June 3, 2026 03:36 AM GMT

Semiconductors | North America

Raising estimates/PTs for memory stocks as demand continues to outpace supply

WHAT'S CHANGED		
Micron Technology Inc. (MU.O)	**From**	**To**
Price Target	$520.00	**$1,050.00**
SanDisk Corporation. (SNDK.O)		
Price Target	$1,100.00	**$1,750.00**

Memory stocks were strong in 2025 and have continued to pace the market again in 2026, but we don't think the run of strong performance is over.

Key Takeaways

- DRAM the principle bottleneck in the AI buildout, NAND still very tight, driving continued growth in FCF/EPS as long as AI spending persists
- Both MU and Sandisk still <10x PE leaves room for further multiple expansion, and we think numbers continue to move higher
- HBM renegotiations in late 2026, expanded capital returns next catalysts for MU
- Raising MU pt to $1,050, SNDK PT to $1,750

There's no quick fix to the memory shortage, as we highlighted in our global note out today and Taiwan takeaways earlier this week. (Chipflation – Navigating A Memory Crisis; Takeaways from our meetings in Taiwan). That's going to drive what could be 2-3 more years (or longer) of tight supply conditions in memory. The shortage is most acute in DRAM, but in NAND as well. The market is beginning to appreciate what that means for the longevity of the current earnings streams with Micron's cons PE expanding from 4x to 11x since the end of March. So what's next?

For Micron we see (1) DRAM now increasingly the principal bottleneck to the AI buildout and hyperscalers willingness to pay remains high; (2) supply growth is limited by cleanroom and EUV availability. We think that keeps conditions tight and numbers will continue to move higher (we raise our CY26/CY27 EPS estimates by 4%/48%, on higher pricing). We now model DRAM pricing up 40% in the MayQ, and 15% in Aug, that's below expectations for 20% or more that we heard from the supply chain during our trip - but we wouldn't assume all the business is responding to those quarterly adjustments.

We still believe that multiple expansion can be a bigger driver of returns from here as investors price in a longer duration to earnings power. That said our working assumption remains that we'll see some correction in pricing and margins into

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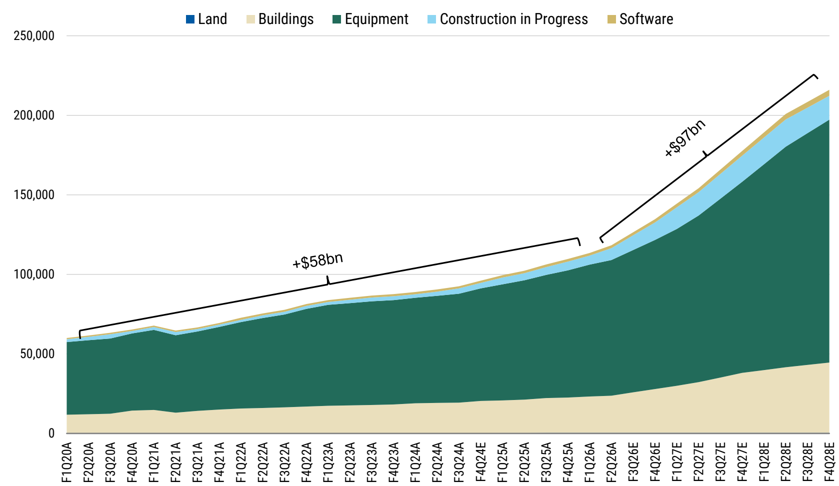
SEMICONDUCTORS	
North America	
Industry View	**Attractive**

CY2028, but that's not in evidence today. Meanwhile we expect buybacks to commence beginning in FY27 (we model $50bn from FY27-28) - as MU has been largely restricted from buybacks due to chips act provisions.

Micron will be investing in significant footprint expansion as well, and for DRAM overall capital spending continues to be quite high relative to history, but its impact on bit growth will continue to be limited by increasing HBM volumes and its associated trade ratio. Bit supply growth will accelerate in 2027/2028 as new supply comes available but the pace is still gated by the timing of construction and facility ramps. We remain well above consensus on MU's FY27/28 capex, where we now model $44bn/$40bn vs $37.6bn/$36.9bn for consensus., that's a drag on our FCF estimates but our new modeling (presented at the end of the note) suggests the D&A impact is manageable. Further the incremental bit growth could be a source of revenue/eps upside should the market remain this tight - which we expect.

