

AI Research

SemiBytes: Earnings Previews (ON, GFS, AMD, SWKS, QRVO, ALAB, SITM, ALGM, MCHP, INDI)

Equities

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Figure 1: Summary of estimate changes for earnings previews

Ticker	Rating	Price Target				Revenue (US\$)						EPS (US\$)						New Valuation		Old Valuation	
		New	Old	Delta (\$)	Delta (%)	2026		2027		2026		2027		New	Old	P/E	P/E				
ON	Neutral	\$95	\$70	+25	+36%	\$6,256	\$6,159	+1.6%	\$7,154	\$6,957	+2.8%	\$2.89	\$2.82	+2.5%	\$4.29	\$4.13	+3.9%	\$4.29	22x	\$4.13	17x
GFS	Neutral	\$65	\$50	+15	+30%	\$7,299	\$7,246	+0.7%	\$8,495	\$8,337	+1.9%	\$1.84	\$1.82	+1.3%	\$2.63	\$2.55	+3.0%	\$2.63	25x	\$2.55	19x
AMD	Buy	\$455	\$310	+145	+47%	\$49,282	\$46,724	+5.5%	\$74,848	\$70,798	+5.7%	\$7.65	\$6.65	--	\$13.09	\$11.57	--	\$13.09	35x	\$11.57	27x
ALAB	Neutral	\$180	\$180	--	--	\$1,395	\$1,395	--	\$1,959	\$1,959	--	\$2.63	\$2.63	--	\$3.74	\$3.74	--	\$3.74	47x	\$3.74	47x
SITM	Buy	\$675	\$485	+190	+39%	\$524	\$513	+2%	\$741	\$676	+10%	\$5.54	\$5.38	+3%	\$7.81	\$6.95	+12%	\$7.81	87x	\$6.95	70x
ALGM	Buy	\$52	\$44	+8	+18%	\$885	\$885	--	\$1,079	\$1,079	--	\$0.56	\$0.56	--	\$1.20	\$1.20	--	\$1.88	27x	\$1.88	23x
MCHP	Buy	\$115	\$95	+20	+21%	\$4,671	\$4,671	--	\$5,982	\$5,982	--	\$1.58	\$1.58	--	\$3.11	\$3.06	+1.4%	\$4.24	27x	\$4.21	23x
INDI	Neutral	\$4.25	\$4.25	--	--	\$271	\$271	--	\$428	\$428	--	\$0.09	\$0.09	--	\$0.27	\$0.27	--	\$0.27	16x	\$0.27	16x
QRVO	Neutral	\$87	\$87	--	--	\$3,675	\$3,675	--	\$3,443	\$3,443	--	\$6.54	\$6.54	--	\$6.88	\$6.88	--				
SWKS	Neutral	\$62	\$58	+5	+9%	\$3,801	\$3,801	--	\$3,937	\$3,937	--	\$4.92	\$4.92	--	\$5.25	\$5.25	--	\$5.01	12x	\$5.01	11x

Source: UBS estimates

ON (reports 5/4 BMO): After a very strong rally into and through peers' earnings reports, expectations here have risen. While we do like the overall backdrop for analog, we wonder if ON's exposure (specifically China autos) can produce guidance good enough to satisfy investors. We think that ON will probably have scope to report in the upper half of the guidance range (revenue/EPS of \$1.48B/\$0.60, down 3%/6% Q/Q). For June, we see a guidance number in the ~\$1.55-1.6B range as doable – which would put ON in the low teens Y/Y net of the ~\$100MM in Y/Y exits the company discussed last earnings call. It is hard to see much better than this given our [alternative data](#) with worst-in-class ASP performance in PMICs and volume and pricing quite a bit below industry average for transistors. Finally, ON is probably feeling better about the outlook but it may hold any concrete commentary for its just scheduled analyst day in September. ON stock has performed much better in recent weeks with much more positive sentiment around analog in general, but we may not see the sort of follow through here that we saw with peers like TXN. We modestly raise 2H26 and 2027 and with the peer set having rerated, we raise our target multiple from 17x to 22x (halfway between comps' 29x and relative multiple history's 17x) taking our PT from \$70 to \$95 (22x \$4.29 EPS). We reiterate Neutral.

GFS (reports 5/5 BMO): We see a slight upward bias to March Q at \$1.64B/\$0.37 and see an upside bias to our June Q revs/EPS of \$1.76B/\$0.40 driven by strong momentum in Industrial and data center but partially offset by continued softness in smartphones. On the Industrial side, [macro indicators continue to improve meaningfully](#), with S&P Global flash Manufacturing PMI rising 1.6 points to 54.0 in April, while ISM-weighted PMI increased 1.5 points to 53.7 - signaling broadening strength. Importantly, gains were driven by fundamentals, with output and new orders both up 2.5 points, suggesting real activity improvement rather than inventory noise. This aligns with our bottom-up checks: analog peers are broadly taking up numbers, reinforcing the case that GFS should participate in the industrial upcycle as well. Data center demand remains solid, and we see CID segment growing 40% Y/Y. At the same time, autos outlook remains choppy, consistent with mixed commentary from analog suppliers and Home IoT/ personal electronics commentary from peers remains mixed and does not suggest any imminent demand snap back. In smartphones, we remain cautious looking at C2026 as we expect to see 2H demand destruction weighing on mid-term expectations. Longer-term, we remain constructive as non-wafer revenue continues to trend higher, supporting gross margin expansion. Lastly, this is difficult to predict, but we could see a scenario for GFS to be involved in Elon Musk's Terafab initiative as its process technologies are well suited for many of the myriad applications for that umbrella of businesses. For C2026, we raise our Comms Infrastructure & Data Center estimates to

\$1.05B from \$970MM, and Home & Industrial to \$1.3B from \$1.27B but lower Smart Mobile to \$2.48B from \$2.55B (down -7% Y/Y vs UBS smartphone units -10% Y/Y as GFS is levered to premium smartphone launches). Net, our CY26/CY27 estimates increase from \$7.25B/\$1.82 and \$8.34B/\$2.55 to \$7.30B/\$1.84 and \$8.50B/\$2.63. We increase our PT from \$50 to \$65 as we refresh multiple from 19x to 25x.

AMD (reports 5/5 AMC): The market obviously realizes that INTC's guidance reads very favorably for AMD – particularly server CPU given commentary that implies INTC is undershipping the market by ~20%. The main question here is AMD's supply, but our field work through the Q was indicating that supply for INTC's parts was far more constrained than for AMD parts – so we think this sets up very well for AMD and we see revenue being guided up at least \$1B Q/Q to the low \$11B range (Street ~\$10.4B). This is very good and provides some cover for the GPU business, but given the lumpiness coming later this year with the ramp of MI450x, the most important thing on this call and in the callbacks we think will be how the company sets up the ramp. Street estimates assume data center GPU revenue grows by ~\$0.4B Q/Q in CQ3 and by ~\$4.6B Q/Q in CQ4 which seems aggressive to us given that our field work on the racks continues to support a ramp that will only start deep into CQ4 and we are not sure that customers will be willing to finance compute board inventory that far ahead of the racks shipping. Server CPU: Intel's CY2026 outlook implies its Data Center & AI segment growing ~40% Y/Y and we now see AMD server CPU growing as much as 80% this year with units up ~40-45% and pricing now up in the 20% range – helped in part by the ramp of the new Venice parts. From a competitive standpoint, our checks remain constructive. AMD's CPU portfolio continues to compare favorably with Intel's offerings, and the lack of meaningful timeline updates for Diamond Rapids and Coral Rapids reinforces our view that AMD should maintain a competitive advantage across the x86 ecosystem through C2026. Client CPU: INTC's Client revenues commentary was more bullish than we expected fueled by what INTC says is very low customer inventories. We model AMD's Client business to be up ~6% this year reflecting stronger market share as INTC is reallocating some of the Client supply to Data Center. Data center GPU: given our work on the rack timing, we reduce our C2026 DC GPU revenue slightly from \$14.5B to \$14B with some revenue pulled out of both CQ3 and CQ4, but overall we are raising our C2026/2027/2028 revs/eps from \$47B/\$71B/\$91B to \$49B/\$75B/\$95B and from \$6.65/\$11.57/\$15.94 to \$7.65/\$13.09/\$17.62 driven almost entirely by data center CPU. We increase our PT to \$455 from \$310, based on a 35x avg peer multiple applied to C2027 EPS. Because AMD is in the very early stages of ramping into a huge XPU TAM, we would argue that the stock should command a higher multiple than peers and given our ~\$18 EPS in C2028, think a ~\$455 PT makes sense at ~25x PE multiple compared to peers' average of 24x for C2027E.

SWKS (reports 5/5 AMC): We see FQ2 (Mar) results slightly above the midpoint of guidance at \$907MM/\$1.08 as SWKS tends to report towards the higher end of the range ([Figure 65](#)). Management indicated Jun Q is typically down 3-5% Q/Q but noted its recent track record of beating guidance, suggesting potential upside to the Street's \$861MM/\$0.94 especially as iPhone units have actually been okay. With iPhone 18 content already announced (blended content flat Y/Y), we expect little incremental news on this call as it is generally the least important quarter of the year for SWKS investors. That said, the key theme remains visibility on smartphone demand destruction given memory price inflation (we estimate total smartphone units -10% Y/Y) - although SWKS is better insulated given its high exposure to AAPL where we see units +3% Y/Y. Looking ahead, our supply chain checks point to a more aggressive internal modem ramp for the upcoming iPhone 18 launch at 60-70% mix. We think this could be a risk to blended content in 2H26 assuming AVGO retained sole-source share for the DRx socket in the internal modem iPhone 18, but a longer-term structural tailwind as the internal modem opens up incremental content opportunities for SWKS. Beyond Mobile, our [alternative data](#), [macro indicators](#), and [commentary from analog companies](#) having already reported suggest Broad Markets should benefit from an acceleration in the analog upcycle, as the WiFi portfolio grows followed by autos and infrastructure. Net, we leave CY26/CY27 estimates unchanged at \$3.79B/\$4.91 and \$4.01B/\$5.38, and our PT goes from \$58 to \$63 as we refresh multiple from 11x to 12x.

QRVO (reports 5/5 AMC): We see FQ4 (Mar) near the midpoint of guidance at \$804MM/\$1.23, though there could be an upside bias here given historical reporting bias ([Figure 72](#)) and strong exposure to aerospace & defense where fundamentals have been very strong. While management is unlikely to provide guidance and QRVO is no longer hosting an earnings call, we forecast June Q at \$751MM/\$1.05 - slightly ahead of

Street \$737MM/\$0.98. With AAPL revenue for FY27 already announced (flat Y/Y), we don't expect this earnings release to move the needle given the pending deal (though it would probably be a positive catalyst were it not for the deal). However, the key debate remains smartphone demand destruction given memory price inflation (we estimate total smartphone units -10% Y/Y) - although QRVO is better insulated given its high exposure to AAPL where we see units +3% Y/Y. Looking ahead, our supply chain checks point to a more aggressive internal modem ramp for the upcoming iPhone 18 launch at 60-70% mix - creating potential upside to blended content in 2H26 given QRVO's ET-PMIC win in the internal modem iPhone 18. Beyond ACG, we believe HPA benefits from an acceleration in industrial upcycle - as indicated in our [alternative data](#), [macro indicators](#), and [commentary from analog companies](#) having already reported - particularly given QRVO's high exposure to A&D. Net, we leave CY26/CY27 estimates unchanged at \$3.39B/\$6.35 and \$3.57B/\$7.97, and our PT remains \$87.

ALAB (reports 5/5 AMC): We are maintaining our Mar Q revenue/EPS estimates at \$296MM/\$0.54, toward the upper end of guidance and modestly above consensus on revenue. While our estimates are unchanged, recent AWS-related news flow reinforces our constructive near to medium-term outlook for ALAB's revenue and earnings trajectory. In particular, the expansion of the AWS-Anthropic partnership, with Anthropic committing over \$100B in spend at AWS over the next decade and securing up to 5GW of Trainium capacity. We estimate that, based on Trn3 rack configurations, 1GW equates to ~6.9K racks and ~1MM chips, implying a total opportunity of ~5MM Trn3 equivalent chips over the life of the agreement (10 years). That said, given the long duration of the commitment, we view the deal as only modestly incremental to ALAB's financials over the next couple of years. The total commitment compares to our Trainium shipment estimates of C2026 ~1.2MM units of Trn2, and ~0.7MM Trn2 units and ~2.0MM Trn3 units in C2027 - with Anthropic accounting for a meaningful share of the compute consumption. In our discussions with investors following our [initiation](#), we continue to hear that the timing of the Trainium 3 ramp remains a key near term catalyst for the stock. On that front, our supply chain work suggests initial ramp activity with Alchip beginning toward the end of Jun Q'26, positioning volume ramp as an incremental driver to estimates in late CY26 and CY27. Beyond AWS, we view the broader agentic AI trend as structurally supportive for ALAB, as increasingly complex AI workloads drive higher demand for CPU orchestration, memory bandwidth, and I/O intensity across AI clusters. These dynamics should benefit demand for retimers and CXL solutions over time. While these factors underpin our constructive medium term backdrop, we remain cautious on the longer term outlook given the industry's gradual shift toward optical interconnects and the potential implications for ALAB's content opportunity. We reiterate our Neutral rating.

SITM (reports 5/6 AMC): We expect Mar Q at least in-line with the top of guidance and above Street at \$105MM/\$1.20 as SITM tends to report above the top-end of the guidance range. Data center commentary remains bullish in the near term as hyperscaler capex continues to move upwards (UBSe 66% Y/Y in CY26) and SITM stands to benefit from the ramp of NVDA Blackwell Ultra and Vera Rubin (2H26) (we think resulting in a \$30MM-\$42MM revenue attach for CY26) and existing engagements with Amazon (Trainium) and Google (TPU). More importantly, we expect 1.6T to be a tailwind as SITM has greater share (vs 70% at 800GB) and 20-30% higher ASPs - although there is terminal value uncertainty on the company's content opportunity in CPO-based architectures (which is why our model assumes more modest growth in 2028-2030). Net, we raise our CY26/CY27 data center estimates to \$315MM/\$423MM - above Street \$303MM/\$393MM. Beyond data center, there is near-term upside to AID as our [alternative data](#), [macro indicators](#), and [commentary from analog peers](#) having already reported all point to the industrial upcycle accelerating. Within smartphone, our supply chain checks point to a more aggressive internal modem ramp for the upcoming iPhone 18 launch, creating upside opportunity in 2H26 as SITM's content is \$0.50-\$1.00 per internal modem. Net, we adjust our smartphone estimates as we expect ~60-70% of iPhone 18 models to support the internal modem. All in, we increase our CY26/CY27 estimates from \$513MM/\$5.38 and \$676MM/\$6.95 to \$524MM/\$5.54 and \$741MM/\$7.81, and our PT increase from \$485 to \$675. We reiterate Buy and SITM remains a favorite SMID semi supplier alongside ALGM.

ALGM (reports 5/7 BMO): We expect Allegro to report FQ4 (Mar) right near the top of guidance (\$238MM/\$0.19) consistent with its history. Our forecast for FQ1 (Jun) remains more in the ~\$255MM range for revenue versus Street ~\$245MM and we feel okay about this primarily given strength in industrial and data center. Other factors to

consider: 1) management suggests Jun Q normal seasonal is about flat, but its 8 years as a public company suggest more like +4%; 2) the channel should finally be neutral, or even positive to the extent customers see lead times pushing out; 3) ADAS seems to be having a strong quarter, but xEV less so; and 4) autos remain so/so, with China autos still weak. Outside of autos, industrial and data center are both very strong (~30% of revenue). Finally, pricing has been a tailwind for ADI, and even TXN is finally indicating pricing is going up and this could be a tailwind for 2H, and we think there is some room for ALGM to leverage pricing a bit more aggressively in some of its markets. Adding it all up, management will likely maintain the easily-beatable 20%+ F2027 revenue growth guidance offered at the analyst day and the industrial and autos story is a good one here. ALGM is also one of the few analog stocks that still screens relatively inexpensive on PEG as it returns to scale post this downturn (Figure 100). We refresh our comp multiples, walking our PT up modestly to \$52 (27x \$1.88) and reiterate our Buy rating. We continue to like ALGM as a favorite small cap semi name alongside SITM.

MCHP (reports 5/7 AMC): Even amid this rally, MCHP stock performance lags peers (+42% YTD vs analog sector +55%) and we think this creates enough dry powder that this one could set up very well on the earnings print. We see March coming in at the high end of the range and see June Q revenue guided at least a few 100bps above normal seasonal of up ~6% Q/Q. In our [alternative data sets](#), the catalog data looked good for MCUs in general and MCHP specifically, and of course it is relatively over-exposed to industrial and data center – two of the strongest verticals right now. Also this quarter, with MCHP's 10-K, we get the annual update on MCHP end markets and management is working on improving end market reporting so we may get quarterlies moving forward (but, the early concepts of this reporting we heard somewhat conflated end markets vs product categories so getting the details right is important). We leave our Street-high revenue unchanged though we think the direction of travel is biased to the upside, and we modestly raise GM and opex, leading to little net impact on EPS. In all, in our cycle framework (Figure 127) Microchip is still not at all recovered, with peak multiple and trough margins, both owing to MCU/industrial exposure and to the PSP which held up the upcycle and delayed the downcycle and subsequent recovery. We think MCHP stock is being underappreciated and should perform quite nicely in what still looks to be a big cyclical recovery year for analog (we expect 130% EPS growth this CY and over 50% next CY); we raise our target multiple from 23x to 27x (in line with the S&P 500 relative history but still four turns below peers), taking our PT up from \$95 to \$115, and we reiterate our Buy rating.

INDI (reports 5/7 AMC): Last quarter, Indie offered a disappointing Mar Q guide on the back of the Wuxi SAAR-driven business that is on its way out the door, then followed this with a convertible offering that drove shorting activity among debtholders, leading it to be one of very few analog names to be down YTD even after a torrid April rally (along with ADAS-related near-peer names like Ambarella and Mobileye). While the autos industry is not all rosy – there has been regulatory/subsidy disruption in the Chinese auto market followed by an energy price shock – we are not aware of any reason why ADAS names are much worse positioned than broad or EV-driven auto semi suppliers (TXN ADI IFX STM ON Rohm are all at or near 52 week highs), and the outlook we heard from MBLY struck us as constructive, so the difference in stock performance is quite striking. We see some scope for a non-core miss on Wuxi Indie 1Q results or 2Q guide, although with 4Q earnings so far into 1Q it would take a material deterioration for the company to miss its lowered 1Q target, expectations should not be elevated as INDI and peers sat out the broader analog rally, and we think a Wuxi miss is irrelevant given a relatively non-economically motivated buyer. More likely, we think Indie continues to execute towards its transformational Tier 1 radar launch at the end of the year with reasonable revenue trends and manageable inflationary cost pressure. In our view the market has taken this selloff a little far and, barring some sort of disruption to the radar ramp, the stock appears compelling at current levels (and the increased investor interest from both the equity and convertible debt communities would support this); yet the lack of any catalyst path until closer to year end (Wuxi sale, radar ramp, rolling forward to C27 and C28 valuations) keeps us Neutral for the time being.

ON PREVIEW

Results/Guidance

Results: Our model is unchanged with Mar Q revenue of \$1.48B and EPS of \$0.60, both in-line with Street and the midpoint of guidance.

Guide: Our model is little changed with our June Q revenue estimate of \$1.54B and EPS of \$0.68 both in line with the Street. We did lower our working capital estimate which lowered FCF as a result.

Valuation: PT from \$70 to \$95

Our PT goes from \$70 to \$95, based on our target P/E multiple increasing from 17x to 22x and our C27E EPS increasing to \$4.29 (from \$4.13).

Key Topics for Earnings:

1) End market demand trends, particularly Automotive trends by geography; 2) progress on non-core exits and the SiC modules-to-dies transition; 3) momentum of the Treo business and green shoots such as the acquired JFET business; 4) more detail on Fab Right efforts and gross margin, in advance of a possible new LT model at the analyst day in September; 5) opex trajectory from here.

Estimate Changes

Our CQ1:26 estimates are unchanged at \$1.48B/\$0.60. We modestly raise CY26 from \$6.16B/\$2.82 to \$6.26B/\$2.89, CY27 from \$6.96B/\$4.13 to \$7.15B/\$4.29, and CY28 from \$7.98B/\$6.06 to \$8.17B/\$6.17.

Figure 2: Recent analog semis research

#	Document Title	Publication Date
1	China Power Semis: Risk/reward looks more attractive amid improved earnings outlook	4/23/26
2	1Q Analog Market Update: Amid Very Cautious Sentiment, Recovery Still On Track	4/2/26
3	Rohm, Toshiba, Mitsubishi Electric announce MOU to merge power semiconductor businesses	3/30/26
4	Automotive semis: Smooth sailing into 2026 but are clouds on the horizon?	3/19/26
5	IFX: Three key pushbacks to our downgrade	3/17/26
6	IFX: Three emerging risks cap upside. Neutral.	3/6/26
7	AI Data Center Power Semis - is momentum sustainable?	3/6/26
8	US Semis: Key Takeaways from 2026 Semis Bus Tour	3/2/26
9	TXN: CMD A Mixed Bag, But We See Conservatism	2/24/26
10	ams-OSRAM: Four things we learnt from meetings with management	2/13/26
11	China Semiconductors: Takeaways from our hybrid China power/analog semi tour	2/12/26

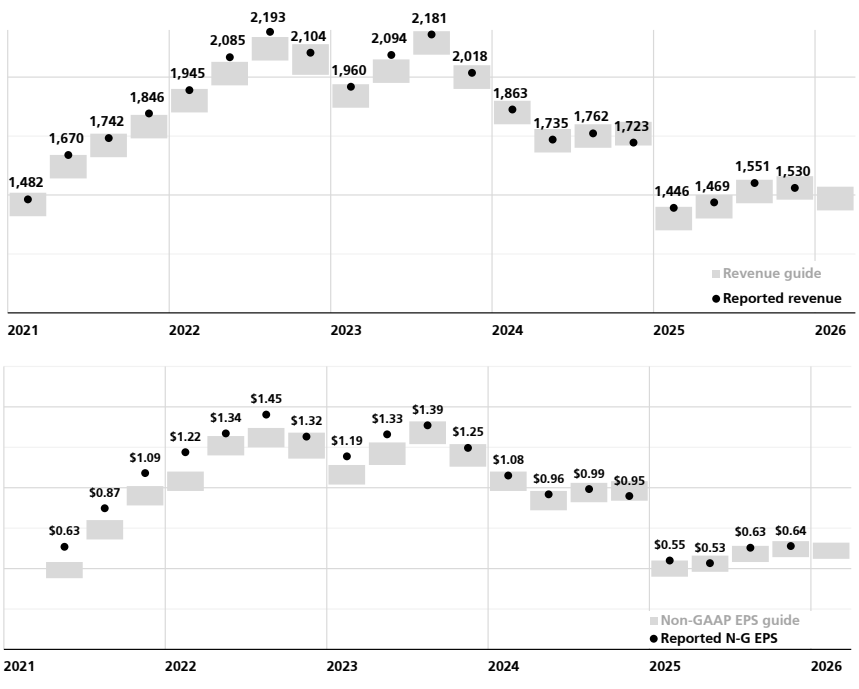
Source: UBS research

Figure 3: Recent auto and industrial research

#	Document Title	Date
1	European Autos Q1 Preview: Likely better than feared	4/9/26
2	US A&D 1Q26 growth tracker preview and outlook	4/8/26
3	Paris Autos Day conference feedback	4/7/26
4	From A to D - dissecting the \$1.5T DoW budget, greater focus will be on Congress	4/6/26
5	China autos knocking on US door?	4/2/26
6	US Autos: March Madness with 16.4mm SAAR	4/1/26
7	US A&D 1Q26 Earnings Preview Feedback	4/1/26
8	China Auto Sector: UBS Evidence Lab Consumer Survey 2026: post-stimulus weakness	3/26/26
9	US A&D 1Q26 Earnings Preview	3/25/26
10	US Autos: Everything In The Right Place?	3/15/26

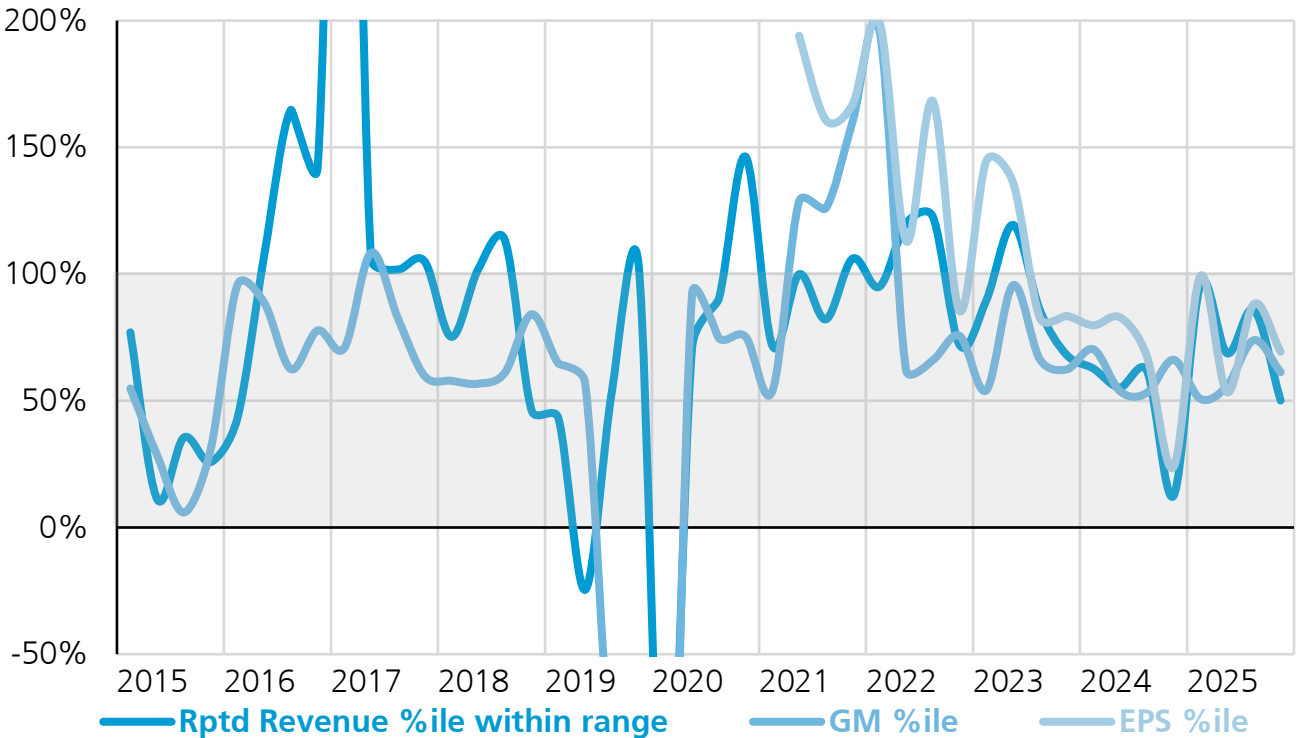
Source: UBS

Figure 4: Onsemi Revenue and Adj EPS Guidance and Surprise History



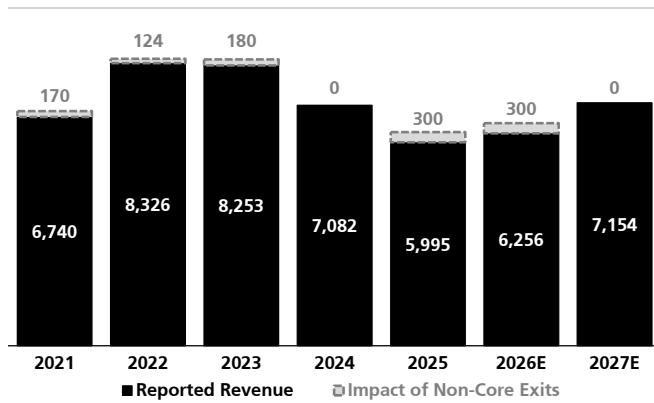
Source: Company reports, UBS research, FactSet

Figure 5: ON tends to report all major metrics around or above the top of the range in expansions, and in the middle of the range the rest of the time



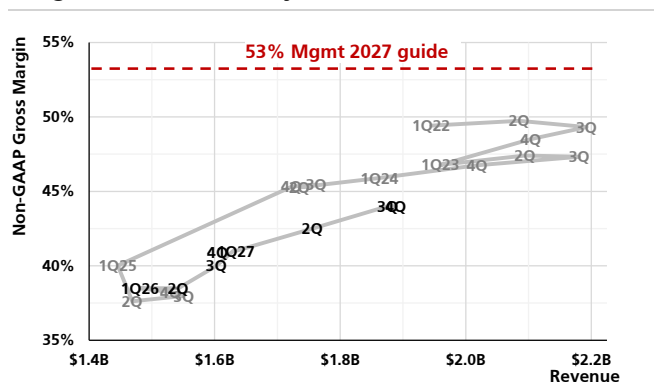
Source: Company reports, UBS research, FactSet

Figure 6: Non-core exits are planned to drag core revenue by \$300MM or ~5%...



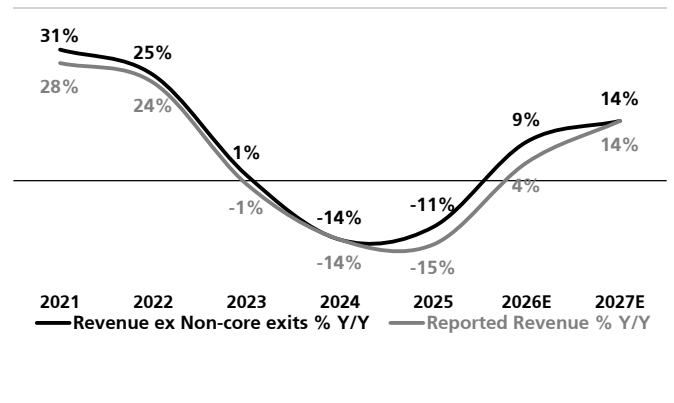
Source: Company reports, UBS research

Figure 8: Gross margins remain in laser focus - we don't have the company getting back to its 2024 ~45% gross margins in the next two years...



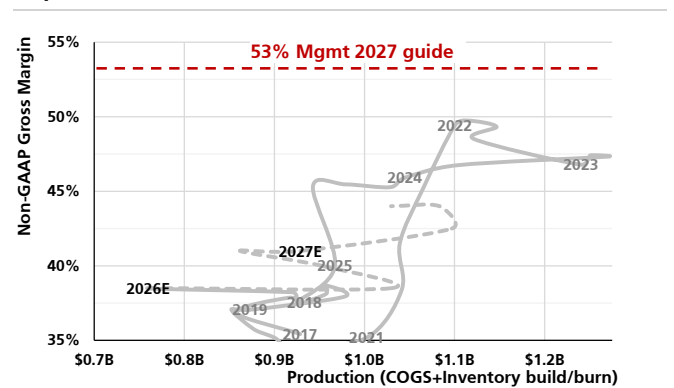
Source: Company reports, UBS research

Figure 7: ... so our 3% reported revenue growth for this year is more like 9% core.



Source: Company reports, UBS research

Figure 9: ...in the very long term view, we are showing modest accretion over 2017-2020 margins at similar levels of production



Source: Company reports, UBS research

Figure 10: Onsemi New vs Old Estimates

	F2026E			F2027E		
	New	Old	Change	New	Old	Change
Revenue (\$MM)	\$6,256	\$6,159	1.6%	\$7,154	\$6,957	2.8%
Y/Y Growth	4.3%	2.7%		14.4%	13.0%	
Gross Margin	39.5%	39.5%	0.0%	42.9%	42.9%	0.0%
OpEx % of Revs	18.9%	19.2%	0.3%	17.3%	17.6%	0.3%
Operating Margin	20.6%	20.3%	0.3%	25.7%	25.3%	0.3%
Non-GAAP EPS	\$2.89	\$2.82	2.6%	\$4.29	\$4.13	3.8%
FCF (\$MM)	\$1,306	\$1,478	-11.6%	\$1,837	\$1,853	-0.9%

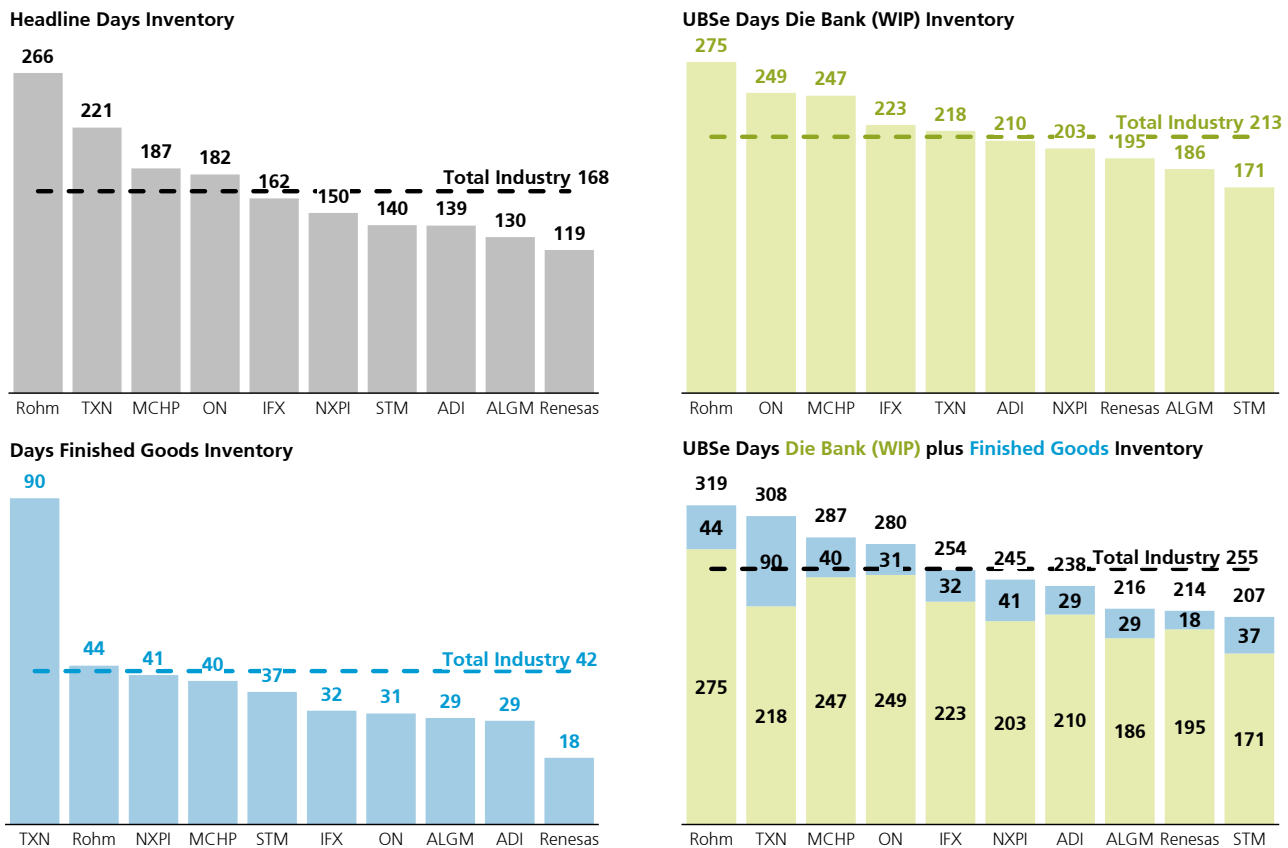
Source: Company Reports, UBS estimates

Figure 11: ON UBS 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)	5,995	1,481	1,542	1,603	1,630	6,256	1,634	1,756	1,876	1,889	7,154	1,879	2,015	2,132	2,148	8,174
UBS (old)		1,481	1,536	1,542	1,599	6,159	1,620	1,708	1,790	1,839	6,957	1,885	1,984	2,039	2,075	7,984
Consensus		1,487	1,530	1,612	1,660	6,290	1,643	1,702	1,782	1,809	6,942	1,819	1,912	1,985	2,028	7,640
Delta		(0.4%)	0.8%	(0.6%)	(1.8%)	(0.5%)	(0.6%)	3.2%	5.3%	4.4%	3.0%	3.3%	5.4%	7.4%	5.9%	7.0%
non-GAAP EPS																
UBS (new)	\$ 2.35	\$ 0.60	\$ 0.68	\$ 0.78	\$ 0.84	\$ 2.89	\$ 0.84	\$ 1.03	\$ 1.20	\$ 1.23	\$ 4.29	\$ 1.27	\$ 1.50	\$ 1.69	\$ 1.73	\$ 6.17
UBS (old)		\$ 0.60	\$ 0.67	\$ 0.73	\$ 0.82	\$ 2.82	\$ 0.84	\$ 0.99	\$ 1.12	\$ 1.19	\$ 4.13	\$ 1.29	\$ 1.49	\$ 1.61	\$ 1.68	\$ 6.06
Consensus		\$ 0.61	\$ 0.66	\$ 0.78	\$ 0.86	\$ 2.91	\$ 0.85	\$ 0.95	\$ 1.08	\$ 1.15	\$ 4.04	\$ 1.25	\$ 1.40	\$ 1.52	\$ 1.59	\$ 5.76
Delta		(1.5%)	2.4%	(0.2%)	(2.6%)	(0.8%)	(1.3%)	7.6%	11.1%	7.0%	6.2%	1.4%	7.2%	11.1%	8.8%	7.2%

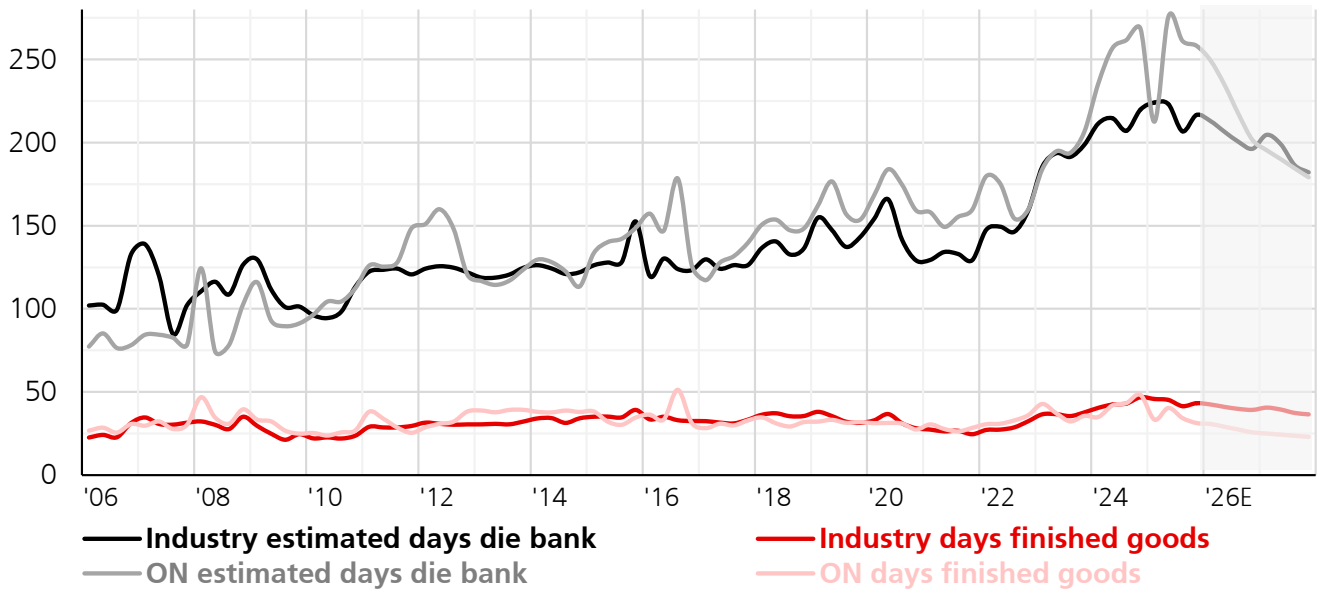
Source: Company reports, UBS estimates, FactSet

Figure 12: While there is an element of transition inventory, ON has the second highest days of die bank in the industry...



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

Figure 13: ... though, with an upcycle, we expect this to be quickly remedied through 2026



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

Figure 14: Onsemi Summary Model

ONsemi (ON) - Key Metrics (in \$MM except EPS)	Estimates																					
	C2023A	C2024A	CQ1A	CQ2A	CQ3A	CQ4A	C2025A	CQ1E	CQ2E	CQ3E	CQ4E	C2026E	CQ1E	CQ2E	CQ3E	CQ4E	C2027E	CQ1E	CQ2E	CQ3E	CQ4E	C2028E
Revenue	\$8,253	\$7,082	\$1,446	\$1,469	\$1,551	\$1,530	\$5,995	\$1,481	\$1,542	\$1,603	\$1,630	\$6,256	\$1,634	\$1,756	\$1,876	\$1,889	\$7,154	\$1,879	\$2,015	\$2,132	\$2,148	\$8,174
Y/Y Growth	(1%)	(14%)	(22%)	(15%)	(12%)	(11%)	(15%)	2%	5%	3%	7%	4%	10%	14%	17%	16%	14%	15%	15%	14%	14%	14%
Gross Profit	\$3,885	\$3,222	\$579	\$553	\$589	\$585	\$2,305	\$570	\$594	\$641	\$668	\$2,473	\$670	\$746	\$825	\$831	\$3,072	\$846	\$927	\$991	\$999	\$3,763
Gross Margin	47.1%	45.5%	40.0%	37.6%	38.0%	38.2%	38.4%	38.5%	38.5%	40.0%	41.0%	39.5%	41.0%	42.5%	44.0%	44.0%	42.9%	45.0%	46.0%	46.5%	46.5%	46.0%
R&D (Non-GAAP)	\$577	\$613	\$164	\$144	\$142	\$134	\$584	\$144	\$143	\$147	\$150	\$583	\$154	\$157	\$158	\$159	\$627	\$163	\$166	\$167	\$168	\$663
SG&A (Non-GAAP)	\$642	\$650	\$153	\$155	\$150	\$148	\$605	\$152	\$150	\$150	\$150	\$600	\$154	\$152	\$152	\$152	\$608	\$156	\$154	\$154	\$154	\$616
Opex (Non-GAAP)	\$1,220	\$1,249	\$315	\$298	\$291	\$282	\$1,185	\$295	\$292	\$296	\$299	\$1,183	\$307	\$308	\$309	\$310	\$1,235	\$318	\$319	\$320	\$321	\$1,279
Y/Y Growth	(0%)	2%	0%	(3%)	(4%)	(12%)	(5%)	(6%)	(2%)	2%	6%	(0%)	4%	5%	4%	4%	4%	4%	4%	4%	4%	4%
Operating Income	\$2,665	\$1,974	\$264	\$255	\$298	\$303	\$1,120	\$275	\$301	\$345	\$369	\$1,290	\$363	\$438	\$516	\$521	\$1,837	\$527	\$608	\$671	\$677	\$2,483
Operating Margin	32.3%	27.9%	18.3%	17.3%	19.2%	19.8%	18.7%	18.6%	19.5%	21.5%	22.6%	20.6%	22.2%	24.9%	27.5%	27.6%	25.7%	28.1%	30.2%	31.5%	31.5%	30.4%
Non-GAAP EPS	\$ 5.16	\$ 3.98	\$ 0.55	\$ 0.53	\$ 0.63	\$ 0.64	\$ 2.35	\$ 0.60	\$ 0.68	\$ 0.78	\$ 0.84	\$ 2.89	\$ 0.84	\$ 1.03	\$ 1.20	\$ 1.23	\$ 4.29	\$ 1.27	\$ 1.50	\$ 1.69	\$ 1.73	\$ 6.17
Free Cash Flow																						
CFFO	\$1,978	\$1,906	\$602	\$184	\$419	\$555	\$1,760	\$324	\$258	\$405	\$646	\$1,634	\$507	\$395	\$501	\$721	\$2,123	\$644	\$513	\$625	\$854	\$2,636
Capex	\$1,576	\$706	\$148	\$78	\$46	\$69	\$341	\$41	\$93	\$96	\$98	\$328	\$65	\$70	\$75	\$76	\$286	\$94	\$101	\$107	\$107	\$409
FCF	\$402	\$1,200	\$455	\$106	\$372	\$485	\$1,419	\$283	\$166	\$309	\$548	\$1,306	\$442	\$325	\$426	\$645	\$1,837	\$550	\$412	\$518	\$747	\$2,227
% revenue	5%	17%	31%	7%	24%	32%	24%	19%	11%	19%	34%	21%	27%	18%	23%	34%	26%	29%	20%	24%	35%	27%
Y/Y Growth	(75%)	199%	65%	(49%)	27%	15%	18%	(38%)	56%	(17%)	13%	(8%)	56%	96%	38%	18%	41%	24%	27%	22%	16%	21%
Segment Revenue																						
PSG (Power Solution Group)	\$3,880	\$3,348	\$645	\$698	\$738	\$724	\$2,805	\$716	\$745	\$775	\$788	\$3,023	\$806	\$866	\$925	\$932	\$3,529	\$946	\$1,014	\$1,073	\$1,081	\$4,114
Q/Q Growth			(20%)	8%	6%	(2%)		(1%)	4%	4%	2%		2%	7%	7%	1%		2%	7%	6%	1%	
Y/Y Growth	12%	(14%)	(26%)	(16%)	(11%)	(11%)	(16%)	11%	7%	5%	9%	8%	13%	16%	19%	18%	17%	17%	17%	16%	16%	17%
ASG (Analog & Mixed Signal Group)	\$3,057	\$2,609	\$566	\$556	\$583	\$556	\$2,262	\$539	\$561	\$583	\$592	\$2,274	\$610	\$656	\$701	\$706	\$2,672	\$721	\$773	\$818	\$824	\$3,135
Q/Q Growth			(7%)	(2%)	5%	(5%)		(3%)	4%	4%	2%		3%	7%	7%	1%		2%	7%	6%	1%	
Y/Y Growth	(15%)	(15%)	(19%)	(14%)	(11%)	(9%)	(13%)	(5%)	1%	(0%)	7%	1%	13%	17%	20%	19%	17%	18%	18%	17%	17%	17%
ISG (Image Sensor Group)	\$1,316	\$1,125	\$234	\$215	\$230	\$250	\$928	\$227	\$236	\$245	\$250	\$958	\$218	\$234	\$250	\$251	\$952	\$213	\$228	\$241	\$243	\$925
Q/Q Growth			(23%)	(8%)	7%	9%		(9%)	4%	4%	2%		(13%)	7%	7%	1%		(15%)	7%	6%	1%	
Y/Y Growth	3%	(14%)	(20%)	(15%)	(18%)	(17%)	(17%)	(3%)	10%	7%	(0%)	3%	(4%)	(1%)	2%	1%	(1%)	(2%)	(2%)	(3%)	(3%)	(3%)
End Market Revenue																						
Auto	\$4,320	\$3,901	\$762	\$733	\$787	\$798	\$3,081	\$798	\$826	\$859	\$885	\$3,369	\$912	\$985	\$1,044	\$1,086	\$4,026	\$1,107	\$1,174	\$1,244	\$1,281	\$4,806
Q/Q Growth			(26%)	(4%)	7%	1%		--	3%	4%	3%		3%	8%	6%	4%		2%	6%	6%	3%	
Y/Y Growth	29%	(10%)	(25%)	(19%)	(17%)	(22%)	(21%)	5%	13%	9%	11%	9%	14%	19%	21%	23%	19%	21%	19%	19%	18%	19%
of which SiC	\$655	\$600	\$150	\$145	\$150	\$160	\$605	\$160	\$160	\$160	\$160	\$640	\$170	\$180	\$190	\$220	\$760	\$275	\$300	\$325	\$350	\$1,250
Y/Y Growth	290%	(8%)	3%	21%	(6%)	(9%)	1%	7%	10%	7%	--	6%	6%	13%	19%	38%	19%	--	--	--	--	--
of which ex-SiC	\$3,665	\$3,301	\$612	\$588	\$637	\$638	\$2,476	\$638	\$666	\$699	\$725	\$2,729	\$742	\$805	\$854	\$866	\$3,266	\$832	\$874	\$919	\$931	\$3,556
Y/Y Growth	15%	(10%)	(30%)	(25%)	(19%)	(25%)	(25%)	4%	13%	10%	14%	10%	16%	21%	22%	19%	20%	--	--	--	--	--
Industrial	\$2,278	\$1,801	\$400	\$406	\$426	\$442	\$1,675	\$385	\$412	\$424	\$416	\$1,636	\$403	\$423	\$453	\$439	\$1,719	\$426	\$465	\$474	\$464	\$1,829
Q/Q Growth			(4%)	2%	5%	4%		(13%)	7%	3%	(2%)		(3%)	5%	7%	(3%)		(3%)	9%	2%	(2%)	
Y/Y Growth	(1%)	(21%)	(16%)	(13%)	(3%)	6%	(7%)	(4%)	1%	(1%)	(6%)	(2%)	5%	3%	7%	6%	5%	6%	10%	5%	6%	6%
Others (Computing, Cons., Comm.)	\$1,655	\$1,381	\$284	\$329	\$337	\$289	\$1,240	\$298	\$304	\$319	\$329	\$1,250	\$319	\$348	\$379	\$364	\$1,409	\$346	\$377	\$414	\$402	\$1,539
Q/Q Growth			1%	16%	2%	(14%)		3%	2%	5%	3%		(3%)	9%	9%	(4%)		(5%)	9%	10%	(3%)	
Y/Y Growth	(38%)	(17%)	(23%)	(9%)	(9%)	3%	(10%)	5%	(8%)	(5%)	14%	1%	7%	14%	19%	11%	13%	8%	8%	9%	10%	9%

Source: Company reports, UBS estimates

Figure 15: ON Key Metrics Seasonality

	Total Revenue % Q/Q				Auto Revenue % Q/Q				Industrial Revenue % Q/Q				Other Revenue % Q/Q				PSG Revenue % Q/Q				AMG Revenue % Q/Q				ISG Revenue % Q/Q			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2004		+8.2%	-4.5%	-3.6%		-1.6%	+0.2%	-12.8%		+8.2%	-15.8%	-16.5%		+11.8%	-3.0%	+2.4%												
2005	-1.4%	+0.1%	+3.6%	+9.0%	+8.9%	-9.4%	-1.9%	+2.9%	+13.7%	-6.5%	+3.6%	-6.6%	-7.2%	+4.8%	+5.1%	+13.8%												
2006	-2.3%	+12.4%	+12.2%	-4.6%	-2.3%	+5.8%	+5.1%	-4.6%	-2.3%	+31.1%	-3.9%	+3.4%	-2.3%	+10.8%	+17.0%	-5.9%												
2007	-6.8%	+1.9%	+5.7%	+1.2%	+5.6%	+7.9%	+6.1%	-5.1%	+0.3%	+1.9%	-17.0%	+1.2%	-10.7%	+0.4%	+13.5%	+2.6%												
2008	+3.4%	+33.4%	+3.3%	-16.0%	+17.2%	NM	-16.3%	-20.9%	+12.8%	NM	-1.4%	+0.0%	-0.8%	+7.1%	+12.4%	-20.0%												
2009	-22.4%	+10.7%	+12.6%	+5.1%	-17.6%	+10.7%	+19.3%	+11.0%	-22.4%	+1.9%	+2.9%	+10.1%	-23.7%	+14.6%	+14.5%	+1.7%												
2010	+10.7%	+6.0%	+3.0%	-3.6%	+10.7%	+11.6%	-2.2%	+11.6%	+15.7%	+1.4%	-1.7%	-17.4%	+8.8%	+6.0%	+6.5%	-3.6%												
2011	NM	+4.0%	-0.9%	-14.5%	NM	+4.0%	-0.9%	-2.3%	NM	+9.8%	-6.1%	-5.0%	NM	+2.3%	+0.8%	-21.5%												
2012	-3.1%	+0.1%	-2.6%	-6.2%	+5.0%	+0.1%	-6.3%	-4.0%	-3.1%	-4.9%	-7.7%	+8.1%	-6.5%	+1.9%	+1.0%	-11.8%												
2013	-2.8%	+4.1%	+3.9%	+0.4%	+8.7%	+3.4%	-	+4.1%	-5.8%	+3.4%	+2.5%	-2.5%	-7.2%	+4.8%	+6.7%	-0.5%												
2014	-1.6%	+7.2%	+10.0%	+3.7%	+5.8%	+3.4%	+8.3%	+13.2%	+7.9%	+20.8%	+11.0%	+8.1%	-9.1%	+3.8%	+10.6%	-4.4%												
2015	+0.8%	+1.1%	+2.7%	-7.1%	+9.6%	-5.4%	-0.3%	+5.5%	-0.5%	+4.1%	+4.1%	-11.2%	-5.0%	+4.8%	+4.2%	-13.7%												
2016	-2.7%	+7.4%	+8.3%	+32.6%	+5.7%	+0.5%	-1.2%	+18.5%	-4.0%	+12.6%	+7.8%	+30.4%	-9.5%	+11.3%	+17.6%	+45.0%			+8.2%	+15.3%	+52.1%			+8.4%	+7.6%	+29.3%		
2017	+13.9%	-6.9%	+4.0%	-1.0%	+10.6%	+0.4%	-1.5%	+6.4%	+7.0%	+9.3%	-0.0%	-0.2%	+19.8%	-19.0%	+10.5%	-6.2%	+19.9%	-9.7%	+5.2%	-1.2%	+7.3%	-7.0%	+4.9%	-0.9%	+10.5%	+4.2%	-3.5%	-4.8%
2018	+0.0%	+5.7%	+5.9%	-3.2%	+2.2%	+4.1%	+1.4%	+3.3%	+1.1%	+10.1%	-1.1%	-4.6%	-2.3%	+4.0%	+14.2%	-6.8%	-0.7%	+8.0%	+8.3%	-2.8%	+1.8%	+3.4%	+3.6%	-0.3%	-2.0%	+3.0%	+2.7%	-7.0%
2019	-7.8%	-2.8%	+2.7%	+1.9%	-2.9%	-5.4%	+1.3%	+3.8%	-7.4%	+0.8%	-2.6%	-2.1%	-11.7%	-3.0%	+7.4%	+2.9%	-10.5%	-0.5%	-1.9%	-1.9%	-6.8%	-6.5%	+10.2%	+10.2%	+1.3%	-1.9%	+0.1%	+0.1%
2020	-8.8%	-5.4%	+9.2%	+8.1%	-4.6%	-26.0%	+28.1%	+17.1%	-7.5%	+9.8%	-5.8%	+6.7%	-12.8%	+3.0%	+7.2%	+2.3%	-10.3%	-0.9%	+4.7%	+4.7%	-7.9%	-8.6%	+15.9%	+15.9%	-6.2%	-9.9%	+4.1%	+4.1%
2021	+4.0%	+12.6%	+4.3%	+6.0%	+4.8%	+8.0%	+3.5%	+11.4%	+6.4%	+17.0%	+10.3%	+9.1%	+2.0%	+13.9%	+1.0%	-0.7%	-16.0%	+13.3%	+5.2%	+5.2%	+29.4%	+14.3%	+2.1%	+2.1%	-2.3%	+6.2%	+9.6%	+9.6%
2022	+5.4%	+7.2%	+5.2%	-4.1%	+11.4%	+9.7%	+11.4%	+13.2%	+4.1%	+7.1%	+5.4%	-9.9%	+0.6%	+4.6%	-1.9%	-20.3%	+3.9%	+7.9%	+7.1%	-4.0%	+5.5%	+3.9%	+1.7%	-6.9%	+9.6%	+15.7%	+10.0%	+3.5%
2023	-6.8%	+6.9%	+4.1%	-7.5%	-0.3%	+7.7%	+9.0%	-3.8%	+0.7%	+9.6%	+1.1%	-19.3%	-25.8%	+1.4%	-3.8%	-0.1%	-2.7%	+13.6%	+10.1%	-10.3%	-13.8%	+6.3%	-2.0%	-4.0%	-0.0%	-8.2%	+1.1%	-6.4%
2024	-7.7%	-6.8%	+1.5%	-2.2%	-8.7%	-10.8%	+4.9%	+7.8%	-4.2%	-1.7%	-6.0%	-5.2%	-9.2%	-2.5%	+2.9%	-24.5%	-9.5%	-4.4%	-0.7%	-2.4%	-6.4%	-7.1%	+0.9%	-6.6%	-5.3%	-13.5%	+10.5%	+8.5%
2025	-16.1%	+1.6%	+5.6%	-1.3%	-25.7%	-3.8%	+7.4%	+1.4%	-4.1%	+1.6%	+4.9%	+3.8%	+1.3%	+16.0%	+2.4%	-14.2%	-20.3%	+8.2%	+5.6%	-1.8%	-7.2%	-1.9%	+4.9%	-4.6%	-22.6%	-8.4%	+7.2%	+8.5%
2026E	-3.2%	+4.1%	+3.9%	+1.7%	-	+3.5%	+4.0%	+3.0%	-13.0%	+7.0%	+3.0%	-2.0%	+3.0%	+2.0%	+5.0%	+3.0%	-1.1%	+4.1%	+3.9%	+1.7%	-3.2%	+4.1%	+3.9%	+1.7%	-9.1%	+4.1%	+3.9%	+1.7%
2027E	+0.3%	+7.5%	+6.8%	+0.7%	+3.0%	+8.0%	+6.0%	+4.0%	-3.0%	+5.0%	+7.0%	-3.0%	-3.0%	+9.0%	+9.0%	-4.0%	+2.3%	+7.5%	+6.8%	+0.7%	+3.0%	+7.5%	+6.8%	+0.7%	-12.8%	+7.5%	+6.8%	+0.7%
LT median	-2.7%	+4.9%	+4.0%	-1.8%	+5.0%	+3.4%	+0.8%	+3.9%	-0.5%	+7.1%	-0.6%	-1.2%	-6.5%	+4.7%	+6.6%	-4.0%	-6.1%	+8.0%	+5.4%	-1.8%	-4.8%	+0.8%	+4.3%	-0.6%	-2.1%	+0.6%	+3.4%	+1.8%
5Y median	-6.8%	+6.9%	+4.3%	-2.2%	-0.3%	+7.7%	+7.4%	+7.8%	-4.1%	+7.1%	+4.9%	-5.2%	+0.6%	+4.6%	+1.0%	-14.2%	-2.7%	+8.2%	+5.6%	-2.4%	-6.4%	+3.9%	+1.7%	-4.6%	-5.3%	-8.2%	+9.6%	+8.5%
10Y median	-5.0%	+3.6%	+4.7%	-1.2%	-0.1%	+0.4%	+4.2%	+7.1%	-1.7%	+9.4%	+0.5%	-1.2%	-0.8%	+3.5%	+5.1%	-3.5%	-6.1%	+8.0%	+5.4%	-1.8%	-4.8%	+0.8%	+4.3%	-0.6%	-2.1%	+0.6%	+3.4%	+1.8%

