

SiTime Corporation (NASDAQ: SITM)

Fundamental Analysis and Investment Recommendation

Ute Capital

February 23, 2026



Torlif Wegener



Ryan O'Connor



Imran Al Sabbagh



Garrett Pusey

BUY/SELL @ \$393.29 SITM | Upside 27%+

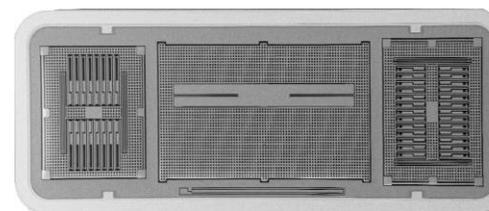
SiTime Corp.	
Current Stock Price	\$393.29
12-Month Target Price	\$499.58/share
Upside Potential	27%+
Proposed Allocation (Shares or Value)	12 or \$4,719.48
Valuation Method	DCF Multiples
Key Assumptions	Defined later
Valuation Range	\$49.50 - \$1,018.78 / share
Portfolio Impact	Bond Sale



AI & Data Center Boom



Renesas Timing Asset Deal



MEMS Leadership



Profitable Growth

Company Snapshot

Founded	2005, Santa Clara, CA
Employees	~550+ (Growing via acquisition)
Channels	Global Distributors & Direct Strategic Accounts
Core Business	Silicon MEMS-based Precision Timing Solutions (Oscillators, Clocks, & Resonators)
Business Segments:	
Communications & Data Centers	Largest growth driver, ~53% of revenue
Automotive, Industrial, & Aerospace	High margin, sticky contracts
Mobile, IoT, & Consumer	High volume, cyclical

Revenue / EPS Growth	Market Growth
<ul style="list-style-type: none"> FY2025 Revenue: \$326.7M (+61% YoY). FY2025 Non-GAAP EPS: \$3.20 (\$0.93 in FY2024) FY2026 Outlook: Renesas acquisition targeting \$1B run-rate 	<ul style="list-style-type: none"> TAM Expansion: Expanding from \$6.5B to ~\$10B with the acquisition of Renesas Drivers: Growth of AI data centers, 5G/6G infrastructure, & L4/L5 autonomous vehicles

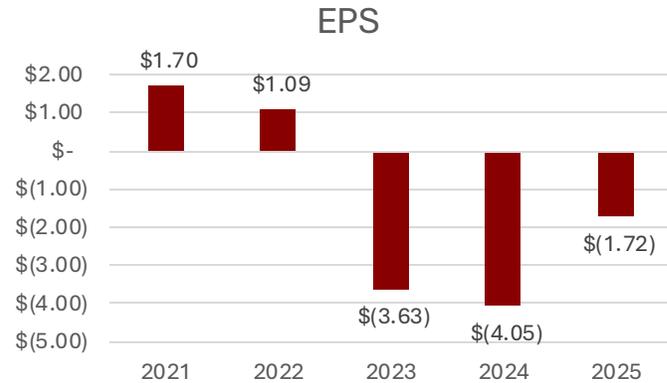
Strategic Outlook	Financial Strength
<ul style="list-style-type: none"> M&A Integration: Renesas integration to dominate the timing clock market Full Stack Supplier: Sell oscillators and complete timing systems (Clocks + Oscillators + Software) 	<ul style="list-style-type: none"> Cash Position: \$808.4M in cash/equivalents (Dec 31, 2025) Margins: Best-in-class Gross Margins (~59.3% Non-GAAP FY25), projected to rise to 62%+ post-acquisition

