

# Lam Research Corporation

*June quarter 2023 financial results*

July 26, 2023



# 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; 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 are expected to 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 26, 2022 and our quarterly report on Form 10-Q for the quarter ended March 26, 2023. You should not place undue reliance on forward-looking statements. Lam undertakes no obligation to update any forward-looking statements.



A global leader in wafer  
fabrication equipment  
and services since 1980

\$17.4B  
REVENUE\*

\$1.7B  
R&D\*

~17,400  
EMPLOYEES

#### 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 Ethical Companies  
*Ethisphere*

America's Best Employers for Diversity  
*Forbes*

World's Most Admired Companies  
*Fortune*

Best Places to Work For LGBTQ+ Equality  
*Human Rights Campaign*

Dow Jones Sustainability Index  
North America  
*S&P Global*



# Business review & industry outlook

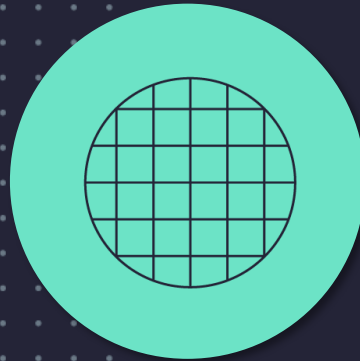
*Tim Archer*

*President and Chief Executive Officer*

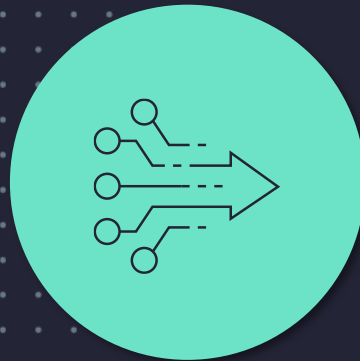
# Strong June quarter performance



Revenue of \$3.21B and EPS of \$5.98;  
profitability metrics above guided ranges



CSBG at 47% of revenues, a key area  
of strength and stability in a  
weak WFE environment



Executing on operational initiatives  
to deliver greater predictability and  
position Lam for future WFE growth

# WFE outlook



## CY 2023 WFE tracking to mid \$70B range

Seeing further upside from domestic China-related spending and growth in high bandwidth memory (HBM) demand

Expect overall memory to be down in the mid-40% range year-over-year

Non-memory expected to be down approximately 10%

Continue to see second half 2023 WFE tracking higher than first half

# AI fundamental to driving increased semi investments

Advanced AI creates opportunity for Lam

Advanced AI servers have significantly higher leading-edge logic, memory, and storage content

