AZ STOCKS
Stocks from A to Z

Micron Technology

The memory of artificial intelligence: the best year in its history and the usual question, how long will the cycle last?

DEEP DIVE

November 2026

azstocks.net

COMPANY PROFILE

Micron Technology

THESIS

Micron went from selling a commodity to being one of the bottlenecks of artificial intelligence. In this report I assess what it is worth after the best year in its history, and how much of the next downturn the price already discounts.

THE COMPANY

Micron is the only large US memory maker and the world's third-largest in DRAM, behind Samsung and SK hynix. It designs and manufactures DRAM, high-bandwidth memory (HBM) for AI accelerators and NAND memory for SSDs.

In fiscal 2026 it generated USD 133.2 billion in revenue (+256%), with an 80.7% gross margin, driven by demand from AI data centers. It has about 61,000 employees and fabs in Taiwan, Japan, Singapore, the United States, Malaysia, China and India.

PRICE TARGET
USD 967

UPSIDE
+24.2%

SECTOR
Semiconductors

EXCHANGE
Nasdaq

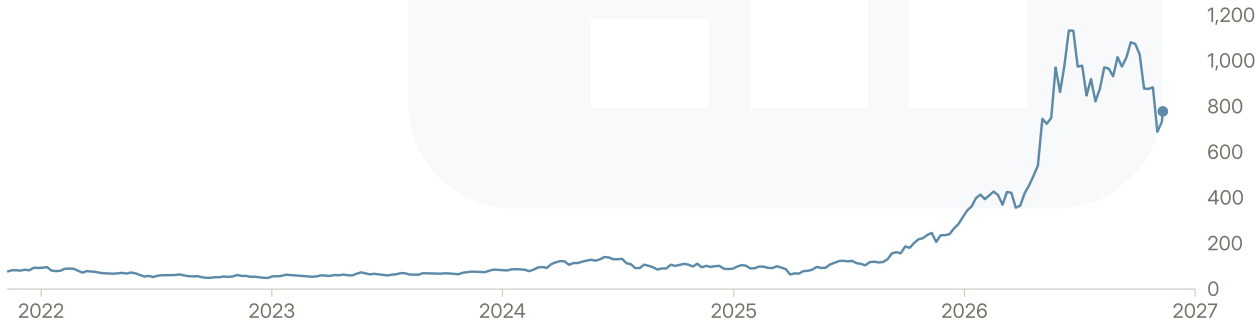
CURRENCY
USD

LAST UPDATE
November 2026

MARKET DATA AS OF NOV 13, 2026

PRICE	52-WEEK RANGE	5-YEAR CHANGE	BETA (5 YEARS)
USD 778.31	192.59 – 1,255.00	+907%	2.26

WEEKLY SHARE PRICE, LAST 5 YEARS



Source: Yahoo Finance. Author's analysis.

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SECTION 01

Introduction

Few stocks capture the mood of the market as well as Micron. Five years ago it traded around USD 77; in November 2025 it was near USD 200; in June 2026 it closed at USD 1,213.56, an all-time high. And by early November it had fallen more than 40% from that high, down to about USD 690, although last week it bounced back almost 13% and closed on Friday, November 13, at USD 778.31.

Behind that run there is a real change in the business. Memory went from being a cheap component, bought at the lowest possible price, to one of the scarcest inputs in the artificial intelligence supply chain. Every accelerator from Nvidia, AMD or Google needs several stacks of HBM beside it, and every AI server needs huge amounts of DRAM and SSDs. Supply can't keep up, and prices adjust.

The result was the best year in Micron's history. In fiscal 2026 (which ended on September 3) it generated USD 133.2 billion in revenue, more than triple the previous year, with an 80.7% gross margin and almost USD 59 billion of free cash flow. To put it in perspective: throughout the 2017–2025 cycle, Micron had never topped USD 31 billion of revenue in a single year.

But Micron is not a new company. It was founded in 1978 in Boise, Idaho, and it has survived every cycle in the industry, and those cycles are brutal: in 2023 its revenue fell 49% and it lost USD 5.8 billion.

The drop of the last few weeks has several causes: doubts about how long AI infrastructure spending can last, the Democratic win in the midterm elections (which raised fears of limits on new data centers), news that Micron halted construction of a plant in Taiwan because of a union dispute, and broad profit-taking across the sector. On November 5 the stock fell 17.5% in a single session.

In this report I go through how Micron makes money, who its customers are, how good the business is across the cycle, who it competes with, what risks it faces and what I think it is worth. Spoiler: the current price already discounts a fairly harsh downturn starting in 2028.

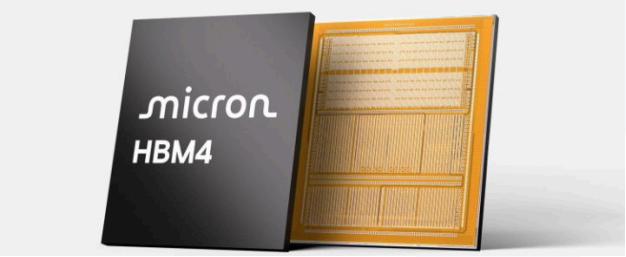
SECTION 02

Business model

Micron designs and manufactures memory chips. It is a simple business to explain and a very hard one to execute: it requires fabs that cost tens of billions of dollars, manufacturing processes at the frontier of physics, and an investment discipline the industry has rarely had.

It sells three big product families:

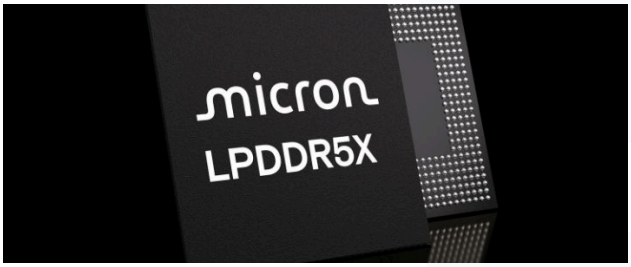
- **DRAM** (76% of 2026 revenue, USD 100.7 billion): the working memory of any computer, server or phone. It is fast, but it loses its data when the power goes off.
- **HBM** (part of DRAM): stacks of DRAM chips piled vertically and connected through thousands of vias, mounted next to the AI processor. They offer far more bandwidth, but use about three times more wafer per bit than conventional DRAM. That is one of the reasons for the shortage: every wafer that goes to HBM is a wafer that doesn't go to traditional DRAM.
- **NAND** (24%, USD 31.8 billion): memory that keeps data without power. It is used in SSDs, phones and cars. In the last quarter, data center SSDs brought in almost USD 10 billion, more than ten times as much as a year earlier.



HBM4: stacks of DRAM mounted right next to the AI accelerator.



DDR5 RDIMM: the standard DRAM module used in servers.



LPDDR5X: low-power DRAM for phones and PCs (and the basis of SOCAMM modules).



9650 SSD: NAND storage for data centers.

Images: Micron Technology.

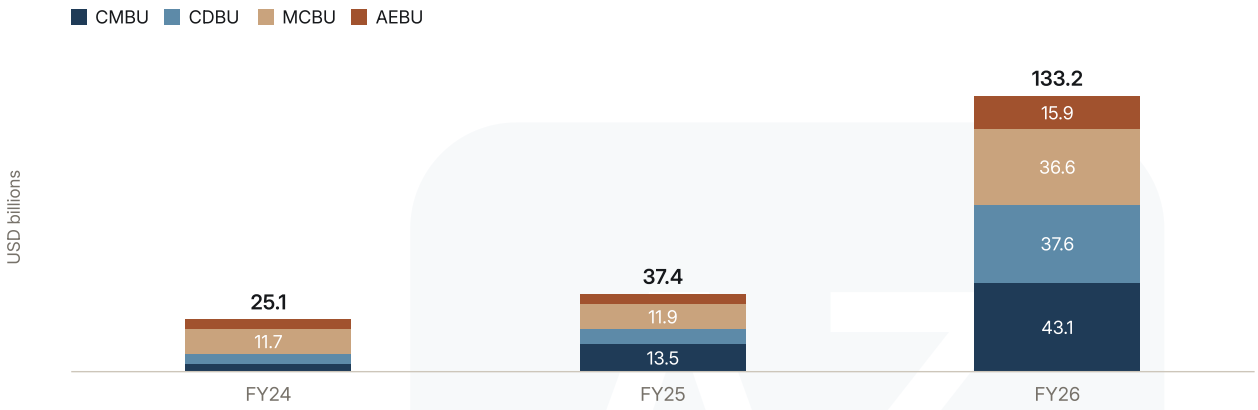
Micron doesn't sell to end consumers. In 2025 it announced its exit from the Crucial retail business to focus its capacity on higher-value segments. Today its customers are the hyperscalers (Microsoft, Google, Amazon, Meta), Nvidia and other AI chip designers, server, phone and PC makers, and the automotive industry.

