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KLA Corp. (KLAC)

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Joseph Moore
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MANAGEMENT DISCUSSION SECTION

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Hi, welcome back, everybody. Again, I'm Joe Moore. Happy to have with us today the management team of KLA, Rick Wallace and Bren Higgins. Thanks, guys.

Bren Douglas Higgins
Chief Financial Officer & Executive Vice President, KLA Corp.

Thanks, Joe.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

Thanks for having us, Joe.

QUESTION AND ANSWER SECTION

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

So maybe we could just start out with, big picture, look at this. I guess this time last year, I thought we'd be looking at WFE last year of like mid-60s, ended up more like mid-80s. Now, we're talking about $100 billion when your competitors at this conference last year actually sort of throughout $100 billion WFE number, and it was so contentious that they kind of walked it back. And then, here we are a year later that – that's the numbers. So, maybe just talk about it. Are you guys surprised at how strong that is and how sustainable do you think that $100 billion level is?

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Well, thanks for having us, Joe, and thanks for such an easy first question. Look, I think that a year ago, we didn't – you go back two years and we were questioning whether or not the market was going to tip over, right, at the beginning of coronavirus. And so, I think that what happened in the last year, of course, is digital transformation happened. All these drivers we were talking about in our Analyst Day in 2019 were there and they were all starting to happen, and then they got accelerated through COVID.

So, I think part of what we started to see was a lot of the end market demand was driving our customers and then the profitability of all our customers. When we look at their expenses, their CapEx investment relative to their revenue, for the first time, I can remember they're all making money. And so, it's all kind of rational from that standpoint with a couple of exceptions. I think there are some projects in China that are not really driven by the revenue that they're generating, right? Those are strategic investments. But by and large, when you look at the most of the spend of WFE, it is rationalized and you have the player that's trying to regain technological lead, investing at a higher level, right, with Intel. So, I think it kind of makes sense that we're at – that we're seeing these levels and we've got a huge amount of pent-up demand now because of the supply chain, has extended it.

So part of what we're seeing, I think, the sustainability of it, and the second part of your question, I don't think there's an equipment company out there that's going to be able to ship what we would like to ship this year. We can get the – and there's plenty of customers to take it. So, I think – yeah, I think that we're in good shape relative to the growth of the industry, relative to semiconductor growth and capital equipment, and I think for WFE, it's supportive of that. But yeah, of course, we are surprised. I mean, three years ago, when we put out our model, we didn't have this big step-up in terms of overall investment. But when I look at the profitability of our customers, kind of – it's supportive.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

Yeah, makes a lot of sense there. You mentioned the supply chain and it's kind of interesting you guys have so much higher semiconductor content in your tools than everybody else. And yet, you actually kind of have been the cleanest on supply chain until it did kind of start catching up to you a little bit. Can you just talk about where the bottlenecks are for you? And you mentioned nobody's going to get what they need for the whole year that – I would think that when you're selling tools that are this expensive, you can kind of force your way to the front of the line and get the pieces that you need to kind of keep that supply chain in order.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

So, I'll start it and then give it to Bren, who does the heavy lifting on this, as ops reports into Bren. I think that the biggest – overall, for KLA, because we have a high mix, low volume in general and we have a lot of unique kind of parts that we buy, whether it's optics or other electronics, we have pretty good handle on the supply. So, we're not buying commodities. So, we're not typically competing as broadly. But in the case where the few things we've gotten bitten on are very low volume and not particularly specialty. And so, yeah, we had a couple, I would say, pretty minor on a relative basis.

But I think that the other thing that happened in the first quarter and even a little bit at the end of last year is I do think that Omicron kind of screwed up some of the supply chain, too. Suddenly, you had a number of people out that were – they were fine but they were out for a couple of weeks in our suppliers. And so, that was, what we think, kind of a hiccup. But I think in aggregate, it is absolutely more because of the increased level of business than it is necessarily because of the challenges from the pandemic.

Bren Douglas Higgins
Chief Financial Officer & Executive Vice President, KLA Corp.

A

Yeah. To your last question, right, if we had thought it was going to happen, we were certainly had more parts.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

That's true.

