W U T I S

ALLEGRO microsystems

Equity Research Division

Allegro Microsystems Inc.

Commoditized hardware at a premium price - The automotive semiconductor trap

Target Price: $23.2
Current Price: $33.7
Downside Potential: -31.3%

Recommendation: SELL
Investment Horizon: 1 Year

Vienna, 23. January 2026

Agenda

Team Overview

Equity Research

Leon Pucharski

Senior Associate

- Equity Story

BSc. (WU) – 7th Sem.

Roman Gavrylchenko

Associate

- Industry Overview
- Peer Benchmarking
- Financial Analysis

MSc. (WU) – 1st Sem.

Mario Hehenberger

Fellow Analyst

- Business Model
- Value Chain
- Technology
- Market Overview

BSc. (WU) – 3rd Sem.

Alexander Prenner

Fellow Analyst

- Relative Valuation
- Market Overview

BSc. (WU) – 3rd Sem.

Quirin Rosenlehner

Fellow Analyst

- Company Overview
- Global Operations

BSc. (WU) – 3rd Sem.

Daniil Aleksieienko

Fellow Analyst

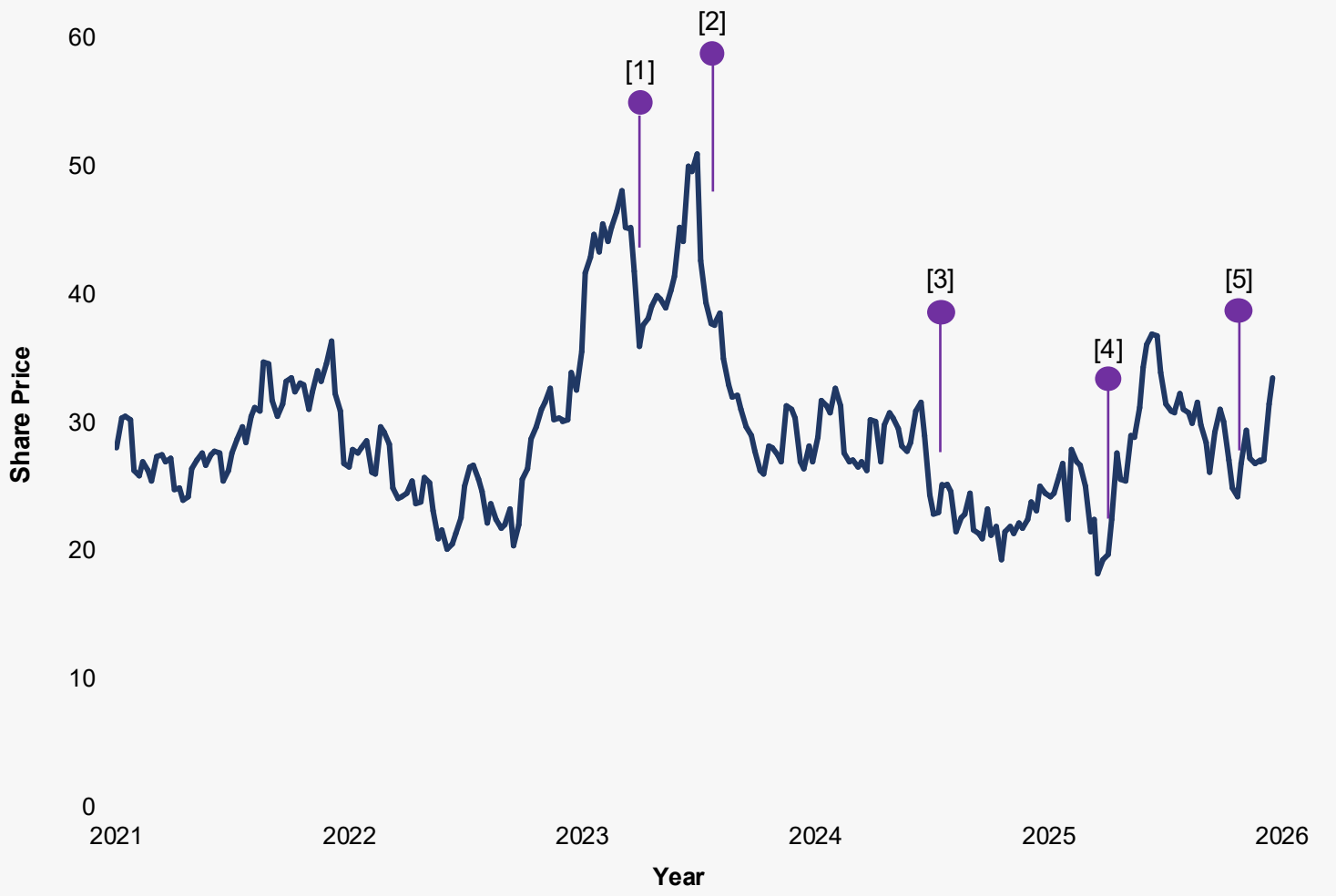
- Intrinsic Valuation

BSc. (WU) – 3rd Sem.

Share Price Performance

Allegro is a headline driven, high-beta stock with frequent catalyst swings

ALGM Share Price (USD)



Major Events

- [1] 20.04.2023 (-4.1%) Tesla announced aggressive price cuts for electronic vehicles
- [2] 01.08.2023 (-12.3%) Q1 earnings exceeded expectations, though the company lowered its guidance
- [3] 24.07.2024 (-10.7%) Sanken Electric Announces Sale of Portion of Its Common Shares in Allegro
- [4] 08.05.2025 (+12.7%) Q4 Earnings beat estimates, raising hope on recovery
- [5] 05-09.01.2025 (+9.9%) Consumer electronics shows and product launches fueled semiconductor stocks

Key Stats

- **IPO:** 12. October 2020
- **52-week range:** 16.38 – 38.45 USD
- **5-Year Beta:** 1.67
- **Market capitalization:** 6,079 mUSD

Source: Capital IQ, Allegro

Investment Thesis

Investors believe the story, yet the operating setup points to lower pricing power and a valuation reset risk

1. Fabless is a structural disadvantage because **supply is concentrated** and Taiwan-heavy via UMC and TSMC, raising **disruption risk**, while foundry **markups squeeze margins** against IDM scale and bundling power

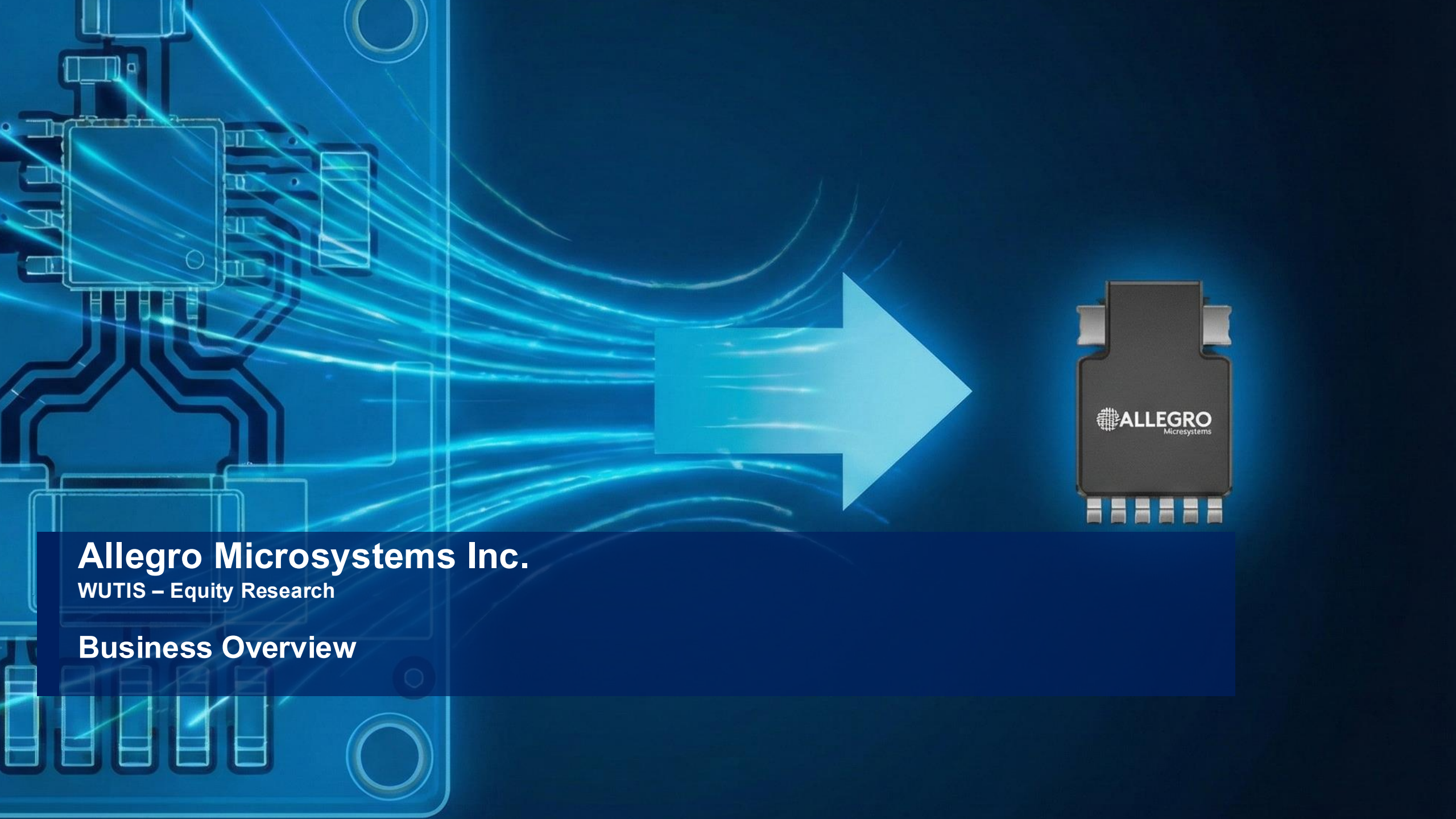
2. China becomes a real threat as export controls push Chinese capital into legacy analog nodes. That creates **subsidized overcapacity where Allegro competes**. Prices get capped and share risk rises

3. Valuation is pricing an **"AI and Data Center" narrative** while this exposure is only **a fraction of revenue**, and the stock's EV/EBITDA has expanded to extreme levels up to ~109x despite **weak pricing power and bottom-tier margins**

4. End-market risk is high because revenue is **automotive-led**, leading to **price constraints**: IDM capacity expansion and Tier 1 consolidation decrease ASP, while OEM insourcing and de-contenting reduce unit demand and shrink the sensor TAM

5. Allegro leads in **TMR**, with **product upside** as software-defined vehicles and EV architectures demand higher bandwidth, faster response, and better signal integrity, enabling premium ASPs versus Hall-effect sensors

6. **Investors assign management high credibility**, so the market is more likely to underwrite guidance and strategic messaging as the base case and sustain the multiple through softer quarters



Allegro Microsystems Inc.

WUTIS – Equity Research

Business Overview

Company Overview

Automotive led fabless platform facing margin pressure and limited near-term diversification

Company Description

ALLEGRO microsystems is a global **semiconductor company** that designs and sells **sensor** and **power integrated circuits** for motion control and energy-efficient systems, serving **automotive**, **industrial**, and **consumer applications** through OEMs and tier-one suppliers worldwide

Headquarters
Manchester, NH (USA)

Foundation
1990

Presence
15 countries

Employees
4,000

Semiconductor Segments

DAO

Discrete | *Analog* | *Other*

- Performs specific tasks such as environmental detection
- Includes sensors and analog chips

Memory

Volatile Memory | *Non-volatile Memory*

- Stores data; ensures system retain data temporarily or permanently
- Critical for securing data

Logic

CPU | *GPU*

- Known as the "brain" of electronics, processes data and performs device tasks
- Include CPUs and GPUs

Allegro MicroSystems is a **fabless semiconductor** company focused on **sensors** and **power ICs** for **automotive** and **industrial markets**

Management

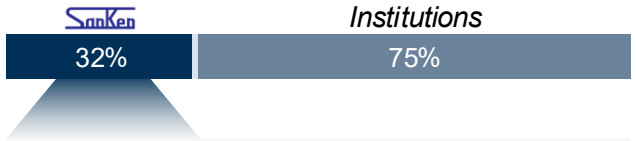
Michael Doogue
President and CEO

- Confirmed as CEO in June 2025
- 27-year Allegro veteran promoted from CTO

Derek D'Antilio
CFO and Treasurer

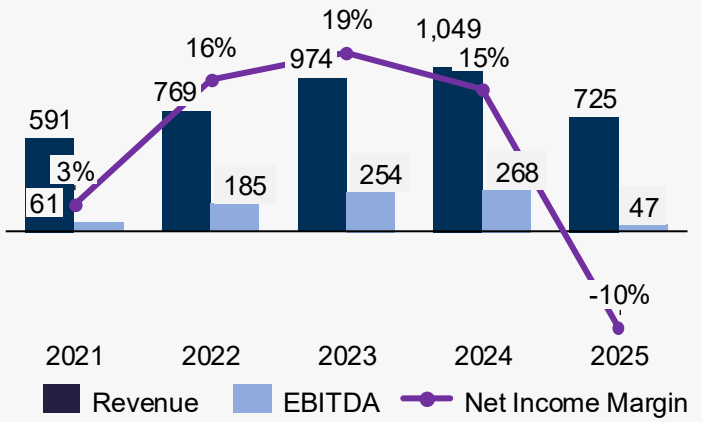
- Appointed as CFO in January 2022
- 20yrs. of financial and operational experience

Shareholder Overview



- **2020:** Allegro IPO, Sanken owns majority control at **52%** being the previous owner
- **2024:** Sanken sells 38.8M shares to Allegro, stake reduces to **33%**
- **Today:** Sanken remains largest single shareholder at **32%** with continuing strategic partnership

Financials (USDm)



Production cuts drove significant factory underutilization

Inventory drawdown resulted in lower fixed cost absorption

"One-time" pricing support implemented to clear distribution channel

Source: Allegro

Fabless Business Model

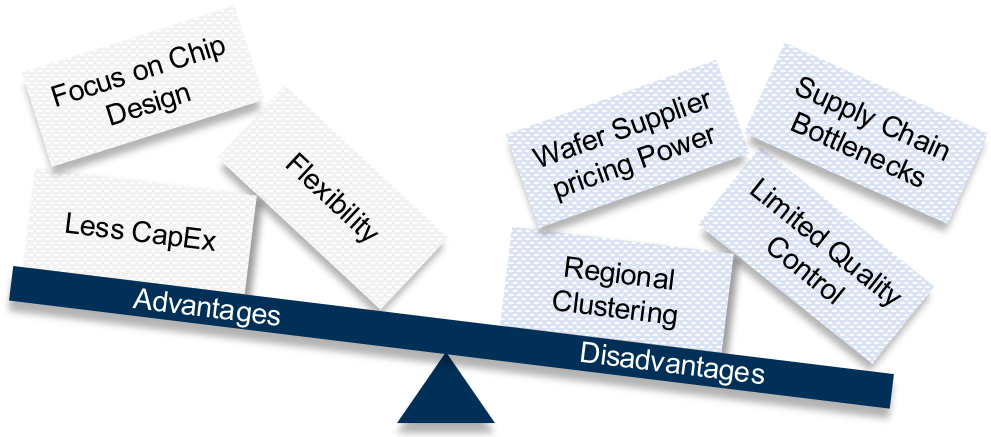
Outsourced manufacturing drives flexibility and R&D focus, yet limits control over capacity and lead times

Mapping Allegro in the Semiconductor Value Chain

Design	Wafer Fabrication	Assembling & Testing	Distribution	Customer
Specification of chip functionality and circuit architecture Ongoing product innovation	Outsourced wafer production UMC 50% · POLAR 33% · TSMC 15% · SMIC 1%	7 OSAT[3] partners across Asia, with main hub in the Philippines	Allegro uses a hybrid sales model 49% Direct · 51% Distributors Mouser Electronics · DigiKey · Matronic · Avnet	Direct OEMs and Tier 1 suppliers build dual customer base Entered a partnership with BMW in 2023 as sole current sensor IC supplier 1.5B+ units annually to customers worldwide
IP[1] and EDA[2] ~800 employees in R&D ~1900 patents	**Equipment and Material** Silicon, Silicon Carbide, Gallium Nitride	**Equipment and Material** Tungstun, Tin, Tantulum, Copper, Gold, EMC		

[1]Interlectual property; [2]Electronic design automation; [3] Outsourced semiconductor assembly and test

Fabless Business Model Evaluation



Reliance on Suppliers
A limited number of wafer suppliers creates risk to timelines, quality, and pricing

Taiwan Concentration
Allegro sources ca. 65% of its wafer supply from UMC and TSMC in Taiwan, exposing the company to geopolitical and natural disaster risks

IP Protection Risk
Fabless companies risk IP theft or leakages when sharing designs with external foundries

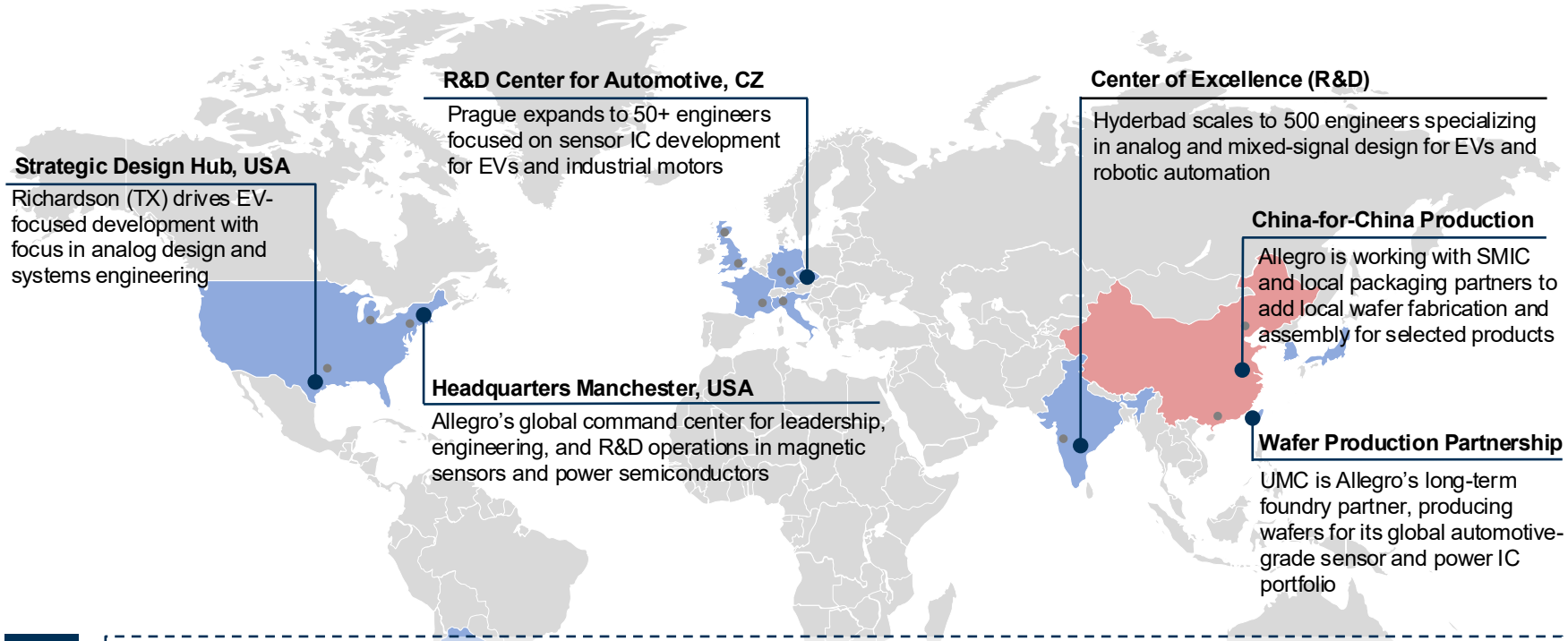
The fabless business model **reduces capital intensity** and increases flexibility, however it exposes the firm to a limited number of third-party foundries, **reducing control** over **capacity** and lead times and increases **supply chain risk**

