

Micron Technology: a record boom that the price already assumes will last

Price at 7 Oct 2026 close. All figures in US\$. Financial year ends early September (FY2026: 3 Sep 2026).

VALUATION VIEW

Fairly valued

–10.5% to fair value

PRICE (7 OCT 2026)

US\$1,088.00

6.2x forward P/E

12-MONTH FAIR VALUE

US\$974

Range US\$635–US\$1,620

PRICE VS FAIR VALUE

–10.5%

Dividend yield 0.06%

EXCERPT

Micron looks fairly valued: fair value US\$974 vs US\$1,088.00. Deciding factor: whether memory prices hold when 2027–28 capacity lands.

Snapshot

ITEM	VALUE
Valuation view	Fairly valued (–10.5% to fair value)
Current price	US\$1,088.00 (7 Oct 2026 close; 6.2x forward P/E)
12 - month fair value	US\$974 (40% DCF / 30% residual income / 30% peers)
Bear–bull range	US\$635 (–41.6%) to US\$1,620 (+48.9%)
Dividend yield	0.06% (US\$0.15 a quarter)

Key Takeaways

- Fairly valued:** our fair value is US\$974 vs US\$1,088.00 (–10.5%), with a range of US\$635–US\$1,620; the shares trade on 6.2x forward earnings because the market is treating FY2027 as close to a cyclical peak ([stockanalysis](#)).

- **A record quarter, and a bigger one guided:** FQ4 FY2026 revenue was US\$54.23bn (+379.3% year on year) at an 87.0% non-GAAP gross margin, and FQ1 FY2027 is guided to US\$61.5bn ± US\$1.5bn ([FQ4 FY2026 release](#)).
 - **The price assumes the boom lasts:** our base-case cash flows, with revenue falling to US\$200bn in FY2029, equal today's price only at an 8.4% discount rate vs our 14.5% WACC; the P/E applied to mid-cycle earnings is the biggest lever (US\$808–US\$1,089).
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The Verdict

Fairly valued — fair value US\$974 (range US\$635–US\$1,620), –10.5% vs US\$1,088.00 (7 Oct 2026 close).

What is working: Micron is in the strongest memory upcycle in its history. FY2026 (year to 3 Sep 2026) revenue rose to US\$133.19bn from US\$37.38bn and GAAP net income to US\$84.97bn, with GAAP diluted EPS of US\$74.33 ([FQ4 FY2026 release](#), [stockanalysis](#)). On the FQ4 call management said DRAM prices rose by a high-teens percentage quarter on quarter and NAND prices by about 30%, that 26 multi-year take-or-pay customer agreements cover more than 35% of revenue through 2030, and that it holds about US\$150bn of remaining performance obligations ([call transcript](#), [MarketBeat call summary](#)). Net cash was US\$68.3bn at 3 Sep 2026.

What the price already assumes: the shares are up 281.2% this year (from US\$285.41 at 31 Dec 2025) and 13.3% below the 52-week high of US\$1,255.00 (week of 22 Jun 2026; IBKR). At US\$1,088.00 they trade on 6.2x FY2027 consensus EPS of US\$176.15 ([stockanalysis consensus](#)). Our base case uses consensus FY2027 revenue of US\$275.0bn, then lets revenue fall 9% in FY2028 and 20% in FY2029 as new industry capacity arrives, with the EBITDA margin settling at 55%. Those cash flows equal today's price only at an 8.4% discount rate, against our 14.5% WACC — so the price already assumes earnings stay well above our mid-cycle path.

The single factor that decides it: **whether DRAM and NAND prices hold once the industry's 2027–28 capacity additions arrive.** Our base case has EPS falling from about US\$171 in FY2027 to about US\$75 in FY2029–31; if the take-or-pay agreements keep it at roughly US\$145–160 (bull case), fair value is US\$1,620; a repeat of past memory downturns — the shares fell about 70% in 2014–16, 57% in 2018–19 and about 50% in 2022–23 ([Trefis](#)) — points to the bear case (US\$635).

Recent Developments (Last 12 Months)

DATE	EVENT	WHY IT MATTERS
19 Oct 2025	Reuters report: Micron to exit server-chip sales to China data centres; China was about US\$3.4bn, ~12% of FY2025 revenue (The Standard)	Smaller China exposure
17 Dec 2025	FQ1 FY2026: revenue US\$13.64bn, non-GAAP EPS US\$4.78; dividend US\$0.115 (8-K)	Upcycle begins
13 Jan 2026	Director Teyin Liu buys 23,200 shares at US\$337.14 (about US\$7.8m) — the only open-market insider purchase in 12 months (Form 4 via secform4)	Insider buying
17 Jan 2026	Letter of intent to buy PSMC's Tongluo fab site in Taiwan; completed 15 Mar 2026 (StockTitan)	Faster capacity (M&A)
9 Mar 2026	Added to the S&P 100, effective 23 Mar 2026 (stockti)	Index flows
16 Mar 2026	HBM4 for NVIDIA Vera Rubin in high-volume production (StockTitan)	HBM customer win
18 Mar 2026	FQ2 FY2026: revenue US\$23.86bn; quarterly dividend raised 30% to US\$0.15 (8-K)	Dividend increase
22 Jun 2026	Multi-year memory supply agreement with Anthropic plus a Micron investment in its Series H (amount not disclosed) (FourWeekMBA)	AI customer
24 Jun 2026	FQ3 FY2026: revenue US\$41.46bn; 2026 HBM sold out (ValueTheMarkets , AI Weekly)	Beat and raise
9 Jul 2026	Up to US\$3bn US supply-chain investment incl. US\$500m financing for GlobalWafers' Texas wafer plant; US investment plan raised to more than US\$250bn through 2035 (Tom's Hardware)	Capex and supply security

