

Capital Allocation Update

Sanjay Mehrotra and Dave Zinsner

August 2, 2021

© 2021 Micron Technology, Inc. All rights reserved. Information, products, and/or specifications are subject to change without notice. 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.



Safe Harbor Statement

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 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

CEO



**Today we are
announcing
an important
milestone:**

**Initiating a
dividend**

\$0.10 quarterly

Agenda

Micron's Transformation

Financial Strength

Capital Allocation Strategy

Micron's Transformation

The New Micron Is Stronger Than Ever Before

Providing confidence to initiate a dividend

**Strong market
demand growth**

**Slowing industry
supply growth**

**Leading DRAM and
NAND technology**

**Industry's
broadest portfolio**

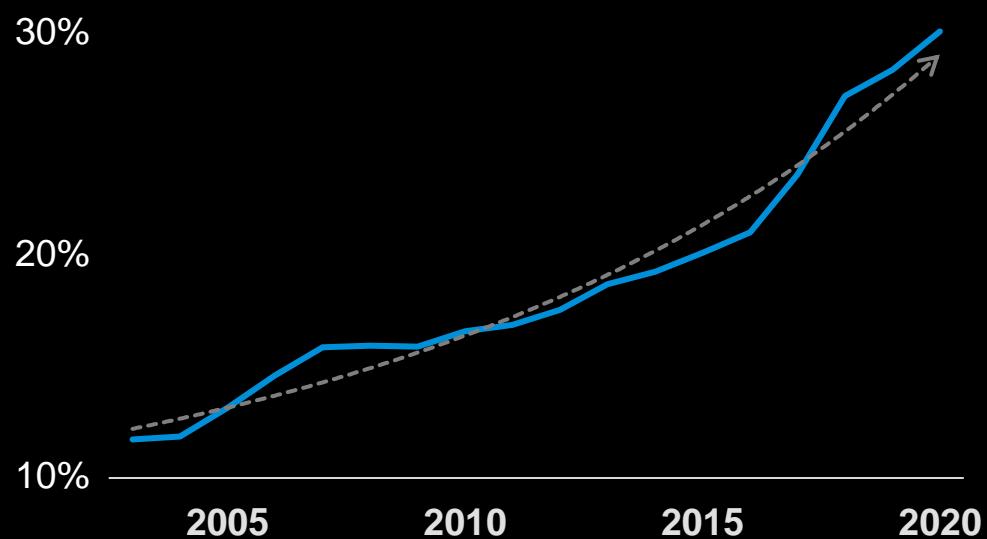
**World-class
manufacturing**

**Team & culture:
Innovation *for all***

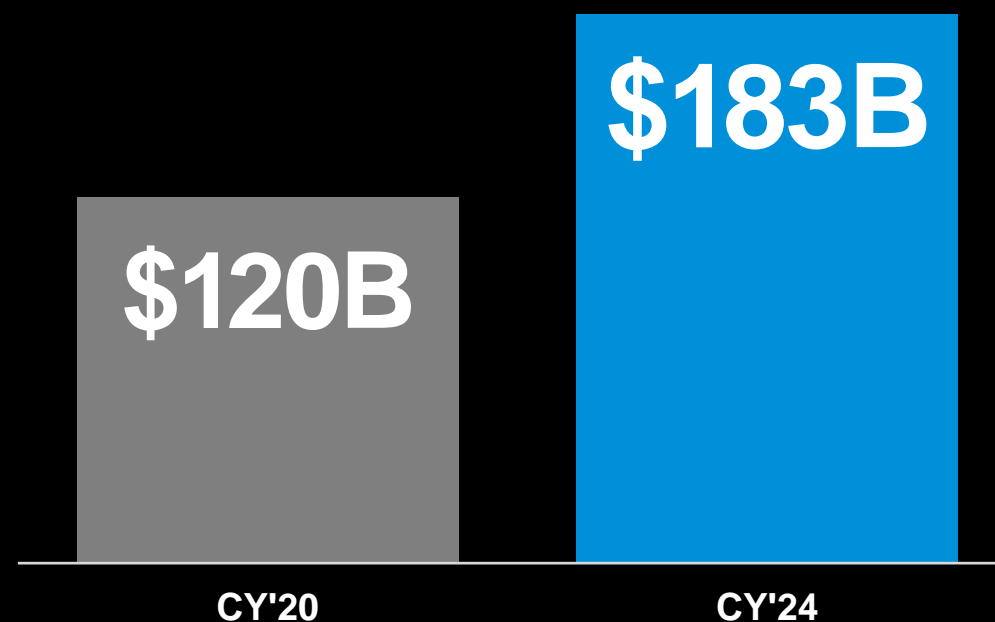
Strong Secular Demand Across End Markets

