on 29-Jul-2026

BERNSTEIN
SOCIETE GENERALE GROUP

29 July 2026

U.S. Semiconductor Capital Equipment

KLA Corporation

Rating

Outperform

Price Target

KLAC **225.00 USD** (197.50 *OLD*)



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KLA Corporation (KLAC): F4Q26 recap - She'll be comin' 'round the mountain when she comes...

KLAC F4Q26 results were good ($3.658B/62.4%/$1.05 vs Street $3.600B/61.9%/$1.00) on continued strong product revenues growth (+7% QoQ and 15% YoY); Services were also solid and grew above the target model at 17% YoY. China revenue was up ~$130M QoQ with revenue exposure rising slightly to ~26%.

F1Q27 (June-Q) guidance was a bit above ($4.000B/62.5%/$1.16 vs Street $3.943B/62.1%/$1.10), and management sees acceleration, indicating 2HCY26 up ~20% vs the first half (and thereby suggesting Dec-Q at ~$4.5B, solidly above consensus). GMs are seen at ~62.5%, 40 bps above consensus despite continued tariffs and DRAM headwinds. Overall, management noted further strengthening market momentum since last earnings, and now sees CY26 WFE in the low $150B range (vs $140B prior) and sees similar growth in CY27 (up mid-20's implying ~$190B in WFE next year).

Despite all this, the shares weakened in the aftermarket (though perhaps not surprising in this earnings season) given the near-term upside into next quarter, while solid, was not huge (yet). That being said, while the entire industry remains cleanroom-constrained in the near-term, and KLAC themselves suffered from supply issues earlier in the year, those constraints are now easing, with clear acceleration into the end of the calendar year, and the set-up into CY27 continues to look really good to us as fab space comes online and spending in the company's key areas (especially leading edge logic, DRAM, and packaging) climbs. Long term secular drivers around increasing process control intensity, packaging etc remain as well, and the overall WFE demand environment seems likely to continue climbing if AI buildouts continue. And valuations, while still a bit pricey, are a bit easier after the recent group sell-off.

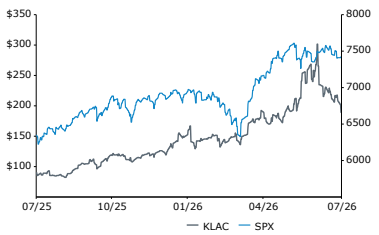
We understand the recent semicap angst but think the space can still be a good place to be. Increasing ests and rolling valuation horizon forward fo FY28 (vs avg FY27/28 prior); PT to $225 (35x, unchanged, on FY28E EPS of $6.52). We rate KLAC OP.

Close Date	28 Jul 2026
KLAC Close Price (USD)	190.80
Price Target (USD)	225.00
Upside/(Downside)	18%
52-Week Range	307.37/83.22
SPX	7,428.78
FYE	Jun
Div Yield	0.5%
Market Cap (USD) (M)	249,237
EV (USD) (M)	250,425

Performance	YTD	1M	6M	12M
Absolute (%)	57.0	(23.3)	17.3	106.7
SPX (%)	8.5	1.0	6.5	16.3
Relative (%)	48.5	(24.3)	10.8	90.4

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Investment Implications

KLAC (Outperform, $225 PT): Amid positive WFE trends KLAC possesses structural growth drivers, a strong and durable competitive position, lower China replacement risk, and disciplined capital allocation, warranting premium valuation.

Adjusted EPS	F26A	F27E	F28E
KLAC (USD)	**3.76**	**5.47**	**6.52**
OLD	--	5.12	6.06

Financials	F26A	F27E	F28E	CAGR
Revenues (M)	13,579	18,049	20,787	--
FCF (M)	3,767	8,568	8,278	--

Valuation Metrics	F26A	F27E	F28E
Adjusted P/E (x)	50.7	34.9	29.2

Source: Bloomberg, Bernstein estimates and analysis.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.
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DETAILS

For our KLAC model, please click: here.

KLAC F4Q26 results were good ($3.658B/62.4%/$1.05 vs Street $3.600B/61.9%/$1.00) on continued investment in foundry/logic and strength in DRAM/HBM. Sequentially, Product revenues grew ~7% QoQ and 15% YoY, mainly driven by growth in Patterning (18%/61% QoQ/YoY), while Wafer Inspection was up ~2% QoQ and ~1% YoY. Specialty Semis, PCB and Component Inspection and Other tools were up ~15% sequentially and up 33% YoY driven by a very strong PCB business. Services had another strong quarter and grew above the target model at 17% YoY, and ticked up ~1ppt sequentially. Gross margins at 62.4% were solid, up ~10bps QoQ and ~60bps above guide on favorable services mix and scale even with continued memory and tariff headwinds. China revenue was up ~$130M QoQ with revenue exposure rising to ~26%, up from ~24% last quarter.

- 4Q26 sales of $3.658B were above consensus ($3.600B) and guidance of $3.575B with the beat driven by Products (**Exhibit 1**).
  - Product revenues were $2.837B (+7% QoQ, +15% YoY), above consensus at $2.816B (**Exhibit 2**). Within the segment, growth was driven by Patterning (+18%/+61% QoQ/YoY), with Wafer Inspection up modestly (2%/1% QoQ/YoY). Taken together, Specialty Semis, PCB and Component Inspection, and Other tools were up ~15% sequentially and up 33% YoY driven by a very strong PCB business (up 77%/97% QoQ/YoY) which has turned faster than management had expected as the transition to high density PCBs is creating opportunities for the business.
  - Services revenues were $820M (+6% QoQ, +17% YoY), a bit above consensus at $817M and growing faster than the target model (**Exhibit 2**).
- By end market, Foundry/Logic, DRAM and NAND accounted for 79%, 17%, and 4% of total Semi PC systems' revenue, respectively (**Exhibit 4**).
- By region, China revenue was up ~$130M / 16% sequentially and down ~1% YoY and accounted for ~26% of revenues, with 31% of revenue from Taiwan, 18% from North America, 10% from Korea, 6% from Japan, 5% from Europe, and 4% from the Rest of Asia (**Exhibit 5**). China concentration ticked up a bit QoQ to 26% vs 24% in Q3, 30% in Q2 and the 39% seen in Q1 (**Exhibit 6**).
- Gross margins were 62.4%, above consensus (61.9%) and guidance (61.8%) and up ~10bps sequentially on favorable services mix and scale even as management called out slightly stronger headwinds from memory pricing than previously communicated (>100bps) (which are expected to persist this and next CY) (**Exhibit 7**).
- Opex came in at $682M, a bit above consensus at $673M.
- Operating margins of 43.7% were ~50bps above consensus (43.2%) (**Exhibit 7**) as higher revenue and slightly higher gross margins more than offset slightly higher opex.
- Tax rate of 12.4% was below expectations of 14.4% and guide (14.5%).
- PF EPS of $1.05 was ahead of consensus at $1.00 (**Exhibit 8**).

F1Q27 guidance was a bit above consensus ($4.000B/62.5%/$1.16 vs Street $3.943B/62.1%/$1.10), and management sees acceleration, indicating 2HCY26 up ~20% vs the first half (and thereby suggesting Dec-Q at ~ $4.5B, solidly above consensus). GMs are seen at ~62.5% above consensus at 62.1% despite continued tariffs and DRAM headwinds. Overall, management noted further strengthening market momentum since last earnings, and now sees WFE (including packaging) in the low $150B range in CY26 vs. >$140B communicated previously. Importantly, given improving demand visibility, management expects similar growth in CY27, up mid-20's (suggesting ~$190B in WFE next year). KLA also took up their process control related Advanced Packaging revenue again to $1.1B (from $1B previously), growing >70% YoY vs. $635M in CY25, ~2x the market.

- Management guided F1Q27 (CQ3) sales to $4.000B, a bit above consensus at $3.943B. However, they also now see H/H revenue growth of ~20%, suggesting Dec-Q at ~$4.5B, solidly above consensus. A positive surprise is the non-semi PC

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tools business which is expected to grow >25% this CY on the back of strength in the PCB business as HPC packages and integration are driving these businesses (we note PCB was up almost100% YoY in the quarter).

- Gross margins were guided to 62.5%, above consensus at 62.1% despite tariffs and DRAM prices continuing to weigh, with the DRAM headwind in particular slightly larger than the previously communicated (at now>100bps); management expects the DRAM headwind to continue into CY27. Even so, management now sees full CY gross margins at a bit above the previously communicated +/-62%.

- Opex was guided to $690M, roughly in line with consensus at $688M and is seen increasing ~$15M-20M sequentially over the next several quarters (implying CY26 spending of ~$2.75B).

- Operating margins were hence suggested at 45.3%, above consensus at 44.6%.

- Tax rate is seen at 14.5%, roughly in line with consensus at 14.7%.

