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Hard Disk Drives | North America

F1Q27 Preview – The Cycle Isn't Over, But The Market Is Pricing HDDs Like It Is

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IT HARDWARE
North America
Industry View **In-Line**

WHAT'S CHANGED

	From	To
Western Digital (WDC.O)		
Price Target	$676.00	**$643.00**
Seagate Technology (STX.O)		
Price Target	$1,187.00	**$1,200.00**
Top Pick Added	-	**STX.O**

We remain convicted in HDD earnings upside despite an elongated catalyst path. Stronger demand/pricing checks support beat-and-raises, while current valuation discounts an overly punitive cycle-end. We see favorable tactical setups for both stocks, particularly WDC, and reinstate STX as 'Top Pick'.

Key Takeaways

- HDD checks are strengthening – accelerating demand, a 400EB supply shortfall, and recent spot deals priced at 2-5x contracted levels supports further upside.
- We expect Sep Q beats and stronger Dec Q guides for both names; our Dec Q EPS sits ~12% above Street for STX and ~10% above for WDC.
- HDDs look like memory a year ago – margins remain well below peak and pricing is accelerating, with a more meaningful $/TB inflection still ahead.
- Our HDD margin analysis suggests the mkt now pricing FY28 as peak, 80% SSD price declines and HDD OPMs falling 20+ pts; we see positive valuation asymmetry.
- We reiterate OW on STX/WDC, reinstate STX as Top Pick, and see WDC as the more favorable tactical name into earnings; new PTs are $1,200 and $643, respectively.

We believe F1Q earnings will re-instill confidence in the HDD earnings revision/ growth story, though we're lowering our target multiple given the markets' uncertainty on market structure; STX back to 'Top Pick'. Following the Toshiba headlines 2 weeks ago, we told the market that we'd be "aggressive" buyers of HDD names given our comfort around the misinterpreted headlines that sent STX/WDC down 10-15% in 3 trading sessions. Both names are another 10-15% lower after last week's AI funding/financing concerns and our message remains the same – we see no evidence of irrational pricing or capacity behavior, and recent checks point to HDD fundamentals *strengthening*, meaning a stronger demand backdrop, a broadening customer base, and accelerating pricing – and therefore at just ~8x our FY28 EPS we would still be aggressive buyers of STX/WDC into earnings, where we

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are 10%+ above Street EPS forecasts in the December quarter (and think we could still be conservative in areas).

At the same time, we acknowledge the HDD catalyst path is cloudier today vs. a month ago – the market faces uncertainty on vendor rationality and sources of AI funding that won't be solved with earnings, and we have reduced our target multiples as a result. **But at ~8x P/E, current valuation implies HDD earnings peak in FY28 and that SSD pricing declines 80% over the next 2-3 years, severely limiting HDD pricing upside (more below).** Plausible? Sure. But (1) is that overly punitive given what we know about HDD, and broader AI, demand, and (2) does that create a positive asymmetrical setup where we can buy on oversold discounts? Yes, absolutely, in our view. As a result, we reiterate our Overweight rating on both STX ($1,200 PT; 82% upside) and WDC ($643 PT; 83% upside) and reinstate STX as our 'Top Pick' in IT Hardware.

First, let's get into the details of our recent checks – Toshiba, demand, pricing, etc. On Toshiba, our checks suggest there is little new HDD supply/demand risk – Toshiba remains gated by parts of the HDD supply chain (media, equipment), they are effectively already sold out of capacity for CY27, and recent expectations for a ~400EB HDD industry supply shortfall in CY27/CY28 (vs. 300EBs in CY26) are consistent with our checks a month ago. Also, the more work we do on Toshiba, the more it sounds like they are *more* aggressive on pricing than STX/WDC. Said differently, we remain comfortable with the Toshiba risk, despite the evolving headlines. On HDD demand and pricing – our checks make clear that EB demand has accelerated in recent months (recent cloud checks would support this), and that the customer base is broadening from core CSPs to new AI-centric customers (e.g. frontier labs) trying to buy HDD capacity in size (i.e. 100's of EBs). Supply shortages are limiting their ability to procure in size, but desperation for storage capacity is also pushing spot nearline HDD prices higher – we continue to hear about recent non-contracted deals getting closed at 4c/GB up to 7c/GB (vs. blended nearline pricing at ~1.5c/GB today). Finally, non-nearline HDD pricing remains extremely strong – and as NAND prices continue their march higher, the HDD industry is persistently raising non-nearline prices 15-30%+ Q/Q to capture better margins. It is our understanding all of these trends are consistent for both STX and WDC, although STX appears to be a bit more aggressive in capturing floating (e.g. spot) prices than WDC.

What does this mean for the STX/WDC earnings setup? A September quarter beat and a better-than expected pricing and profitability-driven raise in the December quarter. Somewhat controversially, we think this quarter's earnings setup is more attractive for WDC. Based on our investor conversations over the past month, we sense that investors are a bit less aggressive in modeling STX/WDC fundamentals, reflecting tempered enthusiasm following share underperformance over the past 90 days and recent Toshiba headlines (see here, here, and here). When juxtaposed versus the strength in our checks above, we believe the earnings setup for both WDC (Oct 22nd) and STX (Oct 27th) is attractive. And given the lower buyside bar at WDC, we think the F1Q earnings setup could be better for WDC over STX.

- **For STX:** For the September quarter, we forecast revenue of $4.16B (vs.

$4.00B-$4.20B guide) and a gross margin of 57.9%, leading to $7.50 of EPS vs. Street at $7.41. However, if recent history is a guide, results could come in closer to $4.26B of revenue and $8.13 of EPS. Looking to the December qtr, we model 6% Q/Q EB growth, MSD-HSD% Q/Q nearline pricing growth, higher-capacity mix and continued cost downs to drive $4.76B of revenue, a 62.1% gross margin, and EPS of $9.54, 6-12% above Consensus (Exhibit 1). However, these forecasts assume sequential pricing growth for nearline and non-nearline EBs decelerates from the September quarter, which would run counter to our checks. If we were to assume 10-30% of nearline bits are floating and subject to spot prices while 70-90% gets repriced at LSD-MSD% Q/Q rates in the Dec Q, that could deliver HSD%+ Q/Q nearline $/TB growth vs. our ~7% Q/Q forecast, with non-nearline pricing strength representing further upside to our estimates. Ultimately, this means our above-Street December quarter EPS forecast could still be 5%+ too low.

- **For WDC:** For September, we forecast revenue of $4.19B (vs. $4.00B-$4.20B guidance) and a gross margin of 56.0% (vs. 55-56% guidance), leading to $4.13 of EPS vs. Street at $4.09. The key swing factor in the Sept Q is nearline EB execution following last quarter's underperformance, particularly whether WDC delivers on the "pretty steep ramp" of 40TB ePMR expected in C2H26. Looking to December qtr, we model 8% Q/Q EB growth, MSD% Q/Q nearline pricing growth and improving higher-capacity mix to support revenue of $4.79B, a 59.5% gross margin, and EPS of $5.25, 5-10% above Consensus (Exhibit 2). Though using the same pricing analysis as we did for STX above, December qtr EPS could land 8% above our forecast, or closer to $5.67. For context, our investor conversations point to December quarter buyside expectations of $4.75B-$4.95B revenue, a 59.5%-61.0% gross margin, and $5.20-$5.60 of EPS. However, it is well-understood WDC guides relatively conservatively, and thus a guide at the low-to-middle-end of buyside estimates is expected.

Exhibit 1: STX: Our September quarter EPS estimate is at the high end of mgmt's guide and largely in line with Consensus, but our December quarter EPS estimate is 12% above Street, driven by stronger pricing and higher margin assumptions.

STX	Sep-26					Dec-26				
($M)	MSe New	MSe Old	Diff.	Cons	Diff.	MSe New	MSe Old	Diff.	Cons	Diff.
Revenue	4,163	4,168	0%	4,135	1%	4,755	4,740	0%	4,515	5%
Total HDD EB	*229*	*229*	*0%*	*237*	*-3%*	*243*	*249*	*-2%*	*249*	*-3%*
Nearline EB	*207*	*207*	*0%*	*213*	*-3%*	*219*	*225*	*-3%*	*222*	*-2%*
Total Price per EB	*$18.2*	*$18.2*	*0%*	*$17.5*	*4%*	*$19.6*	*$19.1*	*3%*	*$18.1*	*8%*
Total Cost per EB	*$7.7*	*$7.7*	*0%*	*$7.5*	*2%*	*$7.4*	*$7.3*	*1%*	*$7.5*	*0%*
Gross Profit	2,412	2,410	0%	2,360	2%	2,954	2,915	1%	2,656	11%
Operating Profits	2,108	2,108	0%	2,069	2%	2,650	2,612	1%	2,368	12%
Profit Before Tax	2,060	2,061	0%	2,013	2%	2,622	2,584	1%	2,320	13%
Net Income	1,731	1,731	0%	1,706	1%	2,202	2,171	1%	1,968	12%
EPS	**$7.50**	**$7.50**	**0%**	**$7.41**	**1%**	**$9.54**	**$9.39**	**2%**	**$8.54**	**12%**
Gross Margin	57.9%	57.8%	10bps	57.1%	90bps	62.1%	61.5%	60bps	58.8%	330bps
Operating Margin	50.6%	50.6%	10bps	50.0%	60bps	55.7%	55.1%	60bps	52.4%	330bps
Diluted Shares (M)	231	231	0%	230	0%	231	231	0%	230	0%

Source: Company data, FactSet, Morgan Stanley Research estimates

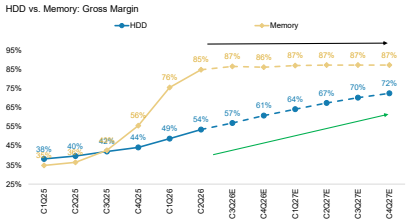
Exhibit 2: WDC: Our September quarter EPS estimate is near the high end of mgmt's guide and largely in line with Consensus, but our December quarter EPS estimate is 10% above Street, driven by stronger pricing and higher margin assumptions.

WDC	Sep-26					Dec-26				
($M)	MSe New	MSe Old	Diff.	Cons	Diff.	MSe New	MSe Old	Diff.	Cons	Diff.
Revenue	4,189	4,178	0%	4,139	1%	4,794	4,773	0%	4,558	5%
Total HDD EB	*242*	*249*	*-3%*			*262*	*271*	*-3%*		
Nearline EB	*220*	*228*	*-3%*			*239*	*248*	*-4%*		
HDD Price per EB	*$17.3*	*$16.8*	*3%*			*$18.3*	*$17.6*	*4%*		
HDD Cost per EB	*$7.6*	*$7.4*	*3%*			*$7.4*	*$7.1*	*4%*		
Gross Profit	2,345	2,339	0%	2,297	2%	2,854	2,844	0%	2,588	10%
Operating Profits	1,947	1,942	0%	1,917	2%	2,451	2,443	0%	2,219	10%
Profit Before Tax	1,932	1,928	0%	1,911	1%	2,448	2,440	0%	2,225	10%
Net Income	1,604	1,600	0%	1,585	1%	2,056	2,050	0%	1,843	12%
EPS	**$4.13**	**$4.12**	**0%**	**$4.09**	**1%**	**$5.25**	**$5.24**	**0%**	**$4.78**	**10%**
Gross Margin	56.0%	56.0%	0bps	55.5%	50bps	59.5%	59.6%	-7bps	56.8%	270bps
Operating Margin	46.5%	46.5%	0bps	46.3%	20bps	51.1%	51.2%	-7bps	48.7%	240bps
Diluted Shares (M)	388	388	0%	387	0%	391	391	0%	386	2%

Source: Company data, FactSet, Morgan Stanley Research estimates

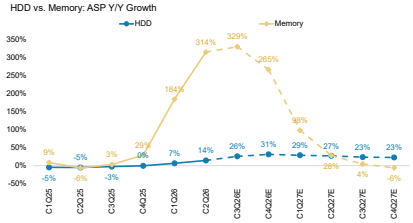
We believe earnings can also highlight why HDDs deserve to trade at a premium multiple to memory, and why the HDD story is actually "cleaner" today. A common question we got intra-quarter was "memory stocks are cheaper than HDD, so why own HDDs?" We leave the memory views to our esteemed colleagues, and would instead highlight 3 aspects of the HDD story that we believe create attractive differentiation from memory – (1) First, **HDDs appear to be at the point in the upcycle where memory was a year ago** – demand is accelerating, customers are broadening, pricing is entering a steeper part of the S-curve, and gross margins are mid-50% doing mid-80% incremental margins vs. memory prices decelerating and gross margins flattening (per Consensus; Exhibit 3). (2) Second, for most of the last 12 months, investors would argue they could get bigger EPS beats in memory than HDDs thanks to pricing upside, which was 100% true/accurate. However, Micron (covered by Joseph Moore) recently beat Street EPS by just 6%, whereas STX has averaged EPS beats of 12% over the last 4 quarters – in our view, it seems there is now more estimate upside to HDDs if our pricing checks are remotely accurate (Exhibit 4). And lastly, (3) HDDs are 80-90% data center exposed, consolidated to just 3 players, with no Chinese competition risk (a PE-backed Toshiba is quite different from a state-backed Chinese player), and far less capital intensive than memory – that is historically why HDDs have traded at a premium, and we don't believe that is changing in this environment.

