

# Lam Research Corporation

*September quarter 2022 financial results*

October 19, 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: trade regulations, export controls, trade disputes and other geopolitical tensions may inhibit our ability to sell our products; supply chain disruptions or manufacturing capacity constraints may limit our ability to manufacture and 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 26, 2022. You should not place undue reliance on forward-looking statements. Lam undertakes no obligation to update any forward-looking statements.



# Business review & industry outlook

*Tim Archer*

*President and Chief Executive Officer*

# September and December quarter takeaways



September quarter  
revenues, margins, and  
EPS reflect continued  
strong execution



Solid performance  
expected for  
December quarter



December quarter guidance  
includes impact of new  
China export regulations

# WFE outlook



CY 2022 outlook in low \$90B range; early view of 2023 suggests more than 20% decline from 2022

CY 2022 outlook inclusive of new China export regulations and lower demand partially offset by improving supply chain conditions

Rapid deterioration in demand fundamentals, led by memory as customers adjust spending to normalize channel inventories

Customer actions to reduce memory bit supply growth create a favorable set up for memory WFE mix beyond CY 2023

Lam is focused  
on key strategies  
*to capitalize on  
structural WFE  
growth drivers*



Ensure installed base of Lam tools  
is operating at maximum efficiency



Sustain R&D investment critical  
to customers' long-term roadmaps

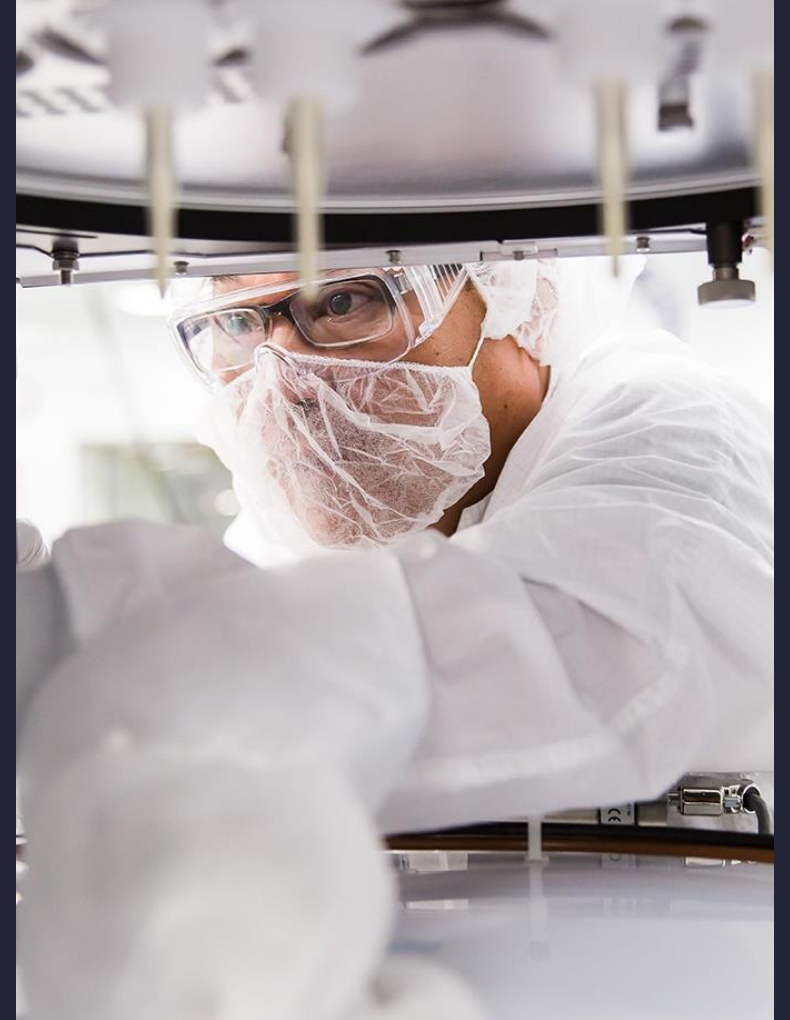


Leverage global R&D and manufacturing  
infrastructure to accelerate innovation

# Continued strength in CSBG

## Record CSBG revenues of ~\$1.9B in September quarter

- + Installed base approaching 80,000 chambers; up > 30% since 2019
- + Engaging with customers to find yield enhancement opportunities and on upgrades to maximize capital efficiency
- + Applying learnings from equipment and process data to drive fab productivity
- + Deploying Equipment Intelligence<sup>®</sup> services to shorten the time to release tools to production at large memory customer by >20%





# Delivering on customers' technology roadmaps



- + Key deposition wins at leading DRAM customer by enabling low-capacitance devices and improving lithography overlay performance
- + Multiple new ALD application wins in Foundry/Logic for gate-all-around structures

