

Lam Research Corporation

June quarter 2022 financial results

July 27, 2022



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 and expected duration of supply chain disruptions, and our ability to mitigate them; (6) 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 (7) 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: supply chain disruptions or manufacturing capacity constraints may limit our ability to manufacture and sell our products; 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; 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; 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 27, 2021 and our quarterly report on Form 10-Q for the quarter ended March 27, 2022. 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



\$17.2B
REVENUE

\$1.60B
R&D*

~17,700
EMPLOYEES

10 PRIMARY LOCATIONS

- + Fremont, CA
- + Livermore, CA
- + Sherwood, OR
- + Tualatin, OR
- + Springfield, OH
- + Eaton, OH
- + Villach, Austria
- + Gyeonggi-do, Korea
- + Taoyuan City, Taiwan
- + Batu Kawan, Malaysia



AWARDS AND RECOGNITION

World's Most Admired Companies
Fortune

America's Most Responsible Companies
Newsweek

World's Top Female-Friendly
Companies
Forbes

Best Places to Work For LGBTQ+ Equality
Human Rights Campaign

100 Most Sustainable U.S. Companies
Barron's

Dow Jones Sustainability Index
North America
S&P Global



Business review & industry outlook

Tim Archer

President and Chief Executive Officer

June quarter takeaways



Record revenue and
EPS well ahead of
guidance ranges

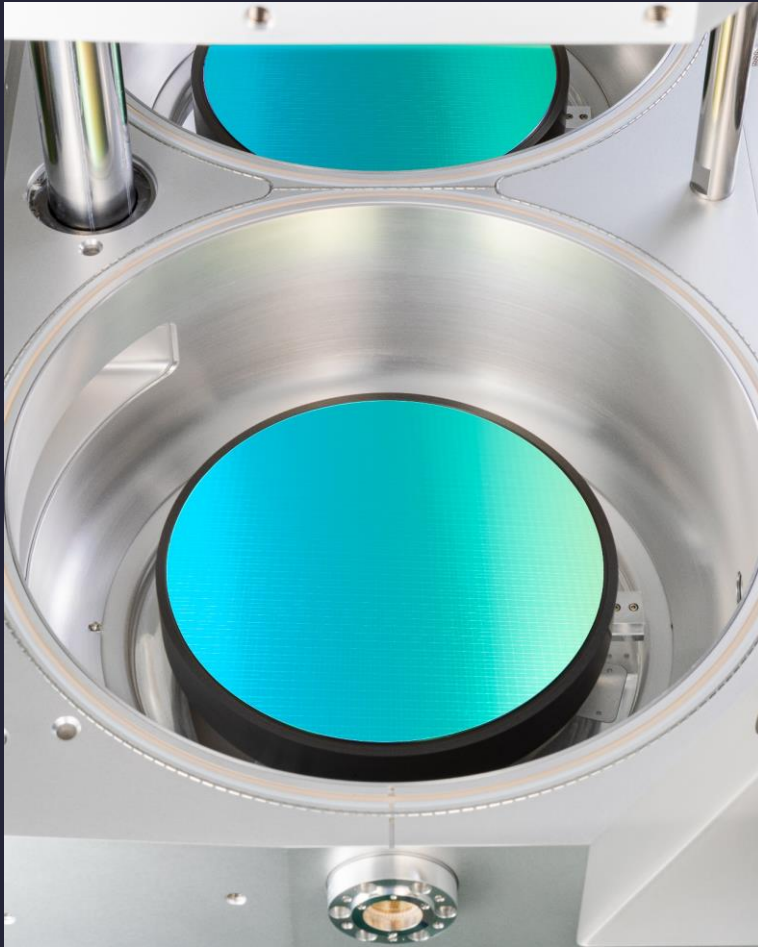


Strong execution and
supply chain actions
driving improvement



September quarter guidance
reflects improvement,
supply constraints continue

WFE outlook



Expect CY 2022 in low to mid \$90B range, impacted by constrained supply chain environment

Semiconductor demand robust with some macro-driven weakness in consumer-focused markets

