BERNSTEIN
SOCIETE GENERALE GROUP

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Price Target Change

Asia Semiconductors and Global Mamory

Asia Semiconductors & Global Memory: 2026 is still all about AI

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2026 is still about AI. Sufficient visibility shows that 2026 demand for AI accelerators (XPU) is so strong that many supplies (e.g. CoWoS, memory, logic wafer) struggle to keep up. But unfortunately 2026 marks the 4th year of AI investments & investors are asking if AI is a bubble. We see an upside risk to earnings forecasts, and hope that OpenAI & Anthropic will release positive news to drum up their IPOs which reportedly are scheduled for 2H26. Unable to find other theses meaningful, we recommend to stay in AI but focus on quality.

TPU is gaining steam but NVIDIA's GPU remains the majority, in terms of CoWoS supply. Amkor & ASE (both not covered) will offer some, but limitedly, CoWoS capacity hence should be still a key bottleneck in 2026. Broadcom is set to supply most of TPUs this year, & MediaTek should complement starting 4Q26. We model nearly 4M ASICs (mostly TPU) shipped by them & recent checks suggest an upside risk. Rubin commencing shipment in 4Q26 should allow NIVIDIA to mount a counter-attack.

Leading-logic capacity will be tight, but TSMC should still stay capex disciplined. 2026 capacity has been fully booked, & N2 capacity will be tight in 2027 too. We model 2026 capex at USA$47B, up 15% YoY, but capex/revenue ratio fall as revenue grows faster.

Mature nodes may see mixed demand, & high memory price squeezing end demand is an additional headwind.

CoWoS/HBM expansion should support packaging equipment market. N2 starting revenue contribution is a milestone, but TSMC makes it predictable & hardly an investment debate. We model CoWoS/HBM shipment to rise 73%/98% YoY & the capacity build-up should present an investment opportunity.

Geopolitically, leading logic has become 2 distinct investment markets & investors should be mindful of memory IPOs from China. SMIC/Huawei just rolled out "N+3" node but all indicators suggest it's not as good as N5 & China still lags TSMC by 5 years, or longer if scale & yield are considered. Threat from China, however, will be still a controversy for mature nodes. YMTC & CXMT reportedly will go public this year & YMTC's expansion without EUV is why we're structurally negative on pure-NAND suppliers.

As for companies -

TSMC is our Top Pick (*report*). TSMC benefits from GPU (training), & its exposure to ASIC & Edge AI (both inference) mitigates the risk of AI being a bubble. With 20% EPS CAGR, we set price target at NT$1800 on 20x forward P/E (which is 20% discount vs. SOX).

Margin headwind is temporary & we like MediaTek on its TPU projects (*report*). Memory price should begin to normalize in late 2026, and so will margin pressure. We model TPU to be 7%/36% of MediaTek's total EPS in 2026/2027 & recent checks suggest an upside risk. (more on next page)

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.

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For memory, we sense stronger demand and price and raise valuation multiples and target prices for Samsung/SK hynix/Micron to KRW140K/KRW750K/US$330. The record price upcycle is the biggest driver. The pace of the price hike may be ahead of our model & accelerate from 4Q25 to 1Q26. Overall price will stay strong nearly all 2026, but we still believe the momentum will taper off in late 2026, as companies hikes capex by 30-40% and more bit supply comes online. And for 2027 we expect supply/demand to normalize and price/margin to fall, but remain at or above healthy levels as AI demand continues to consume capacity. HBM bit shipment is expected to double in 2026 with largely stable price, and we expect Samsung to gain share. Chinese suppliers will likely grow bit share and worth monitoring but unlikely to alter the shortage situation in 2026.

UMC/Vanguard/Novatek: Squeeze from memory & broad-based inflation is a headwind to all mature-node segments. Among them, UMC will also need to absorb heavier D&A from new fab & we thus reiterate Underperform. We maintain Market-Perform on Vanguard and Novatek for undemanding valuation & decent dividend yield.

BERNSTEIN TICKER TABLE

Ticker	Rating	Cur	31 Dec 2025 Closing Price	Price Target	TTM Rel. Perf.	Reported EPS Cur	2024A	2025E	2026E	Reported P/E (x) 2024A	2025E	2026E
2330.TT (TSMC)	O	TWD	1,550.00	1,800.00	17.0%	TWD	45.25	64.98	79.24	9.4	7.6	6.0
TSM	O	USD	299.58	330.00	38.4%	USD	7.04	10.40	12.68	11.9	9.1	7.3
2454.TT (MediaTek)	O	TWD	1,430.00	1,640.00	(26.1)%	TWD	66.94	65.63	64.25	21.4	21.8	22.3
005930.KS (SEC)	O	KRW	120,400	**140,000**	99.1%	KRW	4,948.97	6,913.41	19,403	24.3	17.4	6.2
OLD				130,000								
005935.KS (SEC-Pref)	O	KRW	89,200	**119,000**	74.6%	KRW	4,948.97	6,913.41	19,403	18.0	12.9	4.6
OLD				110,500								
SMSN.LI	O	USD	2,066.00	**2,431.00**	99.3%	USD	90.66	121.71	336.86	22.8	17.0	6.1
OLD				2,257.00								
MU	O	USD	292.63	**330.00**	231.3%	USD	8.29	32.03	39.03	35.3	9.1	7.5
OLD				270.00								
000660.KS (SK hynix)	O	KRW	652,000	**750,000**	247.7%	KRW	28,300	60,173	145,826	23.0	10.8	4.5
OLD				650,000								
285A.JP (KIOXIA)	U	JPY	10,435	7,000.00	509.1%	JPY	516.74	545.46	2,031.89	20.2	19.1	5.1
2303.TT (UMC)	U	TWD	49.25	32.00	(12.8)%	TWD	3.80	**3.40**	**3.22**	1.6	1.7	1.6
OLD								3.03	3.62			
UMC	U	USD	7.96	4.80	6.3%	USD	0.59	**0.53**	**0.50**	1.7	1.7	1.7
OLD								0.50	0.59			
5347.TT (Vanguard)	M	TWD	92.10	90.00	(35.0)%	TWD	4.28	**4.34**	3.84	2.7	2.7	2.8
OLD								4.41				
3034.TT (Novatek)	M	TWD	374.00	**390.00**	(52.7)%	TWD	33.43	**25.83**	**24.01**	11.2	14.5	15.6
OLD				440.00				26.45	29.95			
ASIAX			1,635.42									
SPX			6,845.50									
EM			1,537.67									

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

MU estimate is Adjusted EPS; 2330.TT, TSM, 2303.TT, UMC, 5347.TT valuation is P/B (x); MU valuation is Adjusted P/E (x); MU base year is 2025;

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

TSMC: We rate TSMC Outperform with PT=NT$ 1,800.00.

Samsung Electronics: We rate Samsung Electronics Outperform with target price raised from KRW 130,000 to KRW140,000, driven by higher valuation multiple from 1.5x 2-year forward P/B to 1.6x.

SK hynix: We rate SK hynix Outperform with target price raised from KRW 650,000 to KRW 750,000, driven by higher valuation multiple from 1.7x 2-year forward P/B to 1.9x.

Micron: We rate Micron Outperform with target price raised from US$270 to US$ 330.00, driven by higher valuation multiple from 2.4x 2-year forward P/B to 2.9x.

KIOXIA: We rate KIOXIA Underperform with target price of JPY 7,000.00.

MediaTek: We rate MediaTek Outperform with PT=NT$ 1,640.00.

Novatek: We rate Novatek Market-Perform with PT lowered to NT$ 390.00 based on the same 14x target P/E and revised down Q5-Q8 EPS due to headwinds from cost inflation and end demand destruction.

UMC: We rate UMC Underperform with PT=NT$ 32.00.

Vanguard: We rate Vanguard Market-Perform with PT=NT$ 90.00

DETAILS

WE FIRST DISCUSS THEMATIC THESES, ON AI, TECHNOLOGIES, GEOPOLITICAL CONSIDERATIONS.

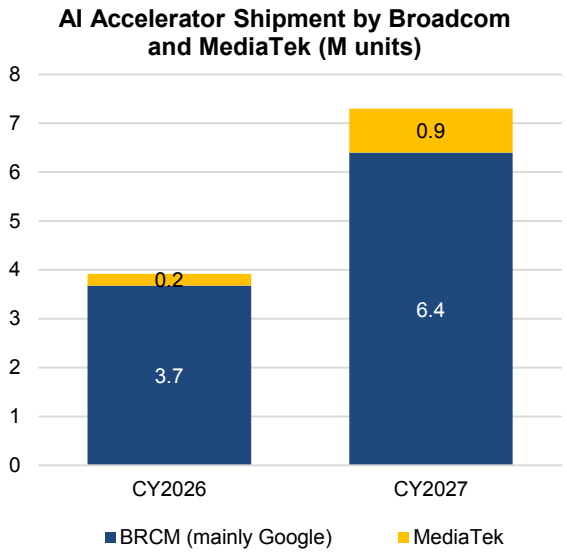
After 3 years, unfortunately AI is still the main investment thesis for 2026.

- Other theses hardly matter, as the intensity of AI investments, and the scope of possible implications is far bigger and broader. Admittedly the worry on AI bubble or not will affect valuation, but on the other hand OpenAI and Anthropic very likely to release positive news in advance to drum up their possible IPOs (***link*** and ***link***) should support the sentiment. We have sufficient visibility that demand is so strong that supply struggles to keep up, and it is also possible sovereign projects should sustain demand beyond those from private sector. Earnings growth hence will be very strong in 2026, and presents an upside risk to consensus.

- We agree 2026 demand is big enough for both GPU and ASIC to grow strongly, but recent supply chain checks repeatedly suggest TPU is gaining steam and could be the AI platform expanding at the fastest pace in 2026. Broadcom (AVGO US, covered by our US semiconductors team) will be in charge of most of TPU volume in 2026, followed by a ramp from MediaTek starting late 2026 and much more in 2027. We currently project 3.7M & 0.2M units of AI ASICs shipped by Broadcom & MediaTek, respectively, in 2026 (Exhibit 1). Most of these will be TPUs, and recent checks suggest an upside risk to our projection.

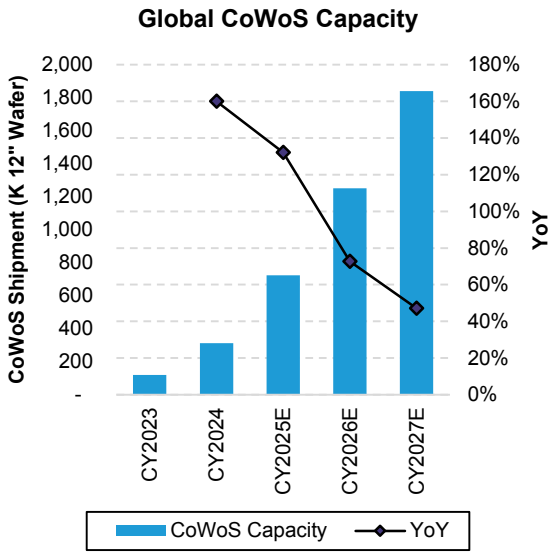
- That said, NVIDIA is expected to still enjoy c. 60% of the global CoWoS supply In 2026 (Exhibit 2 - Exhibit 3), and shipping its next-generation Rubin should allow NVIDIA to mount a serious counter-attack on TPU and other competing chips in 4Q26 (Exhibit 4).

EXHIBIT 1: **We currently project 3.7M & 0.2M units of AI ASICs shipped by Broadcom & MediaTek in 2026. Most of these will be TPUs and we find an upside risk to it.**



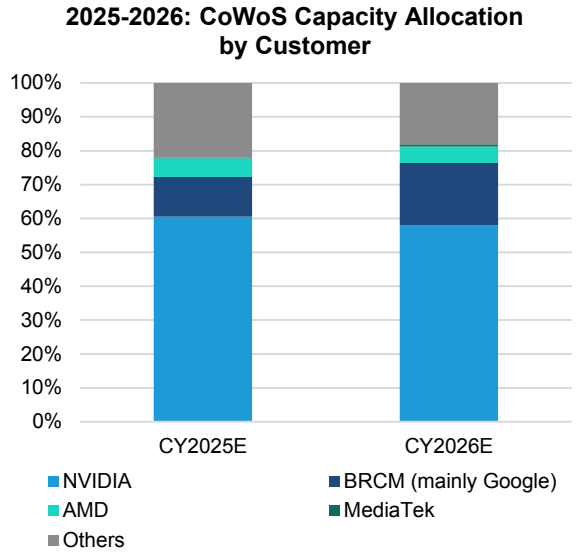
Source: Bernstein estimates and analysis

EXHIBIT 2: **We expect the annual CoWoS capacity globally to rise from 724K wafers in 2025 to 1,250K in 2026.**



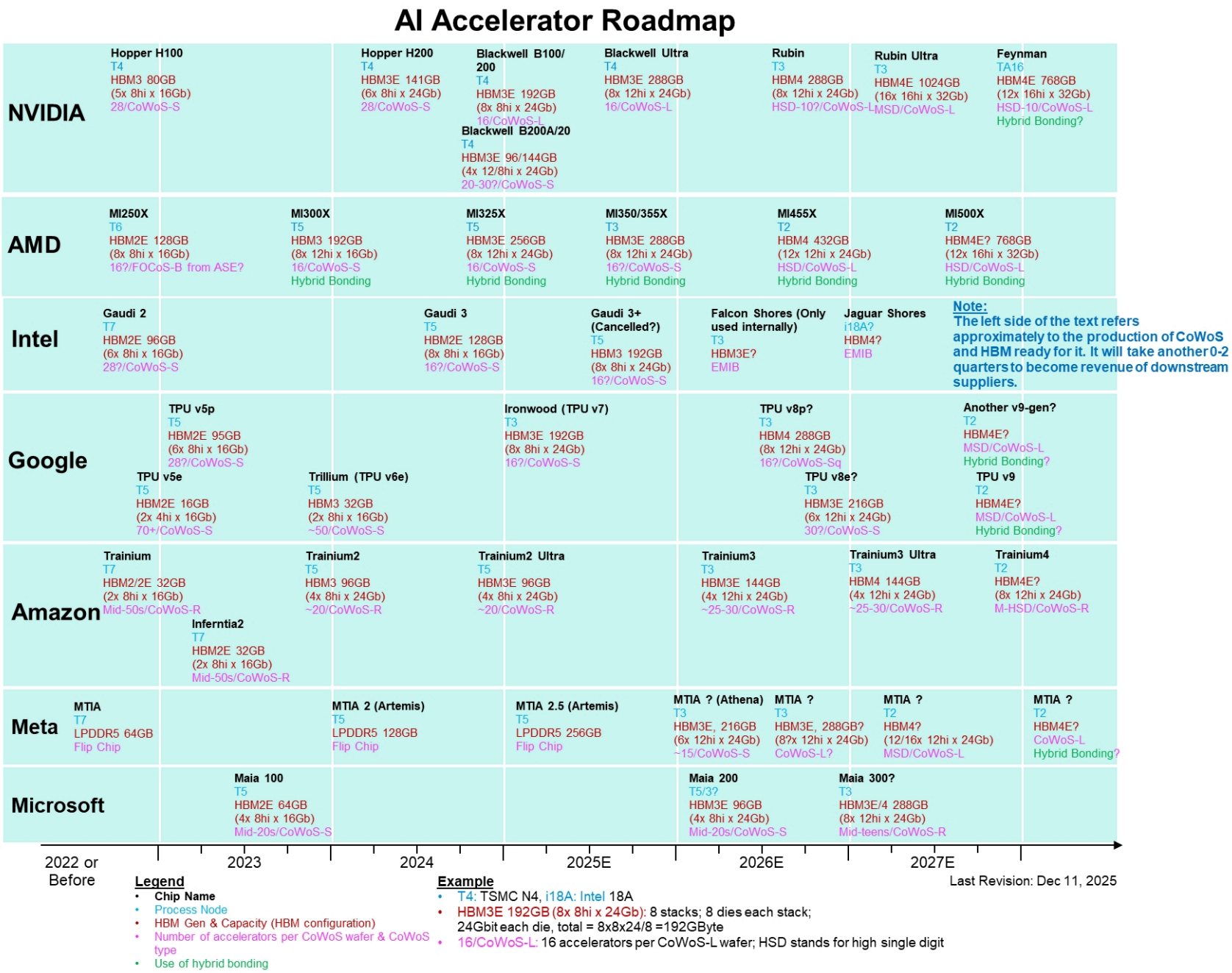
Source: Bernstein estimates and analysis

EXHIBIT 3: **NVIDIA is expected to still enjoy c. 60% of the global CoWoS supply in 2026.**



Source: Bernstein estimates and analysis

EXHIBIT 4: **Shipping its next-generation Rubin should allow NVIDIA to mount a serious counter-attack on TPU and other competing chips in 4Q26.**



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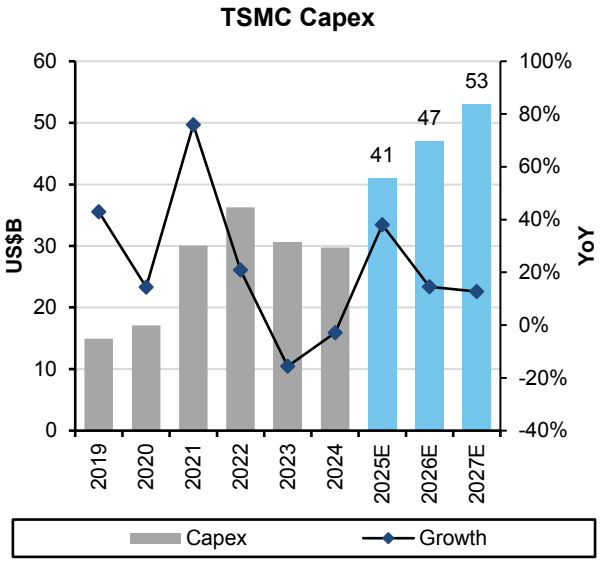
For leading-edge semiconductor, capacity from TSMC is the king.

- Neither Intel nor Samsung offers competitive solutions, and customers hence have fully booked all TSMC's leading-node capacity in 2026. Mobile beginning the shift to N2 will release N3 capacity starting 2H26 and TSMC therefore is mostly debating how much N2 capacity should expand into 2027. Customers are clearly forecasting strong demand, but the conservatism of TSMC and more importantly the end uses of AI still being explored & hence unproven, we believe, will make TSMC keep its capex controlled & measured. We forecast TSMC's 2026 capex at US$47B, up 15% YoY (Exhibit 5), but TSMC should be able to grow revenue even faster to bring its capex/revenue ratio gradually downward (Exhibit 6).

- Some worry the tight capacity from TSMC will prompt customers to use Intel and Samsung. We agree Apple and other customers may be assessing the offerings of Intel & Samsung, but our checks consistently find their technologies, yields & costs inferior to TSMC's. Any use of their foundry services will be on geopolitical considerations, we believe, and hence limited in size. TSMC will remain the primary foundry supplier whose capacity will effectively throttle the pace of AI build-up, perhaps to keep AI from a disastrous bubble.

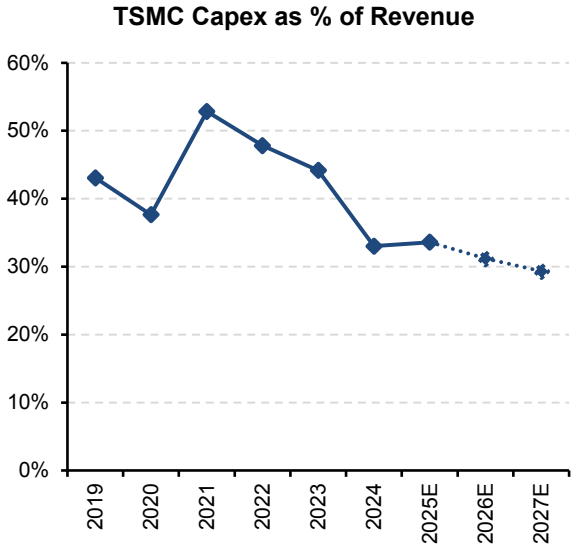
- As for advanced packaging and CoWoS particularly, the capacity from TSMC is also oversubscribed and customers are fighting for more allocation, but TSMC's strategy on packaging is different from that on wafer manufacturing, and will not mind at all the proliferation of CoWoS-like supply from others. As the result, we see ASE to succeed Amkor (both not covered) and begin to supply CoWoS-like service in 2026, likely more in 2H26, too. Intel's EMIB is a panel-based approach, and can deal with package footprint larger than CoWoS whose wafer-based approach inevitably results in notable unused areas around the edge of wafer. EMIB has been tested in Intel's CPUs in volume too, and accordingly may also emerge as an alternative to TSMC's CoWoS. Adopting EMIB however takes time to prepare, and together with the relatively small capacity from Amkor & ASE will imply TSMC to still command 80+% of the global CoWoS supply in 2026 (our ***CoWoS/HBM Model***) (Exhibit 2).

