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IDEA

October 19, 2026 04:01 AM GMT

Semiconductors | North America

Weekly: OCP Takeaways, Reiteration of Our AMD Views, & Earnings Week 1 (TXN)

We expect TXN to report another solid, above-seasonal quarter, though we believe this is embedded within expectations. We also share our thoughts on a mostly status quo OCP. Further, we think there has been a media overreaction to our Asia team's AMD substrate cuts.

OCP Takeaways: The event offered relatively little new information, in our view, with presentations largely providing additional color on existing architectures and confirming previously disclosed roadmaps. Across the numerous presentations, we saw a focus on solutions to power constraints, evolving optical architectures, and broader industry alignment around the infrastructure needed to scale AI. While we come away from the event generally neutral, it's clear that the supply chain is coming together to support the continued proliferation of AI, from hyperscalers and industrial players to semiconductor companies.

800 VDC Data Center: Native 800 VDC rack delivery was confirmed as shifting toward the Feynman generation in 2028, as we'd expected in our preview heading into OCP. In addition to broader presentations from supply chain partners, NVIDIA reiterated the phased transition, with power sidecars shipping now, centralized power centers targeted for deployment in 2027, and native 800 VDC rack delivery aligned with the Feynman generation in 2028. As such, we reiterate our view that the 800 VDC adoption curve isn't stopping, but will be a smoother and more gradual curve vs the significant inflection initially expected next year.

We also saw demos from several power semiconductor/analog companies on the show floor supporting NVIDIA's MGX architecture, though we'd caution against interpreting participation as a "winner's circle." Rather, we view these demonstrations as evidence of ecosystem participation and technical validation, which is separate from securing specific production design wins. Some demos focused on intermediate bus converters (IBCs) and hot-swap solutions, representing different opportunities across the power tree, with GaN increasingly relevant for high-density DC/DC conversion. We continue to see a meaningful opportunity for power semis as rack densities increase, but favor those in our coverage with more exposure toward front-end conversion and point-of-load power delivery.

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SEMICONDUCTORS
North America
Industry View **Attractive**

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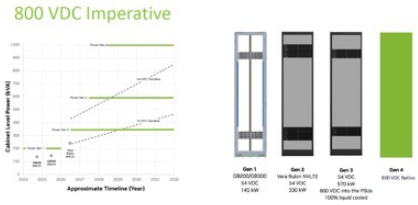
For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Exhibit 1: Broader 8000VDC deployment timeline remains intact



Source: Delta, Nvidia.

Exhibit 2: 800V-native rack delivery now shifted to Feynman



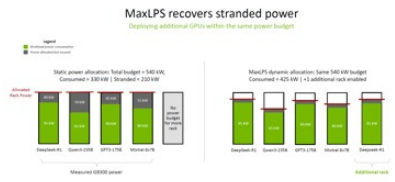
Source: Nvidia.

Land, Power, Shell: A common thread throughout the presentations was the focus on solutions to the land, power and shell constraints facing hyperscalers and data center operators. These ranged from 800 VDC power architectures designed to improve efficiency and reduce power losses across the data center, to energy storage systems that smooth rapid power fluctuations and reduce the need to size infrastructure for peak demand.

NVIDIA highlighted two approaches to improving power utilization: **MaxLPS (Maximum Land, Power, Shell),** a suite of hardware and software technologies within its DSX AI factory platform, which dynamically allocates power across GPUs and racks to enable more compute within the same facility power budget; and **Intelligent Power Smoothing (IPS)**, which combines energy storage and GPU-level controls to smooth rapid power fluctuations and reduce peak power requirements. Both aim to make better use of available power capacity, allowing data center operators to scale compute without requiring a proportional increase in power infrastructure.

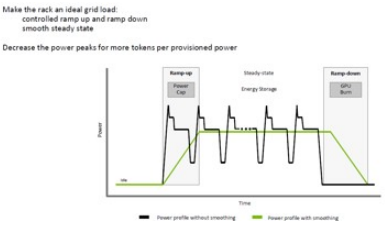
We think this is a key point, as hyperscalers wrestle with land/power/shell shortages, that we should not underestimate the industry's ability to adapt and optimize around these limitations, as we have basically seen throughout this AI cycle.

Exhibit 3: MaxLPS optimizes power across GPUs



Source: Nvidia.

Exhibit 4: Intelligent power smoothing for Vera Rubin: Reclaims Squandered Power



Source: Nvidia.

Memory: Again most of the memory conversations were in in line with our thinking, but it did seem noteworthy that Hynix (covered by Shawn Kim) spent a significant portion of its talk on high bandwidth flash, saying that it can provide about half of the HBM bandwidth but 14x higher capacity. This could become significant upside optionality for Sandisk, who has also put strong emphasis on the standard.

Optical insights: We'll let our optical expert Meta Marshall do the real analysis here

but to us it felt status quo. There does appear to be significant emphasis on cost reduction technologies such as LPO or active copper, which is not new, while NVIDIA continues to be most convicted on CPO for scale-out. We expect to get significantly more attention on this at the NVIDIA GTC Berlin event, which we are also attending.

Reiterating our AMD views: Last week, our Asia team, led by Howard Kao, received significant media attention for cutting its AMD substrate forecast. This appeared to be more of a housekeeping adjustment, albeit a large one, to a number that we have zero ability to triangulate to AMD shipments. This was a separate, independent change published as part of a much larger note, and we do not believe it is impactful to our forecasts.

Our views on AMD have not changed. We see very robust CPU growth, likely well above the 70% that they have guided to for next year, amid very strong industry growth and a superior roadmap. As far as GPU numbers, we continue to see numbers tracking, and while we have yet to get solid industry checks on the readiness of the product, the strong customer commitments backed up by the highly lucrative warrant aspect, should lead the company to comfortably beat forecasts for doubling data center growth next year. We don't really focus on Taiwan data points that we hear about in areas such as CoWoS, which are not primary drivers of our model, given the noise around timing that tends to render those numbers misleading (but, if anything, those numbers in general point to upside).

