

INTERMARKET UNIVERSE

BUY-SIDE RESEARCH • EQUITY ANALYSIS

NASDAQ: MU



MICRON TECHNOLOGY

MAY 2026 PRE-EARNINGS DEEP DIVE

Buy-Side Research Framework



~\$1.03T

MARKET CAP

1.107B shares



\$19.15

FQ3 EPS GUIDE

vs. \$19.83 est.



~\$109B

FY2026 IU REV.

FQ4 IU est. \$38B



KEY CATALYSTS



HBM4 ramp for
NVIDIA Vera Rubin

High-volume
production



First five-year
SCA signed

Strategic
visibility



DRAM +58–63% QoQ
NAND +70–75% QoQ

Gross margins
~81%



DATA-DRIVEN

Quantitative models.
Real-world catalysts.



BUY-SIDE DISCIPLINE

Risk-managed convictions.
Institutional-grade analysis.



AI & MEMORY EXPOSURE

Positioned for the next
era of compute.

Intermarket Universe • Buy-Side Research • Equity Analysis

For Analytical & Investment Research Purposes Only — Not Investment Advice

TABLE OF CONTENTS

PART I — EXECUTIVE SUMMARY	3
IU Verdict Strip & Core Thesis	3
May Model Updates · Pre-Earnings Setup · Structural Thesis	4
PART I (CONT.) — KPI & DCF OVERVIEW	5
FQ2 2026 Baseline Metrics vs. FQ3 2026 Consensus	5
DCF Scenario Summary (Bear / Base / Bull / UBS-Implied)	5
PART II — FQ3 2026 EARNINGS PREVIEW	6
1. FQ3 Beat-and-Raise Threshold Analysis	7
PART III — MEMORY PRICE ACCELERATION	8
2–3. TrendForce Q2 2026 Pricing · Structural Cycle Thesis	8
PART IV — HBM4, NEW PRODUCTS & COMPETITIVE POSITION	9
4–5. HBM4 High-Volume Production · May 2026 Product Launches	9
PART V — ANALYST LANDSCAPE & PRICE TARGET DIVERGENCE	10
6. Bull/Bear Framework & \$249–\$1,625 Target Range	10
PART VI — KEY RISK EVENTS	11
7–8. Samsung Strike (May 21–June 7) · Korea AI Windfall Tax	11
PART VII — HYPERSCALER CAPEX CASCADE	12
PART VIII — CAPITAL ALLOCATION & FREE CASH FLOW	13
9. Fab Sequencing — Output Contribution Timeline	14
PART IX — PROPRIETARY DCF & SENSITIVITY ANALYSIS	15
10. WACC Derivation — Updated May 2026	15
11. Three-Stage FCF Model (FY2026–Terminal)	16
12. Intrinsic Value Bridge — Base Case (WACC 12.0%)	16
13. 9×5 Sensitivity Matrix	17
PART X — CAPM REQUIRED RETURN FRAMEWORK	18
17. CAPM Derivation — Current Inputs (May 27, 2026)	18
18. CAPM Required Return vs. Earnings Yield	19
PART XI — BEAR / BASE / BULL SCENARIO FRAMEWORK	20
14. Three-Scenario Comparison (+ UBS-Implied)	20
PART XII — RISK REGISTER — EIGHT MATERIAL VECTORS	21
PART XIII — IU CONVICTION RATINGS & CATALYST CALENDAR	22
19. Updated IU Conviction Dimension Ratings	22
20. 30-60 Day Catalyst Calendar	23
PART XIV — SOURCES CITED	24
Appendix A — Methodological Note (FCFF Proxy)	25
PART XV — GLOSSARY & DISCLAIMER	26

PART I

EXECUTIVE SUMMARY — MAY 2026 FRAMEWORK

The thesis has been validated — and then exceeded. Micron Technology has surged from \$406 (our April 2026 reference entry) to **\$908.55 as of May 27, 2026** — a 124% gain in under three months, and more than 700% over the trailing twelve months. On **May 26, 2026** the stock posted a **19.29% single-day gain** — its best day since 2011 — and Micron **crossed \$1 trillion in market capitalization for the first time** (now ~\$1.03T). Every structural pillar of the April thesis has materialized ahead of schedule: HBM4 is in high-volume production for NVIDIA Vera Rubin; Micron signed its first-ever five-year Strategic Customer Agreement (SCA); DRAM contract prices are rising 58–63% QoQ in Q2 2026 per TrendForce; and gross margins are approaching 81%. The re-rating from cyclical commodity to AI infrastructure utility is complete — in the price.

The analyst landscape has been **restructured violently upward**. **UBS (Timothy Arcuri) set a new Street-high \$1,625 target on May 26** (up from \$535 — a 204% revision), based on ~15× NTM P/E on CY2029 EPS of \$117 (the modeled downcycle *trough*, not a peak), with UBS projecting **\$400B cumulative free cash flow over CY2027–2029** and ~30% of global DDR volumes migrating to 3–5 year LTA contracts. **Barclays (Tom O'Malley) followed on May 27 with \$1,175** (from \$675, Overweight), citing the five-year SCA. BofA holds \$950; DA Davidson \$1,000 (no longer Street-high). The S&P; Global 44-analyst consensus average of **\$652.98** is badly lagging — it predates this week's revisions and is heavily right-skewed; the three most recent targets average ~\$1,213.

But the arithmetic has changed against the buyer. Our DCF base case is **unchanged at \$558.86/share** (WACC 12.0%, TGR 3.0%). At \$908.55, the market now trades at a **+62.6% premium** to that base case (was +31.7% at \$736). Critically, the IU bull case of **\$851.77 has been breached** — the current price sits **6.2% ABOVE our own most-optimistic scenario** for the first time since publication. The bear case (\$489.55) implies –46.1% downside from here.

A note on methodology in an unprecedented cycle. The DCF framework is not broken — but its inputs are now operating outside their historical calibration range. No prior memory cycle produced \$97B in quarterly DRAM revenue or 300%+ annual market growth. WACC remains stable but is uninformative about whether the cash flows being discounted are themselves realistic; the terminal growth rate is the weakest link, with credible arguments for both a 4–5% AI-permanent-demand regime and cyclical mean-reversion. **This is precisely why CAPM is the most useful lens right now** — it is independent of DCF assumptions and simply asks whether the price compensates investors for systematic risk. The value of the framework is structured thinking, not price precision. The \$559 base case is a disciplined estimate; the market at \$908 is pricing assumptions that exceed IU's most optimistic scenario — and **that gap is the analysis**: it tells subscribers what the market believes versus what the fundamentals presently support.

12-MONTH	3-YEAR	5-YEAR	IU DCF BASE	IU BULL CASE	FQ3 CATALYST
TRIM / Take Profits	Strong Structural Long	Foundational Core Position	\$559/share	\$852/share (BREACHED)	Beat \$35B+ rev. Guide \$40B+ FQ4

IU Verdict: TRIM into strength / take profits at \$908. The IU bull case of \$852 has been breached (current is –6.2% above it). Hold the 3-year structural long; maintain the 5-year foundational core (monitor for cycle mean-reversion). **Accumulate range \$540–\$580 unchanged** — now 37–40% below current. **\$1 trillion market cap milestone crossed May 26, 2026.** IU Base DCF (WACC 12.0%): EV \$611.6B + net cash \$7.1B = equity \$618.7B ÷ 1.107B shares = \$558.86/share. Current \$908.55 = +62.6% premium. Bear (WACC 12.5%, TGR 2.0%) = \$490.

