AZ STOCKS
Stocks from A to Z

Sandisk

Record margins and a stock down more than 60%: the market is already betting the cycle is ending

DEEP DIVE

November 2026

azstocks.net

COMPANY PROFILE

Sandisk

THESIS

In 18 months SanDisk went from the bottom of the NAND cycle to record results driven by storage demand for AI. In this analysis I assess whether this change is cyclical or structural and what the company could be worth after a fall of more than 60% in the stock.

THE COMPANY

SanDisk makes NAND flash memory and storage solutions: SSDs for data centers, PCs and consumers, memory cards and products for devices. Until early 2025 it was part of Western Digital.

It closed FY2026 with USD 20.25 billion of revenue, 175% growth, and a record gross margin. Multi-year contracts and greater exposure to data centers give it a less cyclical profile than in the past.

TARGET PRICE
USD 1,546

UPSIDE / DOWNSIDE
+86.9%

NOTE
Per-share price before the 8-for-1 split on 11/20/2026 (about USD 193 after)

SECTOR
Technology

EXCHANGE
NASDAQ

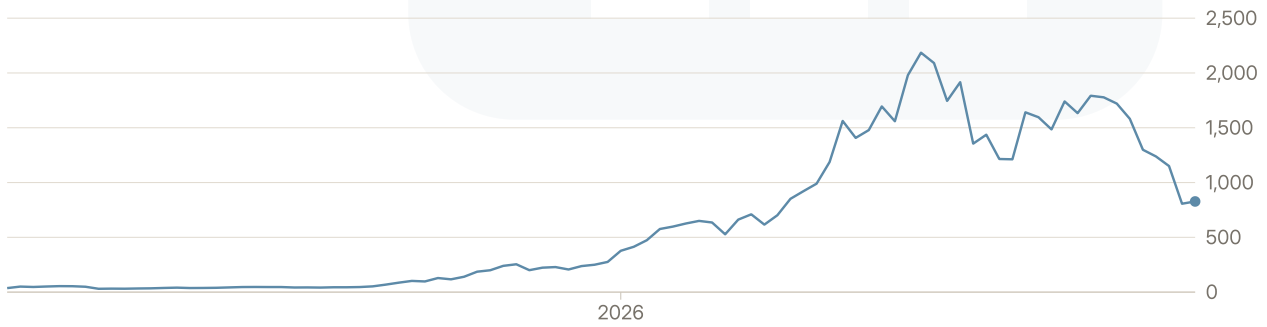
CURRENCY
USD

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-06

PRICE	52-WEEK RANGE	CHANGE SINCE FEB. 2025
USD 827.13	183.00 – 2,354.39	+2157%

WEEKLY SHARE PRICE SINCE FEB. 2025



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SECTION 01

Introduction

The last 18 months at SanDisk have been crazy. A company that was part of Western Digital until early 2025, that had just been through one of the worst NAND cycles and that started trading as an independent company at around $30 per share, rose above $2,300 in June 2026. Since then the stock has fallen more than 60% and trades today at around $827, even though results kept improving quarter after quarter.

SanDisk went from operating at the bottom of the NAND cycle to closing FY2026 with $20.25 billion of revenue, 175% growth year over year, while in Q4 it reached an 84.6% gross margin. What initially looked like a cyclical rebound started to show more structural features: multi-year contracts with customers, greater exposure to data centers and AI-related storage demand that keeps growing. There are two open questions today: **how long this cycle can last and how much of this new profitability can be sustained over time.**



SECTION 02

Business model

SanDisk operates as a **developer, manufacturer and supplier of storage solutions based on NAND flash technology**. Unlike fabless peers, SanDisk has vertical integration through its joint venture with Kioxia, which allows it to capture margin across the whole value chain: from wafer manufacturing to the final packaged product. This model is the main source of its competitive advantage in a supply-constrained environment.

Segment 1: Data Center / Cloud

Data center has become one of the pillars of the SanDisk thesis. The acceleration began during FY2026 and ended up much larger than expected: **Datacenter revenue grew 437%**. The change is not only quantitative. SanDisk is shifting its mix toward higher value-added products and deepening long-term relationships with hyperscalers, which could partly reduce the historical volatility associated with NAND.

Demand comes mainly from hyperscalers, which need fast, high-capacity SSDs to store and continuously feed data to the GPU clusters that run artificial intelligence models. SanDisk's Stargate platform, based on high-density enterprise SSDs, aims to meet exactly that need.

The logic is simple: GPUs need fast access to huge amounts of information to perform AI tasks. As models process more data, generate more content and work with ever larger contexts, the amount of information that must be stored and available almost instantly also grows. That is why AI growth does not only drive demand for GPUs: it also increases the need for fast, high-capacity storage systems.

Segment 2: Consumer / Client

The consumer segment, which includes SSDs for notebooks, microSD cards, USB drives and smartphone storage, historically represented the bulk of SanDisk's revenue. It is still relevant today but works more as a **cycle stabilizer** than as a growth driver.

The most interesting dynamic in this segment is the arrival of AI directly on devices (*edge AI*). As smartphones and computers incorporate models that can run locally, the need to store models, applications and data on the device also grows. This can favor higher-capacity configurations (for example, 512GB or 1TB instead of 256GB) and become an additional source of NAND demand beyond data centers.

In gaming, SanDisk signed co-branded deals that give it visibility in the fast-growing portable gaming segment: sales of microSD cards for **Nintendo Switch 2** exceeded **900,000 units in Q2 FY2026**, and the company expanded its presence with the launch of the SanDisk microSD card for the **ROG**

Ally on Xbox. These are small figures in terms of total revenue, but they reflect a consumer brand that remains a leader in its category and can be monetized at a premium in high-performance niches.

Segment 3: Industrial / Automotive / IoT

SanDisk has a growing presence in **high-reliability embedded** storage applications: autonomous vehicles, medical devices, industrial IoT infrastructure and edge computing. These segments have **above-average margins** because customers pay a premium for reliability and for the switching cost inherent to embedded platforms. Although they represent a small share of total revenue today, they could become significant in the long term.

The joint venture with Kioxia

One of the most underestimated elements of SanDisk's business model is its 25-year relationship with Kioxia (formerly Toshiba Memory). The joint venture (JV) operates two manufacturing complexes in Japan: Yokkaichi and Kitakami. **In January 2026 SanDisk extended the JV until December 31, 2034**, committing $1,165 million in manufacturing service payments spread over 2026-2029.

The JV gives SanDisk something smaller competitors cannot replicate: guaranteed access to world-scale manufacturing capacity without having to fund the construction of its own fabs, which cost tens of billions of dollars. At the same time, manufacturing in Japan (rather than South Korea or China) gives SanDisk a relative geopolitical advantage: it is outside the epicenter of US-China tensions in semiconductors and operates in a jurisdiction allied with Washington with its own incentives for chip development.

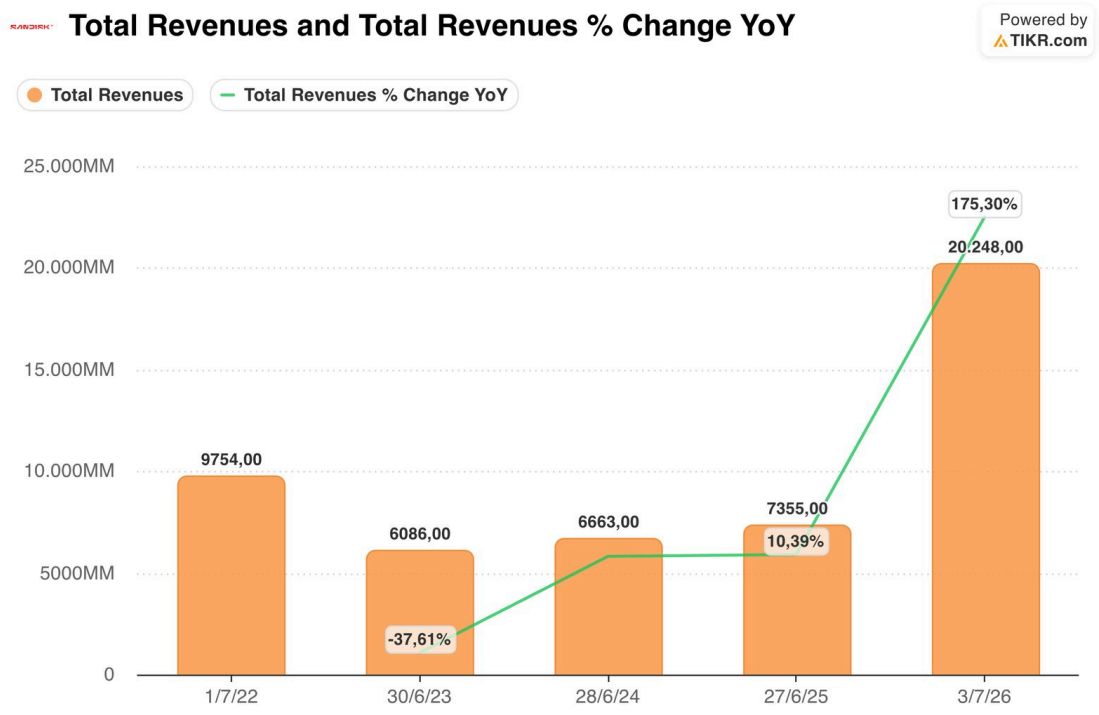
This structure also requires an important clarification when analyzing cash flow. SanDisk's low PP&E and direct capex do not represent all the economic investment needed to sustain production, since part of the capacity is funded and operated through Flash Ventures together with Kioxia. That is why treating SanDisk as a fully "fabless" company would underestimate the economic capital needed to sustain the business.