TXN (UW, reporting after the market close on Wednesday, October 21st): We expect another strong, above-seasonal print for TI, consistent with SIA data showing continued Industrial strength and our checks highlighting sustained demand for data center power. With the macro backdrop holding up and limited evidence of broad restocking, we see room for further upside, though the recovery remains primarily volume-led, with pricing benefits likely to build into 2027.

1.) DecQ guide and sustainability of demand. Following a strong JunQ, TI guided to SepQ revenue growth of 8% q/q at the midpoint, above typical seasonality of ~7% (its seasonally strongest quarter). We model 9.1% growth vs. consensus at 8.4%, with Auto also a bright spot for TI last quarter. For DecQ, we model a 3.3% q/q decline vs. consensus at 2.9%, well ahead of the typical ~7-10% decline (its seasonally weakest quarter). **Pricing, utilization and gross margin.** We remain above consensus on near-term GM%, at 62.1%/61.8% for SepQ/DecQ vs. 61.6%/60.5%, as stronger volumes support better factory utilization and leverage from TI's 300mm capacity. Pricing should provide some additional upside, though benefits will likely be gradual through 2H26 and into 2027, with higher depreciation still an offset.

We remain UW, but concede that the UW case looks thinner as fab utilizations across analog increase. The recovery is broadening, with GM% rebounding from near-decade lows last year and room for further earnings upside. Still, our 2027 EPS estimate of $9.80 remains below consensus at $10.33, and stronger demand could drive upward capex revisions, potentially delaying the FCF recovery.

AlphaSignals Earnings Preview

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Texas Instruments TXN.O		
DecQ Guide	↑ Likely upside surprise	↑ Modest revision higher

*Likely impact to consensus EPS is for the next 12 months
Source: Company data, Morgan Stanley Research

Texas Instruments Earnings Preview

The company is scheduled to report after the market close on Wednesday, October 21st.

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Details on the September quarter: We model revenue of $5,962mn (up 9.1% q/q and 25.7% y/y), slightly above the Street at $5,921mn. We forecast analog revenue of $4,802mn (up 10.0% q/q and 28.8% y/y) and embedded revenue of $835mn (up 6.0% q/q and 17.8% y/y). We model gross margin/EPS of 62.1%/$2.43, above the Street at 61.6%/ $2.42.

December-quarter outlook: We model revenue of $5,768mn (down 3.3% q/q and up 30.4% y/y), slightly above the Street at $5,748mn. We forecast analog revenue of $4,705mn (down 2.0% q/q and up 30.2% y/y) and embedded revenue of $819mn (down 2.0% q/q and up 23.7% y/y). We model gross margin/EPS of 61.8%/$2.31, slightly above the Street at 60.5%/$2.30.

Exhibit 5: TXN: MS vs. Cons

MS vs. Consensus

Figures in $ MMs

	F3Q26E		F4Q26E		2026E	
	MS	Cons.	MS	Cons.	MS	Con
Revs	5,962	5,921	5,768	5,748	22,018	21,9
Q/Q Δ%	*9.1%*	*8.4%*	*-3.3%*	*-2.9%*		
GMs	*62.1%*	*61.6%*	*61.8%*	*60.5%*	*60.9%*	*60.5*
EPS	$2.43	$2.42	$2.31	$2.30	$8.57	$8.5

Source: FactSet, Morgan Stanley Research estimates



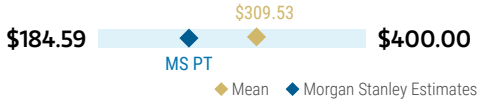
Risk Reward – Texas Instruments (TXN.O)

Underweight on limited upside given premium valuation & margin contraction

PRICE TARGET $255.00

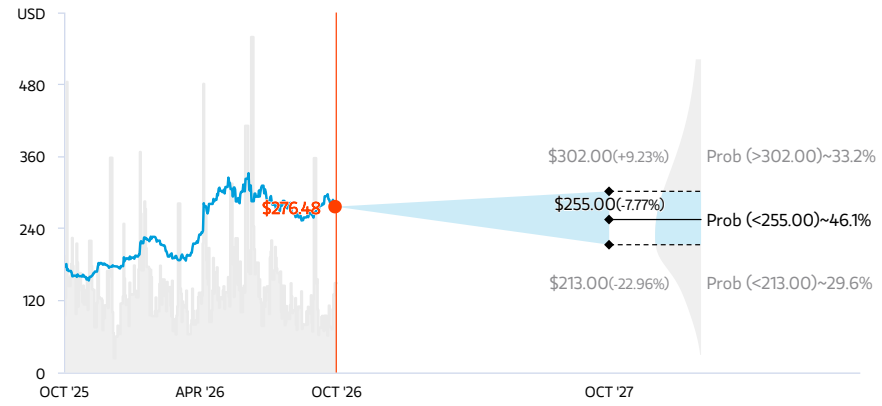
Represents 26x our CY27e EPS of $9.80, reflecting mid-cycle positioning, a slight premium to its long-term average of 24x and ~in-line with large-cap analog peers.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



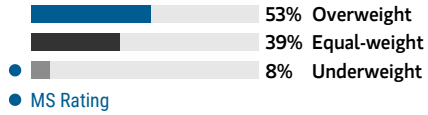
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 16 Oct 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

UNDERWEIGHT THESIS

- TI is looking to ramp capex over the next few years to help bring more manufacturing in-house, but this will act as a near-term headwind to earnings and FCF growth. The company has also seen pricing and market share pressure in personal electronics and enterprise, as customers move to multisource components, and face competition with local Chinese supply.
- The company trades at a premium valuation for its solid governance track record, and we admire the company's long-term direction, but we see this dynamic as limiting upside in the near-term as margin should come under pressure from the capex ramp.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Pricing Power: *Negative*

View descriptions of Risk Rewards Themes here

BULL CASE $302.00

28x Bull Case 2027e EPS of $10.78

Rebound in macroeconomic environment drives analog and embedded snapback, and end markets grow more than expected in 2026 & 2027.

