

Lam Research Corporation Reports Financial Results for the Quarter Ended June 26, 2022

FREMONT, Calif., July 27, 2022 (GLOBE NEWSWIRE) -- Lam Research Corporation (the "Company," "Lam," "Lam Research") today announced financial results for the quarter ended June 26, 2022 (the "June 2022 quarter").

Highlights for the June 2022 quarter were as follows:

- Revenue of \$4.64 billion.
- U.S. GAAP gross margin of 45.3%, U.S. GAAP operating income as a percentage of revenue of 31.9%, and U.S. GAAP diluted EPS of \$8.74.
- Non-GAAP gross margin of 45.2%, non-GAAP operating income as a percentage of revenue of 31.5%, and non-GAAP diluted EPS of \$8.83.

Key Financial Data for the Quarters Ended June 26, 2022 and March 27, 2022 (in thousands, except per-share data, percentages, and basis points)

U.S. GAAP											
		June 2022					March 2022				Change Q/Q
Revenue		\$	4,635,554			\$	4,060,416			+14	%
Gross margin as percentage of revenue			45.3	%			44.7	%		+ 60 bps	
Operating income as percentage of revenue			31.9	%			29.4	%		+ 250 bps	
Diluted EPS		\$	8.74			\$	7.30			+20	%
Non-GAAP											
		June 2022					March 2022				Change Q/Q
Revenue		\$	4,635,554			\$	4,060,416			+14	%
Gross margin as percentage of revenue			45.2	%			44.7	%		+ 50 bps	
Operating income as percentage of revenue			31.5	%			29.4	%		+ 210 bps	
Diluted EPS		\$	8.83			\$	7.40			+19	%

U.S. GAAP Financial Results

For the June 2022 quarter, revenue was \$4,636 million, gross margin was \$2,101 million, or 45.3% of revenue, operating expenses were \$621 million, operating income was 31.9% of revenue, and net income was \$1,209 million, or \$8.74 per diluted share on a U.S. GAAP basis. This compares to revenue of \$4,060 million, gross margin of \$1,817 million, or 44.7% of revenue, operating expenses of \$625 million, operating income of 29.4% of revenue, and net income of \$1,022 million, or \$7.30 per diluted share, for the quarter ended March 27, 2022 (the "March 2022 quarter").

Non-GAAP Financial Results

For the June 2022 quarter, non-GAAP gross margin was \$2,094 million, or 45.2% of revenue, non-GAAP operating expenses were \$635 million, non-GAAP operating income was 31.5% of revenue, and non-GAAP net income was \$1,221 million, or \$8.83 per diluted share. This compares to non-GAAP gross margin of \$1,815 million, or 44.7% of revenue, non-GAAP operating expenses of \$621 million, non-GAAP operating income of 29.4% of revenue, and non-GAAP net income of \$1,036 million, or \$7.40 per diluted share, for the March 2022 quarter.

"Lam delivered record levels of revenue and earnings per share in the June quarter, while continuing to operate in a supply-constrained environment," said Tim Archer, Lam Research's President and Chief Executive Officer. "With solid operational execution, technology leadership, and a robust installed base business, Lam is well-positioned for long-term growth."

Balance Sheet and Cash Flow Results

Cash and cash equivalents, short-term investments, and restricted cash and investments balances decreased to \$3.9 billion at the end of the June 2022 quarter compared to \$4.6 billion the end of the March 2022 quarter. This decrease was primarily the result of \$876.1 million of share repurchases, including net share settlement of employee stock-based compensation; \$208.1 million of dividends paid to stockholders; and \$125.7 million of capital expenditures, partially offset by \$443.9 million of cash generated by operating activities.

Deferred revenue at the end of the June 2022 quarter increased to \$2,198 million compared to \$2,069 million as of the end of the March 2022 quarter. Lam's deferred revenue balance does not include shipments to customers in Japan, to whom title does not transfer until customer acceptances. Shipments to customers in Japan are classified as inventory at cost until the time of acceptance. The estimated future revenue from shipments to customers in Japan was approximately \$367 million as of June 26, 2022 and \$263 million as of March 27, 2022.

