BofA SECURITIES

Sandisk Corporation

Strong long term outlook; NBM's are win-win for the industry; HBF on-track

Reiterate Rating: BUY | PO: 2,500.00 USD | Price: 1,547.99 USD

Stronger for longer; lays out a strong l-t financial model

SNDK laid out a strong financial model for F28-30 with GM of 80% (much higher than any prior cycle for an extended period of time). Rev guidance of mid-to-high teens growth y/y (Fig 1) and FCF margin of 50% suggest that the company has the ability to generate $100bn of cash flow in that timeframe, which if used for buybacks could repurchase almost 1/2 of the current market cap (Fig 2). The key debate will be "can demand growth (including and especially AI) outstrip incremental supply (including China)". SNDK remains confident that pricing will be relatively stable from 2028-2030 based on increased visibility, commitments from customers and continued tight supply demand balance. Reit Buy on secular opportunity as AI inference makes NAND more indispensable. No change to ests. PO stays $2500 on 10x C27 EPS of $255.

NBM will be the predominant model

So far ½ of SNDK's F27 bits and 2/3rd of F28 bits are under NBMs. Total contract value (TCV) for the current 8 customers under these NBM contracts is $93.9bn, with RPO of $91.1bn. SDNK has total financial guarantees worth $16.5bn, primarily held by or provided through third-party financial institutions ($2.5bn in cash balance). While NBM will be the predominant model, SNDK will continue to support non-NBM customers. However, volume availability and price will fluctuate with the market.

HBF will play a central role in memory centric AI

High Bandwidth Flash (HBF) seeks to provide large capacity storage, which is very fast. SNDK has taped out its first HBF memory die and expects first HBF inference product samples to be available in 2027. Meta has recently joined the HBF Technology Consortium which includes SNDK, SK Hynix, Google and Tenstorrent.

Other takeaways from the Analyst Day

The NAND market will exceed $300bn in revenue in C26 (up 3x y/y) and will approach $500bn in C27. SNDK is investing to grow its volume mid-to-high teens per year. SNDK aims to deliver 54% average generation-to-generation bit per wafer growth over the 5 BiCS generations (BiCS5 to BiCS11). In 2026, data center is expected to overtake consumer and edge as the larger user of Flash memory (DC growing at high-teens CAGR vs Consumer/Edge at 30%+ CAGR).

Estimates (Jun) (US$)	2025A	2026A	2027E	2028E	2029E
EPS	3.02	71.04	233.85	248.16	231.04
EPS Change (YoY)	NA	NM	229.2%	6.1%	-6.9%
Consensus EPS (Bloomberg)			211.05	258.66	NA
Consensus EPS (Visible Alpha)			216.02	247.71	230.07
Valuation (Jun)					
P/E	512.6x	21.8x	6.6x	6.2x	6.7x
EV / EBITDA*	234.1x	16.3x	4.5x	4.2x	4.5x
Free Cash Flow Yield*	-0.1%	5.0%	11.9%	16.3%	16.8%

* For full definitions of IQmethod℠ measures, see page 7.

13 August 2026

Equity

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Stock Data

Price	1,547.99 USD
Price Objective	2,500.00 USD
Date Established	1-Jul-2026
Investment Opinion	C-1-9
52-Week Range	42.82 USD - 2,354.39 USD
Mrkt Val (mn) / Shares Out (mn)	229,241 USD / 148.1
Free Float	98.7%
Average Daily Value (mn)	23833.15 USD
BofA Ticker / Exchange	SNDK / NAS
Bloomberg / Reuters	SNDK US / SNDK.OQ
ROE (2027E)	103.2%
Net Dbt to Eqty (Jun-2026A)	-30.3%

Glossary on page 5

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Refer to important disclosures on page 8 to 10. Analyst Certification on page 6. Price Objective Basis/Risk on page 6. **13008336**

