

Micron Technology, Inc. (NASDAQ: MU)

Equity research report · 1 October 2026 · Semiconductors, memory and storage

RECOMMENDATION	LAST PRICE	PROB-WEIGHTED FAIR VALUE	INVESTMENT SCORE
BUY	\$1,065.11 close, 30 September 2026	\$1,187 +11.4% vs last price	72 / 100 previous: 61

Price timing. Micron released fiscal fourth-quarter results after the close on 30 September 2026. Every price, average and indicator in this report uses the 30 September regular-session close of \$1,065.11, which was set before the results were public. No regular session reflecting the results had traded when this report was written. After-hours trade on 30 September was little changed, up about 0.16% to \$1,066.79, but that thin session is not a substitute for a full day's price discovery. The entry range below is meant to be used after the first full session, not into the open.

Summary

The quarter answered the question the previous report left open, and it answered it decisively. Revenue of \$54.2bn beat the top of a \$49bn-\$51bn guidance range by \$3.2bn, non-GAAP gross margin reached 87.0%, and non-GAAP EPS of \$33.42 compared with a consensus near \$31.45 (published estimates ranged from \$31.16 to \$31.72). Guidance for fiscal Q1 2027 is \$61.5bn plus or minus \$1.5bn and EPS of \$38.15 plus or minus \$1.00. The previous report named a fiscal Q1 guide above \$52bn with margin above 80% on expanding volume as the event that would decide the rating. The guide cleared that bar by nearly \$10bn.

The more important change is in the contract book. Micron now has 26 strategic customer agreements with take-or-pay volumes, which management estimates at over 35% of revenue through 2030, backed by \$32bn of customer financial commitments and roughly \$150bn of remaining performance obligations. Management says more than 75% of 2027 output is already committed. The previous report's structural upgrade trigger was agreements covering materially more than 20% of DRAM shipments. That trigger has been met.

The rating moves from Watchlist to **Buy**. The probability-weighted fair value rises from \$805 to **\$1,187**, 11% above the pre-results close. The upside is real but not large from here, so the trade plan sets an entry range of \$950-\$1,050 with a recommended entry near \$1,000, a cut-loss at \$860 and targets of \$1,190 and \$1,450. The biggest risk has moved, not disappeared: fiscal 2027 now looks largely contracted, and the cycle question has shifted to fiscal 2028, when new Idaho, Taiwan and Japan capacity arrives alongside a capex programme of \$25bn in the first half of fiscal 2027 alone.

What the quarter showed

Metric (non-GAAP unless noted)	FQ4 2026	FQ3 2026	FQ4 2025	Read
Revenue	\$54,229m	\$41,456m	\$11,315m	+31% q/q, +379% y/y; \$3.2bn above the top of guidance
Gross margin	87.0%	84.9%	45.7%	+210bp q/q despite higher incentive pay absorbed into inventory
Operating income	\$44,636m (82.3%)	\$33,681m (81.2%)	\$3,955m (35.0%)	Operating margin up 110bp q/q
Diluted EPS	\$33.42	\$25.11	\$3.03	GAAP \$32.87; no material one-off items identified
Operating cash flow	\$43,973m	\$25,388m	\$5,730m	May include customer prepayments under strategic agreements
Net capex	\$10,774m	\$7,084m	\$4,927m	Stepping up; ~\$11.5bn guided for FQ1
Adjusted free cash flow	\$33,199m	\$18,304m	\$803m	FY2026 total \$62.3bn

Source: Micron results release, 30 September 2026. Year-ago and prior-quarter figures as restated in that release.

The headline EPS needs no cleaning this quarter. GAAP EPS of \$32.87 sits \$0.55 below the non-GAAP figure, the gap reflecting Micron's usual recurring non-GAAP adjustments. No mark-to-market gain, deconsolidation gain or tax refund was identified, so the non-GAAP figure is used for valuation. The cash flow line deserves one caution: part of the \$44.0bn of operating cash flow may reflect customer deposits under the strategic agreements (\$12.7bn on the balance sheet, per the call), which are prepayments for future supply rather than earned cash.

