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Entegris, Inc. (NASDAQ: ENTG)

Semiconductor Technology – Semiconductor Materials

Purity Powers Progress

January 10, 2026

Entegris, Inc. (NASDAQ: ENTG) is a semiconductor materials company that makes technology like AI chips possible. With operations across three continents, Entegris plays a crucial role in providing the chemical materials and infrastructure required in wafer production, an integral technology in the production of semiconductor chips.

Industry Overview

The competitive landscape is broad, covering multiple sub-sectors across materials contamination, materials solutions (including chemical-material planarization) and other purity infrastructure. Entegris operates specifically within the semiconductor chemical market, expected to have a strong annual CAGR of 13% over the next five years, driven by growing demand for semiconductor chips and AI technology.

Thesis

The core thesis centres around capturing disproportionate growth in the semiconductor industry as chips become increasingly complex, with the purpose of delivering high-performance computing tasks (including AI advancements). Higher complexity means more materials are required per wafer (along with more wafers overall). Entegris therefore doesn't only capture the overall growth in chips entering production, but the increase in materials per wafer implies a multiplicative effect on revenue that is solidified by Entegris's diverse offerings and strong moat.

Valuation

We assign a **BUY** rating to Entegris, Inc. at a target price of $131.85. The Exit Multiple is given a 50% weighting, Perpetuity Growth at 25%, EV/2026E EBITDA at 15% and P/2026E earnings at 10%. The reasoning for this is explained below, and our recommendation implies a total return of 28.0%.

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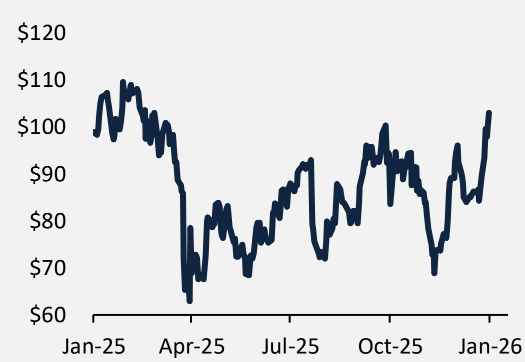
Equity Research	US
Price Target	**US $131.85**
Rating	BUY
Share Price (Jan. 9 Close)	US $102.99
Total Return	28.0%

Key Statistics	
52 Week H/L	$110.46/$60.75
Market Capitalization	$15.6B
Average Daily Trading Volume	2.6M
Net Debt	$3.5B
Enterprise Value	$19.2B
Net Debt/EBITDA	3.8x
Diluted Shares Outstanding	151.6M
Free Float	99.5%
Dividend Yield	0.4%

Analyst Forecast

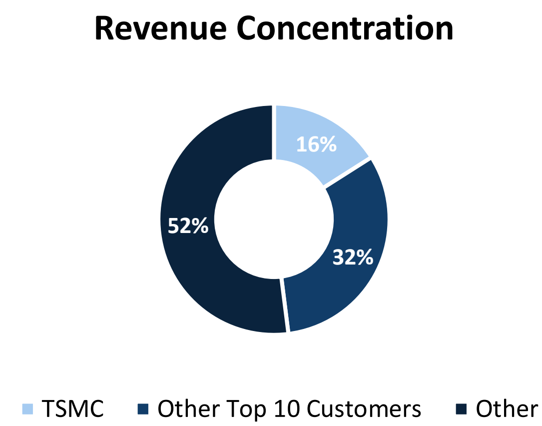
	2025E	2026E	2027E
Revenue	$3,250M	$3,573M	$4,002M
EBITDA	$910M	$1,047M	$1,273M
Net Income	$274M	$448M	$675M
EPS	$1.8	$3.0	$4.4
P/E	57.0x	34.9x	23.2x
EV/EBITDA	21.0x	18.4x	15.0x

1-Year Price Performance



Company Overview

Purity Behind Performance



Entegris is a U.S. semiconductor materials company that services microelectronics across the world, and is headquartered in Billerica, Massachusetts. As a global leader in advanced materials and process solutions, the company has over 21,000 custom and standard products that serve the core mission of enabling chipmakers to achieve higher yields, cleaner wafers, and improved device performance throughout the semiconductor fabrication process. Following a 2024 reorganization, Entegris operates in two distinct segments: Materials Solutions (MS) and Advanced Purity Solutions (APS). The former is concerned with providing raw chemical materials such as chemical-mechanical planarization (CMP), a solution used to smooth the edges of wafers by removing excess material. MS accounts for about 45% of revenue. Advanced Purity Solutions focus on systems that ensure the stability of high-purity chemistries and gases used in wafer fabrication (~55% of revenue). Together, these two segments work in tandem to offer end-to-end process solutions, from chemical formulation to filtration and delivery. Although FY2024 sales decreased 8% YoY to $3.24B, much of this absence of ~$432M in sales was driven by a decrease in MS due to divestitures and FX headwinds (largely caused by the Japanese Yen). APS was roughly flat YoY at $1.85B. Entegris serves customers across North America, Asia and Europe, with over 80% of revenue generated internationally. In fact, over 50% is dependent on its 10 largest customers, the largest being Taiwan Semiconductor Manufacturing Company (15% of revenue). WSTS projects global semiconductor sales to rise a further ~26% in 2026 to $975B, which supports Entegris' long-term growth outlook as advanced Logic/Memory capacity expands.

