RESEARCH / EARNINGS AND VALUATION

MICRON

Micron stock Q3 2026: a $54bn record quarter, 81% margins and the HBM boom

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FIGURES AS OF FISCAL Q4 2026 RESULTS (CALENDAR Q3 2026); PRICES AS OF THE 30 OCT 2026 CLOSE

/ 18 MIN READ

Micron stock enters November 2026 as the purest public bet on AI memory, and its latest results show why. Micron's fiscal fourth quarter of 2026, which ran from June to early September and covers calendar Q3 2026, brought revenue of $54.2bn, up 4.8 times on a year earlier, a GAAP operating margin of 80.7% and earnings of $32.87 per share. Micron guided to $61.5bn for the next quarter. The open question for Micron stock in Q3 2026 is not demand; it is how long memory prices stay this high. All figures are as of Micron's fiscal Q4 2026 results, reported on 30 September 2026, and its Form 10-K, filed on 9 October 2026; share prices are as of the 30 October 2026 close of $884.74.

Key takeaways

- **Value:** the QSILabs discounted cash flow value for Micron (MU) is $846.07 per share as of its fiscal Q4 2026 results, against an $884.74 close on 30 October 2026, about 4% lower.
- **Record quarter:** Micron revenue was $54,229m in fiscal Q4 2026 (quarter ended 3 September 2026), up from $11,315m a year earlier and $41,456m in the prior quarter, with a GAAP gross margin of 86.8% (Micron 8-K, 30 September 2026).
- **Full year:** Micron's fiscal 2026 revenue was $133,188m, 3.6 times fiscal 2025, with GAAP net income of $84,969m, or $74.33 per diluted share, and operating cash flow of $89.7bn.

- **Guidance:** Micron (MU) guided fiscal Q1 2027 revenue to $61.5bn, plus or minus $1.5bn, with a GAAP gross margin of about 85.95% and GAAP EPS of $37.84, plus or minus $1.00.
- **Contracts:** Micron received $12.75bn of customer deposits in fiscal 2026 under take-or-pay strategic customer agreements, and says even floor prices in those deals yield gross margins above its past peak (Form 10-K).

Micron stock Q3 2026 in brief

Short answer: Micron has just reported the most profitable year in the history of the memory industry, and the shares already reflect most of it. Our discounted cash flow value is **$846.07 per share** (a QSILabs estimate), about 4% below the $884.74 close. That figure assumes fiscal 2027 revenue of $263.5bn and a peak in fiscal 2028, followed by a memory down-cycle in which revenue falls by about 40% over two years. If prices hold up for longer than that, the shares are cheap; if the cycle turns sooner, they are expensive.

$54.2bn Fiscal Q4 2026 revenue, up from $11.3bn a year earlier (4.8x) 8-K EX 99.1	**86.8%** GAAP gross margin; operating margin 80.7% 8-K EX 99.1
$32.87 GAAP diluted EPS for the quarter; $74.33 for fiscal 2026 8-K EX 99.1	**$61.5bn** Fiscal Q1 2027 revenue guidance (plus or minus $1.5bn) 8-K EX 99.1
$12.75bn Customer deposits received under strategic customer agreements 10-K	**$846.07** QSILabs value per share vs $884.74 close (30 Oct 2026) QSILABS DCF

KEY NUMBER, FISCAL Q4 2026	VALUE	YEAR ON YEAR	SOURCE
Revenue	$54,229m	+379%	8-K Ex 99.1
GAAP gross margin	86.8%	from 44.7%	8-K Ex 99.1
GAAP operating income	$43,751m	from $3,654m	8-K Ex 99.1
Operating margin	80.7%	from 32.3%	8-K Ex 99.1
Net income / diluted EPS	$37,701m / $32.87	from $3,201m / $2.83	8-K Ex 99.1
Operating cash flow	$43,973m	from $5.73bn	8-K Ex 99.1
Adjusted free cash flow	$33.20bn	Micron definition	8-K Ex 99.1
Fiscal 2026 revenue	$133,188m	+256%	10-K
Fiscal Q1 2027 revenue guide	$61.5bn	about +351%	8-K Ex 99.1
QSILabs value per share	$846.07	vs $884.74 price	QSILabs estimate

ABOUT THIS ANALYSIS

Written by QSI Labs Research, the equity research team at QSI Labs. We build every valuation from the company's own filings: here, Micron's Form 8-K earnings release of 30 September 2026 and its Form 10-K for the fiscal year ended 3 September 2026, filed on 9 October 2026.

Micron's fiscal year ends around the start of September, so its fiscal fourth quarter of 2026 (29 May to 3 September 2026) is the quarter that covers calendar Q3 2026. Its next results, for fiscal Q1 2027, are due in December 2026.

Share prices are Nasdaq closes as of 30 October 2026 ($884.74). Forecasts, values per share and anything not reported by Micron are QSILabs estimates from our discounted cash flow model and are labelled as such.

How did Micron do in fiscal Q4 2026?

Micron's fiscal Q4 2026 was the strongest quarter it has ever reported: revenue rose 31% from the prior quarter and 379% from a year earlier to $54.2bn, and GAAP net income rose to

$37.7bn from $3.2bn. Diluted earnings per share were $32.87, or $33.42 on Micron's non-GAAP measure.

The jump came almost entirely from price and mix. Gross margin rose to 86.8% from 84.6% in the prior quarter and 44.7% a year earlier, while operating expenses were only $3.3bn. That leaves an operating margin of 80.7%, a level more typical of software than of a company that runs some of the most capital-intensive factories in the world. Chairman and chief executive Sanjay Mehrotra said Micron "delivered record fiscal 2026 results, and we expect an even stronger fiscal 2027".

For the full fiscal year, which ended on 3 September 2026, revenue was $133.2bn against $37.4bn in fiscal 2025. GAAP operating income was $99.3bn, a 74.6% margin, and net income was $85.0bn, or $74.33 per share. Every quarter of the year set a record: revenue went from $13.6bn in fiscal Q1 to $23.9bn, $41.5bn and then $54.2bn.

