

# Lam Research Corporation

*December quarter 2023 financial results*

January 24, 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, 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 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; 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 September 24, 2023. 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

\$14.3B  
REVENUE\*

\$1.7B  
R&D\*

~17,200  
EMPLOYEES

14 PRIMARY LOCATIONS

- + Fremont, CA
- + Livermore, CA
- + Sherwood, OR
- + Tualatin, OR
- + Springfield, OH
- + Eaton, OH
- + Villach, Austria
- + Hwaseong-si, Korea
- + Osan, Korea
- + Yongin, Korea
- + Hsinchü 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

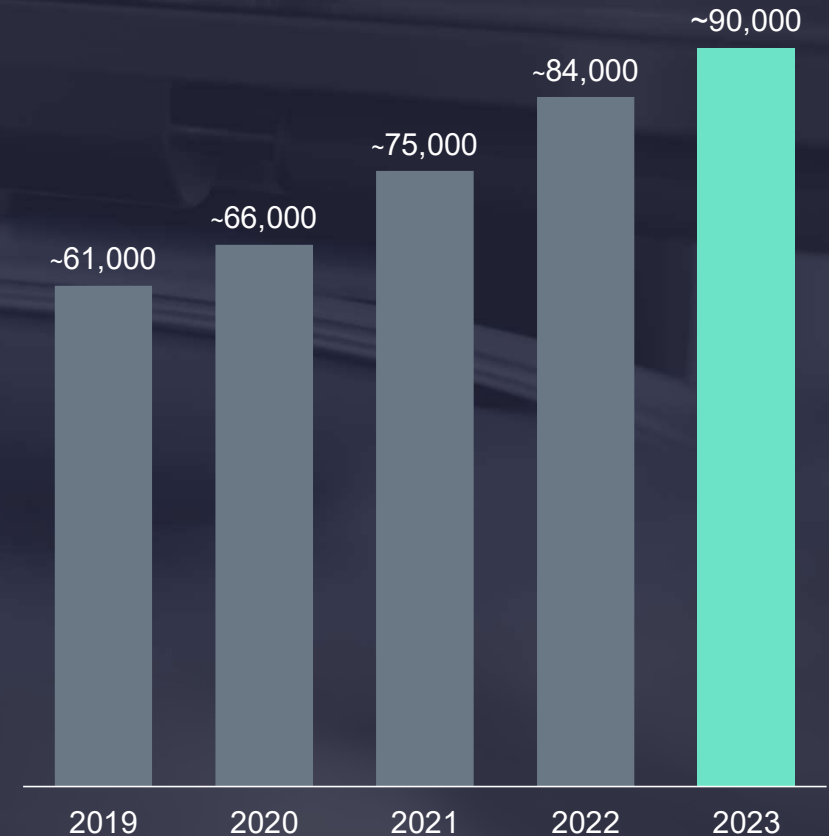
*Tim Archer*

*President and Chief Executive Officer*

# Strong finish to CY 2023

- + QDec'23 revenues, margins and EPS above mid-point of guided ranges
- + CY'23 Revenue of \$14.3B and EPS of \$27.33
- + Results demonstrate solid execution from CY'19 trough, including nearly 2x EPS improvement
- + CSBG installed base of ~90,000 chambers up almost 50% since CY'19

## GROWING INSTALLED BASE UNITS



# WFE: Modest memory recovery expected to drive stronger exit in 2024



## CY 2023 WFE in low \$80Bs

- Memory down nearly 40% y/y, non-memory down in the mid-single digits

## CY 2024 WFE projected in mid-high \$80Bs:

- **DRAM:** Growth driven by capacity additions in HBM as well as node conversions
- **NAND:** Growth driven by technology upgrades
- **Foundry/logic:** Growth led by leading-edge investments offset in part by mature node declines outside of China
- **China:** Domestic spending stable

# Scaling Lam to address long-term WFE expansion



## DIFFERENTIATED PRODUCTS & SERVICES

Focus on multiple SAM expansion opportunities:

- GAA
- Backside power delivery
- Advanced packaging
- Dry EUV patterning

Additional advanced packaging application wins for HBM in QDec

PLD enabling new process capabilities for HVM in specialty market



## CLOSE TO CUSTOMERS

Investing in:

- Process development capabilities near customers
- Global supply chain operations
- Manufacturing, including Malaysia facility