Exhibit 3: Unlike memory names, HDD gross margin is still nowhere near peak.



Source: Company data, Morgan Stanley Research estimates. Note: We use the average of MSe for SNDK and MU for Memory, and STX and WDC for HDDs.

Exhibit 4: While differences in contract terms have led to faster price increases for memory than for HDDs, we believe this suggests that a more meaningful acceleration in HDD pricing is still ahead.

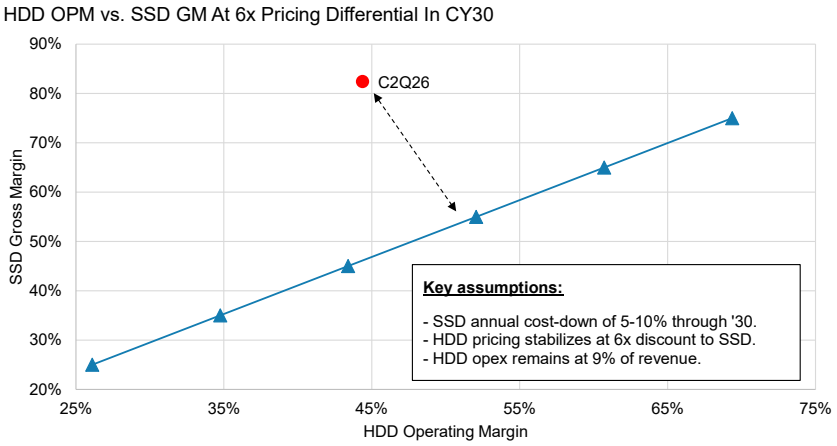


Source: Company data, Morgan Stanley Research estimates. Note: We use the average of MSe for SNDK and MU for Memory, and STX and WDC for HDDs.

Perhaps most importantly, we believe the market severely under-appreciates medium/long-term HDD margins, which directly impacts long-term valuation upside. While several factors impact HDD valuation, operating margins are historically *the* critical input into this equation – just look at Exhibit 6 , where the relationship between data center component vendor margins and valuation has an R^2 of nearly 0.8. However, we wouldn't use peak operating margins for HDDs in this equation – that would overstate valuation. Instead, we'd think about using a through-cycle HDD margin. **Our new analysis – which estimates HDD margins based on long-term NAND cost downs/pricing, and the relationship between HDD and SSD pricing – tells us through-cycle HDD operating margins could reach 45-50% – well-above historical through-cycle HDD margins**. Embedding this margin structure into our EV/Sales regression supports an 18-19x P/E multiple on FY28 EPS, well above our new target multiples of 15x for STX and 14x for WDC.

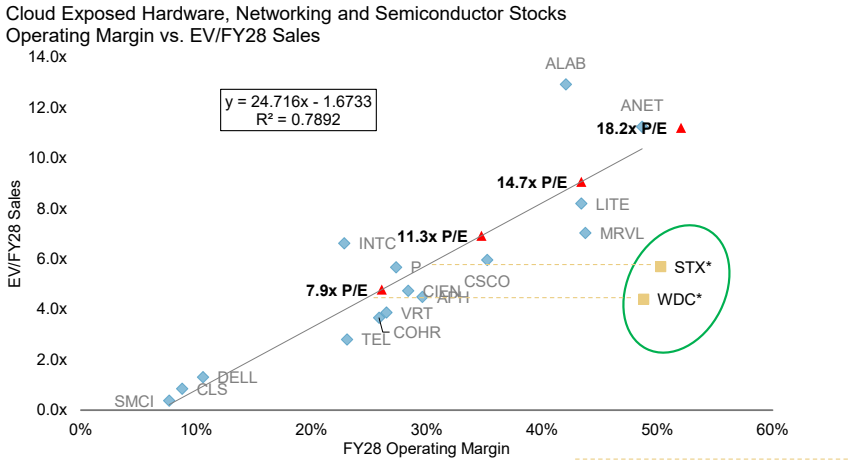
A more interesting thought exercise – and a key basis for why we see such positive asymmetry in HDDs – is to reverse this analysis to understand what the market is pricing in today. At 7.2x our FY28 EPS for WDC and 8.0x for STX, we estimate the market is embedding a scenario where SSD pricing declines 80% from $245/TB in C2Q26, to $46/TB by CY30 (below SNDK's September 2023 trough of $47/TB), HDD earnings peak in FY28, HDD pricing erodes, and through cycle HDD margins are half of what they are today. We'd remind our readers that HDD nearline EBs were allocated into CY28 as of 3 months ago, so to assume HDD earnings peak in FY28 – 6 months ahead of CY28-end – would assume the largest CSPs in the world are likely to renegotiate on these commitments in the next 12 months. Anything is possible, but our point is – **if we are wrong on our HDD thesis, this analysis would suggest tactical HDD downside is relatively limited from here, but if we're right, we see 80%+ upside in our base case and over 100% upside in our bull case valuations for both STX and WDC. We like banking on that kind of asymmetry.**

Exhibit 5: Assuming annual cost-down of 5-10% for both HDDs and SSDs through 2030, an 80% decline in SSD pricing from C2Q26 levels would still imply a long-term HDD operating margin of 25%+.



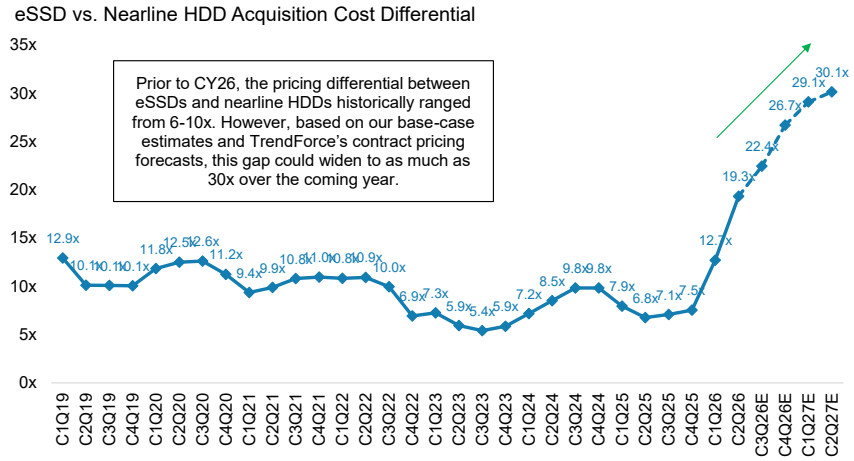
Source: Company data, Morgan Stanley Research estimates. Note: We use the average of MSe for SNDK and KIOXIA for SSDs, and STX and WDC for HDDs.

Exhibit 6: Our 14-15x target multiples for STX/WDC imply an 70%+ decline in SSD pricing to $63/TB (roughly C1Q25 levels), equating to a 43% HDD operating margin in CY30, assuming opex accounts for 9% of revenue and annual HDD cost-down of 5-10% through 2030.



Source: FactSet, Morgan Stanley Research estimates. Note: Instead of using FY28 operating margin, we use through-cycle operating margin for STX and WDC in this chart.

Exhibit 7: Despite our FY27-FY28 HDD $/TB forecasts being 10-20% above Street estimates, TrendForce's eSSD pricing outlook implies that the eSSD-to-nearline HDD pricing differential could widen to as much as 30x over the coming year.



Source: IDC, TrendForce, Morgan Stanley Research estimates. Note: eSSD pricing for C3Q26-C2Q27 is based on TrendForce's Q/Q pricing forecasts, while historical eSSD pricing is based on IDC estimates.

Bringing this altogether, we reiterate our OW rating on STX and WDC, and reinstate STX as our IT Hardware 'Top Pick'. Into earnings, we aren't materially adjusting our above-Street forecasts for STX or WDC, instead just tweaking estimates for intra-quarter announcements (largely around debt repayment). However, we are rolling forward our valuation base from CY27 to FY28, while also cutting our target P/E multiples by 5-6x turns – from 20x to 15x for STX and 14x for WDC – to account for HDD market competition and AI funding uncertainty. This results in a new $1,200 PT for STX (15x FY28 EPS of $80.10), with bear/bull case valuations of $522/$1,645 and a new $643 PT for WDC (14x FY28 EPS of $45.95), with bear/bull case valuations of $297/$910. We view 10x our base-case CY27 EPS as a "close your eyes and buy" valuation level for both stocks, equivalent to $595 for STX and $343 for WDC. STX remains 10% above this level, while WDC is just 3% above it, underscoring what we view as WDC's particularly favorable tactical risk/reward into earnings despite underperformance on EB growth and the pace of gross margin expansion relative to STX.

Exhibit 8: STX: We modestly lower our EB shipment forecasts while raising our $/TB and cost/TB assumptions, leaving our FY27-FY29 EPS estimates largely unchanged.

STX	FY27E			FY28E			FY29E		
($M)	New	Old	Diff.	New	Old	Diff.	New	Old	Diff.
Revenue	20,089	20,112	0%	29,713	29,683	0%	33,816	33,703	0%
Total HDD EB	*1,008*	*1,028*	*-2%*	*1,218*	*1,239*	*-2%*	*1,275*	*1,297*	*-2%*
Nearline EB	*918*	*938*	*-2%*	*1,135*	*1,156*	*-2%*	*1,191*	*1,213*	*-2%*
Total Price per EB	*$19.9*	*$19.6*	*2%*	*$24.4*	*$24.0*	*2%*	*$26.5*	*$26.0*	*2%*
Total Cost per EB	*$7.2*	*$7.1*	*1%*	*$6.2*	*$6.0*	*3%*	*$5.7*	*$5.5*	*4%*
Gross Profit	12,844	12,777	1%	22,162	22,215	0%	26,507	26,534	0%
Operating Profits	11,623	11,558	1%	20,897	20,951	0%	25,188	25,219	0%
Profit Before Tax	11,516	11,451	1%	20,848	20,904	0%	25,181	25,224	0%
Net Income	9,674	9,619	1%	17,512	17,559	0%	21,152	21,188	0%
EPS	**$42.16**	**$41.89**	**1%**	**$80.10**	**$80.11**	**0%**	**$104.09**	**$103.75**	**0%**
Gross Margin	63.9%	63.5%	40bps	74.6%	74.8%	-30bps	78.4%	78.7%	-30bps
Operating Margin	57.9%	57.5%	40bps	70.3%	70.6%	-30bps	74.5%	74.8%	-30bps
Diluted Shares (M)	229	230	0%	219	219	0%	203	204	0%

Source: Company data, Morgan Stanley Research estimates

Exhibit 9: WDC: We modestly lower our EB shipment forecasts while raising our $/TB and cost/TB assumptions – our FY27-FY29 EPS estimates slightly increase on lower diluted shares outstanding.

WDC	FY27E			FY28E			FY29E		
($M)	New	Old	Diff.	New	Old	Diff.	New	Old	Diff.
Revenue	20,522	20,305	1%	31,030	30,892	0%	35,495	35,331	0%
Total HDD EB	*1,086*	*1,113*	*-2%*	*1,334*	*1,358*	*-2%*	*1,396*	*1,421*	*-2%*
Nearline EB	*1,000*	*1,026*	*-3%*	*1,247*	*1,271*	*-2%*	*1,310*	*1,334*	*-2%*
HDD Price per EB	*$18.9*	*$18.2*	*4%*	*$23.3*	*$22.8*	*2%*	*$25.4*	*$24.9*	*2%*
HDD Cost per EB	*$7.2*	*$7.0*	*4%*	*$6.3*	*$6.2*	*3%*	*$5.9*	*$5.8*	*3%*
Gross Profit	12,684	12,558	1%	22,590	22,517	0%	27,224	27,128	0%
Operating Profit	11,076	10,954	1%	20,860	20,788	0%	25,396	25,079	1%
Profit Before Tax	11,055	10,932	1%	20,873	20,800	0%	25,435	25,117	1%
Net Income	9,267	9,164	1%	17,533	17,472	0%	21,366	21,098	1%
EPS	**$23.79**	**$23.50**	**1%**	**$45.95**	**$45.36**	**1%**	**$57.89**	**$56.01**	**3%**
Gross Margin	61.8%	61.8%	0bps	72.8%	72.9%	-10bps	76.7%	76.8%	-10bps
Operating Margin	54.0%	53.9%	0bps	67.2%	67.3%	-10bps	71.5%	71.0%	60bps
Diluted Shares (M)	390	390	0%	382	385	-1%	369	377	-2%

Source: Company data, Morgan Stanley Research estimates

What do we want to learn from the upcoming earnings? Quantitatively, the key question is whether the September and December quarters mark an inflection in HDD $/TB growth and whether cost/TB can continue to decline at similar rates despite rising NAND/DRAM input costs. For WDC specifically, we also want to see a trajectory leading back to 30-35% annual nearline EB growth, as was communicated during our June NDR. Qualitatively, we are focused on four key questions at earnings: (1) whether STX or WDC will adjust capacity plans in response to Toshiba's reported targets, (2) whether there is any change in prioritizing profitability over market share, preserving favorable industry supply/demand dynamics and the "rational oligopoly" thesis, (3) whether STX/WDC continue to see the HDD supply/demand gap widening over the next several years, and (4) whether STX/WDC see any evidence of more aggressive pricing in the market. **Checking all these boxes would not necessarily return the stock narrative to its positive trajectory from 4 months ago, as the duration of the cycle remains a bigger question that is largely outside the HDD vendors' control. However, we believe greater clarity on these questions could help investors recognize that some of the risks now priced into the stocks may be overdone, supporting our view of STX/WDC as tactical longs into this earnings season.**

Exhibit 10: STX: Our largely unchanged FY27-FY28 EPS estimates are still 15-37% above Consensus.