	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
2004		+7.3%	-6.2%	-1.8%		+259 bp	-135 bp	-21 bp		+673 bp	-76 bp	-238 bp				
2005	+7.5%	-5.4%	+3.9%	+3.2%	-33 bp	+72 bp	+67 bp	+183 bp	-60 bp	+131 bp	+147 bp	+316 bp				
2006	+1.7%	+11.9%	-0.4%	-13.4%	+22 bp	+558 bp	-271 bp	+116 bp	-78 bp	+654 bp	-143 bp	+21 bp	-8	-27	-18	-9
2007	+18.2%	+0.8%	+10.6%	+0.1%	-276 bp	+180 bp	+32 bp	-111 bp	-441 bp	+200 bp	-9 bp	-114 bp	-2	-12	+4	+2
2008	+40.4%	+36.6%	-6.4%	NM	-27 bp	+371 bp	-10 bp	-123 bp	-160 bp	+62 bp	+45 bp	-291 bp	+61	-54	+20	-16
2009	NM	+6.7%	+1.3%	-12.1%	-907 bp	+314 bp	+413 bp	+212 bp	-988 bp	+350 bp	+666 bp	+459 bp	-8	-9	-9	-33
2010	+29.9%	-1.1%	-2.5%	+13.0%	+220 bp	+34 bp	-116 bp	-7 bp	-87 bp	+177 bp	-19 bp	-76 bp	-15	+13	-31	+11
2011	NM	-0.2%	+28.0%	-22.1%	-524 bp	-76 bp	-18 bp	-216 bp	-642 bp	+147 bp	+20 bp	-450 bp	-11	+6	+13	+57
2012	-3.4%	+14.8%	-16.4%	NM	+6 bp	+275 bp	-246 bp	-223 bp	-76 bp	+197 bp	-121 bp	-297 bp	-54	-31	-82	+42
2013	NM	+8.5%	+0.6%	+4.8%	+95 bp	+173 bp	+116 bp	-34 bp	+145 bp	+135 bp	+262 bp	-56 bp	+10	-77	-65	+16
2014	-6.9%	+7.8%	+17.1%	+17.4%	+63 bp	+175 bp	-163 bp	-118 bp	+50 bp	+200 bp	-146 bp	-231 bp	-52	-2	-47	+29
2015	-11.8%	+2.0%	+1.1%	-6.1%	+43 bp	+7 bp	-45 bp	-90 bp	+122 bp	+85 bp	-54 bp	-70 bp	-86	-68	-37	-13
2016	-3.3%	+7.1%	+21.4%	+16.5%	+50 bp	+136 bp	+77 bp	-70 bp	-53 bp	+177 bp	+60 bp	-6 bp	-42	-44	+59	+51
2017	-2.7%	+5.6%	+2.7%	+0.6%	+26 bp	+145 bp	+98 bp	-36 bp	+32 bp	+150 bp	+191 bp	-126 bp	-92	+45	-2	-45
2018	-5.0%	+7.9%	-0.8%	-2.3%	+6 bp	+58 bp	+58 bp	-77 bp	+41 bp	+59 bp	+152 bp	-101 bp	-81	-102	-15	+73
2019	-3.7%	+1.9%	+52.4%	-33.2%	-89 bp	+2 bp	-131 bp	-112 bp	-131 bp	+17 bp	-267 bp	-74 bp	-170	-74	+139	-162
2020	+10.8%	-13.8%	-2.7%	+2.3%	-314 bp	-67 bp	+265 bp	+91 bp	-570 bp	+82 bp	+457 bp	+222 bp	+8	-42	-60	+95
2021	+19.9%	-9.5%	-10.1%	+9.4%	+77 bp	+320 bp	+315 bp	+368 bp	-93 bp	+630 bp	+496 bp	+409 bp	-36	+65	-84	-5
2022	-10.7%	+44.3%	+39.9%	-50.1%	+422 bp	+32 bp	-42 bp	-81 bp	+525 bp	+65 bp	+94 bp	-121 bp	-248	-294	+326	-36
2023	+11.5%	-9.6%	+7.8%	-4.0%	-173 bp	+63 bp	-9 bp	-58 bp	-204 bp	+64 bp	-27 bp	-99 bp	-249	-342	-140	-132
2024	-0.4%	+20.4%	-10.5%	+4.7%	-84 bp	-63 bp	+19 bp	-14 bp	-253 bp	-153 bp	+68 bp	-151 bp	-99	-163	-95	-25
2025	+134.1%	-58.7%	-10.0%	+8.7%	-531 bp	-240 bp	+36 bp	+25 bp	-841 bp	-91 bp	+185 bp	+59 bp	+463	-200	+45	+185
2026E	+19.7%	-11.4%	-15.0%	+0.9%	+27 bp	-	+150 bp	+100 bp	-123 bp	+98 bp	+197 bp	+112 bp	+29	-99	-38	+184
2027E	+2.2%	+0.3%	+0.3%	+0.3%	-	+150 bp	+150 bp	-	-44 bp	+275 bp	+257 bp	+6 bp	+47	-127	-78	+139
LT median	+1.7%	+5.6%	+0.6%	+0.6%	+6 bp	+72 bp	+19 bp	-36 bp	-90 bp	+135 bp	+60 bp	-76 bp	-36	-44	-18	+2
5Y median	+11.5%	-9.6%	-10.0%	+0.9%	-84 bp	-	+19 bp	-14 bp	-204 bp	+64 bp	+94 bp	-99 bp	-99	-200	-38	-25
10Y median	+5.2%	-3.8%	-1.7%	+0.8%	-39 bp	+17 bp	+47 bp	-25 bp	-127 bp	+64 bp	+169 bp	-87 bp	-87	-101	-27	-15

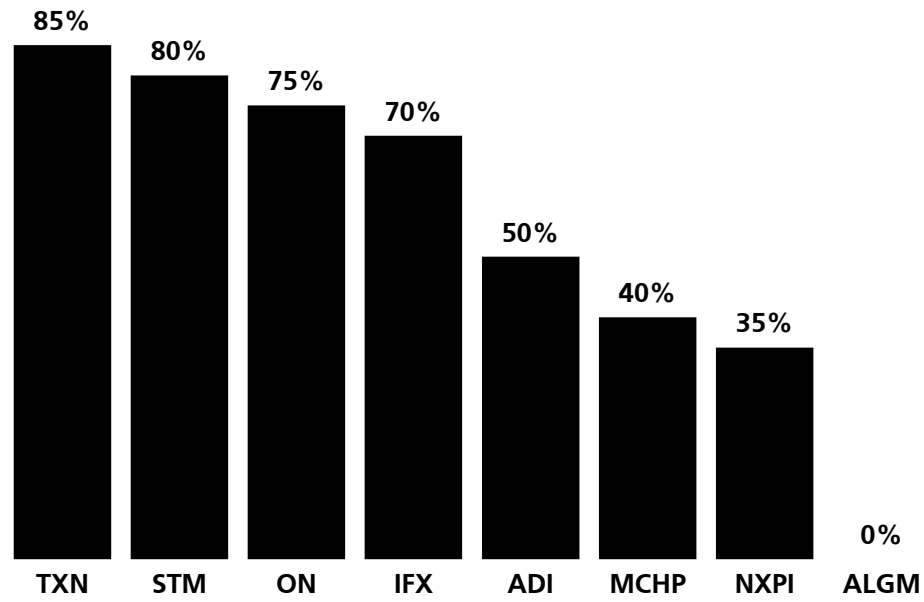
Source: UBS research, company reports.

Figure 16: Onsemi fab footprint

Fab	Location	Initial prod.	Capacity					Products	Wafer size	Lithography	Notes/History
			Cleanroom Sq ft, 000s	% of total	Actual wsm	300mm eq kwsm	% of total				
East Fishkill	NY, US	1995	212.0	25%	32.0	32.0	13%	Analog (CMOS, image sensors, BCD), Discretes (transistors), GF transition products through 2025	300 mm (12")	45 nm	legacy IBM, then GFS, acquired 2023
Gresham	OR, US	1998	91.7	11%	45.0	20.0	8%	Analog (CMOS, image sensors, BCD), Discretes (transistors)	200 mm (8")	110 nm	LSI logic fab acq 2005, transferred equipment from Sanyo Gifu/Aizu fabs 2011-12.
Mountain Top	PA, US	1997	30.0	4%	36.0	16.0	7%	Discretes - MOSFETs and IGBTs	200 mm (8")	350 nm	legacy Fairchild Semi (acq Sep 2016)
DeWitt	NY, US	2026	NM	NM	22.0	5.5	2%	SiC wafer and epitaxy	150 mm (6")	N/A	legacy NexGen (acq Dec 2024)
Nampa	ID, US	1995	35.0	4%	NM	NM	NM	final layers in CMOS image sensors	300 mm (12")	300 nm	legacy Zilog, Micron, and Aptina, acq. 2014.
Rochester	NY, US	1983	20.0	2%	10.0	2.5	1%	Image sensors, MEMS	150 mm (6")	500 nm	legacy Kodak/TrueSense fab sold to PE in 2021
Total US			388.7	46%	145.0	76.0	32%				
Bucheon	SK	2000	150.0	18%	120.0	38.1	16%	Discretes (MOSFETs, IGBTs, SiC)	200 mm (8")	180 nm	legacy Fairchild Semi (acq Sep 2016)
Aizu Wakamatsu	Japan	1995	162.0	19%	56.0	24.9	10%	Analog, Discretes (transistors)	200 mm (8")	130 nm	acq. from Fujitsu in stages over 2014-2020
Seremban	Malaysia	1990	52.0	6%	95.0	23.8	10%	Discretes	150 mm (6")	3 μm	1999 Motorola A&T facility, added wafer fab transferred from Sanyo Gifu, JP fab in 2010
Roznov	Czechia	2018	86.0	10%	233.0	75.8	32%	SiC wafer and epitaxy and devices	200 mm (8")	180 nm	Greenfield built 2018, phase 2 2024-2027(?)
Total International			450.0	54%	504.0	162.5	68%				
Total			838.7		649.0	238.5					

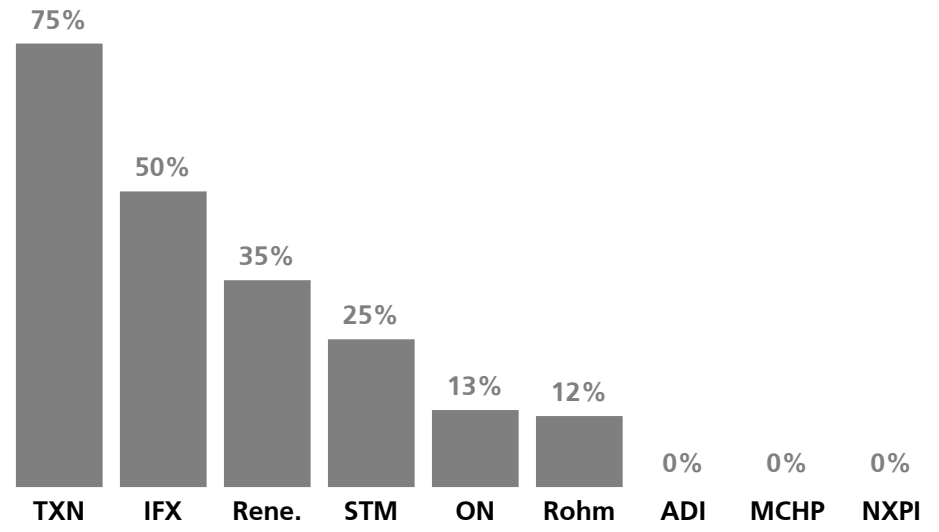
Source: Company reports, UBS research, press reports, SEMI.

Figure 17: Vertical integration - % internal production by company



Source: Company reports, UBS research

Figure 18: Internal Production % 300mm by company



Source: Company reports, UBS research

Valuation

Onsemi and its peer set have had an extremely strong month of trading on the back of optimism in the business cycle, strong PMI readings, and strong results at earnings from early reporters TXN, STM, and MBL. Semi stocks remain inexpensive compared to the broad market when adjusting for growth (for example, the S&P 500's 22x NTM P/E multiple is supported by a 15% long term EPS growth CAGR, while the SOX is at 26x but 33% LT growth). As this undervaluing of semi growth has eased a little in the last month, it has created a tension between comps and historical relative valuations. A historical relative multiples approach would suggest a 17-18x multiple (Figure 20), while comps are much higher at 33x '26 or 29x half year 26/27(Figure 27).

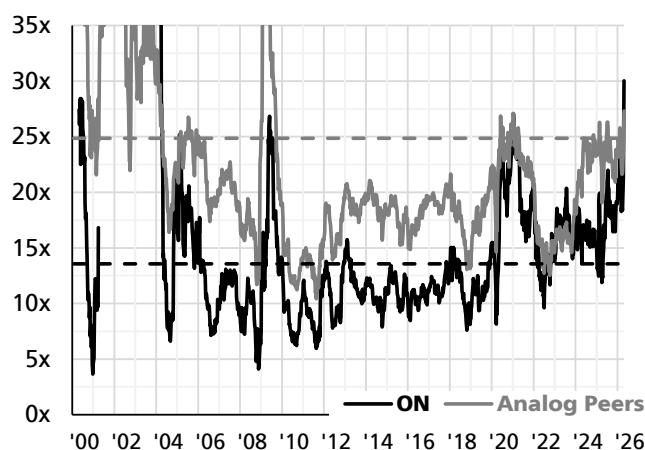
We split the difference between these two approaches, taking the average multiple (vs prior valuation methodology of LT historical relative valuation) as ON is currently benefiting from the re-rating much of analog semis has seen - although a discount to peers is still justified given structural headwinds to gross margin from underutilization and competition from China. Our PT moves from \$70 to \$95, based on a raised 22x target multiple (from 17x) and C27E EPS of \$4.29 (from \$4.13).

Figure 19: Onsemi Valuation

Valuation	New		Old	
Non-GAAP EPS				
C27E	\$	4.29	\$	4.13
Multiple		22x		17x
Price Target	\$	95	\$	70

Source: UBS estimates

Figure 21: onsemi (ON) and Peers' 1-yr Forward P/E LT History



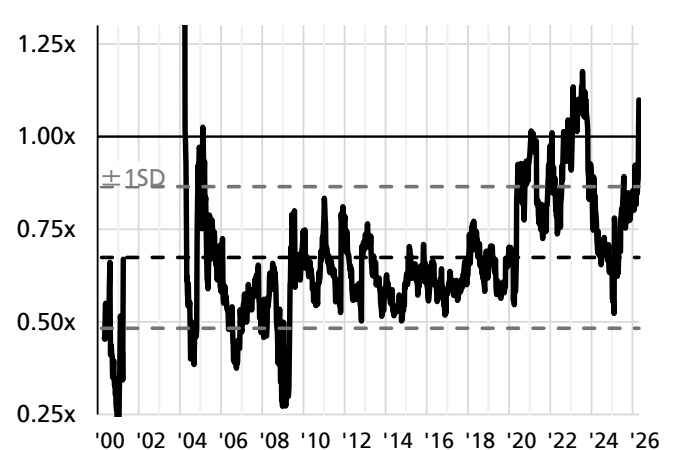
Source: Company reports, UBS research, FactSet.

Figure 20: Onsemi Relative Valuations

Current Analog NTM P/E Multiple	27x
ON LT Average Premium/Discount to Analog	-33%
Peers-Implied ON Multiple	18x
Current SOX 500 NTM P/E Multiple	25x
ON LT Average Premium/Discount to SOX	-30%
SOX-Implied ON Multiple	18x
Current S&P 500 NTM P/E Multiple	21x
ON LT Average Premium/Discount to S&P 500	-19%
S&P 500-Implied ON Multiple	17x

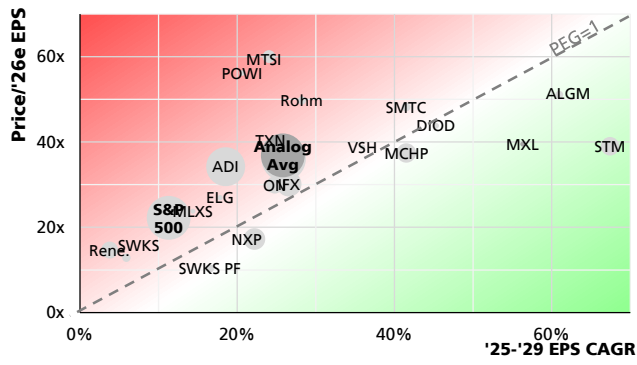
Source: Company reports, UBS research, FactSet

Figure 22: onsemi (ON) 1y Fwd P/E Relative to Analog Peers - LT History



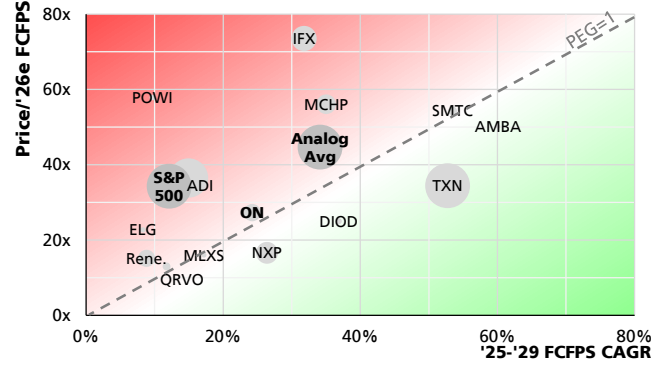
Source: Company reports, UBS research, FactSet.

Figure 23: Analog Semis PEG



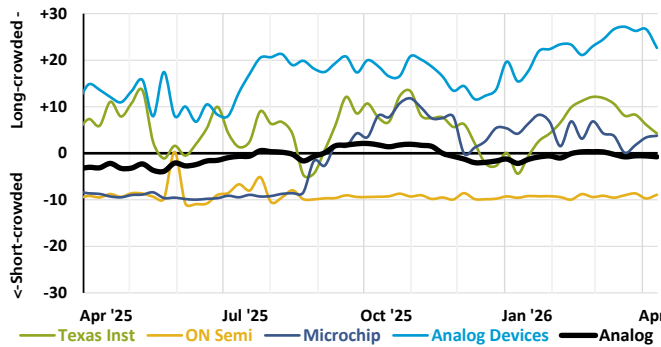
Source: Company reports, UBS research, FactSet, Visible Alpha. '25-'27 or '25-'28 CAGRs used where C29 estimates are unavailable.

Figure 24: Analog Semis FCF P-to-G



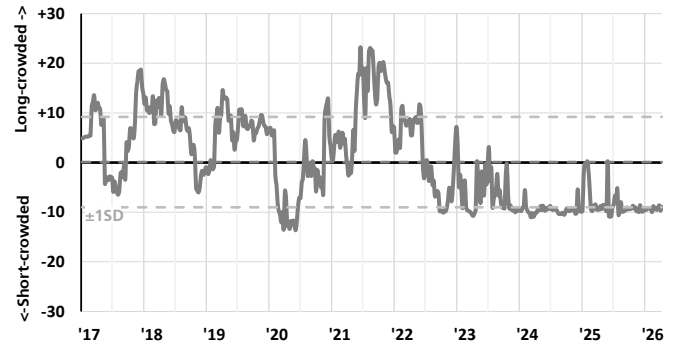
Source: Company reports, UBS research, FactSet, Visible Alpha. '25-'27 or '25-'28 CAGRs used where C29 estimates are unavailable.

Figure 25: Key US Analog Stocks' 1-year Crowding History



Source: UBS Quant Answers

Figure 26: Onsemi 9-year Crowding History



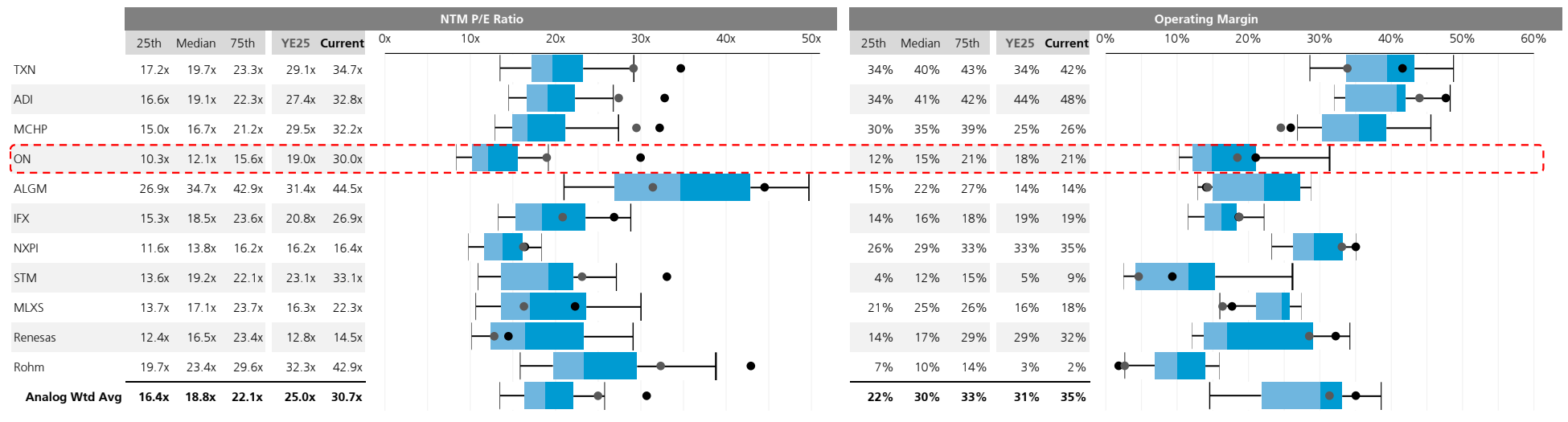
Source: UBS Quant Answers

Figure 27: Onsemi Comps

Ticker	Company Name	P/E				EV/FCF				EV/Sales				EV/EBITDA				Mkt Cap	EV
		2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027		
TXN-US	Texas Instruments	54x	52x	38x	32x	NM	160x	62x	53x	28.9x	25.5x	21.8x	19.7x	62x	56x	41x	37x	\$257.0B	\$451.8B
ADI-US	Analog Devices	63x	52x	35x	31x	65x	46x	37x	32x	21.4x	18.3x	14.4x	13.1x	36x	32x	24x	22x	\$197.2B	\$201.8B
IFX-DE	Infineon	31x	39x	32x	23x	49x	42x	66x	37x	5.6x	5.2x	4.8x	4.2x	18x	18x	16x	13x	\$81.6B	\$88.4B
MPWR	Monolithic Power	113x	90x	74x	62x	121x	97x	78x	68x	34.9x	27.6x	22.7x	19.4x	96x	75x	62x	NM	\$78.2B	\$77.0B
NXPI-US	NXP Semiconductors	18x	20x	17x	14x	34x	27x	21x	19x	5.6x	5.8x	5.2x	4.7x	14x	15x	13x	11x	\$60.9B	\$70.6B
6981-JP	Murata	35x	40x	29x	23x	31x	66x	39x	29x	4.3x	4.6x	4.2x	3.8x	17x	18x	15x	12x	\$59.3B	\$51.6B
MCHP-US	Microchip	69x	58x	34x	NM	61x	53x	35x	NM	12.3x	11.6x	9.5x	NM	37x	29x	24x	NM	\$49.0B	\$54.2B
STMPA-PAR	STMicro	30x	95x	42x	23x	NM	NM	47x	28x	3.2x	3.6x	3.1x	2.8x	12x	18x	13x	10x	\$45.7B	\$42.5B
6723-JP	Renesas	26x	NM	18x	16x	NM	20x	20x	19x	4.9x	5.2x	4.6x	4.3x	14x	16x	12x	11x	\$38.7B	\$43.5B
6963-JP	Rohm	NM	NM	43x	NM	NM	NM	16x	NM	3.0x	3.1x	2.9x	NM	16x	27x	18x	NM	\$9.2B	\$9.3B
ALGM	Allegro Microsystems	NM	NM	45x	29x	NM	66x	53x	33x	11.3x	9.3x	7.9x	6.6x	70x	45x	29x	23x	\$8.1B	\$8.2B
600745-CN	Wingtech	NM	NM	NM	NM	28x	NM	NM	NM	0.5x	NM	NM	NM	NM	NM	NM	NM	\$5.2B	\$5.5B
DIOD	Diodes, Inc	77x	82x	43x	25x	NM	NM	NM	NM	3.4x	3.0x	2.6x	NM	NM	NM	NM	NM	\$4.6B	\$4.4B
POWI	Power Integrations	63x	58x	56x	39x	59x	44x	56x	40x	9.1x	8.6x	8.1x	6.9x	51x	50x	43x	NM	\$4.0B	\$3.8B
VSH	Vishay	57x	NM	51x	NM	NM	NM	NM	NM	1.5x	1.4x	1.2x	NM	20x	15x	14x	NM	\$3.4B	\$4.3B
MELE-BE	Melexis	18x	25x	24x	19x	29x	28x	15x	17x	3.6x	3.5x	3.5x	3.2x	13x	16x	15x	12x	\$3.2B	\$3.5B
AMS-CH	AMS-osram	NM	24x	NM	28x	NM	22x	NM	62x	0.8x	0.8x	0.8x	NM	5x	4x	5x	NM	\$1.6B	\$3.0B
4966-TW	Parade Technologies	19x	17x	17x	15x	10x	12x	12x	13x	2.3x	2.2x	2.1x	1.9x	12x	10x	11x	9x	\$1.5B	\$1.2B
2481-TW	Pan Jit Int'l	43x	33x	21x	16x	48x	29x	35x	21x	3.4x	3.2x	2.6x	2.3x	NM	NM	NM	NM	\$1.2B	\$1.3B
WOLF	Wolfspeed	NM	NM	NM	NM	NM	NM	NM	NM	2.5x	2.7x	3.0x	2.8x	NM	NM	NM	NM	\$1.2B	\$2.0B
INDI	Indie Semi	NM	NM	NM	27x	NM	NM	NM	NM	4.6x	4.6x	3.8x	2.7x	NM	NM	NM	20x	\$0.7B	\$1.0B
	Median	43x	46x	35x	24x	48x	43x	37x	30x	4.3x	4.6x	4.0x	4.2x	17x	18x	15x	12x	\$911.6B	\$1128.9B
	Simple Average	48x	49x	36x	26x	49x	51x	39x	34x	8.0x	7.5x	6.4x	6.6x	31x	28x	22x	16x		
	Weighted Average	54x	53x	37x	31x	62x	97x	51x	42x	19.8x	17.5x	14.7x	13.7x	45x	40x	31x	26x		
ON-US	ON Semi	25x	42x	33x	24x	33x	28x	24x	20x	5.5x	6.5x	6.2x	5.6x	15x	22x	20x	16x	\$38.5B	\$39.2B

Source: Company reports, UBS estimates, FactSet.

Figure 28: Onsemi and Analog Cycle Overview



Source: Company reports, UBS research, FactSet

UBS Evidence Lab Datasets

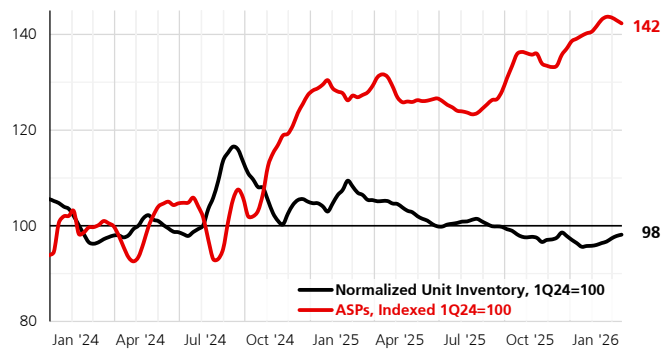
The UBS Evidence Lab Electronics **Distributor Inventory Monitor** ([> Access Dataset](#)) covers pricing and inventory trends of 100+ global distributors and direct storefronts. The dataset covers 52B units of semiconductor integrated circuits and discrete parts worth \$15B, of which analog ICs and MCUs make up the preponderance of the value and discrete ICs make up the vast majority of the unit count. The dataset should primarily reflect standard parts and ASSPs - the 'catalog' business - rather than single-socket custom ICs reflecting significant sales engineering - and has a much greater share of the four large US players TXN, ADI, MCHP, and ON (82% of Analog+MCU value) than their European competitors STM, NXP, and IFX (8% of value). We also believe it better reflects Industrial (which is largely sold through distribution) than Auto (which is largely sold direct).

For the industry as a whole, the monitor portrays a quite healthy catalog business with unit inventories up ~1% Q/Q in power and true analog, while MCU units were down ~3% Q/Q. Price increases were consistent across categories (true analog +7% Q/Q, power analog +4% Q/Q, MCU +6% Q/Q). In particular, power analog pricing continued its strength from 4Q, with power management ICs ending 1Q up 3% Q/Q, diodes up 6%, and transistors up 9%. True analog (ex power) was also strong.

As for ON specifically, the data are a little more concerning. The biggest worry is in power analog, where ON took a significant step backwards in June and September 2025 that did not subsequently recover. Transistors did a little better in 4Q, but the rest of power analog was quite weak for ON ([Figure 36](#)) with PMICs (~17% of revenue and ASP -7% Q/Q) and transistors (~38% of revenue and ASP -4% Q/Q) - at a time when the broader categories showed no such weakness ([Figure 37](#)). This could be a distortion in the data or it could portend further competitive deterioration.

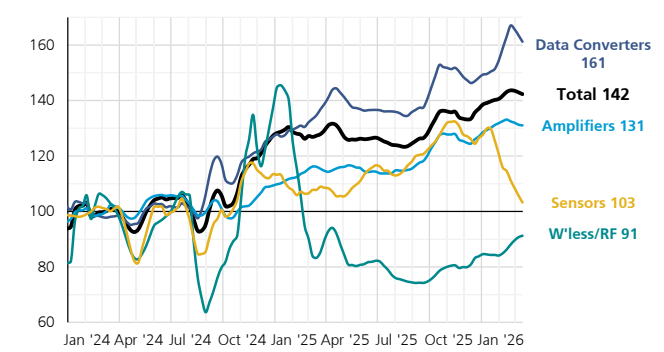
Beyond power, ON is not included in the sensor data, perhaps because little of this business is transacted in the catalog parts market, but we know image sensors alone are ~15% of ON revenue or \$1B per year, and the sensors that are reflected in the dataset had a precipitous decline in the quarter giving up all of their 2025 price growth in a single quarter ([Figure 30](#)).

Figure 29: True Analog ASPs and Unit Inventory Levels, indexed 1Q24=100



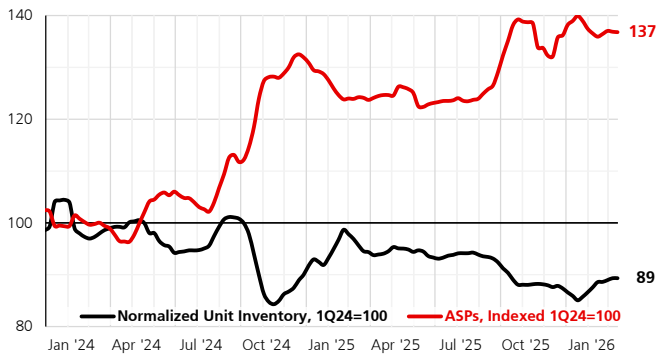
Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 30: True Analog indexed pricing by subcategory



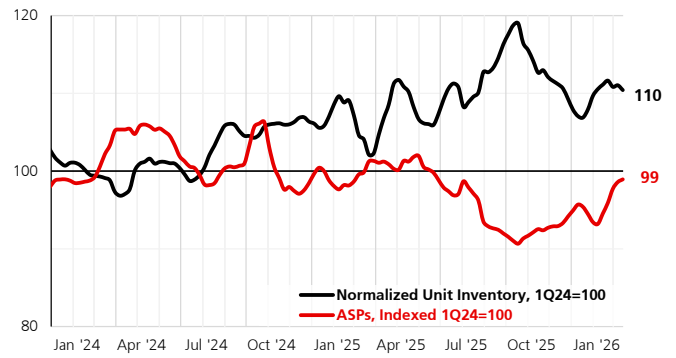
Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 31: Power Analog ASPs and Unit Inventory Levels, indexed 1Q24=100



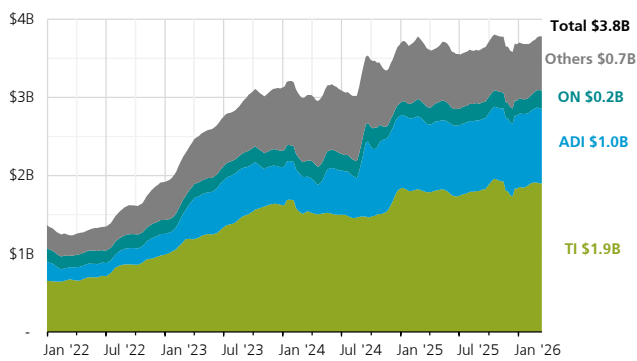
Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 32: Discretes ASPs and Unit Inventory Levels, indexed 1Q24=100



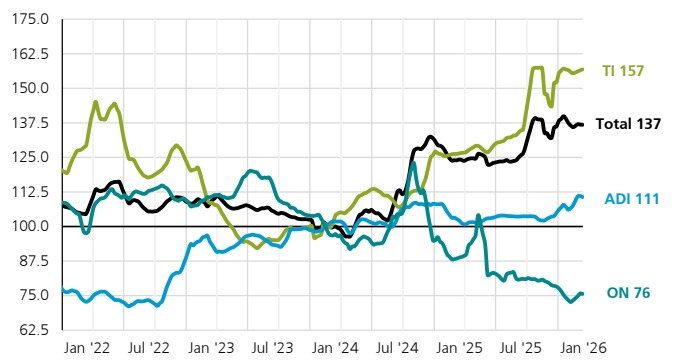
Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 33: Analog Power ICs Inventory composition by company



Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 34: Analog Power ICs Pricing by company, indexed 1Q24=100



Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Industry and ON dashboards

Figure 35: Power Analog Distributor Inventory Dashboard

SMMs of Inventory													Units in Inventory, MMs																										
3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26		
SMMs of Inventory													Units in Inventory, MMs																										
TI	653	689	654	691	821	928	1,104	1,244	1,437	1,612	1,590	1,509	1,473	1,598	1,811	1,785	1,797	1,868	1,883	TI	804	778	695	657	905	1,002	1,288	1,670	2,045	2,186	2,134	1,855	1,790	1,856	1,925	1,869	1,812	1,653	1,617
ADI	324	328	185	172	185	243	337	546	617	508	477	504	672	916	918	890	905	928	943	ADI	134	132	82	77	86	102	120	197	217	175	160	167	220	285	294	292	292	301	292
onsemi	174	180	160	165	169	178	178	180	188	206	204	230	224	192	203	230	215	204	204	onsemi	585	588	554	537	544	573	588	576	579	699	735	879	816	622	807	904	948	916	985
Microchip	50	57	74	71	85	96	107	131	138	147	176	185	188	142	123	88	84	88	95	Microchip	70	63	73	61	74	92	111	139	157	171	205	222	227	156	134	85	80	88	97
STM	11	6	5	6	7	11	18	22	27	35	40	50	55	48	45	44	43	40	38	STM	9	8	5	5	7	12	19	22	27	34	39	48	53	45	42	43	40	39	37
Infineon	37	36	32	28	34	48	59	71	74	80	81	80	63	38	31	38	37	38	37	Infineon	28	27	23	17	23	37	43	51	54	57	56	58	47	30	27	31	31	31	30
Other	175	181	167	175	216	270	352	388	419	494	525	519	530	535	566	555	525	549	521	Other	327	326	282	278	365	508	653	757	813	930	1,081	1,102	1,135	946	951	938	925	873	801
Total	1,424	1,479	1,276	1,306	1,516	1,775	2,155	2,581	2,899	3,083	3,093	3,077	3,205	3,470	3,697	3,631	3,606	3,714	3,721	Total	1,957	1,922	1,713	1,631	2,004	2,326	2,823	3,411	3,892	4,251	4,410	4,330	4,288	3,940	4,180	4,163	4,129	3,902	3,858
Company % share of Power Analog Inventory Value													Company % share of Power Analog Inventory Units																										
TI	46%	47%	51%	53%	54%	52%	51%	48%	50%	52%	51%	49%	46%	46%	49%	49%	50%	50%	51%	TI	41%	40%	41%	40%	45%	43%	46%	49%	53%	51%	48%	43%	42%	47%	46%	45%	44%	42%	42%
ADI	23%	22%	14%	13%	12%	14%	16%	21%	21%	16%	15%	16%	21%	26%	25%	25%	25%	25%	25%	ADI	7%	7%	5%	5%	4%	4%	4%	6%	6%	4%	4%	4%	5%	7%	7%	7%	7%	8%	8%
onsemi	12%	12%	13%	13%	11%	10%	8%	7%	6%	7%	7%	7%	7%	6%	5%	6%	6%	5%	5%	onsemi	30%	31%	32%	33%	27%	25%	21%	17%	15%	16%	17%	20%	19%	16%	19%	22%	23%	23%	26%
Microchip	4%	4%	6%	5%	6%	5%	5%	5%	5%	5%	6%	6%	6%	4%	3%	2%	2%	2%	3%	Microchip	4%	3%	4%	4%	4%	4%	4%	4%	4%	4%	5%	5%	5%	4%	3%	2%	2%	2%	3%
STM	1%	0%	0%	0%	0%	1%	1%	1%	1%	1%	1%	2%	2%	1%	1%	1%	1%	1%	1%	STM	0%	0%	0%	0%	0%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Infineon	3%	2%	3%	2%	2%	3%	3%	3%	3%	3%	3%	3%	2%	1%	1%	1%	1%	1%	1%	Infineon	1%	1%	1%	1%	1%	2%	2%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Other	12%	12%	13%	13%	14%	15%	16%	15%	14%	16%	17%	17%	17%	15%	15%	15%	15%	15%	14%	Other	17%	17%	16%	17%	18%	22%	23%	22%	21%	22%	25%	25%	26%	24%	23%	23%	22%	22%	21%
Inventory Value % Y/Y													Inventory Units % Y/Y																										
TI			26%	35%	69%	80%	75%	74%	44%	21%	3%	-1%	14%	18%	22%	17%	4%	4%	TI					13%	29%	85%	154%	126%	118%	66%	11%	-12%	-15%	-10%	1%	1%	-11%	-16%	
ADI			-43%	-26%	83%	218%	233%	109%	41%	-8%	9%	80%	93%	77%	35%	1%	3%	3%	ADI					-36%	-23%	46%	157%	154%	71%	33%	-15%	2%	63%	84%	75%	33%	6%	-1%	
onsemi			-3%	-1%	11%	9%	11%	16%	14%	28%	19%	-7%	0%	0%	-4%	6%	1%	1%	onsemi					-7%	-2%	6%	7%	6%	22%	25%	53%	41%	-11%	10%	3%	16%	47%	22%	
Microchip			70%	68%	44%	83%	61%	52%	65%	42%	37%	-3%	-30%	-53%	-55%	-38%	-22%	-22%	Microchip					6%	45%	53%	128%	112%	86%	85%	60%	44%	-9%	-35%	-62%	-65%	-44%	-27%	
STM			-34%	84%	247%	289%	280%	207%	124%	129%	105%	37%	11%	-11%	-22%	-18%	-16%	-16%	STM					-18%	51%	286%	342%	265%	176%	100%	117%	97%	32%	8%	-9%	-25%	-12%	-12%	
Infineon			-9%	32%	85%	156%	119%	68%	37%	13%	-15%	-53%	-61%	-53%	-42%	0%	17%	17%	Infineon					-18%	37%	84%	190%	133%	55%	32%	14%	-12%	-47%	-53%	-46%	-34%	4%	11%	
Other			23%	49%	111%	122%	94%	83%	49%	34%	26%	8%	8%	7%	-1%	3%	-8%	-8%	Other					12%	56%	132%	172%	123%	83%	66%	46%	39%	2%	-12%	-15%	-19%	-8%	-16%	
Total			6%	20%	69%	98%	91%	74%	44%	19%	11%	13%	20%	18%	13%	7%	1%	1%	Total					2%	21%	65%	109%	94%	83%	56%	27%	10%	-7%	-5%	-4%	-4%	-1%	-8%	
Inventory Value % Q/Q													Inventory Units % Q/Q																										
TI	5%	-5%	6%	19%	13%	19%	13%	15%	12%	-1%	-5%	-2%	8%	13%	-1%	1%	4%	1%	TI	-3%	-11%	-5%	38%	11%	29%	30%	22%	7%	-2%	-13%	-4%	4%	4%	-3%	-3%	-3%	-9%	-2%	
ADI	2%	-44%	-7%	8%	31%	39%	62%	13%	-18%	-6%	6%	33%	36%	0%	-3%	2%	3%	2%	ADI	-1%	-38%	-6%	11%	20%	17%	65%	10%	-19%	-9%	5%	32%	29%	3%	-1%	0%	3%	-3%	-3%	
onsemi	3%	-11%	3%	3%	5%	0%	1%	4%	10%	-1%	13%	-3%	-14%	6%	14%	-7%	-5%	0%	onsemi	0%	-6%	-3%	1%	5%	3%	-2%	1%	21%	5%	20%	-7%	-24%	30%	12%	5%	-3%	7%	11%	
Microchip	14%	29%	-4%	20%	13%	11%	22%	5%	7%	20%	5%	2%	-24%	-14%	-28%	-4%	5%	8%	Microchip	-10%	15%	-16%	22%	24%	21%	25%	14%	9%	20%	8%	2%	-31%	-14%	-36%	-6%	9%	11%	11%	
STM	-41%	-17%	7%	27%	63%	56%	21%	24%	32%	14%	24%	10%	-12%	-8%	-1%	-3%	-7%	-6%	STM	-10%	-38%	-1%	49%	67%	58%	13%	23%	26%	14%	22%	12%	-16%	-7%	3%	-7%	-2%	-6%	-6%	
Infineon	-2%	-12%	-14%	23%	41%	23%	20%	5%	8%	1%	-1%	-21%	-40%	-17%	19%	-2%	3%	-3%	Infineon	-4%	-13%	-25%	32%	60%	17%	19%	6%	6%	-1%	2%	-18%	-37%	-10%	17%	0%	0%	0%	-5%	
Other	3%	-8%	5%	23%	25%	30%	10%	8%	18%	6%	-1%	2%	1%	6%	-2%	-6%	5%	-5%	Other	0%	-13%	-1%	31%	39%	29%	16%	7%	14%	16%	2%	3%	-17%	1%	-1%	-1%	-6%	-8%	-8%	
Total	4%	-14%	2%	16%	17%	21%	20%	12%	6%	0%	-1%	4%	8%	7%	-2%	-1%	3%	0%	Total	-2%	-11%	-5%	23%	16%	21%	21%	14%	9%	4%	-2%	-1%	-8%	6%	0%	-1%	-5%	-1%	-1%	

Source: UBS research, UBS Evidence Lab ([Access Dataset](#))

Figure 36: onsemi Distributor Inventory Dashboard

	% of revenue	2023				2024				2025				2026	1Q25			2Q25			3Q25			4Q25			1Q26		
		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26
Inventory \$MMs																													
Amplifiers	2%	33	33	32	36	37	44	42	34	39	43	41	40	44	35	39	42	45	45	40	40	42	41	41	40	40	39	47	53
Data Converters	0.4%	3	4	4	4	4	5	5	4	3	4	3	3	3	3	3	4	4	4	3	3	4	3	3	3	3	4	4	
Total True Analog	2%	36	36	36	40	41	49	46	38	42	47	44	43	48	38	43	46	49	49	43	43	45	44	44	43	43	42	50	57
Power Mgmt ICs	17%	178	180	188	206	204	230	224	196	217	248	231	218	218	193	220	235	248	263	229	229	235	228	226	220	208	203	223	247
Transistors	38%	227	223	241	275	295	377	374	318	350	429	411	381	364	328	348	370	409	449	425	414	424	393	394	386	364	347	367	405
Diodes	9%	63	76	84	126	143	168	165	122	104	112	105	102	102	99	106	106	110	119	104	105	105	105	110	102	93	93	105	116
Total Analog Power	65%	469	479	512	606	642	775	762	636	671	789	747	702	684	619	673	711	767	831	758	748	764	726	730	708	665	643	695	767
Total Analog	67%	541	552	584	687	724	873	855	711	756	883	836	788	780	695	759	802	865	928	844	834	855	814	818	794	751	726	796	882
ASP sequential change (Q/Q or M/M)																													
Amplifiers	2%	+0.5%	-2.3%	-3.7%	-1.5%	+2.3%	-3.9%	-8.1%	-3.0%	-1.1%	+5.0%	-8.0%	-3.5%	-7.2%	+2.1%	+0.7%	+1.2%	+5.3%	+3.0%	-10.4%	-0.9%	+1.0%	-4.2%	-0.5%	-0.4%	-0.3%	-6.4%	-1.0%	+0.0%
Data Converters	0.4%	+3.3%	+2.3%	+0.8%	+0.4%	+0.5%	+4.9%	-2.0%	+2.4%	-22.5%	-1.5%	-8.8%	-6.4%	+5.7%	-9.3%	-6.8%	-2.1%	+9.4%	-5.3%	-11.4%	+0.5%	+3.6%	-6.6%	-1.4%	-1.0%	-2.4%	+2.3%	+7.3%	+4.8%
Total True Analog	2%	+1.0%	-1.6%	-3.0%	-1.2%	+2.0%	-2.5%	-7.1%	-2.1%	-4.7%	+3.9%	-8.2%	-4.0%	-5.1%	+0.2%	-0.6%	+0.6%	+6.0%	+1.7%	-10.6%	-0.6%	+1.4%	-4.6%	-0.7%	-0.5%	-0.6%	-4.9%	+0.3%	+0.8%
Power Mgmt ICs	17%	-2.4%	+3.1%	+3.8%	-9.1%	-5.9%	-5.6%	+4.7%	+13.7%	-16.1%	+1.7%	-10.9%	-2.2%	-6.8%	-6.0%	-5.4%	-0.8%	+5.0%	+5.9%	-16.0%	-1.6%	+1.7%	-2.1%	+0.0%	-0.8%	-2.3%	-4.3%	-2.4%	+3.1%
Transistors	38%	-4.4%	-0.6%	+6.3%	-5.9%	+4.2%	+4.4%	-5.2%	-8.5%	+17.3%	+17.0%	-3.8%	+0.8%	-4.4%	+15.7%	-1.0%	+7.9%	+4.8%	+10.6%	-1.2%	-2.5%	-1.5%	-8.1%	+0.6%	+8.1%	+4.8%	-5.1%	-8.6%	+0.5%
Diodes	9%	+1.9%	+24.9%	+7.7%	+26.3%	+8.9%	+5.0%	-11.7%	-27.3%	-19.9%	+6.9%	-8.5%	-1.3%	+7.4%	-10.2%	+0.9%	+4.2%	+0.8%	+10.2%	-11.3%	-0.9%	-0.8%	-6.0%	-0.1%	+4.7%	+1.0%	+1.6%	+3.8%	+5.2%
Total Analog Power	65%	-3.0%	+3.9%	+5.8%	-2.2%	+2.1%	+1.8%	-3.4%	-5.1%	+3.1%	+11.5%	-6.4%	-0.3%	-3.4%	+6.3%	-1.9%	+5.1%	+4.3%	+9.3%	-6.6%	-2.0%	-0.5%	-6.2%	+0.3%	+5.2%	+2.4%	-4.0%	-5.2%	+1.9%
Total Analog	67%	-2.9%	+3.7%	+5.5%	-2.2%	+2.1%	+1.6%	-3.6%	-5.0%	+2.8%	+11.2%	-6.4%	-0.4%	-3.4%	+6.0%	-1.9%	+4.9%	+4.4%	+9.0%	-6.7%	-2.0%	-0.5%	-6.2%	+0.3%	+5.0%	+2.3%	-4.0%	-5.0%	+1.8%

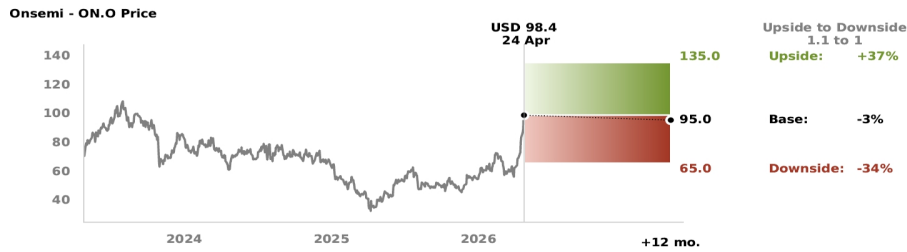
Source: UBS research, UBS Evidence Lab (> Access Dataset), Gartner.