The four business units

Since late 2025 Micron has been organized into four units by end market. The most striking change is how much weight the two data center units gained: they went from 35% of revenue in 2024 to 60% in 2026.

USD millions	What it sells	FY24	FY25	FY26	% FY26	GM / OM Q4 FY26
Cloud Memory (CMBU)	HBM, DRAM and SSDs for hyperscalers	3,792	13,524	43,085	32%	83% / 76%
Core Data Center (CDBU)	DRAM and SSDs for OEM servers and "neoclouds"	4,984	7,229	37,592	28%	90% / 85%
Mobile and Client (MCBU)	Memory for smartphones and PCs	11,667	11,859	36,601	27%	90% / 88%
Automotive and Embedded (AEBU)	Autos, industrial and consumer	4,631	4,753	15,886	12%	84% / 79%
Total		**25,111**	**37,378**	**133,188**	**100%**	**87% / 82%**

GM / OM: gross margin and operating margin for Q4 of fiscal 2026 (non-GAAP for the total). Source: FY2026 10-K and Q4 FY26 earnings presentation.



Revenue by business unit, USD billions. Source: FY2026 10-K.

The most striking thing in the table is the margins: every unit earns between 79% and 88% at the operating level. Even Mobile and Automotive, traditionally the weakest segments, now earn like a software company. It's not that phones or cars became a great business; it's that the memory shortage is across the board: Micron is shifting capacity toward the data center and everyone else pays more to get product.

Customer concentration: less reliance on one name, more on one type of spending

This is a concentrated business, and it's worth looking at closely. According to the 10-K, the top ten customers accounted for roughly half of revenue in each of the last three years. In 2026 that means about USD 66 billion spread across ten companies.

The picture by individual customer improved. In fiscal 2024 one customer accounted for 10% of revenue and in 2025 one reached 17% (about USD 6.35 billion), with purchases concentrated in the Cloud Memory unit, that is, a data center customer the company doesn't name. In 2026 no customer exceeded 10% of the total, although in the first nine months of the year one sat right at that threshold. Growth was so large and so broad that it diluted the biggest customer.

Concentration	FY24	FY25	FY26
Largest customer, % of revenue	10%	17%	<10%
Top ten customers, % of revenue	~50%	~50%	~50%
Data center units (CMBU + CDBU), % of revenue	35%	55%	60%
Revenue from customers headquartered outside the US			~1/3

Source: FY2026 and FY2025 10-K; for FY24–FY25 business units, author's analysis based on the 10-K.

The problem is that concentration didn't go away: it changed shape. Six of every ten dollars now come from data centers, and behind those data centers there is a handful of buyers (the hyperscalers, Nvidia and a group of "neoclouds" that rent out compute capacity) who decide their investment with the same logic. If those budgets slow down, it isn't one customer that falls away: they all slow down at once.

There are two more nuances. First, credit risk: at year-end Micron had USD 31.8 billion of accounts receivable and, according to the 10-K, it generally doesn't require collateral from customers (the long-term agreements are the exception). Some neoclouds finance their purchases with debt, and there the risk isn't that they stop buying but that they can't pay. Second, China: after the 2023 ban that prevents Chinese critical-infrastructure operators from buying Micron products, the company expects sales to that country to be in the single digits as a percentage in 2027.

In short: Micron depends less on any single customer than it did a year ago, but more than ever on one type of spending, AI infrastructure.

Long-term agreements, the novelty of this cycle

Historically, memory was sold on quarterly contracts or in the spot market, and prices moved with supply and demand at each moment. Something new appeared in this cycle: **strategic customer agreements** (SCAs). These are multi-year contracts with committed volumes on a take-or-pay basis (the customer commits to buy a volume and, if it doesn't take it, pays anyway), fixed prices or prices within minimum and maximum bands, and customer guarantees in the form of cash deposits or letters of credit.

Micron has signed 26 of these agreements (up from 16 a quarter earlier). According to the company, they cover more than 35% of expected revenue through 2030, add up to USD 32 billion of financial commitments (almost all cash deposits), and more than 75% of fiscal 2027 output is already committed. On top of that, most of 2027 HBM is sold out, with significant price increases.

In the financial statements this shows up as "remaining performance obligations" (RPO): revenue already contracted but not yet delivered. As of September 3 it totaled about USD 134 billion, of which roughly a quarter would be recognized as revenue over the next twelve months and the rest within five years. A year earlier, that number wasn't material.

What can happen to the deposits?

The deposits deserve a chapter of their own, because they are money sitting in Micron's bank account that isn't Micron's. In fiscal 2026 the company collected USD 12.7 billion of deposits, and the balance sheet shows USD 12.9 billion as a long-term liability to customers. Of the USD 32 billion committed in total, about USD 7 billion are letters of credit issued or committed by banks, which Micron can only draw on if a customer defaults.

The rules, according to the 10-K, are three. If the customer meets its minimum purchases, the deposit is returned. If it doesn't, Micron can keep all or part of the deposit, and in that case it recognizes it as revenue. And almost all deposits are scheduled to be repaid between 2029 and 2031. Also, because the company considers that the deposit secures capacity and isn't a loan, it doesn't recognize interest on it: for Micron it is free financing.

With that, there are four possible scenarios:

- **Everything goes to plan.** Customers buy what they committed to and Micron returns the deposits between 2029 and 2031. That's a cash outflow of at least USD 12.9 billion (plus any deposits collected from here on) right in the years when my base case places the first revenue decline. It doesn't put the balance sheet at risk, but it does reduce the cash available for buybacks at that point.
- **The market turns and the customer doesn't want to buy.** If the spot price falls well below the floor of the band, the customer has a huge incentive not to take the volume. On paper, Micron can keep the deposit. In practice, the customers are the same hyperscalers it has worked with for decades, and the most likely outcome is a renegotiation: less volume, a different price or more time.
- **Micron enforces the guarantees.** If it keeps deposits, that money comes in as revenue. Be careful with that in a downturn: it would be one-off sales, with no associated cost, that would inflate the margin of a bad quarter. They would need to be stripped out when analyzing results.
- **A customer can't pay.** This is the most relevant risk with the neoclouds. There, the deposit and the letter of credit cover part of the loss, but they don't replace the lost sales.

Another data point goes in the same direction: “consideration payable to customers” (discounts, price adjustments and the like) went from USD 1.19 billion to USD 4.32 billion in one year. It's normal for it to grow with sales, but it's a line to watch closely if contracts get renegotiated.

These agreements don't eliminate the cycle, but they cushion it: they give Micron a floor on volume and price for part of the business. What we don't know yet is how they will behave in a real crisis. In the past, customers renegotiated terms when the market turned.

Where it manufactures

Micron's production is heavily concentrated in Asia. Taiwan produces about 60% of its DRAM and much of its HBM; Japan (Hiroshima) is the other big DRAM hub; Singapore concentrates NAND and a new HBM packaging plant; and Malaysia, China and India handle assembly and test.

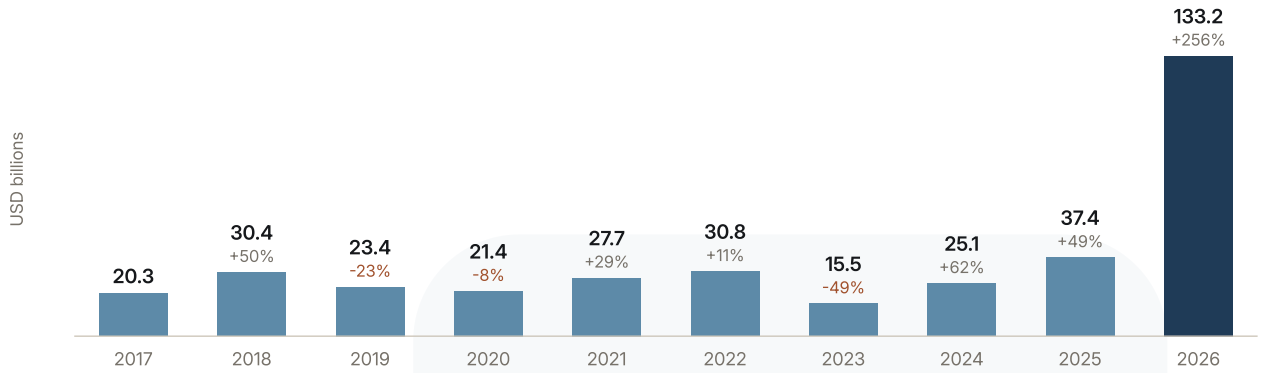
The big bet is the United States. Micron has committed to invest around USD 250 billion in fabs in Idaho and New York, with a USD 6.1 billion CHIPS Act grant. The first Idaho fab would start producing in mid-2027 and the second toward the end of 2028; New York would only produce its first wafers in 2030. In Taiwan it bought PSMC's Tongluo plant for USD 1.8 billion (with production from mid-2027), but halted construction of the 11E plant in Taoyuan (USD 3.0–4.5 billion) because of a dispute with the unions.

