

January 29, 2026

## Semiconductor and Infrastructure Systems

### Samsung and SK Hynix Report Record Fourth Quarter; Memory Supercycle in Full Force

**What You Need to Know.** Wednesday evening, January 28, Samsung and SK Hynix both reported their fourth-quarter results, logging record earnings and operating margin expansion underpinned by strong advanced memory demand (DRAM and HBM). Both vendors signaled mass-production readiness of the highly awaited HBM4, paving the way for a reshuffling of HBM market share as Samsung re-enters the fray following its delayed approval for HBM3E—Samsung expects to triple its HBM revenue in 2026. Management commentary from the memory giants points to significant supply tightness until at least 2027, as manufacturing and cleanroom space remain limited and as AI demand only soaks up more memory capacity and drives pricing higher.

Overall, we view this results as broadly positive for the memory names on our list. Micron (MU \$441.45; Outperform) should be a major beneficiary of robust AI server demand and ASPs that continue to increase. Meanwhile, SK Hynix's commentary that DDR5 module shipments were up 50% quarter-over-quarter is a positive sign for Rambus (RMBS \$123.60; Outperform), whose product business is directly tied to content in DDR5 memory modules. In addition, both companies highlighted the changing memory topology inside AI data centers, as Nvidia's (NVDA \$191.07; Outperform) Inference Context Memory Storage platform makes SSDs and flash an increasingly important element of AI buildouts. Samsung noted that it saw a rapid rise in SSD demand, related to KV cache processing. It also noted that worsening supply for nearline HDDs is driving up demand for QLC-based SSDs. We view these comments as further supporting our positive thesis on Silicon Motion (SIMO \$118.06; Outperform), a provider of critical SSD controllers to manage this more error-prone QLC flash.

**Strong Demand and Limited Supply Driving Upcycle Into 2027.** The DRAM pricing backdrop remained strong through the fourth quarter as an increasing share of wafer output was diverted to HBM and high-value DRAM (i.e., LPDDR, DDR5). Both Korean vendors expect continued supply tightness throughout calendar 2026, echoing Micron's estimates as of its most recent fiscal quarter that it cannot meet all the memory demand it sees from its core customers—Micron believes it can meet only half to two-thirds of bit demand from its core customers.

In the fourth quarter, Samsung noted single-digit bit growth in DRAM, while NAND bit growth was down as the company works through inventory and shifts to newer, higher-layer technologies. Meanwhile, SK Hynix pointed to low-single-digit DRAM bit growth and 10% growth in bit shipments for NAND in the fourth quarter. From a pricing standpoint, Samsung reported 40% sequential growth in DRAM pricing and mid-20% growth in NAND pricing. Meanwhile, SK Hynix reported mid-20% sequential growth in DRAM pricing and 30% growth in NAND ASPs in the fourth quarter.

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Micron Technology, Inc.  
MU (NASDAQ) \$435.28  
Stock Rating: Outperform

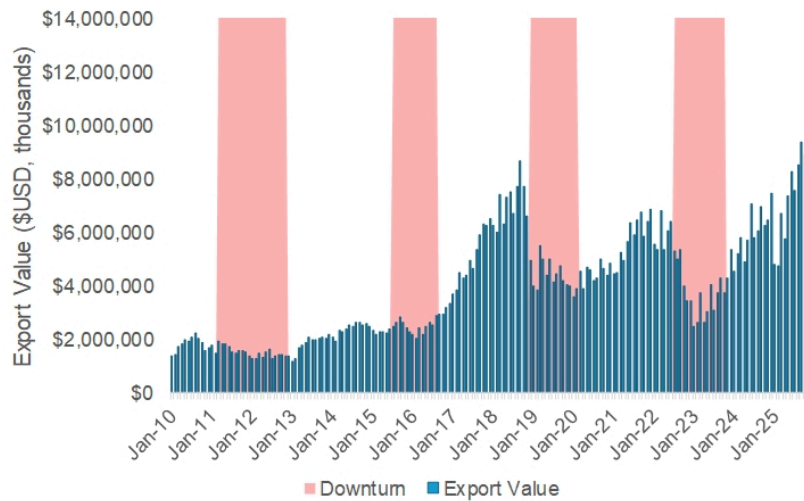
Rambus Inc.  
RMBS (NASDAQ) \$124.44  
Stock Rating: Outperform