DATE	EVENT	WHY IT MATTERS
24 Jul & 21 Aug 2026	CEO Sanjay Mehrotra sells 40,000 shares on each date (about US\$76.1m in total) (Form 4 via secform4)	Insider selling
26 Aug 2026	Manish Bhatia named President & COO, Scott DeBoer President & Chief Technology and Products Officer; Sumit Sadana becomes Senior Advisor (company release via Finviz)	Management change
30 Sep 2026	FQ4 FY2026: revenue US\$54.23bn, non-GAAP EPS US\$33.42; FQ1 FY2027 guide US\$61.5bn ± US\$1.5bn; dividend US\$0.15 declared (8-K)	Record quarter
30 Sep–1 Oct 2026	Capex guided to about US\$25bn in 1H FY2027, higher in 2H; shares fell after hours (Stocktwits)	Main bear trigger
1–7 Oct 2026	Broker targets raised: DA Davidson to US\$3,000 (7 Oct), Rosenblatt to US\$1,900 and Mizuho to US\$1,400 (1 Oct) (MarketBeat)	Sentiment
14 Oct 2026 (next)	Dividend record date (US\$0.15), payable 29 Oct 2026 (8-K); FQ1 FY2027 results date not yet announced	Next scheduled events

Key numbers

METRIC	VALUE	BASIS
Forward P/E	6.2x	US\$1,088.00 ÷ FY2027 consensus EPS US\$176.15 (stockanalysis)
P/B	8.9x	stockanalysis , 7 Oct 2026
Revenue growth	+379.3% / +256.3%	FQ4 FY2026 y/y / FY2026 y/y
Cost of equity / WACC	14.6% / 14.5%	US 10-year 5.31% + adjusted β 1.85 × 5%
Non-GAAP gross margin	87.0%	FQ4 FY2026 (FY2025 FQ4 GAAP: 44.7%)
From 52-week high	-13.3%	52-week range US\$179.61–US\$1,255.00 (IBKR)

1. Business & Moat

Micron Technology, Inc. (NASDAQ: MU; IBKR contract 9939 “MICRON TECHNOLOGY INC”) designs and manufactures DRAM — including high-bandwidth memory (HBM) for AI accelerators — and NAND flash. It is one of three large DRAM makers. Its fiscal year ends around the start of September; FY2026 ended on 3 Sep 2026 and was reported on 30 Sep 2026. In FQ4 DRAM was US\$39.8bn (73% of revenue) and NAND US\$14.1bn (26%); HBM revenue is not disclosed ([call transcript](#), [MarketBeat](#)).

BUSINESS UNIT	FQ4 FY26 (US\$M)	SHARE	FY26 (US\$M)	FY25 (US\$M)	FY GROWTH
Core Data Center (CDBU)	18,002	33%	37,592	7,229	+420.0%
Cloud Memory (CMBU)	16,283	30%	43,085	13,524	+218.6%
Mobile & Client (MCBU)	13,114	24%	36,601	11,859	+208.6%
Automotive & Embedded (AEBU)	6,824	13%	15,886	4,753	+234.2%
Total	54,229	100%	133,188	37,378	+256.3%

Sources: FQ4 from the [8-K release](#); full-year business-unit figures from [stockanalysis](#) (they sum to reported revenue; FY totals include about US\$24m “other”). **Customers:** the top ten customers were about half of revenue in each of the last three fiscal years ([FY2025 10-K](#)). Customer deposits under

the strategic agreements (non-current customer contract liabilities) were US\$12.9bn on the balance sheet at 3 Sep 2026. **Geography:** the FY2025 10-K says about 80% of revenue shipped to locations outside the US; a FY2026 regional split is not yet available (10-K not filed). **Guidance:** FQ1 FY2027 revenue US\$61.5bn ± US\$1.5bn, GAAP gross margin about 85.95% (non-GAAP about 86.25%), non-GAAP EPS US\$38.15 ± US\$1.00 on about 1.15bn diluted shares; management called FQ1 “the floor for gross margins in fiscal 2027” ([8-K](#), [call](#)).