DRAM and NAND revenue is growing faster than the broader semiconductor industry

**DRAM + NAND Revenue as %
of Semiconductor TAM**
4-year moving average



**Memory and Storage
Total Available Market Growth**



Sources: SEMI Rev: WSTS; DRAM and NAND: Yole, Forward Insights, Gartner, and Micron

TAM - total available market | Source: Micron

Slowing Industry Supply Growth

Factors that have improved industry supply dynamics

- Slowing of Moore's Law
- Industry consolidation
- ROIC focus & capital return

Micron supply discipline

Long-term:

Capex aligned with stable bit share target

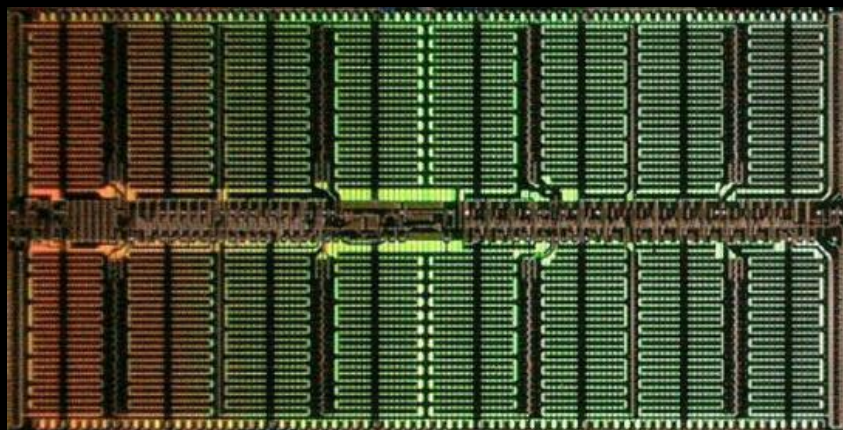
Short term:

Adjustments via utilization, capacity shifts between end markets, and ability to hold higher levels of inventory

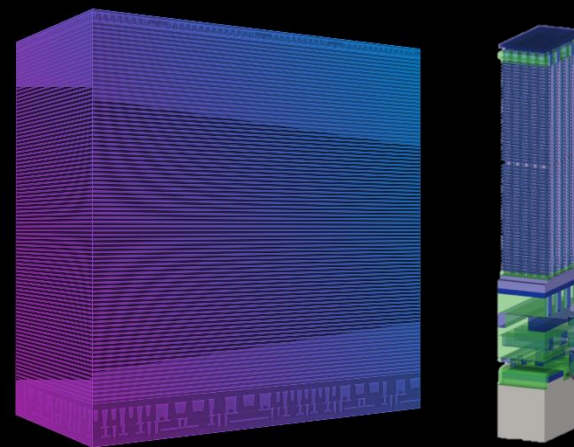
Technology Leadership

Delivering cost competitiveness and customer value

1 α nm: Industry's Most Advanced DRAM



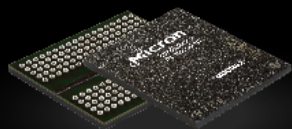
176-Layer: Industry's Most Advanced NAND



1 α nm DRAM & 176-Layer 3D NAND: able to ramp yields 25-30% faster than previous nodes

Dramatically strengthened product portfolio

Rapidly ramping industry-leading technology across market segments



**High- Bandwidth
Graphics Memory**



Compute DRAM
1α-based DDR4



Solid State Drives
176-layer SSDs



Low-Power Memory and Storage

- 1α-based LPDDR4X
- 176-layer UFS



**Automotive-Grade
Memory and Storage**

Data center, PC & Graphics

- Compute DRAM leadership
- Highest performance graphics DRAM
- Strong CXL roadmap

SSDs

- QLC penetration
- Broadening NVMe SSD portfolio
- SATA leadership

Mobile

- Low-power DRAM leadership
- Leading NAND/MCP solutions
- First to market with LP5

Auto & Embedded

- #1 in Auto and Industrial
- First to market with the ISO 26262 standard, ensuring safety
- World's first automotive qualified UFS 3.1 storage.

