MICRON TECHNOLOGY, INC.

NASDAQ: MU | Equity Research Report | April 2, 2026

Memory Semiconductor Oligopoly | DRAM/NAND/HBM | Value Investment Perspective

RATING	PRICE (4/2/26)	12-MO TARGET	MKT CAP (FD)	FY26E EPS
HOLD	**$371**	**$395 BASE**	**$428B**	**~$55**
NASDAQ: MU	52-WK RANGE **$61 - $471**	3-5 YR TARGET **$300 - $600**	FY26E REVENUE **~$95B**	FWD P/E (FY26E) **~6.7x**

INVESTMENT THESIS SUMMARY

Micron Technology is in the most favorable demand environment in its history, driven by AI-induced memory content escalation and structurally tight HBM supply. FY2026 earnings are tracking toward an unprecedented ~$55/share on revenue approaching $95 billion, rendering the forward P/E optically cheap at 6-7x. However, the value investor's question is not whether the current cycle is exceptional -- it demonstrably is -- but what MU is worth at mid-cycle. Memory remains a commodity business subject to violent price corrections: gross margins swung from -9% in FY2023 to an estimated 75%+ in Q2 FY2026. Until the structural argument that HBM permanently raises the DRAM earnings floor is validated through a full cycle, assigning peak-cycle multiples carries material downside risk. The 3-5 year range of $300-$600 reflects the genuine uncertainty: a patient buyer at current prices can survive a cycle correction if the balance sheet holds, and can compound materially if HBM proves to be a durable margin floor. The near-term catalysts (Q3 FY2026 guidance: $33.5B revenue, 81% gross margin) are not in dispute; the risk is in 2027-2028 when new fab capacity arrives and AI capex growth may moderate.

SECTION 1: BUSINESS OVERVIEW

What Micron Does

Micron Technology, Inc. is one of three companies in the world capable of manufacturing DRAM at scale, alongside Samsung Electronics and SK Hynix. Founded in 1978 in Boise, Idaho, the company designs, manufactures, and sells dynamic random-access memory (DRAM), NAND flash memory, and associated storage products under the Micron and Crucial brands. DRAM constitutes approximately 68-70% of revenue across a normalized cycle; NAND accounts for roughly 25-28%, with storage solutions and other products making up the remainder.

DRAM Product Architecture

Micron's DRAM portfolio spans DDR5 (server and PC), LPDDR5X (mobile and automotive), GDDR7 (graphics), and High Bandwidth Memory (HBM), the last of which is the company's highest-margin and fastest-growing product line. In Q2 FY2026 (ended February 26, 2026), Micron entered high-volume production of HBM4 36GB 12-high stacks designed for NVIDIA's Vera Rubin platform. HBM4 delivers bandwidth exceeding 2.8 TB/s per stack -- a 2.3x improvement over HBM3E -- at 20% better power efficiency. Micron is also sampling HBM4 48GB 16-high configurations and is developing HBM4E on its 1-gamma DRAM node, targeting volume ramp in calendar 2027.

Competitive Structure: A 3-Player DRAM Oligopoly

The global DRAM industry is structurally different from virtually every other component market in semiconductors. Three firms -- Samsung, SK Hynix, and Micron -- control approximately 95%+ of global supply. This concentration has two competing implications for pricing. First, in theory, oligopoly coordination (whether explicit or tacit) should produce better-than-commodity pricing discipline over time. In practice, Samsung has historically pursued market-share-maximizing strategies that periodically oversupply the market, defeating coordination and driving competitors toward cash-burn territory (as in FY2023).

DRAM market share by revenue as of Q3 CY2025 (TrendForce): SK Hynix 33.2%, Samsung 32.8%, Micron 24.3%, other 9.7%. Samsung has historically oscillated between leading and second-place positions. In the HBM sub-segment, SK Hynix dominates with approximately 62% share in Q2 2025, Micron at 21%, Samsung at 17% -- a reversal of their overall DRAM standings, driven by Hynix's first-mover advantage and Samsung's qualification delays.

NAND Competitive Position

NAND is a more fragmented market: Samsung, SK Hynix/Solidigm, Micron, Kioxia/WDC, and YMTC collectively supply the market. Pricing is more volatile and NAND margins are structurally lower than DRAM. Micron's NAND strategy is shifting toward high-value enterprise SSDs (data center NVMe). In Q2 FY2026, Micron launched the industry's first PCIe Gen6 SSD in high-volume production. Consumer NAND remains a drag on blended margins. NAND entered FY2024 in severe oversupply; recovery has been partial and pricing remains below peak.

