Americas Technology: Semiconductors: Communacopia + Technology Conference 2026 - Day 1 Takeaways

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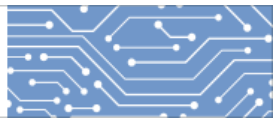
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Companies from the US Semiconductor sector presented during Day 1 of the GS Communacopia + Technology Conference, including Broadcom, Qualcomm, Camtek, and GlobalFoundries. **We highlight key takeaways on the top debates, along with company-specific takeaways for each sector below.**

Takeaways for US Semiconductors

Key Takeaway #1 - Digital Semis & AI: Companies highlighted a strong AI spending environment with tight supply (more constrained on datacenter land/power/shell than on upstream components) contributing to extended lead times - with customers providing extended visibility over the next two years and beyond. Broadcom reaffirmed its recently-issued AI revenue targets of at least 100% growth in FY27 and FY28. Qualcomm noted high confidence in its FY29 AI datacenter revenue target of $15bn, with Robotics as an incremental opportunity.

- **Broadcom:** Broadcom reaffirmed its FY27/FY28 AI revenue targets of $115 bn /$230 bn, while emphasizing that supply is constraining this outlook. Broadcom expects the majority of AI economics to accrue to owners of leading frontier models. Its $35 bn XPV partnership is designed to accelerate AI infrastructure buildouts, funding more than 20GW of compute capacity while minimizing balance sheet risk.
- **Qualcomm:** Qualcomm expects its datacenter segment to lead the company's diversification strategy, and the company reiterated its FY29 datacenter revenue target of $15 bn. Qualcomm expects its automotive hardware stack to provide strong technical leverage for the Robotics and Physical AI market. In its three-year financial model, management expects gross margins to remain stable, with operating margins approaching 30%.

Key Takeaway #2 - Semiconductor Capital Equipment and Foundry: Companies focus on AI infrastructure driving idiosyncratic growth across their businesses as the

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semiconductor supply chain expands capacity to meet structurally higher levels of demand.

- **Camtek:** Camtek's growing order backlog supports demand visibility for the company well into 2027. Management is confident in the company's ability to grow in line with or better than industry WFE spending given continued strength in advanced packaging. Hawk and Eagle 5 are well on track to represent more than half of revenue in 2026.
- **GlobalFoundries:** Datacenter remains a key idiosyncratic growth driver for the company, led by strength in silicon photonics. In the near term, smartphones will represent a headwind to revenue, although its exposure to the high end of the market may moderate this impact. GlobalFoundries expects to grow its IP business strongly over the coming years as a result of several recent acquisitions.

Key Takeaways from Qualcomm presentation

Presenters: Akash Palkhiwala, EVP, CFO and COO

- **Amazon Deal:** Qualcomm shared incremental details on its recently announced Amazon deal. The engagement is on custom silicon and connectivity products. In conjunction with the deal, Qualcomm is issuing share warrants to Amazon against purchases of up to $60 bn in Datacenter products over the next 10 years. The deal has an upfront vesting of 15% with upfront commitments from Amazon in conjunction with this vesting of warrants. This deal is a core component of its FY29 Datacenter target of $15 bn.
- **AI revenue targets:** Qualcomm reiterated high confidence in its $5 bn FY27 datacenter revenue target, with strong growth expected in FY28. Management highlighted the Amazon engagement, Humain AI accelerator win and Meta CPU opportunity in late FY28, noting these drivers alone create a clear path toward its $15 bn FY29 target, although customer engagements remain more broad-based to drive strong long-term growth.
- **Software strategy:** Qualcomm highlighted Modular as a key pillar of its AI software strategy, emphasizing its hardware-agnostic architecture that disaggregates the software stack from the underlying silicon. Once a model is deployed on the Modular platform, developers can easily run it across platforms, significantly reducing porting effort and vendor lock-in. The company also reiterated its strong support for open-source AI models, aiming to give developers greater flexibility and broader ecosystem choice.
- **Smartphone business:** Qualcomm sees the smartphone market entering a new AI-driven upgrade cycle, where higher-end on-device compute, memory, and connectivity capabilities increasingly differentiate premium devices. Qualcomm noted that memory cost inflation is disproportionately pressuring entry-level smartphones, where memory now accounts for over half of the bill of materials (BOM), while premium devices have seen a more muted impact, leaving the low-end market under continued pressure.

- **Automotive and Robotics opportunity:** Qualcomm views automotive, industrial AI, robotics as key edge AI growth markets, leveraging its low-power compute and connectivity strengths. Management highlighted 8x growth in automotive compute content from Gen 3 to Gen 5 and is expanding from chips to integrated modules and complete solutions to drive higher content and customer value. Management sees automotive hardware stack to provide strong leverage to develop its Robotics product roadmap.
- **Margins:** Qualcomm expects gross margins to remain roughly stable, with lower-margin custom products offset by higher-margin merchant offerings, while OpEx growth trails revenue growth. As a result, management sees a path to ~30% operating margins within three years, driven by revenue scale and operating leverage.