Strong Foundry-Logic spending outgrowing both DRAM and NAND investments

Strong WFE levels expected to sustain in longer term

- Expanding semiconductor content in end devices
- Rising device complexity
- Larger die sizes



Lam has *strengthened* its business foundation



Expanded capabilities and resources

Globally diverse manufacturing and operational infrastructure



Stronger and deeper customer collaborations

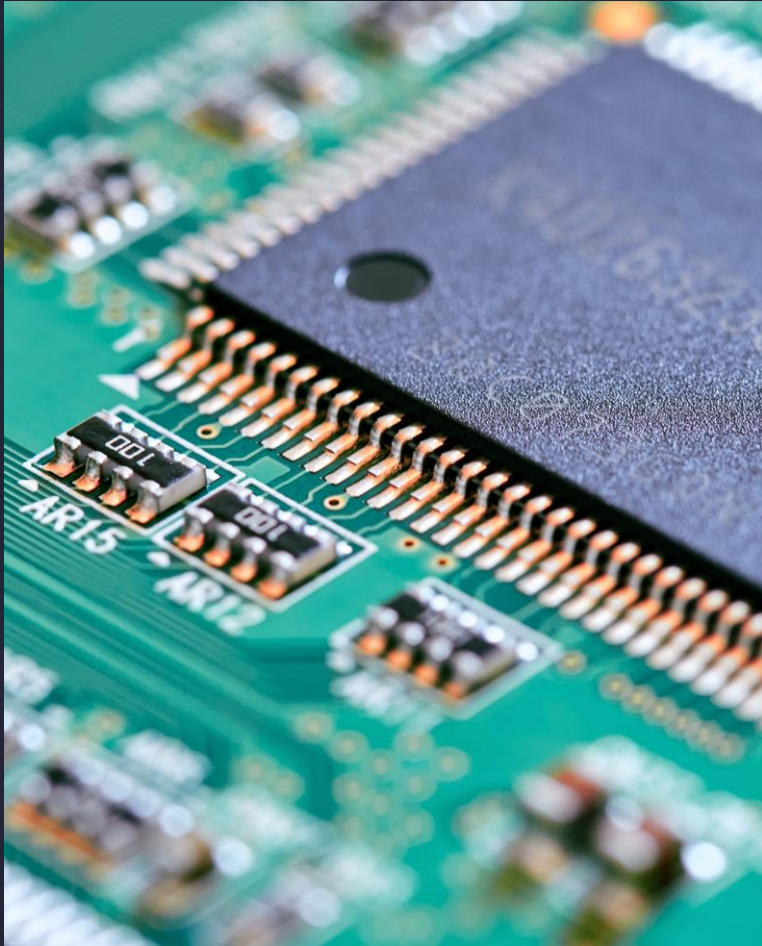
Moving innovation closer to our customers through worldwide technology centers



Revolutionized product platform

Systems innovation and installed base together drive product development through better understanding of customers' requirements

New opportunities in advanced packaging



Kiyo® plasma etch products with Hydra® have proven track record in delivering productivity and uniformity requirements

Multiple new etch tool of record positions at leading Foundry-Logic customer leveraging expertise in high volume manufacturing

Growing opportunities across etch and deposition with further development in advanced packaging devices

2021 Environmental, Social, and Governance Report

- + Released 2021 ESG Report in late June
- + Focus on integration of ESG throughout our operations
- + Lam is one of the first companies in the semiconductor industry to announce a goal for net zero emissions by 2050
- + Progressing on several important areas including environmental sustainability and commitment to inclusion and diversity in our workforce



