

Financial Results

Second Quarter Fiscal 2018

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During the course of this meeting, we may make projections or other forward-looking statements regarding future events or the future financial performance of the Company and the industry. We wish to caution you that such statements are predictions and that actual events or results may differ materially. We refer you to the documents the Company files from time to time with the Securities and Exchange Commission, specifically the Company's most recent Form 10-K and Form 10-Q. These documents contain and identify important factors that could cause the actual results for the Company to differ materially from those contained in our projections or forward-looking statements. These certain factors can be found at <http://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 the presentation to conform these statements to actual results.

Sanjay Mehrotra

President and CEO

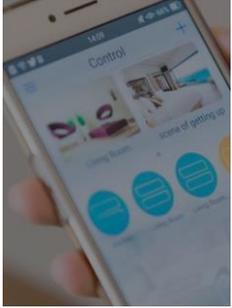


FQ2-18 Strong Execution

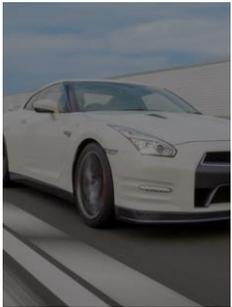
- Delivered record revenue, gross profit, EPS and cash generation
- Robust Mobile growth driven by Managed NAND & low-power DDR4
- Increased SSD market share; total SSD sales up 80% Y/Y
- Qualified 1X nm DRAM at 3 of the largest Hyperscale customers
- Achieved record Automotive design wins in 1H FY-18

¹ Reflects Gartner's CY 2017 Memory and Storage market revenue which includes DRAM, NAND, NOR, Emerging and Other.

End Market Trends



- Capabilities to enhance user experience require more memory and storage
- High-end smartphones migrating to 6GB LPDRAM and >64 GB NAND
- Micron is addressing with power efficient LPDRAM & TLC Managed NAND



- New AI “smart cockpits” in Autos create need for datacenter on wheels
- More compute intensive features (voice/gesture recognition, driver alerts)
- Micron is addressing with auto grade LPDDR4 & high-bandwidth graphics



- Rapid analysis and storage in datacenter complements edge compute
- Driving significant datacenter investment and demand for memory & storage
- Micron is addressing with broad technology portfolio

Industry Outlook

DRAM

- Healthy demand environment with secular growth drivers
- CY-18 Industry bit output growth in the 20% range
- CY-18 Micron bit output growth in-line with Industry

NAND

- More balanced Industry dynamic in CY-18
- CY-18 Industry bit output growth somewhat higher than 45%
- CY-18 Micron bit output growth somewhat above Industry

Strengthening Our Competitive Position

- Successfully making technology and cost improvements
 - Accelerating DRAM technology cadence, ramping 1X nm faster than prior nodes
 - On track to achieve 1X nm DRAM bit crossover by the end of CY-18
 - On track to achieve 64L 3D NAND bit crossover in 2H FY-18
- Executing development plans for next generation technologies
 - Expect to deliver samples of 1Y nm DRAM and 3rd gen 3D NAND by end of FY-18
 - Expect to ramp initial volume for these nodes in 2H CY-18

Dave Zinsner

Chief Financial Officer

FQ2 2018 Financial Results Summary

- Revenue of \$7.35 billion
- GAAP results
 - Gross margin: 58%
 - Net income: \$3.31 billion
 - Diluted EPS: \$2.67
- Non-GAAP results
 - Gross margin: 58%
 - Net income: \$3.50 billion
 - Diluted EPS: \$2.82
- Non-GAAP operating expenses of \$666 million

Compute & Networking Business Unit

	FQ2-18	FQ1-18	FQ2-17
Revenue	\$ 3.69B	\$ 3.21B	\$ 1.92B
% of total company revenue	50%	47%	41%
Operating income	\$ 2.33B	\$ 1.91B	\$ 736M
Operating income %	63%	60%	38%

CNBU

- Revenue up 15% Q/Q and up 93% Y/Y
- Cloud server revenue up 28% Q/Q driven by Hyperscale customers
- Strong demand for graphics memory from gaming and crypto-mining

Mobile Business Unit

	FQ2-18	FQ1-18	FQ2-17
Revenue	\$ 1.57B	\$ 1.37B	\$ 1.08B
% of total company revenue	21%	20%	23%
Operating income	\$ 689M	\$ 505M	\$ 170M
Operating income %	44%	37%	16%

MBU

- Record revenue up 15% Q/Q and 45% Y/Y
- Strength from growing portfolio of Managed NAND and industry leading power efficient LPDRAM products