EXHIBIT 5: **We expect TSMC to prudently expand capacity and model its 2026 capex at US$47B.**



Source: Company reports, Berstein estimates and analysis

EXHIBIT 6: **This is ~15% higher than 2025's capex, but revenue growing at a faster rate will lower its capex/ revenue ratio in the next two years.**



Source: Company reports, Berstein estimates and analysis

Mature-node demand may have pockets of strength but is overall mixed. The squeeze from memory price may bring an additional headwind.

- Possibly as peripherals of AI servers, power management ICs, we believe, are seeing better demand. UMC's 28/22nm also benefits from its better driver IC technology and better demand from Samsung. The demand for TSMC's mature-node

capacity is recovering too. That said, lacking a strong driver like AI still makes the outlook for mature nodes mixed and likely underwhelming.

- Moreover, the high memory price is exerting a mounting pressure on PC, handset, and many non-AI applications. The revenue of leading-node logic is well protected by AI and TSMC's pricing power, but non-AI applications & mature-node logic revenue is vulnerable to end demand destruction, budget squeeze, and more competition & inferior pricing power of suppliers. We lowered our non-AI forecast for MediaTek to be notably below consensus for 1H26 not long ago (***report***) and expect the squeeze from memory, & possibly from broad-based inflation to bring the headwind beyond MediaTek and to all mature-node segments broadly.

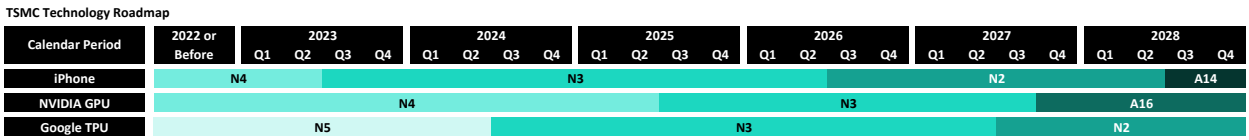
N2 will enter production, but the predictability of TSMC makes it hardly an investment debate. The continued expansion of CoWoS & HBM is likely more important, especially packaging equipment market.

- For those interested in technologies, N2 ramping into notable revenue will be the most important technology upgrade in 2026. AMD pioneering the use of N2 in CPUs also highlights high-performance computing (HPC) unusually adopts the latest node ahead of iPhone processor that will be on N2 in 2H26. The same trend can be observed as AI narrows the lag vs. mobile and pushing closer to the frontier of Moore's Law too (Exhibit 7). Samsung led in GAA (gate-all-around) adoption in its 3nm, but TSMC with its N2 will quickly surpass it with a much bigger volume in 2026. As N2 will be impeccably executed by TSMC, it has very good predictability and doesn't offer much room for an investment debate.

- Competitively, Samsung started to increase its N2 production in late 2025 as its Mobile division, after 2 years of using Qualcomm, will use Samsung's own mobile SoC in some Galaxy S26 SKUs. Notably though designated as N2, it is more like an enhanced version of Samsung's 3nm, and that is also why it has yield now good enough to win the adoption of the Mobile division. Intel's ramp into 18A will be gradual as its yield progress is behind its original target. Whether to build meaningful capacity hinges on if 14A successfully secures design-wins from internal and external customers, and we expect a decision on that probably around the end of 2026.

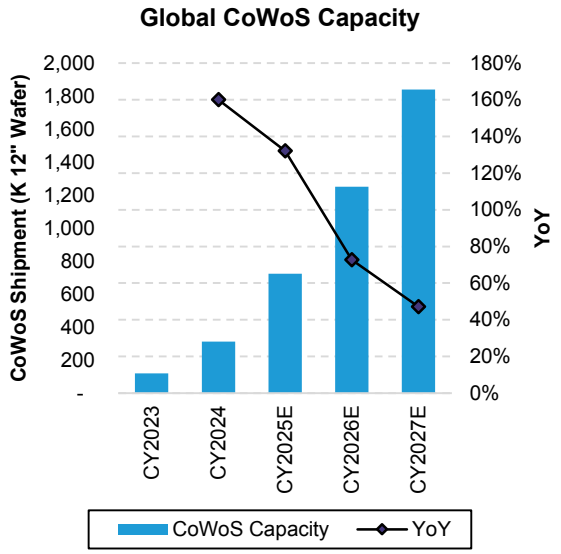
- For packaging, WMCM (Wafer-Level Multi-Chip Module) will replace InFO (Integrated Fan-Out) and make its debut in 2H26, but the adoption only by iPhone SoC will make its supply chain implications smaller than CoWoS's. The capacity expansion of CoWoS (Exhibit 8) & HBM (Exhibit 9) therefore will be probably still the main growth driver of packaging equipment market in 2026. Looking further ahead, as CoWoS is constrained by the size and the round shape of wafer, TSMC is exploring panel (so called CoPoS, Chip on Panel on Substrate) as an alternative. Stacking chiplets vertically with better bonding technologies (e.g. hybrid bonding) and/or connecting separately-packaged XPUs with minimal delays and heat through CPO (co-packaged optics) are being explored too. All three are possible routes to succeed CoWoS in the long run, but takes years to prepare. We expect some R&D pilot lines/production in 2026.

EXHIBIT 7: **We believe AI is narrowing the lag vs. mobile and pushing closer to the frontier of Moore's Law too.**



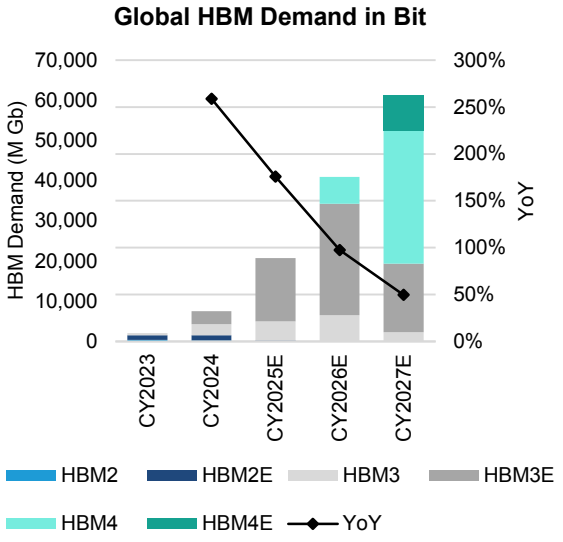
Source: TSMC, Bernstein estimates and analysis

EXHIBIT 8: **We expect global annual CoWoS capacity to grow rapidly to 1,250K in 2026.**



Source: Bernstein estimates and analysis

EXHIBIT 9: **HBM demand is expected to almost double too in 2026.**



Source: Bernstein estimates and analysis

Geopolitically, leading logic has effectively decoupled into 2 markets for investors, but investors should be mindful of the possible IPOs that will mark China's entry into Memory in 2026.

- Overall, with the tension between the US and China easing, tariffs are becoming less an issue for semiconductors, we believe. We've not heard updates on Sector 232 tariffs specifically for semiconductors for a while, but we also expect the US understands the far-reaching implications, and will offer flexibility and/or grace periods even if the US eventually decides to implement the tariffs.

- Hence, the most notable geopolitical risk that investors should be mindful of in 2026 is the possible IPO of YMTC and CXMT (***link*** & ***CXMT IPO prospectus***). They mark a major milestone in China's entry into Memory with YMTC for NAND and CXMT for DRAM. In the near term, we don't think the additional supply from them will be able to address the severe Memory shortage in 2026, but the IPOs nonetheless may affect investor sentiment and stock valuation. In the long run, we are comfortable on the prospects of Samsung, SK Hynix and Micron but see YMTC presenting a structural threat to pure NAND suppliers (e.g. KIOXIA) as NAND's technology advancement does not require EUV and China's domestic supply for non-EUV equipment is now sufficiently good for YMTC to expand supply effectively. For details and investment recommendations, please find further discussion on Memory below.

- On AI chips (or XPUs), though both the US and China government may permit Chinese customers to buy H200 or similar AI chips, we expect only limited permission. This means western companies like NVIDIA, etc. will continue their roadmaps to push the boundary of AI technologies further and derive most of their revenues outside of China. At the same time China will continue as much as possible the development of domestic XPUs despite the import chips offer better performance/ cost ratios and will be permitted to import into China at a limited manner. As the result China and non-China effectively have turned into two distinct markets on different investment philosophies and controversies for investors.

- As for chip manufacturing, we expect N2 will make China fall further behind in leading logic. In 3Q23, SMIC surprised the world by overcoming the export controls and bringing the first domestically-made 7nm chip Kirin 9000S through SMIC's "N+2" generation in Huawei phone Mate 60 Pro. Two years later in late 2025, SMIC advanced to "N+3" with Kirin 9030 for Huawei's handset Mate 80. However, various reports (e.g. here & here) find "N+3" is not as scaled as 5nm of TSMC and Samsung and suspect the lack of EUV equipment will make "N+3" difficult to yield. We also note that Kirin 9000S was found in all models of Mate 60 series but Kirin 9030 is deployed only in high-end SKUs of Mate 80 series. The base model Mate 80 still on Kirin 9020 & hence "N+2" also suggests the yield & thus cost & supply of "N+3" may be difficult to cover all demands. For XPUs, a teardown found that that Kirin 910C shipped by Huawei in early 2025 actually had dies from the inventory built on TSMC 7nm before. A recent leak indicated the successor Kirin 950PR needs to make the die smaller to mitigate the low

yield of SMIC's "N+2". We also highlight since the debut in 3Q23, "N+2" has hardly been used outside of Huawei. All these imply the yield and supply of "N+2" is still struggling to meet the need of Huawei's AI chips, and let alone the demand of other Chinese companies and China overall.

- In contrast, TSMC first reported 7nm revenue in 3Q18 and SMIC's "N+2" was behind by 5 years. In 3Q20, TSMC advanced to 5nm, and a bit more than 5 years later in 4Q25 SMIC moved to "N+3" but somehow only for part of Mate 80 portfolio (Exhibit 10). Looking into 2026, we expect TSMC to report 2nm revenue contribution in 1H26, meaning that TSMC still leads China by 2-3 generations, or slightly more than 5 years. This is why Chinese chips that are compliant with export controls and TSMC can legally produce (e.g. mobile SoC from Xiaomi) still find TSMC the most option for foundry service.

- On the other hand for mature nodes the picture is very different. Chinese companies have been leveraging low-cost and ample capacity offered by Chinese foundries to compete with non-Chinese rivals. This competition is further amplified through Chinese OEMs shipping handsets, PCs, cars, and countless end applications abroad and gaining shares from global rivals in other countries. For 2026, with non-AI applications presenting underwhelming demand, we expect competition between Chinese & non-Chinese supply chains continues to be a major investment consideration. This is also why UMC and Vanguard will struggle to find enough demand to offset the mounting depreciation of their new fabs, and why our projections are below consensus. Please find more details below.

EXHIBIT 10: **We believe TSMC still leads China by 2-3 generations, or slightly more than 5 years. N2 will solidify that in 2026.**

TSMC vs. SMIC Technology Roadmap

Calendar Period	2018 Q1 Q2 Q3 Q4	2019 Q1 Q2 Q3 Q4	2020 Q1 Q2 Q3 Q4	2021 Q1 Q2 Q3 Q4	2022 Q1 Q2 Q3 Q4	2023 Q1 Q2 Q3 Q4	2024 Q1 Q2 Q3 Q4	2025 Q1 Q2 Q3 Q4	2026E Q1 Q2 Q3 Q4
TSMC		7nm		5nm			3nm		2nm
SMIC							7nm (N+2)		5nm (N+3)

* According to revenue reporting time

Source: TSMC, SMIC, Bernstein estimates and analysis

BELOW WE SUMMARIZE OUR 2026 INVESTMENT THESIS SPECIFIC TO COMPANIES.

TSMC (company model): TSMC is out Top Pick, in light of its quality, risk and undemanding valuation.

- With no meaningful challenger in sight, TSMC is the de facto producer of XPUs, and hence one of the primary beneficiaries of AI growth. We project AI and TSMC's leadership in advanced technologies broadly to propel TSMC to expand its revenue (in US$) by 23% in 2026 and 20% in 2027 (Exhibit 11). More benign FX and better cost control will also alleviate the cost burden from oversea production and we thus model TSMC's EPS at 20% CAGR in the same period (Exhibit 12), just a tad slower than revenue CAGR.

- Zooming into AI revenue, we expect the contribution from XPU to rise from 14.4% of TSMC's total revenue in 2024 to 22.5% in 2025 and 27.3% in 2026 (Exhibit 13). Longer term, TSMC guided to expand its AI revenue at mid-40s% CAGR from 2024 to 2029 (Exhibit 14) and our simulation (***AI & Data Center Capex Simulation Model***) finds this requires 55-60GW power available for AI data centers. This is roughly in line with the projection from Bloomberg New Energy Finance (BNEF) for power supply for data centers outside of China (Exhibit 15).

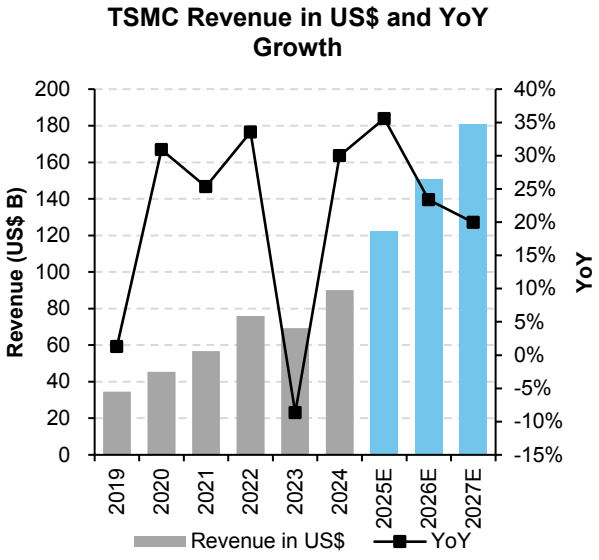
- We expect TSMC to prudently expand capacity and model its 2026 capex at US$47B (Exhibit 5). This is ~15% higher than 2025's capex, but revenue growing at a faster rate will lower its capex/revenue ratio in the next two years (Exhibit 6). Both front-end & CoWoS capacity will therefore remain tight throughout 2026.

- For investors that worry about an AI bubble, TSMC exposing to both GPU and ASIC and hence training and inference in data center will lower the risk. Moreover, TSMC being the de facto producer for mobile SoC and increasingly also for PC CPUs too implies that if AI data center build-up slows and the industry turns to focus to application of all these compute power TSMC will benefit too.

- On 20x forward P/E, the 1-year price target of TSMC is set at NT$1,800 (Exhibit 16 and Exhibit 17). Considering the earnings CAGR, the visibility and the risk, we find this valuation very reason and make TSMC the Top Pick for 2026.

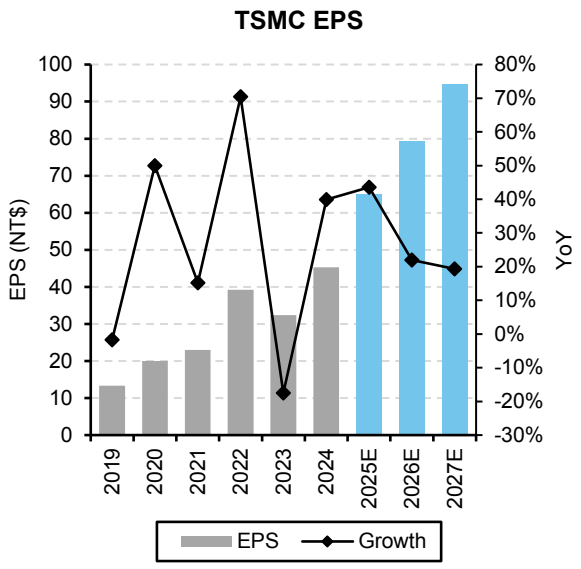
- Find more discussion on TSMC in ***TSMC: More CoWoS for more revenue toward 5-year AI target***.

EXHIBIT 11: **We model TSMC's total revenue (in US$) to grow 23% in 2026 & another 20% in 2027.**



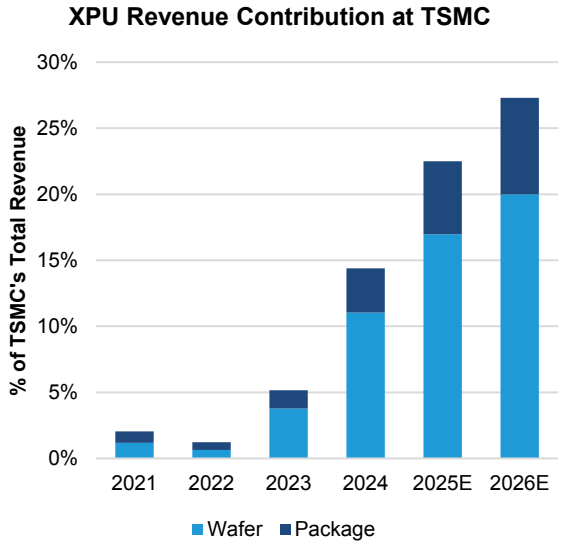
Source: Company reports, Berstein estimates and analysis

EXHIBIT 12: **We expect TSMC's EPS to deliver 20% CAGR in the next 2 years.**



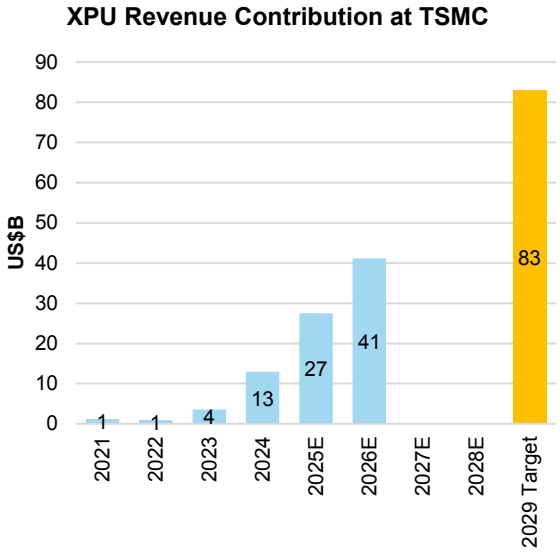
Source: Company reports, Berstein estimates and analysis

EXHIBIT 13: **The contribution from data center XPU is projected to rise from 14.4% of TSMC's total revenue last year to 22.5% this year and 27.3% in 2026.**



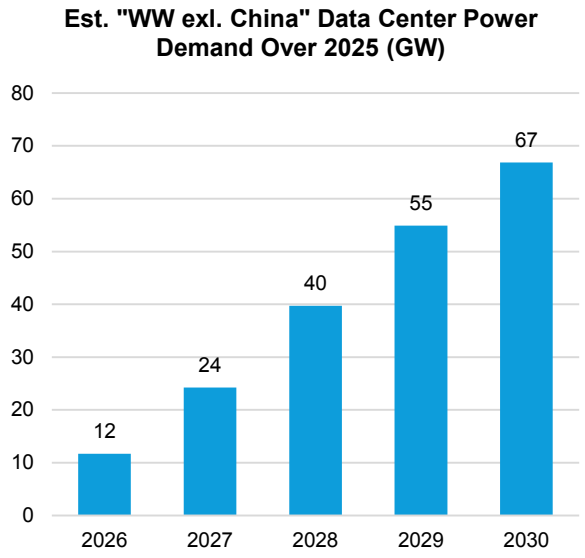
Source: Company reports, Berstein estimates and analysis

EXHIBIT 14: **Longer term, TSMC guided to expand its AI revenue at mid-40s% CAGR from 2024 to 2029.**



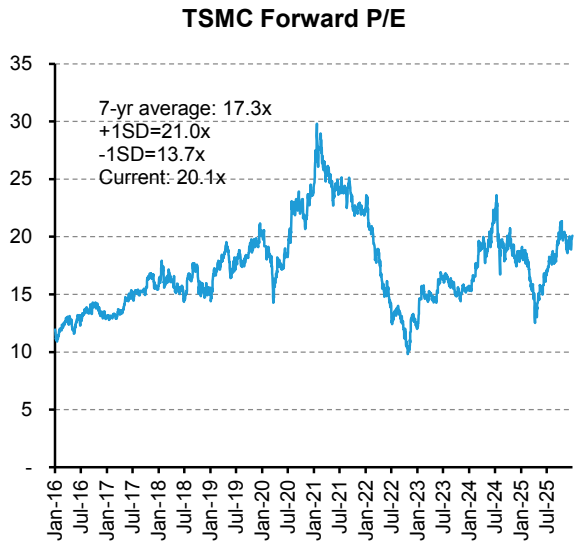
Source: Company reports, Berstein estimates and analysis

EXHIBIT 15: **We estimate this requires 55-60GW AI data center buildup in 2026-2029, and that's very close to BENF's forecast for data centers outside of China.**



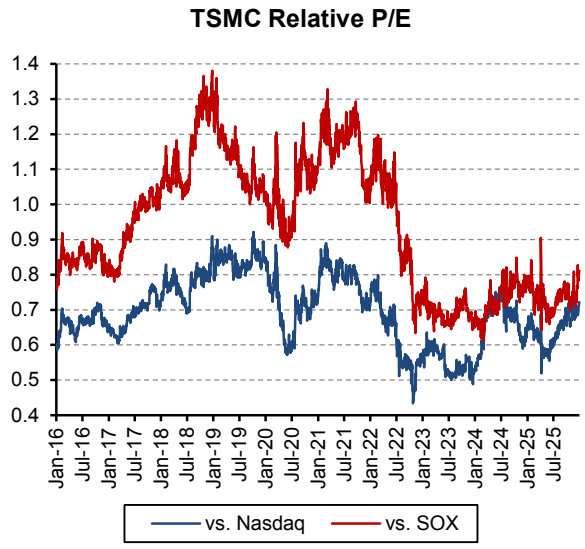
Source: Bloomberg New Energy Finance

EXHIBIT 16: **TSMC is now trading at 20.1x forward P/E. Our target price is based on 20x forward P/E.**



Source: Bloomberg and Bernstein analysis

EXHIBIT 17: **20x forward P/E still implies close to 20% discount vs. SOX.**



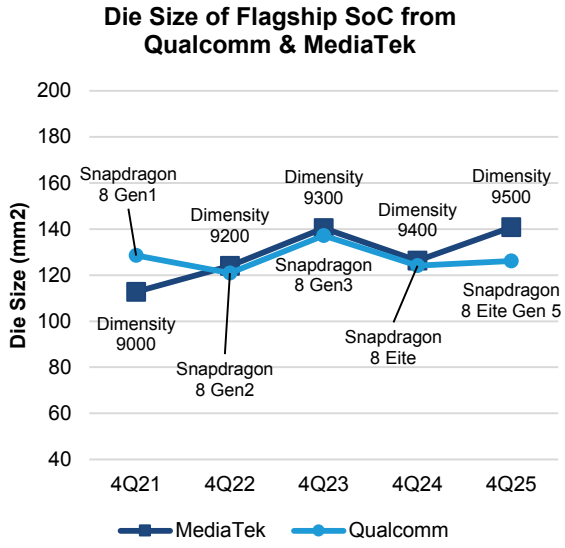
Source: Bloomberg and Bernstein analysis

MediaTek (company model): The headwind in Mobile is temporary, and the upside from AI ASIC should surprise investors on the upside.