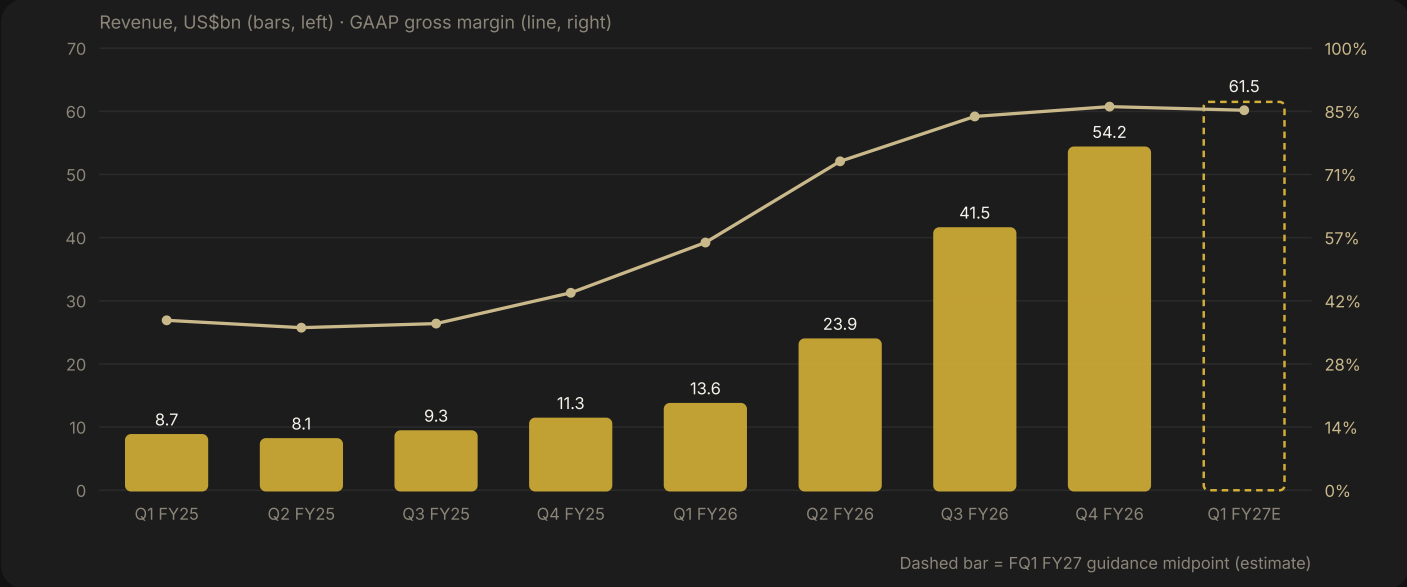


Chart 1. Quarterly revenue (US\$bn) and GAAP gross margin. Q1 FY27 = guidance midpoint (estimate, outlined).

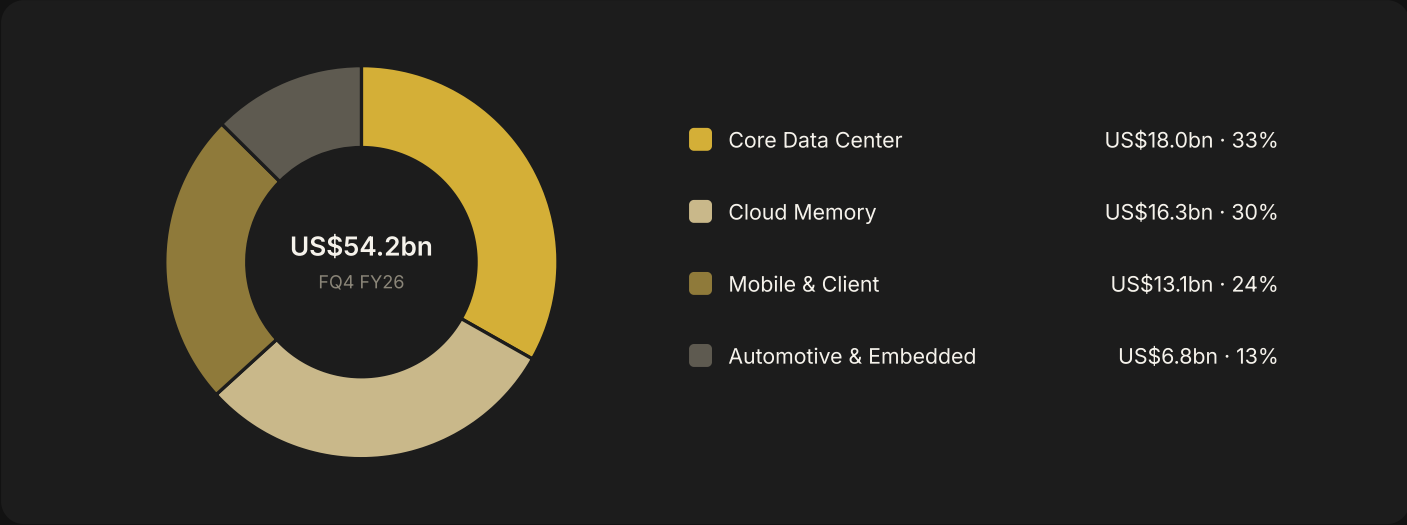


Chart 2. FQ4 FY26 revenue by business unit (US\$bn).

