

Lam Research Corporation

June quarter 2024 financial results

July 31, 2024



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 and related drivers, 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 may 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 25, 2023 and our quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2024. 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

\$14.9B
REVENUE*

\$1.9B
R&D*

~17,200
EMPLOYEES
As of June 30, 2024

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

Solid June quarter results



Revenue, profitability*,
EPS* all above
guidance midpoints



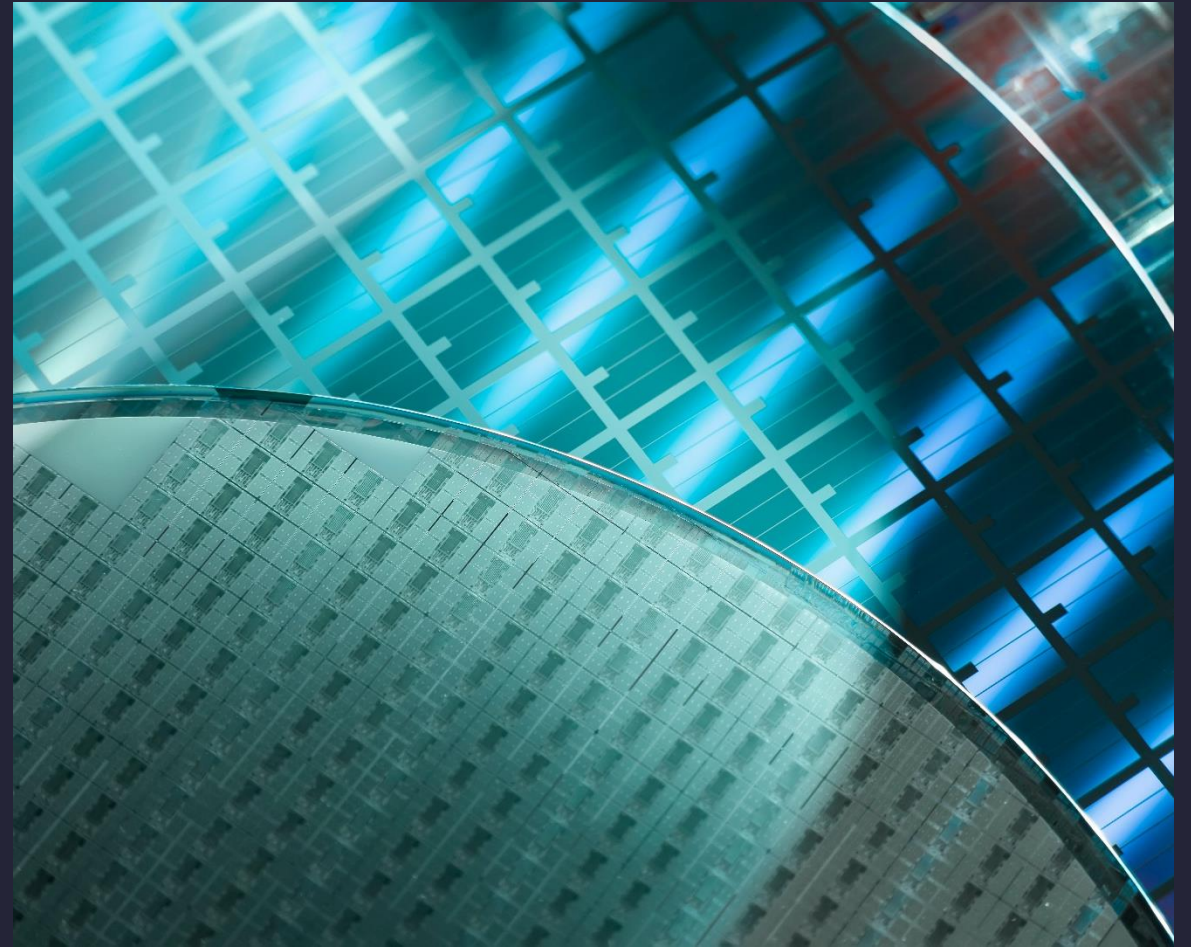
CSBG revenue growth
of 22% QoQ led by
Reliant® and spares
businesses



