



# 2013 SEMICON West Analyst Briefing

**Rick Wallace**

President and Chief Executive Officer



# Agenda

**REGISTRATION**      All      12:00 p.m. – 12:30 p.m.

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**BUSINESS AND STRATEGIC UPDATE**      Rick Wallace  
President and Chief Executive Officer      12:30 p.m. – 1:10 p.m.

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**Q & A**      Rick Wallace  
President and Chief Executive Officer      1:10 p.m. – 1:30 p.m.  
  
Mark Dentinger  
Chief Financial Officer

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# Safe Harbor

This presentation contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Except as otherwise specifically indicated herein, the information included in this presentation is as of the date it is delivered.

These forward-looking statements (including references to preliminary financial results and/or data for the recently completed fiscal period, the company's ability to convert bookings into completed sales, potential market and revenue opportunities, expected company introductions of new products and entry into new markets, future uses of the company's cash resources and future trends in macroeconomic and industry conditions) are based on the company's estimates, assumptions and expectations of future events and are subject to a number of risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. Please refer to the company's annual report on Form 10-K filed on August 6, 2012, its most recently filed quarterly report on Form 10-Q (filed on April 26, 2013) and other documents that KLA-Tencor files with the Securities and Exchange Commission for a complete description of the risks the company faces.

KLA-Tencor assumes no obligation to update the information in this presentation.

# Agenda

**BUSINESS UPDATE**

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STRATEGIC UPDATE

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Q & A

# Q4 (June) Update

## Q4 FY13 GUIDANCE

## Preliminary Results

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**BOOKINGS:** \$625M – \$775M

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Mid-Point +

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**REVENUES:** \$670M – \$730M

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Upper end of range

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**\*EPS:** \$0.66 – \$0.86

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Upper end of range

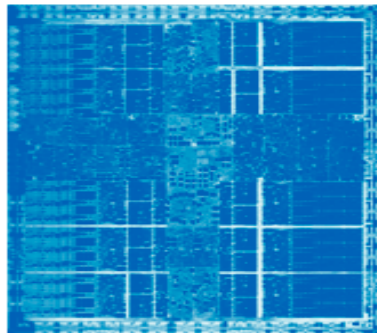
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\*Including SBC, but excluding one-time charges

# Preliminary Q4 Bookings Snapshot: Customers

## Foundry

33%



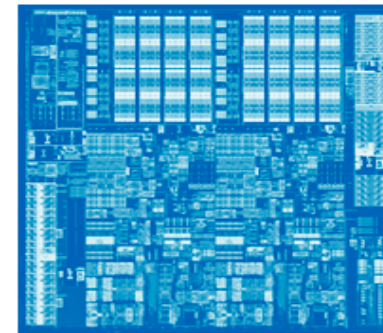
## Memory

44%



## Logic

23%



# Agenda

BUSINESS UPDATE

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**STRATEGIC UPDATE**

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Q & A

# Mission, Strategy, and Objectives

## MISSION

Improve customer yield, performance, and time-to-market enabling the digital age

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## STRATEGY

Provide leading technologies, differentiated solutions and superior customer experiences through collaboration, innovation, and execution

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## OBJECTIVES

To attract and inspire world-class talent that enables market leadership, industry leading growth, and a superior business model