SECTION 03

Business quality

Revenue

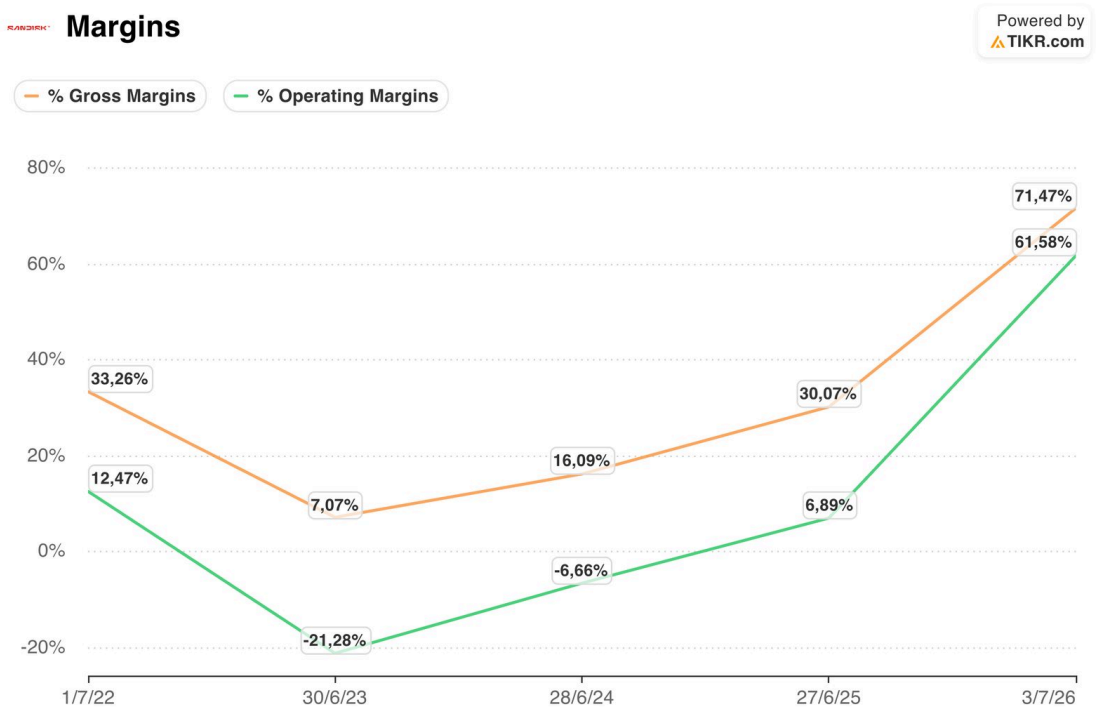
SanDisk's revenue path is the story of a commodity that temporarily (or structurally, depending on the thesis you adopt) stopped being one.



Source: Tikr.

FY2026 confirmed that the change in fundamentals was much stronger than the first quarters suggested. SanDisk went from $2.31 billion of revenue in Q1 to $3.03 billion in Q2, $5.95 billion in Q3 and finally $8.97 billion in Q4. In just nine months, quarterly revenue practically quadrupled.

The **margin expansion** is as dramatic as the revenue. In FY23, at the bottom of the cycle, gross margin was only 7% and operating margin -21%. Just three years later, **the company posted gross margins above 71% and operating margins above 61%**. This is one of the reasons it is so hard to analyze and value this type of company. Because it is so hard to estimate revenue growth and margins over the long term, the valuation is very prone to errors.



Source: Tikr.

The real unknown is how much of this profitability can be sustained when NAND supply starts to normalize. And since the August Investor Day we have a much more concrete answer from management: the company expects to sustain roughly 80% gross margin and 75% non-GAAP operating margin between FY2028 and FY2030.

Latest results: first quarter of fiscal 2027

On October 29 SanDisk reported results for the quarter ended October 2, 2026. Once again, the numbers beat expectations:

- **Revenue:** $11,031 million, +23% versus the previous quarter and +378% year over year. Data center contributed $4,802 million (+61% sequentially) and is already 44% of revenue; Edge $5,832 million (+7%); Consumer fell 29% to $397 million.
- **Margins:** gross margin of 85.0% and operating margin of 79.6%. Net income was $8,101 million and adjusted diluted EPS $49.51.
- **Cash:** free cash flow of $6,309 million in a single quarter, with direct capex of just $54 million. SanDisk bought back $5,000 million of stock (about 3.2 million shares) and ended the quarter with $5,136 million of cash.

For the second quarter the company expects revenue of $12.2-12.6 billion, a gross margin of about 85% and adjusted EPS of $55-57. It also announced an **8-for-1 stock split**: the shares will start trading at the new price on November 20.

Even so, the stock fell about 10% the next day. The market is no longer debating today's results, but how long they can last: doubts about the sustainability of AI memory demand and about a ceiling on NAND prices weigh more than any record quarter.

Vertical analysis

INCOME STATEMENT

Fiscal year Income Statement — % of revenue	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(66.7%)	(92.9%)	(83.9%)	(69.9%)	(28.5%)	**(60.8%)**	**(68.4%)**
Gross Profit	**33.3%**	**7.1%**	**16.1%**	**30.1%**	**71.5%**	**39.2%**	**31.6%**
Selling General & Admin Expenses	(6.8%)	(9.2%)	(6.8%)	(7.8%)	(3.3%)	**(6.0%)**	**(6.8%)**
R&D Expenses	(14.0%)	(19.2%)	(15.9%)	(15.4%)	(6.6%)	**(12.6%)**	**(14.2%)**
Total Operating Expenses	**(20.8%)**	**(28.3%)**	**(22.8%)**	**(23.2%)**	**(9.9%)**	**(18.6%)**	**(21.0%)**
Operating Income	**12.5%**	**(21.3%)**	**(6.7%)**	**6.9%**	**61.6%**	**20.6%**	**10.6%**
Interest Expense	(0.2%)	(0.5%)	(0.6%)	(0.9%)	(0.4%)	**(0.6%)**	**(0.5%)**
EBT Incl. Unusual Items	**12.7%**	**(32.9%)**	**(7.5%)**	**(20.1%)**	**64.3%**	**12.2%**	**3.3%**
Income Tax Expense	(1.7%)	(2.3%)	(2.5%)	(2.2%)	(7.8%)	**(4.2%)**	**(3.3%)**
Net Income	**10.9%**	**(35.2%)**	**(10.1%)**	**(22.3%)**	**56.5%**	**8.0%**	**(0.0%)**
EBITDA	17.8%	(13.9%)	(3.3%)	9.1%	62.3%	**22.7%**	**14.4%**

Source: author's analysis based on Tikr data.

The income statement clearly shows the nature of the business. In FY2023, at the bottom of the cycle, cost of sales took 93% of revenue and the company lost money. In FY2026 cost of sales fell to 28.5% and operating income reached 61.6% of revenue. R&D fell from 19% to 6.6% of revenue and SG&A from 9% to 3.3%, not because they were cut, but because revenue multiplied.

BALANCE SHEET

Fiscal year Balance Sheet — % of total assets	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Total Cash And Short Term Investments	**2.1%**	**2.1%**	**2.4%**	**11.4%**	**21.2%**	**11.7%**	**7.8%**
Total Receivables	**12.0%**	**4.4%**	**7.7%**	**9.0%**	**21.2%**	**12.6%**	**10.9%**
Inventory	12.6%	16.4%	14.5%	16.0%	12.0%	**14.2%**	**14.3%**
Total Current Assets	**28.5%**	**24.6%**	**26.3%**	**39.2%**	**56.8%**	**40.7%**	**35.1%**
Net Property Plant And Equipment	6.6%	7.4%	7.2%	6.4%	3.9%	**5.8%**	**6.3%**
Long-term Investments	3.9%	4.5%	3.8%	2.3%	9.1%	**5.0%**	**4.7%**
Goodwill	50.0%	52.2%	53.4%	38.5%	22.2%	**38.0%**	**43.3%**
Other Intangibles	0.8%	–	–	–	–	**–**	**0.2%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**15.9%**	**15.7%**	**15.7%**	**11.0%**	**24.8%**	**17.2%**	**16.6%**
Long-Term Debt	–	–	–	14.1%	–	**4.7%**	**2.8%**
Capital Leases	–	0.6%	1.3%	1.5%	0.8%	**1.2%**	**0.8%**
Total Liabilities	**17.7%**	**17.2%**	**17.9%**	**29.0%**	**30.1%**	**25.7%**	**22.4%**
Total Equity	**82.3%**	**82.8%**	**82.1%**	**71.0%**	**69.9%**	**74.3%**	**77.6%**
Total Debt	**6.0%**	**7.4%**	**7.4%**	**15.9%**	**0.9%**	**8.1%**	**7.5%**
Net Debt	3.9%	5.3%	4.9%	4.5%	(28.2%)	**(6.2%)**	**(1.9%)**

Source: author's analysis based on Tikr data.

