

**SIKULI CAPITAL**

Conviction through contrarian research

# Strategy / MicroStrategy (MSTR)

## Valuation Snapshot — Fair Value Range

As of May 20, 2026 | Bitcoin treasury proxy (843,738 BTC); software legacy

CURRENT PRICE	PROBABILITY-WEIGHTED FAIR VALUE	FAIR VALUE RANGE
<b>\$166</b>	<b>~\$280</b>	<b>\$135 - \$550</b>
<i>5/19/26 area</i>	<i>Bull 25% / Base 50% / Bear 25%</i>	<i>BTC-sensitivity drives wide range</i>

**Verdict:** MSTR is, at current pricing, predominantly a Bitcoin proxy with embedded leverage. The company holds 843,738 BTC (\$65B at \$77K)<sup>[1]</sup> against \$8.2B of convertible debt and \$8.4B of preferred equity<sup>[2]</sup>. At \$166 with 280M diluted shares (market cap \$58B), MSTR trades at an mNAV of just 1.09x — a historically low premium to underlying BTC value<sup>[1]</sup>. Our valuation hinges on Bitcoin price scenarios and the mNAV premium investors are willing to pay. Bull case (\$550) assumes BTC to \$140K + 1.4x mNAV; bear case (\$135) assumes BTC to \$60K + 0.9x mNAV (mNAV can compress below 1.0x in BTC bear markets). Wall Street avg PT is \$322-374<sup>[3]</sup>.

## CURRENT SNAPSHOT

Metric	Value	Notes / Source
Stock price	<b>\$166</b>	5/19/26 area <sup>[4]</sup>
Market cap	<b>\$58.2B</b>	<sup>[1]</sup>
Diluted shares	<b>~280M</b>	Active ATM equity issuance
BTC holdings	<b>843,738 BTC</b>	As of 5/18/26 <sup>[5]</sup>
BTC cost basis	<b>~\$66,385 avg</b>	Total cost \$33.1B <sup>[5]</sup>
BTC value at spot	<b>~\$65B</b>	At BTC \$77,071 <sup>[6]</sup>
Convertible debt	<b>\$8.2B</b>	<sup>[2]</sup>
Preferred equity	<b>\$8.4B</b>	STRK + STRF + STRC + STRD <sup>[7]</sup>
Preferred dividends	<b>~\$876M/yr</b>	Annual cash obligation <sup>[7]</sup>
mNAV	<b>1.09x</b>	EV/BTC NAV multiple <sup>[1]</sup>
Latest BTC buys	<b>+34,164 BTC Apr 20</b>	+535 BTC May 11; +13,927 BTC Apr 13 <sup>[8]</sup>
BTC spot price	<b>\$77,071</b>	5/20/26 <sup>[6]</sup>
Consensus PT	<b>\$322 - \$374</b>	Strong Buy <sup>[3]</sup>

## MACRO CONTEXT — RATES & MARKET LEVELS

Bitcoin trades at \$77,071 on May 20, 2026 — down from ~\$100K+ earlier in the cycle but well above the 2024 lows. 10-yr UST at 4.68%<sup>[9]</sup> pressures all risk assets, including BTC. **Implication for MSTR:** MSTR's intrinsic value is a function of three variables: BTC spot price, the mNAV premium investors assign, and the capital structure (debt service + dilution). All three are inter-correlated: BTC weakness compresses both NAV and mNAV; BTC strength expands both. This makes MSTR a leveraged BTC bet — historically with ~1.5-2x beta to BTC moves.

## METHODOLOGY

We model BTC price scenarios over a 12-month horizon: **Bull: BTC \$140K + mNAV 1.4x** (BTC bull market), **Base: BTC \$90K + mNAV 1.1x** (modest BTC appreciation), **Bear: BTC \$60K + mNAV 0.9x** (BTC drawdown, dilution overhang). Calculation: NAV/share = (BTC × 843,738 - \$8.2B debt) / 280M shares, then multiplied by mNAV. Weights: Bull 25% / Base 50% / Bear 25%.

