



Applied Materials Projects Extended Capital Investment Cycle Driven by Mobility Trends

March 28, 2012

Santa Clara, U.S.A., Mar 28, 2012 (Thomson Reuters ONE via COMTEX) --- Forecasts market share gains in technologies that enable faster, low-power transistors

- Lowers breakeven levels for EES and Display; Sees those markets recovering in 2013
- Provides full-year business outlook

New York-March 28, 2012-Applied Materials, the global leader in manufacturing solutions for the semiconductor, flat panel display and solar photovoltaic industries, forecast wafer fabrication equipment spending will exceed \$30 billion for a record fourth consecutive year in 2013. The semiconductor industry to date has not experienced more than two successive years of spending at that level. During the company's annual Investor and Analyst Meeting held today, chairman and chief executive officer Mike Splinter, along with senior leadership, also discussed how growing global demand for mobile devices is driving Applied's semiconductor and display businesses.

"The Age of Mobility is transforming the semiconductor industry as a growing global consumer base demands increasingly sophisticated devices. This trend is accelerating the adoption of smartphones, tablets and mobile PCs and driving our customers to deliver larger, more complex chips at higher unit volumes and on faster production ramps," said Splinter. "As a result, we are seeing sustained capital investment with an expected third, and likely fourth, consecutive year of wafer fabrication equipment spending in excess of \$30 billion."

"Applied expects continued strength in our core semiconductor business to result in fiscal year 2012 revenue for the company in the range of \$9.1 to \$9.5 billion. We expect non-GAAP earnings per share of \$0.85 to \$0.95, including \$0.07 to \$0.08 of operating losses from our Energy and Environmental Solutions group," said George Davis, executive vice president and chief financial officer. "As a result of the sharp capacity-driven downturn in our solar and display equipment markets, these businesses are focused on reducing costs to improve profitability."

Segment Updates

Dr. Randhir Thakur, executive vice president and general manager of the Silicon Systems Group, outlined how mobility end-market unit growth, process complexity and processor die size growth are supporting strong wafer fab equipment spending, primarily led by foundry and NAND memory capacity increases. "Our customers are seeing an incredible acceleration of technology inflections, coupled with significant increases in chip complexity. These trends present unprecedented opportunities for Applied to partner with our customers at advanced nodes and leverage our unique expertise to solve their highest value problems," said Thakur. "As a result, we expect record revenues in front end, epitaxy and metal deposition products as well as our recently acquired Varian business."

Charlie Pappis, group vice president and general manager of Applied Global Services, discussed the business unit's record revenue year in fiscal year 2011 and its strategies for growth in the service space. "With more than 32,000 tools now in service in our customers' factories, Applied has a tremendous service and maintenance opportunity to help customers achieve their cost and performance goals," said Pappis.

"The addition of Varian to our services business has further expanded these opportunities, and we expect to see a strengthening market as we enter the second half of 2012."

According to Dr. Mark Pinto, executive vice president and general manager of Energy and Environmental Solutions, the business unit had record revenue and operating margin in 2011, gained market share and maintained its ranking as the leading solar photovoltaic equipment company. "We expect continued strong growth in the solar end-market driven by healthy economics and the broadening adoption of PV outside of Europe," said Pinto. "This strong demand will balance with supply over time, and we expect capital spending to return to growth in 2013. In the meantime, EES is managing costs in line with market realities and taking actions to reduce our financial breakeven point."

Tom Edman, group vice president and general manager of the Display Business Group, discussed how the business unit's product leadership was able to benefit from the growth of the mobile electronics segment. The emerging markets are providing tremendous demand for mobile displays and traditional LCD TVs. Due to the overall display market weakness, Edman said the Display group has been taking actions to lower its breakeven point with a goal of remaining profitable in 2012, while anticipating a strong rebound in display capital equipment investment in fiscal year 2013. "The Display team has been able to capitalize on these trends and is poised for the next wave of large TV and mobility demand," said Edman.

Joe Flanagan, senior vice president of Worldwide Operations and Supply Chain, detailed how design cost reduction remains a critical element to lowering materials costs. Flanagan added, "Over the next three years, we expect to free up \$500 million of cash from working capital programs."

A webcast replay of 2012 Investor and Analyst Meeting is available at www.appliedmaterials.com.

Use of Non-GAAP Measures and 2012 Outlook

The expected non-GAAP earnings per share of \$0.85 to \$0.95 for fiscal 2012 includes favorable non-GAAP adjustments of \$0.21 per share. Management uses non-GAAP results to evaluate the company's operating and financial performance in light of business objectives and for planning purposes. These measures are not in accordance with GAAP and may differ from non-GAAP methods of accounting and reporting used by other

companies. Applied believes these measures enhance investors' ability to review the company's business from the same perspective as the company's management and facilitate comparisons of results. The presentation of this additional information should not be considered a substitute for results prepared in accordance with GAAP.

Forward-Looking Statements

This press release contains forward-looking statements, including statements regarding Applied's industry outlooks, demand drivers, opportunities, cost reduction activities, and FY2012 business outlook. These 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, including but not limited to: the level of demand for Applied's products, which is subject to many factors, including uncertain global economic and industry conditions, business and consumer spending, demand for electronic products and semiconductors, government renewable energy policies and incentives, and customers' utilization rates and new technology and capacity requirements; the concentrated nature of Applied's customer base; Applied's ability to (i) develop, deliver and support a broad range of products and expand its markets, (ii)

timely align its cost structure with business conditions, (iii) implement initiatives that enhance global operations and efficiencies, (iv) integrate Varian and realize synergies, (v) obtain and protect intellectual property rights in key technologies, (vi) attract, motivate and retain key employees, and (vii) accurately forecast future operating and financial results, which depends on multiple assumptions related to, without limitation, market conditions, customer requirements and business needs; and other risks described in Applied Materials' SEC filings. All forward-looking statements are based on management's estimates, projections and assumptions as of the date hereof and the company undertakes no obligation to update any forward-looking statements.

About Applied Materials

Applied Materials, Inc. (Nasdaq:AMAT) is the global leader in providing innovative equipment, services and software to enable the manufacture of advanced semiconductor, flat panel display and solar photovoltaic products. Our technologies help make innovations like smartphones, flat screen TVs and solar panels more affordable and accessible to consumers and businesses around the world. At Applied Materials, we turn today's innovations into the industries of tomorrow. Learn more at www.appliedmaterials.com.

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HUG#1597962