Providing technology advancements for customers and expanding Lam opportunities





# Investing in our global platform

*Strengthening our foundation in technology, manufacturing, and service*



Manufacturing



R&D



Engineering

# September quarter 2022 financial results & December quarter 2022 outlook

*Doug Bettinger*

*Executive Vice President and Chief Financial Officer*

# September quarter highlights



## QSEP'22 REVENUE

**\$5.07B**

QJun'22 revenue: \$4.64B

## QSEP'22 DEFERRED REVENUE\*

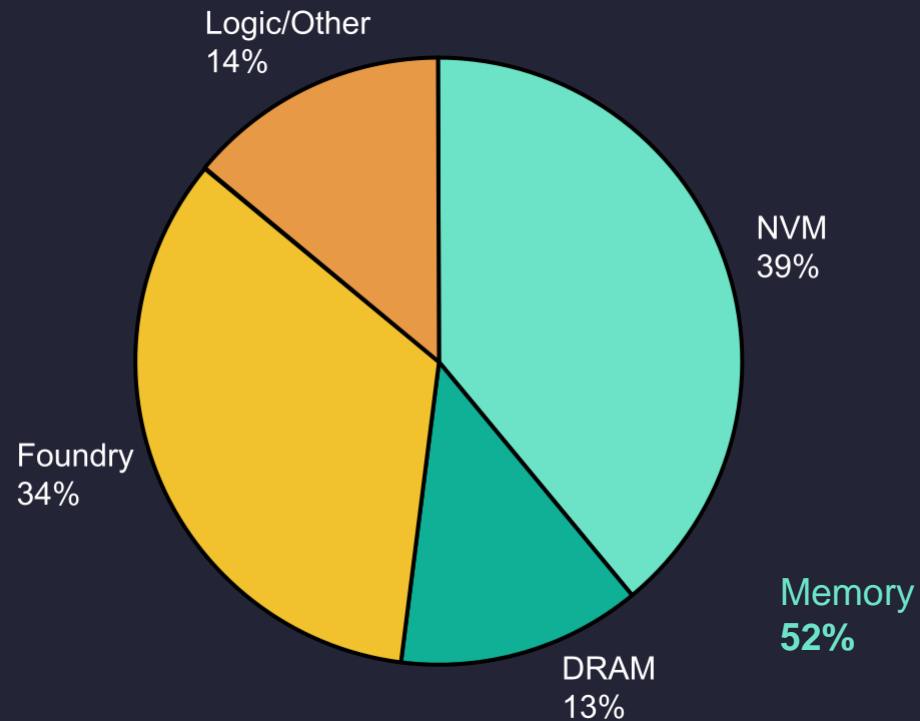
**\$2.75B**

QJun'22 deferred revenue: \$2.20B

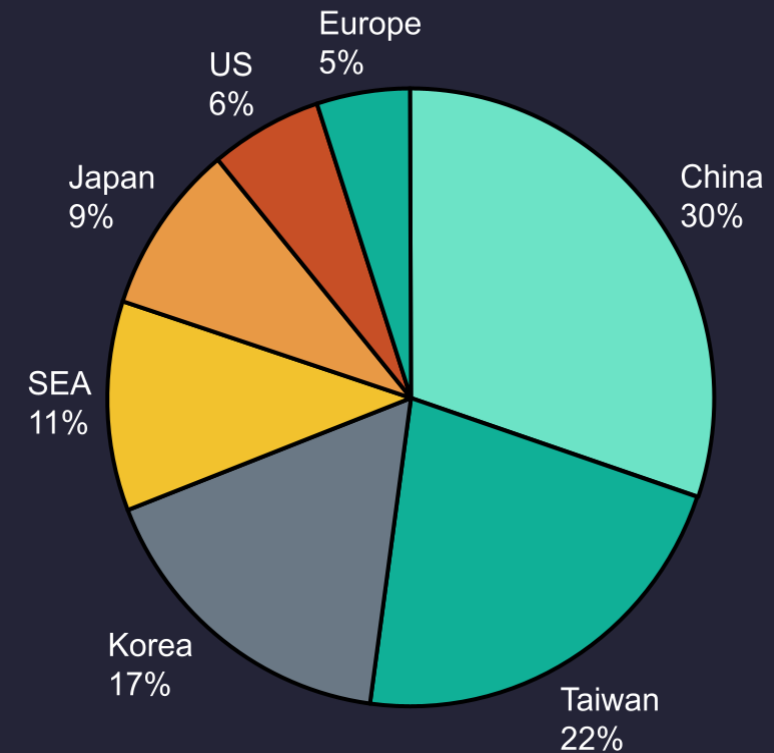
# September quarter revenue mix

*Record level of Foundry revenue dollars*

System revenue segments\*



Revenue by region



# Customer Support Business Group



QSEP'22 CSBG REVENUE

**\$1.89B**

QJun'22 CSBG revenue: \$1.63B

QSep'21 CSBG revenue: \$1.38B



# September quarter financial results

	QSEP'22	QJUN'22
