
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 18, 2004

Applied Materials, Inc.

(Exact name of registrant as specified in its charter)

Commission file number 0-6920

Delaware

(State or Other Jurisdiction of Incorporation)

94-1655526

(IRS Employer Identification No.)

3050 Bowers Avenue
P.O. Box 58039
Santa Clara, CA 95052-8039

(Address of principal executive offices including zip code)

(408) 727-5555

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

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Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

(c) Exhibits.

99.1 Press Release issued by Applied Materials, Inc. dated February 18, 2004.

Item 12. Results of Operations and Financial Condition.

On February 18, 2004, Applied Materials, Inc. (“Applied Materials”) announced its financial results for the first fiscal quarter ended February 1, 2004. A copy of Applied Materials’ press release is attached hereto as Exhibit 99.1.

The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of Applied Materials, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to such filing. The information in this report, including the exhibit hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a) (2) of the Securities Act of 1933, as amended.

Use of Non-GAAP Financial Information

To supplement the consolidated financial statements prepared under United States Generally Accepted Accounting Principles (“GAAP”), Applied Materials uses a pro forma measure, or a non-GAAP financial measure, as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended, of net income that is GAAP net income, adjusted to exclude costs associated with realignment activities. Due to the amount of costs incurred with realignment activities, Applied Materials believes that the use of a pro forma measure facilitates meaningful comparison with prior periods. Applied Materials believes that pro forma net income reports baseline performance before costs associated with realignment activities. In addition, pro forma net income is the primary indicator management uses to plan and forecast future periods. These measures are neither in accordance with, nor an alternative for, GAAP, and may be materially different from pro forma methods of accounting and reporting used by other companies. The presentation of this additional information should not be considered as a substitute for net income prepared in accordance with GAAP. Reconciliations of reported results under GAAP to the pro forma amounts have been included as a supplement to the press release.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Applied Materials, Inc.
(Registrant)

By: /s/ Joseph J. Sweeney _____

Joseph J. Sweeney
*Group Vice President
Legal Affairs and Intellectual Property
and Corporate Secretary*

Dated: February 18, 2004

Exhibit Index

Exhibit No.	Description
99.1*	Press Release issued by Applied Materials, Inc. dated February 18, 2004.

Release: Immediate

Contact: Paul Bowman (investment community) Jeff Lettes (editorial/media)
(408) 563-1698 (408) 563-5161

APPLIED MATERIALS ANNOUNCES RESULTS
FOR FIRST FISCAL QUARTER 2004

New Orders Increase to \$1.68 Billion; Net Sales Increase to \$1.56 Billion

SANTA CLARA, Calif., February 18, 2004 -- Applied Materials, Inc., the world's largest supplier of wafer fabrication solutions to the semiconductor industry, reported results for its first fiscal quarter ended February 1, 2004. Net sales were \$1.56 billion, up 27 percent from \$1.22 billion for the fourth fiscal quarter of 2003, and up 48 percent from \$1.05 billion for the first fiscal quarter of 2003. Gross margin for the first fiscal quarter of 2004 was 43.5 percent, up from 40.5 percent for the fourth fiscal quarter of 2003 and up from 37.0 percent for the first fiscal quarter of 2003. Net income for the first fiscal quarter of 2004 was \$82 million, or \$0.05 per share, compared to net income of \$15 million, or \$0.01 per share, for the fourth fiscal quarter of 2003, and up from a net loss of \$66 million, or \$0.04 per share, for the first fiscal quarter of 2003.

The company reported a pre-tax realignment charge of \$167 million, or \$0.07 per share after tax, for the first fiscal quarter of 2004. Realignment activities consisted primarily of consolidation of facilities. Excluding the charges associated with realignment activities, the company would have reported ongoing net income of \$200 million, or \$0.12 per share, for the first fiscal quarter of 2004, an increase from \$95 million, or \$0.06 per share, for the fourth fiscal quarter of 2003.