MAY MODEL UPDATES — PRE-EARNINGS SETUP — STRUCTURAL THESIS

The April entry thesis was anchored to FQ2: \$23.86B revenue (+196% YoY), \$12.20 non-GAAP EPS (32.8% beat vs. \$9.19 Street), 74.9% gross margins, \$11.9B operating cash flow. For May 27, three market inputs were refreshed: the risk-free rate moved to **4.48%** (10-Year Treasury, May 27; was 4.61% on May 18); the reference price moved to **\$908.55** (was \$696.45); and market cap crossed **\$1.03T**. The DCF model inputs themselves — revenue, OCF%, CapEx, WACC, TGR — are unchanged. Street FQ3 consensus stands at \$34.83B revenue / \$19.83 EPS, already \$1.3B above the top of guidance. What determines the next move is the FQ4 guide: above \$41B re-activates the bull path; \$36–38B is neutral; below \$36B risks a retest. The structural thesis is intact — the first five-year SCA eliminates the pricing-floor collapse of 2018–2019, and server DDR5 profitability now exceeds HBM3E (Samsung CFO, May 2026), meaning conventional DRAM now generates HBM-level margins at far greater volume.

PART I (CONTINUED)

FQ2 BASELINE & FQ3 PREVIEW — KEY METRICS

METRIC	FQ2 2026 REPORTED	YoY CHANGE	FQ3 2026 GUIDE	FQ3 STREET EST.	IU THRESHOLD
Revenue	\$23.86B	+196%	\$33.5B ± \$750M	\$34.83B	>\$35B (beat)
Non-GAAP EPS	\$12.20	+32.8% vs est.	\$19.15 ± \$0.40	\$19.83	>\$20 (beat)
Gross Margin	74.9% non-GAAP	+4,700bps YoY	~81% IU est.	~80.5% est.	>81% (signal)
DRAM Revenue	\$18.8B (79%)	+207% YoY	IU est. ~\$26B	N/A	HBM + DDR5
Op. Cash Flow	\$11.9B	49.9% OCF%	IU est. ~\$16B	Est. \$15–16B	FCF inflection
HBM Revenue	~\$8B ann. rate	2026 locked on SCA	Sold out through 2026	\$10B+ FY26 IU est.	Supply constrained

DCF SCENARIO SUMMARY — MAY 27, 2026

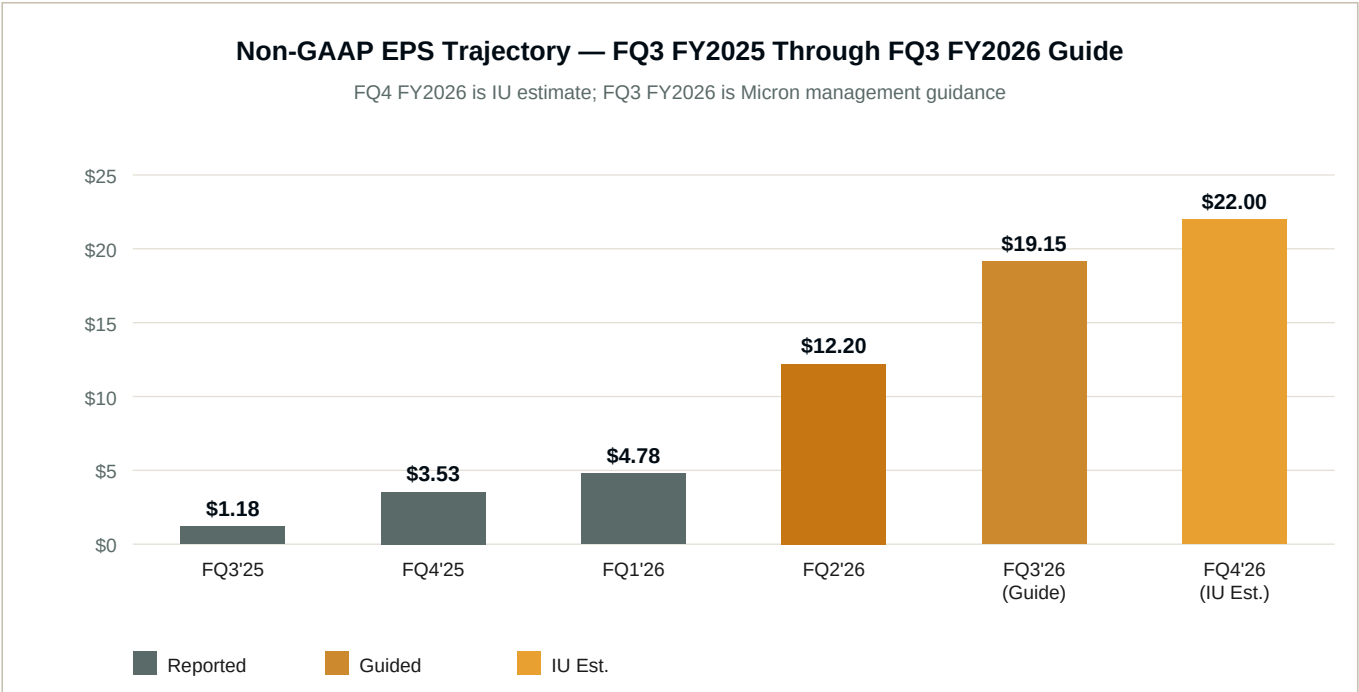
SCENARIO	WACC	TGR	INTRINSIC VALUE	vs. \$908 CURRENT	CONDITION
Bear Case	12.5%	2.0%	\$490/share	–46.1%	Samsung recovery + AI cooling
Base Case	12.0%	3.0%	\$559/share	+62.6% (mkt premium)	IU base: SCA infra model, \$155B FY27
Bull Case	9.5%	3.5%	\$852/share	–6.2% (BREACHED)	HBM4E dominance + DRAM supercycle
UBS-Implied	~10.0%	~3.5%	~\$908+ (near current)	~Near current	15× NTM on CY2029 \$117 EPS; \$400B cum. FCF CY27-29

UBS-Implied row shows the WACC/TGR combination that would justify the current price under IU's own FCF model; it does NOT change the IU base case. All scenarios use the same three-stage FCF model (FY2026–FY2031). Net cash per FQ2 2026: \$16.7B cash – \$9.6B LTD = \$7.1B. Diluted shares: 1.107B.

PART II

FQ3 2026 EARNINGS PREVIEW — WHAT THE PRINT NEEDS

Micron’s fiscal Q3 2026 (quarter ending May 29, 2026) results are expected around June 24, 2026 — not yet formally confirmed. Management guided \$33.5B ± \$750M revenue and \$19.15 ± \$0.40 non-GAAP EPS at the March 18 FQ2 print. Street consensus has since moved to \$34.83B / \$19.83 — already \$1.3B above the top of guidance — driven by conviction that TrendForce’s Q2 pricing data (+58–63% DRAM QoQ, +70–75% NAND QoQ) will push realized revenue meaningfully above the guidance midpoint. The key question is not whether Micron beats, but by how much and — critically — what the FQ4 guide looks like.



FQ3'25–FQ2'26: reported Non-GAAP EPS (SEC EDGAR). FQ3'26: Micron guidance \$19.15 ± \$0.40 (March 18, 2026). FQ4'26: IU estimate, 15% sequential growth on FQ3 midpoint. FQ2'26 \$12.20 was a 32.8% beat vs. Street \$9.19.

1. FQ3 BEAT-AND-RAISE THRESHOLD ANALYSIS

Scenario	FQ3 Revenue	FQ3 EPS	FQ4 Guide Implied	Market Implication
Miss (below guide)	<\$32.8B	<\$18.8	<\$36B	Retest \$600–\$650; DCF bears validated
In-Line (midpoint)	~\$33.5B	~\$19.15	~\$36–38B	Neutral; range-bound \$760–\$820
Beat (Street cons.)	~\$34.8B	~\$19.83	~\$38–40B	Validates re-rating; minor upside
Strong Beat (IU)	≥\$36B	≥\$21	≥\$41B	Confirms bull path; momentum extends
Blowout	≥\$38B	≥\$23	≥\$44B	SCA utility premium fully priced

IU estimates. Revenue thresholds illustrative; market implications directional. Price context updated to \$908 reference.

