2010	-2.6%	10.6%	10.0%	13.8%	-2.6%	10.8%	10.3%	14.2%	1.1%	10.7%	7.8%	6.3%	-3.7%	0.1%	2.3%	7.4%
2011	-7.3%	9.8%	20.0%	19.3%	-6.9%	4.5%	18.9%	20.8%	0.0%	-6.8%	15.5%	22.8%	-6.9%	12.1%	3.0%	-1.7%
2012	-0.8%	-6.2%	0.0%	43.6%	-1.0%	-6.7%	-0.2%	46.2%	-2.6%	-7.2%	0.0%	29.1%	1.6%	0.6%	-0.2%	13.2%
2013	-5.0%	7.8%	5.6%	3.6%	-5.3%	8.1%	5.7%	-4.6%	-4.9%	-0.6%	10.5%	12.1%	-0.4%	8.7%	-4.3%	-14.9%
2014	-8.1%	16.8%	-2.2%	8.1%	-9.3%	19.2%	-2.6%	7.5%	-11.7%	19.7%	4.9%	14.4%	2.8%	-0.4%	-7.1%	-6.0%
2015	-15.4%	-13.1%	-5.9%	13.0%	-17.7%	-15.6%	-7.4%	10.9%	-13.7%	-3.5%	-9.8%	33.0%	-4.7%	-12.6%	2.6%	-16.6%
2016	-18.5%	15.5%	7.0%	-0.6%	-23.4%	20.1%	8.6%	-6.7%	-13.7%	-3.5%	-9.8%	19.2%	-11.2%	24.4%	20.4%	-21.8%
2017	-10.4%	10.2%	14.8%	0.0%	-14.2%	13.9%	19.6%	-3.0%	-21.9%	2.0%	5.0%	12.3%	9.9%	7.1%	14.0%	-13.7%
2018	-16.2%	4.9%	13.7%	-19.5%	-23.8%	11.0%	20.8%	-19.8%	-21.1%	6.4%	16.6%	-19.8%	-3.5%	4.3%	0.0%	0.0%
2019	-0.5%	-4.2%	2.0%	-0.7%	-16.7%	-6.5%	-0.3%	6.4%	-16.7%	0.6%	-3.0%	2.0%	0.0%	-7.1%	2.4%	4.3%
2020	13.5%	-7.2%	30.5%	31.5%	12.8%	-7.4%	22.1%	40.5%	-16.8%	0.8%	24.6%	32.3%	35.5%	-8.1%	-2.0%	6.2%
2021	-3.9%	3.0%	19.6%	14.3%	-3.6%	-5.0%	21.3%	27.7%	-5.7%	-12.2%	0.8%	19.9%	2.3%	8.3%	20.4%	6.5%
2022	7.9%	-1.8%	5.6%	-20.3%	5.7%	-2.8%	6.8%	-12.4%	-5.7%	10.5%	-14.8%	18.3%	12.1%	-12.0%	25.4%	-26.0%
2023	0.6%	-9.7%	2.8%	14.2%	6.1%	-13.9%	3.8%	22.6%	-4.1%	7.9%	-12.2%	23.5%	10.6%	-20.2%	18.3%	-0.8%
2024	-4.7%	0.5%	7.6%	16.2%	-7.6%	-4.5%	3.4%	24.2%	-19.1%	23.7%	10.3%	-3.3%	14.3%	-22.8%	-6.3%	28.5%
2025	-6.1%	-5.0%	9.2%	8.1%	-8.5%	-8.7%	10.0%	12.4%	-19.5%	16.5%	3.0%	10.8%	13.7%	-21.6%	6.8%	1.4%
2026E	-15.2%	-4.2%	6.3%	-5.3%	-24.7%	-8.4%	7.1%	-7.3%	-29.0%	-2.0%	2.0%	-10.0%	6.0%	-6.5%	5.0%	3.0%
LT Median	-4.7%	3.0%	7.0%	8.1%	-6.9%	-2.8%	6.8%	10.9%	-11.7%	2.0%	3.0%	14.4%	1.6%	0.1%	2.4%	-0.8%
5 Year Median	-3.9%	-1.8%	7.6%	14.2%	-3.6%	-5.0%	6.8%	22.6%	-5.7%	10.5%	0.8%	18.3%	12.1%	-20.2%	18.3%	1.4%
10 Year Median	-4.3%	-0.6%	8.4%	4.0%	-8.0%	-4.8%	9.3%	9.4%	-16.7%	4.2%	1.9%	15.3%	10.2%	-7.6%	10.4%	0.7%

	QCT Autos				QCT IoT				QTL revenue				Opex			
	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4
	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1
2009																
2010																
2011																
2012																
2013																
2014																
2015																
2016																
2017																
2018																
2019																
2020																
2021																
2022																
2023																
2024																
2025																
2026E																
LT Median	7.0%	2.9%	16.4%	6.8%	2.4%	8.1%	8.8%	-7.3%	5.7%	-9.2%	0.4%	1.9%	6.0%	0.4%	3.5%	-2.9%
5 Year Median	0.8%	3.2%	10.9%	6.8%	2.8%	6.8%	7.5%	-8.0%	-6.5%	-5.5%	1.3%	15.3%	5.5%	0.4%	3.5%	-6.0%
10 Year Median	7.0%	2.9%	16.4%	6.8%	2.4%	8.1%	8.8%	-7.3%	-2.4%	-4.1%	0.4%	7.7%	4.8%	0.8%	2.7%	-3.2%

Source: Company reports, UBS estimates

Figure 64: QCOM - UBSe vs. Street

	FY2025	Dec '25 2026/1F	Mar '26 2026/2F	Jun '26 2026/3F	Sep '26 2026/4F	FY2026	Dec '26 2027/1F	Mar '27 2027/2F	Jun '27 2027/3F	Sep '27 2027/4F	FY2027	Dec '27 2028/1F	Mar '28 2028/2F	Jun '28 2028/3F	Sep '28 2028/4F	FY2028	CY2024	CY2025	CY2026	CY2027
Revenues (\$MM)																				
UBSe	\$ 44,283	\$ 12,394	\$ 11,172	\$ 10,816	\$ 11,063	\$ 45,445	\$ 10,955	\$ 10,443	\$ 10,953	\$ 11,798	\$ 44,150	\$ 11,210	\$ 10,994	\$ 11,493	\$ 12,698	\$ 46,395	\$ 40,695	\$ 45,008	\$ 44,006	\$ 44,405
UBS (Old)		\$ 12,394	\$ 11,289	\$ 11,316	\$ 11,372	\$ 46,372	\$ 11,065	\$ 10,504	\$ 10,966	\$ 11,705	\$ 44,241	\$ 11,085	\$ 10,839	\$ 11,305	\$ 12,476	\$ 45,705		\$ 45,008	\$ 45,042	\$ 44,261
Consensus		\$ 12,155	\$ 11,147	\$ 10,812	\$ 11,131	\$ 45,468	\$ 11,617	\$ 11,091	\$ 11,076	\$ 11,560	\$ 46,063	\$ 11,783	\$ 11,369	\$ 11,523	\$ 12,368	\$ 48,094		\$ 44,626	\$ 44,707	\$ 45,510
Delta		2.0%	0.2%	0.0%	-0.6%	0.0%	-5.7%	-5.8%	-1.1%	2.1%	-4.2%	-4.9%	-3.3%	-0.3%	2.7%	-3.5%		0.9%	-1.6%	-2.4%
EPS (Non GAAP)																				
UBSe	\$ 12.03	\$ 3.50	\$ 2.75	\$ 2.62	\$ 2.80	\$ 11.69	\$ 2.86	\$ 2.34	\$ 2.67	\$ 3.01	\$ 10.87	\$ 2.90	\$ 2.68	\$ 2.94	\$ 3.51	\$ 12.02	\$ 10.88	\$ 12.12	\$ 11.04	\$ 10.91
UBS (Old)		\$ 3.50	\$ 2.81	\$ 2.84	\$ 2.94	\$ 12.10	\$ 2.91	\$ 2.37	\$ 2.68	\$ 2.97	\$ 10.93	\$ 2.85	\$ 2.61	\$ 2.86	\$ 3.40	\$ 11.71		\$ 12.12	\$ 11.51	\$ 10.86
Consensus		\$ 3.40	\$ 2.92	\$ 2.82	\$ 2.95	\$ 12.16	\$ 3.22	\$ 2.91	\$ 2.91	\$ 3.11	\$ 12.41	\$ 3.19	\$ 2.87	\$ 3.05	\$ 3.43	\$ 12.86		\$ 12.02	\$ 11.90	\$ 12.12
Delta		3.0%	-5.5%	-6.8%	-5.2%	-3.8%	-11.0%	-19.7%	-8.2%	-3.2%	-12.4%	-9.2%	-6.7%	-3.5%	2.3%	-6.5%		0.8%	-7.2%	-10.0%