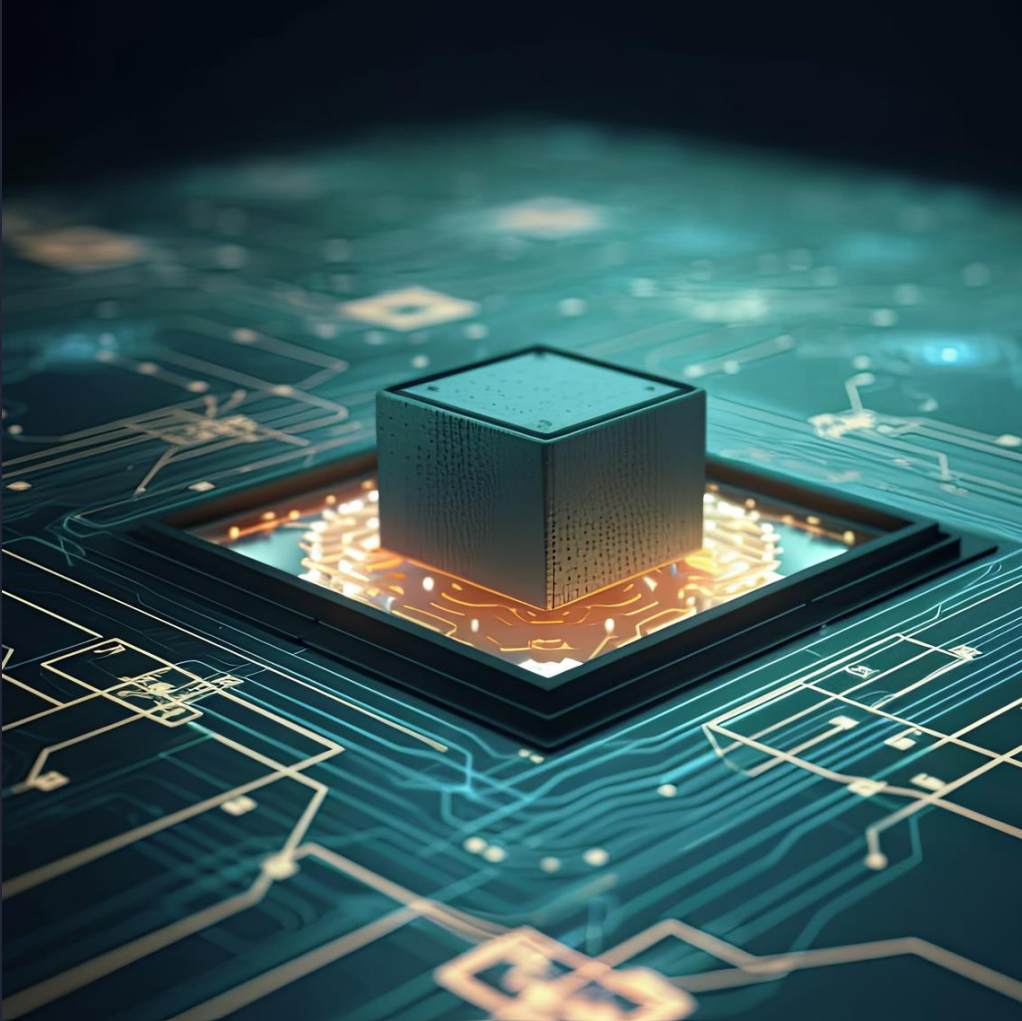
Lam Malaysia shipped
5000th chamber, fastest
ramp of a new
manufacturing facility
in Lam's history

CY 2024 WFE expected to be in mid-\$90B range

- + Lam customer investment profile generally unchanged from prior view
- + Slightly stronger domestic China spending
- + Additional demand related to HBM capacity ramp
- + Foundry/logic, DRAM, and NAND investments all expected to be higher on a year-on-year basis
- + Global spending on mature nodes expected to be roughly flat year-on-year

