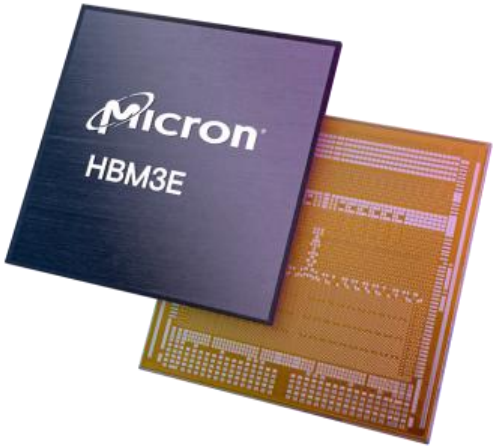
micron



Micron Technology
Long: MU
Current Price (As of 1/27/26): $389 | Market Cap: $438B
2027 Price Target: $743 | IRR: 38%

Isabella Gao January 2026

Investment Overview

1. **Memory Has Become the Bottleneck in AI as GPU Memory Requirements Multiply**
2. **The Memory Industry Has Shifted to a Supply-Gated Model**
3. **Micron's Earnings Are Structurally More Durable Than The Market Assumes**

Isabella Gao January 2026

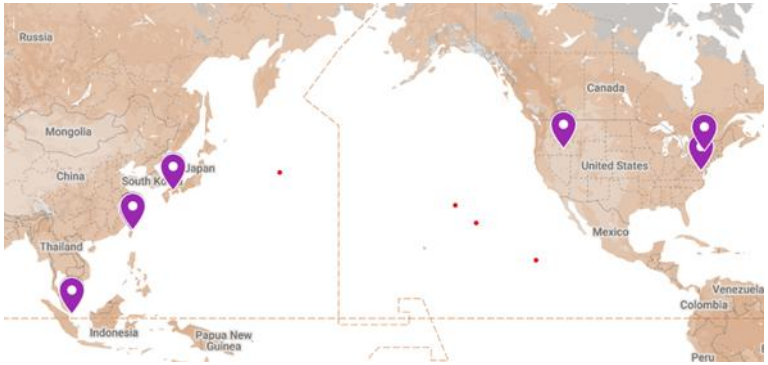
Company Overview

Business Overview

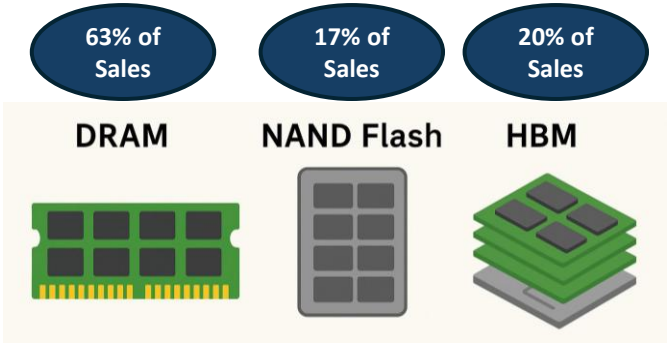
- Micron Technology, Inc. is a **leading manufacturer** of **advanced semiconductor memory and storage solutions**
- Operates in an oligopolistic market alongside Samsung and SK Hynix, Micron is **one of three companies globally** capable of producing leading-edge **HBM, DRAM and NAND** at scale, and it is the only one based in the **U.S.**

- By end market
  - Data center and AI: memory for cloud infrastructure and accelerator platforms supporting training and inference workloads
  - PC and mobile: memory for consumer computing and smartphones
  - Automotive and industrial: memory for advanced driver assistance systems, infotainment, and connected industrial equipment

Facility Overview



Product Overview

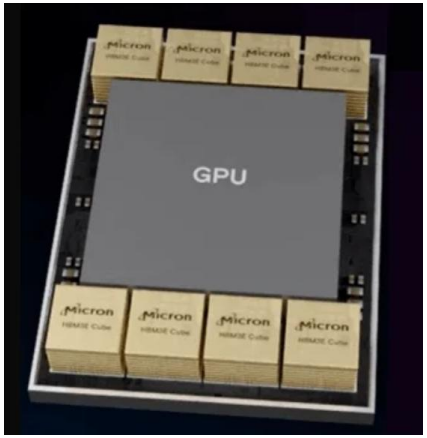


DRAM	NAND Flash	HBM
High-speed, volatile memory used to temporarily store and access active data	Non-volatile memory used for long-term data storage	Designed for parallel data processing in GPUs and AI accelerators which offers significantly higher bandwidth and energy efficiency than conventional DRAM