- Diluted shares for next quarter were guided to 1,312M, below consensus at 1,352M.

- PF EPS was guided to $1.16, slightly above consensus at $1.10 (**Exhibit 9**).

- Management took up their outlook for CY26 WFE growth again, now expecting WFE in the low $150B range from >$140B earlier vs. low $120B in CY25 as customers were able to accelerate their growth this year. For CY27, management expects a similar growth rate as for this year, i.e. in the mid-20s % range (implying a potential WFE outlook of ~$190B). Importantly, management is contemplating multiple scenarios in their planning process, which include demand scenarios that could be up 10-20% above their CY27 WFE baseline, and is confident they will have supply and capacity to meet upside if it presents.

- Management also sees continued momentum in Advanced Packaging, now expecting industry growth in the mid-high 30% range for CY26 (vs. ~20% at the beginning of the year) and expects KLA to outgrow the industry by ~2x, taking up their Process Control Advanced Packaging revenue target to ~$1.1B from ~$1B previously, implying >70% growth vs. $635M in revenue in CY25.

Despite all this, the shares weakened in the aftermarket (though perhaps not surprising in this earnings season) given the near-term upside into next quarter, while solid, was not huge (yet). That being said, while the entire industry remains cleanroom-constrained in the near-term, and KLAC themselves suffered from supply issues earlier in the year, those constraints are now easing, with clear acceleration into the end of the calendar year, and the set-up into CY27 continues to look really good to us as fab space comes online and spending in the company's key areas (especially leading edge logic, DRAM, and packaging) climbs. Long term secular drivers around increasing process control intensity, packaging etc remain as well, and the overall WFE demand environment seems likely to continue climbing if AI buildouts continue. And valuations, while still a bit pricey, are now a bit easier after the recent group sell-off. We understand the recent semicap angst but think the space can still be a good place to be.

- Despite the very solid report, the shares weakened post-print in the aftermarket (down ~8% as of this writing) though perhaps not hugely surprising given the nature of the current earnings season, likely as the near-term upside, while good, was not huge.

- That being said, the entire industry remains cleanroom-constrained, and KLA themselves suffered from supply issues earlier in the year.

- However, those constraints are now easing, with clear acceleration into the end of the calendar year.

- And the set-up into CY27 looks really strong to us as fab space comes online and spending in the company's key areas (especially leading edge logic, DRAM, and packaging) climbs.

- Long term secular drivers around increasing process control intensity (more advanced nodes, bigger dies, increased use in DRAM), packaging, etc,. all remain. And if AI datacenter buildouts play out as currently anticipated it seems clear that WFE requirements are only going to grow.

- And valuations, while still on the pricey side (**Exhibit 10**), are now a bit easier after the recent group sell-off (**Exhibit 11**).

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- We understand the recent semicap angst but think the space can still be a good place to be, with numbers likely to move higher (potentially materially) as we move into CY27 and beyond, with the players key beneficiaries of silicon requirements as datacenter builds happen.

Other tidbits:

- Free cash flow in the quarter was $817M (22% FCF margin) and $3,767M on a TTM basis (28% FCF margin) (**Exhibit 12**).

  Cash return in the quarter was $876M ($305M in dividends, $571M in share buybacks); 107% of FCF in the quarter and 113% of FCF on a TTM basis (**Exhibit 13**).

- Inventory dollars grew by $211M to $3,649M vs $3,437M last quarter, while inventory days were down 2 days to 238 (**Exhibit 14**).

We update our model, raising estimates, and introduce our FY29 numbers. We also roll our valuation horizon forward to FY28 from the average of FY27/28, and take our price target to $225 from $197.50. We maintain our Outperform rating.

- We update our model, raising estimates, and introduce our FY29 numbers.
- We raise our FY2027 revenue estimate from $17.3B to $18.0B, FY2028 revenue from $19.8B to $20.8B, and introduce FY2029 at $22.4B.
- We raise our FY2027 PF EPS estimate from $5.12 to $5.47, raise FY2028 from $6.06 to $6.52, and introduce FY2029 at $7.25.
- We roll our valuation horizon forward to FY28 from the average of FY27/28.
- We raise our price target from $197.50 to $225 (~35x, unchanged, on our FY28 non-GAAP EPS estimate of $6.52).
- We maintain our Outperform rating.

EXHIBIT 1: **KLAC's Jun-Q results were good, above Street and our expectations on revenue, gross margins and EPS**

Q426	Actual	Consensus	Actual vs. Consensus	Bernstein	Actual vs. Bernstein
Revenue ($M)	$3,658	$3,600	$57	$3,575	$82
Products ($M)	$2,837	$2,816	$21	$2,774	$63
Services ($M)	$820	$817	$4	$801	$19
PF Gross Margin (%)	62.4%	61.9%	45 bps	61.8%	60 bps
Operating Margin (%)	43.7%	43.2%	51 bps	43.2%	56 bps
PF Diluted EPS ($)	$1.05	$1.00	$0.05	$0.99	$0.07

Source: Company results, Bloomberg, Bernstein estimates and analysis

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EXHIBIT 2: **Total sales in the quarter were up 15% YoY, with Product sales growing 15% YoY driven by healthy growth in Patterning and very strong growth of the PCB & Component inspection business (almost doubling YoY) with Services up a strong 17%**

Sales by Product and Service	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326	Q426
Wafer Inspection	$1,103	$1,257	$1,027	$950	$1,010	$1,166	$988	$1,169	$1,369	$1,563	$1,496	$1,772	$1,537	$1,573	$1,740	$1,781
Y/Y %	*24.2%*	*13.8%*	*11.8%*	*(13.9%)*	*(8.4%)*	*(7.2%)*	*(3.8%)*	*23.0%*	*35.5%*	*34.0%*	*51.4%*	*51.6%*	*12.3%*	*0.7%*	*16.3%*	*0.5%*
Q/Q %	*(0.1%)*	*14.0%*	*(18.3%)*	*(7.5%)*	*6.3%*	*15.5%*	*(15.3%)*	*18.3%*	*17.1%*	*14.1%*	*(4.3%)*	*18.4%*	*(13.2%)*	*2.3%*	*10.6%*	*2.3%*
Patterning	$733	$861	$612	$585	$542	$430	$539	$542	$576	$531	$636	$453	$667	$696	$615	$728
Y/Y %	*66.8%*	*69.3%*	*0.1%*	*19.2%*	*(26.0%)*	*(50.0%)*	*(11.8%)*	*(7.3%)*	*6.3%*	*23.3%*	*18.0%*	*(16.5%)*	*15.8%*	*31.2%*	*(3.4%)*	*60.7%*
Q/Q %	*49.4%*	*17.4%*	*(29.0%)*	*(4.4%)*	*(7.2%)*	*(20.7%)*	*25.3%*	*0.6%*	*6.3%*	*(7.9%)*	*19.9%*	*(28.8%)*	*47.4%*	*4.3%*	*(11.6%)*	*18.3%*
Specialty Semi Process	$114	$146	$115	$117	$112	$136	$116	$106	$113	$143	$138	$123	$100	$122	$144	$137
Y/Y %	*22.9%*	*38.7%*	*8.6%*	*5.7%*	*(2.0%)*	*(6.4%)*	*1.4%*	*(9.8%)*	*0.6%*	*4.9%*	*18.8%*	*16.4%*	*(11.2%)*	*(14.7%)*	*4.1%*	*11.3%*
Q/Q %	*3.2%*	*27.2%*	*(21.1%)*	*2.0%*	*(4.4%)*	*21.6%*	*(14.6%)*	*(9.2%)*	*6.7%*	*26.8%*	*(3.2%)*	*(11.1%)*	*(18.5%)*	*21.7%*	*18.0%*	*(4.9%)*
PCB and Component Inspection	$134	$109	$69	$65	$71	$77	$68	$74	$73	$93	$104	$85	$117	$80	$95	$168
Y/Y %	*(2.5%)*	*(10.8%)*	*(43.7%)*	*(63.5%)*	*(47.1%)*	*(28.9%)*	*(1.7%)*	*13.6%*	*2.5%*	*20.7%*	*52.6%*	*14.8%*	*60.9%*	*(14.3%)*	*(8.9%)*	*96.7%*
Q/Q %	*(25.1%)*	*(19.2%)*	*(36.0%)*	*(5.8%)*	*8.7%*	*8.6%*	*(11.6%)*	*8.8%*	*(2.0%)*	*28.0%*	*11.7%*	*(18.1%)*	*37.3%*	*(31.8%)*	*18.8%*	*76.8%*
Other	$111	$91	$80	$99	$101	$111	$58	$64	$66	$80	$19	$39	$43	$40	$46	$24
Y/Y %	*54.4%*	*62.5%*	*93.2%*	*9.8%*	*(9.1%)*	*21.8%*	*(28.3%)*	*(35.5%)*	*(34.1%)*	*(28.3%)*	*(66.8%)*	*(38.1%)*	*(35.4%)*	*(49.9%)*	*141.0%*	*(39.0%)*
Q/Q %	*23.4%*	*(17.5%)*	*(12.2%)*	*22.8%*	*2.1%*	*10.6%*	*(48.3%)*	*10.4%*	*4.4%*	*20.4%*	*(76.1%)*	*106.0%*	*8.9%*	*(6.6%)*	*15.0%*	*(47.8%)*
Total Products	**$2,196**	**$2,463**	**$1,903**	**$1,817**	**$1,837**	**$1,922**	**$1,769**	**$1,955**	**$2,197**	**$2,409**	**$2,394**	**$2,472**	**$2,465**	**$2,511**	**$2,640**	**$2,837**
Y/Y %	*34.7%*	*29.9%*	*5.7%*	*(8.0%)*	*(16.3%)*	*(22.0%)*	*(7.0%)*	*7.6%*	*19.6%*	*25.4%*	*35.3%*	*26.5%*	*12.2%*	*4.2%*	*10.3%*	*14.8%*
Q/Q %	*11.2%*	*12.2%*	*(22.7%)*	*(4.6%)*	*1.1%*	*4.6%*	*(7.9%)*	*10.5%*	*12.4%*	*9.7%*	*(0.6%)*	*3.3%*	*(0.3%)*	*1.9%*	*5.1%*	*7.5%*
Services	**$529**	**$520**	**$529**	**$539**	**$560**	**$565**	**$590**	**$614**	**$644**	**$667**	**$669**	**$703**	**$745**	**$786**	**$775**	**$820**
Y/Y %	*16.5%*	*13.9%*	*8.4%*	*5.3%*	*6.0%*	*8.5%*	*11.6%*	*14.0%*	*15.0%*	*18.1%*	*13.3%*	*14.4%*	*15.6%*	*17.8%*	*15.8%*	*16.8%*
Q/Q %	*3.4%*	*(1.6%)*	*1.7%*	*1.8%*	*4.0%*	*0.8%*	*4.5%*	*4.0%*	*4.9%*	*3.6%*	*0.3%*	*5.0%*	*6.0%*	*5.6%*	*(1.4%)*	*5.9%*
Total Sales	**$2,724**	**$2,984**	**$2,433**	**$2,355**	**$2,397**	**$2,487**	**$2,360**	**$2,569**	**$2,842**	**$3,077**	**$3,063**	**$3,175**	**$3,210**	**$3,297**	**$3,415**	**$3,658**
Y/Y %	*30.7%*	*26.8%*	*6.3%*	*(5.3%)*	*(12.0%)*	*(16.7%)*	*(3.0%)*	*9.1%*	*18.5%*	*23.7%*	*29.8%*	*23.6%*	*13.0%*	*7.2%*	*11.5%*	*15.2%*
Q/Q %	*9.6%*	*9.5%*	*(18.5%)*	*(3.2%)*	*1.8%*	*3.7%*	*(5.1%)*	*8.9%*	*10.6%*	*8.3%*	*(0.4%)*	*3.6%*	*1.1%*	*2.7%*	*3.6%*	*7.1%*

