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Sandisk Corp (SNDK.O)

Investor Meeting Prep Packet

CITI'S TAKE

We will host Sandisk Chairman & CEO David Goeckeler, CFO Luis Visoso, VP IR Ivan Donaldson, and IR Jasmine Nouri for investor meetings in Boston on March 26th. Inside this report please see key focus questions, management bios, industry data, recent results and financial model to facilitate a more productive meeting.

To request a meeting, please contact your Citi salesperson.

Additionally, if you have any questions that you would like asked on your behalf, please email asiya.merchant@citi.com.

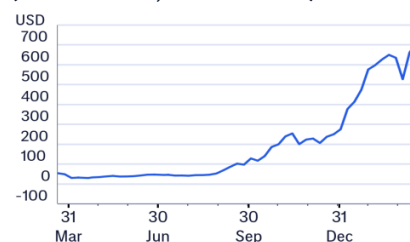
Buy

Short-Term View: Upside, expires 17-JUN-26

Price (20 Mar 26 16:00)	US\$709.71
Target price	US\$875.00
Expected share price return	23.3%
Expected dividend yield	0.0%
Expected total return	23.3%
Market Cap	US\$104,754M

Price Performance

(RIC: SNDK.O, BB: SNDK US)



EPS (US\$)	Q1	Q2	Q3	Q4	FY	FC Cons
2025A	1.81A	0.99A	-0.30A	0.29A	2.79A	2.99A
2026E	1.21A	6.20A	13.97E	20.76E	42.65E	40.40E
Previous	1.21A	6.20A	13.97E	20.76E	42.65E	na
2027E	25.64E	28.12E	23.88E	24.28E	101.92E	90.57E
Previous	25.64E	28.12E	23.88E	24.28E	101.92E	na
2028E	24.34E	22.24E	18.59E	19.35E	84.53E	79.33E
Previous	24.34E	22.24E	18.59E	19.35E	84.53E	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus.

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See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

SNDK.O: Fiscal year end 30-Jun						Price: US\$709.71; TP: US\$875.00; Market Cap: US\$104,754m; Recomm: Buy					
Profit & Loss (US\$m)	2024	2025	2026E	2027E	2028E	Valuation ratios	2024	2025	2026E	2027E	2028E
Sales revenue	6,687	7,356	15,843	28,196	25,811	PE (x)	na	na	16.6	7.0	8.4
Cost of sales	-5,607	-5,127	-6,288	-7,112	-7,630	PB (x)	9.2	11.2	7.1	3.5	2.5
Gross profit	1,080	2,229	9,555	21,083	18,180	EV/EBITDA (x)	na	na	12.9	4.8	4.9
Gross Margin (%)	16.2	30.3	60.3	74.8	70.4	FCF yield (%)	-2.9	1.3	4.6	13.0	11.3
EBITDA (Adj)	-134	849	7,964	19,253	16,119	Dividend yield (%)	na	na	na	na	na
EBITDA Margin (Adj) (%)	-2.0	11.5	50.3	68.3	62.5	Payout ratio (%)	0	0	0	0	0
Depreciation	-150	-159	-186	-188	-188	ROE (%)	na	4.0	53.2	68.4	35.4
Amortisation	0	0	0	0	0	Cashflow (US\$m)	2024	2025	2026E	2027E	2028E
EBIT (Adj)	-284	690	7,778	19,065	15,931	EBITDA	-134	849	7,964	19,253	16,119
EBIT Margin (Adj) (%)	-4.3	9.4	49.1	67.6	61.7	Working capital	281	-185	-1,395	-613	36
Net interest	-28	-78	-63	-52	-52	Other	-3,075	892	-1,089	-2,962	-2,492
Associates	0	0	0	0	0	Operating cashflow	-2,928	1,557	5,481	15,678	13,664
Non-Op/Except/Other Adj	-9	-64	-73	-68	-68	Capex	-29	-204	-413	-1,057	-968
Pre-tax profit	-321	548	7,642	18,945	15,811	Net acq/disposals	0	0	0	0	0
Tax	-156	-146	-1,042	-2,842	-2,372	Other	204	760	-91	0	0
Extraord./Min.Int./Pref.div.	0	0	0	0	0	Investing cashflow	175	556	-504	-1,057	-968
Reported net profit	-477	402	6,600	16,103	13,440	Dividends paid	0	0	0	0	0
Net Margin (%)	-7.1	5.5	41.7	57.1	52.1	Financing cashflow	136	518	-1,273	0	0
Core NPAT	-477	402	6,600	16,103	13,440	Net change in cash	-2,617	2,627	3,708	14,620	12,696
Per share data	2024	2025	2026E	2027E	2028E	Free cashflow to s/holders	-2,957	1,353	5,068	14,620	12,696
Reported EPS (\$)	-3.31	2.79	42.65	101.92	84.53						
Core EPS (\$)	-3.31	2.79	42.65	101.92	84.53						
DPS (\$)	0	0	0	0	0						
CFPS (\$)	-20.33	10.77	35.42	99.23	85.94						
FCFPS (\$)	-20.53	9.36	32.75	92.53	79.85						
BVPS (\$)	76.96	63.56	99.89	202.07	284.69						
Wtd avg ord shares (m)	144	145	156	156	156						
Wtd avg diluted shares (m)	144	145	155	158	159						
Growth rates	2024	2025	2026E	2027E	2028E						
Sales revenue (%)	na	10.0	115.4	78.0	-8.5						
EBIT (Adj) (%)	na	342.9	na	145.1	-16.4						
Core NPAT (%)	na	184.3	na	144.0	-16.5						
Core EPS (%)	na	184.0	na	139.0	-17.1						
Balance Sheet (US\$m)	2024	2025	2026E	2027E	2028E						
Cash & cash equiv.	328	1,481	5,086	19,706	32,402						
Accounts receivables	935	1,068	2,951	3,392	3,114						
Inventory	1,955	2,079	2,167	2,298	2,686						
Net fixed & other tangibles	2,751	2,900	2,853	2,853	2,853						
Goodwill & intangibles	7,207	4,999	4,995	4,995	4,995						
Financial & other assets	330	458	357	357	357						
Total assets	13,506	12,985	18,409	33,602	46,407						
Accounts payable	357	366	670	629	774						
Short-term debt	0	20	0	0	0						
Long-term debt	0	1,829	583	583	583						
Provisions & other liab	2,067	1,554	1,573	868	639						
Total liabilities	2,424	3,769	2,826	2,080	1,996						
Shareholders' equity	11,082	9,216	15,583	31,523	44,411						
Minority interests	0	0	0	0	0						
Total equity	11,082	9,216	15,583	31,523	44,411						
Net debt (Adj)	-328	368	-4,503	-19,123	-31,819						
Net debt to equity (Adj) (%)	-3.0	4.0	-28.9	-60.7	-71.6						

For definitions of the items in this table, please click [here](#).

Company overview

Sandisk is a global data storage supplier of NAND flash solutions, including SSDs, memory cards, USB sticks, portable drives, and automotive. For Client customers, the company offers SSDs for the PC, mobile, gaming, automotive, VR, at-home entertainment, and industrial spaces. The company is primarily focused on increasing its share in Enterprise, targeting the Cloud and Data Center segment. The company also leverages its strong brand name to the Consumer end-market for retail and other end-user products, including memory cards, USB sticks, and portable drives. Sandisk was founded in 1988, was then owned by Western Digital from 2016 until its spinout in Feb 2025, and is headquartered in Milpitas, CA. Sandisk's long-standing flash production JV with Kioxia began in 2000 and is signed through 2034. The partnership provides for a steady supply of NAND flash, with each company a co-owner of the production facilities with an ownership split of 51% (Kioxia)/49% (SNDK).

Investment Strategy

We rate Sandisk shares Buy as the company focuses on gaining share in the growing Enterprise SSD segment amidst a highly favorable S/D environment expected to persist through CY27, with limited cleanroom capacity situation supportive of pricing, plus durable underlying datacenter demand, coupled with its Bics8 qualifications serving as a competitive moat, and with ongoing mix to datacenter further benefiting margins longer-term. However, we remain prudently cautious on the potential for elevated price competition between key players during the process, particularly from Chinese players who remain aggressive on gaining share, and where currently underutilized industry capacity can very quickly reverse to oversupply within a small window, making the ideal conditions of price increases short-lived.

Key Focus Questions

1. Can you talk about NAND bit demand expectations for the remainder of CY26, as well as your level of visibility across various end markets.
2. How are you thinking about your NAND pricing into the remainder of 2026?
3. Are you expecting tightness to sustain further into 2027 and how do you expect demand across end markets to adjust?
4. How can investors become comfortable with current NAND supply/demand balance and stability, especially with Chinese makers' seemingly looming supply. Are there misconceptions about DRAM/NAND fungibility?
5. Can you talk about recent commentary on cleanroom space and how it plays into your expectations of mid-to-high-teens bit growth rate? Does it necessarily mean a direct translation into more bits?
6. Can you talk about LTAs and the kind of visibility and confidence that they provide. How are they structured relative to EB volumes, performance requirements, and finally pricing. What is the expected timing of each aspect of LTAs?
7. On gross margin, can you talk about improvements in your cost structure, as BiCS8 continues to mature into CY26 and looking ahead into 2027? Could one assume a reasonable ceiling on GM despite such unprecedented memory pricing?
8. While most SSDs are still TLC, can you about your ramp to QLC? Where is Sandisk in terms of roadmap and qualification pipeline?
9. How should investors view forthcoming HBF developments? What has been decided/standardized and can it be meaningful to the memory market and for SNDK within CY26? Or is it a longer gestation period?
10. FCF generation is expected to be substantial. Can you walk us through your capital allocation strategy well-past separation. When and what milestones should investors look for in beginning to think about balancing investing in the business and shareholder returns?