Source: McKinsey, Allegro, VanEck, PWC

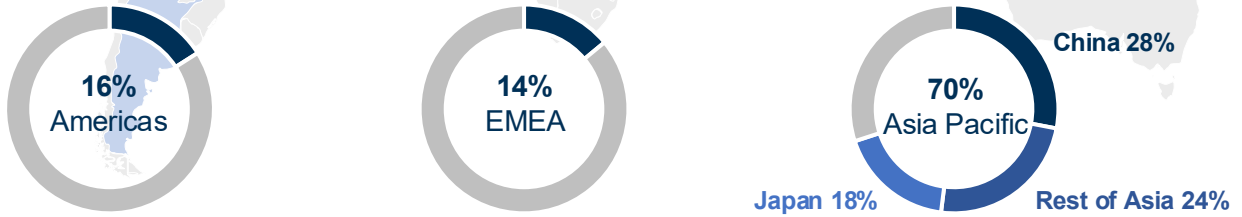
Global Operations Overview

Heavy Asia exposure increases sensitivity to China's state backed semiconductor push

Operations Map



ALLEGRO Revenue Split



Findings

China's Semiconductor Goal

$200bn State Funding for Semiconductor industry

- China still funds semis heavily and automotive chips are a priority
- "Buy local" push in cars: reports say China aims for cars using **100% domestic** chips **until 2027**
- More supply can mean **lower prices**: China capacity buildout is already linked to **pricing pressure** in mature-node chips

China-for-China Strategy

Allegro warns: "**China's state backed semiconductor push** could **disadvantage** it versus local rivals, driving **pricing pressure** and **share loss**"

~10% of Allegro's assembly is in China, supporting local customers

Launched **~3 years** ago, with first shipments by **end FY26**

Source: Allegro, Capital IQ

Applications and Product Type Overview

Automotive gained prominence in the portfolio, as momentum weakened across the other segments

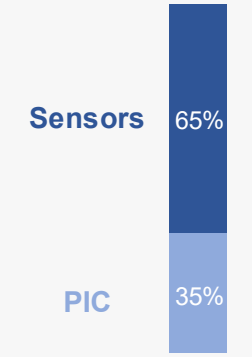
Sensors

- Magnetic sensors detect fields to measure position, angle, or speed
- Enable contactless sensing for applications like steering and motors

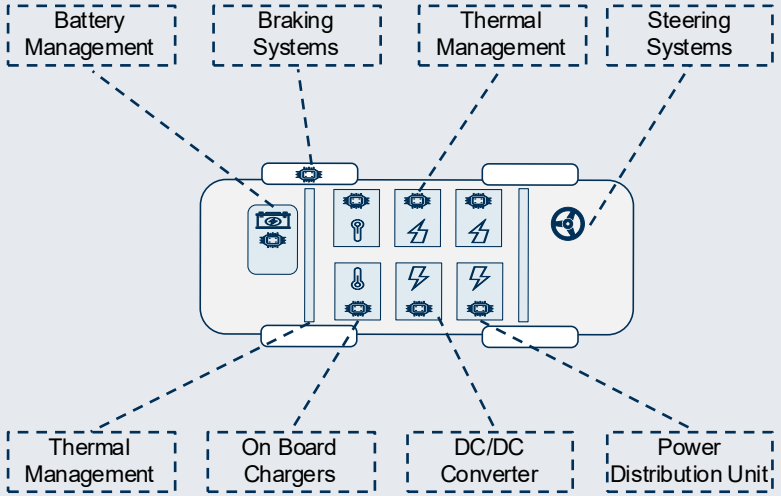
Power IC's

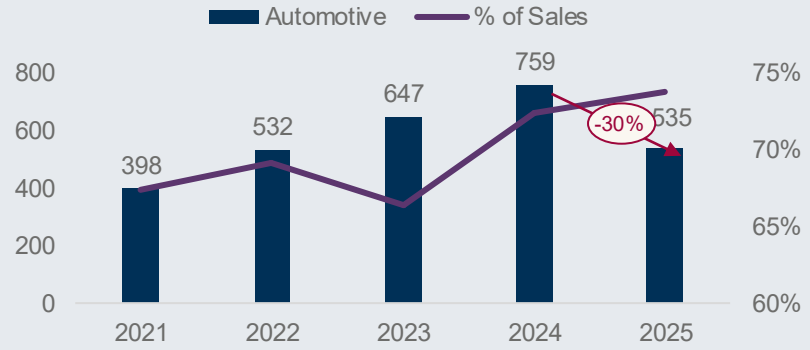
- Power ICs efficiently convert, regulate, & distribute power
- Manage voltage and current to safely drive loads like motors and converters

Financials mUSD

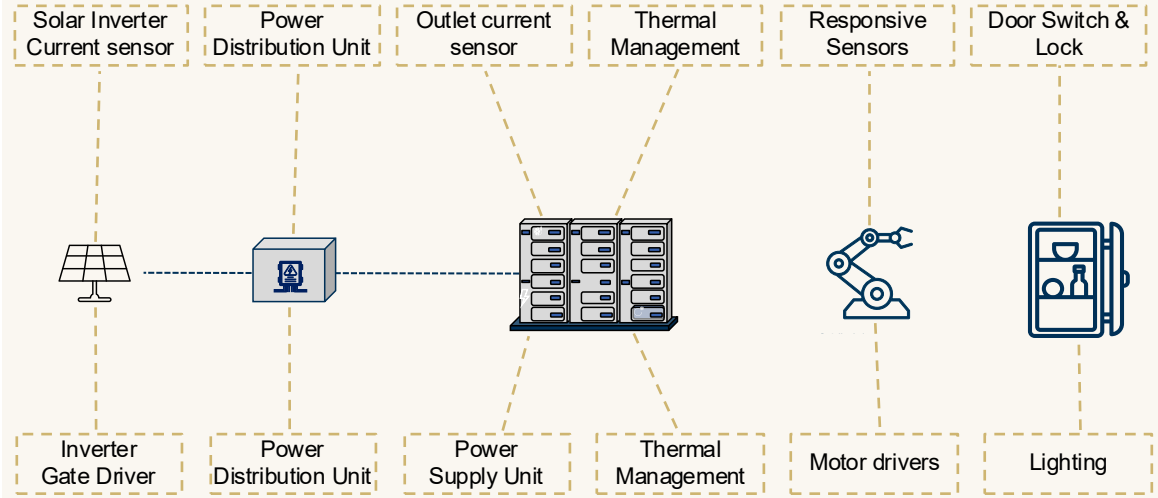


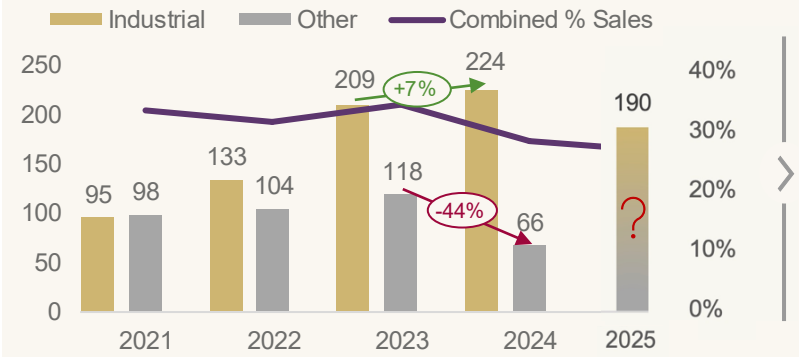
Automotive





Industrial & Other





The merged segment fell 38% YoY in FY25, burying the specific underperformance

Management pivots to AI growth, yet Data Centre exposure remains limited & not traceable

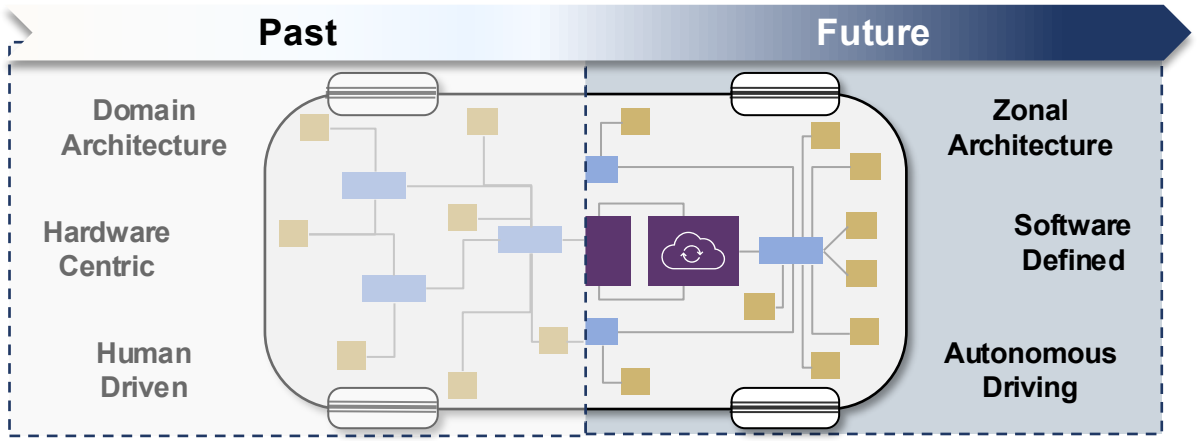
Allegro has a **strong magnetic sensor** edge, but its **data centre exposure** remains **limited** and has **not captured** the **AI upside** yet.
Data centres are **~8%** of revenue, while **results** and the **mix** are **increasingly driven** by **automotive**

Source: Allegro

Sensor Technology Shifts in Automotive

Software defined vehicles and atonomous driving reshapes requirements for magnetic sensors

Reshaping Requirements for modern Sensors



Reliability and Durability
With increasing levels of autonomy, chips must perform reliably under all operating conditions

High Bandwidth and fast Response Time
GaN[1] and SiC[2] demand higher bandwidth cause of higher switching frequency

Miniaturization and compact Design
Compact sensor design to enable integration into the increasingly tight installation spaces of modern vehicles

Robust Signal Integrity
Low signal to noise ratio, high stray field immunity and self diagnostic capabilities

[1]Gallium nitride; [2]Silicon carbide

Hall Effect Technology is reaching its Limits

Weak Signal to Noise Ratio
The Hall effect is inherently weak, resulting in very low sensor output signals

Front-End of Line Integration
Hall-effect sensors are typically integrated during FEOL, occupy valuable silicon space

Limited Bandwidth
Spinning current offset cancellation limits bandwidth. Typically in kHz range

Response Time
Typical response time of Hall effect sensors is around 1–10 µs

Rising **performance demands** are pushing **Hall-effect sensors** to their **limits**

XtremeSense™ TMR

High Bandwidth
XtremeSense™ TMR is Industries first 10 MHz current sensor

Thermal Stability
Accurate from -40 to 150 degrees

Response Time
Roughly 30 times faster than Hall effect with a 50 ns response time

Back-End of Line Integration
Sensors built into metal layers, saving valuable silicon for logic

Signal Integrity
Provides 20 times higher resolution than Hall effect

Stray Field Immunity
Differential sensing architecture immune to external magnetic fields

Allegros XtremeSense™ TMR enables next gen automotive design

Source: Allegro, Mouser Electronics, Coto Technology

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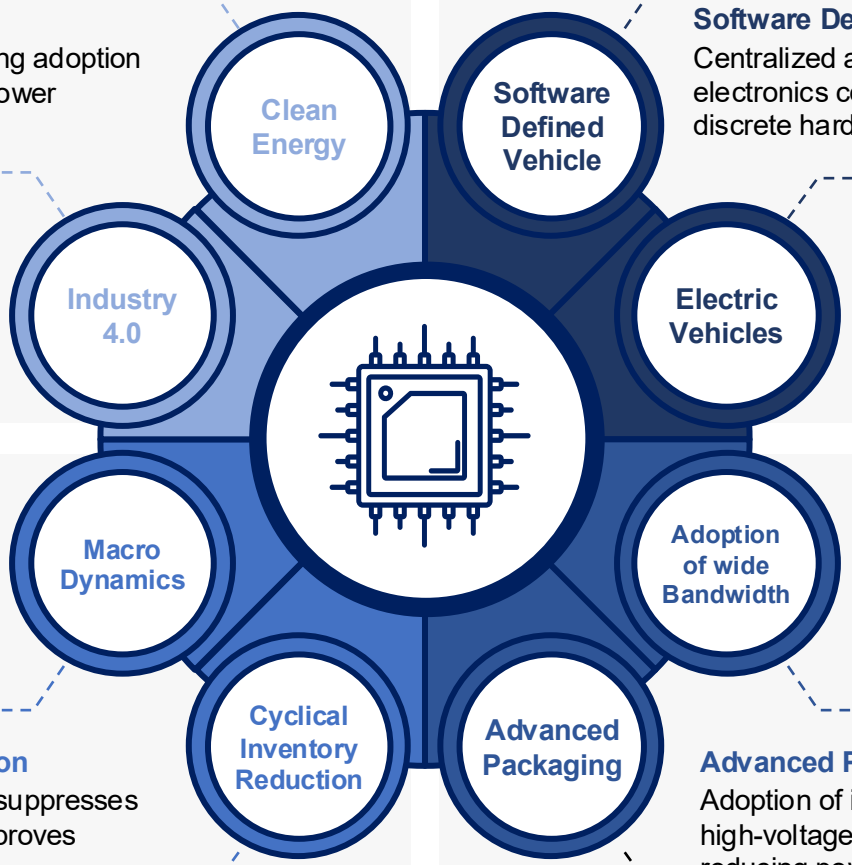
Industry and Market Analysis

Sector Specific Semiconductor Trends & Drivers

Long term structural trends fuel demand, as supply chains adjust to broader macroeconomic changes



Clean Energy
Clean energy and EV charging adoption drives demand for efficient power conversion and sensing

Industry 4.0
Industry 4.0 increases automation and connectivity across industrial systems, raising overall electronics content

Macro Dynamics
Accelerating supply chain regionalization to shield revenue from cross-border tariff volatility (e.g. China for China)

Cyclical Inventory Reduction
Cyclical inventory reduction suppresses short-term shipments but improves channel health

Software Defined Vehicle
Centralized architectures increase electronics content but change the role of discrete hardware components

Electric Vehicles
Transition from mechanical to electrical systems increases demand for sensing and control ICs

Adoption of wide Bandwidth (SiC &GaN)
Adoption of wide bandgap semiconductors increases power density while changing power architectures

Advanced Packaging
Adoption of isolation packaging improves high-voltage handling and efficiency while reducing power system size

Source: Allegro

The Automotive Semiconductor Industry under significant Transformation

Structural headwinds across the entire value chain: IDM overcapacity, Tier 1 consolidation, and OEM vertical integration

	OEM's	OEM Suppliers	Integrated Device Manufacturers	Fabless
Current	Strategy split	Losing of power and cutting costs	Massive capacity expansion	No own factories. Payment of a "foundry margin" to TSMC/UMC
Structural Realignment	**"Tech" OEMs - Vertical Integration** They design their own power electronics and sensors. (Tesla designs its own silicon; BYD makes its own IGBT/Hall sensors). → **Result: Allegro loses the socket**	OEMs are bypassing Tier 1s to deal directly with chipmakers (or making chips themselves), forcing **Tier 1s** to aggressively **cut costs** from their sub-suppliers (e.g. Allegro)	Texas Instruments is bringing online massive **300mm wafer fabs** in Utah and Texas. 300mm manufacturing is ~40% cheaper than the 200mm process Allegro uses	**Pricing pressure**
	The "Legacy" OEMs - Cost Cutting They are canceling premium EV projects and de-contenting cars (removing expensive sensors like TMR) to lower prices	Bosch and Denso are **IDMs in disguise,** they manufacture their own sensors (MEMS/Hall) to keep margins, kicking out external vendors like Allegro	IDMs are **flooding** the **market** to fill these new factories, initiating a global price reset, not just in China	**Cost Disadvantage**: In a global price war, Fabless players have higher fixed costs than IDMs who own depreciated fabs **Commoditization**: High-performance analog (Allegro's niche) is being commoditized by IDMs who are pushing "good enough" specs at lower prices
Outcome	**Vertical Integration** (Tesla/BYD) eliminates the supplier. Legacy OEMs (VW/Ford) **cutting 'Premium' features** (TMR) **to survive** EV price wars	Bosch & Denso actively **insourcing** sensor **production**. Aggressive **bill of material reduction** mandates to survive OEM pressure	TI & Infineon unleashing 300mm capacity. Structural **oversupply would driving a global price decline**	**Squeezed by foundry costs and IDM pricing pressure.** Premium 'specialty' analog is becoming priced like a commodity

OEM threat - "Vertical Integration & De-Contenting." (The shift to "Zone Architecture" reduces the total number of sensors needed per car, shrinking the TAM)

Source: Company Filings

Market Overview I – Segmentation

Allegro bears the high variable costs of a fabless player but competes in a market dominated by IDM scale

Fabless Business Models – T1 Peers		Allegro Microsystems	Integrated Device Manufacturers – T2 Peers
High Variable Cost	Innovation Dependent	Premium Tech, Commodity Pricing	Scale Economies
Rely on **external foundries** (TSMC/UMC), **avoiding CapEx** but paying a **markup** on every wafer. To survive, they must **sell** proprietary, **high-IP products**. They cannot compete on price in commoditized markets because their per-unit economics are structurally inferior compared to IDMs			Vertically integrated giants **own fabs**. They leverage massive scale (e.g., TI's 300mm fabs) to achieve the **lowest unit costs in the industry**. They dominate by 'bundling' low-cost sensors with high-margin MCUs, **squeezing out single-product competitors**

	Melexis	MPS	elmos	ALLEGRO microsystems	Infineon	Texas Instruments	NXP	ST	ON Semiconductor
HQ	Ipern, BE	Kirkland, US	Leverkusen, DE	Manchester, US	Neubiberg, DE	Dallas, US	Einvhoven, NL	Schiphol, NL	Scottsdale, US
Main Chips Type	Sensing	Power	Mixed-signal	Sensing	Power	Analog	Processing	Mixed-signal	Power
EV/EBITDA	15.8x	64.5x	10.0x	88.9x	14.6x	23.4x	17.0x	9.2x	12.9x
Number of patents	1412	1917	1834	1942	10421	39049	25709	20390	7878
Main industry application	Automotive	Industrial	Automotive	Automotive	Automotive	Industrial	Automotive	Industrial	Automotive
Gross Margin	41.6%	55.4%	43.2%	44.5%	40.8%	58.0%	56.2%	37.5%	45.4%

> Allegro suffers the worst of both worlds: The **high per-unit cost structure** of a fabless player, and forced to **compete** against the massive scale and bundling power of global **IDMs**

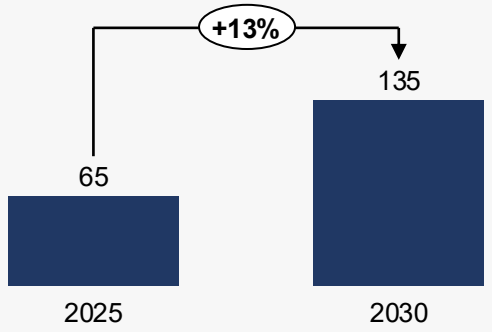
Source: Company Filings

Market Overview II – Automotive & Industrial

Automotive offers clear growth visibility, while the industrial outlook remains unclear

Automotive Semiconductor Analysis

Automotive Semiconductor Market (bUSD)



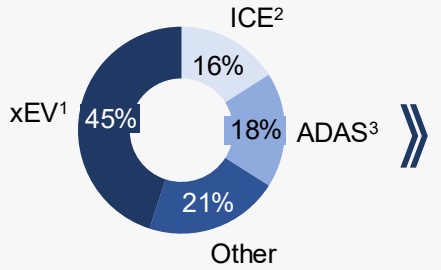
Increase of Semiconductor Value per Vehicle

$400 per Vehicle

$800 per Vehicle

$1,350 per Vehicle

Serviceable Addressable Market (SAM)