Revenue	<b>\$5,074M</b>	\$4,636M
Non-GAAP Gross Margin*	<b>46.0%</b>	45.2%
Non-GAAP Operating Expenses*	<b>\$647M</b>	\$635M
Non-GAAP Operating Income*	<b>\$1,688M</b>	\$1,459M
Non-GAAP Operating Income as a percentage of Revenue*	<b>33.3%</b>	31.5%
Non-GAAP Other (Expense) Income, Net*	<b>\$30M</b>	\$87M
U.S. GAAP Diluted EPS	<b>\$10.39</b>	\$8.74
Non-GAAP Diluted EPS*	<b>\$10.42</b>	\$8.83
Diluted Share Count	<b>137M</b>	138M



# Key balance sheet and financial metrics

	QSEP'22	QJUN'22
Total Consolidated Gross Cash Balance	\$4,628M	\$3,909M
Account Receivables, Net	\$4,570M	\$4,314M
DSO	82 Days	85 Days
Inventories	\$4,360M	\$3,966M
Inventory Turns	2.5	2.6
Deferred Revenue*	\$2,755M	\$2,198M
Capital Expenditures	\$140M	\$126M
Equity Compensation Expense	\$71M	\$70M
Amortization Expense	\$12M	\$19M
Depreciation Expense	\$64M	\$69M
Share Repurchases	\$105M	\$868M
Cash Dividends	\$206M	\$208M
Headcount	~18,700	~17,700

