

Financial Results

Fourth 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

 Micron
 40 Years Strong,
Getting Stronger

Fiscal 2018 – A Year of Unprecedented Success

FY18

Record revenue, gross margin, free cash flow and EPS

FY18

Memory and storage markets fueled by diversified demand growth

FY18

Improved balance sheet with record net cash position of \$2.7B

FY18

Sharpened execution resulted in improved technology position, cost position and product portfolio mix

Strong Technology Roadmap Execution

DRAM

- 1Xnm: On track to achieve total production output crossover in FQ1-19
 - Achieved 1Xnm crossover in Client and Graphics in FQ4-18
- 1Ynm: Sales to commence in CY-19, with meaningful production starting in FQ3-19
- 1Znm: Good progress on development

NAND

- 96L: On track to have production in CY-18
- 4th generation: Good progress on development; based on Replacement Gate and CMOS under the array architecture

Accomplishments by End Market

SSDs

- Record FQ4-18 revenue in SSDs with Enterprise & Cloud revenue > double Y/Y
- SSD revenues exceeded \$2 billion for FY-18

Datacenter

- Fueled by big data analytics, more than 1/3 of FY-18 revenues from Datacenter & Graphics
- Working closely with customers on new technologies

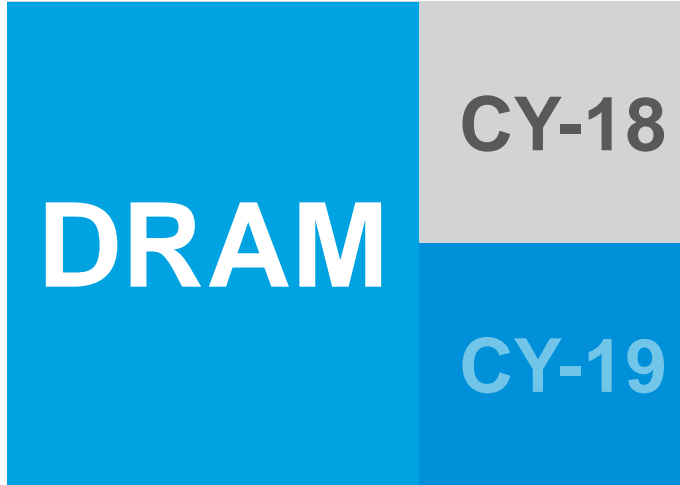
Embedded

- Record FQ4-18 Automotive revenue, with strong future design win pipeline
- Multi-year \$3 billion investment announced for Manassas, Virginia fab long-term growth

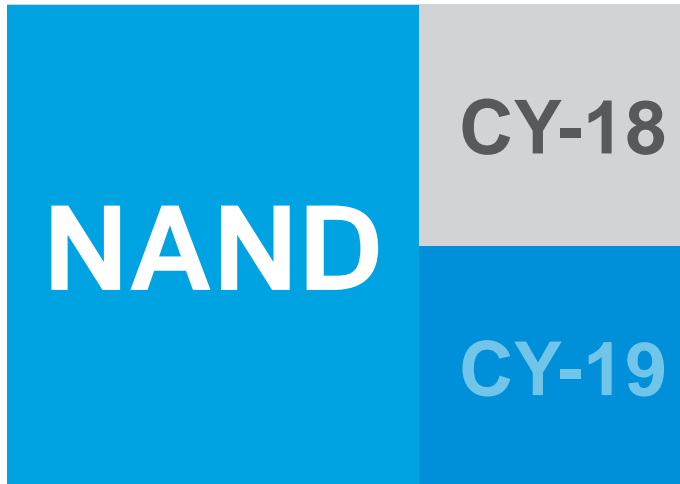
Mobile

- Record FQ4-18 Mobile and multi-chip package (MCP) revenue
- Shipped first high-performance UFS managed NAND products in FQ4-18

Industry Outlook



- Industry bit output growth tracking slightly above 20%
- Micron bit output growth in-line with the Industry



- Industry bit output growth ~45%
- Micron bit output growth in-line with the Industry

- Industry bit output growth expected to be 35%-40%
- Micron bit output growth somewhat above Industry