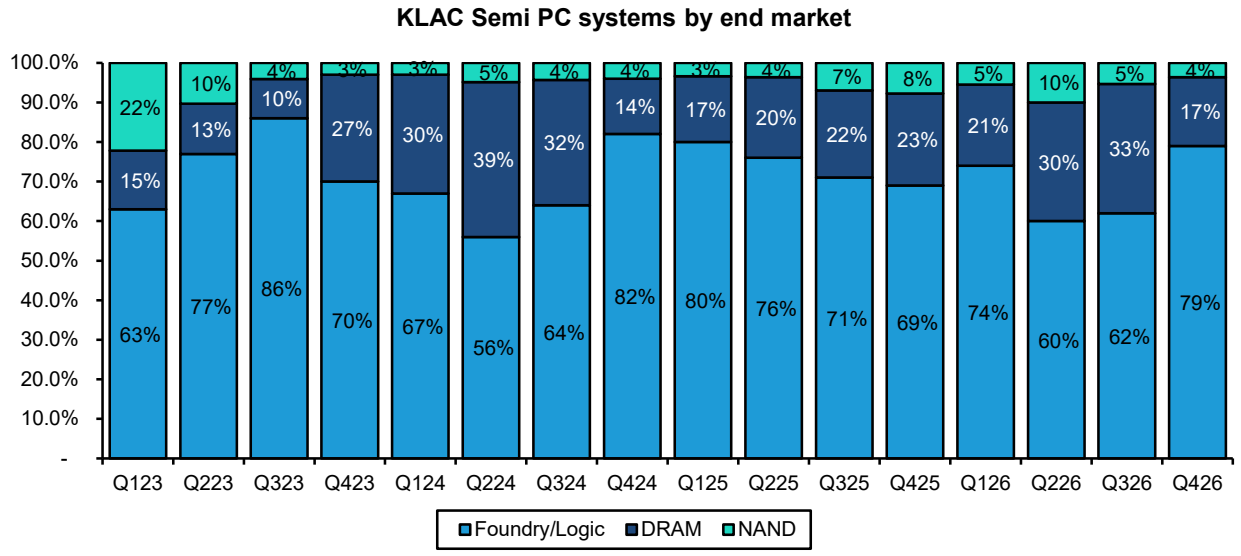
Source: Company reports, Bernstein analysis

EXHIBIT 3: **On a YoY basis, Semi PC grew 13%, while Specialty Semi Process also grew 13% and PCB, Display and Component Inspection was up ~57%**

Sales by Reportable Segment	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424	Q125	Q225	Q325	Q425	Q126	Q226	Q326	Q426
Semiconductor Process Control	$2,398	$2,657	$2,172	$2,097	$2,135	$2,194	$2,096	$2,308	$2,575	$2,756	$2,739	$2,878	$2,899	$3,005	$3,084	$3,257
Y/Y %	*34.8%*	*29.5%*	*9.7%*	*(0.8%)*	*(10.9%)*	*(17.4%)*	*(3.5%)*	*10.0%*	*20.6%*	*25.6%*	*30.7%*	*24.7%*	*12.6%*	*9.0%*	*12.6%*	*13.2%*
Q/Q %	*13.4%*	*10.8%*	*(18.3%)*	*(3.4%)*	*1.8%*	*2.7%*	*(4.5%)*	*10.1%*	*11.6%*	*7.0%*	*(0.6%)*	*5.1%*	*0.8%*	*3.6%*	*2.6%*	*5.6%*
Specialty Semiconductor Process	$128	$158	$128	$129	$127	$150	$131	$121	$128	$160	$157	$142	$120	$141	$164	$160
Y/Y %	*25.3%*	*40.2%*	*9.5%*	*3.6%*	*(0.9%)*	*(5.1%)*	*1.7%*	*(6.0%)*	*1.3%*	*6.9%*	*19.8%*	*17.0%*	*(6.7%)*	*(12.4%)*	*4.8%*	*12.6%*
Q/Q %	*2.7%*	*23.6%*	*(18.8%)*	*0.4%*	*(1.8%)*	*18.4%*	*(12.9%)*	*(7.2%)*	*5.8%*	*25.0%*	*(2.4%)*	*(9.4%)*	*(15.6%)*	*17.4%*	*16.7%*	*(2.6%)*
PCB, Display and Component Inspection	$201	$170	$132	$129	$136	$143	$133	$140	$138	$161	$169	$154	$189	$152	$167	$241
Y/Y %	*(1.0%)*	*(9.6%)*	*(31.5%)*	*(48.2%)*	*(32.2%)*	*(15.8%)*	*1.1%*	*8.6%*	*1.4%*	*12.6%*	*26.4%*	*10.1%*	*37.3%*	*(5.5%)*	*(0.9%)*	*56.5%*
Q/Q %	*(19.3%)*	*(15.3%)*	*(22.4%)*	*(2.2%)*	*5.5%*	*5.1%*	*(6.7%)*	*5.0%*	*(1.5%)*	*16.7%*	*4.6%*	*(8.6%)*	*23.0%*	*(19.7%)*	*9.7%*	*44.4%*