Micron Results Read-Thru

Excerpted from: [NAND Demand>Supply for Foreseeable Future; \\$875 TP, Reit. Buy on Cont'd Demand Strength & Pricing Outlook \(published 19 Mar 2026\)](#)

CITI'S TAKE – Micron (covered by Atif Malik) reported Feb-Q revenues/EPS above street. NAND revenues exceeded consensus on bit shipments +LSD, ASPs growing high-70s%. DC NAND bit demand accelerating on AI use cases. ~20% CY26 industry NAND bit growth with demand significantly exceeding available supply. Given higher demand outlook, Micron decided to break ground for new NAND Singapore fab, in addition to the co-location of R&D and high-volume manufacturing to speed time to market for products. However we note the company expects initial wafer output only beginning 2H CY28. Meanwhile, we remain constructive on favorable S/D environment on durable DC demand, with indications of longer-term persistence and favorable pricing. Our SNDK JuneQ/SeptQ estimates rise on better pricing outlook. Our TP is revised up to \$875 based on 9x P/E on revised CY27 EPS. We host Sandisk Chairman/CEO David Goeckeler for investor meetings in Boston 3/26. Please contact your Citi salesperson with interest.

MU Read-Thru – Micron (covered by Atif Malik) reported Feb-Q revenues/EPS above street. NAND revenues exceeded consensus on bit shipments growing LSD vs consensus (StreetAccount) at +5.6%, and ASP increasing at high-70s % vs consensus at +24.8%. The company is seeing acceleration in NAND bit demand in the DC on AI use cases (incl. vector database and KV cache offload) and on growing share of SSDs in capacity storage tiers, while also expecting NAND demand significantly in excess of its available supply for the foreseeable future. MU expects CY26 industry NAND bit shipments to grow ~20%, with industry bit demand to be constrained by supply, and expectations of NAND supply-demand conditions to remain tight beyond calendar 2026.

Mgmt also noted some NAND industry suppliers redirecting cleanroom space for DRAM, with overall limited cleanroom space constraining bit supply growth. Given higher demand outlook, Micron also decided to break ground for new NAND Singapore fab, in addition to the co-location of R&D and high-volume manufacturing to speed time to market for products. However we note the company expects initial wafer output only beginning 2H CY28

SNDK Est Changes & TP Increase – We revise our estimates upward as we remain constructive on extremely favorable S/D environment with indications of longer-term persistence, supportive of pricing, plus durable underlying data center demand. We note Citi global memory analyst Peter Lee expects CY26 NAND [ASPs to rise +127% Y/Y](#) on robust eSSD demand. Our JuneQ & SeptQ estimates rise on better near-term pricing outlook, and we lift both FY26 & FY27 EPS estimates on better alignment with Citi's memory pricing model plus reflecting better associated gross margins. Our updated TP of \$875 (from \$750) is based on 9x P/E applied to revised CY27 EPS.

Additionally, despite major fab announcements, we continue to believe that NAND S/D balance will remain tight, with forecasts from Peter Lee highlighting continued tightness through CY28. We believe the industry should remain in tight production supply, supportive of pricing, with eSSDs benefiting from extremely strong hyperscale demand on generative-AI training/inferencing services, and with

vendors working to improve profitability through price increases while judiciously managing capex and supply to scrutinized demand.

We remain constructive on favorable NAND fundamentals following strong [SNDK earnings reported on Jan 29th](#) and recent Citi NAND ASP earnings commentary from [Kioxia](#) (citing market growth fueled by AI-driven demand in DC/Enterprise with supply discipline), as well as additional recent constructive outlook from [SK Hynix](#) (global memory shortage likely more severe in 2027E vs 2026E, prioritize adding HBM/DRAM capacity over NAND capacity, and remaining cautious about adding new NAND green-field capacity), and [Samsung](#) (memory undersupply to persist into 2027E, on constrained supply and robust demand from AI servers and hyperscalers). SNDK is a beneficiary of this favorable environment, additionally coupled with its Bics8 qualifications, serving as a competitive moat, and with increasing mix to data center further benefiting its margins through the longer-term. We additionally open an Upside 90-Day Short-Term View on SNDK shares.

Figure 1. SNDK Est Changes & Street

(in \$ millions, except for %, ASP, and EPS)	Q3-26E				Q4-26E			2026E			2027E		
	Mar-26				Jun-26			FY			FY		
	Citi	Prior	Street	Guidance	Citi	Prior	Street	Citi	Prior	Street	Citi	Prior	Street
Bit growth q/q	(4.8%)	(4.8%)			5.0%	5.0%		22.7%	22.7%		17.5%	17.5%	
ASP/GB qq	60.0%	60.0%			22.0%	5.0%		75.6%	66.5%		51.4%	34.9%	
Total Revenue	4,608	4,608	4,462	4400-4800	5,902	5,080	5,424	15,843	15,021	15,256	28,196	23,822	25,671
Change Q/Q	52.3%	52.3%			28.1%	10.3%							
Change Y/Y	171.8%	171.8%			210.5%	167.2%		115.4%	104.2%		78.0%	58.6%	
GM w/charges	66.0%	66.0%	61.6%	65-67%	72.5%	68.0%	68.9%	60.3%	58.1%	57.8%	74.8%	70.1%	72.5%
Opex	461	461	329	450-470	457	457	513	1,777	1,777	1,784	2,018	2,018	2,661
Operating Income	2,580	2,580	2,418		3,820	2,997	3,222	7,778	6,955	7,040	19,065	14,691	15,951
Operating Margin	56.0%	56.0%	54.2%		64.7%	59.0%	59.4%	49.1%	46.3%	46.1%	67.6%	61.7%	62.1%
Pretax Income	2,550	2,550	2,325		3,790	2,967	3,183	7,642	6,819	6,847	18,945	14,571	15,770
Provision for Income Taxes	357	357	321	325-375	531	415	632	1,042	926	1,065	2,842	2,186	3,038
Tax rate	14.0%	14.0%	13.8%		14.0%	14.0%	19.9%	13.6%	13.6%	15.6%	15.0%	15.0%	19.3%
Net Income	2,193	2,193	2,029		3,259	2,552	2,653	6,600	5,893	5,907	16,103	12,386	13,108
EPS - PF Diluted	\$13.97	\$13.97	\$ 13.31	\$12.00-\$14.00	\$20.76	\$16.25	\$ 17.61	\$42.65	\$38.08	\$ 38.60	\$101.92	\$78.39	\$ 84.05

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Source: Citi Research, FactSet

Figure 2. Memory Maker ASP & Bit Commentary

	4Q25	1Q26E	2026	2027
Micron	Bits up MSD/HSD qq ASPs up mid-teens qq	Expect higher prices and during the Nov-Feb quarter, ASPs increased by high 70% qq	CY26 bit shipments to increase ~20% yy. Expects CY26 NAND industry bit demand to be supply constrained.	Continue to expect NAND supply-demand conditions to remain tight beyond calendar 2026.
SK Hynix	Bits up 10% qq ASPs up low 30% qq	Bits slight decrease qq	2026 bit growth of high-teens % yy	n/a
Samsung	Bits down 10% qq ASPs up mid 20% qq	Bits up MSD qq	Supply growth expected to be constrained 2026 & 2027, expect supply shortages to continue	
TrendForce	ASPs +33-38%	ASPs +85-90%	Pricing momentum to remain strong throughout 2026	n/a
Kioxia		Expect to rise significantly	CY26 bit growth in high-teens % on expected supply constraints	

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Source: Citi Research, Company Reports

Figure 3. NAND ASP Projection by Application

NAND ASP Projection by Application										
	2025				YoY	2026				YoY
	1Q	2Q	3Q	4Q		1Q	2Q	3Q	4Q	
SSD	-7%	2%	5%	31%	+21%	50%	35%	10%	5%	+153%
Mobile	-13%	3%	0%	11%	-16%	51%	25%	5%	2%	+101%
USB& Others	-14%	8%	2%	20%	-6%	47%	30%	6%	1%	+119%
NAND ASP QoQ	-11%	3%	3%	21%	3%	50%	30%	7%	3%	+127%

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Source: Citi Research, TrendForce

Figure 4. Memory Maker Fab Commentary

2026 Capex Plans

Micron	F26 capex increased from \$20B to \$25B+. F27 capex to step up meaningfully to support HBM- and DRAM-related investments. The combination of a higher demand outlook and decision to co-locate R&D cleanroom in manufacturing fab underpin decision to break ground for a new NAND fab at Singapore site. Expect initial wafer output from this fab in the second half of calendar 2028.
SK Hynix	Expect considerable increase in 2026 capex yy
Samsung	Expect memory capex to increase in 2026
Kioxia	Maintain cautious stance; changes to plans not needed given current bit growth assumption (of high-teens)

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Source: Citi Research, Company Reports

Figure 5. Citi NAND Capex Spend & S/D Model

NAND Capex by Player (US\$m)	2019	2020	2021	2022	2023	2024	2025	2026E
Samsung	4,500	5,500	6,900	7,500	7,210	5,191	4,672	4,999
SK Hynix	2,800	2,400	3,864	5,040	1,512	2,208	1,987	2,046
Kioxia	3,636	3,591	4,811	6,003	4,202	3,782	4,046	4,451
Sandisk	2,500	2,400	3,000	4,750	2,375	2,138	1,200	1,373
Micron	3,300	3,500	3,900	4,012	1,204	1,650	1,500	1,550
Total NAND Capex (US\$m)	17,736	20,271	27,145	29,535	17,171	15,583	14,341	15,636
NAND Capex YoY %	-13.0%	14.3%	33.9%	8.8%	-41.9%	-9.2%	-8.0%	9.0%

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Source: Citi Research, Company Reports

