

Micron Technology, Inc.

NASDAQ: MU

Riding the AI Memory Supercycle:

HBM4 Leadership, Sold-Out 2026 Capacity, and a Multi-Year Earnings Re-Rate

HOLD

12-Month Price Target: \$625 (Hold from \$668)

Brandon Leone

Independent Equity Research | Southern California

As of May 6, 2026 | Last close: \$668.06

SNAPSHOT

Investment Recommendation: HOLD — Price Target \$625

RATING

HOLD

12-MONTH PRICE TARGET

\$625

IMPLIED RETURN

-6.4%

CURRENT PRICE

\$668.06

MARKET CAP

~\$748B

FY27E EPS / TARGET MULT.

\$48 / 13.0x

Why MU, Why Now

1 HBM Sold Out Through CY26

Entire 2026 HBM supply, including HBM4, contracted under multi-year LTAs — including MU's first-ever 5-year customer agreement.

2 NVIDIA Vera Rubin Win

Volume shipping HBM4 36GB 12-high (>11 Gb/s, 2.8 TB/s, +2.3x bandwidth vs HBM3E) — qualified at the marquee AI customer.

3 Structural DRAM Tightness

AI consumes ~20% of CY26 wafer capacity; 1GB HBM = 4x standard DRAM wafer cost; server DRAM contract +60%+ QoQ.

4 Earnings Inflection Underway

FQ2'26 GM 75% (+18 pts QoQ); FQ3'26 guide \$33.5B / 81% GM / \$19.15 EPS implies \$76+ run-rate EPS.

5 Honest Valuation

Base case at \$625 (peak GM 65%) is a Hold. Structural HBM bull at \$1,000+ requires three durability assumptions all hold.

INVESTMENT THESIS

Four Pillars Underpin a Multi-Year Earnings Re-Rate



PILLAR 01

AI Demand Supercycle

HBM TAM ~\$35B (2025) → ~\$100B (2028E) at ~40% CAGR. Hyperscalers' multi-year capex commitments lock in demand visibility unprecedented for memory.



PILLAR 02

Tech & Customer Wins

HBM4 in volume production for NVIDIA Vera Rubin: >11 Gb/s, 2.8 TB/s, +20% power efficiency. Sole HBM IDM with US-based advanced packaging.



PILLAR 03

Structural Supply Discipline

HBM consumes ~3-4x DRAM wafer per bit; the 'big three' have rationally allocated capacity to AI, leaving conventional DRAM tight into 2027.



PILLAR 04

FCF & Capital Returns

FY26E op cash flow >\$30B funds the ~\$20B capex ramp; remaining FCF supports buybacks (re-instated) and a path to investment-grade balance sheet.

Sources: Micron Investor Day (Sept 2025); Micron FQ2'26 release (Mar 2026); Counterpoint Research; TrendForce; Bloomberg consensus.

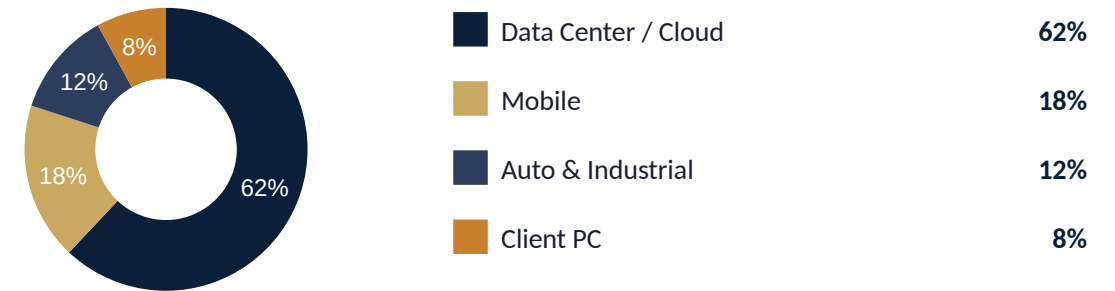
COMPANY OVERVIEW

A Pure-Play DRAM/NAND Leader Pivoted to AI Infrastructure

Snapshot

Founded / HQ	1978 / Boise, Idaho
Employees	~48,000 globally
End Markets	Data center, mobile, auto, industrial, client PC
Product Mix (FQ2'26)	DRAM ~78% / NAND ~22%
#1 / #2 Position	DDR5, LPDDR, HBM (Tier-1), NAND (Top-3)
Mfg Footprint	USA, Taiwan, Japan, Singapore, Malaysia, China
FY26E Capex	~\$20B (raised from ~\$18B)
Capital Return	Dividend reinstated; opportunistic buybacks
Credit Profile	BBB- (S&P, Pos.); deleveraging on FCF inflection

