KOTA INVESTMENT CLUB

EQUITY RESEARCH
MICRON TECHNOLOGY, INC.

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INVESTMENT SUMMARY

STOCK INFORMATION

Exhibit 1: NasdaqGS:MU Share Price, 3Years (Source : MarketWatch)

Recommendation	BUY
Current Price	$99.33
Target Price	$137.49
Upside Potential	38.41%
52 Week Range	$79.15 - $157.54
Market Cap	$110,882 Billion

KEY INVESTMENT CATALYST

Artificial Intelligence Demand:

Micron's leadership in memory solutions positions the company at the centre of the AI-driven computing boom. The increasing adoption of AI and machine learning technologies has accelerated demand for High-Bandwidth Memory (HBM) and DDR5 DRAM, both essential for data-intensive AI workloads. Micron's strategic collaborations with industry giants like NVIDIA, AMD, and Intel ensure a strong presence in the rapidly expanding AI market.

Technological Leadership and Vertical Integration:

Micron's focus on cutting-edge memory and storage technologies provides a significant competitive advantage. Its development of 3D NAND, advanced DRAM chips, and next-generation HBM solutions enhances performance in AI, cloud computing, and autonomous systems. Micron's vertically integrated supply chain ensures cost efficiency and innovation leadership, allowing it to maintain strong margins despite market fluctuations.

Government Support and U.S. AI Leadership:

Micron is a major beneficiary of the U.S. CHIPS and Science Act, securing $6.165 billion in federal funding to expand domestic semiconductor production. With plans to build state-of-the-art manufacturing facilities in Idaho and New York, Micron aims to reduce reliance on Asian supply chains and strengthen the U.S. semiconductor ecosystem. This investment ensures long-term revenue stability and enhances Micron's role in securing national semiconductor supply chains.

Expanding Demand for Data Centres and Connected Devices:

The surge in cloud computing, AI-driven data centres, and high-performance computing (HPC) is fuelling record demand for Micron's memory and storage solutions. As AI workloads grow in complexity, Hyperscale Data Centres are scaling up investments in HBM and DDR5 DRAM to optimize processing efficiency. Additionally, the rise of connected technologies—including EVs, autonomous vehicles, drones, and industrial IoT—is further expanding the need for high-performance, low-latency memory solutions.

FINANCIAL ANALYSIS

KEY METRICS

Revenue Growth	+161,59% YoY
Net Income	+113,35% YoY
Gross Margin	22,35%
EBIT Margin	7,18%

As of Q4 2024 Source : Yahoo! Finance

QUARTERLY HIGHLIGHTS

Market Position

Micron Technology remains a key player in the memory semiconductor industry, competing with companies such as Analog Devices, Texas Instruments, NXP Semiconductors, and Qualcomm. Despite reporting a Q1 2025 revenue increase of 84% year-over-year, Micron trades at a P/E ratio of 28.6x, below the peer average of 35.2x, suggesting potential undervaluation.

Micron's P/S ratio of 3.8x is also significantly lower than the peer average of 7.8x, reflecting conservative market pricing despite its strong earnings recovery. In terms of P/B ratio, Micron trades at 2.4x, well below the peer average of 6.5x, indicating that its stock price remains discounted relative to its book value compared to competitors.

Key Performance Drivers

The substantial growth in data centre revenue was largely attributed to the increasing demand for AI-driven memory solutions, particularly High-Bandwidth Memory (HBM) and DDR5 DRAM. This demand reflects the broader industry trend of expanding AI workloads and the necessity for advanced memory solutions in hyperscale data centres. Despite a weaker consumer market, Micron's strategic focus on high-margin, AI-related products has positioned the company favourably within the semiconductor industry. Additionally, the company's investments in 3D NAND flash memory have contributed to its revenue growth.

Looking ahead, Micron anticipates a temporary decline in the second quarter, projecting revenues of $7.90 billion (± $200 million) and a non-GAAP gross margin of 38.5% (± 1.0%). This outlook is influenced by current market dynamics, including consumer market softness and global economic uncertainties. However, the company remains optimistic about a return to growth in the latter half of the fiscal year, driven by sustained AI demand and strategic positioning in high-growth markets

