

Ticker:

MU

Company Snapshot



EAGLE FUND

Micron Technology (MU) \$72
Bloomberg Rating: IG4 Sector: Information Technology Industry: Semiconductors & Semiconductor Sub-Industry: Semiconductors FY End: August 2021

Description
Micron Technology, Inc., through its subsidiaries, manufactures and markets dynamic random access memory chips (DRAMs), static random access memory chips (SRAMs), flash memory, semiconductor components, and memory modules.

Key Statistics
52-Week Range 65.67 - 98.45
Avg Daily Vol (3 Mo) 24,044,624
Market Value 80,556.3
Current Enterprise Va 76,380.35
Shares Outstanding (E 1,116.67 M
Dividend Yield 0.6%
Float % 99.8%
Institutional % 90.5%
Analyst Coverage 36 Analysts
Target Price 114.78
LT Growth Rate 2051.3%
Consensus Rating 4.81
Return on Equity 20.4%

Actual and Estimate Data
Revenue 31,169.00 33,742.29 40,845.70
% change y/y 21.8% 21.1%
EBITDA 16,635.00 18,886.19 23,341.19
% Margin 36.1% 23.6%
EPS 8.371646 9.637 12.849
% change y/y 59.0% 33.3%
EV/Sales 3.1x 2.2x 1.7x
EV/EBITDA 5.7x 4.0x 3.2x
P/Sales 2.6x 2.4x 2.0x
P/Earnings 8.6x 7.5x 5.6x
P/Book 1.7x 1.5x 1.2x

Relative Comps
Micron Technology Inc 80.56 B 6.2x
SK Hynix Inc 81536.26 B 6.0x
Macronix International Co L 74.05 B 6.7x
Transcend Information Inc 31.54 B
Nanya Technology Corp 206.88 B 9.3x
Winbond Electronics Corp 113.83 B 7.1x

Business Segments (FY: Aug-21) Revenue
Computer and Networking Business U 12,280.00
Embedded Business Unit ("EBU") 4,209.00
Mobile Business Unit ("MBU") 7,203.00
Storage Business Unit ("SBU") 3,973.00
Unallocated
All Other 40.00

Recommendation
We view Micron Technology (MU) as a compelling investment opportunity based upon a combination of its improving fundamentals, attractive valuation, and possession of numerous catalysts for share price appreciation.

Fundamental trends/ catalysts

Micron (MU) exceeded its financial guidance in recent quarters driven by strong sales volume of both DRAM and NAND memory chips, higher unit pricing, improved product mix, and solid cost containment efforts.

Balance sheet / Cash Flow

Micron has a pristine balance sheet with a net cash balance of \$4.1b (\$11.8b cash - \$7.7b total debt), which represents 5% of its current market cap, or \$3.66 per share.