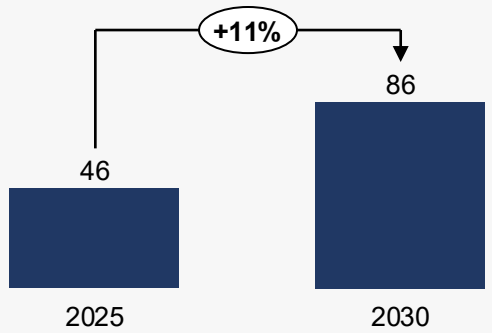
Management estimates an $8 bUSD SAM growing at 7% CAGR, with e-mobility as the fastest-growing segment at ~16% CAGR

› **Growth** in the automotive market **driven by increasing value** of semiconductors **per vehicle** through adoption of **xEVs**, **advanced driving Systems** and **increasing safety features**

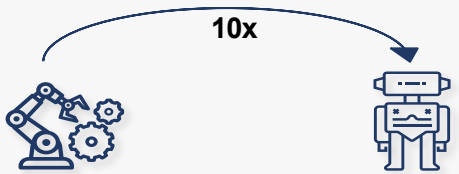
[1]Electrical vehicle; [2]Internal combustion engine; [3]Advanced driver assistance system

Industrial Semiconductor Analysis

Industrial Semiconductor Market (mUSD)



Increase of Semiconductor Value in Humanoids



$10 per Unit

$100 per Unit

Medical	Data Center	Clean Energy	Robotics
+10% CAGR[4]	+20% CAGR[4]	+10% CAGR[4]	+19% CAGR[4]
TMR driven however exposure still unclear	Yet to materialize as revenue share declined	Allegro's SAM was cut by roughly one-third vs. 2023	Revenues are not expected to be material before 2030

› Despite **potential growth opportunities**, the industrial and other segment remains **less transparent**, as **individual segment exposures** are **not disclosed**, and **expectations** have **shifted significantly** in recent periods

[4]Mangagement Guidance

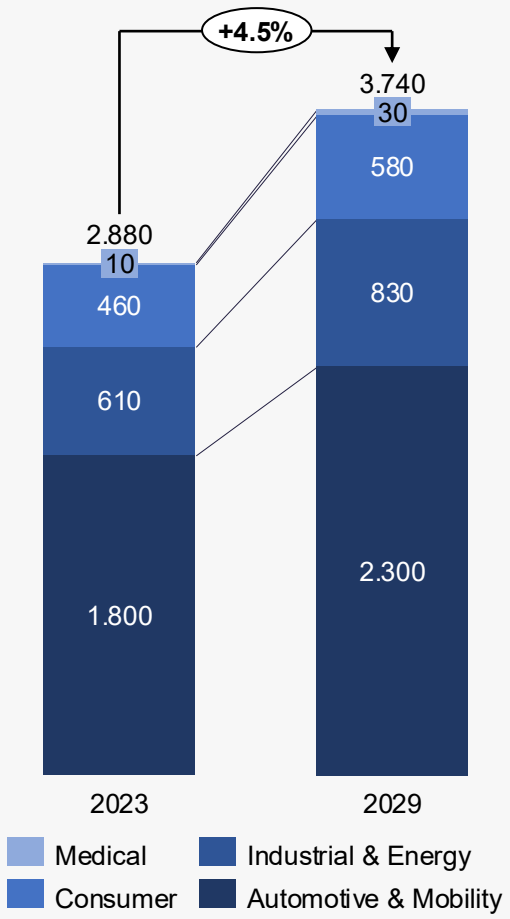
Source: McKinsey, Allegro

Market Overview III – Magnetic Sensors

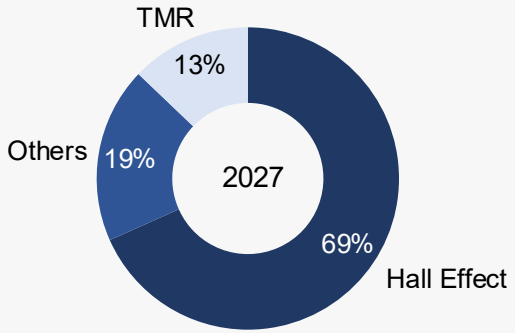
As the magnetic sensor market grows, players like Allegro are betting on TMR to future proof their market position

Magnetic Sensor market

Sales by End Market (mUSD)



Volume Split by Technology



The Race for the growing TMR Niche

TMR is a **high-value niche** where technical barriers enable **premium pricing**, which in turn drives competition

Infineon, TDK, NVE Corporation, Allegro microsystems, Coto Technology, MDT, Multi Dimension

The Multimillion-Dollar Bet

Allegro acquires **Crocus Technology** for **420 mUSD** therefore paying an estimated 14x revenue multiple. The TMR **market** at the time was estimated at **200 mUSD** with an expectation of 1 bUSD by 2030 implying

Despite being framed as a growth initiative, the acquisition also functioned as a **defensive move** to **close** a foreseeable **technology gap** and **protect** Allegro's future relevance in EV-centric **automotive platforms**

Risks

TMR Adoption
High-cost sensitivity notably for European car manufacturers and cutbacks in autonomous projects may limit adoption of higher priced TMR sensors

Talent Loss
Departure of key crocus engineers or integration problems could slow development and reduce technology impact

Competitive Risk
The TMR market is small and specialized, so there is a risk that competitors could secure key design wins, limiting Allegros growth potential

Source: Yole Group, Allegro

The Analog Trap: Why Allegro cannot “escape" China

While US policy blocks China from AI, it forces massive overcapacity into legacy nodes - exactly where Allegro competes

Aside from main competitors Allegro has to compete with Chinese chip producers, because…

Analog & Power chips - China's Focus Area

Advanced Logic / AI / Digital

~30-50% Cheaper

NOVOSENSE · MDT · SGMICRO

VS

ALLEGRO microsystems · Melexis INSPIRED ENGINEERING · Texas Instruments

NVIDIA · tsmc · Apple

+180nm

Preferred Suppliers for Domestic EVs

BYD

Mature Western Companies

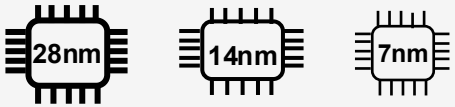
28nm

Restricted by US Export Controls

3/2nm, Chip size

the company has a technological ceiling,

IC design costs increase exponentially after 28nm:



$30m $80m $270m

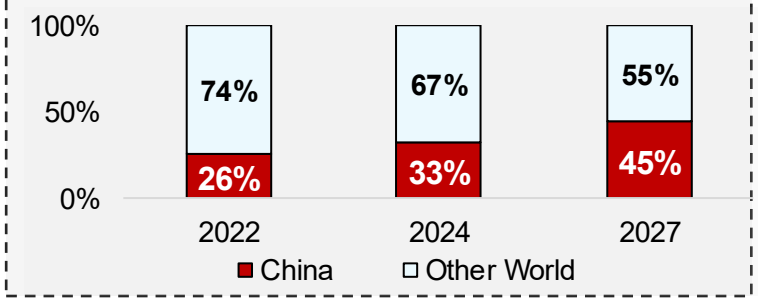
Analog chips cannot scale below 28nm due to high voltage requirements (Requires 12V-80V+)

and, therefore, must face policy consequences

US Export Controls blocked China from 5nm, forcing **47.5 bUSD of state capital** to flood into the only allowed alternative: 28nm-180nm legacy nodes

A massive **supply overflow** is building exactly where Allegro competes

China’s share of mature node capacity (≥28nm)



Current US export controls **effectively redirect** Chinese state capital away from AI and into the **legacy analog sector**. This saturates the specific market where Allegro competes with **subsidized overcapacity**, creating a **structural price ceiling** that severely constrains future margin expansion in Chinese markets

Source: OECD, Company Filings, Governmental documents

Allegro Microsystems Inc.

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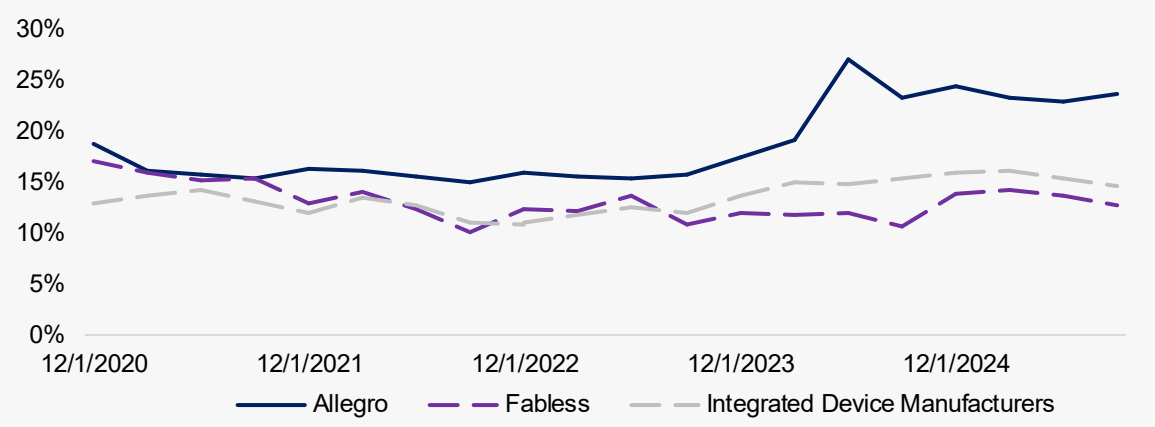
Financials and Valuation

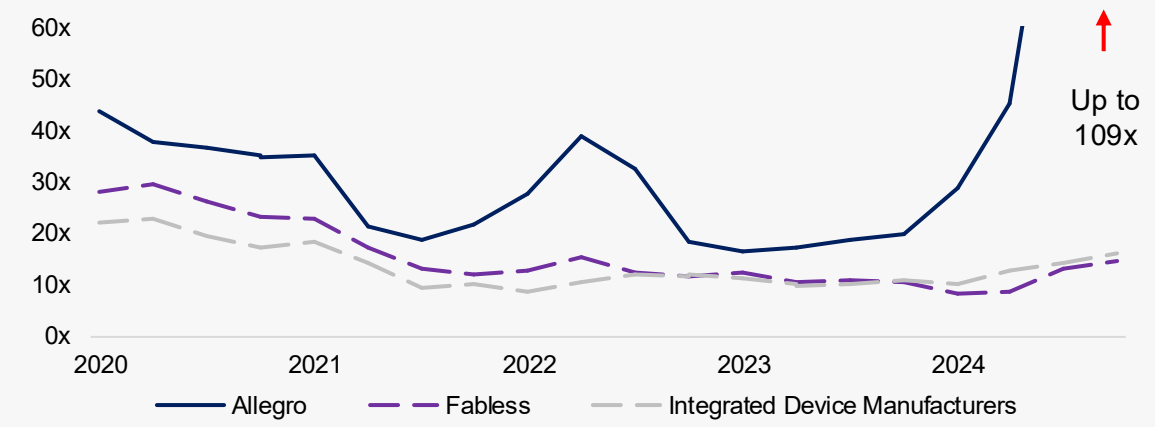
Investment Timing Rationale

The extreme valuation is contradicted by record weak fundamentals and rising Chinese competition

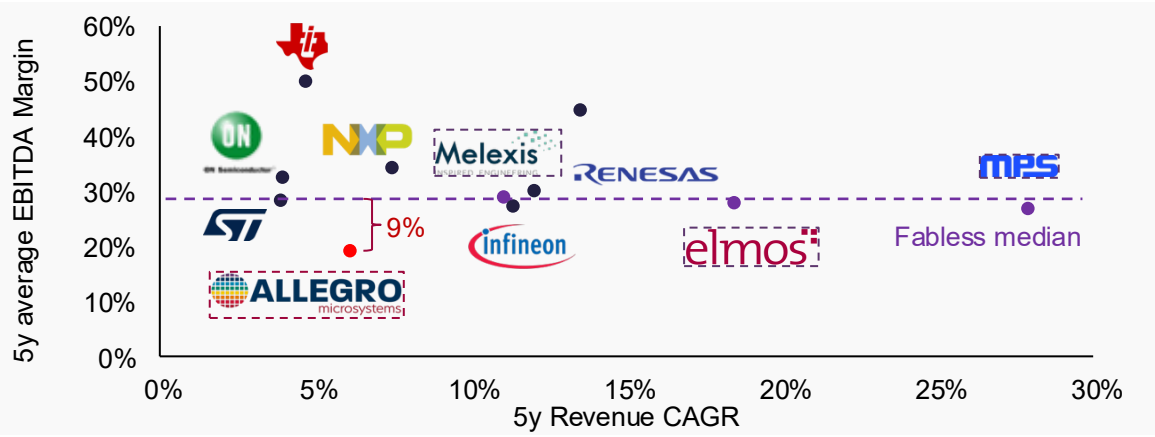
R&D as % of Revenue



EV/EBITDA Multiple



Competitive Landscape Benchmarking



Why Now?

Timing: "Hype" Premium
The stock is trading on an **"AI & Data Center" narrative** that accounts for **small part of revenue**. We are using it to exit before the market refocuses on the stagnant core automotive business

Fundamentals: Under-performance
The company's bottom-tier margins reflect **weak pricing power** and inefficient R&D spend compared to high-performing peers

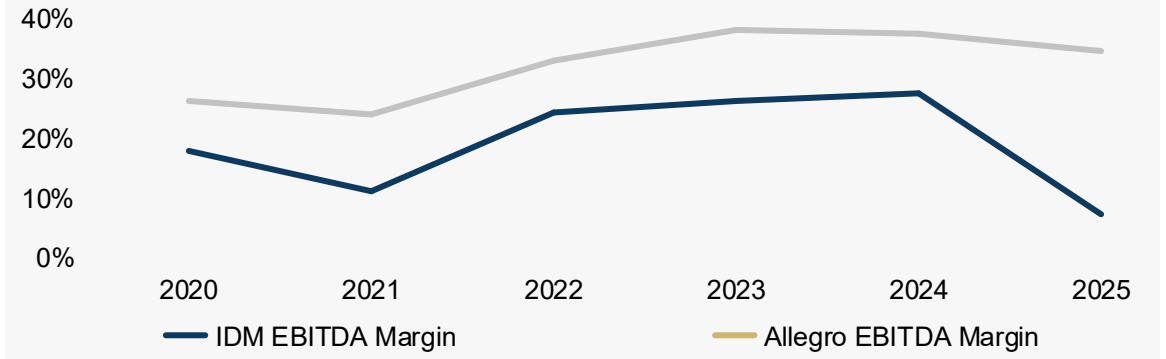
Market: China Risk
The monopoly on TMR sensor technology is fading. **Aggressive Chinese competitors** (e.g., Xici, MDT) are gaining share in EV market due to performance catch-up and **"buy local" mandates**

Source: Company Filings

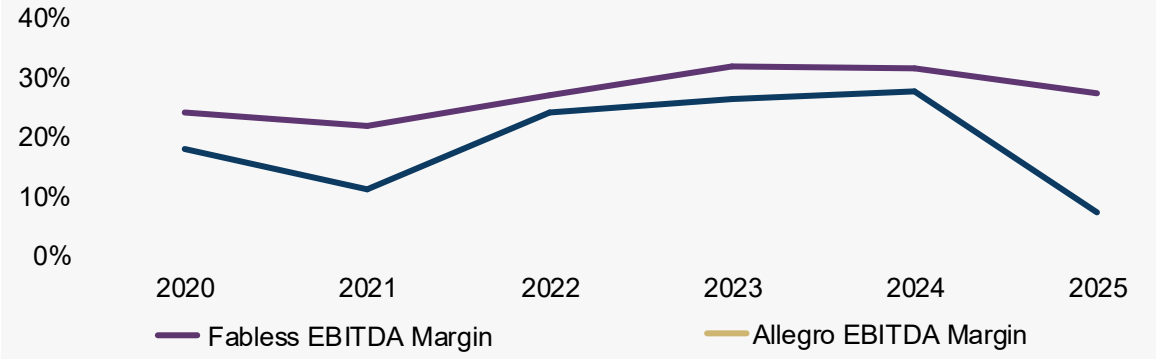
Peer Benchmarking and CCA Valuation

Allegro trades at a premium despite lagging its peers in EBITDA margins

Integrated Device Manufacturers



Fabless

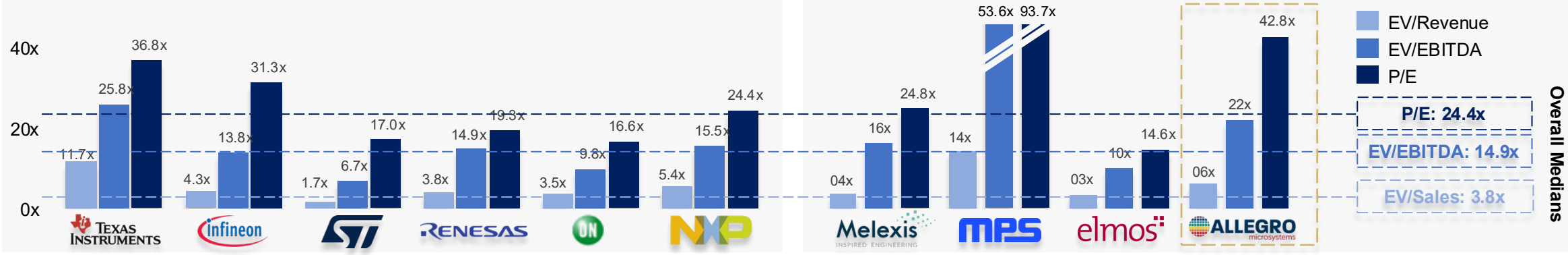


IDM Valuation Medians

EV/Sales: 4.1x | EV/EBITDA: 14.4x | P/E: 21.9x

Fabless Valuation Medians

EV/Sales: 4.9x | EV/EBITDA: 19.1x | P/E: 33.8x



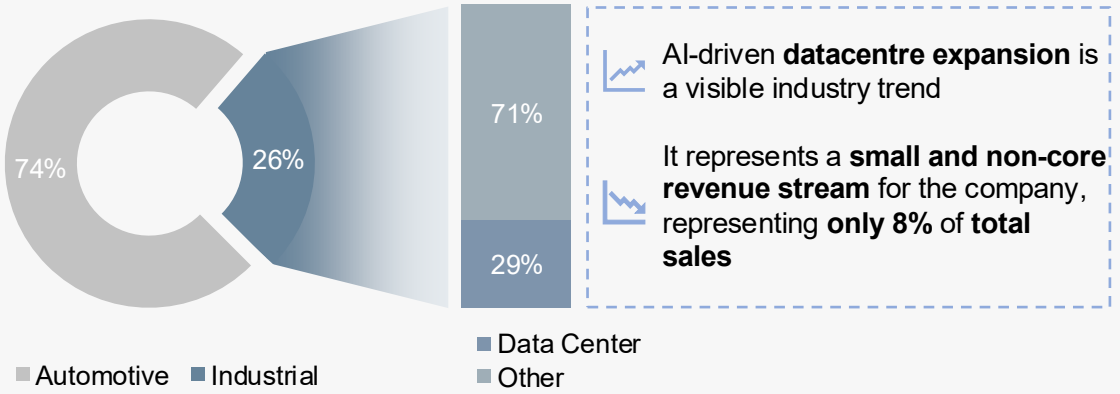
Despite **having** the **weakest margins** among **IDM** and **fabless peers**, Allegro is **valued** at a **premium relative** to the peer group, despite **lacking** corresponding **profitability** or **growth advantages**

Source: S&P Capital IQ

Financials & Valuation – What attracts Investors?

