



Applied Materials Announces Record Results for Fourth Quarter and Fiscal Year 2000; Record New Orders, Net Sales and Net Income

November 15, 2000

SANTA CLARA, Calif.--(BUSINESS WIRE)--Nov. 15, 2000--Applied Materials, Inc., the world's largest supplier of wafer fabrication solutions to the semiconductor industry, reported record results for its fourth fiscal quarter ended October 29, 2000. Record net sales were \$2.92 billion, up 7 percent from \$2.73 billion for the third fiscal quarter of 2000, and up 81 percent from \$1.61 billion for the fourth fiscal quarter of 1999. Record ongoing net income (net income, excluding one-time items) for the fourth fiscal quarter of 2000 was \$664 million, or \$0.77 per diluted share, up 10 percent from \$604 million, or \$0.70 per diluted share, for the third fiscal quarter of 2000, and up 119 percent from \$303 million, or \$0.37 per diluted share, for the fourth fiscal quarter of 1999.

Record new orders were \$3.60 billion for the fourth fiscal quarter of 2000, increasing 10 percent from \$3.28 billion for the third fiscal quarter of 2000, and increasing 113 percent from \$1.69 billion for the fourth fiscal quarter of 1999. Regional distribution of new orders for the fourth fiscal quarter of 2000 was: North America 29 percent, Japan 21 percent, Europe 15 percent, Taiwan 14 percent, Southeast Asia and China 11 percent and Korea 10 percent. Backlog at the end of the fourth fiscal quarter of 2000 increased to \$4.38 billion, from \$3.69 billion at the end of the third fiscal quarter of 2000.

Gross margin for the fourth fiscal quarter of 2000 was 51.7 percent, up from 50.9 percent for the third fiscal quarter of 2000, and up from 49.6 percent for the fourth fiscal quarter of 1999. Record operating income as a percentage of net sales was 31.0 percent for the fourth fiscal quarter of 2000, compared to 30.2 percent for the third fiscal quarter of 2000 and 24.5 percent for the fourth fiscal quarter of 1999. Record ongoing net income as a percentage of net sales was

- 22.7 percent for the fourth fiscal quarter of 2000, compared to 22.1 percent for the third fiscal quarter of 2000 and 18.8 percent for the fourth fiscal quarter of 1999.

The Company also announced results for its fiscal year ended October 29, 2000, with record new orders, net sales and ongoing net income. Fiscal 2000 new orders were \$12.26 billion, a 114 percent increase from fiscal 1999 new orders of \$5.72 billion. Net sales for fiscal 2000 were \$9.56 billion, an 88 percent increase from fiscal 1999 net sales of \$5.10 billion. Ongoing net income (net income, excluding one-time items) for fiscal 2000 was \$2.05 billion, or \$2.39 per diluted share, up 171 percent from \$757 million, or \$0.92 per diluted share, for fiscal 1999.

"This has been an outstanding year for Applied Materials," said James C. Morgan, chairman and chief executive officer. "I am very proud of our global team for capitalizing on worldwide demand for semiconductors to deliver the strongest year in the Company's history, with revenue almost double that of last year."

Applied Materials' leading-edge systems and services enable semiconductor manufacturers to make more powerful, portable and affordable chips for the Internet and Information Age. Underscoring its commitment to industry innovation, the Company introduced a record 37 new products in fiscal 2000, together with a host of new applications for advanced semiconductor processing.

"Since we are just at the beginning of the Information Age, we have tremendous growth opportunities ahead, as global demand for electronics products and the number of applications for semiconductors are both increasing. In the coming year, we expect our customers to increase their investment in advanced technologies for smaller line-widths, 300mm product capabilities and advanced materials applications. Our focus on providing a broad range of leading products, combined with strong operating capability and global support infrastructure, positions Applied Materials to benefit from worldwide demand for increasingly sophisticated electronics," concluded Morgan.

This press release contains certain forward-looking statements, including, but not limited to, those relating to growth opportunities ahead and customers' increased investments in advanced technologies. These forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to: continued global demand for semiconductors and increasingly sophisticated electronics; changes in customer capacity requirements; the ability of the Company to maintain its technology leadership and product position; the transition to 300mm systems; changes in global economic conditions; and those risks and uncertainties described in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update the information in this press release.

