Canadian Shield


APPLIED
MATERIALS

Gameplan

Speaker	Segment
Dan The Man	Company Overview, Capital Allocation, Economic Moat
Pablo Picasso	Business Model, Growth Opportunities, Value Bands & Intra-portfolio Analysis
Tristan Smith	Management, Valuation & Conclusion
Carson Alldredge	IOFS, Competitor Analysis, Risk Factors

Company Overview

Dan The Man

What is Applied Materials?

Leading supplier of manufacturing equipment, software, and services for semiconductors.

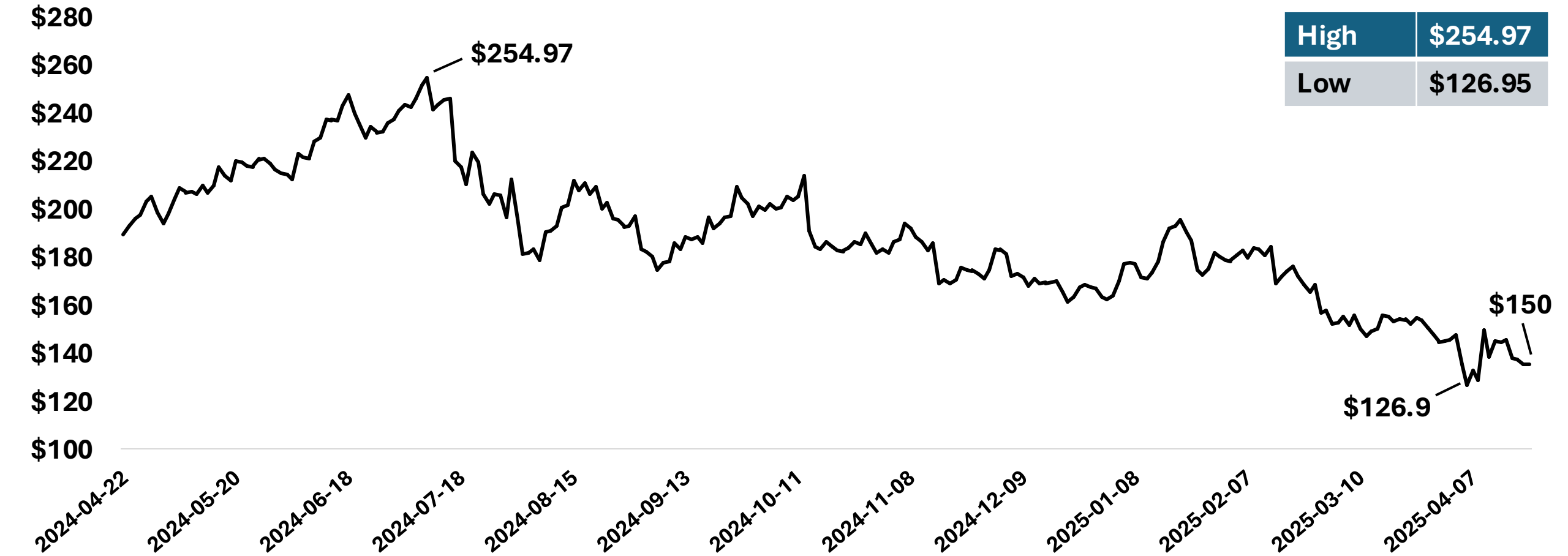
Critical to the production of computer chips, displays, and advanced electronics.

Customers include top global tech and chip companies.

Company Info

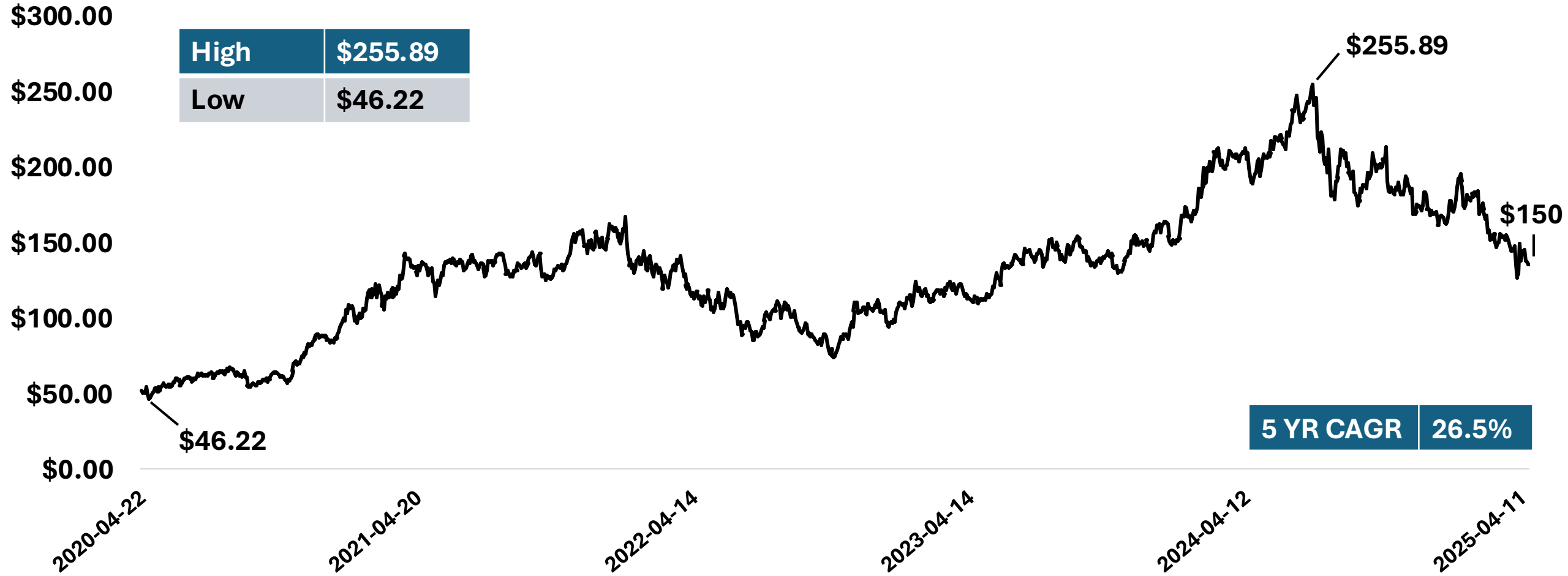
- Ticker: AMAT
- Market Cap: $110.13 B
- Stock Price: $150.17
- Founded: 1967
- IPO: 1972
- Revenue(TTM): $27 B
- Headquarters: Santa Clara, CA

52 Week Stock Price Performance



High	$254.97
Low	$126.95

5 Year Stock Price Performance



History

1967 — Founded in Santa Clara, California by Michael McNeilly

1971 — Released first public CVD: chemical vapor deposition

1972 — Went public on NASDAQ

1978 — Global Expansion to Europe and Asia

1993 — First U.S semiconductor equipment company to reach $1 billion in annual revenue

History

2000 — Entered Display equipment markets

2011 — Acquired Varian for $4.9B

2019 — Opened Advanced Packing Development Center in Singapore

2020's — R&D in AI and Advances AI and data analytics in manufacturing tools

2025 — Takes majority stake in BESI

News

Ticker	Insider	Position	Date	Buy/Sell	Shares	Shares Owned	Trade Price($)	Trade Percentage(%)	Cost($1000)	Price change since trade(%)	Share ownership details
AMAT +	Gary E Dickerson	President and CEO	2025-04-03	Buy	50,000	1,716,058	137.300	2.910	6865.000	-2.94	1,716,058 (Direct)

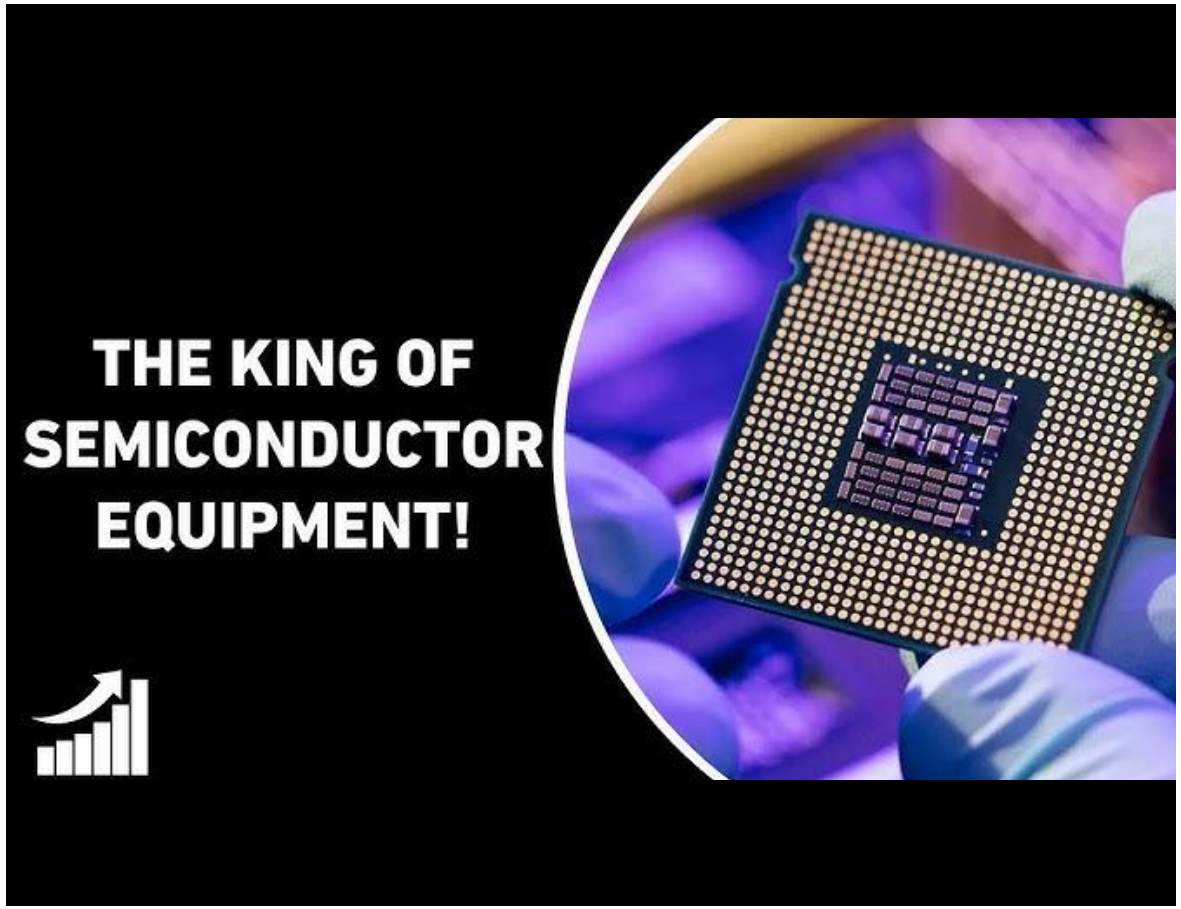
CEO personally bought $6,865,000. The price he bought it at is higher than it is right now

AMAT recently bought a 9% stake in BESI (Semi Conductor Company)

Besi

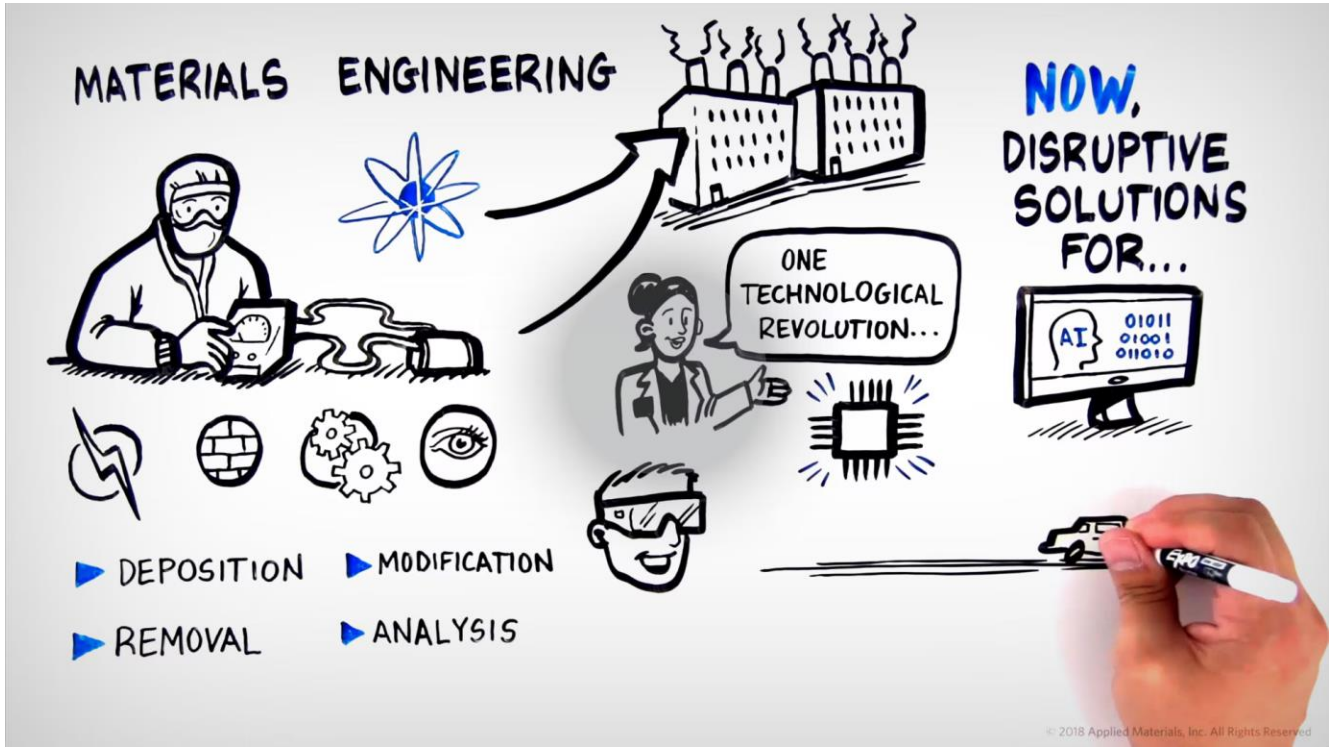
Business Model

Pablo Picasso

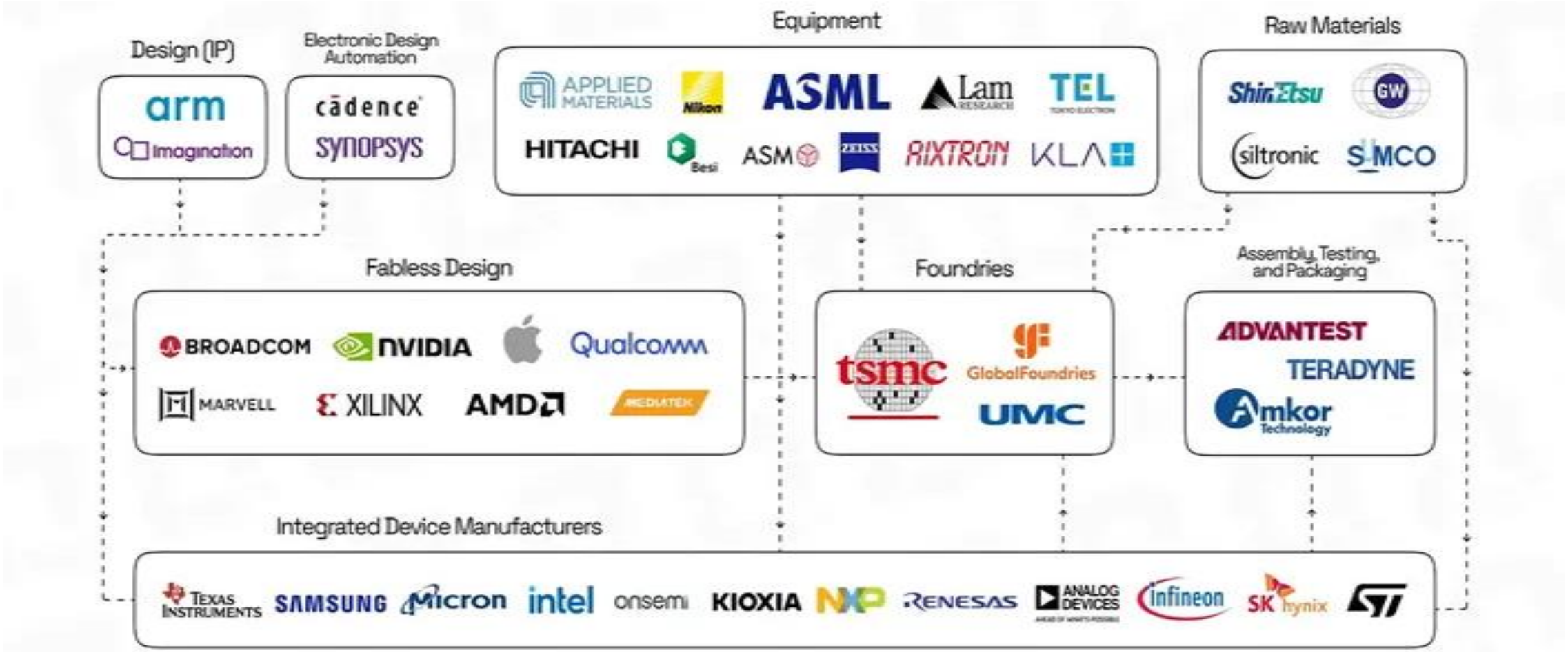


Business Model Overview

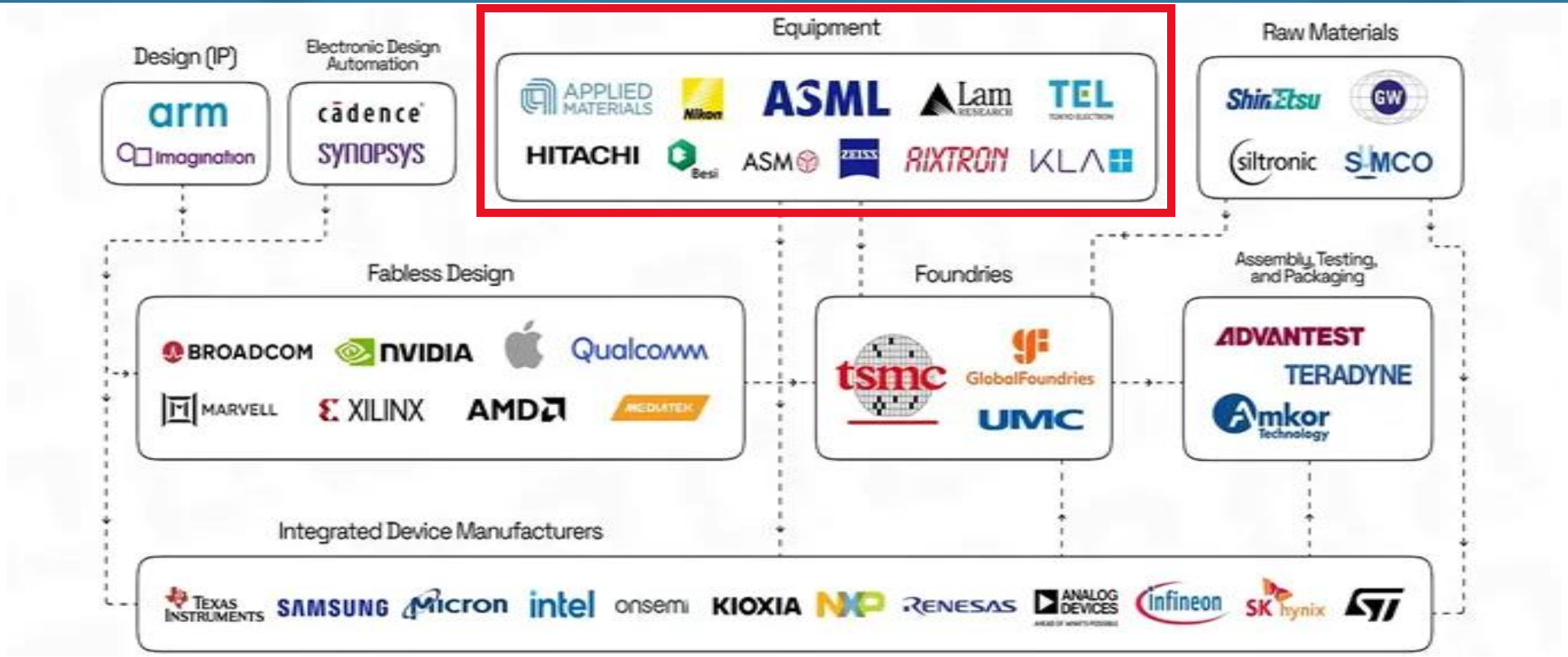
- Leader in Materials Engineering for Semiconductors and Displays
- End-Market Diversification
- Integrated and Comprehensive Product Portfolio
- High-Impact Technology Enabler



