



Micron Technology, Inc. Reports Results for the First Quarter of Fiscal 2022

December 20, 2021 at 4:03 PM EST

On track for record revenue and solid profitability in fiscal 2022

BOISE, Idaho, Dec. 20, 2021 (GLOBE NEWSWIRE) -- Micron Technology, Inc. (Nasdaq: MU) today announced results for its first quarter of fiscal 2022, which ended Dec. 2, 2021.

Fiscal Q1 2022 highlights

- Revenue of \$7.69 billion versus \$8.27 billion for the prior quarter and \$5.77 billion for the same period last year
- GAAP net income of \$2.31 billion, or \$2.04 per diluted share
- Non-GAAP net income of \$2.47 billion, or \$2.16 per diluted share
- Operating cash flow of \$3.94 billion versus \$3.88 billion for the prior quarter and \$1.97 billion for the same period last year

"Micron delivered solid fiscal first quarter results led by strong product portfolio momentum," said Micron Technology President and CEO Sanjay Mehrotra. "We are now shipping our industry-leading DRAM and NAND technologies across major end markets, and we delivered new solutions to data center, client, mobile, graphics and automotive customers. As powerful secular trends including 5G, AI, and EV adoption fuel demand growth, our technology leadership and world-class execution position us to create significant shareholder value in fiscal 2022 and beyond."

Quarterly Financial Results

(in millions, except per share amounts)	GAAP ⁽¹⁾			Non-GAAP ⁽²⁾		
	FQ1-22	FQ4-21	FQ1-21	FQ1-22	FQ4-21	FQ1-21
Revenue	\$ 7,687	\$ 8,274	\$ 5,773	\$ 7,687	\$ 8,274	\$ 5,773
Gross margin	3,565	3,912	1,736	3,616	3,964	1,784
percent of revenue	46.4 %	47.3 %	30.1 %	47.0 %	47.9 %	30.9 %
Operating expenses	934	957	870	891	891	811
Operating income	2,631	2,955	866	2,725	3,073	973
percent of revenue	34.2 %	35.7 %	15.0 %	35.4 %	37.1 %	16.9 %
Net income	2,306	2,720	803	2,471	2,778	897
Diluted earnings per share	2.04	2.39	0.71	2.16	2.42	0.78

Investments in capital expenditures, net⁽²⁾ were \$3.27 billion for the first quarter of 2022, which resulted in adjusted free cash flows⁽²⁾ of \$671 million. Micron repurchased approximately 3.6 million shares of its common stock for \$259 million during the first quarter of fiscal 2022 and ended the quarter with cash, marketable investments, and restricted cash of \$11.48 billion, for a net cash⁽²⁾ position of \$4.46 billion.

On December 17, 2021, Micron's Board of Directors declared a quarterly dividend of \$0.10 per share, payable in cash on January 18, 2022, to shareholders of record as of the close of business on January 3, 2022.

Business Outlook

The following table presents Micron's guidance for the second quarter of 2022:

FQ2-22	GAAP ⁽¹⁾ Outlook	Non-GAAP ⁽²⁾ Outlook
Revenue	\$7.5 billion ± \$200 million	\$7.5 billion ± \$200 million
Gross margin	45.0% ± 1%	46.0% ± 1%
Operating expenses	\$1,058 million ± \$25 million	\$975 million ± \$25 million
Diluted earnings per share	\$1.83 ± \$0.10	\$1.95 ± \$0.10

Further information regarding Micron's business outlook is included in the prepared remarks and slides, which have been posted at investors.micron.com.

Investor Webcast

Micron will host a conference call on Monday, Dec. 20, 2021 at 2:30 p.m. MT to discuss its first quarter financial results and provide forward-looking guidance for its second quarter. A live webcast of the call will be available online at investors.micron.com. A webcast replay will be available for one year after the call. For Investor Relations and other company updates, follow @MicronTech on Twitter at twitter.com/MicronTech.

About Micron Technology, Inc.

We are an industry leader in innovative memory and storage solutions transforming how the world uses information to enrich life *for all*. With a relentless focus on our customers, technology leadership, and manufacturing and operational excellence, Micron delivers a rich portfolio of

high-performance DRAM, NAND, and NOR memory and storage products through our Micron® and Crucial® brands. Every day, the innovations that our people create fuel the data economy, enabling advances in artificial intelligence and 5G applications that unleash opportunities — from the data center to the intelligent edge and across the client and mobile user experience. To learn more about Micron Technology, Inc. (Nasdaq: MU), visit micron.com.

© 2021 Micron Technology, Inc. All rights reserved. Micron, the Micron logo, and all other Micron trademarks are the property of Micron Technology, Inc. All other trademarks are the property of their respective owners.

