Lam Research Corporation

September quarter 2024 financial results

October 23, 2024

Cautionary statement regarding forward-looking statements

This presentation and the accompanying discussion contain “forward-looking statements” under U.S. securities laws. Forward-looking statements include any statements that are not statements of historical fact. Examples of forward-looking statements include, but are not limited to: (1) anticipated business, balance sheet, cash flow and financial measures and results and related drivers, including guidance, whether on a GAAP or non-GAAP basis; (2) economic, market, industry and industry segment expectations; (3) product performance and changes in market share or customer demands; (4) our ability to successfully execute business, capital allocation, product and growth plans or strategies, or otherwise deliver value for customers and stockholders; and (5) the impact of trade regulations, export controls and trade disputes. Forward-looking statements speak only as of the date they are made and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed, including: trade regulations, export controls, trade disputes and other geopolitical tensions may inhibit our ability to sell our products; business, political and/or regulatory conditions in the consumer electronics industry, the semiconductor industry and the overall economy may deteriorate or change; the actions of our customers and competitors may be inconsistent with our expectations; supply chain cost increases and other inflationary pressures have impacted and may continue to impact our profitability; supply chain disruptions or manufacturing capacity constraints may limit our ability to manufacture and sell our products; and natural and human caused disasters, disease outbreaks, war, terrorism, political or governmental unrest or instability, or other events beyond our control may impact our operations and revenue in affected areas; as well as the other factors discussed in our filings with the Securities and Exchange Commission (“SEC”), including specifically the Risk Factors described in our annual report on Form 10–K for the fiscal year ended June 30, 2024. You should not place undue reliance on forward-looking statements. Lam undertakes no obligation to update any forward-looking statements.

Lam RESEARCH

A global leader in wafer fabrication equipment and services since 1980

$14.9B	$1.9B	~17,700
REVENUE*	R&D*	EMPLOYEES
		As of September 29, 2024

14 PRIMARY LOCATIONS

- Fremont, CA
- Livermore, CA
- Sherwood, OR
- Tualatin, OR
- Springfield, OH
- Eaton, OH
- Villach, Austria
- Hwaseong-si, Korea
- Osan, Korea
- Yongin, Korea
- Hsinchu City, Taiwan
- Taoyuan City, Taiwan
- Bengaluru, India
- Batu Kawan, Malaysia



AWARDS AND RECOGNITION

100 Most Sustainable U.S. Companies
Barron's

World's Most Admired Companies
Fortune

World's Most Ethical Companies
Ethisphere

Best Places to Work For LGBTQ+ Equality
Human Rights Campaign

America's Best Employers for Diversity
Forbes

Dow Jones Sustainability Index North America
S&P Global

Revenue and R&D as of fiscal year 2024. *GAAP basis

Business review & industry outlook

Tim Archer
President and Chief Executive Officer

Continued strong execution



September quarter revenue, EPS* above guidance midpoints; profitability* above high end of ranges



CY 2024 WFE at mid-$90B range; Lam China share of revenues in the 30% range in QDec'24



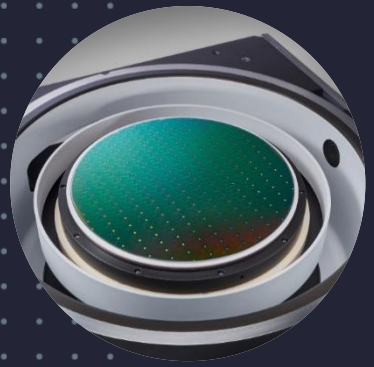
Early view of WFE growth in CY 2025

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EPS = Earnings per share
*Non-GAAP basis
Profitability = Gross and operating margin percentages

WFE = Wafer fabrication equipment investments
CY = Calendar year

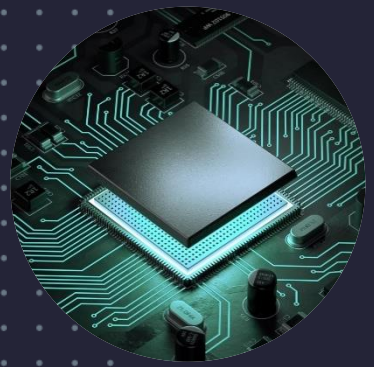
Lam positioned to outperform WFE growth in CY 2025