Bren Douglas Higgins
Chief Financial Officer & Executive Vice President, KLA Corp.

A

And in your question, so around semiconductor content that's driving our image processing requirements, that's been less of an issue and that tends to be more leading edge-centric. Our challenge is, as it relates to semi, just in general, tends to be around commodity parts are in demand by lots of industries, right, even beyond what our requirements are. And so, in some cases, getting visibility to that when it's deep into the bill of material is not always clear or it's in a subsystem, that the supplier – supplier's bill of material. When we have visibility of those issues, we tend to be able to go work them and deal with them, but it was certainly an issue that affected our guidance into the March quarter.

As Rick said, we have certain components where we have very clear relationships with these suppliers. They have a certain amount of capacity. That capacity drives a certain amount of output and it's fairly predictable. And in those cases, we just have a shortfall relative to demand. And so, we're trying to manage our way through that. We have a second group of suppliers that tend to be single sourced for lots of competitive or strategic reasons, and they're just feeling the pressure like Omicron was a factor, where they're running these facilities 24/7, they're running their equipment, they're running up to legal limits as far as overtime goes with people. So if you have a disruption, it just slows everything down. And eventually, we think they catch up but it does take some time for that to happen.

So, there was a mix of those last couple of areas that affected the guidance into March. That being said, while it's still challenging, we think that the way we saw things are just generally still intact, and we feel pretty good about the guidance we've given in terms of March being probably the low with sequential growth through the year and that the overall year for the company was probably somewhere in the neighborhood of plus-20%.

So still managing the issues, I wouldn't say it's necessarily getting easier. It's just we're battling our way through it. But we did some risk adjustment in terms of the guidance we've provided and we feel pretty comfortable with that.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

But the big things, the A6, microprocessors, DRAM stuff like that, you're basically okay. It's the smaller raw materials...

Bren Douglas Higgins
Chief Financial Officer & Executive Vice President, KLA Corp.

A

It's down the list versus some of these other challenges.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

Yeah, yeah. Okay. And the question of remaining constrained through the whole year, and everybody – every equipment company has said that, so it's consistent. I guess it is surprising to me just given the multiplier of – that a $5 component cost you so much revenue, that presumably, if there's any kind of auction situation, you win that auction.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

No, we – yeah, I – correct, but that – some of it is just timing, right? So if you're short and it takes you – and this is what the hiccup was, it took a little while, but the constraint is not on those. The constraint for the rest of the year is these other things, the long lead items, let's say in optics, where we've dramatically ramped up, and the question we could – we'll satisfy Bren's plan, we have that capacity for that, but beyond that, if you could do more what customers wanted, of course, but then, we're constrained by literally the build time on some of these optics, which has been ramped up pretty dramatically from two years ago. And the fastest growing product line, we think $1 billion more in WFE is our broadband plasma inspection systems. And those are maxed out. Those are – we're sold out through the year and that has grown dramatically in the last three years, that product launches.

Bren Douglas Higgins
Chief Financial Officer & Executive Vice President, KLA Corp.

A

Yeah. One of the fastest growing markets, if not, the fastest in WFE. One of the differences about this node or this – the last couple of years is we've always had steep slopes in our business and it's happened and there's always been a follow-up. I think one of the things here, in this case, is we've had sustained growth over a long period of time. So, the duration is unlike anything we've seen. And so, where you have a fair amount of strategic buffer in the system, whether it's long lead time materially or suppliers or it's – or they're carrying long lead time or where we're carrying it ourselves, we've worked through that over the last couple of years. So in some cases, our suppliers are shipping directly and we're getting these parts in there. We're waiting for them in the build cycle and they're going into tools. So, it does make us a little bit more dependent on not just the predictability of timing, but of the quantity and the volume. And in some cases, you do get surprised here and there. So it's a battle, but like I said, I think we assessed it and feel pretty good with our assessment.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

Yeah. And I think you've navigated it really well under the circumstances. So, maybe you talked a little bit to the geopolitical rationale for some of the spending in China and also domestically. You also said that it's backed up by profitability for the most part. Can you just talk a little bit about those drivers? Do you see that persisting where there's – we have the CHIPS Act the US equivalent in Europe. Obviously, China has their own incentives. You kind of continue to see that as a growth driver. And separately, any risk of export controls that could end up disrupting any of that?

