BERNSTEIN
SOCIETE GENERALE GROUP

20 May 2026

Global Semiconductor Capital Equipment

Global Semiconductor Equipment: $200bn WFE in sight


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We lift our 2026 WFE to $148bn (+21.4% YoY) from 141bn (+18.5% YoY), 2027 WFE to $175bn (+18.2% YoY) from $158bn (+11.8% YoY), and 2028 WFE to $198bn (+13% YoY) from $164bn (+4% YoY), mostly based on improved outlook on memory expansion, both in China and ex-China, and to a lesser extent, the front end equipment for wafer-level packaging. Our forecast can be downloaded here: **Bernstein WFE model**.

We forecast global ex-China WFE to grow 25% in 2026 followed by 21% in 2027, mainly by lifting DRAM forecasts. We keep our 2026 ex-China numbers. For 2027, we revise up DRAM WFE by $3.4bn to now see +25% (prior +15%) growth in 2027. Other than DRAM, we slightly adjust 2027 IDM logic / NAND capex up, each by $0.6bn. For 2028, we revise up our ex-China WFE estimates by $12bn to now see +13% (+5% prior) growth, for which the majority of revision also comes mostly from DRAM. We also see wafer level packaging growing to $11bn in 2028 from $6bn in 2025 based on TI estimates.

We significantly revised up China WFE demand by $2.3/6.7/16.1bn from 2026-28. China Memory is the major driver, as we see more positive signal for YMTC & CXMT to expand further. In terms of DRAM, we expect China will need to build more DRAM capacity to support future local HBM manufacturing, and CXMT IPO will allow them to have more cash and accelerate capacity expansion. We already have high expectation on China NAND capacity expansion but still revised up slightly due to stronger NAND upcycle.

We adjust our LRCX and KLAC models upward to align with our new WFE updates and take target prices up on higher estimates (our AMAT estimates were already aligned given the company's recent report, and remain unchanged). While valuations remain somewhat elevated in the space, we are growing more positive on the idea that the current upcycle in equipment spending could be multi-year, and believe WFE estimates have the potential to continue moving higher. We like all three of our names, though probably ordering in preference AMAT first (most exposure to leading edge logic, DRAM, and packaging, and cheapest of the three) followed by LRCX (more expensive but great execution and NAND upgrade exposure) followed by KLAC (growing a bit slower than the others this year given longer leadtimes but with the most leading edge logic and a high likelihood of a potentially strong 2027 as those longer leadtimes meet oncoming cleanroom space). We raise our LRCX price target to $340 ($325 prior) and KLAC to $1975 ($1875 prior), maintaining our $525 price target for AMAT. All three stocks - Outperform.

For Japan semi, we continue to prefer Kokusai (OP) and Tokyo Electron (OP) to benefit from the stronger memory capex. As we revise up mainly DRAM WFE, we prefer companies with more memory exposure in our coverage, in the order Kokusai > TEL > Screen. As for China, Kokusai's exposure doesn't get cannibalized by localization in the near term; instead benefits from the capacity ramp up. TEL/Screen both face China share loss this year: we continue to expect strong spending from China logic and memory to benefit TEL more, Screen has minimal exposure to China memory now. *(next page please)*

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.

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(Continued from previous page...)

In EU Semis, ASML stands out as our top pick. We expect topline to grow at a 23% CAGR25–28E, driven by a materially improving outlook, supported by rising capex in adv. logic and especially in DRAM, as well as higher litho intensity. We expect strong growth for both EUV and DUV tools. While we forecast declining China revenue in line with guidance, we see potential upside driven by continued strength in China's demand.

For Chinese semicap, we maintain Outperform on AMEC, NAURA and Piotech. Our channel check on DRAM/NAND/Adv logic capacity expansion are both higher than companies' previous guidance, and now AMEC has guided up to 50% YoY order growth (vs. 30%). We believe other peers could also revise up, echoing our channel check that memory could be a more positive upcycle, see our most recent update.

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BERNSTEIN TICKER TABLE

Ticker	Rating	Cur	19 May 2026 Closing Price	Price Target	TTM Rel. Perf.	Cur	Reported EPS 2025A	2026E	2027E	Reported P/E (x) 2025A	2026E	2027E
8035.JP (Tokyo Electron)	O	JPY	47,160	59,200	63.7%	JPY	1,250.88	1,504.14	1,848.77	37.7	31.4	25.5
7735.JP (Screen)	M	JPY	10,520	12,600	58.2%	JPY	486.61	572.60	662.24	21.6	18.4	15.9
6525.JP (Kokusai)	O	JPY	6,600.00	8,240.00	78.8%	JPY	128.63	200.23	274.61	51.3	33.0	24.0
6920.JP (Lasertec)	O	JPY	36,060	50,000	115.8%	JPY	937.82	893.18	976.61	38.5	40.4	36.9
6146.JP (DISCO)	O	JPY	61,600	85,000	37.3%	JPY	1,246.28	1,733.62	2,127.33	49.4	35.5	29.0
6857.JP (Advantest)	O	JPY	25,290	39,200	217.2%	JPY	534.21	735.65	870.09	47.3	34.4	29.1
AMAT (Applied Materials)	O	USD	413.57	525.00	125.0%	USD	9.42	12.17	15.56	43.9	34.0	26.6
LRCX (Lam Research)	O	USD	277.96	**340.00**	207.4%	USD	4.14	5.68	**7.98**	67.2	49.0	34.8
OLD				325.00					7.49			
KLAC	O	USD	1,756.45	**1,975.00**	98.9%	USD	33.28	36.93	**51.22**	52.8	47.6	34.3
OLD				1,875.00					49.89			
002371.CH (NAURA)	O	CNY	619.70	680.00	52.4%	CNY	5.66	10.22	16.41	109.4	60.7	37.8
688012.CH (AMEC)	O	CNY	479.51	500.00	128.3%	CNY	3.40	4.95	7.18	141.0	96.9	66.7
688072.CH (Piotech)	O	CNY	554.93	580.00	223.0%	CNY	3.32	8.12	12.40	167.1	68.3	44.8
ASML.NA (ASML)	O	EUR	1,264.40	1,700.00	78.5%	EUR	24.72	32.69	46.98	51.2	38.7	26.9
ASML (ASML)	O	USD	1,472.39	1,971.00	72.3%	USD	27.95	36.96	53.13	45.2	34.2	23.8
JPL			2,483.85									
SPX			7,403.05									
ASIAX			1,917.97									
EDME			1,510.80									

PRICE TARGET CHANGE / ESTIMATE CHANGE IN BOLD

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

AMAT, LRCX, KLAC estimate is Adjusted EPS; AMAT, LRCX, KLAC valuation is Adjusted P/E (x);

Source: Bloomberg, Bernstein estimates and analysis.

INVESTMENT IMPLICATIONS

Tokyo Electron: Outperform, PT=¥59,200. TEL is the #4 SPE supplier globally and the biggest Japanese SPE supplier with major presence in 6 product segments. It is expected to gain share and expand margins with competitive pricing after yen depreciation.

ASML: Outperform, PT: EUR 1,700.00. We expect ASML to deliver solid growth over the next five years, supported by rising capex in DRAM and advanced logic. We value ASML using a target PE of 35x, and applying it to our Q5–8 EPS of EUR 49.2 translates in our TP stable at EUR 1,700. We reiterate our Outperform rating and top pick. For ASML's U.S. listing, we convert this using the EUR/USD exchange rate, which yields a price target of **USD 1,971.00**.

Kokusai: Outperform, PT=¥8,240.00. Kokusai is the leader in batch ALD (atomic level deposition), which should see more adoption in advanced nodes especially GAA (gate-all-around). The biggest use of batch ALD is in NAND, for which we are seeing positive signs.

Screen: Market-Perform, PT=¥12,600. Leading supplier in cleaning equipment with the lowest valuation in our coverage, but also the one with the least specific growth drivers. Cleaning intensity is not increasing, and the market is competitive with both global rivals (TEL, Lam) and Chinese (ACMR, Naura). Declining China revenue contribution presents margin downside risk. Potential upside from panel level packaging is worth watching.

Lasertec: Outperform, PT=¥50,000. As major supplier for mask inspection (~50% share) and sole supplier for actinic inspection, Lasertec delivered phenomenal growth in the past. We anticipate the revenue growth to reaccelerate as ACTIS 200 HiT enters the market and see more wafer fab adoption. KLA's potential launch of actinic inspection presents a major threat.

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AMAT (Outperform, $525.00): Numbers look reset, exposure to key inflections is strong, and China exposure appears de-risked.

LRCX (Outperform, $340.00): The company is benefiting from key inflections (GAA, packaging, HBM, NAND upgrades) and CY26 commentary seems supportive.

KLAC (Outperform, $1,975.00): Amid positive WFE trends KLAC posseses structural growth drivers, a strong and durable competitive position, lower China replacement risk, and disciplined capital allocation, warranting premium valuation.

NAURA (Outperform, CNY 680.00): As the domestic WFE leader, NAURA has the broadest product portfolio covering Deposition (PVD, CVD), Dry Etch (ICP), Thermo Processes, and Cleaning, as well as a more diverse client base covering leading logic, DRAM, NAND players, benefiting from the WFE domestic substitution in China with acceleration share gain.

AMEC (Outperform, CNY 500.00): Primarily focus on Dry Etch (CCP, ICP) with rapid expansion in Deposition (ALD, LPCVD, EPI), commonly perceived as the domestic WFE company with the best technology and widest global recognition, continue to benefit from the WFE domestic substitution in China with acceleration share gain.

Piotech (Outperform, CNY 580.00): Rising domestic WFE vendor primarily focus on Deposition (PECVD, HDPCVD, SACVD, ALD) with expansion in W2W and C2W hybrid bonding equipment for advanced packaging. Piotech has a strong track record of product innovation, which will allow it to benefit from the WFE domestic substitution in China with acceleration share gain.

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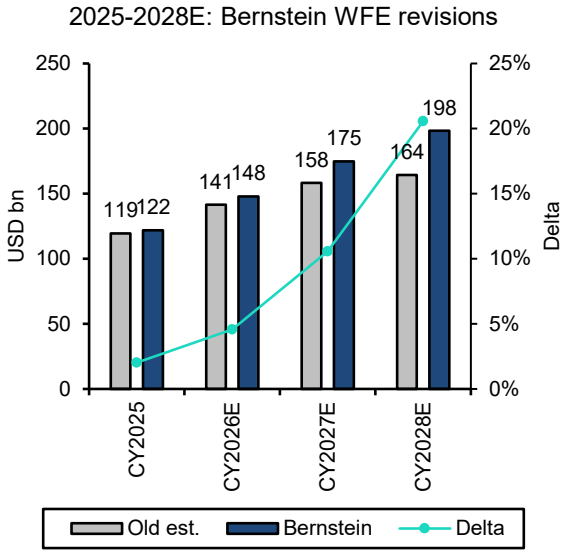
DETAILS

We further lift our WFE forecast for CY2026 to $148bn ($141bn prior) and CY2027 to $175bn ($158bn prior)

- **For CY26**, we lift the WFE growth estimate to +21% YoY (+18% prior) which is largely in line with the range of the latest commentary from the major semicap suppliers (**Exhibit 1-Exhibit 5**), and now forecast $148bn ($141bn prior) WFE spending. The upward revision is mainly based on a stronger outlook on China DRAM, as well as some revision in wafer-level packaging (WLP). Geographically, we kept ex-China estimates unchanged (except for $4.2bn upward for WLP), and our revision for 2026 is mainly from China, of $2.3bn.
    - **China:** We further revise up our forecast of China WFE by **$2.3bn** for CY26 due to more positive signs of CapEx in Memory. Recently AMEC has revised up their annual order growth guidance from 30% to 50%, reflecting a stronger growth in Memory. Besides, CXMT just released their updated prospectus, showing better than expected profitability to support the expansion.
- **For CY27**, we now forecast **$175bn WFE** spending ($158bn prior) with growth to **+18% YoY** (+12% prior). The revision is mainly to reflect our improved outlook on DRAM both in ex-China and China, as well as some adjustment to WLP. Geographically, we lift our 2027 China WFE by **$6.7bn**, and ex-China WFE by $10bn ($4.6bn excluding WLP).
    - **DRAM/NAND:** We raise our memory WFE capex to $75bn ($64bn prior) and DRAM WFE capex to $57bn (prior $48bn) in 2027 (Exhibit 6). This reflects our view of accelerated spending from both ex-China and China DRAM makers. In China, the outlook on DRAM and NAND are both higher than our previous projection given both YMTC and CXMT likely will IPO soon, and their profitability is better during this upcycle hence could allocate more cash flow to capacity expansion. Channel checks show that they will start to fill two new fabs each in 2027 that boost up the WFE in 2027/28.
    - **Logic/Foundry:** We keep our logic / foundry WFE capex largely unchanged at $89bn (Exhibit 7), and see +8% YoY (+7% prior). Incrementally, we mainly expect a slightly higher logic IDM spending from Intel. China estimates are unchanged.
    - **China**: given our channel checks on domestic Advanced Logic/Memory CapEx expansion plan, we revise up our 2027 number by $6.7bn. China's WFE upcycle could sustain longer than our expectation with more aggressive push on localization.
- **For CY28,** we now forecast **$198bn WFE** spending ($164bn prior) with growth of +13% (+4% prior). Again, the revision is mainly from DRAM (up $20bn), followed by NAND (up $7.2bn). By region, we revise up China by $16bn and ex-China by $17.7bn ($12bn excluding WLP).
- Throughout our estimate years, we revise our WLP estimates, and lift 2025 by $2.4bn, 2026 by $4.2bn, and 2027-28 by $5.4bn. For WLP, we now use TechInsights estimates (Exhibit 8).
- **Guidance from major semicap companies on CY26 now suggest that their China revenue will be flattish vs CY25.** The tones were better than previous quarters where they indicate China revenue will be down, and we expect the global companies to future revise that up in the next few quarters. Stronger order growth from local players will be reflected in CY27 spending due to 1-year of lead time from order to revenue recognition.