- Our 1H26 EPS is over 20% below consensus, as we find high memory price weighs on MediaTek's TV SoC and possibly other Smart Edge products. The die size and cost of Dimensity 9500 is also bigger than that of the competing chip from Qualcomm (Exhibit 18) and the ramp of Dimensity 9500 will be another pressure in 1H26.

- That said, we expect memory price to begin to normalize around the end of 2026. The duopoly established by MediaTek and Qualcomm should also prompt them to avoid cut-throat competition as well. We hence believe the headwind experienced by Mobile and some Smart Edge products temporary.
- Our investment thesis is AI ASIC. MediaTek has secured two TPU projects from Google. We currently model the first project to contribute US$0.9B revenue in 2026 and US$4.8B in 2027 (Exhibit 19), and the recent developments indicated a notable upside to this project. The second project will begin revenue contribution in late 2027 or much more meaningfully in 2028. Whereas the first project is for inference, the second one is for training and hence much more complex and more valuable. The second project is hence likely to bring much more revenue to MediaTek than the first one. This paves MediaTek a long growth runway all the way to 2028.
- On 17x target forward P/E, we set our price target at NT$1,640 (Exhibit 20 - Exhibit 21). We like the stock but do not make MediaTek our top pick simply because of the temporary headwind in 1H26. Please find more details in ***MediaTek: Near-term headwind but faster growth starting late 2026***.

EXHIBIT 18: **MediaTek is usually very competitive vs. Qualcomm on the die sizes of flagship SoCs, but Dimensity 9500 is surprisingly big and costly.**



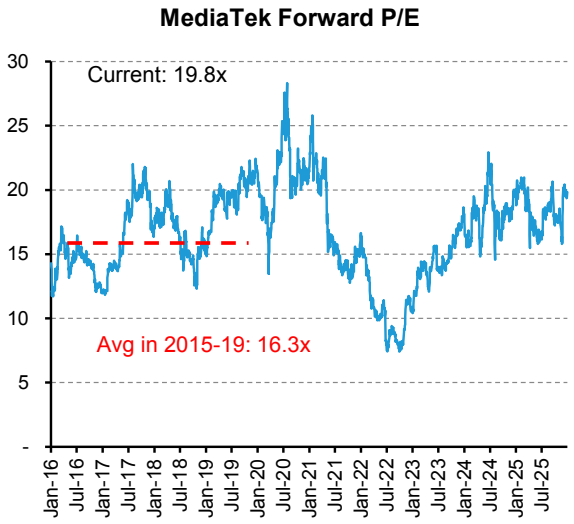
Source: Bernstein estimates & analysis

EXHIBIT 19: **We estimate AI ASIC's impact should be US $0.9B and US$4.8B on the topline, & 7% and 36% on total EPS in 2026 and 2027, respectively.**

Estimates of MediaTek's opportunity on Google's TPU ASIC Business	2026E	2027E
TAM of Accelerator ASIC Business (US$M)	46,000	60,000
MediaTek as % of ASIC TAM	1.9%	8.1%
Gross Margin	45%	45%
Additional opex as % of additional revenue	15%	15%
Output		
Revenue lift for MediaTek (US$M)	870	4,838
As % of the total	4%	19%
EPS lift for MediaTek (NT$)	4.4	25.9
As % of the total	7%	36%

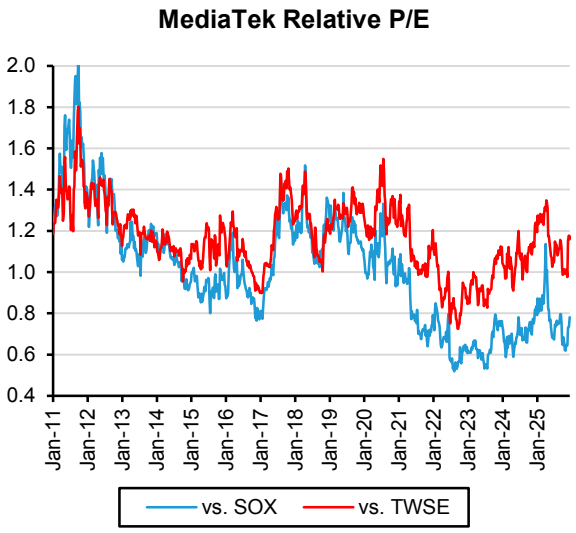
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 20: **MediaTek is trading at 20x P/E now...**



Source: Bloomberg and Bernstein analysis

EXHIBIT 21: **... but still at c. 20% discount vs. SOX.**



Source: Bloomberg and Bernstein analysis

For memory, price will be strong in 2026.

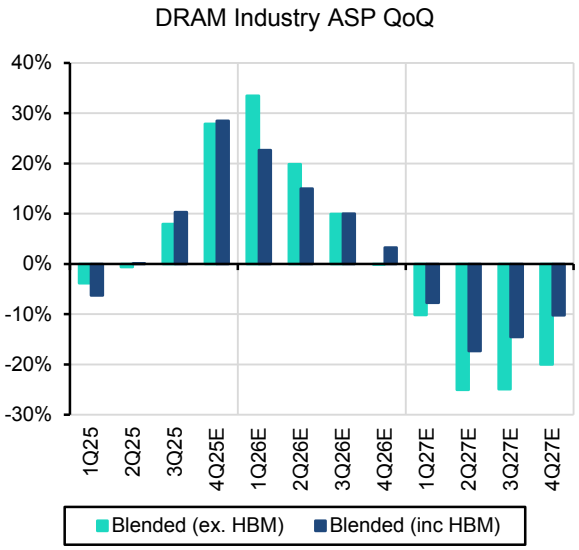
- **Micron's report suggests an upside risk to our 2026 forecast, but we maintain that price will normalize in 2027.**
  - We expect DRAM prices to continue rising from the start of 2026, as AI makes data center demand balloon but supply expansion takes time. We forecast 20-25% QoQ DRAM ASP growth in 1QCY25, primarily driven by rising conventional DRAM prices (Exhibit 22), but recent data suggests an upside risk. For example Micron's FQ2 guidance suggests even stronger price increase in the near term (see earnings takeaway). And we believe price will very likely continue rising past 1Q26, as capacity addition takes time and likely is constrained by cleanroom space as well. Magnitude of Micron's revision for FY26 capex was a bit smaller than we expected likely because of lack of space available. We therefore model QoQ ASP increase to sustain throughout 2026.
  - However, we believe the price strength should start to fade into late 2026. One reason is that price elasticity will destory demand, mostly at consumer end markets. More importantly, despite space limitations vendors are aggressively upgrading to new nodes to generate more bit supply, and we hence still see new supply arriving at the market in late 2026 to tip the market over to a normalization stage. And with likely with more cleanroom coming online in 2027, the price normalization should continue. We hence model a downcycle for DRAM price in 2027, but highlight that with AI memory demand staying strong, the downcycle likely will be a moderate one. And therefore we only model price and margin at the end of 2027 to normalize back to a healthy level, which is similar or slightly above levels in mid-2025, before the recent surge began (Exhibit 24).
  - More details can be found in **Global Memory: Any upside left after the recent rally?**
- **NAND has less acute shortage & hence less volatile price increase, but the timing of supply addition & normalization should be similar to that of DRAM.**
  - We expect NAND price to follow a trajectory similar to DRAM, and also driven by similar factors. eSSD is also seeing a similar demand from AI data centers. On the other hand, spending in NAND capacity has been more conservative and hence the sudden demand increase also leads to a a dramatic price increase (Exhibit 23).
  - However, spot/contract price data and channel checks suggest the shortage and hence price hike appear to have been more acute on the DRAM side. We also see structurally more competition in NAND and bigger threat from China as well. So overall we model the NAND price hike to be milder than DRAM but still see NAND margin likely making a new record

and also likely staying in healthy regions in 2027 (Exhibit 25).

- **Samsung is catching up in HBM, but the broad supply tightness will keep HBM profitability robust.**
  - Given the new AI projects announced and also NVIDIA's aggressive AI revenue target, we now model HBM bit shipment to grow by 100% in 2026 and another 35% in 2027 (Exhibit 26). Supply is tight and fully sold out for 2026 as reported by companies. Though we still assume ~20% decline in HBM3E ASP in 2026, we note that it has been reported that vendors are asking for higher prices in additional orders, likely due to limited capacity and surging prices in conventional DRAM (news). Also the price premium of HBM4 which should ramp in volume starting 1H26 should support the blended HBM price. Overall we model a mild 5% drop in the blended HBM price from 2025 to 2026 and see HBM TAM growing by 91% to US$75B in 2026 (Exhibit 27).
  - And we continue to see Samsung's competitive position in HBM improving relatively to others. Its HBM3E offering likely has addressed most technology hurdles and fully ready to address demand from all customers, and we believe HBM3E will remain bigger in share vs. HBM4 in 2026 as more ASIC customers join the scene (Exhibit 28). On HBM4, Samsung's choice of more advanced node for HBM4 DRAM and base die should better enable it to meet NVIDIA's increased speed requirement for HBM4. Furthermore, we believe Samsung is also relatively less constrained by clean room and likely can expand capacity more to address demand and gain share. Hence we forecast Samsung's share in HBM to rise from 27% to 37% (Exhibit 29).
  - Finally, it is possible that Samsung hasn't entered HBM contracts as much as rivals. This now offers Samsung more flexibility to change production mix between HBM and conventional to optimize profitability, given that conventional memory has or likely will soon command better profitability than HBM (Exhibit 30).
- **Though constrained by clean room, suppliers will still increase capex and add new supply through technology upgrades.**
  - We forecast 40% YoY increase in DRAM capex in CY2026 in order to address the booming demand. We see spending growth in both equipment and also in fab construction, especially for those that see more space constraints. Micron for instance see fab construction capex to double YoY from FY2025 to FY2026 (Exhibit 31).
  - We model NAND capex to grow 30% YoY, but likely mainly for capacity upgrades as new space likely is being prioritized for HBM. And we note that NAND capex likely remains considerably below the levels seen prior to 2022 as overall NAND demand and profitability has still significantly lagged DRAM (Exhibit 32).
- **As discussed above, China should take advantage of the shortage to gain share & go public.**
  - We model 40-50% growth in bit output from YMTC and CXMT in 2026, as they also rush to ramp up wafer capacity and also migrate to newer nodes to capitalize on the global memory shortage. Having said that, they remain relativity smaller in size and their supply growth likely won't be enough to alter the supply shortage situation in 2026. We do model further share gain from both of them, especially when very favorable memory price and equity market funding (both are seeking A share IPO (***link*** & ***CXMT IPO prospectus***) embolden them to stay on the offensive (Exhibit 33). And we see YMTC as particularly worrying due to the lack of true restraint in equipment technology in NAND vs. EUV is critical for DRAM technology but China does not have any viable domestic alternative to EUV.
- We raise valuation multiple on stronger demand outlook and even steeper price hike, and raise target price to KRW140,000/KRW750,000/US$330 for Samsung/SK hynix/Micron, representing 1.6x/1.9x/2.9x 2-year forward P/B, respectively (Exhibit 34-Exhibit 37). Recent spot price data remained strong and showed no sign of peaking yet so we believe share price momentum likely can remain robust as well (Exhibit 38). Data points also suggest 1Q26 price may be ahead of our projection and the pace of QoQ price increase may further accelerate from 4Q25. Moreover, given our structurally positive view on DRAM demand, we maintain Outperform on Samsung, SK hynix and Micron. For KIOXIA, we recognize the steep book value

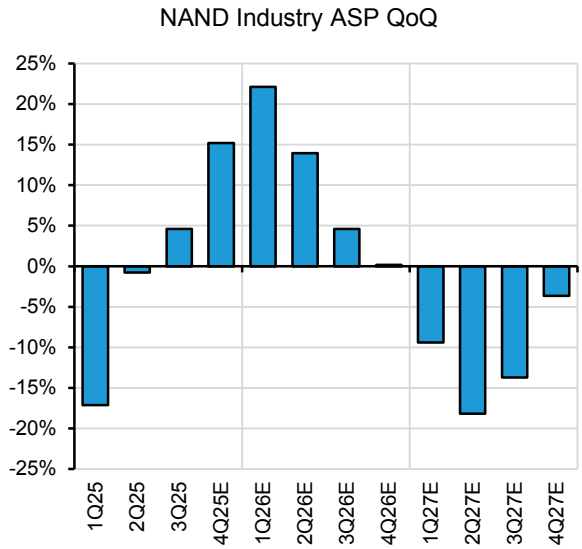
accretion ahead but still don't think it can fully justify the current lofty valuation, especially considering the more structurally challenged competitive landscape for NAND. We hence maintain Underperform with TP of JPY7,000.

EXHIBIT 22: **We forecast DRAM price to continue rising until its begins to soft towards the end of CY26.**



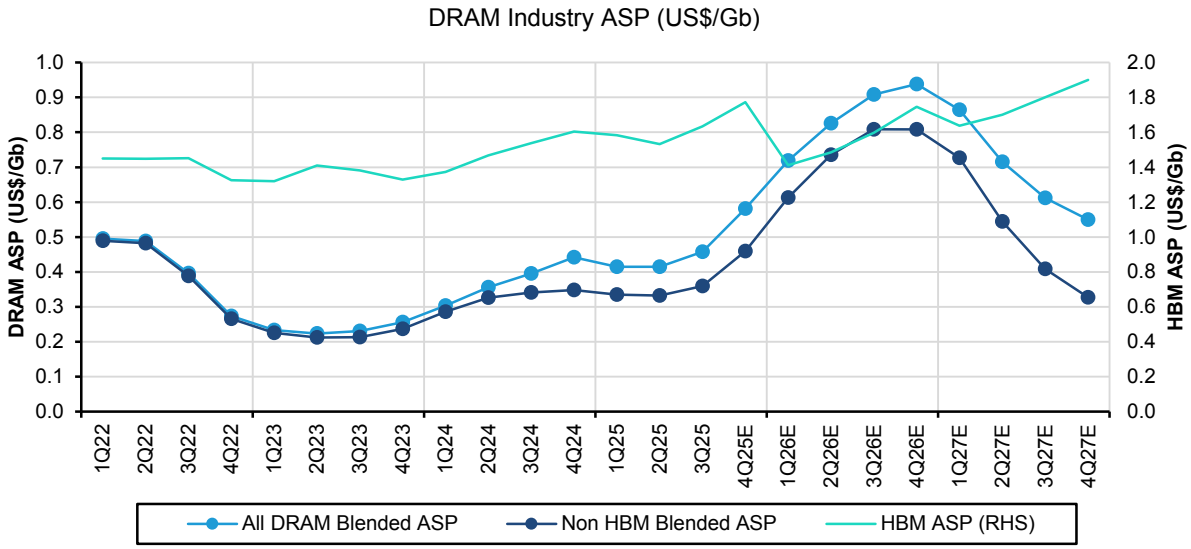
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 23: **For NAND price, we forecast a similar trajectory though the price change likely won't be as steep as DRAM.**



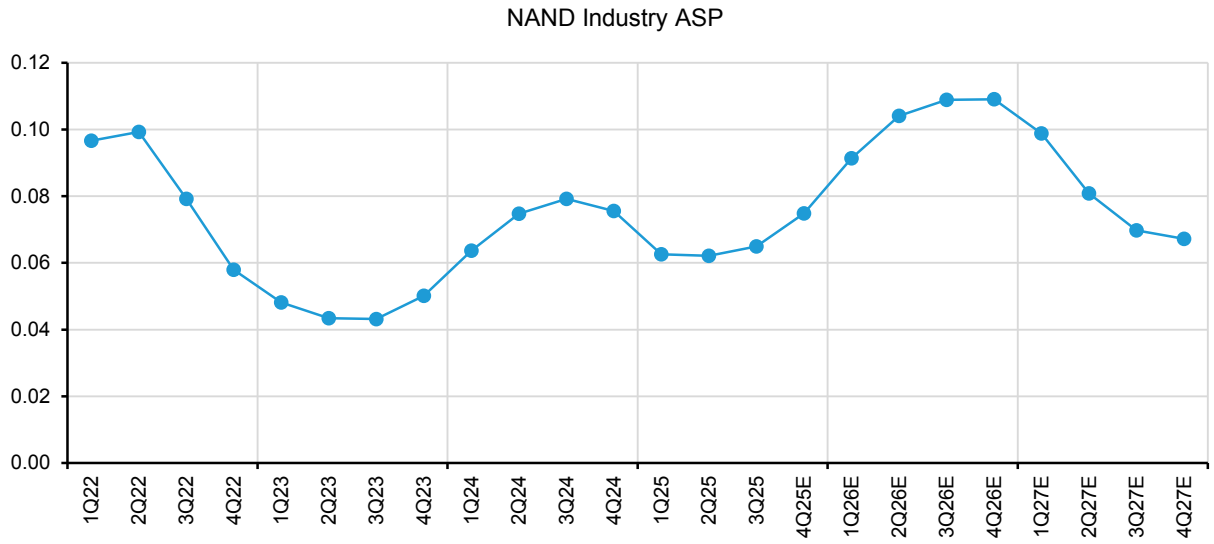
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 24: **With supply arriving at the market in late CY2026 & more in CY2027, we believe DRAM price will normalize to levels before the recent surge.**



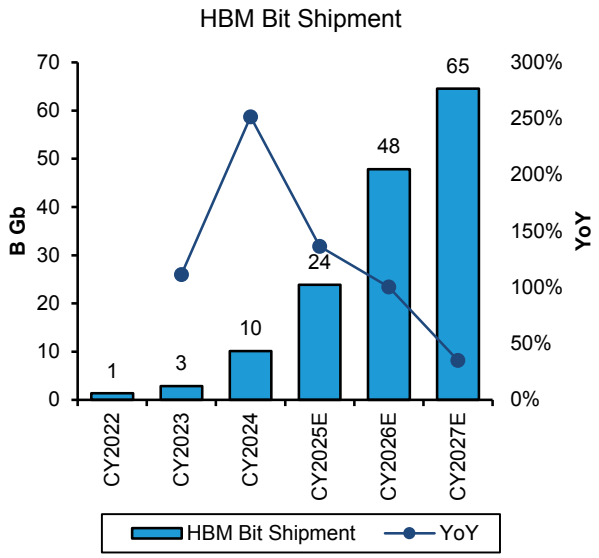
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 25: **For NAND, while we are less convinced on its demand sustainability, we believe supply growth will be kept more cautious and hence we also only forecast price to start to normalize in late CY2026 & more into CY2027.**



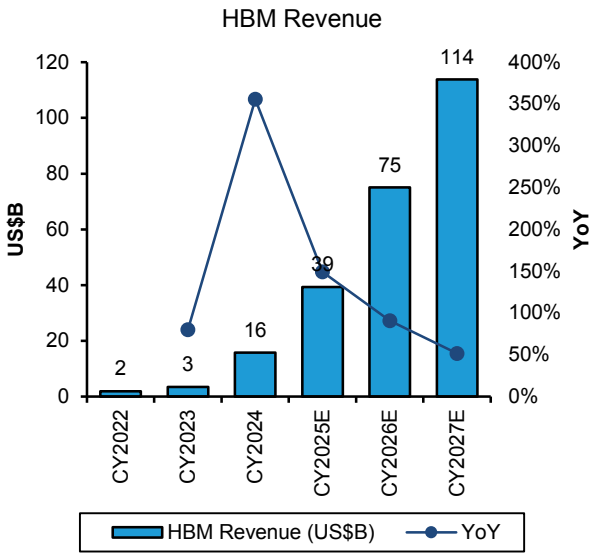
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 26: **We raise HBM forecast to 100% growth in bit shipment in CY2026.**



