22 Oct 2026 11:51:28 ET | 20 pages

Micron Technology Inc (MU.O)

Investor Meeting Packet

CITI'S TAKE

Citi is hosting Micron CFO Mark Murphy for investor meetings next week in Los Angeles. This note is a brief refresher on Micron's business and product portfolio, Citi's memory model, recent results and outlook, key questions for management, and biographies. We expect the investor discussions to focus on: 1) share repurchase beyond the recent $35B increase, or the largest buyback program in the company's history; 2) technology roadmaps, especially DRAM where Micron is developing 3D DRAM and not pursuing 4F2 due to increased complexity/cost; and 3) the durability of the memory cycle. To request a meeting, please contact your Citi salesperson. If you have any questions that you would like asked, please email atif.malik@citi.com.

Buy	
Price (21 Oct 26 16:00)	US$913.67
Target price	US$1,300.00
Expected share price return	42.3%
Expected dividend yield	0.1%
Expected total return	42.3%
Market Cap	US$1,033,747M

Price Performance
(RIC: MU.O, BB: MU US)



EPS (US$)	Q1	Q2	Q3	Q4	FY	FC Cons	VA Cons
2026A	4.53A	11.94A	24.82A	33.10A	74.40A	75.52A	na
2027E	**37.83E**	**38.54E**	**39.85E**	**41.32E**	**157.54E**	**173.72E**	**na**
Previous	37.83E	38.54E	39.85E	41.32E	157.54E	na	na
2028E	**40.32E**	**40.50E**	**40.05E**	**41.89E**	**162.77E**	**205.94E**	**na**
Previous	40.32E	40.50E	40.05E	41.89E	162.77E	na	na
2029E	**39.63E**	**39.63E**	**40.16E**	**40.65E**	**160.07E**	**204.28E**	**na**
Previous	39.63E	39.63E	40.16E	40.65E	160.07E	na	na

Source: Company Reports and dataCentral, Citi Research. FC Cons: First Call Consensus. VA Cons: Visible Alpha Consensus.

Click here for Visible Alpha consensus data

Atif Malik[AC]

Elizabeth Sun, CFA

Kelsey Chia, CFA

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

MU.O: Fiscal year end 31-Aug

Price: US$913.67; TP: US$1,300.00; Market Cap: US$1,033,747m; Recomm: Buy

Profit & Loss (US$m)	2025	2026	2027E	2028E	2029E
Sales revenue	37,378	133,188	257,000	281,000	297,000
Cost of sales	-22,501	-25,684	-34,796	-50,830	-69,880
Gross profit	14,877	107,504	222,204	230,170	227,120
Gross Margin (%)	39.8	80.7	86.5	81.9	76.5
EBITDA (Adj)	**18,223**	**109,412**	**226,806**	**242,056**	**244,992**
EBITDA Margin (Adj) (%)	48.8	82.1	88.3	86.1	82.5
Depreciation	-8,352	-9,503	-14,703	-22,836	-29,448
Amortisation	0	0	0	0	0
EBIT (Adj)	**9,871**	**99,909**	**212,103**	**219,221**	**215,544**
EBIT Margin (Adj) (%)	26.4	75.0	82.5	78.0	72.6
Net interest	19	978	2,300	2,300	2,300
Associates	9	59	0	0	0
Non-Op/Except/Other Adj	-80	-155	0	0	0
Pre-tax profit	**9,819**	**100,791**	**214,403**	**221,521**	**217,844**
Tax	-1,324	-15,315	-33,233	-34,336	-33,766
Extraord./Min.Int./Pref.div.	44	-507	-300	-300	-300
Reported net profit	**8,539**	**84,969**	**180,871**	**186,885**	**183,778**
Net Margin (%)	22.8	63.8	70.4	66.5	61.9
Core NPAT	8,495	85,476	181,171	187,185	184,078

Per share data	2025	2026	2027E	2028E	2029E
Reported EPS ($)	7.47	73.95	157.28	162.51	159.81
Core EPS ($)	7.43	74.40	157.54	162.77	160.07
DPS ($)	0.46	0.53	0.60	0.60	0.60
CFPS ($)	15.33	78.05	154.78	183.46	187.88
FCFPS ($)	1.46	51.32	104.78	129.55	135.70
BVPS ($)	50.25	128.37	302.90	477.53	649.28
Wtd avg ord shares (m)	1,078	1,078	1,078	1,078	1,078
Wtd avg diluted shares (m)	1,143	1,149	1,150	1,150	1,150

