

Lam Research Corporation

December quarter 2024 financial results

January 29, 2025



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 30, 2024 and our quarterly report on Form 10-Q for the fiscal quarter ended September 29, 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

\$16.2B
REVENUE*

\$2.0B
R&D*

~18,300
EMPLOYEES
As of December 29, 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 Admired Companies
Fortune

World's Most Ethical Companies
Ethisphere

Best Places to Work For LGBTQ+ Equality
Human Rights Campaign

America's Best Employers for Diversity
Forbes

Dow Jones Sustainability Index
North America
S&P Global

Business review & industry outlook

Tim Archer

President and Chief Executive Officer

Solid performance in CY 2024

GROWING INSTALLED BASE UNITS



December quarter revenue, profitability* metrics and EPS* above guidance midpoints



CY 2024 WFE in mid-\$90Bs range, in line with our prior guidance



Record CY 2024 system revenues in both DRAM and Foundry/Logic

Lam & WFE outlook

WFE to rise slightly
in CY 2025 to
~\$100B while Lam
to grow faster

Benefitting from technology inflections
in DRAM and Foundry/Logic, as well as
upgrade-focused NAND environment

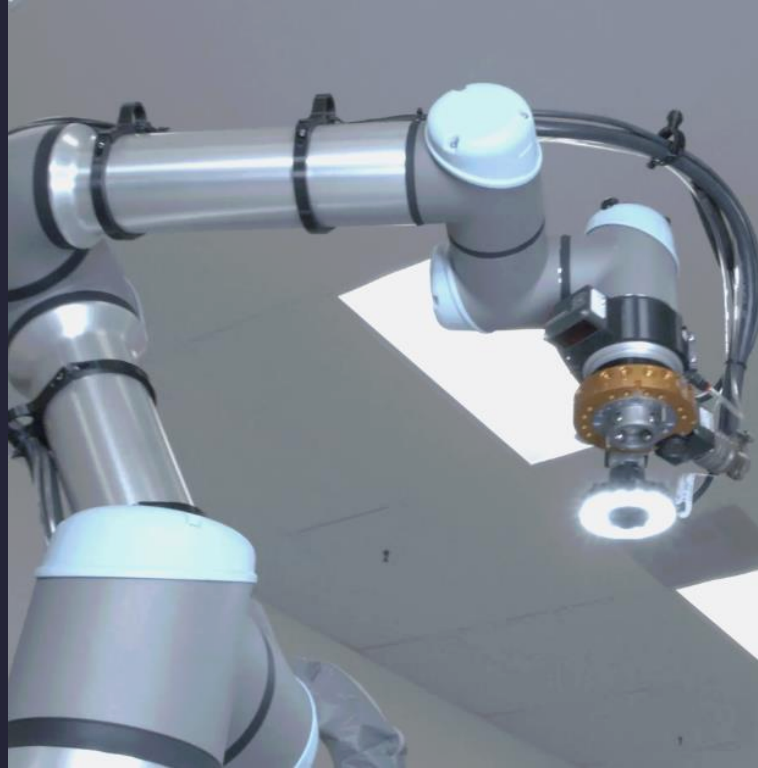
- + Lam's shipments to GAA nodes and advanced packaging combined expected to be over \$3B in CY 2025
- + Lam Cryo™ 3.0 delivering best-in-class results in HAR dielectric etch applications on our latest Vantex® CX+ product
- + Aether® dry resist selected as PTOR for high-bandwidth DRAM at a leading memory customer
- + Moly + carbon gapfill adoption to drive several hundred million dollars in NAND shipments for Lam in CY 2025