Source: Company reports, FactSet, UBS estimates

Figure 65: QCOM - Summary Model

Qualcomm (QCOM) - Key Metrics (in \$MM except EPS and units)	C2024A	Estimates				C2025E	Estimates				C2026E	Estimates				C2027E	C2028E	Estimates				
		FQ2A CQ1A	FQ3A CQ2A	FQ4:25A CQ3A	FQ1E CQ4E		FQ2E CQ1E	FQ3E CQ2E	FQ4:26E CQ3E	FQ1E CQ4E		FQ2E CQ1E	FQ3E CQ2E	FQ4:27E CQ3E	FQ1E CQ4E			FQ2E CQ1E	FQ3E CQ2E	FQ4:28E CQ3E	FQ1E CQ4E	F2024A
Revenue	40,695	10,979	10,365	11,270	12,394	45,008	11,172	10,816	11,063	10,955	44,006	10,443	10,953	11,798	11,210	44,405	47,060	38,961	44,283	45,445	44,150	46,395
YY Growth	12%	17%	10%	10%	6%	11%	2%	4%	(2%)	(12%)	(2%)	(7%)	1%	7%	2%	1%	6%	9%	14%	3%	(3%)	5%
Revenue (Non-GAAP)	40,690	10,836	10,365	11,270	12,394	44,865	11,172	10,816	11,063	10,955	44,006	10,443	10,953	11,798	11,210	44,405	47,060	38,943	44,140	45,445	44,150	46,395
Gross Profit (Non-GAAP)	23,011	5,957	5,824	6,322	6,817	24,920	6,061	5,868	6,140	6,135	24,203	5,639	5,997	6,430	6,222	24,288	26,118	22,115	24,670	24,885	24,201	25,749
Gross Margin	56.6%	55.0%	56.2%	56.1%	55.0%	55.5%	54.3%	54.3%	55.5%	56.0%	55.0%	54.0%	54.8%	54.5%	55.5%	54.7%	55.5%	56.8%	55.7%	54.8%	54.8%	55.5%
R&D	6,781	1,688	1,654	1,802	1,807	6,951	1,955	1,955	2,014	1,974	7,899	2,092	2,092	2,092	2,050	8,327	8,650	6,722	6,793	7,732	8,250	8,571
SG&A	2,148	582	594	662	667	2,505	737	737	759	744	2,977	789	789	812	796	3,185	3,408	2,074	2,373	2,900	3,133	3,353
Opex (Non-GAAP)	8,929	2,270	2,248	2,464	2,474	9,456	2,692	2,692	2,773	2,718	10,876	2,881	2,881	2,904	2,846	11,512	12,058	8,796	9,166	10,632	11,384	11,923
YY Growth	4%	5%	(0%)	6%	13%	6%	19%	20%	13%	10%	15%	7%	7%	5%	5%	6%	5%	1%	4%	16%	7%	5%
Operating Income	14,082	3,687	3,576	3,858	4,343	15,464	3,369	3,175	3,367	3,417	13,327	2,759	3,116	3,526	3,375	12,776	14,060	13,319	15,504	14,253	12,817	13,826
Operating Margin (Non-GAAP)	34.6%	33.6%	34.5%	34.2%	35.0%	34.4%	30.2%	29.4%	30.4%	31.2%	30.3%	26.4%	28.4%	29.9%	30.1%	28.8%	29.9%	34.2%	35.0%	31.4%	29.0%	29.8%
Non-GAAP EPS	\$ 10.88	\$ 2.85	\$ 2.77	\$ 3.00	\$ 3.50	\$ 12.12	\$ 2.75	\$ 2.62	\$ 2.80	\$ 2.86	\$ 11.04	\$ 2.34	\$ 2.67	\$ 3.01	\$ 2.90	\$ 10.91	\$ 12.31	\$ 10.22	\$ 12.03	\$ 11.69	\$ 10.87	\$ 12.02
Free Cash Flow																						
CFFO	13,840	2,554	2,875	3,996	3,078	12,503	4,072	3,351	3,183	3,424	14,030	2,946	2,752	2,755	3,783	12,236	13,114	12,202	14,012	13,684	11,877	12,822
Capex	1,104	214	294	407	496	1,411	447	433	443	438	1,760	418	438	472	448	1,776	1,882	1,041	1,192	1,818	1,766	1,856
FCF	12,736	2,340	2,581	3,589	2,582	11,092	3,625	2,919	2,740	2,986	12,270	2,528	2,314	2,283	3,334	10,460	11,231	11,161	12,820	11,866	10,111	10,967
% revenue	31%	21%	25%	32%	21%	25%	32%	27%	25%	27%	28%	24%	21%	19%	30%	24%	24%	29%	29%	26%	23%	24%
Segment Revenue																						
MSM Chipset Revenue	25,750	6,929	6,328	6,962	7,953	28,172	6,829	6,513	6,350	6,134	25,825	6,177	6,551	6,809	6,269	25,806	25,664	24,863	27,793	27,645	25,671	25,681
Unit (in MM)	1,004	217	252	260	291	1,020	236	240	240	221	938	210	221	232	216	878	869	987	998	1,008	884	872
ASP (in \$)	\$ 25.65	\$ 31.98	\$ 25.08	\$ 26.79	\$ 27.32	\$ 27.62	\$ 28.96	\$ 27.08	\$ 26.40	\$ 27.72	\$ 27.53	\$ 29.39	\$ 29.68	\$ 29.39	\$ 29.09	\$ 29.39	\$ 29.53	\$ 25.19	\$ 27.85	\$ 27.43	\$ 29.04	\$ 29.46
Other (auto, IoT, compute, networking)	9,108	2,540	2,665	2,860	2,839	10,904	2,909	3,005	3,142	3,055	12,111	3,183	3,410	3,812	3,746	14,151	16,853	8,334	10,575	11,894	13,460	16,176
Auto	3,274	959	984	1,053	1,085	4,081	1,117	1,151	1,208	1,244	4,720	1,282	1,320	1,452	1,496	5,550	6,671	2,911	3,957	4,561	5,299	6,369
IoT	5,834	1,581	1,681	1,807	1,754	6,823	1,792	1,854	1,934	1,811	7,390	1,902	2,090	2,359	2,251	8,601	10,182	5,423	6,618	7,334	8,162	9,807
X Elite (PC)		119	122	137	151	528	140	153	181	194	668	186	203	238	260	887	1,182		489	625	822	1,100
Other IoT		1,462	1,559	1,670	1,604	6,295	1,652	1,701	1,752	1,612	6,717	1,660	1,777	1,901	1,749	7,087	7,689		6,129	6,709	6,950	7,540
CDMA Technologies (QCT)	34,857	9,469	8,993	9,821	10,792	39,075	9,738	9,517	9,491	9,189	37,936	9,360	9,961	10,621	10,016	39,957	42,518	33,196	38,367	39,539	39,131	41,857
Q/Q Growth		(6%)	(5%)	9%	10%		(10%)	(2%)	(0%)	(3%)		2%	6%	7%	(6%)							
YY Growth	13%	18%	11%	13%	7%	12%	3%	6%	(3%)	(15%)	(3%)	(4%)	5%	12%	9%	5%	6%	9%	16%	3%	(1%)	7%
QTL Revs Ex AAPL	4,426	923	1,011	993	992	3,919	1,017	912	1,149	1,158	4,236	1,083	993	1,177	1,195	4,448	4,542	4,371	3,981	4,070	4,411	4,538
TRDS Revenue ex AAPL	236,126	61,214	57,481	65,778	62,022	246,495	63,540	60,824	67,596	64,317	256,277	63,712	62,042	69,254	66,376	261,383	267,018	232,768	242,148	253,982	259,324	266,802
Nominal Royalty Rate		2%	2%	2%	2%		2%	2%	2%	2%		2%	2%	2%	2%			2%	2%	2%	2%	2%
AAPL	1,772	412	384	416	610	1,822	418	386	422	608	1,834	-	-	-	-	-	-	1,784	1,816	1,836	608	-
Unit (in MM)	222	52	48	52	76	228	52	48	53	76	229	55	47	56	87	245	250	223	227	230	234	248
ASP (in \$)	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00	\$ 8.00
Technology Licensing (QTL)	5,647	1,319	1,318	1,409	1,602	5,648	1,435	1,298	1,571	1,766	6,070	1,083	993	1,177	1,195	4,448	4,542	5,572	5,581	5,906	5,019	4,538
Q/Q Growth		(14%)	(0%)	7%	14%		(10%)	(9%)	21%	12%		(39%)	(8%)	19%	1%							
YY Growth	8%	0%	4%	(7%)	4%	0%	9%	(1%)	12%	10%	7%	(25%)	(24%)	(25%)	(32%)	(27%)	2%	5%	0%	6%	(15%)	(10%)
Segment EBT																						
QCT Expenses	24,677	6,612	6,322	6,925	7,447	27,306	6,816	6,662	6,644	6,432	26,555	6,646	6,873	7,222	6,911	27,651	28,999	23,669	26,697	27,569	27,173	28,596
YY Growth	9%	15%	7%	11%	9%	11%	3%	5%	(4%)	(14%)	(3%)	(3%)	3%	9%	7%	4%	5%	5%	13%	3%	(1%)	5%
QCT EBT	10,180	2,857	2,671	2,896	3,346	11,770	2,921	2,855	2,847	2,757	11,381	2,714	3,088	3,399	3,105	12,306	13,519	9,527	11,670	11,970	11,958	13,261
% segment revenue	29%	30%	30%	29%	31%	30%	30%	30%	30%	30%	30%	29%	31%	32%	31%	31%	32%	29%	30%	30%	31%	32%
QTL Expenses	1,542	390	376	394	385	1,545	430	390	471	477	1,768	325	288	341	323	1,277	1,304	1,545	1,537	1,676	1,431	1,303
YY Growth	(7%)	1%	(1%)	(2%)	2%	0%	10%	4%	20%	24%	14%	(25%)	(26%)	(28%)	(32%)	(28%)	2%	(8%)	(1%)	9%	(15%)	(9%)
QTL EBT	4,105	929	942	1,015	1,218	4,104	1,004	909	1,100	1,289	4,302	758	705	836	872	3,171	3,238	4,027	4,044	4,231	3,588	3,235
% segment revenue	73%	70%	71%	72%	76%	73%	70%	70%	70%	73%	71%	70%	71%	71%	73%	71%	71%	72%	72%	72%	71%	71%