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# Strategic Objectives

## CUSTOMERS

Leading Market Position Versus  
Our Nearest Rival in Each Segment

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## GROWTH

5% Faster than Industry Growth Rate

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## OPERATIONAL EXCELLENCE

Superior Industry Business Model

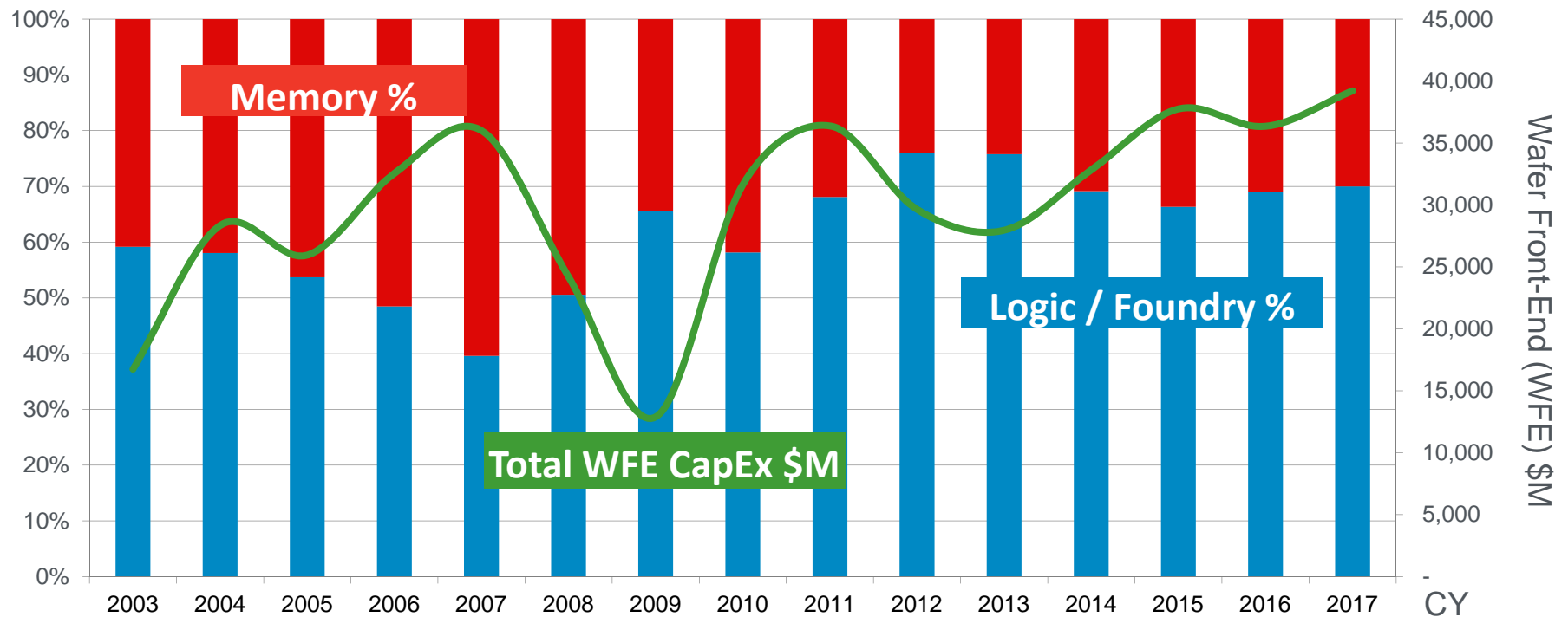
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## TALENT

Attract, Develop, and Retain Talent

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# Logic / Foundry CapEx Expected to Remain at High Levels



Sources: Gartner Q2 '13, iSuppli '13, KLA-Tencor

# Wafer Front-End Equipment Forecast

	4Xnm (2010)	1Xnm (2017)	CAGR
Process Control	\$3.5B	\$6.3B	8.8%
Lithography	\$6.8B	\$12.1B	8.6%
Resist Tracks	\$1.5B	\$1.7B	1.1%
Deposition	\$7.8B	\$7.4B	-0.7%
Etch	\$8.3B	\$7.9B	-0.7%
Implant	\$1.0B	\$0.9B	-1.4%
Diffusion	\$1.2B	\$0.9B	-5.1%
<b>Wafer Front-End</b>			
	<b>\$31.6B</b>	<b>\$39.2B</b>	<b>3.1%</b>

