



Applied Materials Announces Fourth Quarter and Fiscal Year 2024 Results

November 14, 2024

- Quarterly revenue \$7.05 billion, up 5 percent year over year
- Quarterly GAAP EPS \$2.09 and non-GAAP EPS \$2.32, down 12 percent and up 9 percent year over year, respectively
- Annual revenue \$27.18 billion, up 2 percent year over year
- Annual GAAP EPS \$8.61 and non-GAAP EPS \$8.65, up 6 percent and 7 percent year over year, respectively

SANTA CLARA, Calif., Nov. 14, 2024 (GLOBE NEWSWIRE) -- Applied Materials, Inc. (NASDAQ: AMAT) today reported results for its fourth quarter and fiscal year ended Oct. 27, 2024.

Fourth Quarter Results

Applied generated record revenue of \$7.05 billion. On a GAAP basis, the company reported gross margin of 47.3 percent, record operating income of \$2.05 billion or 29.0 percent of net revenue, and earnings per share (EPS) of \$2.09.

On a non-GAAP basis, the company reported gross margin of 47.5 percent, record operating income of \$2.06 billion or 29.3 percent of net revenue, and record EPS of \$2.32.

The company generated \$2.58 billion in cash from operations and distributed \$1.77 billion to shareholders including \$1.44 billion in share repurchases and \$329 million in dividends.

Full Year Results

In fiscal 2024, Applied generated record revenue of \$27.18 billion. On a GAAP basis, the company recorded gross margin of 47.5 percent, record operating income of \$7.87 billion or 28.9 percent of net sales, and record EPS of \$8.61.

On a non-GAAP adjusted basis, the company reported gross margin of 47.6 percent, record operating income of \$7.92 billion or 29.2 percent of net sales, and record EPS of \$8.65.

The company generated a \$8.68 billion in cash from operations and distributed \$5.01 billion to shareholders including \$3.82 billion in share repurchases and \$1.19 billion in dividends.

"Applied Materials' technology leadership and strong execution drove record Q4 and fiscal 2024 performance, our fifth consecutive year of growth," said Gary Dickerson, President and CEO. "Our portfolio of products and services uniquely positions us to enable our customers in their pursuit of AI and energy-efficient computing. As these key drivers of semiconductor innovation continue to grow in importance, the industry's roadmap is becoming increasingly dependent on materials engineering, where Applied is the clear leader."

Results Summary

	Q4 FY2024	Q4 FY2023	FY2024	FY2023	Change	
					Q4 FY2024 vs. Q4 FY2023	FY2024 vs. FY2023
<i>(In millions, except per share amounts and percentages)</i>						
Net revenue	\$ 7,045	\$ 6,723	\$ 27,176	\$ 26,517	5%	2%
Gross margin	47.3%	47.1%	47.5%	46.7%	0.2 points	0.8 points
Operating margin	29.0%	29.3%	28.9%	28.9%	(0.3) points	—
Net income	\$ 1,731	\$ 2,004	\$ 7,177	\$ 6,856	(14)%	5%
Diluted earnings per share	\$ 2.09	\$ 2.38	\$ 8.61	\$ 8.11	(12)%	6%
Non-GAAP Results						
Non-GAAP gross margin	47.5%	47.3%	47.6%	46.8%	0.2 points	0.8 points
Non-GAAP operating margin	29.3%	29.5%	29.2%	29.1%	(0.2) points	0.1 points
Non-GAAP net income	\$ 1,917	\$ 1,786	\$ 7,210	\$ 6,802	7%	6%
Non-GAAP diluted EPS	\$ 2.32	\$ 2.12	\$ 8.65	\$ 8.05	9%	7%
Non-GAAP free cash flow	\$ 2,168	\$ 1,246	\$ 7,487	\$ 7,594	74%	(1)%

A reconciliation of the GAAP and non-GAAP results is provided in the financial tables included in this release. See also "Use of Non-GAAP Financial Measures" section.

