BERNSTEIN
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Global Semiconductor Capital Equipment

Global Semiconductor Equipment: Equip this! Raising WFE growth to 75% in two years


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We significantly lift our 2026 WFE to $148bn (+26.3% YoY) from 141bn (+21.4%), 2027 WFE to $204bn (+32.6% YoY) from $175bn (+18.2%), and 2028 WFE to $259bn (+27% YoY) from $198bn (+13%), based on outlook on a broad-based increase in investment, both in terms of applications and geography. The two-year growth of 75% strengthens our WFE upcycle call. The uplift is across all applications, but slightly more from non-China memory, and China foundry / logic. By application, we now forecast to DRAM WFE to grow 53%/37%, NAND 58%/42%, Logic/Foundry 20%/19% in 2027/28, respectively. Our latest forecast can be downloaded here: **Bernstein WFE model**.

We now forecast global ex-China WFE to grow 36% in 2026 and 37% in 2027. We revise up our 2026 ex-China WFE by $7bn, of which the largest delta is $3.4bn in foundry, followed by $2.6bn in DRAM. For 2027, we revise up by $22.8bn to now see +37% (prior +25%) growth. DRAM comprises $10.7bn of the revision, followed by $9.8bn from foundry / logic. For 2028, we revise up our ex-China WFE estimates by $36.8bn to now see +27% (+13% prior) growth, for which the revision is also driven by DRAM ($18bn) as well as foundry / logic ($15bn).

We are now forecasting China WFE demand to reach $57/$73/$101bn in 2026-28. We lower down 2026 number by $1.1bn but significantly revised up that for 2027-28 by $6.3/$24.0bn. In 2026, the number is mainly dragged down by weak imports due to DUV shortage, while domestic players are expected to deliver 41% YoY growth and reach $16 billion. Beyond 2026, we are expecting significant capacity expansion among all sectors in China, including memory, advanced logic, and matured logic. Memory is still expected to lead the surge with +88%/+81%/+62% YoY growth rates in 2026-28. The rationale for advanced logic's explosion mainly comes from the Huawei's Tau (τ) Scaling Law introduction, which use advanced packaging to stack multiple dies to deliver better performance and consumes more wafers. As for matured logic, local NAND vendor outsourcing CMOS production to foundry, AI driven new demand, and industrial/auto upcycle creates a new round of tight supply on matured node, urging foundries to resume aggressive capacity expansion.

We adjust our US Semicap (LRCX, KLAC, and AMAT) models upward to align with our new WFE updates and take target prices up for all three with increasing conviction that the current upcycle in equipment spending has legs. We note that we had already partially increased our LRCX and KLAC numbers at their earnings a couple of weeks ago, hence our AMAT adjustments today are larger than for the other two (AMAT reports earnings this week on Thursday). We like all three of our names, though probably ordering in preference AMAT first (most exposure to leading edge logic, DRAM, and packaging, and a bit cheaper) followed by LRCX (more expensive but great execution and NAND upgrade exposure) followed by KLAC (growing a bit slower than the others this year given longer leadtimes but with the most leading edge logic and a high likelihood of a strong 2027+ as those longer leadtimes meet oncoming cleanroom space). We raise our LRCX price target to $385 (vs $365 prior) and KLAC to $250 (vs $225 prior) and AMAT to $675 (vs $525 prior). All three stocks - Outperform.

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For Japan semi, we continue to prefer Kokusai (OP) and Tokyo Electron (OP) to benefit from the stronger memory capex. As we revise up more memory WFE relative to logic / foundry, we continue to prefer companies with more memory exposure in our coverage, in the order Kokusai > TEL > Screen. As for China, we expect that Kokusai's exposure will not get eroded by localization in the near term; instead it will benefit from the capacity ramp up. TEL/Screen both faced share loss in China last year, but we expect them to still find growth there going forward.

For EU Semis, ASML stands out as our top pick. We expect topline in $ to grow at a 34% CAGR25–28E, driven by a materially improving outlook, supported by rising capex in adv. logic and especially in DRAM, as well as higher litho intensity. We expect strong growth for both EUV and DUV tools, in line with company capacity expansion. While we forecast declining China revenue in line with guidance at 20% of total sales, we see considerable potential upside driven by continued strength in China's demand for DUV systems.

For Chinese semicap, we maintain Outperform on AMEC, NAURA and Piotech. Our channel check on DRAM/NAND/Adv logic/matured logic capacity expansion are still higher than companies' guidance, indicate potential upward revision on order. Recent correction creates an attractive entry point to wait for 2H26 rebound.

BERNSTEIN TICKER TABLE

			10 Aug 2026		TTM		Reported EPS			Reported P/E (x)		
Ticker	Rating	Cur	Closing Price	Price Target	Rel. Perf.	Cur	2025A	2026E	2027E	2025A	2026E	2027E
8035.JP (Tokyo Electron)	O	JPY	56,750	79,300	129.8%	JPY	1,250.88	1,687.17	2,635.81	45.4	33.6	21.5
7735.JP (Screen)	M	JPY	13,175	15,000	81.9%	JPY	486.61	574.49	759.55	27.1	22.9	17.3
6525.JP (Kokusai)	O	JPY	8,006.00	12,420	123.9%	JPY	128.63	262.29	373.69	62.2	30.5	21.4
6920.JP (Lasertec)	O	JPY	39,590	54,000	137.2%	JPY	863.65	1,185.31	1,348.53	45.8	33.4	29.4
6146.JP (DISCO)	O	JPY	62,980	99,000	18.5%	JPY	1,245.79	1,830.28	2,336.94	50.6	34.4	26.9
6857.JP (Advantest)	O	JPY	34,260	45,800	190.0%	JPY	513.30	948.96	1,088.87	66.7	36.1	31.5
AMAT (Applied Materials)	O	USD	539.14	**675.00**	169.3%	USD	9.42	12.17	**16.68**	57.3	44.3	32.3
OLD				525.00					15.56			
LRCX (Lam Research)	O	USD	311.35	**385.00**	183.6%	USD	5.82	**9.22**	**10.97**	53.5	33.8	28.4
OLD				360.00				9.17	10.14			
KLAC	O	USD	198.11	**250.00**	94.2%	USD	3.76	5.47	**7.05**	52.7	36.2	28.1
OLD				225.00					6.52			
002371.CH (NAURA)	O	CNY	760.00	680.00	100.3%	CNY	5.66	10.22	16.41	134.2	74.4	46.3
688012.CH (AMEC)	O	CNY	389.99	**335.57**	165.9%	CNY	2.28	**3.32**	**4.82**	170.9	117.5	80.9
OLD				500.00				4.95	7.18			
688072.CH (Piotech)	O	CNY	728.00	580.00	311.5%	CNY	3.32	8.12	12.40	219.3	89.6	58.7
ASML.NA (ASML)	O	EUR	1,499.00	2,500.00	129.7%	EUR	24.72	38.91	53.56	60.7	38.5	28.0
ASML (ASML)	O	USD	1,740.99	2,859.00	118.7%	USD	27.95	44.01	60.58	53.9	34.2	24.9
JPL			2,643.59									
SPX			7,757.64									
ASIAX			1,914.02									
EDME			1,638.96									

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

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

AMAT, LRCX, KLAC estimate is Adjusted EPS; AMAT, LRCX, KLAC valuation is Adjusted P/E (x); 6920.JP, LRCX, KLAC base year is 2026;

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

Tokyo Electron: Outperform, PT=¥79,300. TEL is the #4 SPE supplier globally and the biggest Japanese SPE supplier with major presence in 6 product segments. It is expected to gain share and expand margins with competitive pricing after yen depreciation.

ASML: Outperform, PT: EUR 2,500.00. We expect ASML to deliver solid growth over the next five years, supported by rising capex in DRAM and advanced logic. We value ASML using a target PE of 40x, and applying it to our Q5–8 EPS of EUR 62.6 translates in our TP at EUR 2,500. We reiterate our Outperform rating and top pick. For ASML's U.S. listing, we convert this using the EUR/USD exchange rate, which yields a price target of **USD 2,859.00**.

Kokusai: Outperform, PT=¥12,420. Kokusai is the leader in batch ALD (atomic level deposition), which should see more adoption in advanced nodes especially GAA (gate-all-around). The biggest use of batch ALD is in NAND, for which we are seeing positive signs.

Screen: Market-Perform, PT=¥15,000. Leading supplier in cleaning equipment with the lowest valuation in our coverage, but also the one with the least specific growth drivers. Cleaning intensity is not increasing, and the market is competitive with both global rivals (TEL, Lam) and Chinese (ACMR, Naura). Declining China revenue contribution presents margin downside risk. Potential upside from panel level packaging is worth watching.

Lasertec: Outperform, PT=¥54,000. As major supplier for mask inspection (~50% share) and sole supplier for actinic inspection, Lasertec delivered phenomenal growth in the past. We anticipate the revenue growth to reaccelerate as ACTIS 200 HiT enters the market and see more wafer fab adoption. KLA's potential launch of actinic inspection presents a major threat.

AMAT (Outperform, $675.00): We maintain a positive view on secular WFE growth and see a number of drivers for AMAT including SAM growth, an increasing services narrative, and capital return.

LRCX (Outperform, $385.00): The company is benefiting from key inflections (GAA, packaging, HBM, NAND upgrades) and CY26/27 commentary seems supportive.

KLAC (Outperform, $250.00): 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.

NAURA (Outperform, CNY 680.00): As the domestic WFE leader, NAURA has the broadest product portfolio covering Deposition (PVD, CVD), Dry Etch (ICP), Thermo Processes, and Cleaning, as well as a more diverse client base covering leading logic, DRAM, NAND players, benefiting from the WFE domestic substitution in China with acceleration share gain.

AMEC (Outperform, CNY 335.57): Primarily focus on Dry Etch (CCP, ICP) with rapid expansion in Deposition (ALD, LPCVD, EPI), commonly perceived as the domestic WFE company with the best technology and widest global recognition, continue to benefit from the WFE domestic substitution in China with acceleration share gain. The company completed their Annual Equity Distribution in May 2026, the plan grants 4.9 bonus shares per 10 shares together with a cash dividend of RMB 3.50 (tax inclusive) per 10 shares, increasing its total shares outstanding by 49%. As a result, our forecast EPS has been accordingly adjusted downward on a per-share basis, and our PT has been revised accordingly. There is no change to our net income projections or valuation multiple. The PT adjustment is therefore purely mechanical and does not imply any change in our earnings outlook or investment thesis.

Piotech (Outperform, CNY 580.00): Rising domestic WFE vendor primarily focus on Deposition (PECVD, HDPCVD, SACVD, ALD) with expansion in W2W and C2W hybrid bonding equipment for advanced packaging. Piotech has a strong track record of product innovation, which will allow it to benefit from the WFE domestic substitution in China with acceleration share gain.

DETAILS

We lift our WFE forecast for CY2027 to $204bn ($175bn prior) and CY2028 to $259bn ($198bn prior)

- **For CY27**, we now forecast **$204bn WFE** spending ($175bn prior) with growth to **+33% YoY** (+18% prior). The revision is mainly to reflect our improved outlook on DRAM as well as logic / foundry. Geographically, we lift our 2027 China WFE by $6.3bn, and ex-China WFE by $22.8bn.

  - **DRAM/NAND:** We raise our memory WFE capex to $89bn ($75bn prior) and DRAM WFE capex to $69bn (prior $57bn) in 2027 (Exhibit 6). This reflects our view of accelerated spending mainly from ex-China but also China DRAM makers.

  - **Logic/Foundry:** We keep our logic / foundry WFE capex largely unchanged at $89bn (Exhibit 7), and see +8% YoY (+7% prior). Incrementally, we mainly expect a slightly higher logic IDM spending from Intel. China estimates are unchanged.

  - **China**: given our channel checks on domestic Advanced Logic/Matured Logic/Memory CapEx expansion plan, we further revise up our 2027 number by $6.3bn. China's WFE demand continue to beat the market projection.

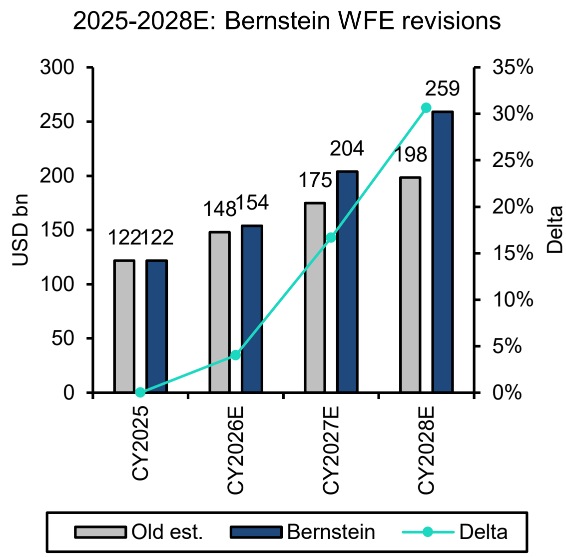
- **For CY28,** we now forecast **$259bn WFE** spending ($198bn prior) with growth of +27% (+13% prior). The revision from equally from logic / foundry (up $31bn) as memory (up $30bn). Within memory, we raise DRAM by $24bn and NAND by $6bn. By region, we revise up ex-China by $37bn and China by $24bn.

