Texas Instruments (TXN)

Updated January 31st, 2026 by Jonathan Weber

Key Metrics

Current Price:	$216	**5 Year CAGR Estimate:**	1.4%	**Market Cap:**	$195B
Fair Value Price:	$135	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	01/30/26
% Fair Value:	159%	**5 Year Valuation Multiple Estimate:**	-8.9%	**Dividend Payment Date:**	02/10/26
Dividend Yield:	2.6%	**5 Year Price Target**	$199	**Years Of Dividend Growth:**	22
Dividend Risk Score:	D	**Sector:**	Information Technology	**Rating:**	Hold

Overview & Current Events

Texas Instruments is a semiconductor company that operates two business units: Analog and Embedded Processing. Its products include semiconductors that measure sound, temperature and other physical data and convert them to digital signals, as well as semiconductors that are designed to handle specific tasks and applications. Texas Instruments was founded in 1930, is headquartered in Dallas, TX.

Texas Instruments reported its fourth quarter earnings results on January 27. During the quarter, Texas Instruments generated revenues of $4.42 billion, which represents an increase of 10% versus the previous year's quarter. This was worse than what the analyst community had forecasted, as the consensus estimate was missed by $20 million. Texas Instruments managed to keep its gross profit margin at a very solid level of 56%, and due to the business growth the company achieved versus one year earlier, its operating profits rose nicely.

Texas Instruments generated earnings-per-share of $1.27 during the fourth quarter, which was slightly worse than the consensus estimate, coming in $0.04 below the analyst community's forecast. Texas Instruments generated solid cash flows over the last year, at $7.2 billion, up by a little more than 10% versus one year earlier. Shareholder returns totaled $6.5 billion over the last twelve months, which was up versus the previous year, with spending on buybacks rising to $1.5 billion. Texas Instruments guides for revenues of $4.50 billion and for earnings-per-share of around $1.35 for the current quarter. Following two years of earnings-per-share declines in 2023 and 2024, following record year 2022, earnings started to improve again in 2025. In the current year, 2026, Texas Instruments is expected to see nice earnings-per-share growth as well.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.48	$4.35	$5.42	$5.24	$6.23	$8.26	$9.41	$7.07	$5.13	$5.57	***$6.45***	***$9.48***
DPS	$1.64	$2.12	$2.63	$3.21	$3.72	$4.21	$4.96	$5.02	$5.26	$5.50	***$5.68***	***$6.91***
Shares[1]	990	980	970	948	932	924	916	908	912	909	***900***	***850***

Texas Instruments' results can be relatively cyclical, which is not a surprise, as demand for semiconductors usually depends on the strength of the economy. Over the last decade Texas Instruments grew its earnings-per-share by around 6% annually, although there were ups and downs in the company's profitability. Despite a big hit to its earnings Texas Instruments remained profitable during 2008 to 2010, and its dividend kept growing.

After peaking in 2022, Texas Instruments saw its revenues and profits pull back. But we believe that Texas Instruments' revenues will grow meaningfully in the long run, as the company should be able to benefit from rising demand for processors, as favorable trends such as industry 4.0 and automation pose long-term tailwinds for the chip company. Texas Instruments' policy of returning all free cash flows to the company's shareholders in the form of dividends and share repurchases affects its earnings-per-share growth, as a declining share count increases each remaining share's portion of all profits. Texas Instruments has bought back around 50% of all shares since 2004. While stock buyback spending is uneven, it should remain a tailwind in the long run.

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[1] In Millions

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	18.1	19.4	17.5	24.4	26.3	22.8	17.5	23.9	36.6	31.1	***33.5***	***21.0***
Avg. Yld.	2.6%	2.5%	3.2%	2.8%	2.3%	2.2%	3.0%	3.1%	2.8%	3.2%	***2.6%***	***3.5%***

Texas Instruments has been a high-quality growth stock for many years, which explains why the company's shares were never especially cheap. Texas Instruments has seen its valuation expand over the last decade, but we believe that an earnings multiple in the high-20s or even the 30s is not justified. Relative to our fair value estimate, Texas Instruments has considerably downside potential.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	47%	49%	49%	61%	60%	51%	53%	74%	103%	99%	***88%***	***73%***

