SATYA KUMAR, CORPORATE VICE PRESIDENT, INVESTOR RELATIONS AND TREASURY

Thank you, and welcome to Micron Technology's fiscal fourth-quarter (Q4) 2025 financial conference call. On the call with me today are Sanjay Mehrotra, our chairman, president and CEO, and Mark Murphy, our CFO. Today's call is being webcast from our Investor Relations site at investors.micron.com, including audio and slides. In addition, the press release detailing our quarterly results has been posted on the website, along with the prepared remarks for this call.

Today's discussion contains forward-looking statements that are subject to risks and uncertainties. These forward-looking statements include statements regarding our future financial and operating performance, including our guidance, as well as trends and expectations in our business, market, industry, and regulatory and other matters.

These statements are based on our current assumptions, and we assume no obligation to update these statements. Please refer to our most recent financial report on Form 10-K and our other filings with the SEC (U.S. Securities and Exchange Commission) for more information on the risks and uncertainties that could cause actual results to differ materially from expectations. Today's discussion of financial results is presented on a non-GAAP financial basis unless otherwise specified. A reconciliation of GAAP to non-GAAP financial measures can be found on our website. I'll now turn the call over to Sanjay.

SANJAY MEHROTRA, CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Thank you, Satya.

Good afternoon, everyone.

Intro and FQ4 results

Micron had an outstanding finish to fiscal 2025, delivering fiscal Q4 revenue, gross margin and EPS all above the high end of our updated guidance ranges. We achieved record revenue in Q4, driven by pricing execution and strong performance across end markets.

In our March 2024 earnings call, we said that we expect Micron to be one of the biggest beneficiaries of AI in the semiconductor industry, and that we expect to deliver record revenue and significantly improved profitability in fiscal 2025. I'm pleased to report that in fiscal 2025, Micron's revenue grew nearly 50% to a record $37.4 billion, and gross margins expanded by 17 percentage points to 41%. This performance was

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supported by the ramp of our high value data center products and our broad-based DRAM pricing strength across end markets. The combined revenue from HBM, high-capacity DIMMs, and LP server DRAM reached $10 billion, more than a five-fold increase compared to the prior fiscal year. Our data center SSD business reached record revenue and market share in fiscal 2025. I want to thank our global Micron team for their focus and execution, which made these results possible.

As we enter fiscal 2026, Micron is positioned better than ever. Our leadership in advanced technologies — including HBM, 1γ (1-gamma) DRAM and G9 NAND — enables a differentiated product portfolio that drives strong ROI. AI-driven demand is accelerating, and industry DRAM supply is tight. Our HBM performance has been strong, and robust demand, tight DRAM supply, and disciplined execution has significantly strengthened the profitability of the rest of our DRAM portfolio. In NAND, our higher mix to data center and improving industry conditions are contributing to profitability. Our fiscal Q1 guidance reflects new records for revenue and EPS.

AI use within Micron

In addition to being a demand driver, AI is also a powerful productivity driver for Micron, contributing to our strong competitive position and financial performance. We are using AI throughout the company across product design, technology development, manufacturing, and other functional groups. We have seen strong adoption and as much as a 30-40% productivity uplift in select GenAI use cases, such as code generation. In design simulation, AI is accelerating our silicon-to-systems design cycle through advanced modeling and reduced iterations. In manufacturing, we have driven a 5X increase in wafer images analyzed in the past year and doubled the amount of useful data and telemetry collected and analyzed

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from our fab tools, all of which improve our yield performance. These AI capabilities enable us to achieve superior product specifications, quality, and time-to-market at scale.

Technology and operations

Turning to technology and operations, we are proud to announce that our 1γ DRAM node reached mature yields in record time, 50% faster than in the prior generation. We are the first in the industry to ship 1γ DRAM and will leverage 1γ across our entire DRAM portfolio to maximize the benefits of this leadership technology. We achieved first revenue from a major hyperscale customer on our 1γ products for server DRAM in the quarter.