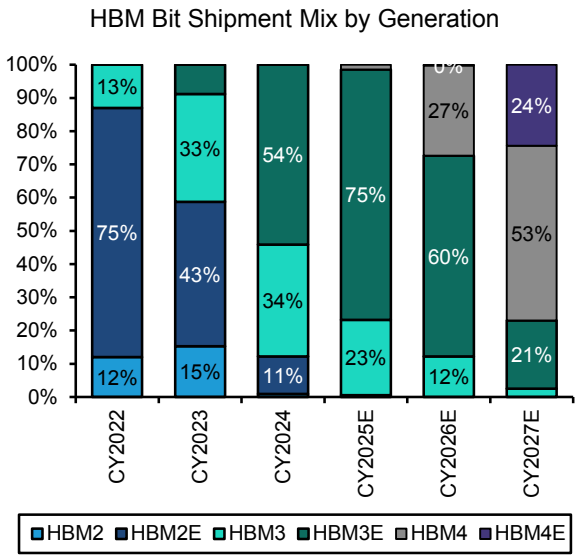
Source: TrendForce, Yole, Bernstein estimates and analysis

EXHIBIT 27: **Overall we project HBM revenue to nearly double US$75B next year.**



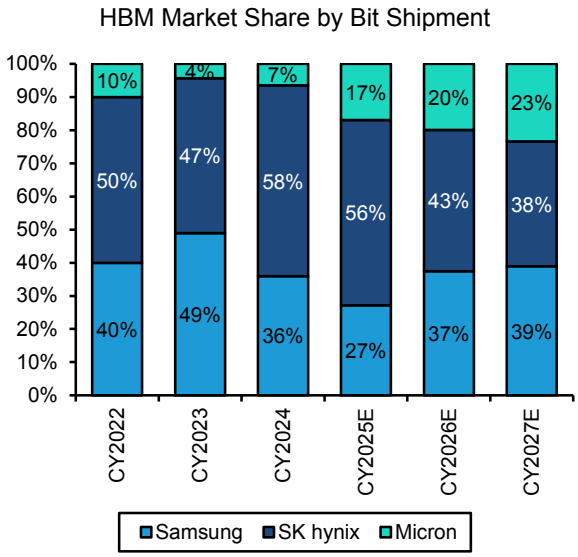
Source: TrendForce, Yole, Bernstein estimates and analysis

EXHIBIT 28: **With TPU gaining more momentum, we see more HBM3E and HBM4 only 27% of CY2026's total bit shipment.**



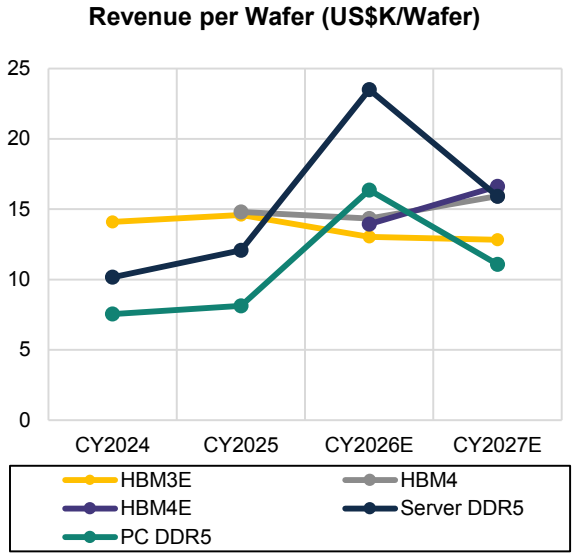
Source: TrendForce, Bernstein estimates and analysis

EXHIBIT 29: **We predict Samsung to gain share in HBM as it should release more supply for HBM3E and its competitive position in HBM4 also improves than in HBM3E.**



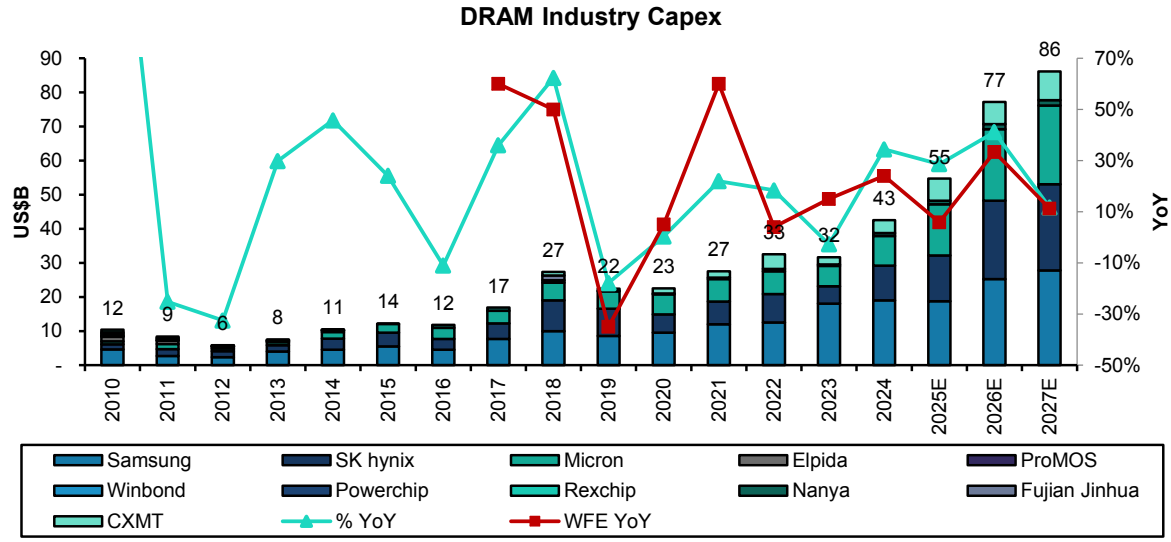
Source: TrendForce, Bernstein estimates and analysis

EXHIBIT 30: **We believe current trajectory of pricing of conventional DRAM likely suggests more revenue per wafer consumed tham HBM and hence potentially better profitability.**



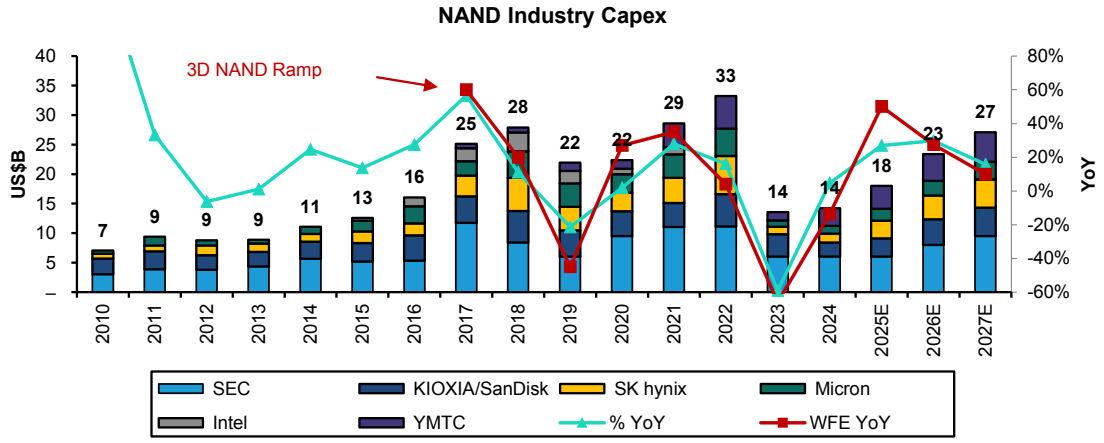
Source: Company reports, TrendForce, Bernstein estimates and analysis

EXHIBIT 31: **We expect DRAM industry capex to rise by 40% to another new high in CY2026.**



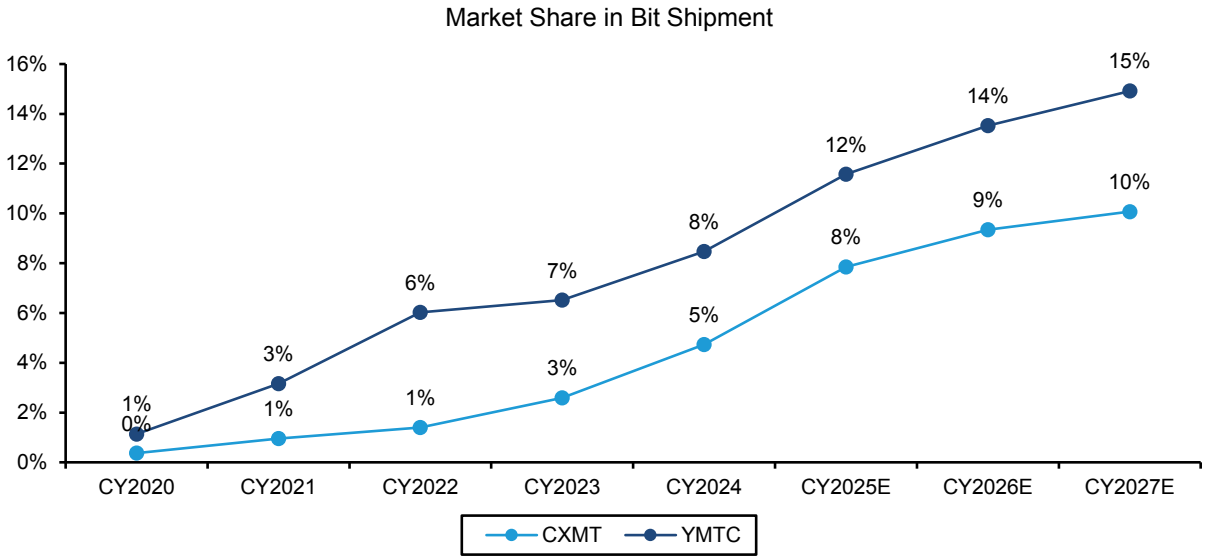
Calendar years
Source: Company reports, TrendForce, SEMI, bernstein estimates and analysis

EXHIBIT 32: **For NAND, we expect capex growth to be slower and overall capex $ to remain considerably behind levels prior to CY2022.**



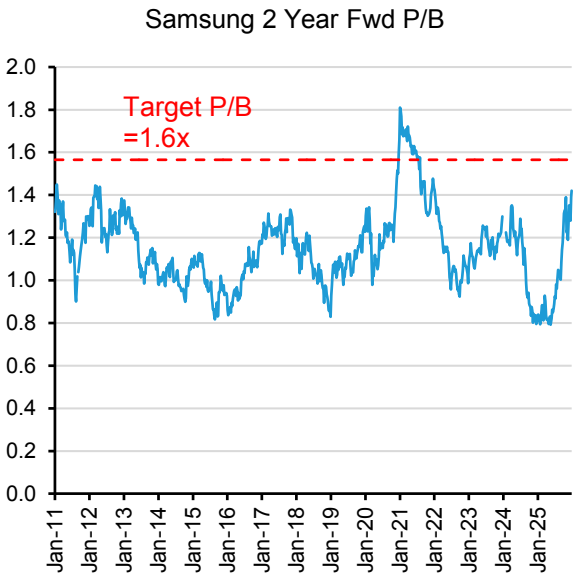
Calendar years
Source: Company reports, SEMI, TrendForce, Gartner, Bernstein estimates and analysis

EXHIBIT 33: **We model CXMT and YMTC's share to expand in the next 2 years, but still from a low base & hence with a measured magnitude, especially for CXMT.**



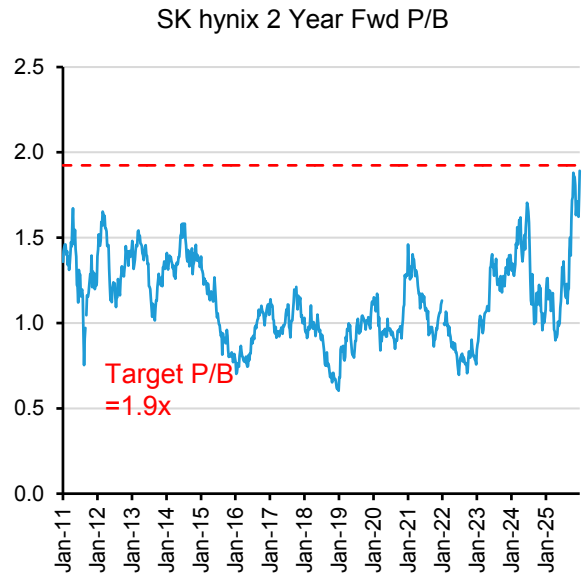
Source: TrendForce, Gartner, Bernstein estimates and analysis

EXHIBIT 34: **We target 1.5x 2-year P/B for Samsung.**



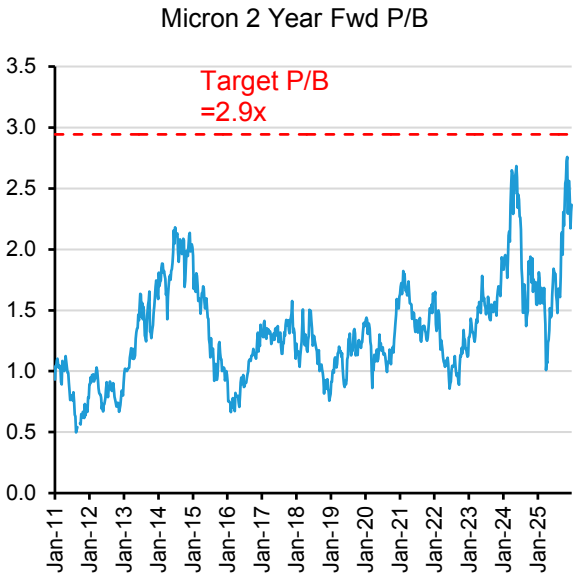
Source: Bloomberg and Bernstein analysis

EXHIBIT 35: **For SK hynix, we target 1.7x 2-year P/B.**



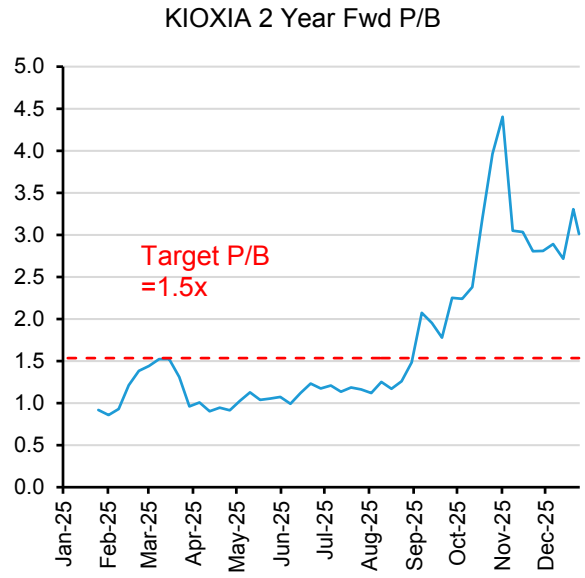
Source: Bloomberg and Bernstein analysis

EXHIBIT 36: **We use 2.4x 2-year P/B to value Micron.**



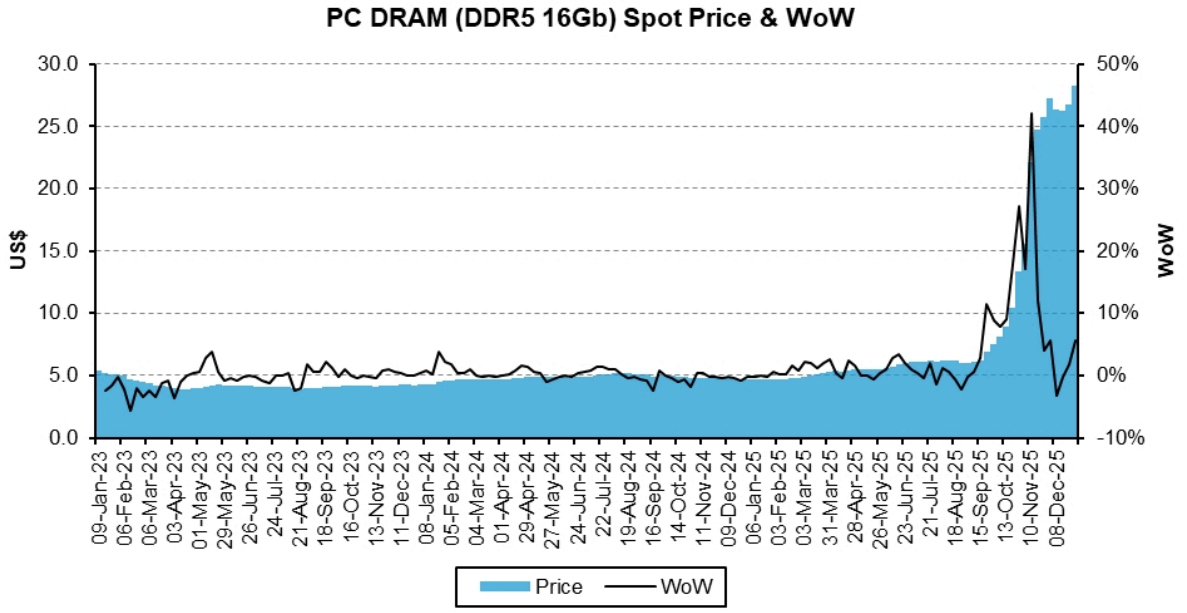
Source: Bloomberg and Bernstein analysis

EXHIBIT 37: **We use 1.5x 2-year P/B for KIOXIA and believe current valuation is too expensive.**



Source: Bloomberg and Bernstein analysis

EXHIBIT 38: **Recent DRAM spot price continued to climb despite already having seen >4x surge.**



DRAMeXchange and Bernstein analysis

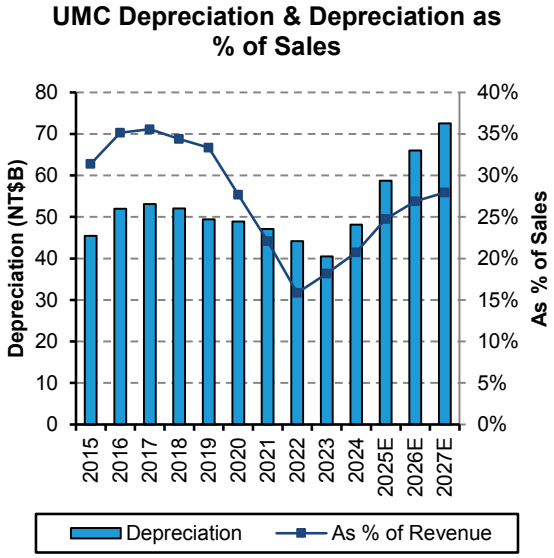
UMC (company model): Heavier depreciation will weigh on margins in the near term and competitive pressure from China is a structural concern. Underperform.

- We assume milder price erosion in 2026 but heavier variable cost burden in light of cost inflation. We also revise up depreciation for 2026 and expect it to grow by low-teens% YoY as guided. Additionally, UMC may need to absorb part of its customers' cost pressure and take on higher depreciation from its new fab in Singapore at the same time (Exhibit 39 - Exhibit

40). Specialty and 22nm platforms should continue to drive growth in 2026, but we believe they are not enough to offset the competitive pressure elsewhere. AI-related attempts such as interposer & silicon photonic products are unlikely to bring meaningful revenue contribution in foreseeable future.