Revenue

The geographic distribution of revenue during the June 2022 quarter is shown in the following table:

Region	Revenue
China	31%
Korea	24%
Taiwan	19%
United States	8%
Europe	7%
Japan	6%

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

	Three Months Ended									Twelve Months Ended					
	June 26, 2022		March 27, 2022		June 27, 2021				June 26, 2022		June 27, 2021				
	(In thousands)														
Systems revenue	\$	3,006,374		\$	2,650,842		\$	2,763,877		\$	11,322,271		\$	9,764,845	
Customer support-related revenue and other		1,629,180			1,409,574			1,381,302			5,904,768			4,861,305	
	\$	4,635,554		\$	4,060,416		\$	4,145,179		\$	17,227,039		\$	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 25, 2022, Lam is providing the following guidance:

	U.S. GAAP				Reconciling Items			Non-GAAP		
Revenue	\$4.9 Billion	+/-	\$300 Million		—			\$4.9 Billion	+/-	\$300 Million
Gross margin as a percentage of revenue	45.0%	+/-	1%		\$	1 Million		45.0%	+/-	1%
Operating income as a percentage of revenue	31.4%	+/-	1%		\$	3 Million		31.5%	+/-	1%
Net income per diluted share	\$9.48	+/-	\$0.75		\$	3 Million		\$9.50	+/-	\$0.75
Diluted share count	137 Million				—			137 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. 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, \$3 million.
- Net income per diluted share - amortization related to intangible assets acquired through business combinations, \$3 million; amortization of note discounts, \$1 million; and associated tax benefit for non-GAAP items (\$1 million); totaling \$3 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 2022 and March 2022 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 net income tax benefit of non-GAAP items.

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 <https://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 margin, operating income and net income; our operational execution and technology leadership; the strength of our installed base business; and our prospects for growth. Some factors that may affect these forward-looking statements include: supply chain disruptions have limited and are expected to continue to limit our ability to meet demand for our products; supply chain cost increases and other inflationary pressures have impacted and are expected to continue to impact our profitability; 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; 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 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 27, 2021, and our quarterly reports on Form 10-Q for the fiscal quarters ended September 26, 2021, December 26, 2021 and March 27, 2022. 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.

Lam Research Corporation is a global supplier of innovative wafer fabrication equipment and services to the semiconductor industry. Lam's equipment and services allow customers to build smaller and better performing devices. In fact, today, nearly every advanced chip is built with Lam technology. We combine superior systems engineering, technology leadership, and a strong values-based culture, with an unwavering commitment to our customers. 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)

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 26, 2022					March 27, 2022					June 27, 2021					June 26, 2022
	(unaudited)					(unaudited)					(unaudited)					(unaudited)
Revenue	\$	4,635,554				\$	4,060,416				\$	4,145,179				\$ 17,227,039
Cost of goods sold		2,535,042					2,243,791					2,229,978				9,355,232
Gross margin		2,100,512					1,816,625					1,915,201				7,871,807
Gross margin as a percent of revenue		45.3	%				44.7	%				46.2	%			45.7
Research and development		411,157					407,120					381,749				1,604,248
Selling, general and administrative		210,002					217,408					217,525				885,737
Total operating expenses		621,159					624,528					599,274				2,489,985
Operating income		1,479,353					1,192,097					1,315,927				5,381,822
Operating income as a percent of revenue		31.9	%				29.4	%				31.7	%			31.2
Other expense, net		(120,448)					(57,402)					(7,166)				(188,708)
Income before income taxes		1,358,905					1,134,695					1,308,761				5,193,114
Income tax expense		(149,971)					(112,917)					(164,104)				(587,828)
Net income	\$	1,208,934				\$	1,021,778				\$	1,144,657				\$ 4,605,286
Net income per share:																
Basic	\$	8.76				\$	7.34				\$	8.02				\$ 32.92
Diluted	\$	8.74				\$	7.30				\$	7.98				\$ 32.75
Number of shares used in per share calculations:																
Basic		137,993					139,229					142,662				139,899
Diluted		138,313					140,057					143,514				140,628
Cash dividend declared per common share	\$	1.50				\$	1.50				\$	1.30				\$ 6.00

(1) Derived from audited financial statements.

