

US AUTOS & INDUSTRIAL TECH

2026 outlook - A year to own Industrial Tech stocks and be selective in Autos

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Stocks in our Autos & Industrial Tech coverage generally had good performance in 2025, with the median auto OEM/tier 1 up 23% YTD and the median industrial tech stock up 63% YTD (vs. the S&P 500 up 16% YTD). This performance reflects both end demand trends and multiple expansion. In terms of key end demand trends: A) Auto sales and production are tracking to low single digit growth for this year and next in our view, and our current 2025/2026 industry volume estimates are similar to where they were at the start of the year. B) A bottom up aggregation of GS capex estimates for key US hyperscale companies for 2025 and 2026 was revised up by 44% and 76% over the year and now points to 79% growth for 2025 and 36% for 2026. C) Broader industrial end demand for our coverage has had a measured recovery post destocking in 2024, although the rate has been somewhat limited with key PMI indicators still sub 50. Importantly, there was significant volatility throughout the year, with auto stocks and estimates moving sharply lower in the spring as tariffs were announced before recovering as the level of tariffs was materially reduced, while datacenter exposed stocks were volatile post DeepSeek and driven by evolving expectations on the sustainability of hyperscale capex.

We expect stocks in the Industrial Tech portion of our coverage to generally outperform again in 2026, given a reasonable cyclical outlook post destocking plus multiple secular opportunities (e.g. datacenter/AI, energy infrastructure, and robotics and automation). In addition, some of the companies in our Industrial Tech coverage (e.g. KEYS, APH, TEL, each of which are Buy-rated) are typically more defensive than our broader coverage in a downturn, which we believe would help relative performance to the extent market trading conditions become more challenging.

We'd be selective with auto stocks. Auto industry volumes are already at historically typical levels (e.g. ~16 mn US SAAR, ~90 mn global production) and we expect auto industry volume growth from here to be muted, so we believe investors should be selective in autos and own stocks with company specific drivers (we prefer GM, BWA, VC). While lower rates should be a tailwind for the industry, we believe

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rates will have more of an impact on price-mix than overall unit volumes. We also believe that OEM exposure will remain key for suppliers, including as domestic Chinese OEMs seek to increase their businesses internationally, including in Europe. Finally, we note that there is typically downside risk to auto volumes if macro conditions significantly deteriorate, and while a recession is not the base case view of our economics team, we appreciate that some consumer demand and credit/lending datapoints have softened (although as we show in this note, subprime borrowers account for only a small portion of the new car market).

Lower rates should also be a tailwind for valuations, with the GS economics team expecting additional rate cuts in 2026. The effect of rates on stock performance for our coverage has historically been dependent on the macro environment at the time (i.e. our coverage, especially autos stocks, typically underperforms when rate cuts are being driven by a recession), but in periods when rates were lowered and the economy didn't go into a recession (which is the current view of the GS econ team) such as in '95-'97, the stocks in our coverage (at least those that were publicly traded at the time) did well. We show how stocks and multiples trended in past rate cutting cycles in this report.

We expect key themes for 2026 to include profit implications and rate of change considerations associated with important secular megatrends, including in the datacenter/AI infrastructure market and in physical AI/autonomy:

- **Datacenter** - While the returns that hyperscalers will generate from AI related investments has been a broader market debate, more specific to our coverage has been the ability for companies to earn attractive margins, especially if the second derivative of capex growth slows and due to newer technologies (e.g. Rubin/Rubin Ultra and ASICs). In the EMS and power & cooling space, we expect the combination of new capabilities/products, services, and scale to allow margins to trend higher for companies including FLEX, JBL, and VRT, but recognize the level of competition is a risk. For electronic components, our industry discussions suggest that content opportunities will remain attractive for companies including APH and TEL.
- **Physical AI and autonomy** - It has become even more clear in 2025 that AV technology has arrived, and the focus for investors will now be on the pace of scaling and profitably for AVs, not if the tech can work (although how much remote assistance is needed, and the ability for AVs to work in a non-geofenced area, remain in question). While there were AVs operating commercially for key players in 3 cities in the US at the start of the year, that number is now 8 (including in international regions ex. China) and it could reach ~20 by the end of 2026 (including international announcements from Uber and Waymo, again ex. China). There is similarly rapid scaling occurring in China as detailed in this note led by Allen Chang. What this means for company profits (for AV providers, auto OEMs, and auto suppliers) will be increasingly key. For Tesla, we believe that the company will have an attractive cost structure in the robotaxi market, but we believe that miles traveled is a more important variable for profits, rather than vehicle cost (which can be amortized over many miles), and thus the degree to which its AV software works in a wider area will be key to its success in our opinion. Similarly, as Tesla's FSD software for consumer vehicles continues to improve, especially with v14, the ability for this to translate to earnings will likely be in focus for investors. In addition, Tesla's focus in physical AI is

also increasingly on humanoid robots, a market that we see as promising although still at least a few years away from scaled deployments. Overall, we expect Tesla's earnings to grow going forward driven in part by these AI-enabled applications, but we expect that competition will limit the degree of profits the company earns.

Key analysis and work in this report includes:

1. Demand trends for the auto, industrial and datacenter end markets
2. Recent AV and humanoid datapoints, and a look at how Tesla's FSD technology is progressing
3. Valuation work, including upside/downside screens and how stocks have reacted in past rate cutting cycles.
4. We adjust price targets for VRT, KEYS, APH, TEL, FLEX, F, GM, VC, GNTX

Key charts - coverage snapshot, upside/downside screens, and GS vs. Street estimates

Exhibit 1: Coverage snapshot

CY2026E										
	Rating	12-month Price Target	Price	Upside/Downside	Mkt Cap (\$US mn)	ROE	P/E	EV/EBITDA	EV/Sales	EV/FCFF
Auto OEMs										
F	Neutral	\$13	\$13.14	-1%	\$53,191	9%	8.8x	2.6x	0.2x	4.3x
GM	Buy	\$93	\$75.71	23%	\$72,984	13%	6.6x	3.3x	0.3x	7.2x
TSLA	Neutral	\$400	\$439.58	-9%	\$1,549,959	9%	237.5x	82.9x	14.3x	350.3x
RIVN	Neutral	\$13	\$17.65	-26%	\$21,533	--	--	--	3.2x	--
Median						12%	8.8x	3.3x	1.7x	7.2x
Tier 1 Suppliers										
BWA	Buy	\$54	\$41.90	29%	\$9,071	16%	8.3x	4.4x	0.7x	10.3x
MGA	Sell	\$43	\$49.36	-13%	\$13,910	12%	8.3x	4.4x	0.4x	10.0x
LEA	Neutral	\$107	\$105.43	1%	\$5,658	14%	7.3x	4.3x	0.3x	10.0x
GNTX	Neutral	\$25	\$23.17	8%	\$5,086	17%	11.9x	8.3x	1.8x	12.8x
VC	Buy	\$130	\$99.76	30%	\$2,783	15%	10.6x	4.6x	0.6x	10.7x
APTV	Not Rated		\$77.08		\$16,758	16%	9.3x	6.7x	1.1x	12.6x
Median						16%	8.8x	4.5x	0.7x	10.5x
Components and Systems										
APH	Buy	\$165	\$140.06	18%	\$179,669	29%	34.5x	21.6x	6.7x	40.7x
TEL	Buy	\$301	\$233.98	29%	\$69,726	23%	21.8x	14.4x	3.9x	22.8x
BDC	Buy	\$144	\$123.31	17%	\$4,949	24%	16.0x	12.0x	2.1x	19.5x
ST	Buy	\$45	\$33.76	33%	\$4,918	18%	9.4x	8.3x	1.9x	12.6x
Median						24%	18.9x	13.2x	3.0x	21.1x
Lidar and Autonomy										
AUR	Neutral	\$4	\$4.60	-13%	\$8,699	--	--	--	10.9x	--
INVZ	Buy	\$2	\$1.30	54%	\$264	--	--	--	1.6x	--
MBLY	Neutral	\$13	\$11.20	16%	\$9,117	--	--	--	3.8x	21.5x
Median						--	--	--	3.8x	--
EMS										
FLEX	Buy	\$74	\$67.52	10%	\$25,659	20%	24.4x	12.0x	0.9x	28.7x
JBL	Buy	\$238	\$225.42	6%	\$24,625	41%	22.6x	10.7x	0.8x	25.1x
Median						30%	23.5x	11.3x	0.9x	26.9x
Test and Measurement										
KEYS	Buy	\$240	\$209.62	14%	\$36,264	20%	30.8x	23.0x	5.9x	27.0x
Power and Thermal Management										
VRT	Buy	\$204	\$185.61	10%	\$72,560	47%	34.4x	25.5x	5.9x	52.3x
Voice Technology										
CRNC	Neutral	\$11	\$12.78	-14%	\$554	--	--	--	2.5x	10.7x
EV Battery										
QS	Sell	\$3	\$12.60	-76%	\$7,418	--	--	--	481.8x	--
Warehouse Automation										
SYM	Sell	\$47	\$60.48	-22%	\$35,737	--	--	--	12.0x	91.5x
Coverage Median				9%		13%	11.9x	8.3x	1.9x	12.8x

*All price targets are for a 12-month time frame.