Company filings and disclosures

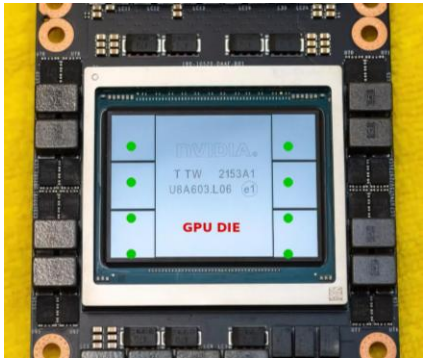
Thesis 1: Memory Has Become the Bottleneck in AI as GPU Memory Requirements Multiply

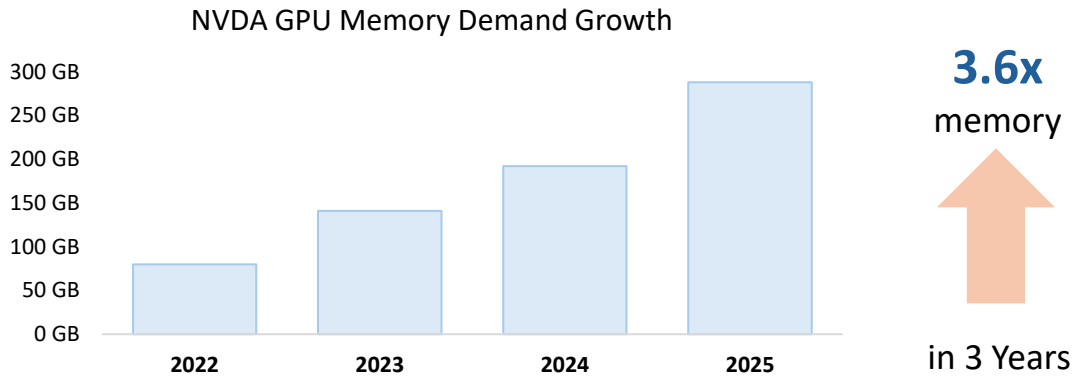
Modern GPUs require enormous amounts of high-speed memory to feed their parallel processing cores; without sufficient bandwidth, performance collapses



GPU Memory Demand

NVDA GPU Generation	Release Year	Memory (GB)	Increase vs. Previous	Increase vs. H100	Multiplier
H100 (Hopper)	2022	80 GB	na	na	1.0x
H200 (Hopper Refresh)	2023	141 GB	76%	76%	1.8x
B200 (Blackwell)	2024	192 GB	36%	140%	2.4x
B300 (Blackwell Ultra)	2025	288 GB	50%	260%	3.6x