Strategic investments in R&D, scaling & innovation process transformation



Semiverse™ Solutions

Differentiating beyond
process technology



CSBG

Innovating with Equipment
Intelligence® solutions and in-fab
automation



Asia operations

Improving responsiveness
and profitability



Lam is in a strong position entering 2025

Deposition & etch
are increasingly vital
to semiconductor
manufacturing

December quarter 2024 financial results & March quarter 2025 outlook

Doug Bettinger

Executive Vice President and Chief Financial Officer

Calendar year highlights



CY 2024 REVENUE

\$16.2B

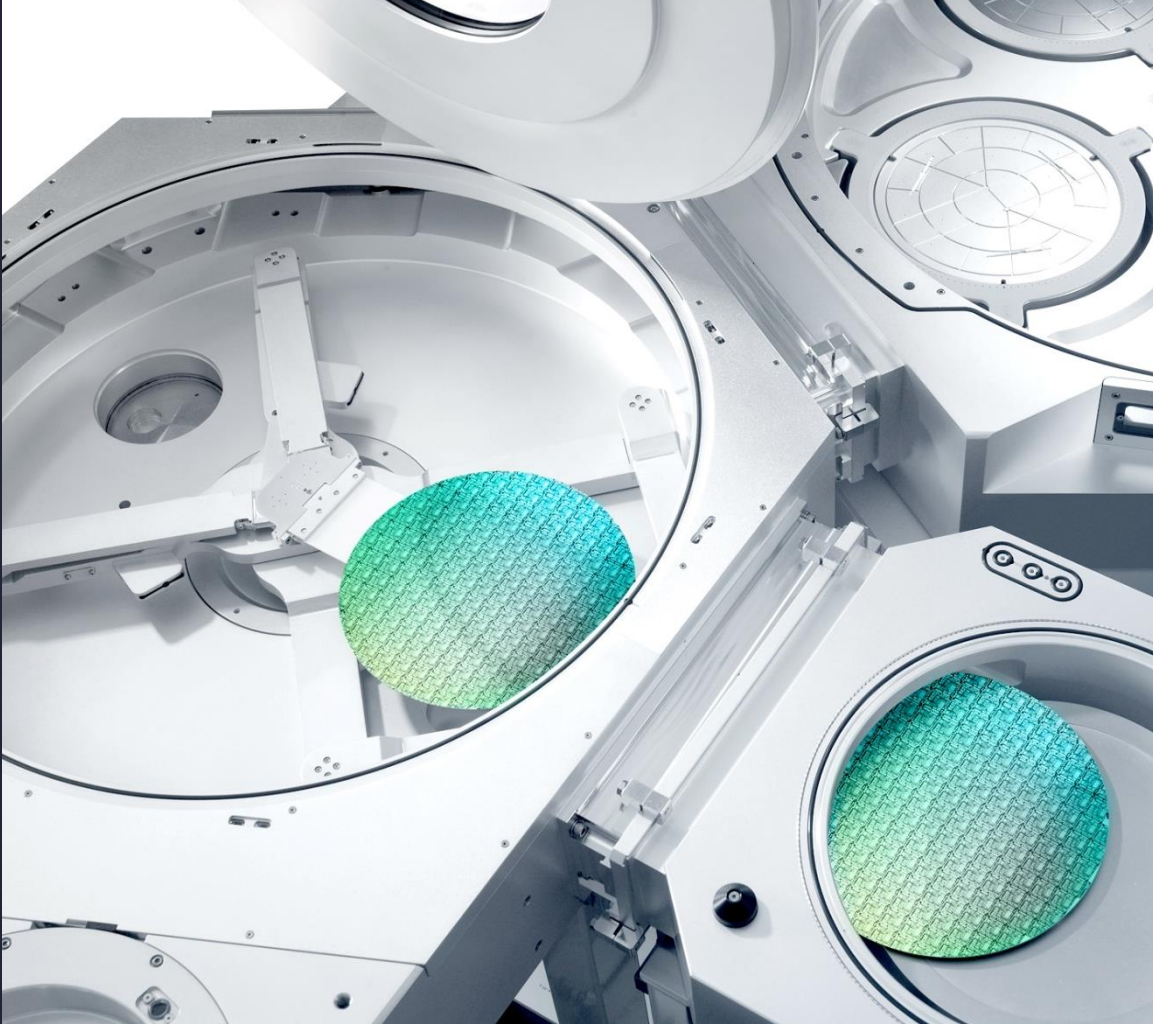
CY 2023 revenue: \$14.3B

CY 2024 EARNINGS PER SHARE*

\$3.36

CY 2023 earnings per share*: \$2.73

December quarter highlights



QDEC'24 REVENUE

\$4.38B