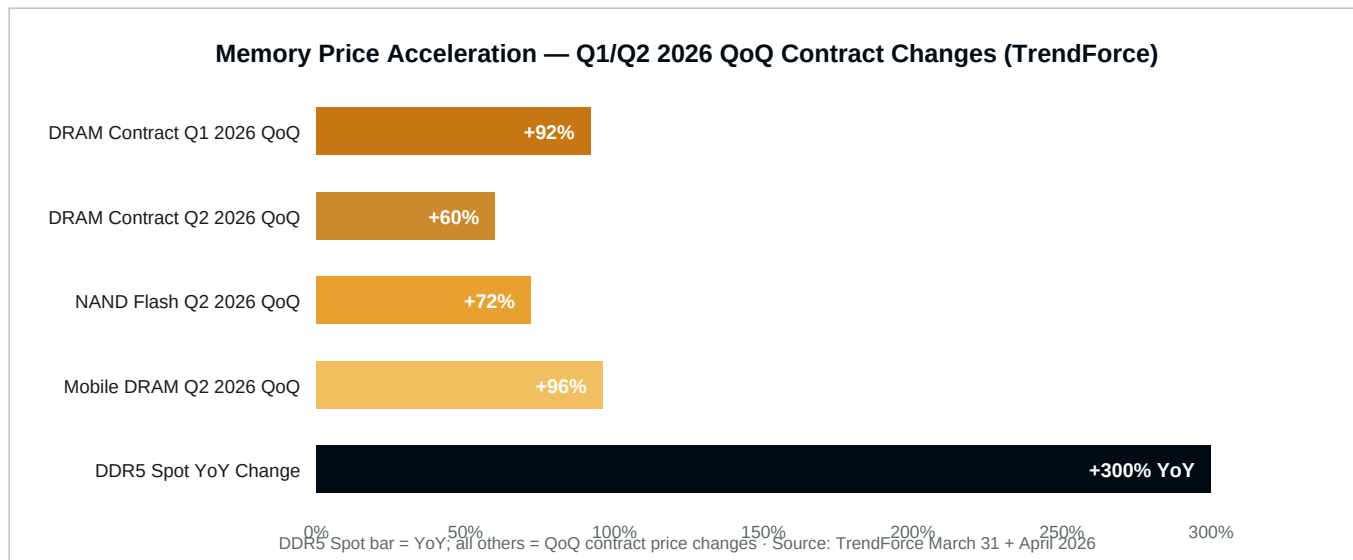
2. FQ2 2026 REPORTED RESULTS — THE BASELINE

Metric	FQ2 2026 Reported	YoY Change	Context
Revenue	\$23.86B	+196%	Largest quarterly revenue in Micron history at report
DRAM Revenue	\$18.8B (79% of total)	+207%	HBM + server DRAM drove growth; NAND \$5.0B
Gross Margin	74.4% GAAP / ~74.9% Non-GAAP	+4,700bps YoY	Approaching NVIDIA-level margins
Non-GAAP EPS	\$12.20	+32.8% vs cons.	Consensus \$9.19; blowout quarter
Operating Cash Flow	\$11.9B	—	OCF margin 49.9%; \$6.9B adj. FCF
HBM Revenue	~\$8B annualized run-rate	—	Entire 2026 HBM contracted on price+volume

PART III

MEMORY PRICE ACCELERATION — TRENDFORCE Q2 2026

TrendForce's March 31, 2026 quarterly pricing survey confirms the most aggressive simultaneous multi-segment price appreciation in the modern memory cycle. Conventional DRAM contracts are up 58–63% QoQ in Q2 2026, following the record 90–95% Q1 surge. NAND flash contracts are rising 70–75% QoQ. Mobile DRAM has accelerated to 93–98% QoQ. The structural explanation: HBM wafer displacement has removed 15–20% of effective DRAM supply from the conventional market, and no new capacity arrives before late 2027.



3. WHY THIS CYCLE IS STRUCTURALLY DIFFERENT

The distinguishing feature of the 2025–2027 cycle is the shift from annual LTAs to multi-year Strategic Customer Agreements with bottom-price clauses. Micron signed its first-ever five-year SCA in March 2026. TrendForce's April 21 HBM bulletin confirmed cloud providers have broadly secured multi-year contracts with bottom-price clauses, limiting downside price risk for suppliers. This pricing floor did not exist in the 2018–2019 cycle that produced a 60%+ collapse from peak.

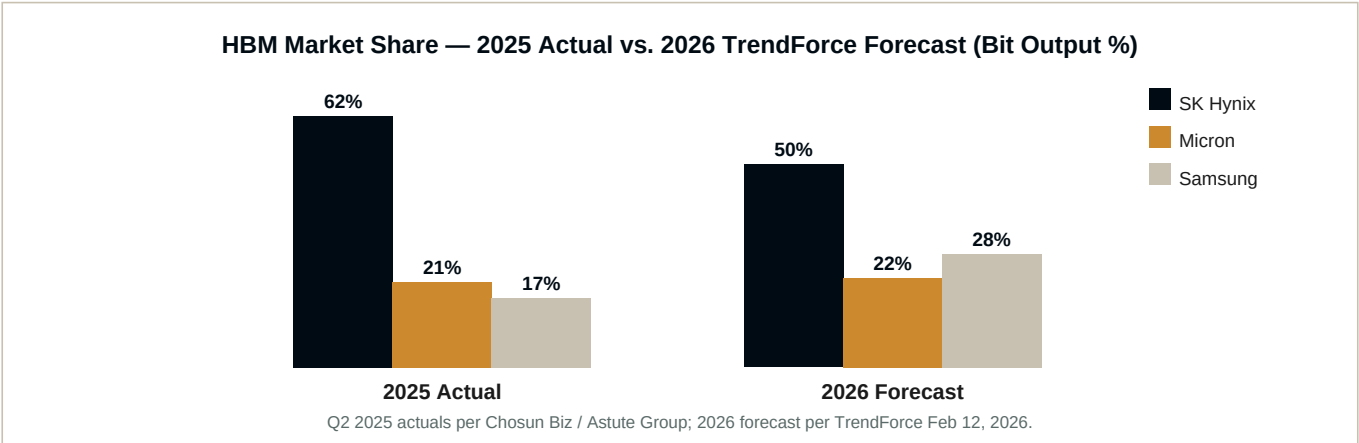
IU Editorial View: Samsung CFO Park Soon-cheol acknowledged in early May 2026 that “the profitability of server DDR5 has now overtaken HBM3E for the first time.” This is the single most important pricing data point in the landscape: Micron's conventional DRAM business now generates HBM-level margins, effectively doubling earnings leverage from every incremental DRAM capacity unit relative to any prior cycle expectation.

PART IV

HBM4, NEW PRODUCTS & COMPETITIVE POSITION

4. HBM4 HIGH-VOLUME PRODUCTION — NVIDIA VERA RUBIN (March 16, 2026)

Micron confirmed high-volume production of HBM4 for NVIDIA's Vera Rubin platform on March 16, 2026 — the first memory supplier to publicly reach this milestone. The 36GB 12-high stack delivers >11 Gb/s pin speed, >2.8 TB/s bandwidth (2.3× HBM3E), and >20% better power efficiency. The 48GB 16-high variant is sampling. Micron's entire calendar 2026 HBM capacity is contracted, with significant 2027 capacity locked. CEO Mehrotra stated the company can meet only “50% to two-thirds” of customer HBM demand.



