



THE OHIO STATE UNIVERSITY

FISHER COLLEGE OF BUSINESS

Information Technology Stock Recommendation

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SIM Info Tech Securities & Weights:

○ AMPHENOL CORP	(APH)	2.81%
○ APPLE INC	(AAPL)	4.21%
○ MICROSOFT CORP	(MSFT)	7.02%
○ SERVICE NOW	(NOW)	0.00%
○ NVIDIA CORP	(NVDA)	7.30%
○ ON SEMICONDUCTOR CORP	(ON)	4.62%
○ SALESFORCE INC	(CRM)	3.66%
○ NXP SEMICONDUCTORS NV	(NXPI)	1.65%
	Total	31.26%



Sector Recommendation Recap:

Given Information Technology’s **0.78% current underweight** relative to the S&P 500, we **recommend equaling weight to the S&P 500**

Summary of Stock Recommendations – Info Tech			
Ticker	Buy	Hold	Sell
APH			X
NOW	X		
ON			X
CRM	X		
NXPI	X		



Key Business Drivers

Global Presence: Amphenol operates globally and has achieved economies of scale with each segment of its business.

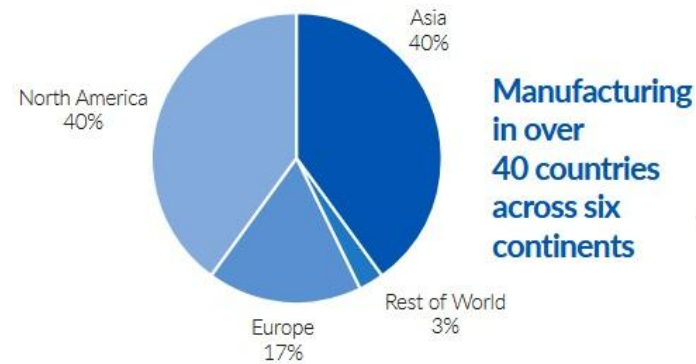
Product variety: Amphenol operating within different electronic component types allows for freedom to meet demand when new technologies are needed, wherever they are needed.

Managerial competency: Cost structuring for operations and geographic adaptability have allowed Amphenol to wuther recent trade policies' effect on global business.

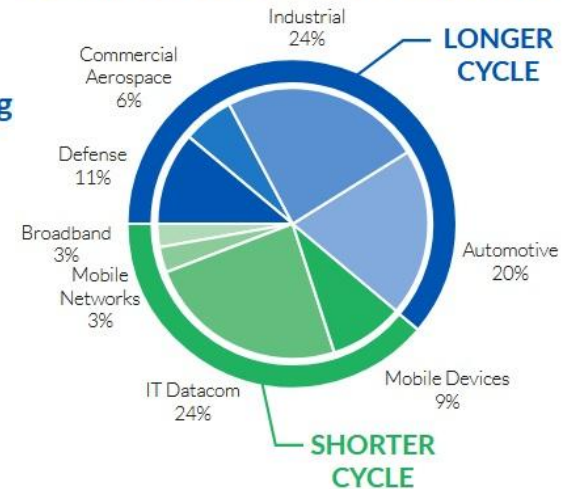
Diverse end-user markets: Branching out into different end-user markets enables Amphenol to meet the needs of markets ranging from defense markets to automobile markets.

Amphenol®

Global Presence and Reach



Balanced End Market Exposure



Excellent Performance & Growth

Amphenol Corporation's (APH) growth and performance can be attributed to a combination of key business drivers, growing electronic component demands, and earned shareholder confidence.



Privacy & security: Amphenol's diverse end market users of electronic components include highly sensitive information and high stakes security. Such examples are defense, mobile devices, and global communications.

Investment Risks

Global operations: Global operations in Canada, China, and Mexico are all affected by 10% or higher on all goods being imported in each country.

Debt & financing: Amphenol has experienced previous problems with financing acquisitions; covering expenses, purchase agreements, share conversion, etc. The company's composition of assets also includes roughly 1/3 of goodwill. Recuperating losses on reneged goodwill is cause for concern.

Legal & regulatory affairs: Frequently changing tax and fiscal laws, policies, and general litigation are possible. Certain tax provisions including the Inflation Reduction Act from 2022 promises tax provisions with no official regulatory guidance.



Historical Performance

Dollars in millions	2020	2021	2022	2023	2024
Operating Income	\$ 1,638.0	\$ 2,105.0	\$ 2,586.0	\$ 2,560.0	\$ 3,157.0
Growth (Shrinkage)%	-	28.5%	22.9%	-1.0%	23.3%
Net Sales	\$ 8,598.9	\$ 10,876.3	\$ 12,623.0	\$ 12,554.7	\$ 15,222.7
Growth (Shrinkage)%	-	26.5%	16.1%	-0.5%	21.3%
Quick Ratio	1.75	1.66	1.64	1.48	1.75
Growth (Shrinkage)%	-	-5.0%	-1.4%	-9.8%	18.2%
ROE	1.58	1.71	1.78	1.50	1.55
Growth (Shrinkage)%	-	8.4%	4.4%	-16.2%	3.4%
ROA	0.74	0.81	0.84	0.79	0.80
Growth (Shrinkage)%	-	8.4%	4.5%	-6.3%	1.7%

Growth & Shrinkage

Year over year for the past 5 fiscal years, metrics generally flourish, with 2023 being a comprehensive shrink in margins. ROE and ROA have shown signs of shrinkage due to pre-emptive innovation with AI.

Forward Estimates

Amphenol Corporation (APH)						
Analyst: David Anderson 7/15/20255						Terminal Discount Rate = 8.5%
Dollars and shares in millions, except per share data						Terminal FCF Growth = 3.0%
Year	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	20,275	21,921	22,798	25,146	28,666	30,988
% Growth		8.1%	4.0%	10.3%	14.0%	8.1%
Operating Income	4,400	4,823	5,449	6,035	6,909	7,561
Operating Margin	21.7%	22.0%	23.9%	24.0%	24.1%	24.4%
Interest Expense (Income)	(122)	(132)	(137)	(151)	(172)	(186)
Interest % of Sales	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%

Fiscal Outlook

Referring to a 5-year snapshot of Amphenol’s DCF, operating margin and revenues follow a distinct pattern from years older than 2019. Respective margins grow and shrink among a 10% range, typically from 4% - 14%.



