



Financial Results

FQ2 2020

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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 Highlights

Strong Q2 results including revenue at high end of guided range

Even as the COVID-19 crisis began to unfold halfway through our quarter

Positive free cash flow for 13 consecutive quarters

A marked improvement from historical cycles and is evidence of the strength of the New Micron

COVID-19 Update

Micron's Response

- Ongoing communication with our suppliers to ensure continuity and identify supply gaps
- Increased our on-hand inventory of raw materials
- Increased multi-sourcing of parts to reduce supplier dependence risk
- Added assembly and test capacity in order to provide redundant manufacturing capability

Near-term Outlook

- Stronger demand from datacenter due to remote-work economy, increased gaming and e-commerce activity
- Datacenter demand in all regions looks strong and is leading to supply shortages
- Recent increase in demand for notebooks to support work-from-home and virtual learning
- Smartphone, consumer electronics and auto demand below prior expectations for 2H FY2020
- Moving supply from smartphone to datacenter markets, for both DRAM modules and SSDs

Industry Outlook

DRAM

- Industry demand CAGR in the mid-to-high teens
- Long-term Micron supply growth in line with industry demand growth CAGR

NAND

- Industry demand CAGR in the 30% range
- Long-term Micron supply growth in line with industry demand growth CAGR

Industry supply could be impacted by travel restrictions that hinder equipment deliveries and support

Strong Technology and Roadmap Execution

The New Micron is focused on combining product leadership with technology, manufacturing and supply chain excellence to deliver differentiated products to our customers and maintain a competitive cost structure

DRAM

- First to introduce 1Z in volume production and expect over half our bit production to be on 1Y and 1Z by summer 2020
- Managing the construction schedule of our new Taiwan cleanroom expansion carefully, remain on target for first output in CY2021
- Began sampling 1Z-based DDR5, on track to introduce HBM in CY2020, and making good progress on our 1-alpha node

NAND

- Expect to begin production on our 128-layer first-gen RG node in our current quarter with revenue shipments in FQ4
- QLC SSD bit shipments rose by 60% sequentially in FQ2, with a meaningful portion of our consumer SSDs now shipping with our QLC technology, expect continued growth in second half of FY2020
- SSD revenue also grew approximately 20% sequentially, led by a greater than 50% growth in datacenter SSDs

End Market Highlights



SSDs

- Record consumer SSD revenue assisted by growth of QLC NVMe consumer SSDs
- Expect strong sequential bit growth in NVMe in FQ3 as we continue the transition from SATA to NVMe
- Achieved several customer qualifications on our 96-layer SATA datacenter SSD



Mobile

- First company to deliver LP5 mobile DRAM to customers
- Sampling world's first LP5 DRAM-based UFS MCPs, which enable longer smartphone battery life and high-performance image processing
- LP5 and UFS more important as 5G adoption accelerates



Data Center, Graphics & PC

- **Data Center:** Strong demand from enterprise and cloud customers
- **Graphics:** GDDR6 bit shipments increased more than 40% QoQ
- **PC:** DRAM bit shipments and revenue declined sequentially, driven by slow seasonal demand and CPU shortages



Automotive & Industrial

- **Automotive:** Record DRAM and NAND revenue and LPDRAM was approximately half of auto DRAM revenue
- **Industrial:** Record bit shipments for DRAM and NAND, expect secular growth in IoT markets as 5G rolls out



Dave Zinsner

Chief Financial Officer



FQ2-20 Revenue
\$4.8B

Revenue down 7% Q/Q and down 18% Y/Y

Performance by Technology

DRAM

- 64% of total revenue in FQ2-20
- Revenue down 11% Q/Q and down 26% Y/Y
- Bit shipments down approximately 10% Q/Q
- Bit shipments up more than 20% Y/Y
- ASPs flat Q/Q

NAND

- 32% of total revenue in FQ2-20
- Revenue up 6% Q/Q and up 9% Y/Y
- Bit shipments down low-single-digit percent range Q/Q
- Bit shipments up approximately 20% Y/Y
- ASPs up upper-single-digit percent range Q/Q

The metrics above reflect the change in reporting for MCPs and SSDs, which have been disaggregated into DRAM and NAND.

