



Lam Research Corporation Announces Earnings for the Quarter Ended September 26, 2004

FREMONT, Calif., October 13, 2004--Lam Research Corporation (Nasdaq: LRCX) today announced earnings for the quarter ended September 26, 2004. Revenue for the period was \$419.5 million, and net income was \$89.8 million, or \$0.64 per diluted share, compared to revenue of \$329.6 million and net income of \$52.7 million, or \$0.38 per diluted share, for the June 2004 quarter. Gross margin and operating expenses for the September 2004 quarter were \$214.8 million and \$93.5 million, respectively.

The Company believes the presentation of ongoing results, which excludes certain special items, is useful for analyzing ongoing business trends. In the September 2004 quarter, there are no significant differences between the ongoing results and the results under U.S. Generally Accepted Accounting Principles (GAAP). The June 2004 quarter presentation removes the effects of CMP impairment charges and net gains associated with the early retirement of the Company's 4% notes and the related interest rate swap. Tables that provide reconciliations of ongoing performance to results under GAAP are included at the end of this press release.

Ongoing net income increased by 74 percent, driven by sequential revenue growth in excess of 27 percent combined with the leverage from the Company's business model. Ongoing gross margin for the September 2004 quarter was over 51 percent of revenue primarily due to volume growth, driving improved utilization of factory and field resources. In addition, the results reflect continued expense control and efficient asset management. In the period, ongoing operating expenses increased as planned to \$93.5 million, primarily due to increases in variable compensation and employee benefits expenses. Ongoing net income of \$89.8 million, or \$0.64 per diluted share, in the September 2004 quarter compares with ongoing net income of \$51.5 million, or \$0.37 per diluted share, for the previous quarter.

New orders recorded in backlog for Lam equipment increased 5 percent over the prior period to approximately \$429 million. 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	20%	16%
Europe	19%	8%
Japan	20%	10%
Asia Pacific	41%	66%

Cash, short-term investments and restricted cash balances increased to \$589.1 million at the end of September, and cash flows from operating activities were approximately \$40 million during the quarter. Deferred revenue and profit balances were \$195.4 million and \$115.5 million, respectively, and unshipped orders in backlog were \$415 million at the end of the quarter.

"The financial results this quarter include significant achievements for the Company," stated James W. Bagley, chairman and chief executive officer of Lam. "Our gross margin percentage exceeded 51 percent, resulting in record operating margins and record net income."

"While we expect wafer fab equipment to remain a growth-cyclical industry, we believe our business model provides the Company the flexibility to address changing business conditions. Although our customers' investment activity may slow, we believe our product portfolio is particularly well positioned, and we expect to expand our market share in next-generation applications. We intend to build on these financial and market successes, which we believe will result in long-term value for our shareholders, customers, and employees," 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 our expectations of the business cycle for the wafer fab equipment industry, the capability of our business model to adapt to changing conditions or deliver profitable results, market demand and market share projections, technology developments, the future success of our products in the market place, and the future market and financial performance of our Company, including our ability to deliver shareholder, customer and employee value.

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 report on Form 10-K for the year ended June 27, 2004, 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 fabrication equipment and services to the world's semiconductor industry. Lam's common stock trades on the Nasdaq National Market under the symbol LRCX. The Company's World Wide Web address is <http://www.lamrc.com>.

Lam Research Corporation Contact:

Kathleen Bela, Investor Relations, phone: 510/572-4566, e-mail: kathleen.bela@lamrc.com

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