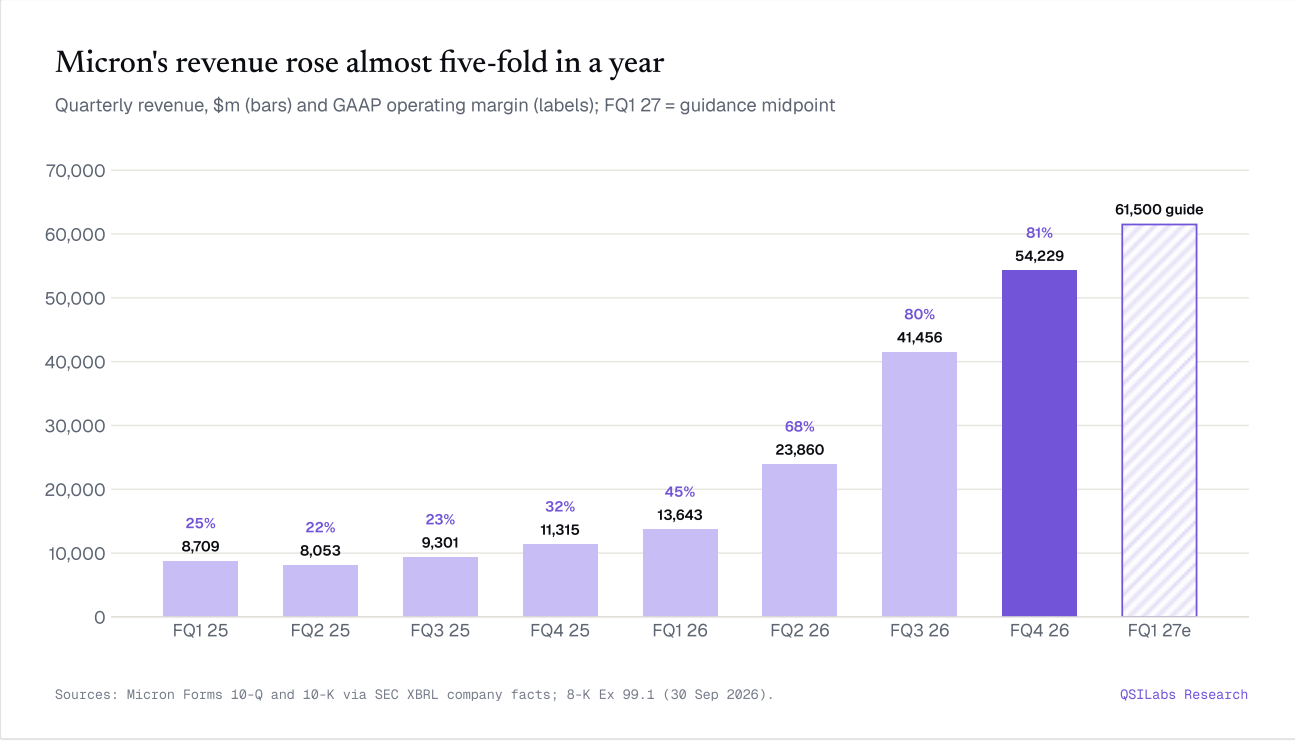


FIGURE 1 Revenue rose from $8.7bn in fiscal Q1 2025 to $54.2bn in fiscal Q4 2026, and the GAAP operating margin from 25% to 81%. The hatched bar is the $61.5bn guide.

MICRON IN 2026

20 NOV 2025	52-week closing low of $201.37	Yahoo Finance
JAN 2026	Ground broken on the first New York fab	10-K
MAR 2026	Tongluo, Taiwan fab bought from PSMC for $1.8bn	10-K
25 JUN 2026	52-week closing high of $1,213.56	Yahoo Finance
AUG 2026	Micron Research Labs announced: about $10bn over a decade	10-K
30 SEP 2026	Fiscal Q4 2026 results: revenue $54.2bn, EPS $32.87	Micron 8-K
8-9 OCT 2026	Buyback authorisation raised to $35.16bn; Form 10-K filed	10-K; SEC EDGAR
30 OCT 2026	Shares close at $884.74	Yahoo Finance
DEC 2026	Fiscal Q1 2027 results; guide $61.5bn revenue, EPS $37.84	Micron 8-K

Which Micron business units grew fastest in 2026?

Core Data Center was the fastest-growing Micron business unit in fiscal 2026: its revenue rose 420% to $37.6bn, against 219% growth in Cloud Memory, 209% in Mobile and Client and 234% in Automotive and Embedded. About 60% of Micron's fiscal 2026 revenue came from the data centre end market, according to its 10-K.

Cloud Memory and Core Data Center: the AI engine

The Cloud Memory Business Unit (CMBU), which sells high-bandwidth memory (HBM), high-capacity server modules and low-power server DRAM to the largest cloud companies, had fiscal Q4 revenue of $16.3bn, up from $4.5bn a year earlier, at a 76% operating margin. The Core Data Center Business Unit (CDBU), which sells server memory modules and data centre SSDs to other server makers, had $18.0bn of revenue, up from $1.6bn, at an 85% margin. Together they produced 63% of the quarter's revenue.

HBM is the product most investors watch. In fiscal 2026 HBM3E 12-high made up the majority of Micron's HBM shipments, and Micron began volume production of HBM4 36GB 12-high, built on its 1-beta DRAM process, while sampling HBM4 48GB 16-high parts to key customers. The release also says revenue from server LPDDR SOCAMM modules more than doubled from the prior quarter, and that its PCIe Gen 5 and Gen 6 SSDs are now shipping for KV-cache use in AI inference.