Exhibit 1: Micron Gross PPE by asset class, PPE to expand more by the end of FY27 than 1QFY20-2QFY26



Source: Company Data, Morgan Stanley

For Sandisk the situation is similar, hyperscalers continue to corner the market for higher performance NAND at a level that's meaningfully shifting the demand profile of the commodity - at the same time supply growth has been slow to adjust. At their investor day Sandisk JV partner Kioxia (covered by Kazuo Yoshikawa) just had their analyst day, and raised their expectations for long term bit growth only slightly, from 20% to 22%,. That includes a much stronger contribution from AI inference, but with muted growth in PC/mobile markets. Given the only smaller increase in long term demand capex is expected to remain low at ¥470bn per year (For more see MSR: Investor Day 2026). That lower outlook for smartphone and PC demand is the primary driver of our relative preference for MU, where device de-specing is more difficult and the portion of bits doing into datacenter and AI markets is higher. That said Mobile/PC/Consumer weakness is not affecting the pricing environment for NAND and we are raising our Sandisk CY26/CY27 EPS estimates by 12%/24%., again on higher pricing.

We think both stocks can continue to outperform as the multiples remains reasonable on near term estimates (sub 10x PE on CY27 ests for both stocks), with meaningful share buybacks likely to commence in 2027, specialty AI memory (HBM) contracts are negotiated higher, and Sandisk increases their penetration in the datacenter market.

There has been a lot of focus on new multi-year supply agreements in this context, our view is that LTA's should be considered as a symptom not a cause of a "higher for longer" outlook, and proof that hyperscalers intend to continue to expand their memory procurement in the coming years and see commitments as a necessary condition to secure supply. We think the market will reward the implied durability, but its supply and demand we are most focused on.

MU changes to est and PT: Our valuation methodology continues to be based on through cycle EPS, our prior PT of $525 was based on ~25x through cycle EPS of $21. As we now see earnings >$17 per share each quarter of our forecast period we are raising our EPS estimate to $35, a small premium to our new the FY21-FY28 average ($34) as we still assume there will be peaks and valleys in earnings power over time. With 29.5x still in-line with the semis group.

Exhibit 2: Micron Changes to Estimates

	New		Old		Change (%)		Consensus	
	F3Q26E	CY2027E	F3Q26E	CY2027E	F3Q26E	CY2027E	F3Q26E	CY2027E
Revenue	$13,643	$200,395	$13,643	$144,196	0%	39%	$34,270	$179,945
Adj Gross Margin	82.2%	85.0%	81.6%	81.2%	1%	5%	79.8%	74.6%
Adj EPS	$20.01	$113.85	$19.15	$76.87	4%	48%	$19.55	$99.57

Source: Factset, Morgan Stanley Research

Sandisk changes to est and PT: Our valuation methodology continues to be based on through cycle EPS, our prior PT of $1,100 was based on ~23x through cycle EPS of $48. As we now see earnings surpassing ~$200 per share next year we are raising our EPS estimate to $62.50, a small premium to the FY21-FY28 average of $56 given we are yet to see the impact of certain new opportunities in AI. We also assume a higher multiple, 28x vs 23x maintaining the slight discount to MU.

Exhibit 3: SNDK Changes to Estimates

	New		Old		Change (%)		Consensus (%)	
	CY2026E	CY2027E	CY2026E	CY2027E	CY2026E	CY2027E	CY2026E	CY2027E
Revenue	$38,078	$48,278	$23,156	$24,865	64%	94%	$31,864	$46,346
Adj Gross Margin	83.9%	86.0%	82.4%	83.3%	2%	3%	79%	84%
Adj EPS	$161.07	$208.11	$143.41	$167.23	12%	24%	$ 123.55	$ 190.74