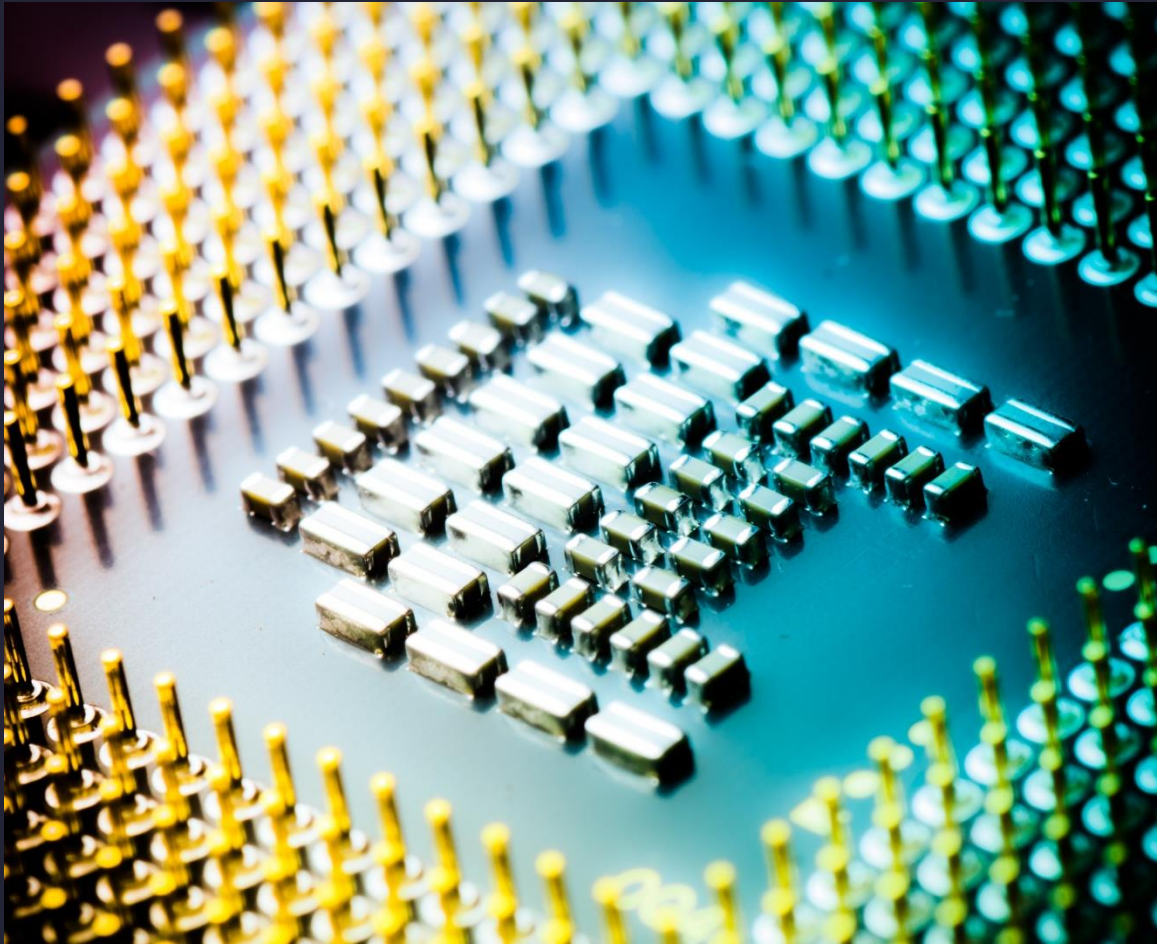
Every incremental 1% penetration of AI servers in data centers expected to add \$1B to \$1.5B of additional WFE investment

Lam is broadening its product portfolio for processing at the atomic scale for GAA, 3D DRAM, and advanced packaging





# Packaging vital to enabling logic/memory integration



## Lam's advanced packaging leadership

>50% market share in deposition and etch solutions for enabling advanced 3D HBM stacking

100% market share for SABRE® 3D and Syndion® systems across leading memory customers for TSV formation