Manufacturing Footprint and Technology Nodes

Micron manufactures at its own fabs in Boise, Idaho (headquarters); Hiroshima, Japan; Taiwan (acquired PSMC fab site for $1.8B in 2026 for DRAM expansion); Manassas, Virginia (legacy DRAM, being modernized for 1-alpha node); and Singapore (NAND). DRAM technology nodes: 1-alpha (current volume production), 1-beta (ramping), 1-gamma (R&D, HBM4E target). NAND generation: G8 (ramping), with G9 in development.

US expansion: Micron's first Idaho HVM fab has achieved key construction milestones, with DRAM output targeted for 2027. A second Idaho fab has been announced. The New York megafab (Clay, NY) was delayed --

Fab 1 now targets production in 2030, two years behind original plan. Micron redirected approximately $1.2B in CHIPS Act funding from New York to Idaho. Total CHIPS Act direct funding: up to $6.4B across Idaho (two fabs) and New York (up to four fabs), plus $275M for Virginia modernization. Total US investment commitment: approximately $200B over 20+ years.

Why MU Differs From Software and Platform Businesses

Memory is capital-intensive manufacturing -- not platform economics. Capex typically runs 30-40% of revenue through a cycle; in FY2026 guidance, Micron is targeting approximately $20B in capex on an expected $95B revenue base (21%). Fab construction is multi-year, capacity additions are lumpy, and pricing is set by global supply/demand dynamics rather than by the company. A 20% decline in DRAM spot prices flows directly to gross margin with minimal offset. Gross margins have ranged from -9.1% (FY2023 trough) to an estimated 74-81% in the current peak (Q2-Q3 FY2026). A platform business like NVIDIA maintains margins in the 70%+ range through the cycle; MU does not.

SECTION 2: INDUSTRY AND CYCLE ANALYSIS

Memory Cycle History: Last Four Downturns

The memory business is defined by its cycle, not by its technology. The table below summarizes the four most recent cycles in DRAM and NAND, including peak-to-trough price moves, duration, and what drove the turn. This history is the foundational prior for any valuation of MU: investors who ignore cycle position are not doing equity analysis.

Cycle Phase	Financial Impact	Primary Driver	Duration	Stock Performance
2015-2016 (Trough)	Revenue -16%; GM ~25%	PC/mobile demand collapse, NAND oversupply	12-18 months	~(60%) peak-to-trough
2017-2018 (Peak)	Revenue +36% DRAM ASP; GM ~47%	Server DRAM shortage, PC upgrade cycle	18 months	~+300% trough-to-peak
2019-2020 (Downturn)	DRAM ASP -30%, NAND -47%; GM ~22-30%	Hyperscaler inventory digestion, trade war	18-24 months	~(55%) peak-to-trough
2021-2022 (Recovery/Peak)	Revenue +29%/+11%; GM 37%/45%	COVID PC boom, data center buildout, 5G ramp	24 months	~+400% from 2020 trough
2022-2024 (Trough)	Revenue -49%; GM (9.1%) in FY2023	Hyperscaler inventory glut, PC demand collapse post-COVID	18 months	~(65%) peak-to-trough
2024-2026 (Current: AI Supercycle)	Revenue +49%/+154%E; GM 40% -> 75%+	AI training/inference HBM demand, tight supply, DDR5 ramp	Ongoing	~+500%+ from FY2023 trough

Current Cycle Position: April 2026

MU is in the most aggressive upcycle in its history. Q2 FY2026 (ended February 26, 2026) delivered revenue of $23.86B (+196% YoY, +75% QoQ), non-GAAP gross margin of 74.9%, and non-GAAP EPS of $12.20 (vs. consensus of $8.60, a 42% beat). Q3 FY2026 guidance: revenue $33.5B, gross margin ~81%, EPS ~$19.15. The single-quarter guidance for Q3 FY2026 exceeds Micron's full-year revenue for every fiscal year through FY2024. This is cycle-peak territory by any historical measure.

Supply dynamics: HBM capacity is fully sold out through at least 2026 across all three suppliers. SK Hynix's Kim Kyu-hyun confirmed in late 2025 that the company had no HBM capacity available for new orders. Conventional DRAM contract prices (DDR5) rose 45-50% QoQ in Q4 2025 per TrendForce. NAND supply/demand has tightened but remains more fragile -- pricing recovery has lagged DRAM materially.