Business unit	FQ4 revenue	Share	q/q	Gross margin
Cloud Memory (CMBU)	\$16.3bn	30%	+18%	83%
Core Data Center (CDBU)	\$18.0bn	33%	+56%	90%
Mobile and Client (MCBU)	\$13.1bn	24%	+14%	90%
Automotive and Embedded (AEBU)	\$6.8bn	13%	+47%	84%

Source: Micron fiscal Q4 2026 earnings call (MarketBeat transcript). DRAM was \$39.8bn (73%) and NAND \$14.1bn (26%). DRAM prices rose in the high teens and bit shipments in the mid-single digits; NAND prices rose about 30% on bit shipments up about 10%. Data center SSD revenue was nearly \$10bn, more than ten times the year-ago level.

The mix of the beat matters as much as its size. Price, not volume, did most of the work: DRAM bits grew mid-single digits while prices rose high teens. That is the signature of a shortage, and it is the reason the previous report treated an 86% margin as a shortage artefact. What has changed is that a growing share of that pricing is now written into multi-year contracts with floors.

FQ1 2027 guidance	GAAP	Non-GAAP	Against the previous report's bar
Revenue	\$61.5bn ± \$1.5bn	\$61.5bn ± \$1.5bn	Bar was a guide at or above \$52bn: cleared by \$9.5bn at the midpoint
Gross margin	~85.95%	~86.25%	Bar was margin above 80%: cleared; 75bp below FQ4 on ~\$1bn of higher costs
Operating expenses	~\$2.31bn	~\$2.06bn	
Diluted EPS	\$37.84 ± \$1.00	\$38.15 ± \$1.00	Tax rate around 15.5%

Management guided single-digit sequential bit growth in both DRAM and NAND for FQ1, sequential revenue growth in every quarter of fiscal 2027, and gross margin rising after FQ1. The FQ1 margin dip is explained by about \$1bn of higher costs, chiefly incentive compensation and start-up expense, not by pricing.

Company developments

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Fiscal Q4 results and FQ1 2027 guide	Reported, 30 Sep 2026	Revenue \$54.2bn, GM 87.0%, EPS \$33.42; FQ1 guide \$61.5bn, GM ~86.25%, EPS \$38.15	Management expects sequential revenue growth each quarter of FY2027 and higher margin after FQ1	High
Strategic customer agreements expanded	Announced, 30 Sep 2026	26 agreements (10 new in the quarter), take-or-pay volumes, \$32bn of customer commitments, RPO about \$150bn; three quarters of the covered revenue has a defined pricing framework, mostly floor-and-ceiling bands	Management estimates coverage above 35% of revenue through 2030 and more than 75% of 2027 output committed; target remains about 50%	High
Custom HBM4E with NVIDIA (NV-HBM)	Announced, 30 Sep 2026	Micron says it is working with NVIDIA on the industry's first custom HBM4E implementation for next-generation GPUs and NVLink Fusion platforms	Management sees a substantial opportunity; volumes and timing not disclosed	Medium

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Fiscal 2027 capex and fab timeline	Guided, 30 Sep 2026	About \$11.5bn in FQ1 and about \$25bn in the first half, higher in the second; construction-weighted	Company timing: Idaho ID1 and Taiwan Tongluo output mid-CY2027; Singapore HBM packaging early CY2027; ID2 and Japan late CY2028; New York CY2030	Medium
Capital return to increase	Stated on call, 30 Sep 2026	Management said it intends to increase capital return from 9 December 2026, the second anniversary of its CHIPS agreements; quarterly dividend \$0.15 declared	Size and form not given; a target cash level was deflected	Low
India assembly and test plant in commercial production	Reported, mid-Sep 2026	Sanand, Gujarat facility began commercial output	Company expects capacity to scale multifold next year	Low
Fiscal Q4 report date	Occurred, 30 Sep 2026	Released on the date announced on 26 August		Low

Rows from the previous report: the Netlist appeal remains closed; no further senior insider sales were filed after the August sales already covered; Counterpoint's restated Q2 2026 DRAM shares (Micron 24%, CXMT 10%) remain the latest measured figures.