- Revenue growth 14.7% in 2027

-Gross margin expands to 64.2% in 2027

- EPS of $10.78 in 2027

BASE CASE $255.00

26x Base case 2027e EPS of $9.80

Assumes a moderate analog and embedded recovery through 2026 & 2027.

- 24.5% revenue growth in 2026 and 8.2% revenue growth in 2027

- TXN achieves 60.9% GMs in 2026 and 62.7% in 2027

- EPS of $8.57 in CY26 and $9.80 in CY27

BEAR CASE $213.00

24x Bear Case 2027e EPS of $8.86

Global macroeconomic weakness slows down the recovery in analog and embedded, and end markets remain weak.

- 1.7% revenue growth in 2027

- Gross margin of 61.2% in 2027

- EPS of $8.86 in 2027

Risk Reward – Texas Instruments (TXN.O)

KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
GAAP Revenue ($, mm)	17,682	22,018	23,832	25,137
MW Gross Margin (%)	57.0	60.9	62.7	63.6
GAAP EPS ($)	5.45	8.57	9.80	10.73
Inventory ($, mm)	4,804	4,499	4,222	3,983
DOI	227.6	188.3	171.1	156.8

CATALYST CALENDAR

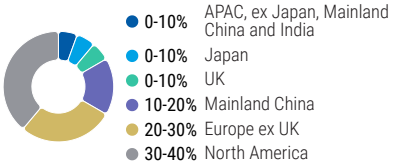
Source: Refinitiv, Morgan Stanley

Date	Event
16 Apr 2027 - 20 Apr 2027	Texas Instruments Inc Annual Shareholders Meeting

INVESTMENT DRIVERS

- Analog and embedded growth vs industry peers (ADI for analog, STM/Infineon/Renesas/NXP/MCHP for embedded).
- How increased capex will impact revenue growth and market share as well as depreciation burden on gross margin.

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Increasing domestic capacity leads to outsized market share gains.
- Recovery in consumer markets (personal electronics and embedded).
- Continued content gains in Auto and Industrial end-markets.

RISKS TO DOWNSIDE

- Continued market share loss in the embedded business.
- Pricing and market share pressure from China local capacity.
- Market share loss to ADI in the analog business.

OWNERSHIP POSITIONING

Inst. Owners, % Active	48.6%
HF Sector Long/Short Ratio	2.2x
HF Sector Net Exposure	30.6%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2026e

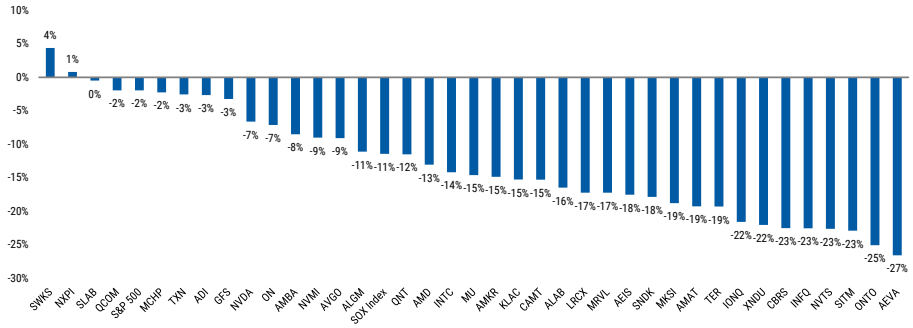
Sales / Revenue ($, mm)	21,393	22,018 / 21,908	22,360
EBITDA ($, mm)	10,820	11,609 / 11,629	13,555
Net income ($, mm)	7,124	7,843 / 7,774	8,005
EPS ($)	8.08	8.57 / 8.49	8.77

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

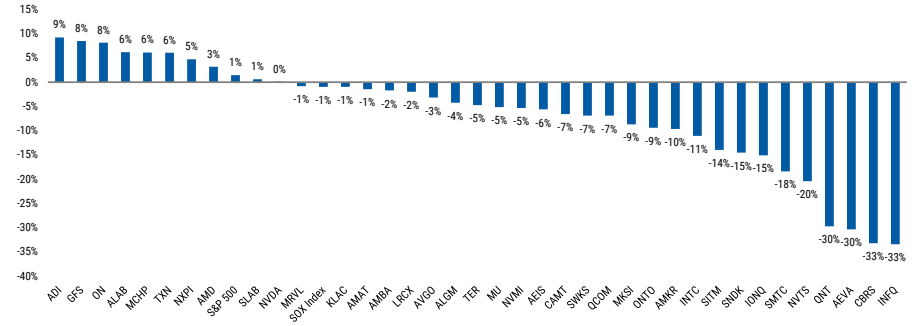
Semiconductor Coverage – Valuation / Stock Performance

Exhibit 6: Weekly stock performance



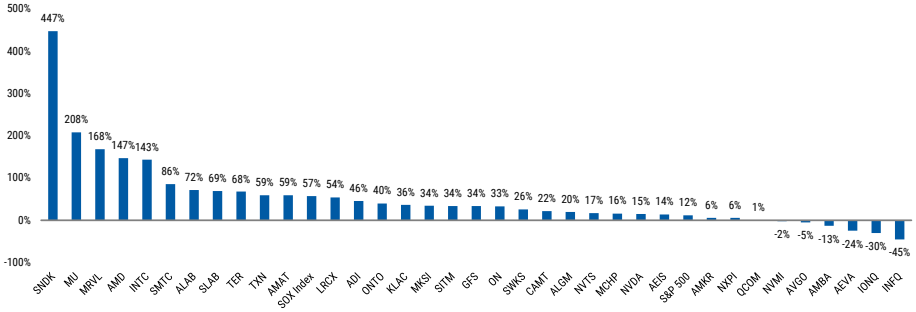
Source: FactSet, Morgan Stanley Research

