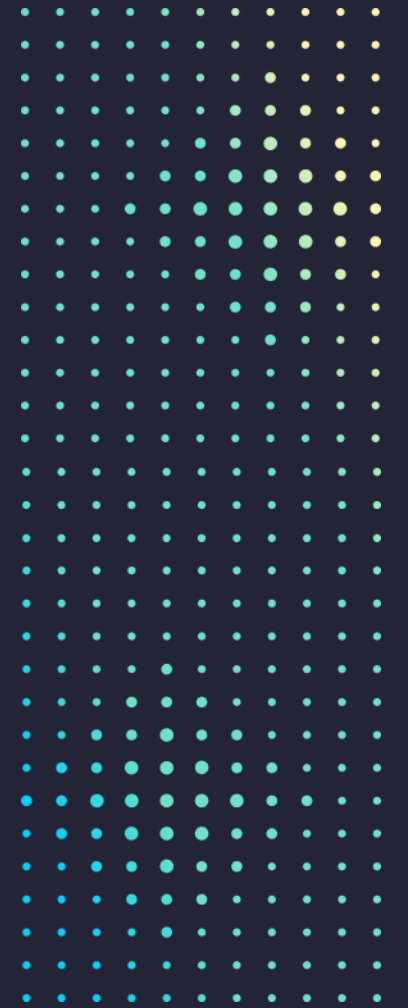


Lam Research Corporation

December quarter 2022 financial results

January 25, 2023



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; 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 are expected to continue to impact our profitability; supply chain disruptions or manufacturing capacity constraints may limit our ability to manufacture and sell our products; 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 and our quarterly report on Form 10-Q for the quarter ended September 25, 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

\$19.0B
REVENUE*

\$1.7B
R&D*

~19,200
EMPLOYEES
As of December 25, 2022

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

Best Places to Work For LGBTQ+ Equality
Human Rights Campaign

America's Most Responsible Companies
Newsweek

100 Most Sustainable U.S. Companies
Barron's

World's Top Female-Friendly
Companies
Forbes

Dow Jones Sustainability Index
North America
S&P Global

Business review & industry outlook

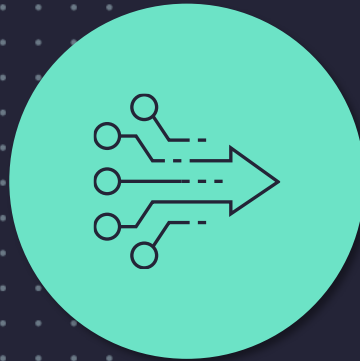
Tim Archer

President and Chief Executive Officer

December quarter & CY 2022 takeaways



Record revenues and EPS for December quarter and CY 2022; delivered \$3.5B in CY 2022 cash from operations



Executed well amid acute supply chain constraints and inflationary pressures



Substantially weaker demand environment in 2023 – making prudent changes to our near-term operations and priorities

WFE outlook



CY 2022 in mid \$90B range; CY 2023 expected to decline to mid \$70B range

Customers across all segments are exercising caution, especially those in the memory markets

NAND and DRAM customers reducing capacity additions and lowering fab utilization to bring excess inventories into balance quickly

China restrictions pose additional headwind

Lam cost structure and efficiency initiatives to position for return of strong WFE demand



