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Price Target Upgrade



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U.S. IT Hardware

SanDisk Corp

Rating

Outperform

Price Target

SNDK

1,000.00 USD (580.00 OLD)

Sandisk FQ2'26: A significant beat and guide to usher in the Year of the Fire-Horse, Raising TP to \$1000

Sandisk reported FQ2'26 results yesterday after market close. As we laid out in our preview: [Sandisk F2Q26 earnings preview: Are you ready!?...](#) even against high expectations into the print, a clean beat plus strong guidance can still drive significant double-digit stock moves.

FQ2 results exceeded expectations across the board. Revenue up 31% to \$3.0bn (vs. consensus \$2.67bn), driven by LSD% bits shipment growth and ASP up mid-30s% (vs. us at +16%). Non-GAAP Gross margin expanded to 52.1% (far above consensus at 42%). Non-GAAP EPS came in at \$6.20 (vs. consensus at \$3.49).

FQ3 Guidance was the stock move catalyst. Company guided FQ3 revenue of \$4.4-4.8bn, or +53% QoQ at midpoint, which implies >50% ASP jump QoQ. Non-GAAP gross margin was guided at 65% to 67% for Q3, or 1490bps of sequential expansion at midpoint. This takes non-gaap EPS to \$12-14/share, above \$6.5 in our base case and \$9.1 in our bull case (and consensus which was \$4.62 just 2 days ago).

Sandisk still has >90% of sales on short-term contracts but is **starting to evaluate a shift to longer term agreements with higher sustained pricing and fixed volumes.**

Based on the strong earnings, strong guidance, company commentary and the very strong pricing environment **we increase our estimates again substantially** - mainly due to stronger pricing in the short-term. Our **FY26 and FY27 EPS were increased to \$38.92 and \$90.96 (188% above consensus) respectively.**

Investment Implications

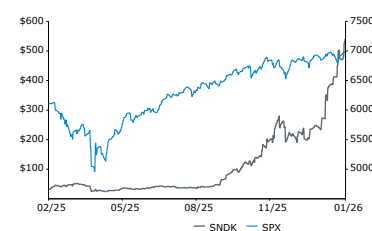
We increase our target price from \$580 to \$1000, still based on 11x our FY27 EPS. This implies EV/FCF of 10.3x on our estimate of \$13.8B FY 27 FCF (195% above consensus).

Adjusted EPS	F25A	F26E	F27E	Financials	F25A	F26E	F27E	CAGR	Valuation Metrics	F25A	F26E	F27E
SNDK (USD)	2.32	38.92	90.96	CFO (M)	(11.00)	5,478	14,094		Adjusted P/E (x)	232.9	13.9	5.9
OLD	--	21.16	52.66	EBIT (M)	(1,162)	6,916	16,470		EV/EBIT (x)	(67.0)	11.2	4.7
				Revenues (M)	7,355	15,145	25,766	87.2%	PEG Adjusted (x)		0.0	0.0
				Total Long-Term Assets	7,899.00	7,996.35	8,107.97	--	EV/Sales (x)	10.6	5.1	3.0
									PEG Reported (x)		0.0	0.0
									Reported P/E (x)	(55.0)	14.8	6.1

Source: Bloomberg, Bernstein estimates and analysis.

Close Date	29 Jan 2026			
SNDK Close Price (USD)	539.30			
Price Target (USD)	1,000.00			
Upside/(Downside)	85%			
52-Week Range	546.75/27.89			
SPX	6,969.01			
FYE	Jun			
Div Yield	NA			
Market Cap (USD) (M)	78,738			
EV (USD) (M)	77,802			
Performance	YTD	1M	6M	12M
Absolute (%)	127.2	124.5	1,142.9	NA
SPX (%)	1.8	0.9	9.4	15.4
Relative (%)	125.4	123.6	1133.5	NA
Source: Bloomberg, Bernstein estimates and analysis.				

Price Performance, 1YR



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

www.bernsteinresearch.com

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DETAILS

As we laid out in our preview: [Sandisk F2Q26 earnings preview: Are you ready!?!... even against high expectations into the print, a clean beat plus above-consensus guidance can still drive significant double-digit stock moves.](#) This is exactly what played out - SNDK shares are up 15% after hours, following a sweeping beat in Q2 with extremely strong guidance for Q3, prompting investors to reset expectations for ASP, margins, and upcycle peak/durability.

