

## 1Q25 Semiconductor Earnings Summary—Week 1

### *Very Weak 1Q But Solid 2Q Guidance as Chip Sector Shares ‘Whelm’*

The 1Q earnings season is now underway with nine out of 57 companies in my Tokeneke Universe having reported through the end of last week. The good news is that 2Q guidance is solid and most companies are exceeding expectations while the bad news is that 1Q results are even worse than dismal guidance and the chip sector is generally tracking to anemic broader equity markets. AI markets remain strong but the outlook for growth is tempering while the rest of the chip markets could be bottoming. The really good news is these kinds of inflection points could present some attractive equity market opportunities in the not-to-distant future.

**Memory Loss Gymnastics:** According to SIA/WSTS 2025 industry growth is expected at +11% which includes memories at +13%, and this narrow spread means I no longer need to exclude memories in the table below due to their growth rate differential. Recall my US-equity based Tokeneke Universe does not include most large international firms, although it does include wafer foundries and IP companies that count as manufacturing costs rather than industry sales. I also normalize fiscal quarters to the best fitting two out of three months, and I do not segregate non-semiconductor revenue on a corporate basis.

**Very Weak 1Q:** The 1Q semiconductor revenue decline is off to an even worse start than expected by missing the low-end of the range of company guidance. The weighted average sales growth across my Tokeneke Universe initially reflects a sequential quarterly decline of -7.6%, as noted in the adjacent table. Company 1Q guidance from 4Q earnings was centered at -3.1% ranging from -5.5% to -0.8% after five preannouncements that included an increase from IDCC, TSM dropping to the low-end of its original range, and reiterations from MCHP, SLAB and WOLF. SIA/WSTS industry statistics for 1Q have not yet been released. The 1Q is seasonally the weakest of the year with an average revenue decrease of -2.1%, a high of +9.2%, a low of -19.4%, and 25 declines in the last 37 years—including 12 of the last 13, according to industry statistics.

		1Q	2Q	2Q Range
<b>Week 1</b>	Weighted	-7.6%	6.9%	+4.2+9.6%
<b>9 co's/\$55B</b>	co. avg	-8.6%	8.7%	+5.2+12.3%

**Solid 2Q Guidance:** The 2Q revenue outlook based on management guidance across my Universe is starting off pretty good for a recovery period. The specific weighted average guidance for revenue calls for a sequential increase of +6.9% this quarter, ranging from +4.2% to +9.6%. The 2Q is seasonally the second strongest of the year with an average revenue growth of +4.2%, a high of +20.0%, a low of -19.9%, and only eight declines in the last 39 years—including two of the last 13, per industry statistics.

**Most Companies Exceed Expectations:** The Performance to Expectations histogram on Page 2 shows most companies in my Universe meeting or exceeding expectations so far this earnings season. Outperforming companies meeting or exceeding expectations is at 67% while companies reporting ‘mixed’ results simultaneously missing, meeting and exceeding expectations is at 33%. Recall this compares investor expectations to reported results for 1Q revenue and EPS, as well as 2Q revenue guidance. Note the grading Legend on Page 2 and company details on Page 3.

**SOX ‘Whelms’:** The SOX and my Universe are tracking within the anemic range of broader equity markets so far this quarter, although outperformed during last week’s rebound. So far during April the Philadelphia Semiconductor Index Option (SOX) is down by -0.4% while 36 out of 57 stocks in my Tokeneke Universe have declined by an average of -2.4% compared to the NASDAQ, S&P500 and DOW at +0.5%, -1.5%, and -4.5%, respectively.

**Stocks Fix’in for Opportunities:** AI remains strong but momentum is tempering while the rest of the semiconductor markets appear poised for some kind of recovery this year—which implies a whole lot of potential inflection points. The SOX index remains over-extended compared to the S&P500 and most fundamental valuations across the sector are unattractive, in my opinion, although chip sector underperformance in recent weeks appears to have begun to correct that imbalance. The good news is the combination of chip sector share price weakness and business fundamental inflection points could very well bring some attractive potential opportunities in the coming weeks and months. Nevertheless, I would continue to be extremely selective considering chip equities at this time.

