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IDEA

October 1, 2026 06:14 AM GMT

Micron Technology Inc | North America

Micron makes the case that it's better for longer

Largely as previewed; sequential improvement has decelerated, but the strength in the business continues to shine through; and with duration still underappreciated by some, we stay OW.

Key Takeaways

- Micron extends its qualitative guidance out to 2028; expecting S/D for memory to be tighter in both 2027 and 2028 than this year.…..
- … that's unlikely to be initially priced in by investors, but matches our assessment of what the strength in AI demand means for memory
- Gross margin improvement gradual from here, as expected as we surpass 85% gross margins, with some near-term cost headwinds
- On our new estimates Micron will earn close to half the current market cap by the end of 2028, with most of that returned to shareholders
- HBM repricing and buyback authorization are key catalysts still ahead of us

We said in our preview and in recent notes that the debate has shifted from "how good can it get" to "how long it can stay good". That's a debate that takes longer than one print to prove out, but we remain of the view that it can stay good for multiple years, and Micron made the case that visibility is continuing to extend out in time.

Over the last 3 quarters, Micron had beat and guided ahead of consensus on EPS by 20-40%, today it beat by 5%, and guided 6% above consensus. That may be the new normal as Micron's visibility improves and more bits move under LTA's. But the smaller magnitude of revisions to near-term numbers should be priced in, and there are still clear signs that the duration is extending. Micron signed 10 new SCA customers, and is adding duration beyond 2030 in some cases – a testament to the customer anxieties about securing DRAM even 5 years from now.

HBM repricing an important catalyst still to come, Micron's "cloud memory" business unit is 1/3rd of revenue but carries the lowest gross margin (83%) out of Micron's reported segments due to HBM contracts that were signed when overall DRAM pricing was much lower. The incremental 100% margin revenue required for that segment's margins to be in line with mobile and core datacenter 90% would add something like $9 to quarterly EPS, a meaningful tailwind that could show up quite quickly. Micron wasn't explicit on how much the margin gap would close, but if there were to continue to be a meaningful gap it's our view that Micron would have little incentive to build HBM product.

Supply growth looks more limited than our expectations despite higher capital spending; that could prove conservative, in our view. We have been expecting an

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Micron Technology Inc. (MU.O, MU US)

Semiconductors | United States of America

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	**$1,200.00**
Shr price, close (Sep 30, 2026)	$1,065.11
Mkt cap, curr (mm)	$1,234,431
52-Week Range	$1,255.00-163.96

Fiscal Year Ending	08/26	08/27e	08/28e	08/29e
EPS ($)**	75.52	182.52	225.09	134.46
Prior EPS ($)**	73.30	168.52	148.85	-
P/E	12.7	5.8	4.7	8.0
EPS ($)§	73.53	159.30	179.99	143.13
Div yld (%)	0.0	0.0	0.0	0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS ($)

Quarter	2026	2027e Prior	2027e Current	2028e Prior	2028e Current
Q1	4.78	35.57	38.02	47.43	59.10
Q2	12.20	39.39	42.88	40.13	58.75
Q3	25.11	43.95	47.83	33.34	56.71
Q4	33.42	49.72	54.52	27.65	50.34

e = Morgan Stanley Research estimates

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acceleration in bit shipments next year as we see meaningful wafer adds across the big 3 DRAM suppliers and CXMT, but Micron is making the case that bit growth will slow despite the higher capex. We're not sure how comfortable we are with that construct at this point as wafer capacity adds should accelerate meaningfully next year across all suppliers, we estimate 20% y/y growth at the industry level vs 11% this year. Meaning higher HBM mix and trade ratios entirely offset node migrations next year after the opposite happened this year, and with Rubin HBM content flat vs Blackwell Ultra (and potentially lower with a de-spec) as well as overall Nvidia units in the range of flat y/y in 2027 year the increased trade ratio seems to be doing the heavy lifting. That said, Micron should have strong visibility into its own portion of that growth, and we think today's guidance should improve sentiment slightly on overall supply growth anxieties.

Thoughts on the stock: We saw at least some of the negative rerating in July as reflecting that the rate of change has to slow, for several reasons: 1) a trillion dollar memory market simply can't see the same rate of price increases for very long without becoming a large portion of global GDP; 2) long-term agreements dampen volatility, with price floors but also price ceilings; and 3) the AI industry is making do with less, out of necessity, with some supply related de-specifications and technology innovations. We weren't alarmed by that, and expected it, but some of the bull case numbers were trimmed.