New orders of \$1.68 billion for the first fiscal quarter of 2004 increased 32 percent from \$1.28 billion for the fourth fiscal quarter of 2003, and increased 66 percent from \$1.02 billion for the first fiscal quarter of 2003. Regional distribution of new orders for the first fiscal quarter of 2004 was: Southeast Asia and China 25 percent, Taiwan 18 percent, North America 17 percent, Japan 17 percent, Europe 12 percent, and Korea 11 percent. Backlog at the end of the first fiscal quarter of 2004 was \$2.63 billion, compared to \$2.50 billion at the end of the fourth fiscal quarter of 2003.

"We are pleased with our revenue and order growth trends," said Mike Splinter, president and chief executive officer of Applied Materials. "Semiconductor unit demand remained robust throughout the quarter, driven by higher consumer electronics and business IT spending. Based on these industry drivers, our customers have announced increased capital spending plans for 2004. With our technological leadership, global customer support capabilities and financial strength, Applied Materials is well positioned to support our customers as they move into the nanometer era of chip manufacturing."

Applied Materials continues to demonstrate its leadership by delivering critical technologies that enable our customers to manufacture their most advanced designs. The company's next-generation Endura2 system, a streamlined platform for physical vapor deposition, achieves new levels of reliability, serviceability and efficiency. Applied Materials, along with eight semiconductor manufacturers, recently showcased the use of the Applied Black Diamond(R) low k film in breakthrough products already being manufactured in high volume. Additionally, the new AKT-40K PECVD (plasma enhanced chemical vapor deposition) system processes the largest substrates available today, at the fastest speeds, for LCD (liquid crystal display) TV screens.

"New 300mm fabs and expansions of existing facilities are driving an increased demand for wafer fabrication equipment. We believe that Applied Materials' outstanding products and services, combined with our customer focus and leaner cost structure, position the company to grow," concluded Splinter.

Reconciliations of reported results of operations under U.S. Generally Accepted Accounting Principles (GAAP) to the pro forma amounts have been included as a supplement to this press release. Due to the amount of charges incurred with realignment activities, Applied Materials believes that reconciliation to ongoing operations facilitates meaningful comparison with prior periods. To supplement the consolidated condensed financial statements prepared under GAAP, the company uses a pro forma measure of net income that is GAAP net income, adjusted to exclude costs associated with realignment activities. The company believes that pro forma net income reports baseline performance before charges associated with realignment activities. In addition, pro forma net income is the primary indicator management uses to plan and forecast future periods. These measures are neither in accordance with, nor an alternative for, GAAP, and may be materially different from pro forma methods of accounting and reporting used by other companies. The presentation of this additional information should not be considered as a substitute for net income prepared in accordance with GAAP.

This press release contains forward-looking statements, including, but not limited to, those relating to the company's strategic position, technological leadership, increased profitability and growth, and revenue and order trends; customers' capital spending plans and investments in manufacturing capacity and new technology; and the semiconductor and semiconductor equipment industries' growth and positive outlook. These forward-looking statements are based on management's estimates, projections and assumptions as of the date hereof. Forward-looking statements may contain words such as "expects," "anticipates," "believes," "may," "should," "will," "estimates," "forecasts," or similar expressions, and include the assumptions that underlie such statements. These forward-looking 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. Such risks and uncertainties include, but are not limited to: the sustainability of increased demand in the semiconductor and semiconductor equipment industries, which is subject to many factors, including global economic conditions, business spending, consumer confidence, demand for electronic products and semiconductors, and geopolitical

uncertainties; customers' capacity requirements, including capacity utilizing the latest technology; the timing, rate, amount and sustainability of increases in capital spending for new technology, such as 300mm and nanometer applications; the company's ability to develop, deliver and support a broad range of products and services on a timely basis; the company's successful and timely development of new markets, products, processes and services; the company's ability to timely satisfy manufacturing requirements; the company's ability to maintain effective cost controls and to timely align its cost structure with business conditions; changes in management; and other risks described in Applied Materials' Forms 10-K, 10-Q and other filings with the Securities and Exchange Commission. The company assumes no obligation to update the information in this press release.

Applied Materials will be discussing its first fiscal quarter results, along with its outlook for the second fiscal quarter of 2004, on a conference call today beginning at 1:30 p.m. Pacific Time. A webcast of the conference call will be available on Applied Materials' web site under the "Investors" section.