Source: Company reports, Bernstein analysis

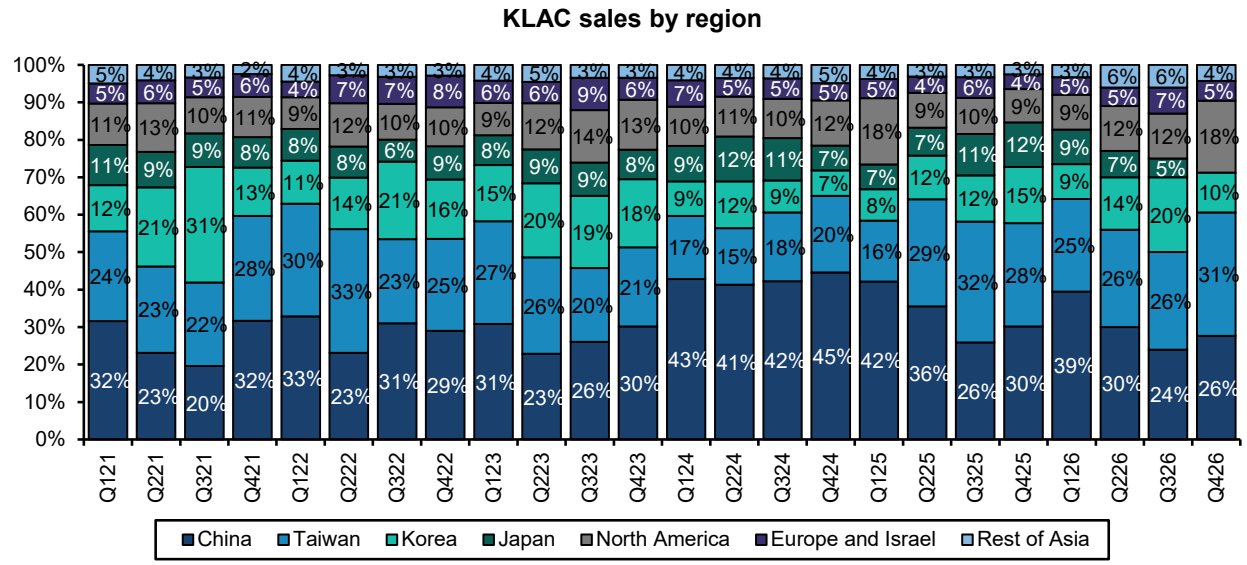
EXHIBIT 4: **Foundry/Logic, DRAM and NAND came in as a 79%, 17% and 4% of Semi PC system sales in the quarter, respectively**



Source: Company reports, Bernstein analysis

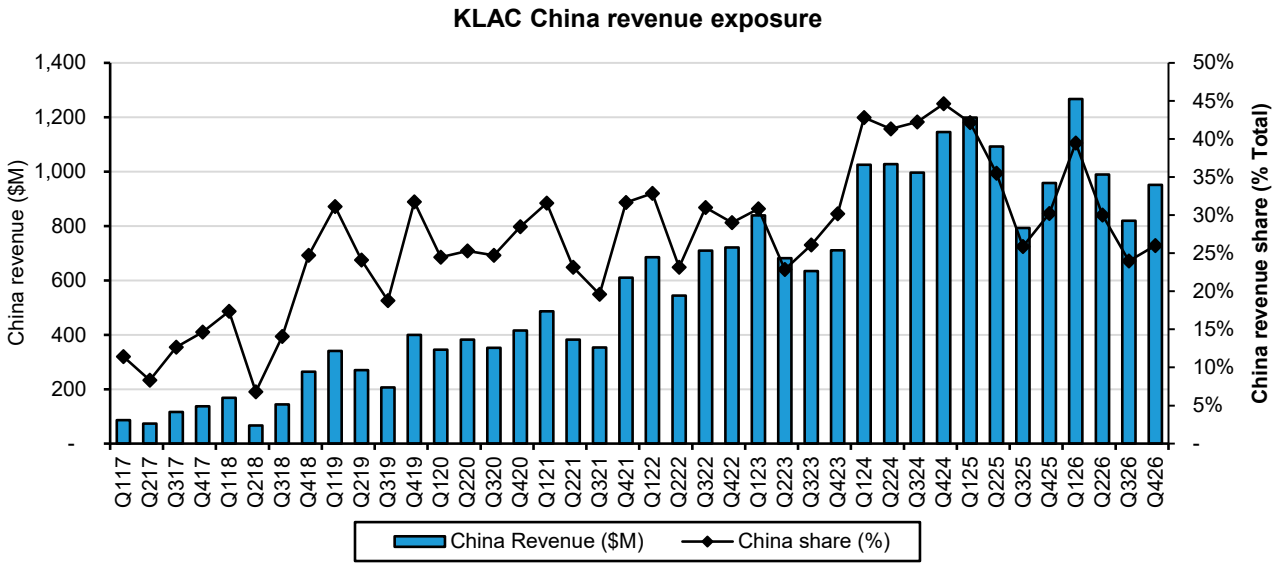
on 29-Jul-2026

EXHIBIT 5: **Taiwan grew strongly and made up 31% of sales while Korea was down to 10% of revenue and China gained 2ppt of share**



Source: Company reports, Bernstein analysis

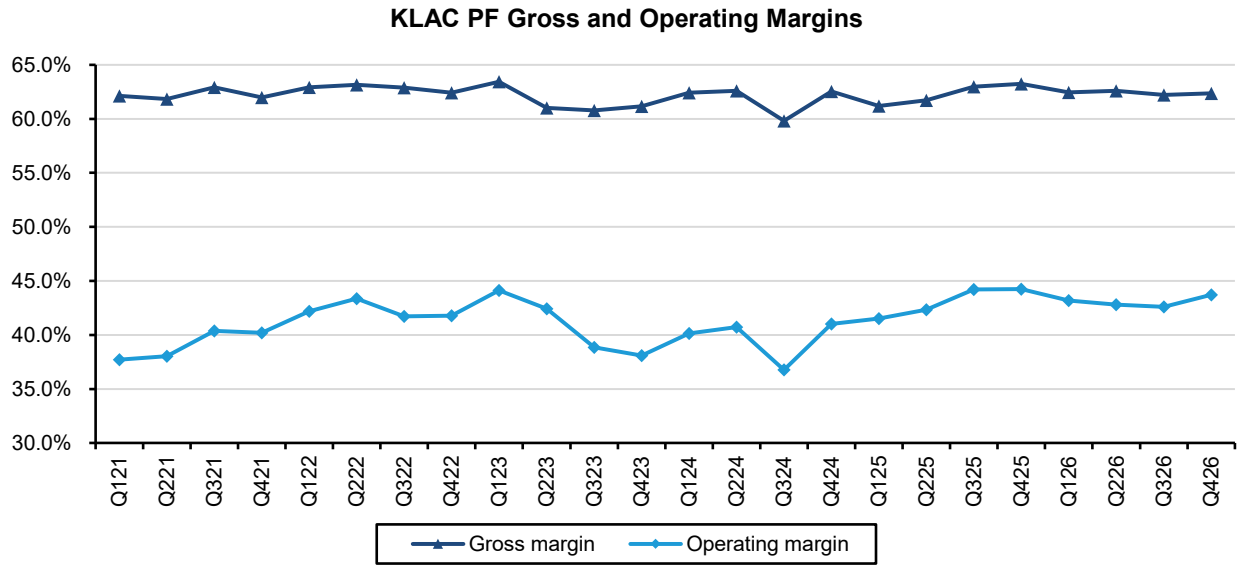
EXHIBIT 6: **China revenues were up ~$130M sequentially, and revenue exposure was up ~2pts sequentially to 26% in the quarter**



Source: Company reports, Bernstein analysis

on 29-Jul-2026

EXHIBIT 7: **Gross margins strengthened slightly, up 14bps QoQ, while operating margins were up ~110bps sequentially as a result of strong operating leverage**



Source: Company reports, Bernstein analysis

EXHIBIT 8: **KLAC's results beat consensus estimates across the board**

Q426	Consensus	Actual	Δ	Bernstein	Actual	Δ
Revenue ($M)	$3,600	$3,658	$57	$3,575	$3,658	$82
COGS ($M)	$1,372	$1,377	$5	$1,368	$1,377	$9
Gross Profit ($M)	$2,229	$2,281	$52	$2,208	$2,281	$73
Gross margin %	61.9%	62.4%	45 bps	61.8%	62.4%	60 bps
Opex ($M)	$673	$682	$9	$665	$682	$17
Operating income ($M)	$1,555	$1,599	$43	$1,543	$1,599	$56
Operating margin %	43.2%	43.7%	51 bps	43.2%	43.7%	56 bps
Other expense, net ($M)	$24	$16	-$8	$25	$16	-$9
EBT ($M)	$1,532	$1,582	$51	$1,518	$1,582	$64
Tax ($M)	$221	$197	-$24	$220	$197	-$23
Tax rate %	14.4%	12.4%	-199 bps	14.5%	12.4%	-207 bps
Net Income ($M)	$1,311	$1,386	$75	$1,298	$1,386	$88
DSO (M)	1308	1315	7	1314	1315	1
EPS ($)	$1.00	$1.05	$0.05	$0.99	$1.05	$0.07