If $300 in earnings – the highest numbers we heard a couple of months ago – now seems less likely, that doesn't bring an end to the cycle; we are at $200 for CY27 now, and see that as conservative, and durable. There are signs of that durability in these numbers – management being willing to call tighter supply demand in CY28 (new language on this call), LTA coverage extending out in some cases through 2031, and higher capex (which may be negative for some but certainly conveys management confidence). But if numbers are closer to consensus, the stock will take longer to play out from here, as previewed – but upside still does seem likely to play out from here. We're staying OW with no change to our $1200 target.

Changes to estimates: For next quarter, we model close to company guidance with revenue/GM/EPS (all non-GAAP) at $61.516bn/86.3%/$38.02. Looking at the February quarter, we move our estimates of revenue/GM/EPS from $62.825bn/88.9%/$39.39 to $67.044bn/87.5%/$42.88, and for FY27, our numbers move from $266.867bn/89.3%/$168.52 to $281.047bn/87.5%/$182.52.

Details on the quarter: Guidance came in above consensus and our estimate, with revenue guided to $61.5bn at the midpoint, vs the Street at $57.397bn and our estimate of $57.560bn. Gross margin guidance of 86.25% was in line with the Street at 86.3% but below our estimate of 88.1%. Opex was guided to approximately $2.06bn. The tax rate was guided to be 15.5% in FYQ1 and FY27, and diluted share count is expected to be 1.15bn shares. Taking everything together, non-GAAP EPS was guided to $38.15 at the mid-point, above consensus at $35.47 and our estimate of $35.57. For net capex, the company guided to FYQ1 spending of roughly $11.5bn and plans to increase FY27 spending to above $50bn.

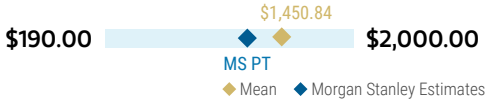
Risk Reward – Micron Technology Inc. (MU.O)

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

PRICE TARGET $1,200.00

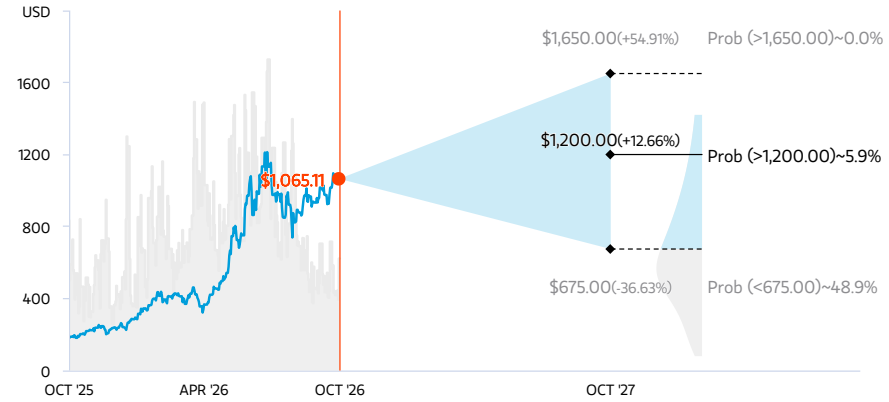
30x through-cycle earnings of US $40.00, a premium to history reflecting new opportunities in AI, in-line with broader semis.

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



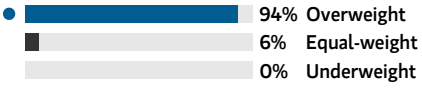
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

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 30 Sep 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 markets 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 $1,200.00

30x through-cycle earnings of US$40

Our through-cycle earnings estimate of US$40.00 is a small premium to our new FY19-FY29 average ($58) as we continue to assume peaks and valleys in earnings over time. Our 30x multiple reflects the market's enthusiasm for the AI opportunity, and is 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 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	Aug 2026	Aug 2027e	Aug 2028e	Aug 2029e
GAAP Revenue ($, mm)	133,188	281,047	331,286	231,664
Non Gaap Gross Margin (%)	81.1	87.5	86.5	75.9
Non-GAAP EPS ($)	75.52	182.52	225.09	134.46
Inventory ($, mm)	10,372	11,750	14,674	18,337
DOI	145.4	118.0	116.8	116.9

CATALYST CALENDAR

Source: Refinitiv, Morgan Stanley

Date	Event
15 Jan 2027 - 19 Jan 2027	Micron Technology Inc Annual Shareholders Meeting

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	2.2x
HF Sector Net Exposure	30.6%

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 Aug 2027e

Sales / Revenue ($, mm)	203,043	281,047 / 253,331	342,515
EBITDA ($, mm)	174,764	248,606 / 229,406	312,026
Net income ($, mm)	138,374	202,257 / 182,738	248,668
EPS ($)	115.00	182.52 / 159.30	221.27