Capability to ~triple the percentage revenue contribution from lower-cost manufacturing locations versus a few years ago



## OPERATIONAL EXCELLENCE AT SCALE

Digital investments – virtual twinning, simulation, and AI – accelerate problem solving

Equipment Intelligence® capabilities and in fab-service automation built into advanced product roadmaps

Driving organizational agility



GAA = gate-all-around  
EUV = extreme ultraviolet  
PLD = pulsed laser deposition

HVM = high volume manufacturing  
AI = artificial intelligence  
SAM = Served Available Market

# Lam well positioned to capitalize on robust semiconductor growth



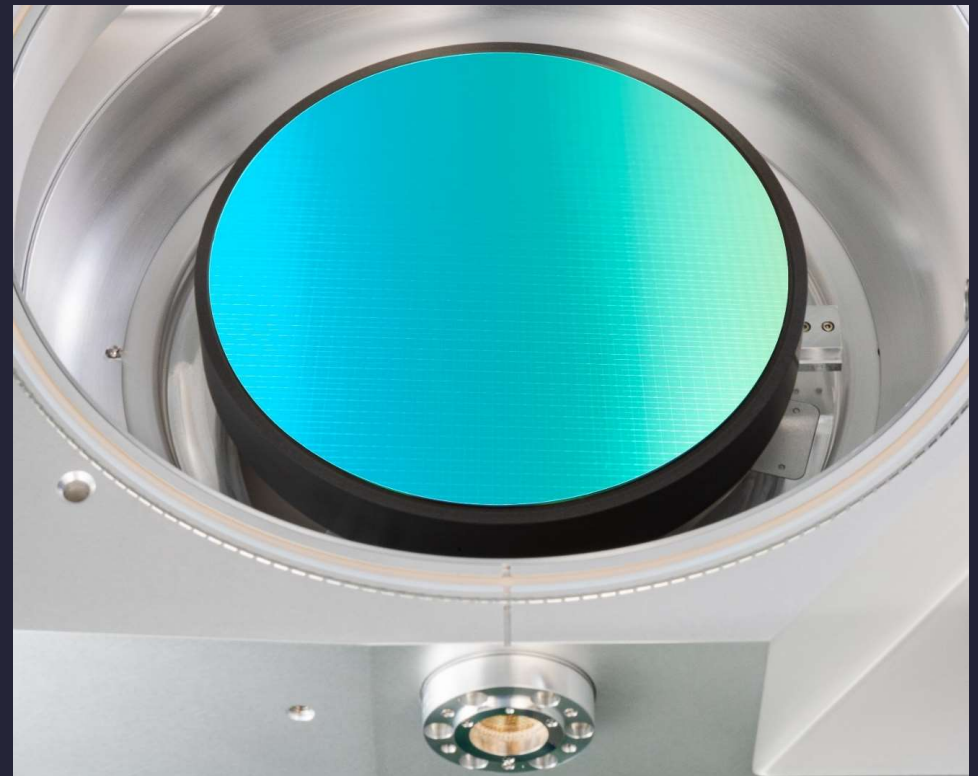
Delivered solid results in CY'23




Investing to build strong capabilities for the future



Strategic global infrastructure and technology portfolio to capitalize on robust semiconductor growth