High item: the contract book and fiscal 2027 visibility

What is known. On the 30 September call management disclosed 26 strategic customer agreements, all with take-or-pay contracted volumes. About three quarters of the revenue they are expected to cover has a defined pricing framework, the majority with floor and ceiling prices; the remaining quarter reprices periodically at market. Customer financial commitments total \$32bn, the vast majority cash deposits, and remaining performance obligations are about \$150bn, which management describes as built on committed volumes and minimum prices. Two agreements were extended by a year to 2031. Management says more than 75% of 2027 output is committed across contract and non-contract customers, and that most customer discussions are now about 2028. Accounts of the call differ on one point, describing coverage either as above 35% of revenue or as about 35% of DRAM volume; this report uses the more conservative revenue framing.

Why it matters here. The previous three reports rested on one objection: an 86% margin in a commodity business is a shortage artefact that mean-reverts. Contracts do not abolish the cycle, but floors on a third of revenue and take-or-pay volumes change the shape of the downside. The bear case is no longer a fall in fiscal 2027 earnings; it is a fall in fiscal 2028, after most of the 2027 output has been sold.

What success and failure look like. Observable markers: sequential revenue growth in each fiscal 2027 quarter as guided (first test: the December FQ1 print); gross margin rising after FQ1; coverage moving from 35% toward the stated 50% objective; no customer seeking to defer take-or-pay volumes. Failure looks like a quarter of flat revenue in fiscal 2027, a margin below the guided path, or disclosure that deposits are being drawn down faster than volumes ship.

Economics. Price, not volume, drives the line. Industry DRAM bit supply is guided by management to grow in the low 20s percent in both 2027 and 2028, with Micron in line; NAND in the mid-20s. The ceiling in the pricing bands caps upside participation on that share of revenue, which is the price paid for the floor. Capex rises sharply, about \$25bn in the first half of fiscal 2027 and more in the second, weighted to clean-room construction that adds supply from late calendar 2028.

Precedent and competitors. Memory has never sustained margins at this level, and every prior upcycle ended with a capacity wave. Long-term supply agreements in earlier upcycles offered limited protection once spot prices fell, because volumes were renegotiated. The difference now is the cash deposits (\$32bn) and take-or-pay terms, which raise the cost of walking away.

Sizing input (our calculation unless noted)	Value
Diluted shares (non-GAAP NI / EPS, FQ4)	1.149bn
Tax rate (company guide)	15.5%
Net cash, end FQ4 2026 (company)	\$68.3bn
Previous report base case: FY2027 revenue / EPS	\$173bn / \$95
This report base case: FY2027 revenue / EPS	\$260.5bn / \$159
FY2027 base: quarterly revenue path	\$61.5bn, \$64.0bn, \$66.5bn, \$68.5bn
FY2027 base: gross margin / opex	86.5% / \$8.6bn
FY2028 base: revenue / gross margin / EPS	\$240bn / 80% / \$134
Assumed FY2027 capex / D&A	\$55bn / \$12bn

Sized outcomes. Against the previous report's base case, fiscal 2027 revenue rises by about \$87bn and EPS by about \$64, or 68%. That change is far beyond any triage threshold and comes mostly from guidance, not assumption: the FQ1 guide alone annualises to \$246bn. The scenario table below sets out success (bull), base and failure (bear) cases; each now assumes the contract book holds through fiscal 2027 and differs on fiscal 2028 pricing. Consensus had fiscal 2027 EPS near \$155 before the print, so much of the earnings path was expected; the guidance moved it higher rather than created it.

What the price assumes, and what happens if this fails. At \$1,065 the shares trade at about 6.7x base-case fiscal 2027 EPS and 7.9x fiscal 2028. The market is pricing a steep fall in earnings after fiscal 2027, which is the correct question to ask of a memory company. If customers renegotiated volumes and fiscal 2027 tracked the bear path (\$135 EPS), the earnings effect at an unchanged 6.7x multiple would be about \$160 per share, and the multiple would likely compress further as the contracts lost credibility. The after-hours reaction was close to flat, so none of the move from \$1,028 at the previous report to \$1,065 can be attributed to the results.

What is still unknown. The share of the \$150bn RPO falling in fiscal 2027 versus later years; how the ceilings bind if spot prices keep rising; the size of the December capital return step-up. The FQ1 report in December settles the first, and the second will show up in realised price disclosures over the next two quarters.

Does the verdict depend on it? Yes. Without the contract disclosures and the guide, the previous framework's \$805 fair value stands and the rating stays Watchlist. With them, the fair value is \$1,187 and the rating is Buy. The verdict is driven by this item.

