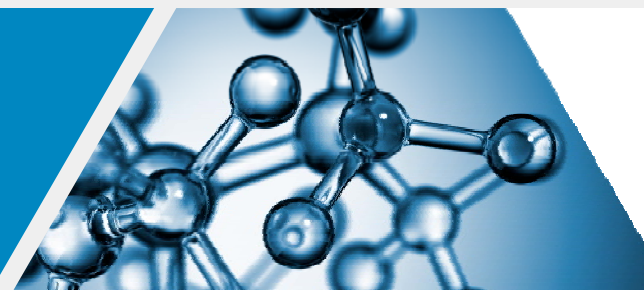




Lam Research Corporation

December Quarter 2017 Financial Results

January 24, 2018



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; and (3) our ability to successfully execute business, capital allocation, product and growth plans or strategies, or otherwise deliver value for customers and stockholders. 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 factors discussed in our filings with the Securities and Exchange Commission (“SEC”). You should not place undue reliance on forward-looking statements. Lam undertakes no obligation to publicly update any forward-looking statements.



Business Review and Industry Outlook

Martin Anstice
Chief Executive Officer

December Quarter Results and March Guidance

- ▶ QDec'17 shipments, revenues, and non-GAAP earnings per share* at new record levels
- ▶ QMar'18 shipment and revenue guidance to exceed QDec'17 results

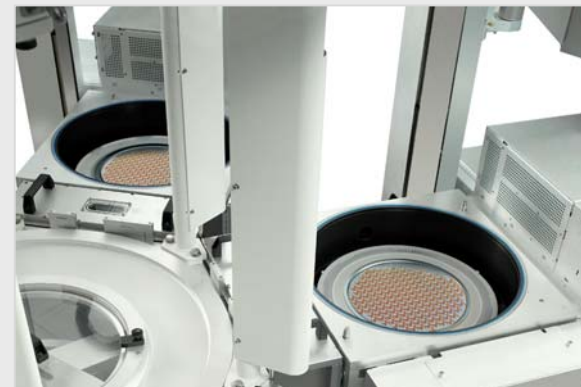


Strong momentum continues

*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.

2017: A Sixth Consecutive Year of Outperformance

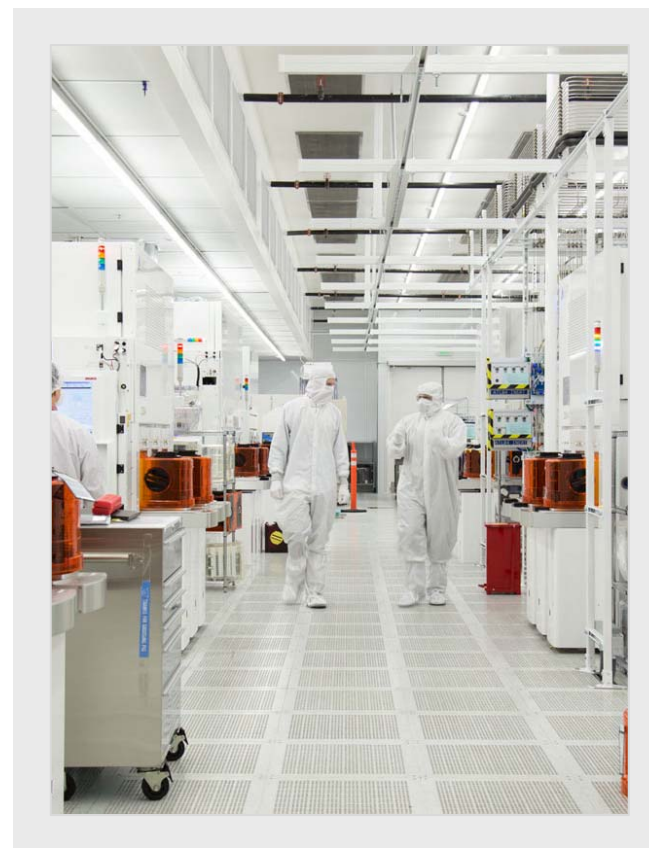
- ▶ CY'17 shipments up 50%, well above WFE growth of ~30%
- ▶ >\$13 in non-GAAP earnings per share
- ▶ >2 point of shipped share gains
 - Strong gains in ALD, dielectric etch, conductor etch, and key deposition applications
 - Record logic shipments validate broadening customer base
- ▶ Customer Service Business Group grew revenue faster than installed base growth
 - Productivity solutions enhanced competitiveness and delivered more value to customers than prior years