Historical Metrics - Standalone

Year	2020	2021	2022	2023	2024
P/E	16.56	17.13	24.88	31.97	39.80
Growth (Shrinkage)%	-	3.44%	45.24%	28.50%	24.49%
P/B	7.13	8.17	6.38	7.04	8.89
Growth (Shrinkage)%	-	14.64%	-21.88%	10.35%	26.19%
P/S	4.52	4.79	3.59	4.73	6.14
Growth (Shrinkage)%	-	6.05%	-25.15%	31.79%	29.86%
P/FCF	29.27	44.66	25.21	27.48	38.96
Growth (Shrinkage)%	-	52.60%	-43.55%	9.02%	41.76%
EV/EBITDA	21.79	23.50	17.48	22.32	25.14
Growth (Shrinkage)%	-	7.86%	-25.60%	27.67%	12.61%

Current Metrics – SIM, IT Sector

Metric	Portfolio - IT Sector	Amphenol
Average P/E	26.98	39.80
Average P/BV	10.79	8.89
Beta	1.33	1.13
Dividend Yield	0.59	0.68

Surging Shareholder Confidence & Benefits

SIM holding Amphenol benefits from a lower risk IT investment, yielding above averages dividends compared to other stocks.

Greater masses of Amphenol shareholders have strong faith in the company’s performance, despite the spike in share price.



Peer comparisons: Electronic component industry

Ticker	P/E	P/S	P/B	P/CF	EV/EBITDA
APH	47.10	7.32	11.39	39.38	28.75
Peers	---	---	---	---	---
TEL	36.49	3.18	4.12	16.24	14.12
GLW	98.83	3.29	4.11	22.25	21.02
JBL	40.89	0.85	17.93	14.80	12.33
FLEX	23.23	0.76	3.66	12.68	11.34
Average	49.31	3.08	8.24	21.07	17.51

P/E ratio: Amphenol’s P/E ratio is just under the top 5 peer average of 49.31 times, ranking second among its peers.

P/B ratio: Amphenol’s above average P/B ratio of 11.39 supports the noticeable shift from value to growth, despite its maturity as a business.

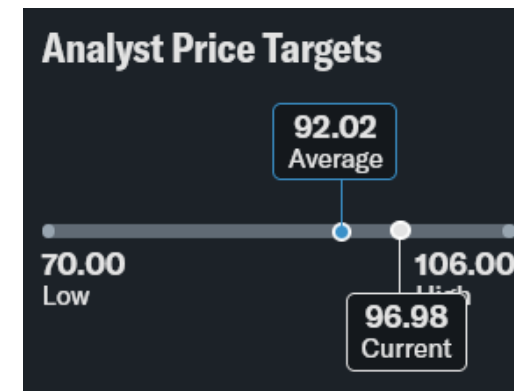
EV/EBITDA: Amphenol ranks 1st with an EV/EBITDA ratio of 28.75. Competitive advantages and key fundamental drivers provide a strong financial basis for company operations.

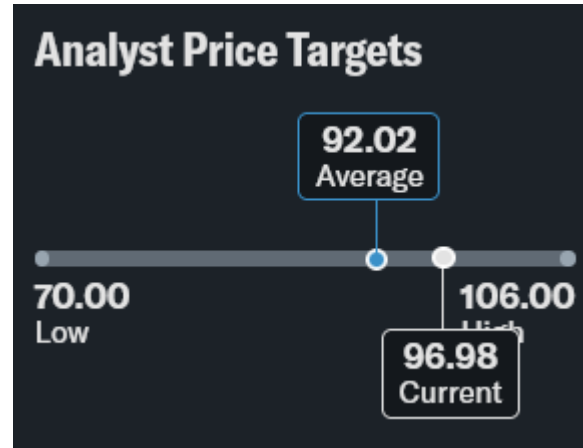
Pricing: Analyst expectations versus DCF

Comparing our own Amphenol DCF using a terminal FCF growth rate of 3% and a terminal discount rate of 8.5% (with consistent business cycle assumptions on financials), the potential is a downside of 6.7%, or 670 bp.

Other analyst expectations have a \$36 price target range, averaging at \$92.02 per share. Our estimate is 1.5%, or 150 bp, over average.

Current Price	\$ 98.31
Implied equity value/share	\$ 91.72
Upside/(Downside) to DCF	-6.7%





Changes	Analyst	Decision	Date Published
Maintains	Goldman Sachs	Buy to Buy	6/10/2025
Maintains	Evercore ISI Group	Outperform to Outperform	6/5/2025
Maintains	UBS	Buy to Buy	5/30/2025
Maintains	Citigroup	Buy to Buy	5/27/2025
Maintains	Baird	Outperform to Outperform	5/21/2025
Maintains	TD Securities	Hold to Hold	5/1/2025





Overview:

ServiceNow (NOW) is a leader in the cloud based digital workflow solutions for many companies internationally. They offer an AI powered *Now Platform* servicing IT, customers, HR, and various operations. NOW is expanding rapidly due to their success in AI innovation.

Business Drivers:

- ServiceNow AI Platform – Assists in intelligence summarization and voice agents.
- IT service management, human resources, supply chain management, customer service, etc
- Increased subscription revenue and revenue contracts
- Multi-million dollar deals with U.S. Government for public sector innovation

Investment Risks:

Market Risk – NOW's high valuation could lead to slowed growth and lost investor sentiment

Business/Sector Risk – Highly reliant on AI based software, uncertain regulatory future.