Revenue by Business Unit

	FQ2-20	FQ1-20	Q/Q % Change	FQ2-19	Y/Y % Change
Compute and Networking (CNBU)	\$1.97B	\$1.98B	(1)%	\$2.38B	(17)%
Mobile (MBU)	\$1.26B	\$1.46B	(14)%	\$1.61B	(22)%
Storage (SBU)	\$870M	\$968M	(10)%	\$1.02B	(15)%
Embedded (EBU)	\$696M	\$734M	(5)%	\$799M	(13)%

FQ2-20

Non-GAAP Operating Results

Revenue: \$4.8 billion

Gross Margin: 29.1%

Net Income: \$517 million

Diluted EPS: \$0.45

Operating Expenses: \$856 million

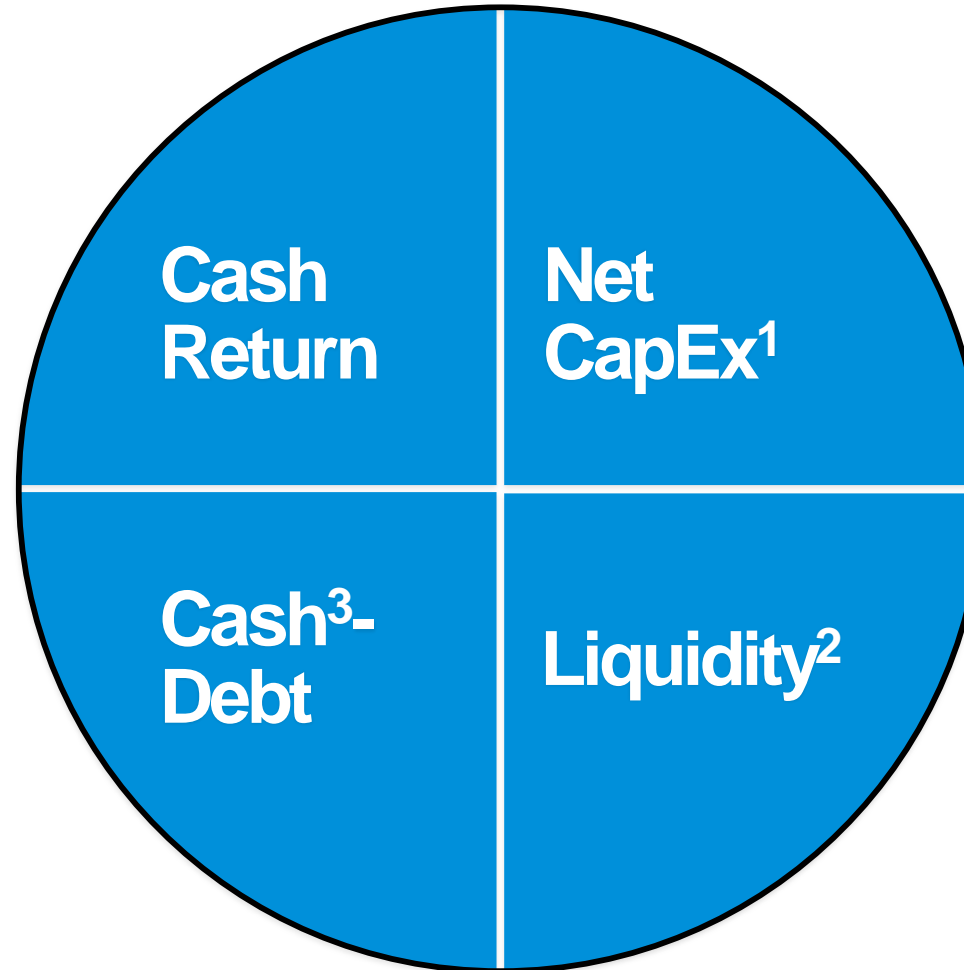
Operating Income: \$542 million

Cash from Operations: \$2.0 billion

Capital Allocation

**\$44M used for share repurchases
in FQ2-20
(785,000 shares)**

**\$2.7B of net cash at end
of FQ2-20**



FY-20 CapEx of \$7B-\$8B

**\$10.6B in liquidity at end
of FQ2-20**

¹Capex net of amounts funded by partners and proceeds from sales of property, plant, and equipment

²Cash, short-term and long-term marketable investments, restricted cash and undrawn revolver capacity

³Cash, short-term and long-term marketable investments, and restricted cash

FQ3-20 Guidance

Non-GAAP

Revenue	\$4.6 billion to \$5.2 billion
Gross margin	31.0% \pm 1.5%
Operating expenses	\$825 million \pm \$25 million
Interest (income) expense, net	\$35 million
Diluted EPS*	\$0.55 \pm \$0.15

*Based on ~1.14 billion diluted shares



Other Key Data

Financial Summary

Non-GAAP

Amounts in millions, except per share	FQ2-20	% of Revenue	FQ1-20	% of Revenue	FQ2-19	% of Revenue
Revenue	\$4,797	100%	\$5,144	100%	\$5,835	100%
Gross margin	1,398	29%	1,405	27%	2,928	50%
Operating income	542	11%	594	12%	2,110	36%
Income tax (provision) benefit	(17)		(42)		(178)	