← Industry's broadest portfolio →

Enhanced Manufacturing Network

Investing in Cleanroom Space

Enabling node transitions while maintaining stable wafer capacity

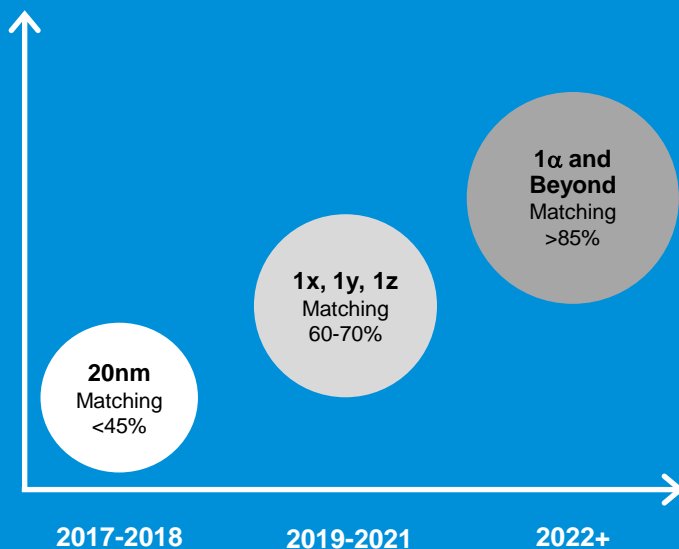
Lithography

Investing in most advanced EUV and Immersion tools

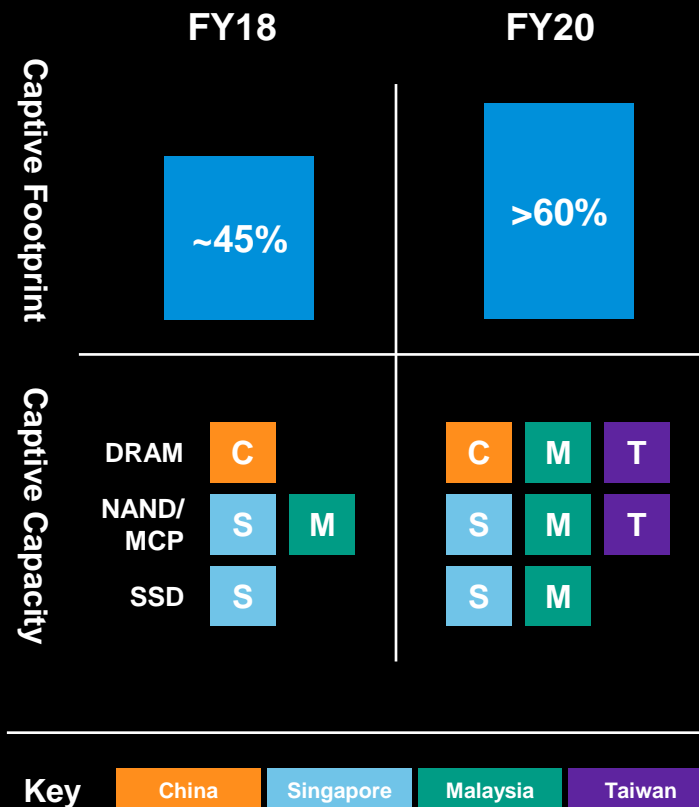
Smart Manufacturing

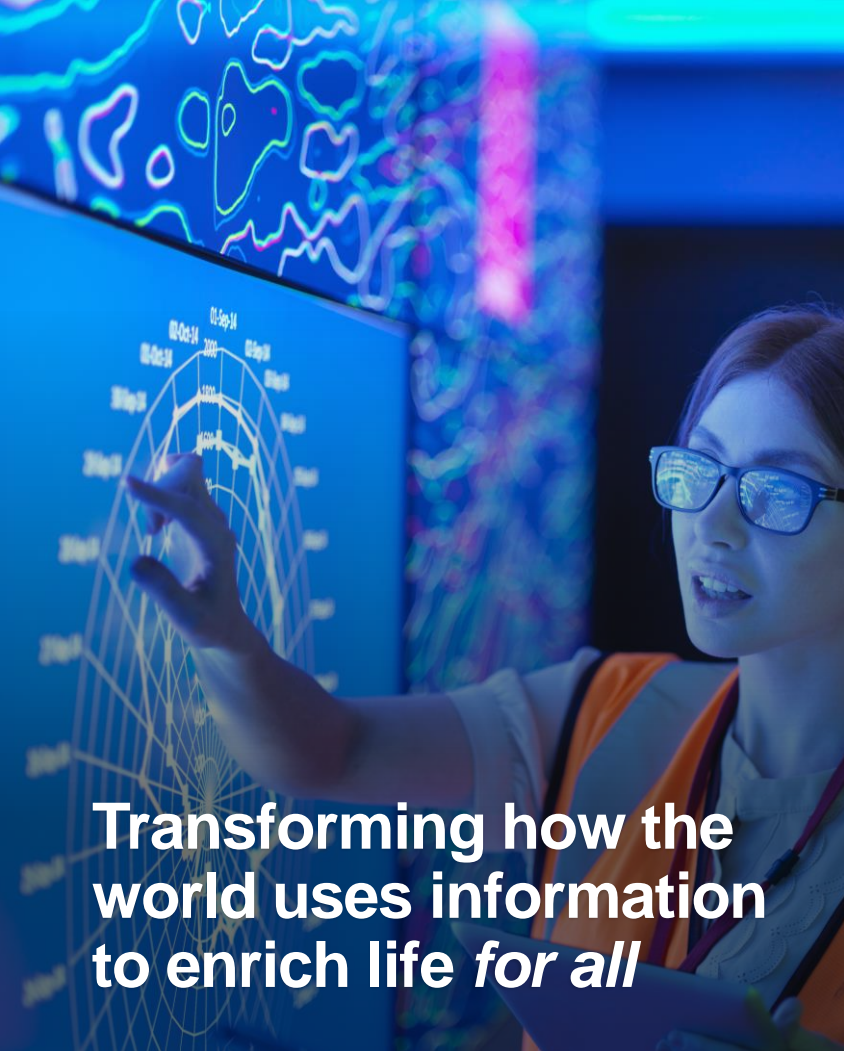
Adoption of data analytics and AI techniques to improve our efficiency