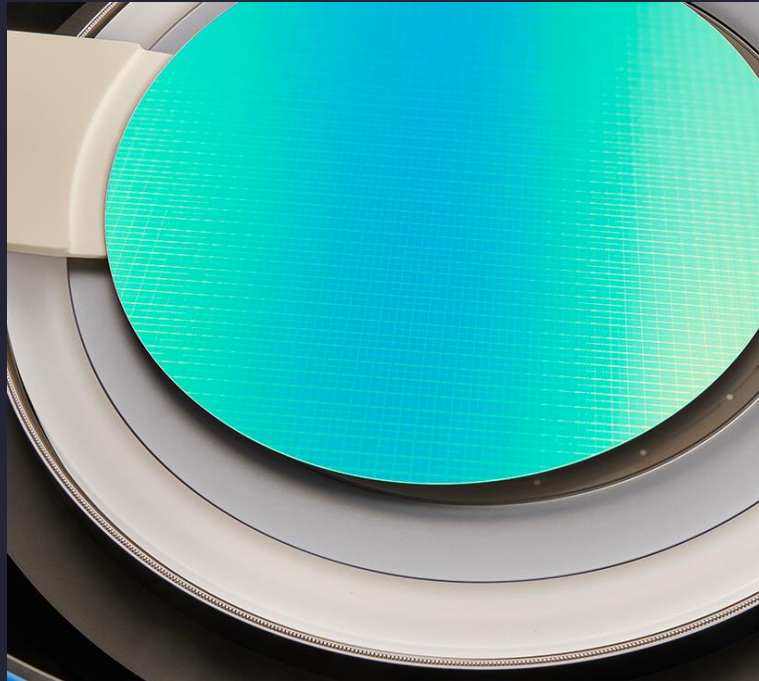
Emerging leadership in sustainability

Well-positioned to benefit from industry secular drivers

Solid business foundation



Large and growing
installed base



Differentiated
product portfolio



Commitment to
ecosystem-wide
collaboration and success

June quarter 2022 financial results & September quarter 2022 outlook

Doug Bettinger

Executive Vice President and Chief Financial Officer

Fiscal year highlights



FY 2022 REVENUE

\$17.2B

FY 2021 revenue: \$14.6B