Source: Company reports, Bloomberg, Bernstein estimates and analysis

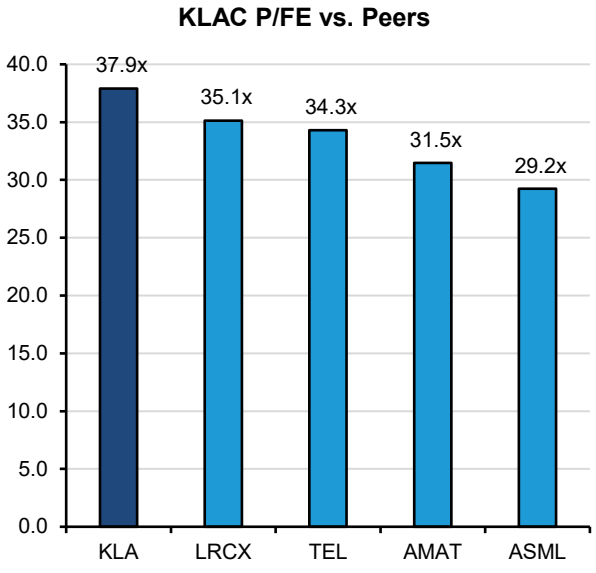
EXHIBIT 9: **KLAC guided the Sep-Q above consensus estimates**

		Q127 Guidance		Prior Consensus	
	Q426 Results	Range	Midpoint	Q127 Expectations	Delta
Revenue	$3,658	$3,800 - $4,200	$4,000	$3,943	$57
Gross Margin	62.4%	61.5% - 63.5%	62.5%	62.1%	44 bps
Opex	$682	$684 - $696	$690	$688	$2
EPS	$1.05	$1.06 - $1.26	$1.16	$1.10	$0.06
DSO	1,315		1,312	1,352	-40

Source: Company reports, Bloomberg, Bernstein analysis

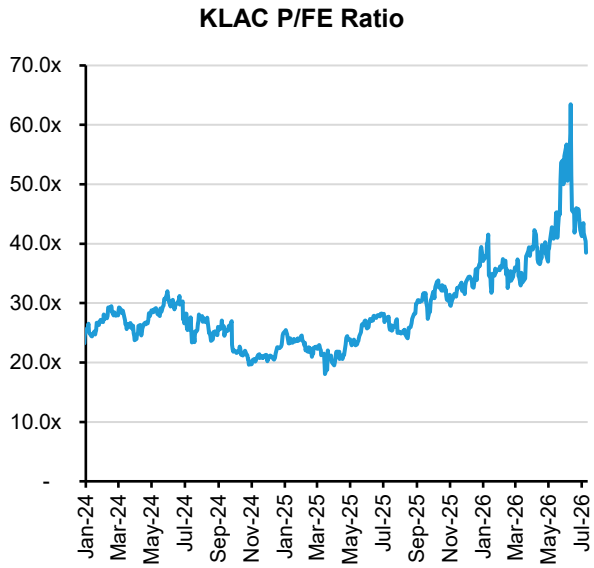
on 29-Jul-2026

EXHIBIT 10: **Shares remain expensive...**



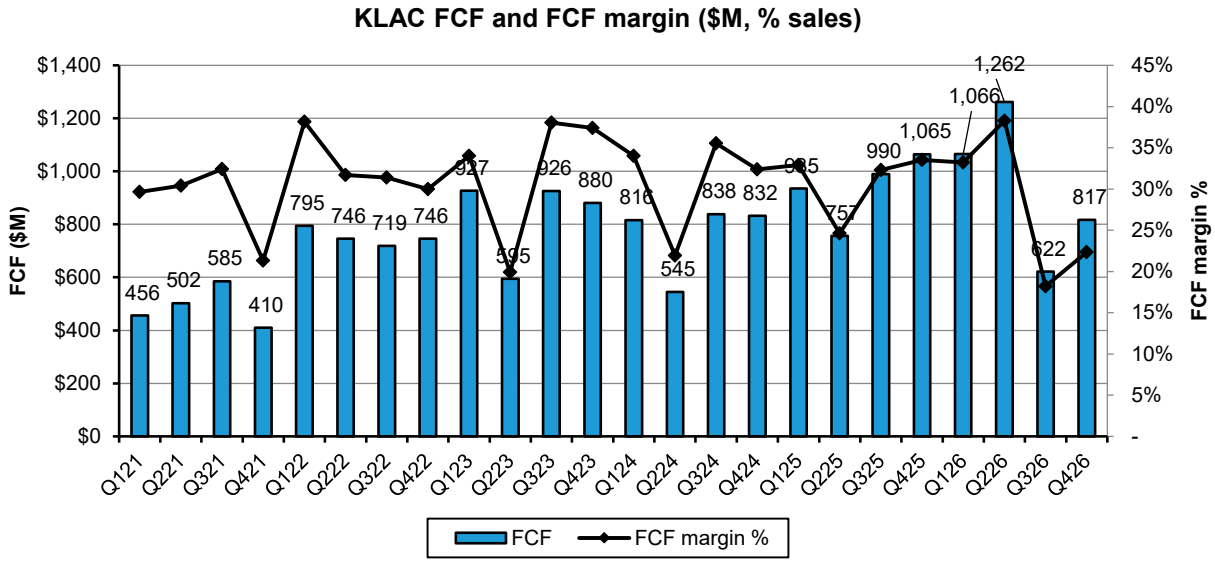
As of 7/28/2026.
Source: Bloomberg, Bernstein analysis

EXHIBIT 11: **... but have come down substantially vs. their peak about a month ago**



As of 7/28/2026.
Source: Bloomberg, Bernstein analysis

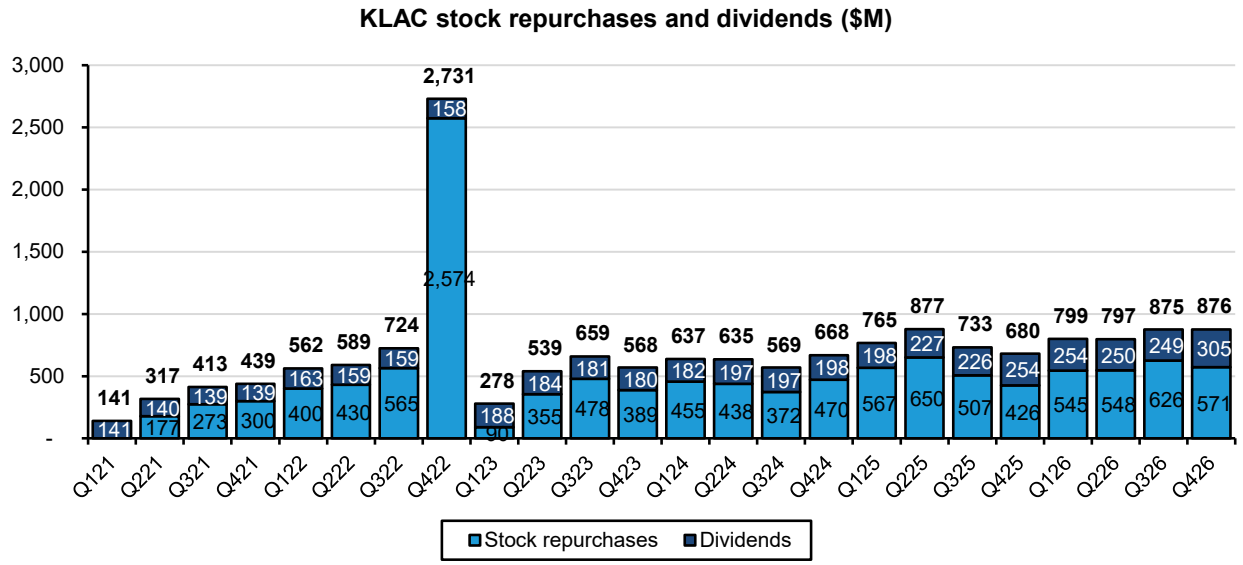
EXHIBIT 12: **KLAC's FCF was up QoQ at $817M in the quarter with FCF margins coming in at 22%**