Growth rates	2025	2026	2027E	2028E	2029E
Sales revenue (%)	48.9	256.3	93.0	9.3	5.7
EBIT (Adj) (%)	786.1	912.1	112.3	3.4	-1.7
Core NPAT (%)	na	906.2	112.0	3.3	-1.7
Core EPS (%)	na	900.9	111.8	3.3	-1.7

Balance Sheet (US$m)	2025	2026	2027E	2028E	2029E
Cash & cash equiv.	10,307	43,434	165,373	314,266	470,236
Accounts receivables	9,265	36,197	49,589	55,541	57,017
Inventory	8,355	10,372	10,452	18,900	23,100
Net fixed & other tangibles	50,725	73,649	116,446	155,610	186,162
Goodwill & intangibles	1,603	1,150	1,150	1,150	1,150
Financial & other assets	2,543	31,086	31,086	31,086	31,086
Total assets	**82,798**	**195,888**	**374,096**	**576,554**	**768,752**
Accounts payable	9,649	22,605	17,050	31,256	38,310
Short-term debt	560	491	491	491	491
Long-term debt	14,017	4,688	4,688	4,688	4,688
Provisions & other liab	4,407	29,726	25,340	25,340	25,340
Total liabilities	**28,633**	**57,510**	**47,569**	**61,775**	**68,829**
Shareholders' equity	54,165	138,378	326,528	514,779	699,923
Minority interests	0	0	0	0	0
Total equity	**54,165**	**138,378**	**326,528**	**514,779**	**699,923**
Net debt (Adj)	**4,270**	**-38,255**	**-160,194**	**-309,087**	**-465,057**
Net debt to equity (Adj) (%)	7.9	-27.6	-49.1	-60.0	-66.4

Valuation ratios	2025	2026	2027E	2028E	2029E
PE (x)	na	12.3	5.8	5.6	5.7
PB (x)	18.2	7.1	3.0	1.9	1.4
EV/EBITDA (x)	56.9	9.1	4.0	3.2	2.5
FCF yield (%)	0.2	5.6	11.5	14.2	14.9
Dividend yield (%)	0.1	0.1	0.1	0.1	0.1
Payout ratio (%)	6	1	0	0	0
ROE (%)	17.2	88.3	77.8	44.4	30.3

Cashflow (US$m)	2025	2026	2027E	2028E	2029E
EBITDA	18,223	109,412	226,806	242,056	244,992
Working capital	-338	-6,130	-19,028	-194	1,378
Other	-360	-13,607	-29,777	-30,880	-30,310
Operating cashflow	**17,525**	**89,675**	**178,002**	**210,983**	**216,060**
Capex	-15,857	-30,712	-57,500	-62,000	-60,000
Net acq/disposals	-192	-32,883	0	0	0
Other	-43	-1,362	0	0	0
Investing cashflow	**-16,092**	**-64,957**	**-57,500**	**-62,000**	**-60,000**
Dividends paid	-522	-610	-690	-690	-690
Financing cashflow	**-850**	**630**	**-1,090**	**-1,090**	**-1,090**
Net change in cash	**589**	**25,429**	**119,412**	**147,893**	**154,970**
Free cashflow to s/holders	**1,668**	**58,963**	**120,502**	**148,983**	**156,060**

For definitions of the items in this table, please click here.