STX	FY27E			FY28E			FY29E		
($M)	MS	Cons	Diff.	MS	Cons	Diff.	MS	Cons	Diff.
Revenue	20,089	18,948	6%	29,713	25,902	15%	33,816	31,542	7%
Gross Profit	12,844	11,153	15%	22,162	16,058	38%	26,507	21,601	23%
Operating Profits	11,623	10,133	15%	20,897	15,679	33%	25,188	20,727	22%
Profit Before Tax	11,516	9,911	16%	20,848	15,445	35%	25,181	20,667	22%
Net Income	9,674	8,397	15%	17,512	13,066	34%	21,152	17,489	21%
EPS	**$42.16**	**$36.79**	**15%**	**$80.10**	**$58.63**	**37%**	**$104.09**	**$80.45**	**29%**
Gross Margin	63.9%	58.9%	510bps	74.6%	62.0%	1260bps	78.4%	68.5%	990bps
Operating Margin	57.9%	53.5%	440bps	70.3%	60.5%	980bps	74.5%	65.7%	880bps
Diluted Shares (M)	229	228	1%	219	223	-2%	203	217	-7%

Source: Company data, FactSet, Morgan Stanley Research estimates

Exhibit 11: WDC: Our largely unchanged FY27-FY28 EPS estimates are still 16-38% above Consensus.

WDC	FY27E			FY28E			FY29E		
($M)	MS	Cons	Diff.	MS	Cons	Diff.	MS	Cons	Diff.
Revenue	20,522	19,269	7%	31,030	26,876	15%	35,495	31,767	12%
Gross Profit	12,684	11,116	14%	22,590	16,308	39%	27,224	21,566	26%
Operating Profit	11,076	9,692	14%	20,860	15,311	36%	25,396	19,430	31%
Profit Before Tax	11,055	9,640	15%	20,873	15,314	36%	25,435	19,921	28%
Net Income	9,267	8,032	15%	17,533	12,750	38%	21,366	16,615	29%
EPS	**$23.79**	**$20.57**	**16%**	**$45.95**	**$33.23**	**38%**	**$57.89**	**$44.48**	**30%**
Gross Margin	61.8%	57.7%	410bps	72.8%	60.7%	1210bps	76.7%	67.9%	880bps
Operating Margin	54.0%	47.7%	620bps	67.2%	49.6%	1770bps	71.5%	55.0%	1660bps
Diluted Shares (M)	390	390	0%	382	384	-1%	369	374	-1%

Source: Company data, FactSet, Morgan Stanley Research estimates

Exhibit 12: While our base-case FY28 EPS estimates are already ~40% above Street, our bull-case estimates imply another ~40% upside to our base case.

FY28	STX		WDC	
	Base Case	Bull Case	Base Case	Bull Case
Revenue Y/Y	48%	74%	51%	77%
EB Y/Y	21%	24%	23%	24%
Nearline EB Y/Y	24%	27%	25%	26%
Price Per EB Y/Y	22%	40%	23%	43%
Cost Per EB Y/Y	-14%	-14%	-12%	-13%
Gross Margin	74.6%	79.1%	72.8%	77.9%
Opex ($B)	$1.27	$1.27	$1.73	$1.73
EPS ($)	$80.10	$109.64	$45.95	$65.00
Diluted Shares (M)	219	218	382	377

Source: Company data, Morgan Stanley Research estimates

AlphaSignals Earnings Preview

Focus KPI	Focus KPI Surprise	Likely impact to consensus EPS*
Seagate Technology STX.O		
December quarter EPS guidance	↑ Likely upside surprise	↑ Modest revision higher
Western Digital WDC.O		
December quarter EPS guidance	↑ Likely upside surprise	↑ Modest revision higher

*Likely impact to consensus EPS is for the next 12 months
Source: Company data, Morgan Stanley Research

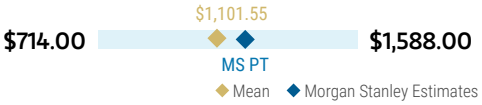
Risk Reward – Seagate Technology (STX.O) Top Pick

Once in a Generation Data Center Buildout and Tech Leadership Supports OW Rating

PRICE TARGET $1,200.00

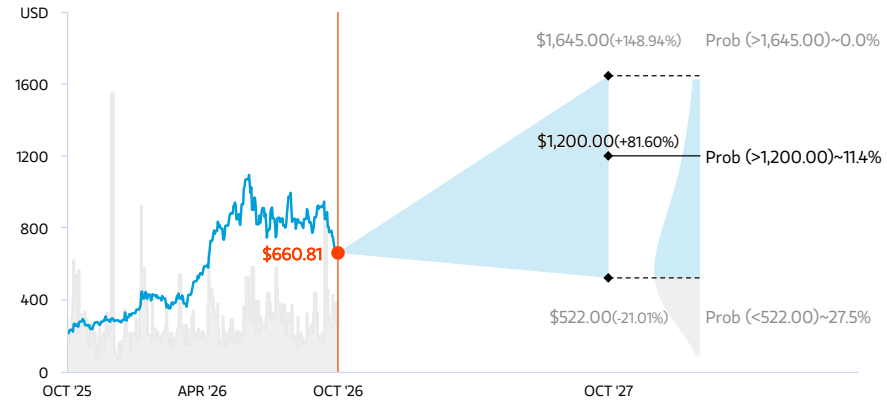
Our PT implies 15.0x our FY28 EPS of $80.10, as we expect earnings upward revisions by the Street with shares trading 1.0x turn above the peak multiples in the previous industry upcycle.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



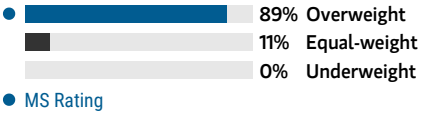
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 19 Oct 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

STX benefits from accelerating data growth, which drives storage demand in the cloud and on-prem. We are entering a period of AI-driven storage demand growth, benefitting both HDDs and flash shipments. We believe the HDD industry supply discipline has made the industry more profitable, and that HAMR and STX's cost/pricing actions will provide a tailwind to the company's gross margin profile in the long term, which continues to be underestimated by the market. Combined with opex discipline, we expect a decent multi-year earnings story ahead. As a result, we are Overweight rated on STX.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Pricing Power:	*Positive*
Technology Diffusion:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $1,645.00

15.0x FY28 Bull-case EPS of $109.64

Cloud storage demand surprises positively, gross margins expand more quickly due to HAMR mix, and STX sees a greater AI-driven demand uplift. Cloud demand further accelerates into CY27, and HAMR's launch is successful, putting upward pressure on margins amidst market share gain. Gross margins approaching 70% levels in FY27-28. STX sees incremental HDD demand from AI in FY27 and it is more material than expected. $1,645 represents 15.0x P/E on FY28 bull-case EPS of $109.64.

BASE CASE $1,200.00

15.0x FY28 EPS of $80.10

Gross margins expand to 60% levels and AI drives HDD demand, creating a compelling EPS story in FY27-29. The HDD market remains healthy in CY27, and AI drives a modest HDD demand uplift in FY27-29. HAMR drives gross margins to mid-60% levels and continued opex discipline, along with share buybacks, supports EPS. Our PT assumes 15.0x FY28 EPS of $80.10, with STX stock multiples trading 1.0x turn above the peak of previous HDD industry upcycle in 2021-22.

BEAR CASE $522.00

9.0x FY28 Bear-case EPS of $58.00

HDD growth decelerates, gross margins struggle to further expand, and AI-driven demand doesn't materialize. HDD demand growth turns out to be milder than expected, keeping gross margins from further expanding. eSSD starts to replace some of the HDD demand in cloud storage environments for cold data, while the HDD industry becomes less irrational and starts expanding capacity, which weigh on valuation multiples. Our bear case assumes shares trade at 9.0x on FY28 bear-case EPS of $58.00.

Risk Reward – Seagate Technology (STX.O)

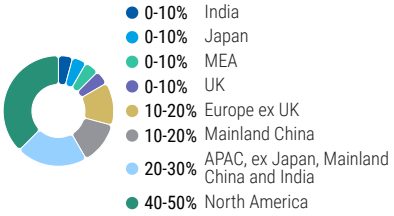
KEY EARNINGS INPUTS

Drivers	Jun 2026	Jun 2027e	Jun 2028e	Jun 2029e
Revenue Growth (Y/Y) (%)	34.1	64.7	47.9	13.8
HDD Exabyte Growth (Y/Y) (%)	32.6	27.7	20.9	4.7
Capacity Optimized Revenue Growth (Y/Y) (%)	0.0	0.0	0.0	0.0
Non-GAAP Gross Margin (%)	46.1	63.9	74.6	78.4
Non-GAAP Operating Margin (%)	36.5	57.9	70.3	74.5

INVESTMENT DRIVERS

- Positive EPS revisions as cycle strength persists and margins ramp to high-40%
- Stronger for longer cloud capex growth
- New CSP qualifications on HAMR platform
- Management accelerates buybacks

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	2/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Demand accelerates
- AI drives incremental HDD demand
- GM expands to high-50% range
- Smoother/stronger cloud cycles drive multiple expansion
- STX exhibits more pricing power
- HAMR drives share gains

RISKS TO DOWNSIDE

- Qualifications for high-capacity drives take longer than expected
- Steeper declines from cyclical markets
- GM doesn't further expand
- Pricing normalizes more than expected
- Geopolitical tensions & tariff costs

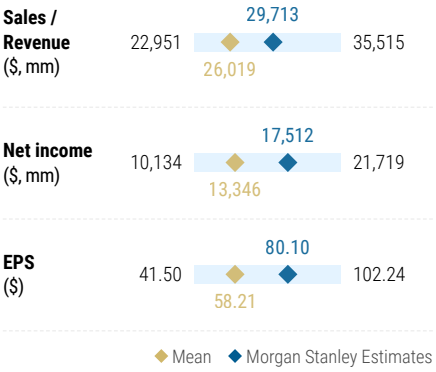
OWNERSHIP POSITIONING

Inst. Owners, % Active	53.3%
HF Sector Long/Short Ratio	2.2x
HF Sector Net Exposure	30.6%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2028e



Source: Refinitiv, Morgan Stanley Research

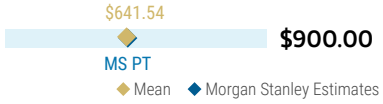
Risk Reward – Western Digital (WDC.O)

An Undervalued Special Sit Tied To Once In a Generation Data Center Buildout

PRICE TARGET $643.00

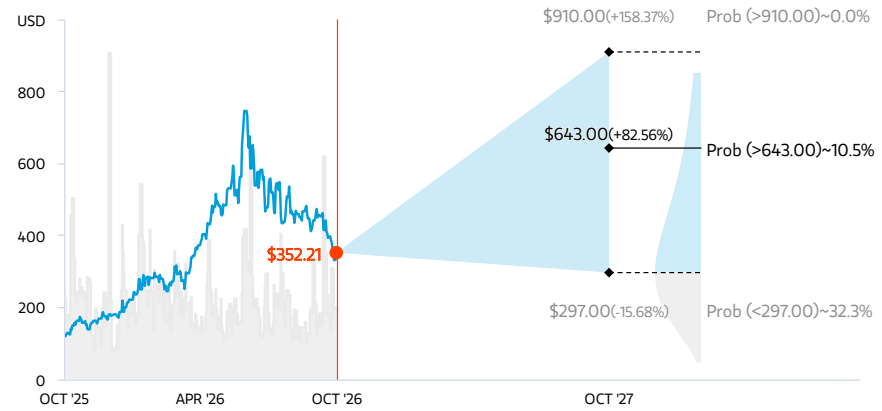
Our PT implies 14.0x FY28 EPS of $45.95, as we expect share to trade toward the peak multiples (14.0x) in the previous industry upcycle.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



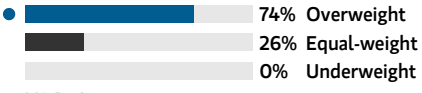
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 19 Oct 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

WDC benefits from accelerating data growth, which drives storage demand in the cloud and on-prem. We believe that the HDD cycle is 'Stronger for Longer' – demand outstrips supply with continued upward pressure in HDD pricing – and entering a period of AI-driven storage demand growth, which will benefit both HDDs and SSDs shipments. While WDC is behind STX in HAMR timeline, we believe WDC will retain its leading HDD revenue and profits market share in the near term with its competitive UltraSMR solutions for high-capacity drives before the industry shifts to wider adoption of HAMR. Accelerated mix shift toward higher-capacity drives lowers cost per TB, supporting continued margin expansion.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Pricing Power:	*Positive*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $910.00

14.0x FY28 Bull-case EPS of $65.00

Cloud storage demand surprises positively, gross margins expand more quickly due to much higher high-capacity mix, and WDC sees a greater AI-driven demand uplift. Gross margins approaching 70% range in FY27-28. Incremental HDD demand from AI in CY27 is more material than expected. Pricing environment remains healthy into FY28, driving mid-20s % Y/Y price per EB growth. HAMR timeline accelerates, with earlier-than-expected qualification completion and volume shipment timing.

