

MICRON TECHNOLOGY INC
Form 10-Q
December 19, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark
One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended November 29, 2018

OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from to

Commission file number 1-10658

Micron Technology, Inc.
(Exact name of registrant as specified in its charter)

Delaware

75-1618004
(IRS Employer
Identification No.)

(State or other jurisdiction of
incorporation or organization)

8000 S. Federal Way, Boise, Idaho
(Address of principal executive offices)

83716-9632
(Zip Code)

Registrant's telephone number, including area code (208) 368-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes T No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes T No "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Accelerated Filer Non-Accelerated Filer Smaller Reporting Emerging Growth
Filer x o o Company o Company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

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Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
 No

The number of outstanding shares of the registrant's common stock as of December 12, 2018 was 1,121,046,809.

Definitions of Commonly Used Terms

As used herein, "we," "our," "us," and similar terms include Micron Technology, Inc. and our consolidated subsidiaries, unless the context indicates otherwise. Abbreviations, terms, or acronyms are commonly used or found in multiple locations throughout this report and include the following:

Term	Definition	Term	Definition
2022 Term Loan B	Senior Secured Term Loan B due 2022	MMJ Group	MMJ and its subsidiaries
2025 Notes	5.50% Senior Notes due 2025	MMT	Micron Memory Taiwan Co., Ltd.
2032D Notes	3.13% Convertible Senior Notes due 2032	MTTW	Micron Technology Taiwan, Inc.
2033F Notes	2.13% Convertible Senior Notes due 2033	Qimonda	Qimonda AG
2043G Notes	3.00% Convertible Senior Notes due 2043	R&D	Research and Development
IMFT	IM Flash Technologies, LLC	SG&A	Selling, General, and Administrative
Inotera	Inotera Memories, Inc.	SSD	Solid-State Drive
Intel	Intel Corporation	TLC	Triple-Level Cell
Micron	Micron Technology, Inc. (Parent Company)	VIE	Variable Interest Entity
MMJ	Micron Memory Japan, Inc.		

The following Micron subsidiaries appear throughout this report:

Micron Consumer Products Group, Inc	Micron Semiconductor Products, Inc.
Micron Europe Limited	Micron Semiconductor (Shanghai) Co. Ltd.
Micron Semiconductor B.V.,	Micron Semiconductor (Xi'an) Co., Ltd.
Micron Semiconductor (Deutschland) GmbH	

Micron Technology, Inc., including its consolidated subsidiaries, is an industry leader in innovative memory and storage solutions. Through our global brands - Micron[®], Crucial[®], and Ballistix[®] – our broad portfolio of high-performance memory and storage technologies, including DRAM, NAND, NOR Flash, and 3D XPoint memory, is transforming how the world uses information to enrich life. Backed by 40 years of technology leadership, our memory and storage solutions enable disruptive trends, including artificial intelligence, machine learning, and autonomous vehicles, in key market segments like cloud, data center, networking, mobile, and automotive.

Micron, Crucial, Ballistix, any associated logos, and all other Micron trademarks are the property of Micron. 3D XPoint is a trademark of Intel in the United States and/or other countries. Other product names or trademarks that are not owned by Micron are for identification purposes only and may be the registered or unregistered trademarks of their respective owners.

Forward-Looking Statements

This Form 10-Q contains trend information and other forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements include, but are not limited to, statements such as those made regarding our expected NAND and 3D XPoint[™] development activities with Intel; our expectation to exercise our call option to purchase Intel's interest in IMFT and the amount we expect to pay for the transaction; our expectation, from time to time, to engage in additional financing transactions; the sufficiency of our cash and investments, cash flows from operations, and available financing to meet our requirements at least through the next 12 months; and capital spending in 2019. We are under no obligation to update these forward-looking statements. Our actual results could differ materially from our historical results and those discussed in the forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those identified in "Part II, Other Information – Item 1A. Risk Factors."

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions except per share amounts)

(Unaudited)

Quarter ended	November 29, 2018	November 30, 2017
Revenue	\$ 7,913	\$ 6,803
Cost of goods sold	3,298	3,056
Gross margin	4,615	3,747
Selling, general, and administrative	209	191
Research and development	611	448
Other operating (income) expense, net	36	11
Operating income	3,759	3,097
Interest income	38	23
Interest expense	(33)	(124)
Other non-operating income (expense), net	9	(204)
	3,773	2,792
Income tax provision	(477)	(114)
Net income	3,296	2,678
Net income attributable to noncontrolling interests	(3)	—
Net income attributable to Micron	\$ 3,293	\$ 2,678
Earnings per share		
Basic	\$ 2.91	\$ 2.36
Diluted	2.81	2.19
Number of shares used in per share calculations		
Basic	1,133	1,134
Diluted	1,174	1,225

See accompanying notes to consolidated financial statements.

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MICRON TECHNOLOGY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(Unaudited)

Quarter ended	November 29, 2018	November 30, 2017
Net income	\$ 3,296	\$ 2,678
Other comprehensive income (loss), net of tax		
Gains (losses) on derivative instruments	(12)	(3)
Unrealized gains (losses) on investments	(3)	(1)
Pension liability adjustments	—	(1)
Other comprehensive income (loss)	(15)	(5)
Total comprehensive income	3,281	2,673
Comprehensive income attributable to noncontrolling interests	(3)	—
Comprehensive income attributable to Micron	\$ 3,278	\$ 2,673

See accompanying notes to consolidated financial statements.

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MICRON TECHNOLOGY, INC.

CONSOLIDATED BALANCE SHEETS

(in millions except par value amounts)

(Unaudited)

As of	November 29, 2018	August 30, 2018
Assets		
Cash and equivalents	\$ 4,447	\$ 6,506
Short-term investments	1,116	296
Receivables	5,418	