FY 2022 EARNINGS PER SHARE*

\$33.11

FY 2021 EPS*: \$27.25

June quarter highlights



QJUN'22 REVENUE

\$4.64B

QMar'22 revenue: \$4.06B

QJUN'22 DEFERRED REVENUE*

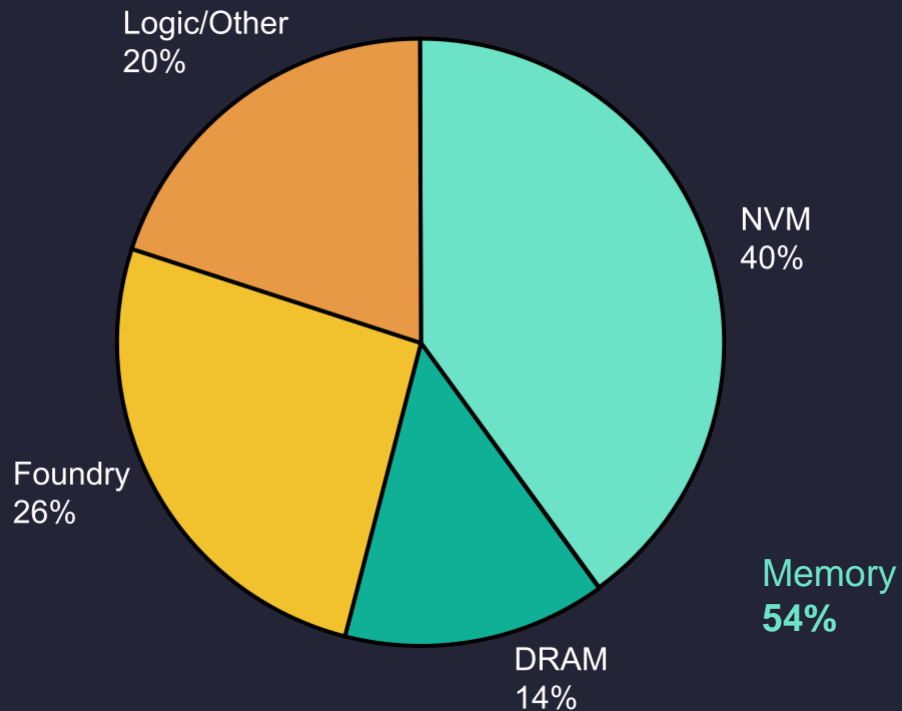
\$2.20B

QMar'22 deferred revenue*: \$2.07B

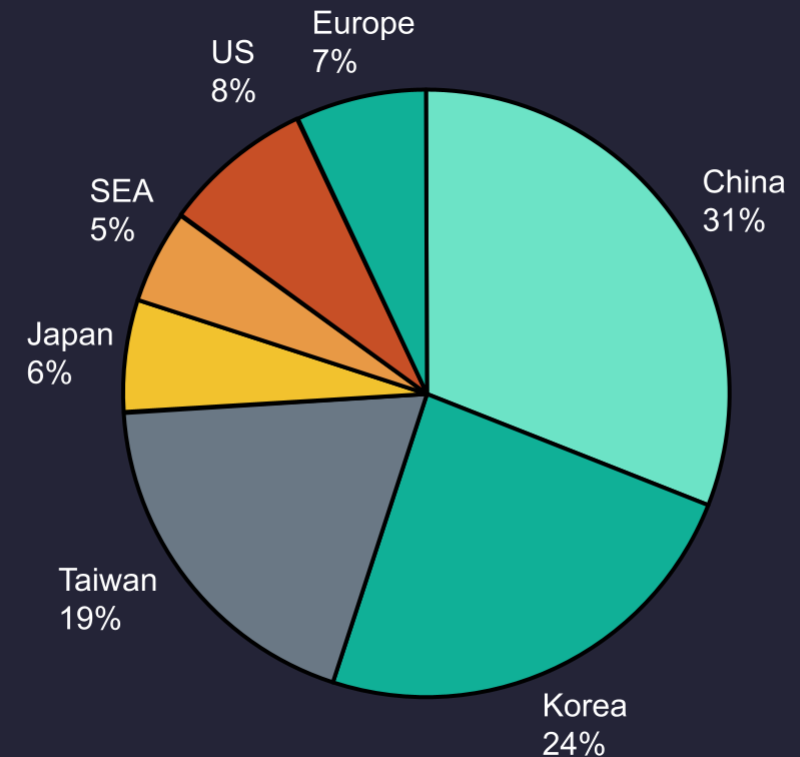
June quarter revenue mix

Record level of Logic/Other revenue and concentration

System revenue segments*



Revenue by region



Customer Support Business Group



QJUN'22 CSBG REVENUE

\$1.63B