Figure 6. Citi NAND Bit Demand Model by Application

	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
% In Total Application										
USB/Cards	5%	5%	5%	6%	8%	8%	10%	11%	12%	14%
Mobile	46%	39%	36%	30%	27%	22%	20%	16%	14%	12%
SSD	40%	44%	53%	54%	42%	47%	48%	49%	50%	51%
Others	9%	12%	5%	10%	23%	23%	22%	23%	23%	23%
Growth by Application										
USB/Cards	26%	34%	61%	32%	30%	32%	37%	39%	31%	38%
Mobile	43%	13%	37%	-3%	-5%	-4%	-2%	8%	5%	3%
SSD	39%	46%	78%	22%	-19%	35%	8%	33%	23%	27%
Others	30%	62%	-7%	72%	104%	25%	11%	36%	23%	32%
Overall	38%	33%	34%	15%	5%	13%	9%	23%	20%	26%

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Source: Citi Research, Company Reports

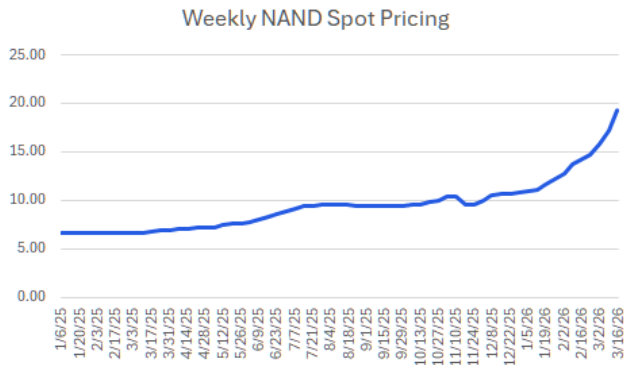
Figure 7. Citi NAND Bit Demand Model by SSD subsegment

	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Total SSD (8Gb Equiv)	121,784	177,350	316,418	386,776	313,840	424,717	457,805	610,461	750,164	956,434
Sequential Growth %	38.6%	45.6%	78.4%	22.2%	-18.9%	35.3%	7.8%	33.3%	22.9%	27.5%
Client PC SSD (8Gb Equiv)	73,233	100,207	180,201	191,691	212,006	188,071	179,343	216,802	245,074	280,341
Sequential Growth %	53.8%	36.8%	79.8%	6.4%	10.6%	-11.3%	-4.6%	20.9%	13.0%	14.4%
Enterprise SSD (8Gb Equiv)	48,552	77,143	136,218	195,085	101,835	236,646	278,462	393,659	505,090	676,093
Sequential Growth %	20.6%	58.9%	76.6%	43.2%	-47.8%	132.4%	17.7%	41.4%	28.3%	33.9%

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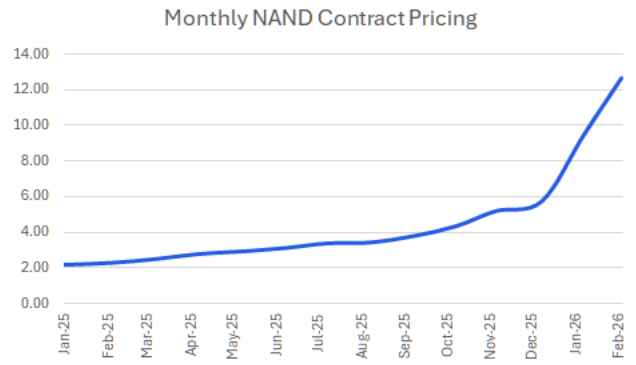
Source: Citi Research, Company Reports

Figure 8. NAND Spot Pricing



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Source: Citi Research, DRAMeXchange

Figure 9. NAND Contract Pricing



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Source: Citi Research, DRAMeXchange

Recent Results

Excerpted from: [Significant Beat and Raise; Robust Margins and FCF Generation as Data Center Momentum Accelerates \(published 30 Jan 2026\)](#)

CITI'S TAKE – Dec qtr results significantly beat driven by better product mix, accelerating enterprise SSD deployments, and strengthening market demand dynamics. Datacenter continues to be a strong driver of growth (76%/y) expecting it to be the largest market for NAND in 2026 as enterprise SSD demand accelerates as AI workloads scale. Mngmt continues to maintain disciplined capital allocation and supply planning to sustain long-term demand rather than pursuing aggressive capacity expansion. March qtr guidance meaningfully exceeded Street on demand strength from AI proliferation and strong customer visibility, with demand expected to outpace supply at least beyond CY26. We remain constructive on extremely favorable S/D environment persisting through CY27, supportive of pricing plus durable underlying data center demand. Looking ahead, we believe further qualifications of its BICS8 products on QLC provide margin upside. Our ests increase meaningfully. Maintain Buy and higher \$750 Target Price (on 10-11x PE).

Results – Sandisk reported Dec quarter results of \$3.03B (+31% qq, +61% yy) and EPS of \$6.20. This compares with the guidance range for revenues of \$2.55 – \$2.65B, EPS range of \$3.00 – \$3.40. Gross margins came in at 51.1% vs. guidance range of 41% – 43%, operating margins 37.5%. In terms of end markets, datacenter represented 15% of revenues and was up 64% qq while edge (PCs, smartphones and other devices) was 55% of revenues and was also up 21% qq, while consumer represented 30% of revenues and was up 39% qq.

Outlook – F3Q26 (ending Mar) sales outlook of \$4.40B – \$4.80B vs. Street at \$2.9B, gross margin range of 65.0% – 67.0% vs. Street at 49.3%, EPS of \$12.00 – \$14.00 vs. Street at \$5.11.

Management Callback Takeaways

- Customers are asking for extraordinarily large supply allocations for 2027 and 2028, and the company is willing to support those volumes only if customers provide credible long-term commitments. Some discussions spanning even longer. Management noted that traditional mechanisms, such as non-cancellable purchase orders, proved ineffective during COVID, and are exploring new structures to ensure customers follow through on what they request.
- One LTA agreement signed - no prepayments appeared on the balance sheet this quarter because the relevant agreement closed immediately after quarter-end.
- While demand remains robust, management emphasized their commitment to ship only to true, real end-demand to avoid customer attempts to pull forward product, as that could lead to over shipping and lower pricing. They are aiming to build a business model that produces more stable and predictable outcomes, avoiding the traditional “through-cycle” mindset.
- The decline in bit shipments is expected to be better than seasonality of down 14–16% vs down msd guide due to data-center demand remaining exceptionally strong rather than inventory building.

- The NAND industry continues to evolve catalyzed by artificial intelligence, with data center becoming the largest market for NAND in 2026. Data center revenue grew 64% sequentially, driven by accelerating enterprise SSD demand as AI workloads scale. Demand for NAND continues to significantly exceed supply across all end markets with the company now looking at high 60% (could be higher if unconstrained) exabyte growth for 2026 driven by increased customer needs especially in data center.
- New VR led KV cache demand of ~75-100 EB in 2027 and expect to likely double but not currently in demand forecasts.
- The company extended its joint venture agreement with Kioxia through December 31, 2034, ensuring manufacturing supply and enabling continued production of advanced NAND technology. SanDisk agreed to pay \$1.165 billion for said manufacturing services paid out between 2026 and 2029.
- Management noted pricing volatility within the quarter, as prices moved significantly throughout the quarter, resulting in the profitability of any given deal being largely dependent on when in the quarter it was booked. Due to this, it isn't feasible to pinpoint specific segment profitability as much of the quarter involved catching up to several months of rapid market-wide pricing changes.
- Company continues to maintain its mid-to-high teens bit growth target through the BiCS8 transition and does not plan to materially increase capital deployment
- The company is not planning to price QLC with a substantial discount versus TLC. Instead, the intention is to optimize the value of both product types across the portfolio. Pricing decisions will be dictated by supply-demand dynamics rather than by assigning a large discount to TLC. QLC is expected to be a meaningful revenue driver in 2H, while 1H growth can be attributed to TLC and data center.
- On PC/smartphone OEMs, management noted some de-specing is normal and not concerned about impact to supply demand dynamics given the current demand is outstripping supply meaningfully.

Management Biography

David Goeckeler, Chairman & CEO

David Goeckeler is the chairman and CEO of Sandisk Corporation. Over his career, he has focused on innovating and growing industries ranging from semiconductors to global networking to enterprise software. He is recognized as a transformational leader with an exceptional track record of driving highly profitable core businesses at scale.

Previously, Goeckeler was CEO of Western Digital, where he led the company's resurgence as the leading global supplier of data storage products. He also drove the company's separation into two public companies – Western Digital and Sandisk – to fully unlock the value of the franchise. After the separation in February 2025, the two companies finished #1 (SNDK, 559%) and #2 (WDC, 282%) in yearly gains for all S&P 500 companies.

Prior to Western Digital, he served as executive vice president and general manager of Cisco's \$34 billion networking and security business, accelerating the company's networking and security strategy. Goeckeler started his career at Bell Laboratories.

Goeckeler currently serves as chairman of the U.S.-Japan Business Council (USJBC) at the U.S. Chamber of Commerce. He also sits on the board of directors of the Semiconductor Industry Association, where he previously served as chairman. Additionally, he is on the board of directors of ADP, a comprehensive global provider of cloud-based human capital management solutions, and on the board of visitors for the University of Illinois College of Engineering.

Luis Visoso, EVP and CFO

Luis Felipe Visoso is the executive vice president and chief financial officer at Sandisk. He previously served as the chief administrative officer at Western Digital. Widely respected across the industry, he has more than two decades of experience in global financial leadership roles and expertise spanning a hybrid of massive-scale consumer and enterprise technology companies.