SECTION 03

Business quality

Revenue

If one chart sums up Micron, it's this one. Revenue doesn't grow in a straight line: it rises and falls with the memory cycle, which has historically lasted three to four years. In 2019 it fell 23%, in 2020 another 8%, in 2023 it collapsed 49% and, in between, there were years of 30% to 60% growth.



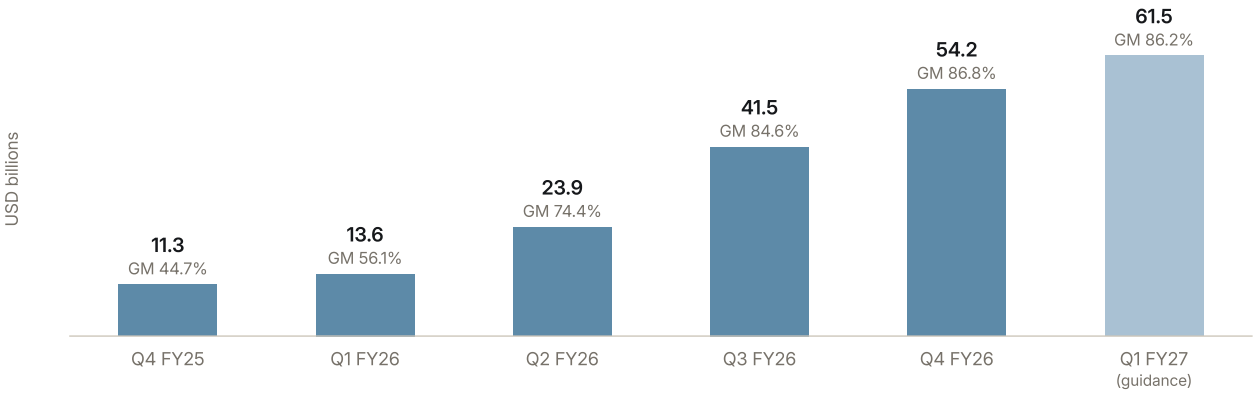
Annual revenue, USD billions, and year-over-year change. Fiscal year ending in late August or early September. Source: author's analysis based on TIKR data.

What happened in 2026 is unprecedented. Revenue went from USD 37.4 billion to USD 133.2 billion (+256%), four times the peak of the previous cycle. The year also had 53 weeks instead of 52, with a 14-week fourth quarter.

The engine was price. In the last quarter the average DRAM price rose by a “high double-digit” percentage versus the previous quarter and NAND by about 30%. Volumes also grew, but much less: the industry doesn't have the capacity to make more bits in the short term.

Latest results: fiscal Q4 2026

On September 30 Micron reported record results, above the top end of its own guidance. Revenue was USD 54.2 billion (+31% sequentially and +379% year over year), with a non-GAAP gross margin of 87.0%, adjusted EPS of USD 33.42 and adjusted free cash flow of USD 33.2 billion in a single quarter.



Quarterly revenue, USD billions, and gross margin (GM, GAAP; non-GAAP for guidance). Source: Micron earnings releases.

Guidance for the first quarter of 2027 (ending in early December) is even better: revenue of USD 61.5 billion (± 1.5 billion), gross margin of ~86.25% and EPS of USD 38.15. The company expects all of 2027 to be another record, with revenue growing quarter after quarter and supply even tighter in 2027 and 2028. Consensus expects about USD 275 billion of revenue for fiscal 2027 and EPS close to USD 179.

What raised doubts was the other side: capex. Micron will invest about USD 25 billion in the first half of 2027 and more in the second. The history of memory teaches that cycles end when the whole industry invests at the same time.

Common-size analysis

INCOME STATEMENT — % OF REVENUE

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of sales	-58.5%	-41.1%	-54.3%	-69.4%	-62.2%	-54.8%	-97.3%	-77.6%	-60.2%	-19.3%
Gross margin	**41.5%**	**58.9%**	**45.7%**	**30.6%**	**37.8%**	**45.2%**	**2.7%**	**22.4%**	**39.8%**	**80.7%**
SG&A	-3.6%	-2.7%	-3.6%	-4.1%	-3.2%	-3.5%	-5.9%	-4.5%	-3.2%	-1.5%
R&D	-9.0%	-7.0%	-10.4%	-12.1%	-9.6%	-10.1%	-20.0%	-13.7%	-10.2%	-4.2%
Operating income (EBIT)	**28.9%**	**49.1%**	**31.6%**	**14.3%**	**24.5%**	**31.6%**	**-23.0%**	**5.2%**	**26.1%**	**74.6%**
Interest income	0.2%	0.4%	0.9%	0.5%	0.1%	0.3%	3.0%	2.1%	1.3%	0.8%
Taxes	-0.6%	-0.6%	-3.0%	-1.3%	-1.4%	-2.9%	-1.1%	-1.8%	-3.0%	-11.1%
Net income	**25.0%**	**46.5%**	**27.0%**	**12.5%**	**21.2%**	**28.2%**	**-37.5%**	**3.1%**	**22.8%**	**63.8%**

Source: author's analysis based on TIKR data.

Gross margin went from 2.7% in 2023 to 80.7% in 2026. That's the whole story of memory: the cost of making a chip is fairly stable, and what changes violently is the selling price. When prices fall, Micron can lose money even with full fabs; when they rise, almost all of the increase drops to the bottom line.

R&D spending grew from USD 3.1 billion in 2023 to USD 5.7 billion in 2026, but as a percentage of revenue it fell from 20% to 4.2%. That's enormous operating leverage, and it's also temporary: in a price downturn that percentage climbs back up fast.

BALANCE SHEET — % OF TOTAL ASSETS

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cash and short-term investments	15.4%	15.7%	16.3%	15.2%	14.7%	14.1%	14.9%	11.7%	12.4%	22.2%
Accounts receivable	10.5%	12.6%	6.5%	7.3%	9.0%	7.7%	3.8%	9.5%	11.2%	18.5%
Inventories	8.8%	8.3%	10.5%	10.0%	7.6%	10.1%	13.1%	12.8%	10.1%	5.3%
Net PP&E	55.0%	54.6%	57.8%	58.9%	57.4%	59.2%	60.1%	58.2%	56.3%	32.3%
Long-term investments	1.7%	1.1%	2.4%	2.0%	3.0%	2.8%	1.7%	1.8%	2.2%	16.0%
Total assets	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Accounts payable	3.8%	3.9%	3.4%	4.1%	3.0%	3.2%	2.7%	3.9%	3.8%	1.8%
Customer deposits (non-current)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	6.6%
Long-term debt	25.6%	7.5%	8.5%	11.1%	10.1%	9.1%	18.6%	16.2%	13.9%	1.4%
Total liabilities	44.9%	23.3%	24.6%	27.4%	25.3%	24.7%	31.3%	35.0%	34.6%	29.4%
Shareholders' equity	**55.1%**	**76.7%**	**75.4%**	**72.6%**	**74.7%**	**75.3%**	**68.7%**	**65.0%**	**65.4%**	**70.6%**

Source: author's analysis based on TIKR data.

The 2026 balance sheet shows the other side of the boom. Cash and investments (short and long term) reached USD 74.8 billion, 38% of assets, while debt fell from USD 14.6 billion to USD 5.2 billion. Micron ended the year with net cash of USD 69.6 billion, including long-term investments.

There is also a new line: USD 12.9 billion of long-term liabilities to customers. These are mostly the cash deposits customers left as a guarantee for the long-term agreements. It isn't free cash: it's customers' money that Micron will have to return or apply against future deliveries. In the valuation, the net cash I add includes them, but the model deducts them as a cash outflow in 2027, so I don't count them as Micron's own.

CASH FLOW STATEMENT — % OF REVENUE

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net income	25.0%	46.5%	27.0%	12.5%	21.2%	28.2%	-37.5%	3.1%	22.8%	63.8%
Depreciation and amortization	19.0%	15.7%	23.2%	26.4%	22.1%	22.9%	49.4%	31.0%	22.3%	7.1%
Stock-based compensation	1.1%	0.7%	1.0%	1.5%	1.4%	1.7%	3.8%	3.3%	2.6%	1.0%
Operating cash flow	**40.1%**	**57.3%**	**56.3%**	**38.7%**	**45.0%**	**49.4%**	**10.0%**	**33.9%**	**46.9%**	**67.3%**
Capex	-23.3%	-29.2%	-41.8%	-38.4%	-36.2%	-39.2%	-49.4%	-33.4%	-42.4%	-23.1%
Buybacks	-0.2%	-0.2%	-11.7%	-1.2%	-4.3%	-7.9%	-2.7%	-2.1%	-0.9%	-1.3%
Dividends	0.0%	0.0%	0.0%	0.0%	0.0%	-1.5%	-3.2%	-2.0%	-1.4%	-0.5%

Source: author's analysis based on TIKR data.