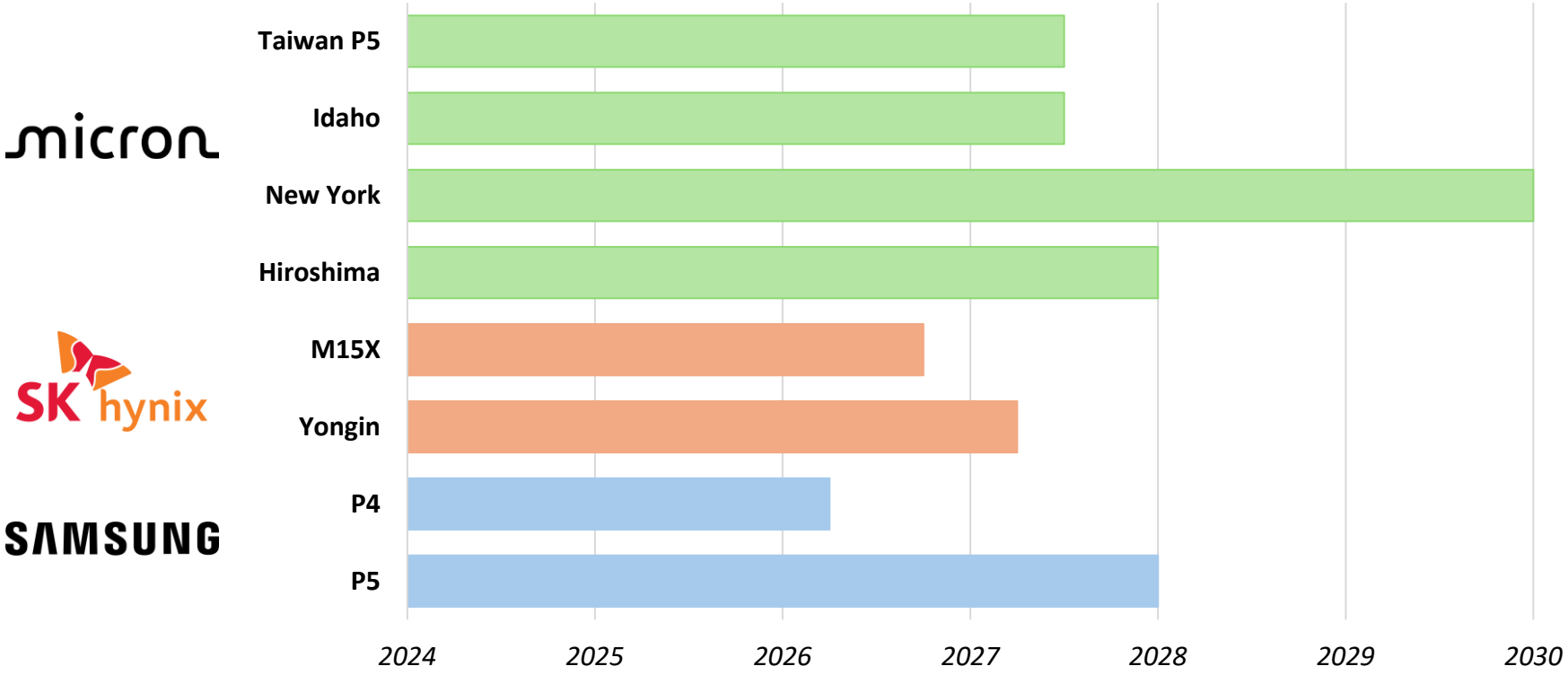


NVIDIA product specifications and industry reports

Thesis 2: Memory Supply Cannot Scale Fast Enough to Meet AI Demand

Major Fab Ramps

The most meaningful capacity additions won't hit the market until 2027 – 2028 or later, and these additions will not help the 2026 tightness in the market.



Company disclosures, earnings calls, and industry reporting (Reuters, DigiTimes)

Thesis 2: Supply Constraints Are Translating Into Pricing Upside

Independent confirmation from both upstream suppliers and downstream customers points to a tightening memory market and sustained pricing pressure.


Exclusive: Samsung hikes memory chip prices by up to 60% as shortage worsens, sources say

By Hyunjoo Jin and Fanny Potkin

November 16, 2025 9:28 PM EST · Updated November 17, 2025

Reuters, November 2025


As AI Eats Up The World's Chips, Memory Prices Take The Hit

By Tim Bajarin, Contributor. ⓘ Tim Bajarin covers the tech industry's impact on PC and CE markets.

Follow Author

Published Jan 16, 2026 at 10:00am EST

Forbes, January 2026

"Because of the shortage in memory, the prices may be double and still short."

"We are using GPUs to do data processing, signal processing. The more quickly you want to detect signals, that means you need to do a lot of calculations, a lot of data processing. So, that means we need large memories to do that too."

"This is not like before. This is a technology explosion, and it will create much more demand than previous cycles."

China's largest foundry (SMIC) publicly explicitly stated that severe memory shortages are forcing smartphone, PC, and auto customers to hold back Q1 2026 logic chip orders because "no one knows how many memory chips will actually be available."

An engineer at a defense-focused technology company indicated that their CEO had flagged memory supply constraints as a key concern for the company in the near-term future.