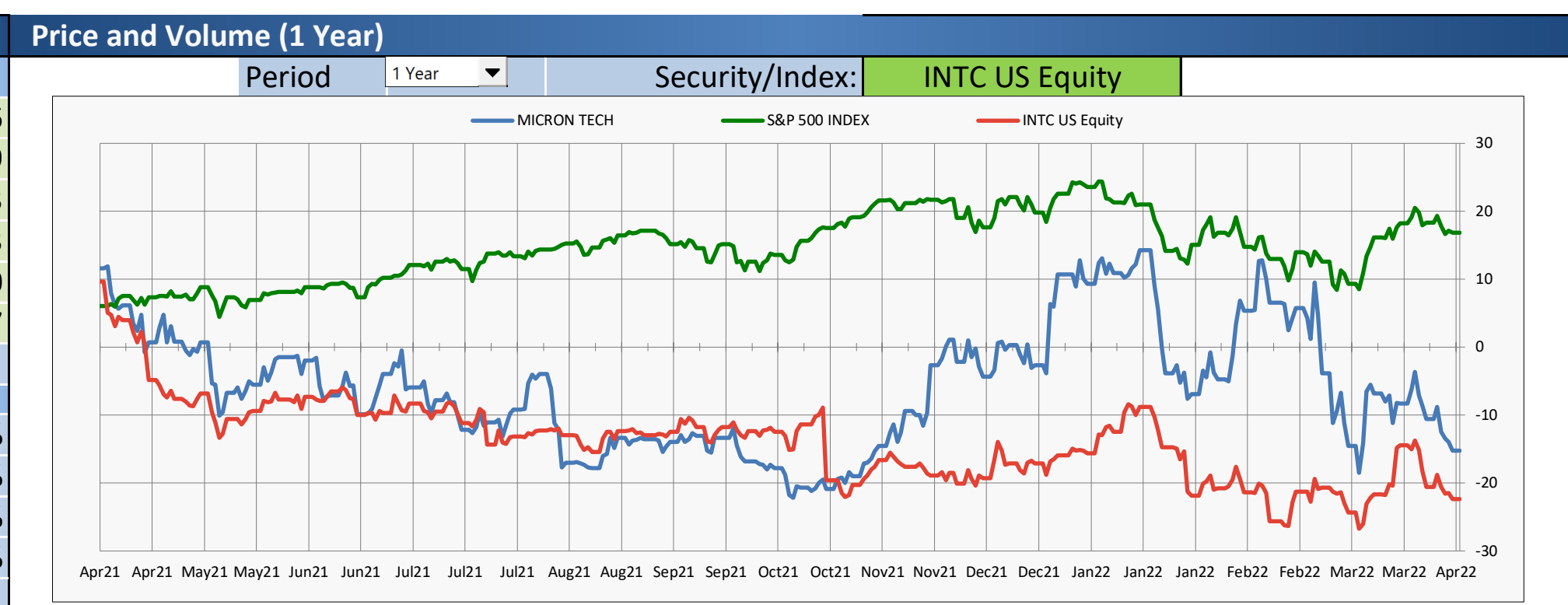
Valuation

As Micron's multiple secular growth drivers become increasingly evident, we see a meaningful valuation expansion opportunity in the shares. MU currently trades at only 7.5x estimated 2022 earnings, representing a 57% discount to the S&P 500 and a 35% discount to its closest peers in the semiconductor industry.

Risks

Due to its high fixed costs and operating leverage, Micron's fundamentals have historically been highly sensitive to downturns in the global economic activity.

Measure: Sales/Revenue/Turnover
2020 2021 2022 2023
Q1 Nov 5144.00 5773.00 7687.00 10283.46
Q2 Feb 4797.00 6236.00 7786.00 9986.89
Q3 May 5438.00 7422.00 8710.67 10291.13
Q4 Aug 6056.00 8274.00 9589.84 10831.13
Year 21435.00 27705.00 33742.29 40845.70
Cal Yr 22543.67 30135.67 37103.60 42781.67



Prices/Volume
YTD Change -22.56%
6 Month Change -5.45%
3 Month Change -15.3%
1 Year Change 38.8%
Daily Volume 20,562,565
Average Volume 30 Day 27,137,208
Average Volume 3 Month 24,044,624
Average Volume 6 Month 21,629,474
Dividend Yld 0.3%
52 Week Beta 1.61

Measure: Diluted EPS Bef XO Items
2020 2021 2022 2023
Q1 Nov 0.43 0.71 2.04 3.13
Q2 Feb 0.36 0.53 2.00 2.95
Q3 May 0.71 1.52 2.34 3.08
Q4 Aug 0.87 2.39 2.68 3.29
Year 2.37 5.14 9.16 12.45
Cal Yr 2.71 6.97 10.46 12.57

Performance
2013 2014 2015 2016 2017 2018 2019 2020 2021 5 Yr Avg
Price Change 119.6% 141.8% -49.4% 0.3% 92.1% 65.0% -15.3% 3.7% 59.7% 41.0%
S&P 500 INDEX 29.6% 11.4% -0.7% 9.5% 19.4% -6.2% 28.9% 16.3% 26.9% 17.0%
Industry (INDU Index) 26.5% 7.5% -2.2% 13.4% 25.1% -5.6% 22.3% 7.2% 18.7% 13.6%
Div Yield 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0%

Growth Rate (CAGR) Summary
1Yr 3Yr 5Yr 10Yr
Sales 29.3% -3.0% 17.4% 12.2%
EBIT 109.2% -25.2% 106.3% 23.5%
EBITDA 44.0% -13.9% 32.0% 16.0%
Net Income 118.1% -25.4% -284.3% 42.7%
EPS (Diluted) 116.9% -23.6% -280.3% 40.6%

Financials
2013 2014 2015 2016 2017 2018 2019 2020 2021 5 Yr Avg
Sales 9,073.0 16,358.0 16,192.0 12,399.0 20,322.0 30,391.0 23,406.0 21,435.0 27,705.0 17.4%
EBITDA 2,040.0 5,190.0 5,665.0 3,148.0 9,729.0 19,753.0 12,800.0 8,755.0 12,605.0 32.0%
EBIT 236.0 3,087.0 2,998.0 168.0 5,868.0 14,994.0 7,376.0 3,003.0 6,283.0 106.3%
Net Income 1,190.0 3,045.0 2,899.0 276.0 5,889.0 14,135.0 6,313.0 2,687.0 5,861.0 -284.3%

Valuation Summary
Latest FY 8/31/2021
5 Year Periodicity: Yearly
P/E (LTM) 13.3x
P/E (NTM) 6.2x
PEG (NTM) 0.3x
P/Bk 1.9x
P/CF 6.6x
P/Sales 3.0x
EV/EBITDA 6.3x
EV/Sales 2.9x
Div Yield 0.0%

Ratios
2013 2014 2015 2016 2017 2018 2019 2020 2021 5 Yr Avg
Gross Margin 20.4% 33.2% 32.2% 20.2% 41.5% 58.9% 45.7% 30.6% 37.6% 42.9%
EBITDA Margin 22.5% 31.7% 35.0% 25.4% 47.9% 65.0% 54.7% 40.8% 45.5% 50.8%
EBIT Margin 2.6% 18.9% 18.5% 1.4% 28.9% 49.3% 31.5% 14.0% 22.7% 29.3%
Profit Margin 13.1% 18.6% 17.9% -2.2% 25.0% 46.5% 27.0% 12.5% 21.2% 26.4%