- **For CY26**, we lift the WFE growth estimate to +26% YoY (+21% prior) which is largely in line with the range of the latest commentary from the major semicap suppliers (**Exhibit 1-Exhibit 5**), and now forecast $154bn ($148bn prior) WFE spending. The upward revision is mainly based on a stronger outlook on ex-China foundry / DRAM. Geographically, we lift ex-China estimates by $7bn, offset by a cut of $1.1bn in China.

  - **China:** We lower down our forecast of China WFE by **$1.1bn** for CY26 due to our conservative view for the full year import (mainly dragged by Litho shortage). Although the number looks less exciting, we remain confident that the import will recover in 2H26 and bring the full year import to a new record high of $41bn. Meanwhile, with higher visibility on domestic players' new order guidance from 2025 onward, we further raise up domestic vendors' revenue to $16bn, indicating a 41% YoY growth. All together, we forecast China WFE market to keep growing, mainly driven by strong performance of domestic vendors.

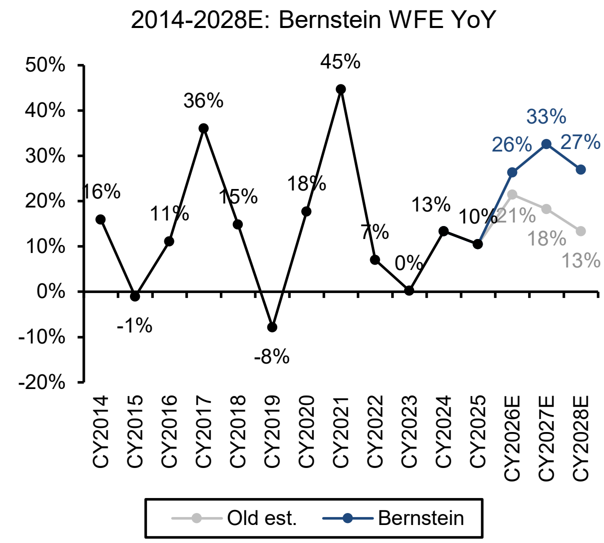
- **Guidance from major semicap companies on CY26 now suggest that their China revenue will be flattish vs CY25.** The tones were better than previous quarters where they indicate China revenue will be down, and we expect the global companies to further revise that up in the next few quarters. Stronger order growth from local players will be reflected in CY27 spending due to 1-year of lead time from order to revenue recognition.

EXHIBIT 1: **We revise up our WFE projection for CY26-CY28 to reflect our latest views...**



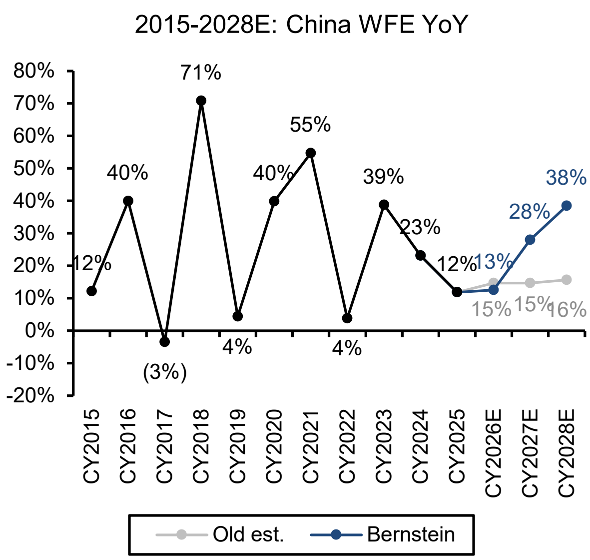
Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 2: **...and we now model +33% (+18% prior) growth in CY27, +27% (+13% prior) in CY28.**



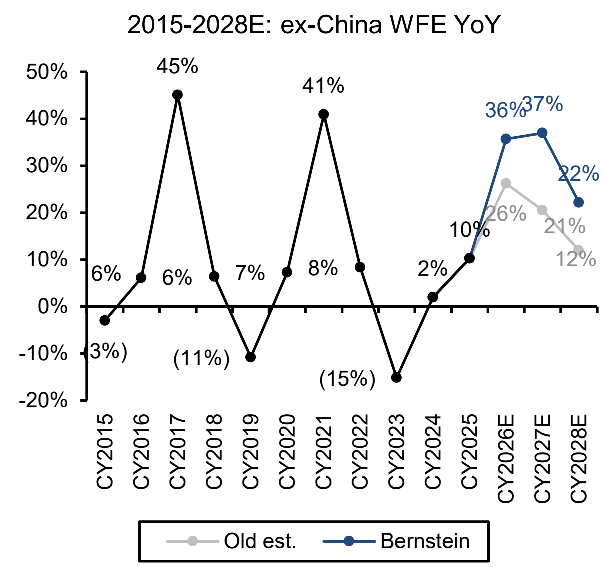
Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 3: **In China, we now see +28% / +38% YoY (+15% / +16% prior) in 2027 / 2028.**



Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 4: **We lift our 2027/2028 ex-China WFE to +37%/ +22% YoY (+21%/+12% prior).**



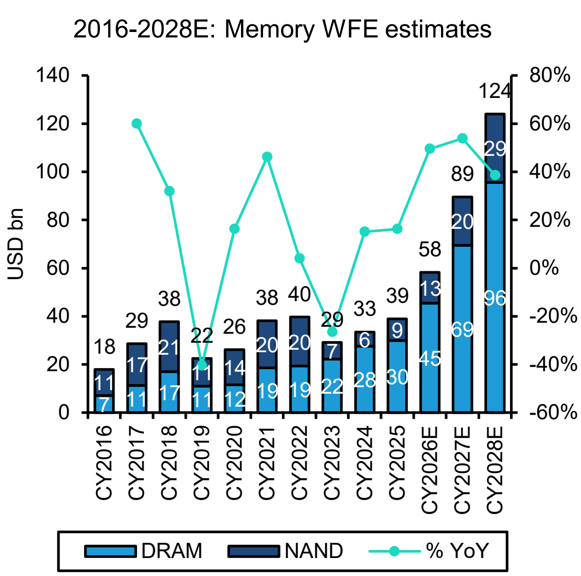
Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 5: **Our WFE forecast of +26% YoY (or $154bn) for CY2026 is largely in line with the latest forecasts by major semicap companies.**

Company Name	Ticker	CY2025 WFE	CY2026 WFE	CY2027 WFE
Tokyo Electron	8035.JP	~120	>150	>190
Lam Research	LRCX.US	close to 110	low 150s	Extraordinary setup for WFE growth
KLA	KLAC.US	low 120s	low 150s	>190
Screen	7735.JP	117	>140	Similar level of growth
Kokusai	6525.JP	5% YoY	+25% YoY	+20% YoY

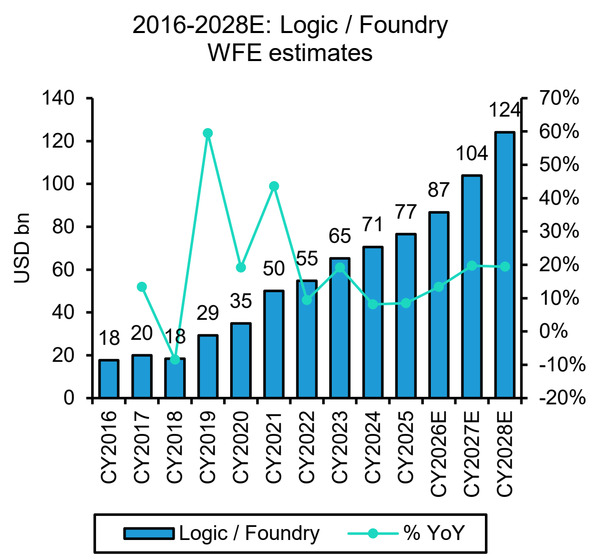
Tokyo Electron, Screen and Kokusai are covered by Bernstein Japan Semiconductor Team. Lam Research and KLA are covered by Bernstein US Semicondcutor Team.
Source: Company disclosures, Bernstein analysis.

EXHIBIT 6: **We now estimate 2027/2028 WFE spending for DRAM to be $69bn / $96bn ($57bn / $71bn prior), NAND $20bn / $29bn ($18bn / $23bn prior), respectively...**



Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 7: **...and for Logic/Foundry, we now see 2027/2028 WFE of $104bn/$124bn ($89bn/$93bn prior).**



Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 8: **All five companies expect China WFE to be roughly flat YoY but China as a percentage of revenue to normalize lower in 2026 vs. the elevated 2024–2025 levels**

Company	Ticker	Lastest Comments on China WFE (CY3Q26 & CY2026)
ASML	ASML.NV	ASML guided China to represent approximately 20% of total net sales in 2026, consistent with its current system backlog — a significant decline from 33% in 2025 and 41% in 2024. Management views the elevated 2024–2025 China sales levels as unsustainable, reflecting a normalization after fulfilling a substantial backlog.
Applied Materials	AMAT	In Q2 FY2026, China accounted for 24% of semiconductor systems plus AGS revenue, down from 30% of overall sales in Q1 FY2026, where revenue declined 7% year-over-year. For the full calendar year, Applied Materials expects its China business, along with its ICAPS business worldwide, to be flat to slightly higher — an improvement from the prior guidance of down year-over-year.Management expects China to be flat to slightly up for the calendar year, with ICAPS globally also guided to be flattish.
Lam Research	LRCX	China accounted for 26% of total revenue in Q4 FY2026, further decreased from 34% in Q3 FY2026, also the lowest quarter in absolute terms in FY2026. Lam explained that revenues from global multinational customers with fabs in China increased while revenues from indigenous Chinese customers decliend, and it anticipates that similar trend will hold in the later part of the year.
KLA	KLAC	China represented 26% of total revenue in Q4 FY2026, up from approximately 24% in Q3 FY2026, with minimal impact expected from additional US export bans. For FY2026, KLA's revenue from China accounted ~30% of its total revenue.
Tokyo Electron	8035.JP	In Q1 FY2027, China represented 30.4% of total sales, increasing 3.6 percentage point QoQ. On FY2027 full-year basis, proportion of sales in China is expected to be in the low 30s percentage level.

Source: Company reports, Bernstein analysis

We adjust our US Semicap (LRCX, KLAC, and AMAT) models upward to align with our new WFE updates and take target prices up for all three with increasing conviction that the current upcycle in equipment spending has legs. We like all three of our names, though probably ordering in preference AMAT first (most exposure to leading edge logic, DRAM, and packaging, and a bit cheaper) followed by LRCX (more expensive but great execution and NAND upgrade exposure) followed by KLAC (growing a bit slower than the others this year given longer leadtimes but with the most leading edge logic and a high likelihood of a strong 2027+ as those longer leadtimes meet oncoming cleanroom space). We raise our LRCX price target to $385 (vs $365 prior) and KLAC to $250 (vs $225 prior). and AMAT to $675 (vs $525 prior). We rate all three stocks Outperform.

- **We adjust our AMAT, LRCX and KLAC models upward to align with our WFE updates**, taking up numbers and target prices. We note that we had already partially increased our LRCX and KLAC numbers at their earnings a couple of weeks ago, hence our AMAT adjustments today are larger than for the other two (AMAT reports earnings this week on Thursday). A comparison of our new estimates vs old for AMAT, LRCX and KLAC can be found in **Exhibit 9**.
- While valuations remain somewhat elevated in the space (**Exhibit 12-Exhibit 16**) the recent pullback has softened them somewhat, and we increasingly gaining conviction that the current WFE spending upcycle has legs.
- We like all three of our names, though probably ordering in preference AMAT first (most exposure to leading edge logic, DRAM, and packaging, and a bit cheaper) followed by LRCX (more expensive but great execution and NAND upgrade exposure) followed by KLAC (growing a bit slower than the others this year given longer leadtimes but with the most leading edge logic and a high likelihood of a potentially strong 2027+ as those longer leadtimes meet oncoming cleanroom space).
- We raise our AMAT price target to $675 (vs $525 prior), LRCX price target to $385 (vs $360 prior) and KLAC to $250 (vs $225 prior).
- We remain Outperform on all three stocks.