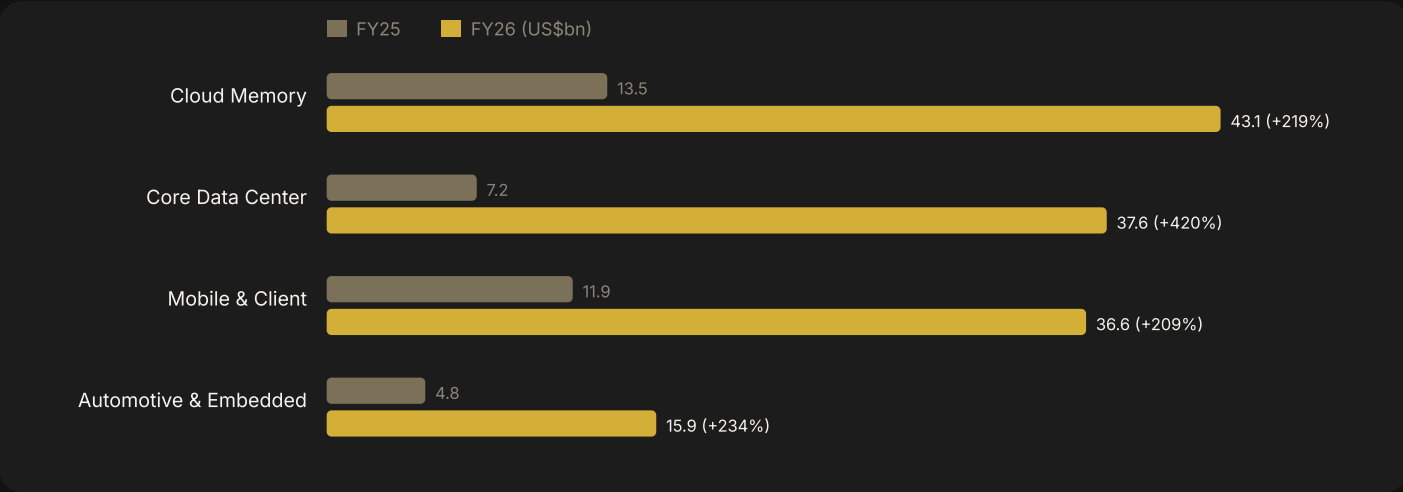


Chart 3. Revenue mix by business unit, FY25 vs FY26 (US\$bn).

Porter’s Five Forces

FORCE	PRESSURE	EVIDENCE
Rivalry	High (but disciplined now)	Three-way DRAM oligopoly; the three large makers are spending more than US\$75bn a year on capex in this upcycle (Trefis)
Buyer power	High	Top ten customers ≈ half of revenue; hyperscalers and NVIDIA negotiate multi-year volumes and prices
Supplier power	Medium	Equipment and wafer suppliers; Micron financed GlobalWafers' Texas plant (US\$500m) to secure wafers
Threat of substitutes	Low	No substitute for DRAM/HBM in AI servers; “memory-saving” techniques are a demand risk, not a product substitute
Threat of new entrants	Low	New fabs cost billions — Micron’s Hiroshima HBM expansion alone is ¥1.5tn (about US\$9.3bn) (The Next Web)

Moat verdict: narrow — scale, process technology and HBM qualification in a three-player market, but little pricing power once supply catches up.

2. Leadership & Capital Allocation

ITEM	DETAIL
Chairman, President & CEO	Sanjay Mehrotra (CEO since May 2017; Chairman since Jan 2025) (FY2025 10-K)
President & COO	Manish Bhatia (from 26 Aug 2026)
President & Chief Technology and Products Officer	Scott DeBoer (new role, 26 Aug 2026)
EVP & CFO	Mark J. Murphy
Control	No controlling holder; BlackRock 9.28%, Vanguard 7.1%, State Street 4.43%; insiders about 0.2% (Simply Wall St)
CEO pay	NOT FOUND in the primary proxy (latest DEF 14A, Nov 2025, not parsed)
Returns vs hurdle	ROE 88.3% and ROIC 93.4% (trailing, stockanalysis) vs our 14.6% cost of equity — peak-cycle returns
Dividends	US\$0.15 a quarter after a 30% rise in Mar 2026; US\$610m paid in FY2026; yield 0.06%
Buybacks	US\$650m repurchased in FY2026 plus US\$1,127m withheld for employee tax; US\$2.2bn authorisation left; management plans to step up returns, mainly buybacks, from 9 Dec 2026 (call)
Debt	Total debt cut from US\$15.35bn (FY2025) to US\$5.18bn; net cash US\$68.3bn
Dilution	Diluted weighted-average shares 1,141m in FY2021 vs 1,143m in FY2026 (FQ4: 1,147m) — flat over five years
M&A / investments	PSMC Tongluo fab site (completed 15 Mar 2026); US\$500m GlobalWafers financing; investment in Anthropic's Series H; US\$250m Micron Ventures AI fund (13 Aug 2026)

Insider check: net selling — in the last 90 days CEO Sanjay Mehrotra sold 80,000 shares (24 Jul and 21 Aug 2026, about US\$76.1m), then-EVP Sumit Sadana 15,000 (18 Aug, about US\$14.0m) and CAO Scott Allen 879 (23 Jul, about US\$0.9m); the only open-market purchase in 12 months was director Teyin Liu's 23,200 shares at US\$337.14 on 13 Jan 2026 ([SEC Form 4 filings via secform4](#)). Whether the CEO's fixed 40,000-share monthly sales are under a 10b5-1 plan is not verified; Oct–Dec 2025 filings were not reachable.

3. Financial Health

US\$M	FY21	FY22	FY23	FY24	FY25	FY26	FQ4 FY26
Revenue	27,705	30,758	15,540	25,111	37,378	133,188	54,229
Gross margin (GAAP)	37.6%	45.2%	2.7%	22.4%	39.8%	80.7%	86.8%
Operating income	6,283	9,709	-3,574	1,305	9,809	99,340	≈43,750
Net income	5,861	8,687	-5,833	778	8,539	84,969	37,701
Diluted EPS (US\$)	5.14	7.75	-5.34	0.70	7.59	74.33	32.87
Operating cash flow	12,468	15,181	1,559	8,507	17,525	89,675	≈43,970
Capex (gross)	10,030	12,067	7,676	8,386	15,857	30,712	11,110
Free cash flow	2,438	3,114	-6,117	121	1,668	58,963	≈32,860
Cash & investments*	10,464	11,200	10,656	9,342	12,130	73,453	
Total debt	6,776	7,576	13,999	14,078	15,352	5,179	
Equity	43,933	49,907	44,120	45,131	54,165	138,378	

FY2021 from the [FY2021 release](#) (FCF = OCF – capex); FY2022–26 from [stockanalysis \(cash flow, balance sheet\)](#), FY2026 cross-checked to the [FQ4 release](#). FQ4 FCF = operating cash flow – gross capex; on Micron's own "adjusted free cash flow" basis (net of capex proceeds) FQ4 was US\$33.20bn and FY2026 US\$62.31bn. *Cash & investments: FY2021 and FY2026 are Micron's reported totals including restricted cash; FY2022–25 are stockanalysis cash, short-term and long-term investments.