Figure 37: Total Industry Distributor Inventory Dashboard

	% of revenue	2023				2024				2025				2026	1Q25			2Q25			3Q25			4Q25			1Q26		
		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26
Inventory \$MMs																													
Amplifiers	8%	1,080	1,221	1,300	1,405	1,420	1,433	1,511	1,561	1,701	1,616	1,560	1,639	1,652	1,699	1,721	1,688	1,657	1,630	1,557	1,535	1,562	1,582	1,659	1,639	1,619	1,635	1,666	1,666
Data Converters	5%	883	1,006	1,136	1,262	1,307	1,357	1,600	1,938	2,195	2,212	2,157	2,251	2,349	2,116	2,201	2,253	2,228	2,224	2,180	2,141	2,150	2,180	2,270	2,233	2,255	2,311	2,382	2,376
Sensors	5%	240	254	253	235	232	231	242	262	264	276	303	333	348	263	268	263	270	276	281	296	305	308	326	339	332	339	353	362
Wireless & RF	8%	718	899	1,050	1,144	1,173	1,082	1,124	1,271	1,547	1,456	1,294	1,369	1,471	1,578	1,555	1,517	1,641	1,380	1,366	1,336	1,277	1,275	1,334	1,370	1,404	1,423	1,485	1,565
Total True Analog	26%	2,920	3,381	3,739	4,045	4,133	4,103	4,477	5,033	5,708	5,559	5,314	5,592	5,820	5,655	5,744	5,721	5,795	5,510	5,383	5,309	5,294	5,345	5,590	5,581	5,609	5,708	5,886	5,969
Power Mgmt ICs	17%	2,155	2,581	2,899	3,083	3,093	3,077	3,205	3,528	3,838	3,767	3,741	3,860	3,869	3,842	3,865	3,813	3,759	3,826	3,701	3,704	3,737	3,784	3,920	3,874	3,783	3,835	3,881	3,927
Transistors	13%	731	800	876	987	992	1,117	1,064	1,145	1,121	1,182	1,139	1,093	1,097	1,102	1,141	1,119	1,168	1,214	1,155	1,144	1,146	1,127	1,135	1,088	1,057	1,044	1,107	1,209
Diodes	2%	395	418	422	474	480	554	569	549	509	519	511	509	491	512	522	497	516	535	501	513	509	511	527	508	491	480	495	509
Total Analog Power	31%	3,281	3,799	4,198	4,543	4,564	4,748	4,838	5,222	5,468	5,467	5,391	5,461	5,457	5,456	5,528	5,430	5,443	5,576	5,357	5,361	5,391	5,422	5,582	5,470	5,331	5,360	5,484	5,644
Total Analog	57%	6,200	7,180	7,937	8,589	8,697	8,850	9,315	10,255	11,176	11,026	10,706	11,054	11,277	11,111	11,272	11,151	11,238	11,085	10,740	10,669	10,685	10,768	11,172	11,051	10,940	11,068	11,370	11,614
8-bit MCUs	2%	142	180	213	265	274	324	333	435	469	264	229	241	278	501	475	440	287	262	245	240	230	216	218	224	285	296	256	275
16-bit MCUs	3%	60	79	108	151	178	207	226	233	232	178	169	189	207	233	234	229	187	177	171	171	170	168	175	183	210	214	198	206
32-bit MCUs	17%	155	220	303	425	538	623	695	714	704	576	551	589	652	727	711	680	603	580	546	550	547	557	573	569	630	667	637	648
All other MCUs	1%	63	91	125	163	216	206	233	262	270	208	198	217	228	278	274	261	220	209	196	196	197	200	211	212	228	241	219	217
Total MCU	23%	419	570	749	1,003	1,205	1,361	1,487	1,645	1,676	1,227	1,147	1,235	1,365	1,739	1,694	1,610	1,297	1,228	1,157	1,157	1,143	1,141	1,176	1,188	1,353	1,417	1,309	1,346
Total Analog + MCU	81%	6,620	7,749	8,686	9,592	9,902	10,211	10,802	11,900	12,851	12,254	11,852	12,289	12,641	12,850	12,966	12,761	12,535	12,313	11,897	11,826	11,828	11,909	12,348	12,239	12,292	12,485	12,679	12,959
ASP sequential change (Q/Q or M/M)																													
Amplifiers	8%	-10.4%	-2.0%	+4.5%	-2.9%	+2.2%	+2.4%	+0.0%	+0.8%	+9.7%	+1.8%	+0.2%	+9.2%	+4.0%	+2.0%	+2.2%	+2.2%	-0.3%	+0.9%	-1.5%	-0.5%	+1.0%	+2.8%	+6.5%	+0.9%	-1.1%	+3.7%	+1.8%	-1.0%
Data Converters	5%	-14.0%	-9.5%	-4.5%	-4.7%	-4.7%	-0.4%	+7.1%	+11.4%	+10.5%	+6.0%	-2.0%	+9.5%	+5.5%	+2.2%	+1.9%	+3.7%	+5.9%	-3.2%	-1.4%	-0.2%	-0.7%	+2.1%	+8.4%	+0.8%	-2.4%	+2.6%	+8.3%	-0.8%
Sensors	5%	+2.3%	-3.4%	-5.5%	-6.7%	+1.4%	-6.2%	+1.0%	+15.7%	-1.0%	+1.1%	+6.3%	+9.8%	-9.0%	-1.3%	-4.2%	+1.1%	-1.2%	+1.5%	+6.4%	-0.3%	+0.3%	+4.9%	+4.8%	+3.5%	-3.8%	+0.5%	-11.2%	-7.1%
Wireless & RF	8%	+41.7%	+22.1%	+15.8%	-0.8%	+13.1%	-8.9%	-9.3%	+34.0%	-3.6%	-20.5%	-10.1%	+4.8%	+8.4%	+13.7%	-23.8%	-20.9%	+6.3%	-11.4%	+0.4%	-2.5%	-5.6%	-1.1%	+4.4%	+3.2%	+2.3%	+2.9%	+3.4%	+4.3%
Total True Analog	26%	+8.6%	+4.3%	+4.5%	-3.3%	+4.4%	-3.6%	-1.6%	+16.6%	+3.3%	-4.9%	-2.3%	+7.9%	+3.0%	+5.2%	-7.7%	-5.3%	+2.7%	-3.7%	+0.8%	-1.1%	-1.6%	+1.9%	+5.8%	+2.2%	-0.8%	+2.6%	+0.8%	-0.5%
Power Mgmt ICs	17%	+0.0%	-0.9%	-1.6%	-2.7%	-3.3%	+1.3%	+5.2%	+19.1%	+1.7%	-1.5%	+0.2%	+9.2%	+1.4%	-1.5%	-3.2%	-1.2%	+0.4%	+0.9%	-2.4%	+0.7%	+0.2%	+2.3%	+7.6%	+0.6%	-1.8%	+3.4%	-1.6%	+0.1%
Transistors	13%	-3.5%	+10.8%	+7.6%	+2.2%	+1.2%	+3.7%	-7.4%	+2.1%	+0.7%	+4.2%	+0.5%	+13.8%	+16.1%	+5.0%	+0.7%	+4.8%	-1.8%	+4.6%	-1.0%	+0.5%	-0.7%	-0.9%	+1.5%	+15.7%	+9.7%	+2.4%	-0.0%	+5.2%
Diodes	2%	+0.7%	+6.5%	+2.1%	+4.9%	+0.8%	+3.9%	-4.1%	-2.8%	-7.5%	+1.4%	+0.3%	+13.7%	+12.2%	-3.5%	-1.4%	+1.4%	-0.5%	+3.2%	-2.5%	+2.1%	-1.4%	+0.1%	+2.9%	+13.8%	+6.2%	+2.6%	-0.5%	+3.2%
Total Analog Power	31%	-1.4%	+4.3%	+2.4%	-0.2%	-1.2%	+2.4%	-0.5%	+10.9%	+0.8%	+1.1%	+0.3%	+11.3%	+8.1%	+1.1%	-1.5%	+1.4%	-0.6%	+2.6%	-1.8%	+0.7%	-0.3%	+0.9%	+4.8%	+7.5%	+3.4%	+2.9%	-0.9%	+2.3%
Total Analog	57%	+3.2%	+4.3%	+3.4%	-1.6%	+1.3%	-0.3%	-1.0%	+13.5%	+1.9%	-1.6%	-0.9%	+9.8%	+5.8%	+2.9%	-4.3%	-1.6%	+0.9%	-0.3%	-0.6%	-0.1%	-0.9%	+1.3%	+5.3%	+5.1%	+1.5%	+2.8%	-0.1%	+1.1%
8-bit MCUs	2%	-15.1%	-5.1%	-3.9%	-0.5%	-6.9%	-3.6%	-0.2%	+0.0%	-3.2%	+0.1%	-1.4%	-2.1%	+4.9%	-1.2%	+0.7%	+0.8%	-1.6%	+1.4%	+0.2%	-0.7%	-1.6%	-0.8%	-0.0%	-1.3%	-0.3%	+2.3%	+5.7%	+1.5%
16-bit MCUs	3%	+1.9%	-5.8%	-13.5%	-2.8%	-1.3%	+3.1%	+2.8%	-0.8%	-3.1%	-3.9%	+0.5%	+6.6%	+3.1%	+0.1%	-0.9%	+0.2%	-3.6%	-0.1%	-0.4%	-0.4%	+1.4%	+0.9%	+3.8%	+1.7%	+1.3%	+1.0%	+1.0%	+0.9%
32-bit MCUs	17%	-17.9%	-5.7%	+1.9%	+0.1%	+3.6%	+0.7%	+4.2%	-4.2%	-1.6%	-3.1%	+0.6%	+4.2%	+5.7%	+0.7%	-1.1%	+1.9%	-3.3%	-1.3%	+1.2%	-0.1%	-0.6%	+2.4%	+1.6%	-0.4%	+4.3%	+4.5%	-2.7%	-0.4%
All other MCUs	1%	+2.7%	+4.7%	+3.3%	+3.1%	+5.7%	+0.8%	+3.2%	+2.0%	+1.6%	-4.9%	-3.2%	+9.1%	+1.9%	+0.3%	-0.2%	+0.1%	-3.3%	-0.7%	-3.8%	-0.3%	-0.4%	+1.0%	+7.1%	+1.6%	+0.7%	+3.7%	-4.6%	-1.4%
Total MCU	23%	-14.0%	-5.3%	-0.7%	-0.2%	+2.1%	+0.7%	+3.6%	-3.1%	-1.8%	-3.0%	+0.3%	+4.2%	+5.1%	+0.4%	-0.9%	+1.5%	-3.2%	-0.9%	+0.7%	-0.2%	-0.4%	+1.8%	+2.0%	-0.1%	+3.4%	+3.8%	-1.5%	-0.1%
Total Analog + MCU	81%	-1.8%	+1.5%	+2.2%	-1.2%	+1.6%	+0.0%	+0.3%	+8.7%	+0.8%	-2.0%	-0.5%	+8.2%	+5.6%	+2.2%	-3.3%	-0.7%	-0.3%	-0.5%	-0.3%	-0.1%	-0.7%	+1.5%	+4.3%	+3.6%	+2.0%	+3.1%	-0.5%	+0.7%

Source: UBS research, UBS Evidence Lab ([Access Dataset](#)), Gartner.

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$135): Our upside case valuation is based on slightly faster revenue growth through CY27E combined with ~3-4% margin accretion, resulting in higher CY2027E EPS of \$5.54. We apply a multiple of ~24x, giving a \$135 upside case valuation.

BASE (\$95): Our base case \$95 valuation is obtained through our CY27E EPS of \$4.29 and a 22x P/E multiple.

DOWNSIDE (\$65): Our downside case valuation is based on a moderately slower recovery in demand through CY27E combined with ~1-4% margin dilution, giving average CY27E EPS of \$3.15. We apply a lower multiple of ~20x, giving a \$65 downside case valuation.

GFS PREVIEW

Results/Guidance

Results: Our FQ1:26 (Mar) model is unchanged with revenue of \$1.64B and Non-IFRS EPS of \$0.37, slight upside to the midpoint of management's guidance and the Street at \$1.63B/\$0.35. We forecast Communications Infrastructure & Datacenter -5% Q/Q, Automotive -15% Q/Q, Home & Industrial IoT -7% Q/Q, Non-Wafer Revenue -11% Q/Q, and Smart Mobile Devices revenue -10% Q/Q. We model Non-IFRS GM of 27.5%, above the midpoint of the guidance range, and OpM of 13.8%, versus street at 13.4%.

Guide: Our FQ2:26 (Jun) estimates slightly increased with revenue/Non-IFRS EPS from \$1.75B/\$0.40 to \$1.76B/\$0.40, versus Street \$1.74B/\$0.41. We forecast Smart Mobile Devices revenue +6% Q/Q, Communications Infrastructure & Datacenter +13% Q/Q, Home & Industrial IoT +10% Q/Q, Automotive +6% Q/Q, and Non-Wafer Revenue +2% Q/Q. We model Non-IFRS GM of 28.0% and OpM of 14.8%, vs street's 28.3% and 15.3%, respectively.

Valuation: \$65 PT (from \$50)

Our \$65 price target is based on a ~25x multiple (slightly below Foundry comps but above GFS 10-year median P/E) applied to CY27E EPS of \$2.63 (from \$2.55).

Key Topics for Earnings:

1) Commentary on channel inventory trends for IoT; 2) Update on pricing environment given LTSA roll-offs; 3) Capex and capacity expansion plans for 2026; 4) SiPh and SiGe revenue expectations and timing; 5) potential smartphone demand destruction from increasing memory prices; 6) reshoring efforts by customers.

Estimates Changes

Our CQ1:26 estimates remain unchanged at \$1.64B/\$0.37. We raise CY26E revs/Non-IFRS EPS from \$7.25B/\$1.82 to \$7.30B/\$1.84, CY27E revs/Non-IFRS EPS from \$8.34B/\$2.55 to \$8.50B/\$2.63, and CY28 revs/Non-IFRS EPS from \$9.05B/\$3.11 to \$9.22B/\$3.19.

Figure 38: GFS New vs Old Estimates

	C2026E			C2027E			C2028E		
	New	Old	Change	New	Old	Change	New	Old	Change
Revenue (\$MM)	\$7,299	\$7,246	0.7%	\$8,495	\$8,337	1.9%	\$9,217	\$9,051	1.8%
<i>Y/Y Growth</i>	7.5%	6.7%		16.4%	15.1%		8.5%	8.6%	
Gross Margin	28.9%	28.9%	0.0%	31.9%	31.9%	0.0%	33.8%	33.8%	0.0%
OpEx % of Revs	12.8%	12.9%	0.1%	11.6%	11.8%	0.2%	11.0%	11.2%	0.2%
Operating Margin	16.2%	16.1%	0.1%	20.3%	20.1%	0.2%	22.8%	22.6%	0.2%
Non-IFRS EPS	\$1.84	\$1.82	1.3%	\$2.63	\$2.55	3.0%	\$3.19	\$3.11	2.7%
FCF (\$MM)	\$766	\$784	-2.3%	\$742	\$755	-1.8%	\$1,690	\$1,655	2.1%
Segment Revenues (\$MM)									
Smart Mobile Devices	\$2,484	\$2,547	-2.5%	\$2,583	\$2,711	-4.7%	\$2,642	\$2,773	-4.7%
<i>Y/Y Growth</i>	-7.2%	-4.9%		4.0%	6.4%		2.3%	2.3%	
Comms Infra & Datacenter	\$1,047	\$971	7.9%	\$1,654	\$1,377	20.1%	\$1,963	\$1,631	20.3%
<i>Y/Y Growth</i>	40.6%	30.3%		57.9%	41.9%		18.7%	18.4%	
Home and Industrial IoT	\$1,305	\$1,266	3.0%	\$1,429	\$1,420	0.6%	\$1,520	\$1,556	-2.3%
<i>Y/Y Growth</i>	9.7%	6.5%		9.6%	12.2%		6.4%	9.6%	
Automotive	\$1,560	\$1,560	0.0%	\$1,703	\$1,703	0.0%	\$1,900	\$1,900	0.0%
<i>Y/Y Growth</i>	10.6%	10.6%		9.2%	9.2%		11.5%	11.5%	
NWR/Corp	\$903	\$903	0.0%	\$1,125	\$1,125	0.0%	\$1,191	\$1,191	0.0%
<i>Y/Y Growth</i>	17.4%	17.4%		24.7%	24.7%		5.8%	5.8%	

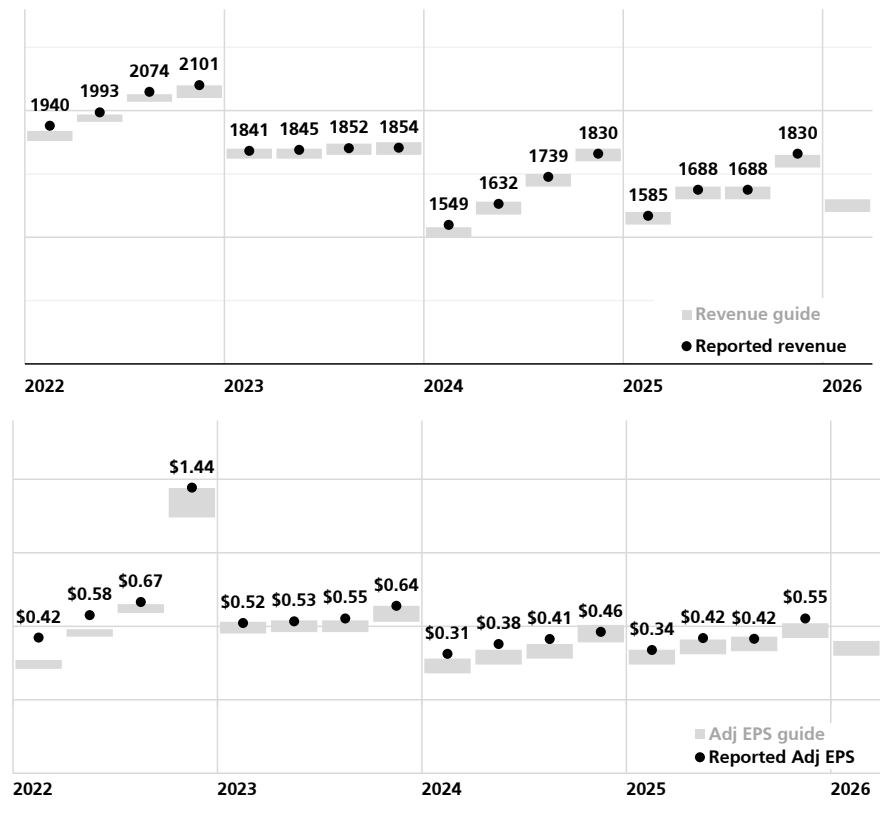
Source: Company reports, UBS estimates

Figure 39: GFS - UBS vs Street

	Actual 2023	Actual 2024	Actual 2025	Estimate 2026/1F	Estimate 2026/2F	Estimate 2026/3F	Estimate 2026/4F	Estimate 2026	Estimate 2027/1F	Estimate 2027/2F	Estimate 2027/3F	Estimate 2027/4F	Estimate 2027
Revenues (\$MM)													
UBS	\$ 7,392	\$ 6,750	\$ 6,791	\$ 1,644	\$ 1,761	\$ 1,876	\$ 2,018	\$ 7,299	\$ 1,936	\$ 2,070	\$ 2,182	\$ 2,306	\$ 8,495
UBS (old)				\$ 1,644	\$ 1,747	\$ 1,867	\$ 1,988	\$ 7,246	\$ 1,907	\$ 2,038	\$ 2,141	\$ 2,251	\$ 8,337
Consensus				\$ 1,630	\$ 1,740	\$ 1,867	\$ 1,964	\$ 7,201	\$ 1,796	\$ 1,917	\$ 2,039	\$ 2,129	\$ 7,882
Delta				0.9%	1.2%	0.5%	2.7%	1.4%	7.8%	8.0%	7.0%	8.3%	7.8%
EPS													
UBS (non-IFRS)	\$ 2.25	\$ 1.57	\$ 1.73	\$ 0.37	\$ 0.40	\$ 0.48	\$ 0.59	\$ 1.84	\$ 0.52	\$ 0.61	\$ 0.70	\$ 0.80	\$ 2.63
UBS (non-IFRS) (old)				\$ 0.37	\$ 0.40	\$ 0.48	\$ 0.57	\$ 1.82	\$ 0.51	\$ 0.60	\$ 0.68	\$ 0.77	\$ 2.55
Consensus				\$ 0.35	\$ 0.41	\$ 0.49	\$ 0.58	\$ 1.83	\$ 0.45	\$ 0.55	\$ 0.65	\$ 0.74	\$ 2.40
Delta				5.0%	(1.7%)	(2.0%)	1.5%	0.5%	15.4%	11.1%	6.8%	7.2%	9.5%

Source: Company reports, FactSet, UBS estimates

Figure 40: GFS Revenue and EPS Guidance and Surprise History



Source: Company reports, UBS research

Figure 41: GFS - Summary Model

GlobalFoundries, Inc. (GFS) - Key Metrics (in \$MM except EPS and units)	C2022A	C2023A	C2024A	FQ1A CQ1A	FQ2A CQ2A	FQ3A CQ3A	FQ4A CQ4A	C2025A	Estimates				C2026E	FQ1E CQ1E	FQ2E CQ2E	FQ3E CQ3E	FQ4E CQ4E	C2027E	FQ1E CQ1E	FQ2E CQ2E	FQ3E CQ3E	FQ4E CQ4E	C2028E
									FQ1E CQ1E	FQ2E CQ2E	FQ3E CQ3E	FQ4E CQ4E											
Revenue	\$8,108	\$7,392	\$6,750	\$1,585	\$1,688	\$1,688	\$1,830	\$6,791	\$1,644	\$1,761	\$1,876	\$2,018	\$7,299	\$1,936	\$2,070	\$2,182	\$2,306	\$8,495	\$2,164	\$2,284	\$2,317	\$2,450	\$9,217
Y/Y Growth	23%	(9%)	(9%)	2%	3%	(3%)	--	1%	4%	4%	11%	10%	7%	18%	18%	16%	14%	16%	12%	10%	6%	6%	8%
Gross Profit	\$2,303	\$2,149	\$1,709	\$379	\$425	\$439	\$530	\$1,773	\$452	\$493	\$550	\$617	\$2,112	\$579	\$644	\$711	\$775	\$2,709	\$706	\$768	\$790	\$848	\$3,111
Gross Margin	28.4%	29.1%	25.3%	23.9%	25.2%	26.0%	29.0%	26.1%	27.5%	28.0%	29.3%	30.6%	28.9%	29.9%	31.1%	32.6%	33.6%	31.9%	32.6%	33.6%	34.1%	34.6%	33.8%
R&D (Non-IFRS)	\$450	\$403	\$462	\$114	\$125	\$111	\$115	\$465	\$130	\$135	\$136	\$138	\$539	\$136	\$141	\$146	\$144	\$567	\$139	\$142	\$147	\$147	\$575
SG&A (Non-IFRS)	\$410	\$377	\$327	\$52	\$42	\$68	\$80	\$242	\$95	\$98	\$100	\$101	\$394	\$99	\$102	\$107	\$109	\$417	\$104	\$107	\$112	\$114	\$437
Opex (Non-IFRS)	\$860	\$780	\$789	\$166	\$167	\$179	\$195	\$707	\$225	\$233	\$236	\$239	\$933	\$235	\$243	\$253	\$253	\$984	\$243	\$249	\$259	\$261	\$1,012
Y/Y Growth	(4%)	(9%)	1%	(24%)	(16%)	(7%)	9%	(10%)	36%	40%	32%	23%	32%	4%	4%	7%	6%	5%	3%	2%	2%	3%	3%
Operating Income (Non-IFRS)	\$1,443	\$1,369	\$920	\$213	\$258	\$260	\$335	\$1,066	\$227	\$260	\$314	\$378	\$1,179	\$344	\$401	\$458	\$522	\$1,725	\$463	\$519	\$531	\$587	\$2,099
Operating Margin	17.8%	18.5%	13.6%	13.4%	15.3%	15.4%	18.3%	15.7%	13.8%	14.8%	16.7%	18.8%	16.2%	17.8%	19.4%	21.0%	22.6%	20.3%	21.4%	22.7%	22.9%	23.9%	22.8%
Non-IFRS EPS	\$3.11	\$2.25	\$1.57	\$0.34	\$0.42	\$0.42	\$0.55	\$1.73	\$0.37	\$0.40	\$0.48	\$0.59	\$1.84	\$0.52	\$0.61	\$0.70	\$0.80	\$2.63	\$0.70	\$0.79	\$0.81	\$0.90	\$3.19
Free Cash Flow																							
CFFO	\$2,624	\$2,125	\$1,722	\$331	\$431	\$595	\$374	\$2,005	\$573	\$477	\$521	\$488	\$2,058	\$682	\$502	\$653	\$708	\$2,545	\$852	\$618	\$777	\$754	\$3,001
Gross Capex	\$3,000	\$1,804	\$625	\$166	\$159	\$189	\$208	\$722	\$390	\$418	\$446	\$479	\$1,733	\$506	\$541	\$570	\$603	\$2,219	\$411	\$434	\$440	\$466	\$1,751
Purchase of intangible assets	\$59	--	--	--	--	--	--	--	\$21	\$22	\$23	\$25	\$91	\$27	\$28	\$30	\$32	\$117	\$22	\$23	\$23	\$25	\$92
Contributions from third parties	--	\$138	\$10	--	\$5	\$45	\$98	\$148	\$133	\$133	\$133	\$133	\$533	\$133	\$133	\$133	\$133	\$533	\$133	\$133	\$133	\$133	\$533
FCF	(\$435)	\$459	\$1,107	\$165	\$277	\$451	\$264	\$1,431	\$295	\$170	\$185	\$117	\$766	\$283	\$66	\$186	\$207	\$742	\$552	\$294	\$447	\$397	\$1,690
% revenue	(5%)	6%	16%	10%	16%	27%	14%	21%	18%	10%	10%	6%	10%	15%	3%	9%	9%	9%	26%	13%	19%	16%	18%
Y/Y Growth	(141%)	(206%)	141%	(37%)	(8%)	109%	(20%)	29%	79%	(39%)	(59%)	(56%)	(46%)	(4%)	(61%)	1%	77%	(3%)	95%	345%	141%	92%	128%
Revenue Decomposition																							
Wafer Shipments (000s)	2,472	2,211	2,124	543	581	602	619	2,345	574	619	647	687	2,527	651	703	743	786	2,884	727	773	781	829	3,110
Q/Q				-9%	7%	4%	3%		-7%	8%	5%	6%		-5%	8%	6%	6%		-8%	6%	1%	6%	
Y/Y	4%	-11%	-4%	17%	12%	10%	4%	10%	6%	6%	7%	11%	8%	13%	14%	15%	14%	14%	12%	10%	5%	5%	8%
Wafer ASP (per wafers)	\$ 2,953	\$ 2,956	\$ 2,871	\$ 2,573	\$ 2,620	\$ 2,477	\$ 2,604	\$ 2,568	\$ 2,526	\$ 2,526	\$ 2,532	\$ 2,539	\$ 2,531	\$ 2,545	\$ 2,551	\$ 2,558	\$ 2,564	\$ 2,555	\$ 2,571	\$ 2,577	\$ 2,583	\$ 2,590	\$ 2,581
Q/Q				-9%	2%	-5%	5%		-3%	0%	0%	0%		0%	0%	0%	0%		0%	0%	0%	0%	
Y/Y	17%	0%	-3%	-13%	-9%	-13%	-8%	-11%	-2%	-4%	2%	-3%	-1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
End Market Revenue																							
Smart Mobile Devices	\$3,723	\$3,023	\$3,048	\$586	\$683	\$752	\$657	\$2,678	\$591	\$627	\$633	\$633	\$2,484	\$589	\$648	\$680	\$666	\$2,583	\$613	\$674	\$661	\$694	\$2,642
Q/Q				-21%	17%	10%	-13%		-10%	6%	1%	0%		-7%	10%	5%	-2%		-8%	10%	-2%	5%	
Y/Y	11%	-19%	1%	-14%	-10%	-13%	-11%	-12%	1%	-8%	-16%	-4%	-7%	0%	3%	7%	5%	4%	4%	4%	-3%	4%	2%
Communications Infrastructure & Datacenter	\$1,423	\$863	\$577	\$174	\$171	\$175	\$225	\$745	\$214	\$242	\$275	\$317	\$1,047	\$345	\$387	\$433	\$489	\$1,654	\$460	\$478	\$497	\$527	\$1,963
Q/Q				2%	-2%	2%	29%		-5%	13%	14%	15%		9%	12%	12%	13%		-6%	4%	4%	6%	
Y/Y	42%	-39%	-33%	45%	11%	32%	32%	29%	23%	41%	57%	41%	41%	61%	60%	57%	55%	58%	33%	24%	15%	8%	19%
Home and Industrial IoT	\$1,782	\$1,604	\$1,267	\$328	\$300	\$258	\$303	\$1,189	\$282	\$310	\$338	\$375	\$1,305	\$338	\$354	\$358	\$379	\$1,429	\$353	\$374	\$382	\$412	\$1,520
Q/Q				-8%	-9%	-14%	17%		-7%	10%	9%	11%		-10%	5%	1%	6%		-7%	6%	2%	8%	
Y/Y	31%	-10%	-21%	6%	2%	-16%	-15%	-6%	-14%	3%	31%	24%	10%	20%	14%	6%	1%	10%	5%	6%	7%	9%	6%
Automotive	\$373	\$1,046	\$1,206	\$309	\$368	\$306	\$427	\$1,410	\$363	\$385	\$392	\$420	\$1,560	\$386	\$406	\$430	\$482	\$1,703	\$443	\$465	\$479	\$513	\$1,900
Q/Q				-25%	19%	-17%	40%		-15%	6%	2%	7%		-8%	5%	6%	12%		-8%	5%	3%	7%	
Y/Y	30%	180%	15%	16%	36%	20%	3%	17%	17%	5%	28%	-2%	11%	6%	5%	10%	15%	9%	15%	15%	11%	6%	12%
NWR/Corp	\$807	\$856	\$652	\$188	\$166	\$197	\$218	\$769	\$194	\$198	\$237	\$273	\$903	\$279	\$276	\$281	\$290	\$1,125	\$296	\$293	\$298	\$304	\$1,191
Q/Q				23%	-12%	19%	11%		-11%	2%	20%	15%		2%	-1%	2%	3%		2%	-1%	2%	2%	
Y/Y	37%	6%	-24%	8%	10%	13%	42%	18%	3%	19%	21%	25%	17%	44%	39%	18%	6%	25%	6%	6%	6%	5%	6%

Source: Company reports, UBS estimates

Valuation

Our price target increases from \$50 to \$65, as we increase CY27 Non-IFRS EPS to \$2.63 (from \$2.55) and adjust P/E multiple to ~25x (previously ~19x), which is slightly below Foundry comps median P/E multiple of 26x but above GFS 10-yr median P/E of 24x (vs. previous valuation methodology of Foundry comps 10-yr median P/E). We adjust our valuation methodology to better reflect recent structural changes to the mature foundry industry, as TSMC allocates mature node capacity towards Advanced Packaging.

Figure 42: GFS - Valuation

Valuation	New		Old	
Non-IFRS EPS				
C2027	\$	2.63	\$	2.55
Multiple		~25x		~19x
Price Target	\$	65	\$	50

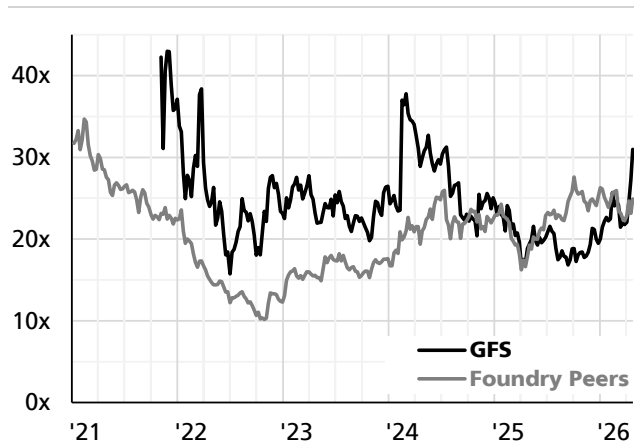
Source: UBS estimates

Figure 43: Peer Multiples

Ticker	Company Name	P/E				NTM P/E	EV/EBITDA				EV/FCF				Mkt Cap \$B	EV \$B
		2025e	2026e	2027e	2028e		2025e	2026e	2027e	2028e	2025e	2026e	2027e	2028e		
TSM-US	TSMC	29x	24x	20x	20x	19x	18x	13x	10x	8x	77x	35x	24x	17x	\$1,800	\$1,728
981-HK	SMIC	NM	61x	46x	46x	86x	20x	14x	12x	11x	-18x	NM	NM	416x	\$82	\$82
1347-HK	Hua Hong	NM	NM	77x	77x	28x	27x	25x	19x	17x	-17x	NM	NM	NM	\$27	\$25
UMC-US	UMC	15x	20x	17x	17x	16x	6x	7x	6x	6x	35x	15x	11x	12x	\$30	\$28
TSEM-US	Tower Semi	61x	68x	40x	40x	17x	25x	33x	23x	NM	NM	NM	NM	\$22	\$21	
5347-TW	Vanguard	22x	28x	25x	25x	18x	11x	15x	13x	11x	-4x	NM	NM	NM	\$8.3	\$8.7
6770-TW	Powerchip	NM	8x	8x	8x	25x	126x	7x	9x	NM	-83x	13x	10x	NM	\$7.1	\$8.4
Median		25x	26x	25x	25x	19x	20x	14x	12x	11x	-11x	15x	11x	17x	\$1,976	\$1,901
Simple Average		31x	35x	33x	33x	30x	33x	16x	13x	11x	-2x	21x	15x	148x		
GFS-US	GlobalFoundries	22x	34x	26x	26x	24x	9x	13x	11x	9x	18x	35x	27x	20x	\$35	\$34

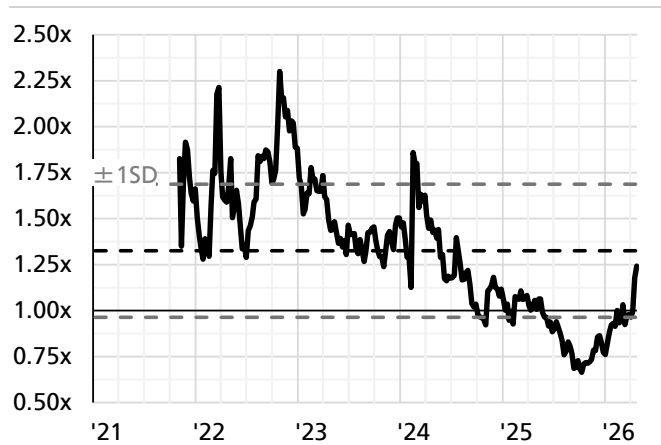
Source: Company reports, UBS research, FactSet

Figure 44: GFS and peers' 1-yr forward P/E history



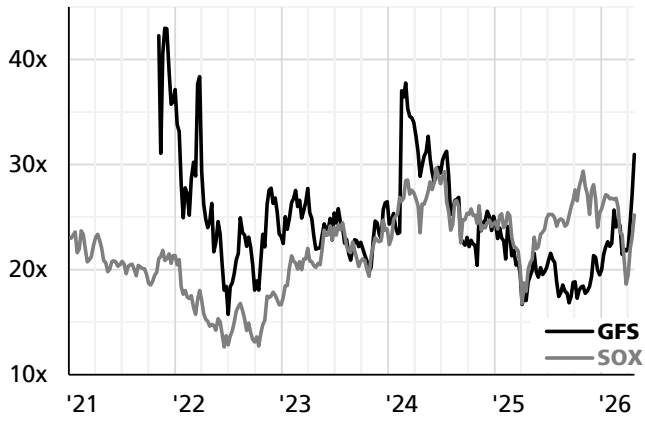
Source: FactSet, UBS

Figure 45: GFS 1-yr forward P/E relative to foundry peers



Source: FactSet, UBS

Figure 46: GFS and SOX 1-yr forward P/E history



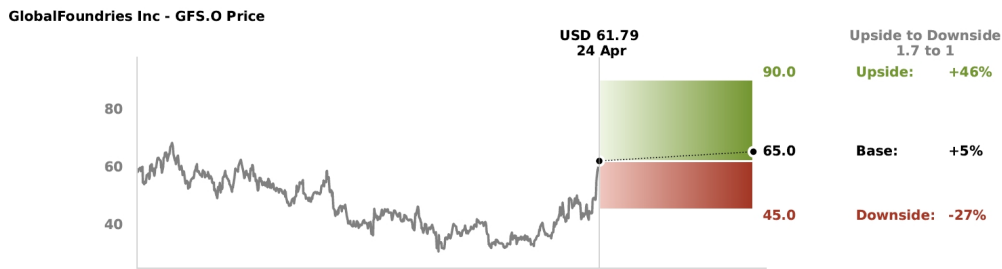
Source: FactSet, UBS

Figure 47: GFS 1-yr forward P/E relative to SOX



Source: FactSet, UBS

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$90): In the upside scenario, we assume CY26/27E total revenue of \$7.9B/\$9.9B, driven by +13%/+19% Y/Y growth in wafer shipment of and +3/+5% Y/Y wafer ASP growth. We see net margins to expand to ~16%/19% in CY26/27E. We then apply a 27x P/E multiple to the average CY27E non-IRFS EPS of \$3.37, arriving at the upside valuation of \$90.

BASE (\$65): Our base case scenario assumes CY26/27E total revenue of \$7.3B/\$8.5B, driven by +8%/+14% Y/Y growth in wafer shipment coupled with -1%/1% Y/Y growth in wafer ASP. Additionally, we assume net margins to be ~14%/17% in CY26/27E. We then apply an 25x P/E multiple to the average CY27E non-IRFS EPS of \$2.63, arriving at our price target \$65.

DOWNSIDE (\$45): In the downside scenario, we assume CY26/27E total revenue of \$7.1B/\$8.0B, with wafer shipment growing +6/+12% Y/Y, while wafer ASP declining -3%/-1% Y/Y. We see net margins to drop to ~12%/15% in CY26/27E. We then apply a 21x P/E multiple to the average CY27E non-IRFS EPS of \$2.15, arriving at the downside valuation of \$45.

AMD PREVIEW

Results/Guidance

Results: We model FQ1:26 (Mar) revs/EPS of \$10.06B/\$1.38, above Street at \$9.84B/\$1.27. We model the total Data Center segment revenue of \$5.78B, +7% Q/Q (vs. street \$5.53B). Within Data Center revenue, we model Server CPU, DC GPU and Other (FPGA & Pensando) revenues of \$2.90B, \$2.55B and \$331MM, respectively. We model Client revenue of \$2.75B, -11% Q/Q (vs street \$2.68B). Within Client revenue, we model Pro graphics revenue of \$134MM and PC revenue of \$2.62B on the back of Desktop units -7% Q/Q & ASP -5% Q/Q while Mobile units -7% Q/Q. We model Gaming and Embedded revenue of \$674MM (-20% Q/Q) and \$885MM (-10% Q/Q), respectively. Overall, we model GM 56.0%, Opex \$3.01B.

Guide: We model FQ2:26 (Jun) model revs/EPS of \$11.18B/\$1.66, compared to Street at \$10.48B/\$1.42. We model total Data Center segment revenue of \$6.73B, +16% Q/Q (vs. street \$5.90B). Within Data Center, we include \$3.69B, \$2.70B and \$335MM revenue contributions from Server CPU, DC GPU and Other (FPGA & Pensando), respectively. We model Client revenue of \$2.79B, +1% Q/Q (vs. street at \$2.81B). Within Client revenue, we model Pro graphics revenue of \$150MM and PC revenue of \$2.64B on the back of Desktop units +2% Q/Q & ASP -1% Q/Q while Mobile units +2% Q/Q. We model Gaming and Embedded revenue of \$760MM (+13 Q/Q) and \$898MM (+5% Q/Q). Overall, we model GM 56.3%, Opex \$3.11B.

Key Topics for Earnings:

1) Commentary on CPU sell-in vs sell-through; 2) PC TAM expectations for 2026; 3) MI3XX revenue expectations for C1H:26; 4) Server CPU share expectations relative to prior commentary; 5) Margin impact of MI ramp; 6) potential tariff impacts on end demand.

Valuation: PT \$455 (from \$310)

We raise our price target from \$310 to \$455, derived from a 35x multiple (previously 27x) applied to C27E EPS of \$13.09.

Estimate Changes:

We revise FQ1:26E Revs/EPS from \$9.8B/\$1.25 to \$10.1B/\$1.38. We revise CY26E from \$46.7B/\$6.65 to \$49.3B/\$7.65, and CY27E Revs/EPS from \$70.8B/\$11.57 to \$74.8B/\$13.09, primarily driven by strength from Data Center.

Figure 48: AMD FQ1:26 Estimates

Key Metrics	Next Q: FQ1:26			
	Guidance	UBSe New	UBSe Old	Street Estimate
Revenue (\$MM)	\$9.8B +/- \$300MM	\$10,058	\$9,800	\$9,859
Y/Y Growth		35.2%	34.1%	28.7%
Gross Margin	~55%	56.0%	55.0%	55.0%
OpEx(\$MM)	~\$3.05B	\$3,057	\$3,057	\$3,051
Operating Margin		25.6%	23.8%	24.0%
Non-GAAP EPS		\$1.38	\$1.25	\$1.27
Segment Revenues (\$MM)				
Data Center		\$5,776	\$5,566	\$5,555
Y/Y Growth		57.2%	39.4%	43.9%
Client		\$2,753	\$2,705	\$3,336
Y/Y Growth		20.0%	33.9%	44.2%
Gaming		\$674	\$674	\$2,695
Y/Y Growth		4.2%	49.7%	378.7%
Embedded		\$855	\$855	\$658
Y/Y Growth		3.9%	2.9%	-28.8%

Source: Company reports, FactSet, UBS estimates

Figure 49: AMD New vs. Old Estimates

	C2026E New	C2026E Old	Change	C2027E New	C2027E Old	Change
Revenue (\$MM)	\$49,282	\$46,724	5.5%	\$74,848	\$70,798	5.7%
Y/Y Growth	42.3%	34.9%		51.9%	51.5%	
Gross Margin	56.0%	55.0%	1.0%	55.3%	54.3%	1.0%
OpEx % of Revs	26.4%	27.8%	1.4%	21.1%	22.3%	1.2%
Operating Margin	29.7%	27.2%	2.4%	34.1%	31.9%	2.2%
Non-GAAP EPS	\$7.65	\$6.65	15.0%	\$13.09	\$11.57	13.1%
Segment Revenues (\$MM)						
Data Center	\$31,193	\$28,735	8.6%	\$56,495	\$52,514	7.6%
Y/Y Growth	87.5%	72.7%		81.1%	82.8%	
Client	\$11,338	\$11,236	0.9%	\$10,829	\$10,759	0.7%
Y/Y Growth	6.5%	5.5%		-4.5%	-4.3%	
Gaming	\$3,031	\$3,031	0.0%	\$3,264	\$3,264	0.0%
Y/Y Growth	-22.5%	-22.5%		7.7%	7.7%	
Embedded	\$3,721	\$3,721	0.0%	\$4,261	\$4,261	0.0%
Y/Y Growth	7.7%	7.7%		14.5%	14.5%	

Source: Company reports, FactSet, UBS estimates

Figure 50: AMD UBSe vs. Street

	2023	2024	2025	2026/1F	2026/2F	2026/3F	2026/4F	2026	2027/1F	2027/2F	2027/3F	2027/4F	2027
Revenues (\$MM)													
UBS	22,680	25,785	34,639	10,058	11,176	12,764	15,284	49,282	16,247	17,442	18,905	22,254	74,848
UBS (old)				9,800	10,431	11,851	14,642	46,724	15,228	16,437	17,905	21,227	70,798
Consensus				9,839	10,482	11,800	14,381	46,816	14,258	15,240	16,719	17,930	65,694
Delta				2.2%	6.6%	8.2%	6.3%	5.3%	13.9%	14.4%	13.1%	24.1%	13.9%
EPS													
UBS	\$ 2.65	\$ 3.31	\$ 4.17	\$ 1.38	\$ 1.66	\$ 2.05	\$ 2.56	\$ 7.65	\$ 2.74	\$ 2.97	\$ 3.27	\$ 4.10	\$ 13.09
UBS (old)				\$ 1.25	\$ 1.38	\$ 1.72	\$ 2.30	\$ 6.65	\$ 2.37	\$ 2.60	\$ 2.89	\$ 3.70	\$ 11.57
Consensus				\$ 1.27	\$ 1.42	\$ 1.70	\$ 2.31	\$ 6.76	\$ 2.26	\$ 2.47	\$ 2.82	\$ 3.11	\$ 10.68
Delta				8.2%	16.5%	20.9%	10.6%	13.1%	21.4%	20.2%	16.0%	31.8%	22.5%

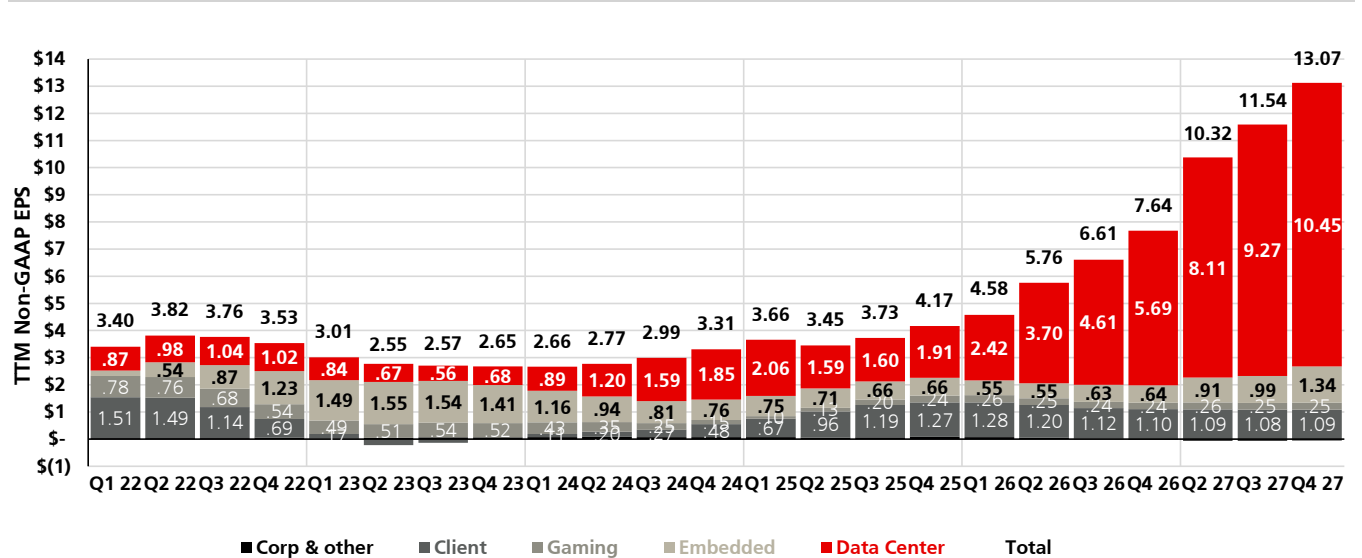
Source: Company reports, FactSet, UBS estimates

Figure 51: AMD Segments - UBSe vs. Street

	2023	2024	2025	2026/1F	2026/2F	2026/3F	2026/4F	2026	2027/1F	2027/2F	2027/3F	2027/4F	2027
DATA CENTER													
UBS	6,495	12,579	16,636	5,776	6,725	8,029	10,662	31,193	11,777	13,040	14,270	17,407	56,495
Consensus				5,529	5,901	6,852	9,682	28,368	9,885	10,710	11,819	13,314	46,564
Delta				4.5%	14.0%	17.2%	10.1%	10.0%	19.1%	21.8%	20.7%	30.7%	21.3%
CLIENT													
UBS	4,654	7,053	10,649	2,753	2,793	2,929	2,863	11,338	2,623	2,617	2,733	2,856	10,829
Consensus				2,680	2,809	2,999	3,045	11,527	2,797	3,006	3,249	3,314	12,114
Delta				2.7%	(0.6%)	(2.4%)	(6.0%)	(1.6%)	(6.2%)	(13.0%)	(15.9%)	(13.8%)	(10.6%)
GAMING													
UBS	6,212	2,595	3,910	674	760	837	760	3,031	828	757	812	867	3,264
Consensus				668	857	921	725	3,570	613	865	956	720	4,094
Delta				1.0%	(11.3%)	(9.2%)	4.8%	(15.1%)	35.0%	(12.5%)	(15.0%)	20.4%	(20.3%)
EMBEDDED													
UBS	5,321	3,557	3,454	855	898	970	999	3,721	1,019	1,029	1,091	1,123	4,261
Consensus				887	918	958	1,011	3,803	959	995	1,025	1,047	4,210
Delta				(3.6%)	(2.2%)	1.2%	(1.2%)	(2.2%)	6.2%	3.5%	6.4%	7.3%	1.2%

Source: Company reports, FactSet, UBS estimates

Figure 52: AMD Estimated EPS Contribution by Segment



Source: Company reports, UBS estimates

Figure 53: Server CPU share analysis

	2023	2024	1Q25	2Q25	3Q25	4Q25E	2025E	1Q26E	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
Server CPU units ('000s)																	
INTC	17,108	15,315	4,531	4,033	4,113	4,031	16,709	3,676	3,841	4,122	4,258	15,896	4,045	4,107	4,210	4,210	16,571
AMD	4,768	5,028	1,497	1,572	1,636	1,832	6,538	1,869	2,056	2,303	2,533	8,761	2,356	2,426	2,523	2,574	9,879
Total	21,876	20,343	6,028	5,605	5,750	5,864	23,247	5,545	5,897	6,425	6,791	24,657	6,401	6,533	6,733	6,783	26,450
Server CPU unit share																	
INTC	78.2%	75.3%	75.2%	71.9%	71.5%	68.7%	71.9%	66.3%	65.1%	64.2%	62.7%	64.5%	63.2%	62.9%	62.5%	62.1%	62.6%
AMD	21.8%	24.7%	24.8%	28.1%	28.5%	31.3%	28.1%	33.7%	34.9%	35.8%	37.3%	35.5%	36.8%	37.1%	37.5%	37.9%	37.4%
Server CPU revenue ('000s)																	
INTC	12,635	12,617	3,162	3,124	3,244	3,688	13,219	3,363	3,514	3,771	3,895	14,542	3,700	3,757	3,851	3,851	15,159
AMD	5,433	6,794	2,021	2,044	2,192	2,547	8,804	2,635	2,961	3,351	3,736	12,683	3,498	3,627	3,798	3,938	14,862
Total	18,068	19,411	5,183	5,168	5,436	6,235	22,023	5,998	6,475	7,121	7,631	27,225	7,199	7,384	7,649	7,789	30,021
Server CPU revenue share																	
INTC	69.9%	65.0%	61.0%	60.4%	59.7%	59.1%	60.0%	56.1%	54.3%	53.0%	51.0%	53.4%	51.4%	50.9%	50.3%	49.4%	50.5%
AMD	30.1%	35.0%	39.0%	39.6%	40.3%	40.9%	40.0%	43.9%	45.7%	47.0%	49.0%	46.6%	48.6%	49.1%	49.7%	50.6%	49.5%

Source: UBS estimates

Figure 54: Client CPU share analysis

	2023	2024	1Q25	2Q25	3Q25E	4Q25E	2025E	1Q26E	2Q26E	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
Client CPU units ('000s)																	
INTC	195,774	208,806	49,658	48,665	50,849	49,324	198,496	41,764	43,745	46,732	48,094	180,336	43,162	44,929	46,340	46,054	180,484
AMD	38,559	52,144	13,005	13,140	15,215	13,264	54,623	12,087	12,228	12,545	12,570	49,431	11,633	11,561	12,047	12,553	47,795
Total	234,334	260,950	62,663	61,805	66,064	62,587	253,120	53,851	55,973	59,277	60,665	229,767	54,796	56,490	58,387	58,607	228,279
Client CPU unit share																	
INTC	83.5%	80.0%	79.2%	78.7%	77.0%	78.8%	78.4%	77.6%	78.2%	78.8%	79.3%	78.5%	78.8%	79.5%	79.4%	78.6%	79.1%
AMD	16.5%	20.0%	20.8%	21.3%	23.0%	21.2%	21.6%	22.4%	21.8%	21.2%	20.7%	21.5%	21.2%	20.5%	20.6%	21.4%	20.9%
Client CPU revenue ('000s)																	
INTC	27,157	28,741	6,866	6,579	7,127	6,975	27,548	5,909	6,228	6,706	6,971	25,813	6,320	6,633	6,910	6,956	26,819
AMD	4,386	6,718	2,213	2,395	2,590	2,621	9,819	2,346	2,259	2,346	2,283	9,233	2,091	2,072	2,161	2,256	8,580
Total	31,543	35,459	9,079	8,975	9,717	9,596	37,367	8,255	8,486	9,052	9,254	35,047	8,411	8,705	9,071	9,212	35,399
Client CPU revenue share																	
INTC	86.1%	81.1%	75.6%	73.3%	73.4%	72.7%	73.7%	71.6%	73.4%	74.1%	75.3%	73.7%	75.1%	76.2%	76.2%	75.5%	75.8%
AMD	13.9%	18.9%	24.4%	26.7%	26.6%	27.3%	26.3%	28.4%	26.6%	25.9%	24.7%	26.3%	24.9%	23.8%	23.8%	24.5%	24.2%

Source: UBS estimates

Figure 55: CPU Inventory Analysis

	2020	2021	2022	2023	2024	Q125	Q225	Q325	Q425	2025	Q126E	Q226E	Q326E	Q426E	2026	Q127E	Q227E	Q327E	Q427E	2027
INTC CPU Units (UBSe)	278,620	303,003	208,303	195,774	208,806	49,658	48,665	50,849	49,324	198,496	41,764	43,745	46,732	48,094	180,336	43,162	44,929	46,340	46,054	180,484
Q/Q growth						-10.0%	-2.0%	4.5%	-3.0%		-15.3%	4.7%	6.8%	2.9%		-10.3%	4.1%	3.1%	-0.6%	
AMD CPU Units (UBSe)	62,179	68,108	47,747	38,559	52,144	13,005	13,140	15,215	13,264	54,623	12,087	12,228	12,545	12,570	49,431	11,633	11,561	12,047	12,553	47,795
Q/Q growth						-17.3%	1.0%	15.8%	-12.8%		-8.9%	1.2%	2.6%	0.2%		-7.5%	-0.6%	4.2%	4.2%	
Total CPU Units (UBSe)	340,799	371,112	256,049	234,334	260,950	62,663	61,805	66,064	62,587	253,120	53,851	55,973	59,277	60,665	229,767	54,796	56,490	58,387	58,607	228,279
Q/Q growth						-11.6%	-1.4%	6.9%	-5.3%		-14.0%	3.9%	5.9%	2.3%		-9.7%	3.1%	3.4%	0.4%	
Y/Y growth	18.9%	8.9%	-31.0%	-8.5%	11.4%	-0.9%	-1.3%	2.9%	-11.7%	-3.0%	-14.1%	-9.4%	-10.3%	-3.1%	-9.2%	1.8%	0.9%	-1.5%	-3.4%	-0.6%
Global PC Units (UBSe)	308,171	341,727	284,052	242,296	247,646	60,318	65,943	72,461	66,558	265,280	61,195	64,929	65,126	63,313	254,563	58,159	63,225	67,895	70,378	259,657
Q/Q growth						-7.8%	9.3%	9.9%	-8.1%		-8.1%	6.1%	0.3%	-2.8%		-8.1%	8.7%	7.4%	3.7%	
Y/Y growth	10.5%	10.9%	-16.9%	-14.7%	2.2%	6.6%	8.1%	12.1%	1.8%	7.1%	1.5%	-1.5%	-10.1%	-4.9%	-4.0%	-5.0%	-2.6%	4.3%	11.2%	2.0%
Total Mac Units (UBSe)	22,009	26,944	26,824	21,532	22,458	5,933	5,926	6,203	6,406	24,468	6,230	6,045	6,327	6,502	25,103	6,463	6,135	6,422	6,550	25,571
Q/Q growth						-5.5%	-0.1%	4.7%	3.3%		-2.7%	-3.0%	4.7%	2.8%		-0.6%	-5.1%	4.7%	2.0%	
Y/Y growth	20.0%	22.4%	-0.4%	-19.7%	4.3%	7.0%	17.9%	10.7%	2.0%	9.0%	5.0%	2.0%	2.0%	1.5%	2.6%	3.8%	1.5%	1.5%	0.8%	1.9%
Global PC Units (ex. Mac)	286,162	314,783	257,229	220,764	225,188	54,385	60,017	66,258	60,152	240,812	54,965	58,884	58,799	56,811	229,460	51,696	57,090	61,473	63,827	234,086
Q/Q growth						-8.0%	10.4%	10.4%	-9.2%		-8.6%	7.1%	-0.1%	-3.4%		-9.0%	10.4%	7.7%	3.8%	
Y/Y growth	9.8%	10.0%	-18.3%	-14.2%	2.0%	6.5%	7.2%	12.3%	1.7%	6.9%	1.1%	-1.9%	-11.3%	-5.6%	-4.7%	-5.9%	-3.0%	4.5%	12.3%	2.0%
CPU vs PC Units	32,628	29,385	(28,003)	(7,963)	13,304	2,345	(4,138)	(6,396)	(3,971)	(12,160)	(7,344)	(8,956)	(5,848)	(2,648)	(24,796)	(3,364)	(6,735)	(9,508)	(11,771)	(31,378)
CPU vs PC Units (ex. Mac)	54,637	56,329	(1,179)	13,569	35,761	8,278	1,788	(193)	2,435	12,308	(1,114)	(2,911)	479	3,854	307	3,100	(600)	(3,086)	(5,220)	(5,807)

Source: Company reports, Mercury, UBS estimates

Figure 56: AMD - Summary Model

Advanced Micro Devices (AMD) - Key Metrics (in \$MM except EPS and Units)	C2023A	C2024A	C2025A	Estimates CQ1E	CQ2E	CQ3E	CQ4E	C2026E	CQ1E	CQ2E	CQ3E	CQ4E	C2027E	C2028E
Revenue	22,680	25,785	34,639	10,058	11,176	12,764	15,284	49,282	16,247	17,442	18,905	22,254	74,848	95,338
YY Growth	(4%)	14%	34%	35%	45%	38%	49%	42%	62%	56%	48%	46%	52%	27%
Gross Profit (Non-GAAP)	11,436	13,759	18,165	5,632	6,287	7,212	8,482	27,614	8,985	9,628	10,445	12,306	41,364	53,317
Gross Margin	50.4%	53.4%	52.4%	56.0%	56.0%	56.5%	55.5%	56.0%	55.3%	55.2%	55.3%	55.3%	55.3%	55.9%
Ex-Semi-Custom GM (UBSe)	57%	55%	54%	57%	57%	57%	56%	57%	56%	56%	56%	56%	56%	57%
R&D (GAAP)	5,872	6,456	8,091	2,337	2,367	2,457	2,637	9,798	2,737	2,857	2,977	3,097	11,668	13,288
SG&A (GAAP)	2,352	2,783	4,144	1,198	1,218	1,298	1,398	5,112	1,423	1,473	1,548	1,618	6,062	6,742
Other & Non-GAAP Adjustment (GAAP)	1,835	1,586	1,223	297	297	297	297	1,188	297	297	297	297	1,188	1,188
Total Opex (Non-GAAP)	6,616	7,669	10,397	3,057	3,107	3,277	3,557	12,998	3,682	3,852	4,047	4,237	15,818	18,118
YY Growth	10%	16%	36%	38%	28%	19%	19%	25%	20%	24%	23%	19%	22%	15%
Operating Income (Non-GAAP)	4,854	6,138	7,768	2,575	3,180	3,935	4,925	14,616	5,303	5,776	6,398	8,069	25,546	35,199
Operating Margin	21.4%	23.8%	22.4%	25.6%	28.5%	30.8%	32.2%	29.7%	32.6%	33.1%	33.8%	36.3%	34.1%	36.9%
Non-GAAP EPS	\$ 2.65	\$ 3.31	\$ 4.17	\$ 1.38	\$ 1.66	\$ 2.05	\$ 2.56	\$ 7.65	\$ 2.74	\$ 2.97	\$ 3.27	\$ 4.10	\$ 13.09	\$ 17.62
Free Cash Flow														
CFFO	1,667	3,041	7,709	2,461	4,178	3,974	4,120	14,733	5,226	5,261	5,724	6,447	22,658	33,013
Capex	546	636	974	100	100	100	100	400	100	100	100	100	400	400
FCF	1,121	2,405	6,735	2,361	4,078	3,874	4,020	14,333	5,126	5,161	5,624	6,347	22,258	32,613
% revenue	5%	9%	19%	23%	36%	30%	26%	29%	32%	30%	30%	29%	30%	34%
Segment Revenues														
Data Center	6,496	12,579	16,635	5,776	6,725	8,029	10,662	31,193	11,777	13,040	14,270	17,407	56,495	75,366
Data Center GPU Revenue	555	5,025	6,754	2,550	2,700	3,400	5,400	14,050	6,750	7,800	8,800	11,700	35,050	50,400
Server CPU Revenue	5,433	6,794	8,827	2,895	3,690	4,269	4,837	15,691	4,524	4,641	4,807	4,973	18,945	21,333
Server ASP (\$)	\$ 1,140	\$ 1,351	\$ 1,347	\$ 1,450	\$ 1,680	\$ 1,720	\$ 1,740	\$ 1,660	\$ 1,750	\$ 1,760	\$ 1,770	\$ 1,795	\$ 1,769	\$ 1,821
Server Units (K)	4,768	5,028	6,554	1,997	2,196	2,482	2,780	9,455	2,585	2,637	2,716	2,770	10,708	11,717
Server TAM (K units)	23,307	22,432	25,840	6,506	6,640	6,727	6,939	26,812	6,683	6,823	6,913	7,126	27,545	--
AMD Share	20%	22%												
XLNX FPGAs	252	318	385	115	119	125	131	491	135	139	144	148	567	638
Pensando	254	441	669	216	216	235	294	961	368	459	519	587	1,933	2,995
Data Center Operating Margin	20%	28%	22%	33%	34%	35%	36%	35%	36%	36%	36%	36%	36%	37%
Data Center Operating Profit YY Drop-through				46%	70%	47%	40%		39%	38%	37%	36%		
Client	4,651	7,054	10,640	2,753	2,793	2,929	2,863	11,338	2,623	2,617	2,733	2,856	10,829	10,922
PC Revenue	4,386	6,718	10,154	2,619	2,643	2,770	2,695	10,727	2,473	2,448	2,554	2,668	10,143	10,152
Desktop Revenue	1,386	1,863	3,196	846	824	872	837	3,378	813	789	828	873	3,304	3,433
AMD DT ASP (\$)	\$ 174	\$ 188	\$ 266	\$ 280	\$ 270	\$ 275	\$ 272	\$ 274	\$ 267	\$ 267	\$ 267	\$ 268	\$ 267	\$ 265
AMD DT Units (K)	7,950	9,931	12,029	3,020	3,050	3,172	3,077	12,319	3,046	2,955	3,103	3,258	12,361	12,955
DT TAM (K units)	67,010	69,021	76,433	17,683	17,652	19,987	21,236	76,558	17,685	17,667	20,019	21,277	76,647	78,947
AMD Share	12%	14%	16%	17%	17%	16%	14%	16%	17%	17%	15%	15%	16%	16%
Mobile Revenue	3,001	4,854	6,958	1,773	1,820	1,897	1,858	7,349	1,659	1,659	1,726	1,795	6,839	6,719
AMD Mobile ASP (\$)	\$ 98	\$ 115	\$ 157	\$ 162	\$ 163	\$ 165	\$ 160	\$ 162	\$ 157	\$ 157	\$ 157	\$ 157	\$ 157	\$ 155
AMD Mobile Units (K)	30,609	42,212	44,314	10,946	11,165	11,500	11,615	45,226	10,570	10,570	10,992	11,432	43,564	43,349
Mobile TAM (K units)	160,289	186,556	178,615	41,006	42,182	43,053	43,653	169,894	41,751	42,715	43,538	43,951	171,955	177,114
AMD Share	19%	23%	25%	27%	26%	27%	27%	27%	25%	25%	25%	26%	25%	24%
AMD Pro Graphics Revenue	267	335	495	134	150	159	167	610	151	169	179	188	686	770
Client Operating Margin	-1%	13%	22%	17%	18%	19%	20%	19%	18%	19%	20%	21%	20%	20%
Client Operating Profit YY Drop-through				3%	-44%	-87%	11%		-3%	3%	5%	-401%		
Gaming	6,212	2,595	3,910	674	760	837	760	3,031	828	757	812	867	3,264	4,256
PC GPU Gaming Revenue	858	707	1,618	394	410	427	320	1,551	288	317	222	277	1,104	946
Semi-Custom Revenue	5,354	1,888	2,292	280	350	410	440	1,480	540	440	590	590	2,160	3,310
Gaming Operating Margin	16%	11%	12%	12%	15%	15%	17%	15%	16%	15%	14%	15%	15%	14%
Embedded	5,321	3,557	3,454	855	898	970	999	3,721	1,019	1,029	1,091	1,123	4,261	4,793
Embedded Operating Margin	49%	40%	36%	14%	31%	46%	39%	33%	45%	46%	55%	96%	61%	95%
Q/Q Revenue Growth														
Data Center				7%	16%	19%	33%		10%	11%	9%	22%		
Client				(11%)	1%	5%	(2%)		(8%)	(0%)	4%	4%		
Gaming				(20%)	13%	10%	(9%)		9%	(9%)	7%	7%		
Embedded				(10%)	5%	8%	3%		2%	1%	6%	3%		
YY Revenue Growth														
Data Center		94%	32%	57%	108%	85%	98%	88%	104%	94%	78%	63%	81%	33%
Client		52%	51%	20%	12%	7%	(8%)	7%	(5%)	(6%)	(7%)	(0%)	(4%)	1%
Gaming		(58%)	51%	4%	(32%)	(36%)	(10%)	(22%)	23%	(0%)	(3%)	14%	8%	30%
Embedded		(33%)	(3%)	4%	9%	13%	5%	8%	19%	15%	12%	12%	15%	12%

Source: Company reports, UBS estimates

Valuation

We raise our price target from \$310 to \$455, derived from a 35x multiple (up from 27x previously) applied to C27E EPS of \$13.09 (from C27E EPS of \$11.57). Our multiple is in-line with US public AI compute peers (unchanged valuation methodology).