Core Business Model

Entegris strategically generates cash and recurring revenue in a way that ensures long-term growth. Overall, the firm makes semiconductor manufacturing *possible*, because it controls the purity, contamination and delivery of the chemicals and gases that touch the wafer at every step. Through consistent R&D projects in materials science, these high fixed costs create an IP moat. When a product is then qualified with a major fab (companies who produce semiconductors, e.g., Samsung), it is essentially locked into that production node for years (due to risky and unnecessary switching costs). Along with this, Entegris produces consumable materials that are sold directly to fabrication plants, with revenue recognized at sale. Every wafer batch depends on Entegris chemicals and filters, and demand scales with fab utilization.

Recently, the firm has improved its operating leverage through focusing on centralized production and purification plants as volume expands. Further, they have divested from non-core businesses with the purpose of funding new R&D centres. This cash conversion cycle is so profitable due to pricing power (consumers pay premium for reliability) and the lock-in effect (due to contamination risk). Further, as AI demand continues to increase, Entegris stands to gain from this. High-performance AI chips are more complex to build, with more layers and process steps with tighter defect tolerances, meaning they require more high-purity chemicals and materials per wafer (wafers are thin, flat discs that semiconductor microchips are built on). This will increase Entegris's revenue per chip, even if demand for total wafer starts remaining constant. Overall, Entegris is well positioned to capitalize on this market trend, while maintaining a strong moat with its current exposure to semiconductors.

Strategic Initiatives & Outlook

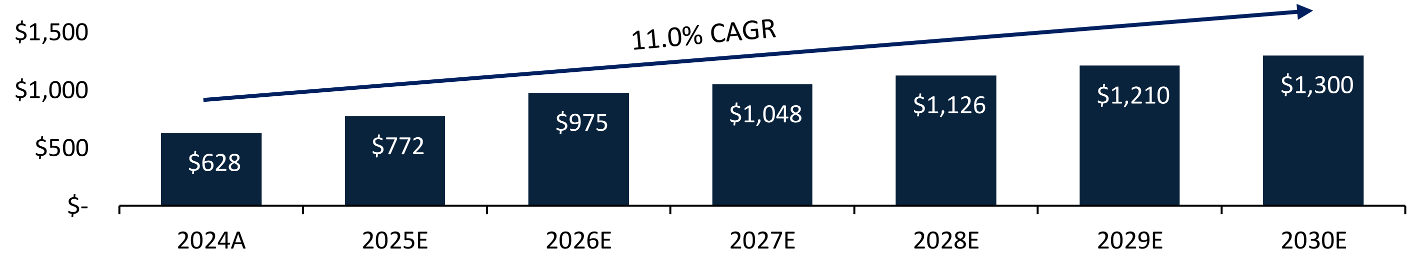
As noted earlier, Entegris is now focused entirely on semiconductor materials and purity solutions and has exited lower margin businesses to improve profitability. For example, in 2024, it sold its Pipeline & Industrial Materials division to SCF partners for $263M gross and merged two sub-segments into the new Advanced Purity Solutions segment. Streamlining their portfolio allows Entegris to focus capital and innovation where semiconductor demand is strongest. Another key initiative is plans for $700M worth of R&D investment in the United States in Aurora, Illinois, which is their largest facility to date. They are also expanding to Colorado Springs to further strengthen North American chemical delivery and purification capacity, as part of a $1.4 billion U.S. investment plan under the CHIPS-Act-driven localization. Regarding the growth outlook, Entegris expects semiconductor industry spending to accelerate with AI, advanced packaging and 3D chip integration. In fact, management projects that as the semiconductor TAM expands into 2030, Entegris's served market will expand disproportionally faster than industry growth as demand for their products increase.

Industry Analysis

Semiconductor Chemical Market

Entegris specifically operates within the semiconductor chemical industry, so the ensuing analysis will focus on this sub-sector. Overall, the global semiconductor chemical market is expected to exhibit robust growth, expanding from $16.2B in 2025 to $29B USD by 2030. This corresponds to a CAGR of approximately 13% across this period. Such growth is driven by strong demand for high-purity solvents (used to clean & transport materials), processing aids (ensuring uniform reactions), and corrosion inhibitors (protect metals during etch/ clean). These chemicals are the foundation of wafer processing purity, which is becoming increasingly complex as nodes become smaller. Smaller nodes mean higher performing chips, which mean tightly packed transistors. Such efficiency and power are necessary to train large AI models like ChatGPT, along with building more efficient data centres. Geographically, the Asia Pacific region currently holds the largest share of this market (approximately 55% of global sales) due to concentration of massive fabrication facilities.