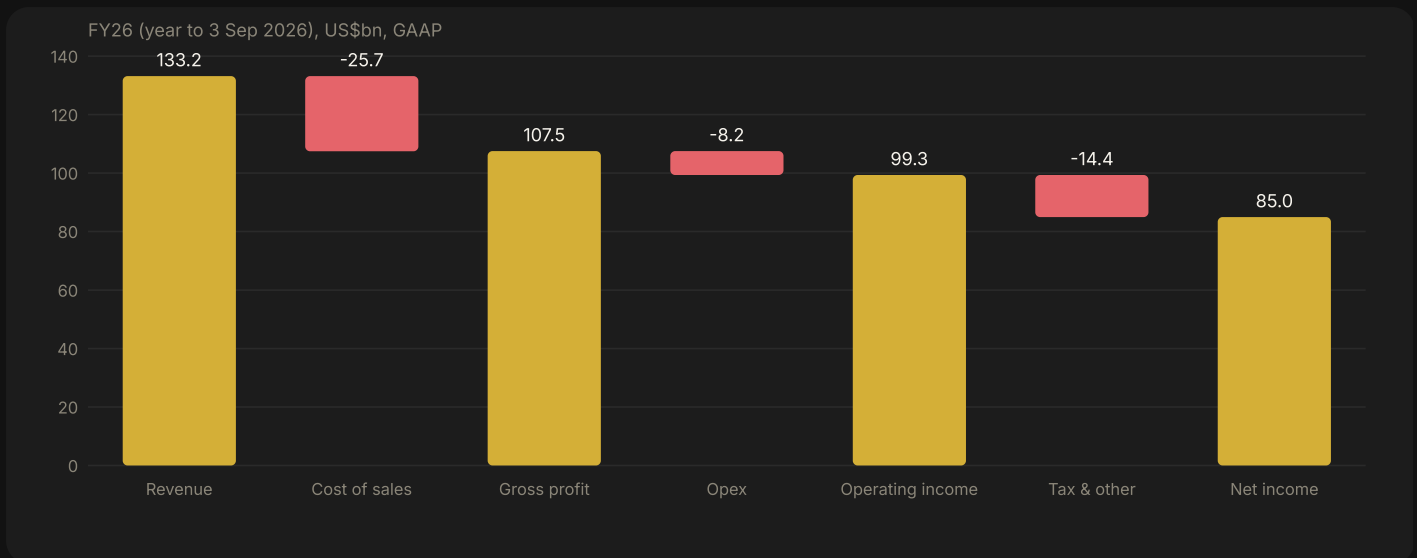


Chart 4. FY26 income cascade (US\$bn, GAAP). "Tax & other" is the gap between operating income and net income.

- **Cash backs the profit:** FY2026 operating cash flow of US\$89.7bn was 1.06x net income of US\$85.0bn.
- **Deposits flatter cash flow:** non-current customer contract liabilities rose by about US\$12.3bn in FQ4, to US\$12.9bn at year-end (US\$12.75bn of deposit proceeds in FY2026); they are tied to future deliveries, not extra profit.
- **Capex is about to jump:** about US\$25bn in 1H FY2027 and more in 2H, vs US\$30.7bn gross in all of FY2026 — free cash flow will lag earnings in FY2027.
- **Small adjustments:** FY2026 GAAP EPS US\$74.33 vs non-GAAP US\$75.52; share-based pay US\$1.33bn (1.0% of revenue).

4. Risks

Macro & Regulatory

- **Serious:** China — the 2023 CAC ban on purchases by critical-infrastructure operators still limits sales, and Micron is reported to be leaving China data-centre server chips (about 12% of FY2025 revenue in China) ([10-K](#), [The Standard](#)).
- **Watch:** US export controls and tariffs on semiconductors and equipment; no new action against Micron found in 2026.
- **Watch:** high rates — the US 10-year yield is 5.31% ([FRED](#)), which raises the discount rate on long-dated fab investments.

Operational & Competitive

- **Critical:** the memory cycle — industry capex and wafer-fab equipment spending (about US\$145bn in 2026 and US\$156bn in 2027, per [Trefis](#)) point to oversupply risk in 2027–28; every past upcycle ended with a 50–70% share-price fall.

- **Serious:** HBM position — Micron is reported to be number three in HBM with the smallest share of NVIDIA's HBM4 allocation ([AI Weekly](#)).
- **Serious:** customer concentration — the top ten customers are about half of revenue.
- **Watch:** execution on new capacity — Idaho fab 1 wafer output is due mid-2027, fab 2 late 2028, and New York around 2030.

Financial & Governance

- **Watch:** capex step-up — FY2027 capex likely above US\$50bn (US\$25bn in 1H, higher in 2H) commits cash before demand is proven.
- **Watch:** steady insider selling by the CEO and other executives through 2026; one director purchase.
- **Watch:** take-or-pay contracts reduce, but do not remove, pricing risk; their price terms are not disclosed.