Inventory levels: OEM and hyperscaler inventories had been elevated through mid-2025 but are now reported as lean. Data center customers continue pull-forward ordering behavior driven by AI infrastructure builds.

Demand Drivers by End Market

Data center / AI: dominant driver. AI training GPUs (NVIDIA Blackwell H200, B200, GB200, Vera Rubin NVL144) require HBM3E and HBM4 at ASPs 5-8x conventional DRAM. Each successive GPU generation increases HBM content per accelerator. Inference expansion (moving from cloud-only to enterprise-deployed) is now a separate demand layer on top of training. Data center DRAM revenue more than doubled YoY for Micron in Q2 FY2026.

PC: secular demand is stable to declining on unit basis; AI PC refresh cycle (LPDDR5X integration in NPU-enabled platforms like Copilot+ PC) provides content uplift. Not a primary margin driver.

Mobile: 5G flagship phones require LPDDR5X; upgrade cycles are moderating. Mobile demand was soft in FY2024-FY2025 but shows selective strength in premium segments.

Automotive: secular growth, ADAS and EV cockpit memory requirements compounding at 30%+ CAGR. Long qualification cycles create stable, margin-accretive backlog for Micron's Manassas facility.

Industrial/embedded: inventory correction in FY2023-FY2024 is clearing; demand returning to normalized run rates.

Supply Discipline: Has the Oligopoly Learned?

The 2022-2024 downcycle was the most supply-disciplined in the industry's history. All three DRAM manufacturers announced production cuts: Micron cut FY2023 capex by 40% vs. prior year, Samsung cut wafer starts in 2023 after initial resistance, and SK Hynix curtailed conventional DRAM to prioritize HBM. This coordination -- tacit, not formal -- limited the duration of the trough to roughly 18 months. By comparison, the 2015-2016 trough lasted 24+ months with less production discipline.

The key uncertainty for the next cycle is whether Samsung repeats its historical pattern of oversupplying to regain share. Samsung lost the HBM3E qualification race to Hynix in 2023-2024 and has been the weakest performer of the three in margin terms. Samsung's motivation to prove HBM competitiveness could lead it to accept margin compression to win Vera Rubin or subsequent platform sockets -- a behavior that would undercut the pricing structure of the current supercycle. This risk is not negligible.

HBM as a Structural Demand Shift

HBM is not simply the top of the current cycle. It represents a product-mix reclassification for DRAM -- moving capacity from commodity DDR to a complex, packaging-intensive, high-ASP product that requires through-silicon via (TSV) stacking, advanced logic integration, and tight NVIDIA qualification. The TAM for HBM was approximately $35B in 2025 and is projected by multiple sources to reach $100B by 2028, implying a ~40% CAGR. Micron's HBM revenue crossed the $1B quarterly milestone in Q2 FY2025 and has grown substantially since.

The structural question: does HBM permanently raise the DRAM earnings floor, or is it simply the AI-cycle demand catalyst that will eventually be followed by a correction? The honest answer is: probably both. HBM converts DRAM from a commodity at the margin to a specialty product for AI -- but if AI capex plateaus or NVIDIA's roadmap slips, HBM demand growth slows too. The $100B TAM projection requires sustained AI infrastructure investment through 2028; that is not guaranteed. HBM does not eliminate the cycle; it elongates the upcycle and raises the mid-cycle floor. Whether the floor is $30B annual DRAM revenue or $50B determines whether MU is a value stock today.

SECTION 3: FINANCIAL PERFORMANCE AND FORECAST

Historical Financials: FY2020-FY2025

The table below summarizes Micron's reported financials across the last five-plus fiscal years. Key observations: (1) Revenue volatility is extreme -- a 49% decline in FY2023 following a 45% gross margin peak in FY2022. (2) Gross margins turned negative in FY2023, reaching -9.1% -- this is not a rounding error but cash-burn territory. (3) Capex is consistently 30-40% of revenue and does not fall proportionally with revenue during downturns because fab commitments are multi-year. (4) FCF was deeply negative in FY2023 (-$5.5B) and turned robustly positive in FY2025. (5) The FY2026 estimate reflects the current supercycle trajectory: Q1+Q2 actuals ($13.64B + $23.86B = $37.5B in two quarters), plus Q3 guidance ($33.5B) and expected Q4 above $35B. Full-year FY2026 revenue is likely to approach or exceed $95B.