FQ2'26 Revenue by End Market



Recent Quarterly Records

Revenue (FQ2'26)	Gross Margin	FQ3'26 Rev Guide	FQ3'26 EPS Guide
\$23.86B	75.0%	\$33.5B	\$19.15
+75% QoQ	+18 pts QoQ	+40% QoQ	Record

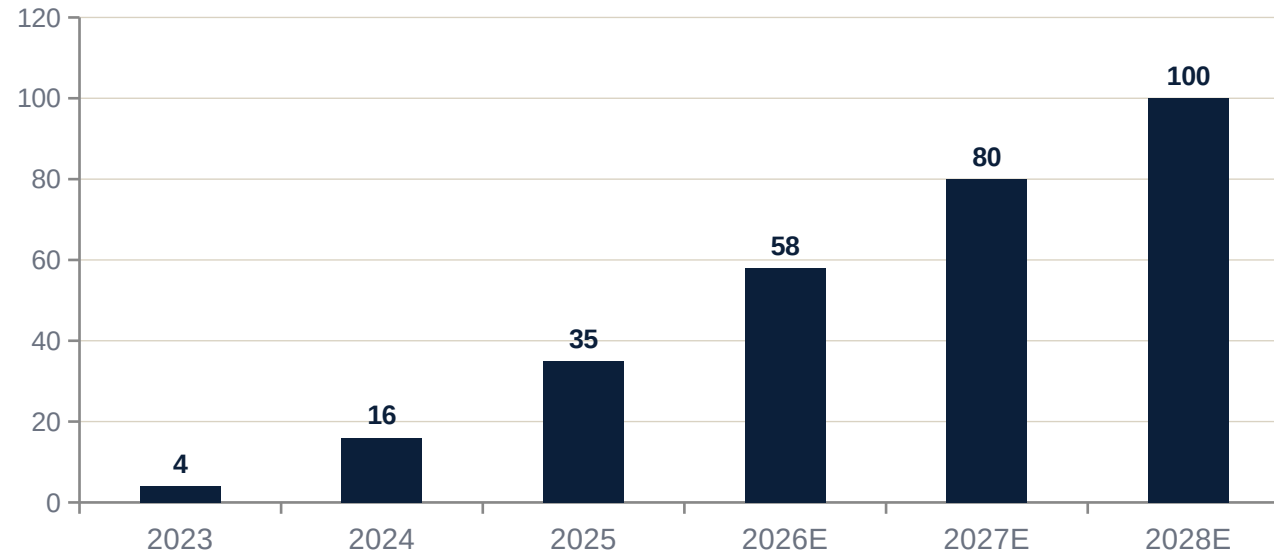
Sources: Micron 10-K FY25; FQ2'26 earnings release & prepared remarks; S&P Global Ratings; estimates as Brandon Leone.

INDUSTRY BACKDROP

The AI Memory Supercycle: HBM TAM ~3x Through 2028E

HBM Total Addressable Market (\$B)