◆ Mean ◆ Morgan Stanley Estimates

Source: Refinitiv, Morgan Stanley Research

Financial Summary

Exhibit 1: Income Statement Summary

MU: Snapshot for the quarter ended August 2026

Income Statement									
Qtr Results:	Actual			Lst Qtr	QoQ	Lst Yr	YoY	Cons.	MSe
Revenue	$54,229.0			$41,456.0	*30.8%*	$11,315.0	*379.3%*	$50,922.9	$50,024.1
Gross Margin	*87.0%*			*84.9%*	209 bps	*45.7%*	4,132 bps	*85.3%*	*86.4%*
EPS*	$33.42			$25.11	$8.31	$3.03	$30.39	$31.49	$31.20
Nxt Qtr Outlook:	Low	High	Midpoint	Lst Qtr	QoQ	Lst Yr	YoY		
Revenue	$60,000.0	$63,000.0	$61,500.0		*13.4%*	$13,643.0	*350.8%*	$57,397.0	$57,560.2
Gross Margin	*86.3%*	*86.3%*	86.25%		-75 bps	*56.8%*	2,942 bps	*86.3%*	*88.1%*
EPS*	$37.15	$39.15	$38.2		$4.73	$4.78	$33.37	$35.47	$35.57

** EPS excludes stock-based compensation and extraordinary one-time items*

Source: Company data, Morgan Stanley Research estimates

Exhibit 2: Income Statement Variance

Non-GAAP financials, $ in Millions except per share	Reported F3Q26	MS Est F3Q26	Difference Act vs. Est.	Per share Difference
Total Revenue	41,456	36,454	5,002	4.34
Cost of Sales	6,257	6,172	85	(0.07)
Gross Profit	35,199	30,282	4,917	4.27
Gross Margin	*84.9%*	*83.1%*	*1.8%*	
R&D	1,178	1,128	50	(0.04)
SG&A	340	284	56	(0.05)
Other OpEx (Inc)	0	27	(27)	0.02
Total Op Expenses	1,518	1,439	79	(0.07)
Operating Income	33,681	28,843	4,838	4.20
Operating Margin	*81.2%*	*79.1%*	*2.1%*	
Net Income	28,857	24,548	4,309	3.74
EPS*	$25.11	$21.31	$3.81	3.81
Diluted Shares Out.	1,149	1,152	(3)	