FQ2 results exceeded expectations across the board. Revenue up 31% to \$3.0bn (vs. consensus \$2.67bn), driven by LSD % bits shipment growth and ASP up mid-30s% (vs. consensus +16%). Non-GAAP Gross margin expanded to 52.1% (far above consensus at 42%). Non-GAAP EPS came in at \$6.20 (vs. consensus at \$3.49).

During our call back, we asked management why the bits growth (+LSD%) multiplied by ASP growth (+mid-30%) exceeds revenue growth (+31%). Management explained that there's a declining revenue contribution from non-prime bits, which is included in total revenue but excluded from bit shipment metrics. As this segment shrinks, it introduces noise and dilutes reported revenue growth relative to the underlying bits and pricing.

FQ3 Guidance was the stock move catalyst. Company guided Q3 revenue of \$4.4-4.8bn, or +53% QoQ at midpoint. Management expects bit shipment to decline MSD in Q3 due to lower-than-historical seasonality, which implies a 55%+ ASP growth QoQ. Non-GAAP gross margin was guided at 65% to 67% for Q3, or 1490bps of sequential expansion at midpoint. This takes non-gaap EPS to \$12-14/share, above \$6.5 in our base case and \$9.1 which is our bull case.

Margin expansion over this quarter and next appears increasingly compelling. While higher ASPs are a clear contributor, margin upside is also being driven by meaningful cost reductions and favorable mix. In FQ2, cost/GB declined by approximately 9%, partially driven by lower startup-related expenses. Fab startup costs were \$24 mm this quarter, down from \$72 mm in the prior quarter (\$61 mm of startup costs plus \$11 mm from underutilization), and we expect these costs to fully roll off going forward.

Sandisk is strategically allocating constrained supply toward end markets that prioritize supply security over pricing - data center over PC/mobile in this case. Data center was undoubtedly the fastest growing segment this quarter (+64% QoQ), compared to Edge (+21% QoQ) and Consumer (+39% QoQ) and now accounts for ~15% of total revenue, up from ~12% last quarter. Qualification with hyperscalers tracks well. Within hyperscalers, Sandisk has completed qualification of its PCIe Gen 5 TLC drive at a second hyperscaler and remains on track to qualify additional hyperscalers over the coming quarters, with BiCS8 TLC to follow. Meanwhile, BiCS8 QLC products are progressing through qualification with two major hyperscalers and are expected to begin shipping for revenue over the next couple of quarters, providing an additional data center growth tailwind.

Management highlighted a strategic mix shift toward Data Centers, supporting higher ASPs and margin. Data Center demand is accelerating across the AI ecosystem as inference deployment scale, materially increasing NAND content per system. Consistent with this trend, Q2 Data Center revenue grew 64% qoq and 76% yoy, and management expects this segment to continue growing meaningfully, as supply is reallocated away from lower-value areas toward higher-value segments.

Data Center demand outlook revised up to high-60% in 2026. Reflecting the strength of AI demand, management has revised its Data Center growth outlook multiple times from mid-20% to mid-40%, and now finally to high-60% EB growth in 2026. The co. expects Data Center to become the largest end market for the NAND industry by 2026, driven by AI workloads.

The new Vera Rubin design may drive incremental demand above guidance. Separately, based on Jensen Huang's CES comments on the new Vera Rubin configuration, management believes the new AI system architecture could drive incremental NAND demand of 75-100 EB in 2027, with the potential to near double in 2028, though this upside is not yet incorporated into its guidance or growth rate estimations.

Management sees NAND transitioning to a more durable and attractive industry structure, with higher returns and margin potential, supported by strong AI-driven demand and potentially more multi-year LTA. The company highlighted an active shift from traditional quarterly NAND pricing toward multi-year long-term agreements, aimed at securing firmer volume and pricing commitments to improve planning visibility and returns. The move toward LTA is being driven by Data Center customers seeking supply assurance, as AI-driven demand becomes higher. Management is prioritizing strategic customers for LTAs, focusing on sustainable multi-year frameworks with carefully defined terms around contract duration, pricing, volumes, and prepayment. The company has signed one LTA to date (including prepayment component) and has several more in the pipeline. Importantly, the company remains very short-term on pricing today. **Management indicated that +90% of revenue**

are quarterly or shorter, and less than 10% are longer-term, leaving substantial room for broader LTA adoption.

WHAT CHANGED IN OUR MODEL: INCREASING ESTIMATES AND TP TO \$1000

Based on the strong earnings, strong guidance, company commentary and the very strong pricing environment we increase our estimates substantially - mainly due to stronger pricing in the short-term. Our FY26 and FY27 EPS were increased to \$38.92 and \$90.96 (188% above consensus) respectively.