Dave Zinsner

Chief Financial Officer



Financial Metrics

- Revenue
 - \$8.44 billion in FQ4-18
 - \$30.39 billion in FY-18
- GAAP gross margin
 - 61% in FQ4-18
 - 59% in FY-18
- Non-GAAP gross margin
 - 61% in FQ4-18
 - 59% in FY-18
- Non-GAAP operating expenses of \$740 million in FQ4-18
- Non-GAAP operating income of \$4.44 billion in FQ4-18

Compute & Networking Business Unit

	FQ4-18	FQ3-18	FQ4-17
Revenue	\$ 4.36B	\$ 3.99B	\$ 2.85B
% of total company revenue	52%	51%	46%
Operating income	\$ 2.91B	\$ 2.62B	\$ 1.60B
Operating income %	67%	66%	56%



- Record quarterly revenue up 9% Q/Q and 53% Y/Y
- Strong growth trends in Cloud & Graphics, with revenue almost double Y/Y

Mobile Business Unit

	FQ4-18	FQ3-18	FQ4-17
Revenue	\$ 1.90B	\$ 1.75B	\$ 1.18B
% of total company revenue	22%	22%	19%
Operating income	\$ 979M	\$ 860M	\$ 364M
Operating income %	52%	49%	31%



- Record quarterly revenue up 8% Q/Q and 60% Y/Y
- Sequential growth driven by MCPs and discrete managed NAND

Embedded Business Unit

	FQ4-18	FQ3-18	FQ4-17
Revenue	\$ 923M	\$ 897M	\$ 827M
% of total company revenue	11%	12%	13%
Operating income	\$ 382M	\$ 386M	\$ 348M
Operating income %	41%	43%	42%



- Record quarterly revenue up 3% Q/Q and 12% Y/Y
- Growth driven by Automotive and Industrial markets

Storage Business Unit

	FQ4-18	FQ3-18	FQ4-17
Revenue	\$ 1.24B	\$ 1.14B	\$ 1.30B
% of total company revenue	15%	15%	21%
Operating income	\$ 157M	\$ 156M	\$ 250M
Operating income %	13%	14%	19%



- Revenue up 9% Q/Q and down 4% Y/Y
- Further strengthened SSD market presence
 - Record SSD revenue, driven by SATA SSD market leadership position

Performance by Product Line

DRAM

- 70% of overall company revenue in FQ4-18
- Revenue up 7% Q/Q and up 47% Y/Y
- ASPs relatively flat Q/Q
- Shipment quantities up mid-to-upper single digit percent Q/Q
- Non-GAAP Gross Margin of 71% in FQ4-18 vs 69% in FQ3-18, 59% in FQ4-17

Trade NAND

- 26% of overall company revenue in FQ4-18
- Revenue up 15% Q/Q and 21% Y/Y
- ASPs down mid-teens percent range Q/Q
- Shipment quantities up mid-30s percent range Q/Q
- Non-GAAP Gross Margin of 48% in FQ4-18 vs 47% in FQ3-18, 40% in FQ4-17

Other Financial Metrics

- Non-GAAP Earnings Per Share
 - \$3.53 in FQ4-18
- Non-GAAP net income
 - \$14.70 billion in FY-18
 - Diluted EPS: \$11.95 per share in FY-18
- Operating cash flow
 - \$5.2 billion in FQ4-18
- Capital spending*
 - \$2.1 billion in FQ4-18
 - \$8.2 billion in FY-18