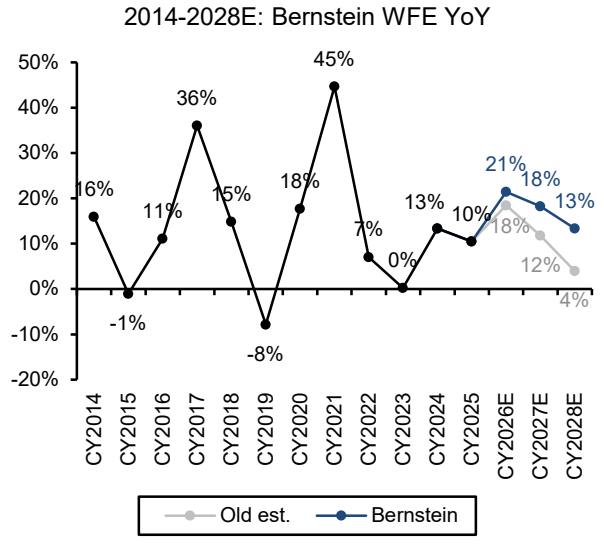
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EXHIBIT 1: **We revise up our WFE projection for CY26-CY28 to reflect our latest views...**



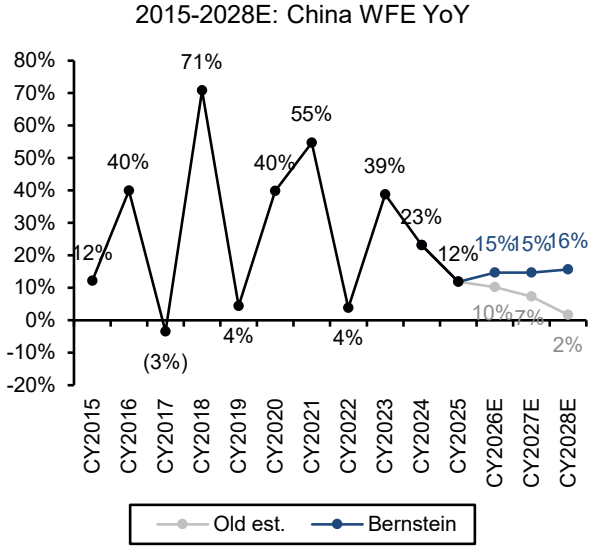
Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 2: **...and we now model +21% YoY in CY26 (+18% prior). For CY27 we now model +18% (+12% prior) growth.**



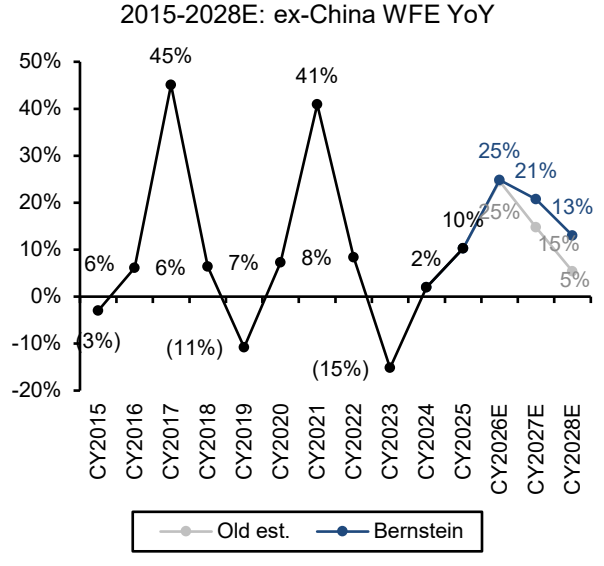
Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 3: **In China, we now see +15% / +15% YoY (+10% / +7% prior) in 2026 / 2027.**



Source: Gartner, SEMI, Bernstein estimates and analysis.

EXHIBIT 4: **We lift our 2026/2027 ex-China WFE to +25%/+21% YoY (+25%/+15% prior).**



Source: Gartner, SEMI, Bernstein estimates and analysis.

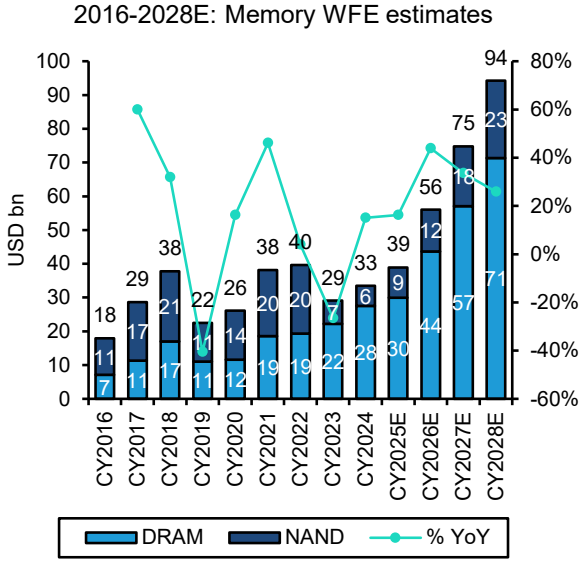
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EXHIBIT 5: **Our WFE forecast of +21% YoY (or $148bn) for CY2026 is slightly towards the higher end of the latest forecasts by major semicap companies.**

Company Name	Ticker	CY2025 WFE	CY2026 WFE	CY2027 WFE
Tokyo Electron	8035.JP	~120	150-170	150-170
Lam Research	LRCX.US	close to 110	>140	Another strong year
KLA	KLAC.US	low 120s	>140	
Screen	7735.JP	117	134-140	
Kokusai	6525.JP	5% YoY	15% YoY	

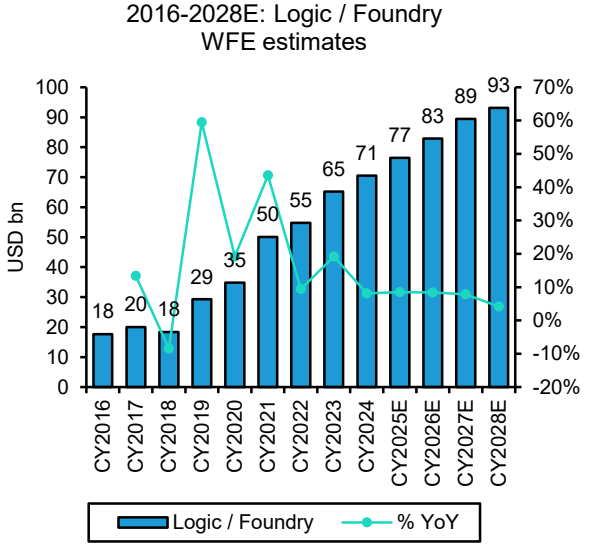
Tokyo Electron, Screen and Kokusai are covered by Bernstein Japan Semiconductor Team. Lam Research and KLA are covered by Bernstein US Semicondcutor Team.
Source: Company disclosures, Bernstein analysis.

EXHIBIT 6: **We now estimate 2027/2028 WFE spending for DRAM to be $57bn / $71bn ($48bn / $51bn prior) / NAND $18bn / $23bn ($16bn / $16bn prior), respectively...**



Source: Gartner, SEMI, Bernstein estimates and analysis.

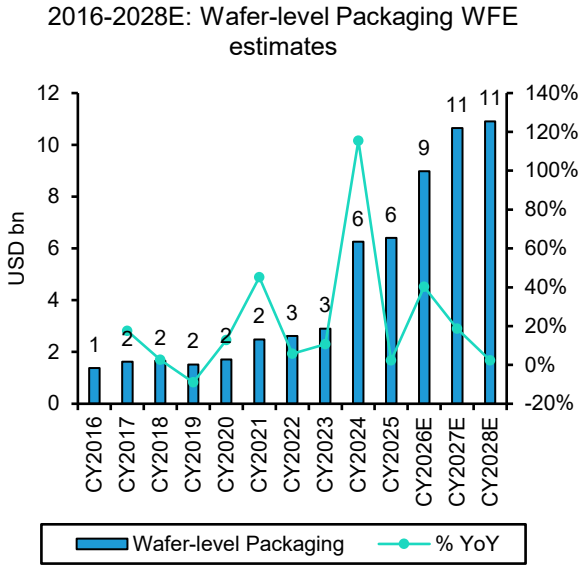
EXHIBIT 7: **...and for Logic/Foundry, we keep our 2026-27 estimates, and lift 2028 to $93bn ($92bn prior).**



Source: Gartner, SEMI, Bernstein estimates and analysis.

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EXHIBIT 8: **We expect a strong growth in WLP over the next two years.**



Source: TechInsights, Bernstein analysis.

EXHIBIT 9: **All five companies expect China WFE to be roughly flat YoY but China as a percentage of revenue to normalize lower in 2026 vs. the elevated 2024–2025 levels**

Company	Ticker	Lastest Comments on China WFE (CY2Q26 & CY2026)
ASML	ASML.NV	ASML guided China to represent approximately 20% of total net sales in 2026, consistent with its current system backlog — a significant decline from 33% in 2025 and 41% in 2024. Management views the elevated 2024–2025 China sales levels as unsustainable, reflecting a normalization after fulfilling a substantial backlog.
Applied Materials	AMAT	In Q2 FY2026, China accounted for 24% of semiconductor systems plus AGS revenue, down from 30% of overall sales in Q1 FY2026, where revenue declined 7% year-over-year. For the full calendar year, Applied Materials expects its China business, along with its ICAPS business worldwide, to be flat to slightly higher — an improvement from the prior guidance of down year-over-year.Management expects China to be flat to slightly up for the calendar year, with ICAPS globally also guided to be flattish.
Lam Research	LRCX	China accounted for 34% of total revenue in Q3 FY2026, a slight decrease from 35% in Q2 FY2026, though it grew approximately $115 million quarter-over-quarter in absolute terms. Lam anticipates China revenue will decline in the June 2026 quarter from current levels.The company expects China's percentage of total revenue to decrease over time as growth from global multinational customers outside China increases.
KLA	KLAC	China represented 24% of total revenue in Q3 FY2026, down from approximately 30% in Q2 FY2026, with minimal impact expected from additional US export bans.KLA's view is that China WFE will grow at a slower rate than overall WFE, with spending levels in China remaining relatively flat over the last few years. Growth in China is expected to be more greenfield-focused rather than technology-upgrade driven. For CY2026, KLA models China's contribution to revenue in the mid-to-high 20% range
Tokyo Electron	8035.JP	For FY2026 (ended March 2026), China represented 34.1% of total sales, declining to 26.8% in Q4 FY2026 — a 5 percentage point sequential drop — as leading-edge node spending grew faster than mature nodes.Management guided China's share of revenue to be in the mid-30s for 2026, a normalization from the high-30s seen in the prior year.

Source: Company reports, Bernstein analysis

We adjust our LRCX and KLAC models upward to align with our new WFE updates and take target prices up on higher estimates (our AMAT estimates were already aligned, and remain unchanged. While valuations remain somewhat elevated in the space, we are growing more positive on the idea that the current upcycle in equipment spending could be multi-year, and believe WFE estimates have the potential to continue moving higher. We like all three of our names, though probably ordering in preference AMAT first (most exposure to leading edge logic, DRAM, and packaging, and cheapest of the three) followed by LRCX (more expensive but great execution and NAND upgrade exposure) followed by KLAC (growing a bit slower than the others this year given longer leadtimes but with the most leading edge logic and a high likelihood of a potentially strong 2027 as those longer leadtimes meet oncoming cleanroom space). We raise our LRCX price target to $340 (vs $325 prior) and KLAC to $1975 (vs $1875 prior), maintaining our $525 price target for AMAT. We rate all three stocks Outperform.

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- **We adjust our LRCX and KLAC models upward to align with our WFE updates,** taking up numbers. Our AMAT model was already aligned given the company's recent report, and remain unchanged. A comparison of our new estimates vs old for LRCX and AMAT can be found in **Exhibit 10** and **Exhibit 11**.

- While valuations remain somewhat elevated in the space (**Exhibit 12-Exhibit 18**) we are growing more positive on the idea tha the current upcycle in equipment spending could be multi-year, and believe WFE estimates have the potential to continue moving higher.

- We like all three of our names, though probably ordering in preference AMAT first (most exposure to leading edge logic, DRAM, and packaging, and cheapest of the three) followed by LRCX (more expensive but great execution and NAND upgrade exposure) followed by KLAC (growing a bit slower than the others this year given longer leadtimes but with the most leading edge logic and a high likelihood of a potentially strong 2027 as those longer leadtimes meet oncoming cleanroom space).

- We raise our LRCX price target to $340 (vs $325 prior) and KLAC to $1975 (vs $1875 prior), maintaining our $525 price target for AMAT. We rate all three stocks Outperform.

- We remain Outperform on all three stocks.