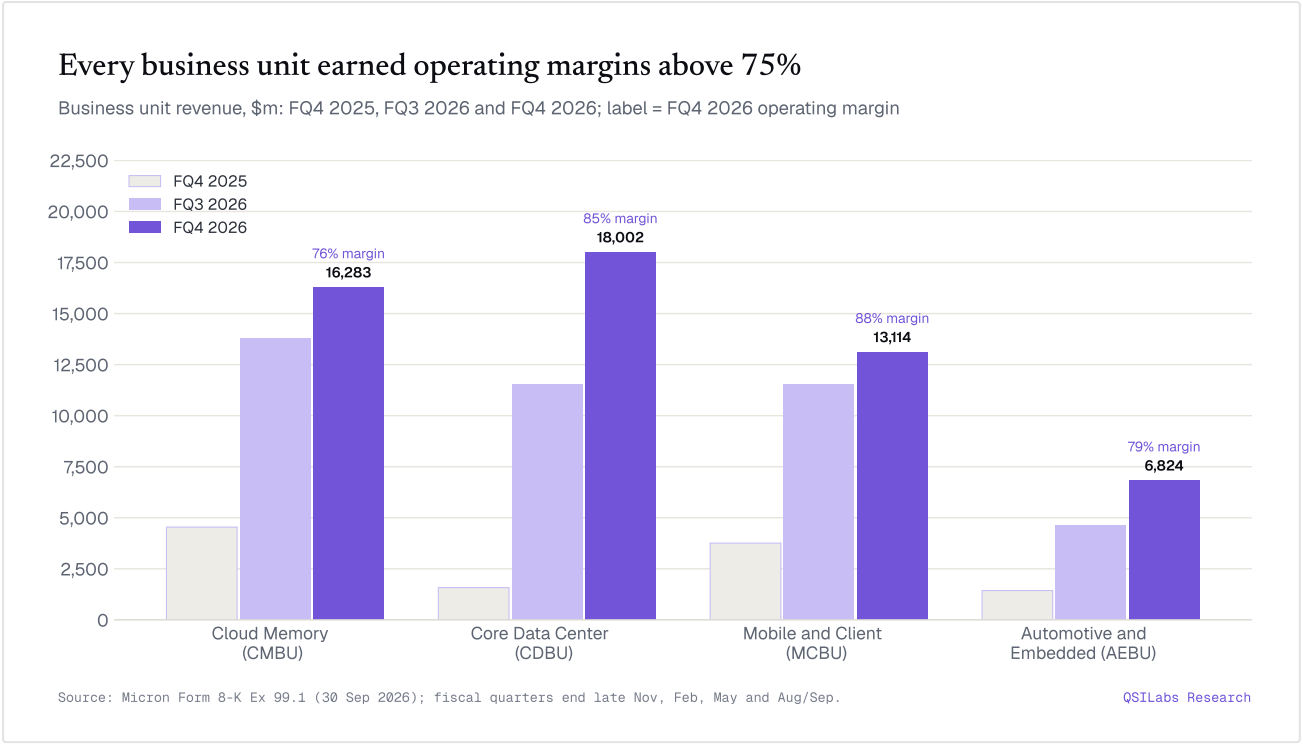


FIGURE 2 Core Data Center revenue rose from $1.6bn to $18.0bn in a year. Every unit earned an operating margin of at least 76% in fiscal Q4 2026.

Mobile, PC and automotive: tight supply lifts every market

Mobile and Client revenue rose to $13.1bn from $3.8bn, and Automotive and Embedded to $6.8bn from $1.4bn. These are not AI products in the narrow sense, but they share the same factories. As Micron moved wafers towards data centre demand, supply for phones, PCs and cars tightened, and prices rose. The 10-K says Mobile and Client revenue grew mainly on higher average selling prices, partly offset by lower bit shipments because supply was redirected to other markets. The result is that the least AI-exposed unit had the highest margin in the quarter, 88%.

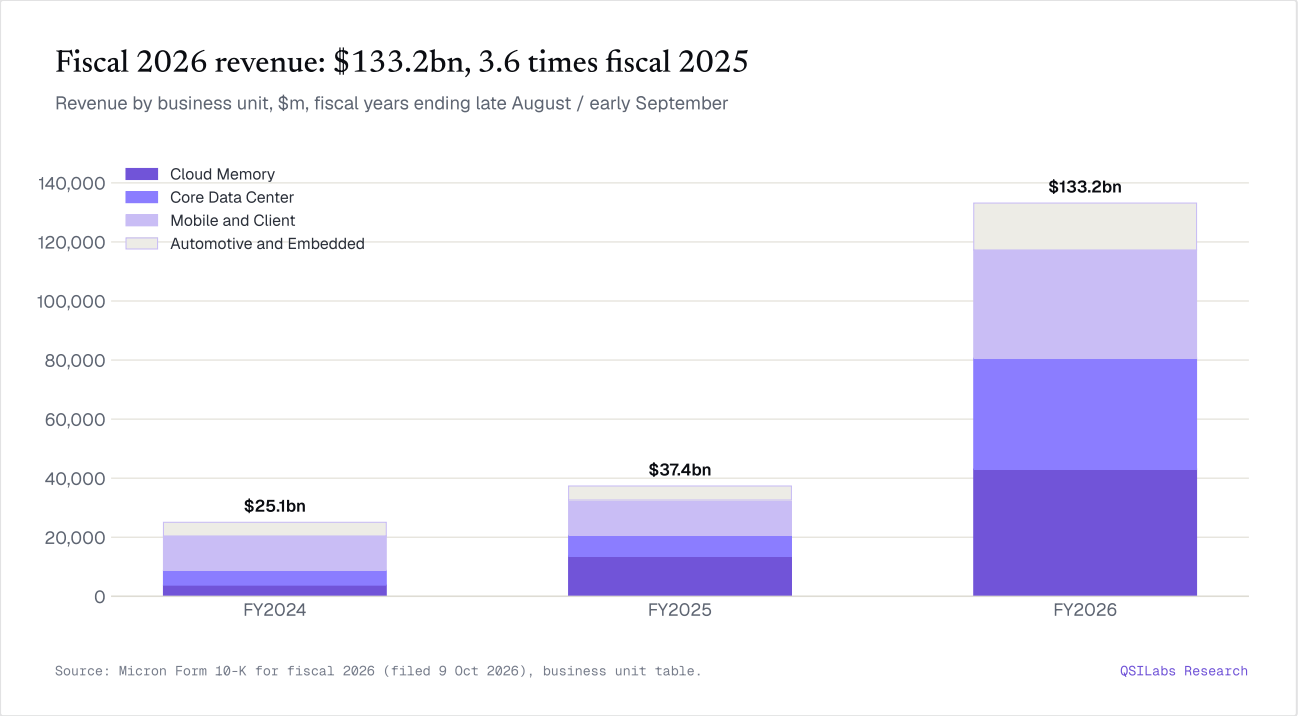


FIGURE 3 Fiscal 2026 revenue of $133.2bn was split almost evenly between Cloud Memory ($43.1bn), Core Data Center ($37.6bn) and Mobile and Client ($36.6bn).