BASE CASE $643.00

14.0x FY28 EPS of $45.95

GMs approach mid-60% range and AI drives HDD demand, creating a compelling EPS story in FY27-28. The HDD market remains healthy in CY27, and AI drives a HDD demand uplift in FY27-29. Increase in high-capacity drive mix expand GMs to 60% levels, and continued opex discipline supports EPS. Our PT assumes 14.0x - 1x turn below our target multiple for STX - which is where STX stock multiples traded up to during the previous HDD industry upcycle in 2021-22.

BEAR CASE $297.00

9.0x FY28 Bear-case EPS of $33.00

HDD growth decelerates, gross margins struggle to further expand, and AI-driven demand doesn't materialize. Our bear case assumes the HDD demand growth turns out to be milder than expected. Despite market share leadership in high-capacity drives, headwinds such as underutilization, production charges, and tariffs keep GM depressed and lead to fixed cost deleverage. Our bear case assumes shares trade at 9.0x on our FY28 bear-case EPS of $33.00.



Risk Reward – Western Digital (WDC.O)

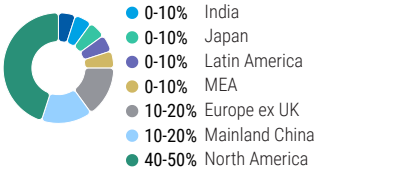
KEY EARNINGS INPUTS

Drivers	Jun 2026	Jun 2027e	Jun 2028e	Jun 2029e
Revenue Growth (Y/Y) (%)	35.7	58.9	51.2	14.4
HDD Exabyte Growth (Y/Y) (%)	25.1	24.6	22.8	4.7
Nearline HDD Exabyte Growth (Y/Y) (%)	28.4	27.7	24.8	5.0
Non-GAAP Gross Margin (%)	49.1	61.8	72.8	76.7
Non-GAAP Operating Margin (%)	37.3	54.0	67.2	71.5

INVESTMENT DRIVERS

- Positive EPS revisions as cycle strength surprises to upside
- Gross margins approaching mid-50s %
- CSPs qualify on HAMR platform, signaling imminent volume shipments
- Further de-leveraging
- Dividend increase / acceleration of buybacks

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 **BEST**	24 Month Horizon	3/5 **MOST**	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Demand accelerates
- AI drives incremental HDD demand
- Smoother cloud cycles drive multiple expansion
- WDC exhibits more pricing power
- HAMR qualification/volume shipment timeline earlier than expected

RISKS TO DOWNSIDE

- GM doesn't further expand
- Pricing normalizes more than expected
- Geopolitical tensions & tariff impacts
- Competitive pressures & HAMR timeline delays
- Dilution from converts more significant than expected

OWNERSHIP POSITIONING

Inst. Owners, % Active	52.7%	
HF Sector Long/Short Ratio	2.2x	
HF Sector Net Exposure	30.6%	

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2028e

Sales / Revenue ($, mm)	23,299	26,722 / 31,030	33,971
EBITDA ($, mm)	12,548	16,092 / 21,370	23,856
Net income ($, mm)	9,459	12,761 / 17,533	19,201
EPS ($)	24.68	33.64 / 45.95	51.03

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

STX: Financial Model

Exhibit 13: Seagate Technology Income Statement

	F2026A				F2027E				F2028E								
($ in millions)	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	2025A	2026A	2027E	2028E	2029E
Revenues	**2,629**	**2,825**	**3,112**	**3,629**	**4,163**	**4,755**	**5,216**	**5,955**	**6,431**	**7,088**	**7,669**	**8,525**	**9,097**	**12,195**	**20,089**	**29,713**	**33,816**
Data Center	2,114	2,224	2,500	2,933	3,361	3,803	4,296	4,940	5,469	6,029	6,687	7,493	6,796	9,771	16,399	25,678	29,620
Edge IoT	515	601	612	697	802	953	920	1,015	961	1,059	982	1,032	2,301	2,425	3,690	4,035	4,196
Cost of Revenue	**1,575**	**1,634**	**1,649**	**1,717**	**1,751**	**1,801**	**1,814**	**1,879**	**1,862**	**1,891**	**1,875**	**1,924**	**5,842**	**6,575**	**7,245**	**7,551**	**7,309**
Gross Profit	**1,054**	**1,191**	**1,463**	**1,912**	**2,412**	**2,954**	**3,402**	**4,076**	**4,569**	**5,197**	**5,794**	**6,602**	**3,255**	**5,620**	**12,844**	**22,162**	**26,507**
Gross Margin	*40.1%*	*42.2%*	*47.0%*	*52.7%*	*57.9%*	*62.1%*	*65.2%*	*68.4%*	*71.1%*	*73.3%*	*75.6%*	*77.4%*	*35.8%*	*46.1%*	*63.9%*	*74.6%*	*78.4%*
Incremental Margin	*71.8%*	*73.2%*	*71.6%*	*83.2%*	*88.6%*	*91.4%*	*92.2%*	*93.0%*	*95.1%*	*96.1%*	*97.5%*	*98.3%*	*62.3%*	*76.3%*	*91.5%*	*96.8%*	*105.9%*
Operating Expenses	**291**	**290**	**296**	**293**	**305**	**304**	**305**	**307**	**312**	**315**	**318**	**320**	**1,128**	**1,170**	**1,221**	**1,265**	**1,319**
Product development	186	187	194	188	196	195	196	197	203	206	207	209	724	755	784	824	862
SG&A	105	103	102	105	108	109	110	110	109	110	111	111	404	415	437	441	457
Income from Operations (PTOP)	**763**	**901**	**1,167**	**1,619**	**2,108**	**2,650**	**3,097**	**3,769**	**4,257**	**4,882**	**5,476**	**6,282**	**2,127**	**4,450**	**11,623**	**20,897**	**25,188**
PTOP Margin	*29.0%*	*31.9%*	*37.5%*	*44.6%*	*50.6%*	*55.7%*	*59.4%*	*63.3%*	*66.2%*	*68.9%*	*71.4%*	*73.7%*	*23.4%*	*36.5%*	*57.9%*	*70.3%*	*74.5%*
Total Interest Income (expense), net	**(74)**	**(70)**	**(62)**	**(58)**	**(47)**	**(28)**	**(16)**	**(16)**	**(14)**	**(14)**	**(12)**	**(10)**	**(326)**	**(264)**	**(107)**	**(49)**	**(7)**
Operating Income Before Taxes	**689**	**831**	**1,105**	**1,561**	**2,060**	**2,622**	**3,081**	**3,753**	**4,244**	**4,868**	**5,464**	**6,272**	**1,801**	**4,186**	**11,516**	**20,848**	**25,181**
GAAP Income Tax Provision	65	114	116	211	330	420	493	600	679	779	874	1,004	44	506	1,843	3,336	4,029
Recurring Tax Provision	106	129	171	242	330	420	493	600	679	779	874	1,004	69	648	1,843	3,336	4,029
Effective Tax Rate	*15.4%*	*15.5%*	*15.5%*	*15.5%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*3.8%*	*15.5%*	*16.0%*	*16.0%*	*16.0%*
Operating Net Income	**583**	**702**	**934**	**1,319**	**1,731**	**2,202**	**2,588**	**3,153**	**3,565**	**4,089**	**4,590**	**5,268**	**1,732**	**3,538**	**9,674**	**17,512**	**21,152**
Operating Net Income Margin	*22.2%*	*24.8%*	*30.0%*	*36.3%*	*41.6%*	*46.3%*	*49.6%*	*52.9%*	*55.4%*	*57.7%*	*59.9%*	*61.8%*	*19.0%*	*29.0%*	*48.2%*	*58.9%*	*62.6%*
One-Time Charges/ Adjustments	**34**	**109**	**186**	**25**	**64**	**73**	**80**	**91**	**98**	**107**	**116**	**129**	**263**	**354**	**307**	**450**	**511**
Total One-time, gross	**75**	**124**	**241**	**56**	**64**	**73**	**80**	**91**	**98**	**107**	**116**	**129**	**288**	**496**	**307**	**450**	**511**
Reported Income Before Taxes	614	707	864	1,505	1,996	2,549	3,001	3,662	4,146	4,760	5,348	6,143	1,513	3,690	11,209	20,398	24,670
GAAP Net Income	**549**	**593**	**748**	**1,294**	**1,667**	**2,130**	**2,508**	**3,062**	**3,467**	**3,982**	**4,474**	**5,140**	**1,469**	**3,184**	**9,367**	**17,062**	**20,641**
Stock Option Expense	52	53	54	54	62	71	78	89	96	105	114	127	200	213	299	442	503
Tax Benefit on Stock Option Expense	3	3	3	3	3	4	4	4	5	5	6	6	10	11	15	22	25
Stock Option Expense Per Share	$0.22	$0.22	$0.23	$0.22	$0.26	$0.29	$0.32	$0.37	$0.41	$0.45	$0.50	$0.57	$0.89	$0.89	$1.24	$1.92	$2.35
Operating Net Income (pre-stock options)	**632**	**752**	**985**	**1,370**	**1,789**	**2,270**	**2,662**	**3,237**	**3,656**	**4,189**	**4,698**	**5,389**	**1,922**	**3,740**	**9,958**	**17,932**	**21,630**
Fully-diluted EPS																	
EPS - ModelWare	**$2.61**	**$3.11**	**$4.10**	**$5.71**	**$7.50**	**$9.54**	**$11.28**	**$13.90**	**$15.93**	**$18.54**	**$21.14**	**$24.73**	**$8.10**	**$15.59**	**$42.16**	**$80.10**	**$104.09**
EPS - Reported	$2.46	$2.62	$3.28	$5.60	$7.23	$9.22	$10.94	$13.50	$15.50	$18.05	$20.60	$24.12	$6.87	$14.03	$40.83	$78.04	$101.57
EPS - ModelWare excl. Stock Option Expens	$2.84	$3.33	$4.32	$5.93	$7.76	$9.83	$11.61	$14.27	$16.34	$18.99	$21.64	$25.29	$8.99	$16.48	$43.40	$82.02	$106.44
Dividend Payment	157	158	161	166	173	174	173	172	175	172	170	167	604	672	678	653	623
Dividend Per Share	$0.74	$0.74	$0.74	$0.74	$0.76	$0.76	$0.76	$0.76	$0.79	$0.79	$0.79	$0.79	$2.86	$2.96	$3.05	$3.14	$3.23
Period Ending Outstanding Shares	214	218	224	227	228	227	225	222	219	216	212	208	212	227	222	208	193
Avg Shares (Basic)	214	216	221	225	228	228	226	224	221	218	214	210	212	219	226	216	200
Avg Shares (Fully Diluted)	223	226	228	231	231	231	229	227	224	221	217	213	214	227	229	219	203