Source: Company data, Morgan Stanley Research estimates

Financial Statements

Exhibit 3: MU: Projected Income Statement

Micron Income Statement (fiscal year ends in Aug)	C4Q24A Nov-24 F1Q25A	C1Q25A Feb-25 F2Q25A	C2Q25A May-25 F3Q25A	C3Q25A Aug-25 F4Q25A	C4Q25A Nov-25 F1Q26A	C1Q26A Feb-26 F2Q26A	C2Q26A May-26 F3Q26A	C3Q26A Aug-26 F4Q26A	C4Q26E Nov-26 F1Q27E	C1Q27E Feb-27 F2Q27E	C2Q27E May-27 F3Q27E	C3Q27E Aug-27 F4Q27E
Revenues	8,709	8,053	9,301	11,315	13,643	23,860	41,456	54,229	61,516	67,044	72,452	80,035
COGS	5,361	5,090	5,793	6,261	5,997	6,105	6,400	7,182	8,557	8,557	8,907	9,827
COGS - MW	5,268	5,000	5,678	6,146	5,890	5,984	6,257	7,025	8,400	8,400	8,750	9,670
Gross Profit Non-GAAP	**3,441**	**3,053**	**3,623**	**5,169**	**7,753**	**17,876**	**35,199**	**47,204**	**53,116**	**58,644**	**63,702**	**70,365**
Non-GAAP Gross Margin	*39.5%*	*37.9%*	*39.0%*	*45.7%*	*56.8%*	*74.9%*	*84.9%*	*87.0%*	*86.3%*	*87.5%*	*87.9%*	*87.9%*
R&D	888.0	898.0	965.0	1,047.0	1,171.0	1,250.0	1,316.0	1,913.0	1,903.0	2,078.0	2,253.0	2,428.0
% of Revs.	*10.2%*	*11.2%*	*10.4%*	*9.3%*	*8.6%*	*5.2%*	*3.2%*	*3.5%*	*3.1%*	*3.1%*	*3.1%*	*3.0%*
SG&A	288.0	285.0	318.0	314.0	337.0	344.0	407.0	859.0	407.0	427.0	447.0	467.0
% of Revs.	*3.3%*	*3.5%*	*3.4%*	*2.8%*	*2.5%*	*1.4%*	*1.0%*	*1.6%*	*0.7%*	*0.6%*	*0.6%*	*0.6%*
Other OpEx	(2.0)	7.0	56.0	39.0	2.0	26.0	15.0	524.0	-	-	-	-
Other OpEx - MW	138.0	151.0	145.0	148.0	179.0	203.0	198.0	256.0	217.0	217.0	217.0	217.0
Operating Income - Non-GAAP	**2,394**	**2,007**	**2,490**	**3,955**	**6,419**	**16,455**	**33,681**	**44,636**	**51,049**	**56,382**	**61,245**	**67,713**
Operating Margin %	*27.5%*	*24.9%*	*26.8%*	*35.0%*	*47.0%*	*69.0%*	*81.2%*	*82.3%*	*83.0%*	*84.1%*	*84.5%*	*84.6%*
Total Interest Income (net) and Other Income	(22.0)	(15.0)	(56.0)	(23.0)	(75.0)	25.0	(106.0)	487.0	575.0	575.0	575.0	575.0
Total Interest Income (net) and Other Income - M	(22.0)	(15.0)	(56.0)	(23.0)	(75.0)	25.0	(106.0)	487.0	575.0	575.0	575.0	575.0
PBT - GAAP	**2,152**	**1,758**	**2,113**	**3,631**	**6,061**	**16,160**	**33,212**	**44,238**	**51,224**	**56,557**	**61,420**	**67,888**
PBT - Non-GAAP	**2,372**	**1,992**	**2,434**	**3,932**	**6,344**	**16,480**	**33,575**	**45,123**	**51,624**	**56,957**	**61,820**	**68,288**
PBT - MW	**2,245**	**1,848**	**2,286**	**3,785**	**6,171**	**16,304**	**33,377**	**44,916**	**51,417**	**56,750**	**61,613**	**68,081**