EXHIBIT 10: **Bernstein LRCX estimates vs prior**

	FY2026E			FY2027E			FY2028E		
LRCX	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**
Revenue	$23,123	$23,123	0%	$30,205	$28,622	6%	$32,515	$30,719	6%
YoY	25.4%	25.4%		30.6%	23.8%		7.6%	7.3%	
Gross Margin	50.2%	50.2%	0%	50.8%	50.8%	0%	51.3%	51.3%	0%
Operating Margin	35.3%	35.3%	0%	37.5%	37.1%	1%	38.4%	38.0%	1%
EPS	$5.68	$5.68	0%	$7.98	$7.49	7%	$8.99	$8.41	7%
YoY	37.1%	37.1%		40.5%	31.9%		12.7%	12.3%	

Source: Bernstein estimates and analysis

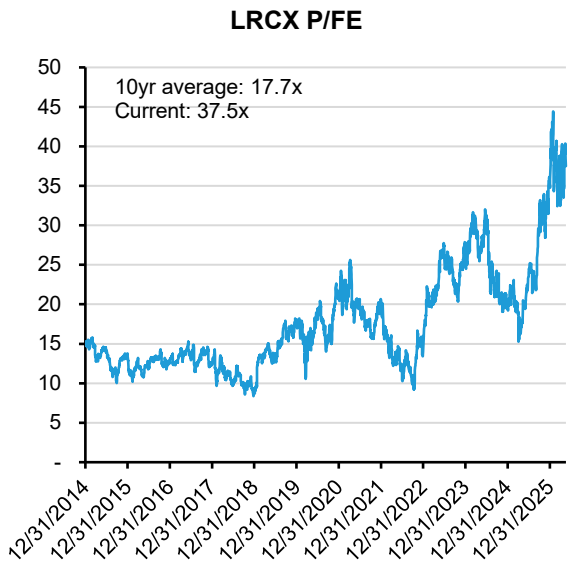
EXHIBIT 11: **Bernstein KLAC estimates vs prior**

	FY2026E			FY2027E			FY2028E		
KLAC	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**	**Bernstein**	**Old**	**Chg**
Revenue	$13,497	$13,497	0%	$17,318	$16,947	2%	$19,781	$18,804	5%
YoY	11.0%	11.0%		28.3%	25.6%		14.2%	11.0%	
Gross Margin	62.2%	62.2%	0%	62.3%	62.3%	0%	63.0%	63.0%	0%
Operating Margin	42.9%	42.9%	0%	45.3%	45.1%	0%	45.9%	45.5%	1%
EPS	$36.93	$36.93	0%	$51.22	$49.89	3%	$60.60	$57.05	6%
YoY	11.0%	11.0%		38.7%	35.1%		18.3%	14.3%	

Source: Bernstein estimates and analysis

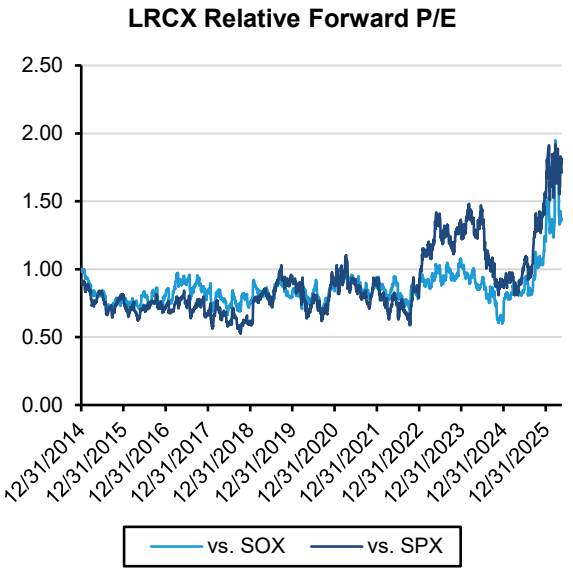
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EXHIBIT 12: **LRCX trades at ~37.2x...**



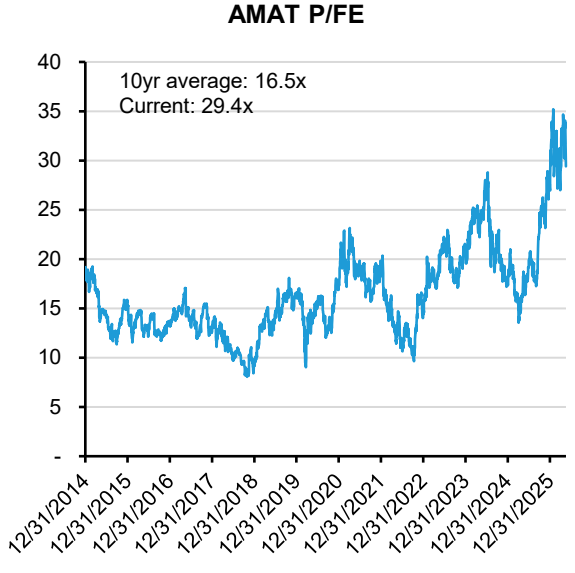
Bloomberg data as of 5/18/2026
Source: Bloomberg, Bernstein analysis

EXHIBIT 13: **...a ~36% premium to the SOX and a ~71% premium to the SPX**



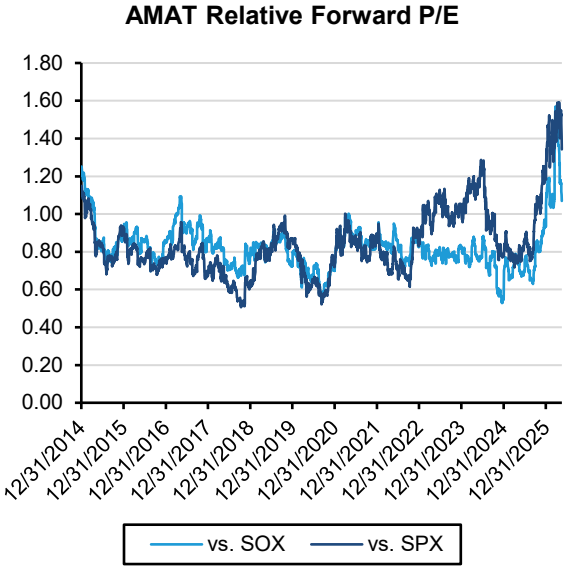
Bloomberg data as of 5/18/2026
Source: Bloomberg, Bernstein analysis

EXHIBIT 14: **AMAT trades at ~29.4x forward earnings...**



Bloomberg data as of 5/18/2026
Source: Bloomberg, Bernstein analysis

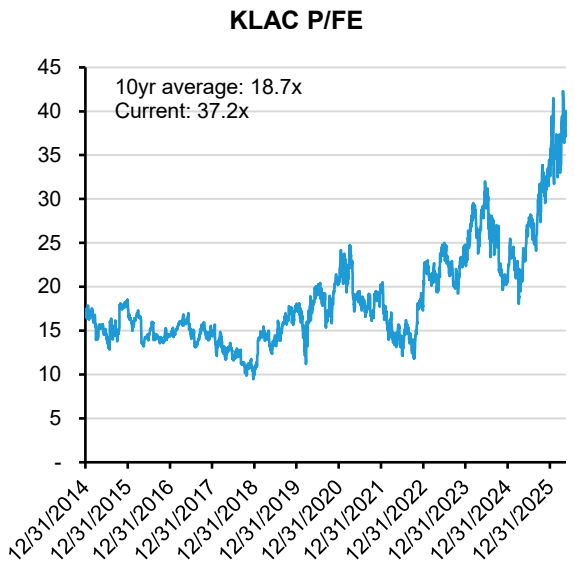
EXHIBIT 15: **...a ~7% premium to the SOX and a ~34% premium to the SPX**



Bloomberg data as of 5/18/2026
Source: Bloomberg, Bernstein analysis

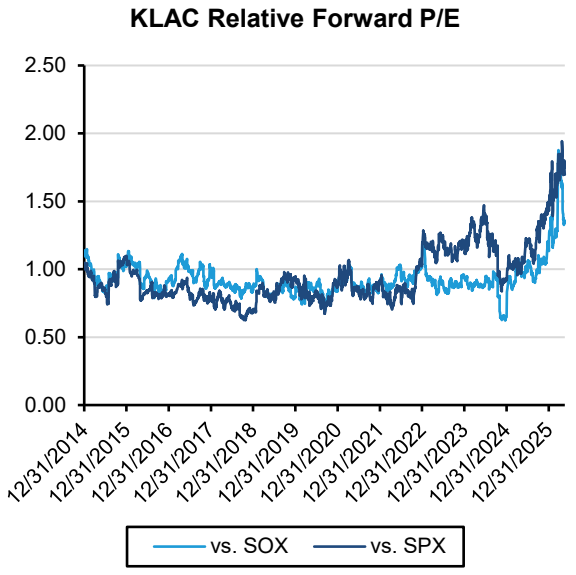
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EXHIBIT 16: **KLAC trades at ~37.2x P/FE...**



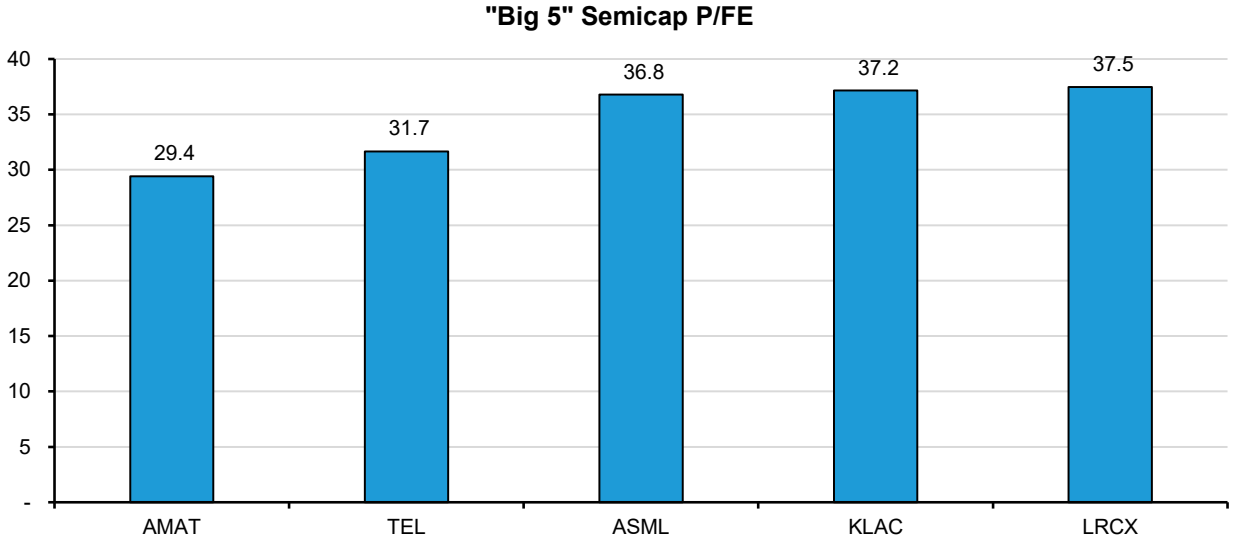
Bloomberg data as of 5/18/2026
Source: Bloomberg, Bernstein analysis

EXHIBIT 17: **...a 35% premium to the SOX and ~70% premium to the SPX**



Bloomberg data as of 5/18/2026
Source: Bloomberg, Bernstein analysis

EXHIBIT 18: **AMAT remains among the cheapest of the "big-5" semicaps; Lam is the most expensive; KLAC is amongst the more expensive**



Bloomberg data as of 5/18/2026
Source: Bloomberg, Bernstein analysis

For Japan semi, we continue to prefer Kokusai (OP) and Tokyo Electron (OP) to benefit from the stronger memory capex.

- As we revise up DRAM WFE once again, we prefer companies with more memory exposure in our coverage, in the order Kokusai > TEL > Screen.

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- Kokusai's DRAM China exposure was down a lot last year, but we believe it should recover as we see more China DRAM spending into next year. Conversely, Kokusai's upside from NAND capex has not materialized yet but could see upside as NAND companies turn to not only migration but also capacity investment. The recent weak guidance is conservative, and we believe they are likely to beat and raise along the year, and view the share price weakness as a good entry point.

- As for China, while we believe TEL / Screen both saw share loss in China last year, we continue to expect strong spending from China foundries, and their business with the existing foundries should be largely intact. Increased memory spending in China will also benefit both TEL and Kokusai.

- Screen, although rated as Market-Perform, will also benefit from the upcycle as they both enjoy the increased spending especially for logic.

For EU Semis, ASML stands out as our top pick. We expect topline to grow at a 23% CAGR25–28E, driven by a materially improving outlook, supported by rising capex in adv. logic and especially in DRAM, as well as higher litho intensity. We expect strong growth for both EUV and DUV tools. While we forecast declining China revenue in line with guidance, we see potential upside driven by continued strength in China's demand for DUV systems.

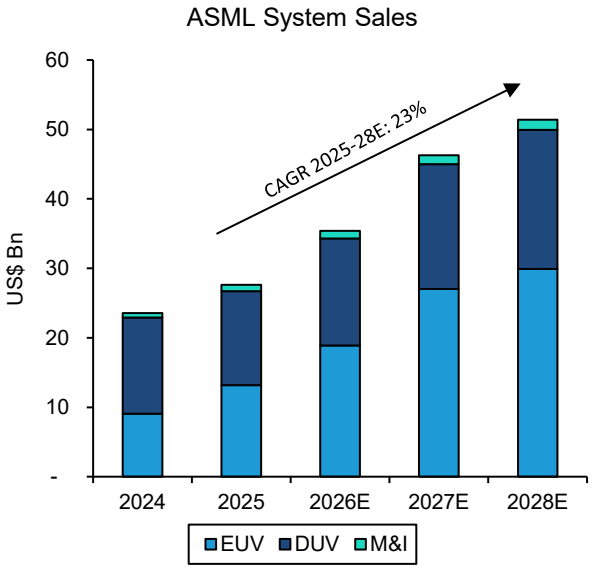
- We anticipate that higher DRAM and advanced logic capex, coupled with increasing litho intensity, will drive a 23% CAGR in sales over the next three years. Litho intensity is expected to rise significantly, supported by (1) the rapid penetration of 1c in DRAM, which has materially higher lithography intensity than prior 1a/1b nodes, and (2) advanced logic, which is structurally more EUV-intensive than mature logic and is growing at a faster pace. As a result, ASML has increased its FY26 sales guidance to EUR 36–40Bn . We expect FY26 revenue to land slightly above the upper end of this range, representing 23% YoY growth. We further anticipate continued strong growth in FY27 of approximately 25% YoY, followed by a moderate deceleration to around 11% YoY in FY28 (Exhibit 19).