Tool Standardization Across DRAM Fabs



Captive backend capacity and geographic diversity improves our cost competitiveness, agility and resiliency

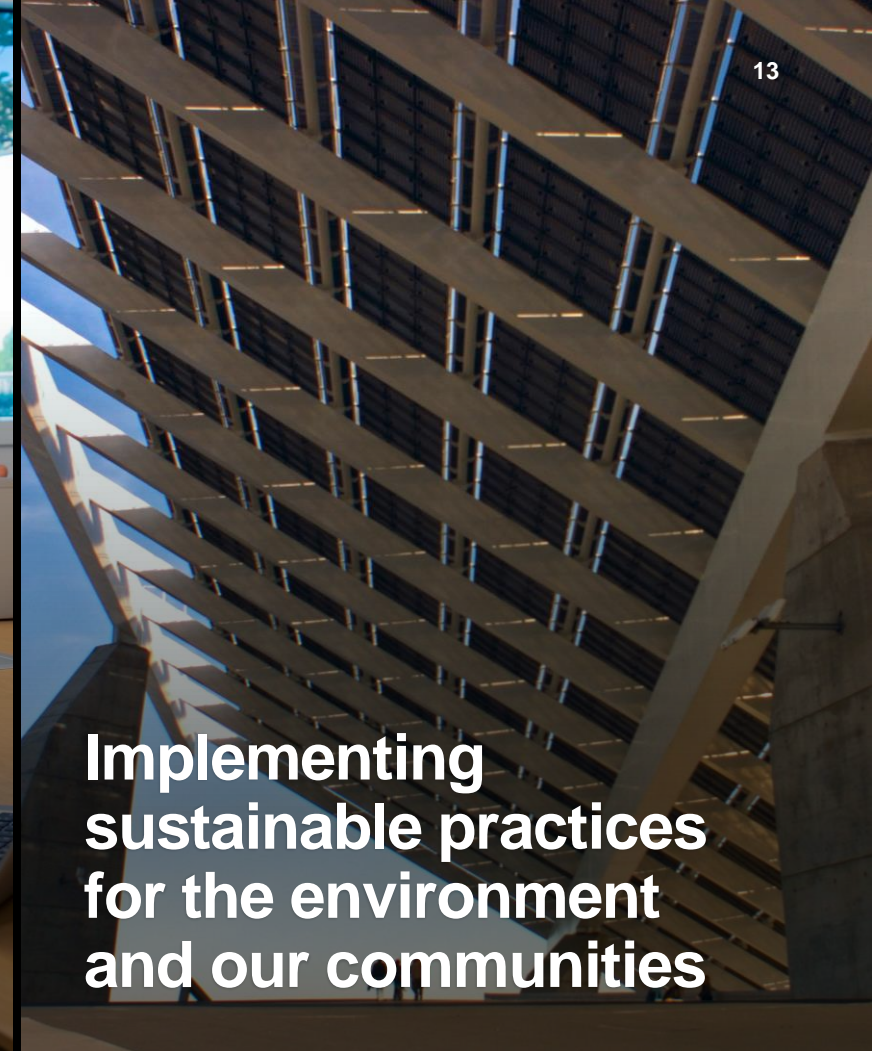




Transforming how the world uses information to enrich life *for all*



Cultivating a diverse and inclusive culture that drives innovation



Implementing sustainable practices for the environment and our communities

Brilliant, Motivated People Changing The World Through Innovation

Dave Zinsner

CFO



Financial Strength

Our Financial Strength

**Enhanced
profitability**

**Strong
cross cycle
performance**

**Rock solid
balance sheet**

3734,349

-28064,143

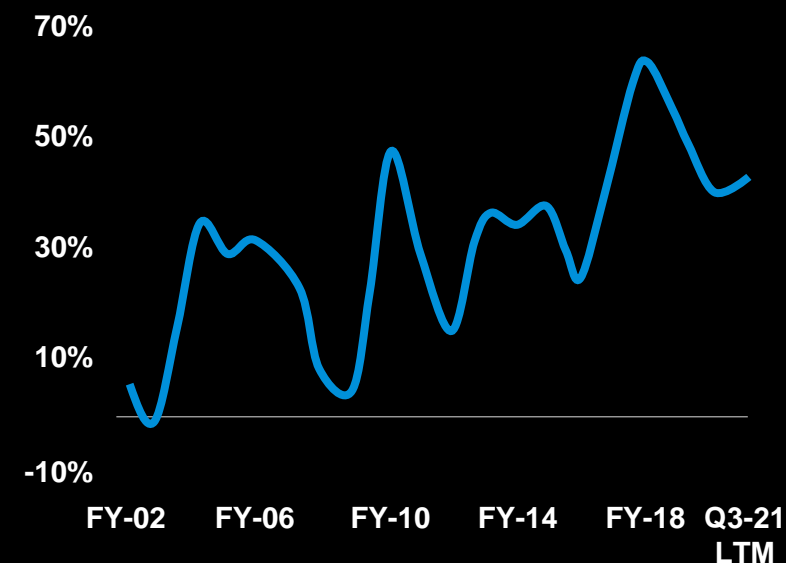
Enhanced Profitability

>1600 bps

EBITDA margin improvement
FY16 to FY20

Higher Lows Over Time

Micron LTM EBITDA Margin¹



Source: Micron

