

# Lam Research Corporation Reports Financial Results for the Quarter Ended June 28, 2020

FREMONT, Calif., July 29, 2020 (GLOBE NEWSWIRE) -- Lam Research Corporation (the "Company," "Lam," "Lam Research") today announced financial results for the quarter ended June 28, 2020 (the "June 2020 quarter").

Highlights for the June 2020 quarter were as follows:

- Revenue of \$2.79 billion.
- U.S. GAAP gross margin of 45.9%, U.S. GAAP operating income as a percentage of revenue of 27.1%, and U.S. GAAP diluted EPS of \$4.73.
- Non-GAAP gross margin of 46.1%, non-GAAP operating income as a percentage of revenue of 28.5%, and non-GAAP diluted EPS of \$4.78.

## Key Financial Data for the Quarters Ended June 28, 2020 and March 29, 2020 (in thousands, except per-share data, percentages, and basis points)

U.S. GAAP									
	June 2020				March 2020				Change Q/Q
Revenue	\$	2,791,864			\$	2,503,625			+12%
Gross margin as percentage of revenue		45.9		%		46.6		%	- 70 bps
Operating income as percentage of revenue		27.1		%		27.7		%	- 60 bps
Diluted EPS	\$	4.73			\$	3.88			+22%
Non-GAAP									
	June 2020				March 2020				Change Q/Q
Revenue	\$	2,791,864			\$	2,503,625			+12%
Gross margin as percentage of revenue		46.1		%		46.3		%	- 20 bps
Operating income as percentage of revenue		28.5		%		26.9		%	+ 160 bps
Diluted EPS	\$	4.78			\$	3.98			+20%

### U.S. GAAP Financial Results

For the June 2020 quarter, revenue was \$2,792 million, gross margin was \$1,280 million, or 45.9% of revenue, operating expenses were \$525 million, operating income was 27.1% of revenue, and net income was \$697 million, or \$4.73 per diluted share on a U.S. GAAP basis. This compares to revenue of \$2,504 million, gross margin of \$1,167 million, or 46.6% of revenue, operating expenses of \$473 million, operating income of 27.7% of revenue, and net income of \$575 million, or \$3.88 per diluted share, for the quarter ended March 29, 2020 (the "March 2020 quarter").

### Non-GAAP Financial Results

For the June 2020 quarter, non-GAAP gross margin was \$1,288 million, or 46.1% of revenue, non-GAAP operating expenses were \$493 million, non-GAAP operating income was 28.5% of revenue, and non-GAAP net income was \$704 million, or \$4.78 per diluted share. This compares to non-GAAP gross margin of \$1,160 million, or 46.3% of revenue, non-GAAP operating expenses of \$486 million, non-GAAP operating income of 26.9% of revenue, and non-GAAP net income of \$590 million, or \$3.98 per diluted share, for the March 2020 quarter.

"Lam delivered strong financial results in the June quarter despite tremendous global health, macroeconomic, and geopolitical uncertainty," said Tim Archer, Lam Research's President and Chief Executive Officer. "This is a clear demonstration of our Company's ability to adapt and execute in a period of unprecedented challenges. With an outlook for continued industry growth, we are in an excellent position to outperform as our investments in disruptive innovation and differentiated customer support gain momentum."

### Balance Sheet and Cash Flow Results

Cash and cash equivalents, short-term investments, and restricted cash and investments balances increased to \$7.0 billion at the end of the June 2020 quarter compared to \$5.6 billion at the end of the March 2020 quarter. This increase was primarily the result of net proceeds of \$1.97 billion on issuance of long-term debt and \$813.0 million of cash generated from operating activities. These sources of cash were partially offset by the \$1.25 billion repayment of borrowings from the Company's revolving credit facility and \$167.7 million of dividends paid to stockholders.