~40% CAGR 2025-2028E | Source: Micron Investor Day, TrendForce



~70%

of all memory chips now consumed by data centers

~20%

of CY26 global DRAM wafer capacity allocated to AI

4x

wafer capacity required per GB of HBM vs. standard DRAM

+60%

QoQ server DRAM contract price increase in Q1'26

Implication

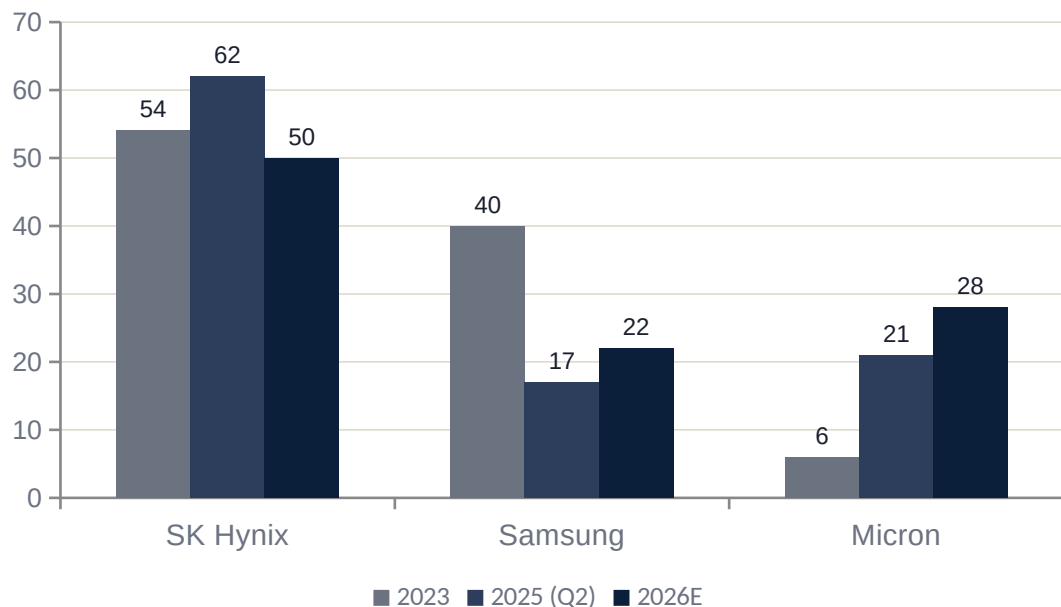
AI demand has fundamentally re-shaped DRAM supply allocation; conventional DRAM remains tight, and the marginal HBM bit is now structurally scarce. This is a multi-year pricing tailwind, not a cyclical one — and Micron's leverage is ~\$0.10-\$0.15 of incremental EPS for every 1% of HBM-driven mix shift.

Sources: Micron FY26 Outlook (Sept '25 IR Day); TrendForce 1Q26 HBM report; Counterpoint; IDC; SK hynix outlook deck (Jan '26).

COMPETITIVE LANDSCAPE

Three-Player Oligopoly: Micron Closes the Gap, Leads on HBM4

HBM Market Share (%)



SK Hynix

INCUMBENT — HBM3E LEAD

Largest HBM share (~62% Q2'25); deeply integrated with NVIDIA on Hopper/Blackwell. Goldman expects SK to retain >50% HBM share through 2026, but HBM4 share at NVIDIA Rubin is still being divided.

Samsung

RECOVERING — HBM3E QUALIFICATION

Slipped to #3 in Q2'25 (~17%); HBM3E qualification at major customers progressing. Counterpoint sees share recovery toward 30%+ as HBM4 ramps, but executional risk remains.

Micron

MOMENTUM — HBM4 LEADER

Leapfrogged Samsung in 1H25; first to volume on HBM4 36GB 12-high for NVIDIA Vera Rubin. >11 Gb/s, 2.8 TB/s, +20% power efficiency vs HBM3E. CY26 sold out; 5-yr LTA secured.

Bottom Line

HBM is a three-player oligopoly with rational supply behavior. Micron's HBM4 timing advantage at NVIDIA Vera Rubin should drive share toward ~28% by year-end CY26 — a 7pt gain at premium ASPs.

Sources: TrendForce HBM Industry Analysis 1Q26; Counterpoint Research; UBS, Goldman Sachs research notes (Jan-Mar '26); Micron and SK hynix earnings.

PRODUCT CATALYST

HBM4: Volume Ramp Into NVIDIA Vera Rubin Cements Tier-1 Status

Micron HBM4 vs HBM3E — Step-Change in Performance

Spec	HBM3E (Prior Gen)	HBM4 (Current)
Pin Speed	9.2 Gb/s	>11 Gb/s
Bandwidth per Stack	1.2 TB/s	2.8 TB/s (+2.3x)
Capacity (12-high)	36 GB	36 GB → 48 GB (16-hi)
Power Efficiency	Baseline	+20% vs HBM3E
Lead Customer	Various	NVIDIA Vera Rubin
Status	Mature	Volume shipping (Q1'26)

Commercial Lock-In

-  **Entire CY26 HBM Capacity**
 Sold out under multi-year, binding LTAs covering both price AND volume — extremely rare for memory.
-  **First-Ever 5-Year LTA**
 First five-year customer agreement in MU history — eliminates near-term cycle risk for HBM.
-  **NVIDIA Vera Rubin (GTC '26)**
 HBM4 36GB 12H qualified and in volume; complementary SOCAMM2 and PCIe Gen6 SSD wins position MU as full-stack AI memory supplier.
-  **HBM4E (7th Gen) — 2027**
 Already shipping 16-stack 48GB samples; mass production planned next year, maintaining cadence vs SK hynix.