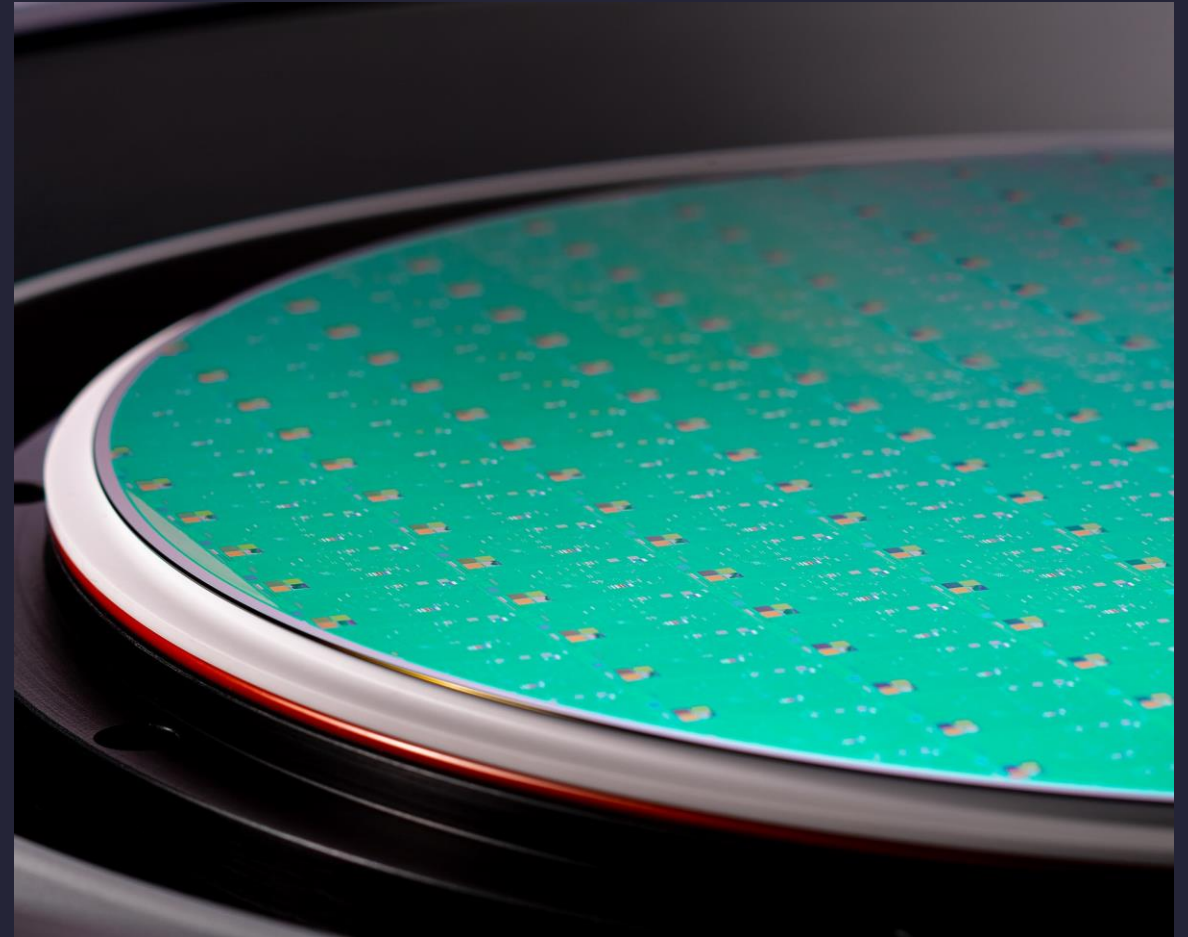
Reducing global employee base by 1,300 (~7%) in the March quarter



