



# Lam Research Corporation

June Quarter 2021 Financial Results

July 28, 2021



# 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, 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; (5) the impact of the COVID-19 pandemic on our operations and financial results, and our ability to mitigate operational and business impacts caused by it; and (6) 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: the severity, magnitude and duration of the COVID-19 pandemic (and the related governmental, public health, business and community responses to it), and their impacts on our business, results of operations and financial condition, are evolving and are highly uncertain and unpredictable; business, political and/or regulatory conditions in the consumer electronics industry, the semiconductor industry and the overall economy may deteriorate or change; supply chain disruptions or manufacturing capacity constraints may limit our ability to manufacture and sell our products; the actions of our customers and competitors may be inconsistent with our expectations; trade regulations, export controls, trade disputes and other geopolitical tensions may inhibit our ability to sell our products; and widespread outbreaks of illness 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 28, 2020 and our quarterly report on Form 10-Q for quarter ended March 28, 2021. You should not place undue reliance on forward-looking statements. Lam undertakes no obligation to update any forward-looking statements.



A close-up, angled view of a microchip, showing a grid of square dies. The image is in shades of blue and black, with a dark blue background on the right side of the slide.

# Business Review and Industry Outlook

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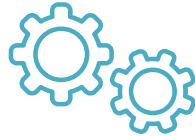
TIM ARCHER  
PRESIDENT AND CHIEF EXECUTIVE OFFICER



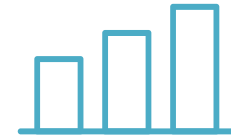
# Record June Quarter & Fiscal 2021 Performance



**June quarter records:**  
Revenue, Cash Flow  
from Operations and  
EPS



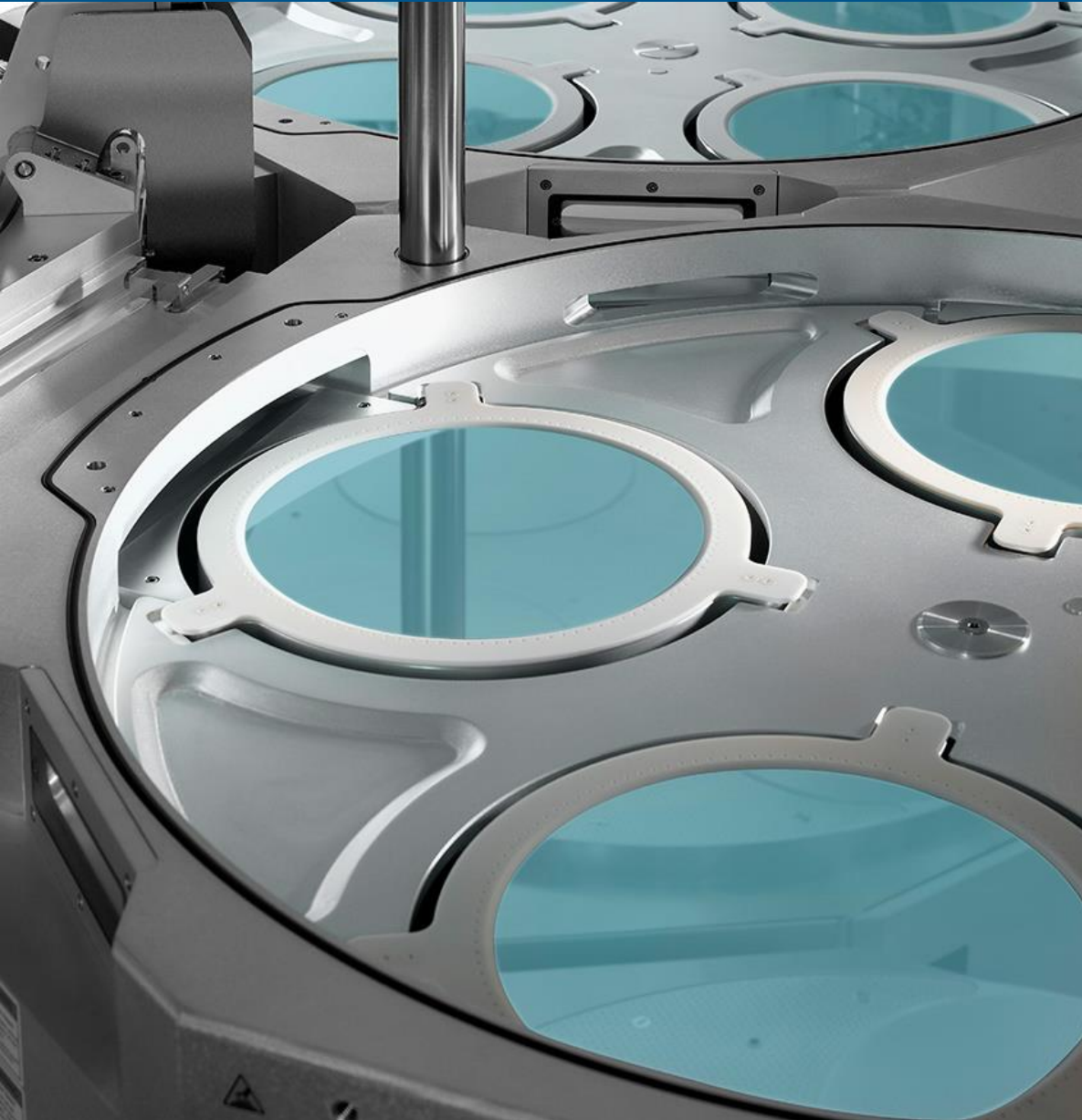
**Strong execution**  
across systems and  
customer support  
businesses