Etch and Deposition are fundamental enablers of higher performance, more scalable semi device architectures



Spending recovery in NAND expected to be driven by technology upgrades



Strong positioning in the major inflections: GAA, Backside Power Delivery, Advanced Packaging and Dry EUV Resist Processing

GAA = Gate-all-around transistor
EUV = Extreme ultra-violet

NAND growth driven by layer upgrades and Moly transition

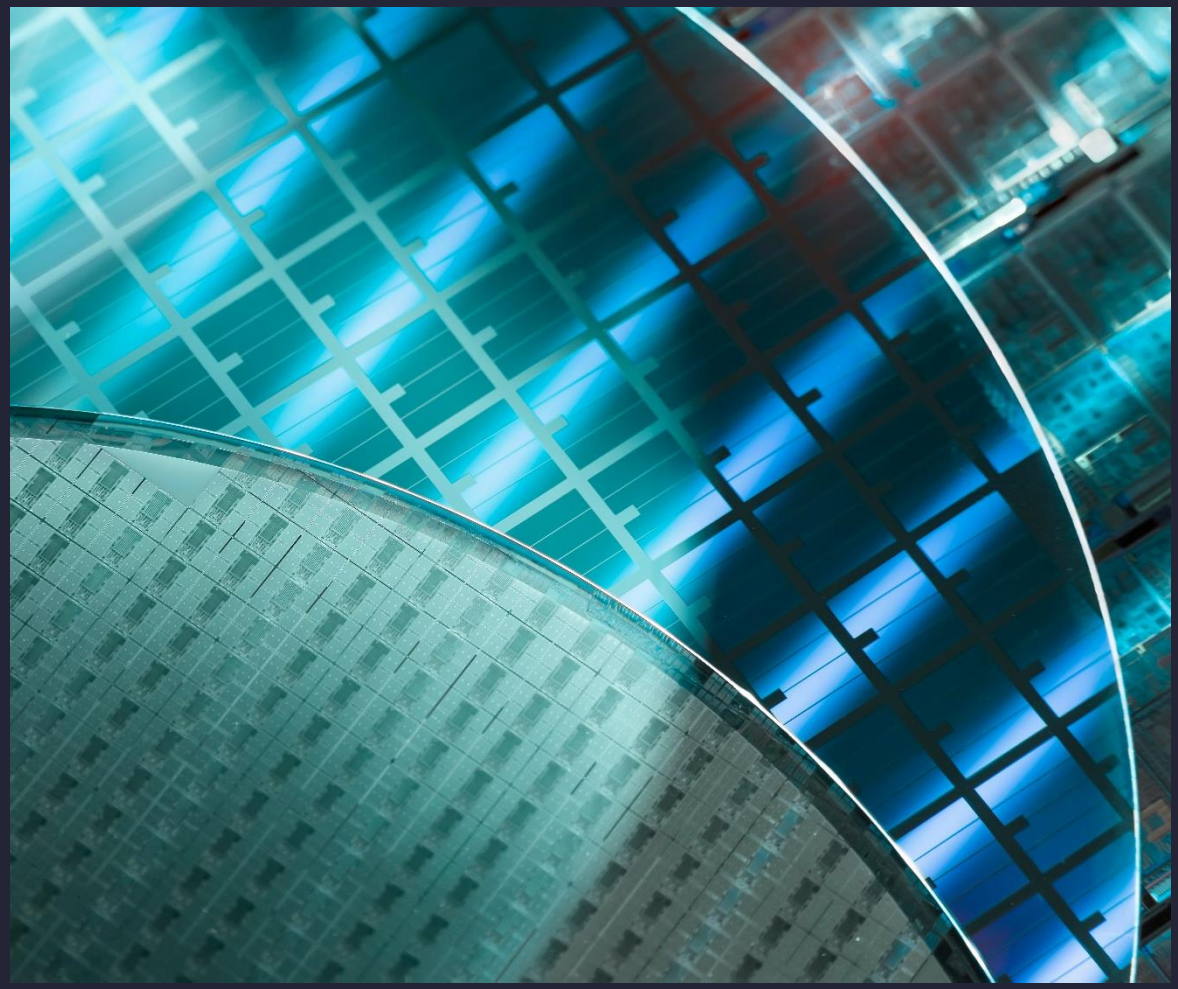
Advanced nodes critical to meeting high-speed and high-capacity storage requirements at lower costs

