

Financial Results

First Quarter Fiscal 2017

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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.



Mark Durcan

Chief Executive Officer



FQ1 2017 Summary

- Revenue of \$3.97 billion
- GAAP results
 - Gross margin of 25.5%
 - Net income of \$180 million
 - Diluted earnings per share of \$0.16
- Non-GAAP results
 - Gross margin of 26.0%
 - Net income of \$335 million
 - Diluted earnings per share of \$0.32
- Operating cash flow of \$1.14 billion

Industry Conditions

- DRAM

- Expect 2017 supply bit growth in the 15%-20% range
- Assumes suppliers won't add significant wafer capacity
- Longer-term, expect bit demand growth of approximately 20%-25%

- NAND

- Expect 2017 supply bit growth in the high 30% to low 40% range
- Assumes impact of 3D NAND conversions
- Longer-term, expect bit demand growth of approximately 40%-45%

Business Unit Update

Compute & Networking

- Revenue growth driven by strengthened demand
- Executed well to 20nm shipment plan and achieved key server qualifications
- Continued graphics technology leadership in GDDR5X

Mobile

- Revenue and profitability improvement driven by customer qualifications
- Chinese handset market continues to fuel higher memory content and growth
- Focused on new customer qualifications for our LPDRAM and Mobile NAND

Embedded

- NAND-based MCPs gained traction in M2M communication modules
- Saw growth in home automation and action camera platforms
- Automotive segment continues to see strong demand and more design wins

Storage

- Continued progress shifting portfolio to 3D TLC NAND SSDs
- Began shipments of new client SSD and high-volume production of consumer SSD
- Announced cloud-based enterprise SSD

Operating Priorities

- Achieved technology and product milestones on or ahead of schedule
 - DRAM 20nm bit crossover
 - 3D NAND bit crossover
 - SSD product roadmap
- Focused on delivering 2 year bit growth and cost per bit targets
- In DRAM, executing on 1Xnm deployment
- In NAND, ramping Gen One 3D NAND and commenced production of Gen Two
- Expect to ship 3D XPoint™ technology for revenue in 2017



Ernie Maddock

Chief Financial Officer



DRAM

REPRESENTED 61% OF MICRON TOTAL REVENUE IN FQ1-17

- Mobile represented approximately 30%
- PC segment was in the mid-20s % range
- Server business was in the high-teens % range
- Specialty DRAM, which includes networking, graphics, automotive and other embedded technologies, was in the mid-20s % range

Trade Non-Volatile

REPRESENTED 32% OF MICRON TOTAL REVENUE IN FQ1-17

- Consumer, which includes memory cards, USB and components, represented 40%
- Mobile was in the low-20s %
 - As a reminder, eMCPs are primarily in the Mobile segment
- SSDs were in the mid-teens %
- Automotive and Industrial Multi-Market Segment and other embedded applications were in the 20% range

Compute and Networking Business Unit (CNBU)

	FQ1-17	FQ4-16
Revenue	\$1.47B	\$1.25B
% of total company revenue	37%	39%
Non-GAAP operating income	\$204M	\$10M
Non-GAAP operating income %	13.9%	0.8%



- Revenue up 18% Q/Q due to strong demand and 20nm shipments
- Saw additional Cloud growth and qualifications for top customers
- Graphics demand fueled by GPU launches and strong console sales

Mobile Business Unit (MBU)

	FQ1-17	FQ4-16
Revenue	\$1.03B	\$671M
% of total company revenue	26%	21%
Non-GAAP operating income/(loss)	\$89M	(\$35M)
Non-GAAP operating income/(loss) %	8.6%	(5.2%)



- Revenue up 54% Q/Q driven by customer qualifications
- Saw strong sales of LPDRAM and Mobile NAND products
- Improved profitability from continued 20nm ramp and reduced higher-cost early production inventory

Embedded Business Unit (EBU)

	FQ1-17	FQ4-16
Sales	\$578M	\$513M
% of total company revenue	15%	16%
Non-GAAP operating income	\$178M	\$141M
Non-GAAP operating income %	30.8%	27.5%



- Revenue up 13% Q/Q driven by seasonal strength
- Consumer revenue driven by home automation and camera
- Saw continued strength and increasing demand in Automotive

Storage Business Unit (SBU)

	FQ1-17	FQ4-16
Sales	\$860M	\$758M
% of total company revenue	22%	24%
Non-GAAP operating income/(loss)	(\$45M)	(\$57M)
Non-GAAP operating income/(loss) %	(5.2%)	(7.5%)