PEERS COMPARISON

Company	P/E Ratio	P/S Ratio	P/B Ratio	Earnings Growth
Micron Technology	28.6x	3.8x	2.4x	29.1%
SK Hynix	13.9x	2.5x	2.2x	26.8%
Analog Devices	65.1x	11.3x	3x	22.5%
Texas Instruments	34.9x	10.7x	9.9x	12.4%
NXP Semiconductors	22.7x	4.5x	6,2x	10.3%
Samsung Electronics	11.3x	1.3x	0.9x	7.3%
QUALCOMM	18.2x	4.7x	7.1x	5.5%
Average	27.8x	5.5x	4.5x	16.3%
Median	22.7x	4.5x	3x	12.4%

Source: S&P Global Market Intelligence

Market Position and Valuation Metrics

Micron Technology competes with SK Hynix, Samsung Electronics, Analog Devices, Texas Instruments, NXP Semiconductors, and Qualcomm in the global semiconductor industry. While Micron has reported strong revenue growth, its valuation remains in a middle ground between high-multiple US peers and lower-multiple South Korean competitors.

Micron trades at 28.6x P/E, slightly above the peer average (27.8x) but much higher than SK Hynix (13.9x) and Samsung (11.3x). Meanwhile, Analog Devices (65.1x) and Texas Instruments (34.9x) trade at a premium due to diversified revenue streams.

Micron's P/S ratio (3.8x) is lower than Analog Devices (11.3x) and Texas Instruments (10.7x) but above SK Hynix (2.5x) and Samsung (1.3x), reflecting a valuation premium over South Korean peers due to its US listing and AI-driven growth exposure.

With a P/B ratio of 2.4x, Micron sits between SK Hynix (2.2x) and Samsung (0.9x), but below the peer median (3.0x), indicating a relatively fair valuation within the sector.

Market and Competition

The High-Bandwidth Memory (HBM) market is experiencing rapid expansion, driven by its essential role in AI computing and hyperscale data centres. According to Bloomberg Intelligence, the HBM market is projected to grow at an annual rate of 42%, reaching $130 billion by 2033.

In this highly competitive sector, SK Hynix leads with nearly 50% market share, followed by Samsung Electronics. Micron is aggressively expanding its presence, aiming to capture 20-25% of the HBM market by 2025. With its production capacity already fully booked for the next year, Micron is benefiting from strong demand for AI-driven workloads and next-generation computing architectures.

While Analog Devices and Texas Instruments trade at premium valuations due to their diversified product offerings, Micron's growth is primarily tied to AI and data centre memory solutions. As demand for HBM, DDR5 DRAM, and 3D NAND flash accelerates, Micron's positioning in AI infrastructure and semiconductor manufacturing could justify a valuation re-rating.

COMPANY OVERVIEW

COMPANY BACKGROUND

Founded in 1978 in the United States and headquartered in Boise, Idaho, Micron Technology, Inc. (NASDAQ: MU) is a leading global provider of memory and storage solutions. The company specializes in DRAM, NAND, and NOR flash memory, which power applications in AI, data centres, mobile devices, automotive, and industrial markets.

As the only U.S.-based memory manufacturer, Micron competes with SK Hynix and Samsung Electronics in the high-performance semiconductor sector. The company is recognized for its cutting-edge innovation in AI-driven computing and high-bandwidth memory (HBM), positioning it as a key player in the evolving semiconductor landscape.

Micron operates fabrication plants and R&D facilities across the United States, Taiwan, Japan, Singapore, and China, employing approximately 48,000 people worldwide. To strengthen domestic semiconductor production, Micron secured $6.165 billion in U.S. CHIPS Act funding in December 2024. This investment will support the development of advanced memory technologies and create 20,000 new jobs in Idaho and New York.

PRODUCTS/SERVICES AND STRATEGY

Compute and Networking

Micron's Compute and Networking Business Unit (CNBU) focuses on high-performance computing, cloud infrastructure, and AI-driven workloads. The company provides DDR4, DDR5, and LPDDR5 DRAM for cloud servers and enterprise applications, as well as HBM3E solutions designed for AI and high-performance computing. Micron also supplies GDDR6 and GDDR6X memory for GPUs used in gaming, AI processing, and professional visualization.

Mobile Solutions

The Mobile Business Unit (MBU) delivers LPDDR4 and LPDDR5 DRAM for 5G smartphones and tablets, alongside managed NAND solutions such as UFS and e.MMC storage, which enhance speed and power efficiency for mobile applications. Micron's 232-layer NAND technology improves performance in flagship mobile devices.

Embedded Solutions

Micron's Embedded Business Unit (EBU) serves the automotive, industrial, and consumer markets. It provides automotive-grade DRAM and NAND for ADAS, infotainment, and autonomous driving systems. The unit also supports industrial memory solutions for IoT, factory automation, and smart infrastructure, driving the growing digitization of edge computing.

