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Global Semiconductors

Auto Semis Cycle Tracker 1Q26: Price hikes underway as demand recovers


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Our quarterly series on the auto semis cycle suggests the upcycle is gaining momentum, with auto semis revenue accelerating this quarter (+11% YoY). Most companies expect positive QoQ growth in Q2, and auto semis to increase in 2026. Beyond the cyclical recovery, structural drivers such as EV and ADAS continue to support long-term growth.

Price hike is underway. Since the beginning of the year, analog companies have announced price increases to their customers. IFX, TI, and NXP have even announced a second wave of increases. We expect analog companies to continue raising prices, supported by several drivers: (1) AI server power consumes significant semi capacity with effects already spilling over into adjacent product areas. (2) upstream foundry suppliers have raised prices, and (3) the Strait of Hormuz crisis has driven higher raw material and energy costs.

Management commentary also turned modestly more positive. For CYQ2, 7 out of 10 companies now expect QoQ auto growth, and 9 out of 10 now expect auto revenue growth in 2026. The sector is moving beyond stabilization and into a gradual upcycle, although evidence of a broad-based restocking wave is still limited. Structural semi content growth remains the key support, led by SDV, ADAS, sensors, Ethernet and high-value MCUs.

We like Renesas for the fundamentals (AI power, memory interface IC, analog recovery and price hike) and on valuation. Renesas trades at the lowest PE of 19x among the coverage of analog names, and there are 2 additional upsides: 1. Renesas agreed to sell its timing business to SiTime. Now SITM share price doubled. 2. Wolfspeed potential upside. As discussed here, increasing shareholder return would help Renesas stock rerate. **We also like IFX for the AI power growth and price hike. We also rate QCOM, Nvidia, TSMC and Silergy Outperform.**

While analog IDMs saw a modest contraction through the downturn, the broader auto semis market still grew to US$87bn in 2025, driven by rising memory and SoC demand linked to ADAS content. **This has shifted market share toward players such as Micron, Nvidia, and QCOM, with MU entering the top 5,** while IFX continued to stand out in auto MCUs, reaching 36% share in 2025.

The auto end market remains soft. S&P Global now expects vehicle units to decline by 2% in 2026, with only a modest recovery in 2027/28, while China vehicle SAAR has also slowed materially. Against that backdrop, analog IDMs continue to expect growth to come primarily from rising content per car rather than from unit growth. BEV penetration estimates have been revised down again, but hybrid vehicle penetration is rising.

US$/car and units/car content were up in the quarter, with dollar content above historical trend. Units/car content grew and remained mostly on trend in the quarter. **Auto semis inventory days remain elevated** and rose this quarter to 167 days from 166 in Q4**. For foundries, TSMC auto revenue dipped in 1Q26 after starting to recover in 2025**, underscoring that the auto recovery remains less robust than AI and HPC.

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BERNSTEIN TICKER TABLE

			26 May 2026		TTM		Reported EPS			Adjusted P/E (x)		
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
IFX.GR (Infineon)	O	EUR	77.24	74.00	107.7%	EUR	1.38	1.72	2.63	55.8	45.0	29.4
6723.JP (Renesas)	O	JPY	4,474.00	4,200.00	110.8%	JPY	181.61	242.22	270.50	24.6	18.5	16.5
TXN (Texas Instruments)	M	USD	324.89	250.00	43.2%	USD	5.45	7.62	8.22	59.6	42.6	39.5
ADI (Analog Devices)	M	USD	419.94	430.00	60.8%	USD	7.79	12.40	14.65	53.9	33.9	28.7
NXPI (NXP Semiconductors)	M	USD	332.67	270.00	36.0%	USD	11.81	14.58	16.45	28.2	22.8	20.2
QCOM (Qualcomm)	M	USD	248.82	140.00	23.1%	USD	12.03	10.64	9.77	20.7	23.4	25.5
NVDA (NVIDIA)	O	USD	214.86	315.00	25.6%	USD	4.77	9.19	12.52	45.0	23.4	17.2
2330.TT (TSMC)	O	TWD	2,300.00	2,780.00	93.1%	TWD	66.25	101.62	124.63	11.0	8.1	6.2
TSM (TSMC)	O	USD	412.32	430.00	81.6%	USD	10.50	16.11	19.75	12.4	9.2	7.1
2303.TT (UMC)	U	TWD	143.50	47.00	160.2%	TWD	3.34	3.31	3.85	4.7	4.6	4.4
UMC (UMC)	U	USD	21.08	7.40	156.2%	USD	0.54	0.53	0.62	4.6	4.2	4.0
5347.TT (Vanguard)	M	TWD	166.00	94.00	54.5%	TWD	4.30	4.34	4.44	4.9	4.9	4.9
6415.TT (Silergy)	O	TWD	665.00	600.00	39.7%	TWD	6.40	9.81	15.50	103.9	67.8	42.9
MELE.BB (Melexis)	O	EUR	81.65	72.00	23.7%	EUR	2.78	2.87	3.74	29.3	28.5	21.8
XFAB.FP (X-Fab)	M	EUR	12.00	5.00	114.6%	USD	0.23	(0.03)	0.11	32.2	126	62.6
SOI.FP (Soitec)	O	EUR	154.20	150.00	157.6%	EUR	2.56	(1.20)	0.69	60.2	(128.1)	223.6
EDME			1,555.68									
JPL			2,562.70									
SPX			7,519.12									
ASIAX			1,978.51									

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

IFX.GR, 6723.JP, ADI, NXPI, QCOM, NVDA, SOI.FP estimate is Adjusted EPS; TXN, 6415.TT, MELE.BB valuation is Reported P/E (x); 2330.TT, TSM, 2303.TT, UMC, 5347.TT valuation is P/B (x); XFAB.FP valuation is EV/EBIT (x); NVDA base year is 2026;

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

Infineon (Outperform, EUR 74.00): We rate Infineon Outperform with PT of EUR 74.00.

Renesas (Outperform, JPY 4,200.00): We rate Renesas Outperform with PT of JPY 4,200.00.

NXPI (Market-Perform, $270.00): The pace of recovery remains open for debate, with likely less torque in a cyclical rebound.

TXN (Market-Perform, $250.00): TXN shares feel fully valued in the current environment.

ADI (Market-Perform, $430.00): ADI is executing well with both cyclical and idiosyncratic drivers, though the shares remain expensive.

QCOM (Market-Perform, $140.00): While memory headwinds are pressuring smartphone builds, underlying dynamics still look solid, and the shares are extremely cheap.

NVDA (Outperform, $315.00): The datacenter opportunity is enormous, and still early, with material upside still possible.

TSMC (Outperform, NT$2,780.00): We are constructive on the long-term prospects on AI and TSMC's ability to capture its benefit.

UMC (Underperform, NT$47.00): Competition from China remains a long-term risk.

Vanguard (Market-Perform, NT$94.00): Competition from China remains a long-term risk, but valuation is undemanding.

Silergy (Outperform, TWD 600.00): Silergy is China's leading power-analog player. We believe it is a high-quality name benefiting from analog localization and the demand growth from auto/AI.

Melexis (Outperform, €72.00) We rate Melexis Outperform, with a DCF-based PT set at €72.00

X-FAB (Market-Perform, €5.00) We rate X-FAB Market-Perform with a DCF-based PT set at €5.00.

Soitec (Outperform, €150.00) We rate Soitec Outperform with a DCF-based PT set at €150.00.

DETAILS

RELATED RESEARCH

- 10 Mar 2026 - Auto Semis Cycle Tracker 4Q25: YoY Growth Returns, but Management Stays Cautious
- 16 Dec 2025 - Auto Semis Cycle Tracker 3Q25: Lack of Q4 rebound but 2026 recovery intact
- 4 Sep 2025 - Auto Semis Cycle Tracker 2Q25: How clear is the bottom?
- February 2025: Auto Semis Cycle Tracker 4Q24: Formulation lap vs. gravel trap
- November 2024: Auto Semis Cycle Tracker 3Q24: Pumping the brakes as end demand slows
- August 2024: Auto Semis Cycle Tracker 2Q24: More of a stall than a crash?
- June 2024: Auto Semis Cycle Tracker 1Q24: Let's get this show on the road
- March 2024: Auto Semis Cycle Tracker Q423: Are the guidance cuts deep enough?
- December 2023: Auto Semis Cycle Tracker 3Q23: The bump in the road we've long been expecting with pockets of inventory correction appearing
- September 2023: Auto Semis Cycle Tracker 2Q23: While guidance for 2023 remains intact, slowing growth and rising inventories are looming
- May 2023: Auto Semis Cycle Tracker 1Q23: Inventories now trending up across the board, but guidance remains reassuring for 2023
- February 2023: Automotive Semiconductors Cycle Tracker: Not driving off a cliff just yet…

PRICE HIKES IN ANALOG SEMI CONTINUE

Across analog companies, while some still expect annual contractual price declines, we are seeing price increase announcements. We expect stronger momentum for analog companies to raise prices, supported by several drivers:

1. **AI server power consumes a significant amount of semi capacity.** We expect AI server power TAM to grow 4x in 3 years (AI Power Model | Energizing the Future of AI Data Centers). IFX, the strong leader in AI server power, confirmed that price increases in AI power are now being implemented from the current quarter (FY Q3), driven by ongoing supply constraints, with effects already spilling over into adjacent product areas.
2. **Upstream foundry suppliers have raised prices.** Vanguard expects prices to increase LSD in 2Q26, supported by full utilization and unmet demand for the advanced part of its capacity. Similarly, UMC also guided for an LSD increase in Q2, with potentially more hikes in H2.
3. **The Strait of Hormuz crisis has triggered increases in raw materials**, memory, logistics, and energy costs, pushing COGS higher. Analog companies are likely to pass these higher costs on to their customers, especially with demand recovering in the auto and industrial end markets.

Since the beginning of the year, analog companies have announced (IFX, TXN, ADI, NXP, STM, Renesas, Chinese Analog IDMs) price increases to their customers. Some companies even announced a second wave of price increase (IFX, TI and NXP) :

- **Infineon** notified customers of price increases effective April 1st, with another increase communicated to customers for July 1st. The second increase was justified by cost inflation across the value chain, mainly driven by higher energy and raw material costs. The company also stated that demand for its product portfolio has risen much faster than expected and, to preserve reliable supply and service, it is accelerating investment to expand capacity. With the upcycle broadening, Infineon expects a more supportive pricing environment in the coming quarters. By contrast, HV traction inverters remain under pricing pressure. In automotive MCUs, pricing is more stable, supported by IFX's strong AURIX positioning, product quality, software, and long term contracts.