Global Semiconductor Market Growth *($ in Bn USD)*



Competitive Landscape

Now part of the segment Advanced Purity Solutions (APS), Micro contamination Control (MC) is one of the most significant drivers of revenue. MC is concerned with the filtration and purification of process gases and liquids. This function underpins a duopoly dominated by Entegris and Pall Corporation. Both companies are essentially engaging in a high stakes capacity and R&D race to be the qualified supplier for new process nodes (discussed earlier). This year, Pall made a $150M investment in a Singapore manufacturing R&D facility focused on lithography solutions necessary for advanced node chips (lithography uses light to print microscopic patterns on chips). However, there are still other significant players operating in this market, namely 3M, Parker Hannifin and Donaldson Company. These firms have a large presence in the overall filtration market but lack the positioning of Pall and Entegris in advanced, high purity filtration solutions. Regarding Entegris's other main segment, material solutions (MS), they compete with multiple multinational chemical and science companies. Examples include DuPont (electronics and industrials) with a focus on CMP slurries (chemical mechanical planarization, essentially used to make the surface of a wafer perfectly flat). Overall, these competitive dynamics highlight Entegris's positioning in both the high-entry-barrier of APS and MC along with the more competitive materials solutions market.

Supply Chain Risk

Geopolitical risk is notable industry headwind, and semiconductor manufacturing particularly has faced challenges with trade pressures this year. With Taiwan manufacturing approximately 90% of the world's most advanced logic chips (node sizes of 5nm and below), geographic concentration is proving a challenge in this respect. On top of this, sourcing the physical materials required in production is not easy, with a high geographic concentration of critical raw minerals. For example, Africa and China supply about 70% of the worlds Tantalum and Silicon, materials widely used in semiconductor manufacturing. Such concentration comes with the risk of political instability and potential for export/ trade bans.

Investment Theses

Investment Thesis #1 – "The Complexity Multiplier" Driving Non-Linear Growth

Entegris's core investment thesis centres around its position in capturing the complexity that naturally arises when semiconductor manufacturing moves to more advanced logic nodes (e.g., 7nm - 5nm - 3nm) and denser memory (e.g. 128 layers to 196-layer 3D NAND). Since Entegris supplies the chemical materials in each wafer, and as each new technology generation requires more process steps, it creates a disproportionate effect on their revenue. With accelerated innovation in the semiconductor industry, every node transition increases the volume and complexity of materials consumed, implying faster growth than wafer starts itself (i.e. materials used in wafers grow faster than the number of wafers produced). The market may understand the narrative, but because adoption is staggered and hard to time, it may not be represented in short-term models, creating room for upside when the mix shift to leading-edge and high-layer memory converts into reported revenue and margin. Using the advanced logic node as an example, with cutting-edge devices using hard mask films or cobalt liners that didn't exist in older nodes, they are more expensive pound for pound. This means each wafer at 5nm/3nm carries a higher dollar of Entegris's coatings and chemical solutions than 7nm wafers did. The same idea applies to memory in NAND and DRAM technologies, with rising layer counts demanding 30-40% higher chemical usage per wafer.

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Since roughly 80% of Entegris's revenue is consumables used every wafer run, and with complexity growth driving much higher spending (sometimes 30-100% per wafer), Entegris clearly stands to benefit. The market assumes that Entegris grows with semiconductor market growth, which is true, but misses the core business model of Entegris's multiplicative effect of capturing such growth. AI strengthens the dynamic, because AI accelerators are produced exclusively on leading-edge nodes with high material intensity (almost exclusively below 5nm nodes). This powerful tailwind further propels intensity driven revenue.

Investment Thesis #2 – The Killer Defect – A Strong Moat

As nodes become more complicated, a tiny speck of dust can cause catastrophe and spoil an entire wafer at today's extreme technology scales. This revelation forms the basis of this thesis, which discusses Entegris's competitive advantage and positioning in its industry. With leading-edge-nodes shrinking due to the increase in high-performance chips, there is essentially zero tolerance for contamination. In fact, a 1% yield loss can cost a fab millions of dollars in lost revenue or savings. This situation means that manufacturers heavily rely on Entegris's contamination controls, creating high switching costs and deep customer lock-in. Indeed, although the market is competitive, there are no companies that compete with Entegris across the full range of their product offerings. Since Entegris can provide end-to-end solutions, from filtration and CMP to purity infrastructure, such integration differentiates them in a competitive market. Most competitors specialize in either CMP consumables (a part of MS) or purity control infrastructure (APS), whereas Entegris can sell customers both the materials and filtration/packaging that keeps those materials ultra-pure and stable. TSMC is a prime example of a major chip producer that lists Entegris as a major supplier of key fab chemicals, relying on Entegris's contamination prevention in ultra-clean environments. Switching away is highly risky and time consuming, which could directly result in a loss of chip production, and hence a failure to meet demand from top customers like Nvidia. Switching is not just financially unreasonable but could bring contamination that could affect multiple chips. In summary, Entegris' integration and breadth of services in a critical process demonstrates that its moat highlights a compelling thesis. Purification needs will only increase in semiconductor production in the coming years, and Entegris is well positioned to capture this.