Income Tax Expense (Benefit) GAAP	283.0	177.0	235.0	429.0	829.0	2,371.0	4,978.0	6,583.0	7,712.6	8,512.4	9,241.9	10,212.1
Income Tax Expense (Benefit) - Non-GAAP	336.0	211.0	260.0	462.0	870.0	2,455.0	4,727.0	6,771.0	7,900.6	8,700.4	9,429.9	10,400.1
Income Tax Expense (Benefit) - MW	336.0	211.0	260.0	462.0	870.0	2,455.0	4,727.0	6,771.0	7,900.6	8,700.4	9,429.9	10,400.1
PAT - GAAP	1,869	1,581	1,878	3,202	5,232	13,789	28,234	37,655	43,512	48,044	52,178	57,676
PAT - Non-GAAP	2,036	1,781	2,174	3,470	5,474	14,025	28,848	38,352	43,724	48,256	52,390	57,888
PAT - MW	1,909	1,637	2,026	3,323	5,301	13,849	28,650	38,145	43,517	48,049	52,183	57,681
Equity Method Income	1.0	2.0	7.0	(1.0)	8.0	(4.0)	9.0	46.0	-	-	-	-
Equity Method Income - Non GAAP adjustment												
Net Income	1,870	1,583	1,885	3,201	5,240	13,785	28,243	37,701	43,512	48,044	52,178	57,676
Extraordinary	40	56	148	121	69	60	416	490	5	5	5	5
Net Income-GAAP	**1,870**	**1,583**	**1,885**	**3,201**	**5,240**	**13,785**	**28,243**	**37,701**	**43,512**	**48,044**	**52,178**	**57,676**
Net Income- Non-GAAP	**2,037**	**1,783**	**2,181**	**3,469**	**5,482**	**14,021**	**28,857**	**38,398**	**43,724**	**48,256**	**52,390**	**57,888**
Net Income - MW	**1,910**	**1,639**	**2,033**	**3,322**	**5,309**	**13,845**	**28,659**	**38,191**	**43,517**	**48,049**	**52,183**	**57,681**
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Net Income Attributable to Micron (GAAP)	**1,870**	**1,583**	**1,885**	**3,201**	**5,240**	**13,785**	**28,243**	**37,701**	**43,512**	**48,044**	**52,178**	**57,676**
Net Income Attributable to Micron (Non GAAP)	**2,037**	**1,783**	**2,181**	**3,469**	**5,482**	**14,021**	**28,857**	**38,398**	**43,724**	**48,256**	**52,390**	**57,888**
Net Income Attributable to Micron (MW)	**1,910**	**1,639**	**2,033**	**3,322**	**5,309**	**13,845**	**28,659**	**38,191**	**43,517**	**48,049**	**52,183**	**57,681**
GAAP EPS	**$ 1.67**	**$ 1.41**	**$ 1.68**	**$ 2.83**	**$ 4.60**	**$ 12.07**	**$ 24.67**	**$ 32.87**	**$ 37.90**	**$ 42.76**	**$ 47.72**	**$ 54.42**
EPS	$ 1.67	$ 1.41	$ 1.68	$ 2.83	$ 4.60	$ 12.07	$ 24.67	$ 32.87	$ 37.90	$ 42.76	$ 47.72	$ 54.42
Non-GAAP EPS	**$ 1.79**	**$ 1.56**	**$ 1.91**	**$ 3.03**	**$ 4.78**	**$ 12.20**	**$ 25.11**	**$ 33.42**	**$ 38.02**	**$ 42.88**	**$ 47.83**	**$ 54.52**
MW EPS	$ 1.70	$ 1.46	$ 1.81	$ 2.94	$ 4.67	$ 12.12	$ 25.03	$ 33.30	$ 37.91	$ 42.77	$ 47.73	$ 54.43