Silicon Motion Technology Corporation  
SIMO (NASDAQ) \$117.10  
Stock Rating: Outperform

Looking ahead, SK Hynix is guiding DRAM bit growth for 2026 to be up over 20%, while NAND bit growth should be up a high-teens percentage. Meanwhile, Samsung provided first-quarter guidance that assumes low-single-digit DRAM bit growth and midsingle-digit growth in NAND sequentially.

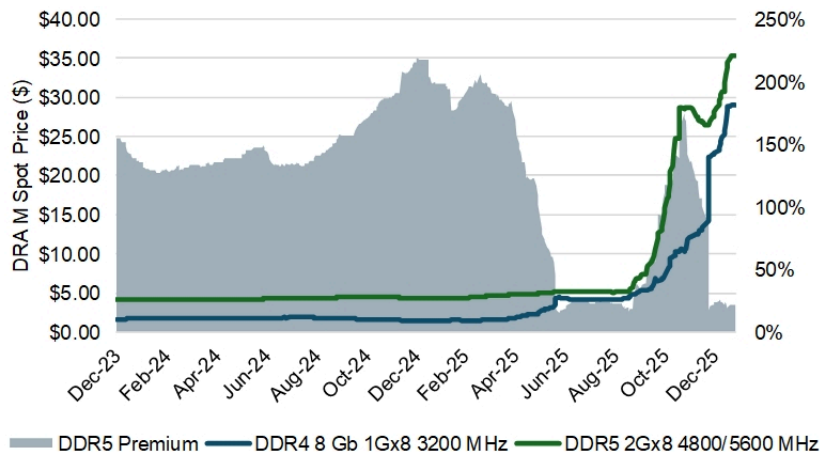
Strong results for the memory vendors had already been somewhat telegraphed by record memory chip exports from Korea, which were up 58% year-over-year in the last three months of 2025. As shown in the exhibit below, memory chip exports reached a record \$12.6 billion in December 2025, up from \$10.1 billion in November and \$7.4 billion in the year-ago quarter. This significant ramp-up in memory chips exports is being supported by a tight supply environment, which is pushing up prices for traditional DRAM technologies. As visualized in the exhibit below, both DDR5 and DDR4 spot prices grew at a staggering clip of over 300% during the fourth quarter.

**South Korean Memory Chip Export Value (\$USD, Thousands)**



Source: Korea Customs Service – Trade Statistics Portal, William Blair Equity Research

**DDR4, DDR5 Spot Prices (\$)**



Source: Bloomberg, William Blair Equity Research

**Samsung Back in the HBM Game.** On its earnings call, Samsung announced that its HBM4 offering is in mass production and shipments are expected to start in February. Management guided to a threefold increase in HBM revenue in 2026, with capacity fully booked for the calendar year—an early indicator that Samsung’s strategy of skipping directly to the advanced 1-gamma node has paid off. While this positions Samsung to gain share, SK Hynix’s management highlighted that this is not unexpected given it cannot fulfill all the demand from its leading customers. This has allowed Samsung to improve its share as its execution and yields improve in the latest generation of HBM.

Elsewhere in the HBM arms race, SK Hynix is poised to maintain market leadership, having reached mass-production readiness first in September 2025 and achieving yields in line with its HBM3E 12-high (largely due to its advanced MR-MUF packaging). Reports suggest that despite share gains from Samsung (the largest supplier of DRAM in the world), SK Hynix is still expected to retain majority allocation at Nvidia for HBM4.

Looking ahead, both companies outlined plans to sample HBM4 solutions leveraging custom base logic dies in the second half of this year. In addition, SK Hynix continues to advance its high bandwidth flash (HBF) roadmap to enable HBM extension for AI-centric storage systems, driving further design differentiations across the leading vendors. Meanwhile, Samsung plans to introduce hybrid bonding as part of its HBM4E product, with the 12-Hi product expected to start sampling in the middle of 2026.

