

AI-Cycle / Structural HBM

BUY*

PT \$1,000+
(+50%)

CURRENT PRICE

\$668

as of 5/7/26

BULL-CASE PT

\$1,000+

+50% (structural HBM)

FY27E EPS (BULL)

\$74

× 14× = PT

PEAK FY27E GM

71%

+13 pts vs FY18

HBM MIX FY27E

28%

of revenue

PROBABILITY

25%

Bull scenario

Football Field Methodology Triangulation

Three independent methods, all anchored to the conservative-margin base case

Method	Range	Mid	Notes
DCF (structural)	\$700-\$1,150	\$925	Bull case: peak GM 71% sustained 3-5 years
Trading P/E	\$890-\$1,180	\$1,036	12-16× FY27E bull EPS of \$74
Trading EV/EBITDA	\$870-\$1,220	\$1,045	7-10× FY27E EBITDA at peak
Sum-of-the-Parts	\$820-\$1,150	\$985	HBM 16× (growth premium); DRAM 9×; NAND 6×
Cycle peak precedent	\$650-\$1,200	\$925	FY18 peak P/B applied to FY27E book
Sell-side high	\$1,000	\$1,000	DA Davidson, BofA most bullish

Historical Financials | \$ in billions

\$B	FY21	FY22	FY23 (trough)	FY24	FY25
Revenue	27.7	30.8	15.5	25.1	35.5
Gross Margin	30.8%	38.2%	-9.1%	22.3%	38.0%
EBITDA Margin	48.7%	44.3%	-12.5%	34.6%	46.5%

Cycle Position

Structural shift case — HBM permanently rerates Micron. Requires durability of LTAs + oligopoly + AI capex.

EBITDA Margin Range (FY21-FY25)



Position in margin range: 96% (near top of historical band)

Implication: today's print reflects cycle PEAK economics; valuing on this margin level long-term is the central judgment call.

Thesis Summary

*Conditional Buy. Requires three durability tests to all hold: (1) 5-yr HBM LTAs become a category convention; (2) oligopoly economics persist beyond 2028 (CXMT stays 3+ generations behind); (3) hyperscaler AI capex doesn't digest in 2027-28. If all three hold, peak GM 71% sustains for 3-5 years instead of one quarter — fair value rerates to \$1,000+. Watch HBM mix every quarter.