Forward Revenue & EBITDA take 2028 GSe for INVZ

2028 GSe for QS and 2030e for AUR; all discounted back to 2026

Price as of market close on 12/8; KEYS is on the Americas Conviction List

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 2: Illustrative upside/downside screen

Upside/Downside Scenario									
	Current Price (12/8/2025)	Downside Multiple	NTM EPS (GSe)	Downside Valuation (Downside Multiple on NTM EPS)	Downside %	Upside P/E view	CY2027 EPS (GSe)	Upside Valuation (Upside Multiple on CY27 EPS)	Upside %
Tier 1 Suppliers									
BWA	\$42	7X	\$4.85	\$34	(19%)	10X	\$5.80	\$56	34%
GNTX	\$23	10X	\$1.85	\$19	(20%)	14X	\$2.15	\$30	30%
LEA	\$105	6X	\$13.40	\$80	(24%)	10X	\$15.75	\$158	49%
MGA	\$49	6X	\$6.00	\$36	(27%)	10X	\$6.50	\$65	32%
VC	\$100	9X	\$8.95	\$81	(19%)	15X	\$10.40	\$156	56%
Component Suppliers									
APH	\$140	25X	\$3.85	\$96	(31%)	40X	\$4.40	\$176	26%
BDC	\$123	12X	\$7.60	\$91	(26%)	20X	\$8.25	\$165	34%
ST	\$34	7X	\$3.50	\$25	(27%)	15X	\$3.90	\$59	73%
TEL	\$234	15X	\$10.75	\$161	(31%)	30X	\$12.45	\$373	60%
EMS									
* FLEX	\$68	12X	\$3.35	\$40	(40%)	22X	\$3.85	\$86	25%
* JBL	\$225	12X	\$11.05	\$133	(41%)	22X	\$13.40	\$295	31%
Test & Measurement									
* KEYS	\$210	18X	\$8.00	\$144	(31%)	30X	\$9.35	\$281	34%
Power & Thermal Management									
VRT	\$186	16X	\$4.85	\$78	(58%)	35X	\$6.95	\$243	31%
* EPS estimates exclude SBC									

Upside/Downside Scenario									
	Current Price (12/8/2025)	Downside Multiple	NTM EPS (GSe)	Downside Valuation (Downside Multiple on NTM EPS)	Downside %	Upside Multiple	2027 GSe	Upside Valuation	Upside %
Auto OEMs									
F	\$13	6X	\$1.20	\$7	(45%)	9X	\$1.65	\$15	13%
GM	\$76	5X	\$10.80	\$54	(29%)	9X	\$11.65	\$105	38%
TESLA	\$440	60X	\$2.80	\$168	(62%)	150X	\$3.30	\$495	13%

TESLA uses CY27 EPS including SBC for the downside scenario and CY27 EPS excluding SBC for the upside scenario. EPS ex SBC for JBL, and FLEX, EPS inc SBC for the remainder

Source: Goldman Sachs Global Investment Research

We show our estimates vs. consensus in [Exhibit 3](#).

Exhibit 3: GS vs the Street (FactSet) estimates

	4QCY25E					1QCY26E					CY25E			CY26E		
	YoY Revenues		EPS			YoY Revenues		EPS			EPS			EPS		
Auto OEMs	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
F	(14%)	(9%)	\$0.06	\$0.08	(25%)	13%	7%	\$0.34	\$0.29	17%	\$1.02	\$1.04	(2%)	\$1.50	\$1.49	1%
GM	(2%)	(5%)	\$2.23	\$2.18	2%	3%	1%	\$2.65	\$2.62	1%	\$10.35	\$10.27	1%	\$11.50	\$11.65	(1%)
TESLA	(1%)	(2%)	\$0.49	\$0.45	9%	12%	22%	\$0.29	\$0.42	(31%)	\$1.65	\$1.66	(1%)	\$2.35	\$2.17	8%
RIVN	(26%)	(27%)	(\$0.63)	(\$0.70)	--	(3%)	11%	(\$0.64)	(\$0.70)	--	(\$2.49)	(\$2.61)	--	(\$2.55)	(\$2.53)	--
Average	(11%)	(11%)			(5%)	7%	10%			(4%)			(1%)			3%
Tier 1 Suppliers	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
BWA	1%	1%	\$1.15	\$1.15	0%	2%	3%	\$1.14	\$1.22	(7%)	\$4.70	\$4.71	(0%)	\$5.05	\$5.12	(1%)
GNTX	22%	20%	\$0.42	\$0.42	0%	14%	14%	\$0.45	\$0.46	(2%)	\$1.78	\$1.78	0%	\$1.95	\$1.95	0%
LEA	0%	1%	\$2.75	\$2.68	3%	2%	3%	\$3.36	\$3.42	(2%)	\$12.15	\$12.12	0%	\$14.50	\$14.07	3%
MGA	(1%)	(1%)	\$1.80	\$1.76	2%	3%	2%	\$1.16	\$1.17	(1%)	\$5.35	\$5.32	1%	\$5.95	\$5.98	(1%)
VC	(1%)	(3%)	\$2.06	\$2.07	(0%)	0%	1%	\$2.05	\$2.29	(10%)	\$9.00	\$9.12	(1%)	\$9.45	\$9.79	(3%)
APTIV	3%	3%	\$1.83	\$1.81	1%	4%	5%	\$1.81	\$1.91	(5%)	\$7.80	\$7.77	0%	\$8.30	\$8.43	(2%)
Average	4%	4%			1%	4%	5%			(5%)			(0%)			(1%)
Components & Systems	QoQ Revenue		EPS			QoQ Revenue		EPS			EPS			EPS		
	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
APH	(1%)	(1%)	\$0.91	\$0.92	(1%)	(4%)	(3%)	\$0.79	\$0.85	(7%)	\$3.28	\$3.28	0%	\$4.05	\$4.01	1%
BDC	(0%)	0%	\$1.95	\$1.96	(1%)	(6%)	(6%)	\$1.61	\$1.69	(5%)	\$7.41	\$7.42	(0%)	\$7.70	\$7.78	(1%)
ST	(2%)	(2%)	\$0.86	\$0.86	0%	3%	2%	\$0.83	\$0.83	0%	\$3.40	\$3.40	0%	\$3.60	\$3.64	(1%)
TEL	(5%)	(5%)	\$2.53	\$2.54	(0%)	5%	5%	\$2.66	\$2.63	1%	\$9.74	\$9.35	4%	\$10.90	\$10.95	(0%)
Average	(2%)	(2%)			(0%)	(1%)	(0%)			(3%)			1%			(0%)
Lidar and Autonomy	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
AUR	--	--	(\$0.11)	(\$0.12)	--	--	--	(\$0.12)	(\$0.11)	--	(\$0.45)	(\$0.46)	--	(\$0.50)	(\$0.45)	--
INVZ	(2%)	(2%)	(\$0.08)	(\$0.08)	--	(13%)	(10%)	(\$0.08)	(\$0.07)	--	(\$0.32)	(\$0.29)	--	(\$0.30)	(\$0.28)	--
MBLY	(14%)	(14%)	\$0.05	\$0.06	(17%)	6%	6%	\$0.08	\$0.07	14%	\$0.35	\$0.36	(3%)	\$0.35	\$0.41	(15%)
EMS	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
FLEX	0%	0%	\$0.79	\$0.78	1%	2%	1%	\$0.85	\$0.85	0%	\$3.03	\$3.02	0%	\$3.48	\$3.41	2%
JBL	(3%)	(3%)	\$2.71	\$2.69	1%	(6%)	(7%)	\$2.35	\$2.37	(1%)	\$10.49	\$10.47	0%	\$11.29	\$11.32	(0%)
Average	(1%)	(1%)			1%	(2%)	(3%)			(0%)			0%			1%
Test & Measurement	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
KEYS	9%	9%	\$2.00	\$1.99	1%	(3%)	(2%)	\$1.85	\$1.90	(3%)	\$7.33	\$7.31	0%	\$8.34	\$8.26	1%
Power & Thermal Management	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
VRT	8%	7%	\$1.29	\$1.27	2%	(11%)	(13%)	\$0.84	\$0.93	(10%)	\$4.13	\$4.11	0%	\$5.40	\$5.22	3%
EV Battery	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
QS	--	--	(\$0.18)	(\$0.17)	--	--	--	(\$0.18)	(\$0.19)	--	(\$0.77)	(\$0.79)	--	(\$0.75)	(\$0.71)	--
Warehouse Automation	GS	Street	GS	Street	% Diff	GS	Street	GS	Street	% Diff	GS	Street	% Diff	GS	Street	% Diff
SYM	1%	0%	\$0.07	\$0.08	(13%)	4%	3%	\$0.08	\$0.08	0%	--	--	--	\$0.42	\$0.43	(2%)

* Estimates adjusted to exclude stock based compensation to compare to the Street (TESLA, RIVN, INVZ, FLEX, JBL, MBLY, KEYS, and SYM)

Source: Goldman Sachs Global Investment Research, FactSet

2025 year in review

Estimates and multiples increased on average for our broader Autos & Industrial Tech coverage in 2025, with more growth for datacenter exposed/industrial tech stocks than auto OEMs and suppliers. We show the change in stock price, NTM consensus EPS (FactSet), and NTM P/E multiple since the beginning of the year by company in [Exhibit 4](#).

Exhibit 4: Stock price, NTM EPS, and NTM P/E change since the beginning of the year

	NTM EPS			NTM P/E			Stock Price		
	Beginning of 2025	Current	% Change	Beginning of 2025	Current	% Change	Beginning of 2025	Current	% Change
Auto OEMs									
F	1.70	1.46	(14.0%)	5.8X	9.0X	54.4%	9.90	13.14	32.7%
GM	10.66	11.56	8.5%	5.0X	6.5X	31.0%	53.27	75.71	42.1%
TSLA	3.34	2.14	(35.9%)	120.9X	205.2X	69.7%	403.84	439.58	8.9%
Tier 1 Suppliers									
BWA	4.57	5.09	11.4%	7.0X	8.2X	18.3%	31.79	41.90	31.8%
LEA	13.34	13.95	4.6%	7.1X	7.6X	6.4%	94.70	105.43	11.3%
GNTX	2.08	1.94	(6.7%)	13.8X	12.0X	(13.5%)	28.73	23.17	(19.4%)
MGA	5.91	5.94	0.5%	7.1X	8.3X	17.6%	41.79	49.36	18.1%
APTV	7.01	8.39	19.7%	8.6X	9.2X	6.4%	60.48	77.08	27.4%
VC	8.98	9.75	8.5%	9.9X	10.2X	3.6%	88.72	99.76	12.4%
Electronic Components									
APH	2.16	3.97	83.6%	32.1X	35.3X	9.8%	69.45	140.06	101.7%
TEL	8.33	10.97	31.7%	17.2X	21.3X	24.3%	142.97	233.98	63.7%
ST	3.39	3.63	7.0%	8.1X	9.3X	15.1%	27.40	33.76	23.2%
BDC	7.65	7.76	1.5%	14.7X	15.9X	7.9%	112.61	123.31	9.5%
EMS									
FLEX	2.70	3.40	25.7%	14.2X	19.9X	40.0%	38.39	67.54	75.9%
JBL	9.19	11.54	25.5%	15.7X	19.5X	24.8%	143.90	225.42	56.7%
Test & Measurement									
KEYS	7.12	8.19	15.0%	22.6X	25.6X	13.5%	160.63	209.62	30.5%
Power & Thermal Management									
VRT	3.57	5.15	44.2%	31.8X	36.0X	13.3%	113.61	185.61	63.4%
Index									
S&P 500	274.00	294.33	7.4%	21.5X	23.3X	8.4%	5,881.63	6,846.51	16.4%

Current is as of 12/8/2025 market close

Source: FactSet

2025 Street consensus EPS estimates for our coverage were revised up by 1% at the median this year, while 2026 estimates were revised down by 5% at the median (Exhibit 5). A key positive driver of estimate revisions this year was strength in the datacenter market. Tariffs, albeit now at lower than initially proposed levels, have been a headwind to estimates for auto OEMs, and OEM exposure was a headwind for several auto tier 1s.

