

Micron Technology

MU

• TECHNOLOGY •

INDEX CONSTITUENT

Memory chips get priced by the spot market. **Micron has \$100 billion of them booked under contract through 2030.**

THIS ISSUE MU

Micron, a current Nasdaq-100® constituent at **~4.48% index weight**, makes the memory chips that hold data while a computer works: DRAM for servers, laptops and phones, and NAND flash for storage. Its revenue moves with memory prices, which rise and fall with industry supply. AI servers changed the mix: each accelerator needs a stack of high-bandwidth memory beside it, and the wafers that go into those stacks cannot also make ordinary DRAM (per company disclosures and Bloomberg research).

\$41.5B

Q3 FY2026 REVENUE

84.9%

GROSS MARGIN (Q3 FY2026)

\$100B

CONTRACTED BACKLOG (Q3 FY2026)

~6.4×

FORWARD P/E (8/13/2026)

\$23.8B

NET CASH (Q3 FY2026)

BUSINESS MODEL & REVENUE DRIVERS

What Micron Actually Sells

Two products carry the company. DRAM is the fast working memory a processor reads from while it computes; NAND flash is the storage that keeps data after the power goes off. FY2025 revenue split **\$28.6B DRAM and \$8.5B NAND** (per company filings), sold to data centers, phone and PC makers, carmakers and industrial customers.

Memory is made in fabs that cost billions and run best full, so price does most of the moving. In Q3 FY2026 DRAM average selling prices rose in the low-60s percent range from the prior quarter and NAND in the mid-80s, taking revenue to **\$41.5B** and non-GAAP gross margin to 84.9% (per company disclosures). The same fabs ran a negative gross margin in FY2023.

FY2025 REVENUE BY PRODUCT (PER COMPANY FILINGS)

DRAM		\$28.6B
NAND FLASH		\$8.5B

COMPETITIVE MOAT

Why This Is Hard to Replicate

Leading-edge memory comes from a short list of companies: each new node needs a new fab and years of process work (per Bloomberg research). Micron's **1-gamma DRAM and G9 NAND nodes** are ramping now and are expected to become the highest-volume nodes in its history (per company disclosures and guidance). High-bandwidth memory raises the bar again: dies are stacked into one package and qualified with the customer's accelerator before shipping.

What reinforces it is how customers buy now. As of July 2026 Micron had signed **16 strategic customer agreements**, take-or-pay deals with binding annual volumes through 2030, covering about 20% of DRAM volume and 33% of NAND (per company disclosures). They carry \$100B of remaining obligations, with \$22B of deposits already paid.

CUSTOMER COMMITMENTS UNDER CONTRACT (Q3 FY2026)

CONTRACTED BACKLOG		\$100B
DEPOSITS PAID		\$22B

OPERATING STRENGTHS

Three Structural Advantages

3×

WAFERS PER HBM BIT

High-bandwidth memory uses **more than three times the wafers** of equivalent DDR5 bits, so every stack Micron builds tightens conventional DRAM supply (per Bloomberg research).

\$18.3B

QUARTERLY FREE CASH FLOW

A company record in Q3 FY2026, funding an **~\$27B FY2026 capital plan** from cash rather than debt (per company disclosures and guidance).

~65,000

PATENTS HELD

The portfolio spans **QLC NAND, Gen6 drives, high-capacity memory modules** and low-power DRAM form factors (per company disclosures).

GROWTH CATALYSTS

What Grows the Business Next

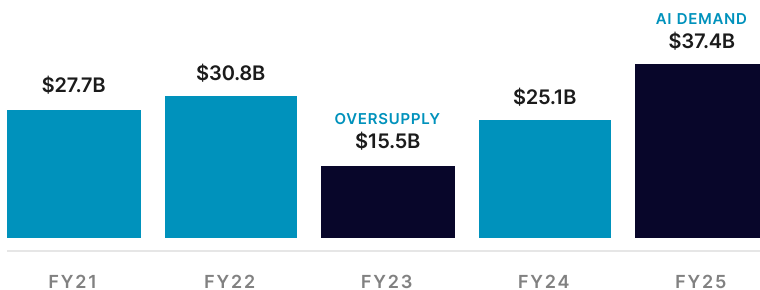
High-bandwidth memory is expected to contribute the largest share of growth from here (per company disclosures and Bloomberg research estimates). Micron has shipped more than \$1B of HBM4, and its HBM4 12-high stack is ramping at twice the pace of the previous generation (per company disclosures). Industry HBM revenue is expected to grow from about \$36B in 2025 to \$246B by 2028, with Micron expected to hold a low-to-mid 20% share of that market long term (per Bloomberg research estimates).