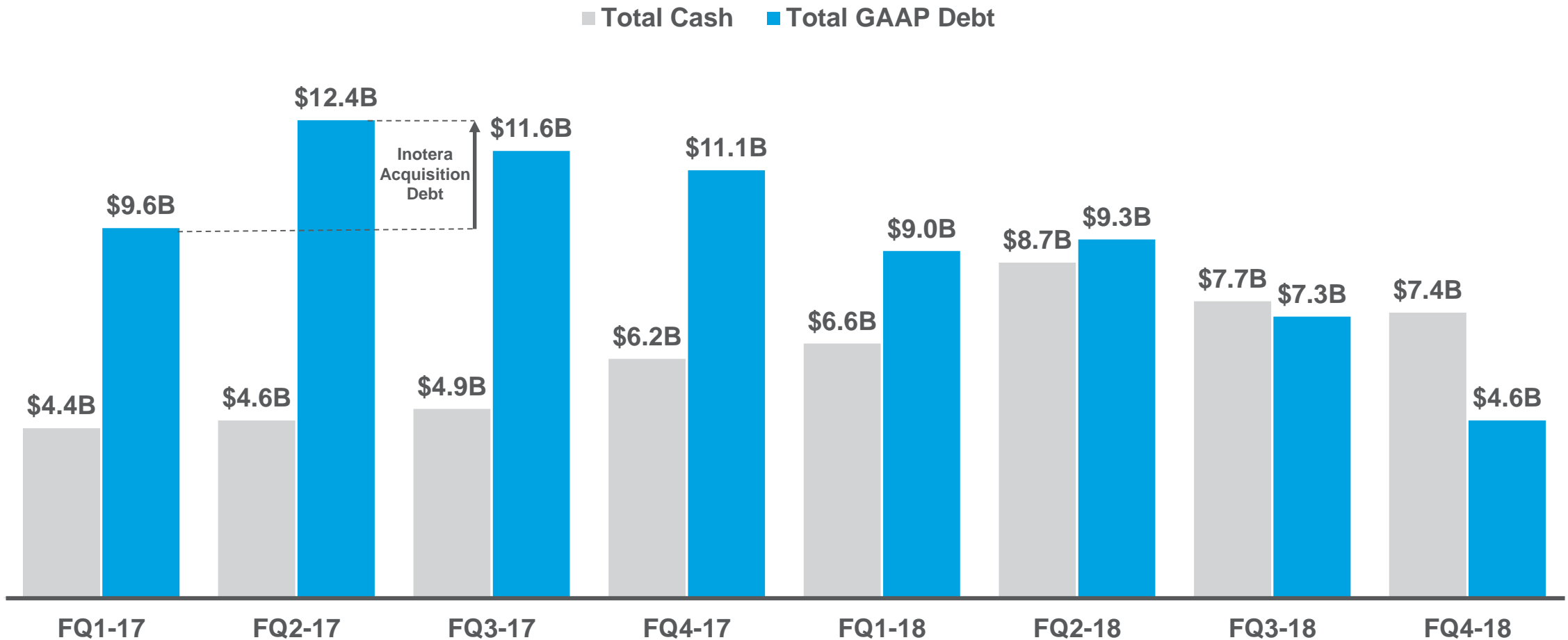
FY 2019 Investment Plans

FY 2019 Capex*
\$10.5B +/- 5%

- Investments focused on closing the DRAM technology gap with competitors while maintaining flat wafer capacity
- Expect ~25% of capex spending associated with facilities expansions and facilities upgrades needed for technology transitions
- Expansion and upgrade projects already underway and expect FY-19 capex to be more weighted to 1H-19

Record Net Cash Position in FQ4-18

- FQ4-18 free cash flow* of \$3.1 billion
- Reduced gross debt position by ~\$2.7 billion in FQ4-18
- Transitioning from debt reduction to capital returns in FY-19 via share repurchases



*Free cash flow consists of cash provided by operating activities less investments in capital expenditures, net of partner contributions
 Cash includes short-term investments, long-term investments, and restricted cash
 Debt is GAAP value including current portion and long-term debt

September 20, 2018

FQ1 2019 Guidance

Non-GAAP

	FQ1-19 Guidance
Revenue	\$7.90 billion – \$8.30 billion
Gross margin	57% – 60%
Operating expenses	\$750 million +/- \$25 million
Diluted EPS*	\$2.95 +/- \$0.07

Financial Summary

Non-GAAP

Dollars in millions, except per share	FQ4-18	% of Sales	FQ3-18	% of Sales	FQ4-17	% of Sales
Net sales	8,440	100%	7,797	100%	6,138	100%
Gross margin	5,179	61%	4,750	61%	3,147	51%
Operating income	4,439	53%	4,017	52%	2,546	41%
Income tax (provision) benefit	(131)		(97)		(60)	
Net income attributable to Micron	4,313	51%	3,898	50%	2,386	39%
Diluted earnings per share	3.53		3.15		2.02	
Cash provided by operating activities	5,155		4,261		3,203	
Cash, marketable investments, and restricted cash	7,356		7,677		6,152	

Financial Summary

Non-GAAP

Dollars in millions, except per share	FY-18	% of Sales	FY-17	% of Sales
Net sales	30,391	100%	20,322	100%
Gross margin	17,994	59%	8,639	43%
Operating income	15,243	50%	6,232	31%
Income tax (provision) benefit	(418)		(173)	
Net income attributable to Micron	14,700	48%	5,648	28%
Diluted earnings per share	11.95		4.96	
Cash provided by operating activities ¹	17,400		8,514	
Cash, marketable investments, and restricted cash	7,356		6,152	

