

KLA+ Earnings

Q3 Fiscal 2021 (Quarter Ended 03/31/2021)

March Quarter 2021 Business Highlights

- 1 Demand Continues to Strengthen for 2021.** We saw accelerated demand in Foundry/Logic, with simultaneous investment across multiple nodes, and with our customers increasing their growth forecasts. In Memory, demand continues to strengthen across a broader set of customers, and our outlook shows demand momentum continuing throughout the year led by strength in DRAM, with NAND investment broadening out in the second half of the year.
- 2 KLA Market Leadership Affirmed By Latest Gartner Report.** We ended the quarter with strong backlog, demonstrating momentum in the marketplace across multiple product platforms. Fueled by new applications in our optical inspection portfolio and the success of new e-beam inspection offerings, we are seeing strong adoption of our market leading Process Control products. Our product portfolio strategy addresses a broad range of our customers' most complex technical challenges and is a unique differentiator for KLA.
- 3 Services Delivers Again With Strong Double Digit Year-over-Year Growth.** Our Services business (24% of revenue) continues to perform well, and grew 15% year-over-year, above its targeted long-term growth rate of 9% to 11%. Improved long term growth in Service is being driven by a growing installed base, increasing complexity of our systems, tighter time to market requirements for our customers, and market expansion at trailing edge nodes. KLA's Service contract penetration rate has grown from approximately 70% to over 75% during the past year.
- 4 EPC Group Benefitting from Growth Associated with 5G and Advanced Semiconductor Packaging.** This was another growth quarter for our Electronics, Packaging, and Components (EPC) group. Through EPC, KLA is now providing a more comprehensive and broader product portfolio and addressing fast-growing new markets in the electronics supply chain such as RF, automotive semiconductor, and advanced packaging.
- 5 Record Free Cash Flow and Continuing our Commitment to Returning Value to Shareholders.** During the March quarter we generated a record \$585 million in free cash flow and repurchased \$273 million of our common stock and paid \$139 million in dividends. Over the past 12 months, we have returned \$1.19 billion to shareholders or 61% of Free Cash Flow, including \$553 million in dividends paid, and \$639 million in share repurchases.

March Quarter 2021 Financial Highlights¹

Growth

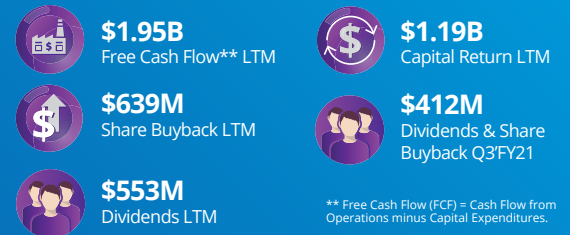


Profitability



¹All Non-GAAP financial measures are reconciled on the KLA IR Website

Capital Return



** Free Cash Flow (FCF) = Cash Flow from Operations minus Capital Expenditures.

Breakdown of Revenue

Reportable Segments and End Markets

	Q3-FY21(\$M)	Y/Y Growth %	Q/Q Growth %	Revenue Mix
Semiconductor Process Control <i>(Systems + Services)</i>	\$1,507	↑28%	↑9%	84%
Specialty Semiconductor Process <i>(Systems + Services)</i>	\$92	↑8%	↑1%	5%
PCB, Display and Component Inspection <i>(Systems + Services)</i>	\$205	↑28%	↑14%	11%
Total	\$1,804	↑27%	↑9%	

Semi Process Control End Market System Revenue



Major Products and Region

	Q3-FY21(\$M)	Y/Y Growth %	Q/Q Growth %	Revenue Mix
Wafer Inspection <i>(Systems Only)</i>	\$715	↑33%	↑4%	40%
Patterning <i>(Systems Only)</i>	\$400	↑34%	↑30%	22%
Specialty Semi Process <i>(Systems Only)</i>	\$77	↑12%	↑7%	4%
PCB, Display and Component Inspection <i>(Systems Only)</i>	\$142	↑36%	↑22%	8%
Services	\$428	↑15%	↑4%	24%
Other²	\$42	↓2%	↓24%	2%
Total	\$1,804	↑27%	↑9%	

² Included in the Semiconductor Process Control Segment

Revenue by Region