Expect our packaging SAM to double in the next 5 years



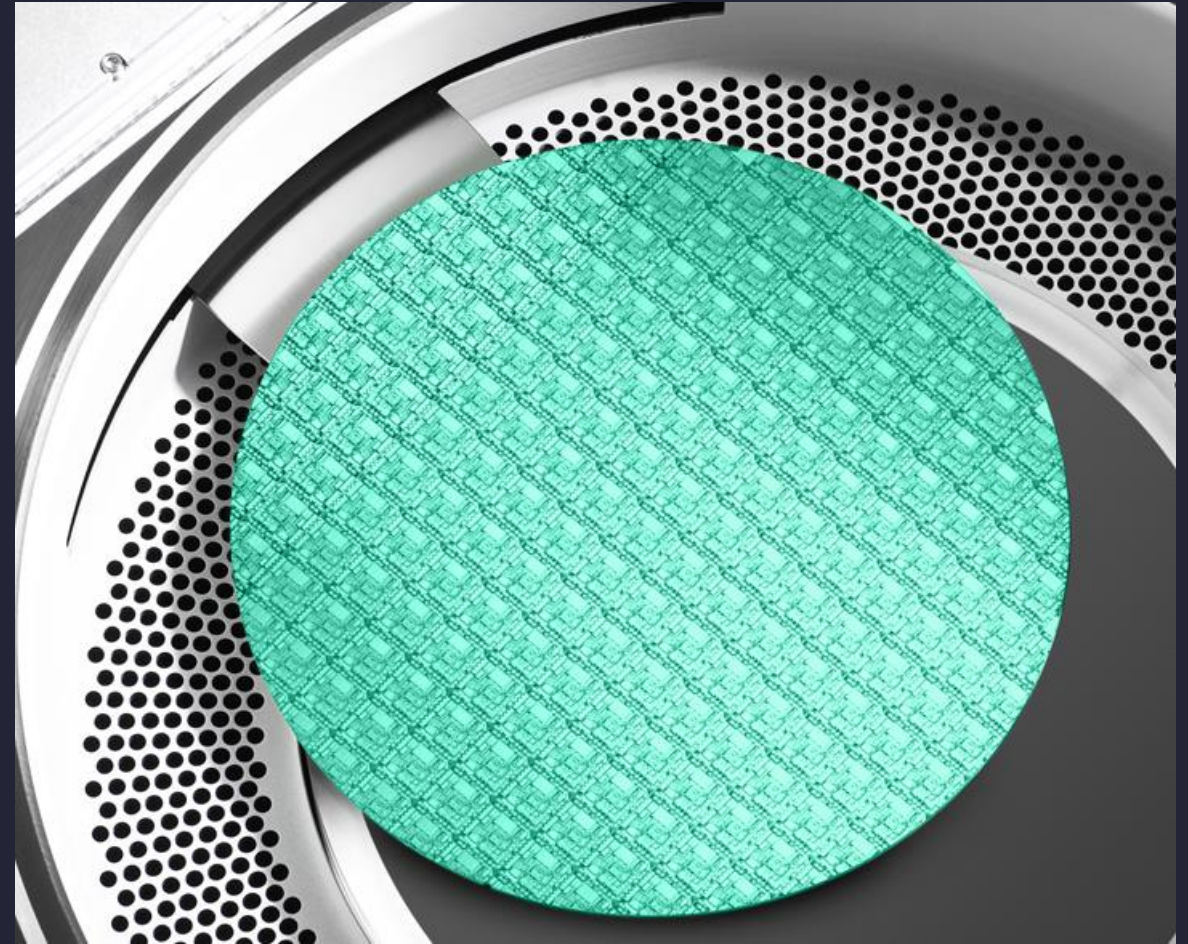
# Strengthening market position in advanced packaging

## Chiplet architecture: Inter-die gapfill

Win in June quarter at a key foundry-logic customer to drive leading share position for this application across top 3 foundry-logic customers

Higher productivity results by leveraging our unique architecture and multi-station design, allowing more wafers to run between clean steps

Superior on-wafer performance with better film stress management, improved defectivity, and enhanced uniformity



# Expanding R&D into advanced packaging and specialty

## *New applications*

### **Die-to-wafer hybrid bonding**

- + Extending existing product portfolio to enable new die-to-wafer hybrid bonding approach with our Kiyo® etch platform
- + Secured leading foundry-logic customer win by delivering better etch profile
- + Currently tool of record position for a suite of etches and resist strip steps at this customer

## *New applications*

### **Advanced etching for GaN devices**

- + Extending atomic layer etch solutions in manufacturing of GaN devices
- + GaN technology accelerating across multiple applications
- + GaN device fabrication requires ultra-low damage etch processes with atomic scale precision
- + Lam's suite of solutions improves surface roughness and other material properties that benefit device performance

