

Micron's Memory Strategy Going Forward (Feb 2026 edition)

Some bullet points:

Memory stocks prices are skyrocketing (6x+ growth in 4 months) for compounding reasons

- 1) Back in August, analysts (me and others) thought Q4 would be a lull in demand follow by modest growth in 2026. Instead we got server boom part 2, 2026 Orders came in. Instant shortage.
- 2) Bit Prices are going up 30% in Q4 and 40%+ in Q1. This is free money, additional revenue at no expense. Bits are increasing at similar rate of the past 5 years (~20% CAGR). There is not a significant inflection in bit growth.
- 3) Due to the AI boom, Memory is now seen as a constant growth stock vs a wildly cyclical stock. As a result, the P/E at high earnings went from ~5 to ~20. Triple the earnings at peak and huge increase in expected P/E.... you do the math. That 100% explains the stock price

Two years from now we will know whether the P/E belief change was a wise one.

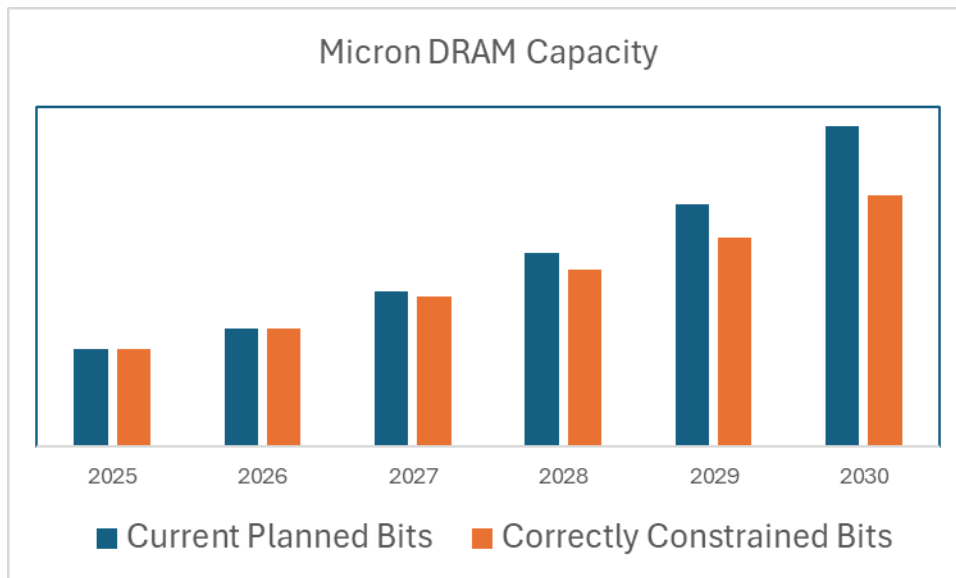
So what is the plan to deal with this?

- 1) Micron will increase bits supply about 20-25% in 2026. No new fabs but they will squeeze memory out of existing fabs. New technology, incremental output.
- 2) Micron will cut off non-strategic segments. The Crucial division was ended as they had no intention of giving them any bits. Lower margin markets and smaller customers will be shut out (except for down graded low quality material)
- 3) On strategic segments (servers), Micron will choose partners who commit to long term support. LTAs are not really enforceable and were cancelled in 2022 downturn. Long term support would be pre-pays, investments in fabs, and partnership to prevent a downturn. I have reviewed contracts like this in the past
- 4) In mid 2027 the new Boise DRAM fab will start to produce. This will be the next big jump in output. Ironically it was slow walked for about a year or it would be coming up in 2026.
- 5) In late 2027, the newly acquired Taiwan Fab could start to produce DRAM
- 6) In 2028, Micron will have a new NAND fab in Singapore (Singapore has always been Micron's NAND center of excellence).
- 7) In late 2028, a second Boise fab could start to produce if everything continues

- 8) In 2030, Micron COULD start to see output from New York Fab (Probably DRAM but wont tool out until 2028 so still time to change plans)
- 9) Having a shortage today, and planning lots of new fabs for 2-5 years from now is EXACTLY what causes massive oversupply. I expect Boise to come online, and the other fabs to be cautiously managed.
- 10) To keep this profitable golden goose going, Micron (and others) need to undersupply the market FOREVER. Grow bits at 20% per year when they say the demand is growing at 25%. It really isn't that hard, you need to just say "no" and delay that next fab. Intel did this for almost 10 years straight on CPUs.
 - a. Great example: If there was magically 20% more capacity in memory today, the AI market would be supplied, prices would not have sky rocketed and the P/E target would not have exploded. 20% more bits and 50% lower price and a P/E Ratio of 6. Undersupply is always the correct answer
 - b. I can give specific examples of how to prevent oversupply.... But the big 3 all need to comply. It is not a disaster to limit Phones, PCs and AI servers.

Strategy In Summary:

Squeeze out bits today, Allocate and prioritize customers, Boise DRAM Fab output (Adds 15% wafers) in 2027. Then manage other new fabs to prevent oversupply. Keep undersupplying forever.



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