Source: Company reports, Bernstein analysis

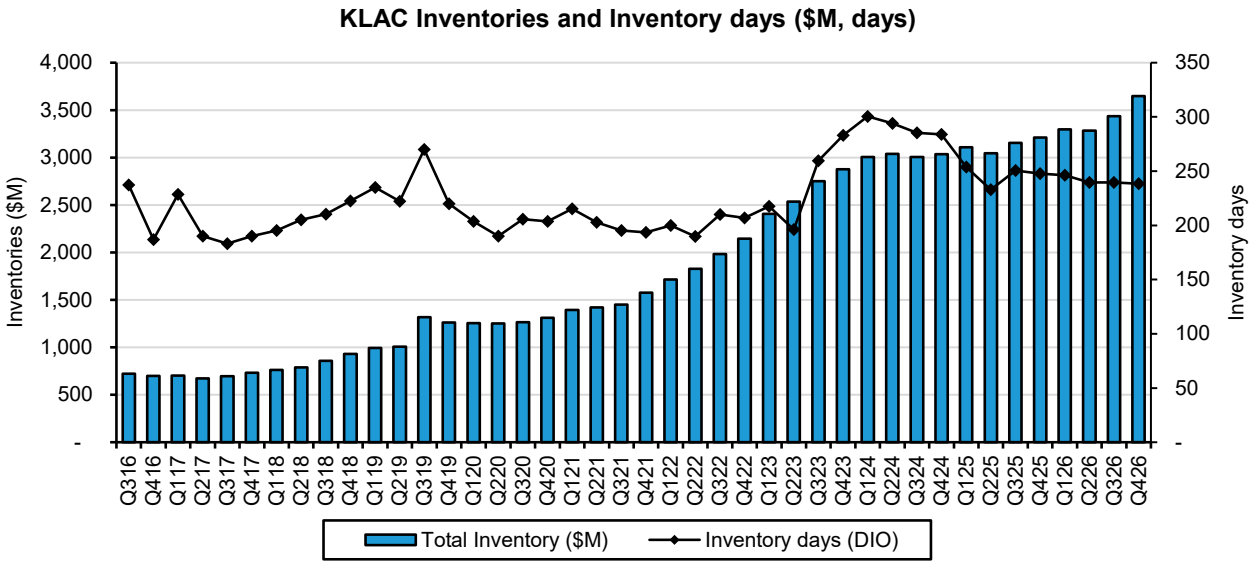
on 29-Jul-2026

EXHIBIT 13: **KLAC returned $876M or ~107% of FCF in the quarter by repurching $571M worth of stock and paying $305M in dividends**



Source: Company reports, Bernstein analysis

EXHIBIT 14: **Inventory dollars were up $211M sequentially to ~$3.6B while inventory days were down 2 days to 238**



Source: Company reports, Bernstein analysis

APPENDIX - FINANCIAL FORECASTS

EXHIBIT 15: **KLAC - Income Statement**

Income Statement (Non-GAAP), USD in millions except per share Fiscal Period (Fiscal Year ending June 30)	2026	2027E	2028E	2029E	Q126	Q226	Q326	Q426	Q127E	Q227E	Q327E	Q427E	Q128E	Q228E	Q328E	Q428E
Revenue	**13,579**	**18,049**	**20,787**	**22,408**	**3,210**	**3,297**	**3,415**	**3,658**	**4,000**	**4,500**	**4,678**	**4,871**	**5,000**	**5,127**	**5,286**	**5,373**
COGS	5,106	6,768	7,664	8,179	1,205	1,233	1,291	1,377	1,500	1,687	1,754	1,827	1,850	1,897	1,956	1,961
Gross Profit	**8,474**	**11,281**	**13,123**	**14,229**	**2,005**	**2,064**	**2,125**	**2,281**	**2,500**	**2,812**	**2,924**	**3,045**	**3,150**	**3,230**	**3,330**	**3,412**
R&D	1,532	1,696	1,975	2,129	360	384	389	399	406	416	430	443	475	487	502	510
SG&A	1,091	1,171	1,346	1,457	258	269	281	283	284	290	295	302	320	333	344	349
Operating Expenses	**2,623**	**2,867**	**3,321**	**3,585**	**618**	**653**	**670**	**682**	**690**	**706**	**725**	**745**	**795**	**820**	**846**	**860**
Operating Income	**5,850**	**8,414**	**9,802**	**10,644**	**1,386**	**1,411**	**1,454**	**1,599**	**1,810**	**2,106**	**2,199**	**2,299**	**2,355**	**2,410**	**2,485**	**2,552**
Non-operating Expense / (Income)	(218)	(200)	(217)	(247)	(43)	(38)	(80)	(57)	(45)	(49)	(54)	(52)	(54)	(52)	(54)	(56)
Interest Expense	284	278	278	265	71	70	70	73	69	69	69	69	69	69	69	69
Earnings Before Taxes	**5,784**	**8,336**	**9,741**	**10,626**	**1,359**	**1,379**	**1,464**	**1,582**	**1,786**	**2,086**	**2,183**	**2,281**	**2,340**	**2,392**	**2,469**	**2,539**
Income Tax Expense / (Benefit)	825	1,209	1,412	1,541	192	211	225	197	259	302	316	331	339	347	358	368
Minority/Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	**4,959**	**7,127**	**8,328**	**9,085**	**1,167**	**1,168**	**1,239**	**1,386**	**1,527**	**1,783**	**1,866**	**1,951**	**2,001**	**2,046**	**2,111**	**2,171**
Basic EPS	$3.78	$5.51	$6.57	$7.30	$0.89	$0.89	$0.95	$1.06	$1.17	$1.38	$1.45	$1.52	$1.57	$1.61	$1.67	$1.72
Weighted Avg. Shares - Basic (M)	1,311	1,294	1,268	1,244	1,318	1,313	1,309	1,307	1,304	1,297	1,290	1,284	1,277	1,271	1,265	1,259
Diluted EPS	**$3.76**	**$5.47**	**$6.52**	**$7.25**	**$0.88**	**$0.88**	**$0.94**	**$1.05**	**$1.16**	**$1.37**	**$1.44**	**$1.51**	**$1.56**	**$1.60**	**$1.66**	**$1.71**
Weighted Avg. Shares - Diluted (M)	1,319	1,302	1,276	1,253	1,324	1,320	1,318	1,315	1,312	1,305	1,298	1,292	1,286	1,279	1,273	1,267
Growth and Margins																
Revenue QoQ/YoY %	*11.7%*	*32.9%*	*15.2%*	*7.8%*	*1.1%*	*2.7%*	*3.6%*	*7.1%*	*9.4%*	*12.5%*	*4.0%*	*4.1%*	*2.6%*	*2.5%*	*3.1%*	*1.6%*
Revenue YoY %	*11.7%*	*32.9%*	*15.2%*	*7.8%*	*13.0%*	*7.2%*	*11.5%*	*15.2%*	*24.6%*	*36.5%*	*37.0%*	*33.2%*	*25.0%*	*13.9%*	*13.0%*	*10.3%*
Gross Margin %	*62.4%*	*62.5%*	*63.1%*	*63.5%*	*62.5%*	*62.6%*	*62.2%*	*62.4%*	*62.5%*	*62.5%*	*62.5%*	*62.5%*	*63.0%*	*63.0%*	*63.0%*	*63.5%*
Incremental Gross Margin %	*63.1%*	*62.8%*	*67.3%*	*68.3%*	*(8.7%)*	*67.8%*	*51.3%*	*64.4%*	*64.1%*	*62.5%*	*62.5%*	*62.5%*	*81.9%*	*63.0%*	*63.0%*	*94.0%*
R&D / Sales %	*11.3%*	*9.4%*	*9.5%*	*9.5%*	*11.2%*	*11.6%*	*11.4%*	*10.9%*	*10.2%*	*9.3%*	*9.2%*	*9.1%*	*9.5%*	*9.5%*	*9.5%*	*9.5%*
SG&A / Sales %	*8.0%*	*6.5%*	*6.5%*	*6.5%*	*8.0%*	*8.2%*	*8.2%*	*7.7%*	*7.1%*	*6.5%*	*6.3%*	*6.2%*	*6.4%*	*6.5%*	*6.5%*	*6.5%*
Opex/Sales %	*19.3%*	*15.9%*	*16.0%*	*16.0%*	*19.3%*	*19.8%*	*19.6%*	*18.6%*	*17.3%*	*15.7%*	*15.5%*	*15.3%*	*15.9%*	*16.0%*	*16.0%*	*16.0%*
Operating Margin %	*43.1%*	*46.6%*	*47.2%*	*47.5%*	*43.2%*	*42.8%*	*42.6%*	*43.7%*	*45.3%*	*46.8%*	*47.0%*	*47.2%*	*47.1%*	*47.0%*	*47.0%*	*47.5%*
Incremental Operating Margin %	*42.8%*	*57.4%*	*50.7%*	*51.9%*	*(52.5%)*	*28.5%*	*36.7%*	*59.4%*	*61.7%*	*59.2%*	*52.1%*	*52.0%*	*43.3%*	*43.1%*	*47.0%*	*78.0%*
Tax Rate %	*14.3%*	*14.5%*	*14.5%*	*14.5%*	*14.1%*	*15.3%*	*15.4%*	*12.4%*	*14.5%*	*14.5%*	*14.5%*	*14.5%*	*14.5%*	*14.5%*	*14.5%*	*14.5%*
Net Margin %	*36.5%*	*39.5%*	*40.1%*	*40.5%*	*36.4%*	*35.4%*	*36.3%*	*37.9%*	*38.2%*	*39.6%*	*39.9%*	*40.0%*	*40.0%*	*39.9%*	*39.9%*	*40.4%*
Diluted EPS QoQ/YoY %	*13.0%*	*45.6%*	*19.2%*	*11.1%*	*(6.0%)*	*0.4%*	*6.2%*	*12.1%*	*10.4%*	*17.4%*	*5.2%*	*5.0%*	*3.1%*	*2.7%*	*3.7%*	*3.3%*
Diluted EPS YoY %	*13.0%*	*45.6%*	*19.2%*	*11.1%*	*20.3%*	*7.9%*	*11.8%*	*12.4%*	*32.0%*	*54.4%*	*52.9%*	*43.2%*	*33.7%*	*17.0%*	*15.4%*	*13.5%*