Business and industry

Micron makes DRAM (73% of FQ4 revenue), including high-bandwidth memory (HBM) for AI accelerators, and NAND flash (26%), sold through four business units aligned to cloud, data centre, mobile and PC, and automotive and embedded customers. It is one of three scaled DRAM producers alongside SK hynix and Samsung, with China's CXMT now a credible fourth. Profitability is set by the balance of bit supply and demand, which is why gross margin has ranged from negative 9% in fiscal 2023 to 87% now. Management describes DRAM as the principal constraint on data-centre build-outs, ahead of logic and power, and says it has no line of sight to when supply and demand balance.

Competitor	Position	Relevance to the thesis
SK hynix	HBM market leader and Micron's main HBM competitor	Sets the HBM pricing benchmark; Micron's NV-HBM design win is the counterweight
Samsung	Largest DRAM producer by capacity	Largest swing supplier if it prioritises volume over price
CXMT	10% of Q2 2026 DRAM revenue (Counterpoint, restated 1 Sep)	Supplies the conventional DRAM that Micron sells to mobile and PC; management says Micron is at least two nodes ahead

Financials

Fiscal year (Aug/Sep year end)	FY2026	FY2025	Change
Revenue	\$133,188m	\$37,378m	+256%
Non-GAAP gross margin	81.1%	40.9%	+40.2pts
Non-GAAP operating margin	76.0%	29.0%	+47.0pts
Non-GAAP diluted EPS	\$75.52	\$8.29	+811%
Operating cash flow	\$89,675m	\$17,525m	
Net capex	\$27,367m	\$13,804m	+98%
Adjusted free cash flow	\$62,308m	\$3,721m	

The balance sheet has gone from a source of risk to a source of optionality. Net cash of about \$68.3bn is roughly \$59 per share, before the fiscal 2027 cash flow. Capital intensity is low by historical standards at 20% of fiscal 2026 revenue, though management declined to commit to a range for fiscal 2027. Returns on capital at these margins are extraordinary and not a guide to the cycle average.

Management

Guidance accuracy is the cleanest test available and it passed comfortably: the FQ4 guide was \$50bn plus or minus \$1bn and the result was \$54.2bn, with margin and EPS also above the high end. Against that, management deflected three questions on the call. Tim Arcuri (UBS) asked for capital-return milestones and a target cash level and received neither. Vivek Arya (BofA) asked whether 2028 pricing could hold against capacity additions and customer de-speccking; the answer restated demand strength without addressing the downside. Harlan Sur (JPMorgan) asked whether contract coverage could reach 60-70%; management held to about 50% and stressed flexibility. The CEO and two other executives sold shares into strength in August, already reflected in the previous score. The score rises one point on the guidance record.

Growth drivers

Driver	Status and date	Fact or forecast	Likelihood	Impact
FY2027 sequential revenue growth	Guided, 30 Sep 2026; first test December FQ1 print	Forecast (management)	High	High
HBM share gains via NV-HBM custom HBM4E	Announced, 30 Sep 2026; timing not disclosed	Announced; volumes forecast	Medium	Medium
Data center SSD (~\$10bn in FQ4)	Reported, 30 Sep 2026	Fact	High	Medium
Contract coverage toward ~50% of revenue	Objective restated, 30 Sep 2026	Forecast (management)	Medium	High
Capital return step-up	Stated to start 9 Dec 2026	Forecast (management)	High	Low
New capacity: ID1, Tongluo (mid-CY2027), Singapore HBM (early CY2027)	Under construction	Forecast (company timing)	High	Medium (volume up, price risk later)

Risks

Risk	Probability	Severity	Comment
Capacity wave in late CY2028	Medium	High	ID2, Japan and Singapore NAND land late 2028 alongside peer clean rooms; this is where the bear case lives
Contract credibility	Low-Medium	High	Take-or-pay and deposits raise the cost of walking away, but earlier-cycle agreements gave limited protection
Capex escalation	Medium	Medium	About \$25bn in H1 FY2027 and more in H2; construction-weighted spend is hard to cut quickly
CXMT share gains in conventional DRAM	Medium	Medium	Mobile and client (24% of revenue) is most exposed; not addressed on the call
HBM de-speccing by a large customer	Low-Medium	Medium	Raised by TD Cowen on the call; management did not quantify reallocation effects
Pricing ceilings cap upside	Medium	Low	Floor-and-ceiling bands limit participation if spot keeps rising
Macro: tightening into a weakening consumer	Medium	Medium	Affects device demand and the multiple on peak-cycle earnings
Insider selling and short positioning	Medium	Low	Senior sales in August; not a thesis on its own

