



Applied Materials Set to Outperform as AI Drives Sustained Demand for Wafer Fab Equipment

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- *Company expects strong multi-year growth as global AI infrastructure buildout fuels demand for leading-edge foundry-logic, DRAM and advanced packaging – areas where Applied has built market leadership*
- *Expects wafer fab equipment (WFE) spending to grow faster through 2030 than over the past decade; targets more than 2 percentage points of WFE share gain from calendar 2025 to 2030*
- *Targets higher profitability through 2030 with non-GAAP gross margin target of approximately 54 percent and non-GAAP operating margin target of approximately 40 percent*
- *Committed to distribute 80 to 100 percent of free cash flow to shareholders over time*

SAN FRANCISCO, Oct. 13, 2026 (GLOBE NEWSWIRE) -- At its 2026 SEMICON West Investor Breakfast Presentation held today, Applied Materials, Inc. presented its longer-term growth expectations and outlined how its leadership in materials engineering positions the company to outperform the wafer fab equipment (WFE) market over the coming years.

"The global buildout of AI infrastructure is driving a new era of growth for wafer fab equipment," said Gary Dickerson, President and CEO of Applied Materials. "Applied Materials has built leadership in the fastest growing areas of the market that have the greatest impact on AI computing performance, power efficiency and cost, and our advanced services offerings enable chipmakers to increase yield and fab output. Our industry-leading capabilities position Applied for continued growth and outperformance in the years ahead."

The race for AI computing leadership requires tremendous technology innovation and capacity expansion to support infrastructure scaling, which is fueling sustained WFE investments – bigger than any of the industry's past growth drivers. The growth and diversity of AI applications from generative to agentic and physical AI require increasing amounts of silicon. Applied expects leading-edge foundry-logic, DRAM and advanced packaging to drive around 75 percent of WFE growth from 2025-2030. Applied has strong number-one process equipment positions in all three areas and is targeting to gain more than 2 percentage points of WFE market share from calendar 2025 to 2030.

To support the industry's capacity expansion, Applied is utilizing its unique eBeam technology and advanced service solutions to help chipmakers accelerate the ramp of new process nodes and optimize yield, output and cost in high-volume manufacturing. With the industry's highest resolution and fastest imaging capabilities, Applied's eBeam equipment portfolio is expected to generate \$2 billion in revenue in calendar year 2026. The company is expecting service revenue to grow more than 20 percent this calendar year and to exceed \$12 billion in revenue by calendar year 2030, representing a mid-teens compound annual growth rate.

"For the past 10 years, Applied Materials has been making strategic investments to build the industry's most enabling portfolio for AI computing," said Brice Hill, Senior Vice President and CFO. "As AI drives wafer fab equipment growth, we are focused on further increasing profitability and operating leverage while investing in R&D programs that will fuel our outperformance into the future."

Based on the company's expectations for semiconductor industry growth, Applied is investing to more than double its R&D lab and manufacturing capacity from current levels by 2030. The company yesterday unveiled its new [Equipment and Process Innovation and Commercialization \(EPIC\) Center](#) in Silicon Valley, the world's largest facility dedicated to collaborative semiconductor process technology and manufacturing equipment R&D. To date, Applied has announced 15 EPIC Center partnerships with leading chipmakers, systems companies, equipment partners and universities. Applied has also recently expanded its manufacturing infrastructure in Austin, Texas, Singapore and Treviso, Italy.

Non-GAAP Financial Measures

Forward-looking non-GAAP gross margin and non-GAAP operating margin targets for 2030 assume non-GAAP adjustments as applicable for future periods, which we are unable to predict without unreasonable efforts due to their inherent uncertainty. Free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities less capital expenditures. Management uses 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 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.

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, the plans and expectations for the EPIC Center, our business outlook, expectations for our financial performance for calendar year 2026, our business and financial targets for 2030, 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; global trade issues, changes in trade and export regulations, license requirements, and

their interpretation, and our ability to obtain licenses or authorizations on a timely basis, if at all; changes in tariffs, any retaliatory measures, and our ability to mitigate the impact of tariffs; 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 us or our 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; 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 filings with the Securities and Exchange Commission, including our most recent Forms 10-K, 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 that are at the foundation of virtually every new semiconductor and advanced display in the world. The technology we create is essential to advancing AI and accelerating the commercialization of next-generation chips. At Applied, we push the boundaries of science and engineering to deliver material innovation that changes the world. Learn more at www.appliedmaterials.com.

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