1. EBITDA is defined as GAAP net income plus interest, taxes, depreciation and amortization of intangible assets. EBITDA Margin as % of revenue.
2. LTM = Last twelve months

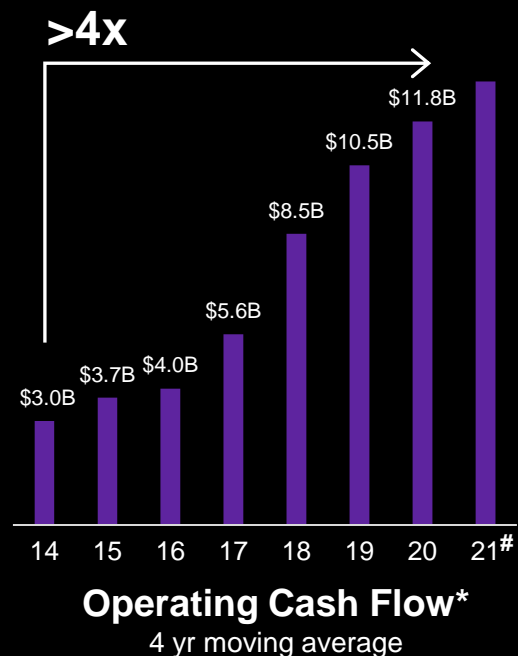
The New Micron Delivers Strong Revenue Growth and Profitability Cross Cycle

*4-year average metrics reveal sustained cross cycle performance

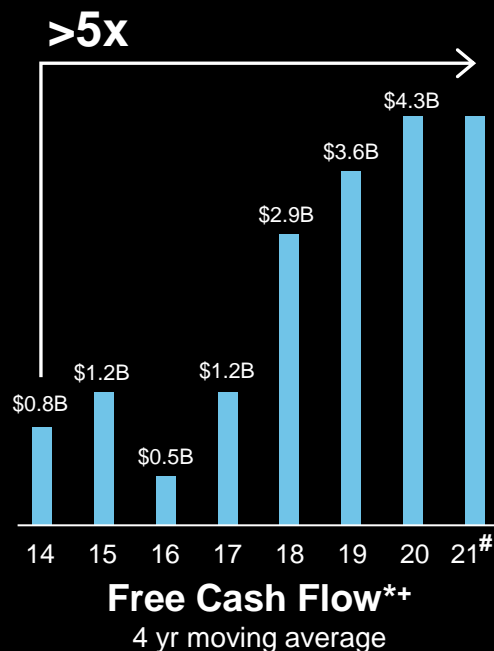
Strong revenue growth outpacing broader semis



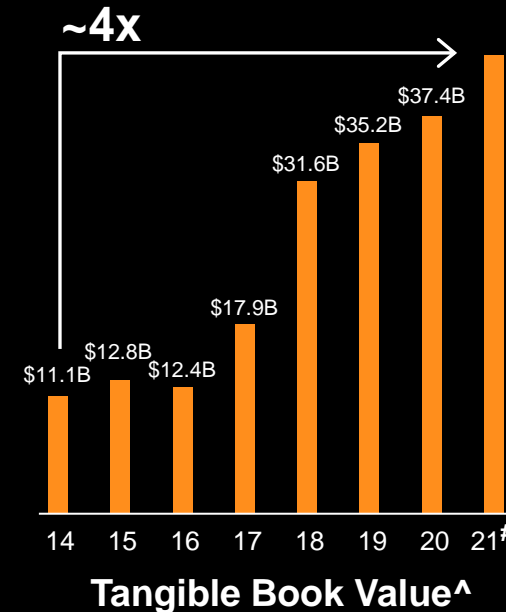
Cash generation power



Meaningful FCF over time



Growing Asset Base



Multiple expansion opportunity as investors appreciate growth and profitability

Fiscal years or 4-year avg fiscal years represented in graphs

[#]FY21 derived using midpoint of guidance for FQ4-21

[^]Tangible book value includes Micron's shareholders equity less goodwill and intangibles. A reconciliation of non-GAAP measures is included in the section titled "Non-GAAP Reconciliation"