Investor Meeting Packet

Company Description

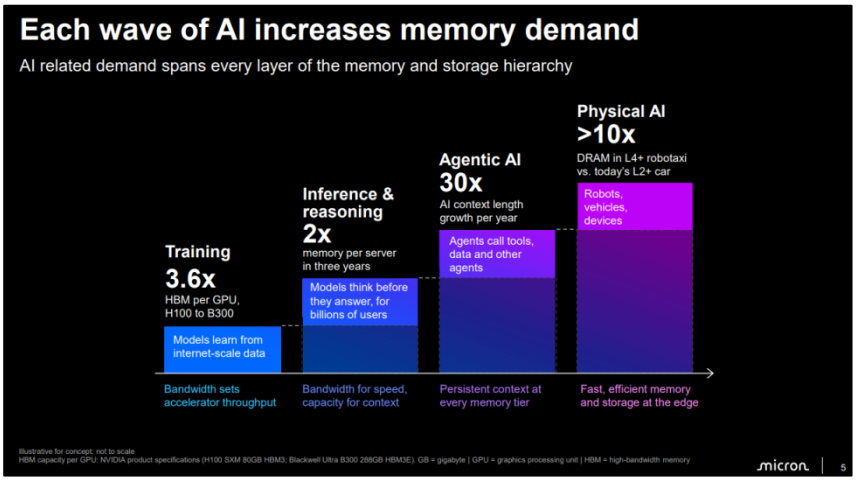
Micron is a semiconductor company that specializes in memory and is the #3 global supplier of dynamic random-access memory (DRAM) and most recently the #3 supplier of flash memory (NAND). Based in Boise, Idaho, Micron has roughly 61,000 employees worldwide. Micron is vertically integrated with front-end wafer fabrication facilities in the US, Japan, Singapore, and Taiwan, and back-end assembly and test operations in China, Malaysia, India, and Singapore. Micron's largest customers include PC/data center OEMs, hyperscalers, and handset makers and supply partners. We estimate Micron derives approximately 76% of revenue from DRAM.

Investment Thesis and Valuation

We have a Buy rating on MU. Our target price of $1,300 is based on ~8x C27E EPS, which is at a slight premium to its trading range during previous DRAM upturns given an unprecedented pricing environment and the emergence of SCAs (strategic customer agreements).