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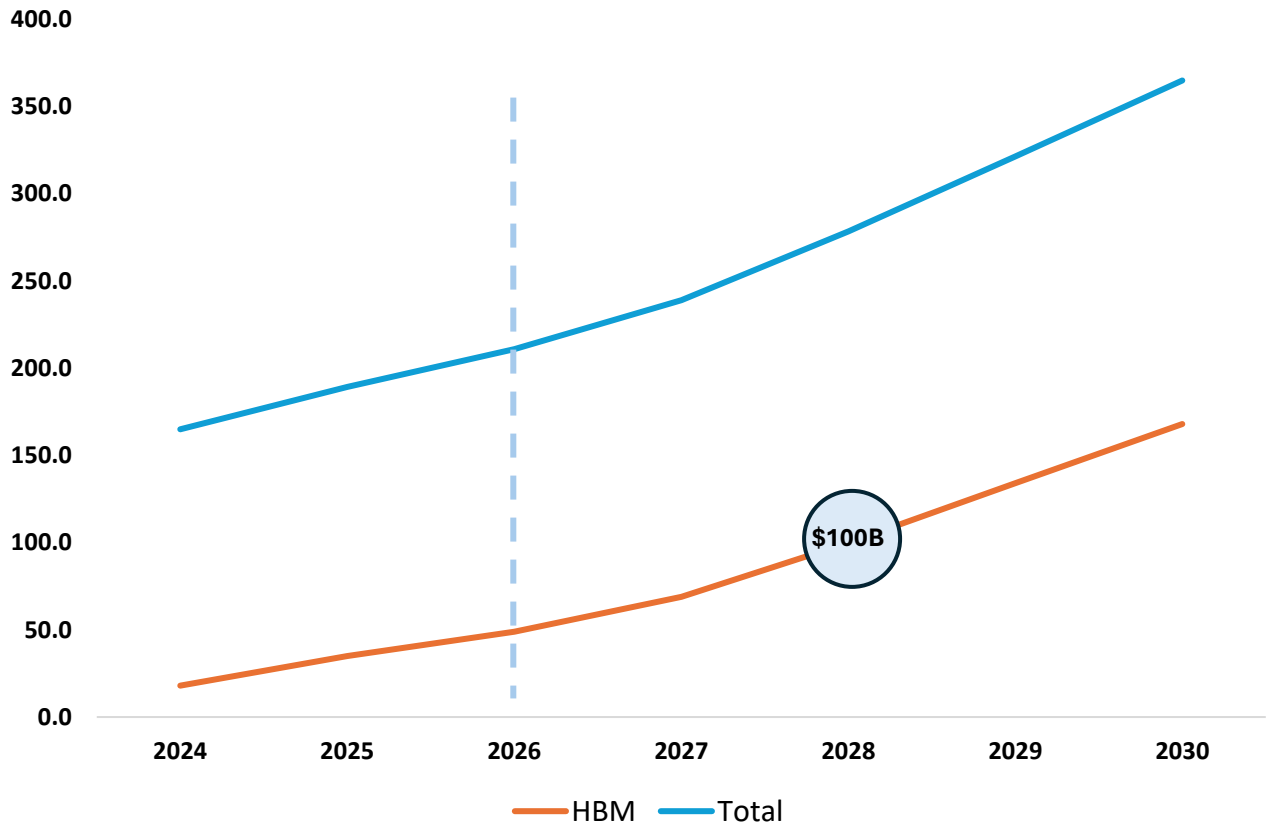
Primary research conducted December 2025 and industry reporting (Reuters, Forbes)

Thesis 3: Ongoing Demand-Supply Imbalance Will Likely Continue Past 2027

HBM & Memory Market Growth



- Micron Technology expects the HBM market to reach $100B by 2028, pulling forward its original 2030 outlook. From a market that was less than $1B prior to 2023, HBM is scaling into a major semiconductor category within just five years
- Total memory demand continues to expand through the decade, while meaningful supply additions lag due to long fab build and ramp timelines
- The rapid growth of HBM tightens the entire memory ecosystem, as capacity is increasingly allocated to high-value AI products

This demand - supply mismatch supports sustained pricing strength and earnings durability, rather than a short-lived cyclical peak

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Data from Micron and Yole Group

Thesis 3: Micron's Technology and Power Efficiency Advantages Reinforce Earnings Duration

Technology and Power Efficiency Leadership

Technology

Node Leadership = Output + Cost Advantage

- 1γ (1-gamma) advanced DRAM node transitions increase bits per wafer, increasing output
- Higher bits per wafer reduce cost per bit, improving Micron's competitive position
- Micron's execution advantage is converting advanced nodes into high-yield, high-volume production

Power Efficiency

- Micron was an early leader in bringing LP DRAM into server environments, delivering materially lower power consumption versus standard DDR DRAM
- Its HBM3E products use about 30% less power than competing alternatives
- The company's 192GB LP SOCAMM2 module reduces power consumption per bit while increasing capacity per module by ~50%