Most recently, Visoso was senior vice president and CFO of Unity Software Inc. Before Unity, he held the CFO role at Palo Alto Networks, Amazon Web Services, and Amazon's worldwide consumer organization. He served in a senior finance role supporting Cisco's \$40 billion technology portfolio and spent 23 years in various finance leadership positions, including business unit CFO, responsible for the strategy development and implementation of an \$80 billion consumer goods portfolio at Procter & Gamble.

Visoso serves on the board of directors for JFrog and is a member of the board's audit committee. He previously served as the chair of the audit committee at Splunk. Visoso holds a bachelor's in industrial engineering and a minor in international business from Tecnológico de Monterrey.

Financial Statements

Figure 10. Income Statement

NON-GAAP P&L	Sep-24 Q1-25	Dec-24 Q2-25	Mar-25 Q3-25	Jun-25 Q4-25	Sep-25 Q1-26	Dec-25 Q2-26	Mar-26 Q3-26E	Jun-26 Q4-26E	Sep-26 Q1-27E	Dec-26 Q2-27E	Mar-27 Q3-27E	Jun-27 Q4-27E	FY 2025	FY 2026E	FY 2027E	FY 2028E
Total Net Sales	1,884	1,876	1,695	1,901	2,308	3,025	4,608	5,902	7,127	7,622	6,662	6,785	7,356	15,843	28,196	25,811
<i>Guide</i>			1,600	1,800	2,150	2,600	4,600									
			1,550	1,750	2,100	2,550	4,400									
			1,650	1,850	2,200	2,650	4,800									
% Chg q/q	7.0%	-0.4%	-9.6%	12.2%	21.4%	31.1%	52.3%	28.1%	20.8%	6.9%	-12.6%	1.9%				
% Chg y/y	21.1%	12.7%	-0.6%	8.0%	22.5%	61.2%	171.8%	210.5%	208.8%	152.0%	44.6%	15.0%	10.0%	115.4%	78.0%	-8.5%
Total Cost of Sales	1,151	1,267	1,310	1,399	1,617	1,479	1,567	1,626	1,835	1,866	1,687	1,724	5,127	6,288	7,112	7,630
COGS % sales	61%	68%	77%	74%	70%	49%	34%	28%	26%	24%	25%	25%	70%	40%	25%	30%
Total Gross Profit	733	609	385	502	691	1,546	3,041	4,277	5,292	5,756	4,974	5,061	2,229	9,555	21,083	18,180
Total GM w/charges	38.9%	32.5%	22.7%	26.4%	29.9%	51.1%	66.0%	72.5%	74.3%	75.5%	74.7%	74.8%	30.3%	60.3%	74.8%	70.4%
<i>Guide</i>				26.3%	29.0%	42.0%	66.0%									
				25.5%	28.5%	41.0%	65.0%									
				27.0%	29.5%	43.0%	67.0%									
R&D	283	277	285	285	316	327	323	384	392	400	400	407	1,130	1,349	1,599	1,672
	15%	14.8%	16.8%	15.0%	14%	10.8%	7.0%	6.5%	5.5%	5.3%	6.0%	6.0%				
SG&A	130	107	139	162	179	139	138	177	189	191	200	204	538	633	783	964
	7%	5.7%	8.2%	8.5%	8%	4.6%	3.0%	3.0%	2.7%	2.5%	3.0%	3.0%				
Other	(35)	(9)	(1,880)	(78)	(56)	(54)	-	(104)	(84)	(92)	(93)	(94)	(2,002)	(214)	(363)	(386)
Total Op Expenses	378	375	383	402	446	413	461	457	496	499	506	517	1,539	1,777	2,018	2,249
% of revenues	20.1%	20.0%	22.6%	21.2%	19.3%	13.7%	10.0%	7.7%	7.0%	6.5%	7.6%	7.6%	20.9%	11.2%	7.2%	8.7%
% Chg q/q	-0.5%	-0.8%	2.2%	5.0%	10.9%	-7.4%	11.6%	-0.8%	8.6%	0.5%	1.5%	2.2%				
% Chg y/y	21.2%	15.8%	9.9%	5.9%	18.0%	10.1%	20.2%	13.7%	11.3%	20.8%	9.9%	13.1%	12.8%	15.5%	13.6%	11.4%
<i>Guide</i>			395-405	415-430	450-475	450-470										
Operating Income	355	234	2	100	245	1,133	2,580	3,820	4,796	5,257	4,468	4,544	690	7,778	19,065	15,931
% Chg y/y					(31.0%)	384.3%	147,358.2%	3,728.7%	1,857.4%	364.0%	73.2%	19.0%	(342.9%)	1,026.5%	145.1%	(16.4%)
Operating Margin	18.8%	12.5%	0.1%	5.2%	10.6%	37.5%	56.0%	64.7%	67.3%	69.0%	67.1%	67.0%	9.4%	49.1%	67.6%	61.7%
Incremental operating margin	75.4%	1513.2%	128.3%	47.6%	35.7%	123.8%	91.4%	95.7%	79.7%	93.3%	82.1%	61.5%	145.7%	83.5%	91.4%	131.4%
Depreciation & Amortization	45	45	35	34	45	47	47	47	47	47	47	47	159	186	188	188
adj EBITDA (non-GAAP)	400	279	37	134	290	1,180	2,627	3,867	4,843	5,304	4,515	4,591	849	7,964	19,253	16,119
EBITDA Margin	21.2%	14.9%	2.2%	7.0%	12.6%	39.0%	57.0%	65.5%	67.9%	69.6%	67.8%	67.7%	11.5%	50.3%	68.3%	62.5%
Flash Ventures equipment depreciation	119.00	105.00	101.00													
adjusted EBITDA (including JV depreciatio	519	384	138	134	290	1,180										
Total other income (expense), net	(61)	(22)	(22)	(37)	(42.0)	(34.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(30.0)	(142)	(136)	(120)	(120)
Income Before Taxes	294	212	(20)	63	203	1,099	2,550	3,790	4,766	5,227	4,438	4,514	548	7,642	18,945	15,811
Effective Tax Rate	11.2%	32.6%	-113.6%	33.5%	10.8%	12.0%	14.0%	14.0%	15.0%	15.0%	15.0%	15.0%	26.6%	13.6%	15.0%	15.0%
Income Tax Provision (benefit)	33	69	23	21	22	132	357	531	715	784	666	677	146	1,042	2,842	2,372
<i>Implied guide</i>					22%											
Pro Forma Net Income (non-GAAP)	261	143	(43)	42	181	967	2,193	3,259	4,051	4,443	3,772	3,837	402	6,600	16,103	13,440
Pro Forma Net Income Incl Stock Comp	261	143	43	(42)	(181)	(967)	(2,193)	(3,259)	(4,051)	(4,443)	(3,772)	(3,837)	405	(6,600)	(16,103)	(13,440)
Goodwill Impairment			1,830	-	-	-	-	-								
stock based compensation	48	44	41	41	41	41	41	41	41	41	41	41	174	164	164	164
Business separation costs			9	17	9	9										
Employee termination and other			-	16	(3)	1										
Gain on business divestiture			-	-	10	-										
Other			(2)	(1)	10	94										
Income tax adjustments		40	9	(16)	(10)	2										
Period End Shares	144	144	145	145	149	156	156	156	156	156	156	156	145	156	156	156
Basic Shares Outstanding	144	144	145	145	149	156	156	156	156	156	156	156	145	156	156	156
Fully Diluted Shares Outstanding (M)	144	144	145	145	149	156	157	157	158	158	158	158	145	155	158	159
Pro Forma Diluted EPS	\$1.81	\$0.99	(\$0.30)	\$0.29	\$1.21	\$6.20	\$13.97	\$20.76	\$25.64	\$28.12	\$23.88	\$24.28	\$2.79	\$42.65	\$101.92	\$84.53
<i>Guide</i>			(\$0.38)	\$0.03	\$0.80	\$3.20	\$13.00									
			(\$0.30)	(\$0.10)	\$0.70	\$3.00	\$12.00									
			(\$0.45)	\$0.15	\$0.90	\$3.40	\$14.00									

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Source: Citi Research, Company Reports