Historical Financial Performance

REVENUE & GROWTH



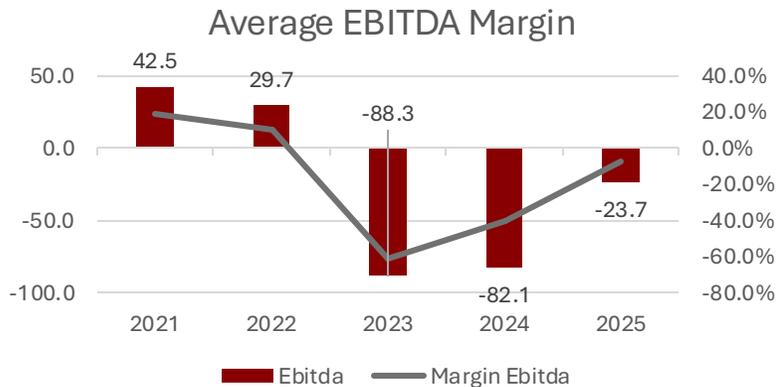
EPS



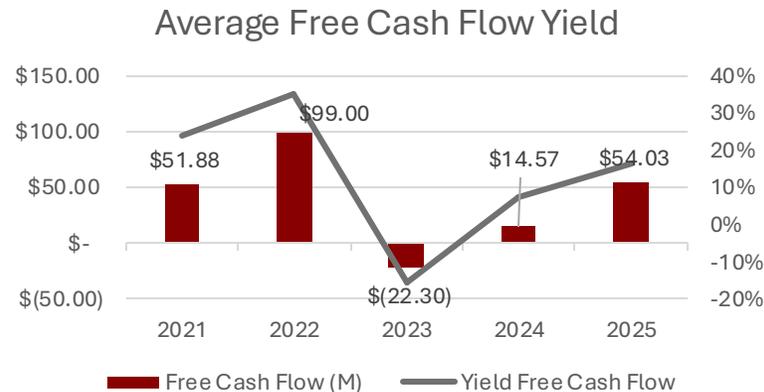
KEY NOTES

- **Revenue** grew in 2022 during pandemic demand peak, followed by industry wide correction in 2023.
- SiTime was profitable in 2021-22 during supply shortage.
- Losses during '23 and '24 reflect market correction combined with heavy investments in personnel and acquisition-related amortization.
- '25 shows a **recovery trend**, with the net loss more than **halving** to \$(1.72) per share as growth outpaces fixed costs.
- After falling to -\$88.3M in 2023, fixed costs are now being distributed over an expanding revenue base. The absolute **EBITDA** loss shrank to -\$23.7M in 2025.
- With the pending **high margin** (70%) acquisition, **EBITDA** should increase.
- After cash downturn in '23 (-\$22.30M), the company flipped back to **positive FCF** in '24 (\$14.57M) and accelerated in 2025.
- **Increasing free cash flow** yield shows the business model is cash-generative and capable of servicing the future debt tied to the Renesas acquisition.