Our G9 NAND production ramp has been progressing well while scaling at a pace aligned with market demand. We have ramped our G9 NAND node for both TLC and QLC NAND and have qualified our G9 QLC NAND for enterprise storage.

Manufacturing update

In fiscal Q4, we received a CHIPS grant disbursement following the completion of a key construction milestone for our new high-volume manufacturing fab in Idaho (ID1), with the first wafer output expected to begin in the second half of calendar 2027. We began design work for our second Idaho manufacturing fab (ID2), which will provide additional capacity beyond 2028. In New York, we have completed initial phases of our environmental impact study and continue to work with state and federal authorities towards starting ground preparation.

In fiscal Q4 we installed the first EUV tool for our Japan fab to enable 1γ capability, which will complement our existing 1γ supply from our fabs in Taiwan. The time from receiving this tool to completing installation was a record for all EUV tools globally, demonstrating Micron's expertise with this equipment. We plan to continue to invest in our Japan production capability to meet requirements of the advanced memory technologies of the future.

Our continued HBM assembly and test investments position us well to meet growing HBM capacity requirements in calendar 2026. We are making good progress on our Singapore HBM assembly and test facility construction, which is on track to contribute to our HBM supply capability beginning in calendar 2027.

End markets

Turning to our end markets.

Data center

In data center, we now expect calendar 2025 total server units to grow approximately ten percent, up from our prior expectations of mid-single digits percentage growth. The calendar 2025 traditional server

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growth outlook has strengthened significantly from flat to growth in the mid-single digit range. We believe this change in outlook is in part related to the growth of AI agents and the traditional server workloads agents initiate, as they execute tasks on behalf of users. Continued growth in traditional server applications in enterprises is also contributing to additional demand growth. In addition to traditional servers, AI server growth continues to be very robust. This growth in both traditional and AI servers is driving strong demand for our DRAM products.

Data centers require some of our industry's most complex and high-value products and meeting this demand has presented several opportunities to enhance our product mix and profitability. In fiscal 2025, Micron's data center business reached a record 56% of total company revenue, with gross margins of 52%.

Our HBM business has posted many quarters of strong growth. In fiscal Q4, our HBM revenue grew to nearly $2 billion, implying an annualized run rate of nearly $8 billion, driven by the ramp of our industry-leading HBM3E products. We are pleased to note that our HBM share is on track to grow again, and be in line with our overall DRAM share in this calendar Q3, delivering on our target that we have discussed for several quarters now.

Micron's HBM4 12H (12-high) remains on track to support customer platform ramps even as the performance requirements for HBM4 bandwidth and pin speeds have increased. We have recently shipped customer samples of our HBM4 with industry-leading bandwidth exceeding 2.8 TBps and pin speeds over 11 Gbps. We believe Micron's HBM4 outperforms all competing HBM4 products, delivering industry-leading performance as well as best-in-class power efficiency. Our proven 1β (1-beta) DRAM, innovative and power-efficient HBM4 design, in-house advanced CMOS base die and advanced packaging innovations are key differentiators enabling this best-in-class product.

For HBM4E, Micron will offer standard products, as well as the option for customization of the base logic die. We are partnering with TSMC for manufacturing the HBM4E base logic die for both standard and customized products. Customization requires close collaboration with customers and we expect HBM4E with customized base logic die to deliver higher gross margins than standard HBM4E.

Our HBM customer base has expanded and now includes six customers. We have pricing agreements with almost all customers for a vast majority of our HBM3E supply in calendar 2026. We are in active discussions with customers on the specifications and volumes for HBM4, and we expect to conclude agreements to sell out the remainder of our total HBM calendar 2026 supply in the coming months.

Micron's LPDDR5 for server had over 50% sequential growth in the quarter and reached record revenue. In close collaboration with Nvidia, Micron has pioneered the adoption of LPDRAM for servers, and since

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Nvidia's launch of LPDRAM in their GB-product family, Micron has been the sole supplier of LPDRAM in the data center.