Valuation

Revenue Projection Analysis

Revenue is projected in an ornate and complex manner, using a top-down approach based off industry drivers that impact specific subsegments in APS and MS. These drivers are combined in a way that reflect Investment Thesis #1 and its complexity effect, utilizing elasticities that more accurately represent the "multiplicative" effect on Entegris. We project the Materials Solutions segment to drive most of the revenue growth over the next 5 years, driven by bullish growth under logic, NAND and DRAM that are at the heart of the intensity effect. In our calculations, we found the aggregate growth effect of wafer starts, NAND and DRAM growth coupled with an intensity measure (altered to reflect its elasticity) on its specific subsegments. Materials solutions is projected to grow at ~15% YoY, equating to a total CAGR of approximately 11% for total Entegris revenue when combined with our APS projections at a more modest ~7% annual growth

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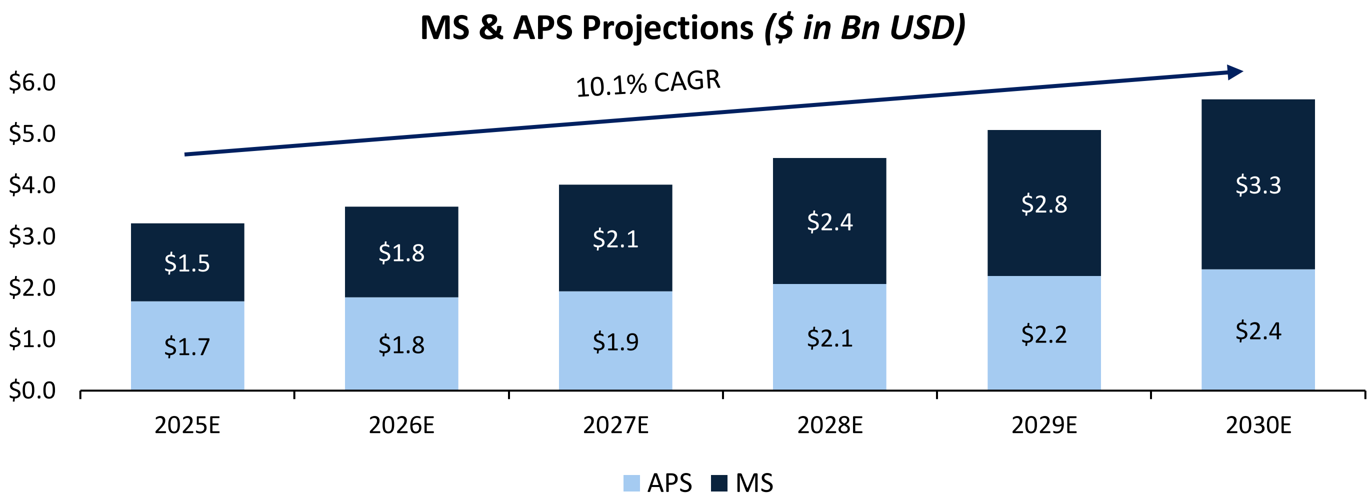

Discounted Cash Flow Analysis

The DCF is structured so it reflects relatively stable depreciation over our forecast period due to lower Capex as a % of revenue projected. Entegris has recently committed several hundred million dollars in capital expenditures, peaking during the $325M Colorado Springs build. This is also reflected from management guidance that as new capacity ramps, it supports a shift from the investment cycle to a focus on cash generation. WACC is calculated at 9%, reflecting an appropriate beta of 1.3, and market risk premium of 5% (from a 4% risk-free rate). Entegris's effective tax rate is low at 9%, implying a cost of debt of 5%. The majority of the DCF weighting (2/3) is placed on the exit multiple method to reflect the cyclical nature of the industry and the difficulty in determining a smooth, long-term growth rate given uncertainty surrounding industry growth past our forecast period. We chose 17x as a conservative multiple that represents the lower percentile of 2026E multiples from the chosen comps set. Further, we chose a 3% perpetuity growth rate to represent the strong industry tailwinds behind this company and its position to capture continued innovation in Artificial Intelligence. The perpetuity method implies a price of $96 and the exit multiple method yields a price of $140.

Comparable Companies Reasoning

The chosen list reflects the U.S headquartered publicly traded peers who operate in the semiconductor materials industry. MKS Instruments, Lam Research, Applied Materials and KLA are wafer-fab supply chain peers that are sensitive to leading-edge node ramps and fab utilization. Teradyne captures rising test intensity; Amkor and Kulicke & Soffa provide advanced packaging exposure (after a chip is made), and Allegro Microsystems sell chips directly. Since these peers move in the same cycle as Entegris, we assign a 25% weighting on comps. 15% is assigned to EV/EBITDA 2026E due to more data to calculate an implied share price, and 10% is assigned to P/E 2026E earnings. From comps, the blended implied shared price is $152.