¹FY-17 operating cash flows of \$8,514 million is equal to GAAP operating cash flows of \$8,153 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	FQ4-18		FQ3-18		FQ4-17	
GAAP net income attributable to Micron	\$	4,325	\$	3,823	\$	2,368
Non-GAAP adjustments:						
Stock-based compensation		47		48		57
Flow-through of Inotera inventory step up		—		—		11
Restructure and asset impairments		7		8		(27)
Amortization of debt discount and other costs		23		23		32
(Gain) loss on debt repurchases and conversions		(1)		168		37
(Gain) loss from changes in currency exchange rates		15		24		12
Other		8		10		3
Impact of U.S. income tax reform		(83)		(222)		—
Estimated tax effects of above and changes in net deferred income taxes		(28)		16		(107)
Total non-GAAP adjustments		(12)		75		18
Non-GAAP net income attributable to Micron	\$	4,313	\$	3,898	\$	2,386
GAAP shares used in diluted EPS calculations		1,216		1,235		1,187
Adjustment for stock-based compensation and effect of capped calls		4		3		(6)
Non-GAAP shares used in diluted EPS calculations		1,220		1,238		1,181
GAAP diluted earnings per share	\$	3.56	\$	3.10	\$	1.99
Effects of above		(0.03)		0.05		0.03
Non-GAAP diluted earnings per share	\$	3.53	\$	3.15	\$	2.02

Consolidated Results

Non-GAAP Reconciliations

Amounts in millions, except per share amounts	FY-18		FY-17	
GAAP net income attributable to Micron	\$	14,135	\$	5,089
Non-GAAP adjustments:				
Stock-based compensation		198		215
Flow-through of Inotera inventory step up		—		107
Restructure and asset impairments		28		34
Amortization of debt discount and other costs		101		125
(Gain) loss on debt repurchases and conversions		385		100
(Gain) loss from changes in currency exchange rates		75		74
(Gain) loss from business acquisition activities		—		(71)
Other		28		34
Impact of U.S. income tax reform		(174)		—
Estimated tax effects of above and changes in net deferred income taxes		(76)		(59)
Total non-GAAP adjustments		565		559
Non-GAAP net income attributable to Micron	\$	14,700	\$	5,648
GAAP shares used in diluted EPS calculations		1,229		1,154
Adjustment for stock-based compensation and effect of capped calls		1		(14)
Non-GAAP shares used in diluted EPS calculations		1,230		1,140
GAAP diluted earnings per share	\$	11.51	\$	4.41
Effects of above		0.44		0.55
Non-GAAP diluted earnings per share	\$	11.95	\$	4.96

Consolidated Statement of Operations

FQ4 2018 Non-GAAP Reconciliation

Amounts in millions	GAAP	Adjustments	Non-GAAP
Net sales	\$ 8,440	\$ —	\$ 8,440
Cost of goods sold	3,289	(28) A,H	3,261
Gross margin	5,151	28	5,179
Selling, general, and administrative	215	(13) B	202
Research and development	567	(14) C,H	553
Other operating (income) expense	(8)	(7) D	(15)
Total operating expenses	774	(34)	740
Operating income	4,377	62	4,439
Interest expense, net	(16)	23 E	7
Other non-operating income (expense), net	(15)	14 F,G	(1)
	4,346	99	4,445
Income tax (provision) benefit	(20)	(111) I,J	(131)
Equity in net income (loss) of equity method investees	—	—	—
Net income	4,326	(12)	4,314
Net income attributable to noncontrolling interests	(1)	—	(1)
Net income attributable to Micron	4,325	(12)	4,313

Consolidated Statement of Operations

FQ4 2018 Non-GAAP Reconciliation (continued)

Amounts in millions		
A	Stock-based compensation – cost of goods sold	\$ 21
B	Stock-based compensation – sales, general, and administrative	13
C	Stock-based compensation – research and development	13
D	Restructure and asset impairments	7
E	Amortization of debt discount and other costs	23
F	(Gain) loss on debt repurchases and conversions	(1)
G	(Gain) loss from changes in currency exchange rates	15
H	Other	8
I	Impact of U.S. income tax reform	(83)
J	Estimated tax effects of above and non-cash changes in net deferred income taxes	(28)
		<u>\$ (12)</u>