# December quarter 2023 financial results & March quarter 2024 outlook

*Doug Bettinger*

*Executive Vice President and Chief Financial Officer*

# Calendar year highlights



## CY 2023 REVENUE

**\$14.3B**

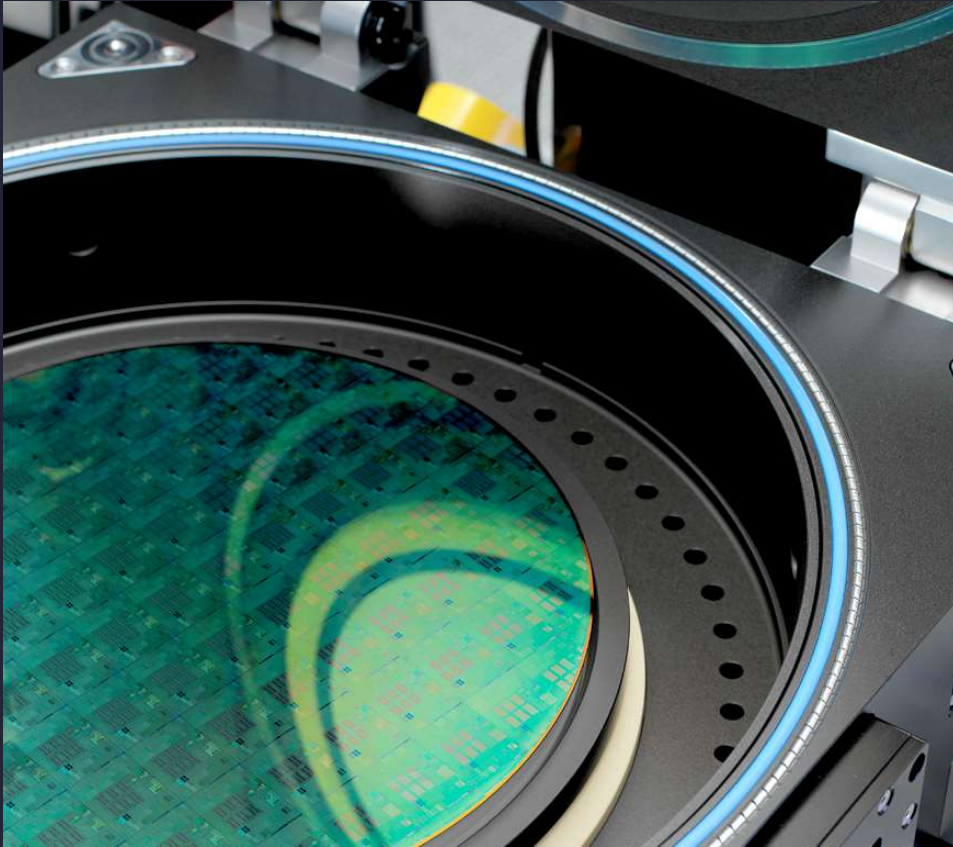
CY 2022 revenue: \$19.0B

## CY 2023 EARNINGS PER SHARE\*

**\$27.33**

CY 2022 EPS\*: \$37.31

# December quarter highlights



## QDEC'23 REVENUE

**\$3.76B**

QSep'23 revenue: \$3.48B

## QDEC'23 EARNINGS PER SHARE\*

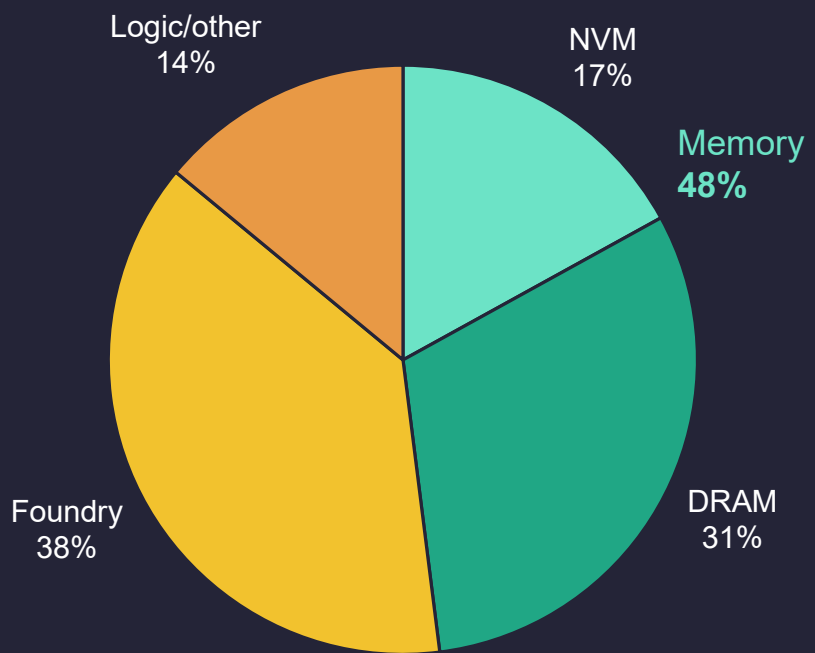
**\$7.52**

QSep'23 earnings per share\*: \$6.85

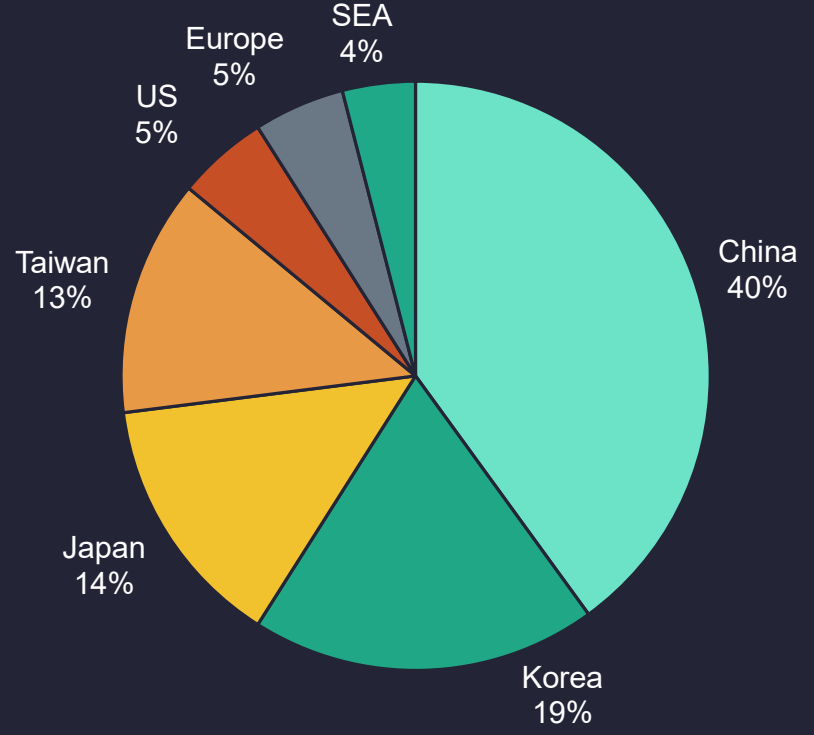
# December quarter revenue mix

*Record level of DRAM revenue dollars*

SYSTEM REVENUE SEGMENTS\*



REVENUE BY REGION



NVM = non-volatile memory  
\*Systems revenue includes equipment and equipment upgrade sales from etch, deposition, clean, and our Reliant® product line

# Customer Support Business Group



QDEC'23 CSBG REVENUE

**\$1.46B**

QSep'23 CSBG revenue: \$1.43B

QDec'22 CSBG revenue: \$1.73B