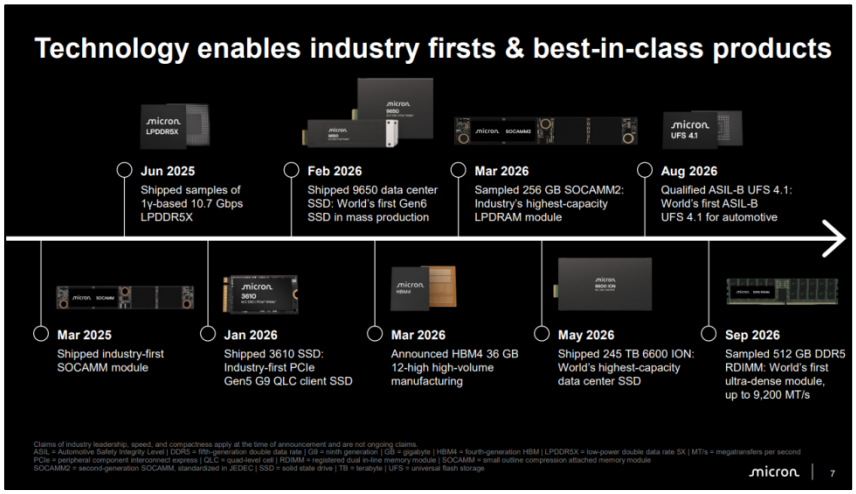
Micron Products and Technologies

Figure 1. AI increases memory demand



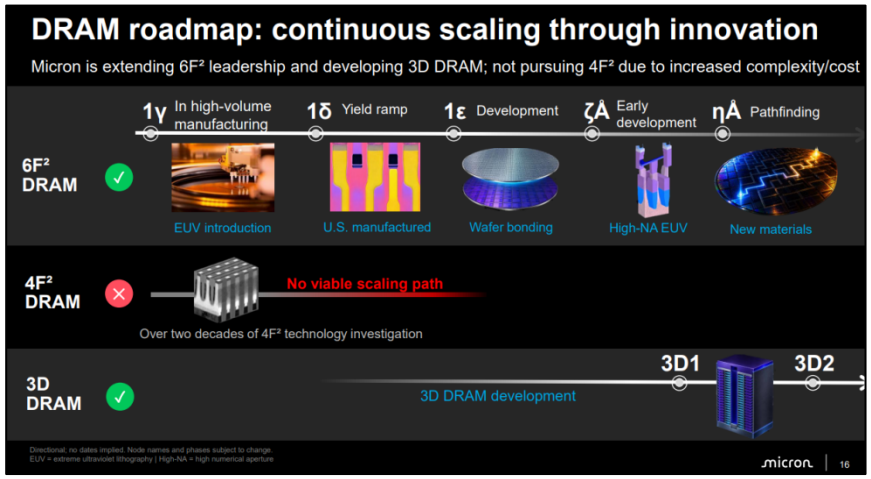
Source: Micron

Figure 2. Micron products



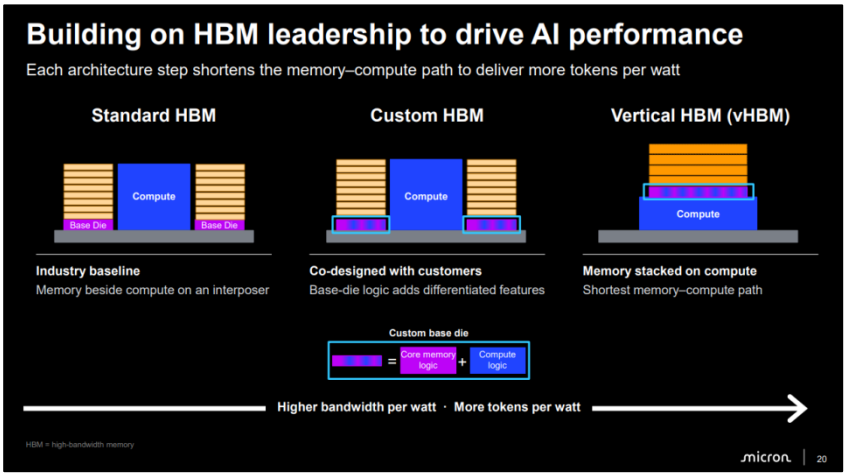
Source: Micron

Figure 3. Micron DRAM roadmap



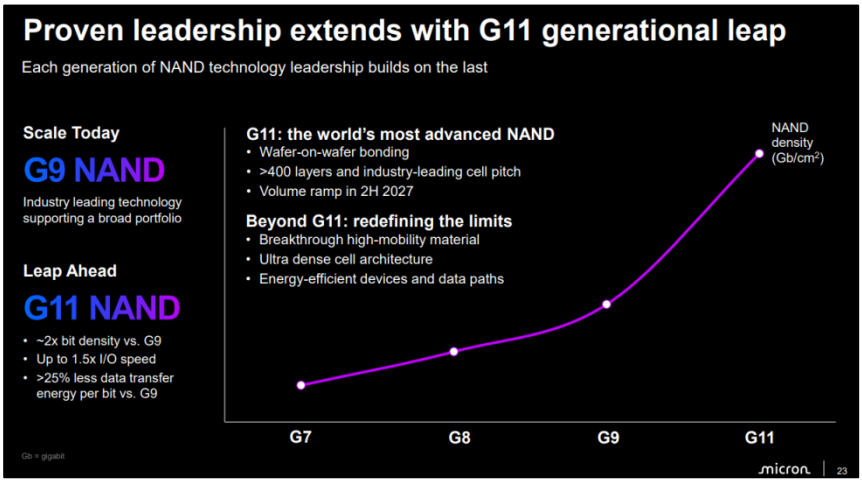
Source: Micron

Figure 4. HBM roadmap



Source: Micron

Figure 5. NAND Technology



Source: Micron

Citi Memory Model

DRAM — Citi forecasts global DRAM demand to grow +30%/+35% YoY in 27E/28E driven by continual learning, which should drive server DDR5, and HBM demand simultaneously. With personal/physical AI emerging from 2H28E onwards, we project overall DRAM market undersupply to intensify throughout 2028E, with DRAM S/D ratio projected at –8.7%/–9.7% in 27E/28E amid limited supply growth of +19%/+22% in 27E/28E. On ASP, Citi forecasts DRAM ASP to increase 23.1% YoY in 2027E, following 242.4% YoY growth in 2026E. Blended ASP i 20% QoQ in Q3 2026 and 13% in Q4 2026.

HBM — Given persistent supply bottlenecks against surging der the HBM supply/demand (S/D) ratio to remain severely constrain 2027E and worsen to –36% in 2028E as custom ASIC shipments



with HBM4 12hi pricing to surge +100–150% YoY from ~US$2/Gb in 2026E to the US$4–5/Gb range in 2027E, with HBM 8hi at a ~20–30% premium to 12hi, providing substantial ASP and margin upside for memory suppliers. We view the recent HBM de-specification issues as a tactical workaround to maximize accelerator shipments amid tight supply rather than an indication of softening underlying demand.