- **Renesas** also plans to raise prices on its products starting July 1st, according to a notice sent to distribution partners. The company said capacity supply is tight and, given rising raw material and energy costs, combined with competitors already raising prices, management views some price correction as inevitable.
- **Texas Instruments** reportedly raised prices from April 1, 2026, with hikes of 15%–85% on some analog and embedded products, and a second 2026 pricing increase for orders/shipments from July 1st. Management also noted average price increases across analog and said stronger demand could support further H2 case-by-case increases
- **NXP** issued a notice for selected product price increases from April 1st and was later reported to be preparing a second increase from June 1st citing inflation in raw materials, energy, labor, logistics, and supplier inputs.
- **Analog Devices** said it raised prices in FY26 to offset input cost inflation and will continue to adjust pricing if costs rise further. Management also highlighted structural pricing power, citing ADI's high ASPs, value capture in newer products, and strong stickiness, as design wins have long lifecycles and near zero substitution risk.

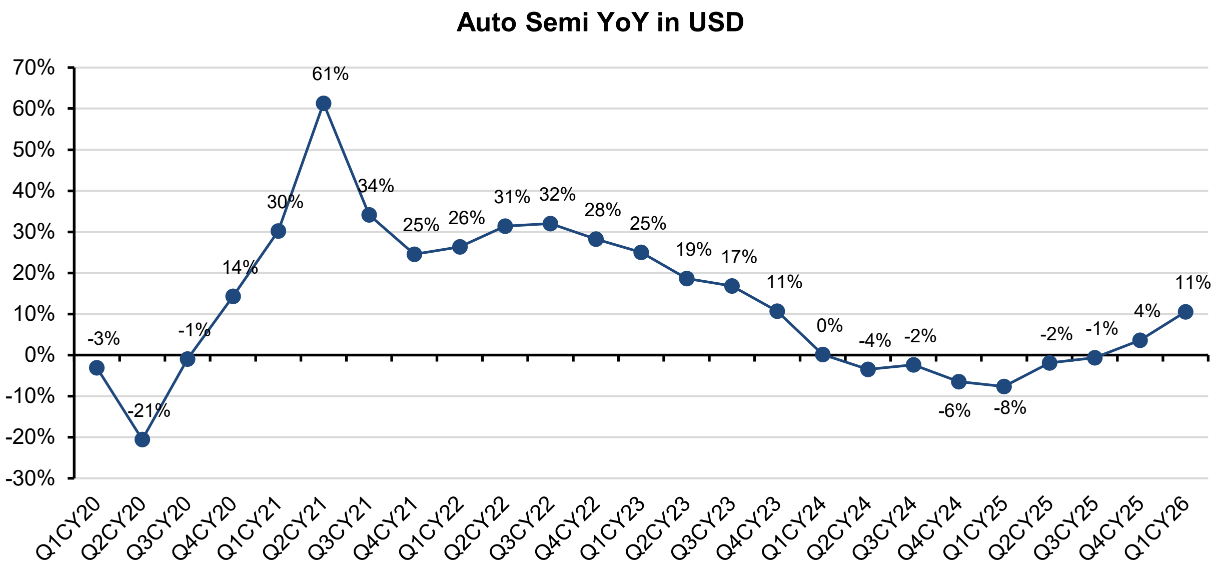
As the current inventory level in the downstream space is very lean, price hikes would drive inventory replenishment, which drives further demand growth and exacerbate the supply shortage. We anticipate more earnings upward revisions from such dynamics.

AUTO SEMIS UPCYCLE GAINING MOMENTUM

After nearly two years of decline, auto semis revenue has finally returned to annual growth in CYQ4 2025, increasing 4% YoY, and rose a further 11% in CYQ1 2026, suggesting the upcycle is finally gaining momentum. Sequentially, Q1 sales were flat, outperforming the typical seasonal pattern observed over the past six years (Exhibit 2, Exhibit 1).

From a regional perspective, it is the second consecutive quarter in which all regions have recorded YoY growth, a pattern not seen in the past three years. Notably, the U.S. region did not experience a YoY decline during this downcycle, outperforming the market thanks to strong growth at Qualcomm and, to a lesser extent, ADI, which benefited from higher exposure to ADAS and HPC secular growth trends. In contrast, European and Japanese players saw a more pronounced decline, reflecting their greater exposure to xEV and more traditional automotive applications (Exhibit 3).

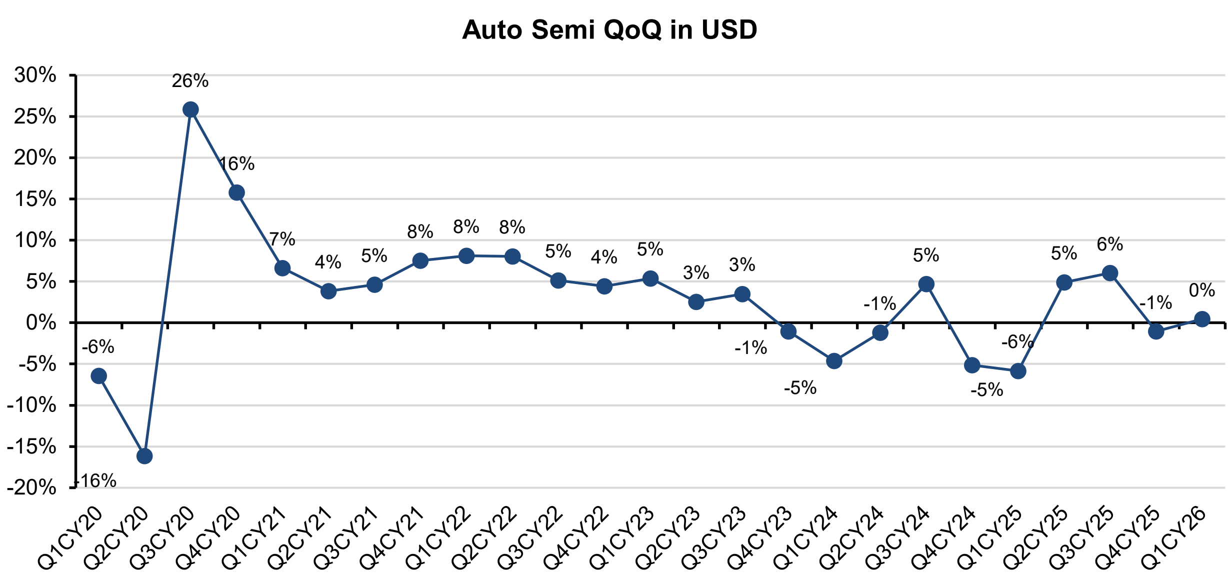
EXHIBIT 1: **Following six consecutive quarters of YoY contraction, auto semiconductor revenues returned to growth in Q4, rising by 4%, and are now accelerating to 11% YoY, suggesting that the upcycle is gaining momentum.**



STMicroelectronics (2019-2022) and Texas Instruments are estimated.

Renesas, Analog Devices and Infineon restated historical auto revenue.
Source: Company reports, Bernstein analysis and estimates.

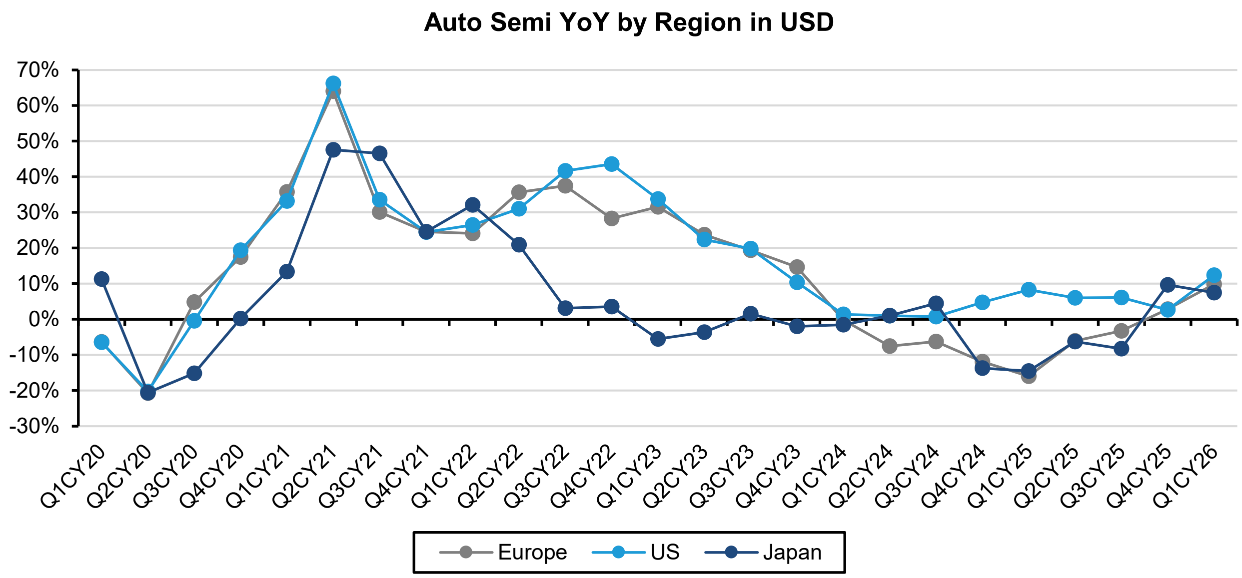
EXHIBIT 2: **In Q1CY26, auto semiconductor revenue was flat, which is higher than the usual seasonal pattern.**



STMicroelectronics (2019-2022) and Texas Instruments are estimated.

Renesas, Analog Devices and Infineon restated historical auto revenue.
Source: Company reports, Bernstein analysis and estimates

EXHIBIT 3: **It is the second consecutive quarter in which all regions have recorded YoY growth, a pattern not seen in the past three years. The US was the fastest growing region, accelerating 12% YoY, followed by Europe at 10% and Japan at 7%.**



STMicroelectronics (2019-2022) and Texas Instruments are estimated.

Renesas, Analog Devices and Infineon restated historical auto revenue.
Source: Company reports, Bernstein analysis and estimates

Looking at company specific performance, **for the first time in more than four years, all players are now reporting positive YoY growth in USD terms. Similar to the last five years, Qualcomm led the growth, accelerating at 38% YoY**. The second-fastest growing company was STMicro (not covered) at 15% YoY, followed by Melexis (15%), Infineon (+10%), Renesas (+8%), Rohm (not covered) (+7%), NXP (+7%), Texas Instruments (+MSD%), onsemi (+5%), and ADI (+2%).

On a sequential basis, only four out of the ten companies posted QoQ growth, in line with historical seasonality. However, total auto revenue was flat sequentially, driven primarily by Qualcomm, which grew 20% QoQ, followed by ADI (+8%), Renesas (+3%), and Infineon (+1%) (Exhibit 4).

Now that we are back to sustained annual growth, we can confirm that the **soft landing called by management during the downcycle has somewhat materialized, as the decline was limited to LSD/MSD compared with previous downcycles**, where we saw double digit declines. Inventory digestion was partially offset by sustained growth in semiconductor content per car, primarily driven by higher penetration of EV, albeit at a slower pace than previously expected, and SDV with ADAS features. However, the impact of the inventory correction differed across players. Some companies, such as STMicro and onsemi (neither covered), experienced a sharp decline in auto sales, with seven consecutive quarters of negative double digit annual growth. This decline is partly due to softness and intense competition in power, especially in the SiC market, and was particularly influenced by their most important customer, Tesla.