Forward-Looking Statements

This press release contains forward-looking statements regarding our industry, our strategic position, and our financial and operating results. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially. Please refer to the documents we file with the Securities and Exchange Commission, specifically our most recent Form 10-K. These documents contain and identify important factors that could cause our actual results to differ materially from those contained in these forward-looking statements. These certain factors can be found at www.micron.com/certainfactors. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. We are under no duty to update any of the forward-looking statements after the date of this release to conform these statements to actual results.

(1) GAAP represents U.S. Generally Accepted Accounting Principles.

(2) Non-GAAP represents GAAP excluding the impact of certain activities, which management excludes in analyzing our operating results and understanding trends in our earnings, adjusted free cash flow, net cash, and business outlook. Further information regarding Micron's use of non-GAAP measures and reconciliations between GAAP and non-GAAP measures are included within this press release.

MICRON TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)
(Unaudited)

	1st Qtr. December 2, 2021	4th Qtr. September 2, 2021	1st Qtr. December 3, 2020
Revenue	\$ 7,687	\$ 8,274	\$ 5,773
Cost of goods sold	4,122	4,362	4,037
Gross margin	3,565	3,912	1,736
Research and development	712	705	647
Selling, general, and administrative	259	236	214
Restructure and asset impairments	38	22	8
Other operating (income) expense, net	(75)	(6)	1
Operating income	2,631	2,955	866
Interest income	10	9	10
Interest expense	(45)	(47)	(48)
Other non-operating income (expense), net	(75)	19	13
	2,521	2,936	841
Income tax (provision) benefit	(219)	(230)	(51)
Equity in net income (loss) of equity method investees	4	14	13
Net income	\$ 2,306	\$ 2,720	\$ 803
Earnings per share			
Basic	\$ 2.06	\$ 2.42	\$ 0.72
Diluted	2.04	2.39	0.71
Number of shares used in per share calculations			
Basic	1,119	1,123	1,115
Diluted	1,130	1,138	1,135

MICRON TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
(In millions)

(Unaudited)

As of	December 2, 2021	September 2, 2021
Assets		
Cash and equivalents	\$ 8,680	\$ 7,763
Short-term investments	900	870
Receivables	5,250	5,311
Inventories	4,827	4,487
Assets held for sale	13	974
Other current assets	521	502
Total current assets	20,191	19,907
Long-term marketable investments	1,817	1,765
Property, plant, and equipment	35,155	33,213
Operating lease right-of-use assets	574	551
Intangible assets	347	349
Deferred tax assets	746	782
Goodwill	1,228	1,228
Other noncurrent assets	1,188	1,054
Total assets	\$ 61,246	\$ 58,849
Liabilities and equity		
Accounts payable and accrued expenses	\$ 5,470	\$ 5,325
Current debt	118	155
Other current liabilities	924	944
Total current liabilities	6,512	6,424
Long-term debt	6,904	6,621
Noncurrent operating lease liabilities	523	504
Noncurrent unearned government incentives	767	808
Other noncurrent liabilities	632	559
Total liabilities	15,338	14,916
Commitments and contingencies		
Shareholders' equity		
Common stock	122	122
Additional capital	9,564	9,453
Retained earnings	41,267	39,051
Treasury stock	(4,954)	(4,695)
Accumulated other comprehensive income (loss)	(91)	2
Total equity	45,908	43,933
Total liabilities and equity	\$ 61,246	\$ 58,849

MICRON TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)
(Unaudited)

Three months ended	December 2, 2021	December 3, 2020
Cash flows from operating activities		
Net income	\$ 2,306	\$ 803
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation expense and amortization of intangible assets	1,671	1,487
Stock-based compensation	118	92
(Gain) loss on debt repurchases and conversions	83	—
Change in operating assets and liabilities		
Receivables	67	251
Inventories	(344)	130

Accounts payable and accrued expenses	(42)	(753)
Deferred income taxes, net	54	(24)
Other	25	(19)
Net cash provided by operating activities	3,938	1,967
Cash flows from investing activities		
Expenditures for property, plant, and equipment	(3,265)	(2,738)
Purchases of available-for-sale securities	(528)	(1,002)
Proceeds from sale of Lehi, Utah fab	893	—
Proceeds from maturities of available-for-sale securities	313	216
Proceeds from sales of available-for-sale securities	124	45
Proceeds from government incentives	55	40
Other	(77)	21
Net cash provided by (used for) investing activities	(2,485)	(3,418)
Cash flows from financing activities		
Repayments of debt	(1,949)	(84)
Repurchases of common stock - repurchase program	(259)	—
Payments of dividends to shareholders	(112)	—
Repurchases of common stock - withholdings on employee equity awards	(102)	(57)
Payments on equipment purchase contracts	(78)	(97)
Proceeds from issuance of debt	2,000	—
Other	(13)	24
Net cash provided by (used for) financing activities	(513)	(214)
Effect of changes in currency exchange rates on cash, cash equivalents, and restricted cash	(6)	27
Net increase (decrease) in cash, cash equivalents, and restricted cash	934	(1,638)
Cash, cash equivalents, and restricted cash at beginning of period	7,829	7,690
Cash, cash equivalents, and restricted cash at end of period	\$ 8,763	\$ 6,052

MICRON TECHNOLOGY, INC.