Applied Materials will be discussing its fourth quarter and fiscal year results, along with its outlook for the first fiscal quarter of 2001, on a conference call today, beginning at 1:30 PM PST. A webcast of the conference call will be available to all interested parties on Applied Materials' website at <http://www.appliedmaterials.com> under the "Investors" section.

Applied Materials (Nasdaq:AMAT) is a leader of the Information Age and the world's largest supplier of products and services to the global semiconductor industry.

APPLIED MATERIALS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Fiscal Year Ended	
(In thousands, except per share amounts)	October 31, 1999	October 29, 2000	October 31, 1999	October 29, 2000
Net sales	\$1,613,570	\$2,920,163	\$5,096,302	\$9,564,412
Cost of products sold	813,110	1,411,256	2,677,083	4,708,684
Gross margin	800,460	1,508,907	2,419,219	4,855,728
Operating expenses:				
Research, development and engineering	216,123	327,413	740,114	1,107,922
Marketing and selling	92,918	142,598	340,515	483,316
General and administrative	96,676	133,439	354,781	477,437
Non-recurring items	43,400	--	50,915	40,000
Income from operations	351,343	905,457	932,894	2,747,053
Non-recurring income	10,000	--	30,000	68,158
Interest expense	12,238	13,221	47,566	51,375
Interest income	30,576	56,046	108,016	184,008
Income before taxes and equity in net income of joint venture	379,681	948,282	1,023,344	2,947,844
Provision for income taxes	130,697	284,485	330,458	884,292
Income before equity in net income of joint venture	248,984	663,797	692,886	2,063,552
Restructuring of joint venture	3,677	--	3,677	--
Equity in net income of joint venture	18,068	--	30,116	--
Income from continuing operations	270,729	663,797	726,679	2,063,552
Provision for discontinuance of joint venture	33,044	--	20,996	--
Net income	\$ 303,773	\$ 663,797	\$ 747,675	\$2,063,552
Earnings per share:				
Basic - continuing operations	\$ 0.35	\$ 0.82	\$ 0.93	\$ 2.56
Basic - discontinued operations	0.04	--	0.03	--

Total basic	\$	0.39	\$	0.82	\$	0.96	\$	2.56

Diluted - continuing operations	\$	0.33	\$	0.77	\$	0.88	\$	2.40
Diluted - discontinued operations		0.04		--		0.03		--

Total diluted	\$	0.37	\$	0.77	\$	0.91	\$	2.40

Weighted average number of shares:

Basic	788,422	813,042	778,604	806,580
Diluted	830,840	860,822	820,580	859,169

Historical amounts have been restated to reflect a two-for-one stock split in the form of a 100 percent stock dividend, effective March 15, 2000, and the acquisition of Etec, which was completed on March 29, 2000 and accounted for as a pooling-of-interests.

APPLIED MATERIALS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)	October 31, 1999	October 29, 2000

ASSETS		
Current assets:		
Cash and cash equivalents	\$ 868,121	\$ 1,647,604
Short-term investments	1,951,254	2,580,435
Accounts receivable, net	1,268,146	2,351,379
Inventories	727,107	1,503,751
Deferred income taxes	341,668	549,108
Other current assets	154,424	206,870

Total current assets	5,310,720	8,839,147
Property, plant and equipment, net	1,278,269	1,366,782
Other assets	425,521	339,801

Total assets	\$ 7,014,510	\$ 10,545,730

LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 5,789	\$ 94,676
Current portion of long-term debt	36,484	11,621
Accounts payable and accrued expenses	1,442,718	2,268,608
Income taxes payable	246,506	384,806

Total current liabilities	1,731,497	2,759,711
Long-term debt	584,357	573,126
Deferred income taxes and other liabilities	123,398	108,545

Total liabilities	2,439,252	3,441,382

Stockholders' equity:		
Common stock	7,932	8,125
Additional paid-in capital	1,443,723	1,930,212
Retained earnings	3,122,337	5,185,181
Accumulated other comprehensive income/(loss)	1,266	(19,170)
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Total stockholders' equity	4,575,258	7,104,348
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Total liabilities and stockholders'		
equity	\$ 7,014,510	\$ 10,545,730
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