Economic Uncertainty – Minimized budgets could delay contract signings (public sector deals/subscriptions)





	(In Millions)	2024	2023	2022	2021	2020
Revenues:						
Subscription		\$ 10,646	\$ 8,680	\$ 6,891	\$ 5,573	\$ 4,286
Professional services and other		\$ 338	\$ 291	\$ 354	\$ 323	\$ 233
Total revenues		\$ 10,984	\$ 8,971	\$ 7,245	\$ 5,896	\$ 4,519
Cost of revenues						
Subscription		\$ 1,942	\$ 1,606	\$ 1,187	\$ 1,022	\$ 731
Professional services and other		\$ 345	\$ 315	\$ 386	\$ 223	\$ 256
Total cost of revenues		\$ 2,287	\$ 1,921	\$ 1,573	\$ 1,253	\$ 987
Gross profit		\$ 8,697	\$ 7,050	\$ 5,672	\$ 4,643	\$ 3,532
Operating expenses						
Sales and marketing		\$ 3,854	\$ 3,301	\$ 2,814	\$ 2,292	\$ 1,855
Research and development		\$ 2,543	\$ 2,124	\$ 1,768	\$ 1,397	\$ 1,024
General and administrative		\$ 936	\$ 863	\$ 735	\$ 597	\$ 454
Total operating expenses		\$ 7,333	\$ 6,288	\$ 5,317	\$ 4,286	\$ 3,333
Income from operations		\$ 1,364	\$ 762	\$ 355	\$ 357	\$ 199
Interest income		\$ 419	\$ 302	\$ 82	\$ (28)	\$ (33)
Other expense, net		\$ (45)	\$ (56)	\$ (38)	\$ 20	\$ (16)
Income before income taxes		\$ 1,738	\$ 1,008	\$ 399	\$ 349	\$ 150
Provision for (benefit from) income taxes		\$ 313	\$ (723)	\$ 74	\$ 19	\$ 31
Net income		\$ 1,425	\$ 1,731	\$ 325	\$ 330	\$ 119

- Subscription growth historically 20-30% range
- ROE – 16.32% since 2020 (as of 3/31/25)
- TTM Net Income – \$1.54B (as of 3/31/25)
- Shareholders Equity - \$10.14B (as of 3/31/25)
- Operating Margin – 12.42% at 2024-year end
- Net Margin – 12.92% at 2024-year end

ServiceNow's small debt service equates to its low equity multiplier. The net margin has improved relative to its operating leverage scales. It reinvests dramatically (\$2.54B) with R&D growing 19.73% compared to 2023.



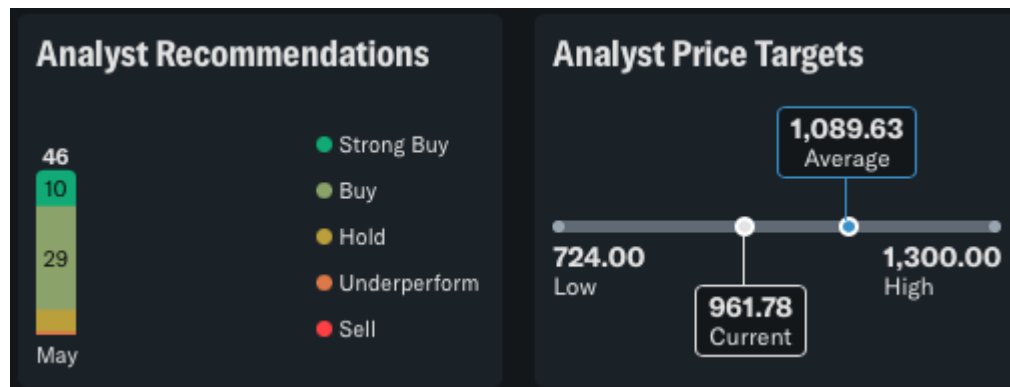
Year	2021	2022	2023	2024
P/E	569.39	242.67	84.01	155.22
% Growth	-40%	-57%	-65%	85%
P/B	35.07	15.65	18.96	22.78
% Growth	-8%	-55%	21%	20%
P/S	22.32	10.89	16.18	20.09
% Growth	-9%	-51%	49%	24%
P/FCF	73.31	36.37	53.72	64.7
% Growth	-10%	-50%	48%	20%
EV/EBITDA	189.1	110.8	119.2	116.1
% Growth	-7%	-41%	8%	-3%

Analysis recommends BUY for long term growth

Currently trades at a premium, not ideal for a short time horizon investment

Near term volatility may arise

Good positioning in the AI driven space along with consistently positive revenue growth. Expanding Margins and a leader in ITSM and AI workflows industry.





Primary Business Drivers:

Automotive Industry:

The automotive industry makes up 55% of ONs revenue and is their go to market due to their company history.

AI Expansion:

This makes up a portion of another 20% of revenues. They have put a focus on the AI and Data Centers boom that has occurred and where they have focused their silicon carbide product towards.

Industrial End-Users:

Industrial End-Users make up 25% of revenues including EV charging infrastructure, industrial automation, and the health sectors. They have put a focus on expanding Industrial End Users to help diversify their revenues.

Investment Risks:

Geopolitical Risk:

ON has weathered the first tariff storm from the current trade wars. Stock had a rally here recently due to signals from the company that it has not had a major effect on business and expenses.

Supply Chain Disruptions:

As part of 2024 and 2025 realignment have focused on the supply chain to make it more robust but one thing that they have not been able to avoid is relying on one specific mine in North Carolina for raw materials needed in production.

Rising Raw Materials Costs:

Inflationary pressures continue to be a hot talking point and that is shown in the gross margin. Which has been creeping down since 2022 and is projected to be the lowest since 2020 in 2025.