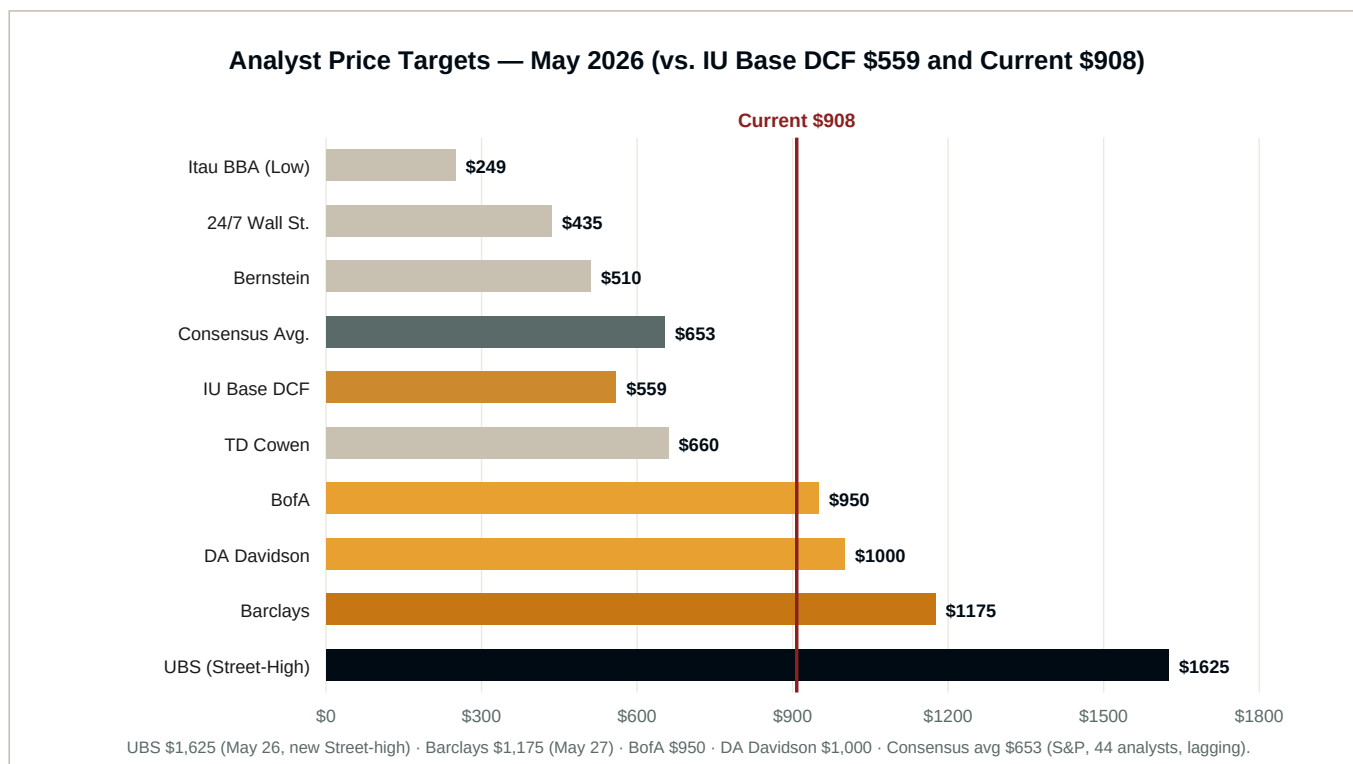
5. MAY 2026 PRODUCT LAUNCH SUMMARY

Product	Announced	Key Specs	Investment Significance
256GB DDR5 RDIMM (Sampling)	May 12, 2026	1-gamma DRAM; 9,200 MT/s (+40%); 3DS TSV; >40% lower power	First 1-gamma node product. Process lead over Samsung 1c.
245TB 6600 ION SSD (Volume)	May 5, 2026	G9 QLC NAND; 13.7 GB/s read; 1.78M IOPS; 82% rack reduction	World's highest-capacity commercial SSD.
HBM4 48GB 16-High (Sampling)	Mar 16, 2026	1-gamma base die; +33% capacity/placement; >11 Gb/s	Capacity expansion without bandwidth penalty.
192GB SOCAMM2 (Volume Prod.)	Mar 16, 2026	48–256GB; 1.2 TB/s per CPU; up to 2TB/system	Locks Micron into Vera Rubin NVL72 ecosystem.

PART V

ANALYST LANDSCAPE & PRICE TARGET DIVERGENCE

The May 2026 analyst landscape features the widest target dispersion in Micron's history — a range from **\$249 (Itau BBA)** to **\$1,625 (UBS, new Street-high)**. The S&P; Global 44-analyst consensus average of **\$652.98** now sits ~28% *below* the current market price — but that figure is badly lagging this week's UBS and Barclays revisions and is heavily right-skewed. The three most recent targets (Barclays/UBS/Citi) average ~\$1,213. The divergence reflects fundamental disagreement about whether memory has permanently re-rated from cyclical to infrastructure — not near-term earnings, on which all analysts agree.



6. THE BULL/BEAR FRAMEWORK — WHAT EACH SIDE IS RIGHT ABOUT

The bull framework (now led by UBS at \$1,625) assumes the five-year SCA restructures Micron into a utility-grade infrastructure supplier with contracted cash flows visible 3–5 years forward; UBS sees “no reason why MU should trade a whole lot differently than NVDA,” projecting \$400B cumulative FCF over CY2027–2029 with EPS comfortably above \$100 even through a modeled 2029 downcycle. The bear framework notes CFO Mark Murphy explicitly said ~81% gross margins are “simply not sustainable,” and that the prior cycle delivered a 60%+ collapse from peak. **The IU view:** the SCA pricing floor is real and structural, but at +62.6% above base-case DCF — and with the price now above our own bull case — this is a **trim, not an add**. Take profits into strength; re-accumulate toward \$540–\$580.

PART VI

KEY RISK EVENTS — SAMSUNG STRIKE & KOREA TAX

7. SAMSUNG ELECTRONICS STRIKE — MAY 21 TO JUNE 7, 2026

Samsung Electronics union talks collapsed on May 13, 2026. A strike involving up to 50,000 union members is scheduled May 21–June 7 (18 days). JPMorgan estimates potential losses of ~\$43 trillion (~\$28.8B) from a prolonged walkout, or ~\$1 trillion (~\$670M) per day of foregone HBM and DRAM production.

IU Assessment — Net Positive for Micron: Samsung leads NVIDIA Vera Rubin HBM4 qualification per TrendForce. Even a 10-day partial disruption reduces Samsung HBM supply ~10–15% for the quarter, supporting pricing into Q3. Micron is entirely unaffected by Korean labor dynamics — directionally positive for near-term HBM pricing power.

8. SOUTH KOREA AI WINDFALL TAX — DE-ESCALATED

On May 11–12, 2026, Korean Presidential chief of staff Kim Yong-beom proposed a “citizen dividend” funded by AI-era chipmaker excess profits, triggering a 5.1% intraday KOSPI decline. On May 13, President Lee Jae-myung clarified the proposal referred only to redistributing excess government tax revenue — not a new corporate windfall levy. The risk is de-escalated but a watch item. If enacted, a Korea-specific tax would apply to Samsung and SK Hynix — not Micron — potentially widening Micron’s operating cost advantage.

PART VII

HYPERSCALER CAPEX CASCADE — UPDATED MAY 2026

The April–May 2026 hyperscaler earnings cycle produced the most aggressive capex guidance in technology sector history. The five major AI infrastructure operators have committed to ~\$700 billion of 2026 capex. Microsoft CFO Amy Hood explicitly attributed \$25 billion of Microsoft’s \$190B budget to rising memory chip costs and said the company expects to remain memory-constrained through year-end.