EBITDA

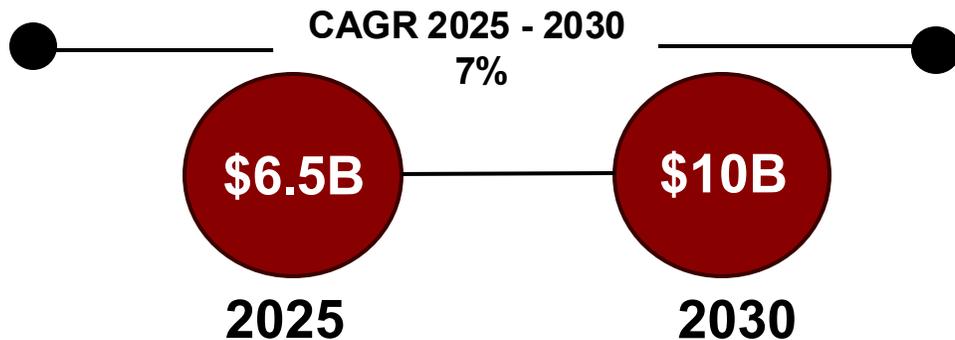


FREE CASH FLOW

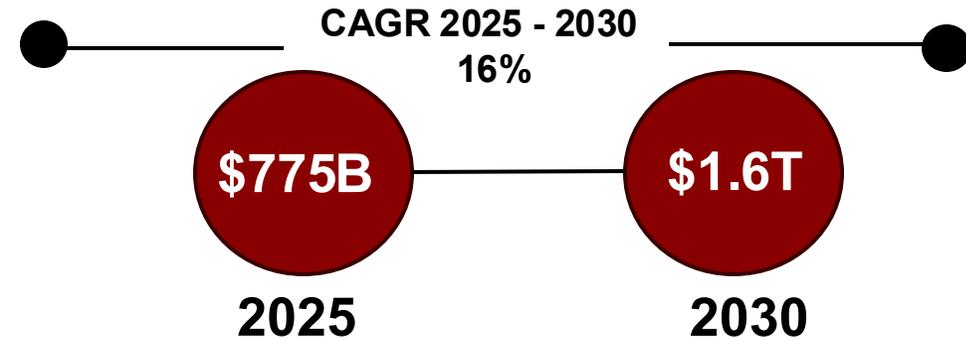


Industry & Competitive Landscape

Timing Device Market Size



Semiconductor Market Size



1 Overview

- Heavily dependent on continued AI Growth
- Semiconductor market is highly cyclical
- US-China tensions, conflict over Taiwan, & tariffs

3 Competitive Landscape

- Characterized by legacy quartz manufacturers and silicon MEMS innovators
- Seiko and NDK, or Texas Instruments and Microchip Technologies

2 Market Tailwinds

- High demand for temperature resilient timing components to support AI server clusters
- Overall displacement of legacy quartz systems due to diverse needs, such lower power consumption, smaller footprints, and programmability

4 Market Headwinds

- Geopolitical issues and Trade tensions, such as US-China trade disputes, tariffs, and conflicts over Taiwan
- Highly cyclical semiconductor market vulnerable to gluts and price erosion

Comparables

PEER COMPARISON

Companies	Ticker	Enterprise Value	LTM Revenue	LTM EBITDA	LTM EBIT	P / E	EV / Sales	EV / EBITDA	EV / EBIT
SiTime Corp	SITM US	1,294.7	326.7	1,294.7	(67.0)	87.7	4.0x	0.3x	-4.9x
Diodes Inc	DIOD US	1,548.4	1,482.1	193.7	35.5	28.7	1.0x	8.0x	43.7x
Analog Devices Inc	ADI US	119,938.9	11,019.7	4,998.7	2,932.5	32.4	10.9x	24.0x	40.9x
Microchip Technology Inc	MCHP US	32,573.2	4,401.6	1,108.2	296.3	263.1	7.4x	29.4x	109.9x
Skyworks Solutions Inc	SWKS US	11,279.5	4,086.9	1,001.3	500.0	19.4	2.8x	11.3x	22.6x
Texas Instruments Inc	TXN US	167,253.4	17,682.0	8,124.0	6,023.0	32.0	9.5x	20.6x	27.8x
Kyocera Corp	6971 JP	2,283.4	2,014.5	188.2	27.3	97.9	1.1x	12.1x	83.6x
Renesas Electronics Corp	6723 JP	4,796.6	1,321.2	389.8	201.2	15.9	3.6x	12.3x	23.8x
Murata Manufacturing Co	6981 JP	3,727.7	1,743.4	453.0	279.7	18.4	2.1x	8.2x	13.3x
Mean		3,648.7	1,455.9	493.3	100.9	30.9	2.5x	7.4x	14.4x

	SiTime	2021	2022	2023	2024	2025	LTM	SiTime - Target Base Case	Mean - 8 Peer Companies
EV/Revenue		25.9x	5.7x	15.5x	25.90	32.7x	30.3x	32.7x	2.5x
EV/Ebitda		273.4x	38.2x	N/A	N/A	N/A	N/A	8.0x	7.4x
P/E		20.13x	15.93x	N/A	34.6x	31.60x	N/A	45.0x	14.4x

