



Lam Research Corporation

March Quarter 2021 Financial Results

April 21, 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 December 27, 2020. 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's surface, 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.

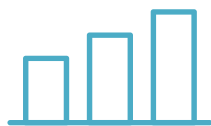
Business Review and Industry Outlook

TIM ARCHER
PRESIDENT AND CHIEF EXECUTIVE OFFICER

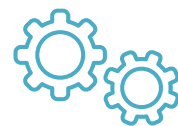
March Quarter 2021: Continued Growth & Momentum



March quarter records: Revenue, Cash Flow from Operations and EPS



Growth across systems and customer support businesses



Solid execution despite COVID-19 related impacts



Supporting customers' needs amid strong, broad-based semi demand

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 Is Strong Across All Markets



2021 WFE spending trending above \$75 billion, with strength in the second half of the calendar year

Secular tailwinds such as AI, 5G and IoT continue to strengthen, driving semiconductor unit demand growth

Complexity of manufacturing advanced semiconductor devices increasing at a rapid rate

More semi-enhanced functionality in electronics, and growing importance of semiconductors to global industries

WFE = wafer fabrication equipment

Lam's Differentiated Product Portfolio Key to Enabling Complex Scaling

Multi-Stacking

Addressing challenges of high layer count 3D NAND devices through innovations that alleviate stress, selectivity, and defectivity

Gate All Around

Enabling transition to new architectures through unique etch capabilities that meet HAR and ultra-high selectivity requirements

New Materials & Integration

Introducing new approaches to deposit lower k materials and deliver better interface control

HAR = High Aspect Ratio
BEoL = Back End of Line



**Executing and gaining market share
across etch and deposition**

Winning with Holistic Approaches to High Volume Manufacturing



Lowering the cost of ownership and increasing fab uptime and efficiency



Delivering Equipment Intelligence® with advanced data analysis and self-maintenance capabilities



Providing significant reductions in tool energy consumption, supporting cost and ESG roadmaps

Increasing interest from customers across DRAM, Foundry/Logic, and NAND
for additional etch solutions to be integrated onto **Sense.i platform**

Another Record Quarter for Customer Support Business Group



Delivering world class support
of complex technologies in
high volume manufacturing

March quarter **revenue exceeded** \$1.3B

Record performance from all product lines

- **Upgrades** expected to double over the two-year period ending CY 2021
- **Reliant** driven by Specialty Technologies growth (CIS, Power, RF devices)
- **Spares** closed single largest annual contract with commitments for critical leading-edge spare parts
- **Services** winning new Equipment Intelligence® contracts:
 - Multi-region data services license with major memory manufacturer across all HVM fabs
 - Multi-year Equipment Intelligence® services contract for etch and deposition tools at major memory producer

