



Sanmina Corporation (SANM) — Research Summary

Technology | Electronic Components | 2026-08-06

Price: \$205.66

Signal: BUY (7.56/10)

Market: bull_tech

Sanmina Corporation (SANM) — Equity Research Summary

Sector: Technology / Electronic Components | **Price:** \$205.66 | **Market Cap:** \$11.0B

1. Company Overview & Investment Thesis

Sanmina is a global electronics contract manufacturer, building complex components and systems for customers across cloud, communications, medical, industrial, and defense markets. The company is increasingly interesting because it is riding the AI infrastructure buildout — its recent ZT Systems acquisition and expanding manufacturing capacity position it to capture rising demand for cloud and accelerated-computing hardware.

2. Fundamental Snapshot

Valuation: Shares trade at a trailing P/E of ~37x, but a much cheaper forward P/E of ~14x, reflecting the market's expectation of sharply higher forward earnings. Price-to-sales is very low at 0.86x — typical for a thin-margin manufacturer — and price-to-free-cash-flow sits around a reasonable ~12x on \$0.9B of free cash flow. On balance, the forward valuation looks attractive relative to the company's growth trajectory.

Earnings trend: Sanmina has beaten estimates for four straight quarters, and the beats have been accelerating — most recently +23.8% (Jun-2026) and +31.7% (Mar-2026). Management raised its 2026 revenue outlook on AI-related demand, though guidance was characterized as "mixed" going forward.

Revenue & margins: Revenue grew 8.6% year-over-year in the latest quarter to \$3.5B, following a very strong prior quarter (boosted by the ZT acquisition). Margins remain thin, as is normal for this industry: gross margin ~10.5%, operating margin ~6.4%, and net profit margin ~2.4%. The positive story is that margins are trending higher as the business scales.

Balance sheet: Modest net debt position — \$2.4B total debt against \$1.8B cash, with a manageable debt-to-equity ratio of ~0.95.

3. Technical Outlook

Sanmina has been a strong performer over the past year, with shares ranging from \$108 to \$289. At \$205.66, the stock sits roughly in the middle of that range — but notably, this comes **after a sharp ~25% pullback** following its recent earnings report, despite the company raising guidance. That decline suggests near-term momentum has cooled and the market is digesting the "mixed" outlook.

Levels to watch: Support sits well below near the low-\$100s/prior consolidation zone, while resistance is the recent high near \$289. Reclaiming the ground lost in the post-earnings drop would be the first sign that momentum is rebuilding.

4. News & Sentiment

Overall sentiment: Slightly Bullish

Three key themes dominate recent coverage:

- **AI infrastructure tailwind:** The clear narrative is Sanmina's growing role in manufacturing hardware for AI, cloud, and accelerated computing — the same theme lifting peers like Celestica (CLS) and Plexus (PLXS).
- **Strong fundamentals, weak stock reaction:** Despite beating estimates and raising its revenue outlook, shares fell ~25%, signaling that expectations had run ahead of results and investors are cautious on forward guidance.
- **Improving profitability:** Multiple articles highlight Sanmina turning revenue growth into stronger margins and cash generation, and the stock was recently upgraded to a top buy rank on rising earnings estimates.

The market narrative is a tug-of-war: bullish on the long-term AI opportunity, but nervous after a sharp post-earnings selloff.

5. Bottom Line

Aerondight Systems Signal: BUY (7.56/10)

Thesis: Sanmina is a well-positioned, cash-generative manufacturer trading at an attractive forward valuation, with the AI infrastructure buildout providing a durable growth runway — and the recent pullback offers a more reasonable entry point.

Key upcoming catalyst: The next quarterly earnings report and updated fiscal guidance, which should clarify whether AI-driven demand and margin expansion continue.

Risk level: Medium — The company operates on thin margins, carries meaningful debt, has a high beta (~1.6), and the recent 25% drop shows the stock can move sharply on sentiment. Balanced against strong earnings momentum and a cheap forward multiple, the risk/reward tilts favorable.

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