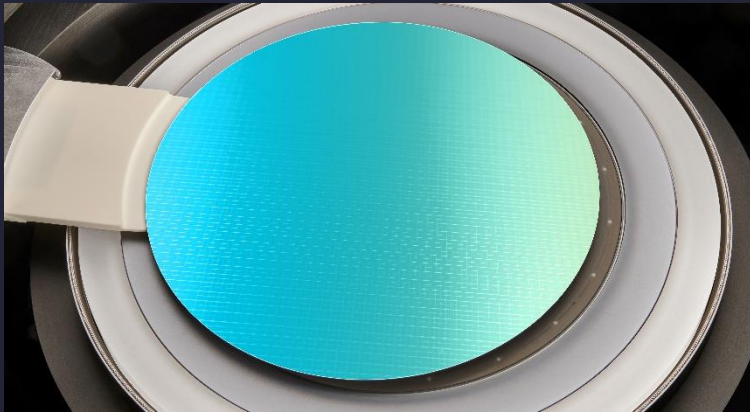


Power of AI yet to be fully realized



- Current focus on model training driving strong demand for GPUs and HBM
- AI expansion into inferencing anticipated to drive demand in low power DRAM and NAND storage
- Memory WFE expected to be biased towards technology upgrades
- Lam's sizable installed base in memory positions us to outgrow overall WFE
- Longer-term: etch and deposition increasingly vital to developing faster, more power efficient and lower cost semiconductors

Our R&D focus is yielding exciting innovations



DIRECTDRIVE®

New power source stabilizes plasma in etch chamber 500x faster than current industry standards

4F² DRAM

CE systems with best-in-class performance - capable of precise etching of ultrasmall, HAR structures with unprecedented depth uniformity and profile control

EUV PATTERNING

New CE tool delivers 30% reduction in feature roughness, and 1-2 orders of magnitude improvement in defectivity

LAM CRYO™ 3.0

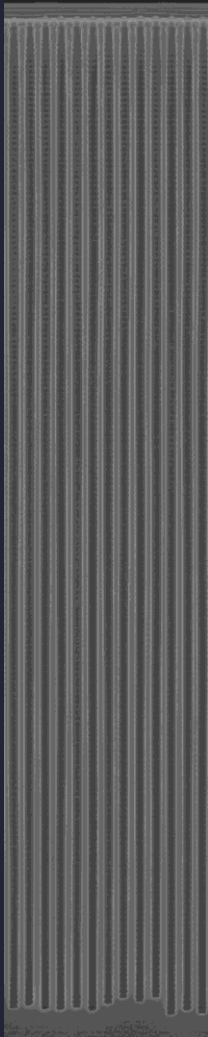
Lam's 3rd generation cryogenic technology on Vantex™ delivers tight profile control; critical for NAND bit density growth

GAPFILL MATERIALS

Innovative PECVD-based pure carbon gapfill process - an attractive alternative versus polysilicon and metal-based gapfill process

Lam Cryo™ 3.0 performance

10 µm
ON
memory
channel



Parameter	Cryo™ 3.0
Depth	10 µm
Etch rate vs. non-cryo etch	2.5x faster
Max CD	108 nm
Bottom CD	99 nm
ΔCD (Max-Bottom)	9 nm
Profile deviation ΔCD/Depth	<0.1%