Business Outlook

In the first quarter of fiscal 2025, Applied expects net revenue to be approximately \$7.15 billion, plus or minus \$400 million. Non-GAAP diluted EPS is expected to be approximately \$2.29, plus or minus \$0.18.

This outlook for non-GAAP diluted EPS excludes known charges related to completed acquisitions of \$0.01 per share and includes a net income tax benefit related to intra-entity intangible asset transfers of \$0.09 per share, but does not reflect any items that are unknown at this time, such as any additional charges related to acquisitions or other non-operational or unusual items, as well as other tax-related items, which we are not able to predict without unreasonable efforts due to their inherent uncertainty.

Fourth Quarter and Fiscal Year Reportable Segment Information

Effective in the first quarter of fiscal 2024, management began including share-based compensation expense in the evaluation of reportable segments' performance. Prior-year numbers have been recast to conform to the current-year presentation.

Semiconductor Systems	Q4 FY2024	Q4 FY2023	FY2024	FY2023
	<i>(In millions, except percentages)</i>			
Net revenue	\$ 5,177	\$ 4,883	\$ 19,911	\$ 19,698
Foundry, logic and other	73%	69%	68%	77%
DRAM	23%	27%	28%	17%
Flash memory	4%	4%	4%	6%
Operating income	\$ 1,824	\$ 1,741	\$ 6,981	\$ 6,879
Operating margin	35.2%	35.7%	35.1%	34.9%
Non-GAAP Results				
Non-GAAP operating income	\$ 1,834	\$ 1,751	\$ 7,021	\$ 6,918
Non-GAAP operating margin	35.4%	35.9%	35.3%	35.1%

Applied Global Services	Q4 FY2024	Q4 FY2023	FY2024	FY2023
	<i>(In millions, except percentages)</i>			
Net revenue	\$ 1,639	\$ 1,471	\$ 6,225	\$ 5,732
Operating income	\$ 492	\$ 401	\$ 1,812	\$ 1,529
Operating margin	30.0%	27.3%	29.1%	26.7%
Non-GAAP Results				
Non-GAAP operating income	\$ 492	\$ 401	\$ 1,812	\$ 1,529
Non-GAAP operating margin	30.0%	27.3%	29.1%	26.7%

Display	Q4 FY2024	Q4 FY2023	FY2024	FY2023
	<i>(In millions, except percentages)</i>			
Net revenue	\$ 211	\$ 298	\$ 885	\$ 868
Operating income	\$ 5	\$ 63	\$ 51	\$ 114
Operating margin	2.4%	21.1%	5.8%	13.1%
Non-GAAP Results				
Non-GAAP operating income	\$ 5	\$ 63	\$ 51	\$ 114
Non-GAAP operating margin	2.4%	21.1%	5.8%	13.1%

Corporate and Other

<i>(In millions)</i>	Q4 FY2024	Q4 FY2023	FY2024	FY2023
Unallocated net revenue	\$ 18	\$ 71	\$ 155	\$ 219
Unallocated cost of products sold and expenses	(293)	(305)	(1,132)	(1,087)
Total	\$ (275)	\$ (234)	\$ (977)	\$ (868)

Use of Non-GAAP Financial Measures

Applied provides investors with certain non-GAAP financial measures, which are adjusted for the impact of certain costs, expenses, gains and losses, including certain items related to mergers and acquisitions; restructuring and severance charges and any associated adjustments; impairments of assets; gain or loss, dividends and impairments on strategic investments; certain income tax items and other discrete adjustments. On a non-GAAP basis, the tax effect related to share-based compensation is recognized ratably over the fiscal year. Reconciliations of these non-GAAP measures to

the most directly comparable financial measures calculated and presented in accordance with GAAP are provided in the financial tables included in this release.