- We expected EUV to lead growth with a 31% CAGR, with units almost doubling from 48 in 2025 to 87 in 2028. ASP should also contribute, growing at a 10% CAGR in line with throughput improvements. In addition, we expect DUV to grow at a 12% CAGR over the next three years, as advanced logic and especially DRAM capacity ramp-up requires not only more EUV but also more DUV. For DRAM, we estimate that each EUV machine requires around two ArFi tools (Exhibit 20).

- While we model China revenue in 2026 to decline significantly after three years of strong sales, in line with company guidance, we continue to expect relatively resilient demand. This is supported by increasing advanced logic capacity, which could provide further upside to our estimates.

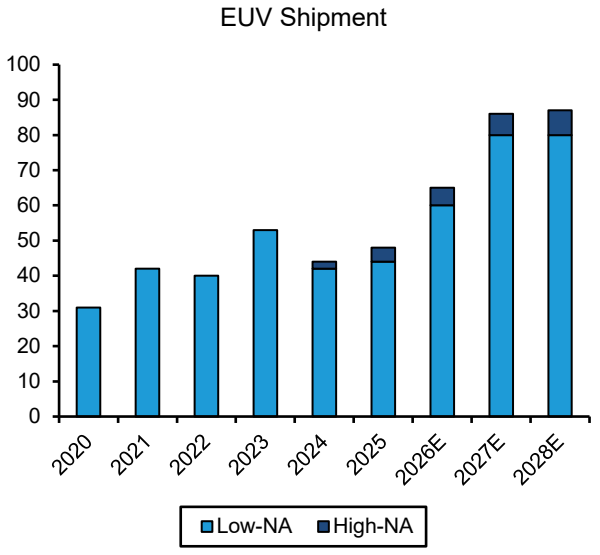
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EXHIBIT 19: **We expect ASML's system sales to conitnue to grow at a rapid pace over the next three years, achieving a 23% CAGR and reaching more than USD 51 Bn by 2028.**



Source: Company reports, Bernstein analysis and estimates

EXHIBIT 20: **We expected EUV to lead growth with a 31% CAGR, with units almost doubling from 48 in 2025 to 87 in 2028.**

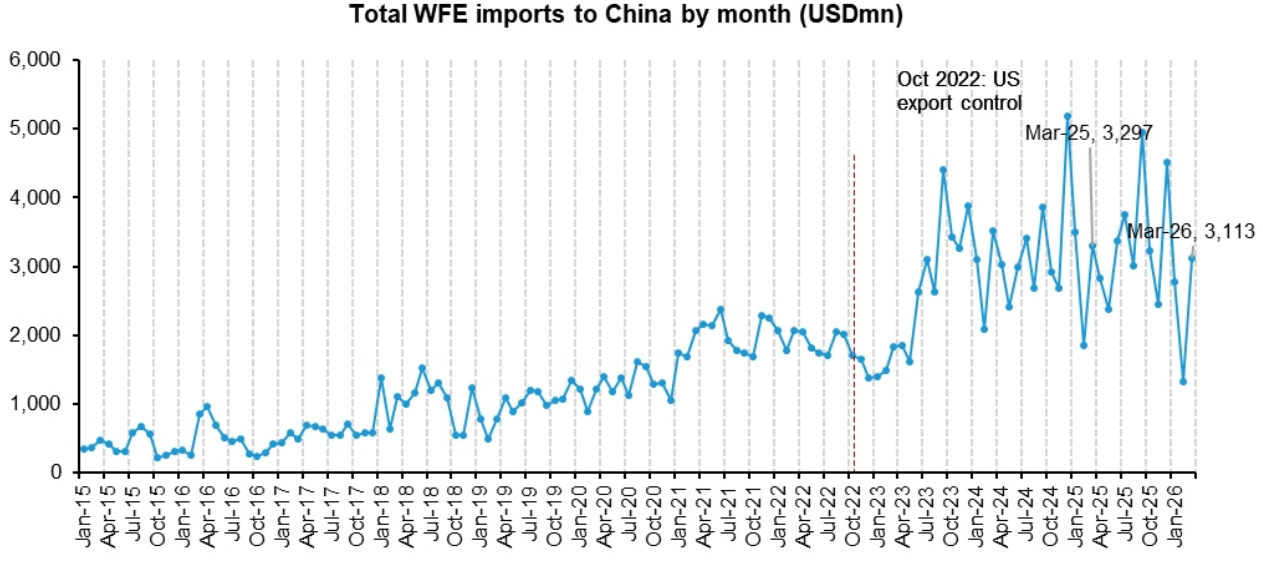


Source: Company reports, Bernstein analysis and estimates

For Chinese semicap, we maintain Outperform on AMEC, NAURA and Piotech.

- After a strong April rebound, we expect some correction might still exist in the near term, but we expect 2026 to be a very strong year given AI and DRAM/HBM demand localization, therefore the dip will create a good opportunity to add. CXMT IPO and YMTC prospectus are also positive catalyst to watch out for. Local companies are gradually guiding up their 2026 order growth and we expect further revision to come in 2H26.
- Due to higher memory exposure, we like AMEC>Piotech>NAURA for now.

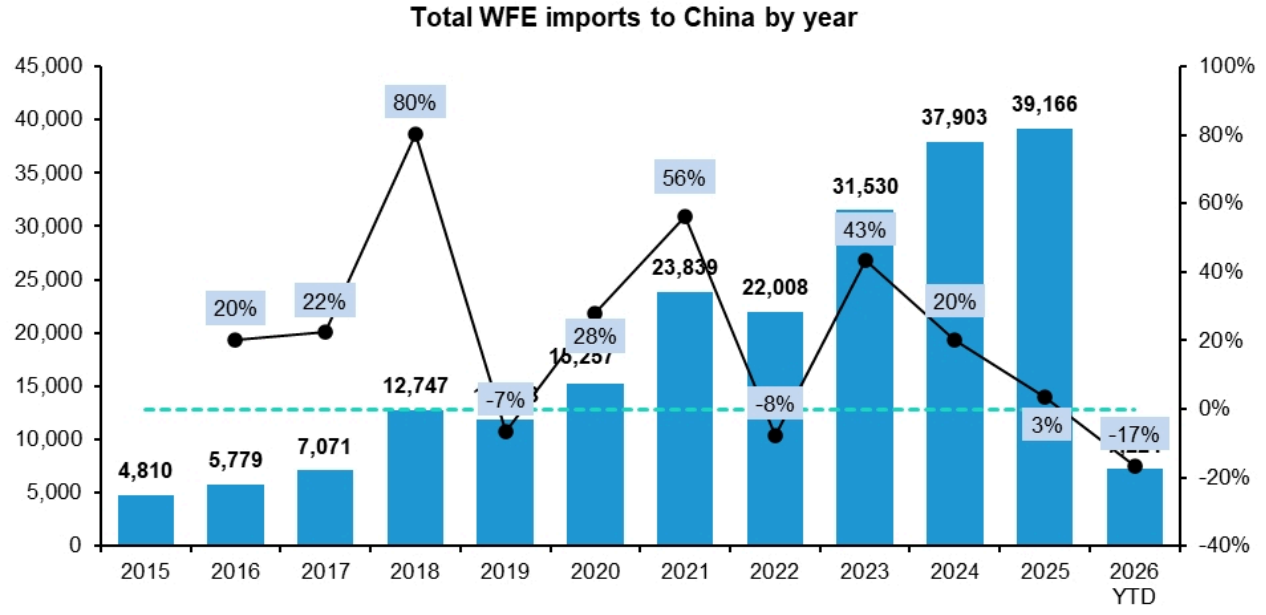
EXHIBIT 21: **Mar import was $3.1bn**



Source: General Administration of Customs of the People's Republic of China, Bernstein analysis

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EXHIBIT 22: **2026 YTD import -17% YoY**



Source: General Administration of Customs of the People's Republic of China, Bernstein analysis

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APPENDIX - FINANCIAL FORECASTS

EXHIBIT 23: **Bernstein AMAT Income Statement**

INCOME STATEMENT																
Fiscal Period	**2025**	**2026E**	**2027E**	**2028E**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326E**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Net Sales	$28,368	$33,233	$40,688	$46,646	$7,166	$7,100	$7,302	$6,800	$7,012	$7,910	$8,951	$9,360	$9,620	$9,967	$10,345	$10,756
COGS	$14,533	$16,655	$20,159	$22,925	$3,663	$3,609	$3,733	$3,528	$3,570	$3,957	$4,466	$4,661	$4,781	$4,944	$5,121	$5,314
Non-GAAP Gross Profit	$13,835	$16,578	$20,529	$23,722	$3,503	$3,491	$3,569	$3,272	$3,442	$3,953	$4,484	$4,699	$4,839	$5,024	$5,224	$5,443
Non-GAAP Operating Expenses	$5,273	$5,780	$6,673	$7,274	$1,313	$1,311	$1,324	$1,325	$1,335	$1,417	$1,486	$1,542	$1,729	$1,613	$1,643	$1,687
R&D	$3,570	$4,203	$4,932	$5,352	$859	$893	$901	$917	$928	$1,027	$1,101	$1,147	$1,289	$1,196	$1,210	$1,237
Marketing and Selling	$858	$922	$1,041	$1,166	$206	$216	$224	$212	$222	$233	$233	$234	$265	$249	$259	$269
General and administrative	$910	$683	$747	$804	$256	$207	$204	$243	$189	$164	$161	$168	$188	$179	$186	$194
Other	$181	$265	$0	$0	$0	$0	$0	$181	$265	$0	$0	$0	$0	$0	$0	$0
Non-GAAP adjustment	($246)	($292)	($48)	($48)	($8)	($5)	($5)	($228)	($269)	($7)	($9)	($7)	($12)	($12)	($12)	($12)
Non-GAAP Operating Income	$8,562	$10,796	$13,857	$16,448	$2,190	$2,180	$2,245	$1,947	$2,107	$2,536	$2,997	$3,157	$3,110	$3,411	$3,581	$3,755
Interest Expenses	($269)	($231)	($172)	($172)	($64)	($68)	($66)	($71)	($69)	($69)	($50)	($43)	($43)	($43)	($43)	($43)
Interest and other Income, net	$1,251	$1,481	$300	$341	$8	$221	$396	$626	$566	$771	$72	$72	$79	$69	$73	$79
Others	($842)	($1,140)	$0	$0	$97	($119)	($298)	($522)	($470)	($670)	$0	$0	$0	$0	$0	$0
Non-GAAP Pre-tax Income	$8,702	$10,906	$13,985	$16,616	$2,231	$2,214	$2,277	$1,980	$2,134	$2,568	$3,019	$3,185	$3,145	$3,437	$3,612	$3,791
Provision for Income taxes	$1,095	$1,199	$1,818	$2,326	$285	$274	$288	$248	$235	$282	$332	$350	$409	$447	$469	$493
Non-GAAP Net Income	$7,607	$9,707	$12,167	$14,290	$1,946	$1,940	$1,989	$1,732	$1,899	$2,286	$2,687	$2,835	$2,737	$2,990	$3,142	$3,298
GAAP Basic Share Outstanding	803	793	777	760	814	809	798	794	793	794	794	790	785	780	775	770
GAAP Basic EPS	$8.72	$13.03	$15.59	$18.74	$1.46	$2.64	$2.23	$2.39	$2.55	$3.53	$3.37	$3.57	$3.47	$3.82	$4.04	$4.27
GAAP Diluted Share Outstanding	807	798	782	765	819	812	802	798	799	799	799	795	790	785	780	775
GAAP Diluted EPS	$8.67	$12.94	$15.49	$18.62	$1.45	$2.63	$2.22	$2.38	$2.54	$3.51	$3.35	$3.55	$3.45	$3.79	$4.01	$4.24
Non-GAAP Diluted EPS	$9.42	$12.17	$15.56	$18.69	$2.38	$2.39	$2.48	$2.17	$2.38	$2.86	$3.36	$3.57	$3.46	$3.81	$4.03	$4.26
Pro-Forma Reconciliation																
GAAP Gross Profit	$13,808	$16,553	$20,525	$23,718	$3,496	$3,485	$3,562	$3,265	$3,435	$3,947	$4,478	$4,693	$4,838	$5,023	$5,223	$5,442
Total adjustment	$27	$25	$4	$4	$7	$6	$7	$7	$7	$6	$6	$6	$1	$1	$1	$1
Non-GAAP Gross Profit	$13,835	$16,578	$20,529	$23,722	$3,503	$3,491	$3,569	$3,272	$3,442	$3,953	$4,484	$4,699	$4,839	$5,024	$5,224	$5,443
GAAP Operating expenses	$5,519	$6,072	$6,721	$7,322	$1,321	$1,316	$1,329	$1,553	$1,604	$1,424	$1,495	$1,549	$1,741	$1,625	$1,655	$1,699
Total adjustment	($246)	($290)	($48)	($48)	($8)	($5)	($5)	($228)	($269)	($7)	($7)	($7)	($12)	($12)	($12)	($12)
Non-GAAP Operating expenses	$5,273	$5,780	$6,673	$7,274	$1,313	$1,311	$1,324	$1,325	$1,335	$1,417	$1,486	$1,542	$1,729	$1,613	$1,643	$1,687
GAAP Operating Income	$8,289	$10,481	$13,805	$16,396	$2,175	$2,169	$2,233	$1,712	$1,831	$2,523	$2,984	$3,144	$3,097	$3,398	$3,568	$3,742
Total adjustment	$273	$315	$52	$52	$15	$11	$12	$235	$276	$13	$13	$13	$13	$13	$13	$13
Non-GAAP Operating Income	$8,562	$10,796	$13,857	$16,448	$2,190	$2,180	$2,245	$1,947	$2,107	$2,536	$2,997	$3,157	$3,110	$3,411	$3,581	$3,755
GAAP Provision for income taxes	$2,273	$1,403	$1,818	$2,326	$934	$185	$784	$370	$302	$419	$332	$350	$409	$447	$469	$493
Total adjustment	($1,178)	($204)	$0	$0	($649)	$89	($496)	($122)	($67)	($137)	$0	$0	$0	$0	$0	$0
Non-GAAP adjusted provision for income taxes	$1,095	$1,199	$1,818	$2,326	$285	$274	$288	$248	$235	$282	$332	$350	$409	$447	$469	$493
GAAP Pre-tax income	$9,271	$11,731	$13,933	$16,564	$2,119	$2,322	$2,563	$2,267	$2,328	$3,225	$3,006	$3,172	$3,132	$3,424	$3,599	$3,778
Total adjustment	($569)	($825)	$52	$52	$112	($108)	($286)	($287)	($194)	($657)	$13	$13	$13	$13	$13	$13
Non-GAAP Pre-tax income	$8,702	$10,906	$13,985	$16,616	$2,231	$2,214	$2,277	$1,980	$2,134	$2,568	$3,019	$3,185	$3,145	$3,437	$3,612	$3,791
GAAP Net Income	$6,998	$10,328	$12,115	$14,238	$1,185	$2,137	$1,779	$1,897	$2,026	$2,806	$2,674	$2,822	$2,724	$2,977	$3,129	$3,285
Total adjustment	$609	($621)	$52	$52	$761	($197)	$210	($165)	($127)	($520)	$13	$13	$13	$13	$13	$13
Non-GAAP Net Income	$7,607	$9,707	$12,167	$14,290	$1,946	$1,940	$1,989	$1,732	$1,899	$2,286	$2,687	$2,835	$2,737	$2,990	$3,142	$3,298
Growth and Margins																
QoQ Revenue Growth					1.7%	(0.9%)	2.8%	(6.9%)	3.1%	12.8%	13.2%	4.6%	2.8%	3.6%	3.8%	4.0%
YoY Revenue Growth	4.4%	17.1%	22.4%	14.6%	6.8%	6.8%	7.7%	(3.5%)	(2.1%)	11.4%	22.6%	37.6%	37.2%	26.0%	15.6%	14.9%
Non-GAAP Gross Margin	48.8%	49.9%	50.5%	50.9%	48.9%	49.2%	48.9%	48.1%	49.1%	50.0%	50.1%	50.2%	50.3%	50.4%	50.5%	50.6%
R&D as % of Sales	12.6%	12.6%	12.1%	11.5%	12.0%	12.6%	12.3%	13.5%	13.2%	13.0%	12.3%	12.3%	13.4%	12.0%	11.7%	11.5%
Marketing as % of Sales	3.0%	2.8%	2.6%	2.5%	2.9%	3.0%	3.1%	3.1%	3.2%	2.9%	2.6%	2.5%	2.8%	2.5%	2.5%	2.5%
G&A as % of Sales	3.2%	2.1%	1.8%	1.7%	3.6%	2.9%	2.8%	3.6%	2.7%	2.1%	1.8%	1.8%	2.0%	1.8%	1.8%	1.8%
Non-GAAP Opex as % of Sales	18.6%	17.4%	16.4%	15.6%	18.3%	18.5%	18.1%	19.5%	19.0%	17.9%	16.6%	16.5%	18.0%	16.2%	15.9%	15.7%
Opex YoY Growth	6.1%	8.8%	15.7%	8.9%	6.7%	6.3%	5.2%	3.9%	1.7%	8.1%	12.2%	16.4%	29.5%	13.8%	10.6%	9.4%
PF Operating Margin	30.2%	32.5%	34.1%	35.3%	30.6%	30.7%	30.7%	28.6%	30.0%	32.1%	33.5%	33.7%	32.3%	34.2%	34.6%	34.9%
Tax Rate	12.6%	11.0%	13.0%	14.0%	12.8%	12.4%	12.6%	12.5%	11.0%	11.0%	11.0%	11.0%	13.0%	13.0%	13.0%	13.0%
Net Margin	26.8%	29.2%	29.9%	30.6%	27.2%	27.3%	27.2%	25.5%	27.1%	28.9%	30.0%	30.3%	28.4%	30.0%	30.4%	30.7%