Market assigns AI and TMR premium even though contribution remains hardly immaterial today

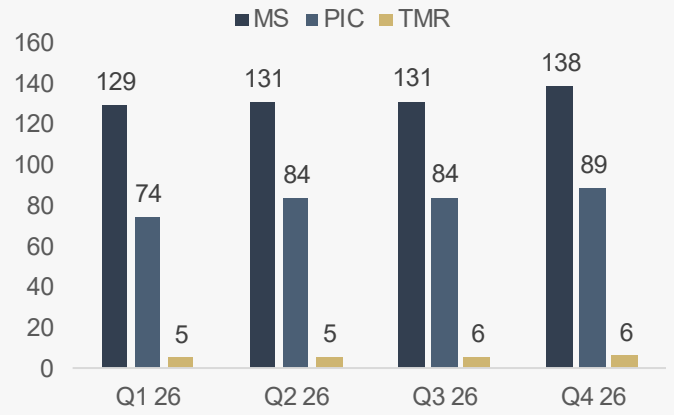
AI and Data Center Market Growth



AI-driven **datacentre expansion** is a visible industry trend

It represents a **small and non-core revenue stream** for the company, representing **only 8%** of **total sales**

TMR Technology (mUSD)



In its early stages, TMR is projected a **~30% CAGR**

TMR **contributes only ~2% of total revenue**

Even aggressive growth has limited impact on revenue over the forecast horizon **while margins remain unclear**

AI and Datacentre Exposure Is limited and Non-Core

Magnetic sensing content does not scale with AI compute intensity or rack power density. Unit demand grows with system count, resulting in limited operating leverage versus core datacentre semiconductor beneficiaries

The transition toward liquid-cooled and centralized thermal architectures reduces reliance on distributed, fan-heavy designs. This **caps incremental magnetic sensing** content per rack and constrains upside from hyperscale capex intensity

High Growth Narrative vs. Limited Economic Impact

While positioned as a next-generation sensing technology, TMR remains a **high-cost solution with** economic viability limited to a narrow set of high-precision applications, constraining broad-based adoption

TMR does not displace Hall sensors at scale, as cost-per-channel and system-level economics remain unfavourable outside select high-precision use cases, limiting substitution in high-volume applications

Allegro's **AI exposure** scales with **system count** rather than compute intensity, **limiting incremental content** and keeping **AI-related revenue non-core** with muted margin impact

Source: Allegro

Valuation Summary

Even with robust growth assumptions fair value sits below the current trading price

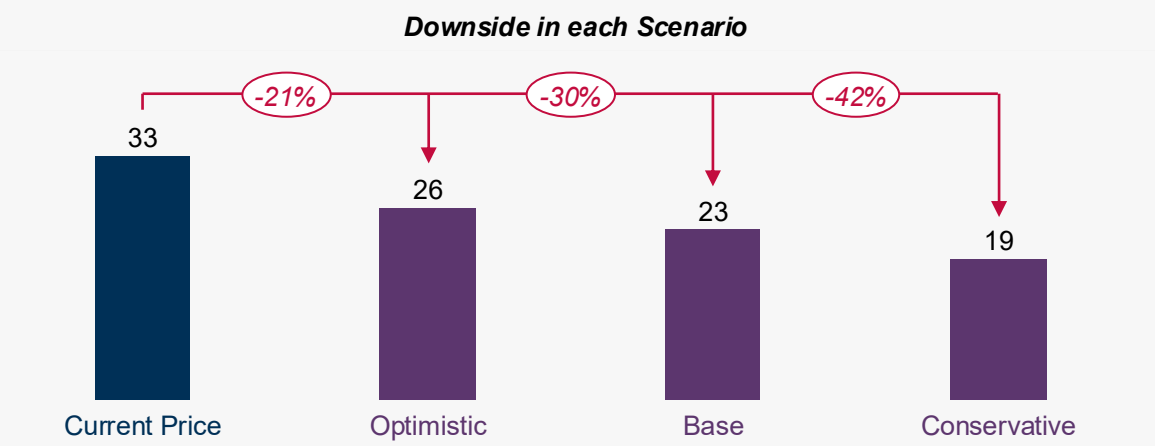
Key Assumptions

Revenue growth
CAGR of 21.3% until FY2030 driven mainly by vehicle electrification trends and cyclical industrial growth

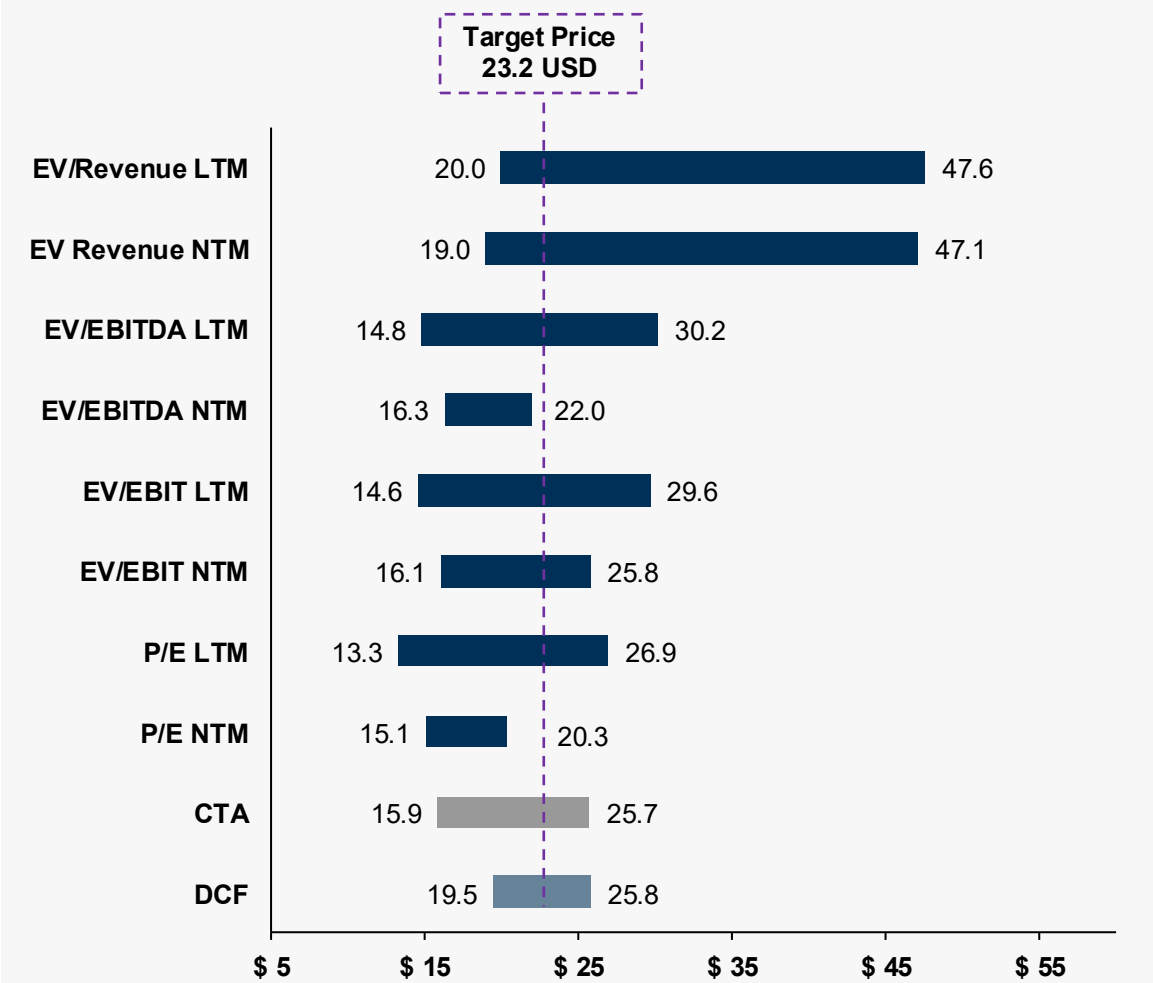
Weighted Average Cost of capital
We derived a **WACC of 16.57%** based on a regression-derived 5y equity **beta of 1.67** reflecting elevated volatility and cyclical exposure

Exit Multiple
We apply a peer-normalized EV/EBITDA multiple at exit, reflecting expected multiple toward the sector median

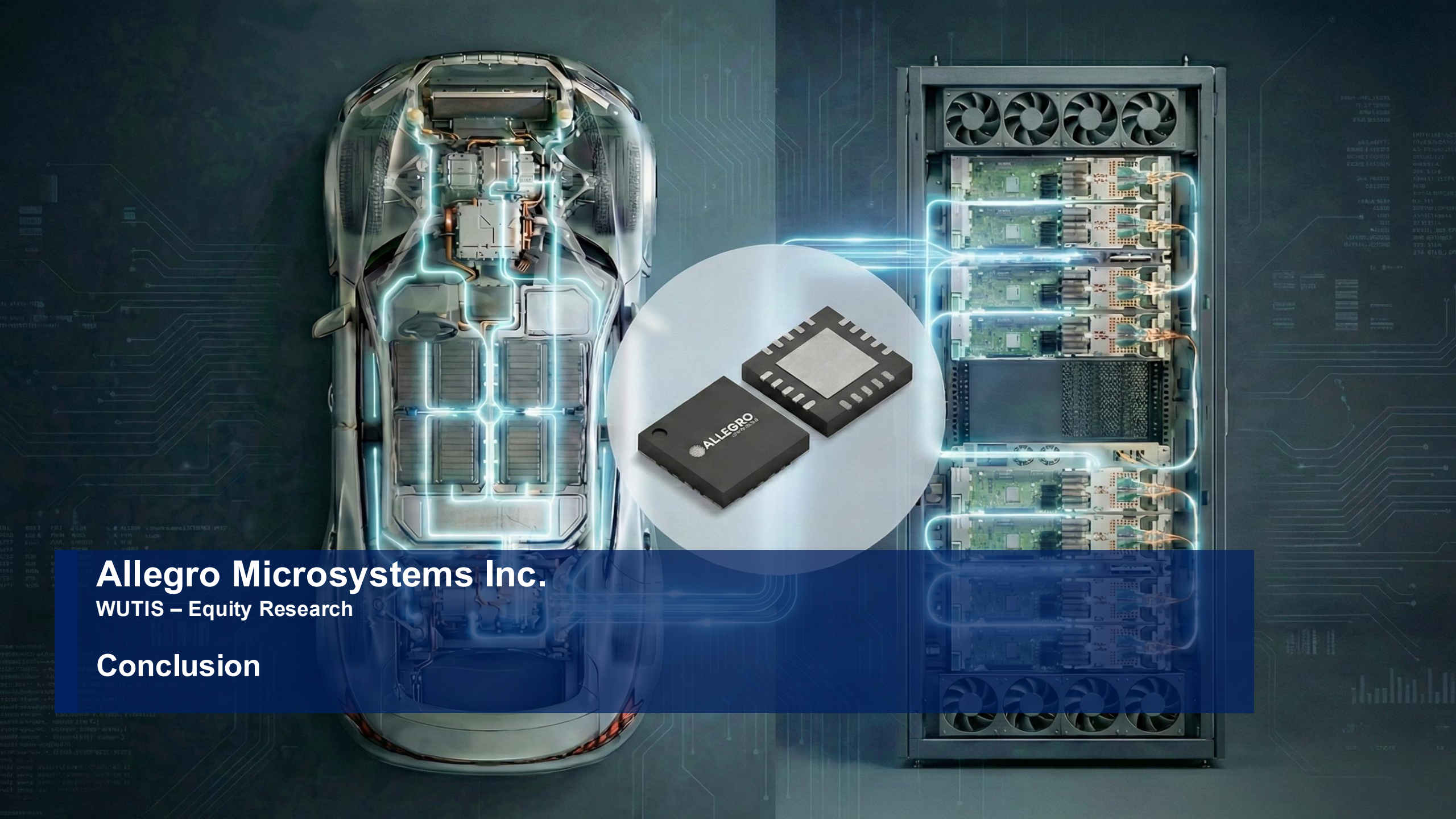
Scenario Outcomes



Valuation Summary



Source: S&P Capital IQ, Allegro



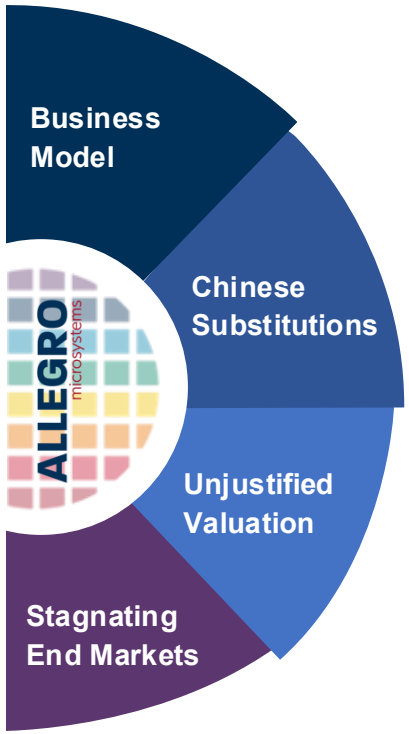
Allegro Microsystems Inc.

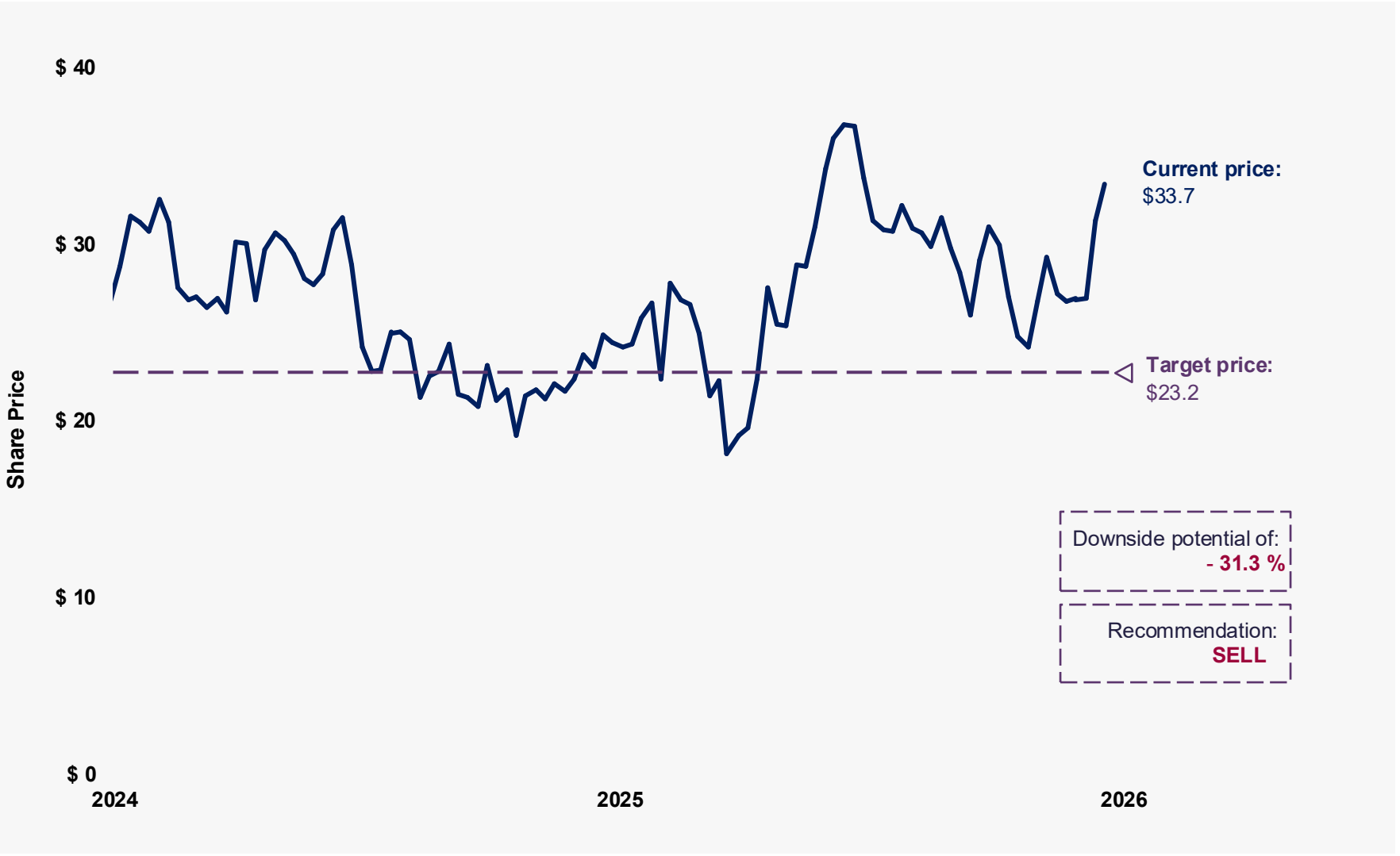
WUTIS – Equity Research

Conclusion

Conclusion

Allegro’s valuation premium is unsustainable amid intensifying competitive and structural pressures





Source: S&P Capital IQ

Allegro Microsystems Inc.

WUTIS – Equity Research

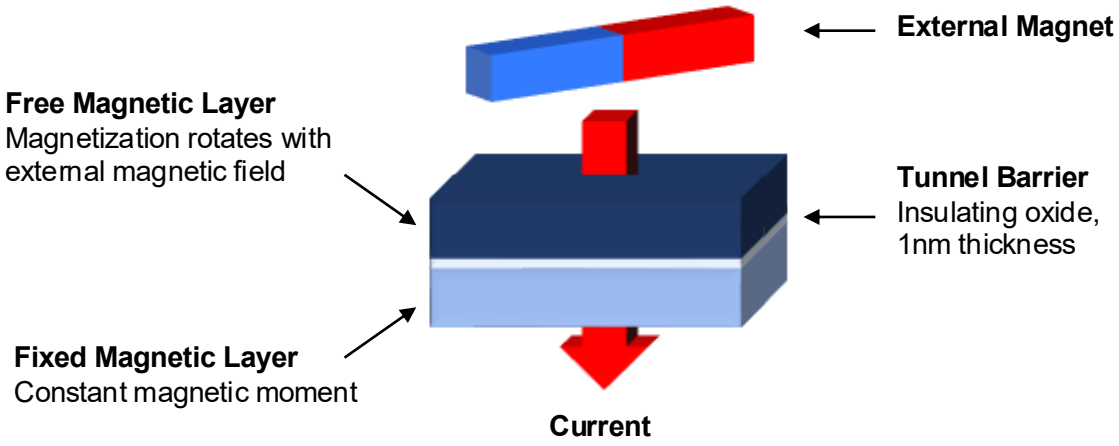
Appendix

Tunneling Magnetoresistance Technology

W U T I S

TMR technology shows superior sensitivity, accuracy, and energy efficiency compared to AMR, GMR, and Hall Sensors

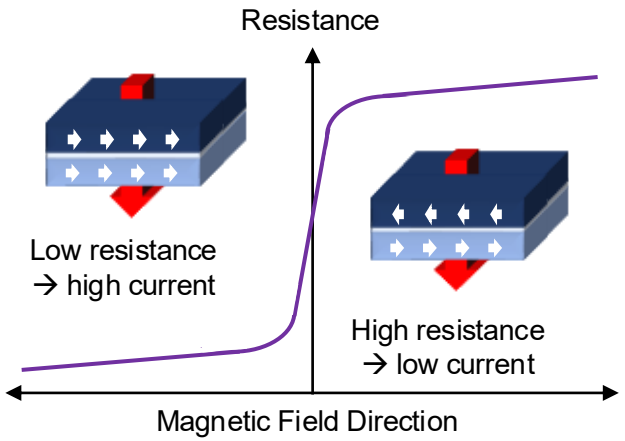
TMR Components



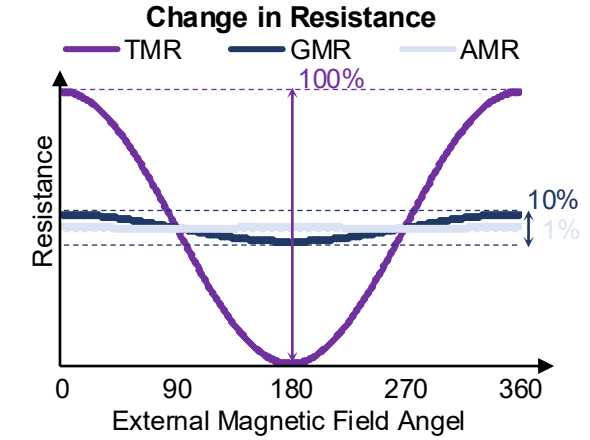
TMR compared to Hall Effect

TMR		Hall Effect
500x stronger signal	Accuracy	Weak signal needs amplification
Ultra low current needed (µA to nA)	Energy use	Needs constant current of ~4 mA
15 times less integrated noise	Resolution	Integrated noise of 76,5 mA (RMS[1])
Limited magnetic field range (100mT)	Range	Wide magnetic field range