### Revenue

The geographic distribution of revenue during the June 2020 quarter is shown in the following table:

Region	Revenue
China	34%
Korea	32%
Taiwan	11%
Japan	8%
United States	7%

Statements made in this press release that are not of historical fact are forward-looking statements and are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Such forward-looking statements relate to, but are not limited to: our ability to adapt and execute, including during a period of challenges; our outlook for continued industry growth; our ability to gain momentum from our investments in disruptive innovation and differentiated customer support as well as whether our innovation will indeed be disruptive and our support differentiated in the future; the impact of the COVID-19 outbreak on our operations and financial results; macroeconomic conditions; the status of the industry supply chain; customer demand for our equipment; industry conditions; the long-term resiliency of the semiconductor industry; the relevance of our technology to our customers; our positioning within the industry; and our ability to outperform. Some factors that may affect these forward-looking statements include: 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; the actions of our customers and competitors may be inconsistent with our expectations; and widespread outbreaks of illness may impact our operations and revenue in affected areas; as well as the other risks and uncertainties that are described in the documents filed or furnished by us with the Securities and Exchange Commission, including specifically the Risk Factors described in our annual report on Form 10-K for the fiscal year ended June 30, 2019, our quarterly reports on Form 10-Q for the fiscal quarters ended September 29, 2019, December 29, 2019 and March 29, 2020 and our Current Report on Form 8-K

dated April 30, 2020. These uncertainties and changes could materially affect the forward-looking statements and cause actual results to vary from expectations in a material way. The Company undertakes no obligation to update the information or statements made in this release.

#### About Lam Research

Lam Research Corporation is a global supplier of innovative wafer fabrication equipment and services to the semiconductor industry. As a trusted, collaborative partner to the world's leading semiconductor companies, we combine superior systems engineering capability, technology leadership, and unwavering commitment to customer success to accelerate innovation through enhanced device performance. In fact, today, nearly every advanced chip is built with Lam technology. Lam Research (Nasdaq: LRCX) is a FORTUNE 500® company headquartered in Fremont, Calif., with operations around the globe. Learn more at [www.lamresearch.com](http://www.lamresearch.com). (LRCX-F)

Consolidated Financial Tables Follow.

**LAM RESEARCH CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data and percentages)

	Three Months Ended						Twelve Months Ended					
	June 28, 2020			March 29, 2020			June 30, 2019			June 28, 2020		
	(unaudited)			(unaudited)			(unaudited)			(unaudited)		
Revenue	\$	2,791,864		\$	2,503,625		\$	2,361,147		\$	10,044,736	
Cost of goods sold		1,511,532			1,336,618			1,280,256			5,436,043	
Gross margin		1,280,332			1,167,007			1,080,891			4,608,693	
Gross margin as a percent of revenue		45.9	%		46.6	%		45.8	%		45.9	%
Research and development		338,810			307,914			295,578			1,252,412	
Selling, general and administrative		185,800			164,979			168,228			682,479	
Total operating expenses		524,610			472,893			463,806			1,934,891	
Operating income		755,722			694,114			617,085			2,673,802	
Operating income as a percent of revenue		27.1	%		27.7	%		26.1	%		26.6	%
Other expense, net		(7,553)	)		(64,619)	)		(7,667)	)		(98,824)	)
Income before income taxes		748,169			629,495			609,418			2,574,978	
Income tax expense		(51,496)	)		(54,714)	)		(67,593)	)		(323,225)	)
Net income	\$	696,673		\$	574,781		\$	541,825		\$	2,251,753	
Net income per share:												
Basic	\$	4.79		\$	3.96		\$	3.66		\$	15.55	
Diluted	\$	4.73		\$	3.88		\$	3.51		\$	15.10	
Number of shares used in per share calculations:												
Basic		145,295			145,301			148,131			144,814	
Diluted		147,416			148,165			154,474			149,090	
Cash dividend declared per common share	\$	1.15		\$	1.15		\$	1.10		\$	4.60	

(1) Derived from audited financial statements.