Exhibit 5: 2025 and 2026 consensus YTD estimate changes

	Change in consensus estimates			
	2025		2026	
	Revenue YTD	EPS YTD	Revenue YTD	EPS YTD
Auto OEMs				
GM	4.3%	-3.6%	4.4%	6.0%
F	0.1%	-38.5%	3.9%	-18.2%
TSLA	-19.1%	-50.4%	-22.5%	-48.9%
RIVN	5.0%	--	-7.9%	--
Tier 1 Suppliers				
BWA	-2.4%	3.1%	-4.9%	-0.9%
LEA	-1.3%	-9.1%	-2.6%	-11.4%
GNTX	1.2%	-14.1%	0.2%	-14.6%
MGA	-3.0%	-10.0%	-3.8%	-11.0%
APTV	0.8%	10.9%	-1.5%	2.6%
VC	-7.2%	1.5%	-9.7%	-4.9%
Electronic Components				
APH	31.6%	51.9%	42.9%	65.4%
* TEL	5.7%	11.1%	9.6%	19.8%
ST	-1.7%	0.2%	-5.0%	-5.8%
BDC	-1.8%	-2.9%	-1.5%	-5.9%
Lidar & Autonomy				
AUR	-59.0%	--	-44.3%	--
INVZ	-20.8%	--	-48.9%	--
MBLY	-3.3%	-11.8%	-15.3%	-29.3%
EMS				
* FLEX	2.1%	11.8%	2.3%	9.8%
* JBL	9.2%	10.8%	10.3%	10.9%
Test & Measurement				
* KEYS	3.9%	2.7%	10.4%	0.8%
Power & Thermal Management				
VRT	10.4%	15.0%	15.5%	16.6%
Voice Technology				
* CRNC	8.7%	--	17.5%	--
Warehouse Automation				
SYM	-4.7%	--	-5.5%	-24.0%
* Median	-0.6%	0.8%	-2.1%	-4.9%

*Since most recent FY quarterly reports

Source: FactSet

We show stock performance for our coverage since each company reported 3QCY results, and YTD, below. We note that companies in our industrial tech coverage with exposure to the datacenter/AI market have generally performed the best in our coverage YTD.

Exhibit 6: Stock performance since 3Q reports and YTD

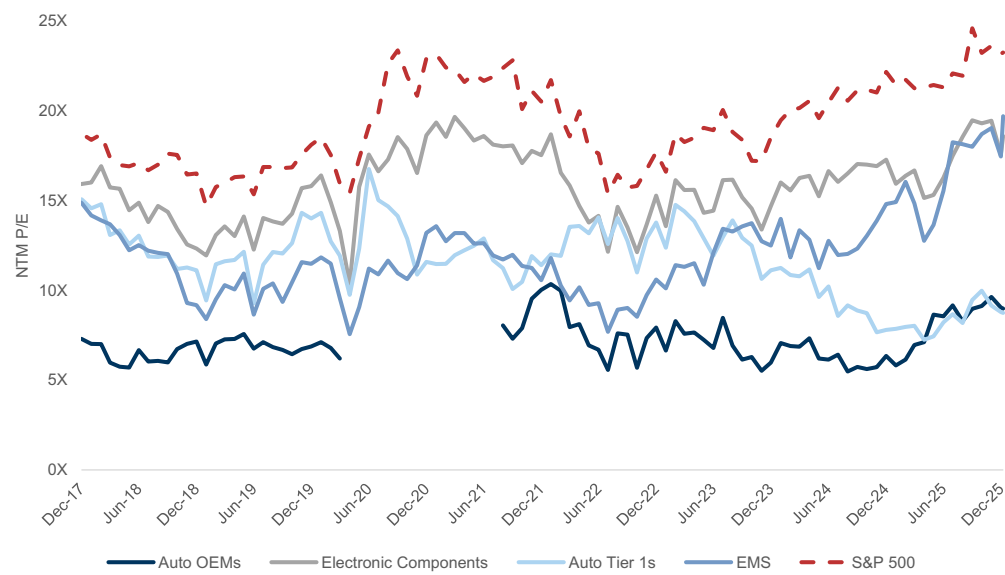
	Stock Performance			
	Since 3Q25 reports		2025 YTD	
	Absolute	Relative to S&P 500	Absolute	Relative to S&P 500
Auto OEMs				
GM	30.5%	28.9%	42.1%	25.7%
F	6.5%	4.9%	32.7%	16.3%
TSLA	0.1%	-2.1%	8.9%	-7.6%
RIVN	41.2%	40.1%	32.7%	16.3%
Tier 1 Suppliers				
BWA	-2.2%	-1.5%	31.8%	15.4%
LEA	1.8%	1.5%	11.3%	-5.1%
GNTX	-12.0%	-13.6%	-19.4%	-35.8%
MGA	10.5%	10.2%	18.1%	1.7%
APTV	-10.1%	-9.5%	27.4%	11.0%
VC	-13.5%	-15.7%	12.4%	-4.0%
Electronic Components				
APH	12.6%	10.9%	101.7%	85.3%
* TEL	-1.1%	-0.4%	63.7%	47.3%
ST	9.4%	10.1%	23.2%	6.8%
BDC	3.3%	3.9%	9.5%	-6.9%
Lidar & Autonomy				
AUR	-11.5%	-10.9%	-27.0%	-43.4%
INVZ	-19.3%	-19.3%	-22.6%	-39.0%
MBLY	-21.7%	-23.9%	-43.8%	-60.2%
EMS				
* FLEX	5.1%	5.7%	75.9%	59.5%
* JBL	N/A	N/A	56.7%	40.2%
Test & Measurement				
* KEYS	18.0%	15.9%	30.5%	14.1%
Power & Thermal Management				
VRT	6.2%	4.5%	63.4%	47.0%
Voice Technology				
* CRNC	61.4%	58.3%	62.8%	46.4%
Warehouse Automation				
* SYM	9.1%	6.9%	155.1%	138.7%
EV Battery				
QS	-7.2%	-9.4%	142.8%	126.4%
Median	4.2%	4.2%	30.5%	14.1%

*Since most recent FY quarterly reports

Source: FactSet

We show how the median NTM P/E multiple by sub-sector has trended over time in [Exhibit 7](#). EMS stocks have seen the most multiple expansion (which we attribute to improved growth and margins driven in part by improved hyperscale businesses).

Exhibit 7: NTM P/E multiples



Source: FactSet

To help frame sentiment beyond valuation ratios, we show short interest levels currently and how they compare to the start of the year by stock in [Exhibit 8](#).

Exhibit 8: Short interest for our covered companies

	Current short interest as % of float (12/1)	% change since 1/1/2025	3yr average	3 yr median	3 yr min	3yr max
Auto OEMs						
GM	2.0%	(37.5%)	3.0%	2.4%	1.3%	8.5%
F	4.6%	56.7%	3.7%	3.7%	2.2%	5.1%
TSLA	2.5%	5.2%	3.0%	3.0%	2.1%	3.9%
RIVN	22.5%	0.5%	16.6%	17.4%	5.9%	23.2%
Tier 1 Suppliers						
BWA	4.0%	(11.9%)	3.7%	3.5%	2.0%	6.7%
LEA	4.0%	(15.6%)	3.5%	3.6%	1.9%	5.0%
GNTX	2.9%	12.2%	2.1%	2.0%	1.0%	4.1%
MGA	3.5%	35.4%	2.7%	2.8%	1.1%	5.9%
APTV	2.3%	2.4%	2.8%	2.2%	0.7%	13.2%
VC	5.4%	81.9%	3.5%	3.0%	2.2%	6.9%
Electronic Components						
APH	0.8%	(29.1%)	1.1%	1.0%	0.7%	1.5%
TEL	1.1%	(15.8%)	1.1%	1.1%	0.6%	1.7%
ST	4.2%	91.5%	2.7%	2.7%	1.2%	4.6%
BDC	2.2%	(15.4%)	2.4%	2.5%	1.8%	3.2%
Lidar & Autonomy						
AUR	13.1%	156.2%	8.6%	9.1%	3.7%	13.5%
INVZ	13.3%	81.0%	8.7%	7.9%	2.6%	14.8%
MBLY	11.8%	(40.3%)	20.2%	20.4%	11.8%	28.9%
EMS						
FLEX	1.4%	(64.6%)	2.1%	2.0%	0.7%	4.7%
JBL	3.8%	72.8%	3.0%	3.1%	1.8%	4.8%
Test & Measurement						
KEYS	1.9%	39.3%	1.7%	1.7%	0.9%	2.5%
Power & Thermal Management						
VRT	2.1%	(40.3%)	3.4%	3.2%	2.1%	5.2%
Voice Technology						
CRNC	20.7%	17.2%	15.2%	16.0%	7.6%	22.7%
Warehouse Automation						
SYM	29.7%	(22.2%)	32.8%	36.9%	2.4%	51.9%
EV Battery						
QS	13.7%	(28.7%)	18.2%	17.2%	11.7%	26.6%

Source: FactSet

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Analysis of performance in previous rate cutting cycles

We examined past cycles with falling interest rates, as the GS economics team expects additional rate cuts going forward.

While multiples have historically expanded during past rate cutting cycles, the effect of rates on stock returns for our coverage has historically been dependent on the macro environment at the time (i.e. our coverage, especially autos stocks, typically underperforms when rate cuts are being driven by a recession), but in periods when rates were lowered and the economy didn't go into a recession (which is the current view of the GS econ team) such as in '95-'97, the stocks in our coverage (at least those that were publicly traded at the time) did well.

Importantly, the GS economics team continues to see only limited recession risk and expects US Real GDP to grow 2-2.5% in 2026.