Financials ($M)	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E
Revenue	21,435	27,705	30,758	15,540	25,111	37,378	~95,000
YoY Growth	+9%	+29%	+11%	-49%	+62%	+49%	+154%
Gross Profit	6,552	10,423	13,898	(1,416)	5,613	14,873	~67,000
Gross Margin %	30.6%	37.6%	45.2%	(9.1%)	22.4%	39.8%	~70%
R&D Expense	1,972	2,324	2,818	3,114	3,430	3,837	~5,600
Operating Income	(58)	4,010	9,709	(5,745)	1,304	9,809	~57,000
Op. Margin %	(0.3%)	14.5%	31.6%	(37.0%)	5.2%	26.2%	~60%
Net Income	(751)	4,091	8,687	(5,833)	778	8,540	~63,000
Capex ($M)	(2,185)	(2,666)	(7,676)	(8,386)	(8,341)	(10,199)	~(20,000)
FCF (Op-Capex)	4,264	6,068	(1,232)	(5,462)	2,556	9,170	~47,000+
Net Debt / (Cash)	8,218	2,774	6,572	4,276	(2,174)	est.(10,000)+	est.(35,000)+

Note: FY2026E figures are estimates based on Q1 and Q2 actuals plus Q3 guidance and extrapolated Q4. FY ends in late August/September. Capex FY2026E is management guidance (~$20B). FCF calculated as operating cash flow minus capex, approximate.

Cycle-Normalized Gross Margin

Mid-cycle gross margin for Micron has historically run approximately 30-38%, with the FY2018-2019 peak reaching 57% and the trough reaching -9% in FY2023. The current cycle (FY2026) is tracking toward 70%+ -- unprecedented in the company's history -- driven by HBM's ASP premium (estimated 5-8x conventional DRAM per bit equivalent). The mid-cycle gross margin for valuation purposes should be conservatively set at 35-42%, acknowledging that HBM structurally elevates the mean.

On mid-cycle revenue of approximately $40-50B (above FY2025, below FY2026E), a 38% gross margin and ~35% operating margin (with R&D running $4-5B) implies operating income of $14-18B and net income of $12-15B, or roughly $10-13/share on a ~1.15B fully diluted share count. This is the normalized EPS range that should anchor a value investor's DCF and P/E analysis -- not the $55 FY2026E or the $0.68/share FY2023 loss.

5-Year Forecast Model: FY2026-FY2029

The forecast below integrates: (1) current cycle continuation through FY2026, (2) a modeled trough in FY2027-2028 as new capacity arrives and growth-capex inventory normalizes, and (3) a recovery through FY2029. Revenue and margin assumptions are calibrated against prior cycle dynamics with an upward structural shift reflecting HBM content and oligopoly discipline.

5-Year Forecast ($M)	FY2026E	FY2027E	FY2028E (trough)	FY2028-29 (recovery)	FY2029E (peak)
DRAM Revenue	~65,000	~70,000	~45,000	~50,000	~80,000
NAND Revenue	~28,000	~22,000	~14,000	~16,000	~24,000
Other	~2,000	~2,200	~2,000	~2,200	~2,500
Total Revenue	**~95,000**	**~94,200**	**~61,000**	**~68,200**	**~106,500**
Gross Margin %	~70%	~65%	~25%	~35%	~55%
Gross Profit	~66,500	~61,230	~15,250	~23,870	~58,575
OpEx (R&D+SGA)	~7,000	~7,500	~7,800	~8,000	~8,500
Operating Income	~59,500	~53,730	~7,450	~15,870	~50,075
Net Income	~56,000	~50,000	~7,000	~14,000	~46,000
EPS (FD ~1.15B)	**~$48-55**	**~$43**	**~$6**	**~$12**	**~$40**
Capex	~(20,000)	~(22,000)	~(16,000)	~(14,000)	~(18,000)
FCF (approx)	~$47,000+	~$38,000	~$(2,000)	~$6,000	~$40,000

Key assumption caveats: (1) Trough year (FY2028) gross margin of 25% assumes NAND pricing collapses again but DRAM holds better due to HBM floor. (2) Recovery gross margin of 35-55% by FY2029 assumes a re-acceleration of AI infrastructure investment. (3) Capex trajectory increases in FY2027 due to Idaho/New York fab construction -- this is the period of maximum balance sheet stress. (4) EPS estimates use a fully diluted share count of approximately 1.15B throughout; MU has been reducing share count modestly and returning capital via dividends.

