MU — EQUITY RESEARCH

Micron Technology, Inc. · Technology / Semiconductors · 11 November 2026 Price $811.30 · Market cap $917.9B · Enterprise value $879.7B

EXECUTIVE SUMMARY

HOLD with a **$940** price target (**+15.9%**) over 12 months. Micron has just completed the most profitable year in the history of the memory industry — FY2026 revenue $133.2B, operating margin 74.6%, free cash flow $59.0B — and the stock is still 33% below its 52-week high because the market refuses to capitalise peak-cycle earnings. The sell side disagrees: 45 analysts carry a mean target of $1,561.91, and the forward P/E of 3.9x implies consensus expects earnings to roughly double again. We think the risk is two-sided and the easy money has been made: at 6.6x sales and 6.6x book, the shares already discount another year of extreme tightness, and the historical base rate for memory earnings two years after a supercycle peak is a decline, not a second doubling. We are not sellers — the balance sheet carries $5.2B of debt against $43.4B of cash, and FY2027 guidance could still surprise upward — but a 2.4-beta cyclical at 6.6x sales is not a place to add risk.

FUNDAMENTAL ANALYSIS

Recent financial metrics. FY2026 (August year-end) revenue $133.19B, up 256% from $37.38B, with gross margin expanding from 39.8% to 80.7% and operating margin from 26.1% to 74.6%. Net income was $85.0B (63.8% net margin), EBITDA $109.3B, operating cash flow $89.7B, capital expenditure $30.7B and free cash flow $59.0B. Return on equity was 88.3%. This is not a normal semiconductor cycle; it is a supply-constrained pricing event, most plausibly driven by AI accelerator demand for high-bandwidth memory.

Metric	FY2023	FY2024	FY2025	FY2026
Revenue ($B)	15.54	25.11	37.38	133.19
Gross margin	-9.1%	22.4%	39.8%	80.7%
Operating margin	-34.8%	5.2%	26.1%	74.6%
Net income ($B)	-5.83	0.78	8.54	84.97
Free cash flow ($B)	-6.12	0.12	1.67	58.96

Peer comparison. Micron trades at 10.9x trailing earnings, 3.9x forward earnings, 8.1x EV/EBITDA and 6.6x EV/sales. The memory and storage peers are cheaper on earnings — SanDisk 7.8x, Western Digital 11.0x, Seagate 28.9x — while the wafer-fab equipment names that sell into the same cycle trade at 34-35x (Applied Materials 34.1x, Lam Research 35.2x). Micron's 3.9x forward multiple is the single most important number in this note: it says the market expects FY2027 earnings of roughly $208 per share, against $75 reported. Either consensus is right and the stock is absurdly cheap, or consensus is extrapolating a peak.

Forward outlook. Management guidance is not reproduced here because the fiscal Q1-2027 call had not reported at the time of writing; the consensus figures above are the market's proxy. What is observable is the cash-flow signature of a cycle peak: capex is rising (from $15.9B to $30.7B) and the company is accumulating cash rather than levering up. Both are rational at a top and both are consistent with management expecting normalisation.

CATALYST ANALYSIS

Near-term (0-6 months). Fiscal Q1-2027 results and the March quarter guide. The key variable is contract pricing for HBM3E/HBM4 and conventional DRAM. A second consecutive quarter of upward revisions would validate the consensus path; a flattening in pricing would compress the forward multiple immediately, because there is no valuation support underneath it.

Medium-term (6-24 months). Industry supply response. Every memory supercycle ends with capacity additions by the three remaining DRAM producers; the question is timing, not occurrence. Watch fab construction announcements and capex guidance from Samsung and SK Hynix as the leading indicator.

Event-driven. Index and concentration effects: at $918B market cap Micron is a top-weight in semiconductor indices, so passive flows amplify both directions. Any large acquisition or a shift to returning capital via buybacks would change the equity story.