QMar'22 CSBG revenue: \$1.41B

QJun'21 CSBG revenue: \$1.38B

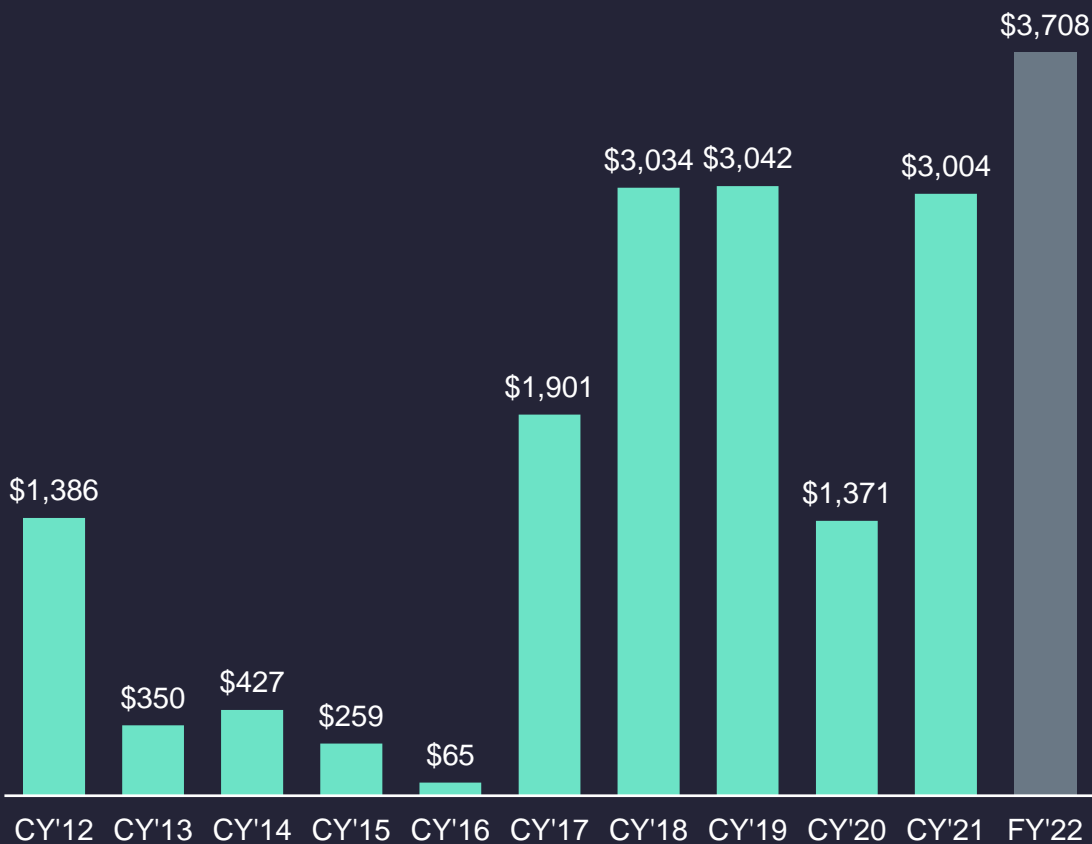
June quarter financial results

	QJUN'22	QMAR'22
Revenue	\$4,636M	\$4,060M
Non-GAAP Gross Margin*	45.2%	44.7%
Non-GAAP Operating Expenses*	\$635M	\$621M
Non-GAAP Operating Income*	\$1,459M	\$1,194M
Non-GAAP Operating Income as a percentage of Revenue*	31.5%	29.4%
Non-GAAP Other Expense, Net*	\$87M	\$44M
U.S. GAAP Diluted EPS	\$8.74	\$7.30
Non-GAAP Diluted EPS*	\$8.83	\$7.40
Diluted Share Count	138M	140M