Historical Performance						ON Semiconductors (ON)						
Dollars in Millions	2020	2021	2022	2023	2024							
Operating Income	\$ 348.70	\$ 1,287.60	\$ 2,360.00	\$ 2,538.70	\$ 1,767.70							Terminal Discount Rate = 10.60%
Growth (Shrinkage)%		269.26%	83.29%	7.57%	-30.37%							Terminal FCF Growth = 5.00%
Net Sales	\$ 5,255.00	\$ 6,739.80	\$ 8,326.20	\$ 8,253.00	\$ 7,082.30							
Growth (Shrinkage)%		28.25%	23.54%	-0.88%	-14.19%							
Quick Ratio	1.05	1.4	1.82	1.57	3.11							
Growth (Shrinkage)%		33.33%	30.00%	-13.74%	98.09%							
ROE	6.62	22.02	30.74	28.06	17.88							
Growth (Shrinkage)%		232.63%	39.60%	-8.72%	-36.28%							
ROA	2.7	10.49	15.88	16.52	11.16							
Growth (Shrinkage)%		288.52%	51.38%	4.03%	-32.45%							
						ON Semiconductors (ON) Conor Brobston 6/25/2025 (In Millions)						
						Year	2026E	2027E	2028E	2029E	2030E	2031E
						Revenue	5,931.43	6,643.20	7,340.73	7,707.77	8,093.16	8,497.82
						% Growth		12.0%	10.5%	5.00%	5.00%	5.00%
						Operating Income	415.20	1,594.37	1,993.01	2,004.02	2,104.22	2,209.43
						Operating Margin	7.0%	24.0%	27.2%	26.0%	26.0%	26.0%
						Interest Expense (Income)	(50.42)	(47.45)	(44.49)	(46.71)	(49.05)	(51.50)
						Interest % of Sales	-0.9%	-0.7%	-0.6%	-0.6%	-0.6%	-0.6%

Financially ON showed strong performance through 2022 with 2023 starting to show signs of decline which has continued through to 2024 and 2025.

In 2024 and 2025 they have focused on making the company more efficient and lean to better meet their goals moving forward.

Analyst does currently expect ON to achieve their goals of growing the company again but not reaching 2022 levels until 2031 now. Expect Revenues to even out primarily due to their reliance on the automotive industry.



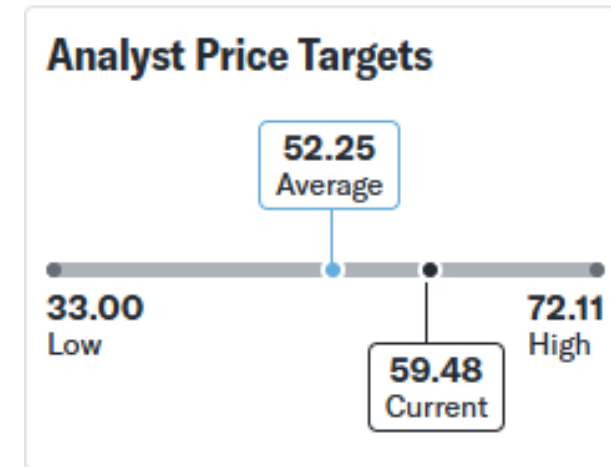
Historical Performance					
Year	2020	2021	2022	2023	2024
P/E	57.4	28.6	14.2	16.5	17.1
Growth (Shrinkage)%	-	-50.17%	-50.35%	16.20%	3.64%
P/B	3.78	6.36	4.35	4.61	3.05
Growth (Shrinkage)%	-	68.25%	-31.60%	5.98%	-33.84%
P/S	2.56	4.29	3.25	4.36	3.97
Growth (Shrinkage)%	-	67.58%	-24.24%	34.15%	-8.94%
P/FCF	26.9	23.1	16.9	84.4	22.4
Growth (Shrinkage)%	-	-14.13%	-26.84%	399.41%	-73.46%
EV/EBITDA	15.5	15.7	8.3	11.4	10.9
Growth (Shrinkage)%	-	1.29%	-47.13%	37.35%	-4.39%



Current consensus pricing and analyst pricing shows that stock is currently overvalued.

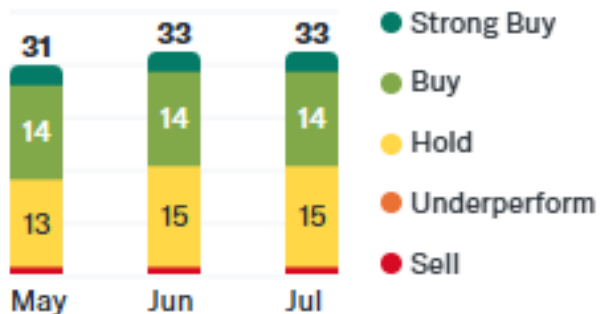
- Analyst consensus shows average target of \$52.25
- I have a target of \$59.11
 - Leaves with a downside of .6%
- Analyst high targets of \$72.11 and low of \$33.00
- Have had some recent adjustments to price targets from multiple analysts
- Earnings release in 2 weeks expect to see more adjustments after that.

Current Price	\$ 59.46
Implied equity value/share	\$ 59.11
Upside/(Downside) to DCF	-0.6%





Analyst Recommendations



Initiated	Goldman Sachs: Neutral	7/10/2025
Maintains	Keybanc: Overweight to Overweight	7/8/2025
Maintains	Citigroup: Neutral to Neutral	7/7/2025
Maintains	UBS: Neutral to Neutral	7/7/2025
Maintains	Mizuho: Outperform to Outperform	6/26/2025
Maintains	Mizuho: Outperform to Outperform	6/18/2025

