



This Bargain Company is at the Forefront of Major Technology Trends

By Nicholas Green, CIO

Micron Technology's memory and storage solutions are *enabling* powerful technology trends, including artificial intelligence, machine learning, the Internet of Things, and autonomous vehicles in market segments like cloud storage, data centers, networking, and mobile technology.

Micron is a 40-year-old company. In a highly competitive industry, Micron Technology has not only survived but has emerged as a clear industry leader in the new economy.

Micron comes equipped with a substantial balance sheet, robust free cash flow, and a competitively entrenched position. They are in an amiable position with some of today's biggest tech trends, while the stock presents a compelling opportunity.

Micron has a strong value proposition that most investors are overlooking. Micron is meeting ever-increasing demands for more complex memory and data solutions in the new economy in a variety of large end markets, and their offerings have become differentiated and less cyclical, with strong secular growth trends ahead of them. The enormous cyclicity of memory and storage ASPs (average selling prices) in the past will not affect Micron anywhere close to how the company is positioned today.

The industry has consolidated (Micron has been a consolidator) and there are only 3 companies in the DRAM market, 6 companies in NAND, and 2 in 3D Point X. Micron is the only company in all three segments and the industry has gotten far more rational.

At less than 5x earnings, FMT Advisory believes the company is a huge bargain. Micron is one of the cheapest companies in the entire S-&-P 500. When viewed over a multi-year time frame, **Micron's normalized free cash flow could retire all their outstanding shares in less than 5 years**. I believe

there is huge upside in Micron shares. They are a main cog in “The Jetsons” society that is well underway.

The *growing* amount of data that needs to be stored, processed, and analyzed is mind-boggling. The increases for both memory and data storage are going to continue their exponential growth in our digital economy (think about a singular self-driving car and the data that needs to be stored, analyzed, and processed and then multiply that near infinity with other segments, like cloud computing, artificial intelligence, and machine learning, etc.).

The plight of mankind would have been a non-starter without our own memory and storage. The mind digests, processes, and spits out an amazing array of all the human potential we’ve come to know. None of this is possible without the mind’s amazing gift for memory and storage.

This is also true for our ever-increasing digital age. The furious pace of today’s digital services economy would be an impossibility without the constant and ever-increasing supply of more memory and data storage chips that can process, analyze, and put out the amazing amount of computer-driven end products we have today. With the advent of 5G on the horizon, the possibilities of our “current” Jetsons society will go even more full-throttle.

Micron Technology is undoubtedly a memory and data storage leader that is a main cog in the digital services economy. The large cyclical swings of profitability in the past have over-penalized Micron’s stock today. Even in a *trough* earnings environment, Micron should still earn \$7 per share with the \$6 billion in savings they’ve managed to take out of their operating costs since the last downturn (so a bear case scenario would be less than 7x earnings at today’s price, and that is only if things got ugly).

The company is just too cheap and well positioned for the secular tailwinds ahead of them to pass them up as an investor at under \$50 per share. I haven’t seen this kind of value with this kind of future ahead of a company for a long time.

In the race against the sun, we are delighted to have taken a meaningful stake in Micron Tech at under \$50 per share.

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