



Capital
Markets

January 14, 2026

Micron Technology, Inc.

DRAM Cycle Has Legs, HBM Growth Sustainable; Initiating at Outperform

Our view: The key debate is mostly about the duration of current Memory upcycle. Surging GenAI demand and much-improved supply discipline have created extreme tightness in Memory, sparking discussions about long-term agreements. While investor skepticism about LTAs in commodity Memory could remain, limited clean room space and structural supply headwinds could extend the current upcycle well into 2027. HBM content is growing at a 50%+ rate, HBM4 transition is a material tailwind, and Micron has strong roadmap. We see \$50+ peak earnings potential and believe a higher peak multiple is appropriate due to non-commodity HBM mix. Initiate at Outperform.

Key points:

Industry supply likely to remain tight into 2027

Strong AI demand, improved supply discipline, lean inventories, and limited cleanroom space have created a perfect storm for the Memory market. We expect DRAM bit demand to grow ~20% in 2026 and continue to outpace supply, which we estimate is growing in mid to high-teens. NAND market is facing a similar dynamic and is also benefiting from HDD tightness. We expect these trends to persist into 2027, which should remain a tailwind to pricing in both markets. In addition, Micron is making solid progress with its high-value portfolio including lower power server DRAM, high-capacity DIMMs, and eSSDs.

HBM product leadership driving solid share gains

MU gained significant share (from zero to low-20% in about 8 quarters) with its leadership HBM3e product, which now accounts for 20% of DRAM revenue. We expect overall HBM market to grow at 40%+ 3-year CAGR. GenAI workloads are evolving from pre-training to reinforced learning and distributed inferencing, which require much higher Memory content, including DDR content. In addition, HBM4 transition is in early stages and comes with 30-50% price premium. The company's recent comment that its HBM supply, including HBM4 supply, is sold out through 2026 should put to rest any lingering HBM4 roadmap concerns.

Case for a higher peak multiple

MU's EPS peaked at ~\$9.50 in the last upcycle (and ~\$12.50 in 2018 cycle). We expect the current upcycle to continue into 2027 and see >\$50 peak earnings potential. Growing HBM and high-value mix is a tailwind to gross margins along with strong DDR ASP trends. Gross margins in this cycle have already exceeded prior cycles peaks, and we see continued tailwinds. We believe the stock deserves a higher peak multiple as higher-margin (and non-commodity) HBM should account for ~30% of the DRAM mix. Our price target of \$425 is based on 11x our CY27 EPS estimate (3.4x P/B), with our bull-case scenario in the \$500 range. Key potential risks include 1) production constraints, 2) HBM competition, and 3) NAND oversupply.

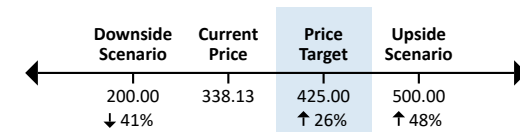
RBC Capital Markets, LLC
Srini Pajjuri (Analyst)
(415) 515-0779, srini.pajjuri@rbccm.com
Grant Li (Senior Associate)
(212) 299-9846, grant.li@rbccm.com

Outperform

NASDAQ: MU; USD 338.13

Price Target USD 425.00

Scenario Analysis*



*Implied Total Returns

Key Statistics

| | | | |
|------------------|---------|--------------------|------------|
| Shares O/S (MM): | 1,145.0 | Market Cap (MM): | 387,159 |
| Dividend: | 0.12 | Yield: | 0.0% |
| | | Avg. Daily Volume: | 28,049,444 |

RBC Estimates

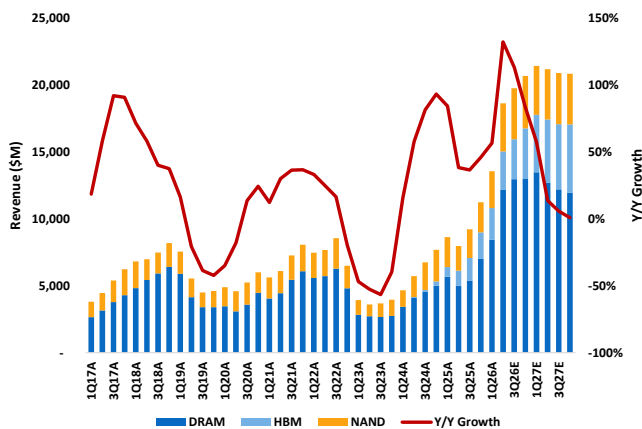
| FY Aug | 2024A | 2025A | 2026E | 2027E |
|------------------|-------|-------|-------|-------|
| EPS, Adj Diluted | 1.29 | 8.29 | 31.40 | 38.95 |
| P/AEPS | NM | 40.8x | 10.8x | 8.7x |
| EPS, Adj Diluted | Q1 | Q2 | Q3 | Q4 |
| 2025 | 1.79A | 1.56A | 1.91A | 3.03A |
| 2026 | 4.78E | 8.42E | 8.90E | 9.30E |
| 2027 | 9.89E | 9.74E | 9.64E | 9.68E |

All values in USD unless otherwise noted.
Priced as of prior trading day's market close, EST (unless otherwise noted).