Figure 57: AMD Valuation

Valuation	New	Old
EPS		
C2027	\$ 13.09	\$ 11.57
NTM P/E Multiple	35x	27x
Price Target	\$ 455	\$ 310

Source: UBS estimates, FactSet

Figure 58: Compute Peers Valuation

Ticker	Company Name	P/E			
		2024	2025	2026	2027
AI Compute Peers					
NVDA	Nvidia	70x	44x	25x	19x
MRVL	Marvell	105x	58x	43x	30x
AVGO	Broadcom	87x	62x	37x	24x
	Weighted Average	75x	49x	29x	20x
	Simple Average	87x	55x	35x	24x
	Median	87x	58x	37x	24x

Source: FactSet, UBS research

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$525): In the upside scenario, we assume CY26/27E total revenue of \$50.2B/\$77.6B, driven by +91%/+84% Y/Y growth in data center and +8%/-2% Y/Y in Client. We see net margin expanding to ~28%/32% in CY26/27E. We then apply a 36x P/E multiple to the average CY27E EPS of \$14.69, arriving at the upside valuation of \$525.

BASE (\$455): In our base case scenario, assume CY26/27E total revenue of \$49.3B/\$74.8B, driven by +88%/+81% Y/Y growth in data center and +6%/-4% Y/Y in Client. We see net margin expanding to ~26%/30% in CY26/27E. We then apply a 35x P/E multiple to the average CY27E EPS of \$13.09, arriving at the base valuation of \$455.

DOWNSIDE (\$290): In our down case scenario, assume CY26/27E total revenue of \$45.4B/\$63.6B, driven by +69%/+66% Y/Y growth in data center and +1%/-8% Y/Y in Client. We see net margin expanding to ~23%/37% in CY26/27E. We then apply a 29x P/E multiple to the average CY27E EPS of \$10.16, arriving at the downside valuation of \$290.

ALAB PREVIEW

Results/Guidance

Results: Our FQ1:26 (Mar) model is unchanged with revs of \$296MM, slightly above Street and near the higher end of guidance at \$297MM. We model retimer/CXL rev to grow ~5% Q/Q to \$166MM (vs. Street \$162MM). Additionally, we model switching rev to rise ~107% Q/Q to \$73MM (vs. Street \$73MM). We model non-GAAP GM of 74.0%, above Street 74.1%, and OpM of 34.2%, above Street 35.1%, resulting in EPS of \$0.54, also at the high end of guidance and in line with Street.

Guide: Our FQ2:26 (Jun) revs remain unchanged at \$318MM, above Street at \$310MM. We model retimer rev to grow ~8% Q/Q to \$179MM (vs. Street \$168MM). Additionally, we model switching rev to rise ~6% Q/Q to \$77MM (vs. Street \$88MM). We model non-GAAP GM of 73.3%, above Street 72.0%, and OpM of 34.1%, above Street 33.9%, resulting in EPS of \$0.58, above Street at \$0.55.

Valuation: PT \$180 (unchanged)

Our price target on ALAB is based on applying an 47x (unchanged) to 2027E Non-GAAP EPS of \$3.74 (unchanged). This gives ALAB a price target of \$180 (unchanged) which underlies our Neutral rating.

Key Topics for Earnings:

1) AWS/Anthropic buildout timing; 2) Guidance and MarQ to JunQ revenue cadence; 3) retimer demand trends; 4) Design wins/content gains at hyperscalers; 5) CXL adoption timing; 6) Optical/CPO transition and ALAB positioning.

Figure 59: ALAB UBS vs. Street

Factset years	2024	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
	2024A	2025A	Mar '26	Jun '26	Sep '26	Dec '26	2026E	Mar '27	Jun '27	Sep '27	Dec '27	2027E	Mar '28	Jun '28	Sep '28	Dec '28	2028E
Revenue(\$MM)																	
UBS (New)	\$ 396	\$ 853	\$ 296	\$ 318	\$ 361	\$ 420	\$ 1,395	\$ 457	\$ 466	\$ 500	\$ 536	\$ 1,959	\$ 550	\$ 568	\$ 589	\$ 609	\$ 2,316
Consensus			\$ 292	\$ 310	\$ 352	\$ 405	\$ 1,358	\$ 431	\$ 457	\$ 485	\$ 512	\$ 1,888	\$ 502	\$ 550	\$ 600	\$ 649	\$ 2,387
Delta			1.4%	2.5%	2.7%	3.7%	2.7%	5.9%	2.1%	3.1%	4.7%	3.7%	9.6%	3.3%	(1.9%)	(6.1%)	(3.0%)
Non-GAAP EPS																	
UBS (New)	\$ 0.85	\$ 1.84	\$ 0.54	\$ 0.58	\$ 0.68	\$ 0.82	\$ 2.63	\$ 0.89	\$ 0.88	\$ 0.95	\$ 1.02	\$ 3.74	\$ 1.03	\$ 1.08	\$ 1.13	\$ 1.18	\$ 4.42
Consensus			\$ 0.54	\$ 0.55	\$ 0.64	\$ 0.77	\$ 2.49	\$ 0.81	\$ 0.86	\$ 0.92	\$ 0.96	\$ 3.57	\$ 0.96	\$ 1.08	\$ 1.21	\$ 1.33	\$ 4.74
Delta			0.0%	5.5%	6.3%	6.5%	5.6%	9.9%	2.3%	3.3%	6.3%	4.8%	7.3%	0.0%	(6.6%)	(11.3%)	(6.8%)

Source: Company reports, UBS estimates, FactSet

Figure 60: ALAB Seasonality

	Total Revenue % Q/Q															
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2022	-	+42.5%	+8.0%	-11.9%												
2023	-13.2%	-39.5%	+245.5%	+36.8%												
2024	+29.2%	+17.8%	+47.2%	+24.8%												
2025E	+13.0%	+20.4%	+20.1%	+17.4%												
2026E	+9.4%	+7.3%	+13.8%	+16.3%												
5Y median	+6.5%	+19.1%	+47.2%	+24.8%												
LT median	+6.5%	+19.1%	+47.2%	+24.8%												

	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
2022	-	+85.3%	-12.5%	+67.0%	-	+296 bp	-51 bp	-254 bp	-	-2,177 bp	+1,979 bp	-8,014 bp	-2	-2	-2	-2
2023	-36.6%	+10.3%	+17.1%	-2.4%	-4,778 bp	+5,484 bp	-284 bp	+114 bp	-355 bp	-4,395 bp	+14,178 bp	+2,240 bp	+2	-6	-1	-4
2024	+31.7%	+17.2%	+24.6%	+9.5%	+95 bp	-23 bp	-20 bp	-368 bp	-6 bp	+4 bp	+804 bp	+188 bp	-2	-7	+27	-31
2025E	+16.8%	+7.7%	+13.3%	+19.9%	+75 bp	+116 bp	+39 bp	-69 bp	-58 bp	+551 bp	+249 bp	-145 bp	-62	+45	-56	+7
2026E	+22.7%	+5.5%	+7.6%	+8.2%	-173 bp	-70 bp	-100 bp	-40 bp	-605 bp	-5 bp	+113 bp	+218 bp	-15	+1	+8	-5
5Y median	+8.4%	+13.8%	+17.1%	+9.5%	+38 bp	+206 bp	-51 bp	-254 bp	-32 bp	-1,087 bp	+1,979 bp	+188 bp	-2	-4	-1	-4
LT median	+8.4%	+13.8%	+17.1%	+9.5%	+38 bp	+206 bp	-51 bp	-254 bp	-32 bp	-1,087 bp	+1,979 bp	+188 bp	-2	-4	-1	-4

Source: Company reports, UBS research.

Source: Company reports, UBS estimates, FactSet.

Figure 61: ALAB - Summary Model

Astera Labs (ALAB) - Key Metrics					Estimates																										
(in \$MM except EPS)					2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E									
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4A	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E	Q1E	Q2E	Q3E	Q4E							
Revenue	17.7	10.7	36.9	50.5	115.8	65.3	76.9	113.1	141.1	396.3	159.4	191.9	230.6	270.6	852.5	296.0	317.5	361.4	420.4	1,395.4	456.5	466.3	500.1	535.8	1,958.8	550.3	568.0	588.6	609.2	2,316.1	
Y/Y Growth	18%	(50%)	60%	148%	45%	269%	619%	206%	179%	242%	144%	150%	104%	92%	115%	86%	65%	57%	55%	64%	54%	47%	38%	27%	64%	40%	21%	22%	18%	14%	
COGS (non-GAAP)	13.4	2.2	8.8	11.5	35.9	14.2	16.9	25.1	36.5	92.7	40.1	46.0	54.4	65.7	206.1	77.0	84.8	100.1	118.1	380.0	128.7	130.6	140.0	151.1	550.5	160.7	164.7	170.7	177.9	674.0	
Gross Profit (non-GAAP)	4.3	8.4	28.1	39.0	79.9	51.0	59.9	88.0	104.6	303.5	119.4	145.9	176.2	204.9	646.4	219.1	232.7	261.3	302.3	1,015.4	327.8	335.8	360.1	384.7	1,408.4	389.6	403.3	417.9	431.3	1,642.1	
Gross Margin (non-GAAP)	24.1%	79.0%	76.1%	77.3%	69.0%	78.2%	78.0%	77.8%	74.1%	76.6%	74.9%	76.0%	76.4%	75.7%	75.8%	74.0%	73.3%	72.3%	71.9%	72.8%	71.8%	72.0%	72.0%	71.8%	71.9%	70.8%	71.0%	71.0%	70.8%	70.9%	
R&D (GAAP)	15.3	17.9	20.6	19.7	73.4	53.6	40.1	50.7	56.5	200.8	64.6	66.7	78.9	93.8	304.0	109.2	116.7	127.3	140.1	493.3	149.6	160.3	172.8	184.5	667.3	186.1	189.8	194.0	198.1	768.0	
% of revenue	86.4%	167.1%	55.9%	38.9%	63.4%	82.1%	52.2%	44.8%	40.1%	50.7%	40.5%	34.8%	34.2%	34.7%	35.7%	36.9%	36.7%	35.2%	33.3%	35.3%	32.8%	34.4%	34.6%	34.4%	34.1%	33.8%	33.4%	33.0%	32.5%	33.2%	
SG&A (GAAP)	7.9	8.2	9.5	10.4	35.9	79.9	44.1	46.1	47.8	217.9	43.6	39.1	41.5	43.7	167.8	51.0	59.5	65.6	73.4	249.6	75.5	78.2	81.7	85.3	320.7	87.8	92.1	96.6	99.1	375.6	
% of revenue	44.8%	76.6%	25.6%	20.5%	31.0%	122.5%	57.4%	40.8%	33.9%	55.0%	27.3%	20.4%	18.0%	16.2%	19.7%	17.2%	18.7%	18.2%	17.5%	17.9%	16.5%	16.8%	16.3%	15.9%	16.4%	16.0%	16.2%	16.4%	16.3%	16.2%	
Stock comp	2.0	2.7	2.7	3.3	10.7	97.8	43.1	45.5	48.2	234.6	42.4	35.5	40.7	41.4	160.0	42.9	52.4	59.6	69.4	224.3	68.5	69.9	75.0	80.4	293.8	79.8	82.4	85.4	88.3	335.8	
Other adjustments	(4.0)	(5.3)	(5.4)	(6.6)	(21.3)	(196.1)	(86.1)	(91.0)	(96.3)	(469.4)	(84.9)	(70.6)	(81.1)	(82.9)	(319.5)	(85.4)	(104.3)	(118.7)	(138.1)	(446.4)	(136.2)	(139.2)	(149.3)	(159.9)	(584.5)	(158.7)	(163.8)	(169.8)	(175.7)	(668.0)	
Opex (Non-GAAP)	21.2	23.4	27.4	26.7	98.7	35.2	41.2	51.3	56.2	184.0	65.6	70.7	80.0	96.0	312.4	117.8	124.3	133.8	144.8	520.8	157.3	169.3	180.3	190.3	697.3	195.1	200.4	206.1	209.8	811.4	
% of revenue	120%	219%	74%	53%	85%	54%	54%	45%	40%	46%	41%	37%	35%	35%	37%	40%	39%	37%	34%	37%	34%	36%	36%	36%	36%	35%	35%	35%	34%	35%	
Operating Income (Non-GAAP)	(16.9)	(14.9)	0.7	12.3	(18.8)	15.9	18.7	36.6	48.4	119.6	53.7	75.2	96.1	108.9	334.0	101.2	108.4	127.5	157.5	494.6	170.5	166.4	179.8	194.4	711.1	194.5	202.9	211.8	221.5	830.7	
Operating Margin (Non-GAAP)	(95.8%)	(139.8%)	2.0%	24.4%	(16.3%)	24.3%	24.4%	32.4%	34.3%	30.2%	33.7%	39.2%	41.7%	40.2%	39.2%	34.2%	34.1%	35.3%	37.5%	35.4%	37.3%	35.7%	34.9%	36.3%	36.3%	36.3%	35.4%	35.7%	36.0%	36.4%	35.9%
Incr./Decr. Op Mgn (Non-GAAP)	(582.1%)	75.7%	25.6%	103.1%	31.0%	68.9%	50.9%	47.1%	39.8%	49.3%	40.2%	49.1%	50.6%	46.8%	47.0%	34.8%	26.4%	24.0%	32.4%	29.6%	43.1%	39.0%	37.7%	32.0%	38.4%	25.7%	35.8%	36.2%	37.0%	33.5%	
GAAP NI	(17.5)	(20.0)	(3.1)	14.3	(26.3)	(93.0)	(7.5)	(7.6)	24.7	(83.4)	31.8	51.2	91.1	45.0	219.1	62.3	61.1	72.4	91.4	287.3	104.9	101.5	110.3	120.1	436.8	122.5	129.2	136.3	144.3	532.3	
GAAP Diluted WASO	35.8	36.6	37.5	47.6	37.1	52.5	155.2	156.8	177.6	131.3	178.1	178.1	180.6	181.2	179.6	183.8	184.2	184.6	185.0	184.4	185.4	185.8	186.2	186.6	186.0	186.9	187.3	187.7	188.0	187.5	
GAAP EPS	(\$0.49)	(\$0.55)	(\$0.08)	\$0.30	(\$0.71)	(\$1.77)	(\$0.05)	(\$0.05)	\$0.14	(\$0.64)	\$0.18	\$0.29	\$0.50	\$0.25	\$1.22	\$0.34	\$0.33	\$0.39	\$0.49	\$1.56	\$0.57	\$0.55	\$0.59	\$0.64	\$2.35	\$0.66	\$0.69	\$0.73	\$0.77	\$2.84	
Non-GAAP NI	(15.5)	(17.3)	(0.4)	17.6	(15.6)	14.3	22.2	40.3	66.5	143.3	59.6	78.0	88.2	104.8	330.6	100.1	107.2	124.9	152.5	484.7	165.2	163.0	176.3	190.8	695.4	192.7	201.7	211.5	222.0	827.9	
Non-GAAP Diluted WASO	126.7	127.5	128.4	138.5	128.0	147.5	175.3	173.8	177.6	168.9	178.1	178.1	180.6	181.2	179.6	183.8	184.2	184.6	185.0	184.4	185.4	185.8	186.2	186.6	186.0	186.9	187.3	187.7	188.0	187.5	
Non-GAAP EPS	(\$0.12)	(\$0.14)	(\$0.00)	\$0.13	(\$0.12)	\$0.10	\$0.13	\$0.23	\$0.37	\$0.85	\$0.33	\$0.44	\$0.49	\$0.58	\$1.84	\$0.54	\$0.58	\$0.68	\$0.82	\$2.63	\$0.89	\$0.88	\$0.95	\$1.02	\$3.74	\$1.03	\$1.08	\$1.13	\$1.18	\$4.42	
Segment Revenues																															
Aries					109.6	60.0	70.5	101.0	124.5	356.0	136.0	145.0	155.4	158.4	594.8	166.4	179.4	192.4	208.4	746.7	213.4	193.4	205.4	217.4	829.7	219.9	224.5	230.3	234.2	909.0	
Y/Y Growth										225%	127%	106%	54%	27%	67%	22%	24%	24%	32%	26%	28%	8%	7%	4%	11%	3%	16%	12%	8%	10%	
Scorpio					-	-	-	-	-	-	10.0	20.2	25.0	35.0	90.2	72.5	77.0	100.0	137.0	386.5	165.0	190.7	209.7	228.9	794.3	241.2	254.4	268.9	284.7	1,049.2	
Y/Y Growth											625%	282%	300%	291%	329%	128%	148%	110%	67%	329%	128%	148%	110%	67%	106%	46%	33%	28%	24%	32%	
Taurus					-	3.3	4.7	8.0	13.2	29.2	17.0	22.5	31.0	50.0	120.5	54.2	57.9	65.0	70.0	247.1	73.0	76.0	78.0	82.0	309.0	79.5	78.7	78.0	77.2	313.4	
Y/Y Growth											415%	379%	288%	279%	313%	219%	157%	110%	40%	105%	35%	31%	20%	17%	25%	9%	4%	(0%)	(6%)	1%	
Leo					-	0.1	0.3	2.0	2.5	4.9	2.9	3.1	2.7	2.7	11.4	2.9	3.2	4.0	5.0	15.1	5.1	6.2	7.0	7.5	25.8	9.6	10.3	11.5	13.2	44.6	
Y/Y Growth											2,800%	933%	35%	8%	133%	--	3%	48%	85%	32%	76%	94%	75%	50%	71%	88%	66%	64%	76%	73%	
Cash Flow & Capital Deployment																															
Adjustments and other CFFO items	11.7	(1.6)	0.2	6.2	16.5	(8.7)	19.7	0.6	23.5	35.0	18.4	14.3	36.5	(23.1)	46.0	12.5	13.4	14.5	15.8	56.2	17.3	18.8	20.6	22.4	79.1	24.4	26.4	28.5	30.8	110.1	
Working Capital	1.7	(6.2)	(1.1)	(4.1)	(9.7)	(2.2)	(7.3)	27.4	(31.1)	(13.3)	(62.4)	44.9	(55.5)	7.0	(66.0)	(15.4)	1.5	7.7	(5.2)	(11.4)	(7.8)	14.8	7.4	9.0	23.4	(2.2)	11.9	12.6	13.0	35.3	
CFFO	(3.8)	(23.0)	(0.3)	14.4	(12.7)	3.7	29.8	63.5	39.7	136.7	10.5	135.4	78.2	95.3	319.3	93.2	118.7	144.0	160.5	516.3	171.1	192.4	199.5	216.9	779.9	208.2	232.5	244.0	256.0	940.7	
Capex	(0.4)	(0.6)	(0.7)	(1.0)	(2.8)	(3.4)	1.3	(16.7)	(15.4)	(34.2)	(4.5)	(2.0)	(12.3)	(18.7)	(37.5)	(14.8)	(15.9)	(18.1)	(21.0)	(69.8)	(22.8)	(23.3)	(25.0)	(26.8)	(97.9)	(27.5)	(28.4)	(29.4)	(30.5)	(115.8)	
FCF	(4.3)	(23.5)	(1.1)	13.4	(15.5)	0.2	31.1	46.8	24.3	102.4	6.0	133.3	65.9	76.6	281.8	78.4	102.8	125.9	139.4	446.5	148.3	169.1	174.5	190.2	682.0	180.7	204.1	214.6	225.5	824.9	
% of revenue	(24%)	(220%)	(3%)	27%	(13%)	0%	41%	41%	17%	26%	4%	69%	29%	28%	33%	26%	32%	35%	33%	32%	32%	36%	35%	35%	35%	33%	36%	36%	37%	36%	
Y/Y Growth						105%	232%	4,475%	81%	762%	2,516%	328%	41%	216%	175%	1,214%	(23%)	91%	82%	58%	89%	64%	39%	36%	53%	22%	21%	23%	19%	21%	
Net Debt	-	-	-	(45.1)	(45.1)	(696.1)	(421.1)	(126.1)	(79.6)	(79.6)	(86.4)	(162.3)	(140.4)	(167.6)	(167.6)	(248.0)	(350.8)	(476.7)	(616.1)	(616.1)	(764.4)	(933.5)	(1,108.0)	(1,298.1)	(1,298.1)	(1,478.9)	(1,682.9)	(1,897.5)	(2,123.0)	(2,123.0)	

Source: Company Reports, UBS estimates

Valuation

Our ALAB price target is unchanged at \$180, based on applying a 47x weighted average peer PE, in line with optical supply chain peers (a multiple that falls within the historical range for ALAB). Applying a 47x PE to CY27E EPS of \$3.74 gives a PT of \$180, underlying our Neutral rating.

Figure 62: ALAB Valuation

		New		Old	
Non-GAAP EPS					
CY2027	\$	3.74	\$	3.74	
C2027 PE		47x		47x	
Price Target	\$	180	\$	180	

Source: UBS estimates, FactSet

Figure 63: Networking and Optical Peers

Ticker	Company Name	P/E			EV/FCF			EV/Sales			Mkt Cap	EV
		2026	2027	2028	2026	2027	2028	2026	2027	2028		
Semis Networking Peers												
NVDA-US	NVIDIA	25x	19x	16x	27x	19x	16x	13.0x	9.9x	8.6x	\$4834.5B	\$4784.1B
AVGO-US	Broadcom	33x	22x	19x	34x	21x	16x	18.8x	12.1x	9.6x	\$1891.4B	\$1943.2B
MRVL-US	Marvell	37x	26x	19x	45x	31x	23x	11.9x	8.7x	6.8x	\$127.0B	\$129.4B
MCHP-US	Microchip	33x	23x	21x	34x	24x	NM	8.4x	7.1x	6.7x	\$43.0B	\$48.1B
CRDO-US	Credo	35x	26x	20x	44x	27x	20x	13.0x	9.7x	7.2x	\$29.9B	\$28.7B
SMTC-US	Semtech	50x	38x	34x	59x	37x	31x	8.2x	7.3x	6.8x	\$9.9B	\$10.2B
MXL-US	MaxLinear	30x	23x	22x	54x	28x	30x	4.9x	4.4x	4.1x	\$2.7B	\$2.8B
	Weighted Average	33x	20x	19x	35x	22x	16x	18.0x	11.7x	9.3x		
	Median	34x	23x	21x	45x	28x	23x	10.2x	8.0x	6.8x		
	Simple Average	36x	25x	23x	45x	28x	24x	10.9x	8.2x	6.9x	\$2103.9B	\$2162.4B
Optical Supply Chain Peers												
CIEN-US	Ciena	78x	58x	40x	123x	71x	NM	11.7x	9.6x	7.6x	\$71.3B	\$71.5B
LITE-US	Lumentum	75x	43x	36x	137x	44x	NM	22.4x	12.8x	8.7x	\$63.3B	\$65.5B
COHR-US	Coherent	54x	40x	35x	128x	63x	NM	10.1x	8.0x	6.5x	\$67.1B	\$70.1B
MTSI-US	MACOM	58x	47x	41x	74x	54x	NM	17.8x	15.1x	13.2x	\$21.0B	\$20.8B
	Weighted Average	68x	47x	38x	124x	59x	NM	14.8x	10.5x	8.1x		
	Median	66x	45x	38x	125x	58x	NM	14.7x	11.2x	8.2x		
	Simple Average	66x	47x	38x	115x	58x	NM	15.5x	11.4x	9.0x	\$222.7B	\$228.0B

Source: Factset, UBS

SWKS PREVIEW

Results/Guidance

Results: Our FQ2:26 (Mar) model is unchanged with revs of \$907MM, slightly above Street and above the mid-pt of guidance at \$900MM. We model Mobile rev to decline ~13% Y/Y and ~20% Q/Q to \$512MM (vs. Street \$508MM). Additionally, we model Broad Markets to rise ~8% Y/Y and flat% Q/Q to \$395MM (vs. Street \$394MM). Our EPS estimate of \$1.08 is slightly above both guidance mid-point and Street at \$1.04.

Guide: Our FQ3:26 (Jun) revs remain unchanged at \$873MM, above Street at \$861MM. We model Mobile rev to decline 8% Q/Q to \$474MM (above Street \$472MM) and broad market to increase 1% Q/Q to \$399MM (vs. Street \$390MM). We model non-GAAP GM of 45.0%, slightly below Street 45.3%, and OpM of 17.5%, slightly below Street 17.8%, resulting in EPS of \$0.97, above Street at \$0.94.

Valuation: PT \$63 (from \$58)

Our price target on Skyworks is based on applying a 12x (from 11x) to pro forma combined 2027E Non-GAAP EPS of \$5.01 (unchanged). This gives a SWKS price target of \$63 (from \$58) which underlies our Neutral rating.

Key Topics for Earnings:

1) Component procurement and inventory digestion; 2) Design wins and content gains; 3) Commentary/outlook for Broad Markets; 4) Cadence for share repo; 5) impacts on end demand from memory price inflation; 6) content opportunity details for iPhone 18; 7) incremental detail on the announced merger with QRVO.

Estimate Changes

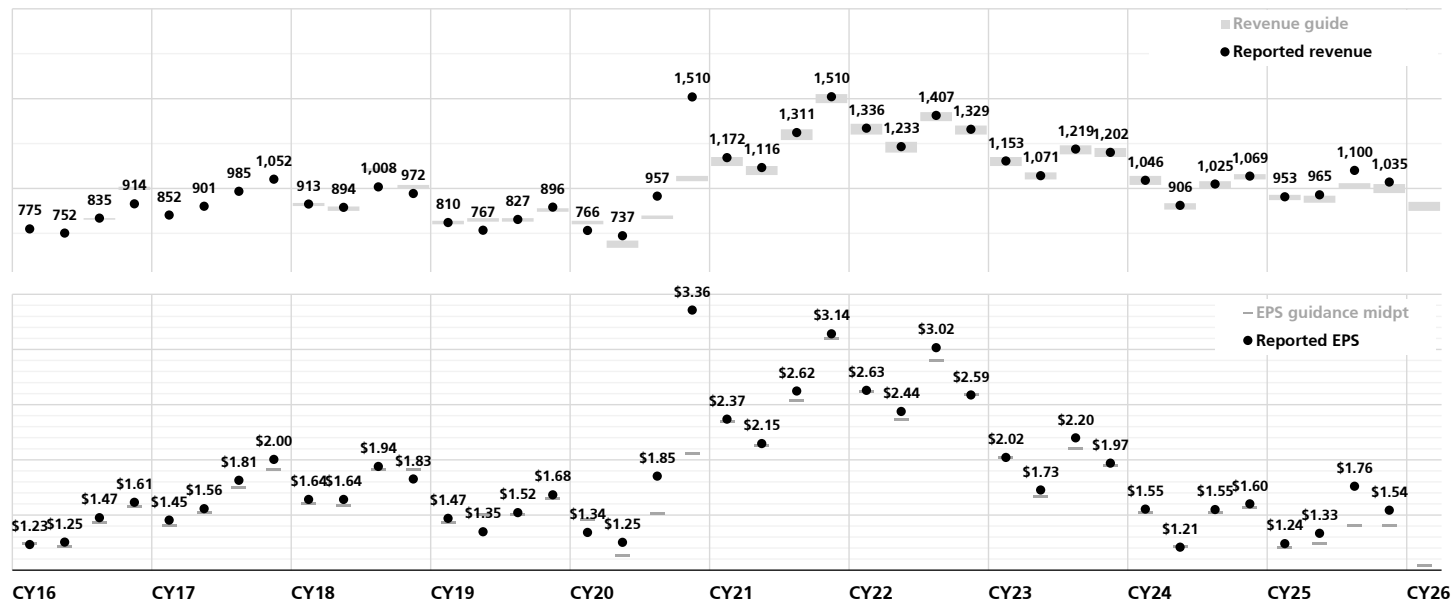
No change to estimates.

Figure 64: SWKS UBS vs. Street

	2024	2025	Dec'25 2026/1F	Mar'26 2026/2F	Jun'26 2026/3F	Sep'26 2026/4F	2026	Dec'26 2027/1F	Mar'27 2027/2F	Jun'27 2027/3F	Sep'27 2027/4F	2027	Dec'27 2028/1F	Mar'28 2028/2F	Jun'28 2028/3F	Sep'28 2028/4F	2028	CY2025	CY2026	CY2027
Revenues (\$MM)																				
UBS (New)	\$ 4,178	\$ 4,087	\$ 1,035	\$ 907	\$ 873	\$ 985	\$ 3,801	\$ 1,028	\$ 967	\$ 905	\$ 1,037	\$ 3,937	\$ 1,105	\$ 1,048	\$ 990	\$ 1,117	\$ 4,259	\$ 4,054	\$ 3,793	\$ 4,014
Consensus				\$ 902	\$ 861	\$ 960	\$ 3,758	\$ 1,000	\$ 919	\$ 910	\$ 1,048	\$ 3,876	\$ 1,126	\$ 1,048	\$ 990	\$ 1,117	\$ 4,280		\$ 3,723	\$ 3,954
Delta				0.6%	1.4%	2.6%	1.1%	2.8%	5.2%	(0.5%)	(1.0%)	1.6%	(1.9%)	(0.0%)	0.0%	(0.0%)	(0.5%)		1.9%	1.5%
EPS																				
UBS (non-GAAP) (New)	\$ 6.28	\$ 5.93	\$ 1.54	\$ 1.08	\$ 0.97	\$ 1.33	\$ 4.92	\$ 1.52	\$ 1.22	\$ 1.09	\$ 1.42	\$ 5.25	\$ 1.66	\$ 1.43	\$ 1.30	\$ 1.69	\$ 6.09	\$ 5.88	\$ 4.91	\$ 5.38
Consensus (non-GAAP)				\$ 1.04	\$ 0.94	\$ 1.19	\$ 4.71	\$ 1.33	\$ 1.12	\$ 1.10	\$ 1.44	\$ 4.98	\$ 1.70	\$ 1.43	\$ 1.30	\$ 1.69	\$ 6.13		\$ 4.50	\$ 5.19
Delta				3.7%	3.4%	11.6%	4.5%	15.0%	8.7%	(0.1%)	(1.8%)	5.4%	(2.8%)	0.0%	(0.0%)	0.0%	(0.7%)		9.1%	3.7%

Source: Company reports, UBS estimates, FactSet

Figure 65: SWKS Revenue and EPS Guidance History



Source: Company reports, FactSet, UBS estimates

Figure 66: SWKS Seasonality Analysis

	Total Revenue % Q/Q				Apple Revenue % Q/Q				Android Revenue % Q/Q				Broad Markets % Q/Q				Mobile % Q/Q			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2019	-16.6%	-5.4%	+7.9%	+8.3%	-21.3%	-26.2%	+77.0%	+6.6%	-27.1%	+17.1%	-58.0%	+74.0%	+1.9%	+6.1%	-3.8%	-11.4%	-23.5%	-11.0%	+14.7%	+18.0%
2020	-14.5%	-3.8%	+29.9%	+57.8%	-33.5%	+0.1%	+42.6%	+97.3%	+28.6%	-13.5%	+6.9%	+36.3%	-5.0%	-0.6%	+29.9%	+9.9%	-18.0%	-5.2%	+29.9%	+79.3%
2021	-22.4%	-4.7%	+17.4%	+15.2%	-44.6%	-2.8%	+35.8%	+17.2%	+4.8%	+0.5%	-7.4%	-5.0%	+18.1%	-11.0%	+11.0%	+25.5%	-33.5%	-1.7%	+20.3%	+11.0%
2022	-11.6%	-7.7%	+14.1%	-5.5%	-20.4%	-6.0%	+31.6%	+1.6%	-24.4%	-7.5%	-27.1%	-39.7%	+9.6%	-9.8%	+7.3%	-8.1%	-21.4%	-6.3%	+18.4%	-4.1%
2023	-13.3%	-7.1%	+13.8%	-1.4%	-18.6%	-7.1%	+20.0%	+6.6%	-26.8%	-10.6%	+98.5%	-8.0%	-2.0%	-3.7%	-4.0%	-17.4%	-19.3%	-9.3%	+26.1%	+7.0%
2024	-12.9%	-13.4%	+13.2%	+4.3%	-18.9%	-17.9%	+21.1%	+8.8%	+8.4%	-30.6%	+5.8%	+3.6%	+0.7%	+0.6%	+1.5%	+1.0%	-18.5%	-20.5%	+20.6%	+6.0%
2025	-10.8%	+1.2%	+14.0%	-5.9%	-18.8%	-3.4%	+22.2%	-6.5%	+3.6%	+37.5%	+1.7%	-31.0%	+0.7%	+0.8%	+2.9%	+4.5%	-16.7%	+1.5%	+20.9%	-11.3%
2026E	-12.4%	-3.8%	+12.9%	+4.3%	-23.9%	-6.7%	+20.4%	+5.9%	+20.2%	-8.9%	+2.8%	+6.4%	-	+1.0%	+2.0%	+2.0%	-20.0%	-7.5%	+22.0%	+6.0%
2027E	-5.9%	-6.3%	+14.5%	+7.5%	-18.4%	-4.9%	+21.6%	+9.3%	+42.2%	-19.8%	-6.1%	+21.3%	+3.0%	-3.0%	+8.0%	+2.0%	-12.0%	-9.0%	+20.0%	+10.0%
2028E	-5.1%	-5.5%	+12.8%	+5.9%	-17.8%	-4.7%	+23.8%	+5.6%	+11.7%	-10.8%	-16.1%	+21.9%	+6.0%	-5.0%	+8.0%	+2.0%	-13.0%	-6.0%	+17.0%	+9.0%
5Y median	-12.9%	-7.1%	+14.0%	-1.4%	-18.9%	-6.0%	+22.2%	+6.6%	+3.6%	-7.5%	+1.7%	-8.0%	+0.7%	-3.7%	+2.9%	+1.0%	-19.3%	-6.3%	+20.6%	+6.0%
10Y median	-13.2%	-4.3%	+13.5%	+5.5%	-20.9%	-6.6%	+23.8%	+8.7%	+0.6%	-4.4%	+3.8%	-2.6%	+1.3%	+0.7%	+2.7%	-3.0%	-18.9%	-6.8%	+20.5%	+8.0%
LT median	-9.4%	+1.9%	+12.9%	+6.4%	-20.4%	-7.2%	+23.8%	+13.0%	+3.6%	-1.3%	+5.8%	-0.3%	+0.7%	+3.5%	+3.4%	-5.1%	-18.5%	-5.8%	+20.8%	+10.0%

	Gross Margin bps Q-Q				Operating Margin bps Q-Q				Adj EPS % Q/Q				Capital Intensity			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2019	-23 bp	-35 bp	-8 bp	-18 bp	-260 bp	-119 bp	+109 bp	+122 bp	-19.5%	-8.3%	+12.9%	+10.7%	11.9%	11.4%	10.2%	12.4%
2020	+3 bp	-4 bp	+26 bp	+69 bp	-273 bp	-121 bp	+375 bp	+619 bp	-20.3%	-6.6%	+47.8%	+81.3%	7.9%	9.7%	15.2%	7.9%
2021	-30 bp	-17 bp	+37 bp	+23 bp	-363 bp	-142 bp	+106 bp	+159 bp	-29.4%	-9.4%	+22.1%	-6.7%	12.0%	10.4%	20.1%	6.7%
2022	-3 bp	+1 bp	+8 bp	+23 bp	-203 bp	-95 bp	+177 bp	-61 bp	-16.3%	-7.3%	+23.8%	-14.2%	9.5%	10.3%	10.1%	4.8%
2023	-148 bp	-249 bp	-38 bp	-78 bp	-348 bp	-299 bp	+216 bp	-221 bp	-21.9%	-14.5%	+27.3%	-10.4%	3.9%	0.3%	5.8%	1.8%
2024	-134 bp	+93 bp	+51 bp	+6 bp	-375 bp	-250 bp	+250 bp	-3 bp	-21.1%	-22.2%	+28.1%	+3.4%	2.6%	2.7%	8.1%	3.6%
2025	+13 bp	+41 bp	-59 bp	+11 bp	-334 bp	-6 bp	+74 bp	+35 bp	-22.6%	+7.6%	+32.0%	-12.4%	4.0%	6.4%	5.1%	5.5%
2026E	-158 bp	-	+100 bp	+100 bp	-549 bp	-138 bp	+373 bp	+203 bp	-29.9%	-10.4%	+37.1%	+14.6%	7.0%	7.0%	7.0%	5.0%
2027E	-100 bp	+30 bp	+70 bp	+50 bp	-379 bp	-95 bp	+253 bp	+209 bp	-20.2%	-10.0%	+29.3%	+16.9%	5.0%	5.0%	5.0%	6.0%
2028E	-100 bp	+50 bp	+50 bp	+50 bp	-232 bp	-101 bp	+314 bp	+264 bp	-13.5%	-9.0%	+30.0%	+17.9%	6.0%	6.0%	6.0%	6.0%
5Y median	-30 bp	+1 bp	+8 bp	+11 bp	-348 bp	-142 bp	+177 bp	-3 bp	-21.9%	-9.4%	+27.3%	-10.4%	4.0%	6.4%	8.1%	4.8%
10Y median	-44 bp	+4 bp	+19 bp	+14 bp	-292 bp	-107 bp	+155 bp	+49 bp	-19.9%	-7.0%	+23.0%	-1.3%	7.9%	10.3%	10.1%	5.5%
LT median	-35 bp	+33 bp	+24 bp	+17 bp	-260 bp	+11 bp	+153 bp	+84 bp	-18.1%	+7.6%	+22.1%	+4.6%	7.9%	10.3%	10.1%	5.5%

Source: Company reports, UBS

Figure 67: SWKS - Summary Model

Skyworks Solutions, Inc. (SWKS) - Key Metrics (in \$MM except EPS and units)			F2024				Estimates				F2026				F2027E				FISCAL YEAR SUMMARY									
	C2023A	C2024A	FQ2A CQ1A	FQ3A CQ2A	FQ4:25A CQ3A	FQ1A CQ4A	C2025A	FQ2E CQ1E	FQ3E CQ2E	FQ4:26E CQ3E	FQ1E CQ4E	C2026E	FQ2E CQ1E	FQ3E CQ2E	FQ4:27E CQ3E	FQ1E CQ4E	C2027E	FQ2E CQ1E	FQ3E CQ2E	FQ4:27E CQ3E	FQ1E CQ4E	C2028E	F2022A	F2023A	F2024A	F2025A	F2026E	F2027E
Revenue	\$4,645	\$4,045	\$953	\$965	\$1,100	\$1,035	\$4,054	\$907	\$873	\$985	\$1,028	\$3,793	\$967	\$905	\$1,037	\$1,105	\$4,014	\$1,048	\$990	\$1,117	\$1,182	\$4,337	\$5,486	\$4,772	\$4,178	\$4,087	\$3,801	\$3,937
Y/Y Growth	(12%)	(13%)	(9%)	7%	7%	(3%)	0%	(5%)	(10%)	(10%)	(1%)	(6%)	7%	4%	5%	7%	6%	8%	9%	8%	7%	8%	7%	(13%)	(12%)	(2%)	(7%)	4%
Gross profit (Non-GAAP)	\$2,217	\$1,860	\$445	\$454	\$511	\$482	\$1,893	\$408	\$393	\$453	\$483	\$1,737	\$445	\$419	\$487	\$525	\$1,876	\$487	\$465	\$530	\$568	\$2,050	\$2,808	\$2,345	\$1,920	\$1,907	\$1,737	\$1,834
Gross Margin	47.7%	46.0%	46.7%	47.1%	46.5%	46.6%	46.7%	45.0%	45.0%	46.0%	47.0%	45.8%	46.0%	46.3%	47.0%	47.5%	46.7%	46.5%	47.0%	47.5%	48.0%	47.3%	51.2%	49.1%	46.0%	46.7%	45.7%	46.6%
R&D (Non-GAAP)	\$504	\$569	\$159	\$167	\$182	\$174	\$681	\$180	\$182	\$184	\$189	\$733	\$194	\$194	\$204	\$204	\$794	\$204	\$204	\$209	\$185	\$801	\$528	\$512	\$546	\$659	\$718	\$779
SG&A (Non-GAAP)	\$237	\$235	\$64	\$63	\$65	\$57	\$249	\$58	\$59	\$61	\$56	\$233	\$53	\$53	\$66	\$66	\$253	\$66	\$65	\$66	\$80	\$277	\$234	\$231	\$237	\$253	\$234	\$243
Total Opex (Non-GAAP)	\$741	\$804	\$223	\$230	\$247	\$230	\$930	\$237	\$240	\$244	\$244	\$966	\$263	\$252	\$269	\$269	\$1,047	\$269	\$269	\$274	\$265	\$1,078	\$762	\$743	\$783	\$912	\$952	\$1,022
Y/Y Growth	(3%)	9%	16%	17%	22%	8%	16%	7%	5%	(1%)	6%	4%	8%	5%	10%	10%	8%	5%	7%	2%	(2%)	3%	18%	(3%)	5%	16%	4%	7%
Operating Income (Non-GAAP)	\$1,476	\$1,056	\$222	\$224	\$264	\$252	\$963	\$171	\$153	\$209	\$239	\$772	\$188	\$168	\$218	\$256	\$829	\$218	\$196	\$256	\$303	\$973	\$2,047	\$1,602	\$1,137	\$995	\$785	\$813
Operating Margin	31.8%	26.1%	23.3%	23.3%	24.0%	24.3%	23.7%	18.9%	17.5%	21.2%	23.2%	20.3%	19.4%	18.5%	21.0%	23.1%	20.7%	20.8%	19.8%	22.9%	25.6%	22.4%	37.3%	33.6%	27.2%	24.4%	20.6%	20.6%
Non-GAAP EPS	\$7.91	\$5.91	\$1.24	\$1.33	\$1.76	\$1.54	\$5.88	\$1.08	\$0.97	\$1.33	\$1.52	\$4.91	\$1.22	\$1.09	\$1.42	\$1.66	\$5.38	\$1.43	\$1.30	\$1.69	\$2.00	\$6.42	\$11.23	\$8.53	\$6.28	\$5.93	\$4.92	\$5.25
GAAP EPS	\$5.64	\$3.26	\$0.43	\$0.70	\$0.94	\$0.53	\$2.60	\$0.70	\$0.58	\$0.93	\$1.13	\$3.34	\$0.81	\$0.69	\$1.01	\$1.25	\$3.77	\$1.02	\$0.89	\$1.28	\$1.58	\$4.77	\$7.81	\$6.14	\$3.69	\$3.08	\$2.73	\$3.64
Free Cash Flow																												
CFFO	\$1,858	\$1,427	\$410	\$314	\$200	\$396	\$1,319	\$268	\$298	\$203	\$286	\$1,055	\$328	\$323	\$172	\$234	\$1,058	\$352	\$349	\$182	\$313	\$1,195	\$1,425	\$1,857	\$1,825	\$1,301	\$1,164	\$1,111
Capex	\$141	\$174	\$39	\$61	\$56	\$57	\$212	\$64	\$61	\$69	\$51	\$245	\$48	\$45	\$52	\$66	\$212	\$63	\$59	\$67	\$71	\$260	\$498	\$183	\$157	\$195	\$250	\$197
FCF	\$1,717	\$1,253	\$371	\$253	\$144	\$339	\$1,107	\$204	\$237	\$134	\$235	\$810	\$280	\$278	\$121	\$168	\$847	\$289	\$290	\$115	\$242	\$935	\$927	\$1,674	\$1,668	\$1,106	\$914	\$914
% revenue	37%	31%	39%	26%	13%	33%	27%	23%	27%	14%	23%	21%	29%	31%	12%	15%	21%	28%	29%	10%	20%	22%	17%	35%	40%	27%	24%	23%
Segment Revenue																												
AAPL Revenue	\$3,123	\$2,772	\$624	\$603	\$737	\$690	\$2,654	\$525	\$490	\$590	\$625	\$2,230	\$510	\$485	\$590	\$645	\$2,230	\$530	\$505	\$625	\$660	\$2,320	\$3,197	\$3,153	\$2,880	\$2,734	\$2,295	\$2,210
% of Total Revenue	67%	69%	66%	63%	67%	67%	65%	58%	56%	60%	61%	59%	53%	54%	57%	58%	56%	51%	51%	56%	56%	53%	58%	66%	69%	67%	60%	56%
Units (in MM)	228	221	62	48	54	90	243	60	47	55	88	249	59	47	56	90	252	60	48	57	92	257	238	227	223	229	251	250
Blended Content (in \$)			\$10.1	\$10.4	\$11.7	\$6.4	\$7.2	\$8.6	\$9.2	\$6.0	\$6.0	\$7.2	\$8.4	\$9.0	\$6.0	\$6.0	\$7.4	\$7.4	\$8.8	\$9.4	\$6.2	\$13.4	\$13.9	\$12.9	\$12.0	\$9.1	\$8.8	
TTM blended content			\$10.1	\$9.9	\$10.0	\$9.1	\$8.5	\$8.1	\$7.6	\$7.5	\$7.5	\$7.5	\$7.4	\$7.4	\$7.4	\$7.4	\$7.5	\$7.5	\$7.6	\$7.7	\$7.7	\$11.7	\$12.0	\$11.0	\$10.0	\$7.6	\$7.4	
TTM blended content Y/Y Growth			-16%	-14%	-9%	-13%	-16%	-19%	-24%	-18%	-18%	-12%	-8%	-2%	-1%	-1%	0%	1%	3%	4%	4%	3%	2%	-8%	-9%	-24%	-2%	
AAPL Mobile Revenue	\$2,687	\$2,316	\$518	\$501	\$624	\$572	\$2,215	\$431	\$399	\$502	\$531	\$1,863	\$423	\$398	\$520	\$542	\$1,864	\$445	\$424	\$531	\$568	\$1,968	\$2,782	\$2,713	\$2,440	\$2,281	\$1,944	\$1,854
% of Total Revenue	58%	57%	54%	52%	57%	55%	55%	47%	46%	51%	52%	49%	44%	44%	48%	49%	46%	42%	43%	48%	48%	45%	51%	57%	58%	56%	50%	47%
% of Mobile Revenue	90%	88%	88%	84%	86%	89%	87%	84%	84%	87%	87%	86%	78%	81%	85%	84%	82%	79%	80%	86%	84%	82%	79%	91%	88%	87%	86%	83%
Y/Y Growth	-3%	-14%	-13%	3%	5%	-10%	-4%	-17%	-20%	-20%	-7%	-16%	-2%	0%	0%	2%	0%	5%	7%	6%	5%	6%	7%	-2%	-10%	-7%	-17%	-3%
AAPL Broad Markets Revenue	\$436	\$456	\$106	\$103	\$114	\$117	\$439	\$95	\$91	\$89	\$94	\$367	\$87	\$87	\$89	\$103	\$366	\$85	\$81	\$94	\$92	\$352	\$416	\$440	\$439	\$453	\$391	\$356
% of Total Revenue	9%	11%	11%	10%	10%	11%	11%	10%	10%	9%	9%	10%	9%	10%	9%	9%	9%	8%	8%	8%	8%	8%	8%	9%	11%	11%	10%	9%
Y/Y Growth	5%	5%	(7%)	3%	1%	(10%)	(4%)	(11%)	(12%)	(22%)	(20%)	(16%)	(8%)	(4%)	--	10%	(0%)	(2%)	(7%)	6%	(10%)	(4%)	7%	6%	0%	3%	-14%	-9%
Total Android Revenue	\$292.1	\$304.8	\$70.5	\$96.9	\$98.6	\$68.1	\$334.0	\$81.8	\$74.5	\$76.7	\$81.6	\$314.6	\$116.0	\$93.1	\$87.4	\$106.0	\$402.5	\$118.4	\$105.6	\$88.6	\$108.0	\$420.6	\$726.3	\$277.5	\$326.8	\$334.0	\$301.1	\$378.1
% of Mobile Revenue	10%	12%	12%	16%	14%	11%	13%	16%	16%	13%	13%	14%	22%	19%	15%	16%	18%	21%	20%	14%	16%	18%	21%	9%	12%	13%	14%	17%
Y/Y Growth	(48%)	4%	(28%)	43%	38%	0%	10%	16%	(23%)	(22%)	20%	(6%)	42%	25%	14%	30%	28%	2%	13%	1%	2%	4%	-33%	-62%	18%	2%	-10%	26%
Samsung Revenue	\$125	\$107	\$15	\$35	\$55	\$18	\$123	\$18	\$22	\$37	\$22	\$99	\$18	\$23	\$38	\$34	\$113	\$25	\$24	\$32	\$22	\$102	\$521	\$142	\$110	\$131	\$95	\$101
% of Mobile Revenue	4%	4%	3%	6%	8%	3%	5%	3%	5%	6%	4%	5%	3%	5%	6%	5%	5%	4%	4%	5%	3%	4%	15%	5%	4%	5%	4%	5%
Y/Y Growth	(71%)	(14%)	(61%)	88%	137%	(31%)	15%	(36%)	(33%)	(22%)	(19%)	(19%)	3%	1%	3%	53%	14%	36%	4%	(16%)	(35%)	(9%)	42%	-73%	-23%	19%	-27%	6%
Units (in MM)	225	223	61	58	61	60	240	59	56	62	55	232	61	57	64	56	237	62	59	64	55	240	269	230	224	232	237	236
Blended Content (in \$)	\$0.6	\$0.5	\$0.3	\$0.6	\$0.9	\$0.3	\$0.5	\$0.3	\$0.4	\$0.6	\$0.4	\$0.4	\$0.3	\$0.4	\$0.6	\$0.6	\$0.5	\$0.4	\$0.4	\$0.5	\$0.4	\$0.4	\$1.9	\$0.6	\$0.5	\$0.6	\$0.4	\$0.4
Google Revenue	\$74	\$155	\$52	\$48	\$32	\$44	\$176	\$58	\$48	\$32	\$56	\$194	\$88	\$64	\$40	\$64	\$256	\$88	\$72	\$48	\$80	\$288	--	\$23	\$176	\$162	\$182	\$248
% of Mobile Revenue	2%	6%	9%	8%	4%	7%	7%	11%	10%	6%	9%	9%	16%	13%	7%	10%	11%	16%	14%	8%	12%	13%	0%	0%	6%	6%	8%	11%
Y/Y Growth	N/A	111%	(1%)	32%	(11%)	45%	13%	12%	--	--	29%	11%	52%	33%	25%	14%	32%	--	13%	20%	25%	13%			681%	(8%)	12%	37%
China Android Revenue	\$94	\$43	\$3	\$14	\$12	\$7	\$36	\$6	\$4	\$8	\$4	\$22	\$10	\$6	\$9	\$8	\$34	\$6	\$10	\$9	\$6	\$30	\$205	\$113	\$41	\$41	\$25	\$29
% of Mobile Revenue	3%	2%	1%	2%	2%	1%	1%	1%	1%	1%	1%	1%	2%	1%	2%	1%	1%	1%	2%	1%	1%	1%	6%	4%	1%	2%	1%	1%
Y/Y Growth	(22%)	(54%)	(44%)	10%	(6%)	(46%)	(18%)	80%	(71%)	(34%)	(44%)	(39%)	60%	56%	20%	129%	57%	(42%)	(54)	(8%)	(28%)	(11%)	-7%	-45%	-64%	0%	-41%	19%
Total non-AAPL/Huawei/Samsung	(\$307)	(\$297)	(\$61)	(\$51)	(\$79)	(\$77)	(\$267)	(\$41)	(\$49)	(\$58)	(\$44)	(\$192)	\$1	(\$26)	(\$49)	(\$40)	(\$114)	(\$1)	(\$8)	(\$47)	(\$16)	(\$72)	(\$239)	(\$340)	(\$266)	(\$289)	(\$225)	(\$117)
Y/Y Growth	(7%)	(3%)	(10%)	(15%)	12%	(22%)	(10%)																					

Valuation

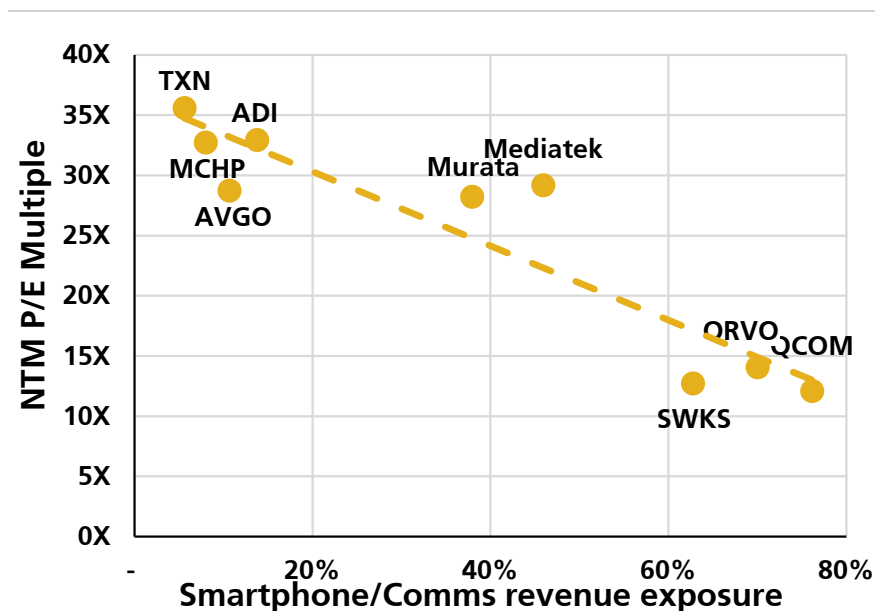
Our SWKS price target goes from \$58 to \$63, based on applying a multiple of 12x (from 11x) to pro forma combined 2027E Non-GAAP EPS of \$5.01 (see [Figure 70](#)). We apply an unchanged discount relative to peers based on SWKS/QRVO outsized exposure to smartphone (see [Figure 69](#)), although the broader peer group has re-rated higher which supports our 12x multiple. Risks include regulatory approval, competition with larger suppliers, customer concentration/market power, and macro.