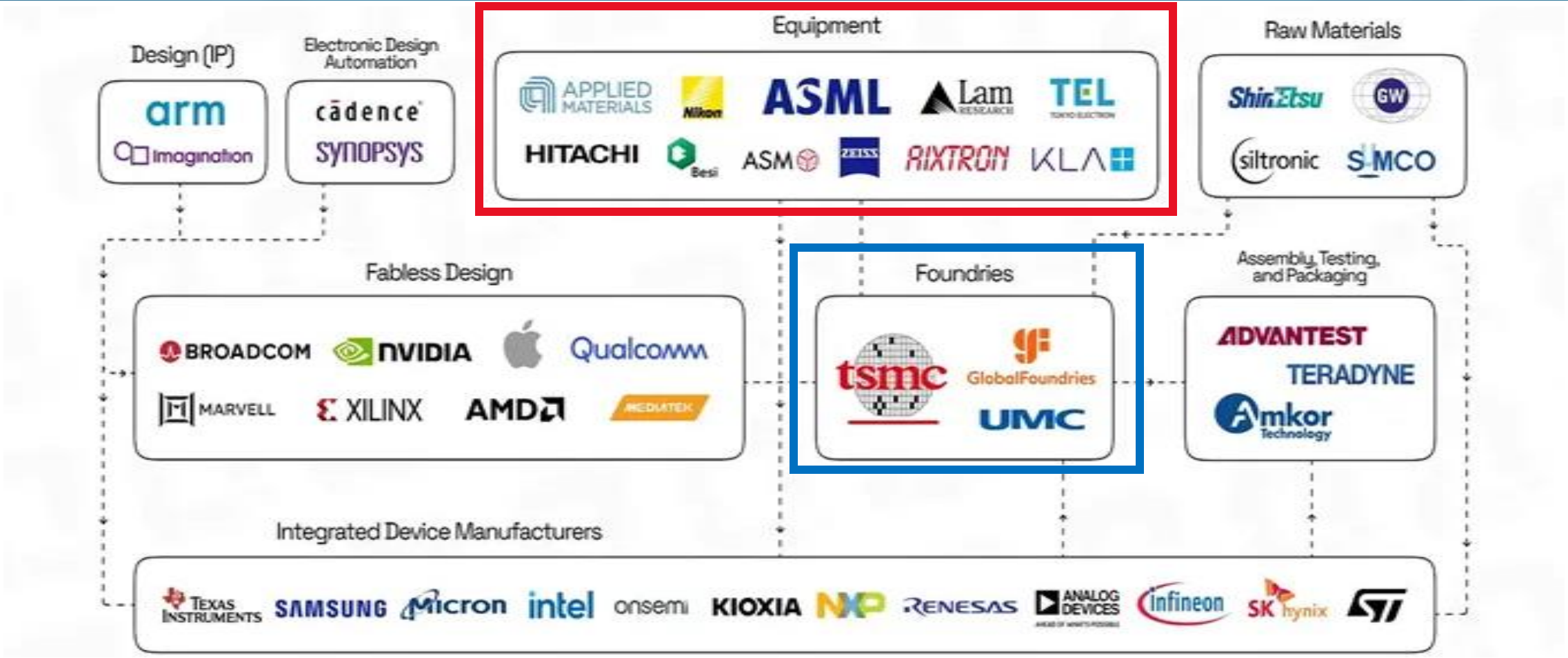
Semiconductor Value Chain



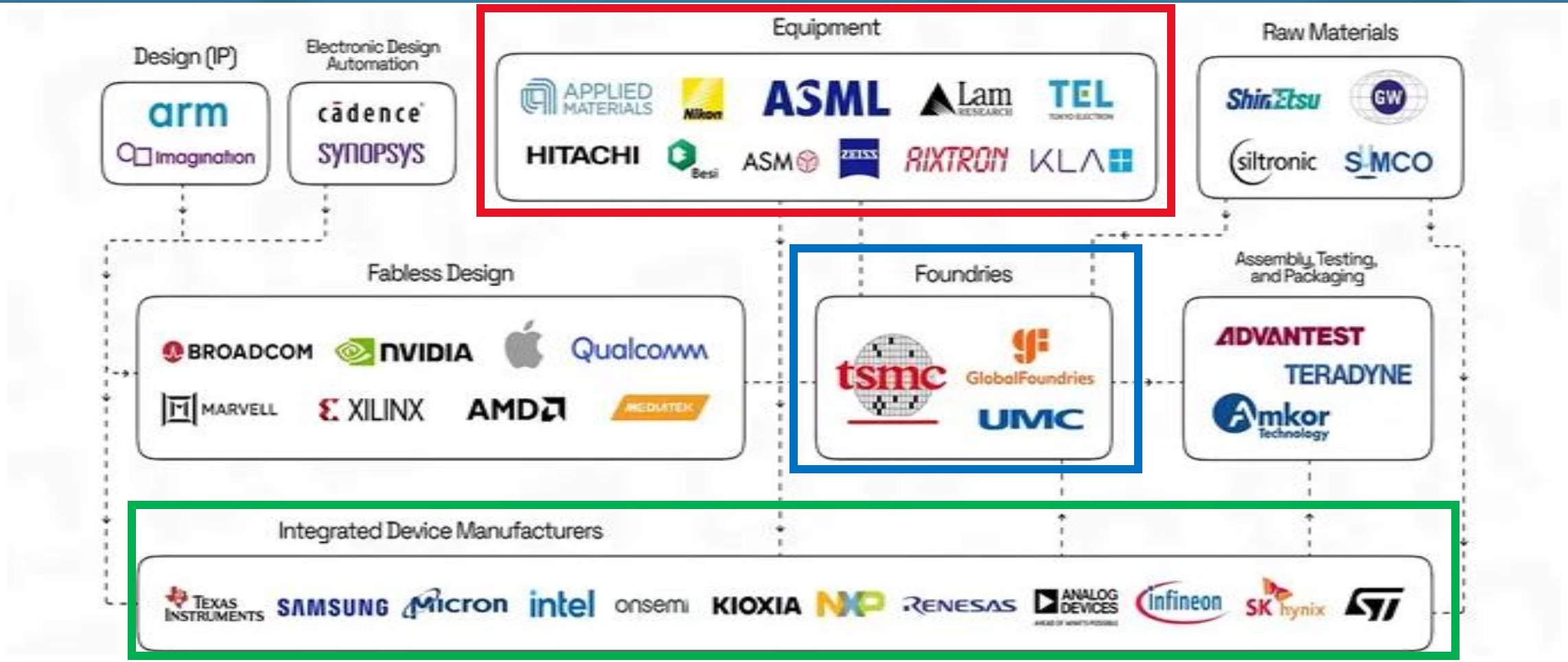
Semiconductor Value Chain



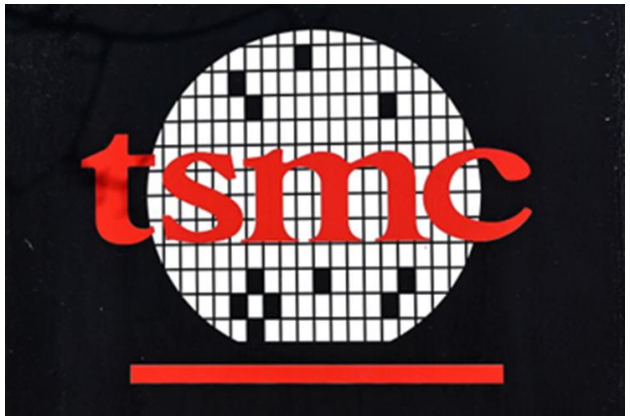
Semiconductor Value Chain



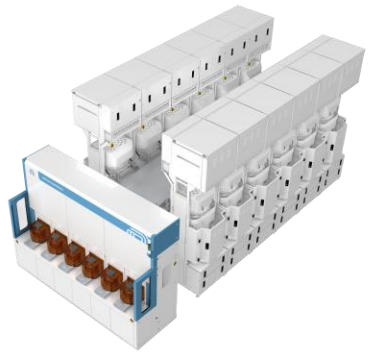
Semiconductor Value Chain



Model Example



Revenue Breakdown



Semiconductor Systems

73% of Revenue

Applied Global Services

23% of Revenue

Display & Adjacent Markets

4% of Revenue

Semiconductor Systems

Wafer Fab Equipment

Core Tools

Key Product Lines

Technology Portfolio

Applied Materials Technology Portfolio

Materials Engineering

Create and deposit

Shape and remove

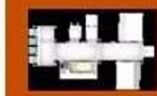
Modify

Process Control

Analyze

Connect

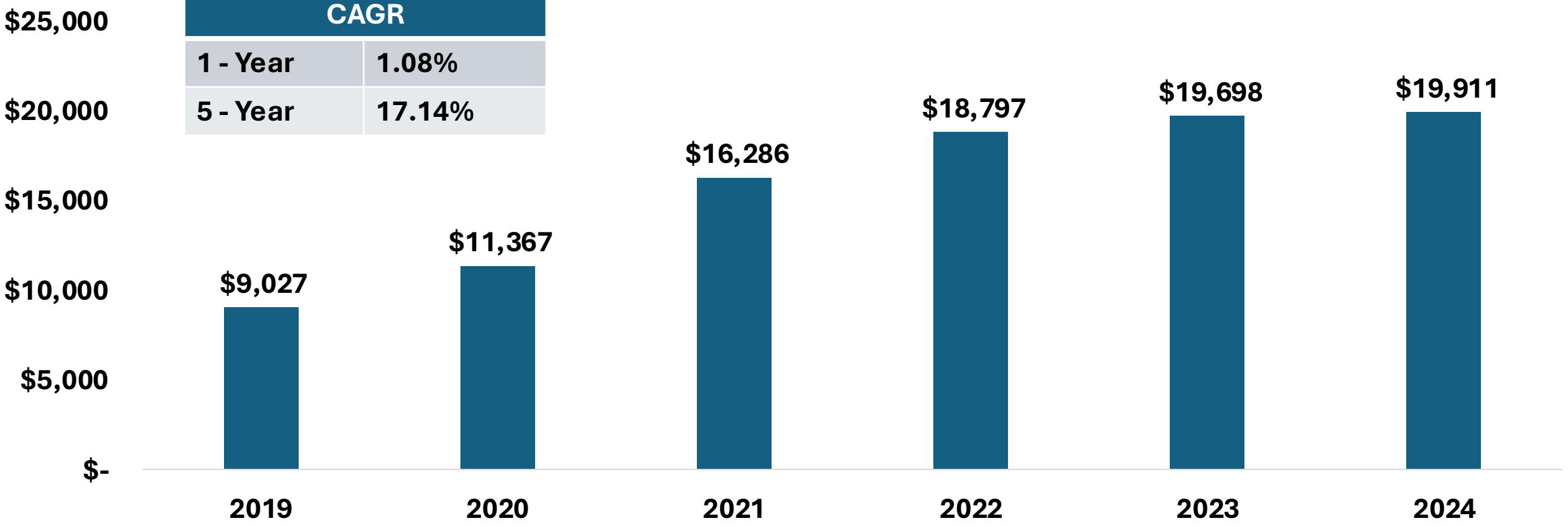
Heterogeneous Integration



Semiconductor Systems Revenue

In Millions

CAGR	
1 - Year	1.08%
5 - Year	17.14%



Applied Global Services

Recurring revenue model

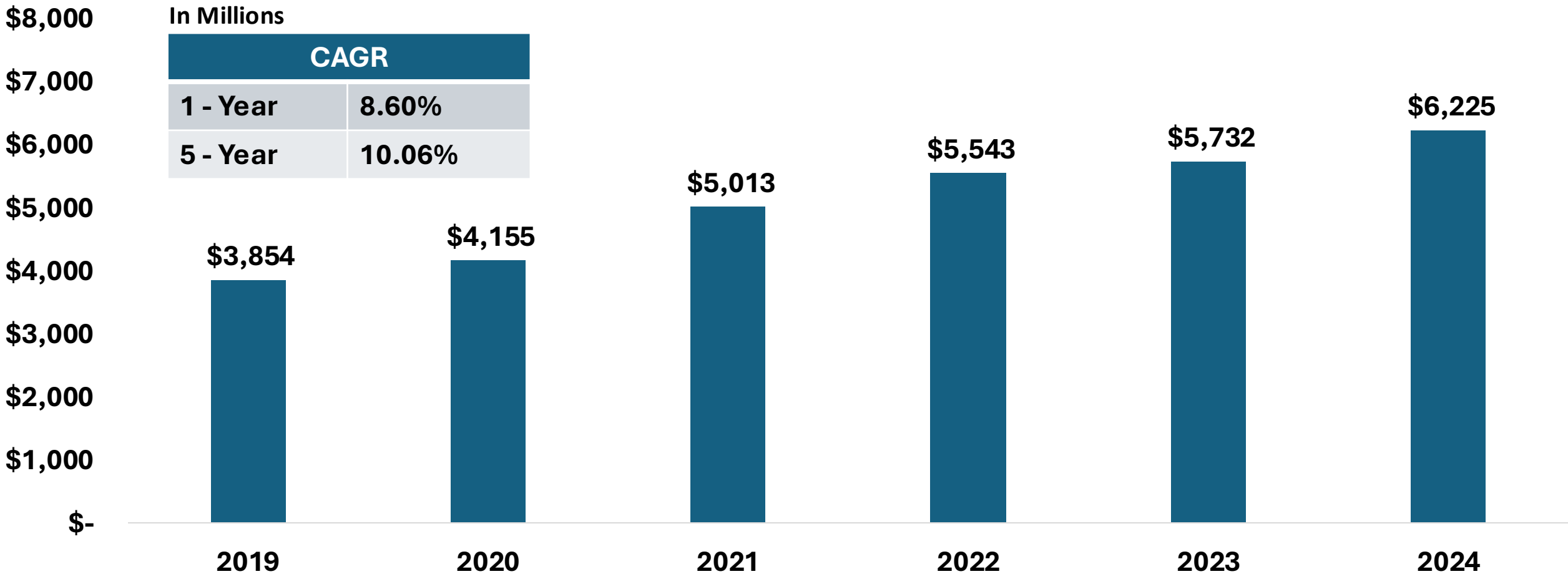
Supports 43,000+ installed tools globally

Offers services

Applied Global Services Revenue

In Millions

CAGR	
1 - Year	8.60%
5 - Year	10.06%



Display & Adjacent Markets

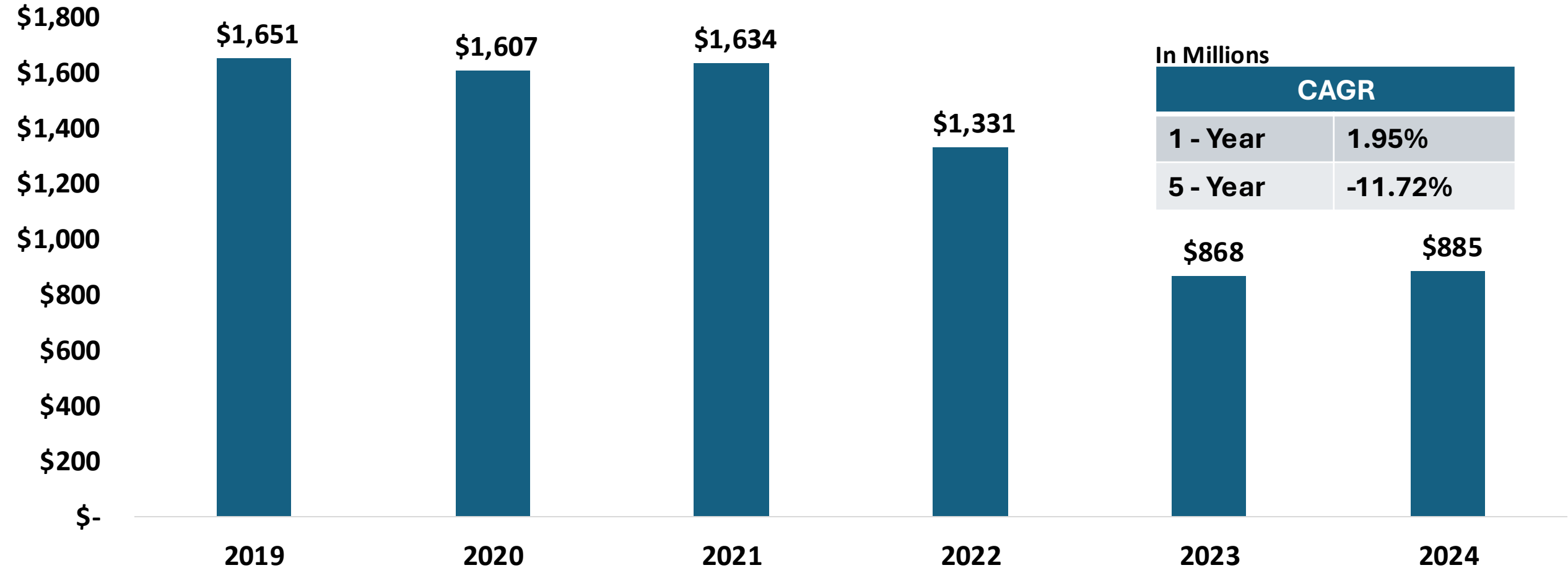
LCD, OLED, flexible display tools

Shift from glass to flexible materials

Growth: large, high-res, AR/VR

Expanding into solar

Display Revenue



In Millions

CAGR	
1 - Year	1.95%
5 - Year	-11.72%

Main Customers

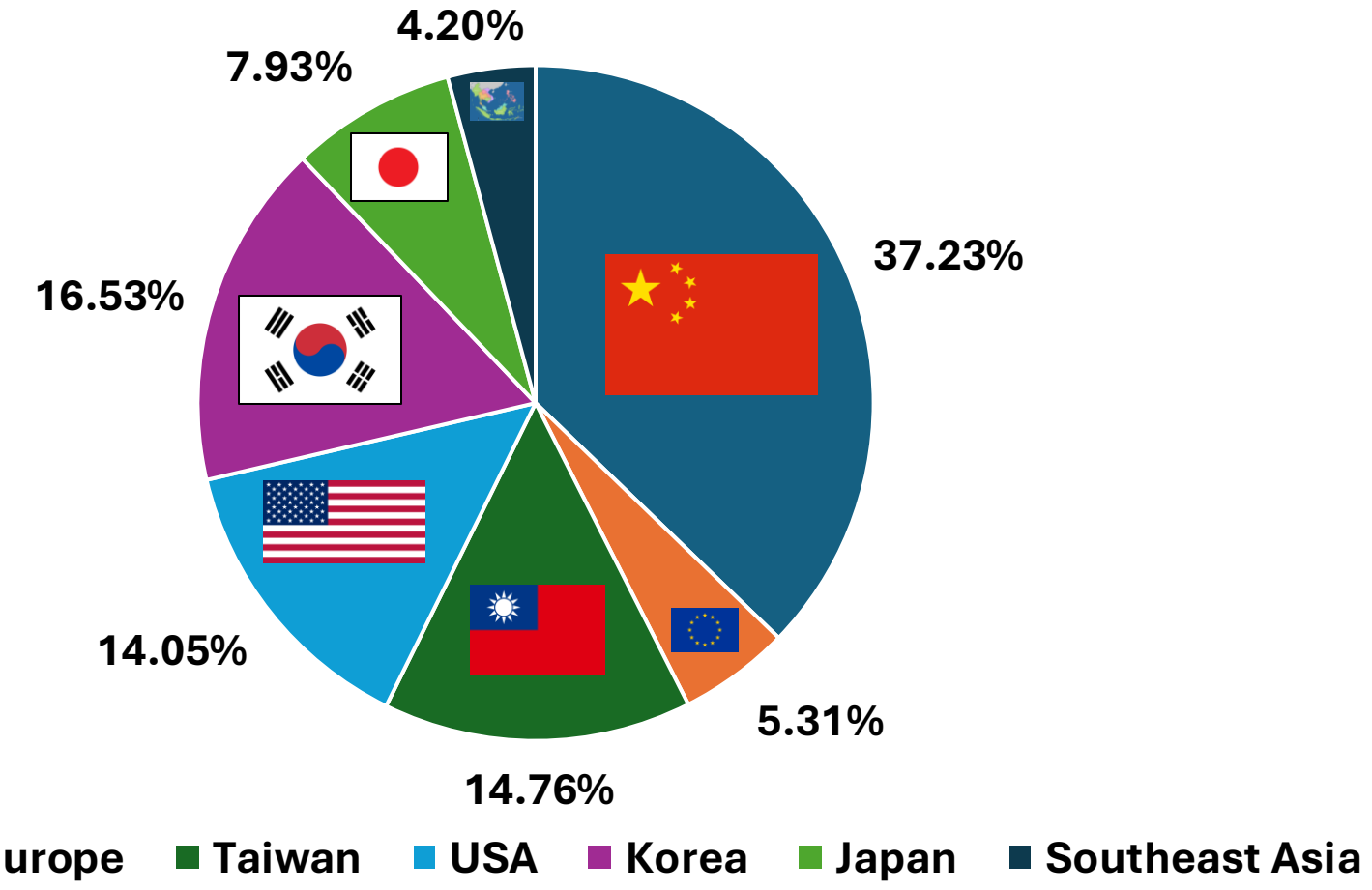
- **Samsung**
  - **(15% of Revenue in 2023, and 12% in 2024)**
  - **(Display Segment)**

- **Taiwan Semi Conductors**
  - **(19% of Revenue in 2023, and 11% in 2024)**
  - **(Semi Conductor Segment)**

Geographic Revenues

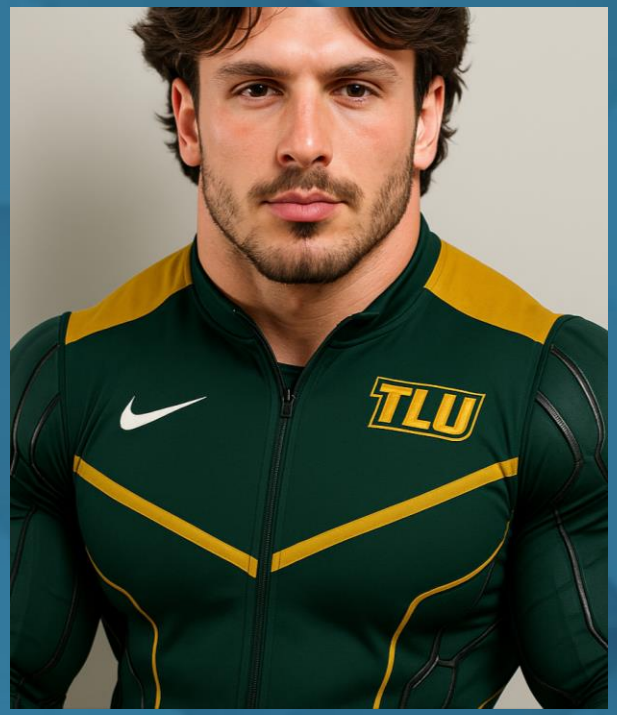
In Millions

Segment	2024 Revenue	
China	$	10,117
Europe	$	1,443
Taiwan	$	4,010
USA	$	3,818
Korea	$	4,493
Japan	$	2,154
Southeast Asia	$	1,141



Management

Tristan



CEO

- **Gary E. Dickerson**
- CEO/President
- Since 2013
  - Grown revenue 3.5x
  - Added 8500 patents to company's portfolio
  - Awarded SEMI Sustainability Excellence Award
  - Awarded Public Service Star

Management

Brice Hill
CFO, Senior Vice President
Global Information Services
Since 2022

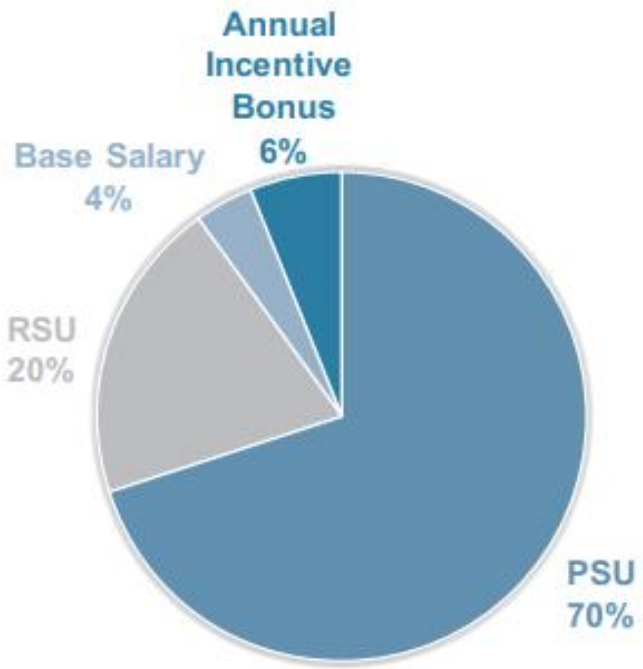
Prabu Raja, Ph.D.
President, Semiconductor products group
Since 1995