Source: Company data, Morgan Stanley Research estimates

Exhibit 14: Seagate Technology Income Statement Analysis

($ in millions)	F2026A Sep-25	F2026A Dec-25	F2026A Mar-26	F2026A Jun-26	F2027E Sep-26	F2027E Dec-26	F2027E Mar-27	F2027E Jun-27	F2028E Sep-27	F2028E Dec-27	F2028E Mar-28	F2028E Jun-28	2025A	2026A	2027E	2028E	2029E
Margin Analysis																	
Gross Margin	**40.1%**	**42.2%**	**47.0%**	**52.7%**	**57.9%**	**62.1%**	**65.2%**	**68.4%**	**71.1%**	**73.3%**	**75.6%**	**77.4%**	**35.8%**	**46.1%**	**63.9%**	**74.6%**	**78.4%**
Data Center	43.7%	45.5%	50.2%	54.6%	58.9%	62.9%	66.1%	69.6%	72.3%	74.7%	76.9%	78.8%	41.1%	49.1%	64.9%	76.0%	79.8%
Edge IoT	25.4%	29.7%	33.8%	44.6%	53.9%	59.0%	61.0%	63.0%	64.2%	65.3%	66.4%	67.5%	20.1%	34.1%	59.5%	65.9%	68.4%
Product Development	7.1%	6.6%	6.2%	5.2%	4.7%	4.1%	3.8%	3.3%	3.2%	2.9%	2.7%	2.5%	8.0%	6.2%	3.9%	2.8%	2.6%
SG&A	4.0%	3.6%	3.3%	2.9%	2.6%	2.3%	2.1%	1.9%	1.7%	1.6%	1.5%	1.3%	4.4%	3.4%	2.2%	1.5%	1.4%
Operating Expenses	11.1%	10.3%	9.5%	8.1%	7.3%	6.4%	5.9%	5.2%	4.9%	4.5%	4.2%	3.8%	12.4%	9.6%	6.1%	4.3%	3.9%
EBITDA Margin	31.8%	34.3%	39.6%	46.5%	52.5%	57.5%	61.2%	65.2%	67.5%	70.1%	72.6%	74.8%	26.1%	38.8%	59.7%	71.5%	76.0%
PTOP Margin	29.0%	31.9%	37.5%	44.6%	50.6%	55.7%	59.4%	63.3%	66.2%	68.9%	71.4%	73.7%	23.4%	36.5%	57.9%	70.3%	74.5%
Pretax Margin	26.2%	29.4%	35.5%	43.0%	49.5%	55.1%	59.1%	63.0%	66.0%	68.7%	71.3%	73.6%	19.8%	34.3%	57.3%	70.2%	74.5%
Net Income	22.2%	24.8%	30.0%	36.3%	41.6%	46.3%	49.6%	52.9%	55.4%	57.7%	59.9%	61.8%	19.0%	29.0%	48.2%	58.9%	62.6%
Year-Over-Year Growth (%)																	
Revenue	**21.3%**	**21.5%**	**44.1%**	**48.5%**	**58.3%**	**68.3%**	**67.6%**	**64.1%**	**54.5%**	**49.1%**	**47.0%**	**43.2%**	**38.9%**	**34.1%**	**64.7%**	**47.9%**	**13.8%**
Data Center	33.6%	28.1%	54.8%	57.4%	59.0%	71.0%	71.8%	68.5%	62.7%	58.5%	55.7%	51.7%		43.8%	67.8%	56.6%	15.4%
Edge IoT	-12.1%	2.0%	12.3%	19.9%	55.8%	58.5%	50.4%	45.7%	19.8%	11.2%	6.7%	1.7%		5.4%	52.2%	9.4%	4.0%
Gross Margin	45.8%	44.4%	87.3%	106.5%	128.9%	148.0%	132.5%	113.2%	89.4%	75.9%	70.3%	62.0%	94.9%	72.7%	128.5%	72.5%	19.6%
Product Development	2.8%	1.6%	7.8%	5.0%	5.6%	4.3%	0.8%	4.5%	3.1%	5.4%	5.9%	6.3%	10.7%	4.3%	3.8%	5.2%	4.6%
SG&A	5.0%	0.0%	8.5%	-1.9%	3.1%	6.2%	7.4%	4.9%	1.0%	0.5%	1.5%	0.6%	19.2%	2.7%	5.4%	0.9%	3.5%
Operating Expenses	**3.6%**	**1.0%**	**8.0%**	**2.4%**	**4.7%**	**4.9%**	**3.1%**	**4.7%**	**2.3%**	**3.6%**	**4.3%**	**4.2%**	**13.6%**	**3.7%**	**4.3%**	**3.6%**	**4.2%**
PTOP	72.6%	67.5%	130.2%	153.0%	176.2%	194.1%	165.4%	132.8%	102.0%	84.2%	76.8%	66.7%	214.2%	109.2%	161.2%	79.8%	20.5%
EBT	94.1%	83.8%	158.8%	175.3%	199.0%	215.5%	178.8%	140.4%	106.0%	85.7%	77.4%	67.1%	440.8%	132.4%	175.1%	81.0%	20.8%
Net Income	73.5%	62.1%	129.5%	137.2%	196.8%	213.7%	177.1%	139.0%	106.0%	85.7%	77.4%	67.1%	536.8%	104.3%	173.4%	81.0%	20.8%
ModelWare EPS	**65.7%**	**52.8%**	**115.4%**	**120.8%**	**187.0%**	**207.1%**	**175.5%**	**143.5%**	**112.4%**	**94.4%**	**87.3%**	**77.9%**	**527.8%**	**92.3%**	**170.5%**	**90.0%**	**29.9%**
Sequential Growth (%)																	
Revenue	**7.6%**	**7.5%**	**10.2%**	**16.6%**	**14.7%**	**14.2%**	**9.7%**	**14.2%**	**8.0%**	**10.2%**	**8.2%**	**11.2%**					
Data Center	13.5%	5.2%	12.4%	17.3%	14.6%	13.2%	13.0%	15.0%	10.7%	10.2%	10.9%	12.1%					
Edge IoT	-11.4%	16.7%	1.8%	13.8%	15.2%	18.7%	-3.4%	10.3%	-5.2%	10.2%	-7.3%	5.1%					
Gross Margin	13.8%	13.0%	22.8%	30.7%	26.2%	22.5%	15.2%	19.8%	12.1%	13.7%	11.5%	13.9%					
Product Development	3.9%	0.5%	3.7%	-3.1%	4.5%	-0.8%	0.3%	0.5%	3.1%	1.5%	0.7%	0.9%					
SG&A	-1.9%	-1.9%	-1.0%	2.9%	3.1%	1.0%	0.2%	0.6%	-0.8%	0.5%	1.2%	-0.3%					
Operating Expenses	**1.7%**	**-0.3%**	**2.1%**	**-1.0%**	**4.0%**	**-0.1%**	**0.3%**	**0.5%**	**1.7%**	**1.1%**	**0.9%**	**0.5%**					
PTOP Margin	19.2%	18.1%	29.5%	38.7%	30.2%	25.7%	16.9%	21.7%	13.0%	14.7%	12.2%	14.7%					
Pretax Margin	21.5%	20.6%	33.0%	41.3%	32.0%	27.3%	17.5%	21.8%	13.1%	14.7%	12.2%	14.8%					
Net Income	4.9%	20.4%	33.0%	41.2%	31.2%	27.3%	17.5%	21.8%	13.1%	14.7%	12.2%	14.8%					
ModelWare EPS	**1.1%**	**18.8%**	**31.9%**	**39.4%**	**31.4%**	**27.1%**	**18.3%**	**23.2%**	**14.6%**	**16.4%**	**14.0%**	**17.0%**					

Source: Company data, Morgan Stanley Research estimates

Exhibit 15: Seagate Technology Balance Sheet

($ in millions)	F2026A				F2027E				F2028E								
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	2025A	2026A	2027E	2028E	2029E
Assets																	
Current Assets:																	
Cash and cash equivalents	1,112	1,046	1,146	1,704	1,322	1,460	1,498	1,512	1,492	1,814	2,078	2,234	891	1,704	1,512	2,234	5,101
Short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	1,073	1,246	1,197	1,534	1,403	1,757	2,028	2,094	2,167	2,620	2,950	2,998	959	1,534	2,094	2,998	3,412
Affiliate accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	1,496	1,498	1,530	1,571	1,694	1,683	1,673	1,693	1,801	1,768	1,710	1,733	1,440	1,571	1,693	1,733	1,678
Other current assets	351	419	426	412	458	523	574	655	749	825	893	992	363	412	655	992	1,129
Total Current Assets	**4,032**	**4,209**	**4,299**	**5,221**	**4,876**	**5,424**	**5,773**	**5,955**	**6,208**	**7,026**	**7,631**	**7,957**	**3,653**	**5,221**	**5,955**	**7,957**	**11,320**
Property, equipment and leasehold improvements, net	1,688	1,771	1,852	2,034	2,165	2,317	2,474	2,627	2,817	3,032	3,270	3,542	1,657	2,034	2,627	3,542	4,466
Goodwill	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221	1,221
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets, net	1,501	1,507	1,520	1,496	1,496	1,496	1,496	1,496	1,496	1,496	1,496	1,496	1,492	1,496	1,496	1,496	1,496
Total Assets	**8,442**	**8,708**	**8,892**	**9,972**	**9,759**	**10,458**	**10,964**	**11,299**	**11,742**	**12,775**	**13,618**	**14,216**	**8,023**	**9,972**	**11,299**	**14,216**	**18,503**
Liabilities																	
Current Liabilities:																	
Accounts payable	1,673	1,771	1,694	1,748	1,827	1,879	1,955	2,003	1,942	1,973	1,998	2,050	1,604	1,748	2,003	2,050	1,985
Affiliate accounts payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued employee compensation	212	253	308	377	103	105	106	109	60	61	60	62	352	377	109	62	60
Accrued deferred compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses	673	673	771	744	758	752	735	730	700	683	647	628	632	744	730	628	547
Accrued warranty	63	66	70	73	208	238	261	298	322	354	383	426	60	73	298	426	485
Accrued income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of l-t debt & s-t debt	1,496	998	398	185	185	185	185	185	185	185	185	185	-	185	185	185	185
Total Current Liabilities	**4,117**	**3,761**	**3,241**	**3,127**	**3,081**	**3,159**	**3,242**	**3,325**	**3,209**	**3,256**	**3,274**	**3,351**	**2,648**	**3,127**	**3,325**	**3,351**	**3,262**
Long Term Liabilities																	
Accrued warranty	83	94	109	125	250	285	313	357	386	425	460	512	77	125	357	512	582
Other liabilities	807	893	982	1,173	719	758	742	721	761	794	768	740	756	1,173	721	740	724
Long-term debt, less current portion	3,498	3,501	3,465	3,380	2,229	1,498	1,498	1,348	1,348	1,348	1,348	1,148	4,995	3,380	1,348	1,148	948
Total Long Term Liabilities	**4,388**	**4,488**	**4,556**	**4,678**	**3,198**	**2,541**	**2,553**	**2,427**	**2,495**	**2,568**	**2,576**	**2,400**	**5,828**	**4,678**	**2,427**	**2,400**	**2,255**
Total Liabilities	**8,505**	**8,249**	**7,797**	**7,805**	**6,279**	**5,700**	**5,794**	**5,752**	**5,703**	**5,824**	**5,850**	**5,751**	**8,476**	**7,805**	**5,752**	**5,751**	**5,516**
Total Stockholder's Equity	**(63)**	**459**	**1,095**	**2,167**	**3,480**	**4,758**	**5,170**	**5,547**	**6,039**	**6,951**	**7,767**	**8,465**	**(453)**	**2,167**	**5,547**	**8,465**	**12,987**
Total Liabilities and Stockholder's Equity	**8,442**	**8,708**	**8,892**	**9,972**	**9,759**	**10,458**	**10,964**	**11,299**	**11,742**	**12,775**	**13,618**	**14,216**	**8,023**	**9,972**	**11,299**	**14,216**	**18,503**