Figure 68: SWKS Valuation

SWKS Price Target	New	Old
CY2027 Pro Forma EPS	\$ 5.01	\$ 5.01
Target Multiple	12x	11x
SWKS price target	\$ 63	\$ 58

Source: UBS estimates, FactSet

Figure 69: Comp Table: Smartphone/Communications Revenue Exposure vs NTM P/E



Source: Company reports, UBS estimates, FactSet.

*QRVO undisturbed multiple prior to merger announcement

QRVO PREVIEW

Results/Guidance

Results: Our FQ4:26 (Mar) model is unchanged with revs of \$804MM, near the guide midpoint of \$800MM and Street at \$801MM. We model ACG revenue of \$479MM (-31% Q/Q) vs. Street \$485MM, HPA revenue of \$209MM (+10% Q/Q) vs. Street \$206MM, and CSG revenue of \$117MM (+5% Q/Q) vs. Street \$109MM. Our EPS estimate of \$1.23 is slightly above guide midpoint of \$1.20 and Street at \$1.21.

Guide: Our FQ1:27 (Jun) model is unchanged with revs/EPS of \$751MM/\$1.05, above Street at \$737MM/\$0.98. We model ACG revenue of \$474MM (-1% Q/Q) vs. Street \$451MM, HPA revenue of \$157MM (-25% Q/Q) vs. Street \$172MM, and CSG revenue of \$120MM (+3% Q/Q) vs. Street \$109MM.

Valuation: \$87 PT (unchanged)

We value Qorvo in a merger scenario at \$87 (\$61/share of stock (0.96 shares of Skyworks at our \$63 SWKS price target), plus \$32.50 cash consideration to get to a total offer value of \$93.50 with a 6% discount for deal execution risk).

Key Topics for Earnings:

1) Content in upcoming smartphone launches, 2) Growth trends CSG and HPA, 3) Factory utilization and gross margin outlook, 4) Channel inventory levels, 5) Visibility on potential end-demand destruction from memory price inflation, and 6) incremental detail on the announced merger with SWKS.

Estimates Changes

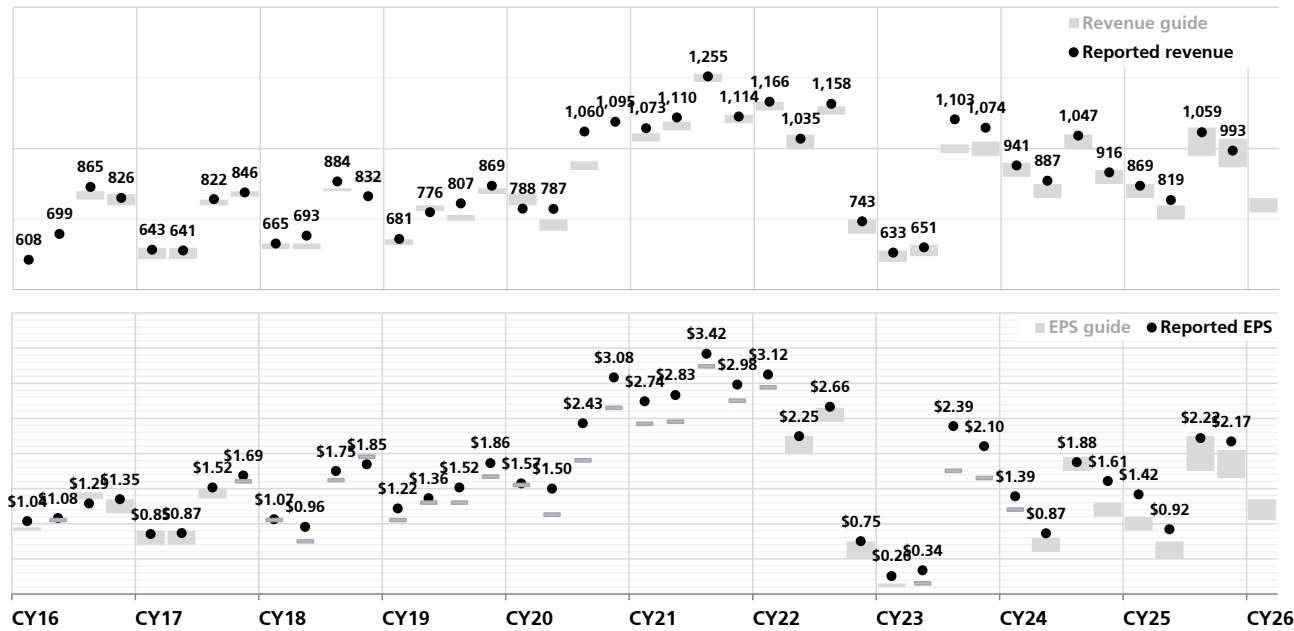
No change to the estimates.

Figure 71: QRVO UBSe vs. Street

	2024		2025	Jun'25	Sep'25	Dec'25	Mar'26	2026	Jun'26	Sep'26	Dec'26	Mar'27	2027	Jun'27	Sep'27	Dec'27	Mar'28	2028	CALENDAR YEARS			
	2024	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	CY2024	CY2025	CY2026	CY2027	
Revenues (\$MM)																						
UBS	\$ 3,770	\$ 3,719	\$ 819	\$ 1,059	\$ 993	\$ 804	\$ 3,675	\$ 751	\$ 906	\$ 924	\$ 862	\$ 3,443	\$ 798	\$ 937	\$ 972	\$ 925	\$ 3,631	\$ 3,790	\$ 3,740	\$ 3,386	\$ 3,568	
Consensus						\$ 801	\$ 3,672	\$ 737	\$ 899	\$ 933	\$ 886	\$ 3,455	\$ 838	\$ 934	\$ 946	\$ 925	\$ 3,643			\$ 3,371	\$ 3,604	
Delta						0.4%	0.1%	1.8%	0.8%	(1.0%)	(2.8%)	(0.4%)	(4.8%)	0.3%	2.7%	(0.0%)	(0.3%)			0.4%	(1.0%)	
EPS																						
UBS (non-GAAP)	\$ 6.21	\$ 5.76	\$ 0.92	\$ 2.22	\$ 2.17	\$ 1.23	\$ 6.54	\$ 1.05	\$ 1.96	\$ 2.11	\$ 1.77	\$ 6.88	\$ 1.49	\$ 2.22	\$ 2.49	\$ 2.19	\$ 8.37	\$ 5.74	\$ 6.73	\$ 6.35	\$ 7.97	
Consensus (non-GAAP)						\$ 1.21	\$ 6.52	\$ 0.98	\$ 1.84	\$ 2.03	\$ 1.80	\$ 6.65	\$ 1.47	\$ 2.13	\$ 2.19	\$ 2.07	\$ 7.87			\$ 6.06	\$ 7.60	
Delta						1.4%	0.3%	7.3%	7.0%	3.8%	(1.8%)	3.5%	1.2%	4.2%	13.7%	5.7%	6.4%			4.8%	4.9%	

Source: Company reports, FactSet, UBS estimates

Figure 72: QRVO Revenue and EPS Guidance History



Source: Company reports, FactSet, UBS estimates

Figure 74: QRVO Summary Model

Qorvo, Inc. (QRVO) - Key Metrics (in \$MM except EPS and units)							Estimates												FISCAL YEAR SUMMARY									
	C2023A	C2024A	FQ4:25A	FQ1A	FQ2A	FQ3A	C2025A	FQ4:26E	FQ1E	FQ2E	FQ3E	C2026E	FQ4:27E	FQ1E	FQ2E	FQ3E	C2027E	FQ4:27E	FQ1E	FQ2E	FQ3E	C2028E	F2024A	F2025A	F2026E	F2027E	F2028E	
Revenue	\$3,461	\$3,790	\$869	\$819	\$1,059	\$993	\$3,740	\$804	\$751	\$906	\$924	\$3,386	\$862	\$798	\$937	\$972	\$3,568	\$925	\$849	\$1,000	\$1,021	\$3,795	\$3,770	\$3,719	\$3,675	\$3,443	\$3,631	
YY Growth	(16%)	10%	(8%)	(8%)	1%	8%	(1%)	(7%)	(8%)	(14%)	(7%)	(9%)	7%	6%	3%	5%	5%	7%	6%	7%	5%	6%	6%	(1%)	(1%)	(6%)	5%	
Gross Profit	\$1,536	\$1,681	\$399	\$360	\$526	\$488	\$1,772	\$390	\$364	\$462	\$471	\$1,688	\$435	\$399	\$482	\$500	\$1,817	\$472	\$429	\$520	\$536	\$1,956	\$1,676	\$1,680	\$1,764	\$1,733	\$1,853	
Gross Margin	44.4%	44.4%	45.9%	44.0%	49.7%	49.1%	47.4%	48.5%	48.5%	51.0%	51.0%	49.9%	50.5%	50.0%	51.5%	51.5%	50.9%	51.0%	50.5%	52.0%	52.5%	51.6%	44.5%	45.2%	48.0%	50.3%	51.0%	
R&D (Non-GAAP)	\$622	\$696	\$166	\$165	\$183	\$163	\$677	\$168	\$163	\$164	\$161	\$656	\$162	\$157	\$169	\$164	\$652	\$166	\$165	\$175	\$170	\$676	\$637	\$693	\$680	\$650	\$656	
SG&A (Non-GAAP)	\$310	\$332	\$81	\$83	\$86	\$73	\$322	\$78	\$78	\$77	\$77	\$310	\$79	\$80	\$80	\$80	\$319	\$82	\$86	\$87	\$87	\$343	\$317	\$331	\$319	\$312	\$322	
Opex (Non-GAAP)	\$940	\$1,046	\$247	\$252	\$274	\$240	\$1,012	\$246	\$241	\$241	\$238	\$966	\$241	\$237	\$249	\$244	\$971	\$248	\$251	\$262	\$257	\$1,019	\$966	\$1,040	\$1,011	\$962	\$978	
YY Growth	4%	11%	(3%)	(5%)	(2%)	(3%)	(3%)	(0%)	(4%)	(12%)	(1%)	(4.5%)	(2%)	(1%)	3%	2%	1%	3%	6%	5%	6%	5%	7%	8%	(3%)	(5%)	2%	
Operating Income	\$597	\$635	\$152	\$108	\$253	\$248	\$760	\$144	\$123	\$221	\$233	\$721	\$194	\$162	\$233	\$257	\$845	\$223	\$178	\$258	\$279	\$937	\$710	\$640	\$753	\$771	\$875	
Operating Margin	17.2%	16.8%	17.5%	13.2%	23.9%	24.9%	20.3%	17.9%	16.4%	24.4%	25.2%	21.3%	22.5%	20.3%	24.9%	26.4%	23.7%	24.1%	20.9%	25.8%	27.3%	24.7%	18.8%	17.2%	20.5%	22.4%	24.1%	
Non-GAAP EPS	\$5.09	\$5.74	\$1.42	\$0.92	\$2.22	\$2.17	\$6.73	\$1.23	\$1.05	\$1.96	\$2.11	\$6.35	\$1.77	\$1.49	\$2.22	\$2.49	\$7.97	\$2.19	\$1.75	\$2.63	\$2.90	\$9.46	\$6.21	\$5.76	\$6.54	\$6.88	\$8.37	
Free Cash Flow																												
CFFO	\$696	\$625	\$199	\$183	\$84	\$265	\$732	\$353	\$175	\$151	\$227	\$906	\$272	\$216	\$181	\$255	\$924	\$273	\$240	\$201	\$284	\$998	\$833	\$622	\$886	\$825	\$925	
Capex	\$129	\$142	\$29	\$38	\$42	\$28	\$136	\$32	\$38	\$45	\$46	\$161	\$43	\$48	\$56	\$58	\$205	\$55	\$59	\$70	\$71	\$256	\$127	\$138	\$140	\$172	\$218	
FCF	\$568	\$484	\$171	\$145	\$42	\$237	\$595	\$321	\$137	\$106	\$181	\$745	\$229	\$168	\$125	\$197	\$719	\$217	\$181	\$131	\$213	\$742	\$706	\$485	\$746	\$652	\$707	
% revenue	16%	13%	20%	18%	4%	24%	16%	40%	18%	12%	20%	22%	27%	21%	13%	20%	20%	23%	21%	13%	21%	20%	19%	13%	20%	19%	19%	
Segment Revenue																												
Connectivity and Sensors Group (CSG)	\$394	\$494	\$101	\$110	\$107	\$111	\$430	\$117	\$120	\$122	\$110	\$469	\$101	\$112	\$115	\$120	\$447	\$127	\$129	\$133	\$126	\$515	\$435	\$473	\$445	\$454	\$473	
Q/Q Growth			(8%)	9%	(3%)	4%		5%	3%	2%	(10%)		(8%)	10%	3%	4%		6%	2%	3%	(5%)		(8%)	9%	(6%)	2%	4%	
YY Growth	(31%)	25%	(18%)	(4%)	(27%)	2%	(13%)	15%	9%	15%	(1%)	9%	(13%)	(7%)	(6%)	8%	(5%)	25%	16%	16%	6%	15%	(8%)	9%	(6%)	2%	4%	
High Performance Analog ("HPA")	\$541	\$614	\$188	\$137	\$175	\$191	\$691	\$209	\$157	\$177	\$207	\$751	\$239	\$191	\$202	\$227	\$858	\$254	\$203	\$215	\$237	\$909	\$573	\$637	\$712	\$780	\$873	
Q/Q Growth			9%	(27%)	27%	9%		10%	(25%)	13%	17%		15%	(20%)	6%	12%		12%	(20%)	6%	10%							
YY Growth	(33%)	13%	14%	6%	18%	11%	13%	11%	14%	2%	9%	9%	14%	22%	14%	9%	14%	6%	6%	6%	4%	6%	(21%)	11%	12%	10%	12%	
Advanced Cellular Group ("ACG")	\$2,526	\$2,682	\$580	\$571	\$777	\$691	\$2,619	\$479	\$474	\$606	\$606	\$2,165	\$522	\$495	\$619	\$626	\$2,262	\$544	\$517	\$651	\$658	\$2,371	\$2,762	\$2,609	\$2,518	\$2,208	\$2,285	
Q/Q Growth			(9%)	(2%)	36%	(11%)		(31%)	(1%)	28%	--		(14%)	(5%)	25%	1%		(13%)	(5%)	26%	1%							
YY Growth	(7%)	6%	(11%)	(11%)	3%	9%	(2%)	(18%)	(17%)	(22%)	(12%)	(17%)	9%	5%	2%	3%	4%	4%	4%	5%	5%	5%	17%	(6%)	(4%)	(12%)	3%	
AAPL Revenue	\$1,654	\$1,761	\$374	\$336	\$577	\$526	\$1,813	\$400	\$370	\$515	\$535	\$1,820	\$410	\$395	\$540	\$555	\$1,900	\$430	\$415	\$570	\$580	\$1,995	\$1,788	\$1,721	\$1,839	\$1,830	\$1,920	
Units (in MM)	219	224	52	48	54	84	237	54	47	55	86	240	55	47	56	87	245	56	48	57	89	250	213	223	239	241	246	
Blended Content (in \$)	\$7.6	\$7.9	\$7.3	\$7.0	\$10.8	\$6.3	\$7.6	\$7.5	\$8.0	\$9.4	\$6.2	\$7.6	\$7.5	\$8.3	\$9.7	\$6.4	\$7.8	\$7.7	\$8.6	\$10.1	\$6.5	\$8.0	\$8.4	\$7.7	\$7.7	\$7.6	\$7.8	
YY Growth	18%	6%	(10%)	(13%)	20%	10%	3%	7%	10%	(11%)	2%	0%	2%	7%	5%	4%	4%	5%	5%	6%	5%	5%	34%	(4%)	7%	(0%)	5%	
% total QRVO revenue	48%	46%	43%	41%	55%	53%	48%	50%	49%	57%	58%	54%	48%	50%	58%	57%	53%	47%	49%	57%	57%	53%	47%	46%	50%	53%	53%	
Samsung Revenue	\$429	\$412	\$151	\$145	\$134	\$119	\$549	\$61	\$71	\$68	\$53	\$253	\$79	\$65	\$57	\$49	\$250	\$81	\$71	\$64	\$55	\$270	\$456	\$449	\$459	\$271	\$251	
Units (in MM)	225	223	61	58	61	54	234	61	59	62	53	235	61	59	63	54	237	62	59	64	55	240	225	224	234	235	238	
Blended Content (in \$)	\$1.9	\$1.8	\$2.5	\$2.5	\$2.2	\$2.2	\$2.4	\$1.0	\$1.2	\$1.1	\$1.0	\$1.1	\$1.3	\$1.1	\$0.9	\$0.9	\$1.1	\$1.3	\$1.2	\$1.0	\$1.0	\$1.1	\$2.0	\$2.0	\$2.0	\$1.2	\$1.1	
YY Growth	(9%)	(4%)	33%	(9%)	54%	128%	33%	(60%)	(51%)	(49%)	(55%)	(54%)	30%	(8%)	(17%)	(8%)	(1%)	2%	9%	13%	13%	8%	7%	(1%)	2%	(41%)	(8%)	
% total QRVO revenue	12%	11%	17%	18%	13%	12%	15%	8%	9%	8%	6%	7%	9%	8%	6%	5%	7%	9%	8%	6%	5%	7%	12%	12%	12%	8%	7%	
China Android	\$443	\$510	\$55	\$91	\$66	\$46	\$257	\$18	\$33	\$23	\$18	\$92	\$32	\$36	\$23	\$22	\$113	\$34	\$31	\$17	\$23	\$105	\$518	\$439	\$220	\$107	\$114	
YY Growth	(58%)	15%	(56%)	(6%)	(64%)	(57%)	(50%)	(68%)	(64%)	(65%)	(60%)	(64%)	83%	8%	(3%)	19%	22%	4%	(12%)	(23%)	5%	(6%)	(28%)	(15%)	(50%)	(51%)	6%	
% total QRVO revenue	13%	13%	6%	11%	6%	5%	7%	2%	4%	3%	2%	3%	4%	4%	2%	2%	3%	4%	4%	2%	2%	3%	14%	12%	6%	3%	3%	
Android Revenue	\$872	\$922	\$206	\$236	\$200	\$165	\$806	\$79	\$104	\$91	\$71	\$345	\$112	\$100	\$79	\$71	\$362	\$114	\$102	\$81	\$78	\$376	\$973	\$888	\$679	\$378	\$365	
YY Growth	(43%)	6%	(14%)	(8%)	(26%)	5%	(12%)	(62%)	(56%)	(54%)	(57%)	(57%)	42%	(3%)	(13%)	(1%)	5%	2%	2%	3%	10%	4%	(15%)	(9%)	(24%)	(44%)	(4%)	
% total QRVO revenue	25%	24%	24%	29%	19%	17%	22%	10%	14%	10%	8%	10%	13%	13%	8%	7%	10%	12%	12%	8%	8%	10%	26%	24%	18%	11%	10%	

Source: Company reports, UBS estimates

Valuation

We value Qorvo in a merger scenario at \$87 (\$61/share of stock (0.96 shares of Skyworks at our \$63 SWKS price target), plus \$32.50 cash consideration to get to a total offer value of \$93.50 with a 6% discount for deal execution risk).

Figure 75: QRVO Valuation

SWKS Price Target	
CY2027 Pro Forma EPS	\$ 5.01
Target Multiple	12x
SWKS price target	<u><u>\$ 63</u></u>
QRVO Price Target	
SWKS 2026 price target	\$ 63
exchange ratio	0.96
SWKS value per QRVO share	<u><u>\$ 61</u></u>
Cash per QRVO share	\$ 32.50
Total offer value	\$ 93.50
discount	-6%
SWKS value per QRVO share	<u><u>\$ 87</u></u>

Source: Company reports, UBS estimates

SITM PREVIEW

Results/Guidance

Results: Our FQ1:26 (Mar) model is unchanged with revs/EPS of \$105MM/\$1.20, above Street and the midpoint of revenue guidance. We forecast CED revenue +2% Q/Q, AID -17% Q/Q, and MIC -24% Q/Q. We model Non-GAAP GM of 62.5%, at the top-end of guidance range, and Opex of \$39.5MM.

Guide: Our FQ2:26 (Jun) model is largely unchanged with revs/EPS of \$113MM/\$1.06, vs. Street \$112MM/\$1.17. We project CED revenue at \$72MM (+10% Q/Q, largely in-line with Street), AID revenue at \$22MM (+10% Q/Q, largely in-line with Street), and MIC revenue at \$19MM (+2% Q/Q, in-line with Street). We model Non-GAAP GM of 62.0% (vs. Street 61.3%) and Opex of \$48MM (vs. Street \$43MM), respectively.

Valuation: \$675 PT (from \$485)

We raise our PT from \$485 to \$675. Our target PEG increases to 1.3x (from 1.2x) - still in line with peers. Our LT EPS CAGR for SITM is 66.7%; applying our 1.3x PEG multiple results in an 87x multiple. 87x our higher CY27E EPS of \$7.81 (up from \$6.95) gives a \$675 price target.

Estimate Changes

Our FQ1:26 estimates remain unchanged at \$105MM/\$1.20. We raise FY26E revs/EPS from \$513MM/\$5.38 to \$524MM/\$5.54, FY27E revs/EPS from \$676MM/\$6.95 to \$741MM/\$7.81, and FY28E revs/EPS from \$839MM/\$8.61 to \$940MM/\$10.32

Figure 77: SiTime New vs. Old Estimates

	FY2026			FY2027			FY2028		
	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenue (\$MM)	\$524	\$513	2.1%	\$741	\$676	9.7%	\$940	\$839	12.0%
Y/Y Growth	60.4%	57.0%	3.4%	41.5%	31.8%	9.7%	26.8%	24.1%	2.6%
Gross Margin	61.8%	61.8%	-0.0%	62.2%	61.9%	0.2%	62.4%	61.9%	0.5%
OPEX	\$196	\$192	-2.0%	\$265	\$242	-9.6%	\$318	\$289	-10.1%
Operating Margin	24.4%	24.4%	0.0%	26.4%	26.2%	0.3%	28.6%	27.5%	1.1%
FCF	\$108	\$111	-3.4%	\$165	\$160	3.2%	\$242	\$210	15.1%
Non-GAAP EPS	\$5.54	\$5.38	2.9%	\$7.81	\$6.95	12.4%	\$10.32	\$8.61	19.9%
Segment Revenues (\$MM)									
Comms-Enterprise-Datacenter (CED)	\$315	\$315	--	\$423	\$374	13.1%	\$511	\$416	22.6%
% Y/Y	83.0%	83.0%		34.5%	18.9%		20.7%	11.3%	
Auto-Industrial-Defense (AID)	\$95	\$94	1.4%	\$143	\$140	1.9%	\$211	\$222	-4.8%
% Y/Y	26.2%	24.4%		50.5%	50.0%		47.6%	58.0%	
Mobile-IoT-Consumer (MIC)	\$114	\$105	9.2%	\$175	\$161	8.4%	\$218	\$201	8.4%
% Y/Y	44.0%	31.8%		53.1%	54.2%		24.4%	24.4%	

Source: UBS estimates

Key Topics for Earnings:

1) Additional clock design wins driving increased dollar content in a fragmented market, 2) tone on Apple internal modem mix for iPhone 18, 3) demand trends in AI infrastructure, 4) opportunity at 1.6T vs 800GB, 5) the pace of autos/industrial recovery, and 6) incremental commentary on Renesas timing deal.

Figure 78: SiTime UBS vs Street Estimates

	FY2024	FY2025	Mar '26	Jun '26	Sep '26	Dec '26	FY2026E	Mar '27	Jun '27	Sep '27	Dec '27	FY2027E	Mar '28	Jun '28	Sep '28	Dec '28	FY2028E
Revenue(\$MM)																	
UBS (New)	\$ 203	\$ 327	\$ 105	\$ 113	\$ 141	\$ 165	\$ 524	\$ 157	\$ 168	\$ 196	\$ 221	\$ 741	\$ 212	\$ 221	\$ 240	\$ 266	\$ 940
UBS (Old)			\$ 105	\$ 113	\$ 138	\$ 157	\$ 513	\$ 144	\$ 154	\$ 178	\$ 200	\$ 676	\$ 185	\$ 196	\$ 216	\$ 242	\$ 839
Consensus			\$ 104	\$ 112	\$ 129	\$ 140	\$ 484	\$ 130	\$ 142	\$ 161	\$ 175	\$ 617	\$ 168	\$ 186	\$ 209	\$ 226	\$ 792
Delta			1.0%	1.1%	9.9%	17.6%	8.2%	20.6%	17.9%	21.5%	26.4%	20.2%	26.1%	19.1%	14.8%	17.6%	18.7%
Non-GAAP EPS																	
UBS (New)	\$ 0.94	\$ 3.21	\$ 1.20	\$ 1.06	\$ 1.49	\$ 1.78	\$ 5.54	\$ 1.50	\$ 1.59	\$ 2.12	\$ 2.59	\$ 7.81	\$ 2.19	\$ 2.24	\$ 2.72	\$ 3.17	\$ 10.32
UBS (Old)			\$ 1.20	\$ 1.05	\$ 1.45	\$ 1.68	\$ 5.38	\$ 1.34	\$ 1.45	\$ 1.87	\$ 2.28	\$ 6.95	\$ 1.77	\$ 1.83	\$ 2.28	\$ 2.72	\$ 8.61
Consensus			\$ 1.16	\$ 1.16	\$ 1.34	\$ 1.48	\$ 5.14	\$ 1.30	\$ 1.47	\$ 1.78	\$ 2.01	\$ 6.57	\$ 1.61	\$ 1.84	\$ 2.30	\$ 2.60	\$ 8.28
Delta			4.1%	(9.2%)	11.2%	20.4%	7.7%	14.7%	8.1%	19.5%	29.1%	18.8%	36.2%	21.8%	18.2%	22.1%	24.7%

Source: Company reports, UBS estimates, FactSet

Figure 79: SiTime Seasonality

	Total Revenue % Q/Q				CED Revenue % Q/Q				AID Revenue % Q/Q				MIC Revenue % Q/Q			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
2019		+6.9%	+59.8%	+10.9%		+114.6%	+15.0%	+55.6%		-27.4%	+45.3%	+1.9%		+34.4%	+62.1%	+6.3%
2020	-22.6%	-1.2%	+52.1%	+23.3%	+4.8%	+18.2%	+3.8%	+13.0%	+3.8%	+10.9%	+4.9%	+7.8%	-36.0%	-14.3%	+104.9%	+30.6%
2021	-11.7%	+25.2%	+41.7%	+20.2%	-4.9%	+58.6%	+10.9%	+7.8%	+5.8%	+86.3%	+53.7%	+9.6%	-17.9%	-3.1%	+47.0%	+31.3%
2022	-7.2%	+13.0%	-8.0%	-16.8%	+14.5%	+60.3%	+17.8%	-33.6%	+20.5%	+16.7%	-22.0%	-19.1%	-28.4%	-10.0%	-10.4%	+2.1%
2023	-37.0%	-27.7%	+28.1%	+19.4%	-31.0%	-55.0%	+20.4%	+64.4%	-7.9%	-33.7%	-5.6%	+33.3%	-64.4%	+18.2%	+72.1%	-4.5%
2024	-22.1%	+32.8%	+31.5%	+18.0%	+2.1%	+53.5%	+29.6%	+25.9%	-17.3%	+14.7%	+19.6%	+15.8%	-39.8%	+34.0%	+47.1%	+12.3%
2025	-11.4%	+15.2%	+20.3%	+35.6%	+18.1%	+22.9%	+16.9%	+53.2%	-31.2%	+17.0%	+22.4%	+21.3%	-25.9%	+0.6%	+25.3%	+13.6%
2026E	-7.7%	+8.6%	+24.5%	+16.4%	+2.0%	+10.0%	+15.0%	+12.0%	-17.0%	+10.0%	+13.0%	+7.0%	-24.0%	+2.0%	+75.0%	+35.0%
2027E	-4.8%	+7.0%	+16.9%	+12.8%	+2.0%	+7.0%	+8.0%	+6.0%	+5.0%	+15.0%	+19.0%	+11.0%	-25.0%	-	+42.0%	+30.0%
2028E	-4.1%	+4.4%	+8.7%	+10.6%	+2.0%	+6.0%	+4.0%	+3.0%	+5.0%	+10.0%	+12.0%	+8.0%	-22.0%	-5.0%	+18.0%	+32.0%
Avg	-18.7%	+9.2%	+32.2%	+15.8%	+0.6%	+39.0%	+16.4%	+26.6%	-4.4%	+12.1%	+16.9%	+10.1%	-35.4%	+8.5%	+49.7%	+13.1%
Median	-16.9%	+13.0%	+31.5%	+19.4%	+3.4%	+53.5%	+16.9%	+25.9%	-2.1%	+14.7%	+19.6%	+9.6%	-32.2%	+0.6%	+47.1%	+12.3%

Source: Company reports, UBS estimates

Figure 80: UBS hyperscaler capex overview

Calendar years, \$MMs	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Capex												
AMZN AWS capex	1,756	1,138	2,458	8,700	18,496	27,482	24,725	53,021	92,470	147,903	148,576	173,358
AMZN AWS capital leases	7,300	8,400	10,600	7,700	3,500	253	117	238	1,461	-	-	-
GOOG total capex	13,184	25,139	23,548	22,281	24,640	31,485	32,251	52,535	91,447	183,786	202,976	225,180
MSFT total co capex + leases	11,400	15,800	18,000	20,600	27,500	28,400	41,200	75,600	118,000	162,101	200,145	239,288
META total co capex	6,732	13,980	15,102	15,115	18,567	31,376	27,184	37,256	69,691	133,036	137,143	138,557
ORCL total co capex	2,037	1,468	1,591	1,833	3,118	6,678	6,935	10,745	35,477	61,191	74,108	81,797
AAPL total co capex	11,927	13,858	9,247	8,702	10,388	11,692	9,564	9,995	12,148	7,582	7,772	7,998
Coreweave total co capex						25	630	8,702	10,309	31,761	33,598	28,988
Nebius total co capex								808	4,066	15,373	18,083	26,815
Lambda Labs total co capex								500	1,500	2,000	2,500	3,000
Other Neocloud total co capex								700	12,000	20,000	14,000	12,000
US Hyperscaler Capital spending	74,031	101,719	106,959	135,030	174,323	201,711	195,977	340,254	583,300	965,097	1,040,985	1,164,917
% Y/Y		37.4%	5.2%	26.2%	29.1%	15.7%	-2.8%	73.6%	71.4%	65.5%	7.9%	11.9%
\$ Y-Y		27,688	5,240	28,071	39,293	27,388	(5,734)	144,276	243,046	381,797	75,888	123,933
Big Four Only	60,067	86,393	96,121	124,495	160,817	183,316	178,848	302,504	507,800	827,190	890,924	1,004,319
% Y/Y		43.8%	11.3%	29.5%	29.2%	14.0%	-2.4%	69.1%	67.9%	62.9%	7.7%	12.7%
\$ Y-Y		26,326	9,728	28,374	36,322	22,499	(4,468)	123,655	205,296	319,390	63,734	113,395
Big Three CSPs Only	53,335	72,413	81,019	109,380	142,250	151,940	151,664	265,248	438,109	694,153	753,782	865,762
% Y/Y		35.8%	11.9%	35.0%	30.1%	6.8%	-0.2%	74.9%	65.2%	58.4%	8.6%	14.9%
\$ Y-Y		19,078	8,606	28,361	32,870	9,690	(276)	113,583	172,861	256,045	59,628	111,981
Neoclouds						25	630	17,010	27,875	69,134	68,181	70,803
% Y/Y								2420.0%	2600.0%	63.9%	148.0%	-1.4%
\$ Y-Y						25	605	16,380	10,865	41,259	(953)	2,622
Hyperscaler "Datacenter" Capex												
MSFT total co capex + leases								75,600	118,000			
% Y/Y									56.1%			
% Short-lived assets									35.0%			
Short-lived capex									26,460			
% Y/Y										125.3%		
GOOG total co capex + leases								808	4,066			
% Y/Y										403.2%		
% Short-lived assets									35.0%			
Short-lived capex									283			
% Y/Y										-100.0%		
Capital Intensity												
US Hyperscaler Capital spending	34.3%	32.9%	27.2%	29.2%	27.9%	28.9%	24.8%	36.9%	53.2%	70.2%	62.3%	58.1%
Y-Y Chg		-141 bp	-566 bp	+196 bp	-127 bp	+98 bp	-402 bp	+1,202 bp	+1,638 bp	+1,694 bp	-790 bp	-414 bp
Big Four Only	35.6%	36.6%	30.8%	33.3%	31.1%	31.6%	27.2%	39.1%	55.1%	71.3%	63.8%	60.8%
Y-Y Chg		+108 bp	-585 bp	+257 bp	-229 bp	+51 bp	-436 bp	+1,188 bp	+1,598 bp	+1,626 bp	-757 bp	-294 bp
Big Three CSPs Only	41.6%	40.2%	33.5%	38.1%	35.6%	32.7%	29.0%	43.5%	60.7%	76.6%	69.0%	66.9%
Y-Y Chg		-134 bp	-670 bp	+453 bp	-249 bp	-284 bp	-371 bp	+1,449 bp	+1,722 bp	+1,584 bp	-760 bp	-207 bp
Revenue												
AMZN AWS revenue	17,458	25,656	35,026	45,370	62,200	80,096	90,757	107,556	128,725	178,720	244,056	305,543
GOOG total co revenue	110,855	136,819	161,857	182,527	257,637	282,836	307,394	350,018	402,836	488,550	551,899	624,793
MSFT Cloud revenue	-	17,542	44,753	59,490	80,113	101,279	124,481	151,992	189,771	239,211	296,804	363,674
META total co revenue	40,653	55,838	70,697	85,936	117,929	116,609	134,901	164,500	200,965	253,403	304,762	357,567
ORCL Cloud revenue	15,127	32,258	32,796	33,005	35,036	38,431	42,906	46,681	52,602	66,889	92,791	139,069
AAPL Services revenue	31,937	41,494	48,131	56,814	72,180	79,379	87,551	99,392	112,831	127,598	141,009	155,014
Coreweave total co revenue						200	500	1,915	5,131	12,461	23,329	33,633
Nebius total co revenue								118	530	3,277	9,774	15,335
Lambda Labs total co revenue						20	150	412	868	1,868	2,768	3,768
Other Neocloud total co revenue							100	300	1,200	3,000	4,000	5,000
US Hyperscale Revenue	216,030	309,607	393,260	463,142	625,095	698,850	788,740	922,884	1,095,459	1,374,977	1,671,192	2,003,396
% Y/Y		43.3%	27.0%	17.8%	35.0%	11.8%	12.9%	17.0%	18.7%	25.5%	21.5%	19.9%
\$ Y-Y		93,577	83,654	69,881	161,954	73,755	89,890	134,143	172,575	279,518	296,215	332,203
Big Four Only	168,966	235,855	312,333	373,323	517,879	580,820	657,533	774,066	922,297	1,159,884	1,397,521	1,651,577
% Y/Y		39.6%	32.4%	19.5%	38.7%	12.2%	13.2%	17.7%	19.1%	25.8%	20.5%	18.2%
\$ Y-Y		66,889	76,479	60,989	144,557	62,941	76,713	116,533	148,231	237,587	237,637	254,056
Big Three CSPs Only	128,313	180,017	241,636	287,387	399,950	464,211	522,632	609,566	721,332	906,481	1,092,759	1,294,010
% Y/Y		40.3%	34.2%	18.9%	39.2%	16.1%	12.6%	16.6%	18.3%	25.7%	20.5%	18.4%
\$ Y-Y		51,704	61,620	45,750	112,564	64,261	58,421	86,934	111,766	185,149	186,278	201,251
NVDA Revenue												
NVDA DC Revenue	1,932	2,932	2,983	6,696	10,613	15,005	47,525	115,186	193,737	367,564	520,321	609,941
% Y/Y		51.8%	1.7%	124.5%	58.5%	41.4%	216.7%	142.4%	68.2%	89.7%	41.6%	17.2%
\$ Y-Y		1,000	51	3,713	3,917	4,392	32,520	67,661	78,551	173,827	152,757	89,620
of which compute	1,932	2,932	2,983	5,029	8,268	11,326	38,914	102,196	162,361	306,414	432,829	505,944
of which networking	-	1,089	1,330	1,668	2,275	3,679	8,611	12,990	31,376	61,150	87,492	103,997
Hyperscaler capex	74,031	101,719	106,959	135,030	174,323	201,711	195,977	340,254	583,300	965,097	1,040,985	1,164,917
NVDA DC revenue	1,932	2,932	2,983	6,696	10,613	15,005	47,525	115,186	193,737	367,564	520,321	609,941
NVDA % of Hyperscaler	3%	3%	3%	5%	6%	7%	24%	34%	33%	38%	50%	52%
Hyperscaler incremental capex		27,688	5,240	28,071	39,293	27,388	(5,734)	144,276	243,046	381,797	75,888	123,933
NVDA incremental DC revenue		1,000	51	3,713	3,917	4,392	32,520	67,661	78,551	173,827	152,757	89,620
NVDA inc % of Hyperscaler		4%	1%	13%	10%	16%	-567%	47%	32%	46%	201%	72%

Source: Company reports, UBS research, press reports.

Figure 81: SiTime Summary Model

SiTime (SITM) - Key Metrics (in MM except EPS)	FY2022	FY2023	FY2024	Mar'25	Jun'25	Sep'25	Dec'25	FY2025	Estimates				FY2026E	Mar'27	Jun'27	Sep'27	Dec'27	FY2027E	Mar'28	Jun'28	Sep'28	Dec'28	FY2028E
	CY2022	CY2023	CY2024	CQ1A	CQ2A	CQ3A	CQ4A	CY2025	Mar'26	Jun'26	Sep'26	Dec'26	CY2026E	CQ1E	CQ2E	CQ3E	CQ4E	CY2027E	CQ1E	CQ2E	CQ3E	CQ4E	CY2028E
Revenue	283.6	144.0	202.7	60.3	69.5	83.6	113.3	326.7	104.5	113.5	141.3	164.6	523.9	156.7	167.6	195.9	221.0	741.2	211.9	221.2	240.4	266.0	939.5
Y/Y Growth	30%	(49%)	41%	83%	58%	45%	66%	61%	73%	63%	69%	45%	60%	50%	48%	39%	34%	41%	35%	32%	23%	20%	27%
Q/Q Growth				(11%)	15%	20%	36%		(8%)	9%	25%	16%		(5%)	7%	17%	13%		(4%)	4%	9%	11%	
Gross Profit	184.9	85.2	118.0	34.6	40.5	49.1	69.4	193.5	65.3	70.4	86.5	101.5	323.7	97.2	103.1	122.5	138.1	460.8	131.4	137.2	150.3	167.6	586.4
Gross Margin	65.2%	59.2%	58.2%	57.4%	58.2%	58.8%	61.2%	59.3%	62.5%	62.0%	61.2%	61.7%	61.8%	62.0%	61.5%	62.5%	62.5%	62.2%	62.0%	62.0%	62.5%	63.0%	62.4%
R&D	63.9	64.7	68.9	19.3	19.5	18.5	19.0	76.4	23.3	27.2	29.7	34.6	114.8	36.0	39.4	41.1	42.0	158.6	44.5	46.5	48.1	49.2	188.3
SG&A	45.2	43.0	48.6	13.2	13.8	15.2	16.5	58.6	16.2	20.4	21.2	23.0	80.9	25.1	25.1	27.4	28.7	106.4	30.7	33.2	31.3	34.6	129.7
Opex (Non-GAAP)	109.1	107.6	117.5	32.5	33.3	33.7	35.5	135.0	39.5	47.7	50.9	57.6	195.7	61.1	64.5	68.6	70.7	264.9	75.2	79.6	79.3	83.8	318.0
% of revenue	38%	75%	58%	54%	48%	40%	31%	41%	38%	42%	36%	35%	37%	39%	39%	35%	32%	36%	36%	36%	33%	32%	34%
Operating Income (Non-GAAP)	75.8	(22.4)	0.6	2.1	7.2	15.4	33.9	58.6	25.8	22.7	35.6	43.9	128.1	36.0	38.6	53.9	67.4	195.9	56.2	57.5	70.9	83.8	268.4
Operating Margin	26.7%	(15.6%)	0.3%	3.4%	10.3%	18.5%	29.9%	17.9%	24.7%	20.0%	25.2%	26.7%	24.4%	23.0%	23.0%	27.5%	30.5%	26.4%	26.5%	26.0%	29.5%	31.5%	28.6%
GAAP EPS	\$1.03	(\$3.63)	(\$4.05)	(\$1.01)	(\$0.84)	(\$0.31)	\$0.34	(\$1.72)	(\$0.28)	(\$0.42)	(\$0.19)	(\$0.02)	(\$0.91)	(\$0.47)	(\$0.49)	\$0.03	\$0.26	(\$0.66)	(\$0.20)	(\$0.24)	\$0.23	\$0.44	\$0.25
Non-GAAP EPS	\$3.66	\$0.18	\$0.94	\$0.26	\$0.47	\$0.87	\$1.52	\$3.21	\$1.20	\$1.06	\$1.49	\$1.78	\$5.54	\$1.50	\$1.59	\$2.12	\$2.59	\$7.81	\$2.19	\$2.24	\$2.72	\$3.17	\$10.32
Free Cash Flow																							
CFFO	39.8	8.1	23.2	15.0	15.3	31.4	25.4	87.2	50.4	28.8	26.3	44.0	149.4	58.7	44.5	50.8	64.9	218.9	78.7	66.8	74.0	83.2	302.9
Capex	35.6	12.2	36.7	16.4	18.3	5.1	12.6	52.5	8.4	9.1	11.3	13.2	41.9	12.5	11.7	13.7	15.5	53.5	14.8	15.5	14.4	16.0	60.7
FCF	4.1	(4.2)	(13.5)	(1.4)	(2.9)	26.3	12.8	34.7	42.0	19.7	15.0	30.8	107.5	46.2	32.8	37.1	49.4	165.5	63.9	51.4	59.6	67.3	242.2
% of revenue	1%	(3%)	(7%)	(2%)	(4%)	31%	11%	11%	40%	17%	11%	19%	21%	29%	20%	19%	22%	22%	30%	23%	25%	25%	26%
Y/Y Growth	(84%)	(202%)	NM	NM	NM	NM	NM	NM	NM	NM	(43%)	142%	210%	10%	66%	148%	60%	54%	38%	57%	61%	36%	46%
Debt Issue / (repayment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock Issue / (repurchase)	33.0	44.8	48.8	-	418.0	(1.0)	-	417.0	-	-	-	-	-	-	-	-	-	-	-	(20.0)	(20.0)	(20.0)	(60.0)
Net Debt	(34.6)	(9.5)	(6.1)	(38.8)	(172.5)	(27.1)	(16.8)	(16.8)	(58.8)	(78.5)	(93.4)	(124.3)	(124.3)	(170.5)	(203.2)	(240.3)	(289.8)	(289.8)	(353.7)	(385.0)	(424.6)	(471.9)	(471.9)
Net Leverage	-0.4x	1.4x	-0.3x	-1.3x	-4.1x	-0.5x	-0.2x	-0.2x	-0.5x	-0.6x	-0.6x	-0.8x	-0.8x	-1.0x	-1.1x	-1.2x	-1.3x	-1.3x	-1.4x	-1.4x	-1.5x	-1.6x	-1.6x
Segment Revenue																							
Comms-Enterprise-Datacenter	72.4	31.4	69.6	29.3	36.0	42.1	64.5	171.9	65.8	72.4	83.2	93.2	314.6	95.1	101.7	109.9	116.5	423.1	118.8	125.9	131.0	134.9	510.5
Y/Y Growth	100%	(57%)	122%	196%	137%	114%	160%	147%	125%	101%	98%	45%	83%	45%	41%	32%	25%	35%	25%	24%	19%	16%	21%
Q/Q Growth				18%	23%	17%	53%		2%	10%	15%	12%		2%	7%	8%	6%		2%	6%	4%	3%	
% of revenue	26%	22%	34%	49%	52%	50%	57%	53%	63%	64%	59%	57%	60%	61%	61%	56%	53%	57%	56%	57%	54%	51%	54%
Auto-Industrial-Defense	105.2	58.4	65.9	14.1	16.5	20.2	24.5	75.3	20.3	22.4	25.3	27.0	95.0	28.4	32.7	38.9	43.1	143.1	45.3	49.8	55.8	60.3	211.2
Y/Y Growth	63%	(44%)	13%	9%	11%	14%	20%	14%	44%	36%	25%	10%	26%	40%	46%	54%	59%	51%	59%	53%	44%	40%	48%
Q/Q Growth				(31%)	17%	22%	21%		(17%)	10%	13%	7%		5%	15%	19%	11%		5%	10%	12%	8%	
% of revenue	37%	41%	33%	23%	24%	24%	22%	23%	19%	20%	18%	16%	18%	18%	19%	20%	20%	19%	21%	23%	23%	23%	22%
Mobile-IoT-Consumer (MIC)	105.9	54.2	67.2	16.9	17.0	21.3	24.2	79.4	18.4	18.8	32.8	44.3	114.3	33.2	33.2	47.2	61.4	175.0	47.9	45.5	53.7	70.8	217.8
Y/Y Growth	(10%)	(49%)	24%	64%	23%	5%	6%	18%	9%	10%	54%	83%	44%	81%	77%	44%	38%	53%	44%	37%	14%	15%	24%
Q/Q Growth				(26%)	1%	25%	14%		(24%)	2%	75%	35%		(25%)	--	42%	30%		(22%)	(5%)	18%	32%	
% of revenue	37%	38%	33%	28%	24%	25%	21%	24%	18%	17%	23%	27%	22%	21%	20%	24%	28%	24%	23%	21%	22%	27%	23%
Apple	57.5	30.7	43.7	11.1	11.8	15.3	17.0	55.2	13.8	13.2	26.4	37.0	90.4	27.8	26.4	40.9	55.2	150.2	41.4	39.3	46.4	64.0	191.1
Y/Y Growth	25%	(47%)	42%	76%	49%	17%	4%	26%	24%	12%	72%	118%	64%	102%	100%	55%	49%	66%	49%	49%	14%	16%	27%
Q/Q Growth				(32%)	6%	30%	11%		(19%)	(4%)	100%	40%		(25%)	(5%)	55%	35%		(25%)	(5%)	18%	38%	
% of revenue	20%	21%	22%	18%	17%	18%	15%	17%	13%	12%	19%	22%	17%	18%	16%	21%	25%	20%	20%	18%	19%	24%	20%

Source: Company reports, UBS estimates, FactSet

Valuation

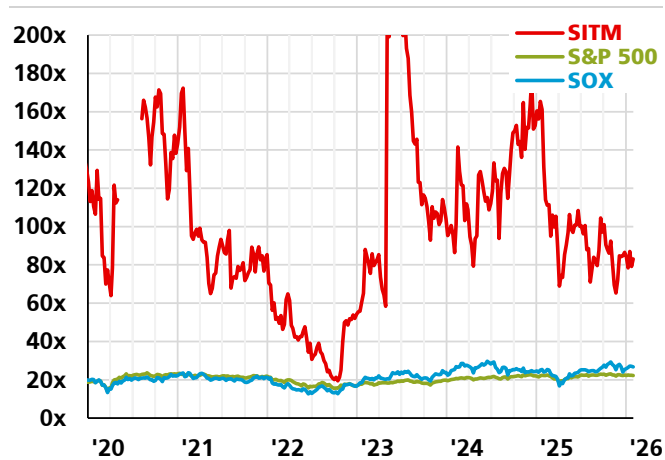
We raise our PT from \$485 to \$675. Our target PEG increases to 1.3x (from 1.2x) - still in line with peers. Our LT EPS CAGR for SITM is 66.7%; applying our 1.3x PEG multiple results in an 87x multiple. 87x our higher CY27E EPS of \$7.81 (up from \$6.95) gives a \$675 price target.