On the other hand, **Qualcomm continues to be the main growth driver in the automotive semiconductor market, significantly outperforming peers thanks to strong adoption of its Snapdragon Digital Chassis platforms**, which are critical for SDV, integrating infotainment, connectivity, and ADAS features. Qualcomm has secured major design wins with over 30 global OEMs, covering more than 350 vehicle models in production or development. After growing at a 40% CAGR over the past five years, Qualcomm climbed from 9th to 6th in terms of auto revenue in 2025 and could reach 4th this year, given the pace of growth already recorded in Q1. The second fastest growing company organically was Infineon, with an 18% CAGR, which also managed to outperform the broader semiconductor market by gaining market share, particularly in automotive MCUs (Exhibit 5).

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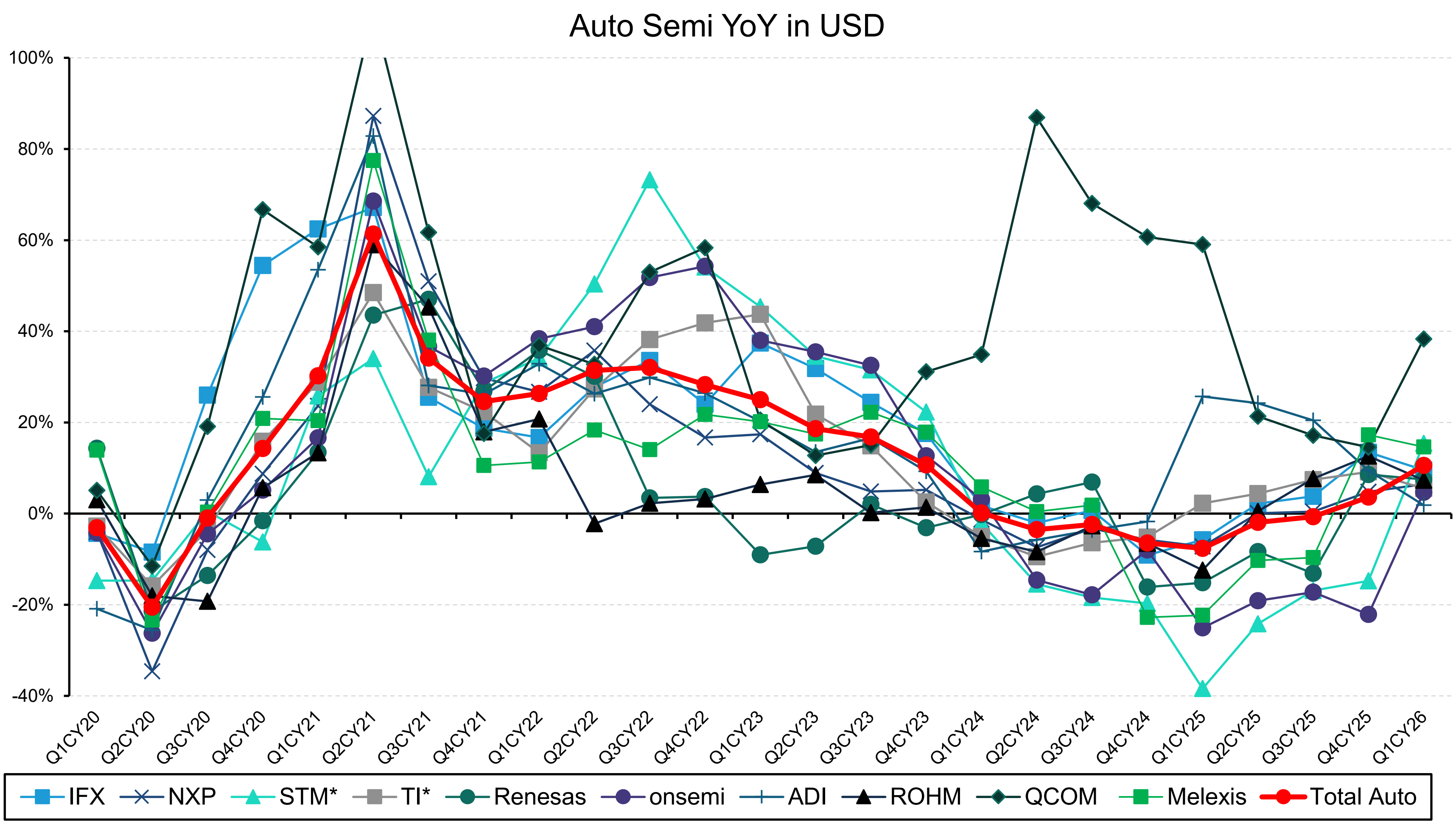
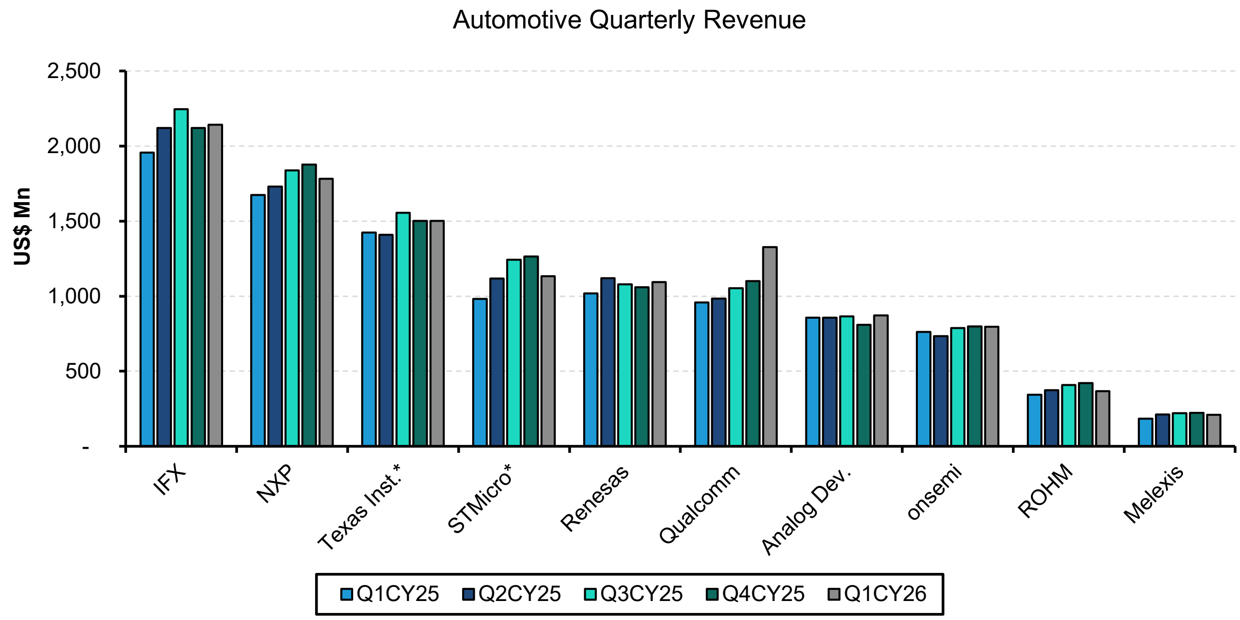
EXHIBIT 4: **For the first time in more than four years, all players are now reporting positive YoY growth. The fastest growing companies are Qualcomm and STM, at 38% and 15% YoY, respectively. ADI and onsemi showed the slowest growth, at 2% and 5%, respectively.**



STMicroelectronics (2019-2022) and Texas Instruments are estimated.

Renesas, Analog Devices and Infineon restated historical auto revenue.
Source: Company reports, Bernstein analysis and estimates

EXHIBIT 5: **Only 4 of 10 companies posted QoQ growth, in line with historical seasonality. However, total auto revenue was flat QoQ driven primarily by QCOM (+20% QoQ), followed by ADI (+8%), Renesas (+3%), and IFX (+1%). STMicro and Rohm recorded a DD decline QoQ.**



Source: Company reports, Bernstein analysis and estimates

GREEN LIGHTS ACROSS THE BOARD: Q2 AND 2026 AUTO GROWTH EXPECTED

The auto semiconductor upcycle is clearly gaining momentum, with auto revenue growth accelerating to 11% YoY and management teams sounding incrementally more positive. The broader takeaway is that the **sector is no longer just stabilizing at the bottom, but is beginning to move into a more tangible upcycle, albeit still without the support of a broad-based restocking wave.**

Based on CYQ2 guidance, seven out of ten companies now expect sequential automotive growth, with only onsemi and Melexis guiding flat and ROHM did not provide explicit CYQ2 auto guidance. This is a clear step up from the prior quarter, and **importantly the CY26 outlook is now more constructive, with nine out of ten companies expecting automotive revenue growth in 2026**. The common theme across auto semis players is that inventories are much cleaner and in some cases lean enough to support replenishment, but shipments are still largely tied to true demand rather than a broad inventory rebuild (Exhibit 6).

Infineon said low customer inventories are triggering the start of broader replenishment and highlighted a materially stronger order book, especially from China and Europe. Renesas said both sell-in and sell-through exceeded expectations and that further channel inventory build is needed to support demand, while ADI pointed to record bookings, positive book-to-bill and still lean customer inventories. ST also said distribution inventories are normalized, with book to bill well above one across end markets and regions. By contrast, onsemi remains more cautious, saying it is still shipping to natural demand and has not yet seen a full recovery or replenishment cycle.

Pricing is another important common thread. Infineon continues to expect low single digit price declines, primarily driven by pressure in high voltage EV drivetrain, although management also expects cyclical dynamics to improve, with pricing getting better in the coming quarters. Additionally, Infineon implemented some further price increases with customers from July 1st. Renesas noted rising input and transportation costs that may require price action, while ST said pricing has improved versus a few months ago, with selected increases and only a very low single digit decline now expected for FY26. onsemi also described pricing as better than expected entering the year. By contrast, ROHM flagged aggressive price down pressure and share loss in China SiC.