5. Catalysts

WHEN	MEASURABLE TEST	ODDS
14 Oct 2026	Dividend record date (US\$0.15)	Scheduled
Oct 2026	FY2026 10-K filed: segment, geography and customer detail	High
From 9 Dec 2026	Larger buyback authorisation and faster returns, as flagged on the call	65%
FQ1 FY2027 results (date not announced; last year 17 Dec)	Revenue $\geq$ US\$61.5bn and non-GAAP gross margin $\geq$ 86.0%	60–65%
CY2027	HBM bit supply for 2027 mostly contracted at higher prices — confirmation in pricing commentary	Medium
Mid-2027	Idaho fab 1 first wafer output	Medium

Bull case vs consensus: consensus has FY2027 revenue of US\$275.0bn (+106.5%) and EPS of US\$176.15 from 39 analysts; 45 of 49 analysts rate the shares Buy or Strong Buy with a mean target of US\$1,536 ([stockanalysis](#)). Our base case accepts FY2027 consensus but not its persistence; the bull case (fair value US\$1,620) needs margins above 60% through FY2031.

6. Valuation Suite

6a. Cost of Capital

INPUT	VALUE	SOURCE / NOTE
Risk-free (US 10-year Treasury, 5 Oct 2026)	5.31%	FRED DGS10
Own 2-yr weekly beta vs S&P 500	2.46	IBKR weekly closes, 104 weekly returns to the week of 5 Oct 2026; SPY as the index proxy
Peer median beta (check)	2.08	stockanalysis 5-year betas of the 7 peers in 6d with a beta (SNDK n/a)
Raw beta used	2.27	Average of the two (gap 0.38 > 0.3), per method
Adjusted beta (0.67×raw+0.33)	1.85	
Equity risk premium	5.0%	Developed market (assumption)
Size/illiquidity premium	0%	About US\$1.2tn market value
Cost of equity	14.6%	Used in DCF, residual income and peer discounting
Debt weight / after-tax cost of debt	0.4% / 5.0%	US\$5.18bn debt; risk-free + 1% spread (assumption) × (1 – 21%)
WACC	14.5%	

6b. Discounted Cash Flow (DCF)

US\$BN	FY27E	FY28E	FY29E	FY30E	FY31E
Revenue	275	250	200	210	220
Growth	+106.5%	–9.1%	–20.0%	+5.0%	+4.8%
EBITDA	239.2	195.0	120.0	115.5	121.0
EBITDA margin	87%	78%	60%	55%	55%
D&A	12.0	14.5	17.0	19.0	21.0
Capex	55.0	55.0	45.0	40.0	40.0
FCFF	151.3	113.8	60.1	61.5	66.5
Present value	133.9	88.0	40.5	36.2	34.2

Operating company valued on unlevered free cash flow at the 14.5% WACC: $FCFF = EBIT \times (1 - 14.5\% \text{ tax}) + D\&A - \text{capex}$ (tax rate implied by FY2026 net income ÷ operating income; working capital and customer deposits ignored). Revenue is a price × volume view: FY2027 = consensus US\$275.0bn (only FQ1 is guided: US\$61.5bn); FY2028 –9% and FY2029 –20% as new DRAM/NAND

capacity lowers prices, then +5% a year. Capex follows the guided step-up (US\$55bn in FY2027–28). Cash flows are discounted from each fiscal year-end (the first 0.9 years away). Terminal: perpetuity growth 3.0% (assumption, below US nominal GDP growth) and an exit EV/EBITDA of 9x on FY2031 EBITDA, averaged. Add net cash US\$68.3bn; divide by 1.143bn diluted shares.

CASE	KEY DIFFERENCES	PERPETUITY (G)	EXIT MULTIPLE	DCF VALUE
Bear	FY27 revenue US\$250bn, then –20% and –30%; EBITDA margin 45–50% from FY29	US\$383 (g 2.5%)	US\$496 (7x)	US\$440
Base	Consensus FY27, then –9%, –20%, +5%; EBITDA margin 55% from FY30	US\$618 (g 3.0%)	US\$841 (9x)	US\$730
Bull	FY27 US\$300bn, FY28 US\$330bn, mild FY29 dip; EBITDA margin 62–88%	US\$1,105 (g 3.5%)	US\$1,588 (11x)	US\$1,346

Implied discount rate: the base-case cash flows equal today’s US\$1,088.00 price at **8.4%**, versus our 14.5% WACC.

		Exit EV/EBITDA multiple				
		7x	8x	9x	10x	11x
WACC	12.5%	778	837	897	956	1,015
	13.5%	755	811	868	925	982
	14.5%	732	787	841	896	950
	15.5%	711	763	815	868	920
	16.5%	691	741	791	841	891
Exit-multiple DCF value, US\$ per share. Price US\$1,088.00 (7 Oct 2026).						

Chart 5. DCF sensitivity (base case). Rows: WACC; columns: exit multiple; base case outlined. Values in US\$ per share.

6c. Residual Income

US\$ PER SHARE	FY27E	FY28E	FY29E	FY30E	FY31E
Opening book	121.1	292.0	427.9	505.8	578.9
EPS (base case)	171.5	136.5	78.5	73.7	76.3
ROE (on opening book)	141.6%	46.8%	18.4%	14.6%	13.2%
Residual income	153.9	94.0	16.2	0.0	-8.0

Starting book value US\$138.4bn (equity at 3 Sep 2026; US\$121.07 a share on 1.143bn diluted shares), US\$0.60 a share paid out, cost of equity 14.6%. As book value builds up from retained peak earnings, ROE falls to about 13% by FY2031 — below the cost of equity — so residual income turns negative. Value with full persistence US\$297 a share; with 50% persistence US\$331; average US\$314. Justified P/B = $(\text{ROE} - g)/(\text{CoE} - g) = 1.07x$ at a 15.4% FY2029–31 ROE (US\$129 a share). Micron is capital-heavy (fabs) and trades below 10x book (8.9x), so book value is the capital at work. Weight in fair value: 30%.