In addition to our leadership in HBM and LP5, Micron is also well positioned with our GDDR7 products, which are designed to deliver ultra-fast performance with pin speeds exceeding 40 Gbps, along with best-in-class power efficiency to address needs of certain future AI systems.

In data center NAND, AI inference use cases such as KV cache tiering and vector database search and indexing, are driving demand for performance storage, while AI server growth is driving demand for high-capacity SSDs for capacity storage. Micron is gaining share in these markets with our customer focus, technology leadership, vertical integration and execution. We strengthened our portfolio with the industry's first G9 NAND data center products, including first-to-market PCIe Gen6 SSDs. Near term, we see continued growth in the data center storage market, with HDD supply shortages expected to improve NAND demand and drive a healthier supply-demand environment.

PC

Turning to PCs, end-of-life of Windows 10 and greater adoption of AI-enabled PCs are driving an improved PC demand outlook. We now expect PC unit shipments to grow at a mid single-digit percentage level in calendar 2025, versus our low single-digit percentage growth expectations previously.

During the quarter, we achieved our first OEM customer qualification of our 16Gb, 1γ-based D5 and commenced volume shipments. In NAND, we successfully qualified our first G9 NAND SSDs in both performance and mainstream categories with OEM customers. Our strong SSD portfolio enabled us to achieve record client SSD revenue in the quarter and in fiscal year 2025.

Mobile

Smartphone unit shipment expectations remain unchanged at low-single digit percentage range in calendar 2025. An increasing mix of AI-ready smartphones continues to be a key catalyst for DRAM content growth in mobile devices. Notably, one third of the flagship smartphones shipped in calendar Q2 contained 12GB or more, and given recent product launches from Apple, Samsung and other smartphone OEMs, we expect this mix to increase over the coming quarters.

In fiscal Q4, Micron ceased future mobile-managed NAND product development to focus our resources and investments on higher ROI opportunities in our portfolio. We will continue to support existing mobile-managed NAND products. Micron remains committed to serving the mobile DRAM market with our industry-leading portfolio. In fiscal Q4, we achieved OEM qualification of our first 10.7 Gbps 1β second-generation LP5X products, at 16GB and 24GB capacities.

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Automotive and embedded

Turning to auto, industrial and embedded.

In automotive, trends such as ADAS and AI-enhanced in-cabin experiences require significantly higher memory and storage content, making it a higher growth part of the industry. In embedded, we expect physical AI such as drones, advanced robots and AR/VR to become a more important driver of demand over time.

Automotive and industrial demand strengthened throughout the quarter, exceeding our initial forecast. We are seeing improved profitability in this business with stronger pricing and an increased mix of advanced technology nodes with greater adoption of D5 and LP5 products. We continue to see supply constraints in D4 and LP4. In June, Micron announced investments in our Virginia facility, in an effort to support our long-life cycle customers' demand for D4 and LP4.

Market outlook

Now turning to our market outlook.

Customer inventory levels are healthy overall across end markets.

We expect calendar 2025 industry DRAM bit demand growth to be in the high-teens percentage range, somewhat higher than our previous outlook. We expect calendar 2025 industry NAND bit demand growth to also be higher than our previous outlook, now in the low-to mid-teens percentage range. We expect Micron's calendar 2025 bit supply growth to be below industry bit demand growth for non-HBM DRAM and for NAND.

Robust data center demand, including the uptick in server unit growth, has contributed to a tight industry DRAM environment and strengthened NAND market conditions. Additionally, broadening of demand across end markets has also constrained DRAM supply.

On the supply side, we expect low supplier inventories, constrained node migration as industry supports extended D4 and LP4 end-of-life, longer lead times and higher costs globally for new wafer capacity, all to limit the pace of supply growth for DRAM in 2026.