Regionally, the China outlook from analog players sounded somewhat healthier than before, particularly in EV related programs, with Infineon, onsemi, and Qualcomm all benefiting from stronger content trends. Europe remains more mixed, however, with onsemi describing the region as still moving sideways. Across the group, growth is still being driven primarily by structural semiconductor content expansion rather than cyclical recovery. SDV, ADAS, zonal architecture, sensors, Ethernet, higher value MCUs, and selective SiC and IGBT traction inverter content continue to drive growth, while BEV exposed areas and high voltage drivetrain remain more uneven. **Overall, the sector appears to be moving from inventory led stabilization into a modest upcycle, with improving bookings, early signs of replenishment, and a much stronger 2026 outlook. That said, management teams are still embedding caution around pricing, EV mix, and the lack of a full broad based restocking cycle. If inventory replenishment gathers momentum, upside could prove meaningfully stronger.**

EXHIBIT 6: **For CY Q2 guidance, 7 out of 10 companies expect a sequential increase in auto. Almost all companies are anticipating revenue growth this year, despite the still relatively weak auto end-market.**

	Q1CY26 Auto Performance *(local currency)*	Q1CY26 Results Guidance	
		Q2CY26E Auto QoQ Guidance	CY26E Auto Guidance
Infineon	+0% QoQ -2% YoY	↗	↗
NXP	-5% QoQ +6% YoY	↗	↗
STMicroelectronics	-10% QoQ +15% YoY	↗ implied	↗
Texas Instruments	+0% QoQ +MSD YoY	↗ implied	↗ implied
Renesas	+5% QoQ +11% YoY	↗	↗ implied
onsemi	+0% QoQ +5% YoY	→	
Analog Devices	+8% QoQ +2% YoY	↗	↗ implied
Qualcomm	+20% QoQ +38% YoY	↗	↗
ROHM	-11% QoQ +10% YoY		↗
Melexis	-6% QoQ +3% YoY	→	↗

Source: Company reports, Bernstein analysis and estimates

All performance metrics are in local currencies, unless otherwise stated.

<u>Infineon</u>

- <u>Performance</u>**:** In FYQ2 (CYQ1), Infineon's auto segment was EUR 1.83Bn, slightly up QoQ, as volume growth offset LSD price declines. Profitability was down to 18.1%, mainly due to annual price adjustments and headwinds from the high voltage (HV) drivetrain business. Management said auto is directionally improving, with low customer inventories triggering the start of broader replenishment and rising order intake, although the near term market outlook remains muted and S&P Global revised down 2026 light vehicle production to broadly align with Infineon's view. Structurally, SDV adoption is accelerating, while E-mobility remains intact but is progressing more slowly than expected. In HV power components for electric drivetrains, management flagged acute market pressure from lower volumes, high competitive intensity and faster than expected price erosion, prompting a reset of the business through portfolio streamlining, cost reductions and capacity redeployment toward AI data center demand. Management stressed that the issue is isolated to HV EV components and does not affect MCUs, analog, MOSFETs or sensors, where Infineon continues to see strong positioning, including in China.

- Guidance: For FYQ3 (CYQ2), Infineon guided ATV revenue to grow slightly QoQ. For FY26, management now expects ATV to deliver slight revenue growth, driven by its broad product portfolio and early SDV adoption, but burdened by the decline in HV drivetrain. The affected HV business will be reduced from above 10% of ATV to around 7%, with revenue expected to decline by a low to mid triple digit EUR Mn amount this fiscal year, already included in guidance. IFX expects this business to burden ATV segment margin by LSD to MSD percentage points in FY26, mainly from lower volumes and refocusing costs, with the biggest impact this year and some residual impact next year. Excluding high voltage, Ethernet consolidation and FX, underlying ATV revenue would grow almost 9% YoY in FY26. Management also highlighted a materially stronger auto order book, especially from China and Europe, supporting confidence in a stronger H2 of CY26. Infineon continues to expect low single digit price declines in FY26, primarily driven by pressure in high voltage EV drivetrain, although management also expects cyclical dynamics to improve, with pricing getting better in the coming quarters. Additionally, Infineon implemented some further price increases from July 1st.

NXP

- Performance: Automotive revenue was down ~5% sequentially and up ~6.5% YoY. Auto revenues were in-line with consensus (sales of $1,782M vs street expectations of $1,783M).

- Guidance: Q2 2026 automotive revenue is expected to be up HSD sequentially and up LDD YoY, above consensus expectations. Adjusting for the sale of the MEMS sensor business, Auto is guided up ~10% QoQ, and up high-teens YoY. Management indicated that accelerated growth drivers within automotive were >45% of revenues, and they anticipate them reaching ~50% in 2026, driving overall segment growth as their auto exposure shifts to more structural than cyclical, including but not limited to SDV adoption

STMicroelectronics (not covered)

- Performance: In Q1, auto revenues declined 10% QoQ but increased 15% YoY, marking a return to annual growth. Management said demand improved in the quarter, with strong booking momentum and book-to-bill well above one across all end markets and regions, while distribution inventories are now normalized. Auto design momentum continued across OEM and Tier 1 ecosystems, with wins in electric, hybrid and traditional vehicles, including onboard chargers, DC-DC converters, powertrain and vehicle control electronics, spanning power semis, smart power devices, automotive MCUs, and sensors. ST also completed the acquisition of NXP's MEMS sensor business in February, which management said strengthens its automotive sensor business and is being integrated as planned.

- Guidance: ST did not provide a specific Q2 automotive revenue guide. However, given management's group revenue guidance of USD 3.45Bn, up 11.6% QoQ and 24.9% YoY at the midpoint, and the fact that automotive typically represents around 40% of revenue, it is reasonable to assume auto should also improve sequentially, supported by management's comments on improving demand, strong bookings and normalized distribution inventories. For FY26, management confirmed automotive growth in ADAS, sensors, supported by the NXP MEMS acquisition, and SiC, while noting that Q1 bookings showed no pull-in and were well balanced across 2026, supporting confidence in usual H2 seasonality versus H1. The main revenue headwind flagged for 2026 is the USD 140Mn YoY decline in capacity reservation fees. On pricing, ST said Q1 price declines were LSD as expected, but the environment has improved versus a few months ago, with selected price increases and FY26 pricing now expected to decline only very LSD rather than the prior LSD/MSD assumption.

Texas Instruments

- Performance: Automotive sales were flat sequentially though grew MSD% YoY.

- Guidance: Management did not provide specific guidance for individual end markets for Q1, but they guided total revenues up ~8% QoQ, given their commentary that 1H26 revenues will be up ~15-20% YoY with Auto and Industrial at ~2/3, it is likely automotive revenues could grow sequentially. Though we note it is not entirely clear.

Renesas

- Performance: In Q1, auto was stronger than expected, growing 5% QoQ, helped by Japanese customers outperforming, with management noting that both sell-in and sell-through exceeded expectations. As a result, channel inventory in auto declined despite Renesas' plan to build it, and management said further channel inventory build is needed to support demand and shorter lead-time requests. Product momentum was broad: Gen 4 R-Car is ramping successfully, while Gen 3 R-Car, 40nm MCUs and previous-generation MCUs also showed strong growth, partly because customers are using older-generation products for longer than Renesas had expected. Management also said 28nm MCUs continue to grow steadily, although China customer production and sales can create short-term volatility.

- Guidance: For Q2, Renesas expects Auto revenue to increase QoQ, with management citing stronger demand and the need to rebuild channel inventory. Management did not provide numerical FY26 auto guidance, but said the auto outlook is "relatively optimistic," with sales expected to increase to some extent, supported by channel inventory rebuild and platform launches, while still acknowledging macro uncertainty around auto consumption, energy prices and mix shifts across gasoline, hybrid and EVs. On EV mix, BEV growth is not a relative tailwind for Renesas versus peers, given its lower exposure to power discretes and lower MCU share in EVs, so a BEV mix shift could mute Renesas' relative growth. They also said memory and PCB shortages remain a concern for auto production, but they do not currently expect a large impact. On pricing, Renesas noted rising raw material and transportation costs, supply constraints and competitor price increases, and said it may need to adjust prices at some point by a certain magnitude.

onsemi (not covered)

- Performance: Q1 auto revenue was USD 797Mn, roughly flat QoQ and up nearly 5% YoY, marking the first YoY growth after seven quarters of decline. Management said auto demand continues to stabilize and that onsemi is now shipping to natural demand, with China EV programs outperforming other regions, supported by a strong export market. They also highlighted continued auto content growth beyond SAAR. In EV power, management said higher energy costs are accelerating EV demand, with cost-optimized EV platforms driving increased adoption of IGBT-based traction inverter solutions, while onsemi also remains well positioned in SiC for next-generation 900V EV architectures, particularly in China. China automotive revenue grew YoY in Q1 despite a 6% decline in China passenger vehicles, and onsemi estimated its SiC share of new EV models deployed at the 2026 Beijing Auto Show at approximately 55%.

- Guidance: For Q2, onsemi guided auto revenue to be roughly flat QoQ, saying they are shipping to natural demand and have not yet seen a full automotive recovery or replenishment cycle. For the rest of 2026, management did not provide a specific automotive revenue growth guide, but expects H2 to outgrow H1, supported by stronger ordering patterns and ongoing ramps, including China-led automotive programs and new SiC models entering production in H2. Management described China auto as healthy, followed by North America and then Europe, where auto has not really recovered and is broadly moving sideways. They also said auto remains more leveraged to content than SAAR, with incremental content from SiC, image sensors and zonal architecture, while in some areas onsemi is also gaining share. On inventory and lead times, management said there is no broad auto inventory build yet, but automotive strength should come later, with some OEMs starting direct semiconductor sourcing and certain technologies already on allocation. On pricing, management said the pricing environment is better than expected entering the year, with cost-related pass-throughs and more targeted pricing actions in constrained technologies, which should begin to support margins in H2.

Analog Devices

- Performance: Automotive revenues were up ~8% sequentially and up 2% YoY, and came in above consensus estimates ($872M vs Street at $793M) as management noted continued content increases and share gains, and return to better trends earlier than expected.

- Guidance: Automotive is seen growing MSD to HSD sequentially in FQ326, likely reaching ~$945M and well above consensus at ~$816M. Management appears confident in their automotive business through the year, with record bookings, positive book-to-bill, and no signs of inventory build up as their automotive customers are still fairly lean on inventory.

Qualcomm

- Performance: Automotive revenues of $1,326M (up 38% YoY and up 20% QoQ), were a bit above consensus expectations at $1,302M on continued adoption of the Snapdragon digital chassis platform and ADAS launches to their 4th generation chipsets.

- Guidance: Automotive is expected to be up ~50% YoY, implied up ~11% QoQ to likely ~$1.475B, and above Street estimates of $1,332M (and us at $1,300M). We note QCOM expects to begin shipping their 5th generation snapdragon digital chassis platform later this year which is expected to deliver the largest gen-on-gen content increase in their history, with management expecting continued share gains and increased content in FY2027, particularly in ADAS.

ROHM (not covered)

- Performance: Rohm's auto revenues declined 11% QoQ but were up 10% YoY. Management said auto production volumes were stable, but highlighted a weaker BEV backdrop, with the BEV market forecast revised down since 2023, the US shifting back toward ICE, and Japanese OEMs delaying BEV developments. In SiC, ROHM said FY2025 sales were in line with its prior forecast, but mix changed, with substrate sales declining while device and module sales grew. Auto inverter SiC sales grew as planned. Management also noted aggressive price-down pressure and share decline in China SiC, alongside weaker six-inch substrate sales.