We increase our target price to \$1000 based on 11x (unchanged) of our FY27 EPS. This implies EV/FCF of 10.3x on our estimate of \$13.8B FY 27 FCF (195% above consensus).

EXHIBIT 1: NAND Read-Across

Semicap Equipment		
Company	Date	Comments
Lam Research	1/29/2026	FQ2'26 NAND revenue -42% QoQ, -41% YoY
Tokyo Electron	10/31/2025	For NAND, along with the growing demand of SSD for data centers, utilization rate is improving at our customers' fabs. Expect investment in 400-layer NAND.
NAND Maker		
Company	Date	Comments
Samsung Electronics	1/29/2026	4Q 25 (actual): ASP +mid 20s% QoQ, Bits shipment declined QoQ 1Q 26 (guidance): bits shipment +MSD% QoQ
SK Hynix	1/29/2026	4Q 25 (actual): ASP +low 30s% QoQ, Bits shipment +-10% QoQ 1Q 26 (guidance):bits shipment slight decrease QoQ. Demand for '26 +high teens % YoY
SSD Controller		
Company	Date	Comments
Silicon Motion	12/3/2025	Management anticipates the current NAND shortage will persist for at least two years, through 2026 and 2027, due to equipment lead times and fab ramp-ups. Most module maker customers have 8 to 12 months of NAND inventory, which should be sufficient for 2026. But may start to face the challenge for 2H'26 and '27.
Phison	10/2/2025	CEO Pua warned that an upcoming NAND flash shortage is estimated to begin in 2026 and could stretch across the next decade.
End Market		
Company	Date	Comments
Pure Storage	12/2/2025	Pure provides a compelling alternative to hyperscalers, who face mounting hard disk, and SSD cost and power constraints...We would expect higher commodity pricing to positively affect revenue growth...The hardware components market is tightening all over the world. And we've taken a couple of positions in some key parts to avoid disruption in our supply chain, which is why you could see that increase [in inventory]....every form of memory and every form of storage now is basically on back order...I would expect it that increasing prices to drive more customers towards the Evergreen One model because we have longer depreciation cycles, it really insulates us quite a bit from spot pricing in the commodity market.
NetApp	11/25/2025	We have a very capable supply chain team that has been through many of these past cycles of tight supply in some of the commodities that we buy with rising cost environments, for instance. But we've been able to manage very efficiently over the years.
Dell	11/25/2025	It's NAND, it's hard drives, leading-edge nodes across the semiconductor network. Demand is way ahead of supply...These are extraordinary times, and we put extraordinary actions in place weeks ago as we saw this to be able to mitigate the impact upon our company, our customers and our shareholders...We understand the demand, our long-term partnerships and agreements with our partners that make DRAM and make NAND, the agreements we have in place around capacity, those relationships are meaningful and impactful as we navigate these types of situations that are unprecedented.
HPE	12/4/2025	We expect DRAM and NAND costs to continue to increase in 2026, the majority of which we expect to pass to the market while monitoring demand...we felt prudent at this point in time, considering the early signals we got from our suppliers on DRAM, to take the actions on pricing. And we expect that the NAND part will follow in 2026, and therefore we will do the same.
Microsoft	1/28/2026	In our on-premises server business, increased memory pricing could create additional volatility in transactional purchasing. The range of potential outcomes [for Windows OEM revenue] remains wider than normal, in part due to the potential impact on the PC market from increased memory pricing.

Source: Company reports, Bernstein analysis

EXHIBIT 2: SNDK Actual vs Bernstein vs Consensus

2026Q2					
(\$USD Millions)	Reported	Berne	Delta	Consensus	Delta
Revenue	\$3,025	\$2,697	12.2%	\$2,673	13.2%
Gross Profit	\$1,546	\$1,172	31.9%	\$1,149	34.6%
Gross Margin %	51.1%	43.5%	764bps	43.0%	812bps
Op. Profit	\$1,133	\$697	62.5%	\$651	74.1%
OP Margin %	37.5%	25.9%	1160bps	24.4%	1310bps
Net Income	\$967	\$567	70.5%	\$525	84.3%
EPS (\$ per share)	\$6.20	\$3.79	63.7%	\$3.49	77.4%
Adj FCF	\$843	\$325	159.7%	\$379	122.6%

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 3: SNDK Model Before vs After