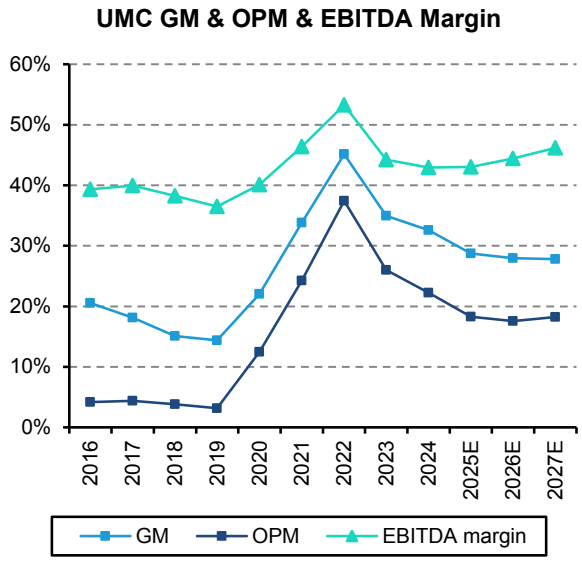
- Our forecasts for 2026 & 2027 are broadly 2-3% below consensus on top line and c. 10% below on bottom line (Exhibit 41). The stock is now trading at 1.7x trailing P/B, higher vs. its pre-cycle average of 0.8x. Considering the structural competitive pressure from China & falling ROE, we believe it is over-valued (Exhibit 42 - Exhibit 43). We set our target price at NT$32 with the same 1x target P/B, implying 36% downside as of 29 Dec 2025. **Underperform.**

EXHIBIT 39: **We revise up depreciation for 2026, as UMC guided depreciation growth to be low-teens % YoY, higher than our previous estimate of 9.5%.**



Source: Company reports, Bernstein estimates and analysis

EXHIBIT 40: **GM & OPM are expected to retreat due to heavier depreciation.**



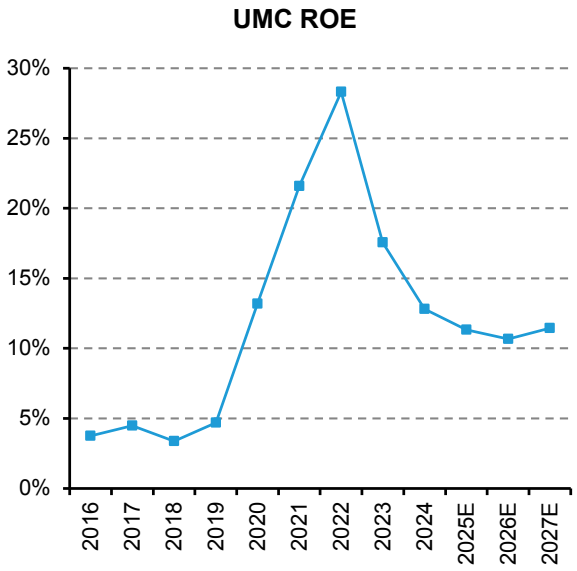
Source: Company report, Bernstein estimates and analysis

EXHIBIT 41: **For 2026 & 2027, we are slightly below consensus on the top line and c. 10% below on the bottom line.**

	2025E					2026E					2027E				
UMC	Bernstein New	Bernstein Old	% Chg	Consensus	% Diff	Bernstein New	Bernstein Old	% Chg	Consensus	% Diff	Bernstein New	Bernstein Old	% Chg	Consensus	% Diff
Revenue (NT$ B)	237.4	232.4	2.1%	235.2	0.9%	245.3	243.4	0.8%	249.1	-1.5%	259.6	259.2	0.2%	268.1	-3.2%
YoY	*2.2%*	*0.1%*		*1.5%*		*3.3%*	*4.7%*		*5.9%*		*5.8%*	*6.5%*		*7.7%*	
Gross Margin	28.7%	28.7%	0.0%	28.7%	0.0%	28.0%	29.7%	-1.7%	29.5%	-1.5%	27.8%	29.7%	-1.9%	30.1%	-2.3%
Operating Margin	18.3%	18.4%	-0.2%	18.2%	0.1%	17.5%	19.9%	-2.4%	19.0%	-1.5%	18.2%	20.2%	-2.0%	19.8%	-1.5%
EPS (NT$)	3.40	3.03	12.4%	3.33	2.0%	3.22	3.62	-11.3%	3.54	-9.1%	3.56	3.90	-8.9%	3.97	-10.4%
YoY	*-10.5%*	*-20.4%*		*-17.7%*		*-5.4%*	*19.8%*		*6.2%*		*10.6%*	*7.7%*		*12.2%*	

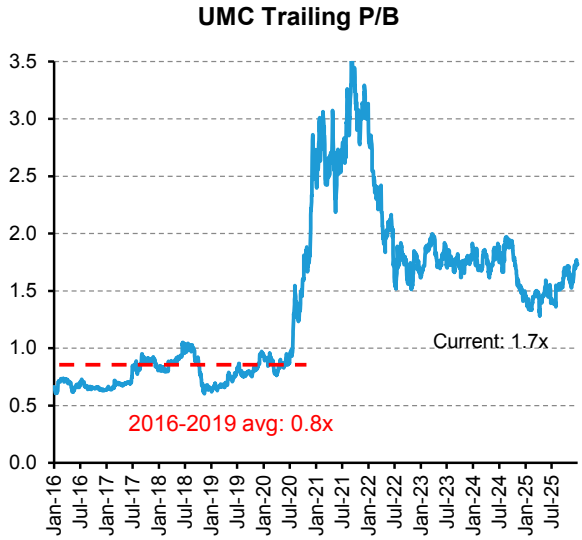
Source: Bloomberg, Bernstein estimates and analysis

EXHIBIT 42: **We model ROE to drop to 10-12% across 2025-2027.**



Source: Company reports, Bernstein estimates and analysis

EXHIBIT 43: **UMC is now trading at 1.7x trailing P/B, higher vs. the pre-cycle averge of 0.8x.**



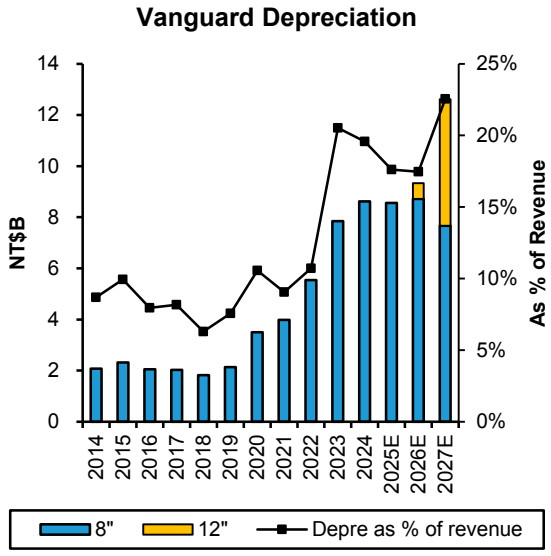
Source: Bloomberg and Bernstein analysis

Vanguard (company model): Despite better traction from power management IC, margin drag from VSMC is a major concern. Market-Perform on undemanding valuation.

- We expect slightly better ASP in 2026, as we picked up that TSMC retiring some old 8" capacity is moving demand to Vanguard and Vanguard subsequently is raising prices of power management ICs. That said, the financial burden from VSMC remains our major concern. The new 12" fab in Singapore saw tool move-in this 4Q25 and is on track for trial production in late 2026. When it enters mass production in 2027, depreciation will kick it and Vanguard expects the margin drag from VSMC between 2027-2029 to be low-to-mid single digits. We as the result model 2027 GM to be 3.5pts lower than 2026's (Exhibit 44 - Exhibit 45).

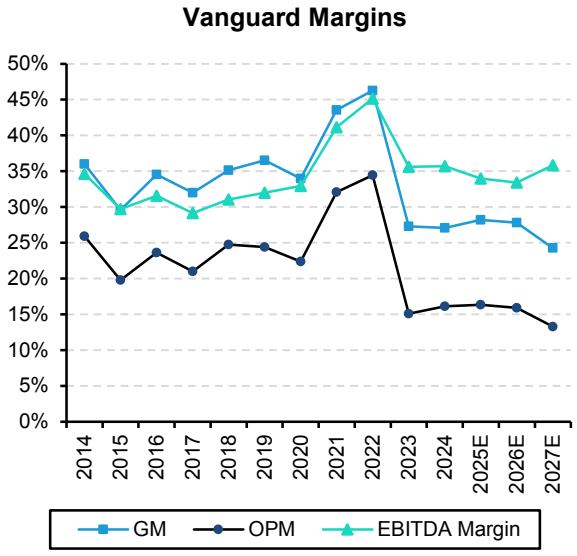
- For 2026 & 2027, we are c. 15-20% below consensus on bottom line, likely because we model slower ramp up & heavier depreciation from VSMC (Exhibit 46). The stock is trading at 3.0x trailing P/B, lower than its pre-cycle average of 3.6x likely on lower ROE as a result of VSMC. However, with the support from TSMC & ~5% dividend yield, we see balanced risk/reward here (Exhibit 47 - Exhibit 48). We set our target price of NT$90 based on the same 3x target P/B and Q5-Q8 BVPS. **Market-Perform**.

EXHIBIT 44: **We expect depreciation from VSMC to kick in from 4Q26.**



Source: Company reports, Bernstein estimates and analysis

EXHIBIT 45: **Gross margin is expected to stay below the pre-cycle level due to much heavier depreciation.**



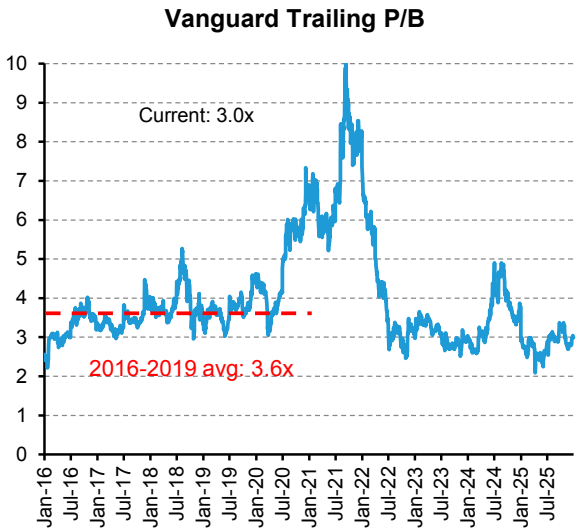
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 46: **For 2026 & 2027, we are c. 15-20% below consensus on bottom line, likely because we model slower ramp up & heavier depreciation from VSMC.**

	2025E					2026E					2027E				
	Bernstein					Bernstein					Bernstein				
Vanguard	New	Old	% Chg	Consensus	% Diff	New	Old	% Chg	Consensus	% Diff	New	Old	% Chg	Consensus	% Diff
Revenue (NT$ M)	48,571	48,204	0.8%	48,499	0.1%	53,428	50,261	6.3%	53,622	-0.4%	55,948	54,086	3.4%	61,455	-9.0%
YoY	*10.3%*	*9.4%*		*11.0%*		*10.0%*	*4.3%*		*10.6%*		*4.7%*	*7.6%*		*14.6%*	
Gross Margin	28.2%	28.5%	-0.3%	28.2%	0.0%	27.8%	28.4%	-0.6%	28.9%	-1.1%	24.3%	25.0%	-0.7%	26.5%	-2.2%
Operating Margin	16.4%	16.9%	-0.5%	16.4%	-0.1%	15.9%	16.9%	-1.0%	17.3%	-1.4%	13.3%	13.8%	-0.5%	15.5%	-2.2%
EPS (NT$)	4.34	4.41	-1.6%	4.33	0.4%	3.84	3.84	0.1%	4.47	-14.1%	3.45	3.26	5.8%	4.39	-21.4%
YoY	*1.6%*	*3.2%*		*9.2%*		*-11.6%*	*-13.1%*		*3.4%*		*-10.2%*	*-15.0%*		*-1.8%*	

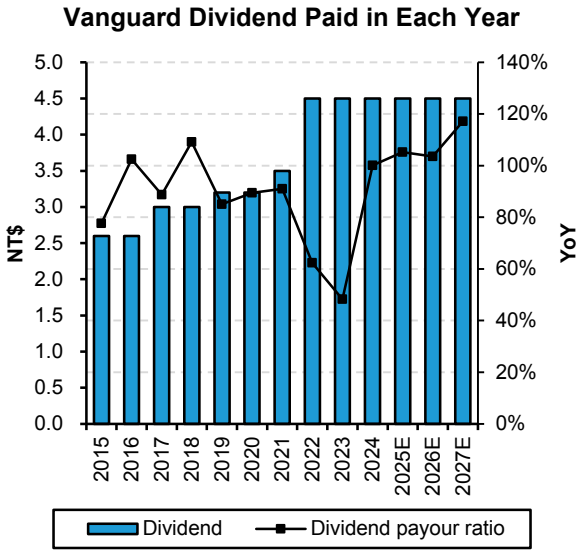
Source: Bloomberg, Bernstein estimates and analysis

EXHIBIT 47: **The stock is trading at 3.0x trailing P/B, lower than its pre-cycle average of 3.6x likely on lower ROE as a result of the VSMC investment.**



Source: Company reports, Bernstein estimates and analysis

EXHIBIT 48: **However, with the support from TSMC & ~5% dividend yield, we see balanced risk/reward here.**



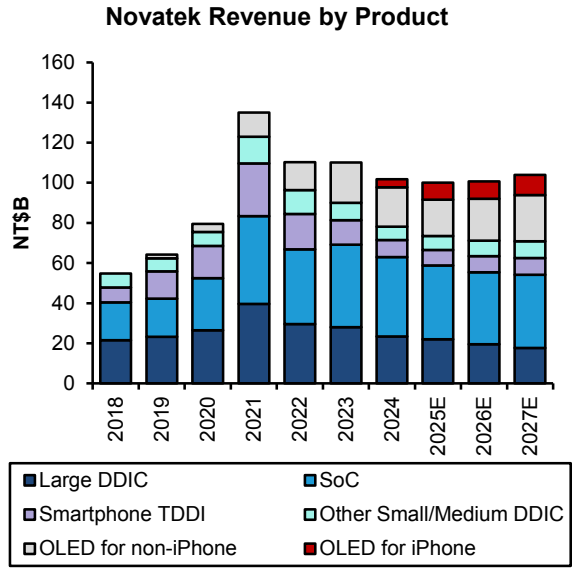
Source: Company reports, Bernstein estimates and analysis

Novatek (company model): Novatek is vulnerable to end demand destruction and budget squeeze as the result of high memory price, but new Korean OLED customer will likely be a mitigation in 2026. Market-Perform.

- 4Q25 guidance is weaker than expected, and suggests either competition or slower traction at iPhone or both. For 2026, price hike in memory is likely to weigh on both revenue (via end demand destruction) and margin (via cost inflation and incomplete price pass-on). That said, OLED is expected to remain as a key growth driver throughout 2026, supported by revenue contribution from a new Korean customer (Samsung through BOE panel?) starting from 1Q26 and broader adoption of OLED TDDI by smartphone OEMs beyond Xiaomi. We forecast Novatek's revenue to maintain flattish in 2026 and its gross margin to drop by 1.7pts YoY on more expensive Known Good Die (KGD) and cost inflation (Exhibit 49 - Exhibit 50).

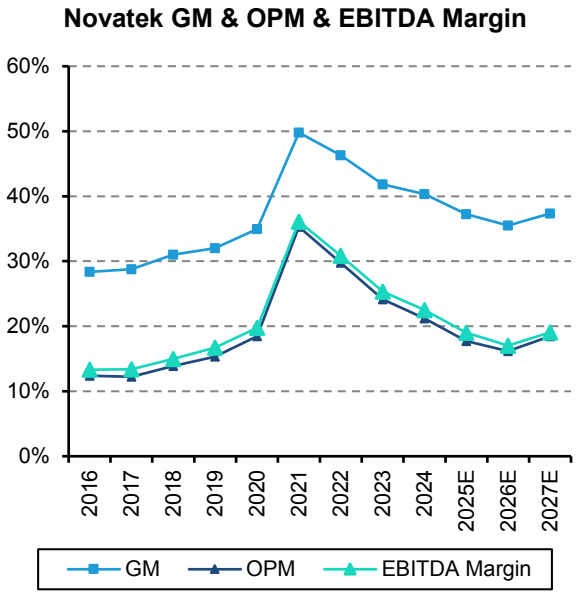
- Our forecasts are slightly below consensus on top line and 8-15% below consensus on bottom line (Exhibit 51). We set our target price to NT $390 based on the same 14x target P/E and Q5-Q8 EPS. This should give us 4% upside in stock price as of 29 Dec 2025, and dividend will add c. 7% yield. **Market-Perform** (Exhibit 52 - Exhibit 53).

EXHIBIT 49: **4Q25 guidance is weaker than expected, suggesting either competition or slower traction at iPhone or both.**



Source: Company reports, Bernstein estimates and analysis

EXHIBIT 50: **We now forecast Novatek's gross margin to drop by 1.7pts YoY on more expensive Known Good Die (KGD) and cost inflation.**



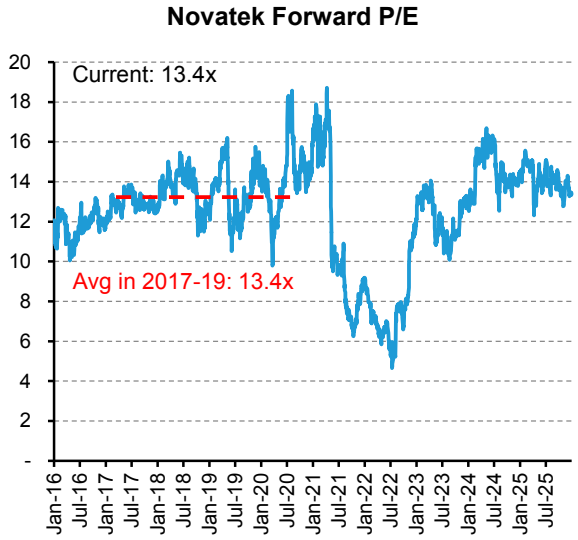
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 51: **Our forecast for 2026 & 2027 is slightly below consensus on top line and 8-15% below consensus on bottom line.**

	2025E					2026E					2027E			
	Bernstein					Bernstein					Bernstein			
Novatek	New	Old	% Chg	Consensus	% Diff	New	Old	% Chg	Consensus	% Diff	New	Old	Consensus	% Diff
Revenue (NT$ M)	100,699	102,651	-1.9%	100,687	0.0%	101,234	104,711	-3.3%	103,094	-1.8%	104,616	107,572	110,666	-5.5%
YoY	*-2.0%*	*-0.1%*		*-1.5%*		*0.5%*	*2.0%*		*2.4%*		*3.3%*	*2.7%*	*7.3%*	
Gross Margin	37.2%	37.3%	-0.1%	37.3%	-0.1%	35.5%	38.3%	-2.7%	37.8%	-2.3%	37.3%	38.3%	38.2%	-0.9%
Operating Margin	17.7%	18.0%	-0.3%	17.8%	-0.1%	16.2%	19.5%	-3.3%	18.3%	-2.1%	18.4%	19.8%	19.2%	-0.8%
EPS (NT$)	25.83	26.45	-2.3%	26.23	-1.5%	24.01	29.95	-19.8%	28.10	-14.6%	28.08	31.26	30.40	-7.6%
YoY	*-22.7%*	*-20.9%*		*-19.7%*		*-7.1%*	*13.2%*		*7.1%*		*16.9%*	*4.4%*	*8.2%*	

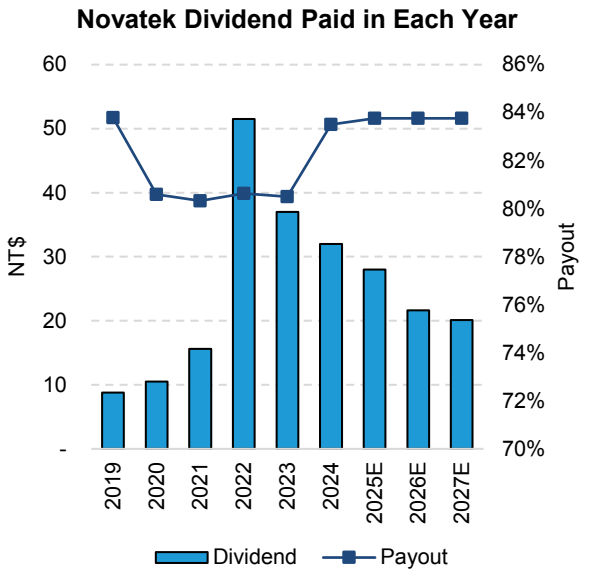
Source: Bloomberg, Bernstein estimates and analysis

EXHIBIT 52: **The stock is now trading at 13.4x forward P/E, in line with its historical average.**



Source: Company reports, Bernstein estimates and analysis

EXHIBIT 53: **This should give us 4% upside in stock price, and dividend will add another 7% yield.**