1D 5D 1M 6M **YTD** 1Y 5Y All

Key Events ▲ Mountain ▾ ↗ Advanced Chart ⚙

-5.66%





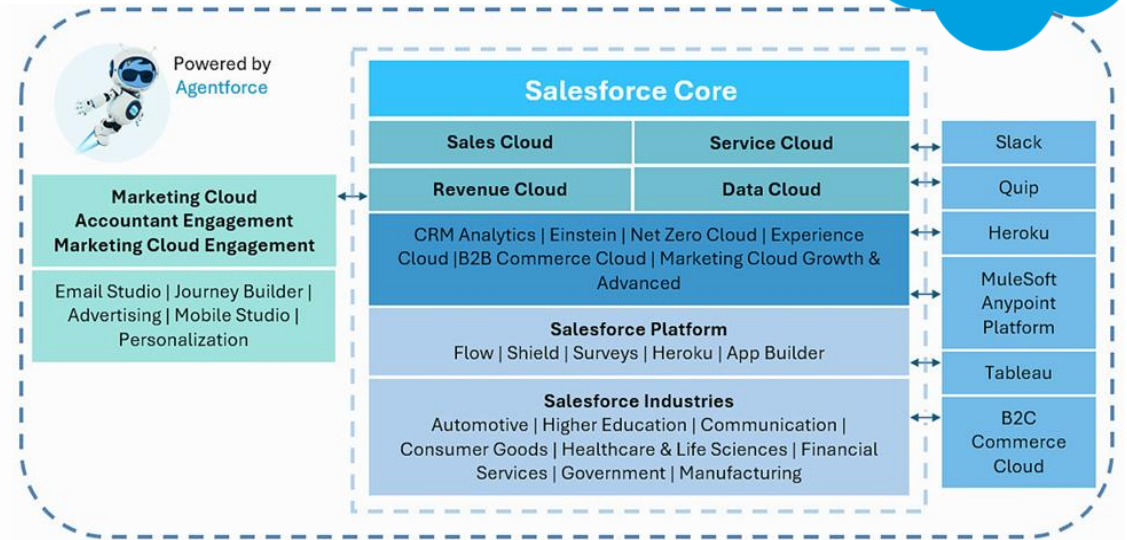
Key Business Drivers

AI and Cloud: Agentforce and Salesforce’s Data Cloud processing is increasing adoption. As more clients shift their IT budgets toward AI and automation, Salesforce’s leadership in this area empowers it to capture a growing share of enterprise spending.

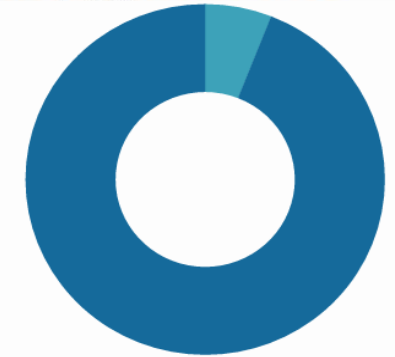
Sales force continues to innovate through R&D, and through acquisitions.

Subscription and Consumption revenues: CRM's subscription revenues are tied to number of users (Seats), but as AI adoption increases, the number of seats may reduce. Therefore, CRM's usage-based pricing will continue its revenue growth.

Marc Benioff: Since starting CRM in 1999, he helps drive the company with a strategy that continues to grow shareholder's value.



Asia Pacific (10%) Europe (23%) Rest of America (5%) United States (62%)



Professional Services and Other (6%) Subscription and Support (94%)

CRM's market leadership, AI integration, a sticky ecosystem, strong financials, and a robust moat justify a recommendation to **STRONG BUY**, with an estimated **upside potential of 33.7%**



- Unlike its competitors, Salesforce has minimal exposure to hardware and consumer segments.
- It's pure SaaS play model stands out for its stability and can scale without Inventory risk.
- Salesforce's operating margin has grown to 19% over the last 2 years; this Rapid margin improvement shows operational discipline.

R&D

CRM's R&D intensity is ranked third at 14.5% amongst peers. It is to be noted that all 14.5% is **focused on automation driven value** for its growing clients unlike competitors scattered focus areas.

Financial discipline

CRM is not only generating and scaling its FCF, but also doing it with an excellent D/E ratio, **minimizing its leverage**, and thereby its overall financial risk.

Metric	Salesforce (CRM)	Microsoft (MSFT)	Oracle Corp. (ORCL)	Adobe (ADBE)
Total Revenue	\$37.9B	\$245.12B	\$52.96B	\$21.50B
YoY Growth	8.7%	13.27%	11.31%	10.62%
Operating Margin	19.0%	45.23%	31.45%	36.37%
R&D Expense (% rev)	\$5.49B (14.5%)	\$29.5B (12%)	\$8.91B (17%)	\$3.94B (18.3%)
S&M Expense (% rev)	\$13.26B (35%)	\$24.5 (10%)	\$8.27B (15.6%)	\$5.76B (26.7%)
Key Segments (% rev)	Subscription (94%)	Azure Cloud (35%)	Cloud Services & license(74%)	Digital Media (78%)
Growth Engine	Agentforce AI, Data Cloud	Azure AI Infrastructure	Oracle Cloud Infrastructure (OCI)	Firefly AI
CRM Product Offering	Salesforce CRM	Dynamics CRM/ Dynamic 365	Oracle CRM/ Peoplesoft/ Siebel	Adobe Experience Cloud/ Marketing Cloud
CRM Market Share % (Approx no.)	20.7	6.0	4.7	3.7
Cash & Equivalents	\$14.0B	\$75.5B	\$11.2B	\$7.9B
Total Debt	\$11.4B	\$67.1B	\$104.1B	\$6.1B
Current Assets	\$29.7B	\$159.7B	\$24.6B	\$11.2B
Current Liabilities	\$28.0B	\$125.3B	\$32.6B	\$10.5B
Current Ratio	1.06x	1.27x	0.75x	1.07x
Total Equity	\$61.2B	\$268.5B	\$20.5B	\$14.1B
Debt/Equity (D/E)	0.19	0.25	5.07	0.43
FCF	\$10.6B	\$74.1B	-\$0.39B	\$7.9B
FY Ending	01/31/2025	06/30/2024	05/31/2025	11/30/2024



Metric	Salesforce (CRM)	Microsoft (MSFT)	Oracle Corp. (ORCL)	Adobe (ADBE)
EV/EBITDA	19.4x	24.51x	29.57x	17.54x
EV/Revenue	6.55x	13.62x	12.32x	7.30x
P/E	41.0x	38.44x	50.38x	24.78x
P/S	6.70x	13.76x	10.92x	7.52x
P/B	4.30x	11.49x	30.03x	14.34x

P/E ratio: P/E ratio of 41.0x is slightly higher than peer average of 38.65 but is justified considering largest CRM provider, supported by rapid margin expansion and scalable AI monetization strategies.

P/B ratio: CRM's P/B ratio of 4.3x shows it is undervalued as compared to its peers, despite a strong product backlog and financial discipline. Expected to increase in future.