Exhibit 9: Recent cycles of declining federal funds rates

Month	10 yr treasury yield	Fed Rate	S&P 500	T3M Auto SAAR	% peak SAAR	Consumer Confidence	% peak Confidence
Apr-95	7.06%	6.05%	\$514.71	14.4	66%	92.5	83%
Feb-97	6.42%	5.19%	\$790.82	15.0	69%	99.7	89%
Change	-0.64%	-0.86%	54%	4%		8%	
Sep-00	5.80%	6.52%	\$1,437	17.4	80%	106.8	95%
May-04	4.72%	1.00%	\$1,121	17.0	78%	90.2	81%
Change	-1.08%	-5.52%	-22%	-2%		-16%	
Feb-07	4.72%	5.26%	\$1,407	16.6	76%	91.3	82%
Oct-09	3.39%	0.12%	\$1,036	11.4	53%	70.6	63%
Change	-1.33%	-5.14%	-26%	-31%		-23%	
Apr-19	2.53%	2.42%	\$2,946	16.7	77%	97.2	87%
May-21	1.62%	0.06%	\$4,204	17.7	81%	82.9	74%
Change	-0.91%	-2.36%	43%	6%		-15%	
Aug-24	3.87%	5.33%	\$5,648	15.5	72%	67.9	61%
Current	4.09%	3.88%	\$6,847	15.7	72%	51.0	46%
Change	0.22%	-1.45%	21%	1%		-25%	

Current is as of 12/8/2025 market close

Source: FactSet, FRED, Wards, University of Michigan

In the 1995-1997 rate cut cycle, where the economy was not in a recession, Tier 1 suppliers and EMS companies in our coverage outperformed the S&P 500, while auto OEMs underperformed. Data on Street estimates at that time are not available in FactSet, so we only show stock performance for this period.

Exhibit 10: Changes in stock price in the 1995-1997 rate cycle

	1995-1997
	Stock performance
	Apr-95 - Feb-97
OEMs	25%
Tier 1 suppliers	73%
Electronic components	54%
EMS	229%
S&P 500	54%

Source: FactSet

In the 2000-2004 cycle, P/E multiples expanded for most sub-sectors in our coverage, although stock performance was mixed. We'd note that the 2000 tech bubble affected EMS stocks, and high incentives were an overhang for auto OEMs.

Exhibit 11: Changes in P/E multiples, EPS estimates, and stock prices in the 2000-2004 rate cycle

	2000-2004				
	P/E multiple			Stock performance	NTM EPS estimate changes
	Sep-00	May-04	% change		
OEMs	6.5X	7.0X	9%	-36%	-40%
Tier 1 suppliers	8.4X	12.2X	46%	118%	37%
Electronic components	21.2X	24.3X	15%	-26%	-13%
EMS	50.9X	28.2X	-45%	-54%	-14%

Source: FactSet

In the 2008 financial crisis, the stocks generally underperformed the S&P 500 and valuations compressed.

Exhibit 12: Changes in P/E multiples, EPS estimates, and stock prices during the 2008 financial crisis

	2007-2009				
	P/E multiple			Stock performance	NTM EPS estimate changes
	Feb-07	Oct-09	% change		
OEMs	1.0X	-59.8X	N/M	-55%	-159%
Tier 1 suppliers	16.7X	24.4X	46%	-46%	-47%
Electronic components	18.9X	15.8X	-16%	-13%	-7%
EMS	13.0X	11.8X	-10%	-45%	-39%
S&P 500	16.1X	15.4X	-4%	-26%	-23%

Source: FactSet

During the COVID cycle, multiples expanded the most for our OEM and electronic components stocks, and the stocks mostly outperformed the S&P 500.

Exhibit 13: Changes in P/E multiples, EPS estimates, and stock prices during the COVID rate cycle

	2019-2021				
	P/E multiple			Stock performance	NTM EPS estimate changes
	Apr-19	May-21	% change		
OEMs	6.9X	10.6X	54%	46%	-6%
Tier 1 suppliers	12.3X	14.8X	20%	65%	-5%
Electronic components	14.2X	18.4X	30%	27%	0%
EMS	9.0X	10.6X	17%	76%	50%
S&P 500	16.5X	20.8X	26%	43%	8%

Source: FactSet

Currently, since rates have come down starting in August 2024 P/E multiples have expanded for most of our coverage with the stocks on average outperforming the S&P 500.

Exhibit 14: Changes in P/E multiples, EPS estimates, and stock prices during the current rate cutting cycle

	2024-current				
	P/E multiple			Stock performance	NTM EPS estimate changes
	Aug-24	Current	% change		
OEMs	5.4X	7.8X	43%	35%	-3%
Tier 1 suppliers	8.9X	8.8X	-2%	3%	4%
Electronic components	17.1X	18.6X	9%	34%	22%
EMS	12.3X	19.7X	60%	107%	30%
S&P 500	21.2X	23.3X	10%	21%	10%

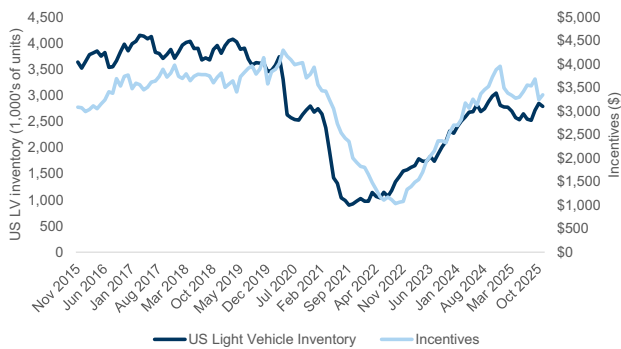
Current is as of 12/8/2025 market close

Source: FactSet

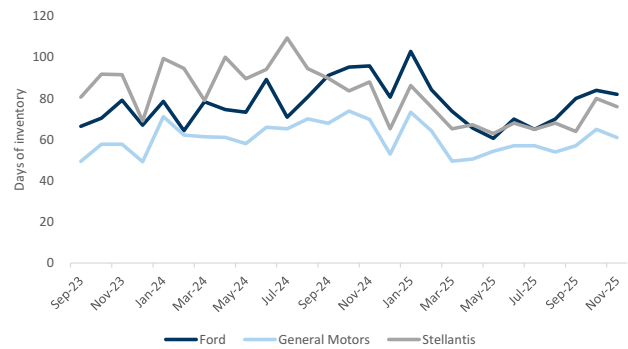
Autos: Demand trajectory into 2026, and supply chain, in focus**Auto demand moderated in November but has been solid YTD**

US auto sales have grown low single digits YTD through November, with SAAR averaging ~16.2 mn (up 3% yoy) per Wards. SAAR moderated in October and November and was in the low to mid 15 mn range per Wards. We believe the year is tracking in line with our 16.2 mn estimate.

Inventory levels for both the US industry overall and for the Detroit 3 modestly decreased in November and remain somewhat below longer-term averages. ([Exhibit 15](#) and [Exhibit 16](#)).

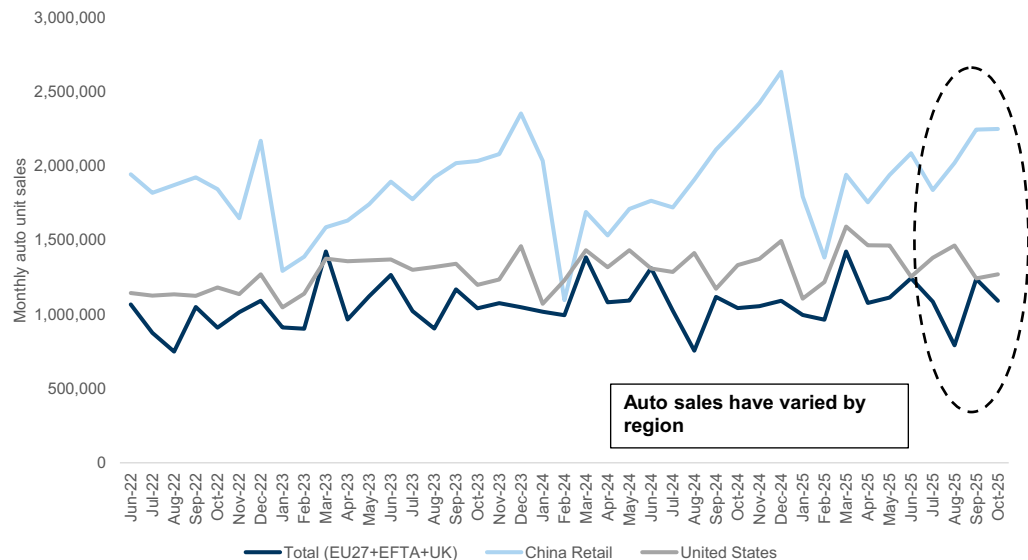
Exhibit 15: US light vehicles inventory and incentives

Source: Motor Intelligence

Exhibit 16: Days of inventory for GM, Ford, and Stellantis

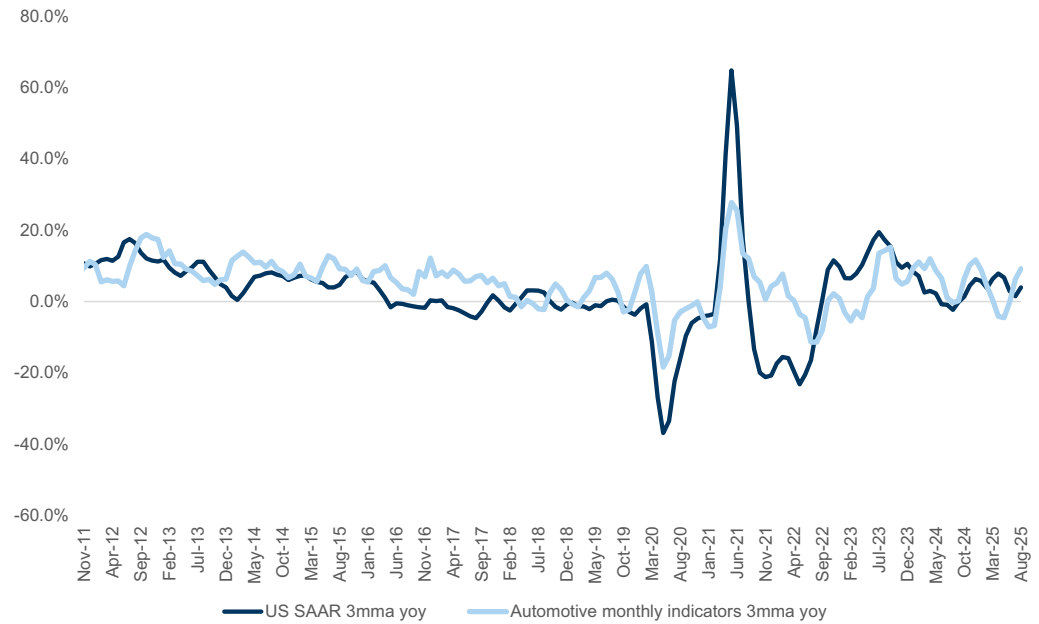
Source: Motor Intelligence

Globally, auto sales are up 2% in Europe (per ACEA) and 8% in China (per the CPCA) YTD through October. October and November monthly sales in China were negative yoy per CPCA data with government stimulus at lower levels than earlier in the year, and we believe it will be important to monitor the degree of incentives and potential 2026 growth in China.