Key Takeaways from Broadcom presentation

Presenters: Hock Tan, President and CEO

- **Customer trends:** Broadcom highlighted its differentiated capabilities across custom chip design, advanced packaging, and AI networking. Management highlighted its long-term partnership with Google that continues to deepen, while noting its relationship with OpenAI including its Jalapeno custom silicon program, as well as its strategic relationship with Anthropic.
- **Supply constraints:** Broadcom views datacenter land, power, and facility buildouts as the primary AI deployment bottlenecks, while supply chain constraints remain comparatively manageable and more directly influenced by the company. As a result, management reiterated its FY27/FY28 AI revenue targets of $115 bn /$230 bn, noting they are grounded in clear customer visibility and deployment readiness.
- **Customer financing:** Broadcom highlighted its XPV construct as a strategic financing vehicle designed to accelerate AI infrastructure deployment, citing a recently announced $35 bn partnership with Blackstone and Apollo which can support more than 20GW of AI compute capacity. Management emphasized that the structure provides access to a broad customer base while providing attractive financing for emerging AI labs and limiting Broadcom's direct financial liability, helping remove a key bottleneck to AI infrastructure expansion.
- **Value creation:** Broadcom expects the majority of AI economics to accrue to owners of leading frontier models. At current economics, a 1GW AI cluster can generate roughly $30 bn of revenue against about $10 bn of annual operating costs, which is further shared across the broader infrastructure stack including hardware and semiconductor vendors and datacenter operators.
- **Open source vs. proprietary frontier models:** Broadcom believes value will accrue primarily to leading frontier model developers, ratl open-weight models. Management noted that while industry trainir roughly $200 bn annually and split relatively evenly between frontie open-source ecosystems, frontier models generate approximately 7



revenue (~$120 bn on ~$100 bn of costs), compared to only ~$30 bn of revenue from open-weight models despite a similar level of investment.

Key Takeaways from Camtek presentation

Presenters: Moshe Eisenberg, CFO, and Lior Aviram, Executive Chairman.

- **Growing order backlog and 2027 growth:** The company reiterated that its backlog of orders through July had grown to $600 mn from a diversified group of applications across logic, packaging, and HBM memory. Management described the current demand environment as the best in the company's history, and it expects over 30% sequential growth in 2H26 with high conviction in 2027 being a strong growth year and in line or better than WFE spending, based on the current order backlog and customer discussions.
- **Gross margin trends:** As revenue from the company's Hawk and Eagle 5 products remain on track to represent over 50% of revenue in 2026, management expects margins to continue to trend upward. Management also highlighted that cost efficiencies, ASP increases, and further mix shift could also serve as a tailwind to margins, which it sees as reaching 54%-55% over the next couple of years.
- **Sensors and photonics:** Management discussed the company's other revenue exposure (~20% of the business), and noted that it does not view its camera sensor or silicon photonics (which represent ~5% of its $600 mn backlog) as necessarily dilutive to growth.
- **China business:** Camtek discussed its substantial exposure to China, which currently represents ~45% of the company's revenue, noting that it expects China - and Asia broadly - to remain a dominant portion of the company's revenue. Management emphasized that it sees the same constructive trends in China as the rest of the world.

Key Takeaways from GlobalFoundries presentation

Presenters: Tim Breen, CEO

- **Datacenter and silicon photonics:** Datacenter/Comms Infrastructure remains a key idiosyncratic growth driver for the company in the medium term, supported by optical connectivity and the ongoing 800V DC transition. GlobalFoundries expects its silicon photonics revenue to reach a $1bn+ run rate exiting CY28 and a $2bn run rate exiting CY30, adding that the optical connectivity adoption needed to achieve those targets has already occurred.
- **IP business acquisitions:** Management discussed its recent M&A activity, particularly its IP business acquisitions which it says will increase its strategic partnerships in foundry while also scaling as a standalone business. It added that customer feedback has been positive, and that the resulting feedback loop has enabled technology improvements at an accelerated pace.

- **Smartphone headwinds:** Management continues to expect revenue from the SMD segment to decline in the low-double digits in the near term, driven by memory cost-driven unit demand destruction. The company highlighted its increased relative exposure to the higher end of the market, which it said is performing better than the lower end of the smartphone market.
- **CapEx:** GlobalFoundries noted it is increasing its CapEx with plans for further increases next year, though it added that it expects those investments to be dwarfed by the increased demand from datacenter and physical AI. GF is focused on ramping its silicon photonics capacity within its existing 300 mm fabs, within which it said it can increase its capacity by 10x.

Valuation/Risks

Qualcomm (Neutral): We are Neutral rated on QCOM. Our 12-month target price of $160 is based on a 14X P/E multiple applied to our normalized EPS estimate of $11.50. Key upside risks include: (1) Stronger-than-expected traction for Qualcomm's Datacenter CPUs; (2) Stabilizing market share / share gains in smartphones; (3) Stronger-than-anticipated traction for ARM-based PCs. Key downside risks include: (1) Greater-than-expected share loss in the smartphone business; (2) Slower-than-expected automotive and IoT revenue ramp.

Broadcom (Buy): Our 12-month target price of $540 is based on 30X our normalized EPS estimate of $18.00. Key downside risks include: (1) slowdown in AI infrastructure spending, (2) share loss in custom compute franchise, (3) persistent inventory digestion in non-AI; (4) increased competition in VMware.

Camtek (Neutral): Our 12-month price target of $160 is based on a 38X P/E multiple applied to our normalized EPS of $4.20. Key upside/downside risks: (1) notable push-outs in chiplet architectures; (2) failure to pass on higher pricing; (3) better-than-expected growth in HPC-driven revenue in the medium-term.

GlobalFoundries (Neutral): Our 12-month price target is $70, which is based on a 25X P/E multiple applied to our normalized EPS of $2.80. Key upside/downside risks: (1) stronger momentum in the smartphone market; (2) additional US manufacturing subsidies; (3) pricing compresses in trailing-edge nodes; (4) company's LTAs downtick.