- Guidance: While Rohm did not provide explicit auto guidance for FYQ1 (CYQ2), management expects auto sales to grow 6% YoY in FY26, supported by stable auto production and strong growth in SiC devices among European and Japanese customers, despite shrinking external SiC substrate sales. In SiC overall, ROHM targets over 30% sales growth in FY2026, with device and module sales up more than 55%, driven by automotive inverters. Based on confirmed inverter business awards, ROHM expects inverter volumes to rise from around 1Mn units in FY2025 to around 3Mn units in FY2028, and management described FY2026 as a major turning point as non-China sales start to show up, reducing dependence on China.

Silergy

- Performance: Silergy is a globally small but leading China analog fabless company primarily focusing on power Analog (PMIC etc.), and did not have exposure in auto semis until 2021. The auto story for Silergy is very different from global names, with its auto performance mainly affected by how fast it can gain share in China, rather than the global auto semis cycle. Management commented that Silergy's auto semis would be one of the company's major growth engines for the next few years, as Silergy has invested 50% of their R&D budget in auto semis' new product development, and the demand from Chinese OEMs for domestic suppliers is strong. Its demand has been mainly focusing on customized products used in infotainment, body IC like motor drivers and BMS especially in xEV.

- Guidance: Silergy's 1Q26 auto revenue still grow at >30% YoY but relatively weaker than last year, as the Chinese auto sales was weaker. The company expects the growth to recover in the next few quarters, especially 2nd half. They also guided to be able to further expand the dollar per car with new product introduction. Our channel checks indicate that mature-node foundries are also increasing prices charged to analog fabless, potentially driving the analog price in auto to also go up, further supporting sales growth.

Melexis

- Performance: Melexis delivered a broadly in-line 1Q26 print, with revenue of €202.1m (+2% YoY, -6% QoQ), including automotive revenue of €179.9m (~89% of total sales), slightly ahead of both company guidance for roughly flat YoY and expectations (c. +2% vs Bernstein and consensus). Profitability came in stronger than expected at the operating level, with gross margin at 39.9% (ahead of the 1H trajectory and estimates) and EBIT of €33.2m (16.4% margin), exceeding both our estimates and consensus. Despite the solid operating performance, net profit of €23.1m (EPS €0.57) came in slightly below expectations due to a weaker financial result and higher tax charges. EBITDA reached €45.8m (22.6% margin), marginally ahead in absolute terms but with a slightly softer margin reflecting mix effects and opex phasing.

- Guidance: Melexis left its guidance unchanged, but the implied 2Q26 outlook appears disappointingly below consensus, contrasting with the recent beat-and-raise prints seen across peers. Management reiterated that 1H26 sales should be around the same level as last year, with gross margin of ~40% and EBIT margin of ~17%, while still expecting 2H26 sales to grow vs 1H, pointing to a more visible H2 recovery broadly in line with prior commentary. CAPEX guidance is maintained at c. €40m for 2026, consistent with both our estimates (€42m) and consensus. Based on the 1H framework, we derive implied

2Q26 KPIs that sit 1.4–1.6% below consensus, with sales, gross profit and EBIT respectively c. 2%, 3% and 4% below our estimates, marking the key negative in the release against a more supportive sector backdrop (STMPA, TXN, NXPI).

DESPITE THE SLOWDOWN, OVERALL AUTO SEMIS CONTINUE TO GROW IN 2025, WITH CLEAR SHIFTS IN MARKET SHARE.

After three years of robust growth, during which the auto semiconductor market doubled in size from 2020 to 2023, growth slowed in 2024 but rebounded in 2025, reaching US$87Bn according to Gartner. This clearly contrasts with what we observed in our sample of companies and highlights an interesting dynamic: **While the historical Analog IDM auto semis players such as Infineon, TI, NXP, and Renesas experienced a modest contraction for nearly two years, the overall auto semis market continued to grow.**

The main driver behind this discrepancy is the **rapid increase in ADAS content in new vehicles, which has significantly boosted demand for Memory and SoC devices**, segments that historically represented a smaller share of auto semi content. Growth in these two categories more than offset the weakness observed in power, analog, and MCU, which underwent a pronounced inventory correction. Notably, Memory auto revenue doubled over the past two years, with Micron and Samsung benefiting the most thanks to their strong market shares of 41% and 30%, respectively. In SoCs, the primary beneficiaries were Mobileye, Nvidia, and Qualcomm, and to a lesser extent Renesas and NXP (Exhibit 8).

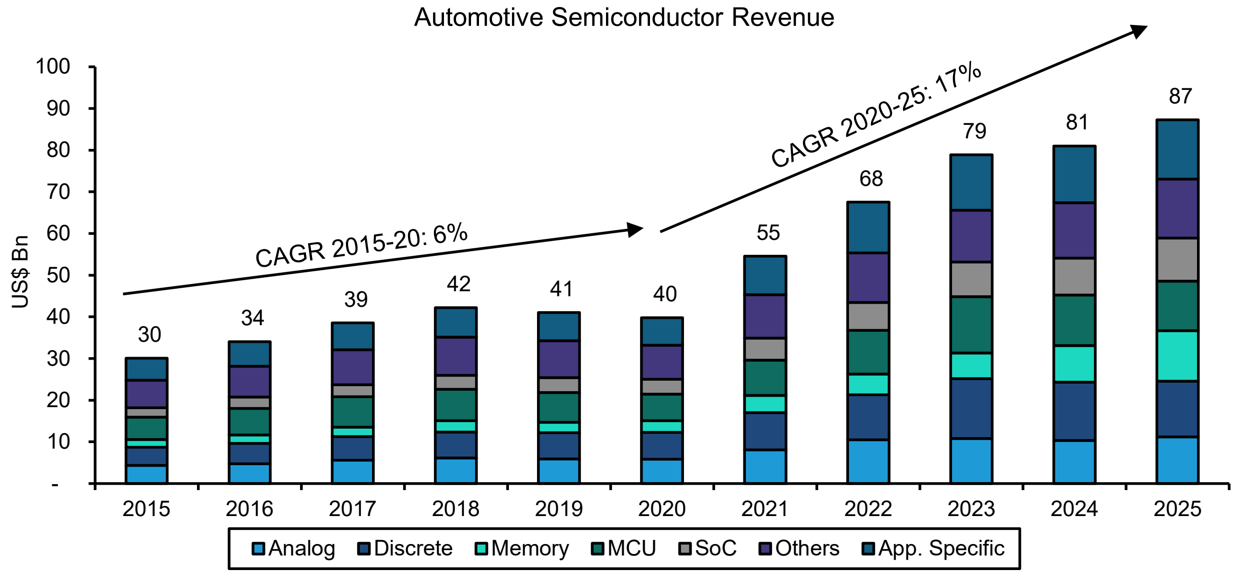
As a result, these players have gained considerable market share over the past two years. **For the first time in more than a decade, a new entrant has broken into the top five of the auto semis market, with Micron taking the 5th place from Renesas** according to TechInsights. This marks a structural shift, given that Analog IDMs have historically dominated the automotive end market and maintained leadership and stable market share for decades. The top five players have seen their combined market share decline significantly from 48% to 42%, and the auto semis market now appears considerably more fragmented.

This was also partially driven by increased Chinese competition, although to a much smaller extent, as **Chinese players have mainly gained share in the low-end power IGBT segment**. In fact, after more than five years of significant consolidation in the auto power market, during which the top five players reached 80% market share in 2023, they began to lose ground in 2024 and this trend was confirmed in 2025. This decline was primarily driven by European players, Infineon and STMPA, which are facing intensified competition in China, but also from TI and Bosch, both of which have gained market share over the past two years (Exhibit 9).

On the other hand, **Auto MCU remains a very consolidated market with top 5 players holding ~90% share. This continues to be Infineon's most compelling auto growth story,** with its share reaching 36% in 2025 up from only 10% in 2019. This gain came at the expense of NXP, which declined to 20% from 22% in 2023, and STMicro, which fell to 9% from 11% in 2023. Infineon highlighted their strong competitive moat and very broad product portfolio to explain their robust share gains. They also expressed confidence in continuing to increase their market share in the coming years. The strong growth in Auto MCU revenue helped Infineon to partially offset the downcycle, and experience a softer revenue decline than other peers. (Exhibit 10).

Looking ahead, **while we believe Analog IDMs are set to benefit from the auto upcycle and inventory replenishment, part of the upside from increasing ADAS penetration, which carries higher semi content, is likely to be captured by SoC and Memory players**. Although Infineon is not present in these segments, it should still benefit from this trend, as it has consistently highlighted that its broad portfolio spanning Control, Analog, Power, and Ethernet can drive a total BoM for SDV of around US$500. Meanwhile, Renesas is also more optimistic on their auto SoC business with Gen 4 R-Car ramp progressing smoothly, while Gen 3 R-Car continues to perform well.

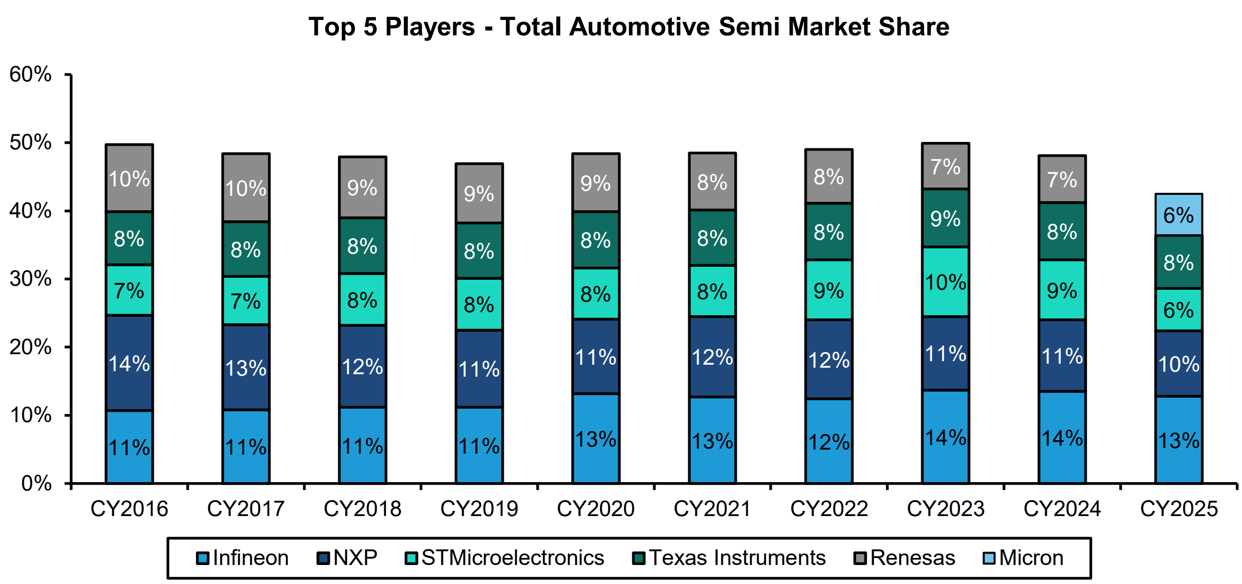
EXHIBIT 7: **Despite a slowdown in growth, overall auto semis revenue continued to expand in 2024 and 2025, reaching US$87Bn, primarily driven by DRAM and SoCs, which more than offset weakness in power, analog, and MCU.**