Figure 11. Balance Sheet

	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	FY	FY	FY	FY
	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26E	Q4-26E	Q1-27E	Q2-27E	Q3-27E	Q4-27E	2025	2026E	2027E	2028E
ASSETS																
Cash	322	804	1,507	1,481	1,442	1,539	2,635	5,086	8,042	11,994	16,179	19,706	1,481	5,086	19,706	32,402
Short-term investments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts receivable	1,037	904	979	1,068	1,193	1,239	2,304	2,951	3,564	3,811	3,331	3,392	1,068	2,951	3,392	3,114
Inventory	2,069	2,172	2,160	2,079	1,907	1,970	2,089	2,167	2,447	2,488	2,250	2,298	2,079	2,167	2,298	2,686
Income tax receivable	7	8	53	66	72	45							66	0	0	0
Other current assets	300	568	391	392	370	357	357	357	357	357	357	357	392	357	357	357
Notes due from Parent	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assets held for sale	652	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-paid expenses and other current assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total current assets	4,388	4,456	5,090	5,086	4,984	5,150	7,385	10,561	14,409	18,651	22,116	25,754	5,086	10,561	25,754	38,559
Property, Equipment and Purch net	552	579	603	619	630	631	631	631	631	631	631	631	619	631	631	631
Goodwill	6,932	6,825	4,997	4,999	4,998	4,995	4,995	4,995	4,995	4,995	4,995	4,995	4,999	4,995	4,995	4,995
Other Intangible assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Notes receivable and) Investments in Flash Ventu	1,066	871	662	654	602	677	677	677	677	677	677	677	654	677	677	677
Deferred tax assets	56	96	51	58	57	62	62	62	62	62	62	62	58	62	62	62
Income tax receivable, non-current	12	13	79	80	61	98	98	98	98	98	98	98	80	98	98	98
Other long-term assets	884	1,394	1,478	1,489	1,417	1,385	1,385	1,385	1,385	1,385	1,385	1,385	1,489	1,385	1,385	1,385
Total Assets	13,890	14,234	12,960	12,985	12,749	12,998	15,233	18,409	22,257	26,499	29,964	33,602	12,985	18,409	33,602	46,407
LIABILITIES & STOCKHOLDER'S EQUITY																
Accounts payable	297	320	363	366	398	436	637	670	685	700	611	629	366	670	629	774
Accounts payable to related parties	352	369	395	400	486	433	233	233	233	233	233	233	400	233	233	233
Other accrued liabilities	236	438	446	425	382	393	393	393	393	393	393	393	425	393	393	393
Income taxes payable	12	5	37	43	22	99							43	0	0	0
Accrued compensation	169	188	114	173	208	273							173	0	0	0
Notes due to Parent	296	553	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Liabilities held for sale	110	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current portion of long-term debt			20	20	20	20							20	0	0	0
Total current liabilities	1,472	1,873	1,375	1,427	1,516	1,654	1,263	1,296	1,311	1,326	1,237	1,255	1,427	1,296	1,255	1,400
Long-term debt	0	0	1,927	1,829	1,331	583	583	583	583	583	583	583	1,829	583	583	583
Other liabilities	274	307	480	496	493	526	1,021	947	771	594	418	242	496	947	242	13
Total Liabilities	1,764	2,233	3,799	3,769	3,368	2,785	2,867	2,826	2,664	2,503	2,238	2,080	3,769	2,826	2,080	1,996
Commitments and contingencies																
Parent company net investment:																
Parent company net investment	12,369	12,435	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated other comprehensive loss	(243)	(434)	(306)	(249)	(234)	(255)	(255)	(255)	(255)	(255)	(255)	(255)	(249)	(255)	(255)	(255)
Total Parent company net investment	12,126	12,001	(306)	(249)	(234)	(255)	(255)	(255)	(255)	(255)	(255)	(255)	(249)	(255)	(255)	(255)
Total liabilities and Parent company net inve	13,890	14,234	3,493	3,520	3,134	2,530	2,612	2,571	2,409	2,248	1,983	1,825	3,520	2,571	1,825	1,741
Common stock		0	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Treasury stock													0	0	0	0
Additional paid-in capital			11,227	11,248	11,286	11,336	11,336	11,336	11,336	11,336	11,336	11,336	11,248	11,336	11,336	11,336
Accumulated other comprehensive income (loss)			0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retained earnings			(1,761)	(1,784)	(1,672)	(869)	1,283	4,501	8,511	12,913	16,645	20,441	(1,784)	4,501	20,441	33,329
Total Shareholders' Equity	12,126	12,001	9,161	9,216	9,381	10,213	12,365	15,583	19,593	23,995	27,727	31,523	9,216	15,583	31,523	44,411
Total Liabilities and Shareholders' Equity	13,890	14,234	12,960	12,985	12,749	12,998	15,233	18,409	22,257	26,499	29,964	33,602	12,985	18,409	33,602	46,407

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Source: Citi Research, Company Reports

Figure 12. Cash Flows

	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	FY	FY	FY	FY
	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26E	Q4-26E	Q1-27E	Q2-27E	Q3-27E	Q4-27E	2025	2026E	2027E	2028E
OPERATING ACTIVITIES:																
Net Income (loss)	261	143	(1,933)	(23)	112	803	2,152	3,218	4,010	4,402	3,731	3,796	(1,552)	6,285	15,939	13,276
Adjustments:																
Depreciation and amortization	45	45	35	34	45	47	47	47	47	47	47	47	159	186	188	188
Amortization of debt discount													-	-	-	-
Stock-based compensation			44	49	53	58	41	41	41	41	41	41	93	193	164	164
Tax benefit from options					3	(13)							-	-	-	-
Deferred income taxes			(16)	(19)									(35)	(10)	-	-
Non-cash portion of employee termination benefits													-	-	-	-
Non-cash portion of charges related to flood													-	-	-	-
Gain from insurance recovery													-	-	-	-
Gain from disposal of fixed assets													-	-	-	-
Loss on disposal of assets													-	-	-	-
Other non-cash operating activities	(387)	(271)	1,843	(5)	24	65							1,180	89	-	-
Changes in operating assets and liabilities:																
Accounts receivable	102	(133)	(42)	(89)	(125)	(46)	(1,065)	(647)	(612)	(247)	480	(62)	(162)	(1,883)	(441)	278
Inventory	(114)	(103)	11	81	172	(63)	(119)	(79)	(280)	(41)	239	(49)	(125)	(88)	(131)	(387)
Accrued compensation	-	-	(44)	59	35	65	-	-	-	-	-	-	15	100	-	-
Accounts payable	(60)	23	42	(6)	30	45	201	33	15	15	(89)	18	(1)	309	(41)	145
Accrued liabilities	(188)	202		(21)	(43)	11	-	-	-	-	-	-	(7)	(32)	-	-
Deferred revenue													-	-	-	-
Other assets and liabilities			84	11	138	62							95	200	-	-
Net Incr (Decr) Assets/Liabs	(260)	(11)	51	35	207	74	(982)	(693)	(877)	(273)	629	(92)	(185)	(1,395)	(613)	36
Net cash from Operations	(131)	95	26	94	488	1,019	1,258	2,613	3,220	4,217	4,449	3,792	84	5,378	15,678	13,664
INVESTING ACTIVITIES:																
Purchases of property and equipment, net	(67)	(48)	(44)	(45)	(50)	(39)	(162)	(162)	(264)	(264)	(264)	(264)	(204)	(413)	(1,057)	(968)
Purchase of short-term investments													-	-	-	-
Proceeds from sale of short-term investments													-	-	-	-
Proceeds from disposition of acquired assets													-	-	-	-
Other investing activities	48	236	448	28	35	(126)							760	(91)	-	-
Acquisitions, net of cash acquired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from Investing Activities	(19)	188	404	(17)	(15)	(165)	(162)	(162)	(264)	(264)	(264)	(264)	556	(504)	(1,057)	(968)
FINANCING ACTIVITIES:																
Issuance of stock under employee purchase plans			(1,856)	5	-	24							(1,651)	24	-	-
Tax benefit from option exercises													-	-	-	-
Taxes paid on vested stock awards / Other			(6)	(7)	(15)	(32)							(13)	(47)	-	-
Repurchase of common stock													-	-	-	-
Dividends													-	-	-	-
Proceeds from debt, net of issuance costs			1,938	(100)	(500)	(750)	-	-	-	-	-	-	1,838	(1,250)	-	-
Debt drawdowns (repayments)													-	-	-	-
Net cash provided by Financing Activities	214	130	276	(102)	(515)	(758)	-	-	-	-	-	-	518	(1,273)	-	-
FX Impact			(3)	(1)	3	1							(4)	4	-	-
Changes in cash and cash equivalents classified as assets held for sale																
Net increase (decrease) in cash and cash equivalents	64	413	703	(26)	(39)	97	1,096	2,451	2,956	3,953	4,184	3,527	1,154	3,605	14,620	12,696
Cash and cash equivalents at beg. of period	100	164	804	1,507	1,481	1,442	1,539	2,635	5,086	8,042	11,994	16,179	28	1,182	4,787	19,407
Cash and cash equivalents at end of period	164	577	1,507	1,481	1,442	1,539	2,635	5,086	8,042	11,994	16,179	19,706	1,182	4,787	19,407	32,103

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Source: Citi Research, Company Reports

Figure 13. Valuation



Source: FactSet

Figure 14. Comps

Company	Ticker	Sales Growth		EV/S		EBITDA Margins		EV/EBITDA		EPS Growth		PE		P/BV
		NTM	N24M	NTM	N24M	NTM	N24M	NTM	N24M	NTM	N24M	NTM	N24M	
Memory Peers														
Micron	MU	132%	16%	3.7	3.2	80%	80%	4.6	4.0	250%	11%	6.0	5.4	4.4
Samsung	005930-KRX	56%	13%	2.3	2.0	49%	50%	4.6	4.1	301%	16%	7.3	6.3	2.3
Hynix	000660-KRX	143%	16%	2.8	2.4	79%	79%	3.6	3.1	207%	16%	5.1	4.4	2.9
Kioxia	285A-JP	182%	20%	2.7	2.2	71%	68%	3.8	3.3	1170%	22%	5.6	4.6	9.9
Peer Group	Median	137%	16%	2.8x	2.3x	74.9%	73.8%	4.2x	3.6x	276%	16%	5.8x	5.0x	3.7x
		77%		2.5x				3.9x				5.4x		
Sandisk	SNDK	161%	10%	5.1	4.7	59%	57%	8.7	8.2	NA	3%	10.4	10.2	7.8x

Source: FactSet

Sandisk Corp

Company description

Sandisk is a global data storage supplier of NAND flash solutions, including SSDs, memory cards, USB sticks, portable drives, and automotive. For Client customers, the company offers SSDs for the PC, mobile, gaming, automotive, VR, at-home entertainment, and industrial spaces. The company is primarily focused on increasing its share in Enterprise, targeting the Cloud and Data Center segment. The company also leverages its strong brand name to the Consumer end-market for retail and other end-user products, including memory cards, USB sticks, and portable drives. Sandisk was founded in 1988, was then owned by Western Digital from 2016 until its spinout in Feb 2025, and is headquartered in Milpitas, CA. Sandisk's long-standing flash production JV with Kioxia began in 2000 and is signed through 2034. The partnership provides for a steady supply of NAND flash, with each company a co-owner of the production facilities with an ownership split of 51% (Kioxia)/49% (SNDK).