Valuation

Trailing multiples are meaningless at an inflection of this size, and annualising one quarter would overstate the durable earnings power. The valuation therefore applies a peak-cycle multiple to fiscal 2028 EPS, the first year in which new industry capacity arrives, and adds the net cash expected at the end of fiscal 2027. Multiples of 7.5x to 9x are at the low end of the semiconductor group and reflect memory's history of trading on peak earnings at single-digit multiples; the bear case uses the highest multiple because depressed earnings carry one.

Scenario	Probability	Outlook	FY2027 / FY2028 EPS	Fair value
Bull	25%	Shortage persists into 2028 as management describes; contract coverage rises toward 50%; HBM4E ramps on schedule. FY2028 revenue about \$300bn at 87% margin; 8.0x FY2028 EPS plus \$192/share of cash.	\$170 / \$185	\$1,670
Base	45%	FY2027 tracks guidance; pricing eases in FY2028 as ID1, Tongluo and peer supply ramp. FY2028 revenue about \$240bn at 80% margin; 7.5x FY2028 EPS plus \$181/share of cash.	\$159 / \$134	\$1,190
Bear	30%	Sequential growth stalls in H2 FY2027 and ASPs fall about 35% into FY2028 as the capacity wave and CXMT land; contracts hold volumes but floors bind. FY2028 revenue about \$160bn at 65%; 9.0x plus \$157/share.	\$135 / \$70	\$780
Probability-weighted	100%			\$1,187

All EPS and fair values are our calculations from company guidance and the inputs table above; they are not company forecasts.

The weighted value of \$1,187 sits 11% above the pre-results close. Sell-side targets published since the print range from \$1,100 (Goldman Sachs, Hold) to \$2,100 (D.A. Davidson, Buy), with Mizuho at \$1,400. The base case here sits near the bottom of that range by design: it assumes the cycle turns in fiscal 2028, which management explicitly does not expect. The shares are undervalued if the contract book is credible and roughly fairly valued if it is not.

Macro drivers. Two macro variables matter for Micron, and neither is its own cost of debt, which is irrelevant with \$68bn of net cash. The first is consumer device demand, which drives the mobile and client unit (24% of revenue): Conference Board consumer confidence fell to 81.9 in September, a 12-year low, and real wages are still falling with average hourly earnings up 3.1% against 3.4% CPI, even though August retail sales rose 1.2%. The second is the

discount rate applied to peak-cycle earnings: the Fed raised its target range to 3.75%-4.00% on 16 September, the first hike in three years with at least one more projected, and the 10-year Treasury yield reached 5.29% on 30 September as second-quarter GDP was revised up to 2.2%. Core PCE ran at 3.0% in August. Data-centre demand, the larger driver, is set by hyperscaler capex budgets rather than by any of these series.

Sentiment

Firm	Rating	Target	Date
D.A. Davidson	Buy	\$2,100 (from \$2,000)	1 Oct 2026
Mizuho	Buy	\$1,400 (raised)	1 Oct 2026
Goldman Sachs	Hold	\$1,100 (maintained)	30 Sep 2026
J.P. Morgan	Buy	\$1,540 (maintained)	28 Sep 2026
Baird	Outperform	\$1,520 (from \$1,280)	28 Sep 2026
Wedbush	Outperform	\$1,400 (maintained)	28 Sep 2026
Bernstein	Buy	\$1,300 (maintained)	30 Sep 2026

Source: moomoo research feed. Post-results revisions were only beginning when this report was written.

News flow after the print was uniformly positive, led by the beat and the contract disclosures. Two details temper it: Goldman Sachs held its Hold rating and \$1,100 target after the results, and the options market traded 633,000 contracts on 30 September against 3.21m of open interest, so positioning into the print was heavy. No senior insider sales were filed in September after the three August sales.

