Accessible version

Sandisk Corporation

Raising ests as NAND becomes more strategic to AI Inference; PO to $390

Reiterate Rating: BUY | PO: 390.00 USD | Price: 349.63 USD

NAND becoming a more important tier in AI Inferencing

At the Consumer Electronics Show in Las Vegas, Nvidia CEO Jensen Huang presented "Vera Rubin" and co-developed chips that will drive significant improvement in performance for AI workloads. Part of the performance increase comes from the ability to handle larger context windows for AI models through a dedicated storage tier connected via a Bluefeld-4 chip. In our opinion, this elevates NAND to a more prominent tier in AI workloads/performance and allows for significant performance improvements. Separately demand remains strong and pricing robust, which should drive significant positive estimate revisions. Reiterate Buy on valuation, undervalued JV assets, cost reductions from nodal transitions, and eSSD share gains in C26. Raising PO to $390.

NAND pricing very robust

As per Trendforce, the pricing for NAND could be up +20-30% q/q in 4Q followed by another 30%+ increase in 1Q. While timing, inventory and exposure to consumer etc can change the actual magnitude, directionally we see significant upside to estimates that we now reflect in our model. We note that Sandisk remains committed to managing capacity prudently and allocation of bits can change over time across the end markets to target higher margin areas. eSSDs are the most active area for customer engagement, focusing on their BiCS8-based eSSDs and next-gen platforms such as Stargate. Customer conversations are multi-year and qualification cycles for hyperscale customers remain long (~6-12 months), implying volume visibility must be established well ahead of shipments. On eSSD margins, SNDK noted margins are still not at full run-rate levels given BiCS8 startup costs and underutilization but should improve with scale.

Demand strong; constrained capacity

SNDK expects to grow in line with industry demand of mid-teens to low-20s in C26. On adding capacity, SNDK reiterated that this would only be considered if LTAs with defined volume/pricing constructs are in place and through-cycle margins are sustainable.

Raising estimates, PO moves to $390 (from $300)

Our F26E rev/EPS moves higher to $10.9bn/$16.21 from $9.9bn/$11.85 on higher margins and profitability than previously expected. Our PO moves to $390 from $300 on 3x our C27E P/B (prior $300 on 2.7x C27E P/B).

Estimates (Jun) (US$)	2024A	2025A	2026E	2027E	2028E
EPS	0	3.02	16.21	27.31	24.39
EPS Change (YoY)	NA	NA	436.8%	68.5%	-10.7%
Consensus EPS (Bloomberg)			12.61	21.84	18.71
Consensus EPS (Visible Alpha)			13.08	21.97	20.40
Valuation (Jun)					
P/E	NA	115.8x	21.6x	12.8x	14.3x
EV / EBITDA*	NM	57.9x	14.2x	8.6x	9.4x
Free Cash Flow Yield*	-0.9%	-0.2%	5.1%	7.9%	6.7%

* For full definitions of *iQmethod*[SM] measures, see page 5.

Refer to important disclosures on page 6 to 8. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.

06 January 2026

Equity

Key Changes

(US$)	Previous	Current
Price Obj.	300.00	390.00
2026E Rev (m)	9,908.1	10,906.1
2027E Rev (m)	11,380.5	13,627.7
2028E Rev (m)	12,044.8	13,463.7
2026E EPS	11.85	16.21
2027E EPS	19.71	27.31
2028E EPS	21.73	24.39

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Stock Data

Price	349.63 USD
Price Objective	390.00 USD
Date Established	6-Jan-2026
Investment Opinion	C-1-9
52-Week Range	27.89 USD - 352.00 USD
Mrkt Val (mn) / Shares Out (mn)	51,239 USD / 146.6
Free Float	94.3%
Average Daily Value (mn)	3831.22 USD
BofA Ticker / Exchange	SNDK / NAS
Bloomberg / Reuters	SNDK US / SNDK.OQ
ROE (2026E)	23.3%
Net Dbt to Eqty (Jun-2025A)	4.0%