EXHIBIT 9: **AMAT, LRCX and KLAC Bernstein estimates vs prior**

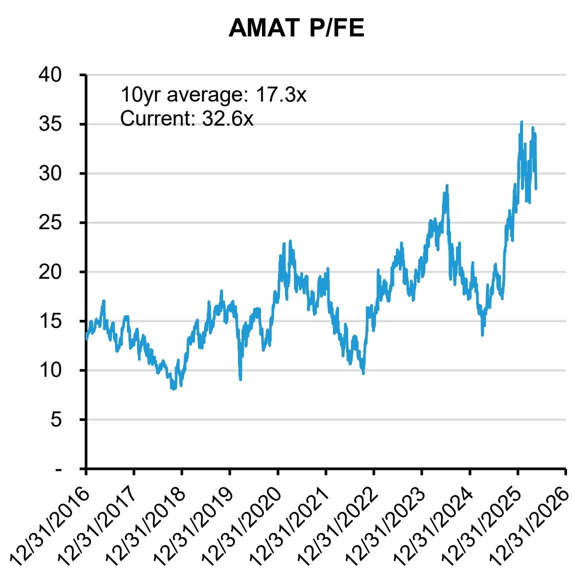
	FY2026E			FY2027E			FY2028E		
AMAT	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**
Revenue	$33,233	$33,233	0%	$42,628	$40,688	5%	$53,053	$46,646	14%
YoY	17.1%	17.1%		28.3%	22.4%		24.5%	14.6%	
Gross Margin	49.9%	49.9%	0%	50.5%	50.5%	0%	50.9%	50.9%	0%
Operating Margin	32.5%	32.5%	0%	34.9%	34.1%	2%	36.5%	35.3%	4%
EPS	$12.17	$12.17	0%	$16.68	$15.56	7%	$22.04	$18.69	18%
YoY	29.2%	29.2%		37.1%	27.9%		32.1%	20.1%	

	FY2027E			FY2028E			FY2029E		
LRCX	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**
Revenue	$34,554	$34,346	1%	$38,871	$36,274	7%	$45,288	$42,693	6%
YoY	48.7%	47.8%		12.5%	5.6%		16.5%	17.7%	
Gross Margin	51.6%	51.6%	0%	52.5%	52.5%	0%	53.4%	53.4%	0%
Operating Margin	39.1%	39.1%	0%	40.3%	39.9%	1%	42.0%	41.7%	1%
EPS	$9.22	$9.17	1%	$10.97	$10.14	8%	$13.65	$12.78	7%
YoY	58.5%	57.6%		18.9%	10.7%		24.5%	26.0%	

	FY2027E			FY2028E			FY2029E		
KLAC	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**
Revenue	$18,049	$18,049	0%	$22,173	$20,787	7%	$25,038	$22,408	12%
YoY	32.9%	32.9%		22.8%	15.2%		12.9%	7.8%	
Gross Margin	62.5%	62.5%	0%	63.1%	63.1%	0%	63.5%	63.5%	0%
Operating Margin	46.6%	46.6%	0%	47.7%	47.2%	1%	48.3%	47.5%	2%
EPS	$5.47	$5.47	0%	$7.05	$6.52	8%	$8.26	$7.25	14%
YoY	45.6%	45.6%		28.8%	19.2%		17.1%	11.1%	

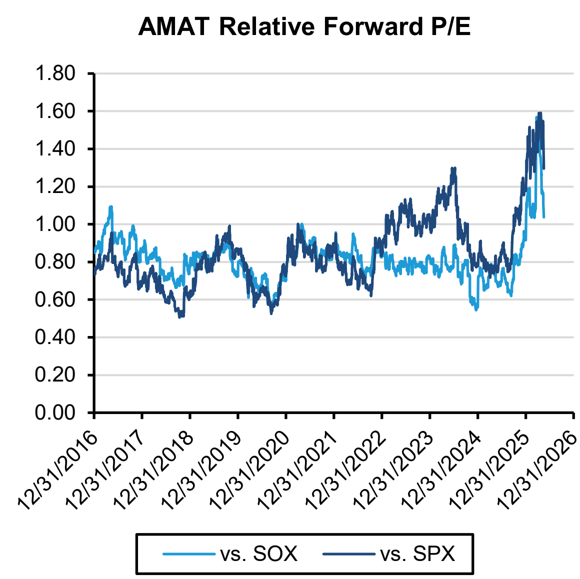
Source: Bernstein estimates and analysis

EXHIBIT 10: **AMAT trades at ~33x forward earnings...**



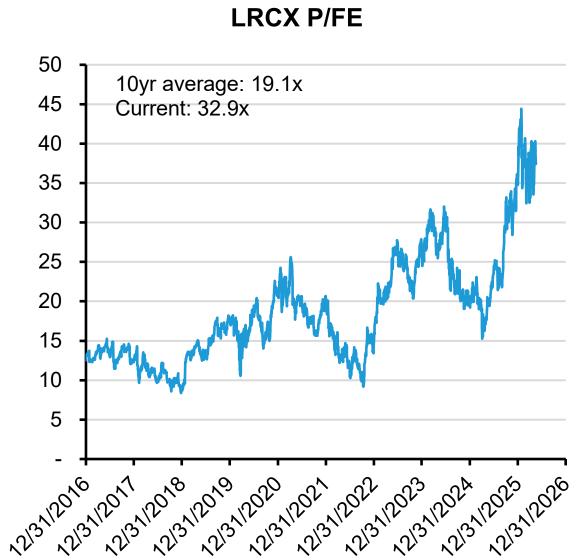
Bloomberg data as of 8/7/2026.
Source: Bloomberg, Bernstein analysis

EXHIBIT 11: **...a ~35% premium to the SOX and a ~57% premium to the SPX**



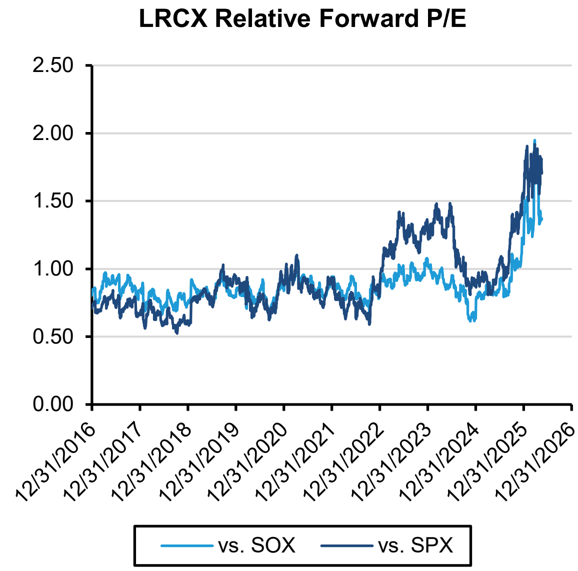
Bloomberg data as of 8/7/2026.
Source: Bloomberg, Bernstein analysis

EXHIBIT 12: **LRCX trades at ~33x...**



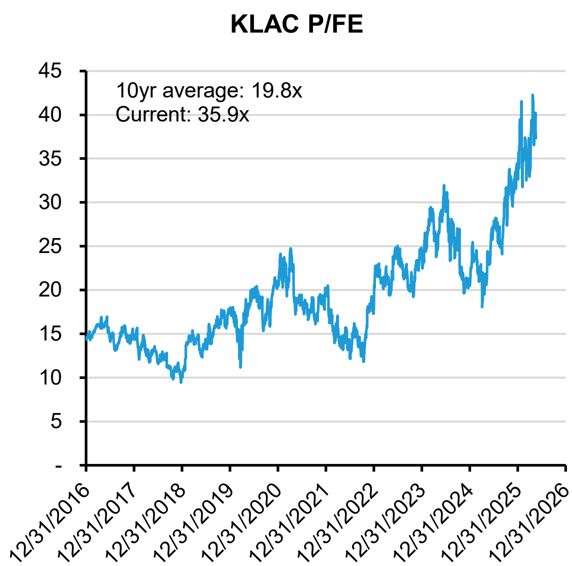
Bloomberg data as of 8/7/2026.
Source: Bloomberg, Bernstein analysis

EXHIBIT 13: **...a ~36% premium to the SOX and a ~58% premium to the SPX**



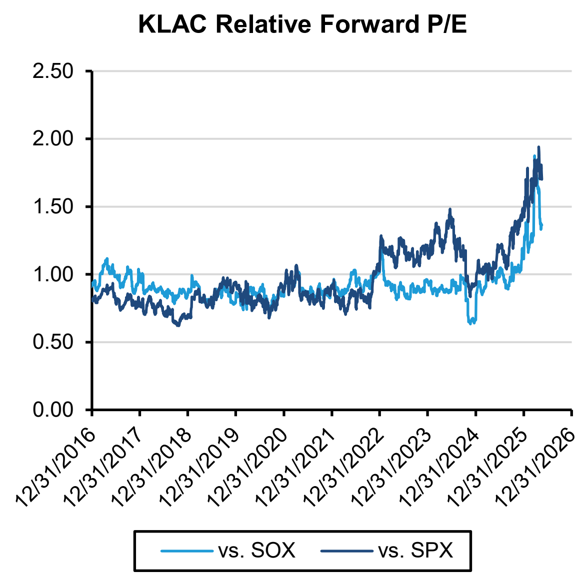
Bloomberg data as of 8/7/2026.
Source: Bloomberg, Bernstein analysis

EXHIBIT 14: **KLAC trades at ~36x P/FE...**



Bloomberg data as of 8/7/2026.
Source: Bloomberg, Bernstein analysis

EXHIBIT 15: **...a 49% premium to the SOX and ~72% premium to the SPX**



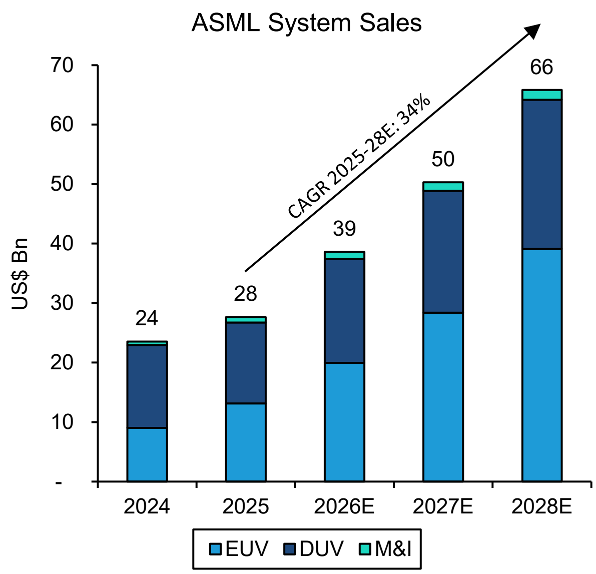
Bloomberg data as of 8/7/2026.
Source: Bloomberg, Bernstein analysis

EXHIBIT 16: **AMAT, LRCX and KLAC are amongst the more expensive "big-5" semicap names, although all of them trade in a relatively narrow valuation band**

providing further upside. In addition, we expect DUV to grow at a 23% CAGR over the next three years, as advanced logic and especially DRAM capacity ramp-up requires not only more EUV but also more DUV. For DRAM, we estimate that each EUV machine requires around two ArFi tools. Our estimates are slightly more conservative than ASML's projected capacity expansion of 30% YoY over the next two years. We forecast DUV capacity reaching 200 units by 2028, compared with ASML's target of 220 units. (Exhibit 18).

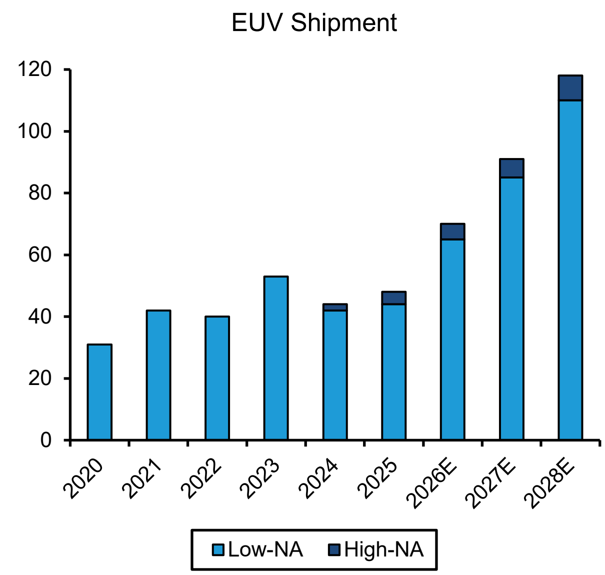
- While we model China revenue to decline significantly in 2026 following three years of strong sales, in line with company guidance for China to account for 20% of sales, we now expect China demand to remain very strong over the next three years. With China WFE now expected to reach US$100bn in 2028, supported by expanding advanced logic and DRAM capacity, China litho demand could represent US$18-20bn of DUV revenue alone, representing a significant upside to our DUV estimates.

