



Lam Research Corporation Announces Earnings for the Quarter Ended March 28, 2004

FREMONT, Calif., April 14, 2004--Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the quarter ended March 28, 2004. Revenue for the period was \$231.1 million, and net income was \$19.2 million, or \$0.13 per diluted share, compared to revenue of \$191.5 million and net income of \$6.4 million, or \$0.05 per diluted share, for the December 2003 quarter. Gross margin and operating expenses for the March 2004 quarter were \$106.1 million and \$81.4 million, respectively.

The Company believes the presentation of ongoing results, which excludes certain special items, is useful for analyzing the ongoing business trends by removing the effects of expense recognition connected with its outsourcing strategy and consolidation. Tables that provide reconciliations of ongoing performance to results under U.S. Generally Accepted Accounting Principles (GAAP) are included at the end of this press release.

Sequentially, revenue growth in excess of 20 percent combined with the leverage from the Company's business model almost doubled ongoing net income. Ongoing gross margin for the March 2004 quarter was 45.8 percent of revenue as expense control and improved utilization of factory and field resources more than offset the impact of planned compensation increases. Ongoing operating expenses increased in line with expectations to approximately \$80 million for the period. Ongoing net income of \$19.9 million, or \$0.14 per diluted share, in the March 2004 quarter compares with ongoing net income of \$10.0 million, or \$0.07 per diluted share, for the previous quarter.

Consistent with the recent acceleration in capital investment by semiconductor manufacturers, new orders of \$350 million represent 29 percent growth over the prior period. The geographic distribution of new orders as well as revenue is shown in the following table:

<u>Region</u>	<u>New Orders</u>	<u>Revenue</u>
North America	17%	15%
Europe	11%	19%
Japan	12%	13%
Asia Pacific	60%	53%

Total cash (cash equivalents, short-term investments, and restricted cash) rose by \$47.1 million to \$751.5 million at the end of March. Continued emphasis on working capital management and increased profits were the primary sources of cash generation. Deferred revenue and profit balances were \$101.4 million and \$56.6 million, respectively, and backlog reached \$423 million at the end of the quarter.

"We are pleased with the results for the March quarter. Our continuing focus on cost management, coupled with our revenue growth, resulted in improved profitability. Our operations excellence initiative, which includes management of receivables and inventory control, is enhancing our cash generation. As a result, we will retire our 4% convertible notes early by repaying them in full during the June 2004 quarter," stated James W. Bagley, Lam's chairman and chief executive officer.

"The wafer fabrication equipment industry is in the early stages of a cyclical recovery. We expect demand to be robust over the next several quarters as semiconductor customers purchase equipment to produce their newest, most complex devices. We are winning next-generation applications with our etch product portfolio and believe our market position will continue to strengthen," Bagley concluded.

Statements made in this press release which are not statements 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, but are not limited, to the benefits of the Company's business model, future market conditions (including the strength of the Company's market position, the business environment and industry fundamentals), revenue growth, cash generation, early retirement of the Company's 4% convertible notes, and the Company's demand expectations.

Such statements are based on current expectations and are subject to uncertainties and changes in condition, significance, value and effect as well as other risks detailed in documents filed with the Securities and Exchange Commission, including specifically the reports on Form 10-K for the year ended June 29, 2003, and the Form 10-Q for the quarter ended December 28, 2003, which could cause actual results to vary from expectations. The Company undertakes no obligation to update the

information or statements made in this press release.

Lam Research Corporation is a major supplier of wafer processing equipment and services to the worldwide semiconductor manufacturing industry. The Company's common stock trades on the Nasdaq National Market under the symbol "LRCX." Lam's World Wide Web address is <http://www.lamrc.com>.

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