**LAM RESEARCH CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	June 28, 2020			March 29, 2020			June 30, 2019		
	(unaudited)			(unaudited)			(1)		
<b>ASSETS</b>									
Cash and cash equivalents	\$	4,915,172		\$	3,961,586		\$	3,658,219	
Investments		1,795,080			1,431,550			1,772,984	
Accounts receivable, net		2,097,099			2,191,070			1,455,522	
Inventories		1,900,024			1,674,740			1,540,140	
Prepaid expenses and other current assets		146,160			149,839			133,544	
Total current assets		10,853,535			9,408,785			8,560,409	
Property and equipment, net		1,071,499			1,048,619			1,059,077	
Restricted cash and investments		253,911			254,155			255,177	
Goodwill and intangible assets		1,652,968			1,666,732			1,701,547	
Other assets		727,134			560,344			425,123	
Total assets	\$	14,559,047		\$	12,938,635		\$	12,001,333	
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>									
Current portion of long-term debt and finance lease obligations	\$	839,877		\$	42,407		\$	667,131	
Other current liabilities		2,322,565			2,063,254			1,704,519	
Total current liabilities		3,162,442			2,105,661			2,371,650	
Long-term debt and finance lease obligations		4,970,848			5,043,931			3,822,768	
Income taxes payable		909,709			889,287			892,790	
Other long-term liabilities		332,559			350,603			190,821	
Total liabilities		9,375,558			8,389,482			7,278,029	
Temporary equity, convertible notes		10,995			11,546			49,439	
Stockholders' equity (2)		5,172,494			4,537,607			4,673,865	
Total liabilities and stockholders' equity	\$	14,559,047		\$	12,938,635		\$	12,001,333	

(1) Derived from audited financial statements.

(2) Common shares issued and outstanding were 145,331 as of June 28, 2020, 145,156 as of March 29, 2020, and 144,433 as of June 30, 2019.

**LAM RESEARCH CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Three Months Ended							Twelve Months Ended					
	June 28, 2020		March 29, 2020		June 30, 2019			June 28, 2020		June 30, 2019			
	(unaudited)			(unaudited)			(unaudited)			(1)			
CASH FLOWS FROM OPERATING ACTIVITIES:													
Net income	696,673			574,781			541,825			2,251,753			2,151,753

Adjustments to reconcile net income to net cash provided by

operating activities:												
Depreciation and amortization	71,083			67,248			65,408			268,525		309
Deferred income taxes	(92,293	)		—			70,125			(17,777	)	(4,9
Equity-based compensation expense	53,153			47,414			44,845			189,197		187
Amortization of note discounts and issuance costs	1,329			1,361			2,206			5,940		7,34
Other, net	(10,822	)		7,811			(5,173	)		688		(5,8
Changes in operating assets and liabilities	93,925			(157,187	)		161,251			(571,875	)	491
Net cash provided by operating activities	813,048			541,428			880,487			2,126,451		3,17
CASH FLOWS FROM INVESTING ACTIVITIES:												
Capital expenditures and intangible assets	(50,554	)		(51,375	)		(65,948	)		(203,239	)	(305
Net (purchase) sale of available-for-sale securities	(354,350	)		211,159			(555,468	)		(15,000	)	(1,3
Other, net	(25,305	)		9,988			(2,067	)		(25,845	)	(7,3
Net cash (used for) provided by investing activities	(430,209	)		169,772			(623,483	)		(244,084	)	(1,6
CASH FLOWS FROM FINANCING ACTIVITIES:												
Proceeds from issuance of long-term debt, net of issuance costs	1,974,651			—			—			1,974,651		2,47
Principal payments on debt	(2,948	)		(617,637	)		(1,157	)		(667,537	)	(117
Net repayments from issuance of commercial paper	—			—			(300,000	)		—		(361
Proceeds from borrowings on revolving credit facility	—			1,250,000			—			1,250,000		—
Repayments of borrowings on revolving credit facility	(1,250,000	)		—			—			(1,250,000	)	—
Treasury stock purchases	(41,017	)		(245,433	)		(1,108,560	)		(1,369,649	)	(3,7
Dividends paid	(167,739	)		(163,510	)		(164,874	)		(656,838	)	(676
Reissuance of treasury stock related to employee stock	46,992			—			45,041			85,439		77,5