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Sure. I think that the regionalization effort that's going on that's been talked about many times publicly by a lot of players, I think the US wants to get, as you know, about the 13% that we're roughly adding and maybe more toward something like 30%. But I don't think it's additional capacity. It's just where the next capacity is put, right. So, I don't think it's – that there's suddenly going to be overbuilding because of that. It's just going to be geographically managed so that there's a balancing. So TSM, for example, has announced obviously Arizona and they just announced Japan. And so, they're going to spread their footprint out, too. And similar with Intel and what's going on both here and in Europe. And I think you're going to see it, just back to this, whatever, the WFE, it just gets reallocated more broadly and not so concentrated just in Taiwan.

China's got a different plan. China's well under the plan I talked about a few years ago, but still pretty significant part of the overall WFE. Most of that is – almost all of that is now trailing. And so, export control is not such an issue when we talk about the nodes that they're building there and even a lot of the growth on some of the more mature nodes of technology, that that's – we don't believe that's going to be – what we've heard so far is that's not the real focus. I think it's on the leading edge.

So, I don't think of those factors. I think if there's anything, what COVID did is reminded people of the critical nature of supply chain having – and especially as it hit other markets. Automotive, maybe to best document it, how much they lost because they didn't have semiconductors. And so, I think you're going to see that play out, but I don't think it overbuilds and I also don't think it is that particular risk. I think from a customer standpoint support, it's also not particularly hard because we get plenty of lead time, we can hire the – and it's really only service people and some apps people that we need to support.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

It seems like politically, export controls would be rough right now, too, because we are dealing with a supply chain crisis on foundry.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Back to the – we have conversations. We feel like the way it's being managed right now is around leading edge. Some of those actions have been taken.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

Okay. So maybe if you could talk about process control, I mean, you've continued to outpace WFE overall. And I guess some of that is intuitive to me where when people are making investments in 3-nanometer and beyond, that there's going to be quite a bit of process control. You've also done really well in trailing edge nodes, which I

was – have been pleasantly surprised by. Can you just talk generally to what you're seeing in process control relative to WFE now?

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Yeah. I think a couple of things that maybe we were hoping for but certainly didn't foresee that helped drive that dynamic, number one, one of the things that we pay a lot of attention to, because it impacts process control so much, is the number of designs at particular nodes, the number of unique designs. So remember, process control benefits the most in a high mix, high change environment. If you're a manufacturing person, what you want is to build the same thing and it never change, right? And then, I was in once upon a time there and then I can down my process. Process control is really necessary when I'm building a lot of different devices and a lot of different process flows because I can't – I don't want to overbuild and I don't want to underbuild per watt. So, those are places where they tend to have the highest process control.

So, a couple of things have happened in the last few years. Number one, we've had a resumption of scaling because of EUV, and the cost of design has come down enough that there's been a dramatic increase in the number of designs. So just one example, 28-nanometer was the mega design node. And still, there were designs even recently, there have been designs. 7-nanometer has now exceeded 28-nanometer in the number of designs. So, over 500 designs at 7-nanometer and there were some 400 at 28-nanometers. So, that means – and remember, traditional wisdom a few years ago, with every node, they were going to be fewer, and by the time we got to 3-nanometer, they're going to be three designs left or something.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

But cheap at 7-nanometer.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

But it's less expensive than it was, right?

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

Yeah.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

And certainly then, it was foreseen to be. So, you have over 500. And we also – already see a huge number at the next node, at 5-nanometer. So what that drives, it drives a bunch of aspects of our business. It drives the number of reticles that are being built to support that. It drives change in the process, because if you go on TSM's website, I think it's still true, you can pick your design flow and there's lots of different design flows. That's really good for process control. Then the other players that are trying to be in the foundry business that also want to provide lots of flexibility in designs, this is a driver for process control as well.