Mechanism of Tunnel Magnetoresistance



- When the **external magnetic field rotates**, the magnetization of the **free layer follows its direction**
- If the **magnetizations** of the free and fixed layers **are aligned** in the same direction, **electrons can easily tunnel** through the insulating oxide barrier
- When the free layer is **oriented opposite** to the fixed layer, **electron tunneling** is strongly **suppressed**
- This leads to an extremely **large change in resistance**, **significantly stronger compared to other** magnetoresistance **technologies** like AMR[2] or GMR[3]



[1]Root mean square; [2]Anisotropic magnetoresistance; [3]Giant magnetoresistance

Source: Allegro, Infineon, TDK, Mouser Electronics, Coto Technology

Technology Timeline for Allegro

Allegro Microsystems history of innovation and strategic acquisitions

1990

Foundation of Allegro MicroSystems

Launch of first integrated magnet gear tooth speed sensor ICs

2005

Release of first flip chip current sensor with isolation

2013

Market leader in magnetic sensors

Achieved industry-leading ±1% accuracy

2014

Introduction of first circular vertical Hall angle sensors

Shipment of one billionth IC

2017

Go to market of GMR[1] technology to meet advanced application requirements

2020

Acquisition of Voxtel, Inc., expanding into photonics and LIDAR[2]

Listing on Nasdaq under ticker "ALGM"

2023

$420 million acquisition of Crocus Technology to accelerate Allegro's TMR[3] roadmap

2025

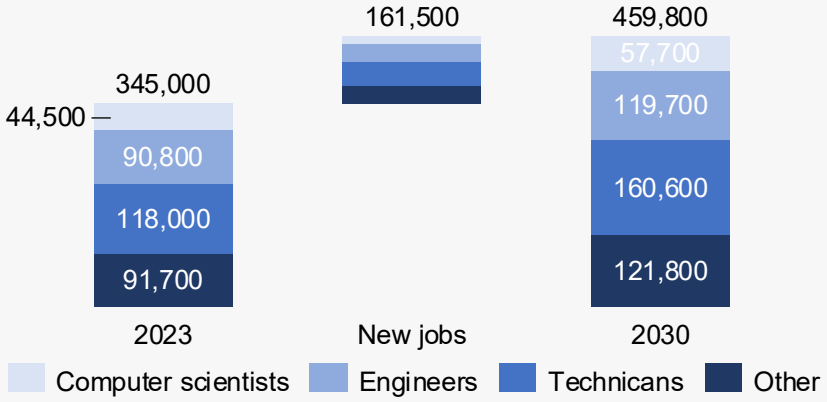
Launch of industries first production ready 10 MHz TMR[3] current sensor

[1]Giant magnetoresistance; [2]Light detection and ranging; [3]Tunneling magnetoresistance

Talent Shortage

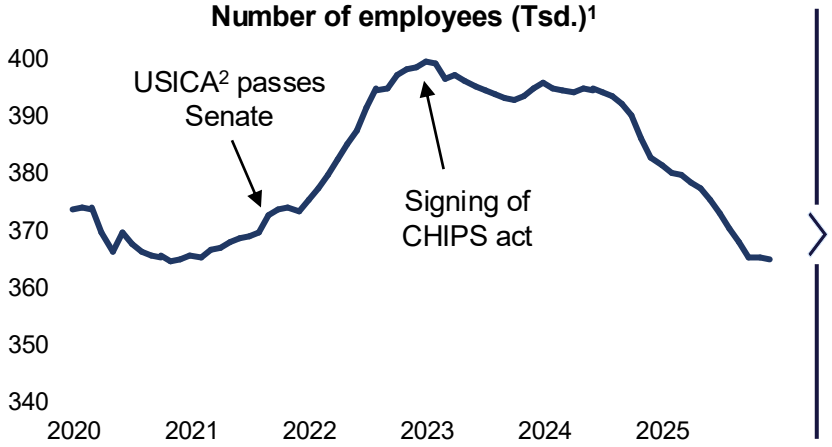
Labor supply constraints threaten the 1 tUSD industry outlook, with 67,000 US jobs projected to remain unfilled by 2030

The need for Personal in the US Semiconductor Industry



An estimated **67,000** new semiconductor jobs in the U.S. may remain **unfilled** by 2030, while **globally** the industry will need around **1 million** additional skilled professionals

Effect of the CHIPS act on the Job Market



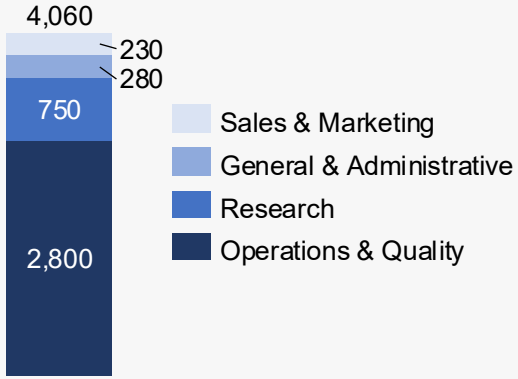
Market reaction occurred before the final signing

CHIPS Act is estimated to have created 42–54 tsd. new jobs

Wages increased by about 25% in areas receiving subsidies

[1]Semiconductor and Other Electronic Component Manufacturing; [2]United States Innovation and Competition Act

Employee Situation for Allegro



- Over half of the employees holding a university degree
- Intense competition for engineers with expertise in mixed signal semiconductor design
- Reliance on non-U.S. citizens as part of its U.S. workforce
- Reduction of U.S. workforce dependence through global R&D initiatives

New Dynamics

Qiming (new program) secretive as a successor to China's Thousand Talents Plan, quietly recruiting overseas semiconductor specialists

Generous incentives such as large signing bonuses (around ¥3–5 million), housing subsidies, and research support to encourage a "reverse brain drain"

H-1B caps and Green Card backlogs block retention of foreign-born STEM PhDs (≈40% of total STEM PhDs)

Denials and "Deemed Export" rules hinder hiring of non-U.S. nationals in sensitive tech

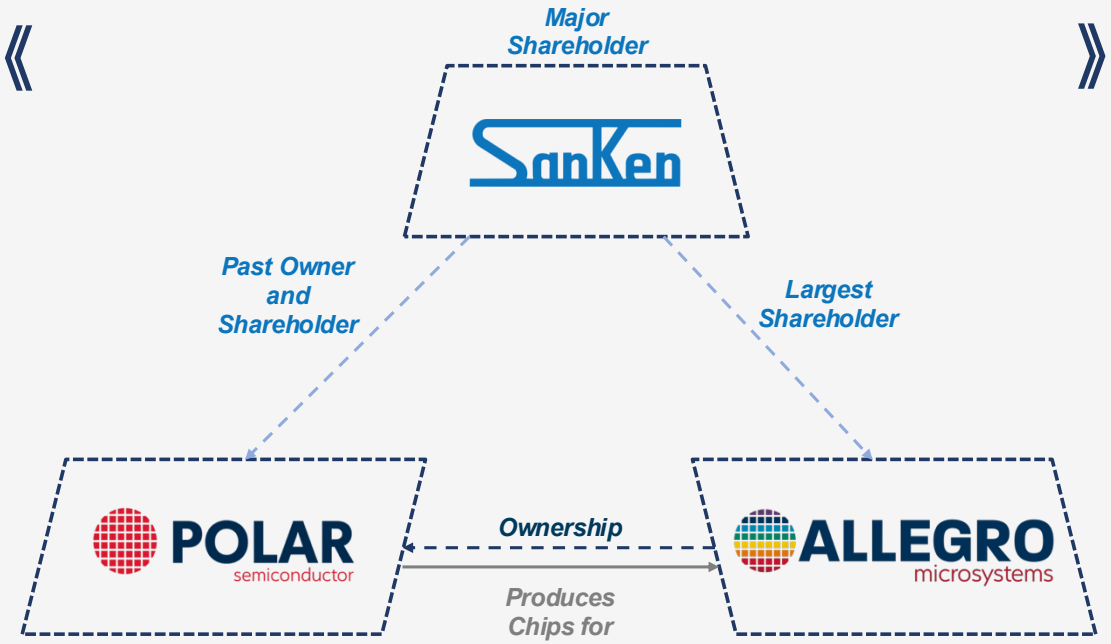
Source: Deloitte, SIA, McKinsey, Forbes, Allegro, Brookings, Federal Reserve Bank of ST. Louis

Sanken Relationship

Sanken unwinds control while Allegro remains reliant on Polar supply

Sanken + Polar Relationship

- **Former ownership:** Sanken previously held a **majority stake (~70%)** in PSL (Polar)
- **Transaction:** Sanken and Allegro **sold the majority interest** to an external private equity buyer ("Subscriber")
- **Post-deal status:** PSL became **US-owned / US-controlled**, no longer majority Japanese-owned
- **Strategic rationale:** This shift likely improved **CHIPS Act eligibility** versus remaining majority-owned by a non-US parent
- **Sanken today:** Sanken retains a **~30% minority stake** in Polar



Allegro + Sanken Relationship

- **Background:** Sanken historically owned Allegro; Allegro is transitioning to a **fully independent US public company**
- **Ownership:** Sanken is still #1 shareholder (~32.3%), but Allegro is **buying back $800m+** of shares to cut Sanken's influence
- **Commercial ties:** Sanken's **exclusive Japan distribution** ended in **2023**; now it's **non-exclusive/short-term** as Allegro takes control
- **Cash flow:** Allegro is effectively **paying Sanken to exit** via buybacks and termination-related payments

Allegro + Polar Relationship

- **Relationship:** PSL is a Minnesota wafer fab that manufactures the silicon chips Allegro designs and sells
- **Supply dependence:** Allegro relies on PSL for production of its "in-process" chips
- **Minority stake:** After the Sept 2024 restructuring, Allegro retained a **10.2%** equity stake in PSL
- **Rationale:** Keeping ~10% helps Allegro maintain some influence and support a more secure, steady supply

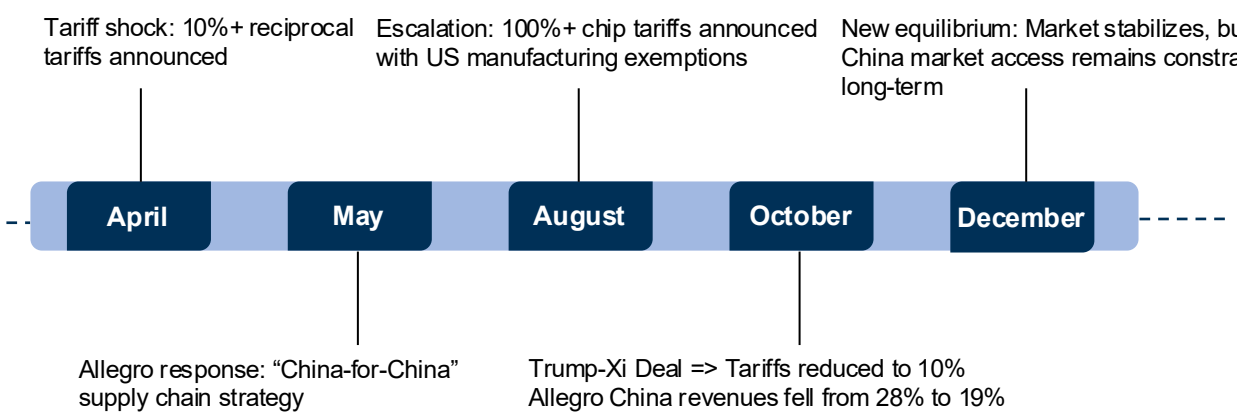
Source: Allegro, Capital IQ

Geopolitics & Trade Dynamics – Key Developments and Impacts

W U T I S

How tariffs & China Policy influence Allegro's Revenues, Margins & Market Access

Timeline: Critical 2025 Inflection Points



Outcome

- **Demand Vulnerability:** 73% automotive revenue exposed
- **Tariff mechanism:** Vehicle prices +5-15%, consumer demand lagging
- **Allegro at risk:** Power ICs, motor drivers, sensors all volume-sensitive
- **Quanitfied:** -1% auto demand = -0,7% Allegro revenue
- **Timeline to impact:** 6-12 months lag before hitting P&L

Impact tarrifs

- **Cars cost more:** People buy fewer Cars which results in lower revenues for chip supplier
- **Electric cars downturn:** Growth lags and increased revenue opportunities are lost, as there are higher revenues per car
- **China doesn't buy Allegro anymore:** Huge revenue loss as China is moving towards domestic chip production and supply
- **Allegro's Suppliers got more expensive:** Big impact on margins which hits especially fabless producers

3 Possible Scenarios

Escalation
Trump goes hard on tariffs and chips = vehicle price increases, lower demand

Base
Stays the same as it is (10%) and chips are imported on specific regulations

Harmonization
lower tariffs and regulations for trade war, automotive more stable but still influenced from demand cycles

Overall china shifts towards own chip solutions in long-term

Source: Allegro, Capital IQ, Handelsblatt

Appendix

Risks

M1 **Cyclical automotive end markets** - Downturns in global automotive production may materially impact revenue and margins

O2 **Customer concentration** - Revenue dependence on a limited number of large automotive customers

F3 **Pricing pressure** - Increasing competition may lead to margin compression

O4 **Supply chain and foundry dependency** - Reliance on third-party manufacturing may cause cost or capacity risks

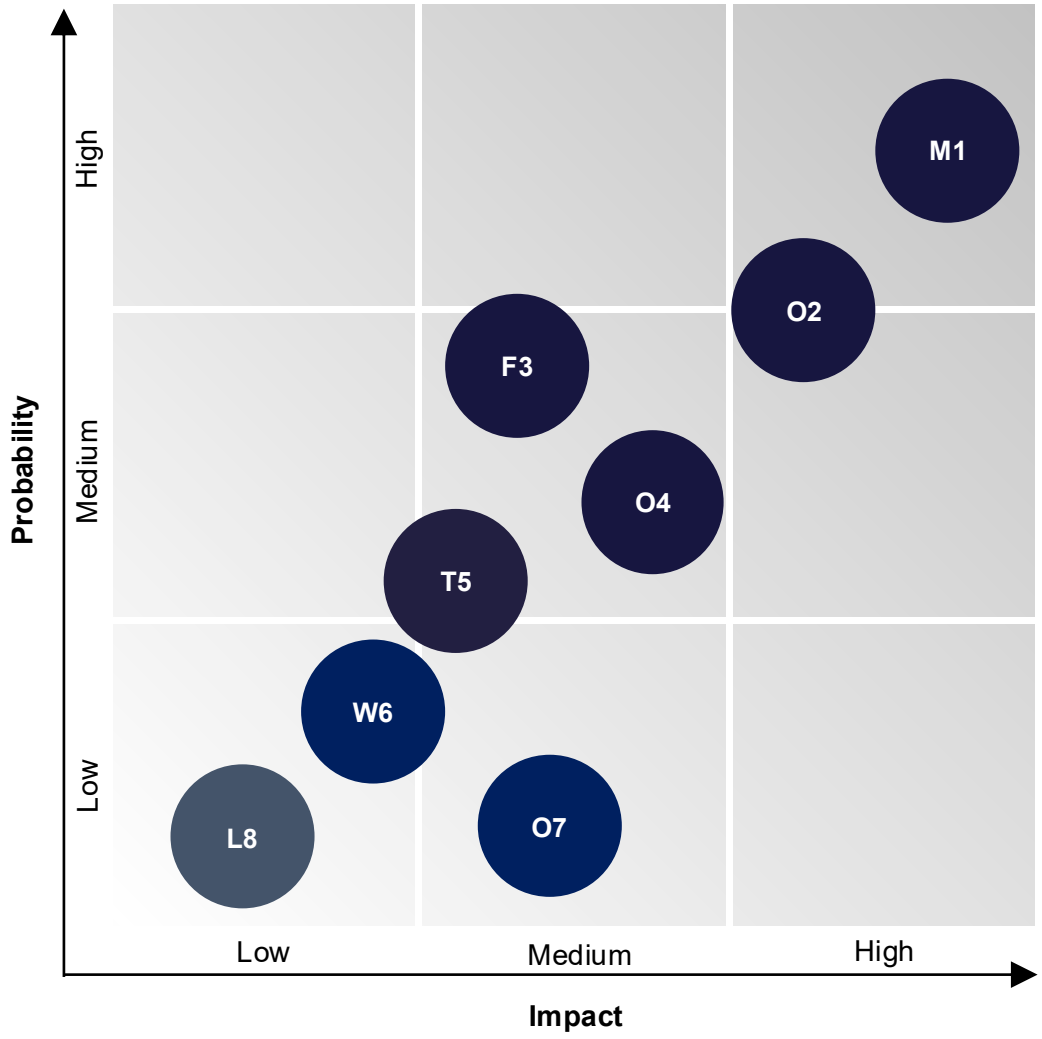
T5 **Rapid technology shifts** - Failure to keep pace with sensor and power semiconductor innovation

W6 **Talent retention risk** - Dependence on highly skilled semiconductor engineers

O7 **Capacity planning risk** - Mismatch between capacity investments and demand cycles

L8 **Regulatory and trade restrictions** - Export controls or trade policies may limit market access

Operations (O) – Market (M) – Financial (F) – Legislation (L) – Workforce (W)



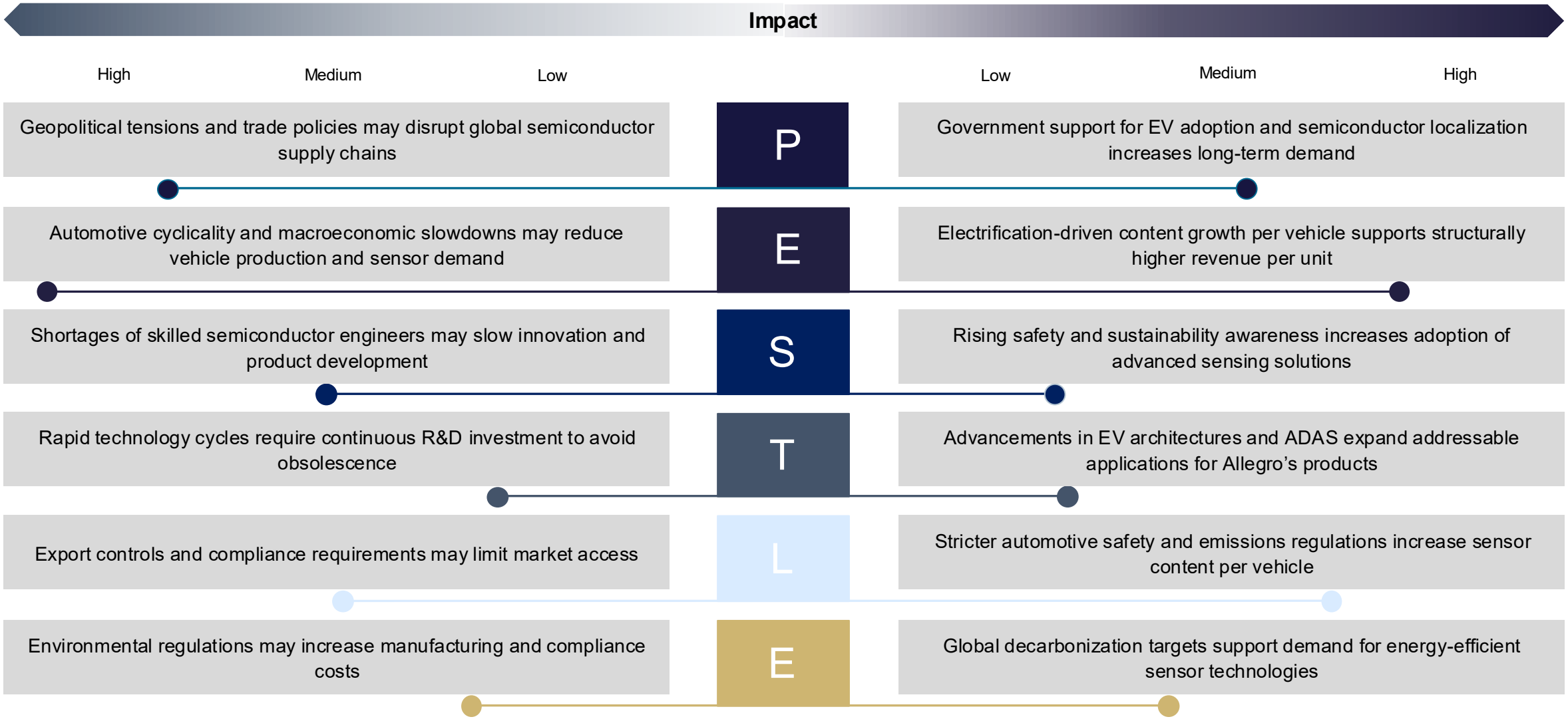
Appendix

Catalysts

Catalyst	Type	Influenced factor	Estimated impact on share price
Rising EV penetration	Hard	Demand, Revenue	▪ Strong ▪ Higher EV production increases demand for products ▪ Structural growth driver with multi-year visibility
Content growth per vehicle	Hard	Margins, Revenue	▪ Medium ▪ Increasing sensor content per vehicle (ADAS, electrification) ▪ Supports long-term average selling price and margin expansion
Loss of key customer design wins	Hard	Market Share, Revenue	▪ Medium ▪ Failure to secure follow-on design wins with major automotive OEMs ▪ Long product cycles amplify revenue impact over multiple years
Automotive market slowdown	Hard	Demand, Revenue	▪ Strong ▪ Lower vehicle production directly impacts volume ▪ High operating leverage amplifies earnings pressure
Pricing pressure from competitors	Hard	Margins	▪ Medium ▪ Risk to profitability in a weaker demand environment