6d. Peers (stockanalysis, prices at 7 Oct 2026)

TICKER	PRICE	MKT CAP	FWD P/E	EV/EBITDA	3-YR GROWTH FCST
MU (Micron)	US\$1,088.00	US\$1.23tn	6.18	10.66	33.5%
SNDK (Sandisk)	US\$1,692.42	US\$247.8bn	7.89	19.14	40.7%
WDC (Western Digital)	US\$405.42	US\$151.8bn	20.15	30.26	34.5%
STX (Seagate)	US\$807.57	US\$183.6bn	22.52	40.78	36.4%
NVDA (NVIDIA)	US\$237.47	US\$5.73tn	19.78	28.31	61.1%
AVGO (Broadcom)	US\$376.51	US\$1.80tn	21.69	34.92	62.1%
AMD (AMD)	US\$645.86	US\$1.05tn	58.16	109.34	52.9%
QCOM (Qualcomm)	US\$177.12	US\$189.1bn	19.53	16.34	5.4%
TXN (Texas Instruments)	US\$288.98	US\$263.9bn	30.71	28.16	16.0%
Peer median (ex MU)			20.92	29.29	

Peer method: median forward P/E of all eight profitable peers (20.9x) × Micron's mid-cycle EPS of US\$107.31 (the average of our base-case FY2027–31 EPS, used instead of peak FY2027 EPS)

because peers' forward earnings are not at a cyclical peak) = US\$2,245 a year out, discounted one year at the 14.6% cost of equity = **US\$1,959**. FY2028 (FY+2) consensus EPS is NOT FOUND, so the mid-cycle path replaces it. For reference, the same multiple on FY2027 consensus EPS of US\$176.15 gives US\$3,217; the closest pure memory peer, Sandisk, trades on only 7.9x. Cross-check: Micron's EV/EBITDA of 10.7x vs a peer median of 29.3x.

6e. Single-lever Test

INPUT CHANGED ALONE	LOW	HIGH	SWING
Peer P/E on mid -cycle EPS 15x / 25x	US\$808	US\$1,089	US\$281
FY2029–31 revenue –20% / +20%	US\$849	US\$1,099	US\$250
FY2029–31 EBITDA margin 45% / 65%	US\$852	US\$1,075	US\$223
WACC 12.5% / 16.5% (DCF leg)	US\$950	US\$1,004	US\$54
Exit EV/EBITDA 7x / 11x	US\$952	US\$996	US\$44
Capex +15% / –15%	US\$960	US\$987	US\$27

The biggest lever is the P/E applied to mid-cycle earnings: 15x–25x moves fair value from US\$808 to US\$1,089; the FY2029–31 revenue path is a close second.

7. Synthesis

METHOD	INPUTS	VALUE	VS PRICE	WEIGHT	WEIGHTED
DCF (FCFF)	Perpetuity 3.0% and 9x exit, averaged; WACC 14.5%	US\$730	-32.9%	40%	US\$292
Residual income	Book US\$121.07, CoE 14.6%, full/50% persistence	US\$314	-71.1%	30%	US\$94.20
Peers	20.9x × mid-cycle EPS US\$107.31, discounted 1 year	US\$1,959	+80.1%	30%	US\$588
Fair value		US\$974	-10.5%	100%	US\$974
Bear / Base / Bull	Same weights on each case	US\$635 / US\$974 / US\$1,620	-41.6% / -10.5% / +48.9%		

How much rests on consensus: valuing the peer leg on the bear-case EPS path (FY2027 revenue US\$250bn, then a sharper 2028–29 downturn) cuts it to US\$1,325 and fair value to US\$784 (-28.0%). Fair value on FY2027 consensus EPS at face value would be far higher, which is why we do not use peak earnings.

Margin of safety: fair value is 10.5% below the price (the price is 11.7% above fair value), so there is no margin of safety; a 30% discount to fair value would be US\$682. The implied discount rate of 8.4% is well below our 14.5% WACC.

8. Technicals



Chart 6. Weekly candlesticks (5 years, log scale) with 50- and 200-week moving averages, supply/demand zones and weekly RSI-14.

- **Trend:** up. The close of US\$1,088.00 is above the 50-day (US\$967.16), 100-day (US\$962.69) and 200-day (US\$694.07) averages and far above the 50-week (US\$627.57) and 200-week (US\$227.00) averages. The 50-day has been above the 200-day for every session we can measure (last 52); the date of the last cross is outside our one-year data.
- **Momentum:** neutral-to-positive. Daily RSI-14 59.7, weekly RSI-14 65.3; the daily MACD histogram is -0.6 vs $+5.4$ a week ago, so upside momentum has faded.
- **Volatility:** 20-day average true range US\$43.59 (4.0% of price); the shares swung between US\$737.88 and US\$1,108.72 in the last three months.
- **Volume:** 21.9m shares traded on 7 Oct (IBKR daily bar) vs a 90-session average of about 25.1m shares (about US\$24.5bn a day); the heaviest one-year volume-by-price nodes are US\$897–941 and US\$941–986 and, from the early-2026 base, US\$359–448.

LEVEL	PRICE	BASIS
Resistance 2	US\$1,255.00	52 - week and all-time high (week of 22 Jun 2026)
Resistance 1	US\$1,108.72	One - month and three - month high
Current	US\$1,088.00	7 Oct 2026 close
Support 1	US\$897–986	High - volume nodes (897–941 and 941–986); 50 - day average US\$967.16
Support 2	US\$902.60	One - month low
Support 3	US\$737.88	Three - month low (Jul–Aug 2026 sell-off)

Our Dated Calls

Pre-registered calls, scored publicly on the dates shown; price calls use total return after typical trading costs (about 0.1%).