Source: Factset, Morgan Stanley Research

Exhibit 4: Micron PPE and D&A build

Micron PP&E
Source: Company Filings, Morgan Stanley Estimates

	F1Q26A	F2Q26A	F3Q26E	F4Q26E	F1Q27E	F2Q27E	F3Q27E	F4Q27E	F1Q28E	F2Q28E	F3Q28E	F4Q28E
Gross PP&E												
Land	420	420	420	420	420	420	420	420	420	420	420	420
Buildings	22,860	23,305	25,413	27,534	29,526	31,874	34,758	37,636	39,437	41,233	42,712	44,188
Equipment	82,839	85,321	89,048	92,819	97,730	103,858	111,536	119,199	128,456	137,697	144,755	151,802
Construction in Progress	5,693	7,485	9,273	10,989	13,649	14,690	15,583	16,474	16,824	17,172	16,064	14,956
Software	1,678	1,764	1,911	2,059	2,236	2,439	2,682	2,925	3,176	3,426	3,610	3,793
Total	**113,490**	**118,295**	**126,066**	**133,821**	**143,561**	**153,280**	**164,979**	**176,655**	**188,313**	**199,948**	**207,561**	**215,159**
Accumulated Depreciation	(65,013)	(66,887)	(69,346)	(71,950)	(74,736)	(77,744)	(81,032)	(84,599)	(88,486)	(92,692)	(97,142)	(101,837)
Net PP&E	**48,477**	**51,408**	**56,719**	**61,871**	**68,826**	**75,536**	**83,946**	**92,055**	**99,827**	**107,256**	**110,418**	**113,322**
vs Balance Sheet	-	-	229	474	734	1,015	1,316	1,640	1,982	2,347	2,734	3,136
		58,277						58,360			96,864	
Capex Build												
Gross PP&E (BOP)	**109,696**	**113,490**	**118,295**	**126,082**	**133,856**	**143,615**	**153,357**	**165,081**	**176,785**	**188,467**	**200,128**	**207,768**
Capex Gross	$5,389	$6,387	$8,800	$8,800	$10,800	$10,800	$12,000	$12,000	$12,000	$12,000	$8,000	$8,000
Gov Incentives	-$878	-$1,378	-$800	-$800	-$800	-$800	$0	$0	$0	$0	$0	$0
Other	(717)	(204)	(213)	(227)	(241)	(258)	(276)	(297)	(318)	(339)	(360)	(373)
Gross PP&E (EOP)	**113,490**	**118,295**	**126,082**	**133,856**	**143,615**	**153,357**	**165,081**	**176,785**	**188,467**	**200,128**	**207,768**	**215,395**
Other (Retirements, Acquisitions and Dispositic	-$717	-$204	(213)	(227)	(241)	(258)	(276)	(297)	(318)	(339)	(360)	(373)
% of PP&E	-0.7%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%	-0.2%
Equipment Gross PP&E Additions	**2,905**	**2,482**	**3,727**	**3,771**	**4,911**	**6,127**	**7,678**	**7,663**	**9,257**	**9,241**	**7,058**	**7,047**
Y/Y % Growth	34%	21%	59%	47%	69%	147%	106%	103%	88%	51%	-8%	-8%
% of Total	77%	52%	46.2%	46%	51%	51%	51%	51%	61%	61%	61%	61%
Y/Y Equipment Gross PP&E Additions	9,866	10,297	11,678	12,885	14,891	18,537	22,488	26,380	30,725	33,839	33,219	32,603
% of Total	71%	64%	59%	53%	50%	53%	58%	62%	69%	73%	78%	85%
Buildings Gross PP&E Additions	**687**	**445**	**2,108**	**2,120**	**1,992**	**2,349**	**2,883**	**2,879**	**1,801**	**1,796**	**1,479**	**1,476**
Y/Y % Growth	173%	-18%	135%	527%	190%	428%	37%	36%	-10%	-24%	-49%	-49%
% of Total	18%	9%	25.0%	25%	20%	20%	20%	20%	10%	10%	10%	10%
Y/Y Buildings & Land Gross PP&E Additions	2,535	2,434	3,578	5,361	6,666	8,569	9,345	10,103	9,912	9,359	7,954	6,552
% of Total	18%	15%	18%	22%	22%	24%	24%	24%	22%	20%	19%	17%
Construction In Progress Gross PP&E Additions	**175**	**1,792**	**2,312**	**2,311**	**2,850**	**2,849**	**3,223**	**3,221**	**3,220**	**3,219**	**2,137**	**2,136**
Y/Y % Growth	-80%	1607%	353%	298%	1529%	59%	39%	39%	13%	13%	-34%	-34%
% of Total	5%	37%	27.0%	27%	27%	27%	27%	27%	27%	27%	27%	27%
Y/Y Construction In Progress Gross PP&E Ad	1,371	3,058	4,336	5,471	7,956	7,205	6,310	5,485	3,175	2,482	481	(1,519)
% of Total	10%	19%	22%	23%	26%	21%	16%	13%	7%	5%	1%	-4%
CIP Placed in Service (4Q Lag)			**510**	**581**	**175**	**1,792**	**2,312**	**2,311**	**2,850**	**2,849**	**3,223**	**3,221**
Equipment			394	449	135	1,342	1,731	1,730	2,134	2,133	2,413	2,412
Buildings			108	123	37	422	544	544	671	670	758	758