Source: Company reports, Bernstein estimates and analysis

APPENDIX - FINANCIAL FORECASTS

EXHIBIT 54: **UMC Financial Statements**

	2025				2026								
NT$ in Millions	Q1	Q2	Q3	Q4E	Q1E	Q2E	Q3E	Q4E	2023	2024	2025E	2026E	2027E
Income Statement													
Net Sales	57,859	58,758	59,127	61,671	57,477	59,637	63,283	64,928	222,533	232,303	237,415	245,326	259,634
Gross Profit	15,447	16,878	17,623	18,193	15,571	16,300	17,944	18,770	77,744	75,654	68,141	68,585	72,121
SG&A Expense	2,159	2,274	2,343	2,386	2,301	2,370	2,376	2,339	10,572	9,749	9,161	9,385	9,277
R&D Expense	3,964	4,194	4,631	4,777	4,316	4,482	4,543	4,557	13,284	15,616	17,565	17,897	17,503
EBIT	9,786	10,820	11,118	11,647	9,356	9,847	11,471	12,357	57,891	51,613	43,370	43,031	47,321
EBITDA	23,914	25,326	26,112	26,782	25,139	26,101	28,276	29,520	98,375	99,780	102,134	109,036	119,825
Non-operating Income	(439)	(666)	3,526	1,255	1,238	1,316	1,416	1,096	13,022	4,607	3,676	5,065	5,883
Pretax Income	9,347	10,154	14,644	12,902	10,595	11,163	12,886	13,453	70,912	56,220	47,047	48,097	53,204
Tax	1,603	1,306	(300)	2,129	1,748	1,842	2,126	2,220	9,472	9,113	4,738	7,936	8,779
Net Income	7,743	8,848	14,944	10,773	8,846	9,321	10,760	11,233	61,440	47,106	42,309	40,161	44,425
Earnings Per Share (NT$)	0.62	0.71	1.20	0.86	0.71	0.75	0.86	0.90	4.93	3.80	3.40	3.22	3.56
Margin Analysis													
Gross Profit	26.7%	28.7%	29.8%	29.5%	27.1%	27.3%	28.4%	28.9%	34.9%	32.6%	28.7%	28.0%	27.8%
EBIT	16.9%	18.4%	18.8%	18.9%	16.3%	16.5%	18.1%	19.0%	26.0%	22.2%	18.3%	17.5%	18.2%
EBITDA	41.3%	43.1%	44.2%	43.4%	43.7%	43.8%	44.7%	45.5%	44.2%	43.0%	43.0%	44.4%	46.2%
Pretax Income	16.2%	17.3%	24.8%	20.9%	18.4%	18.7%	20.4%	20.7%	31.9%	24.2%	19.8%	19.6%	20.5%
Net Income	13.4%	15.1%	25.3%	17.5%	15.4%	15.6%	17.0%	17.3%	27.6%	20.3%	17.8%	16.4%	17.1%
Sequential Growth													
Net Sales	-4.2%	1.6%	0.6%	4.3%	-6.8%	3.8%	6.1%	2.6%	-20.2%	4.4%	2.2%	3.3%	5.8%
Gross Profit	-15.8%	9.3%	4.4%	3.2%	-14.4%	4.7%	10.1%	4.6%	-38.2%	-2.7%	-9.9%	0.7%	5.2%
EBIT	-18.2%	11%	2.8%	4.8%	-19.7%	5%	16.5%	7.7%	-44.5%	-10.8%	-16.0%	-0.8%	10.0%
EBITDA	-5.9%	5.9%	3.1%	2.6%	-6.1%	3.8%	8.3%	4.4%	-33.7%	1.4%	2.4%	6.8%	9.9%
Pretax	-11.1%	9%	44.2%	-12%	-17.9%	5%	15.4%	4%	-33.2%	-20.7%	-16.3%	2.2%	10.6%
Net Income	-8.5%	14%	68.9%	-28%	-17.9%	5%	15.4%	4%	-30.2%	-23.3%	-10.2%	-5.1%	10.6%
Earnings Per Share	-8.8%	14.5%	69.0%	-28.1%	-17.9%	5.4%	15.4%	4.4%	-30.4%	-23.0%	-10.5%	-5.4%	10.6%
Balance Sheet													
Cash and Cash Equivalents									132,554	105,000	129,328	138,297	166,311
Accounts Receivable									29,586	33,343	33,622	35,401	36,178
Inventory									35,713	35,782	37,897	41,296	42,008
Net Fixed Assets									239,123	279,059	273,407	257,002	234,097
Total Assets									559,187	570,201	586,037	589,504	597,608
Accounts Payable									7,526	7,633	8,930	9,070	9,364
Total Debt									80,166	81,462	88,800	84,681	79,831
Total Equity									359,579	378,185	371,974	380,921	395,382
Cash Flow													
Cash Flow From Operations									86,000	93,872	116,977	96,204	114,849
Cash Flow From Investments									(97,787)	(85,941)	(59,904)	(51,904)	(52,021)
Cash Flow From Financing									(29,086)	(39,200)	(28,984)	(35,332)	(34,814)
Depreciation & Amortization									40,484	48,168	58,763	66,005	72,505
Capex									(91,474)	(88,544)	(56,169)	(49,600)	(49,600)
Key Financial Metrics													
Return on Common Equity									17.6%	12.8%	11.3%	10.7%	11.4%
Return on Assets									11.2%	8.4%	7.3%	6.8%	7.5%
Capex Intensity									41%	38%	24%	20%	19%
Asset Turnover									0.4x	0.4x	0.4x	0.4x	0.4x
Debt / Equity									22%	22%	24%	22%	20%
Net Debt / Equity									-15%	-6%	-11%	-14%	-22%
Debt / Capital									18%	18%	19%	18%	17%
Dividend Per Share (NT$)									3.6	3.0	2.9	2.5	2.4

Source: Company report, Bernstein estimates and analysis

EXHIBIT 55: **Vanguard Financial Statements**

	2025				2026								
NT$ in Millions	**Q1**	**Q2**	**Q3**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Income Statement													
Net Sales	11,949	11,699	12,349	12,573	12,615	13,394	13,720	13,699	38,273	44,055	48,571	53,428	55,948
Gross Profit	3,597	3,280	3,312	3,504	3,424	3,766	3,926	3,746	10,446	11,933	13,693	14,861	13,577
SG&A Expense	838	861	915	930	908	938	988	1,027	2,521	2,740	3,545	3,861	3,645
R&D Expense	521	522	565	591	568	616	645	658	2,151	2,081	2,199	2,486	2,491
EBIT	2,238	1,897	1,832	1,983	1,948	2,212	2,293	2,061	5,774	7,111	7,949	8,514	7,441
EBITDA	4,284	3,983	4,037	4,206	4,274	4,549	4,617	4,406	13,626	15,733	16,509	17,847	20,055
Non-operating Income	437	485	267	332	96	52	(3)	42	3,060	1,641	1,521	186	357
Pretax Income	2,675	2,382	2,099	2,314	2,044	2,264	2,290	2,102	8,834	8,752	9,470	8,701	7,799
Tax	269	369	414	463	368	408	412	378	1,464	1,705	1,514	1,566	1,404
Net Income	2,406	2,013	1,685	1,851	1,676	1,857	1,878	1,724	7,370	7,047	7,955	7,134	6,395
Earnings Per Share (NT$)	1.31	1.11	0.93	1.00	0.90	1.00	1.01	0.93	4.50	4.28	4.34	3.84	3.45
Margin Analysis													
Gross Profit	30.1%	28.0%	26.8%	27.9%	27.1%	28.1%	28.6%	27.3%	27.3%	27.1%	28.2%	27.8%	24.3%
EBIT	18.7%	16.2%	14.8%	15.8%	15.4%	16.5%	16.7%	15.0%	15.1%	16.1%	16.4%	15.9%	13.3%
EBITDA	35.9%	34.0%	32.7%	33.5%	33.9%	34.0%	33.7%	32.2%	35.6%	35.7%	34.0%	33.4%	35.8%
Pretax Income	22.4%	20.4%	17.0%	18.4%	16.2%	16.9%	16.7%	15.3%	23.1%	19.9%	19.5%	16.3%	13.9%
Net Income	20.1%	17.2%	13.6%	14.7%	13.3%	13.9%	13.7%	12.6%	19.3%	16.0%	16.4%	13.4%	11.4%
Sequential Growth													
Net Sales	3.4%	-2.1%	5.6%	1.8%	0.3%	6.2%	2.4%	-0.2%	-26.0%	15.1%	10.3%	10.0%	4.7%
Gross Profit	8.5%	-8.8%	1.0%	5.8%	-2.3%	10.0%	4.2%	-4.6%	-56.3%	14.2%	14.8%	8.5%	-8.6%
EBIT	16.3%	-15.3%	-3.4%	8.2%	-1.8%	13.6%	3.7%	-10.1%	-67.6%	23.2%	11.8%	7.1%	-12.6%
EBITDA	2.5%	-7.0%	1.4%	4.2%	1.6%	6.4%	1.5%	-4.6%	-41.6%	15.5%	4.9%	8.1%	12.4%
Pretax	14.6%	-11.0%	-11.9%	10.2%	-11.7%	10.8%	1.2%	-8.2%	-53.1%	-0.9%	8.2%	-8.1%	-10.4%
Net Income	30.5%	-16.4%	-16.3%	9.8%	-9.5%	10.8%	1.2%	-8.2%	-51.8%	-4.4%	12.9%	-10.3%	-10.4%
Earnings Per Share	19.0%	-15.4%	-16.6%	7.5%	-9.4%	10.8%	1.2%	-8.1%	-51.8%	-4.9%	1.6%	-11.6%	-10.2%
Balance Sheet													
Cash and Cash Equivalents									29,842	60,695	25,842	37,974	31,120
Accounts Receivable									5,523	6,235	7,616	8,155	8,171
Inventory									5,672	6,221	6,647	5,950	6,756
Net Fixed Assets									36,604	44,141	107,923	123,562	148,767
Total Assets									102,450	148,706	177,599	206,078	226,541
Accounts Payable									972	1,416	1,434	2,115	3,015
Total Debt									20,422	24,656	31,905	32,624	33,857
Total Equity									45,713	68,667	76,467	90,737	105,835
Cash Flow													
Cash Flow From Operations									8,632	24,731	18,825	18,573	20,913
Cash Flow From Investments									(8,360)	(11,699)	(64,498)	(24,861)	(37,702)
Cash Flow From Financing									(1,359)	17,530	11,010	18,420	9,936
Depreciation & Amortization									7,852	8,622	8,559	9,333	12,614
Capex									(6,779)	(15,909)	(66,799)	(47,616)	(42,818)
Key Financial Metrics													
Return on Common Equity									16.2%	12.8%	12.6%	11.5%	10.6%
Return on Assets									7.2%	5.6%	4.9%	3.7%	3.0%
Capex Intensity									17.7%	36.1%	137.5%	89.1%	76.5%
Asset Turnover									0.4x	0.3x	0.3x	0.3x	0.2x
Debt / Equity									44.7%	35.9%	41.7%	36.0%	32.0%
Net Debt / Equity									-21%	-52%	8%	-6%	3%
Debt / Capital									30.9%	26.4%	29.4%	26.4%	24.2%
Dividend Per Share (NT$)									4.5	4.5	4.5	4.5	4.5

Source: Company report, Bernstein estimates and analysis

EXHIBIT 56: **Novatek Financial Statements**

	2025				2026								
NT$ in Millions	**Q1**	**Q2**	**Q3**	**Q4E**	**Q1E**	**Q2E**	**Q3E**	**Q4E**	**2023**	**2024**	**2025E**	**2026E**	**2027E**
Income Statement													
Net Sales	27,120	26,152	24,574	22,853	23,702	24,793	26,237	26,502	110,429	102,788	100,699	101,234	104,616
Gross Profit	10,783	9,494	8,919	8,294	8,261	8,633	9,417	9,649	46,212	41,472	37,489	35,960	39,043
SG&A Expense	784	756	716	663	711	719	708	729	2,759	2,859	2,918	2,867	2,963
R&D Expense	4,303	3,915	4,346	4,142	4,264	4,153	4,084	4,214	16,791	16,807	16,706	16,714	16,784
EBIT	5,696	4,823	3,857	3,490	3,285	3,761	4,625	4,707	26,662	21,806	17,865	16,379	19,296
EBITDA	6,017	5,144	4,192	3,811	3,558	3,969	4,817	4,890	28,001	23,120	19,165	17,234	19,922
Non-operating Income	445	(221)	518	223	281	287	311	238	1,569	2,320	965	1,117	1,166
Pretax Income	6,141	4,602	4,375	3,713	3,566	4,048	4,937	4,945	28,231	24,126	18,831	17,496	20,462
Tax	877	863	720	650	588	668	815	816	4,914	3,784	3,110	2,887	3,376
Net Income	5,264	3,739	3,655	3,063	2,978	3,380	4,122	4,129	23,318	20,342	15,721	14,609	17,086
Earnings Per Share (NT$)	8.65	6.14	6.01	5.03	4.89	5.56	6.77	6.79	38.32	33.43	25.83	24.01	28.08
Margin Analysis													
Gross Profit	39.8%	36.3%	36.3%	36.3%	34.9%	34.8%	35.9%	36.4%	41.8%	40.3%	37.2%	35.5%	37.3%
EBIT	21.0%	18.4%	15.7%	15.3%	13.9%	15.2%	17.6%	17.8%	24.1%	21.2%	17.7%	16.2%	18.4%
EBITDA	22.2%	19.7%	17.1%	16.7%	15.0%	16.0%	18.4%	18.5%	25.4%	22.5%	19.0%	17.0%	19.0%
Pretax Income	22.6%	17.6%	17.8%	16.2%	15.0%	16.3%	18.8%	18.7%	25.6%	23.5%	18.7%	17.3%	19.6%
Net Income	19.4%	14.3%	14.9%	13.4%	12.6%	13.6%	15.7%	15.6%	21.1%	19.8%	15.6%	14.4%	16.3%
SG&A as % of Sales	2.9%	2.9%	2.9%	2.9%	3.0%	2.9%	2.7%	2.8%	2.5%	2.8%	2.9%	2.8%	2.8%
R&D as % of Sales	15.9%	15.0%	17.7%	18.1%	18.0%	16.7%	15.6%	15.9%	15.2%	16.4%	16.6%	16.5%	16.0%
Sequential Growth													
Net Sales	7.4%	-3.6%	-6.0%	-7.0%	3.7%	4.6%	5.8%	1.0%	0.4%	-6.9%	-2.0%	0.5%	3.3%
Gross Profit	8.0%	-12.0%	-6.1%	-7.0%	-0.4%	4.5%	9.1%	2.5%	-9.3%	-10.3%	-9.6%	-4.1%	8.6%
EBIT	15.9%	-15.3%	-20.0%	-9.5%	-5.9%	14.5%	23.0%	1.8%	-18.5%	-18.2%	-18.1%	-8.3%	17.8%
EBITDA	14.7%	-14.5%	-18.5%	-9.1%	-6.6%	11.5%	21.4%	1.5%	-17.5%	-17.4%	-17.1%	-10.1%	15.6%
Pretax	7.9%	-25.1%	-4.9%	-15.1%	-3.9%	13.5%	21.9%	0.2%	-18.2%	-14.5%	-21.9%	-7.1%	16.9%
Net Income	9.6%	-29.0%	-2.3%	-16.2%	-2.8%	13.5%	21.9%	0.2%	-16.6%	-12.8%	-22.7%	-7.1%	16.9%
Earnings Per Share	9.6%	-29.0%	-2.3%	-16.2%	-2.8%	13.5%	21.9%	0.2%	-16.6%	-12.8%	-22.7%	-7.1%	16.9%
Balance Sheet													
Cash and Cash Equivalents									53,889	48,771	52,994	53,928	57,703
Accounts Receivable									16,935	20,274	16,220	18,869	20,299
Inventory									8,551	8,701	8,189	9,381	9,586
Net Fixed Assets									6,876	7,023	3,671	3,524	3,630
Total Assets									104,443	102,401	98,792	103,424	108,976
Accounts Payable									12,579	10,635	10,057	12,236	11,995
Total Debt									373	455	40	50	56
Total Equity									67,217	67,923	66,644	68,086	72,934
Cash Flow													
Cash Flow From Operations									29,981	16,652	21,179	14,800	16,738
Cash Flow From Investments									(1,702)	(849)	2,327	(709)	(732)
Cash Flow From Financing									(23,552)	(20,956)	(19,238)	(13,158)	(12,230)
Depreciation & Amortization									1,340	1,314	1,299	856	627
Capex									(897)	(1,276)	2,264	(709)	(732)
Key Financial Metrics													
Return on Common Equity									35.1%	30.1%	23.4%	21.7%	24.2%
Return on Assets									22.8%	19.7%	15.6%	14.4%	16.1%
Debt / Equity									0.6%	0.7%	0.1%	0.1%	0.1%
Net Debt / Equity									-80%	-71%	-79%	-79%	-79%
Debt / Capital									0.6%	0.7%	0.1%	0.1%	0.1%
Dividend Per Share (NT$)									37.0	32.0	28.0	21.6	20.1

Source: Company report, Bernstein estimates and analysis

EXHIBIT 57: **Samsung Income Statement**

Figures in KRW B Unless Otherwise Stated

Income Statement	2024	2025E	2026E	2027E	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Revenue	**300,878**	**327,089**	**430,375**	**426,429**	**79,141**	**74,566**	**86,060**	**87,322**	**97,673**	**102,078**	**117,154**	**113,471**
COGS	186,569	191,643	153,157	177,637	51,010	49,070	49,070	42,494	39,891	35,980	40,359	36,928
Gross Profit	**114,310**	**135,446**	**277,218**	**248,792**	**28,131**	**25,497**	**36,990**	**44,828**	**57,782**	**66,098**	**76,795**	**76,543**
R&D	34,152	37,035	45,227	41,467	9,033	9,019	9,019	9,963	10,589	11,121	11,895	11,622
SG&A	47,425	48,215	57,054	51,124	12,413	11,801	11,801	12,200	13,787	14,540	14,459	14,268
Operating Profit	**32,733**	**50,196**	**174,938**	**156,201**	**6,685**	**4,676**	**16,170**	**22,665**	**33,406**	**40,437**	**50,441**	**50,653**
Other non-operating Income/(Expenses)	–	–	–	–	865	18	18	–	–	–	–	–
Equity-Method Investments	744	621	706	742	119	159	159	184	181	177	174	174
Net interest (expense)/gain	3,506	3,772	2,534	4,873	1,483	903	903	484	495	559	651	830
Income Before Taxes	**36,983**	**54,589**	**178,178**	**161,816**	**9,152**	**5,756**	**17,250**	**23,334**	**34,082**	**41,173**	**51,266**	**51,657**
Income Taxes	3,073	8,625	48,999	44,500	929	640	640	6,417	9,373	11,322	14,098	14,206
Net Income (before minority interest)	**33,910**	**45,965**	**129,179**	**117,317**	**8,223**	**5,116**	**16,610**	**16,917**	**24,709**	**29,850**	**37,168**	**37,451**
Minority Interest	294	(232)	461	557	194	182	182	111	71	83	181	126
Net Income (after minority interest)	**33,616**	**46,196**	**128,718**	**116,759**	**8,028**	**4,934**	**16,428**	**16,806**	**24,638**	**29,767**	**36,987**	**37,325**
EPS After Minority (KRW per share)	4,949	6,913	19,403	17,600	1,192	737	2,465	2,533	3,714	4,487	5,575	5,626
Total Shares Out	6,793	6,682	6,634	6,634	6,737	6,692	6,665	6,634	6,634	6,634	6,634	6,634
EBITDA	**72,383**	**94,194**	**221,077**	**206,715**	**17,415**	**16,033**	**27,130**	**33,616**	**44,523**	**51,844**	**62,119**	**62,590**
Margins %												
Gross Margin	38.0%	41.4%	64.4%	58.3%	35.5%	34.2%	43.0%	51.3%	59.2%	64.8%	65.6%	67.5%
Operating Margin	10.9%	15.3%	40.6%	36.6%	8.4%	6.3%	18.8%	26.0%	34.2%	39.6%	43.1%	44.6%
NI before MI Margin	11.3%	14.1%	30.0%	27.5%	10.4%	6.9%	19.3%	19.4%	25.3%	29.2%	31.7%	33.0%
NI after MI Margin	11.2%	14.1%	29.9%	27.4%	10.1%	6.6%	19.1%	19.2%	25.2%	29.2%	31.6%	32.9%
EBITDA Margin	24.1%	28.8%	51.4%	48.5%	22.0%	21.5%	31.5%	38.5%	45.6%	50.8%	53.0%	55.2%
ROE %	8.9%	11.1%	26.5%	19.5%	8.1%	5.1%	16.3%	16.1%	22.5%	25.7%	30.0%	28.3%
Growth %												
Revenue Growth	16.2%	8.7%	31.6%	(0.9%)	4.4%	(5.8%)	15.4%	1.5%	11.9%	4.5%	14.8%	(3.1%)
Operating Profit Growth	399.0%	53.4%	248.5%	(10.7%)	3.0%	(30.1%)	245.8%	40.2%	47.4%	21.0%	24.7%	0.4%
EPS Growth	132.3%	39.7%	180.7%	(9.3%)	6.8%	(38.1%)	234.3%	2.8%	46.6%	20.8%	24.3%	0.9%
Division Financials												
Semiconductor	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
Total Revenue	**111,105**	**127,442**	**252,006**	**245,545**	**25,131**	**27,875**	**33,117**	**41,319**	**49,513**	**59,842**	**69,456**	**73,195**
DRAM	52,163	69,493	160,610	159,384	12,814	13,813	18,210	24,656	31,223	37,849	44,940	46,599
NAND	32,308	31,589	63,062	56,145	6,261	7,362	8,466	9,499	11,937	14,963	17,439	18,723
Total Memory	**84,495**	**101,179**	**223,767**	**215,623**	**19,100**	**21,200**	**26,700**	**34,179**	**43,183**	**52,836**	**62,403**	**65,345**
System LSI	26,410	26,063	28,039	29,721	5,981	6,625	6,367	7,090	6,280	6,956	7,003	7,799
Operating Profit	**15,100**	**23,328**	**134,860**	**115,777**	**1,106**	**350**	**6,991**	**14,881**	**22,980**	**31,084**	**39,144**	**41,652**
OP margin %	*13.6%*	*18.3%*	*53.5%*	*47.2%*	*4.4%*	*1.3%*	*21.1%*	*36.0%*	*46.4%*	*51.9%*	*56.4%*	*56.9%*
Display Panel	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
Total Revenue	**29,208**	**29,160**	**31,671**	**34,510**	**5,867**	**6,380**	**8,102**	**8,811**	**6,267**	**7,666**	**9,059**	**8,679**
LCD	1,250	1,892	2,032	2,059	411	447	486	548	483	474	534	540
AMOLED	27,958	27,268	29,640	32,451	5,456	5,933	7,615	8,263	5,784	7,192	8,525	8,138
Operating Profit	**3,700**	**3,099**	**3,901**	**4,717**	**462**	**473**	**1,225**	**939**	**602**	**700**	**1,529**	**1,069**
OP margin %	*12.7%*	*10.6%*	*12.3%*	*13.7%*	*7.9%*	*7.4%*	*15.1%*	*10.7%*	*9.6%*	*9.1%*	*16.9%*	*12.3%*
IT & Mobile	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
Total Revenue	**117,300**	**128,191**	**129,066**	**127,622**	**37,000**	**29,200**	**34,100**	**27,891**	**37,502**	**29,698**	**34,197**	**27,669**
Mobile (handsets + tablets)	96,640	103,689	103,179	99,818	30,754	23,735	27,496	21,703	31,631	23,286	27,077	21,184
Other (PCs, smartwatches, VR etc.)	17,757	21,309	22,374	23,941	5,446	4,765	6,004	5,095	4,942	5,436	6,251	5,745
Networking	2,903	3,193	3,513	3,864	800	700	600	1,093	929	976	868	739
Operating Profit	**10,600**	**13,146**	**13,103**	**12,653**	**4,300**	**3,100**	**3,600**	**2,146**	**4,429**	**3,044**	**3,545**	**2,085**
OP margin %	*9.0%*	*10.3%*	*10.2%*	*9.9%*	*11.6%*	*10.6%*	*10.6%*	*7.7%*	*11.8%*	*10.3%*	*10.4%*	*7.5%*
Consumer Electronics	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
Total Revenue	**56,500**	**56,887**	**58,641**	**59,710**	**14,500**	**14,100**	**13,900**	**14,387**	**14,621**	**14,296**	**14,595**	**15,128**
Visual Display	30,891	30,805	31,857	32,391	7,800	7,000	7,300	8,705	7,787	7,054	7,797	9,218
Appliance	25,609	26,083	26,784	27,320	6,700	7,100	6,600	5,683	6,834	7,242	6,798	5,910
Operating Profit	**1,700**	**575**	**1,231**	**1,238**	**300**	**200**	**(100)**	**175**	**458**	**443**	**273**	**57**
OP Margin %	*3.0%*	*1.0%*	*2.1%*	*2.1%*	*2.1%*	*1.4%*	*(0.7%)*	*1.2%*	*3.1%*	*3.1%*	*1.9%*	*0.4%*
Harman	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
Total Revenue	**14,301**	**15,352**	**16,119**	**17,731**	**3,419**	**3,830**	**3,954**	**4,149**	**3,590**	**4,022**	**4,151**	**4,356**
Operating Profit	**1,300**	**1,644**	**1,674**	**1,832**	**307**	**484**	**421**	**432**	**360**	**382**	**459**	**473**
OP Margin %	*9.1%*	*10.7%*	*10.4%*	*10.3%*	*9.0%*	*12.6%*	*10.6%*	*10.4%*	*10.0%*	*9.5%*	*11.1%*	*10.9%*

