



Texas Instruments Incorporated (TXN) — Research Summary

Technology | Semiconductors | 2026-08-18

Price: \$272.24

Signal: BUY (7.62/10)

Market: bull_tech

Equity Research Summary: Texas Instruments Incorporated (TXN)

Sector: Technology — Semiconductors | **Price:** \$272.24 | **Market Cap:** \$258.4B

Aerondight Systems Signal: BUY (7.62/10)

1. Company Overview & Investment Thesis

Texas Instruments is the world's largest maker of analog and embedded processing chips — the essential components that power everything from cars and factory equipment to household appliances. The stock is interesting right now because a broad semiconductor recovery is taking hold, with automotive and industrial demand rebounding and management leaning into U.S.-based manufacturing at a time when domestic chip production is a strategic priority for customers.

2. Fundamental Snapshot

Valuation: TXN trades at a rich premium — trailing P/E of 42.5x and forward P/E of 35.0x, with EV/EBITDA near 27.6x and price-to-sales of 13.3x. These multiples sit well above typical semiconductor averages, reflecting TXN's high margins, quality reputation, and expectations of accelerating earnings. Free cash flow of roughly \$3.2B in the latest quarter supports a healthy but not cheap valuation.

Earnings trend: Momentum is clearly improving. TXN beat estimates in three of the last four quarters, including a strong +12.0% beat in June 2026 (\$2.14 vs. \$1.91 est.) and a +22.6% beat in March. The only stumble was a slight miss in December 2025 (-3.1%). The recent trajectory points to strengthening demand and better operating leverage.

Revenue & margins: The most recent quarter delivered \$5.5B in revenue, up 23.5% year over year — a sharp acceleration from just +1.8% growth the prior quarter. Gross margin expanded to 61.4% and operating margin to 42.3%, both signs that pricing and volume recovery are flowing through to profits. Overall profit margin stands at a robust 31.1%.

Balance sheet: Solid but leveraged for the sector — \$7.0B cash against \$14.1B total debt (net debt ~\$7.1B), with a manageable debt-to-equity ratio of 0.78.

3. Technical Outlook

TXN trades at \$272.24, sitting in the **upper portion of its 52-week range** (\$150.20–\$332.33). The stock has recovered strongly off its lows, indicating momentum is building rather than fading, though it remains roughly 18% below its 52-week high.

- **Support:** Look for buying interest on pullbacks toward the mid-\$200s; deeper support rests far lower near prior-year lows.
- **Resistance:** The key hurdle is the 52-week high near \$332, which aligns closely with the analyst price target.

The upward slope from the lows suggests constructive positioning, but the stock's elevated valuation leaves it sensitive to broader market swings.

4. News & Sentiment

Overall sentiment: Slightly Bullish

Three key themes dominate recent coverage:

1. **Automotive & industrial recovery** — Multiple articles highlight TXN's strengthening automotive demand as a fresh growth driver, mirroring a broader upcycle also benefiting peers like Analog Devices.
2. **U.S. manufacturing narrative** — GE Appliances' decision to source roughly one-third of its chips from U.S.-made TXN components reinforces TXN's "Made in America" advantage, a differentiator as customers prioritize domestic supply chains.
3. **Cash returns** — Coverage focuses on TXN's ~\$5.8B in shareholder returns and whether improving free cash flow can fund larger dividends and buybacks ahead.

The prevailing narrative is that TXN is a high-quality, defensive way to play the semiconductor recovery. Near-term risk comes from macro volatility (recent chip-sector selling tied to U.S.–Iran tensions) and the stock's premium valuation.

5. Bottom Line

- **Aerondight Systems Signal: BUY (7.62/10)**
- **Thesis:** A best-in-class analog chipmaker riding an accelerating recovery in automotive and industrial demand, with U.S. manufacturing as a durable edge.
- **Upcoming catalyst:** The next quarterly earnings report will be closely watched to confirm whether the double-digit revenue growth and margin expansion can continue.
- **Risk level: Medium** — Strong fundamentals and improving momentum are offset by a premium valuation and cyclical exposure to broad chip-market swings.

Analyst consensus supports the case, with a \$324 price target implying roughly **19% upside** from current levels.

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