



Power Integrations, Inc. (POWI)

Updated February 18th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$43	5 Year Annual Expected Total Return:	8.3%	Market Cap:	\$2.54 B
Fair Value Price:	\$29	5 Year Growth Estimate:	15.0%	Ex-Dividend Date:	02/27/2026
% Fair Value:	151%	5 Year Valuation Multiple Estimate:	-7.9%	Dividend Payment Date:	03/31/2026
Dividend Yield:	2.0%	5 Year Price Target	\$58	Years Of Dividend Growth:	14
Dividend Risk Score:	A	Sector:	Technology	Rating:	Hold

Overview & Current Events

Power Integrations designs and manufactures high-performance electronic components for high-voltage power conversion systems. Notable products include the InnoSwitch family of ICs, which integrates primary, secondary, and feedback circuits, and the LYTSwitch ICs, designed for efficient LED lighting solutions. These products are used in mobile device chargers, consumer electronics, lighting, industrial controls, and renewable energy systems. Known for innovation and energy efficiency, Power Integrations simplifies design and reduces component counts in power supplies, emphasizing sustainability to reduce electronic waste and enhance energy efficiency worldwide.

On February 5th, 2026, Power Integrations raised its dividend by 2.4% to a quarterly rate of \$0.215.

On the same day, Power Integrations reported its Q4 and full year results for the period ending December 31st, 2025. For the quarter, the company posted net revenues of \$103.2 million, down 13% sequentially and down 2% year-over-year. The year-over-year decline reflected lower sales in the industrial category, which accounted for 37% of total sales in the quarter.

For Q1 2026, the company expects revenues to be between \$104 million and \$109 million. The non-GAAP gross margin is expected to be in the range of 53% to 54%. Full-year 2025 non-GAAP net income was \$1.25 per diluted share, up from \$1.16 per diluted share in 2024. GAAP EPS was \$0.56. We have embedded an earnings power of \$1.80 in our estimates. However, EPS this year is likely to come close to \$1.30. Note that all past EPS figures in our table are on a GAAP basis.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$0.85	\$0.47	\$1.19	\$3.31	\$1.19	\$2.73	\$2.96	\$0.97	\$0.56	\$0.39	\$1.30	\$3.62
DPS	\$0.26	\$0.28	\$0.32	\$0.35	\$0.42	\$0.54	\$0.72	\$0.77	\$0.81	\$0.84	\$0.86	\$1.73
Shares¹	57.9	59.3	58.9	58.5	59.7	60.3	57.8	57.2	56.8	56.1	56.1	50.0

Power Integrations has experienced modest growth over the past decade, with revenues rising at a compound annual growth rate (CAGR) of just 2.6% during this period. The underwhelming growth can be attributed to a number of industry-specific factors. Firstly, the power conversion market faced intense competition, which put pressure on pricing and limited revenue growth despite increasing unit sales.

Additionally, the consumer electronics market, a notable segment for the company, saw slowed growth as the smartphone and tablet markets matured, reducing the rapid expansion previously seen in these sectors. Accordingly, the company's margins failed to scale over the past decade, with GAAP EPS even declining during this period.

That said, the market has increased expectations for the company's medium-term outlook. This optimism is driven by increasing demand for energy-efficient solutions and the proliferation EVs, as well as renewable energy systems. The company's InnoSwitch ICs, which are crucial for fast-charging mobile devices and efficient power supplies, and their Gate Driver ICs, essential for EV powertrain and charging infrastructure, position it well to benefit in these growing markets. Additionally, the ongoing global transition to LED lighting continues to drive demand for the company's LYTSwitch ICs,

¹ Share count is in millions.

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further supporting growth prospects. For this reason, we expect adjusted EPS and the dividend to each grow at a CAGR of 15% over the next five years. Note that the company has already increased its dividend for 14 consecutive years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	30.2	72.3	29.6	11.4	44.4	30.1	28.8	81.8	129.0	200.0	24.1	16.0
Avg. Yld.	1.0%	0.8%	0.9%	0.9%	0.8%	0.7%	0.8%	1.0%	1.1%	1.1%	2.0%	3.0%

Power Integrations' P/E appears to have been all over the place over the past decade. The company's GAAP EPS has fluctuated wildly during this period due to the cyclical nature of the company's business model and the various variable costs involved. Today, even when we adjust earnings for stock-based compensation and other "one-off" expenses, the stock still trades at very rich P/E of 24.1. This multiple reflects the market's expectations for significant earnings growth over the next five years, as explained earlier. Still, we expect a significant valuation headwind down the road. Given the company's business model, we expect its fair P/E to settle closer to a humble 16 once growth normalizes. Its dividend yield has been trivial in the past, though it could grow following rapid dividend increases in the coming years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

