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## KOREAN AMERICAN SEMICONDUCTOR ASSOCIATION IN SILICON VALLEY

June 2026

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"the value and habits of our daily that reveal who and what we are"

"your behavior as leader – what you do – creates the environment in which the team functions"

"character stars with little things. Character is more than honesty"

– John Wooden

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감사합니다

## Broadcom: Rock-Solid Custom Silicon Partnerships Create Massive Opportunity

May 26, 2026 Ryan Canady

**Summary**

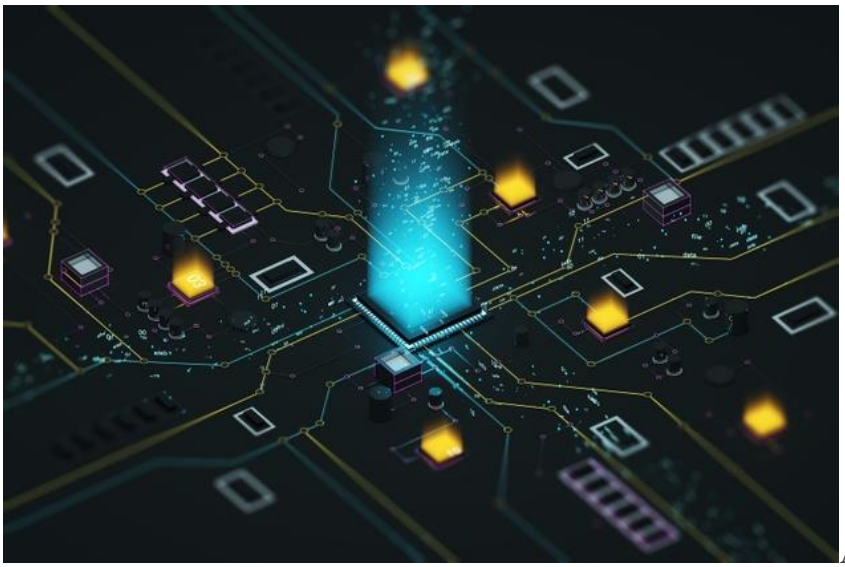
- Broadcom is aggressively positioning itself to lead in AI infrastructure development.
- AVGO has partnered with Meta, Applied Materials, and GlobalFoundries to launch a $125M AI chip research lab at UCLA.
- This collaboration highlights AVGO's commitment to maintaining a top-tier role in next-generation AI hardware.
- Industry frontrunners like AVGO are poised to benefit most from the current AI infrastructure boom.

# Inside Sandisk's Massive AI Shift

May 24, 2026 Yiannis Zourmpanos

**Summary**

- Sandisk secured $42 billion in contractual obligations, covering over one-third of FY27 bit volume with financial guarantees.
- Q3 non-GAAP gross margin surged to 78.4% from 51.1%, while revenue reached $5.95 billion, above guidance.
- Data center revenue jumped 233% QoQ to $1.467 billion, reinforcing Sandisk's growing exposure to AI infrastructure demand.
- Sandisk authorized a $6 billion buyback after achieving net cash status, signaling confidence in long-term cash generation.
- Forward EV/Sales trades 214% above the sector median, increasing downside risk if AI demand or execution weakens materially.


Antiv3D/isotck via Getty Images

**Investment Thesis**

Sandisk (SNDK) has transitioned from a cyclical memory stock to a full-on AI-enabled storage infrastructure business that boasts unusually high revenue visibility. The consensus does not seem to recognize the implications of $42 billion worth of contractual obligation, as this ensures future sales and removes the usual volatility of NAND.

Additionally, margins reaching 80%, along with the growth of the data center segment, are clear signs of price-setting capacity for SNDK.

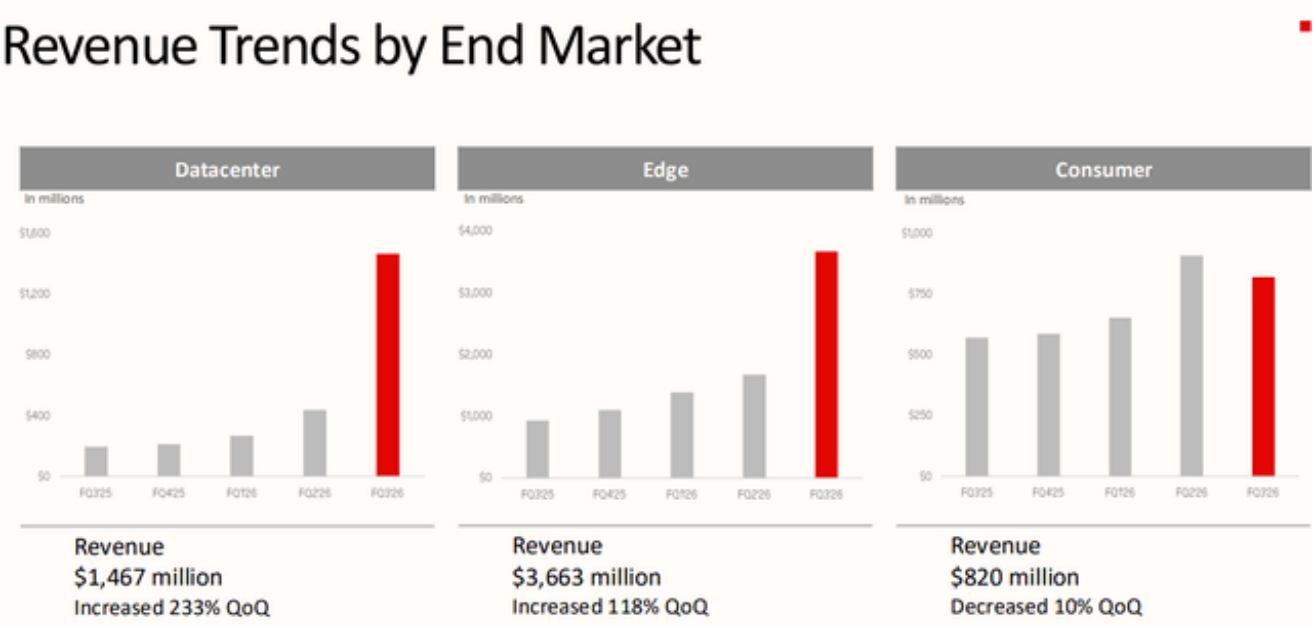
**Five Multiyear Partnerships Secure Over One-Third Of FY27 Bit Volume**

Sandisk is securing five multiyear partnership deals that have over one-third of FY27 bit volume. Here, 3 contracts hold minimum contractual revenue of $42 billion, and these deals have financial guarantees exceeding $11 billion. The prepayments total $0.4 billion on the Q3-FY26 balance sheet. These contractual deals form a base for future revenue based on the remaining performance obligations (RPO) of $42 billion.

The RPO allows for stable top-line performance and valuation. The fixed and variable pricing structure will protect Sandisk against the volatility that may come about from spot pricing in case of a risk such as the Samsung strike. The financial guarantees also serve as collateral. The above-stated business model changes Sandisk from an inherently cyclical company to a steady top-line producer.

At the bottom line, Sandisk's non-GAAP gross margin hit 78.4% in Q3, which is an increase from 51.1% in Q2. This expansion correlates with Sandisk's focus on higher-value clients. Revenue for Q3 hit $5.95 billion, which exceeded the guidance range of $4.4 billion-$4.8 billion. Adjusted FCF for Q3 was $2.955 billion with a 49.7% margin. In my view, these metrics indicate a considerable change in the financial profile of Sandisk.

With that, the $6 billion share buyback authorization follows the attainment of a net cash position, and this capital allocation decision means a large shift in cash flows. I believe long-term deals extending up to 5 years provide strong stability across multiple product cycles. Data center revenue grew 233% QoQ to $1.467 billion, and this segment expansion supports the higher gross margins.



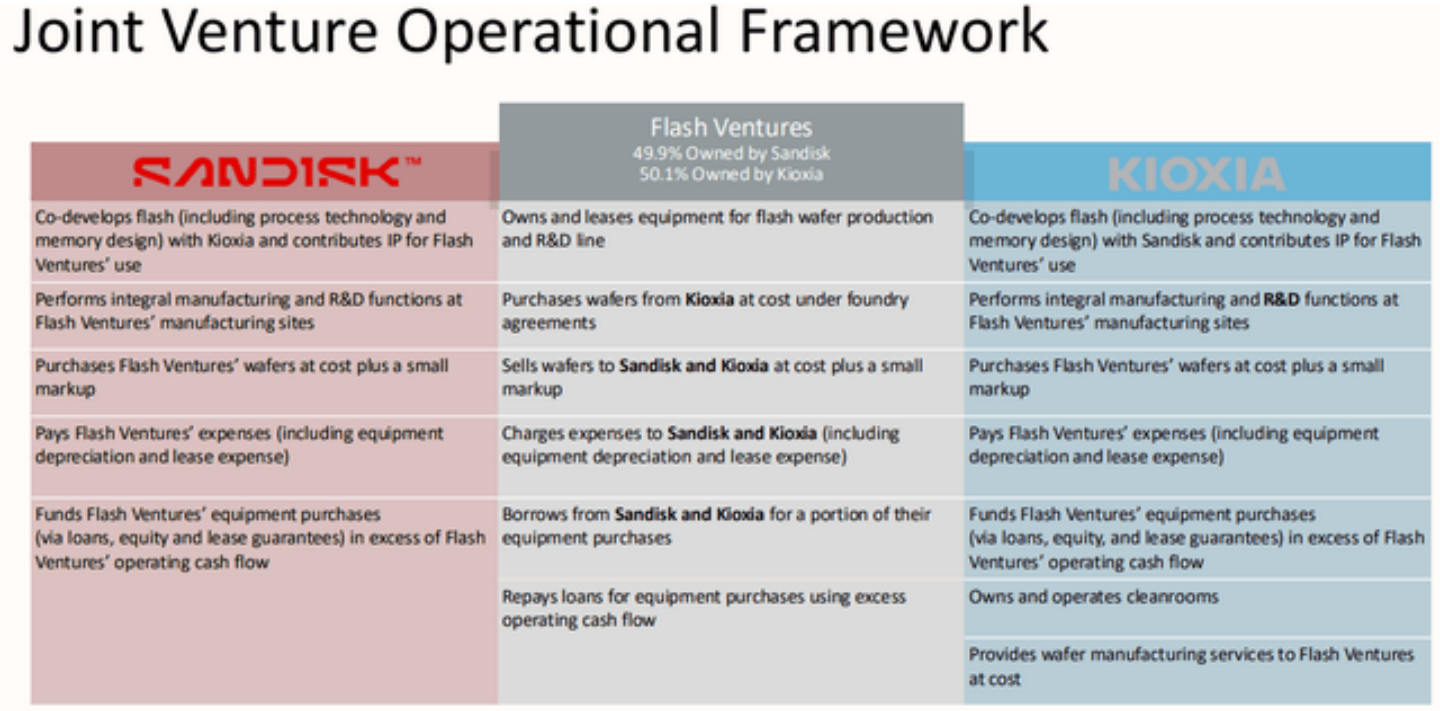

Q3 Earnings

Moreover, Sandisk manages the full tech stack from front-end manufacturing to final testing. This vertical integration amid the $42 billion in RPO indicates a high milestone (for a NAND producer), as this RPO secures future utilization of Sandisk's manufacturing capacity. This RPO also reduces the risk of idle fab costs during market downturns, and the inclusion of financial instruments (guarantees) managed by 3rd-party institutions adds security to the contracts. These instruments trigger if purchase obligations go unfulfilled that may result

in a financial buffer. The forecast for Q4 revenue is between $7.75 billion and $8.25 billion, and it assumes continued bit growth and higher pricing.

Whereas, Sandisk's non-GAAP EPS for Q4 may be between $30 and $33, and this forecast depends on the stability of the new business model. This is where the strategy adopted by Sandisk to move away from old upselling strategies towards multi-year supply assurances ensures steady earnings. Moreover, the JV between Sandisk and Kioxia (KXIAY) will extend until December 2034, providing access to production and research for an extended period. An additional $1 billion has been invested into Nanya for a steady supply of DRAM.

With that, Sandisk uses BiCS8 tech to derive bit growth through nodal transitions that need less CapEx-to-revenue. The shift to this node facilitates higher-value products. As Inference optimizations (like KV cache) expand the amount of data stored on low-latency flash, this trend may support Sandisk's enterprise SSD portfolio. The QLC Stargate products may begin shipping in Q4, which adds a layer of revenue growth.




Q3 Earnings

**AI Euphoria Meets Valuation Gravity**

Sandisk faces segment topline contraction outside data center markets as Consumer revenue hits $820 million with a 10% QoQ decline. Bit shipments decreased in the high teens QoQ, and this reduction happened as Sandisk increased inventory levels. Sandisk's forward P/E non-GAAP is ~13% below the sector median. But forward EV/Sales is ~214% above the sector median. These high valuation multiples based on topline increase risk to market corrections.