EXHIBIT 17: **We expect ASML's system sales to acclerate at a rapid pace over the next three years, achieving a 34% CAGR and reaching ~ US$ 66 Bn by 2028.**



Source: Company reports, Bernstein analysis and estimates

EXHIBIT 18: **We expected EUV to lead growth with a 44% CAGR, with units more than doubling from 48 in 2025 to 118 in 2028 of which 8 HNA systems.**



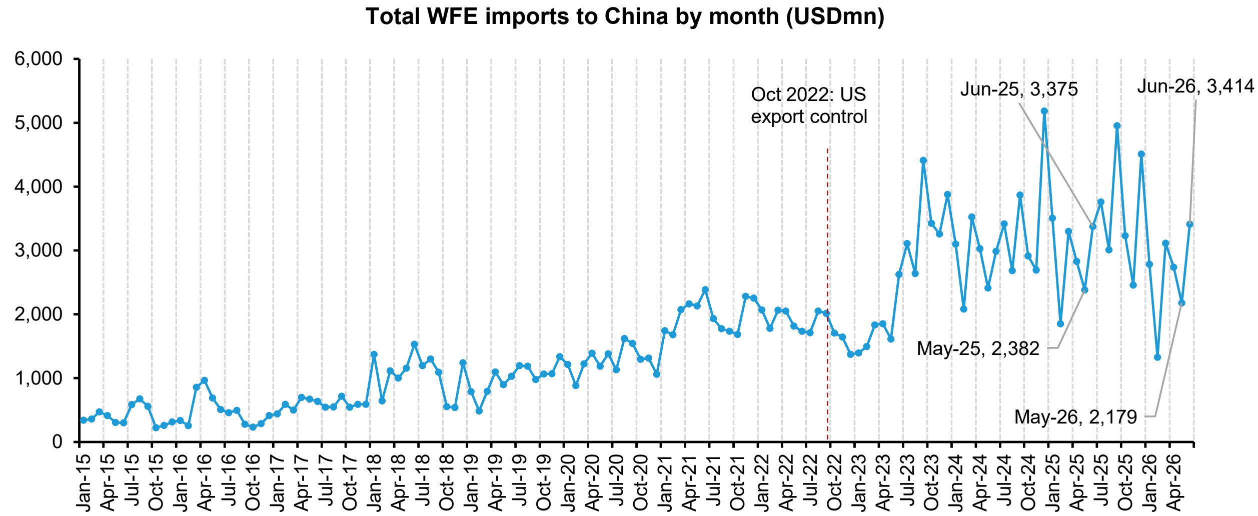
Source: Company reports, Bernstein analysis and estimates

For Chinese semicap, we maintain Outperform on NAURA, AMEC and Piotech.

- We expect 2026 to be a very strong year driven by AI/Memory/Foundry demand localization, but what the market might still underestimate the demand strength for 2027, where we expect even the growth rate for order will further accelerate compared to 2026, therefore the recent dip will create a good opportunity to add. For the near term, the release of Kirin 2026 chip use logic folding, YMTC prospectus, and the delivery of Huawei superPoD in 2H26 will be positive catalysts to watch out for. Local companies are gradually revising up their 2026 order growth outlook, and we expect further revision to come in remaining months in 2026.

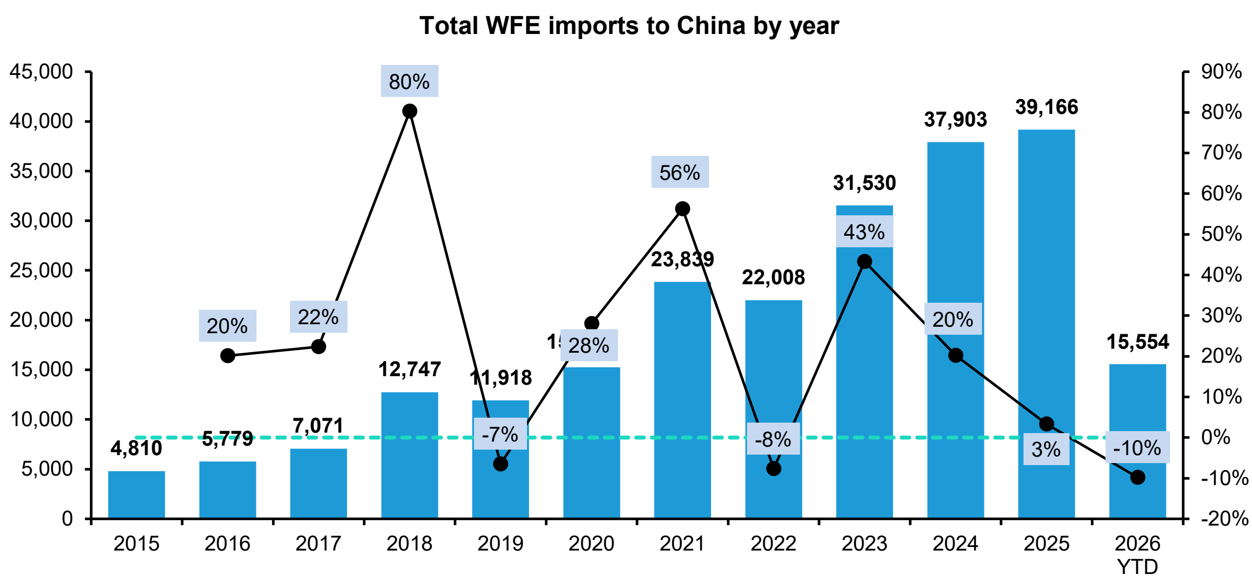
- For the near term, we believe the biggest gap on market expectation is the upside on advanced logic, with about 40% exposure in advanced logic NAURA remain the biggest beneficiary when advanced logic capacity expansion start to accelerate, therefore we believe NAURA could capture the biggest upside, we like NAURA > AMEC > Piotech.

EXHIBIT 19: **Jun 2026 WFE import was USD 3,414 mn, YoY +1% & MoM +57%**



Source: General Administration of Customs of the People's Republic of China, Bernstein analysis

EXHIBIT 20: **Jun 2026 YTD import YoY -10%, mainly due to weak Lithography & Material Removal and Cleaning import**



Source: General Administration of Customs of the People's Republic of China, Bernstein analysis

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APPENDIX - FINANCIAL FORECASTS

EXHIBIT 21: **Bernstein AMAT Income Statement**

INCOME STATEMENT																
Fiscal Period	**2025**	**2026E**	**2027E**	**2028E**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326E**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Net Sales	$28,368	$33,233	$42,628	$53,053	$7,166	$7,100	$7,302	$6,800	$7,012	$7,910	$8,951	$9,360	$9,620	$10,275	$10,996	$11,737
COGS	$14,533	$16,655	$21,118	$26,073	$3,663	$3,609	$3,733	$3,528	$3,570	$3,957	$4,466	$4,661	$4,781	$5,096	$5,443	$5,798
Non-GAAP Gross Profit	$13,835	$16,578	$21,509	$26,980	$3,503	$3,491	$3,569	$3,272	$3,442	$3,953	$4,484	$4,699	$4,839	$5,179	$5,553	$5,939
Non-GAAP Operating Expenses	$5,273	$5,780	$6,652	$7,589	$1,313	$1,311	$1,324	$1,325	$1,335	$1,417	$1,486	$1,542	$1,585	$1,632	$1,687	$1,749
R&D	$3,570	$4,203	$4,940	$5,609	$859	$893	$901	$917	$928	$1,027	$1,101	$1,147	$1,183	$1,212	$1,254	$1,291
Marketing and Selling	$858	$922	$1,010	$1,167	$206	$216	$224	$212	$222	$233	$233	$234	$240	$247	$253	$270
General and administrative	$910	$683	$750	$861	$256	$207	$204	$243	$189	$164	$161	$168	$173	$185	$192	$200
Other	$181	$265	$0	$0	$0	$0	$0	$181	$265	$0	$0	$0	$0	$0	$0	$0
Non-GAAP adjustment	($246)	($292)	($48)	($48)	($8)	($5)	($5)	($228)	($269)	($7)	($9)	($7)	($12)	($12)	($12)	($12)
Non-GAAP Operating Income	$8,562	$10,796	$14,857	$19,391	$2,190	$2,180	$2,245	$1,947	$2,107	$2,536	$2,997	$3,157	$3,254	$3,547	$3,866	$4,190
Interest Expenses	($269)	($231)	($172)	($172)	($64)	($68)	($66)	($71)	($69)	($69)	($50)	($43)	($43)	($43)	($43)	($43)
Interest and other Income, net	$1,251	$1,481	$303	$376	$8	$221	$396	$626	$566	$771	$72	$72	$79	$70	$74	$80
Others	($842)	($1,140)	$0	$0	$97	($119)	($298)	($522)	($470)	($670)	$0	$0	$0	$0	$0	$0
Non-GAAP Pre-tax Income	$8,702	$10,906	$14,989	$19,595	$2,231	$2,214	$2,277	$1,980	$2,134	$2,568	$3,019	$3,185	$3,290	$3,574	$3,897	$4,228
Provision for Income taxes	$1,095	$1,199	$1,949	$2,743	$285	$274	$288	$248	$235	$282	$332	$350	$428	$465	$507	$550
Non-GAAP Net Income	$7,607	$9,707	$13,040	$16,851	$1,946	$1,940	$1,989	$1,732	$1,899	$2,286	$2,687	$2,835	$2,862	$3,109	$3,391	$3,678
GAAP Basic Share Outstanding	803	793	777	760	814	809	798	794	793	794	794	790	785	780	775	770
GAAP Basic EPS	$8.72	$13.03	$16.72	$22.11	$1.46	$2.64	$2.23	$2.39	$2.55	$3.53	$3.37	$3.57	$3.63	$3.97	$4.36	$4.76
GAAP Diluted Share Outstanding	807	798	782	765	819	812	802	798	799	799	799	795	790	785	780	775
GAAP Diluted EPS	$8.67	$12.94	$16.61	$21.97	$1.45	$2.63	$2.22	$2.38	$2.54	$3.51	$3.35	$3.55	$3.61	$3.94	$4.33	$4.73
Non-GAAP Diluted EPS	$9.42	$12.17	$16.68	$22.04	$2.38	$2.39	$2.48	$2.17	$2.38	$2.86	$3.36	$3.57	$3.62	$3.96	$4.35	$4.75
Pro-Forma Reconciliation																
GAAP Gross Profit	$13,808	$16,553	$21,505	$26,976	$3,496	$3,485	$3,562	$3,265	$3,435	$3,947	$4,478	$4,693	$4,838	$5,178	$5,552	$5,938
Total adjustment	$27	$25	$4	$4	$7	$6	$7	$7	$7	$6	$6	$6	$1	$1	$1	$1
Non-GAAP Gross Profit	$13,835	$16,578	$21,509	$26,980	$3,503	$3,491	$3,569	$3,272	$3,442	$3,953	$4,484	$4,699	$4,839	$5,179	$5,553	$5,939
GAAP Operating expenses	$5,519	$6,072	$6,700	$7,637	$1,321	$1,316	$1,329	$1,553	$1,604	$1,424	$1,495	$1,549	$1,597	$1,644	$1,699	$1,761
Total adjustment	($246)	($290)	($48)	($48)	($8)	($5)	($5)	($228)	($269)	($7)	($7)	($7)	($12)	($12)	($12)	($12)
Non-GAAP Operating expenses	$5,273	$5,780	$6,652	$7,589	$1,313	$1,311	$1,324	$1,325	$1,335	$1,417	$1,486	$1,542	$1,585	$1,632	$1,687	$1,749
GAAP Operating Income	$8,289	$10,481	$14,805	$19,339	$2,175	$2,169	$2,233	$1,712	$1,831	$2,523	$2,984	$3,144	$3,241	$3,534	$3,853	$4,177
Total adjustment	$273	$315	$52	$52	$15	$11	$12	$235	$276	$13	$13	$13	$13	$13	$13	$13
Non-GAAP Operating Income	$8,562	$10,796	$14,857	$19,391	$2,190	$2,180	$2,245	$1,947	$2,107	$2,536	$2,997	$3,157	$3,254	$3,547	$3,866	$4,190
GAAP Provision for income taxes	$2,273	$1,403	$1,949	$2,743	$934	$185	$784	$370	$302	$419	$332	$350	$428	$465	$507	$550
Total adjustment	($1,178)	($204)	$0	$0	($649)	$89	($496)	($122)	($67)	($137)	$0	$0	$0	$0	$0	$0
Non-GAAP adjusted provision for income taxes	$1,095	$1,199	$1,949	$2,743	$285	$274	$288	$248	$235	$282	$332	$350	$428	$465	$507	$550
GAAP Pre-tax income	$9,271	$11,731	$14,937	$19,543	$2,119	$2,322	$2,563	$2,267	$2,328	$3,225	$3,006	$3,172	$3,277	$3,561	$3,884	$4,215
Total adjustment	($569)	($825)	$52	$52	$112	($108)	($286)	($287)	($194)	($657)	$13	$13	$13	$13	$13	$13
Non-GAAP Pre-tax income	$8,702	$10,906	$14,989	$19,595	$2,231	$2,214	$2,277	$1,980	$2,134	$2,568	$3,019	$3,185	$3,290	$3,574	$3,897	$4,228
GAAP Net Income	$6,998	$10,328	$12,988	$16,799	$1,185	$2,137	$1,779	$1,897	$2,026	$2,806	$2,674	$2,822	$2,849	$3,096	$3,378	$3,665
Total adjustment	$609	($621)	$52	$52	$761	($197)	$210	($165)	($127)	($520)	$13	$13	$13	$13	$13	$13
Non-GAAP Net Income	$7,607	$9,707	$13,040	$16,851	$1,946	$1,940	$1,989	$1,732	$1,899	$2,286	$2,687	$2,835	$2,862	$3,109	$3,391	$3,678
Growth and Margins																
QoQ Revenue Growth					1.7%	(0.9%)	2.8%	(6.9%)	3.1%	12.8%	13.2%	4.6%	2.8%	6.8%	7.0%	6.7%
YoY Revenue Growth	4.4%	17.1%	28.3%	24.5%	6.8%	6.8%	7.7%	(3.5%)	(2.1%)	11.4%	22.6%	37.6%	37.2%	29.9%	22.9%	25.4%
Non-GAAP Gross Margin	48.8%	49.9%	50.5%	50.9%	48.9%	49.2%	48.9%	48.1%	49.1%	50.0%	50.1%	50.2%	50.3%	50.4%	50.5%	50.6%
R&D as % of Sales	12.6%	12.6%	11.6%	10.6%	12.0%	12.6%	12.3%	13.5%	13.2%	13.0%	12.3%	12.3%	12.3%	11.8%	11.4%	11.0%
Marketing as % of Sales	3.0%	2.8%	2.4%	2.2%	2.9%	3.0%	3.1%	3.1%	3.2%	2.9%	2.6%	2.5%	2.5%	2.4%	2.3%	2.3%
G&A as % of Sales	3.2%	2.1%	1.8%	1.6%	3.6%	2.9%	2.8%	3.6%	2.7%	2.1%	1.8%	1.8%	1.8%	1.8%	1.8%	1.7%
Non-GAAP Opex as % of Sales	18.6%	17.4%	15.6%	14.3%	18.3%	18.5%	18.1%	19.5%	19.0%	17.9%	16.6%	16.5%	16.5%	15.9%	15.3%	14.9%
Opex YoY Growth	6.1%	8.8%	15.4%	14.0%	6.7%	6.3%	5.2%	3.9%	1.7%	8.1%	12.2%	16.4%	18.7%	15.2%	13.5%	13.4%
PF Operating Margin	30.2%	32.5%	34.9%	36.5%	30.6%	30.7%	30.7%	28.6%	30.0%	32.1%	33.5%	33.7%	33.8%	34.5%	35.2%	35.7%
Tax Rate	12.6%	11.0%	13.0%	14.0%	12.8%	12.4%	12.6%	12.5%	11.0%	11.0%	11.0%	11.0%	13.0%	13.0%	13.0%	13.0%
Net Margin	26.8%	29.2%	30.6%	31.8%	27.2%	27.3%	27.2%	25.5%	27.1%	28.9%	30.0%	30.3%	29.8%	30.3%	30.8%	31.3%

