BERNSTEIN
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Global Memory

Global Memory, NVIDIA & Broadcom: Quick thoughts on strategic partnerships


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At the AI Summit held by the Korean government in San Francisco on Friday, Samsung, SK hynix, NVIDIA & Broadcom announced partnerships (press release from Samsung, SK hynix, NVIDIA) on memory, foundry & AI data centers.

SK hynix & NVIDIA signed letters of intent & provided details to what was announced on July 7 (link & link), including US$500B+ for the size of the partnership spanning memory & a 2GW Vera Rubin DSX AI Factory planned to be online for SK Telecom in 2027. We note the memory partnership includes long-term technical developments & stable supply of next-gen AI memory (HBM4 & later?) to enable SK hynix to "expand the foundation for growth." We also note that SK Group reportedly (link & link) will additionally collaborate with other global tech companies for memory supply worth US$250B over the next 5 years.

Samsung & Broadcom signed a MOU on US$200B worth of memory (including HBM) & foundry service over the next 5 years through 2030. The foundry service will focus on 2nm & below for products such as Wireless Broadband Communications solutions (but how about AI ASIC?) as well as 2.3D (Exhibit 1, Exhibit 2) (Cube-E & -R, similar to TSMC CoWoS-L and -R) & 2.5D (Cube-S, similar to TSMC CoWoS-S) advanced packaging technology for "AI & networking" silicon.

We think this underscores the importance of memory in AI. We believe the announced amounts are more for memory and indicate the need for NVIDIA & Broadcom to secure memory supply. And though we can't precisely quantify the impact of the announcements, to help investors put them into context we note the consensus expects overall memory annual revenues to be c. US$1.3T in both 2027 & 2028 (Exhibit 3).

The impact on TSMC should be negligible. We note that the announcement is unclear on if Broadcom will produce AI ASIC at Samsung for wafer or advanced packaging. In any case as there is a queue of demand waiting for TSMC's capacity, we don't think a share loss, if any, to Samsung or Intel, will affect TSMC's foreseeable earnings.

We remain constructive on memory & find the recent pullback a good entry point. We find memory is more important to AI than logic semiconductors and are thus positive on demand. We however worry about the long-term threat from China in NAND and thus rate KIOXIA Underperform. The threat is much lower in DRAM as China eventually will find it difficult to compete in DRAM market without EUV. We thus rate Samsung, SK hynix and Micron Outperform.

And these deals may help to assuage supply concerns for NVDA and AVGO given both have guided for strong AI growth going forward (NVDA at ~$1T across CY25-27 suggestive of close to $500B next year, and AVGO at $100B+ next year). We rate both companies Outperform.

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BERNSTEIN TICKER TABLE

			24 Jul 2026		TTM	Reported EPS				Reported P/E (x)		
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
005930.KS (SEC- Samsung)	O	KRW	252,500	440,000	256.0%	KRW	6,611.53	48,393	77,273	38.2	5.2	3.3
005935.KS (SEC-Pref - Samsung)	O	KRW	177,100	374,000	198.4%	KRW	6,611.53	48,393	77,273	26.8	3.7	2.3
SMSN.LI (Samsung)	O	USD	4,296.00	7,350.00	233.0%	USD	116.15	812.39	1,290.80	37.0	5.3	3.3
000660.KS (SK hynix)	O	KRW	1,781,000	3,300,000	542.4%	KRW	60,341	395,677	568,862	29.5	4.5	3.1
MU (Micron)	O	USD	920.95	1,300.00	707.8%	USD	8.29	67.39	158.99	111.1	13.7	5.8
285A.JP (KIOXIA)	U	JPY	56,010	40,000	2152.4%	JPY	1,014.00	10,013	9,656.84	55.2	5.6	5.8
NVDA (NVIDIA)	O	USD	206.84	315.00	2.6%	USD	4.77	9.19	12.52	43.3	22.5	16.5
AVGO (Broadcom)	O	USD	381.92	550.00	15.8%	USD	6.82	11.60	18.69	56.0	32.9	20.4
ASIAX			1,880.30									
EM			1,745.51									
SPX			7,411.98									

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

MU, NVDA, AVGO estimate is Adjusted EPS; MU, NVDA, AVGO valuation is Adjusted P/E (x); NVDA base year is 2026;

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

Samsung Electronics: We rate Samsung Electronics Outperform with price target of KRW 440,000.