The largest asset on the balance sheet is still the goodwill inherited from Western Digital's acquisition of SanDisk, although its weight fell from 53% to 22% of assets. PP&E is just 4% of assets, because of the manufacturing model through the JV with Kioxia. Cash went from 2% to 21% of assets and debt practically disappeared.

CASH FLOW

Fiscal year Cash Flow — % of revenue	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Net Income	**10.9%**	**(35.2%)**	**(10.1%)**	**(22.3%)**	**56.5%**	**8.0%**	**(0.0%)**
Total Depreciation & Amortization	**5.4%**	**7.4%**	**3.4%**	**2.2%**	**0.7%**	**2.1%**	**3.8%**
Stock-Based Compensation	1.8%	2.7%	2.2%	2.5%	1.1%	**2.0%**	**2.1%**
Cash from Operations	**11.8%**	**(11.7%)**	**(4.6%)**	**1.1%**	**57.6%**	**18.0%**	**10.8%**
Capital Expenditure	(4.2%)	(3.6%)	(2.5%)	(2.8%)	(0.9%)	**(2.0%)**	**(2.8%)**
Cash from Investing	**(4.8%)**	**(3.1%)**	**3.2%**	**7.6%**	**(6.8%)**	**1.3%**	**(0.8%)**
Total Debt Issued	**2.0%**	**0.9%**	**–**	**34.3%**	**–**	**11.4%**	**7.4%**
Total Debt Repaid	**–**	**(1.4%)**	**(1.5%)**	**(2.4%)**	**(9.4%)**	**(4.4%)**	**(2.9%)**
Repurchase of Common Stock	–	–	–	(0.2%)	(25.5%)	**(8.5%)**	**(5.1%)**
Cash from Financing	**(6.7%)**	**14.1%**	**2.0%**	**7.0%**	**(34.6%)**	**(8.5%)**	**(3.6%)**
Free Cash Flow	7.6%	(15.3%)	(7.1%)	(1.6%)	56.8%	**16.0%**	**8.1%**

Source: author's analysis based on Tikr data.

In FY2026 operating cash flow was 57.6% of revenue and free cash flow 56.8%, because direct capex is minimal (0.9% of revenue). SanDisk used a large part of that cash to buy back stock: $5,160 million, 25.5% of revenue.

Financial ratios

- **Growth**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Growth							
Revenue growth		(37.6%)	9.5%	10.4%	175.3%	**65.1%**	**39.4%**
EBIT growth		(206.5%)	n.m.	n.m.	2359.2%	**2359.2%**	**1076.3%**
Diluted EPS growth		n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
Change in diluted shares (dilution / buybacks)		n.m.	–	–	6.9%	**2.3%**	**2.3%**

Source: author's analysis based on Tikr data.

After falling 37.6% in FY2023, revenue grew 9.5% in FY2024, 10.4% in FY2025 and 175% in FY2026. The first quarter of FY2027 grew 378% year over year. It is a business where growth depends almost entirely on the price of NAND.

- **Profitability**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Profitability							
Gross margin	33.3%	7.1%	16.1%	30.1%	71.5%	**39.2%**	**31.6%**
SG&A % revenue	6.8%	9.2%	6.8%	7.8%	3.3%	**6.0%**	**6.8%**
R&D % revenue	14.0%	19.2%	15.9%	15.4%	6.6%	**12.6%**	**14.2%**
EBIT margin	12.5%	(21.3%)	(6.7%)	6.9%	61.6%	**20.6%**	**10.6%**
EBITDA margin (EBIT + D&A)	17.8%	(13.9%)	(3.3%)	9.1%	62.3%	**22.7%**	**14.4%**
Net margin	10.9%	(35.2%)	(10.1%)	(22.3%)	56.5%	**8.0%**	**(0.0%)**
Stock-based compensation % revenue	1.8%	2.7%	2.2%	2.5%	1.1%	**2.0%**	**2.1%**
Effective tax rate	13.8%	(7.0%)	(33.6%)	(11.0%)	12.2%	**(10.8%)**	**(5.1%)**

Source: author's analysis based on Tikr data.

Gross margin went from 7.1% in FY2023 to 71.5% in FY2026 and 85% in the last quarter. EBIT margin went from -21.3% to 61.6%. Few companies in history have shown a change like this in so little time.

- **Cash flow and reinvestment**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Cash flow & reinvestment							
Cash from operations % revenue	11.8%	(11.7%)	(4.6%)	1.1%	57.6%	**18.0%**	**10.8%**
FCF margin (TIKR FCF / revenue)	7.6%	(15.3%)	(7.1%)	(1.6%)	56.8%	**16.0%**	**8.1%**
FCF conversion (FCF / net income)	69.6%	n.m.	n.m.	n.m.	100.5%	**100.5%**	**85.1%**
Capex % revenue	4.2%	3.6%	2.5%	2.8%	0.9%	**2.0%**	**2.8%**
D&A % revenue	5.4%	7.4%	3.4%	2.2%	0.7%	**2.1%**	**3.8%**
Capex / D&A	0.8x	0.5x	0.7x	1.3x	1.2x	**1.1x**	**0.9x**
D&A % beginning net PP&E		43.1%	21.8%	16.8%	17.9%	**18.8%**	**24.9%**
Acquisitions % revenue	–	–	–	–	–	–	–

Source: author's analysis based on Tikr data.

Free cash flow went from negative in FY2023-FY2025 to 56.8% of revenue in FY2026. Direct capex is very low (0.9%), although it does not reflect all the investment made through the JV with Kioxia.

- **Working capital**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Working capital							
Receivables days (DSO)	48.8	32.5	51.6	58.1	85.9	**65.2**	**55.4**
Inventory days (DIO)	111.7	146.4	127.6	147.5	170.5	**148.6**	**140.8**
Payables days (DPO)	44.2	40.4	43.7	54.4	61.7	**53.3**	**48.9**
Cash conversion cycle (DSO + DIO − DPO)	116.3	138.5	135.5	151.3	194.7	**160.5**	**147.3**
Deferred revenue % revenue	–	–	–	0.3%	6.1%	**2.2%**	**1.3%**
Operating NWC % revenue	20.8%	30.4%	27.6%	30.8%	16.6%	**25.0%**	**25.2%**

Source: author's analysis based on Tikr data.

Inventory days rose to 170 in FY2026 and receivables to 86 days. In a business where the price of NAND moves every week, that much inventory is an advantage when prices rise and a risk when they fall.

- **Returns on capital**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Returns on capital							
NOPAT = EBIT × (1 − normalized tax rate)	912	(971)	(333)	380	9,351	**3,133**	**1,868**
Invested capital = debt + equity − cash & ST inv.	13,592	12,167	11,750	9,803	11,175	**10,909**	**11,697**
ROIC = NOPAT / average invested capital		(7.5%)	(2.8%)	3.5%	89.2%	**30.0%**	**20.6%**
ROIC incl. cash = NOPAT / average (debt + equity)		(7.4%)	(2.7%)	3.3%	68.7%	**23.1%**	**15.5%**
Pre-tax ROIC = EBIT / average invested capital (reference)		(10.1%)	(3.7%)	4.7%	118.9%	**40.0%**	**27.5%**
ROE = net income / average equity		(17.6%)	(6.0%)	(16.2%)	91.6%	**23.2%**	**13.0%**
ROA = net income / average total assets		(14.5%)	(4.9%)	(12.4%)	64.4%	**15.7%**	**8.2%**

Source: author's analysis based on Tikr data.

ROIC went from -7.5% in FY2023 to 89% in FY2026 and ROE to 92%. These are peak-cycle returns, not those of a normalized business.

- **Leverage and liquidity**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Leverage & liquidity							
Net debt (debt − cash & ST inv.)	615	728	668	587	(4,561)	**(1,102)**	**(393)**
Net debt / EBITDA	0.4x	n.m.	n.m.	0.9x	(0.4x)	**0.3x**	**0.3x**
Interest coverage (EBIT / interest expense)	81.1x	(41.8x)	(11.1x)	8.0x	170.8x	**55.9x**	**41.4x**
Debt / (debt + equity), book	6.8%	8.2%	8.2%	18.3%	1.3%	**9.3%**	**8.6%**
Current ratio	1.79	1.56	1.67	3.56	2.29	**2.51**	**2.18**

Source: author's analysis based on Tikr data.

SanDisk ended FY2026 with net cash of $4,561 million, after repaying almost all the debt inherited from the spinoff. The current ratio is 2.3x and interest coverage exceeds 170x.

- **Shareholder returns and valuation**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	FY2026A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)							
Dividends + buybacks % FCF	–	n.m.	n.m.	n.m.	44.8%	**44.8%**	**22.4%**
EV / EBITDA	n.m.	n.m.	n.m.	11.2x	19.5x	**15.3x**	**15.3x**
EV / revenue	n.m.	n.m.	n.m.	1.0x	12.1x	**6.6x**	**6.6x**
P/E	n.m.	n.m.	n.m.	n.m.	22.0x	**22.0x**	**22.0x**
FCF yield (FCF / market cap)	n.m.	n.m.	n.m.	(1.8%)	4.6%	**1.4%**	**1.4%**

Source: author's analysis based on Tikr data.

In FY2026 SanDisk used 45% of its free cash flow for buybacks, and in the first quarter of FY2027 it bought back another $5,000 million. At the end of FY2026 it traded at 19x EBITDA and 22x earnings. With the stock's fall and the jump in results, it trades today at less than 4x the annualized earnings of the last quarter.