AI: Artificial Intelligence
eSSD: enterprise Solid State Drive
LTAs: long-term agreements
NAND: NOT AND (a type of non-volatile storage technology that does not require power to retain data)

iQprofile SM Sandisk Corporation

iQ**method* SM – **Bus Performance

(US$ Millions)	2024A	2025A	2026E	2027E	2028E
Return on Capital Employed	-2.4%	4.6%	20.6%	26.9%	18.8%
Return on Equity	0%	4.3%	23.3%	29.1%	19.7%
Operating Margin	-4.7%	9.4%	28.1%	37.8%	34.5%
Free Cash Flow	(475)	(119)	2,607	4,040	3,409

iQ**method* SM – **Quality of Earnings

(US$ Millions)	2024A	2025A	2026E	2027E	2028E
Cash Realization Ratio	NA	0.2x	1.2x	1.1x	1.0x
Asset Replacement Ratio	0.7x	1.2x	0.8x	0.8x	0.8x
Tax Rate	NM	24.1%	14.2%	14.5%	14.5%
Net Debt-to-Equity Ratio	-3.0%	4.0%	-18.8%	-36.9%	-44.9%
Interest Cover	NA	NA	NA	NA	NA

Income Statement Data (Jun)

(US$ Millions)	2024A	2025A	2026E	2027E	2028E
Sales	6,663	7,355	10,906	13,628	13,464
% Change	9.5%	10.4%	48.3%	25.0%	-1.2%
Gross Profit	1,056	2,228	5,027	7,420	6,711
% Change	135.2%	111.0%	125.6%	47.6%	-9.5%
EBITDA	(86)	853	3,488	5,760	5,248
% Change	84.9%	NM	308.9%	65.1%	-8.9%
Net Interest & Other Income	(37)	(109)	(162)	(160)	(160)
Net Income (Adjusted)	**0**	**440**	**2,489**	**4,264**	**3,832**
% Change	**NA**	**NA**	**465.5%**	**71.3%**	**-10.1%**

Free Cash Flow Data (Jun)

(US$ Millions)	2024A	2025A	2026E	2027E	2028E
Net Income from Cont Operations (GAAP)	(503)	440	2,490	4,263	3,832
Depreciation & Amortization	224	164	423	613	606
Change in Working Capital	(86)	(380)	(84)	(578)	(751)
Deferred Taxation Charge	(16)	(12)	3	0	0
Other Adjustments, Net	72	(127)	126	218	193
Capital Expenditure	(166)	(204)	(351)	(477)	(471)
Free Cash Flow	**-475**	**-119**	**2,607**	**4,040**	**3,409**
% Change	**49.0%**	**74.9%**	**NM**	**55.0%**	**-15.6%**
Share / Issue Repurchase	0	5	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(258)	0	0	0	0

Balance Sheet Data (Jun)

(US$ Millions)	2024A	2025A	2026E	2027E	2028E
Cash & Equivalents	328	1,481	3,628	7,677	11,086
Trade Receivables	935	1,068	1,686	1,777	2,108
Other Current Assets	2,285	2,537	2,111	2,447	2,813
Property, Plant & Equipment	791	619	630	630	630
Other Non-Current Assets	9,167	7,280	7,294	7,556	7,873
Total Assets	**13,506**	**12,985**	**15,349**	**20,087**	**24,510**
Short-Term Debt	0	20	20	20	20
Other Current Liabilities	2,123	1,407	1,417	1,266	1,212
Long-Term Debt	0	1,829	1,331	1,331	1,331
Other Non-Current Liabilities	301	513	446	346	246
Total Liabilities	**2,424**	**3,769**	**3,214**	**2,963**	**2,809**
Total Equity	**11,082**	**9,216**	**12,135**	**17,124**	**21,700**
Total Equity & Liabilities	**13,506**	**12,985**	**15,349**	**20,087**	**24,510**

* For full definitions of *iQmethod* SM measures, see page 5.

Company Sector

IT Hardware

Company Description

Sandisk (SNDK) is is a leading developer, manufacturer and provider of data storage devices and solutions based on NAND flash technology. SNDK has a growing solid state drive and storage systems portfolio, and is currently the third largest enterprise SSD manufacturer.