*iQ*profile℠ Sandisk Corporation

iQmethod℠ **– Bus Performance***

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Return on Capital Employed	4.6%	77.5%	99.8%	51.3%	31.9%
Return on Equity	4.3%	88.0%	103.2%	52.1%	32.2%
Operating Margin	9.4%	62.7%	79.6%	80.5%	82.4%
Free Cash Flow	(119)	11,494	27,375	37,423	38,535

iQmethod℠ **– Quality of Earnings***

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Cash Realization Ratio	0.2x	1.1x	0.8x	1.0x	1.1x
Asset Replacement Ratio	1.2x	1.2x	0.8x	0.8x	0.8x
Tax Rate	24.1%	13.0%	13.4%	13.4%	13.4%
Net Debt-to-Equity Ratio	4.0%	-30.3%	-58.8%	-73.8%	-82.2%
Interest Cover	NA	NA	NA	NA	NA

Income Statement Data (Jun)

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Sales	7,355	20,248	52,643	55,619	50,900
% Change	10.4%	175.3%	160.0%	5.7%	-8.5%
Gross Profit	2,228	14,491	44,361	46,652	42,849
% Change	111.0%	550.4%	206.1%	5.2%	-8.2%
EBITDA	846	12,150	44,265	47,252	44,217
% Change	NM	NM	264.3%	6.7%	-6.4%
Net Interest & Other Income	(109)	(71)	40	40	40
Net Income (Adjusted)	**440**	**10,985**	**36,334**	**38,806**	**36,360**
% Change	**NA**	**NM**	**230.8%**	**6.8%**	**-6.3%**

Free Cash Flow Data (Jun)

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Net Income from Cont Operations (GAAP)	440	10,985	36,334	38,806	36,360
Depreciation & Amortization	164	149	2,369	2,503	2,291
Change in Working Capital	(380)	203	(10,220)	(2,723)	938
Deferred Taxation Charge	(12)	120	0	0	0
Other Adjustments, Net	(127)	214	734	784	727
Capital Expenditure	(204)	(177)	(1,842)	(1,947)	(1,782)
Free Cash Flow	**-119**	**11,494**	**27,375**	**37,423**	**38,535**
% Change	**74.9%**	**NM**	**138.2%**	**36.7%**	**3.0%**
Share / Issue Repurchase	5	(4,471)	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	0	0	0	0	0

Balance Sheet Data (Jun)

(US$ Millions)	2025A	2026A	2027E	2028E	2029E
Cash & Equivalents	1,481	4,762	32,147	69,570	108,105
Trade Receivables	1,068	4,708	10,913	11,135	10,612
Other Current Assets	2,537	3,310	6,896	9,146	8,657
Property, Plant & Equipment	619	674	674	674	674
Other Non-Current Assets	7,280	9,053	7,961	7,251	6,785
Total Assets	**12,985**	**22,507**	**58,591**	**97,776**	**134,834**
Short-Term Debt	20	0	0	0	0
Other Current Liabilities	1,407	5,581	2,803	2,552	2,478
Long-Term Debt	1,829	0	0	0	0
Other Non-Current Liabilities	513	1,190	1,090	990	890
Total Liabilities	**3,769**	**6,771**	**3,893**	**3,542**	**3,368**
Total Equity	**9,216**	**15,736**	**54,698**	**94,234**	**131,465**
Total Equity & Liabilities	**12,985**	**22,507**	**58,591**	**97,776**	**134,834**

* For full definitions of ***iQ***method℠ measures, see page 7.

Company Sector

IT Hardware

Company Description

Sandisk (SNDK) is is a leading developer, manufacturer and provider of data storage devices and solutions based on NAND flash technology. SNDK has a growing solid state drive and storage systems portfolio, and is currently the third largest enterprise SSD manufacturer.

Investment Rationale

We rate SNDK Buy. We expect long-term growth in demand for data storage using NAND, mainly driven by generative AI & eSSD share gains / demand in the data center.