Embedded Business Unit

	FQ2-18	FQ1-18	FQ2-17
Revenue	\$ 829M	\$ 830M	\$ 590M
% of total company revenue	11%	12%	13%
Operating income	\$ 363M	\$ 342M	\$ 193M
Operating income %	44%	41%	33%

EBU

- Revenue flat Q/Q and up 41% Y/Y
- Record quarter for Automotive, driven by ADAS and in-vehicle experience
- Growth in Industrial Internet of Things markets

Storage Business Unit

	FQ2-18	FQ1-18	FQ2-17
Revenue	\$ 1.25B	\$ 1.38B	\$ 1.04B
% of total company revenue	17%	20%	22%
Operating income	\$ 251M	\$ 400M	\$ 71M
Operating income %	20%	29%	7%

SBU

- Revenue increased 20% Y/Y due to increased SSD market share
- Record quarterly sales of SSDs in FQ2-18
- Q/Q revenue decline due to reduction in Components revenue

Performance by Product Line

DRAM

- 71% of overall company revenue in FQ2-18
- Revenue up 14% Q/Q and up 76% Y/Y
- Shipment quantities up mid-single digit percent range Q/Q
- ASPs up low double-digit percent Q/Q
- Non-GAAP Gross Margin of 66% in FQ2-18 vs 62% in FQ1-18, 44% in FQ2-17

Trade NAND

- 25% of overall company revenue in FQ2-18
- Revenue down 3% Q/Q and up 28% Y/Y
- Shipment quantities up low double-digit percent range Q/Q
- ASPs down mid-teens percent Q/Q
- Non-GAAP Gross Margin of 47% in FQ2-18 vs 49% in FQ1-18, 31% in FQ2-17

Other Financial Metrics

- Operating cash flow
 - \$4.3 billion in FQ2-18
- Capital expenditures, net of partner contributions
 - \$2.1 billion spent in FQ2-18
- Free cash flow*
 - \$2.2 billion in FQ2-18
- Cash, marketable investments & restricted cash
 - \$8.7 billion at the end of FQ2-18
- Face value debt
 - \$9.5 billion at the end of FQ2-18

* Free cash flow consists of cash provided by operating activities less investments in capital expenditures, net of partner contributions.

FQ3 2018 Guidance

Non-GAAP

	FQ3-18 Guidance
Revenue	\$7.20 billion – \$7.60 billion
Gross margin	57% – 60%
Operating expenses	\$725 million +/- \$25 million
Operating income	\$3.60 billion – \$3.80 billion
Diluted EPS*	\$2.83 +/- \$0.07

*Based on 1,249 million diluted shares

Q&A

Financial Summary

Non-GAAP

Dollars in millions, except per share	FQ2-18	% of Sales	FQ1-18	% of Sales	FQ2-17	% of Sales
Net sales	7,351	100%	6,803	100%	4,648	100%
Gross margin	4,296	58%	3,769	55%	1,789	38%
Operating income	3,630	49%	3,157	46%	1,177	25%
Income tax (provision) benefit	(99)		(91)		(31)	
Net income attributable to Micron	3,495	48%	2,994	44%	1,031	22%
Diluted earnings per share	2.82		2.45		0.90	
Cash provided by operating activities*	4,348		3,636		1,766	
Cash, marketable investments, and restricted cash	8,675		6,610		4,584	

* FQ2-17 operating cash flows of \$1,766 million is equal to GAAP operating cash flows of \$1,405 million, plus \$361 million of the Inotera purchase price, which was reflected for GAAP as an operating cash outflow

Non-GAAP Reconciliations

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions, except per share amounts	FQ2-18	FQ1-18	FQ2-17
GAAP net income attributable to Micron	\$ 3,309	\$ 2,678	\$ 894
Non-GAAP adjustments:			
Stock-based compensation	52	51	55
Flow-through of Inotera inventory step up	—	—	60
Inotera acquisition costs	—	—	12
Restructure and asset impairments	7	6	4
Amortization of debt discount and other costs	26	29	31
Loss on debt repurchases and conversions	23	195	—
(Gain) loss from changes in currency exchange rates	27	9	28
(Gain) loss from business acquisition activities	—	—	(71)
Other	7	3	11
Impact of U.S. income tax reform	131	—	—
Estimated tax effects of above and changes in net deferred income taxes	(87)	23	7
Total non-GAAP adjustments	186	316	137
Non-GAAP net income attributable to Micron	\$ 3,495	\$ 2,994	\$ 1,031
GAAP shares used in diluted EPS calculations	1,238	1,225	1,160
Adjustment for stock-based compensation and effect of capped calls	2	(5)	(14)
Non-GAAP shares used in diluted EPS calculations	1,240	1,220	1,146
GAAP diluted earnings per share	\$ 2.67	\$ 2.19	\$ 0.77
Effects of above	0.15	0.26	0.13
Non-GAAP diluted earnings per share	\$ 2.82	\$ 2.45	\$ 0.90