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 24: **Bernstein AMAT Balance Sheet and Cash Flow Statement**

BALANCE SHEET																
Fiscal Period	**2025**	**2026E**	**2027E**	**2028E**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326E**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Assets																
Current Assets:																
Cash and cash equivalents	$7,241.0	$7,077.0	$7,558.1	$8,879.0	$6,264.0	$6,169.0	$5,384.0	$7,241.0	$7,218.0	$6,301.0	$6,255.0	$7,077.0	$5,924.7	$6,450.2	$7,072.4	$7,558.1
Short-term investments	$1,332.0	$1,940.0	$1,940.0	$1,940.0	$1,949.0	$578.0	$1,630.0	$1,332.0	$1,293.0	$1,940.0	$1,940.0	$1,940.0	$1,940.0	$1,940.0	$1,940.0	$1,940.0
Accounts receivable, net	$5,185.0	$6,372.0	$6,372.0	$6,372.0	$5,998.0	$6,187.0	$5,772.0	$5,185.0	$4,977.0	$6,372.0	$6,372.0	$6,372.0	$6,372.0	$6,372.0	$6,372.0	$6,372.0
Inventories	$5,915.0	$7,171.2	$7,590.7	$8,211.3	$5,501.0	$5,656.0	$5,807.0	$5,915.0	$5,997.0	$6,343.0	$7,116.7	$7,171.2	$7,355.4	$7,334.2	$7,315.5	$7,590.7
Other current assets	$1,208.0	$1,615.0	$1,615.0	$1,615.0	$982.0	$1,118.0	$1,125.0	$1,208.0	$1,564.0	$1,615.0	$1,615.0	$1,615.0	$1,615.0	$1,615.0	$1,615.0	$1,615.0
Total current assets	$20,881.0	$24,175.1	$25,075.8	$27,017.3	$20,694.0	$19,708.0	$19,718.0	$20,881.0	$21,049.0	$22,571.0	$23,298.8	$24,175.1	$23,207.1	$23,711.4	$24,314.9	$25,075.8
Long-term investments	$4,327.0	$5,142.0	$5,142.0	$5,142.0	$2,686.0	$3,638.0	$4,133.0	$4,327.0	$4,968.0	$5,142.0	$5,142.0	$5,142.0	$5,142.0	$5,142.0	$5,142.0	$5,142.0
PP&E, net	$4,610.0	$5,899.9	$7,293.3	$8,839.5	$3,563.0	$3,832.0	$4,124.0	$4,610.0	$4,949.0	$5,255.0	$5,571.2	$5,899.9	$6,233.4	$6,575.9	$6,928.8	$7,293.3
Goodwill	$3,707.0	$3,824.0	$3,824.0	$3,824.0	$3,768.0	$3,748.0	$3,748.0	$3,707.0	$3,707.0	$3,824.0	$3,824.0	$3,824.0	$3,824.0	$3,824.0	$3,824.0	$3,824.0
Purchased technology and other intangible assets, net	$226.0	$310.0	$270.0	$230.0	$237.0	$249.0	$238.0	$226.0	$215.0	$330.0	$320.0	$310.0	$300.0	$290.0	$280.0	$270.0
Deferred income taxes and other assets	$2,548.0	$3,164.0	$3,164.0	$3,164.0	$2,390.0	$2,457.0	$2,250.0	$2,548.0	$2,756.0	$3,164.0	$3,164.0	$3,164.0	$3,164.0	$3,164.0	$3,164.0	$3,164.0
Total assets	$36,299.0	$42,515.0	$44,769.1	$48,216.8	$33,338.0	$33,632.0	$34,211.0	$36,299.0	$37,644.0	$40,286.0	$41,319.9	$42,515.0	$41,870.5	$42,707.3	$43,653.7	$44,769.1
Liabilities and Stockholders' Equity																
Current liabilitites:																
Short-term debt	$100.0	$1,199.0	$0.0	$0.0	$799.0	$799.0	$799.0	$100.0	$100.0	$1,199.0	$1,199.0	$1,199.0	$0.0	$0.0	$0.0	$0.0
Acounts payable, notes payable and accrued expenses	$5,333.0	$5,229.0	$5,229.0	$5,229.0	$4,485.0	$4,706.0	$4,614.0	$5,333.0	$5,181.0	$5,229.0	$5,229.0	$5,229.0	$5,229.0	$5,229.0	$5,229.0	$5,229.0
Contract Liabilities	$2,566.0	$2,808.0	$3,226.8	$3,659.9	$2,452.0	$2,491.0	$2,470.0	$2,566.0	$2,472.0	$2,570.0	$2,685.2	$2,808.0	$2,885.9	$2,990.2	$3,103.6	$3,226.8
Total current liabilities	$7,999.0	$9,236.0	$8,455.8	$8,888.9	$7,736.0	$7,996.0	$7,883.0	$7,999.0	$7,753.0	$8,998.0	$9,113.2	$9,236.0	$8,114.9	$8,219.2	$8,332.6	$8,455.8
Long-term debt	$6,455.0	$5,253.0	$5,253.0	$5,253.0	$5,461.0	$5,462.0	$5,463.0	$6,455.0	$6,453.0	$5,256.0	$5,253.0	$5,253.0	$5,253.0	$5,253.0	$5,253.0	$5,253.0
Other liabilities + Income Taxes Payable	$1,430.0	$2,123.0	$2,123.0	$2,123.0	$1,516.0	$1,213.0	$1,361.0	$1,430.0	$1,721.0	$2,123.0	$2,123.0	$2,123.0	$2,123.0	$2,123.0	$2,123.0	$2,123.0
Total liabilities	$15,884.0	$16,612.0	$15,831.8	$16,264.9	$14,713.0	$14,671.0	$14,707.0	$15,884.0	$15,927.0	$16,377.0	$16,489.2	$16,612.0	$15,490.9	$15,595.2	$15,708.6	$15,831.8
Total stockholders' equity	$20,415.0	$25,903.0	$28,937.3	$31,951.9	$18,625.0	$18,961.0	$19,504.0	$20,415.0	$21,717.0	$23,909.0	$24,830.8	$25,903.0	$26,379.6	$27,112.1	$27,945.1	$28,937.3
Total liabilities and stockholders' equity	$36,299.0	$42,515.0	$44,769.1	$48,216.8	$33,338.0	$33,632.0	$34,211.0	$36,299.0	$37,644.0	$40,286.0	$41,319.9	$42,515.0	$41,870.5	$42,707.3	$43,653.7	$44,769.1

CASH FLOW STATEMENT																
Fiscal Period	**2025**	**2026E**	**2027E**	**2028E**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326E**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Cash flows from operating activities:																
Net income	$6,998.0	$10,327.5	$12,114.7	$14,238.2	$1,185.0	$2,137.0	$1,779.0	$1,897.0	$2,026.0	$2,806.0	$2,673.6	$2,822.0	$2,723.6	$2,976.9	$3,129.0	$3,285.2
Depreciation and amortization	$435.0	$552.7	$680.9	$826.2	$105.0	$103.0	$113.0	$114.0	$127.0	$135.0	$141.4	$149.3	$157.5	$165.8	$174.4	$183.2
Share-based compensation	$668.0	$714.0	$676.0	$676.0	$195.0	$159.0	$158.0	$156.0	$207.0	$169.0	$169.0	$169.0	$169.0	$169.0	$169.0	$169.0
Excess tax benefits from share-based compensation	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Deferred income taxes	$639.0	$74.0	$0.0	$0.0	$668.0	$4.0	$280.0	($313.0)	($78.0)	$152.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other	($582.0)	($869.0)	$0.0	$0.0	$95.0	($109.0)	($284.0)	($284.0)	($202.0)	($667.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Net change in operating assets and liabilities	($200.0)	($2,734.2)	($0.7)	($187.5)	($1,323.0)	($723.0)	$588.0	$1,258.0	($394.0)	($1,750.0)	($658.5)	$68.4	($106.3)	$125.5	$132.0	($151.9)
Cash provided by operating activities	$7,958.0	$8,065.0	$13,471.0	$15,552.8	$925.0	$1,571.0	$2,634.0	$2,828.0	$1,686.0	$845.0	$2,325.4	$3,208.6	$2,943.8	$3,437.2	$3,604.5	$3,485.5
Cash flows from investing activities:																
Capital expenditures	($2,260.0)	($2,196.5)	($2,034.4)	($2,332.3)	($381.0)	($510.0)	($584.0)	($785.0)	($646.0)	($635.0)	($447.5)	($468.0)	($481.0)	($498.4)	($517.3)	($537.8)
Cash paid for acquisitions	($29.0)	($175.0)	$0.0	$0.0	($28.0)	($1.0)	$0.0	$0.0	$0.0	($175.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Proceeds from sale of facility	$33.0	$6.0	$0.0	$0.0	$0.0	$33.0	$0.0	$0.0	$0.0	$6.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Proceeds from sales and maturities of investments	$5,528.0	$3,234.0	$0.0	$0.0	$1,223.0	$1,921.0	$793.0	$1,591.0	$1,143.0	$2,091.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Purchases of investments	($6,054.0)	($3,523.0)	$0.0	$0.0	($1,711.0)	($1,222.0)	($2,176.0)	($945.0)	($1,277.0)	($2,246.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cash used in investing activities	($2,782.0)	($2,654.5)	($2,034.4)	($2,332.3)	($897.0)	$221.0	($1,967.0)	($139.0)	($780.0)	($959.0)	($447.5)	($468.0)	($481.0)	($498.4)	($517.3)	($537.8)
Cash flows from financing activities:																
Net Change in Debt	$292.0	($103.0)	($1,199.0)	$0.0	$0.0	$0.0	$0.0	$292.0	$0.0	($100.0)	($3.0)	$0.0	($1,199.0)	$0.0	$0.0	$0.0
Proceeds from common stock issuances	$261.0	$131.0	$0.0	$0.0	$0.0	$129.0	$0.0	$132.0	$0.0	$131.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Common stock repurchases	($4,895.0)	($3,737.0)	($8,000.0)	($10,000.0)	($1,318.0)	($1,670.0)	($1,056.0)	($851.0)	($337.0)	($400.0)	($1,500.0)	($1,500.0)	($2,000.0)	($2,000.0)	($2,000.0)	($2,000.0)
Excess tax benefits from share-based compensation	($248.0)	($309.0)	$0.0	$0.0	($142.0)	($35.0)	($33.0)	($38.0)	($229.0)	($80.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Dividends	($1,384.0)	($1,569.5)	($1,756.5)	($1,899.6)	($326.0)	($325.0)	($368.0)	($365.0)	($365.0)	($365.0)	($420.8)	($418.7)	($416.1)	($413.4)	($465.0)	($462.0)
Other	($3.0)	$0.0	$0.0	$0.0	$0.0	($2.0)	$0.0	($1.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cash used in financing activities	($5,977.0)	($5,587.5)	($10,955.5)	($11,899.6)	($1,786.0)	($1,903.0)	($1,457.0)	($831.0)	($931.0)	($814.0)	($1,923.8)	($1,918.7)	($3,615.1)	($2,413.4)	($2,465.0)	($2,462.0)
FCF	$5,698.0	$5,868.5	$11,436.5	$13,220.5	$544.0	$1,061.0	$2,050.0	$2,043.0	$1,040.0	$210.0	$1,877.9	$2,740.6	$2,462.8	$2,938.9	$3,087.2	$2,947.7