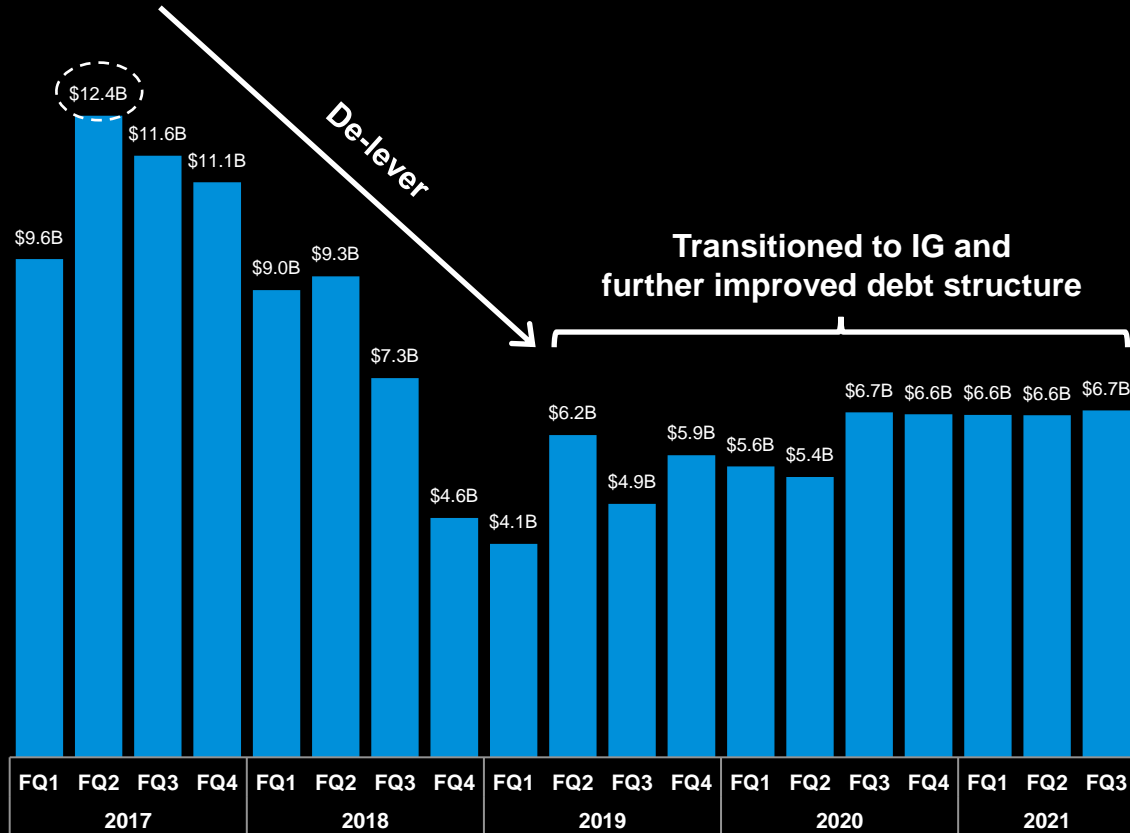
^{*}Free cash flow is a non-GAAP measure defined as net cash provided by operating activities less net investments in capital expenditures adjusted for amounts funded by partners and proceeds from sales of PP&E. A reconciliation of free cash flow is included in the section titled "Non-GAAP Reconciliation—Adjusted Free Cash Flow."