KEY NOTES

- **SiTime's EV/Sales of 4.0x** is above the peer average (2.5x), showing strong revenue quality and strategic importance of precision timing.
- **Negative EBIT** and extremely low EV/EBITDA (0.3x) highlight that SiTime is still in an investment-heavy phase, unlike mature analog peers with stable margins.
- SiTime's **LTM revenue of \$326.7M** is ~78% below the peer mean (\$1.46B), yet its **EV/Sales of 4.0x** sits well above the peer average (2.5x). This shows investors are pricing SiTime for future growth, not current scale.

Assumptions

Base Key Drivers:

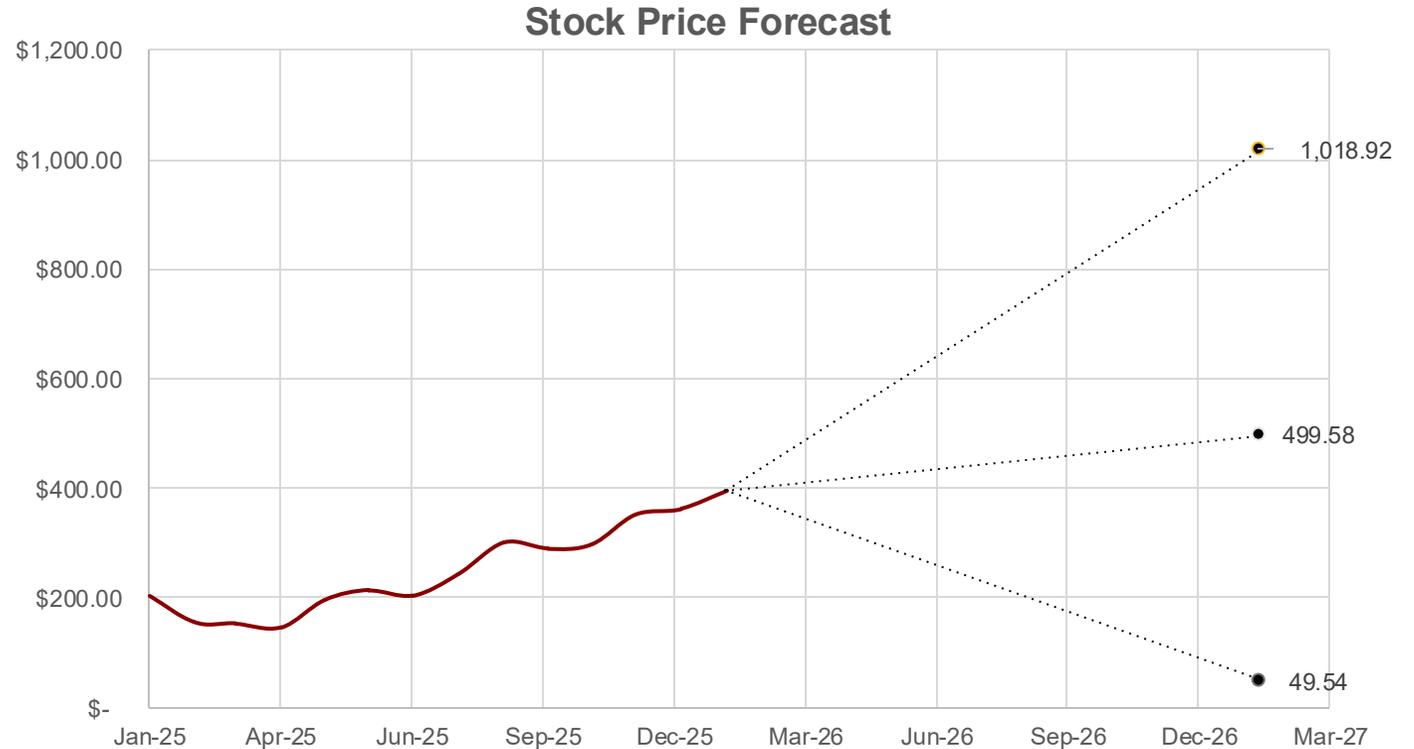
- Rev continues to grow >40%
- Continued MEMS Adoption
- Rising complexity