LAM RESEARCH CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 26, 2022					March 27, 2022					June 27, 2021				
	(unaudited)					(unaudited)					(1)				
ASSETS															
Cash and cash equivalents	\$	3,522,001				\$	4,194,719				\$	4,418,263			
Investments		135,731					160,072					1,310,872			

Accounts receivable, net		4,313,818			3,702,320			3,026,430	
Inventories		3,966,294			3,479,332			2,689,294	
Prepaid expenses and other current assets		347,391			351,658			207,528	
Total current assets		12,285,235			11,888,101			11,652,387	
Property and equipment, net		1,647,587			1,561,875			1,303,479	
Restricted cash and investments		251,534			251,036			252,487	
Goodwill and intangible assets		1,616,963			1,627,035			1,622,499	
Other assets		1,394,313			1,260,984			1,061,300	
Total assets	\$	17,195,632			\$ 16,589,031			\$ 15,892,152	
LIABILITIES AND STOCKHOLDERS' EQUITY									
Current portion of long-term debt and finance lease obligations	\$	7,381			\$ 7,689			\$ 11,349	
Other current liabilities		4,557,378			4,187,052			3,516,518	
Total current liabilities		4,564,759			4,194,741			3,527,867	
Long-term debt and finance lease obligations		4,998,449			5,000,657			4,990,333	
Income taxes payable		931,117			916,668			948,037	
Other long-term liabilities		422,941			450,475			398,727	
Total liabilities		10,917,266			10,562,541			9,864,964	
Stockholders' equity (2)		6,278,366			6,026,490			6,027,188	
Total liabilities and stockholders' equity	\$	17,195,632			\$ 16,589,031			\$ 15,892,152	

(1) Derived from audited financial statements.

(2) Common shares issued and outstanding were 136,975 as of June 26, 2022, 138,707 as of March 27, 2022, and 142,501 as of June 27, 2021

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

	Three Months Ended											Twelve Months Ended								
	June 26, 2022					March 27, 2022					June 27, 2021					June 26, 2022				
	(unaudited)					(unaudited)					(unaudited)					(unaudited)				
CASH FLOWS FROM OPERATING ACTIVITIES:																				
Net income	\$	1,208,934				\$	1,021,778				\$	1,144,657				\$	4,605,286			
Adjustments to reconcile net income to net cash provided by operating activities:																				
Depreciation and amortization		87,932					84,228					78,397					333,739			
Deferred income taxes		(173,987)					(56,878)					(146,029)					(257,438)			
Equity-based compensation expense		69,588					68,543					56,321					259,064			
Other, net		33,574					(3,121)					(27,786)					(44,751)			
Changes in operating assets and liabilities		(782,107)					(356,840)					330,375					(1,796,226)			

Net cash provided by operating activities		443,934				757,710				1,435,935				3,099,674			
CASH FLOWS FROM INVESTING ACTIVITIES:																	
Capital expenditures and intangible assets		(125,746)				(145,368)				(104,622)				(546,034)			
Net sale of available-for-sale securities		23,486				79,184				799,965				1,165,884			
Other, net		26,323				(28,380)				(6,282)				(7,575)			
Net cash (used for) provided by investing activities		(75,937)				(94,564)				689,061				612,275			
CASH FLOWS FROM FINANCING ACTIVITIES:																	
Principal payments on debt		(2,032)				(1,821)				(822,046)				(11,889)			
Treasury stock purchases		(876,089)				(1,338,006)				(431,255)				(3,865,663)			
Dividends paid		(208,056)				(210,587)				(185,385)				(815,290)			
Reissuance of treasury stock related to employee stock purchase plan		61,798				—				56,330				108,178			
Proceeds from issuance of common stock		997				492				851				5,682			
Other, net		(152)				214				(269)				45			
Net cash used for financing activities		(1,023,534)				(1,549,708)				(1,381,774)				(4,578,937)			
Effect of exchange rate changes on cash, cash equivalents, and restricted cash		(16,683)				(5,090)				702				(30,227)			
Net (decrease) increase in cash, cash equivalents, and restricted cash		(672,220)				(891,652)				743,924				(897,215)			
Cash, cash equivalents, and restricted cash at beginning of period		4,445,755				5,337,407				3,926,826				4,670,750			
Cash, cash equivalents, and restricted cash at end of period	\$	3,773,535			\$	4,445,755			\$	4,670,750			\$	3,773,535			