Omkaram Nalamasu, Ph.D.
SVP, CTO, President Applied Ventures, LLC
Since 2006

Tim Deane
SVP, Applied Global Services
Since 1995

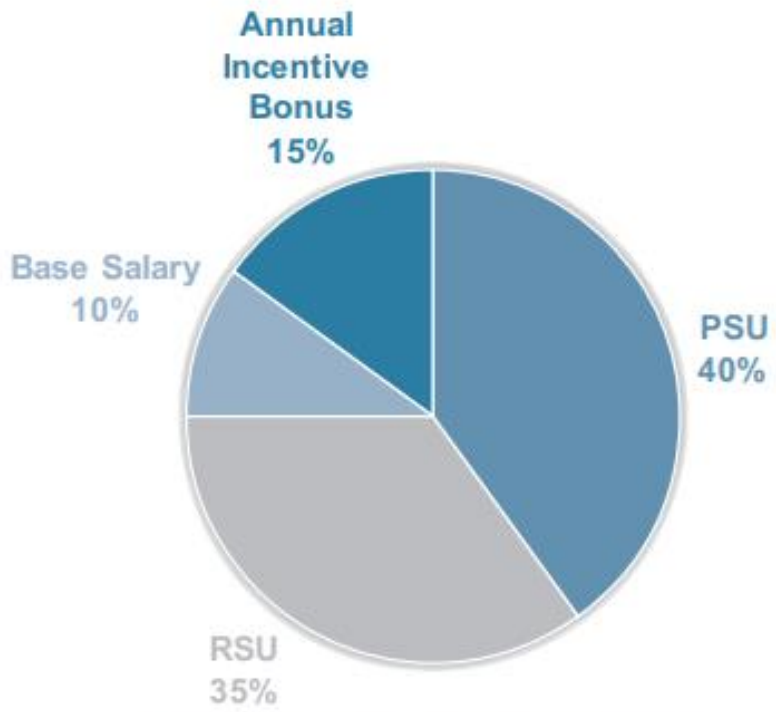
Fiscal 2024 Compensation Mix

CEO



90% Long-Term Incentives
96% Variable Compensation

All Other NEOs



75% Long-Term Incentives
90% Variable Compensation

Skin in the game

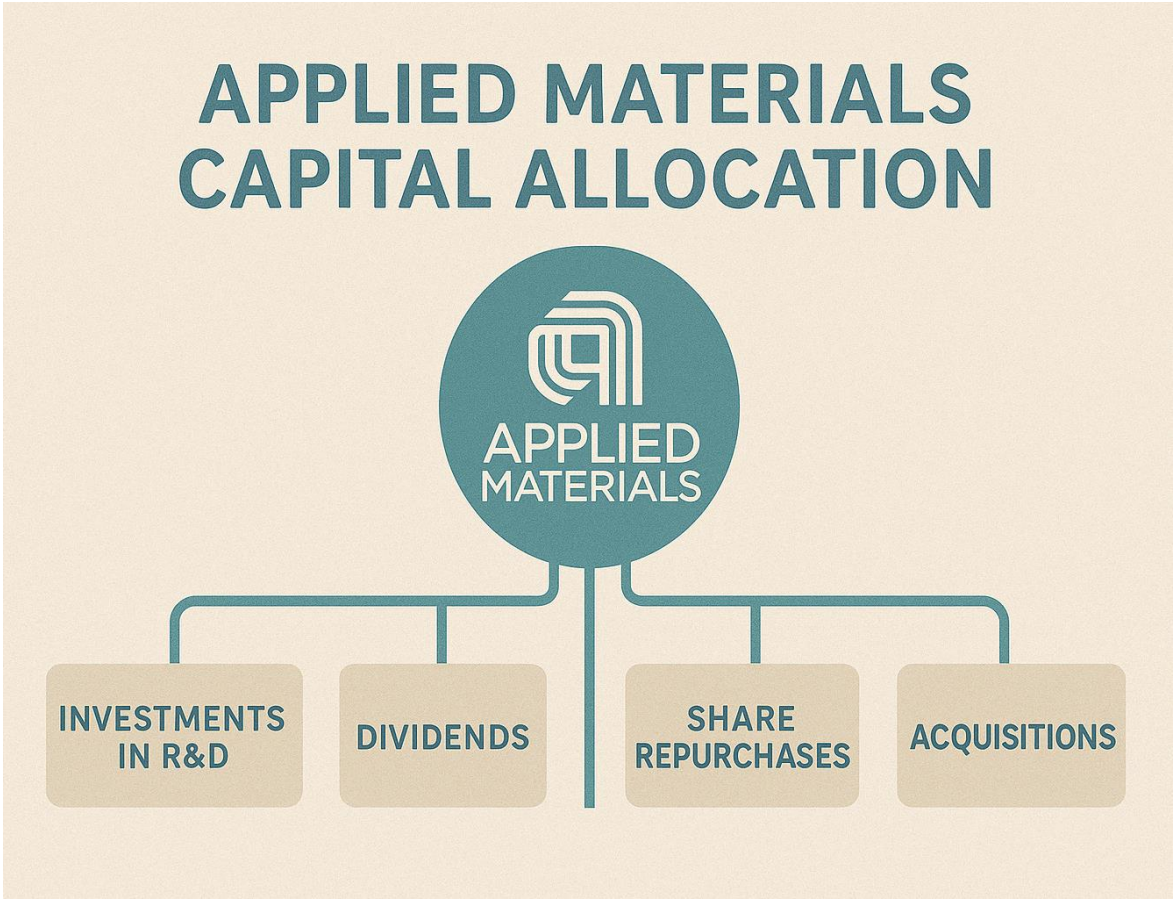
Position	Ownership Level (value of stockholding)
CEO	6x base salary
Other Officers	3x base salary

2024 Total Direct Compensation

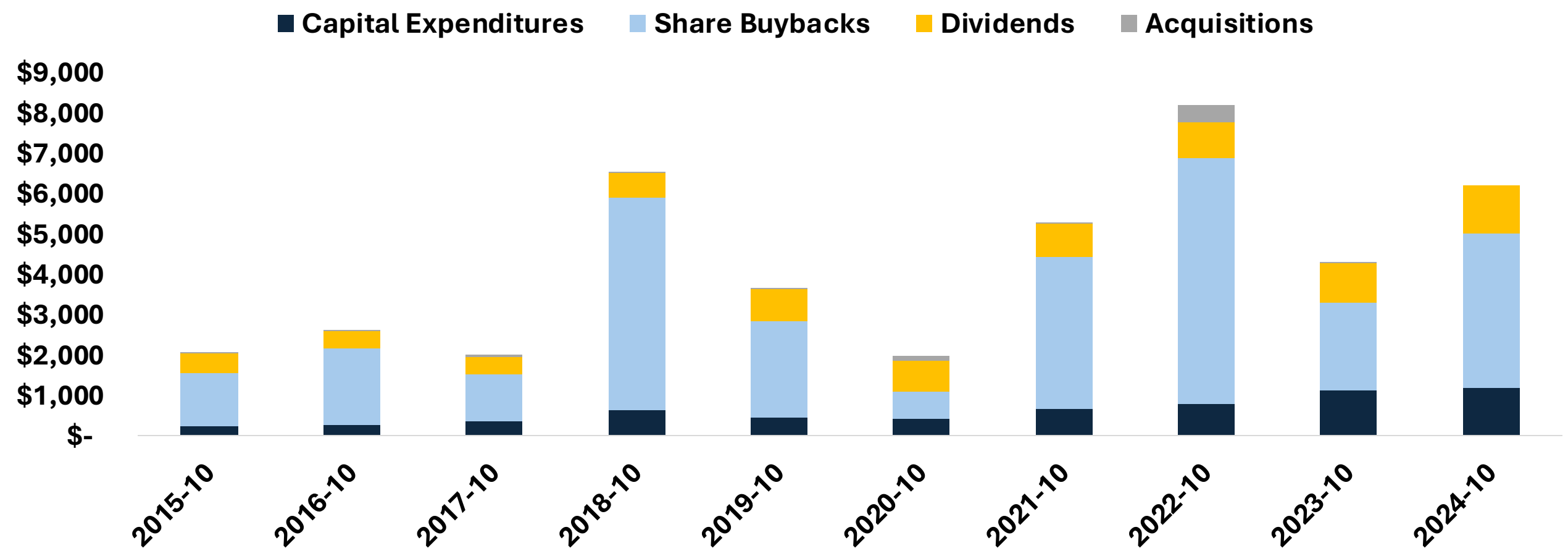
Name and Principal Position	Salary ($)	Annual Incentive Bonus ($)	Annual Long-Term Incentive Award ($)	Total ($)
Gary E. Dickerson President and Chief Executive Officer	1,030,000	1,754,734	24,861,142	27,645,876
Brice Hill Senior Vice President, Chief Financial Officer and Global Information Services	744,616	1,149,947	5,851,542	7,746,105
Prabu G. Raja President, Semiconductor Products Group	792,308	1,229,580	6,968,612	8,990,500
Omkaram Nalamasu Senior Vice President, Chief Technology Officer	659,616	866,608	4,255,476	5,781,700
Timothy M. Deane Group Vice President, Applied Global Services	642,308	956,313	3,776,822	5,375,443

Capital Allocation

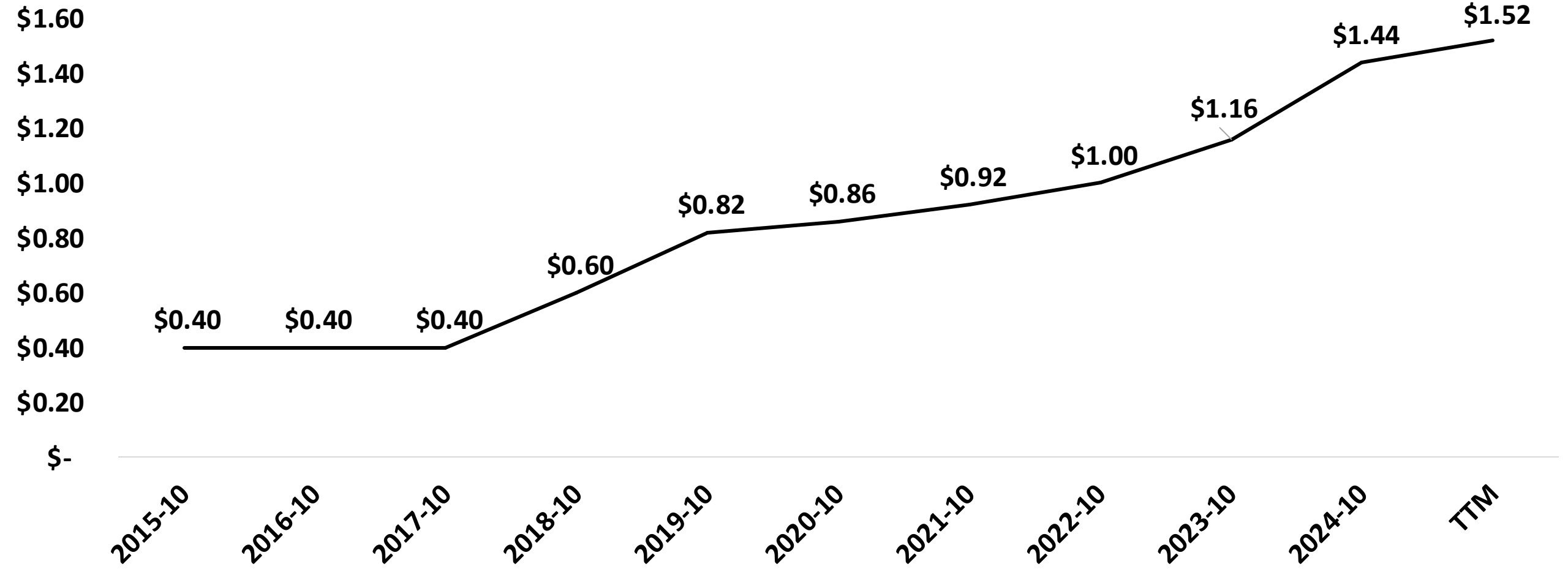
Dan The Man



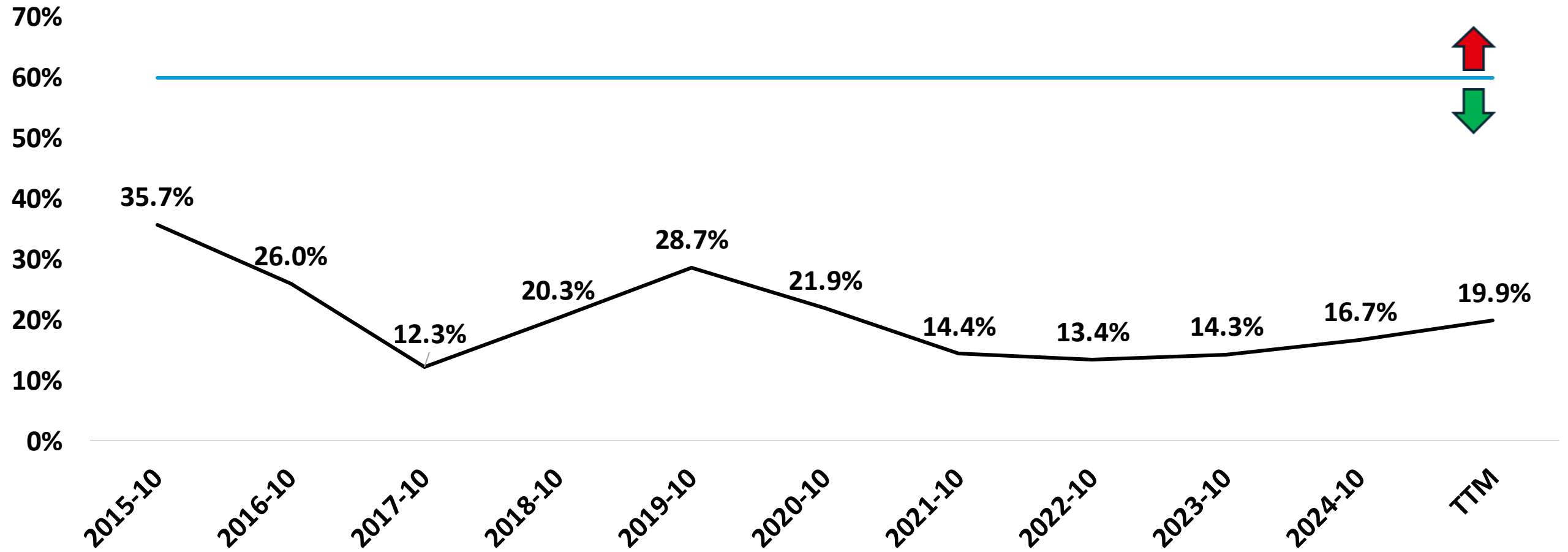
Capital Allocation Breakdown



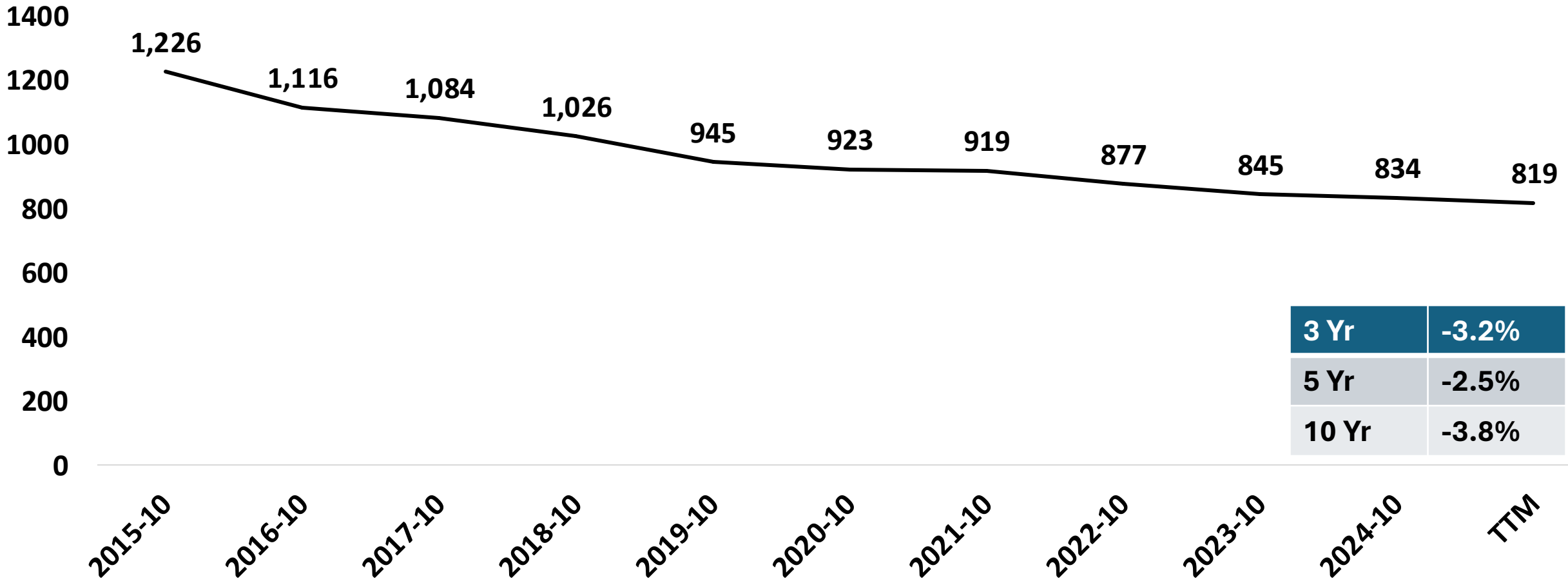
Dividends Per Share



Dividend Payout Ratio



Shares Outstanding



3 Yr	-3.2%
5 Yr	-2.5%
10 Yr	-3.8%

Buy Back Plan

- 2023 March- Approved $10 billion dollar buy back plan
- 2025 March - Approved $10 billion dollar buy back plan
- As of now $17.6 billion dollar buy back plan active

Acquisition

- 2020 May- Think Silicon
- 2020 Nov- Perceptive Engineering
- 2022 Jun- Picosun

Think Silicon

PERCEPTIVE ENGINEERING LTD

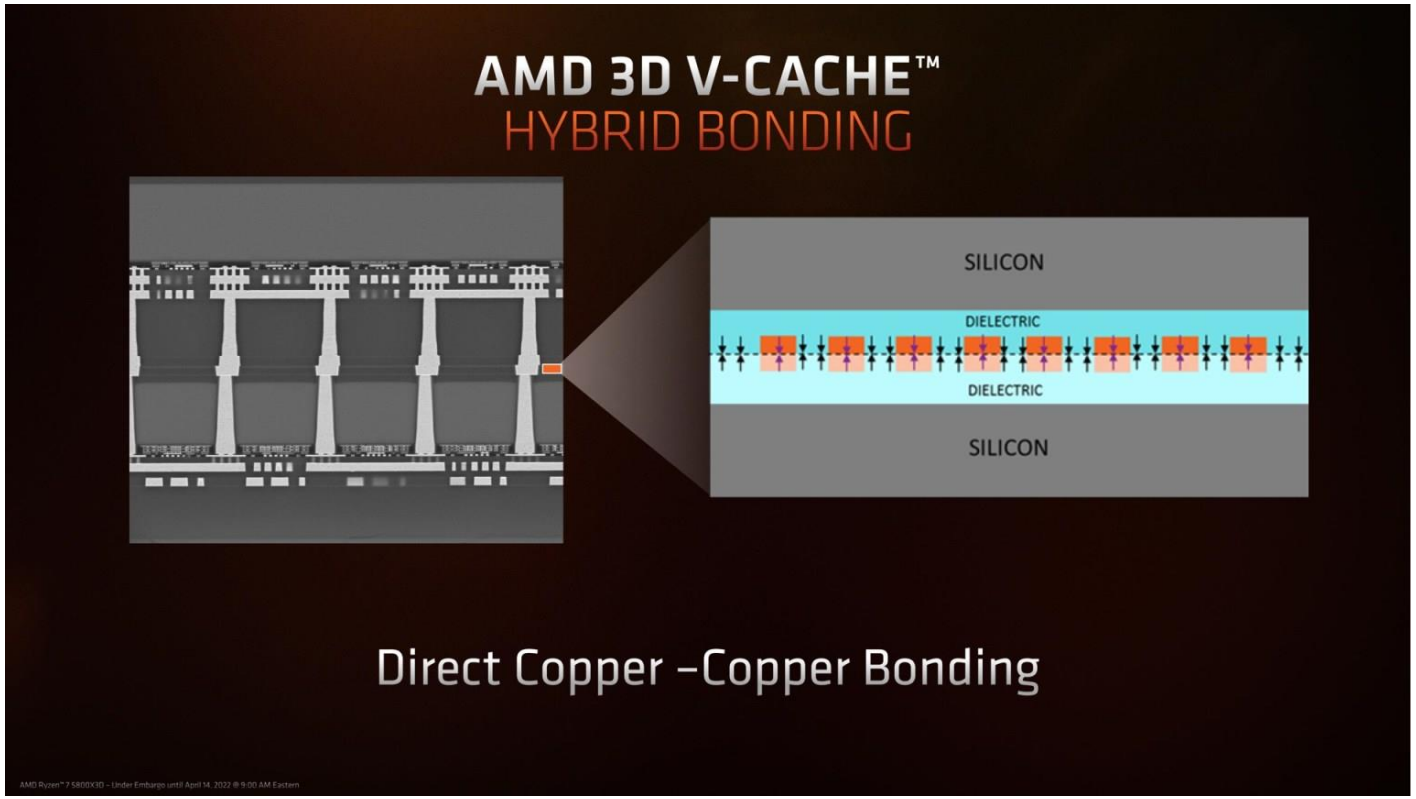
picosun
AN APPLIED MATERIALS COMPANY

- **Acquired Varian 2011 for $4.9 Billion**

  - Integrated Varian's ion implantation technology into its portfolio. Strengthening its position in the semiconductor equipment industry.

Besi

- Partners with Besi since 2020
- Acquired 9% in April
- Largest Shareholder
- Hybrid Bonding