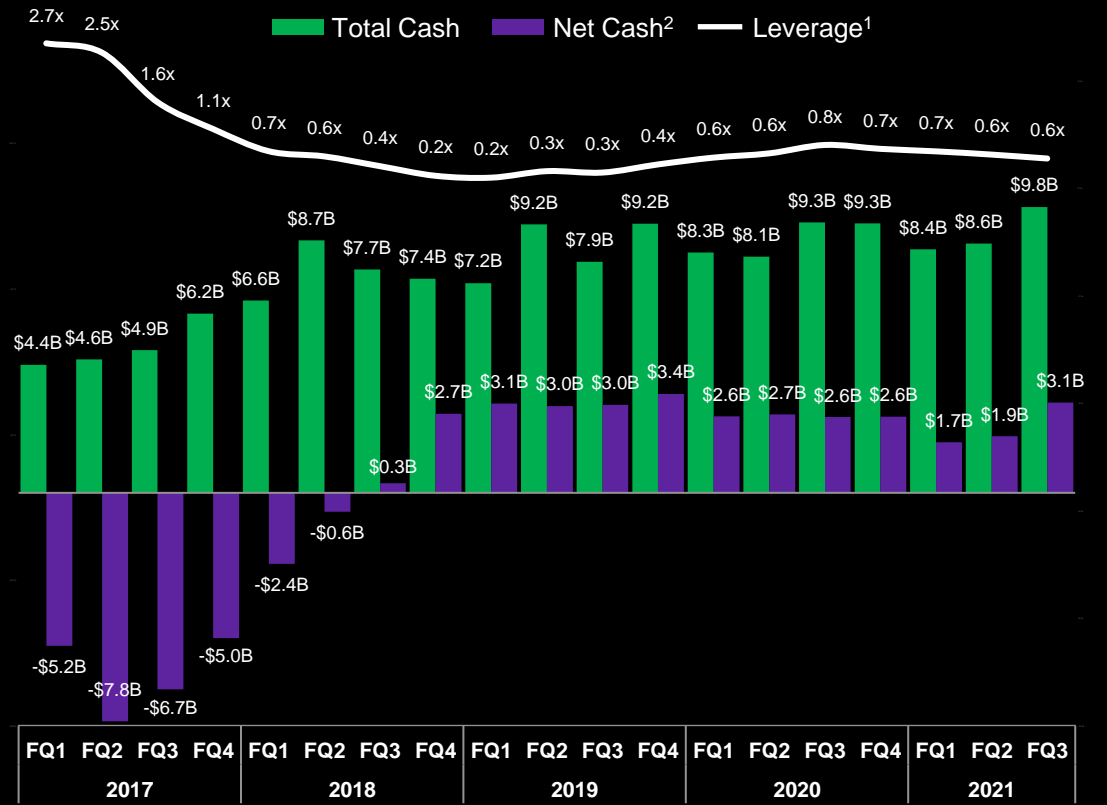
Successfully Strengthened Balance Sheet

Commitment to IG capital structure + net cash positive + low leverage ratio

Total Debt



Cash Position & Leverage



¹Leverage is defined as ratio of gross debt to Adjusted EBITDA. Adjusted EBITDA is a non-GAAP measure defined as non-GAAP net income plus interest, taxes, depreciation and amortization of intangible assets. A reconciliation of non-GAAP measures is included in the section titled "Non-GAAP Reconciliation"

²Net Cash is defined as sum of cash, short-term and long-term marketable investments, and restricted cash, minus debt

Capital Allocation Strategy

Capital Allocation FY19 to FQ3-21

	Targets	Execution in the period
Net CapEx¹	Low 30s, as percent of revenue	\$25B CapEx
Liquidity²	Low 30s, as percent of revenue	Maintained liquidity target
Net Cash³	Remain net cash positive	<ul style="list-style-type: none"> ▪ Maintained strong balance sheet ▪ Achieved IG rating ▪ Maintained net cash position
Cash Return	Return at least 50% of annual free cash flow	<ul style="list-style-type: none"> ▪ Returned 69% of free cash flow over the period including share repurchase and convert equity premiums ▪ 90M shares retired at average price of \$42 (7% of shares⁴)

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

³Net Cash is defined as sum of cash, short-term and long-term marketable investments, and restricted cash, minus debt

⁴FY18 diluted non-GAAP share count

Updated Capital Allocation

Introducing our new
cash return program

Targets

Net CapEx¹	Mid 30s, as percent of revenue	
Liquidity²	Mid 30s, as percent of revenue	
Net Cash³	Remain net cash positive	
Cash Return⁴	Return at least 50% of cross cycle free cash flow	
	<p>\$0.10 quarterly dividend</p> <ul style="list-style-type: none"> Initiate at \$0.10 per quarter. Goal of growing the dividend over time* Reflects our confidence in EBITDA and FCF generation ability of the business cross cycle 	<p>More opportunistic approach to buybacks</p> <ul style="list-style-type: none"> Add significant shareholder value by conserving cash to buy at larger discounts to intrinsic value We expect to repurchase some shares every year, but the size might vary

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

³Net Cash is defined as sum of cash, short-term and long-term marketable investments, and restricted cash, minus debt

⁴Starting in FQ4-21

*Future declarations of quarterly dividends are subject to the determination and discretion of Micron's Board of Directors

The Micron logo is centered on a dark blue background with a grid pattern. It features a stylized white 'M' with a white swoosh that loops around it, followed by the word 'Micron' in a bold, white, sans-serif font. A registered trademark symbol (®) is located at the end of the word.