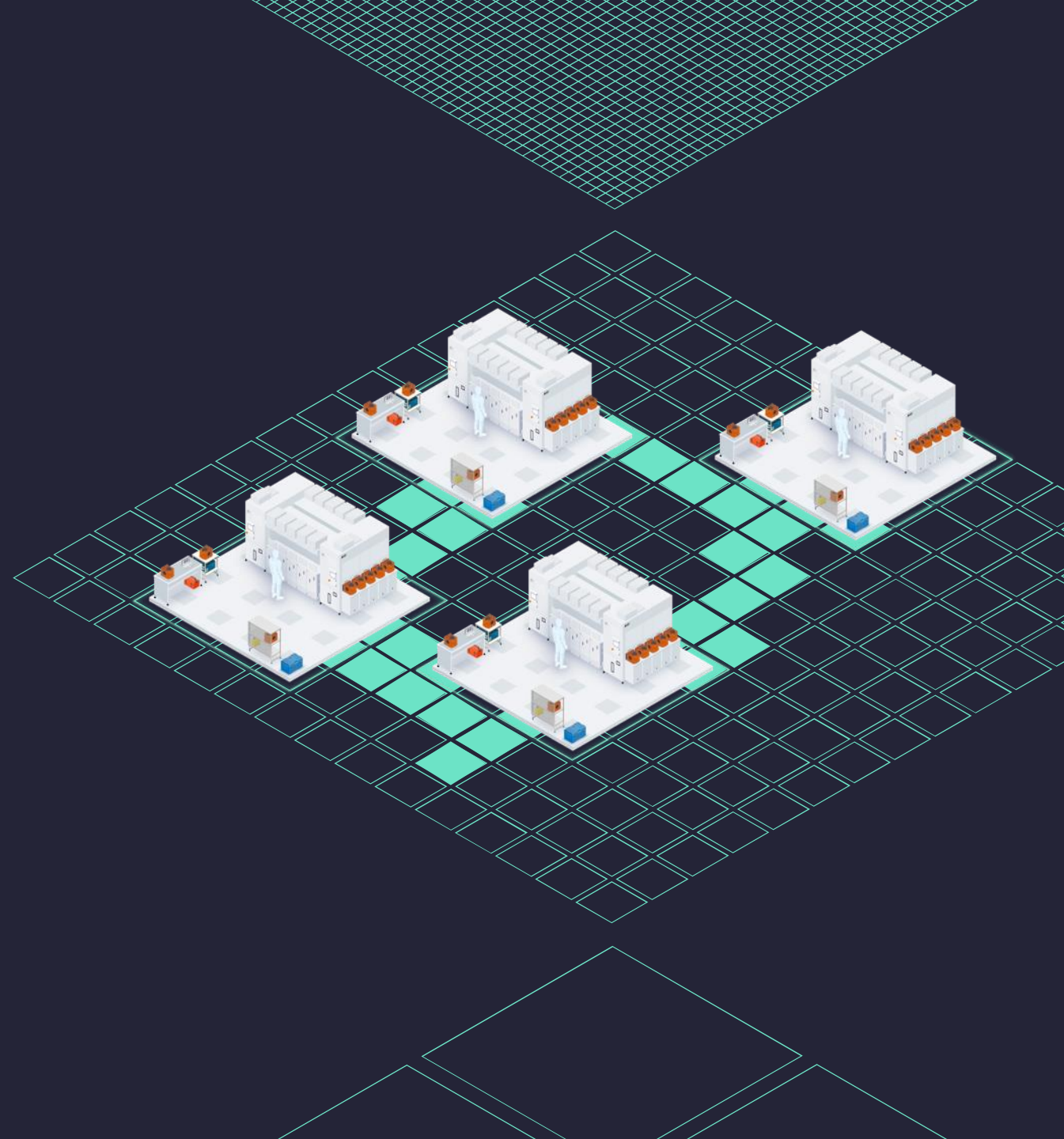


*Positioned for innovation and outperformance*

Lam is executing a competitively differentiated strategy

We are addressing rising complexity across technology, customer support, and sustainability vectors

Lam's Semiverse™ Solutions portfolio enables faster processing, lower cost products, and global collaboration