Investment strategy

We rate Sandisk shares Buy as the company focuses on gaining share in the growing Enterprise SSD segment amidst a highly favorable S/D environment expected to persist through CY27, with limited cleanroom capacity situation supportive of pricing, plus durable underlying datacenter demand, coupled with its Bics8 qualifications serving as a competitive moat, and with ongoing mix to datacenter further benefiting margins longer-term. However, we remain prudently cautious on the potential for elevated price competition between key players during the process, particularly from Chinese players who remain aggressive on gaining share, and where currently underutilized industry capacity can very quickly reverse to oversupply within a small window, making the ideal conditions of price increases short-lived.

Valuation

Sandisk's peer set historically trades at (FactSet) median 3-4x EV/sales, and 9-10x P/E. Our target price for SNDK is \$875, where we value shares at 9x CY27 EPS, vs its closest competitor, Kioxia with median of 8-9x, as well as the larger peer group at 9-10x P/E. We note most peers have DRAM exposure while SNDK does not. That said, we note Sandisk additionally has an estimated \$15-20B in invested capital (replacement cost) within the JV that is not reflected in the company's financials.

Risks

Downside risks that could impede SNDK share price from reaching our target price include: 1) Sandisk's efforts to increase its share in the Enterprise taking longer than expected; 2) macro environment deteriorating and impacting datacenter spend, PC refresh, or AI-PC uptake; and 3) supply-demand imbalances or pricing competition causing volatile pricing fluctuations and significantly impacting margins.

When considering Citi's Quantative Risk Rating criteria, we do not rate SNDK

shares as High Risk given Sandisk was already previously a publicly traded company and was simply spun out of Western Digital rather than as a new IPO. And though it operates in a cyclical industry, Sandisk continues to be a successful, going concern with a reputable brand, IP assets, and an established JV.

Kioxia Holdings

(285A.T; ¥22360.0; 1H; 19 Mar 26; 15:30)

Valuation

We set our target price using PER, based on our FY3/27 forecasts. We set fair-value PER at 8.0x and apply this to FY3/27E EPS of ¥3,876 (common stock, before dilution of just under 1%) to derive a fair-value share price of ¥31,000, which we adopt as our target price. We also reference a fair-value share price derived from PBR. We set fair-value PBR at 5.0x and apply this to FY3/27E BPS of ¥6,328 to likewise derive PBR-based fair value of ¥31,000. We determine both fair-value PER and PBR referencing the memory industry average.

Risks

We assign a High Risk rating because we believe share price volatility is likely to remain high given the firm's status as a specialist manufacturer of NAND flash memory, where earnings tend to be volatile, the high ratio of shares held by major shareholders, and the low free float ratio.

Risks to our target price include 1) a deterioration in supply-demand if the US relaxes restrictions on exports of semiconductor production equipment to China, 2) a loosening of supply-demand if companies expand investment, 3) temporary inventory adjustments in the smartphone and data center spaces, and 4) yen strength (we estimate that each ¥1 appreciation erodes OP by c¥16bn).

Micron Technology Inc

(MU.O; US\$422.9; 1; 20 Mar 26; 16:00)

Valuation

We set our price target at \$510.00 or 6x C27E EPS, in line with its trough valuation during previous DRAM upturns given an unprecedented pricing environment and strong AI demand.

Risks

Supply/Demand. Memory industry dynamics are dependent on the ability of DRAM and NAND suppliers to accurately align supply with industry demand. As a result, if memory suppliers ship excess DRAM or NAND bits into the channel, it could lead to an inventory reduction in the supply chain and lower pricing, resulting in downside to our estimates on Micron. Conversely, if memory demand exceeds memory industry supply, it could lead to higher

DRAM pricing, resulting in upside to our estimates on Micron.

Pricing. If Micron or one of its competitors lowers DRAM or NAND pricing, it could lead to lower contract/spot pricing, resulting in downside to our estimates on Micron.

Capacity. If Micron or one of its competitors increases manufacturing capacity, it could result in excess bit supply if demand fails to materialize. The latter scenario could cause lower DRAM or NAND pricing, resulting in downside to our estimates on Micron. Conversely, memory capacity reductions could cause memory pricing to increase, resulting in upside to our estimates on Micron.

Competition: Micron competes directly with Samsung, SK Hynix, Toshiba, and Western Digital in the memory market. Consequently, any fluctuations in market share between the latter companies could result in risk to our estimates.

If the impact from the above risks turns out to be greater/less than we expect, the shares could fail to achieve/exceed our target price.

Samsung Electronics

(005930.KS; W199400.0; 1; 20 Mar 26; 15:45)

Valuation

Our 12-month target price for Samsung of W280,000 is derived using a sum-of-the-parts (SOTP) methodology, based on 2026E EBITDA. In calculating total operating value, we reference global peers in assigning fair-value EV/EBITDA multiples for the five main divisions (5.8x for Memory, 5.2x for Foundry, 0.5x for Display Panel, 5.4x for Mobile and 2.0x for Consumer Electronics), in line with trading multiples of relevant peer companies.

Risks

Downside risks that could prevent the shares from reaching our target price include: 1) Longer-than-expected approval delay in HBM shipment to its key customers; 2) PC sales weaken more than our forecast and NAND demand fails to meet our expectations; 3) aggressive investment by competitors in memory semiconductor/foundry could have a negative impact on prices; 4) competition in the handset market intensifies, reducing SEC's handset margins; 5) any major appreciation of the won would impact SEC's earnings.

SK Hynix

(000660.KS; W1007000.0; 1; 20 Mar 26; 15:45)

Valuation

Our 12-month target price for SK Hynix of W1,550,000 is derived using a sum-of-the-parts (SOTP) methodology, based on 2026E EBITDA. In

calculating total operating value, we break down SK Hynix's operating businesses into HBM and commodity/others business to reflect a structural change in next-gen memory market. We reference a global peer (TSMC) in assigning a fair-value EV/EBITDA multiple for HBM business, as we project the memory market is evolving from a traditional commodity market into a highly customized & customer-specific market much closer to the foundry business. For commodity memory business, we apply a historical average of 12m fwd EV/EBITDA during the beginning or early stage of memory upcycles in the past. We apply 9.2x EV/EBITDA to HBM segment and 4.2x to commodity segment to derive the target price.

Risks

Downside risks that could prevent the shares from reaching our target price include: 1) a downturn in DRAM demand; 2) weaker NAND demand than our forecasts; and 3) weakness in global consumption.

If you are visually impaired and would like to speak to a Citi representative regarding the details of the graphics in this document, please call USA 1-888-500-5008 (TTY: 711), from outside the US +1-210-677-3788

Appendix A-1

ANALYST CERTIFICATION

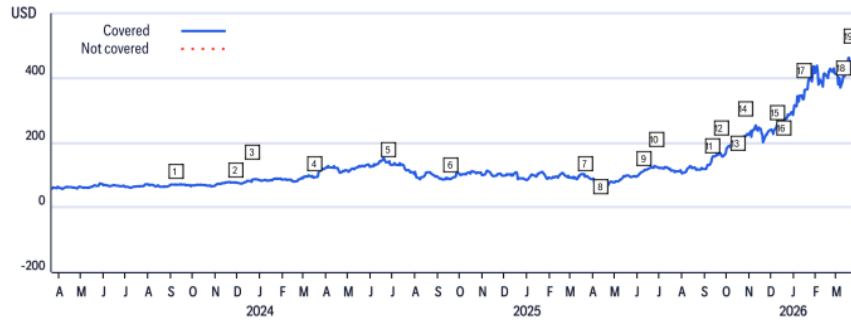
The research analysts primarily responsible for the preparation and content of this research report are either (i) designated by "AC" in the author block or (ii) listed in bold alongside content which is attributable to that analyst. If multiple AC analysts are designated in the author block, each analyst is certifying with respect to the entire research report other than (a) content attributable to another AC certifying analyst listed in bold alongside the content and (b) views expressed solely with respect to a specific issuer which are attributable to another AC certifying analyst identified in the price charts or rating history tables for that issuer shown below. Each of these analysts certify, with respect to the sections of the report for which they are responsible: (1) that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global

Markets Inc. and its affiliates; and (2) no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

Micron Technology Inc (MU)
Ratings and Target Price History
Fundamental Research

Analyst: Atif Malik



Date	Rating	Target Price	Closing Price
07-Sep-23 03:00:00	1	*85.00	69.87
28-Nov-23 13:55:48	1	*88.00	76.12
21-Dec-23 02:44:14	1	*95.00	85.48
15-Mar-24 03:00:00	1	*150.00	93.25
24-Jun-24 02:38:29	1	*175.00	139.01
17-Sep-24 03:00:00	1	*150.00	88.73
21-Mar-25 03:00:00	1	*120.00	94.72

Date	Rating	Target Price	Closing Price
11-Apr-25 07:12:27	1	*110.00	69.55
09-Jun-25 03:00:16	1	*130.00	110.95
26-Jun-25 05:06:15	1	*150.00	126.00
11-Sep-25 03:00:00	1	*175.00	150.57
24-Sep-25 03:00:00	1	*200.00	161.71
16-Oct-25 03:00:00	1	*240.00	202.53
27-Oct-25 03:00:00	1	*275.00	220.10