NAND scaling vector improved

Vertical

1.6x vs. current production

Lateral

>10% cell density increase

Logical

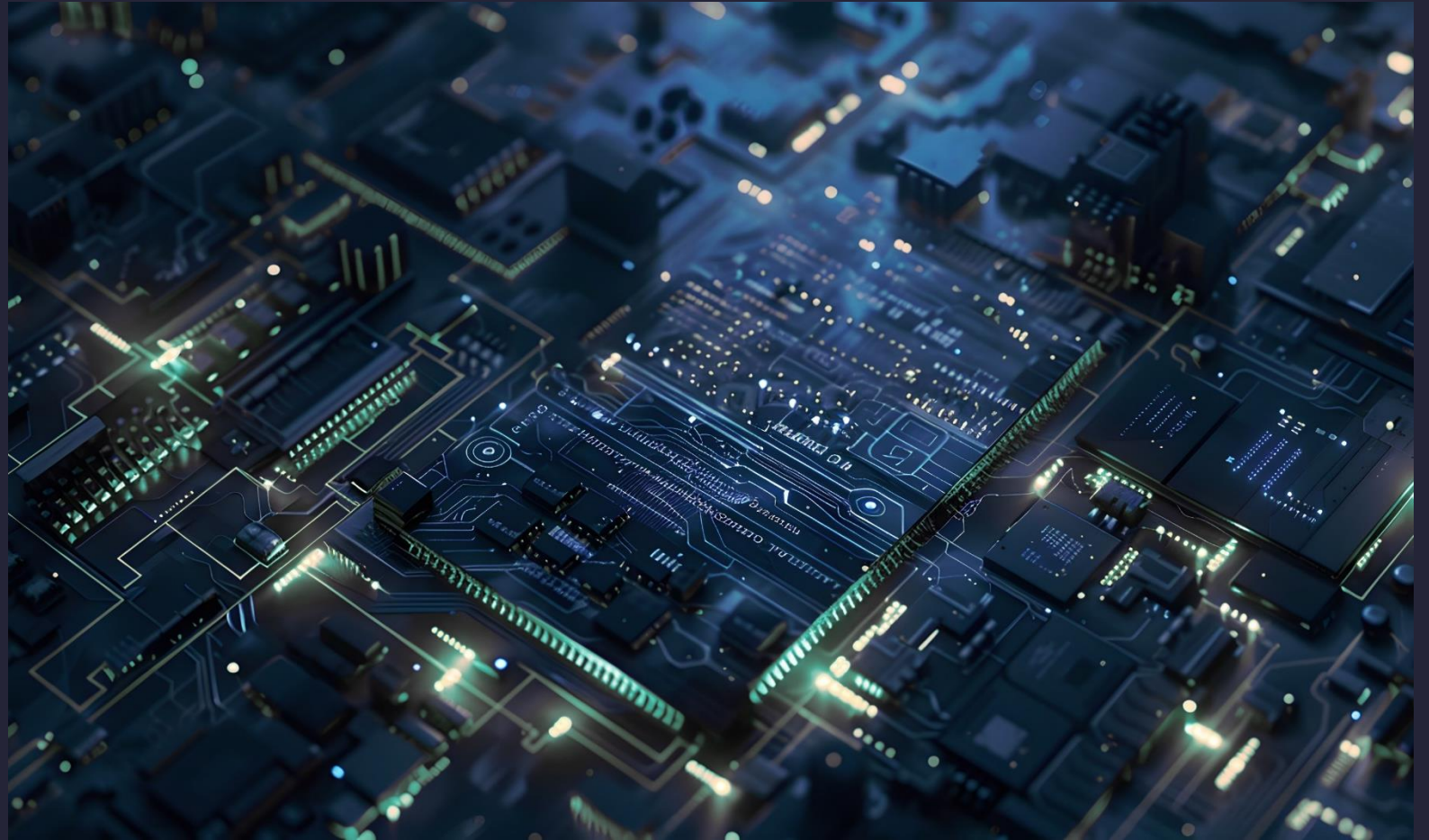
>2x improvement in profile deviation

Growing AI environment

Etch and deposition increasingly critical to addressing complex semiconductor requirements

Exciting breadth of opportunities for Lam – GAA, BSPD, advanced packaging, and dry photoresist