Initiating at Outperform and \$425 Price Target

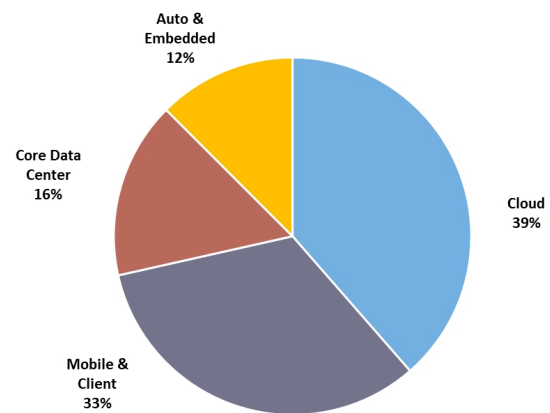
We are initiating coverage of Micron with an Outperform rating and a \$425 price target. We expect Memory demand to outpace supply into 2027 driven by GenAI, HBM4 transition, and much-improved industry supply discipline. We believe demand across end-markets is healthy, inventories are lean, and content drivers are intact. In particular, high bandwidth Memory (HBM) content in XPU is growing at a 50%+ rate, and we see further tailwinds as AI workloads evolve from pre-training to reinforcement learning / distributed inferencing. MU is sold out of its HBM capacity including HBM4, suggesting that recent investor concerns regarding the company's roadmap are overblown. In addition, Micron is executing well in LPDDR, high-capacity DIMMs, and eSSDs, which should unlock further share gains. Outside of data center, smartphone and PC demand remains stable and DRAM content is benefiting from edge AI features, although some demand destruction appears likely due to high prices. At 3.9x CY26E P/B and 9.4x P/E, we believe valuation is attractive. We are modeling \$36.50 EPS for CY26 but see >\$50 peak earnings potential in this cycle and believe a higher multiple is appropriate due to higher non-commodity HBM mix. Our price target is based on 11x CY27E EPS and 3.4x P/B.

Exhibit 1 - MU Revenue Forecast



Source: Company reports, RBC Capital Markets estimates

Exhibit 2 - 2025 MU End Markets



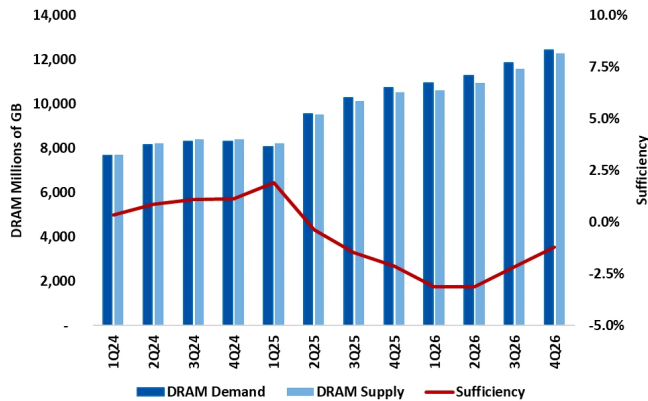
Source: Company reports, RBC Capital Markets estimates

DRAM demand likely to outpace supply into 2027

DRAM industry demand is outpacing supply and we expect the trend to continue through 2026. Strong GenAI demand, improved supply discipline, technology transitions, and limited cleanroom space have created a perfect storm for the Memory market. We expect DRAM bit demand to grow ~20% in 2026 and continue to outpace supply, which appears on track to grow 18%. HBM now consumes 7% of industry bit supply and trade ratio should increase further with HBM 4 (from 3:1 to 4:1). Clean room space is another constraint and many new fabs won't come online until 2027. Customer and supplier inventories appear lean and recent comments from equipment companies point to much improved supply discipline. While China remains a wildcard, the impact of supply growth should be modest as it accounts for less than 5% of global DRAM capacity.

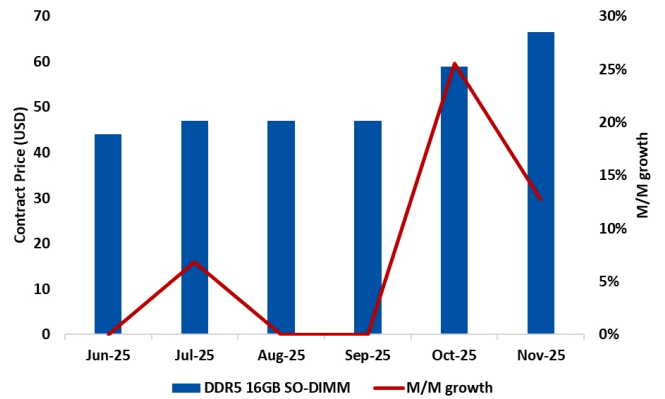
From a demand standpoint, content expansion is continuing in smartphone and PC markets, partly driven by AI features, although some demand destruction appears likely due to persistent high prices. Data Center demand remains strong driven by both AI and traditional server strength. While HBM is on a secular growth trend, emerging AI workloads are also driving strong growth in low-power and high-capacity DDR modules where Micron has a strong presence.