**Tariff Threat Drives Increased US Investment from SK Hynix.** Earlier this week, President Trump announced plans to raise tariffs on South Korean imports from 15% to 25%—citing delays in South Korea’s ratification of a previous trade agreement involving a \$350 billion pledge to invest in the U.S. While the actual implementation of these tariffs is an open question, it highlights Micron’s scarcity value as the only U.S.-based manufacturer of advanced memory solutions. Seemingly in response to this heightened tariff risk, Wednesday morning, SK Hynix highlighted plans to invest at least \$10 billion to restructure its California-based SSD subsidiary, Solidigm, into a hub for the company’s AI solutions. This is incremental to SK Hynix’s plans to build an advanced HBM packaging and R&D facility in Indiana—now under construction with operations slated to start in 2028.

**Risks to Micron** include competition across HBM and traditional DRAM (Samsung, SK Hynix) and NAND flash (Kioxia, SK Hynix, Samsung, YMTC, SanDisk), Chinese vendor share gains applying downward pricing pressure, a claw-back of HBM value as chip designers take on more responsibility for the base logic die, memory market cyclicalities, and elevated capital expenditure to support capacity buildouts.

**Risks to Rambus** include competition (Renesas and Montage), slower ramp-up of next-generation MRDIMMs, memory cyclicalities, and slower growth of expansion sockets.

**Risks to Silicon Motion** include cyclicalities, reliance on the more unpredictable client/mobile end-market, competition from other merchant vendors and in-house solutions at the SSD vendors, customer concentration, and China exposure.

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DOW JONES: 49015.60

S&P 500: 6978.03

NASDAQ: 23857.40

Micron Technology, Inc. Rating History as of 01/28/2026

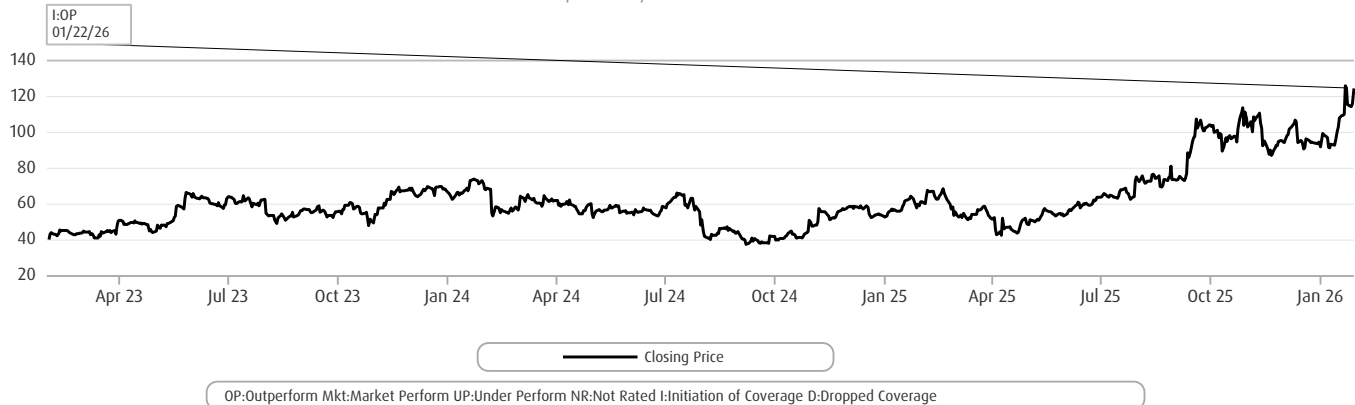
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Source: FactSet & William Blair

Rambus Inc. Rating History as of 01/28/2026

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# Silicon Motion Technology Corporation Rating History as of 01/28/2026

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OP:Outperform Mkt:Market Perform UP:Under Perform NR:Not Rated I:Initiation of Coverage D:Dropped Coverage

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Additional information is available upon request.

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