Source: Gartner Q2 '13

# Process Control Intensity % Wafer Front-End (WFE)

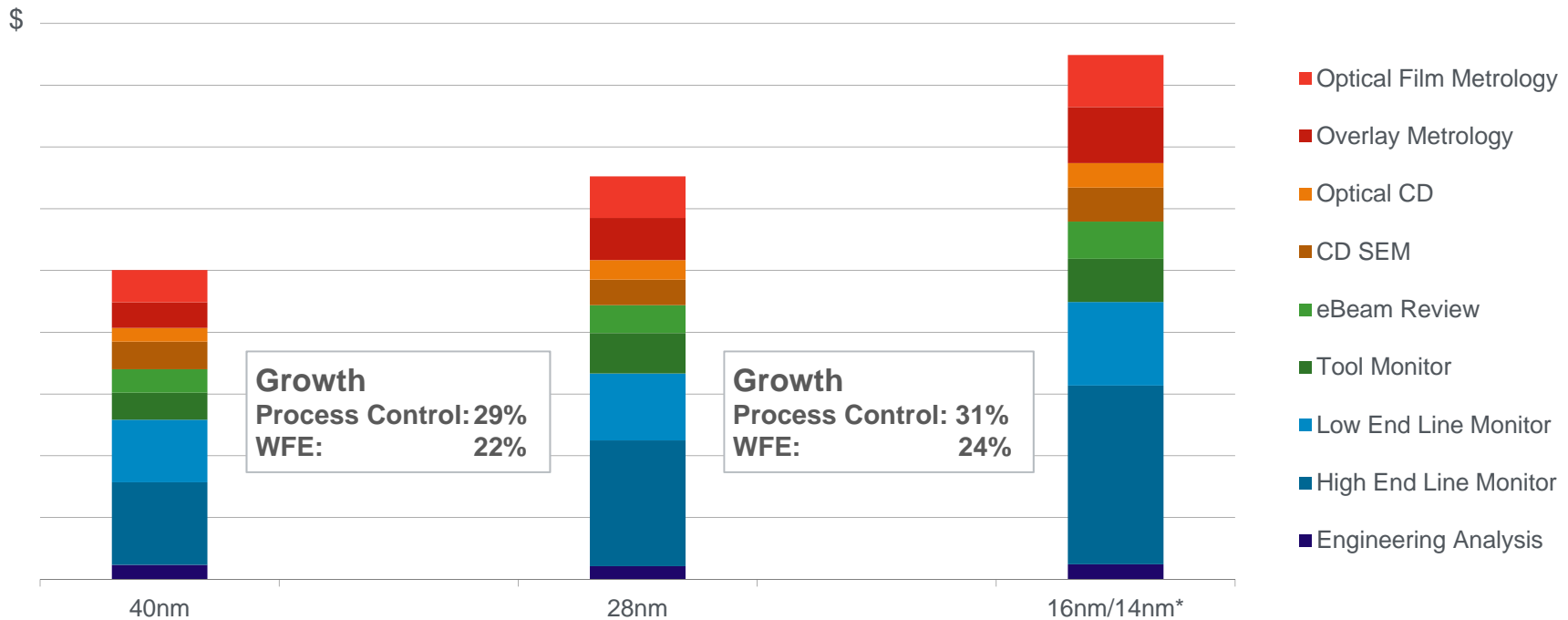
Customer Segment	4Xnm	2Xnm	1Xnm
Memory	8.8%	9.3%	10.2%
Logic/Foundry	15.8%	17.0%	18.4%
% Total WFE	13.7%	14.7%	15.9%

Assumes 70% Logic/Foundry, 30% Memory

Sources: KLA-Tencor, Gartner Q2 '13

# Process Control Adoption

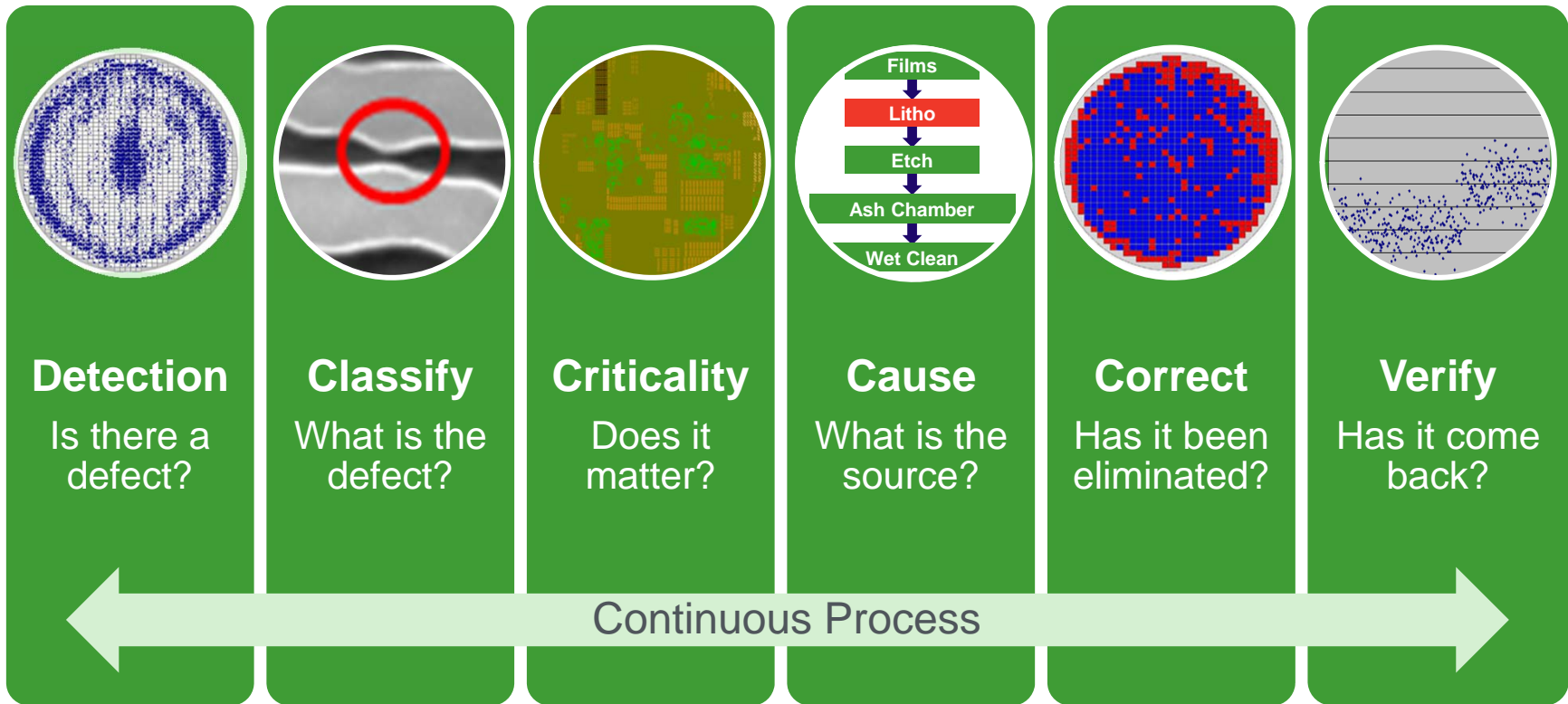
## Foundry Fab: Normalized to \$'s per 10k Wafer Starts per Month



