

Lam Research Corporation Reports Financial Results for the Quarter Ended June 27, 2021

FREMONT, Calif., July 28, 2021 (GLOBE NEWSWIRE) -- Lam Research Corporation (the "Company," "Lam," "Lam Research") today announced financial results for the quarter ended June 27, 2021 (the "June 2021 quarter").

Highlights for the June 2021 quarter were as follows:

- Revenue of \$4.15 billion.
- U.S. GAAP gross margin of 46.2%, U.S. GAAP operating income as a percentage of revenue of 31.7%, and U.S. GAAP diluted EPS of \$7.98.
- Non-GAAP gross margin of 46.5%, non-GAAP operating income as a percentage of revenue of 32.6%, and non-GAAP diluted EPS of \$8.09.

Key Financial Data for the Quarters Ended June 27, 2021 and March 28, 2021 (in thousands, except per-share data, percentages, and basis points)

U.S. GAAP										
		June 2021					March 2021			
										Change Q/Q
Revenue		\$	4,145,179			\$	3,847,654			+8%
Gross margin as percentage of revenue			46.2		%		46.3		%	- 10 bps
Operating income as percentage of revenue			31.7		%		31.1		%	+ 60 bps
Diluted EPS		\$	7.98			\$	7.41			+8%
Non-GAAP										
		June 2021					March 2021			
										Change Q/Q
Revenue		\$	4,145,179			\$	3,847,654			+8%
Gross margin as percentage of revenue			46.5		%		46.3		%	+ 20 bps
Operating income as percentage of revenue			32.6		%		31.6		%	+ 100 bps
Diluted EPS		\$	8.09			\$	7.49			+8%

U.S. GAAP Financial Results

For the June 2021 quarter, revenue was \$4,145 million, gross margin was \$1,915 million, or 46.2% of revenue, operating expenses were \$599 million, operating income was 31.7% of revenue, and net income was \$1,145 million, or \$7.98 per diluted share on a U.S. GAAP basis. This compares to revenue of \$3,848 million, gross margin of \$1,780 million, or 46.3% of revenue, operating expenses of \$585 million, operating income of 31.1% of revenue, and net income of \$1,071 million, or \$7.41 per diluted share, for the quarter ended March 28, 2021 (the "March 2021 quarter").

Non-GAAP Financial Results

For the June 2021 quarter, non-GAAP gross margin was \$1,926 million, or 46.5% of revenue, non-GAAP operating expenses were \$574 million, non-GAAP operating income was 32.6% of revenue, and non-GAAP net income was \$1,161 million, or \$8.09 per diluted share. This compares to non-GAAP gross margin of \$1,783 million, or 46.3% of revenue, non-GAAP operating expenses of \$567 million, non-GAAP operating income of 31.6% of revenue, and non-GAAP net income of \$1,084 million, or \$7.49 per diluted share, for the March 2021 quarter.

"Lam continued its record performance in the June quarter, capping a fiscal 2021 with more than 45% revenue growth and an increase of over 70% in earnings per share," said Tim Archer, Lam Research's President and Chief Executive Officer. "The combination of strong semiconductor demand and rising device complexity is driving higher levels of wafer fabrication equipment investment. Our technology differentiation and deep collaboration with customers position Lam to extend our leadership across all market segments."

Balance Sheet and Cash Flow Results

Cash and cash equivalents, short-term investments, and restricted cash and investments balances remained flat at \$6.0 billion at the end of the June 2021 quarter compared to the end of the March 2021 quarter. Cash generated from operating activities totaling \$1,435.9 million was offset by repayment of \$822.0 million of borrowings; \$431.3 million of share repurchases, including net share settlement on employee stock-based compensation; and \$185.4 million of dividends paid to stockholders.

Revenue

The geographic distribution of revenue during the June 2021 quarter is shown in the following table:

Region	Revenue
China	37%
Korea	30%
Taiwan	13%
Japan	9%
United States	5%

Southeast Asia	3%
Europe	3%

The following table presents revenue disaggregated between system and customer support-related revenue:

	Three Months Ended										Twelve Months Ended				
	June 27, 2021			March 28, 2021			June 28, 2020				June 27, 2021			June 28 2020	
	(In thousands)														
Systems revenue	\$	2,763,877		\$	2,545,306		\$	1,865,249			\$	9,764,845		\$	(
Customer support-related revenue and other		1,381,302			1,302,348			926,615				4,861,305			3,419,60
	\$	4,145,179		\$	3,847,654		\$	2,791,864			\$	14,626,150		\$:

System revenue includes sales of new leading-edge equipment in deposition, etch and clean markets.

Customer support-related revenue includes sales of customer service, spares, upgrades, and non-leading-edge equipment from our Reliant® product line.