Why are Micron's margins so high? HBM, pricing and strategic customer agreements

Micron's margins are high because memory supply is growing more slowly than AI demand, so prices have risen far faster than costs. A gross margin of 86.8% means Micron now keeps about 87 cents of each dollar of revenue after the cost of making its chips. In the last memory upcycle its quarterly gross margin peaked at 61.0%, in fiscal Q4 2018, and in fiscal 2023 it was negative (SEC XBRL data).

What is new this time is how Micron is trying to lock in those prices. In the third and fourth quarters of fiscal 2026, it signed strategic customer agreements, which are multi-year take-or-pay contracts with binding volumes. Most of them set prices within minimum and maximum bands. Micron says it expects these agreements "even at floor pricing levels, to yield gross margins meaningfully above our peak quarterly margins in any past cycle".

Customers also put up money. Micron received $12.75bn of cash deposits under these agreements in fiscal 2026, nearly all of which are due to be repaid between 2029 and 2031 if customers meet their purchase commitments, and customers had arranged a further $7bn of letters of credit. In our model we treat the $12.9bn of customer contract liabilities on the balance sheet as debt, because Micron has to return the cash.

What do the contracts not do?

The contracts reduce risk but do not remove it. Micron does not disclose the floor prices, the volumes or how much of its supply they cover, and "above past peak margins" still allows a large fall from 87%. Over half of Micron's revenue comes from its top ten customers, so the agreements also tie Micron more closely to a few cloud companies and AI system makers. For a wider view of AI chip demand, see our NVIDIA Q3 2026 analysis and our Broadcom Q3 2026 analysis.

How much is Micron spending on capex and new fabs?

Micron spent $27.4bn on capital expenditure, net of government incentives, in fiscal 2026, and expects about $11.5bn in fiscal Q1 2027, about $25bn in the first half of fiscal 2027 and more in the second half. Gross purchases of property, plant and equipment were $30.7bn, but operating cash flow was $89.7bn, so Micron generated $62.3bn of adjusted free cash flow.

The money is going into new factories on three continents:

- **Idaho:** the first Boise fab is expected to produce DRAM wafers in mid-2027, and the second by late 2028.
- **New York:** Micron broke ground on the first of up to four fabs in Clay in January 2026, with first wafers expected in 2030.
- **Taiwan:** it bought a fab in Tongluo from Powerchip for $1.8bn in March 2026, with shipments from mid-2027, and is building a second cleanroom there.
- **Japan and Singapore:** a new cleanroom in Hiroshima should start output in late 2028, and Singapore is adding HBM packaging and NAND capacity.

The US build is supported by up to $6.4bn of CHIPS Act grants and a 35% investment tax credit. Micron also announced Micron Research Labs, with about $10bn planned over a decade. Most of this capacity arrives in 2027 and 2028, which matters for the cycle: new supply from Micron and its rivals is the most likely reason prices eventually fall.

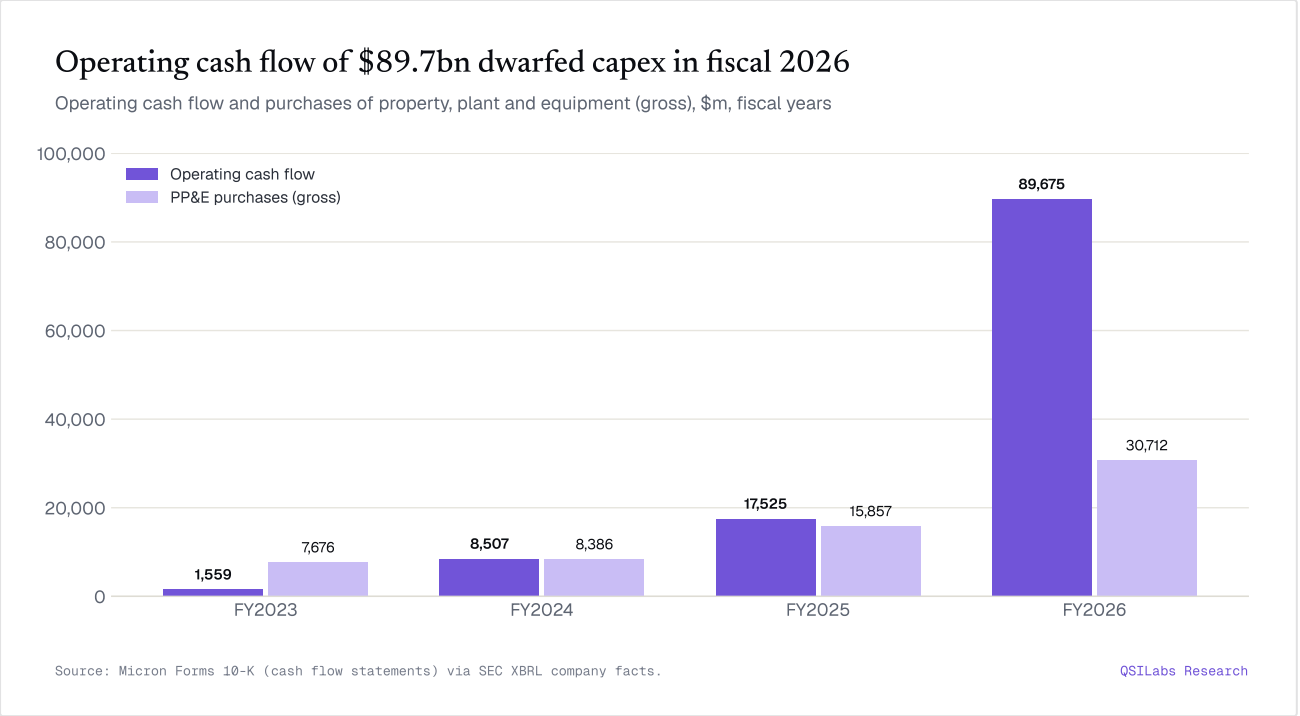


FIGURE 4 Operating cash flow rose from $17.5bn in fiscal 2025 to $89.7bn in fiscal 2026, almost three times gross capex of $30.7bn.