Reducing overall spending but preserving critical R&D

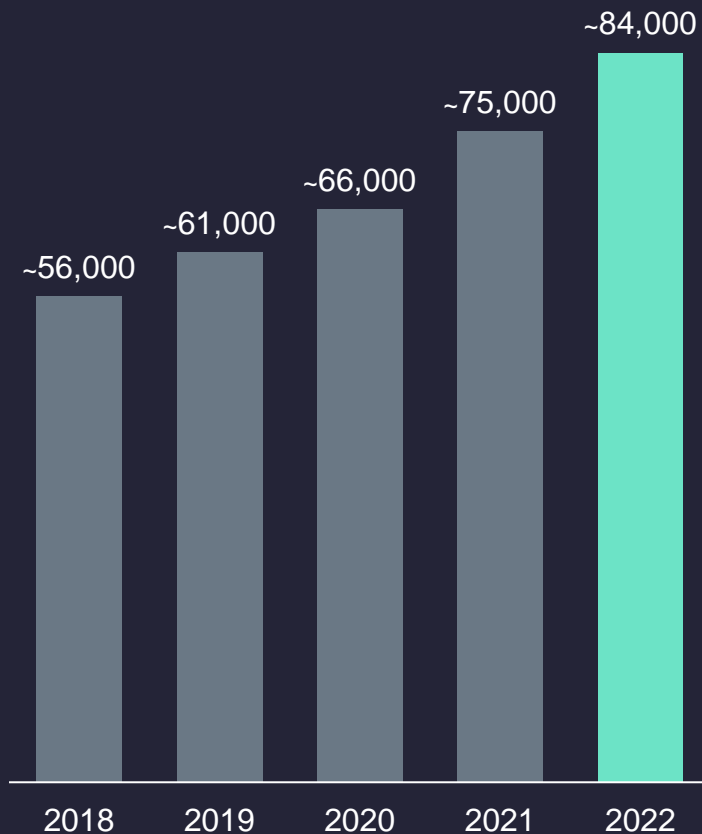


Transforming processes and systems to scale quickly and efficiently



Positioning to capitalize on long-term demand trends

Growing installed base units



Diversifying **global footprint** places critical capabilities closer to customers, broadens access to world-class talent

- State-of-the-art engineering center in India, technology development center in Korea, and manufacturing operation in Malaysia

Growing **installed base** – ended CY 2022 with ~84,000 chambers

- CSBG is driving fab productivity improvements

Focusing on technology inflections, notably in **foundry-logic** devices

- Doubled conductor etch share node to node at a leading foundry-logic customer; increasing traction with selective etch product portfolio

Increasing our market opportunity with **dry resist** and **SEMSYSCO**

- New customer wins in both markets

Emerging stronger

Lam executing well in a challenging environment

Making changes during market reset to accelerate strategic priorities

Putting Lam in a stronger position to capitalize when industry spending growth returns