NOTES

(Unaudited)

Lehi, Utah Fab and 3D XPoint

In the second quarter of 2021, we updated our portfolio strategy to further strengthen our focus on memory and storage innovations for the data center market. In connection therewith, we determined that there was insufficient market validation to justify the ongoing investments required to commercialize 3D XPoint at scale. Accordingly, we ceased development of 3D XPoint technology and engaged in discussions with potential buyers for the sale of our facility located in Lehi that was dedicated to 3D XPoint production. As a result, we classified the property, plant, and equipment as held for sale and ceased depreciating the assets. On June 30, 2021, we announced a definitive agreement to sell our Lehi facility to Texas Instruments Incorporated ("TI") and closed the sale on October 22, 2021.

In the first quarter of 2022, we received \$893 million from TI for the sale of the Lehi facility and disposed of \$918 million of net assets, consisting primarily of property, plant, and equipment of \$921 million; \$55 million of other assets, consisting primarily of a receivable for reimbursement of property taxes, equipment spare parts, and raw materials; and \$58 million of liabilities, consisting primarily of a finance lease obligation. As a result of the disposition of the Lehi facility, we recognized a loss of \$23 million included in restructure and asset impairments in the first quarter of 2022.

In the third quarter of 2021, we recognized a charge of \$435 million included in restructure and asset impairments in connection with the definitive agreement with TI (and a tax benefit of \$104 million included in income tax (provision) benefit) to write down the assets held for sale to the expected consideration, net of estimated selling costs. In the second quarter of 2021, we also recognized a charge of \$49 million in cost of goods sold to write down 3D XPoint inventory in connection with our decision to cease further development of this technology.

Debt Activity

On November 1, 2021, we issued in a public offering \$1.00 billion in principal amount of 2.703% senior notes due 2032 (green bonds), \$500 million in principal amount of 3.366% senior notes due 2041, and \$500 million in principal amount of 3.477% senior notes due 2051, and received aggregate net proceeds of \$1.99 billion.

On November 17, 2021, we redeemed \$1.25 billion in principal amount of our 2.497% senior notes due 2023 and \$600 million in principal amount of our 4.640% senior notes due 2024 for \$1.93 billion in cash and recognized a non-operating loss of \$83 million.

MICRON TECHNOLOGY, INC.

RECONCILIATION OF GAAP TO NON-GAAP MEASURES

(In millions, except per share amounts)

	1st Qtr. December 2, 2021	4th Qtr. September 2, 2021	1st Qtr. December 3, 2020
GAAP gross margin	\$ 3,565	\$ 3,912	\$ 1,736
Stock-based compensation	43	43	41
Other	8	9	7
Non-GAAP gross margin	<u>\$ 3,616</u>	<u>\$ 3,964</u>	<u>\$ 1,784</u>
GAAP operating expenses	\$ 934	\$ 957	\$ 870
Stock-based compensation	(73)	(50)	(51)
Restructure and asset impairments	(38)	(22)	(8)
Other	68	6	—
Non-GAAP operating expenses	<u>\$ 891</u>	<u>\$ 891</u>	<u>\$ 811</u>
GAAP operating income	\$ 2,631	\$ 2,955	\$ 866
Stock-based compensation	116	93	92
Restructure and asset impairments	38	22	8
Other	(60)	3	7
Non-GAAP operating income	<u>\$ 2,725</u>	<u>\$ 3,073</u>	<u>\$ 973</u>
GAAP net income	\$ 2,306	\$ 2,720	\$ 803
Stock-based compensation	116	93	92
Restructure and asset impairments	38	22	8
Amortization of debt discount and other costs	9	8	7
(Gain) loss on debt repurchases and conversions	83	—	—
Other	(60)	3	7
Estimated tax effects of above and other tax adjustments	(21)	(68)	(20)
Non-GAAP net income	<u>\$ 2,471</u>	<u>\$ 2,778</u>	<u>\$ 897</u>
GAAP weighted-average common shares outstanding - Diluted	1,130	1,138	1,135
Adjustment for stock-based compensation	11	9	11
Non-GAAP weighted-average common shares outstanding - Diluted	<u>1,141</u>	<u>1,147</u>	<u>1,146</u>
GAAP diluted earnings per share	\$ 2.04	\$ 2.39	\$ 0.71
Effects of the above adjustments	0.12	0.03	0.07
Non-GAAP diluted earnings per share	<u>\$ 2.16</u>	<u>\$ 2.42</u>	<u>\$ 0.78</u>