NAND — Citi projects 27E/28E NAND demand to grow +29%/+33% YoY, exceeding supply growth of +21%/+25%, as memory suppliers are expanding DRAM/HBM green-field capacity at the expense of NAND. We anticipate continual learning as well as Nvidia's KV cache offloading trend to drive high-density eSSDs demand where we model +53%/+41% YoY demand growth in 27E/28E. As a result, we see NAND supply as much tighter and expect NAND S/D ratio at –6.1%/–5.5% in 27E/28E. (vs. –0.8% in 2026E). On ASP, Citi forecasts NAND ASP to increase 45.3% YoY in 2027E, following 236.2% YoY growth in 2026E. Blended ASP is expected to grow 4% QoQ in Q3 2026 and 15% in Q4 2026.

Aug-Q Results Recap

Micron reported Aug-Q revenue/EPS +6%/+6% above Street consensus, and guided Nov-Q revenue/EPS 7%+/8% above. Fundamentally, Micron expects DRAM supply/demand ratio to tighten through FY28 (ends Aug 2028) due to decelerating DRAM bit supply growth or low 20s next year from mid 20s this year on higher HBM sales mix and trade ratio. On NAND, Micron expects NAND bits to grow mid 20s from low 20s this year. Gross margins come down in the Nov-Q on higher cost inventory, incentive comp, and start-up costs but recover in FQ2 as higher HBM pricing kicks in January.

Share Repurchase: Micron will return 100% of excess cash over time mostly in the form of share repurchase, which is limited by CHIPS Act agreements through December. Per Micron's FY26 10-K, the Board approved a substantial increase in the company's share repurchase authorization to $35.16B on October 8, 2026, expanding the approximately $2.16B remaining under its prior authorization and establishing the largest buyback program in company history. The increase comes ahead of the December 9, 2026 expiration of restrictions associated with Micron's CHIPS Act direct funding agreements, which had limited repurchase activity despite strong cash generation.

Margins: MU increased incentive comp in FQ4 and in F27; there are startup costs in F27 as well as other cost increases. In FQ4, the increase in incentive comp impacts opex, but in FQ1 the higher cost inventory is expected to sell, which will create a drop in margin. We estimate FQ1 COGS increase is $1.4B, and $1B is from these three factors. In FQ2, that inventory cost is a benefit. We estimate $4B higher cost through the year, with more depreciation as well. Opex will be up $2.5B per MU, with the majority in R&D. Bits will be up single digits in FQ1. Beyond FQ1, margins will be a factor of prices which are set to increase. HBM price is set to go up in January next year.

2027/2028 guidance. 2027 and 2028 are seeing stronger demand drivers than management has seen before, with server unit growth of up high teens in both 2026 and 2027. Micron has 75% of bit shipments committed for F27. HBM is growing, and future HBM will have higher trade ratios. There are diminishing returns on technology transitions now. It takes a long time to get supply online. HBM will grow as a portion of industry capacity through 2028. Pricing for HBM is

set to increase significantly for 2027, at the beginning of the year, and will narrow the profitability gap with conventional DRAM.

Market Share and HBM4E progress. Last year, Micron announced that HBM reached their market share goal to be around their DRAM market share. Micron still expects HBM to be around their total DRAM market share. Micron has been working with NVDA for over a year on custom HBM4E, which is called NVHBM. HBM4E co-design is on a foundry process node.

SCA for NAND and DRAM. NAND bit volume is a little more than 35% and DRAM bit volume is a little less than 35% over the 2030 time period.

China sales exposure and competition. China exposure has been declining over the past few years, they expect the exposure will be in the single digit range in F27. Micron believes their technology leadership is at least two years ahead of competition in China. 1-gamma and 1-delta are based on EUV.

Memory prices impact on mobile and client. Micron saw sequential bit declines in mobile/client business, but did see revenue growth on higher pricing and mix. Micron is focused on premium end of these segments. Micron has SCA's across all business units including the mobile and client business unit.

10 new SCAs. Framework of SCAs is similar to the ones they have, but the negotiations reflect current market conditions and pricing. The prior SCAs were set at CQ2 market conditions. Three-fourth of SCAs have a pricing framework while one-fourth are subject to current market dynamics. There are multiple different pricing frameworks. Micron signed two new large SCA customers.

Capex. The principal constraint in the industry is cleanroom space. MU commented that majority of the construction capex increase for F27 is for cleanrooms that will come online in late 2028 and beyond, which shows both how long it takes for them to come online and MU's confidence in demand trends. SCAs are transformational to match supply with demand. Most of the construction capex increase is to accelerate cleanroom space. The spend here does not translate into bits; they can provide equipment in these fabs when needed. FY27 capex is roughly in the mid 50s and will likely be more than $25B in the second half.