What is Micron doing with its cash?

Micron ended fiscal 2026 with $73.5bn of cash, marketable investments and restricted cash and about $5.2bn of debt, after repaying $10.0bn of debt during the year. On 8 October 2026 its board raised the share buyback authorisation to a total of $35.16bn, for purchases from 9 December 2026, and Micron pays a quarterly dividend of $0.15 per share. At $884.74 and about 1,150m diluted shares, Micron's market value is about $1.0tn (QSILabs calculation).

What is Micron's guidance for fiscal Q1 2027?

Micron expects fiscal Q1 2027 revenue of $61.5bn, plus or minus $1.5bn, which would be about 13% above fiscal Q4 2026 and about 4.5 times the $13.6bn of fiscal Q1 2026. It guides to a GAAP gross margin of about 85.95%, GAAP operating expenses of about $2.31bn and GAAP diluted EPS of $37.84, plus or minus $1.00 ($38.15 non-GAAP).

Those figures imply GAAP operating income of about $50.5bn, an 82% margin (QSILabs arithmetic from the guidance midpoints). The slightly lower gross margin guide, 85.95% against 86.8% in fiscal Q4, is the first sign that margins may be levelling off. Micron's results for the quarter are due in December 2026.

What is Micron stock worth? MU valuation after Q3 2026

The QSILabs value for Micron (MU) stock is **$846.07 per share** as of 30 October 2026, about 4% below the $884.74 close. That is not a 12-month price target. It is our estimate of what Micron's future cash flows are worth today, and at $884.74 the shares trade about 5% above it.

Method

QSILabs values Micron with a discounted cash flow model built by business unit. We discount unlevered free cash flow (operating profit after tax, plus depreciation, less capex and working capital) for fiscal 2027 to fiscal 2036, then add a terminal value. The discount rate is 11.71%, the Damodaran cost of capital for US semiconductor companies (January 2026): a cost of equity of 11.89% from a 5.12% Treasury yield and an industry beta of 1.52, with a small amount of debt at an after-tax cost of 4.85%. Terminal growth is 2.5%, with reinvestment set by a 15% return on new capital, and the tax rate is 15%. We then add cash of $73.5bn, deduct $18.1bn of debt including customer deposits, and add about $15.9bn for cash generated between the 3 September balance sheet and the 30 October valuation date.

Our forecast

For fiscal 2027 we use revenue of $263.5bn, based on Micron's fiscal Q1 guide and continued sequential growth, about 4% below the analyst consensus of $275.5bn (StockAnalysis, S&P Global data, 29 October 2026). Fiscal 2028 rises 21% to $319.6bn, in line with consensus of $319.7bn. We then assume the cycle turns: revenue falls 30% in fiscal 2029 and 15% in fiscal 2030, to $190.2bn, before growing 4% to 10% a year to $264.4bn in fiscal 2036.

The operating margin is 81.5% in fiscal 2027 and 73.6% in fiscal 2028, then fades to 41.8% from fiscal 2032, a QSILabs estimate close to Micron's margins in good years before the AI boom. Our fiscal 2027 operating profit after tax is about $159 per share, below the consensus earnings estimate of $176.50.

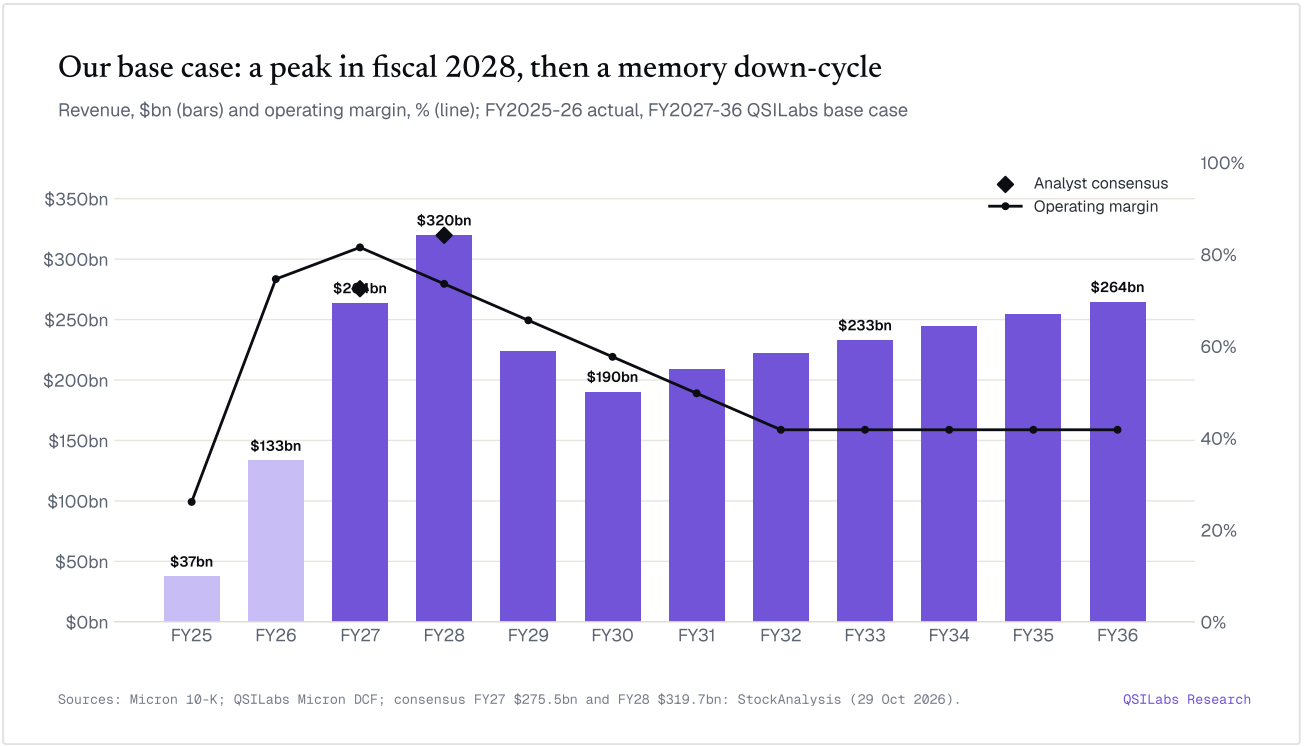


FIGURE 5 Our base case takes revenue from $133bn in fiscal 2026 to $320bn in fiscal 2028, then down to $190bn in fiscal 2030 as new supply arrives.