Exhibit 17: Auto sales by region have varied

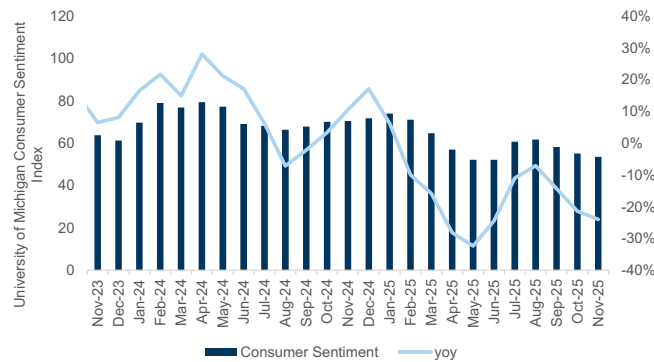
Source: Motor Intelligence, ACEA, CPCA

We expect the US auto market to be flattish in 2026. One reason is based on our auto leading indicators (ALI) analysis, which tracks key inputs that correlate with new car vehicle buying such as consumer sentiment, Google Search traffic, and housing starts (Exhibit 18). ALI data was relatively strong over the summer, and consumers continue to search for terms related to new vehicle purchases per Google Trends, although some more recent datapoints (e.g. consumer sentiment) have softened. We'd note that housing start data has not recently been available due to the US government shutdown.

Exhibit 18: US SAAR vs. Auto monthly indicators

Source: Goldman Sachs Global Investment Research, University of Michigan, The Conference Board, St. Louis Federal Reserve

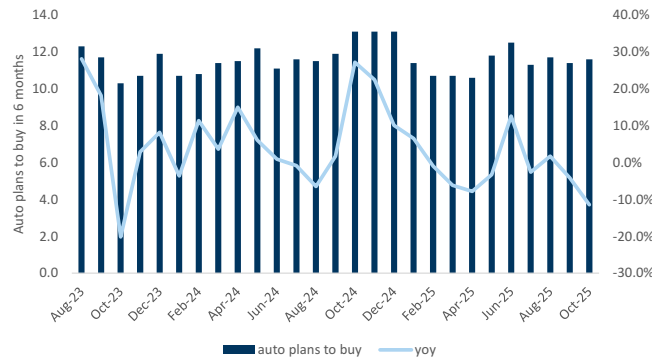
One of the key inputs of our ALI analysis, consumer confidence, has recently weakened ([Exhibit 19](#)).

Exhibit 19: Consumer confidence has decreased yoy the last 6 months, and recent data has declined mom as well

Source: University of Michigan

Auto plans to buy have similarly declined yoy in recent months, though remain more stable on a mom basis ([Exhibit 20](#)).

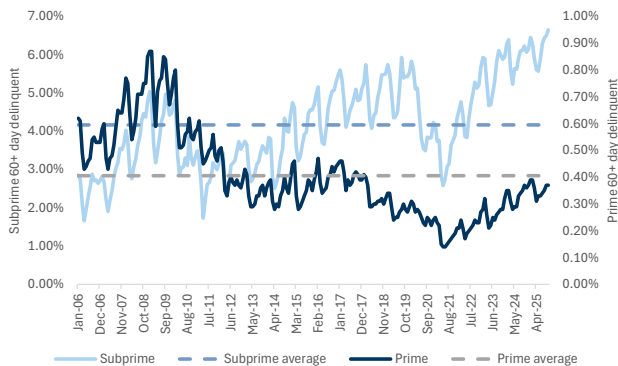
Exhibit 20: Auto plans to buy have been declining yoy in recent months



Source: St. Louis Federal Reserve, Goldman Sachs Global Investment Research

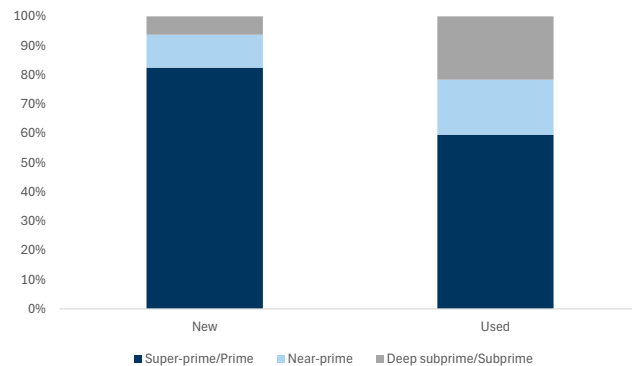
We also note that while auto delinquencies and consumer stress have become increasingly in focus, data from Fitch ([Exhibit 21](#)) shows that the increase in delinquencies has been driven primarily by borrowers with subprime credit, while delinquencies for borrowers with prime credit scores remain near historical averages. This data, coupled with data from Experian ([Exhibit 22](#)) which shows that the vast majority of new car loans are made to borrowers with prime or super-prime credit scores (unlike the used market), leads us to believe that the new car market will remain resilient. Importantly, the loan portfolios for the fincos of both Ford and GM have very limited subprime exposure.

Exhibit 21: Auto delinquency rates



Source: Fitch, Goldman Sachs Global Investment Research

Exhibit 22: New vs. Used car credit score mix

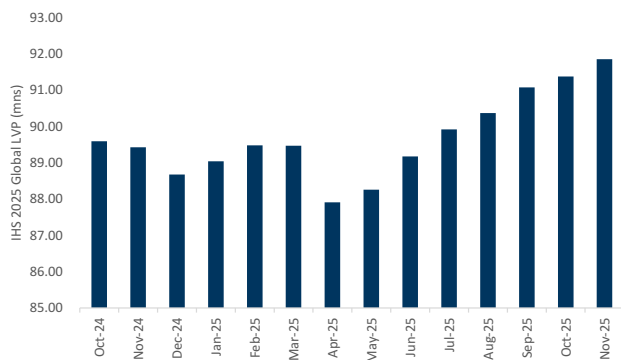


Source: Experian, Goldman Sachs Global Investment Research

S&P Global Mobility (IHS) estimates for global production have been revised higher from tariff related lows in April, though the 2026 forecast is still lower than at the start of the year

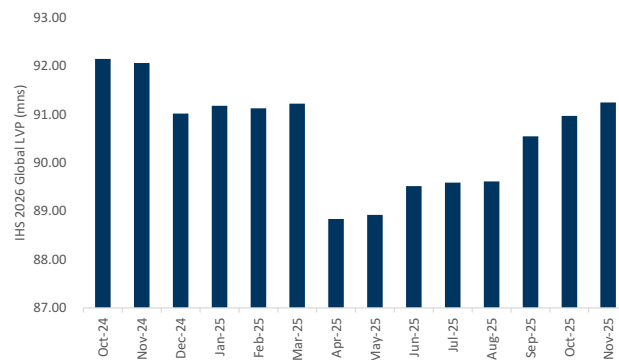
Given tariff and policy-driven volatility in auto production expectations, we show how IHS estimates for global production have shifted for 2025 and 2026 from October 2024 to November 2025 in [Exhibit 23](#) and [Exhibit 24](#).

Exhibit 23: IHS 2025 global production forecast



Source: IHS, Goldman Sachs Global Investment Research

Exhibit 24: IHS 2026 global production forecast



Source: IHS, Goldman Sachs Global Investment Research

Auto tier 1s we cover generally expect to undergrow the market this year, in part driven by supply chain and customer-specific impacts; outgrowth potential key in 2026/2027

While auto production YTD was better than most auto tier 1s initially expected, driven by solid end demand and more limited tariffs than initially proposed, suppliers generally still expect some moderation in 4Q driven by seasonality and/or the effect of supply chain and customer-specific impacts. We highlight what tier 1s in our coverage assumed for 2025 LVP post 3Q25 earnings reports, and how this compares to the November outlook from S&P Global Mobility (IHS) in [Exhibit 25](#). Growth over market expectations remain mixed, with Magna, Lear, and Aptiv guiding to implicit growth under their weighted markets, BorgWarner expecting growth about in line with its weighted market, and Visteon expecting low single digit growth over market (weighted for its customers).

Exhibit 25: Tier 1 LVP assumptions vs IHS

Auto suppliers light vehicle production outlook vs. IHS				
Company		CY25 LVP outlook post 3Q25 earnings (YoY)	IHS forecast (YoY; as of Nov '25)	Δ
Aptiv				
^	North America	-3%	-2%	-1 pp
^	Europe	-2%	-2%	0 pp
^	China	7%	8%	-1 pp
^*	Global	0%	3%	-3 pp
BorgWarner				
^*	North America	-2%	-2%	0 pp
^*	Europe	-2%	-2%	0 pp
^*	China	7%	8%	-1 pp
^*	Global	2%	3%	-1 pp
Lear				
^	North America	-2%	-2%	0 pp
^	Europe and Africa	-2%	-2%	0 pp
^	China	6%	8%	-2 pp
^*	Global	0%	3%	-3 pp
Magna				
*	North America	-3%	-2%	-1 pp
*	Europe	-1%	-2%	+1 pp
*	China	3%	8%	-5 pp

*Adjusted for market exposure

^Midpoint of outlook

Source: Company data, S&P Global Mobility (IHS)

Outgrowth, in part driven by OEM exposure, key for company-specific growth in 2026

Importantly, we think that the extent that auto tier 1 suppliers can outgrow the market (GoM) will continue to be a key focus item coming out of 2025 and into 2026.