Capex is the variable that defines Micron. In a normal year it invests 30% to 45% of revenue, and depreciation eats up 20% to 30%. It's an industry where you have to run to stay in the same place: every new chip generation requires new equipment, and whoever stops investing loses cost position and share.

In 2026 capex was USD 30.7 billion (gross; USD 27.4 billion net of government incentives), but because revenue tripled, it fell to 23% of revenue. That ratio isn't sustainable: 2027 capex is on track to double.

Financial ratios

GROWTH AND PROFITABILITY

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue growth		49.5%	-23.0%	-8.4%	29.3%	11.0%	-49.5%	61.6%	48.9%	256.3%
EBIT growth		154%	-50%	-59%	122%	43%	-137%	n.m.	649%	917%
Gross margin	41.5%	58.9%	45.7%	30.6%	37.8%	45.2%	2.7%	22.4%	39.8%	80.7%
EBIT margin	28.9%	49.1%	31.6%	14.3%	24.5%	31.6%	-23.0%	5.2%	26.1%	74.6%
EBITDA margin	47.9%	64.8%	54.7%	40.6%	46.7%	54.4%	26.4%	36.2%	48.5%	81.7%
Net margin	25.0%	46.5%	27.0%	12.5%	21.2%	28.2%	-37.5%	3.1%	22.8%	63.8%
Stock-based comp. / revenue	1.1%	0.7%	1.0%	1.5%	1.4%	1.7%	3.8%	3.3%	2.6%	1.0%
Effective tax rate	2.2%	1.2%	9.8%	9.4%	6.3%	9.3%	-3.1%	36.7%	11.6%	14.8%

Source: author's analysis based on TIKR data.

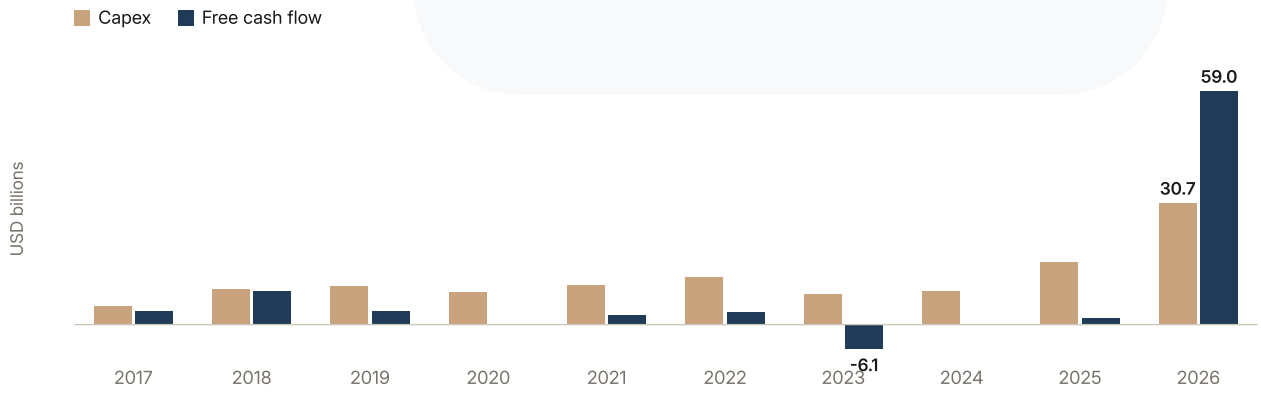
Micron's range of margins across the cycle is huge: EBIT margin was –23% in 2023 and 74.6% in 2026. In “normal” years (2017, 2019, 2021, 2022) it ranged between 25% and 32%, with an EBITDA margin of 47% to 55%. That range is the reference I use to think about the long-term margin in the valuation.

The tax rate has historically been low, thanks to incentives in Singapore, Taiwan and Japan. The company expects around 15.5% for 2027; with the global minimum tax and more production in the US, the long-term rate will probably be somewhat higher.

CASH FLOW AND REINVESTMENT

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Operating cash flow / revenue	40.1%	57.3%	56.3%	38.7%	45.0%	49.4%	10.0%	33.9%	46.9%	67.3%
Free cash flow margin	16.8%	28.0%	14.6%	0.4%	8.8%	10.1%	-39.4%	0.5%	4.5%	44.3%
Capex / revenue	23.3%	29.2%	41.8%	38.4%	36.2%	39.2%	49.4%	33.4%	42.4%	23.1%
D&A / revenue	19.0%	15.7%	23.2%	26.4%	22.1%	22.9%	49.4%	31.0%	22.3%	7.1%
Capex / D&A	1.2x	1.9x	1.8x	1.5x	1.6x	1.7x	1.0x	1.1x	1.9x	3.2x

Source: author's analysis based on TIKR data.



Annual capex and free cash flow, USD billions. Source: author's analysis based on TIKR data.

Free cash flow tells the story more bluntly than earnings. Between 2017 and 2025 Micron generated a total of about USD 16.7 billion of free cash flow, an average of less than USD 2 billion a year, with a 2023 in which it burned USD 6.1 billion. In 2026 it generated USD 59.0 billion. In other words, in a single year it generated more than three times what it had generated in the previous nine years combined.

WORKING CAPITAL

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Days sales outstanding (DSO)	67	66	50	67	70	61	57	96	90	99
Days inventory outstanding (DIO)	96	105	147	132	95	144	202	166	136	147
Days payables outstanding (DPO)	41	49	48	54	37	46	42	51	51	50
Cash conversion cycle	122	121	149	145	128	159	218	211	175	197
Operating working capital / revenue	15.4%	15.6%	16.1%	17.5%	19.6%	17.9%	46.9%	30.2%	21.7%	10.0%

Source: author's analysis based on TIKR data.

Micron carries high inventories, 95 to 200 days depending on the point in the cycle: in downturns inventories pile up (202 days in 2023) and in upturns they empty out. The 99 days of receivables in 2026 are inflated because revenue grew very fast during the year; on the last quarter's run rate, the company collects in about 61 days, in line with its history.

RETURNS ON CAPITAL

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
ROIC (ex cash)		45.2%	19.1%	7.2%	14.3%	18.2%	-6.3%	2.2%	15.2%	106.8%
ROIC (incl. cash)		37.1%	15.6%	5.9%	11.9%	15.2%	-5.3%	1.9%	13.0%	79.7%
ROE		53.6%	18.0%	7.1%	14.1%	18.5%	-12.4%	1.7%	17.2%	88.3%
ROA		35.9%	13.7%	5.2%	10.4%	13.9%	-8.9%	1.2%	11.2%	61.0%

Source: author's analysis based on TIKR data.

In a normal year, Micron earns between 14% and 19% on invested capital, somewhat above its cost of capital. At the peaks, much more (45% in 2018 and over 100% in 2026), and in the troughs, less than nothing. The average for the whole 2018–2025 cycle was 14%. The conclusion is that Micron does create value across the cycle, but not as much as a year like 2026 suggests.

LEVERAGE AND LIQUIDITY

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net debt (USD millions)	5,727	-2,163	-2,104	-912	-1,298	-1,755	4,405	5,972	4,270	-38,255
Net debt / EBITDA	0.6x	-0.1x	-0.2x	-0.1x	-0.1x	-0.1x	1.1x	0.7x	0.2x	-0.4x
Interest coverage	10x	44x	58x	16x	37x	51x	-9x	2x	20x	937x
Debt / (debt + equity)	36.4%	12.2%	13.7%	15.6%	14.3%	13.2%	24.1%	23.8%	21.2%	3.6%
Current ratio	2.3x	2.8x	2.6x	2.7x	3.1x	2.9x	4.5x	2.6x	2.5x	3.3x

Net debt subtracts only cash and short-term investments; including long-term investments, 2026 net cash reaches USD 69,574 million. Source: author's analysis based on TIKR data.

The balance sheet has never been this strong. Even in 2023, the worst year of the cycle, net debt was just 1 times EBITDA. That matters in this industry: the companies that survive the cycles are the ones that can keep investing when everyone else stops.

SHAREHOLDER RETURNS AND VALUATION

Fiscal year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dividends + buybacks / FCF	1.1%	0.8%	80.1%	302.4%	49.2%	92.9%	n.m.	864.5%	51.7%	4.0%
EV / EBITDA	4.4x	3.1x	3.7x	5.7x	6.3x	3.5x	19.3x	12.2x	7.8x	9.7x
EV / revenue	2.1x	2.0x	2.0x	2.3x	2.9x	1.9x	5.1x	4.4x	3.8x	7.9x
P/E	7.0x	4.3x	7.8x	19.2x	14.2x	7.3x	n.m.	136.2x	16.0x	12.7x
FCF yield	9.6%	13.9%	6.9%	0.2%	2.9%	4.9%	-8.0%	0.1%	1.2%	5.4%

Multiples at each fiscal year-end. Source: author's analysis based on TIKR data.