In calendar 2026, we anticipate further DRAM supply tightness in the industry and continued strengthening in NAND market conditions.

Over the medium term, we anticipate industry bit demand growth of mid-teens CAGR for both DRAM and NAND.

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Micron invested $13.8 billion in capex in fiscal 2025. As we continue to make 1γ DRAM and HBM-related investments, we expect fiscal 2026 capex to be higher than fiscal 2025 levels. DRAM front-end equipment and fab construction will drive higher capital spending in fiscal 2026. Our continued technology node migration to 1γ will provide the majority of our supply growth for DRAM in calendar 2026. As we transition more products to 1γ, our 1β capacity will support HBM growth in 2026.

I'll now hand the call over to Mark to provide more color on our fiscal fourth quarter and fiscal 2025 financials.

MARK MURPHY, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Thanks, Sanjay, and good afternoon, everyone.

Opening

Micron delivered strong results to close out the fiscal year, with Q4 revenue, gross margin and EPS all exceeding our updated guidance. For the full year, we achieved record revenue of $37.4 billion, up 49% year over year. Gross margins expanded to 41%, a 17-percentage point improvement from fiscal 2024. EPS reached $8.29, reflecting a 538% increase compared to the prior year.

Revenue

Total fiscal Q4 revenue was $11.3 billion, up 22% sequentially and up 46% year over year, and a quarterly record for Micron. Higher sequential revenue was driven by growth across our end markets, including record data center revenues and strong sequential growth in consumer-oriented markets.

DRAM

Fiscal Q4 DRAM revenue was a record $9.0 billion, up 69% year over year and represented 79% of total revenue. Sequentially, DRAM revenue increased 27%. Bit shipments increased in the low-teens percent, driven by strong demand across all end markets. Prices increased in the low-double-digit percentage range, driven by tight industry DRAM supply, pricing execution and favorable mix. Fiscal 2025 DRAM revenues were a record $28.6 billion, up 62% year over year. Fiscal 2025 DRAM all-in costs, inclusive of HBM, were down by low single-digit percentage points.

NAND

Fiscal Q4 NAND revenue was $2.3 billion, down 5% year over year and represented 20% of Micron's total revenue. Sequentially, NAND revenue increased 5%. NAND bit shipments declined in the mid-single-digit

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percentage range, and prices increased in the high single-digit percentage range due to favorable mix. Fiscal 2025 NAND revenues were a record $8.5 billion, up 18% year over year. Fiscal 2025 NAND all-in cost reductions were around low teens percentage.

Financial performance by business unit

Now turning to quarterly financial performance by business unit. Our new segment disclosures for our business units, which you see starting in today's press release and will see in future filings, highlight the improvements in our profitability and changing business mix. The Cloud Memory Business Unit and Core Data Center Business Unit combined represent the totality of our data center business.

Cloud Memory Business Unit revenue was $4.5 billion and represented 40% of total company revenue. CMBU revenues were up 34% sequentially, driven by robust bit shipment growth. HBM revenues reached a new quarterly record. CMBU gross margins were 59%, higher by 120 basis points sequentially, supported by cost reductions.

Core Data Center Business Unit revenue was $1.6 billion and represented 14% of total company revenue. CDBU revenues were up 3% sequentially. CDBU gross margins were 41%, up 400 basis points sequentially, driven by higher pricing and favorable mix.

Mobile Client Business Unit revenue was $3.8 billion and represented 33% of total company revenue. MCBU revenues were up 16% sequentially, driven by higher DRAM shipments and improved pricing. MCBU gross margins were 36%, up 12 percentage points sequentially, driven by higher pricing and favorable mix.

Automotive and Embedded Business Unit revenue was $1.4 billion and represented 13% of total company revenue. AEBU revenues were up 27% sequentially, driven by higher bit shipments. AEBU gross margins were 31%, up 540 basis points sequentially, driven by higher pricing.