One challenge for GoM in 2025 for suppliers has been that several new models with new features, including EVs, have been delayed. Another challenge has been customer exposure (e.g. more sales to western OEMs on average that on net are losing share to the Chinese OEMs) that has limited outgrowth vs. the auto market overall. We also believe tailwinds (or headwinds) from AVs and autonomy will be a growing theme as AVs scale.

However, we believe that powertrain mix plans are now more settled for North American auto OEMs, and we believe electrification more generally will be a tailwind in 2026 on a global basis (driven by EVs in Europe and China, and hybrids in the US), although BEV rules in Europe could be revised to be somewhat less stringent per media reports. In addition, several tier 1s now have improved exposure to China domestic OEMs. While we expect growth in China to moderate in 2026 driven by lower subsidies, we still expect exposure to the Chinese domestic auto OEMs to be key as they expand internationally.

We show revenue exposure by region, and our estimates for the percent of revenue tied to domestic Chinese auto OEMs in [Exhibit 26](#) and [Exhibit 27](#). We note that Lear stated at our Industrials conference in early December that ~40% of its China revenue is now tied to domestics, up from 33% in 2024. Magna has stated that its exposure in China to the domestics is now 60%, and Aptiv has commented that more than 80% of its bookings this year in China have been with the domestics.

Revenue trends can lag bookings. For example, Lear and BorgWarner commented on certain GoM headwinds for 2026 with their 3Q earnings calls.

Exhibit 26: 2024 sales by region/country for tier 1 suppliers

	Net sales						
	United States	Other North America	Europe, Middle East & Africa	China	Other Asia	South America	Other
* Aptiv	35%	1%	33%	21%	8%	2%	
BorgWarner	16%	12%	37%	20%	13%		2%
** Gentex	28%	8%	12%	9%	23%		20%
*** Lear	22%	20%	36%	13%	6%	4%	
*** Magna	26%	23%	36%	13%	1%		1%
**** Visteon	28%	2%	32%	12%	25%	4%	

* For Aptiv, US includes net sales that relate to the company's operations located in Mexico as the assets are utilized for products sold to customers located in the U.S

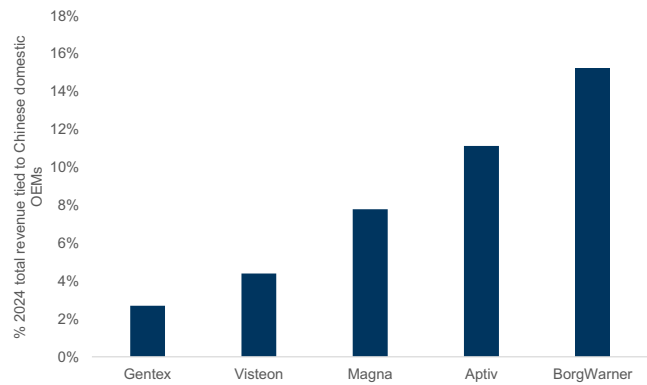
** Gentex discloses automotive revenue for Germany in Europe, Japan and Korea for Asia, Mexico for other North America; Other includes non-automotive US sales

*** Consolidated China revenue shown for Lear and Magna

**** Other Asia includes China export sales where parts are produced in China but shipped to other Asian markets (~7% total sales); percentages may not add to 100% due to inter-regional eliminations
Data based on most recent company 10-K (2024 data)

Source: Company data, Goldman Sachs Global Investment Research

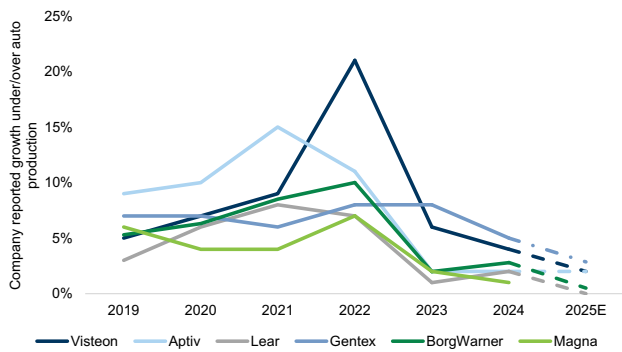
Exhibit 27: Percent of total company sales tied to China domestic auto OEMs



Source: Company data, Goldman Sachs Global Investment Research

We also show the implied growth over market outlooks for each auto tier 1 in [Exhibit 28](#) using customer weighted growth or growth in primary markets when this is the practice of the tier 1. Given that some tier 1s report GoM weighted for their customer or regional exposure, we also show organic revenue growth less global LVP growth (per IHS) for 3Q25 in [Exhibit 29](#). Note that for APH and TEL, this chart shows implied GoM only for the automotive end market, with ST using the Performance Sensing segment.

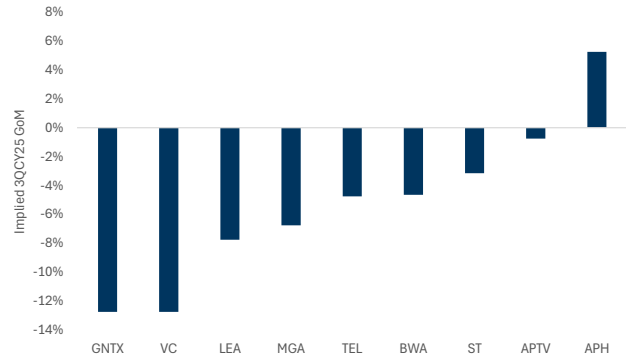
Exhibit 28: 2019–2025E growth over market for tier 1 suppliers



Magna implied/stated 2025 GoM target is not available/calculable

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 29: Implied GoM in 3QCY25 for tier 1 and connector companies



Source: Company data, Goldman Sachs Global Investment Research, IHS

EV and hybrid sales by region

EV growth has varied by region.

EV sales are up 2% YTD through November in the US per data from Motor Intelligence. Hybrid sales in the US are up 30% YTD, and PHEV sales are down 7% YTD.

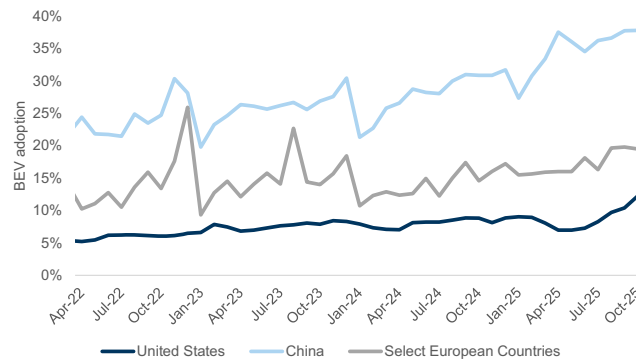
In Europe, EV sales are up 26% YTD through October, with PHEV sales up 33% YTD. In China PHEV sales are up 17% YTD through October, with BEVs up 43% over the same timeframe.

EV sales as a percent of new vehicles sold are running in the 7-8% range YTD in the US, though stepped down to ~5-6% in October and November per Motor Intelligence,

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compared to China in the >35% range and Europe in the mid to high teens range.

Exhibit 30: BEV adoption by region



Source: CPCA, Wind, MotorIntelligence, BEA, ACEA, Wards

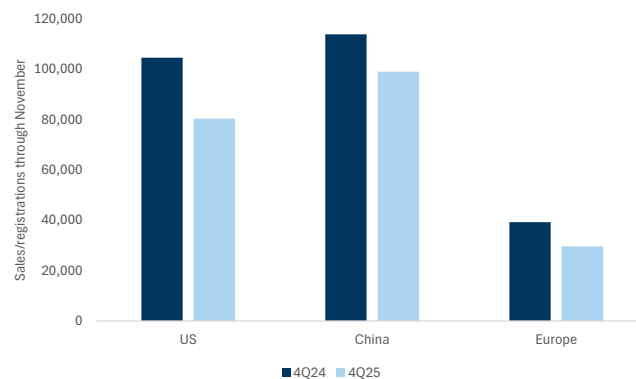
We expect US EV volumes to be flattish in 2026 (and more 2H weighted), as headwinds from the IRA credit expiration are offset by new model launches such as the Rivian R2 and potential introduction of the Model Y L from Tesla.

We are updating our 4Q25 Tesla deliveries estimate reflecting QTD regional datapoints

We now expect 445K deliveries in 4Q (down from 475K previously, and compared to Visible Alpha consensus at 440K) to better reflect monthly regional datapoints. We leave our 2026/27 estimates unchanged at 1.815 mn and 2.015 mn (vs. Visible Alpha consensus at 1.850 mn and 2.179 mn respectively).

Specifically on QTD trends by region: A) USA - Based on data from Motor Intelligence, US sales are down 20-30% yoy QTD through November, although we note these are Motor Intelligence estimates as there is no full registration data disclosed in the US; B) Europe - European registration data suggests a mid 20% decline in registrations QTD through November; C) China - Per data from CPCA through November, Tesla sales are down 10-15% yoy QTD. We note that data for Europe and China showed smaller yoy declines in November than in October.

Exhibit 31: Tesla sales/registrations by region QTD through November

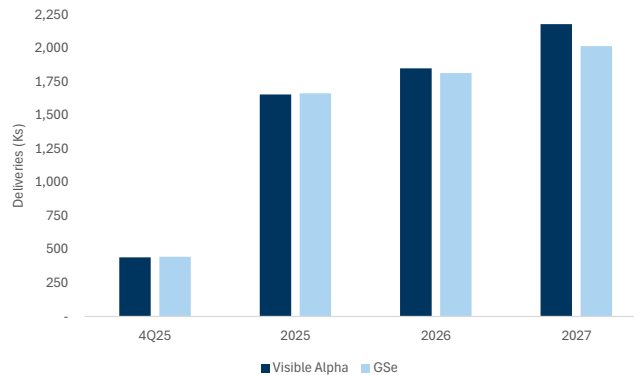


Source: CPCA, ACEA, Autodata, Goldman Sachs Global Investment Research

We show our updated estimates for deliveries relative to Visible Alpha consensus for

4Q25 and FY25/26/27 in [Exhibit 32](#).