Source: Company reports, Bernstein estimates and analysis

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20-May-2026

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EXHIBIT 25: **Bernstein LRCX Income Statement**

INCOME STATEMENT																
Fiscal Period	**2025**	**2026E**	**2027E**	**2028E**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Non-GAAP Revenue	$18,436	$23,123	$30,205	$32,515	$4,168	$4,376	$4,720	$5,171	$5,324	$5,345	$5,841	$6,613	$7,029	$7,604	$7,720	$7,853
Non-GAAP COGS	$9,436	$11,519	$14,874	$15,848	$2,159	$2,299	$2,408	$2,570	$2,631	$2,687	$2,928	$3,273	$3,479	$3,764	$3,783	$3,848
Non-GAAP Gross Profit	$9,000	$11,605	$15,332	$16,667	$2,009	$2,077	$2,312	$2,601	$2,694	$2,658	$2,913	$3,340	$3,550	$3,840	$3,937	$4,005
Non-GAAP Operating Expenses	$3,042	$3,451	$4,004	$4,181	$722	$735	$763	$822	$832	$827	$866	$926	$975	$1,000	$1,016	$1,013
Non-GAAP R&D	$2,078	$2,351	$2,758	$2,875	$487	$493	$533	$565	$566	$565	$585	$635	$666	$693	$704	$695
Non-GAAP SG&A	$965	$1,100	$1,245	$1,306	$235	$242	$230	$258	$266	$262	$281	$291	$308	$307	$312	$318
Non-GAAP Operating Income	$5,957	$8,153	$11,328	$12,486	$1,287	$1,343	$1,549	$1,779	$1,862	$1,831	$2,047	$2,414	$2,575	$2,840	$2,921	$2,992
Non-GAAP Other expense, net	$21	$13	$85	$188	$13	$11	($7)	$4	$8	$10	($8)	$2	$15	$17	$22	$31
Non-GAAP Pre-tax Income	$5,978	$8,166	$11,413	$12,674	$1,300	$1,353	$1,542	$1,783	$1,869	$1,841	$2,039	$2,416	$2,589	$2,857	$2,943	$3,023
Non-GAAP Provision for Income taxes	($648)	($1,010)	($1,484)	($1,648)	($179)	($178)	($206)	($85)	($265)	($244)	($188)	($314)	($337)	($371)	($383)	($393)
Non-GAAP Net Income	$5,330	$7,155	$9,929	$11,026	$1,122	$1,175	$1,336	$1,698	$1,605	$1,598	$1,851	$2,102	$2,253	$2,486	$2,560	$2,630
GAAP Basic Share Outstanding	1,285	1,253	1,237	1,219	1,299	1,287	1,284	1,274	1,264	1,255	1,250	1,247	1,243	1,239	1,235	1,231
GAAP Basic EPS	**$4.17**	**$5.65**	**$8.01**	**$9.04**	$0.86	$0.93	$1.04	$1.35	$1.24	$1.27	$1.46	$1.68	$1.81	$2.00	$2.07	$2.13
GAAP Diluted Share Outstanding	1,289	1,260	1,245	1,226	1,304	1,291	1,288	1,277	1,269	1,262	1,257	1,255	1,251	1,247	1,243	1,239
GAAP Diluted EPS	**$4.16**	**$5.62**	**$7.97**	**$8.98**	$0.86	$0.92	$1.03	$1.35	$1.24	$1.26	$1.45	$1.67	$1.80	$1.99	$2.06	$2.12
Non-GAAP Diluted Share Outstanding	1,289	1,260	1,245	1,226	1,304	1,291	1,288	1,277	1,269	1,262	1,257	1,255	1,251	1,247	1,243	1,239
Non-GAAP Diluted EPS	**$4.14**	**$5.68**	**$7.98**	**$8.99**	$0.86	$0.91	$1.04	$1.33	$1.26	$1.27	$1.47	$1.67	$1.80	$1.99	$2.06	$2.12
Pro-Forma Reconciliation																
GAAP Revenue	**$18,436**	**$23,123**	**$30,205**	**$32,515**	$4,168	$4,376	$4,720	$5,171	$5,324	$5,345	$5,841	$6,613	$7,029	$7,604	$7,720	$7,853
GAAP Gross Profit	**$8,979**	**$11,583**	**$15,321**	**$16,656**	$2,003	$2,073	$2,314	$2,590	$2,685	$2,651	$2,911	$3,337	$3,547	$3,837	$3,934	$4,002
GAAP Operating Income	**$5,901**	**$8,097**	**$11,316**	**$12,474**	$1,264	$1,334	$1,562	$1,741	$1,829	$1,810	$2,047	$2,411	$2,572	$2,837	$2,918	$2,989
GAAP Net Income	**$5,358**	**$7,086**	**$9,915**	**$11,011**	$1,116	$1,191	$1,331	$1,720	$1,569	$1,594	$1,825	$2,098	$2,249	$2,482	$2,557	$2,627
Margins and Growth Rates																
PF Gross Margins	48.8%	50.2%	50.8%	51.3%	48.2%	47.5%	49.0%	50.3%	50.6%	49.7%	49.9%	50.5%	50.5%	50.5%	51.0%	51.0%
R&D as % of Sales	11.3%	10.2%	9.1%	8.8%	11.7%	11.3%	11.3%	10.9%	10.6%	10.6%	10.0%	9.6%	9.5%	9.1%	9.1%	8.9%
SG&A as % of Sales	5.2%	4.8%	4.1%	4.0%	5.6%	5.5%	4.9%	5.0%	5.0%	4.9%	4.8%	4.4%	4.4%	4.0%	4.0%	4.0%
PF Opex as % of Sales	16.5%	14.9%	13.3%	12.9%	17.3%	16.8%	16.2%	15.9%	15.6%	15.5%	14.8%	14.0%	13.9%	13.2%	13.2%	12.9%
PF OPM	32.3%	35.3%	37.5%	38.4%	30.9%	30.7%	32.8%	34.4%	35.0%	34.3%	35.0%	36.5%	36.6%	37.3%	37.8%	38.1%
Tax Rate	(10.8%)	(12.4%)	(13.0%)	(13.0%)	(13.8%)	(13.2%)	(13.3%)	(4.8%)	(14.2%)	(13.2%)	(9.2%)	(13.0%)	(13.0%)	(13.0%)	(13.0%)	(13.0%)
Net Margin	28.9%	30.9%	32.9%	33.9%	26.9%	26.9%	28.3%	32.8%	30.1%	29.9%	31.7%	31.8%	32.0%	32.7%	33.2%	33.5%
QoQ																
Sales					7.7%	5.0%	7.9%	9.6%	3.0%	0.4%	9.3%	13.2%	6.3%	8.2%	1.5%	1.7%
Gross Profit					7.1%	3.4%	11.3%	12.5%	3.6%	(1.3%)	9.6%	14.6%	6.3%	8.2%	2.5%	1.7%
R&D					0.5%	1.1%	8.2%	5.9%	0.1%	(0.0%)	3.6%	8.4%	5.0%	4.0%	1.5%	(1.2%)
SGA					15.0%	3.0%	(4.8%)	11.9%	3.4%	(1.6%)	7.1%	3.6%	6.0%	(0.4%)	1.7%	1.7%
Operating Profit					8.4%	4.3%	15.4%	14.8%	4.7%	(1.7%)	11.8%	17.9%	6.7%	10.3%	2.9%	2.4%
Tax Rate					-221 bps	58 bps	-17 bps	856 bps	-938 bps	93 bps	401 bps	-378 bps	00 bps	00 bps	00 bps	00 bps
Net Income					5.1%	4.8%	13.7%	27.1%	(5.5%)	(0.4%)	15.9%	13.5%	7.2%	10.3%	3.0%	2.7%
DSO					(0.5%)	(1.0%)	(0.3%)	(0.9%)	(0.6%)	(0.6%)	(0.3%)	(0.2%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)
EPS					5.7%	5.8%	14.0%	28.2%	(4.9%)	0.2%	16.3%	13.7%	7.5%	10.7%	3.3%	3.1%
YoY																
Sales	23.7%	25.4%	30.6%	7.6%	19.7%	16.4%	24.4%	33.6%	27.7%	22.1%	23.8%	27.9%	32.0%	42.3%	32.2%	18.7%
Gross Profit	25.3%	28.9%	32.1%	8.7%	20.3%	16.0%	25.1%	38.6%	34.1%	28.0%	26.0%	28.4%	31.8%	44.5%	35.2%	19.9%
R&D	11.6%	13.2%	17.3%	4.2%	15.0%	7.5%	7.6%	16.5%	16.1%	14.8%	9.8%	12.4%	17.8%	22.6%	20.2%	9.5%
SGA	19.2%	14.0%	13.2%	4.9%	18.3%	18.5%	13.8%	26.1%	13.4%	8.3%	21.9%	13.0%	15.8%	17.2%	11.2%	9.1%
Operating Profit	32.0%	36.9%	38.9%	10.2%	22.9%	19.0%	34.7%	49.8%	44.7%	36.4%	32.1%	35.7%	38.3%	55.1%	42.7%	24.0%
Tax Rate	136 bps	-154 bps	-63 bps	00 bps	-34 bps	-91 bps	-160 bps	676 bps	-41 bps	-06 bps	412 bps	-822 bps	116 bps	23 bps	-378 bps	00 bps
Net Income	33.3%	34.2%	38.8%	11.0%	22.9%	18.2%	30.4%	59.1%	43.1%	36.0%	38.6%	23.8%	40.4%	55.6%	38.3%	25.2%
DSO	(2.3%)	(2.2%)	(1.2%)	(1.5%)	(2.1%)	(2.3%)	(2.1%)	(2.6%)	(2.7%)	(2.3%)	(2.4%)	(1.7%)	(1.4%)	(1.2%)	(1.1%)	(1.3%)
EPS	36.5%	37.3%	40.5%	12.7%	25.5%	21.0%	33.2%	63.4%	47.0%	39.2%	42.0%	26.0%	42.4%	57.4%	39.9%	26.8%