Source: Company reports, UBS estimates

Valuation

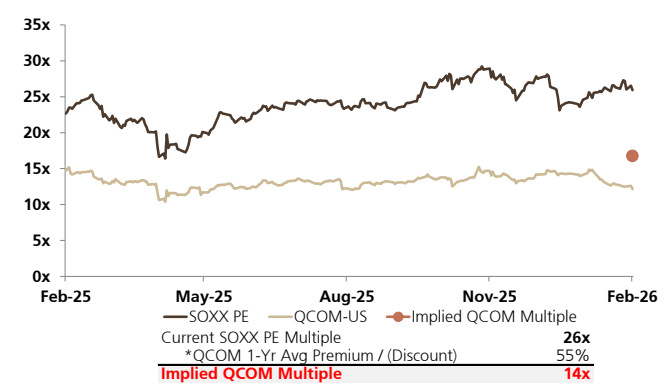
We refresh our relative valuation and leave our multiple unchanged at ~14x, which is applied to the average C2024-2028E EPS of \$10.76 (from \$11.45), lowering our PT from \$160 to \$150. Our target P/E multiple is based on QCOM's NTM P/E relative to SOXX. QCOM has been trading at average ~0.55x SOXX NTM P/E over the 1-yr horizon. We keep our multiple unchanged at ~14x, which reflects a ~35% discount to the SOXX current forward multiple of ~26x.

Figure 66: QCOM - Valuation

Valuation		New	Old
Avg C24-28E			
Non-GAAP EPS	\$	10.76	\$ 11.37
Multiple		14x	14x
PT	\$	150	\$ 160

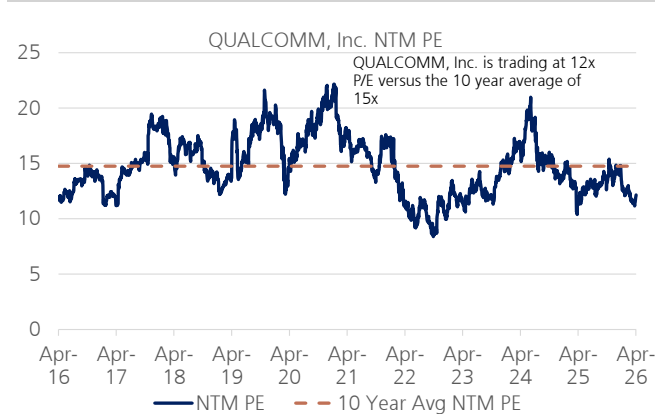
Source: UBS estimates

Figure 67: QCOM and SOXX 1y Fwd P/E



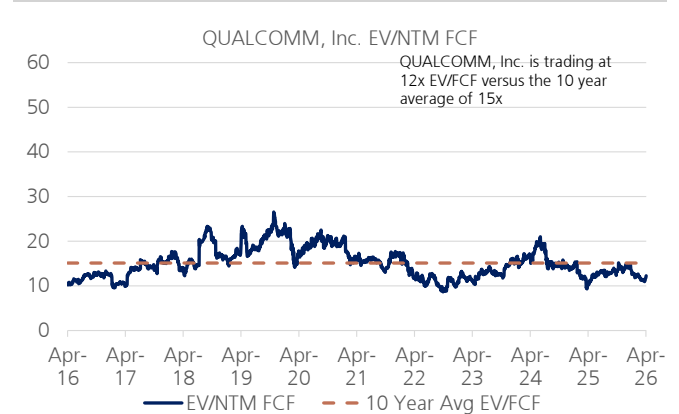
Source: FactSet, UBS

Figure 68: QCOM is trading at ~12x P/E...



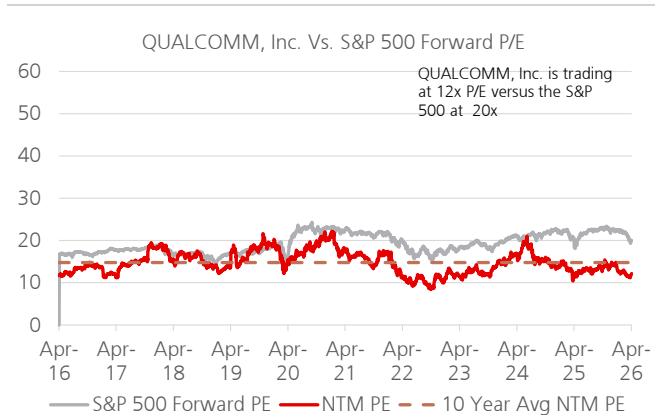
Source: FactSet

Figure 69: ...and ~12x EV/FCF



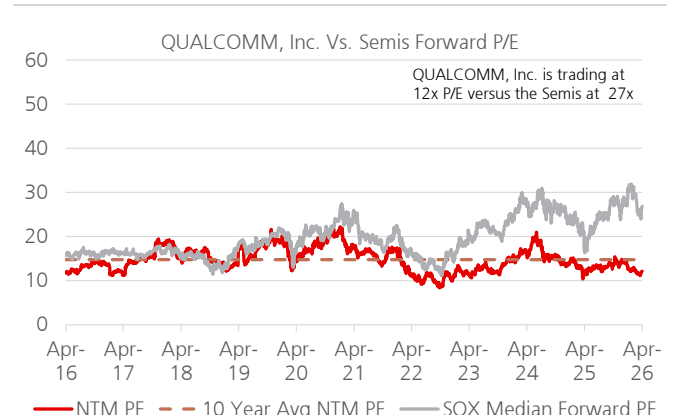
Source: FactSet

Figure 70: QCOM is trading at an ~8 turn P/E discount to the S&P 500...



Source: FactSet

Figure 71: ...and a ~15 turn P/E discount to Semis



Source: FactSet

WDC PREVIEW

Results/Guidance

Results: Our FQ3:26E (Mar) is unchanged with revs/EPS of \$3.29B/\$2.45, slightly above Street at \$3.24B/\$2.37. We model a +6% Q/Q growth in HDD EB shipments along with ASP +3% Q/Q. We model a non-GAAP GM of 48.0% (10 bps above Street) and OpM of 36.3% (vs. Street 35.9%).

Guide: For FQ3:26 (Jun), we model revs/EPS of \$3.50B/\$2.91, above Street at \$3.45B/\$2.68. We model a +3% Q/Q growth in HDD EB shipments along with ASP staying +3% Q/Q. We model a non-GAAP GM of 50.0% (vs Street 49.2%) and OpM of 38.9% (vs Street 37.7%).

Valuation: PT \$350 (from \$285)

We lower our target multiple from 15x to 14x (consistent with LT avg S&P-implied multiple), which is applied to a higher CY27E/CY28E average non-GAAP EPS of \$24.22 (from CY27E \$18.47), increasing our PT from \$285 to \$350.

Key Topics for Earnings

1) Commentary on cloud and enterprise spending environment in the US and China; 2) HDD revs mix and SMR ramp; 4) Expectations for shape of HDD EB shipments and ASP trends in C4Q25 and C2026; 5) Visibility into cloud capex and enterprise spending environment.

Estimate Changes

Our FQ3:26 estimates remain unchanged at \$3.29B/\$2.45. We raise CY26E revs/EPS from \$14.3B/\$12.23 to \$14.6B/\$12.70, CY27E revs/EPS from \$17.6B/\$18.47 to \$19.1B/\$21.01, and CY28E from \$16.0B/\$15.16 to \$22.3B/\$27.43 - driven largely by better EB shipments and higher gross margin.

Figure 72: WDC Annual Estimate Change Summary

	CY 2026E			CY 2027E			CY2028E		
	New	Old	Change	New	Old	Change	New	Old	Change
Revenue (\$MM)	\$14,608	\$14,317	2.0%	\$19,140	\$17,614	8.7%	\$22,335	\$16,013	39.5%
YY Growth	36.1%	33.4%		31.0%	23.0%		16.7%	-9.1%	
Gross Margin	51.6%	51.1%	0.4%	59.0%	57.8%	1.2%	63.8%	55.1%	8.7%
OpEx % of Revs	10.7%	10.9%	0.2%	8.2%	8.6%	0.4%	7.8%	9.9%	2.1%
Operating Margin	40.9%	40.2%	0.6%	50.8%	49.2%	1.6%	56.0%	45.2%	10.8%
Non-GAAP EPS	\$12.70	\$12.23	3.8%	\$21.01	\$18.47	13.8%	\$27.43	\$15.16	80.9%
Product Revenues (\$MM)									
HDD EB shipments	980	968	1.3%	1,225	1,171	4.6%	1,406	1,164	20.8%
YY Growth	26.4%	24.8%		25.0%	21.0%		14.8%	-0.6%	
HDD ASP (\$/TB)	\$14.9	\$14.8	0.8%	\$15.6	\$15.0	3.9%	\$15.9	\$13.8	15.4%
YY Growth	7.7%	6.8%		4.8%	1.7%		1.7%	-8.5%	

Source: Company reports, UBS estimates.