(\$USD Millions)	FY 2026E			FY 2027E			FY 2028E		
	New	Old	Delta	New	Old	Delta	New	Old	Delta
Revenue	\$15,145	\$11,761	28.8%	\$25,766	\$17,899	43.9%	\$26,601	\$18,479	43.9%
Gross Profit	\$9,020	\$5,885	53.3%	\$19,296	\$12,120	59.2%	\$19,845	\$12,445	59.5%
Gross Margin %	59.6%	50.0%	952bps	74.9%	67.7%	718bps	74.6%	67.3%	726bps
Op. Profit	\$7,206	\$3,884	85.6%	\$16,794	\$9,409	78.5%	\$16,848	\$9,345	80.3%
OP Margin %	47.6%	33.0%	1456bps	65.2%	52.6%	1261bps	63.3%	50.6%	1276bps
Net Income	\$6,118	\$3,190	91.8%	\$14,656	\$8,103	80.9%	\$14,901	\$8,258	80.5%
EPS (\$ per share)	\$38.92	\$21.16	83.9%	\$90.96	\$52.66	72.8%	\$92.48	\$53.66	72.4%
Adj FCF	\$5,166	\$2,603	98.4%	\$13,782	\$7,366	87.1%	\$14,359	\$7,746	85.4%

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 4: Total Revenue \$M and QoQ Growth

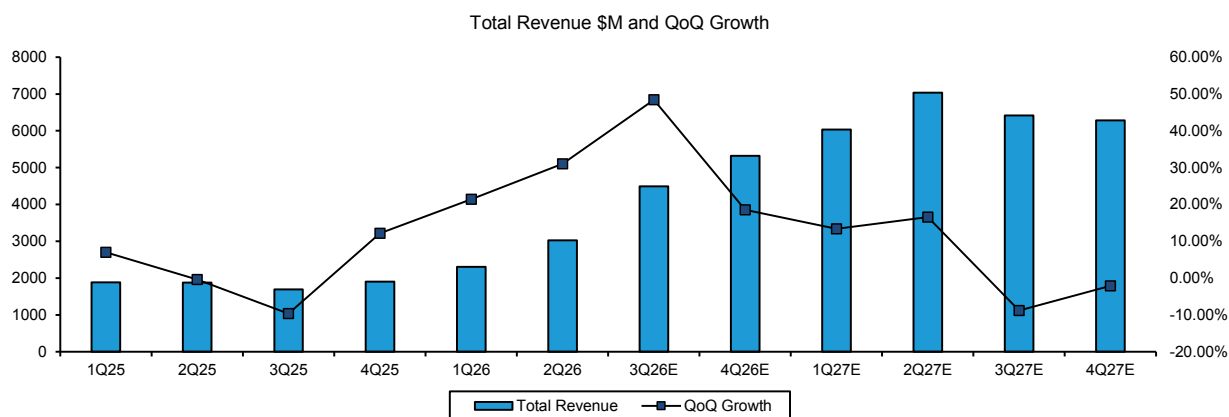
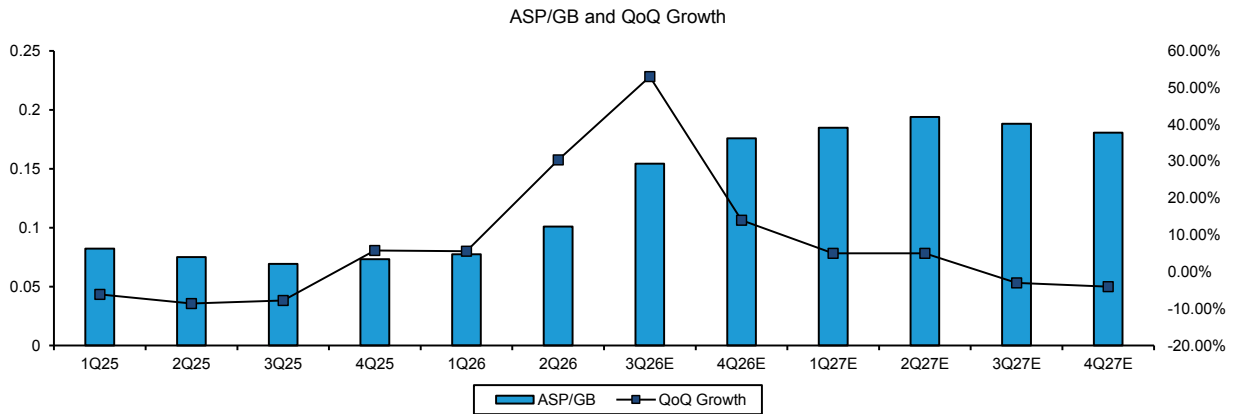
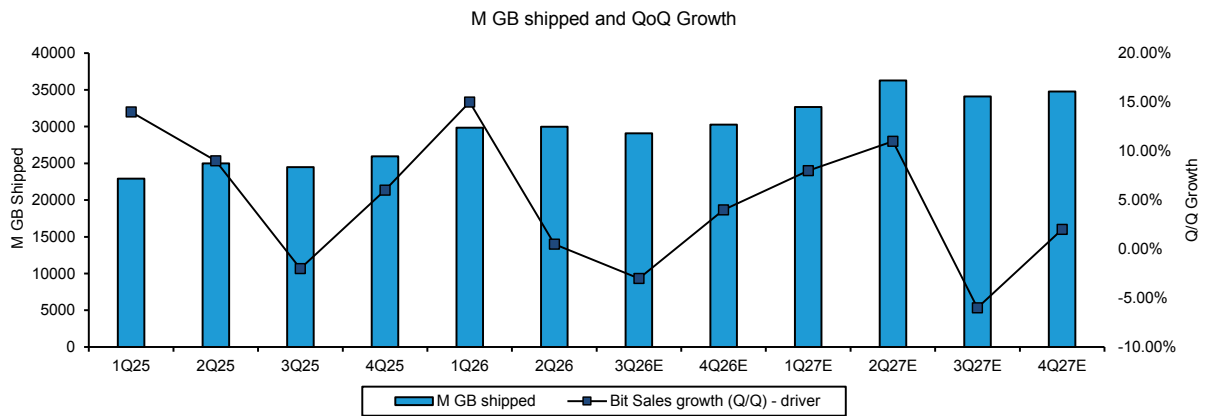