SECTION 04

Management and capital allocation

David Goeckeler, CEO



Goeckeler took the helm of SanDisk after the Western Digital spinoff, betting on the flash business at a time when NAND was still in a difficult part of the cycle. His continuity is especially relevant because he already knew in depth both the storage business and the operating and financial challenges the company faced before the separation.

Goeckeler has a top-tier executive track record: he was CEO of Western Digital from 2020 to 2025, and before that spent 20 years at Cisco, where he became EVP and General Manager of the Networking and Security division, the company's highest-margin business. That experience in a high-margin software and services business is relevant: one of the strategic priorities Goeckeler sets for SanDisk is the shift toward more recurring, higher-margin revenue through storage management software, maintenance contracts and total infrastructure solutions, rather than depending exclusively on hardware sales.

During its first quarters as an independent company, operating execution far exceeded initial expectations: it reached a positive net cash position earlier than committed, beat revenue and margin guidance, and clearly communicated the shift in mix toward data center and higher-value products. The close of FY2026 raised the bar even further. SanDisk again far exceeded expectations, deepened its long-term contracts and significantly strengthened its cash generation. In addition, after initially authorizing a $6 billion buyback, in August the Board approved an additional $14 billion program. After the buybacks carried out during FY2026, the company reported a total remaining authorization of about $15.5 billion.

Luis Visoso, CFO

Visoso is a finance executive with experience at Amazon Web Services, Palo Alto Networks and Unity Software, which places him at the crossroads between cloud scale and software financial discipline. He is the architect of the clean financial separation from Western Digital and of the management of the debt structure SanDisk inherited. The speed with which the company reached a positive net cash position (earlier than consensus expected) is largely his achievement.

INVESTOR DAY 2026

In August SanDisk took an important step to try to show that current profitability does not depend exclusively on the cycle. Management presented for the first time a long-term financial model for FY2028-FY2030.

The company expects revenue growth in the *mid-to-high teens*, a non-GAAP gross margin close to 80%, a non-GAAP operating margin around 75% and an adjusted free cash flow margin close to 50%. These are extraordinarily high levels for a company that historically operated in a highly cyclical industry.

Part of that confidence comes from the new commercial model based on multi-year agreements with customers. SanDisk reported that its NBMs *(New Business Models)* cover about 50% of the bits planned for FY2027 and about two-thirds of FY2028. These contracts do not eliminate NAND cyclicality, but they increase visibility over volumes, revenue and cash generation.

For my valuation I do not assume these margins can be sustained indefinitely. However, the Investor Day suggests that the normalization of profitability could be considerably slower than the market initially expected.

SECTION 05

Competitive position

Industry analysis

The NAND flash market is one of the most oligopolistic and cyclical in the semiconductor industry. There are five players with manufacturing at scale: Samsung, SK Hynix (with its subsidiary Solidigm), Micron, Kioxia and SanDisk. Together they account for practically 100% of global NAND production.

The market's fundamental dynamic is simple but brutal: when there is excess supply, prices collapse and everyone loses money. When there is scarcity, prices soar and margins are extraordinary. **The 2023 cycle was the worst in decades: NAND prices fell more than 60% in eighteen months**, Samsung had massive losses in its memory division, and SanDisk (inside Western Digital) suffered similar damage.

What sets the current cycle apart is the combination of two structural factors. First, **the supply discipline manufacturers adopted after 2023**: instead of investing in new capacity when prices were falling, they cut capex and production. Second, enterprise NAND demand for AI data centers, which grew faster than any capacity planning model had projected. The result is a shortage that SanDisk estimates will not be resolved before 2028.

The most important variable for the long-term analysis is whether new efficiency algorithms (such as Google's TurboQuant, which reduces the storage needed for the KV cache of language models) can erode structural demand. For now, analyst consensus is that compression applies only to specific components and does not reduce total storage demand in data centers. But it is a risk to keep in mind.

Main competitors

SAMSUNG ELECTRONICS

Samsung is the absolute leader in NAND volume, with about 33% of the global market. Its V-NAND (Samsung's 3D technology) is competitive with SanDisk's BiCS8 on most metrics. However, **Samsung has an agility problem SanDisk does not have: its production lines are the largest in the world, which makes them hard to pivot quickly between products**. When demand for high-density enterprise SSDs exceeded expectations, Samsung took more quarters than SanDisk to reorient its mix. That timing cost it market share in the highest-margin segment just when it mattered most.

SK HYNIX AND SOLIDIGM

SK Hynix is SanDisk's most direct rival in enterprise. Its subsidiary Solidigm (acquired from Intel's NAND business in 2021) has competitive products and commercial relationships with many of the same hyperscalers. **The irony is that SK Hynix is so focused on HBM for GPUs (where it leads thanks to its collaboration with Nvidia) that its attention to enterprise NAND has been partial**. That opened a space SanDisk took advantage of. In fact, SanDisk and SK Hynix signed an MOU (*Memorandum of Understanding*) to standardize HBF technology, which suggests the relationship is one of co-opetition rather than pure rivalry.

MICRON TECHNOLOGY

Micron is the largest American competitor and the most comparable to SanDisk as a listed company. It has businesses in DRAM, HBM and NAND, which makes it more diversified but also less focused. In HBM (the high-speed memory attached to Nvidia GPUs), **Micron is one of the three global suppliers** alongside Samsung and SK Hynix. In enterprise NAND, Micron is competitive, but SanDisk has a density advantage with BiCS8 in this cycle.

Comparison with competitors

Before the numbers, two methodological notes. Samsung is left out of the comparison: as a conglomerate that consolidates semiconductors, smartphones, TVs and appliances in a single set of financial statements, isolating its NAND division accurately would require a separate analysis beyond the scope of this section. It is not an omission for convenience but for rigor.

The second point is that Micron and SK Hynix have different fiscal year-ends from SanDisk (Micron closes in August/September, SK Hynix in December), so the numbers below are not strictly comparable period by period. What the comparison does provide is a reasonable picture of where each company stands in this cycle in terms of margins, scale and business mix.

REVENUES					
% Change YoY	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0%	-38%	10%	10%	175%
MICRON TECHNOLOGY, INC.	11,00%	(49,50%)	61,60%	48,90%	
SK hynix Inc.	3,80%	(26,60%)	102,00%	46,80%	

All three compete in the same cyclical market, and the revenue numbers confirm it brutally. Over the period analyzed, SanDisk fell 38% in 2023, then recovered 10% in 2024 and another 10% in 2025. Micron had the most violent cycle: it fell 49.5% in 2023 and rebounded 61.6% in 2024. SK Hynix fell 26.6% in 2023 and recovered 102% in 2024.

The first thing that stands out is **the amplitude of SK Hynix's cycle**: a drop of almost 27 points followed by revenue doubling in a single year reflects its exposure to HBM for Nvidia, which went from zero to dominant in that period. Micron had similar volatility for different reasons, combining DRAM and NAND in a business that amplifies the cycle.

Until FY2025, SanDisk had shown a smaller cycle amplitude than Micron and SK Hynix in terms of revenue, partly because of a mix historically more oriented to client SSDs and consumer. FY2026 completely changed that picture: revenue grew 175% in a single year. The greater weight of data center and enterprise considerably increased SanDisk's exposure to the current AI infrastructure investment cycle, amplifying both the growth potential and the risk of a future normalization.

MARGINS

% Gross Margins	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	33%	7%	16%	30%	71%
MICRON TECHNOLOGY, INC.	45,18%	2,67%	22,35%	39,79%	
SK hynix Inc.	35,02%	(1,63%)	48,08%	60,41%	

% Operating Margin	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	12%	-21%	-7%	7%	62%
MICRON TECHNOLOGY, INC.	31,57%	(23,00%)	5,20%	26,24%	
SK hynix Inc.	15,26%	(23,59%)	35,45%	48,59%	

% Net Income Margin	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	11%	-35%	-10%	-22%	56%
MICRON TECHNOLOGY, INC.	28,24%	(37,54%)	3,10%	22,84%	
SK hynix Inc.	5,00%	(27,81%)	29,90%	44,18%	

This is the most interesting part of the comparison. **All three businesses saw margins collapse in 2023 and all three rebounded in 2024 and 2025, but the paths are very different.**

In gross margin, SK Hynix went from negative margins (-1.63%) in 2023 to 60.41% in 2025, the highest of the three. Micron went from 2.67% to 39.79%. SanDisk went from 7% to 30%, the slowest recovery in the group.

That difference has a direct explanation: SK Hynix was the biggest beneficiary of the HBM cycle for Nvidia, which has structurally higher margins than NAND. Micron also has HBM exposure, although smaller. SanDisk has no HBM in its portfolio, so its margin recovery depends exclusively on the NAND cycle. The relevant point is that the historical data in the table no longer represents SanDisk's current profitability. In Q3 FY2026 gross margin reached 78.4% and in Q4 it expanded again to 84.6%. For FY2026 as a whole, gross margin was 71.5%, versus 30.1% in FY2025. SanDisk is no longer simply "recovering" margins: during this cycle it reached extraordinarily high profitability even for the memory industry.

In operating margin, the pattern repeats. SanDisk had the lowest operating margin in the group in the historical data, but that number no longer represents the current reality of the business. The combination of **pricing**, **mix toward enterprise products** and **supply shortage** took operating profitability to extraordinary levels. The question, again, is **how much of that profitability can be sustained when the NAND cycle starts to normalize.**

The change can also be seen in net income. While FY2025 still reflected the consequences of the downcycle and the costs of the separation from Western Digital, FY2026 closed with $11.43 billion of GAAP net income. The speed of this recovery shows how much SanDisk's profitability can change when better prices, higher capacity utilization and a more favorable product mix coincide.