SECTION 4: VALUATION

Discounted Cash Flow: Mid-Cycle Normalized Basis

A DCF using peak FY2026E FCF ($47B+) would suggest an absurdly cheap stock -- that is the wrong approach for a cyclical. The correct DCF anchors on mid-cycle normalized FCF, defined here as the through-cycle average of annual FCF over a full 4-5 year cycle. Based on the forecast model above, the cycle-average FCF is approximately $15-20B, reflecting the reality that trough years produce negative FCF while peak years produce massive positive FCF.

WACC: A cyclical, capital-intensive semiconductor manufacturer with a history of negative gross margins does not merit the 8-9% WACC of a stable compounder. MU's equity beta (5-year monthly) is approximately 1.6. Using a risk-free rate of 4.5% and an equity risk premium of 5.5%, the cost of equity is approximately 13.3%. With long-term debt at approximately $11-14B on total capital of $75B+, after-tax cost of debt at approximately 3%, blended WACC is approximately 11-13%. I use 12% as the base case.

Terminal growth rate: DRAM is a commodity with pricing history of flat to negative real growth. HBM adds a premium, but the terminal growth rate should reflect the commodity baseline, not the AI cycle. I use 1.5-2.5% terminal growth across scenarios.

DCF Sensitivity Table (Implied Price Per Share)

Mid-cycle normalized FCF of ~$18B, ~$10.5B long-term debt, ~1.15B shares. Yellow cells indicate range spanning the current stock price (~$371).

WACC / Term. Growth	1.0%	1.5%	2.0%	2.5%	3.0%
10%	$248	$275	$310	$350	$405
11%	$215	$238	$265	$298	$342
12%	$188	$207	$230	$258	$292
13%	$166	$182	$200	$224	$251
14%	$147	$161	$176	$196	$219

The sensitivity table shows that at a 12% WACC and 2% terminal growth, mid-cycle normalized value is approximately $230/share -- materially below the current $371. Bridging that gap requires believing that HBM permanently lifts mid-cycle FCF well above $18B, which is plausible but not yet proven through a full cycle. At $50B mid-cycle FCF (implying HBM sustains demand at elevated levels even through normal cycle troughs), the DCF implies $600+/share. The range reflects genuine uncertainty.

Comparable Company Analysis

True DRAM pure-plays are not US-listed. Samsung (005930.KS) and SK Hynix (000660.KS) are the direct comparables, though both are conglomerates or broader memory/storage companies. Western Digital (WDC) and Seagate (STX) are NAND and HDD comparables at lower multiples. Applied Materials (AMAT) and Lam Research (LRCX) trade as equipment suppliers with more stable cyclical profiles.

At current prices, MU trades at approximately 6-7x FY2026E EPS (~$55), approximately 4.5x FY2026E EV/EBITDA (using estimated FY2026 EBITDA of $60B+), and approximately 1.8x book value (book value growing rapidly from retained earnings). On peak-cycle metrics, MU looks cheap by any measure. The critical question is whether investors should apply a discount for cycle risk or a premium for structural HBM upgrade. The current consensus of 31 analysts has an average price target of approximately $453, implying that most sell-

side coverage is extrapolating the current cycle. A value investor should apply a meaningful discount to that -- the appropriate target is anchored to mid-cycle, not to the peak.

Price-to-Book: Historical Context

Memory companies reliably find support at book value during trough cycles. MU traded at approximately 0.9x P/B during the FY2023 trough ($50-60/share). Current book value per share is estimated at approximately $50-60 (shareholders equity approximately $60-70B at FY2026E). At $371/share, MU trades at approximately 6-7x book -- elevated historically but justified if the earnings power of the current cycle is durable. A trough P/B of 1.0-1.5x would imply a floor of approximately $60-90/share on a similar trough balance sheet.

SECTION 5: 12-MONTH PRICE TARGET AND SCENARIOS

Three-Scenario Framework

Twelve-month price targets for a commodity cyclical are inherently imprecise -- the primary variable (memory pricing) is exogenous and can shift 30-50% in either direction in a single quarter. Nonetheless, the framework below is calibrated to the most likely cycle trajectory through Q1 FY2027 (i.e., approximately one year from the report date, ending April 2027). Current price: $371 (April 2, 2026).