Micron's multiples move opposite to the cycle: the P/E is low at the peaks (4x in 2018, 7x in 2022) and sky-high in the troughs (136x in 2024), because the market looks at normalized earnings, not the year's. Today, at the last close of USD 778.31, the stock trades at about 10.4 times 2026 earnings, about 7.7 times EBITDA and just 4.3 times expected 2027 earnings. It's the classic picture of a cycle peak: the market doesn't believe the record earnings.

SECTION 04

Management and capital allocation

Sanjay Mehrotra (Chairman and CEO)

He became CEO in May 2017. Before that he co-founded and ran SanDisk, one of the big flash memory companies. He is an engineer with more than forty years in the memory industry, and probably the executive who knows the business best.

His tenure has one clear achievement: Micron went from being the technology laggard to leading in several DRAM nodes (1-alpha, 1-beta and now 1-gamma, which already accounts for almost half of Mobile revenue) and to being a relevant HBM supplier, a market it didn't participate in just a few years ago.

The rest of the team

- **Mark Murphy** (CFO since 2022): designed the current capital policy and the strategy of long-term agreements with deposits.
- **Manish Bhatia** (President and COO, promoted in 2026): leads global manufacturing operations, including the HBM expansion.
- **Scott DeBoer** (President of Technology and Products, promoted in 2026): responsible for the DRAM and NAND technology roadmap.
- **Sumit Sadana** (EVP and Chief Business Officer): manages relationships with major customers and the long-term agreements.

Capital allocation

Micron's number one priority is investing in capacity and technology. It's the only way to compete in memory. The second is keeping a strong balance sheet, and the third, returning excess cash. The dividend is token: USD 0.15 per quarter (USD 610 million paid in all of 2026).

The buyback program starts on December 9

That last point is about to change, and it's one of the most concrete catalysts for the coming months. Since December 2024, the CHIPS Act funding agreements have limited Micron's ability to buy back shares. That's why it repurchased nothing in 2025 and only USD 650 million (2.5 million shares) in 2026.

Those limits change on **December 9, 2026**, two years after the agreement. On October 8 the board expanded the buyback authorization to **USD 35.16 billion**, the largest in its history. The number isn't arbitrary: it adds the USD 2.16 billion left over from the 2018 program and USD 33.03 billion equal to fiscal Q4 adjusted free cash flow (USD 33.2 billion) minus dividends paid. In practice, it's the cash the company generated in a single quarter.

Buyback program	Figure
Total authorization from 12/9/2026	USD 35,160 million
Remaining from the 2018 program	USD 2,160 million
Increase (Q4 FY26 adjusted FCF minus dividends)	USD 33,030 million
Buybacks in FY2025 / FY2026	0 / USD 650 million
Authorization / market cap (USD 778.31 and 1,140 million shares)	~4.0%
Expiration	No expiration date

Source: FY2026 10-K (note 12 and adjusted free cash flow reconciliation); author's analysis.

Three important clarifications. First, an authorization isn't an obligation: the company may buy back all of it, part of it or none, and it gave no buyback target for 2027. Second, the CHIPS Act still weighs: the agreements last five years from December 2024, and in the last three, buybacks remain subject to conditions tied to free cash flow; in addition, during those five years it can't pay special or extraordinary dividends. Third, the CFO said that, over time, they expect to return 100% of excess cash to shareholders, mainly through buybacks.

For the valuation I don't project buybacks: the enterprise value already includes all of the free cash flow, and also reducing the share count would be counting it twice.

SECTION 05

Competitive landscape

Industry

Memory is one of the most concentrated markets in the world. In DRAM, three companies (Samsung, SK hynix and Micron) control around 87% of revenue. In NAND there is somewhat more competition: Samsung, SK hynix (with Solidigm), Kioxia, SanDisk, Micron and China's YMTC.

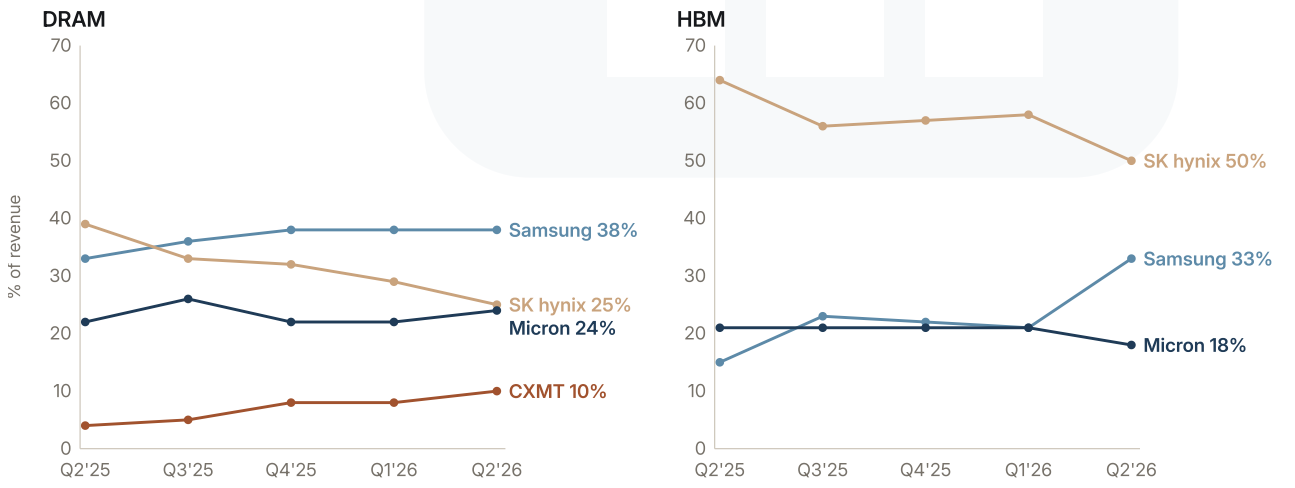
That concentration is the result of decades of cycles. In the 80s and 90s there were more than twenty DRAM makers; the crises weeded out the weakest (Qimonda, Elpida, which ended up inside Micron, and many others). Today a leading-edge DRAM fab can cost more than USD 15 billion and takes years to build and ramp to good yields, and the technology requires decades of accumulated know-how. Those are the main barriers to entry.

The market changed scale. According to TrendForce, industry-wide DRAM revenue reached USD 154.7 billion in the second quarter of 2026, up 59.5% from the previous quarter. That's the equivalent of what the industry used to bill in an entire year not long ago.

Industry tailwinds:

- **Artificial intelligence:** each generation of accelerators needs more HBM (the HBM4 Nvidia uses in Vera Rubin has 36 GB per stack and more than 2 TB/s of bandwidth). JP Morgan estimates the HBM market could reach USD 160 billion in 2027 and USD 282 billion in 2028.
- **Inference and data centers:** besides HBM, AI servers use a lot of conventional DRAM (DDR5, LPDDR and modules such as SOCAMM) and high-capacity SSDs.
- **Supply discipline:** HBM consumes more wafer per bit, and the industry has spent two years diverting capacity toward it. That limits bit growth in traditional DRAM.
- **Long-term agreements:** for the first time, customers are committing to several years of purchases with deposits.

Market share



Share of DRAM and HBM revenue, by calendar quarter. Source: Counterpoint Research, Global Memory Tracker.

Micron holds around 23–25% of the DRAM market. Samsung regained leadership in 2026 (38–39%), SK hynix lost ground in general DRAM, although it still leads HBM with 50%, and Micron has about 18% of HBM, with the stated goal of bringing it to a level similar to its DRAM share. The one to watch is CXMT, the Chinese maker, which already has 10% of DRAM.

Main competitors

Samsung Electronics. The world's largest memory maker, with the most production capacity. It struggled to qualify its HBM3E with Nvidia, but recovered with HBM4 and went from 15% to 33% of HBM in one year. It's also a conglomerate: phones, displays and chip foundry, which makes its comparison with Micron imperfect.

SK hynix. The big winner of the first leg of the AI boom, as Nvidia's main HBM supplier. It's the company most similar to Micron in structure, though with greater HBM exposure. It signed long-term agreements before its rivals, which cost it some of the price upside in 2026.

CXMT and YMTC. China's DRAM and NAND makers. CXMT raised USD 8.6 billion in its July 2026 IPO and plans to go from 320,000 to 420,000 wafers per month in 2027. For now it mainly sells conventional DRAM to the Chinese market, at prices 5–10% lower, and lags in technology and HBM. But its expansion is the main risk to prices when the cycle turns.

Kioxia, SanDisk and Nanya. Smaller, specialized competitors: Kioxia and SanDisk in NAND (they share fabs in Japan) and Nanya in conventional DRAM.

Financial metrics comparison

For the peer comparison I use SK hynix, Samsung, SanDisk, Kioxia and Nanya. Figures are for the latest available twelve months, so the periods don't match exactly: Micron's ends in September 2026, and SK hynix's and Samsung's in June.