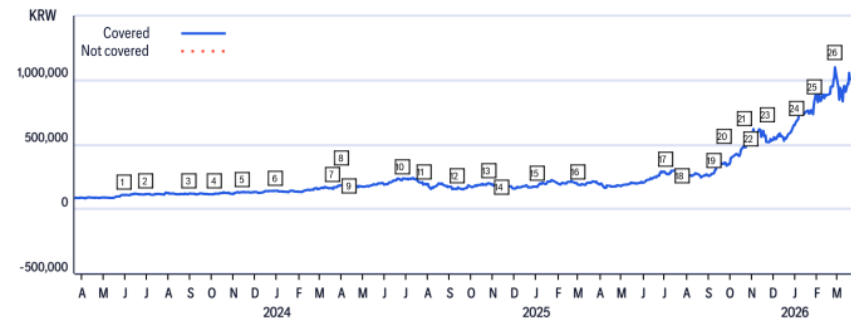
Date	Rating	Target Price	Closing Price
09-Dec-25 17:23:49	1	*300.00	252.42
18-Dec-25 03:00:00	1	*330.00	248.55
15-Jan-26 07:24:43	1	*385.00	336.63
09-Mar-26 05:00:00	1	*430.00	389.32
19-Mar-26 06:13:29	1	*510.00	444.27

*Indicates Change

Rating/target price changes above reflect Eastern Time

SK Hynix (000660.KS)
Ratings and Target Price History
Fundamental Research

Analyst: Peter Lee



Date	Rating	Target Price	Closing Price
30-May-23 08:36:29	1	*160,000.00	110,300.00
30-Jun-23 05:08:18	1	*170,000.00	115,200.00
30-Aug-23 11:34:39	1	*180,000.00	119,400.00
04-Oct-23 06:14:16	1	*185,000.00	115,400.00
13-Nov-23 09:52:50	1	*190,000.00	131,800.00
01-Jan-24 18:20:58	1	*230,000.00	141,500.00
18-Mar-24 10:47:11	1	*234,000.00	164,300.00
01-Apr-24 10:34:31	1	*238,000.00	185,500.00
12-Apr-24 08:17:40	1	*310,000.00	187,400.00

Date	Rating	Target Price	Closing Price
25-Jun-24 06:27:18	1	*350,000.00	225,000.00
25-Jul-24 03:44:27	1	*337,000.00	190,000.00
09-Sep-24 02:31:32	1	*310,000.00	157,000.00
24-Oct-24 06:29:30	1	*330,000.00	198,200.00
12-Nov-24 10:31:16	1	*350,000.00	185,800.00
31-Dec-24 06:45:21	1	*340,000.00	173,900.00
03-Mar-25 15:00:11	1	*350,000.00	190,200.00
01-Jul-25 03:45:10	1	*430,000.00	285,500.00
24-Jul-25 04:40:40	1	*380,000.00	269,500.00

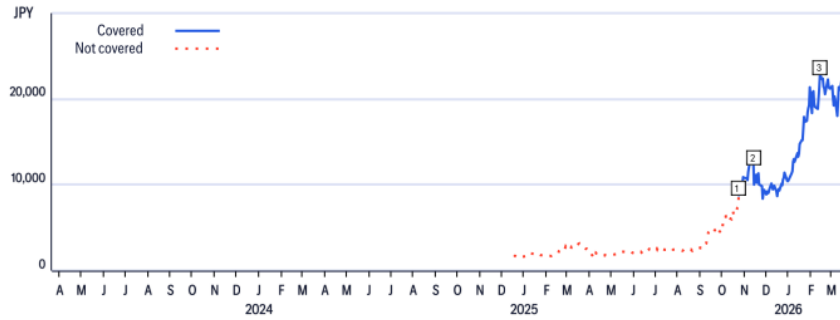
Date	Rating	Target Price	Closing Price
08-Sep-25 10:00:23	1	*430,000.00	277,000.00
22-Sep-25 06:19:28	1	*480,000.00	351,000.00
20-Oct-25 04:22:50	1	*640,000.00	485,500.00
29-Oct-25 02:38:54	1	*770,000.00	558,000.00
23-Nov-25 10:20:04	1	*830,000.00	521,000.00
02-Jan-26 03:22:42	1	*900,000.00	677,000.00
26-Jan-26 07:57:46	1	*1,400,000.00	736,000.00
24-Feb-26 08:08:02	1	*1,550,000.00	1,005,000.00

*Indicates Change

Rating/target price changes above reflect Eastern Time

Kioxia Holdings (285A)
Ratings and Target Price History
Fundamental Research

Analyst: Takeru Fujiwara



Date	Rating	Target Price	Closing Price
1 24-Oct-25 02:35:00	*1H	*12,000	8,780

Date	Rating	Target Price	Closing Price
2 14-Nov-25 05:31:29	1H	*16,500	10,025

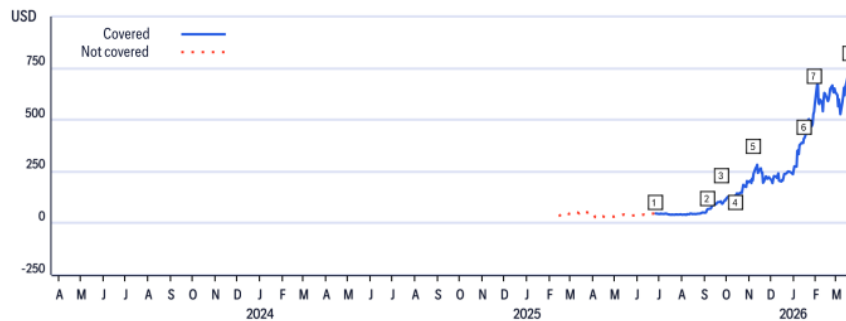
Date	Rating	Target Price	Closing Price
3 13-Feb-26 03:42:04	1H	*31,000	22,845

*Indicates Change

Rating/target price changes above reflect Eastern Time

Sandisk Corp (SNDK)
Ratings and Target Price History
Fundamental Research

Analyst: Asiya Merchant, CFA



Date	Rating	Target Price	Closing Price
1 26-Jun-25 04:00:00	*1	*57.00	47.44
2 07-Sep-25 21:24:48	1	*80.00	68.55
3 24-Sep-25 04:00:00	1	*125.00	99.83

Date	Rating	Target Price	Closing Price
4 13-Oct-25 00:10:56	1	*150.00	134.61
5 07-Nov-25 00:50:25	1	*280.00	239.48
6 19-Jan-26 19:00:00	1	*490.00	413.62

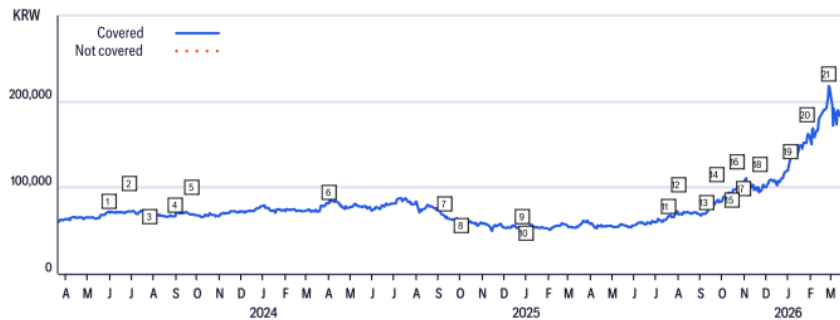
Date	Rating	Target Price	Closing Price
7 30-Jan-26 06:41:51	1	*750.00	576.25
8 19-Mar-26 06:19:51	1	*875.00	772.09

*Indicates Change

Rating/target price changes above reflect Eastern Time

Samsung Electronics (005930.KS)
Ratings and Target Price History
Fundamental Research

Analyst: Peter Lee



Date	Rating	Target Price	Closing Price
1 31-May-23 03:36:58	1	*100,000.00	71,400.00
2 28-Jun-23 08:19:44	1	*105,000.00	72,700.00
3 27-Jul-23 05:53:47	1	*110,000.00	71,700.00
4 31-Aug-23 06:54:46	1	*120,000.00	66,900.00
5 22-Sep-23 09:53:22	1	*110,000.00	68,800.00
6 01-Apr-24 05:23:20	1	*120,000.00	82,000.00
7 09-Sep-24 02:31:35	1	*110,000.00	67,500.00

Date	Rating	Target Price	Closing Price
8 02-Oct-24 05:16:51	1	*97,000.00	61,300.00
9 26-Dec-24 07:42:50	1	*87,000.00	53,600.00
10 31-Dec-24 06:21:22	1	*83,000.00	53,200.00
11 16-Jul-25 05:08:04	1	*90,000.00	64,700.00
12 31-Jul-25 02:49:57	1	*100,000.00	71,400.00
13 08-Sep-25 09:30:31	1	*110,000.00	70,100.00
14 22-Sep-25 05:57:03	1	*120,000.00	83,500.00

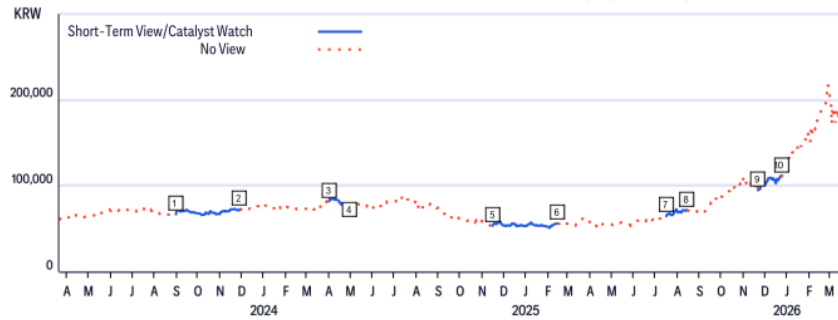
Date	Rating	Target Price	Closing Price
15 14-Oct-25 07:05:40	1	*133,000.00	91,600.00
16 20-Oct-25 06:25:10	1	*145,000.00	98,100.00
17 30-Oct-25 11:44:04	1	*150,000.00	104,100.00
18 23-Nov-25 10:07:18	1	*170,000.00	94,800.00
19 02-Jan-26 02:41:08	1	*200,000.00	128,500.00
20 26-Jan-26 09:32:20	1	*240,000.00	152,100.00
21 24-Feb-26 05:11:17	1	*280,000.00	200,000.00