Source: Company data, Morgan Stanley Research estimates

Exhibit 4: MU: Projected Balance Sheet

Micron Technology, Inc

Micron Technology, Inc Ba	C4Q25A	C1Q26A	C2Q26A	C3Q26A	C4Q26E	C1Q27E	C2Q27E	C3Q27E	CY2026	CY2027	CY2028
($ in millions; fiscal year ends	Nov-25	Feb-26	May-26	Aug-26	Nov-26	Feb-27	May-27	Aug-27	Dec-26	Dec-27	Dec-28
	F1Q26A	F2Q26A	F3Q26A	F4Q26A	F1Q27E	F2Q27E	F3Q27E	F4Q27E			
Assets											
Cash and cash equivalents	$ 9,731.0	$ 13,908.0	$ 24,995.0	$ 38,364.0	$ 72,339.3	$ 78,914.1	$ 87,021.4	$ 96,073.3	$ 72,339.3	$ 104,255.5	$ 137,951.0
Short-term investments	587.0	681.0	1,027.0	5,070.0	5,070.0	5,070.0	5,070.0	5,070.0	5,070.0	5,070.0	5,070.0
Restricted cash	-	-	-	-	-	-	-	-	-	-	-
Accounts receivables, net	10,184.0	17,314.0	31,025.0	36,197.0	40,160.3	44,255.1	45,210.3	48,202.6	40,160.3	57,994.3	63,040.6
Inventory	8,205.0	8,267.0	8,567.0	10,372.0	11,754.1	11,409.3	11,133.8	11,750.1	11,754.1	12,673.1	15,685.3
Prepaid and deferred incon	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and othe	958.0	1,243.0	1,123.0	1,067.0	1,067.0	1,067.0	1,067.0	1,067.0	1,067.0	1,067.0	1,067.0
Total Current Assets	**29,665.0**	**41,413.0**	**66,737.0**	**91,070.0**	**130,390.8**	**140,715.6**	**149,502.4**	**162,163.0**	**130,390.8**	**181,059.9**	**222,813.9**
Property and equipment, ne	48,477.0	51,408.0	56,426.0	63,310.0	72,034.6	82,968.7	94,546.3	105,764.7	72,034.6	116,603.6	154,014.8
Equity method investments	-	-	-	-	-	-	-	-	-	-	-
Deferred tax assets, non cu	641.0	680.0	700.0	-	-	-	-	-	-	-	-
Goodwill	1,150.0	1,150.0	1,150.0	1,150.0	1,150.0	1,150.0	1,150.0	1,150.0	1,150.0	1,150.0	1,150.0
Intangible assets, net	465.0	468.0	473.0	-	-	-	-	-	-	-	-
Long-term marketable secu	1,697.0	2,038.0	4,106.0	30,019.0	30,019.0	30,019.0	30,019.0	30,019.0	30,019.0	30,019.0	30,019.0
Other non-current assets	3,876.0	4,352.0	4,520.0	10,339.0	10,339.0	10,339.0	10,339.0	10,339.0	10,339.0	10,339.0	10,339.0
Total Assets	**85,971.0**	**101,509.0**	**134,112.0**	**195,888.0**	**243,933.4**	**265,192.3**	**285,556.8**	**309,435.6**	**243,933.4**	**339,171.6**	**418,336.7**
Liabilities & Shareholders' Equity											
Accounts payable	9,796.0	10,997.0	15,521.0	22,605.0	26,932.7	26,932.7	28,034.4	30,931.1	26,932.7	32,998.2	40,841.3
Accrued expenses and othe	-	-	-	-	-	-	-	-	-	-	-
Deferred income	1,695.0	2,714.0	3,385.0	4,386.0	4,386.0	4,386.0	4,386.0	4,386.0	4,386.0	4,386.0	4,386.0
Income taxes payable	-	-	-	-	-	-	-	-	-	-	-
Equipment purchase contra	-	-	-	-	-	-	-	-	-	-	-
Current debt	569.0	585.0	582.0	491.0	491.0	491.0	491.0	491.0	491.0	491.0	491.0
Total Current Liabilities	**12,060.0**	**14,296.0**	**19,488.0**	**27,482.0**	**31,809.7**	**31,809.7**	**32,911.4**	**35,808.1**	**31,809.7**	**37,875.2**	**45,718.3**
Long-term debt (includes S	11,187.0	9,557.0	5,140.0	4,688.0	4,688.0	4,688.0	4,688.0	4,688.0	4,688.0	4,688.0	4,688.0
Deferred income taxes	-	-	-	-	-	-	-	-	-	-	-
Long-term deferred income	-	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	3,918.0	5,197.0	8,760.0	25,340.0	25,340.0	25,340.0	25,340.0	25,340.0	25,340.0	25,340.0	25,340.0
Minority interest	-	-	-	-	-	-	-	-	-	-	-
Shareholders' Equity	**58,806.0**	**72,459.0**	**100,724.0**	**138,378.0**	**182,095.7**	**203,354.5**	**222,617.4**	**243,599.5**	182,095.7	271,268.4	342,590.4
Total Liabilities & Equity	**85,971.0**	**101,509.0**	**134,112.0**	**195,888.0**	**243,933.4**	**265,192.3**	**285,556.8**	**309,435.6**	**243,933.4**	**339,171.6**	**418,336.7**
Check	-	-	-	-	-	-	-	-	-	-	-