**Best FY in Lam  
history:** >45% revenue  
growth; >70% EPS  
growth

EPS = earnings per share  
EPS calculated on a non-GAAP basis. Reconciliations of U.S GAAP results to non-GAAP results can be found at the end of this presentation

# WFE Spending Remains Strong



Calendar year 2021 WFE expected to trend above \$80 billion

WFE spending as a percentage of semiconductor industry operating profit within historical ranges

Strength across device segments (NAND, DRAM and Foundry/Logic) in calendar 2021

Critical technology transformations and increasing device and manufacturing complexity driving multi-year WFE spending

WFE = wafer fabrication equipment

# Device & Manufacturing Complexity Driving Lam Opportunity

## Stacking

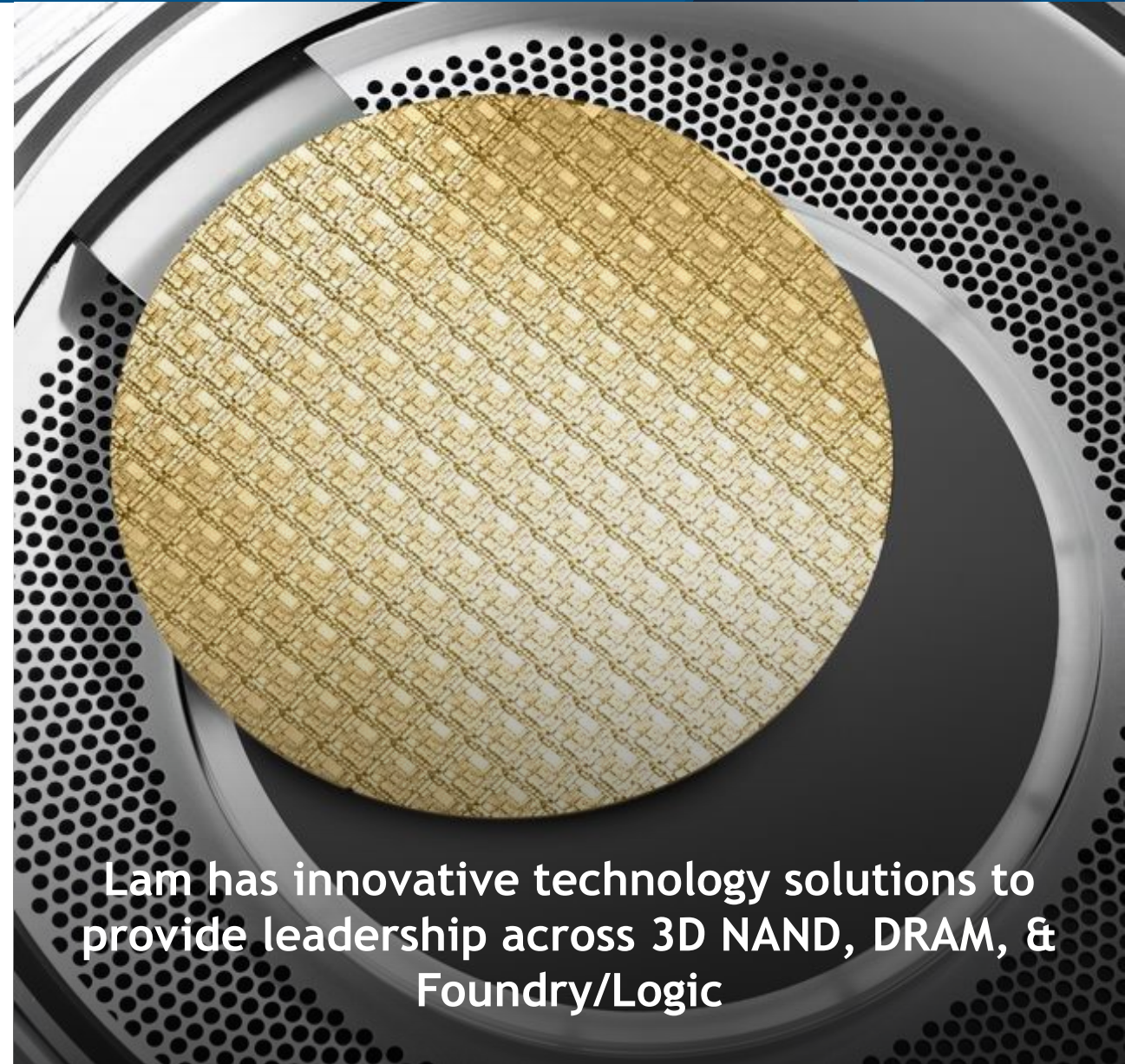
Secured tool of record position at all 3D NAND manufacturers for critical deposition application