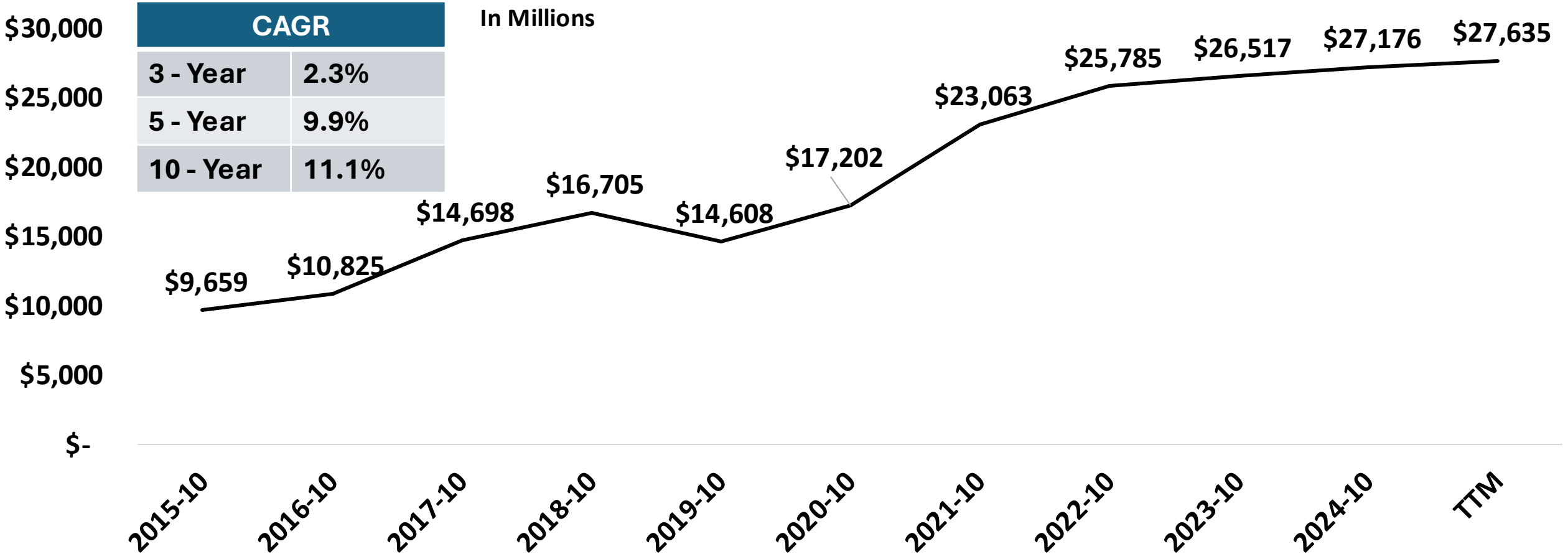
IOFS

Carson Alldredge

Revenue

CAGR	
3 - Year	2.3%
5 - Year	9.9%
10 - Year	11.1%

In Millions

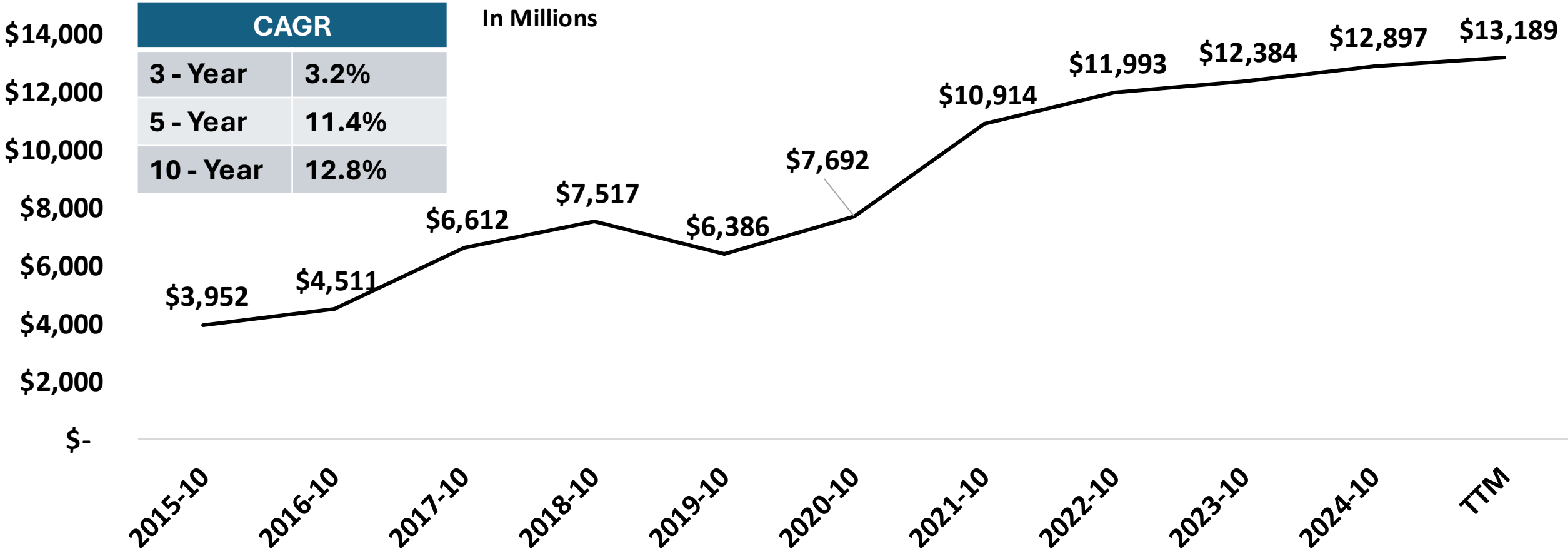


Gross Profit

GP = Revenue - COGS

CAGR	
3 - Year	3.2%
5 - Year	11.4%
10 - Year	12.8%

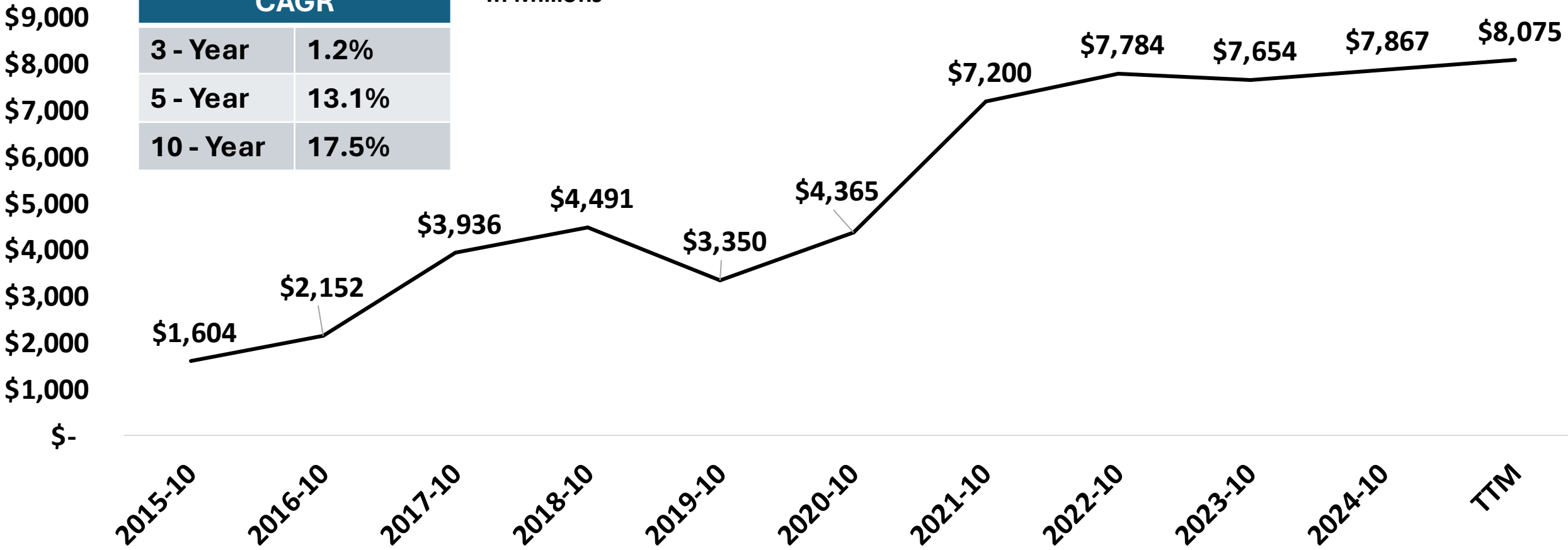
In Millions



Operating Income

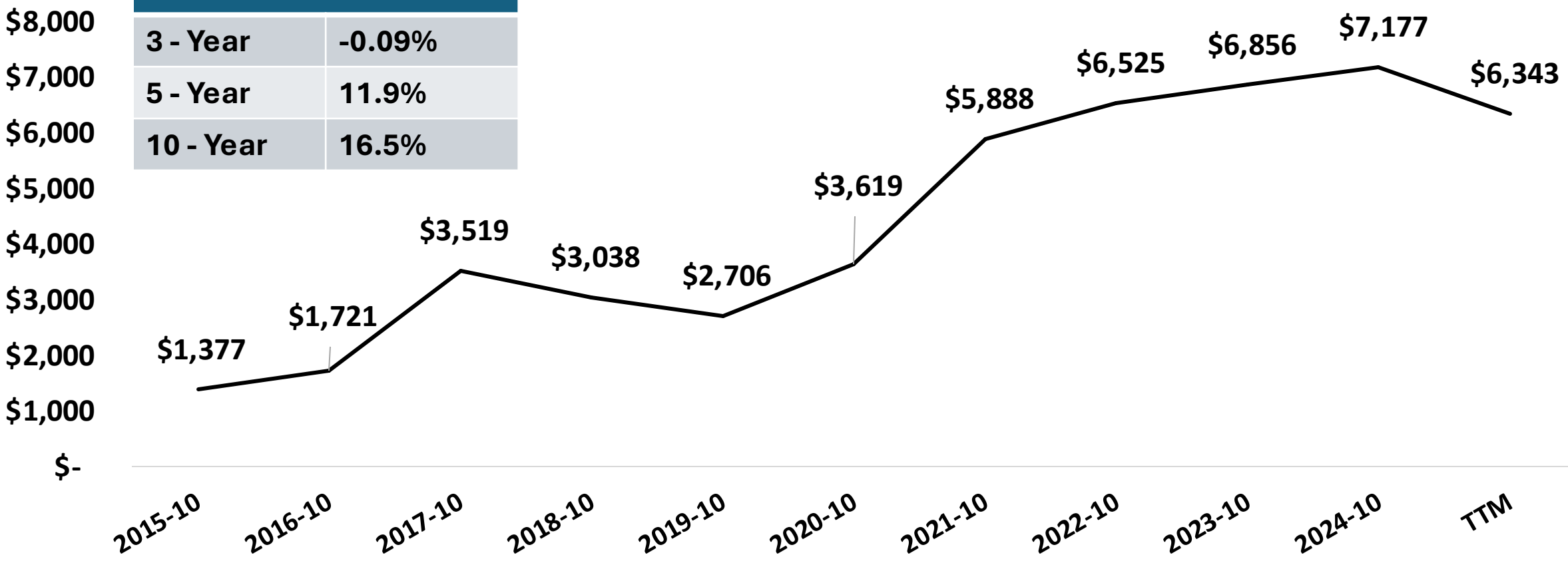
CAGR	
3 - Year	1.2%
5 - Year	13.1%
10 - Year	17.5%

In Millions



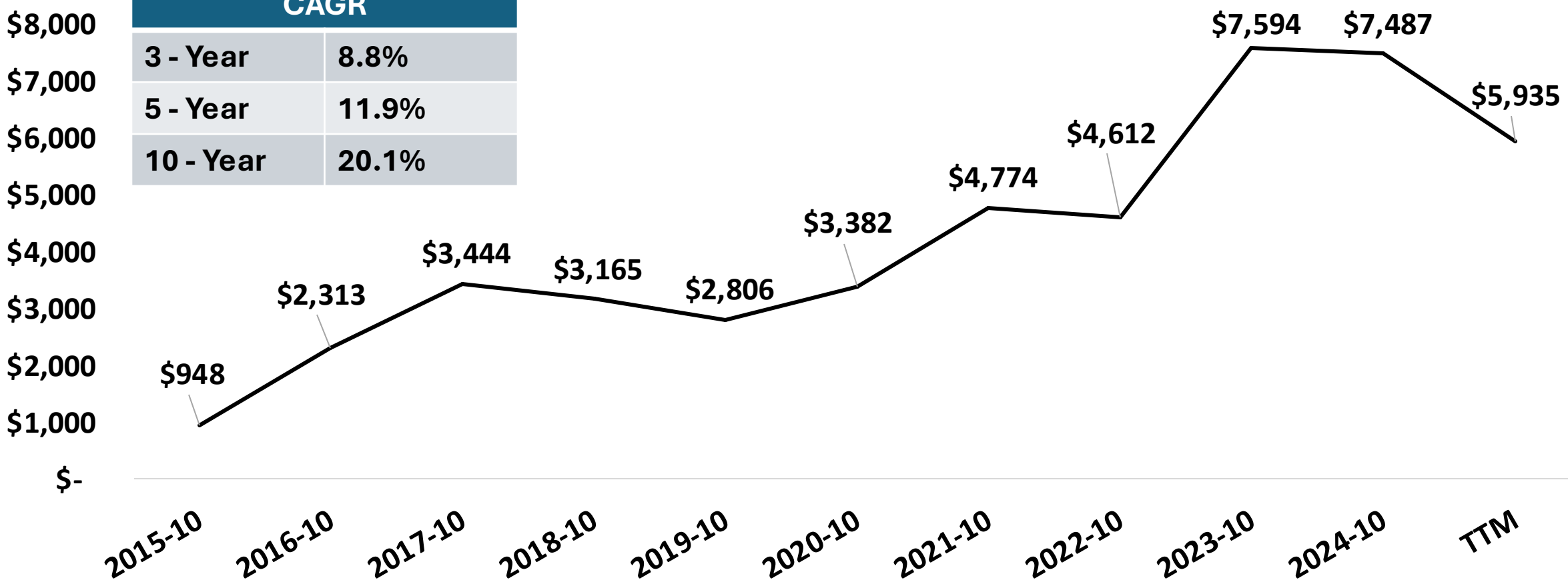
Net Income (In Millions)

CAGR	
3 - Year	-0.09%
5 - Year	11.9%
10 - Year	16.5%

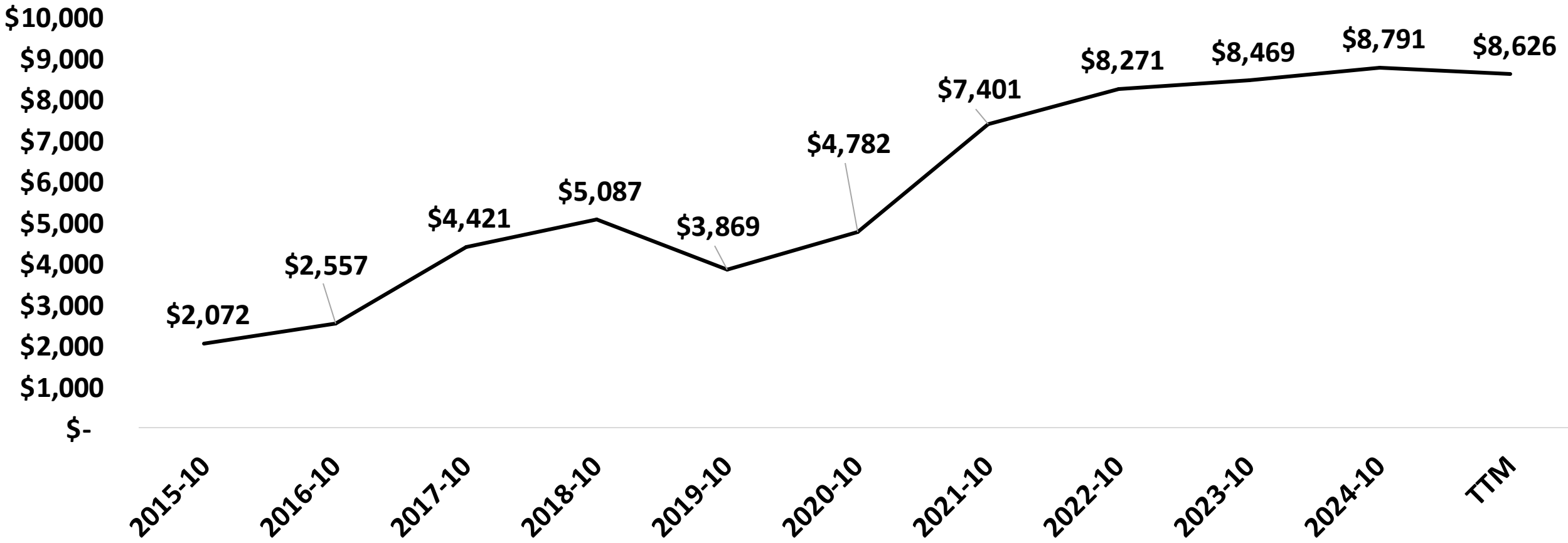


Free Cash Flow (In Millions)

CAGR	
3 - Year	8.8%
5 - Year	11.9%
10 - Year	20.1%



EBITDA


$10,000
$9,000
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$5,000
$4,000
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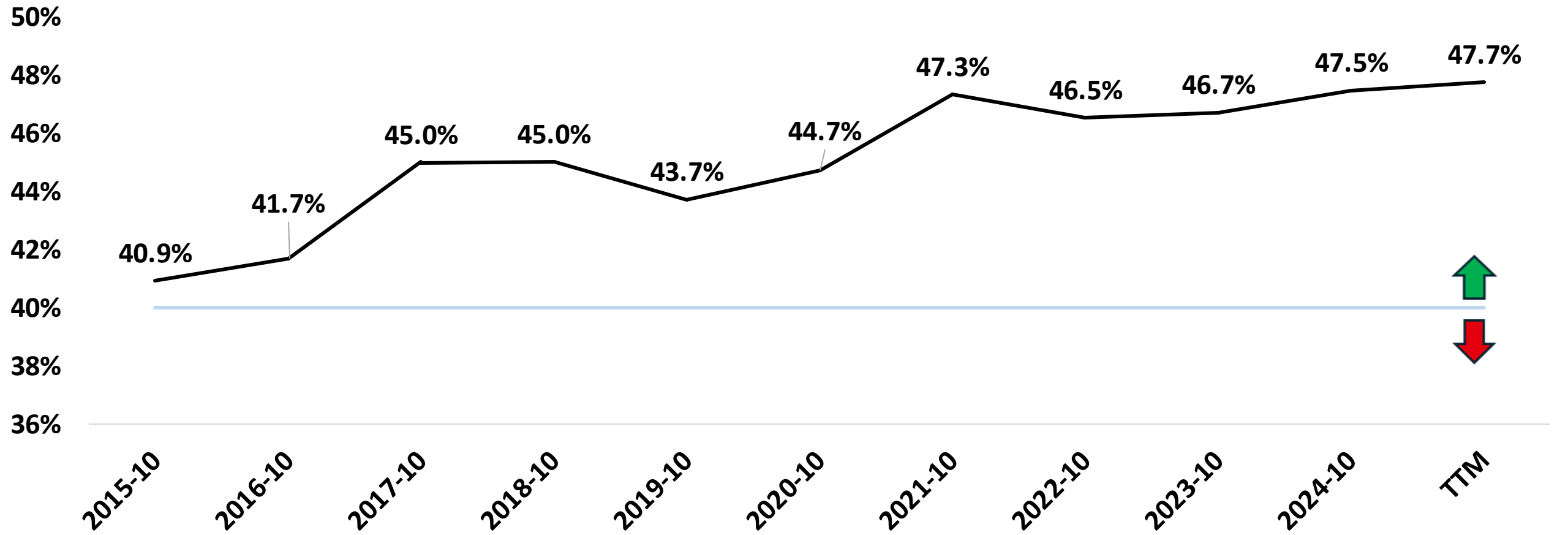
$2,072
$2,557
$4,421
$5,087
$3,869
$4,782
$7,401
$8,271
$8,469
$8,791
$8,626
2015-10
2016-10
2017-10
2018-10
2019-10
2020-10
2021-10
2022-10
2023-10
2024-10
TTM