Analog includes PMICs

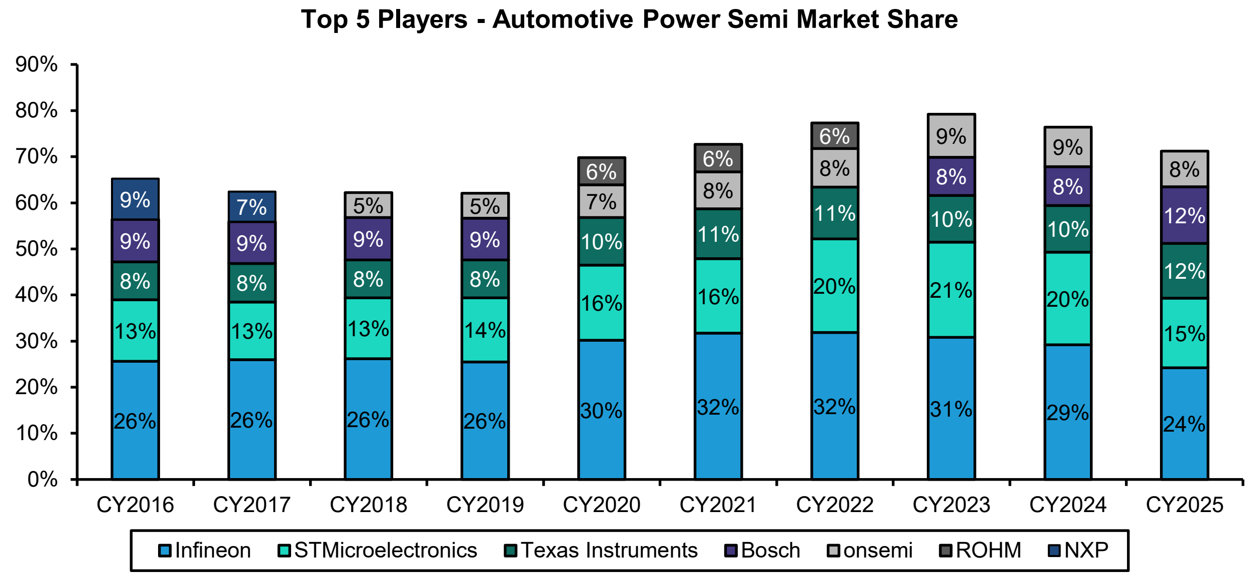
MCU includes MPUs (<3%)
Others include Optoelectronics, GP logic, and non-optical sensors
Source: Gartner, Bernstein analysis

EXHIBIT 8: **For the first time in more than a decade, a new entrant has broken into the top 5, with Micron taking the 5th place from Renesas. This signals a structural shift as analog IDMs lose dominance, with combined top-5 share falling from 48% to 42%.**



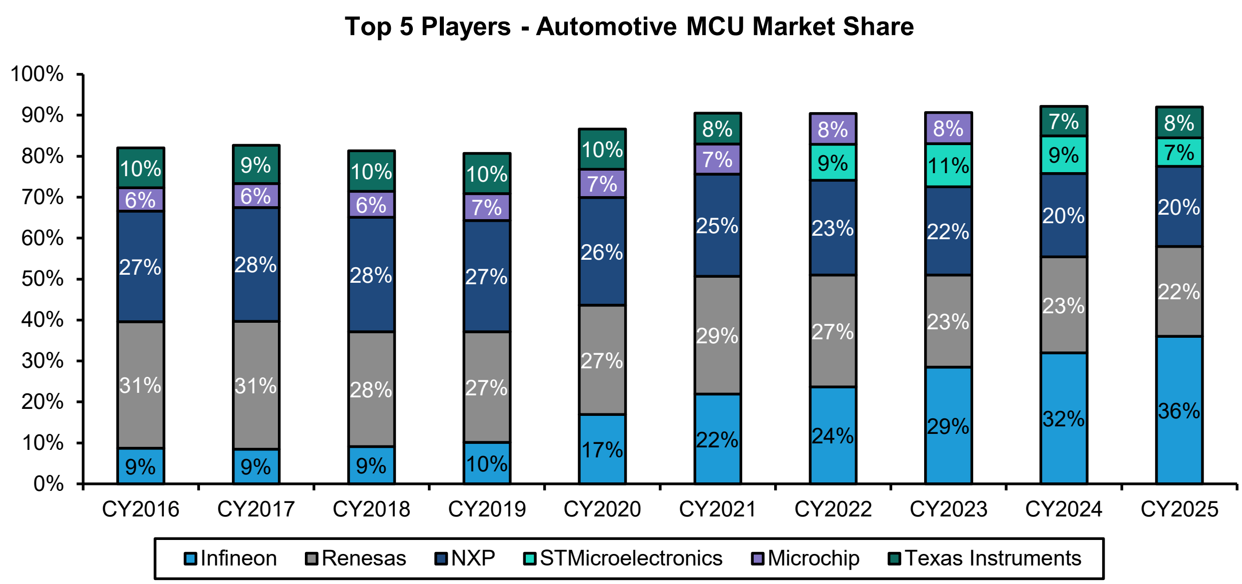
Source: TechInsights, Bernstein analysis

EXHIBIT 9: **After over five years of consolidation, IFX and STM began losing share in 2024, with the trend continuing in 2025, driven by rising competition in China and gains from TI and Bosch.**



Source: TechInsights, Bernstein analysis

EXHIBIT 10: **Infineon's impressive market share gain in auto MCU continued in 2025, with the German company now holding 36% share, up from only 10% in 2019. This strong growth was mainly at the expense of Renesas and NXP.**



Source: TechInsights, Bernstein analysis

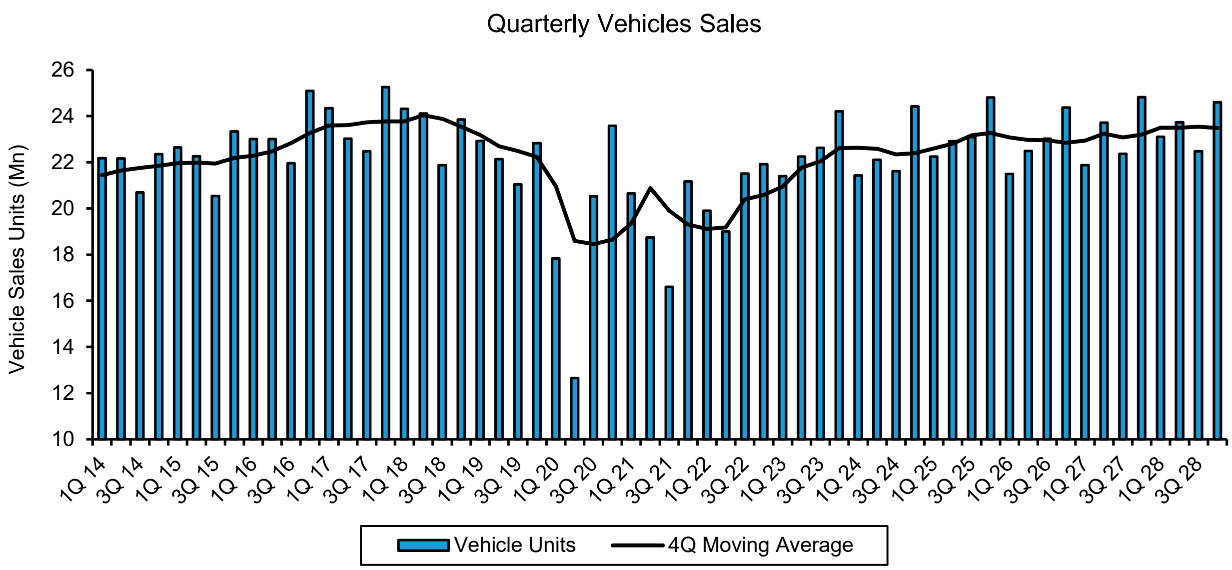
AUTOMOTIVE END MARKET SET TO DECLINE THIS YEAR AMID CONTINUED WEAKNESS IN CHINA

Turning to the automotive end market, data from S&P Global (April 2026) indicate that vehicle unit sales are now expected to decline by 1.8% in 2026, compared with the previous estimate of almost flat (-0.25%). A modest recovery is projected in 2027 and 2028, with growth of 1.5% and 1.2% YoY, respectively, versus prior estimates of 1.4% and 0.8%, although levels would still remain slightly below the 2017 peak. Semiconductor companies broadly share this view and expect unit volumes to decline at LSD this year, with growth driven primarily by increasing semiconductor content per vehicle, supported by ADAS and EV penetration (Exhibit 11).

Focusing on China, the largest BEV market, the Bernstein Asian Autos team maintain an estimate of retail SAAR based on historical monthly seasonality, adjusted for the timing of Lunar New Year holidays. After a sharp decline during COVID, China's PV SAAR entered a strong upward trend. However, **growth has slowed in recent months and fell sharply in April 2026 to 19.6mn units,** down from 20.7mn units in March 2026 and well below 23.6mn units in April 2025 (Exhibit 12).

Overall China EV sales (BEV & PHEV) declined by 5.8% YoY to 828k units in April, but improved from March (-17.7% YoY), as consumers adjust to the higher purchase tax rate (5%) and respond to the rollout of new models. Rising oil prices also provide support. BEV sales increased by 4.5% YoY, while PHEV declined by 23.6% YoY. Overall EV penetration rose to 59.7% in April 2026, with BEV penetration at 41.9% and PHEV at 17.8% (Exhibit 13).

