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US Semiconductors and Hardware

Weekly Investor Pulse: Micron Preview, QCOM Event & Dell'Oro Switch 1Q Share

CITI'S TAKE

We recap three key topics that drew the most investor interest this week: Micron earnings preview, Qualcomm upcoming investor day, and Dell' Oro Switch 1Q share.

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Micron Preview: Micron reports May-Q earnings on 6/24 (see our preview). We model 6%/5% EPS upside to May/Aug-Qs with expectations of $28+ EPS for the Aug-Q on DRAM ASPs 20%+ vs Citi 19% Q/Q. Moreover, Reuters (18 June 2026) reported that Apple is planning to raise product prices as it is becoming unavoidable due to rising component costs thus reinforcing a tight memory pricing environment feeding directly into downstream OEM pricing, with Apple signaling limited near-term relief. Key investor topics include — a) Updated DRAM/NAND supply/demand 2026/27 outlooks; b) **long-term agreements (LTAs) to drive sustainable revenue/earnings in the coming years;** c) gross margin outlook for the year.

Qualcomm Investor Day: Qualcomm will host its Investor Day on 6/24. We expect the company to focus on the data center offerings, which include inference accelerators such as the AI200/AI250, server CPUs, and custom silicon such as ASICs. **We believe QCOM has an opportunity to scale revenue in data center given its fungible smartphone wafer allocation, albeit from a low level.** During earnings, QCOM disclosed a hyperscale data center customer is ramping a custom silicon solution (we think a LPU chip) in December of this year. HUMAIN is the primary customer for Qualcomm's inference accelerators, which is targeted for 200 megawatts beginning in 2026. In addition to providing data center sales estimates, we expect QCOM to raise Automotive and IoT sales targets. At QCOM's 2024 Analyst Day, the company guided Automotive Sales to $8.0 billion by F29 and IoT Sales to $14.0 billion by F29. We await more details on the handset market given the company previously expected the Chinese market to bottom in F3Q26. We expect the company to de-emphasize its PC ambitions, and expect them to withdraw prior $4 billion PC sales target by F29 given memory constraints.

Dell Oro Q1'26 Back end Switch: We summarize key takeaways below:

Market Growth & Mix

- Backend switch market saw explosive growth:
  - Ethernet: >100% YoY, reaching >$3.7B
  - InfiniBand: >200% YoY, reaching >$2B
- 800G dominates (~80% of Ethernet revenue, ~70% of ports).
- **1.6T remains minimal (<1%) but expected to ramp in 2H, initially Amazon & Google and scaling to Meta in 1H27 with CPO.**

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

<u>Vendor Positioning</u>

• CLS (#1): >25% share, strong with top 4 cloud customers; only vendor shipping early 1.6T (very small volumes).

• NVDA (#2) 24%: planning CPO shipments (Spectrum-X) in 2H.

• ANET #3) 12% and CSCO (#5) 8% round out leaders.

<u>Share Trends</u>

• CLS share down ~5 pts Y/Y; A big part of CLS's share shift/loss was at top 4 Cloud players where CSCO wasn't in the market a year ago, now has 13% share with top 4 cloud players (same as ANET).

• ANET gaining modestly (+3 pts).

• NVDA down 6 pts.

• Cisco gaining significantly (+8 pts), now ~8% overall and ~13% within top cloud customers. Cisco's growth largely tied to Meta deployments.

Companies Mentioned:

Alphabet Inc (GOOGL.O; US$368.03; 1; 18 Jun 26; 16:00)
Amazon.com, Inc. (AMZN.O; US$244.39; 1; 18 Jun 26; 16:00)
Apple, Inc. (AAPL.O; US$298.01; 1; 18 Jun 26; 16:00)
Celestica (CLS.N; US$372.55; 1; 18 Jun 26; 16:00)
Cisco Systems (CSCO.O; US$119.54; 1; 18 Jun 26; 16:00)
Dell Technologies (DELL.N; US$409.5; 1; 18 Jun 26; 16:00)
Meta Platforms Inc (META.O; US$577.22; 1; 18 Jun 26; 16:00)
Micron Technology Inc (MU.O; US$1133.99; 1; 18 Jun 26; 16:00)
NVIDIA Corp (NVDA.O; US$210.69; 1; 18 Jun 26; 16:00)
Qualcomm Inc (QCOM.O; US$226.11; 2; 18 Jun 26; 16:00)