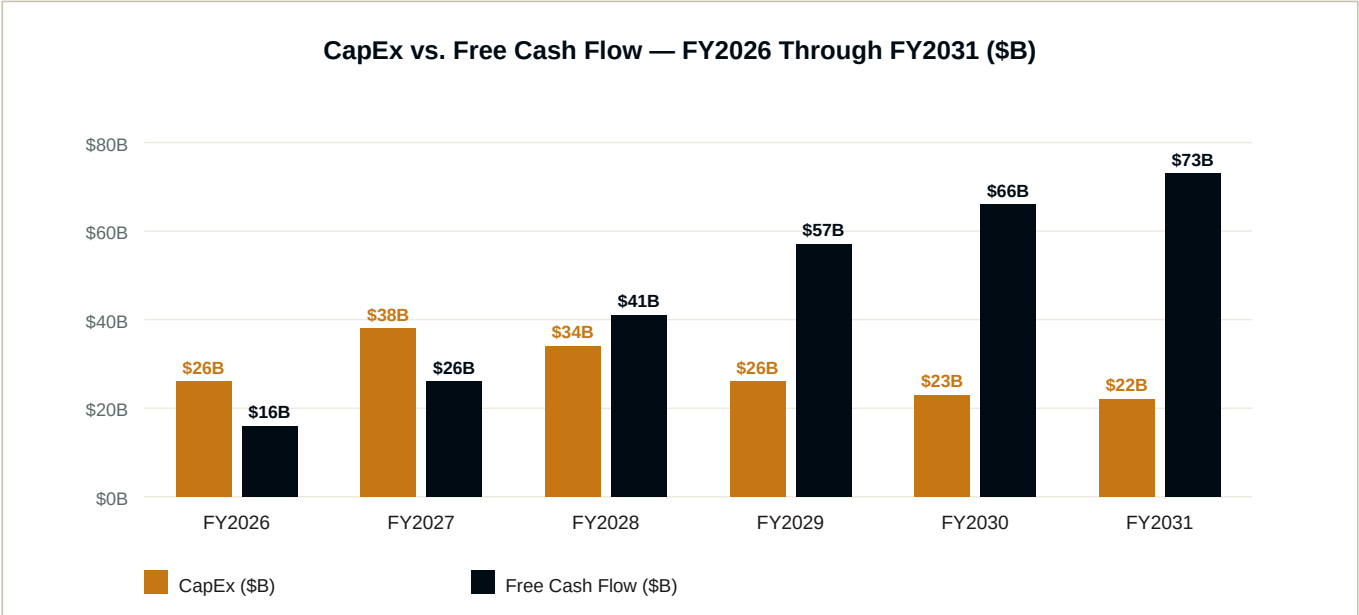
Hyperscaler	2026 CapEx	YoY	Memory Relevance for Micron
Amazon (AWS)	~\$200B	+60%	Primary HBM + enterprise SSD buyer; Trainium3/Inferentia HBM stack
Microsoft (Azure)	~\$190B	+55%	\$25B attributed to memory cost inflation; memory-constrained through 2026
Alphabet (Google)	~\$180B	+60%	Likely 5-year SCA counterparty; TPU v7 Ironwood; Cloud backlog >\$460B
Meta (LLAMA)	~\$130B	+65%	HBM-heavy AI training; NAND for data lakes; MTIA custom ASICs
OpenAI / Stargate	~\$500B (5-yr)	New entrant	Abilene TX expansion cancelled Mar 2026; Microsoft took capacity directly; Sora discontinued Apr 26.

Sources: company Q1 2026 earnings calls. Stargate wafer figure per TrendForce estimate.

PART VIII

CAPITAL ALLOCATION & FREE CASH FLOW TRAJECTORY

Micron's FY2026 capex program has been revised upward three times — from \$18B to the current \$25.5B. FY2027 capex is expected to jump to ~\$38B as Idaho Fab 2, the Singapore \$24B advanced NAND fab, and Clay NY Fab 1 accelerate simultaneously. Stage 1 capex (FY2026–2028) is front-loaded relative to the output it enables, compressing near-term FCF before the payoff phase accelerates post-FY2029.



IU Stress-Test — High-CapEx Scenario: Applying a flat 22% CapEx-to-revenue rule produces FY2031 CapEx of \$46.6B vs. IU's \$22.0B. Under this scenario FY2031 FCF falls from \$73.4B to \$48.8B, reducing terminal value by ~\$200B and lowering intrinsic value to ~\$418/share at WACC 12.0%. IU rejects the flat rule as base case because it ignores Micron's confirmed construction schedule and management guidance — but presents it so subscribers can calibrate their own margin of safety. **(UNCHANGED from v22.)**

9. FAB SEQUENCING — OUTPUT CONTRIBUTION TIMELINE

Site	Investment	Node	First Output	CHIPS Act
Idaho Fab 1 (Boise P4)	\$25B combined w/ P5	1-gamma DRAM	Mid-2027	\$6.165B total (ID+NY)
Idaho Fab 2 (Boise P5)	Included above	1-gamma+ DRAM	End 2028	Included
Singapore HBM Packaging	~\$7B	HBM4/HBM4E	CY2026 (meaningful CY27)	None
Singapore NAND Fab 10B	~\$24B	G9 QLC NAND	H2 2028	None
Clay NY Fab 1 (of 4)	Up to \$100B (full site)	DRAM megafab	~2030	\$3.4B (+\$5.5B NY)
Manassas VA	\$2.17B	1-alpha DRAM	Underway	~\$275M

FY2026–FY2031 fab output contribution underpins the three-stage FCF model on page 15. Construction-phase capex intensity declines from 23.4% of revenue (FY2026) to 10.4% (FY2031), mirroring the TSMC pattern (52% CapEx/rev at 2021 peak → 29% by 2023 as fabs completed).

PART IX

PROPRIETARY DCF & SENSITIVITY ANALYSIS

10. WACC DERIVATION — UPDATED MAY 2026

Component	April Model	May Model	Change & Rationale
Risk-Free Rate (Rf)	4.31%	4.48%*	10Y Treasury May 27, 2026. Updated from 4.61% (May 18).
Beta (5-yr monthly)	1.35	1.45	+0.10 — 700% TTM re-rating; realized daily beta 2.59
Equity Risk Premium	5.5%	5.5%	Damodaran 2026 — unchanged
Cost of Equity (CAPM)	11.74%	12.46%*	$R_f + \beta \times ERP = 4.48\% + 1.45 \times 5.5\% = 12.46\%$
After-Tax Cost of Debt	3.60%	3.60%	Pre-tax 4.8% $\times$ (1–25%) — unchanged
Equity Weight	92%	94%	Mkt cap ~\$1.03T vs. LTD ~\$9.6B
WACC (Blended)	11.1%	12.0%	Retained at 12.0% for base case; IU preserves ERP=5.50%
Diluted Shares	1.107B	1.107B	Unchanged per FQ2 2026 10-Q
Net Cash	\$7.1B	\$7.1B	Cash \$16.7B – LTD \$9.6B

*Rf updated to 4.48% (10Y Treasury, May 27, 2026). The DCF base-case WACC is retained at **12.0%** and the intrinsic-value model is NOT re-estimated — the May 27 update affects the reference price and CAPM inputs only. Base IV preserved at \$558.86.