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 58: **Samsung Operating Metrics**

Division Operating Metrics												
Semiconductor	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
DRAM ASP ($/Gb)	0.38	0.45	0.87	0.71	0.38	0.38	0.44	0.56	0.73	0.85	0.93	0.97
% change	59.4%	16.9%	94.8%	(18.7%)	(19.0%)	(0.2%)	15.8%	27.6%	29.2%	16.6%	9.9%	3.8%
NAND ASP ($/GB)	0.08	0.07	0.11	0.08	0.07	0.06	0.07	0.08	0.10	0.11	0.12	0.12
% change	65.9%	(7.8%)	62.5%	(27.0%)	(16.0%)	(4.0%)	5.6%	20.0%	22.0%	15.0%	5.0%	–
DRAM Bits Shipped (Gb)	99,510	109,163	127,721	155,819	23,107	25,880	29,762	30,414	29,806	30,998	33,478	33,438
% change	13.5%	9.7%	17.0%	22.0%	2.2%	12.0%	15.0%	2.2%	(2.0%)	4.0%	8.0%	(0.1%)
NAND Bits Shipped (GB)	315,370	321,993	389,612	475,326	65,378	83,030	91,333	82,252	84,719	92,344	102,502	110,046
% change	11.2%	2.1%	21.0%	22.0%	(11.0%)	27.0%	10.0%	(9.9%)	3.0%	9.0%	11.0%	7.4%
DRAM Cost/Gb	0.18	0.19	0.20	0.20	0.19	0.19	0.20	0.19	0.19	0.20	0.21	0.21
% change	0.4%	5.6%	7.1%	(2.0%)	(11.3%)	(1.5%)	5.1%	(3.7%)	2.0%	4.0%	4.0%	2.0%
NAND Cost/GB	0.05	0.05	0.05	0.04	0.06	0.06	0.05	0.05	0.05	0.05	0.04	0.04
% change	(5.6%)	(2.4%)	(13.2%)	(12.3%)	4.1%	(2.5%)	(10.1%)	(3.7%)	(1.0%)	(3.0%)	(3.0%)	(3.0%)
NAND gross margins	29.0%	24.7%	59.8%	51.7%	14.0%	12.6%	25.6%	40.3%	51.6%	59.1%	62.3%	63.4%
DRAM gross margins	53.0%	57.4%	76.6%	71.8%	50.2%	50.9%	55.4%	66.3%	73.4%	76.3%	77.6%	78.0%
Display Panel	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
LCD Panel Units (mn)	1.4	1.8	2.0	2.2	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5
% change	25.0%	25.0%	10.0%	10.0%	(10.0%)	5.0%	7.0%	10.8%	(10.0%)	–	15.0%	3.3%
AMOLED Panel Units (mn)	343.1	351.4	363.6	383.7	71.5	83.5	94.6	101.9	75.9	88.2	99.5	100.0
% change	(3.4%)	2.4%	3.5%	5.5%	(26.5%)	16.7%	13.3%	7.7%	(25.5%)	16.2%	12.9%	0.5%
LCD Panel ASP (USD)	637.2	741.3	713.8	657.5	695.2	746.6	767.1	751.8	736.8	722.0	707.6	693.4
% change	15.9%	16.3%	(3.7%)	(7.9%)	7.7%	7.4%	2.8%	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)
AMOLED ASP (USD)	59.7	54.6	56.6	58.7	52.5	50.7	58.1	56.3	52.9	56.7	59.5	56.5
% change	(10.2%)	(8.5%)	3.6%	3.7%	(7.8%)	(3.4%)	14.4%	(3.0%)	(6.0%)	7.0%	5.0%	(5.0%)
IT & Mobile	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
Smartphone Units (mn)	224	230	233	241	61	58	61	50	63	57	61	53
% change	(0.4%)	2.8%	1.1%	3.4%	17.3%	(4.9%)	5.2%	(17.4%)	25.0%	(10.0%)	7.0%	(13.0%)
Featurephone Units (mn)	15	15	15	15	4	4	4	4	4	4	4	4
% change	–	–	–	–	–	–	–	–	–	–	–	–
Total Handset Units (mn)	239	246	248	256	65	62	65	54	67	60	64	57
% change	(0.4%)	2.7%	1.1%	3.2%	16.1%	(4.6%)	4.9%	(16.4%)	23.2%	(9.4%)	6.6%	(12.2%)
Total Tablet Units (mn)	28	28	28	29	7	7	7	7	7	7	7	7
% change	7.3%	0.5%	1.0%	1.0%	0.5%	(0.5%)	–	1.0%	0.5%	(0.5%)	–	1.0%
Smartphone ASP (USD)	293.2	294.6	285.3	266.1	326.0	270.0	304.0	273.6	328.3	262.7	288.9	254.3
% change	(0.4%)	0.5%	(3.2%)	(6.7%)	25.4%	(17.2%)	12.6%	(10.0%)	20.0%	(20.0%)	10.0%	(12.0%)
Featurephone ASP (USD)	44.6	42.7	41.4	39.8	42.5	43.1	42.9	42.5	42.0	41.6	41.2	40.8
% change	4.0%	(4.2%)	(3.1%)	(3.9%)	(3.9%)	1.2%	(0.4%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)
Total Handset ASP (USD)	277.4	279.0	270.4	252.7	309.4	256.0	288.7	257.4	312.0	248.8	274.3	239.9
% change	(0.4%)	0.6%	(3.1%)	(6.5%)	26.1%	(17.2%)	12.7%	(10.8%)	21.2%	(20.3%)	10.3%	(12.5%)
Total Tablet ASP (USD)	159.8	159.8	159.8	159.8	159.8	159.8	159.8	159.8	159.8	159.8	159.8	159.8
% change	1.6%	0.0%	(0.0%)	–	–	–	–	–	–	–	–	–
Consumer Electronics	**2024**	**2025E**	**2026E**	**2027E**	**1Q25**	**2Q25**	**3Q25**	**4Q25E**	**1Q26E**	**2Q26E**	**3Q26E**	**4Q26E**
TV Unit Shipments (K)	41,348	41,341	42,107	42,303	10,142	9,331	10,077	11,791	10,376	9,338	10,272	12,121
% change	(0.4%)	(0.0%)	1.9%	0.5%	(13.0%)	(8.0%)	8.0%	17.0%	(12.0%)	(10.0%)	10.0%	18.0%
TV ASP (USD)	521	497	498	503	503	506	494	489	494	494	499	504
% change	(2.5%)	(4.4%)	0.1%	1.0%	0.7%	0.5%	(2.3%)	(1.0%)	1.0%	–	1.0%	1.0%

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 59: **Samsung Balance Sheet and Cash Flow Statement**

Figures in KRW B Unless Otherwise Stated

Balance Sheet	2024	2025E	2026E	2027E	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Cash & Cash Equivalents	112,652	114,088	204,797	306,869	105,134	100,728	108,464	114,088	125,887	142,905	176,042	204,797
Accounts Receivable	43,623	51,279	67,513	61,910	44,867	43,551	50,539	51,279	57,572	60,159	69,231	67,513
Inventory	51,755	48,127	34,017	42,239	53,220	51,037	50,332	48,127	44,428	39,146	35,254	34,017
Other Current Assets	19,033	19,381	23,686	20,175	19,465	16,845	20,106	19,381	23,846	24,921	25,742	23,686
Total Current Assets	**227,062**	**232,874**	**330,014**	**431,193**	**222,686**	**212,161**	**229,441**	**232,874**	**251,732**	**267,131**	**306,269**	**330,014**
Net PP&E	205,945	207,971	227,835	249,240	207,386	205,026	204,861	207,971	213,390	218,458	223,293	227,835
Intangibles	23,739	26,469	26,469	26,469	26,695	25,998	26,469	26,469	26,469	26,469	26,469	26,469
Investments	33,981	38,530	39,235	39,978	33,489	33,240	38,345	38,530	38,711	38,888	39,062	39,235
Other Non-Current Assets	23,805	24,903	32,360	29,307	26,121	28,451	24,543	24,903	27,855	29,111	33,411	32,360
Total Non-Current Assets	**287,470**	**297,873**	**325,900**	**344,994**	**293,691**	**292,715**	**294,219**	**297,873**	**306,425**	**312,926**	**322,235**	**325,900**
Total Assets	**514,532**	**530,747**	**655,914**	**776,186**	**516,377**	**504,875**	**523,660**	**530,747**	**558,157**	**580,057**	**628,504**	**655,914**
Accounts Payable	60,531	51,684	43,291	57,212	63,433	55,598	57,731	51,684	49,104	41,862	46,495	43,291
Total Debt	19,330	16,672	16,672	16,672	11,144	14,030	16,672	16,672	16,672	16,672	16,672	16,672
Other Liabilities	32,479	34,423	48,604	47,438	35,186	35,686	35,755	34,423	42,153	43,895	52,991	48,604
Total Liabilities	**112,340**	**102,779**	**108,567**	**121,322**	**109,762**	**105,313**	**110,158**	**102,779**	**107,930**	**102,429**	**116,158**	**108,567**
Shareholders' Equity	**402,192**	**427,968**	**547,347**	**654,864**	**406,614**	**399,562**	**413,502**	**427,968**	**450,228**	**477,628**	**512,346**	**547,347**
Total Liabilities & Equity	**514,532**	**530,747**	**655,914**	**776,186**	**516,377**	**504,875**	**523,660**	**530,747**	**558,157**	**580,057**	**628,504**	**655,914**

Cash Flow Statement	2024	2025E	2026E	2027E	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Net Income	34,445	46,866	129,179	117,317	8,223	5,116	16,610	16,917	24,709	29,850	37,168	37,451
Depreciation & Amortization	41,305	45,653	47,795	52,170	11,144	11,771	11,374	11,365	11,531	11,821	12,092	12,350
Changes in Net Working Capital & Other	(2,760)	(13,410)	(8,805)	15,960	(2,787)	473	(5,364)	(5,733)	(7,492)	(2,864)	3,254	(1,704)
Cash Flow From Operations	**72,990**	**79,109**	**168,168**	**185,447**	**16,580**	**17,360**	**22,620**	**22,549**	**28,749**	**38,808**	**52,514**	**48,097**
Capex	(51,410)	(50,036)	(66,003)	(71,919)	(12,130)	(13,035)	(10,810)	(14,061)	(16,537)	(16,475)	(16,513)	(16,478)
Other	(1,960)	(8,791)	(1,655)	(1,655)	(1,440)	(4,707)	(2,231)	(414)	(414)	(414)	(414)	(414)
Cash Flow From Investing	**(53,370)**	**(58,828)**	**(67,658)**	**(73,575)**	**(13,570)**	**(17,742)**	**(13,040)**	**(14,475)**	**(16,950)**	**(16,889)**	**(16,927)**	**(16,892)**
Cash Flow From Financing	**(7,800)**	**(21,387)**	**(9,800)**	**(9,800)**	**(11,340)**	**(3,407)**	**(4,190)**	**(2,450)**	**-**	**(4,900)**	**(2,450)**	**(2,450)**
Free Cash Flow	**21,580**	**29,073**	**102,165**	**113,527**	**4,450**	**4,325**	**11,811**	**8,488**	**12,213**	**22,332**	**36,001**	**31,619**
BVPS	53,969	58,630	76,556	92,679	54,600	53,988	56,202	58,630	61,975	66,092	71,299	76,556

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 60: **SK hynix Income Statement**

Figures in KRW B Unless Otherwise Stated

Income Statement	2024	2025E	2026E	2027E	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Revenue	**66,193**	**97,154**	**185,614**	**171,705**	**17,639**	**22,232**	**24,449**	**32,834**	**37,055**	**44,281**	**50,162**	**54,117**
COGS	34,365	39,335	44,023	47,865	7,537	10,249	10,420	11,129	10,539	10,881	11,181	11,423
Gross Profit	**31,828**	**57,818**	**141,591**	**123,840**	**10,102**	**11,983**	**14,029**	**21,704**	**26,516**	**33,400**	**38,981**	**42,694**
SG&A	3,924	5,246	7,425	8,242	1,189	1,294	1,170	1,592	1,667	1,860	1,956	1,941
R&D	4,437	5,990	7,188	8,266	1,472	1,476	1,476	1,567	1,700	1,800	1,800	1,888
Other Operating Exp. (Inc.)	(1)	0	0	0	-	-	-	-	-	-	-	-
Operating Income	**23,468**	**46,582**	**126,979**	**107,332**	**7,441**	**9,213**	**11,383**	**18,545**	**23,149**	**29,740**	**35,225**	**38,865**
Net Interest Expense	(1,000)	(483)	(359)	(294)	(152)	(129)	(103)	(99)	(95)	(91)	(88)	(84)
Other Inc/(Exp)	1,417	5,159	-	-	2,010	(361)	3,510	-	-	-	-	-
Earnings Before Tax	**23,885**	**51,258**	**126,620**	**107,038**	**9,299**	**8,723**	**14,790**	**18,446**	**23,054**	**29,649**	**35,137**	**38,780**
Income Tax/(Benefit)	4,089	8,430	22,792	19,267	1,191	1,726	2,193	3,320	4,150	5,337	6,325	6,980
Net Income	**19,796**	**42,828**	**103,828**	**87,771**	**8,108**	**6,997**	**12,597**	**15,126**	**18,904**	**24,312**	**28,812**	**31,800**
Basic EPS (KRW)	28,742	62,069	150,476	127,205	11,756	10,135	18,242	21,921	27,397	35,235	41,757	46,087
Diluted EPS (KRW)	28,300	60,173	145,826	123,274	11,411	9,572	17,850	21,244	26,551	34,146	40,467	44,663
Dividend per share (KRW)	2,205	2,982	6,509	6,788	375	375	375	1,857	375	375	375	5,384
Basic WASO	689	690	690	690	690	690	690	690	690	690	690	690
Diluted WASO	700	712	712	712	711	712	712	712	712	712	712	712
EBITDA	**36,049**	**60,758**	**146,309**	**131,508**	**10,787**	**12,667**	**14,943**	**22,361**	**27,331**	**34,329**	**40,261**	**44,388**
Margins												
Gross Margin	48.1%	59.5%	76.3%	72.1%	57.3%	53.9%	57.4%	66.1%	71.6%	75.4%	77.7%	78.9%
EBITDA Margin	54.5%	62.5%	78.8%	76.6%	61.2%	57.0%	61.1%	68.1%	73.8%	77.5%	80.3%	82.0%
Operating Margin	35.5%	47.9%	68.4%	62.5%	42.2%	41.4%	46.6%	56.5%	62.5%	67.2%	70.2%	71.8%
Net Income Margin	29.9%	44.1%	55.9%	51.1%	46.0%	31.5%	51.5%	46.1%	51.0%	54.9%	57.4%	58.8%
ROE	31.1%	45.6%	63.5%	34.5%	41.8%	33.2%	53.8%	56.6%	61.4%	67.3%	67.5%	63.9%
Growth												
Revenue Growth	102.0%	46.8%	91.1%	(7.5%)	(10.8%)	26.0%	10.0%	34.3%	12.9%	19.5%	13.3%	7.9%
Operating Profit Growth	N.A.	98.5%	172.6%	(15.5%)	(7.9%)	23.8%	23.6%	62.9%	24.8%	28.5%	18.4%	10.3%
EPS Growth	N.A.	116.0%	142.4%	(15.5%)	1.2%	(13.8%)	80.0%	20.2%	25.0%	28.6%	18.5%	10.4%

Key Operating Metrics	2024	2025E	2026E	2027E	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Total Revenue	**66,193**	**97,154**	**185,614**	**171,705**	**17,639**	**22,232**	**24,449**	**32,834**	**37,055**	**44,281**	**50,162**	**54,117**
DRAM Revenue (KRW B)	**45,092**	**76,525**	**145,805**	**136,925**	**14,041**	**17,208**	**19,168**	**26,109**	**29,126**	**34,633**	**39,377**	**42,668**
Gb Shipped (M Gb)	80,522	99,042	115,879	135,579	20,062	24,877	26,743	27,359	26,539	28,396	29,816	31,128
ASP ($/Gb)	0.41	0.54	0.87	0.70	0.48	0.49	0.52	0.66	0.76	0.85	0.92	0.95
Cost ($/Gb)	0.17	0.16	0.16	0.15	0.16	0.16	0.16	0.17	0.16	0.16	0.16	0.15
Gb Shipped Change	16.4%	23.0%	17.0%	17.0%	(7.0)%	24.0%	7.5%	2.3%	(3.0)%	7.0%	5.0%	4.4%
ASP Change	78.1%	33.1%	60.6%	(19.7)%	0.0%	2.5%	4.7%	28.2%	15.0%	11.1%	8.3%	3.8%
Cost Change	(2.3)%	(6.0)%	(3.0)%	(3.9)%	(12.0)%	3.9%	1.6%	2.0%	(2.0)%	(3.0)%	(2.0)%	(2.0)%
DRAM Gross Margin	57.7%	70.1%	82.0%	78.4%	67.7%	67.3%	68.3%	74.8%	78.5%	81.2%	83.0%	84.0%
MU DRAM GM												
NAND Revenue (KRW B)	**19,027**	**19,184**	**38,093**	**33,165**	**3,175**	**4,758**	**4,988**	**6,264**	**7,489**	**9,215**	**10,353**	**11,036**
GB Shipped (M GB)	158,733	170,956	205,147	244,125	28,730	48,984	46,045	47,197	46,253	49,491	52,955	56,448
ASP ($/GB)	0.09	0.08	0.13	0.09	0.08	0.07	0.08	0.09	0.11	0.13	0.14	0.14
Cost ($/GB)	0.07	0.06	0.06	0.05	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.05
GB Shipped Change	(1.8)%	7.7%	20.0%	19.0%	(18.0)%	70.5%	(6.0)%	2.5%	(2.0)%	7.0%	7.0%	6.6%
ASP Change	92.8%	(9.9)%	63.0%	(26.8)%	(20.0)%	(8.9)%	12.7%	18.0%	22.0%	15.0%	5.0%	0.0%
Cost Change	(0.6)%	(9.2)%	(11.1)%	(12.8)%	(13.4)%	1.0%	0.0%	(2.0)%	(4.0)%	(4.0)%	(4.0)%	(4.0)%
NAND Gross Margin	20.3%	19.7%	56.2%	47.8%	16.7%	7.7%	18.1%	32.0%	46.5%	55.3%	59.1%	60.8%
Operating Profit (KRW B)	**23,468**	**46,582**	**126,979**	**107,332**	**7,441**	**9,213**	**11,383**	**18,545**	**23,149**	**29,740**	**35,225**	**38,865**

