

Micron Technology (NASDAQ: MU) - Fiscal Q3 2026 Results, the AI-Memory Cycle & Valuation

Fiscal third quarter ended May 28, 2026. Micron is one of the three major makers of DRAM and NAND memory, alongside Samsung and SK Hynix. AI demand, led by high-bandwidth memory (HBM), drove revenue to a cyclical-record \$41.5B and gross margin to 84.6%, far above prior cycles. Micron cites multi-year "Strategic Customer Agreements" as enhancing the durability of its outlook, and guides fiscal Q4 revenue to about \$50B.

A factual snapshot built from Micron's public filings and verified market data. It contains no Blackspear forecast, price target, or recommendation.

REVENUE (FQ3'26) \$41.5B vs \$9.3B a year ago \$23.9B prior quarter	GAAP GROSS MARGIN 84.6% vs 37.7% a year ago; non-GAAP 84.9%	DILUTED EPS (GAAP) \$24.67 vs \$1.68 a year ago; non-GAAP \$25.11	OPERATING CASH FLOW \$25.4B adj. free cash flow \$18.3B in the quarter
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REVENUE & MARGIN BY BUSINESS UNIT - FQ3 2026 (\$ MILLIONS)

BUSINESS UNIT	REVENUE	% OF TOTAL	OP. MARGIN
Cloud Memory	\$13,769	33%	78%
Core Data Center	\$11,524	28%	83%
Mobile & Client	\$11,521	28%	86%
Automotive & Embedded	\$4,634	11%	75%
Total	\$41,456	100%	80.4%

Data-center demand dominates: Cloud Memory (largely HBM and high-capacity server DRAM) and Core Data Center together were about 61% of revenue and each grew more than 3x year-over-year. Business-unit operating margins of 75-86% reflect the current extreme pricing environment. HBM4 is in high-volume shipments for the lead customer's platform.

RESULTS & CASH HIGHLIGHTS - FQ3 2026

Operating income (GAAP)	\$33,318M
Operating margin	80.4%
Net income (GAAP)	\$28,243M
Capital expenditures (net)	\$7,084M
Cash + investments	\$30.2B
Total debt / net cash	\$5.7B / ~\$24.4B

Nine-month FY2026 revenue was \$79.0B with \$45.7B of operating cash flow. Micron invests heavily to add supply: capex is running high even as free cash flow surges. A quarterly dividend of \$0.15 per share was declared.

HOW TO READ THE NUMBERS

- Memory is deeply cyclical: DRAM and NAND prices swing widely, and Micron's GAAP gross margin was negative as recently as fiscal 2023. The current 84.6% is a cyclical extreme, not a steady state.
- The surge is AI-driven: high-bandwidth memory (HBM) and high-capacity server DRAM are supply-constrained, lifting prices across the portfolio.
- "Strategic Customer Agreements" are multi-year supply deals the company says add durability; their pricing terms are not public.
- The stock is well below its 52-week high; the very low forward P/E sits on peak-cycle earnings (see page 2).

GUIDANCE, BALANCE SHEET & CAPITAL - FISCAL Q4 2026 OUTLOOK

FISCAL Q4 GUIDANCE, A STRENGTHENING BALANCE SHEET, AND HEAVY REINVESTMENT

FQ4'26 REVENUE GUIDE

~\$50.0B

plus or minus \$1.0B;
gross margin ~86%

FQ4'26 EPS GUIDE

~\$30.73

GAAP, plus or minus
\$1.00; non-GAAP ~\$31

CASH + INVESTMENTS

\$30.2B

vs total debt \$5.7B;
net cash ~\$24.4B

DIVIDEND

\$0.60/yr

\$0.15/qtr; small
buybacks resumed

Micron is investing heavily in leading-edge DRAM (1-gamma), HBM, and NAND to expand supply, so capital expenditure remains elevated even as cash generation surges; nine-month capex was \$19.6B. The company repaid \$9.4B of debt over nine months and now carries only \$5.7B of total debt against \$30.2B of cash and investments. The balance-sheet strength and cash returns are real, but the earnings funding them reflect an extraordinary memory up-cycle that has historically proven cyclical.

VALUATION SNAPSHOT - WELL BELOW ITS 52-WEEK HIGH (MID-AUGUST 2026)

Share price (recent)	~\$957	Diluted EPS (FQ3, GAAP)	\$24.67
Market capitalization (~1.13B sh.)	~\$1.08T	P / E (trailing GAAP TTM ~\$46)	~20.6x
Cash + investments / total debt	~\$30.2B / ~\$5.7B	Fwd P / E (consensus ~\$151)	~6.3x
Enterprise value (less net cash)	~\$1.06T	FY2026E EPS (9mo \$41.40 + Q4 guide)	~\$72
Dividend (\$0.60/yr) & yield	~0.06%	Gross margin (FQ3)	84.6%
52-week range	\$113.46-\$1,255	Forward EPS is a cyclical peak	yes

The very low forward P/E (~6x) sits on **peak-cycle earnings**: memory pricing is historically volatile and mean-reverting, and Micron's gross margin was negative in fiscal 2023. On mid-cycle earnings the multiple would be far higher. Forward consensus (~\$151 next fiscal year, roughly double this year's record ~\$72) assumes the AI-memory up-cycle persists and grows; the multi-year Strategic Customer Agreements are the bull case for durability. Multiples move with the share price and the cycle, refresh before relying on them.