Investment Rationale

We rate SNDK Buy. We expect long-term growth in demand for data storage using NAND, mainly driven by generative AI & eSSD share gains / demand in the data center.

Stock Data

Average Daily Volume	10,957,940

Quarterly Earnings Estimates

	2025	2026
Q1	1.80A	1.22A
Q2	1.23A	3.36E
Q3	-0.30A	5.09E
Q4	0.29A	6.41E

Model

Figure 1: SNDK's revenue grew +9% y/y in F24 and +10% y/y in F25

SNDK Income Statement

SanDisk Corp. (SNDK)													
Wamsi Mohan		F2025			F2026E								
($ Millions Except Per Share Data)	9/24	12/24	3/25	6/25	9/25	12/25E	3/26E	6/26E	F2024	F2025	F2026E	F2027E	F2028E
Total Revenue	**$1,883.0**	**$1,876.0**	**$1,695.0**	**$1,901.0**	**$2,308.0**	**$2,646.7**	**$2,830.7**	**$3,120.8**	**$6,663.0**	**$7,355.0**	**$10,906.1**	**$13,627.7**	**$13,463.7**
Cost of Revenue - Non-GAAP	1,151.0	1,267.0	1,310.0	1,399.0	1,617.0	1,526.4	1,362.6	1,373.3	5,607.0	5,127.0	5,879.2	6,208.1	6,752.6
Non-GAAP Gross Profit	**732.0**	**609.0**	**385.0**	**502.0**	**691.0**	**1,120.3**	**1,468.1**	**1,747.5**	**1,056.0**	**2,228.0**	**5,027.0**	**7,419.6**	**6,711.1**
Research and development - Non-GAAP	263.0	259.0	265.0	265.0	296.0	318.3	340.4	369.0	991.0	1,052.0	1,323.7	1,564.3	1,457.0
Selling, general and administrative - Non-GAAP	115.0	117.0	118.0	137.0	150.0	152.2	162.7	173.2	375.0	487.0	638.1	709.0	612.0
Other - Non-GAAP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Opex	378.0	376.0	383.0	402.0	446.0	470.4	503.1	542.2	1,366.0	1,539.0	1,961.8	2,273.3	2,069.0
Non-GAAP operating income (excl SBC)	**354.0**	**233.0**	**2.0**	**100.0**	**245.0**	**649.9**	**965.0**	**1,205.3**	**(310.0)**	**689.0**	**3,065.2**	**5,146.3**	**4,642.1**
Non-GAAP interest and other income (expense), net	(24.0)	(26.0)	(22.0)	(37.0)	(42.0)	(40.0)	(40.0)	(40.0)	(37.0)	(109.0)	(162.0)	(160.0)	(160.0)
Non-GAAP pretax income	330.0	207.0	(20.0)	63.0	203.0	609.9	925.0	1,165.3	(347.0)	580.0	2,903.2	4,986.3	4,482.1
Non-GAAP income tax expense	67.0	29.0	23.0	21.0	22.0	88.4	134.1	169.0	156.0	140.0	413.5	723.0	649.9
Non-GAAP net income (excl SBC)	**263.0**	**178.0**	**(43.0)**	**42.0**	**181.0**	**521.5**	**790.9**	**996.3**	**(503.0)**	**440.0**	**2,489.7**	**4,263.3**	**3,832.2**
Non-GAAP EPS	**$1.80**	**$1.23**	**($0.30)**	**$0.29**	**$1.22**	**$3.36**	**$5.09**	**$6.41**		**$3.02**	**$16.21**	**$27.31**	**$24.39**
Basic Weighted Average Shares	144.0	145.0	145.0	145.0	146.0	146.0	146.0	146.0	126.3	144.8	146.0	146.0	146.0
Diluted Weighted Average Shares	146.0	145.0	145.0	147.0	148.5	155.0	155.3	155.5	126.8	145.8	153.6	156.1	157.1
% of Revenues													
Non-GAAP Gross Profit	**38.9%**	**32.5%**	**22.7%**	**26.4%**	**29.9%**	**42.3%**	**51.9%**	**56.0%**	15.8%	30.3%	46.1%	54.4%	49.8%