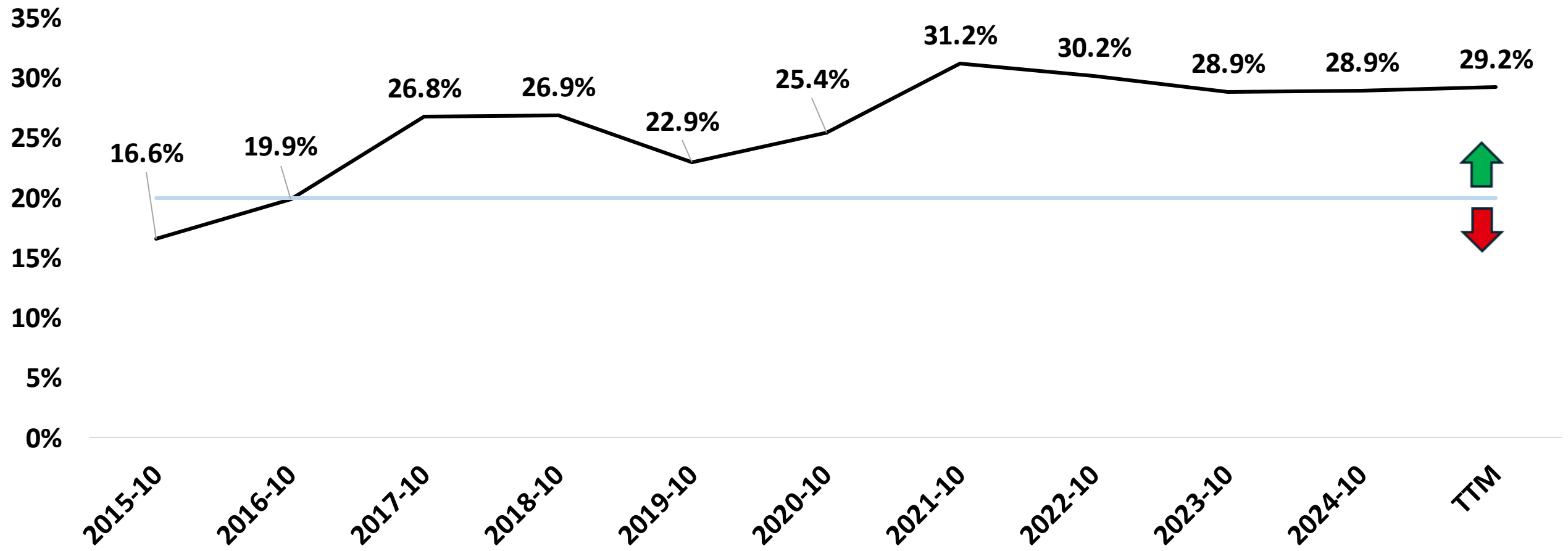
Gross Margin %

Gross Margin = Gross Profit/Revenue



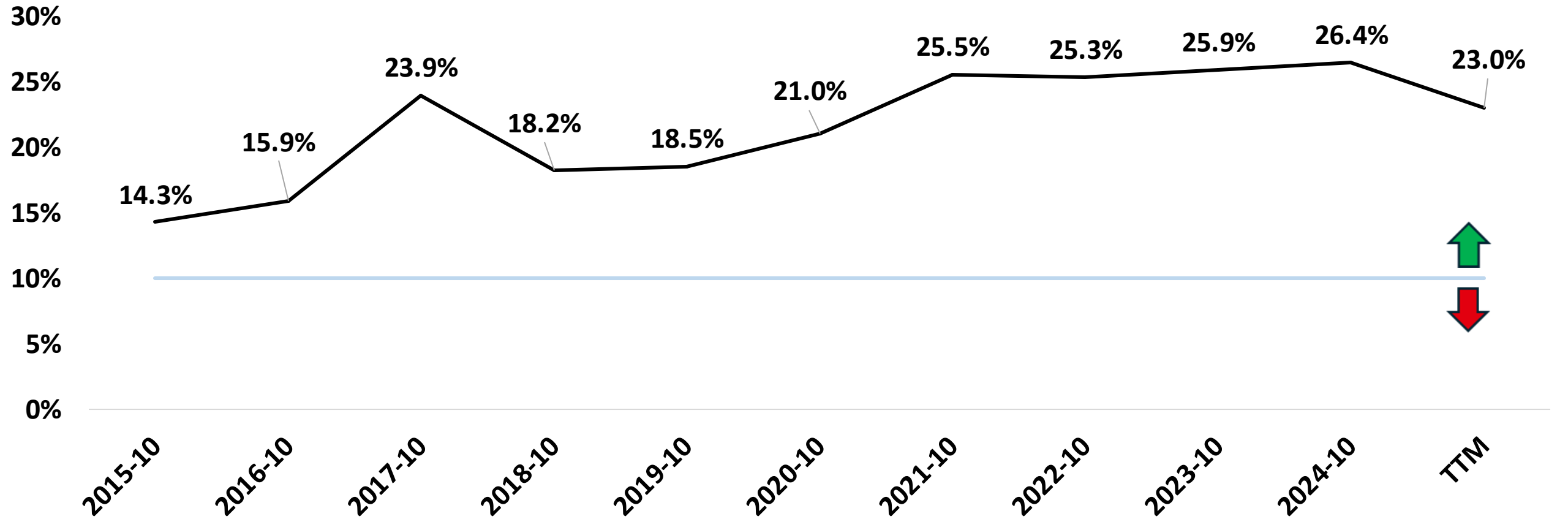
Operating Margin %

Operating Margin = Operating Income/Revenue

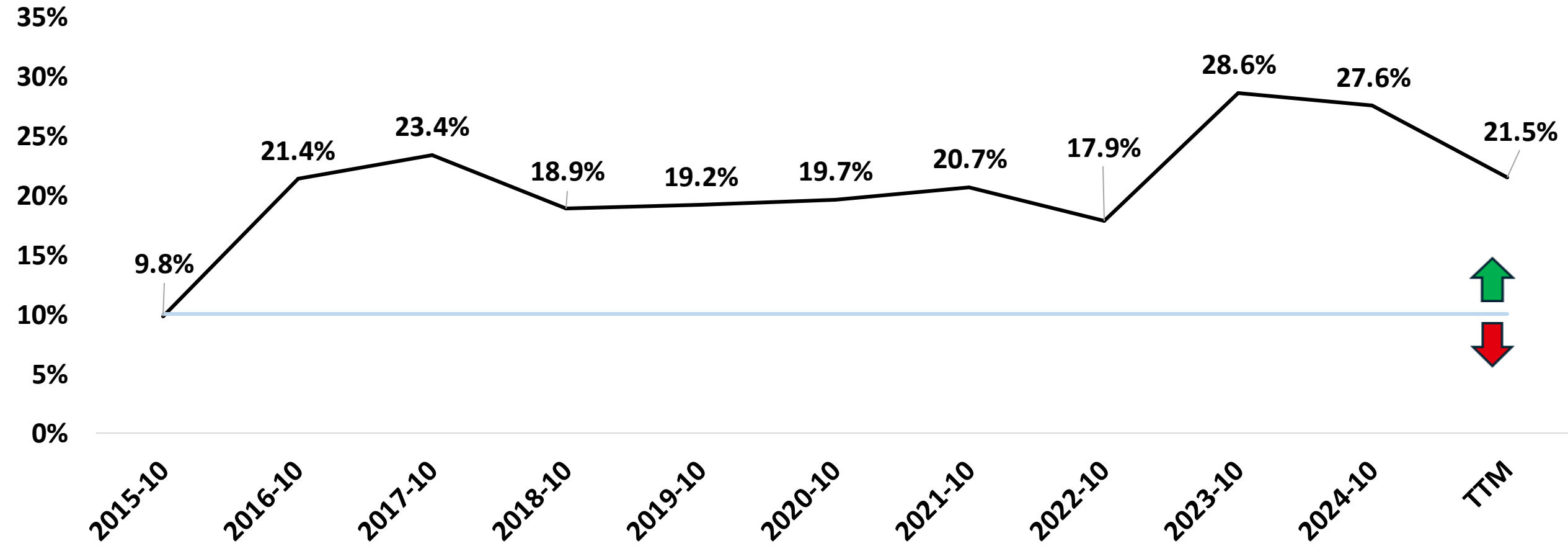


Net Margin %

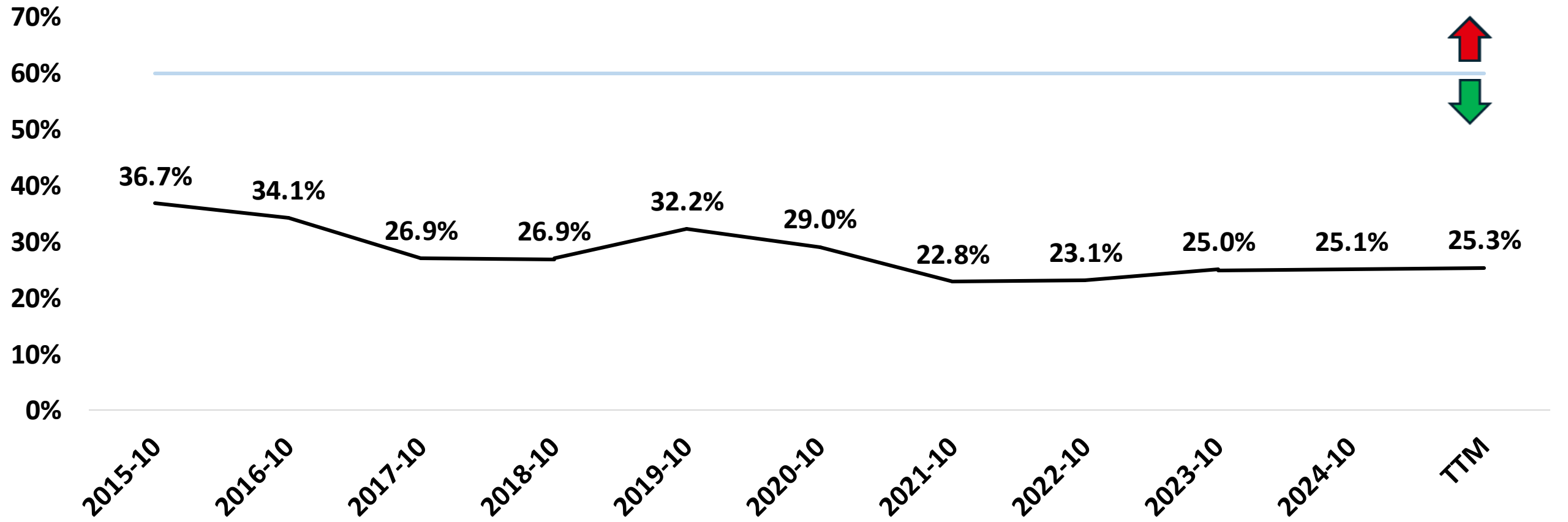
Net Margin = Net Income/Revenue



Free Cash Flow Margin



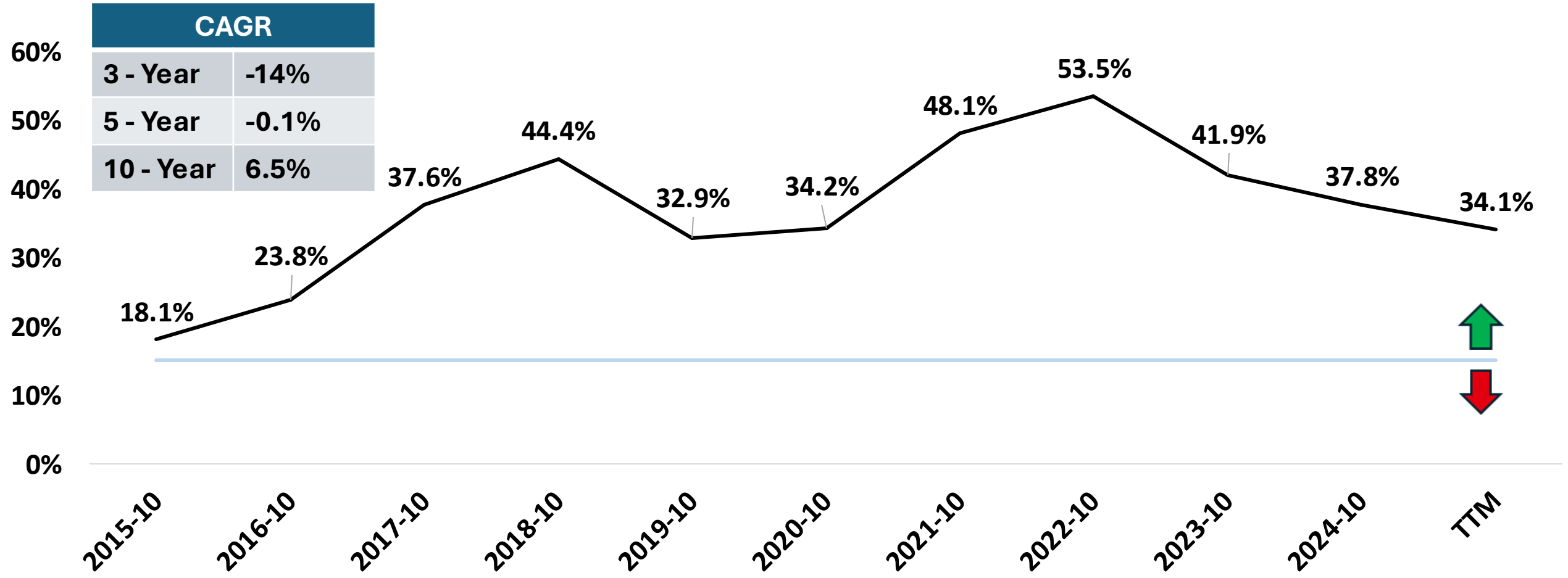
Research & Development / Gross Profit



Return on Equity

Return On Equity = Net Income/Shareholders Equity

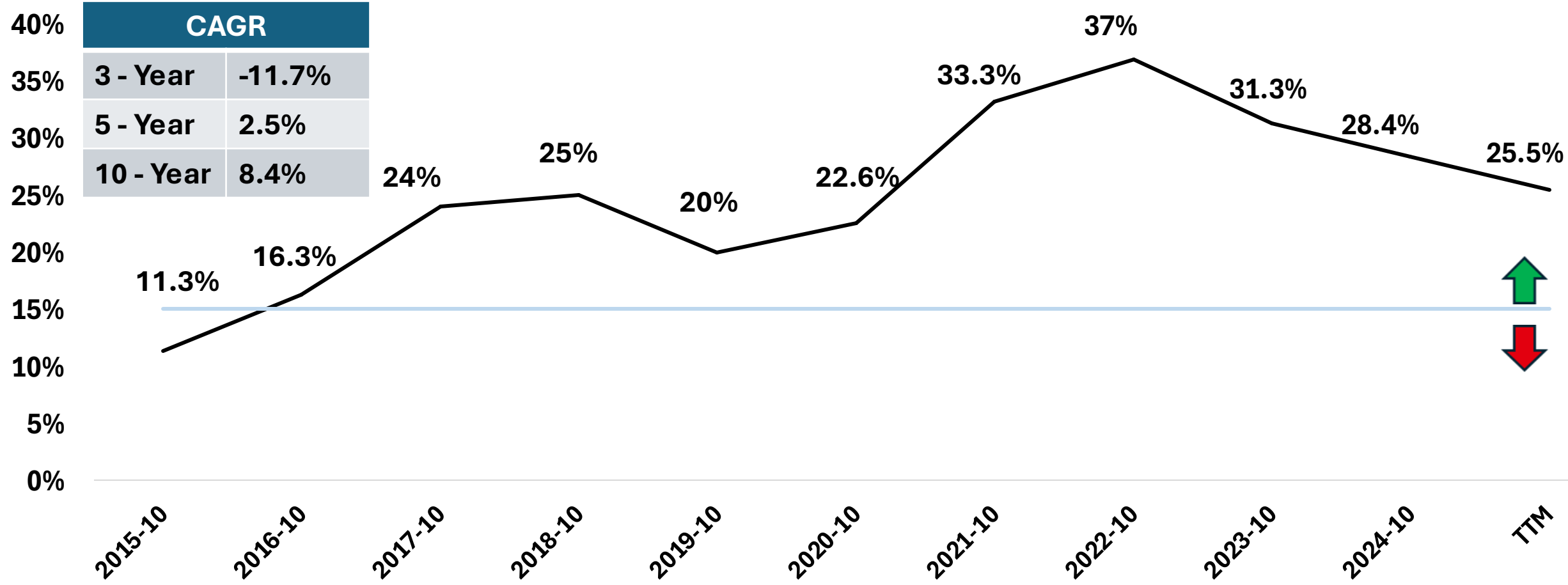
CAGR	
3 - Year	-14%
5 - Year	-0.1%
10 - Year	6.5%



Return on Capital

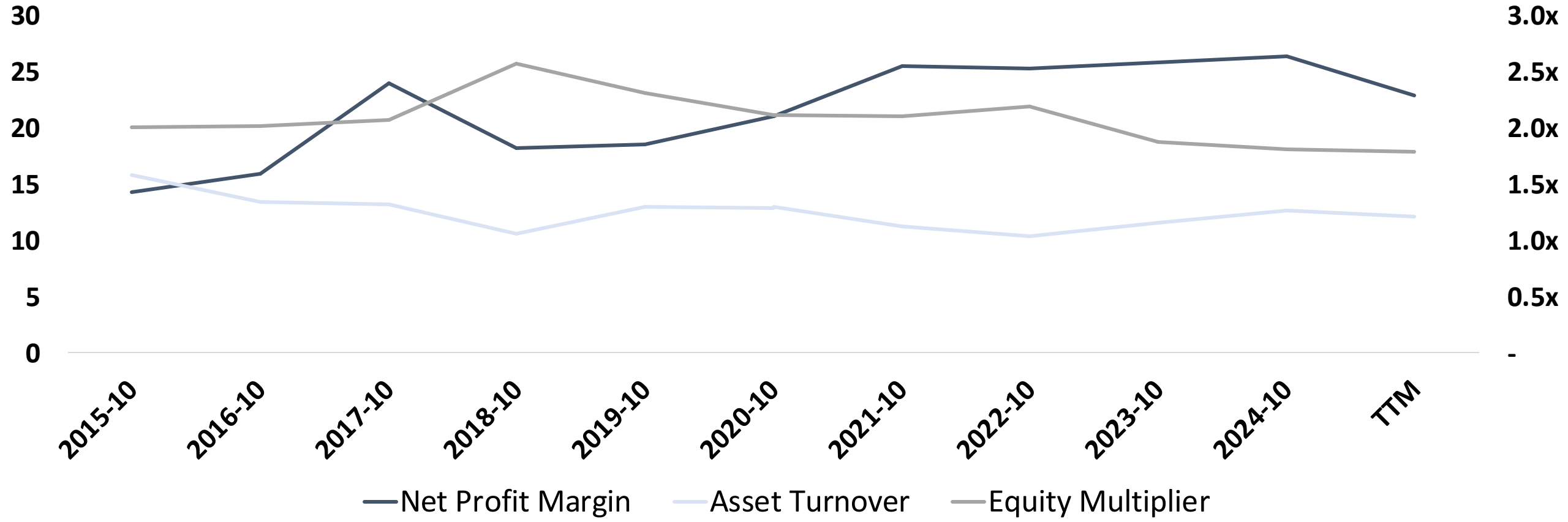
Return On Capital = Net Income/Shareholders Equity + Debt

CAGR	
3 - Year	-11.7%
5 - Year	2.5%
10 - Year	8.4%



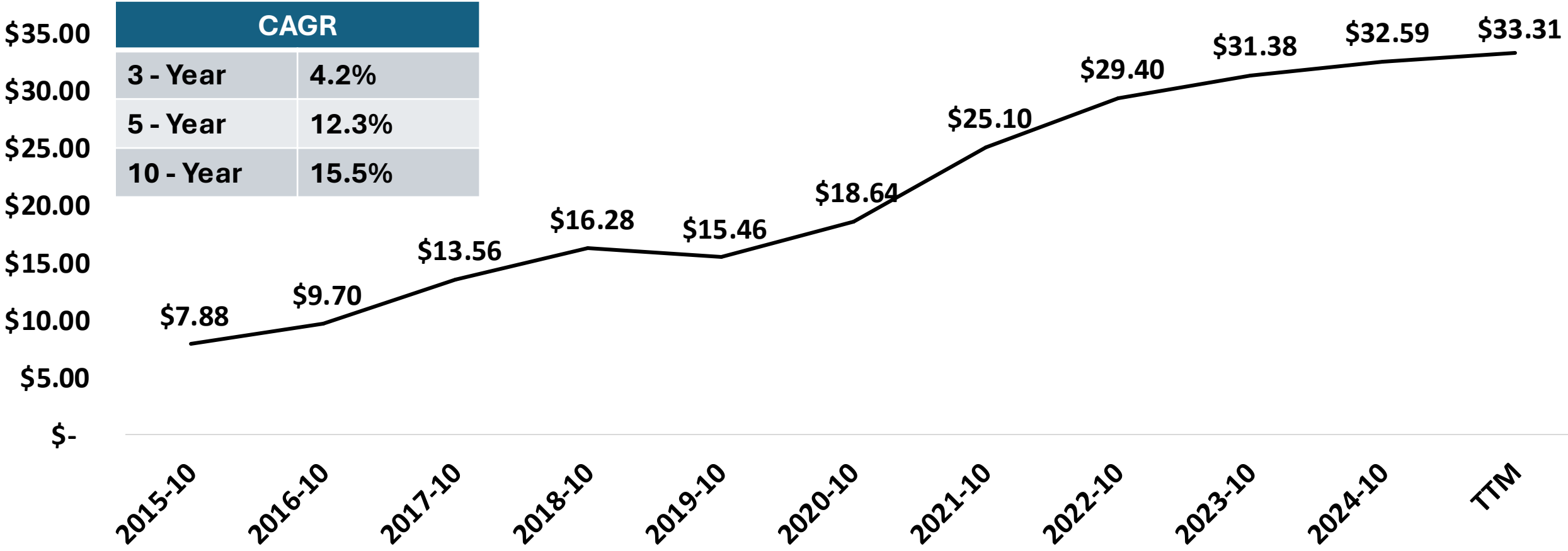
Dupont Analysis

ROE = (Net Income/Sales) (Assets/Equity) (Sales/Assets)



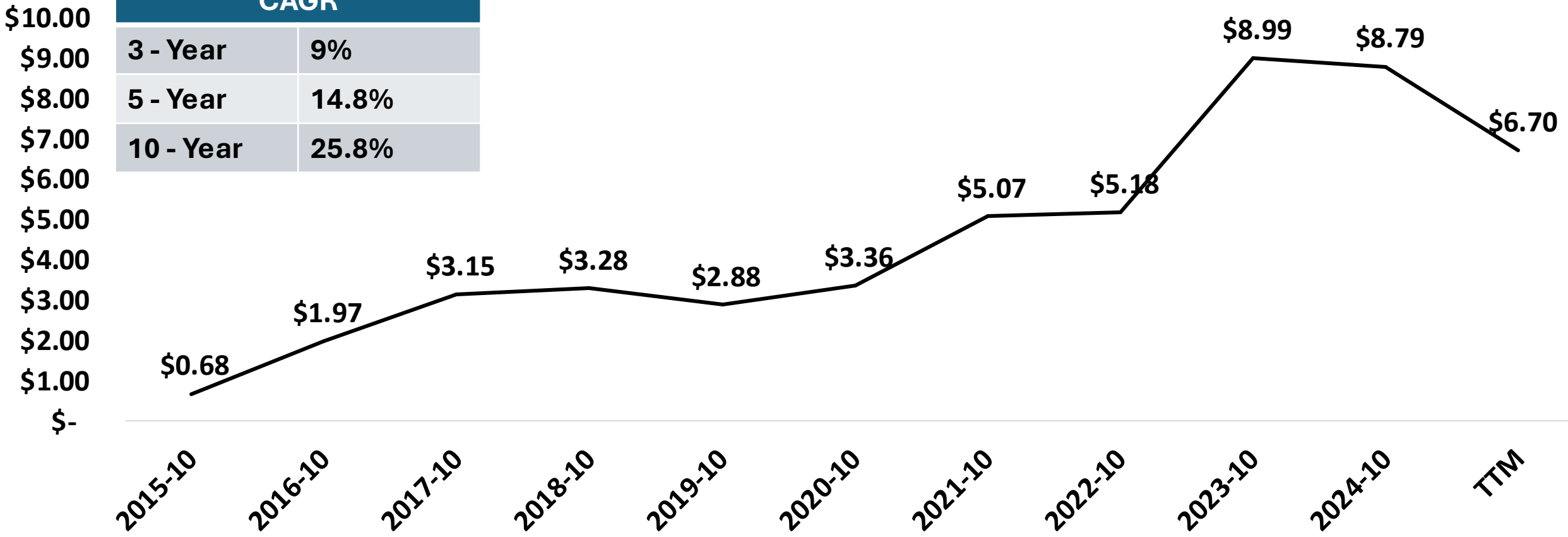
Revenue Per Share

CAGR	
3 - Year	4.2%
5 - Year	12.3%
10 - Year	15.5%



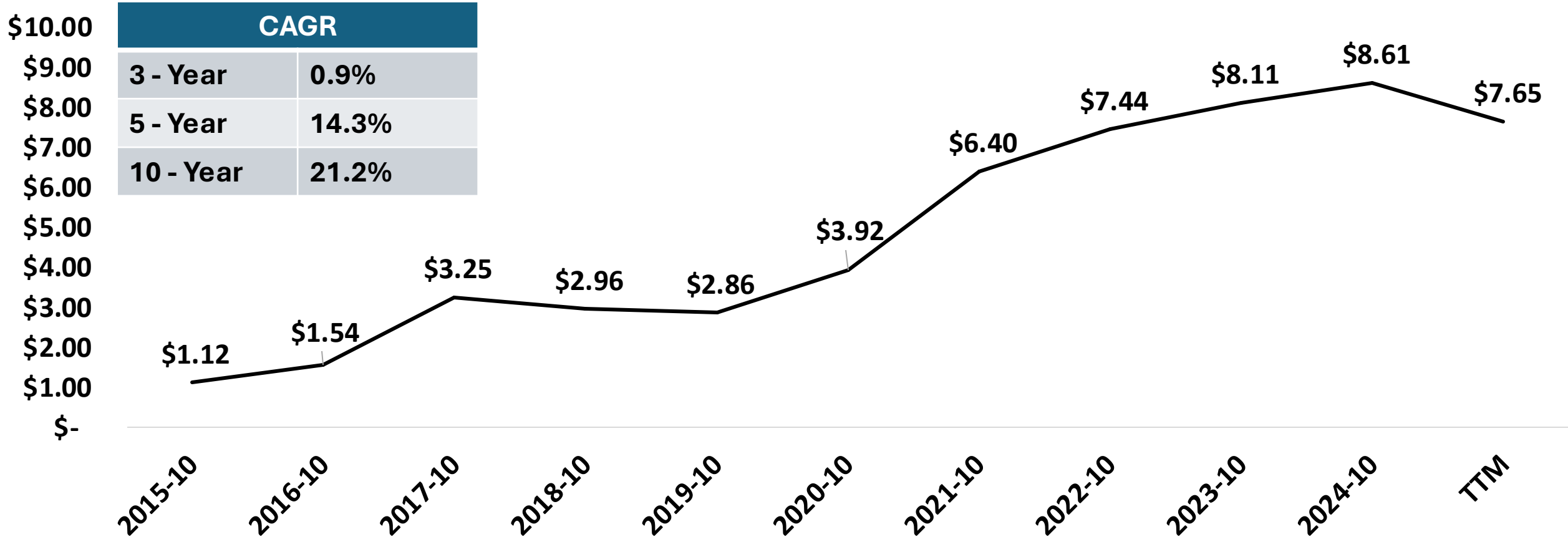
Owner Earnings Per Share

CAGR	
3 - Year	9%
5 - Year	14.8%
10 - Year	25.8%

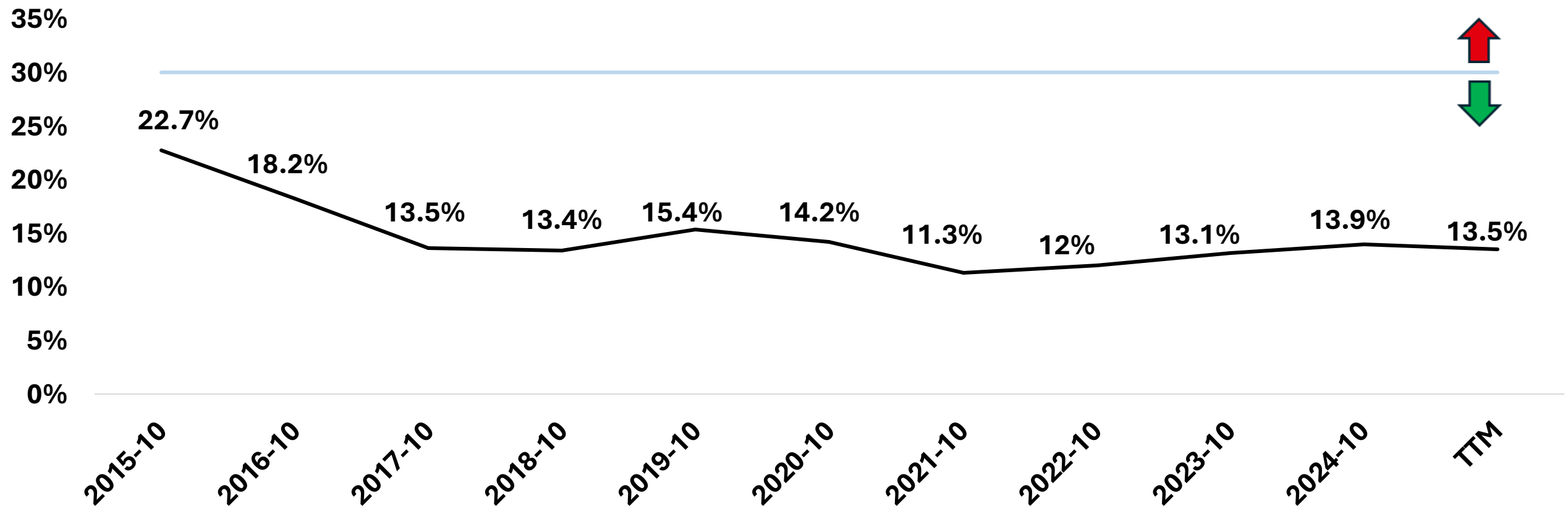


Earnings Per Share

CAGR	
3 - Year	0.9%
5 - Year	14.3%
10 - Year	21.2%



SGA / Gross Profit



Obligation Ratio TTM

Long-term debt	5461
(+) Short-term debt	(+) 799
(+) Preferred stock	(+) 0
(+) Pension funding shortfall	(+) 0
(+) Annual leases multiplied by 7	(+) 567
(+) Marketable Securities	(+)1949
(–) Cash	(-)7979
Divided by Annual Net Income	6343 = -0.2x

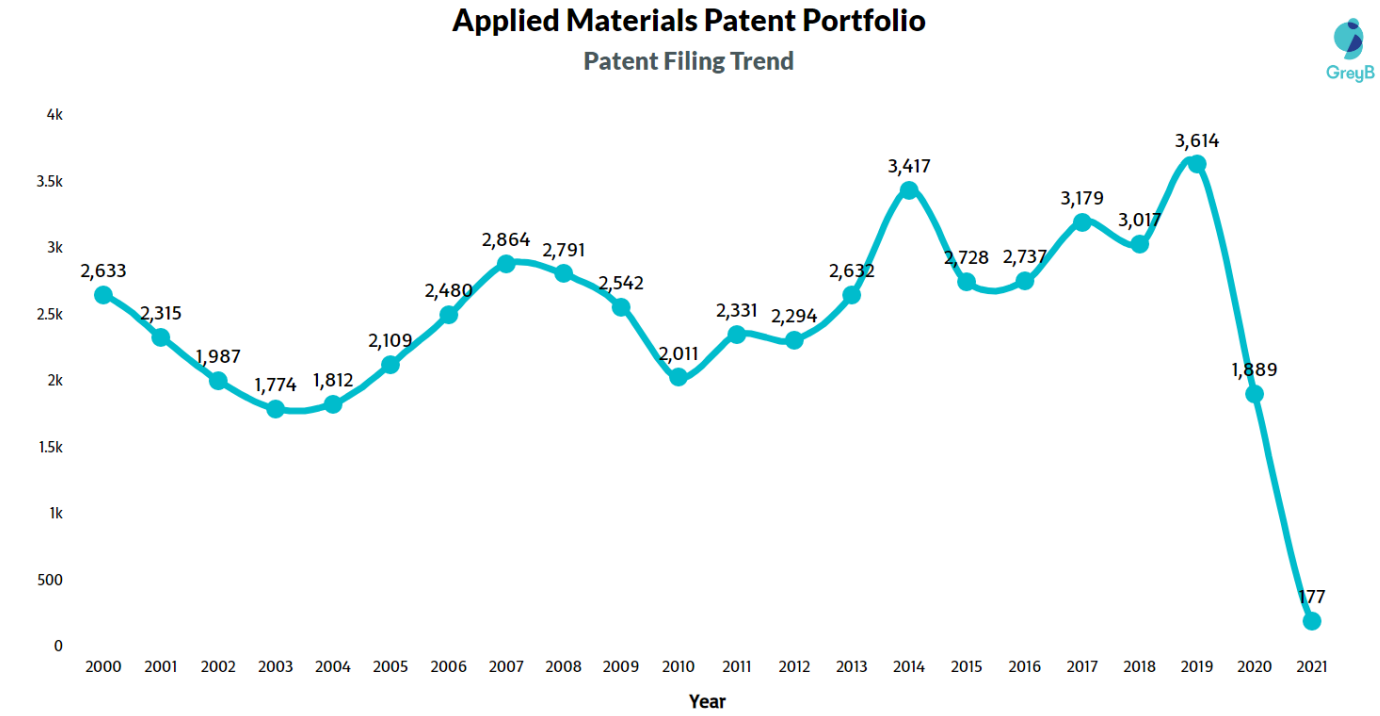
≤ 5 Years

Economic Moat

Dan The Man

Intangible Assets

- AMAT holds a **vast portfolio of patents and proprietary technologies**:
  - Ion implantation (Varian)
  - Deposition (CVD, PVD, ALD)
  - Etch and inspection systems
- **$2 billion annually in R&D,**
  - Industry Leading
  - Innovative
- **Know-how**



Note: Patent filing year and all the patents in the portfolio are considered to plot the filing trend, Data Range Based on Publication Year (2000 - 2021).