December quarter 2022 financial results & March quarter 2023 outlook

Doug Bettinger

Executive Vice President and Chief Financial Officer

Calendar year highlights



CY 2022 REVENUE

\$19.0B

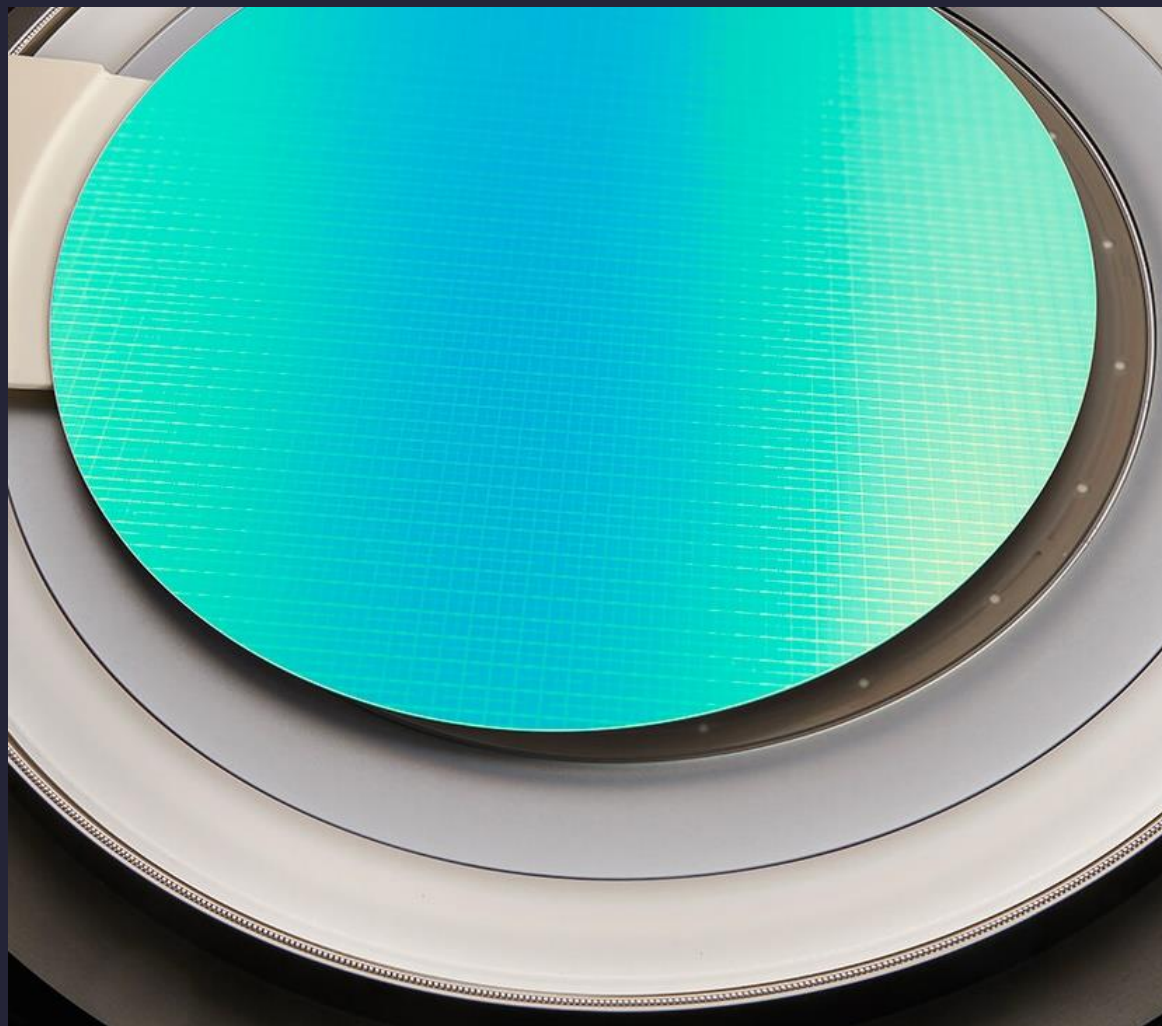
CY 2021 revenue: \$16.5B

CY 2022 EARNINGS PER SHARE*

\$37.31

CY 2021 EPS*: \$32.46

December quarter highlights



QDEC'22 REVENUE

\$5.28B

QSep'22 revenue: \$5.07B

QDEC'22 DEFERRED REVENUE*

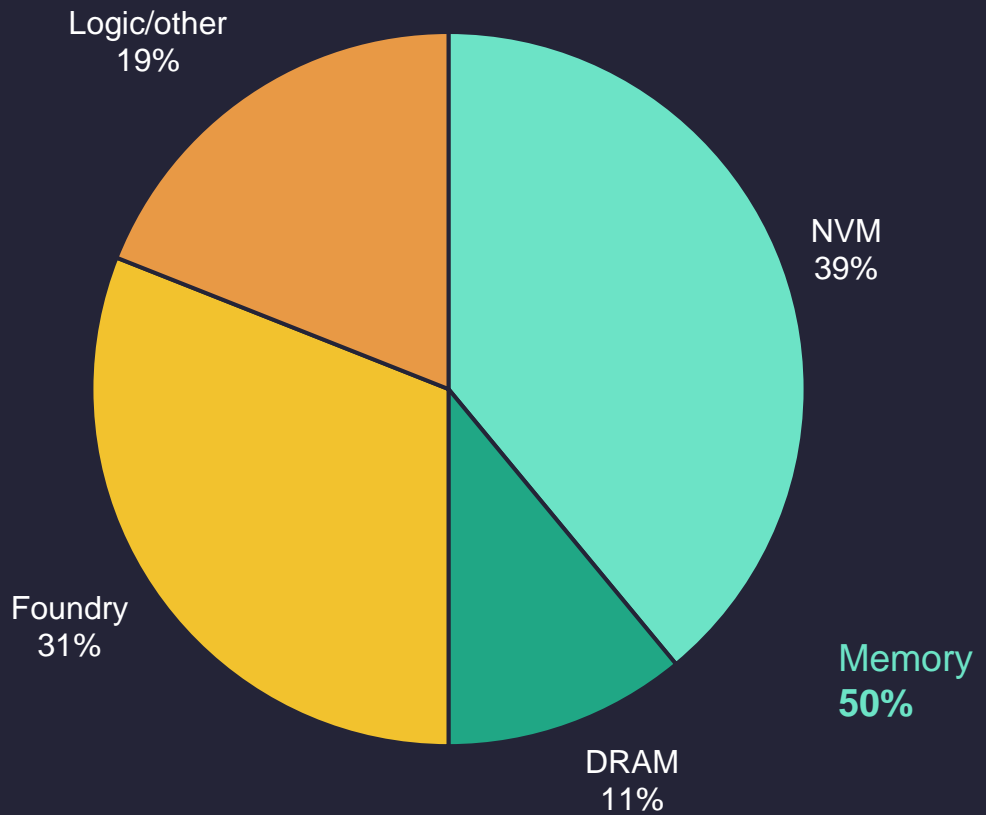
\$2.0B

QSep'22 deferred revenue: \$2.75B

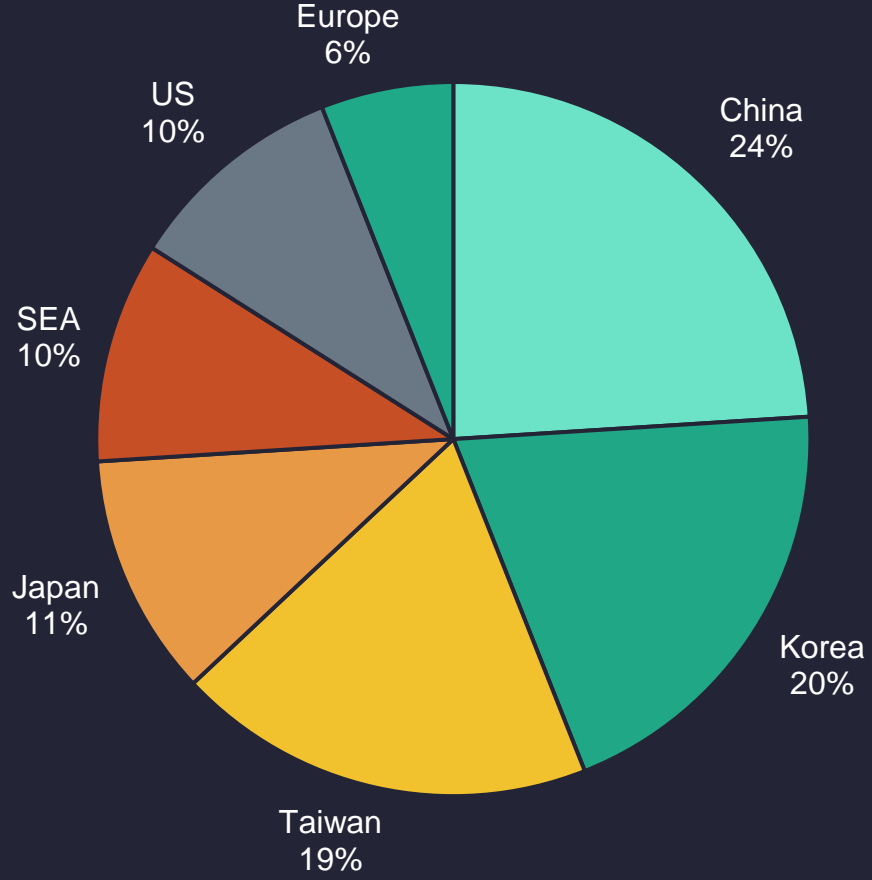
December quarter revenue mix

Record level of logic/other revenue dollars

System revenue segments*



REVENUE BY REGION



Customer Support Business Group



QDEC'22 CSBG REVENUE

\$1.73B

QSep'22 CSBG revenue: \$1.89B

QDec'21 CSBG revenue: \$1.49B

December quarter financial results

	QDEC'22	QSEP'22
Revenue	\$5,278M	\$5,074M
Non-GAAP Gross Margin*	45.1%	46.0%
Non-GAAP Operating Expenses*	\$686M	\$647M
Non-GAAP Operating Income*	\$1,695M	\$1,688M
Non-GAAP Operating Income as a percentage of Revenue*	32.1%	33.3%
Non-GAAP Other Expense, Net*	\$38M	\$30M
U.S. GAAP Diluted EPS	\$10.77	\$10.39
Non-GAAP Diluted EPS*	\$10.71	\$10.42
Diluted Share Count	136M	137M