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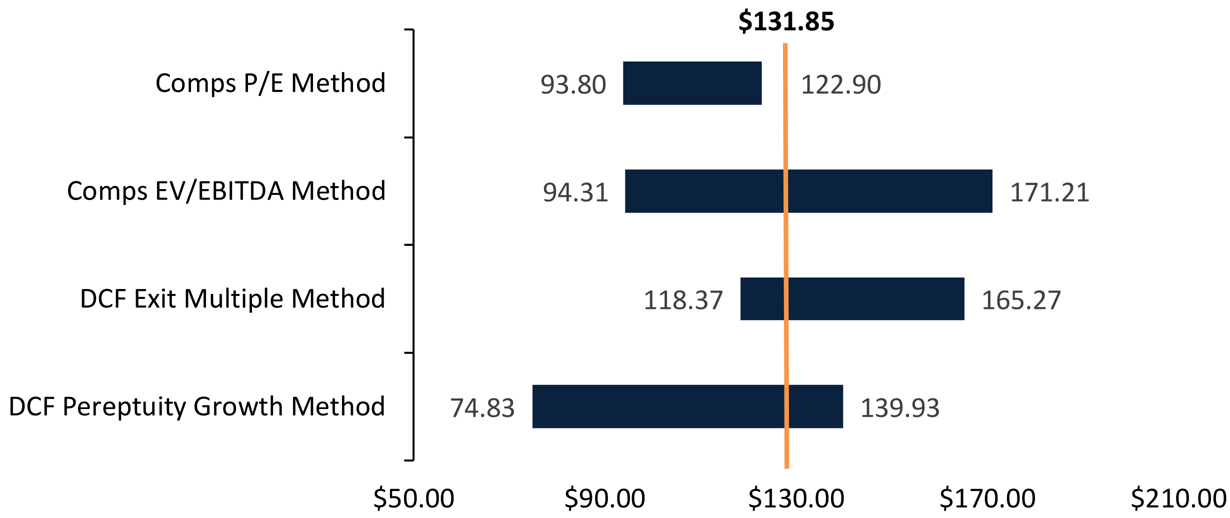
Entegris Inc. (NASDAQ: ENTG) Share Implied Price



Catalysts

Fabs Enabling Capacity

Entegris is expected to reduce capital expenditures heading into 2026 and are now focused on improving utilization across their facilities. Their new fabrication plant in Taiwan is expected to increase its volume this year, and the plant in Colorado is expected to substantially complete customer qualifications this year. This is important because the shift from "built capacity" to "revenue producing capacity" has not yet been completed but should reflect positively in the share price once it has. The stock was being punished for underutilization-driven gross margin pressure, but now with a clear and visible ramp ahead, it is poised for more gains in the near term. Not only does the plan focus on increasing revenue while decreasing capex, but with record free cash flow, the company is expecting rapid deleveraging as well. The CEO expects that this expanded footprint will enable Entegris to take market share in the next upcycle.

Memory Inflection (NAND & DRAM)

Management had indicated that HBM (a type of DRAM) is significantly benefitting from AI trends, and they've also seen a notable positive shift in sentiment for NAND after a prolonged period of weakness. The CEO has indicated that in SEMICON West (annual North American conference for the semiconductor supply chain), they have started seeing prices across memory rise and stabilize due to higher demand. Entegris's business is largely wafer driven (75%), so if memory wafer starts inflect, Entegris benefits from a high-quality revenue lift. When orders turn faster than expected (still recovering from a period of slow growth), Entegris may surprise investors and beat analysts' estimates. Growth in NAND and DRAM are also core products that benefit from Entegris's non-linear, complexity driven growth thesis, and represent the core drivers of revenue leading into 2030 in the financial model.

Risks

Customer Concentration

Entegris's revenue is highly concentrated, with their top 10 customers representing about 52% of sales. Coupled with this concentration, their supply agreements typically don't include long-term purchase commitments. Customers can cancel orders, change quantities or delay production due to non-binding agreements. Therefore, the absence of expected revenue from a large customer can hit quarterly numbers quickly. Even if Entegris is embedded in the company's operations, orders can still be pushed out and Entegris has minimal power to enforce volume. Specification details also present a risk to Entegris. This means that although their solutions are "specified into" a customer process, a shift in node architecture without Entegris being specified can result in a loss of content per wafer. For investors, it would be prudent to keep an eye on the revenue percentage contributed by TSMC (their largest customer) along with customers pushing for second-source qualification. This it largely mitigated through Entegris's diverse role across multiple parts of the supply chain, and their focus on multi-year supply agreements.

China Exposure

The U.S has expanded export controls on high-tech exports to China, with China representing about 21% of total sales. Management has warned that export sanctions can limit sales, require government licensees and put them at a competitive disadvantage. Because of this, some customers have already tried to source domestically to reduce this supply chain risk. This results in a volume risk for Entegris, because if license slow shipments, revenue can fall when end-demand rises. On top of this, Entegris has explicitly outlined that Chinese semiconductor firms are now incentivized to work more closely with domestic suppliers over U.S headquartered companies. Moving into 2026, it will be important for investors to consider if the share of Chinese revenue moves down for the wrong reasons (due to forced substitution). This is helped mitigated through Entegris's focus on expanding domestically in the United States and other parts of the world.

Recommendation - Buy

We recommend a buy for Entegris, Inc. at a current share price of $102.99 and a target price of $131.85. This recommendation implies a total return of 28.0% derived from placing a 50% weighting on the DCF exit multiple method, a 25% weighting on the perpetuity growth method, a 15% weighting on the median EV/EBITDA from comps, and a 10% weighting on the P/E ratio. Entegris is well positioned to gain from the growth in the semiconductor industry, fuelled by the continued innovation in Artificial Intelligence. As chips become more demanding, they become more complex. More complexity means more materials per chip, implying a non-linear growth prospect for Entegris. Not only are wafer starts expected to grow in demand, but each one will require more content per wafer, adding a multiplicative effect on revenue that directly enhances Entegris's growth outlook. Their strong competitive moat in providing end-to-end solutions, from chemicals to hardware infrastructures used in semiconductor chips, differentiates Entegris from its competitors and solidifies its ability to capture the non-linear growth ahead.

