



## Applied Materials Details Strategy to Drive Sustainable Growth

September 21, 2016

- *Unveils new financial model targeting non-GAAP EPS of \$2.45 to \$3.17 for FY2019*
- *Expects higher wafer fab equipment (WFE) spending driven by multi-year inflections including 3D NAND, 10 and 7 nanometer logic and foundry, materials-based patterning and new factory investments in China*
- *Outlines plans to drive 50 percent growth in display business to \$1.8 billion by FY2019*

NEW YORK, Sept. 21, 2016 (GLOBE NEWSWIRE) -- At its 2016 Analyst Day, Applied Materials, Inc. detailed its innovation leadership strategy to drive sustainable growth and announced target non-GAAP adjusted earnings per share of \$2.45 to \$3.17 for fiscal 2019, with a midpoint of \$2.80. This would represent compound earnings growth of approximately 17 percent over the next three years.

Applied highlighted how the semiconductor industry's major transition from lithography-based scaling to materials-enabled scaling has increased Applied's addressable opportunity from 53 percent of WFE spending in calendar 2012 to an estimated 63 percent this year. With the broadest portfolio of materials engineering technologies and its unique Product Development Engine process, Applied now expects to achieve a 4-point gain in its share of WFE spending and nearly double its display business, from 2012 through 2016. By delivering enabling service products to support customers as they make these challenging technology transitions, the company expects to grow its services business revenue by \$600 million from fiscal 2013 through 2016.

"Our innovation leadership strategy, combined with the breadth and depth of our materials engineering capabilities, puts Applied in a unique position to sustainably outperform our markets," said Gary Dickerson, president and CEO. "Over the past few years, we strengthened our organization and processes while increasing investment in R&D, so that today we see opportunities earlier, develop winning products faster and are delivering increased value for customers and shareholders."

"We are raising the ceiling on our financial model based on our confidence that we have the right capability, strategy and operating model to deliver sustainable growth in the near and long term," said Robert Halliday, senior vice president and CFO.

Large, multi-year inflections are driving sustained growth in semiconductor and display: the evolution of 3D NAND; transition to 10/7nm nodes; growing need for 3D materials-enabled patterning; increasing investments in China by domestic and multinational companies; and accelerated adoption of OLED displays. These technology inflections are enabled by materials innovation, which plays directly to Applied's strengths and expands its available market.

Multiple longer term technology drivers, including augmented/virtual reality and smart vehicles, will fuel the need for higher performance computing, better networks and more and new types of memory. These emerging drivers are expected to create new opportunities for Applied's leading materials engineering technologies and products, and increase WFE and display industry investment in coming years.

A replay of the 2016 Analyst Meeting, along with presentations and related materials, will be available on the Applied Materials investor relations website at <http://www.appliedmaterials.com/company/investor-relations>.

### Non-GAAP Adjusted Financial Measures

The non-GAAP adjusted EPS targets assume non-GAAP adjustments as applicable for future periods, which we are unable to predict without unreasonable efforts due to their inherent uncertainty. Management uses non-GAAP adjusted financial measures to evaluate the company's operating and financial performance and for planning purposes. 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 between periods on a consistent basis. There are limitations in using non-GAAP financial measures because they are not prepared in accordance with GAAP and may differ from non-GAAP methods of accounting and reporting used by other companies.

### Forward-Looking Statements

This press release contains forward-looking statements, including those regarding anticipated growth and trends in our businesses and markets, industry outlooks, technology inflections, our strategies, our development of new products and technologies, the anticipated demand for our products, growth in our market share positions and opportunities, our business and financial performance, and our financial model, and other statements that are not historical facts. These statements and their underlying assumptions are subject to risks and uncertainties and are not guarantees of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such statements include, without limitation: the level of demand for our products; global economic and industry conditions; consumer demand for electronic products; customers' technology and capacity requirements; the introduction of new and innovative technologies, and the timing of technology inflections; our ability to develop, deliver and support new products, expand our markets and increase market share; the concentrated nature of our customer base; market acceptance of existing and newly developed products; our ability to obtain and protect intellectual property rights in key technologies; our ability to achieve the objectives of operational and strategic initiatives, and attract, motivate and retain key employees; the variability of operating expenses and results among products and segments, and our ability to accurately forecast future results, market conditions, customer requirements and business needs; and other risks and uncertainties described in our most recent Form 10-Q and other SEC filings. All forward-looking statements are based on management's estimates,

projections and assumptions as of September 21, 2016, and we assume no obligation to update them.

### **About Applied Materials**

Applied Materials, Inc. (Nasdaq:AMAT) is the leader in materials engineering solutions used to produce virtually every new chip and advanced display in the world. Our expertise in modifying materials at atomic levels and on an industrial scale enables customers to transform possibilities into reality. At Applied Materials, our innovations make possible the technology shaping the future. Learn more at [www.appliedmaterials.com](http://www.appliedmaterials.com).

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