Institutional positioning (reported holdings): Mixed, low confidence. As of 30 June 2026, filings through 19 August 2026. Active managers made a net reduction of about 7.1% of reported shares over four quarters, but almost all of it came from a single large holder; excluding it the net is roughly flat. The most recent quarter showed a small net addition (about 0.5%), with 33 managers adding and 39 cutting. A cautionary read is the alternative given the size of the one seller. This positioning predates the results and says nothing about the reaction to them. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure.

Technicals

Indicator (as of 30 Sep close)	Value	Price vs indicator / reading
SMA 20 / EMA 20	\$1,012.10 / \$1,020.25	+5.2% / +4.4%
SMA 50 / EMA 50	\$951.59 / \$972.91	+11.9% / +9.5%
SMA 100 / EMA 100	\$947.87 / \$889.47	+12.4% / +19.7%
SMA 200 / EMA 200	\$673.15 / \$710.87	+58.2% / +49.8%
RSI (14)	59.7	Neutral to constructive
MACD (12,26,9)	34.13 vs signal 28.76	Above signal and zero; histogram +5.37
ATR (14)	\$45.08	4.2% of price
Volume 20-day vs 50-day	25.0m vs 31.3m	-20.3%: participation fading into the print
100-session range	\$652.21 - \$1,255.00	15% below the high

Computed from 300 completed daily sessions (Twelve Data, split-adjusted). All readings predate the results.

The trend is intact at every horizon, with the price above all eight moving averages. Volume is the weak point: participation into the print was well below the 50-day average, which is why the momentum condition from the previous report is still not fully met. The 50-day and 100-day averages cluster near \$950, the bottom of the entry range, and a close below \$860 would put the price under the 100-day EMA and roughly two ATRs beneath that cluster, which is where the cut-loss sits. Technicals set the entry timing here and do not override the fundamental call.

Scorecard

Factor	Score	Weight	Change		Basis
Business Quality	8/10	12%	+1		Take-or-pay agreements with price floors now cover an estimated 35% or more of revenue through 2030, which makes a commodity revenue line partly contractual. Non-GAAP gross margin of 87.0%.
Financial Strength	10/10	12%	+1		Cash and investments of \$73.5bn against \$5.2bn of debt, net cash of about \$68.3bn; fiscal 2026 adjusted free cash flow of \$62.3bn.
Competitive Advantage	7/10	12%	+1		Ten new strategic agreements in the quarter and a custom HBM4E design with NVIDIA (NV-HBM). Held at 7 rather than higher because CXMT's measured scale (10% of DRAM revenue in Q2 2026) went unaddressed on the call.
Management	8/10	8%	+1		Fiscal Q4 revenue of \$54.2bn against guidance of \$50bn plus or minus \$1bn: a beat of \$3.2bn over the top of the range. Capital-return targets were deflected, and the August insider sales still weigh.
Growth Potential	9/10	13%	+1		Fiscal Q1 2027 guided to \$61.5bn, up 13% sequentially, with sequential revenue growth guided for every quarter of fiscal 2027.
Valuation	6/10	20%	+2		6.7x fiscal 2027 base-case EPS (our calculation); the probability-weighted fair value of \$1,187 now sits 11% above the price, against 22% below it last time.
Risk (10 = lowest risk)	5/10	18%	+1		Committed volumes and floors cut fiscal 2027 earnings risk. The cycle risk moves to fiscal 2028, when Idaho, Tongluo and Japan output lands and capex steps up toward \$50bn-plus.
Technical Setup	6/10	5%	0		Price above every average, MACD above signal and zero, RSI 59.7; held back by 20-day volume 20.3% below the 50-day and a close that predates the results.
Investment Score	72/100	100%	+11		Previous report: 61/100. Weighting unchanged.

Scored 1-10, where 10 is always best, including Risk. The Investment Score is the weight-adjusted sum of the eight factors.

Every factor except Technical Setup moved up, and each move traces to the results or the contract disclosures: Business Quality and Risk on the floors and take-or-pay terms, Growth on the guide, Valuation on the earnings base, Management on guidance accuracy, Competitive Advantage on NV-HBM and the ten new agreements. The previous report scored Risk on the same 10 = lowest risk basis, so no restatement was needed. A Risk score of 5 describes a business with moderate-to-high risk, which matches the risk table: fiscal 2027 risk has fallen, while the fiscal 2028 capacity and capex risks remain large.