EXHIBIT 5: ASP/GB and QoQ Growth



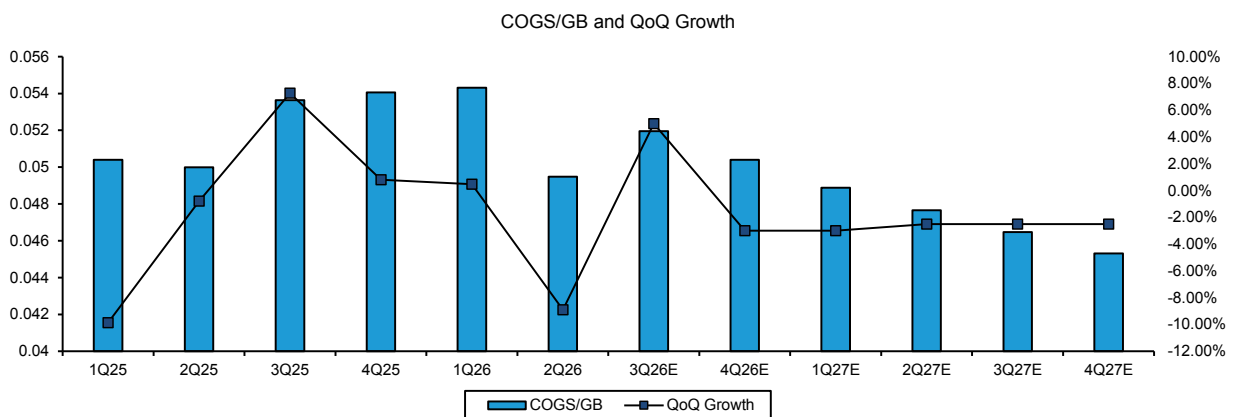
Source: Company reports, Bernstein estimates and analysis