Figure 73: WDC UBSe vs. Street

	2024	2025	Sep'25 2026/1F	Dec'25 2026/2F	Mar'26 2026/3F	Jun'26 2026/4F	2026	Sep'26 2027/1F	Dec'26 2027/2F	Mar'27 2027/3F	Jun'27 2027/4F	2027	Sep'27 2028/1F	Dec'27 2028/2F	Mar'28 2028/3F	Jun'28 2028/4F	2028	CY2024	CY2025	CY2026	CY2027
Revenues (\$MM)																					
UBS	\$13,003	\$13,279	\$2,818	\$3,017	\$3,294	\$3,495	\$12,624	\$3,777	\$4,043	\$4,329	\$4,634	\$16,783	\$4,939	\$5,238	\$5,447	\$5,611	\$21,235	\$15,601	\$10,734	\$14,608	\$19,140
UBS (old)					\$3,294	\$3,461	\$12,590	\$3,670	\$3,892	\$4,087	\$4,291	\$15,940	\$4,506	\$4,731	\$4,543	\$4,100	\$17,879			\$14,317	\$17,614
Consensus					\$3,236	\$3,449	\$12,520	\$3,681	\$3,902	\$4,070	\$4,265	\$15,918	\$4,487	\$4,705	\$4,721	\$4,741	\$18,653			\$14,268	\$17,526
Delta					1.8%	1.3%	0.8%	2.6%	3.6%	6.4%	8.6%	5.4%	10.1%	11.3%	15.4%	18.3%	13.8%			2.4%	9.2%
EPS																					
UBS (non-GAAP)	\$ (0.29)	\$ 6.57	\$ 1.78	\$ 2.13	\$ 2.45	\$ 2.91	\$ 9.29	\$ 3.39	\$ 3.96	\$ 4.46	\$ 4.98	\$ 16.78	\$ 5.50	\$ 6.07	\$ 6.47	\$ 6.85	\$ 24.88	\$ 5.62	\$ 6.93	\$ 12.70	\$ 21.01
UBS (non-GAAP) (old)					\$ 2.45	\$ 2.87	\$ 9.26	\$ 3.22	\$ 3.69	\$ 4.06	\$ 4.43	\$ 15.40	\$ 4.75	\$ 5.23	\$ 4.71	\$ 3.93	\$ 18.62			\$ 12.23	\$ 18.47
Consensus (non-GAAP)					\$ 2.37	\$ 2.68	\$ 8.96	\$ 3.00	\$ 3.33	\$ 3.63	\$ 3.96	\$ 13.92	\$ 4.20	\$ 4.50	\$ 4.52	\$ 4.50	\$ 17.72			\$ 11.38	\$ 16.28
Delta					3.3%	8.3%	3.7%	13.1%	18.7%	23.1%	25.6%	20.5%	31.1%	35.0%	43.2%	52.1%	40.4%			11.6%	29.0%

Source: Company reports, FactSet, UBS estimates

Figure 74: WDC - Summary Table

Western Digital (WDC) - Key Metrics	Pro-forma		Estimates													----- Pro-forma -----								
	C2024A	C2025A	FQ3E CQ1E	FQ4:26E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2026E	FQ3E CQ1E	FQ4:27E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2027E	FQ3E CQ1E	FQ4:28E CQ2E	FQ1E CQ3E	FQ2E CQ4E	C2028E	FISCAL YEAR SUMMARY						
(in \$MM except EPS)																			F2022A	F2023A	F2024A	F2025A	F2026E	F2027E
Revenue	8,377	10,734	3,294	3,495	3,777	4,043	14,608	4,329	4,634	4,939	5,238	19,140	5,447	5,611	5,667	5,610	22,335	9,039	6,255	6,317	9,520	12,624	16,783	
YY Growth		28%	44%	34%	34%	34%	36%	31%	33%	31%	30%	31%	26%	21%	15%	7%	17%		-31%	1%	51%	33%	33%	
COGS	5,392	6,109	1,713	1,747	1,794	1,819	7,073	1,861	1,946	2,000	2,043	7,851	2,043	2,048	2,012	1,992	8,094	6,468	4,827	4,506	5,772	6,667	7,421	
Gross Profit	2,985	4,625	1,581	1,747	1,983	2,224	7,535	2,467	2,688	2,939	3,195	11,289	3,405	3,563	3,655	3,619	14,241	2,571	1,428	1,811	3,748	5,956	9,362	
Gross Margin	35.6%	43.1%	48.0%	50.0%	52.5%	55.0%	51.6%	57.0%	58.0%	59.5%	61.0%	59.0%	62.5%	63.5%	64.5%	64.5%	63.8%	28.4%	22.8%	28.7%	39.4%	47.2%	55.8%	
Opex	\$1,540	\$1,422	\$385	\$389	\$404	\$388	\$1,566	\$384	\$375	\$399	\$411	\$1,569	\$422	\$433	\$440	\$448	\$1,743	\$1,910	\$1,572	\$1,468	\$1,424	\$1,527	\$1,551	
YY Growth		-8%	19%	13%	6%	4%	10%	0%	-4%	-1%	6%	0%	10%	15%	10%	9%	11%		-18%	-7%	-3%	7%	2%	
Operating Margin	17.2%	29.8%	36.3%	38.9%	41.8%	45.4%	40.9%	48.1%	49.9%	51.4%	53.2%	50.8%	54.8%	55.8%	56.7%	56.5%	56.0%	7.3%	-2.3%	5.4%	24.4%	35.1%	46.5%	
Non-GAAP EPS	NA	\$ 6.93	\$ 2.45	\$ 2.91	\$ 3.39	\$ 3.96	\$ 12.70	\$ 4.46	\$ 4.98	\$ 5.50	\$ 6.07	\$ 21.01	\$ 6.47	\$ 6.85	\$ 7.08	\$ 7.03	\$ 27.43	NA	NA	NA	\$ 4.93	\$ 9.29	\$ 16.78	
Cash Flow																								
CFFO	NA	2,671	1,137	1,124	1,190	1,492	4,943	1,717	1,863	1,937	2,257	7,774	2,486	2,590	2,573	2,735	10,384	NA	NA	NA	1,691	3,679	6,262	
Capex	262	364	132	140	151	162	584	173	185	198	210	766	218	224	227	224	893	1,120	807	292	315	437	671	
Cash Related to FP JV		(56)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				(56)	-	-
FCF	NA	2,363	1,005	985	1,039	1,330	4,359	1,543	1,678	1,740	2,047	7,009	2,268	2,365	2,347	2,511	9,491	NA	NA	NA	1,432	3,242	5,591	
% revenue		22%	31%	28%	28%	33%	30%	36%	36%	35%	39%	37%	42%	42%	41%	45%	42%				15%	26%	33%	
HDD KPIs																								
HDD Revenue	8,375	10,734	3,294	3,495	3,777	4,043	14,608	4,329	4,634	4,939	5,238	19,140	5,447	5,611	5,667	5,610	22,335	9,040	6,255	6,316	9,519	12,624	16,783	
Q/Q Growth			9%	6%	8%	7%		7%	7%	7%	6%		4%	3%	1%	-1%								
YY Growth		28%	44%	34%	34%	34%	36%	31%	33%	31%	30%	31%	26%	21%	15%	7%	17%	10%	-31%	1%	51%	33%	33%	
HDD EB shipments	617.6	775.4	227.9	234.7	251.2	266.2	980.0	282.2	299.1	314.1	329.8	1,225.3	343.0	353.3	356.8	353.3	1,406.4	563.8	417.0	447.5	699.0	881.7	1,098.8	
Q/Q Growth			6%	3%	7%	6%		6%	6%	5%	5%		4%	3%	1%	-1%								
YY Growth		26%	37%	24%	23%	24%	26%	24%	27%	25%	24%	25%	22%	18%	14%	7%	15%	20%	-26%	7%	56%	26%	25%	
HDD ASP (\$/TB)	\$13.56	\$13.84	\$14.45	\$14.89	\$15.04	\$15.19	\$14.91	\$15.34	\$15.49	\$15.72	\$15.88	\$15.62	\$15.88	\$15.88	\$15.88	\$15.88	\$15.88	\$16.04	\$15.00	\$14.11	\$13.62	\$14.32	\$15.27	
Q/Q Growth			3%	3%	1%	1%		1%	1%	2%	1%		0%	0%	0%	0%								
YY Growth		2%	5%	8%	9%	8%	8%	6%	4%	5%	5%	5%	4%	3%	1%	0%	2%	-8%	-6%	-6%	-4%	5%	7%	
HDD Unit shipments (MMs)	50.5	51.3	13.2	13.1	13.1	13.2	52.5	13.5	13.6	13.7	13.9	54.7	13.9	13.7	13.6	13.5	54.7	82.0	57.6	45.3	51.7	52.5	53.3	
Q/Q Growth			1%	-1%	0%	1%		2%	1%	1%	1%		0%	-1%	-1%	-1%								
YY Growth		27%	9%	1%	-1%	1%	2%	2%	4%	5%	5%	4%	3%	1%	-1%	-3%	0%	-16%	-30%	-21%	14%	2%	1%	
TB/Drive	48.7	60.4	17.3	18.0	19.2	20.2	74.6	21.0	22.0	22.9	23.8	89.6	24.7	25.7	26.3	26.3	103.0	6.9	7.2	9.9	13.5	16.8	20.6	