# June quarter 2023 financial results & September quarter 2023 outlook

*Doug Bettinger*

*Executive Vice President and Chief Financial Officer*



# June quarter highlights



## QJUN'23 REVENUE

**\$3.21B**

QMar'23 revenue: \$3.87B

## QJUN'23 EARNINGS PER SHARE\*

**\$5.98**

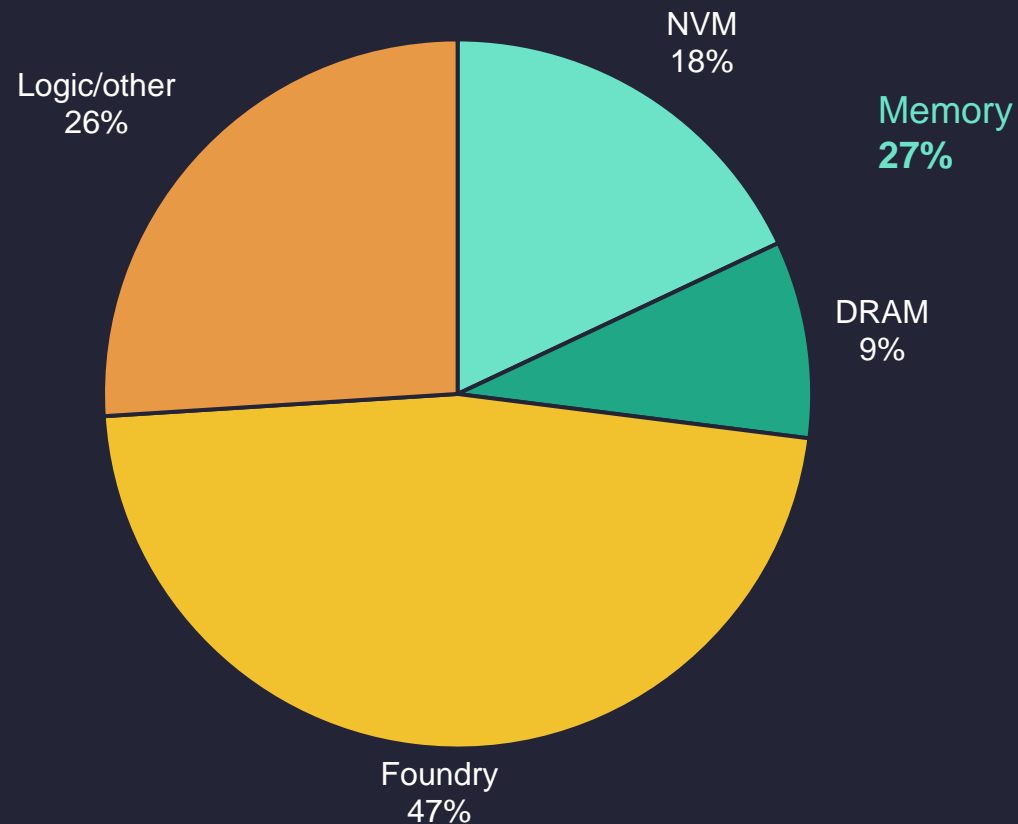
QMar'23 earnings per share\*: \$6.99



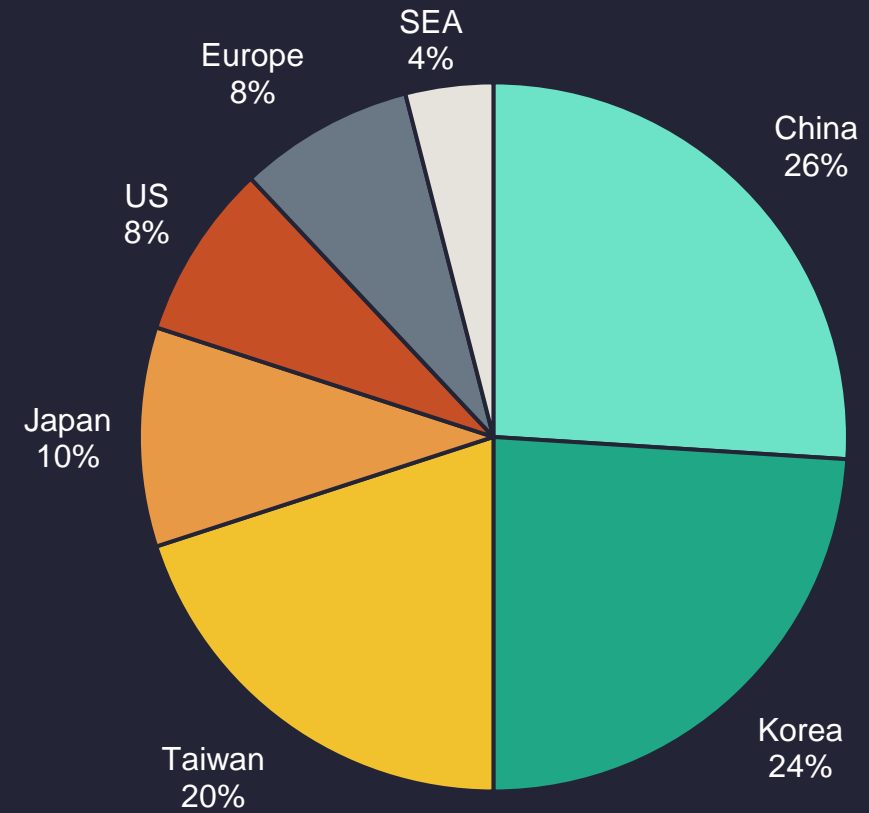
# June quarter revenue mix

*Record level of systems revenue concentration in logic/other*

SYSTEM REVENUE SEGMENTS\*



REVENUE BY REGION



# June quarter highlights



## QJUN'23 CSBG REVENUE

**\$1.50B**

QMar'23 CSBG revenue: \$1.61B

QJun'22 CSBG revenue: \$1.63B

# June quarter financial results

	QJUN'23	QMAR'23
Revenue	<b>\$3,207M</b>	\$3,870M
Non-GAAP gross margin*	<b>45.7%</b>	44.0%
Non-GAAP operating expenses*	<b>\$590M</b>	\$608M
Non-GAAP operating income*	<b>\$875M</b>	\$1,097M
Non-GAAP operating income as a percentage of revenue*	<b>27.3%</b>	28.3%
Non-GAAP other expense, net*	<b>\$7M</b>	\$8M
U.S. GAAP diluted EPS	<b>\$5.97</b>	\$6.01
Non-GAAP diluted EPS*	<b>\$5.98</b>	\$6.99
Diluted share count	<b>134M</b>	135M

# Key balance sheet and financial metrics

	QJUN'23	QMAR'23
Total consolidated gross cash balance	\$5,625M	\$5,620M
Account receivables, net	\$2,823M	\$3,262M
DSO	80 days	77 days
Inventories	\$4,816M	\$4,882M
Inventory turns	1.5	1.9
Deferred revenue*	\$1,838M	\$2,003M
Capital expenditures	\$79M	\$119M
Equity compensation expense	\$68M	\$74M
Amortization expense	\$14M	\$14M
Depreciation expense	\$76M	\$78M
Share repurchases	\$906M	\$483M
Cash dividends	\$232M	\$234M
Headcount	~17,400	~18,700

# September 2023 quarter guidance



**\$3.4B +/- \$300M**

Revenue



**46.5% +/- 1%**

Non-GAAP gross margin\*



**28.0% +/- 1%**

Non-GAAP operating margin\*



**\$6.05 +/- \$0.75**

Non-GAAP earnings per share\*



# 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	
	June 25, 2023	March 26, 2023
U.S. GAAP net income	\$ 802,537	\$ 814,008
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	3,093	3,093
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold	4,288	1,498
Restructuring charges - cost of goods sold	11,446	66,720