Software			8	9	3	29	37	37	45	45	51	51
Land			-	-	-	-	-	-	-	-	-	-
Software Gross PP&E Additions	**27**	**86**	**151**	**151**	**181**	**206**	**248**	**247**	**255**	**255**	**189**	**189**
Y/Y % Growth	-78%	169%	28%	910%	569%	140%	64%	63%	41%	24%	-24%	-24%
% of Total	1%	2%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Y/Y Software Gross PP&E Additions	192	246	275	408	558	675	771	865	939	987	928	868
% of Total	1%	2%	1%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Land Gross PP&E Additions	-	-	-	-	-	-	-	-	-	-	-	-
Y/Y % Growth	-100%	#DIV/0!	-100%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
% of Total	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Y/Y Land Gross PP&E Additions	68	68	-	-	-	-	-	-	-	-	-	-
% of Total	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Gross PPE Additions	3,794	4,805	8,297	8,354	9,934	11,531	14,032	14,010	14,533	14,511	10,863	10,848
Check	-	-	-	(0)	1	2	4	4	(1)	(1)	(1)	(1)
Depreciation Build												
Existing Depreciation	$2,212	$2,286	$2,316	$2,316	$2,316	$2,316	$2,316	$2,316	$2,316	$2,316	$2,316	$2,316
Incremental D&A	$63	$74	$143	$288	$469	$693	$972	$1,251	$1,571	$1,890	$2,134	$2,378
Total D&A			$2,459	$2,604	$2,785	$3,009	$3,288	$3,567	$3,887	$4,206	$4,450	$4,694
vs Cash Flow Statement	-	-	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Avg Useful Life (ex CIP)	11.98	11.95	11.57	11.50	11.35	11.16	10.95	10.86	10.68	10.54	10.52	10.44
Elapsed Life (ex CIP)	7.24	7.21	7.08	7.26	7.36	7.42	7.46	7.62	7.68	7.80	8.03	8.20
Remaining Useful Life for existing D&A (ex CIP)	4.74	4.74	4.49	4.24	3.99	3.74	3.49	3.24	2.99	2.74	2.49	2.24
Accumulated D&A	(65,013)	(66,887)	(69,346)	(71,950)	(74,736)	(77,744)	(81,032)	(84,599)	(88,486)	(92,692)	(97,142)	(101,837)
Retirements	(717)	(204)	(213)	(227)	(241)	(258)	(276)	(297)	(318)	(339)	(360)	(373)
Incremental Equipment PPE			$3,727	$3,771	$4,911	$6,127	$7,678	$7,663	$9,257	$9,241	$7,058	$7,047
Useful Life			8	8	8	8	8	8	8	8	8	8
Equipment D&A Schedule												
F3Q26E			$116	$116	$116	$116	$116	$116	$116	$116	$116	$116
F4Q26E				$118	$118	$118	$118	$118	$118	$118	$118	$118
F1Q27E					$153	$153	$153	$153	$153	$153	$153	$153
F2Q27E						$191	$191	$191	$191	$191	$191	$191
F3Q27E							$240	$240	$240	$240	$240	$240
F4Q27E								$239	$239	$239	$239	$239
F1Q28E									$289	$289	$289	$289
F2Q28E										$289	$289	$289
F3Q28E											$221	$221
F4Q28E												$220
Total			$116	$234	$388	$579	$819	$1,059	$1,348	$1,637	$1,857	$2,078
Incremental Land and Buildings PPE			$2,108	$2,120	$1,992	$2,349	$2,883	$2,879	$1,801	$1,796	$1,479	$1,476
Useful Life			30	30	30	30	30	30	30	30	30	30
Land and Buildings D&A Schedule												
F3Q26E			$18	$18	$18	$18	$18	$18	$18	$18	$18	$18
F4Q26E				$18	$18	$18	$18	$18	$18	$18	$18	$18
F1Q27E					$17	$17	$17	$17	$17	$17	$17	$17
F2Q27E						$20	$20	$20	$20	$20	$20	$20
F3Q27E							$24	$24	$24	$24	$24	$24
F4Q27E								$24	$24	$24	$24	$24
F1Q28E									$15	$15	$15	$15
F2Q28E										$15	$15	$15
F3Q28E											$12	$12
F4Q28E												$12
Total			$18	$35	$52	$71	$95	$119	$134	$149	$162	$174
Incremental Software PPE			$147	$148	$177	$202	$243	$243	$251	$250	$184	$183
Useful Life			4	4	4	4	4	4	4	4	4	4
Software D&A Schedule												
F3Q26E			$9	$9	$9	$9	$9	$9	$9	$9	$9	$9
F4Q26E				$9	$9	$9	$9	$9	$9	$9	$9	$9
F1Q27E					$11	$11	$11	$11	$11	$11	$11	$11
F2Q27E						$13	$13	$13	$13	$13	$13	$13
F3Q27E							$15	$15	$15	$15	$15	$15
F4Q27E								$15	$15	$15	$15	$15
F1Q28E									$16	$16	$16	$16
F2Q28E										$16	$16	$16
F3Q28E											$11	$11
F4Q28E												$11
Total			$9	$18	$30	$42	$57	$73	$88	$104	$115	$127