Capex is $60bn in fiscal 2027 and $50bn in fiscal 2028 in our base case, then falls to about 17% of revenue before rising with sales. On that path unlevered free cash flow is $101bn in fiscal 2027 and $160bn in fiscal 2028, then falls to $78bn by fiscal 2031 and $77bn in fiscal 2036.

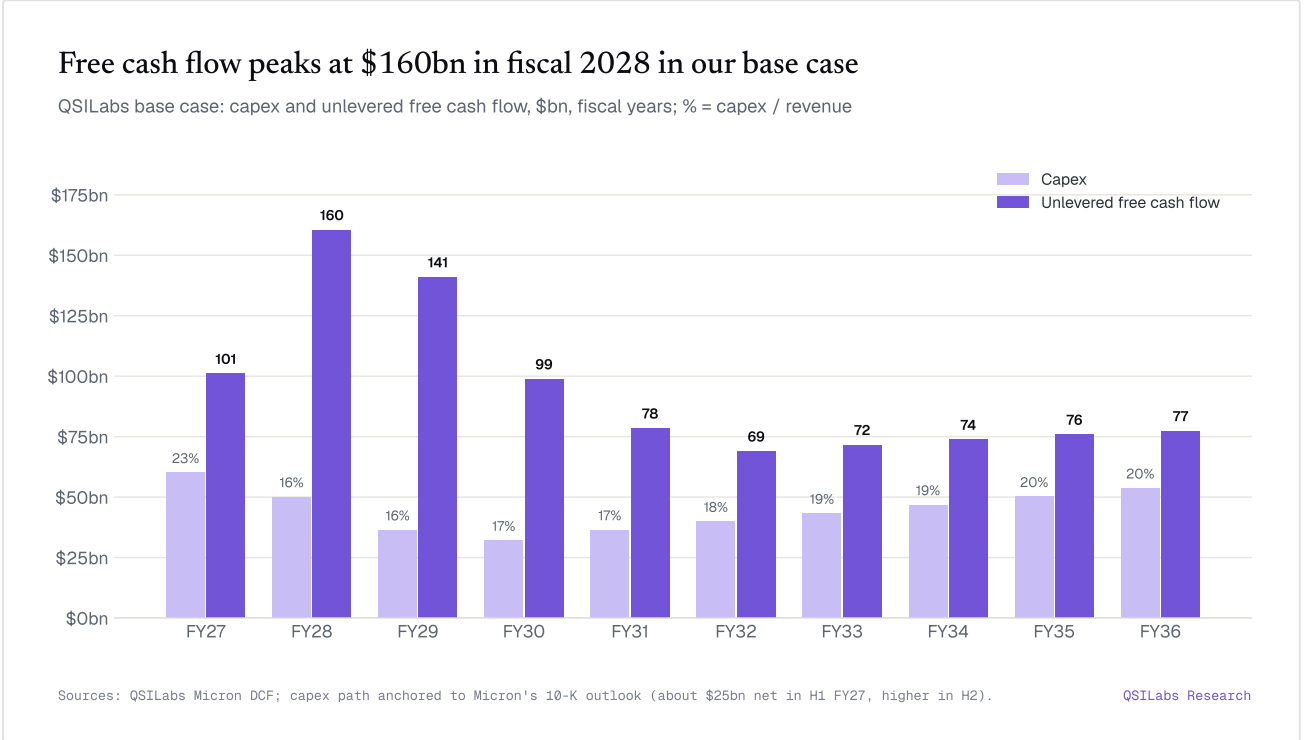


FIGURE 6 In our base case free cash flow peaks at $160bn in fiscal 2028, then roughly halves as prices fall and Micron keeps building fabs.

Football field

Most reasonable inputs put Micron's value between about $781 and $938 per share. The enterprise value is $901.7bn, of which the terminal value is only 32.5%: unusually for a growth stock, most of the value comes from the next five years of cash, not from the long run. The terminal value is about 5.8 times final-year operating cash profit (EBITDA). A ten-year fade to terminal growth, our two-stage check, gives $869.68. To justify $884.74 with our cash flows, investors need a discount rate of about 11.2%, half a point below the semiconductor industry's cost of capital.