*CY1Q25 earnings announcements through April 25, 2025. Most earnings and gross margins are non-GAAP.  
Companies sorted alphabetically by ticker across all compilations in this report.*

## 1Q25 Earnings Review

Ticker	Revenue		
	1Q25 (\$ mil)	Qtr-Qtr change	2Q25 Guidance
INTC	12,667.0	-11.2%	-12-2%
MBLY	438.0	-10.6%	+7%
MU	8,053.0	-7.5%	+7+12%
MXL	95.9	4.0%	-1+20%
PI	74.3	-18.9%	+23+29%
STM	2,517.0	-24.2%	+4+11%
TSM	25,526.3	-5.1%	+11+14%
TXN	4,069.0	1.5%	+3+11%
UMC	1,744.0	-5.3%	+5+7%
<b>Total (weighted):</b>	55,184.5	-7.6%	+4.2+9.6%
<b>Company Average (mean):</b>		-8.6%	+5.2+12.3%

		INTC			MU
		STM	MBLY		PI
		UMC	MXL		TSM
					TXN
0.0%	0.0%	33.3%	22.2%	44.4%	0.0%
<b>F</b>	<b>E</b>	<b>D</b>	<b>C</b>	<b>B</b>	<b>A</b>
missed/met		mixed		met/exceeded	
0.0%		33.3%		66.7%	
Total:	9	companies with estimates or guidance			

## Performance to Expectations Skew

LEGEND		Grade	
+++	exceeded the high-end of the range	A	all +++
++	above consensus, within the high-end of the range	B	all +
+	slightly above consensus	C	all o/+
o	met consensus	D	mixed -/o/+
-	slightly below consensus	E	all o/-
--	missed consensus, within the low-end of the range	F	all -
---	missed the low-end of the range		

INTC	31 est.	Intel	CY25rev:	-5%				
Qtr:	1Q	Grade:	D	Growth (qtr-qtr)				
Rev:	12,667	Rev:	++	Rev:	-11.2%			
GM:	39.2%	EPS:	+++	Fcst:	-12-2%			
EPS:	\$0.13	Fcst:	- - -	Div:	\$0.00			
MBLY	19 est.	Mobileye Global	CY25rev:	6%	STM	7 est.	STMicroelectronics	CY25rev: -13%
Qtr:	1Q	Grade:	C	Growth (qtr-qtr)	Qtr:	1Q	Grade:	D
Rev:	438	Rev:	+	Rev:	-10.6%	Rev:	-	Rev:
GM:	68.7%	EPS:	o	Fcst:	+7%	GM:	33.4%	EPS:
EPS:	\$0.06	Fcst:	+++	Div:		EPS:	\$0.06	Fcst:
MU	25 est.	Micron Tech	FY25rev:	41%	TSM	20 est.	Taiwan Semi/TSMC	CY25rev: 28%
Qtr:	F2Q	Grade:	B	Growth (qtr-qtr)	Qtr:	1Q	Grade:	B
Rev:	8,053	Rev:	+++	Rev:	-7.5%	Rev:	25,526	Rev:
GM:	37.9%	EPS:	+++	Fcst:	+7+12%	GM:	58.8%	EPS:
EPS:	\$1.56	Fcst:	++	Div:	\$0.115	EPS:	\$2.12	Fcst:
MXL	11 est.	MaxLinear	CY25rev:	23%	TXN	24 est.	Texas Instruments	CY25rev: 11%
Qtr:	1Q	Grade:	C	Growth (qtr-qtr)	Qtr:	1Q	Grade:	B
Rev:	95.9	Rev:	+++	Rev:	4.0%	Rev:	4,069	Rev:
GM:	59.1%	EPS:	o	Fcst:	-1+20%	GM:	56.8%	EPS:
EPS:	(\$0.05)	Fcst:	+	Div:		EPS:	\$1.28	Fcst:
PI	8 est.	Impinj	CY25rev:	-6%	UMC	5 est.	United Micro	CY25rev: 8%
Qtr:	1Q	Grade:	B	Growth (qtr-qtr)	Qtr:	1Q	Grade:	D
Rev:	74.3	Rev:	+++	Rev:	-18.9%	Rev:	1,744	Rev:
GM:	52.5%	EPS:	+++	Fcst:	+23+29%	GM:	26.7%	EPS:
EPS:	\$0.21	Fcst:	+	Div:		EPS:	\$0.093	Fcst:

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