Net income attributable to Micron	517	11%	548	11%	1,971	34%
Diluted earnings per share	0.45		0.48		1.71	
Cash provided by operating activities	2,001		2,011		3,435	
Cash, marketable investments, and restricted cash	8,120		8,313		9,223	

See Non-GAAP reconciliations

Non-GAAP Financial Data and Guidance

% of Revenue	FQ2-20
DRAM	64%
NAND	32%

% Sales Volume Change	FQ2-20 Q/Q
DRAM	Decreased approximately 10%
NAND	Decreased low-single-digit percent range

% ASP Change	FQ2-20 Q/Q
DRAM	Flat
NAND	Increased upper-single-digit percent range

See Non-GAAP reconciliations

	FQ2-20 Non-GAAP (amounts in millions, except per share)	FQ3-20 Non-GAAP Guidance
Revenue	\$ 4,797	\$4.6 billion to \$5.2 billion
Gross margin	29%	31.0% ± 1.5%
Operating expenses	\$ 856	\$825 million ± \$25 million
Interest (income) expense, net	\$ 6	\$35 million
Earnings per share	\$ 0.45	\$0.55 ± \$0.15

	FQ2-20 Non-GAAP (amounts in millions)	FQ3-20 Non-GAAP Estimates
Diluted shares	1,144	~1.14 billion
Income tax (provision) benefit	\$ (17)	~5% rate
Operating cash flow	\$ 2,001	—
Depreciation and amortization	\$ 1,358	—
Investments in capex, net (capital cash flow)	\$ 1,938	FY-20: \$7 billion to \$8 billion

Revenue by Technology

Amounts in millions	FQ2-20	% of Revenue	FQ1-20	% of Revenue	FQ2-19	% of Revenue
DRAM	\$3,083	64%	\$3,469	67%	\$4,151	71%
NAND	1,514	32%	1,422	28%	1,387	24%
Other	200	4%	253	5%	297	5%
Total	\$4,797	100%	\$5,144	100%	\$5,835	100%

Revenue for MCPs and SSDs, which contain both DRAM and NAND, are disaggregated into DRAM and NAND in the table above based on the relative values of each component.

Percentages of total revenue may not total 100% due to rounding.