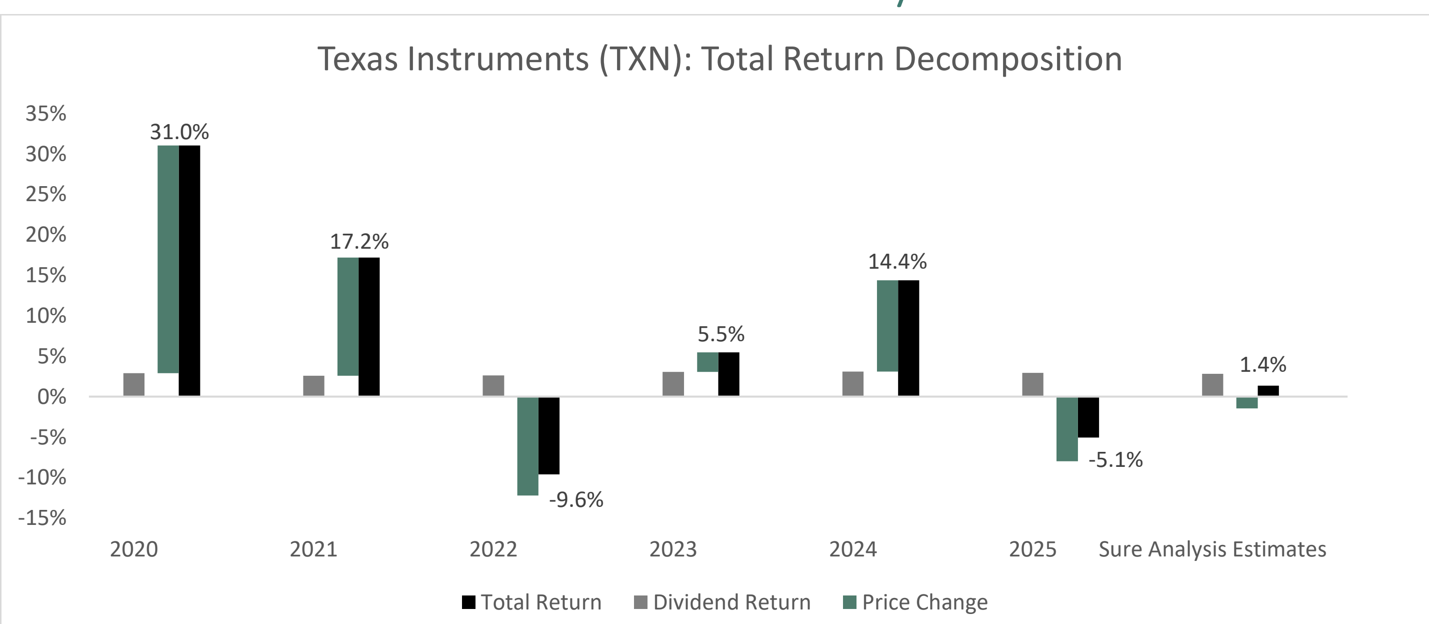
Texas Instruments' dividend payout ratio has risen over the last decade, with the payout being particularly high in 2024 and 2025. While Texas Instruments has a long dividend growth track record, the elevated payout ratio poses some risk for the company's dividend at the current level.

The semiconductor industry is large, competitive, and specialized. Texas Instruments has, over the decades, become a top player in the segments it addresses. Thanks to more than 100,000 products and 40,000 patents, as well as huge R&D efforts, we believe it is unlikely that Texas Instruments will lose market share in the foreseeable future. The company is dependent on the global economy. During the Great Recession its earnings declined considerably, but during the pandemic Texas Instruments has fared better, as profits actually grew in 2020 and 2021.

Final Thoughts & Recommendation

Texas Instruments has been a strong growth investment in the past, both when it comes to earnings-per-share growth and when it comes to dividend increases. Texas Instruments got back to growing its profits last year, and 2026 should be a successful year for the company as well. Shares trade way above fair value today, though. We rate shares a hold at current prices as we forecast that total returns will not be very attractive over the coming years.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	13,370	14,961	15,784	14,383	14,461	18,344	20,028	17,519	15,641	17,682
Gross Profit	7,921	9,296	9,959	8,876	9,071	12,234	13,771	11,019	9,094	10,083
Gross Margin	59.2%	62.1%	63.1%	61.7%	62.7%	66.7%	68.8%	62.9%	58.1%	57.0%
SG&A Exp.	1,767	1,755	1,684	1,645	1,623	1,666	1,704	1,825	1,794	-
D&A Exp.	955	904	954	1,050	992	954	979	1,238	1,580	1,999
Operating Profit	4,784	6,033	6,716	5,687	5,918	9,014	10,397	7,331	5,341	6,140
Op. Margin	35.8%	40.3%	42.5%	39.5%	40.9%	49.1%	51.9%	41.8%	34.1%	34.7%
Net Profit	3,550	3,648	5,537	4,985	5,568	7,736	8,709	6,476	4,775	5,001
Net Margin	26.6%	24.4%	35.1%	34.7%	38.5%	42.2%	43.5%	37.0%	30.5%	28.3%
Free Cash Flow	4,083	4,668	6,058	5,802	5,490	6,294	5,923	1,349	1,498	2,603
Income Tax	1,335	2,398	1,106	711	422	1,150	1,283	908	654	709

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	16,431	17,642	17,137	18,018	19,351	24,676	27,207	32,348	35,509	34,585
Cash & Equivalents	3,490	4,469	4,233	5,387	6,568	9,739	9,067	8,575	7,580	4,881
Acc. Receivable	1,267	1,278	1,207	1,074	1,414	1,701	1,895	1,787	1,719	1,963
Inventories	1,790	1,957	2,217		1,955	1,910	2,757	3,999	4,527	4,804
Goodwill & Int.	5,678	5,418	5,079	-	4,636	4,447	4,514	4,585	4,619	4,568
Total Liabilities	5,958	7,305	8,143		10,164	11,343	12,630	15,451	18,606	18,312
Accounts Payable	396	466	478	388	415	653	851	802	820	756
Long-Term Debt	3,609	4,077	5,068	500	7,047	8,124	9,079	11,701	14,259	14,048
Total Equity	10,473	10,337	8,994	8,907	9,187	13,333	14,577	16,897	16,903	16,273
LTD/E Ratio	0.34	0.39	0.56	0.69	0.77	0.62	0.63	0.70	0.85	0.86

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	21.7%	21.4%	31.8%	28.4%	29.8%	35.1%	33.6%	21.7%	14.1%	14.3%
Return on Equity	34.8%	35.1%	57.3%	55.7%	61.5%	68.7%	62.4%	41.2%	28.3%	30.1%
ROIC	25.2%	25.6%	38.9%	34.3%	35.5%	40.9%	38.5%	24.7%	15.9%	16.2%
Shares Out.	990	980	970	948	932	924	916	908	912	909
Revenue/Share	13.10	14.78	15.94	15.11	15.50	19.60	21.63	19.13	17.02	19.37
FCF/Share	4.00	4.61	6.12	6.09	5.88	6.72	6.40	1.47	1.63	2.85

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