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Appendix 1: Income Statement

Operating Model

All Figures in mm USD	31-Dec-20 2020A	31-Dec-21 2021A	31-Dec-22 2022A	31-Dec-23 2023A	31-Dec-24 2024A	31-Dec-25 2025E	31-Dec-26 2026E	31-Dec-27 2027E	31-Dec-28 2028E	31-Dec-29 2029E	31-Dec-30 2030E
Income Statement											
Revenue	1,859	2,299	3,282	3,524	3,241	3,250	3,573	4,002	4,517	5,058	5,662
Cost of Goods Sold	(1,010)	(1,239)	(1,886)	(2,026)	(1,754)	(1,820)	(1,965)	(2,121)	(2,349)	(2,630)	(2,944)
Gross Profit	850	1,060	1,396	1,498	1,487	1,430	1,608	1,881	2,168	2,428	2,718
Depreciation	(83)	(90)	(135)	(173)	(188)	(228)	(200)	(210)	(169)	(190)	(170)
Amortization of Goodwill & Intangibles	(53)	(48)	(144)	(215)	(190)	(181)	(172)	(163)	(155)	(147)	(140)
SG&A	(182)	(202)	(408)	(334)	(258)	(260)	(286)	(300)	(339)	(379)	(396)
R&D	(136)	(168)	(229)	(277)	(316)	(260)	(275)	(308)	(348)	(389)	(425)
Operating Profit	396	552	480	499	534	502	675	900	1,157	1,322	1,587
Interest Expense	49	41	213	312	215	201	181	145	102	67	29
Interest Income	1	0	4	11	7	-	-	-	-	-	-
Net Interest Expense	(48)	(41)	(209)	(301)	(208)	(201)	(181)	(145)	(102)	(67)	(29)
Other Non Operating Income	7	(32)	(24)	(25)	(4)	-	-	-	-	-	-
Pretax Income	354	479	247	173	323	301	495	754	1,055	1,255	1,558
Tax Expense	(59)	(70)	(38)	8	(28)	(27)	(47)	(79)	(137)	(176)	(234)
Loss from Affiliates	-	-	-	(0)	(1)	-	-	-	-	-	-
Net Income	295	409	209	181	293	274	448	675	918	1,079	1,324
Interest Rate		4%	5.8%	5.5%	4.6%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Tax Rate	16.7%	14.6%	15.5%	-4.9%	8.8%	9.0%	9.5%	10.5%	13.0%	14.0%	15.0%

Appendix 2: Balance Sheet

Operating Model

All Figures in mm USD	31-Dec-20 2020A	31-Dec-21 2021A	31-Dec-22 2022A	31-Dec-23 2023A	31-Dec-24 2024A	31-Dec-25 2025E	31-Dec-26 2026E	31-Dec-27 2027E	31-Dec-28 2028E	31-Dec-29 2029E	31-Dec-30 2030E
Balance Sheet											
Assets											
Cash	581	403	562	457	329	442	414	144	185	561	861
Inventory	324	475	813	607	638	598	592	639	708	793	887
Accounts Recievable	264	347	536	457	495	445	489	548	619	693	776
Other ST Assets	65	88	425	456	154	154	154	154	154	154	154
Total Current Assets	1,234	1,313	2,335	1,977	1,616	1,639	1,650	1,485	1,666	2,200	2,677
Property, Plant and Equipment	1,146	1,374	2,258	2,457	2,764	3,089	3,375	3,655	3,881	4,134	4,360
Accumulated Depreciation	(574)	(653)	(770)	(908)	(1,057)	(1,285)	(1,485)	(1,695)	(1,864)	(2,054)	(2,224)
Net PP&E	571	721	1,488	1,548	1,706	1,804	1,890	1,960	2,016	2,079	2,136
Goodwill	748	794	4,408	3,946	3,944	3,944	3,944	3,944	3,944	3,944	3,944
Other Intangibles	338	335	1,842	1,282	1,092	911	740	577	422	275	135
Deferred Tax Assets	15	18	29	31	13	13	13	13	13	13	13
Misc LT Assets	12	11	36	28	24	24	24	24	24	24	24
Total Assets	2,918	3,192	10,139	8,813	8,395	8,334	8,259	8,001	8,084	8,534	8,928
Liabilities											
Accounts Payable	82	131	173	134	193	199	215	232	257	288	323
Accrued Taxes	44	49	98	77	81	81	81	81	81	81	81
Accrued Expenses	153	165	249	198	193	193	193	193	193	193	193
Other Payables	14	24	61	71	43	43	43	43	43	43	43
Short Term Debt	10	11	171	15	14	-	-	-	-	-	-
Other ST Liabilities	-	-	11	19	1	-	-	-	-	-	-
Current Liabilities	303	379	762	514	525	516	532	549	574	605	640
Long-Term Borrowings	1,086	937	5,633	4,577	3,981	3,681	3,181	2,281	1,481	881	53
LT Lease Liabilities	40	60	81	69	72	72	72	72	72	72	-
Pension Liabilities	37	38	54	54	55	55	55	55	55	55	55
Deferred Tax Liabilities	74	64	391	190	70	60	51	43	37	31	26
Total Liabilities	1,538	1,478	6,921	5,404	4,703	4,384	3,891	3,000	2,219	1,644	774
Shareholders Equity											
Common Stock	1	1	2	2	2	2	2	2	2	2	2
Additional Paid in Capital	845	880	2,205	2,305	2,385	2,450	2,522	2,602	2,692	2,793	2,907
Treasury Stock	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)
Other Equity	(37)	(40)	(13)	(43)	(72)	(72)	(72)	(72)	(72)	(72)	(72)
Retained Earnings	577	880	1,031	1,152	1,384	1,578	1,924	2,477	3,250	4,174	5,326
Total Equity	1,379	1,714	3,218	3,409	3,691	3,950	4,368	5,001	5,865	6,890	8,155
Check	-	-	-	-	-	-	-	-	-	-	-