\*16nm/14nm Forecast

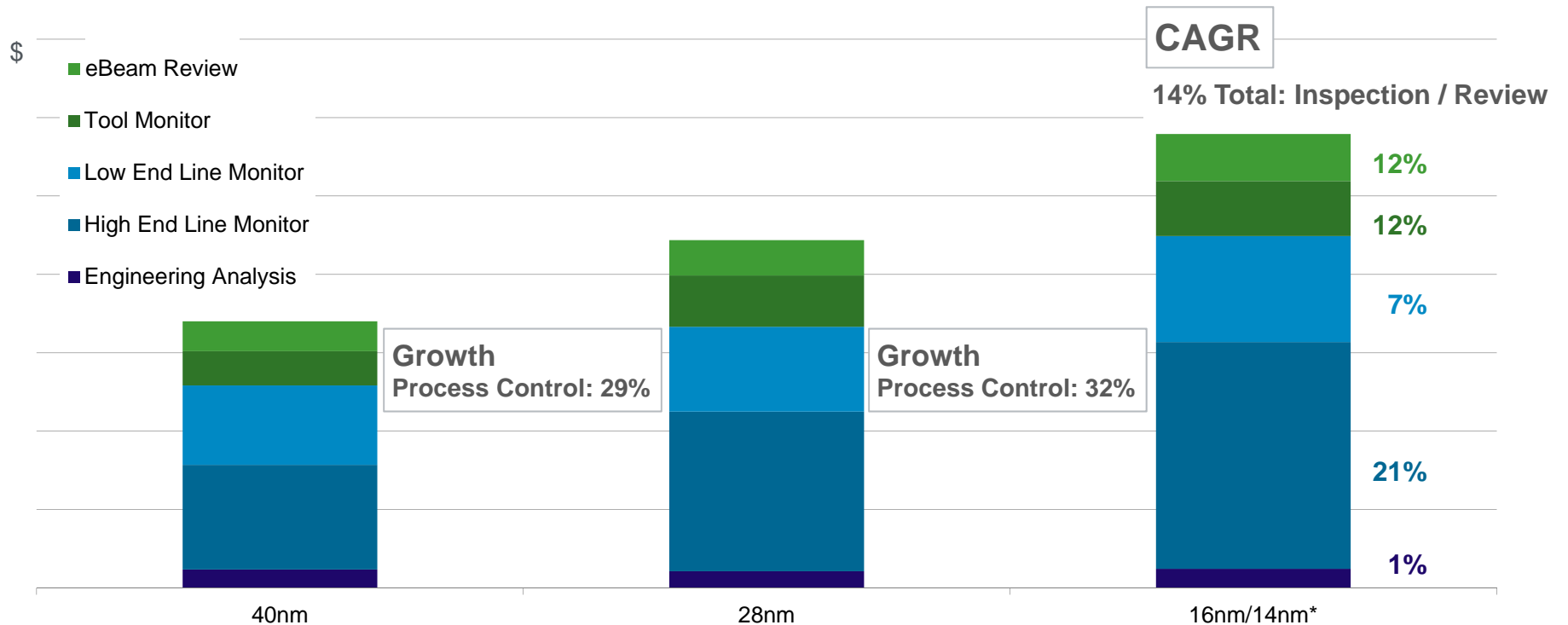
Source: KLA-Tencor, IC Cost Knowledge Database