- **A tight DRAM market.** Industry bit supply for CY2026 is expected to grow in the low-to-mid 20% range while demand runs above it, a shortage expected to persist into the first half of 2027 (per Bloomberg research estimates)
- **Q4 FY2026 guidance.** Management guided to about \$50B in revenue and roughly 86% non-GAAP gross margin, which represents upside to the quarter just reported (company guidance)
- **New capacity.** FY2026 net capital spending is guided to about \$27B, funding HBM packaging in Singapore, DRAM modernization in Hiroshima, assembly and test in Gujarat, and added capacity in Taiwan (company guidance and disclosures)

HISTORICAL CONTEXT

FY2021 – FY2025 Revenue Trajectory

+35% REVENUE GROWTH, FY2021 TO FY2025



Five years of revenue show the memory cycle in one line. FY2022 was a peak; a severe oversupply in FY2023 pulled gross margin below zero and produced a \$5.8B net loss; FY2025 revenue of \$37.4B came in 49% above the prior year (per company filings). Research spending rose in every one of those years, including through the downturn.

GROSS MARGIN, FY2023 TO FY2025

-7.7% → 40.9%

FY25

RESEARCH SPENDING, FY2021 TO FY2025

\$2.7B → \$3.8B

+41%

CAPITAL SPENDING, FY2021 TO FY2025

\$10.0B → \$15.9B

+59%

SOURCE MICRON FILINGS, BLOOMBERG

*Memory used to be bought quarter to quarter. **Sixteen contracts now run to 2030.***

VALUATION & INVESTMENT THESIS

Priced Off Forward Earnings

Micron trades at **~6.4× forward earnings** against a trailing multiple of ~21.9× (per Bloomberg consensus estimates, 8/13/2026). Forward EV/EBITDA of ~3.9× sits below its five-year average of ~6.4×, while price to book, at ~10.9× versus ~3.1×, prices in an upcycle that lasts.

The discount rests on how long memory pricing holds. Roughly **75–80% of revenue** still comes from mobile, client and automotive demand that moves with the cycle (per Bloomberg research), and an adjusted beta of 2.14 shows how sharply the shares move with the market.

KEY RISKS

What Could Change the Story

- **Cycle peak**, with new industry capacity potentially becoming visible in the second half of 2027 (per Bloomberg research)
- **Buyer behavior**, if cloud vendors shift from securing supply to optimizing cost, compressing selling prices and margins
- **Chinese competition**, with CXMT's monthly wafer starts estimated to reach ~350,000 by the end of 2026 against Micron's ~385,000, mainly in commodity and legacy DRAM (per Bloomberg research estimates)
- **Technology execution**, since a slower ramp of the 1-gamma DRAM or G9 NAND nodes would raise cost per bit
- **AI spending and geography**, as a hyperscaler slowdown would cut data center demand, and about 35% of revenue comes from international markets exposed to trade policy

WHAT THIS MEANS FOR YOU

The Index Angle, in Plain Terms

IN YOUR INDEX FUND

If you hold a fund that tracks the Nasdaq-100 Index®, you already own this.

- Index composition follows transparent eligibility criteria, and MU is a current constituent at ~4.48% index weight: roughly \$4.48 of every \$100 tracking the Nasdaq-100 sits in Micron
- The chips are already in your life. The working memory in your laptop and the storage in your phone come from a handful of makers, and Micron is one of them (per Bloomberg research)
- Its results move quickly: quarterly revenue rose 74% from the prior quarter in Q3 FY2026 (per company disclosures), and memory prices can turn the other way just as quickly

DECODING THE JARGON

Two terms doing the heavy lifting in this issue.

- **HBM (high-bandwidth memory).** DRAM dies stacked into one package and placed beside an AI accelerator so data reaches it faster. Each bit needs more than three times the wafers of ordinary DDR5, which is why HBM demand tightens the supply of everything else
- **Take-or-pay contract.** The buyer commits to a volume and pays whether or not it takes delivery. Micron's 16 such agreements hold \$100B of contracted backlog through 2030, so this cycle's revenue is more visible than past ones

BOTTOM LINE

Inside the Nasdaq-100®, Micron makes memory AI accelerators need in volume, and few companies can make it. **What it earns still depends on how scarce memory stays.**

ABOUT THE SERIES

The **Nasdaq-100®** is a globally recognized index of 100 of the most innovative large cap companies listed on the Nasdaq Stock Market®. The **Inside the Index** series profiles one constituent each issue, from software to soft drinks and computer chips to potato chips, exploring what makes each business distinctive and the metrics investors should know.

SOURCES NASDAQ GLOBAL INDEXES. MICRON TECHNOLOGY SEC FILINGS VIA SEC EDGAR: [FY2025 FORM 10-K](#), [Q3 FY2026 FORM 10-Q](#); [MICRON INVESTOR RELATIONS FILINGS ARCHIVE](#). QUARTERLY RESULTS, SEGMENT AND GEOGRAPHIC REVENUE, STRATEGIC CUSTOMER AGREEMENTS, NODE AND CAPITAL-SPENDING PLANS PER MICRON COMPANY DISCLOSURES. HIGH-BANDWIDTH MEMORY MARKET SIZE, SHARE AND GROWTH EXPECTATIONS, WAFER INTENSITY, INDUSTRY BIT-GROWTH AND SUPPLY STRUCTURE, COMPETITOR CAPACITY, VALUATION MULTIPLES AND CONSENSUS ESTIMATES PER BLOOMBERG RESEARCH. DATA AS OF 8/13/2026.

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