# December quarter financial results

	QDEC'23	QSEP'23
Revenue	<b>\$3,758M</b>	\$3,482M
Non-GAAP Gross Margin*	<b>47.6%</b>	47.9%
Non-GAAP Operating Expenses*	<b>\$662M</b>	\$622M
Non-GAAP Operating Income*	<b>\$1,128M</b>	\$1,047M
Non-GAAP Operating Income as a percentage of Revenue*	<b>30.0%</b>	30.1%
Non-GAAP Other Income (Expense), Net*	<b>\$5M</b>	\$7M
U.S. GAAP Diluted EPS	<b>\$7.22</b>	\$6.66
Non-GAAP Diluted EPS*	<b>\$7.52</b>	\$6.85
Diluted Share Count	<b>132M</b>	133M

# Key balance sheet and financial metrics

	QDEC'23	QSEP'23
Total Consolidated Gross Cash Balance	\$5,640M	\$5,157M
Account Receivables, Net	\$2,707M	\$2,811M
Days sales outstanding	66 Days	73 Days
Inventories	\$4,430M	\$4,748M
Inventory Turns	1.8	1.5
Deferred Revenue*	\$1,928M	\$1,690M
Capital Expenditures	\$115M	\$77M
Equity Compensation Expense	\$70M	\$67M
Amortization Expense	\$13M	\$14M
Depreciation Expense	\$78M	\$76M
Share Repurchases	\$640M	\$830M
Cash Dividends	\$264M	\$230M
Headcount	~17,200	~17,200