# Defect Management Fundamentals



# Process Control: Inspection and Review Adoption

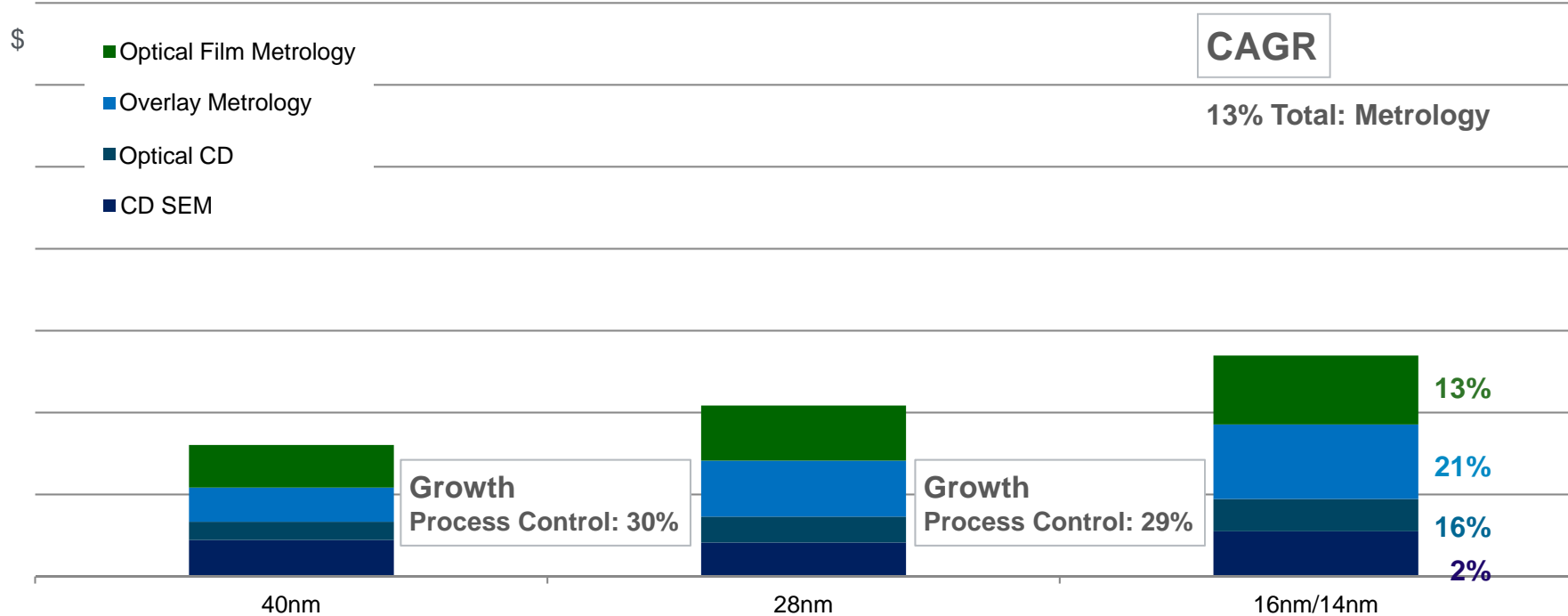
## Foundry Fab: Normalized to \$'s per 10k Wafer Starts per Month