Operating results

Gross margin

The consolidated gross margin for fiscal Q4 was 45.7%, up 670 basis points sequentially. Sequential gross margin improvement was driven by favorable product mix, better DRAM pricing and strong execution on cost reductions.

Opex

Operating expenses in fiscal Q4 were $1.2 billion, up $81 million quarter-over-quarter and in line with our guidance range. The sequential increase was driven primarily by higher R&D.

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Operating income

We generated operating income of $4.0 billion in fiscal Q4, resulting in an operating margin of 35%, up 820 basis points sequentially and 12 percentage points year over year.

Taxes

Fiscal Q4 taxes were $471 million on an effective tax rate of 12%, lower than our guidance due to favorability in certain discrete items.

Earnings per share

Non-GAAP diluted earnings per share (EPS) in fiscal Q4 was $3.03, with 59% sequential growth and 157% versus the year-ago quarter.

Cash flow and capital expenditures

Turning to cash flows and capital expenditures. In fiscal Q4, our operating cash flows were $5.7 billion, and our capital expenditures were $4.9 billion, resulting in free cash flows of $803 million. The increase in capital expenditures was driven by planned investments for DRAM. For the full year fiscal 2025, we generated $3.7 billion in free cash flow, representing 10% of revenue.

Inventory

Ending inventory for fiscal Q4 was $8.4 billion, or 124 days. Inventory was down $372 million sequentially, and inventory days down 15 days, driven by strong sequential bit shipment growth in DRAM. DRAM inventory days are below target levels, and NAND inventory days improved sequentially.

Total cash/debt

On the balance sheet, we held $11.9 billion of cash and investments at quarter end and maintained $15.4 billion of liquidity when including our untapped credit facility. During fiscal Q4, we reduced debt $900 million through paydown of $700 million term loans and repurchased approximately $200 million of our senior notes. We closed the quarter with $14.6 billion of debt, maintaining low net leverage and a weighted-average debt maturity of 2033.

Outlook

Now turning to our outlook for the first fiscal quarter. We expect price, cost and mix to all contribute to strengthening gross margins in Q1.

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Operating expenses for fiscal Q1 are projected to be approximately $1.34 billion, with the sequential increase driven by R&D related to data center product innovation and development.

Micron's fiscal 2026 will be a 53-week fiscal year compared to fiscal 2025 which was a 52-week fiscal year. As a result, fiscal Q4 2026 opex will reflect the effect of an additional work week in the quarter.

We expect a fiscal Q1 and fiscal year 2026 tax rate of around 16.5%.

We expect our fiscal Q1 capital spending to be approximately $4.5 billion. While quarterly spend may fluctuate, this level serves as a reasonable quarterly baseline for the planned capital spend in fiscal 2026. We will continue to exercise supply discipline, as we pursue our growth opportunities.

We expect free cash flow to strengthen in fiscal Q1, and we project significantly higher annual free cash flow year over year in fiscal 2026.

Any impacts that may occur due to potential new tariffs are not included in our guidance.

Non-GAAP guidance

With all these factors in mind, our non-GAAP guidance for fiscal Q1 is as follows.

We expect revenue to be a record $12.5 billion, plus or minus $300 million; gross margin to be in the range of 51.5%, plus or minus 100 basis points; and operating expenses to be approximately $1.34 billion, plus or minus $20 million. Based on a share count of approximately 1.15 billion shares, we expect EPS to be a record $3.75 per share, plus or minus $0.15.

I'll now turn it over to Sanjay to close.

CEO closing

Thank you, Mark.

Fiscal 2025 was a year of many records for Micron as we have highlighted today. We have strong momentum entering fiscal 2026, with a robust fiscal Q1 demand outlook led by data center, and the most competitive position in our history. Over the coming years, we expect trillions of dollars to be invested in AI, and a significant portion will be spent on memory. As the only U.S.-based manufacturer of memory, Micron is uniquely positioned to benefit from the AI opportunity ahead.

Thank you for joining us today. We will now open for questions.

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