Last 12 months	Period end	Gross margin	EBIT margin	FCF margin	Capex / revenue*	Net cash / assets*	EV / EBITDA	P/E	Fwd P/E
Micron	**Sep-26**	**80.7%**	**74.6%**	**44.3%**	**23.1%**	**19.5%**	**7.7x**	**10.5x**	**4.5x**
SK hynix	Jun-26	76.3%	68.0%	47.8%	29.4%	5.9%	3.3x	5.0x	2.0x
Samsung Electronics*	Jun-26	57.5%	36.9%	29.0%	15.6%	17.7%	4.4x	8.5x	2.2x
SanDisk	Sep-26	80.0%	72.7%	59.9%	0.9%	20.4%	5.4x	7.1x	3.9x
Kioxia	Sep-26	73.4%	69.1%	43.9%	12.1%	-21.0%	2.9x	10.8x	2.6x
Nanya Technology	Jun-26	64.9%	57.5%	54.1%	20.6%	16.5%	8.8x	14.1x	3.1x

*Capex / revenue and net cash / assets: latest full fiscal year. Samsung includes phones, displays and foundry. Multiples as of 11/9/2026; Micron's as of 11/13/2026. Source: Yahoo Finance; author's analysis.

There are several takeaways. First, Micron currently has the highest margins in the group, just above SanDisk and SK hynix: 80.7% gross margin and 74.6% operating margin. It's the company that passed the price increase through to its results fastest, partly because its long-term agreements were signed later.

Second, the whole group trades at very low multiples of expected earnings: between 2 and 4 times next year's earnings. Micron, at a forward P/E of 4.5 times, is at the high end of the group, but far from expensive versus its peers. The market applies the same discount to the whole industry: it assumes these earnings won't last.

Third, SK hynix and Micron invest the most relative to their revenue (29% and 23% in their latest fiscal year, and in Micron's case in a record revenue year), and Micron has, along with SanDisk, the largest net cash relative to assets.

SWOT analysis

STRENGTHS

It's one of three DRAM makers with global scale, in an industry with extremely high barriers to entry. It has leading-edge DRAM technology (1-gamma) and a competitive HBM4 already used in Nvidia's Vera Rubin platform. It's the only big US memory maker, which gives it access to subsidies and a geopolitical advantage with US customers. And it has the strongest balance sheet in its history, with about USD 69.6 billion of net cash.

OPPORTUNITIES

The growth of HBM and inference memory could make this cycle's peak higher and longer than previous ones. Long-term agreements could reduce revenue volatility. New capacity in the US, Japan and Singapore would let it gain share when demand justifies it. And buybacks starting in December could meaningfully reduce the share count.

WEAKNESSES

The business is still cyclical and very capital-intensive: it needs to invest 30% to 40% of revenue in normal years. It has less production capacity than Samsung and SK hynix, which limits how much it can grow in a tight market. Its production is highly concentrated in Taiwan (60% of DRAM), with geopolitical and, now, labor risk. And it depends on a few large customers.

THREATS

The main one is the usual one: that the whole industry invests at once and supply overtakes demand. Samsung, SK hynix and CXMT are expanding capacity, and many of those new fabs start producing in 2027 and 2028. Add to that the risk that AI infrastructure spending slows, for financial or political reasons (such as possible limits on new data centers in the US), that software advances reduce the memory needed per model, and trade restrictions between the US and China.

SECTION 06

Risks

Beyond the threats mentioned above, there are other points to keep in mind:

1. Subsidies make margins look better

Micron deducts the subsidies it receives to build fabs from the value of those assets. As of September 3, accumulated incentives had reduced the value of its equipment and facilities by USD 10.9 billion (USD 6.4 billion for 2026 investment alone). It's an accepted accounting treatment, but it has an effect: less asset to depreciate, less depreciation and a higher margin than the company would have without state support. In addition, in 2026 incentives added USD 901 million to operating income, and the "net" capex the company highlights (USD 27.4 billion) is lower than gross capex (USD 30.7 billion) for the same reason.

The risk is that those subsidies aren't free. They are subject to investment and employment milestones, can be reduced or have to be repaid if they aren't met, and the CHIPS Act ones include an "upside sharing" clause: if the projects earn more than expected, Micron has to share part of the gain with the government, capped at 75% of what it received. Of the up to USD 6.4 billion committed under the CHIPS Act, USD 4.9 billion is still to be recognized.

2. The tax rate depends on Singapore and a new rule

The 2026 effective tax rate was 14.8%, low for a US company. Singapore tax incentives saved it USD 11.2 billion, but the new 15% global minimum tax (Pillar Two), in force in Singapore since 2026, took away USD 9.0 billion. The net benefit was USD 2.2 billion, or USD 1.93 per share. Those incentives expire on various dates through 2034 and depend on Micron meeting operating and employment targets in the country.

Two lines stand out. Long-term income taxes payable went from USD 648 million to USD 9.8 billion in one year, and unrecognized tax benefits (positions the tax authority could challenge) total USD 795 million. They aren't signs of anything irregular, but they are a liability that doesn't show up in debt and that's worth tracking.

3. Inventories: the risk that shows up in a downturn

Micron values its inventories at the lower of cost and net realizable value. In an upcycle that goes unnoticed; in a downturn, it doesn't. In 2023 it had to write down its inventories by USD 1.43 billion in a single quarter and by another USD 401 million in the next, and that's what pushed gross margin into negative territory. Today it has USD 10.4 billion of inventory, of which USD 8.3 billion is work in process. If prices fall sharply, that's the first place the hit will show up.

4. Lawsuits that aren't on the radar

- **Price-fixing lawsuits.** In June and July 2026, class actions were filed in the US (California and Hawaii) against Micron, Samsung and SK hynix, accusing them of coordinating DRAM prices. It's not the first time the DRAM industry has faced accusations of this kind. The company says it can't estimate a possible loss.
- **Patents with YMTC.** The Chinese NAND maker has open lawsuits against Micron in several countries. On October 6, 2026, a Munich court ordered it to stop selling or importing certain 3D NAND products in Germany. Micron appealed.
- **Netlist and other patents.** In October Micron reached a settlement with Netlist that ended all litigation between them, and in the fourth quarter it recorded a USD 500 million charge for patent licenses. Other smaller claims remain open.
- **New York.** There are court filings challenging the environmental review and permits for the Clay fab, the most distant part of the US investment plan.

5. Dependence on suppliers and on China

Micron acknowledges in its 10-K that, for certain key tools such as lithography, it sometimes depends on a single supplier it couldn't quickly replace. And the 2023 decision by the Chinese regulator that prevents the country's critical-infrastructure operators from buying Micron products is still in force. That's why the company deliberately reduced its exposure to China, which would fall to a single-digit percentage of revenue in 2027.

6. Commitments already made

Besides capex, Micron has non-cancelable purchase commitments of about USD 10.8 billion from 2027 onward (USD 4.4 billion from 2032) and USD 4.18 billion of pending equipment orders. On top of that are the customer deposits to be repaid between 2029 and 2031. None of these numbers is alarming given current cash, but they are all cash outflows that don't depend on how the cycle plays out.

SECTION 07

Bulls vs. bears

In five months Micron went from being one of the best-performing stocks in the market to falling about 40% from its high. Rarely has the market been so divided about a company with such good results.

What the bulls say

The first argument is that **this time the cycle is different**. AI changed memory demand structurally: HBM consumes three times more wafer per bit, models use ever more context and inference multiplies demand for DRAM and SSDs. Supply can't respond quickly because new fabs take years.

The second is the **long-term agreements**. For the first time, customers have committed volumes and prices for several years, with cash deposits. More than 75% of 2027 output is already sold and the agreements cover more than 35% of revenue through 2030.

The third is **valuation**: the stock trades at about 4.3 times expected 2027 earnings, and with the cash it generates in a couple of quarters it could buy back a meaningful part of the company. The USD 35.16 billion program starting in December is the first step.

What the bears say

The first argument is history: **every memory cycle has ended the same way**. High prices attract investment, the industry adds capacity at the same time and prices collapse. Micron will invest more than USD 50 billion in 2027, and Samsung, SK hynix and CXMT are doing the same.

The second is that demand depends on a **small group of customers** who are currently spending at a pace many consider unsustainable. If the hyperscalers moderate capex, or if there are regulatory limits on data centers, memory demand could fall faster than supply adjusts.

The third is **margins**: an 87% gross margin at a chipmaker isn't normal. It's the definition of a peak. And the fourth, recent warning signs: insider share sales near the highs, the labor dispute in Taiwan, the new DRAM price-fixing lawsuits and short positions from well-known investors such as Michael Burry.

> *My take: both sides are right about something. The current cycle is stronger and probably longer than previous ones, but I see no reason to think memory has stopped being a cyclical business. The key to the valuation isn't 2027, but what margins are normal for Micron when the cycle turns.*

SECTION 08

Valuation

To value Micron I used a **ten-year discounted cash flow (DCF)**, with two methods for the terminal value: **perpetuity growth** and an **exit multiple on EBITDA**.