Industry trends providing platform for sustainable growth

2018: WFE Growth Led by DRAM and Logic

- ▶ Expect double-digit growth in memory WFE, with greater balance between DRAM and NAND
- ▶ Expect modest, demand-led expansion of DRAM installed base to support datacenter demand
- ▶ Expect sustained to slightly higher WFE in NAND, with Lam's addressable market growing faster than NAND WFE
- ▶ Expect growth in non-memory WFE, led by logic



Forecast 2018 WFE growth in the low double digits

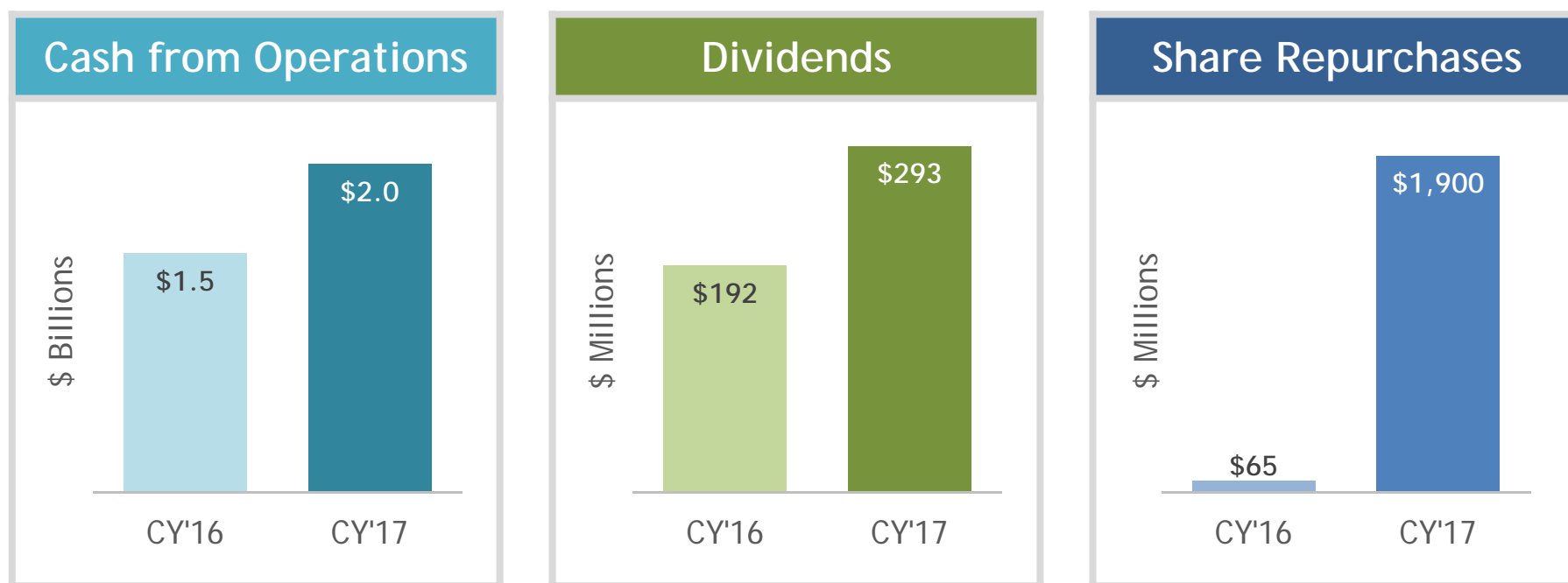


December Quarter 2017 Financial Results and March Quarter 2018 Outlook

Doug Bettinger
Executive Vice President & Chief Financial Officer

December Quarter and CY'17 Results

- ▶ QDec'17 above mid-point of guidance for all metrics*
- ▶ Record levels for cash from operations, dividends, and share repurchases in CY'17