So What

Volume HBM4 + binding LTAs = unprecedented earnings visibility for a memory company. We model HBM revenue rising from ~\$8B (FY25) to ~\$32B (FY27E), at >55% gross margins — the single largest driver of the price target.

Sources: Micron press release (Mar 16, 2026); NVIDIA GTC '26 announcements; Tom's Hardware; Storage Newsletter; HPCwire; analyst estimates.

RECENT QUARTERLY PERFORMANCE

FQ2'26: Record Revenue, Margins, and EPS — Inflection Confirmed

REVENUE

\$23.86B

+75% QoQ / +196% YoY

GROSS MARGIN

75.0%

+18 pts QoQ

OPERATING MARGIN

~62%

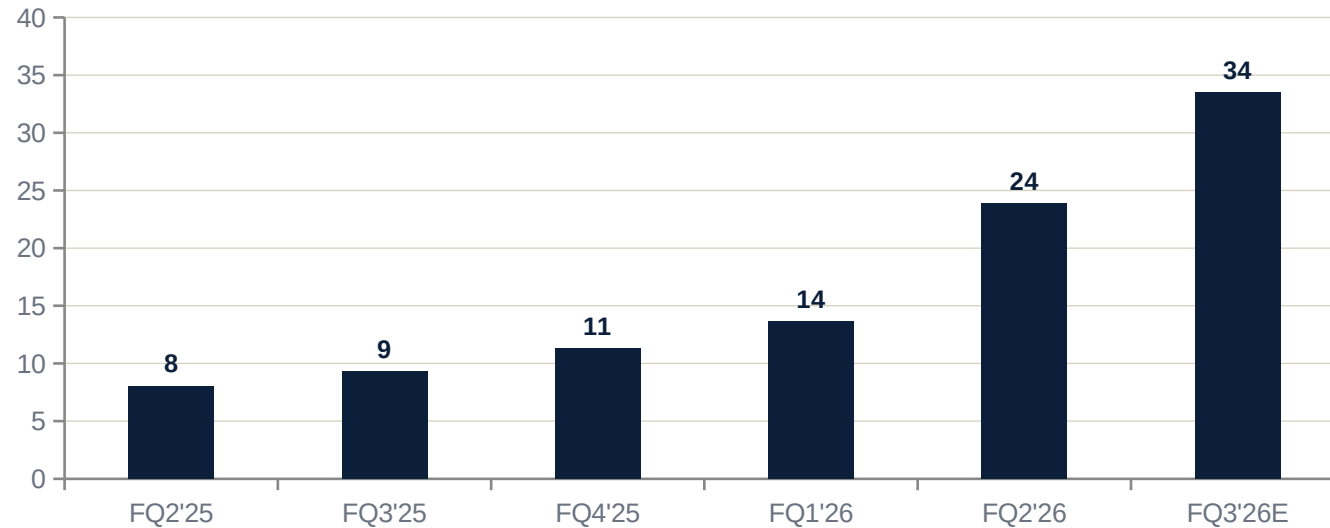
Record

EPS (DILUTED)

Record

Beat by ~38%

Quarterly Revenue Trajectory (\$B)



FQ3'26 Guidance

Revenue

\$33.5B ± \$750M

Record

Gross Margin

~81.0%

+6 pts QoQ

Diluted EPS

\$19.15 ± \$0.40

Annualizes ~\$77

Capex

~\$5-6B / Qtr

FY26 raised to ~\$20B

Sources: Micron FQ2'26 earnings release & call (Mar 18, 2026); Q1'26 release (Dec 17, 2025); company prepared remarks; Quartr.