Applied Materials offers its shareholders who have email accounts the opportunity to receive future annual reports and proxy statements electronically. On-line access improves the speed at which you can receive shareholder information and vote, while reducing company expenses. To select this option, visit www.appliedmaterials.com.

Applied Materials, Inc. (Nasdaq: AMAT) is the largest supplier of equipment and services to the global semiconductor industry. Applied Materials' web site is <http://www.appliedmaterials.com>.

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APPLIED MATERIALS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share amounts)	Three Months Ended	
	January 26, 2003	February 1, 2004
	----	----
Net sales	\$ 1,054,209	\$ 1,555,448
Cost of products sold	663,827	879,279
	-----	-----
Gross margin	390,382	676,169
Operating expenses:		
Research, development and engineering	243,205	242,645
Marketing and selling	92,217	88,398
General and administrative	72,801	80,294
Restructuring, asset impairments and other charges	99,338	167,459
	-----	-----
Income/(loss) from operations	(117,179)	97,373
Interest expense	11,342	11,800
Interest income	35,372	31,273
	-----	-----
Income/(loss) before income taxes	(93,149)	116,846
Provision for/(benefit from) income taxes	(27,479)	34,470
	-----	-----
Net income/(loss)	\$ (65,670)	\$ 82,376
	-----	-----
Earning/(loss) per share:		
Basic	\$ (0.04)	\$ 0.05
Diluted	\$ (0.04)	\$ 0.05
Weighted average number of shares:		
Basic	1,650,612	1,682,025
Diluted	1,650,612	1,735,268

APPLIED MATERIALS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)	October 26, 2003 ----- (AUDITED)	February 1, 2004 ----- (UNAUDITED)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,364,857	\$ 1,470,471
Short-term investments	4,128,349	4,226,823
Accounts receivable, net	912,875	1,081,142
Inventories	950,692	999,740
Deferred income taxes	782,823	788,981
Other current assets	231,177	212,679
	-----	-----
Total current assets	8,370,773	8,779,836
Property, plant and equipment	3,094,427	2,888,871
Less: accumulated depreciation and amortization	(1,534,597)	(1,415,297)
	-----	-----
Net property, plant and equipment	1,559,830	1,473,574
Goodwill, net	223,521	223,521
Purchased technology and other intangible assets, net	92,512	80,271
Other assets	64,986	73,777
	-----	-----
Total assets	\$ 10,311,622	\$ 10,630,979
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 105,292	\$ 105,292
Accounts payable and accrued expenses	1,319,471	1,466,303
Income taxes payable	216,114	237,425
	-----	-----
Total current liabilities	1,640,877	1,809,020
Long-term debt	456,422	455,815
Deferred income taxes and other liabilities	146,289	147,230
	-----	-----
Total liabilities	2,243,588	2,412,065
	-----	-----
Stockholders' equity:		
Common stock	16,774	16,858
Additional paid-in capital	2,223,553	2,275,110
Deferred stock compensation, net	(1,543)	(1,151)
Retained earnings	5,812,867	5,895,243
Accumulated other comprehensive income	16,383	32,854
	-----	-----
Total stockholders' equity	8,068,034	8,218,914
	-----	-----
Total liabilities and stockholders' equity	\$ 10,311,622	\$ 10,630,979
	=====	=====

APPLIED MATERIALS, INC.
SUPPLEMENTAL CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS - ONGOING BASIS
(UNAUDITED)