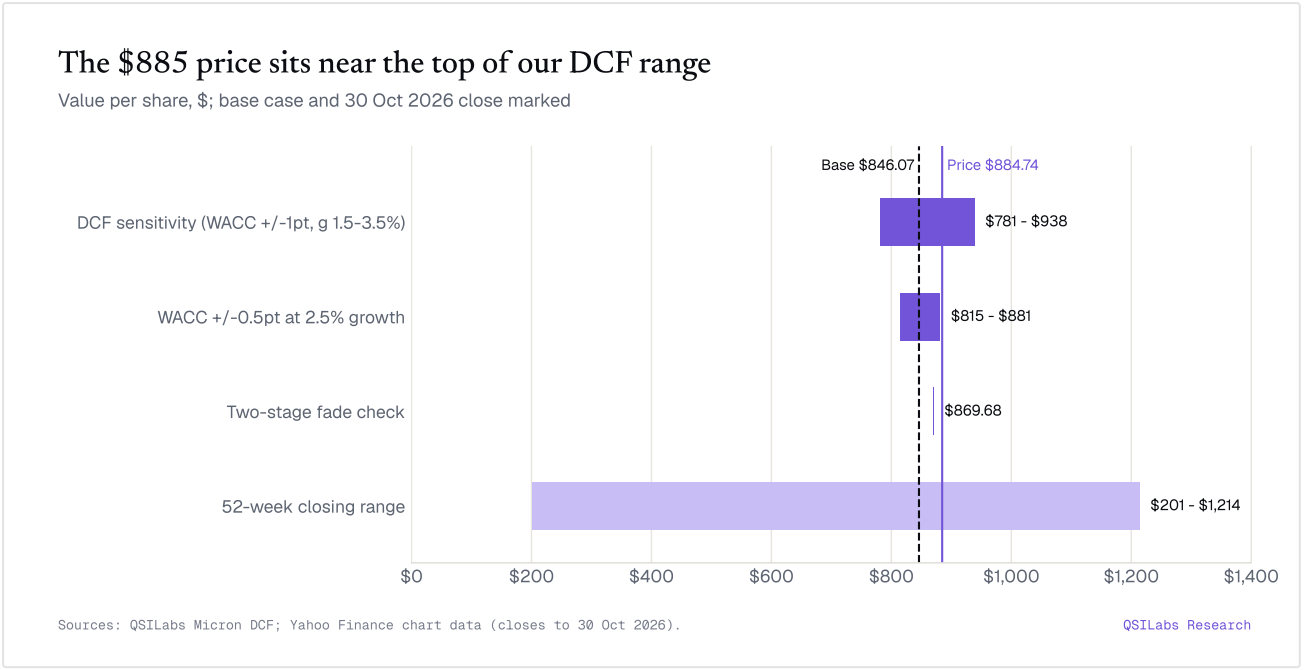


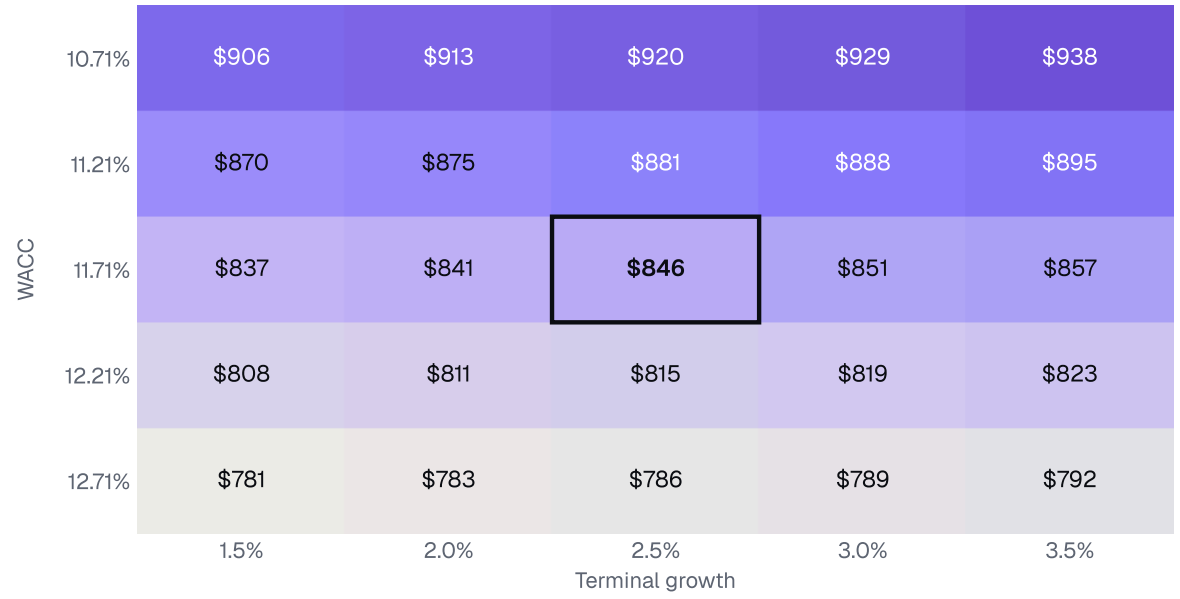
FIGURE 7 The price of $884.74 sits inside our DCF range but above the base case of $846.07. The 52-week closing range was $201 to $1,214.

Sensitivity

The discount rate matters more than terminal growth. A one-point lower WACC, 10.71%, raises the value to about $920 a share, above the price; a one-point higher WACC, 12.71%, cuts it to about $786. Moving terminal growth from 1.5% to 3.5% at our 11.71% WACC moves the value only from $837 to $857, because the terminal value is a small part of the total. The bigger swing factor, which the grid does not show, is how deep and how early the memory down-cycle comes.

Sensitivity: discount rate x terminal growth

Fair value per share, $



Source: QSILabs Micron DCF (valuation date 30 Oct 2026). QSILabs Research

FIGURE 8 Value ranges from $781 at a 12.71% discount rate and 1.5% growth to $938 at 10.71% and 3.5%. The base is $846.07.

Is Micron stock overvalued after Q3 2026?

Micron (MU) stock looks roughly fairly valued after Q3 2026: at $884.74 it trades about 5% above the QSILabs value of $846.07 per share, a gap that sits well within normal forecast error. On simple multiples it looks cheap, at about 11.9 times trailing GAAP earnings and about 5 times consensus fiscal 2027 earnings, but those multiples are low because the market expects today's profits to fall.

The bull case is that this cycle is different. AI servers need far more memory per system, HBM uses more wafer capacity than standard DRAM, and the strategic agreements lock in prices above past peaks. If prices hold until fiscal 2030 instead of falling in fiscal 2029, the value rises well above the price. The bear case is history. Memory has always followed booms with gluts, and Micron, Samsung, SK hynix and Chinese makers such as CXMT are all adding capacity for 2027 and 2028. The shares are 27% below their 52-week closing high of $1,213.56 (25 June 2026), but 4.4 times their low of $201.37 (20 November 2025).