More than two-thirds of today's production bits in sub-200 layer technologies

Lam should benefit disproportionately in tech conversions

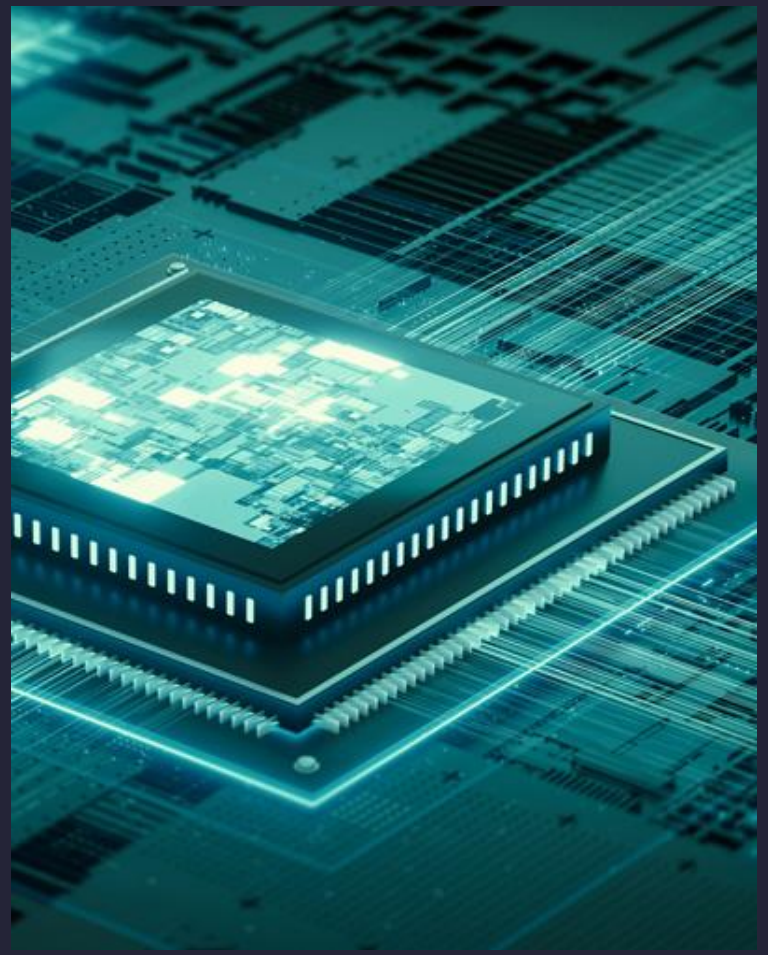
Materials transition from Tungsten to Molybdenum creates additional opportunity

- Lam production wins in NAND are expected to scale into CY 2025; Foundry/Logic and DRAM ramps to follow



Moly = Molybdenum
DRAM = Dynamic random access memory

Building momentum at key inflections in Foundry/Logic and DRAM



GATE-ALL-AROUND

Recent selective etch wins at large Foundry/Logic customer

ADVANCED EUV PATTERNING

Broader adoption at key customers with latest conductor etch tool incorporating DirectDrive® technology

BACKSIDE POWER

Lam expected to benefit from SAM and share expansion in dielectric etch and copper plating

ADVANCED PACKAGING

SABRE® 3D revenues to more than double in CY 2024

Significant SABRE® 3D market share gains in CY 2024

D = Dimension
SAM = Served Available Market

CSBG: Delivering innovation

Increased focus on **lowering per-bit costs** driving memory customers to improve efficiency of existing tools

Lam upgrades recently provided customers **better value** than competitor's new build alternatives