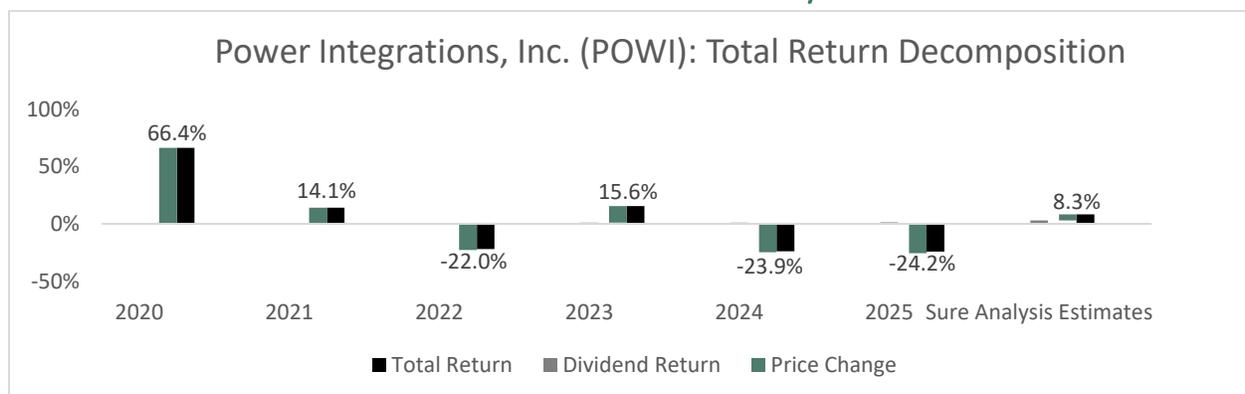
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	31%	60%	27%	11%	35%	20%	24%	79%	145%	215%	48%	48%

Power Integrations benefits from several competitive advantages, including its advanced integrated circuit technology and a robust portfolio of over 2000 patents. For example, the InnoSwitch ICs streamline power supply designs by combining multiple functions into one chip, while the LYTSwitch ICs provide energy-efficient solutions for the growing LED lighting market. However, the company's revenues and earnings are vulnerable to recessions. Economic downturns typically lead to reduced consumer spending on electronics and lower industrial investments, which can decrease demand for the company's components and impact their financial performance. For instance, a slowdown in consumer electronics and industrial infrastructure projects during a recession could significantly affect its results.

Final Thoughts & Recommendation

Power Integrations has failed to generate meaningful returns since 2020, with revenues and earnings growth lagging notably during this period. Today, the market has high expectations about the company's growth over the medium-term, which is reflected in our growth estimates. Still, we believe that the possibility of a significant valuation headwind could partially wipe away some returns the company's underlying growth could produce. Thus, we expect a total return potential per annum of 8.3% moving forward. We feel the stock is expensive given the cyclical nature of its business. We rate it as a hold, nonetheless.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	345	390	432	416	421	488	703	651	445	419
Gross Profit	173	192	214	215	213	244	361	367	229	225
Gross Margin	50.3%	49.3%	49.5%	51.6%	50.7%	49.9%	51.3%	56.3%	51.5%	53.7%
SG&A Expense	77	81	88	89	92	91	101	91	98	106
Total D&A	24	23	24	24	24	28	35	37	37	35
Operating Income	39	49	58	56	48	70	175	180	35	18
Operating Margin	11.3%	12.5%	13.3%	13.4%	11.4%	14.4%	24.9%	27.7%	7.9%	4.3%
Net Income	39	49	28	70	193	71	164	171	56	32
Net Margin	11.4%	12.5%	6.4%	16.8%	46.0%	14.6%	23.4%	26.2%	12.5%	7.6%
Free Cash Flow	70	86	50	58	199	55	184	176	45	64
Income Taxes	0	1	33	(10)	29	4	12	13	(10)	(1.5)

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	488	554	621	589	804	903	1,014	840	820	829
Cash & Equivalents	90	62	94	134	179	259	158	105	64	51
Accounts Receivable	8	7	17	11	24	36	41	21	15	27
Inventories	52	53	57	81	90	103	99	135	163	166
Goodwill	130	123	117	113	109	104	101	98	96	103
Total Liabilities	59	51	73	62	79	93	102	85	68	79
Accounts Payable	22	30	33	32	27	35	44	30	26	30
Long-Term Debt	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	429	503	548	527	725	810	912	755	752	750
LTD/E Ratio	-	-	-	-	-	-	-	-	-	-

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	8.0%	9.4%	4.7%	11.6%	27.8%	8.3%	17.1%	18.4%	6.7%	3.9%
Return on Equity	9.1%	10.5%	5.3%	13.0%	30.9%	9.3%	19.1%	20.5%	7.4%	4.3%
ROIC	9.1%	10.5%	5.3%	13.0%	30.9%	9.3%	19.1%	20.5%	7.4%	4.3%
Shares Out.	58.0	57.9	59.3	58.9	58.5	59.7	60.3	57.8	57.2	57.1
Revenue/Share	5.80	6.58	7.07	6.90	7.05	8.03	11.44	11.16	7.71	7.33
FCF/Share	1.19	1.45	0.81	0.97	3.34	0.90	2.99	3.02	0.78	1.12

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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