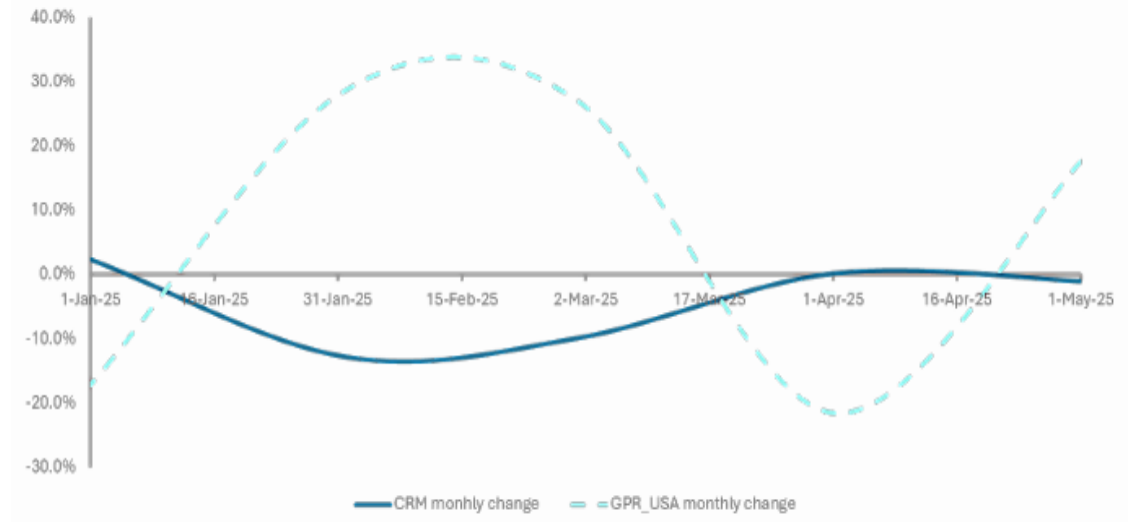
EV/EBITDA: CRM's EV/EBITDA ratio of 19.4 reflects on its less aggressive valuation against Microsoft and Oracle, but justifies relatively higher valuation than Adobe. CRM's assets must be valued higher, which would increase its EV/EBITDA ratio in future.

HISTORICAL VALUATION						
Fiscal Year	2020	2021	2022	2023	2024	2025
P/E	111	57	115	536	27	41
Growth (Shrinkage) %	-	-49%	102%	366%	-95%	52%
P/B	1.9	4.2	4.1	3.1	4.2	4.3
Growth (Shrinkage) %	-	121%	-2%	-24%	35%	2%
P/S	10.3	9.7	8	5.2	6.5	6.6
Growth (Shrinkage) %	-	-6%	-18%	-35%	25%	2%
P/FCF	46	43.1	43	31	18.5	20
Growth (Shrinkage) %	-	-6%	0%	-28%	-40%	8%
EV/EBITDA	65.3	41.4	40	27	17.8	19.4
Growth (Shrinkage) %	-	-37%	-3%	-33%	-34%	9%



Why is CRM trading at a discount ?

- **Geopolitical risk:** ~2/3rd revenues are domestic; investors do not need to be concerned.
- **Fed rate hikes and US dollar strength are NOT stock drivers, high-tech execution matters:** Growth stock within the tech sector is not coupled to Fed rate hikes or USD strength.
- **Moats not under threat from a diverse competition:** CRM recently reported **single digit growth**. Market is **perceiving this as negative signal**. However, per our estimates, CRM should be valued higher even with lower single digit forward estimates. Moats are strong to bring growing strong FCFs.
- **CFO Departure:** Typically affects firms negatively by 1%, but this is a planned, smooth transition while Mark Benioff continues to lead.
- **CRMs proven resilience during downturns:** CRM has been affected like most others in its sector, but will recover through strong performance.



HISTORICAL PERFORMANCE						
Fiscal Year	2020	2021	2022	2023	2024	2025
Revenue (\$M)	17098	21252	26492	31352	34857	37895
Growth (Shrinkage) %		24%	25%	18%	11%	9%
Operating Income (\$M)	297	455	548	1030	5011	7205
Growth (Shrinkage) %		53%	20%	88%	387%	44%
Operating Margin (%)	1.7%	2.1%	2.1%	3.3%	14.4%	19.0%
Growth (Shrinkage) %		21%	0%	57%	336%	32%



Pricing: Analyst expectations versus DCF

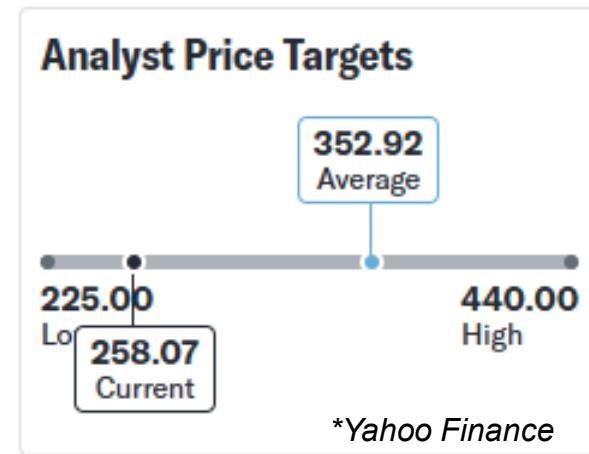
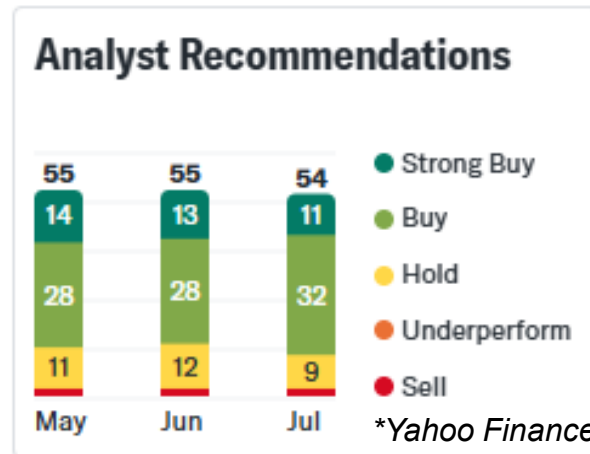
Comparing SIM methodology' DCF we expect CRM's SaaS model of recurring revenues with constant cash flow and minimal cyclicality to be safer than the market, requiring a discount rate of 9.0%; the potential is an upside of 33.7% + 0.64% Div Yield

Other analyst expectations average \$352.92, and our estimate is 1.3% lower than consensus.