EXHIBIT 6: M GB Shipped and QoQ Growth

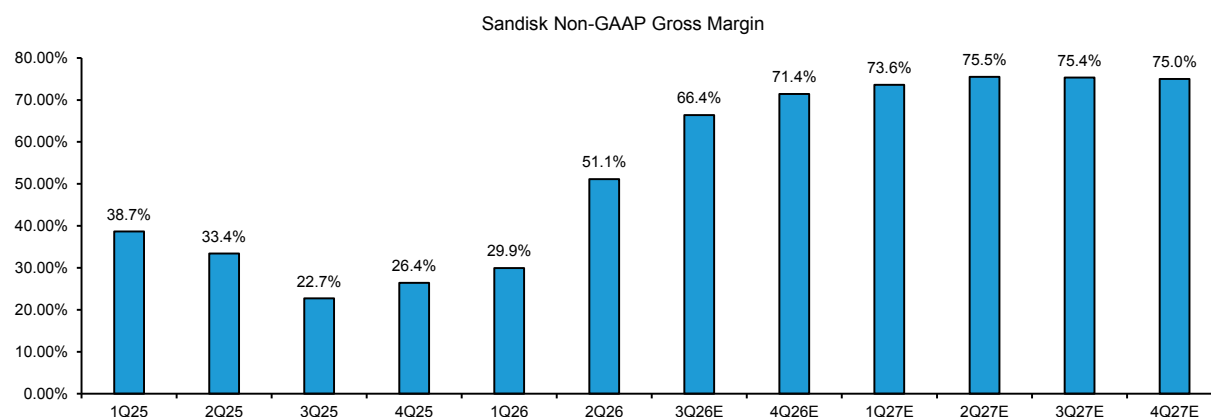


Source: Company reports, Bernstein estimates and analysis

EXHIBIT 7: COGS/GB



Source: Company reports, Bernstein estimates and analysis

EXHIBIT 8: **Non-GAAP Gross Margin**

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 9: **Bernstein vs. Consensus**

SNDK	FY26E	FY27E	FY28E
Total Revenues (\$M)			
Consensus	\$11,349	\$14,478	\$15,015
Bernstein Est.	\$15,145	\$25,766	\$26,601
<i>Bernstein vs. Cons.</i>	33.5%	78.0%	77.2%
Company GMs	45.1%	54.5%	52.4%
vs. Bernstein	59.5%	74.8%	74.5%
Opex (\$M)	\$1,875	\$2,063	\$2,102
vs. Bernstein	\$1,813	\$2,502	\$2,997
Non-GAAP EPS (\$)			
Consensus	\$14.58	\$31.59	\$32.44
Bernstein Est.	\$38.92	\$90.96	\$92.48
<i>Bernstein vs. Cons.</i>	166.9%	188.0%	185.1%
FCF (\$)			
Consensus	\$2,350	\$4,666	\$5,541
Bernstein Est.	\$5,166	\$13,782	\$14,359
<i>Bernstein vs. Cons.</i>	119.8%	195.4%	159.1%

Source: Bloomberg, Bernstein estimates and analysis

APPENDIX - FINANCIAL FORECASTS**EXHIBIT 10: SNDK Income Statement**

	1Q26	2Q26	3Q26E	4Q26E	2025E	2026E	2027E	2028E
Consolidated Income Statement								
Revenues	2,308	3,025	4,489	5,323	7,355	15,145	25,766	26,601
COGS	1,621	1,484	1,511	1,525	5,120	6,141	6,486	6,771
Gross Profit	687	1,541	2,978	3,798	2,235	9,004	19,280	19,829
SG&A	179	139	144	154	445	616	739	763
R&D	316	327	377	426	1,104	1,446	2,070	2,234
Restructuring/Impairment	16	10	-	-	1,848	26	-	-
Operating Profit	176	1,065	2,457	3,218	(1,162)	6,916	16,470	16,832
Non-operating Income	-	-	-	-	-	-	-	-
Interest income (expense), net	(24)	(13)	(13)	(13)	(38)	(63)	(52)	(52)
Other income (expense), net	(28)	(115)	(15)	-	(61)	(158)	-	-
Non-recurring gain (loss), net	-	-	-	-	-	-	-	-
Earnings Before Tax	124	937	2,429	3,205	(1,261)	6,695	16,418	16,780
Income Tax (Benefit)	12	134	347	458	162	952	2,134	2,181
Net Income	112	803	2,082	2,746	(1,423)	5,743	14,284	14,598
Non-GAAP net income (loss)	181	967	2,148	2,822	336	6,118	14,656	14,901
Non-GAAP EPS	1.21	6.20	13.68	17.86	2.32	38.92	90.96	92.48
	-	-	-	-	-	-	-	-
%GM (Non-GAAP)	29.9%	51.1%	66.4%	71.4%	30.4%	59.6%	74.9%	74.6%
	-	-	-	-	-	-	-	-
%OP(Non-GAAP)	11%	37%	56%	62%	-13%	47%	65%	64%
Drivers								
Non-GAAP Opex	442	408	468	522	1,367	1,840	2,526	2,695
GAAP Opex	495	466	521	580	1,549	2,062	2,810	2,997
Stock-based compensation	53	58	53	59	182	222	283	302
SBC as % of total Opex	10.7%	12.4%	12.4%	12.4%	11.7%	10.8%	10.1%	10.1%
	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0
Total Non-GAAP adjustments	68	159	53	59	2,075	222	283	302
Non-GAAP adjustments as % of GAAP net income	60.9%	19.8%	2.5%	2.1%	-126.5%	3.9%	2.0%	2.1%