Source: Company reports, FactSet, UBS

Figure 75: Western Digital Seasonality Analysis

	HDD EB Shipped % Q/Q				HDD ASP \$/TB % Q/Q				HDD Revenue % Q/Q				HDD Units % Q/Q			
	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q
	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q
2011																
2012			-6.5%	7.4%			-10.2%	-11.8%	53.1%	53.5%	-16.1%	-5.2%	55.3%	60.6%	-12.0%	-5.2%
2013	1.7%	-1.4%	6.5%	8.5%	-1.7%	-0.7%	-5.1%	-3.9%	-0.1%	-2.1%	1.0%	4.2%	1.6%	-0.5%	4.5%	0.8%
2014	-2.7%	3.0%	17.4%	2.5%	-4.8%	-2.1%	-9.5%	-4.8%	-7.4%	0.8%	6.3%	-2.5%	-4.2%	4.4%	2.6%	-5.7%
2015	-7.7%	-8.3%	13.0%	8.8%	-1.6%	-4.5%	-5.6%	-10.3%	-9.2%	-12.5%	6.6%	-2.3%	-10.7%	-11.0%	6.6%	-3.9%
2016	-10.0%	-2.3%	12.3%	6.6%	-5.2%	-0.1%	2.2%	-10.2%	-14.6%	-2.3%	14.7%	-4.3%	-13.2%	-7.0%	18.5%	-5.8%
2017	-7.5%	9.5%	7.6%	9.0%	-4.0%	-8.2%	-2.0%	-5.3%	-11.2%	0.5%	5.4%	3.2%	-12.6%	0.5%	7.4%	0.2%
2018	7.0%	6.0%	-6.0%	-17.0%	-8.4%	-1.6%	-3.7%	-0.5%	-2.0%	4.3%	-9.4%	-17.4%	-13.9%	7.1%	-12.6%	-11.4%
2019	13.0%	14.0%	23.0%	-1.0%	-11.3%	-9.6%	-8.0%	0.5%	0.2%	3.1%	13.2%	-0.5%	-7.9%	-0.4%	5.8%	-0.3%
2020	-6.0%	-2.0%	-7.0%	2.0%	-6.1%	-1.1%	-3.2%	1.5%	-11.8%	-3.1%	-10.0%	3.5%	-16.4%	-5.3%	-0.4%	11.7%
2021	7.0%	34.0%	4.0%	-14.0%	-3.9%	-4.9%	-1.5%	0.5%	2.8%	27.5%	2.4%	-13.6%	-9.7%	9.5%	-5.1%	-10.4%
2022	1.0%	1.0%	1.0%	-35.0%	-4.3%	-1.5%	-6.3%	10.8%	-3.4%	-0.5%	-5.4%	-28.0%	-8.3%	-16.7%	-2.4%	-9.1%
2023	15.0%	-18.0%	-5.0%	14.0%	-10.3%	5.6%	-2.9%	0.4%	3.2%	-13.4%	-7.8%	14.5%	-6.3%	-4.7%	-18.5%	1.3%
2024	41.0%	12.0%	14.0%	7.0%	-9.1%	2.1%	-3.2%	1.8%	28.2%	14.3%	10.4%	9.0%	8.3%	3.4%	9.1%	2.3%
2025	-6.0%	14.0%	7.5%	3.0%	1.3%	-0.4%	0.6%	1.6%	-4.8%	13.6%	8.2%	7.1%	-10.4%	6.6%	2.3%	-1.0%
2026	6.0%	3.0%	7.0%	6.0%	3.0%	3.0%	1.0%	1.0%	9.2%	6.1%	8.1%	7.1%	1.0%	-1.0%	-	1.0%
5y avg	11.6%	8.6%	4.3%	-5.0%	-5.3%	0.2%	-2.7%	3.0%	5.2%	8.3%	1.6%	-2.2%	-5.3%	-0.4%	-2.9%	-3.4%
10y avg	5.5%	6.8%	5.1%	-2.5%	-6.1%	-2.0%	-2.8%	0.1%	-1.4%	4.4%	2.2%	-2.7%	-9.1%	-0.7%	0.4%	-2.3%
LT avg	3.5%	4.7%	5.8%	0.1%	-5.4%	-2.1%	-4.2%	-2.1%	1.6%	6.0%	1.4%	-3.9%	-3.5%	3.3%	0.9%	-5.8%

	Total Revenue % Q/Q				Adj Gross Margin Q-Q				Adj Operating Margin Q-Q				Working Capital \$			
	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q
	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q
2011	-9.0%	6.7%	12.1%	-25.9%	-103 bp	+131 bp	+117 bp	+1,240 bp	-228 bp	+115 bp	+124 bp	+877 bp	(4)	108	(71)	(49)
2012	52.1%	56.6%	-15.1%	-5.2%	+300 bp	-370 bp	+24 bp	-182 bp	+407 bp	-311 bp	-173 bp	-168 bp	483	(40)	77	1
2013	-1.6%	-1.0%	2.0%	4.4%	+51 bp	-9 bp	+44 bp	+27 bp	-51 bp	-37 bp	-21 bp	-15 bp	(1)	638	(101)	(49)
2014	-6.8%	-1.4%	8.0%	-1.4%	-0 bp	-58 bp	+36 bp	+48 bp	-83 bp	-63 bp	+95 bp	+80 bp	(24)	(44)	61	(536)
2015	-8.7%	-10.1%	5.3%	-1.3%	-59 bp	-28 bp	-119 bp	-59 bp	-159 bp	-90 bp	-142 bp	-40 bp	5	(123)	(28)	29
2016	-14.9%	23.8%	34.9%	3.7%	-28 bp	+304 bp	+460 bp	+274 bp	-58 bp	+61 bp	+275 bp	+474 bp	129	244	(205)	168
2017	-4.9%	4.2%	7.0%	3.0%	+262 bp	+199 bp	+452 bp	+91 bp	+148 bp	+266 bp	+591 bp	+50 bp	108	20	(236)	1,507
2018	-6.1%	2.1%	-1.7%	-15.8%	+15 bp	-239 bp	-446 bp	-666 bp	-59 bp	-146 bp	-453 bp	-778 bp	(323)	(462)	(597)	299
2019	-13.2%	-1.1%	11.2%	4.8%	-609 bp	-104 bp	-565 bp	+113 bp	-858 bp	-99 bp	-646 bp	+205 bp	291	(253)	82	(62)
2020	-1.4%	2.7%	-8.5%	0.5%	+197 bp	+102 bp	-63 bp	+6 bp	+236 bp	+207 bp	-86 bp	+46 bp	(351)	(426)	(43)	(35)
2021	4.9%	18.9%	2.7%	-4.3%	+130 bp	+523 bp	+536 bp	-33 bp	+126 bp	+687 bp	+202 bp	-60 bp	(315)	218	(440)	(275)
2022	-9.4%	3.4%	-17.5%	-16.8%	-185 bp	+56 bp	-627 bp	-928 bp	-341 bp	+67 bp	-729 bp	-1,205 bp	41	(401)	(329)	72
2023	-9.8%	-4.7%	2.9%	10.3%	-675 bp	-674 bp	-1,166 bp	+1,143 bp	-702 bp	-704 bp	+178 bp	+1,311 bp	(41)	388	(132)	30
2024	14.0%	8.9%	8.8%	4.6%	+1,377 bp	+702 bp	+1,570 bp	-257 bp	+1,399 bp	+670 bp	+389 bp	-142 bp	(303)	(193)	(824)	(288)
2025	-46.5%	13.6%	8.2%	7.1%	+421 bp	+124 bp	+541 bp	+221 bp	+582 bp	+212 bp	+228 bp	+340 bp	(110)	120	(99)	(176)
2026	9.2%	6.1%	8.1%	7.1%	+189 bp	+200 bp	+532 bp	+250 bp	+254 bp	+256 bp	+293 bp	+360 bp	84	(96)	(215)	(128)
5y avg	-9.3%	8.0%	1.0%	0.2%	+214 bp	+146 bp	+171 bp	+29 bp	+213 bp	+186 bp	+54 bp	+49 bp	(146)	26	(365)	(127)
10y avg	-8.7%	7.2%	4.8%	-0.3%	+91 bp	+99 bp	+69 bp	-4 bp	+47 bp	+122 bp	-5 bp	+24 bp	(87)	(75)	(282)	124
LT avg	-4.1%	8.2%	4.0%	-2.2%	+73 bp	+44 bp	+53 bp	+69 bp	+24 bp	+56 bp	-11 bp	+65 bp	(28)	(14)	(192)	42

Source: Company reports, UBS

Valuation

We lower our target multiple from 15x to 14x (consistent with LT avg S&P-implied multiple), which is applied to a higher CY27E/CY28E average non-GAAP EPS of \$24.22 (from CY27E \$18.47), increasing our PT from \$285 to \$350.