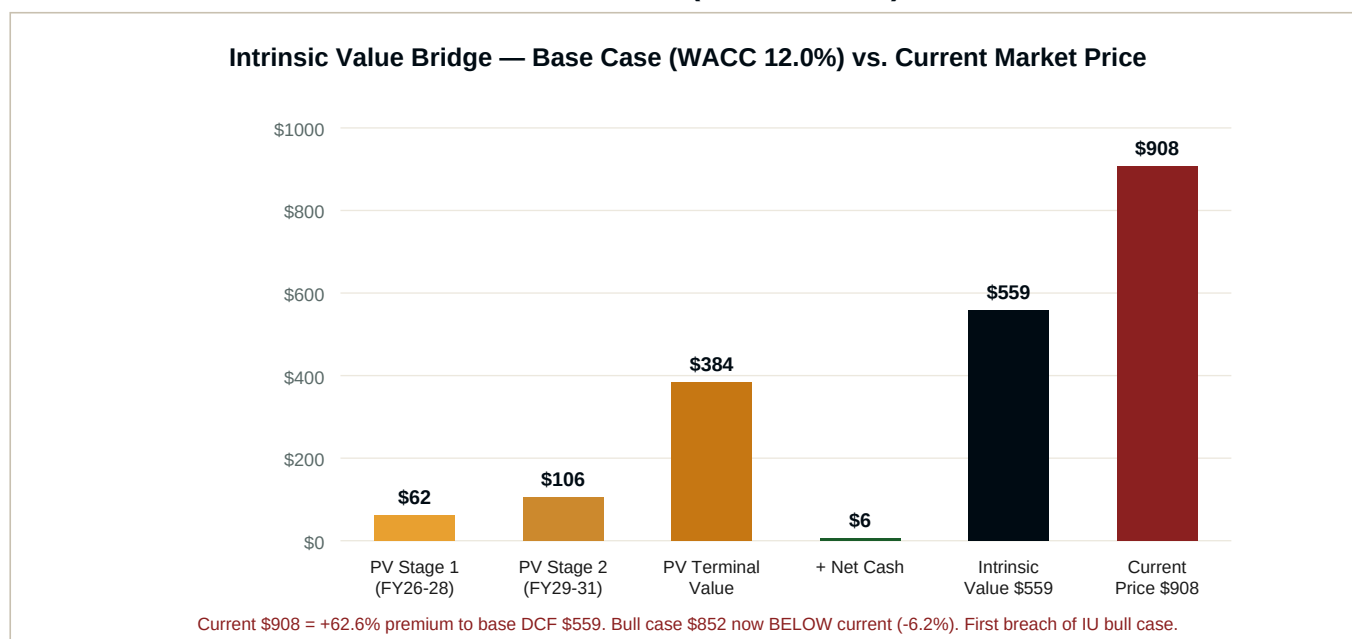
11. THREE-STAGE FREE CASH FLOW MODEL — FY2026 THROUGH TERMINAL

FY2026 = FQ1 \$13.64B + FQ2 \$23.86B + FQ3 \$33.5B (guided) + FQ4 \$38B (IU est.) = \$109B. FY2027 IU base \$155B. All inputs UNCHANGED from v22.

Fiscal Year	Rev (\$B)	OCF %	OCF (\$B)	CapEx (\$B)	FCF (\$B)	FCF/Share	Disc.	PV FCF (\$B)
FY2026	109	38.5%	41.97	25.5	16.47	14.87	0.9449	15.56
FY2027	155	41.5%	64.33	38.0	26.33	23.78	0.8437	22.21
FY2028	175	43.0%	75.25	34.0	41.25	37.26	0.7533	31.07
FY2029	188	44.0%	82.72	26.0	56.72	51.24	0.6726	38.15
FY2030	200	44.5%	89.00	23.0	66.00	59.62	0.6005	39.63
FY2031	212	45.0%	95.40	22.0	73.40	66.31	0.5362	39.35

Component	Value	Per Share	Notes
PV Stage 1 (FY26–28)	\$68.84B	\$62.19	FCFs at WACC 12.0%, mid-year
PV Stage 2 (FY29–31)	\$117.14B	\$105.81	Post-peak capex; FCF inflection
Terminal Value (TV)	\$840.02B	—	$\$73.4B \times 1.030 / 0.090$
PV of Terminal Value	\$425.58B	\$384.45	$TV \div (1.120^6)$
Enterprise Value	\$611.56B	\$552.45	PV S1 + PV S2 + PV TV
+ Net Cash	\$7.1B	\$6.41	Cash \$16.7B – LTD \$9.6B
INTRINSIC VALUE	\$618.66B	\$558.86	BASE — WACC 12.0%, TGR 3.0%
Current Market Price	—	\$908.55	+\$349.69/share (+62.6% premium)

12. INTRINSIC VALUE BRIDGE — BASE CASE (WACC 12.0%)



13. 9×5 SENSITIVITY MATRIX — INTRINSIC VALUE PER SHARE

Intrinsic value per share across nine WACC scenarios (9.0%–13.0%) and five TGR scenarios (2.0%–4.0%). Cells at/above current price \$908 appear in navy/green; cells below appear in red. The gold cell marks the IU base case. **All matrix values are UNCHANGED from v22** — they are functions of the model inputs, which were not re-estimated; only the color threshold moves from \$736 to \$908.

9×5 Sensitivity Matrix — Intrinsic Value per Share

Navy/Green = at/above current \$908 · Red = below \$908 · Gold = IU base case

WACC	TGR 2.0%	TGR 2.5%	TGR 3.0%	TGR 3.5%	TGR 4.0%
9.0%	\$767	\$815	\$870	\$935	\$1014
9.5%	\$711	\$751	\$798	\$852	\$916
10.0%	\$663	\$697	\$736	\$781	\$834
10.5%	\$620	\$649	\$683	\$721	\$765
11.0%	\$582	\$607	\$636	\$669	\$706
11.5%	\$548	\$570	\$595	\$623	\$656
12.0%	\$517	\$537	\$559	\$583	\$611
12.5%	\$490	\$507	\$526	\$548	\$572
13.0%	\$465	\$480	\$497	\$516	\$537

Base case (WACC 12.0%, TGR 3.0%): \$559/share · Current market price \$908 = +62.6% premium to DCF. Bear (WACC 12.5%, TGR 2.0%): \$490 · Bull (WACC 9.5%, TGR 3.5%): \$852 — now below current.

PART X

CAPM REQUIRED RETURN FRAMEWORK — MAY 27, 2026

The Capital Asset Pricing Model provides a second, independent valuation lens. CAPM defines the minimum required return given systematic risk; where the earnings yield implied by the price falls below that required return, the stock is return-insufficient. At the **May 27, 2026 price of \$908.55**, with the **10-Year Treasury at 4.48%**, the CAPM framework independently confirms that Micron is priced at a return-insufficient level on every beta measure — and the deficit has **widened** versus May 18, because the price rose faster than earnings estimates.

17. CAPM DERIVATION — CURRENT INPUTS (MAY 27, 2026)

Input	Value	Source / Notes
Risk-Free Rate (Rf)	4.48%	10Y Treasury, May 27, 2026 (down from 4.61% on May 18)
Equity Risk Premium	5.5%	Damodaran 2026 historical; unchanged
Beta — 5-Year Monthly	1.61	Finbox institutional standard; full 5-yr re-rating window
Beta — IU DCF Model	1.45	IU conservative adjustment; used in base-case DCF
Beta — 90-Day Realized	2.59	TradingView; reflects extreme 2026 momentum; context only
Current Price (May 27)	\$908.55	Yahoo Finance mid-session; +19.29% on May 26; \$1T market cap crossed

Required returns by beta ($R_f + \beta \times ERP$): 5-yr $\beta=1.61 \rightarrow 13.34\%$; IU $\beta=1.45 \rightarrow 12.46\%$; 90-day $\beta=2.59 \rightarrow 18.73\%$.

18. CAPM REQUIRED RETURN vs. EARNINGS YIELD

Using $R = R_f + \beta \times ERP$, the three beta scenarios produce the required returns below, compared to the earnings yield implied by the current \$908.55 price. Where earnings yield falls below the required return, the market undercompensates investors for systematic risk.