EXHIBIT 11: **S&P Global now anticipates that vehicle units sold will decline ~2% this year (vs old -0.25%) and will increase only slightly in 2027 and 2028, by 1.54% and 1.23% YoY, respectively (vs old 1.38% and 0.82%)**

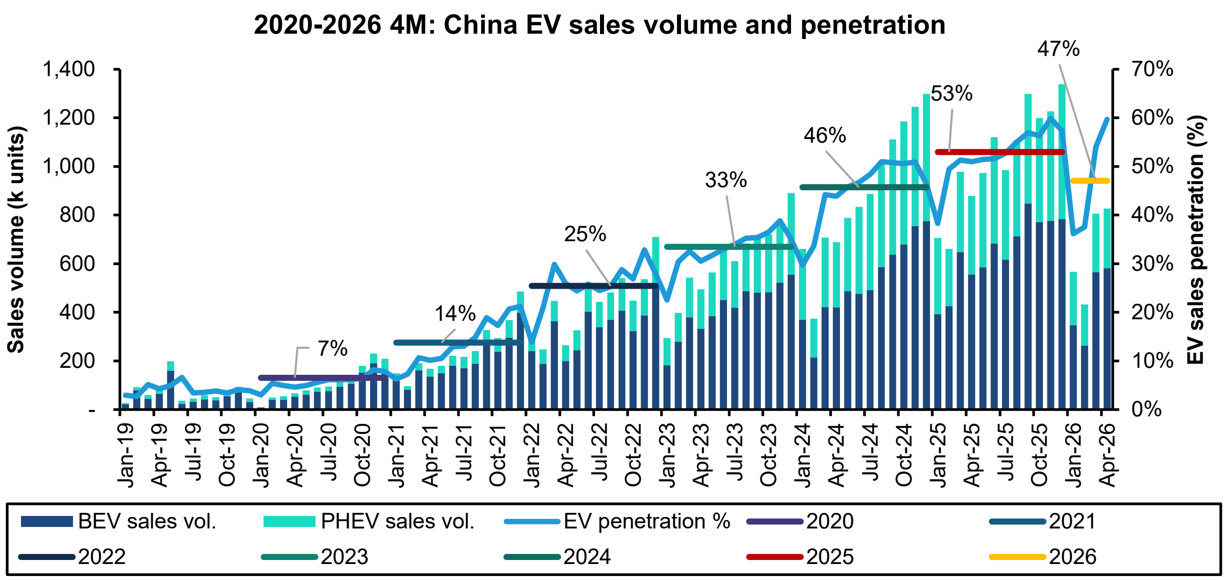


Old data was from Feb 2026
Source: S&P Global (April 2026), Bernstein analysis

EXHIBIT 12: **After a sharp decline during COVID, China's PV SAAR rebounded strongly. However, growth has slowed in recent months, with April 2026 dropping to 19.6mn units, down from 20.7mn in March 2026 and well below 23.6mn in April 2025**

Source: C.A.D., Bernstein estimates and analysis

EXHIBIT 13: **Overall EV sales (BEV & PHEV) growth fell -5.8% YoY to 828k units in April, but improved from March (-17.7%), underpinned by the rollout of new models and rising oil prices**



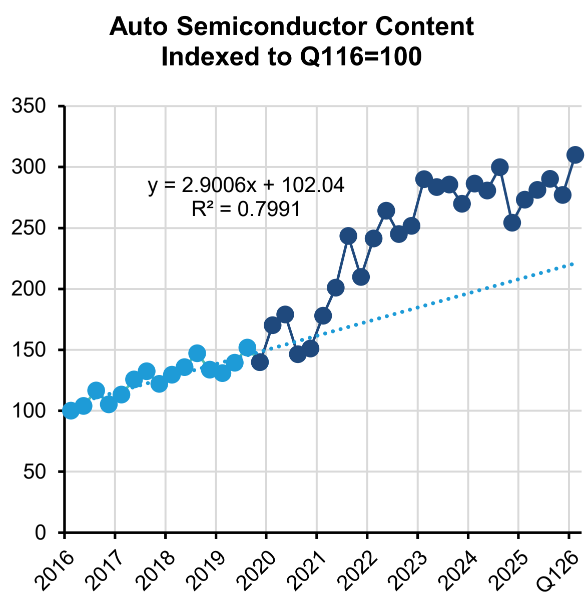
Source: C.A.D. and Bernstein analysis

IMPLIED AUTO SEMIS CONTENT $/CAR AND UNITS/CAR UP QOQ, WITH REVENUE CONTENT REMAINING ABOVE HISTORICAL TREND AND UNIT CONTENT MOSTLY ON TREND

US$/car and units/car content were up in the quarter, with dollar content above historical trend. Units/car content grew and remained mostly on trend in the quarter (Exhibit 14-Exhibit 15).

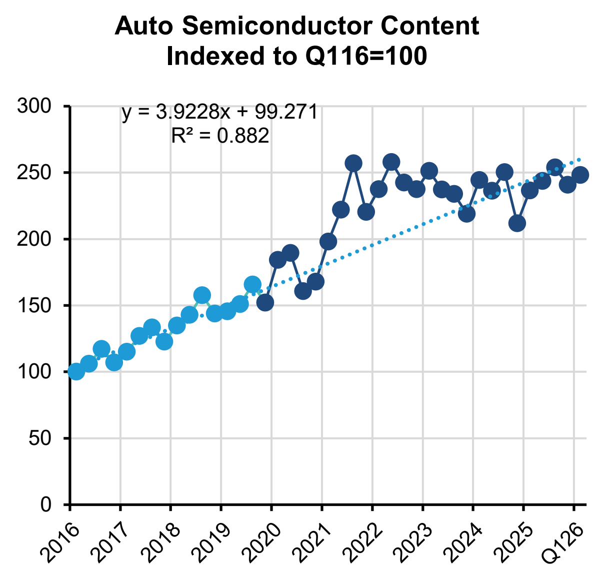
Automotive semis revenues are now seemingly into recovery, with many players reporting YoY growth in CQ1, and with guidance behavior largely positive, overall industry revenues seem to be fine at the moment and likely to continue to trend upwards this year as the industry recovers.

EXHIBIT 14: **Auto semis $/car grew in the quarter and remain above trend...**



Analysis includes the areas where WSTS explicitly calls out an end market, i.e. MCU, application-specific analog, application-specific logic, DSPs, and standard cells. Analysis does NOT include power semis such as IGBTs.
Source: IHS, WSTS, Bernstein U.S. Semiconductors and Semiconductor Capital Equipment team

EXHIBIT 15: **...with unit content per car also growing in the quarter and remaining mostly on trend**



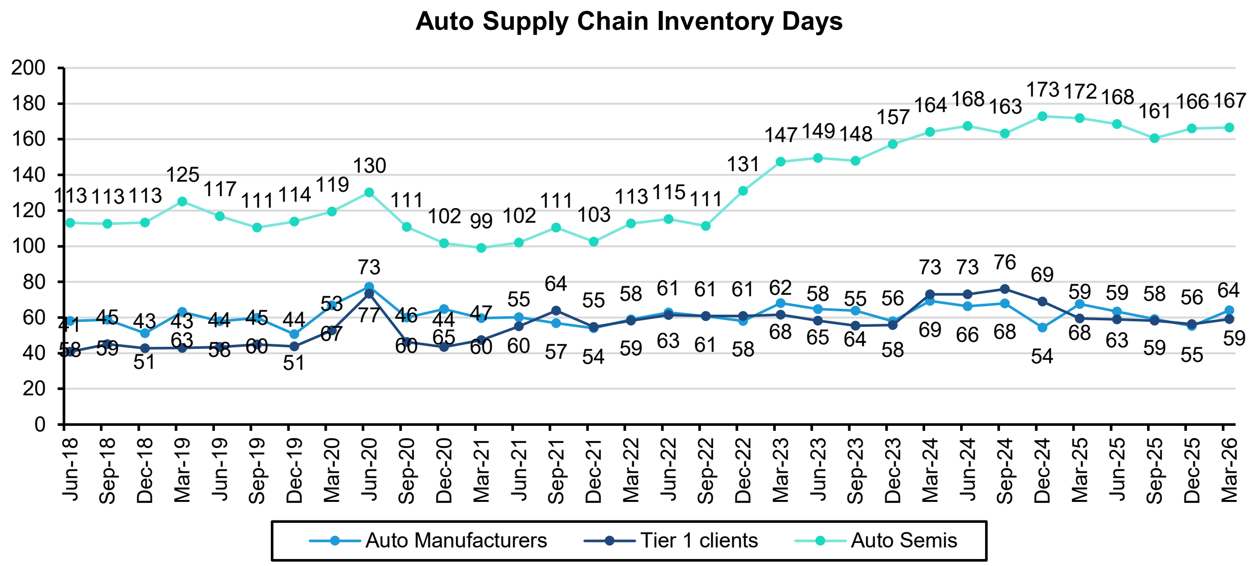
Analysis includes the areas where WSTS explicitly calls out an end market, i.e. MCU, application-specific analog, application-specific logic, DSPs, and standard cells. Analysis does NOT include power semis such as IGBTs.
Source: IHS, WSTS, Bernstein estimates and analysis

INVENTORY DAYS ROSE FOR AUTO OEM AND TIER 1 SUPPLIERS, AND SLIGHTLY FOR AUTO SEMIS

Inventory days were up for auto OEM and Tier 1 suppliers, and up slightly for auto semis, and remain at elevated levels vs. pre-COVID

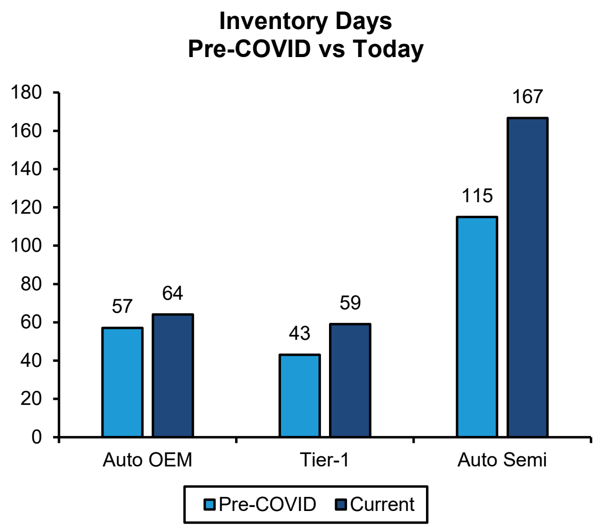
Inventory days for auto semi vendors increased slightly from ~166 to ~167. The largest increases in our sample were Onsemi (15 day increase to 198 days), NXPI (13 day increase to 165 days), and STM (8 day increase to 139 days). Actual dollar inventories were up slightly in aggregate (Exhibit 16). Tier 1s inventory days were also up and remain higher vs pre-COVID levels; auto OEM inventory days were also up and are above pre-COVID levels (Exhibit 17).