Exhibit 3 - DRAM Supply/Demand Forecast



Source: IDC, RBC Capital Markets estimates

Exhibit 4 - DDR5 Contract Pricing Trend

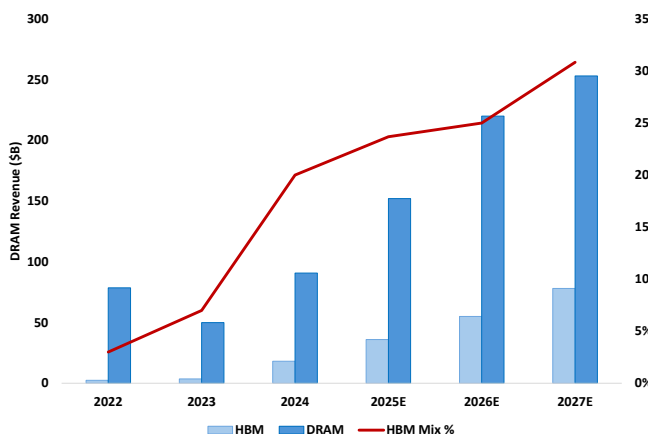


Source: TrendForce, RBC Capital Markets

HBM product leadership driving solid share gains

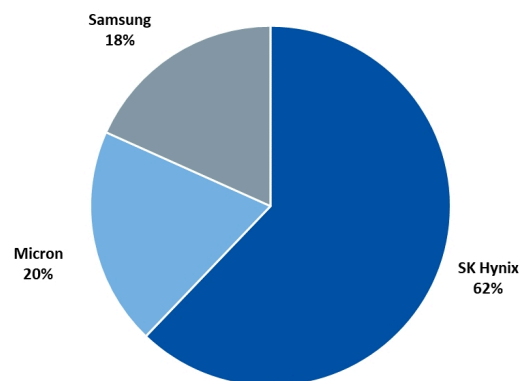
MU gained significant share with its leadership HBM3e product (zero to low-20% share in about 8 quarters), which now accounts for 20% of DRAM revenue. We expect overall HBM market to grow at 40%+ 3-year CAGR. In addition, HBM4 transition is in early stages and comes with 30-50% price premium. The company's recent comment that its HBM supply, including HBM4 supply, is sold out through 2026 should put to rest any lingering HBM4 roadmap concerns. AI workloads are shifting to longer contexts, reinforced learning, and distributed inferencing, which are all Memory intensive. GenAI is also driving strong demand for high-capacity server DIMMs as larger contexts become increasingly important, as evidenced by NVDA's recently announced Rubin CPX system, which comes with 100TB of fast Memory. Overall, we expect HBM market to grow from \$35B in 2025 to \$100B in 2028, outpacing the GPU/XPU market driven by content gains. We believe that MU is well positioned to capture further data center share even as competition intensifies.

Exhibit 5 - HBM Memory Forecast



Source: IDC, RBC Capital Markets estimates

Exhibit 6 - 2025 HBM Market Share



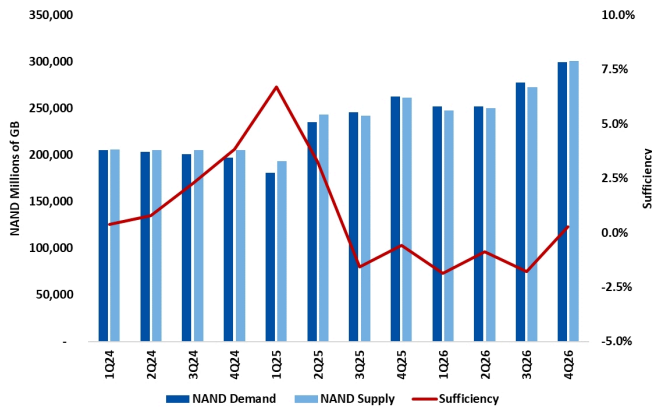
Source: Company reports, RBC Capital Markets estimates

NAND benefiting from supply cuts, AI, and HDD tightness

The NAND market, which accounts for ~20% of Micron's sales, is seeing similar trends after multiple years of underinvestment and slower technology migrations. While AI impact on NAND growth has been relatively modest, the evolution of workloads such as retrieval augmented

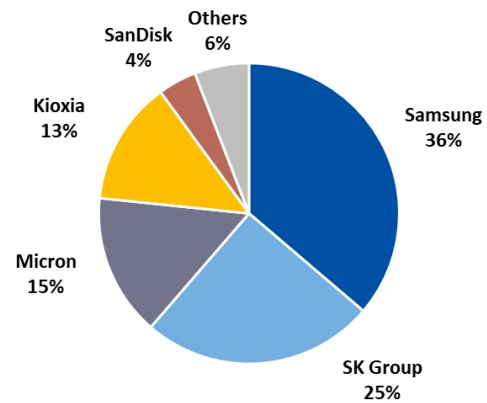
generation (RAG) and rapid growth in video content generation are changing that dynamic. In addition, extreme supply tightness in the hard disk drive (HDD) market is shifting demand to NAND eSSDs. As such, we expect supply/demand imbalance to persist in the NAND market through 2026. MU has a solid presence in the important eSSD market and has gained share over the past 12 months, which we expect to continue.

Exhibit 7 - NAND Supply/Demand Forecast



Source: IDC, RBC Capital Markets estimates

Exhibit 8 - 2025 Enterprise SSD Market Share

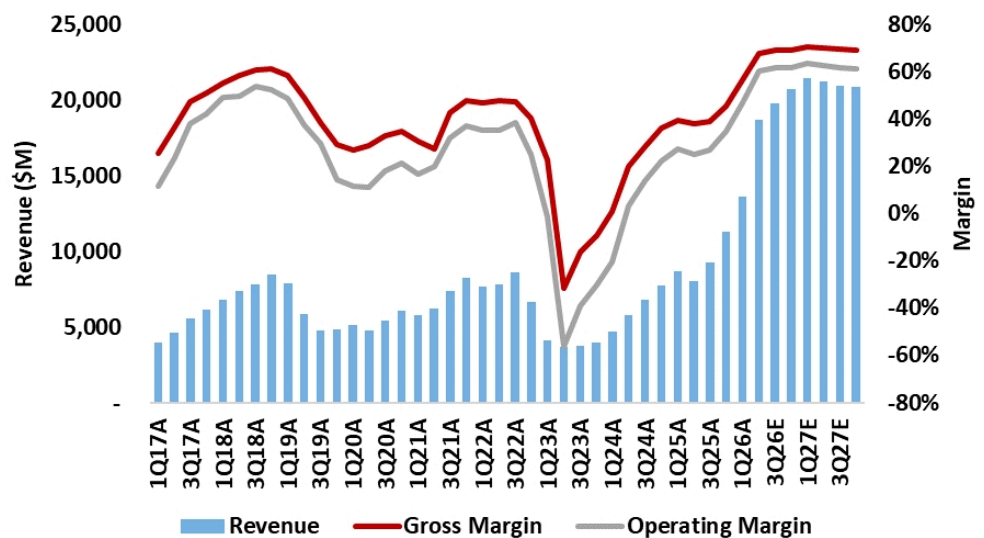


Source: TrendForce, FactSet, RBC Capital Markets estimates

Case for a higher peak multiple

MU reported F1Q26 gross margins of 56.8% and guided 68% for F2Q, well above prior peaks of 61% in the 2018 upcycle and ~48% in the 2021 upcycle. We believe gross margins can run even higher given 1) secular trends driving increasing mix of higher-margin HBM and eSSD, 2) industry supply/cleanroom capacity remaining tight through 2026, and 3) strong end demand persisting with hyperscaler capex on track to grow 40% in 2026. We are modeling gross margins reaching 70%, but would not be surprised by further upside given the dynamic pricing environment.