Non-GAAP R&D	14.0%	13.8%	15.6%	13.9%	12.8%	12.0%	12.0%	11.8%	14.9%	14.3%	12.1%	11.5%	10.8%
Non-GAAP SG&A	6.1%	6.2%	7.0%	7.2%	6.5%	5.7%	5.7%	5.5%	5.6%	6.6%	5.9%	5.2%	4.5%
Non-GAAP operating income	**18.8%**	**12.4%**	**0.1%**	**5.3%**	**10.6%**	**24.6%**	**34.1%**	**38.6%**	**(4.7%)**	**9.4%**	**28.1%**	**37.8%**	**34.5%**
Non-GAAP pretax income	17.5%	11.0%	(1.2%)	3.3%	8.8%	23.0%	32.7%	37.3%	(5.2%)	7.9%	26.6%	36.6%	33.3%
Non-GAAP tax rate	20.3%	14.0%	(115.0%)	33.3%	10.8%	14.5%	14.5%	14.5%	(45.0%)	24.1%	14.2%	14.5%	14.5%
Non-GAAP net income	14.0%	9.5%	(2.5%)	2.2%	7.8%	19.7%	27.9%	31.9%	(7.5%)	6.0%	22.8%	31.3%	28.5%
Adjusted EBITDA													
Non-GAAP operating income	354.0	233.0	2.0	100.0	245.0	649.9	965.0	1205.3	-310.0	689.0	3065.2	5146.3	4642.1
Depreciation and amortization	54.0	36.0	37.0	37.0	36.0	119.1	127.4	140.4	224.0	164.0	422.9	613.2	605.9
Other Adjustments	0.0	-4.0	-2.0	-1.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted EBITDA	**408.0**	**269.0**	**39.0**	**137.0**	**281.0**	**769.0**	**1092.4**	**1345.7**	**-86.0**	**853.0**	**3488.1**	**5759.6**	**5248.0**
Adjusted EBITDA margin	21.7%	14.3%	2.3%	7.2%	12.2%	29.1%	38.6%	43.1%	-1.3%	11.6%	32.0%	42.3%	39.0%
Y/Y Growth													
Revenue	23%	13%	(1%)	8%	23%	41%	67%	64%	9%	10%	48%	25%	(1%)
Cost of Revenue - Non-GAAP	(33%)	(15%)	6%	21%	40%	20%	4%	(2%)	0%	0%	0%	0%	0%
Non-GAAP gross profit	(500%)	267%	(18%)	(17%)	(6%)	84%	281%	248%	135%	111%	126%	48%	(10%)
Non-GAAP R&D	18%	13%	3%	(6%)	13%	23%	28%	39%	(9%)	6%	26%	18%	(7%)
Non-GAAP SG&A	28%	23%	27%	41%	30%	30%	38%	26%	1%	30%	31%	11%	(14%)
Non-GAAP operating income	(172%)	(247%)	(98%)	(56%)	(31%)	179%	48149%	1105%	(70%)	(322%)	345%	68%	(10%)
Non-GAAP pretax income	(166%)	(219%)	(119%)	(72%)	(38%)	195%	(4725%)	1750%	(65%)	(267%)	401%	72%	(10%)
Non-GAAP net income	(151%)	(180%)	(152%)	(72%)	(31%)	193%	(1939%)	2272%	(60%)	(187%)	466%	71%	(10%)
Non-GAAP EPS	(138%)	(160%)	(152%)	(72%)	(32%)	174%	(1818%)	2143%	NM	NM	437%	68%	(11%)
Diluted Shares	36%	34%	0%	1%	2%	7%	7%	6%	19%	15%	5%	2%	1%
Q/Q Growth													
Revenue	7%	(0%)	(10%)	12%	21%	15%	7%	10%					
Cost of Revenue - Non-GAAP	(0%)	10%	3%	7%	16%	(6%)	(11%)	1%					
Non-GAAP gross profit	21%	(17%)	(37%)	30%	38%	62%	31%	19%					
GAAP R&D	(7%)	(2%)	2%	0%	12%	8%	7%	8%					
GAAP SG&A	19%	2%	1%	16%	9%	1%	7%	6%					
Non-GAAP operating income	57%	(34%)	(99%)	4900%	145%	165%	48%	25%					
Non-GAAP pretax income	48%	(37%)	(110%)	(415%)	222%	200%	52%	26%					
Non-GAAP net income	74%	(32%)	(124%)	(198%)	331%	188%	52%	26%					
Non-GAAP EPS	74%	(32%)	(124%)	(196%)	327%	176%	51%	26%					
Diluted Shares	0%	(1%)	0%	1%	1%	4%	0%	0%					