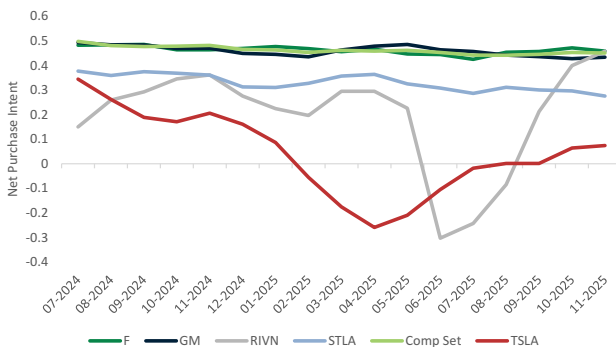
Exhibit 32: GS estimates compared to Visible Alpha consensus for 4Q25 and FY25/26/27



Source: Visible Alpha Consensus Data, Goldman Sachs Global Investment Research

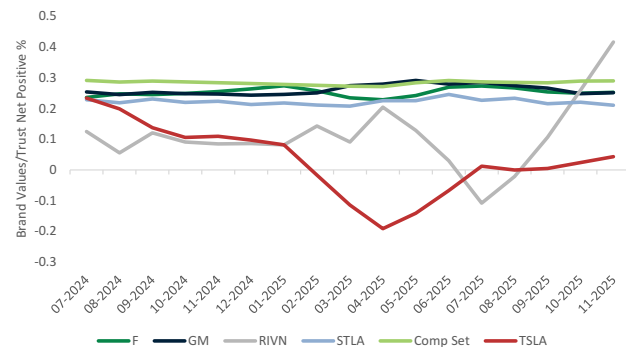
We also show consumer survey data from HundredX related to net purchase intent and brand values/trust sentiment within the US for Tesla relative to its autos peer set in [Exhibit 33](#) and [Exhibit 34](#).

Exhibit 33: Tesla's net purchase intent (NPI) score in the US has recovered from the lows but remains below the peer set



Source: HundredX

Exhibit 34: Similarly brand values/trust net sentiment in the US has recovered from the lows but remains lower than historical levels



Source: HundredX

We maintain our 12-month price target of \$400 for Tesla, which is based on 150X applied to our unchanged Q5-8 EPS estimate including SBC.

Policy: Tariffs and potential changes to emissions rules create puts and takes for OEMs from here

Recall that the US tax reconciliation bill (OBBA) lowered the fine for corporate average fuel economy (CAFE) violations to \$0, and that the President signed a bill earlier in the year that revoked California's ability to set stricter emissions rules (and several states had adopted parts or all of California's standards previously). Moreover, the [EPA is considering repealing the 2009 Greenhouse Gas Endangerment Finding](#), which would lead to the removal of GHG regulations for vehicles, though the EPA noted it intends to retain criteria for pollutants and air standards (e.g. NOx). The administration has also

proposed reducing CAFE standards from 47.3 mpg in model year 2027 to 30.4 mpg, and from 50.4 mpg in model year 2031 to 34.5 mpg. Recall that OEMs can receive adjustments to actual mpg achieved to meet the standard for several technology implementations including AC efficiency, and the current proposal also proposes to remove these. The proposal would also eliminate the inter-manufacturer credit trading program (recall OEMs like Tesla and Rivian have benefited from sales of these in the past).

Both GM and Ford expect new emissions rules in the US to allow them to purchase fewer emissions credits and be able to better optimize mix next year. Conversely, Tesla expects reduced sales of regulatory credits going forward, but Tesla did enter into new contracts in 3Q25, and we expect international markets especially Europe to remain a source of regulatory credit revenue for the company. Rivian is not currently expecting to recognize any significant regulatory credit revenue going forward.

While tariffs are a headwind for US auto OEMs, the degree of burden has been declining. Recall the President extended the 3.75% of MSRP offset for vehicles assembled in the US through April 2030, expanded the use of the offset to a wider pool of parts, and also now provides offsets for US made engines. As a result, with its 3Q call GM lowered its gross tariff expectation to \$3.5-\$4.5 bn from \$4-\$5 bn prior and the company expects to mitigate ~35% of this (from at least 30% prior). Ford now assumes a 2025 net tariff cost of ~\$1 bn (from \$2 bn prior), which implies a net tailwind from tariffs in 4Q, as we think it can now recognize more credits including some for costs incurred in 2Q/3Q. Importantly, for 2026, both Ford and GM believe tariff costs can be similar to what was realized in 2025, with benefits from certain actions (e.g. pricing, footprint actions, cost reductions) offset by the full year impact of tariffs (vs. about three quarters in 2025). For GM, the trade deal with Korea is also a positive, as about half of GM's tariff exposure has been related to Korea tariffs.

Autonomy and Physical AI: Robotaxis and humanoids continue to develop

AV news was very active in 2025. Tesla plans to launch its ridehail service with robotaxi technology in 8-10 metros by the end of the year (including upcoming launches in Las Vegas, Phoenix, Dallas, Houston, and Miami) and is targeting to have the safety observer out by year-end in Austin. There was also a wave of AV announcements or updates including from Waymo, Lyft, and Uber. In addition, Aurora highlighted that it started operations on one-way of its Fort Worth to El Paso lane, and is expecting to expand to Phoenix and the round-trip route soon.

For Tesla specifically, we believe the end-of-year target for having the observer out in Austin will be key to watch, and also its ability to be fully driverless in other locations. We also highlight the expected number of cities with driverless deployments for Uber, Lyft, and Waymo robotaxis based on company announcements in [Exhibit 35](#). We note that not all of the cities are unique across the various companies (e.g. Waymo and Uber partner in Austin and Atlanta) and some companies have announced partners/plans for additional geographies without naming cities.

We expect the US rideshare AV market to reach ~\$7 bn in 2030, as detailed in our [June 2025 AV deep dive](#).

Exhibit 35: Uber, Lyft, and Waymo number of cities announced for driverless ridehailing operations

Company	Start of 2025	2025 YTD	By end of 2026	Total (incl. date TBA)
Waymo	3	5	15	24
Lyft	0	0	2	3
Uber	0	5	10	11

Cities are cumulative; Uber expects at least 10 cities by the end of 2026

Source: Company data, Data compiled by Goldman Sachs Global Investment Research

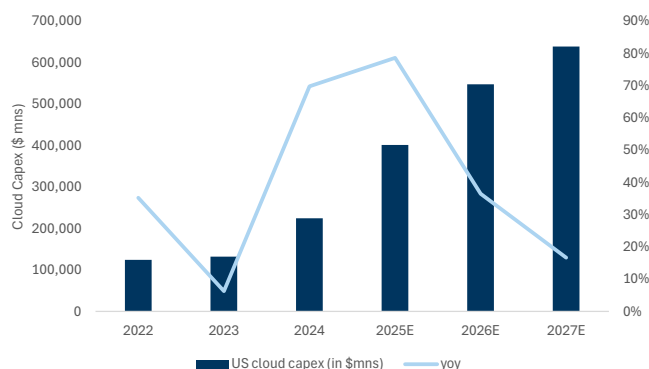
We also expect progress with Tesla's FSD software, including miles between critical disengagements and features, to be a focus into 2026. Tesla's CEO noted on X that the current v14.2.1 of FSD allows for texting while it is active in some cases depending on the context of surrounding traffic. It is unclear if Tesla is operating FSD as an L3 system or simply not requiring driver attention and remains an L2 system (i.e. the driver is still responsible for following all driving rules and regulations). Recall that Tesla commented at its AGM in early November 2025 that it believes FSD tech could allow customers to text in the next 1-2 months. Additionally, the company had noted that v14.3 could be the version where customers could sleep while driving. Per crowdsourced data, v14.x currently can drive ~2,000-3,000 miles without a critical disengagement, though we acknowledge limitations may exist, including some disengagements not being classified by cause (e.g. lane issue, wrong speed, and other "non-critical" disengagements vs safety issues, obstacles, or other "critical" disengagements).

On humanoids, Tesla plans to begin production of Optimus Gen 3 in 2026, and added at its November shareholder meeting that it hopes to start Gen 4 in 2027 and Gen 5 the year after that. Recall Tesla commented on its 3Q call that it expects to unveil Optimus V3 in 1Q26. The company also noted that it plans to build a 1 mn unit per year production line for Optimus in Fremont, and it expects to build a 10 mn unit per year line in Texas. Long-term, Tesla's CEO commented that the company hopes to make a hundred million or even a billion robots per year. Recall that Tesla's management has previously noted that it believes it can get to >1 mn annual units per year for Optimus by the end of the decade. Separately, we recently hosted an investor call with Sanctuary AI, and Sanctuary's management believes that while widespread deployment of humanoids is still 2-3 years away, targeted use cases could deploy sooner. Both Tesla and Sanctuary AI spoke to dexterity being one key challenge to solve.

Datacenter: strength continues, growth in 2026 and beyond a focus

The datacenter market remained robust in 2025. A bottom-up aggregation of the GS capex estimates for the key US hyperscale companies was revised higher throughout the year, with the aggregate for 2025 now 44% higher and the aggregate for 2026 now 76% higher relative to November 2024 estimates. Comments from major CSPs during 3Q reports were also positive, commenting on tight supply/demand and/or raising capex (e.g. Microsoft, Meta, AWS). The GS analysts now expect 79% yoy growth in 2025 and 36% in 2026 on a bottom-up basis.

Exhibit 36: Our GS colleagues expect 79% and 36% yoy growth in key US hyperscale capex in 2025 and 2026, respectively



Source: Goldman Sachs Global Investment Research

Several of the companies in our coverage also reported strong results and/or provided positive forecasts related to datacenter/AI demand. Specifically, Amphenol and Vertiv's total orders have grown sequentially in 1Q-3Q25. Amphenol's IT datacom segment sales (where it reports its datacenter business) were up >125% yoy organically in each of 1-3Q, and Amphenol guided 4Q IT datacom segments sales to be up slightly sequentially. TE commented it generated >\$900 mn in revenue from AI-related applications in FY25 and expects this to grow by at least \$600 mn in FY26, as it continues to see strong market trends. On non GPU-specific cloud revenue, TE commented it more than doubled sales to >\$500 mn in FY25 and sees further momentum ahead. Flex continues to expect at least 35% yoy growth in datacenter revenue this fiscal year and attributed datacenter strength as a key reason behind its increased FY26 guidance on its last earnings call.