BALANCE SHEET

ASSETS

Total Cash And Short Term Investments	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	2%	2%	2%	11%	21%
MICRON TECHNOLOGY, INC.	14,08%	14,93%	11,68%	12,45%	
SK hynix Inc.	5,85%	8,75%	11,85%	19,95%	

Accounts Receivable	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	8%	4%	7%	8%	21%
MICRON TECHNOLOGY, INC.	7,19%	3,19%	7,81%	8,65%	
SK hynix Inc.	5,08%	6,72%	10,86%	10,33%	

Total Current Assets	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	28%	25%	26%	39%	57%
MICRON TECHNOLOGY, INC.	32,86%	33,06%	35,11%	34,83%	
SK hynix Inc.	27,66%	30,37%	35,27%	39,44%	

Net Property Plant And Equipment	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	7%	7%	7%	6%	4%
MICRON TECHNOLOGY, INC.	59,18%	60,06%	58,19%	57,16%	
SK hynix Inc.	59,70%	55,22%	52,27%	45,34%	

Goodwill	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	50%	52%	53%	38%	22%
MICRON TECHNOLOGY, INC.	1,85%	1,79%	1,66%	1,39%	
SK hynix Inc.	0,77%	0,80%	0,71%	0,46%	

LIABILITIES

Accounts Payable	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	5%	5%	5%	6%	4%
MICRON TECHNOLOGY, INC.	3,23%	2,68%	3,93%	3,78%	
SK hynix Inc.	2,10%	1,84%	1,90%	1,62%	

Accrued Expenses	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	5%	4%	3%	3%	4%
MICRON TECHNOLOGY, INC.	1,32%	0,57%	1,61%	1,35%	
SK hynix Inc.	2,90%	1,68%	3,32%	3,56%	

Current Portion of Long-Term Debt	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0%	0%	0%	0%	0%
MICRON TECHNOLOGY, INC.	0,00%	0,16%	0,15%	0,00%	
SK hynix Inc.	3,46%	5,69%	3,31%	3,27%	

Current Liabilities	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	16%	16%	16%	11%	25%
MICRON TECHNOLOGY, INC.	11,37%	7,42%	13,32%	13,83%	
SK hynix Inc.	19,10%	20,94%	20,83%	21,23%	

Long-Term Debt	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0%	0%	0%	14%	0%
MICRON TECHNOLOGY, INC.	9,08%	18,59%	16,19%	13,93%	
SK hynix Inc.	14,99%	19,55%	14,54%	8,00%	

Capital Leases	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0%	1%	1%	1%	1%
MICRON TECHNOLOGY, INC.	2,10%	2,66%	3,37%	3,85%	
SK hynix Inc.	1,46%	2,39%	1,82%	1,11%	

The balance sheets of the three companies over time show structural differences that go beyond the cycle.

The most striking figure for SanDisk is goodwill: it represents 38%-53% of total assets in every period, an extraordinarily high level compared with Micron (less than 2%) and SK Hynix (less than 1%). That goodwill is the direct legacy of Western Digital's $19 billion acquisition in 2016: part of that purchase price was booked as an intangible, and at the spinoff that goodwill moved to SanDisk's independent balance sheet. It does not generate cash or produce returns by itself, but it does take up space in the denominator when calculating returns on assets, which makes SanDisk's ROA and ROIC look worse than they are operationally. In FY2026 its weight fell to 22% because of strong revenue growth.

On productive assets, **the difference in Net PP&E is the most striking**: Micron and SK Hynix have between 45% and 60% of their assets in property, plant and equipment, reflecting that they are vertically integrated companies with their own fabs. SanDisk has just 6%-7%. That confirms the quasi-fabless model: manufacturing is in the JV with Kioxia and does not appear on SanDisk's balance sheet as its own fixed asset. The consequence is that SanDisk needs less capital to operate, but also has less direct control over its production capacity.

On the liabilities side, SanDisk's long-term debt had gone from 0% to 14% of total assets in 2025, the first time the company showed long-term debt as an independent entity, inherited from Western Digital's structure. That was one of the points to monitor at the spinoff, but **the acceleration of free cash flow quickly changed the reading of the balance sheet**. At the end of FY2026 SanDisk had a much stronger financial position and extraordinary cash generation. During the year it bought back about $4.5 billion of stock and, subsequently, the Board authorized an additional $14 billion program, taking the total remaining authorization reported to about $15.5 billion. The size of the program shows management's confidence in future cash generation, although it also makes it more important to assess the price at which those buybacks are executed. This does not eliminate the cyclicality of the business, but it gives it much more flexibility to get through future downcycles.

RATIOS

LIQUIDITY

Current [Current Assets / Current Liabilities]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	1,79x	1,56x	1,67x	3,56x	2,29x
MICRON TECHNOLOGY, INC.	2,89x	4,46x	2,64x	2,52x	
SK hynix Inc.	1,45x	1,45x	1,69x	1,86x	

Quick [(Cash + Marketable securities + Receivables) / Current Liabilities]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0,89x	0,41x	0,65x	1,86x	1,71x
MICRON TECHNOLOGY, INC.	1,92x	2,53x	1,59x	1,71x	
SK hynix Inc.	0,62x	0,78x	1,10x	1,44x	

Cash [(Cash + Marketable securities) / Current Liabilities]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0,13x	0,13x	0,15x	1,04x	0,85x
MICRON TECHNOLOGY, INC.	1,24x	2,01x	0,88x	0,90x	
SK hynix Inc.	0,31x	0,42x	0,57x	0,94x	

In liquidity, SanDisk's current ratio jumped from 1.67x to 3.56x between 2024 and 2025, the highest in the group and consistent with the positive net cash position Goeckeler announced earlier than expected. Micron (2.52x) and SK Hynix (1.86x) are more conservative on this ratio, although at more than healthy levels.

SOLVENCY

Long-term debt to equity [Total long term debt / Total Equity]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0,00%	0,77%	1,54%	21,94%	1,12%
MICRON TECHNOLOGY, INC.	14,85%	30,95%	30,08%	27,17%	
SK hynix Inc.	27,00%	41,14%	26,53%	13,30%	

Debt to Equity [Total debt / Total Equity]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0,00%	0,88%	1,64%	22,44%	1,28%
MICRON TECHNOLOGY, INC.	15,18%	31,73%	31,19%	28,34%	
SK hynix Inc.	33,11%	52,99%	32,70%	18,53%	

Debt to Capital [Total debt / Total Capital]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0,00%	0,88%	1,62%	18,33%	1,26%
MICRON TECHNOLOGY, INC.	13,18%	24,09%	23,78%	22,08%	
SK hynix Inc.	24,88%	34,64%	24,64%	15,63%	

Debt to Assets [Total debt / Total Assets]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0,00%	0,73%	1,35%	15,93%	0,89%
MICRON TECHNOLOGY, INC.	11,43%	21,79%	20,28%	18,54%	
SK hynix Inc.	20,18%	28,26%	20,16%	12,70%	

Financial Leverage [Total Assets / Total Equity]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	1,21x	1,21x	1,22x	1,41x	1,43x
MICRON TECHNOLOGY, INC.	1,33x	1,46x	1,54x	1,53x	
SK hynix Inc.	1,64x	1,88x	1,62x	1,46x	

Debt to EBITDA [Total debt / EBITDA]	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	0,00x	-0,12x	-0,83x	3,09x	0,02x
MICRON TECHNOLOGY, INC.	0,45x	3,42x	1,56x	0,85x	
SK hynix Inc.	1,01x	4,98x	0,67x	0,37x	

Interest Coverage	01/07/2022	01/07/2023	01/07/2024	01/07/2025	03/07/2026
SANDISK CORPORATION	81,07x	-41,77x	-11,10x	8,05x	170,79x
MICRON TECHNOLOGY, INC.	51,37x	-9,21x	2,32x	20,56x	
SK hynix Inc.	12,77x	-5,26x	17,44x	51,11x	

The solvency reading confirms what the balance sheet suggested. **SanDisk entered the market as an independent company with the cleanest balance sheet in the group in terms of debt** (debt to equity of 0% in 2022 and 2023) and reached 2025 at 22.44%, still below Micron (28.34%) but above SK Hynix (18.53%).

SanDisk's debt to EBITDA in 2025 looked high because it reflected a company coming out of the down-cycle with accumulated losses and still depressed EBITDA. But that ratio quickly became outdated with the explosion in profitability in FY2026. The close of the year definitively confirmed the change:

SanDisk generated $11.43 billion of GAAP net income on $20.25 billion of revenue, leaving behind the stage of financial recovery and entering a phase of extraordinary cash generation.

The same goes for interest coverage. In 2025 it still showed SanDisk as a company in transition, coming out of survival mode. At the end of FY2026 the reading changes completely: the company not only recovered profitability but now operates with a much more comfortable balance sheet. Going forward, financial risk seems less associated with the debt inherited from the spinoff and more related to **capital allocation**: how much to buy back, at what price, and how to balance shareholder returns with investment in capacity and technology.