Figure 76: Western Digital Valuation

Valuation	New	Old
Non-GAAP EPS		
C2027	\$ 21.01	\$ 18.47
C2028	\$ 27.43	
C27/C28 avg.	\$ 24.22	
Multiple	14x	15x
Price Target	\$ 350	\$ 285

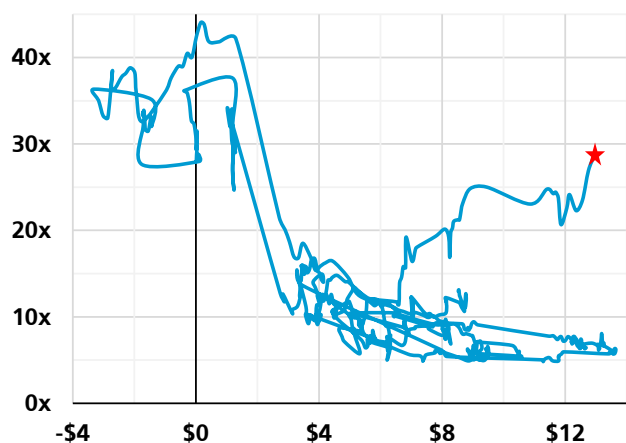
Source: Company reports, UBS estimates, FactSet.

Figure 77: Western Digital Relative Valuation Approaches

Current STX NTM P/E Multiple	29.4x
WD Pure Play Premium/Discount to STX	+3%
STX-Implied WDC NTM Multiple	30.3x
Current SOX NTM P/E Multiple	23.1x
Western Digital LT Avg Premium/Discount to SOX	-43%
SOX-Implied WDC NTM Multiple	13.1x
Current S&P 500 NTM P/E Multiple	21.2x
LT Avg Premium/Discount to S&P 500	-33%
S&P 500-Implied WDC NTM Multiple	14.2x

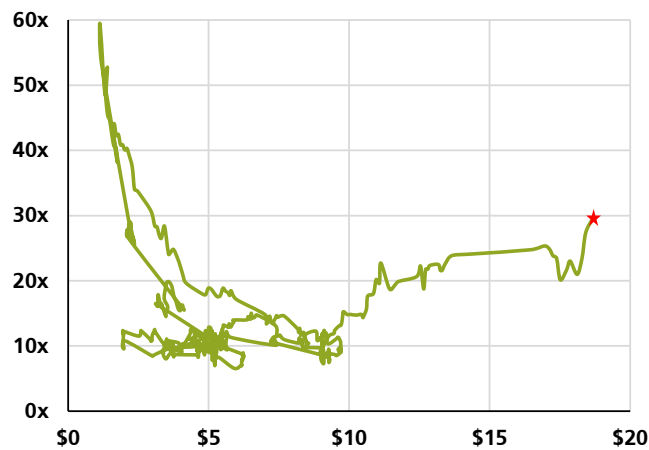
Source: Company reports, UBS estimates, FactSet.

Figure 78: WDC PE and EPS LT trajectory



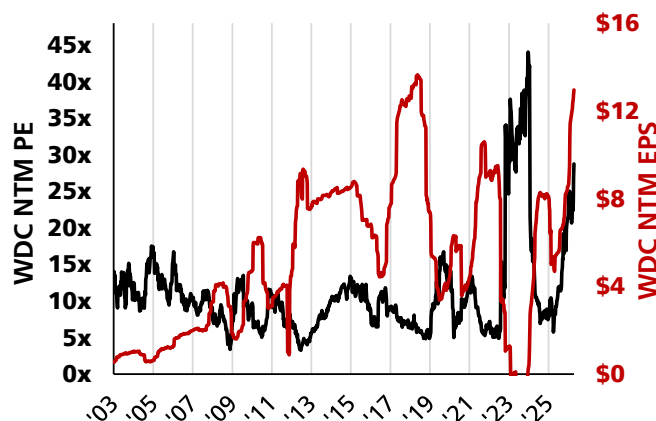
Source: Company reports, UBS, FactSet.

Figure 79: STX PE and EPS LT trajectory



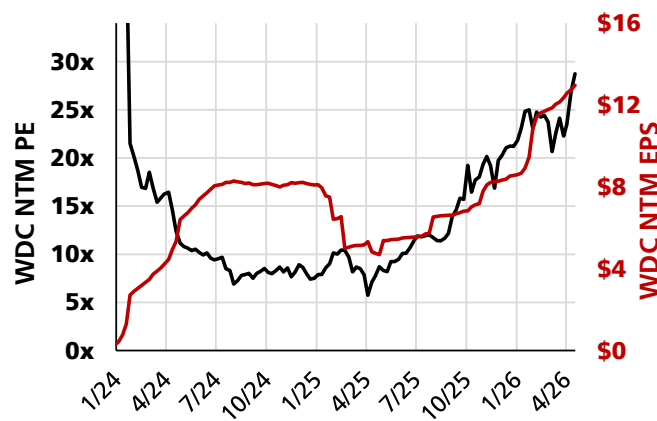
Source: Company reports, UBS, FactSet.

Figure 80: WDC PE and EPS LT history



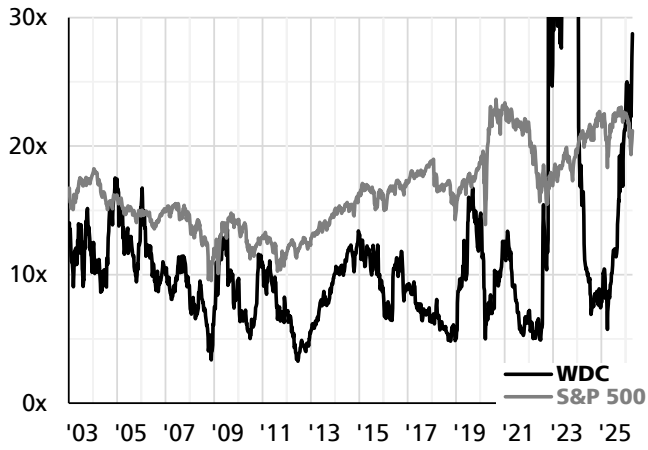
Source: Company reports, UBS, FactSet.

Figure 81: WDC PE and EPS ST history



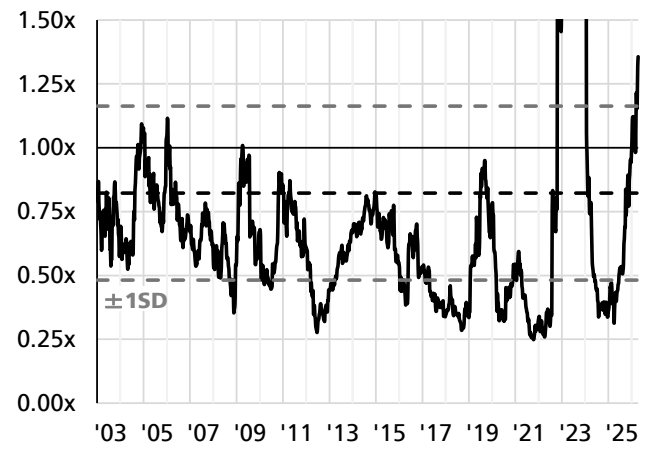
Source: Company reports, UBS, FactSet.

Figure 82: Western Digital (WDC) and S&P 500 1-yr Forward P/E LT History



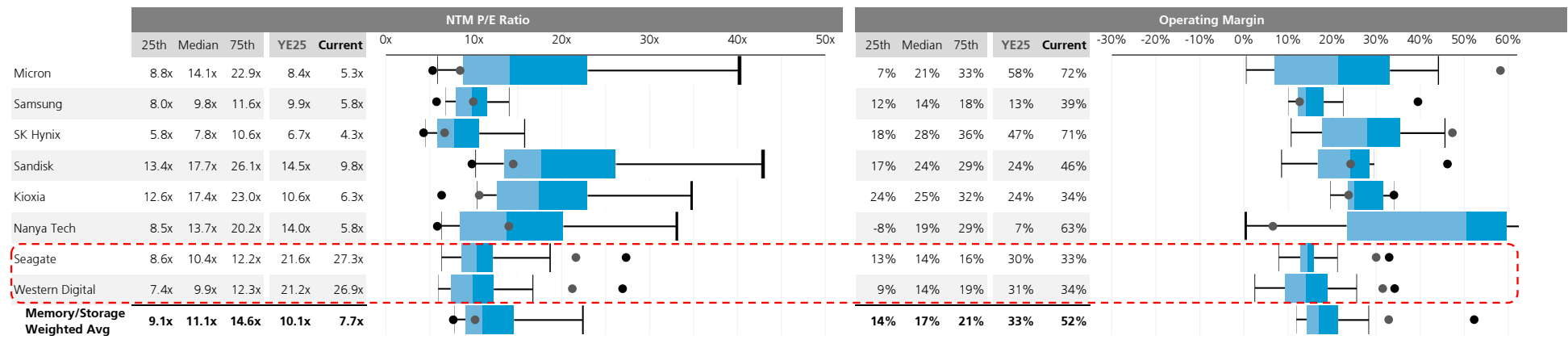
Source: Company reports, UBS, FactSet.