Appendix 3: Cash Flow Statement

Operating Model

	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30
All Figures in mm USD	**2020A**	**2021A**	**2022A**	**2023A**	**2024A**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Cash Flow Statement											
Cash from Operating Activities											
Net income	295	409	209	181	293	274	448	675	918	1,079	1,324
Add: Depreciation	83	90	135	173	188	228	200	210	169	190	170
Add: Amortization	53	48	144	215	190	181	172	163	155	147	140
Other Amortization	-	2	16	21	15	-	-	-	-	-	-
(Gain) Loss From Sale Of Assets	-	-	-	24	(4)	-	-	-	-	-	-
Asset Writedown & Restructuring	-	-	-	146	13	-	-	-	-	-	-
Stock Based Compensation	23	30	67	61	66	65	71	80	90	101	113
Other Operating Activites	12	18	20	(241)	(20)	-	-	-	-	-	-
Change in Accounts Receivable (Increase) /Decrease	(28)	(87)	(60)	1	(49)	50	(44)	(59)	(70)	(74)	(83)
Changes in Inventory	(51)	(168)	(203)	103	(77)	40	6	(47)	(69)	(85)	(95)
Increase/ (Decrease) in A/P	40	54	15	(15)	9	6	16	17	25	31	34
Increase/ (Decrease) in Accrued Taxes	28	(3)	22	(10)	8	-	-	-	-	-	-
Change in Other Net Operating Assets	(10)	8	(2)	(13)	-	-	-	-	-	-	-
CFO	**447**	**400**	**363**	**644**	**632**	**843**	**869**	**1,040**	**1,218**	**1,389**	**1,604**
Cash from Investing Activities											
Capital Expenditures	(132)	(211)	(466)	(457)	(316)	(325)	(286)	(280)	(226)	(253)	(226)
Acquisitions	(112)	(92)	(4,475) -		-	-	-	-	-	-	-
Divestitures	- -	-		815	251	-	-	-	-	-	-
Other Investing Activities	0	4	(5)	195	(2)	-	-	-	-	-	-
CFI	**(243)**	**(298)**	**(4,946)**	**553**	**(67)**	**(325)**	**(286)**	**(280)**	**(226)**	**(253)**	**(226)**
Cash from Financing Activities											
Long-Term Debt Issued	617	501	5,417	217	365	-	-	-	-		
Long-Term Debt Repaid	(468)	(651)	(486)	(1,474)	(988)	(300)	(500)	(900)	(800)	(600)	(900)
Stock Issuance	9	25	5	36	14	-	-	-	-	-	-
Share Repurchases	(69)	(83)	(23)	(12)	(17)	(19)	(31)	(47)	(64)	(76)	(93)
Dividends	(43)	(44)	(57)	(60)	(61)	(61)	(70)	(75)	(80)	(80)	(80)
Other Financing Activities	(23)	(25)	(101)	(5)	(2)	**(26)**	**(9)**	**(8)**	**(6)**	**(5)**	**(5)**
CFF	**22**	**(276)**	**4,755**	**(1,298)**	**(689)**	**(405)**	**(610)**	**(1,030)**	**(951)**	**(761)**	**(1,077)**
Foreign Exchange Rate Adj	3	(4)	(12)	(7)	(3)	-	-	-	-	-	-
Total Cash Flow	**229**	**(178)**	**161**	**(107)**	**(127)**	**112**	**(28)**	**(270)**	**42**	**375**	**300**
Starting Cash Balance		581	403	562	457	329	442	414	144	185	561
Ending Cash Balance	**581**	**403**	**562**	**457**	**329**	**442**	**414**	**144**	**185**	**561**	**861**