Scenario	Probability	12-Mo Target	Revenue Assumption	Gross Margin	P/E Multiple
BEAR	20%	**$200**	Cycle turns H2 2026; NAND oversupply; AI capex plateau	20-30%	8-10x trough EPS
BASE	55%	**$395**	Cycle sustained through FY2026; HBM ramp on track; NAND stabilizes	65-70%	6-8x FY26E EPS
BULL	25%	**$560**	HBM TAM outpaces; MU gains share; CHIPS Act fabs online early	75-82%	10-12x FY26E EPS

Bear Case: $200 (Probability 20%)

The bear case requires the current cycle to turn materially in H2 2026. Triggers: (a) AI capex deceleration from hyperscalers, driven by margin pressure on cloud CapEx, geopolitical disruption, or a step-function reduction in inference compute required per token; (b) NAND pricing collapse as consumer and enterprise demand softens; (c) Samsung qualifying HBM3E aggressively in 2026 and taking share, compressing HBM ASPs faster than supply tightens. Under this scenario, FY2027 earnings could approach $8-15/share on compressed margins, and a cyclical trough P/E of 8-10x implies $64-150/share. We floor the bear case at $200 given the current balance sheet strength and HBM structural demand from Vera Rubin and subsequent platforms.

Base Case: $395 (Probability 55%)

The base case assumes the current AI-driven cycle extends through FY2026 with moderating but still-elevated demand in H1 FY2027. HBM ramp for Vera Rubin is on schedule; conventional DRAM pricing stabilizes at elevated levels; NAND recovers gradually. FY2026 EPS approaches $50-55/share. At a 7-8x forward P/E on FY2026E earnings -- consistent with peak-cycle multiples historically applied to MU -- the implied price is $385-440. We use $395 as base, reflecting some multiple compression as investors look through the cycle peak.

Bull Case: $560 (Probability 25%)

The bull case requires HBM to expand faster than consensus, with the Vera Rubin ramp in H2 2026 and initial HBM4E adoption in 2027 sustaining demand above $30B/quarter. Additional upside: MU gains HBM share vs. Samsung due to HBM4 yield ramp advantage; Idaho Fab 1 DRAM output in 2027 adds capacity exactly when demand peaks; CHIPS Act credit offsets capex burden. Under this scenario, FY2026 EPS could reach $60+ and the stock could re-rate to 9-10x on sustained earnings credibility, implying $540-600.

SECTION 6: 3-5 YEAR PRICE TARGET AND FULL CYCLE FRAMEWORK

Cycle Framework: FY2026-FY2029

The 3-5 year horizon for MU will almost certainly include a full cycle: an extension of the current peak, a correction, and early stages of the next recovery. This is not speculative -- it is the operating history of this business over the past 15 years without exception. The structural question is whether each successive cycle peaks higher than the last (due to HBM and oligopoly) and whether each successive trough is shallower (due to improved supply discipline).

Trough Scenario: Does MU Survive Without Dilution?

Balance sheet stress test: at Q2 FY2026, Micron has reduced long-term debt by over $5B in three quarters and is at its strongest net cash position. Q2 FY2026 long-term debt was approximately $11.2B, with cash and equivalents of approximately $9.7B plus short-term investments, yielding approximately $10-12B in liquid assets. Net cash position is modestly positive and growing rapidly as FY2026 FCF is expected to exceed $40B for the year. Capex commitments for FY2027 are approximately $20-22B, partially offset by CHIPS Act grants.

Trough scenario balance sheet: if FY2027-2028 produce minimal or negative FCF (as in FY2023), the question is whether MU must issue equity. In FY2023 (the prior trough), Micron burned approximately $5.5B in FCF and maintained its balance sheet by reducing capex and drawing on its credit facilities. It did not issue equity. The current balance sheet is materially stronger than it was entering FY2023 -- net debt was approximately $4.3B entering FY2023, vs. net cash of $10B+ entering the potential FY2027-2028 trough. Dilution risk is low if the trough is of similar severity to FY2023.

Trough price floor: at book value of approximately $60-80/share (estimated FY2028 book after earnings accumulation and capex), a 1.0-1.5x P/B implies a floor of $60-120/share. The FY2023 trough was approximately $50-55/share on a smaller book. A reasonable trough floor is $100-150/share, representing approximately 60-70% downside from current levels.

Recovery Scenario: What Does MU Look Like at the Next Peak?

Assuming HBM continues to compound as the dominant DRAM demand driver, the next cycle peak (FY2029E) could see revenue approaching or exceeding $100B -- driven by HBM4E on 1-gamma, further AI accelerator density increases, and the US domestic fab capacity (Idaho Fab 1 production from 2027, Fab 2 ramping later). At a 50-55% gross margin in the recovery year and $40-50/share earnings, a peak-cycle P/E of 8-10x implies $320-500/share. The 3-5 year range of $300-$600 reflects this full-cycle reality.