Scaling has also been a big driver, back to the BBP or broadband plasma. Part of what happened there is we anticipated that Gen 5 was really going to grow. We talked about that a few years ago with EUV, but it started growing before EUV and it has been growing dramatically. But what was amazing for us in 2021 is Gen 4, on a revenue basis, was bigger than Gen 5. So, we're still seeing this broadening across all of these advanced

designs, so you have scaling resumed, you have more designs and you have more people on the leading edge as a result. WFE, as you know, has gone up pretty dramatically in foundry/logic last few years.

In the trailing edge, some of these 28-nanometer designs are trailing edge. So, part of what's happened is a lot of what's happened in the trailing edge because of automotive and others, we're seeing two things that are happening that are good for KLA. One is more focus on reliability because of markets like automotive. And so, we've actually – we talked about that at our Analyst Day a few years ago. And also, again there, more capacity constraints and more advanced designs for them, right? 28-nanometer [ph] in all fab (16:03) that wasn't doing 28-nanometer is good for KLA.

So Bren, am I missing anything?

Bren Douglas Higgins A
Chief Financial Officer & Executive Vice President, KLA Corp.

No. Well, and given the overall demand in the environment, particularly those nodes, the ability to go out and get old equipment and used equipment has dried up. So, you see demand for new equipment from a lot of those suppliers or customers. And even to the point where we're restarting some of the old lines where they're old products, but at the same time, it meets some of these requirements. And so, that's driving some operational challenges for us in terms of redesigning components in these parts, but at the same time, they're having to do new investment.

The other thing on the leading edge is as you have that design proliferation, what ends up happening is, is that that capacity doesn't get moved to the next node, and so – at 5-nanometer, for example. The 7-nanometer wafer starts are still roughly flat, maybe actually increasing a little bit. So as customers add 5-nanometer, they're not reusing any of the 7-nanometer. And so, what we saw with the limited number design, the 20-nanometer and 14 and 16-nanometer is we – you didn't have a technical driver, the delays in EUV to buy new equipment, and you didn't have end markets driving the follow-on needs to those nodes. And so, that capacity was migrated. Today, they're having to equip the fabs fully and have a technical challenge along the way with EUV that presents new challenges from a process point of view. So, that factor was a big factor in terms of how it's affected, I think, the overall WFE and foundry/logic, but certainly, KLA's business.

Joseph Moore Q
Analyst, Morgan Stanley & Co. LLC

And to the extent – I mean, don't want to put you in an uncomfortable position of talking about anyone of your customers.

Richard P. Wallace A
President, Chief Executive Officer & Director, KLA Corp.

Thank you.

Joseph Moore Q
Analyst, Morgan Stanley & Co. LLC

We'll try anyway. We've made the case that you're one of the bigger beneficiaries of Intel's resurgence. I guess could you just talk generally about when a company accelerates the process migration as rapidly as they are that what happens to the process control intensity. And Intel used to be a very large customer for you guys. It's become somewhat smaller. Just again, I don't want to make uncomfortable with that customer, but the process control intensity roadmap seems pretty clear.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

I think that for anyone that wants to – we used to talk about Moore's law being the doubling of transistors in 18 months and the design rule shrink, and now, it's really – it's harder to know what it means, but its process evolution, for sure. The reason is harder, by the way, is once we went to FinFET, scaling was a different concept altogether, right, because of the way the transistor has laid out, but anybody who wants to progress have to solve. I used to use this example. Let's say if I want to bring up a new node in a fab, I have to solve 10,000 problems. I have to solve all kinds of problems about integration, and I need data to do that. And what KLA really provides often is the insight around what's going wrong in that process. So somebody once likened it to a debug tool, is I just got to keep looking all with our equipment to understand why is this node not working. And so, I want to have the maximum amount of insight and a lot of our metrology and inspection tools provide that.

So what happens is as people are progressing the nodes, if they want to do it quickly, they need more of that. And so, part of what we benefited from – and they often frontend-loaded because I want at the beginning to understand how do I design my process. The thing that a lot of people don't recognize is the process margins with every subsequent advance in technology have gone down. In other words, there's just not as much leeway. And so, that's why I have to measure more things and the number of points that are being measured – 25 years ago, you would measure 5 points on a wafer to see registration. Today, it's literally thousands of points are measured because I'm tuning this process so much. So, that's where we get it. If you're taking longer in your node migration, you don't need as much equipment because you're taking longer to do it. If you want to accelerate it and this is why we get pushed, Bren gets pushed so hard on deliveries for some of our advanced tools because not only do they need them, they need them at the front end.