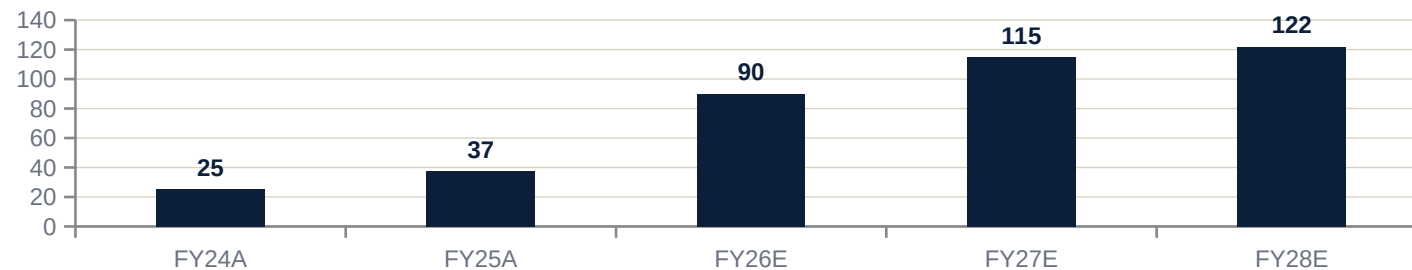
FORWARD FINANCIAL PROJECTIONS

Estimates: HBM Mix Drives Revenue, Margin, and FCF Through FY28E

Annual P&L Summary | \$ in millions, except per-share

\$ millions	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	\$25,111	\$37,400	\$90,000	\$115,000	\$122,000
YoY Growth	62%	49%	141%	28%	6%
Gross Profit	\$5,650	\$14,200	\$57,300	\$74,800	\$72,200
GM %	22.5%	38.0%	60%	65%	62%
Operating Income	\$3,260	\$10,700	\$48,000	\$58,500	\$54,500
Diluted EPS	\$1.30	\$7.80	\$32	\$48	\$42
Capex	\$8,100	\$13,800	\$20,000	\$23,500	\$22,000
Free Cash Flow	\$(400)	\$2,900	\$16,000	\$28,000	\$24,000

Revenue Trajectory (\$B) – FY24A → FY28E



FY27E EPS

\$48

Peak GM 65% (base)