> 30%
Improvement in memory density per wafer

> 20%
Reduction in power compared to 1β DDR5

15%
Speed improvements compared to 1β DDR5

Micron company disclosures

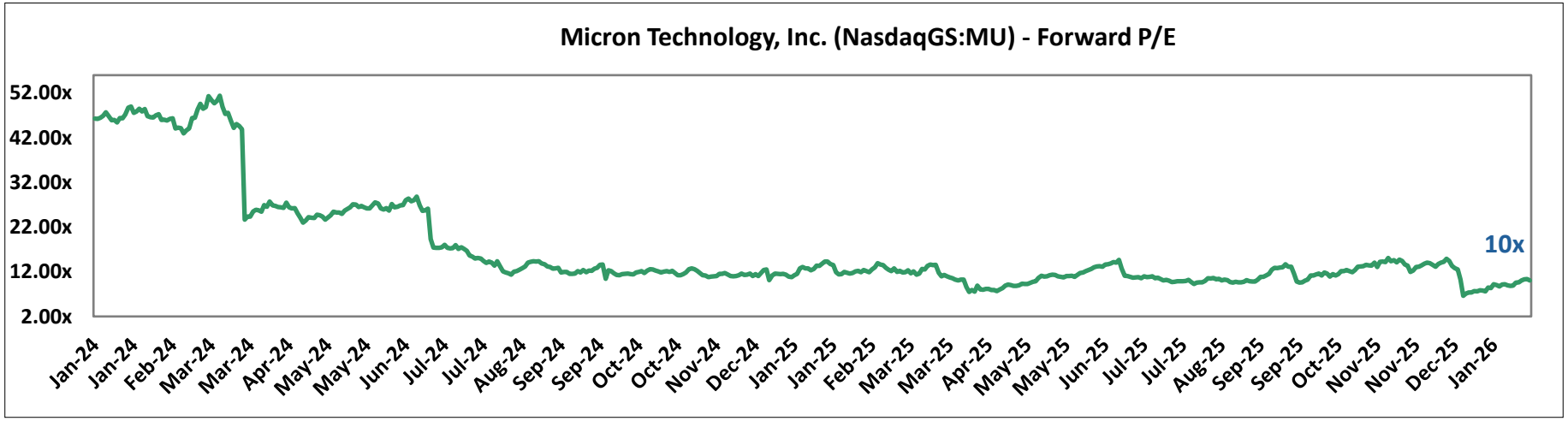
Valuation

Returns

Base Case Return	
Current Foward P/E	10.0x
FY2028 EPS	$74.3
Forward P/E Multiple	10.0x
Price Target	$743.26
Total Upside/Downside	91.1%
MOIC	1.9x
IRR	38.2%

Scenario Analysis			
	Bull	**Base**	**Bear**
2028 EPS	$74.3	$74.3	$31.34
Exit Forward P/E Multiple	14.0x	10.0x	10.0x
2027 TP	$1,040.56	$743.26	$313.35
Upside/Downside	167.5%	91.1%	(19.4%)
IRR	63.6%	38.2%	(10.2%)

Micron trades at 10× forward P/E below ~22× for the S&P 500



CapitalIQ and Company filings

Why Does the Opportunity Exist?

1 Memory Has Found a New Core Function in AI Systems

- AI performance and utilization increasingly depend on memory bandwidth and capacity, not just compute
- Memory determines whether expensive accelerators are fully utilized or sit idle
- Memory content per system rises structurally as models scale

2 AI Memory Demand Is Committed Earlier Than Supply Can Adjust

- AI systems are designed and specified years ahead of deployment
- Memory is qualified and committed during platform design, not spot-driven
- New capacity requires long lead times to build, ramp, and qualify

3 The Market Is Still Anchored to Old Cycles

- Memory has historically been valued as a short-duration, inventory-driven business, with the market applying limited confidence to the sustainability of elevated earnings
- Earnings durability is underappreciated, creating valuation upside

Key Risks

	Risks		Mitigants
1	**AI Capex Moderation or Pause**	•A slowdown in AI capital expenditures, driven by hyperscalers reassessing ROI or signaling near-term overcapacity, could reduce near-term HBM bit demand and delay expected volume ramps	•AI infrastructure spending remains highly competitive and strategic in nature. Inference-related workloads are still a small portion of total AI spend, and incremental demand from inference deployments is likely to grow meaningfully as models scale into production use cases
2	**Accelerated Capacity Additions Lead to Oversupply (2027–2029)**	•Large-scale capacity expansions by Korean manufacturers (e.g., Yongin, P5) alongside Micron's U.S. fab ramps (Idaho, New York) could result in industry oversupply if demand growth fails to keep pace	•HBM capacity additions are capital-intensive, technically complex, and slow to qualify. While AI model size and memory intensity continue to increase, oversupply remains a longer-term risk rather than an imminent one, particularly given constrained near-term HBM capacity
3	**HBM Execution Risk**	•Micron could face execution challenges related to HBM4 base die development, yield optimization, or delays in U.S. fab ramp-up, potentially impacting its ability to meet customer demand or sustain share gains	•Micron has already demonstrated improving HBM execution and customer qualification progress. Incremental design complexity increases execution risk, but learning curves and customer collaboration mitigate near-term downside
4	**Reversion to a Traditional Memory Cycle**	•If customers resist renewing long-term contracts at current pricing levels, or if pricing discipline breaks down, memory markets could revert toward historical boom-bust dynamics	•A substantial portion of 2026–2027 HBM volumes are already secured under multi-year, take-or-pay agreements. The HBM spot market remains limited, reducing the likelihood of rapid price erosion relative to prior commodity memory cycles