Management uses these non-GAAP financial measures to evaluate the company's operating and financial performance and for planning purposes, and as performance measures in its executive compensation program. Applied believes these measures enhance an overall understanding of its performance and investors' ability to review the company's business from the same perspective as the company's management, and facilitate comparisons of this period's results with prior periods on a consistent basis by excluding items that management does not believe are indicative of Applied's ongoing operating performance. There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles, may be different from non-GAAP financial measures used by other companies, and may exclude certain items that may have a material impact upon our reported financial results. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

Webcast Information

Applied Materials will discuss these results during an earnings call that begins at 1:30 p.m. Pacific Time today. A live webcast and related slide presentation will be available at <https://ir.appliedmaterials.com>. A replay will be available on the website beginning at 5:00 p.m. Pacific Time today.

Forward-Looking Statements

This press release contains forward-looking statements, including those regarding anticipated growth and trends in our businesses and markets, industry outlooks and demand drivers, technology transitions, our business and financial performance and market share positions, our capital allocation and cash deployment strategies, our investment and growth strategies, our development of new products and technologies, our business outlook for the first quarter of fiscal 2025 and beyond, 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, political and industry conditions, including changes in interest rates and prices for goods and services; the implementation of additional export regulations and license requirements and their interpretation, and their impact on our ability to export products and provide services to customers and on our results of operations; global trade issues and changes in trade and export license policies and our ability to obtain licenses or authorizations on a timely basis, if at all; the effects of geopolitical turmoil or conflicts; demand for semiconductor chips and electronic devices; customers' technology and capacity requirements; the introduction of new and innovative technologies, and the timing of technology transitions; our ability to develop, deliver and support new products and technologies; our ability to meet customer demand, and our suppliers' ability to meet our demand requirements; the concentrated nature of our customer base; our ability to expand our current markets, increase market share and develop new markets; market acceptance of existing and newly developed products; our ability to obtain and protect intellectual property rights in key technologies; cybersecurity incidents affecting our information systems or information contained in them, or affecting our operations, suppliers, customers or vendors; our ability to achieve the objectives of operational and strategic initiatives, align our resources and cost structure with business conditions, and attract, motivate and retain key employees; the effects of regional or global health epidemics; acquisitions, investments and divestitures; changes in income tax laws; 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; our ability to ensure compliance with applicable law, rules and regulations and other risks and uncertainties described in our SEC filings, including our recent Forms 10-Q and 8-K. All forward-looking statements are based on management's current estimates, projections and assumptions, 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 a better future. Learn more at www.appliedmaterials.com.

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APPLIED MATERIALS, INC. UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

	Three Months Ended		Twelve Months Ended	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
<i>(In millions, except per share amounts)</i>				
Net revenue	\$ 7,045	\$ 6,723	\$ 27,176	\$ 26,517
Cost of products sold	3,710	3,554	14,279	14,133
Gross profit	3,335	3,169	12,897	12,384
Operating expenses:				
Research, development and engineering	858	789	3,233	3,102
Marketing and selling	215	192	836	776
General and administrative	216	217	961	852
Total operating expenses	1,289	1,198	5,030	4,730
Income from operations	2,046	1,971	7,867	7,654
Interest expense	66	58	247	238
Interest and other income (expense), net	(85)	259	532	300
Income before income taxes	1,895	2,172	8,152	7,716

Provision for income taxes	164	168	975	860
Net income	<u>\$ 1,731</u>	<u>\$ 2,004</u>	<u>\$ 7,177</u>	<u>\$ 6,856</u>
Earnings per share:				
Basic	\$ 2.11	\$ 2.40	\$ 8.68	\$ 8.16
Diluted	\$ 2.09	\$ 2.38	\$ 8.61	\$ 8.11
Weighted average number of shares:				
Basic	822	836	827	840
Diluted	828	842	834	845