Greater adoption of Lam's **Equipment Intelligence®** services – additional **500 chambers** subscribed in QSep'24



CSBG = Customer Support Business Group

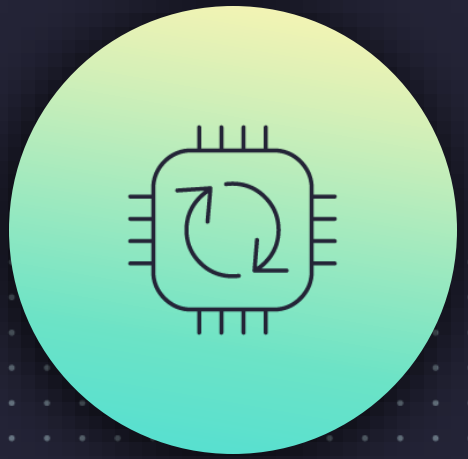
The best is yet to come for Lam



AI era driving more opportunities for Lam



Transformed our business and expanded our product portfolio



Our investments are in the early stages of paying off

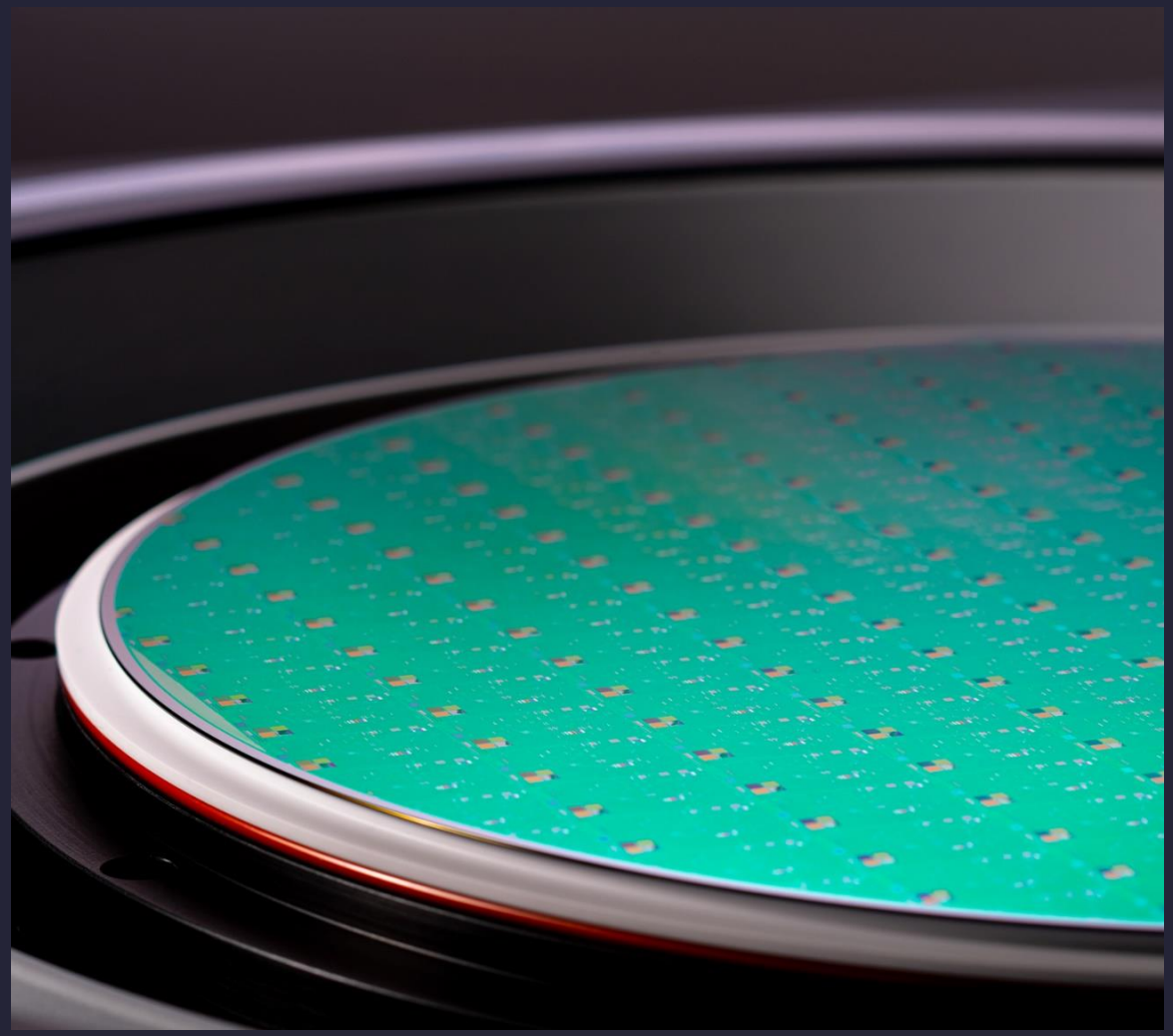
AI = Artificial intelligence

September quarter 2024 financial results & December quarter 2024 outlook

Doug Bettinger
Executive Vice President and Chief Financial Officer

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September quarter highlights