Storage Solutions

The Storage Business Unit (SBU) develops SSD solutions for enterprise, cloud, and consumer markets. Micron supplies high-density NAND and SSDs for cloud storage providers, data centres, and AI clusters, while its Crucial-branded consumer SSDs offer faster, more efficient, and reliable storage compared to traditional hard drives.

MANAGEMENT TEAM

Sanjay Mehrotra Chairman, President, CEO	**Mark Murphy** CFO	**Scott J. DeBoer** CTO
Sanjay Mehrotra has been Micron's CEO since 2017, leading the company's transformation into a key player in AI-driven semiconductor innovation. Under his leadership, Micron has expanded its high-performance memory solutions and strengthened its position in global semiconductor manufacturing. Prior to joining Micron, Mehrotra co-founded SanDisk, where he served as CEO. With over 40 years of experience in the industry and more than 70 patents, he has played a critical role in Micron's strategic direction. His leadership has focused on scaling manufacturing capacity, technological advancement in DRAM and NAND, and capitalizing on AI-driven demand.	Mark Murphy has served as Micron's Chief Financial Officer since 2019 and oversees the company's financial planning, capital allocation, and risk management. His leadership has been instrumental in guiding Micron through periods of market volatility and strategic investments in AI-driven semiconductor growth. Before joining Micron, Murphy held executive financial positions at Qorvo, where he also served as CFO. His experience in managing capital allocation for high-tech companies has helped Micron maintain financial stability while investing in next-generation semiconductor technologies.	Scott J. DeBoer leads Micron's research, development, and product engineering, focusing on advancing DRAM, NAND, and high-bandwidth memory (HBM). He has been a key figure in driving Micron's leadership in AI-related semiconductor innovation. With over 30 years at Micron, DeBoer has played a crucial role in developing next-generation semiconductor solutions for AI, 5G, and cloud computing. His leadership in R&D has enabled Micron to stay ahead in the competitive memory chip industry, particularly in HBM3E and AI-driven computing solutions.

CEO: Chief Executive Officer | **CFO**: Chief Financial Officer | **CTO**: Chief Technology Officer

SHAREHOLDER COMPOSITION

Shares Outstanding	3.216 Billion
Institutional Ownership	46.1%
Insider Ownership	12.9%
Retail Ownership	41%

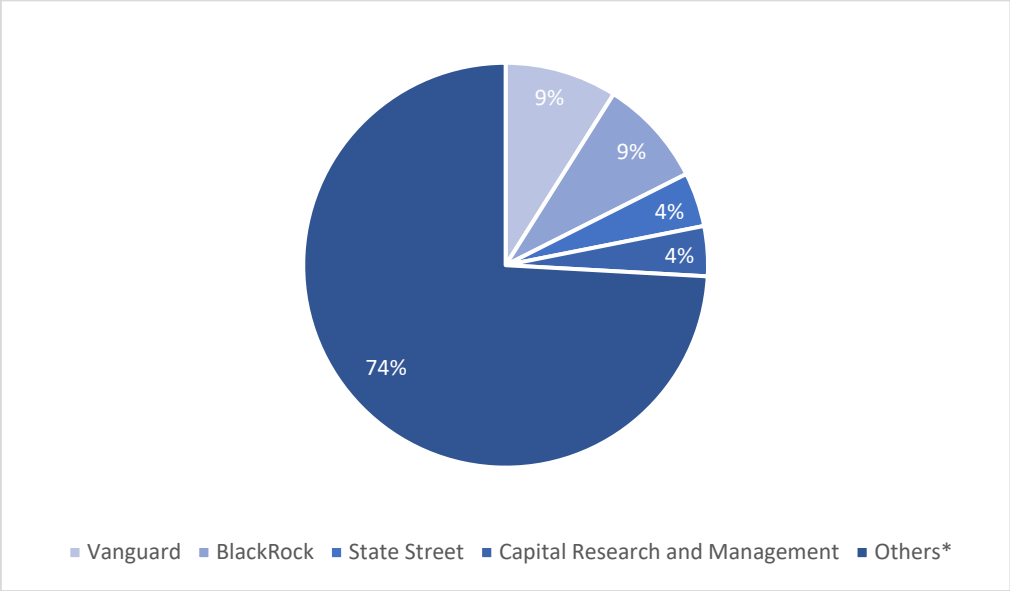

Exhibit 2: Micron Ownership as of February 2025 (Source: Simply Wall Street)

* including 0,42% of shares owned by insiders

INDUSTRY ANALYSIS

MARKET OVERVIEW

The global semiconductor industry is undergoing rapid expansion, driven by the increasing adoption of artificial intelligence (AI), cloud computing, and high-performance data centres. The memory and storage market, in particular, is expected to grow significantly, with high-bandwidth memory (HBM) and DDR5 DRAM playing a critical role in AI-driven workloads. Industry reports project the HBM market to expand from $16 billion in 2024 to over $100 billion by 2030, highlighting the accelerating demand for advanced memory solutions.