- Revenue up 13% Q/Q
- Continued to strengthen NAND and SSD product portfolios
- Now in fully-ramped production and customer qualification for 3D NAND TLC client and cloud drives

Financial Summary

NON-GAAP

Dollars in millions, except per share	FQ1-17	% of Sales	FQ4-16	% of Sales
Net sales	\$3,970	100%	\$3,217	100%
Gross margin	1,032	26%	598	19%
Operating income (loss)	438	11%	66	2%
Income tax (provision) benefit	(18)		21	
Net income (loss) attributable to Micron shareholders	335	8%	(9)	(0%)
Diluted earnings (loss) per share	0.32		(0.01)	
Cash provided by operating activities	1,138		896	
Cash and marketable investments	4,324		4,812	

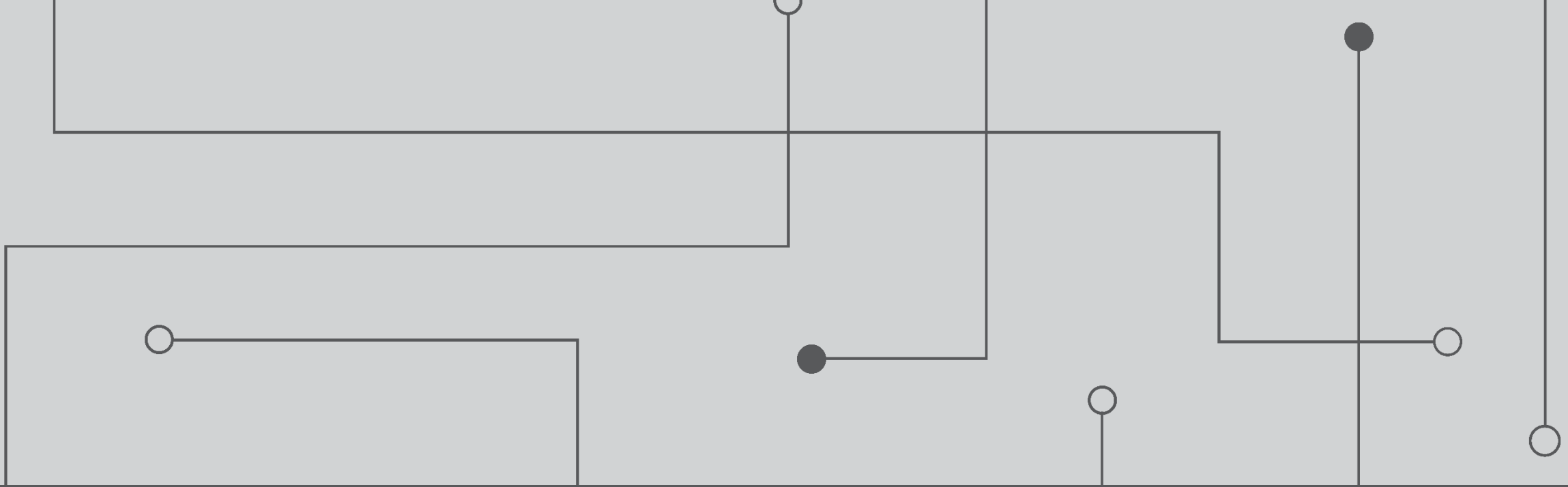
FQ2 2017 Guidance

NON-GAAP

FQ2-17 Guidance

Revenue	\$4.35 – \$4.70 billion
Gross margin	31% – 34%
Operating expenses	\$590 – \$640 million
Operating income	\$800 – \$900 million
Diluted EPS*	\$0.58 – \$0.68

* Based on 1,123 million diluted shares



Q&A



Non-GAAP Reconciliations

Consolidated Results

NON-GAAP RECONCILIATION

Amounts in millions, except per share amounts	FQ1-17	FQ4-16
GAAP net income (loss) attributable to Micron	\$ 180	\$ (170)
Non-GAAP adjustments:		
Stock-based compensation	46	43
Restructure and asset impairments	45	51
Amortization of debt discount and other costs	32	32
(Gain) loss from changes in currency exchange rates	12	11
Other	6	4
Estimated tax effects of above items	(1)	—
Non-cash changes in net deferred income taxes	<u>15</u>	<u>20</u>
Total non-GAAP adjustments	<u>155</u>	<u>161</u>
Non-GAAP net income (loss) attributable to Micron	<u>\$ 335</u>	<u>\$ (9)</u>
GAAP shares used in diluted EPS calculations	1,091	1,037
Anti-dilutive effect of capped calls and other adjustments	<u>(29)</u>	<u>—</u>
Non-GAAP shares used in diluted EPS calculations	<u>1,062</u>	<u>1,037</u>
GAAP diluted earnings (loss) per share	\$ 0.16	\$ (0.16)
Effects of above	<u>0.16</u>	<u>0.15</u>
Non-GAAP diluted earnings (loss) per share	<u>\$ 0.32</u>	<u>\$ (0.01)</u>