HVM = High Volume Manufacturing
CIS - CMOS Image Sensors

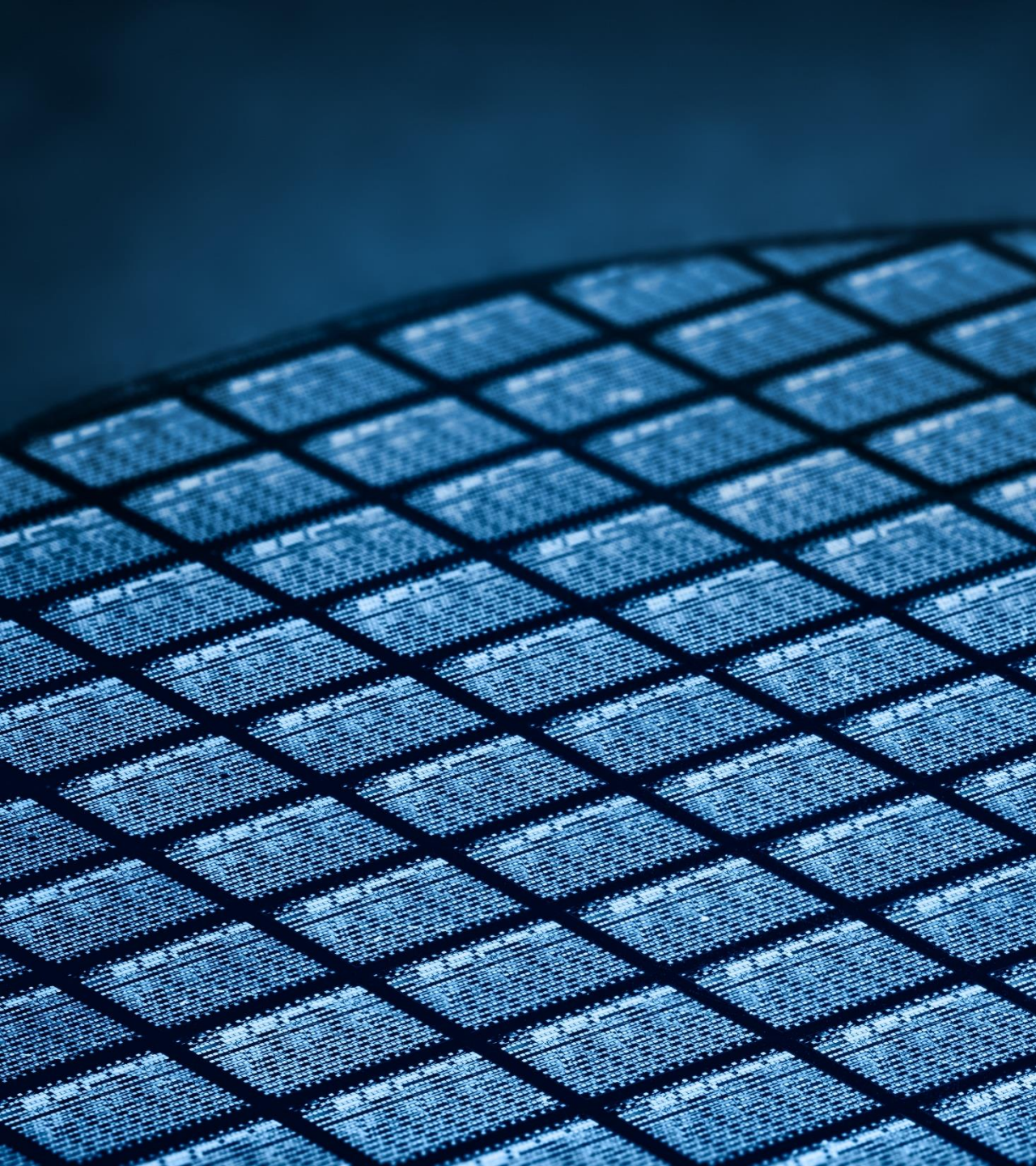
Positioned for Outperformance in Sustainable WFE Spending Environment