## Surface Conditioning

Delivered novel selective etch, strip and surface treatment solutions to establish key etch win in Foundry/Logic segment

## High-Pattern Fidelity

Well-positioned in extending leadership in multi-patterning etch as pitch tolerances tighten and EUV adoption grows



Lam has innovative technology solutions to provide leadership across 3D NAND, DRAM, & Foundry/Logic



# Advancing Ecosystem Collaboration to Solve Challenges & Meet Demand



**Need for closer partnerships to meet device performance and cost roadmaps**



**Expansion of R&D investments closer to customers**



**Added manufacturing capacity with first modules shipped from Malaysia to support continuing growth**

# Customer Support Business Group Momentum Continues



Delivering world class support  
of complex technologies in  
high volume manufacturing

June quarter revenue growth again **outpaced growth in chamber count**

**Record performance** across services, upgrades, Reliant

Major **spares contract** entered with key customer enabling stream of **revenue for extended period**

Expecting **strong calendar year-over-year growth**



# ESG - Critical Element of Lam's Operations

**Setting new long-term objectives: 100% renewable energy by 2030 and carbon net zero by 2050**

**Supporting communities, keeping employees safe, and advancing inclusion and diversity goals**

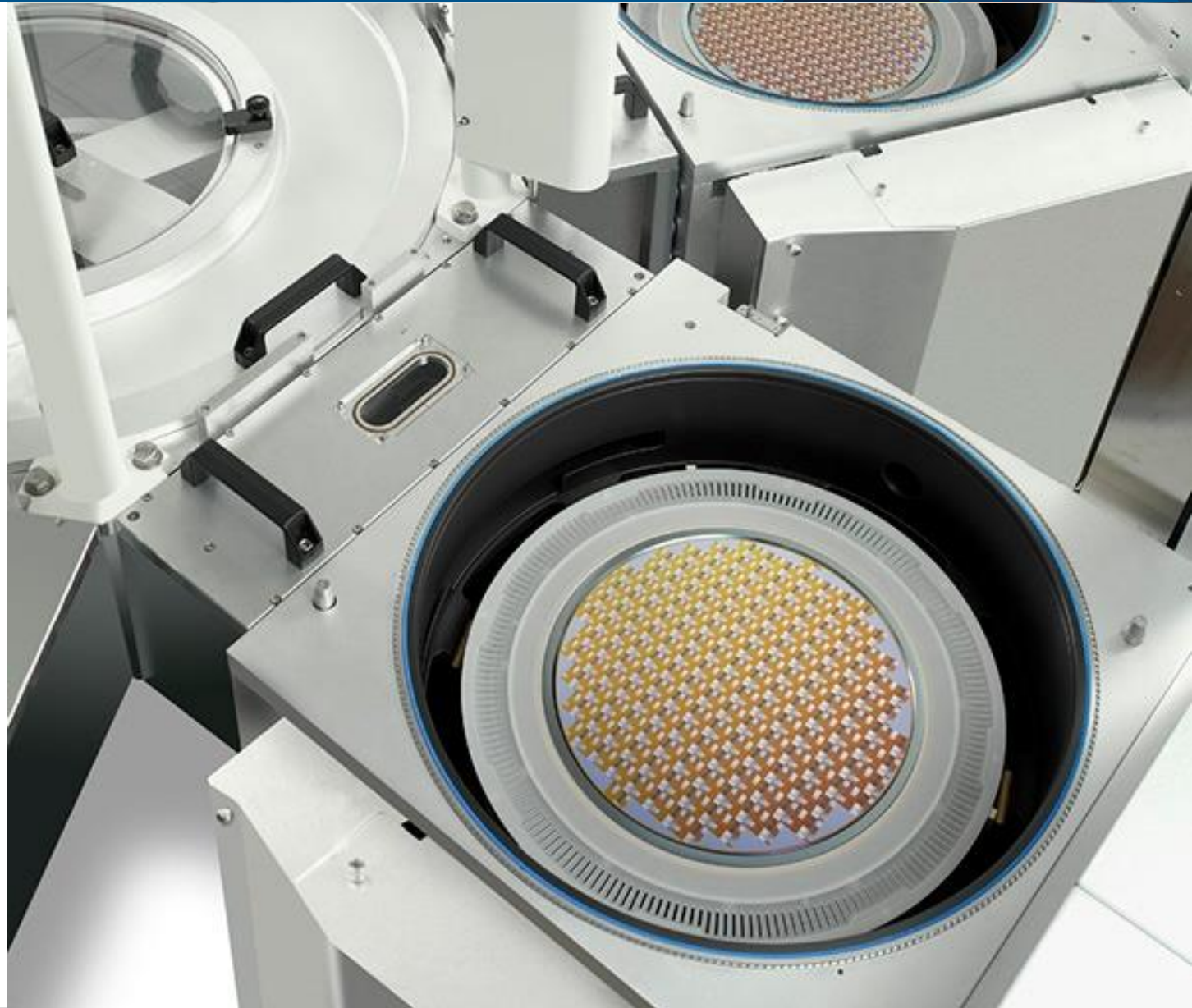
**Delivering more sustainable solutions to customers through product innovations & equipment/parts re-use**