# December 2022 quarter guidance



**\$5.1B +/- \$300M**

Revenue



**44.5% +/- 1%**

Non-GAAP gross margin\*



**31.5% +/- 1%**

Non-GAAP operating margin\*



**\$10.00 +/- \$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	
	September 25, 2022	June 26, 2022
U.S. GAAP net income	\$ 1,425,879	\$ 1,208,934
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	1,451	1,308
Elective deferred compensation ("EDC") related liability valuation decrease - cost of goods sold	(3,118)	(7,814)
EDC related liability valuation decrease - research and development	(5,612)	(14,065)
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	1,110	9,969
EDC related liability valuation decrease - selling, general and administrative	(3,742)	(9,376)
Amortization of note discounts - other income (expense), net	707	701
Loss on EDC related asset - other income (expense), net	12,726	32,316
Net income tax expense (benefit) on non-GAAP items	94	(716)
Non-GAAP net income	\$ 1,429,495	\$ 1,221,257
Non-GAAP net income per diluted share	\$ 10.42	\$ 8.83
U.S. GAAP net income per diluted share	\$ 10.39	\$ 8.74
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	137,208	138,313

# 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 25, 2022	June 26, 2022
U.S. GAAP gross margin	\$ 2,336,835	\$ 2,100,512
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	1,451	1,308
EDC related liability valuation decrease	(3,118)	(7,814)
Non-GAAP gross margin	\$ 2,335,168	\$ 2,094,006
U.S. GAAP gross margin as a percentage of revenue	46.1 %	45.3 %
Non-GAAP gross margin as a percentage of revenue	46.0 %	45.2 %
U.S. GAAP operating expenses	\$ 638,995	\$ 621,159
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(1,110)	(9,969)
EDC related liability valuation decrease	9,354	23,441
Non-GAAP operating expenses	\$ 647,239	\$ 634,631
U.S. GAAP operating income	\$ 1,697,840	\$ 1,479,353
Non-GAAP operating income	\$ 1,687,929	\$ 1,459,375
U.S. GAAP operating income as percent of revenue	33.5 %	31.9 %
Non-GAAP operating income as a percent of revenue	33.3 %	31.5 %

# 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 25, 2022	June 26, 2022
U.S. GAAP Other income (expense), net	\$ (43,095)	\$ (120,448)
Pre-tax non-GAAP items:		
Amortization of note discounts	707	701
Loss on EDC related asset	12,726	32,316
Non-GAAP Other income (expense), net	<u>\$ (29,662)</u>	<u>\$ (87,431)</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	
	September 25, 2022	June 26, 2022
U.S. GAAP income before income taxes	\$ 1,654,745	\$ 1,358,905
U.S. GAAP income tax expense	\$ 228,866	\$ 149,971
U.S. GAAP income tax rate	13.8 %	11.0 %
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	\$ 1,451	\$ 1,308
Elective deferred compensation ("EDC") related liability valuation decrease - cost of goods sold	(3,118)	(7,814)
EDC related liability valuation decrease - research and development	(5,612)	(14,065)
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	1,110	9,969
EDC related liability valuation decrease - selling, general and administrative	(3,742)	(9,376)
Amortization of note discounts - other income (expense), net	707	701
Loss on EDC related asset - other income (expense), net	12,726	32,316
Non-GAAP income before taxes	\$ 1,658,267	\$ 1,371,944
Net income tax (expense) benefit on non-GAAP items	\$ (94)	\$ 716
Non-GAAP income tax expense	\$ 228,772	\$ 150,687
Non-GAAP income tax rate	13.8 %	11.0 %

# Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the  
quarter ended December 25, 2022

	U.S. GAAP			Reconciling Items	Non-GAAP		
	\$5.1 Billion	+/-	\$300 Million		\$5.1 Billion	+/-	\$300 Million
Revenue				—			
Gross margin as a percentage of revenue	44.5%	+/-	1%	\$ 1 Million	44.5%	+/-	1%
Operating income as a percentage of revenue	31.5%	+/-	1%	\$ 3 Million	31.5%	+/-	1%
Net income per diluted share	\$9.98	+/-	\$0.75	\$ 3 Million	\$10.00	+/-	\$0.75
Diluted share count		136 Million		—		136 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 recognized 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.