Planning to hold analyst day in February 2025



June quarter 2024 financial results & September quarter 2024 outlook

Doug Bettinger

Executive Vice President and Chief Financial Officer

Fiscal year highlights



FY 2024 REVENUE

\$14.91B

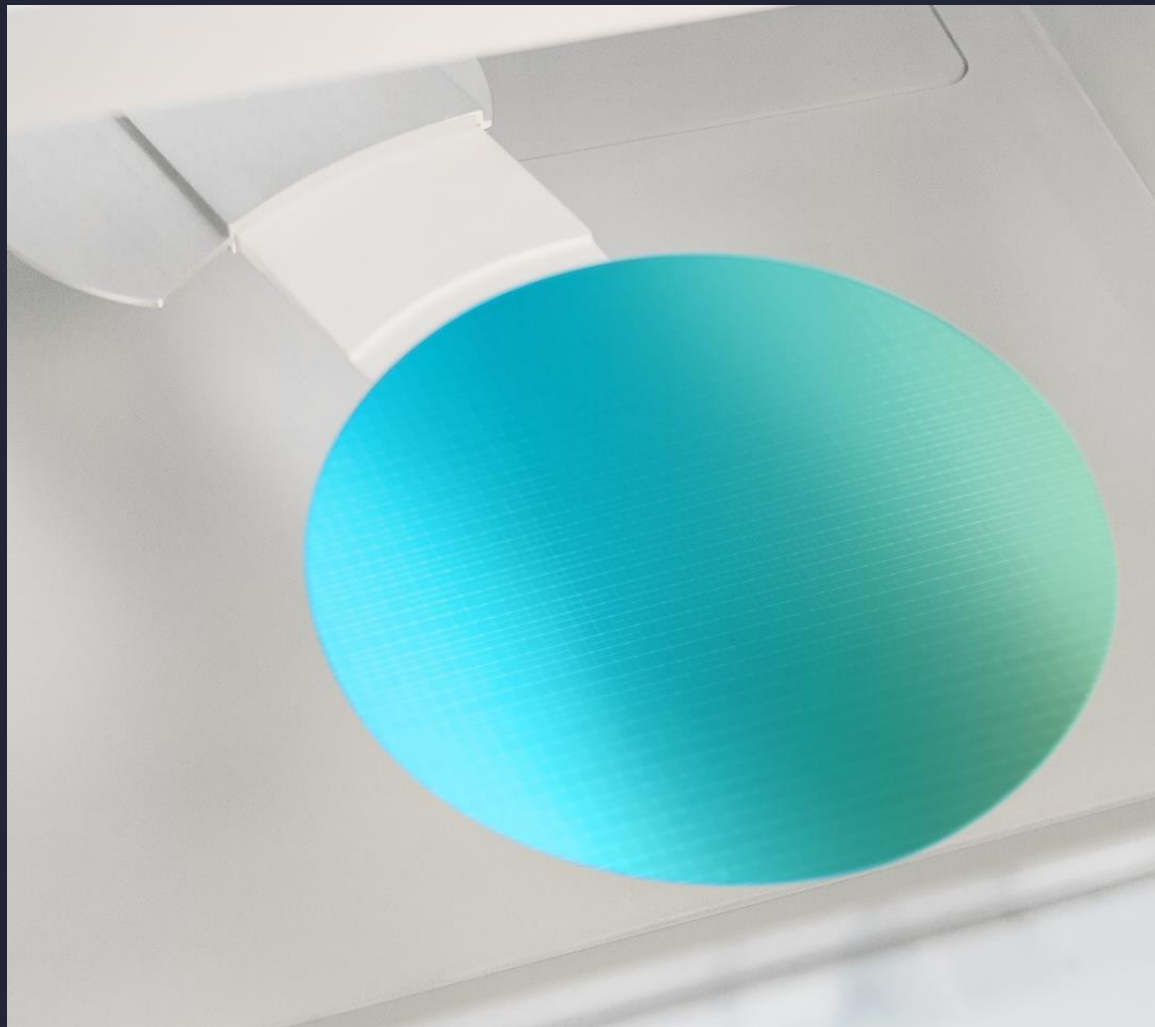
FY 2023 revenue: \$17.43B

FY 2024 GROSS MARGIN*

48.2%

FY 2023 gross margin*: 45.3%

June quarter highlights



QJUN'24 REVENUE

\$3.87B

QMar'24 revenue: \$3.79B

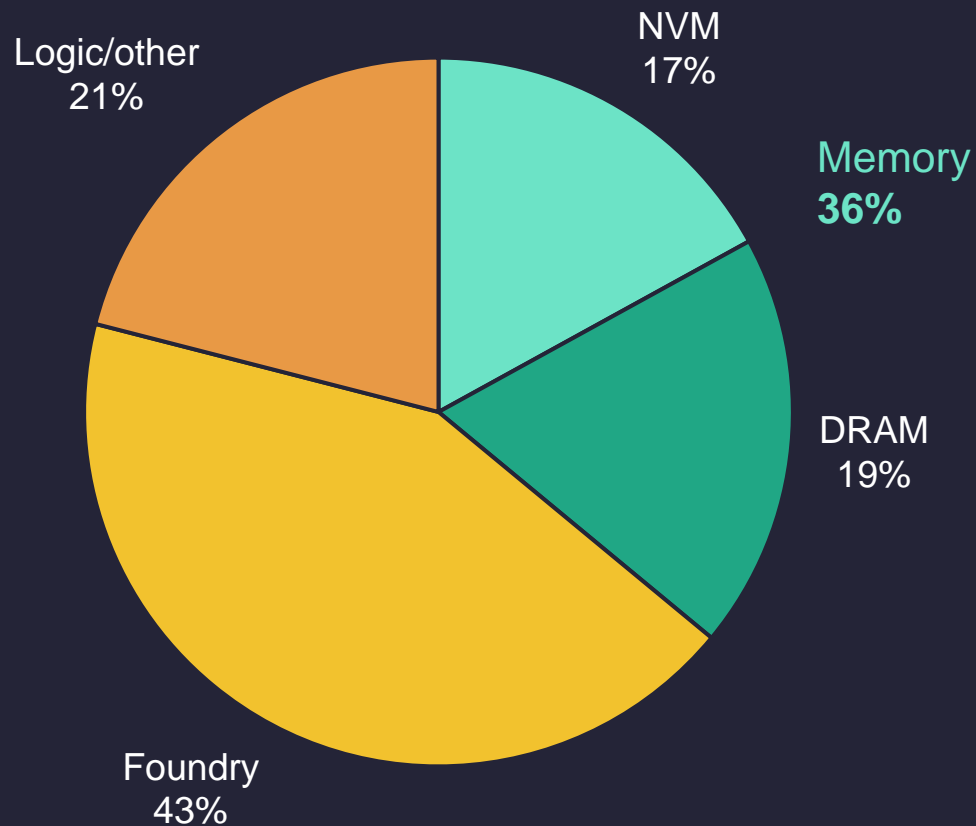
QJUN'24 EARNINGS PER SHARE*

\$8.14

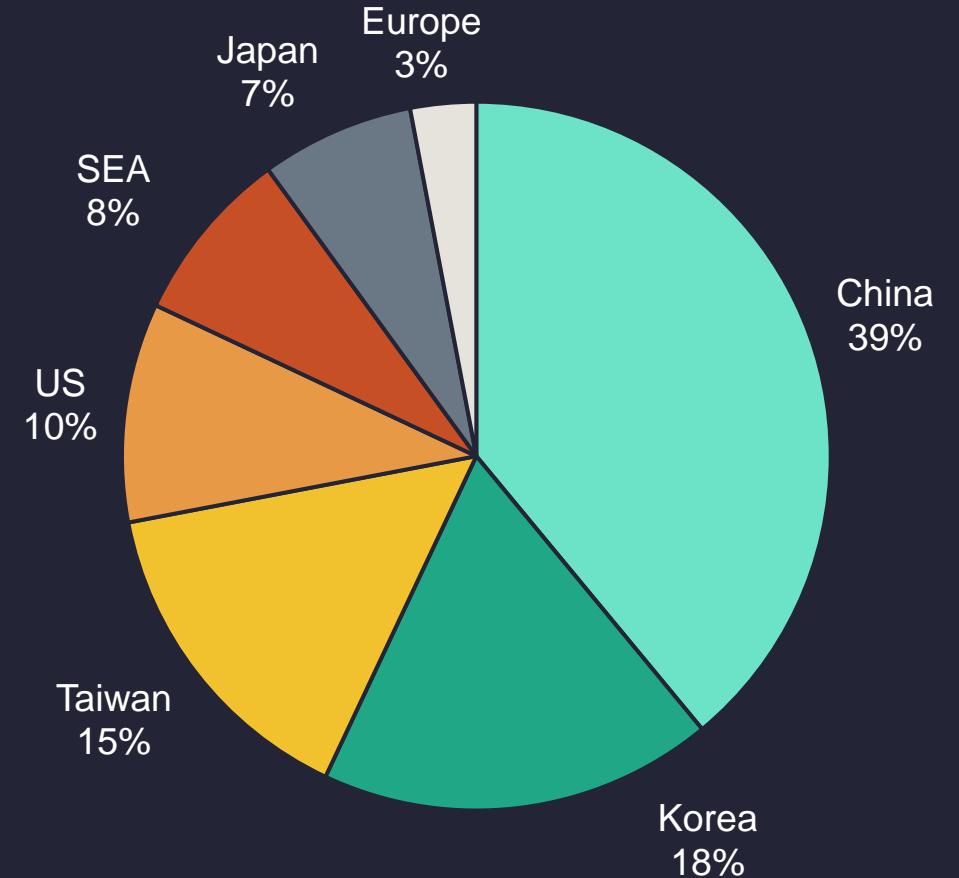
QMar'24 earnings per share*: \$7.79

June quarter revenue mix

SYSTEM REVENUE SEGMENTS*



REVENUE BY REGION



Customer Support Business Group



QJUN'24 CSBG REVENUE

\$1.70B

QMar'24 CSBG revenue: \$1.40B

QJun'23 CSBG revenue: \$1.50B

June quarter financial results

	QJUN'24	QMAR'24
Revenue	\$3,872M	\$3,794M
Non-GAAP Gross Margin*	48.5%	48.7%
Non-GAAP Operating Expenses*	\$689M	\$698M
Non-GAAP Operating Income*	\$1,187M	\$1,150M
Non-GAAP Operating Income as a percentage of Revenue*	30.7%	30.3%