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 11: **SNDK Balance Sheet**

Consolidated Balance Sheet	1Q26	2Q26	3Q26E	4Q26E	2025E	2026E	2027E	2028E
Cash and cash equivalents	1,442	1,539	3,038	5,394	1,481	5,394	19,459	34,178
Short-term marketable securities	-	-	-	-	-	-	-	-
Receivables	1,193	1,239	1,839	2,180	1,068	2,180	2,573	2,656
Inventories	1,907	1,970	2,006	2,024	2,079	2,024	2,092	2,184
Other Current Assets	442	402	402	402	458	402	402	402
Current Assets	4,984	5,150	7,285	10,000	5,086	10,000	24,525	39,419
	-	0	0	0	0	0	0	0
Long-term marketable securities	-	-	-	-	-	-	-	-
Notes receivable and investments in Flash Ventures	602	677	677	677	654	677	677	677
Property, plant & equipment	630	631	673	783	619	783	903	1,083
Intangible Assets	-	-	(2)	(4)	-	(4)	(12)	-
Goodwill	4,998	4,995	4,995	4,995	4,999	4,995	4,995	4,995
Other Non-current Assets	1,535	1,545	1,545	1,545	1,627	1,545	1,545	1,545
Non-Current Assets	7,765	7,848	7,888	7,996	7,899	7,996	8,108	8,300
Total Assets	12,749	12,998	15,173	17,996	12,985	17,996	32,633	47,719
	-	-	-	-	-	-	-	-
Accounts Payables	884	869	885	893	766	893	923	1,017
Long-term debt	1,331	583	583	583	1,829	583	583	583
Other Liabilities	1,153	1,333	1,333	1,333	1,174	1,333	1,333	1,333
Total Liabilities	3,368	2,785	2,801	2,809	3,769	2,809	2,839	2,933
	-	-	-	-	-	-	-	-
Common stock	11,287	11,337	11,390	11,448	11,249	11,448	11,731	23,337
Retained earnings	(1,672)	(869)	1,213	3,959	(1,784)	3,959	18,243	32,842
AOCI and other	(234)	(255)	(245)	(235)	(249)	(235)	(195)	(185)
Total shareholders' equity	9,381	10,213	12,357	15,172	9,216	15,172	29,779	55,994
Minority interest	-	-	-	-	-	-	-	-
Total Equity	9,381	10,213	12,357	15,172	9,216	15,172	29,779	55,994
Total Liabilities and Equity	12,749	12,998	15,158	17,981	12,985	17,981	32,618	58,927

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 12: **SNDK Cash Flow Statement**

Consolidated Cash Flow Statement	1Q26	2Q26	3Q26E	4Q26E	2025E	2026E	2027E	2028E
Working capital	-	-	-	-	-	-	-	-
Working capital assets	5,077	5,156	5,792	6,151	5,232	6,151	6,611	6,787
Working capital liabilities	2,037	2,202	2,218	2,226	1,940	2,226	2,256	2,350
Net working capital	3,040	2,954	3,574	3,925	3,292	3,925	4,356	4,436
Cash flows from operating activities	-	-	-	-	-	-	-	-
Net income	112	803	2,082	2,746	(1,423)	5,743	14,284	14,598
Add: Depreciation	36	38	38	41	73	153	200	223
Add: Amortization	-	-	-	-	-	-	-	-
Less: Net gain/(loss) on investments/others	90	115	25	10	1,896	240	40	10
Changes in net working capital:	250	63	(620)	(351)	107	(658)	(430)	(81)
Net cash from operating activities	488	1,019	1,525	2,446	(11)	5,478	14,094	14,751
Cash flows from investing activities	-	-	-	-	-	-	-	-
Net acquisition of marketable securities	-	-	-	-	-	-	-	-
Fusion-IO net of cash	-	-	-	-	-	-	-	-
Non-JV PP&E	(50)	(39)	(80)	(151)	(156)	(320)	(320)	(400)
Net (contributions to) / distributions from JVs with Tosl	-	-	2	2	16	8	8	8
Net (contributions to) / distributions from other JVs	-	-	-	-	-	-	-	-
Acquisition of intangible assets	-	-	-	-	-	-	-	-
Proceeds from dispositions of businesses	25	-	-	-	-	-	-	-
Notes receivable issuances to Falsh Ventures	(87)	(169)	-	-	-	-	-	-
Notes receivable proceeds from Flash Ventures	97	32	-	-	-	-	-	-
Net cash from investing activities	(15)	(165)	(78)	(149)	(140)	(312)	(312)	(392)
Cash flows from financing activities	-	-	-	-	-	-	-	-
Issuance of stock under employee stock plans	-	-	-	-	-	-	-	-
Repayment of debt	-	24	-	-	-	-	-	-
Payment of dividends	(500)	(750)	-	-	-	-	-	-
Net increase (decrease) in debt / Other	-	-	-	-	1,829	(1,246)	-	-
Stock Repurchase Program	-	-	53	59	11,249	196	283	360
Others	(15)	(32)	-	-	-	-	-	-
Net cash from financing activities	(515)	(758)	53	59	13,078	(1,050)	283	360
FX effect from foreign currency denominated cash	3	1	-	-	-	-	-	-
Net increase in cash and cash equivalents	(39)	97	1,499	2,355	12,927	4,116	14,065	14,719
Cash and cash equivalents at beginning of year	1,481	1,442	1,539	3,038	-	1,481	5,394	19,459
Cash and cash equivalents at end of the year	1,442	1,539	3,038	5,394	1,481	5,394	19,459	34,178
Check:	-	-	-	-	-	-	-	-
Free cash flow	438	980	1,445	2,295	(167)	5,158	13,774	14,351
Activity related to Flash Ventures, net	10	(137)	2	2	16	8	8	8
Adjusted free cash flow	448	843	1,447	2,297	(151)	5,166	13,782	14,359
FCF Conversion	391%	122%	69%	84%	12%	90%	96%	98%
Operating Profit Conversion	255%	79%	59%	71%	13%	75%	84%	85%

