CADENCE DESIGN SYSTEMS INC.

Company Overview

Cadence Design Systems Inc. (“Cadence”) is a global leader in electronic design automation (EDA), semiconductor intellectual property (IP), and system design and analysis software. The company delivers mission-critical computational software, hardware emulation platforms, and IP solutions that enable semiconductor and systems companies to design advanced chips and complex electronic systems.

Operating segments are organized into three primary product categories: Core EDA (digital, custom/analog, verification and hardware emulation platforms), Semiconductor IP (HBM, UCIe, PCIe, DDR, SerDes and other subsystems), and System Design and Analysis (SD&A) solutions for multi-physics and 3D-IC design. Revenue is predominantly subscription-based and highly recurring, supported by multi-year backlog visibility.

Competitive positioning is anchored in technological leadership, high switching costs, deep hyperscaler and semiconductor customer relationships, AI-driven product innovation (Cadence.ai portfolio), and integrated silicon-to-systems workflows. Cadence operates in an effective duopoly structure within high-end EDA alongside Synopsys, benefiting from strong pricing power and structural margin expansion.

Strategic focus centers on AI-enabled chip design productivity, hardware-assisted verification scale, IP portfolio expansion, growth in 3D-IC and advanced packaging design, and disciplined capital allocation while sustaining operating margin leadership.

Headquarters: San Jose, California, United States

Number of employees: Approximately 12,000

1. Top 5 Competitors

- **Synopsys Inc.** – Primary competitor in EDA software, semiconductor IP, and verification platforms.
- **Siemens EDA (Mentor Graphics)** – EDA provider with strength in PCB and system design tools.
- **Ansys Inc.** – Engineering simulation software company competing in system analysis solutions.
- **Autodesk Inc.** – Design software provider with partial overlap in system modeling.
- **Keysight Technologies Inc.** – Electronic measurement and design simulation tools provider.

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2. Largest Institutional Shareholders

(Estimated from latest available institutional filings; percentages rounded.)

Shareholder	% Ownership	Shares (Millions)
The Vanguard Group Inc.	~9.8%	~27.1M
BlackRock Institutional Trust	~5.6%	~15.3M
State Street Investment Management	~4.6%	~12.6M
Fidelity Management	~3.4%	~9.3M
Jennison Associates	~2.8%	~7.7M
Capital World Investors	~2.7%	~7.4M
T. Rowe Price Associates	~2.5%	~6.9M
Morgan Stanley Investment Management	~2.2%	~6.0M
Geode Capital Management	~1.9%	~5.3M
Wellington Management	~1.8%	~4.9M

Top 10 Institutional Ownership: ~37–40%
Total Institutional Ownership: ~90%

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3. Management Team

- **Anirudh Devgan** – President & Chief Executive Officer
- **John Wall** – Senior Vice President & Chief Financial Officer
- **Paul Cunningham** – Senior Vice President
- **Chin-Chi Teng** – Senior Vice President
- **Thomas Beckley** – Senior Executive

Management maintains focus on innovation leadership, margin discipline, and backlog growth.

4. Revenue

Latest fiscal year:

- FY2025 revenue totaled **$5.297 billion**, representing 14% year-over-year growth.
- Non-GAAP operating margin was **44.6%**.
- GAAP diluted EPS was **$4.06**; Non-GAAP diluted EPS was **$7.14**.
- Year-end backlog reached a record **$7.8 billion**.

Recent quarterly performance:

- Q4 2025 revenue of **$1.440 billion**, up from $1.356 billion in Q4 2024.
- Non-GAAP operating margin of **45.8%**.
- Non-GAAP diluted EPS of **$1.99**, reflecting continued execution consistency.

Forward outlook:

- FY2026 revenue guidance of **$5.9–$6.0 billion**.
- FY2026 Non-GAAP operating margin expected between **44.75%–45.75%**.
- FY2026 Non-GAAP diluted EPS guidance of **$8.05–$8.15**.

Key revenue drivers:

- AI-driven EDA adoption
- Hyperscaler and advanced node semiconductor demand
- Semiconductor IP portfolio expansion
- Hardware emulation system growth
- 3D-IC and advanced packaging workflows

5. Institutions with Buy Recommendations

- Goldman Sachs
- Morgan Stanley
- JPMorgan
- Baird

- Wells Fargo
- UBS

Sell-side coverage remains broadly constructive, citing durable backlog visibility, AI design cycle tailwinds, and structural margin profile.

6. Analyst Sentiment Summary

Consensus rating: Buy
Target price range:

- **Low:** ~$275
- **Median:** ~$371
- **High:** ~$410

Analyst sentiment reflects confidence in sustained double-digit revenue growth, record backlog visibility, and strong EPS expansion supported by AI-driven semiconductor design demand.

7. Insider Buying and Selling (Last 24 Months)

- Insider activity has been modestly net negative over the past six months.
- Total shares disposed exceeded shares acquired, primarily related to compensation-linked equity sales.
- No material pattern of discretionary open-market insider accumulation observed.
- Insider behavior remains consistent with executive compensation structures.