Beta Scenario	β	Required Return	FY2026 E/Y @ \$908	FQ3-Ann. E/Y @ \$908	IU Verdict
5-Yr Monthly (Market Std.)	1.61	13.34%	6.35% (−6.98pp)	8.75% (−4.59pp)	Return-insufficient on both
IU DCF Model (Conserv.)	1.45	12.46%	6.35% (−6.11pp)	8.75% (−3.71pp)	Earnings yield below CAPM floor
90-Day Realized (Context)	2.59	18.73%	6.35% (−12.38pp)	8.75% (−9.98pp)	Extreme deficit; momentum pricing

IU CAPM Interpretation: Using the market-standard 5-year beta of 1.61, CAPM demands a 13.34% required return. At \$908.55, investors receive only a 6.35% earnings yield on FY2026 EPS — a **6.98 percentage-point deficit, widened from 5.18pp on May 18** because price rose faster than earnings estimates. Even on UBS’s upgraded CY2027 EPS of \$155, the forward earnings yield at \$908 is only **17.1%** — still below the 18.73% the 90-day beta would require, and only modestly above the 5-yr-beta floor. The CAPM deficit is independent of the DCF and requires no terminal-growth assumptions. **The answer is the same on both lenses: Trim / Take Profits at \$908. Accumulate toward \$540–\$580.**

Earnings yield = EPS ÷ Price. FY2026 EPS \$57.71; FQ3-ann. EPS \$79.32. Rf 4.48% (10Y, May 27). ERP 5.5% (Damodaran). Betas: Finbox 1.61 / IU 1.45 / TradingView 2.59.

PART XI

BEAR / BASE / BULL SCENARIO FRAMEWORK

14. THREE-SCENARIO COMPARISON (+ UBS-IMPLIED)

Scenario	FY2027E Rev	FY2027E EPS	Method	Target	vs. \$908	Weight
Bear (Samsung Recov. + AI Cool)	~\$120–135B	~\$54	DCF 12.5%/2.0%	~\$490	–46%	25%
IU Base (LTA Infrastructure)	~\$155B	~\$95–105	DCF 12.0%/3.0%	~\$559	–38%	50%
Street Consensus (Mid-Cycle)	~\$100–110B	~\$54	15× fwd P/E	~\$810	–11%	—
IU Bull (HBM4E Dominance)	~\$175B	~\$95–105	DCF 9.5%/3.5%	~\$852	–6% (breached)	15%
UBS-Implied (Street-High)	~\$165B+	\$155 (CY27)	15× NTM CY29 \$117	\$1,625	+79%	—

All DCF scenarios use the same three-stage FCF model with WACC/TGR varied. Street \$810 is a P/E cross-check. The UBS-Implied row is added for v23 to anchor the new Street-high against IU's framework: UBS's \$1,625 rests on ~15× NTM applied to a CY2029 EPS of \$117 — explicitly the modeled downcycle trough — with CY2027–28 EPS of \$155/\$167 and \$400B cumulative FCF over CY2027–2029. It implies a market value of roughly \$1.8 trillion.

IU Scenario Verdict: The probability-weighted blend (Bear 25% / Base 50% / Bull 15%, plus residual) centers well below the current \$908. The market is currently pricing the UBS-Implied / Street-high outcome — a regime in which memory is permanently re-rated as AI infrastructure. That outcome is plausible but not yet earned in the fundamentals; until the FQ4 guide confirms a \$155B+ FY2027 trajectory, IU treats prices above the \$852 bull case as distribution territory.

PART XII

RISK REGISTER — EIGHT MATERIAL VECTORS

Each vector is assessed on severity, probability, and quantified EPS sensitivity against the IU FY2027 base-case EPS of ~\$100. A new vector is added for v23 (CXMT capacity & IPO).

Risk Vector	Sev.	Prob.	EPS Hit	IU Assessment
HBM ASP Compression (Samsung/SK qualify HBM4)	4/5	Med (H2'26)	–\$15–25	Both rivals expected in HBM4 volume by Q3 2026. SCA floor partially insulates.
Peak Margin Durability (CFO: “not sustainable”)	4/5	High ('27–28)	–\$10–20	Murphy flagged ~81% GM as unsustainable. Faster compression hits terminal value.
CXMT Capacity & IPO (NEW — v23)	4/5	Med–High	–\$8–18	CXMT revenue +700% YoY to 8% share (#4 globally); cleared STAR Market review for ~\$4.7B IPO to fund DRAM capacity + AI memory. Structural supply-side threat to the 2027+ pricing floor.
Samsung Strike (May 21–June 7, 2026)	3/5	High (imminent)	+\$3–8 (pos.)	~50K workers; reduces HBM supply ~10–15%. Positive for Micron pricing.
Korea AI Windfall Tax (de-escalated)	3/5	Low (10%)	Minimal	De-escalated May 13. If enacted, applies to Korean firms — second-order positive.
CapEx Execution (Idaho/Singapore/Clay NY)	3/5	Med ('27–29)	–\$5–10	\$38B FY2027 capex on management signal, not formal guidance.
Geopolitical / MATCH Act	3/5	Med (25%)	–\$3–8	MATCH Act advanced Apr 22; targets DUV servicing at CXMT/YMTC. China retaliation risk (2023 review cost 49% YoY rev). Gallium/germanium suspension through Nov 2026.
Algorithmic Compression (TurboQuant)	3/5	Med ('27–29)	–\$8–15	Google TurboQuant (ICLR 2026): 3-bit KV cache, 6× footprint reduction. Could defer DRAM purchases. Threat to Stage 2 FCF.

PART XIII

IU CONVICTION RATINGS & CATALYST CALENDAR

19. UPDATED IU CONVICTION DIMENSION RATINGS — MAY 2026

Dimension	Rating	Key Evidence — Updated May 27, 2026
Business Quality & Franchise	5.0 / 5.0	LTA→SCA infrastructure model; 74.9% FQ2 GM; HBM sold out; first 5-yr SCA
AI Revenue Visibility (FY2027)	4.5 / 5.0	Entire 2026 HBM contracted; UBS \$400B cum. FCF CY27–29; CY27 EPS \$155
HBM Competitive Moat	4.5 / 5.0	21% → 22% share; HBM4 HVM first; 30% power advantage vs. HBM3E
Product Pipeline Depth	4.5 / 5.0	HBM4 12H+16H; 256GB DDR5 RDIMM (1-gamma); 245TB ION SSD; SOCAMM2
Technological Execution	4.2 / 5.0	1-gamma node ramping; 9,200 MT/s DDR5 ahead of peers; hybrid bonding TBD
Capital Allocation	4.2 / 5.0	\$25.5B CapEx; 30% dividend raise; CHIPS Act \$6.4B; Idaho acceleration
Demand Breadth (Beyond DC)	4.0 / 5.0	L4 AV 300GB+/vehicle; AI PC 32GB+ std.; humanoid robotics vector
Geopolitical Risk	2.6 / 5.0	MATCH Act risk; CXMT 8% share + \$4.7B IPO; gallium/germanium truce expires Nov 2026
Valuation at \$908	2.4 / 5.0	+62.6% premium to DCF \$559; ABOVE IU bull case \$852; Trim / Take Profits
OVERALL CONVICTION (May)	4.1 / 5.0	Structural Long — but TRIM at \$908. Re-accumulate \$540–\$580. \$1T cap crossed May 26.

20. 30-60 DAY CATALYST CALENDAR

Date	Event	IU Signal	Scenario Impact
~June 24, 2026	FQ3 2026 Earnings Release (expected; not confirmed)	MAJOR CATALYST	Beat \$35B+ rev + guide FQ4 >\$41B = confirms bull path. Miss = retest \$600.
Late June 2026	FQ4 2026 Guidance Framing	CRITICAL	Guide above \$41B implies FY2027 consensus needs revision toward \$155B+, validating UBS-Implied regime.
May 21–June 7	Samsung Electronics Strike (18 days)	BULLISH IF PROCEEDS	Reduces global HBM supply ~10–15%. Directionally positive for Micron pricing power.
H1 2026	CXMT STAR Market IPO completion (~\$4.7B)	BEARISH WATCH	Funds DRAM capacity + AI memory expansion; structural supply-side risk to 2027+ pricing floor.
Nov 27, 2026	China Export Suspension Expiry (gallium/germanium/antimony)	WATCH	If not renewed, supply-chain risk for 1-gamma high-speed transistor processes.