#	CALL	PROBABILITY	SCORING DATE
1	FQ1 FY2027 revenue ≥ US\$61.5bn (guidance midpoint)	65%	15 Jan 2027
2	FQ1 FY2027 non-GAAP gross margin ≥ 86.0%	60%	15 Jan 2027
3	Micron announces a new or enlarged share-buyback authorisation	65%	15 Jan 2027
4	FY2027 consensus revenue (stockanalysis) ≥ US\$275bn	55%	15 Jan 2027
5	MU total return from US\$1,088.00 is negative after costs	50%	7 Apr 2027
6	MU closes below US\$900 at least once	50%	7 Apr 2027

Bull Case

- **Contracts change the cycle:** 26 take-or-pay agreements covering more than 35% of revenue through 2030 and about US\$150bn of remaining performance obligations could keep prices firm.
 - **Management sees no let-up:** it expects supply to stay tight through FY2027–28 and called FQ1 the floor for FY2027 gross margins.
 - **Cheap if earnings hold:** at 6.2x forward EPS with US\$68.3bn net cash, margins above 60% through FY2031 give a fair value of US\$1,620 (+48.9%).
-

Bear Case

- **Peak earnings, peak margins:** an 87% gross margin in a commodity industry has never lasted; past downturns cut the shares by 50–70%.
 - **Everyone is building:** industry wafer-fab equipment spending of about US\$145bn in 2026 and US\$156bn in 2027 points to oversupply in 2027–28, just as Micron lifts capex above US\$50bn.
 - **Insiders are sellers:** the CEO sold 40,000 shares a month through mid-2026; on the bear path fair value is US\$635 (–41.6%).
-

FAQ

What is Micron's fair value?

Our 12-month fair value is US\$974 per share (range US\$635–US\$1,620), from 40% DCF (US\$730), 30% residual income (US\$314) and 30% peers (US\$1,959).

Is Micron undervalued?

No — at US\$1,088.00 (7 Oct 2026 close) it is fairly valued on our numbers, –10.5% vs fair value. It looks cheap on 6.2x forward earnings, but those earnings are near a cyclical peak.

What are the main risks for Micron?

The memory cycle (industry capacity additions in 2027–28), a weaker HBM position than its two rivals, customer concentration (top ten ≈ half of revenue) and China restrictions.

When are Micron's next results?

FQ1 FY2027 (quarter to early December 2026) has no announced date yet; last year's FQ1 report came on 17 Dec 2025. Guidance is US\$61.5bn ± US\$1.5bn of revenue.

Does Micron pay a dividend?

Yes — US\$0.15 a quarter (US\$0.60 a year, 0.06% yield). The next one has a record date of 14 Oct 2026 and is paid on 29 Oct 2026.

Method and Sources

Fair value blends a five-year unlevered DCF (40%; perpetuity growth and exit EV/EBITDA averaged), a residual-income model (30%) and a peer forward P/E on mid-cycle EPS (30%), all at one discount rate: cost of equity 14.6% from the US 10-year yield (5.31%), an adjusted beta of 1.85 (own two-year weekly beta 2.46 averaged with the peer median 2.08) and a 5% equity risk premium; WACC 14.5%. Prices and technicals are from IBKR daily and weekly bars to 7 Oct 2026; the IBKR snapshot showed higher 7 Oct volume than the daily bar, and we use the saved daily bars throughout. Consensus differs by source (Yahoo: FY2027 revenue US\$245.6bn; stockanalysis: US\$275.0bn); we use stockanalysis. Figures independently fact-checked against the linked sources on 8 Oct 2026.

- Company and SEC: [FQ4 FY2026 8-K release](#) · [FQ2 FY2026 release](#) · [FQ1 FY2026 release](#) · [FY2021 release](#) · [FY2025 10-K](#) · [Form 4 filings \(secform4\)](#) · [Leadership release](#)
- Calls and news: [FQ4 call transcript](#) · [MarketBeat call summary](#) · [Mitrade](#) · [Stocktwits](#) · [The Standard \(Reuters\)](#) · [StockTitan](#) · [StockTitan](#) · [stockti](#) · [FourWeekMBA](#) · [ValueTheMarkets](#) · [AI Weekly](#) · [Tom's Hardware](#) · [The Next Web](#) · [Trefis](#) · [Seeking Alpha](#)
- Data and consensus: [stockanalysis financials](#) · [quarterly](#) · [cash flow](#) · [balance sheet](#) · [statistics](#) · [forecast](#) · [Yahoo analysis](#) · [MarketBeat forecast](#) · [Simply Wall St ownership](#) · [MarketScreener calendar](#)
- Rates and index: [FRED DGS10](#) · [S&P DJI 1 Oct 2026 index changes](#) · [S&P 500 constituents](#)

Not located (NOT FOUND): the FY2026 10-K (not yet filed) and with it the FY2026 geographic split and single-customer shares; FY2028 consensus; HBM revenue; FY2026 DRAM/NAND split; CEO pay from the primary proxy; credit ratings; 10b5-1 status of executive sales and Form 4s for Oct–Dec 2025; the FQ1 FY2027 results date; a count of in-depth analyses in the last 90 days.

Analysis only, not a recommendation to buy or sell any security. Figures as at 7 Oct 2026; sources linked. The author does not hold a position in MU.