Exhibit 9 - MU Margin Trends (Non-GAAP)



Source: Company reports, RBC Capital Markets estimates

MU's EPS peaked at ~\$9.50 in the last upcycle (and ~\$12.50 in 2018 cycle). Valuation was 9x

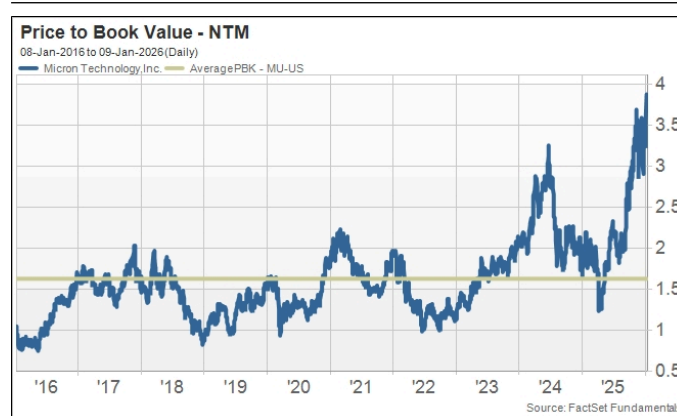
NTM when the stock peaked in June 2021 upcycle and 5x P/E when the stock peaked in May 2018 upcycle (and around 9-10x in 2014 upcycle). From a P/B standpoint, valuation was 1.9x in the 2021 upcycle when the stock peaked and 1.7x during the 2018 upcycle. We expect the current upcycle to continue into 2027 and project >\$50 peak earnings power. In addition, we believe the stock deserves a structurally higher multiple at the peak as higher-margin (and non-commodity) HBM should grow to ~30% of MU's DRAM mix. Our \$425 price target is based on 11x P/E multiple on our CY27 EPS estimate or about 3.4x P/B, which we believe is appropriate given the structurally higher margins and FCF due to HBM mix. Key potential risks include 1) production constraints (Wafer supply, cleanroom capacity, etc.) limiting near-term upside, 2) stronger than expected competition in HBM4 and later generations from Samsung and SK Hynix, and 3) ASP headwinds from unexpected increase in industry NAND supply.

Exhibit 10 - MU Stock and EPS Peaks



Source: FactSet, RBC Capital Markets

Exhibit 11 - MU P/B Trend



Source: FactSet, RBC Capital Markets

Exhibit 12 - MU Comp Table

| | Ticker | Price (USD) | Rating | Price Target | Market Cap (\$M) | EPS | | P/E | | P/B | | Revenue Growth | | |
|--|----------|-------------|--------|----------------|------------------|---------|-------|-------|-------|-------|-------|----------------|-------|-----|
| | | | | | | CY26E | CY27E | CY26E | CY27E | CY26E | CY27E | CY26E | CY27E | |
| | Samsung | 005930-KR | 94.51 | Not Covered | NA | 626,676 | 10.54 | 11.50 | 9.0x | 8.2x | 1.8x | 1.5x | 31% | 9% |
| | SK Hynix | 000660-KR | 510.01 | Not Covered | NA | 352,139 | 74.00 | 82.32 | 6.9x | 6.2x | 2.9x | 2.0x | 70% | 15% |
| | Kioxia | 285A-JP | 80.34 | Not Covered | NA | 43,434 | 8.13 | 10.05 | 9.9x | 8.0x | 4.5x | 3.0x | 42% | 13% |
| | Sandisk | SNDK | 389.27 | Sector Perform | 400.00 | 57,049 | 19.65 | 22.14 | 19.8x | 17.6x | 4.8x | 3.8x | 42% | 18% |
| | Average | | | | | | | | 11.4x | 10.0x | 3.5x | 2.6x | 46% | 14% |
| | Median | | | | | | | | 9.4x | 8.1x | 3.7x | 2.5x | 42% | 14% |
| | | | | | | | | | | | | | | |
| | Micron | MU | 345.87 | Outperform | 425.00 | 389,280 | 36.50 | 40.05 | 9.5x | 8.6x | 4.0x | 2.7x | 91% | 10% |

Priced as of market close 1/12/2026; consensus data for non-covered companies

Source: FactSet, RBC Capital Markets estimates



Source: Company reports, RBC Capital Markets estimates



Exhibit 14 - MU Balance Sheet

Micron - RBC

Balance Sheet (\$mln)