Source: Company Data, Morgan Stanley Research

Risk Reward – SanDisk Corporation. (SNDK.O)

NAND improving quickly on the back of accelerating cloud demand

PRICE TARGET $1,750.00

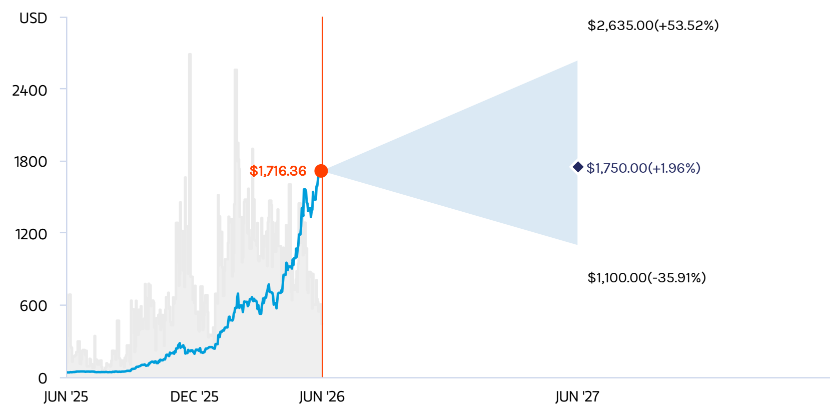
We assume 28x through-cycle EPS of $62.50 (vs. our estimate of FY21-FY29 average of $56). As improving industry dynamics as well as eSSD demand lead to sustained levels of higher profitability. 28x is a slight discount to our through-cycle multiple target for MU (28.5x) as the lower AI exposure is offset by historically higher FCF conversion

Consensus Price Target Distribution $250.00 — $1,435.25 — MS PT — $3,250.00

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART



Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research

OVERWEIGHT THESIS

AI demand is in the process of transforming the NAND market, and driving peak cycle EPS to multiples of what we have seen in the past. With still minimal new investment in capacity and evolving AI demand drivers we see a long runway for upward revisions.

Consensus Rating Distribution

87%	Overweight
13%	Equal-weight
0%	Underweight

● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $2,635.00

31x through-cycle EPS of $85

Our bull case of $2,635 per share represents 31x a higher through-cycle EPS of $85.00. Here future peak earnings look similar to the current environment, with AI demand supporting through cycle EPS about 40% of current cycle peak. As well as with more mild downturns, higher levels of profitability supporting a higher multiple.

BASE CASE $1,750.00

28x through-cycle EPS of $62.50

Improving industry dynamics as well as eSSD demand lead to higher levels of profitability than we have seen over the last few years, 28x is a discount to our through-cycle multiple target for MU (28.5x) as the lack of direct AI is offset by historically higher FCF conversion.

BEAR CASE $1,100.00

25x through-cycle EPS of $44

We think Sandisk can avoid much of the pain of the last downturn ($13 per share loss), and with a better upcycle, with the multiple towards the average of the semiconductor group.

Risk Reward – SanDisk Corporation. (SNDK.O)

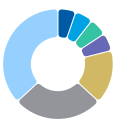
KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue ($, mm)	7,355	19,287	40,860	38,440
Non-GAAP Gross Margin (%)	30.3	68.9	84.1	82.4
Non-GAAP EPS ($)	2.74	63.96	172.48	154.25
Inventory ($, mm)	2,079	2,107	2,451	2,412
DOI	145.5	126.2	135.1	128.0

INVESTMENT DRIVERS

- Improved pricing and demand strength drive earnings growth
- Position in DC SSD market improves

GLOBAL REVENUE EXPOSURE



0-10%	Japan
0-10%	Latin America
0-10%	Mainland China
0-10%	UK
10-20%	Europe ex UK
20-30%	North America
30-40%	APAC, ex Japan, Mainland China and India

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Quicker eSSD penetration in the datacenter
- Higher NAND content growth from edge AI applications
- Sandisk's investments in advanced memory technologies such as HBF (high Bandwidth Flash) pay dividends

RISKS TO DOWNSIDE

- NAND industry growth disappoints
- Capex growth returns as industry participants invest to gain share
- Sandisk loses market share as they fail to gain traction in datacenter
- China continues to gain share

OWNERSHIP POSITIONING

Inst. Owners, % Active	48.6%
HF Sector Long/Short Ratio	2x
HF Sector Net Exposure	25.3%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jun 2027e