# Lam Is Exceptionally Well-Positioned to Outperform

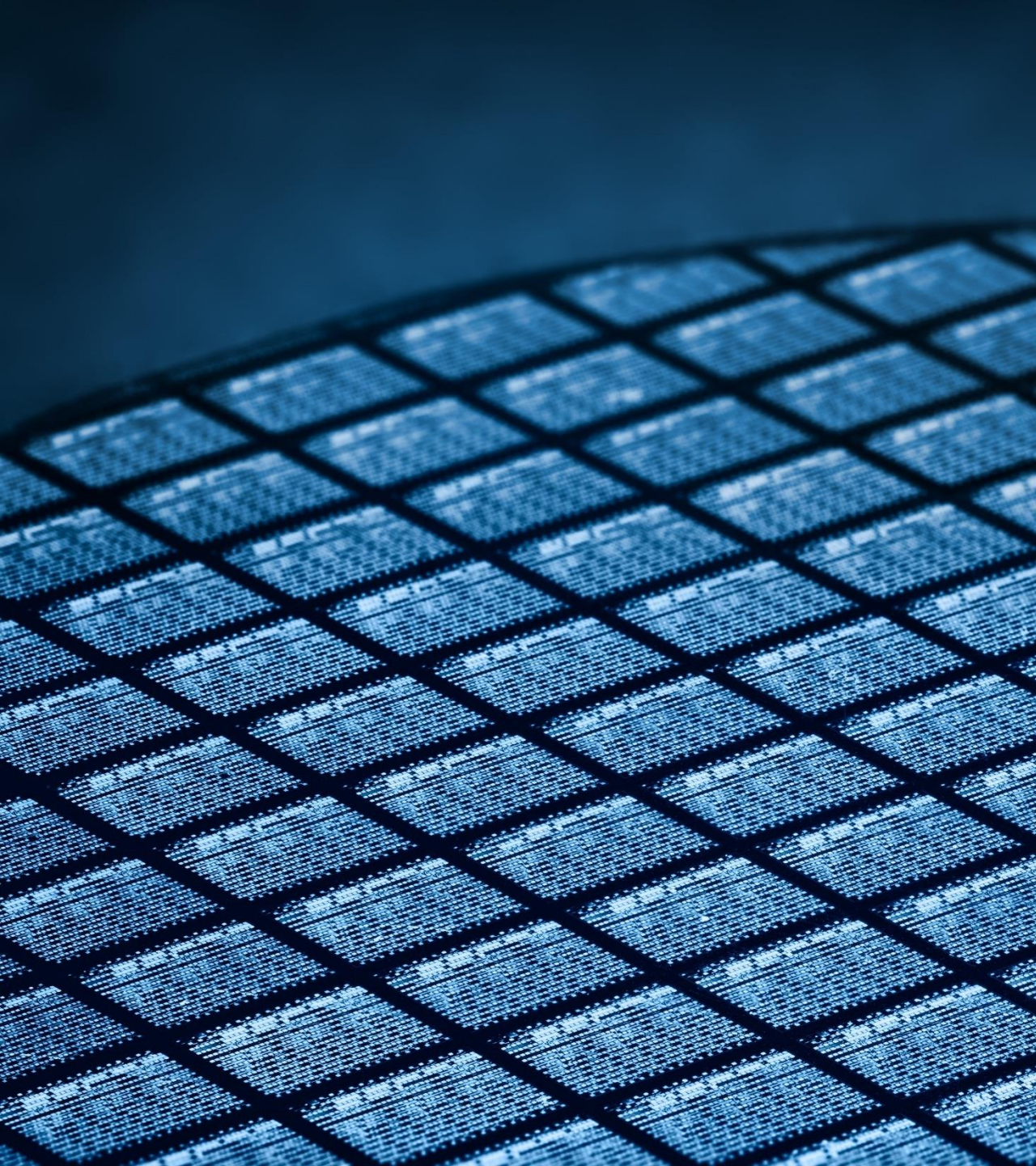
Outstanding June quarter and 2021 fiscal year

Healthy multi-year WFE spending

Rising device complexity and transitions to 3D drive growth for Lam





A close-up, angled view of a microchip or circuit board, showing a grid of small, square components. The image is in shades of blue and black, with a dark blue background on the right side where the text is located.

# June Quarter 2021 Financial Results and September Quarter 2021 Outlook

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DOUG BETTINGER  
EXECUTIVE VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER



# June Quarter Highlights



Q Jun'21  
Revenue

**\$4.15B**

Q Mar'21 Revenue - \$3.85B

Q Jun'21  
Earnings per  
Share\*

**\$8.09**

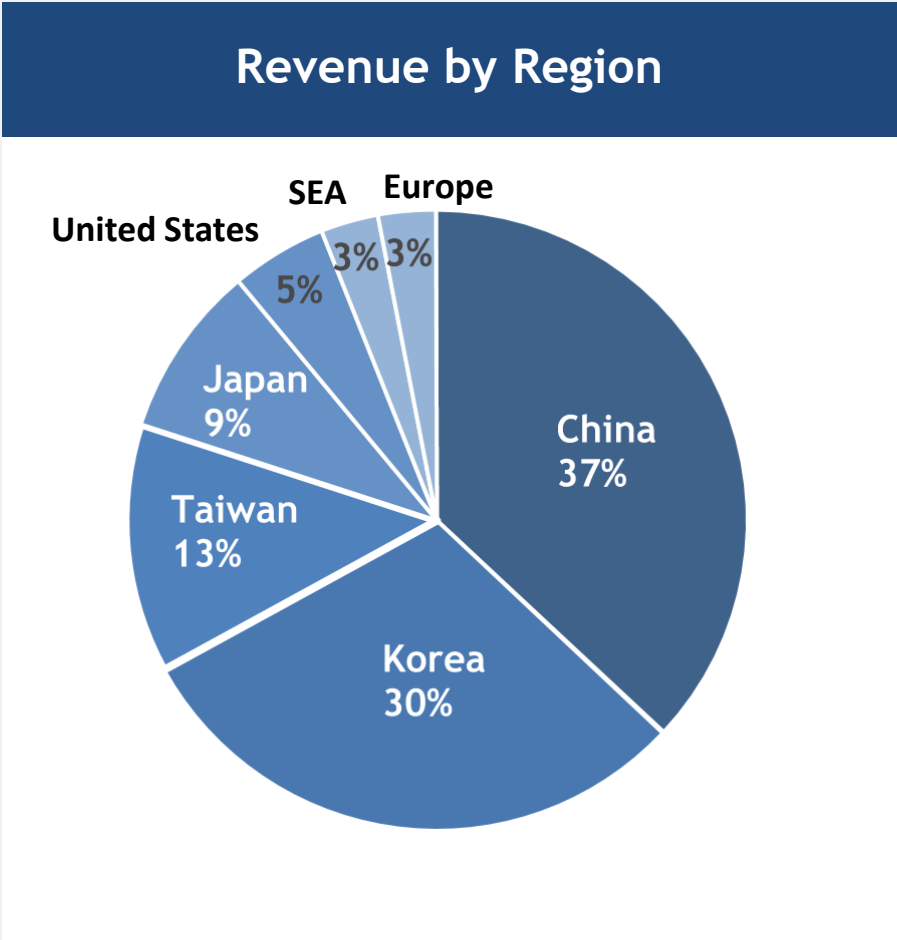
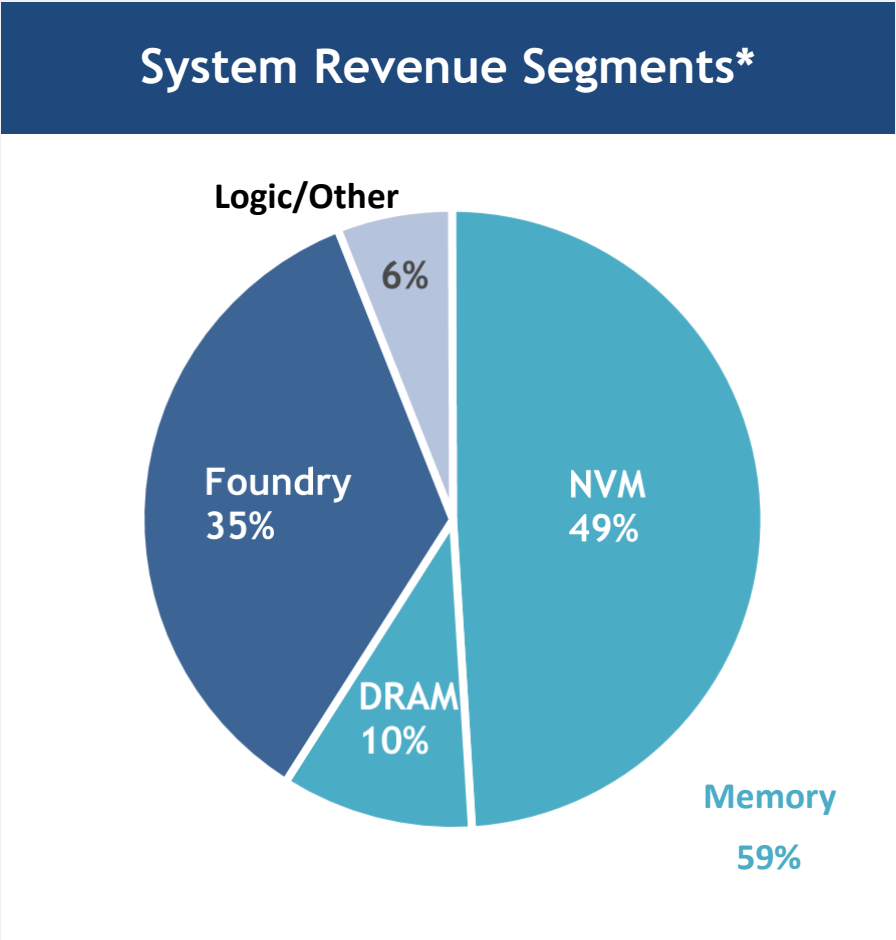
Q Mar'21 EPS\* - \$7.49

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



# June Quarter Revenue Mix

Record level of foundry and NAND revenue dollars



NVM = Non-Volatile Memory  
\*Systems revenue includes equipment and equipment upgrade sales from etch, deposition, clean, and our Reliant® product line