QSep'24 revenue: \$4.17B

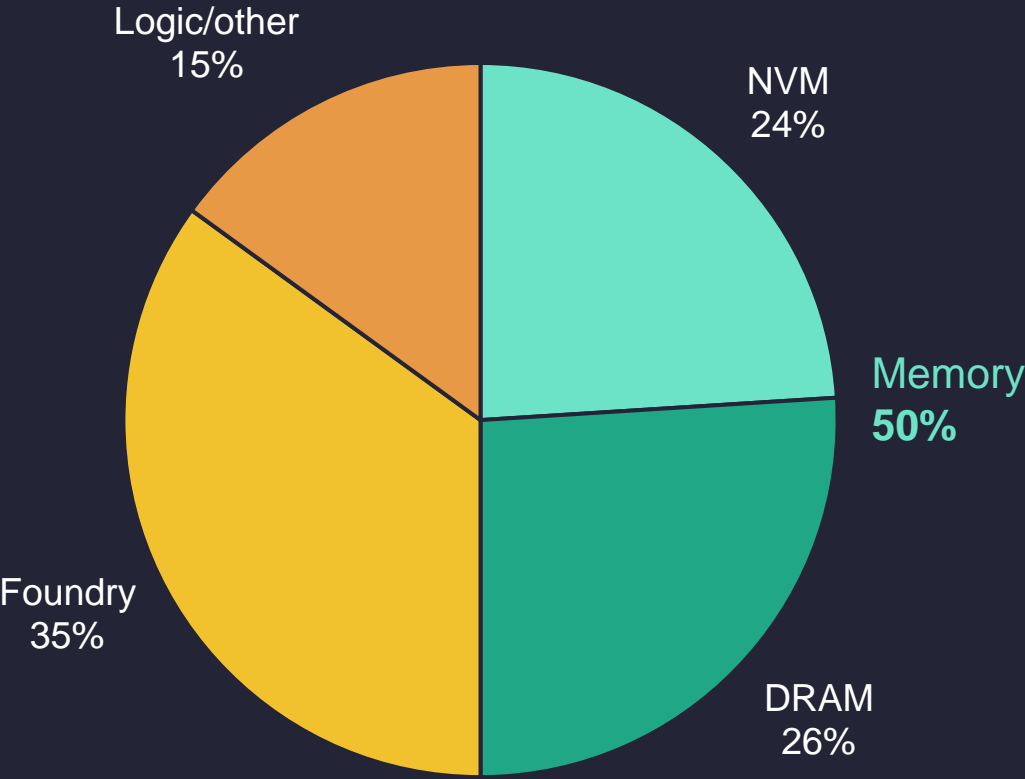
QDEC'24 EARNINGS PER SHARE*

\$0.91

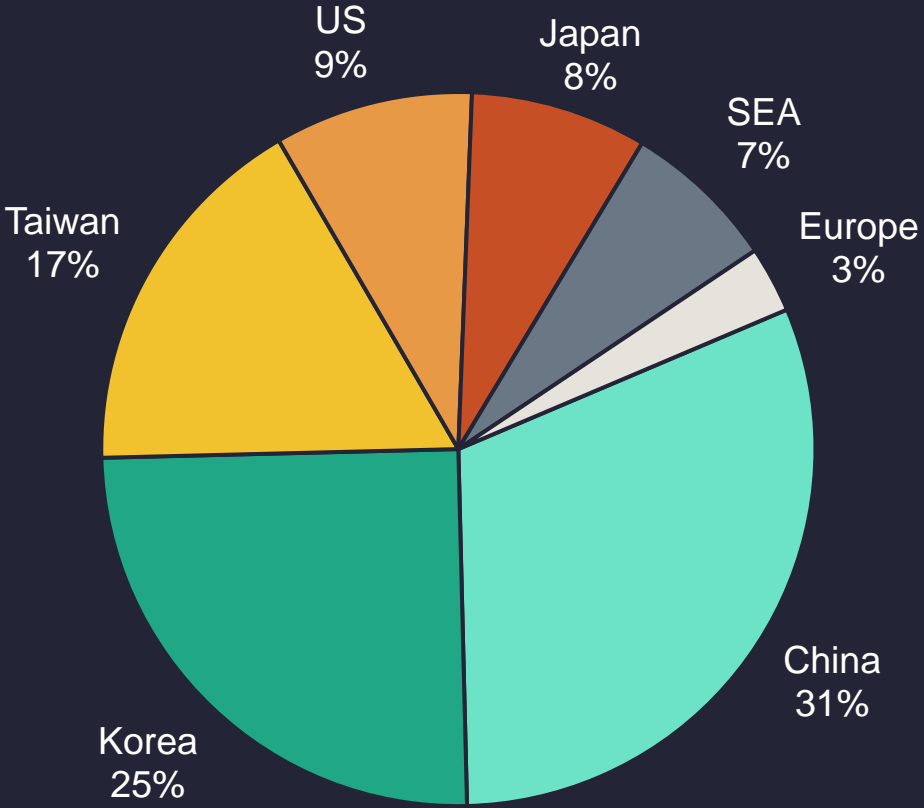
QSep'24 earnings per share*: \$0.86

December quarter revenue mix

SYSTEM REVENUE SEGMENTS*



REVENUE BY REGION



Customer Support Business Group



QDEC'24 CSBG REVENUE

\$1.75B

QSep'24 CSBG revenue: \$1.78B

QDec'23 CSBG revenue: \$1.46B

December quarter financial results

| | QDEC'24 | QSEP'24 |
|---|-----------------|----------|
| Revenue | \$4,376M | \$4,168M |
| Non-GAAP Gross Margin* | 47.5% | 48.2% |
| Non-GAAP Operating Expenses* | \$735M | \$722M |
| Non-GAAP Operating Income* | \$1,343M | \$1,287M |
| Non-GAAP Operating Income as a percentage of Revenue* | 30.7% | 30.9% |
| Non-GAAP Other Income (Expense), Net* | \$11M | \$13M |
| U.S. GAAP Diluted EPS | \$0.92 | \$0.86 |
| Non-GAAP Diluted EPS* | \$0.91 | \$0.86 |
| Diluted Share Count | 1,291M | 1,304M |

Key balance sheet and financial metrics

| | QDEC'24 | QSEP'24 |
|---------------------------------------|----------|----------|
| Total Consolidated Gross Cash Balance | \$5,677M | \$6,072M |
| Account Receivables, Net | \$3,305M | \$2,937M |
| Days sales outstanding | 69 Days | 64 Days |
| Inventories | \$4,358M | \$4,210M |
| Inventory Turns | 2.1 | 2.1 |
| Deferred Revenue* | \$2,032M | \$2,047M |
| Capital Expenditures | \$188M | \$111M |
| Equity Compensation Expense | \$82M | \$80M |
| Amortization Expense | \$13M | \$14M |
| Depreciation Expense | \$83M | \$80M |
| Share Repurchases | \$650M | \$1,004M |
| Cash Dividends | \$298M | \$261M |
| Headcount | ~18,300 | ~17,700 |