The Structural Question: Is MU a Better Business in 2028-2029?

My honest answer is: probably yes, but not as different as the current multiple implies. HBM converts a portion of DRAM from commodity to specialty, which raises the earnings floor. The DRAM oligopoly has demonstrated improved supply discipline since 2023. Micron's position in the US domestic memory supply chain (CHIPS Act, defense/government demand, reshoring) adds a structural customer base that is less price-elastic than commercial DRAM. These are real improvements.

What has not changed: NAND remains a fragmented, oversupplied commodity market prone to price collapse. Conventional DRAM demand remains cyclical and subject to hyperscaler inventory cycles. Capex intensity does not decrease -- it is increasing as MU builds out US fabs. The business model is fundamentally unchanged from a capital-allocation standpoint: high fixed costs, commodity pricing for the majority of output, and earnings leverage that is violent in both directions. HBM raises the ceiling and modestly raises the floor; it does not convert MU into a software company.

Long-Term DRAM Oligopoly Pricing Power Thesis

The most bullish long-term thesis for MU is that the 3-player DRAM structure eventually produces pricing behavior more resembling a durable oligopoly than a commodity cycle -- with each participant earning sustained above-cost-of-capital returns through the cycle rather than the current pattern of peak profitability followed by cash-burn troughs. What would need to change: (a) Samsung must internalize the shareholder destruction of its historical market-share-over-margin strategy; (b) no new entrant must achieve HBM-scale DRAM capability (CXMT is years away); (c) demand growth must compound at a pace that absorbs supply additions without causing oversupply. All three conditions must hold simultaneously. If they do, MU's mid-cycle P/E could re-rate from the historical 10-12x to 15-20x on normalized earnings -- implying a fundamentally higher permanent equity value.

SECTION 7: KEY RISKS

Risk Factor	Severity	Probability	Mitigant
Memory cycle downturn / pricing collapse	HIGH	MEDIUM	HBM floor, oligopoly discipline, balance sheet strength
Samsung market share aggression (deliberate oversupply)	HIGH	MEDIUM	DRAM oligopoly structural constraint; Samsung EV damage in prior cycle dissuaded repeat
HBM execution: yield ramp on HBM4, share loss to Hynix	HIGH	MEDIUM	Micron accelerated HBM4 yield vs HBM3E; HBM4 16H sampling underway
China: infrastructure ban + escalating export controls	MEDIUM	HIGH	Revenue exposure manageable (~10% direct); redirected to other markets
NAND structural oversupply (QLCs, commodity flash)	HIGH	MEDIUM-HIGH	Continued NAND capacity discipline; enterprise SSD mix shift to higher ASP tiers
CHIPS Act delivery: construction delays, cost overruns	LOW-MED	HIGH	NY Fab 1 delayed to 2030; Idaho Fab 1 DRAM output 2027 on track
Geopolitical / Taiwan supply chain disruption	EXTREME	LOW	TSMC logic; MU owns DRAM fab in Taiwan -- second-order but meaningful
Balance sheet stress at trough (capex multi-year commitments)	MEDIUM	MEDIUM	Net cash position positive and growing; $6.4B CHIPS Act backstop; FY2026 FCF surging
AI capex plateau / hyperscaler pullback	HIGH	LOW-MEDIUM	NVIDIA Blackwell and Vera Rubin platform cycles sustain HBM demand through 2027
China domestic memory (CXMT DRAM) competition	MEDIUM	LOW (near-term)	No volume HBM from CXMT; trailing node only; qualification cycle 2+ years

SECTION 8: INVESTMENT CONCLUSION

Rating: HOLD

Micron Technology is operating at the peak of the most favorable memory cycle in its history. By every peak-cycle metric -- revenue growth, gross margin, EPS, FCF -- the company is exceeding consensus expectations by wide margins. The Q3 FY2026 guidance of $33.5B revenue and 81% gross margin would have been unimaginable five years ago. The stock, at $371, trades at approximately 6-7x FY2026E EPS -- optically one of the cheapest large-cap semiconductor names.