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 61: **SK hynix Balance Sheet and Cash Flow Statement**

Figures in KRW B Unless Otherwise Stated

Balance Sheet	2024	2025E	2026E	2027E	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Cash & Cash Equivalents	14,156	30,966	96,533	164,373	14,311	16,962	27,854	30,966	38,270	55,222	72,956	96,533
Accounts Receivable	13,019	21,097	34,605	24,881	10,629	13,125	14,312	21,097	25,752	27,915	33,105	34,605
Inventories	13,314	13,485	13,349	15,538	14,551	13,408	13,156	13,485	14,224	13,715	13,260	13,349
Other Current Assets	1,790	1,818	1,818	1,818	1,737	1,708	1,818	1,818	1,818	1,818	1,818	1,818
Total Current Assets	**42,279**	**67,367**	**146,304**	**206,609**	**41,228**	**45,203**	**57,140**	**67,367**	**80,064**	**98,670**	**121,139**	**146,304**
PP&E	60,157	72,112	91,661	110,685	63,015	64,473	68,145	72,112	76,483	81,225	86,298	91,661
Other Non-Current Assets	17,419	23,162	23,219	23,283	19,742	19,412	23,150	23,162	23,175	23,189	23,204	23,219
Non-Current Assets	**77,576**	**95,274**	**114,881**	**133,968**	**82,757**	**83,885**	**91,295**	**95,274**	**99,658**	**104,414**	**109,502**	**114,881**
Total Assets	**119,855**	**162,641**	**261,185**	**340,577**	**123,985**	**129,088**	**148,435**	**162,641**	**179,722**	**203,085**	**230,642**	**261,185**
Debt	22,683	23,079	19,679	15,679	23,333	21,841	24,079	23,079	22,229	21,379	20,529	19,679
Accounts Payable	2,277	2,609	2,782	2,895	1,875	1,806	2,270	2,609	2,917	3,076	2,930	2,782
Other Liabilities	20,980	23,102	25,537	25,729	17,339	18,298	22,080	23,102	22,080	22,080	22,080	25,537
Total Liabilities	**45,940**	**48,790**	**47,997**	**44,303**	**42,547**	**41,945**	**48,429**	**48,790**	**47,226**	**46,535**	**45,539**	**47,997**
Minority Interest/Other	-	-	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	**73,916**	**113,851**	**213,188**	**296,275**	**81,439**	**87,142**	**100,006**	**113,851**	**132,496**	**156,549**	**185,103**	**213,188**
Total Liabilities & Equity	**119,856**	**162,641**	**261,185**	**340,577**	**123,986**	**129,087**	**148,435**	**162,641**	**179,722**	**203,085**	**230,642**	**261,185**
Tangible BVPS	99,924	154,386	293,770	410,376	108,968	116,850	134,904	154,332	180,501	214,264	254,346	293,770

Cash Flow Statement	2024	2025E	2026E	2027E	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Net Income	19,796	42,828	103,828	87,771	8,108	6,997	12,597	15,126	18,904	24,312	28,812	31,800
Depreciation & Amortization	12,581	14,176	19,330	24,176	3,346	3,454	3,560	3,816	4,182	4,589	5,036	5,523
Other	(2,410)	(12,187)	(13,198)	7,648	(2,379)	(1,243)	(1,789)	(6,776)	(6,366)	(214)	(4,881)	(1,737)
CF From Operations	**29,967**	**44,817**	**109,961**	**119,595**	**9,075**	**9,208**	**14,368**	**12,166**	**16,720**	**28,687**	**28,967**	**35,586**
Capex	(15,946)	(23,432)	(38,880)	(43,200)	(6,284)	(4,332)	(5,033)	(7,783)	(8,554)	(9,331)	(10,109)	(10,886)
Other	(644)	(3,316)	(57)	(63)	(3,186)	3	(121)	(12)	(13)	(14)	(15)	(15)
CF From Investing	**(16,590)**	**(26,748)**	**(38,937)**	**(43,263)**	**(9,470)**	**(4,329)**	**(5,154)**	**(7,795)**	**(8,566)**	**(9,346)**	**(10,124)**	**(10,901)**
CF From Financing	**(8,704)**	**(1,155)**	**(5,457)**	**(8,492)**	**509**	**(1,780)**	**1,375**	**(1,259)**	**(850)**	**(2,390)**	**(1,109)**	**(1,109)**
Cash at Beginning of Period	8,921	14,156	30,966	96,533	14,156	14,311	16,962	27,854	30,966	38,270	55,222	72,956
Net Cash Flow	**5,236**	**16,811**	**65,566**	**67,840**	**155**	**2,652**	**10,892**	**3,112**	**7,304**	**16,952**	**17,734**	**23,576**
Adjustments	(1)	(1)	-	-	-	(1)	-	-	-	-	-	-
Cash at End of Period	14,156	30,966	96,533	164,373	14,311	16,962	27,854	30,966	38,270	55,222	72,956	96,533
Free Cash Flow	**14,021**	**21,385**	**71,081**	**76,395**	**2,791**	**4,876**	**9,335**	**4,383**	**8,167**	**19,356**	**18,858**	**24,700**

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 62: **Micron Income Statement**

Figures in USD M Unless Otherwise Stated; Fiscal Year ends August 30

Income Statement (GAAP)	FY2024	FY2025	FY2026E	FY2027E	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	2QFY26E	3QFY26E	4QFY26E
Revenue	**25,111**	**37,378**	**75,807**	**90,812**	**8,709**	**8,053**	**9,301**	**11,315**	**13,450**	**17,375**	**20,787**	**24,196**
COGS	19,498	22,505	25,735	30,040	5,361	5,090	5,793	6,261	6,070	6,261	6,522	6,882
Gross Profit	**5,613**	**14,873**	**50,072**	**60,772**	**3,348**	**2,963**	**3,508**	**5,054**	**7,380**	**11,114**	**14,265**	**17,314**
SG&A	1,129	1,205	1,675	1,876	288	285	318	314	363	417	437	458
R&D	3,430	3,798	4,748	5,460	888	898	965	1,047	1,130	1,187	1,187	1,244
Operating Profit (excl. restruct. & Other)	**1,054**	**9,870**	**43,650**	**53,436**	**2,172**	**1,780**	**2,225**	**3,693**	**5,887**	**9,510**	**12,641**	**15,612**
Net Interest Expense	(33)	19	25	(514)	(11)	(4)	12	22	20	20	7	(23)
Other Non-Operating/Operating Income	219	(235)	-	-	(9)	(18)	(124)	(84)	-	-	-	-
Earnings Before Tax	**1,240**	**9,654**	**43,675**	**52,922**	**2,152**	**1,758**	**2,113**	**3,631**	**5,907**	**9,530**	**12,648**	**15,589**
Income Tax	451	1,124	7,773	9,526	283	177	235	429	975	1,715	2,277	2,806
Equity Method Gains/(Losses)	(11)	9	-	(1)	1	2	7	(1)	(5)	5	(1)	1
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-
Net Income (GAAP)	**778**	**8,539**	**35,902**	**43,396**	**1,870**	**1,583**	**1,885**	**3,201**	**4,927**	**7,820**	**10,371**	**12,784**
Non-GAAP adjustments	694	931	832	827	167	200	296	268	216	202	205	209
Net Income (Non-GAAP)	**1,472**	**9,470**	**36,734**	**44,222**	**2,037**	**1,783**	**2,181**	**3,469**	**5,143**	**8,023**	**10,576**	**12,992**
Basic EPS (USD)	0.70	7.65	32.00	39.23	1.68	1.42	1.69	2.86	4.39	6.97	9.24	11.39
Diluted GAAP EPS (USD)	0.70	7.59	31.69	38.85	1.67	1.41	1.68	2.83	4.35	6.90	9.15	11.28
Diluted Non-GAAP EPS (USD)	1.26	8.29	32.03	39.03	1.79	1.56	1.91	3.03	4.48	6.99	9.22	11.33
Tangible BVPS (US$)	40.3	47.9	79.4	113.2	40.6	42.1	43.9	46.8	51.1	58.0	67.1	78.4
Weighted Average Basic Shares (M)	1,105	1,116	1,122	1,106	1,111	1,115	1,118	1,120	1,122	1,122	1,122	1,122
GAAP Diluted Shares Out (M)	1,116	1,125	1,133	1,117	1,122	1,123	1,125	1,131	1,133	1,133	1,133	1,133
Non-GAAP Diluted Shares Out (M)	1,128	1,143	1,147	1,131	1,138	1,143	1,144	1,145	1,147	1,147	1,147	1,147
EBITDA	**8,834**	**18,222**	**53,806**	**66,038**	**4,202**	**3,859**	**4,319**	**5,842**	**8,225**	**11,978**	**15,256**	**18,347**
Margins %												
GAAP Gross Margin	22.4%	39.8%	66.1%	66.9%	38.4%	36.8%	37.7%	44.7%	54.9%	64.0%	68.6%	71.6%
GAAP EBITDA Margin (excl. restruct. & Other)	35.2%	48.8%	71.0%	72.7%	48.2%	47.9%	46.4%	51.6%	61.2%	68.9%	73.4%	75.8%
GAAP Operating Margin (excl. restruct. & Other)	4.2%	26.4%	57.6%	58.8%	24.9%	22.1%	23.9%	32.6%	43.8%	54.7%	60.8%	64.5%
GAAP Net Income Margin	3.1%	22.8%	47.4%	47.8%	21.5%	19.7%	20.3%	28.3%	36.6%	45.0%	49.9%	52.8%
GAAP ROE %	1.7%	17.2%	50.0%	40.7%	16.3%	13.3%	15.2%	24.4%	34.8%	49.8%	57.8%	61.4%
Growth %												
Revenue Growth	61.6%	48.9%	102.8%	19.8%	12.4%	(7.5%)	15.5%	21.7%	18.9%	29.2%	19.6%	16.4%
Operating Profit Growth	(119.3%)	836.4%	342.2%	22.4%	41.1%	(18.0%)	25.0%	66.0%	59.4%	61.5%	32.9%	23.5%

Key Operating Metrics	FY2024	FY2025	FY2026E	FY2027E	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	2QFY26E	3QFY26E	4QFY26E
Total Revenue	**25,111**	**37,378**	**75,807**	**90,812**	**8,709**	**8,053**	**9,301**	**11,315**	**13,450**	**17,375**	**20,787**	**24,196**
DRAM Revenue	**17,603**	**28,578**	**60,984**	**74,705**	**6,400**	**6,123**	**7,071**	**8,984**	**10,875**	**13,855**	**16,631**	**19,623**
Gb Shipped	59,144	68,444	79,774	92,414	16,085	14,726	17,715	19,918	19,380	19,283	20,054	21,057
ASP ($/Gb)	0.30	0.42	0.76	0.81	0.40	0.42	0.40	0.45	0.56	0.72	0.83	0.93
Actual Cost ($/Gb)	0.23	0.22	0.23	0.24	0.23	0.22	0.21	0.22	0.22	0.22	0.23	0.23
NAND Revenue	**7,227**	**8,502**	**14,508**	**15,791**	**2,240**	**1,855**	**2,155**	**2,252**	**2,496**	**3,441**	**4,076**	**4,494**
GB Shipped — Trade	101,896	120,664	138,295	164,161	26,896	27,163	34,004	32,601	30,623	34,604	35,643	37,425
ASP ($/GB) — Total	0.07	0.07	0.10	0.10	0.08	0.07	0.06	0.07	0.08	0.10	0.11	0.12
ASP ($/GB) — Trade	0.07	0.07	0.10	0.10	0.08	0.07	0.06	0.07	0.08	0.10	0.11	0.12
Actual Cost ($/GB) — Trade	0.07	0.06	0.05	0.05	0.06	0.06	0.06	0.06	0.06	0.05	0.05	0.05
NOR Revenue	200	200	200	200	50	50	50	50	50	50	50	50
Other Revenue	81	98	116	116	19	25	25	29	29	29	29	29
Operating Profit (excl. restruct. & Other)	**1,054**	**9,870**	**43,650**	**53,436**	**2,172**	**1,780**	**2,225**	**3,693**	**5,887**	**9,510**	**12,641**	**15,612**
Tangible BVPS	40.3	47.9	79.4	113.2	40.6	42.1	43.9	46.8	51.1	58.0	67.1	78.4
Company gross margins	**22.4%**	**39.8%**	**66.1%**	**66.9%**	**38.4%**	**36.8%**	**37.7%**	**44.7%**	**54.9%**	**64.0%**	**68.6%**	**71.6%**
DRAM gross margins	22.6%	47.3%	70.4%	70.4%	42.5%	46.0%	46.6%	52.3%	60.9%	68.8%	72.5%	75.0%
Total NAND gross margins	7.8%	15.8%	49.0%	51.4%	27.5%	8.9%	9.7%	15.9%	30.1%	45.6%	54.1%	57.6%
Trade NAND gross margins	7.8%	15.8%	49.0%	51.4%	27.5%	8.9%	9.7%	15.9%	30.1%	45.6%	54.1%	57.6%

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 63: **Micron Balance Sheet and Cash Flow Statement**

Figures in USD M Unless Otherwise Stated; Fiscal Year ends August 30

Balance Sheet	FY2024	FY2025	FY2026E	FY2027E	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	2QFY26E	3QFY26E	4QFY26E
Cash and equivalents	7,041	9,642	22,198	45,749	6,693	7,552	10,163	9,642	9,234	11,051	15,688	22,198
Restricted Cash	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	6,615	9,265	19,812	15,392	7,423	6,504	7,436	9,265	11,136	14,227	16,655	19,812
Inventories	8,875	8,355	8,281	10,454	8,705	9,007	8,727	8,355	8,187	8,428	8,246	8,281
Other Current Assets	1,841	1,579	1,579	1,579	1,672	1,626	1,593	1,579	1,579	1,579	1,579	1,579
Total Current Assets	**24,372**	**28,841**	**51,870**	**73,173**	**24,493**	**24,689**	**27,919**	**28,841**	**30,135**	**35,285**	**42,167**	**51,870**
Property, Plant & Equipment	39,749	46,590	58,934	71,331	41,476	42,528	44,773	46,590	48,752	51,909	54,919	58,934
Intangible Assets & Goodwill	4,249	5,738	5,738	5,738	4,336	4,461	4,303	5,738	5,738	5,738	5,738	5,738
Long-Term marketable investments	1,046	1,629	1,629	1,628	1,156	1,375	1,402	1,629	1,624	1,629	1,628	1,629
Equity Method Investments	-	-	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	**45,044**	**53,957**	**66,301**	**78,698**	**46,968**	**48,364**	**50,478**	**53,957**	**56,114**	**59,276**	**62,285**	**66,301**
Total Assets	**69,416**	**82,798**	**118,171**	**151,871**	**71,461**	**73,053**	**78,397**	**82,798**	**86,249**	**94,561**	**104,452**	**118,171**
Accounts Payable	7,299	9,649	11,036	11,849	7,126	6,176	8,761	9,649	8,652	9,622	9,622	11,036
Debt	13,397	14,577	13,177	11,777	13,785	14,355	15,541	14,577	14,227	13,877	13,527	13,177
Other Liabilities	3,589	4,407	4,407	4,407	3,753	3,889	3,347	4,407	4,407	4,407	4,407	4,407
Total Liabilities	**24,285**	**28,633**	**28,620**	**28,033**	**24,664**	**24,420**	**27,649**	**28,633**	**27,286**	**27,906**	**27,556**	**28,620**
Minority Interest	-	-	-	-	-	-	-	-	-	-	-	-
Shareholder's Equity	**45,131**	**54,165**	**89,551**	**123,838**	**46,797**	**48,633**	**50,748**	**54,165**	**58,963**	**66,655**	**76,896**	**89,551**
Total Liabilities & Equity	**69,416**	**82,798**	**118,171**	**151,871**	**71,461**	**73,053**	**78,397**	**82,798**	**86,249**	**94,561**	**104,452**	**118,171**
Tangible BVPS	40.3	47.9	79.4	113.2	40.6	42.1	43.9	46.8	51.1	58.0	67.1	78.4

Cash Flow Statement	FY2024	FY2025	FY2026E	FY2027E	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	2QFY26E	3QFY26E	4QFY26E
Net Income	778	8,539	35,902	43,396	1,870	1,583	1,885	3,201	4,927	7,820	10,371	12,784
Depreciation & Amortization	7,780	8,352	10,156	12,602	2,030	2,079	2,094	2,149	2,338	2,468	2,615	2,735
Other	(51)	634	(9,086)	3,061	(656)	280	630	380	(2,695)	(2,367)	(2,245)	(1,780)
CF from Operations	**8,507**	**17,525**	**36,972**	**59,059**	**3,244**	**3,942**	**4,609**	**5,730**	**4,570**	**7,921**	**10,741**	**13,739**
Capex	(8,386)	(15,857)	(22,500)	(25,000)	(3,206)	(4,055)	(2,938)	(5,658)	(4,500)	(5,625)	(5,625)	(6,750)
Other	77	1,770	-	-	58	903	349	460	-	-	-	-
CF from Investing	**(8,309)**	**(14,087)**	**(22,500)**	**(25,000)**	**(3,148)**	**(3,152)**	**(2,589)**	**(5,198)**	**(4,500)**	**(5,625)**	**(5,625)**	**(6,750)**
CF from Financing	**(1,842)**	**(850)**	**(1,916)**	**(10,509)**	**(422)**	**96**	**540**	**(1,064)**	**(479)**	**(479)**	**(479)**	**(479)**
Beginning Cash	8,577	7,041	9,609	22,165	7,041	6,693	7,552	10,163	9,642	9,234	11,051	15,688
Net Cash Flow	**(1,536)**	**2,568**	**12,556**	**23,551**	**(348)**	**859**	**2,611**	**(554)**	**(408)**	**1,817**	**4,637**	**6,510**
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash	7,041	9,609	22,165	45,716	6,693	7,552	10,163	9,609	9,234	11,051	15,688	22,198
Free Cash Flow	**121**	**1,668**	**14,472**	**34,059**	**38**	**(113)**	**1,671**	**72**	**70**	**2,296**	**5,116**	**6,989**

Source: Company reports, Bernstein estimates and analysis

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RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

EQUITY RATINGS DEFINITIONS

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Not Rated: A rating assigned when the stock cannot be accurately valued, or the performance of the company accurately predicted, at the present time. The covering analyst may continue to publish research reports on the company to update investors on events and developments.

Not Covered (NC) denotes companies that are not under coverage.

Bernstein brand stock ratings are based on a 12-month time horizon.

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The Autonomous brand rates common stocks as indicated below. As our benchmarks we use the Bloomberg Europe 500 Banks And Financial Services Index (BEBANKS) and Bloomberg Europe Dev Mkt Financials Large and Mid Cap Price Ret Index EUR (EDMFI) index for developed European banks and Payments, the Bloomberg Europe 500 Insurance Index (BEINSUR) for European

insurers, the S&P 500 and S&P Financials for US banks and Payments coverage, S5LIFE for US Insurance, the S&P Insurance Select Industry (SPSIINS) for US Non-Life Insurers coverage, and the Bloomberg Emerging Markets Financials Large, Mid and Small Cap Price Return Index (EMLSF) for emerging market banks and insurers and Payments. Ratings are stated relative to the sector (not the market).

The Autonomous brand has three categories of common stock ratings:

- Outperform (OP): Stock will outpace the relevant index by more than 10 pp
- Neutral (N): Stock will perform in line with the market index to within +/-10 pp
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Coverage Suspended: Coverage of a company under the Autonomous research brand has been suspended. Ratings and price targets are suspended temporarily, are no longer current, and should therefore not be relied upon.

Not Rated: A rating assigned when the stock cannot be accurately valued, or the performance of the company accurately predicted, at the present time. The covering analyst may continue to publish research reports on the company to update investors on events and developments.

Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

Not Covered (NC) denotes companies that are not under coverage.

Autonomous brand common stock ratings are based on a 12-month time horizon.

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The Autonomous brand has three categories of preferred stock ratings:

- Outperform (OP): The total return of the preferred instrument is expected to outperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
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Autonomous credit ratings are based on a 6-month time horizon.

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Outperform	BUY	51.4%	16.8%
Market-Perform (Bernstein Brand) Neutral (Autonomous Brand)	HOLD	34.7%	18.7%
Underperform	SELL	13.9%	13.4%

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