Full Excel model - linked tabs (business-unit build, DRAM/NAND pricing sensitivity, HBM ramp, mid-cycle normalization, valuation, source tie-outs) - available on request. Email info@blackspearllc.com for a copy.

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Micron Technology (NASDAQ: MU) - Valuation, the Cycle & Key Risks

A deeply cyclical memory maker at an extraordinary AI-driven peak: record revenue and an 84.6% gross margin, against a business whose gross margin was negative just three fiscal years ago. The debate is durability, whether multi-year customer agreements and structural AI demand can hold margins far above prior cycles, or whether memory mean-reverts as it always has.

History and estimates from Micron disclosures and public market data; guidance and forward EPS are company or analyst figures; multiples are Blackspear calculations. Nothing here is a Blackspear price target or recommendation.

REVENUE & GROSS MARGIN - THE MEMORY CYCLE, FY2021-FY2026E



VALUATION & THE CYCLE

Recent price	~\$957
Market cap / EV	~\$1.08T / ~\$1.06T
Diluted EPS (FQ3, GAAP)	\$24.67
Trailing P/E (GAAP TTM)	~20.6x
Forward P/E (consensus ~\$151)	~6.3x
Gross margin (FY23 trough → FQ3'26)	-9% → 85%
Revenue (FY25 → FY26E)	~\$37B → ~\$129B
Net cash / dividend yield	~\$24.4B · ~0.06%

CHEAP ON PEAK EARNINGS, OR VALUE?

A CYCLICAL AT AN EXTRAORDINARY PEAK Very low multiples, on peak-cycle earnings

MU trades near ~6x forward earnings, which looks cheap only because memory pricing and margins are at levels never seen before (84.6% gross margin, versus negative in fiscal 2023). Bulls argue AI demand, its HBM ramp, and multi-year Strategic Customer Agreements make this up-cycle more durable and higher-margin than past cycles. Bears note memory has always been boom-and-bust: added supply and any AI-spending pause could compress prices sharply, so on mid-cycle margins the same price implies a far higher multiple, and the stock is already well off its 52-week high. This frames both sides; it is not a Blackspear view.

TOP RISK FACTORS - SUMMARIZED FROM THE COMPANY'S FILINGS

- ▲ **Memory-pricing cyclicality.** DRAM and NAND prices are volatile and mean-reverting; Micron's gross margin was negative in fiscal 2023. The current 84.6% margin may not persist, and a downturn would sharply cut earnings and cash flow.
 - ▲ **Customer and demand concentration.** Growth leans heavily on AI data-center demand and a small set of large customers; an AI-spending slowdown, or loss of a lead HBM customer, would hit results disproportionately.
 - ▲ **Geopolitics, trade and capital intensity.** Export controls, tariffs, China exposure, and the need for very large, sustained capital investment (and reliance on government incentives) add risk to a capital-intensive model.
- ▲ **Supply, capex and oversupply risk.** Micron and rivals are adding capacity into strong demand; memory is a commodity where industry supply additions have repeatedly outrun demand and collapsed pricing.
 - ▲ **Execution and technology transitions.** Leadership depends on ramping leading-edge nodes (1-gamma DRAM, HBM4/HBM4E) and NAND on time and at yield; delays or qualification issues could cede share.
 - ▲ **Valuation and volatility.** The shares have swung from about \$113 to \$1,255 in a year; a low headline multiple on peak earnings offers little protection if the cycle turns, and the stock is highly volatile.

On the numbers. Reported results and business units are from the fiscal Q3 2026 release, earnings call, and Form 10-Q. The chart shows annual revenue (bars, left axis) against GAAP gross margin (line, right axis); FY2026E revenue (~\$129B) is nine months of actuals plus the company's ~\$50B Q4 guidance, and FY2026E margin (~80%) is a full-year estimate. Forward EPS of ~\$151 is third-party consensus for the next fiscal year and would be a cyclical-record level. EV of ~\$1.06T is market cap less ~\$24.4B net cash. P/E and other multiples are on peak-cycle earnings; on mid-cycle margins they would be materially higher. All are mechanical Blackspear calculations, not estimates, price targets, or recommendations.

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