Non-GAAP Other Income (Expense), Net*	\$19M	\$10M
U.S. GAAP Diluted EPS	\$7.78	\$7.34
Non-GAAP Diluted EPS*	\$8.14	\$7.79
Diluted Share Count	131M	132M

Key balance sheet and financial metrics

	QJUN'24	QMAR'24
Total Consolidated Gross Cash Balance	\$5,851M	\$5,674M
Account Receivables, Net	\$2,519M	\$2,204M
Days Sales Outstanding	59 Days	57 Days
Inventories	\$4,218M	\$4,323M
Inventory Turns	1.9	1.8
Deferred Revenue*	\$1,552M	\$1,746M
Capital Expenditures	\$101M	\$104M
Equity Compensation Expense	\$79M	\$77M
Amortization Expense	\$14M	\$15M
Depreciation Expense	\$74M	\$75M
Share Repurchases	\$382M	\$860M
Cash Dividends	\$261M	\$263M
Headcount	~17,200	~17,200

September 2024 quarter guidance



\$4.05B +/- \$300M

Revenue



47.0% +/- 1%

Non-GAAP gross margin*



29.5% +/- 1%

Non-GAAP operating margin*



\$8.00 +/- \$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	
	June 30, 2024	March 31, 2024
U.S. GAAP net income	\$ 1,020,282	\$ 965,826
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	3,076	3,076
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold	2,488	6,963
Restructuring charges - cost of goods sold	5,276	15,202
Transformational costs - cost of goods sold	25,407	13,270
Impairment of long-lived assets - cost of goods sold	—	8,705
EDC related liability valuation increase - research and development	4,479	12,534
Transformational costs - research and development	8,469	4,423
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	770	770
EDC related liability valuation increase - selling, general and administrative	2,986	8,356
Transformational costs - selling, general and administrative	8,469	4,423
Restructuring charges, net - operating expenses	(768)	15,246
Amortization of note discounts - other income (expense), net	759	753
Gain on EDC related asset - other income (expense), net	(9,643)	(26,495)
Net income tax benefit on non-GAAP items	(5,160)	(8,846)
Non-GAAP net income	\$ 1,066,890	\$ 1,024,206
Non-GAAP net income per diluted share	\$ 8.14	\$ 7.79
U.S. GAAP net income per diluted share	\$ 7.78	\$ 7.34
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	131,112	131,518