QSEP'24 REVENUE

$4.17B

QJUN'24 REVENUE: $3.87B

QSEP'24 EARNINGS PER SHARE*

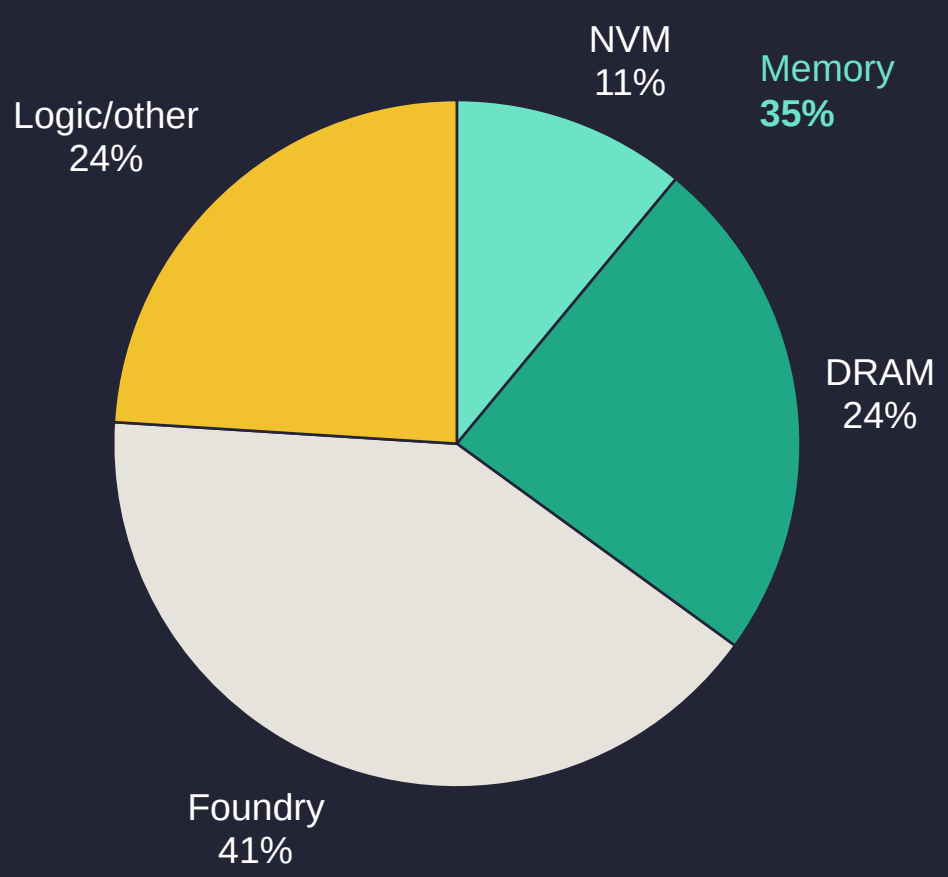
$0.86

QJUN'24 EARNINGS PER SHARE*: $0.81

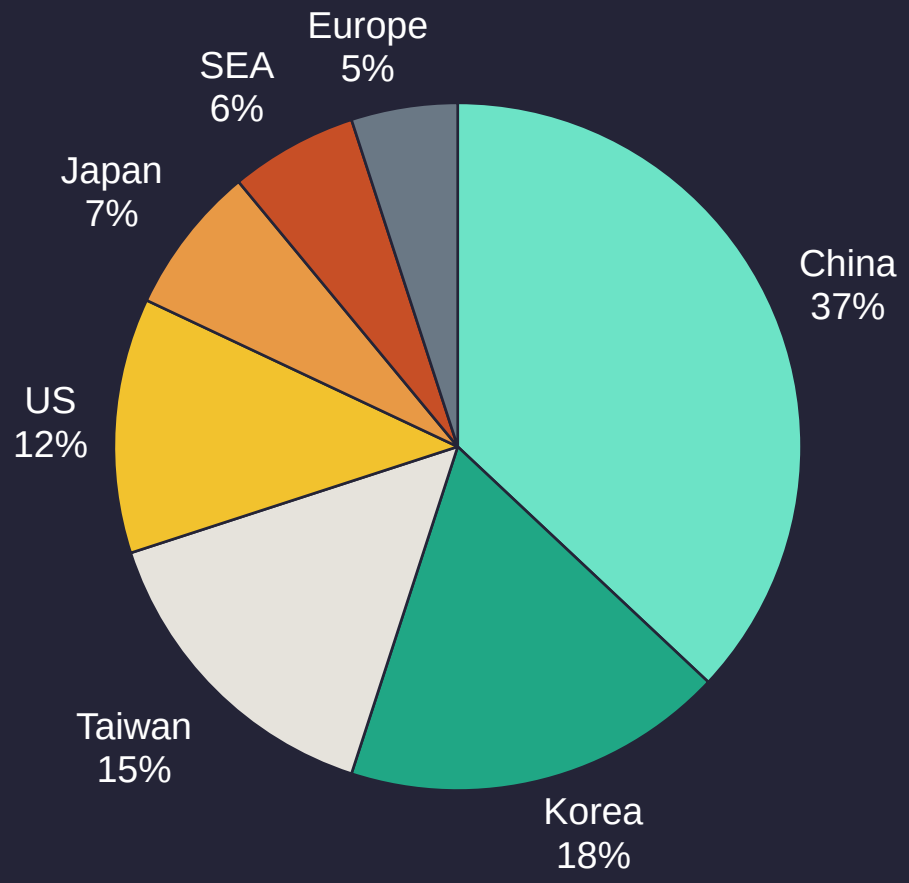
*Data is presented on a non-GAAP and post-split basis. Reconciliations of U.S. GAAP results to non-GAAP results can be found at the end of this presentation

September quarter revenue mix

SYSTEMS REVENUE SEGMENT*



REVENUE BY REGION



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NVM = Non-volatile memory

*Systems revenue includes equipment and equipment upgrade sales from etch, deposition, clean, and our Reliant® product line

Customer Support Business Group



QSEP'24 CSBG REVENUE

$1.78B

QJUN'24 CSBG REVENUE: $1.70B

QSEP'23 CSBG REVENUE: $1.43B

September quarter financial results

	QSEP'24	QJUN'24
Revenue	**$4,168M**	$3,872M
Non-GAAP Gross Margin*	**48.2%**	48.5%
Non-GAAP Operating Expenses*	**$722M**	$689M
Non-GAAP Operating Income*	**$1,287M**	$1,187M
Non-GAAP Operating Income as a percentage of Revenue*	**30.9%**	30.7%
Non-GAAP Other Income (Expense), Net*	**$13M**	$19M
Pre-split:		
U.S. GAAP Diluted EPS	**$8.56**	$7.78
Non-GAAP Diluted EPS*	**$8.60**	$8.14
Diluted Share Count	**130M**	131M
Post-split:		
U.S. GAAP Diluted EPS	**$0.86**	$0.78
Non-GAAP Diluted EPS*	**$0.86**	$0.81
Diluted Share Count	**1,304M**	1,311M

*A reconciliation of U.S. GAAP results to non-GAAP results can be found at the end of this presentation.