(1) Derived from audited financial statements.

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

	Three Months Ended						
	June 26, 2022				March 27, 2022		
Revenue	\$	4,635,554			\$	4,060,416	
Gross margin	\$	2,094,006			\$	1,814,910	
Gross margin as percentage of revenue		45.2	%			44.7	%
Operating expenses	\$	634,631			\$	620,636	
Operating income	\$	1,459,375			\$	1,194,274	
Operating income as a percentage of revenue		31.5	%			29.4	%
Net income	\$	1,221,257			\$	1,036,359	
Net income per diluted share	\$	8.83			\$	7.40	
Shares used in per share calculation - diluted		138,313				140,057	

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

	Three Months Ended						
	June 26, 2022				March 27, 2022		
U.S. GAAP net income	\$	1,208,934			\$	1,021,778	
Pre-tax non-GAAP items:							
Amortization related to intangible assets acquired through certain business combinations - cost of goods sold		1,308				1,153	
Elective deferred compensation ("EDC") related liability valuation increase - cost of goods sold		(7,814)				(2,868)	
EDC related liability valuation increase - research and development		(14,065)				(5,161)	
Amortization related to intangible assets acquired through certain business combinations -selling, general and administrative		9,969				12,494	
EDC related liability valuation increase - selling, general and administrative		(9,376)				(3,441)	
Amortization of note discounts - other expense, net		701				695	
Loss on EDC related asset - other expense, net		32,316				13,118	
Net income tax benefit on non-GAAP items		(716)				(1,409)	
Non-GAAP net income	\$	1,221,257			\$	1,036,359	
Non-GAAP net income per diluted share	\$	8.83			\$	7.40	
U.S. GAAP net income per diluted share	\$	8.74			\$	7.30	
U.S. GAAP and non-GAAP number of shares used for per diluted share calculation		138,313				140,057	

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 26, 2022				March 27, 2022		
U.S. GAAP gross margin	\$	2,100,512			\$	1,816,625	
Pre-tax non-GAAP items:							
Amortization related to intangible assets acquired through certain business combinations		1,308				1,153	
EDC related liability valuation increase		(7,814)				(2,868)	
Non-GAAP gross margin	\$	2,094,006			\$	1,814,910	
U.S. GAAP gross margin as a percentage of revenue		45.3	%			44.7	%

Non-GAAP gross margin as a percentage of revenue		45.2	%		44.7	%
U.S. GAAP operating expenses	\$	621,159		\$	624,528	
Pre-tax non-GAAP items:						
Amortization related to intangible assets acquired through certain business combinations		(9,969)			(12,494)	
EDC related liability valuation increase		23,441			8,602	
Non-GAAP operating expenses	\$	634,631		\$	620,636	
U.S. GAAP operating income	\$	1,479,353		\$	1,192,097	
Non-GAAP operating income	\$	1,459,375		\$	1,194,274	
U.S. GAAP operating income as percent of revenue		31.9	%		29.4	%
Non-GAAP operating income as a percent of revenue		31.5	%		29.4	%



Source: Lam Research Corporation

For further information: Lam Research Corporation Contact: Tina Correia, Investor Relations, phone: 510-572-1615, e-mail: investor.relations@lamresearch.com

<https://newsroom.lamresearch.com/2022-07-27-Lam-Research-Corporation-Reports-Financial-Results-for-the-Quarter-Ended-June-26.-2022>