

## Micron F2Q Preview: Looks Good

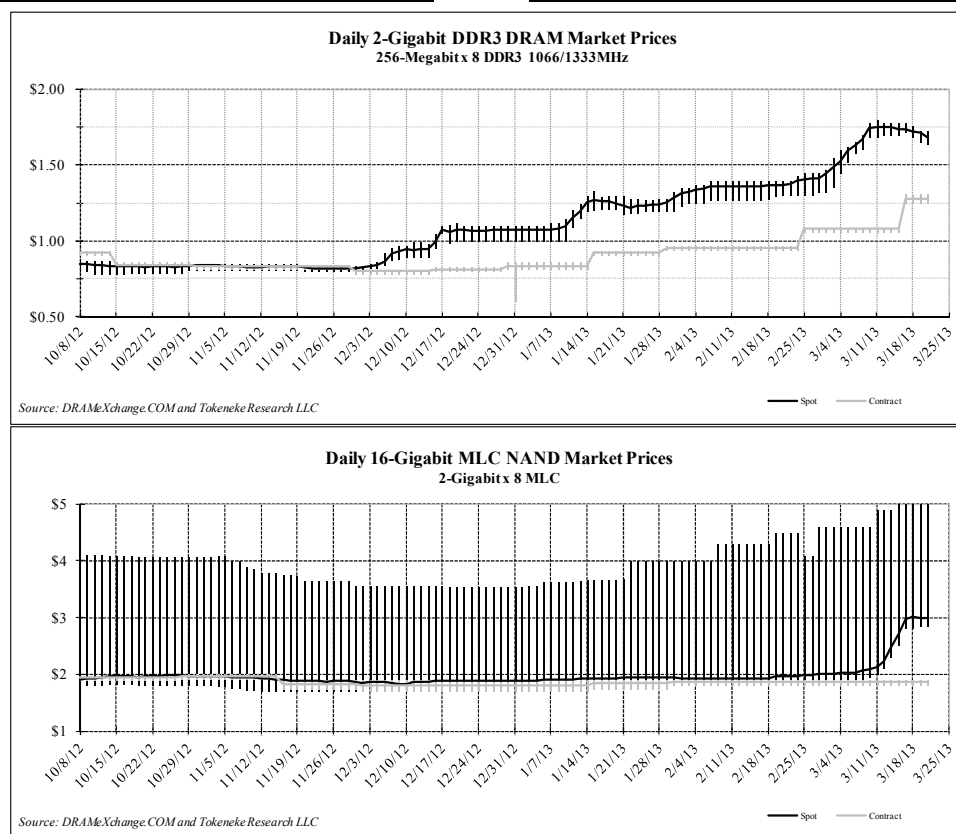
**Micron Technology (MU, \$9.31 +0.07, Buy, Target \$15, FY13: (\$0.74) on \$7.9B, FY14: \$0.67 on \$9.2B)**

**F2Q Looks Good:** MU is scheduled to announce February-ended F2Q13 earnings after the close today and I expect the company to exceed consensus expectations and trend toward the higher-end of published estimates based on DRAM and NAND market price strength over the last few months. I fully expect to raise my estimates—and possibly my target price—following the announcement.

Near-term financials are driven by market prices as approximated in the charts below, but these statistics reflect the bigger phenomenon of supplier consolidation—which is proving to even more than offset PC market demand weakness. And MU benefits disproportionately both from its pending acquisition of DRAM competitor Elpida and the extra output from its Inotera DRAM joint-venture with partner Nanya, which no longer wants its half.

While MU could have approached break-even last quarter, I caution that such an expectation strains probability. MU revenues are approximately split 50/50 between DRAM and NAND; half of DRAM sales have been coming from lower-priced, PC-oriented devices (reflected in the chart below); and maybe a couple percent of sales are generated by DRAMs to the spot market. After weighing all these splits and eye-balling the charts below, my *best-case* estimate is that MU ASPs may have improved a few percent last quarter—and I emphasize ‘*best-case*.’

<b>Diluted EPS</b>	<b>2QF13</b>	<b>FY13</b>	<b>FY14</b>	<b>Revenue, 27 estimates</b>	<b>2QF13</b>	<b>FY13</b>	<b>FY14</b>
Tokeneke	(\$0.30)	(\$0.74)	\$0.67	Tokeneke	1,853	7,877	9,175
Consensus	(\$0.20)	(\$0.50)	\$0.64	Consensus	1,920	8,270	10,220
High Estimate	\$0.03	\$0.18	\$1.69	High Estimate	2,120	9,830	15,280
Low Estimate	(\$0.39)	(\$1.00)	\$0.18	Low Estimate	1,820	7,710	8,600



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