So, the answer is EUV. If anybody is adopting EUV, that's been a big driver for us, because suddenly, there's a whole new set of problems that they didn't anticipate that they've got to debug. Then later during – that's in the development in the pilot stage. Then in production, this stuff comes and goes and we've had customers where they had to resist change and suddenly they started losing wafers, because then, they realized they had to put more monitor points. So, that's what happened to us in capacity. So anybody who wants to accelerate their nodes, they're going to need to figure out how to understand what the problems that they're trying to solve are, and that's what drives the capacity and then tell us that they want to accelerate their nodes.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

Yeah. I appreciate that. And then, the other thing we hear a lot from several of your customers and several fabless customers is the importance of advanced packaging, and I feel like the acquisition of Orbotech kind of becomes clearer as every sort of semiconductor CEO talks about how what a critical advantage that is with very complex multi-chip packages and tiling and through silicon [ph] views (21:15) and things like that. Can you talk a little bit about that business for you guys and how are you going to be able to drive that growth in that business going forward?

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Right. So, it was the driver. I mean, a large part of that driver was associated with more than more, so a little bit to the packaging, but also, frankly, power automotives and some of the work that we do in the SPTS division there. But our view, because we had the ICOS business, we've always had a view a little bit in the packaging. So, ICOS kind of opened up our view that there was going to be more work going on. And even though you have a resumption of scaling, the combination for every one of the major semiconductor companies is now about

packaging in addition, and some of the CapEx, you see a split in a way that's different. Also some, of the same people now are in the packaging that used to be in the front end. So, a lot of them know KLA. What happened with Orbotech is suddenly, we started having conversations with those customers that Orbotech told us on their own they wouldn't have those conversations, because a lot of those customers, they want to rely on a supplier that they can count on and hold accountable for their results. So, I would say two things. One, we've seen a growth in that market, and the other, we've seen a huge growth in the engagements we've had about stuff that's coming out in the next couple of years.

Bren, what would you say lead packaging was last year for us?

Bren Douglas Higgins
Chief Financial Officer & Executive Vice President, KLA Corp.

A

It was probably $300 million – $300 million to $400 million or so, and that grows, we think, over time because of these drivers. But I'd say we're early on and we're early on in the product development associated with Orbotech because it's only been a year or so that we've been having these conversations. So, we're still in development. But we do have new products that will come out to satisfy that market.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

Yeah. Okay. Great. So, I'll ask one more questions and see if we have questions for the audience. Can you talk about memory – process control dynamics and memory as robust as they are on the logic side? And do you see that in the context of higher layer accounts and NAND that being more process control intensive? And then, as you look forward and you look at things like 3D DRAM, where do you see that?

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Yeah. So, two things. One, I think finally, we're seeing EUV being applied in memory and so on DRAM. And so, that drives with it a number of opportunities for us. I think that the registration requirements and metrology requirements are pretty high. In 3D, yes, it increases the number of layers, but the process control intensity of memory has always been lower for two main reasons. One, there's less process change, and the other is that they repair, right? So because they can repair, they can run with a higher defectively count.

But Bren, in terms of the percentages that we're seeing?

Bren Douglas Higgins
Chief Financial Officer & Executive Vice President, KLA Corp.

A

Yeah. So, [ph] I'll give you (24:03) high-single digit, 9%, 10% process control intensity. So, the – a foundry would be sort of a mid to high teens of high-mix foundry. You'd have memory somewhere in that range, a little bit higher with 3D memory, particularly on the flash side. But you do have redundancy there, so it's – in more commodity parts. So, there's less intensity overall. But we are seeing opportunity certainly with the introduction of EUV and DRAM that's creating, at a minimum, just infrastructure requirements. So, we are seeing some investment there. And it's not that there are problems that we can solve. We can solve them. There's opportunity for us moving forward. So it'll never look like a foundry sort of logic environment, necessarily, but at the same time, the introduction of EUV and some of the increased layer challenges will create some new opportunities for us.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Yeah. And one other thing we saw, and we're still seeing now in bare wafer inspection from the people that make wafers, as you have higher stacks, the flatness becomes more critical and the cleanliness. So actually, it translates to some of our business in the people – wafer manufacturers as well driving up intensity and their need for precision.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