ACTIVITY					
Inventory turnover [COGS / Average inventory]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	6,54x	2,65x	2,65x	2,55x	2,42x
MICRON TECHNOLOGY, INC.	3,02x	2,01x	2,26x	2,61x	
SK hynix Inc.	2,36x	2,29x	2,57x	2,79x	
Days of inventory on hand (DOH) [Number of days in period / inventory turnover]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	56 días	137 días	138 días	143 días	151 días
MICRON TECHNOLOGY, INC.	121 días	182 días	162 días	140 días	
SK hynix Inc.	155 días	160 días	142 días	131 días	
Receivables turnover [Revenue / Average receivables]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	7,57x	11,29x	7,13x	6,89x	4,30x
MICRON TECHNOLOGY, INC.	6,45x	7,59x	4,63x	5,22x	
SK hynix Inc.	8,45x	4,86x	5,08x	5,34x	
Days of sales outsanding (DSO) [Number of days in period / Receivables turnover]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	48 días	32 días	51 días	53 días	85 días
MICRON TECHNOLOGY, INC.	57 días	48 días	79 días	70 días	
SK hynix Inc.	43 días	75 días	72 días	68 días	
Payables turnover [Purchases / Average trade payables]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	21,58x	8,39x	8,14x	7,34x	7,34x
MICRON TECHNOLOGY, INC.	9,80x	8,71x	8,98x	7,51x	
SK hynix Inc.	20,14x	15,43x	16,59x	15,39x	
Number of days of payables [Number of days in period / Payables turnover]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	17 días	43 días	45 días	50 días	50 días
MICRON TECHNOLOGY, INC.	37 días	42 días	41 días	49 días	
SK hynix Inc.	18 días	24 días	22 días	24 días	
Working capital turnover [Revenue / Average working capital]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	4,94x	4,96x	4,68x	2,01x	2,81x
MICRON TECHNOLOGY, INC.	2,16x	0,94x	1,66x	2,15x	
SK hynix Inc.	5,02x	3,46x	3,82x	3,03x	
Fixed Asset turnover [Revenue / Average net fixed assets]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	9,39x	5,93x	6,87x	8,83x	23,35x
MICRON TECHNOLOGY, INC.	0,78x	0,40x	0,62x	0,79x	
SK hynix Inc.	0,72x	0,59x	1,06x	1,22x	

Activity ratios show SanDisk as the company with the most efficient use of fixed assets, the direct consequence of the quasi-fabless model. **Fixed asset turnover of 8.83x in 2025** is ten times that of Micron (0.79x) and SK Hynix (1.22x): with much less property, plant and equipment on the balance sheet, each dollar of fixed assets generates much more revenue. It is not a sign of operating efficiency in itself but a consequence of the business model.

SanDisk's **days of inventory on hand** (143 days in 2025) are comparable to Micron's (140 days) and higher than SK Hynix's (131 days). In a business where NAND prices move week to week, holding five months of inventory implies significant price exposure both up and down. In the 2026 upcycle that is an advantage (inventory revalues); in a downcycle it is a risk.

PROFITABILITY					
Operating ROA [Operating Income / Average Total Assets]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	8%	-9%	-3%	4%	55%
MICRON TECHNOLOGY, INC.	15%	-6%	2%	12%	
SK hynix Inc.	7%	-8%	20%	27%	
ROA [Net Income / Average Total Assets]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	7%	-16%	-5%	-13%	51%
MICRON TECHNOLOGY, INC.	13%	-9%	1%	10%	
SK hynix Inc.	2%	-9%	17%	24%	
ROE [Net Income / Average Total Equity]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	8%	-19%	-6%	-18%	73%
MICRON TECHNOLOGY, INC.	17%	-13%	2%	16%	
SK hynix Inc.	4%	-17%	27%	36%	
ROIC [EBIT / Average short and long-term debt and equity]	**01/07/2022**	**01/07/2023**	**01/07/2024**	**01/07/2025**	**03/07/2026**
SANDISK CORPORATION	9%	-11%	-4%	4%	78%
MICRON TECHNOLOGY, INC.	17%	-6%	2%	14%	
SK hynix Inc.	8%	-9%	24%	33%	

In historical profitability, **SanDisk has the lowest ROA, ROE and ROIC in the group in every period**, a consequence of the high goodwill that inflates the denominator and of the accumulated losses of the downcycle. SK Hynix leads with ROE of 36% and ROIC of 33% in 2025, helped by the extraordinary profitability of HBM. Micron is in the middle with ROE of 16% and ROIC of 14%. These historical numbers no longer reflect SanDisk's current reality. The sharp increase in profitability during FY2026 turned into a very significant improvement in return ratios.

SWOT analysis

STRENGTHS

A 100% flash bet: No distractions from HBM, DRAM or logic. Every dollar of AI capex that goes to mass storage goes through SanDisk or its direct competitors.

JV with Kioxia until 2034: Guaranteed access to manufacturing at scale without bearing the massive capex of building its own fabs. An additional geopolitical advantage from manufacturing in Japan.

BiCS8: 256TB enterprise SSDs have no commercial equivalent. Density per rack is the differentiating factor in AI data centers that pay for electricity.

Supply discipline after 2023: Goeckeler showed he can resist the temptation to produce more when prices fall. That is structurally different from the industry's historical behavior.

Global consumer brand: Although it is not the growth driver, the SanDisk brand is still recognized in emerging markets and professional applications that generate predictable cash flow.

A much stronger balance sheet and capital returns: SanDisk went from a post-spinoff recovery story to a company with enough cash generation to repay debt, strengthen its balance sheet and launch a buyback program that was later expanded significantly.

WEAKNESSES

No clearly defined structural moat: Unlike Nvidia's CUDA ecosystem, SanDisk's NAND is technically substitutable by Samsung's or SK Hynix's in most applications.

High historical cyclicality: The same business that today reports **gross margins close to 80%** had margins close to 22% just two years ago. That volatility is inherent to the flash memory market. Long-term contracts can smooth part of the cycle, but **it has not yet been shown that they can eliminate it**.

Revenue concentrated in a favorable cycle: Much of the upside of recent quarters is tied to extraordinarily high NAND prices. If prices fall, margins follow.

Capital allocation risk: The debt inherited from the spinoff is no longer the main financial problem. The focus now is on **how SanDisk uses the huge cash generation of the current cycle**. The large buyback program can create value if shares are bought below intrinsic value, but it also has an opportunity cost: that capital could go to capacity, technology or other investments if they offered better returns. So it is not enough to assess how much SanDisk buys back; it also matters at what price and what reinvestment alternatives it has.

OPPORTUNITIES

High Bandwidth Flash (HBF): If HBF becomes the standard for inference in AI data centers, SanDisk has a pioneer position. The TAM (Total Addressable Market) would double or more.

Expansion of AI data lakes: Next-generation generative AI models require storing massive amounts of training data. Every new model is a new customer for high-density enterprise SSDs.

Kioxia merger (speculative): There have been historical reports of consolidation talks between SanDisk and Kioxia. A merger would create the second-largest NAND maker in the world. Regulators would complicate it, but the strategic upside is evident.

Edge AI and autonomous devices: Electric cars, industrial robots and edge devices require high-reliability storage in harsh environments. SanDisk has products for these markets that are small today but could be significant in the next decade.

New model of multi-year contracts: long-term agreements with strategic customers could smooth part of NAND's historical cyclicality. If these contracts manage to sustain volumes, minimum prices or financial commitments over several years, SanDisk could become a company less dependent on spot memory pricing and more like a strategic AI infrastructure supplier.

THREATS

Supply normalization: If Samsung, SK Hynix and Micron aggressively increase NAND capex in 2026, the new capacity could reach the market in 2027-2028 and collapse prices again.

Storage compression algorithms: Google's TurboQuant is the first concrete sign that AI providers are looking for ways to reduce their dependence on mass storage. If it becomes widespread, it could erode structural demand.

Geopolitics and export restrictions: The US-China relationship in semiconductors can affect both Chinese demand for SanDisk products and access to materials and manufacturing equipment that pass through Asian supply chains.

Next-generation technology risk: Alternative storage architectures (CXL, Storage Class Memory, new variants of ReRAM or MRAM) could challenge NAND's relevance in the long term. None is ready to replace it today, but the ten-year horizon is uncertain.

Risk of extrapolating peak margins: gross margin reached 85% in the latest quarter, an extraordinary level for a NAND maker. Although management expects to sustain margins close to 80% during FY2028-FY2030, there is a risk that the market extrapolates current scarcity, pricing and mix conditions too far. If normalization comes sooner than expected, the impact could be felt simultaneously in earnings and in the multiple the market is willing to pay.

Porter's five forces

1. RIVALRY AMONG EXISTING COMPETITORS: MEDIUM

The NAND market has five players with manufacturing at scale, making it more concentrated than most commodity industries. However, price competition can be intense when there is excess supply. In the current cycle, with widespread scarcity, effective rivalry is low because all participants are sold out. The dynamic can change quickly if supply grows.

2. THREAT OF NEW ENTRANTS: VERY LOW

Barriers to entry in NAND are among the highest in the semiconductor industry. A NAND fab at scale costs between $10 billion and $20 billion and takes four to five years to build and ramp up. Process technology (which in BiCS8 involves stacking hundreds of layers of silicon) requires decades of know-how. There is no realistic potential new competitor in this market.