Source: Company data, Morgan Stanley Research estimates

Exhibit 16: Seagate Technology Statement of Cash Flows

($ in millions)	F2026A				F2027E				F2028E								
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	2025A	2026A	2027E	2028E	2029E
Cash Flow Statement (Non Cumulative)																	
Operating activities:																	
Net Income / (Loss)	549	593	748	1,294	1,667	2,130	2,508	3,062	3,467	3,982	4,474	5,140	1,469	3,184	9,367	17,062	20,641
Depreciation and Amortization	72	68	66	70	77	86	93	115	84	86	88	91	251	276	371	349	513
Stock based compensation incl. accelerated vesting charges	52	53	54	54	62	71	78	89	96	105	114	127	200	213	299	442	503
Deferred income taxes	(25)	3	(11)	(1)	-	-	-	-	-	-	-	-	(8)	(34)	-	-	-
In-process research and development charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash portion of restructuring charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred compensation charge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt refinancing charges	-	-	-	-	-	-	-	-	-	-	-	-	7	-	-	-	-
Excess tax benefit from stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other, net	15	86	84	9	-	-	-	-	-	-	-	-	129	194	-	-	-
Changes in Operating Assets and Liabilities:																0	
Accounts receivable	(114)	(173)	49	(337)	131	(355)	(271)	(66)	(73)	(453)	(330)	(48)	(513)	(575)	(560)	(904)	(414)
Inventories	(56)	(2)	(32)	(41)	(123)	10	11	(21)	(107)	33	58	(23)	(201)	(131)	(122)	(40)	56
Accounts payable	84	78	(73)	(23)	79	52	76	48	(61)	31	25	52	(242)	66	255	47	(66)
Accrued employee compensation	(140)	32	46	59	(454)	100	19	59	12	90	1	49	207	(3)	(277)	152	31
Accrued expenses, income taxes and warranty	119	(149)	376	182	-	-	-	-	-	-	-	-	(95)	528	-	-	-
Accrued deferred compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets and liabilities	(24)	134	(193)	39	(46)	(65)	(51)	(81)	(93)	(77)	(68)	(100)	(121)	(44)	(243)	(337)	(137)
Net Cash Provided by Operating Activities	**532**	**723**	**1,114**	**1,305**	**1,393**	**2,029**	**2,463**	**3,205**	**3,325**	**3,797**	**4,363**	**5,287**	**1,083**	**3,674**	**9,089**	**16,771**	**21,127**
Investing activities:																	
Acquisition of property, equipment and leasehold improvement	(105)	(116)	(161)	(187)	(208)	(238)	(250)	(268)	(273)	(301)	(326)	(362)	(265)	(569)	(964)	(1,263)	(1,437)
Proceeds from sale of PPE	15	-	-	-	-	-	-	-	-	-	-	-	1	15	-	-	-
Maturities and sales of short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of short-term investments	-	-	(2)	-	-	-	-	-	-	-	-	-	-	(2)	-	-	-
Acquisition, net of cash and cash equiv.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of rigid disc drive operating assets and liabilities, net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash (TRA)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of certain investments	-	-	-	31	-	-	-	-	-	-	-	-	51	31	-	-	-
Sale of XIOtech, net of repayment of intercompany debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Reynosa facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other, net	-	-	-	-	-	-	-	-	-	-	-	-	(63)	-	-	-	-
Net cash used in investing activities	**(90)**	**(116)**	**(163)**	**(156)**	**(208)**	**(238)**	**(250)**	**(268)**	**(273)**	**(301)**	**(326)**	**(362)**	**(276)**	**(525)**	**(964)**	**(1,263)**	**(1,437)**
Financing activities:																	
Issuance of long-term debt, net of issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	400	-	-	-	-
Repayment of long-term debt, including extinguishments of debt	(11)	(489)	(642)	(300)	(1,151)	(731)	-	(150)	-	-	-	(200)	(1,078)	(1,442)	(2,032)	(200)	(200)
Redemption premium on 12½% senior notes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of common shares (2003 - in initial public offering)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash used to repurchase stock	(29)	-	(30)	(117)	(250)	(750)	(2,000)	(2,600)	(2,900)	(3,000)	(3,600)	(4,400)	-	(176)	(5,600)	(13,900)	(16,000)
Proceeds from exercise of employee stock options and employ	22	5	27	2	0	0	0	0	0	0	0	0	72	56	1	1	1
Distributions to shareholders	(153)	(154)	(161)	(166)	(166)	(173)	(174)	(173)	(172)	(175)	(172)	(170)	(600)	(634)	(686)	(688)	(623)
Excess tax benefit from stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other, net	(50)	(35)	(46)	(10)	-	-	-	-	-	-	-	-	(68)	(141)	-	-	-
Net Cash used in Financing Activities	**(221)**	**(673)**	**(852)**	**(591)**	**(1,566)**	**(1,654)**	**(2,174)**	**(2,923)**	**(3,071)**	**(3,174)**	**(3,772)**	**(4,769)**	**(1,274)**	**(2,337)**	**(8,317)**	**(14,787)**	**(16,822)**
Increase/(decrease) in Cash and Cash Equivalents	**221**	**(66)**	**99**	**558**	**(382)**	**137**	**38**	**14**	**(20)**	**322**	**265**	**155**	**(467)**	**812**	**(192)**	**722**	**2,868**
Cash and Cash Equivalents at Beginning of Period	893	1,114	1,048	1,147	1,705	1,323	1,461	1,499	1,513	1,493	1,815	2,079	1,360	893	1,705	1,513	2,235
Cash, Cash Equivalents & Restricted Cash at End of Period	**1,114**	**1,048**	**1,147**	**1,705**	**1,323**	**1,461**	**1,499**	**1,513**	**1,493**	**1,815**	**2,079**	**2,235**	**893**	**1,705**	**1,513**	**2,235**	**5,102**
Restricted Cash	2	2	1	1	1	1	1	1	1	1	1	1	2	1	1	1	1
Change in Restricted Cash	-	-	(1)	-	-	-	-	-	-	-	-	-	-	(1)	-	-	-
Cash and Cash Equivalents at End of Period	1,112	1,046	1,146	1,704	1,322	1,460	1,498	1,512	1,492	1,814	2,078	2,234	891	1,704	1,512	2,234	5,101

Source: Company data, Morgan Stanley Research estimates

WDC: Financial Model

Exhibit 17: Western Digital Income Statement

($ in millions)	F2026A Sep-25	Dec-25	Mar-26	Jun-26	F2027E Sep-26	Dec-26	Mar-27	Jun-27	F2028E Sep-27	Dec-27	Mar-28	Jun-28	2025A	2026A	2027E	2028E	2029E
Revenues	**2,818**	**3,017**	**3,337**	**3,747**	**4,189**	**4,794**	**5,421**	**6,118**	**6,727**	**7,398**	**8,017**	**8,888**	**9,520**	**12,919**	**20,522**	**31,030**	**35,495**
Cloud	2,510	2,673	2,972	3,335	3,704	4,224	4,870	5,511	6,115	6,735	7,389	8,195	8,341	11,490	18,310	28,434	32,796
Non-Cloud	308	344	365	412	485	570	551	607	613	663	628	692	1,179	1,429	2,212	2,596	2,699
Cost of Revenue	**1,581**	**1,626**	**1,653**	**1,710**	**1,845**	**1,940**	**1,998**	**2,055**	**2,060**	**2,098**	**2,103**	**2,179**	**5,772**	**6,570**	**7,838**	**8,440**	**8,271**
Gross Profit	**1,237**	**1,391**	**1,684**	**2,037**	**2,345**	**2,854**	**3,422**	**4,064**	**4,668**	**5,300**	**5,913**	**6,708**	**3,748**	**6,349**	**12,684**	**22,590**	**27,224**
Gross Margin	*43.9%*	*46.1%*	*50.5%*	*54.4%*	*56.0%*	*59.5%*	*63.1%*	*66.4%*	*69.4%*	*71.6%*	*73.8%*	*75.5%*	*39.4%*	*49.1%*	*61.8%*	*72.8%*	*76.7%*
Incremental Margin	*68.0%*	*76.5%*	*73.3%*	*84.1%*	*80.8%*	*82.3%*	*83.4%*	*85.5%*	*91.5%*	*94.0%*	*95.9%*	*95.5%*	*60.5%*	*76.5%*	*83.3%*	*94.3%*	*103.8%*
Operating Expenses	**381**	**372**	**397**	**382**	**398**	**403**	**404**	**404**	**424**	**429**	**437**	**440**	**1,424**	**1,532**	**1,608**	**1,730**	**1,828**
Research and development	294	289	294	284	302	302	301	300	313	314	317	320	994	1,161	1,204	1,264	1,349
SG&A	87	83	103	98	96	101	103	104	111	115	120	120	430	371	404	466	479
Income from Operations (PTOP)	**856**	**1,019**	**1,287**	**1,655**	**1,947**	**2,451**	**3,019**	**3,660**	**4,244**	**4,871**	**5,477**	**6,268**	**2,324**	**4,817**	**11,076**	**20,860**	**25,396**
PTOP Margin	*30.4%*	*33.8%*	*38.6%*	*44.2%*	*46.5%*	*51.1%*	*55.7%*	*59.8%*	*63.1%*	*65.8%*	*68.3%*	*70.5%*	*24.4%*	*37.3%*	*54.0%*	*67.2%*	*71.5%*
Total Interest Income (expense), net	**(44)**	**(45)**	**(24)**	**(10)**	**(14)**	**(3)**	**(2)**	**(1)**	**0**	**2**	**4**	**6**	**(311)**	**(123)**	**(21)**	**13**	**39**
Operating Income Before Taxes	**812**	**974**	**1,263**	**1,645**	**1,932**	**2,448**	**3,016**	**3,659**	**4,244**	**4,874**	**5,480**	**6,275**	**2,013**	**4,694**	**11,055**	**20,873**	**25,435**
GAAP Income Tax Provision	155	120	154	52	328	392	483	585	679	780	877	1,004	(513)	481	1,788	3,340	4,070
Recurring Tax Provision	139	147	202	263	328	392	483	585	679	780	877	1,004	193	751	1,788	3,340	4,070
Effective Tax Rate	*17.1%*	*15.1%*	*16.0%*	*16.0%*	*17.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*16.0%*	*9.6%*	*16.0%*	*16.2%*	*16.0%*	*16.0%*
Statutory Tax Rate	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*	*15.0%*
Amount allocated to preferred shareholder	18	20	13	-	-	-	-	-	-	-	-	-	47	51	-	-	-
Operating Net Income	**655**	**807**	**1,048**	**1,382**	**1,604**	**2,056**	**2,533**	**3,073**	**3,565**	**4,094**	**4,603**	**5,271**	**1,773**	**3,892**	**9,267**	**17,533**	**21,366**
Operating Net Income Margin	*23.2%*	*26.7%*	*31.4%*	*36.9%*	*38.3%*	*42.9%*	*46.7%*	*50.2%*	*53.0%*	*55.3%*	*57.4%*	*59.3%*	*18.6%*	*30.1%*	*45.2%*	*56.5%*	*60.2%*
One-Time Charges/ Adjustments	**(509)**	**(1,015)**	**(2,144)**	**(1,813)**	**50**	**58**	**65**	**73**	**81**	**89**	**96**	**107**	**129**	**(5,481)**	**246**	**373**	**426**
Reported Income Before Taxes (GAAP)	1,337	1,962	3,359	3,247	1,882	2,390	2,951	3,585	4,164	4,785	5,384	6,168	934	9,905	10,808	20,500	25,009
GAAP Net Income including discontinued	1,182	1,842	3,205	3,195	1,553	1,999	2,468	3,000	3,484	4,005	4,507	5,164	1,691	9,424	9,020	17,160	20,939
GAAP Net Income reported (continuing op	1,182	1,842	3,205	3,195	1,553	1,999	2,468	3,000	3,484	4,005	4,507	5,164	1,447	9,424	9,020	17,160	20,939
GAAP Net Income (common shareholde	**1,164**	**1,822**	**3,192**	**3,195**	**1,553**	**1,999**	**2,468**	**3,000**	**3,484**	**4,005**	**4,507**	**5,164**	**1,400**	**9,373**	**9,020**	**17,160**	**20,939**
Numerator for Diluted EPS	1,164	1,822	3,192	3,195	1,553	1,999	2,468	3,000	3,484	4,005	4,507	5,164	1,400	9,373	9,020	17,160	20,939
Stock Option Expense	53	53	53	45	50	58	65	73	81	89	96	107	167	204	246	373	426
Tax Benefit on Stock Option Expense	3	3	3	2	3	3	3	4	4	4	5	5	8	10	12	19	21
Stock Option Expense Per Share	$0.14	$0.13	$0.13	$0.11	$0.12	$0.14	$0.16	$0.18	$0.20	$0.22	$0.24	$0.27	$0.44	$0.51	$0.60	$0.93	$1.10
Operating Net Income (pre-stock option	**705**	**857**	**1,098**	**1,425**	**1,651**	**2,111**	**2,595**	**3,143**	**3,642**	**4,178**	**4,695**	**5,372**	**1,932**	**4,086**	**9,501**	**17,887**	**21,771**
Fully-diluted EPS																	
EPS - ModelWare	**$1.78**	**$2.13**	**$2.72**	**$3.56**	**$4.13**	**$5.26**	**$6.49**	**$7.92**	**$9.24**	**$10.67**	**$12.09**	**$13.96**	**$4.97**	**$10.24**	**$23.79**	**$45.95**	**$57.89**
EPS - Reported	$3.15	$4.82	$8.29	$8.23	$4.00	$5.11	$6.33	$7.73	$9.03	$10.44	$11.84	$13.68	$3.92	$24.67	$23.15	$44.97	$56.73
EPS - ModelWare excl. Stock Option Ex	$1.91	$2.27	$2.85	$3.67	$4.25	$5.39	$6.65	$8.10	$9.43	$10.89	$12.33	$14.23	$5.41	$10.75	$24.39	$46.88	$58.98
Dividend Payment	35	43	52	54	54	57	66	66	74	74	73	73	35	184	242	294	340
Dividend Per Share	$0.10	$0.13	$0.15	$0.15	$0.15	$0.15	$0.18	$0.18	$0.20	$0.20	$0.20	$0.20	$0.10	$0.51	$0.65	$0.81	$0.97
Period Ending Outstanding Shares	345	340	349	361	360	378	376	374	372	369	366	363	347	361	374	363	349
Avg Shares (Basic)	345	341	342	350	360	378	377	375	373	371	368	365	350	345	373	369	356
Avg Shares (Fully Diluted)	369	378	385	388	388	391	390	388	386	384	381	378	357	380	390	382	369