Bear Key Drivers:

- Rev Decrease 15% YoY
- Loss of Key Contracts
- Drawback of Demand for AI Infrastructure

Bull Key Drivers:

- Continued Rev Growth of 61%
- Data Center Demand
- M7 Cloud CapEx



Outcomes

Valuation Summary

Overview

Valuation Date	2/23/2026	Company Name	SiTime	52 Week High	446.95
Team Name	Ute Capital	Company Ticker	SITM	52 Week Low	105.40
Analyst Name	Garrett Pusey	Sector	Technology	Current Stock Price	393.29
Recommendation	BUY	Industry	Semiconductor Devices	Shares Outstanding	26.30

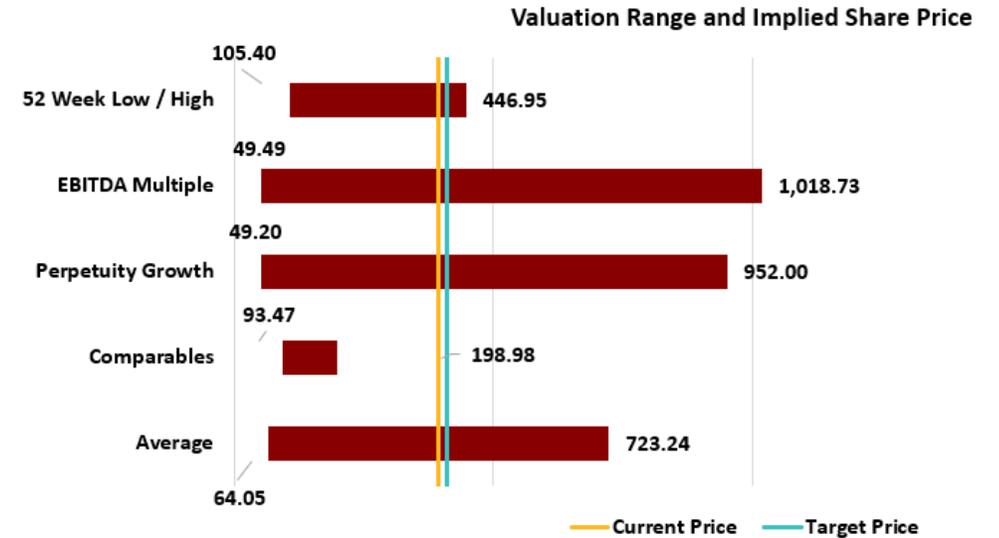
Valuation Scenarios

Model	Base	Bear	Spread	Bull	Valuation Weight
Average	348.51	64.05	659.18	723.24	10.0%
Comparables	143.58	93.47	105.51	198.98	10.0%
Perpetuity Growth	402.41	49.20	902.80	952.00	40.0%
EBITDA Multiple	499.54	49.49	969.24	1,018.73	40.0%
52 Week Low / High	393.29	105.40	341.55	446.95	
Target Price	409.99	55.23		880.51	100.0%

Upside (Downside)

	Current	Bear	Base	Bull
Stock Price	393.29	55.23	409.99	880.51
Upside (Downside)		(338.06)	16.70	487.22
Upside (Downside) %		-86.0%	4.2%	123.9%

Current Price	393.29	393.29	393.29	1000	0
Target Price	409.99	409.99	409.99	1000	0



WACC Calculation

US Real Gross Domestic Product	4.4%
Perpetuity Growth Rate	2.0%

Weighted Average Cost of Capital Calculation

Source: Bloomberg >>> WACC

Weighted Average Cost of Capital 18.4%

Equity

Cost of Equity	
Risk Free Rate	4.08%
+ Equity Risk Premium	14.32%
Beta	2.09
x Country / Region Premium	6.85%
Expected Market Return	10.93%
- Risk Free Rate	4.08%