Q Jun'21  
CSBG  
Revenue

\$1.38B

Q Mar'21 CSBG Revenue - \$1.30B





# June Quarter Financial Results

	Q Jun'21	Q Mar'21
Revenue	\$4,145M	\$3,848M
Non-GAAP Gross Margin*	46.5%	46.3%
Non-GAAP Operating Expenses*	\$574M	\$567M
Non-GAAP Operating Income*	\$1,353M	\$1,217M
Non-GAAP Operating Income as a percentage of Revenue*	32.6%	31.6%
Non-GAAP Other Expense, Net*	\$23M	\$42M
U.S. GAAP Diluted EPS	\$7.98	\$7.41
Non-GAAP Diluted EPS*	\$8.09	\$7.49
Diluted Share Count	144M	145M

\*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

	Q Jun'21	Q Mar'21
Total Consolidated Gross Cash Balance	\$5,982M	\$6,043M
Account Receivables, Net	\$3,026M	\$2,809M
DSO	66 Days	66 Days
Inventory Turns	3.3	3.2
Deferred Revenue*	\$1,119M	\$817M
Capital Expenditures	\$105M	\$90M
Equity Compensation Expense	\$56M	\$56M
Amortization Expense	\$18M	\$18M
Depreciation Expense	\$60M	\$61M
Share Repurchases	\$440M	\$925M
Cash Dividends	\$185M	\$187M
Headcount	~14,100	~13,100

\*Lam's deferred revenue balance does not include shipments to customers in Japan, to whom title does not transfer until customer acceptance. Estimated future revenue from shipments to customers in Japan was approximately \$187M as of June 27, 2021 and \$213M as of March 28, 2021.



# September 2021 Quarter Guidance



**\$4.3B +/- \$250M**

Revenue



**46.0% +/- 1%**

Non-GAAP  
Gross Margin



**32.0% +/- 1%**

Non-GAAP  
Operating Margin



**\$8.10 +/- \$0.50**

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 143 Million shares



A close-up, low-angle shot of a microchip, showing a grid of square dies. The image is in blue and black tones, with a strong perspective effect as the grid recedes into the distance.

# Questions & Answers

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## Appendix – Reconciliation

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

	Three Months Ended	
	June 27, 2021	March 28, 2021
U.S. GAAP net income	\$ 1,144,657	\$ 1,071,121
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	1,092	1,092
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold	4,256	1,986
Product rationalization - cost of goods sold	5,774	—
EDC related liability valuation increase - research and development	7,661	3,575
Product rationalization - research and development	426	—
Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative	12,357	12,357
EDC related liability valuation increase - selling, general and administrative	5,123	2,384
Amortization of note discounts - other expense, net	923	998
Gain on EDC related asset - other expense, net	(17,184)	(7,520)
Net income tax benefit on non-GAAP items	(3,874)	(2,461)
Non-GAAP net income	\$ 1,161,211	\$ 1,083,532
Non-GAAP net income per diluted share	\$ 8.09	\$ 7.49
U.S. GAAP net income per diluted share	\$ 7.98	\$ 7.41
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	143,514	144,609

## Appendix – Reconciliation

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

	Twelve Months Ended		
	June 27, 2021	June 28, 2020	June 28, 2020
		(As originally disclosed)	(As adjusted for comparability)*
U.S. GAAP net income	\$ 3,908,458	\$ 2,251,753	\$ 2,251,753
Pre-tax non-GAAP items:			
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	4,724	6,509	6,509
Elective deferred compensation ("EDC") related liability valuation increase (decrease) - cost of goods sold	15,555	(2,273)	1,257
Product rationalization - cost of goods sold	5,774	—	—
EDC related liability valuation increase (decrease) - research and development	28,000	(4,092)	2,263
Product rationalization - research and development	426	—	—
Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative	49,428	49,428	49,428
Restructuring charges - selling, general and administrative	—	1,045	1,045
EDC related liability valuation increase (decrease) - selling, general and administrative	18,683	(2,728)	1,508
Amortization of note discounts - other expense, net	3,933	4,280	4,280
(Gain) Loss on EDC related asset - other expense, net	(61,838)	7,693	(6,000)
Net income tax benefit on non-GAAP items	(13,123)	(8,854)	(9,467)
Income tax benefit on the conclusion of certain tax matters	—	(276)	(276)
Cumulative income tax benefit reversal due to a court ruling	—	73,695	73,695
Non-GAAP net income	\$ 3,960,020	\$ 2,376,180	\$ 2,375,995
Non-GAAP net income per diluted share	\$ 27.25	\$ 15.94	\$ 15.94
U.S. GAAP net income per diluted share	\$ 26.90	\$ 15.10	\$ 15.10
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	145,320	149,090	149,090