Key balance sheet and financial metrics

	QSEP'24	QJUN'24
Total Consolidated Gross Cash Balance	**$6,072M**	$5,851M
Account Receivables, Net	**$2,937M**	$2,519M
Days sales outstanding	**64 Days**	59 Days
Inventories	**$4,210M**	$4,218M
Inventory Turns	**2.1**	1.9
Deferred Revenue*	**$2,047M**	$1,552M
Capital Expenditures	**$111M**	$101M
Equity Compensation Expense	**$80M**	$79M
Amortization Expense	**$14M**	$14M
Depreciation Expense	**$80M**	$74M
Share Repurchases	**$1,004M**	$382M
Cash Dividends	**$261M**	$261M
Headcount	**~17,700**	~17,200

*Lam's deferred revenue balance does not include shipments to customers in Japan, to whom control does not transfer until customer acceptance. Estimated future revenue from shipments to customers in Japan was approximately $184M as of September 29, 2024 and $98M as of June 30, 2024.

December 2024 quarter guidance



$4.3B +/- $300M

Revenue



47.0% +/- 1%

Non-GAAP gross margin*



30.0% +/- 1%

Non-GAAP operating margin*



$0.87 +/- $0.10

Non-GAAP earnings per share*

A reconciliation of U.S. GAAP projected results to non-GAAP projected results can be found at the end of this presentation
*Based on a diluted share count of approximately 1.29 billion shares

Q&A

Appendix – reconciliation

Reconciliation of U.S. GAAP Net Income to Non-GAAP Net Income
(in thousands, except per share data; unaudited)

	Three Months Ended	
	September 29, 2024	June 30, 2024
U.S. GAAP net income	$ 1,116,444	$ 1,020,282
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	3,076	3,076
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold	3,263	2,488
Restructuring charges, net - cost of goods sold	—	5,276
Transformational costs - cost of goods sold	—	25,407
EDC related liability valuation increase - research and development	8,136	4,479
Transformational costs - Research and development	—	8,469
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	692	770
EDC related liability valuation increase - selling, general and administrative	7,510	2,986
Transformational costs - selling, general and administrative	—	8,469
Restructuring charges, net - operating expenses	—	(768)
Amortization of note discounts - other income (expense), net	765	759
Gain on EDC related asset - other income (expense), net	(17,420)	(9,643)
Net income tax benefit on non-GAAP items	(959)	(5,160)
Non-GAAP net income	$ 1,121,507	$ 1,066,890
Pre-split:		
Non-GAAP net income per diluted share	$ 8.60	$ 8.14
U.S. GAAP net income per diluted share	$ 8.56	$ 7.78
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	130,407	131,112
Post-split:		
Non-GAAP net income per diluted share	$ 0.86	$ 0.81
U.S. GAAP net income per diluted share	$ 0.86	$ 0.78
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	1,304,066	1,311,118

Appendix – reconciliation

Reconciliation of U.S. GAAP Gross Margin, Operating Expenses and Operating Income to Non-GAAP Gross Margin, Operating Expenses and Operating Income
(in thousands, except percentages)
(unaudited)

	Three Months Ended	
	September 29, 2024	June 30, 2024
U.S. GAAP gross margin	$ 2,002,683	$ 1,840,098
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	3,076	3,076
EDC related liability valuation increase	3,263	2,488
Restructuring charges, net	—	5,276
Transformational costs	—	25,407
Non-GAAP gross margin	$ 2,009,022	$ 1,876,345
U.S. GAAP gross margin as a percentage of revenue	48.0 %	47.5 %
Non-GAAP gross margin as a percentage of revenue	48.2 %	48.5 %
U.S. GAAP operating expenses	$ 738,486	$ 713,538
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(692)	(770)
EDC related liability valuation increase	(15,646)	(7,465)
Restructuring charges, net	—	768
Transformational costs	—	(16,938)
Non-GAAP operating expenses	$ 722,148	$ 689,133
U.S. GAAP operating income	$ 1,264,197	$ 1,126,560
Non-GAAP operating income	$ 1,286,874	$ 1,187,212
U.S. GAAP operating income as percent of revenue	30.3 %	29.1 %
Non-GAAP operating income as a percent of revenue	30.9 %	30.7 %