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 22: **Bernstein AMAT Balance Sheet and Cash Flow Statement**

BALANCE SHEET																
Fiscal Period	**2025**	**2026E**	**2027E**	**2028E**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326E**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Assets																
Current Assets:																
Cash and cash equivalents	$7,241.0	$7,077.0	$7,938.1	$11,193.7	$6,264.0	$6,169.0	$5,384.0	$7,241.0	$7,218.0	$6,301.0	$6,255.0	$7,077.0	$6,050.2	$6,545.3	$7,253.2	$7,938.1
Short-term investments	$1,332.0	$1,940.0	$1,940.0	$1,940.0	$1,949.0	$578.0	$1,630.0	$1,332.0	$1,293.0	$1,940.0	$1,940.0	$1,940.0	$1,940.0	$1,940.0	$1,940.0	$1,940.0
Accounts receivable, net	$5,185.0	$6,372.0	$6,372.0	$6,372.0	$5,998.0	$6,187.0	$5,772.0	$5,185.0	$4,977.0	$6,372.0	$6,372.0	$6,372.0	$6,372.0	$6,372.0	$6,372.0	$6,372.0
Inventories	$5,915.0	$7,171.2	$8,282.8	$9,517.6	$5,501.0	$5,656.0	$5,807.0	$5,915.0	$5,997.0	$6,343.0	$7,116.7	$7,171.2	$7,355.4	$7,560.7	$7,775.7	$8,282.8
Other current assets	$1,208.0	$1,615.0	$1,615.0	$1,615.0	$982.0	$1,118.0	$1,125.0	$1,208.0	$1,564.0	$1,615.0	$1,615.0	$1,615.0	$1,615.0	$1,615.0	$1,615.0	$1,615.0
Total current assets	$20,881.0	$24,175.1	$26,147.9	$30,638.2	$20,694.0	$19,708.0	$19,718.0	$20,881.0	$21,049.0	$22,571.0	$23,298.8	$24,175.1	$23,332.6	$24,033.0	$24,955.9	$26,147.9
Long-term investments	$4,327.0	$5,142.0	$5,142.0	$5,142.0	$2,686.0	$3,638.0	$4,133.0	$4,327.0	$4,968.0	$5,142.0	$5,142.0	$5,142.0	$5,142.0	$5,142.0	$5,142.0	$5,142.0
PP&E, net	$4,610.0	$5,899.9	$7,388.7	$9,235.4	$3,563.0	$3,832.0	$4,124.0	$4,610.0	$4,949.0	$5,255.0	$5,571.2	$5,899.9	$6,233.4	$6,591.3	$6,976.3	$7,388.7
Goodwill	$3,707.0	$3,824.0	$3,824.0	$3,824.0	$3,768.0	$3,748.0	$3,748.0	$3,707.0	$3,707.0	$3,824.0	$3,824.0	$3,824.0	$3,824.0	$3,824.0	$3,824.0	$3,824.0
Purchased technology and other intangible assets, net	$226.0	$310.0	$270.0	$230.0	$237.0	$249.0	$238.0	$226.0	$215.0	$330.0	$320.0	$310.0	$300.0	$290.0	$280.0	$270.0
Deferred income taxes and other assets	$2,548.0	$3,164.0	$3,164.0	$3,164.0	$2,390.0	$2,457.0	$2,250.0	$2,548.0	$2,756.0	$3,164.0	$3,164.0	$3,164.0	$3,164.0	$3,164.0	$3,164.0	$3,164.0
Total assets	$36,299.0	$42,515.0	$45,936.6	$52,233.6	$33,338.0	$33,632.0	$34,211.0	$36,299.0	$37,644.0	$40,286.0	$41,319.9	$42,515.0	$41,996.0	$43,044.3	$44,342.2	$45,936.6
Liabilities and Stockholders' Equity																
Current liabilitites:																
Short-term debt	$100.0	$1,199.0	$0.0	$0.0	$799.0	$799.0	$799.0	$100.0	$100.0	$1,199.0	$1,199.0	$1,199.0	$0.0	$0.0	$0.0	$0.0
Acounts payable, notes payable and accrued expenses	$5,333.0	$5,229.0	$5,229.0	$5,229.0	$4,485.0	$4,706.0	$4,614.0	$5,333.0	$5,181.0	$5,229.0	$5,229.0	$5,229.0	$5,229.0	$5,229.0	$5,229.0	$5,229.0
Contract Liabilities	$2,566.0	$2,808.0	$3,521.0	$4,242.1	$2,452.0	$2,491.0	$2,470.0	$2,566.0	$2,472.0	$2,570.0	$2,685.2	$2,808.0	$2,885.9	$3,082.5	$3,298.8	$3,521.0
Total current liabilities	$7,999.0	$9,236.0	$8,750.0	$9,471.1	$7,736.0	$7,996.0	$7,883.0	$7,999.0	$7,753.0	$8,998.0	$9,113.2	$9,236.0	$8,114.9	$8,311.5	$8,527.8	$8,750.0
Long-term debt	$6,455.0	$5,253.0	$5,253.0	$5,253.0	$5,461.0	$5,462.0	$5,463.0	$6,455.0	$6,453.0	$5,256.0	$5,253.0	$5,253.0	$5,253.0	$5,253.0	$5,253.0	$5,253.0
Other liabilities + Income Taxes Payable	$1,430.0	$2,123.0	$2,123.0	$2,123.0	$1,516.0	$1,213.0	$1,361.0	$1,430.0	$1,721.0	$2,123.0	$2,123.0	$2,123.0	$2,123.0	$2,123.0	$2,123.0	$2,123.0
Total liabilities	$15,884.0	$16,612.0	$16,126.0	$16,847.1	$14,713.0	$14,671.0	$14,707.0	$15,884.0	$15,927.0	$16,377.0	$16,489.2	$16,612.0	$15,490.9	$15,687.5	$15,903.8	$16,126.0
Total stockholders' equity	$20,415.0	$25,903.0	$29,810.6	$35,386.5	$18,625.0	$18,961.0	$19,504.0	$20,415.0	$21,717.0	$23,909.0	$24,830.8	$25,903.0	$26,505.1	$27,356.7	$28,438.4	$29,810.6
Total liabilities and stockholders' equity	$36,299.0	$42,515.0	$45,936.6	$52,233.6	$33,338.0	$33,632.0	$34,211.0	$36,299.0	$37,644.0	$40,286.0	$41,319.9	$42,515.0	$41,996.0	$43,044.3	$44,342.2	$45,936.6

CASH FLOW STATEMENT																
Fiscal Period	**2025**	**2026E**	**2027E**	**2028E**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326E**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Cash flows from operating activities:																
Net income	$6,998.0	$10,327.5	$12,988.0	$16,799.5	$1,185.0	$2,137.0	$1,779.0	$1,897.0	$2,026.0	$2,806.0	$2,673.6	$2,822.0	$2,849.1	$3,096.0	$3,377.7	$3,665.2
Depreciation and amortization	$435.0	$552.7	$682.5	$846.0	$105.0	$103.0	$113.0	$114.0	$127.0	$135.0	$141.4	$149.3	$157.5	$165.8	$174.8	$184.4
Share-based compensation	$668.0	$714.0	$676.0	$676.0	$195.0	$159.0	$158.0	$156.0	$207.0	$169.0	$169.0	$169.0	$169.0	$169.0	$169.0	$169.0
Excess tax benefits from share-based compensation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Deferred income taxes	$639.0	$74.0	$0.0	$0.0	$668.0	$4.0	$280.0	($313.0)	($78.0)	$152.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other	($582.0)	($869.0)	$0.0	$0.0	$95.0	($109.0)	($284.0)	($284.0)	($202.0)	($667.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net change in operating assets and liabilities	($200.0)	($2,734.2)	($398.6)	($513.7)	($1,323.0)	($723.0)	$588.0	$1,258.0	($394.0)	($1,750.0)	($658.5)	$68.4	($106.3)	($8.7)	$1.2	($284.9)
Cash provided by operating activities	$7,958.0	$8,065.0	$13,947.9	$17,807.9	$925.0	$1,571.0	$2,634.0	$2,828.0	$1,686.0	$845.0	$2,325.4	$3,208.6	$3,069.3	$3,422.2	$3,722.7	$3,733.7
Cash flows from investing activities:																
Capital expenditures	($2,260.0)	($2,196.5)	($2,131.4)	($2,652.7)	($381.0)	($510.0)	($584.0)	($785.0)	($646.0)	($635.0)	($447.5)	($468.0)	($481.0)	($513.8)	($549.8)	($586.8)
Cash paid for acquisitions	($29.0)	($175.0)	$0.0	$0.0	($28.0)	($1.0)	$0.0	$0.0	$0.0	($175.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Proceeds from sale of facility	$33.0	$6.0	$0.0	$0.0	$0.0	$33.0	$0.0	$0.0	$0.0	$6.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Proceeds from sales and maturities of investments	$5,528.0	$3,234.0	$0.0	$0.0	$1,223.0	$1,921.0	$793.0	$1,591.0	$1,143.0	$2,091.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Purchases of investments	($6,054.0)	($3,523.0)	$0.0	$0.0	($1,711.0)	($1,222.0)	($2,176.0)	($945.0)	($1,277.0)	($2,246.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cash used in investing activities	($2,782.0)	($2,654.5)	($2,131.4)	($2,652.7)	($897.0)	$221.0	($1,967.0)	($139.0)	($780.0)	($959.0)	($447.5)	($468.0)	($481.0)	($513.8)	($549.8)	($586.8)
Cash flows from financing activities:																
Net Change in Debt	$292.0	($103.0)	($1,199.0)	$0.0	$0.0	$0.0	$0.0	$292.0	$0.0	($100.0)	($3.0)	$0.0	($1,199.0)	$0.0	$0.0	$0.0
Proceeds from common stock issuances	$261.0	$131.0	$0.0	$0.0	$0.0	$129.0	$0.0	$132.0	$0.0	$131.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Common stock repurchases	($4,895.0)	($3,737.0)	($8,000.0)	($10,000.0)	($1,318.0)	($1,670.0)	($1,056.0)	($851.0)	($337.0)	($400.0)	($1,500.0)	($1,500.0)	($2,000.0)	($2,000.0)	($2,000.0)	($2,000.0)
Excess tax benefits from share-based compensation	($248.0)	($309.0)	$0.0	$0.0	($142.0)	($35.0)	($33.0)	($38.0)	($229.0)	($80.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Dividends	($1,384.0)	($1,569.5)	($1,756.5)	($1,899.6)	($326.0)	($325.0)	($368.0)	($365.0)	($365.0)	($365.0)	($420.8)	($418.7)	($416.1)	($413.4)	($465.0)	($462.0)
Other	($3.0)	$0.0	$0.0	$0.0	$0.0	($2.0)	$0.0	($1.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cash used in financing activities	($5,977.0)	($5,587.5)	($10,955.5)	($11,899.6)	($1,786.0)	($1,903.0)	($1,457.0)	($831.0)	($931.0)	($814.0)	($1,923.8)	($1,918.7)	($3,615.1)	($2,413.4)	($2,465.0)	($2,462.0)
FCF	$5,698.0	$5,868.5	$11,816.5	$15,155.2	$544.0	$1,061.0	$2,050.0	$2,043.0	$1,040.0	$210.0	$1,877.9	$2,740.6	$2,588.3	$2,908.4	$3,172.9	$3,146.9