This high valuation premium reflects that current pricing assumes smooth RPO execution. Any deviation from guidance may trigger a large price adjustment. Bit shipment declines indicate a period of lower demand, and Sandisk builds inventory for future product ramps. This ties up capital in unsold goods, and Q4 non-GAAP tax expenses may hit between $775 million and $875 million, and non-GAAP operating expenses for Q4 may rise to between $480 million and $500 million against $448 million in Q3.

## Fiscal Fourth Quarter Guidance

| | GAAP | Non-GAAP[1] |
|---|---|---|
| Revenue ($M) | $7,750 - $8,250 | $7,750 - $8,250 |
| Gross Margin | 78.9% - 80.9% | 79.0% - 81.0% |
| Operating Expenses ($M) | $523 - $558 | $480 - $500 |
| Interest and Other Income (Expense), net ($M) | $12 - $32 | $10 - $30 |
| Tax Expense ($M)[2] | N/A | $775 - $875 |

Q3 Earnings

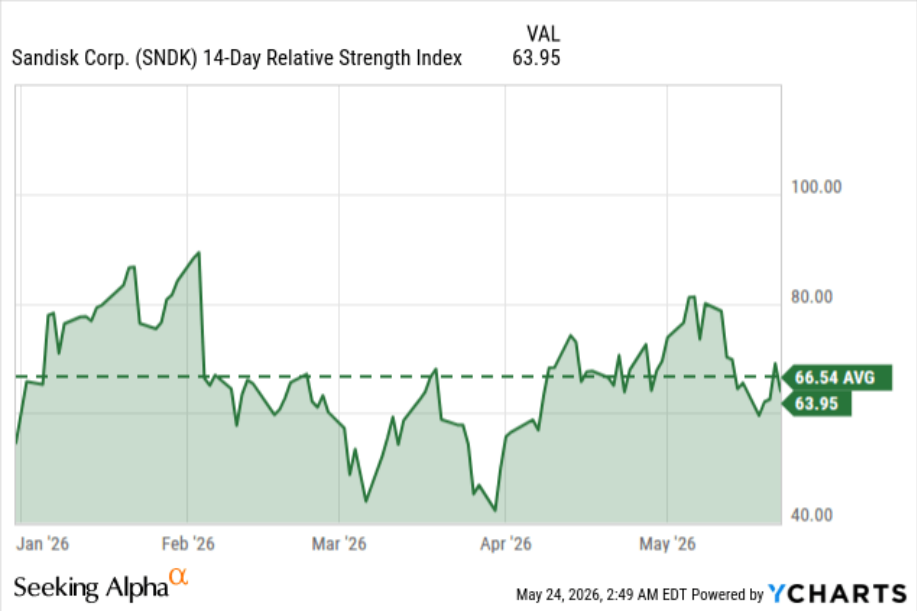
More so, rising expenses compress Sandisk's operating leverage if revenue growth slows down. The mini-tender offer from Tutanota LLC at $1,150 per share is below market value, and this offer targets 100,000 shares. Although Sandisk warns that participating stockholders may receive less than fair value, this situation means administrative distractions and pushes on the stock's valuation.

With that, price increases for NAND might slow in the current quarter as PC and phone units are down, as Sandisk's management expects these units to flatten in FY27. This delayed recovery leaves Sandisk dependent mostly on data center business for growth. Any slowdown in AI infrastructure spending impacts the main growth and largely the sentiment for SNDK stock.

Further, Sandisk has competition from Samsung (SSNLF), SK Hynix, and Micron (MU). These competitors can also expand capacity and increase industry supply that may lead to price erosion. Here, Wedbush questioned the long-term agreements, as Sandisk might miss opportunities under the long-term deals to increase prices during a shortage.

This Street critique points to the risk of locking in pricing early, and revenue growth of 251% YoY may be difficult to sustain. Also, the base effect will make future topline growth comparisons with peers more difficult. Although Sandisk's asset turnover ratio of 0.88x indicates good asset use against the sector median. However, Sandisk lowered bit shipments to build inventory for BiCS8 QLC demand that may lead to lost revenue in the short term.

Finally, this market volatility pushes sensitivity to valuation as Sandisk remains a high-beta stock. This sensitivity leads to larger price swings relative to the market. The forward PEG non-GAAP of 0.08 is 94.5% below the sector median of 1.34, and such a massive divergence indicates that SNDK stock's current pricing points to extremely high-growth assumptions. Then if growth decelerates, the valuation contraction may be very deep. Sandisk has a 1-year price gain of ~3,900%, and this rapid price ascent indicates that SNDK stock is overextended, as continued RSI divergence indicates momentum has less safety now.



Data by YCharts

**Takeaway**

Sandisk is undergoing a change from being a NAND vendor for commodities to being an essential player in the AI storage space with secure demand, expanding margins, and rapid growth in data centers. Given healthy AI infrastructure investments, SNDK's profitability and cash flow may have been significantly underestimated.

## AMD to promote packaging ecosystem

**DEMAND IS REAL: AMD's CEO brushed off skepticism about the AI boom and said there are a lot of innovations and opportunities for companies in the AI ecosystem**

May 23, 2026 Lisa Wang/Taipeitimes reporter

Advanced Micro Devices Inc (AMD) yesterday said it is investing US$10 billion in the Taiwanese microchip ecosystem to ensure the availability of advanced packaging technology capacity over the next three years, given rapidly growing artificial intelligence (AI) infrastructure demand.

In addition to advanced chips, the new investment also aims to foster a new advanced packaging ecosystem in Taiwan using elevated fan-out bridge (EFB) technology, the chip company said. The investment was announced on Thursday.

"So what we are doing with a number of our partners is to really coinvest so that the capacity is available for revenue later in 2026, but also into 2027, 2028 and 2029," AMD CEO Lisa Su (蘇姿丰) told a news briefing arranged by CommonWealth Magazine in Taipei yesterday.

AMD CEO speaks during a forum at the Marriott Hotel in Taipei yesterday  Photo: I-HwaCheng, AFP

“As it relates to EFB, I think CoWoS [chip-on-wafer-on-substrate] is a great technology. We’re also always looking for technologies that will help optimize the cost point of the advanced packaging solution,” Su said. “I think it’s still early in EFB development, and we’re investing in EFB capacity as well as ensuring that we have good CoWoS capacity, and we’ll continue to allocate depending on where the demand goes going forward.”

That suggested that EFB could be an alternative to CoWoS technology developed by Taiwan Semiconductor Manufacturing Co (TSMC, 台積電).

TSMC has been accelerating expansion of CoWoS capacity over the past two years, but has been unable to resolve its supply bottleneck given the seemingly insatiable demand for AI chips.

Nvidia Corp is the largest consumer of CoWoS capacity.

EFB architecture significantly increases interconnect bandwidth and improves power efficiency while offering cost and area advantages over conventional silicon interposers. It operates on a similar architectural concept to Intel Corp’s embedded multi-die interconnect bridge technology.

TSMC’s CoWoS capability has been “extremely good,” Su said, adding that the company has been very “happy” with the progress so far.

As its partners have built up CoWoS capacity, it would not be a “big concern,” but AMD has to plan ahead to ensure there is sufficient CoWoS capacity, she said.

AMD’s local EFB ecosystem partners include chip testing and packaging service providers such as ASE Technology Holding Co (日月光投控), its subsidiary Siliconware Precision Industries Co (矽品精密) and Powertech Technology Inc (力成科技), which is developing fan-out panel-level packaging technology.

Local major substrate suppliers Unimicron Technology Corp (欣興電子), Nan Ya Printed Circuit Board Corp (南亞電路板) and Kansas Interconnect Technology Corp (景碩) are also part of the ecosystem.

Responding to skepticism about the AI boom, Su said she believes the demand is real.

“If you think about a baseball game, maybe we’re in, you know, the third inning of still nine innings,” Su said. “That means there is still a lot of innovations to happen and a lot of opportunity for companies in the AI ecosystem.”

# Samsung: Strike Relief Is Good For Revenue, But It Removes A Margin Catalyst

May 20, 2026 Deep Value Investing

**Summary**

- Since March, I think I was right to keep Samsung Electronics Co., Ltd. at arm's length, even though the memory cycle has not taken a pause.
- I think the SSNLF setup changed when the strike scare showed how tight this market still is and how quickly investors chase memory pricing, even after a parabolic run YTD.
- The strike being put on hold removes the worst near-term risk, but it also takes away the easy pricing shock.
- What I need to see now is HBM4E samples in Q2, HBM4 leading HBM sales in Q3, and no fresh labor disruptions.
- I'm staying on the sidelines for now, with SSNFL as a Hold, while Micron, Sandisk, and Seagate remain my cleaner ways to play this.

This morning, I found myself doing what I usually do when a major semiconductor headline, like the strike affecting Samsung Electronics Co., Ltd. (SSNLF), hits the tape: quickly checking who the market thinks might benefit.

I have to say that Samsung Electronics has been on my radar since early March, when I wrote a somewhat thought-provoking article on one of its rivals: Micron (MU).

Things are moving fast, and since I started the research for this article, the Samsung strike was put on hold, just a few hours after it was announced that 48,000 workers would go on strike between May 21 and June 7.

Regardless, I considered taking a look at this stock, as it's the top name in the memory space (in terms of market share). As is often the case, I tend to avoid the leaders and buy the underdogs. However, I wanted to take a quick look at Samsung's growth story and reconsider whether I was right to avoid gaining exposure to this stock.

## The Samsung Electronics Union Strike

One of the main headlines today is that 48,000 Samsung Electronics workers were set to begin an 18-day strike starting from May 21, after talks over bonus payments failed.

Are 48,000 workers a lot?

Well, that is roughly 38% of Samsung Electronics' domestic workforce and far larger than the July 2024 walkout, when only 6,000 - 6,500 workers participated.

My understanding is that the union wanted Samsung to scrap the current bonus cap of 50% of annual salary, allocate 15% of annual operating profit to employee bonuses, and make the system durable beyond one year.

Some sources suggested that, during the negotiations, Samsung cited estimates that some SK Hynix employees could receive bonuses equal to 607% of their annual salary. On top of that, it seems that SK Hynix abolished its bonus cap for 10 years, which increased pressure on Samsung's compensation system.

Naturally, Samsung's management said those demands are excessive given the cyclicality of the business. Speaking of cyclicality, here is a fun fact.

Back in Q1 2026, the company hit historic highs in both DRAM and NAND, with revenue of $37 billion and $13.4 billion, respectively. According to Counterpoint, this represents a 2.7x increase from the previous cycle peak of $18.9 billion in Q3 2018.

From what I'm reading, experts projected a worst-case hit of 0.5 percentage points to South Korea's forecast 2.0% GDP growth and up to KRW 1 trillion in daily losses for Samsung under severe production disruption.

This development was not particularly bullish for the KOSPI index. However, it seems that the strike won't take place:


Samsung strike put on hold, wage deal being put to vote; Micron touts demand

May 20, 2026, 10:08 AM ET | **Samsung Electronics Co., Ltd. (SSNLF) Stock**, **MU Stock**, **HXSCL Stock** | By: Chris Ciaccia, SA News Editor

source: SA

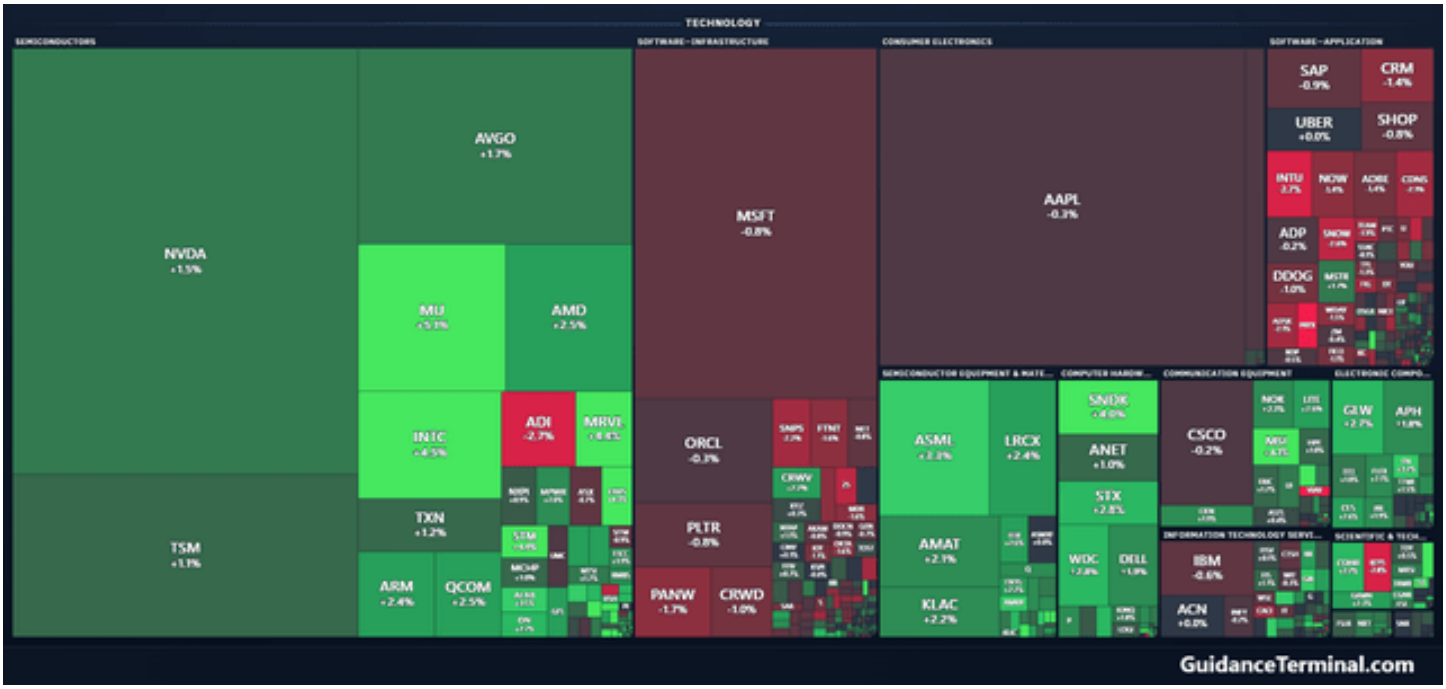
According to the report, it seems that a tentative deal over wages and the union will be put to a vote this Saturday.