Micron Technology remains a key player in the semiconductor memory industry, competing with Samsung Electronics and SK Hynix. The company holds approximately 25% of the global DRAM market, trailing its South Korean competitors. However, Micron has made significant progress in AI-related memory solutions, particularly in the high-performance computing and data centre segments. With AI servers projected to become a $187 billion industry in 2024, Micron's strategic focus on HBM and DDR5 positions it well to capture a significant share of this growing market.

Despite the strong growth trajectory, Micron faces competitive pressures, particularly from Chinese manufacturers like ChangXin Memory Technologies (CXMT), which has been increasing its global DRAM market share. Additionally, the semiconductor industry remains cyclical, with potential risks of supply-demand imbalances affecting pricing power. However, Micron has secured $6.1 billion in federal funding under the CHIPS and Science Act, supporting the development of domestic semiconductor manufacturing facilities in the U.S.

CATALYSTS FOR GROWTH

Strategic Investments in Advanced Manufacturing

Micron plans to invest over $150 billion globally in manufacturing and R&D over the next decade to meet the increasing demand for memory solutions.

Expansion of High-Bandwidth Memory (HBM) Production

Micron is constructing a new HBM advanced packaging facility in Singapore, set to begin operations in 2026. This facility will enhance Micron's capacity to meet the growing demand for AI-driven applications.

Robust Financial Outlook

Analysts project that Micron's revenue will grow by 52% in fiscal year 2025, reflecting strong demand in data centre and AI markets

COMPETITIVE LANDSCAPE (PORTER'S 5 FORCES)

Competitive Rivalry – High

The semiconductor memory industry is intensely competitive, with Micron Technology, Samsung Electronics, and SK Hynix controlling the majority of the DRAM and NAND flash markets. Price wars have already begun, especially in NAND and DRAM, as companies fight for market share amid fluctuating demand. Recent aggressive pricing strategies by competitors, particularly in High-Bandwidth Memory (HBM), have led to margin pressure across the industry.

Micron, however, holds a strategic advantage due to its strong AI-driven product offerings, such as HBM3E and DDR5. Additionally, geopolitical uncertainties and potential changes in U.S. trade policies under a new administration could further impact competition. If tariffs or trade restrictions shift, pricing dynamics may be affected, particularly for foreign competitors. Micron benefits from U.S.-based production facilities and CHIPS Act incentives, which help offset some of the pricing pressures and strengthen its position against Asian-based suppliers.

Supplier Power – Moderate to High

The semiconductor industry relies on a limited number of suppliers for essential materials and equipment, which increases supplier power. Key inputs such as silicon wafers, EUV lithography machines, and specialty gases are controlled by a small group of manufacturers, giving them significant pricing leverage. Companies like ASML dominate the EUV equipment market, while Shin-Etsu Chemical and Sumco supply the majority of silicon wafers. These dependencies make price fluctuations and supply disruptions an ongoing risk.

Micron reduces its exposure to supplier risks by securing long-term agreements, expanding its domestic supply chain, and aligning with U.S. industrial policies to minimize reliance on foreign suppliers. However, geopolitical tensions and potential restrictions on semiconductor equipment exports could create additional sourcing challenges. To mitigate this, Micron continues to invest in supply chain diversification and localized manufacturing capabilities.

Buyer Power – Moderate to High

Micron's primary customers, including cloud service providers, AI chipmakers, and PC/Server OEMs, hold significant bargaining power due to their size and ability to source components from multiple suppliers. Companies like Amazon, Google, Nvidia, and Apple leverage their purchasing scale to negotiate better pricing and terms. As a result, memory suppliers must differentiate their products to retain customers and sustain margins.

To strengthen its position, Micron is focusing on AI-driven memory solutions, where demand is currently outpacing supply, giving it greater pricing power. Additionally, Micron has been securing long-term agreements with major hyperscalers and AI firms, ensuring more stable revenue streams. U.S. government support for domestic semiconductor production also benefits Micron by creating preferential demand for locally manufactured memory components.