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 23: **Bernstein LRCX Income Statement**

INCOME STATEMENT																
Fiscal Period	**2026**	**2027E**	**2028E**	**2029E**	**Q126**	**Q226**	**Q326**	**Q426**	**Q127E**	**Q227E**	**Q327E**	**Q427E**	**Q128E**	**Q228E**	**Q328E**	**Q428E**
Non-GAAP Revenue	$23,233	$34,554	$38,871	$45,288	$5,324	$5,345	$5,841	$6,722	$8,111	$8,723	$8,810	$8,910	$9,142	$9,420	$9,915	$10,394
Non-GAAP COGS	$11,470	$16,717	$18,464	$21,112	$2,631	$2,687	$2,928	$3,225	$3,893	$4,274	$4,273	$4,277	$4,342	$4,475	$4,710	$4,937
Non-GAAP Gross Profit	$11,762	$17,837	$20,407	$24,177	$2,694	$2,658	$2,913	$3,497	$4,218	$4,449	$4,537	$4,633	$4,800	$4,946	$5,206	$5,457
Non-GAAP Operating Expenses	$3,442	$4,327	$4,759	$5,148	$832	$827	$866	$916	$1,012	$1,073	$1,110	$1,132	$1,134	$1,168	$1,210	$1,247
Non-GAAP R&D	$2,331	$2,980	$3,312	$3,621	$566	$565	$585	$614	$688	$741	$766	$784	$786	$810	$843	$873
Non-GAAP SG&A	$1,111	$1,347	$1,446	$1,528	$266	$262	$281	$302	$324	$331	$344	$347	$347	$358	$367	$374
Non-GAAP Operating Income	$8,320	$13,510	$15,649	$19,028	$1,862	$1,831	$2,047	$2,581	$3,206	$3,376	$3,427	$3,502	$3,666	$3,778	$3,996	$4,209
Non-GAAP Other expense, net	($9)	$74	$220	$404	$8	$10	($8)	($19)	$6	$14	$20	$33	$41	$50	$59	$70
Non-GAAP Pre-tax Income	$8,312	$13,584	$15,868	$19,433	$1,869	$1,841	$2,039	$2,562	$3,212	$3,390	$3,448	$3,534	$3,707	$3,827	$4,055	$4,279
Non-GAAP Provision for Income taxes	($978)	($2,070)	($2,380)	($2,915)	($265)	($244)	($188)	($282)	($514)	($509)	($517)	($530)	($556)	($574)	($608)	($642)
Non-GAAP Net Income	$7,334	$11,514	$13,488	$16,518	$1,605	$1,598	$1,851	$2,280	$2,698	$2,882	$2,930	$3,004	$3,151	$3,253	$3,446	$3,637
GAAP Basic Share Outstanding	1,254	1,244	1,225	1,205	1,264	1,255	1,250	1,251	1,250	1,246	1,242	1,238	1,233	1,228	1,223	1,218
GAAP Basic EPS	**$5.79**	**$9.25**	**$11.00**	**$13.69**	$1.24	$1.27	$1.46	$1.82	$2.16	$2.31	$2.36	$2.42	$2.55	$2.65	$2.82	$2.98
GAAP Diluted Share Outstanding	1,260	1,249	1,230	1,210	1,269	1,262	1,257	1,256	1,255	1,251	1,247	1,243	1,238	1,233	1,228	1,223
GAAP Diluted EPS	**$5.76**	**$9.21**	**$10.96**	**$13.64**	$1.24	$1.26	$1.45	$1.81	$2.15	$2.30	$2.35	$2.41	$2.54	$2.64	$2.80	$2.97
Non-GAAP Diluted Share Outstanding	1,260	1,249	1,230	1,210	1,269	1,262	1,257	1,256	1,255	1,251	1,247	1,243	1,238	1,233	1,228	1,223
Non-GAAP Diluted EPS	**$5.82**	**$9.22**	**$10.97**	**$13.65**	$1.26	$1.27	$1.47	$1.82	$2.15	$2.30	$2.35	$2.42	$2.55	$2.64	$2.81	$2.98
Pro-Forma Reconciliation																
GAAP Revenue	**$23,233**	**$34,554**	**$38,871**	**$45,288**	$5,324	$5,345	$5,841	$6,722	$8,111	$8,723	$8,810	$8,910	$9,142	$9,420	$9,915	$10,394
GAAP COGS	**$11,507**	**$16,728**	**$18,474**	**$21,123**	$2,639	$2,694	$2,931	$3,243	$3,896	$4,277	$4,275	$4,280	$4,345	$4,477	$4,712	$4,940
GAAP Gross Profit	**$11,725**	**$17,826**	**$20,397**	**$24,166**	$2,685	$2,651	$2,911	$3,479	$4,215	$4,446	$4,534	$4,631	$4,797	$4,943	$5,203	$5,454
GAAP R&D	**$2,376**	**$2,980**	**$3,312**	**$3,621**	$576	$573	$583	$643	$688	$741	$766	$784	$786	$810	$843	$873
GAAP SG&A	**$1,150**	**$1,348**	**$1,448**	**$1,529**	$279	$268	$280	$322	$325	$332	$344	$348	$348	$358	$367	$375
GAAP Operating expenses	**$3,526**	**$4,328**	**$4,760**	**$5,150**	$856	$841	$864	$965	$1,013	$1,073	$1,110	$1,132	$1,134	$1,168	$1,210	$1,248
GAAP Operating Income	**$8,200**	**$13,498**	**$15,637**	**$19,016**	$1,829	$1,810	$2,047	$2,513	$3,203	$3,373	$3,424	$3,499	$3,663	$3,775	$3,993	$4,206
GAAP Other expenses, net	**$63**	**$72**	**$218**	**$402**	$30	$26	($35)	$42	$6	$14	$20	$32	$41	$49	$58	$69
GAAP Pre-tax income	**$8,262**	**$13,570**	**$15,854**	**$19,418**	$1,859	$1,837	$2,012	$2,555	$3,208	$3,387	$3,444	$3,531	$3,704	$3,824	$4,051	$4,276
GAAP Income tax expenses	**($997)**	**($2,069)**	**($2,380)**	**($2,915)**	($291)	($243)	($186)	($278)	($514)	($509)	($517)	($530)	($556)	($574)	($608)	($642)
GAAP Net Income	**$7,265**	**$11,500**	**$13,474**	**$16,504**	$1,569	$1,594	$1,825	$2,277	$2,695	$2,878	$2,927	$3,001	$3,147	$3,250	$3,443	$3,634

Margins and Growth Rates																
PF Gross Margins	50.6%	51.6%	52.5%	53.4%	50.6%	49.7%	49.9%	52.0%	52.0%	51.0%	51.5%	52.0%	52.5%	52.5%	52.5%	52.5%
R&D as % of Sales	10.0%	8.6%	8.5%	8.0%	10.6%	10.6%	10.0%	9.1%	8.5%	8.5%	8.7%	8.8%	8.6%	8.6%	8.5%	8.4%
SG&A as % of Sales	4.8%	3.9%	3.7%	3.4%	5.0%	4.9%	4.8%	4.5%	4.0%	3.8%	3.9%	3.9%	3.8%	3.8%	3.7%	3.6%
PF Opex as % of Sales	14.8%	12.5%	12.2%	11.4%	15.6%	15.5%	14.8%	13.6%	12.5%	12.3%	12.6%	12.7%	12.4%	12.4%	12.2%	12.0%
PF OPM	35.8%	39.1%	40.3%	42.0%	35.0%	34.3%	35.0%	38.4%	39.5%	38.7%	38.9%	39.3%	40.1%	40.1%	40.3%	40.5%
Tax Rate	(11.8%)	(15.2%)	(15.0%)	(15.0%)	(14.2%)	(13.2%)	(9.2%)	(11.0%)	(16.0%)	(15.0%)	(15.0%)	(15.0%)	(15.0%)	(15.0%)	(15.0%)	(15.0%)
Net Margin	31.6%	33.3%	34.7%	36.5%	30.1%	29.9%	31.7%	33.9%	33.3%	33.0%	33.3%	33.7%	34.5%	34.5%	34.8%	35.0%
QoQ																
Sales					3.0%	0.4%	9.3%	15.1%	20.7%	7.5%	1.0%	1.1%	2.6%	3.0%	5.3%	4.8%
Gross Profit					3.6%	(1.3%)	9.6%	20.1%	20.6%	5.5%	2.0%	2.1%	3.6%	3.0%	5.3%	4.8%
R&D					0.1%	(0.0%)	3.6%	4.9%	12.0%	7.8%	3.4%	2.3%	0.3%	3.0%	4.0%	3.6%
SGA					3.4%	(1.6%)	7.1%	7.6%	7.4%	2.2%	3.7%	1.1%	(0.0%)	3.0%	2.5%	2.0%
Operating Profit					4.7%	(1.7%)	11.8%	26.1%	24.2%	5.3%	1.5%	2.2%	4.7%	3.0%	5.8%	5.3%
Tax Rate					-938 bps	93 bps	401 bps	-178 bps	-500 bps	100 bps	00 bps	00 bps	00 bps	00 bps	00 bps	00 bps
Net Income					(5.5%)	(0.4%)	15.9%	23.1%	18.3%	6.8%	1.7%	2.5%	4.9%	3.2%	5.9%	5.5%
DSO					(0.6%)	(0.6%)	(0.3%)	(0.1%)	(0.1%)	(0.3%)	(0.3%)	(0.3%)	(0.4%)	(0.4%)	(0.4%)	(0.4%)
EPS					(4.9%)	0.2%	16.3%	23.3%	18.4%	7.2%	2.0%	2.9%	5.3%	3.7%	6.4%	6.0%
YoY																
Sales	26.0%	48.7%	12.5%	16.5%	27.7%	22.1%	23.8%	30.0%	52.3%	63.2%	50.8%	32.5%	12.7%	8.0%	12.5%	16.6%
Gross Profit	30.7%	51.6%	14.4%	18.5%	34.1%	28.0%	26.0%	34.5%	56.6%	67.4%	55.7%	32.5%	13.8%	11.2%	14.7%	17.8%
R&D	12.2%	27.9%	11.2%	9.3%	16.1%	14.8%	9.8%	8.8%	21.6%	31.2%	30.9%	27.6%	14.3%	9.3%	10.0%	11.3%
SGA	15.2%	21.2%	7.4%	5.6%	13.4%	8.3%	21.9%	17.3%	21.8%	26.4%	22.4%	15.0%	7.1%	8.0%	6.8%	7.7%
Operating Profit	39.7%	62.4%	15.8%	21.6%	44.7%	36.4%	32.1%	45.1%	72.2%	84.4%	67.4%	35.7%	14.4%	11.9%	16.6%	20.2%
Tax Rate	-93 bps	-347 bps	24 bps	00 bps	-41 bps	-06 bps	412 bps	-622 bps	-184 bps	-177 bps	-578 bps	-400 bps	100 bps	00 bps	00 bps	00 bps
Net Income	37.6%	57.0%	17.1%	22.5%	43.1%	36.0%	38.6%	34.3%	68.1%	80.4%	58.3%	31.8%	16.8%	12.9%	17.6%	21.1%
DSO	(2.2%)	(0.9%)	(1.5%)	(1.6%)	(2.7%)	(2.3%)	(2.4%)	(1.6%)	(1.1%)	(0.9%)	(0.8%)	(1.1%)	(1.4%)	(1.4%)	(1.5%)	(1.6%)
EPS	40.7%	58.5%	18.9%	24.5%	47.0%	39.2%	42.0%	36.5%	70.1%	82.0%	59.6%	33.2%	18.4%	14.6%	19.4%	23.1%