Figure 82: SiTime Valuation

Valuation		New	Old
Non-GAAP EPS			
CY2027	\$	7.81	\$ 6.95
Target PEG		1.3x	1.2x
LT EPS Growth		66.7%	58.1%
P/E		87x	70x
Price Target	\$	675	\$ 485

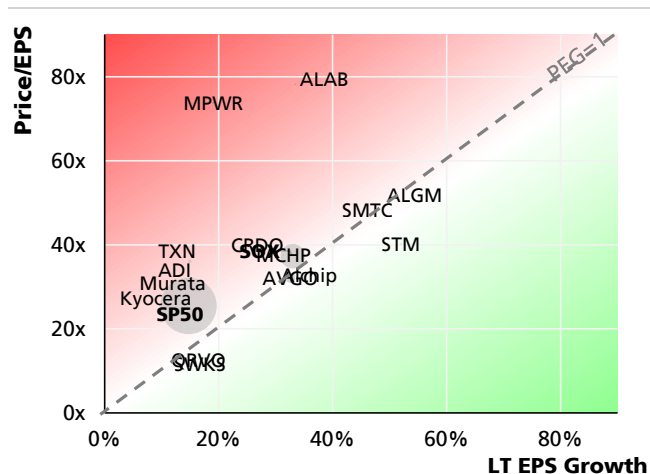
Source: Company reports, UBS estimates

Figure 83: SITM, S&P 500 and SOX 1-yr forward P/E



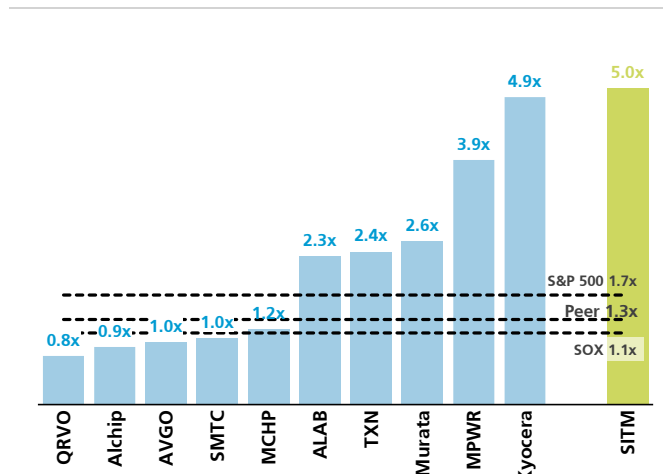
Source: Company reports, UBS research, FactSet

Figure 84: Comparable Companies P/E and EPS Growth



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

Figure 85: Comparable Companies' PEG Ratio



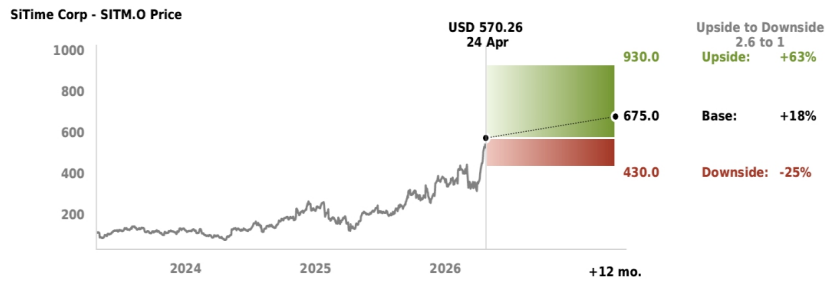
Source: Company reports, UBS research, FactSet, Visible Alpha

Figure 86: SiTime Comps

Ticker	Company	P/E			PEG		EV/FCF			EV/Sales			EV/EBITDA			Mkt Cap	EV
		2025E	2026E	2027E	LT Growth	PEG	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E		
TXN	Texas Instruments	43x	37x	31x	14.9%	2.42x	65x	32x	27x	9.5x	11.5x	10.4x	21x	24x	21x	\$257B	\$452B
ADI	Analog Devices	45x	32x	28x	12.3%	2.77x	31x	34x	29x	12.2x	13.5x	12.3x	20x	22x	20x	\$197B	\$202B
6981-JP	Murata Manufacturing	40x	32x	25x	11.9%	2.59x	37x	45x	32x	3.0x	4.4x	4.0x	12x	16x	13x	\$59B	\$52B
MCHP	Microchip Technology	55x	35x	24x	31.3%	1.19x	42x	37x	26x	8.7x	9.2x	7.8x	22x	22x	16x	\$49B	\$54B
STM	STMicroelectronics	85x	37x	21x	52.0%	0.77x	84x	39x	27x	1.9x	2.9x	2.5x	9x	12x	9x	\$46B	\$43B
CRDO	Credo Technology	77x	41x	31x	26.8%	1.49x	99x	56x	35x	25.3x	17.6x	13.1x	56x	36x	27x	\$34B	\$33B
6971-JP	Kyocera Corp.	39x	31x	28x	6.0%	4.86x	27x	31x	32x	1.5x	1.9x	1.8x	14x	15x	13x	\$26B	\$23B
QRVO	Qorvo Inc	13x	13x	11x	16.4%	0.77x	14x	13x	11x	2.2x	2.3x	2.3x	11x	10x	9x	\$8B	\$8B
SMTC	Semtech Corp	63x	48x	37x	46.1%	1.04x	44x	55x	36x	6.6x	7.8x	7.0x	30x	34x	26x	\$10B	\$10B
ADTN	AdTran	74x	35x	23x	78.9%	0.57x	19x	26x	42x	1.1x	1.6x	1.4x	10x	12x	12x	\$1B	\$2B
	Median	50x	35x	27x	22%	1.34x	40x	35x	30x	4.8x	6.1x	5.5x	17x	19x	15x	\$687B	\$877B
	Peer Average	54x	34x	26x	30%	1.85x	46x	37x	30x	7.2x	7.2x	6.3x	20x	20x	17x		
	Weighted Average	49x	35x	28x	18%	2.34x	54x	35x	28x	9.6x	10.8x	9.7x	21x	22x	19x		
	Wtd Avg (SMID-only)	41x	32x	25x	33%	0.92x	30x	36x	25x	5x	5x	5x	21x	23x	19x		
SITM	SiTime	164x	101x	81x	21%	5.00x	125x	133x	101x	37.6x	25.7x	20.1x	98x	85x	63x	\$15B	\$14B

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

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$930): Our upside case contemplates C26/27E revenue growth of 64%/45% and non-GAAP gross margin of 63%/64%, leading to C27E non-GAAP EPS of \$8.92. We apply a 1.4x PEG multiple to LT EPS growth of 74.6% to get a 104x PE multiple and upside value of \$930.

BASE (\$675): Our base case contemplates C26/27E revenue growth of 60%/42% and non-GAAP gross margin of 62%/62%, leading to C27E non-GAAP EPS of \$7.81. We apply a 1.3x PEG multiple to LT EPS growth of 66.7% to get an 87x PE multiple and price target of \$675.

DOWNSIDE (\$430): Our downside case contemplates C26/27E revenue growth of 57%/38% and non-GAAP gross margin of 60%/61%, leading to C27E non-GAAP EPS of \$6.75. We apply a 1.1x PEG multiple to LT EPS growth of 58.0% to get a 64x PE multiple and downside value of \$430.

ALGM PREVIEW

Results/Guidance

Results: Our FQ4 forecast calls for revenue of \$238MM and EPS of \$0.19, both slightly ahead of Street and near the top of the Mar Q guidance range.

Guide: We forecast FQ1 revenue of \$254MM up 6.6% Q/Q, a little ahead of normal seasonality and ~3% ahead of the street. We forecast EPS of \$0.24, above Street \$0.20.

Valuation: PT from \$44 to \$52

We raise our target multiple to 27x, still below peers' 33x 2026 and 28x Avg 26/27 multiple, while our \$1.88 CY27E EPS is unchanged, taking our PT up from \$44 to \$52.

Key Topics for Earnings

1) Autos performance by geography, including whether ALGM is holding serve or gaining share in China, and how much longer the West is expected to remain weak; 2) data center revenue growth, and how much supply runway the company has secured for this vertical; 3) any impacts management is seeing due to the energy price shock; 4) updated thoughts on the company's long-term growth trajectory.

Estimate Changes

Our estimates are little changed.

Figure 87: Recent analog semis research

#	Document Title	Publication Date
1	1Q Analog Market Update: Amid Very Cautious Sentiment, Recovery Still On Track	4/2/26
2	Rohm, Toshiba, Mitsubishi Electric announce MOU to merge power semiconductor businesses	3/30/26
3	Automotive semis: Smooth sailing into 2026 but are clouds on the horizon?	3/19/26
4	IFX: Three key pushbacks to our downgrade	3/17/26
5	IFX: Three emerging risks cap upside. Neutral.	3/6/26
6	AI Data Center Power Semis - is momentum sustainable?	3/6/26
7	US Semis: Key Takeaways from 2026 Semis Bus Tour	3/2/26
8	TXN: CMD A Mixed Bag, But We See Conservatism	2/24/26
9	ams-OSRAM: Four things we learnt from meetings with management	2/13/26
10	China Semiconductors: Takeaways from our hybrid China power/analog semi tour	2/12/26

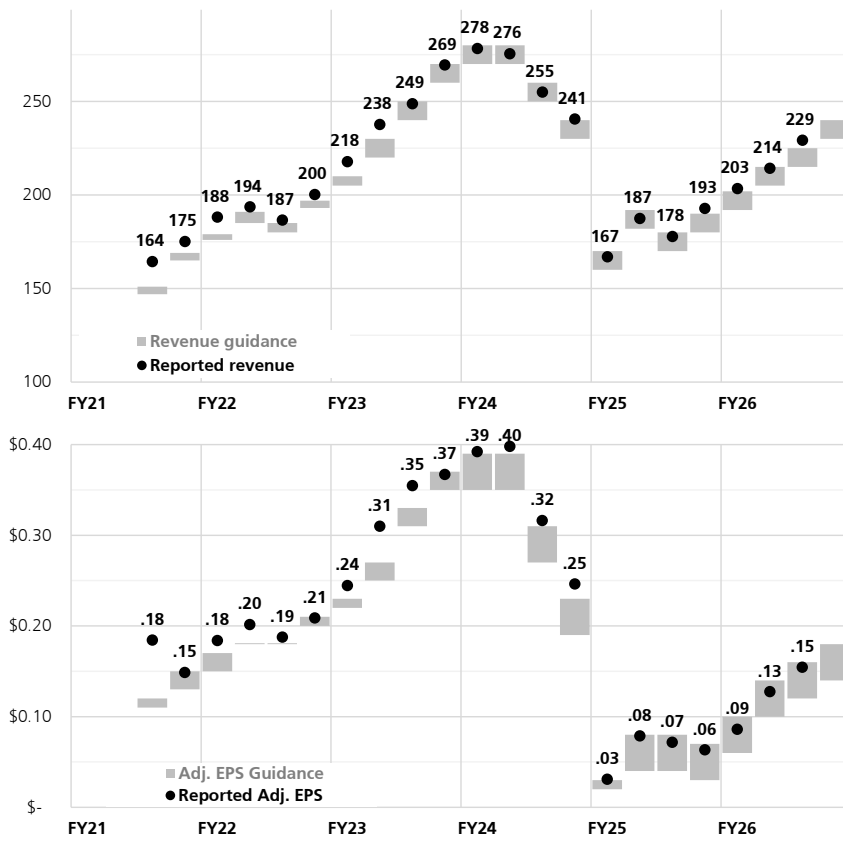
Source: UBS research

Figure 88: Recent auto and industrial research

#	Document Title	Date
1	European Autos: Q1 Preview: Likely better than feared	4/9/26
2	US A&D 1Q26 growth tracker preview and outlook	4/8/26
3	Paris Autos Day conference feedback	4/7/26
4	From A to D - dissecting the \$1.5T DoW budget, greater focus will be on Congress	4/6/26
5	China autos knocking on US door?	4/2/26
6	US Autos: March Madness with 16.4mm SAAR	4/1/26
7	US A&D 1Q26 Earnings Preview Feedback	4/1/26
8	China Auto Sector: UBS Evidence Lab Consumer Survey 2026: post-stimulus weakness	3/26/26
9	US A&D 1Q26 Earnings Preview	3/25/26
10	US Autos: Everything In The Right Place?	3/15/26

Source: UBS

Figure 89: Allegro Revenue and EPS guidance history



Source: Company reports, UBS research, FactSet.

Figure 90: ALGM New vs Old Estimates

	FY2026			FY2027			FY2028		
	New	Old	% Change	New	Old	% Change	New	Old	% Change
Revenue (\$MM)	\$885	\$885	--	\$1,079	\$1,079	--	\$1,360	\$1,360	--
YY Growth	22.1%	22.1%	--	22.0%	22.0%	--	26.0%	26.0%	--
Gross Margin	49.7%	49.7%	--	52.8%	52.8%	--	55.3%	55.3%	--
OPEX	\$312	\$312	--	\$321	\$322	0.2%	\$327	\$327	0.2%
Operating Margin	14.4%	14.4%	--	23.0%	23.0%	0.0%	31.2%	31.2%	0.0%
FCF	\$134	\$135	-0.9%	\$214	\$216	-0.8%	\$373	\$374	-0.4%
Non-GAAP EPS	\$0.56	\$0.56	0.3%	\$1.20	\$1.19	0.7%	\$2.11	\$2.10	0.3%
Segment Revenues (\$MM)									
Automotive	\$631	\$631	--	\$744	\$744	--	\$918	\$918	--
YY Growth	17.9%	17.9%	--	17.9%	17.9%	--	23.5%	23.5%	--
Industrial + Other	\$254	\$254	--	\$336	\$336	--	\$442	\$442	--
YY Growth	33.8%	33.8%	--	32.1%	32.1%	--	31.7%	31.7%	--
Product Revenues (\$MM)									
Magnetic sensors & other	\$541	\$541	-0.0%	\$653	\$653	-0.0%	\$824	\$824	-0.0%
YY Growth	14.1%	14.1%	-0.0%	20.6%	20.6%	-0.0%	26.2%	26.2%	--
Power integrated circuits	\$343	\$343	0.0%	\$426	\$426	0.0%	\$536	\$536	0.0%
YY Growth	37.1%	37.1%	0.0%	24.2%	24.2%	0.0%	25.8%	25.8%	0.0%

Source: Company reports, UBS estimates

Figure 91: ALGM UBS vs Street

	F2025A	Jun '25	Sep '25	Dec '25	Mar '26	F2026E	Jun '26	Sep '26	Dec '26	Mar '27	F2027E	Jun '27	Sep '27	Dec '27	Mar '28	F2028E	CY2025	CY2026	CY2027	
Revenue(\$MM)																				
UBS (New)	\$ 725	\$ 203	\$ 214	\$ 229	\$ 238	\$ 885	\$ 254	\$ 270	\$ 268	\$ 288	\$ 1,079	\$ 313	\$ 344	\$ 338	\$ 364	\$ 1,360	\$ 840	\$ 1,029	\$ 1,284	
UBS (Old)					\$ 238	\$ 885	\$ 254	\$ 270	\$ 268	\$ 288	\$ 1,079	\$ 313	\$ 344	\$ 338	\$ 364	\$ 1,360		\$ 1,029	\$ 1,284	
Consensus					\$ 236	\$ 883	\$ 247	\$ 260	\$ 262	\$ 274	\$ 1,045	\$ 290	\$ 308	\$ 308	\$ 322	\$ 1,244		\$ 1,005	\$ 1,180	
Delta					0.8%	0.2%	2.7%	3.6%	2.3%	5.0%	3.3%	7.9%	11.8%	9.9%	13.2%	9.4%		2.4%	8.8%	
Non-GAAP EPS																				
UBS (New)	\$ 0.24	\$ 0.09	\$ 0.13	\$ 0.15	\$ 0.19	\$ 0.56	\$ 0.24	\$ 0.30	\$ 0.30	\$ 0.36	\$ 1.20	\$ 0.44	\$ 0.55	\$ 0.54	\$ 0.60	\$ 2.11	\$ 0.43	\$ 1.03	\$ 1.88	
UBS (Old)					\$ 0.19	\$ 0.56	\$ 0.24	\$ 0.30	\$ 0.29	\$ 0.36	\$ 1.19	\$ 0.44	\$ 0.54	\$ 0.54	\$ 0.60	\$ 2.10		\$ 1.02	\$ 1.88	
Consensus					\$ 0.16	\$ 0.53	\$ 0.21	\$ 0.25	\$ 0.26	\$ 0.29	\$ 0.97	\$ 0.32	\$ 0.38	\$ 0.38	\$ 0.42	\$ 1.49		\$ 0.88	\$ 1.37	
Delta					15.5%	5.6%	18.3%	21.7%	14.6%	25.6%	23.7%	35.4%	45.1%	41.6%	42.3%	41.4%		17.7%	37.7%	

Source: Company reports, UBS estimates, FactSet.

Figure 92: Allegro Microsystems Seasonality

	Total Revenue Q/Q				Automotive Revenue Q/Q				Industrial + Other Rev. Q/Q				Magnetic Sensor Rev. Q/Q				Power IC Revenue Q/Q			
	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4
	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3
CY19			7.1%	-2.1%			6.3%	0.9%			8.3%	-6.6%			-0.2%	0.2%			29.2%	-3.5%
CY20	9.3%	-34.1%	18.8%	20.3%	6.6%	-27.7%	17.2%	27.3%	13.6%	-44.0%	22.1%	7.2%	10.1%	-27.4%	17.3%	27.1%	-3.8%	-1.0%	20.8%	8.2%
CY21	6.5%	7.4%	2.9%	-3.6%	4.1%	12.6%	-5.6%	3.8%	11.9%	-3.4%	23.7%	-17.4%	7.3%	2.7%	5.8%	-3.2%	5.4%	16.3%	-1.7%	-4.1%
CY22	7.3%	8.7%	9.1%	4.7%	8.0%	6.0%	5.2%	4.7%	5.8%	15.3%	17.9%	4.7%	2.6%	8.2%	2.4%	9.9%	16.7%	10.0%	20.7%	-2.9%
CY23	8.3%	3.3%	-1.0%	-7.4%	12.7%	2.1%	8.6%	-5.4%	-0.4%	5.8%	-21.5%	-13.4%	8.2%	4.5%	0.8%	-12.6%	8.5%	1.4%	-4.1%	1.7%
CY24	-5.6%	-30.6%	12.3%	-5.1%	-13.2%	-24.6%	9.6%	-7.9%	18.8%	-44.7%	20.7%	3.2%	-4.8%	-21.3%	11.8%	-11.5%	-7.0%	-45.1%	13.3%	9.1%
CY25	8.4%	5.5%	5.4%	7.0%	8.4%	3.4%	8.0%	5.6%	8.3%	10.9%	-1.2%	10.6%	2.7%	10.5%	1.2%	5.4%	18.6%	-2.2%	12.6%	9.4%
CY26E	3.8%	6.6%	6.3%	-0.8%	1.0%	6.0%	6.0%	-2.0%	11.0%	8.0%	7.0%	2.0%	4.3%	6.7%	6.3%	-0.7%	3.0%	6.5%	6.3%	-0.9%
CY27E	7.7%	8.6%	10.0%	-1.7%	8.0%	8.0%	9.0%	-2.0%	7.0%	10.0%	12.0%	-1.0%	7.7%	8.7%	10.0%	-1.7%	7.7%	8.6%	9.9%	-1.7%
Median	7.3%	4.4%	7.1%	-2.1%	6.6%	2.8%	8.0%	3.8%	11.0%	1.2%	17.9%	3.2%	4.3%	3.6%	2.4%	0.2%	5.4%	0.2%	13.3%	1.7%
Average	5.4%	-6.6%	7.8%	2.0%	3.9%	-4.7%	7.0%	4.1%	9.9%	-10.0%	10.0%	-1.7%	4.3%	-3.8%	5.6%	2.2%	5.9%	-3.4%	13.0%	2.6%

	Adj. Gross Margin bps Q-Q				Opex % Q/Q				Adj. Op Margin bps Q-Q				Working Capital \$MM				Capex \$MM			
	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4	CQ1	CQ2	CQ3	CQ4
	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3	FQ4	FQ1	FQ2	FQ3
CY19			+307 bp	-353 bp			-3.0%	-4.2%			+621 bp	-287 bp							-7	-17
CY20	+259 bp	+1,081 bp	-420 bp	+187 bp	-2.6%	-2.0%	-0.0%	19.1%	+581 bp	-209 bp	+202 bp	+220 bp	+7	+10	-22	-12	-11	-8	-10	-8
CY21	+135 bp	+129 bp	+154 bp	+105 bp	1.7%	2.9%	1.9%	3.1%	+282 bp	+260 bp	+183 bp	-101 bp	+29	-7	-20	+1	-15	-15	-18	-22
CY22	+77 bp	-73 bp	+131 bp	+184 bp	9.5%	-0.6%	4.3%	2.4%	+14 bp	+205 bp	+261 bp	+244 bp	-28	-18	-3	-18	-14	-14	-21	-14
CY23	-23 bp	+5 bp	+50 bp	-373 bp	7.9%	1.3%	-1.2%	-6.0%	-14 bp	+57 bp	+57 bp	-415 bp	-17	-43	-39	+22	-30	-45	-31	-34
CY24	-78 bp	-506 bp	-1 bp	+38 bp	3.2%	-1.0%	-2.9%	-1.6%	-335 bp	-1,786 bp	+578 bp	-96 bp	-35	+27	-19	-28	-14	-11	-10	-14
CY25	-357 bp	+260 bp	+138 bp	+32 bp	3.3%	6.8%	1.5%	3.3%	-177 bp	+213 bp	+273 bp	+153 bp	+12	+49	-19	+8	-5	-11	-6	-4
CY26E	+100 bp	+100 bp	+125 bp	-50 bp	2.5%	-1.2%	-	-	+143 bp	+350 bp	+312 bp	-73 bp	-4	-7	-8	+15	-10	-10	-11	-11
CY27E	+100 bp	+100 bp	+100 bp	-	1.9%	0.6%	-0.6%	-0.6%	+261 bp	+309 bp	+352 bp	-26 bp	+0	+5	-11	+16	-12	-13	-14	-14
Median	+77 bp	+67 bp	+131 bp	+38 bp	3.2%	0.4%	-0.0%	2.4%	+14 bp	+131 bp	+261 bp	-96 bp	-4	+1	-20	-6	-14	-13	-10	-14
Average	+16 bp	+149 bp	+51 bp	-26 bp	3.7%	1.2%	0.1%	2.3%	+70 bp	-210 bp	+311 bp	-40 bp	-5	+3	-20	-5	-14	-17	-15	-16

Source: Company reports, UBS

Figure 93: ALGM Summary Model

Allegro (ALGM) - Key Metrics (in \$MM except EPS)	Estimates																Historical												
	C2023A	C2024A	FQ4A CQ1A	FQ1A CQ2A	FQ2A CQ3A	FQ3A CQ4A	C2025A	FQ4E CQ1E	FQ1E CQ2E	FQ2E CQ3E	FQ3E CQ4E	C2026E	FQ4E CQ1E	FQ1E CQ2E	FQ2E CQ3E	FQ3E CQ4E	C2027E	FQ4E CQ1E	FQ1E CQ2E	FQ2E CQ3E	FQ3E CQ4E	C2028E	Mar '23 F2023A	Mar '24 F2024A	Mar '25 F2025A	Mar '26 F2026E	Mar '27 F2027E	Mar '28 F2028E	
Revenue	\$1,078.2	\$772.8	\$192.8	\$203.4	\$214.3	\$229.2	\$839.7	\$238.0	\$253.7	\$269.7	\$267.6	\$1,028.9	\$288.2	\$313.0	\$344.2	\$338.4	\$1,283.8	\$364.3	\$374.0	\$406.4	\$386.1	\$1,530.9	\$973.7	\$1,049.4	\$725.0	\$884.9	\$1,079.1	\$1,360.0	
Y/Y Growth	19%	(28%)	(20%)	22%	14%	29%	9%	23%	25%	26%	17%	23%	21%	23%	28%	26%	25%	28%	19%	18%	14%	19%	27%	8%	(31%)	22%	22%	26%	
Q/Q Growth			8%	5%	5%	7%		4%	7%	6%	(1%)		8%	9%	10%	(2%)		8%	3%	9%	(5%)								
Gross Profit	\$616.6	\$389.7	\$87.9	\$98.0	\$106.2	\$114.3	\$406.4	\$121.1	\$131.6	\$143.3	\$140.8	\$536.7	\$154.5	\$171.0	\$191.5	\$188.2	\$705.2	\$200.8	\$209.9	\$230.1	\$220.6	\$861.4	\$553.0	\$590.4	\$348.1	\$439.6	\$570.2	\$751.5	
Gross Margin	57.2%	50.4%	45.6%	48.2%	49.6%	49.9%	48.4%	50.9%	51.9%	53.1%	52.6%	52.2%	53.6%	54.6%	55.6%	55.6%	54.9%	55.1%	56.1%	56.6%	57.1%	56.3%	56.8%	56.3%	48.0%	49.7%	52.8%	55.3%	
Q/Q Incom/Decrem GM			3%	9%	7%	5%		7%	6%	7%	118%		6%	6%	6%	5%		4%	9%	6%	4%								
R&D	\$157.5	\$159.0	\$39.8	\$42.4	\$44.2	\$46.4	\$172.8	\$48.4	\$47.9	\$48.4	\$48.9	\$193.5	\$49.9	\$50.9	\$50.9	\$50.9	\$202.5	\$51.9	\$52.9	\$52.9	\$52.9	\$210.5	\$140.9	\$159.9	\$158.0	\$181.4	\$195.0	\$204.5	
SG&A	\$136.5	\$122.2	\$30.7	\$32.9	\$32.2	\$32.6	\$128.5	\$32.6	\$32.1	\$31.6	\$31.1	\$127.4	\$31.6	\$31.1	\$30.6	\$30.1	\$123.4	\$30.6	\$30.1	\$29.6	\$29.1	\$119.4	\$134.0	\$131.9	\$121.5	\$130.3	\$126.4	\$122.4	
Opex (Non-GAAP)	\$294.0	\$281.2	\$70.5	\$75.3	\$76.5	\$79.0	\$301.3	\$81.0	\$80.0	\$80.0	\$80.0	\$321.0	\$81.5	\$82.0	\$81.5	\$81.0	\$326.0	\$82.5	\$83.0	\$82.5	\$82.0	\$330.0	\$274.9	\$291.8	\$279.5	\$311.8	\$321.5	\$327.0	
% of revenue	27%	36%	37%	37%	36%	34%	36%	34%	32%	30%	30%	31%	28%	26%	24%	24%	25%	23%	22%	20%	21%	22%	28%	28%	39%	35%	30%	24%	
Operating Income (Non-GAA)	\$322.6	\$108.5	\$17.4	\$22.7	\$29.7	\$35.3	\$105.1	\$40.1	\$51.6	\$63.3	\$60.8	\$215.8	\$73.0	\$89.0	\$110.0	\$107.2	\$379.2	\$118.3	\$126.9	\$147.6	\$138.6	\$531.5	\$278.2	\$298.6	\$68.6	\$127.8	\$248.7	\$424.5	
Operating Margin	29.9%	14.0%	9.0%	11.1%	13.9%	15.4%	12.5%	16.8%	20.3%	23.5%	22.7%	21.0%	25.3%	28.4%	31.9%	31.7%	29.5%	32.5%	33.9%	36.3%	35.9%	34.7%	28.6%	28.5%	9.5%	14.4%	23.0%	31.2%	
Non-GAAP EPS	\$1.47	\$0.43	\$0.06	\$0.09	\$0.13	\$0.15	\$0.43	\$0.19	\$0.24	\$0.30	\$0.30	\$1.03	\$0.36	\$0.44	\$0.55	\$0.54	\$1.88	\$0.60	\$0.64	\$0.75	\$0.71	\$2.70	\$1.28	\$1.35	\$0.24	\$0.56	\$1.20	\$2.11	
Free Cash Flow																													
CFFO	\$219.9	\$54.3	\$20.4	\$61.6	\$20.4	\$45.4	\$147.7	\$36.9	\$46.4	\$56.6	\$78.5	\$218.4	\$76.1	\$95.5	\$98.6	\$123.7	\$393.9	\$109.1	\$135.2	\$132.3	\$150.7	\$527.3	\$193.2	\$185.1	\$61.9	\$164.2	\$257.6	\$426.9	
Capex	(\$140.7)	(\$48.8)	(\$5.4)	(\$10.6)	(\$6.4)	(\$4.1)	(\$26.6)	(\$9.5)	(\$10.1)	(\$10.8)	(\$10.7)	(\$41.2)	(\$11.5)	(\$12.5)	(\$13.8)	(\$13.5)	(\$51.4)	(\$14.6)	(\$15.0)	(\$16.3)	(\$15.4)	(\$61.2)	(\$79.8)	(\$124.8)	(\$40.0)	(\$30.7)	(\$43.2)	(\$54.4)	
FCF	\$79.2	\$5.5	\$15.0	\$51.0	\$13.9	\$41.3	\$121.2	\$27.4	\$36.2	\$45.8	\$67.8	\$177.2	\$64.6	\$83.0	\$84.9	\$110.1	\$342.6	\$94.5	\$120.3	\$116.0	\$135.3	\$466.1	\$113.4	\$60.3	\$22.0	\$133.6	\$214.4	\$372.5	
% of revenue	7%	1%	8%	25%	6%	18%	14%	12%	14%	17%	25%	17%	22%	27%	25%	33%	27%	26%	32%	29%	35%	30%	12%	6%	3%	15%	20%	27%	
Y/Y Growth	(34%)	(93%)	(1,092%)	120%	150%	(289%)	2,108%	83%	(29%)	229%	64%	46%	136%	129%	85%	62%	93%	46%	45%	37%	23%	36%	32%	(47%)	(64%)	508%	61%	74%	
Segment Revenue																													
Magnetic sensors & other	\$670.5	\$503.9	\$116.9	\$129.2	\$130.7	\$137.8	\$514.6	\$143.7	\$153.3	\$163.0	\$161.9	\$622.0	\$174.4	\$189.5	\$208.4	\$204.9	\$777.2	\$220.7	\$226.5	\$246.2	\$233.9	\$927.3	\$598.6	\$649.9	\$474.6	\$541.4	\$652.7	\$823.5	
Y/Y Growth	20%	(25%)	(20%)	12%	2%	21%	2%	23%	19%	25%	18%	21%	21%	24%	28%	27%	25%	27%	20%	18%	14%	19%	20%	9%	(27%)	14%	21%	26%	
Q/Q Growth			3%	10%	1%	5%		4%	7%	6%	(1%)		8%	9%	10%	(2%)		8%	3%	9%	(5%)								
% of revenue	62%	65%	61%	64%	61%	60%	61%	60%	60%	60%	61%	60%	61%	61%	61%	61%	61%	61%	61%	61%	61%	61%	61%	61%	62%	65%	61%	60%	61%
Power integrated circuits	\$407.7	\$268.9	\$75.9	\$74.2	\$83.6	\$91.4	\$325.2	\$94.2	\$100.4	\$106.6	\$105.7	\$406.9	\$113.8	\$123.6	\$135.8	\$133.5	\$506.6	\$143.7	\$147.5	\$160.2	\$152.2	\$603.6	\$375.1	\$399.5	\$250.4	\$343.5	\$426.5	\$536.5	
Y/Y Growth	18%	(34%)	(20%)	43%	42%	43%	21%	24%	35%	28%	16%	25%	21%	23%	27%	26%	25%	26%	19%	18%	14%	19%	40%	7%	(37%)	37%	24%	26%	
Q/Q Growth			19%	(2%)	13%	9%		3%	7%	6%	(1%)		8%	9%	10%	(2%)		8%	3%	9%	(5%)								
% of revenue	38%	35%	39%	36%	39%	40%	39%	40%	40%	40%	39%	40%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	39%	38%	35%	39%	40%	39%	
End Market Exposure																													
Automotive	\$776.1	\$564.8	\$139.5	\$144.3	\$155.8	\$164.5	\$604.1	\$166.2	\$176.2	\$186.7	\$183.0	\$712.1	\$197.6	\$213.4	\$232.7	\$228.0	\$871.7	\$244.0	\$251.3	\$271.4	\$257.8	\$1,024.4	\$657.5	\$759.5	\$535.2	\$630.8	\$743.5	\$918.1	
Y/Y Growth	27%	(27%)	(17%)	13%	12%	28%	7%	19%	22%	20%	11%	18%	19%	21%	25%	25%	22%	23%	18%	17%	13%	18%	24%	16%	(30%)	18%	18%	23%	
Q/Q Growth			8%	3%	8%	6%		1%	6%	6%	(2%)		8%	8%	9%	(2%)		7%	3%	8%	(5%)								
% of revenue	72%	73%	72%	71%	73%	72%	72%	70%	69%	69%	68%	69%	69%	68%	68%	67%	68%	67%	67%	67%	67%	67%	68%	72%	74%	71%	69%	68%	
Industrial	\$302.1	\$208.0	\$53.3	\$59.1	\$58.4	\$64.7	\$235.6	\$71.8	\$77.5	\$82.9	\$84.6	\$316.9	\$90.5	\$99.6	\$111.5	\$110.4	\$412.1	\$120.4	\$122.8	\$135.0	\$128.3	\$506.4	\$316.2	\$289.9	\$189.8	\$254.0	\$335.6	\$441.9	
Y/Y Growth	4%	(31%)	(25%)	50%	23%	31%	13%	35%	31%	42%	31%	34%	26%	28%	34%	31%	30%	33%	23%	21%	16%	23%	33%	(8%)	(35%)	34%	32%	32%	
Q/Q Growth			8%	11%	(1%)	11%		11%	8%	7%	2%		7%	10%	12%	(1%)		9%	2%	10%	(5%)								
% of revenue	28%	27%	28%	29%	27%	28%	28%	30%	31%	31%	32%	31%	31%	32%	32%	33%	32%	33%	33%	33%	33%	33%	32%	28%	26%	29%	31%	32%	

Source: Company reports, UBS estimates

Valuation

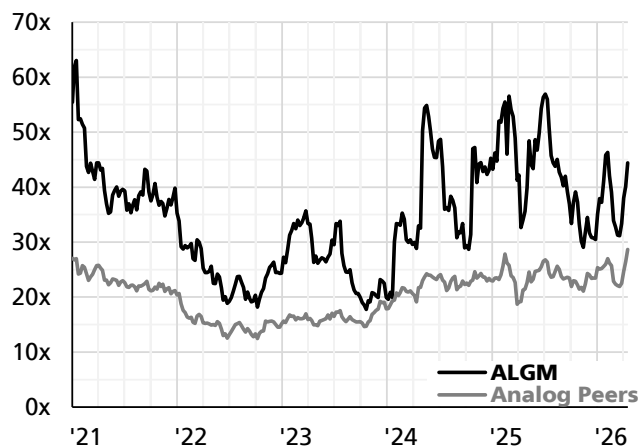
Our C27E EPS remains unchanged at \$1.88 and we apply a higher multiple of 27x (vs prior 23x), reflecting the recent re-rating of the peer group to 33x and a discount for ALGM's higher automotive exposure vs peers. Our previous 23x multiple was based on a 1-turn premium to similar SMID peers given the company's higher growth profile. Net, our PT increases from \$44 to \$52.

Figure 94: ALGM valuation

Valuation	New		Old	
Non-GAAP EPS				
C2027	\$	1.88	\$	1.88
P/E Multiple		27x		23x
Price Target	\$	52	\$	44

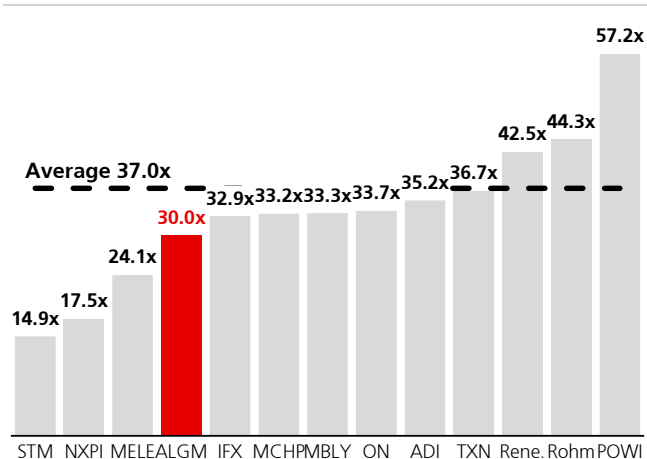
Source: Company reports, UBS estimates

Figure 96: Allegro (ALGM) and Peers' 1-yr Forward P/E LT History



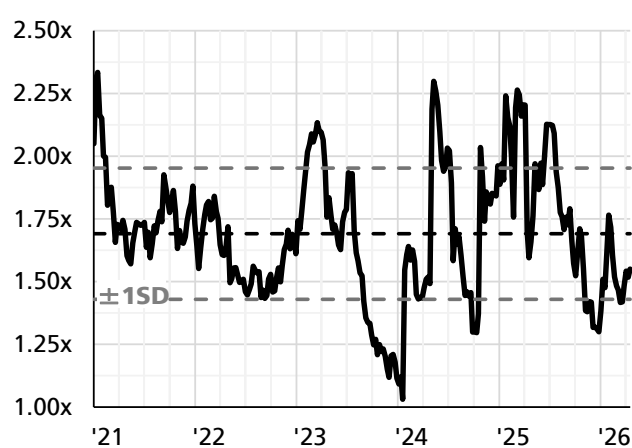
Source: Company reports, UBS, FactSet.

Figure 95: ALGM and peers' 2026 PE multiples



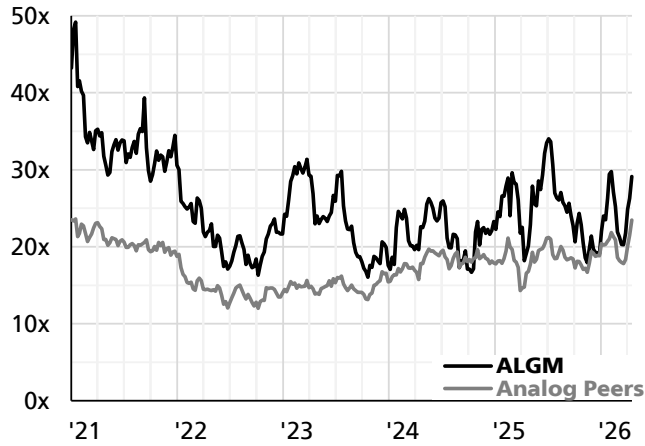
Source: Company reports, UBS estimates, FactSet.

Figure 97: Allegro (ALGM) 1y Fwd P/E Relative to Analog Peers - LT History



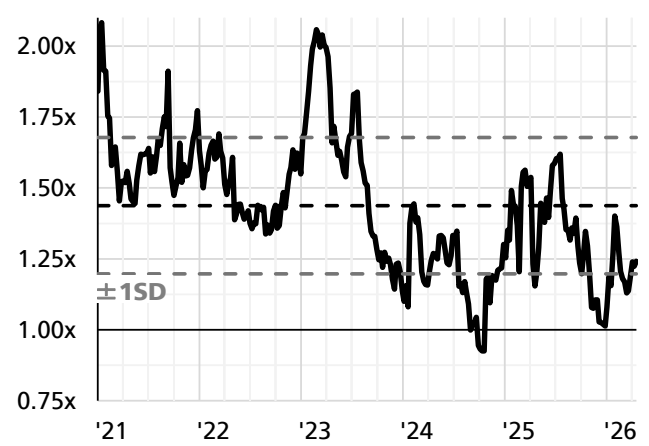
Source: Company reports, UBS, FactSet.

Figure 98: Allegro (ALGM) and Peers' 2-yr Forward P/E LT History



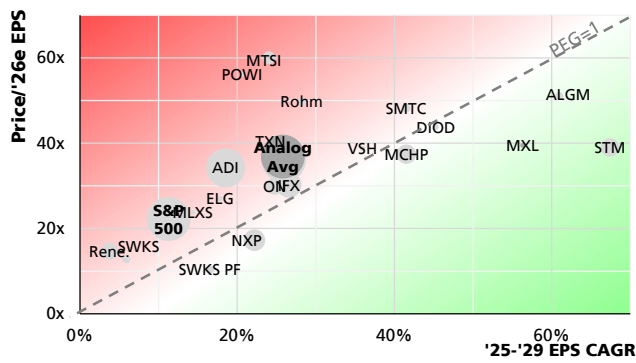
Source: Company reports, UBS, FactSet.

Figure 99: Allegro (ALGM) 2y Fwd P/E Relative to Analog Peers - LT History



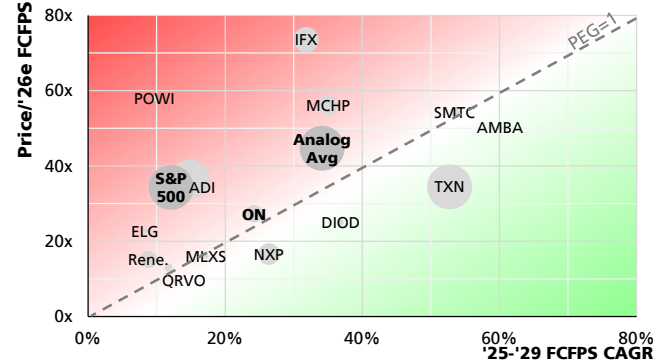
Source: Company reports, UBS, FactSet.

Figure 100: Analog Semis PEG



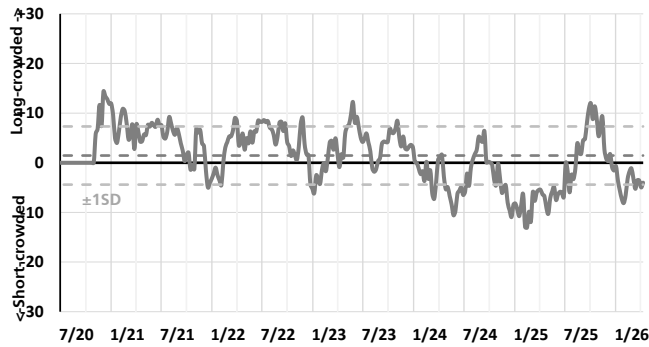
Source: Company reports, UBS research, FactSet, Visible Alpha. '25-'27 or '25-'28 CAGRs used where C29 estimates are unavailable.

Figure 101: Analog Semis FCF P-to-G



Source: Company reports, UBS research, FactSet, Visible Alpha. '25-'27 or '25-'28 CAGRs used where C29 estimates are unavailable.

Figure 102: Allegro Long-Term Crowding History



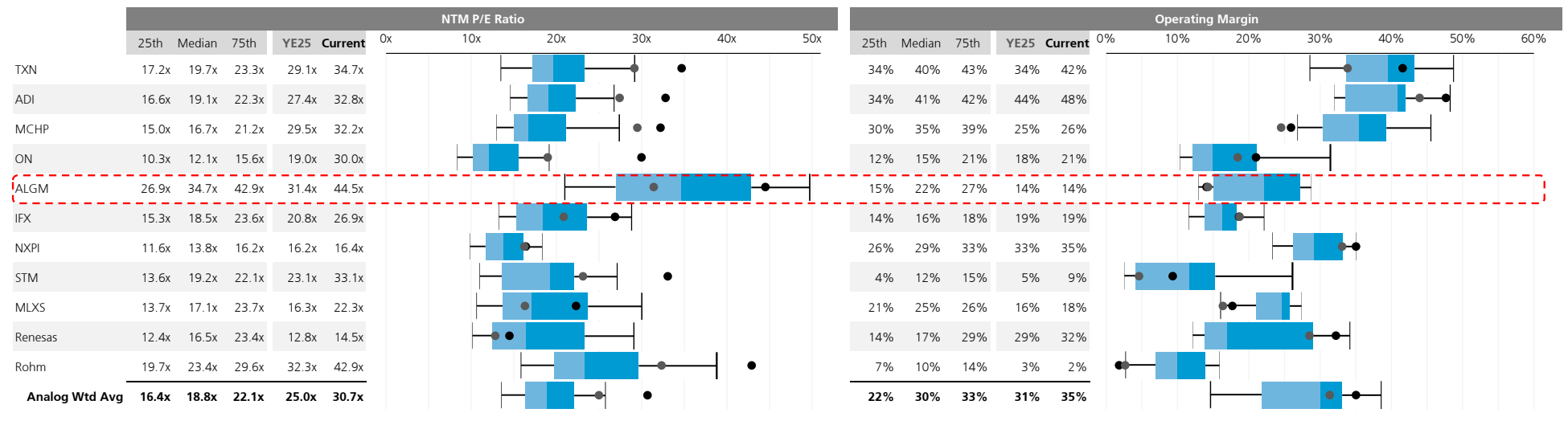
Source: UBS Quant Answers

Figure 103: Allegro Comps

Ticker	Company Name	P/E				EV/FCF				EV/Sales				EV/EBITDA				Mkt Cap	EV
		2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028		
TXN-US	Texas Instruments	51x	37x	31x	28x	NM	36x	30x	28x	14.8x	12.6x	11.3x	10.4x	32x	24x	21x	20x	\$252.1B	\$260.9B
ADI-US	Analog Devices	52x	35x	31x	26x	46x	37x	32x	29x	18.3x	14.4x	13.1x	11.7x	32x	24x	22x	19x	\$196.5B	\$201.2B
IFX-DE	Infineon	39x	33x	23x	19x	43x	67x	38x	31x	5.3x	4.8x	4.3x	3.8x	19x	16x	13x	11x	\$82.8B	\$89.6B
MPWR-US	Monolithic Power	92x	76x	64x	53x	100x	80x	70x	63x	28.5x	23.5x	20.0x	16.9x	77x	64x	54x	NM	\$80.7B	\$79.5B
NXPI-US	NXP Semi	21x	17x	15x	12x	27x	21x	19x	17x	5.8x	5.3x	4.8x	4.4x	15x	13x	11x	10x	\$61.4B	\$71.0B
MCHP-US	Microchip	57x	33x	24x	23x	52x	35x	27x	NM	11.4x	9.3x	7.8x	7.4x	28x	24x	22x	20x	\$48.0B	\$53.2B
STMPA-PAR	STMicro	96x	43x	23x	17x	NM	51x	28x	19x	3.7x	3.2x	2.8x	2.5x	18x	13x	10x	8x	\$46.3B	\$43.5B
6723-JP	Renesas	NM	15x	14x	12x	NM	19x	18x	16x	4.9x	4.4x	4.0x	3.7x	15x	12x	11x	10x	\$36.8B	\$41.7B
ON-US	ON Semi	42x	34x	24x	19x	28x	24x	20x	17x	6.6x	6.3x	5.7x	5.2x	23x	20x	16x	14x	\$38.7B	\$39.5B
6963-JP	Rohm	111x	44x	NM	NM	NM	NM	NM	NM	3.2x	3.1x	NM	NM	22x	15x	NM	NM	\$9.5B	\$9.7B
MBLY-US	MobilEye	26x	33x	25x	15x	12x	38x	22x	14x	3.3x	3.2x	2.8x	2.3x	18x	22x	16x	10x	\$2.3B	\$6.3B
POWI-US	Power Integrations	59x	57x	40x	34x	44x	57x	41x	34x	8.7x	8.2x	7.1x	6.1x	51x	43x	30x	32x	\$4.1B	\$3.9B
MELE-BE	Melexis	25x	24x	19x	16x	29x	15x	17x	17x	3.6x	3.6x	3.3x	3.1x	16x	15x	13x	11x	\$3.3B	\$3.6B
INDI-US	Indie	NM	NM	31x	6x	NM	NM	NM	NM	5.2x	4.2x	3.0x	1.8x	NM	NM	22x	NM	\$0.8B	\$1.1B
	Median	51x	34x	24x	19x	43x	36x	28x	19x	5.5x	5.0x	4.8x	4.4x	22x	20x	16x	11x	\$863.4B	\$904.6B
	Median (SMID-only)	42x	33x	25x	16x	28x	24x	20x	17x	4.9x	4.2x	3.7x	3.4x	20x	18x	16x	11x		
	Simple Average	56x	37x	28x	21x	42x	40x	30x	26x	8.8x	7.6x	6.9x	6.1x	28x	23x	20x	15x		
	Weighted Average	55x	37x	30x	26x	50x	41x	33x	29x	13.3x	11.1x	9.9x	8.9x	31x	24x	21x	16x		
ALGM-US	Allegro (@ FactSet cons)	84x	46x	30x	21x	67x	54x	34x	NM	9.5x	8.1x	6.8x	5.9x	46x	30x	24x	NM	\$8.3B	\$8.4B

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

Figure 104: Analog Cycle Overview - ALGM is near mid-cycle P/E but still below neutral on op margin



Source: Company reports, UBS estimates, FactSet

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$66): Our upside case contemplates a 26% growth in C2026E and a 28% revenue growth in C2027E, along with gradual gross margin expansion from 54% in C2026E to 57% in C2027E. We apply a 30x multiple derived from comps to average C2027E EPS of \$2.22 as a result, giving a base case valuation of \$66.

BASE (\$52): Our base case contemplates a 23% growth in C2026E and a 25% revenue growth in C2027E, along with gradual gross margin expansion from 52% in C2026E to 55% in C2027E. We apply a 27x multiple derived from comps to average C2027E EPS of \$1.88 as a result, giving a base case valuation of \$52.

DOWNSIDE (\$35): Our downside case contemplates a 18% growth in C2026E and a 20% revenue growth in C2027E, along with gradual gross margin expansion from 50% in C2026E to 52% in C2027E. We apply a 25x multiple derived from comps to average C2027E EPS of \$1.42 as a result, giving a base case valuation of \$35.

MCHP PREVIEW

Results/Guidance

Results: We model FQ4 (Mar Q) revenue of \$1.27B (+7% Q/Q) and EPS of \$0.52, both slightly above Street and in line with the top of the guidance range.

Guide: We model FQ1 (Jun Q) revenue of \$1.38B (+9% Q/Q) and EPS of \$0.65, above Street at \$1.34B/\$0.59.

Valuation: PT \$115 (from \$95)

We raise our PT from \$95 to \$115. Our CY27E EPS goes from \$4.21 to \$4.24 and our target multiple increases to 27x (from 23x), increasing our PT from \$95 to \$115.

Key Topics for Earnings:

1) Continued confidence that the remaining quarters of this year will all be above seasonal; 2) Any incremental color on shifts in customer behavior, such as increased rush orders or order cancellations, and how April compared to March and Q1; 3) progress on MCHP's data center work, including the ramp of the PCIe switch and the retimer that should be following behind it; 4) fab staffing/production levels and pace of underutilization and inventory charges dropping off through the year; 5) any updates to end market reporting.

Estimate Changes

Our revenue estimates are unchanged. We modestly raise our gross margin but offset this with an increase to our forecast opex, which on net leads to slightly higher EPS.

Figure 105: Recent analog semis research

#	Document Title	Publication Date
1	1Q Analog Market Update: Amid Very Cautious Sentiment, Recovery Still On Track	4/2/26
2	Rohm, Toshiba, Mitsubishi Electric announce MOU to merge power semiconductor businesses	3/30/26
3	Automotive semis: Smooth sailing into 2026 but are clouds on the horizon?	3/19/26
4	IFX: Three key pushbacks to our downgrade	3/17/26
5	IFX: Three emerging risks cap upside. Neutral.	3/6/26
6	AI Data Center Power Semis - is momentum sustainable?	3/6/26
7	US Semis: Key Takeaways from 2026 Semis Bus Tour	3/2/26
8	TXN: CMD A Mixed Bag, But We See Conservatism	2/24/26
9	ams-OSRAM: Four things we learnt from meetings with management	2/13/26
10	China Semiconductors: Takeaways from our hybrid China power/analog semi tour	2/12/26

Source: UBS research

Figure 106: Recent auto and industrial research

#	Document Title	Date
1	European Autos: Q1 Preview: Likely better than feared	4/9/26
2	US A&D 1Q26 growth tracker preview and outlook	4/8/26
3	Paris Autos Day conference feedback	4/7/26
4	From A to D - dissecting the \$1.5T DoW budget, greater focus will be on Congress	4/6/26
5	China autos knocking on US door?	4/2/26
6	US Autos: March Madness with 16.4mm SAAR	4/1/26
7	US A&D 1Q26 Earnings Preview Feedback	4/1/26
8	China Auto Sector: UBS Evidence Lab Consumer Survey 2026: post-stimulus weakness	3/26/26
9	US A&D 1Q26 Earnings Preview	3/25/26
10	US Autos: Everything In The Right Place?	3/15/26

Source: UBS

Figure 107: Microchip New vs Old Estimates

	F2026E			F2027E			F2028E		
	New	Old	Change	New	Old	Change	New	Old	Change
Revenue (\$MM)	\$4,671	\$4,671	-	\$5,982	\$5,982	-	\$7,327	\$7,327	-
Y/Y Growth	6.1%	6.1%	-	28.1%	28.1%	-	22.5%	22.5%	-
Gross Margin	58.4%	58.4%	-	64.2%	63.3%	0.9%	66.1%	65.1%	1.0%
OpEx % of Revs	32.2%	32.2%	-	27.6%	27.2%	-0.4%	23.8%	23.0%	-0.8%
Operating Margin	26.1%	26.1%	-	36.6%	36.1%	0.4%	42.4%	42.2%	0.2%
Non-GAAP EPS	\$1.58	\$1.58	-	\$3.11	\$3.06	1.4%	\$4.59	\$4.56	0.5%
FCF (\$MM)	\$945	\$945	-	\$1,715	\$1,695	1.2%	\$2,532	\$2,525	0.3%

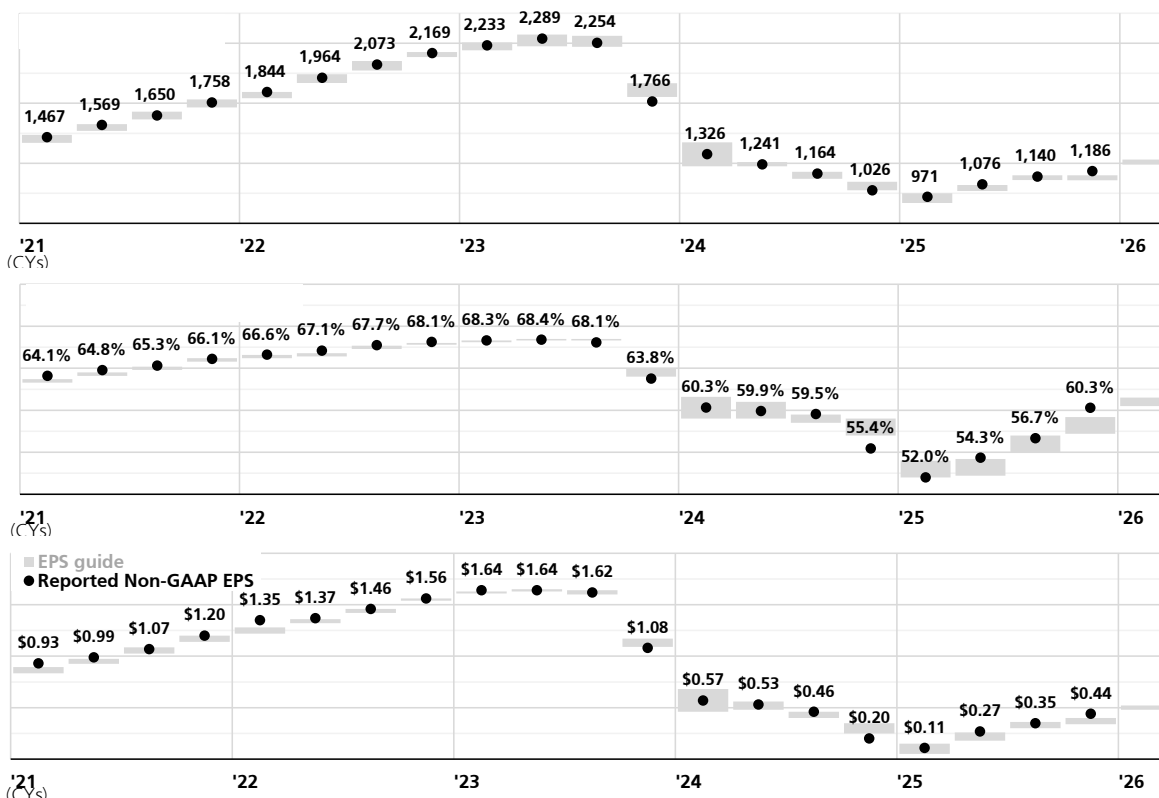
Source: Company reports, UBS estimates

Figure 108: Microchip UBSe vs. Street

	Jun '25					Jun '26					Jun '27					CY2025	CY2026	CY2027	
	F2025	2026/1F	2026/2F	2026/3F	2026/4F	F2026	2027/1F	2027/2F	2027/3F	2027/4F	F2027	2028/1F	2028/2F	2028/3F	2028/4F				F2028
Revenues (\$MM)	\$4,402	\$1,076	\$1,140	\$1,186	\$1,269	\$4,671	\$1,382	\$1,491	\$1,516	\$1,594	\$5,982	\$1,736	\$1,834	\$1,844	\$1,913	\$7,327	\$4,372	\$5,657	\$7,008
UBS (new)					\$1,269	\$4,671	\$1,382	\$1,491	\$1,516	\$1,594	\$5,982	\$1,736	\$1,834	\$1,844	\$1,913	\$7,327		\$5,657	\$7,008
UBS (old)					\$1,263	\$4,665	\$1,344	\$1,420	\$1,447	\$1,508	\$5,718	\$1,599	\$1,685	\$1,687	\$1,749	\$6,720		\$5,474	\$6,479
Consensus					\$1,263	\$4,665	\$1,344	\$1,420	\$1,447	\$1,508	\$5,718	\$1,599	\$1,685	\$1,687	\$1,749	\$6,720		\$5,474	\$6,479
Delta					0.4%	0.1%	2.8%	5.0%	4.8%	5.7%	4.6%	8.5%	8.9%	9.3%	9.4%	9.0%		3.3%	8.2%
EPS (non-GAAP)	\$ 1.31	\$ 0.27	\$ 0.35	\$ 0.44	\$ 0.52	\$ 1.58	\$ 0.65	\$ 0.77	\$ 0.81	\$ 0.88	\$ 3.11	\$ 1.04	\$ 1.15	\$ 1.18	\$ 1.22	\$ 4.59	\$ 1.17	\$ 2.74	\$ 4.24
UBS (new)					\$ 0.52	\$ 1.58	\$ 0.65	\$ 0.77	\$ 0.81	\$ 0.88	\$ 3.11	\$ 1.04	\$ 1.15	\$ 1.18	\$ 1.22	\$ 4.59		\$ 2.74	\$ 4.24
UBS (old)					\$ 0.52	\$ 1.58	\$ 0.64	\$ 0.76	\$ 0.79	\$ 0.87	\$ 3.06	\$ 1.03	\$ 1.14	\$ 1.17	\$ 1.23	\$ 4.56		\$ 2.71	\$ 4.21
Consensus					\$ 0.50	\$ 1.56	\$ 0.59	\$ 0.66	\$ 0.68	\$ 0.74	\$ 2.67	\$ 0.85	\$ 0.94	\$ 0.95	\$ 1.01	\$ 3.76		\$ 2.44	\$ 3.49
Delta					2.3%	0.6%	10.3%	16.6%	18.1%	18.8%	16.2%	21.2%	22.2%	23.2%	21.5%	22.1%		12.5%	21.5%

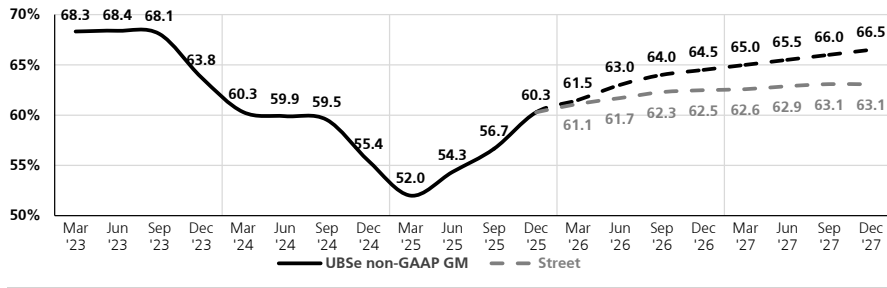
Source: Company reports, FactSet, UBS estimates

Figure 109: Microchip Guidance History (calendar years)



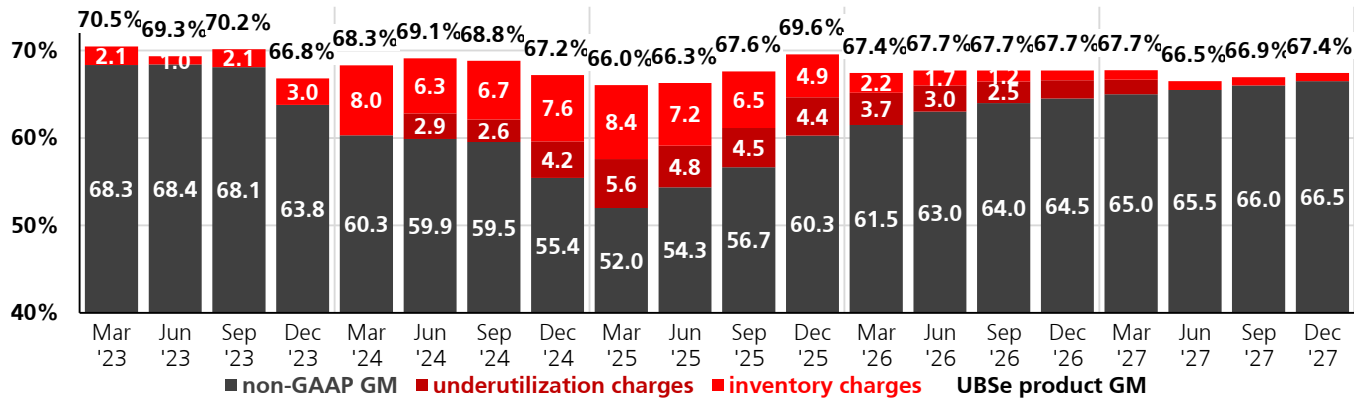
Source: UBS research, company reports

Figure 110: We are substantially above the Street on non-GAAP Gross Margin



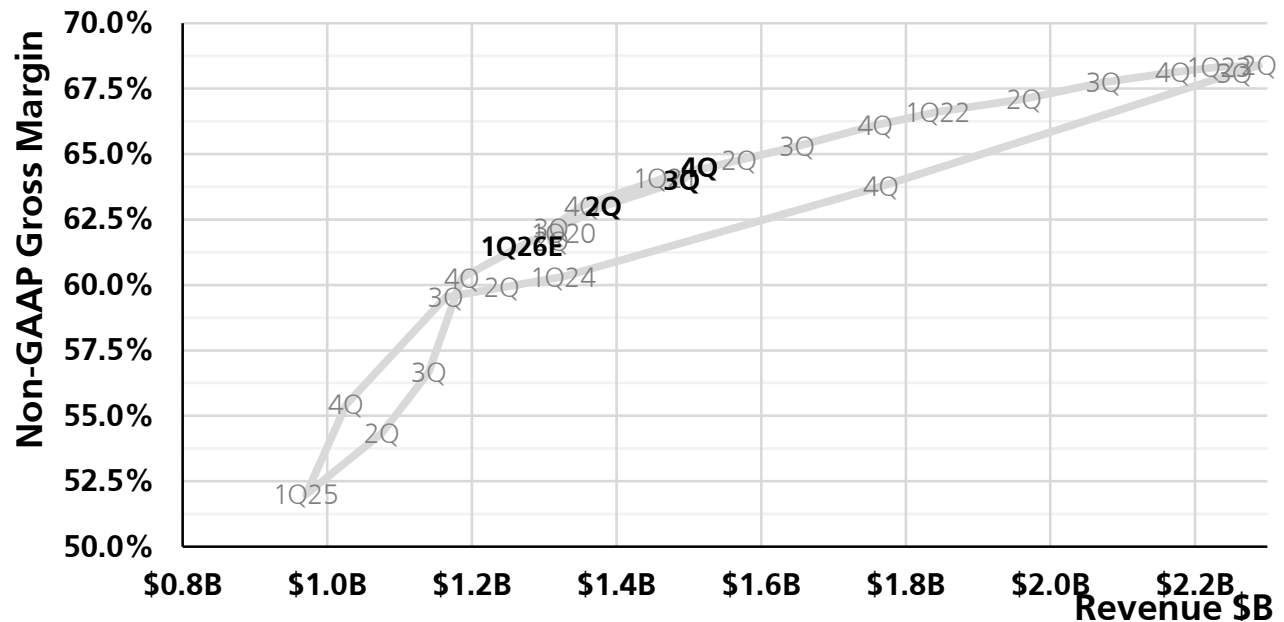
Source: Company reports, UBS research, Visible Alpha.