Threat of Substitution – Low to Moderate

There are few direct substitutes for DRAM and NAND memory, but emerging technologies present some long-term risks. Alternative memory solutions, such as MRAM, ReRAM, and Phase-Change Memory (PCM), are being explored for specific applications but lack the scalability and cost efficiency needed to replace DRAM and NAND in mainstream markets.

Computational storage and on-chip memory integration in AI processors could reduce reliance on standalone DRAM, but these innovations remain complementary rather than outright replacements. Micron is addressing these risks by investing in next-generation memory solutions, including Compute Express Link (CXL) memory expansion and AI-optimized NAND, ensuring that its products remain essential in high-performance computing and data-driven industries.

Threat of New Entrants – Low

Entering the semiconductor memory industry requires massive capital investment and advanced technological expertise, creating significant barriers for new competitors. Constructing a state-of-the-art memory fabrication facility alone costs over $10 billion, making it nearly impossible for new firms to enter without substantial government funding.

Micron benefits from its long-established technological expertise, intellectual property portfolio, and government incentives through the CHIPS Act, reinforcing its strong position in the industry.

INVESTMENT CATALYSTS

Hard investment catalysts are tangible, measurable drivers of growth tied directly to operational and financial outcomes, such as global expansion, supply chain efficiency, and e-commerce integration. These initiatives deliver clear, long-term value through revenue growth, cost savings, or market share gains.

In contrast, soft investment catalysts are intangible factors such as consumer behaviour, technological advancements, and brand reputation, which indirectly influence growth by enhancing customer loyalty and competitive positioning. Together, these catalysts highlight both structural investments and softer enablers of Walmart's sustained success.

Hard Catalysts

U.S. Production & Government Incentives

Micron, as the sole major U.S.-based memory manufacturer, has secured up to $6.165 billion in direct funding under the CHIPS and Science Act. This substantial investment supports the expansion of its fabrication facilities in Idaho and New York, aiming to reduce reliance on foreign supply chains and bolster domestic semiconductor production.

Expansion in High-Bandwidth Memory (HBM)

In response to the growing demand for high-performance memory solutions driven by artificial intelligence (AI) and data-intensive applications, Micron has commenced volume production of its HBM3E memory. Notably, these 24GB HBM3E modules are integrated into NVIDIA's H200 Tensor Core GPUs, with shipments having begun in the second quarter of 2024.

Leadership in DRAM & NAND Technology

Micron continues to lead in memory innovation with its advanced 1-beta (1β) DRAM and 232-layer NAND technologies. The 1β DRAM offers a 15% improvement in power efficiency and a 35% increase in bit density, enhancing performance and reducing energy consumption.

Similarly, the 232-layer NAND technology provides faster data transfer rates and higher storage capacities, supporting advanced solutions across data centers, automotive applications, and consumer electronics.

Growing Data Centre & AI Demand

The expansion of AI and cloud computing fuels exponential demand for memory and storage solutions. Micron benefits from increasing DRAM and NAND consumption in hyperscale data centres, where AI workloads require significantly higher memory capacity. The company's DDR5, HBM, and enterprise SSDs are well-positioned to capture this market growth.

Supply Chain & Vertical Integration

Micron's strategic investments in domestic manufacturing and vertical integration reduce its dependence on third-party suppliers, improving cost control and production efficiency. The company's efforts in securing raw material sourcing, including lithium and NAND production, further mitigate supply chain risks and provide a long-term cost advantage.

Soft Catalysts

Recovery in the Semiconductor Cycle

The memory market is emerging from a cyclical downturn, with stabilizing inventory levels across PCs, mobile devices, and cloud infrastructure. As demand rebounds and pricing conditions improve, Micron stands to benefit from higher sales volumes and margin expansion.

AI & Edge Computing Growth

Advancements in artificial intelligence and edge computing continue to drive demand for high-performance memory solutions. AI-driven applications (incl. generative AI and machine learning) require increased DRAM content, strengthening Micron's long-term growth trajectory.

Automotive & Industrial Memory Expansion

The shift toward autonomous vehicles, smart infrastructure, and industrial IoT increases memory requirements in embedded systems. Micron's portfolio of automotive-grade LPDDR and NAND solutions is well-positioned to capitalize on rising demand in these markets.