Industry fundamentals strengthening

Semiconductors reaching new heights in strategic relevance

Lam is delivering great results and confident in continued outperformance



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

March Quarter 2021 Financial Results and June Quarter 2021 Outlook

DOUG BETTINGER
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER

March Quarter Highlights



QMar'21
Revenue

\$3.85B

QDec'20 revenue - \$3.46B

QMar'21
Earnings per
Share*

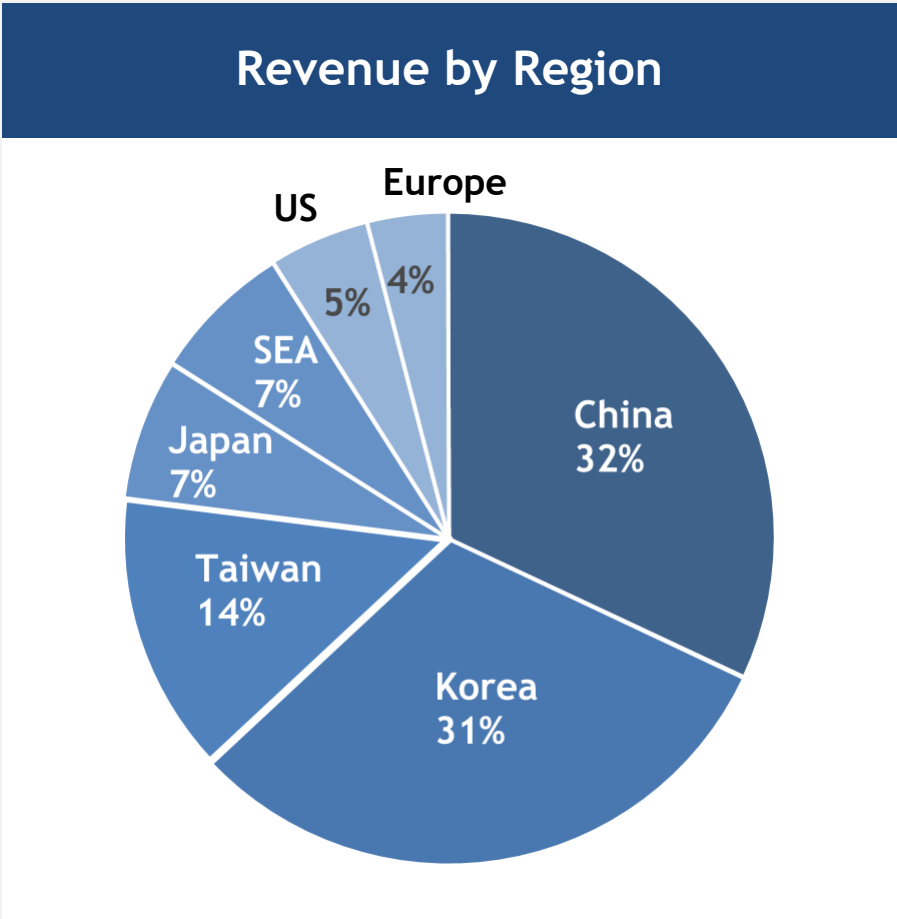
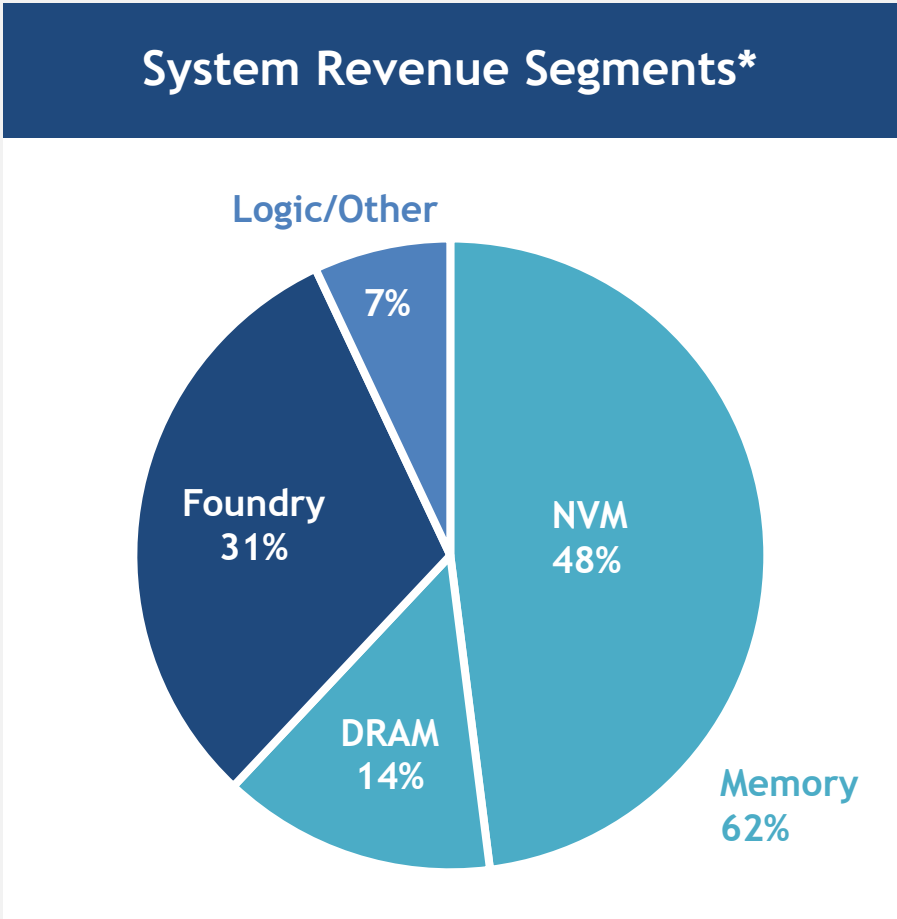
\$7.49

