

DESK NOTE

19.12.2024

Micron Technologies – *Riding the AI Wave to Long-Term Growth*

Ticker: MU US

Previous day close price: \$86.95

Price range (52w.): \$79.15 - \$157.54

Target price: \$125.32

Reason for note: 1FQ25 report

Recommendation: ***Buy***

Description: Micron Technology, Inc. (MU) is a global leader in memory and storage solutions, specializing in DRAM, NAND, and NOR products. The company's innovative technologies cater to high-growth markets such as AI, data centers, mobile devices, and automotive applications. While Micron benefits from strong industry tailwinds and market leadership, short-term challenges in consumer demand and high inventory levels pose near-term risks to its growth trajectory.

Conclusive Summary: Micron Technology, Inc. (MU) demonstrates robust growth potential as a leader in AI-driven data center markets, supported by strong financial performance and strategic positioning. Despite near-term challenges, including weak consumer markets and high inventory levels, Micron's long-term outlook remains compelling. Valuation metrics suggest significant upside potential, with a target price of \$125.32 implying a +43.45% increase from the current price. We recommend a Buy at \$83.39 to capitalize on this opportunity.

Competitive Position: Micron is a leading player in the memory and storage industry, with a strong foothold in AI and data center applications. Over 50% of its revenue now comes from data centers, which saw 400% YoY growth. Its strategic investments in cutting-edge technology and operational excellence enable it to compete effectively in a market poised for long-term growth. However, reliance on AI-driven demand and the cyclical nature of semiconductor markets remain key risks to its position.

Valuation: Micron's valuation indicates a **Target Price of \$125.32**, combining DCF and multiple-based approaches.

- DCF Valuation: Projects a price of \$131.49. The implied EV/EBITDA multiple of 12.26x is conservative relative to the industry average of 19.3x.
- Multiple-Based Valuation: Yields a price of \$119.15, based on a target EV/EBITDA multiple of 7.8x versus the current 5.8x.

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Forward Target Multiple	Factor	Implied EV	Net Debt	Implied MCap	Shares	Target Price
BE EV/EBITDA	5.8	7.8	137.9	5.6	132.3	1110.5
						\$131.5



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