Source: Company Reports, BofA Global Research estimates

BofA GLOBAL RESEARCH

Price objective basis & risk

Sandisk Corporation (SNDK)

Our PO of $390 is based on DCF and on 3x C27E P/B which is in line with SNDK's global memory peers' average. We use a DCF and P/B valuation methodology to reflect the joint venture and cyclical nature of the stock through NAND upcycles and downturns. As we are potentially near the middle of the memory cycle, we see some upside and downside risks.

Upside risks: 1) we are earlier than expected in the NAND upcycle, 2) stronger than expected expansion in the NAND market on sales of AI enabled consumer products, 3) faster than expected eSSD market share gains, and 4) faster than expected recovery in NAND pricing.

Downside risks: 1) sharp drop in NAND prices due to oversupply, 2) Competition and over expansion from Chinese suppliers such as YMTC, 3) slower than expected adoption of AI enabled consumer products, and 4) share loss in eSSD market.

Analyst Certification

I, Wamsi Mohan, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Ingram Micro Holding Corporation	INGM	INGM US	Ruplu Bhattacharya
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Sandisk Corporation	SNDK	SNDK US	Wamsi Mohan
	Seagate Technology	STX	STX US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Plc.	TEL	TEL US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan
	Pure Storage	PSTG	PSTG US	Wamsi Mohan
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
UNDERPERFORM				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	Super Micro Computer Inc.	SMCI	SMCI US	Ruplu Bhattacharya
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya

iQmethod℠ Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings	**Numerator**	**Denominator**
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt – Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	**Numerator**	**Denominator**
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

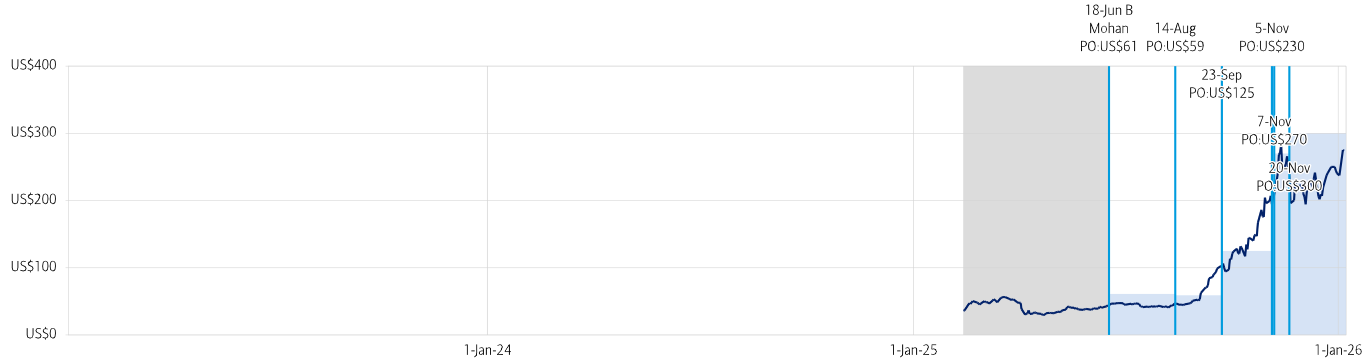
iQmethod℠ is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase® is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

Disclosures

Important Disclosures

Sandisk (SNDK) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	208	54.03%	Buy	106	50.96%
Hold	97	25.19%	Hold	44	45.36%
Sell	80	20.78%	Sell	23	28.75%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2025)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1869	53.99%	Buy	1069	57.20%
Hold	834	24.09%	Hold	481	57.67%
Sell	759	21.92%	Sell	383	50.46%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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