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		Twelve Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2024	June 25, 2023
U.S. GAAP gross margin	\$ 1,840,098	\$ 1,800,536	\$ 7,052,791	\$ 7,776,925
Pre-tax non-GAAP items:				
Amortization related to intangible assets acquired through certain business combinations	3,076	3,076	11,932	10,158
EDC related liability valuation increase	2,488	6,963	15,352	5,521
Restructuring charges, net	5,276	15,202	43,375	78,166
Product rationalization	—	—	—	13,459
Transformational costs	25,407	13,270	51,799	2,192
Impairment of long-lived assets	—	8,705	8,705	—
Non-GAAP gross margin	<u>\$ 1,876,345</u>	<u>\$ 1,847,752</u>	<u>\$ 7,183,954</u>	<u>\$ 7,886,421</u>
U.S. GAAP gross margin as a percentage of revenue	47.5 %	47.5 %	47.3 %	44.6 %
Non-GAAP gross margin as a percentage of revenue	48.5 %	48.7 %	48.2 %	45.3 %
U.S. GAAP operating expenses	\$ 713,538	\$ 743,424		
Pre-tax non-GAAP items:				
Amortization related to intangible assets acquired through certain business combinations	(770)	(770)		
EDC related liability valuation increase	(7,465)	(20,890)		
Restructuring charges, net	768	(15,246)		
Transformational costs	(16,938)	(8,846)		
Non-GAAP operating expenses	<u>\$ 689,133</u>	<u>\$ 697,672</u>		
U.S. GAAP operating income	<u>\$ 1,126,560</u>	<u>\$ 1,057,112</u>		
Non-GAAP operating income	<u>\$ 1,187,212</u>	<u>\$ 1,150,080</u>		
U.S. GAAP operating income as percent of revenue	29.1 %	27.9 %		
Non-GAAP operating income as a percent of revenue	30.7 %	30.3 %		

Appendix – reconciliation

Reconciliation of U.S. GAAP Other Income (Expense), Net to Non-GAAP Other Income (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 30, 2024	March 31, 2024
\$ 27,796	\$ 36,073
759	753
(9,643)	(26,495)
<u>\$ 18,912</u>	<u>\$ 10,331</u>

Appendix – reconciliation

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

	Twelve Months Ended
	June 30, 2024
U.S. GAAP net cash provided by operating activities	\$ 4,652,269
U.S. GAAP cash used for capital expenditures and intangible assets	(396,670)
Total free cash flow	<u>\$ 4,255,599</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, net - cost of goods sold

Transformational costs - cost of goods sold

Impairment of long-lived assets - cost of goods sold

EDC related liability valuation increase - research and development

Transformational costs - 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

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

Non-GAAP income tax expense

Non-GAAP income tax rate

Three Months Ended	
June 30, 2024	March 31, 2024
\$ 1,154,356	\$ 1,093,185
\$ 134,074	\$ 127,359
11.6 %	11.7 %
\$ 3,076	\$ 3,076
2,488	6,963
5,276	15,202
25,407	13,270
—	8,705
4,479	12,534
8,469	4,423
770	770
2,986	8,356
8,469	4,423
(768)	15,246
759	753
(9,643)	(26,495)
\$ 1,206,124	\$ 1,160,411
\$ 5,160	\$ 8,846
\$ 139,234	\$ 136,205
11.5 %	11.7 %

Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the
Quarter Ended September 29, 2024

	U.S. GAAP			Reconciling Items	Non-GAAP		
	\$4.05 Billion	+/-	\$300 Million	—	\$4.05 Billion	+/-	\$300 Million
Revenue							
Gross margin as a percentage of revenue	46.9%	+/-	1%	\$ 3.1 Million	47.0%	+/-	1%
Operating income as a percentage of revenue	29.4%	+/-	1%	\$ 3.8 Million	29.5%	+/-	1%
Net income per diluted share	\$7.97	+/-	\$0.75	\$ 4.3 Million	\$8.00	+/-	\$0.75
Diluted share count	131 million			—	131 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 - amortization related to intangible assets acquired through business combinations, \$3.1 million.
- Operating income as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$3.8 million.
- Net income per diluted share - amortization related to intangible assets acquired through business combinations, \$3.8 million; amortization of debt discounts, \$0.8 million; and associated tax benefit for non-GAAP items (\$0.3 million); totaling \$4.3 million.