Source: Company data, Morgan Stanley Research estimates

Exhibit 5: MU: Projected Cash Flow Statement

MU, Inc. Statement of Cash Flows ($ in millions; fiscal year ends in Aug)	C4Q25A Nov-25 F1Q26A	C1Q26A Feb-26 F2Q26A	C2Q26A May-26 F3Q26A	C4Q26E Nov-26 F1Q27E	C1Q27E Feb-27 F2Q27E	C2Q27E May-27 F3Q27E	C3Q27E Aug-27 F4Q27E	CY2023 Dec-23	CY2024 Dec-24	CY2025 Dec-25	CY2026 Dec-26	CY2027 Dec-27	CY2028 Dec-28
Cash flows provided by (used for) operating activities:													
Net income	$ 5,240.0	$ 13,785.0	$ 28,243.0	$ 43,511.7	$ 48,044.2	$ 52,177.8	$ 57,675.8	$ (6,872.0)	$ 3,882.0	$ 11,909.0	$ 123,240.7	$ 218,911.3	$ 208,716.3
Adjustments to reconcile net													
Depreciation and amortization	2,212.0	2,286.0	2,364.0	2,775.4	3,066.0	3,422.4	3,781.6	7,750.0	7,895.0	8,534.0	10,066.4	14,431.0	20,588.9
Stock-based compensation	290.0	309.0	355.0	379.0	379.0	379.0	379.0	638.0	865.0	1,042.0	1,422.0	1,516.0	1,516.0
Tax effect from stock-based compensation	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss (gain) on equity investments, net	-	-	-	-	-	-	-	-	-	-	-	-	-
Write-down of inventories	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-cash interest expense and other non-cash items	-	-	-	-	-	-	-	1,943.0	-	-	-	-	-
Changes in current assets and liabilities:													
Accounts receivable	(871.0)	(7,427.0)	(11,655.0)	(3,963.3)	(4,094.8)	(955.2)	(2,992.3)	420.0	(3,897.0)	(1,830.0)	(28,298.3)	(17,834.0)	(5,046.3)
Inventory	150.0	(62.0)	(300.0)	(1,382.1)	344.8	275.6	(616.3)	(1,747.0)	(429.0)	500.0	(3,549.1)	(919.0)	(3,012.2)
Prepaid and deferred income taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	156.0	772.0	2,401.0	4,327.7	-	1,101.6	2,896.8	(777.0)	1,403.0	1,259.0	12,878.7	6,065.5	7,843.1
Accrued expenses and other current liabilities	-	-	-	-	-	-	-	579.0	(579.0)	-	-	-	-
Income taxes payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes in assets and liabilities	1,234.0	2,240.0	3,980.0	-	-	-	-	83.0	1,210.0	1,278.0	11,152.0	-	-
Net cash provided by operating activities	**8,411.0**	**11,903.0**	**25,388.0**	**45,648.3**	**47,739.1**	**56,401.2**	**61,124.6**	**2,017.0**	**10,350.0**	**22,692.0**	**126,912.3**	**222,170.8**	**230,605.8**
Cash flows from investing activities:													
Capital expenditures	(5,389.0)	(6,387.0)	(7,826.0)	(12,300.0)	(14,800.0)	(15,000.0)	(15,000.0)	(7,023.0)	(9,796.0)	(18,040.0)	(37,623.0)	(59,800.0)	(58,000.0)
Proceeds from government Incentives	878.0	1,378.0	733.0	800.0	800.0	-	-	793.0	295.0	2,818.0	3,238.0	800.0	-
Additions to equity method investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Return of equity method investment	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from sale of PP&E	6.0	(6.0)	-	-	-	-	-	102.0	75.0	45.0	(6.0)	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale/(Purchases) of securities	13.0	(432.0)	(2,420.0)	-	-	-	-	771.0	(329.0)	(230.0)	(32,896.0)	-	-
Acquisitions/dispositions	-	-	-	-	-	-	-	-	-	-	-	-	-
Other investing activities	(102.0)	(78.0)	(56.0)	-	-	-	-	(126.0)	(144.0)	(126.0)	(1,260.0)	-	-
Net cash used for investing activities	**(4,594.0)**	**(5,525.0)**	**(9,569.0)**	**(11,500.0)**	**(14,000.0)**	**(15,000.0)**	**(15,000.0)**	**(5,483.0)**	**(9,899.0)**	**(15,533.0)**	**(68,547.0)**	**(59,000.0)**	**(58,000.0)**
Cash flows from financing activities:													
Proceeds from equipment-sale leaseback trans.	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash received from noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments on equipment purchase contracts	-	-	-	-	-	-	-	(147.0)	(93.0)	-	-	-	-
Change in LT Debt	(2,943.0)	(1,683.0)	(4,754.0)	-	-	-	-	2,573.0	(929.0)	(3,048.0)	(7,100.0)	-	-
Dividends	(134.0)	(132.0)	(171.0)	(173.0)	(173.0)	(173.0)	(173.0)	(507.0)	(515.0)	(525.0)	(649.0)	(718.0)	(825.6)
Share Repurchases	(300.0)	(895.0)	(217.0)	-	(26,991.3)	(33,121.0)	(36,899.7)	-	(300.0)	(300.0)	(1,477.0)	(130,536.6)	(138,084.6)
Other financing activities	(368.0)	543.0	408.0	-	-	-	-	80.0	(75.0)	(300.0)	13,428.0	-	-
Net cash used for financing activities	**(3,745.0)**	**(2,167.0)**	**(4,734.0)**	**(173.0)**	**(27,164.3)**	**(33,294.0)**	**(37,072.7)**	**1,999.0**	**(1,912.0)**	**(4,173.0)**	**4,202.0**	**(131,254.6)**	**(138,910.3)**
Effect of exchange rate changes on cash and cash equiva	14.0	(9.0)	3.0	-	-	-	-	(29.0)	12.0	49.0	67.0	-	-
Cash and cash equivalents, beginning of period	**9,642.0**	**9,731.0**	**13,908.0**	**38,364.0**	**72,339.3**	**78,914.1**	**87,021.4**	**9,574.0**	**8,075.0**	**6,693.0**	**9,731.0**	**72,339.3**	**104,255.5**
Change in cash flow due to restatement	3.0	(25.0)	(1.0)					(3.0)	67.0	3.0	(26.0)	-	-
Net increase (decrease) in cash and cash equivalents	**86.0**	**4,202.0**	**11,088.0**	**33,975.3**	**6,574.8**	**8,107.2**	**9,051.9**	**(1,496.0)**	**(1,449.0)**	**3,035.0**	**62,634.3**	**31,916.2**	**33,695.5**
Cash and cash equivalents, end of period	**9,731.0**	**13,908.0**	**24,995.0**	**72,339.3**	**78,914.1**	**87,021.4**	**96,073.3**	**8,075.0**	**6,693.0**	**9,731.0**	**72,339.3**	**104,255.5**	**137,951.0**
vs. Balance Sheet	9,731.0	13,908.0	24,995.0	72,339.3	78,914.1	87,021.4	96,073.3	8,075.0	6,693.0	9,731.0	72,339.3	104,255.5	137,951.0
Check	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Company data, Morgan Stanley Research estimates

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 September 30, 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	1599	43%	455	48%	28%	783	44%
Equal-weight/Hold	1563	42%	394	42%	25%	763	43%
Not-Rated/Hold	2	0%	1	0%	50%	1	0%
Underweight/Sell	570	15%	96	10%	17%	227	13%
Total	3,734		946			1774	

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.

Analyst Stock Ratings

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.