Appendix 4: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis

Free Cash Flow

All Figures in mm USD	31-Dec-20 2020A	31-Dec-21 2021A	31-Dec-22 2022A	31-Dec-23 2023A	31-Dec-24 2024A	31-Dec-25 2025E	31-Dec-26 2026E	31-Dec-27 2027E	31-Dec-28 2028E	31-Dec-29 2029E	31-Dec-30 2030E
EBIT	396	552	480	499	534	502	675	900	1,157	1,322	1,587
Less: Tax Expense	(59)	(70)	(38)	8	(28)	(27)	(47)	(79)	(137)	(176)	(234)
Add: Depreciation and Amortization	137	138	279	387	378	408	372	373	324	337	310
Less: Capital Expenditures		(240)	(903)	(233)	(346)	(325)	(286)	(280)	(226)	(253)	(226)
Less: Change in Net Working Capital			(484)	246	(10)	96	(22)	(89)	(114)	(128)	(143)
Unlevered Free Cash Flow		**380**	**(666)**	**908**	**528**	**654**	**692**	**825**	**1,004**	**1,102**	**1,294**
Discount Factor						0.98	0.90	0.83	0.76	0.70	0.64
Present Value of Unlevered Free Cash Flow						**$ 160.03**	**$ 621.82**	**$ 680.54**	**$ 761.05**	**$ 766.85**	**$ 826.36**

Sum of PV of UFCF $ 3,816.64

Discount Rate Calculation

All Figures in mm USD

Cost of Equity	
Risk-free Rate	4.0%
Expected Market Return	9%
Market Risk Premium	**4.5%**
Levered Beta	1.3x
Cost of Equity	**9.8%**

Cost of Debt	
Pre-tax Cost of Debt	5.9%
Effective Tax Rate	9.0%
Cost of Debt	**5.3%**

WACC	
Market Value of Equity	15,615
Market Value of Debt	4,067
Total Capitalization	**19,682**
Cost of Equity	9.8%
Cost of Debt	5.3%
WACC	**8.9%**

Perpetuity Growth Rate	
Perpetuity Growth Rate	3.0%
PV Sum of UFCF	3,817
Terminal Value	14,396
Enterprise Value	**18,213**
Add: Cash	442
Less: Debt	4,067
Less: Other EV Adjustments	-
Equity Value	**14,588**
Shares Outstanding	152
Implied Share Price	**96.22**
Current Share Price	102.99
Total Return	**(6.6%)**

Exit Multiple Method	
Exit Multiple	17x
PV Sum of UFCF	3,817
Terminal Value	20,960
Enterprise Value	**24,777**
Add: Cash	442
Less: Debt	4,067
Less: Other EV Adjustments	
Equity Value	**21,151**
Shares Outstanding	152
Implied Share Price	**139.52**
Current Share Price	102.99
Total Return	**35.5%**

Appendix 5: Comparable Companies Analysis

Comparable Company Analysis

All Figures in mm USD

		Balance Sheet Data		EV / EBITDA			Price / Earnings		
Company	**Ticker**	**Equity Value**	**Enterprise Value**	**2024A EV/EBITDA**	**2025E EV/EBITDA**	**2026E EV/EBITDA**	**2024A P/E**	**2025E P/E**	**2026E P/E**
Lam Research Corp	(NASDAQ: LRCX)	274,260	275,665	56.6x	43.8x	37.0x	75.3x	52.6x	45.6x
Applied Materials Inc	(NASDAQ: AMAT)	239,932	237,914	28.6x	26.4x	26.4x	35.0x	34.8x	32.3x
KLA Corp	(NASDAQ: KLAC)	183,960	185,364	43.1x	32.9x	31.0x	69.0x	46.1x	40.3x
Teradyne Inc	(NASDAQ: TER)	34,110	33,752	48.5x	44.7x	32.0x	65.4x	67.7x	43.4x
Amkor Technologies	(NASDAQ: AMKR)	12,918	12,809	11.9x	11.8x	9.9x	36.6x	41.8x	33.1x
MKS Instruments	(NASDAQ: MKSI)	12,505	10,296	11.9x	10.8x	10.0x	66.2x	45.8x	33.8x
Allegro MicroSystems	(NASDAQ: ALGM)	5,791	5,982	16.4x	52.9x	33.6x	N/A	N/A	N/A
Kulicke & Soffa Industrie	(NASDAQ: KLIC)	2,898	2,426	N/A	69.3x	21.5x	N/A	N/A	42.9x
Entegris, Inc	**(NASDAQ: ENTG)**	**15,613**	**19,239**	**21.1x**	**21.1x**	**18.4x**	**53.2x**	**57.0x**	**34.9x**
High		274,260	275,665	56.6x	69.3x	37.0x	75.3x	67.7x	45.6x
75th Percentile		257,096	256,789	48.5x	50.9x	33.2x	70.5x	56.4x	43.4x
Median		**183,960**	**185,364**	**28.6x**	**38.4x**	**28.7x**	**65.8x**	**45.9x**	**40.3x**
Mean		**149,036**	**149,101**	**31.0x**	**36.6x**	**25.2x**	**57.9x**	**48.1x**	**38.8x**
25th Percentile		23,514	23,280	11.9x	15.4x	12.8x	36.2x	40.1x	33.1x
Low		12,918	12,809	11.9x	10.8x	9.9x	35.0x	34.8x	32.3x

	EV / EBITDA Implied Price		P / E Implied Price	
High	$392.2	$231.6	$122.2	$134.6
75th Percentile	$281.5	$205.3	$101.8	$128.0
Median	**$206.5**	**$174.2**	**$82.9**	**$119.1**
Mean	**$195.7**	**$149.8**	**$86.9**	**$114.5**
25th Percentile	$68.7	$64.8	$72.4	$97.7
Low	$40.7	$44.2	$62.8	$95.4

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