Impact of CPUs on S/D. CPUs have a large attach rate of LP, DDR, and SSDs. Server units are set to grow in the high teens. CPUs are another vector of logic silicon to grow and take advantage of AI trends. CPUs are creating more of a constraint on DRAM. Meta Muse is an example of how consumers are drawing value from agentic workflows.

MU NAND bit growth in 2027/2028. Micron is not commenting that far for DRAM and NAND. Micron is using cleanroom space in Singapore now for NAND growth. New NAND cleanroom will come online in 2H28.

Key Questions for Management

- **Memory cycle sustainability:** With DRAM and NAND supply/demand expected to tighten further through CY27–28, how much of the current strength is structural versus cyclical? As new capacity comes online in CY28 and beyond, what gives you confidence the industry can avoid an oversupply situation?

- **DRAM S/D**: With HBM consuming more wafer capacity and node transitions delivering diminishing bit-density gains, how should we think about industry DRAM supply bit growth over the next few years? Where are the biggest capacity constraints today?
- **SCAs**: With customers increasingly entering multi-year supply agreements, how has the pricing dynamic changed versus previous cycles? How much earnings visibility and downside protection do these agreements provide if industry conditions normalize?
- **NAND outlook:** With AI-driven enterprise SSD demand accelerating and NAND pricing improving, how sustainable is the current S/D environment? Could AI storage demand structurally change NAND's cyclicality?
- **HBM4 competition:** As HBM4 ramps, where do you see Micron's biggest competitive advantages versus SK Hynix and Samsung? How confident are you in sustaining or expanding HBM share, and could increasing competition pressure pricing beyond CY27?
- **HBM4E/custom HBM:** With Micron co-developing customized HBM4E solutions with NVIDIA, how does the transition toward custom base dies change the competitive landscape? Could customization drive higher ASPs and margins, or introduce additional manufacturing complexity and costs?
- **HBM profitability:** You recently discussed significantly higher HBM pricing for CY27, narrowing the gross margin gap versus conventional DRAM. How much improvement is driven by pricing versus yields and manufacturing productivity? Could HBM ultimately become margin-accretive relative to conventional DRAM?
- **HBM manufacturing:** As the industry transitions toward HBM4/4E and higher stack counts, where are the biggest manufacturing bottlenecks—front-end capacity, TSV, bonding, or testing? How do you expect HBM wafer trade ratios to evolve across generations?
- **Server DRAM content**: You recently indicated server memory content growth could be somewhat below prior expectations due to supply constraints. Are customers actively optimizing DRAM configurations in response to higher pricing, and could that create demand destruction? How should we think about server DRAM content growth over the next few years?
- **Agentic AI**: With agentic AI and inference workloads driving greater demand across the memory hierarchy, where do you see the largest incremental opportunity beyond HBM—DDR5, LPDDR, or enterprise SSDs? Could conventional DRAM become a more significant AI beneficiary over time?
- **NAND/AI storage**: With AI inference driving greater KV-cache offloading and SSD adoption, how meaningful could this become for NAND demand over the next few years? How do you think about the longer-term opportunity for emerging technologies such as high-bandwidth flash (HBF)?
- **New fab capacity:** With major capacity investments underway in Idaho, Taiwan, Japan, and Singapore, how should investors think about incremental DRAM/NAND bit supply coming online through CY28–30? How much flexibility do you have to adjust expansion plans if market conditions change?

- **China competition:** With CXMT progressing in advanced DRAM and server memory, how do you assess its technology and manufacturing capabilities relative to leading suppliers? Could Chinese capacity additions become a meaningful factor for global DRAM supply and pricing over the next three to five years?
- **Gross margins:** With gross margin reaching ~87% in FQ4, how should investors think about sustainable profitability beyond the current pricing cycle? What are the biggest structural margin drivers, and what could offset rising depreciation from new capacity additions?
- **Capex and capital returns**: With Micron accelerating fab investments while generating significant free cash flow, how should we think about capital intensity through FY27–30? You disclosed ~$35B buybacks recently, how should investors think about future capital allocation plans?