Switching Costs

- Requalification time
- Cost
- Risk
- Potentially disrupting costs, timeliness, quality, and efficiency
- Lock-in effect gives a strong **pricing power** and long-term customer **relationships.**

Multiple Fields

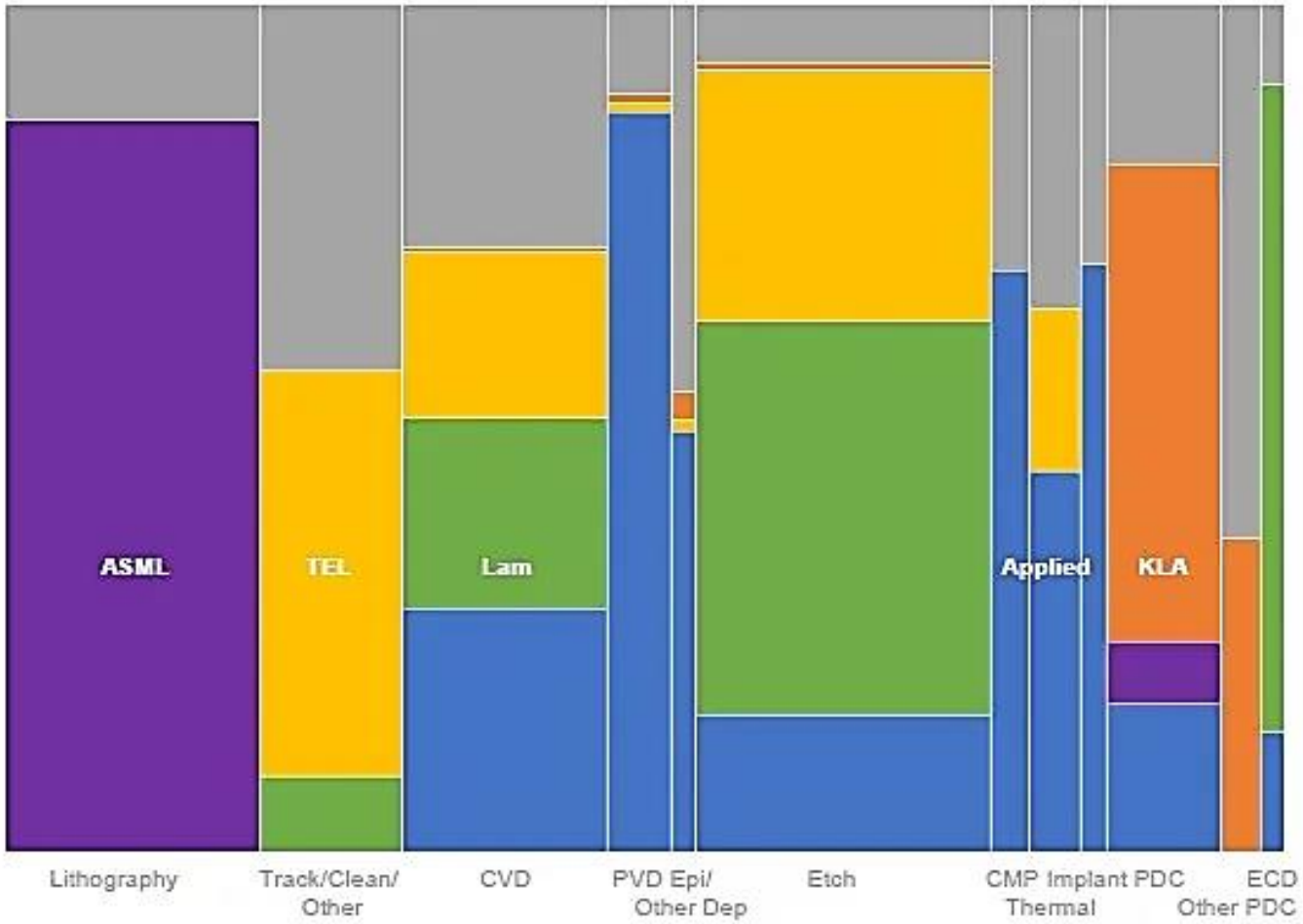
Most chip equipment peers focus on niche segments:

- **Lam Research** - Etch
- **KLA** - Process Control
- **ASML** - Lithography

Applied Materials participates across nearly **all** categories:

- **Deposition** – Holds **40%+ market share**
- **Etch** – Top 3 player
- **Process Control** – Second-largest
- **Thermal processing, doping, and others**

Equipment Processes

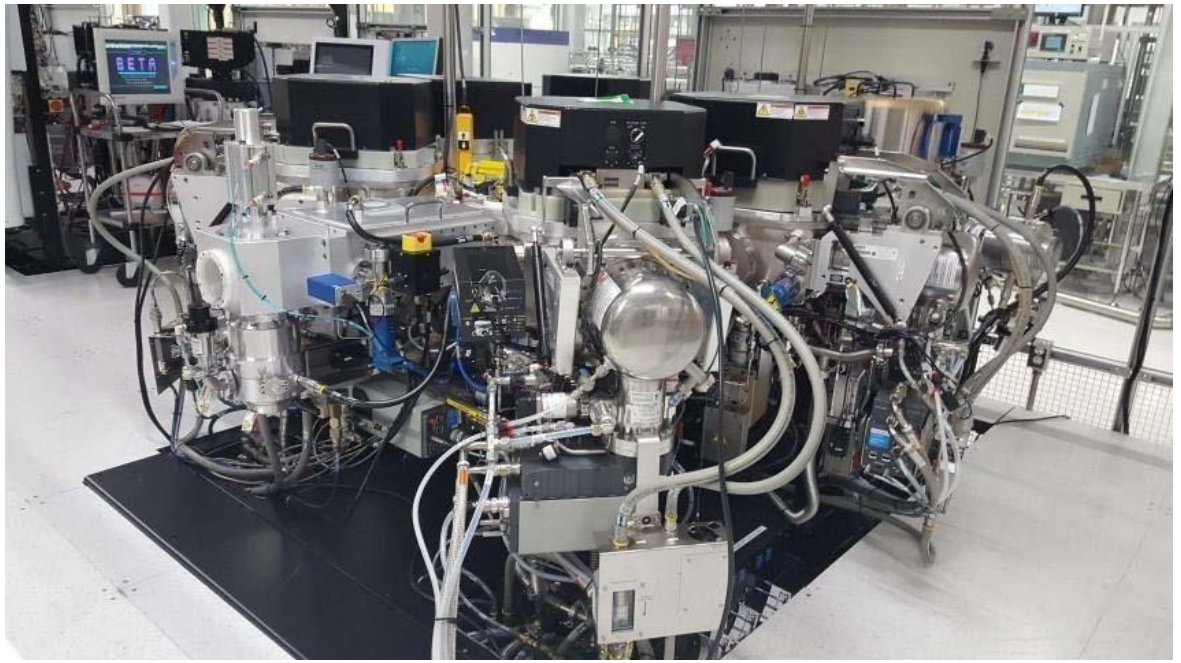


Integrated Systems

Combines multiple chipmaking steps into one machine.

- Better performance
- Lower cost
- Shortens process cycle times
- Boosts uniformity
- Reduces cross-contamination
- Systems are hard to swap out

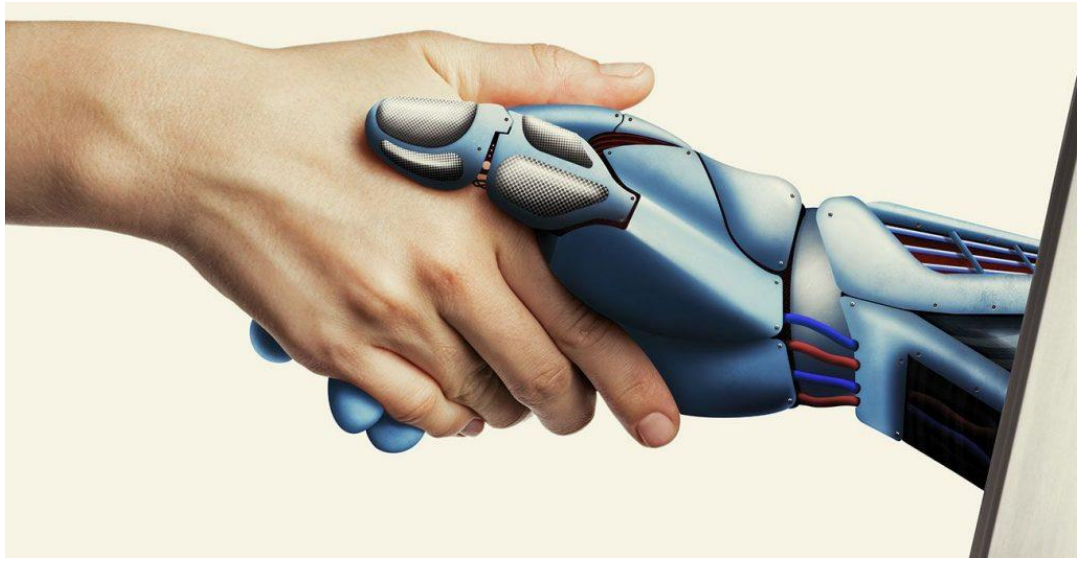
Endura 5500



Future Preparation and research

- Creates plans with customers 5–10 years in advance

- Builds relationship
  - Builds plans based on **needs**
  - Builds **dependency**



Barrier to Entry

Capital

- Massive R&D budgets

Know-How

- Decades of process knowledge

Experience

- Deep relationships with customer leads to **not reacting**, but **co-driving** the semiconductor industry

Competitor Analysis

Carson Alldredge

Competitors

TOKYO ELECTRON

ASML

LAM RESEARCH

KLA LABS

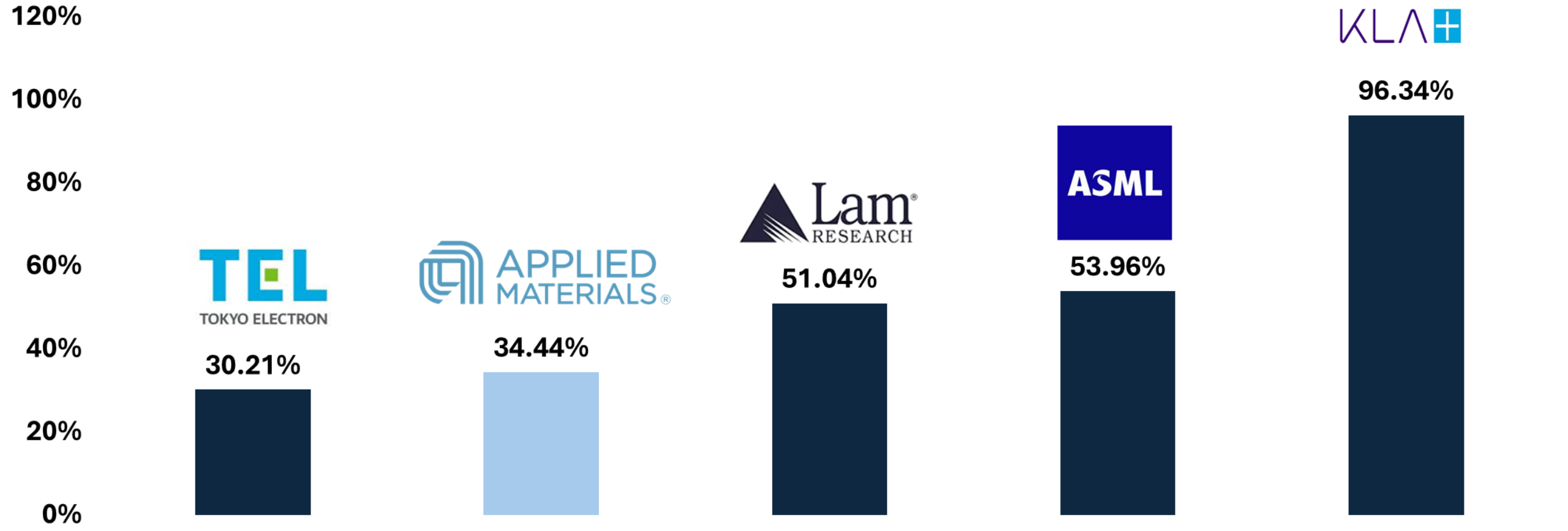
Revenue TTM


$45,000
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$-
In Millions
KLA
$10,847
TEL
TOKYO ELECTRON
$15,388
Lam
RESEARCH
$17,136
APPLIED
MATERIALS
$27,635
ASML
$33,076