Thank You

Appendix

Revenue Build

	2023	2024	2025	2026E	2027E	2028E
DRAM Bit Shipments	5108.6	7404.6	8641.0	10196.2	11827.6	13246.9
% Volume Increase		*44.9%*	*16.7%*	*18.0%*	*16.0%*	*12.0%*
x Pricing	*$2.15*	*$2.38*	*$3.31*	*$5.58*	*$6.70*	*$7.37*
% Price Increase		*10.6%*	*39.1%*	*68.7%*	*20.0%*	*10.0%*
Dram ex-HBM revenue	**$10,978.8**	**$17,604.0**	**$28,578.8**	**$56,899.4**	**$79,204.0**	**$97,579.3**
HBM Bit Shipments		51.0	458.8	924.5	1622.6	2362.5
% Volume Increase			*799.7%*	*101.5%*	*75.5%*	*45.6%*
x Pricing		*$11.31*	*$12.07*	*$13.33*	*$14.93*	*$16.42*
% Price Increase			*6.6%*	*10.4%*	*12.0%*	*10.0%*
HBM revenue		**$577.0**	**$5,536.3**	**$12,321.0**	**$24,218.2**	**$38,787.9**
NAND Bit Shipments	79414.0	103957.4	125473.7	156945.1	189903.6	220288.1
% Volume Increase		*30.9%*	*20.7%*	*25.1%*	*21.0%*	*16.0%*
x Pricing	*$0.05*	*$0.07*	*$0.07*	*$0.10*	*$0.12*	*$0.12*
% Price Increase		*40.0%*	*0.0%*	*49.9%*	*10.0%*	*5.0%*
NAND revenue	**$4,206.1**	**$7,226.0**	**$8,461.6**	**$16,467.1**	**$21,917.7**	**$26,695.7**

	2023A	2024A	2025A	2026E	2027E	2028E
DRAM ex-HBM revenue	$10,978.8	$17,027.0	$23,042.5	$56,899.4	$79,204.0	$97,579.3
% of Total Rev	*70.6%*	*67.8%*	*61.6%*	*65.7%*	*62.6%*	*59.2%*
% yoy		*55.1%*	*35.3%*	*146.9%*	*39.2%*	*23.2%*
HBM revenue	$0.0	$577.0	$5,536.3	$12,321.0	$24,218.2	$38,787.9
% of Total Rev	*0.0%*	*2.3%*	*14.8%*	*14.2%*	*19.1%*	*23.5%*
% yoy			*859.4%*	*122.5%*	*96.6%*	*60.2%*
Total DRAM (& HBM) revenue	$10,978.8	$17,604.0	$28,578.8	$69,220.4	$103,422.2	$136,367.2
% of Total Rev	*70.6%*	*70.1%*	*76.5%*	*80.0%*	*81.7%*	*82.8%*
% yoy		*60.3%*	*62.3%*	*142.2%*	*49.4%*	*31.9%*
NAND revenue	$4,206.1	$7,226.0	$8,461.6	$16,467.1	$21,917.7	$26,695.7
% of Total Rev	*27.1%*	*28.8%*	*22.6%*	*19.0%*	*17.3%*	*16.2%*
% yoy		*71.8%*	*17.1%*	*94.6%*	*33.1%*	*21.8%*

Vs. Consensus

	2023	2024	2025	2026E	2027E	2028E
Revenue	$15,540	$25,111	$37,378	$86,553	$126,606	$164,710
% Growth		61.6%	48.9%	131.6%	46.3%	30.1%
Difference vs Consensus				16.8%	36.1%	81.0%
Operating Income	($5,745)	$1,304	$9,847	$49,370	$77,230	$101,297
% Margin			26.3%	57.0%	61.0%	61.5%
Net Income	($5,834)	$778	$8,616	$41,224	$64,487	$84,583
Earnings Per Share						
Basic	($5.34)	$0.70	$7.72	$36.64	$57.32	$75.18
Diluted	($5.34)	$0.70	$7.66	$36.22	$56.67	$74.33
Difference vs Consensus				12.4%	34.1%	61.4%