\*Includes adjustments to the quarters ended December 29, 2019 and September 29, 2019 for EDC related liability and asset adjustments



## 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	
	June 27, 2021	March 28, 2021
U.S. GAAP gross margin	\$ 1,915,201	\$ 1,780,131
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	1,092	1,092
EDC related liability valuation increase	4,256	1,986
Product rationalization	5,774	—
Non-GAAP gross margin	\$ 1,926,323	\$ 1,783,209
U.S. GAAP gross margin as a percentage of revenue	46.2 %	46.3 %
Non-GAAP gross margin as a percentage of revenue	46.5 %	46.3 %
U.S. GAAP operating expenses	\$ 599,274	\$ 584,823
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(12,357)	(12,357)
EDC related liability valuation increase	(12,784)	(5,959)
Product rationalization	(426)	—
Non-GAAP operating expenses	\$ 573,707	\$ 566,507
U.S. GAAP operating income	\$ 1,315,927	\$ 1,195,308
Non-GAAP operating income	\$ 1,352,616	\$ 1,216,702
U.S. GAAP operating income as percent of revenue	31.7 %	31.1 %
Non-GAAP operating income as a percent of revenue	32.6 %	31.6 %

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

	<b>Three Months Ended</b>	
	<b>June 27, 2021</b>	<b>March 28, 2021</b>
U.S. GAAP Other expense, net	\$ (7,166)	\$ (35,320)
Pre-tax non-GAAP items:		
Amortization of note discounts	923	998
Gain on EDC related asset - other expense, net	(17,184)	(7,520)
Non-GAAP Other expense, net	<u>\$ (23,427)</u>	<u>\$ (41,842)</u>



## Appendix – Reconciliation

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

	Three Months Ended	
	June 27, 2021	March 28, 2021
U.S. GAAP income before income taxes	\$ 1,308,761	\$ 1,159,988
U.S. GAAP income tax expense	\$ 164,104	\$ 88,867
U.S. GAAP income tax rate	12.5 %	7.7 %
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	\$ 1,092	\$ 1,092
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold	4,256	1,986
Product rationalization - cost of goods sold	5,774	—
EDC related liability valuation increase - research and development	7,661	3,575
Product rationalization - research and development	426	—
Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative	12,357	12,357
EDC related liability valuation increase - selling, general and administrative	5,123	2,384
Amortization of note discounts - other expense, net	923	998
Gain on EDC related asset - other expense, net	(17,184)	(7,520)
Non-GAAP income before taxes	\$ 1,329,189	\$ 1,174,860
Net income tax benefit on non-GAAP items	\$ 3,874	\$ 2,461
Non-GAAP income tax expense	\$ 167,978	\$ 91,328
Non-GAAP income tax rate	12.6 %	7.8 %

**Reconciliation of U.S. GAAP to Non-GAAP Guidance for the  
quarter ended September 26, 2021**

	U.S. GAAP			Reconciling Items	Non-GAAP		
	\$4.3 Billion	+/-	\$250 Million	—	\$4.3 Billion	+/-	\$250 Million
Revenue							
Gross margin as a percentage of revenue	46.0%	+/-	1%	\$ 1 Million	46.0%	+/-	1%
Operating income as a percentage of revenue	31.7%	+/-	1%	\$ 13 Million	32.0%	+/-	1%
Net income per diluted share	\$8.02	+/-	\$0.50	\$ 12 Million	\$8.10	+/-	\$0.50
Diluted share count	143 Million			—	143 Million		

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, gains or losses on equity investments, other investments, or other significant arrangements that may be completed or realized after the date of this release. 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, \$1 million.
- Operating income as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$13 million.
- Net income per diluted share - amortization related to intangible assets acquired through business combinations, \$13 million; amortization of note discounts, \$1 million; and associated tax benefit for non-GAAP items (\$2 million); totaling \$12 million.

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Trusted **Productivity**  
Fast **Solutions**