Figure 111: Management devoted extensive time on the F2Q call unpacking the trajectory of underutilization charges and inventory charges (which are backward looking and mechanistic) - we think with an intent of leading GM estimates higher



Source: Company reports, UBS research

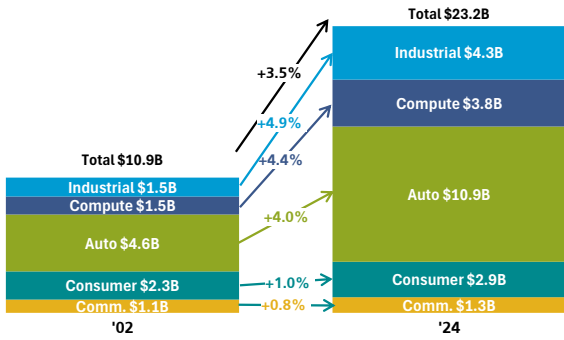
Figure 112: We view our GM estimates as essentially conservative - we are at similar revenue levels and gross margins as were achieved in 2020 (before expedites contributed their margin accretion)



Source: Company reports, UBS research

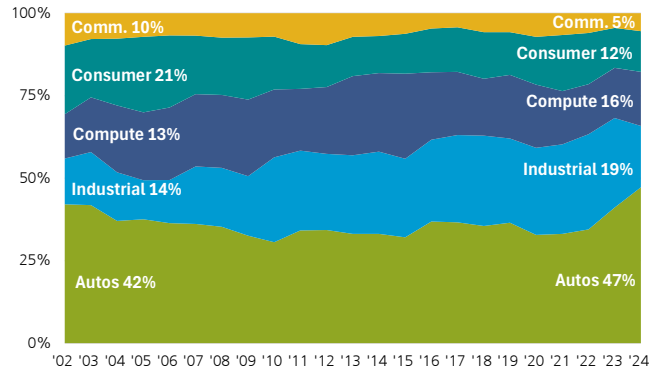
Long-Term History

Figure 113: 2002 and 2024 MCU market composition



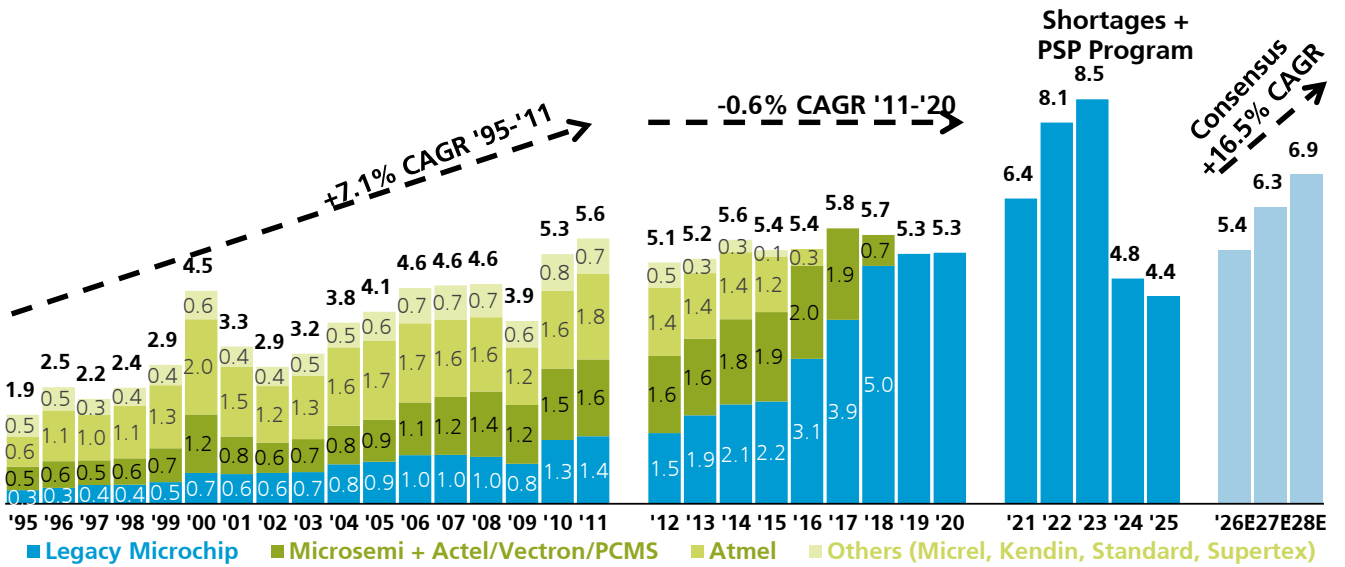
Source: UBS research, Company reports, Gartner

Figure 114: 2002-2024 MCU market composition



Source: UBS research, Company reports, Gartner

Figure 115: Microchip Pro Forma Revenue - 30 Year History



Source: Company reports, UBS research, FactSet.

Figure 116: Microchip Summary Model

Microchip (MCHP) - Key Metrics (in \$MM except EPS)	Estimates																FISCAL YEAR SUMMARY					
	C2023A	C2024A	FQ4:25A CQ1A	FQ1A CQ2A	FQ2A CQ3A	FQ3A CQ4A	C2025A	FQ4:26E CQ1E	FQ1E CQ2E	FQ2E CQ3E	FQ3E CQ4E	C2026E	FQ4:27E CQ1E	FQ1E CQ2E	FQ2E CQ3E	FQ3E CQ4E	C2027E	F2024A	F2025A	F2026E	F2027E	F2028E
Revenue	\$8,541	\$4,757	\$971	\$1,076	\$1,140	\$1,186	\$4,372	\$1,269	\$1,382	\$1,491	\$1,516	\$5,657	\$1,594	\$1,736	\$1,834	\$1,844	\$7,008	\$7,634	\$4,402	\$4,671	\$5,982	\$7,327
YY Growth	6%	(44%)	(27%)	(13%)	(2%)	16%	(8%)	31%	28%	31%	28%	29%	26%	26%	23%	22%	24%	(10%)	(42%)	6%	28%	22%
Gross Profit	\$5,751	\$2,805	\$505	\$584	\$646	\$715	\$2,450	\$780	\$871	\$954	\$978	\$3,583	\$1,036	\$1,137	\$1,211	\$1,226	\$4,610	\$5,026	\$2,510	\$2,726	\$3,838	\$4,846
Gross Margin	67.3%	59.0%	52.0%	54.3%	56.7%	60.3%	56.0%	61.5%	63.0%	64.0%	64.5%	63.3%	65.0%	65.5%	66.0%	66.5%	65.8%	65.8%	57.0%	58.4%	64.2%	66.1%
R&D (Non-GAAP)	\$1,062	\$867	\$230	\$226	\$229	\$241	\$926	\$257	\$265	\$267	\$269	\$1,058	\$277	\$279	\$282	\$284	\$1,123	\$1,003	\$879	\$954	\$1,077	\$1,139
SG&A (Non-GAAP)	\$713	\$560	\$139	\$136	\$140	\$136	\$551	\$140	\$141	\$142	\$143	\$566	\$147	\$148	\$149	\$150	\$596	\$674	\$553	\$552	\$574	\$603
Opex (Non-GAAP)	\$1,775	\$1,427	\$369	\$362	\$369	\$377	\$1,477	\$397	\$406	\$409	\$412	\$1,624	\$424	\$428	\$431	\$435	\$1,718	\$1,676	\$1,432	\$1,506	\$1,651	\$1,742
YY Growth	4%	(20%)	1%	3%	5%	5%	4%	8%	12%	11%	9%	10%	7%	5%	5%	6%	6%	(5%)	(15%)	5%	10%	5%
Operating Income	\$3,977	\$1,378	\$136	\$222	\$277	\$338	\$973	\$383	\$465	\$545	\$566	\$1,959	\$612	\$709	\$779	\$791	\$2,892	\$3,349	\$1,078	\$1,220	\$2,187	\$3,104
Operating Margin	46.6%	29.0%	14.0%	20.7%	24.3%	28.5%	22.3%	30.2%	33.6%	36.6%	37.3%	34.6%	38.4%	40.9%	42.5%	42.9%	41.3%	43.9%	24.5%	26.1%	36.6%	42.4%
Non-GAAP EPS	\$5.98	\$1.76	\$0.11	\$0.27	\$0.35	\$0.44	\$1.17	\$0.52	\$0.65	\$0.77	\$0.81	\$2.74	\$0.88	\$1.04	\$1.15	\$1.18	\$4.24	\$4.92	\$1.31	\$1.58	\$3.11	\$4.59
Free Cash Flow																						
FFFO	\$3,172	\$1,122	\$206	\$276	\$88	\$341	\$911	\$350	\$358	\$460	\$479	\$1,648	\$517	\$577	\$674	\$671	\$2,439	\$2,893	\$898	\$1,055	\$1,815	\$2,652
Capex	\$358	\$152	\$14	\$18	\$37	\$23	\$91	\$20	\$25	\$25	\$25	\$95	\$25	\$30	\$30	\$30	\$115	\$285	\$126	\$97	\$100	\$120
FCF	\$2,511	\$950	\$183	\$244	\$52	\$319	\$798	\$330	\$333	\$435	\$454	\$1,553	\$492	\$547	\$644	\$641	\$2,324	\$2,384	\$743	\$945	\$1,715	\$2,532
% revenue	29%	20%	19%	23%	5%	27%	18%	26%	24%	29%	30%	27%	31%	31%	35%	35%	33%	31%	17%	20%	29%	35%
YY Growth	(10%)	(62%)	(53%)	(19%)	269%	30%	(16%)	81%	36%	744%	42%	95%	49%	64%	48%	41%	50%	(11%)	(69%)	27%	82%	48%
Segment Revenue																						
Mixed Signal MCU	\$4,869	\$2,462	\$477	\$533	\$585	\$587	\$2,181	\$651	\$703	\$752	\$760	\$2,866	\$790	\$877	\$939	\$948	\$3,554	\$4,266	\$2,250	\$2,355	\$3,005	\$3,759
Q/Q Growth			(11%)	12%	10%	0%		11%	8%	7%	1%		4%	11%	7%	1%						
YY Growth	8%	(49%)	(31%)	(17%)	(2%)	10%	(11%)	36%	32%	29%	30%	31%	21%	25%	25%	25%	24%	(10%)	(47%)	5%	28%	25%
Analog	\$2,305	\$1,227	\$262	\$316	\$322	\$323	\$1,222	\$352	\$391	\$426	\$439	\$1,607	\$474	\$512	\$537	\$537	\$2,060	\$2,019	\$1,157	\$1,313	\$1,729	\$2,134
Q/Q Growth			(4%)	21%	2%	0%		9%	11%	9%	3%		8%	8%	5%	--						
YY Growth	1%	(47%)	(21%)	(4%)	10%	18%	(0%)	35%	24%	32%	36%	31%	35%	31%	26%	22%	28%	(15%)	(43%)	13%	32%	23%
Other (LMO + FPGA)	\$1,367	\$1,068	\$232	\$227	\$234	\$277	\$969	\$266	\$288	\$313	\$317	\$1,184	\$330	\$347	\$358	\$359	\$1,394	\$1,349	\$995	\$1,004	\$1,248	\$1,434
Q/Q Growth			5%	(2%)	3%	18%		(4%)	8%	8%	1%		4%	5%	3%	0%						
YY Growth	8%	(22%)	(24%)	(15%)	(15%)	26%	(9%)	15%	27%	33%	15%	22%	24%	20%	15%	13%	18%	3%	(26%)	1%	24%	15%

Source: Company reports, UBS estimates

Figure 117: Microchip Key Metrics Seasonality

		Total Revenue % Q/Q				Mixed Signal/MCU Revenue % Q/Q				Analog Revenue % Q/Q				LMO + FPGA Revenue % Q/Q			
		F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q
		C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q
CY96	FY97			+7.2%	+9.5%												
CY97	FY98	+7.4%	+4.0%	+6.0%	+0.5%												
CY98	FY99	-10.1%	+6.9%	+4.3%	-3.5%												
CY99	FY00	+2.9%	+17.0%	+9.4%	+9.2%												
CY00	FY01	+8.7%	+13.5%	+9.4%	-2.2%												
CY01	FY02	-19.3%	-9.4%	+2.0%	+0.1%												
CY02	FY03	+4.9%	+7.3%	+6.3%	-1.3%												
CY03	FY04	-7.7%	+4.4%	+4.5%	+5.6%												
CY04	FY05	+7.6%	+11.1%	+3.7%	-6.9%												
CY05	FY06	+1.3%	+5.0%	+4.0%	+3.3%			+3.1%	+3.5%			+5.5%	+17.8%		+8.7%	-3.9%	
CY06	FY07	+5.2%	+6.2%	+2.0%	-6.3%	+4.9%	+8.2%	+1.6%	-6.8%	+17.6%	+1.2%	+1.9%	-0.9%	+0.3%	-2.6%	+5.0%	-6.3%
CY07	FY08	+2.9%	+2.3%	-2.1%	-2.3%	+4.0%	+2.5%	-3.6%	-1.3%	-3.3%	+1.6%	+0.0%	-2.4%	-0.7%	+1.3%	+7.7%	-9.1%
CY08	FY09	+3.1%	+3.0%	+0.6%	-28.7%	+4.0%	+3.1%	-0.2%	-28.2%	+8.0%	+2.5%	+11.7%	-23.3%	-6.7%	+2.7%	-1.9%	-37.8%
CY09	FY10	-9.8%	+11.4%	+17.5%	+10.3%	-9.5%	+11.9%	+16.6%	+9.9%	-13.0%	+12.2%	+25.5%	+14.1%	-9.7%	+5.5%	+16.8%	+9.8%
CY10	FY11	+11.2%	+28.5%	+7.0%	-3.8%	+10.3%	+9.8%	+4.7%	-2.2%	+19.3%	+31.5%	+11.6%	-4.7%	+9.3%	+203.8%	+12.5%	-8.3%
CY11	FY12	+3.3%	-1.4%	-9.1%	-3.4%	+4.0%	-2.0%	-11.2%	-4.4%	+3.5%	-7.0%	-0.7%	+1.7%	+0.9%	+4.1%	-6.4%	-3.0%
CY12	FY13	+3.0%	+4.0%	+15.7%	+2.0%	+5.5%	+5.0%	+5.4%	+5.0%	+0.7%	+9.0%	+48.5%	+33.2%	-3.6%	-3.2%	-7.3%	-5.3%
CY13	FY14	+3.4%	+7.6%	+6.5%	-2.1%	+3.7%	+8.9%	+6.9%	-2.4%	+4.1%	+6.2%	+5.1%	+0.4%	+0.8%	+3.7%	+6.6%	-4.8%
CY14	FY15	+2.3%	+7.7%	+2.8%	-1.9%	+4.2%	+5.3%	+5.2%	-6.5%	-1.3%	+16.6%	-2.2%	+2.4%	-1.0%	+0.4%	+3.5%	+4.7%
CY15	FY16	+2.1%	-2.4%	+4.8%	-1.3%	+3.3%	-0.4%	-4.0%	-3.5%	+1.6%	-0.4%	+15.9%	+8.9%	+1.9%	-11.0%	+2.0%	-4.2%
CY16	FY17	+3.0%	NM	+3.5%	+0.8%	+5.5%	NM	+10.7%	-6.3%	+0.4%	NM	+6.0%	-1.8%	-1.8%	NM	+6.4%	+2.3%
CY17	FY18	+2.4%	+7.7%	+4.1%	-1.8%	+12.3%	+9.5%	+4.7%	-0.6%	+4.3%	+3.7%	+0.1%	-3.2%	-5.1%	+6.4%	+10.4%	-5.6%
CY18	FY19	+0.8%	NM	+17.7%	-4.0%	-0.6%	NM	+7.8%	-7.9%	+4.7%	NM	+26.3%	-5.4%	+0.9%	NM	+48.5%	+11.3%
CY19	FY20	-3.3%	-0.5%	+1.1%	-3.8%	-1.8%	+0.6%	-1.5%	-1.7%	-3.4%	+0.9%	+1.9%	-7.8%	-7.0%	-6.2%	+8.0%	-3.2%
CY20	FY21	+3.0%	-1.3%	-0.0%	+3.3%	+5.9%	-1.3%	-1.9%	+3.3%	+1.2%	+0.7%	-2.3%	+3.1%	-2.3%	-4.2%	+9.7%	+3.4%
CY21	FY22	+8.5%	+7.0%	+5.1%	+6.5%	+12.2%	+10.7%	-0.9%	+8.7%	+11.3%	+4.1%	+13.6%	+2.0%	-6.4%	-0.8%	+12.8%	+7.5%
CY22	FY23	+4.9%	+6.5%	+5.6%	+4.6%	+7.6%	+1.6%	+11.0%	+3.5%	+3.0%	+12.5%	-1.3%	+5.9%	-0.8%	+13.5%	+0.2%	+6.3%
CY23	FY24	+2.9%	+2.5%	-1.5%	-21.7%	+5.8%	+0.8%	-1.7%	-22.3%	+3.0%	+2.5%	-1.7%	-30.9%	-5.4%	+9.4%	-0.6%	-3.2%
CY24	FY25	-24.9%	-6.4%	-6.2%	-11.8%	-30.7%	-6.5%	-7.8%	-10.3%	-23.0%	-0.3%	-11.6%	-6.6%	-10.3%	-12.8%	+4.2%	-20.6%
CY25	FY26E	-5.4%	+10.8%	+6.0%	+4.0%	-10.5%	+11.6%	+9.7%	+0.3%	-4.1%	+20.9%	+1.7%	+0.4%	+5.3%	-2.2%	+3.4%	+18.0%
CY26E	FY27E	+7.0%	+8.9%	+7.9%	+1.7%	+11.0%	+8.0%	+7.0%	+1.0%	+9.0%	+11.0%	+9.0%	+3.0%	-3.8%	+8.4%	+8.4%	+1.5%
CY27E	FY28E	+5.1%	+8.9%	+5.7%	+0.5%	+4.0%	+11.0%	+7.0%	+1.0%	+8.0%	+8.0%	+5.0%	-	+3.9%	+5.3%	+3.2%	+0.1%
LT median		+2.9%	+6.2%	+4.3%	-1.8%	+4.2%	+4.0%	+3.1%	-2.2%	+1.9%	+3.1%	+1.9%	+0.4%	-1.8%	+0.8%	+6.4%	-3.2%
5y median		+2.9%	+6.5%	+5.1%	+4.0%	+5.8%	+1.6%	-0.9%	+0.3%	+1.9%	+4.1%	-1.3%	+0.4%	-3.8%	-0.8%	+3.4%	+6.3%
10y median		+2.7%	+4.5%	+3.8%	-0.5%	+5.8%	+1.2%	+1.9%	-1.2%	+2.4%	+3.1%	+0.9%	-2.5%	-4.5%	-1.5%	+7.2%	+2.8%

		Adj. Gross Margin bps Q-Q				Opex \$ % Q/Q				Adj. Operating Margin bps Q-Q				Working Capital \$				Capex \$			
		F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q	F4Q	F1Q	F2Q	F3Q
		C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q	C1Q	C2Q	C3Q	C4Q
CY96	FY97			+64 bp	-7 bp			+8.8%	+6.8%			+2.675 bp	-66 bp			-3	-12			-20	-13
CY97	FY98	+28 bp	+55 bp	-20 bp	-251 bp	+9.1%	+2.6%	+4.5%	+2.4%	+41 bp	-35 bp	-36 bp	+49 bp	+2	+24	+8	+2	-19	-30	-48	-45
CY98	FY99	+134 bp	+7 bp	+9 bp	+96 bp	-2.0%	-1.6%	+2.1%	-4.8%	+238 bp	-226 bp	-57 bp	-35 bp	-20	-4	-8	-13	-22	-12	-12	-6
CY99	FY00	-56 bp	-39 bp	+141 bp	+48 bp	-1.3%	+23.9%	+9.6%	+4.5%	-103 bp	+145 bp	+3 bp	-113 bp	-19	+3	+15	+22	-10	-23	-52	-65
CY00	FY01	+97 bp	+145 bp	+93 bp	-141 bp	+6.3%	+14.4%	+7.6%	+1.3%	-54 bp	+19 bp	-40 bp	+87 bp	-0	+17	+5	+33	-74	-104	-157	-143
CY01	FY02	-353 bp	+5 bp	+6 bp	+12 bp	-7.9%	-6.1%	-1.6%	+2.3%	+355 bp	+105 bp	-103 bp	+63 bp	-90	-40	-31	-7	-37	-13	-18	-5
CY02	FY03	+46 bp	+191 bp	+139 bp	+156 bp	+1.0%	+4.4%	+4.5%	-1.6%	-110 bp	-77 bp	-45 bp	-6 bp	+56	+9	-16	+7	-8	-25	-17	-21
CY03	FY04	-114 bp	-93 bp	+72 bp	+39 bp	-2.6%	-0.5%	+0.5%	+0.7%	+150 bp	-131 bp	-103 bp	-120 bp	+7	-5	-8	+21	-17	-10	-11	-18
CY04	FY05	+95 bp	+162 bp	+18 bp	-40 bp	+6.8%	+7.7%	+1.6%	-0.3%	-19 bp	-75 bp	-48 bp	+166 bp	+14	-18	-2	+18	-24	-14	-21	-21
CY05	FY06	+49 bp	+99 bp	+85 bp	+52 bp	+0.1%	+6.3%	+1.4%	+0.8%	-29 bp	+31 bp	-62 bp	-61 bp	-11	-5	+9	+14	-8	-15	-10	-18
CY06	FY07	+38 bp	+26 bp	+9 bp	-17 bp	+6.1%	+6.6%	+2.3%	-3.6%	+20 bp	+9 bp	+5 bp	+69 bp	+19	+20	-4	-2	-33	-17	-19	-16
CY07	FY08	+25 bp	+12 bp	-25 bp	+81 bp	+2.0%	+6.0%	-1.6%	+1.5%	-21 bp	+88 bp	+11 bp	+101 bp	-93	+11	-14	+15	-9	-25	-12	-12
CY08	FY09	+31 bp	+10 bp	+1 bp	-643 bp	+4.1%	+1.6%	-0.5%	-19.9%	+27 bp	-36 bp	-28 bp	+324 bp	-22	+13	+48	-58	-21	-22	-46	-24
CY09	FY10	-590 bp	+207 bp	+413 bp	+351 bp	-8.1%	+8.7%	+11.2%	+4.5%	+57 bp	-72 bp	-157 bp	-146 bp	-27	-5	+21	-12	-11	-4	-6	-19
CY10	FY11	+262 bp	-134 bp	-9 bp	-43 bp	+9.4%	+22.1%	+4.9%	-3.5%	-41 bp	-128 bp	-48 bp	+8 bp	-8	-2	+12	-3	-19	-34	-32	-34
CY11	FY12	+46 bp	-72 bp	-128 bp	-146 bp	+3.2%	+2.3%	-5.7%	-2.1%	-3 bp	+93 bp	+92 bp	+34 bp	-20	-60	+36	-57	-24	-27	-25	-6
CY12	FY13	+133 bp	+85 bp	+128 bp	-166 bp	+2.8%	+4.1%	+25.4%	+9.8%	-4 bp	+2 bp	+220 bp	+217 bp	-28	+10	+28	+39	-4	-10	-16	-10
CY13	FY14	+38 bp	+163 bp	+98 bp	-1 bp	-3.4%	+3.4%	+5.4%	-2.5%	-202 bp	-112 bp	-27 bp	-10 bp	+0	+13	-16	-30	-15	-28	-27	-24
CY14	FY15	+30 bp	+50 bp	-71 bp	-93 bp	+0.2%	+7.9%	+2.9%	-2.2%	-55 bp	+5 bp	+2 bp	-8 bp	+48	-2	+11	-5	-34	-45	-39	-37
CY15	FY16	+13 bp	-0 bp	-39 bp	+2 bp	-0.5%	-3.3%	+12.4%	+2.5%	-69 bp	-23 bp	+186 bp	+97 bp	-13	-4	-7	+11	-29	-34	-30	-18
CY16	FY17	+47 bp	-258 bp	+139 bp	+63 bp	-2.3%	NM	-2.7%	+5.5%	-146 bp	+143 bp	-170 bp	-169 bp	+78	+117	+88	+57	-16	-18	-18	-16
CY17	FY18	+139 bp	+116 bp	+64 bp	+37 bp	-3.2%	+4.4%	+2.0%	-3.7%	-138 bp	-73 bp	-47 bp	-44 bp	+43	-15	-18	+292	-23	-22	-60	-66
CY18	FY19	+29 bp	+49 bp	-92 bp	+110 bp	+1.7%	NM	+25.1%	-0.9%	+20 bp	+106 bp	+147 bp	+80 bp	+5	-76	+247	+71	-58	-89	-72	-27
CY19	FY20	-18 bp	-18 bp	+24 bp	-79 bp	-2.4%	-0.4%	+0.1%	-0.8%	+24 bp	+5 bp	-27 bp	+78 bp	-57	-37	+4	-4	-40	-24	-18	-14
CY20	FY21	+54 bp	-34 bp	+50 bp	+87 bp	-0.7%	-10.2%	-0.7%	+4.7%	-96 bp	-230 bp	-16 bp	+31 bp	-30	+36	-22	+10	-12	-10	-6	-21
CY21	FY22	+107 bp	+66 bp	+54 bp	+79 bp	+9.4%	+5.2%	+4.3%	+0.1%	+18 bp	-39 bp	-19 bp	-137 bp	-51	+11	-27	+108	-55	-86	-79	-91
CY22	FY23	+51 bp	+49 bp	+64 bp	+38 bp	+7.0%	+4.8%	+2.4%	+3.4%	+42 bp	-35 bp	-64 bp	-24 bp	-57	-52	-107	+349	-115	-122	-110	-141
CY23	FY24	+20 bp	+7 bp	-31 bp	-431 bp	+3.1%	+0.7%	-3.2%	-11.6%	+3 bp	-37 bp	-34 bp	+257 bp	-206	+22	-327	+149	-113	-111	-74	-60
CY24	FY25	-346 bp	-41 bp	-36 bp	-410 bp	-8.6%	-2.9%	-0.3%	+1.7%	+489 bp	+101 bp	+182 bp	+465 bp	+79	+23	-235	+161	-40	-73	-21	-18
CY25	FY26E	-344 bp	+234 bp	+233 bp	+361 bp	+2.9%	-1.8%	+1.9%	+2.2%	+308 bp	-431 bp	-131 bp	-55 bp	+152	+69	-205	+48	-14	-18	-37	-23
CY26E	FY27E	+122 bp	+150 bp	+100 bp	+50 bp	+5.3%	+2.2%	+0.7%	+0.7%	-50 bp	-193 bp	-194 bp	-25 bp	+53	-19	+11	+10	-25	-97	-25	-25
CY27E	FY28E	+50 bp	+50 bp	+50 bp	+50 bp	+3.0%	+0.8%	+0.8%	+0.8%	-55 bp	-198 bp	-113 bp	+6 bp	+6	+8	-25	+8	-25	-30	-30	-30
LT median		+38 bp	+26 bp	+18 bp	+12 bp	+1.4%	+4.1%	+2.1%	+0.1%	-3 bp	-35 bp	-34 bp	+31 bp	-10	+3	-2	+14	-22	-24	-25	-21
5y median		+20 bp	+49 bp	+54 bp	+38 bp	+3.1%	+0.7%	+1.9%	+1.7%	+42 bp	-37 bp	-34 bp	-24 bp	+53	+22	-205	+149	-40	-86	-74	-60
10y median		+40 bp	+28 bp	+52 bp	+51 bp	+2.3%	+0.2%	+1.0%	-0.3%	+19 bp	-36 bp	-31 bp	+4 bp	-12	+17	-25	+90	-40	-48	-48	-25

Source: UBS research, company reports

Valuation

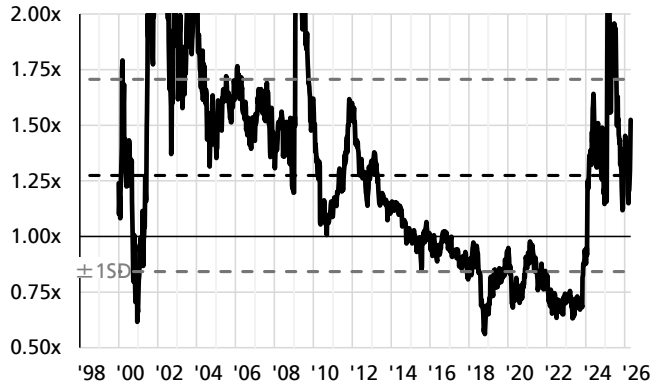
We raise our PT from \$95 to \$115, based on a 27x multiple (from 23x) as we move our valuation methodology from peers median P/E to MCHP vs S&P multiple, which we think better reflects MCHP's premium to the broader market. Using a mid-30x multiple in line with MCHP's analog peers (Figure 140) would support further upside. Our EPS is little changed at \$4.24 (from \$4.21).

Figure 118: Microchip Valuation

Valuation	New	Old
Non-GAAP EPS		
C2027	\$ 4.24	\$ 4.21
P/E Multiple	27x	23x
Valuation	\$ 115	\$ 95

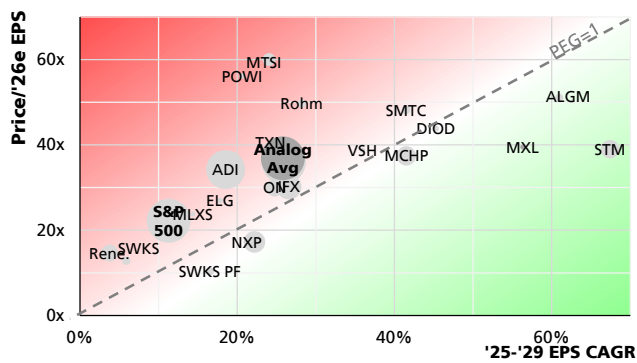
Source: UBS estimates

Figure 120: MCHP Forward PE History Relative to S&P 500



Source: Company reports, UBS research, FactSet

Figure 122: MCHP is cheap on PEG...



Source: Company reports, UBS research, FactSet, Visible Alpha. '25-'27 or '25-'28 CAGRs used where C29 estimates are unavailable.

Figure 119: Relative Valuations would support substantial further upside

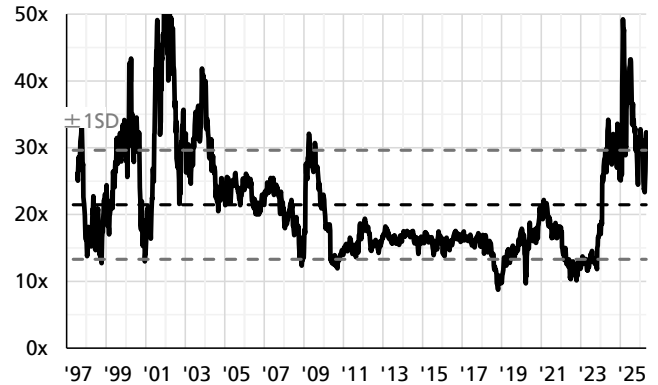
Microchip Relative Valuation

Current S&P 500 NTMA P/E Multiple 21.2x
 MCHP Average Premium/Discount to S&F 27.4%
S&P-Implied MCHP Multiple 27.0x

Current SOX NTMA P/E Multiple 23.2x
 MCHP Average Premium/Discount to SOX -1.7%
SOX-Implied MCHP Multiple 22.8x

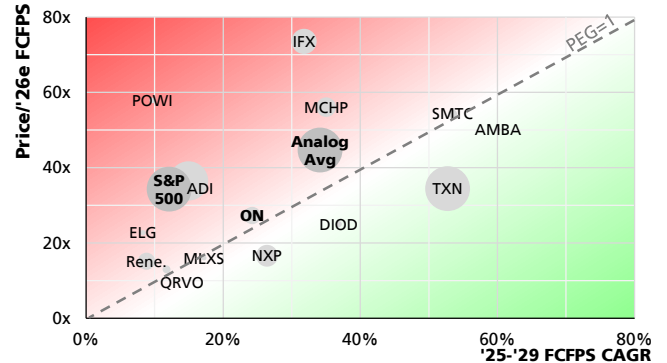
Source: Company reports, UBS research, FactSet

Figure 121: MCHP Forward PE History



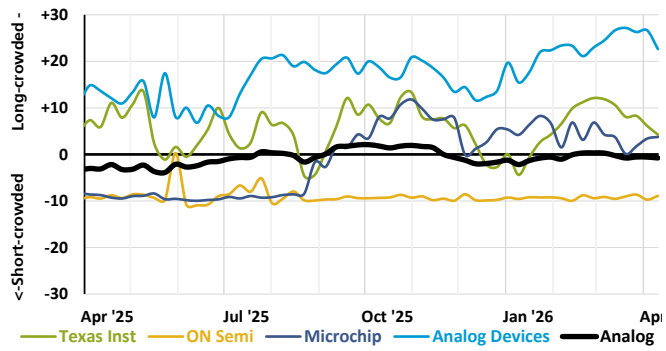
Source: Company reports, UBS research, FactSet

Figure 123: ...but only in line with the sector on FCF P-to-G



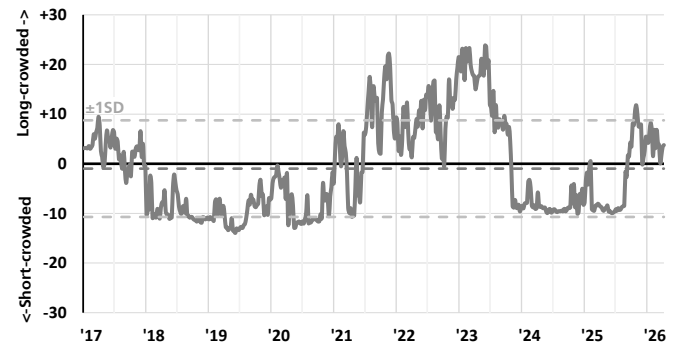
Source: Company reports, UBS research, FactSet, Visible Alpha. '25-'27 or '25-'28 CAGRs used where C29 estimates are unavailable.

Figure 124: Key US Analog Stocks' 1-year Crowding History



Source: UBS Quant Answers

Figure 125: Microchip 9-year Crowding History



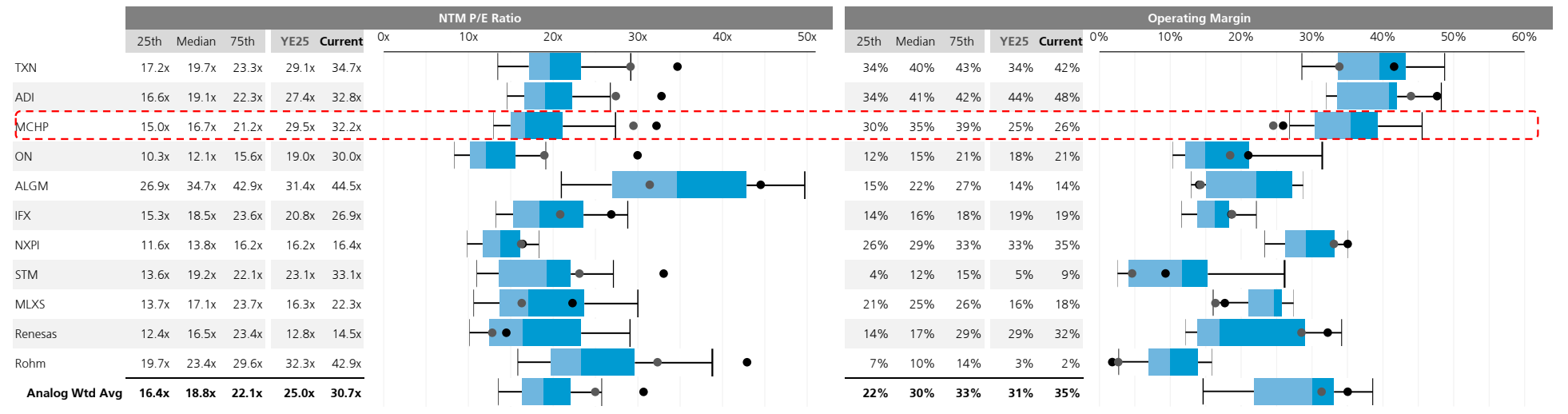
Source: UBS Quant Answers

Figure 126: Microchip Comps

Ticker	Company Name	P/E					PEG		EV/FCF					EV/Sales					EV/EBITDA					Mkt Cap	EV
		2024	2025	2026	2027	2028	LT Growth	PEG	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028		
TXN-US	Texas Instruments	53x	51x	36x	31x	28x	14.4%	3.51x	142x	92x	36x	30x	28x	16.6x	14.7x	12.5x	11.3x	10.3x	36x	32x	24x	21x	NM	\$250.8B	\$259.7B
ADI-US	Analog Devices	63x	52x	35x	31x	26x	13.2%	3.90x	64x	46x	36x	32x	28x	21.3x	18.2x	14.3x	13.0x	11.7x	35x	32x	24x	22x	19x	\$196.0B	\$200.6B
IFX-DE	Infineon	32x	39x	33x	23x	19x	17.4%	2.26x	50x	43x	67x	38x	31x	5.6x	5.3x	4.8x	4.3x	3.8x	18x	19x	16x	13x	11x	\$82.8B	\$89.6B
NXPI-US	NXP Semiconductors	18x	20x	17x	15x	12x	17.3%	1.18x	34x	27x	21x	19x	17x	5.6x	5.8x	5.2x	4.7x	4.4x	14x	15x	13x	11x	NM	\$61.1B	\$70.7B
STMPA-PAR	STMicro	31x	96x	43x	23x	17x	71.3%	1.34x	NM	212x	51x	28x	19x	3.3x	3.7x	3.2x	2.8x	2.5x	13x	18x	13x	10x	NM	\$46.3B	\$43.5B
ON-US	onsemi	25x	42x	34x	24x	19x	32.9%	1.27x	33x	28x	24x	20x	17x	5.6x	6.6x	6.3x	5.7x	5.2x	15x	23x	20x	16x	NM	\$38.8B	\$39.5B
6723-JP	Renesas	24x	NM	15x	14x	12x	12.5%	1.19x	NM	19x	19x	18x	16x	4.7x	4.9x	4.4x	4.0x	3.7x	14x	15x	12x	11x	10x	\$36.8B	\$41.7B
SLAB	Silicon Labs	NM	NM	NM	52x	49x	NM	NM	NM	NM	NM	55x	NM	11.4x	8.5x	7.2x	6.2x	5.4x	NM	NM	NM	NM	NM	\$7.1B	\$6.7B
NOD-NO	Nordic Semi	NM	NM	NM	41x	29x	66.8%	NM	NM	NM	84x	42x	31x	7.3x	5.6x	4.6x	3.8x	3.3x	NM	56x	34x	22x	16x	\$4.0B	\$3.8B
AMBA	Ambarella	NM	NM	NM	60x	46x	36.6%	NM	NM	44x	103x	39x	37x	9.1x	6.6x	5.8x	5.1x	4.5x	NM	NM	NM	NM	NM	\$2.9B	\$2.6B
AMBQ	Ambiq	NM	NM	NM	NM	NM	77.5%	NM	NM	NM	NM	NM	NM	NM	8.5x	6.1x	4.8x	3.6x	NM	NM	NM	NM	NM	\$0.8B	\$0.6B
Median		31x	46x	34x	27x	22x	25.2%	1.34x	50x	43x	36x	31x	28x	6.5x	6.6x	5.8x	4.8x	4.4x	15x	21x	18x	14x	14x	\$727.3B	\$758.9B
Half year 2026/2027				31x							34x					5x					16x				
Simple Average		35x	50x	30x	31x	26x	36.0%	2.09x	65x	64x	49x	32x	25x	9.0x	8.0x	6.8x	6.0x	5.3x	21x	26x	19x	16x	14x		
Weighted Average		46x	49x	33x	27x	23x	19.7%	2.89x	88x	67x	38x	29x	26x	13.4x	12.0x	10.0x	9.0x	8.2x	28x	27x	20x	18x	7x		
MCHP-US	Microchip	68x	57x	33x	24x	23x	35.0%	1.62x	60x	52x	34x	27x	NM	12.1x	11.4x	9.3x	7.8x	7.4x	36x	28x	24x	22x	20x	\$48.0B	\$53.1B

Source: Company reports, UBS research, FactSet, VisibleAlpha.

Figure 127: Microchip and Analog Cycle Overview



Source: Company reports, UBS research, FactSet

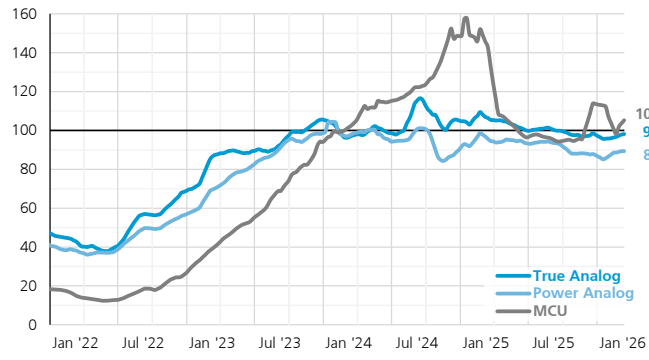
UBS Evidence Lab Datasets

The UBS Evidence Lab Electronics **Distributor Inventory Monitor** ([> Access Dataset](#)) covers pricing and inventory trends of 100+ global distributors and direct storefronts. The dataset covers 52B units of semiconductor integrated circuits and discrete parts worth \$15B, of which analog ICs and MCUs make up the preponderance of the value and discrete ICs make up the vast majority of the unit count. The dataset should primarily reflect standard parts and ASSPs - the 'catalog' business - rather than single-socket custom ICs reflecting significant sales engineering - and has a much greater share of the four large US players TXN, ADI, MCHP, and ON (82% of Analog+MCU value) than their European competitors STM, NXP, and IFX (8% of value). We also believe it better reflects Industrial (which is largely sold through distribution) than Auto (which is largely sold direct).

The monitor portrays a quite healthy catalog business with unit inventories up ~1% Q/Q in power and true analog, while MCU units were down ~3% Q/Q. Price increases were consistent across categories (true analog +7% Q/Q, power analog +4% Q/Q, MCU +6% Q/Q). In particular, power analog pricing continued its strength from 4Q, with power management ICs ending 1Q up 3% Q/Q, diodes up 6%, and transistors up 9%. True analog (ex power) was also strong. MCU ASPs were up 5% Q/Q and units were down 3% Q/Q.

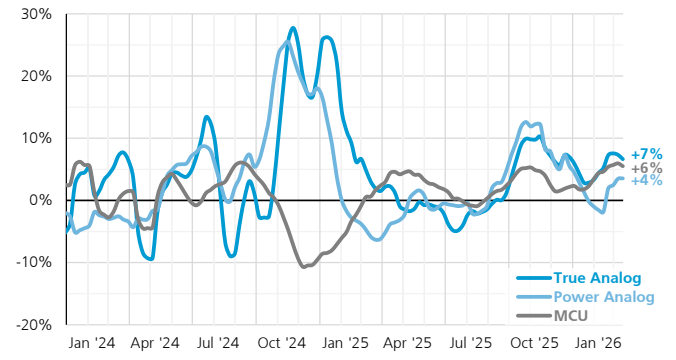
For MCHP in particular, MCU units were down 8%Q/Q which single-handedly drove the MCU category units down 3% Q/Q. 8-bit MCU ASPs were weak in 4Q and this mean-reverted leading them to be the best subcategory - we await another quarter's data to help make clear in hindsight whether this is sustained strength or whether 4Q was just an anomaly. MCHP true analog (~13% of revenue) units were down fully 22%, perhaps reflecting a change in channel strategy or else good enough progress getting this category fixed that management may declare victory on channel dynamics in the call, while ASP was up 8% Q/Q (a little ahead of the category +7%). Power analog (~16% of revenue) units were up 5% Q/Q driven by transistors and PMICs, while ASP was down MSD% Q/Q (worse than the industry up MSD%, but small sample size).