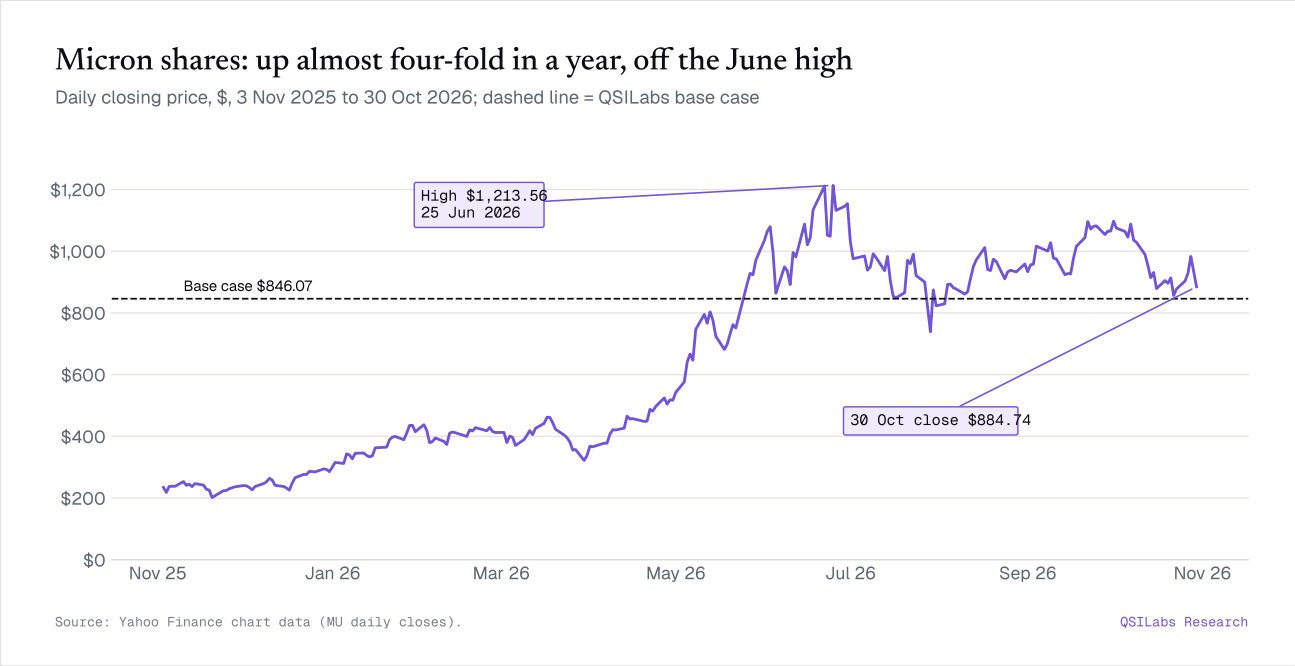


FIGURE 9 Micron shares rose from about $235 in November 2025 to $1,213.56 in June 2026, then fell back to $884.74 by 30 October 2026.

What are the biggest risks for Micron stock?

The biggest risks for Micron (MU) stock are a fall in memory prices as new capacity arrives, dependence on a small number of AI customers, and the cost and timing of its factory build.

- **The memory cycle.** Micron's 87% gross margin rests on prices, not cost. New fabs from Micron and its rivals come online in 2027 and 2028; if demand growth slows at the same time, prices can fall fast, as they did in fiscal 2023, when Micron lost $5.8bn.
- **Customer concentration.** Over half of revenue comes from the top ten customers and about 60% from data centres. A pause in AI server spending by a few cloud companies would hit Micron quickly.
- **Contract terms.** The strategic agreements are new and largely undisclosed. Customers that miss their commitments may forfeit deposits, but the agreements have not yet been tested in a downturn.
- **Competition.** Samsung and SK hynix compete directly in HBM, and Chinese makers CXMT and YMTC are expanding in standard DRAM and NAND.
- **Build risk and politics.** Tens of billions of dollars of capex depend on construction, equipment and CHIPS Act grants arriving on time, and export controls and tariffs can change Micron's markets.

- **Upside risk to our view.** If revenue simply flattens after fiscal 2028 instead of falling 40%, or a lower discount rate applies, our value would rise above the price; a one-point lower WACC adds about $74 a share.

For how the largest buyers of AI chips are spending, see our Microsoft Q3 2026 analysis, our Alphabet Q3 2026 analysis and our Amazon Q3 2026 analysis.

Micron stock FAQ

What is Micron stock worth after Q3 2026?

The QSILabs discounted cash flow value for Micron (MU) is $846.07 per share as of its fiscal Q4 2026 results, against an $884.74 close on 30 October 2026, about 4% lower. It uses an 11.71% discount rate and 2.5% terminal growth; reasonable alternatives give about $781 to $938 a share.

Is Micron stock a buy after its Q4 2026 earnings?

On our numbers Micron stock looks close to fairly priced: the $884.74 price is about 5% above our $846.07 value. It would look cheap if memory prices stay high beyond fiscal 2028, and expensive if the down-cycle starts sooner. This is not investment advice.

What were Micron's fiscal Q4 2026 results?

Micron reported fiscal Q4 2026 revenue of $54,229m for the quarter ended 3 September 2026, up from $11,315m a year earlier, with a GAAP gross margin of 86.8%, GAAP net income of $37,701m and diluted EPS of $32.87 ($33.42 non-GAAP).

Why is Micron's fiscal Q4 the same as calendar Q3 2026?

Micron's fiscal year ends on the Thursday closest to 31 August, so fiscal 2026 ran from 29 August 2025 to 3 September 2026. Its fiscal Q4 2026 covered 29 May to 3 September 2026, which is closest to calendar Q3 2026.

What is Micron's guidance for the next quarter?

Micron guided fiscal Q1 2027 revenue to $61.5bn, plus or minus $1.5bn, with a GAAP gross margin of about 85.95%, GAAP operating expenses of about $2.31bn and GAAP EPS of $37.84, plus or minus $1.00. Results are due in December 2026.

How much of Micron's revenue comes from AI and HBM?

Micron does not report AI or HBM revenue separately. About 60% of its fiscal 2026 revenue came from data centres, and its Cloud Memory and Core Data Center units, which sell HBM, server DRAM and data centre SSDs, earned $34.3bn, or 63%, of fiscal Q4 2026 revenue.

What are Micron's strategic customer agreements?

They are multi-year take-or-pay contracts with binding volumes, most with prices set within minimum and maximum bands. Micron received $12.75bn of customer deposits under them in fiscal 2026, mostly repayable in 2029 to 2031, and says floor prices still give margins above any past peak.

How much is Micron spending on new fabs?

Micron spent $27.4bn of net capex in fiscal 2026 and expects about $25bn in the first half of fiscal 2027, with more in the second half. New fabs in Idaho, Taiwan, Japan and New York start output between mid-2027 and 2030.

Sources

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