Exhibit 7: Monthly stock performance



Source: FactSet, Morgan Stanley Research

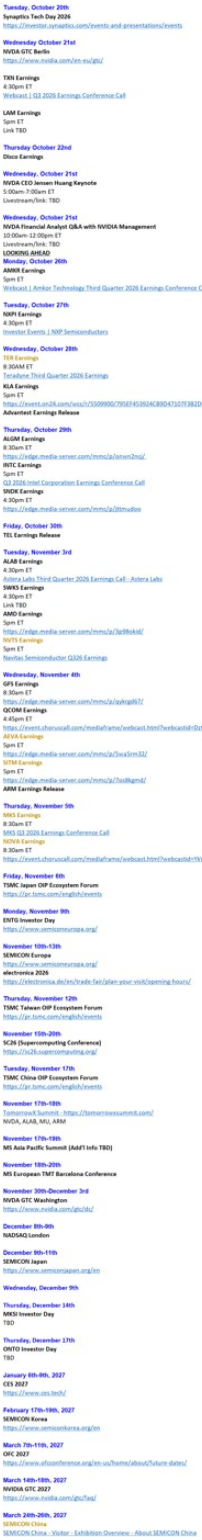
Exhibit 8: YTD stock performance



Source: FactSet, Morgan Stanley Research

Semis Week Ahead

Exhibit 9: October 19th - October 23rd, 2026



Tuesday, October 20th
Synaptics Tech Day 2026
https://investor.synaptics.com/events-and-presentations/events

Wednesday October 21st
NVDA GTC Berlin
https://www.nvidia.com/en-eu/gtc/

TXN Earnings
4:30pm ET
Webcast | Q3 2026 Earnings Conference Call

LAM Earnings
5pm ET
Link TBD

Thursday October 22nd
Disco Earnings

Wednesday, October 21st
NVDA CEO Jensen Huang Keynote
5:00am-7:00am ET
Livestream/link: TBD

Wednesday, October 21st
NVDA Financial Analyst Q&A with NVIDIA Management
10:00am-12:00pm ET
Livestream/link: TBD
LOOKING AHEAD
Monday, October 26th
AMKR Earnings
5pm ET
Webcast | Amkor Technology Third Quarter 2026 Earnings Conference Call

Tuesday, October 27th
NXPI Earnings
4:30pm ET
Investor Events | NXP Semiconductors

Wednesday, October 28th
TER Earnings
8:30AM ET
Teradyne Third Quarter 2026 Earnings

KLA Earnings
5pm ET
https://event.on24.com/wcc/r/5509900/795EF453924CB9D47107F3B2D825453FC
Advantest Earnings Release

Thursday, October 29th
ALGM Earnings
8:30am ET
https://edge.media-server.com/mmc/p/onxm2nqj/
INTC Earnings
5pm ET
Q3 2026 Intel Corporation Earnings Conference Call
SNDK Earnings
4:30pm ET
https://edge.media-server.com/mmc/p/jttmudoo

Friday, October 30th
TEL Earnings Release

Tuesday, November 3rd
ALAB Earnings
4:30pm ET
Astera Labs Third Quarter 2026 Earnings Call - Astera Labs
SWKS Earnings
4:30pm ET
Link TBD
AMD Earnings
5pm ET
https://edge.media-server.com/mmc/p/3p9bokid/
NVTS Earnings
5pm ET
Navitas Semiconductor Q3'26 Earnings

Wednesday, November 4th
QFS Earnings
8:30am ET
https://edge.media-server.com/mmc/p/qykrgd67/
QCOM Earnings
4:45pm ET
https://event.choruscall.com/mediaframe/webcast.html?webcastid=DztSwmGG
AEVA Earnings
5pm ET
https://edge.media-server.com/mmc/p/3wa5crn32/
SITM Earnings
5pm ET
https://edge.media-server.com/mmc/p/7os8kgmd/
ARM Earnings Release

Thursday, November 5th
MKS Earnings
8:30am ET
MKS Q3 2026 Earnings Conference Call
NOVA Earnings
8:30am ET
https://event.choruscall.com/mediaframe/webcast.html?webcastid=YkWZRXLb

Friday, November 6th
TSMC Japan OIP Ecosystem Forum
https://jpr.tsmc.com/english/events

Monday, November 9th
ENTG Investor Day
https://www.semiconeuropa.org/

November 10th-13th
SEMICON Europa
https://www.semiconeuropa.org/
electronica 2026
https://electronica.de/en/trade-fair/plan-your-visit/opening-hours/

Thursday, November 12th
TSMC Taiwan OIP Ecosystem Forum
https://jpr.tsmc.com/english/events

November 15th-20th
SC26 (Supercomputing Conference)
https://sc26.supercomputing.org/

Tuesday, November 17th
TSMC China OIP Ecosystem Forum
https://jpr.tsmc.com/english/events

November 17th-19th
Tomorrow.X Summit - https://tomorrowxsummit.com/
NVDA, ALAB, MU, ARM

November 17th-19th
MS Asia Pacific Summit (Add'l Info TBD)

November 18th-20th
MS European TMT Barcelona Conference

November 30th-December 3rd
NVIDIA GTC Washington
https://www.nvidia.com/gtc/dc/

December 8th-9th
NADSAQ London

December 9th-11th
SEMICON Japan
https://www.semiconjapan.org/en

Wednesday, December 9th

Thursday, December 14th
MKSI Investor Day
TBD

Thursday, December 17th
ONTO Investor Day
TBD

January 6th-9th, 2027
CES 2027
https://www.ces.tech/

February 17th-19th, 2027
SEMICON Korea
https://www.semiconkorea.org/en

March 7th-11th, 2027
OFC 2027
https://www.ofcconference.org/en-us/home/about/future-dates/

March 14th-18th, 2027
NVIDIA GTC 2027
https://www.nvidia.com/gtc/faq/

March 24th-26th, 2027
SEMICON China
SEMICON China - Visitor - Exhibition Overview - About SEMICON China

