



## APPLIED MATERIALS ANNOUNCES RECORD REVENUES FOR FIRST QUARTER 1996

February 13, 1996

Contact:

Shannon Fryhoff (editorial/media) (408) 986-722

Nancy Handel (investment community) (408)748-5079

Bill Ong (investment community) (408) 235-6232

Joe Pon (editorial/media) (408) 748-5508

Record Orders of \$1.3 Billion, Sales of \$1.0 Billion, Income of \$172 Million

SANTA CLARA, Calif., February 13, 1996 -- Applied Materials, Inc. reported record results for the first quarter ended January 28, 1996, with net sales of \$1.041 billion, up 106 percent from the first quarter of fiscal 1995 net sales of \$506 million. Net income increased 161 percent to a record \$172 million, or \$0.93 per share for the first quarter of fiscal 1996, from \$66 million, or \$0.38 per share, for the first quarter of fiscal 1995. A record \$1.329 billion in new orders was achieved during the first quarter, up from \$740 million in the first quarter of fiscal 1995. Backlog rose to \$1.768 billion from \$1.509 billion at the end of the fourth quarter of fiscal 1995.

Record sales for the first quarter continue to reflect strong demand for the Company's advanced wafer processing equipment and global installed base support services. North American sales comprised 38 percent of the Company's total sales; Japan 21 percent; Europe 21 percent; Korea 8 percent and Asia-Pacific 12 percent. "Capital investment remains strong among the various geographic regions, particularly Asia-Pacific," said James C. Morgan, chairman and chief executive officer. "Our global customers continue to purchase equipment to address the rigorous wafer processing requirements of advanced semiconductors with circuit geometries of 0.5-micron and below."

As a result of higher sales and improved gross margins, the Company achieved net income of \$172 million, or 16.5 percent of revenue, in the first quarter of fiscal 1996, up from \$155 million or 15.8 percent, in the fourth quarter of fiscal 1995. Gross margins for the first quarter improved to 47.7 percent from 46.6 percent in the fourth quarter of fiscal 1995. "The continued benefits of productivity improvement programs initiated a year ago are being realized in the lower cost of manufacturing," noted Morgan.

Record new orders for the first quarter of \$1.329 billion reflect the industry's need for technical capability to fabricate advanced device structures to meet its long-term capital requirements for semiconductors. "Customers continue to place sizable orders across the Company's product line, demonstrating their confidence in Applied Materials' ability to meet their capital equipment requirements. Orders for the quarter grew 11 percent above the previous quarter and were 80 percent above the levels of first quarter 1995 as our customers' need for added capacity in 0.35-micron technology accelerated," added Morgan. Record North American orders at \$490 million continued to be strong. Japan orders, at \$393 million, accelerated sharply to record levels. Record orders were also achieved in Asia-Pacific of \$238 million reflecting foundry and focused investment in DRAM capability. "The order momentum from Taiwan, Singapore and Southeast-Asia grew significantly faster than other geographic regions reflecting their increased domestic consumption of semiconductors as well as increased presence in the global semiconductor market," added Morgan.

"We believe the semiconductor industry is poised for long-term growth as demand for high-end device applications continues. Applied Materials' broad-based product offerings provide our customers with a complete manufacturing solution for the multilevel interconnect structures in advanced semiconductor devices. The Company's recent entry into the Chemical Mechanical Polishing (CMP) market with the announcement of the Mirra<sup>TM</sup> CMP system during the first fiscal quarter further highlights our key strategy in device interconnectivity solutions. As the industry continues its important technology transition from 0.5-micron to 0.35 to 0.25-micron geometries, we anticipate that the new device structures will provide the catalyst to new applications in personal and workgroup computing, network interconnectivity and multimedia capability, as well as new emerging applications," Morgan concluded.

Certain matters discussed in this news release are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, but are not limited to, the following: the risk of slowing growth in the demand for semiconductors; the risk of challenges from the Company's competition; and the risk that the Company will face difficulties in hiring and assimilating sufficient qualified personnel.

Applied Materials, Inc. is a global growth company and the world's largest supplier of wafer fabrication systems and services to the global semiconductor industry. Applied Materials is traded on the Nasdaq National Market under the symbol "AMAT."

# # #