Source: Company data, Morgan Stanley Research estimates

Exhibit 18: Western Digital Income Statement Analysis

($ in millions)	F2026A Sep-25	Dec-25	Mar-26	Jun-26	F2027E Sep-26	Dec-26	Mar-27	Jun-27	F2028E Sep-27	Dec-27	Mar-28	Jun-28	2025A	2026A	2027E	2028E	2029E
Margin Analysis																	
Gross Margin	**43.9%**	**46.1%**	**50.5%**	**54.4%**	**56.0%**	**59.5%**	**63.1%**	**66.4%**	**69.4%**	**71.6%**	**73.8%**	**75.5%**	**39.4%**	**49.1%**	**61.8%**	**72.8%**	**76.7%**
Cloud	45.8%	48.2%	52.4%	55.6%	56.5%	60.2%	63.9%	67.3%	70.3%	72.7%	74.7%	76.5%	42.2%	50.9%	62.6%	73.8%	77.8%
Non-Cloud	28.8%	30.2%	34.5%	44.5%	51.9%	54.3%	56.5%	58.7%	60.0%	61.3%	62.5%	63.7%	19.4%	35.1%	55.5%	61.9%	63.9%
SG&A	3.1%	2.8%	3.1%	2.6%	2.3%	2.1%	1.9%	1.7%	1.7%	1.6%	1.5%	1.4%	4.5%	2.9%	2.0%	1.5%	1.4%
Operating Expenses	13.5%	12.3%	11.9%	10.2%	9.5%	8.4%	7.5%	6.6%	6.3%	5.8%	5.5%	5.0%	15.0%	11.9%	7.8%	5.6%	5.2%
EBITDA Margin	33.5%	36.8%	41.4%	46.8%	49.1%	53.4%	57.8%	61.7%	63.1%	66.5%	68.9%	71.1%	28.2%	40.2%	56.2%	68.9%	73.2%
PTOP Margin	30.4%	33.8%	38.6%	44.2%	46.5%	51.1%	55.7%	59.8%	63.1%	65.8%	68.3%	70.5%	24.4%	37.3%	54.0%	67.2%	71.5%
Pretax Margin	28.8%	32.3%	37.8%	43.9%	46.1%	51.1%	55.6%	59.8%	63.1%	65.9%	68.4%	70.6%	21.1%	36.3%	53.9%	67.3%	71.7%
Net Income	23.2%	26.7%	31.4%	36.9%	38.3%	42.9%	46.7%	50.2%	53.0%	55.3%	57.4%	59.3%	18.6%	30.1%	45.2%	56.5%	60.2%
Year-Over-Year Growth (%)																	
Revenue	**27.4%**	**25.2%**	**45.5%**	**43.8%**	**48.7%**	**58.9%**	**62.4%**	**63.3%**	**60.6%**	**54.3%**	**47.9%**	**45.3%**	**50.7%**	**35.7%**	**58.9%**	**51.2%**	**14.4%**
Cloud	31.5%	27.5%	48.1%	43.2%	47.6%	58.0%	63.9%	65.3%	65.1%	59.5%	51.7%	48.7%	65.1%	37.8%	59.4%	55.3%	15.3%
Non-Cloud	1.7%	9.9%	27.2%	49.3%	57.4%	65.7%	50.9%	47.3%	26.4%	16.3%	14.0%	14.0%	-6.8%	21.2%	54.8%	17.3%	4.0%
Gross Margin	49.9%	50.2%	83.0%	89.1%	89.5%	105.2%	103.2%	99.5%	99.1%	85.7%	72.8%	65.1%	107.0%	69.4%	99.8%	78.1%	20.5%
Product Development	12.2%	28.4%	20.0%	8.4%	2.6%	4.5%	2.3%	5.6%	3.7%	4.1%	5.3%	6.7%	4.6%	16.8%	3.7%	4.9%	6.7%
SG&A	-44.9%	-24.5%	30.4%	18.1%	10.7%	21.3%	0.0%	6.1%	15.2%	13.9%	16.8%	15.4%	-17.0%	-13.7%	8.9%	15.3%	2.8%
Operating Expenses	**-9.3%**	**11.0%**	**22.5%**	**10.7%**	**4.5%**	**8.3%**	**1.7%**	**5.7%**	**6.5%**	**6.6%**	**8.2%**	**8.9%**	**-3.0%**	**7.6%**	**5.0%**	**7.6%**	**5.7%**
PTOP	111.4%	72.4%	115.9%	126.1%	127.4%	140.5%	134.5%	121.2%	118.0%	98.7%	81.4%	71.3%	577.6%	107.3%	129.9%	88.3%	21.7%
EBT	153.8%	94.4%	146.7%	141.9%	137.9%	151.3%	138.8%	122.4%	119.7%	99.1%	81.7%	71.5%	NM	133.2%	135.5%	88.8%	21.9%
Net Income	146.2%	92.1%	115.2%	130.3%	144.8%	154.8%	141.7%	122.4%	122.3%	99.1%	81.7%	71.5%	NM	119.5%	138.1%	89.2%	21.9%
ModelWare EPS	**138.2%**	**77.9%**	**100.1%**	**114.9%**	**132.6%**	**146.0%**	**138.5%**	**122.3%**	**123.7%**	**103.2%**	**86.2%**	**76.3%**	**NM**	**106.1%**	**132.2%**	**93.2%**	**26.0%**
Sequential Growth (%)																	
Revenue	**8.2%**	**7.1%**	**10.6%**	**12.3%**	**11.8%**	**14.4%**	**13.1%**	**12.9%**	**10.0%**	**10.0%**	**8.4%**	**10.9%**					
Cloud	7.8%	6.5%	11.2%	12.2%	11.1%	14.0%	15.3%	13.2%	10.9%	10.2%	9.7%	10.9%					
Non-Cloud	11.6%	11.7%	6.1%	12.9%	17.6%	17.6%	-3.4%	10.3%	0.9%	8.1%	-5.2%	10.2%					
Gross Margin	14.9%	12.4%	21.1%	21.0%	15.1%	21.7%	19.9%	18.7%	14.9%	13.6%	11.6%	13.4%					
Product Development	12.2%	-1.7%	1.7%	-3.4%	6.2%	0.1%	-0.4%	-0.3%	4.3%	0.5%	0.7%	1.0%					
SG&A	4.8%	-4.6%	24.1%	-4.9%	-1.7%	4.5%	2.3%	1.0%	6.7%	3.3%	4.9%	-0.2%					
Operating Expenses	**10.4%**	**-2.4%**	**6.7%**	**-3.8%**	**4.2%**	**1.2%**	**0.3%**	**0.0%**	**5.0%**	**1.2%**	**1.8%**	**0.7%**					
PTOP Margin	16.9%	19.0%	26.3%	28.6%	17.6%	25.9%	23.2%	21.3%	16.0%	14.8%	12.4%	14.5%					
Pretax Margin	19.4%	20.0%	29.7%	30.2%	17.5%	26.7%	23.2%	21.3%	16.0%	14.8%	12.5%	14.5%					
Net Income	9.2%	23.2%	29.9%	31.9%	16.0%	28.2%	23.2%	21.3%	16.0%	14.8%	12.5%	14.5%					
ModelWare EPS	**7.1%**	**20.3%**	**27.5%**	**30.9%**	**15.9%**	**27.2%**	**23.8%**	**22.0%**	**16.6%**	**15.6%**	**13.3%**	**15.5%**					

Source: Company data, Morgan Stanley Research estimates

Exhibit 19: Western Digital Balance Sheet

($ in millions)	F2026A				F2027E				F2028E								
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	2025A	2026A	2027E	2028E	2029E
Assets																	
Current Assets:																	
Cash and cash equivalents	2,048	1,975	2,050	1,579	1,922	2,162	2,641	3,330	4,067	4,671	5,735	7,049	2,114	1,579	3,330	7,049	15,077
Short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, net	1,355	1,685	1,894	2,026	1,958	2,501	2,771	2,891	3,144	3,860	4,052	4,200	1,486	2,026	2,891	4,200	4,804
Inventories	1,393	1,349	1,357	1,511	1,564	1,603	1,687	1,671	1,746	1,733	1,757	1,772	1,291	1,511	1,671	1,772	1,737
Other current assets	514	454	423	518	838	959	1,084	1,224	1,345	1,480	1,603	1,778	611	518	1,224	1,778	2,033
Retained interest in Sandisk	965	2,068	1,187	-	-	-	-	-	-	-	-	-	354	-	-	-	-
Current assets of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	**6,275**	**7,531**	**6,911**	**5,634**	**6,282**	**7,225**	**8,183**	**9,116**	**10,304**	**11,744**	**13,147**	**14,799**	**5,856**	**5,634**	**9,116**	**14,799**	**23,651**
Property, equipment and leasehold improvements	2,345	2,352	2,422	2,476	2,577	2,705	2,862	3,051	3,266	3,511	3,783	4,093	2,343	2,476	3,051	4,093	5,280
Goodwill	4,319	4,319	4,321	4,321	4,321	4,321	4,321	4,321	4,321	4,321	4,321	4,321	4,319	4,321	4,321	4,321	4,321
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets, net	1,420	1,409	1,391	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,484	1,430	1,430	1,430	1,430
Non-current assets of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	**14,359**	**15,611**	**15,045**	**13,861**	**14,609**	**15,681**	**16,796**	**17,918**	**19,321**	**21,006**	**22,681**	**24,642**	**14,002**	**13,861**	**17,918**	**24,642**	**34,682**
Liabilities																	
Current Liabilities:																	
Accounts payable	1,533	1,497	1,587	1,774	1,764	1,793	1,932	1,738	1,970	1,938	2,011	1,844	1,266	1,774	1,738	1,844	1,807
Accrued expenses	703	771	766	690	807	843	865	885	894	910	915	943	719	690	885	943	936
Income taxes payable	298	459	501	551	551	551	551	551	551	551	551	551	800	551	551	551	551
Accrued compensation	413	223	202	173	538	562	576	590	596	606	610	629	407	173	590	629	606
Short term debt	2,226	2,226	1,581	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	2,226	1,052	1,052	1,052	1,052
Current liabilities of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**5,173**	**5,176**	**4,637**	**4,240**	**4,713**	**4,801**	**4,976**	**4,816**	**5,063**	**5,057**	**5,138**	**5,019**	**5,418**	**4,240**	**4,816**	**5,019**	**4,952**
Long Term Liabilities																	
Other liabilities	612	666	728	757	628	656	673	688	695	708	711	733	559	757	688	733	728
Long-term debt, less current portion	2,457	2,429	-	-	-	-	-	-	-	-	-	-	2,485	-	-	-	-
Non-current liabilities of discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Liabilities	**3,069**	**3,095**	**728**	**757**	**628**	**656**	**673**	**688**	**695**	**708**	**711**	**733**	**3,044**	**757**	**688**	**733**	**728**
Total Liabilities	**8,242**	**8,271**	**5,365**	**4,997**	**5,341**	**5,458**	**5,648**	**5,505**	**5,759**	**5,765**	**5,849**	**5,752**	**8,462**	**4,997**	**5,505**	**5,752**	**5,681**
Total Stockholder's Equity	**6,117**	**7,340**	**9,680**	**8,864**	**9,269**	**10,224**	**11,148**	**12,413**	**13,562**	**15,241**	**16,831**	**18,890**	**5,540**	**8,864**	**12,413**	**18,890**	**29,001**
Total Liabilities and Stockholder's Equity	**14,359**	**15,611**	**15,045**	**13,861**	**14,609**	**15,681**	**16,796**	**17,918**	**19,321**	**21,006**	**22,681**	**24,642**	**14,002**	**13,861**	**17,918**	**24,642**	**34,682**