	2023	2024	2025	Q1
DRAM Bit Shipments	5108.6	7404.6	8641.0	2395.0
% Volume Increase		*44.9%*	*16.7%*	*-0.2%*
x Pricing	*$2.15*	*$2.38*	*$3.31*	*$3.57*
% Price Increase		*10.6%*	*39.1%*	*22.2%*
Dram ex-HBM revenue	**$10,978.8**	**$17,604.0**	**$28,578.8**	**$8,557.0**
HBM Bit Shipments		51.0	458.8	175.0
% Volume Increase			*799.7%*	*10.9%*
x Pricing		*$11.31*	*$12.07*	*$12.89*
% Price Increase			*6.6%*	*3.3%*
HBM revenue		**$577.0**	**$5,536.3**	**$2,255.0**
NAND Bit Shipments	79414.0	103957.4	125473.7	35903.0
% Volume Increase		*30.9%*	*20.7%*	*5.0%*
x Pricing	*$0.05*	*$0.07*	*$0.07*	*$0.08*
% Price Increase		*40.0%*	*0.0%*	*16.0%*
NAND revenue	**$4,206.1**	**$7,226.0**	**$8,461.6**	**$2,743.0**

MICRON TECHNOLOGY, INC.
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

FQ2-26	GAAP Outlook	Adjustments	Non-GAAP Outlook
Revenue	$18.70 billion ± $400 million	—	$18.70 billion ± $400 million
Gross margin	67.0% ± 1.0%	1.0%A	68.0% ± 1.0%
Operating expenses	$1.56 billion ± $20 million	$180 millionB	$1.38 billion ± $20 million
Diluted earnings per share[(1)]	$8.19 ± $0.20	$0.23A, B, C	$8.42 ± $0.20

FY 2026 Q1 Earnings

FQ1-26	GAAP[1] Outlook	Non-GAAP[2] Outlook
Revenue	$12.50 billion ± $300 million	$12.50 billion ± $300 million
Gross margin	50.5% ± 1.0%	51.5% ± 1.0%
Operating expenses	$1.49 billion ± $20 million	$1.34 billion ± $20 million
Diluted earnings per share	$3.56 ± $0.15	$3.75 ± $0.15

Reported Q1 FY2026

Revenue of $13.64 billion

GAAP net income of $5.24 billion, or $4.60 per diluted share

Facility Overview

Location	Primary Focus / Products	Status & Key Details	Approx Capacity
Boise, Idaho (USA)	Existing: R&D + some production; ID1 new leading-edge DRAM fab; ID2 planned	ID1: H2 2027; ID2: Accelerated, online before New York	ID1 ~50–60k at full ramp
Manassas, Virginia (USA)	DRAM	Expansion & modernization ongoing (CHIPS funding)	
Clay, New York (USA)	Planned leading-edge DRAM megafab (up to 4 fabs)	Site prep late 2025; Fab 1 construction late 2026+; first production ~2030	Hundreds of k WSPM long-term
Hiroshima, Japan	Leading-edge DRAM (1γ ramp + HBM dies)	Expansion ongoing for more capacity	~150–200k
Singapore	Primarily NAND; some DRAM; new HBM advanced packaging/assembly	Existing fabs + new backend facility (operations 2026, meaningful ramp 2027, assembly/stacking, not front-end wafers)	<100k for leading-edge DRAM (mostly NAND)
Taiwan (Taoyuan & Taichung)	Leading-edge DRAM	Taichung A3 is the most advanced EUV-capable fab	~300–350k
Tongluo Township, Taiwan	DRAM production (300mm wafers) Supports commodity/advanced DRAM and high-bandwidth memory (HBM) applications	Phase 1 expected to add >10% to Micron's global DRAM capacity - Meaningful DRAM wafer output begins in second half of 2027 (H2 2027)	~500k

Market Share Detail

Segment	SK hynix	Samsung	Micron	Key Notes
HBM	55–62%	15–19%	21–25%	Micron firmly #2
Overall DRAM	30–32%	42–44%	22–24%	Samsung still #1, Micron stable
NAND Flash	20–22%	33–35%	12–14%	Samsung dominant, Micron #4–5 globally

Driver	Benefits to Micron Share	Evidence / Quote (2025)
Hyperscaler ASIC Diversification	Google TPU, Amazon Trainium/Inferentia, Microsoft Maia, Meta MTIA all need 2–3 suppliers. SK hynix is majority allocated to Nvidia.	Micron Q3 FY25 call: “High-volume HBM shipping to four major customers on ASIC platforms” expanded to six by Q4
U.S.-Fab / Geopolitical Push	Only Micron has large-scale U.S. HBM coming (Idaho/NY CHIPS-Act fabs). Hyperscalers under gov’t pressure for non-Asia sources.	
Power Efficiency Advantage	Micron 1β/1γ nodes run 20–30% lower power (hyperscalers pay the electric bill on millions of servers)	Independent tests
Capacity Timing	Micron’s new lines (Singapore + U.S.) ramp 2026–2027	