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 24: **Bernstein LRCX Balance Sheet and Cash Flow Statement**

BALANCE SHEET																
Fiscal Period	**2026**	**2027E**	**2028E**	**2029E**	**Q126**	**Q226**	**Q326**	**Q426**	**Q127E**	**Q227E**	**Q327E**	**Q427E**	**Q128E**	**Q228E**	**Q328E**	**Q428E**
Assets																
Current Assets:																
Cash and cash equivalents	$5,579	$10,060	$15,136	$23,331	$6,693	$6,180	$4,751	$5,579	$6,614	$7,413	$8,991	$10,060	$11,152	$12,329	$13,753	$15,136
Investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Accounts receivable, net	$5,340	$7,078	$8,256	$9,223	$3,633	$3,492	$4,133	$5,340	$6,443	$6,929	$6,998	$7,078	$7,262	$7,483	$7,876	$8,256
Inventories	$4,276	$5,560	$6,171	$6,676	$4,095	$4,038	$4,000	$4,276	$5,256	$5,642	$5,341	$5,560	$5,645	$5,817	$5,887	$6,171
Prepaid expenses and other current assets	$416	$572	$672	$751	$386	$308	$413	$416	$532	$558	$577	$572	$593	$609	$643	$672
Non-cash current assets	$10,032	$13,210	$15,099	$16,650	$8,114	$7,838	$8,546	$10,032	$12,231	$13,129	$12,916	$13,210	$13,500	$13,909	$14,406	$15,099
Total current assets	**$15,611**	**$23,270**	**$30,236**	**$39,981**	$14,807	$14,018	$13,297	$15,611	$18,845	$20,542	$21,907	$23,270	$24,652	$26,238	$28,159	$30,236
PP&E, net	$2,956	$3,965	$5,002	$6,149	$2,511	$2,711	$2,854	$2,956	$3,201	$3,462	$3,716	$3,965	$4,214	$4,465	$4,728	$5,002
Restricted cash and investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Goodwill and intangible assets	$1,896	$1,884	$1,872	$1,860	$1,827	$1,864	$1,882	$1,896	$1,893	$1,890	$1,887	$1,884	$1,881	$1,878	$1,875	$1,872
Other assets	$3,067	$4,258	$4,994	$5,581	$2,756	$2,798	$2,759	$3,067	$3,994	$4,241	$4,200	$4,258	$4,418	$4,531	$4,757	$4,994
Total assets	**$23,530**	**$33,377**	**$42,104**	**$53,571**	$21,900	$21,391	$20,792	$23,530	$27,933	$30,134	$31,711	$33,377	$35,165	$37,112	$39,519	$42,104
Liabilities and Stockholders' Equity																
Non-debt current liabilities	$5,933	$9,799	$11,430	$12,769	$5,954	$5,459	$5,238	$5,933	$8,916	$9,593	$9,690	$9,799	$10,053	$10,360	$10,904	$11,430
Current portion of convertible notes and capital leases	$4	$4	$4	$4	$754	$754	$4	$4	$4	$4	$4	$4	$4	$4	$4	$4
Total current liabilities	**$5,937**	**$9,803**	**$11,434**	**$12,773**	$6,708	$6,213	$5,242	$5,937	$8,920	$9,598	$9,694	$9,803	$10,057	$10,364	$10,908	$11,434
Senior notes, convertible notes, and capital leases, less current p	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730
Income taxes payable	$681	$681	$681	$681	$646	$668	$622	$681	$681	$681	$681	$681	$681	$681	$681	$681
Other long-term liabilities	$710	$951	$1,108	$1,200	$624	$635	$613	$710	$885	$973	$962	$951	$980	$1,007	$1,057	$1,108
Total liabilities	**$11,059**	**$15,165**	**$16,953**	**$18,384**	$11,707	$11,246	$10,207	$11,059	$14,216	$14,982	$15,067	$15,165	$15,448	$15,783	$16,377	$16,953
Total stockholders' equity	**$12,471**	**$18,212**	**$25,150**	**$35,187**	$10,193	$10,145	$10,585	$12,471	$13,717	$15,152	$16,643	$18,212	$19,717	$21,329	$23,141	$25,150
Total liabilities and stockholders' equity	**$23,530**	**$33,377**	**$42,104**	**$53,571**	$21,900	$21,391	$20,792	$23,530	$27,933	$30,134	$31,711	$33,377	$35,165	$37,112	$39,519	$42,104

CASH FLOW STATEMENT																
Fiscal Period	**2026**	**Q209**	**Q210**	**Q211**	**Q126**	**Q226**	**Q326**	**Q426**	**Q127E**	**Q227E**	**Q327E**	**Q427E**	**Q128E**	**Q228E**	**Q328E**	**Q428E**
Cash flows from operating activities:																
Net income	**$7,265**	**$11,500**	**$13,474**	**$16,504**	$1,569	$1,594	$1,825	$2,277	$2,695	$2,878	$2,927	$3,001	$3,147	$3,250	$3,443	$3,634
Depreciation and amortization	$442	$558	$724	$903	$102	$104	$116	$120	$124	$134	$145	$155	$165	$176	$186	$197
Other changes to operatiing cash flows	($1,849)	$221	($304)	($131)	$109	($218)	($800)	($940)	$144	($259)	$462	($126)	($40)	($57)	$7	($215)
Cash provided by operating activities	**$5,858**	**$12,279**	**$13,894**	**$17,275**	$1,779	$1,480	$1,141	$1,457	$2,962	$2,753	$3,535	$3,029	$3,273	$3,369	$3,636	$3,616
Cash flows from investing activities:																
Capital expenditures and intangible assets	**($966)**	**($1,555)**	**($1,749)**	**($2,038)**	($185)	($261)	($332)	($189)	($365)	($393)	($396)	($401)	($411)	($424)	($446)	($468)
Business acquisition, net of cash acquired	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net sales from available-for-sale investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Transfers of restricted cash and investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$44	$0	$0	$0	($1)	$3	($3)	$45	$0	$0	$0	$0	$0	$0	$0	$0
Cash used in investing activities	**($922)**	**($1,555)**	**($1,749)**	**($2,038)**	($186)	($258)	($335)	($144)	($365)	($393)	($396)	($401)	($411)	($424)	($446)	($468)
Cash flows from financing activities:																
Debt repayments	($755)	$0	$0	$0	($1)	($1)	($751)	($1)	$0	$0	$0	$0	$0	$0	$0	$0
Debt issuance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Excess tax benefit on share-based compensation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Treasury stock purchases	($3,851)	($4,800)	($5,500)	($5,500)	($976)	($1,466)	($1,163)	($247)	($1,200)	($1,200)	($1,200)	($1,200)	($1,375)	($1,375)	($1,375)	($1,375)
Dividends paid	($1,271)	($1,443)	($1,569)	($1,543)	($292)	($328)	($326)	($325)	($363)	($361)	($360)	($359)	($395)	($393)	($391)	($390)
Reissuance of treasury stock related to employee stock purchase	$156	$0	$0	$0	$0	$67	$0	$89	$0	$0	$0	$0	$0	$0	$0	$0
Proceeds from issuance of common stock	$17	$0	$0	$0	$0	$4	$9	$4	$0	$0	$0	$0	$0	$0	$0	$0
Other	($14)	$0	$0	$0	($12)	($1)	$0	($0)	$0	$0	$0	$0	$0	$0	$0	$0
Cash used in financing activities	**($5,718)**	**($6,243)**	**($7,069)**	**($7,043)**	($1,282)	($1,725)	($2,231)	($480)	($1,563)	($1,561)	($1,560)	($1,559)	($1,770)	($1,768)	($1,766)	($1,765)
Free Cash Flow	**$4,891**	**$10,724**	**$12,145**	**$15,237**	$1,594	$1,219	$810	$1,268	$2,597	$2,361	$3,138	$2,629	$2,861	$2,945	$3,190	$3,148

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 25: **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**	**22,173**	**25,038**	**3,210**	**3,297**	**3,415**	**3,658**	**4,000**	**4,500**	**4,678**	**4,871**	**5,073**	**5,315**	**5,759**	**6,026**
COGS	5,106	6,768	8,174	9,139	1,205	1,233	1,291	1,377	1,500	1,687	1,754	1,827	1,877	1,967	2,131	2,199
Gross Profit	**8,474**	**11,281**	**13,999**	**15,899**	**2,005**	**2,064**	**2,125**	**2,281**	**2,500**	**2,812**	**2,924**	**3,045**	**3,196**	**3,349**	**3,628**	**3,827**
R&D	1,532	1,696	2,040	2,253	360	384	389	399	406	416	430	443	467	489	530	554
SG&A	1,091	1,171	1,375	1,552	258	269	281	283	284	290	295	302	315	330	357	374
Operating Expenses	**2,623**	**2,867**	**3,415**	**3,806**	**618**	**653**	**670**	**682**	**690**	**706**	**725**	**745**	**781**	**819**	**887**	**928**
Operating Income	**5,850**	**8,414**	**10,585**	**12,093**	**1,386**	**1,411**	**1,454**	**1,599**	**1,810**	**2,106**	**2,199**	**2,299**	**2,415**	**2,530**	**2,741**	**2,899**
Non-operating Expense / (Income)	(218)	(200)	(218)	(271)	(43)	(38)	(80)	(57)	(45)	(49)	(54)	(52)	(54)	(52)	(54)	(57)
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**	**10,524**	**12,099**	**1,359**	**1,379**	**1,464**	**1,582**	**1,786**	**2,086**	**2,183**	**2,281**	**2,399**	**2,513**	**2,726**	**2,886**
Income Tax Expense / (Benefit)	825	1,209	1,526	1,754	192	211	225	197	259	302	316	331	348	364	395	418
Minority/Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	**4,959**	**7,127**	**8,998**	**10,344**	**1,167**	**1,168**	**1,239**	**1,386**	**1,527**	**1,783**	**1,866**	**1,951**	**2,051**	**2,148**	**2,331**	**2,468**
Basic EPS	$3.78	$5.51	$7.10	$8.31	$0.89	$0.89	$0.95	$1.06	$1.17	$1.38	$1.45	$1.52	$1.61	$1.69	$1.84	$1.96
Weighted Avg. Shares - Basic (M)	1,311	1,294	1,268	1,245	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**	**$7.05**	**$8.26**	**$0.88**	**$0.88**	**$0.94**	**$1.05**	**$1.16**	**$1.37**	**$1.44**	**$1.51**	**$1.60**	**$1.68**	**$1.83**	**$1.95**
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	1,268
Growth and Margins																
Revenue QoQ/YoY %	*11.7%*	*32.9%*	*22.8%*	*12.9%*	*1.1%*	*2.7%*	*3.6%*	*7.1%*	*9.4%*	*12.5%*	*4.0%*	*4.1%*	*4.1%*	*4.8%*	*8.4%*	*4.6%*
Revenue YoY %	*11.7%*	*32.9%*	*22.8%*	*12.9%*	*13.0%*	*7.2%*	*11.5%*	*15.2%*	*24.6%*	*36.5%*	*37.0%*	*33.2%*	*26.8%*	*18.1%*	*23.1%*	*23.7%*
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%*	*65.9%*	*66.3%*	*(8.7%)*	*67.8%*	*51.3%*	*64.4%*	*64.1%*	*62.5%*	*62.5%*	*62.5%*	*75.1%*	*63.0%*	*63.0%*	*74.3%*
R&D / Sales %	*11.3%*	*9.4%*	*9.2%*	*9.0%*	*11.2%*	*11.6%*	*11.4%*	*10.9%*	*10.2%*	*9.3%*	*9.2%*	*9.1%*	*9.2%*	*9.2%*	*9.2%*	*9.2%*
SG&A / Sales %	*8.0%*	*6.5%*	*6.2%*	*6.2%*	*8.0%*	*8.2%*	*8.2%*	*7.7%*	*7.1%*	*6.5%*	*6.3%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*
Opex/Sales %	*19.3%*	*15.9%*	*15.4%*	*15.2%*	*19.3%*	*19.8%*	*19.6%*	*18.6%*	*17.3%*	*15.7%*	*15.5%*	*15.3%*	*15.4%*	*15.4%*	*15.4%*	*15.4%*
Operating Margin %	*43.1%*	*46.6%*	*47.7%*	*48.3%*	*43.2%*	*42.8%*	*42.6%*	*43.7%*	*45.3%*	*46.8%*	*47.0%*	*47.2%*	*47.6%*	*47.6%*	*47.6%*	*48.1%*
Incremental Operating Margin %	*42.8%*	*57.4%*	*52.6%*	*52.7%*	*(52.5%)*	*28.5%*	*36.7%*	*59.4%*	*61.7%*	*59.2%*	*52.1%*	*52.0%*	*57.3%*	*47.6%*	*47.6%*	*58.9%*
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%*	*40.6%*	*41.3%*	*36.4%*	*35.4%*	*36.3%*	*37.9%*	*38.2%*	*39.6%*	*39.9%*	*40.0%*	*40.4%*	*40.4%*	*40.5%*	*40.9%*
Diluted EPS QoQ/YoY %	*13.0%*	*45.6%*	*28.8%*	*17.1%*	*(6.0%)*	*0.4%*	*6.2%*	*12.1%*	*10.4%*	*17.4%*	*5.2%*	*5.0%*	*5.7%*	*5.2%*	*9.0%*	*6.3%*
Diluted EPS YoY %	*13.0%*	*45.6%*	*28.8%*	*17.1%*	*20.3%*	*7.9%*	*11.8%*	*12.4%*	*32.0%*	*54.4%*	*52.9%*	*43.2%*	*37.1%*	*22.9%*	*27.4%*	*29.0%*