As I will discuss in a moment, this is great news for Samsung from a revenue perspective. However, I admit that I celebrated the strike news when I first read about it, and I was quite disappointed after reading it was put on hold.

Let me explain why.

**The Pricing Power In DRAM and NAND**

As is often the case, I tend to start my (unhealthy) morning routine by looking at the market tape. Here is what I found for the tech sector:



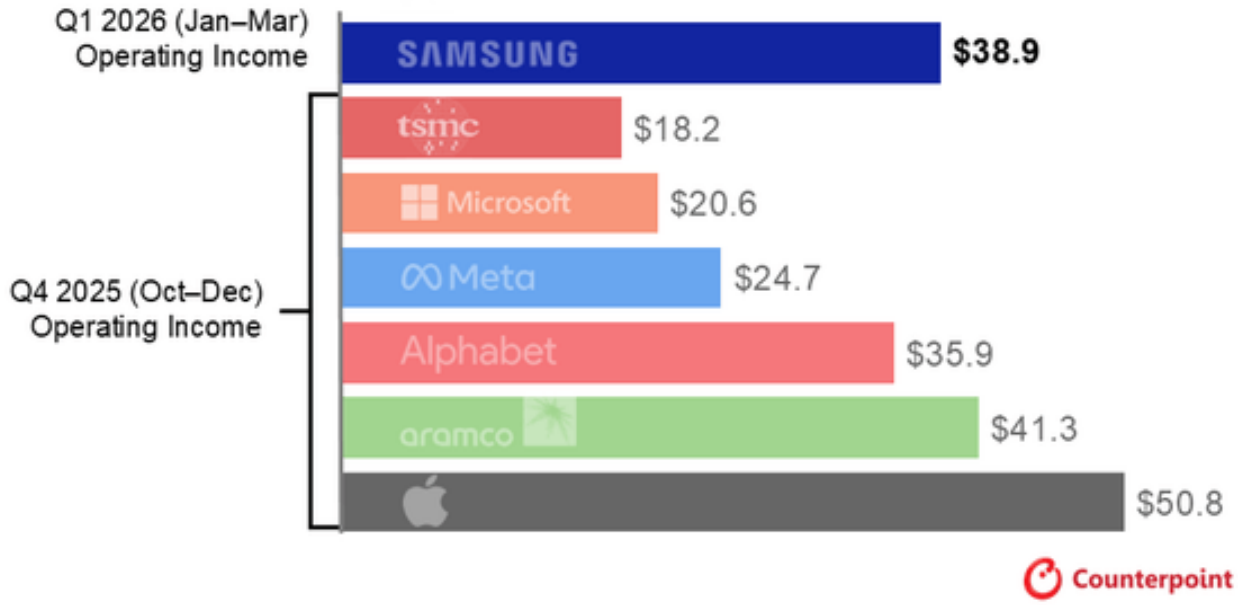

Guidance Terminal / May 20, premarket

Momentum appeared to be back in the game after a brief pause that started last Friday. Notably, Micron and Sandisk (SNDK) (and Intel (INTC) as well, which, to me, proves that this stock has become a meme/momentum play, given that it's negatively exposed to a spike in memory prices).

To understand why, it turns out that some analysts projected that an 18-day strike at Samsung could disrupt 3%–4% of global DRAM supply and 2%–3% of NAND supply. That would have added even more fuel to the shortage driven by the demand pull from the AI data center buildout.

The reason I am looking at Samsung on a day like today is that this company is the world's largest memory chip maker. According to Counterpoint Research's Memory Tracker, Samsung ranked first in the memory market in Q1 2026 with $50.4 billion in revenue.

As a fun fact, the Q1 2026 operating income of the company was higher than that of Alphabet (GOOG), Meta (META), Microsoft (MSFT), and even TSMC (TSM) in Q4 2025:




Counterpoint

If you are curious to know who the other players are in the DRAM space, I considered including a table below, which is slightly outdated, given that it shows Q4 2025 revenues:

## 4Q25 DRAM Branded Supplier Revenue Ranking

| Ranking | Company | Revenue (US$M) | | | Market Share | |
|---|---|---|---|---|---|---|
| | | 4Q25 | 3Q25 | QoQ | 4Q25 | 3Q25 |
| 1 | Samsung | 19,300 | 13,500 | 43.0% | 36.0% | 32.6% |
| 2 | SK hynix | 17,221 | 13,750 | 25.2% | 32.1% | 33.2% |
| 3 | Micron | 11,975 | 10,650 | 12.4% | 22.4% | 25.7% |
| 4 | Nanya | 970 | 627 | 54.7% | 1.8% | 1.5% |
| 5 | Winbond | 297 | 222 | 33.7% | 0.6% | 0.5% |
| 6 | PSMC | 33 | 33 | 0.6% | 0.1% | 0.1% |
| | Others | 3,782 | 2,617 | 44.5% | 7.1% | 6.3% |
| Total | | 53,578 | 41,399 | 29.4% | 100.0% | 100.0% |

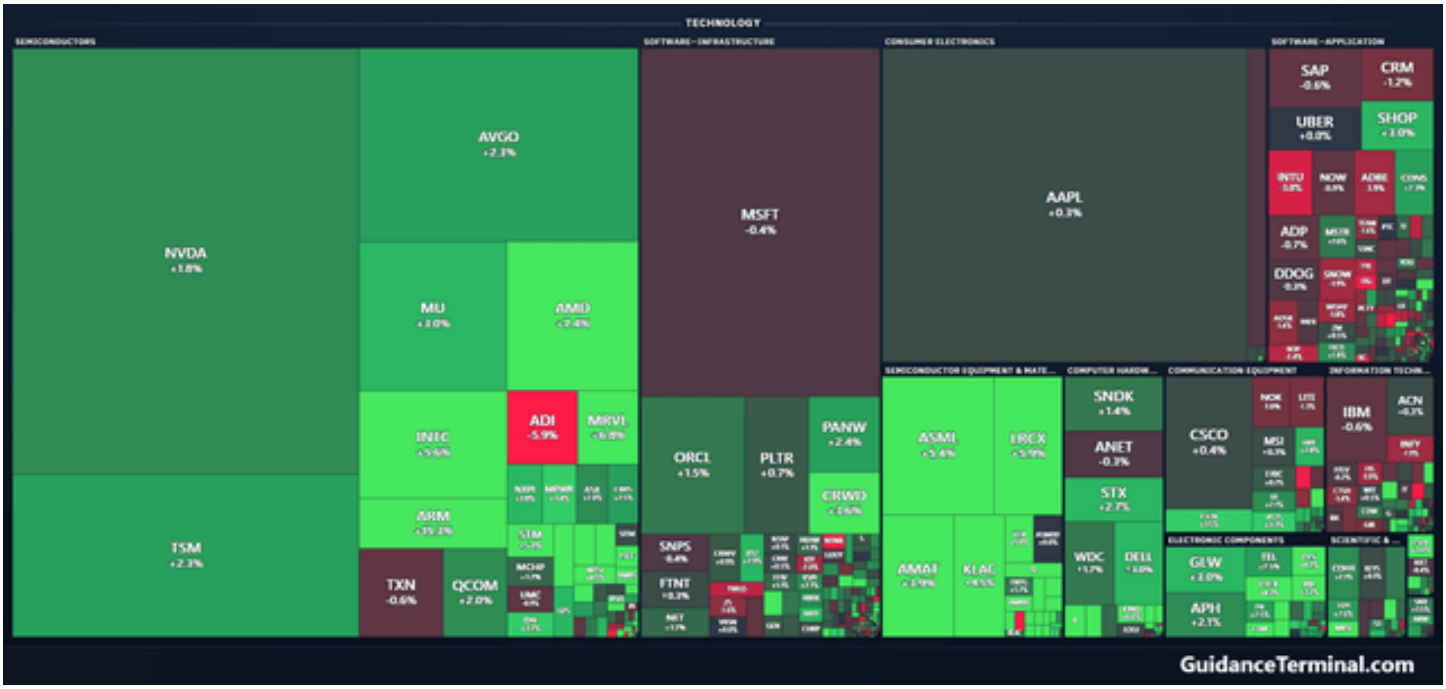
Notes:
1. 3Q25—USD:KRW=1:1,387; USD:TWD=1:29.9
2. 4Q25—USD:KRW=1:1,449; USD:TWD=1:31
Source: TrendForce, Feb. 2026

TrendForce

TrenceForce

Back to my point, the Samsung strike news added fuel to the fire in a market that was already benefiting from a pricing perspective due to shortages.

That said, right after the news that the strike would be put on hold, part of that excitement cooled off, particularly for memory names like Micron and Sandisk.




Guidance Terminal / May 20, 11:02AM NY Time

That brief rally is not as important as its meaning. The market is still favoring these stocks (despite the parabolic run this year), as long as the pricing power narrative holds up.

**Why I'm Not Bearish On Samsung Electronics**

A strike would be bad news for the topline of the company. However, long term, its side effects (namely, pricing power) would be highly favorable from a margin perspective.

Given the recent developments, **the main factor that I'm monitoring is whether the company delivers the first HBM4E samples in Q2 and then confirms in Q3 that HBM4 exceeds 50% of total HBM sales (mainly driven by the tailwinds from Nvidia's (NVDA) Vera Rubin).**

Interestingly, the company's memory revenue was KRW 74.8T in Q1, up 101% sequentially and 292% YoY. If the strike were to begin tomorrow and last 18 days, I think the growth rate in Q2 may have slowed down significantly (sequentially).

That said, I still think we may see analysts upgrading their conventional DRAM forecasts for Q2 and Q3 this year. For example, TrendForce expects Q2 conventional DRAM contract prices to be up 58%-63% sequentially and NAND contract prices to be up 70%-75%.

## 1Q26–2Q26 DRAM and NAND Flash Price Projections

| | 1Q26E | 2Q26F |
|---|---|---|
| **Total DRAM** | Conventional DRAM: up 93~98% | Conventional DRAM: up 58~63% |
| **Total NAND Flash** | up 85~90% | up 70~75% |

Source: TrendForce, March. 2026

TrendForce

TrenceForece

I think tonight's Nvidia remarks on demand for Vera Rubin may lead to some upgrades to these memory models. Overall, I wouldn't be surprised if Jensen upgraded Nvidia's $1 trillion opportunity for Blackwell and Rubin through 2027.

The reason I look at pricing power is mainly due to the margin story.

For reference, Samsung's Q1 consolidated operating margin was 42.8%. Now, take a look below to see the ridiculous sequential (emphasis) increase in this metric vs. Q4 2025 (let alone the comparison vs. Q1 2025).

| KRW trillion | 1Q25 | % of sales | 4Q25 | % of sales | 1Q26 | % of sales |
|---|---|---|---|---|---|---|
| **Sales** | **79.1** | **100.0%** | **93.8** | **100.0%** | **133.9** | **100.0%** |
| Cost of sales | 51.0 | 64.5% | 49.6 | 52.8% | 52.0 | 38.8% |
| **Gross profit** | **28.1** | **35.5%** | **44.3** | **47.2%** | **81.9** | **61.2%** |
| SG&A expenses | 21.4 | 27.1% | 24.2 | 25.8% | 24.7 | 18.4% |
| R&D expenses | 9.0 | 11.4% | 10.9 | 11.6% | 11.3 | 8.5% |
| **Operating profit** | **6.7** | **8.4%** | **20.1** | **21.4%** | **57.2** | **42.8%** |

Samsung

Right now, it's difficult to be bearish on any memory name, particularly the leader in this space.

In my view, the memory supercycle is far from its peak, and the recent development regarding the strike shows that investors are still hungry for these memory names, despite a triple-digit run in the past year.

That said, even though the strike was put on hold, I am not buying Samsung Electronics. For now, I'm happy with my exposure to Micron, SanDisk, and STX, as I believe Samsung will likely be under pressure until the strike overhang is completely cleared.

## Micron Technology, Inc. - J.P. Morgan 54th Annual Global Technology, Media and Communications Conference

May 20, 2026 Micron Technology, Inc.  AI generated summary

Manish Bhatia - Executive Vice President of Global Operations

**1 Management View**

Overall Management Tone Very bullish and supply-constrained narrative

Management repeatedly emphasized:

* AI-driven memory demand is accelerating faster than expected
* Industry supply cannot catch up through at least 2026
* Memory is becoming a "strategic asset"
* Micron is in its strongest competitive position ever

Key message: "There's never been a better time to be in the memory industry, and there's never been a better time to be at Micron."