Source: Bloomberg, Refinitiv, Morgan Stanley Research

Semiconductor Coverage

Exhibit 10: Semiconductors – Risk Reward

Ticker	Rating	Price	Risk-Reward Bear	Risk-Reward Base	Risk-Reward Bull	% Upside / Downside Base
Computing						
AMD	EW	$528.8	$290	$465	$700	-12%
CBRS	OW	$127.2	$90	$279	$400	119%
INTC	EW	$89.9	$50	$84	$137	-7%
NVDA	OW	$214.1	$160	$300	$350	40%
Memory						
MU	OW	$878.8	$675	$1,200	$1,650	37%
SNDK	OW	$1,299.3	$1,100	$1,750	$2,635	35%
Capital Equipment						
AEIS	OW	$238.1	$255	$439	$634	84%
AMAT	EW	$409.3	$339	$563	$811	38%
CAMT	EW	$129.5	$102	$152	$209	17%
KLAC	OW	$165.7	$148	$227	$319	37%
LRCX	OW	$263.9	$244	$385	$507	46%
MKSI	OW	$214.8	$181	$345	$485	61%
NVMI	EW	$321.2	$307	$461	$639	44%
ONTO	OW	$220.7	$244	$360	$486	63%
TER	EW	$325.0	$273	$397	$535	22%
Comm-IC / Multi-Market						
ALAB	OW	$285.8	$208	$382	$490	34%
AMBA	OW	$61.7	$34	$96	$136	56%
AVGO	OW	$328.8	$300	$505	$640	54%
MRVL	EW	$227.8	$172	$300	$448	32%
QCOM	EW	$172.1	$104	$220	$298	28%
SMTC	EW	$136.7	$108	$205	$334	50%
SWKS	EW	$79.7	$43	$72	$105	-10%
Analog / MCUs						
ADI	OW	$395.4	$370	$458	$548	16%
ALGM	OW	$31.6	$44	$52	$72	64%
MCHP	EW	$73.9	$75	$103	$129	39%
NVTS	UW	$8.3	$6.3	$12.6	$20.9	51%
NXPI	OW	$229.3	$270	$338	$404	47%
ON	NC	$72.0	++	++	++	-
SITM	OW	$472.1	$440	$730	$990	55%
SLAB	EW	$221.0	$83	$231	$265	5%
TXN	UW	$276.5	$213	$255	$302	-8%
Components						
AEVA	EW	$10.0	$5	$27	$73	169%
Foundry						
AMKR	EW	$41.8	$49	$70	$89	67%
GFS	EW	$46.7	$34	$60	$86	29%
Quantum Computing						
IONQ	EW	$31.3	$17	$43	$69	37%
QNT	OW	$36.6	$10	$62	$104	70%
INFQ	EW	$8.6	$4	$12	$24	40%
XNDU	EW	$3.0	$0.7	$3.75	$9.1	23%

Source: FactSet, Morgan Stanley Research estimates

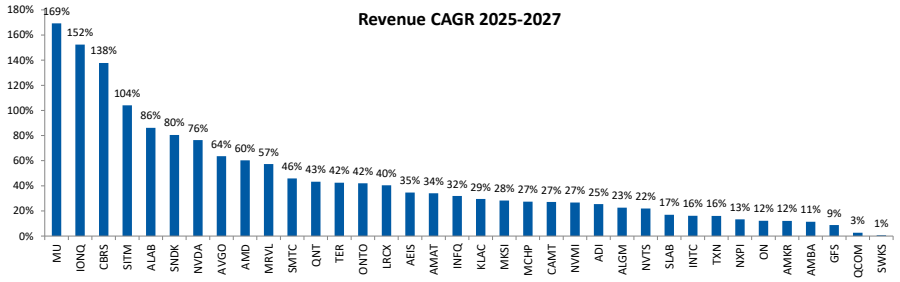
Exhibit 11: MS vs. Street

		CY2027e EPS				CY2027e Revenue			
		MS	Consensus	% Diff		MS	Consensus	% Diff
OW	ADI	$16.94	$17.22	(2%)	ADI	$18,513	$18,845	(2%)
	AEIS	$16.91	$15.28	11%	AEIS	$3,261	$3,016	8%
	ALAB	$5.83	$6.49	(10%)	ALAB	$2,953	$3,083	(4%)
	ALGM	$1.48	$1.38	7%	ALGM	$1,264	$1,238	2%
	AMBA	$0.82	$1.04	(21%)	AMBA	$485	$487	(0%)
	AVGO	$19.63	$21.14	(7%)	AVGO	$182,575	$191,890	(5%)
	CBRS	$1.03	$1.30	(21%)	CBRS	$2,883	$2,954	(2%)
	KLAC	$6.77	$6.16	10%	KLAC	$21,370	$20,001	7%
	LRCX	$11.58	$10.76	8%	LRCX	$40,523	$38,504	5%
	MKSI	$19.60	$17.55	12%	MKSI	$6,466	$6,114	6%
	MU	$204.32	$186.67	9%	MU	$306,894	$293,128	5%
	NVDA	$9.21	$15.24	(40%)	NVDA	$405,968	$670,952	(39%)
	NXPI	$18.76	$18.30	3%	NXPI	$15,767	$16,000	(1%)
	ONTO	$12.89	$11.76	10%	ONTO	$2,028	$1,882	8%
	SITM	$14.90	$14.92	(0%)	SITM	$1,360	$1,353	1%
	SNDK	$211.96	$238.48	(11%)	SNDK	$48,964	$53,800	(9%)
EW	AEVA	-$1.85	-$1.59	17%	AEVA	$74	$70	5%
	AMAT	$20.92	$19.68	6%	AMAT	$50,682	$48,502	4%
	AMD	$15.54	$16.07	(3%)	AMD	$88,987	$90,286	(1%)
	AMKR	$2.32	$2.80	(17%)	AMKR	$8,421	$8,637	(3%)
	CAMT	$5.14	$5.11	1%	CAMT	$802	$789	2%
	GFS	$2.44	$2.53	(4%)	GFS	$8,038	$8,212	(2%)
	INFQ	-$0.30	-$0.24	25%	INFQ	$54	$56	(3%)
	INTC	$2.00	$2.17	(8%)	INTC	$71,264	$73,538	(3%)
	IONQ	-$1.44	-$1.33	8%	IONQ	$828	$806	3%
	MCHP	$4.10	$4.35	(6%)	MCHP	$7,095	$7,184	(1%)
	MRVL	$7.76	$7.02	11%	MRVL	$20,294	$18,903	7%
	NVMI	$14.13	$13.66	3%	NVMI	$1,414	$1,360	4%
	QCOM	$10.89	$10.84	0%	QCOM	$47,259	$46,788	1%
	QNT	-$1.55	-$1.64	(5%)	QNT	$63	$61	4%
	SLAB	$4.14	$4.51	(8%)	SLAB	$1,073	$1,081	(1%)
	SMTC	$7.31	$6.31	16%	SMTC	$2,234	$1,976	13%
	SWKS	$5.31	$5.22	2%	SWKS	$4,101	$4,123	(1%)
	TER	$11.91	$11.75	1%	TER	$6,476	$6,241	4%
	XNDU	-$0.38	-$0.38	(0%)	XNDU	$11	$11	(5%)
UW	NVTS	-$0.10	-$0.12	(16%)	NVTS	$68	$73	(6%)
	TXN	$9.80	$10.33	(5%)	TXN	$23,832	$25,048	(5%)
++	ON	$4.42	$4.52	(2%)	ON	$7,551	$7,416	2%