FYE: August

| Micron Balance Sheet FYE: August (US\$m) | FY25A | | | | FY26E | | | | FY24A | FY25A | FY26E | FY27E |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|----------------|----------------|
| | Nov-24 1Q25A | Feb-25 2Q25A | May-25 3Q25A | Aug-25 4Q25A | Nov-25 1Q26A | Feb-26 2Q26E | May-26 3Q26E | Aug-26 4Q26E | | | | |
| Cash and equivalents | 6,693 | 7,552 | 10,163 | 9,642 | 9,731 | 13,164 | 19,604 | 26,663 | 7,041 | 9,642 | 26,663 | 58,223 |
| Short-term investments | 895 | 663 | 648 | 665 | 587 | 587 | 587 | 587 | 1,065 | 665 | 587 | 587 |
| Receivables | 7,423 | 6,504 | 7,436 | 9,265 | 10,184 | 13,959 | 14,801 | 15,490 | 6,615 | 9,265 | 15,490 | 16,313 |
| Inventories | 8,705 | 9,007 | 8,727 | 8,355 | 8,205 | 11,246 | 11,925 | 12,480 | 8,875 | 8,355 | 12,480 | 13,143 |
| Other current assets | 777 | 963 | 945 | 914 | 958 | 958 | 958 | 958 | 776 | 914 | 958 | 958 |
| Total current assets | 24,493 | 24,689 | 27,919 | 28,841 | 29,665 | 39,914 | 47,875 | 56,177 | 24,372 | 28,841 | 56,177 | 89,223 |
| Long-term marketable securities | 1,156 | 1,375 | 1,402 | 1,629 | 1,697 | 1,697 | 1,697 | 1,697 | 1,046 | 1,629 | 1,697 | 1,697 |
| Property, plant, and equipment | 41,476 | 42,528 | 44,773 | 46,590 | 48,477 | 51,455 | 54,423 | 57,381 | 39,749 | 46,590 | 57,381 | 69,737 |
| Intangible assets | 419 | 423 | 426 | 453 | 465 | 465 | 465 | 465 | 416 | 453 | 465 | 465 |
| Deferred tax assets | 474 | 552 | 483 | 616 | 641 | 641 | 641 | 641 | 520 | 616 | 641 | 641 |
| Goodwill | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 | 1,150 |
| Other noncurrent assets | 2,293 | 2,336 | 2,244 | 3,519 | 3,876 | 3,876 | 3,876 | 3,876 | 2,163 | 3,519 | 3,876 | 3,876 |
| TOTAL ASSETS | 71,461 | 73,053 | 78,397 | 82,798 | 85,971 | 99,198 | 110,127 | 121,387 | 69,416 | 82,798 | 121,387 | 166,789 |
| Accounts payable and accrued expen | 7,126 | 6,176 | 8,761 | 9,649 | 9,796 | 13,427 | 14,237 | 14,899 | 7,299 | 9,649 | 14,899 | 15,691 |
| Deferred income | 533 | 504 | 538 | 560 | 569 | 569 | 569 | 569 | 1,518 | 560 | 569 | 569 |
| Current debt | 1,356 | 1,197 | 836 | 1,245 | 1,695 | 1,695 | 1,695 | 1,695 | 431 | 1,245 | 1,695 | 1,695 |
| Total current liabilities | 9,015 | 7,877 | 10,135 | 11,454 | 12,060 | 15,691 | 16,501 | 17,163 | 9,248 | 11,454 | 17,163 | 17,955 |
| Long-term debt | 13,252 | 13,851 | 15,003 | 14,017 | 11,187 | 11,187 | 11,187 | 11,187 | 12,966 | 14,017 | 11,187 | 11,187 |
| Other noncurrent liabilities | 2,397 | 2,692 | 2,511 | 3,162 | 3,918 | 3,918 | 3,918 | 3,918 | 2,071 | 3,162 | 3,918 | 3,918 |
| TOTAL LIABILITIES | 24,664 | 24,420 | 27,649 | 28,633 | 27,165 | 30,796 | 31,606 | 32,268 | 24,285 | 28,633 | 32,268 | 33,060 |
| Total equity | 46,797 | 48,633 | 50,748 | 54,165 | 58,806 | 68,402 | 78,521 | 89,118 | 45,131 | 54,165 | 89,118 | 133,729 |
| TOTAL LIABILITIES AND EQUITY | 71,461 | 73,053 | 78,397 | 82,798 | 85,971 | 99,198 | 110,127 | 121,387 | 69,416 | 82,798 | 121,387 | 166,789 |

Source: Company reports, RBC Capital Markets estimates

Exhibit 15 - MU Cash Flow Statement

Micron - RBC

Cash Flow Statement (\$mln)