Historical Revenue % by Technology

	Q1-19	Q2-19	Q3-19	Q4-19	FY-19
DRAM	74%	71%	71%	70%	72%
NAND	21%	24%	23%	25%	23%
Other	5%	5%	6%	5%	5%
Total	100%	100%	100%	100%	100%

	Q1-18	Q2-18	Q3-18	Q4-18	FY-18
DRAM	71%	74%	76%	76%	74%
NAND	24%	21%	20%	21%	21%
Other	5%	4%	4%	3%	4%
Total	100%	100%	100%	100%	100%

	Q1-17	Q2-17	Q3-17	Q4-17	FY-17
DRAM	67%	68%	68%	70%	68%
NAND	29%	28%	29%	27%	28%
Other	4%	4%	4%	3%	4%
Total	100%	100%	100%	100%	100%

Revenue for MCPs and SSDs, which contain both DRAM and NAND, are disaggregated into DRAM and NAND in the table above based on the relative values of each component.

Percentages of total revenue may not total 100% due to rounding.



Non-GAAP Reconciliations

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ2-20	FQ1-20	FQ2-19
GAAP gross margin	\$ 1,355	\$ 1,366	\$ 2,864
Stock-based compensation	37	31	23
Start-up and preproduction costs	—	—	15
Employee severance	—	1	13
Other	6	7	13
Non-GAAP gross margin	<u>\$ 1,398</u>	<u>\$ 1,405</u>	<u>\$ 2,928</u>
GAAP operating expenses	\$ 915	\$ 848	\$ 907
Stock-based compensation	(48)	(41)	(34)
Employee severance	—	—	(4)
Restructure and asset impairments	(10)	4	(51)
Other	(1)	—	—
Non-GAAP operating expenses	<u>\$ 856</u>	<u>\$ 811</u>	<u>\$ 818</u>
GAAP operating income	\$ 440	\$ 518	\$ 1,957
Stock-based compensation	85	72	57
Start-up and preproduction costs	—	—	15
Employee severance	—	1	17
Restructure and asset impairments	10	(4)	51
Other	7	7	13
Non-GAAP operating income	<u>\$ 542</u>	<u>\$ 594</u>	<u>\$ 2,110</u>

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ2-20	FQ1-20	FQ2-19
GAAP net income attributable to Micron	\$ 405	\$ 491	\$ 1,619
Stock-based compensation	85	72	57
Start-up and preproduction costs	—	—	15
Employee severance	—	1	17
Restructure and asset impairments	10	(4)	51
Amortization of debt discount and other costs	6	10	11
(Gain) loss on debt repurchases and conversions	—	(42)	83
Other	7	7	16
Impact of U.S. income tax reform	—	—	(14)
Estimated tax effects of above, non-cash changes in net deferred income taxes, and assessments of tax exposures	4	13	116
Non-GAAP net income attributable to Micron	\$ 517	\$ 548	\$ 1,971
GAAP income tax (provision) benefit	\$ (21)	\$ (55)	\$ (280)
Impact of U.S. income tax reform	—	—	(14)
Estimated tax effects of non-GAAP adjustments, non-cash changes in net deferred income taxes, and assessments of tax exposures	4	13	116
Non-GAAP income tax (provision) benefit	\$ (17)	\$ (42)	\$ (178)

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ2-20	FQ1-20	FQ2-19
GAAP cost of goods sold	\$ 3,442	\$ 3,778	\$ 2,971
Stock-based compensation	(37)	(31)	(23)
Start-up and preproduction costs	—	—	(15)
Employee severance	—	(1)	(13)
Other	(6)	(7)	(13)
Non-GAAP cost of goods sold	<u>\$ 3,399</u>	<u>\$ 3,739</u>	<u>\$ 2,907</u>
GAAP selling, general and administrative	\$ 223	\$ 211	\$ 209
Stock-based compensation	(26)	(22)	(18)
Employee severance	—	—	(3)
Non-GAAP selling, general and administrative	<u>\$ 197</u>	<u>\$ 189</u>	<u>\$ 188</u>
GAAP research and development	\$ 681	\$ 640	\$ 601
Stock-based compensation	(22)	(19)	(16)
Employee severance	—	—	(1)
Other	(1)	—	—
Non-GAAP research and development	<u>\$ 658</u>	<u>\$ 621</u>	<u>\$ 584</u>