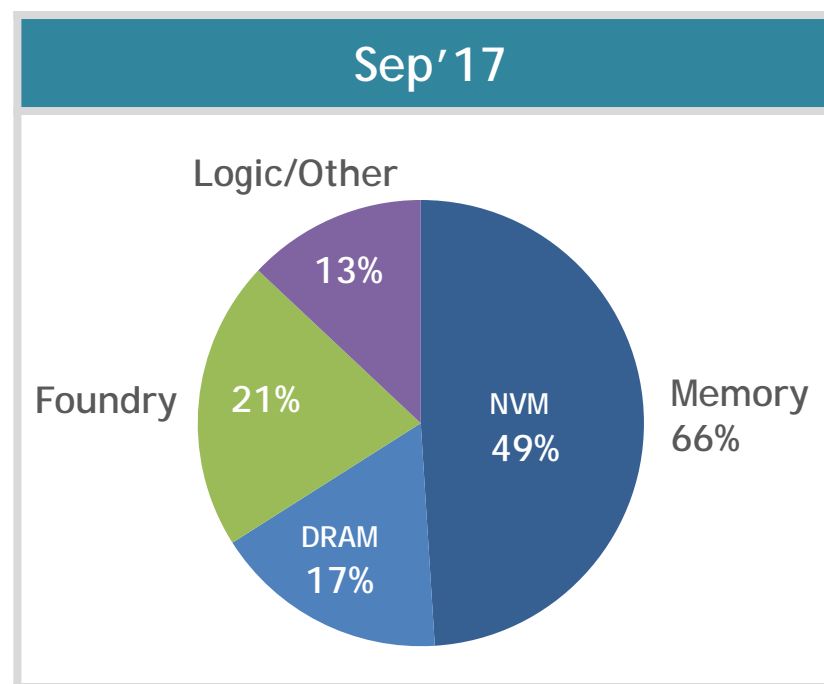
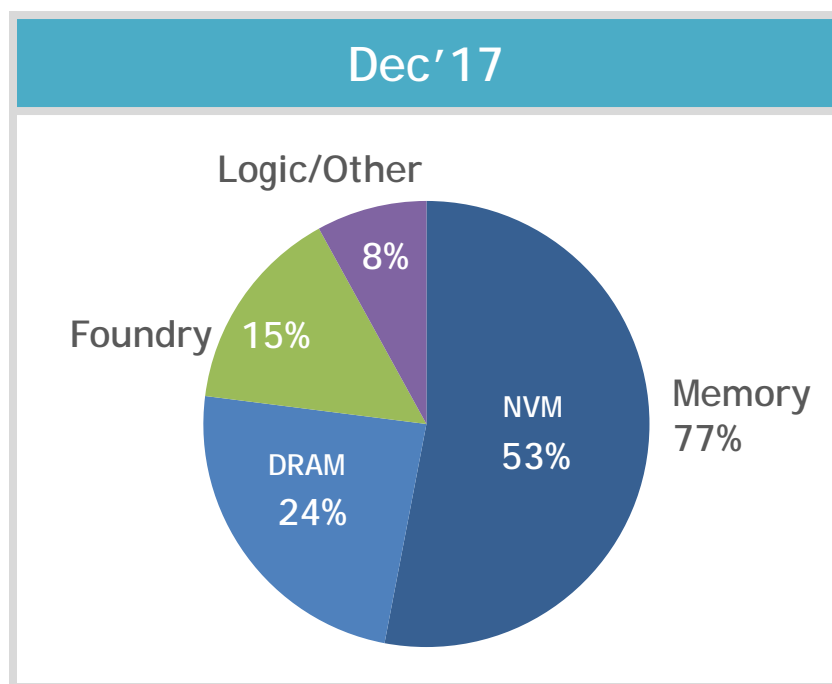


Delivered record financial results

*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.