VALUATION & PRICE TARGETS

Current price $811.30. Consensus mean $1,561.91 (range $361-$3,000, 45 analysts). Our scenario weights reflect the asymmetry between peak-cycle earnings and the multiple the market is willing to pay for them.

Scenario	EPS	Multiple	Target	Change	Probability
Bull — tightness extends through FY2028	$130	12.0x	$1,560	+92%	25%
Base — one more strong year, then normalisation	$90	10.4x	$936	+15%	45%
Bear — pricing rolls over in FY2027	$60	8.0x	$480	-41%	30%

Probability-weighted target: **$940** (+15.9%). Cross-checks: at $940 the shares would trade at 7.1x EV/sales and 7.7x book on FY2026 numbers — still a premium to the equipment complex, which is the right way to think about a business with 80% gross margins and no pricing power two years out. A free-cash-flow cross-check at a 7% required FCF yield on $59.0B gives $843B of equity value, or $745 per share, which is the anchor for our bear case.

RISK ASSESSMENT

Company risks. Single-cycle concentration: essentially all of the FY2026 profit came from pricing. Customer concentration in AI accelerators is high and undisclosed in this dataset. Capital intensity is rising, and memory fabs have long lead times, so a demand air-pocket would be met with too much capacity.

Macro risks. Beta of 2.40 to the S&P 500 makes this a high-beta expression of the AI capital-expenditure cycle. A slowdown in hyperscaler capex, export controls on advanced memory, or a stronger dollar would all hit revenue and the multiple at the same time.

Position sizing. 1-2% of a diversified portfolio, with a hard 25% stop. The 52-week range is $201-$1,213 — a six-fold spread — which is not a position to size on conviction.

ESG and governance. Not material to the thesis; memory manufacturing is energy- and water-intensive and subject to environmental permitting, which is a supply-side constraint rather than a demand risk.

TECHNICAL CONTEXT & OPTIONS INTELLIGENCE

Price $811.30 against a 52-week range of $201.14-$1,213.18, 33.1% below the five-year high and above both the 50-day ($950.43) and 200-day ($761.89) averages — the 50-day is above the price, so the short-term trend is down while the long-term trend is up. Support sits at the 200-day near $762 and then the $600 area; resistance is the $950-1,000 shelf where the stock failed in the autumn. One-year return +236.9%, three-year +1,025%, five-year +1,050%. **Options data (put/call, implied volatility, skew) was not verified in this dataset** and is not used in the recommendation.

MARKET POSITIONING

Micron outperformed the S&P 500 by 184.5 percentage points over one year and 521.2 points over three. The sector ETF (XLK) is the relevant comparison for rotation: semis have led the index, and Micron has led semis. Relative strength of this magnitude typically mean-reverts through time rather than price, which supports holding rather than adding.

INSIDER SIGNALS

Insider transaction data was **not verified** for this note; no Form 4 analysis is included. What the cash-flow statement does show is that the company is retaining earnings rather than buying back stock at the current price, which is the more informative signal at a cycle peak.

RECOMMENDATION SUMMARY

Metric	Value
Rating	HOLD
Conviction	Medium
Price target	$940
Timeframe	12 months
Upside	+15.9%
Position size	1-2%
What would prove this wrong	Two more quarters of upward pricing revisions with capex discipline at Samsung and SK Hynix — that would justify the consensus $1,560 and make this a BUY.

DATA APPENDIX

Source: Yahoo Finance statements and market data pulled 11 November 2026 (see `equity_research/MU.json`). Balance sheet FY2026: cash $38.4B, debt $5.2B, equity $138.4B. Shares outstanding approximately 1.13B. Dividend yield 0.07%.

DISCLAIMER

This analysis is for educational and research purposes only. Not financial advice. Past performance does not guarantee future results. Consult a qualified financial professional before making investment decisions. All investments carry risk of loss.

Prepared from Yahoo Finance statements and market data pulled 11 November 2026. Hypothetical and illustrative; not investment advice.