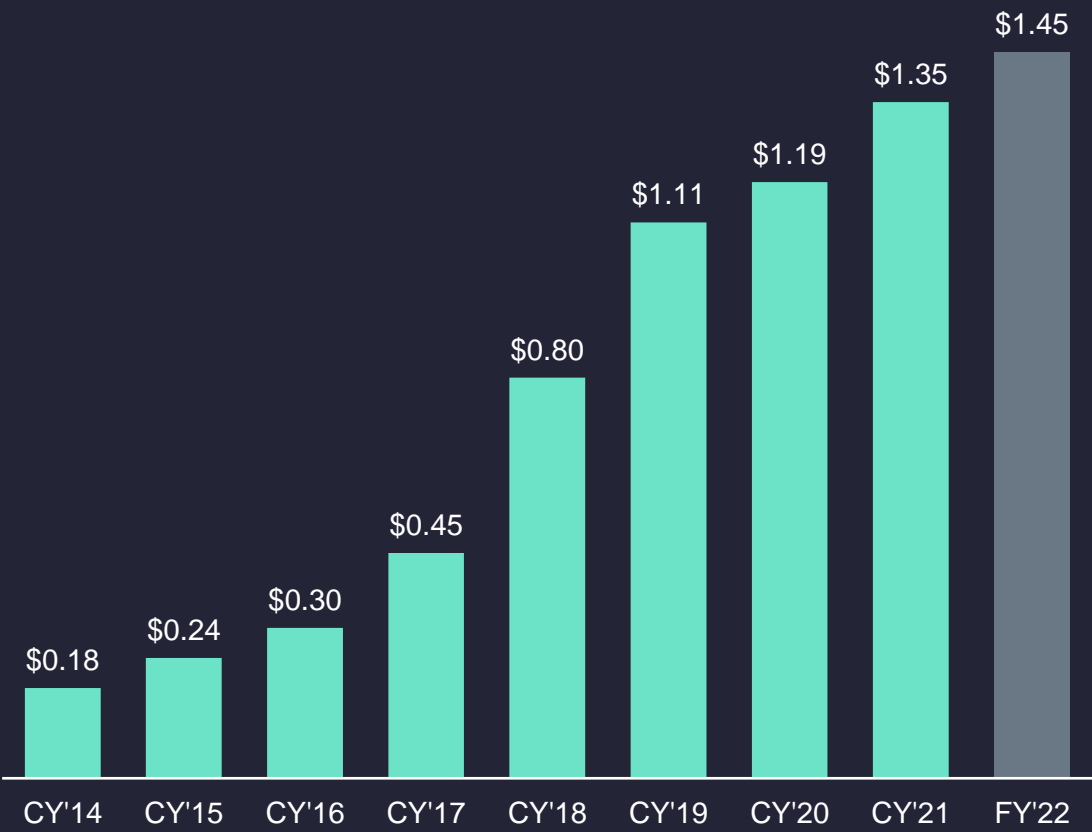
Solid execution on capital return

Returned ~115% or over \$20 billion of Free Cash Flows since calendar year 2012

Share repurchase \$M



Dividends per share*



Key balance sheet and financial metrics

	QJUN'22	QMAR'22
Total Consolidated Gross Cash Balance	\$3,909M	\$4,606M
Account Receivables, Net	\$4,314M	\$3,702M
DSO	85 Days	83 Days
Inventories	\$3,966M	\$3,479M
Inventory Turns	2.6	2.6
Deferred Revenue*	\$2,198M	\$2,069M
Capital Expenditures	\$126M	\$145M
Equity Compensation Expense	\$70M	\$69M
Amortization Expense	\$19M	\$20M
Depreciation Expense	\$69M	\$64M
Share Repurchases	\$868M	\$1,200M
Cash Dividends	\$208M	\$211M
Headcount	~17,700	~16,900

September 2022 quarter guidance



\$4.9B +/- \$300M

Revenue



45.0% +/- 1%

Non-GAAP gross margin



31.5% +/- 1%

Non-GAAP operating margin



\$9.50 +/- \$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 26, 2022	March 27, 2022
U.S. GAAP net income	\$ 1,208,934	\$ 1,021,778
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	1,308	1,153
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold	(7,814)	(2,868)
EDC related liability valuation increase - research and development	(14,065)	(5,161)
Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative	9,969	12,494
EDC related liability valuation increase - selling, general and administrative	(9,376)	(3,441)
Amortization of note discounts - other expense, net	701	695
Loss on EDC related asset - other expense, net	32,316	13,118
Net income tax benefit on non-GAAP items	(716)	(1,409)
Non-GAAP net income	\$ 1,221,257	\$ 1,036,359
Non-GAAP net income per diluted share	\$ 8.83	\$ 7.40
U.S. GAAP net income per diluted share	\$ 8.74	\$ 7.30
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	138,313	140,057

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 26, 2022	June 27, 2021
U.S. GAAP net income	\$ 4,605,286	\$ 3,908,458
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	4,645	4,724
Elective deferred compensation ("EDC") related liability valuation net (increase) decrease - cost of goods sold	(8,794)	15,555
Product rationalization - cost of goods sold	—	5,774
EDC related liability valuation net (increase) decrease - research and development	(15,829)	28,000
Product rationalization - research and development	—	426
Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative	47,177	49,428
EDC related liability valuation net (increase) decrease - selling, general and administrative	(10,552)	18,683
Amortization of note discounts - other expense, net	2,768	3,933
Loss (gain) on EDC related asset - other expense, net	38,053	(61,838)
Net income tax benefit on non-GAAP items	(6,237)	(13,123)
Non-GAAP net income	\$ 4,656,517	\$ 3,960,020
Non-GAAP net income per diluted share	\$ 33.11	\$ 27.25
U.S. GAAP net income per diluted share	\$ 32.75	\$ 26.90
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	140,628	145,320
U.S. GAAP and non-GAAP revenue	17,227,039	14,626,150