**Major Management Themes** : AI Inferencing = Structural Demand Shift

Management believes AI demand has moved beyond training into:

* Agentic AI
* Machine-to-machine inference
* Long-context AI workloads
* KV-cache expansion - KV cache is a technique stores key(k) value(v) computation of large language model(LLM) inference allowing for faster and more efficient text generation

This is driving:

* Higher DRAM intensity
* Higher NAND intensity
* Higher HBM demand

* Stronger SSD demand

**Supply Tightness is Structural, Not Cyclical**

Management stressed that:

* DRAM and NAND node transitions generate less productivity improvement than before
* HBM consumes >3x wafer input versus conventional DRAM
* More greenfield fabs are now required

Key implication: Industry supply growth structurally lags AI demand growth.

## 2 Outlook

### Near-Term Outlook

* Fiscal Q3 free cash flow expected to be another record
* Financial outlook has strengthened since March earnings call
* Pricing continues to outperform expectations

### Medium-Term Outlook (2026+)

HBM / DRAM / NAND Tightness

* Tightness expected to continue “well beyond calendar 2026”

This was one of the strongest forward-looking statements in the session.

### Technology Outlook

HBM

* HBM4 ramp progressing faster than HBM3E
* HBM4E ramps in CY2027
* Custom HBM architectures expected to increase customer engagement and pricing power

NAND

* Enterprise SSD demand accelerating from AI inference workloads
* Context window growth (~30x/year) driving storage demand

DRAM

* 1-gamma DRAM becoming highest-volume node in Micron history

### Capacity Expansion Outlook

Major expansion projects underway:

* Taiwan Tongluo fab conversion
* Idaho 1 and Idaho 2
* New York greenfield site
* Singapore HBM facility
* Singapore NAND fab

### 3️⃣ Highlights & Lowlights

Highlights

✅ AI Demand Accelerating Further

* Inferencing workloads are exploding
* AI memory intensity continues rising
* Customer demand remains above supply

✅ HBM4 Ramp Ahead of Expectations

* Production ramp twice as fast as HBM3E
* Yield improving faster than prior generation

✅ Strong Technology Execution

* 1-gamma DRAM
* Gen9 NAND
* Faster yield ramps
* EUV insertion progressing successfully

✅ Balance Sheet Strength

* Strongest balance sheet in company history
* Multiple credit-rating upgrades

✅ Strategic Customer Agreements (SCAs)

* First 5-year SCA signed
* Additional discussions ongoing

Lowlights / Caution Areas

⚠ Supply Constraints Remain Severe

Even Micron cannot meet customer demand.

⚠ Greenfield Capacity Takes Time

Management repeatedly emphasized:

* Cleanroom expansion takes years

* Equipment deployment remains difficult

⚠ Cost-per-Bit Improvements Slowing

Technology scaling becoming harder:

* Lower productivity per node
* HBM complexity increasing rapidly

⚠ Increasing Product Complexity

Mix diversification:

* HBM
* DDR5
* LPDDR
* PCIe Gen6 SSDs  makes cost structure harder to model/manage.

4 Risks & Concerns

**Supply Expansion Risk**

* New fabs require multi-year timelines
* Industry still supply constrained despite aggressive CapEx

Technology Complexity Risk

**HBM4E customization:**

* More complex design cycles
* Higher engineering burden
* Advanced packaging dependency

**AI Demand Dependency**

Current strength heavily tied to:

* AI training
* AI inference
* Hyperscaler CapEx

Any slowdown would materially impact outlook.

**Vendor Dependency**

Micron acknowledged:

* Close dependency on:

* ASML
* equipment vendors
* advanced packaging ecosystem
* Taiwan Semiconductor Manufacturing Company for HBM logic die

**Execution Risk**

Simultaneously ramping:

* Multiple fabs

* Multiple geographies

* Multiple technology nodes

* HBM transitions

raises operational complexity materially.

## 5 Sentiment Analysis

Overall Sentiment:

Extremely bullish.  This was one of Micron's strongest public outlook commentaries in recent years.

Confidence Areas

Highest confidence:

* HBM demand
* DRAM tightness
* NAND enterprise SSD demand
* Technology leadership
* AI memory intensity growth

Cautious Areas

Management avoided:

* Precise 2027 HBM allocation disclosures
* Explicit pricing details
* Exact customer allocation percentages

Overall interpretation:  This was not cyclical optimism — management framed current conditions as the beginning of a structural AI memory supercycle.

## Applied Materials expects Q3 revenue of $8.95B and non-GAAP EPS of $3.36 as it forecasts semiconductor equipment growth of more than 30% in 2026

May 15, 2026 AI generated earnings calls insights

Earnings Call Insights: Applied Materials (AMAT) Q2 fiscal 2026

**Management View**

- "In our second fiscal quarter, Applied Materials delivered record revenue and earnings, along with our highest gross margin in more than 25 years." (President, CEO & Executive Director Gary Dickerson)
- "As customers find new ways to reallocate or create space, we are seeing incremental requests for equipment deliveries in 2026, and we now expect our semiconductor equipment business will grow more than 30% this calendar year." (President, CEO & Executive Director Gary Dickerson
- "We expect to grow our packaging revenues more than 50% in calendar 2026" and "we recently announced our intent to acquire NEXX to further strengthen Applied's portfolio of panel-level technologies." (President, CEO & Executive Director Gary Dickerson)
- "Earlier this week, we announced our EPIC co-development engagement with TSMC, who joined as a founding partner together with Micron, Samsung and SK Hynix." (President, CEO & Executive Director Gary Dickerson)
- "We generated record revenue of $7.91 billion" and "delivered record non-GAAP earnings per share of $2.86." (Senior VP, CFO & leads Global Information Services Brice Hill)

**Outlook**

- "We expect company revenue of $8.95 billion, plus or minus $500 million" and "we expect non-GAAP EPS of $3.36 plus or minus $0.20." (Senior VP, CFO Hill)
- "Within this outlook, we expect Semiconductor Systems revenue of around $6.9 billion, AGS revenue of about $1.75 billion and other revenue of around $300 million." (Senior VP, CFO Hill)
- "We expect non-GAAP gross margin to increase modestly to approximately 50.1%" and "we expect non-GAAP operating expenses of around $1.485 billion." (Senior VP, CFO Hill)
- Compared with the prior quarter's framing, management raised its 2026 growth view in explicit terms: "we now expect our semiconductor equipment business will grow more than 30% this calendar year" (President, CEO & Executive Director Dickerson) versus Q1: "we expect to grow our semiconductor equipment business more than 20% this calendar year." (President, CEO & Executive Director Dickerson)

**Financial Results**

- "We generated record revenue of $7.91 billion, which is up 13% sequentially and 11% year-over-year." (Senior VP, CFO Hill)

- "Non-GAAP gross margin reached 50% in the quarter" and "non-GAAP operating margin expanded to 32.1%." (Senior VP, CFO Hill)
- "Semiconductor Systems delivered record revenue of $5.97 billion" and "DRAM revenue of $1.7 billion grew 18% year-over-year." (Senior VP, CFO Hill)
- "Applied Global Services delivered record revenue of $1.67 billion, which is up 17% year-over-year" and "China represented 24% of our semiconductor systems plus AGS revenue." (Senior VP, CFO Hill)
- "Cash from operations was $845 million" and "resulting in free cash flow of $210 million." (Senior VP, CFO Hill)

**Q&A**

- Christopher Muse, Cantor Fitzgerald & Co.: "You talked about 8-quarter rolling visibility with customers...a change in the pricing environment"; Senior VP, CFO Hill: "pricing generally works as long-term contracts" and "no change in the overall model."
- Stacy Rasgon, Bernstein: "For a 30% year-over-year equipment growth...verify that's true"; Senior VP, CFO Hill: "it does suggest" the second half is "on the order that you described" and "we added more than 10 just in the last quarter."

- Vivek Arya, BofA Securities: "do you think that semi industry growth comes more from units, or...pricing?"; President, CEO & Executive Director Dickerson: "I'm not going to speculate on pricing" and "the market environment for Applied has never been better."
- Timothy Arcuri, UBS: "how do you think about the risk" from "Huawei"-related restrictions; President, CEO & Executive Director Dickerson: "I don't really want to comment on that" and "All of that has been factored into our guide."
- Shane Brett, Morgan Stanley: "your process control market share continues to decline"; President, CEO & Executive Director Dickerson: "I don't share your view" and "PDC is going to be one of our fastest-growing businesses."

**Sentiment Analysis**

- Analysts: slightly negative to pressing, concentrating on sustainability of demand/capacity and policy risk, including "I'm surprised you said above 30% and not above 40%" (Timothy Arcuri, UBS) and "process control market share continues to decline" (Shane Brett, Morgan Stanley).
- Management: positive in prepared remarks and largely steady in Q&A, emphasizing demand visibility and mix tailwinds, while drawing boundaries on sensitive topics: "I'm not going to speculate" (President, CEO & Executive Director Dickerson) and "I don't really want to comment on that." (President, CEO & Executive Director Dickerson)
- Versus last quarter, management's confidence language strengthened around growth, shifting from "more than 20%" semiconductor equipment growth (Q1) to "more than 30%" (Q2), while keeping the same constraint focus on factory space and supply chain.

**Quarter-over-Quarter Comparison**

- Growth framing moved up materially: Q2 added "we now expect our semiconductor equipment business will grow more than 30%" (President, CEO & Executive Director Dickerson) after Q1's "more than 20%".
- Q2 introduced new, specific partnership disclosures around EPIC: "TSMC...joined as a founding partner together with Micron, Samsung and SK Hynix" (President, CEO & Executive Director Dickerson) following Q1's "first EPIC co-development agreement with Samsung Electronics." (President, CEO & Executive Director Dickerson)
- Analyst focus shifted from cleanroom pacing and WFE framework debates (Q1) toward execution mechanics (linearity, capacity readiness), margin durability, and export-restriction spillover questions in Q2.

**Risks and Concerns**

- "clean room space" remained a pacing variable for industry investment, while management also highlighted supply chain scaling as a gating factor: "it's really supply chain." (President, CEO & Executive Director Dickerson)
- Export controls and shipment restrictions were raised by analysts; management response emphasized incorporation into forecasts: "All of that has been factored into our guide." (President, CEO & Executive Director Dickerson)
- ICAPS was described as in a digestion phase: "we expect ICAPS from an equipment perspective, to eventually start growing at the same rate the devices are" but "we just have to get past this period where utilizations catch up with the installed capacity." (Senior VP, CFO Hill)

**Final Takeaway**

Applied Materials management described Q2 as a record quarter and raised its calendar 2026 semiconductor equipment growth outlook to more than 30%, tying the increase to incremental customer equipment requests as cleanroom constraints ease and to longer planning visibility via rolling 8-quarter forecasts. Management's Q3 guide called for $8.95 billion in revenue and non-GAAP EPS of $3.36, alongside modest gross-margin expansion to about 50.1%, while reiterating that supply chain scaling and policy restrictions are embedded in the outlook and that mix tailwinds from leading-edge logic, DRAM, and advanced packaging are expected to continue into 2027 and beyond.

## Micron Technology: I Think There Is A Clear Path To Over $1,500(?)

May 7, 2026 Sarfatti Investment Research

**Summary**

- Micron Technology is deeply undervalued at 11x forward P/E, despite 190% YoY revenue growth and a 57% net income margin.

- MU's rerating thesis is driven by structural AI demand, fully committed 2026 HBM capacity, and technological leadership in SOCAMM2 and HBM4.
- MU is a confirmed supplier for NVDA's Vera Rubin platform, with high-volume HBM4 and SOCAMM2 shipments and a rapid 1-gamma DRAM node ramp.
- I reiterate a strong buy on MU, targeting $1,506 (130% upside), citing sector rerating, margin expansion, and robust AI infrastructure positioning.

**Introduction**

Micron Technology, Inc. (MU) today stands at a $720 billion market cap, trading at a measly 11x forward P/E ratio and a 0.07x PEG ratio. This is unheard of for a company showing over 190% year-over-year revenue growth and a 57% net income margin in their latest earnings release.

In my last article on MU, I discussed how structural demand is replacing cyclical volatility. Since writing this article, MU has gone up over 60%. My thesis hinged on a rerating driven by the demand driver shifting from consumer products to AI infrastructure – HBM stacks are qualified per generation of GPU with memory requirements increasing per generation & NVIDIA Corporation's (NVDA) GPU release cadence is now annual, significantly decreasing cyclicality in this line of business.

While the market initially focused on the explosive demand for GPUs and HBM for training foundational models, the focus has now shifted toward the orchestration and inference layers, where CPUs dominate. With the Vera Rubin platform now entering high-volume production, MU is set to be a large supplier for Vera CPUs. The combination of an incredible margin profile, a fully committed 2026 HBM capacity, and growth driven by SOCAMM2 and HBM4 creates a path to $1,500 and beyond.