(In thousands, except per share amounts)	Three Months Ended					
	October 26, 2003			February 1, 2004		
	Reported(1)	Special Items(2)	Ongoing Results	Reported(1)	Special Items(3)	Ongoing Results
Net sales	\$ 1,220,998	\$ -	\$1,220,998	\$ 1,555,448	\$ -	\$ 1,555,448
Cost of products sold	726,627	-	726,627	879,279	-	879,279
Gross margin	494,371	-	494,371	676,169	-	676,169
Operating expenses:						
Research, development and engineering	227,950	-	227,950	242,645	-	242,645
Marketing and selling	71,283	-	71,283	88,398	-	88,398
General and administrative	77,370	-	77,370	80,294	-	80,294
Restructuring, asset impairments and other charges	113,504	(113,504) (a)	-	167,459	(167,459) (c)	-
Income from operations	4,264	113,504	117,768	97,373	167,459	264,832
Interest expense	11,690	-	11,690	11,800	-	11,800
Interest income	29,342	-	29,342	31,273	-	31,273
Income before income taxes	21,916	113,504	135,420	116,846	167,459	284,305
Provision for income taxes	6,465	33,484 (b)	39,949	34,470	49,400 (d)	83,870
Net income	\$ 15,451	\$ 80,020	\$ 95,471	\$ 82,376	\$ 118,059	\$ 200,435
Earnings per share:						
Basic	\$ 0.01	\$ 0.05	\$ 0.06	\$ 0.05	\$ 0.07	\$ 0.12
Diluted	\$ 0.01	\$ 0.05	\$ 0.06	\$ 0.05	\$ 0.07	\$ 0.12
Weighted average number of shares:						
Basic	1,671,926	1,671,926	1,671,926	1,682,025	1,682,025	1,682,025
Diluted	1,715,763	1,715,763	1,715,763	1,735,268	1,735,268	1,735,268

(1) Reported results of operations are presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

(2) Special items for the fourth fiscal quarter of 2003 consisted of the following:

- a) Restructuring, asset impairments and other charges resulting from employee-related costs, the consolidation of facilities and impairment of certain assets associated with realignment activities.
- b) Pro forma tax provision for the tax effect of special items.

(3) Special items for the first fiscal quarter of 2004 consisted of the following:

- c) Restructuring, asset impairments and other charges resulting primarily from the consolidation of facilities associated with realignment activities.
- d) Pro forma tax provision for the tax effect of special items.

APPLIED MATERIALS, INC.
SUPPLEMENTAL CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS - ONGOING BASIS
(UNAUDITED)

(In thousands, except per share amounts)	Three Months Ended					
	January 26, 2003			February 1, 2004		
	Reported(1)	Special Items(2)	Ongoing Results	Reported(1)	Special Items(3)	Ongoing Results
Net sales	\$ 1,054,209	\$ -	\$1,054,209	\$ 1,555,448	\$ -	\$ 1,555,448
Cost of products sold	663,827	-	663,827	879,279	-	879,279
Gross margin	390,382	-	390,382	676,169	-	676,169
Operating expenses:						
Research, development and engineering	243,205	-	243,205	242,645	-	242,645
Marketing and selling	92,217	-	92,217	88,398	-	88,398
General and administrative	72,801	-	72,801	80,294	-	80,294
Restructuring, asset impairments and other charges	99,338	(99,338) (a)	-	167,459	(167,459) (c)	-
Income/(loss) from operations	(117,179)	99,338	(17,841)	97,373	167,459	264,832
Interest expense	11,342	-	11,342	11,800	-	11,800
Interest income	35,372	-	35,372	31,273	-	31,273
Income/(loss) before income taxes	(93,149)	99,338	6,189	116,846	167,459	284,305
Provision for/(benefit from) income taxes	(27,479)	29,305 (b)	1,826	34,470	49,400 (d)	83,870
Net income/(loss)	\$ (65,670)	\$ 70,033	\$ 4,363	\$ 82,376	\$ 118,059	\$ 200,435
Earnings/(loss) per share:						
Basic	\$ (0.04)	\$ 0.04	\$ -	\$ 0.05	\$ 0.07	\$ 0.12
Diluted	\$ (0.04)	\$ 0.04	\$ -	\$ 0.05	\$ 0.07	\$ 0.12
Weighted average number of shares:						
Basic	1,650,612	1,650,612	1,650,612	1,682,025	1,682,025	1,682,025
Diluted	1,650,612	1,682,213	1,682,213	1,735,268	1,735,268	1,735,268

(1) Reported results of operations are presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

(2) Special items for the first fiscal quarter of 2003 consisted of the following:

- a) Restructuring, asset impairments and other charges resulting from employee-related costs, the consolidation of facilities and impairment of certain assets associated with realignment activities.
- b) Pro forma tax provision for the tax effect of special items.

(3) Special items for the first fiscal quarter of 2004 consisted of the following:

- c) Restructuring, asset impairments and other charges resulting primarily from the consolidation of facilities associated with realignment activities.
- d) Pro forma tax provision for the tax effect of special items.