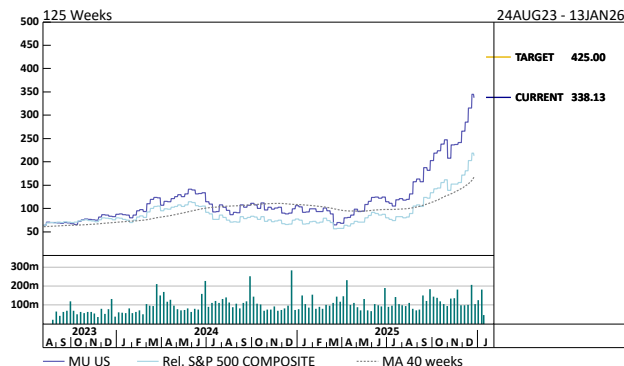
FYE: August

| | FY25A | | | | FY26E | | | | FY24A | FY25A | FY26E | FY27E |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-----------------|
| | Nov-24 1Q25A | Feb-25 2Q25A | May-25 3Q25A | Aug-25 4Q25A | Nov-25 1Q26A | Feb-26 2Q26E | May-26 3Q26E | Aug-26 4Q26E | | | | |
| Net Income | 1,870 | 1,583 | 1,885 | 3,201 | 5,240 | 9,422 | 9,946 | 10,425 | 778 | 8,539 | 35,034 | 43,924 |
| Depreciation and amortization | 2,030 | 2,079 | 2,094 | 2,149 | 2,212 | 2,222 | 2,232 | 2,242 | 7,780 | 8,352 | 8,908 | 9,068 |
| Amortization of debt discount | - | - | - | - | - | - | - | - | - | - | - | - |
| Loss on debt repurchases and conversions | - | - | - | - | - | - | - | - | - | - | - | - |
| Stock-based compensation | 220 | 249 | 253 | 250 | 290 | 305 | 305 | 305 | 833 | 972 | 1,205 | 1,220 |
| Gain on Inotera | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in operating assets and liabilities: | | | | | | | | | | | | |
| Receivables | (817) | 1,155 | (461) | (1,653) | (871) | (3,775) | (842) | (688) | (3,581) | (1,776) | (6,177) | (823) |
| Inventories | 170 | (302) | 280 | 372 | 150 | (3,041) | (679) | (555) | (488) | 520 | (4,125) | (663) |
| Accounts payable and accrued expenses | (241) | (473) | 752 | 824 | 156 | 3,631 | 810 | 662 | 1,915 | 862 | 5,259 | 792 |
| Payments attributed to Inotera | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred taxes | - | - | - | - | - | - | - | - | - | - | - | - |
| Other current liabilities | (161) | (160) | (360) | 409 | 449 | - | - | - | 989 | (272) | 449 | - |
| Other | 173 | (189) | 166 | 178 | 785 | - | - | - | 281 | 328 | 785 | - |
| Net cash provided by operations | 3,244 | 3,942 | 4,609 | 5,730 | 8,411 | 8,764 | 11,773 | 12,391 | 8,507 | 17,525 | 41,339 | 53,518 |
| Gross capital expenditures | (3,206) | (4,055) | (2,938) | (5,658) | (5,389) | (5,200) | (5,200) | (5,200) | (8,386) | (15,857) | (20,989) | (21,424) |
| Proceeds from government incentives | 65 | 963 | 266 | 711 | 878 | - | - | - | 315 | 2,005 | 878 | - |
| Purchases of available-for-sale securities | (377) | (439) | (387) | (687) | (255) | - | - | - | (1,999) | (1,890) | (255) | - |
| Payments to settle hedging activities | - | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition of Inotera | - | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds from maturities of available-for-sale securities | 428 | 446 | 375 | 449 | 268 | - | - | - | 1,794 | 1,698 | 268 | - |
| Proceeds from sales of available-for-sale securities | - | - | - | - | - | - | - | - | - | - | - | - |
| Proceeds from settlement of hedging activities | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | (58) | (67) | 95 | (13) | (96) | - | - | - | (33) | (43) | (96) | - |
| Net cash provided by investing activities | (3,148) | (3,152) | (2,589) | (5,198) | (4,594) | (5,200) | (5,200) | (5,200) | (8,309) | (14,087) | (20,194) | (21,424) |
| Debt repayment/proceeds | (84) | 140 | 770 | (1,015) | (2,943) | - | - | - | (898) | (189) | (2,943) | - |
| Repurchase of common stock | - | - | - | - | (667) | - | - | - | (300) | - | (667) | - |
| Dividends paid | (131) | (130) | (131) | (130) | (134) | (132) | (132) | (133) | (513) | (522) | (531) | (533) |
| Payment on equipment purchase contracts | - | - | - | - | - | - | - | - | (149) | - | - | - |
| Other | (207) | 86 | (99) | 81 | (1) | - | - | - | 18 | (139) | (1) | - |
| Net cash provided by financing activities | (422) | 96 | 540 | (1,064) | (3,745) | (132) | (132) | (133) | (1,842) | (850) | (4,142) | (533) |
| Currency effects | (29) | (20) | 46 | 9 | 14 | - | - | - | 40 | 6 | 14 | - |
| Beginning cash balance | 7,052 | 6,697 | 7,563 | 10,169 | 9,646 | 9,732 | 13,164 | 19,604 | 8,656 | 7,052 | 9,646 | 26,663 |
| Change in cash balance | (355) | 866 | 2,606 | (523) | 86 | 3,432 | 6,440 | 7,059 | (1,604) | 2,594 | 17,017 | 31,561 |
| Ending cash balance | 6,697 | 7,563 | 10,169 | 9,646 | 9,732 | 13,164 | 19,604 | 26,663 | 7,052 | 9,646 | 26,663 | 58,223 |
| Proceeds from sale of property, plant, equipment | 9 | 7 | 12 | 20 | 6 | - | - | - | 99 | 48 | 6 | - |
| Adjusted FCF | 112 | 857 | 1,949 | 803 | 3,906 | 3,564 | 6,573 | 7,191 | 386 | 3,721 | 21,234 | 32,094 |
| Adjusted FCF/share | \$ 0.10 | \$ 0.75 | \$ 1.70 | \$ 0.70 | \$ 3.40 | \$ 3.10 | \$ 5.71 | \$ 6.23 | \$ 0.34 | \$ 3.26 | \$ 18.45 | \$ 27.69 |

Source: Company reports, RBC Capital Markets estimates

Target/Upside/Downside Scenarios

Micron Technology, Inc.



Source: Bloomberg and RBC Capital Markets estimates for Target

Valuation

Our price target of \$425 assumes slight multiple expansion over the next 12 months, which we believe is justified as supply shortages persist and HBM4 ramps. We assume an 11x P/E multiple on our CY27 EPS (or 3.4x P/B), in line with prior cycles. Our price target justifies an Outperform rating.

Upside scenario

Our bull case price of \$500 assumes MU will trade slightly higher than prior cycles at 12x CY27E EPS. We assume further multiple expansion given the structurally higher margins and FCF due to HBM mix. Our bull case scenario contemplates:

- Successful qualification of future HBM generations and share growing above 20%
- Demand significantly outpacing MU's 20% bit supply growth for both DRAM and NAND in 2026
- Gross margins exceeding 70% on stronger demand and pricing power

Downside scenario

Our bear case price of \$200 assumes MU will trade closer to 2018 cycle peaks at 5x CY27E EPS. Our bear case scenario contemplates:

- HBM share loss from strong competition/or failure to qualify at NVDA
- Long-term agreements limiting ASP increases and near-term upside
- HDD supply constraints easing, resulting in lower eSSD demand/adoption

Investment summary

The key debate is mostly about the duration of current Memory upcycle. Surging GenAI demand and much-improved supply discipline have created extreme tightness in Memory, sparking discussions about long-term agreements. While investor skepticism about LTAs in commodity Memory could remain, limited clean room space and structural supply headwinds could extend the current upcycle well into 2027. HBM content is growing at a 50%+ rate, HBM4 transition is a material tailwind, and Micron has strong roadmap. We see \$50+ peak earnings and believe a higher peak multiple is appropriate due to non-commodity HBM mix.

Risks to rating and price target

- **Production constraints:** Clean room capacity remains constrained until 2027. In addition, HBM trade ratio is currently 3:1 and increasing with each generation, which could result in wafer supply shortages. Production bottlenecks could limit near-term upside.
- **HBM competition:** HBM4 is highly competitive as Samsung appears on track to qualify at NVDA and SK Hynix is preparing mass production. Failure to qualify at NVDA or other ASIC platforms would have a significant revenue impact.
- **NAND oversupply:** NAND shortages are driving strong ASP increases and peer commentary suggests near-term supply will remain tight. Any unexpected increase in NAND supply or decrease in eSSD/data center demand could cause NAND prices to collapse.



Key fundamental questions

Our view

How long can the Memory industry supply demand balance last?

We expect demand to continue to outpace supply growth through 2026 and into 2027. While suppliers are adding capacity on a selective basis, lead times are long and clean room space is limited. HBM growth is also impacting overall bit supply negatively.