Source: Company reports, Bernstein estimates and analysis

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20-May-2026

EXHIBIT 26: **Bernstein LRCX Balance Sheet and Cash Flow Statement**

BALANCE SHEET																
Fiscal Period	**2025E**	**2026E**	**2027E**	**2028E**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Assets																
Current Assets:																
Cash and cash equivalents	$6,391	$6,286	$8,978	$12,326	$6,067	$5,665	$5,451	$6,391	$6,693	$6,180	$4,751	$6,286	$6,606	$7,168	$8,324	$8,978
Investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Accounts receivable, net	$3,378	$4,679	$5,556	$6,126	$2,937	$3,305	$3,228	$3,378	$3,633	$3,492	$4,133	$4,679	$4,973	$5,380	$5,462	$5,556
Inventories	$4,308	$4,419	$5,002	$5,250	$4,210	$4,358	$4,463	$4,308	$4,095	$4,038	$4,000	$4,419	$4,697	$4,968	$4,728	$5,002
Prepaid expenses and other current assets	$440	$473	$541	$594	$278	$284	$318	$440	$386	$308	$413	$473	$478	$509	$535	$541
Non-cash current assets	$8,126	$9,571	$11,099	$11,970	$7,425	$7,947	$8,010	$8,126	$8,114	$7,838	$8,546	$9,571	$10,148	$10,858	$10,725	$11,099
Total current assets	**$14,517**	**$15,857**	**$20,077**	**$24,296**	$13,492	$13,613	$13,460	$14,517	$14,807	$14,018	$13,297	$15,857	$16,754	$18,025	$19,049	$20,077
PP&E, net	$2,429	$3,035	$3,849	$4,635	$2,214	$2,314	$2,372	$2,429	$2,511	$2,711	$2,854	$3,035	$3,228	$3,438	$3,644	$3,849
Restricted cash and investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Goodwill and intangible assets	$1,809	$1,879	$1,867	$1,855	$1,758	$1,761	$1,795	$1,809	$1,827	$1,864	$1,882	$1,879	$1,876	$1,873	$1,870	$1,867
Other assets	$2,591	$3,331	$3,935	$4,329	$2,068	$2,152	$2,341	$2,591	$2,756	$2,798	$2,759	$3,331	$3,545	$3,809	$3,824	$3,935
Total assets	**$21,345**	**$24,101**	**$29,728**	**$35,115**	$19,532	$19,840	$19,968	$21,345	$21,900	$21,391	$20,792	$24,101	$25,403	$27,145	$28,387	$29,728
Liabilities and Stockholders' Equity																
Non-debt current liabilities	$5,814	$7,274	$8,636	$9,522	$4,838	$4,846	$4,736	$5,814	$5,954	$5,459	$5,238	$7,274	$7,726	$8,363	$8,491	$8,636
Current portion of convertible notes and capital leases	$754	$4	$4	$4	$505	$504	$754	$754	$754	$754	$4	$4	$4	$4	$4	$4
Total current liabilities	**$6,568**	**$7,278**	**$8,640**	**$9,527**	$5,343	$5,350	$5,490	$6,568	$6,708	$6,213	$5,242	$7,278	$7,730	$8,367	$8,495	$8,640
Senior notes, convertible notes, and capital leases, less current por	$3,730	$3,730	$3,730	$3,730	$4,479	$4,478	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730	$3,730
Income taxes payable	$603	$622	$622	$622	$665	$670	$691	$603	$646	$668	$622	$622	$622	$622	$622	$622
Other long-term liabilities	$582	$759	$898	$981	$574	$534	$547	$582	$624	$635	$613	$759	$810	$883	$885	$898
Total liabilities	**$11,484**	**$12,389**	**$13,889**	**$14,860**	$11,061	$11,032	$10,457	$11,484	$11,707	$11,246	$10,207	$12,389	$12,892	$13,602	$13,732	$13,889
Total stockholders' equity	**$9,862**	**$11,713**	**$15,838**	**$20,256**	$8,472	$8,808	$9,511	$9,862	$10,193	$10,145	$10,585	$11,713	$12,510	$13,543	$14,655	$15,838
Total liabilities and stockholders' equity	**$21,345**	**$24,101**	**$29,728**	**$35,115**	$19,532	$19,840	$19,968	$21,345	$21,900	$21,391	$20,792	$24,101	$25,403	$27,145	$28,387	$29,728

CASH FLOW STATEMENT																
Fiscal Period	**2025**	**2026E**	**Q209**	**Q210**	**Q125**	**Q225**	**Q325**	**Q425**	**Q126**	**Q226**	**Q326**	**Q426E**	**Q127E**	**Q227E**	**Q327E**	**Q427E**
Cash flows from operating activities:																
Net income	**$5,358**	**$7,086**	**$9,915**	**$11,011**	$1,116	$1,191	$1,331	$1,720	$1,569	$1,594	$1,825	$2,098	$2,249	$2,482	$2,557	$2,627
Depreciation and amortization	$386	$441	$558	$689	$94	$96	$97	$98	$102	$104	$116	$119	$127	$135	$144	$152
Other changes to operatiing cash flows	$429	($219)	($186)	$171	$358	($545)	($119)	$736	$109	($218)	($800)	$690	($179)	($154)	$361	($214)
Cash provided by operating activities	**$6,173**	**$7,308**	**$10,287**	**$11,872**	$1,568	$742	$1,309	$2,554	$1,779	$1,480	$1,141	$2,907	$2,197	$2,463	$3,062	$2,565
Cash flows from investing activities:																
Capital expenditures and intangible assets	**($759)**	**($1,075)**	**($1,359)**	**($1,463)**	($111)	($188)	($288)	($172)	($185)	($261)	($332)	($298)	($316)	($342)	($347)	($353)
Business acquisition, net of cash acquired	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net sales from available-for-sale investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Transfers of restricted cash and investments	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	$51	($1)	$0	$0	$0	$13	($5)	$43	($1)	$3	($3)	$0	$0	$0	$0	$0
Cash used in investing activities	**($708)**	**($1,076)**	**($1,359)**	**($1,463)**	($111)	($175)	($293)	($129)	($186)	($258)	($335)	($298)	($316)	($342)	($347)	($353)
Cash flows from financing activities:																
Debt repayments	($507)	($754)	$0	$0	($1)	($1)	($504)	($1)	($1)	($1)	($751)	$0	$0	$0	$0	$0
Debt issuance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Excess tax benefit on share-based compensation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Treasury stock purchases	($3,422)	($4,355)	($4,800)	($5,500)	($997)	($698)	($435)	($1,292)	($976)	($1,466)	($1,163)	($750)	($1,200)	($1,200)	($1,200)	($1,200)
Dividends paid	($1,150)	($1,270)	($1,435)	($1,560)	($261)	($298)	($296)	($295)	($292)	($328)	($326)	($324)	($361)	($359)	($358)	($357)
Reissuance of treasury stock related to employee stock purchase p	$140	$67	$0	$0	$0	$61	$0	$80	$0	$67	$0	$0	$0	$0	$0	$0
Proceeds from issuance of common stock	$2	$13	$0	$0	($0)	($0)	$2	$1	$0	$4	$9	$0	$0	$0	$0	$0
Other	$0	($14)	$0	$0	($0)	$1	$1	($1)	($12)	($1)	$0	$0	$0	$0	$0	$0
Cash used in financing activities	**($4,937)**	**($6,312)**	**($6,235)**	**($7,060)**	($1,259)	($935)	($1,233)	($1,510)	($1,282)	($1,725)	($2,231)	($1,074)	($1,561)	($1,559)	($1,558)	($1,557)
Free Cash Flow	**$5,414**	**$6,232**	**$8,927**	**$10,408**	$1,458	$554	$1,021	$2,382	$1,594	$1,219	$810	$2,610	$1,881	$2,121	$2,715	$2,211

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 27: **KLAC - Income Statement**

Income Statement (Non-GAAP), USD in millions except per share Fiscal Period (Fiscal Year ending June 30)	2025	2026E	2027E	2028E	Q125	Q225	Q325	Q425	Q126	Q226	Q326	Q426E	Q127E	Q227E	Q327E	Q427E
Revenue	**12,156**	**13,497**	**17,318**	**19,781**	**2,842**	**3,077**	**3,063**	**3,175**	**3,210**	**3,297**	**3,415**	**3,575**	**3,891**	**4,293**	**4,471**	**4,663**
COGS	4,581	5,096	6,522	7,319	1,102	1,178	1,134	1,167	1,205	1,233	1,291	1,368	1,477	1,620	1,677	1,749
Gross Profit	**7,575**	**8,401**	**10,796**	**12,462**	**1,739**	**1,899**	**1,929**	**2,008**	**2,005**	**2,064**	**2,125**	**2,208**	**2,414**	**2,673**	**2,794**	**2,914**
R&D	1,355	1,526	1,758	2,030	322	342	338	353	360	384	389	393	404	414	463	478
SG&A	979	1,080	1,186	1,355	238	254	237	250	258	269	281	272	276	282	308	319
Operating Expenses	**2,334**	**2,606**	**2,944**	**3,385**	**560**	**596**	**575**	**603**	**618**	**653**	**670**	**665**	**680**	**695**	**771**	**797**
Operating Income	**5,241**	**5,795**	**7,852**	**9,077**	**1,179**	**1,303**	**1,354**	**1,405**	**1,386**	**1,411**	**1,454**	**1,543**	**1,734**	**1,978**	**2,023**	**2,117**
Non-operating Expense / (Income)	(171)	(205)	(182)	(187)	(41)	(44)	(36)	(50)	(43)	(38)	(80)	(45)	(47)	(44)	(46)	(45)
Interest Expense	302	281	278	278	82	75	72	73	71	70	70	69	69	69	69	69
Earnings Before Taxes	**5,110**	**5,720**	**7,757**	**8,986**	**1,138**	**1,272**	**1,318**	**1,382**	**1,359**	**1,379**	**1,464**	**1,518**	**1,712**	**1,953**	**2,000**	**2,092**
Income Tax Expense / (Benefit)	659	848	1,125	1,303	150	174	197	137	192	211	225	220	248	283	290	303
Minority/Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	**4,452**	**4,871**	**6,632**	**7,683**	**988**	**1,098**	**1,121**	**1,244**	**1,167**	**1,168**	**1,239**	**1,298**	**1,464**	**1,670**	**1,710**	**1,789**
Basic EPS	$33.46	$37.15	$51.56	$61.00	$7.37	$8.24	$8.45	$9.43	$8.86	$8.90	$9.46	$9.94	$11.28	$12.94	$13.34	$14.03
Weighted Avg. Shares - Basic (M)	133.0	131.1	128.6	125.9	134.1	133.3	132.6	132.0	131.8	131.3	130.9	130.6	129.8	129.0	128.2	127.5
Diluted EPS	**$33.28**	**$36.93**	**$51.22**	**$60.60**	**$7.33**	**$8.20**	**$8.41**	**$9.38**	**$8.81**	**$8.85**	**$9.40**	**$9.87**	**$11.20**	**$12.86**	**$13.25**	**$13.94**
Weighted Avg. Shares - Diluted (M)	133.8	131.9	129.5	126.8	134.9	133.9	133.3	132.7	132.4	132.0	131.8	131.4	130.6	129.9	129.1	128.3
Growth and Margins																
Revenue QoQ/YoY %	*23.9%*	*11.0%*	*28.3%*	*14.2%*	*10.6%*	*8.3%*	*(0.4%)*	*3.6%*	*1.1%*	*2.7%*	*3.6%*	*4.7%*	*8.8%*	*10.3%*	*4.1%*	*4.3%*
Revenue YoY %	*23.9%*	*11.0%*	*28.3%*	*14.2%*	*18.5%*	*23.7%*	*29.8%*	*23.6%*	*13.0%*	*7.2%*	*11.5%*	*12.6%*	*21.2%*	*30.2%*	*30.9%*	*30.4%*
Gross Margin %	*62.3%*	*62.2%*	*62.3%*	*63.0%*	*61.2%*	*61.7%*	*63.0%*	*63.2%*	*62.5%*	*62.6%*	*62.2%*	*61.8%*	*62.0%*	*62.3%*	*62.5%*	*62.5%*
Incremental Gross Margin %	*64.2%*	*61.6%*	*62.7%*	*67.6%*	*48.7%*	*68.0%*	*(217.1%)*	*70.3%*	*(8.7%)*	*67.8%*	*51.3%*	*52.0%*	*65.4%*	*64.4%*	*68.1%*	*62.5%*
R&D / Sales %	*11.1%*	*11.3%*	*10.2%*	*10.3%*	*11.3%*	*11.1%*	*11.0%*	*11.1%*	*11.2%*	*11.6%*	*11.4%*	*11.0%*	*10.4%*	*9.6%*	*10.4%*	*10.3%*
SG&A / Sales %	*8.1%*	*8.0%*	*6.8%*	*6.9%*	*8.4%*	*8.3%*	*7.7%*	*7.9%*	*8.0%*	*8.2%*	*8.2%*	*7.6%*	*7.1%*	*6.6%*	*6.9%*	*6.9%*
Opex/Sales %	*19.2%*	*19.3%*	*17.0%*	*17.1%*	*19.7%*	*19.4%*	*18.8%*	*19.0%*	*19.3%*	*19.8%*	*19.6%*	*18.6%*	*17.5%*	*16.2%*	*17.3%*	*17.1%*
Operating Margin %	*43.1%*	*42.9%*	*45.3%*	*45.9%*	*41.5%*	*42.3%*	*44.2%*	*44.2%*	*43.2%*	*42.8%*	*42.6%*	*43.2%*	*44.6%*	*46.1%*	*45.3%*	*45.4%*
Incremental Operating Margin %	*57.4%*	*41.3%*	*53.9%*	*49.7%*	*46.1%*	*52.5%*	*(369.8%)*	*45.2%*	*(52.5%)*	*28.5%*	*36.7%*	*55.1%*	*60.6%*	*60.6%*	*25.4%*	*48.9%*
Tax Rate %	*12.9%*	*14.8%*	*14.5%*	*14.5%*	*13.2%*	*13.7%*	*15.0%*	*9.9%*	*14.1%*	*15.3%*	*15.4%*	*14.5%*	*14.5%*	*14.5%*	*14.5%*	*14.5%*
Net Margin %	*36.6%*	*36.1%*	*38.3%*	*38.8%*	*34.8%*	*35.7%*	*36.6%*	*39.2%*	*36.4%*	*35.4%*	*36.3%*	*36.3%*	*37.6%*	*38.9%*	*38.2%*	*38.4%*
Diluted EPS QoQ/YoY %	*40.2%*	*11.0%*	*38.7%*	*18.3%*	*11.1%*	*11.9%*	*2.5%*	*11.5%*	*(6.0%)*	*0.4%*	*6.2%*	*5.0%*	*13.5%*	*14.7%*	*3.0%*	*5.2%*
Diluted EPS YoY %	*40.2%*	*11.0%*	*38.7%*	*18.3%*	*27.7%*	*33.2%*	*59.7%*	*42.1%*	*20.3%*	*7.9%*	*11.8%*	*5.3%*	*27.1%*	*45.3%*	*40.9%*	*41.2%*

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 28: **KLAC - Cash Flow Statement**