3. BARGAINING POWER OF SUPPLIERS: MEDIUM

Suppliers of NAND manufacturing equipment (ASML for extreme lithography, Applied Materials and Lam Research for deposition and etching) have bargaining power because they are oligopolistic suppliers of critical machinery. However, SanDisk, through the JV with Kioxia, has scale purchasing power that mitigates part of that power. The most critical supplier is Kioxia itself, which makes the wafers, but that relationship is structurally collaborative, not adversarial.

4. BARGAINING POWER OF CUSTOMERS: LOW (TODAY)

In the current cycle, hyperscalers are queuing to get high-density enterprise SSDs and SanDisk is literally sold out. **That dynamic completely reverses bargaining power: customers accept the prices the supplier sets**. But that can change. Amazon, Google and Microsoft have enough scale to develop storage alternatives or put pressure on prices when supply normalizes. Customer power is low today and could be medium-high later.

5. THREAT OF SUBSTITUTES: MEDIUM

In the short and medium term there is no substitute for NAND flash in mass storage at a reasonable price. HBM is faster but costs 10x to 20x more per terabyte. Hard drives (HDDs) are cheaper but incomparably slower. However, in the long term, emerging technologies such as CXL (which allows flash memory to be treated as an extension of RAM) or new memory architectures could change the equation. That risk is material but on a horizon of five years or more.

SECTION 06

The bulls vs. the bears

What do the bulls say?

- **Structural scarcity with no short-term solution.** There is no relevant new NAND capacity outside China in 2026 and probably not in 2027. With demand growing twice as fast as supply, SanDisk has unprecedented pricing power.
- **Long-term contracts and a new business model.** One of the most important changes was the confirmation of multi-year supply agreements with firm financial commitments. SanDisk signed five long-term agreements aimed at reducing exposure to the classic boom-bust cycle of NAND memory. According to management, these contracts include financial commitments, pricing mechanisms and penalties that make it harder for customers to simply walk away if the market weakens. If SanDisk manages to turn part of its sales into more predictable revenue, the market could start to value the company at higher multiples than those historically assigned to memory makers.
- **Extraordinarily high margins.** SanDisk reached an 85% gross margin in the latest quarter, and management expects to sustain a non-GAAP gross margin close to 80% between FY2028 and FY2030. If a relevant part of this profitability can be sustained thanks to the enterprise SSD mix, long-term contracts and disciplined supply, SanDisk could deserve higher multiples than a traditional memory company. The risk is assuming too quickly that these margins are a new normal.
- **The edge AI effect multiplies consumer demand.** The integration of on-device LLMs in smartphones generates a wave of device replacement with more NAND capacity, independent of the data center cycle.
- **Japanese government subsidies of more than $1 billion.** They reduce the cost of capital for capacity investment.
- **Management execution.** SanDisk has repeatedly beaten its growth and profitability expectations, reached a much stronger financial position and advanced with long-term contracts. On top of this came an increasingly aggressive capital return policy: after the initial $6 billion authorization, the Board approved an additional $14 billion buyback program.
- **Inclusion in the S&P 500 after the spinoff.** Index funds had to buy the stock, creating structural demand for the shares that supports liquidity and price.

What do the bears say?

- **Memory is the most cyclical sector in semiconductors.** The same forces that created the current supercycle (government incentives for production, manufacturers expanding capacity when prices are high) can generate severe oversupply in 2027-2028.
- **The market no longer believes in the cycle.** After reaching $2,354 in June, the stock fell more than 60% even though results kept improving. For the bears, it is a sign that the peak of the cycle is near and that NAND prices cannot keep rising.
- **Korean competition with "unlimited" resources.** Samsung and SK Hynix have stronger balance sheets, more scale and access to the same manufacturing technology. In a normal cycle, they can use their cost advantage to regain the market share they lost during the shortage.
- **Export controls on China as a two-way risk.** The new annual approval system since January 2026 complicates exports to China, a market that has historically represented 15-25% of global NAND demand. Any geopolitical escalation could be disruptive.
- **The Google TurboQuant scare showed how fragile the story is.** When Google presented its KV cache compression technology, SNDK fell about 7% in one session before recovering. It shows how vulnerable the price is to any news that questions the size of AI storage demand.
- **Capital allocation risk at the peak of the cycle.** SanDisk has an aggressive buyback program, a very large figure for a company that was coming out of the Western Digital spinoff just a year ago. The risk is that the company buys back stock aggressively at a time when margins and expectations are at extraordinarily high levels. In cyclical businesses, capital allocation is as important as operating execution. Buying back stock can create a lot of value if the price is reasonable, but it can also destroy it if done at the peak of the cycle.
- **Concentration risk in Japan.** The main manufacturing facilities are in Yokkaichi and Kitakami. A natural disaster (Japan is a highly seismic and volcanic area) or a disruption in Pacific shipping could severely affect production capacity.

SECTION 07

Valuation

I built a ten-year **discounted cash flow (DCF)** model with two methods for the terminal value: **perpetuity growth** and an **exit multiple on EBITDA**. The target price is the average of both in the base case. All per-share values are stated before the 8-for-1 split of November 20; to get the post-split equivalent, divide them by eight.

Valuing SanDisk today is more an exercise in conviction about the duration of the NAND cycle than an exercise in financial precision. That is why the model has two very different stages: a few years of extraordinary profitability, in line with what management presented at the Investor Day, and then a sharp normalization of prices and margins.

Model inputs and assumptions

2. Operating drivers by scenario (explicit forecast)

Driver	Δ vs Base	FY2024A	FY2025A	FY2026A	3Y avg	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E	FY2036E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		9.5%	10.4%	175.3%	**49.3%**	**144.0%**	**23.0%**	**(1.0%)**	**–**	**(15.0%)**	**(10.0%)**	**3.0%**	**4.0%**	**4.0%**	**3.5%**
Best case	5.0%					149.0%	28.0%	4.0%	5.0%	(10.0%)	(5.0%)	8.0%	9.0%	9.0%	8.5%
Base case						144.0%	23.0%	(1.0%)	–	(15.0%)	(10.0%)	3.0%	4.0%	4.0%	3.5%
Worst case	(12.0%)					132.0%	11.0%	(13.0%)	(12.0%)	(27.0%)	(22.0%)	(9.0%)	(8.0%)	(8.0%)	(8.5%)
Gross margin ▸ selected scenario		16.1%	30.1%	71.5%	**39.2%**	**84.5%**	**80.0%**	**78.0%**	**75.0%**	**68.0%**	**62.0%**	**60.0%**	**60.0%**	**60.0%**	**60.0%**
Best case	3.0%					87.5%	83.0%	81.0%	78.0%	71.0%	65.0%	63.0%	63.0%	63.0%	63.0%
Base case						84.5%	80.0%	78.0%	75.0%	68.0%	62.0%	60.0%	60.0%	60.0%	60.0%
Worst case	(12.0%)					72.5%	68.0%	66.0%	63.0%	56.0%	50.0%	48.0%	48.0%	48.0%	48.0%
EBIT margin ▸ selected scenario		(6.7%)	6.9%	61.6%	**20.6%**	**79.0%**	**74.0%**	**72.0%**	**68.0%**	**60.0%**	**53.0%**	**50.0%**	**50.0%**	**50.0%**	**50.0%**
Best case	3.0%					82.0%	77.0%	75.0%	71.0%	63.0%	56.0%	53.0%	53.0%	53.0%	53.0%
Base case						79.0%	74.0%	72.0%	68.0%	60.0%	53.0%	50.0%	50.0%	50.0%	50.0%
Worst case	(15.0%)					64.0%	59.0%	57.0%	53.0%	45.0%	38.0%	35.0%	35.0%	35.0%	35.0%
Capex % of revenue ▸ selected scenario		2.5%	2.8%	0.9%	**2.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**
Best case	–					3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Base case						3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Worst case	1.0%					4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Source: author's analysis.

Revenue growth: in the Base Case I project 144% growth in FY2027 (about $49.4 billion of revenue), somewhat above what the first quarter and second-quarter guidance imply. Then 23% in FY2028, supported by multi-year contracts covering two-thirds of FY2028 bits, and a slight 1% decline in FY2029. From FY2030 I build in the end of the cycle: flat revenue in FY2030, declines of 15% in FY2031 and 10% in FY2032, and then moderate growth of 3-4%.

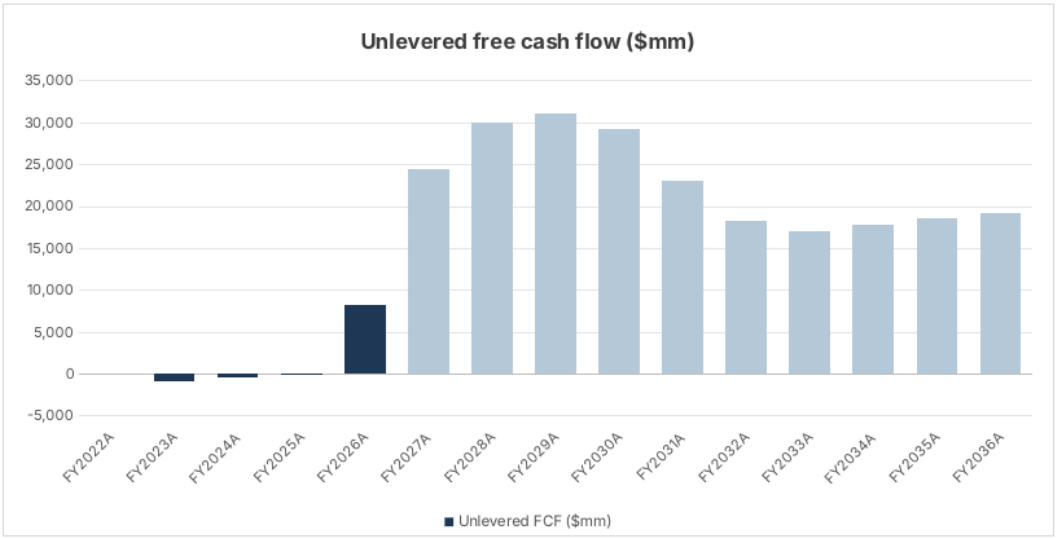
Margins: gross margin starts at 84.5% in FY2027, stays close to 80% through FY2029 (in line with management's target) and then falls to 60% from FY2033. EBIT margin follows the same path: 79% in FY2027, 72% in FY2029 and 50% at maturity. That is a much higher level of profitability than SanDisk's history, recognizing the mix shift toward data center, but far below today's 80%.