Key balance sheet and financial metrics

	QDEC'22	QSEP'22
Total Consolidated Gross Cash Balance	\$4,839M	\$4,628M
Account Receivables, Net	\$4,070M	\$4,570M
DSO	70 Days	82 Days
Inventories	\$4,820M	\$4,360M
Inventory Turns	2.4	2.5
Deferred Revenue*	\$1,984M	\$2,755M
Capital Expenditures	\$163M	\$140M
Equity Compensation Expense	\$73M	\$71M
Amortization Expense	\$12M	\$12M
Depreciation Expense	\$73M	\$64M
Share Repurchases	\$483M	\$105M
Cash Dividends	\$236M	\$206M
Headcount	~19,200	~18,700

March 2023 quarter guidance



\$3.8B +/- \$300M

Revenue



44.0% +/- 1%

Non-GAAP gross margin



27.5% +/- 1%

Non-GAAP operating margin



\$6.50 +/- \$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	
	December 25, 2022	September 25, 2022
U.S. GAAP net income	\$ 1,468,507	\$ 1,425,879
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	2,521	1,451
Elective deferred compensation ("EDC") related liability valuation increase (decrease) - cost of goods sold	2,853	(3,118)
EDC related liability valuation increase (decrease) - research and development	5,136	(5,612)
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	1,279	1,110
EDC related liability valuation increase (decrease) - selling, general and administrative	3,424	(3,742)
Amortization of note discounts - other income (expense), net	712	707
(Gain) loss on EDC related asset - other income (expense), net	(10,871)	12,726
Net income tax (benefit) expense on non-GAAP items	(1,213)	94
Net income tax benefit associated with legal entity restructuring	(11,773)	—
Non-GAAP net income	<u>\$ 1,460,575</u>	<u>\$ 1,429,495</u>
Non-GAAP net income per diluted share	<u>\$ 10.71</u>	<u>\$ 10.42</u>
U.S. GAAP net income per diluted share	<u>\$ 10.77</u>	<u>\$ 10.39</u>
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	136,339	137,208

Appendix – reconciliation

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

	Twelve Months Ended	
	December 25, 2022	December 26, 2021
U.S. GAAP net income	\$ 5,125,098	\$ 4,590,352
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	6,433	4,368
Elective deferred compensation ("EDC") related liability valuation (decrease) increase - cost of goods sold	(10,947)	8,130
Product rationalization - cost of goods sold	—	5,774
EDC related liability valuation (decrease) increase - research and development	(19,702)	14,633
Product rationalization - research and development	—	426
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	24,852	49,428
EDC related liability valuation (decrease) increase - selling, general and administrative	(13,135)	9,772
Amortization of note discounts - other income (expense), net	2,815	3,293
Loss (gain) on EDC related asset - other income (expense), net	47,289	(32,085)
Net income tax benefit on non-GAAP items	(3,244)	(10,447)
Net income tax benefit associated with legal entity restructuring	(11,773)	—
Non-GAAP net income	\$ 5,147,686	\$ 4,643,644
Non-GAAP net income per diluted share	\$ 37.31	\$ 32.46
U.S. GAAP net income per diluted share	\$ 37.14	\$ 32.09
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	137,979	143,066
U.S. GAAP and non-GAAP revenue	\$ 19,047,660	\$ 16,523,902