Total Cost of Common Equity 18.40%

Market Cap	10,956
% of Total Capital	100.0%
Share Price	416.61
Shares Outstanding	26.30

+ Debt

Cost of Debt	
1 - Effective Tax Rate	79.00%
Effective Tax Rate	21.00%
x Total Pre-Tax Cost of Debt	3.65%
Note Rate x ST Debt as % of Total Debt	2.37%
Short Term Debt as % of Total Debt	0.69%
x Note Rate	3.46%
+ Bond Rate x LT Debt as % of Total Debt	1.28%
Long Term Debt as % of Total Debt	0.31%
Bond Rate	4.08%

Total Cost of Debt 2.88%

Total Debt	3.61
% of Total Capital	0.0%
ST Debt	2.48
LT Debt	1.13

+ Preferred Equity

Cost of Preferred Equity	
Preferred Dividend	-
/ Preferred Equity	-

Total Cost of Preferred Equity 0.0%

Total Preferred Equity	-
% of Total Capital	0.0%
Preferred Equity and Hybrid Capital	-
Total Capital	10,960

Exit EV / EBITDA Multiple Calculation

Exit EV / EBITDA Multiple 8.0x

Ticker	EV/EBITDA
Diodes Inc	7.99x
Analog Devices Inc	23.99x
Microchip Technology Inc	29.39x
Skyworks Solutions Inc	11.26x
Texas Instruments Inc	20.59x
Kyocera Corp	12.13x
Renesas Electronics Corp	12.31x
Murata Manufacturing Co	8.23x

Median	12.31x
IQR	12.73x
Up Limit	43.09x

Risks & Challenges

Challenges

Deep Supply Chain Dependency ★★★★★

- Depend on Robert Bosch LLC for fabrication; limited alternative sources
- SiTime rely on TSMC in Taiwan for its circuits, with tensions around geopolitical conflict increasing

International Trade & Compliance ★★★★★

- Continuous change in Tariff policies, changing prices of raw materials
- Sale of advanced technologies to foreign corporations is limited, requiring legal oversight

Competition & Obsolescence ★★☆☆☆

- Larger competitors with greater financial resources, larger sales forces, more products
- Semiconductor market requires rapid development

Risks

Macroeconomic and Industry Cyclicity ★★★★★

- Semiconductor industry is highly cyclical. Downturn in AI spending could diminish demand
- High inflation or interest rates could slow capex and increase debt-servicing risk in relation to their \$900 million loan

Customer and Distributor Concentration Risk ★★★★★

- Heavy reliance on Apple as customer, with 17% revenue stemming from them in '25, down from 22% in '24
- Two distributors account for over 50% of revenue, with such an overreliance increase risk to revenue