The HOLD rating reflects a specific value investor's concern: we are pricing near-peak-cycle earnings at what appears to be a trough multiple, which creates the impression of extreme cheapness that is characteristic of the top of a cyclical. Memory stocks routinely look 'cheap' on forward P/E just as the cycle turns -- because the denominator (earnings) is about to fall dramatically. The correct valuation multiple is against mid-cycle normalized earnings of $10-13/share, at which point the 12-month base case target of $395 reflects a 30-40x mid-cycle P/E -- not particularly cheap for a cyclical commodity business.

Entry Price for Value Investors

At what price does MU become compelling on a mid-cycle basis? Using $12/share mid-cycle EPS and a 15-18x mid-cycle P/E (justified by the HBM structural improvement and oligopoly dynamics), fair value is approximately $180-220/share. This is the zone where a value investor with a 3-5 year horizon and tolerance for mark-to-market pain should be accumulating aggressively. At $371, the stock offers moderate upside in the continuation scenario (+7% to base case), limited margin of safety vs. mid-cycle DCF (~$230), and -46% downside to the trough floor ($200 bear case).

However, disciplined position sizing at current prices is defensible if the portfolio mandate includes cycle-peak momentum alongside value. The 25% bull case probability ($560) represents approximately 51% upside. The risk/reward at $371 is asymmetric to the downside on a probability-weighted basis: (20% x -46%) + (55% x +6%) + (25% x +51%) = -9.2% + 3.3% + 12.8% = approximately +6.9% expected return. That is a positive but thin expected return for the cycle and volatility risk involved.

The Central Tension

MU may be a good business at a fair price -- or a commodity business at a peak-cycle premium masquerading as value. The resolution depends on whether HBM proves to be a durable structural demand shift (raising mid-cycle earnings to $25-35/share) or a cycle catalyst that ultimately corrects like every prior DRAM cycle. The evidence through Q2 FY2026 supports the structural case: HBM sold out through 2026, three consecutive quarters of price and margin expansion above prior cycle peaks, and balance sheet strength that changes the trough survival calculus. But this same evidence was visible in late 2021 when MU looked unstoppable -- and FY2023 delivered the worst trough in the company's modern history.

The position a value investor should take: watch for cycle deceleration signals (hyperscaler CapEx guidance cuts, DRAM contract price weakness in DDR5, Samsung qualification in Vera Rubin HBM sockets). If those signals appear, MU's earnings will compress rapidly and the stock will correct toward the $150-200 range, creating a genuinely compelling multi-year entry. Until then, HOLD with a defined add point at $200-240 on any cycle-driven selloff.

Summary Valuation Statistics (as of April 2, 2026)

Metric	Value	Commentary
Current Price	**$371**	Post Q2 FY2026 earnings recovery from $337 trough
Market Cap (FD, ~1.15B)	**$428B**	Fully diluted at current price
Enterprise Value (approx.)	**$427B**	Net cash ~$0-1B; EV approx. market cap
FY2026E Revenue	**~$95B**	Q1 $13.6B + Q2 $23.9B + Q3 $33.5B guided + Q4 ~$35B est.
FY2026E Non-GAAP EPS	**~$55**	Q1+Q2 actuals ~$20.62; Q3 guided $19.15; Q4 ~$15-18 est.
FWD P/E (FY26E)	**~6.7x**	Optically cheap; must compare to mid-cycle, not peak
Mid-Cycle Normalized EPS	**~$10-13**	30-40x multiple at current price -- not cheap
FY2026E Gross Margin	**~70%**	Q2 74.9%; Q3 guided 81%; extraordinary peak
FY2026E Capex	**~$20B**	~21% of revenue; rising due to fab construction
Long-Term Debt (Q2 FY2026)	**~$11.2B**	Reduced >$5B in 3 quarters; strengthening B/S
HBM Market Share (Q2 2025)	**~21%**	Surpassed Samsung; Hynix still leads at 62%
CHIPS Act Funding	**Up to $6.4B direct**	Idaho (two fabs) + New York (two fabs) + Virginia
52-Week Range	**$61 - $471**	Extraordinary volatility; +322% in 12 months
Dividend Yield	**~0.16%**	$0.15/quarter; 30% increase announced Q2 FY2026
Beta (5-yr monthly)	**~1.6**	Higher than market; reflects cyclical risk premium

Analyst: Ryan Mahaffy | Report Date: April 2, 2026 | NOT INVESTMENT ADVICE | Prepared for educational and informational purposes. All figures from public sources: Micron Technology SEC filings (10-K FY2024, 10-Q FY2026 Q2), earnings releases, and publicly available analyst estimates. Mid-cycle and forward estimates are the analyst's own projections and carry material uncertainty.