purchase plan													
Proceeds from issuance of common stock	1,869			1,714			1,694			8,084			6,81
Other, net	1,592			328			—			1,920			(13,
Net cash provided by (used for) financing activities	563,400			225,462			(1,527,856	)		(623,930	)		(2,3
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	7,103			(10,715	)		(3,137	)		(2,750	)		(4,0
Net increase (decrease) in cash, cash equivalents, and restricted cash	953,342			925,947			(1,273,989	)		1,255,687			(855
Cash, cash equivalents, and restricted cash at beginning of period	4,215,741			3,289,794			5,187,385			3,913,396			4,76
Cash, cash equivalents, and restricted cash at end of period	\$ 5,169,083			\$ 4,215,741			\$ 3,913,396			\$ 5,169,083			\$

(1) Derived from audited financial statements.

**Non-GAAP Financial Summary**  
(in thousands, except percentages and per share data)  
(unaudited)

	Three Months Ended						
	June 28, 2020				March 29, 2020		
Revenue	\$	2,791,864			\$	2,503,625	
Gross margin	\$	1,288,339			\$	1,159,981	
Gross margin as percentage of revenue	46.1		%		46.3		%
Operating expenses	\$	493,115			\$	486,494	
Operating income	\$	795,224			\$	673,487	
Operating income as a percentage of revenue	28.5		%		26.9		%
Net income	\$	704,456			\$	590,359	
Net income per diluted share	\$	4.78			\$	3.98	
Shares used in per share calculation - diluted	147,416				148,165		

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

	Three Months Ended						
	June 28, 2020				March 29, 2020		
U.S. GAAP net income	\$	696,673			\$	574,781	
Pre-tax non-GAAP items:							

Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	1,627			1,627	
Loss (gain) on elective deferred compensation ("EDC") - related liability - cost of goods sold	6,380			(8,653	)
Loss (gain) on EDC - related liability - research and development	11,483			(15,575	)
Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative	12,357			12,357	
Loss (gain) on EDC - related liability - selling, general and administrative	7,655			(10,383	)
Amortization of note discounts - other expense, net	935			953	
(Gain) loss on EDC - related asset - other expense, net	(26,135	)		33,828	
Net income tax (benefit) expense on non-GAAP items	(5,698	)		1,700	
Adjustment to cumulative income tax benefit reversal due to a court ruling	(821	)		—	
Income tax benefit on the conclusion of certain tax matters	—			(276	)
Non-GAAP net income	\$	704,456		\$	590,359
Non-GAAP net income per diluted share	\$	4.78		\$	3.98
U.S. GAAP net income per diluted share	\$	4.73		\$	3.88
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	147,416			148,165	

**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					
	June 28, 2020			March 29, 2020		
U.S. GAAP gross margin	\$	1,280,332		\$	1,167,007	
Pre-tax non-GAAP items:						
Amortization related to intangible assets acquired through certain business combinations	1,627			1,627		
Loss (gain) on EDC-related liability	6,380			(8,653	)	
Non-GAAP gross margin	\$	1,288,339		\$	1,159,981	
U.S. GAAP gross margin as a percentage of revenue	45.9		%	46.6		%
Non-GAAP gross margin as a percentage of revenue	46.1		%	46.3		%
U.S. GAAP operating expenses	\$	524,610		\$	472,893	
Pre-tax non-GAAP items:						
Amortization related to intangible assets acquired through certain business combinations	(12,357	)		(12,357	)	
(Loss) gain on EDC-related liability	(19,138	)		25,958		
Non-GAAP operating expenses	\$	493,115		\$	486,494	
U.S. GAAP operating income	\$	755,722		\$	694,114	
Non-GAAP operating income	\$	795,224		\$	673,487	
U.S. GAAP operating income as percent of revenue	27.1		%	27.7		%
Non-GAAP operating income as a percent of revenue	28.5		%	26.9		%

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