\*16nm/14nm Forecast  
Source: KLA-Tencor

# Process Control: Metrology Adoption

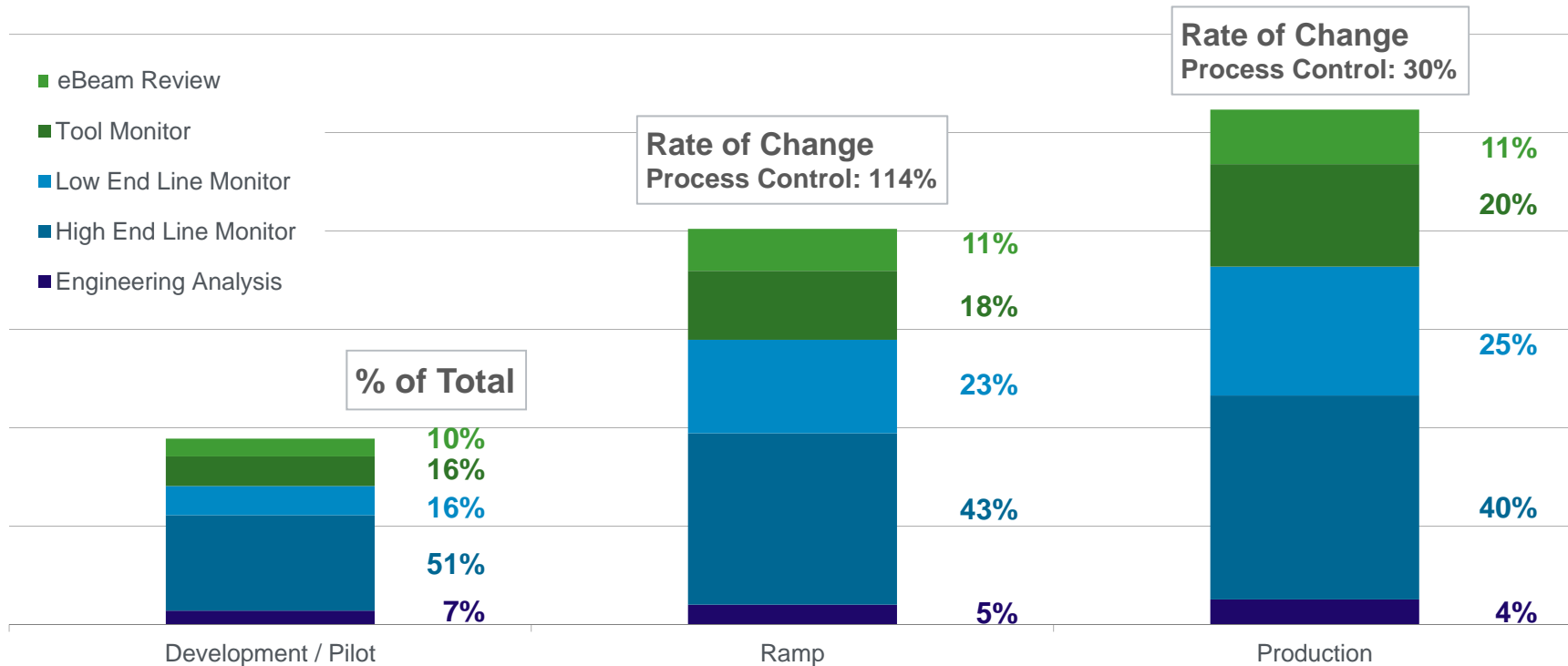
## Foundry Fab: Normalized to \$'s per 10k Wafer Starts per Month