CapEx: 3% of revenue, above current direct capex, to include part of the economic investment made through the JV with Kioxia.

What does each scenario mean?

- **Base Case:** the shortage lasts until FY2029, long-term contracts sustain volumes and prices, and then the cycle normalizes with a sharp fall in revenue and margins.

- **Best Case:** the shortage lasts longer than expected, HBF is adopted in AI inference and the mix toward data center accelerates. It adds 5 points of growth per year and 3 points of margin.
- **Worst Case:** Samsung, SK Hynix and Micron aggressively increase capacity and prices fall sooner. It subtracts 12 points of growth per year, 12 points of gross margin and 15 of EBIT margin.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)

		Value
Risk-free rate		4.9%
Equity beta (levered)	x	1.50
Equity risk premium		4.2%
Country risk premium		–
Cost of equity		11.2%
Pre-tax cost of debt		6.0%
Tax rate (debt tax shield)		25.0%
After-tax cost of debt		4.5%
Market value of equity	$ mm	124,897
Total debt	$ mm	201
Debt / (Debt + Equity)		0.2%
Equity / (Debt + Equity)		99.8%
WACC		11.2%

Source: author's analysis.

I use a 4.9% risk-free rate, a 4.2% equity risk premium and a beta of 1.5. The result is a **cost of equity of 11.2%**. Since SanDisk has practically no debt, the **resulting WACC is 11.2%**, a high rate reflecting the historical cyclicality of memory.

To go from Enterprise Value to Equity Value I added a net financial position of $6,607 million. I use 151 million diluted shares (pre-split), in line with the company's guidance.

Model results

PERPETUITY METHOD

With 2% perpetual growth and a 20% return on new invested capital, the model gives an Enterprise Value of $217,990 million and an Equity Value of $224,597 million, equivalent to **$1,487.40 per share**.

Sandisk Corporation

SNDK · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$1,487.40

Current share price	$827.13
Upside / (downside)	+79.8%

VALUATION SUMMARY

Enterprise value	217,990
Equity value	224,597
PV of forecast cash flows	145,555
PV of terminal value	72,436
Terminal value % of EV	33.2%
Implied exit EV / EBITDA	7.2x

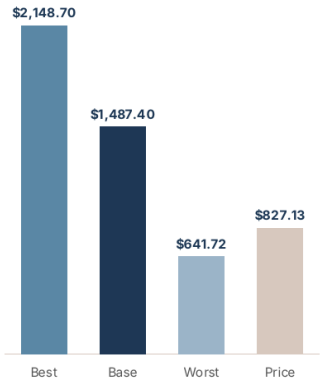
KEY ASSUMPTIONS

WACC (year 1)	11.2%
Terminal WACC	11.2%
Terminal growth (g)	2.0%
RONIC (terminal)	20.0%
Net debt & other claims	(6,607)
Diluted shares (mm)	151.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	2.5%	317,847	324,454	**$2,148.70**	+159.8%
Base case	2.0%	217,990	224,597	**$1,487.40**	+79.8%
Worst case	1.5%	90,292	96,899	**$641.72**	(22.4%)
Current share price				*$827.13*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.0%	1.5%	2.0%	2.5%	3.0%
10.2%	$1,591.88	$1,608.30	$1,626.72	$1,647.54	$1,671.25
10.7%	$1,524.89	$1,538.26	$1,553.18	$1,569.91	$1,588.82
11.2%	$1,464.35	$1,475.28	**$1,487.40**	$1,500.91	$1,516.07
11.7%	$1,409.37	$1,418.32	$1,428.19	$1,439.14	$1,451.34
12.2%	$1,359.20	$1,366.53	$1,374.59	$1,383.47	$1,393.32

Source: author's analysis.

In the Best Case the value is **$2,148.70** and in the Worst Case **$641.72**.

With a WACC half a point lower, the value rises to $1,553; with one half a point higher, it falls to $1,428. Sensitivity to WACC is low because much of the value is generated in the first years, with the extraordinary cash flows of the current cycle.

EBITDA MULTIPLE METHOD

Applying a **9x** multiple to EBITDA in the last projected year of the Base Case (11x in the Best Case and 6.5x in the Worst Case), the model gives an Enterprise Value of $235,605 million and a value of **$1,604.06 per share**.

Sandisk Corporation

SNDK · Discounted Cash Flow · Exit Multiple Method

Valuation date 6 Nov 2026 · USD mm · Scenario: Base Case

INTRINSIC VALUE PER SHARE

$1,604.06

Current share price	$827.13
Upside / (downside)	+93.9%

VALUATION SUMMARY

Enterprise value	235,605
Equity value	242,212
PV of forecast cash flows	145,555
PV of terminal value	90,051
Terminal value % of EV	38.2%
Implied perpetual growth	3.3%

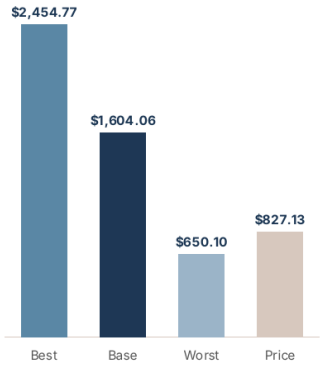
KEY ASSUMPTIONS

WACC (year 1)	11.2%
Terminal WACC	11.2%
Exit EV / EBITDA	9.0x
EBITDA, final forecast year	27,864
Net debt & other claims	(6,607)
Diluted shares (mm)	151.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	11.0x	364,063	370,670	**$2,454.77**	+196.8%
Base case	9.0x	235,605	242,212	**$1,604.06**	+93.9%
Worst case	6.5x	91,559	98,166	**$650.10**	(21.4%)
Current share price				*$827.13*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	7.0x	8.0x	9.0x	10.0x	11.0x
10.2%	$1,545.49	$1,617.79	$1,690.10	$1,762.40	$1,834.70
10.7%	$1,507.77	$1,576.98	$1,646.19	$1,715.40	$1,784.61
11.2%	$1,471.53	$1,537.79	**$1,604.06**	$1,670.32	$1,736.58
11.7%	$1,436.70	$1,500.15	$1,563.61	$1,627.06	$1,690.51
12.2%	$1,403.21	$1,463.99	$1,524.76	$1,585.53	$1,646.31

Source: author's analysis.

9x includes a premium over historical memory multiples for the 100% flash position, the mix toward data center and the long-term contracts, but it is applied to an already normalized EBITDA. It implies 3.3% perpetual growth.

In the Best Case the value is **$2,454.77** and in the Worst Case **$650.10**.

Reading both methods together

Averaging both methods in the base case, I arrive at a **target price of $1,546 per share** (about $193 after the split), compared with a market price of $827.13. That is an upside of about 87%.

The key is that a large part of the model's value is generated in the coming years. With free cash flow of more than $6 billion per quarter, SanDisk could generate a very significant part of its current market value in two years. The market, by contrast, is valuing the company as if the cycle ended much sooner. The Worst Case (around $645) shows the risk is real: if prices fall sooner, the stock could still fall 22%.

SECTION 08

Conclusion

SanDisk remains one of the hardest companies to value that I have analyzed. Not because numbers are missing, but because fundamentals are changing at extraordinary speed. In one year it went from a 30% gross margin to 85%, and in the last quarter it generated more than $6 billion of free cash flow.

What stands out most today is not the business, but the price. With ever better results, the stock has fallen more than 60% from its high. The market has stopped debating whether SanDisk is a great company and started debating when the cycle ends.

That question remains unanswered, which is why my model assumes a sharp normalization from FY2030, with revenue falling and EBIT margin dropping from 80% to 50%. Even with those assumptions, I arrive at a **target price of $1,546 per share** (about $193 after the split), versus a price of $827. Even the Worst Case is only about 22% below the current price.

This does not eliminate NAND cyclicality. Prices remain the critical variable, supply will eventually react and margins above 80% should not be assumed as a new normal. But growing exposure to data centers, multi-year contracts and cash generation that allows it to buy back a meaningful part of the company every quarter have changed the equation.

At these levels the risk-reward looks interesting to me. It is not a company for a large position: it is a cyclical business and volatility will remain extreme. But at these prices, with a wide margin of safety even assuming a significant normalization, I would consider starting a small position, knowing that the thesis depends on something no one can predict precisely: how long the cycle lasts.

Alan



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