	Low	Morgan Stanley Estimates	Mean	High
EPS ($)	128.03	172.48	171.23	217.70
Sales / Revenue ($, mm)	32,937	40,860	42,102	52,009
EBIT ($, mm)	24,021	31,947	32,112	40,402

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

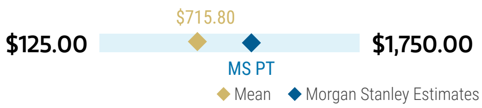
Risk Reward – Micron Technology Inc. (MU.O)

See multiple quarters of upward revisions, with AI driving a higher multiple

PRICE TARGET $1,050.00

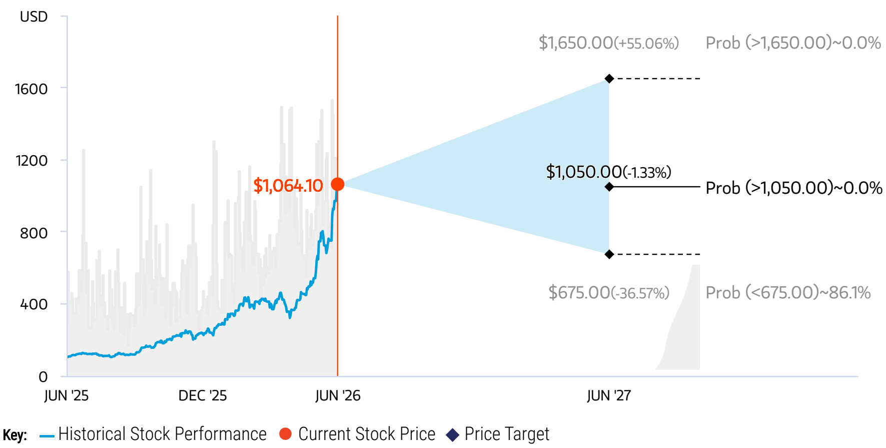
~29.5x through-cycle earnings of US $35.00, a premium to history reflecting new opportunities in AI, in-line with broader semis.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)

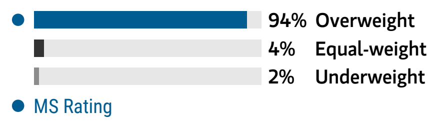


Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 2 Jun 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

OVERWEIGHT THESIS

- DRAM fundamentals are in uncharted territory, and should continue to improve as datacenter/AI continue their upward trajectory
- Execution on AI is underappreciated, and we expect Micron to maintain HBM share in CY26 vs the competition. Supporting margins and driving a higher multiple than prior cycles
- Cycle longevity will be key, and S/D may stay tight for 2-3 more years

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

New Data Era:	*Positive*
Secular Growth:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $1,650.00

33x through-cycle earnings of US$50

Gross margin improvement continues, driven by scale, AI mix, and cost improvements in new products. Pricing pressure alleviates as demand sustainably moves above supply driven by HBM's wafer intensity, a product category where MU cements performance leadership on future products.

BASE CASE $1,050.00

~29.5x through-cycle earnings of US$35

Our through-cycle earnings estimate of US$35.00 is a small premium to our new FY21-FY28 average ($34) as we continue to assume peaks and valleys in earnings over time. Our 29.5x multiple reflects the market's enthusiasm for the AI opportunity, and at the midpoint of the semis group

BEAR CASE $675.00

27x through-cycle earnings of US$25.00

Memory begins to enter a downturn in early 2027. As the strength attributed to demand in the early part of the year ended up being inventory build at customers. Multiple compresses severely after an underwhelming peak

Risk Reward – Micron Technology Inc. (MU.O)

KEY EARNINGS INPUTS

Drivers	2025	2026e	2027e	2028e
GAAP Revenue ($, mm)	37,378	113,029	193,866	174,254
Non Gaap Gross Margin (%)	40.9	78.3	85.1	80.0
Non-GAAP EPS ($)	8.29	61.23	109.69	93.44
Inventory ($, mm)	8,355	8,564	10,152	12,393
DOI	133.7	123.5	124.2	126.2

INVESTMENT DRIVERS

- Improved pricing and demand strength drive earnings growth

GLOBAL REVENUE EXPOSURE

- 0-10% APAC, ex Japan, Mainland China and India
- 0-10% India
- 0-10% Japan
- 0-10% MEA
- 0-10% Mainland China
- 0-10% UK
- 10-20% Europe ex UK
- 40-50% North America

Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	4/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Customers continue to demonstrate an appetite to take on inventory around macroeconomic uncertainty
- Additional wafer intensity of HBM further improves overall supply and demand
- MIcron's HBM share surpasses expectations

RISKS TO DOWNSIDE

- Pricing can turn quickly; a falter in end demand with inventories elevated could lead to a swift price reduction
- HBM demand falters and competition intensifies, pressuring pricing

OWNERSHIP POSITIONING

Inst. Owners, % Active	46.5%
HF Sector Long/Short Ratio	2x
HF Sector Net Exposure	25.3%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Oct 2026e

	Low	Morgan Stanley Estimates	Mean	High
Sales / Revenue ($, mm)	81,813	113,029	109,869	119,961
EBITDA ($, mm)	58,763	91,616	87,725	95,857
Net income ($, mm)	44,520	70,478	66,521	73,949
EPS ($)	37.54	61.23	58.02	64.37

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf

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(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

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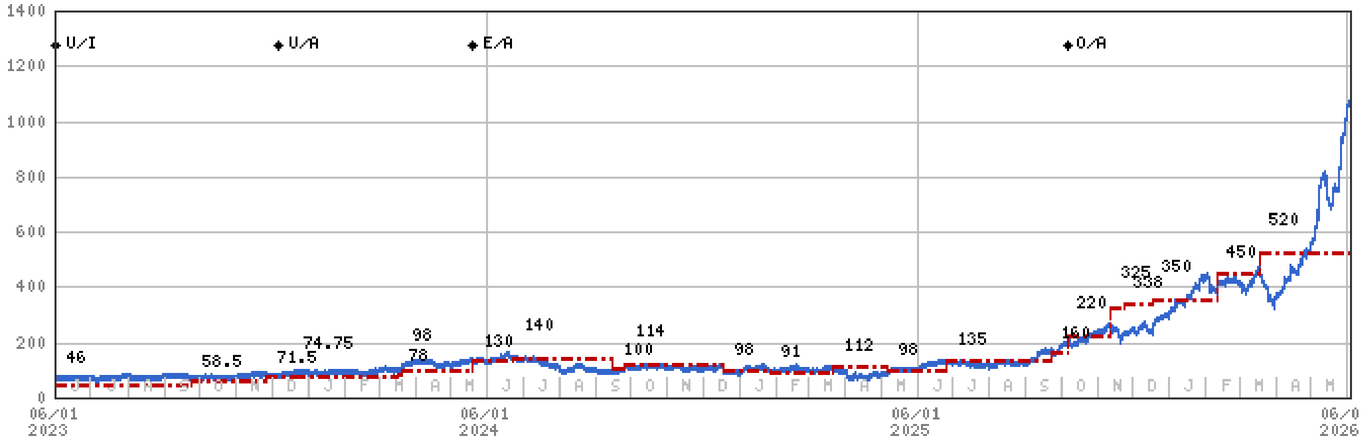
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Micron Technology Inc. (MU.O) - As of 06/03/26 GMT in USD
Industry : Semiconductors



Stock Rating History: 6/1/21 : O/I; 8/12/21 : E/I; 7/21/22 : U/I; 12/7/23 : U/A; 5/20/24 : E/A; 10/6/25 : O/A

Price Target History: 3/1/21 : 105; 8/12/21 : 75; 12/20/21 : 77; 3/29/22 : 83; 6/21/22 : 56; 9/30/22 : 49; 12/21/22 : 46; 9/24/23 : 58.5; 11/27/23 : 71.5; 12/20/23 : 74.75; 3/18/24 : 78; 3/21/24 : 98; 5/20/24 : 130; 6/23/24 : 140; 9/15/24 : 100; 9/26/24 : 114; 12/19/24 : 98; 1/27/25 : 91; 3/21/25 : 112; 5/7/25 : 98; 6/26/25 : 135; 9/22/25 : 160; 10/6/25 : 220; 11/12/25 : 325; 11/23/25 : 338; 12/17/25 : 350; 2/10/26 : 450; 3/18/26 : 520