Analyst Industry Views

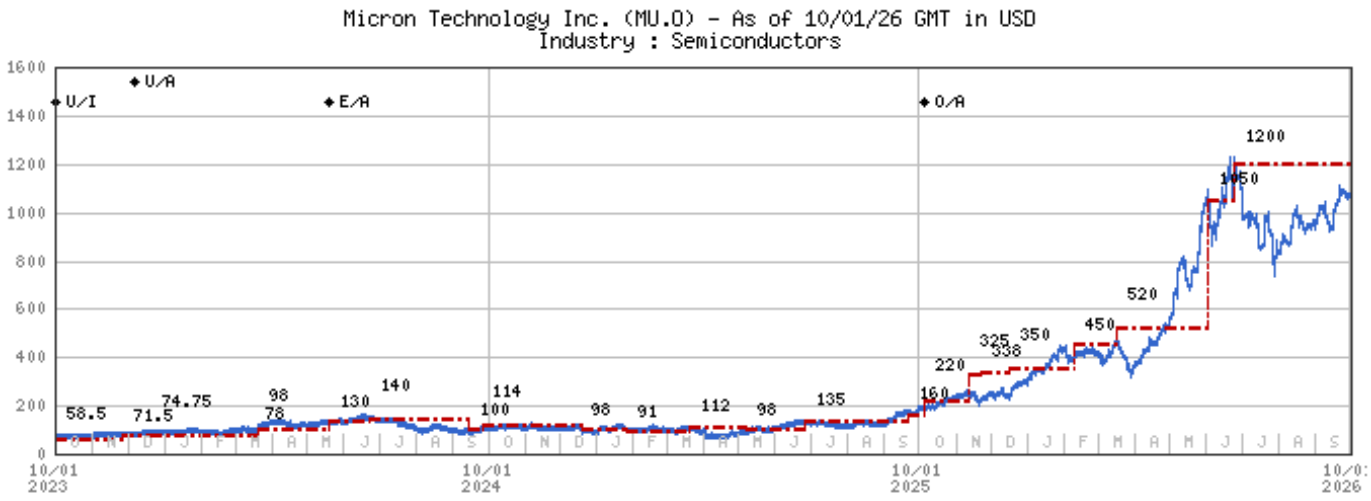
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

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)



Stock Rating History: 10/1/21 : 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: 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; 6/2/26 : 1050; 6/25/26 : 1200

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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Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Semiconductors

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/30/2026)
Joseph Moore		
Advanced Micro Devices (AMD.O)	E (06/09/2024)	$611.76
Aeva Technologies Inc (AEVA.O)	E (07/19/2021)	$14.04
Allegro Microsystems Inc (ALGM.O)	O (02/13/2026)	$36.35
Ambarella Inc (AMBA.O)	O (03/29/2016)	$69.51
Amkor Technology Inc (AMKR.O)	E (11/08/2023)	$52.38
Analog Devices Inc. (ADI.O)	O (11/16/2023)	$396.71
Astera Labs Inc (ALAB.O)	O (05/11/2025)	$355.97
Broadcom Inc. (AVGO.O)	O (06/09/2024)	$351.19
Cerebras Systems (CBRS.O)	O (06/08/2026)	$177.65
GlobalFoundries Inc (GFS.O)	E (10/28/2024)	$47.92
Intel Corporation (INTC.O)	E (02/22/2023)	$120.23
IonQ Inc (IONQ.N)	E (04/25/2023)	$43.86
Marvell Technology Group Ltd (MRVL.O)	E (09/14/2015)	$264.21
Microchip Technology Inc. (MCHP.O)	E (07/10/2024)	$77.77
Micron Technology Inc. (MU.O)	O (10/06/2025)	$1,065.11
Navitas Semiconductor Corp (NVTS.O)	U (04/06/2025)	$11.61
NVIDIA Corp. (NVDA.O)	O (03/16/2023)	$228.38
NXP Semiconductor NV (NXPI.O)	O (02/11/2025)	$237.53
ON Semiconductor Corp. (ON.O)	++	$76.87
Qorvo Inc (QRVO.O)	E (10/28/2025)	$114.48
Qualcomm Inc. (QCOM.O)	E (06/24/2026)	$184.04
Quantinuum (QNT.O)	E (06/29/2026)	$48.06
SanDisk Corporation. (SNDK.O)	O (03/03/2025)	$1,739.89
Semtech Corp. (SMTC.O)	E (04/06/2025)	$178.35
Silicon Laboratories Inc. (SLAB.O)	E (01/19/2021)	$221.58

SiTime Corporation (SITM.O)	O (09/16/2026)	$652.03
Skyworks Solutions Inc (SWKS.O)	E (11/28/2018)	$85.48
Texas Instruments (TXN.O)	U (04/13/2020)	$280.09
Wolfspeed, INC (WOLF.N)	NR (04/06/2025)	$28.13
Lee Simpson		
Arm Holdings plc (ARM.O)	E (04/07/2026)	$289.66
Cadence Design Systems Inc (CDNS.O)	O (02/14/2024)	$330.19
PDF Solutions Inc (PDFS.O)	O (09/08/2026)	$51.05
Synopsys Inc. (SNPS.O)	O (09/08/2026)	$434.94

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