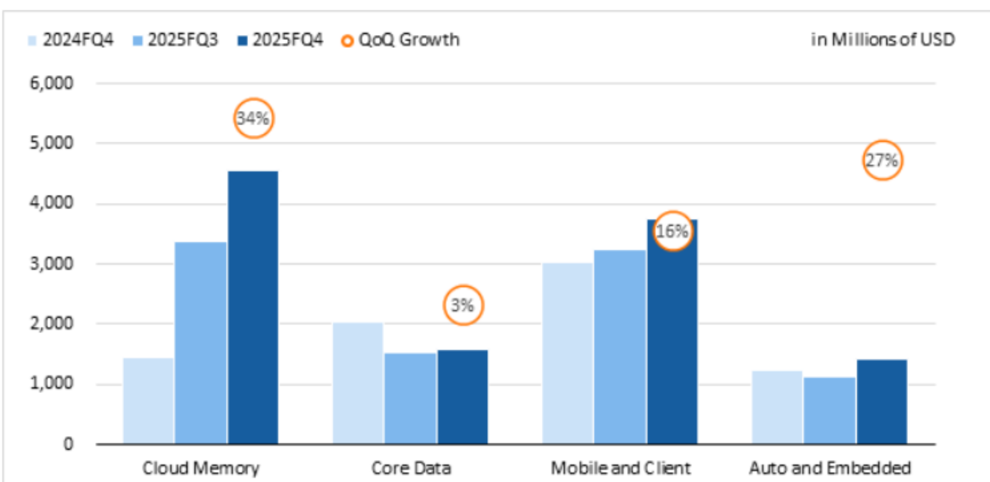
Inside Micron: Last Quarter's Progress

Oct. 3, 2025

Micron's last quarterly report was simply stunning. It was everything one could have wanted as an owner of the company. Revenue increased 46% mainly due to the strength of AI server demand. In addition to higher sales volumes and prices, Micron has been able to reduce costs, bringing their gross margins, a measure of the bottom line profitability, up a whole 17% to 41%. This kind of increase in margins is very rare. Its high value data center products supported most of its growth. The main products that go into data centers are HBM (high bandwidth memory, essentially very fast memory), high capacity DIMMs (very large amounts of memory in one unit), and LP DRAM (low power memory, a very important feature in power-constrained data centers). Revenue from these products reached $10 billion, a 5 times increase from last year!

Micron continues to lead the industry performance wise with its latest generations of DRAM and NAND. Its 1-gamma DRAM node has reached full yields in record time, 50% faster than any previous generation. Its HBM4 samples have speeds that exceed 2.8 terabytes per second of bandwidth, versus the previous generations speed of 1.3 terabytes per second. It has expanded its HBM customer base to 6 customers from 4 customers just last quarter.

Although data center DRAM was the growth leader this quarter, all of Micron's end markets saw strong demand. Even NAND (storage), which has been weaker due to industry oversupply lately, started to recover. The automotive and industrial markets began to see strong growth in sales as well, after a few quarters of oversupply. The chart below shows the strength in all 4 of Micron's business units.



As long time Micron investors, we know the cyclical nature of its business and stock price and know that what goes up also will go down. However, Micron's highs keep getting higher. As a top 10 performer of the S&P 500 this year, let's bask in this "up" time while we can. The good news is that Micron sees strong demand and limited supply for both DRAM and NAND continuing through 2026 at least. So even if there are temporary dips, the near future still looks bright.