M&A Integration Risk and Dilution ★★☆☆☆

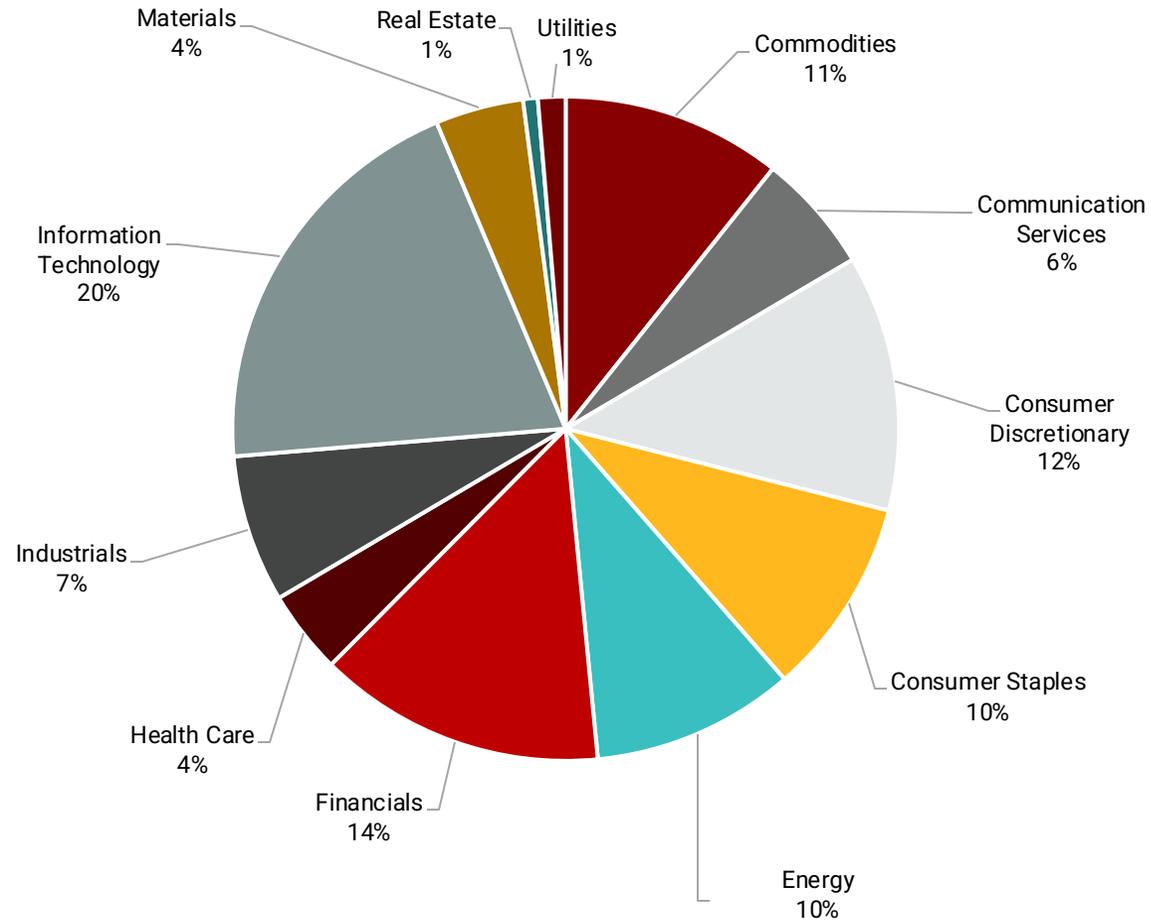
- Successful integration of Renesas is a challenging task, with distinct cultures, locations, and ERP systems
- Issuance of 4.13 million shares dilutes ownership percentage of existing shares, requires net income growth to support EPS

