Power Integrations, Inc. (POWI)

Updated August 19th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$57	**5 Year Annual Expected Total Return:**	2.5%	**Market Cap:**	$3.27 B
Fair Value Price:	$29	**5 Year Growth Estimate:**	15.0%	**Ex-Dividend Date:**	08/31/2026
% Fair Value:	198%	**5 Year Valuation Multiple Estimate:**	-12.8%	**Dividend Payment Date:**	09/30/2026
Dividend Yield:	1.5%	**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 August 5th, 2026, Power Integrations reported its Q2 results for the period ending June 30th, 2026. For the quarter, the company posted net revenues of $118.9 million, up 10% sequentially and 3% year-over-year. Sales grew sequentially across all four end markets, led by 16% growth in communications and 14% growth in industrial and automotive applications. For Q3 2026, the company expects revenues of $122 million to $130 million and a non-GAAP gross margin of 54% to 55%. Q2 non-GAAP EPS was $0.37, compared with $0.25 in Q1 2026 and $0.35 in Q2 2025. GAAP EPS was $0.17.

Power Integrations also introduced its 2200-volt PowiGaN technology, targeting AI data centers, automotive systems, solar and battery storage, and high-voltage transmission applications. We have embedded an earnings power of $1.80 in our estimates. Still, EPS this year is likely to be ~ $1.40. 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	***$1.40***	***$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***
Shares[1]	57.9	59.3	58.9	58.5	59.7	60.3	57.8	57.2	56.8	56.1	***56.7***	***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.

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.

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	***31.7***	***16.0***
Avg. Yld.	1.0%	0.8%	0.9%	0.9%	0.8%	0.7%	0.8%	1.0%	1.1%	1.1%	***1.5%***	***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 31.7. 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

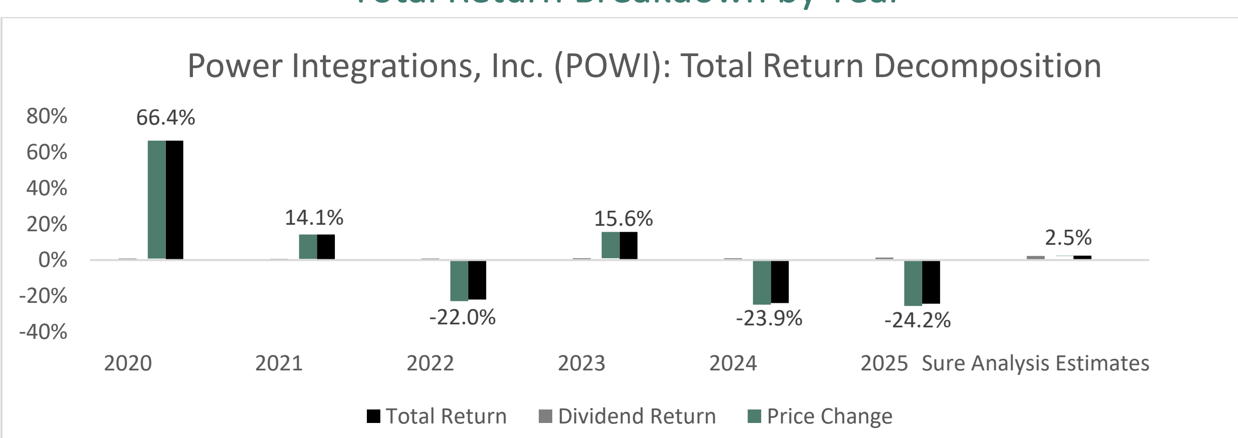
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	31%	60%	27%	11%	35%	20%	24%	79%	145%	215%	***48%***	***48%***

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 most returns the company's underlying growth could produce. We rate Power Integrations as a hold, however, due to its growing dividend.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	390	432	416	421	488	703	651	445	419	444
Gross Profit	192	214	215	213	244	361	367	229	225	242
Gross Margin	49.3%	49.5%	51.6%	50.7%	49.9%	51.3%	56.3%	51.5%	53.7%	54.5%
SG&A Expense	81	88	89	92	91	101	91	98	106	111
Total D&A	23	24	24	24	28	35	37	37	35	28
Operating Income	49	58	56	48	70	175	180	35	18	21
Operating Margin	12.5%	13.3%	13.4%	11.4%	14.4%	24.9%	27.7%	7.9%	4.3%	4.7%
Net Income	49	28	70	193	71	164	171	56	32	22
Net Margin	12.5%	6.4%	16.8%	46.0%	14.6%	23.4%	26.2%	12.5%	7.6%	5.0%
Free Cash Flow	86	50	58	199	55	184	176	45	64	87
Income Taxes	1	33	(10)	29	4	12	13	(10)	(1.5)	(1.1)

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	554	621	589	804	903	1,014	840	820	829	772
Cash & Equivalents	62	94	134	179	259	158	105	64	51	250
Accounts Receivable	7	17	11	24	36	41	21	15	27	18
Inventories	53	57	81	90	103	99	135	163	166	167
Goodwill	123	117	113	109	104	101	98	96	103	103
Total Liabilities	51	73	62	79	93	102	85	68	79	99
Accounts Payable	30	33	32	27	35	44	30	26	30	34
Long-Term Debt	-	-	-	-	-	-	-	-	-	16
Shareholder's Equity	503	548	527	725	810	912	755	752	750	673
LTD/E Ratio	-	-	-	-	-	-	-	-	-	0.03

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	9.4%	4.7%	11.6%	27.8%	8.3%	17.1%	18.4%	6.7%	3.9%	2.8%
Return on Equity	10.5%	5.3%	13.0%	30.9%	9.3%	19.1%	20.5%	7.4%	4.3%	3.1%
ROIC	10.5%	5.3%	13.0%	30.9%	9.3%	19.1%	20.5%	7.4%	4.3%	3.0%
Shares Out.	57.9	59.3	58.9	58.5	59.7	60.3	57.8	57.2	57.1	56
Revenue/Share	6.58	7.07	6.90	7.05	8.03	11.44	11.16	7.71	7.33	7.87
FCF/Share	1.45	0.81	0.97	3.34	0.90	2.99	3.02	0.78	1.12	1.55

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