**Market Backdrop**

Intel Corporation (INTC), once considered a laggard in the AI race, is now up over 457% in the last year and 201% on a YTD basis. This rally was driven by the realization that as AI workloads evolve from foundational training to agentic inference, the burden of orchestration and complex logic handling returns to the CPU.

During the initial AI boom, GPUs were the primary beneficiaries of CapEx, as hyperscalers raced to build massive training clusters. However, the nature of AI usage is shifting toward inference: the act of running a trained model to generate responses or perform actions. Unlike training, which is characterized by heavy matrix multiplication, inference and agentic loops require a blend of single-threaded performance, data bandwidth, and deterministic execution.

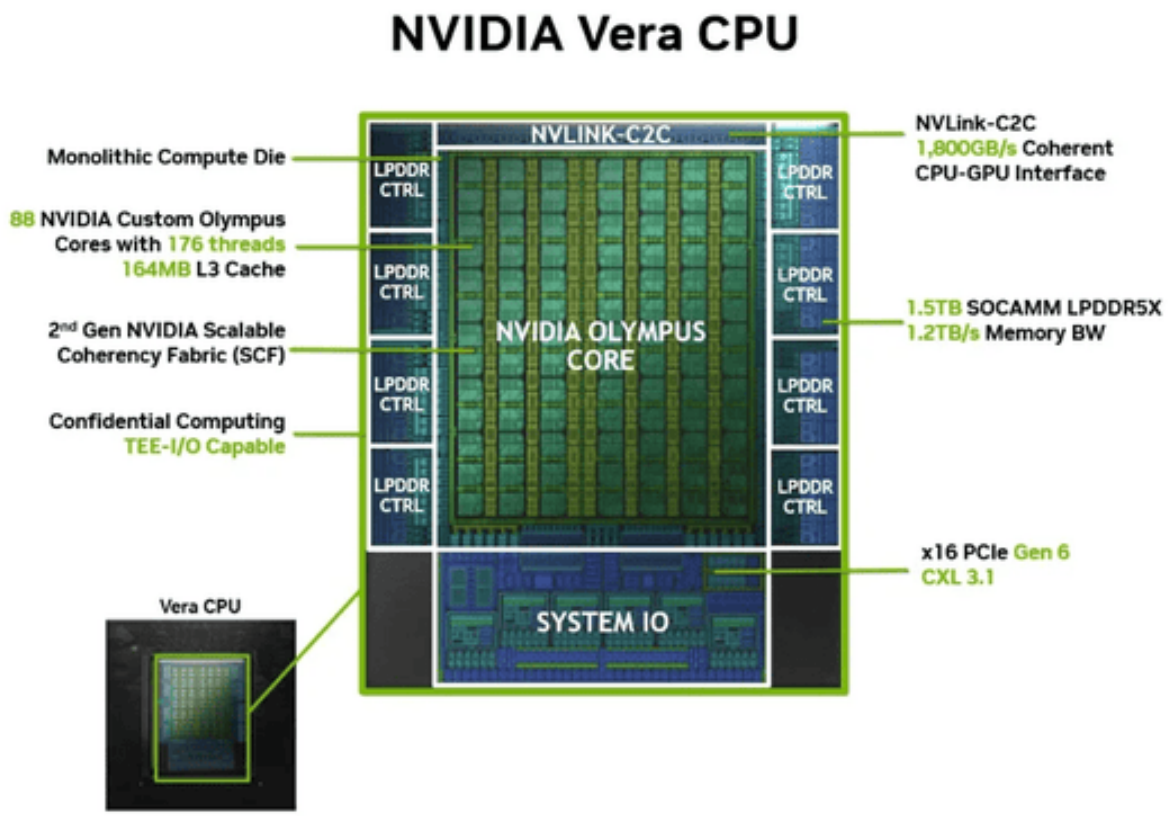
In custom inference-optimized deployments, the industry is seeing a return of high-core-count CPUs. Traditionally, an AI server rack featured a ratio of one CPU to eight GPUs (1:8) to manage orchestration. These ratios have now tightened to 1:4 and are trending toward 1:1 parity in environments running agentic AI. This represents an eightfold increase in CPU requirements for the same number of GPUs.

Agentic AI represents an evolution from generative AI. These systems are autonomous agents capable of planning and executing multi-step tasks while also interacting with external tools and APIs. A single user prompt of 50 tokens can turn into a 50,000 token job. This 1,000x expansion in internal traffic does not just require GPU compute, but it also demands the logic handling and thread synchronization that CPUs provide.

**CPU Memory Requirements Are Increasing**

The transition to agentic AI and long-context inference has triggered a memory wall where the performance of an AI system is directly limited by the capacity and bandwidth of its memory subsystem. Modern AI servers now require significantly more capacity per CPU node to handle thousands of concurrent AI agents and the exponentially increasing context windows of frontier models.

The industry is moving toward "infinite" context windows to enable AI systems to keep entire libraries of documents or months of conversation history within their memory. This requires an increase in the memory capacity of CPU nodes. Industry sources report that CPU makers are planning to equip their latest AI CPUs with 300 GB to 400 GB of dedicated DRAM per chip. This represents a significant increase from 96 GB to 256 GB, which was standard in previous years.




Source: Nvidia

To support these increasing memory requirements in CPUs, the CPU architecture is being redesigned to handle workloads where memory is core to computation. For example, the NVDA Vera CPU, shown above, has a bandwidth of 14 GB/s for each of its cores, totaling 1.2 TB/s for the whole processor. This level of bandwidth is essential to sustain over 90% of peak memory utilization during the Extract-Transform-Load and real-time analytics phases of agentic loops.

**Why MU Is Positioned Well For Addressing The CPU Market**

One of the most crucial catalysts for the MU bull case is the company's confirmed role in the NVDA Vera Rubin ecosystem. Rumors that circulated in early 2026 suggested MU might be excluded from HBM4 supply for the

Vera Rubin platform. However, MU shut down these reports, confirming high-volume shipments of HBM4. Mark Murphy, CFO of Micron, stated,

*And let me, at this time, address some recent inaccurate reporting by some on our HBM4 position. We have been in high-volume production on HBM4. We've commenced customer shipments of HBM4, and we see shipment volumes ramping successfully this calendar Q1. This is a quarter earlier than we mentioned during our December earnings call. Our HBM capacity is ramping well, and we have sold out our calendar year '26 HBM supply as we highlighted a few months ago. Our HBM yield is on track.*


Nvidia's DGX Vera Rubin NVL72(Nvidia)

However, MU is serving the Vera Rubin platform beyond just HBM4 supply. MU has confirmed SOCAMM2 will be used in NVDA's Vera Rubin NVL72 systems and standalone Vera CPU platforms. The Vera CPU utilizes SOCAMM2 (Small Outline Compression-Attached Memory Modules), a technology MU developed for data centers. Unlike traditional soldered memory, SOCAMM2 modules are detachable and upgradable, combining the efficiency of LPDDR5X with server-class serviceability. MU's 192 GB and 256 GB SOCAMM2 modules are now in high-volume production, supporting up to 2 TB of memory and 1.2 TB/s of bandwidth per CPU socket.

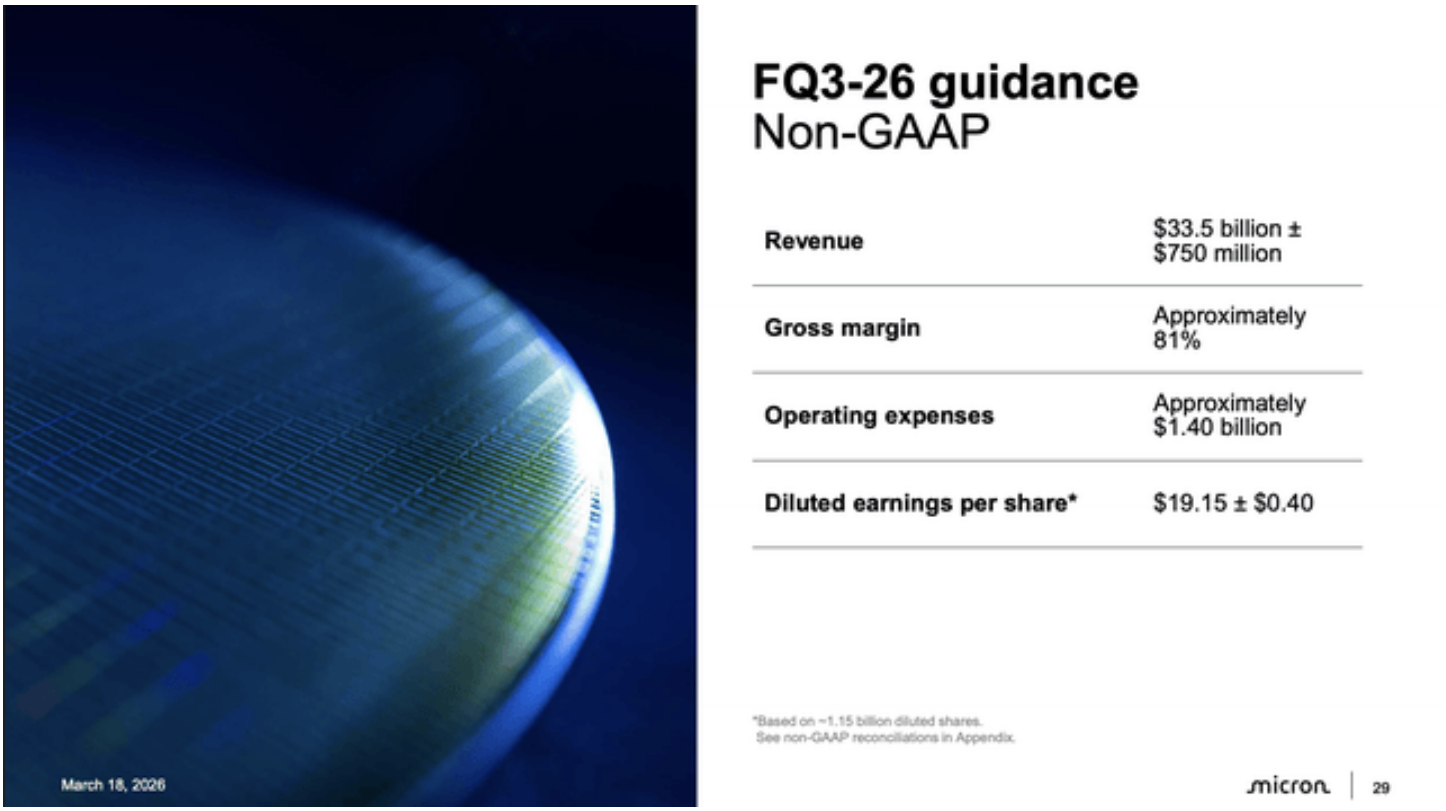
I also believe MU's CPU positioning is being abetted by technical hurdles facing its competitors. For example, Samsung Electronics Co., Ltd. (SSNLF) reportedly struggled with issues in its early SOCAMM2 designs, a hurdle it only resolved recently by lowering soldering temperatures. Meanwhile, SK hynix is racing to scale its sixth generation (1c) DRAM process to match MU's node maturity. MU's 1-gamma (1γ) node is already on track to become the majority of its DRAM bit mix by mid-2026, representing the fastest ramp to mature yields in the company's history.

**Financial Performance**

In Q2 of fiscal 2026, MU reported revenue of over $23.9 billion, a 196% increase from the prior year. This growth was driven by a combination of increasing bit shipments and sharply rising average selling prices. Gross margins expanded to 74%, up from 37% just one year ago, as the product mix shifted toward high-margin AI and data center solutions. Net income has also surged to 57.7%, up from 19.6% a year ago.

MU, according to their latest balance sheet, has a cash position of almost $14 billion. This is almost double what it was last year. This exceptional cash generation is allowing MU to simultaneously fund its massive capital expansion, reduce its total debt to $10.8 billion from $15 billion last year, and return cash to shareholders through both buybacks and dividends.

Management expects 2026 capital expenditures to exceed $25 billion. While such high spending carries execution risk, it also serves as a barrier to entry. Building a modern memory fab costs upwards of $15 billion and takes years to complete. MU is the only US-based player with the scale and technology to participate in this cycle, and its build-out in Idaho and New York (supported by $6.4 billion in CHIPS Act grants) positions it as a strategically essential supplier.




MU Investor Presentation

Looking ahead, management has signaled revenue of $33.5 billion and a record-breaking gross margin of approximately 81% - this revenue guidance is higher than full-year revenue for every year in MU's history through 2024. This margin expansion is expected to be driven by higher pricing, lower manufacturing costs from the 1-gamma node ramp, and a favorable product mix heavily weighted toward HBM4 and high-capacity server DIMMs. Investors should anticipate that these results will consolidate MU's position as one of the highest-margin players in the AI infrastructure stack, rivaling software-level profitability.