# March 2024 quarter guidance



**\$3.7B +/- \$300M**

Revenue



**48.0% +/- 1%**

Non-GAAP gross margin\*



**29.5% +/- 1%**

Non-GAAP operating margin\*



**\$7.25 +/- \$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 24, 2023	September 24, 2023
U.S. GAAP net income	\$ 954,266	\$ 887,398
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	2,631	3,149
Elective deferred compensation ("EDC") related liability valuation increase (decrease) - cost of goods sold	6,492	(591)
Restructuring charges, net - cost of goods sold	14,957	7,940
Transformational costs - cost of goods sold	8,853	4,269
EDC related liability valuation increase (decrease) - research and development	11,685	(1,064)
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	770	1,186
EDC related liability valuation increase (decrease) - selling, general and administrative	7,790	(709)
Transformational costs - selling, general and administrative	16,051	8,020
Restructuring charges, net - operating expenses	1,688	2,021
Amortization of note discounts - other income (expense), net	746	1,017
(Gain) loss on EDC related asset - other income (expense), net	(25,530)	2,901
Net income tax benefit on non-GAAP items	(6,114)	(3,098)
Non-GAAP net income	\$ 994,285	\$ 912,439
Non-GAAP net income per diluted share	\$ 7.52	\$ 6.85
U.S. GAAP net income per diluted share	\$ 7.22	\$ 6.66
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	132,220	133,166

# 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 24, 2023	December 25, 2022
U.S. GAAP net income	\$ 3,458,209	\$ 5,125,098
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	11,966	6,433
EDC related liability valuation increase (decrease) - cost of goods sold	11,687	(10,947)
Restructuring charges, net - cost of goods sold	101,063	—
Product rationalization - cost of goods sold	13,459	—
Transformational costs - cost of goods sold	15,314	—
EDC related liability valuation increase (decrease) - research and development	21,037	(19,702)
Product rationalization - research and development	63	—
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	4,746	24,852
EDC related liability valuation increase (decrease) - selling, general and administrative	14,025	(13,135)
Transformational costs - selling, general and administrative	31,057	—
Restructuring charges, net - operating expenses	45,859	—
Amortization of note discounts - other income (expense), net	3,205	2,815
(Gain) Loss on EDC related asset - other income (expense), net	(44,671)	47,289
Net income tax benefit on non-GAAP items	(27,608)	(3,244)
Net income tax benefit associated with legal entity restructuring	—	(11,773)
Income tax benefit on the conclusion of certain tax matters	(3,079)	—
Non-GAAP net income	\$ 3,656,332	\$ 5,147,686
Non-GAAP net income per diluted share	\$ 27.33	\$ 37.31
U.S. GAAP net income per diluted share	\$ 25.85	\$ 37.14
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	133,793	137,979
U.S. GAAP and non-GAAP revenue	\$ 14,317,147	\$ 19,047,660

# 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 29, 2019 (as originally disclosed)	December 29, 2019 (as adjusted for comparability)
U.S. GAAP net income	\$ 2,069,514	\$ 2,069,514
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	78,503	78,503
EDC related liability valuation increase	—	41,533
Restructuring charges, net	13,790	13,790
Amortization of note discounts - other income (expense), net	4,543	4,543
Gain on EDC related asset - other income (expense), net	—	(41,318)
Net income tax benefit on non-GAAP items	(14,678)	(16,541)
Cumulative income tax benefit on conclusion of certain tax matters	(3,094)	(3,094)
Cumulative income tax benefit reversal due to a court ruling	74,516	74,516
Income tax expense associated with U.S. tax reform	1,453	1,453
Non-GAAP net income	\$ 2,224,547	\$ 2,222,899
Non-GAAP net income per diluted share	\$ 14.51	\$ 14.49
U.S. GAAP net income per diluted share	\$ 13.49	\$ 13.49
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	153,362	153,362

# 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 24, 2023	September 24, 2023
U.S. GAAP gross margin	\$ 1,757,455	\$ 1,654,702
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	2,631	3,149
EDC related liability valuation increase (decrease)	6,492	(591)
Restructuring charges, net	14,957	7,940
Transformational costs	8,853	4,269
Non-GAAP gross margin	\$ 1,790,388	\$ 1,669,469
U.S. GAAP gross margin as a percentage of revenue	46.8 %	47.5 %
Non-GAAP gross margin as a percentage of revenue	47.6 %	47.9 %
U.S. GAAP operating expenses	\$ 700,243	\$ 631,673
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations	(770)	(1,186)
EDC related liability valuation (increase) decrease	(19,475)	1,773
Restructuring charges, net	(1,688)	(2,021)
Transformational costs	(16,051)	(8,020)
Non-GAAP operating expenses	\$ 662,259	\$ 622,219
U.S. GAAP operating income	\$ 1,057,212	\$ 1,023,029
Non-GAAP operating income	\$ 1,128,129	\$ 1,047,250
U.S. GAAP operating income as percent of revenue	28.1 %	29.4 %
Non-GAAP operating income as a percent of revenue	30.0 %	30.1 %

