Goldman Sachs Research

Equity Research
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Micron Technology Inc. (MU): 3Q Preview: Another strong quarter reflects extension of tight supply/demand through 2027

Key stock takeaways: We expect investors to continue to focus on the nature of Micron's Strategic Customer Agreements (SCA), as well as supply plans and near-term pricing dynamics. We expect ongoing market tightness to drive significant upside to Street estimates and the company's guidance. Given ongoing demand increases plus near-term supply constraints, we recently increased our overall industry outlook in our latest global report (link), and we expect tight conditions to persist throughout CY27 and to result in increased pricing and margins for the industry. We believe investor positioning remains very bullish given the dramatic share price run-up and optimism around the potential impact of long-term customer agreements.

Setup heading into the print: We believe investor expectations are very elevated heading into the print, with Micron benefiting from robust DRAM pricing trends. We believe investors expect Micron to maintain/expand its current ~20% share in HBM, with conventional DRAM pricing driving upside.

Our view on key metrics and our estimates: We expect Micron to deliver ~9% upside to Street revenue in the quarter and guide to meaningful QoQ revenue growth in the August quarter, driven by pricing upside. We expect revenue/GM/EPS of $37.6bn/83.4%/$22.07 for the quarter vs. Street at $34.4bn/81.9%/$19.74. For August quarter guidance, we expect revenue/GM/EPS of $48.8bn/86.1%/$29.95 compared with Street at $40.4 bn/84.0%/$23.68. For CY26, our revenue/EPS estimates are 30%/36% above the Street (VA).

Estimate changes: We raise our revenue/non-GAAP EPS estimates by 28%/36% on average for CY26/27 to reflect stronger industry pricing trends and demand upside.

Items on the call that could move the stock: (1) Additional details on SCAs - We believe investors expect more color on Micron's strategic customer agreements, what level of pricing guarantees they contain, and whether additional agreements have been reached; (2) Sustainability of pricing strength - We expect further color on whether the current DRAM pricing trend can sustain itself in the coming quarters; (3) HBM roadmap - We expect Micron to comment on its market share in HBM, and whether it can improve that position with HBM4.

Coming out of the print: We expect the stock debate to continue to center primarily on long-term customer agreements and the sustainability of DRAM pricing strength; any future commentary regarding HBM progress and share targets will be in focus.

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Exhibit 1: MU - Summary of GS vs. Street estimates

	CY2Q26E					CY3Q26E					CY2026E			CY2027E		
Financials ($ mn, except EPS)	**New**	**Old**	**Y/Y %**	**Street**	**GS / Street**	**New**	**Old**	**Y/Y %**	**Street**	**GS / Street**	**New**	**Old**	**Y/Y %**	**New**	**Old**	**Y/Y %**
Total Revenue	37,579	34,767	304%	34,433	9%	48,767	44,569	506%	40,393	21%	165,702	153,197	292%	231,612	155,829	40%
Gross Margin	83.4%	82.1%	*+4448 bps*	81.9%	*+150 bps*	86.1%	84.7%	*+4815 bps*	84.0%	*+204 bps*	53.9%	53.9%	*+921 bps*	50.6%	50.6%	*-331 bps*
Operating Margin	79.0%	77.4%	*+5342 bps*	77.8%	*+120 bps*	82.4%	80.8%	*+5854 bps*	79.9%	*+247 bps*	79.9%	78.4%	*+4575 bps*	82.7%	74.6%	*+281 bps*
Non-GAAP EPS	$22.07	$20.03	1057%	$19.74	12%	$29.95	$26.90	1820%	$23.68	26%	$98.15	$89.20	771%	$145.00	$89.40	48%
Segments	**New**	**Old**	**Y/Y %**	**Street**	**GS / Street**	**New**	**Old**	**Y/Y %**	**Street**	**GS / Street**	**New**	**Old**	**Y/Y %**	**New**	**Old**	**Y/Y %**
DRAM	28,302	27,326	300%	27,003	5%	36,000	34,758	488%	31,448	14%	123,136	119,537	273%	171,743	114,177	39%
NAND	9,183	7,346	326%	7,401	24%	12,672	9,715	583%	8,793	44%	42,186	33,280	368%	59,488	41,272	41%

Source: Company data, Goldman Sachs Global Investment Research, Visible Alpha Consensus Data

Price target methodology and risks

Our updated 12-month target price of $900 (up from $400 prior) is based on a 18X P/E multiple (unchanged) applied to our normalized EPS estimate of $50.00 (up from $22.00 prior due to higher earnings visibility driven by more robust pricing growth and supply tightness that is expected to continue well into 2027). Key upside/downside risks include: (1) continued execution on the company's HBM roadmap and share gain vis-a-vis Samsung and SK Hynix, (2) sizable step-up (above current expectations) in HBM content for AI accelerators, (3) continued signs of CXMT gaining DRAM market share, negatively impacting pricing dynamics.

MU	12m Price Target: **$900.00**	Price: **$864.01**	Upside: **4.2%**

Neutral

Market cap: $991.9bn
Enterprise value: $953.9bn
3m ADTV: $29.0bn
United States
Americas Semiconductors, Telecom & IT Services
M&A Rank: 3

GS Forecast

	8/25	**8/26E**	**8/27E**	**8/28E**
Revenue ($ mn) New	**37,378.0**	**123,849.1**	**227,114.0**	**219,917.6**
Revenue ($ mn) Old	37,378.0	116,838.4	171,730.3	139,528.9
EBITDA ($ mn)	18,223.0	100,742.4	197,259.0	184,730.9
EBIT ($ mn)	9,871.0	91,700.4	187,691.0	174,522.9
EPS ($) New	**7.42**	**67.48**	**138.86**	**137.51**
EPS ($) Old	7.42	62.41	98.96	75.88
P/E (X)	13.5	12.8	6.2	6.3
Dividend yield (%)	0.5	0.1	0.1	0.1
Net debt/EBITDA (X)	0.3	(0.4)	(0.8)	(1.6)

	2/26	**5/26E**	**8/26E**	**11/26E**
EPS ($)	11.94	21.77	29.65	33.63

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 5 Jun 2026 close.