APPLIED MATERIALS, INC.
UNAUDITED CONSOLIDATED CONDENSED BALANCE SHEETS

<i>(In millions)</i>	October 27, 2024	October 29, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,022	\$ 6,132
Short-term investments	1,449	737
Accounts receivable, net	5,234	5,165
Inventories	5,421	5,725
Other current assets	<u>1,094</u>	<u>1,388</u>
Total current assets	21,220	19,147
Long-term investments	2,787	2,281
Property, plant and equipment, net	3,339	2,723
Goodwill	3,732	3,732
Purchased technology and other intangible assets, net	249	294
Deferred income taxes and other assets	<u>3,082</u>	<u>2,552</u>
Total assets	<u>\$ 34,409</u>	<u>\$ 30,729</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 799	\$ 100
Accounts payable and accrued expenses	4,820	4,297
Contract liabilities	<u>2,849</u>	<u>2,975</u>
Total current liabilities	8,468	7,372
Long-term debt	5,460	5,461
Income taxes payable	670	833
Other liabilities	<u>810</u>	<u>714</u>
Total liabilities	15,408	14,380
Total stockholders' equity	<u>19,001</u>	<u>16,349</u>
Total liabilities and stockholders' equity	<u>\$ 34,409</u>	<u>\$ 30,729</u>

APPLIED MATERIALS, INC.
UNAUDITED CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

<i>(In millions)</i>	Three Months Ended		Twelve Months Ended	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
Cash flows from operating activities:				
Net income	\$ 1,731	\$ 2,004	\$ 7,177	\$ 6,856
Adjustments required to reconcile net income to cash provided by operating activities:				
Depreciation and amortization	110	130	392	515
Share-based compensation	141	115	577	490
Deferred income taxes	(248)	198	(633)	24
Other	246	(149)	47	40
Net change in operating assets and liabilities	<u>595</u>	<u>(743)</u>	<u>1,117</u>	<u>775</u>
Cash provided by operating activities	<u>2,575</u>	<u>1,555</u>	<u>8,677</u>	<u>8,700</u>
Cash flows from investing activities:				
Capital expenditures	(407)	(309)	(1,190)	(1,106)
Cash paid for acquisitions, net of cash acquired	—	—	—	(25)
Proceeds from sales and maturities of investments	956	297	2,451	1,268

Purchases of investments	(1,620)	(477)	(3,588)	(1,672)
Cash used in investing activities	(1,071)	(489)	(2,327)	(1,535)
Cash flows from financing activities:				
Debt borrowings, net of issuance costs	—	—	694	—
Proceeds from issuance of commercial paper	101	99	401	991
Repayments of commercial paper	(100)	(200)	(400)	(900)
Proceeds from common stock issuances	124	116	243	227
Common stock repurchases	(1,442)	(700)	(3,823)	(2,189)
Tax withholding payments for vested equity awards	(33)	(14)	(291)	(179)
Payments of dividends to stockholders	(329)	(268)	(1,192)	(975)
Repayments of principal on finance leases	(90)	1	(102)	(7)
Cash used in financing activities	(1,769)	(966)	(4,470)	(3,032)
Increase (decrease) in cash, cash equivalents and restricted cash equivalents	(265)	100	1,880	4,133
Cash, cash equivalents and restricted cash equivalents — beginning of period	8,378	6,133	6,233	2,100
Cash, cash equivalents and restricted cash equivalents — end of period	\$ 8,113	\$ 6,233	\$ 8,113	\$ 6,233
Reconciliation of cash, cash equivalents, and restricted cash equivalents				
Cash and cash equivalents	\$ 8,022	\$ 6,132	\$ 8,022	\$ 6,132
Restricted cash equivalents included in deferred income taxes and other assets	91	101	91	101
Total cash, cash equivalents, and restricted cash equivalents	\$ 8,113	\$ 6,233	\$ 8,113	\$ 6,233
Supplemental cash flow information:				
Cash payments for income taxes	\$ 138	\$ 588	\$ 957	\$ 1,006
Cash refunds from income taxes	\$ 8	\$ 2	\$ 15	\$ 53
Cash payments for interest	\$ 68	\$ 68	\$ 205	\$ 205