Micron®

Non-GAAP Reconciliation – Adjusted Free Cash Flow

Amounts in millions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Cash Provided By Operating Activities	\$2,482	\$2,115	\$1,811	\$5,698	\$5,209	\$3,169	\$8,153	\$17,400	\$13,189	\$8,306
Investments In Capital Expenditures, Net										
Expenditures For Property, Plant, And Equipment, Net	(2,423)	(1,804)	(1,414)	(3,064)	(3,985)	(5,780)	(4,641)	(8,671)	(9,634)	(8,184)
Payments On Equipment Purchase Contracts	(322)	-	(16)	(30)	(95)	(46)	(519)	(206)	(75)	(63)
Amounts Funded By Partners	14	203	16	108	220	75	13	895	754	272
Other Free Cash Flows	-	-	-	-	-	-	361	-	-	30
Adjusted Free Cash Flow	\$(249)	\$514	\$397	\$2,712	\$1,349	\$(2,582)	\$3,367	\$9,418	\$4,234	\$361
Adjusted Free Cash Flow – 4-year Average				\$844	\$1,243	\$469	\$1,212	\$2,888	\$3,609	\$4,345

Non-GAAP Reconciliation – Tangible Book Value

Amounts in Billions	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Equity	\$9.9	\$8.4	\$10.0	\$11.6	\$13.2	\$12.9	\$19.5	\$33.2	\$36.8	\$39.0
Less:										
Intangible Assets	0.40	0.40	0.40	0.50	0.40	0.50	0.40	0.30	0.30	0.30
Goodwill	-	-	-	-	-	0.10	1.20	1.20	1.20	1.20
Tangible Book Value	\$9.5	\$8.0	\$9.6	\$11.1	\$12.8	\$12.4	\$17.9	\$31.6	\$35.2	\$37.4

Non-GAAP Reconciliation – Leverage Ratio

Amount in millions	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20	Q4-20	Q1-21	Q2-21	Q3-21
Gross Debt				\$9,645	\$12,425	\$11,646	\$11,134	\$9,045	\$9,316	\$7,344	\$4,636	\$4,132	\$6,238	\$4,909	\$5,851	\$5,650	\$5,425	\$6,686	\$6,643	\$6,629	\$6,621	\$6,715
GAAP net income	\$(97)	\$(215)	\$(170)	\$180	\$894	\$1,647	\$2,368	\$2,678	\$3,311	\$3,823	\$4,326	\$3,296	\$1,625	\$851	\$586	\$508	\$407	\$805	\$990	\$803	\$603	\$1,735
Interest (income) expense, net	85	99	126	132	153	143	132	101	61	44	16	(5)	(31)	(23)	(18)	3	12	28	37	38	32	38
Provision (benefit) for income taxes	5	15	3	31	38	92	(47)	114	143	(109)	20	477	280	(135)	71	55	21	68	136	51	48	65
Depreciation and amortization	774	755	714	771	1,003	1,021	1,066	1,090	1,151	1,233	1,285	1,335	1,313	1,360	1,416	1,296	1,365	1,422	1,567	1,487	1,549	1,557
Non-GAAP adjustments																						
Stock compensation	55	47	43	46	55	57	57	51	52	48	47	61	57	58	67	72	85	82	89	92	112	98
Restructure	1	-	51	29	4	12	(27)	6	7	8	7	30	51	9	(122)	(4)	10	4	50	8	5	453
(Gain) loss on debt repurchases & conversions		3				61	37	195	23	168	(1)	(14)	83	317	10	(42)	-	2	-	-	-	1
Standard Cost FIFO and Cost Absorption																					293	
Other	4	32	15	33	40	61	26	9	32	31	20	38	40	30	97	1	-	-	(1)	-	177	7
Adjusted EBITA by Quarter	\$827	\$736	\$782	\$1,222	\$2,187	\$3,094	\$3,612	\$4,244	\$4,780	\$5,246	\$5,720	\$5,218	\$3,418	\$2,467	\$2,107	\$1,889	\$1,900	\$2,411	\$2,868	\$2,479	\$2,819	\$3,954
Adjusted EBITDA Trailing Twelve Months				\$3,567	\$4,927	\$7,285	\$10,115	\$13,137	\$15,730	\$17,882	\$19,990	\$20,964	\$19,602	\$16,823	\$13,210	\$9,881	\$8,363	\$8,307	\$9,068	\$9,658	\$10,577	\$12,120
Leverage ratio (Gross Debt / Adjusted EBITDA)				2.7	2.5	1.6	1.1	0.7	0.6	0.4	0.2	0.2	0.3	0.3	0.4	0.6	0.6	0.8	0.7	0.7	0.6	0.6