Valuing a cyclical company at the top of the cycle is a well-known trap. If I project today's margins, the company is worth a fortune; if I use crisis margins, almost nothing. That's why the model has a two-stage structure: the first years follow consensus and company guidance, and from 2030 margins return to a "mid-cycle" level, higher than the historical one (because of the greater weight of HBM and the agreements) but very far from today's.

Model inputs and assumptions

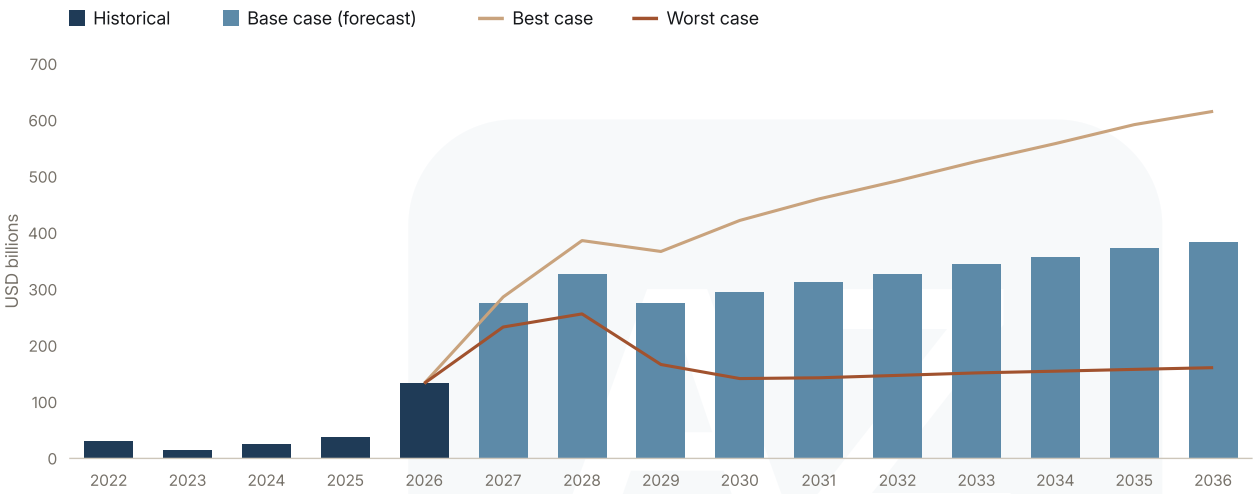
Year 1 of the model is fiscal 2027 (September 2026 – September 2027).

	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenue growth										
Best case	115%	35%	-5%	15%	9%	7%	7%	6%	6%	4%
Base case	**107%**	**19%**	**-16%**	**7%**	**6%**	**5%**	**5%**	**4%**	**4%**	**3%**
Worst case	75%	10%	-35%	-15%	1%	3%	3%	2%	2%	2%
Gross margin										
Best case	89%	87%	86%	55%	57%	61%	62%	62%	62%	62%
Base case	**87%**	**85%**	**82%**	**52%**	**49%**	**48%**	**48%**	**48%**	**48%**	**47%**
Worst case	79%	64%	35%	29%	30%	32%	33%	32%	32%	32%
EBIT margin										
Best case	85%	83%	81%	50%	50%	52%	52%	52%	52%	52%
Base case	**83%**	**81%**	**77%**	**47%**	**42%**	**39%**	**38%**	**38%**	**38%**	**38%**
Worst case	75%	60%	30%	24%	23%	23%	23%	22%	22%	22%
Capex / revenue										
Best case	19.0%	20.0%	22.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Base case	**21.0%**	**22.5%**	**23.0%**	**22.0%**	**22.0%**	**22.0%**	**22.0%**	**22.0%**	**22.0%**	**22.0%**
Worst case	28.0%	29.0%	28.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%

Source: author's analysis.

- **Revenue:** in the Base case, 2027 grows 107%, to about USD 276 billion, in line with consensus and guidance (USD 61.5 billion in the first quarter and sequential growth every quarter). 2028 grows 19%, with consensus projecting record earnings that year. In 2029 I assume the first decline (−16%), when the whole industry's new capacity comes online, and from there growth of 7% to 3% a year.

- **Margins:** EBIT margin starts at 83% in 2027 (first-quarter guidance implies ~83%) and falls to 77% in 2029. From 2030 it normalizes at 47% and converges to 37.5%. In the steady-state year I use 35%. That's more than double the margin of the normal years of the previous cycle (25–32%), a premium I justify by HBM, industry concentration and the long-term agreements.
- **Capex:** between 21% and 23% of revenue. In dollars, it goes from USD 30.7 billion in 2026 to about USD 58 billion in 2027 and USD 74 billion in 2028, consistent with guidance (USD 25 billion in the first half and more in the second).
- **Taxes:** 15.5% in 2027–2029 (company guidance), rising gradually to 21% in 2036.
- **Working capital:** 62 days of receivables, 150 days of inventory on cost of sales and 50 days of payables. Customer deposits aren't projected as a source of funding: the model assumes they are used up in 2027. That's a conservative assumption: according to the 10-K, almost all of them are repaid between 2029 and 2031, and bringing that outflow forward takes about USD 3 per share off the value.



Historical and projected revenue by scenario, USD billions. Source: author's analysis.

What each scenario means

- In the **Base case**, the shortage lasts until 2028, as the company says, and a moderate correction comes in 2029. After that, Micron grows again with memory demand, with mid-cycle margins of 37–47%.
- In the **Best case**, the supercycle lasts longer: revenue grows 115% in 2027 and 35% in 2028, the 2029 correction is mild (–5%) and EBIT margin settles at 50–52%, because HBM and the agreements permanently change the industry's economics.
- In the **Worst case**, the peak comes in 2028 and the crisis is a classic one: revenue falls 35% in 2029 and another 15% in 2030, and EBIT margin drops to 22–24%, similar to the normal years of the previous cycle.

Base case free cash flow (USD billions)	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Revenue	276	328	276	295	313	328	345	358	373	384
EBIT	229	266	212	139	131	128	131	136	142	144
EBITDA	242	288	245	178	176	177	185	195	204	211
Free cash flow (FCFF)	**129**	**165**	**153**	**63**	**77**	**77**	**81**	**86**	**90**	**93**

Source: author's analysis.

Discount rate (WACC)

Component	Value
Risk-free rate (10-year Treasury)	4.90%
Beta	1.60
Market risk premium	4.20%
Cost of equity	**11.62%**
Pre-tax cost of debt	6.00%
Tax rate (tax shield)	21.0%
After-tax cost of debt	4.74%
Equity / (debt + equity), market value	99.4%
Debt / (debt + equity)	0.6%
WACC	**11.58%**

Source: author's analysis.

From Enterprise Value to Equity Value	USD millions
Cash and short-term investments	43,434
Long-term investments (securities)	31,319
Total debt, including leases	(5,179)
Net cash	**69,574**
Diluted shares (millions)	1,140

Source: FY2026 10-K; author's analysis.

Since Micron reports in dollars, the cost of equity starts from a 4.9% risk-free rate (the 10-year Treasury), a 4.2% risk premium and a beta of 1.6, which gives 11.6%. The statistical beta over the last five years is higher (2.26), but it reflects the stock's volatility in an exceptional period; I use 1.6 as a middle ground. With almost no debt, WACC comes out at 11.6%.

To go from Enterprise Value to Equity Value I added net cash of USD 69,574 million (including long-term investments) and used 1,140 million diluted shares.

What is Micron worth? The two methods and what they say

METHOD 1: PERPETUITY GROWTH

In the base case, with 2.5% perpetual growth, a 25% return on new capital and an 11.6% WACC, the model yields an Enterprise Value of USD 1.04 trillion (USD 1,036,850 million), equivalent to an Equity Value of USD 1,106,424 million or **USD 971 per share**.



Micron Technology

MU · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 10 Nov 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$970.55

Current share price	$778.31
Upside / (downside)	+24.7%

VALUATION SUMMARY

Enterprise value	1,036,850
Equity value	1,106,424
PV of forecast cash flows	668,946
PV of terminal value	367,903
Terminal value % of EV	35.5%
Implied exit EV / EBITDA	5.1x

KEY ASSUMPTIONS

WACC (year 1)	11.6%
Terminal WACC	11.6%
Terminal growth (g)	2.5%
RONIC (terminal)	25.0%
Net debt & other claims	(69,574)
Diluted shares (mm)	1,140.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	1,783,818	1,853,392	$1,625.78	+108.9%
Base case	2.5%	1,036,850	1,106,424	$970.55	+24.7%
Worst case	2.0%	337,533	407,107	$357.11	(54.1%)
Current share price				*$778.31*	

VALUE PER SHARE VS. CURRENT PRICE

SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
10.6%	$1,034.10	$1,047.27	$1,062.06	$1,078.81	$1,097.92
11.1%	$990.60	$1,001.49	$1,013.65	$1,027.31	$1,042.78
11.6%	$951.45	$960.50	**$970.55**	$981.76	$994.37
12.1%	$916.04	$923.59	$931.93	$941.19	$951.52
12.6%	$883.86	$890.18	$897.13	$904.80	$913.32

Perpetuity method, Base case. AZ Stocks DCF model, DCF - Perpetuity sheet.