Consolidated Statement of Operations

FQ2 2018 Non-GAAP Reconciliation

Amounts in millions	GAAP	Adjustments	Non-GAAP
Net sales	\$ 7,351	\$ —	\$ 7,351
Cost of goods sold	3,081	(26) A,H	3,055
Gross margin	4,270	26	4,296
Selling, general, and administrative	196	(16) B	180
Research and development	523	(14) C	509
Other operating (income) expense	(16)	(7) D	(23)
Total operating expenses	703	(37)	666
Operating income	3,567	63	3,630
Interest expense, net	(61)	26 E	(35)
Other non-operating income (expense), net	(53)	53 F,G,H	—
	3,453	142	3,595
Income tax (provision) benefit	(143)	44 I,J	(99)
Equity in net income (loss) of equity method investees	1	—	1
Net income	3,311	186	3,497
Net income attributable to noncontrolling interests	(2)	—	(2)
Net income attributable to Micron	3,309	186	3,495

Consolidated Statement of Operations

FQ2 2018 Non-GAAP Reconciliation (continued)

Amounts in millions

A	Stock-based compensation – cost of goods sold	\$	22
B	Stock-based compensation – sales, general, and administrative		16
C	Stock-based compensation – research and development		14
D	Restructure and asset impairments		7
E	Amortization of debt discount and other costs		26
F	Loss on debt repurchases and conversions		23
G	(Gain) loss from changes in currency exchange rates		27
H	Other		7
I	Impact of U.S. income tax reform		131
J	Estimated tax effects of above and non-cash changes in net deferred income taxes		(87)
		\$	<u>186</u>

Summary Key Data

Non-GAAP Financial Data and Guidance

% of Revenue	FQ2-18	FQ2-17
DRAM	71%	64%
Trade NAND*	25%	30%

% Shipments Change	FQ2-18 Q/Q	FQ2-18 Y/Y
DRAM	Increased mid single digit	Increased low 20% range
Trade NAND*	Increased low double digit	Increased low 40% range

% ASP Change	FQ2-18 Q/Q	FQ2-18 Y/Y
DRAM	Increased low double digit	Increased low 40% range
Trade NAND*	Decreased mid-teens range	Decreased high single digit

Gross Margin	FQ2-18	FQ2-17
DRAM	66%	44%
Trade NAND*	47%	31%

	FQ2-18 Non-GAAP (amounts in millions, except per share)	FQ3-18 Non-GAAP Guidance
Revenue	\$ 7,351	\$7.20 – \$7.60 billion
Gross margin	58%	57% – 60%
Operating expenses	\$ 666	\$725 million +/- \$25 million
Operating income	\$ 3,630	\$3.60 – \$3.80 billion
Earnings per share	\$ 2.82	\$2.83 +/- \$0.07

	FQ2-18 Non-GAAP (amounts in millions)	FQ3-18 Non-GAAP Estimates
Net interest expense	\$ 35	~\$30 million
Diluted shares	1,240	~1,249 million
Tax (provision) benefit	\$ (99)	~(\$125 million)
Operating cash flow	\$ 4,348	—
Depreciation and amortization	\$ 1,149	—
Capital expenditures (Capital cash flow) (a)	\$ 2,112	FY-18: \$7.5 billion +/- 5%

See Non-GAAP reconciliations

*Trade NAND excludes products sold to Intel through IMFT under a long-term supply agreement at prices approximating cost.

(a) Net of amounts funded by partners

Convertible Notes Dilution Overview

FQ2 2018 (shares in millions)

Stock Price	FQ2-18*	\$ 55	\$ 56	\$ 57	\$ 58	\$ 59	\$ 60	\$ 61	\$ 62	\$ 63	\$ 64	\$ 65
2032 C Notes	14	15	15	15	15	15	15	15	15	15	15	15
2032 D Notes	14	15	15	15	15	15	15	15	15	15	15	15
2033 E Notes	4	1	1	1	1	1	1	1	1	1	1	1
2033 F Notes	20	19	19	19	19	20	20	20	20	20	20	20
2043 G Notes	11	17	17	17	17	18	18	18	19	19	19	19
Total dilutive shares	63	67	67	67	67	69	69	69	70	70	70	70
Benefit from capped call	(7)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(3)	(3)	(3)	(3)
Net dilution	56	63	63	63	63	65	65	65	67	67	67	67

*FQ2-18 dilutive impact of convertible notes is based on a weighted-average share price of \$43.39.

Note: At the end of FQ2-18 market price of Micron's stock closed at \$47.62/share