	2023A	2024A	2025A
DRAM ex-HBM revenue	$10,978.8	$17,027.0	$23,042.5
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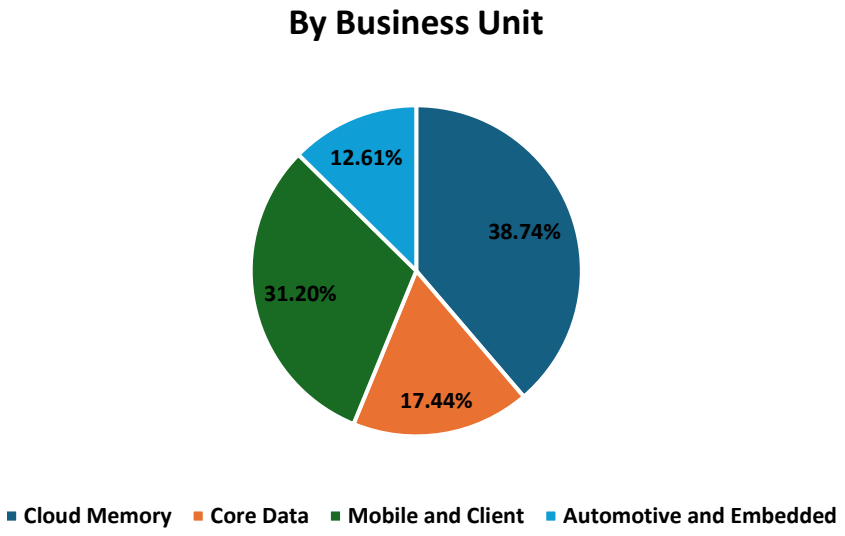
% of Total Rev	*27.1%*	*28.8%*	*22.6%*
% yoy		*71.8%*	*17.1%*

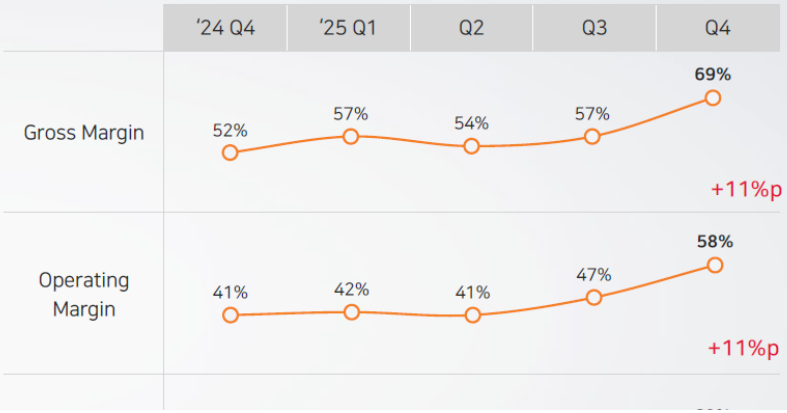


SK Hynix Earnings

Income Statement

(Unit : KRW Billion)	'25 Q4	'25 Q3	'24 Q4	Q/Q	Y/Y
Revenue	32,827	24,449	19,767	+34%	+66%
Gross Profit	22,576	14,029	10,366	+61%	+118%
Operating Profit	19,170	11,383	8,083	+68%	+137%
EBITDA*	22,732	14,949	11,249	+52%	+102%
Net Profit	15,246	12,598	8,006	+21%	+90%

Profitability



Samsung Earnings

KRW trillion	4Q24	3Q25	% of sales	4Q25	% of sales	2024	% of sales	2025	% of sales
Sales	**75.8**	**86.1**	100.0%	**93.8**	100.0%	**300.9**	100.0%	**333.6**	100.0%
Cost of sales	47.3	52.6	61.1%	49.6	52.8%	186.6	62.0%	202.2	60.6%
Gross profit	**28.5**	**33.5**	38.9%	**44.3**	47.2%	**114.3**	38.0%	**131.4**	39.4%
SG&A expenses	22.0	21.3	24.8%	24.2	25.8%	81.6	27.1%	87.8	26.3%
R&D expenses	10.3	8.8	10.3%	10.9	11.6%	35.0	11.6%	37.7	11.3%
Operating profit	**6.5**	**12.2**	14.1%	**20.1**	21.4%	**32.7**	10.9%	**43.6**	13.1%