Micron Technology Inc. (MU) is an American manufacturer of many forms of semiconductor devices, including dynamic random access memory (DRAM), flash memory, and solid state drivers. Headquartered in Boise, Idaho, Micron was founded in 1978 by Ward Parkinson, Joe Parkinson, Dennis Wilson, and Doug Pitman as a semiconductor design consulting company.

Micron is known for their strong research and development that results in continuous innovation within the semiconductor market. We believe that Micron’s dominance in the DRAM space as well as their new technologies will drive value into the future. In addition, through their investment in a new facility and recent deleveraging, they are poised for dynamic growth. Also, new advancements in the cloud, IoT, AI, and autonomous vehicles will drive semiconductor demand to offset a fast-growing supply into the next fiscal year.

Using technical and fundamental analysis, we consider Micron to be a strategic investment in our portfolio. Currently trading with a forward P/E ratio of around 4x, we see the potential for significant growth in the future. In addition, with a stock buyback program of $10B that is set to return 50% of free cash flow to shareholders, we see the potential for stability in a relatively cyclical market. Using a WACC of 11.9% and an exit multiple of 3.7x, we landed on a target price of $70.20 per share.