FY27E FCF

\$28B

Solid; less than aggressive case

EPS CAGR FY25-28E **+75%**

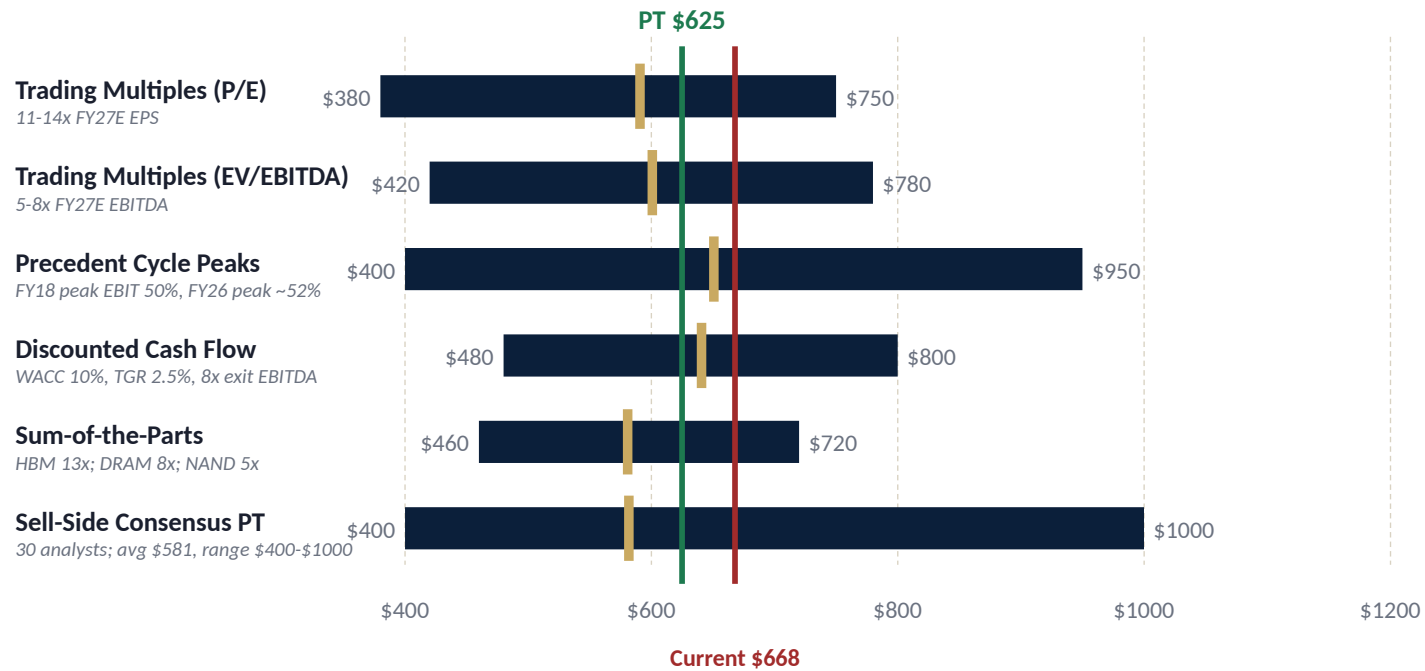
Strong but not blue-sky

Sources: Brandon Leone estimates; Bloomberg consensus; Micron FQ2'26 guide; FY years end August. EPS reflects ~1.15B diluted shares.

VALUATION

Triangulating to a \$625 Price Target — Football Field Analysis

Valuation Football Field — Implied Share Price (\$)



Price Target Build

FY27E EPS	\$48
× Target P/E Multiple	13.0x
= 12-Month Price Target	\$625
Current Price	\$668.06
Implied Return	-6.4%
+ Dividend Yield	~0.7%
= Total Return	-5.7%

Sources: Brandon Leone estimates; FactSet / Bloomberg consensus; sell-side notes (Apr-May '26). DCF uses 10% WACC, 2.5% terminal growth, NTM exit multiple of 9x EBITDA.

BULL / BASE / BEAR SCENARIOS

Risk-Reward: Skewed Favorably Even Against a Hard Memory Reset**BEAR**

Probability: 25%

Price Target

\$350 **-48%**

FY27E EPS

\$32

Target P/E

11.0x**KEY DRIVERS**

- Cycle reverts to FY18-style — no structural HBM margin uplift sustained.
- Peak FY27E GM lands at 58% (matching FY18); EPS rolls to \$32 by FY28.
- CXMT closes the gap faster + Samsung HBM4 takes Vera Rubin share.

BASE

Probability: 50%

Price Target

\$625 **-6%**

FY27E EPS

\$48

Target P/E

13.0x**KEY DRIVERS**

- Peak FY27E GM at 65% — six points above FY18 cycle peak of 58.6%.
- HBM mix delivers +6 pts of structural margin uplift, not the +13 pts of bull case.
- Conventional DRAM tight through FY27; rolls in FY28 as cycle naturally cools.

BULL

Probability: 25%

Price Target

\$1,000 **+50%**

FY27E EPS

\$74

Target P/E

14.0x**KEY DRIVERS**

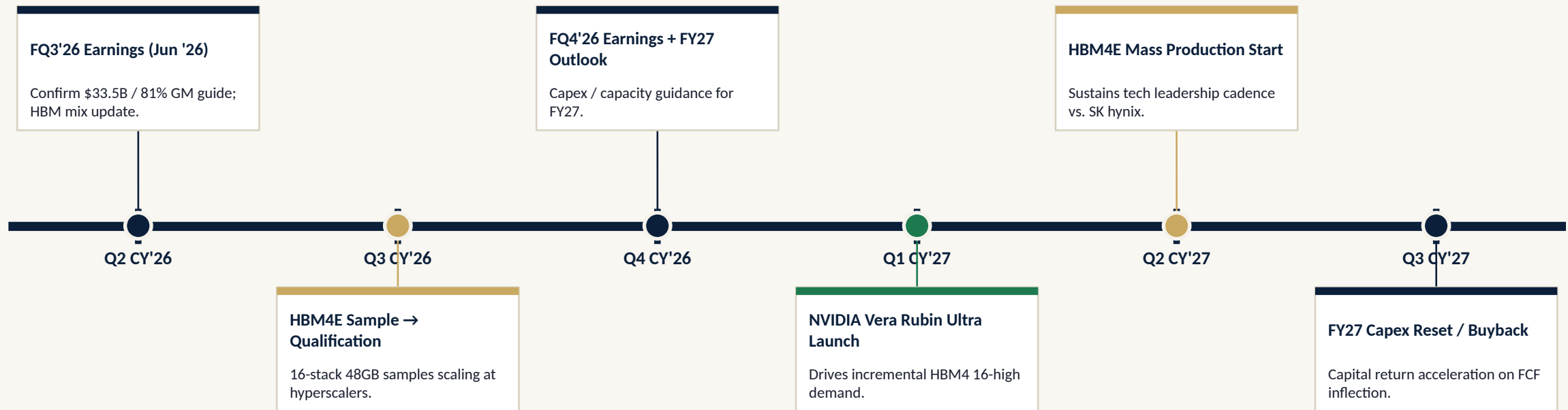
- Structural HBM thesis — 5-year LTAs durable, oligopoly persists beyond 2028.
- Peak FY27E GM holds 71% for 3-5 years (not one); investment-grade upgrade.
- AI capex doesn't digest in 2027-28; Samsung HBM4 qualification slips.