Brand & Market Positioning

Micron's strong relationships with hyperscale cloud providers, enterprise customers, and automotive manufacturers reinforce its competitive positioning. As a leader in next-generation memory solutions, the company benefits from early adoption of emerging technologies, ensuring continued relevance in a rapidly evolving semiconductor landscape.

VALUATION

Free Cash Flow (in millions USD)									
Fiscal Year	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Revenue	**27 705**	**30 758**	**15 540**	**25 111**	**35 155**	**43 944**	**52 733**	**63 280**	**75 936**
% Growth		*11,02%*	*-49,48%*	*61,59%*	*40,00%*	*25,00%*	*15,00%*	*20,00%*	*20,00%*
Cost of goods sold	17 282	16 860	16 956	19 498	24 609	30 322	35 331	42 397	49 358
% of Revenue	*62,38%*	*54,82%*	*109,11%*	*77,65%*	*70,00%*	*69,00%*	*67,00%*	*67,00%*	*65,00%*
Selling General and Administrative	894	1 066	920	1 129	1 406	1 758	2 109	2 531	3 037
% of Revenue	*3,23%*	*3,47%*	*5,92%*	*4,50%*	*4,00%*	*4,00%*	*4,00%*	*4,00%*	*4,00%*
R&D	2 663	3 116	3 114	3 430	4 922	6 592	7 910	9 492	11 390
% of Revenue	*9,61%*	*10,13%*	*20,04%*	*13,66%*	*14,00%*	*15,00%*	*15,00%*	*15,00%*	*15,00%*
Other Operating Expense	-119	-7	-9	192	221	237	254	277	297
% of Revenue	*-0,43%*	*-0,02%*	*-0,06%*	*0,76%*	*0,63%*	*0,54%*	*0,48%*	*0,44%*	*0,39%*
Non-Operating Income/Expense	-529	138	-199	-6	527	659	791	949	1 139
% of Revenue	*-1,91%*	*0,45%*	*-1,28%*	*-0,02%*	*1,50%*	*1,50%*	*1,50%*	*1,50%*	*1,50%*
Tax expense	394	888	177	451	668	923	1 213	1 487	1 807
Tax rate	*6,34%*	*9,02%*	*-3,13%*	*36,37%*					
Net Profit	**5 824**	**8 959**	**-5 835**	**789**	**4 299**	**5 247**	**7 215**	**8 598**	**11 778**
Pre Tax Income	6 218	9 847	-5 658	1 240	4 967	6 169	8 428	10 085	13 586
Net Interest Income/Expense	-146	-93	80	-33	9	9	10	11	12
Depreciation & Amortization	6 214	7 116	7 756	7 780	7 402	10 353	15 954	19 241	22 655
EBITDA	**12 286**	**16 870**	**2 178**	**8 987**	**12 378**	**16 531**	**24 392**	**29 337**	**36 253**
Tax	394	888	177	451	668	923	1 213	1 487	1 807
Capex	10 030	12 067	7 676	8 386	10 582	13 038	15 192	18 231	21 224
Change in NWC	370	1 255	2 911	1 165	1 582	1 977	2 274	2 615	3 008
Free Cash Flow	**1 492**	**2 660**	**-8 586**	**-1 015**	**-454**	**593**	**5 712**	**7 004**	**10 214**

Assumptions									
Fiscal Year	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
COGS % of Revenue	62%	55%	109%	78%	70%	69%	67%	67%	65%
SG&A % of Revenue	3%	3%	6%	4%	4%	4%	4%	4%	4%
Tax % of EBITDA	3%	5%	8%	5%	5%	6%	5%	5%	5%
Capex % of Revenue	36%	39%	49%	33%	30%	30%	29%	29%	28%
Change in NWC % of Capex	4%	10%	38%	14%	15%	15%	15%	14%	14%

Free Cash Flow (in millions USD)									
Fiscal Year	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E	2029E
Free Cash Flow	1 492	2 660	-8 586	-1 015	-454	593	5 712	7 004	10 214
Projection Year					1	2	3	4	5
Present Value of Free Cash Flow					**-408**	**479**	**4 147**	**4 570**	**5 990**

Implied Share Price Calculation	
Sum of PV of FCF	14 778
Growth Rate	3,76%
WACC	11,26%
Terminal Value (millions USD)	141 231
PV of Terminal Value (millions USD)	**82 824**
Enterprise Value	97 603
(+) Cash	7 052
(-) Debt	14 007
(-) Minority Interest	45 131
Equity Value	45 517
Shares Outstanding (millions)	1 108
Implied Share Price (USD)	**41,08**
Current Share Price (USD)	**104,36**

Weighted Average Cost of Capital (WACC)	
Cost of Debt	1,1%
Tax Rate	15,00%
D/(D+E)	10,8%
After Tax Cost of Debt	**1,0%**
Risk Free Rate (10 Year U.S. Treasury)	4,55%
Expected Market Return	11,3%
Market Risk Premium	6,7%
Levered Beta	1,18
E/(D+E)	89,2%
Cost of Equity	**12,50%**
WACC	**11,26%**

[1]

The fact that the share is overvalued does not necessarily mean the price will fall in the near term or at all. Overvalued shares can remain at elevated levels for extended periods due to various factors such as market sentiment and momentum, growth expectations, or popularity.