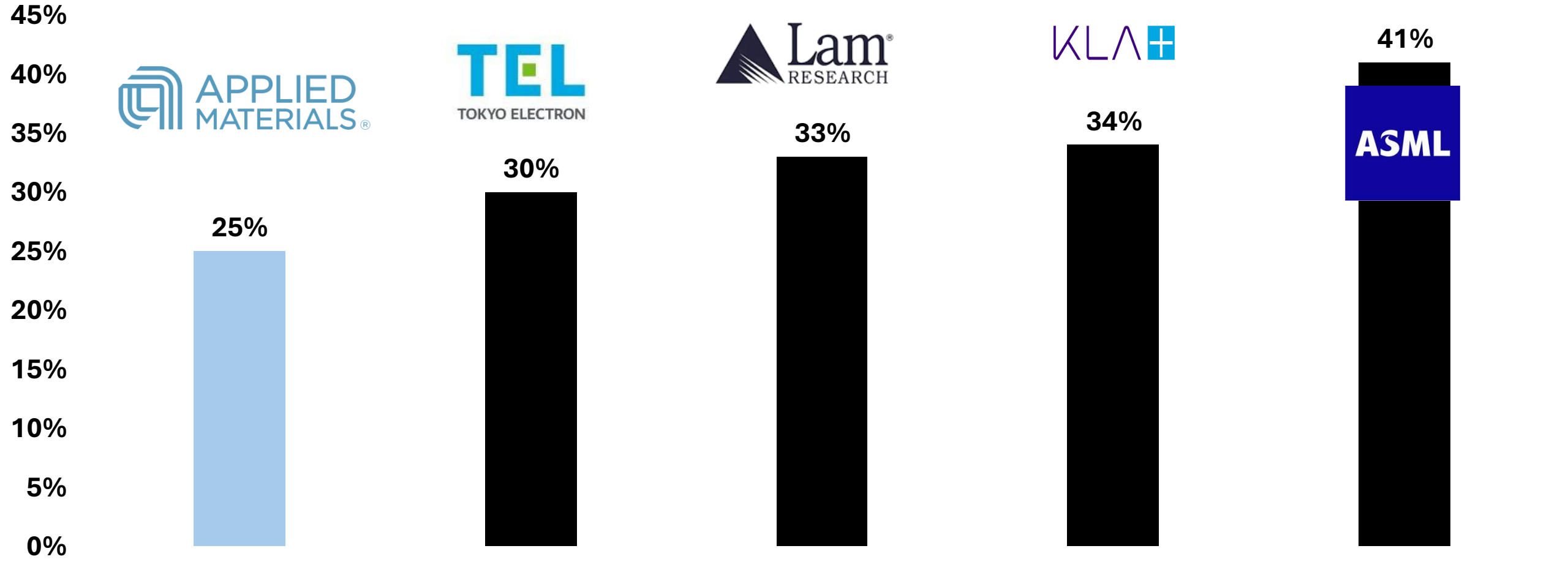
Net Income TTM

Free Cash Flow TTM

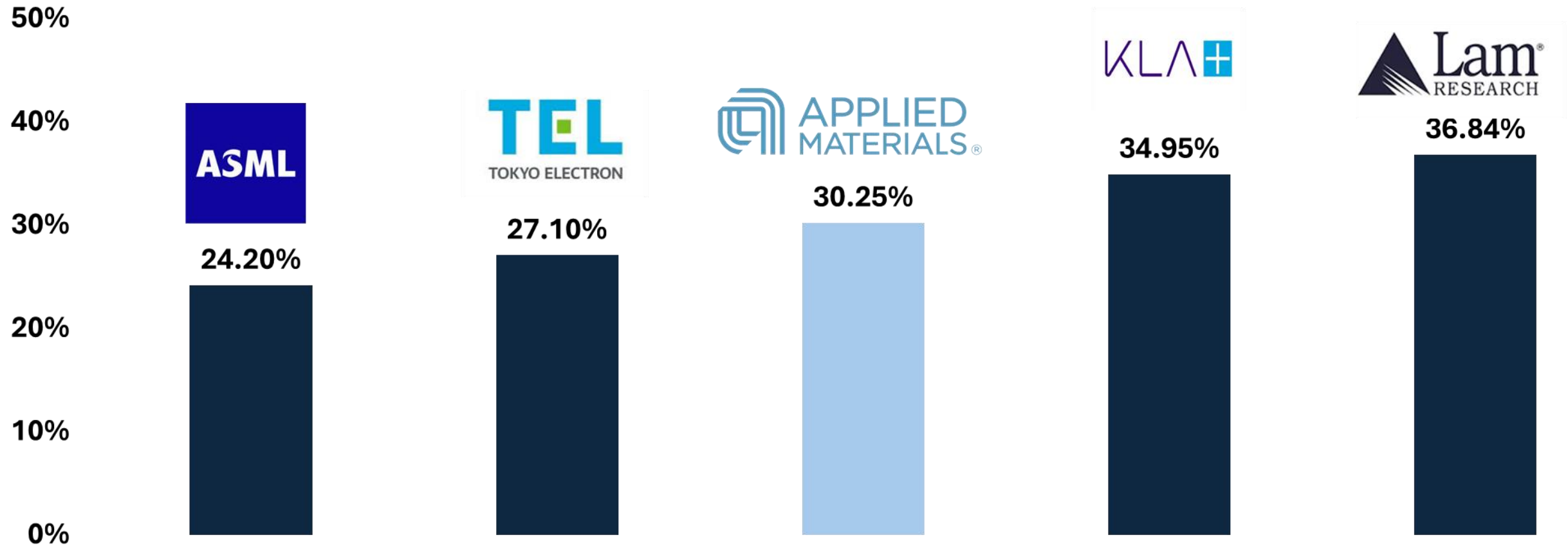
Return on Equity TTM



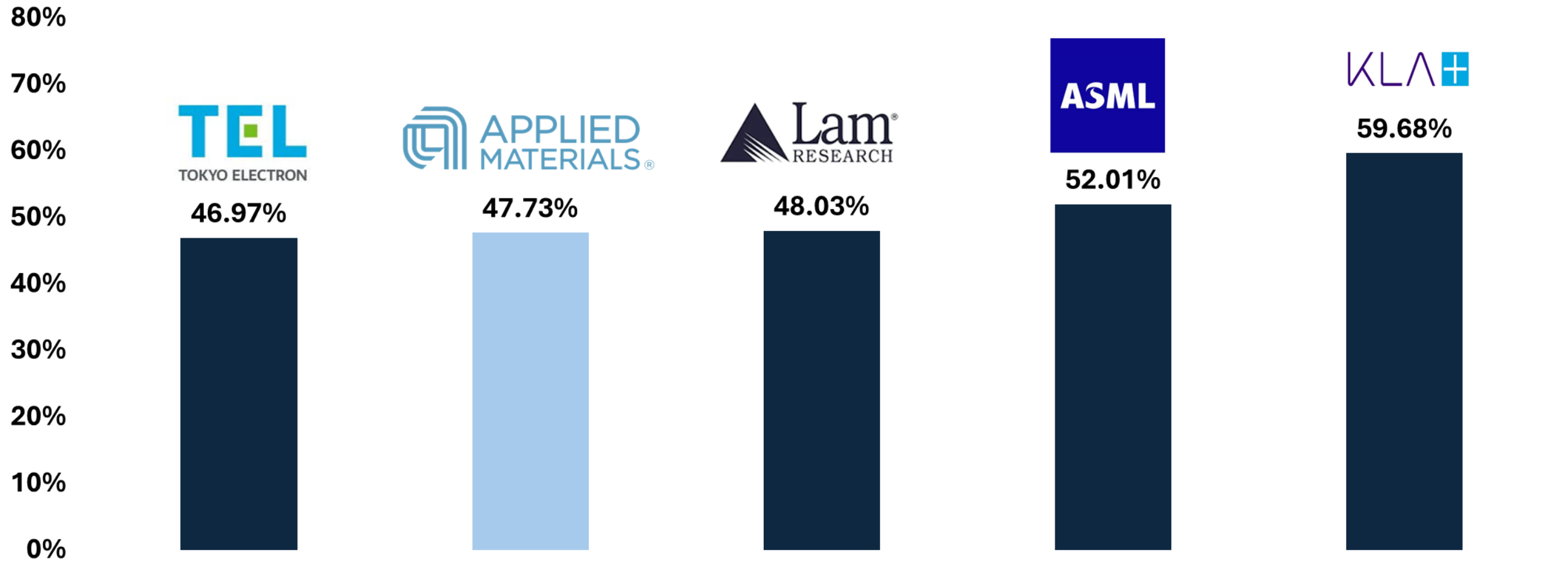
Return on Capital TTM



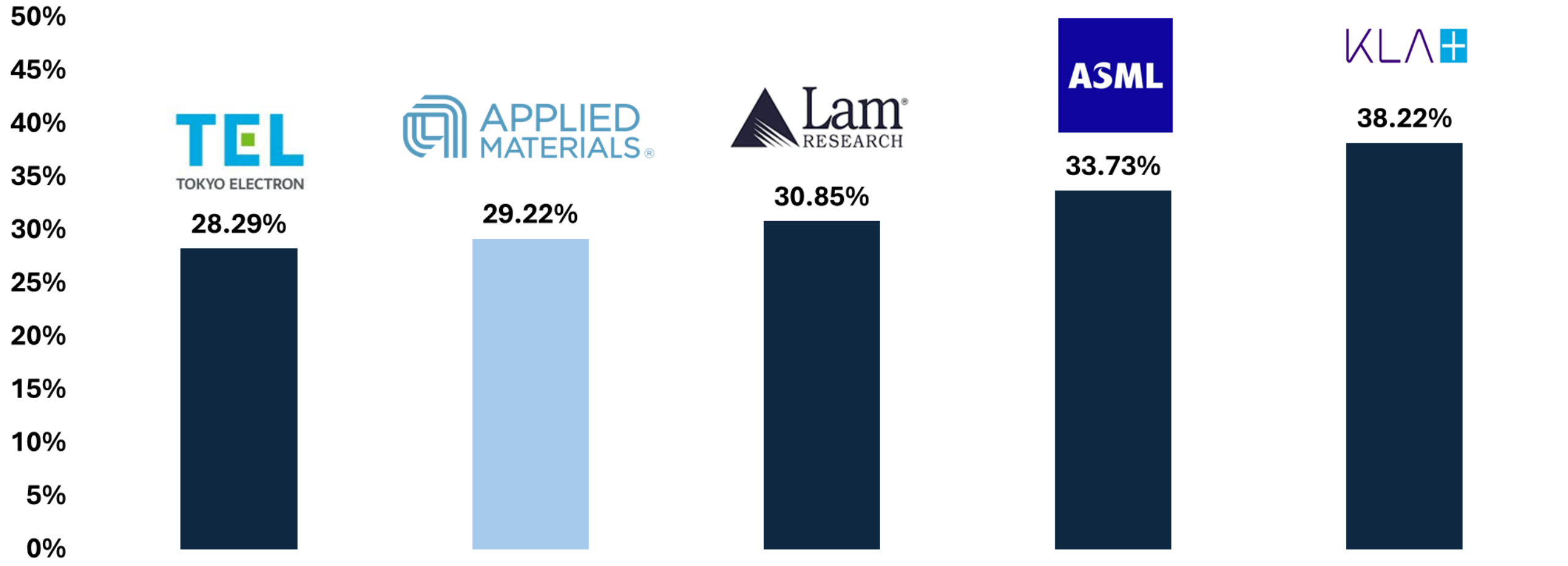
Return on Invested Capital TTM



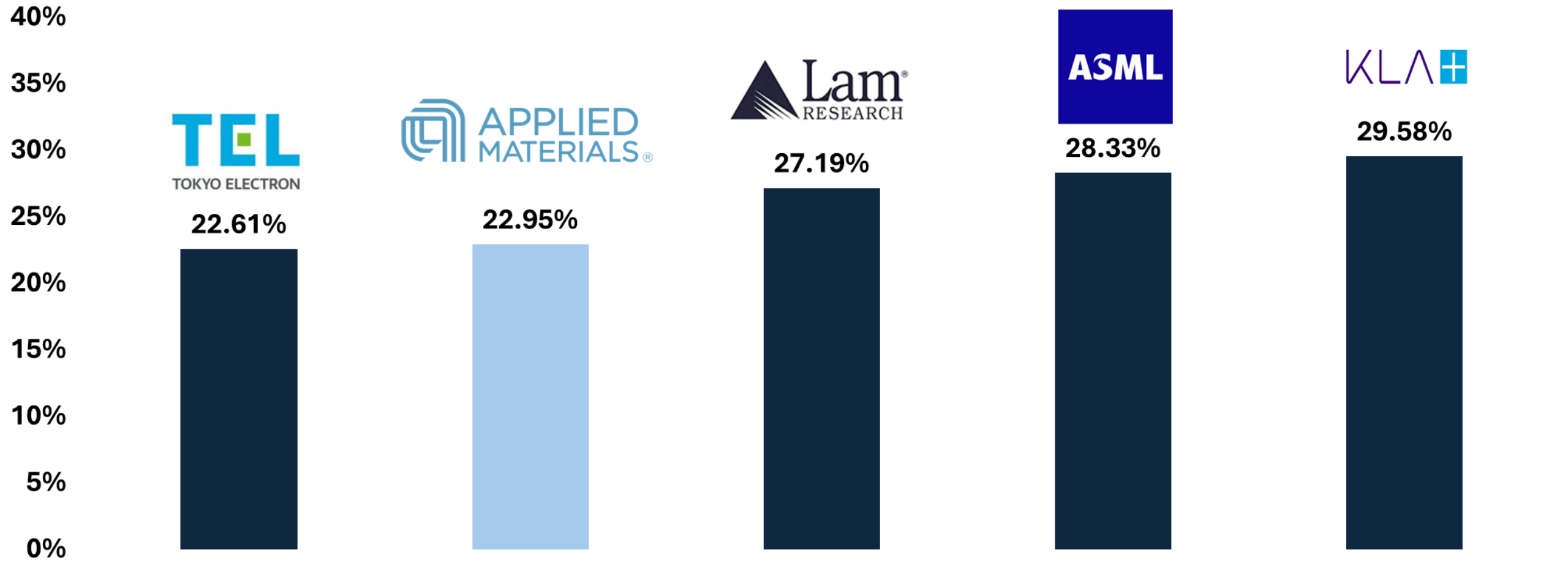
Gross Margin % TTM



Operating Margin % TTM



Net Margin % TTM



Net Profit Margin TTM

Net Profit Margin increasing = becoming more profitable

Company	Net Profit Margin
Applied Materials	**26.4%**
Lam Research	**25.7%**
ASML	**26.8%**
Tokyo Electron	**19.9%**
KLA Labs	**28.1%**

Asset Turnover TTM

Asset Turnover increasing = assets are being used more effeciently to generate sales 

Company	Asset Turnover
Applied Materials	**1.3x**
Lam Research	**1.3x**
ASML	**1.7x**
Tokyo Electron	**1.3x**
KLA Labs	**1.6x**

Equity Multiplier TTM

Equity Multiplier increasing = using more debt to boost returns

Company	Equity Multiplier
Applied Materials	**1.8x**
Lam Research	**2.2x**
ASML	**2.6x**
Tokyo Electron	**1.4x**
KLA Labs	**1.6x**

Obligation Ratio TTM

Company	Obligation Ratio
Applied Materials	-0.2x
Lam Research	-0.2x
ASML	-0.6x
Tokyo Electron	-0.6x
KLA Labs	0.7x

PEG Ratio TTM

Company	PEG Ratio
Applied Materials	**0.78x**
Lam Research	**1.05x**
ASML	**1.02x**
Tokyo Electron	**1.1x**
KLA Labs	**0.92x**

Risk Factors

Carson

Cyclicality of Semiconductor Industry

Chip Industry runs in *Boom-Bust Cycles*

Manufacturing takes time

Tariffs/Export Controls

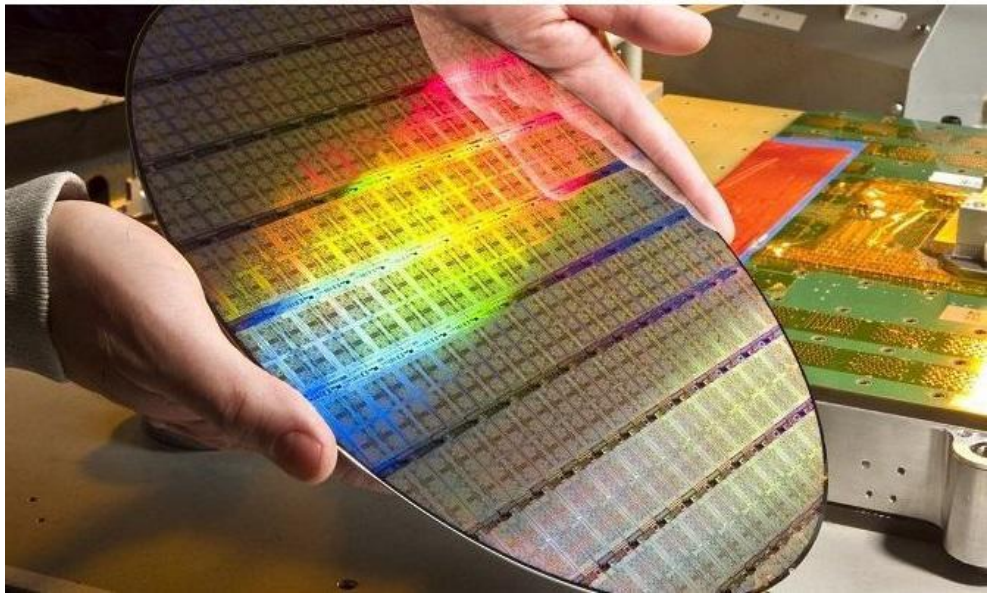
- Geo-political tensions with Chinese and US Markets

- Cannot ship leading edge/advanced tools

Supply Chain

Equipment is very complex and requires thousands of parts and raw materials

Gallium Nitride (GaN) Semiconductor Device

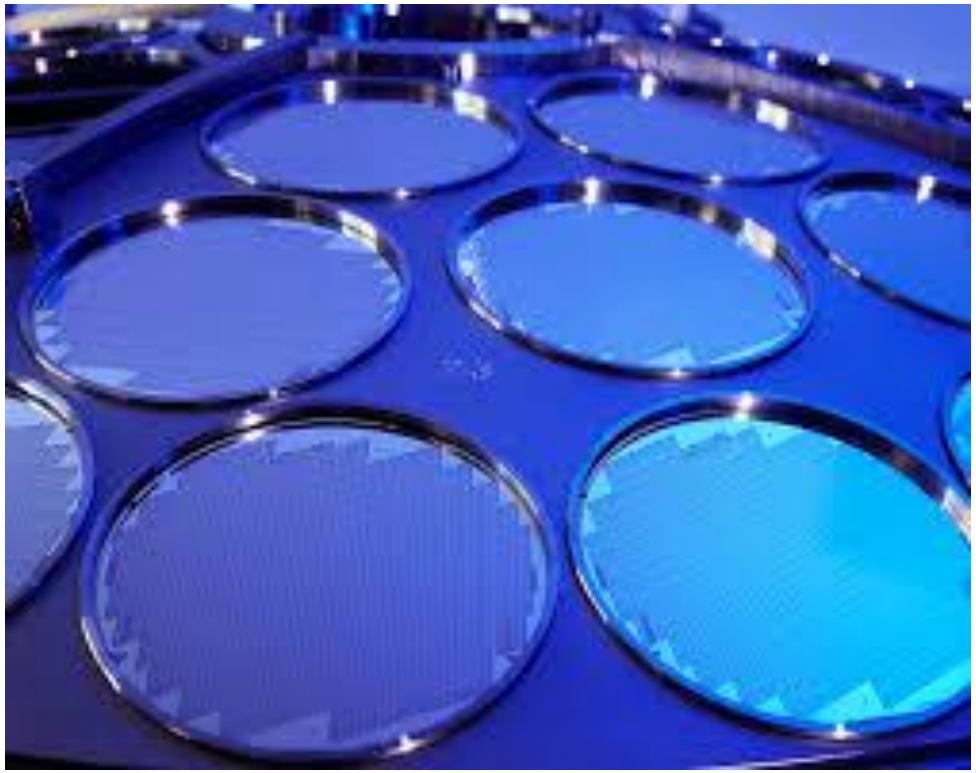


Concentration of Customers

- Longevity is heavily dependent on their major customers such as TSMC, Samsung, Intel

Wafer Fabrication Competitors

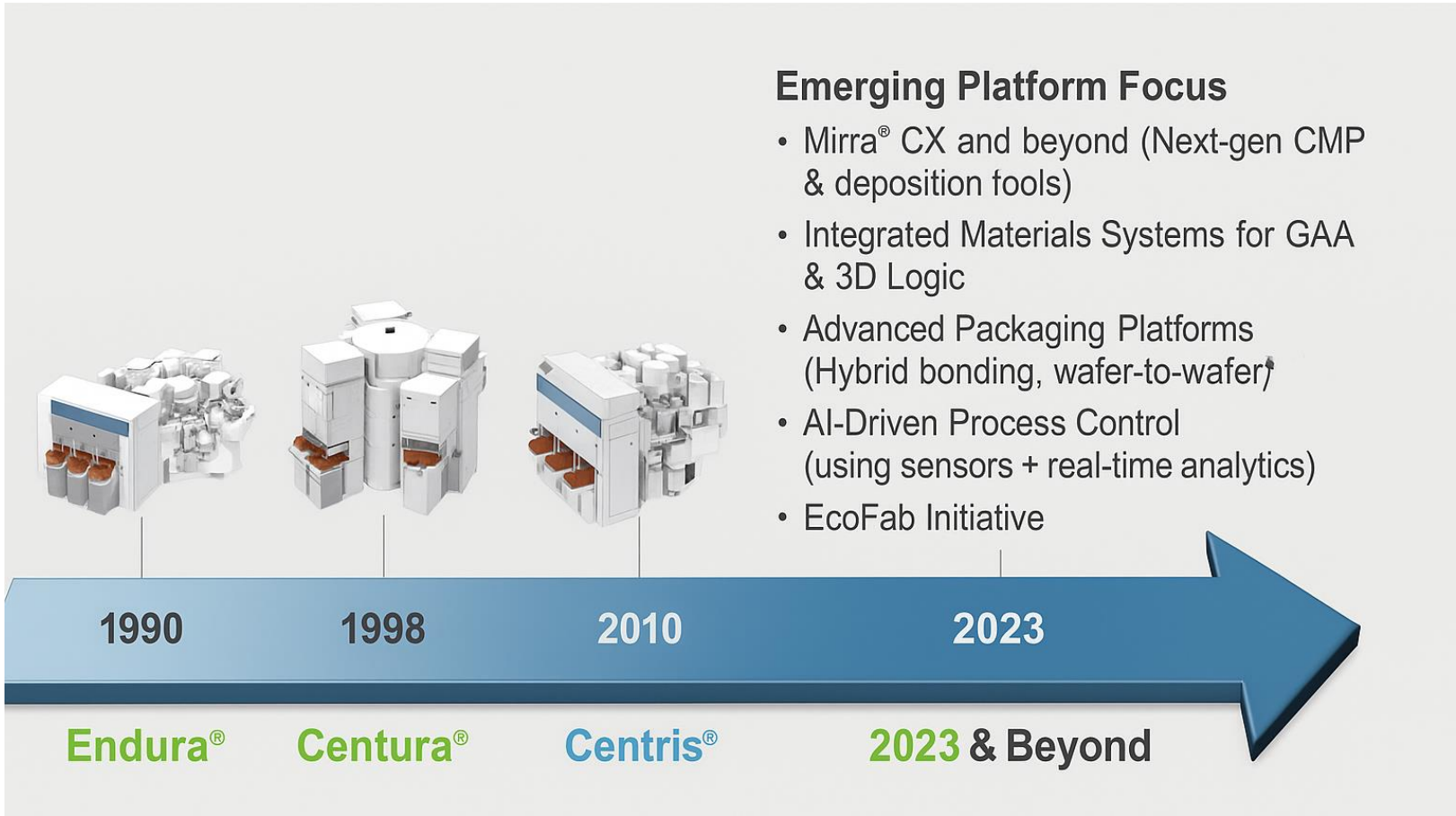
- Generalist in Wafer Fabrication Equipment vs competitors who are more specialized in the Wafer Fabrication Equipment



Growth Opportunities

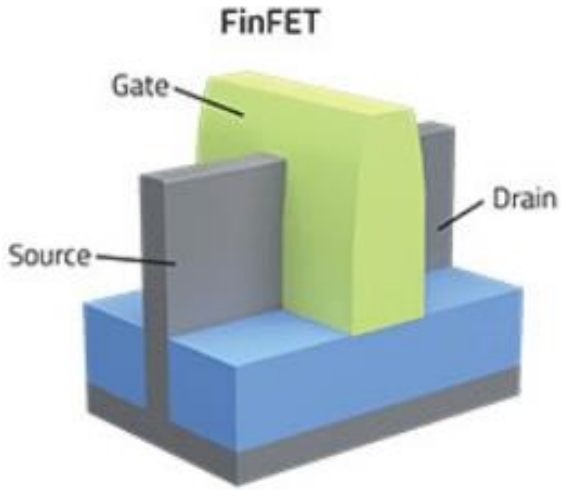
Pablo Picasso

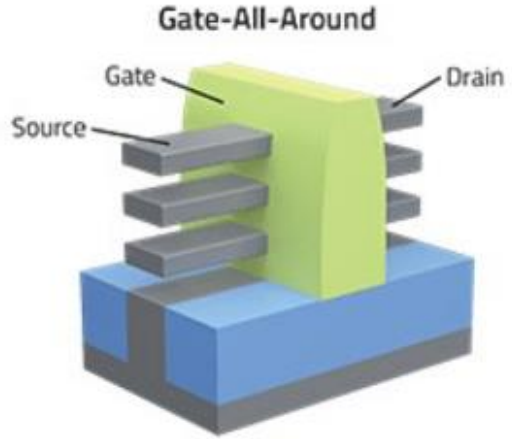
Next-Gen Platforms



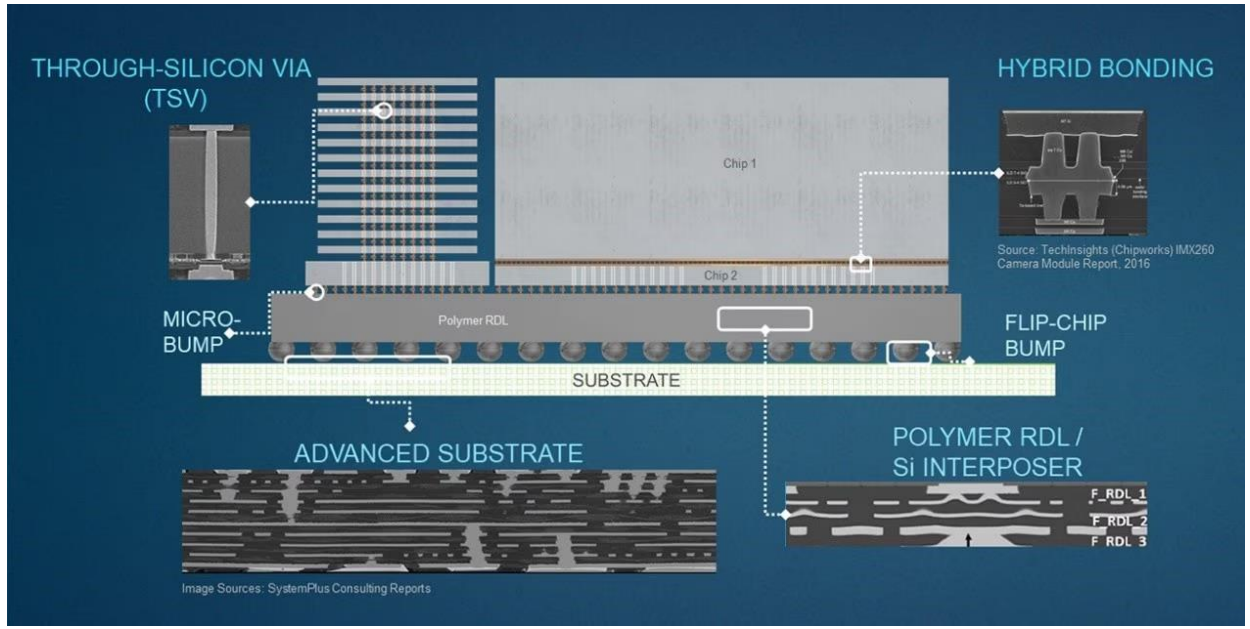
Gate All Around Transistors

- The next evolution in transistor architecture after FinFET.
- Requires new materials, deposition, and etch processes — AMAT's core strengths.
- Critical for enabling sub-3nm chips used in AI, mobile, and advanced computing.





Advanced Packaging

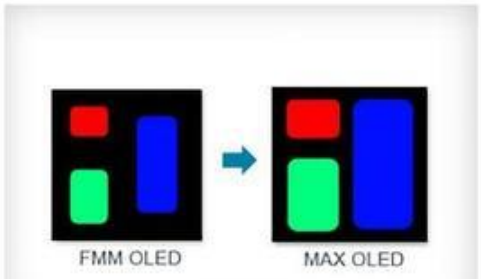


- Helps chips perform better by connecting them in new ways (like 3D stacking).
- Needed as making chips smaller gets harder.
- Expands AMAT's role beyond front-end wafer fabrication to system-level innovation.

AI and Machine Learning

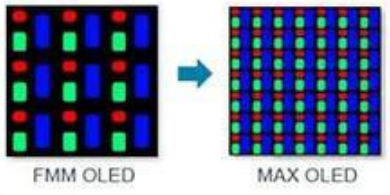
- Accelerates demand for leading-edge nodes (below 5nm).
- AMAT is gaining from foundry and logic customers expanding AI chip production.

