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UPDATE

July 5, 2026 06:13 PM GMT

KIOXIA Holdings (285A) | Japan

Starts BiCS-10 Production

Kioxia has begun production of BiCS-10 at its K2 fab and has started sample shipments of 1Tb TLC products based on the new technology.

Key Takeaways

- The K2 had previously been producing BiCS-8 products, but the introduction of BiCS-10 will drive an expansion in production capacity.
- Compared with BiCS-8, BiCS-10 delivers a 33% improvement in interface performance, a 59% increase in bit density, and enhanced power efficiency.
- We expect the technology to play an important role in increasing KIOXIA's product mix for the data center and enterprise storage applications.

Kioxia and SanDisk announce start of BiCS-10 production: On July 3, KIOXIA announced that it had begun sample shipments of a 1Tb TLC product utilizing its BiCS-10 technology. In addition, KIOXIA and SanDisk (covered by our US semiconductor analyst Joseph Moore) announced that they had commenced BiCS-10 production at the K2 fab of the Kitakami Plant. The K2 fab began operations in September 2025 and had previously been producing BiCS-8. With the introduction of BiCS-10, the companies plan to further scale production volumes.

KIOXIA's BiCS-8 combines planar shrinkage, CMOS directly Bonded Array (CBA) technology, and increased layer counts to deliver competitive products. It expects 80% of its GB output to transition to BiCS-8 by the end of March 2027.

BiCS-10 increases interface performance from 3.6Gbps in BiCS-8 to 4.8Gbps, representing a 33% improvement. The technology is designed to address the requirements of next-generation SSDs supporting PCIe Gen 6 and Gen 7, where higher bandwidth is required for AI workloads. Relative to BiCS-8, BiCS-10 delivers a 59% increase in bit density, an 18% improvement in power efficiency during write operations, and a 30% improvement during read operations.

The company expects the 1Tb TLC product based on BiCS-10 to be deployed in high-performance SSDs, including the KIOXIA CM Series, which is designed as a high-throughput, low-latency SSD capable of supporting KV cache architectures and functioning effectively as part of the memory hierarchy.

Our take: We expect KIOXIA's expansion in the data center and enterprise storage market revenues in 2026-1H27, as well as continued reductions in GB cost, to be primarily driven by products based on BiCS-8 technology.

In the medium-term, the company aims to increase the proportion of revenue from data center and enterprise products from the current 30–40% to more than 60%. Achieving the target will likely depend on the successful commercialization of SSDs based on BiCS-10 technology. We will monitor the qualification for BiCS-10 products and the pace of BiCS-10 capacity expansion at the K2 fab.

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KIOXIA Holdings (285A.T, 285A JP)
Top Pick

Japan Semiconductors | Japan

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	¥110,000
Up/downside to price target (%)	32
Shr price, close (Jul 3, 2026)	¥83,300
Mkt cap, curr, basic (bn)	¥45,489.0
Div yld (03/27e) (%)	2.2

Fiscal Year Ending	03/26	03/27e	03/28e	03/29e
Revenue, net (¥bn)	2,337.6	8,541.7	9,487.9	8,783.1
Operating profit (¥bn)*	870.4	6,802.3	7,569.8	6,722.6
Net income (¥bn)*	554.5	4,796.2	5,379.4	4,815.1
EPS, basic (¥)*	1,024.1	8,782.8	9,850.9	8,817.4
Prior EPS, basic (¥)*	-	-	-	-
EPS (¥)**	1,033.6	8,784.4	9,852.4	8,819.0
Prior EPS (¥)**	-	-	-	-
P/E, basic*	18.6	9.5	8.5	9.4
P/BV, basic	7.4	8.7	4.8	3.4
ROE (%)*	75.2	342.8	103.2	50.7
EV/EBITDA, basic	8.7	5.9	4.7	4.7

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
* = GAAP or approximated based on GAAP
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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Valuation Methodology and Risks

KIOXIA Holdings (285A.T)

FY3/28e FCF yield of 10%: Considering the company's strong FCF outlook, its shareholder return policy, and the significant growth potential driven by AI inference, we believe that an FCF yield of around 10% should provide sufficient support for the share price. Implied P/E of our target price based on our FY3/28 EPS forecast is 11x.

Risks to Upside

Greater-than-expected improvement in NAND flash S/D on AI-driven growth in end demand and supply-side adjustments

SSD market share gains

Risks to Downside

Longer-than-expected deterioration in NAND S/D on declining end demand, capacity expansion by Chinese companies

Japanese yen appreciation (we estimate one yen appreciation against US$ lowers OP by about Y6bn annually)



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(as of June 30, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1544	42%	453	49%	29%	757	44%
Equal-weight/Hold	1577	43%	390	42%	25%	769	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	544	15%	89	10%	16%	204	12%
Total	3,668		933			1731	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 1/20/25 : E/I; 8/12/25 : O/I

Price Target History: 1/20/25 : 2100; 5/15/25 : 1900; 6/6/25 : 2200; 8/12/25 : 2900; 9/11/25 : 3900; 10/1/25 : 5500; 11/14/25 : 14000; 2/12/26 : 33000; 5/18/26 : 70000; 6/2/26 : 110000

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -·- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ▬
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (07/03/2026)
Kazuo Yoshikawa, CFA		
HOYA (7741.T)	E (10/30/2023)	¥25,930
KIOXIA Holdings (285A.T)	O (08/12/2025)	¥83,300
Renesas Electronics (6723.T)	O (11/26/2019)	¥4,820
Rohm (6963.T)	++	¥5,950
Socionext (6526.T)	U (01/27/2026)	¥2,874

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