Figure 83: Western Digital (WDC) 1y Fwd P/E Relative to S&P 500 - LT History



Source: Company reports, UBS, FactSet.

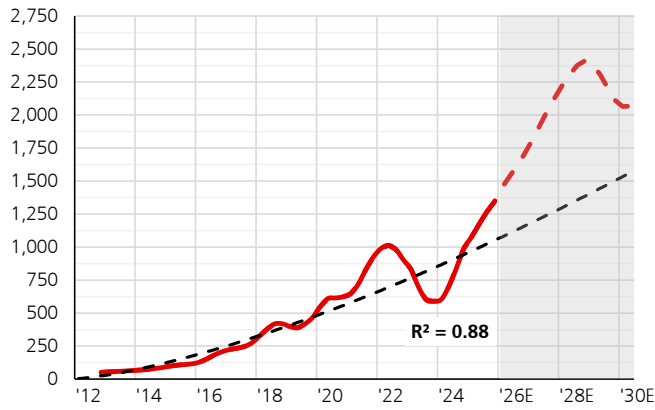
Figure 84: Memory Cycle Overview - STX and WDC are both at peak margins and peak multiples at the same time



Source: Company reports, UBS estimates, FactSet

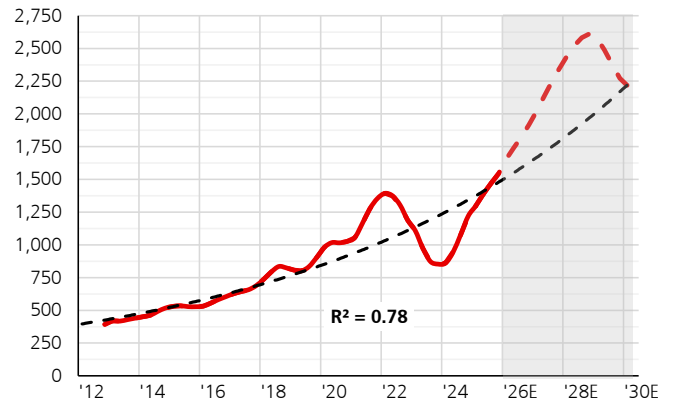
Key HDD Industry Charts and WDC vs. STX Comparison

Figure 85: WDC + STX TTM Nearline EB Shipments and trendline



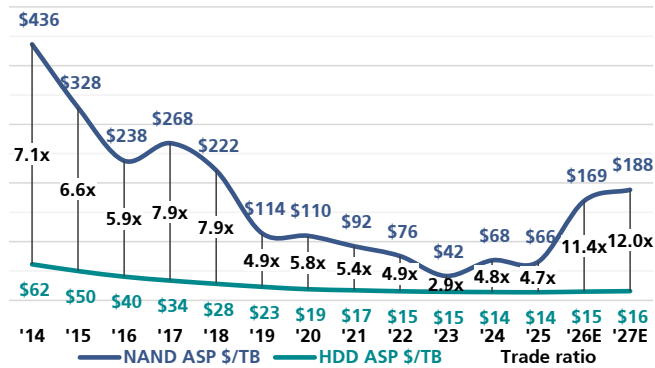
Source: UBS estimates, Company reports

Figure 86: WDC + STX TTM Total EB Shipments and trendline



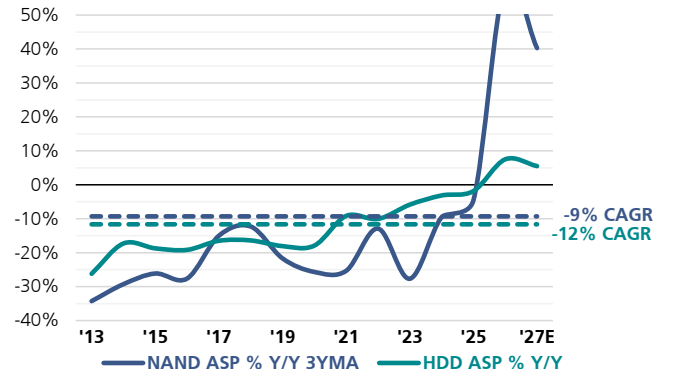
Source: UBS estimates, Company reports

Figure 87: HDD vs NAND ASP



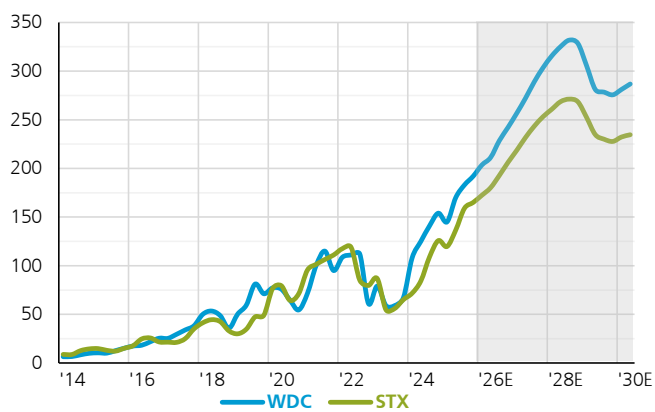
Source: UBS estimates, Company reports

Figure 88: HDD vs NAND ASP Declines



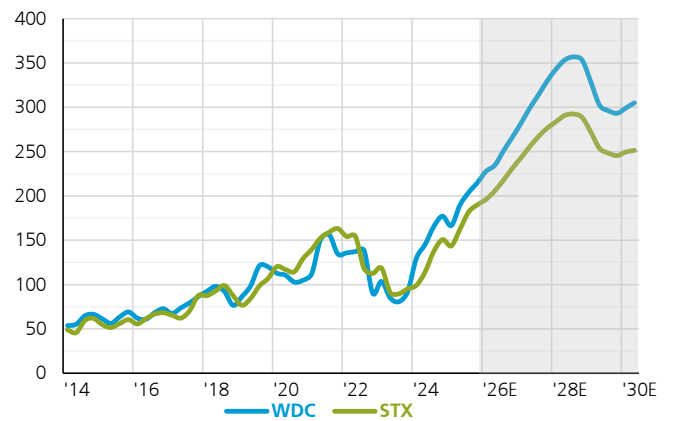
Source: UBS estimates, Company reports

Figure 89: Nearline Capacity (EB)



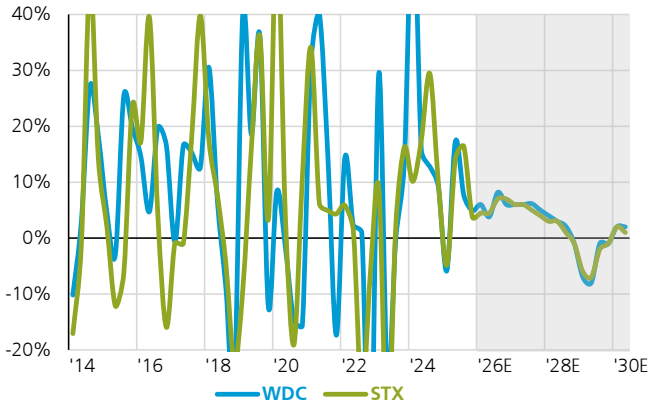
Source: UBS estimates, Company reports

Figure 90: Total Capacity Shipped (EB)



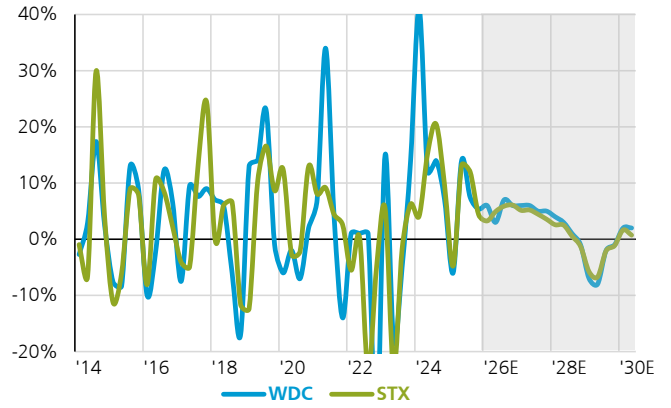
Source: UBS estimates, Company reports

Figure 91: Nearline EB Shipment Q/Q Growth



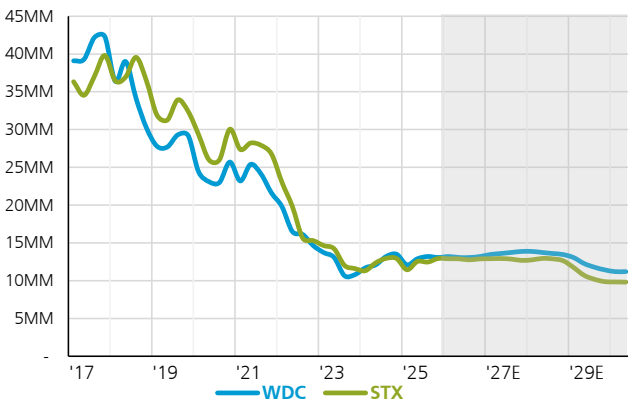
Source: UBS estimates, Company reports

Figure 92: Total EB Shipment Q/Q Growth



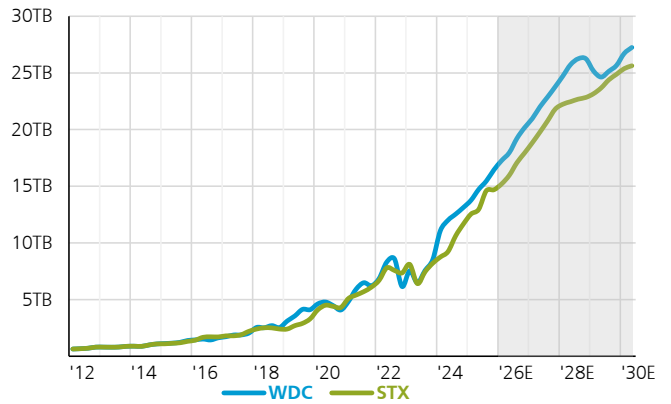
Source: UBS estimates, Company reports

Figure 93: Drive Units (MMs)