March 2025 quarter guidance



\$4.65B +/- \$300M

Revenue



48.0% +/- 1%

Non-GAAP gross margin*



32.0% +/- 1%

Non-GAAP operating margin*



\$1.00 +/- \$0.10

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 | |
|--|----------------------|-----------------------|
| | December 29, 2024 | September 29, 2024 |
| U.S. GAAP net income | \$ 1,191,018 | \$ 1,116,444 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations - cost of goods sold | 2,817 | 3,076 |
| Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold | 1,353 | 3,263 |
| EDC related liability valuation increase - research and development | 2,432 | 8,136 |
| Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative | 538 | 692 |
| EDC related liability valuation increase - selling, general and administrative | 1,626 | 7,510 |
| Amortization of note discounts - other income (expense), net | 772 | 765 |
| Gain on EDC related asset - other income (expense), net | (4,502) | (17,420) |
| Net income tax benefit on non-GAAP items | (276) | (959) |
| Income tax benefit from a change in tax law | (20,778) | — |
| Non-GAAP net income | <u>\$ 1,175,000</u> | <u>\$ 1,121,507</u> |
| Non-GAAP net income per diluted share | \$ 0.91 | \$ 0.86 |
| U.S. GAAP net income per diluted share | \$ 0.92 | \$ 0.86 |
| U.S. GAAP and non-GAAP number of shares used for per diluted share calculation | 1,291,469 | 1,304,066 |

Appendix – reconciliation

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

U.S. GAAP net income

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

Product rationalization - 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

Product rationalization - 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 income (expense), net

Net income tax benefit on non-GAAP items

Income tax benefit on the conclusion of certain tax matters

Income tax benefit from a change in tax law

Non-GAAP net income

Non-GAAP net income per diluted share

U.S. GAAP net income per diluted share

U.S. GAAP and non-GAAP number of shares used for per diluted share calculation

U.S. GAAP and non-GAAP revenue

| Twelve Months Ended | |
|----------------------|----------------------|
| December 29, 2024 | December 24, 2023 |
| \$ 4,293,570 | \$ 3,458,209 |
| 12,045 | 11,966 |
| 14,067 | 11,687 |
| 20,478 | 101,063 |
| — | 13,459 |
| 38,677 | 15,314 |
| 8,705 | — |
| 27,581 | 21,037 |
| — | 63 |
| 12,892 | — |
| 2,770 | 4,746 |
| 20,478 | 14,025 |
| 12,892 | 31,057 |
| 14,478 | 45,859 |
| 3,049 | 3,205 |
| (58,060) | (44,671) |
| (15,241) | (27,608) |
| — | (3,079) |
| (20,778) | — |
| \$ 4,387,603 | \$ 3,656,332 |
| \$ 3.36 | \$ 2.73 |
| \$ 3.29 | \$ 2.58 |
| 1,305,641 | 1,337,933 |
| \$ 16,209,088 | \$ 14,317,147 |

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 29, 2024 | September 29, 2024 |
| U.S. GAAP gross margin | \$ 2,072,981 | \$ 2,002,683 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations | 2,817 | 3,076 |
| EDC related liability valuation increase | 1,353 | 3,263 |
| Non-GAAP gross margin | \$ 2,077,151 | \$ 2,009,022 |
| U.S. GAAP gross margin as a percentage of revenue | 47.4 % | 48.0 % |
| Non-GAAP gross margin as a percentage of revenue | 47.5 % | 48.2 % |
| U.S. GAAP operating expenses | \$ 739,097 | \$ 738,486 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations | (538) | (692) |
| EDC related liability valuation increase | (4,058) | (15,646) |
| Non-GAAP operating expenses | \$ 734,501 | \$ 722,148 |
| U.S. GAAP operating income | \$ 1,333,884 | \$ 1,264,197 |
| Non-GAAP operating income | \$ 1,342,650 | \$ 1,286,874 |
| U.S. GAAP operating income as percent of revenue | 30.5 % | 30.3 % |
| Non-GAAP operating income as a percent of revenue | 30.7 % | 30.9 % |