Figure 128: Analog + MCU Inventory Units, Indexed 1Q24=100



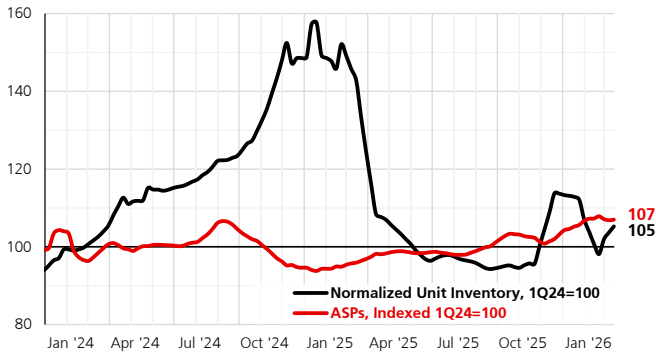
Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 129: Category Blended ASPs, % Q/Q, recent history



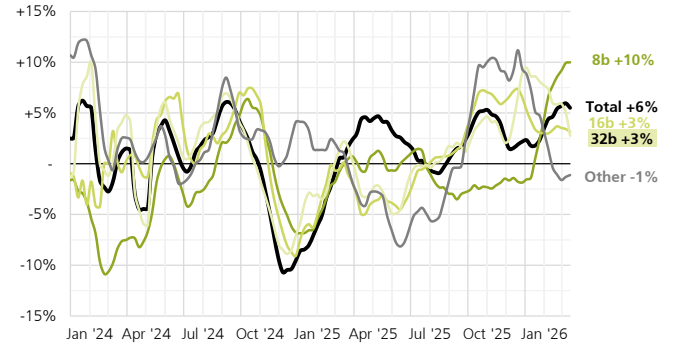
Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 130: MCU ASPs and Unit Inventory Levels, indexed 1Q24=100



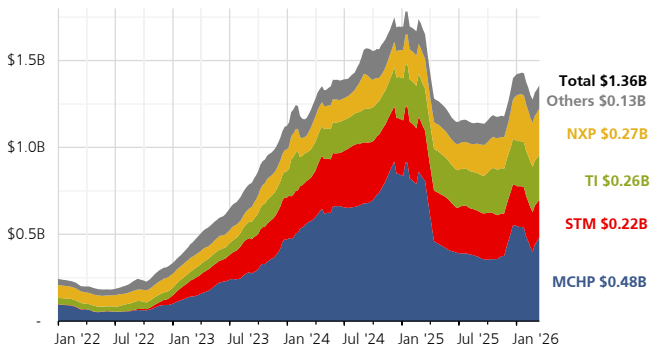
Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 131: MCU Q/Q pricing by subcategory



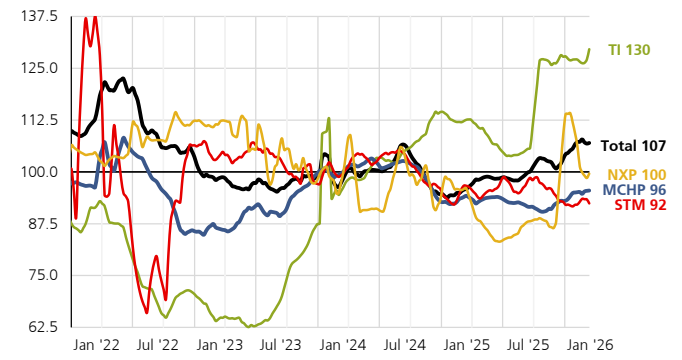
Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 132: MCU Inventory composition by company



Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Figure 133: MCU Pricing by company, indexed 1Q24=100



Source: UBS research, UBS Evidence Lab ([> Access Dataset](#))

Industry and MCHP dashboards

Figure 134: **MCU Distributor Inventory Dashboard**

	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26		3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26
SMMs of Inventory																				Units in Inventory, MMs																			
Microchip	113	99	83	56	58	82	132	199	264	383	535	642	668	814	813	431	376	415	483	Microchip	41	35	31	19	21	34	55	81	105	143	193	226	236	301	315	166	147	163	184
NXP	77	74	70	64	66	74	78	75	80	119	123	134	160	143	171	150	163	191	264	NXP	12	12	10	9	9	10	11	11	12	18	19	22	25	23	27	27	29	32	38
TI	46	43	36	30	39	43	51	63	88	139	182	175	185	209	243	229	216	257	260	TI	18	17	15	13	20	23	28	36	48	63	66	64	65	69	79	77	75	75	75
STM	5	3	2	1	3	23	83	124	182	228	248	307	349	327	311	284	267	249	229	STM	1	1	1	0	1	7	22	34	49	65	70	84	94	94	93	84	78	73	70
Infinion	8	8	7	6	5	7	17	31	41	46	48	49	54	57	52	55	55	54	52	Infinion	2	2	1	1	1	2	4	8	10	11	11	11	11	12	12	14	14	14	14
Other	23	27	26	30	44	53	58	78	93	87	70	55	71	95	86	77	69	69	77	Other	5	5	5	5	7	8	10	13	16	15	13	13	13	18	19	17	15	15	16
Total	272	254	224	187	215	282	419	570	749	1,003	1,205	1,361	1,487	1,645	1,676	1,227	1,147	1,235	1,365	Total	79	72	62	48	60	83	131	182	240	315	372	420	444	516	545	385	358	373	397
Company % share of MCU Inventory Value																				Company % share of MCU Inventory Units																			
Microchip	42%	39%	37%	30%	27%	29%	31%	35%	35%	38%	44%	47%	45%	49%	49%	35%	33%	34%	35%	Microchip	52%	48%	49%	40%	35%	41%	42%	44%	44%	45%	52%	54%	53%	58%	58%	43%	41%	44%	46%
NXP	28%	29%	31%	34%	31%	26%	19%	13%	11%	12%	10%	10%	11%	9%	10%	12%	14%	15%	19%	NXP	15%	17%	17%	20%	16%	12%	8%	6%	5%	6%	5%	5%	6%	4%	5%	7%	8%	9%	10%
TI	17%	17%	16%	16%	18%	15%	12%	11%	12%	14%	15%	13%	12%	13%	15%	19%	19%	21%	19%	TI	23%	24%	24%	26%	34%	27%	22%	20%	20%	20%	18%	15%	15%	13%	14%	20%	21%	20%	19%
STM	2%	1%	1%	1%	2%	8%	20%	22%	24%	23%	21%	23%	23%	20%	19%	23%	23%	20%	17%	STM	1%	1%	1%	1%	2%	8%	17%	18%	21%	21%	19%	20%	21%	18%	17%	22%	22%	20%	18%
Infinion	3%	3%	3%	3%	2%	2%	4%	5%	6%	5%	4%	4%	4%	3%	3%	4%	5%	4%	4%	Infinion	2%	2%	2%	2%	2%	2%	3%	4%	4%	3%	3%	3%	2%	2%	2%	4%	4%	4%	4%
Other	9%	10%	11%	16%	20%	19%	14%	14%	12%	9%	6%	4%	5%	6%	5%	6%	6%	6%	6%	Other	6%	7%	8%	11%	12%	10%	8%	7%	7%	5%	4%	3%	3%	4%	3%	4%	4%	4%	4%
Inventory Value % Y/Y																				Inventory Units % Y/Y																			
Microchip				-49%	-17%		58%	254%	355%	366%	307%	223%	153%	113%	52%	-33%	-44%	-49%	-41%	Microchip					-49%	-4%	79%	318%	405%	327%	250%	181%	125%	110%	63%	-27%	-38%	-46%	-42%
NXP				-14%	1%		12%	18%	22%	59%	57%	78%	99%	20%	39%	13%	2%	34%	54%	NXP					-23%	-13%	5%	11%	27%	77%	75%	107%	109%	25%	45%	23%	18%	41%	40%
TI				-14%	0%		43%	108%	123%	225%	255%	178%	112%	50%	34%	31%	17%	23%	7%	TI					12%	30%	90%	184%	138%	177%	136%	78%	37%	10%	19%	21%	15%	8%	-5%
STM				-25%	572%		3650%	9109%	5234%	907%	197%	146%	91%	43%	26%	-7%	-23%	-24%	-26%	STM					16%	633%	4302%	8595%	3738%	894%	211%	149%	90%	45%	33%	0%	-17%	-22%	-25%
Infinion				-39%	-21%		136%	424%	768%	612%	191%	59%	32%	22%	8%	13%	1%	-5%	0%	Infinion					-33%	-3%	220%	778%	707%	544%	167%	35%	12%	10%	15%	31%	32%	20%	14%
Other				89%	100%		127%	158%	113%	65%	19%	-29%	-24%	9%	24%	40%	-3%	-28%	-10%	Other					43%	54%	115%	155%	127%	92%	30%	-1%	-18%	21%	40%	28%	17%	-19%	-16%
Total				-21%	11%		87%	204%	248%	256%	187%	139%	99%	64%	39%	-10%	-23%	-25%	-19%	Total					-24%	15%	109%	280%	302%	281%	185%	131%	85%	64%	46%	-8%	-19%	-28%	-27%
Inventory Value % Q/Q																				Inventory Units % Q/Q																			
Microchip	-13%	-16%	-33%	3%	42%	60%	51%	33%	45%	40%	20%	4%	22%	0%	-47%	-13%	10%	16%	Microchip	-16%	-12%	-37%	8%	61%	64%	47%	30%	36%	35%	17%	4%	27%	5%	-47%	-12%	11%	13%		
NXP	-4%	-5%	-9%	4%	13%	5%	-4%	7%	48%	3%	9%	20%	-11%	20%	-12%	9%	17%	38%	NXP	-3%	-3%	-13%	-8%	-1%	10%	5%	-2%	12%	54%	4%	16%	13%	-8%	20%	-1%	9%	10%	19%	
TI	-6%	-17%	-16%	30%	9%	19%	23%	39%	59%	30%	-4%	6%	13%	17%	-6%	-6%	19%	1%	TI	-3%	-3%	-15%	-14%	59%	13%	24%	28%	33%	31%	6%	-4%	2%	6%	14%	-2%	-2%	0%	0%	
STM	-26%	-34%	-39%	153%	563%	268%	49%	47%	25%	8%	24%	14%	-6%	-5%	-9%	-6%	-7%	-8%	STM	-20%	-20%	-43%	-24%	233%	406%	244%	50%	47%	31%	8%	20%	12%	0%	-1%	-9%	-7%	-6%	-5%	
Infinion	6%	-16%	-16%	-19%	37%	153%	86%	34%	13%	4%	1%	12%	4%	-9%	7%	0%	-2%	-3%	Infinion	-3%	-3%	-27%	-28%	30%	41%	141%	99%	20%	12%	0%	0%	0%	10%	4%	14%	0%	0%	-1%	
Other	14%	-3%	17%	45%	21%	10%	34%	20%	-7%	-20%	-21%	29%	34%	-10%	-10%	-11%	0%	13%	Other	6%	6%	-7%	9%	34%	14%	29%	29%	19%	-4%	-12%	-2%	-1%	41%	2%	-11%	-10%	-2%	6%	
Total	-6%	-12%	-16%	15%	31%	49%	36%	31%	34%	20%	13%	9%	11%	2%	-27%	-7%	8%	10%	Total	-9%	-13%	-23%	24%	38%	58%	39%	32%	31%	18%	13%	6%	16%	5%	-29%	-7%	4%	6%		

Source: UBS research, UBS Evidence Lab ([Access Dataset](#))

Figure 135: Microchip Granular Inventory Dashboard

	% of revenue	2023				2024				2025				2026	1Q25			2Q25			3Q25			4Q25			1Q26		
		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26
Inventory \$MMs																													
Amplifiers	5%	24	30	33	44	53	56	62	64	56	37	35	38	41	60	56	54	39	37	37	37	37	30	31	35	50	49	33	36
Data Converters	2%	28	41	48	55	67	69	71	70	64	36	34	42	48	67	64	61	39	36	35	35	34	34	36	37	53	55	41	47
Sensors	4%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Wireless & RF	2%	32	41	40	37	40	38	40	25	20	12	12	14	15	22	19	18	12	12	12	12	12	13	12	13	17	17	12	13
Total True Analog	13%	85	113	122	137	160	164	173	160	140	86	82	94	104	149	140	133	90	84	83	84	84	77	79	85	120	121	86	95
Power Mgmt ICs	10%	107	131	138	147	176	185	188	142	123	88	84	88	95	130	124	116	92	87	84	84	85	84	81	83	102	105	86	92
Diodes	4%	13	16	15	15	15	52	56	53	53	56	72	72	72	53	52	53	55	55	58	70	73	72	69	72	74	73	70	72
Transistors	2%	10	11	10	9	12	33	35	37	38	31	35	36	39	39	38	37	32	30	31	34	36	35	34	34	39	41	36	37
Total Analog Power	16%	130	157	162	170	203	270	279	232	213	175	191	196	206	222	214	205	179	173	173	189	194	191	184	190	216	219	192	201
Total Analog	30%	215	270	284	307	363	433	452	392	353	260	274	290	309	371	353	339	269	257	256	273	278	269	263	275	336	340	277	297
8-bit MCUs	18%	88	124	145	185	210	263	261	369	406	205	174	189	213	440	410	376	228	202	186	182	176	163	165	173	233	237	188	204
16-bit MCUs	6%	16	26	41	61	90	117	117	120	116	69	61	71	84	119	116	113	75	68	65	63	62	59	60	65	90	93	75	82
32-bit MCUs	31%	24	40	60	103	161	193	206	222	194	116	104	118	138	205	192	187	126	114	109	108	105	100	98	109	148	148	125	136
All other MCUs	0.5%	4	9	18	33	74	69	84	103	97	41	36	37	48	107	98	88	47	39	37	38	36	36	33	33	47	52	43	48
Total MCU	55%	132	199	264	383	535	642	668	814	813	431	376	415	483	871	816	764	476	423	397	390	379	358	356	379	519	531	431	471
Total Analog + MCU	85%	347	469	548	690	899	1,075	1,121	1,206	1,166	692	649	706	793	1,242	1,169	1,102	745	680	653	663	657	627	620	655	855	871	708	767
ASP sequential change (Q/Q or M/M)																													
Amplifiers	5%	-9.1%	+0.3%	-4.6%	+0.5%	+0.2%	+2.7%	-1.9%	-2.0%	-0.4%	-4.2%	+0.8%	+0.2%	+3.1%	+1.0%	+0.4%	-0.7%	-5.6%	+1.4%	+2.7%	-0.9%	-2.7%	+4.6%	-0.7%	-2.4%	+0.7%	+2.2%	+1.8%	+1.7%
Data Converters	2%	-0.4%	-0.8%	-7.4%	-9.4%	-11.2%	-0.1%	+0.2%	-1.7%	-0.8%	-5.9%	-0.3%	+1.3%	+2.5%	+0.2%	+0.3%	-1.1%	-5.1%	-0.4%	+0.2%	-0.2%	-0.4%	+0.3%	+0.8%	-0.3%	+1.5%	+1.4%	+0.1%	+1.0%
Sensors	4%	-11.8%	+15.7%	-16.4%	-9.2%	-12.9%	-0.1%	-8.8%	-27.8%	+3.6%	+11.3%	+7.5%	-5.7%	-8.6%	+5.3%	-0.8%	-0.7%	+1.2%	+17.2%	+1.6%	-4.8%	+4.4%	+4.5%	-5.9%	-3.1%	-4.4%	-2.6%	-3.1%	-3.7%
Wireless & RF	2%	-0.8%	-4.1%	-4.5%	+5.8%	+4.9%	+2.9%	+1.2%	-21.6%	-10.5%	+28.3%	+15.4%	+1.2%	-2.2%	-5.0%	-0.9%	+1.1%	+18.0%	+9.9%	+5.7%	+4.3%	+5.7%	-2.3%	+2.2%	+1.6%	-5.5%	+0.0%	+2.8%	-3.3%
Total True Analog	13%	-7.1%	+3.8%	-8.5%	-3.1%	-4.8%	+1.5%	-3.0%	-12.7%	-1.0%	+5.3%	+4.9%	-1.2%	-1.3%	+1.1%	-0.2%	-0.5%	+0.3%	+7.1%	+2.4%	-1.0%	+1.1%	+2.7%	-1.5%	-1.6%	-1.6%	+0.3%	+0.2%	-0.8%
Power Mgmt ICs	10%	-8.2%	-2.1%	-7.2%	-1.9%	-0.2%	-2.5%	-0.3%	+9.4%	+0.5%	+12.5%	+2.0%	-4.2%	-2.4%	-1.0%	+2.0%	-3.3%	+12.4%	+2.4%	-0.4%	+0.3%	+1.3%	+0.9%	-2.7%	+0.9%	-8.3%	-0.4%	+7.9%	-2.9%
Diodes	4%	-10.9%	+13.9%	-9.3%	-5.3%	+2.6%	+257.7%	+11.5%	-10.0%	+1.5%	+12.7%	+22.8%	-12.4%	-13.3%	+1.4%	-0.7%	+4.3%	+6.7%	+2.4%	+4.8%	+18.0%	+2.1%	-4.4%	-7.2%	+0.9%	-11.1%	-1.8%	-5.6%	-8.6%
Transistors	2%	+11.6%	-18.9%	-20.3%	-32.7%	-12.3%	+130.2%	+4.1%	-0.9%	+5.7%	+36.3%	+28.5%	-5.0%	+1.5%	+0.9%	+4.0%	+1.8%	+25.5%	+6.0%	+6.6%	+14.4%	+7.2%	+1.5%	-4.0%	-0.2%	-11.0%	+2.1%	+18.4%	-7.9%
Total Analog Power	16%	-7.0%	+0.4%	-9.0%	-5.8%	-0.7%	+76.9%	+3.2%	+3.5%	+1.3%	+14.8%	+9.9%	-6.3%	-4.8%	-0.2%	+1.5%	-0.9%	+12.2%	+2.8%	+1.6%	+6.2%	+2.1%	-0.4%	-4.0%	+0.8%	-9.2%	-0.5%	+5.5%	-4.9%
Total Analog	30%	-7.0%	+2.0%	-8.8%	-4.6%	-2.5%	+42.6%	+0.4%	-3.9%	+0.2%	+10.5%	+7.7%	-4.0%	-3.2%	+0.4%	+0.7%	-0.7%	+6.8%	+4.7%	+2.0%	+2.9%	+1.6%	+1.0%	-2.9%	-0.3%	-5.8%	-0.2%	+3.1%	-3.0%
8-bit MCUs	18%	-2.9%	-0.5%	-2.9%	+2.4%	-1.7%	-1.1%	-1.9%	+2.3%	-1.7%	-1.1%	-2.0%	-1.4%	+2.1%	-0.7%	-0.0%	+0.1%	-1.9%	+1.4%	-0.4%	-1.3%	-0.7%	-1.3%	+0.1%	-0.9%	+0.9%	+1.1%	+0.7%	+1.5%
16-bit MCUs	6%	+5.3%	+6.5%	-5.3%	-1.6%	+0.1%	+4.4%	-1.4%	-2.3%	-2.2%	-4.9%	+1.0%	+0.1%	+0.1%	-0.2%	-2.8%	-0.5%	-4.4%	+0.8%	+0.2%	+0.4%	+0.6%	-0.6%	-0.6%	+0.6%	+1.3%	+0.1%	-1.5%	-0.7%
32-bit MCUs	31%	-4.3%	+3.2%	+0.4%	+4.2%	+5.3%	+8.4%	+3.0%	-2.1%	-0.3%	-5.3%	-2.1%	-1.9%	+1.3%	+1.0%	+0.9%	+0.2%	-4.4%	-1.8%	-0.4%	-0.5%	-0.9%	-0.6%	-1.9%	-1.4%	+4.7%	-0.1%	-1.9%	-0.4%
All other MCUs	0.5%	-4.2%	-2.7%	+1.9%	-3.3%	-10.8%	+8.6%	-3.5%	+3.7%	+5.4%	-7.4%	-7.3%	-4.7%	+10.7%	+2.4%	+0.7%	+0.6%	-5.3%	-3.2%	-2.8%	-2.7%	-1.1%	-3.1%	-3.2%	-0.1%	+2.5%	+9.3%	+0.7%	-3.4%
Total MCU	55%	-2.8%	+2.3%	-1.3%	+2.9%	+2.3%	+4.9%	+0.9%	-0.7%	-0.9%	-3.9%	-1.8%	-1.6%	+1.5%	+0.4%	+0.2%	+0.1%	-3.6%	-0.5%	-0.3%	-0.7%	-0.7%	-0.8%	-1.2%	-1.0%	+3.1%	+0.4%	-1.0%	+0.1%
Total Analog + MCU	85%	-4.3%	+2.2%	-3.9%	+0.3%	+0.6%	+18.1%	+0.7%	-1.8%	-0.5%	+1.1%	+1.5%	-2.4%	-0.1%	+0.4%	+0.4%	-0.2%	+0.0%	+1.3%	+0.5%	+0.6%	+0.1%	-0.2%	-1.7%	-0.8%	+0.0%	+0.2%	+0.5%	-1.0%

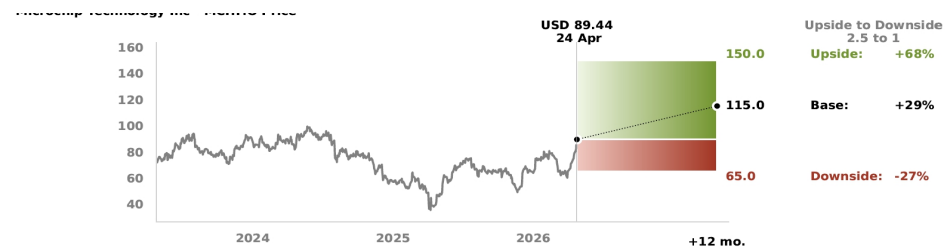
Source: UBS research, UBS Evidence Lab ([Access Dataset](#)), Gartner.

Figure 136: Total Industry Distributor Inventory Dashboard

	% of revenue	2023				2024				2025				2026	1Q25			2Q25			3Q25			4Q25			1Q26		
		1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25	Jul '25	Aug '25	Sep '25	Oct '25	Nov '25	Dec '25	Jan '26	Feb '26	Mar '26
Inventory \$MMs																													
Amplifiers	8%	1,080	1,221	1,300	1,405	1,420	1,433	1,511	1,561	1,701	1,616	1,560	1,639	1,652	1,699	1,721	1,688	1,657	1,630	1,557	1,535	1,562	1,582	1,659	1,639	1,619	1,635	1,666	1,666
Data Converters	5%	883	1,006	1,136	1,262	1,307	1,357	1,600	1,938	2,195	2,212	2,157	2,251	2,349	2,116	2,201	2,253	2,228	2,224	2,180	2,141	2,150	2,180	2,270	2,233	2,255	2,311	2,382	2,376
Sensors	5%	240	254	253	235	232	231	242	262	264	276	303	333	348	263	268	263	270	276	281	296	305	308	326	339	332	339	353	362
Wireless & RF	8%	718	899	1,050	1,144	1,173	1,082	1,124	1,271	1,547	1,456	1,294	1,369	1,471	1,578	1,555	1,517	1,641	1,380	1,366	1,336	1,277	1,275	1,334	1,370	1,404	1,423	1,485	1,565
Total True Analog	26%	2,920	3,381	3,739	4,045	4,133	4,103	4,477	5,033	5,708	5,559	5,314	5,592	5,820	5,655	5,744	5,721	5,795	5,510	5,383	5,309	5,294	5,345	5,590	5,581	5,609	5,708	5,886	5,969
Power Mgmt ICs	17%	2,155	2,581	2,899	3,083	3,093	3,077	3,205	3,528	3,838	3,767	3,741	3,860	3,869	3,842	3,865	3,813	3,759	3,826	3,701	3,704	3,737	3,784	3,920	3,874	3,783	3,835	3,881	3,927
Transistors	13%	731	800	876	987	992	1,117	1,064	1,145	1,121	1,182	1,139	1,093	1,097	1,102	1,141	1,119	1,168	1,214	1,155	1,144	1,146	1,127	1,135	1,088	1,057	1,044	1,107	1,209
Diodes	2%	395	418	422	474	480	554	569	549	509	519	511	509	491	512	522	497	516	535	501	513	509	511	527	508	491	480	495	509
Total Analog Power	31%	3,281	3,799	4,198	4,543	4,564	4,748	4,838	5,222	5,468	5,467	5,391	5,461	5,457	5,456	5,528	5,430	5,443	5,576	5,357	5,361	5,391	5,422	5,582	5,470	5,331	5,360	5,484	5,644
Total Analog	57%	6,200	7,180	7,937	8,589	8,697	8,850	9,315	10,255	11,176	11,026	10,706	11,054	11,277	11,111	11,272	11,151	11,238	11,085	10,740	10,669	10,685	10,768	11,172	11,051	10,940	11,068	11,370	11,614
8-bit MCUs	2%	142	180	213	265	274	324	333	435	469	264	229	241	278	501	475	440	287	262	245	240	230	216	218	224	285	296	256	275
16-bit MCUs	3%	60	79	108	151	178	207	226	233	232	178	169	189	207	233	234	229	187	177	171	171	170	168	175	183	210	214	198	206
32-bit MCUs	17%	155	220	303	425	538	623	695	714	704	576	551	589	652	727	711	680	603	580	546	550	547	557	573	569	630	667	637	648
All other MCUs	1%	63	91	125	163	216	206	233	262	270	208	198	217	228	278	274	261	220	209	196	196	197	200	211	212	228	241	217	217
Total MCU	23%	419	570	749	1,003	1,205	1,361	1,487	1,645	1,676	1,227	1,147	1,235	1,365	1,739	1,694	1,610	1,297	1,228	1,157	1,157	1,143	1,141	1,176	1,188	1,353	1,417	1,309	1,346
Total Analog + MCU	81%	6,620	7,749	8,686	9,592	9,902	10,211	10,802	11,900	12,851	12,254	11,852	12,289	12,641	12,850	12,966	12,761	12,535	12,313	11,897	11,826	11,828	11,909	12,348	12,239	12,292	12,485	12,679	12,959
ASP sequential change (Q/Q or M/M)																													
Amplifiers	8%	-10.4%	-2.0%	+4.5%	-2.9%	+2.2%	+2.4%	+0.0%	+0.8%	+9.7%	+1.8%	+0.2%	+9.2%	+4.0%	+2.0%	+2.2%	+2.2%	-0.3%	+0.9%	-1.5%	-0.5%	+1.0%	+2.8%	+6.5%	+0.9%	-1.1%	+3.7%	+1.8%	-1.0%
Data Converters	5%	-14.0%	-9.5%	-4.5%	-4.7%	-4.7%	-0.4%	+7.1%	+11.4%	+10.5%	+6.0%	-2.0%	+9.5%	+5.5%	+2.2%	+1.9%	+3.7%	+5.9%	-3.2%	-1.4%	-0.2%	-0.7%	+2.1%	+8.4%	+0.8%	-2.4%	+2.6%	+8.3%	-0.8%
Sensors	5%	+2.3%	-3.4%	-5.5%	-6.7%	+1.4%	-6.2%	+1.0%	+15.7%	-1.0%	+1.1%	+6.3%	+9.8%	-9.0%	-1.3%	-4.2%	+1.1%	-1.2%	+1.5%	+6.4%	-0.3%	+0.3%	+4.9%	+4.8%	+3.5%	-3.8%	+0.5%	-11.2%	-7.1%
Wireless & RF	8%	+41.7%	+22.1%	+15.8%	-0.8%	+13.1%	-8.9%	-9.3%	+34.0%	-3.6%	-20.5%	-10.1%	+4.8%	+8.4%	+13.7%	-23.8%	-20.9%	+6.3%	-11.4%	+0.4%	-2.5%	-5.6%	-1.1%	+4.4%	+3.2%	+2.3%	+2.9%	+3.4%	+4.3%
Total True Analog	26%	+8.6%	+4.3%	+4.5%	-3.3%	+4.4%	-3.6%	-1.6%	+16.6%	+3.3%	-4.9%	-2.3%	+7.9%	+3.0%	+5.2%	-7.7%	-5.3%	+2.7%	-3.7%	+0.8%	-1.1%	-1.6%	+1.9%	+5.8%	+2.2%	-0.8%	+2.6%	+0.8%	-0.5%
Power Mgmt ICs	17%	+0.0%	-0.9%	-1.6%	-2.7%	-3.3%	+1.3%	+5.2%	+19.1%	+1.7%	-1.5%	+0.2%	+9.2%	+1.4%	-1.5%	-3.2%	-1.2%	+0.4%	+0.9%	-2.4%	+0.7%	+0.2%	+2.3%	+7.6%	+0.6%	-1.8%	+3.4%	-1.6%	+0.1%
Transistors	13%	-3.5%	+10.8%	+7.6%	+2.2%	+1.2%	+3.7%	-7.4%	+2.1%	+0.7%	+4.2%	+0.5%	+13.8%	+16.1%	+5.0%	+0.7%	+4.8%	-1.8%	+4.6%	-1.0%	+0.5%	-0.7%	-0.9%	+1.5%	+15.7%	+9.7%	+2.4%	-0.0%	+5.2%
Diodes	2%	+0.7%	+6.5%	+2.1%	+4.9%	+0.8%	+3.9%	-4.1%	-2.8%	-7.5%	+1.4%	+0.3%	+13.7%	+12.2%	-3.5%	-1.4%	+1.4%	-0.5%	+3.2%	-2.5%	+2.1%	-1.4%	+0.1%	+2.9%	+13.8%	+6.2%	+2.6%	-0.5%	+3.2%
Total Analog Power	31%	-1.4%	+4.3%	+2.4%	-0.2%	-1.2%	+2.4%	-0.5%	+10.9%	+0.8%	+1.1%	+0.3%	+11.3%	+8.1%	+1.1%	-1.5%	+1.4%	-0.6%	+2.6%	-1.8%	+0.7%	-0.3%	+0.9%	+4.8%	+7.5%	+3.4%	+2.9%	-0.9%	+2.3%
Total Analog	57%	+3.2%	+4.3%	+3.4%	-1.6%	+1.3%	-0.3%	-1.0%	+13.5%	+1.9%	-1.6%	-0.9%	+9.8%	+5.8%	+2.9%	-4.3%	-1.6%	+0.9%	-0.3%	-0.6%	-0.1%	-0.9%	+1.3%	+5.3%	+5.1%	+1.5%	+2.8%	-0.1%	+1.1%
8-bit MCUs	2%	-15.1%	-5.1%	-3.9%	-0.5%	-6.9%	-3.6%	-0.2%	+0.0%	-3.2%	+0.1%	-1.4%	-2.1%	+4.9%	-1.2%	+0.7%	+0.8%	-1.6%	+1.4%	+0.2%	-0.7%	-1.6%	-0.8%	-0.0%	-1.3%	-0.3%	+2.3%	+5.7%	+1.5%
16-bit MCUs	3%	+1.9%	-5.8%	-13.5%	-2.8%	-1.3%	+3.1%	+2.8%	-0.8%	-3.1%	-3.9%	+0.5%	+6.6%	+3.1%	+0.1%	-0.9%	+0.2%	-3.6%	-0.1%	-0.4%	-0.4%	+1.4%	+0.9%	+3.8%	+1.7%	+1.3%	+1.0%	+1.0%	+0.9%
32-bit MCUs	17%	-17.9%	-5.7%	+1.9%	+0.1%	+3.6%	+0.7%	+4.2%	-4.2%	-1.6%	-3.1%	+0.6%	+4.2%	+5.7%	+0.7%	-1.1%	+1.9%	-3.3%	-1.3%	+1.2%	-0.1%	-0.6%	+2.4%	+1.6%	-0.4%	+4.3%	+4.5%	-2.7%	-0.4%
All other MCUs	1%	+2.7%	+4.7%	+3.3%	+3.1%	+5.7%	+0.8%	+3.2%	+2.0%	+1.6%	-4.9%	-3.2%	+9.1%	+1.9%	+0.3%	-0.2%	+0.1%	-3.3%	-0.7%	-3.8%	-0.3%	-0.4%	+1.0%	+7.1%	+1.6%	+0.7%	+3.7%	-4.6%	-1.4%
Total MCU	23%	-14.0%	-5.3%	-0.7%	-0.2%	+2.1%	+0.7%	+3.6%	-3.1%	-1.8%	-3.0%	+0.3%	+4.2%	+5.1%	+0.4%	-0.9%	+1.5%	-3.2%	-0.9%	+0.7%	-0.2%	-0.4%	+1.8%	+2.0%	-0.1%	+3.4%	+3.8%	-1.5%	-0.1%
Total Analog + MCU	81%	-1.8%	+1.5%	+2.2%	-1.2%	+1.6%	+0.0%	+0.3%	+8.7%	+0.8%	-2.0%	-0.5%	+8.2%	+5.6%	+2.2%	-3.3%	-0.7%	-0.3%	-0.5%	-0.3%	-0.1%	-0.7%	+1.5%	+4.3%	+3.6%	+2.0%	+3.1%	-0.5%	+0.7%

Source: Company reports, UBS, Gartner, UBS Evidence Lab (> Access Dataset)

UPSIDE/DOWNSIDE SPECTRUM



Source: UBS estimates

UPSIDE (\$150): We model CY26E revenue at \$5.86B, with MCU/Analog/LMO+FPGA revs +37%/+38%/+22% Y/Y, respectively. We model CY27E revenue at \$7.72B, with MCU/Analog/LMO+FPGA revs +34%/+37%/+18% Y/Y, respectively. We assume Net Margin at ~30%/39% in CY26/CY27E. We apply P/E multiple of ~29x to CY27E EPS of \$5.21 to arrive at our base case PT of \$150.

BASE (\$115): We model CY26E revenue at \$5.66B, with MCU/Analog/LMO+FPGA revs +31%/+32%/+22% Y/Y, respectively. We model CY27E revenue at \$7.0B, with MCU/Analog/LMO+FPGA revs +24%/+28%/+18% Y/Y, respectively. We assume Net Margin at ~28%/35% in CY26/CY27E. We apply P/E multiple of ~27x to CY27E EPS of \$4.24 to arrive at our base case PT of \$115.

DOWNSIDE (\$65): We model CY26E revenue at \$5.25B, with MCU/Analog/LMO+FPGA revs +21%/+21%/+17% Y/Y, respectively. We model CY27E revenue at \$5.92B, with MCU/Analog/LMO+FPGA revs +12%/+16%/+10% Y/Y, respectively. We assume Net Margin at ~25%/30% in CY26/CY27E. We apply P/E multiple of ~22x to CY27E EPS of \$3.07 to arrive at our base case PT of \$65.

INDI PREVIEW

Results/Guidance

Results: We expect Mar Q revenue of around \$56MM and Non-GAAP EPS loss of (\$0.05), both broadly consistent with Street estimates and guidance

Guidance: We expect management to guide Jun Q revenue around \$63MM and Non-GAAP EPS loss around (\$0.04).

Valuation: Price Target remains \$4.25

Our \$4.25 price target is derived from a 16x target PE multiple times CY27E EPS of \$0.27.

Key Topics for Earnings

1) Any update to the timing of the corner radar product ramp; **2)** any update on the disposition of Wuxi Indie, and any geographic decomposition of revenue between China and the West; **3)** whether INDI is seeing any impacts of tariff/EV policy uncertainty downstream at Tier 1s or automakers; **4)** any momentum on higher-value ADAS in China, and more generally any other key design wins or new product introductions; **5)** any thoughts on the M&A pipeline and whether management believes there are attractive and well-priced targets available to it.

Estimate Changes

No change to the estimates.

Figure 137: Recent analog semis research

#	Document Title	Publication Date
1	1Q Analog Market Update: Amid Very Cautious Sentiment, Recovery Still On Track	4/2/26
2	Rohm, Toshiba, Mitsubishi Electric announce MOU to merge power semiconductor businesses	3/30/26
3	Automotive semis: Smooth sailing into 2026 but are clouds on the horizon?	3/19/26
4	IFX: Three key pushbacks to our downgrade	3/17/26
5	IFX: Three emerging risks cap upside. Neutral.	3/6/26
6	AI Data Center Power Semis - is momentum sustainable?	3/6/26
7	US Semis: Key Takeaways from 2026 Semis Bus Tour	3/2/26
8	TXN: CMD A Mixed Bag, But We See Conservatism	2/24/26
9	ams-OSRAM: Four things we learnt from meetings with management	2/13/26
10	China Semiconductors: Takeaways from our hybrid China power/analog semi tour	2/12/26

Source: UBS research

Figure 138: Recent auto and industrial research

#	Document Title	Date
1	European Autos: Q1 Preview: Likely better than feared	4/9/26
2	US A&D 1Q26 growth tracker preview and outlook	4/8/26
3	Paris Autos Day conference feedback	4/7/26
4	From A to D - dissecting the \$1.5T DoW budget, greater focus will be on Congress	4/6/26
5	China autos knocking on US door?	4/2/26
6	US Autos: March Madness with 16.4mm SAAR	4/1/26
7	US A&D 1Q26 Earnings Preview Feedback	4/1/26
8	China Auto Sector: UBS Evidence Lab Consumer Survey 2026: post-stimulus weakness	3/26/26
9	US A&D 1Q26 Earnings Preview	3/25/26
10	US Autos: Everything In The Right Place?	3/15/26

Source: UBS

Figure 139: Indie UBS vs Street Estimates - Detailed FactSet Income Statement Consensus

\$MM ex per share amounts

Quarterlies	1Q26			2Q26			3Q26			4Q26		
	Factset	Δ	UBSe	Factset	Δ	UBSe	Factset	Δ	UBSe	Factset	Δ	UBSe
Revenue	55.1	+0.5	55.6	63.1	-0.1	63.0	71.0	+0.4	71.4	78.4	+2.7	81.1
COGS (Non-GAAP)	30.8	-2.5	28.3	34.0	-2.5	31.5	37.6	-2.6	35.0	40.6	-1.7	38.9
Gross profit (Non-GAAP)	25.3	+2.0	27.2	29.6	+1.9	31.5	34.5	+2.0	36.4	39.1	+3.1	42.2
GM (Non-GAAP, ex NRE)	45.8%	+67 bp	46.5%	46.9%	+92 bp	47.8%	48.5%	+64 bp	49.1%	49.9%	+51 bp	50.4%
Op. Income (Non-GAAP)	(10.0)	+0.4	(9.7)	(5.3)	-0.9	(6.2)	(1.6)	+0.0	(1.6)	2.5	+2.8	5.3
Op. Margin (Non-GAAP)	-18.2%	+82 bp	-17.4%	-8.3%	-148 bp	-9.8%	-2.3%	+7 bp	-2.2%	3.2%	+329 bp	6.5%
GAAP Net income pre NCI	(30.7)	+1.7	(29.0)	(26.4)	+1.1	(25.3)	(21.8)	+0.9	(20.9)	(17.2)	+2.3	(15.0)
GAAP share count	219.2	-14.2	204.9	220.0	-13.4	206.6	218.5	-10.3	208.2	215.6	-5.8	209.8
GAAP Diluted EPS	\$(0.14)	+0.01	\$(0.13)	\$(0.12)	+0.01	\$(0.11)	\$(0.10)	+0.01	\$(0.09)	\$(0.08)	+0.01	\$(0.07)
Non-GAAP NI	(13.7)	+1.5	(12.2)	(9.1)	+1.1	(8.0)	(4.0)	+0.6	(3.4)	1.2	+2.2	3.4
Non-GAAP share count	228.3	-6.1	222.2	227.1	-3.2	223.9	NM	NM	225.5	#DIV/0!	#DIV/0!	227.1
Non-GAAP Diluted EPS	\$(0.06)	+0.01	\$(0.05)	\$(0.04)		\$(0.04)	\$(0.02)		\$(0.02)	\$ -	+0.01	\$ 0.01
Annuals	2026E			2027E								
	Factset	Δ	UBSe	Factset	Δ	UBSe						
Revenue	267.6	+3.5	271.0	370.4	+57.8	428.2						
COGS (Non-GAAP)	142.7	-9.0	133.7	181.7	+18.2	199.9						
Gross profit (Non-GAAP)	128.0	+9.3	137.3	188.1	+40.2	228.3						
GM (Non-GAAP, ex NRE)	47.8%	+85 bp	48.7%	50.8%	+139 bp	52.2%						
Op. Income (Non-GAAP)	(14.4)	+2.2	(12.1)	36.9	+33.9	70.8						
Op. Margin (Non-GAAP)	-5.4%	+90 bp	-4.5%	10.0%	+657 bp	16.5%						
GAAP Net income pre NCI	(96.2)	+6.0	(90.2)	(26.0)	+45.5	19.5						
GAAP share count	218.6	NM	207.4	NM	NM	214.5						
GAAP Diluted EPS	\$(0.44)	+0.04	\$(0.40)	\$(0.11)	+0.20	\$ 0.09						
Non-GAAP NI	(25.6)	+5.4	(20.2)	37.5	+24.1	61.6						
Non-GAAP share count	213.3	+11.4	224.7	288.6	-56.8	231.8						
Non-GAAP Diluted EPS	\$(0.12)	+0.03	\$(0.09)	\$ 0.13	+0.14	\$ 0.27						

Source: Company reports, UBS research, FactSet.

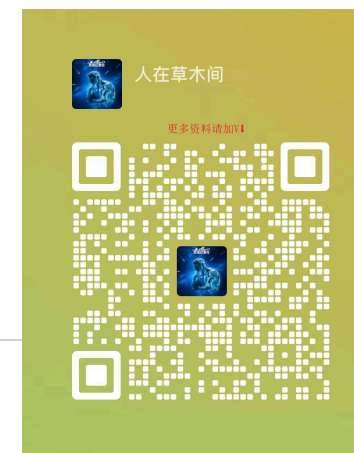


Figure 140: Indie Summary Model

Indie Semi (INDI) - Key Metrics (in \$MM except EPS)	C2023A							Estimates				C2026E				C2027E				C2028E			
	C2023A	C2024A	CQ1A	CQ2A	CQ3A	CQ4A	C2025A	CQ1E	CQ2E	CQ3E	CQ4E	C2026E	CQ1E	CQ2E	CQ3E	CQ4E	C2027E	CQ1E	CQ2E	CQ3E	CQ4E	C2028E	
Revenue	223.2	216.7	54.1	51.6	53.7	58.0	217.4	55.6	63.0	71.4	81.1	271.0	90.5	101.0	112.8	123.9	428.2	136.0	149.3	161.1	173.7	620.1	
Y/Y Growth	101%	(3%)	3%	(1%)	(1%)	(0%)	0%	3%	22%	33%	40%	25%	63%	60%	58%	53%	58%	50%	48%	43%	40%	45%	
Q/Q Growth			(7%)	(5%)	4%	8%		(4%)	13%	13%	13%		12%	12%	12%	10%		10%	10%	8%	8%		
of which in-car	136.9	131.8					128.3					119.9					150.4					176.8	
of which ADAS	39.1	50.7					55.9					114.7					234.0					402.4	
of which all other product revenue	19.6	20.3					22.8					26.1					33.4					30.5	
COGS (non-GAAP)	106.0	107.6	27.3	26.3	27.1	31.3	111.9	28.3	31.5	35.0	38.9	133.7	43.0	47.5	52.5	57.0	199.9	61.9	67.2	71.7	76.4	277.2	
Gross Profit (non-GAAP)	117.2	109.1	26.8	25.3	26.6	26.7	105.4	27.2	31.5	36.4	42.2	137.3	47.5	53.5	60.4	66.9	228.3	74.1	82.1	89.4	97.3	342.9	
Gross Margin (non-GAAP)	52.5%	50.4%	49.5%	49.1%	49.6%	46.0%	48.5%	49.0%	50.0%	51.0%	52.0%	50.7%	52.5%	53.0%	53.5%	54.0%	53.3%	54.5%	55.0%	55.5%	56.0%	55.3%	
R&D (GAAP)	154.5	175.1	42.1	38.5	38.0	35.5	154.1	30.6	32.1	31.4	30.8	124.9	32.6	34.3	36.1	37.2	140.2	38.1	38.8	38.7	38.2	153.8	
% of revenue	69.2%	80.8%	77.9%	74.5%	70.8%	61.2%	70.9%	55.0%	51.0%	44.0%	38.0%	46.1%	36.0%	34.0%	32.0%	30.0%	32.7%	28.0%	26.0%	24.0%	22.0%	24.8%	
SG&A (GAAP)	70.5	80.9	19.4	18.4	20.8	19.2	77.7	17.8	17.0	18.2	18.6	71.6	20.8	21.2	22.0	22.3	86.3	23.1	23.9	24.2	24.3	95.5	
% of revenue	31.6%	37.4%	35.8%	35.5%	38.8%	33.0%	35.7%	32.0%	27.0%	25.5%	23.0%	26.4%	23.0%	21.0%	19.5%	18.0%	20.2%	17.0%	16.0%	15.0%	14.0%	15.4%	
Stock comp	(43.7)	(68.0)	(17.5)	(14.6)	(18.4)	(14.7)	(65.2)	(9.1)	(9.1)	(9.3)	(10.2)	(37.8)	(15.1)	(14.8)	(14.9)	(15.8)	(60.6)	(16.7)	(16.9)	(16.6)	(17.1)	(67.2)	
Other adjustments	(15.5)	(13.6)	(2.2)	(2.3)	(2.5)	(3.1)	(10.1)	(2.3)	(2.3)	(2.3)	(2.3)	(9.3)	(2.1)	(2.1)	(2.1)	(2.1)	(8.4)	(1.9)	(1.9)	(1.9)	(1.9)	(7.6)	
Opex (Non-GAAP)	165.8	174.5	41.9	39.9	37.9	36.8	156.5	36.9	37.7	38.0	36.9	149.4	36.2	38.6	41.1	41.6	157.5	42.6	44.0	44.3	43.6	174.5	
% of revenue	74%	81%	77%	77%	71%	63%	72%	66%	60%	53%	46%	55%	40%	38%	36%	34%	37%	31%	29%	28%	25%	28%	
Operating Income (Non-GAAP)	(48.6)	(65.4)	(15.1)	(14.5)	(11.3)	(10.1)	(51.0)	(9.7)	(6.2)	(1.6)	5.3	(12.1)	11.3	14.9	19.3	25.3	70.8	31.5	38.2	45.1	53.7	168.4	
Operating Margin (Non-GAAP)	(21.8%)	(30.2%)	(27.8%)	(28.1%)	(21.1%)	(17.5%)	(23.5%)	(17.4%)	(9.8%)	(2.2%)	6.5%	(4.5%)	12.5%	14.8%	17.1%	20.4%	16.5%	23.2%	25.6%	28.0%	30.9%	27.2%	
Inc./Decr. Op Mgn (Non-GAAP)	14.0%	258.7%	121.3%	(370.9%)	(1,906.2%)	#####	2,013.6%	364.4%	73.7%	54.9%	66.7%	72.5%	60.0%	55.4%	50.3%	46.9%	52.7%	44.4%	48.1%	53.5%	56.9%	50.9%	
GAAP NI	(117.6)	(132.5)	(34.5)	(39.0)	(38.3)	(32.1)	(144.0)	(26.9)	(23.5)	(19.4)	(13.9)	(83.8)	5.6	(1.1)	4.3	10.7	19.5	13.2	35.5	41.0	26.1	115.8	
GAAP Diluted WASO	145.2	175.0	191.5	195.4	199.3	203.1	197.3	204.9	206.6	208.2	209.8	207.4	211.8	213.7	215.4	217.0	214.5	218.7	220.3	221.7	223.2	221.0	
GAAP EPS	(\$0.81)	(\$0.76)	(\$0.18)	(\$0.20)	(\$0.19)	(\$0.16)	(\$0.73)	(\$0.13)	(\$0.11)	(\$0.09)	(\$0.07)	(\$0.40)	\$0.03	(\$0.01)	\$0.02	\$0.05	\$0.09	\$0.06	\$0.16	\$0.18	\$0.12	\$0.52	
Non-GAAP NI	(48.4)	(68.9)	(16.7)	(16.2)	(13.3)	(12.4)	(58.5)	(12.2)	(8.0)	(3.4)	3.4	(20.2)	9.7	12.9	16.7	22.3	61.6	28.0	33.9	40.5	48.1	150.4	
Non-GAAP Diluted WASO	167.3	195.6	211.5	215.3	217.4	220.4	216.1	222.2	223.9	225.5	227.1	224.7	229.1	231.0	232.7	234.3	231.8	236.0	237.6	239.0	240.5	238.3	
Non-GAAP EPS	(\$0.29)	(\$0.35)	(\$0.08)	(\$0.08)	(\$0.07)	(\$0.07)	(\$0.29)	(\$0.05)	(\$0.04)	(\$0.02)	\$0.01	(\$0.09)	\$0.04	\$0.06	\$0.07	\$0.10	\$0.27	\$0.12	\$0.14	\$0.17	\$0.20	\$0.63	
Cash Flow & Capital Deployment																							
Adj EBITDA	(51.5)	(58.5)	(13.1)	(12.5)	(9.1)	(7.9)	(42.6)	(7.4)	(3.9)	0.8	7.7	(2.7)	13.8	17.5	22.0	28.2	81.6	34.5	41.3	48.4	57.2	181.4	
Cash taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cash interest	(7.4)	(7.4)	(0.2)	(7.8)	(0.2)	(3.1)	(11.2)	(2.8)	(2.6)	(2.6)	(2.6)	(10.5)	(1.0)	(1.0)	(1.0)	(0.7)	(3.7)	(0.4)	(0.4)	0.2	0.2	(0.5)	
Adjustments and other CFFO items	8.3	(0.5)	(0.5)	5.2	(1.9)	(1.3)	1.5	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	
Working Capital	(53.8)	7.8	(15.2)	7.4	5.0	4.8	2.0	11.6	(0.8)	(1.3)	(1.8)	7.7	(5.7)	(6.3)	(6.6)	(4.9)	(23.6)	(4.8)	(5.0)	(2.6)	(2.4)	(14.9)	
CFFO	(104.4)	(58.6)	(29.0)	(7.6)	(6.2)	(7.6)	(50.4)	1.4	(7.4)	(3.2)	3.2	(6.0)	7.0	10.1	14.3	22.5	53.8	29.1	35.8	45.8	54.9	165.7	
Capex	(12.8)	(14.3)	(2.4)	(6.0)	(4.2)	(3.5)	(16.0)	(3.3)	(3.8)	(4.3)	(4.9)	(16.3)	(4.5)	(5.1)	(5.6)	(6.2)	(21.4)	(6.8)	(7.5)	(8.1)	(8.7)	(31.0)	
FCF	(117.1)	(72.9)	(31.4)	(13.6)	(10.3)	(11.1)	(66.4)	(2.0)	(11.1)	(7.5)	(1.7)	(22.2)	2.4	5.1	8.6	16.3	32.4	22.3	28.3	37.8	46.2	134.6	
% of revenue	(52%)	(34%)	(58%)	(26%)	(19%)	(19%)	(31%)	(4%)	(18%)	(10%)	(2%)	(8%)	3%	5%	8%	13%	8%	16%	19%	23%	27%	22%	
Y/Y Growth	39%	(38%)	169%	(42%)	(65%)	29%	(9%)	(94%)	(18%)	(28%)	(85%)	(67%)	(225%)	(146%)	(216%)	(1,072%)	(246%)	813%	459%	338%	184%	315%	
Debt issuance/(paydown)	(11.7)	198.3	(3.0)	(24.8)	0.2	0.2	(27.4)	(13.6)	0.2	0.2	(132.1)	(145.4)	0.1	0.1	(24.9)	(24.3)	(49.0)	0.1	(49.9)	0.1	0.1	(49.7)	
Buybacks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Debt	9.2	96.8	132.1	149.6	182.4	193.4	193.4	195.4	206.5	214.0	94.2	94.2	101.7	96.7	88.0	71.8	71.8	49.4	21.1	(16.7)	(62.9)	(62.9)	

Source: Company reports, UBS research, FactSet.

Valuation

Our unchanged \$4.25 price target remains derived from a 16x target PE multiple times CY27E EPS of \$0.27.

Figure 141: Indie Semi Price Target

Valuation		New	Old
CY27 Non-GAAP EPS	\$	0.27	\$ 0.27
NTM P/E Multiple		16x	16x
Price Target	\$	4.25	\$ 4.25

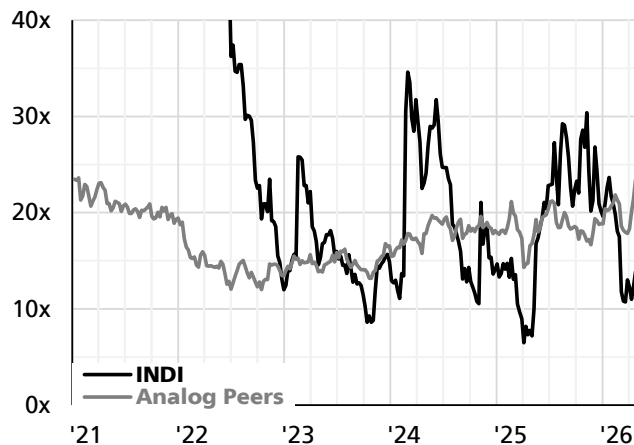
Source: Company reports, UBS estimates

Figure 142: Indie Comps

Ticker	Company Name	P/E				EV/Sales				EV/EBITDA				EV/FCF				Mkt Cap	EV
		2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028		
QCOM	Qualcomm	12x	13x	13x	12x	3.6x	3.7x	3.7x	3.5x	9x	10x	11x	10x	12x	13x	14x	12x	\$158.1B	\$161.1B
IFX-DE	Infineon	39x	33x	23x	19x	5.3x	4.8x	4.3x	3.8x	19x	16x	13x	11x	43x	67x	38x	31x	\$82.8B	\$89.6B
NXPI-US	NXP Semi	21x	17x	15x	12x	5.8x	5.2x	4.8x	4.4x	15x	13x	11x	10x	27x	21x	19x	17x	\$61.2B	\$70.8B
6723-JP	Renesas	NM	15x	14x	12x	4.9x	4.4x	4.0x	3.7x	15x	12x	11x	10x	NM	19x	18x	16x	\$36.8B	\$41.7B
STMPA-PAR	STMicro	96x	43x	23x	17x	3.7x	3.2x	2.8x	2.5x	18x	13x	10x	8x	212x	51x	28x	19x	\$46.3B	\$43.5B
ON-US	ON Semi	42x	34x	24x	19x	6.6x	6.3x	5.7x	5.2x	23x	20x	16x	14x	28x	24x	20x	17x	\$38.8B	\$39.5B
6963-JP	Rohm	111x	44x	29x	25x	3.2x	3.1x	2.9x	3.0x	25x	15x	12x	NM	NM	17x	27x	69x	\$9.5B	\$9.7B
ALGM-US	Allegro Microsystems	84x	46x	30x	21x	9.6x	8.1x	6.8x	5.9x	47x	30x	24x	NM	68x	54x	34x	NM	\$8.3B	\$8.5B
MELE-BE	Melexis	25x	24x	19x	16x	3.6x	3.6x	3.3x	3.1x	16x	15x	13x	11x	29x	15x	17x	17x	\$3.3B	\$3.6B
WRD-US	WeRide	NM	NM	NM	NM	16.5x	10.3x	5.5x	2.6x	NM	NM	NM	NM	NM	NM	NM	NM	\$2.5B	\$1.6B
AMBA-US	Ambarella	NM	NM	60x	46x	6.6x	5.8x	5.2x	4.5x	NM	NM	NM	NM	NM	NM	39x	37x	\$2.9B	\$2.6B
NVTS	Navitas	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	\$4.1B	\$3.9B
MBLY-US	Mobileye	26x	33x	25x	15x	3.3x	3.2x	2.8x	2.3x	18x	22x	16x	10x	12x	38x	22x	14x	\$2.3B	\$6.3B
AMS-CH	ams-OSRAM	22x	22x	26x	10x	0.7x	0.8x	0.8x	0.7x	4x	4x	4x	4x	21x	NM	59x	17x	\$1.5B	\$2.9B
	Median	33x	33x	24x	16x	4.9x	4.4x	4.0x	3.5x	18x	15x	12x	10x	28x	22x	25x	17x	\$458.4B	\$485.3B
	Weighted Average	35x	24x	18x	15x	4.8x	4.4x	4.1x	3.7x	15x	14x	12x	10x	47x	30x	22x	19x		
	Simple Average	48x	30x	25x	19x	5.7x	4.8x	4.0x	3.5x	19x	16x	13x	10x	50x	32x	28x	24x		

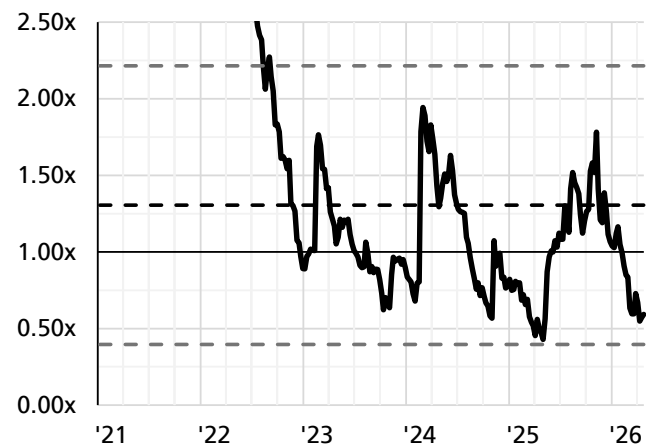
Source: Company reports, UBS estimates, FactSet.

Figure 143: Indie (INDI) and Peers' 2-yr Forward P/E History



Source: Company reports, UBS, FactSet.

Figure 144: Indie (INDI) 2-yr Forward P/E Relative to Peers



Source: Company reports, UBS, FactSet.

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.

ON: We use NTM P/E methodology to value Onsemi. Analog is keyed to the macro-economy and we see this as a risk (both to the upside and downside). Analog names are also levered to Electric Vehicle adoption and we see them as being sensitive to penetration rates. Specifically for ON, it is undergoing restructuring and will need to execute even as macro is uncertain.

GFS: We value GFS on a P/E basis relative to its foundry peer group. Key downside risks include (1) an acceleration in mature node capacity expansion across the industry that extends oversupply, (2) customer reshoring efforts decelerate, and (3) government subsidies fall short of expectations. Upside risks include (1) a ramp-up in customer reshoring efforts amid heightened geopolitical uncertainty, (2) an upcycle in GFS's key end markets, and (3) an escalation in wafer ASP.

AMD: We value AMD based on a NTM P/E methodology. Upside risks to our AMD thesis include higher-than-anticipated penetration into cloud/data center servers and better traction in AI. Downside risks include margin pressure in the form of aggressive price competition from Intel and an inability to effectively shift production to TSMC in a timely manner.

SWKS: We value SWKS using P/E method. Low band PAD is not low margin and not easy, as evidenced by QRVO's struggles and ultimate exit. We may be under-estimating the runway of time for SWKS to remain focused on low-band before having to develop BAW technology, especially given the fertile ground in China. On the flip side, we could be over-modeling blended content this year and next with top customers.

QRVO: We value QRVO on P/E. QRVO is much more levered to China than peer. QRVO should hold content and maybe see modest gains but AAPL's internalization of the modem represents more significant content gain opportunity as it could regain the envelope tracker.

ALAB: We value Astera Labs based on a NTM P/E methodology. Upside risks to our ALAB thesis include faster than expected growth in retimers or more limited than expected CPO transition. Downside risks include slower than expected growth in retimers or faster than expected CPO transition.

SITM: Because SiTime is growing far faster than many of its competitors, we derive our price target based on a PEG methodology which effectively normalizes P/E multiples for growth. Risk factors include intense competition, high customer concentration, high ownership of shares by MegaChips, and geopolitical and macroeconomic conditions. Additionally, SiTime's fab exposure is entirely skewed to Bosch, where every MEMS wafer is produced under a ten-year agreement expiring in 2027.

ALGM: Our PT is derived based on a NTM P/E multiple times our forecast EPS. Our target multiple is in line with analog peers. Risks include recession, or further negative autos revisions; geopolitical risk; capital deployment; and influential key shareholder.

MCHP: We use NTM P/E methodology to value MCHP. Analog is keyed to the macro-economy and business sentiment and we see this as a risk. Analog names are also levered to Electric Vehicle adoption and industrial automation and data center spending.

INDI: Our price target is based on our forecast Non-GAAP EPS and a NTM P/E multiple based on auto-focused analog and smaller ADAS-specialist semiconductor company peers. Risks - to both the upside and downside - include competition, geopolitics, macro, and M&A.