Stock Data

Average Daily Volume	15,396,190

Quarterly Earnings Estimates

	2026	2027
Q1	1.22A	48.80E
Q2	6.20A	56.24E
Q3	23.41A	61.46E
Q4	39.25A	67.30E



Investor day highlights strength of demand; Supply to remain tight

We attended the SanDisk Investor Day in NYC, which featured presentations by Chairman and CEO David Goeckeler, CFO Luis Visoso, CTO Alper Ilkbahar, VP of Market Intelligence Eric Cherrstrom, and Chief Product Officer Khurram Ismail.

Product pipeline remains healthy a decade into the future

CEO Goeckeler believes SNDK is in early innings of its earnings power, and significant value creation remains ahead for the company. Data center remains the central focus of the company. But even in the consumer business the company has gained a couple of points of share. He laid out the NAND roadmap for BiCS 9-13, and believes that SNDK's R&D scale can deliver technology and cost leadership. SNDK has announced BICS 9 and 10 recently and plans to continue to invest in a meaningful long roadmap along with its partner Kioxia. Together the companies represent 1/3rd of the NAND market. The company is also working on systems capabilities across consumer, edge (pc, smartphone) and datacenter portfolios. 18 months ago, the company announced its strategy around HBF (High Bandwidth Flash), and longer-term projects include 3D matrix memory. The JV with Kioxia has been extended through 2034. SNDK invested in Nanya to secure DRAM supply which is important to help the company sign long-term contracts with customers.

CEO Goeckeler laid out three imperatives for sustained value creation: 1) increase profitability, 2) reduce cyclicality, and 3) consistent revenue growth. And to do these through cycle. SNDK holds the whole stack with minimal profitability leakage. SNDK has NAND IP, front end manufacturing, systems expertise, back end manufacturing, and the required go-to-market. SNDK is now proactively managing supply and the market is adjusting to this new supply/demand dynamic. Customers are now more open to signing longer-term contracts to secure supply.

The consumer market is also important as it helps generate a consistent level of profit over a long period of time. SNDK takes a brand-first approach to this business. For businesses that are lower volume and do not have the ability to sign longer term agreements (including auto, IoT, physical AI, emerging technologies customers) SNDK will continue to provide NAND to the extent that it is available.

SNDK is investing to grow its NAND bits mid-to-high teens per year. CEO Goeckeler believes this is sustainable over the long term (although any given year could see higher or lower growth). This forms the input to SNDK's Fab strategy. Over the 5 BiCS nodes that SNDK launched over nine years (BiCS 5-11), the company expects 54% average bit growth per wafer generation-to-generation. This represents 27% CAGR of productivity growth (output per wafer).

Since 2001, SNDK has launched 19 generations of NAND Flash, including recent announcements of BiCS 9 and 10. Capital intensity (capex per incremental petabyte of output) of the industry in 2025 was 2.6x more than SNDK/Kioxia (meaning the JV is more capital efficient). From 2021-2025 the JV produced 29% of industry NAND supply but invested only 13% of industry capex. A BiCS10 wafer supports 65% more bits compared to a BiCS8 wafer.

Cloud capex continues to remain strong. Meta is joining the HBF consortium. SNDK has taped out its first HBF memory die, and first HBF inference product samples are expected in 2027.

Laying out a sustainable long-term financial model

SNDK management is committed to sustainable value creation. The NAND market is now data center centric vs prior edge (PC, smartphone) centric. The NAND market is a $300bn market in C26 and is expected to grow to $500bn in C27. New Business Models (NBMs) are redefining how contracts are structured in the industry and help define

supply/demand. They are win-win as they provide SNDK with visibility and the customers with assurance of supply. Every NBM has a level of financial guarantee. So far, SNDK has these multi-year commitments with a total of eight customers, including three US hyperscalers. Already 2 of the 8 customers have come back to expand their contracts (adding duration or more bits). In terms of pricing, the NBMs have a fixed and variable component. The variable portion has a floor and a ceiling which have been designed so that SNDK can generate 80% GM even at the floor pricing. The average weighted length of contract is 4+ years, with the longest engagement being 5 years. SNDK is exploring opportunities to go further out in time.