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 26: **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	8,493	10,644	4,684	5,207	4,958	4,902	6,690	6,887	6,868	7,199	6,955	7,251	7,604	8,493
Accounts Receivable	2,889	3,248	4,017	4,140	2,278	2,074	2,304	2,889	2,889	3,000	3,119	3,248	3,382	3,543	3,839	4,017
Inventories	3,649	4,466	5,377	5,541	3,297	3,283	3,437	3,649	3,833	4,125	4,288	4,466	4,588	4,807	5,209	5,377
Other Current Assets	942	967	1,196	1,233	642	700	652	942	794	893	929	967	1,007	1,055	1,143	1,196
Total Current Assets	**12,382**	**15,880**	**19,084**	**21,558**	**10,901**	**11,264**	**11,351**	**12,382**	**14,206**	**14,906**	**15,204**	**15,880**	**15,932**	**16,657**	**17,795**	**19,084**
Property Plant & Equipment, Net	1,381	1,629	1,946	2,281	1,302	1,345	1,364	1,381	1,432	1,495	1,561	1,629	1,699	1,774	1,858	1,946
Deferred Tax Assets	1,037	1,381	1,709	1,761	1,131	1,144	1,123	1,037	1,410	1,561	1,539	1,381	1,788	1,844	1,894	1,709
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	1,408	1,451	795	829	946	1,107	935	1,052	1,093	1,138	1,186	1,242	1,346	1,408
Total Assets	**17,952**	**21,944**	**26,013**	**28,882**	**16,318**	**16,720**	**16,874**	**17,952**	**19,994**	**20,994**	**21,344**	**21,944**	**22,508**	**23,408**	**24,772**	**26,013**
Accounts Payable	624	710	855	881	430	425	515	624	667	750	682	710	730	765	829	855
Current Portion of Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue (systems+services)	1,537	2,524	3,122	3,217	1,424	1,457	1,197	1,537	2,072	2,331	2,423	2,524	2,628	2,754	2,984	3,122
Other Current Liabilities	2,144	3,343	4,135	4,261	2,197	2,100	2,039	2,144	2,745	3,088	3,210	3,343	3,481	3,647	3,952	4,135
Total Current Liabilities	**4,305**	**6,577**	**8,112**	**8,360**	**4,050**	**3,982**	**3,752**	**4,305**	**5,483**	**6,169**	**6,316**	**6,577**	**6,839**	**7,166**	**7,764**	**8,112**
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	539	432	465	453	444	474	499	528	515	533	531	517	519	539
Deferred Revenue (Long-Term, Service)	238	390	482	497	287	271	252	238	320	360	374	390	406	425	461	482
Other Noncurrent Liabilities	698	1,012	1,252	1,290	646	663	709	698	831	935	972	1,012	1,054	1,104	1,196	1,252
Total Liabilities	**11,602**	**14,399**	**16,273**	**15,665**	**11,333**	**11,254**	**11,043**	**11,602**	**13,021**	**13,879**	**14,064**	**14,399**	**14,717**	**15,099**	**15,827**	**16,273**
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	7,074	10,550	2,495	2,861	3,187	3,684	4,307	4,449	4,614	4,878	5,125	5,643	6,279	7,074
Total Equity	**6,350**	**7,544**	**9,740**	**13,216**	**4,985**	**5,466**	**5,830**	**6,350**	**6,973**	**7,115**	**7,280**	**7,544**	**7,791**	**8,309**	**8,945**	**9,740**
Total Liabilities and Shareholders Equity	**17,952**	**21,944**	**26,013**	**28,882**	**16,318**	**16,720**	**16,874**	**17,952**	**19,994**	**20,994**	**21,344**	**21,944**	**22,508**	**23,408**	**24,772**	**26,013**

Summary metrics																
EBITDA	6,244	8,836	10,982	12,545	1,483	1,510	1,554	1,697	1,911	2,210	2,306	2,410	2,508	2,627	2,842	3,004
LTM EBITDA	6,244	8,836	10,982	12,545	5,843	5,947	6,048	6,244	6,672	7,372	8,124	8,836	9,433	9,851	10,388	10,982
Net Debt	985	(1,312)	(2,606)	(5,557)	1,202	679	929	985	(802)	(1,000)	(981)	(1,312)	(1,068)	(1,364)	(1,716)	(2,606)
Leverage (Net Debt/EBITDA)	0.2x	(0.1x)	(0.2x)	(0.4x)	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	7,008	7,825	6,187	6,144	6,760	7,335	6,171	6,115	6,299	6,232	6,723	6,945	7,229	7,134
NOPAT	5,059	7,194	9,050	10,340	1,265	1,121	1,276	1,398	1,547	1,801	1,880	1,966	2,065	2,163	2,344	2,478
ROIC (annualized)	*77%*	*116%*	*129%*	*132%*	*82%*	*73%*	*76%*	*76%*	*100%*	*118%*	*119%*	*126%*	*123%*	*125%*	*130%*	*139%*

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 27: **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	8,975	10,327	1,121	1,146	1,201	1,363	1,499	1,768	1,851	1,935	2,045	2,142	2,325	2,462
Depreciation and Amortization	394	422	397	451	97	99	99	99	101	104	107	110	94	97	101	105
Unrealized foreign exchange loss and other	7	-	-	-	12	2	(14)	6	-	-	-	-	-	-	-	-
Stock-based compensation	310	413	507	571	70	74	84	82	87	101	115	109	111	119	142	135
Deferred income taxes	78	(284)	(322)	(160)	(11)	(32)	15	105	(347)	(123)	10	176	(409)	(71)	(49)	206
Goodwill and other impairment charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating cash flow	(1)	-	-	-	-	-	(1)	-	-	-	-	-	-	-	-	-
Accounts receivable	(642)	(358)	(770)	(123)	(13)	191	(234)	(586)	0	(111)	(119)	(129)	(134)	(161)	(296)	(178)
Inventories	(466)	(817)	(911)	(164)	(96)	1	(159)	(212)	(185)	(292)	(163)	(178)	(123)	(219)	(402)	(168)
Other assets	(501)	(57)	(499)	(79)	51	(65)	(64)	(423)	320	(216)	(77)	(84)	(87)	(105)	(192)	(115)
Accounts payable	172	87	145	26	(24)	(5)	93	108	43	83	(68)	28	20	35	64	27
Deferred system revenue	116	633	384	61	2	39	(237)	312	343	166	59	64	67	81	148	89
Deferred service revenue	(55)	505	306	49	(5)	(22)	(42)	14	274	133	47	51	53	64	118	71
Other liabilities	(100)	1,513	1,032	164	(44)	(61)	(34)	39	734	447	159	173	180	217	397	239
Cash Flow from operating activities	**4,143**	**9,109**	**9,245**	**11,124**	**1,162**	**1,368**	**707**	**906**	**2,870**	**2,060**	**1,921**	**2,257**	**1,818**	**2,199**	**2,356**	**2,872**
Capital expenditures	(376)	(541)	(665)	(751)	(96)	(106)	(85)	(89)	(120)	(135)	(140)	(146)	(152)	(159)	(173)	(181)
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)**	**(665)**	**(751)**	**(410)**	**(113)**	**(494)**	**(173)**	**(120)**	**(135)**	**(140)**	**(146)**	**(152)**	**(159)**	**(173)**	**(181)**
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	276	299	-	56	0	113	-	76	0	151	-	90	0	186
Tax withholding payments related to vested and released RSUs	(205)	(167)	(210)	(236)	(81)	(6)	(4)	(114)	(63)	(5)	(4)	(95)	(81)	(6)	(5)	(119)
Dividend to stockholders	(1,058)	(1,231)	(1,351)	(1,486)	(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)**	**(7,286)**	**(8,222)**	**(882)**	**(748)**	**(879)**	**(877)**	**(963)**	**(1,727)**	**(1,800)**	**(1,780)**	**(1,910)**	**(1,744)**	**(1,830)**	**(1,802)**
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**	**1,294**	**2,151**	**(133)**	**506**	**(665)**	**(137)**	**1,787**	**198**	**(19)**	**331**	**(244)**	**296**	**353**	**890**
Cash and cash equivalents at beginning of period	2,079	1,650	3,947	5,241	2,079	1,946	2,452	1,787	1,650	3,437	3,635	3,616	3,947	3,702	3,999	4,351
Cash and cash equivalents at end of period	**1,650**	**3,947**	**5,241**	**7,392**	**1,946**	**2,452**	**1,787**	**1,650**	**3,437**	**3,635**	**3,616**	**3,947**	**3,702**	**3,999**	**4,351**	**5,241**

Summary metrics	2026E	2027E	2028E	2029E	Q126	Q226	Q326	Q426	Q127E	Q227E	Q327E	Q427E	Q128E	Q228E	Q328E	Q428E
FCF ($M)	**3,767**	**8,568**	**8,580**	**10,373**	**1,066**	**1,262**	**622**	**817**	**2,750**	**1,925**	**1,781**	**2,111**	**1,665**	**2,040**	**2,183**	**2,691**
FCF margin (% sales)	*27.7%*	*47.5%*	*38.7%*	*41.4%*	*33.2%*	*38.3%*	*18.2%*	*22.3%*	*68.8%*	*42.8%*	*38.1%*	*43.3%*	*32.8%*	*38.4%*	*37.9%*	*44.7%*
FCF conversion (% PF net income)	*76.0%*	*120.2%*	*95.3%*	*100.3%*	*91.3%*	*108.0%*	*50.2%*	*59.0%*	*180.1%*	*107.9%*	*95.4%*	*108.2%*	*81.2%*	*94.9%*	*93.7%*	*109.1%*
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%*	*15.7%*	*14.3%*	*23.8%*	*19.8%*	*40.0%*	*37.4%*	*10.9%*	*15.5%*	*16.7%*	*15.9%*	*19.8%*	*16.1%*	*14.9%*	*13.7%*
Share repurchases (% FCF)	*60.8%*	*59.5%*	*69.9%*	*57.8%*	*51.1%*	*43.4%*	*100.6%*	*69.9%*	*21.8%*	*77.9%*	*84.2%*	*71.0%*	*90.1%*	*73.5%*	*68.7%*	*55.7%*
Capital returns (% FCF)	*88.9%*	*73.9%*	*85.7%*	*72.2%*	*75.0%*	*63.2%*	*140.6%*	*107.2%*	*32.7%*	*93.4%*	*100.9%*	*87.0%*	*109.8%*	*89.6%*	*83.6%*	*69.4%*

Source: Company reports, Bernstein estimates and analysis

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