\*16nm/14nm Forecast  
Source: KLA-Tencor

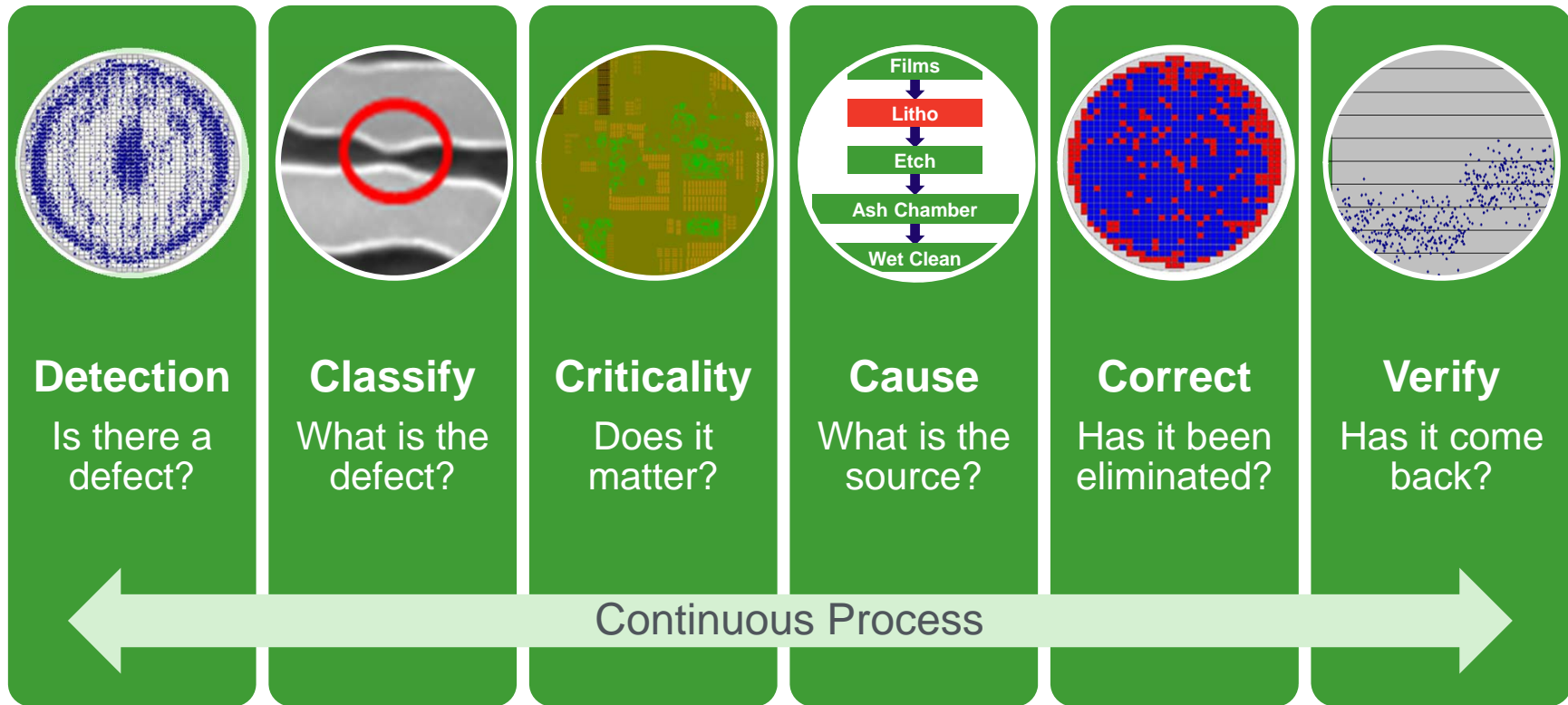


# 50K Wafer Starts per Month Foundry Adoption Process Control Evolution of a 28nm node



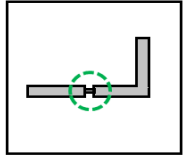


Source: KLA-Tencor

# Defect Management Fundamentals

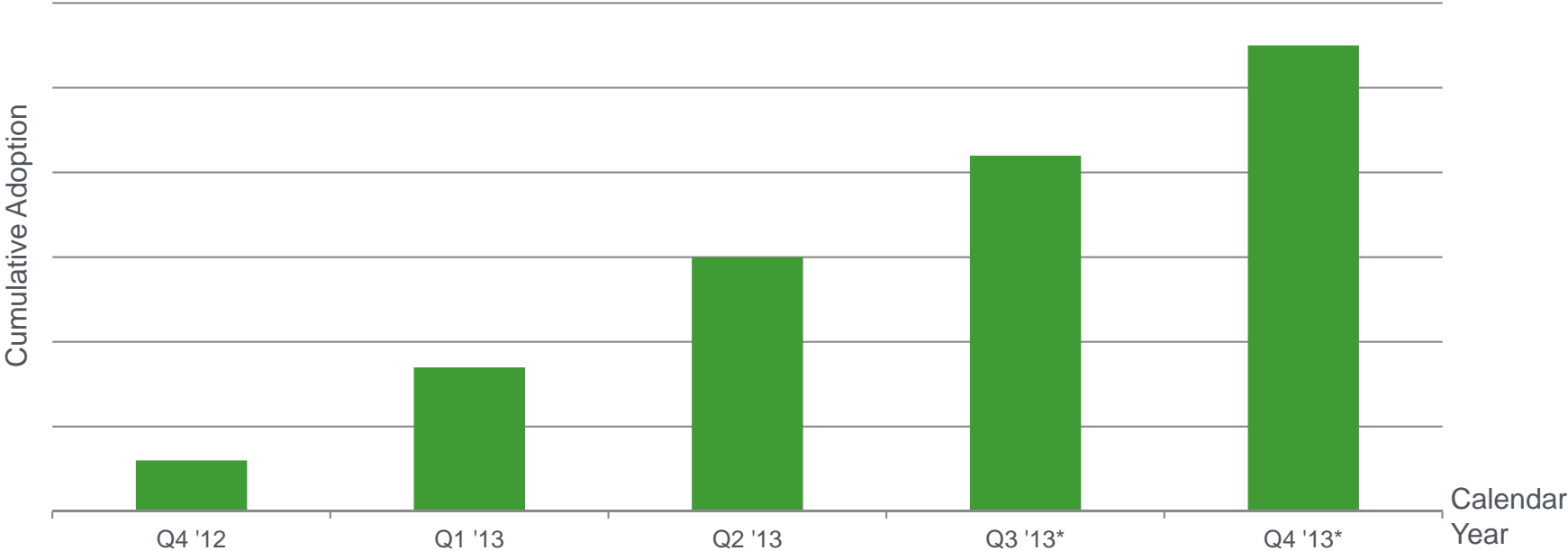


# NanoPoint™ Solution

CUSTOMER	Yield Issue	Yield Learning Cycle w/o NanoPoint	Yield Learning Cycle with NanoPoint
A	 <p>M1 Cu CMP Bridge*</p>	<p><b>Not Detected: Weeks to Months</b></p>	<p><b>&lt; 2 Hours</b></p>
B	 <p>ADI Patterning Issues</p>	<p><b>Not Detected: Months</b></p>	<p><b>&lt; 2 Hours</b></p>
C	 <p>M1 - M2 Bridge / Opens</p>	<p><b>Hours to Weeks</b></p>	<p><b>&lt; 2 Hours</b></p>

\* Needed Mask Redesign

# NanoPoint Adoption (Units)



\*Calendar Year 2013 Q3 – Q4 Forecast  
Source: KLA-Tencor

> 10X Increase in 5 Quarters

# Strategic Objectives

CUSTOMERS

Leading Market Position Versus  
Our Nearest Rival in Each Segment