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on 29-Jul-2026

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EXHIBIT 16: **KLAC - Balance Sheet**

Balance Sheet, USD in millions Fiscal Period (Fiscal Year ending June 30)	2026E	2027E	2028E	2029E	Q126	Q226	Q326	Q426	Q127E	Q227E	Q327E	Q427E	Q128E	Q228E	Q328E	Q428E
Cash and Equivalents & Marketable Securities	4,902	7,199	8,183	8,921	4,684	5,207	4,958	4,902	6,690	6,887	6,868	7,199	6,950	7,214	7,520	8,183
Accounts Receivable	2,889	3,248	3,582	3,900	2,278	2,074	2,304	2,889	2,889	3,000	3,119	3,248	3,334	3,418	3,524	3,582
Inventories	3,649	4,466	4,794	5,219	3,297	3,283	3,437	3,649	3,833	4,125	4,288	4,466	4,523	4,637	4,781	4,794
Other Current Assets	942	967	1,067	1,161	642	700	652	942	794	893	929	967	993	1,018	1,050	1,067
Total Current Assets	**12,382**	**15,880**	**17,625**	**19,202**	**10,901**	**11,264**	**11,351**	**12,382**	**14,206**	**14,906**	**15,204**	**15,880**	**15,800**	**16,287**	**16,875**	**17,625**
Property Plant & Equipment, Net	1,381	1,629	1,906	2,177	1,302	1,345	1,364	1,381	1,432	1,495	1,561	1,629	1,697	1,766	1,836	1,906
Deferred Tax Assets	1,037	1,381	1,524	1,659	1,131	1,144	1,123	1,037	1,410	1,561	1,539	1,381	1,762	1,779	1,739	1,524
Purchased Intangible Assets, net	256	127	78	42	397	348	301	256	224	191	159	127	114	102	90	78
Goodwill	1,789	1,789	1,789	1,789	1,791	1,791	1,788	1,789	1,789	1,789	1,789	1,789	1,789	1,789	1,789	1,789
Other Noncurrent Assets	1,107	1,138	1,256	1,367	795	829	946	1,107	935	1,052	1,093	1,138	1,169	1,198	1,235	1,256
Total Assets	**17,952**	**21,944**	**24,177**	**26,236**	**16,318**	**16,720**	**16,874**	**17,952**	**19,994**	**20,994**	**21,344**	**21,944**	**22,331**	**22,922**	**23,564**	**24,177**
Accounts Payable	624	710	763	830	430	425	515	624	667	750	682	710	720	738	761	763
Current Portion of Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue (systems+services)	1,537	2,524	2,784	3,031	1,424	1,457	1,197	1,537	2,072	2,331	2,423	2,524	2,591	2,656	2,739	2,784
Other Current Liabilities	2,144	3,343	3,687	4,014	2,197	2,100	2,039	2,144	2,745	3,088	3,210	3,343	3,431	3,518	3,628	3,687
Total Current Liabilities	**4,305**	**6,577**	**7,233**	**7,875**	**4,050**	**3,982**	**3,752**	**4,305**	**5,483**	**6,169**	**6,316**	**6,577**	**6,741**	**6,912**	**7,127**	**7,233**
Long Term Debt	5,887	5,887	5,887	5,087	5,885	5,886	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887	5,887
Deferred Income Taxes (Liabilities)	474	533	481	407	465	453	444	474	499	528	515	533	524	499	476	481
Deferred Revenue (Long-Term, Service)	238	390	430	468	287	271	252	238	320	360	374	390	400	410	423	430
Other Noncurrent Liabilities	698	1,012	1,116	1,215	646	663	709	698	831	935	972	1,012	1,039	1,065	1,098	1,116
Total Liabilities	**11,602**	**14,399**	**15,147**	**15,052**	**11,333**	**11,254**	**11,043**	**11,602**	**13,021**	**13,879**	**14,064**	**14,399**	**14,591**	**14,774**	**15,011**	**15,147**
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock and capital in excess of par value	2,700	2,700	2,700	2,700	2,489	2,604	2,675	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Accumulated Other Comprehensive Income	(34)	(34)	(34)	(34)	1	1	(32)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)	(34)
Retained Earnings	3,684	4,878	6,363	8,517	2,495	2,861	3,187	3,684	4,307	4,449	4,614	4,878	5,074	5,482	5,887	6,363
Total Equity	**6,350**	**7,544**	**9,029**	**11,183**	**4,985**	**5,466**	**5,830**	**6,350**	**6,973**	**7,115**	**7,280**	**7,544**	**7,740**	**8,148**	**8,553**	**9,029**
Total Liabilities and Shareholders Equity	**17,952**	**21,944**	**24,177**	**26,236**	**16,318**	**16,720**	**16,874**	**17,952**	**19,994**	**20,994**	**21,344**	**21,944**	**22,331**	**22,922**	**23,564**	**24,177**
Summary metrics																
EBITDA	6,244	8,836	10,197	11,081	1,483	1,510	1,554	1,697	1,911	2,210	2,306	2,410	2,449	2,507	2,585	2,656
LTM EBITDA	6,244	8,836	10,197	11,081	5,843	5,947	6,048	6,244	6,672	7,372	8,124	8,836	9,374	9,671	9,951	10,197
Net Debt	985	(1,312)	(2,295)	(3,834)	1,202	679	929	985	(802)	(1,000)	(981)	(1,312)	(1,063)	(1,326)	(1,632)	(2,295)
Leverage (Net Debt/EBITDA)	0.2x	(0.1x)	(0.2x)	(0.3x)	0.2x	0.1x	0.2x	0.2x	(0.1x)	(0.1x)	(0.1x)	(0.1x)	(0.1x)	(0.1x)	(0.2x)	(0.2x)
Invested Capital / Net Operating Assets	6,606	6,204	6,788	7,331	6,187	6,144	6,760	7,335	6,171	6,115	6,299	6,232	6,677	6,822	6,921	6,734
NOPAT	5,059	7,194	8,381	9,101	1,265	1,121	1,276	1,398	1,547	1,801	1,880	1,966	2,014	2,060	2,124	2,182
ROIC (annualized)	*77%*	*116%*	*123%*	*124%*	*82%*	*73%*	*76%*	*76%*	*100%*	*118%*	*119%*	*126%*	*121%*	*121%*	*123%*	*130%*

Source: Company reports, Bernstein estimates and analysis

on 29-Jul-2026

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EXHIBIT 17: **KLAC - Cash Flow Statement**