Source: FactSet, Morgan Stanley Research estimates

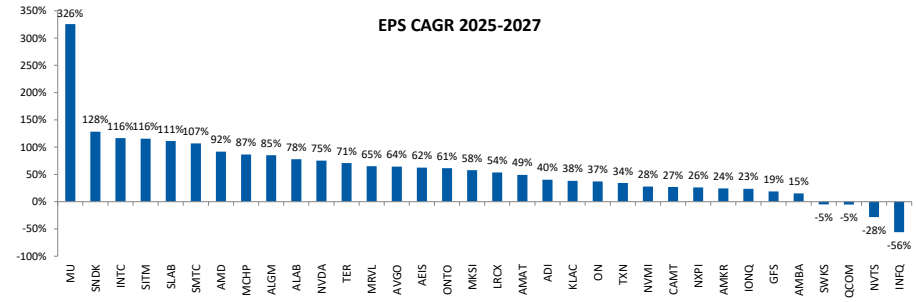
Revenue and EPS Growth

Exhibit 12: 2025-27e Revenue CAGR



Source: FactSet, Morgan Stanley estimates

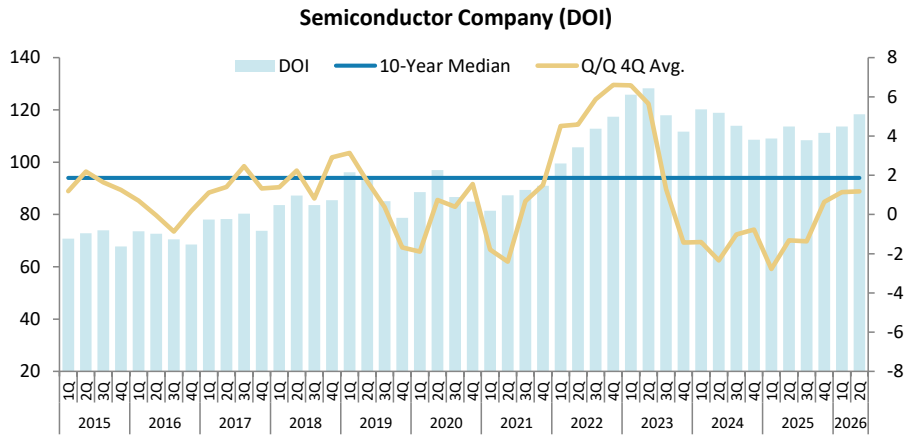
Exhibit 13: 2025-27e EPS CAGR



Source: FactSet, Morgan Stanley estimates

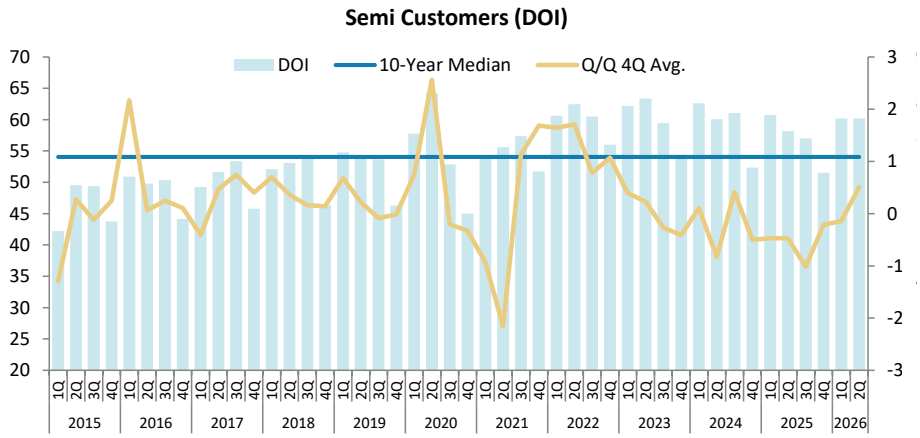
Inventory

Exhibit 14: Semiconductor Company inventory is at 118 days, up 5 days q/q, which is 1 day behind of the seasonal increase of 4 days. DOI is 24 days above the historical median and trailing 4-quarters slightly increased...