Additional Information

	Q4 FY2024	Q4 FY2023	FY2024	FY2023
Net Revenue by Geography (<i>In millions</i>)				
United States	\$ 1,153	\$ 803	\$ 3,818	\$ 4,006
% of Total	16%	12%	14%	15%
Europe	\$ 405	\$ 441	\$ 1,443	\$ 2,152
% of Total	6%	7%	5%	8%
Japan	\$ 581	\$ 681	\$ 2,154	\$ 2,075
% of Total	8%	10%	8%	8%
Korea	\$ 1,172	\$ 745	\$ 4,493	\$ 4,609
% of Total	17%	11%	17%	18%
Taiwan	\$ 1,284	\$ 922	\$ 4,010	\$ 5,670
% of Total	18%	14%	15%	21%
Southeast Asia	\$ 314	\$ 168	\$ 1,141	\$ 758
% of Total	5%	2%	4%	3%
China	\$ 2,136	\$ 2,963	\$ 10,117	\$ 7,247
% of Total	30%	44%	37%	27%
Employees (<i>In thousands</i>)				
Regular Full Time	35.7	34.3		

APPLIED MATERIALS, INC. UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP RESULTS

	Three Months Ended		Twelve Months Ended	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
<i>(In millions, except percentages)</i>				
Non-GAAP Gross Profit				
GAAP reported gross profit	\$ 3,335	\$ 3,169	\$ 12,897	\$ 12,384
Certain items associated with acquisitions ¹	6	8	26	29

Impairment of long-lived assets	3	—	3	—
Non-GAAP gross profit	\$ 3,344	\$ 3,177	\$ 12,926	\$ 12,413
Non-GAAP gross margin	47.5%	47.3%	47.6%	46.8%
Non-GAAP Operating Income				
GAAP reported operating income	\$ 2,046	\$ 1,971	\$ 7,867	\$ 7,654
Certain items associated with acquisitions ¹	11	11	42	43
Acquisition integration and deal costs	3	2	12	22
Impairment of long-lived assets	3	—	3	—
Non-GAAP operating income	\$ 2,063	\$ 1,984	\$ 7,924	\$ 7,719
Non-GAAP operating margin	29.3%	29.5%	29.2%	29.1%
Non-GAAP Net Income				
GAAP reported net income	\$ 1,731	\$ 2,004	\$ 7,177	\$ 6,856
Certain items associated with acquisitions ¹	11	11	42	43
Acquisition integration and deal costs	3	2	12	22
Impairment of long-lived assets	3	—	3	—
Realized loss (gain), dividends and impairments on strategic investments, net	(1)	(2)	11	107
Unrealized loss (gain) on strategic investments, net	244	(147)	(31)	(134)
Earn-out	—	(15)	—	(15)
Income tax effect of share-based compensation ²	7	6	—	—
Income tax effects related to intra-entity intangible asset transfers	(33)	(65)	24	(40)
Resolution of prior years' income tax filings and other tax items	(47)	(9)	(25)	(31)
Income tax effect of non-GAAP adjustments ³	(1)	1	(3)	(6)
Non-GAAP net income	\$ 1,917	\$ 1,786	\$ 7,210	\$ 6,802

1 These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.

2 GAAP basis tax benefit related to share-based compensation is recognized ratably over the fiscal year on a non-GAAP basis.

3 Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.

