

KLA+ Earnings

Q1 Fiscal 2022 (Quarter Ended 09/30/2021)

September Quarter 2021 Business Highlights

- KLA's Consistency Led By Execution and Strong Portfolio.** We continue to benefit from strength across all our major end markets with overall revenue up 35% year-over-year. We are not immune from supply chain challenges, but we are navigating them well. In Foundry/Logic, simultaneous investments across multiple nodes and rising capital intensity continues to be a tailwind. In Memory, demand remains broad-based across multiple customers, with growth in 2021 led by DRAM, and 2022 setting up to be a strong year for NAND.
- Optical Metrology Business Stands Out.** KLA's metrology revenue is on track to grow meaningfully faster than the WFE market in 2021, after experiencing similar levels of absolute growth in 2020. This is driven by market leadership, as well as increasing adoption of metrology applications in leading edge technology development and capacity monitoring. The optical metrology market is strongly leveraged to EUV and critical next-generation architectures including gate-all-around (GAA) and multi-stack 160+ layer 3D NAND.
- KLA's Market Leadership in the Largest and Fastest-Growing Segments of Process Control is Delivering Strong Relative Growth in our Semiconductor Process Control Segment.** Optical patterned wafer inspection is forecasted to be among the fastest-growing markets in WFE in 2021 (for product segments over \$1 billion in revenue), following a similar result in 2020. Just last month, KLA introduced the new Voyager® 1035 laser scanning patterned wafer inspector, the latest in an extensive portfolio of inline defect inspection tools for critical process monitoring applications in advanced logic and memory chip manufacturing.
- Stellar Services Performance as Double-Digit Growth Continues.** Our Services business (22% of total 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 Services 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 Services contract penetration rate is over 75% of overall Service revenue.
- Company Delivered Exceptional Free Cash Flow Generation and Consistent Capital Returns.** Quarterly free cash flow grew to a record level of \$795 million which drove LTM free cash flow up 42% year-over-year to \$2.29 billion. We have also remained focused on returning capital to shareholders via our dividend and stock repurchase program, both of which are up materially year-over-year, including \$563 million in share repurchases and dividends during the quarter.

September Quarter 2021

Growth



Profitability



¹ Non-GAAP metric - Please refer to Appendix for reconciliation to GAAP
² Free Cash Flow (FCF) = Cash Flow from Operating Activities minus Capital Expenditures. Capital Returns = Dividends + Share Repurchases

Free Cash Flow and Capital Return



Breakdown of Revenue

Reportable Segments and End Markets

	Q1- FY22(\$M)	Y/Y Growth %	Q/Q Growth %	Revenue Mix
Semiconductor Process Control (Systems and Services)	\$1,779	↑40%	↑13%	85%
Specialty Semiconductor Process (Systems and Services)	\$102	↑15%	↑4%	5%
PCB, Display and Component Inspection (Systems and Services)	\$203	↑12%	↓18%	10%
Total	\$2,084⁴	↑35%	↑8%	

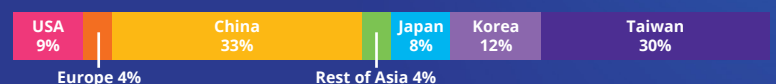
Semi Process Control End Market System Revenue



Major Products and Region

	Q1- FY22(\$M)	Y/Y Growth %	Q/Q Growth %	Revenue Mix
Wafer Inspection (Systems Only)	\$888	↑71%	↑20%	43%
Patterning (Systems Only)	\$440	↑19%	↑3%	21%
Specialty Semi Process (Systems Only)	\$93	↑26%	↑14%	4%
PCB, Display and Component Inspection (Systems Only)	\$138	↑14%	↓25%	7%
Services	\$454	↑15%	↑2%	22%
Other ³	\$72	↑19%	↑50%	3%
Total	\$2,084⁴	↑35%	↑8%	

Revenue by Region



³ Included in the Semiconductor Process Control Segment
⁴ Rounding difference with sum of above