QDec'20 EPS* - \$6.03

*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.

March 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

QMar'21
CSBG
Revenue

\$1.30B

QDec'20 CSBG revenue - \$1.15B



March Quarter Financial Results

| | Q Mar'21 | Q Dec'20 |
|---|----------|----------|
| Revenue | \$3,848M | \$3,456M |
| Non-GAAP Gross Margin* | 46.3% | 46.6% |
| Non-GAAP Operating Expenses* | \$567M | \$563M |
| Non-GAAP Operating Income* | \$1,217M | \$1,048M |
| Non-GAAP Operating Income as a percentage of Revenue* | 31.6% | 30.3% |
| Non-GAAP Other Expense, Net* | \$42M | \$53M |
| U.S. GAAP Diluted EPS | \$7.41 | \$5.96 |
| Non-GAAP Diluted EPS* | \$7.49 | \$6.03 |
| Diluted Share Count | 145M | 146M |

*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 Mar'21 | Q Dec'20 |
|---------------------------------------|----------|----------|
| Total Consolidated Gross Cash Balance | \$6,043M | \$6,295M |
| Account Receivables, Net | \$2,809M | \$2,900M |
| DSO | 66 Days | 76 Days |
| Inventory Turns | 3.2 | 3.2 |
| Deferred Revenue* | \$817M | \$640M |
| Capital Expenditures | \$90M | \$92M |
| Equity Compensation Expense | \$56M | \$52M |
| Amortization Expense | \$18M | \$17M |
| Depreciation Expense | \$61M | \$59M |
| Share Repurchases ** | \$925M | \$724M |
| Cash Dividends | \$187M | \$188M |
| Headcount | ~13,100 | ~12,200 |

*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 \$213M as of March 28, 2021 and \$206M as of December 27, 2020. **Under Board of Directors authorized program.

June 2021 Quarter Guidance



\$4.0B +/- \$250M
Revenue



46.5% +/- 1%
Non-GAAP
Gross Margin



32.0% +/- 1%
Non-GAAP
Operating Margin



\$7.50 +/- \$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 144 Million shares

A close-up, angled view of a microchip, showing a grid of small, square components. The image is in shades of blue and black, with a curved perspective.

Questions and Answers

Appendix - Reconciliation

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

| | Three Months Ended | |
|--|--------------------|----------------------|
| | March 28, 2021 | December 27, 2020 |
| U.S. GAAP net income | \$ 1,071,121 | \$ 869,229 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations - cost of goods sold | 1,092 | 1,270 |
| Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold | 1,986 | 6,089 |
| EDC related liability valuation increase - research and development | 3,575 | 10,961 |
| 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 | 2,384 | 7,307 |
| Amortization of note discounts - other expense, net | 998 | 1,001 |
| Gain on EDC related asset - other expense, net | (7,520) | (24,207) |
| Net income tax benefit on non-GAAP items | (2,461) | (3,796) |
| Non-GAAP net income | \$ 1,083,532 | \$ 880,211 |
| Non-GAAP net income per diluted share | \$ 7.49 | \$ 6.03 |
| U.S. GAAP net income per diluted share | \$ 7.41 | \$ 5.96 |
| U.S. GAAP and non-GAAP number of shares used for per diluted share calculation | 144,609 | 145,910 |