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)

| | Twelve Months Ended | |
|--|----------------------|----------------------|
| | December 29, 2024 | December 24, 2023 |
| U.S. GAAP gross margin | \$ 7,716,298 | \$ 6,475,898 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations | 12,045 | 11,966 |
| EDC related liability valuation increase | 14,067 | 11,687 |
| Restructuring charges, net | 20,478 | 101,063 |
| Product rationalization | — | 13,459 |
| Transformational costs | 38,677 | 15,314 |
| Impairment of long-lived assets | 8,705 | — |
| Non-GAAP gross margin | \$ 7,810,270 | \$ 6,629,387 |
| U.S. GAAP gross margin as a percentage of revenue | 47.6 % | 45.2 % |
| Non-GAAP gross margin as a percentage of revenue | 48.2 % | 46.3 % |
| U.S. GAAP operating expenses | \$ 2,934,545 | \$ 2,598,799 |
| Pre-tax non-GAAP items: | | |
| Amortization related to intangible assets acquired through certain business combinations | (2,770) | (4,746) |
| EDC related liability valuation increase | (48,059) | (35,062) |
| Restructuring charges, net | (14,478) | (45,859) |
| Product rationalization | — | (63) |
| Transformational costs | (25,784) | (31,057) |
| Non-GAAP operating expenses | \$ 2,843,454 | \$ 2,482,012 |
| U.S. GAAP operating income | \$ 4,781,753 | \$ 3,877,099 |
| Non-GAAP operating income | \$ 4,966,816 | \$ 4,147,375 |
| U.S. GAAP operating income as percent of revenue | 29.5 % | 27.1 % |
| Non-GAAP operating income as a percent of revenue | 30.6 % | 29.0 % |

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 | |
|----------------------|-----------------------|
| December 29, 2024 | September 29, 2024 |
| \$ 14,262 | \$ 30,081 |
| 772 | 765 |
| (4,502) | (17,420) |
| <u>\$ 10,532</u> | <u>\$ 13,426</u> |

Appendix – reconciliation

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

U.S. GAAP net cash provided by operating activities
U.S. GAAP cash used for capital expenditures and intangible assets
Total free cash flow

| Twelve Months Ended December 29, 2024 | |
|--|-----------|
| \$ | 4,557,679 |
| | (503,339) |
| \$ | 4,054,340 |

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

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 income (expense), net

Gain on EDC related asset - other income (expense), net

Non-GAAP income before taxes

Net income tax benefit on non-GAAP items

Income tax benefit from a change in tax law

Non-GAAP income tax expense

Non-GAAP income tax rate

| Three Months Ended | |
|----------------------|-----------------------|
| December 29, 2024 | September 29, 2024 |
| \$ 1,348,146 | \$ 1,294,278 |
| \$ 157,128 | \$ 177,834 |
| 11.7 % | 13.7 % |
| \$ 2,817 | \$ 3,076 |
| 1,353 | 3,263 |
| 2,432 | 8,136 |
| 538 | 692 |
| 1,626 | 7,510 |
| 772 | 765 |
| (4,502) | (17,420) |
| \$ 1,353,182 | \$ 1,300,300 |
| \$ 276 | \$ 959 |
| \$ 20,778 | \$ — |
| \$ 178,182 | \$ 178,793 |
| 13.2 % | 13.8 % |

Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the
quarter ended March 30, 2025

| | U.S. GAAP | | | Reconciling Items | Non-GAAP | | |
|---|----------------|-----|---------------|-------------------|----------------|-----|---------------|
| | \$4.65 Billion | +/- | \$300 Million | — | \$4.65 Billion | +/- | \$300 Million |
| Revenue | | | | | | | |
| Gross margin as a percentage of revenue | 47.9% | +/- | 1% | \$ 2.8 Million | 48.0% | +/- | 1% |
| Operating income as a percentage of revenue | 31.9% | +/- | 1% | \$ 3.4 Million | 32.0% | +/- | 1% |
| Net income per diluted share | \$1.00 | +/- | \$0.10 | \$ 3.9 Million | \$1.00 | +/- | \$0.10 |
| Diluted share count | 1.29 Billion | | | — | 1.29 Billion | | |

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, \$2.8 million.
- Operating income as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$3.4 million.
- Net income per diluted share - amortization related to intangible assets acquired through business combinations, \$3.4 million; amortization of debt discounts, \$0.8 million; and associated tax benefit for non-GAAP items (\$0.3 million); totaling \$3.9 million.