# Appendix – reconciliation

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

	Twelve Months Ended		
	December 24, 2023	December 29, 2019 <small>(as originally disclosed)</small>	December 29, 2019 <small>(as adjusted for comparability)</small>
U.S. GAAP operating income	\$ 3,877,099	\$ 2,406,568	\$ 2,406,568
Pre-tax non-GAAP items:			
Amortization related to intangible assets acquired through certain business combinations	16,712	78,503	78,503
EDC related liability valuation increase	46,749	—	41,533
Restructuring charges, net	146,922	13,790	13,790
Product rationalization	13,522	—	—
Transformational costs	46,371	—	—
Non-GAAP operating income	<u>\$ 4,147,375</u>	<u>\$ 2,498,861</u>	<u>\$ 2,540,394</u>
U.S. GAAP operating income as percent of revenue	27.1 %	25.2 %	25.2 %
Non-GAAP operating income as a percent of revenue	29.0 %	26.2 %	26.6 %

# 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) loss on EDC related asset  
Non-GAAP Other income (expense), net

Three Months Ended	
December 24, 2023	September 24, 2023
\$ 29,839	\$ 2,601
746	1,017
(25,530)	2,901
<u>\$ 5,055</u>	<u>\$ 6,519</u>

# Appendix – reconciliation

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

	<b>Twelve Months Ended December 24, 2023</b>
U.S. GAAP net cash provided by operating activities	\$ 5,254,166
U.S. GAAP cash used for capital expenditures and intangible assets	(390,395)
Total free cash flow	<u>\$ 4,863,771</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 24, 2023	September 24, 2023
U.S. GAAP income before income taxes	\$ 1,087,051	\$ 1,025,630
U.S. GAAP income tax expense	\$ 132,785	\$ 138,232
U.S. GAAP income tax rate	12.2 %	13.5 %
Pre-tax non-GAAP items:		
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	\$ 2,631	\$ 3,149
EDC related liability valuation increase (decrease) - cost of goods sold	6,492	(591)
Restructuring charges, net - cost of goods sold	14,957	7,940
Transformational costs - cost of goods sold	8,853	4,269
EDC related liability valuation increase (decrease) - research and development	11,685	(1,064)
Amortization related to intangible assets acquired through certain business combinations - selling, general and administrative	770	1,186
EDC related liability valuation increase (decrease) - selling, general and administrative	7,790	(709)
Transformational costs - selling, general and administrative	16,051	8,020
Restructuring charges, net - operating expenses	1,688	2,021
Amortization of note discounts - other income (expense), net	746	1,017
(Gain) loss on EDC related asset - other income (expense), net	(25,530)	2,901
Non-GAAP income before taxes	\$ 1,133,184	\$ 1,053,769
Net income tax benefit on non-GAAP items	\$ 6,114	\$ 3,098
Non-GAAP income tax expense	\$ 138,899	\$ 141,330
Non-GAAP income tax rate	12.3 %	13.4 %

# Appendix – reconciliation

Reconciliation of U.S. GAAP to Non-GAAP Guidance for the  
quarter ended March 31, 2024

	U.S. GAAP			Reconciling Items	Non-GAAP		
	\$3.7 Billion	+/-	\$300 Million		\$3.7 Billion	+/-	\$300 Million
Revenue				—			
Gross margin as a percentage of revenue	47.2%	+/-	1%	\$ 28 Million	48.0%	+/-	1%
Operating income as a percentage of revenue	28.1%	+/-	1%	\$ 51 Million	29.5%	+/-	1%
Net income per diluted share	\$6.90	+/-	\$0.75	\$ 46 Million	\$7.25	+/-	\$0.75
Diluted share count			132 million	—			132 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 - restructuring charges, \$13 million; transformational costs, \$12 million; and amortization related to intangible assets acquired through business combinations, \$3 million; totaling \$28 million.
- Operating income as a percentage of revenue - restructuring charges, \$28 million; transformational costs, \$20 million; and amortization related to intangible assets acquired through business combinations, \$3 million; totaling \$51 million.
- Net income per diluted share - restructuring charges, \$28 million; transformational costs, \$20 million; amortization related to intangible assets acquired through business combinations, \$3 million; amortization of debt discounts, \$1 million; and associated tax benefit for non-GAAP items (\$6 million); totaling \$46 million.