Consolidated Statement of Operations

FQ1 2017 NON-GAAP RECONCILIATION

Amounts in millions	GAAP	Adjustments		Non-GAAP
Net sales	\$ 3,970	\$ —		\$ 3,970
Cost of goods sold	2,959	(21)	A,E	2,938
Gross margin	1,011	21		1,032
Selling, general and administrative	159	(16)	A,E	143
Research and development	470	(13)	A,E	457
Restructure and asset impairments	29	(29)	B	—
Other operating (income) expense	(6)	—		(6)
Total operating expenses	652	(58)		594
Operating income	359	79		438
Interest expense, net	(132)	32	C	(100)
Other non-operating income (expense), net	(14)	14	D,E	—
	213	125		338
Income tax (provision) benefit	(31)	13	F,G	(18)
Equity in net income (loss) of equity method investees	(2)	17	B,H	15
Net income	180	155		335
Net income (loss) attributable to noncontrolling interests	—	—		—
Net income attributable to Micron	\$ 180	\$ 155		\$ 335

Consolidated Statement of Operations

FQ1 2017 NON-GAAP RECONCILIATION (CONTINUED)

Amounts in millions			
A	Stock-based compensation	\$	46
B	Restructure and asset impairments		45
C	Amortization of debt discount and other costs		32
D	(Gain) loss from changes in currency exchange rates		12
E	Other		6
F	Estimated tax effects of above items		(1)
G	Non-cash changes in net deferred income taxes		14
H	Non-cash taxes from Inotera		1
		\$	<u>155</u>

Summary Key Data

Non-GAAP Financial Data and Guidance

% of Revenue	FQ1-17
DRAM	61%
Non-Volatile*	32%

Sales Bit Growth	FQ1-17
DRAM	18%
Non-Volatile*	26%

Average Sales Price	FQ1-17
DRAM	5%
Non-Volatile*	0%

Cost / Bit	FQ1-17
DRAM	(5%)
Non-Volatile*	(8%)

Gross Margin	FQ1-17
DRAM	28%
Non-Volatile*	23%

	FQ1-17 Non-GAAP (amounts in millions, except per share)	FQ2-17 Non-GAAP Guidance
Revenue	\$ 3,970	\$4.35 – \$4.70 billion
Gross Margin	26%	31% – 34%
Operating expenses	\$ 594	\$590 – \$640 million
Operating income	\$ 438	\$800 – \$900 million
Earnings per share	\$ 0.32	\$0.58 – \$0.68

	FQ1-17 Non-GAAP (amounts in millions)	FQ2-17 Non-GAAP Estimates
Net interest expense	\$ 100	\$~120 million
Equity in net income (loss) of equity method investments	\$ 15	-
Diluted shares	1,062	~1,123 million Refer to the Convertible Notes Dilution Overview provided in our Earnings Data File
Tax (provision) benefit	\$ (18)	(\$30) million
Operating cash flow	\$ 1,138	-
Depreciation and amortization	\$ 768	FY-17: ~\$4.0 billion (a)
Capital expenditures (Capital cash flow)	\$ 1,179	FY-17: \$4.8 – \$5.2 billion (a) (b)

See Non-GAAP reconciliations.

*Non-Volatile includes NAND and 3D XPoint and excludes NOR and sales to Intel through IMFT, which are at long-term negotiated prices approximating cost

(a) Includes impact of Inotera (IMI)

(b) Net of partner contributions

Convertible Notes Dilution Overview

FQ1 2017 (Shares in millions)

Stock Price	\$14	\$15	\$16	\$17	\$18	\$19	\$20	\$21	\$22	\$23	\$24	\$25
2032 C Notes	7	8	9	10	11	11	12	13	13	14	14	14
2032 D Notes	5	6	7	7	8	8	9	9	10	10	10	11
2033 E Notes	4	4	5	6	6	7	7	8	8	8	9	9
2033 F Notes	6	7	9	10	11	12	12	13	14	14	15	15
2043 G Notes	0	0	0	0	0	0	0	0	0	0	0	0
Total dilutive shares	22	25	30	33	36	38	40	43	45	46	48	49
Benefit from capped calls	-35	-40	-41	-38	-36	-34	-33	-31	-30	-28	-27	-26
Net dilution	-13	-15	-11	-5	0	4	7	12	15	18	21	23

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