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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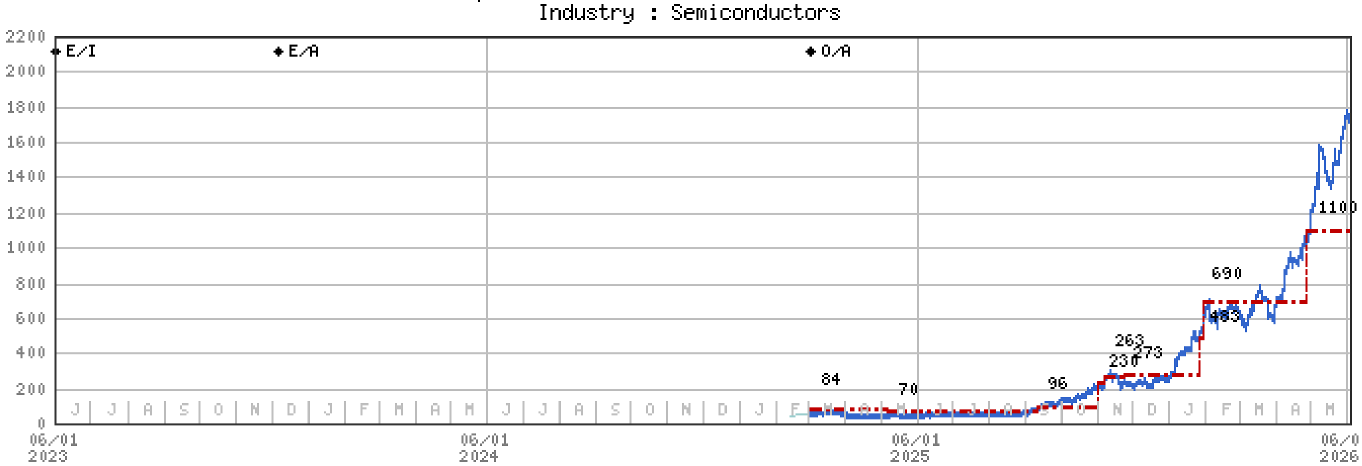
SanDisk Corporation. (SNDK.O) - As of 06/03/26 GMT in USD
Industry : Semiconductors



Stock Rating History: 6/1/21 : E/I; 12/7/23 : E/A; 3/3/25 : O/A

Price Target History: 3/3/25 : 84; 5/7/25 : 70; 9/11/25 : 96; 11/2/25 : 230; 11/7/25 : 263; 11/23/25 : 273; 1/26/26 : 483; 1/29/26 : 690; 4/27/26 : 1100

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

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INDUSTRY COVERAGE: Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/02/2026)
Joseph Moore		
Advanced Micro Devices (AMD.O)	E (06/09/2024)	$521.54

Aeva Technologies Inc (AEVA.O)	E (07/19/2021)	$27.76
Allegro Microsystems Inc (ALGM.O)	O (02/13/2026)	$50.33
Ambarella Inc (AMBA.O)	O (03/29/2016)	$78.38
Amkor Technology Inc (AMKR.O)	E (11/08/2023)	$74.74
Analog Devices Inc. (ADI.O)	O (11/16/2023)	$423.20
Astera Labs Inc (ALAB.O)	O (05/11/2025)	$355.76
Broadcom Inc. (AVGO.O)	O (06/09/2024)	$481.57
GlobalFoundries Inc (GFS.O)	E (10/28/2024)	$84.60
Intel Corporation (INTC.O)	E (02/22/2023)	$107.93
IonQ Inc (IONQ.N)	E (04/25/2023)	$71.40
Marvell Technology Group Ltd (MRVL.O)	E (09/14/2015)	$290.79
Microchip Technology Inc. (MCHP.O)	E (07/10/2024)	$96.96
Micron Technology Inc. (MU.O)	O (10/06/2025)	$1,064.10
Navitas Semiconductor Corp (NVTS.O)	U (04/06/2025)	$25.86
NVIDIA Corp. (NVDA.O)	O (03/16/2023)	$222.82
NXP Semiconductor NV (NXPI.O)	O (02/11/2025)	$323.62
ON Semiconductor Corp. (ON.O)	E (05/11/2025)	$128.64
Qorvo Inc (QRVO.O)	E (10/28/2025)	$102.74
Qualcomm Inc. (QCOM.O)	U (02/10/2026)	$240.84
SanDisk Corporation. (SNDK.O)	O (03/03/2025)	$1,716.36
Semtech Corp. (SMTC.O)	E (04/06/2025)	$166.63
Silicon Laboratories Inc. (SLAB.O)	E (01/19/2021)	$218.75
Skyworks Solutions Inc (SWKS.O)	E (11/28/2018)	$79.12
Texas Instruments (TXN.O)	U (04/13/2020)	$308.12
Wolfspeed, INC (WOLF.N)	NR (04/06/2025)	$61.06
Lee Simpson		
Arm Holdings plc (ARM.O)	E (04/07/2026)	$402.71
Cadence Design Systems Inc (CDNS.O)	O (02/14/2024)	$416.39
Synopsys Inc. (SNPS.O)	E (02/27/2026)	$508.35

Stock Ratings are subject to change. Please see latest research for each company.
* Historical prices are not split adjusted.