**Valuation**

| Company Name | P/E Ratio (FWD) |
|---|---|
| NVIDIA | 23.56x |
| AMD | 48.10x |
| Intel | 100.02x |
| TSMC | 25.99x |
| Sandisk | 21.79x |
| Micron Technology | 11.02x |
| | |
| Median | 25.99x |
| Average | 43.89x |
| | |
| Price Target | $1,506 |

Sarfatti analysis on SA data

When assembling a set of comparable companies and comparing forward multiples, it is clear MU is incredibly undervalued with respect to its peers. I intentionally did not include SK hynix and Samsung within this peer set because I consider these companies to be undervalued as well – they are set to rerate alongside MU, as discussed in my previous coverage of them in my EWY article.

To value MU, I am going to use a forward P/E ratio of 25.99x—this is the median multiple of its peer set of comparable companies shown in the image above. This yields a price target of $1,506, representing an over 130% upside. I expect this rerating to be a function of multiple expansions as the sector rerates cyclical demand to structural demand & continuing increases in memory requirements on both fronts of CPUs and GPUs driven by the seemingly infinite demands of AI workloads.

**Risks**

The memory industry's greatest fear is always oversupply. While HBM capacity for 2026 is fully committed, there is a risk that hyperscalers could order too much in the short term, leading to an inventory digestion period in late 2027 or 2028. However, the 3-to-1 wafer trade ratio (where HBM consumes three times more wafer capacity than standard DDR5) serves as a natural constraint on bit supply growth, providing a floor for pricing that did not exist in previous cycles.

The move to 16-high and 20-high HBM stacks is technically challenging. MU faced yield challenges during its 12-high ramp in 2024, and any failure to meet NVDA's aggressive 11.7 Gbps pin-speed requirements for the Rubin platform could result in lost allocations to SK hynix or Samsung.

**Conclusion**

I believe that MU is the most undervalued opportunity in AI today. At its incredibly low 11x forward P/E ratio, this company is set for a significant rerating driven by the upcoming CPU cycle and continuing demand on the GPU end for HBM as well. MU is currently priced as though demand dynamics are still cyclical, even as it is now clearly evident that demand from AI is more structural.

# KLA Corporation: Positioned To Dominate Semiconductor Growth

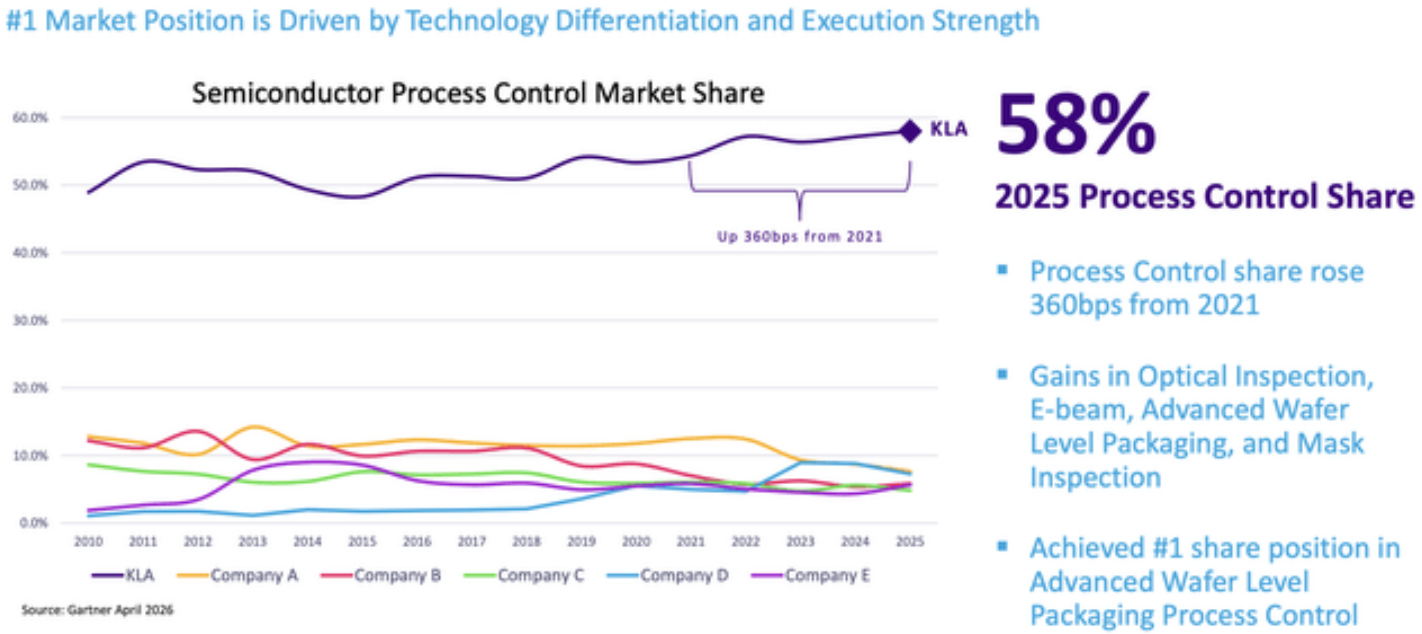
April 30, 2026 Jake Blumenthal

**Summary**

- KLA Corporation commands a near-monopoly in semiconductor process control systems, critical for AI-driven chip demand.
- Management targets revenue to nearly double to $26B in five years, with EPS growth outpacing revenue by 2030.
- Valuation risk is present, but KLAC's leadership, recurring revenue, and AI exposure support long-term compounding potential.
- KLA's CEO had this to say after the Q3 Earnings Report: "Our business momentum remains robust, and we are highly confident in our outlook for calendar year 2026."

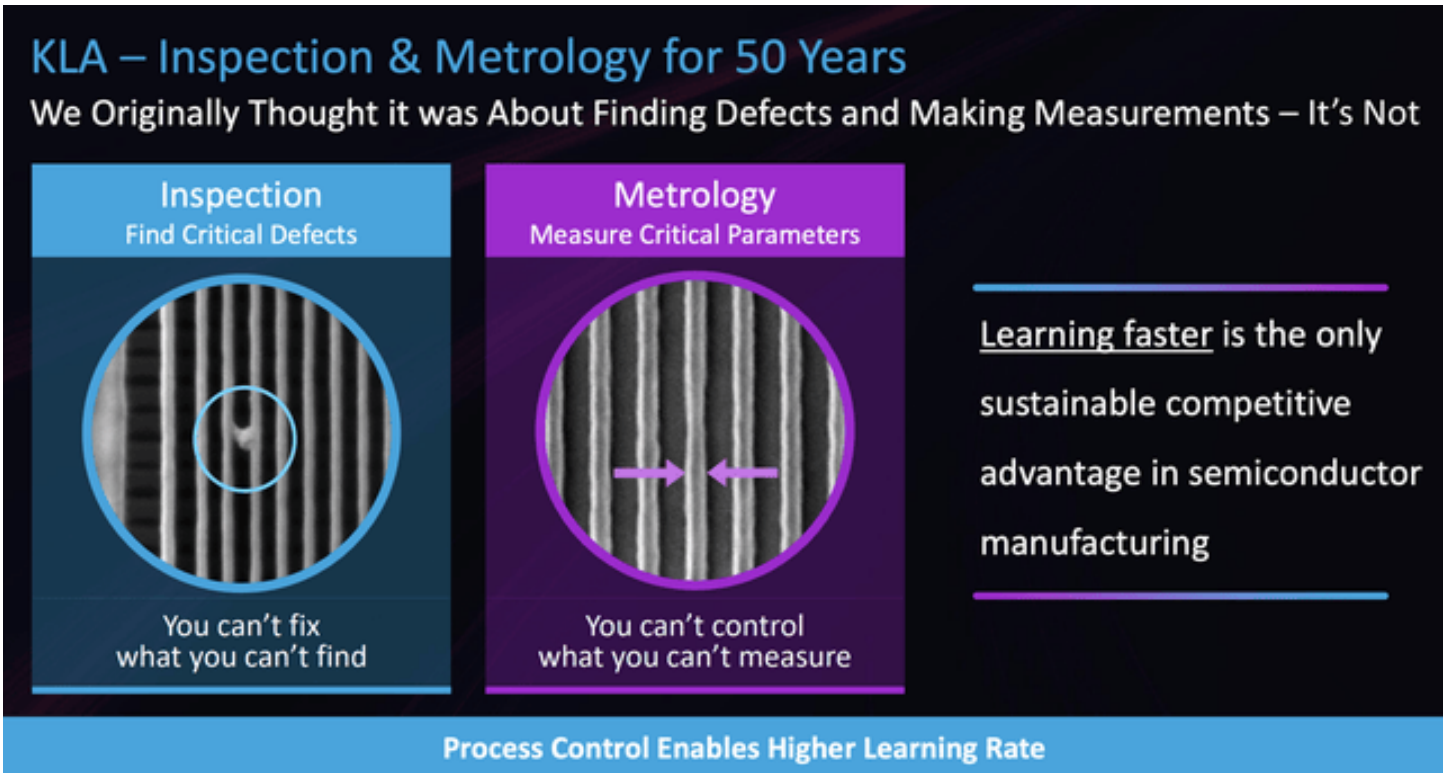
**Business Background**

KLA Corporation (KLAC) is a name I love right now, alongside ASML, because of its near-monopoly-like business model in the semiconductor equipment space. KLA specializes in process control systems and other advanced technology systems to inspect the yield and effectiveness of semiconductors. They test tiny features during production to help manufacturers like Intel (INTC), Taiwan Semiconductor (TSM), and Samsung provide better chips. KLA's quality control systems work to ensure that nothing goes wrong at the microscopic level of semiconductor technology, which is a market they widely dominate.




Source: KLAC investor relations

Not only do they sell process control systems, which are integrated hardware and software platforms that collect, analyze, and act on manufacturing data to monitor, control, and optimize semiconductor production, but they have other products too. From inspection systems that are tools that scan wafers to find defects to Metrology systems, which are machines that measure chips at the nanometer to ensure accuracy, to Reticle inspections to check the prints on chip patterns. It seems they are trying to offer it all. Offering the best, most accurate equipment that allows its customers to provide the best, most efficient chips is what's important to them and what makes them so valuable. KLA said it best in the picture below on what gives them their competitive advantage.

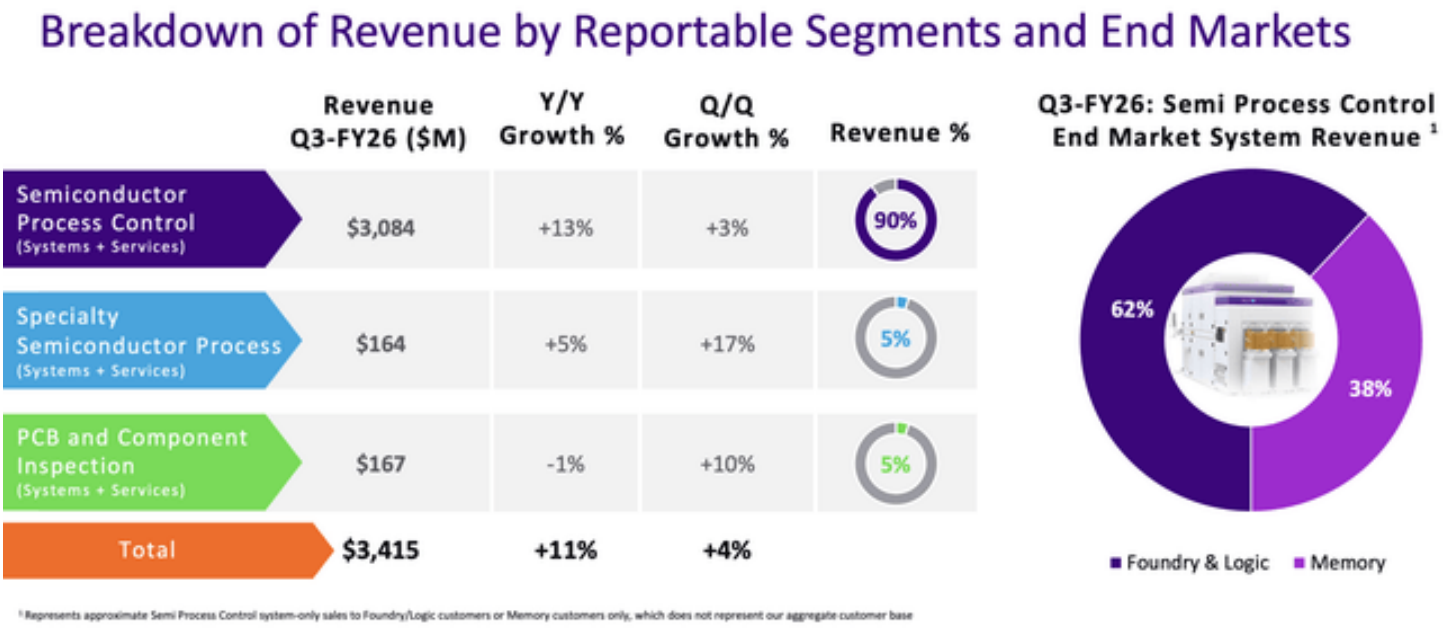



Source: KLAC Investor Relations

Now that we have established the company's business background and model, we can get into why I love this investment idea despite what many would deem a high valuation at roughly 50x 2026 P/E.

We have all watched over the past few weeks the huge recovery and parabolic move in semiconductor stocks. I mean, SMH and SOXX are each up around 40% and 50%, respectively, year to date. KLA itself is up nearly 50% YTD.