Cash Flow Statement, USD in millions Fiscal Period (Fiscal Year ending June 30)	2026E	2027E	2028E	2029E	Q126	Q226	Q326	Q426	Q127E	Q227E	Q327E	Q427E	Q128E	Q228E	Q328E	Q428E
Net income (GAAP)	4,831	7,053	8,305	9,068	1,121	1,146	1,201	1,363	1,499	1,768	1,851	1,935	1,995	2,040	2,105	2,165
Depreciation and Amortization	394	422	396	437	97	99	99	99	101	104	107	110	94	97	101	104
Unrealized foreign exchange loss and other	7	-	-	-	12	2	(14)	6	-	-	-	-	-	-	-	-
Stock-based compensation	310	413	475	512	70	74	84	82	87	101	115	109	109	115	130	121
Deferred income taxes	78	(284)	(195)	(210)	(11)	(32)	15	105	(347)	(123)	10	176	(391)	(42)	17	220
Goodwill and other impairment charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating cash flow	(1)	-	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-
Accounts receivable	(642)	(358)	(334)	(318)	(13)	191	(234)	(586)	0	(111)	(119)	(129)	(86)	(85)	(106)	(58)
Inventories	(466)	(817)	(328)	(426)	(96)	1	(159)	(212)	(185)	(292)	(163)	(178)	(57)	(115)	(144)	(13)
Other assets	(501)	(57)	(217)	(206)	51	(65)	(64)	(423)	320	(216)	(77)	(84)	(56)	(55)	(69)	(37)
Accounts payable	172	87	52	68	(24)	(5)	93	108	43	83	(68)	28	9	18	23	2
Deferred system revenue	116	633	167	159	2	39	(237)	312	343	166	59	64	43	42	53	29
Deferred service revenue	(55)	505	133	127	(5)	(22)	(42)	14	274	133	47	51	34	34	42	23
Other liabilities	(100)	1,513	448	426	(44)	(61)	(34)	39	734	447	159	173	115	113	142	77
Cash Flow from operating activities	**4,143**	**9,109**	**8,901**	**9,636**	**1,162**	**1,368**	**707**	**906**	**2,870**	**2,060**	**1,921**	**2,257**	**1,810**	**2,164**	**2,295**	**2,633**
Capital expenditures	(376)	(541)	(624)	(672)	(96)	(106)	(85)	(89)	(120)	(135)	(140)	(146)	(150)	(154)	(159)	(161)
Net Proceeds from sale of assets / businesses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Business acquisitions, net of cash acquired	17	-	-	-	2	15	-	-	-	-	-	-	-	-	-	-
Net purchases of securities	(833)	-	-	-	(316)	(22)	(412)	(84)	-	-	-	-	-	-	-	-
Net proceeds from other investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other investing cash flow	2	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
Cash Flow from investing activities	**(1,190)**	**(541)**	**(624)**	**(672)**	**(410)**	**(113)**	**(494)**	**(173)**	**(120)**	**(135)**	**(140)**	**(146)**	**(150)**	**(154)**	**(159)**	**(161)**
Common stock repurchases	(2,290)	(5,100)	(6,000)	(6,000)	(545)	(548)	(626)	(571)	(600)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Issuance of common stock	169	226	252	273	-	56	0	113	-	76	0	151	-	86	0	166
Tax withholding payments related to vested and released RSUs	(205)	(167)	(196)	(213)	(81)	(6)	(4)	(114)	(63)	(5)	(4)	(95)	(80)	(6)	(4)	(106)
Dividend to stockholders	(1,058)	(1,231)	(1,351)	(1,485)	(254)	(250)	(249)	(305)	(300)	(298)	(297)	(336)	(329)	(327)	(326)	(369)
Proceeds from debt issuance, net of issuance costs	(2)	-	-	-	(2)	-	-	-	-	-	-	-	-	-	-	-
Repayment of debt	-	-	-	(800)	-	-	-	-	-	-	-	-	-	-	-	-
Other financing cash flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from financing activities	**(3,386)**	**(6,271)**	**(7,294)**	**(8,226)**	**(882)**	**(748)**	**(879)**	**(877)**	**(963)**	**(1,727)**	**(1,800)**	**(1,780)**	**(1,909)**	**(1,747)**	**(1,830)**	**(1,809)**
Effect of exchange rate changes on cash and cash equivalents	4	-	-	-	(3)	(1)	1	7	-	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	**(429)**	**2,297**	**983**	**739**	**(133)**	**506**	**(665)**	**(137)**	**1,787**	**198**	**(19)**	**331**	**(249)**	**263**	**306**	**663**
Cash and cash equivalents at beginning of period	2,079	1,650	3,947	4,930	2,079	1,946	2,452	1,787	1,650	3,437	3,635	3,616	3,947	3,698	3,961	4,267
Cash and cash equivalents at end of period	**1,650**	**3,947**	**4,930**	**5,669**	**1,946**	**2,452**	**1,787**	**1,650**	**3,437**	**3,635**	**3,616**	**3,947**	**3,698**	**3,961**	**4,267**	**4,930**
Summary metrics																
FCF ($M)	**3,767**	**8,568**	**8,278**	**8,964**	**1,066**	**1,262**	**622**	**817**	**2,750**	**1,925**	**1,781**	**2,111**	**1,660**	**2,010**	**2,136**	**2,472**
FCF margin (% sales)	*27.7%*	*47.5%*	*39.8%*	*40.0%*	*33.2%*	*38.3%*	*18.2%*	*22.3%*	*68.8%*	*42.8%*	*38.1%*	*43.3%*	*33.2%*	*39.2%*	*40.4%*	*46.0%*
FCF conversion (% PF net income)	*76.0%*	*120.2%*	*99.4%*	*98.7%*	*91.3%*	*108.0%*	*50.2%*	*59.0%*	*180.1%*	*107.9%*	*95.4%*	*108.2%*	*83.0%*	*98.2%*	*101.2%*	*113.9%*
Capex intensity (% sales)	*(2.8%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.2%)*	*(2.5%)*	*(2.4%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*
Dividends (% FCF)	*28.1%*	*14.4%*	*16.3%*	*16.6%*	*23.8%*	*19.8%*	*40.0%*	*37.4%*	*10.9%*	*15.5%*	*16.7%*	*15.9%*	*19.8%*	*16.3%*	*15.2%*	*14.9%*
Share repurchases (% FCF)	*60.8%*	*59.5%*	*72.5%*	*66.9%*	*51.1%*	*43.4%*	*100.6%*	*69.9%*	*21.8%*	*77.9%*	*84.2%*	*71.0%*	*90.4%*	*74.6%*	*70.2%*	*60.7%*
Capital returns (% FCF)	*88.9%*	*73.9%*	*88.8%*	*83.5%*	*75.0%*	*63.2%*	*140.6%*	*107.2%*	*32.7%*	*93.4%*	*100.9%*	*87.0%*	*110.2%*	*90.9%*	*85.5%*	*75.6%*

Source: Company reports, Bernstein estimates and analysis

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BERNSTEIN TICKER TABLE

			28 Jul 2026		TTM	Adjusted EPS				Adjusted P/E (x)	
			Closing	Price	Rel.						
Ticker	Rating	Cur	Price	Target	Perf.	Cur	2026A	2027E	2028E	2026A	2027E	2028E
KLAC	O	USD	190.80	**225.00**	90.4%	USD	3.76	**5.47**	**6.52**	50.7	34.9	29.2
OLD				197.50				5.12	6.06			
SPX			7,428.78									

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

KLAC's metrics shown based on fiscal year ending on June 30.

Source: Bloomberg, Bernstein estimates and analysis.

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VALUATION METHODOLOGY

KLA Corporation

For KLAC, we apply ~35x multiple to our FY28 non-GAAP EPS estimate of $6.52 equating to a $225 price target.

RISKS

KLA Corporation

Downside risks to our price target on KLAC include the potential for an industry downturn, detrimental end market mix, share losses, and geopolitical risks.

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

EQUITY RATINGS DEFINITIONS

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Autonomous brand – common stocks

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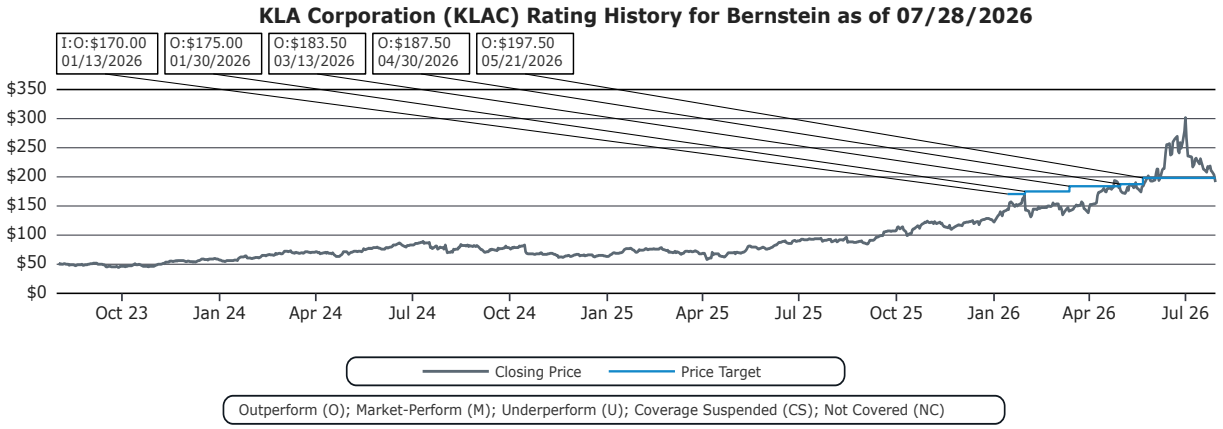
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Underperform	SELL	13.1%	13.6%

* These figures represent the percentage of companies within each equity rating category for which affiliates of Bernstein have provided investment banking services within the previous 12 months.
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Stacy A. Rasgon maintains long positions in various crypto currencies.

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