Are the company's share gains in HBM market sustainable?

Micron's HBM share went from zero to 20%+ in about 8 quarters. Our base case is for the company to maintain its current share. However, the company has leadership in power efficiency and has a solid HBM4/4e product roadmaps, which could unlock further share gains.

What's the risk that HBM market commoditizes longer term?

We believe it's highly unlikely given the complexity associated with the designs and qualification timelines. In addition, HBM4e enables customization using advanced logic base-die, which we think will further differentiate the products.

Key sustainability questions

This section is intended to highlight key sustainability discussion points relevant to this company, as well as our views on the outlook. Both the questions we highlight and our responses will evolve over time as the dialogue between management, analysts and investors continues to advance. We welcome any feedback on the topics.

Our view

What are the most material sustainability issues facing this company?

Micron Technology helps provide memory chips that lead to improved performance of computers. This is an important sustainability factor as it relates to environmental concerns regarding wasted electricity from computing.

Does the company integrate sustainability considerations into its strategy?

The company integrates sustainability into its strategy and continues to focus on diversity and inclusion as a strategic initiative.

What is diversity like at the board/management level?

The company currently has one female board member and its board of directors encompasses a variety of backgrounds.



Company description

Based in Boise, Idaho, Micron Technology, Inc. is a manufacturer of semiconductor devices, primarily DRAM and NAND memory. The company has four business units/reportable segments: Compute and Networking Business Unit: Includes memory products sold into compute, networking, graphics, and cloud server markets; Storage Business Unit: Includes memory and storage products sold into enterprise, client, cloud, and removable storage markets; Mobile Business Unit: Includes memory products sold into smartphone, tablet, and other mobile-device markets; Embedded Business Unit: Includes memory products sold into automotive, industrial, connected home, and consumer electronics markets.

Required disclosures

Conflicts disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Please note that current conflicts disclosures may differ from those as of the publication date on, and as set forth in, this report. To access current conflicts disclosures, clients should refer to <https://www.rbccm.com/GLDisclosure/PublicWeb/DisclosureLookup.aspx?entityId=1> or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Micron Technology, Inc. during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Micron Technology, Inc..

RBC Capital Markets, LLC makes a market in the securities of Micron Technology, Inc..

RBC Capital Markets has provided Micron Technology, Inc. with non-securities services in the past 12 months.

RBC Capital Markets, LLC makes a market in the securities of Sandisk Corporation.

A member company of RBC Capital Markets or one of its affiliates received compensation for products or services other than investment banking services from Sandisk Corporation during the past 12 months. During this time, a member company of RBC Capital Markets or one of its affiliates provided non-securities services to Sandisk Corporation.

RBC Capital Markets has provided Sandisk Corporation with non-securities services in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates managed or co-managed a public offering of securities for Sandisk Corporation in the past 12 months.

A member company of RBC Capital Markets or one of its affiliates received compensation for investment banking services from Sandisk Corporation in the past 12 months.

Explanation of RBC Capital Markets Equity rating system

An analyst's 'sector' is the universe of companies for which the analyst provides research coverage. Accordingly, the rating assigned to a particular stock represents solely the analyst's view of how that stock will perform over the next 12 months relative to the analyst's sector average.

Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.



Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

Risk Rating

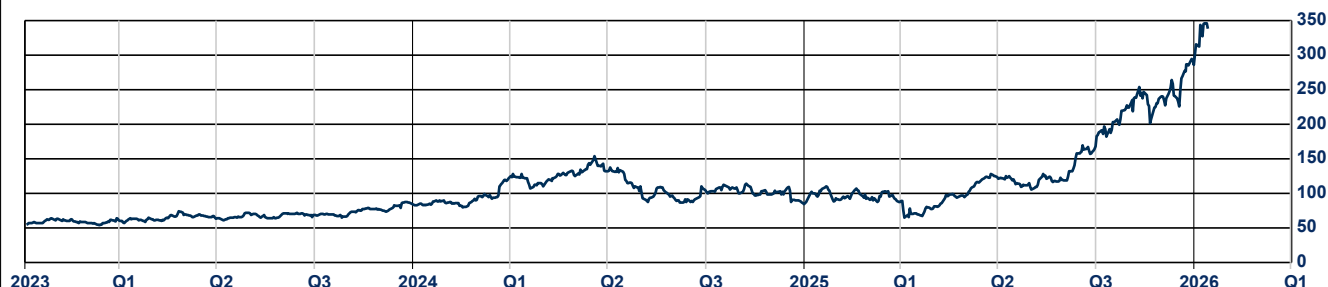
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.

Distribution of ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP), and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

| Distribution of ratings | | | | |
|--------------------------------------|-------|---------|--------------------|---------|
| RBC Capital Markets, Equity Research | | | | |
| As of 31-Dec-2025 | | | | |
| Rating | Count | Percent | Investment Banking | |
| | | | Serv./Past 12 Mos. | |
| | | | Count | Percent |
| BUY [Outperform] | 884 | 58.31 | 282 | 31.90 |
| HOLD [Sector Perform] | 586 | 38.65 | 160 | 27.30 |
| SELL [Underperform] | 46 | 3.03 | 3 | 6.52 |