Source: Company data, Morgan Stanley Research estimates

Exhibit 20: Western Digital Statement of Cash Flows

($ in millions)	F2026A				F2027E				F2028E								
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	2025A	2026A	2027E	2028E	2029E
Cash Flow Statement (Non Cumulative)																	
Operating activities:																	
Net Income / (Loss)	**1,182**	**1,842**	**3,205**	**3,195**	**1,553**	**1,999**	**2,468**	**3,000**	**3,484**	**4,005**	**4,507**	**5,164**	**1,691**	**9,424**	**9,020**	**17,160**	**20,939**
Depreciation and Amortization	88	92	96	99	109	111	114	117	121	125	129	134	360	375	451	510	587
Stock based compensation incl. accelerated vesting chan	53	53	53	45	50	58	65	73	81	89	96	107	191	204	246	373	426
Deferred income taxes	55	29	47	(2)	-	-	-	-	-	-	-	-	(771)	129	-	-	-
Gain on disposal of assets	(611)	(1,103)	-	-	-	-	-	-	-	-	-	-	3	(1,714)	-	-	-
Gain on business divesture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Impairment	-	-	-	35	-	-	-	-	-	-	-	-	-	35	-	-	-
Gain on repurchase of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of debt issuance costs and discounts	-	-	-	-	-	-	-	-	-	-	-	-	11	-	-	-	-
Unrealized loss on retained interest in Sandisk	-	-	(2,734)	(2,050)	-	-	-	-	-	-	-	-	772	(4,784)	-	-	
Other, net	4	8	549	357	-	-	-	-	-	-	-	-	127	918	-	-	-
Changes in Operating Assets and Liabilities:																	
Accounts receivable	131	(330)	(209)	(133)	68	(543)	(269)	(121)	(253)	(716)	(193)	(147)	48	(541)	(865)	(1,308)	(604)
Inventories	(101)	46	(9)	(154)	(53)	(39)	(85)	17	(76)	13	(24)	(16)	(158)	(218)	(160)	(102)	36
Accounts payable	248	(29)	70	96	(10)	28	139	(193)	232	(32)	73	(167)	333	385	(36)	106	(37)
Accrued payable to related parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accrued expenses, income taxes and warranty	-	-	-	-	117	36	21	20	9	16	5	28	394	-	195	58	(7)
Accrued employee compensation	-	-	-	-	365	24	14	14	6	10	3	19	10	-	417	39	(23)
Other assets and liabilities	(377)	137	55	(99)	(449)	(93)	(109)	(124)	(115)	(122)	(120)	(152)	(1,143)	(284)	(774)	(509)	(261)
Net Cash Provided by Operating Activities	**672**	**745**	**1,123**	**1,389**	**1,751**	**1,581**	**2,359**	**2,804**	**3,490**	**3,389**	**4,477**	**4,971**	**1,868**	**3,929**	**8,495**	**16,326**	**21,067**
Investing activities:																	
Acquisition of property, equipment and leasehold improve	(73)	(92)	(145)	(108)	(209)	(240)	(271)	(306)	(336)	(370)	(401)	(444)	(341)	(418)	(1,026)	(1,551)	(1,775)
Proceeds from sale of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maturities and sales of short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchases of short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition, net of cash and cash equiv.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash (TRA)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of certain investments	-	-	-	-	-	-	-	-	-	-	-	-	210	-	-	-	-
Other, net	16	(24)	-	(3)	-	-	-	-	-	-	-	-	61	(11)	-	-	-
Net cash used in investing activities	**(57)**	**(116)**	**(145)**	**(111)**	**(209)**	**(240)**	**(271)**	**(306)**	**(336)**	**(370)**	**(401)**	**(444)**	**(70)**	**(429)**	**(1,026)**	**(1,551)**	**(1,775)**
Financing activities:																	
Employee stock plans, net	(55)	(8)	(102)	(147)	55	56	56	57	58	59	60	61	120	(312)	224	238	86
Issuance of long-term debt, net of issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	1,826	-	-	-	-
Repayment of long-term debt, including extinguishments	(31)	(32)	(5)	350	-	-	-	-	-	-	-	-	(1,837)	282	-	-	-
Repayment of convertible debentures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash transferred to Sandisk related to Separation	-	-	-	-	-	-	-	-	-	-	-	-	(1,366)	-	-	-	-
Cash used to repurchase stock	(553)	(615)	(752)	(672)	(1,200)	(1,100)	(1,600)	(1,800)	(2,400)	(2,400)	(3,000)	(3,200)	(149)	(2,592)	(5,700)	(11,000)	(11,000)
Distributions to shareholders	(39)	(48)	(43)	(54)	(54)	(57)	(66)	(66)	(74)	(74)	(73)	(73)	(44)	(184)	(242)	(294)	(340)
Excess tax benefit from stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other, net	-	-	-	(1,226)	-	-	-	-	-	-	-	-	(595)	(1,226)	-	-	-
Net Cash used in Financing Activities	**(678)**	**(703)**	**(902)**	**(1,749)**	**(1,199)**	**(1,101)**	**(1,610)**	**(1,808)**	**(2,416)**	**(2,415)**	**(3,013)**	**(3,212)**	**(2,045)**	**(4,032)**	**(5,718)**	**(11,056)**	**(11,254)**
Effect of changes in foreign currency exchange rates	(3)	1	(1)	-	-	-	-	-	-	-	-	-	810	(3)	-	-	-
Increase/(decrease) in Cash and Cash Equivalents	**(66)**	**(73)**	**75**	**(471)**	**343**	**240**	**479**	**690**	**737**	**604**	**1,063**	**1,314**	**563**	**(536)**	**1,751**	**3,719**	**8,028**
Cash and Cash Equivalents at Beginning of Period	2,114	2,048	1,975	2,050	1,579	1,922	2,162	2,641	3,330	4,067	4,671	5,735	1,551	2,114	1,579	3,330	7,049
Cash, Cash Equivalents & Restricted Cash at End of Pe	**2,048**	**1,975**	**2,050**	**1,579**	**1,922**	**2,162**	**2,641**	**3,330**	**4,067**	**4,671**	**5,735**	**7,049**	**2,114**	**1,579**	**3,330**	**7,049**	**15,077**
Cash Flow From Discontinued Ops	-	-	-	-	-	-	-	-	-	-	-	-	(11,230)	-	-	-	-
Cash and Cash Equivalents at End of Period	**2,048**	**1,975**	**2,050**	**1,579**	**1,922**	**2,162**	**2,641**	**3,330**	**4,067**	**4,671**	**5,735**	**7,049**	**2,114**	**1,579**	**3,330**	**7,049**	**15,077**

Source: Company data, Morgan Stanley Research estimates

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of September 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	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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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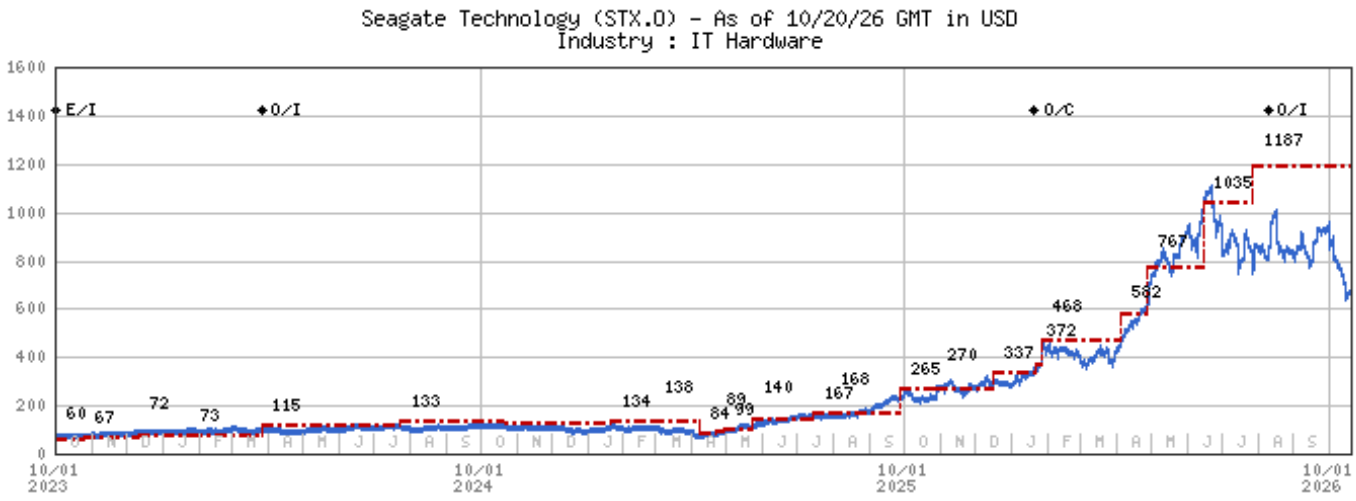
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

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



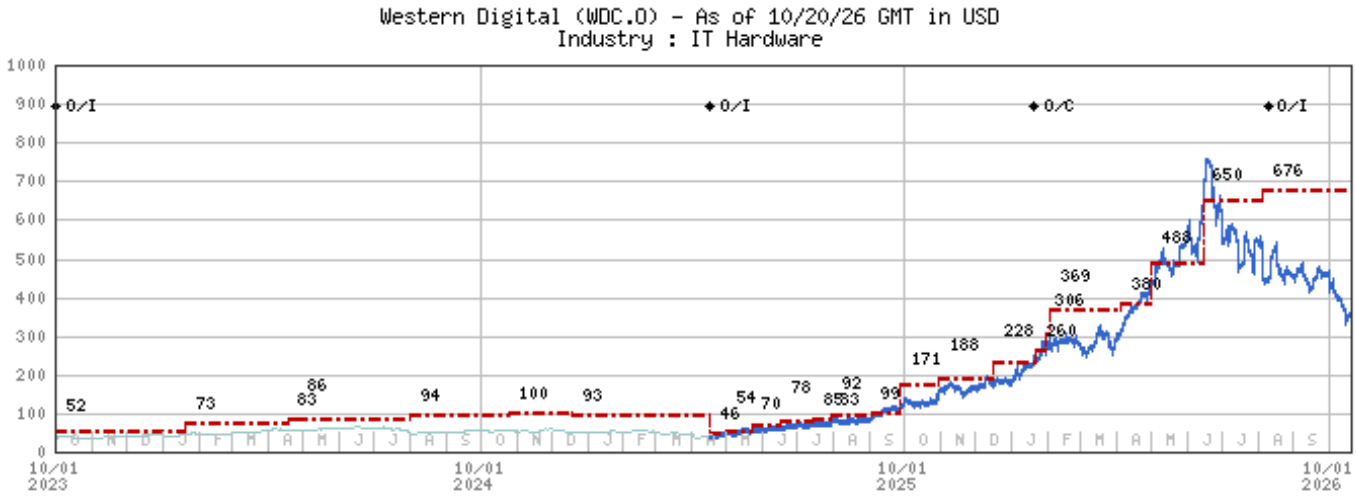
Stock Rating History: 10/1/21 : O/I; 10/5/21 : E/C; 1/18/23 : O/I; 4/21/23 : E/I; 3/26/24 : O/I; 1/20/26 : O/C; 8/10/26 : O/I

Price Target History: 7/21/21 : 118; 10/5/21 : 88; 10/22/21 : 94; 1/26/22 : 101; 3/30/22 : 99; 4/27/22 : 95; 7/14/22 : 89; 7/21/22 : 84; 8/31/22 : 70; 10/17/22 : 57; 10/26/22 : 54; 1/18/23 : 69; 1/26/23 : 72; 4/21/23 : 60; 10/26/23 : 67; 12/12/23 : 72; 1/25/24 : 73; 3/26/24 : 115; 7/24/24 : 133; 1/21/25 : 134; 2/26/25 : 138; 4/8/25 : 84; 4/22/25 : 89; 4/29/25 : 99; 5/23/25 : 140; 7/14/25 : 167; 7/29/25 : 168; 9/28/25 : 265; 10/29/25 : 270; 12/17/25 : 337; 1/22/26 : 372; 1/28/26 : 468; 4/6/26 : 582; 4/28/26 : 767; 6/15/26 : 1035; 7/28/26 : 1187

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)
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Price Target History: 4/30/21 : 88; 10/28/21 : 82; 1/28/22 : 71; 8/7/22 : 65; 10/24/22 : 52; 1/21/24 : 73; 4/18/24 : 83; 4/26/24 : 86; 8/1/24 : 94; 10/25/24 : 100; 12/19/24 : 93; 4/16/25 : 46; 5/1/25 : 54; 5/22/25 : 70; 6/17/25 : 78; 7/14/25 : 85; 7/28/25 : 83; 7/30/25 : 92; 9/2/25 : 99; 9/28/25 : 171; 10/31/25 : 188; 12/17/25 : 228; 1/22/26 : 260; 1/30/26 : 306; 2/3/26 : 369; 4/6/26 : 380; 5/1/26 : 488; 6/15/26 : 650; 8/5/26 : 676

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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INDUSTRY COVERAGE: IT Hardware

COMPANY (TICKER)	RATING (AS OF)	PRICE* (10/19/2026)
Erik W Woodring		
Apple, Inc. (AAPL.O)	O (05/26/2009)	$342.94
CDW Corporation (CDW.O)	O (06/23/2026)	$152.65
Cricut Inc (CRCT.O)	U (08/12/2021)	$6.54
Dell Technologies Inc. (DELL.N)	E (06/01/2026)	$455.44
Everpure, Inc. (P.N)	O (08/10/2026)	$127.09
Garmin Ltd (GRMN.N)	E (02/18/2026)	$286.16
GoPro Inc (GPRO.O)	U (12/12/2023)	$1.04
Hewlett Packard Enterprise (HPE.N)	O (08/10/2026)	$55.87
HP Inc. (HPQ.N)	U (11/16/2025)	$30.24
IBM (IBM.N)	E (01/18/2023)	$236.39
Ingram Micro (INGM.N)	E (06/11/2025)	$26.67
Kornit Digital Ltd. (KRNT.O)	E (11/06/2025)	$17.48
Logitech International SA (LOGI.O)	U (01/20/2026)	$107.35
NetApp Inc (NTAP.O)	E (08/10/2026)	$207.37
Resideo Technologies Inc (REZI.N)	O (08/11/2025)	$16.60
Seagate Technology (STX.O)	O (03/26/2024)	$660.81
SmartRent, Inc. (SMRT.N)	++	$1.15
Sonos Inc. (SONO.O)	E (11/06/2025)	$16.93
TD Synnex Corporation (SNX.N)	O (06/11/2025)	$248.57
Teradata (TDC.N)	E (08/10/2026)	$31.35
Western Digital (WDC.O)	O (04/16/2025)	$352.21
Sanjit K Singh		
Nutanix Inc (NTNX.O)	E (01/12/2026)	$67.53

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