Appendix

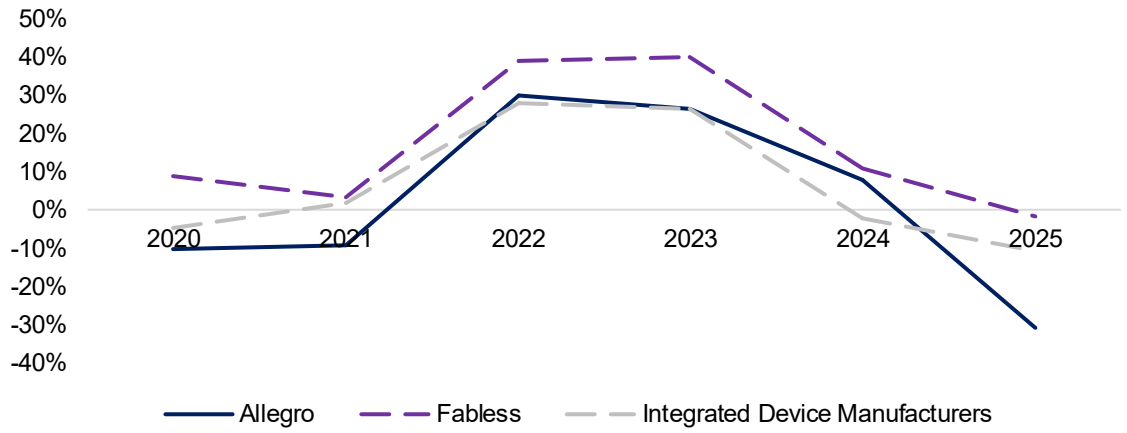
PESTLE



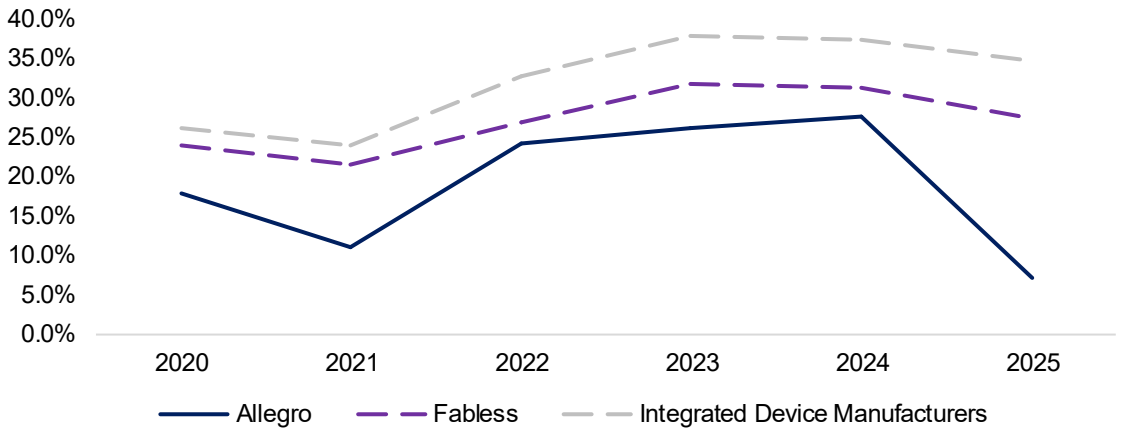
Appendix – Financial Analysis I

Margin Analysis

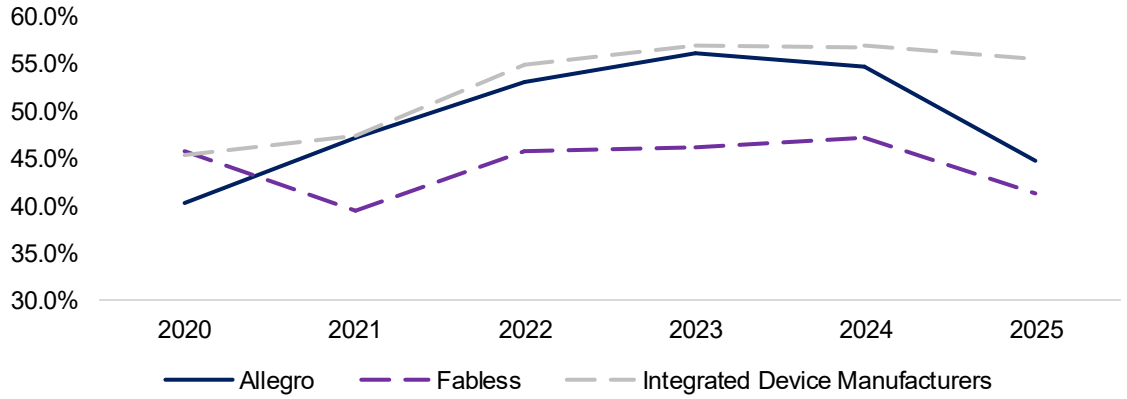
Revenue Growth



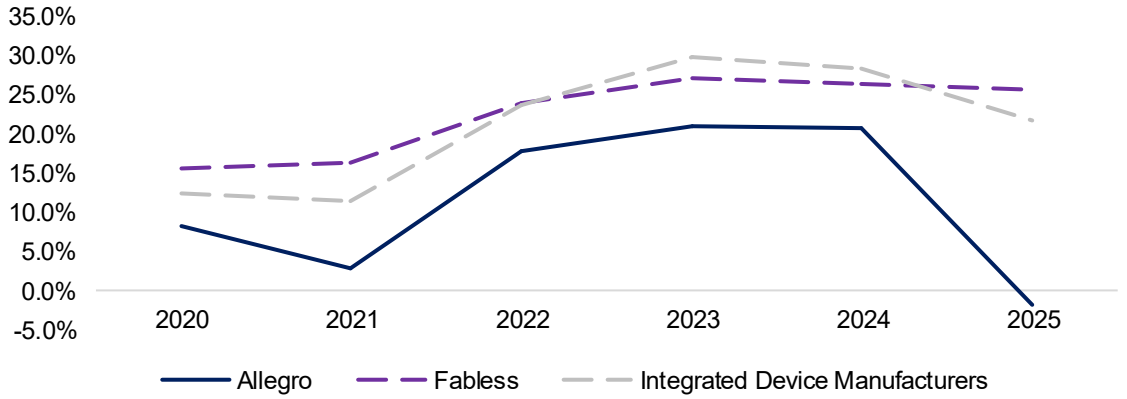
EBITDA Margin



Gross Margin



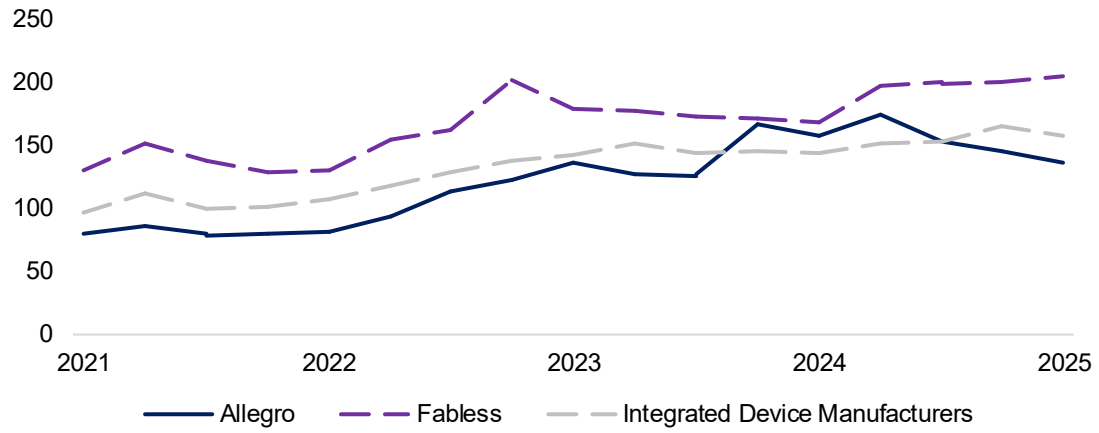
EBIT Margin



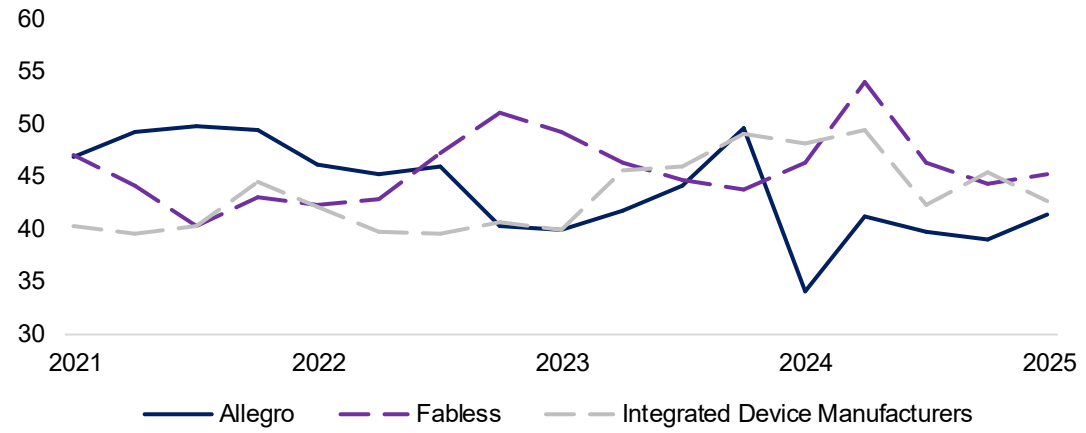
Appendix – Financial Analysis II

Short Term Liquidity

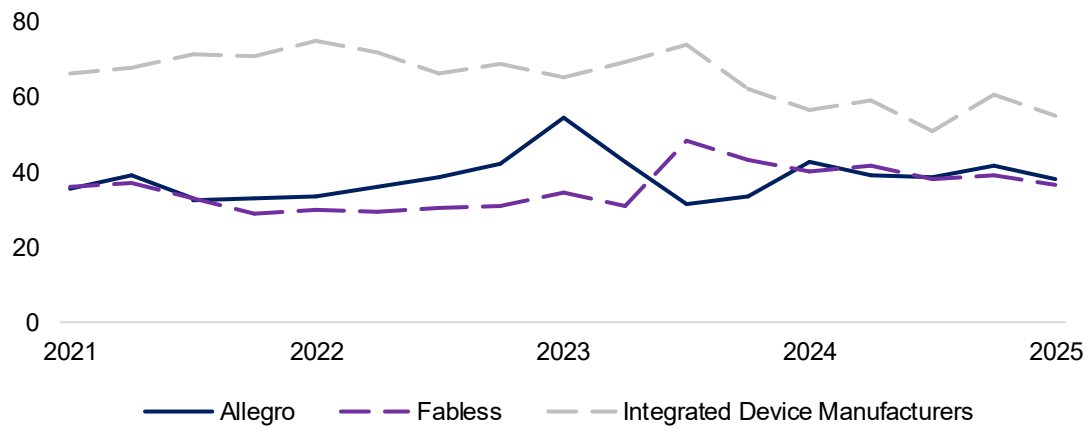
Inventory Days



Receivables Days



Payables Days



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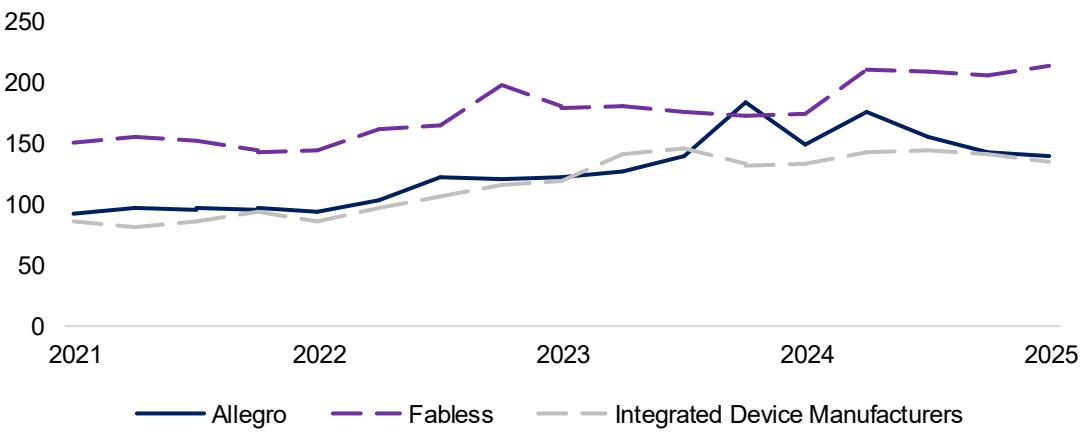
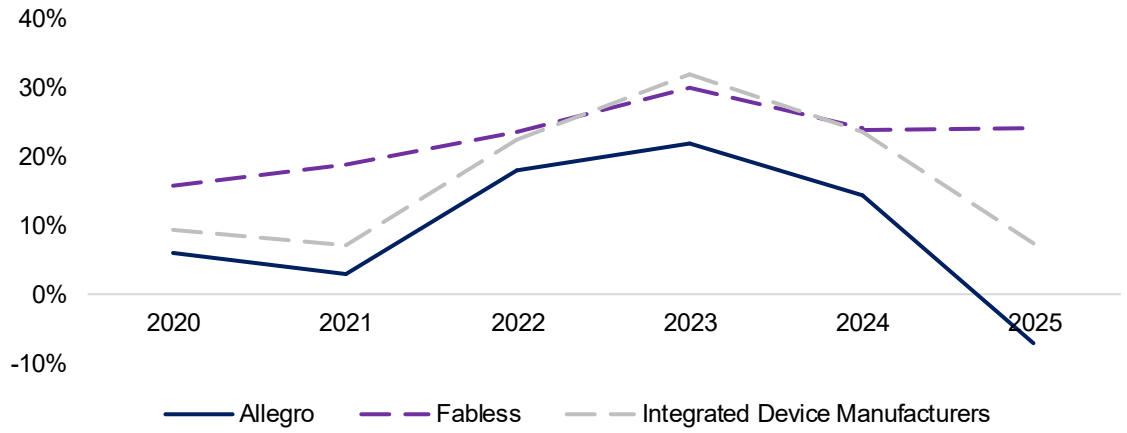


