

Inside Micron: Last Quarter's Progress

Mar. 27, 2025

Micron sells two products: DRAM and NAND memory. DRAM is faster and is used for temporary storage, and NAND is slower and used for permanent storage. Both products had revenue growth versus last year leading to an overall company revenue growth of 38% for the quarter, but a slow down versus three months ago due to weaker market pricing.

Performance by technology

DRAM FQ2-25

- \$6.1 billion, representing 76% of total revenue in FQ2-25
- Revenue increased 47% Y/Y
- Revenue decreased 4% Q/Q
- Bit shipments decreased in the high-single-digit percentage range Q/Q
- ASPs increased in the mid-single-digit percentage range Q/Q

NAND FQ2-25

- \$1.9 billion, representing 23% of total revenue in FQ2-25
- Revenue increased 18% Y/Y
- Revenue decreased 17% Q/Q
- Bit shipments modestly higher Q/Q
- ASPs decreased in the high-teens percentage range Q/Q



The NAND market remains in the “oversupplied” part of the memory cycle, hence the lower prices. Micron has cut back on its production to help even out the supply imbalance, and expects actions from other suppliers to help further this upcoming quarter. Customers’ own inventory levels are reducing, leading Micron to believe that the second half of this year will have better NAND conditions. In the meantime, Micron released the industry’s fastest NAND storage devices for both business and consumer needs. It is being mindful of how quickly it ramps up production of these devices, but staying on top technologically will help its upside once the cycle turns.

On the DRAM side, HBM (high bandwidth memory) continues to be the driver of success. Total DRAM revenue rose 47% from last year and HBM revenue grew over 50% from just last quarter, surpassing \$1 billion of quarterly revenue. So far, Micron has been ahead of its goals for HBM, hitting revenue milestones earlier than expected and shipping products out and developing the next generation ahead of schedule. Micron already ships HBM for use in NVIDIA’s GPUs, and began shipping to its third large customer this quarter. It expects to add more customers throughout the year.

Although initially rising after earnings came out, Micron’s stock price ended up taking a hit. Wall Street didn’t like the fact that margins, or bottom line profitability, fell and could fall again next quarter. Management says there are multiple reasons for this, mostly coming from the sharp pricing downcycle in the NAND side of the business.

All signs point to the lower margins being temporary. Micron's focus is on strengthening its mix towards higher margin products, managing demand and supply, and keeping costs low. HBM memory is one of those higher valued products, and it is clearly doing very well in that category.

At Outlook we think Micron is an exceptional company whose stock is an exceptional long-term value right now. We suspect we'll see that in rising business results and a rising stock price in 2025; but we're certain we'll see that in the following years.