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GROWTH

5% Faster than Industry Growth Rate

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**OPERATIONAL  
EXCELLENCE**

**Superior Industry Business Model**

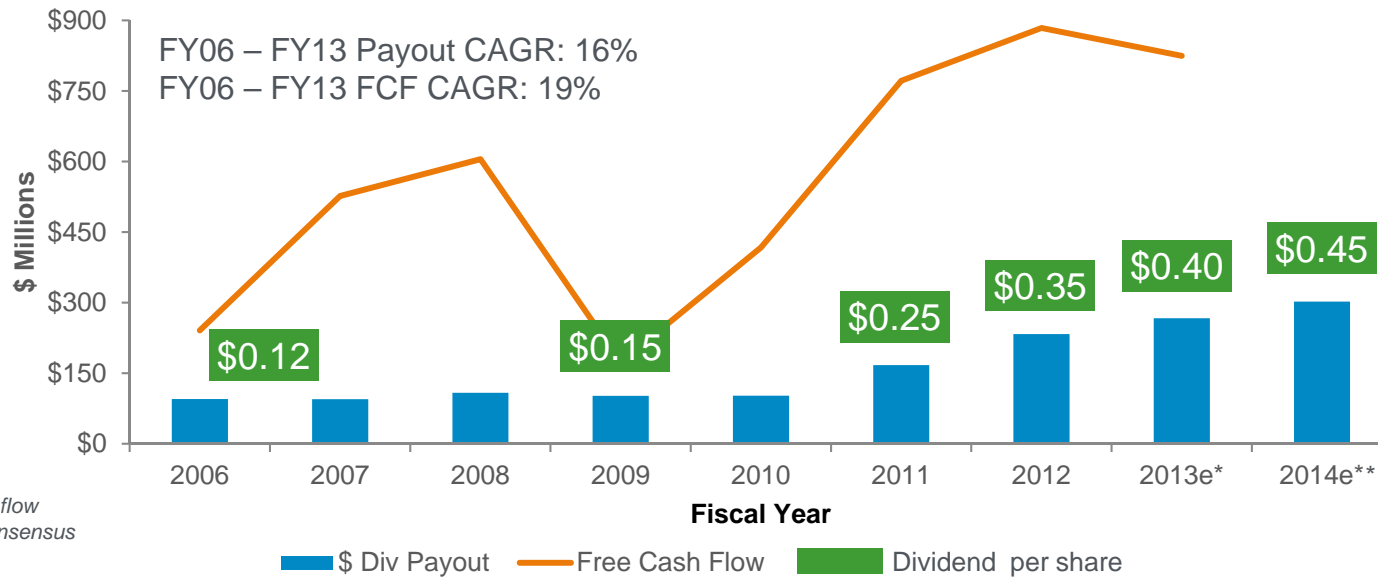
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**TALENT**

**Attract, Develop, and Retain Talent**

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# Market Leadership Drives Dividend Growth



\* FY13 free cash flow derived from consensus estimates.

\*\* FY14 dividend payout assumes four quarterly dividend payments of \$0.45 per share and approximately 168 million shares outstanding.

**Strong cross-cycle free cash flow growth**

**Fuels investment and innovation**

**Provides resources for returning value to stockholders**

# Agenda

BUSINESS UPDATE

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STRATEGIC UPDATE

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**Q & A**