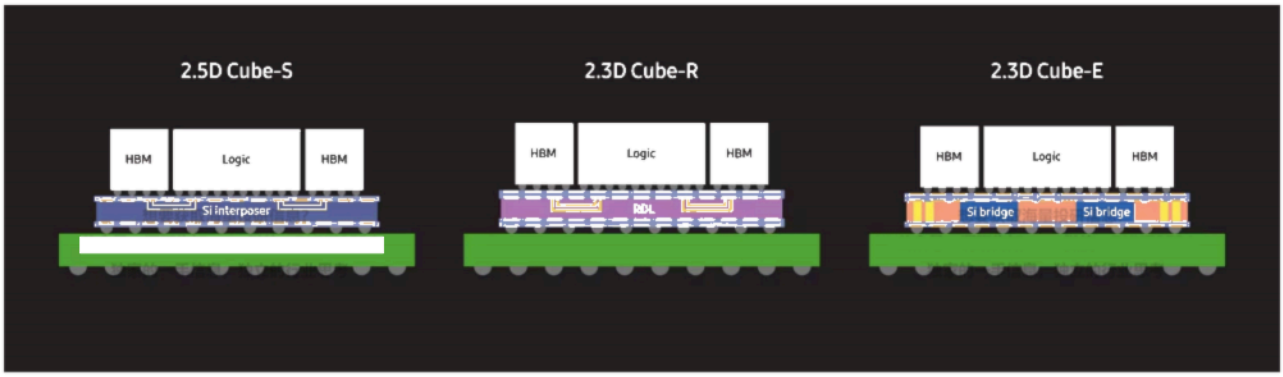
SK hynix : We rate SK hynix Outperform with price target of KRW 3,300,000.

NVDA (Outperform, $315 PT): The datacenter opportunity is enormous, and still early, with material upside still possible.

AVGO (Outperform, $550 PT): A strong 2026 AI trajectory seems set to accelerate into 2027 and beyond, bolstered by software, cash deployment, and superb margins & FCF.

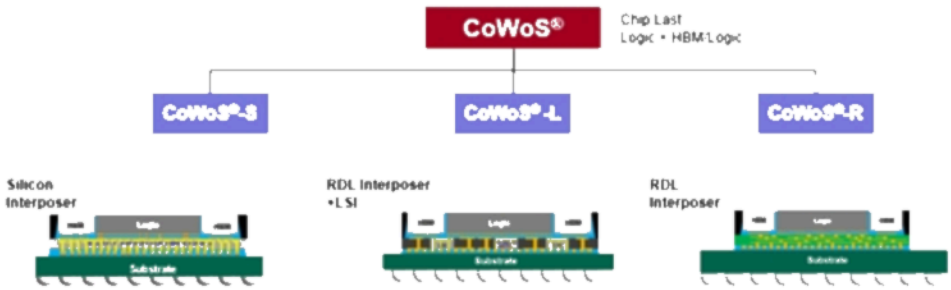
DETAILS

EXHIBIT 1: **Samsung 2.5D Cube-S is similar to TSMC CoWoS-S, and 2.3D Cube-E & -R are similar to TSMC CoWoS-L & -R, respectively.**



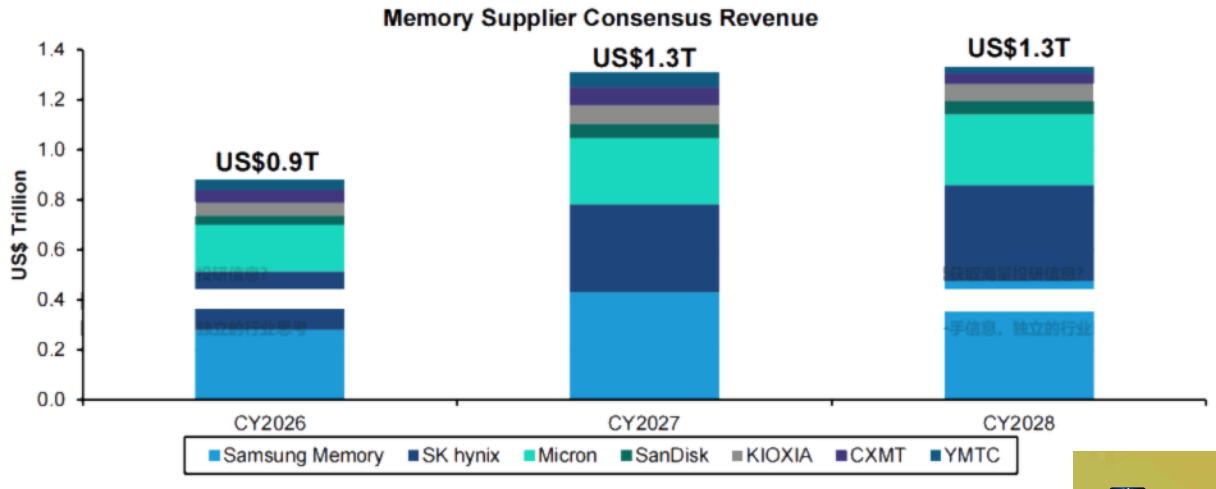
Source: Samsung, Bernstein analysis

EXHIBIT 2: **TSMC offers three variants of CoWoS.**



Source: TSMC, Bernstein analysis

EXHIBIT 3: **Consensus memory industry to generate c. US$1.3T annual revenue in both 2027 & 2028.**



Note: CXMT & YMTC revenue is based on Bernstein estimates
Source: Company reports, Bloomberg, Bernstein estimates and analysis

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