Cash Flow Statement, USD in millions Fiscal Period (Fiscal Year ending June 30)	2025	2026E	2027E	2028E	Q125	Q225	Q325	Q425	Q126	Q226	Q326	Q426E	Q127E	Q227E	Q327E	Q427E
Net income (GAAP)	4,062	4,739	6,559	7,660	946	825	1,088	1,203	1,121	1,146	1,201	1,271	1,445	1,651	1,692	1,771
Depreciation and Amortization	394	396	371	338	96	104	98	96	97	99	99	101	89	91	94	97
Unrealized foreign exchange loss and other	15	0	-	-	8	11	5	(9)	12	2	(14)	-	-	-	-	-
Stock-based compensation	265	308	396	452	62	62	70	71	70	74	84	80	85	96	110	105
Deferred income taxes	(247)	(305)	(571)	(454)	(82)	(69)	(35)	(60)	(11)	(32)	15	(277)	(85)	(116)	0	(370)
Goodwill and other impairment charges	239	-	-	-	-	239	-	-	-	-	-	-	-	-	-	-
Other operating cash flow	(0)	(1)	-	-	-	(0)	-	-	-	-	(1)	-	-	-	-	-
Accounts receivable	(368)	(15)	(689)	(285)	(92)	(395)	186	(68)	(13)	191	(234)	40	(200)	(255)	(112)	(122)
Inventories	(155)	(312)	(780)	(350)	(59)	65	(112)	(49)	(96)	1	(159)	(58)	(197)	(268)	(138)	(176)
Other assets	(10)	(26)	(470)	(194)	153	(91)	14	(87)	51	(65)	(64)	52	(136)	(174)	(77)	(83)
Accounts payable	34	52	140	53	(12)	67	(12)	(9)	(24)	(5)	93	(12)	40	53	21	27
Deferred system revenue	(169)	188	362	150	(109)	195	(204)	(52)	2	39	(237)	384	105	134	59	64
Deferred service revenue	100	237	289	119	36	23	6	36	(5)	(22)	(42)	306	84	107	47	51
Other liabilities	(78)	309	972	402	49	(187)	(31)	91	(44)	(61)	(34)	448	282	360	159	172
Cash Flow from operating activities	**4,082**	**5,571**	**6,580**	**7,891**	**995**	**850**	**1,072**	**1,165**	**1,162**	**1,368**	**707**	**2,334**	**1,512**	**1,679**	**1,854**	**1,535**
Capital expenditures	(335)	(394)	(520)	(593)	(60)	(92)	(82)	(100)	(96)	(106)	(85)	(107)	(117)	(129)	(134)	(140)
Net Proceeds from sale of assets / businesses	0	-	-	-	-	0	-	-	-	-	-	-	-	-	-	-
Business acquisitions, net of cash acquired	(5)	17	-	-	-	-	(3)	(2)	2	15	-	-	-	-	-	-
Net purchases of securities	130	(750)	-	-	(111)	706	(236)	(229)	(316)	(22)	(412)	-	-	-	-	-
Net proceeds from other investments	1	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
Other investing cash flow	6	2	-	-	-	-	0	6	-	-	2	-	-	-	-	-
Cash Flow from investing activities	**(202)**	**(1,124)**	**(520)**	**(593)**	**(171)**	**614**	**(320)**	**(325)**	**(410)**	**(113)**	**(494)**	**(107)**	**(117)**	**(129)**	**(134)**	**(140)**
Common stock repurchases	(2,150)	(2,369)	(5,500)	(3,750)	(567)	(650)	(507)	(426)	(545)	(548)	(626)	(650)	(1,375)	(1,375)	(1,375)	(1,375)
Issuance of common stock	152	173	225	249	-	48	-	104	-	56	0	117	-	72	0	153
Tax withholding payments related to vested and released RSUs	(133)	(129)	(119)	(140)	(72)	(4)	(3)	(54)	(81)	(6)	(4)	(38)	(61)	(5)	(4)	(50)
Dividend to stockholders	(905)	(1,053)	(1,219)	(1,337)	(198)	(227)	(226)	(254)	(254)	(250)	(249)	(300)	(299)	(297)	(295)	(328)
Proceeds from debt issuance, net of issuance costs	-	(2)	-	-	-	-	-	-	(2)	-	-	-	-	-	-	-
Repayment of debt	(750)	(1)	-	-	-	(750)	-	-	-	-	-	(1)	-	-	-	-
Other financing cash flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow from financing activities	**(3,786)**	**(3,380)**	**(6,612)**	**(4,977)**	**(838)**	**(1,583)**	**(735)**	**(630)**	**(882)**	**(748)**	**(879)**	**(872)**	**(1,735)**	**(1,604)**	**(1,673)**	**(1,600)**
Effect of exchange rate changes on cash and cash equivalents	8	(3)	-	-	14	(19)	3	11	(3)	(1)	1	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	**102**	**1,063**	**(552)**	**2,320**	**0**	**(139)**	**20**	**221**	**(133)**	**506**	**(665)**	**1,355**	**(339)**	**(54)**	**47**	**(205)**
Cash and cash equivalents at beginning of period	1,977	2,079	3,142	2,591	1,977	1,977	1,838	1,858	2,079	1,946	2,452	1,787	3,142	2,803	2,749	2,796
Cash and cash equivalents at end of period	**2,079**	**3,142**	**2,591**	**4,911**	**1,977**	**1,838**	**1,858**	**2,079**	**1,946**	**2,452**	**1,787**	**3,142**	**2,803**	**2,749**	**2,796**	**2,591**

Summary metrics																
FCF ($M)	**3,747**	**5,177**	**6,061**	**7,298**	**935**	**757**	**990**	**1,065**	**1,066**	**1,262**	**622**	**2,227**	**1,395**	**1,550**	**1,720**	**1,395**
FCF margin (% sales)	*30.8%*	*38.4%*	*35.0%*	*36.9%*	*32.9%*	*24.6%*	*32.3%*	*33.5%*	*33.2%*	*38.3%*	*18.2%*	*62.3%*	*35.9%*	*36.1%*	*38.5%*	*29.9%*
FCF conversion (% PF net income)	*84.2%*	*106.3%*	*91.4%*	*95.0%*	*94.6%*	*68.9%*	*88.3%*	*85.5%*	*91.3%*	*108.0%*	*50.2%*	*171.6%*	*95.3%*	*92.9%*	*100.6%*	*78.0%*
Capex intensity (% sales)	*(2.8%)*	*(2.9%)*	*(3.0%)*	*(3.0%)*	*(2.1%)*	*(3.0%)*	*(2.7%)*	*(3.2%)*	*(3.0%)*	*(3.2%)*	*(2.5%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*	*(3.0%)*
Dividends (% FCF)	*24.1%*	*20.3%*	*20.1%*	*18.3%*	*21.2%*	*29.9%*	*22.8%*	*23.9%*	*23.8%*	*19.8%*	*40.0%*	*13.5%*	*21.4%*	*19.1%*	*17.1%*	*23.5%*
Share repurchases (% FCF)	*57.4%*	*45.8%*	*90.7%*	*51.4%*	*60.7%*	*85.9%*	*51.2%*	*40.0%*	*51.1%*	*43.4%*	*100.6%*	*29.2%*	*98.5%*	*88.7%*	*79.9%*	*98.6%*
Capital returns (% FCF)	*81.5%*	*66.1%*	*110.9%*	*69.7%*	*81.9%*	*115.8%*	*74.0%*	*63.8%*	*75.0%*	*63.2%*	*140.6%*	*42.7%*	*119.9%*	*107.8%*	*97.1%*	*122.1%*

Source: Company reports, Bernstein estimates and analysis

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EXHIBIT 29: **KLAC - Balance Sheet**

Balance Sheet, USD in millions Fiscal Period (Fiscal Year ending June 30)	2025	2026E	2027E	2028E	Q125	Q225	Q325	Q425	Q126	Q226	Q326	Q426E	Q127E	Q227E	Q327E	Q427E
Cash and Equivalents & Marketable Securities	4,495	6,313	5,762	8,082	4,630	3,780	4,029	4,495	4,684	5,207	4,958	6,313	5,974	5,920	5,967	5,762
Accounts Receivable	2,264	2,264	2,953	3,238	1,953	2,335	2,160	2,264	2,278	2,074	2,304	2,264	2,464	2,719	2,832	2,953
Inventories	3,212	3,495	4,275	4,624	3,110	3,046	3,156	3,212	3,297	3,283	3,437	3,495	3,692	3,960	4,098	4,275
Other Current Assets	728	710	926	1,015	536	611	601	728	642	700	652	710	772	852	888	926
Total Current Assets	**10,699**	**12,783**	**13,915**	**16,959**	**10,228**	**9,773**	**9,945**	**10,699**	**10,901**	**11,264**	**11,351**	**12,783**	**12,903**	**13,452**	**13,784**	**13,915**
Property Plant & Equipment, Net	1,253	1,416	1,694	1,998	1,118	1,174	1,198	1,253	1,302	1,345	1,364	1,416	1,477	1,546	1,619	1,694
Deferred Tax Assets	1,106	1,388	1,997	2,394	982	1,002	1,023	1,106	1,131	1,144	1,123	1,388	1,527	1,662	1,650	1,997
Purchased Intangible Assets, net	445	255	126	76	612	549	496	445	397	348	301	255	222	190	158	126
Goodwill	1,792	1,788	1,788	1,788	2,016	1,785	1,788	1,792	1,791	1,791	1,788	1,788	1,788	1,788	1,788	1,788
Other Noncurrent Assets	774	836	1,090	1,195	726	719	739	774	795	829	946	836	909	1,003	1,045	1,090
Total Assets	**16,068**	**18,466**	**20,610**	**24,411**	**15,682**	**15,002**	**15,188**	**16,068**	**16,318**	**16,720**	**16,874**	**18,466**	**18,826**	**19,641**	**20,044**	**20,610**
Accounts Payable	459	503	643	695	377	433	429	459	430	425	515	503	543	595	616	643
Current Portion of Long-Term Debt	-	-	-	-	750	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue (systems+services)	1,365	1,852	2,416	2,649	1,390	1,594	1,377	1,365	1,424	1,457	1,197	1,852	2,016	2,224	2,316	2,416
Other Current Liabilities	2,262	2,453	3,200	3,509	2,282	2,111	2,103	2,262	2,197	2,100	2,039	2,453	2,670	2,946	3,068	3,200
Total Current Liabilities	**4,086**	**4,808**	**6,258**	**6,853**	**4,798**	**4,138**	**3,910**	**4,086**	**4,050**	**3,982**	**3,752**	**4,808**	**5,228**	**5,766**	**6,000**	**6,258**
Long Term Debt	5,884	5,886	5,886	5,886	5,881	5,882	5,883	5,884	5,885	5,886	5,887	5,886	5,886	5,886	5,886	5,886
Deferred Income Taxes (Liabilities)	447	432	470	413	472	424	406	447	465	453	444	432	485	504	492	470
Deferred Revenue (Long-Term, Service)	349	286	373	409	320	334	352	349	287	271	252	286	311	343	358	373
Other Noncurrent Liabilities	610	743	969	1,062	651	639	632	610	646	663	709	743	808	892	929	969
Total Liabilities	**11,375**	**12,155**	**13,956**	**14,623**	**12,122**	**11,417**	**11,184**	**11,375**	**11,333**	**11,254**	**11,043**	**12,155**	**12,719**	**13,391**	**13,665**	**13,956**
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock and capital in excess of par value	2,512	2,675	2,675	2,675	2,257	2,346	2,401	2,512	2,489	2,604	2,675	2,675	2,675	2,675	2,675	2,675
Accumulated Other Comprehensive Income	1	(32)	(32)	(32)	(26)	(46)	(43)	1	1	1	(32)	(32)	(32)	(32)	(32)	(32)
Retained Earnings	2,179	3,668	4,011	7,146	1,328	1,285	1,646	2,179	2,495	2,861	3,187	3,668	3,464	3,608	3,736	4,011
Total Equity	**4,692**	**6,311**	**6,654**	**9,789**	**3,560**	**3,585**	**4,005**	**4,692**	**4,985**	**5,466**	**5,830**	**6,311**	**6,107**	**6,251**	**6,379**	**6,654**
Total Liabilities and Shareholders Equity	**16,068**	**18,466**	**20,610**	**24,411**	**15,682**	**15,002**	**15,188**	**16,068**	**16,318**	**16,720**	**16,874**	**18,466**	**18,826**	**19,641**	**20,044**	**20,610**
Summary metrics																
EBITDA	5,635	6,191	8,224	9,415	1,275	1,407	1,452	1,501	1,483	1,510	1,554	1,643	1,823	2,069	2,117	2,214
LTM EBITDA	5,635	6,191	8,224	9,415	4,509	4,804	5,289	5,635	5,843	5,947	6,048	6,191	6,530	7,089	7,653	8,224
Net Debt	1,390	(427)	125	(2,196)	2,002	2,102	1,855	1,390	1,202	679	929	(427)	(88)	(34)	(81)	125
Leverage (Net Debt/EBITDA)	0.2x	(0.1x)	0.0x	(0.2x)	0.4x	0.4x	0.4x	0.2x	0.2x	0.1x	0.2x	(0.1x)	(0.0x)	(0.0x)	(0.0x)	0.0x
Invested Capital / Net Operating Assets	5,797	6,244	6,328	7,147	5,561	5,687	5,859	6,082	6,187	6,144	6,760	5,884	6,019	6,217	6,298	6,778
NOPAT	4,333	4,981	6,714	7,761	1,080	932	1,151	1,170	1,265	1,121	1,276	1,319	1,483	1,691	1,730	1,810
ROIC (annualized)	*75%*	*80%*	*106%*	*109%*	*78%*	*66%*	*79%*	*77%*	*82%*	*73%*	*76%*	*90%*	*99%*	*109%*	*110%*	*107%*

Source: Company reports, Bernstein estimates and analysis

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