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 25, 2022	September 25, 2022
U.S. GAAP gross margin	\$ 2,376,349	\$ 2,336,835
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	2,521	1,451
EDC related liability valuation increase (decrease)	2,853	(3,118)
Non-GAAP gross margin	<u>\$ 2,381,723</u>	<u>\$ 2,335,168</u>
U.S. GAAP gross margin as a percentage of revenue	45.0 %	46.1 %
Non-GAAP gross margin as a percentage of revenue	45.1 %	46.0 %
U.S. GAAP operating expenses	\$ 696,187	\$ 638,995
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(1,279)	(1,110)
EDC related liability valuation (increase) decrease	(8,560)	9,354
Non-GAAP operating expenses	<u>\$ 686,348</u>	<u>\$ 647,239</u>
U.S. GAAP operating income	<u>\$ 1,680,162</u>	<u>\$ 1,697,840</u>
Non-GAAP operating income	<u>\$ 1,695,375</u>	<u>\$ 1,687,929</u>
U.S. GAAP operating income as percent of revenue	31.8 %	33.5 %
Non-GAAP operating income as a percent of revenue	32.1 %	33.3 %

Appendix – reconciliation

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

	Three Months Ended	
	December 25, 2022	September 25, 2022
U.S. GAAP Other income (expense), net	\$ (28,234)	\$ (43,095)
Pre-tax non-GAAP items:		
Amortization of note discounts	712	707
(Gain) loss on EDC related asset	(10,871)	12,726
Non-GAAP Other income (expense), net	<u>\$ (38,393)</u>	<u>\$ (29,662)</u>

Appendix – reconciliation

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

	<u>Twelve Months Ended December 25, 2022</u>
U.S. GAAP net cash provided by operating activities	\$ 3,531,419
U.S. GAAP cash used for capital expenditures and intangible assets	<u>\$ (574,555)</u>
Total free cash flow	<u><u>\$ 2,956,864</u></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	
	December 25, 2022	September 25, 2022
U.S. GAAP income before income taxes	\$ 1,651,928	\$ 1,654,745
U.S. GAAP income tax expense	\$ 183,421	\$ 228,866
U.S. GAAP income tax rate	11.1 %	13.8 %
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	\$ 2,521	\$ 1,451
Elective deferred compensation ("EDC") related liability valuation increase (decrease) - cost of goods sold	2,853	(3,118)
EDC related liability valuation increase (decrease) - research and development	5,136	(5,612)
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	1,279	1,110
EDC related liability valuation increase (decrease) - selling, general and administrative	3,424	(3,742)
Amortization of note discounts - other income (expense), net	712	707
(Gain) loss on EDC related asset - other income (expense), net	(10,871)	12,726
Non-GAAP income before taxes	\$ 1,656,982	\$ 1,658,267
Net income tax benefit (expense) on non-GAAP items	\$ 1,213	\$ (94)
Net income tax benefit associated with legal entity restructuring	\$ 11,773	\$ —
Non-GAAP income tax expense	\$ 196,407	\$ 228,772
Non-GAAP income tax rate	11.9 %	13.8 %

Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the quarter ended March 26, 2023

	U.S. GAAP			Reconciling Items	Non-GAAP		
	\$3.8 Billion	+/-	\$300 Million	—	\$3.8 Billion	+/-	\$300 Million
Revenue							
Gross margin as a percentage of revenue	42.8%	+/-	1%	\$ 45 Million	44.0%	+/-	1%
Operating income as a percentage of revenue	25.3%	+/-	1%	\$ 84 Million	27.5%	+/-	1%
Net income per diluted share	\$5.95	+/-	\$0.75	\$ 74 Million	\$6.50	+/-	\$0.75
Diluted share count			135 million	—			135 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, 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 million; and restructuring charges, \$42 million; totaling \$45 million.
- Operating income as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$4 million; and restructuring charges, \$80 million; totaling \$84 million.
- Net income per diluted share - amortization related to intangible assets acquired through business combinations, \$4 million; restructuring charges; \$80 million; amortization of note discounts, \$1 million; and associated tax benefit for non-GAAP items (\$11 million); totaling \$74 million.