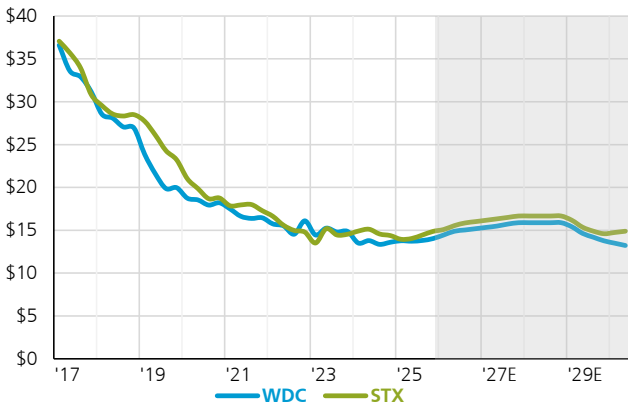
Source: UBS estimates, Company reports

Figure 94: Capacity per drive (TB)



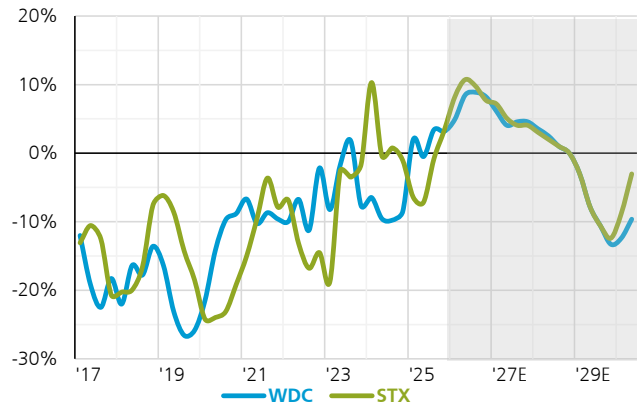
Source: UBS estimates, Company reports

Figure 95: HDD Unit Price \$/TB



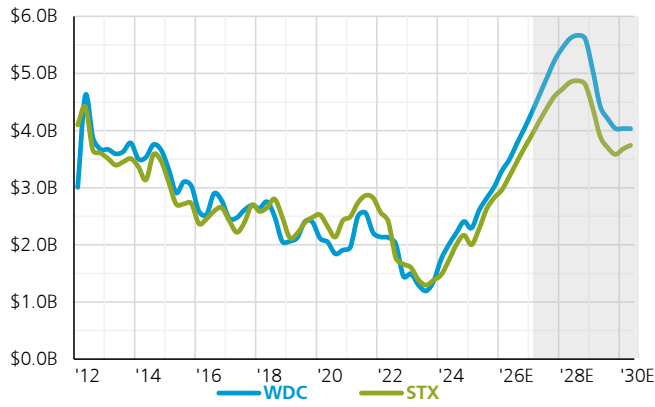
Source: UBS estimates, Company reports

Figure 96: HDD Unit Price \$/TB Y/Y Growth



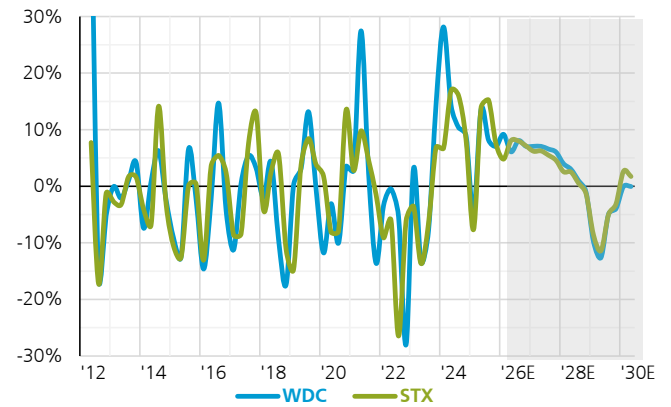
Source: UBS estimates, Company reports

Figure 97: HDD Revenue (US\$B)



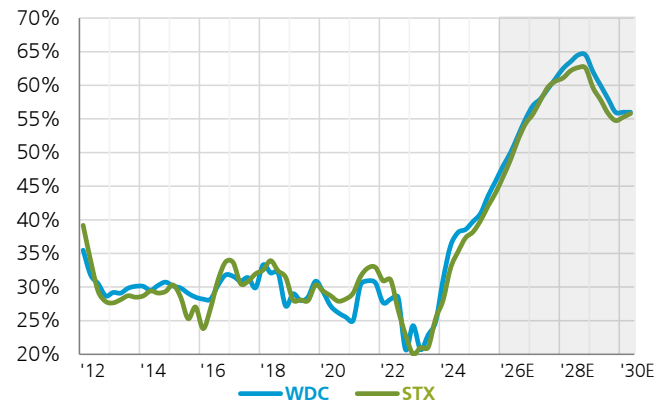
Source: UBS estimates, Company reports

Figure 98: HDD Revenue Q/Q Growth



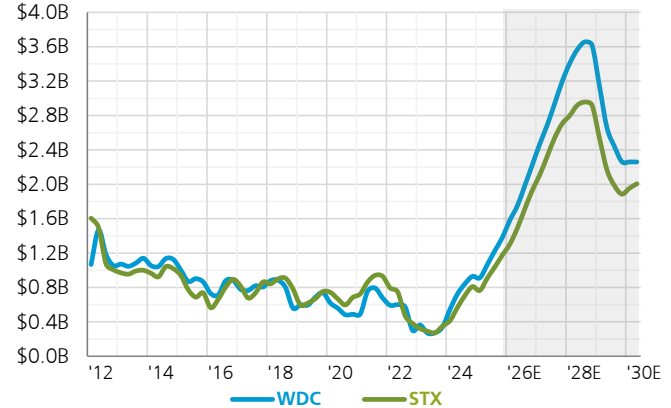
Source: UBS estimates, Company reports

Figure 99: HDD Gross Margin



Source: UBS estimates, Company reports

Figure 100: HDD Gross Profit (US\$B)



Source: UBS estimates, Company reports

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$520): Our upside case is premised on a stronger HDD market. We assume bit shipments expand to 1,270EB in CY27 and 1,499EB in CY28 and ASPs increase to \$16.15/\$16.79 in CY27E/CY28E respectively. This yields CY27E/CY28E revenue of \$20.5B/\$25.2B respectively. This leads to a CY27E/CY28E average EPS of \$28.82 to which we apply a higher 18x multiple, giving an upside scenario valuation of \$520.

BASE (\$350): Our base case assumes bit shipments expand to 1,225EB in CY27 and 1,406EB in CY28 and ASPs increase to \$15.62/\$15.88 in CY27E/CY28E respectively. This yields CY27E/CY28E revenue of \$19.1B/\$22.3B respectively. This leads to a CY27E/CY28E average EPS of \$24.22 to which we apply a 14x multiple, giving a base scenario valuation of \$350.

DOWNSIDE (\$255): Our downside case is premised on a modest HDD upcycle with weaker pricing strength. We assume bit shipments of 1,125EB in CY27 and 1,238EB in CY28 and ASPs of \$15.11/\$15.11 in CY27E/CY28E respectively. This yields CY27E/CY28E revenue of \$17.0B/\$18.7B respectively. This leads to a CY27E/CY28E average EPS of \$20.27 to which we apply a 12x multiple, giving a downside scenario valuation of \$255.

Valuation Method and Risk Statement

We use various valuation techniques such as P/E, EV/FCF for valuing the companies in this report. Risk factors include but are not limited to macroeconomic factors such as a downturn in the economy, a disruption of international trade, technological disruption due to new inventions, or business model innovation whereby structural changes in the industry alter the future course of unit sales, ASPs, and revenues.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Teradyne Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	N/A
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	N/A
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	N/A
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

Qualcomm Inc.

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	N/A
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	N/A
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	N/A
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

Onsemi

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	N/A
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	N/A
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	N/A
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

Impinj Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	3
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	4
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst

Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

KLA Corporation

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	N/A
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	N/A
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	N/A
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	

Entegris Inc

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	N/A
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	N/A
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	N/A
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	N/A
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	N/A
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	No Catalyst
9. Is there an actual or approximate date for the catalyst?	

Question	Response
10. Is the catalyst date an actual or approximate date?	N/A
11. What is the catalyst?	