Metric	Market	SIM Portfolio
Current Price	\$ 260.63	\$254.71
Implied equity value/share	\$ 348.36	\$348.36
Upside to DCF	33.7% + Div Yield	36.76% + Div Yield

Risks to recommendation

- Acquisition integration failures
- AI execution risks
- Macroeconomic sensitivity
- Intense competitive pressure
- Infrastructure cost risk





Business Drivers

Diversified End Markets: NXP Serves automotive, industrial, mobile, and consumer sectors, offering resilience but remaining exposed to economic cycles and demand volatility.

Customer Concentration: A few large clients account for a major share of revenue. While stable, these relationships pose risk if order volume shifts rapidly.

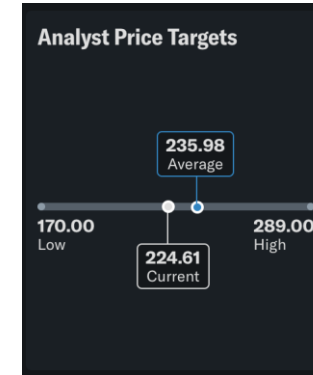
R&D Driven: NXP invests about 15% of revenue into R&D focusing on EVs and industrial automation. This gives NXP an edge through reliable hardware and software integration.



Valuation – NXP Semiconductors NV (NXPI)

Ticker	P/E	P/S	P/B	P/CF	EV/EBITDA
NXPI	22.92	4.38	5.70	21.11	14.42
TXN	35.70	10.79	10.44	25.61	23.51
ON	31.19	2.89	2.34	12.38	13.11
ADI	72.56	12.13	3.21	22.43	28.55
MCHP	31.39	7.47	4.65	20.12	43.60
QCOM	15.56	4.06	6.04	18.59	12.03
Average	34.89	6.95	5.39	20.04	22.54

- NXPI appears undervalued relative to peers across several key valuation multiples.
- Its P/E ratio of 22.92 is well below the peer average of 34.89, indicating a lower price paid per unit of earnings.
- EV/EBITDA of 14.42 is also below the group average of 22.54, suggesting NXPI may be more attractively priced on a cash flow basis.
- NXPI’s Price-to-Cash Flow of 21.11 is slightly above the average (20.04), but still within a reasonable range.
- While its Price-to-Sales and Price-to-Book ratios (4.38 and 5.70, respectively) are close to peer averages (6.95 and 5.39), they remain competitive in the context of NXPI’s growth outlook and margins.



Absolute Basis	High	Low	Average	Current
P/E	836.89	10.45	57.57	22.92
P/B	8.95	2.71	5.85	5.70
P/S	6.67	2.37	4.19	4.38
P/EBITDA	21.55	9.69	13.89	14.42

P/E Ratio

- Trading at roughly half of its 10-year average.
- Suggests valuation discount, possibly due to cyclical nature.

P/B Ratio

- Slightly below historical average- modestly undervalued.

P/S Ratio

- Slightly above the 10-year average- pricing in stronger revenue growth expectations.

P/EBITDA Ratio

- In line with decade-long average- neutral stance on cash-flow valuation.



Risks (Not Limited To):

- Macro-economic sensitivity – Global IT spending, International trade policies, and geopolitical conflicts.
- AI execution risks - Delays or performance can trigger market scrutiny

Stock	Ticker	Current PPS	Target PPS	Current Weight	Proposed Weight	Expected Return	Decision	+/- BP
Amphenol Corporation	APH	\$98.31	\$92.02	2.81%	2.5%	-6.7%	Sell	-31
Service Now	NOW	\$961.78	\$1,095.95	0.61%	0.71%	13.7%	Buy	+10
Salesforce Inc	CRM	\$260.63	\$348.36	3.66%	4.59%	33.7% +0.64% Div Yield	Buy	+93
NXP Semiconductors	NXPI	\$224.61	\$235.98	1.65%	1.75%	5.1%	Buy	+10
ON Semiconductor	ON	\$59.35	\$52.25	4.62%	4.00%	-0.6%	Sell	-62