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 26, 2022	March 27, 2022
U.S. GAAP gross margin	\$ 2,100,512	\$ 1,816,625
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	1,308	1,153
EDC related liability valuation increase	(7,814)	(2,868)
Non-GAAP gross margin	\$ 2,094,006	\$ 1,814,910
U.S. GAAP gross margin as a percentage of revenue	45.3 %	44.7 %
Non-GAAP gross margin as a percentage of revenue	45.2 %	44.7 %
U.S. GAAP operating expenses	\$ 621,159	\$ 624,528
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(9,969)	(12,494)
EDC related liability valuation increase	23,441	8,602
Non-GAAP operating expenses	\$ 634,631	\$ 620,636
U.S. GAAP operating income	\$ 1,479,353	\$ 1,192,097
Non-GAAP operating income	\$ 1,459,375	\$ 1,194,274
U.S. GAAP operating income as percent of revenue	31.9 %	29.4 %
Non-GAAP operating income as a percent of revenue	31.5 %	29.4 %

Appendix – reconciliation

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

	Three Months Ended	
	June 26, 2022	March 27, 2022
U.S. GAAP Other expense, net	\$ (120,448)	\$ (57,402)
Pre-tax non-GAAP items:		
Amortization of note discounts	701	695
Loss on EDC related asset	32,316	13,118
Non-GAAP Other expense, net	\$ (87,431)	\$ (43,589)

Appendix – reconciliation

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

	Six Months Ended	Twelve Months Ended				
	June 26, 2022	December 26, 2021	December 27, 2020	December 29, 2019	December 23, 2018	December 24, 2017
U.S. GAAP net cash provided by operating activities	\$ 1,201,644	\$ 4,499,045	\$ 2,341,624	\$ 2,585,283	\$ 3,131,442	\$ 2,038,970
U.S. GAAP cash used for capital expenditures and intangible assets	(271,114)	(469,138)	(256,807)	(242,780)	(290,733)	(223,684)
Total free cash flow	\$ 930,530	\$ 4,029,907	\$ 2,084,817	\$ 2,342,503	\$ 2,840,709	\$ 1,815,286

	December 25, 2016	December 27, 2015	December 28, 2014	December 29, 2013	December 23, 2012
U.S. GAAP net cash provided by operating activities	\$ 1,484,057	\$ 1,226,645	\$ 838,501	\$ 458,393	\$ 685,600
U.S. GAAP cash used for capital expenditures and intangible assets	(176,225)	(172,628)	(186,636)	(140,007)	(147,747)
Total free cash flow	\$ 1,307,832	\$ 1,054,017	\$ 651,865	\$ 318,386	\$ 537,853

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

Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold

EDC related liability valuation increase - 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

Amortization of note discounts - other expense, net

Loss on EDC related asset - other expense, net

Non-GAAP income before taxes

Net income tax benefit on non-GAAP items

Non-GAAP income tax expense

Non-GAAP income tax rate

Three Months Ended	
June 26, 2022	March 27, 2022
\$ 1,358,905	\$ 1,134,695
\$ 149,971	\$ 112,917
11.0 %	10.0 %
\$ 1,308	\$ 1,153
(7,814)	(2,868)
(14,065)	(5,161)
9,969	12,494
(9,376)	(3,441)
701	695
32,316	13,118
\$ 1,371,944	\$ 1,150,685
\$ 716	\$ 1,409
\$ 150,687	\$ 114,326
11.0 %	9.9 %

Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the
Quarter Ended September 25, 2022

	U.S. GAAP			Reconciling Items	Non-GAAP		
	\$4.9 Billion	+/-	\$300 Million		\$4.9 Billion	+/-	\$300 Million
Revenue				—			
Gross margin as a percentage of revenue	45.0%	+/-	1%	\$ 1 Million	45.0%	+/-	1%
Operating income as a percentage of revenue	31.4%	+/-	1%	\$ 3 Million	31.5%	+/-	1%
Net income per diluted share	\$9.48	+/-	\$0.75	\$ 3 Million	\$9.50	+/-	\$0.75
Diluted share count	137 Million			—	137 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. 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, \$3 million.
- Net income per diluted share - amortization related to intangible assets acquired through business combinations, \$3 million; amortization of note discounts, \$1 million; and associated tax benefit for non-GAAP items (\$1 million); totaling \$3 million.