Product rationalization - cost of goods sold	(13,383)	26,842
Transformational costs - cost of goods sold	1,634	558
EDC related liability valuation increase - research and development	7,719	2,697
Product rationalization - research and development	(3,795)	3,858
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	1,395	1,395
EDC related liability valuation increase - selling, general and administrative	5,146	1,798
Product rationalization - selling, general and administrative	(2,891)	2,891
Transformational costs - selling, general and administrative	4,294	2,692
Restructuring charges, net - operating expenses	1,742	40,408
Amortization of note discounts - other income (expense), net	724	718
Gain on EDC related asset - other income (expense), net	(16,599)	(5,443)
Net income tax benefit on non-GAAP items	(1,146)	(17,250)
Income tax benefit on the conclusion of certain tax matters	\$ (3,079)	\$ —
Non-GAAP net income	\$ 803,125	\$ 946,483
Non-GAAP net income per diluted share	\$ 5.98	\$ 6.99
U.S. GAAP net income per diluted share	\$ 5.97	\$ 6.01
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	134,392	135,395

# 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 25, 2023	March 26, 2023
U.S. GAAP gross margin	\$ 1,458,129	\$ 1,605,612
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	3,093	3,093
EDC related liability valuation increase	4,288	1,498
Restructuring charges, net	11,446	66,720
Product rationalization	(13,383)	26,842
Transformational costs	1,634	558
Non-GAAP gross margin	\$ 1,465,207	\$ 1,704,323
U.S. GAAP gross margin as a percentage of revenue	45.5 %	41.5 %
Non-GAAP gross margin as a percentage of revenue	45.7 %	44.0 %
U.S. GAAP operating expenses	\$ 603,524	\$ 663,359
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(1,395)	(1,395)
EDC related liability valuation increase	(12,865)	(4,495)
Restructuring charges, net	(1,742)	(40,408)
Product rationalization	6,686	(6,749)
Transformational costs	(4,294)	(2,692)
Non-GAAP operating expenses	\$ 589,914	\$ 607,620
U.S. GAAP operating income	\$ 854,605	\$ 942,253
Non-GAAP operating income	\$ 875,293	\$ 1,096,703
U.S. GAAP operating income as percent of revenue	26.6 %	24.4 %
Non-GAAP operating income as a percent of revenue	27.3 %	28.3 %