SWOT Assessment

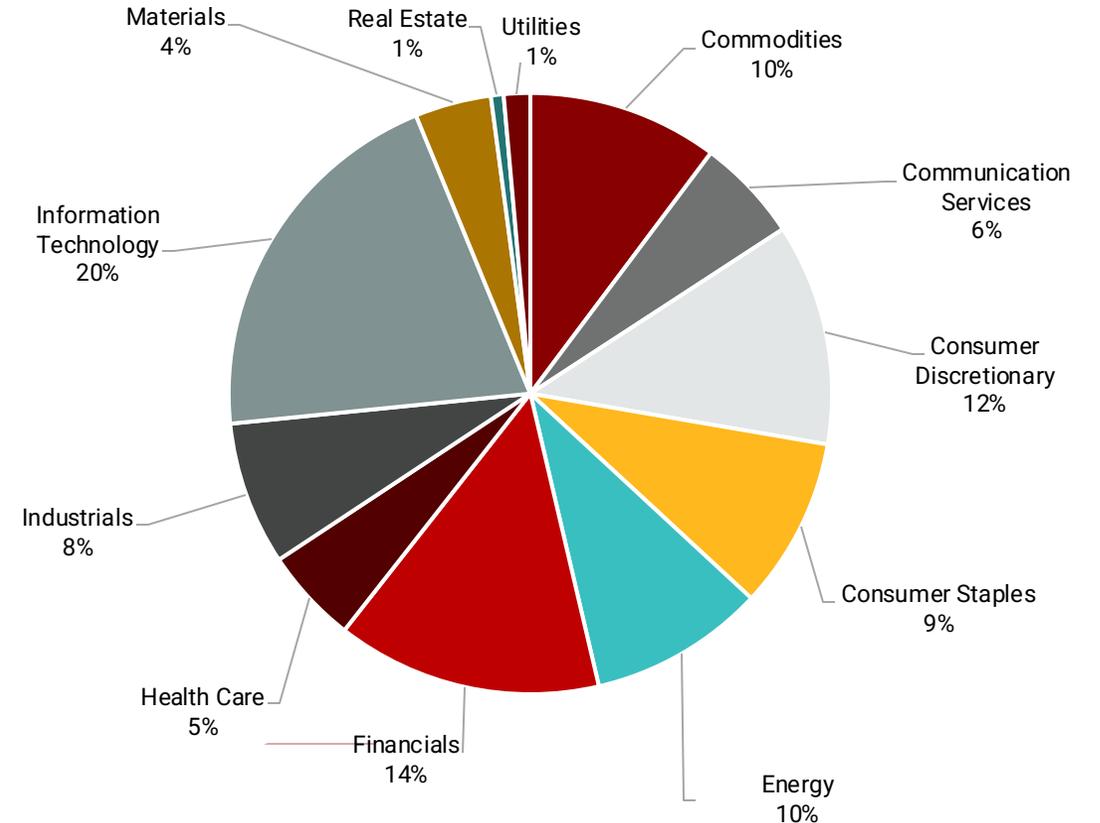
	STRENGTHS +	WEAKNESSES -
INTERNAL FACTORS	<ul style="list-style-type: none">• MEMS Technology Leadership Over Quartz Timing• Strong Exposure to AI, Data Centers, and Automotive• High Margins and Capital-Light Fabless Model	<ul style="list-style-type: none">• Dependence on External Foundries and Supply Chain• Customer Concentration Among Large OEMs• Smaller Scale vs. Major Semiconductor Competitors
EXTERNAL FACTORS	<ul style="list-style-type: none">• Rapid Growth in AI Infrastructure and Data Centers• Renesas Acquisition Expanding Product Portfolio• Increasing Demand for Precision Timing in Advanced Electronics	<ul style="list-style-type: none">• Cyclical Semiconductor Industry Demand• Competition from Established Quartz Suppliers• Geopolitical and Supply Chain Disruptions

Portfolio Sector Allocation

Before-Sector Allocations



After-Sector Allocations



Summary/Final Recommendation = Buy

1

INVESTMENT RECOMMENDATION

Recommendation:	BUY SiTime
Current Price:	\$393.29
Proposed Allocation (Shares):	12 shares
Target Price (12-month):	\$499.58/share
Upside vs Downside Potential:	150% vs -88%

Rapid growth driven by AI and data-center demand, technology leadership in MEMS timing, and expanding margins support attractive upside potential.

3

KEY CATALYSTS

- AI & Hyperscale Data Center CapEx Cycle Driving Demand
- Successful Integration of Renesas Timing Division
- Market Share Gains as MEMS Replaces Quartz Timing Devices

2

MAJOR RISKS (BEAR CASE FACTORS)

- Macroeconomic and Industry Cyclicalities
- Customer and Distributor Concentration Risk
- M&A Integration Risk and Dilution

4

STRATEGIC OUTLOOK

- Transitioning to a Full-Stack Timing Solutions Company
- Renesas Integration Accelerating Market Expansion
- Growing Exposure to AI, Data Centers, and Automotive
- Higher-Value Products Driving Long-Term Margin Expansion