So far ½ of F27 bits and 2/3 of F28 bits are under NBMs. Total NBM contract value (TCV) for the 8 customers is $93.9bn, with RPO (remaining performance obligation) of $91.1bn. SDNK has total financial guarantees of $16.5bn, primarily held by or provided through third-party financial institutions ($2.5bn in cash balance). While NBM will be the predominant model, SNDK will continue to support non-NBM customers. However, volume availability and price will fluctuate with the market.

The Balance sheet remains healthy. Today the company does not have any debt and has significant cash reserves and management continues to target good cash flow. SNDK's credit rating is BB+ and intends to improve this rating over time. SNDK today has $15.5bn remaining in its buyback authorization.

Management laid out the following financial model for F28-30. HBF is not in the financial model yet.

Figure 1: Long-term sustainable model
Financial model given by SNDK model at 2026 Analyst Day

	Average Performance
Revenue growth rate	Mid-to-High Teens
Non-GAAP gross margin	~80%
Non-GAAP operating margin	~75%
Adj FCF margin	~50%
Capital Intensity (% of revenue)	Mid-Single Digits %

Source: SNDK 2026 Analyst Day slides

BofA GLOBAL RESEARCH

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Figure 2: SNDK's long-term revenue growth and FCF margin guidance imply about $100bn of FCF generation F28-F30
Revenues in $bn

	F27	F28	F29	F30
Revenue ($bn)	$53	$61	$70	$81
y/y growth		15%	15%	15%
FCF margin		50%	50%	50%
FCF ($bn)		$30	$35	$40

Source: SNDK 2026 Analyst Day slides, BofA Global Research estimates

BofA GLOBAL RESEARCH

Price objective basis & risk

Sandisk Corporation (SNDK)
Our PO of $2500 is based on approximately 10x C27E EPS of $255 which is in line with SNDK's global memory peers' average due to similar profitability.

Upside risks: 1) we are earlier than expected in the NAND upcycle, 2) stronger than expected expansion in the NAND market on sales of AI enabled consumer products, 3) faster than expected eSSD market share gains, and 4) faster than expected recovery in NAND pricing.

Downside risks: 1) sharp drop in NAND prices due to oversupply, 2) Competition and over expansion from Chinese suppliers such as YMTC, 3) slower than expected adoption of AI enabled consumer products, and 4) share loss in eSSD market.

Analyst Certification

I, Wamsi Mohan, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - IT Hardware and Technology Supply Chain Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Amphenol	APH	APH US	Wamsi Mohan
	Apple Inc.	AAPL	AAPL US	Wamsi Mohan
	Bel Fuse Inc.	BELFB	BELFB US	Wamsi Mohan
	Celestica Inc.	CLS	CLS US	Ruplu Bhattacharya
	Celestica Inc.	YCLS	CLS CN	Ruplu Bhattacharya
	Corning Inc.	GLW	GLW US	Wamsi Mohan
	Dell Technologies Inc.	DELL	DELL US	Wamsi Mohan
	DigitalOcean	DOCN	DOCN US	Wamsi Mohan
	Flex Ltd.	FLEX	FLEX US	Ruplu Bhattacharya
	Hewlett-Packard Enterprise	HPE	HPE US	Wamsi Mohan
	Ingram Micro Holding Corporation	INGM	INGM US	Ruplu Bhattacharya
	International Business Machines Corp.	IBM	IBM US	Wamsi Mohan
	Jabil Inc.	JBL	JBL US	Ruplu Bhattacharya
	Nutanix Inc	NTNX	NTNX US	Wamsi Mohan
	Sandisk Corporation	SNDK	SNDK US	Wamsi Mohan
	Seagate Technology	STX	STX US	Wamsi Mohan
	TD Synnex Corp	SNX	SNX US	Ruplu Bhattacharya
	TE Connectivity Plc.	TEL	TEL US	Wamsi Mohan
	Western Digital Corporation	WDC	WDC US	Wamsi Mohan
NEUTRAL				
	Arrow Electronics Inc.	ARW	ARW US	Ruplu Bhattacharya
	Avnet Inc.	AVT	AVT US	Ruplu Bhattacharya
	CDW Corp	CDW	CDW US	Ruplu Bhattacharya
	Concentrix Corporation	CNXC	CNXC US	Ruplu Bhattacharya
	Enovix Corporation	ENVX	ENVX US	Ruplu Bhattacharya
	Everpure Inc	P	P US	Wamsi Mohan
	NetApp Inc.	NTAP	NTAP US	Wamsi Mohan
	Sanmina Corporation	SANM	SANM US	Ruplu Bhattacharya
	Sensata Technologies Holdings Plc	ST	ST US	Wamsi Mohan
UNDERPERFORM				
	HP Inc.	HPQ	HPQ US	Wamsi Mohan
	Super Micro Computer Inc.	SMCI	SMCI US	Ruplu Bhattacharya
	Teradata Corporation	TDC	TDC US	Wamsi Mohan
	Vishay Intertechnology, Inc.	VSH	VSH US	Ruplu Bhattacharya