APPLIED MATERIALS, INC.
UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP RESULTS

	Three Months Ended		Twelve Months Ended	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
<i>(In millions, except per share amounts)</i>				
Non-GAAP Earnings Per Diluted Share				
GAAP reported earnings per diluted share	\$ 2.09	\$ 2.38	\$ 8.61	\$ 8.11
Certain items associated with acquisitions	0.01	0.01	0.05	0.05
Acquisition integration and deal costs	—	—	0.01	0.02
Realized loss (gain), dividends and impairments on strategic investments, net	—	—	0.01	0.13
Unrealized loss (gain) on strategic investments, net	0.30	(0.18)	(0.03)	(0.16)
Earn-out	—	(0.01)	—	(0.01)
Income tax effect of share-based compensation	0.01	0.01	—	—
Income tax effects related to intra-entity intangible asset transfers	(0.04)	(0.08)	0.03	(0.05)
Resolution of prior years' income tax filings and other tax items	(0.05)	(0.01)	(0.03)	(0.04)
Non-GAAP earnings per diluted share	\$ 2.32	\$ 2.12	\$ 8.65	\$ 8.05
Weighted average number of diluted shares	828	842	834	845

APPLIED MATERIALS, INC.
UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP RESULTS

	Three Months Ended		Twelve Months Ended	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
<i>(In millions, except percentages)</i>				
Semiconductor Systems Non-GAAP Operating Income				
GAAP reported operating income	\$ 1,824	\$ 1,741	\$ 6,981	\$ 6,879
Certain items associated with acquisitions ¹	10	10	40	39

Non-GAAP operating income	\$ 1,834	\$ 1,751	\$ 7,021	\$ 6,918
Non-GAAP operating margin	35.4%	35.9%	35.3%	35.1%
Applied Global Services Non-GAAP Operating Income				
GAAP reported operating income	\$ 492	\$ 401	\$ 1,812	\$ 1,529
Non-GAAP operating income	\$ 492	\$ 401	\$ 1,812	\$ 1,529
Non-GAAP operating margin	30.0%	27.3%	29.1%	26.7%
Display Non-GAAP Operating Income				
GAAP reported operating income	\$ 5	\$ 63	\$ 51	\$ 114
Non-GAAP operating income	\$ 5	\$ 63	\$ 51	\$ 114
Non-GAAP operating margin	2.4%	21.1%	5.8%	13.1%

1 These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.

Note: The reconciliation of GAAP and non-GAAP segment results above does not include certain revenues, costs of products sold and operating expenses that are reported within corporate and other and included in consolidated operating income.

APPLIED MATERIALS, INC.
UNAUDITED RECONCILIATION OF GAAP TO NON-GAAP EFFECTIVE INCOME TAX RATE

<i>(In millions, except percentages)</i>	Three Months Ended October 27, 2024
GAAP provision for income taxes(a)	\$ 164
Income tax effect of share-based compensation	(7)
Income tax effects related to intra-entity intangible asset transfers	33
Resolutions of prior years' income tax filings and other tax items	47
Income tax effect of non-GAAP adjustments	1
Non-GAAP provision for income taxes(b)	<u>\$ 238</u>
GAAP income before income taxes(c)	\$ 1,895
Certain items associated with acquisitions	11
Acquisition integration and deal costs	3
Impairment of long-lived assets	3
Realized loss (gain), dividends and impairments on strategic investments, net	(1)
Unrealized loss (gain) on strategic investments, net	244
Non-GAAP income before income taxes(d)	<u>\$ 2,155</u>
GAAP effective income tax rate(a/c)	<u>8.7%</u>
Non-GAAP effective income tax rate(b/d)	11.0%

UNAUDITED RECONCILIATION OF NON-GAAP FREE CASH FLOW

<i>(In millions)</i>	Three Months Ended		Twelve Months Ended	
	October 27, 2024	October 29, 2023	October 27, 2024	October 29, 2023
Cash provided by operating activities	\$ 2,575	\$ 1,555	\$ 8,677	\$ 8,700
Capital expenditures	(407)	(309)	(1,190)	(1,106)
Non-GAAP free cash flow	<u>\$ 2,168</u>	<u>\$ 1,246</u>	<u>\$ 7,487</u>	<u>\$ 7,594</u>

