Applied Materials Inc. (AMAT): Communacopia + Technology 2026 — Key Takeaways

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Presenters: Gary Dickerson, President & CEO

Bottom Line: We have three key takeaways: (1) Applied Materials expects leading-edge logic, advanced packaging, and memory to account for ~80% of WFE in 2026 and similar mix going ahead, and also reiterated its outlook for ~40% revenue growth in 2026. (2) Management sees strong growth continuing into 2027 and 2028 given increasing orders and backlog with longer-dated visibility; (3) Applied Materials expressed confidence in its Process Control business, which is expected to grow more than 50% in 2026, driven by increasing demand for yield improvement, performance optimization, and materials engineering at advanced nodes.

Key Takeaways

- **Strong customer order visibility and growing demand:** Applied Materials highlighted AI and datacenter as the primary drivers of semiconductor spending, with leading-edge logic, advanced packaging, and memory accounting for ~80% of WFE in 2026 and similar mix in 2027. Applied Materials reiterated its outlook for ~40% revenue growth in 2026, and expects strong growth to continue into 2027 and extend into 2028. Management noted that agentic AI is driving stronger investment across CPUs and DRAM, while customer demand visibility remains robust with rolling 8-quarter forecasts, long-term commitments extending to 2030, and continued upward revisions to capacity plans.
- **AI and product innovation:** Mr. Dickerson noted shorter time to market, and yield and output innovation driven by AI as key ROI provider in the industry to Applied and to its customers. Applied also cited improved value proposition in services using AI as an additional driver of ROI in the industry.
- **Industry positioning across key end-markets:** Applied Materials highlighted its leadership across leading-edge logic, memory, and advanced packaging, with advanced packaging revenue expected to grow ~70% YoY in 2026 to a

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$2.5-$3.0bn revenue run-rate. Management also noted new fab locations as a tailwind to services as customers expand their geographical footprints.

- **ICAPS:** Applied Materials expects China revenue to grow YoY in 2026 with modest share gains, supported by strength in the ICAPS market. Longer term, management sees ICAPS sustaining a mid-to-high single digit CAGR, with acceleration in 2027 versus 2026.
- **Process control:** Applied Materials expressed strong confidence in its Process Control business, which is expected to grow more than 50% in 2026, driven by increasing demand for yield improvement and materials engineering at advanced nodes. Management highlighted leadership in e-beam technology, imaging, and materials analysis, positioning Process Control as a durable high-growth business for many years.
- **EPIC:** Mr. Dickerson is pursuing high-velocity co-innovation with customers through EPIC. This facility will help Applied progress on technologies up to four nodes in advance. For customers, it helps them to bring new products faster to the market.

Valuation/Risks

AMAT (CL-Buy): Our 12-month price target of $670 is based on a 32X P/E multiple applied to our normalized EPS estimate of $21.00. Key downside risks include: (1) incremental export restrictions; (2) local China-based supplier share gains.

AMAT	12m Price Target: **$670.00**	Price: **$468.85**	Upside: **42.9%**

Buy CL

Market cap: $374.6bn
Enterprise value: $373.1bn
3m ADTV: $5.1bn
United States
Americas Semiconductors & IT Services
M&A Rank: 3

GS Forecast

	10/25	10/26E	10/27E	10/28E
Revenue ($ mn)	28,368.0	34,741.6	49,749.9	62,559.3
EBITDA ($ mn)	8,997.0	12,075.6	18,203.9	23,304.8
EBIT ($ mn)	8,562.0	11,552.6	17,763.9	22,864.8
EPS ($)	9.42	12.98	19.54	25.13
P/E (X)	18.6	36.1	24.0	18.7
EV/EBITDA (X)	15.6	30.7	20.1	15.2
FCF yield (%)	4.0	1.5	3.1	4.4
Dividend yield (%)	1.0	0.4	0.5	0.5
Net debt/EBITDA (X)	(0.1)	(0.1)	(0.3)	(0.5)

	7/26	10/26E	1/27E	4/27E
EPS ($)	3.49	4.25	4.10	4.60

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 9 Sep 2026 close.