Recommendation and trade plan

Buy, upgraded from Watchlist. The quarter changed the investment case: the previous report's own decision event, a fiscal Q1 guide above \$52bn with margin above 80% on expanding volume, was met with room to spare, and its structural trigger on contract coverage was also met. The reasoning has changed as well as the rating. The objection was never the company; it was paying a cyclical-peak price for earnings that could not be seen past one quarter. A large part of fiscal 2027 is now contracted.

Item	Level	Basis
Recommended entry	\$1,000	Midpoint of the range; scale in rather than chase the first post-results session

Item	Level	Basis
Ideal buy range	\$950 - \$1,050	50-day and 100-day averages (~\$950) to just below the pre-results close
Cut-loss (closing basis)	\$860	-14% from entry; under the 100-day EMA and about two ATRs below the \$950 cluster
Take-profit 1	\$1,190	Base-case fair value; +19% from entry
Take-profit 2	\$1,450	Between base and bull values, below the bull case; +45% from entry
Expected upside / downside	+19% to T1, +45% to T2 / -14%	
Risk/reward	1.4 : 1 to T1, 3.2 : 1 to T2	
Holding horizon	12-18 months	Through the fiscal 2027 prints and the first evidence on 2028 pricing
Position size	Starter 1.5%, scale to 3%	Add after the December FQ1 print confirms the sequential path
Suggested portfolio allocation	3% maximum	Beta above 2; a gap through the stop on a results day is possible

The levels assume the results as reported and make no assumption about the first session's reaction. If the shares open well above \$1,050, the plan is to wait for the range rather than chase; the base-case upside from \$1,100 would be only 8%.

What would change the view

Trigger	Direction
The December FQ1 print delivers sequential growth with margin at or above the 86.25% guide, and contract coverage moves toward 50%	Up: raise the base-case multiple toward the bull case
A fiscal 2027 quarter with flat sequential revenue, margin below the guided path, or a customer deferring take-or-pay volumes	Down: back to Watchlist; the contracts lose credibility
Management or industry trackers raising 2027-28 DRAM bit supply growth materially above the low-20s percent now guided	Down: raise the bear-case probability
CXMT gaining share in mobile and PC DRAM in a subsequent restated series, or an HBM4 qualification setback at NVIDIA	Down: lower Competitive Advantage and the base case
Further Fed tightening into a consumer whose real spending keeps weakening	Down: widen the required discount; device demand and the multiple both suffer
A close below \$860	Exit: the cut-loss

Final verdict

Would an investor commit personal capital to Micron at around \$1,000 today? Yes, in a measured size. The case three weeks ago was that the price paid for a shortage that could end at any time. The 30 September print shows the shortage being converted into contracts: \$32bn of customer commitments, about \$150bn of obligations at minimum prices, and more than three quarters of 2027 output committed. At about 6.7x base-case fiscal 2027 earnings, the price already assumes a sharp fall after that year, which leaves room for a return if the fall is milder than feared.

Why now: the earnings path for the next four quarters is unusually visible for a memory company, and the balance sheet is a \$68bn cushion. Why at this valuation: the base case already assumes the cycle turns in fiscal 2028, against management's view. What invalidates the thesis: a fiscal 2027 quarter that stalls despite the contracts, or evidence that customers can walk away from take-or-pay volumes. The contract book drove this upgrade, and the contract book is what to watch.

Sources

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- Counterpoint Research, restated Q2 2026 DRAM revenue shares, 1 September 2026
- DD India and CRN Asia on the Sanand assembly and test facility, September 2026
- Beating The Bull economic data posts, 4-30 September 2026 (BLS, BEA, Federal Reserve, Conference Board figures)
- Price of record: Alpha Vantage quote, 30 September 2026 close; daily history: Twelve Data

This report is for informational purposes only and does not constitute financial advice or a recommendation to buy or sell any security. Prices and indicators are as of the 30 September 2026 close, before the results were released. Fair values, EPS estimates and scenario outcomes are the author's calculations from public information and may be wrong.