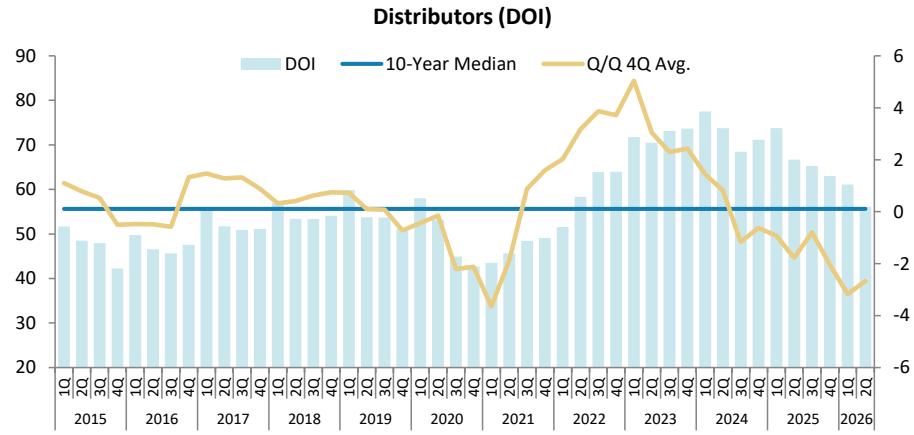
Source: FactSet, Morgan Stanley Research

Exhibit 15: Semi Customer DOI remained flat sequentially to 60 days vs a seasonal decrease of 0 days. DOI is above the historical median and trailing 4 quarters increased from last quarter



Source: FactSet, Morgan Stanley Research

Exhibit 16: Distributor inventory is at 56 days, down 5 days q/q, above seasonal decrease of 1 day. DOI is in line with the historical median while trailing 4-quarters increased sequentially



Source: FactSet, Morgan Stanley Research

Short Interest

Exhibit 17: Short Interest as % of Float

	16/Oct/25	17/Jul/26	16/Aug/26	16/Sep/26	16/Oct/26
ADI	1.8%	2.5%	2.0%	1.8%	2.0%
AEIS	6.0%	3.7%	4.7%	4.3%	4.6%
AEVA	12.9%	6.7%	7.9%	8.7%	12.8%
ALAB	5.2%	7.3%	5.3%	5.2%	5.3%
ALGM	5.6%	8.3%	5.9%	6.9%	6.1%
AMAT	2.5%	2.5%	1.8%	2.0%	1.7%
AMBA	4.5%	7.5%	11.7%	9.9%	11.7%
AMD	2.3%	2.5%	2.3%	2.6%	2.4%
AMKR	1.7%	3.6%	3.6%	3.8%	4.3%
AVGO	1.1%	1.5%	1.3%	1.1%	1.1%
CAMT	10.0%	5.8%	5.7%	7.7%	8.0%
CBRS		5.7%	5.4%	5.6%	5.9%
GFS	2.6%	1.3%	1.2%	1.2%	1.3%
INFQ	0.1%	9.7%	12.1%	10.8%	11.1%
INTC	2.3%	2.4%	2.4%	2.9%	3.2%
IONQ	15.2%	10.9%	12.4%	10.1%	10.0%
KLAC	2.6%	2.6%	2.1%	0.2%	1.9%
LRCX	2.4%	2.3%	2.2%	2.2%	2.1%
MCHP	4.5%	7.2%	6.7%	6.0%	6.1%
MKSI	5.3%	7.3%	8.5%	9.2%	7.5%
MRVL	4.7%	3.9%	4.1%	4.4%	2.7%
MU	2.0%	2.8%	2.6%	2.6%	2.3%
NVDA	0.9%	1.3%	1.2%	1.2%	1.3%
NVMI	6.4%	4.6%	4.6%	6.6%	5.0%
NVTS	18.4%	13.2%	15.1%	15.3%	18.2%
NXPI	3.0%	3.5%	3.5%	3.4%	2.7%
ON	9.0%	7.6%	7.9%	7.8%	7.7%
ONTO	4.8%	5.4%	5.4%	5.0%	6.0%
QCOM	2.2%	3.8%	3.2%	3.2%	3.3%
QNT		12.7%	7.4%	7.8%	14.5%
SITM	5.4%	3.3%	3.7%	3.3%	5.0%
SLAB	4.9%	6.9%	8.6%	8.3%	7.7%
SMTC	8.2%	6.0%	7.8%	8.1%	6.7%
SNDK	5.0%	5.0%	4.7%	4.1%	3.3%
SWKS	4.3%	12.3%	13.3%	14.7%	11.8%
TER	6.6%	5.8%	5.1%	4.5%	5.5%
TXN	2.0%	1.8%	1.8%	2.3%	2.2%
XNDU	0.0%	2.0%	1.8%	1.8%	2.2%
AVERAGE	5.1%	5.3%	5.6%	5.6%	5.6%
MEDIAN	4.5%	4.8%	4.7%	4.4%	5.0%

Source: FactSet, Morgan Stanley Research

Morgan Stanley is acting as financial advisor to onsemi in connection with its definitive agreement to acquire Synaptics Incorporated ("Synaptics"), as announced on June 25, 2026. The proposed transaction is subject to approval by Synaptics' shareholders, receipt of required regulatory approval and other customary closing conditions. This report and the information provided herein is not intended to (i) provide voting advice, (ii) serve as an endorsement of the proposed transaction, or (iii) result in the procurement, withholding or revocation of a proxy or any other action by a security holder. Onsemi has agreed to pay fees to Morgan Stanley for its financial services. Please refer to the notes at the end of the report.

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of September 30, 2026)
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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