In the best case the value is USD 1,626 and in the worst, USD 357 per share. The terminal value accounts for 35.5% of Enterprise Value: two thirds of the value comes from 2027–2036 cash flows. The EV/EBITDA multiple implied by the perpetuity is 5.1 times.

Unlike other companies, sensitivity to WACC and perpetual growth is moderate: with a 12.6% WACC the value falls to USD 897, and with 10.6% it rises to USD 1,062. That's because two thirds of the value comes from the next ten years of cash flows, and especially from 2027–2029. What really moves Micron's value isn't the discount rate, but mid-cycle margins and when the downturn arrives.

METHOD 2: EXIT MULTIPLE (EBITDA)

For this method I used the following multiples on 2036 EBITDA:

- Best case: 7.5x
- **Base case: 5x**
- Worst case: 3x

The 5x multiple aims to reflect what the market has historically paid for Micron on mid-cycle EBITDA: between 3 and 6 times in years of normal or high earnings (2017–2022), and quite a bit more in the troughs, when EBITDA shrinks. It's also consistent with the perpetuity method, which implies 5.1x. In the base case, the model yields an Enterprise Value of USD 1,027,993 million, an Equity Value of USD 1,097,567 million and **USD 963 per share**.

Micron Technology

MU · Discounted Cash Flow · Exit Multiple Method

Valuation date 10 Nov 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$962.78

Current share price	$778.31
Upside / (downside)	+23.7%

VALUATION SUMMARY

Enterprise value	1,027,993
Equity value	1,097,567
PV of forecast cash flows	668,946
PV of terminal value	359,047
Terminal value % of EV	34.9%
Implied perpetual growth	2.5%

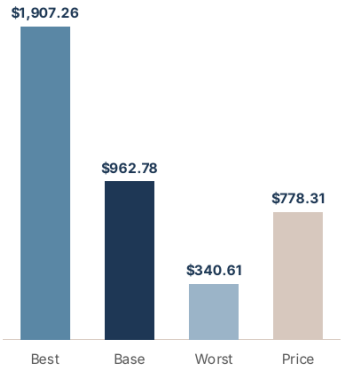
KEY ASSUMPTIONS

WACC (year 1)	11.6%
Terminal WACC	11.6%
Exit EV / EBITDA	5.0x
EBITDA, final forecast year	210,500
Net debt & other claims	(69,574)
Diluted shares (mm)	1,140.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	7.5x	2,104,698	2,174,272	**$1,907.26**	+145.1%
Base case	5.0x	1,027,993	1,097,567	**$962.78**	+23.7%
Worst case	3.0x	318,723	388,297	**$340.61**	(56.2%)
Current share price				*$778.31*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

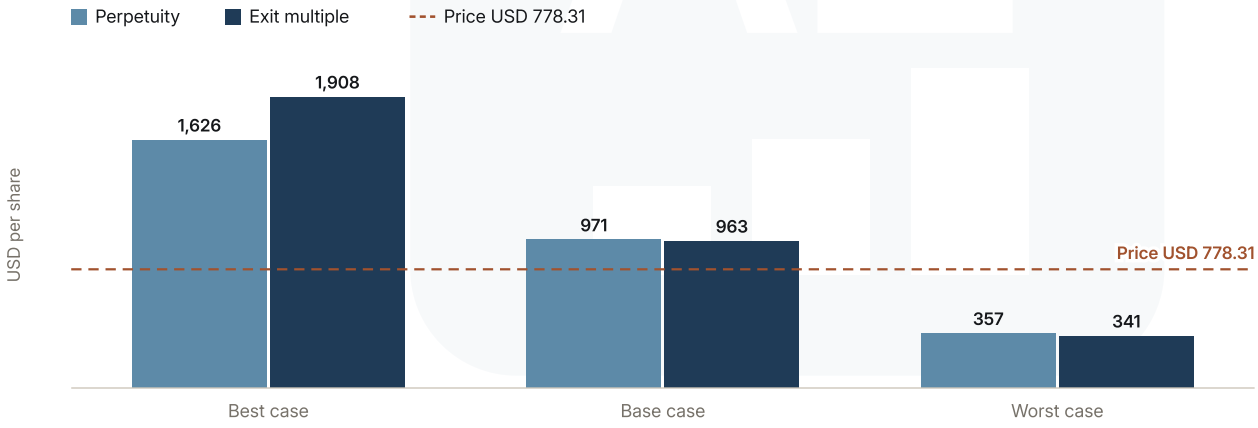
Exit EV / EBITDA multiple

WACC / multiple	3.0x	4.0x	5.0x	6.0x	7.0x
10.6%	$872.33	$941.14	$1,009.95	$1,078.76	$1,147.57
11.1%	$854.21	$920.04	$985.87	$1,051.70	$1,117.53
11.6%	$836.80	$899.79	**$962.78**	$1,025.77	$1,088.76
12.1%	$820.04	$880.33	$940.62	$1,000.90	$1,061.19
12.6%	$803.92	$861.63	$919.34	$977.05	$1,034.76

Exit multiple method, Base case. AZ Stocks DCF model, DCF - Exit Multiple sheet.

In the best case the value is USD 1,908 and in the worst, USD 341 per share.

Reading the two methods together



Value per share by scenario and method, versus the current price. Source: author's analysis.

Scenario	Perpetuity	Upside	Multiple	Upside	Average	Upside
Best case	USD 1,626	+109%	USD 1,908	+145%	USD 1,767	+127%
Base case	**USD 971**	**+25%**	**USD 963**	**+24%**	**USD 967**	**+24%**
Worst case	USD 357	-54%	USD 341	-56%	USD 349	-55%

Price: USD 778.31 (close of 11/13/2026). Source: author's analysis.

Averaging both methods in the base case, I arrive at a **price target of USD 967 per share**, 24% above the last close of USD 778.31.

What does stand out is the gap between scenarios: the best case is worth almost five times the worst case. That's Micron: the value depends almost entirely on how long the cycle lasts and what margins you consider normal.

What is the price discounting?

To understand what the market expects, I did the reverse exercise: what would have to happen for Micron to be worth what it traded at in early November, about USD 709? With the rest of the model unchanged, that price is justified if revenue falls 30% in 2029 and another 10% in 2030 (instead of −16% and +7%) and if the mid-cycle EBIT margin settles at 28%, with 25% in perpetuity. In other words, a classic memory crisis after 2028, with margins like those of the previous cycle.

After last week's bounce, the last close of USD 778.31 discounts somewhat less than that, but it is still much closer to that scenario than to my base case: it has covered only about a quarter of the distance between USD 709 and USD 967.

It's a possible scenario. But it means assuming nothing changed in the industry: not HBM, not concentration, not long-term agreements. And that the record earnings of 2027 and 2028 are the ceiling for the whole cycle.

SECTION 09

Conclusions

Micron is living through the best moment in its history, and probably the best moment in the history of the memory industry.

Artificial intelligence turned memory into one of the scarcest inputs in the world, and Micron is one of the three makers able to supply it at scale. Its revenue tripled, its margins look like software's and its balance sheet has never been this strong.

But memory is still memory. High prices attract investment, and the whole industry is building fabs that will start producing in 2027 and 2028. When that happens, margins will come down. The only question is how much.

Taking both valuation methods into account, I arrive at a **price target of USD 967 per share**, 24% above the last close of USD 778.31. The market, on the other hand, is discounting something much closer to a classic crisis after 2028, with margins like those of the previous cycle.

What's interesting is the asymmetry. In the base case there is about 24% upside; in the best case, the stock could more than double; and in the worst case, the decline would be around 55%. It's an attractive risk-reward, but with enormous volatility: this stock already fell 40% in a month without anything changing in its results.

I don't need to assume the memory cycle has disappeared for the thesis to make sense. It's enough for mid-cycle margins to be higher than before, which is reasonable given the weight of HBM and the long-term agreements. What I do need is patience, because at some point in the next two years the news will come that memory prices have stopped rising, and the stock will feel it. And it's worth remembering that part of today's strength is borrowed: customer deposits are repaid just when the cycle could turn.

In short, at current prices Micron appears attractively valued, although with significant risks and uncertainty: its value depends almost entirely on how long the cycle lasts, and sharp drops will come back. What I'll be watching closely: the start of buybacks from December 9, fiscal first-quarter margins (on December 16), the evolution of DRAM contract prices and of the long-term agreements, industry-wide capex for 2027, CXMT's expansion and the DRAM price-fixing lawsuits.

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