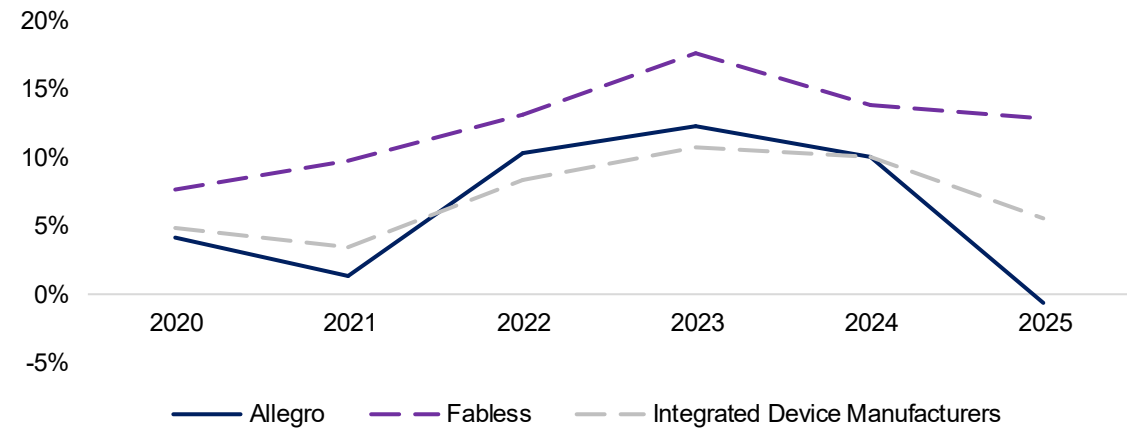
Appendix – Financial Analysis III

Profitability Margins

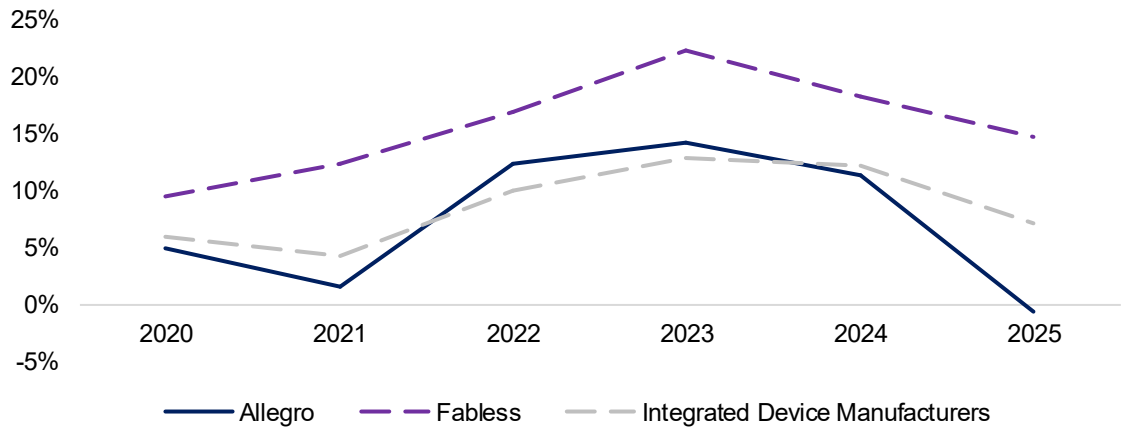
RoE



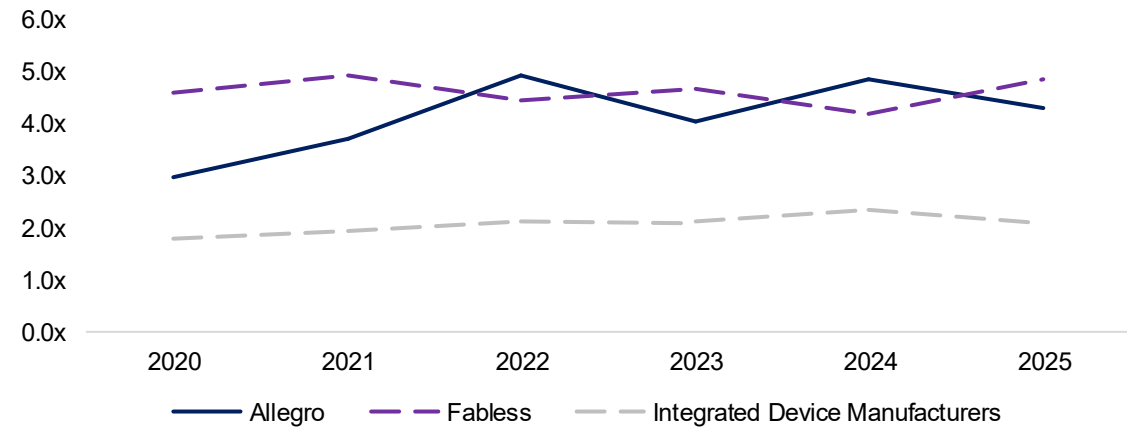
RoA



RoIC



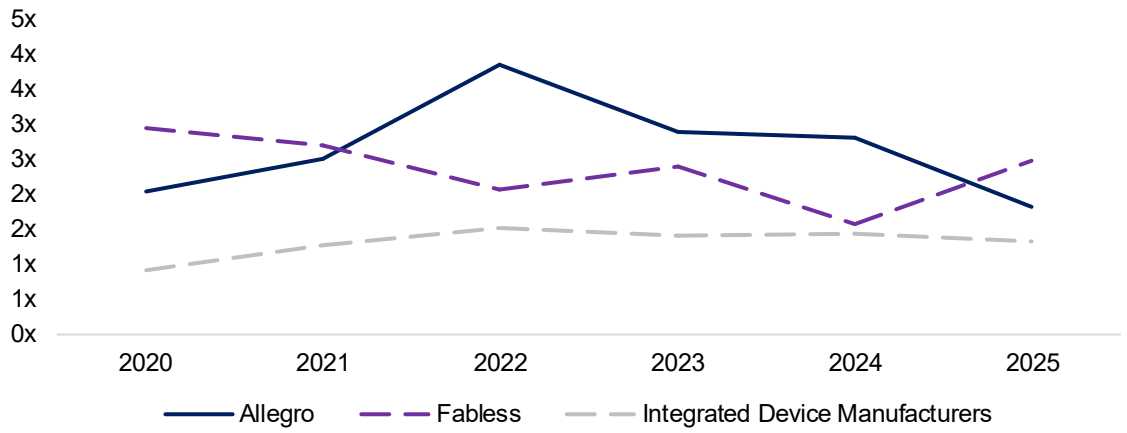
Current Ratio



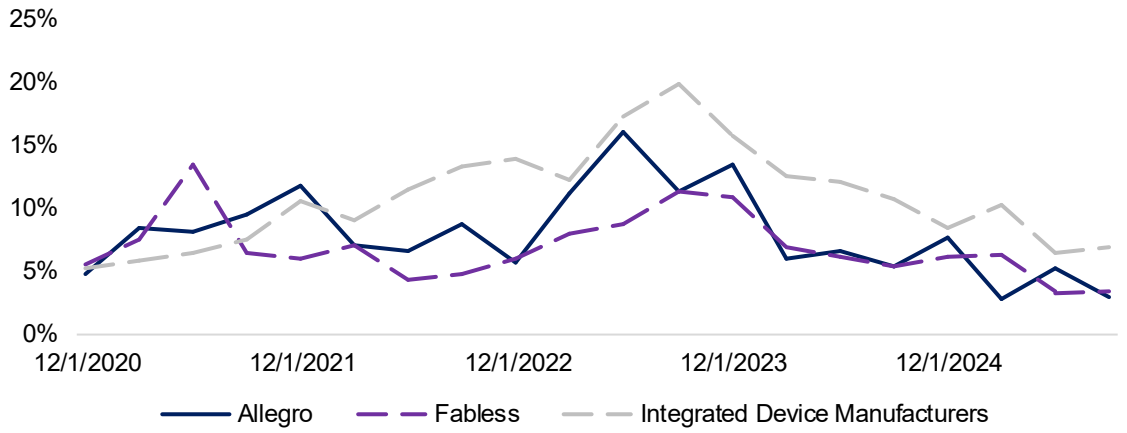
Appendix – Financial Analysis IV

Liquidity buffer remains strong, but leverage deteriorated on cyclical margin downturn

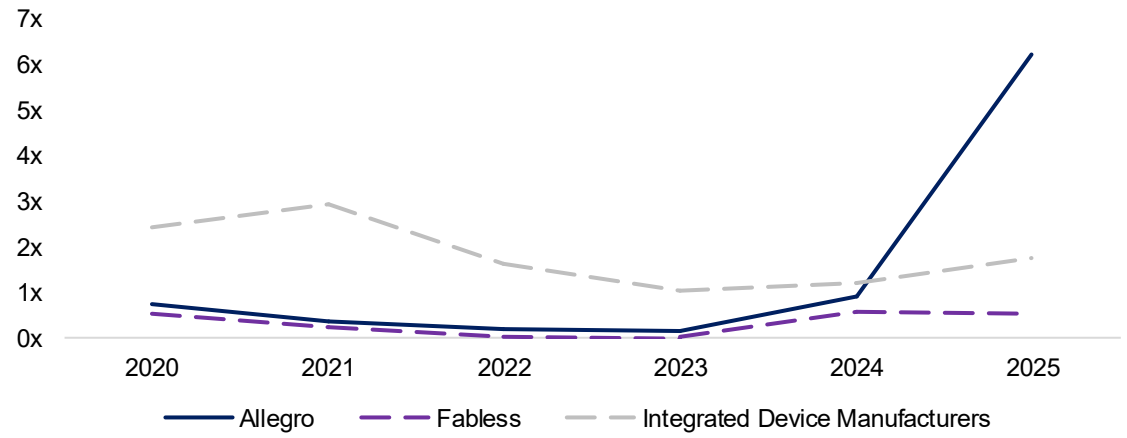
Quick Ratio



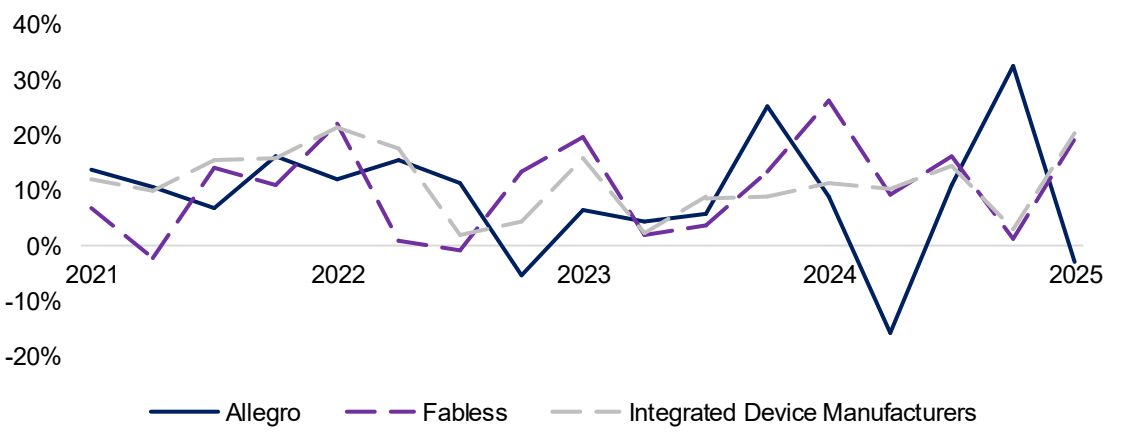
Capex, % of Revenue



Total Debt / EBITDA



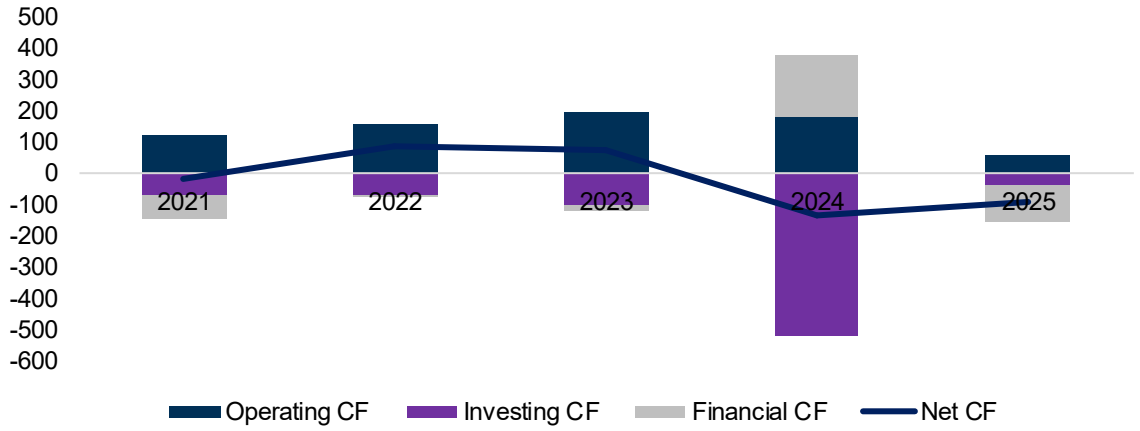
Unlevered FCF Margin



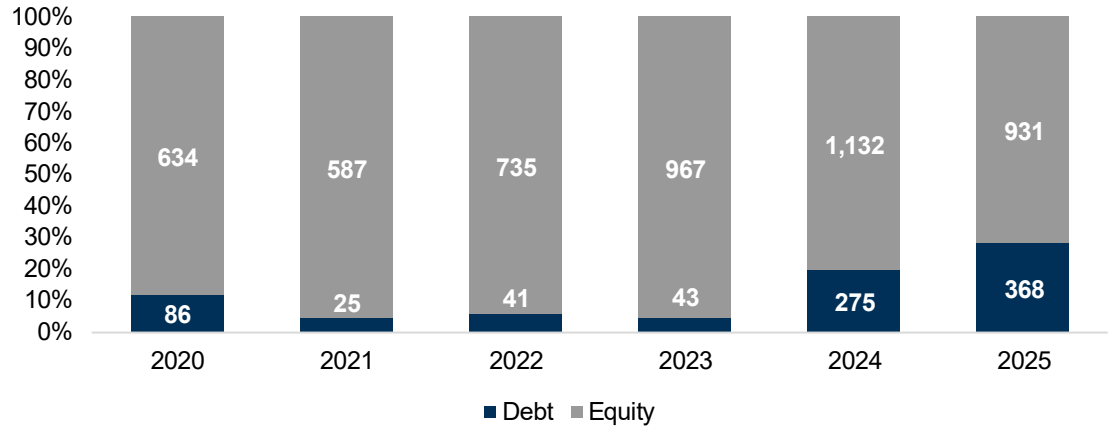
Appendix – Financial Analysis V

Rising leverage and cash outflows heighten sensitivity to margin volatility

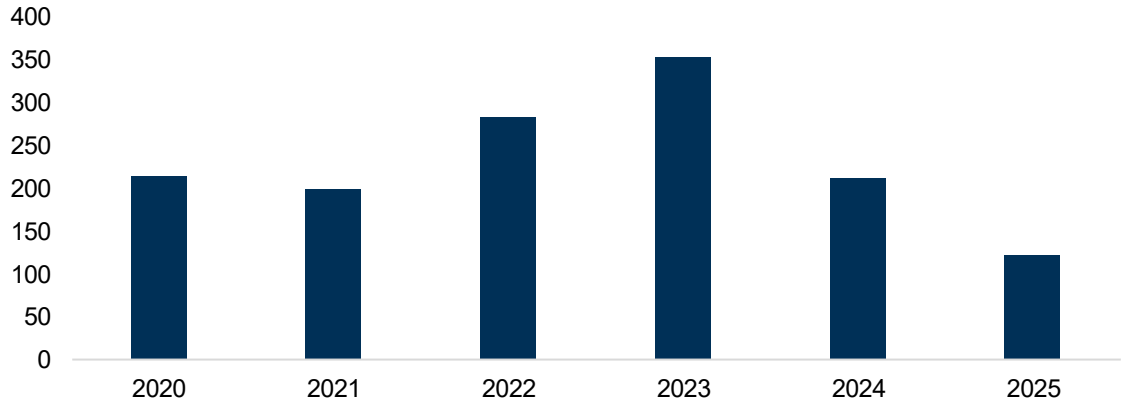
Cash Flow (in mUSD)



Capital Structure (in mUSD)



Cash and Cash Equivalents (in mUSD)



Conclusion

Allegro's profitability is strongly cyclical: margins peaked in 2022–2024 and fell sharply in 2025 alongside revenue contraction

Inventory days and the cash conversion cycle expanded materially through 2023–2024, reflecting inventory build and slower turnover

Cash balances declined and total debt increased in 2025 due to acquisitions and share buybacks, raising execution risk around margins and working-capital management

DCF Valuation

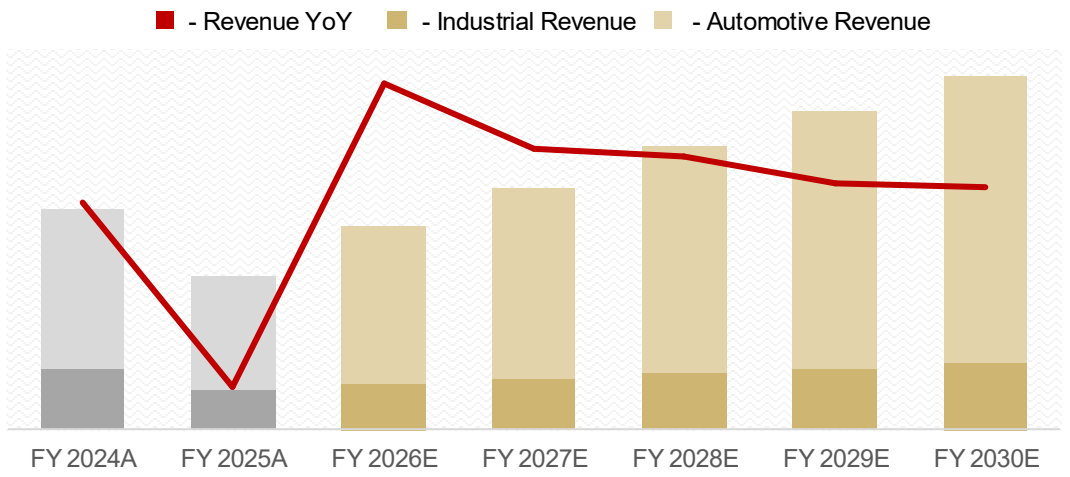
Revenue Build

Top-line CAGRs

Automotive revenue has **24% CAGR** over the next five years, **more** than management guidance, and **more** than PwC and McKinsey automotive semiconductor market forecasts.

EV Transition: We estimate **50% electrifiction till 2030**, in line with international energy agency, as well as McKinsey and Big4 forecast.

Industrial revenue in the base case maintains **10.6% CAGR**, in line with management expectations as well as structural trend



Intrinsic Valuation

Operating Model: Income Statement

Income Statement	FY 2021A	FY 2022A	FY 2023A	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
in $ thousands	31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024	28 Mar 2025	31 Mar 2026	31 Mar 2027	31 Mar 2028	31 Mar 2029	31 Mar 2030
Sales Automotive	398,298.0	531,564.0	657,479.0	759,454.0	535,205.0	743,497.7	927,141.9	1,145,516.4	1,350,623.3	1,587,613.3
Sales Industrial	192,909.0	237,110.0	316,174.0	289,913.0	189,801.0	218,923.5	246,165.8	271,087.0	293,499.7	313,407.5
Net Sales	**591,207.0**	**768,674.0**	**973,653.0**	**1,049,367.0**	**725,006.0**	**962,421.2**	**1,173,307.7**	**1,416,603.3**	**1,644,123.0**	**1,901,020.9**
Growth YoY (%)	*n.a.*	*30.0%*	*26.7%*	*7.8%*	*(30.9%)*	*32.7%*	*21.9%*	*20.7%*	*16.1%*	*15.6%*
- Cost of Sales	(312,305.0)	(361,214.0)	(427,574.0)	(474,838.0)	(403,479.0)	(481,210.6)	(571,400.8)	(675,719.8)	(751,364.2)	(830,746.1)
Gross Profit	**278,902.0**	**407,460.0**	**546,079.0**	**574,529.0**	**321,527.0**	**481,210.6**	**601,906.8**	**740,883.5**	**892,758.8**	**1,070,274.8**
Gross Profit Margin (%)	*47.2%*	*53.0%*	*56.1%*	*54.8%*	*44.3%*	*50.0%*	*51.3%*	*52.3%*	*54.3%*	*56.3%*
R&D	(108,649.0)	(121,873.0)	(150,850.0)	(176,638.0)	(179,649.0)	(182,860.0)	(187,729.2)	(212,490.5)	(213,736.0)	(228,122.5)
SG&A and Other	(109,562.0)	(100,309.0)	(141,015.0)	(129,738.0)	(94,665.0)	(125,114.8)	(146,663.5)	(169,992.4)	(189,074.1)	(199,607.2)
EBITDA	**60,691.0**	**185,278.0**	**254,214.0**	**268,153.0**	**47,213.0**	**173,235.8**	**267,514.1**	**358,400.6**	**489,948.7**	**642,545.1**
EBITDA Margin (%)	*10.3%*	*24.1%*	*26.1%*	*25.6%*	*6.5%*	*18.0%*	*22.8%*	*25.3%*	*29.8%*	*33.8%*
- Depreciation & Amortization	(48,533.0)	(48,628.0)	(50,907.0)	(71,909.0)	(67,015.0)	(64,584.9)	(77,989.6)	(88,918.2)	(101,108.7)	(114,633.8)
EBIT	**12,158.0**	**136,650.0**	**203,307.0**	**196,244.0**	**(19,802.0)**	**108,650.9**	**189,524.5**	**269,482.5**	**388,839.9**	**527,911.3**
EBIT Margin (%)	*2.1%*	*17.8%*	*20.9%*	*18.7%*	*(2.7%)*	*11.3%*	*16.2%*	*19.0%*	*23.7%*	*27.8%*
Interest expense net	(2,603.0)	(1,057.0)	(612.0)	(7,619.0)	(28,842.0)	(18,982.0)	(15,301.2)	(12,837.5)	(10,628.4)	(7,307.3)
Income (loss) in earnings of equity investment	1,413.0	1,007.0	(406.0)	(538.0)	1,176.0	1,176.0	1,176.0	1,176.0	1,176.0	1,176.0
Other (expense) income, net	(475.0)	4,714.0	8,077.0	1,646.0	(1,304.0)	(1,304.0)	(1,304.0)	(1,304.0)	(1,304.0)	(1,304.0)
Other non-recurring and non-operational	(11,944.0)	(568.0)	980.0	5,064.0	(36,924.0)	0.0	0.0	0.0	0.0	0.0
EBT	**(1,451.0)**	**140,746.0**	**211,346.0**	**194,797.0**	**(85,696.0)**	**89,540.9**	**174,095.3**	**256,517.0**	**378,083.5**	**520,475.9**
- Taxes	19,552.0	(21,191.0)	(23,852.0)	(41,909.0)	12,933.0	(14,283.6)	(27,771.8)	(40,919.7)	(60,312.1)	(83,026.6)
Taxes	**19,552.0**	**(21,191.0)**	**(23,852.0)**	**(41,909.0)**	**12,933.0**	**(14,283.6)**	**(27,771.8)**	**(40,919.7)**	**(60,312.1)**	**(83,026.6)**
Tax Rate (%)	*1347.5%*	*15.1%*	*11.3%*	*21.5%*	*15.1%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*
Net Income	**18,101.0**	**119,555.0**	**187,494.0**	**152,888.0**	**(72,763.0)**	**75,257.3**	**146,323.6**	**215,597.3**	**317,771.4**	**437,449.3**
- Net Income to NCI	(148.0)	(148.0)	(137.0)	(191.0)	(247.0)	0.0	0.0	0.0	0.0	0.0
Net Income attributable to Allegro Microsystems	**17,953.0**	**119,407.0**	**187,357.0**	**152,697.0**	**(73,010.0)**	**75,257.3**	**146,323.6**	**215,597.3**	**317,771.4**	**437,449.3**