Management Bios

Sanjay Mehrotra, Chairman and CEO

Sanjay joined Micron in 2017 after a distinguished career at SanDisk Corp. where he led the company from start-up in 1988 until its sale in 2016. In addition to being a SanDisk co-founder, Sanjay served as its president and CEO from 2011 to 2016, overseeing its growth to an industry-leading Fortune 500 company.

Sanjay has more than 40 years of experience in the semiconductor memory industry, holding engineering and leadership positions at Integrated Device Technology, SEEQ Technology and Intel Corp. He holds more than 70 patents, several of which are foundational to enabling high-capacity flash memory, now a ubiquitous element of modern computing. He has published numerous articles in the areas of nonvolatile memory design and flash memory systems.

In 2022 Sanjay was inducted into the National Academy of Engineering, one of the profession's highest distinctions. In recognition of his semiconductor industry leadership, Boise State University, Rochester Institute of Technology, and BITS Pilani have awarded him honorary doctorate degrees. In 2023, Sanjay was awarded the Semiconductor Industry Association's Robert N. Noyce Award, which recognizes top industry leaders.

Sanjay currently serves on the board of directors of the Semiconductor Industry Association. Sanjay earned bachelor's and master's degrees in electrical engineering and computer science from the University of California, Berkeley and is a graduate of the Stanford Graduate School of Business Executive Program (SEP).

Mark Murphy, EVP and CFO

Mark is responsible for leading Micron's finance organization and all financial functions, including accounting, tax, treasury, internal audit and investor relations. He is also responsible for driving capital allocation to optimize revenue growth, profitability and shareholder returns. He joined Micron in 2022.

Mark has over 25 years of experience across finance and general management roles in global companies. His experience includes leadership roles at companies serving semiconductor materials, semiconductor capital equipment, semiconductor fabrication and assembly and test, and advanced manufacturing for automotive and aerospace. He was most recently executive vice president and CFO of Qorvo, a leader in wireless technologies serving smartphone, defense, Wi-Fi, automotive and broad IoT markets. Mark has also held senior leadership positions at Delphi Automotive, MEMC Electronic Materials and Praxair.

Mark serves on the Advisory Council of the Boise State University College of Business and Economics. Mark graduated from Marquette University with a bachelor's degree in business administration with concentration in finance and earned a master's degree in business administration from Harvard University. He is a veteran of the U.S. Marine Corps.

Micron Technology Inc

Company description

Micron is a semiconductor company that specializes in memory and is the #3 global supplier of dynamic random access memory (DRAM) and most recently the #3 supplier of flash memory (NAND). Based in Boise, Idaho, Micron has roughly 61,000 employees worldwide. Micron is vertically integrated with front-end wafer fabrication facilities in the US, Japan, Singapore, and Taiwan, and back-end assembly and test operations in China, Malaysia, India, and Singapore. Micron's largest customers include PC/data center OEMs, hyperscalers, and handset makers and supply partners. We estimate Micron derives approximately 76% of revenue from DRAM.

Investment strategy

We have a Buy rating on MU due to the unprecedented DRAM market upturn and the company's AI exposure.

Valuation

We set our target price at $1,300 or ~8x C27E EPS, at a slight premium to its trading range during previous DRAM upturns given an unprecedented pricing environment and the emergence of SCA's.

Risks

Supply/Demand. Memory industry dynamics are dependent on the ability of DRAM and NAND suppliers to accurately align supply with industry demand. As a result, if memory suppliers ship excess DRAM or NAND bits into the channel, it could lead to an inventory reduction in the supply chain and lower pricing, resulting in downside to our estimates. Conversely, if memory demand exceeds memory industry supply, it could lead to higher DRAM pricing, resulting in upside to our estimates.

Pricing. If Micron or one of its competitors lowers DRAM or NAND pricing, it could lead to lower contract/spot pricing, resulting in downside to our estimates.

Capacity. If Micron or one of its competitors increases manufacturing capacity, it could result in excess bit supply if demand fails to materialize. The latter scenario could cause lower DRAM or NAND pricing, resulting in downside to our estimates. Conversely, memory capacity reductions could cause memory pricing to increase, resulting in upside to our estimates.

Competition: Micron faces a number of robust competitors in the memory market. Consequently, any fluctuations in market share among companies in the industry could result in risk to our estimates.

If the impact from any of the above risks turns out to be greater/less than we expect, the shares could fail to achieve/exceed our target price.