Probability-weighted PT: \$650 (~-3% expected return) | Hold rating; structural HBM is the call

Sources: Brandon Leone scenario model; FY27E EPS = \$48 (base case, peak GM 65%). Bull case requires structural HBM uplift to hold.

CATALYSTS

Near-Term Catalysts: Multiple Inflections Through CY27



Watch List: Quantitative Catalysts We're Tracking

KPI	Current	Bull Trigger	Bear Trigger
HBM Market Share	~21%	>28% by YE26	<18% YE26
DRAM ASP QoQ	+60% (Q1'26)	+30%+ Q3'26	Roll-over Q3'26
FY27 Capex Guide	TBD (~\$23B est.)	<\$24B (disc.)	>\$28B (over-supply)

Sources: Micron earnings calendar; NVIDIA roadmap (GTC '26); Brandon Leone estimates.

RISK ASSESSMENT

Key Risks — All Material, None Sufficient to Invalidate the Thesis

**China / CXMT Supply Risk**

MEDIUM

ChangXin (CXMT) ramping to 300K wpm by 2026, pivoting from DDR4 to DDR5/HBM. Could pressure conventional DRAM by 2027.

Mitigant: HBM3E/HBM4 has high tech moat; CXMT not yet in HBM3E; US export controls limit advanced equipment access.

**AI Capex Digestion**

MEDIUM

Hyperscaler capex moderation in 2H'26 could pull HBM bookings forward and create a 2027 air-pocket.

Mitigant: 5-year LTAs with binding pricing/volume materially de-risk the next 24 months.

**HBM Yield / Execution**

MEDIUM

HBM4 12-high yield ramp at NVIDIA volume requires sustained mfg execution; any slip cedes share to SK hynix.

Mitigant: HBM4 already in volume production (Mar '26); 1-gamma DRAM node maturing on plan.

**Customer Concentration**

MEDIUM

NVIDIA represents ~25% of FY26E HBM revenue; loss of share at next platform would be material.

Mitigant: Diversifying with hyperscaler ASIC (TPU, MTIA, MAIA) wins; Vera Rubin already qualified.

**Geopolitical / Tariff**

LOW-MED

Taiwan exposure, China revenue ban / restrictions, and US-China tech decoupling create tail risks to demand.

Mitigant: \$200B US footprint commitment (Idaho, NY, VA) anchors strategic-asset positioning.

**Cyclicity / Memory Reset**

MEDIUM

Memory remains historically cyclical — a hard reset would compress multiples even if EPS holds.

Mitigant: Through-cycle GM trough has structurally risen; HBM mix should dampen swings.

Initiate at **HOLD** with \$625 Price Target

MU is fully priced; structural HBM is the call to upgrade to BUY

01

Cycle Peak, Not New Normal

FQ2-Q3'26 70-80% GM prints are cycle peaks driven by HBM ramp into a tight pricing window. Through-cycle GM should be in the high-30s. Don't mistake a peak quarter for a structural baseline.

02

The Real Question Is Durability

Whether HBM permanently rerates Micron is THE question. Base case (+6 pts uplift) gets you to \$625. Structural case (+13 pts that holds 3-5 years) gets you to \$1,000+. Track HBM revenue mix every quarter.

03

Honest Risk-Reward

Bull +50%, Base -6%, Bear -48%. Reward/risk of 1.2:1 vs. bear is thin for a high-conviction long. Hold at \$668; add on pullback to \$550 or on confirmed structural HBM data.