Okay. Then, a question from the audience. All right. I'll keep going. Can you maybe talk a little bit to the competitive dynamics? And I feel like it's pretty well appreciated how strong your position in these markets, but there continues to be focus on next-generation e-Beam, as well as some of your optical inspection competitors. Can you talk about the strength of your competitive position?

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Yeah, sure. So when we had the Analyst Day in 2019, we talked about our 2023 plan, and part of that we were a little off on because we said WFE grows 6% to 8% and then higher. But the part that we nailed was what we thought we would do with our market share, and at that point, we said 250 basis points, right, over...

Bren Douglas Higgins
Chief Financial Officer & Executive Vice President, KLA Corp.

A

Yeah, over the timeframe of the plan, the 2023 plan, yeah.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

So, we have – so we've gained some share, and clearly, we feel good about the investments that we're making. There are always – because of our margins and because of our market share, we always have competition. I think when we look ahead, we continue to think that we'll continue to gain share, but it won't be at a huge rate. I think it'll be in the 50-basis point a year kind of level. And the areas that I think are most critical for us, optical inspection was one, and we talked about this in the Analyst Day, that many people had written off a few years ago, e-Beam was going to take it over. I did a look – I took a look at 7-nanometer flow and there – so if you look at the inspection points, I was talking before you do the debugging and then you put in inspection, they were like, what do we say, 300 – 250 inspection points. 150 were with what we call the laser scanning systems, about 60 to 80 something like that was BBP and one was e-Beam. And if you go back 10 years, probably one was [ph] EUV (27:21). And the reason for that is the price performance of e-Beam relative to optical lends it more and more toward the debugging and my analogy there and less into the production. So, that limits the volume that you're ever going to sell, because how many do I need, so yes, we'll sell some for inspection, but mainly in what we call engineering analysis, not in the scaling of production. So, that's been why that market dynamics always been like 80/20 between optical, and that's been true for every year.

Joseph Moore
Analyst, Morgan Stanley & Co. LLC

Q

This was a conversation 15 years ago.

Richard P. Wallace
President, Chief Executive Officer & Director, KLA Corp.

A

Right. And it's because it's literally a thousand times faster. And now, we develop e-Beam technology, too. In fact, we have an e-Beam inspection tool that is uniquely positioned in the market but it's for reticle. And it's what we're using right now for EUV, reticle inspection, and we think that that's – it's a limited inspection that you're doing because it's a reticle, you don't have to do – process thousands of wafers, and we think that's the right technology for that particular application.

So I think competitively, we feel good. We're investing in a high level. We've historically built on our share gain that we think we'll continue to – that's our plan, that's our forecast and that's [indiscernible] (28:37).

Bren Douglas Higgins

Chief Financial Officer & Executive Vice President, KLA Corp.

A

Yeah. I think share will be flat year-to-year. And it really, the movement in share, both pluses and minuses, have to do more with the relative growth of certain parts of the market. We have a portfolio business. We have some part businesses, I think, given your main [indiscernible] (28:53) is fastest overall. WFE is an example and something that grow much faster. So, depending on where you are, your movements – or the growth is a little bit different. When you aggregate it all out, we think share is roughly flat, maybe up a little bit as we look – in 2021, which was a similar result in 2020. So, not much change overall for the reasons Rick talked about.

Joseph Moore

Analyst, Morgan Stanley & Co. LLC

Great. Well, I think [ph] they are the only questions (29:13) but I guess we're out of time. With that, thank you very much, guys. Appreciate your time.

Richard P. Wallace

President, Chief Executive Officer & Director, KLA Corp.

Thanks, Joe.

Bren Douglas Higgins

Chief Financial Officer & Executive Vice President, KLA Corp.

Thanks, Joe.

Richard P. Wallace

President, Chief Executive Officer & Director, KLA Corp.

Thanks, everybody.