## BULL / BASE / BEAR SCENARIOS

Scenario (weight)	BTC NAV/share	Applied mNAV	Implied share price	Blended FV
<b>Bull (25%)</b> <i>BTC to \$140K, mNAV expands to 1.4x on cycle euphoria</i>	BTC@\$140K: \$392	1.4x	\$549	~\$550
<b>Base (50%)</b> <i>BTC to \$90K, mNAV stays ~1.1x</i>	BTC@\$90K: \$242	1.1x	\$266	~\$265
<b>Bear (25%)</b> <i>BTC to \$60K, mNAV compresses to 0.9x</i>	BTC@\$60K: \$151	0.9x	\$136	~\$135
<b>Probability-weighted</b>	~\$257	1.13x avg	~\$278	~\$280

**Blended fair value (~\$280)** = simple average of probability-weighted scenarios with Bull 25%, Base 50%, Bear 25%. Range \$135-\$550 reflects BTC sensitivity. Wall Street consensus \$322-374 sits between our base and bull cases, suggesting the Street is positioned for moderately bullish BTC outcomes.

## PEER COMPARISON

Company	mNAV	BTC Holdings	Notes
<b>Strategy (MSTR)</b>	1.09x	843,738	Largest treasury holder by far <sup>[1]</sup>
Metaplanet (3350.T)	Premium	~15-20K	Japanese BTC strategy
Tesla (TSLA)	n/a	~11,500	Within auto/AI business
Block (XYZ)	n/a	~8,400	Within fintech business

Company	mNAV	BTC Holdings	Notes
Marathon (MARA)	varies	Miner	BTC miner; produces BTC
Spot BTC ETFs (IBIT, FBTC)	1.00x	n/a	Pure unleveraged BTC exposure

MSTR is in a category of one as a BTC treasury vehicle of scale. The relevant alternative for BTC exposure is the spot ETF complex (IBIT, FBTC) which trades at 1.00x NAV — meaning MSTR's 1.09x premium is the cost of leverage and corporate optionality (active capital raising). At 1.09x, the premium is historically modest; if mNAV compresses to 1.00x (BTC bear), holders lose ~9% before BTC moves.

### Key Risks & Watch Points

- **Bitcoin price:** Dominant risk factor. ~70-80% of MSTR's value is linked to BTC spot.
- **mNAV compression:** Premium can compress below 1.0x if dilution accelerates or BTC sentiment shifts.
- **Dilution:** ATM equity issuance funds BTC purchases but expands the denominator; share count up materially YoY.
- **Preferred dividend burden:** \$876M annual cash obligation requires recurring capital raises or BTC sales.
- **Convertible debt refinancing:** \$8.2B convertibles need eventual paydown or rollover.
- **Regulatory:** BTC accounting (FASB fair-value rules now), tax treatment, and BIS capital rules all evolving.
- **Saylor concentration:** Founder/Executive Chairman influence; key-person and reputational risk.

### What Would Change Our View

- **Upside:** BTC breakout above \$90K, mNAV re-expansion to 1.3-1.5x, S&P 500 inclusion speculation, large strategic BTC purchase.
- **Downside:** BTC breach of \$65K, mNAV compression to 1.0x or below, capital raise difficulties, preferred dividend coverage stress, regulatory adverse action.

### Sources

- [1] <https://bitcoinquant.co/company/MSTR>
- [2] <https://www.coindesk.com/markets/2026/01/22/strategy-s-credit-risk-falls-as-preferred-equity-value-surpasses-convertible-debt>
- [3] <https://www.marketbeat.com/stocks/NASDAQ/MSTR/forecast/>
- [4] <https://finance.yahoo.com/quote/MSTR/>
- [5] <https://bitbo.io/treasuries/microstrategy/>
- [6] <https://fortune.com/article/price-of-bitcoin-05-20-2026/>
- [7] <https://www.vaneck.com/us/en/blogs/digital-assets/matthew-sigel-deconstructing-strategy-mstr-premium-leverage-and-capital-structure/>
- [8] <https://www.coindesk.com/markets/2026/04/20/strategy-buys-34-164-bitcoin-for-usd2-54-billion>
- [9] <https://fred.stlouisfed.org/series/DGS10>

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