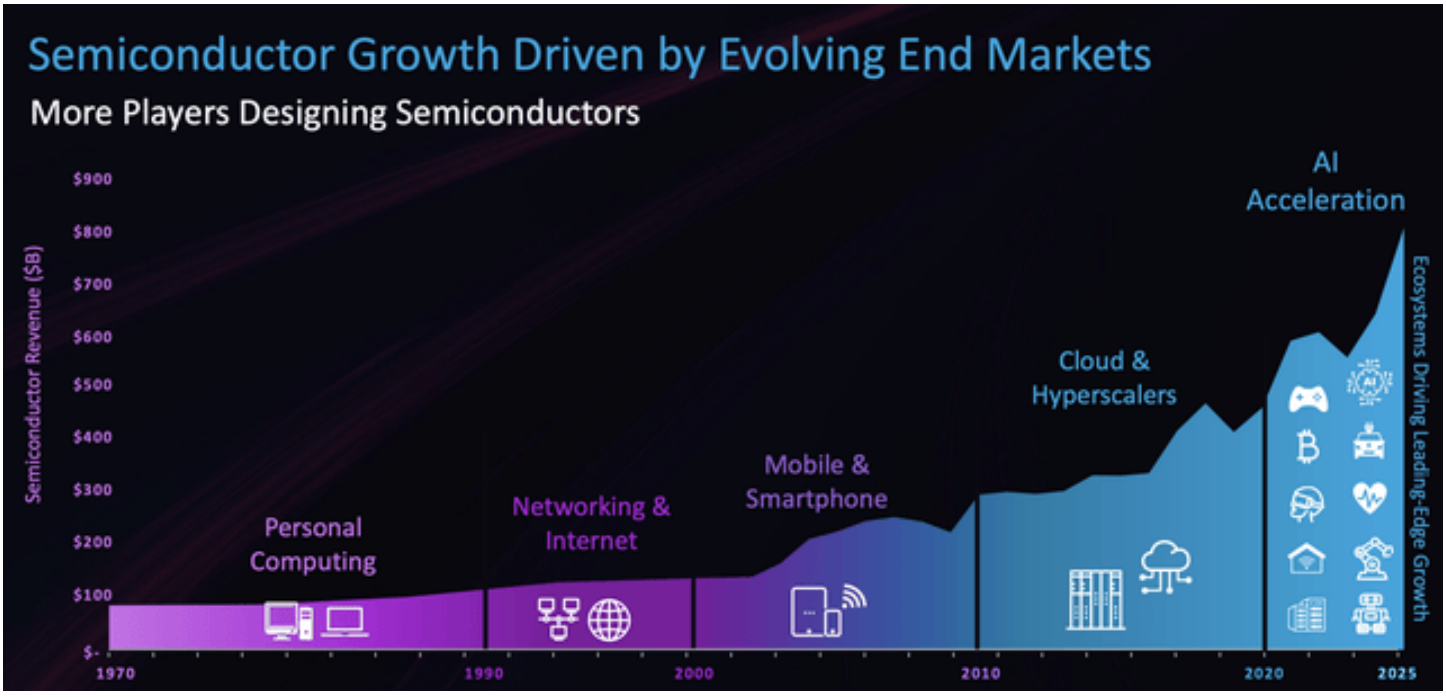
That said, the stock did pull back over 7% after earnings the week despite what I saw as a strong double beat with solid double-digit growth. Guidance was in line with estimates for Q4, and they did raise their dividend, yet again, to $2.30. Many believe the pullback is due to a slightly lighter FCF number of $622 million compared to $990 million a year ago.




Q3 Revenue Breakdwon (KLA Investor Relations)

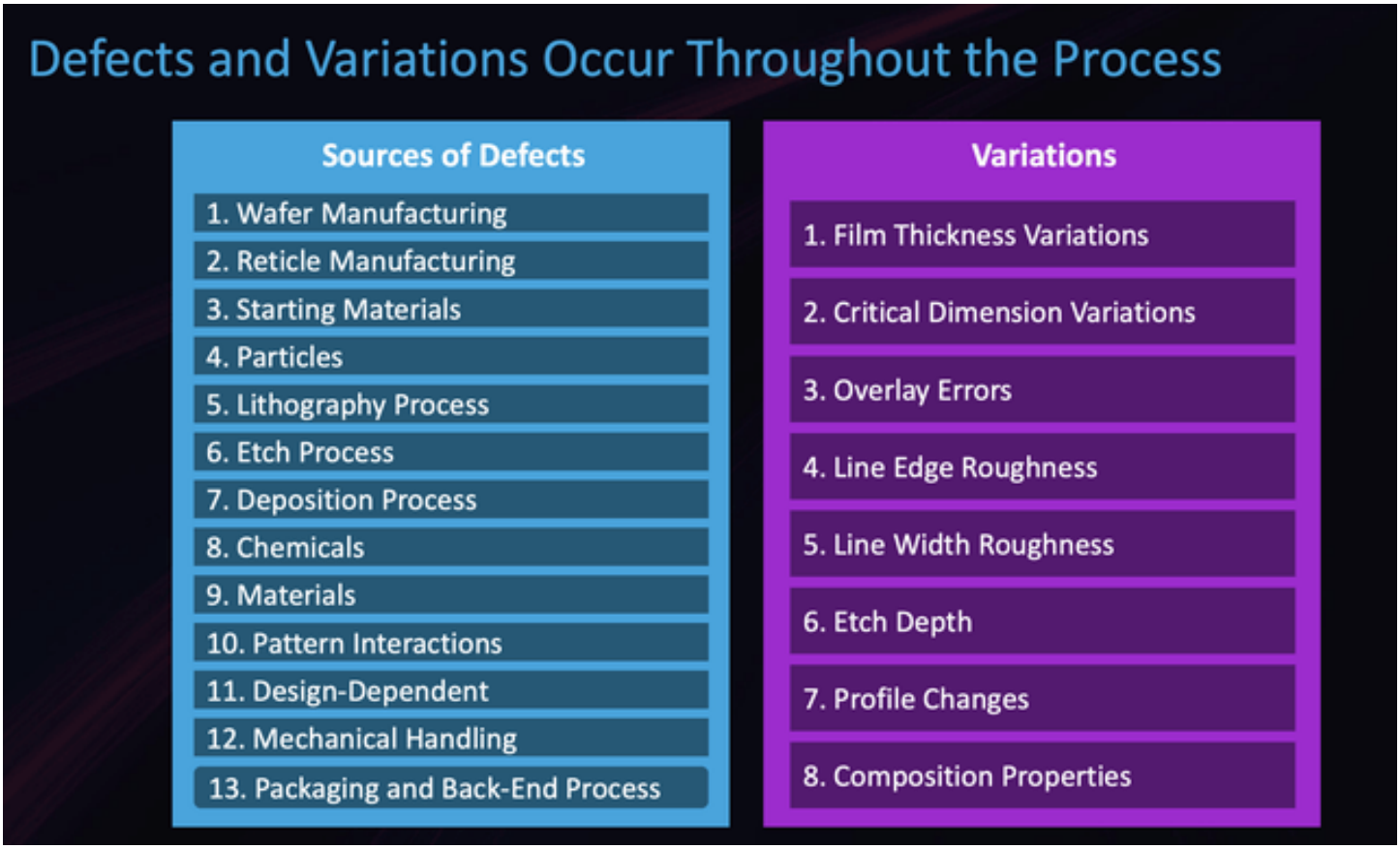
CEO Rick Wallace had this to say after the quarter: "Our business momentum remains robust, and we are highly confident in our outlook for calendar year 2026."

Despite the pullback, I believe it is finally starting to hit investors that all these data centers, the GWs of power we need, every AI model, autonomous vehicle, satellites, you name it, will all need an abundance of chips. We need more and more semiconductors, high-end ones, to continue to power the AI buildout. For these models and AI use cases to keep growing and getting better and better, we will continue to need more and more chips




AI Semiconductor Growth (KLAC Investor Relations)

So, where KLA comes in is as semiconductor manufacturers continue to boost production, KLAC should continue to grow revenues and expand as the overall expansion of the industry continues. They are an industry leader in inspection and metrology, and all of these chips that get sold need to be tested. There is so much that can go wrong with each one of these little chips that are nanometers in size but packed with a ton of capabilities. Before chip makers sell the chips, they need to make sure they are made and customized correctly, and that is where KLA steps in. I mean, just look at all the defects or variations that could go wrong!




KLA Defects and Variations (KLAC Investor Relations)

My point  here is that KLA is known for its critical role in advanced nodes, they have set up a business model for consistent recurring revenue, and KLA is really in the center of the "Picks and Shovels" of the AI race as they enable production quality of AI Chips.

If you read my last article on American Superconductor (AMSC), which I accidentally timed perfectly, you will see my favorite investment trend, as of now, is to find the AI boom side players. Not your traditional chip designers like NVDA or AVGO or the model makers like GOOGL and META, but the ones enabling the buildout to support the AI movement.

KLA management expects revenue to nearly double to $26 billion over the next five years, with EPS projected to grow even faster and more than double by 2030. I think this company could be well positioned to capitalize on the AI buildout and should continue its dominance over this niche sector of the semiconductor equipment market.


KLA Model Assumptions (KLAC Investor Relations)

I rate this name a buy, despite the high valuation, because a hold just does not justify the long-term opportunity here, in my opinion. Sure, maybe there is a better price to get in at over the next 6 months, but I would not wait long to find out. I think this name could easily be a steady compounder over the next 5-10 years during this super cycle AI buildout. I am confident in this name even at current levels and being up 160% over the past year because momentum and growth trends are on their side. This is just one of many names I like in the semiconductor & semi-equipment space.

**Price Targets**

In any of my articles, I like to share my personal price target and compare it to the latest Wall Street price targets I can find. Below, I attached my price target table with a bull, base, and bear case scenario. I use a combination of the company's historical valuations and the company's expected growth rates to create my targets. From its current level around $1,820, I see roughly 7% upside from here to my next twelve-month price target. Again, my PT is based on growth rates and valuation, which historically has been very expanded at current levels for a company that typically trades at a valuation in the mid-20s. This said, I do see a roughly 1.6x risk-to-reward at current levels, which is not horrendous.

| | FY 2027 EPS E | Δ 2025 | P/E | NTM PT | % return from $1,820 |
|---|---|---|---|---|---|
| Bull Case | $54.59 | 64.0% | 55.0x | $ 3,002 | 65.0% |
| | $54.59 | 64.0% | 45.0x | $ 2,457 | 35.0% |
| | $54.59 | 64.0% | 35.0x | $ 1,911 | 5.0% |
| | $54.59 | 64.0% | 25.0x | $ 1,365 | (25.0%) |
| | | | | | |
| | FY 2026 EPS E | Δ 2025 | P/E | NTM PT | % return from $1,820 |
| Base Case | $48.26 | 45.0% | 55.0x | $ 2,654 | 45.8% |
| | $48.26 | 45.0% | 45.0x | $ 2,172 | 19.3% |
| | $48.26 | 45.0% | 35.0x | $ 1,689 | (7.2%) |
| | $48.26 | 45.0% | 25.0x | $ 1,207 | (33.7%) |
| | | | | | |
| | FY 2026 EPS E | Δ 2025 | P/E | NTM PT | % return from $1,820 |
| Bear Case | $43.79 | 31.6% | 55.0x | $ 2,408 | 32.3% |
| | $43.79 | 31.6% | 45.0x | $ 1,971 | 8.3% |
| | $43.79 | 31.6% | 35.0x | $ 1,533 | (15.8%) |
| | $43.79 | 31.6% | 25.0x | $ 1,095 | (39.8%) |
| | | | | | |
| | | | | Average PT | $ 1,955.20 |
| | | | | | 7.43% |

KLA NTM Price Target Scenarios (Author calculations based on data from SA)

My average price target for the name is $1,955, which is where I get my roughly 7% NTM price target and upside from. Now, let's compare it to the most recent price targets I was able to find. All of which were updated in April or March of 2026:

- Wolfe Research - $2,000 (Outperform)
- Cantor Fitzgerald - $2,000 (Overweight)
- Oppenheimer - $1,900 (Outperform)
- Bernstein - $1,835 (Outperform)
- Jefferies - $1,700 (Buy)
- Goldman Sachs - $1,505 (Neutral)

Based on these 6 recent price targets from widely recognized firms, I calculated an average price target for KLA of $1,823, implying the stock is currently priced to perfection. This does imply that my price target may lean a little more to the optimistic side, but I am okay with that in this case. It is still below the high end of street price targets, but I do personally believe in the company's growth trajectories.

I remain bullish on this name and keep my rating at a buy despite seeing not the most appealing price target upside. I believe the long-term opportunity and dominance of this company could be worth it.