Catalyst Path Summary: The June FQ4 guide is the binary event. A guide that implies a \$155B+ FY2027 would validate the market's current UBS-Implied pricing and could sustain \$900+. Anything neutral-to-soft, against a price now 62.6% above base DCF and above the IU bull case, sets up asymmetric downside. IU's posture into the print: trimmed, with dry powder reserved for the \$540–\$580 accumulation band.

PART XIV

SOURCES CITED

MICRON & MARKET — PRIMARY SOURCES

Source	Date	Key Content
Micron FQ2 FY2026 Earnings (8-K)	Mar 18, 2026	Rev \$23.86B; EPS \$12.20; FQ3 guide \$33.5B / \$19.15
Micron FQ2 FY2026 10-Q	Mar 2026	SEC EDGAR — WACC inputs, debt, share count, net cash
HBM4 HVM Press Release	Mar 16, 2026	investors.micron.com — HBM4 >11Gbps, >2.8TB/s; SOCAMM2
245TB 6600 ION SSD Release	May 5, 2026	investors.micron.com — G9 QLC, 245TB, 13.7GB/s
256GB DDR5 RDIMM Release	May 12, 2026	investors.micron.com — 1-gamma node, 9,200 MT/s
UBS — Timothy Arcuri PT Revision	May 26, 2026	\$535 → \$1,625 (Street-high); 15× NTM CY29 \$117 EPS; \$400B FCF
Barclays — Tom O'Malley PT Revision	May 27, 2026	\$675 → \$1,175 Overweight; five-year SCA basis
Counterpoint Research — Q1 2026 DRAM	May 27, 2026	Global DRAM \$97B record; Samsung 38% / SK 29% / Micron 22% / CXMT 8%
TrendForce Memory Pricing Bulletin	Mar 31, 2026	DRAM +90–95% Q1, +58–63% Q2; NAND +70–75% Q2
TrendForce HBM Market Bulletin	Feb 12, 2026	HBM share SK 62% / Micron 21% / Samsung 17%; price floors
BofA PT Raise \$500→\$950	May 13, 2026	Vivek Arya; AI DC TAM \$1.7T; HBM TAM \$168B by 2030
S&P; Global Analyst Aggregation	May 2026	44 analysts; avg PT \$652.98; range \$249–\$1,625; Strong Buy
US 10-Year Treasury Yield	May 27, 2026	4.48% (CAPM risk-free rate input)
Damodaran Equity Risk Premium	2026 Update	ERP 5.5% — NYU Stern institutional standard
Samsung Labor Talks / Lee Clarification	May 13, 2026	Strike May 21–June 7; citizen dividend = revenue redistribution
CEO Mehrotra Form 4 Insider Sale	Filed May 5, 2026	SEC EDGAR — 39,995 shares avg \$536; 10b5-1 plan

APPENDIX A

METHODOLOGICAL NOTE — FCFF PROXY & FREE CASH FLOW FRAMEWORK

Model methodology: OCF-margin proxy for FCFF. This model computes free cash flow as $\text{Revenue} \times \text{OCF}\% - \text{CapEx}$ rather than the textbook component formula $\text{FCFF} = \text{Net Income} + \text{Interest} \times (1 - T) + \text{D\&A} - \Delta \text{Working Capital} - \text{CapEx}$. The OCF-margin approach applies a forward-looking operating cash flow margin to projected revenue, then subtracts capex. The result is an enterprise-level measure of cash generation consistent with FCFF: it captures cash produced before any financing decisions and before distribution to either equity or debt holders. The WACC-based discount rate and the net cash bridge from enterprise value to equity value per share confirm the FCFF framework throughout. **This methodology is UNCHANGED in v23.**

Why the component formula introduces unacceptable distortion for Micron at this stage of the cycle. Each of the four addback terms carries sequential variability that compounds at cycle inflection points. First, net income: Micron reported net losses in FY2023 and FY2024 before swinging to ~\$64B annualized in FY2026 — a move of more than 700% in under two years; any trailing average is an unreliable anchor for a six-year forecast. Second, D&A is accelerating as Idaho Fab 1, Singapore Fab 10B, and Clay NY enter initial depreciation schedules, creating a large gross addback against an even larger net capex subtraction that obscures the earnings power of completed fabs. Third, working capital: receivables and inventory are systematically countercyclical for memory makers — ballooning in pricing up-cycles (DRAM contracts +58–63% QoQ in Q2 2026) then contracting in downturns. The net effect is that the component FCFF formula systematically understates cash generation at cycle peaks and overstates it at troughs — the inverse of what a forward-looking model requires.

Why the OCF-margin approach is more defensible here. Operating cash flow as reported already nets working-capital changes and adds back D&A on a cash basis, reflecting actual management decisions rather than formulaic adjustments. Applying a forward-looking OCF margin to projected revenue normalizes across the cycle by asking: at this scale of revenue, what percentage does management typically convert to operating cash? That question is more tractable across a six-year horizon than anchoring to a single quarter's net income, D&A run-rate, or working-capital stack. The framework is consistent with the TSMC precedent: as construction-phase capex intensity normalizes post-buildout (TSMC fell from 52% CapEx/revenue in 2021 to 29% by 2023), OCF margins expand mechanically as the same revenue base is supported by a maturing rather than growing fab footprint. The trade-off is explicit: this model assumes OCF-margin stability at the projected levels. Subscribers wishing to stress-test that assumption are directed to the High-CapEx Scenario notebox on page 12, which presents a flat 22% CapEx-to-revenue rule producing an intrinsic value of ~\$418 per share.

PART XV

GLOSSARY & DISCLAIMER

KEY ABBREVIATIONS

Term	Definition
DCF	Discounted Cash Flow — intrinsic value methodology used in Part IX
ERP	Equity Risk Premium — return premium of equities over risk-free rate (5.5% per Damodaran 2026)
FCF	Free Cash Flow — Operating Cash Flow minus Capital Expenditure
FQ / FQ3	Fiscal Quarter / Fiscal Q3 (Micron fiscal year ends August)
HBM / HBM4	High Bandwidth Memory / Generation 4 — AI accelerator memory
HBM4E	HBM4 Extended — next generation; volume production expected 2027
LTA	Long-Term Agreement — annual price-and-volume contract
NTM	Next Twelve Months — forward valuation window (basis for UBS 15× multiple)
OCF	Operating Cash Flow — cash generated before capital expenditure
SCA	Strategic Customer Agreement — multi-year (5yr+) price-and-volume contract
SOCAMM2	Small Outline Compression Attached Memory Module 2 — Micron product for NVIDIA Vera CPU
TGR	Terminal Growth Rate — long-run FCF growth rate in DCF terminal value
WACC	Weighted Average Cost of Capital — discount rate; 12.0% in this model

LEGAL DISCLAIMER

This report is produced by Intermarket Universe for informational and research purposes only. It is not investment advice, a solicitation, or an offer to buy or sell any security. All financial projections, DCF models, price targets, and earnings estimates represent IU's analytical framework and are inherently forward-looking; they involve assumptions that may prove incorrect. This report has been prepared as of **May 27, 2026**. The \$558.86 base-case intrinsic value, \$908.55 reference price, \$851.77 bull case, and \$489.55 bear case are analytical constructs — not price guarantees. Intermarket Universe does not hold positions in MU at the time of this report's publication.