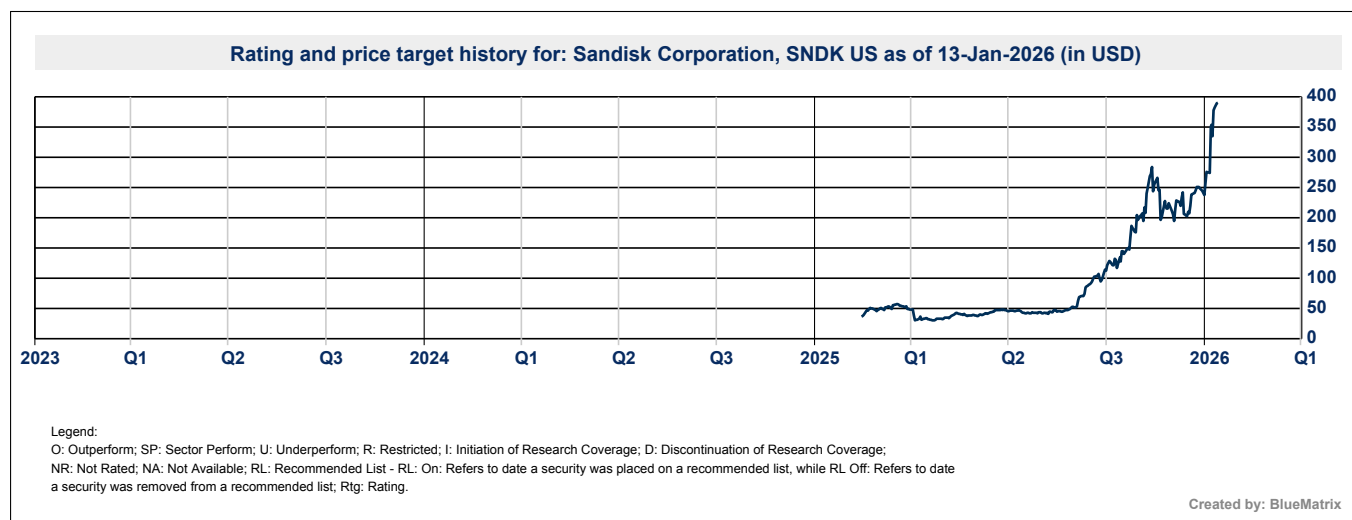
Rating and price target history for: Micron Technology, Inc., MU US as of 13-Jan-2026 (in USD)



Legend:

O: Outperform; SP: Sector Perform; U: Underperform; R: Restricted; I: Initiation of Research Coverage; D: Discontinuation of Research Coverage;
NR: Not Rated; NA: Not Available; RL: Recommended List - RL: On: Refers to date a security was placed on a recommended list, while RL Off: Refers to date
a security was removed from a recommended list; Rtg: Rating.

Created by: BlueMatrix



References to a Recommended List in the recommendation history chart may include one or more recommended lists or model portfolios maintained by RBC Wealth Management or one of its affiliates. RBC Wealth Management recommended lists include the Guided Portfolio: Prime Income (RL 6), the Guided Portfolio: Dividend Growth (RL 8), the Guided Portfolio: ADR (RL 10), and the Guided Portfolio: All Cap Growth (RL 12). The abbreviation 'RL On' means the date a security was placed on a Recommended List. The abbreviation 'RL Off' means the date a security was removed from a Recommended List. As of April 3, 2023, U.S. RBC Wealth Management's quarterly reports will serve as the primary communication for its models and will highlight any changes to the model made during the quarter.

Equity valuation and risks

For valuation methods used to determine, and risks that may impede achievement of, price targets for covered companies, please see the most recent company-specific research report at www.rbcinsightresearch.com or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7.

Micron Technology, Inc.

Valuation

Our price target of \$425 assumes slight multiple expansion over the next 12 months, which we believe is justified as supply shortages persist and HBM4 ramps. We assume an 11x P/E multiple on our CY27 EPS (or 3.4x P/B), in line with prior cycles. Our price target justifies an Outperform rating.

Risks to rating and price target

- **Production constraints:** Clean room capacity remains constrained until 2027. In addition, HBM trade ratio is currently 3:1 and increasing with each generation, which could result in wafer supply shortages. Production bottlenecks could limit near-term upside.
- **HBM competition:** HBM4 is highly competitive as Samsung appears on track to qualify at NVDA and SK Hynix is preparing mass production. Failure to qualify at NVDA or other ASIC platforms would have a significant revenue impact.
- **NAND oversupply:** NAND shortages are driving strong ASP increases and peer commentary suggests near-term supply will remain tight. Any unexpected increase in NAND supply or decrease in eSSD/data center demand could cause NAND prices to collapse.

Sandisk Corporation

Valuation

SNDK has a limited trading history and has traded at a P/E range of 6x-24x since its spin-off, with an average of 12x. The stock currently trades at a premium to its historical average and Memory peers. Peers including MU and SK Hynix have traded at 4-6x P/E during last 2 cyclical peaks. While upward revisions to consensus estimates could continue, we believe the stock is already discounting \$40 of peak earnings, even assuming a high single-digit peak multiple. Our \$400 price target assumes an above



historical average PE of 18x multiple on CY27E EPS, which reflects the strong demand and disciplined supply environment, balanced by premium valuation and lack of meaningful secular drivers such as HBM. Our price target supports a Sector Perform rating.

Risks to rating and price target

- **NAND oversupply:** SNDK is benefiting from ASP increases as demand outpaces supply. Unexpected increases in NAND production from other industry players could significantly impact prices.
- **eSSD qualification:** SNDK is making progress on eSSD and has ~5% share of the market. Failure to qualify at hyperscalers could result in market share loss and material impacts on growth prospects.
- **Edge slowdown:** Edge remains SNDK's largest end market at nearly 60% of sales. Any declines in PC shipments, smartphone units, or memory capacity per device could negatively impact revenue.

Conflicts policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to

<https://www.rbccm.com/global/file-414164.pdf>

or send a request to RBC Capital Markets Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.

For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: <https://rbcnw.bluematrix.com/sellside/MAR.action>

The 12 month history of Quick Takes can be viewed at [RBC Insight](#).

Analyst certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect



recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents:

This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents:

This publication has been approved by RBC Dominion Securities Inc. (member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents:

This publication has been approved by RBC Europe Limited ('RBCEL') which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents:

This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia:

This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch:

This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not "professional investors", as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch:

This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not "accredited investors" and "institutional investors", as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents:

Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association (JSDA) and the Financial Futures Association of Japan (FFAJ).

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license..

Copyright © RBC Capital Markets, LLC 2026 - Member SIPC

Copyright © RBC Dominion Securities Inc. 2026 - Member Canadian Investor Protection Fund

Copyright © RBC Europe Limited 2026

Copyright © Royal Bank of Canada 2026

All rights reserved