ON Semiconductors (ON)											
Conor Brobston											
6/25/2025											
(In Millions)											
	Terminal Discount Rate = 10.60%										
	Terminal FCF Growth = 5.00%										
Year	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
Revenue	5,931.43	6,643.20	7,340.73	7,707.77	8,093.16	8,497.82	8,922.71	9,368.84	9,837.28	10,329.15	10,845.61
% Growth		12.0%	10.5%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Operating Income	415.20	1,594.37	1,993.01	2,004.02	2,104.22	2,209.43	2,319.90	2,435.90	2,557.69	2,685.58	2,819.86
Operating Margin	7.0%	24.0%	27.2%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
Interest Expense (Income)	(50.42)	(47.45)	(44.49)	(46.71)	(49.05)	(51.50)	(54.07)	(56.78)	(59.62)	(62.60)	(65.73)
Interest % of Sales	-0.9%	-0.7%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%	-0.6%
Income Before Taxes	341.06	1,606.23	2,013.77	2,050.73	2,153.27	2,260.93	2,373.98	2,492.68	2,617.31	2,748.17	2,885.58
Taxes	(51.16)	(257.00)	(342.34)	(348.62)	(366.06)	(384.36)	(403.58)	(423.75)	(444.94)	(467.19)	(490.55)
Tax Rate	-15.0%	-16.0%	-17.0%	-17.0%	-17.0%	-17.0%	-17.0%	-17.0%	-17.0%	-17.0%	-17.0%
Net Income from Cont Ops	289.90	1,349.23	1,671.43	1,702.11	1,787.21	1,876.57	1,970.40	2,068.92	2,172.37	2,280.98	2,395.03
Less: Net inc attributable to noncont interes	(2.20)	(1.99)	(1.78)	(1.87)	(1.96)	(2.06)	(2.16)	(2.27)	(2.38)	(2.50)	(2.63)
% of Revs	-0.04%	-0.03%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%	-0.02%
Net Income	288	1,347	1,669	1,700	1,785	1,874	1,968	2,066	2,169	2,278	2,392
% Growth		367.6%	23.9%	2.1%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Non-Cash Add Back	474.51	66.43	62.40	65.52	68.79	72.23	75.84	79.64	83.62	87.80	92.19
% of Sales	8.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
Add Depreciation/Amort	533.83	597.89	660.67	693.70	728.38	764.80	356.91	374.75	393.49	413.17	433.82
% of Sales	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Plus/(minus) Changes WC	632.97	(163.71)	(155.87)	(163.66)	(171.84)	(180.43)	(189.46)	(198.93)	(208.88)	(219.32)	(230)
% of Sales	10.7%	-2.5%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%
Subtract Cap Ex	593.14	664.32	734.07	770.78	809.32	849.78	356.91	374.75	393.49	413.17	433.82
Capex % of sales	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Free Cash Flow	1,336	1,184	1,502	1,529	1,605	1,685	1,859	1,952	2,049	2,152	2,260
% Growth		-11.4%	26.9%	1.8%	5.0%	5.0%	10.3%	5.0%	5.0%	5.0%	5.0%
NPV of Cash Flows	10,109	40%									
NPV of terminal value	15,469	60%							Terminal Value	42,367	
Projected Equity Value	25,578	100%									
Free Cash Flow Yield	5.19%								Free Cash Yield	5.33%	
Current P/E	89.3	19.1	15.4						Terminal P/E	17.7	
Projected P/E	88.8	19.0	15.3								
Current EV/EBITDA	27.5	11.9	9.8						Terminal EV/EBITDA	13.1	
Projected EV/EBITDA	27.3	11.8	9.8								
Shares Outstanding	432.70										
Current Price	\$ 59.46										
Implied equity value/share	\$ 59.11										
Upside/(Downside) to DCF	-0.6%										
Debt	3,346										
Cash	2,991										
Cash/share	6.91										

Consensus Analyst Price Target (ANR)
\$ 52.25



NXP Semiconductors (NXP)												
Analyst: Aidan McDonald		Terminal Discount Rate = 10.0%										
6/2/25		Terminal FCF Growth = 6.0%										
(000,000s)												
Year	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	
Revenue	12,992	13,772	14,461	15,184	15,943	16,740	17,577	18,456	19,379	20,347	21,365	
% Growth		6.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Operating Income	3,625	4,379	4,613	4,859	4,942	5,189	5,361	5,629	5,814	6,104	6,409	
Operating Margin	27.9%	31.8%	31.9%	32.0%	31.0%	31.0%	30.5%	30.5%	30.0%	30.0%	30.0%	
Interest Expense (Loss)	(326)	(415)	(435)	(456)	(478)	(502)	(527)	(554)	(581)	(610)	(641)	
Interest % of Sales	-2.5%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%	
Income Before Taxes	3,299	3,965	4,178	4,403	4,464	4,687	4,834	5,075	5,232	5,494	5,769	
Taxes	(594)	(714)	(752)	(793)	(804)	(844)	(870)	(914)	(942)	(989)	(1,038)	
Tax Rate	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%	-18.0%	
Net Income from Cont Ops	2,705	3,251	3,426	3,611	3,660	3,843	3,964	4,162	4,290	4,505	4,730	
Less: Net inc attributable to n	26	41	43	46	48	50	53	55	58	61	64	
% of Revs	0.20%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	
Net Income	2,673	3,196	3,368	3,565	3,613	3,793	3,911	4,106	4,232	4,444	4,666	
% Growth		19.6%	5.4%	5.9%	1.3%	5.0%	3.1%	5.0%	3.1%	5.0%	5.0%	
Add Depreciation/Amort	909	964	1,012	1,063	1,036	1,088	1,055	1,107	1,163	1,221	1,282	
% of Sales	7.0%	7.0%	7.0%	7.0%	6.5%	6.5%	6.0%	6.0%	6.0%	6.0%	6.0%	
Plus/(minus) Changes WC	(98)	(286)	(282)	(296)	(311)	(327)	(343)	(360)	(378)	(397)	(417)	
% of Sales	-0.8%	-2.1%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	
Subtract Cap Ex	(780)	(689)	(723)	(759)	(797)	(837)	(967)	(1,015)	(1,066)	(1,221)	(1,282)	
Capex % of sales	-6.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.5%	-5.5%	-5.5%	-6.0%	-6.0%	
Free Cash Flow	2,705	3,186	3,375	3,572	3,541	3,718	3,656	3,838	3,951	4,047	4,249	
% Growth		17.8%	5.9%	5.9%	-0.9%	5.0%	-1.7%	5.0%	2.9%	2.4%	5.0%	
NPV of Cash Flows	22,326	34%										
NPV of terminal value	43,411	66%							Terminal Value		112,597	
Projected Equity Value	65,737	100%										
Free Cash Flow Yield	4.90%								Free Cash Yield		3.77%	
Current P/E	20.7	17.3	16.4						Terminal P/E		24.1	
Projected P/E	24.6	20.6	19.5									
Current EV/EBITDA	13.7	11.6	11.0						Terminal EV/EBITDA		15.5	
Projected EV/EBITDA	16.0	13.6	12.9									
Shares Outstanding	253											
Current Price	\$ 218.49											
Implied equity value/share	\$ 260.21											
Upside/(Downside) to DCF	19.1%											
Debt	10,854											
Cash	3,987											
Cash/share	15.78											
				Consensus Analyst Price Target (ANR)								
											\$ 233.70	



Thank you !
Questions ?