Outlook

For the quarter ended September 26, 2021, Lam is providing the following guidance:

	U.S. GAAP							Reconciling Items							Non-GAAP					
Revenue	\$4.3 Billion			+/-	\$250 Million			—			\$4.3 Billion			+/-	\$250 Million					
Gross margin as a percentage of revenue		46.0%		+/-		1%		\$	1		Million		46.0%		+/-		1%			
Operating income as a percentage of revenue		31.7%		+/-		1%		\$	13		Million		32.0%		+/-		1%			
Net income per diluted share		\$8.02		+/-		\$0.50		\$	12		Million		\$8.10		+/-		\$0.5			
Diluted share count	143 Million							—							143 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, gains or losses on equity investments, other investments, or other significant arrangements that may be completed or realized after the date of this release. 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, \$1 million.
- Operating income as a percentage of revenue - amortization related to intangible assets acquired through business combinations, \$13 million.
- Net income per diluted share - amortization related to intangible assets acquired through business combinations, \$13 million; amortization of note discounts, \$1 million; and associated tax benefit for non-GAAP items (\$2 million); totaling \$12 million.

Use of Non-GAAP Financial Results

In addition to U.S. GAAP results, this press release also contains non-GAAP financial results. The Company's non-GAAP results for both the June 2021 and March 2021 quarters exclude amortization related to intangible assets acquired through business combinations, the effects of elective deferred compensation-related assets and liabilities, amortization of note discounts, and the income tax benefit of non-GAAP items. Additionally, the June 2021 quarter non-GAAP results exclude product rationalization charges.

Management uses non-GAAP gross margin, operating expense, operating income, operating income as a percentage of revenue, net income, and net income per diluted share to evaluate the Company's operating and financial results. The Company believes the presentation of non-GAAP results is useful to investors for analyzing business trends and comparing performance to prior periods, along with enhancing investors' ability to view the Company's results from management's perspective. Tables presenting reconciliations of non-GAAP results to U.S. GAAP results are included at the end of this press release and on the Company's website at <http://investor.lamresearch.com>.

Caution Regarding Forward-Looking Statements

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 outlook and guidance for future financial results, including revenue, gross margins, operating income and net income; the factors affecting wafer fabrication equipment investment or the future levels of such investment; the extent to which our technology is differentiated and the extent to which we will collaborate with customers; and our ability to maintain or extend our leadership across any or all market segments. 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; supply chain disruptions or manufacturing capacity constraints may limit our ability to manufacture and sell our products; the actions of our customers and competitors may be inconsistent with our expectations; trade regulations, export controls, trade disputes, and other geopolitical tensions may inhibit our ability to sell our products; 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

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. (LRCX-F)

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

[illegible]

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 27, 2021		March 28, 2021		June 28, 2020
	(unaudited)		(unaudited)		(1)
ASSETS					
Cash and cash equivalents	\$ 4,418,263		\$ 3,673,366		\$ 4,915,172
Investments	1,310,872		2,116,101		1,795,080
Accounts receivable, net	3,026,430		2,809,068		2,097,099
Inventories	2,689,294		2,552,032		1,900,024
Prepaid expenses and other current assets	207,528		171,703		146,160
Total current assets	11,652,387		11,322,270		10,853,535
Property and equipment, net	1,303,479		1,279,836		1,071,499
Restricted cash and investments	252,487		253,460		253,911
Goodwill and intangible assets	1,622,499		1,633,254		1,652,968
Other assets	1,061,300		796,093		727,134
Total assets	\$ 15,892,152		\$ 15,284,913		\$ 14,559,047
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current portion of long-term debt and finance lease obligations	\$ 11,349		\$ 825,434		\$ 839,877
Other current liabilities	3,516,518		2,786,899		2,322,565
Total current liabilities	3,527,867		3,612,333		3,162,442
Long-term debt and finance lease obligations	4,990,333		4,991,613		4,970,848
Income taxes payable	948,037		924,629		909,709
Other long-term liabilities	398,727		381,505		332,559
Total liabilities	9,864,964		9,910,080		9,375,558
Temporary equity, convertible notes	—		3,217		10,995
Stockholders' equity (2)	6,027,188		5,371,616		5,172,494
Total liabilities and stockholders' equity	\$ 15,892,152		\$ 15,284,913		\$ 14,559,047

(1) Derived from audited financial statements.

(2) Common shares issued and outstanding were 142,501 as of June 27, 2021, 142,607 as of March 28, 2021, and 145,331 as of June 28, 2020

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

	Three Months Ended					Twelve Months Ended
	June 27, 2021		March 28, 2021		June 28, 2020	June 27, 2021
	(unaudited)		(unaudited)		(unaudited)	(unaudited)

CASH FLOWS
FROM
OPERATING
ACTIVITIES:

Net income	1,144,657				1,071,121				696,673				3,908,458
Adjustments to reconcile net income to net cash provided by operating activities:													
Depreciation and amortization	78,397				79,453				71,083				307,151
Deferred income taxes	(146,029	)			(1,136	)			(92,293	)			(151,477
Equity-based compensation expense	56,321				55,746				53,153				220,164
Other, net	(27,786	)			(635	)			(9,493	)			(17,392
Changes in operating assets and liabilities	330,375				(39,469	)			93,925				(678,741
Net cash provided by operating activities	1,435,935				1,165,080				813,048				3,588,163
CASH FLOWS FROM INVESTING ACTIVITIES:													
Capital expenditures and intangible assets	(104,622	)			(89,596	)			(50,554	)			(349,096
Net sale (purchase) of available-for-sale securities	799,965				233,529				(354,350	)			464,522
Other, net	(6,282	)			(27,997	)			(25,305	)			(42,155
Net cash provided by (used for) investing activities	689,061				115,936				(430,209	)			73,271
CASH FLOWS FROM FINANCING ACTIVITIES:													
Proceeds from issuance of long-term debt, net of issuance costs	—				—				1,974,651				—
Principal payments on debt	(822,046	)			(16,245	)			(2,948	)			(862,060
Proceeds from borrowings on revolving credit facility	—				—				—				—
Repayments of borrowings on revolving credit facility	—				—				(1,250,000)			—
Treasury stock purchases	(431,255	)			(1,094,571	)			(41,017	)			(2,697,704
Dividends paid	(185,385	)			(186,551	)			(167,739	)			(726,992
Reissuance of treasury stock related to employee stock purchase plan	56,330				—				46,992				97,764
Proceeds from													

issuance of common stock	851				9,626				1,869				24,123
Other, net	(269	)			(665	)			1,592				(2,113
Net cash (used for) provided by financing activities	(1,381,774	)			(1,288,406	)			563,400				(4,166,982
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	702				(5,756	)			7,103				7,215
Net increase (decrease) in cash, cash equivalents, and restricted cash	743,924				(13,146	)			953,342				(498,333
Cash, cash equivalents, and restricted cash at beginning of period	3,926,826				3,939,972				4,215,741				5,169,083
Cash, cash equivalents, and restricted cash at end of period	\$ 4,670,750				\$ 3,926,826				\$ 5,169,083				\$ 4,670,750

(1) Derived from audited financial statements.

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

	Three Months Ended						
	June 27, 2021				March 28, 2021		
Revenue	\$	4,145,179			\$	3,847,654	
Gross margin	\$	1,926,323			\$	1,783,209	
Gross margin as percentage of revenue	46.5		%		46.3		%
Operating expenses	\$	573,707			\$	566,507	
Operating income	\$	1,352,616			\$	1,216,702	
Operating income as a percentage of revenue	32.6		%		31.6		%
Net income	\$	1,161,211			\$	1,083,532	
Net income per diluted share	\$	8.09			\$	7.49	
Shares used in per share calculation - diluted	143,514				144,609		

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

	Three Months Ended						
	June 27, 2021				March 28, 2021		
U.S. GAAP net income	\$	1,144,657			\$	1,071,121	

Pre-tax non-GAAP items:

Amortization related to intangible assets acquired through certain business combinations - cost of goods sold	1,092				1,092		
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold	4,256				1,986		
Product rationalization - cost of goods sold	5,774				—		
EDC related liability valuation increase - research and development	7,661				3,575		
Product rationalization - research and development	426				—		
Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative	12,357				12,357		
EDC related liability valuation increase - selling, general and administrative	5,123				2,384		
Amortization of note discounts - other expense, net	923				998		
Gain on EDC related asset - other expense, net	(17,184	)			(7,520)	
Net income tax benefit on non-GAAP items	(3,874	)			(2,461)	
Non-GAAP net income	\$	1,161,211			\$	1,083,532	
Non-GAAP net income per diluted share	\$	8.09			\$	7.49	
U.S. GAAP net income per diluted share	\$	7.98			\$	7.41	
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation	143,514				144,609		

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 27, 2021				March 28, 2021		
U.S. GAAP gross margin	\$	1,915,201			\$	1,780,131	
Pre-tax non-GAAP items:							
Amortization related to intangible assets acquired through certain business combinations	1,092				1,092		
EDC related liability valuation increase	4,256				1,986		
Product rationalization	5,774				—		
Non-GAAP gross margin	\$	1,926,323			\$	1,783,209	
U.S. GAAP gross margin as a percentage of revenue	46.2		%		46.3		%
Non-GAAP gross margin as a percentage of revenue	46.5		%		46.3		%
U.S. GAAP operating expenses	\$	599,274			\$	584,823	
Pre-tax non-GAAP items:							
Amortization related to intangible assets acquired through certain business combinations	(12,357	)			(12,357)	
EDC related liability valuation increase	(12,784	)			(5,959)	
Product rationalization	(426)			—		
Non-GAAP operating expenses	\$	573,707			\$	566,507	
U.S. GAAP operating income	\$	1,315,927			\$	1,195,308	
Non-GAAP operating income	\$	1,352,616			\$	1,216,702	
U.S. GAAP operating income as percent of revenue	31.7		%		31.1		%
Non-GAAP operating income as a percent of revenue	32.6		%		31.6		%

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