**Risks**

I mean, if it is not obvious by now, my biggest risk in this name is the valuation. It is trading at a hefty premium, in my opinion, because of their market share dominance and accelerating growth. That said, for a 50x P/E, I am not sure if the acceleration in growth they are seeing is enough at times to back the price. Seeing roughly 20% top line growth and a little bit higher EPS growth, on average, is good, but is it enough? The market will tell us over time. On a forward basis, I do think KLA grows into this valuation, and that is what gives me confidence in this name.

| Fiscal Period Ending | EPS Estimate | YoY Growth | Forward PE |
|---|---|---|---|
| Jun 2026 | 36.75 | 10.43% | 51.70 |
| Jun 2027 | 48.26 | 31.30% | 39.37 |
| Jun 2028 | 54.16 | 12.22% | 35.08 |
| Jun 2029 | 63.05 | 16.43% | 30.13 |
| Jun 2030 | 78.04 | 23.76% | 24.35 |
| Jun 2031 | 89.48 | 14.67% | 21.23 |

KLA EPS & Valuation Estimates (SA)

Again, I am not worried about the growth; I actually think growth estimates may be conservative. However, in a bear market or in a market where expectations and the narrative are always changing from optimistic to doomsday, this valuation could cause the name to drop faster than the overall market... I mean, this name is well off its historical average valuations. This may be something we need to keep an eye on. It could add volatility, but I also believe it may take time to grow into its valuation. I believe earnings numbers can and should justify the current price and valuation!

Lastly, I do not really worry about competition here, although that is always a risk. I believe each of the main semiconductor equipment players has carved out its own niche in the market. There is some overlap, but for the most part, they are all leading in their own space. ASML dominates lithography, Applied Materials (AMAT) dominates deposition (building layers on chips), Lam Research (LRCX) dominates Etch (removing materials to form patterns), & more.

Yes, all 4 of the companies have some overlap in providing expensive equipment that helps the manufacturers find defects and provide the best chips, but I believe they all have their own unique product. For someone to catch KLAC in Control systems, I imagine it would take hundreds of billions of dollars in R&D and decades of time. This is where I believe they get their large moat from, like each one of these companies. I like to own companies with what I see as easily understandable moats that are hard to dethrone.

**Conclusion**

I believe, and will say it again and again, that I think KLA is well-positioned to capitalize on the AI buildout. They are a core player in the semiconductor equipment space that ensures arguably the most important technology is constructed well and efficiently. They own the lion's share of the Process Control Systems that test for defects in semiconductors.

With the expansion and boost of production from chip manufacturers, that should directly benefit KLA. That is why I believe management has such ambitious yet attainable 2030 targets.

Long term, I believe KLA has a long and optimistic runway ahead of it as the world shifts to being run on AI and cloud technology, which is all powered by semiconductors, in which KLA holds a huge part in every chip's creation and functioning. This is a name I think investors could own for the long run and not have to think twice, even if its valuation seems a tad high. This is a MOAT, and a company I would not mind owning!

## Sandisk Q3 Earnings Review: Overbought, Potentially Volatile And Arguably Essential

May 4, 2026 Sandeep G. Rao

**Summary**

- Sandisk Corporation has transformed its business model, pivoting from consumer to enterprise and AI-driven datacenter markets.
- SNDK's FY2026 revenue is poised to grow 70% year-over-year, with operating income swinging from a $1.3B loss in FY2025 to $5.3B in 9M 2026.
- Datacenter segment sales surged 126% in 9M 2026, driven by multi-year hyperscaler contracts and premium enterprise SSD products.
- While SNDK stock is overbought, its AI-driven growth and parallels to Nvidia's 2022 transformation are likely to become investor conviction tailwinds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Sandisk Corporation's (SNDK) fiscal Q3 earnings report - made on the 30th of April 2026 - showcased a company increasingly embedding itself within the AI space and with increasingly higher benefits as a result of.

To deconstruct how this was accomplished, some background on the company's history would be in order.

**SanDisk: A Quick History**

Originally founded in 1988 as "SunDisk" by Eli Harari, Sanjay Mehrotra, and Jack Yuan, SanDisk was instrumental in developing and commercializing the practical applications of base NAND flash memory technology developed by Toshiba a year earlier. This became an enduring relationship: both companies formed the memory industry's first joint venture in 1999 to develop and manufacture next-generation NAND flash, launched the world's first commercial NAND Multi-level Cell (MLC) 1Gb chip in 2001, co-invented the "SD Card" format, and spearheaded the development of 3D NAND technology.

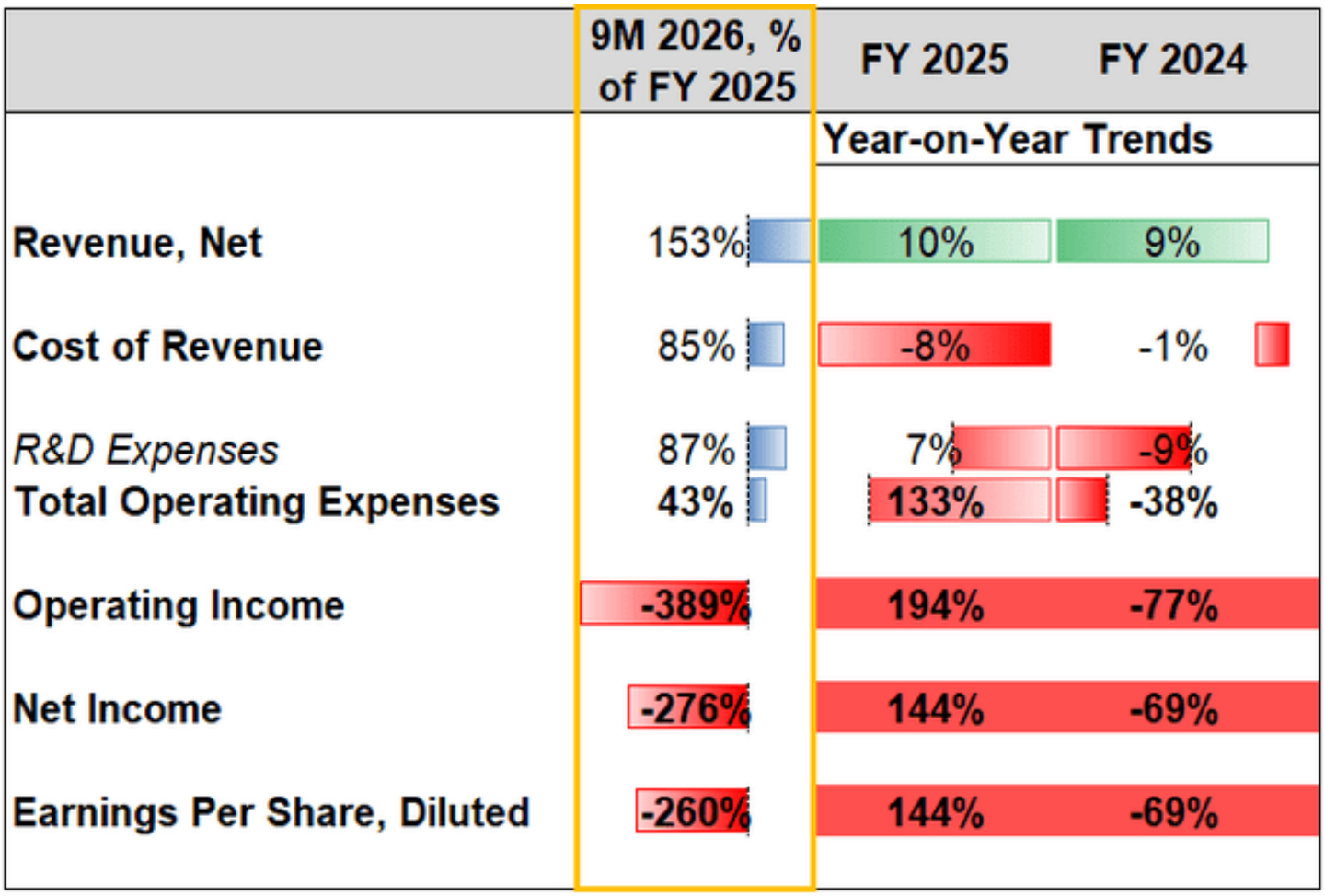
The company was acquired by Western Digital for $19 billion in 2016 and re-emerged as a standalone company after Western Digital spun it out on February 21, 2025. In 2018, Toshiba sold its memory business "Toshiba Memory Corporation", to a consortium led by Bain Capital for roughly $18 billion. Officially renamed "Kioxia Corporation," it is majority-owned by Bain Capital (51.1%) and other shareholders, while Toshiba retains a minority stake. In early 2025 - nearly in parallel with SanDisk's re-emergence—Kioxia completed a massive initial public offering (IPO) on the Tokyo Stock Exchange.

SanDisk effectively continues its decades-long relationship with Toshiba's memory business as represented by Kioxia. It procures substantially all of its flash-based memory wafers from its business ventures with Kioxia, which are collectively referred to as "Flash Ventures", wherein it has a 49.9% ownership interest while Kioxia has a 50.1% ownership. All of their flash-based memory wafers are manufactured in facilities located in Japan using semiconductor manufacturing equipment owned or leased by Flash Ventures. Each Flash Ventures entity purchases wafers from Kioxia at cost and then resells those wafers to the Company and Kioxia at cost plus a markup.

It could be argued that these developments have much to do with an increasing pivot away from the retail consumer and towards the corporate client.

**Trend Analysis**

It bears noting that SanDisk's full Fiscal Year (FY) results in the proxy report had no history of positive earnings per share (EPS), net income, or operating income. All of this has seen a substantial shift in the ongoing FY 2026.




Source: created by the author using SanDisk's Financial Statements

If current trends continue, revenue is poised to grow a whopping 70% relative to FY 2025. Meanwhile, operating income as of the first nine months (9M) of FY2026 stands at $5.3 billion versus a loss of $1.3 billion in FY 2025 and over a $2 billion loss in FY 2023. Diluted EPS has gone from a negative $14.78 to a positive $29.42 in 9M 2026.

This reversal wasn't just a market recovery; it was the result of a complete transformation of their business model.

While 2023–2024 was about GPU-heavy AI training, this shifted from late 2025 to potentially make 2026 the year of AI Inference. Running AI models for inference is best served by having massive amounts of "warm data" stored on high-speed enterprise-grade solid-state drives (SSDs). SanDisk's specialized TLC products (for compute-intensive workloads) and next-generation BiCS8 QLC (Quad-Level Cell) "Stargate" drives (for storage-intensive workloads) are rapidly becoming the industry standard, allowing them to capture premium pricing.

Historically, SanDisk had been a victim of the volatile "spot market" for memory chips. After spinning off, they are increasingly adopting a new business model: instead of selling chips at whatever price the market dictated that day, the company is busy signing multi-year contracts with hyperscalers (such as Meta (META) and Microsoft (MSFT)) backed by firm financial commitments.

The success of this model is telling. In February 2025, SanDisk had entered into loan facilities collectively amounting to $3.5 billion in order to pay $1.5 billion to Western Digital for assets, liabilities, and certain legal entities. In March 2026, the outstanding balance on these loan facilities was repaid in full.

**The company operates via three segments:**

- "Datacenter" (once known as "Cloud") represents products for public or private cloud environments and enterprise customers.
- "Edge" (once known as "Client") provides corporate customers solutions ranging from PCs, automotive, and entertainment systems to industrial spaces.
- "Consumer" represents its retail and other end-user products.

The "Edge" segment represented its largest market by some margin for years. This is beginning to change in SanDisk's new avatar:

| | Q1 2026 | FY 2025 | FY 2024 |
|---|---|---|---|
| | Share of Net Revenue | | |
| **Segment** | | | |
| Datacenter (formerly "Cloud") | 19% | 13% | 5% |
| Edge (formerly "Client") | 60% | 56% | 61% |
| Consumer | 21% | 31% | 34% |
| **Region** | | | |
| Asia | 70% | 61% | 68% |
| Americas | 19% | 22% | 16% |
| EMEA | 12% | 17% | 16% |

Source: created by the author using SanDisk's Financial Statements

While "Edge" has largely held steady in the market, "Datacenter" is shifting at the expense of the "Consumer" segment. "Datacenter" sales have risen 126% in 9M 2026 relative to FY 2026; "Edge" and "Consumer" sales rose 63% and 5%, respectively, in the same period. Revenue distribution by region also reflects this change, with the production hubs of the East accounting for progressively higher dominance relative to the share of consumer regions such as the Americas and EMEA.

Furthermore, the company seems to be retooling rapidly, with trends indicating that FY 2026 might close with a 16% growth in R&D expenses and 57% growth in total operating expenses, which will likely contain goodwill impairment from the spinoff. As of the 3rd of April 2026, goodwill stood at a little shy of $5 billion.

**"SanDisk Now" Equals "2022 Nvidia"?**

SanDisk's near quadrupling of datacenter revenue within two years draws some parallels to Nvidia (NVDA) in 2022, when it began a transformation that took it from being a gamer/cryptominer darling to a corporate compute heavyweight. SanDisk's product offering gains increasing traction at a time when memory manufacturers Samsung and SK Hynix are essentially tapped out for the entirety of 2025 under long-term commitments.

The pivot away from the retail consumer had been massively profitable for Nvidia; market sentiment indicates that the same story is likely being scripted for SanDisk. The stock is massively overbought and liable to see substantial swings in price over the next few quarters. However, as an investment thesis into the latest leg of the "AI Hype," it might stand for consideration despite being overbought. That's an investor's prerogative.