EXHIBIT 16: **Auto OEMs and Tier 1s saw a rise in inventory days this quarter, and Auto Semis inventory days only rose slightly**



Auto semi inventory days include all end markets, not just automotive inventory
Source: Bloomberg, Bernstein analysis

EXHIBIT 17: **Inventory days remain elevated across the supply chain compared to pre-COVID levels**



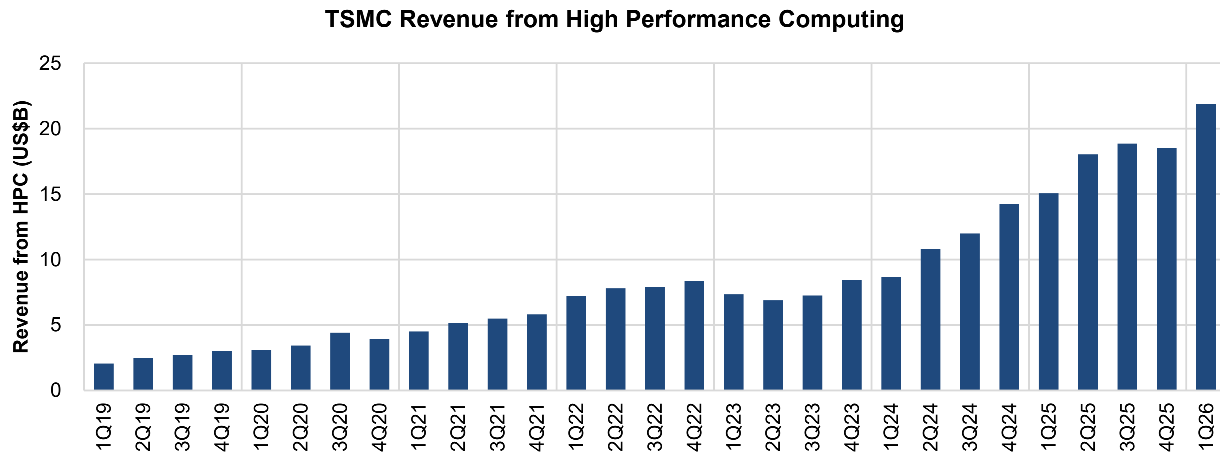
Pre-COVID is average period from Mar-18 to Dec-19.
Source: Bloomberg, Bernstein analysis and estimates

TSMC'S AUTOMOTIVE REVENUE DIPPED IN 1Q26.

For foundries, investors should first be mindful that foundries represent only a small part of automotive chip production. That said, being a marginal capacity supplier may provide earlier cyclical signals and hence we still summarize their outlooks here. For TSMC, HPC (High Performance Computing) is clearly the main growth driver. TSMC's HPC revenue set a new high in 1Q26 and TSMC raised its 2026 full-year revenue guidance, driven by a demand "step-up" as the industry shifts from generative to agentic AI (Exhibit 18). Smartphone revenue dipped in 1Q26 seasonally but has been largely maintaining a mild growth projectory since 2023 too. In contrast, TSMC's automotive revenue didn't recover until 2025 and the recovery also stopped in

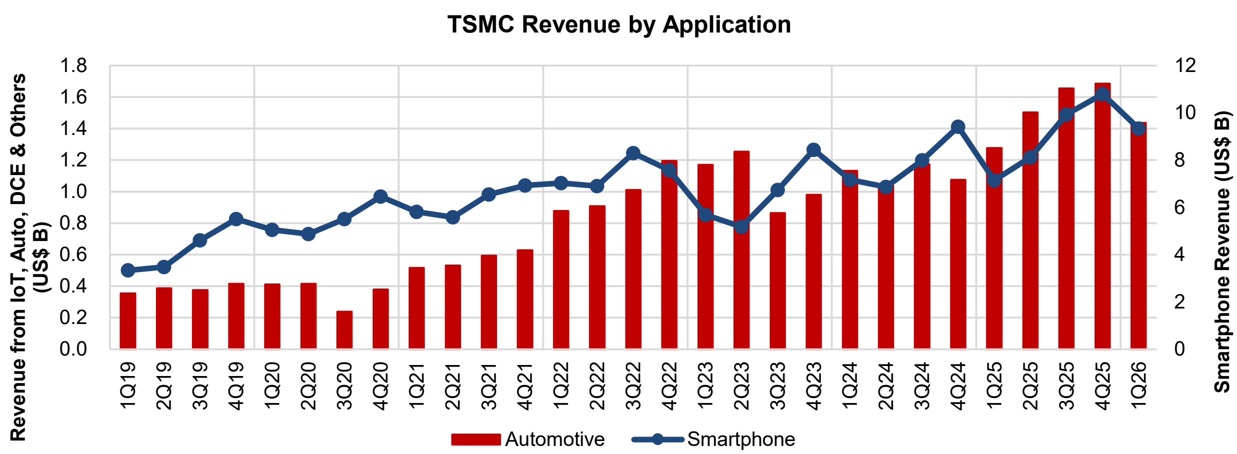
1Q26 as the revenue dipped (Exhibit 19).

EXHIBIT 18: **HPC is clearly the main growth driver for TSMC and its revenue set a new high in 1Q26.**



Source: Company reports, Bernstein analysis

EXHIBIT 19: **In 1Q26, TSMC's automotive revenue declined in 1Q26.**



Source: Company reports, Bernstein analysis

S&P GLOBAL BEV PENETRATION ESTIMATES HAVE BEEN REVISED DOWN AGAIN.

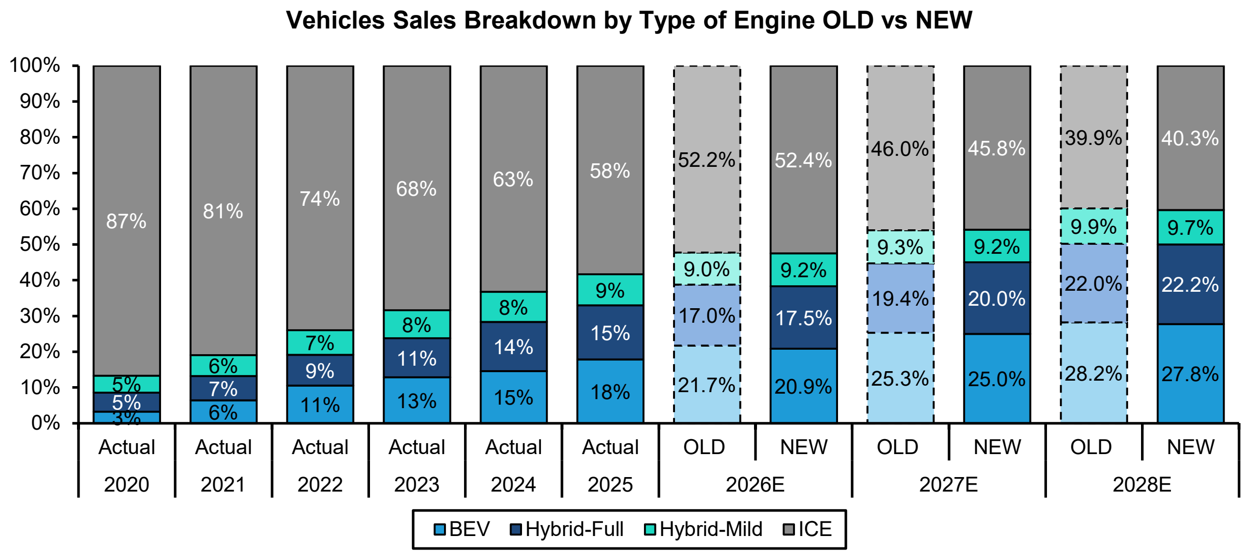
Similar to recent trends, S&P Global has once again revised down its xEV penetration estimates for 2026 to 2028. **BEV penetration is now expected to reach 20.9% in 2026, down from 21.7%, 25.0% in 2027, down from 25.3%, and 27.8% in 2028, down from 28.2%.** On a more positive note, the lower BEV penetration is only partially offset by higher ICE, which carries lower semi content per vehicle, while most of the remaining impact is offset by increased Hybrid-full vehicle penetration, which also has relatively high semi content per vehicle, albeit still significantly below BEV.

This slowdown in EV penetration is partly driven by reduced government incentives globally, particularly in the US, but is mainly due to the significantly higher prices of BEV vehicles compared to ICE. More recently, however, sentiment has improved, supported by rising oil prices linked to the conflict in Iran, which could encourage a gradual shift in consumer preference toward electric vehicles. Analog IDMs, particularly those with higher exposure to power applications such as Infineon, STMicro, onsemi and Rohm, have been negatively affected by this slowdown.

Although xEV penetration has been revised downward once again, production of electric and hybrid vehicles is still expected to increase significantly over the next three years. It is important to note that, on average, **BEVs contain nearly twice the**

semiconductor content per vehicle compared to ICE cars—Infineon estimates this at around $1,400 per BEV in 2025 versus $750 per ICE vehicle. Therefore, even with slower-than-expected growth, semiconductor content in 2026 should rise considerably, especially when factoring in the additional content driven by greater adoption of ADAS features in new models. Despite the downward revision, we believe S&P Global estimates remain overly optimistic and continue to apply a much lower penetration rate in our power model (Exhibit 20).

EXHIBIT 20: **Similar to recent years, S&P Global continues to revise down its BEV penetration assumptions. It now expects BEVs to account for only 25% of vehicles in 2027 and 28% in 2028. However, this is partially offset by higher penetration of Hybrid-full vehicles.**



Old data from February 2026
Source: S&P Global estimates (April 2026), Bernstein analysis

RENESAS ADDITIONAL UPSIDES FROM SHAREHOLDER RETURN

We like Renesas for the fundamentals (AI power, memory interface IC, analog recovery and price hike) and on valuation. Demand is strengthening faster than supply, creating both near-term upside and pricing leverage. Auto demand is improving, with strong momentum in Gen 4 and Gen 3 R-Car and 40nm MCUs, while industrial demand is also rising steadily. At the same time, supply remains constrained by delayed in-house capacity, foundry disruptions, and tester bottlenecks, limiting near-term output. This tight backdrop increases the likelihood of price hikes as costs rise and peers reprice. Beyond that, Renesas is strongly leveraged to AI data center power, where revenue is scaling rapidly, and content gains should materially lift growth, mix, and margins over time.

For Renesas, we see two additional value levers that could support future profits and balance-sheet flexibility:

1. Renesas has agreed to transfer its timing business to SiTime in a transaction originally disclosed at approximately $3.0bn, consisting of $1.5bn in cash plus approximately 4.13m SiTime shares. With SiTime's share price having risen materially since the announcement (using ~$720 per share) the equity component alone would now be worth approximately $3.0bn, **implying a total current value of roughly $4.5bn including the cash component, $1.5Bn higher than previously announced.**

2. Renesas holds 16.85m WOLF common shares, equivalent to ~35% of Wolfspeed's current common shares outstanding based on the latest reported share count. Including currently issuable shares from Renesas' convertible instruments, Renesas' reported beneficial ownership is 18.75m shares, or ~40%. **At WOLF's current share price of ~$60, this implies a value of roughly $1.1bn. This value has increased materially as WOLF's share price has risen 3x from the low-$20s earlier this year.**

These two positions could therefore provide meaningful additional monetisation potential (~$5.6bn), although realised cash and accounting gains will depend on timing, market prices and final accounting treatment.

Finally, as discussed in Global Analog Semis: How to explain, and what could potentially close, the valuation gap, we see upside potential for Renesas, driven by significant scope to raise its low payout ratio, which should support multiple expansion. Renesas' payout ratio is around 20%, well below US peers at around 90%. We believe the company should consider increasing capital returns, particularly as profitability and FCF improve, which could help narrow the valuation gap.

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