Appendix – reconciliation

Reconciliation of U.S. GAAP Other Income (Expense), Net to Non-GAAP Other Income (Expense), Net
(in thousands)
(unaudited)

	Three Months Ended	
	September 29, 2024	June 30, 2024
U.S. GAAP Other income (expense), net	$ 30,081	$ 27,796
Pre-tax non-GAAP items:		
Amortization of note discounts	765	759
Gain on EDC related asset	(17,420)	(9,643)
Non-GAAP Other income (expense), net	$ 13,426	$ 18,912

Appendix – reconciliation

Calculation of Free Cash Flows
(in thousands)
(unaudited)

	Three Months Ended September 29, 2024
U.S. GAAP net cash provided by operating activities	$ 1,568,471
U.S. GAAP cash used for capital expenditures and intangible assets	(110,588)
Total free cash flow	$ 1,457,883

Appendix – reconciliation

Reconciliation of U.S. GAAP Income Tax Rate to Non-GAAP Income Tax Rate
(in thousands, except percentages)

(unaudited)

	Three Months Ended	
	September 29, 2024	June 30, 2024
U.S. GAAP income before income taxes	$ 1,294,278	$ 1,154,356
U.S. GAAP income tax expense	$ 177,834	$ 134,074
U.S. GAAP income tax rate	13.7 %	11.6 %
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	$ 3,076	$ 3,076
EDC related liability valuation increase - cost of goods sold	3,263	2,488
Restructuring charges, net - cost of goods sold	—	5,276
Transformational costs - cost of goods sold	—	25,407
EDC related liability valuation increase - research and development	8,136	4,479
Transformational costs - Research and development	—	8,469
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	692	770
EDC related liability valuation increase - selling, general and administrative	7,510	2,986
Transformational costs - selling, general and administrative	—	8,469
Restructuring charges, net - operating expenses	—	(768)
Amortization of note discounts - other income (expense), net	765	759
Gain on EDC related asset - other income (expense), net	(17,420)	(9,643)
Non-GAAP income before taxes	$ 1,300,300	$ 1,206,124
Net income tax benefit on non-GAAP items	$ 959	$ 5,160
Non-GAAP income tax expense	$ 178,793	$ 139,234
Non-GAAP income tax rate	13.8 %	11.5 %

Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the quarter ended December 29, 2024

	U.S. GAAP			Reconciling Items	Non-GAAP		
Revenue	$4.30 Billion	+/-	$300 Million	—	$4.30 Billion	+/-	$300 Million
Gross margin as a percentage of revenue	46.9%	+/-	1%	$ 2.8 Million	47.0%	+/-	1%
Operating income as a percentage of revenue	29.9%	+/-	1%	$ 3.4 Million	30.0%	+/-	1%
Net income per diluted share	$0.87	+/-	$0.10	$ 3.9 Million	$0.87	+/-	$0.10
Diluted share count	1.29 Billion			—	1.29 Billion		

The information provided above is only an estimate of what the Company believes is realizable as of the date of this release and does not incorporate the potential impact of any business combinations, asset acquisitions, divestitures, restructuring, balance sheet valuation adjustments, financing arrangements, other investments, or other significant arrangements that may be completed or realized after the date of this release, except as described below. U.S. GAAP to non-GAAP reconciling items provided include only those items that are known and can be estimated as of the date of this release. Actual results will vary from this model and the variations may be material. Reconciling items included above are as follows:

- Gross margin as a percentage of revenue - amortization related to intangible assets acquired through business combinations, $2.8 million.
- Operating income as a percentage of revenue - amortization related to intangible assets acquired through business combinations, $3.4 million.
- Net income per diluted share - amortization related to intangible assets acquired though business combinations, $3.4 million; amortization of debt discounts, $0.8 million; and associated tax benefit for non-GAAP items ($0.3 million); totaling $3.9 million.


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