[1] 10 Year U.S. Treasury : Trading Economics
Expected Market Return : Statista
Levered Beta : Infront Analytics

RISK ASSESSMENT AND MITIGATION

MARKET RISKS

Competitive Pressure – High

Risk: Micron operates in the highly competitive semiconductor industry, facing challenges from major players like Samsung Electronics and SK Hynix. These competitors are expanding their production capacities and technological advancements, potentially impacting Micron's market share and pricing power.

Mitigation: Micron invests heavily in research and development to maintain its technological edge, focusing on innovations in memory and storage solutions. The company is also enhancing its manufacturing processes to improve efficiency and reduce costs.

Supply Chain Disruptions – Moderate

Risk: Micron relies on critical suppliers for semiconductor components, making it vulnerable to trade restrictions, geopolitical tensions, and supply shortages.

Mitigation: The company is diversifying its supplier base, securing long-term agreements, and expanding U.S.-based production under the CHIPS Act to enhance supply chain resilience.

Regulatory and Policy Risks – Moderate

Risk: Trade restrictions, export controls, and environmental regulations could impact Micron's global operations, especially amid U.S.-China tensions.

Mitigation: Trade restrictions, export controls, and environmental regulations could impact Micron's global operations, especially amid U.S.-China tensions.

Technological Disruption – Moderate

Risk: Emerging memory technologies and advancements in AI-driven computing could reduce demand for traditional DRAM and NAND products.

Mitigation: Micron invests heavily in R&D, focusing on next-generation memory solutions and strategic partnerships to stay ahead of industry shifts.

Market Demand Volatility– Moderate to High

Risk: The semiconductor market is cyclical, with fluctuations in AI investment, cloud spending, and consumer electronics demand affecting revenue stability.

Mitigation: Micron adjusts production based on market conditions and diversifies its end markets, reducing dependence on any single sector.

INTERNAL RISK ASSESSMENT

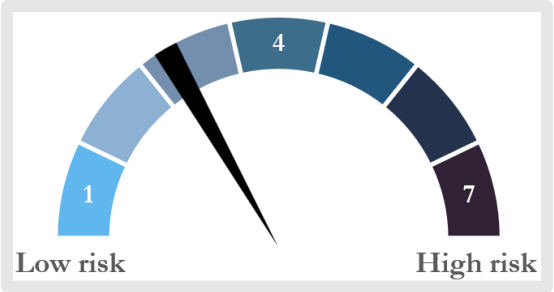

Exhibit 4 : Internal Micron SRI rating

According to our internal criteria, Micron has an SRI rating of **3.33/7**, indicating a low risk profile in both financial and ESG aspects.

Our internal rating system goes from 1/7 (very low risk) to 7/7 (very high risk).

Financial Risk – High Volatility:

Micron's historical stock volatility is approximately 18,5 %, which places it in the 12% to 20% range in our classification. The score for this criterion is 4/7. Micron's price showed significant volatility due to several factors. Firstly, the semiconductor sector, in which Micron operates, is highly sensitive to global economic cycles, fluctuations in demand and geopolitical tensions.

The company is also influenced by changes in raw material prices, growing competition from other manufacturers, and uncertainties linked to international trade policies, particularly relations between the USA and China.

In addition, Micron is a technology company, a notoriously volatile sector, where financial results can fluctuate in line with rapid technological developments and investor expectations. Factors such as earnings growth forecasts, new product announcements or regulatory changes can also significantly influence the share price. Investors often react in an amplified way to economic news, and any event affecting the overall semiconductor or technology market can lead to significant movements in Micron's share price.

ESG Exposure and Management

ESG factors are directly incorporated into our SRI assessment, influencing Micron's overall risk profile. Our ESG evaluation consists of two primary aspects: Exposure and Management.