We also attended the Super Compute conference in November, and met with companies including Vertiv and Jabil. Our key takeaways from the conference overall included: 1) Demand is strong - Companies cited good backlog coverage, and bookings for delivery that can extend into 2027 and in some cases even 2028. 2) Pre-fabbed solutions - Several companies commented on the benefits and increasing shift toward pre-fabbed solutions, which can shorten installation times from weeks to as little as one day. 3) Services remain key - Several companies emphasized the importance of services especially for liquid cooling.

We believe it will be key to monitor the returns and profit pools that CSPs can address with AI-related capex to understand the long-term sustainability of this demand, but we currently expect strong growth to continue in this market next year. Supply of datacenter capacity relative to demand will also be important to monitor as it relates to timing of project deployments, with Flex noting at our Industrial conference in early December that it expects demand to outpace its supply over the near to intermediate term.

Industrials: Measured cyclical recovery continues, with pockets of secular strength

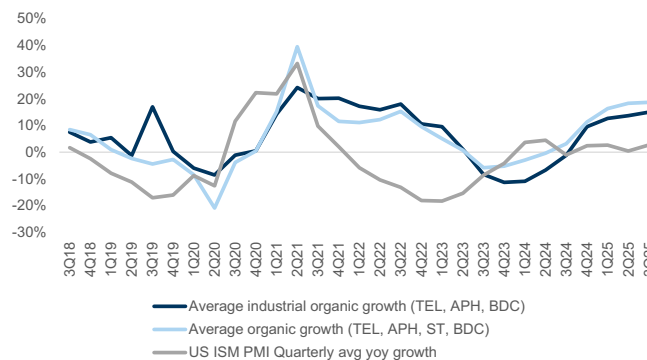
During 3Q earnings reports, TE, Belden, and Sensata highlighted strength in energy

applications related to grid hardening and aerospace and defense, as well as factory automation, though more consumer-exposed applications like appliances and HVAC remain weaker. Sensata noted softer demand for clean energy/renewables applications, though TE pointed to some demand from utility-scale renewables. Flex commented it expects renewables to be soft but stabilizing this fiscal year but commented it saw growth in the quarter for core industrial. Belden also highlighted positive trends in Europe and China as well as in discrete manufacturing and mass transit applications. On broadband and wireless, Belden noted some near-term moderation in broadband though it continues to expect benefits over the medium term from BEAD funding.

Taken together, sales trends into the industrial end market have shown improvement for TE, Belden, Amphenol, and Sensata.

We show organic growth in the industrial end market for key electronics components companies, and the ISM index, in [Exhibit 37](#).

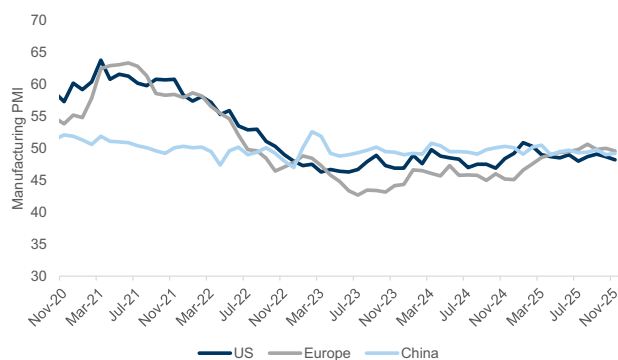
Exhibit 37: Organic growth for industrial-exposed companies in our coverage vs. the US ISM PMI quarterly avg yoy growth



Average organic growth for 4Q24+ does not include ST (company did not disclose this information), but ST is included for previous quarters

Source: Company data, Goldman Sachs Global Investment Research, FactSet

PMIs globally have been near the 50 level, but have fluctuated. Since February, PMI data has largely moderated sequentially in the US, and we think this could limit the rate of recovery. Importantly, we believe the yoy growth in the ISM index is more important than the overall level, and we'd note that, while the US PMI had grown yoy between June and October 2025, the November reading of 48.2 was down slightly from the 48.4 reading in November 2024.

Exhibit 38: Manufacturing PMI in US, China, and Europe

Source: FactSet

Exhibit 39: US ISM PMI

Source: FactSet

Price target and estimate changes, and key risks

We raise our target multiples for VRT, KEYS, APH, TEL, and FLEX to better reflect peer multiples with exposure to the datacenter market, and reflecting demand/backlog commentary from companies at the GS Industrials conferences in both London and New York in early December. For JBL, we'll look to better understand and evaluate its business with its upcoming EPS report scheduled for 12/17, but we believe trends are similarly positive. In addition, we updated our estimates for VRT to reflect the recent completion of the PurgeRite deal. We also raised our target multiples for F and GM to better reflect pricing-mix and margin potential given rates and policy changes. However, we lowered our target multiples and price targets for VC and GNTX to better reflect OEM exposure and longer-term outgrowth. We also update our estimates for TSLA reflecting our updated 4Q25 delivery forecast.

Exhibit 40: Updated price targets for F, GM, GNTX, VC, TEL, APH, FLEX, VRT, and KEYS

	Autos & Industrial Technology Price Target Changes					
	NEW			OLD		
Auto OEMs						
	Target Multiple	Norm. EPS	Price Target	Target Multiple	Norm. EPS	Price Target
F	8X	\$1.65	\$13	7X	\$1.65	\$12
GM	8X	\$11.60	\$93	7X	\$11.60	\$81
Auto Tier 1 Suppliers						
	Target Multiple	Norm. EPS	Price Target	Target Multiple	Norm. EPS	Price Target
GNTX	12X	\$2.10	\$25	13X	\$2.10	\$27
VC	13X	\$10.00	\$130	15X	\$10.00	\$150
Electronic Components						
	Target Multiple	Norm. EPS	Price Target	Target Multiple	Norm. EPS	Price Target
TEL	25X	\$12.05	\$301	24X	\$12.05	\$289
APH	38X	\$4.35	\$165	36X	\$4.35	\$157
EMS						
	Target Multiple	PT Methodology	Price Target	Target Multiple	PT Methodology	Price Target
FLEX	22X	Q5-Q8 EPS	\$74	20X	Q5-Q8 EPS	\$67
Power & Thermal Management						
	Target Multiple	PT Methodology	Price Target	Target Multiple	PT Methodology	Price Target
VRT	23X	Q5-Q8 EBITDA	\$204	21X	Q5-Q8 EBITDA	\$182
Test & Measurement						
	Target Multiple	Norm. EPS	Price Target	Target Multiple	Norm. EPS	Price Target
KEYS	30X	\$8.00	\$240	29X	\$8.00	\$232

Source: Goldman Sachs Global Investment Research

Exhibit 41: New vs old estimates for VRT and TSLA

	FY2025						FY2026						FY2027					
	Old revenue	New revenue	% change	Old EPS	New EPS	% change	Old revenue	New revenue	% change	Old EPS	New EPS	% change	Old revenue	New revenue	% change	Old EPS	New EPS	% change
Auto OEMs																		
TSLA	\$96,680	\$95,472	-1%	\$1.19	\$1.15	-3%	\$107,457	\$107,403	0%	\$1.85	\$1.85	0%	\$125,243	\$125,188	0%	\$2.80	\$2.80	0%
Power & Thermal Management																		
VRT	\$10,236	\$10,246	0%	\$4.13	\$4.13	0%	\$12,289	\$12,648	3%	\$5.25	\$5.40	3%	\$14,483	\$14,908	3%	\$6.75	\$6.95	3%

Source: Goldman Sachs Global Investment Research

Exhibit 42: Key risks

Company	Ticker	GS Rating	Current Price	Price Target	PT Methodology	Key upside/downside risks
Auto OEMs						
Tesla	TSLA	Neutral	\$439.58	\$400	Q5-Q8 EPS	EV adoption, margins, market share, the auto cycle, operational execution, key person risk, products/capabilities like FSD/4680, tariffs
General Motors	GM	Buy	\$75.71	\$93	Norm. EPS	The auto cycle, market share, margins, FCF, the ability to pivot to growth areas such as EVs and Avs, ability to grow software & services, tariffs
Ford	F	Neutral	\$13.14	\$13	Norm. EPS	The auto cycle, market share, margins, the ability to pivot to growth areas such as hybrids/EVs and AVs, ability to grow software & services, tariffs
Tier 1 Suppliers						
BorgWarner	BWA	Buy	\$41.90	\$54	Norm. EPS	Revenue growth and long-term profitability, including exposure to EVs and profits from ICE related products, market share, tariff impact, and the auto cycle
Gentex	GNTX	Neutral	\$23.17	\$25	Norm. EPS	Revenue growth (such as better attach rates of high-end products or growth outside of auto), margins, multiple expansion, the auto cycle, and tariffs
Visteon	VC	Buy	\$99.76	\$130	Norm. EPS	The auto cycle, Visteon outgrowing/undergrowing the underlying auto production, market share, margins, and tariffs
Electronic Components						
Amphenol	APH	Buy	\$140.06	\$165	Norm. EPS	Sales and end market trends, margins, capital allocation, broader macro environment
TE Connectivity	TEL	Buy	\$233.98	\$301	Norm. EPS	Revenue growth and end market demand, margins, M&A, broader macro environment
EMS						
Flex	FLEX	Buy	\$67.52	\$74	Q5-Q8 EPS	Macro demand, growth in key end markets (such as datacenter and auto), ability to expand margins, geopolitical uncertainty, and FCF
Jabil	JBL	Buy	\$225.42	\$238	Q5-Q8 EPS	Revenue growth (including due to macro factors, market share, and program mix), ability to expand margins, geopolitical uncertainty and FCF
Test and Measurement						
Keysight	KEYS	Buy	\$209.62	\$240	Norm. EPS	Revenue growth (especially in 5G), margins, M&A, and the impact of geopolitical trade relations on fundamentals
Power and Thermal Management						
Vertiv	VRT	Buy	\$185.61	\$204	Q5-Q8 EBITDA	Revenue growth and mix, market share, margins, execution

All price targets are for a 12-month time frame. Current is as of 12/8/2025 market close. KEYS is on the Americas Conviction List.

Source: Goldman Sachs Global Investment Research

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Reg AC

We, Mark Delaney, CFA, Will Bryant, Aman Gupta and Ayush Ghose, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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