# Appendix – reconciliation

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

U.S. GAAP Other income (expense), net  
Pre-tax non-GAAP items:  
    Amortization of note discounts  
    Gain on EDC related asset  
Non-GAAP Other income (expense), net

Three Months Ended	
June 25, 2023	March 26, 2023
\$ 9,010	\$ (3,331)
724	718
(16,599)	(5,443)
<u>\$ (6,865)</u>	<u>\$ (8,056)</u>

# Appendix – reconciliation

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

U.S. GAAP net cash provided by operating activities  
U.S. GAAP cash used for capital expenditures and intangible assets  
Total free cash flow

Three Months Ended
June 25, 2023
\$ 1,122,725
(78,670)
<u>\$ 1,044,055</u>



# Appendix – reconciliation

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

U.S. GAAP income before income taxes

U.S. GAAP income tax expense

U.S. GAAP income tax rate

Pre-tax non-GAAP items:

Amortization related to intangible assets acquired through certain business combinations - cost of goods sold

EDC related liability valuation increase - cost of goods sold

Restructuring charges - cost of goods sold

Product rationalization - cost of goods sold

Transformational costs - cost of goods sold

EDC related liability valuation increase - research and development

Product rationalization - research and development

Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative

EDC related liability valuation increase - selling, general and administrative

Product rationalization - selling, general and administrative

Transformational costs - selling, general and administrative

Restructuring charges, net – operating expenses

Amortization of note discounts - other income (expense), net

Gain on EDC related asset - other expense, net

Non-GAAP income before taxes

Net income tax benefit on non-GAAP items

Income tax benefit on the conclusion of certain tax matters

Non-GAAP income tax expense

Non-GAAP income tax rate

Three Months Ended	
June 25, 2023	March 26, 2023
\$ 863,615	\$ 938,922
\$ 61,078	\$ 124,914
7.1 %	13.3 %
\$ 3,093	\$ 3,093
4,288	1,498
11,446	66,720
(13,383)	26,842
1,634	558
7,719	2,697
(3,795)	3,858
1,395	1,395
5,146	1,798
(2,891)	2,891
4,294	2,692
1,742	40,408
724	718
(16,599)	(5,443)
\$ 868,428	\$ 1,088,647
\$ 1,146	\$ 17,250
\$ 3,079	\$ —
\$ 65,303	\$ 142,164
7.5 %	13.1 %

# Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the  
Quarter Ended September 24, 2023

	U.S. GAAP			Reconciling Items	Non-GAAP		
	\$3.4 Billion	+/-	\$300 Million		\$3.4 Billion	+/-	\$300 Million
Revenue				—			
Gross margin as a percentage of revenue	45.9%	+/-	1%	\$ 21 Million	46.5%	+/-	1%
Operating income as a percentage of revenue	27.0%	+/-	1%	\$ 33 Million	28.0%	+/-	1%
Net income per diluted share	\$5.82	+/-	\$0.75	\$ 30 Million	\$6.05	+/-	\$0.75
Diluted share count	133 million			—	133 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, 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 - restructuring charges, \$14 million; transformational costs, \$4 million; and amortization related to intangible assets acquired through business combinations, \$3 million; totaling \$21 million.
- Operating income as a percentage of revenue - transformational costs, \$15 million; restructuring charges, \$14 million; and amortization related to intangible assets acquired through business combinations, \$4 million; totaling \$33 million.
- Net income per diluted share - transformational costs, \$15 million; restructuring charges, \$14 million; amortization related to intangible assets acquired through business combinations, \$4 million; amortization of debt discounts, \$1 million; and associated tax benefit for non-GAAP items (\$4 million); totaling \$30 million.