Exposure ESG (Medium, **Grade: 4**)

Micron, like other companies in the semiconductor industry, faces environmental risks associated with the use of raw materials, energy consumption and waste management. These environmental risks can have a direct impact on employee health and safety. For example, semiconductor manufacturing requires complex chemical processes, sometimes toxic materials, and intensive use of resources such as water and energy. These elements create risks not only for the environment but also for worker safety, particularly when it comes to managing hazardous substances, emissions and pollution.

Management ESG (Strong, **Grade: 2**)

Micron actively manages ESG risks and opportunities through a number of strategies. In terms of governance, a committee oversees ESG issues, and internal policies ensure compliance and transparency, notably through annual reports. On the environmental front, the company is aiming for carbon neutrality by 2050, with a 16% reduction in CO2 emissions by 2022 and initiatives to reduce water and energy consumption. On the social front, Micron promotes

diversity and inclusion, with 41% of its employees from groups under-represented in the sector. In safety, accident prevention measures have led to a 12% reduction in minor incidents by 2022. These actions are aimed at minimizing risks and enhancing the company's ESG-compliant reputation.

Controversies & Governance Risks

Micron has been involved in multiple controversies (3 major issues), particularly regarding:

Data Privacy and Security: Micron was recently targeted by the Cyberspace Administration of China (CAC), which launched a cybersecurity review of its products in 2023. China deemed Micron's products to pose security risks to the country's critical information infrastructures. This led to a ban on the sale of certain Micron products in China, although the company disputed the allegations and continued to take rigorous security measures. This security review comes after several incidents affecting global technology companies, highlighting the sector's vulnerability to cyber-attacks.

Corporate Governance: With regard to ethical affairs and intellectual property, Micron has also been involved in long running disputes concerning patent infringement charges. In 2018, Micron faced patent infringement charges from Chinese companies United Microelectronics Corporation (UMC) and Fujian Jinhua Integrated Circuit Co. These companies alleged that Micron had infringed their patents relating to DRAM and NAND Flash memory technologies in its products. Micron rejected these accusations and sued the companies in California, citing protection of its trade secrets. This incident highlights the growing tensions between American and Chinese companies over intellectual property and technological competition. Given the scale of these non-major controversies, Micron receives a low controversy risk rating (Grade: 3) in our assessment.

Long-term Outlook & ESG Strategy

Micron Technology adopts a long-term ESG strategy that has a direct impact on its financial performance and attractiveness to investors. The company integrates sustainability objectives into its growth initiatives, aiming to reduce carbon footprint and resource consumption risks, which could improve operational efficiency and reduce costs over the long term.

Final Assessment

This environmental strategy translates into a potential reduction in energy costs and better management of natural resources, factors which have a positive impact on profit margins. In terms of corporate governance, Micron implements transparent and accountable practices that reinforce investor and shareholder confidence. In addition, its focus on innovation and supply chain risk management positions it as a resilient player in the face of market fluctuations. According to our analysis, Micron Technology shares are attractive for investors with a long-term vision of financial savings, especially if the company continues to capitalize on innovation.

Grading

MICRON	12% to 20%	MEDIUM	STRONG	3	SRI
	4	4	2	3	3.33

SRI Rating (3.33/7): This rating integrates financial risk and ESG factors, assessing a company's overall sustainability and investment risk. The scale ranges from 1 (lowest risk) to 7 (highest risk).

ESG Scores (Exposure: 4/7, Management: 2/7, Controversies: 3/7): These scores evaluate Micron's environmental, social, and governance risks and are incorporated into the final SRI rating.

The ESG rating system is based on an internal assessment of a company's sustainability performance and governance structure, considering industry benchmarks, controversy reports, and corporate disclosures.

Assessment Grid

WEIGHT	25%	25%	25%	25%
SRI / Criteria	Historical Volatility	ESG Exposure	ESG Management	Controversies
1	<0.5%	LOW	STRONG	0
2	0.5% to 5%	LOW	**STRONG**	1
3	5% to 12%	MEDIUM	AVERAGE	**1**
4	**12% to 20%**	**MEDIUM**	AVERAGE	2
5	20% to 30%	MEDIUM	AVERAGE	2
6	30% to 80%	HIGH	WEAK	3
7	>80%	HIGH	WEAK	>3

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SOURCES

Bloomberg, CNBC, ETF Database, Financial Times, MarketWatch, Micron Technology Investor Relations, Micron Technology's 10-K Report (2023), Nikkei Asia, Reuters, S&P Global Market Intelligence, Simply Wall Street, Yahoo! Finance