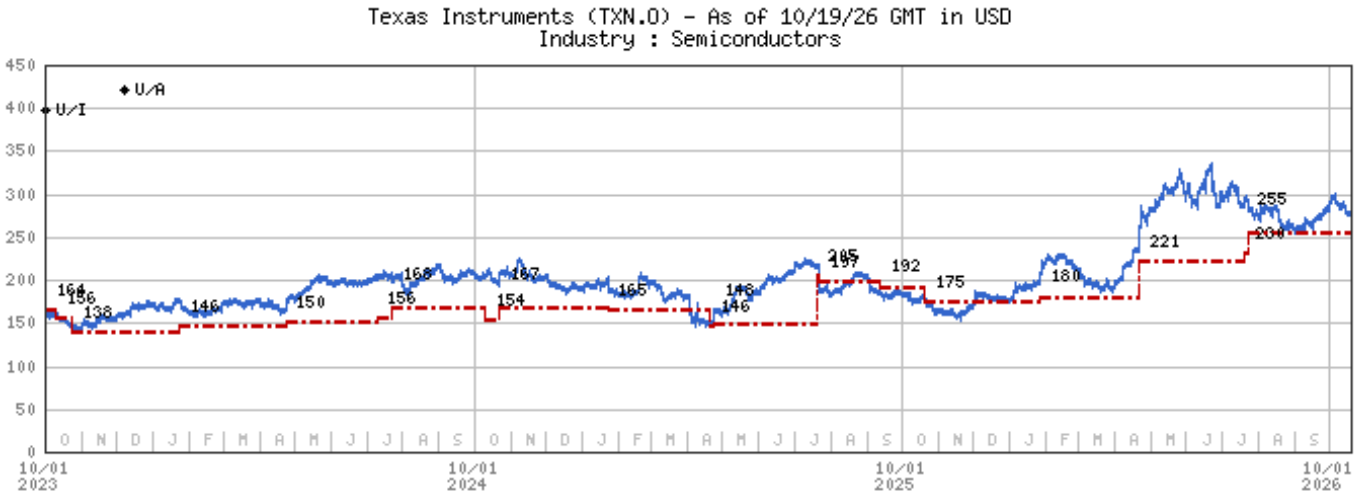
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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.
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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 10/1/21 : U/I; 12/7/23 : U/A

Price Target History: 7/22/21 : 193; 10/26/21 : 195; 1/25/22 : 198; 4/25/22 : 181; 4/26/22 : 170; 6/9/22 : 155; 7/26/22 : 160; 10/25/22 : 152; 1/24/23 : 166; 4/25/23 : 159; 7/25/23 : 164; 10/10/23 : 156; 10/24/23 : 138; 1/23/24 : 146; 4/23/24 : 150; 7/10/24 : 156; 7/23/24 : 168; 10/10/24 : 154; 10/22/24 : 167; 1/23/25 : 165; 4/20/25 : 146; 4/23/25 : 148; 7/21/25 : 205; 7/22/25 : 197; 9/12/25 : 192; 10/21/25 : 175; 1/27/26 : 180; 4/22/26 : 221; 7/20/26 : 230; 7/23/26 : 255

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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INDUSTRY COVERAGE: Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/16/2026)
Ella Tulchinsky		
Infleqtion, Inc. (INFQ.N)	E (10/15/2026)	$8.55
Xanadu Quantum Technologies Limited (XNDU.O)	E (10/15/2026)	$3.04
Joseph Moore		
Advanced Micro Devices (AMD.O)	E (06/09/2024)	$528.75
Aeva Technologies Inc (AEVA.O)	E (07/19/2021)	$10.03
Allegro Microsystems Inc (ALGM.O)	O (02/13/2026)	$31.62
Ambarella Inc (AMBA.O)	O (03/29/2016)	$61.70
Amkor Technology Inc (AMKR.O)	E (11/08/2023)	$41.82
Analog Devices Inc. (ADI.O)	O (11/16/2023)	$395.44
Astera Labs Inc (ALAB.O)	O (05/11/2025)	$285.82
Broadcom Inc. (AVGO.O)	O (06/09/2024)	$328.75
Cerebras Systems (CBRS.O)	O (06/08/2026)	$127.21
GlobalFoundries Inc (GFS.O)	E (10/28/2024)	$46.68
Intel Corporation (INTC.O)	E (02/22/2023)	$89.85
IonQ Inc (IONQ.N)	E (04/25/2023)	$31.28
Marvell Technology Group Ltd (MRVL.O)	E (09/14/2015)	$227.83
Microchip Technology Inc. (MCHP.O)	E (07/10/2024)	$73.85
Micron Technology Inc. (MU.O)	O (10/06/2025)	$878.84
Navitas Semiconductor Corp (NVTS.O)	U (04/06/2025)	$8.34
NVIDIA Corp. (NVDA.O)	O (03/16/2023)	$214.13
NXP Semiconductor NV (NXPI.O)	O (02/11/2025)	$229.33
ON Semiconductor Corp. (ON.O)	++	$72.02
Qualcomm Inc. (QCOM.O)	E (06/24/2026)	$172.11
Quantinuum (QNT.O)	O (10/15/2026)	$36.55

SanDisk Corporation. (SNDK.O)	O (03/03/2025)	$1,299.30
Semtech Corp. (SMTC.O)	E (04/06/2025)	$136.73
Silicon Laboratories Inc. (SLAB.O)	E (01/19/2021)	$221.00
SiTime Corporation (SITM.O)	O (09/16/2026)	$472.14
Skyworks Solutions Inc (SWKS.O)	E (11/28/2018)	$79.70
Texas Instruments (TXN.O)	U (04/13/2020)	$276.48
Wolfspeed, INC (WOLF.N)	NR (04/06/2025)	$23.22
Lee Simpson		
Arm Holdings plc (ARM.O)	E (04/07/2026)	$227.80
Cadence Design Systems Inc (CDNS.O)	O (02/14/2024)	$319.51
PDF Solutions Inc (PDFS.O)	O (09/08/2026)	$39.22
Synopsys Inc. (SNPS.O)	O (09/08/2026)	$454.63

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Semiconductor Capital Equipment

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/16/2026)
Shane Brett		
Advanced Energy Industries Inc. (AEIS.O)	O (07/22/2026)	$238.05
Applied Materials Inc. (AMAT.O)	E (05/18/2026)	$409.29
Camtek (CAMT.O)	E (12/01/2025)	$129.47
KLA Corp (KLAC.O)	O (01/15/2026)	$165.74
Lam Research Corp (LRCX.O)	O (05/18/2026)	$263.94
MKS Inc. (MKSI.O)	O (08/04/2024)	$214.83
Nova Ltd (NVMI.O)	E (12/01/2025)	$321.20
ONTO Innovation Inc (ONTO.N)	O (06/14/2026)	$220.70
Teradyne Inc (TER.O)	E (07/30/2025)	$325.00

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