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ2-20	FQ1-20	FQ2-19
GAAP shares used in diluted EPS calculations	1,133	1,129	1,141
Adjustment for capped calls and stock-based compensation	11	9	8
Non-GAAP shares used in diluted EPS calculations	<u>1,144</u>	<u>1,138</u>	<u>1,149</u>
GAAP diluted earnings per share	\$ 0.36	\$ 0.43	\$ 1.42
Effects of non-GAAP adjustments	0.09	0.05	0.29
Non-GAAP diluted earnings per share	<u>\$ 0.45</u>	<u>\$ 0.48</u>	<u>\$ 1.71</u>
GAAP net income	\$ 407	\$ 508	\$ 1,625
Interest (income) expense, net	12	3	(31)
Provision (benefit) for income taxes	21	55	280
Depreciation and amortization of property, plant, and equipment and intangibles	1,365	1,296	1,313
EBITDA	<u>\$ 1,805</u>	<u>\$ 1,862</u>	<u>\$ 3,187</u>
GAAP interest (income) expense, net	\$ 12	\$ 3	\$ (31)
Amortization of debt discount and other costs	(6)	(10)	(11)
Non-GAAP interest (income) expense, net	<u>\$ 6</u>	<u>\$ (7)</u>	<u>\$ (42)</u>

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions	FQ2-20	FQ1-20	FQ2-19
Net cash provided by operating activities	\$ 2,001	\$ 2,011	\$ 3,435
Investments in capital expenditures, net			
Expenditures for property, plant, and equipment, net*	(2,013)	(1,936)	(2,629)
Payments on equipment purchase contracts	(18)	(11)	(17)
Amounts funded by partners	93	22	225
Adjusted free cash flow	<u>\$ 63</u>	<u>\$ 86</u>	<u>\$ 1,014</u>

Amounts in millions	FQ2-20	FQ1-20
Cash and short-term investments	\$ 7,481	\$ 7,588
Current and noncurrent restricted cash	53	126
Long-term marketable investments	586	599
Current and long-term debt	(5,425)	(5,650)
Net cash	<u>\$ 2,695</u>	<u>\$ 2,663</u>

*Expenditures for property, plant and equipment, net include proceeds from sales of property, plant, and equipment of \$43 million for FQ2-20, \$7 million for FQ1-20, and \$20 million for FQ2-19.

FQ3-20 Guidance

Non-GAAP Reconciliations

	GAAP	Adjustments		Non-GAAP
Revenue	\$4.6 billion to \$5.2 billion	—		\$4.6 billion to \$5.2 billion
Gross margin	30% ± 1.5%	1%	A	31% ± 1.5%
Operating expenses	\$891 million ± \$25 million	\$66 million	B	\$825 million ± \$25 million
Interest (income) expense, net	\$38 million	\$3 million	C	\$35 million
Diluted EPS*	\$0.41 ± \$0.15	\$0.14	A,B,C,D	\$0.55 ± \$0.15
Adjustments (amounts in millions)				
A	Stock-based compensation – cost of goods sold			\$ 41
A	Other – cost of goods sold			7
B	Stock-based compensation – sales, general, and administrative			26
B	Stock-based compensation – research and development			21
B	Other – operating expenses			19
C	Amortization of debt discount and other costs			3
D	Tax effects of the above items and non-cash changes in net deferred income taxes			41
				<u>\$ 158</u>

The above 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.

*GAAP EPS based on ~1.13 billion diluted shares and non-GAAP EPS based on ~1.14 billion diluted shares

