

EQUITY STOCK SHEET

MICRON TECHNOLOGY (NASDAQ: MU)

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I. RECOMMENDATION

Rating: **BUY**
Case Target Price: **\$376.77**
Implied Upside: **~132%**

II. INVESTMENT SUMMARY

I rate Micron Technology a **BUY** based on a blended intrinsic and relative valuation framework that indicates material upside from current levels. My base-case target price of **\$376.77 per share** reflects a professionally weighted blend of intrinsic and relative valuation outcomes. The current price does not fully reflect the earnings power embedded in Micron's recovery trajectory and longer-term margin expansion modeled in my forecast.

III. COMPANY OVERVIEW

Micron Technology is a leading designer and manufacturer of memory and storage solutions, specializing in **DRAM** and **NAND** products. The company serves global markets across data center, AI, mobile, graphics, automotive, industrial, and consumer end markets. Micron operates as a vertically integrated memory supplier, spanning advanced process technology, high-volume manufacturing, and long-term customer relationships.

In fiscal 2024, Micron generated **\$25.1 billion of revenue**, returning to profitability following the severe industry downturn in fiscal 2023. The year reflected a cyclical recovery in pricing and volumes, supported by improving end-market demand and an improving product mix.

IV. BUSINESS MODEL

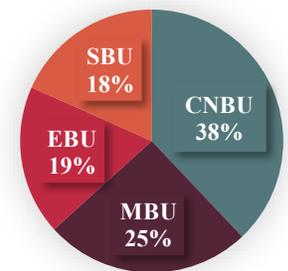
Micron reports revenue across four business units:

- 1. Compute & Networking Business Unit (CNBU):** Focused on cloud and data center.

- 2. Mobile Business Unit (MBU):** Serves smartphone and mobile device manufacturers.
- 3. Embedded Business Unit (EBU):** Supports automotive, industrial, and embedded applications.
- 4. Storage Business Unit (SBU):** Delivers NAND solutions across consumer, enterprise, and industrial markets.

From a product perspective, Micron's revenue base is primarily driven by **DRAM**, with **NAND** providing a meaningful secondary contribution. Micron's operating performance is heavily influenced by memory pricing, product mix, manufacturing yields, and capital intensity.

FY2024 Revenue by
Business Unit



V. INDUSTRY CONTEXT & DEMAND DRIVERS

The memory industry is structurally cyclical, but secular demand drivers continue to increase memory content per device and per system. AI workloads, data-centric computing, and high-performance applications require significantly higher DRAM capacity and bandwidth, while NAND demand benefits from long-term growth in data creation, storage, and solid-state adoption.

Micron is positioning its portfolio around high-value solutions including high-bandwidth memory and advanced process nodes, which are increasingly important to data center and AI customers. Technology transitions, node migrations, and product differentiation are central to long-term cost competitiveness and margin performance.

VI. HISTORICAL FINANCIAL PERFORMANCE

Micron's financials reflect a sharp industry downturn in fiscal 2023 followed by a recovery in fiscal 2024.

- Revenue rebounded to **\$25.1B** from **\$15.5B**.
- **Gross margin improved materially**, returning to positive territory.
- **Operating income turned positive** as pricing and utilization recovered.
- **Operating cash flow strengthened significantly**, supporting Micron's ability to reinvest in manufacturing capacity and technology transitions.

Despite near-term volatility, Micron's historical results demonstrate the operating leverage inherent in its business as industry conditions normalize.

VII. FORCASTED HIGHLIGHTS

My 10-year operating forecast reflects a multi-year expansion in revenue, gross profit, and operating income driven by demand growth, mix improvement, and margin normalization.

Key themes from the model include:

- **Strong top-line expansion** beyond FY24 as DRAM and NAND volumes scale and industry conditions improve.
- **Gross margin expansion** driven by improving pricing, cost efficiencies, and higher-value products.
- **Operating leverage** as fixed manufacturing costs are absorbed across higher revenue levels.
- **Improving free cash flow generation** over the projection period following heavy reinvestment years.

The model projects a return to structurally higher earnings power over the long term, consistent with Micron's historical performance in normalized memory environments.

VIII. VALUATION SUMMARY

My base-case valuation for Micron is built using a blended framework that incorporates both intrinsic and relative valuation methodologies, with explicit weighting applied based on Micron's business characteristics and cyclicality.

I performed two discounted cash flow analyses:

1. A terminal multiple approach based on exit EV/EBITDA.
2. A perpetuity growth approach using a long-term growth assumption.

In parallel, I conducted trading comps analysis using **Broadcom**, **AMD**, and **Qualcomm** as comparables. I applied both *EV/Revenue* and *EV/EBITDA* multiples to Micron's financials to anchor valuation to market

benchmarks. Given Micron's highly cyclical, capital-intensive profile and the importance of normalized earnings power in semiconductor valuation, I place greater emphasis on cash-flow and EBITDA-anchored methodologies.

Accordingly, I weight the *Exit-Multiple DCF* at 40% and *EV/EBITDA trading comps* at 30% as the primary valuation anchors. I assign 15% weight to *EV/Revenue comps* as a secondary reference and 15% to the *Perpetuity-Growth DCF* as a long-term intrinsic support case.

Method	Implied Share Price
<i>DCF – Exit Multiple (EMM)</i>	\$509.18
<i>DCF – Perpetuity Growth (PGM)</i>	\$208.22
<i>EV/Revenue Comps</i>	\$321.35
<i>EV/EBITDA Comps</i>	\$312.22

The weighted framework produces a base-case implied value of **\$376.77 per share**. At the current price of **\$162.73**, the stock trades at a significant discount to my intrinsic estimate.

IX. INVESTMENT VIEW

I believe the current share price does not fully reflect the normalized earnings and cash-flow profile implied by Micron's operating recovery and long-term demand environment. As pricing, utilization, and mix continue to normalize, Micron's financials exhibit substantial operating leverage, which is captured in my forward projections but not yet in the stock price.

The valuation disconnect between current trading levels and blended intrinsic value supports a **BUY** rating.

X. KEY RISKS

- **Memory pricing cyclicality:** DRAM and NAND pricing volatility remains the single largest driver of earnings variability.
- **Execution risk on technology transitions:** Delays or cost overruns in node migrations and product ramps could pressure margins.
- **Geopolitical and regulatory exposure:** Geographic manufacturing concentration and international regulatory actions pose ongoing risks.
- **Competitive intensity:** Aggressive capacity additions or pricing behavior by competitors could weaken industry supply-demand balance.
- **Capital intensity:** Sustained high capital expenditures could delay free cash flow inflection.