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 | |
|--|--------------------|----------------------|
| | March 28, 2021 | December 27, 2020 |
| U.S. GAAP gross margin | \$ 1,780,131 | \$ 1,603,795 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations | 1,092 | 1,270 |
| EDC related liability valuation increase | 1,986 | 6,089 |
| Non-GAAP gross margin | \$ 1,783,209 | \$ 1,611,154 |
| U.S. GAAP gross margin as a percentage of revenue | 46.3 % | 46.4 % |
| Non-GAAP gross margin as a percentage of revenue | 46.3 % | 46.6 % |
| U.S. GAAP operating expenses | \$ 584,823 | \$ 594,071 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations | (12,357) | (12,357) |
| EDC related liability valuation increase | (5,959) | (18,268) |
| Non-GAAP operating expenses | \$ 566,507 | \$ 563,446 |
| U.S. GAAP operating income | \$ 1,195,308 | \$ 1,009,724 |
| Non-GAAP operating income | \$ 1,216,702 | \$ 1,047,708 |
| U.S. GAAP operating income as percent of revenue | 31.1 % | 29.2 % |
| Non-GAAP operating income as a percent of revenue | 31.6 % | 30.3 % |

Appendix - Reconciliation

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

| | Three Months Ended | |
|--|--------------------|----------------------|
| | March 28, 2021 | December 27, 2020 |
| U.S. GAAP Other expense, net | \$ (35,320) | \$ (29,941) |
| Pre-tax non-GAAP items: | | |
| Amortization of note discounts | 998 | 1,001 |
| Gain on EDC related asset - other expense, net | (7,520) | (24,207) |
| Non-GAAP Other expense, net | \$ (41,842) | \$ (53,147) |

Appendix - Reconciliation

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

| | Three Months Ended | |
|--|--------------------|----------------------|
| | March 28, 2021 | December 27, 2020 |
| U.S. GAAP income before income taxes | \$ 1,159,988 | \$ 979,783 |
| U.S. GAAP income tax expense | \$ 88,867 | \$ 110,554 |
| U.S. GAAP income tax rate | 7.7 % | 11.3 % |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations - cost of goods sold | \$ 1,092 | \$ 1,270 |
| Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold | 1,986 | 6,089 |
| EDC related liability valuation increase - research and development | 3,575 | 10,961 |
| 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 | 2,384 | 7,307 |
| Amortization of note discounts - other expense, net | 998 | 1,001 |
| Gain on EDC related asset - other expense, net | (7,520) | (24,207) |
| Non-GAAP income before taxes | \$ 1,174,860 | \$ 994,561 |
| Net income tax benefit on non-GAAP items | \$ 2,461 | \$ 3,796 |
| Non-GAAP income tax expense | \$ 91,328 | \$ 114,350 |
| Non-GAAP income tax rate | 7.8 % | 11.5 % |

Appendix - Reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the quarter ended June 27, 2021

| | U.S. GAAP | | | Reconciling Items | Non-GAAP | | |
|---|---------------|-----|---------------|-------------------|---------------|-----|---------------|
| | \$4.0 Billion | +/- | \$250 Million | | \$4.0 Billion | +/- | \$250 Million |
| Revenue | | | | — | | | |
| Gross margin as a percentage of revenue | 46.5% | +/- | 1% | \$ 1 Million | 46.5% | +/- | 1% |
| Operating income as a percentage of revenue | 31.7% | +/- | 1% | \$ 13 Million | 32.0% | +/- | 1% |
| Net income per diluted share | \$7.42 | +/- | \$0.50 | \$ 12 Million | \$7.50 | +/- | \$0.50 |
| Diluted share count | 144 Million | | | — | 144 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.

Innovative **Technology**
Trusted **Productivity**
Fast **Solutions**