RECONCILIATION OF GAAP TO NON-GAAP MEASURES, Continued

	1st Qtr. December 2, 2021	4th Qtr. September 2, 2021	1st Qtr. December 3, 2020
GAAP net cash provided by operating activities	\$ 3,938	\$ 3,884	\$ 1,967
Expenditures for property, plant, and equipment	(3,265)	(2,015)	(2,738)
Proceeds from sales of property, plant, and equipment	21	4	12
Payments on equipment purchase contracts	(78)	(156)	(97)
Amounts funded by partners	55	160	40
Investments in capital expenditures, net	<u>(3,267)</u>	<u>(2,007)</u>	<u>(2,783)</u>
Adjusted free cash flow	<u>\$ 671</u>	<u>\$ 1,877</u>	<u>\$ (816)</u>

As of	December 2, 2021	September 2, 2021
-------	---------------------	----------------------

Cash and short-term investments	\$	9,580	\$	8,633
Current and noncurrent restricted cash		83		66
Long-term marketable investments		1,817		1,765
Current and long-term debt		(7,022)		(6,776)
Net cash	\$	4,458	\$	3,688

The tables above reconcile GAAP to non-GAAP measures of gross margin, operating expenses, operating income, net income, diluted shares, diluted earnings per share, adjusted free cash flow, and net cash. The non-GAAP adjustments above may or may not be infrequent or nonrecurring in nature, but are a result of periodic or non-core operating activities. We believe this non-GAAP information is helpful in understanding trends and in analyzing our operating results and earnings. We are providing this information to investors to assist in performing analysis of our operating results. When evaluating performance and making decisions on how to allocate our resources, management uses this non-GAAP information and believes investors should have access to similar data when making their investment decisions. We believe these non-GAAP financial measures increase transparency by providing investors with useful supplemental information about the financial performance of our business, enabling enhanced comparison of our operating results between periods and with peer companies. The presentation of these adjusted amounts varies from amounts presented in accordance with U.S. GAAP and therefore may not be comparable to amounts reported by other companies. Our management excludes the following items in analyzing our operating results and understanding trends in our earnings:

- Stock-based compensation;
- Flow-through of business acquisition-related inventory adjustments;
- Acquisition-related costs;
- Employee severance;
- Gains and losses from settlements and patent license charges;
- Restructure and asset impairments;
- Amortization of debt discount and other costs;
- Gains and losses from debt repurchases and conversions;
- Gains and losses from business acquisition activities;
- Initial impact of inventory accounting policy change to FIFO and change in inventory cost absorption in the second quarter of 2021; and
- The estimated tax effects of above, non-cash changes in net deferred income taxes, assessments of tax exposures, certain tax matters related to prior fiscal periods, and significant changes in tax law.

Non-GAAP diluted shares are adjusted for the impact of additional shares resulting from the exclusion of stock-based compensation from non-GAAP income.

MICRON TECHNOLOGY, INC.
RECONCILIATION OF GAAP TO NON-GAAP OUTLOOK

FQ2-22	GAAP Outlook	Adjustments		Non-GAAP Outlook
Revenue	\$7.5 billion ± \$200 million	—		\$7.5 billion ± \$200 million
Gross margin	45.0% ± 1%	1%	A	46.0% ± 1%
Operating expenses	\$1,058 million ± \$25 million	\$83 million	B	\$975 million ± \$25 million
Diluted earnings per share ⁽¹⁾	\$1.83 ± \$0.10	\$0.12	A, B, C	\$1.95 ± \$0.10

Non-GAAP Adjustments
(in millions)

A	Stock-based compensation – cost of goods sold	\$	48
A	Other – cost of goods sold		5
B	Stock-based compensation – research and development		48
B	Stock-based compensation – sales, general, and administrative		35
C	Tax effects of the above items and other tax adjustments		(2)
		\$	134

⁽¹⁾ GAAP earnings per share based on approximately 1.13 billion diluted shares and non-GAAP earnings per share based on approximately 1.14 billion diluted shares.

The tables above reconcile our GAAP to non-GAAP guidance based on the current outlook. The guidance does not incorporate the impact of any potential business combinations, divestitures, restructuring activities, balance sheet valuation adjustments, strategic investments, financing transactions, and other significant transactions. The timing and impact of such items are dependent on future events that may be uncertain or outside of our control.

Contacts: Farhan Ahmad
Investor Relations
farhanahmad@micron.com
(408) 834-1927

Erica Rodriguez Pompen
Media Relations
epompen@micron.com
(408) 834-1873