iQmethod℠ Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 − Tax Rate) + Goodwill Amortization	Total Assets − Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations − Total Capex	N/A

Quality of Earnings	Numerator	Denominator
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt − Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense

Valuation Toolkit	Numerator	Denominator
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations − Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

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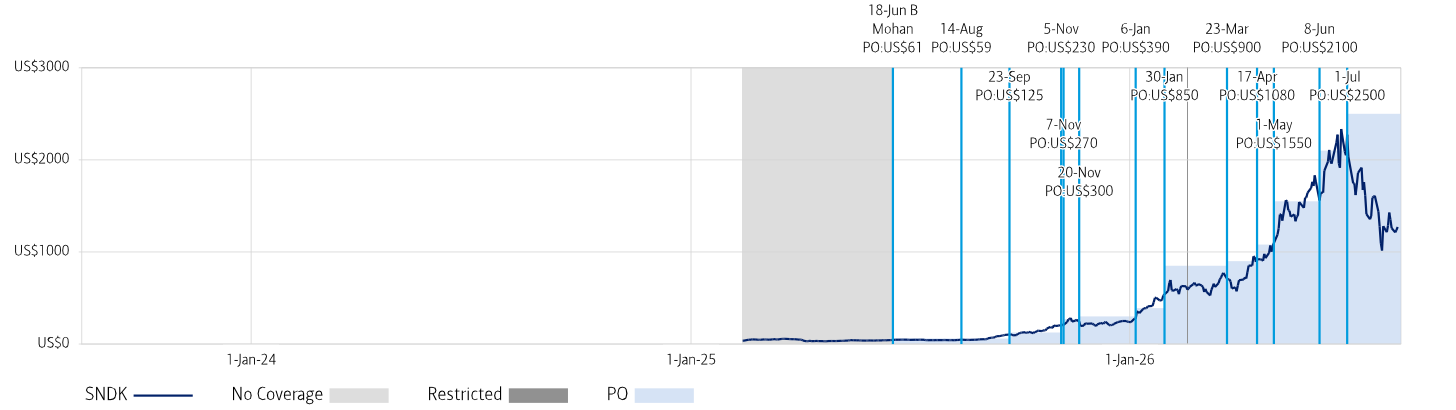
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Disclosures

Important Disclosures

Sandisk (SNDK) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Technology Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	243	60.60%	Buy	123	50.62%
Hold	87	21.70%	Hold	45	51.72%
Sell	71	17.71%	Sell	21	29.58%

Equity Investment Rating Distribution: Global Group (as of 30 Jun 2026)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1987	56.11%	Buy	1190	59.89%
Hold	797	22.51%	Hold	496	62.23%
Sell	757	21.38%	Sell	391	51.65%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2] Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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