December Quarter Shipments

- ▶ QDec'17 shipments of **\$2.632 billion**, an 11% increase quarter over quarter
- ▶ System shipments segment mix:



December Quarter Financial Results

	Dec'17	Sep'17
Revenue	\$2,581M	\$2,478M
Non-GAAP Gross Margin*	47.6%	47.2%
Non-GAAP Operating Expenses*	\$449M	\$438M
Non-GAAP Operating Income*	\$779M	\$733M
Non-GAAP Operating Margin*	30.2%	29.6%
Non-GAAP Other Income/(Expense)*	\$0.3M	(\$1.4M)
Non-GAAP Tax Rate*	-1%	14%
GAAP Diluted EPS	(\$0.06)	\$3.21
Non-GAAP Diluted EPS*	\$4.34	\$3.46
Non-GAAP Diluted Share Count*	182M	181M

*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

	Dec'17	Sep'17
Total Consolidated Gross Cash Balance	\$5,956M	\$6,438M
Account Receivables, Net	\$2,279M	\$1,531M
DSO	80 Days	56 Days
Inventory Turns	3.6	4.0
Deferred Revenue*	\$1,114M	\$938M
Capital Expenditures	\$85M	\$60M
Equity Compensation Expense	\$42M	\$42M
Amortization Expense	\$41M	\$39M
Depreciation Expense	\$39M	\$40M
Headcount	~10,200	~9,800

*Does not include anticipated revenues from previous shipments to Japanese customers.
A reconciliation of deferred revenue can be found at the end of this presentation.

March 2018 Quarter Non-GAAP Guidance

	Mar'18 Guidance
Shipments	\$3.175 billion \pm \$125 million
Revenue	\$2.850 billion \pm \$125 million
Non-GAAP Gross Margin	46.0% \pm 1%
Non-GAAP Operating Margin	29.0% \pm 1%
Non-GAAP Earnings per Share*	\$4.35 \pm \$0.15

*Based on a share count of ~181 million shares.

The background is a solid blue color with a geometric pattern of white lines forming triangles and diamonds. Some of these shapes are filled with a darker shade of blue. The text "Questions & Answers" is centered in the middle of the slide in a white, sans-serif font.

Questions & Answers

Appendix - Reconciliation

Reconciliation of U.S. GAAP Net (Loss) Income to Non-GAAP Net Income and U.S. GAAP number of dilutive shares to Non-GAAP number of dilutive shares (in thousands, except per share data) (unaudited)

	Three Months Ended				Twelve Months Ended
	December 24, 2017	September 24, 2017	June 25, 2017	March 26, 2017	December 24, 2017
U.S. GAAP net (loss) income	\$ (9,955)	\$ 590,690	\$ 526,424	\$ 574,713	\$ 1,681,872
Pre-tax non-GAAP items:					
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	22,394	21,562	21,250	21,250	86,456
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	17,074	16,413	16,083	16,083	65,653
Costs associated with business process reengineering - selling, general and administrative	1,362	716	4,813	2,674	9,565
Business combination acquisition and integration related costs - selling, general and administrative	1,093	936	—	—	2,029
Amortization of note discounts - other expense, net	3,410	4,104	5,631	5,654	18,799
Net income tax benefit on non-GAAP items	(4,404)	(6,114)	(5,697)	(6,418)	(22,633)
Income tax expense associated with U.S. tax reform	756,889	—	—	—	756,889
Income tax benefit on conclusion of certain tax matters	—	(553)	(2,986)	(106,205)	(109,744)
Non-GAAP net income	\$ 787,863	\$ 627,754	\$ 565,518	\$ 507,751	\$ 2,488,886
Non-GAAP net income per diluted share	\$ 4.34	\$ 3.46	\$ 3.11	\$ 2.80	\$ 13.70
GAAP net (loss) income per diluted share	\$ (0.06)	\$ 3.21	\$ 2.82	\$ 3.10	\$ 9.10
U.S. GAAP number of shares used for per diluted share calculation	161,135	183,880	186,427	185,094	184,859
Effect of potentially dilutive securities:					
Employee stock plans	2,757	—	—	—	—
Convertible notes	15,423	—	—	—	—
Warrants	4,721	—	—	—	—
Effect of convertible note hedge	(2,381)	(2,468)	(4,334)	(3,555)	(3,184)
Non-GAAP number of shares used for per diluted share calculation	181,655	181,412	182,093	181,539	181,675