Consolidated Statement of Operations

FY 2018 Non-GAAP Reconciliation

Amounts in millions	GAAP	Adjustments	Non-GAAP
Net sales	\$ 30,391	\$ —	\$ 30,391
Cost of goods sold	12,500	(103) A,H	12,397
Gross margin	17,891	103	17,994
Selling, general, and administrative	813	(61) B	752
Research and development	2,141	(57) C,H	2,084
Other operating (income) expense	(57)	(28) D	(85)
Total operating expenses	2,897	(146)	2,751
Operating income	14,994	249	15,243
Interest expense, net	(222)	101 E	(121)
Other non-operating income (expense), net	(465)	465 F,G,H	—
	14,307	815	15,122
Income tax (provision) benefit	(168)	(250) I,J	(418)
Equity in net income (loss) of equity method investees	(1)	—	(1)
Net income	14,138	565	14,703
Net income attributable to noncontrolling interests	(3)	—	(3)
Net income attributable to Micron	14,135	565	14,700

Consolidated Statement of Operations

FY 2018 Non-GAAP Reconciliation (continued)

Amounts in millions			
A	Stock-based compensation – cost of goods sold	\$	83
B	Stock-based compensation – sales, general, and administrative		61
C	Stock-based compensation – research and development		54
D	Restructure and asset impairments		28
E	Amortization of debt discount and other costs		101
F	(Gain) loss on debt repurchases and conversions		385
G	(Gain) loss from changes in currency exchange rates		75
H	Other		28
I	Impact of U.S. income tax reform		(174)
J	Estimated tax effects of above and non-cash changes in net deferred income taxes		(76)
		\$	<u>565</u>

Summary Key Data



Non-GAAP Financial Data and Guidance

% of Revenue	FQ4-18	FQ4-17
DRAM	70%	66%
Trade NAND*	26%	30%

% Sales Volume Change	FQ4-18 Q/Q	FQ4-18 Y/Y
DRAM	Increased mid-to-upper single digit %	Increased upper-teens % range
Trade NAND*	Increased mid-30% range	Increased high 50% range

% ASP Change	FQ4-18 Q/Q	FQ4-18 Y/Y
DRAM	Relatively flat	Increased lower-20% range
Trade NAND*	Decreased mid-teens % range	Decreased mid-20% range

Gross Margin	FQ4-18	FQ4-17
DRAM	71%	59%
Trade NAND*	48%	40%

	FQ4-18 Non-GAAP (amounts in millions, except per share)	FQ1-19 Non-GAAP Guidance
Revenue	\$ 8,440	\$7.90 billion – \$8.30 billion
Gross margin	61%	57% – 60%
Operating expenses	\$ 740	\$750 million +/- \$25 million
Earnings per share	\$ 3.53	\$2.95 +/- \$0.07

	FQ4-18 Non-GAAP (amounts in millions)	FQ1-19 Non-GAAP Estimates
Diluted shares	1,220	~1,198 million
Tax (provision) benefit	\$ (131)	FY-19: ~12% of PBT
Operating cash flow	\$ 5,155	—
Depreciation and amortization	\$ 1,282	—
Capital expenditures (Capital cash flow) (a)	\$ 2,062	FY-19: \$10.5 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

(shares in millions)

Stock Price	Actual FQ4-18*	\$35	\$38	\$41	\$44	\$47	\$50	\$53	\$56	\$59	\$62	\$65
2032 C Notes	2	—	—	—	—	—	—	—	—	—	—	—
2032 D Notes	13	10	11	11	11	11	11	12	12	12	12	12
2033 E Notes	—	—	—	—	—	—	—	—	—	—	—	—
2033 F Notes	7	5	5	5	5	5	5	5	5	5	5	5
2043 G Notes	16	6	8	10	12	13	15	16	17	18	19	19
Total dilutive shares	38	21	24	26	28	29	31	33	34	35	36	36
Benefit from capped call	(2)	(3)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Net dilution	36	18	21	24	26	27	29	31	32	33	34	34

Note: Except for FQ4-18 dilution, the table above presents the potential dilutive impact of convertible notes outstanding as of August 30, 2018 over the range of trading prices for Micron's stock.

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**Getting
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