*Indicates Change

Rating/target price changes above reflect Eastern Time

Samsung Electronics (005930.KS)
Short-Term View/Catalyst Watch Research

Analyst: Peter Lee



	Date	Action	Expected Direction	Duration	Closing Price
1	31-Aug-23 02:54:46	Add CW	Upside	90 Days	66,900.00
2	28-Nov-23 21:19:48	Remove CW	Upside	90 Days	72,700.00
3	01-Apr-24 01:23:20	Add CW	Upside	30 Days	82,000.00
4	30-Apr-24 22:52:33	Remove CW	Upside	30 Days	77,500.00

	Date	Action	Expected Direction	Duration	Closing Price
5	17-Nov-24 11:09:02	Add CW	Upside	90 Days	53,500.00
6	14-Feb-25 12:17:17	Remove CW	Upside	90 Days	56,000.00
7	16-Jul-25 01:08:04	Add CW	Upside	30 Days	64,700.00
8	15-Aug-25 14:07:20	Remove CW	Upside	30 Days	71,600.00

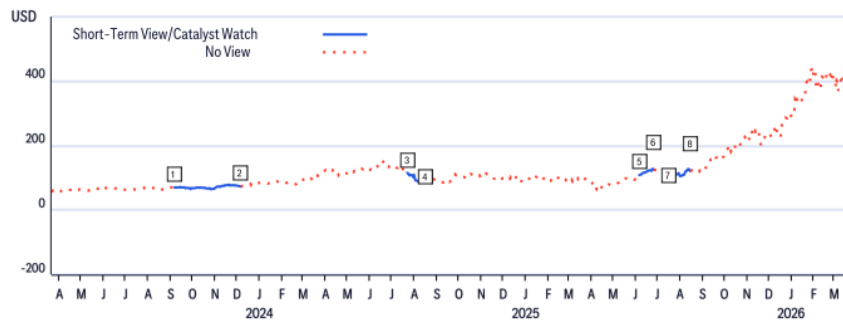
	Date	Action	Expected Direction	Duration	Closing Price
9	23-Nov-25 05:07:18	Add CW	Upside	30 Days	94,800.00
10	23-Dec-25 20:51:38	Remove CW	Upside	30 Days	111,500.00

CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Micron Technology Inc (MU)
Short-Term View/Catalyst Watch Research

Analyst: Atif Malik



	Date	Action	Expected Direction	Duration	Closing Price
1	06-Sep-23 23:00:00	Add CW	Upside	90 Days	70.41
2	06-Dec-23 11:08:02	Remove CW	Upside	90 Days	73.13
3	22-Jul-24 02:02:13	Add CW	Downside	30 Days	115.28

	Date	Action	Expected Direction	Duration	Closing Price
4	15-Aug-24 11:34:03	Remove CW	Downside	30 Days	106.95
5	08-Jun-25 23:05:02	Add CW	Upside	30 Days	108.56
6	26-Jun-25 01:06:15	Remove CW	Upside	30 Days	126.00

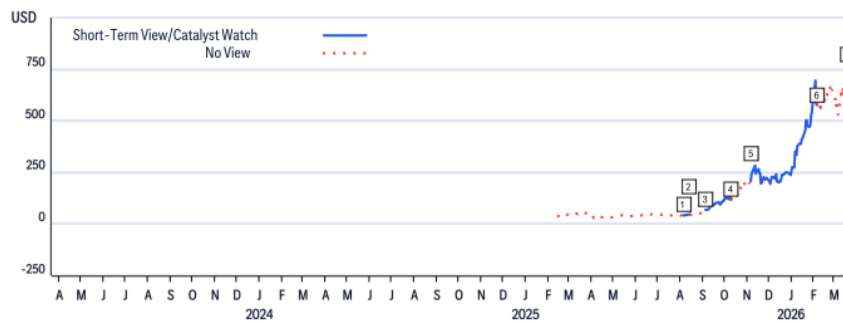
	Date	Action	Expected Direction	Duration	Closing Price
7	17-Jul-25 23:00:00	Add STV	Downside	30 Days	113.26
8	15-Aug-25 14:06:06	Remove STV	Downside	30 Days	120.87

CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Sandisk Corp (SNDK)
Short-Term View/Catalyst Watch Research

Analyst: Asiya Merchant, CFA



	Date	Action	Expected Direction	Duration	Closing Price
1	06-Aug-25 13:53:54	Add STV	Upside	90 Days	42.10
2	14-Aug-25 22:45:08	Remove STV	Upside	90 Days	46.68
3	07-Sep-25 17:24:48	Add STV	Upside	90 Days	68.55

	Date	Action	Expected Direction	Duration	Closing Price
4	12-Oct-25 20:10:56	Remove STV	Upside	90 Days	116.91
5	06-Nov-25 19:50:25	Add STV	Upside	90 Days	207.69
6	05-Feb-26 11:27:43	Remove STV	Upside	90 Days	576.20

	Date	Action	Expected Direction	Duration	Closing Price
7	19-Mar-26 02:19:51	Add STV	Upside	90 Days	772.09

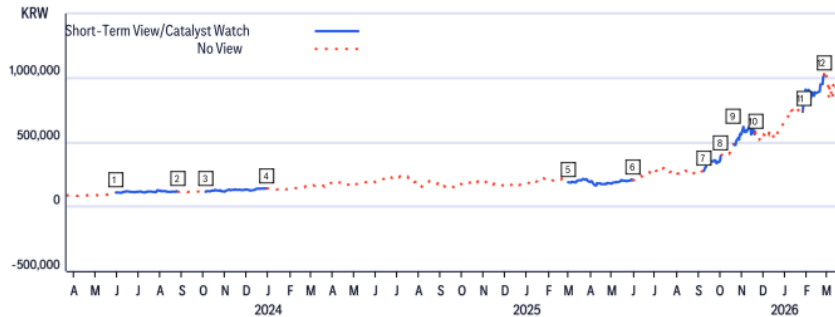
CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

SK Hynix (000660.KS)

Short-Term View/Catalyst Watch Research

Analyst: Peter Lee



1	Date	Action	Expected Direction	Duration	Closing Price	5	Date	Action	Expected Direction	Duration	Closing Price	9	Date	Action	Expected Direction	Duration	Closing Price
1	30-May-23 04:36:29	Add CW	Upside	90 Days	110,300.00	5	03-Mar-25 10:00:11	Add CW	Upside	90 Days	190,200.00	9	20-Oct-25 00:22:50	Add CW	Upside	30 Days	485,500.00
2	27-Aug-23 22:58:59	Remove CW	Upside	90 Days	116,500.00	6	01-Jun-25 22:55:32	Remove CW	Upside	90 Days	204,500.00	10	19-Nov-25 21:15:03	Remove CW	Upside	30 Days	562,000.00
3	04-Oct-23 02:14:16	Add CW	Upside	90 Days	115,400.00	7	08-Sep-25 06:00:23	Add CW	Upside	30 Days	277,000.00	11	26-Jan-26 02:57:46	Add CW	Upside	30 Days	736,000.00
4	01-Jan-24 21:19:41	Remove CW	Upside	90 Days	141,500.00	8	08-Oct-25 22:50:00	Remove CW	Upside	30 Days	395,500.00	12	25-Feb-26 20:57:35	Remove CW	Upside	30 Days	1,018,000.00

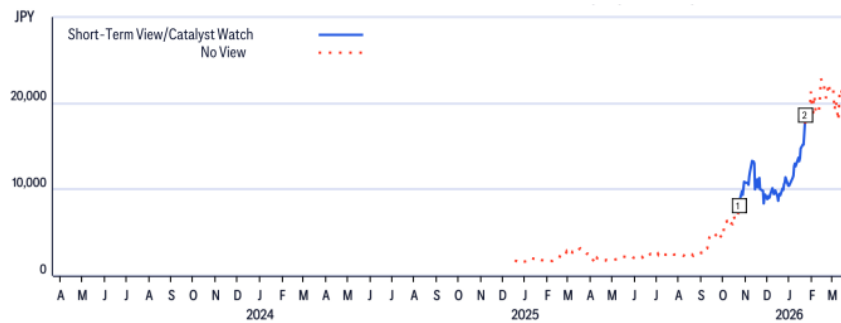
CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Kioxia Holdings (285A)

Short-Term View/Catalyst Watch Research

Analyst: Takeru Fujiwara



1	Date	Action	Expected Direction	Duration	Closing Price	2	Date	Action	Expected Direction	Duration	Closing Price
1	23-Oct-23 22:35:00	Add STV	Upside	90 Days	7,370	2	22-Jan-26 20:48:20	Remove STV	Upside	90 Days	17,910

CW - Catalyst Watch, STV - Short-Term View

Rating/target price changes above reflect Eastern Time

Citigroup Global Markets Inc. or its affiliates beneficially owns 1% or more of any class of common equity securities of Kioxia Holdings. This position reflects information available as of the prior business day.

Within the past 12 months, Citigroup Global Markets Inc. or its affiliates has acted as manager or co-manager of an offering of securities of SK Hynix, Samsung Electronics, Sandisk Corp.

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from Micron Technology Inc, SK Hynix, Samsung Electronics, Sandisk Corp.

Citigroup Global Markets Inc. or its affiliates received compensation for products and services other than investment banking services from Kioxia Holdings, Micron Technology Inc, SK Hynix, Samsung Electronics, Sandisk Corp in the past 12 months.

Citigroup Global Markets Inc. or its affiliates currently has, or had within the past 12 months, the following as investment banking client(s): Micron Technology Inc, SK Hynix, Samsung Electronics, Sandisk Corp.

Citigroup Global Markets Inc. or its affiliates currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, securities-related: Micron Technology Inc, SK Hynix, Samsung Electronics, Sandisk Corp.

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