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	
	December 24, 2017	September 24, 2017
U.S. GAAP gross margin	\$ 1,205,567	\$ 1,149,343
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	22,394	21,562
Non-GAAP gross margin	\$ 1,227,961	\$ 1,170,905
U.S. GAAP gross margin as a percentage of revenue	46.7%	46.4%
Non-GAAP gross margin as a percentage of revenue	47.6%	47.2%
U.S. GAAP operating expenses	\$ 468,196	\$ 456,121
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(17,074)	(16,413)
Costs associated with business process reengineering	(1,362)	(716)
Business combination acquisition and integration related costs	(1,093)	(936)
Non-GAAP operating expenses	\$ 448,667	\$ 438,056
Non-GAAP operating income	\$ 779,294	\$ 732,849
U.S. GAAP operating margin as percent of revenue	28.6%	28.0%
Non-GAAP operating margin as a percent of revenue	30.2%	29.6%

Appendix - Reconciliation

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

	Three Months Ended	
	December 24, 2017	September 24, 2017
U.S. GAAP Other expense, net	\$ (3,152)	\$ (5,502)
Pre-tax non-GAAP items:		
Amortization of note discounts	3,410	4,104
Non-GAAP Other income (expense), net	\$ 258	\$ (1,398)

Appendix - Reconciliation

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

	Three Months Ended	
	December 24, 2017	September 24, 2017
U.S. GAAP income before income taxes	734,219	\$ 687,720
U.S. GAAP income tax expense	744,174	\$ 97,030
U.S. GAAP income tax rate	101.4%	14.1%
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	\$ 22,394	\$ 21,562
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	17,074	16,413
Costs associated with business process reengineering - selling, general and administrative	1,362	716
Business combination acquisition and integration related costs - selling, general and administrative	1,093	936
Amortization of note discounts - other expense, net	3,410	4,104
Non-GAAP income before taxes	\$ 779,552	\$ 731,451
Net income tax benefit on non-GAAP items	4,404	6,114
Income tax expense associated with U.S. tax reform	(756,889)	—
Income tax benefit on conclusion of certain tax matters	—	553
Non-GAAP income tax (benefit) expense	\$ (8,311)	\$ 103,697
Non-GAAP income tax rate	(1.1)%	14.2%

Appendix - Reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the March 2018 quarter (unaudited)

	U.S. GAAP			Reconciling Items	Non-GAAP		
Shipments	\$3.175 Billion	+/-	\$125 Million	—	\$3.175 Billion	+/-	\$125 Million
Revenue	\$2.850 Billion	+/-	\$125 Million	—	\$2.850 Billion	+/-	\$125 Million
Gross margin	45.2%	+/-	1%	\$ 22 Million	46.0%	+/-	1%
Operating margin	27.6%	+/-	1%	\$ 39 Million	29.0%	+/-	1%
Net income per diluted share	\$4.10	+/-	\$0.15	\$ 37 Million	\$4.35	+/-	\$0.15
Diluted share count	183 Million			2 Million	181 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, balance sheet valuation adjustments, financing arrangements, other investments, measurement period adjustments related to U.S. tax reform, or other significant transactions that may be completed 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 - amortization related to intangible assets acquired through business combinations, \$22 million.
- Operating margin - amortization related to intangible assets acquired through business combinations, \$39 million.
- Earnings per share - amortization related to intangible assets acquired through business combinations, \$39 million; amortization of note discounts, \$3 million; and associated tax benefit for non-GAAP items (\$5 million); totaling \$37 million.
- Diluted share count - impact of a note hedge issued contemporaneously with the convertible notes due 2018, 2 million shares.

Appendix - Reconciliation

Reconciliation of Deferred Revenue (in millions) (unaudited)

	Three Months Ended	
	December 24, 2017	September 24, 2017
Beginning Balance	\$ 937.9	\$ 966
Shipments	2,631.7	2,381.6
Revenue	(2,580.8)	(2,478.1)
Net Change in Japan (1)	55.3	52.0
Services & Other	70.2	16.4
Ending Balance	\$ 1,114.3	\$ 937.9

Value of shipments to Japanese customers not recorded as deferred revenue (2)	\$ 289.2	\$ 344.5
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- (1) Net change in the value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue. These shipments are classified as inventory at cost until title transfers
- (2) The value of orders shipped from backlog to Japanese customers that are not recorded as deferred revenue. These shipments are classified as inventory at cost until title transfers.



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