Source: Company reports, Bernstein estimates and analysis

BERNSTEIN TICKER TABLE

Ticker	Rating	Cur	29 Jan 2026		TTM Rel. Perf.	Adjusted EPS			Adjusted P/E (x)				
			Closing Price	Price Target		Cur	2025A	2026E	2027E	2025A	2026E	2027E	
SNDK (SanDisk)	O	USD	539.30	1,000.00	NA	USD	2.32	38.92	90.96		232.9	13.9	5.9
<i>OLD</i>				580.00				21.16	52.66				
SPX			6,969.01										

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

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

Source: Bloomberg, Bernstein estimates and analysis.

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VALUATION METHODOLOGY**SanDisk Corp**

We value SanDisk at 11x our FY27 EPS, implying EV 10.3x our estimate of \$13.8B FY 27 FCF, which gives our target price of \$1000.

RISKS**SanDisk Corp**

The biggest risks to the downside on SanDisk and to our price target are that: 1) Near-term numbers look high and face cyclical downside from NAND; 2) SNDK's disclosures and broader investor communications have been confusing, potentially dissuading more quality-focused investors; and 3) NAND weakness could extend beyond the current cycle and be more structural, in which case SanDisk's DCF value could be structurally lower and the impaired value of its assets may be materially below replacement cost.

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION**EQUITY RATINGS DEFINITIONS****Bernstein brand**

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

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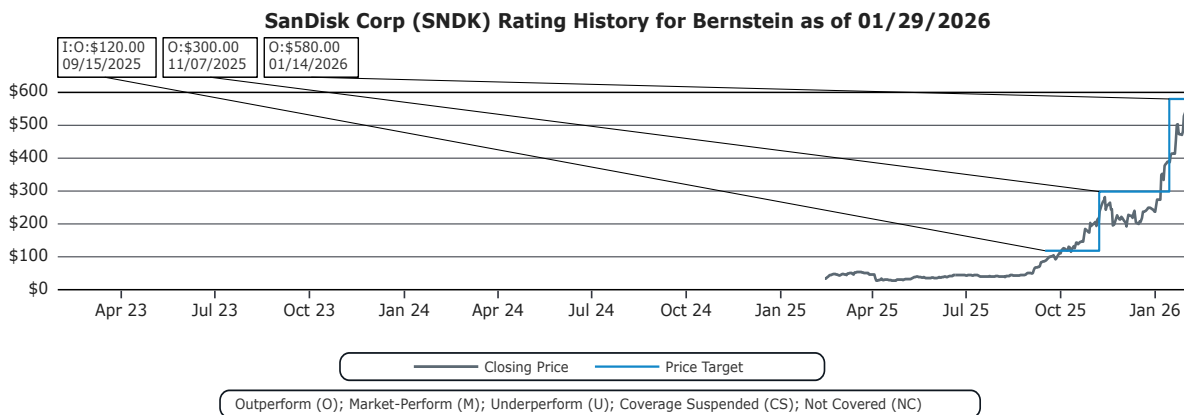
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Underperform	SELL	13.9%	13.4%

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