Intrinsic Valuation

Operating Model: Balance Sheet, Assets side

Balance Sheet	FY 2021A	FY 2022A	FY 2023A	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
in $ thousands	OK	OK	OK	OK	OK	OK	OK	OK	OK	OK
Current Assets										
Cash, Restricted Cash and Cash Equivalents	203,875.0	289,799.0	358,705.0	222,161.0	131,107.0	215,982.7	389,995.6	611,433.7	934,981.0	1,367,831.0
Inventory	87,498.0	86,160.0	151,301.0	162,302.0	183,914.0	184,573.9	172,203.0	185,128.7	195,560.5	216,221.6
Accounts Receivables	69,500.0	87,359.0	111,290.0	118,508.0	84,598.0	110,744.4	135,010.7	159,125.3	184,682.3	213,539.3
Tax & Financial Recivables	0.0	1,875.0	3,750.0	35,658.0	36,662.0	36,662.0	36,662.0	36,662.0	36,662.0	36,662.0
Other Operating Current Assets	19,890.0	19,139.0	27,289.0	33,584.0	30,247.0	40,151.9	48,950.0	59,100.2	68,592.2	79,309.9
Non-core current assets	49,801.0	27,360.0	13,494.0	0.0	16,508.0	16,508.0	16,508.0	16,508.0	16,508.0	16,508.0
Total Current Assets	**430,564.0**	**511,692.0**	**665,829.0**	**572,213.0**	**483,036.0**	**604,622.9**	**799,329.4**	**1,067,958.0**	**1,436,986.1**	**1,930,071.8**
Non-Current Assets										
Property, Plant & Equipment (PP&E)	192,393.0	210,028.0	263,099.0	321,175.0	302,919.0	318,355.9	334,402.5	354,770.0	375,566.9	396,183.7
Operating lease right-of-use assets, net	0.0	16,049.0	16,866.0	20,374.0	20,849.0	20,849.0	20,849.0	20,849.0	20,849.0	20,849.0
Goodwill	20,106.0	20,009.0	27,691.0	202,425.0	202,475.0	202,475.0	202,475.0	202,475.0	202,475.0	202,475.0
Intangible assets, net	36,366.0	35,970.0	52,378.0	276,854.0	262,115.0	262,115.0	262,115.0	262,115.0	262,115.0	262,115.0
Deferred income tax assets	26,972.0	17,967.0	50,359.0	54,496.0	68,528.0	68,528.0	68,528.0	68,528.0	68,528.0	68,528.0
Equity investment in related party	26,664.0	27,671.0	27,265.0	26,727.0	31,695.0	31,695.0	31,695.0	31,695.0	31,695.0	31,695.0
Related party notes receivable, less current portion	0.0	5,625.0	8,438.0	4,688.0	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	14,613.0	47,609.0	69,230.0	51,651.0	49,344.0	49,344.0	49,344.0	49,344.0	49,344.0	49,344.0
Total Non-Current Assets	**317,114.0**	**380,928.0**	**515,326.0**	**958,390.0**	**937,925.0**	**953,361.9**	**969,408.5**	**989,776.0**	**1,010,572.9**	**1,031,189.7**
Total Assets	**747,678.0**	**892,620.0**	**1,181,155.0**	**1,530,603.0**	**1,420,961.0**	**1,557,984.8**	**1,768,737.9**	**2,057,734.0**	**2,447,559.1**	**2,961,261.6**

Intrinsic Valuation

Operating Model: Balance Sheet, Liabilities and Equity side

Current Liabilities										
Accounts Payable	35,389.0	29,836.0	56,256.0	35,964.0	38,733.0	46,143.5	53,226.4	62,943.8	67,931.6	75,108.6
Amounts due to related party	2,353.0	5,222.0	9,682.0	1,626.0	6,535.0	6,535.0	6,535.0	6,535.0	6,535.0	6,535.0
Accrued expenses and other current liabilities	78,932.0	65,459.0	94,894.0	71,126.0	60,083.0	60,083.0	60,083.0	60,083.0	60,083.0	60,083.0
Current portion of operating lease liabilities	0.0	3,706.0	4,493.0	5,263.0	5,487.0	5,487.0	5,487.0	5,487.0	5,487.0	5,487.0
Current portion of long-term debt	0.0	0.0	0.0	3,929.0	1,423.0	1,423.0	1,423.0	1,423.0	1,423.0	1,423.0
Total Current Liabilites	**116,674.0**	**104,223.0**	**165,325.0**	**117,908.0**	**112,261.0**	**119,671.5**	**126,754.4**	**136,471.8**	**141,459.6**	**148,636.6**
Non-Current Liabilities										
Long-term debt	25,000.0	25,000.0	25,000.0	249,611.0	344,703.0	344,703.0	344,703.0	344,703.0	344,703.0	344,703.0
Operating lease liabilities, less current portion	0.0	12,748.0	13,048.0	16,404.0	16,878.0	16,878.0	16,878.0	16,878.0	16,878.0	16,878.0
Other long-term liabilities	19,133.0	15,286.0	10,967.0	14,964.0	16,019.0	16,019.0	16,019.0	16,019.0	16,019.0	16,019.0
Total Non-Current Liabilities	**44,133.0**	**53,034.0**	**49,015.0**	**280,979.0**	**377,600.0**	**377,600.0**	**377,600.0**	**377,600.0**	**377,600.0**	**377,600.0**
Shareholders' Equity										
Preferred Stock, par value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Common stock, par value	1,896.0	1,905.0	1,918.0	1,932.0	1,843.0	1,843.0	1,843.0	1,843.0	1,843.0	1,843.0
Additional paid-in capital	592,170.0	627,792.0	674,179.0	694,332.0	1,012,055.0	1,066,411.0	1,123,757.6	1,187,439.1	1,254,504.9	1,323,581.1
(Accumulated deficit) retained earnings	3,551.0	122,958.0	310,315.0	463,012.0	(53,591.0)	21,666.3	167,989.9	383,587.2	701,358.6	1,138,807.9
Accumulated other comprehensive loss	(11,865.0)	(18,448.0)	(20,784.0)	(28,841.0)	(30,752.0)	(30,752.0)	(30,752.0)	(30,752.0)	(30,752.0)	(30,752.0)
Non-controlling interests	1,119.0	1,156.0	1,187.0	1,281.0	1,545.0	1,545.0	1,545.0	1,545.0	1,545.0	1,545.0
Total Shareholders' Equity	**586,871.0**	**735,363.0**	**966,815.0**	**1,131,716.0**	**931,100.0**	**1,060,713.3**	**1,264,383.5**	**1,543,662.2**	**1,928,499.5**	**2,435,025.0**
Total Liabilities and Equity	**747,678.0**	**892,620.0**	**1,181,155.0**	**1,530,603.0**	**1,420,961.0**	**1,557,984.8**	**1,768,737.9**	**2,057,734.0**	**2,447,559.1**	**2,961,261.6**

Intrinsic Valuation

Operating Model: Cashflow statement (Part 1)

Cash Flow Statement	FY 2021A	FY 2022A	FY 2023A	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
in $ thousands	31 Mar 2021	31 Mar 2022	31 Mar 2023	31 Mar 2024	28 Mar 2025	31 Mar 2026	31 Mar 2027	31 Mar 2028	31 Mar 2029	31 Mar 2030
Net Income	**18,101.0**	**119,555.0**	**187,494.0**	**152,888.0**	**(72,763.0)**	**75,257.3**	**146,323.6**	**215,597.3**	**317,771.4**	**437,449.3**
+ Depreciation & Amortization	48,307.0	48,527.0	50,808.0	71,382.0	64,502.0	64,584.9	77,989.6	88,918.2	101,108.7	114,633.8
+ Depreciation of deferred financing costs	226.0	101.0	99.0	527.0	2,513.0	0.0	0.0	0.0	0.0	0.0
+ Deferred Income Taxes	(18,931.0)	7,498.0	(40,116.0)	(18,613.0)	(16,301.0)	0.0	0.0	0.0	0.0	0.0
+ Stock-based Compensation (SBC)	49,870.0	33,548.0	61,798.0	42,457.0	41,868.0	54,356.0	57,346.6	63,681.5	67,065.8	69,076.2
+ Loss (gain) on disposal of assets	269.0	(349.0)	285.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Loss on change in fair value of forward repurchase contract	0.0	0.0	0.0	0.0	34,752.0	0.0	0.0	0.0	0.0	0.0
+ Loss on debt extinguishment	9,055.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Change in fair value of contingent consideration	(2,500.0)	(2,000.0)	(2,800.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Impairment of long-lived assets	7,119.0	0.0	0.0	13,218.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Provisions for inventory writedowns and receivables reserves	5,019.0	6,297.0	(1,438.0)	10,286.0	9,216.0	0.0	0.0	0.0	0.0	0.0
+ Unrealized gains on marketable securities	0.0	(3,722.0)	(7,471.0)	3,579.0	0.0	0.0	0.0	0.0	0.0	0.0
+ Other non-cash reconciling items	0.0	0.0	0.0	70.0	6,984.0	0.0	0.0	0.0	0.0	0.0
Cash Earnings	**116,535.0**	**209,455.0**	**248,659.0**	**275,794.0**	**70,771.0**	**194,198.2**	**281,659.8**	**368,196.9**	**485,946.0**	**621,159.3**
+/- Chg. in Trade Accounts Receivables	(9,303.0)	(18,347.0)	(12,484.0)	(7,964.0)	33,081.0	(26,146.4)	(24,266.4)	(24,114.6)	(25,557.0)	(28,857.0)
+/- Chg. in Other Operating Current Assets	(29,075.0)	(22,118.0)	(21,037.0)	(41,266.0)	(4,601.0)	(9,904.9)	(8,798.1)	(10,150.2)	(9,492.0)	(10,717.7)
+/- Chg. in Inventory	7,641.0	(4,471.0)	(75,150.0)	(15,848.0)	(30,160.0)	(659.9)	12,370.9	(12,925.7)	(10,431.8)	(20,661.0)
+/- Chg. in Trade Accounts Payables	15,099.0	(4,348.0)	11,958.0	(12,653.0)	4,044.0	7,410.5	7,082.9	9,717.4	4,987.8	7,177.0
+/- Chg. In due/from related parties	4,878.0	(659.0)	18,326.0	5,231.0	5,115.0	0.0	0.0	0.0	0.0	0.0
+/- Chg. In Accrued expenses and other current and long-term lial	14,795.0	(3,383.0)	22,934.0	(21,579.0)	(16,337.0)	0.0	0.0	0.0	0.0	0.0
Cash from Working Capital	**4,035.0**	**(53,326.0)**	**(55,453.0)**	**(94,079.0)**	**(8,858.0)**	**(29,300.7)**	**(13,610.6)**	**(37,473.1)**	**(40,493.1)**	**(53,058.8)**
Net Cash Flow from Operating Activities	**120,570.0**	**156,129.0**	**193,206.0**	**181,715.0**	**61,913.0**	**164,897.5**	**268,049.2**	**330,723.8**	**445,452.9**	**568,100.5**

Intrinsic Valuation

Operating Model: Cashflow statement (Part 2)

Purchases of property, plant and equipment	(40,673.0)	(69,941.0)	(79,775.0)	(124,772.0)	(39,955.0)	(80,021.8)	(94,036.3)	(109,285.7)	(121,905.6)	(135,250.6)
Purchases of intangible assets	0.0	0.0	0.0	0.0	(1,180.0)	0.0	0.0	0.0	0.0	0.0
Acquisition of business, net of cash acquired	(11,555.0)	(14,549.0)	(19,921.0)	(408,119.0)	319.0	0.0	0.0	0.0	0.0	0.0
Proceeds from sales of property, plant and equipment	318.0	27,408.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sales (Investments) in marketable securities	0.0	(9,189.0)	0.0	16,175.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution of cash balances due to divestiture of subsidiary	(16,335.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow from Investing Activities	**(68,245.0)**	**(66,271.0)**	**(99,696.0)**	**(516,716.0)**	**(40,816.0)**	**(80,021.8)**	**(94,036.3)**	**(109,285.7)**	**(121,905.6)**	**(135,250.6)**
Receipts on related party notes receivable	51,377.0	0.0	2,812.0	3,750.0	1,875.0	0.0	0.0	0.0	0.0	0.0
Payments for taxes related to net share settlement of equity awar	0.0	(638.0)	(18,061.0)	(25,900.0)	(16,238.0)	0.0	0.0	0.0	0.0	0.0
Proceeds from issuance of common stock under equity award an	(27,707.0)	2,831.0	2,793.0	3,635.0	3,511.0	0.0	0.0	0.0	0.0	0.0
Dividends paid to non-controlling interest	0.0	0.0	(42.0)	0.0	(19.0)	0.0	0.0	0.0	0.0	0.0
Dividends paid	(400,000.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance lease payments	0.0	0.0	0.0	(142.0)	(1,201.0)	0.0	0.0	0.0	0.0	0.0
Repurchases of common stock	0.0	0.0	0.0	0.0	(853,921.0)	0.0	0.0	0.0	0.0	0.0
Net proceeds from issuance of common stock	0.0	0.0	0.0	0.0	665,850.0	0.0	0.0	0.0	0.0	0.0
Non-recurring financing items	304,144.0	(7,500.0)	(7,500.0)	217,535.0	88,081.0	0.0	0.0	0.0	0.0	0.0
Net Cash Flow from Financing Activities	**(72,186.0)**	**(5,307.0)**	**(19,998.0)**	**198,878.0**	**(112,062.0)**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Effects of exchange rate changes on C&CE	3,860.0	1,373.0	(4,606.0)	(421.0)	(89.0)	0.0	0.0	0.0	0.0	0.0
Net change in C&CE and Restricted cash	**(16,001.0)**	**85,924.0**	**68,906.0**	**(136,544.0)**	**(91,054.0)**	**84,875.7**	**174,012.9**	**221,438.1**	**323,547.3**	**432,850.0**

Intrinsic Valuation

Weighted Average Cost of Capital

Cost of Equity		
Risk-free Rate	*4.14%*	*--> U.S. Treasury Bill 10 years*
Beta (β_L)	***1.67***	
Market Risk Premium	*7.71%*	*--> Implied equity market risk premium*
Country Risk Premium (CRP CoE)	*0.00%*	*--> An additional CRP for CoE has been disregarded*
Inflation Differential	*0.00%*	*--> Inflation Differential has been disregarded*
Size Premium	*0.00%*	*--> An additional Size Premium has been disregarded*
Cost of Equity (CoE)	***17.05%***	*--> Rf + Beta * MRP + CRP + Inflation Diff. + Size Premium*

Cost of Debt		
Risk-free Rate	*4.14%*	*--> U.S. Treasury Bill 10 years*
Credit spread	*0.71%*	*--> BBB+ Credit spread*
Country Risk Premium (CRP CoD)	*0.00%*	*--> An additional CRP for CoD has been disregarded*
Inflation Differential	*0.00%*	*--> Inflation Differential has been disregarded*
Size Premium	*0.00%*	*--> An additional Size Premium has been disregarded*
Cost of Debt (CoD)	***4.85%***	*--> Rf + Credit Spread + CRP Debt + Inflation Diff. + Size Premium*
Effective Tax Rate (t)	*16.0%*	*--> Effective tax rate 3y average*
Cost of Debt (After-tax)	***4.08%***	*--> Cost of Debt * (1 - t)*

WACC Calculation		
Net Debt (EoP)	191,206.0	*--> Net Debt as of Q3 2026*
Market Cap, as of 100 dd, YYYY	4,951,900.0	*--> Market Cap, as of 100 dd, YYYY*
Implied EV	**5,143,106.0**	*--> Net Debt + Market Cap, as of 100 dd, YYYY*
Equity / Value *(capped at 100%)*	*96.3%*	*--> Market Cap, as of 100 dd, YYYY / Implied EV*
Debt / Value	*3.7%*	*--> Net Debt / Implied EV*
WACC (Modigliani Miller)	***16.57%***	*--> % Equity * CoE + % Debt * CoD (After-tax)*

Intrinsic Valuation

Discounted Cash Flow

DCF Valuation	FY 2024A	FY 2025A	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	TV
Valuation Date: 21/01/2026	Mar 31, 2024	Mar 28, 2025	Mar 31, 2026	Mar 31, 2027	Mar 31, 2028	Mar 31, 2029	Mar 31, 2030	Mar 31, 2030
in $ thousands								
Net Sales	**1,049,367.0**	**725,006.0**	**962,421.2**	**1,173,307.7**	**1,416,603.3**	**1,644,123.0**	**1,901,020.9**	
Growth YoY (%)	*n.a.*	*(30.9%)*	*32.7%*	*21.9%*	*20.7%*	*16.1%*	*15.6%*	
Gross Profit	574,529.0	321,527.0	481,210.6	601,906.8	740,883.5	892,758.8	1,070,274.8	
Gross Profit Margin (%)	*54.8%*	*44.3%*	*50.0%*	*51.3%*	*52.3%*	*54.3%*	*56.3%*	
EBITDA	268,153.0	47,213.0	173,235.8	267,514.1	358,400.6	489,948.7	642,545.1	
EBITDA Margin (%)	*25.6%*	*6.5%*	*18.0%*	*22.8%*	*25.3%*	*29.8%*	*33.8%*	
EBIT	**196,244.0**	**(19,802.0)**	**108,650.9**	**189,524.5**	**269,482.5**	**388,839.9**	**527,911.3**	
EBIT Margin (%)	*18.7%*	*(2.7%)*	*11.3%*	*16.2%*	*19.0%*	*23.7%*	*27.8%*	
- Taxes	(31,304.9)	3,158.8	(17,332.1)	(30,233.1)	(42,988.0)	(62,027.9)	(84,212.7)	
Tax rate (%)	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	
NOPLAT	**164,939.1**	**(16,643.2)**	**91,318.9**	**159,291.5**	**226,494.5**	**326,812.0**	**443,698.6**	**443,698.6**
+ Depreciation & Amort.	71,909.0	67,015.0	64,584.9	77,989.6	88,918.2	101,108.7	114,633.8	0.0
+ SBC (non-cash)	42,457.0	41,868.0	54,356.0	57,346.6	63,681.5	67,065.8	69,076.2	0.0
- Change in NWC	(44,806.0)	18,404.0	(29,300.7)	(13,610.6)	(37,473.1)	(40,493.1)	(53,058.8)	(15,188.7)
- Capital Expenditures	(124,772.0)	(39,955.0)	(80,021.8)	(94,036.3)	(109,285.7)	(121,905.6)	(135,250.6)	0.0
								428,509.9
Unlevered FCF	**109,727.1**	**70,688.8**	**100,937.3**	**186,980.8**	**232,335.3**	**332,587.8**	**439,099.2**	**8,295,256.7**
in % of Net Sales	*10.5%*	*9.8%*	*10.5%*	*15.9%*	*16.4%*	*20.2%*	*23.1%*	*13x EBITDA*
Reinvestment Rate, % NOPLAT	*33.5%*	*524.7%*	*(10.5%)*	*(17.4%)*	*(2.6%)*	*(1.8%)*	*1.0%*	
Partial Period Adjustment			0.20	1.00	1.00	1.00	1.00	
Adjusted UFCFs			**19,907.1**	**186,980.8**	**232,335.3**	**332,587.8**	**439,099.2**	**8,295,256.7**
WACC (%)			*16.57%*	*16.57%*	*16.57%*	*16.57%*	*16.57%*	*16.57%*
Periods for Discounting			0.20	1.20	2.20	3.20	4.20	4.20
Discount Factor			0.97	0.83	0.71	0.61	0.53	0.53
PV of Adjusted UFCFs			**19,314.1**	**155,624.8**	**165,886.5**	**203,711.9**	**230,720.7**	**4,358,668.4**

PV Sum of Adjusted UFCFs	*15.1%*	775,258.1
PV of Terminal Value	*84.9%*	4,358,668.4
Enterprise Value (EV)	*100.0%*	**5,133,926.5**
- Total Debt (incl. Leases)		(344,703.0)
+ Cash & ST Investments		131,107.0
= (Net Debt)		**(213,596.0)**
- Preferred Shares		0.0
- Non-controlling Interests		(1,545.0)
+ Equity Investments		31,695.0
Implied Equity Value		**4,950,480.5**
/ fully dillited terminal shares		193,218,778.1
Implied Price per Share		**$ 25.62**

Sensitivity

Share Price

	EV/EBITDA				
WACC	*10.91x*	*11.91x*	***12.91x***	*13.91x*	*14.91x*
12.57%	25.55	27.58	29.60	31.62	33.64
14.57%	23.76	25.64	27.52	29.40	31.28
16.57%	22.13	23.87	**25.62**	27.37	29.12
17.57%	21.36	23.05	24.73	26.42	28.10
18.57%	20.63	22.25	23.88	25.51	27.13