Advanced Displays



Optimizing for brightness and lifetime

- ~2X aperture ratio = more light-emitting material per pixel area = up to ~3X brightness*
- Lower current needed to achieve target brightness = lower risk of OLED burn-in, up to ~5X longer lifetime*



Optimizing for resolution and image quality

- Up to 2,000 PPI (FMM ~800 PPI)
- MAX OLED pixel architecture prevents light and color leakage to adjacent pixels

Lower power consumption

- Power savings of 30% or more
- MAX OLED pixel architecture reduces electrical resistance and provides individual RGB sub-pixel voltage control

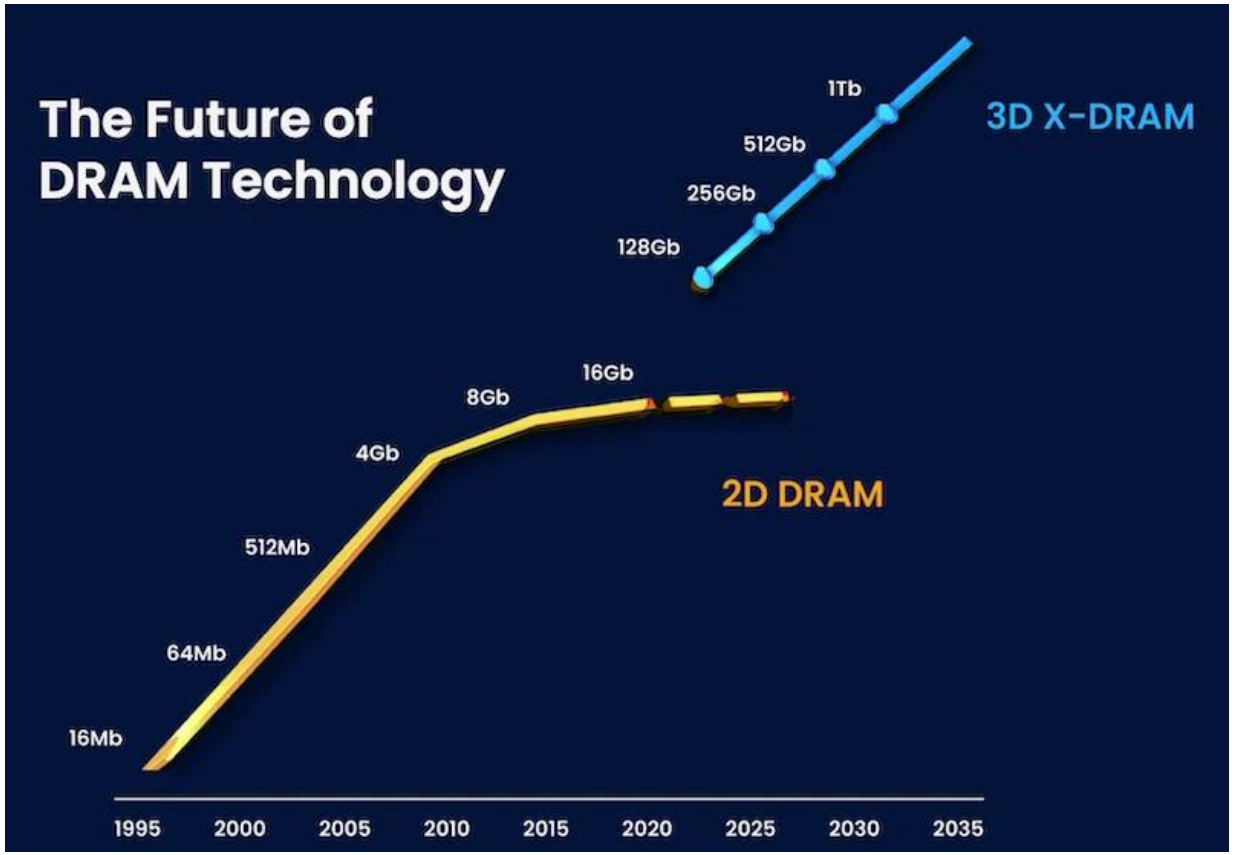
- Scaling OLED Manufacturing with MAX OLED™ Technology
- Enhancing Display Performance and Efficiency
- Expanding Market Reach Through Strategic Partnerships

3D DRAM Technology

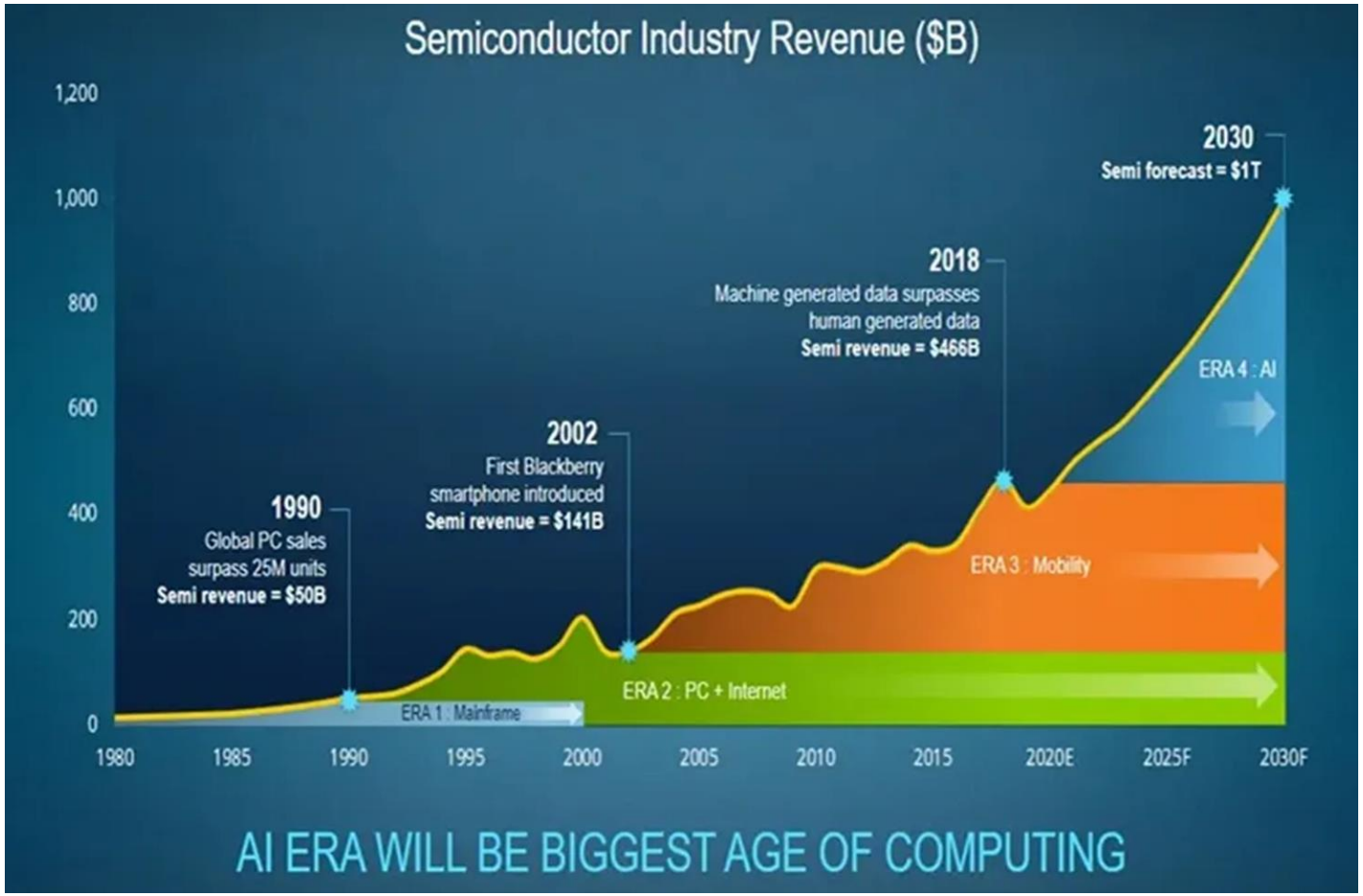
High-performance DRAM

Cost Cutting

Time Cutting

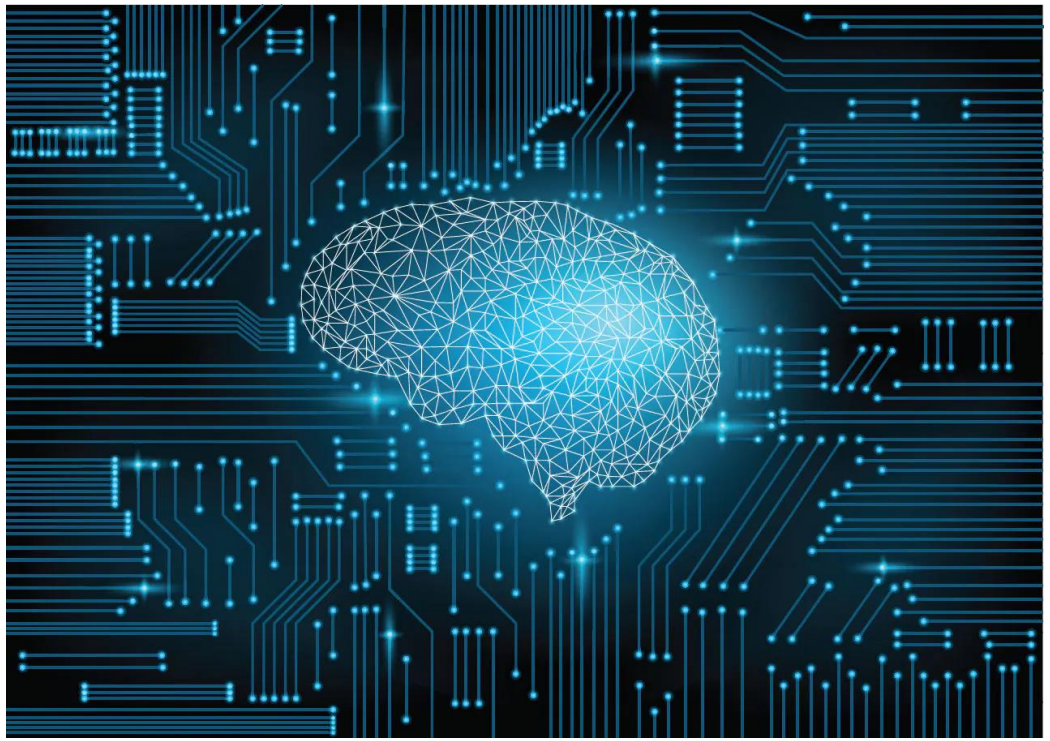


Semi Conductor Industry Revenue



Artificial Intelligence & Machine Learning

- Global AI market is projected to grow from $750 billion in 2025 to approximately $3.68 trillion by 2034
  - (CAGR) of 19.20% “Precedence Research”
- AIx™ Platform for Process Optimization
  - Speeds up chip design



Automotive & EV Chips

- EVs and smart cars use up to 3,000 chips.
- AMAT tools power sensors, AI, and processors.
- Growth driven by 3D packaging and silicon carbide.

The average modern car contains

300 - 1,000

semiconductor chips.

Newer xEVs can have up to

3,000

semiconductors chips!

AI: Top Global Priority

THE U.S. Sun News Sport TV Entertainment Money Tech Motor

News > World News

I AM THE LAW World's first true ROBOCOP unveiled as cops deploy 'Cyborg 1.0' with facial recognition 360 degree cameras for eyes

Scroll down to find out more about the robo-cops' capabilities

Lydia Doye
Published: 12:17 ET, Apr 17 2025 | Updated: 12:26 ET, Apr 17 2025

THAILAND has unveiled the world's first true robo-cop capable of detecting and stopping crime.

Defense News Multimedia Spotlights

Defense Officials Outline AI's Strategic Role in National Security

April 24, 2025 | By Army Maj. Wes Shinego, DOD News |

Yesterday, senior Defense Department officials and experts from industry partners and throughout the government gathered in Washington to discuss the future of artificial intelligence, highlighting how Defense Secretary Pete Hegseth's push for innovation, lethality and readiness is shaping the department's approach to AI.

Tech Science Life Social Good Entertainment Deals Shopping Games

Home > Tech

Trump signs AI education order to train K-12 students amidst competition from China

China has recently boosted up AI education in its schools.

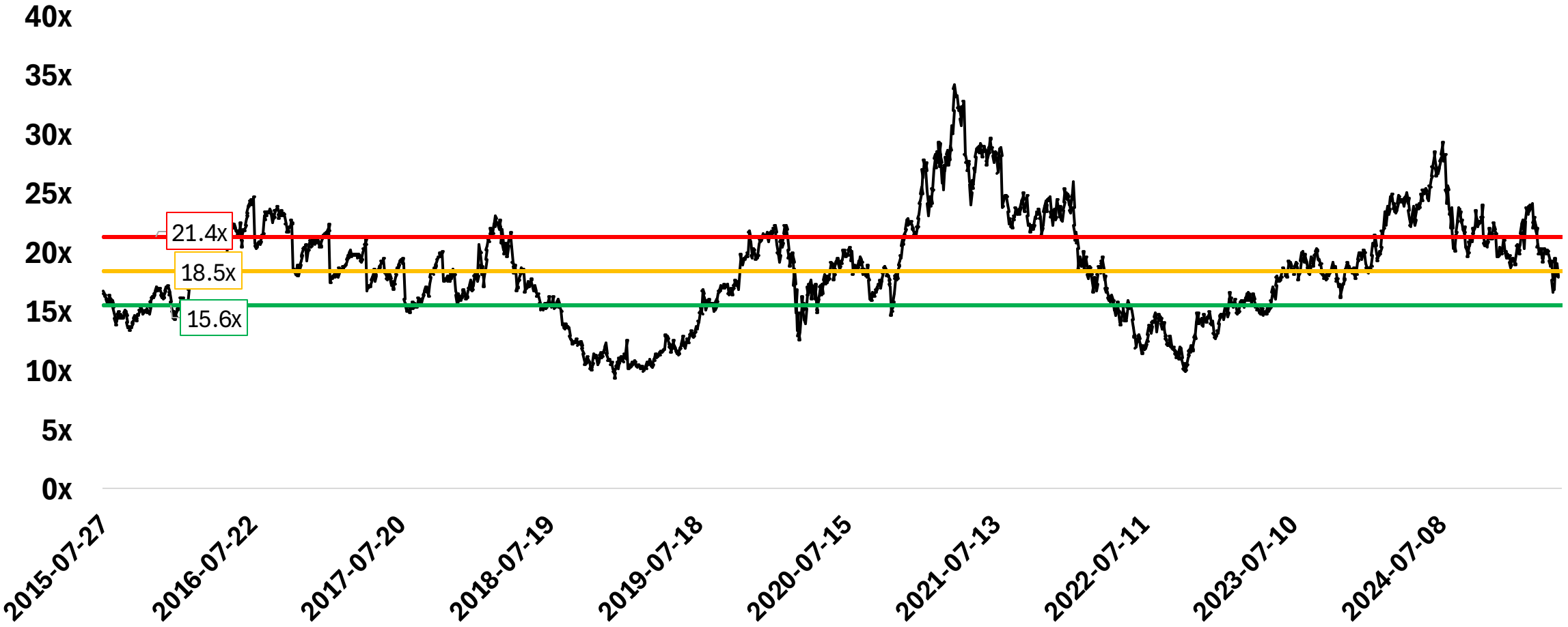
By Cecily Mauran on April 24, 2025

Trump shows off the signed AI education executive order. Credit: Samuel Corum / Sipa / Bloomberg / Getty Images

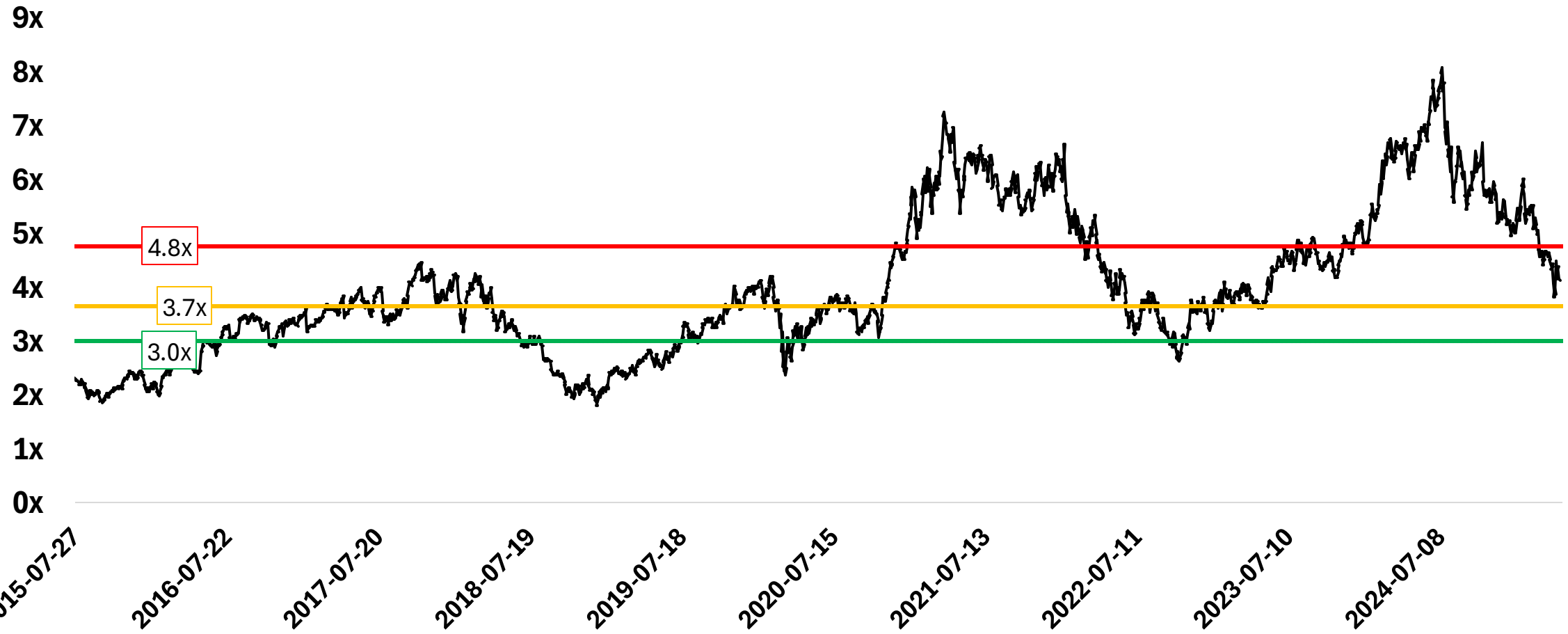
Value Bands & Intraportfolio Analysis

Pablo Picasso

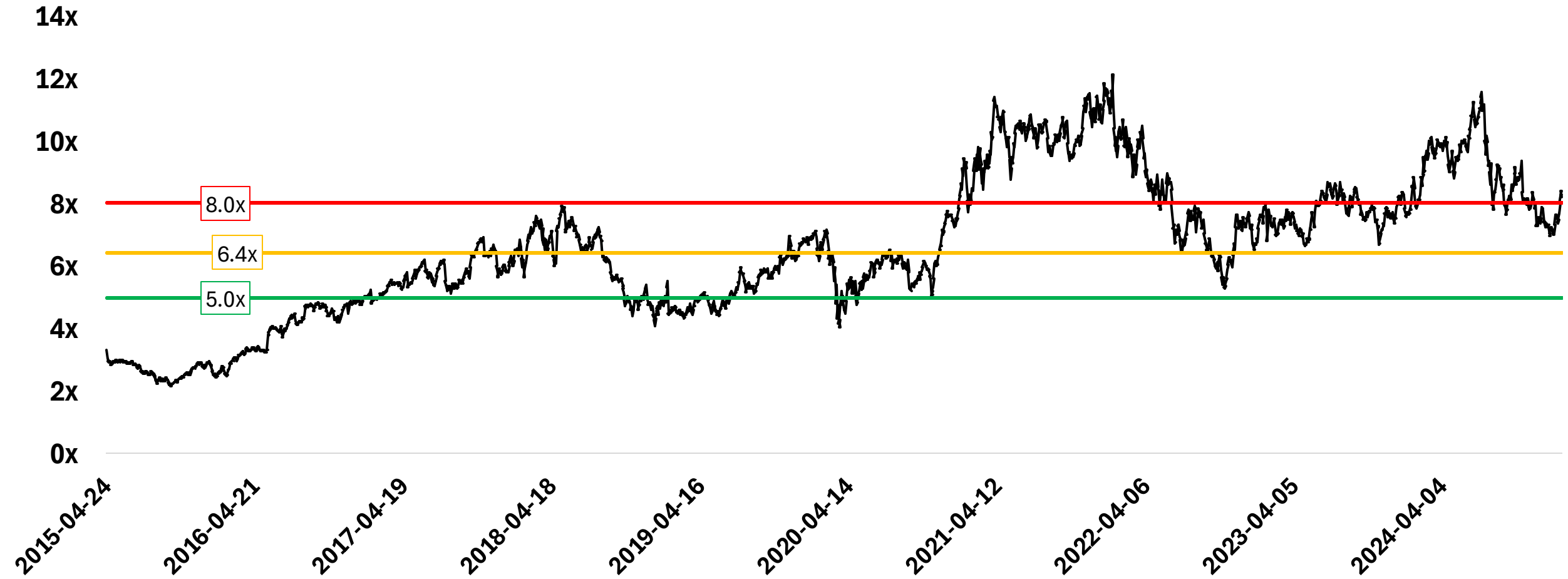
Price To Earnings – 10 YRS



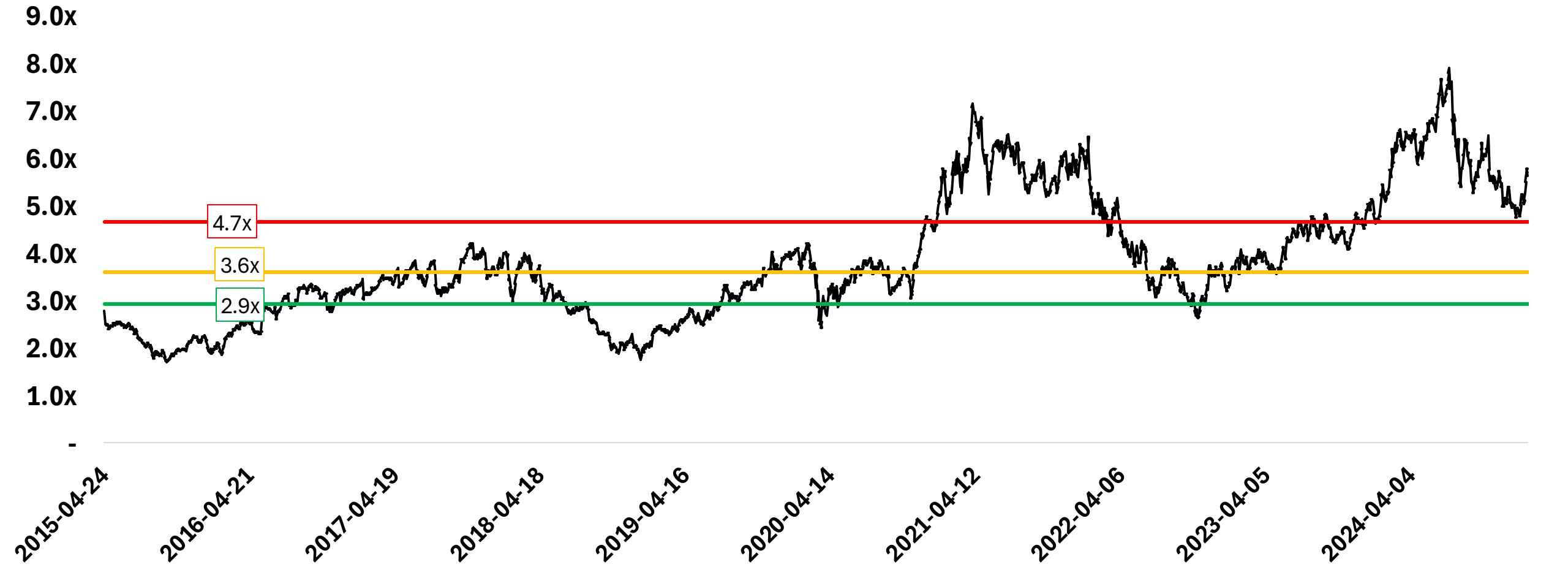
Price To Sales – 10 YRS



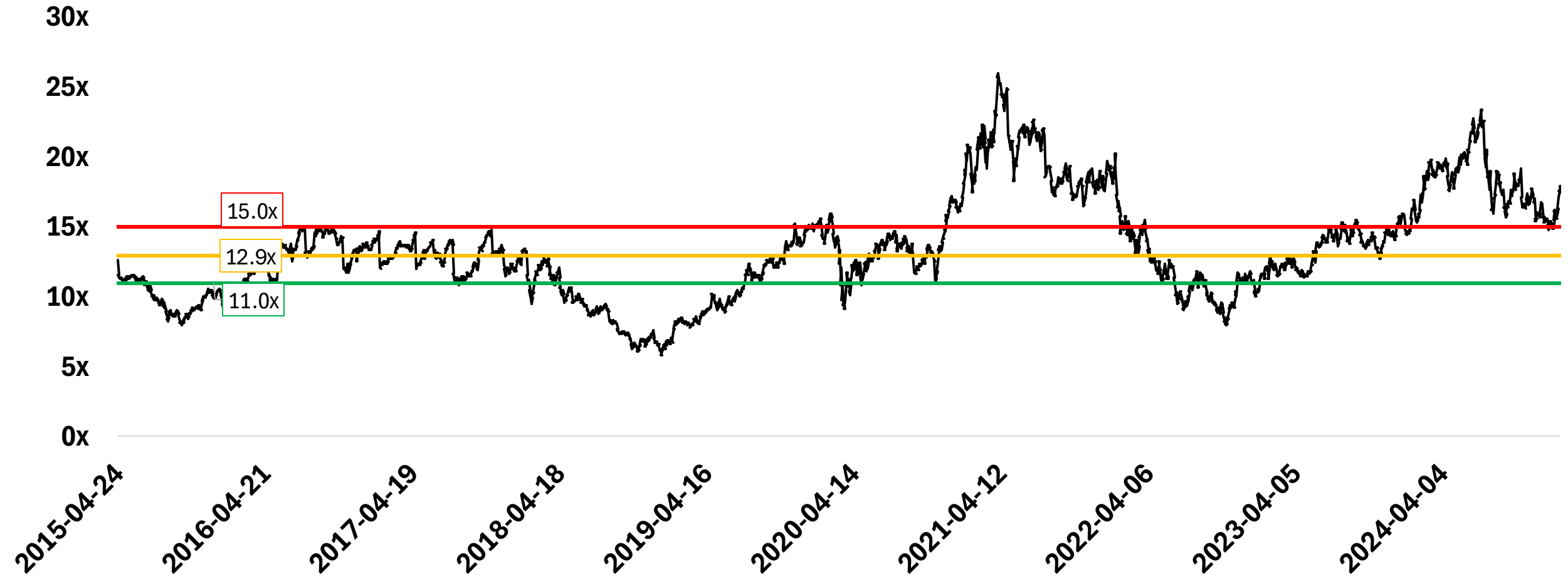
Price To Book Value – 10 YRS



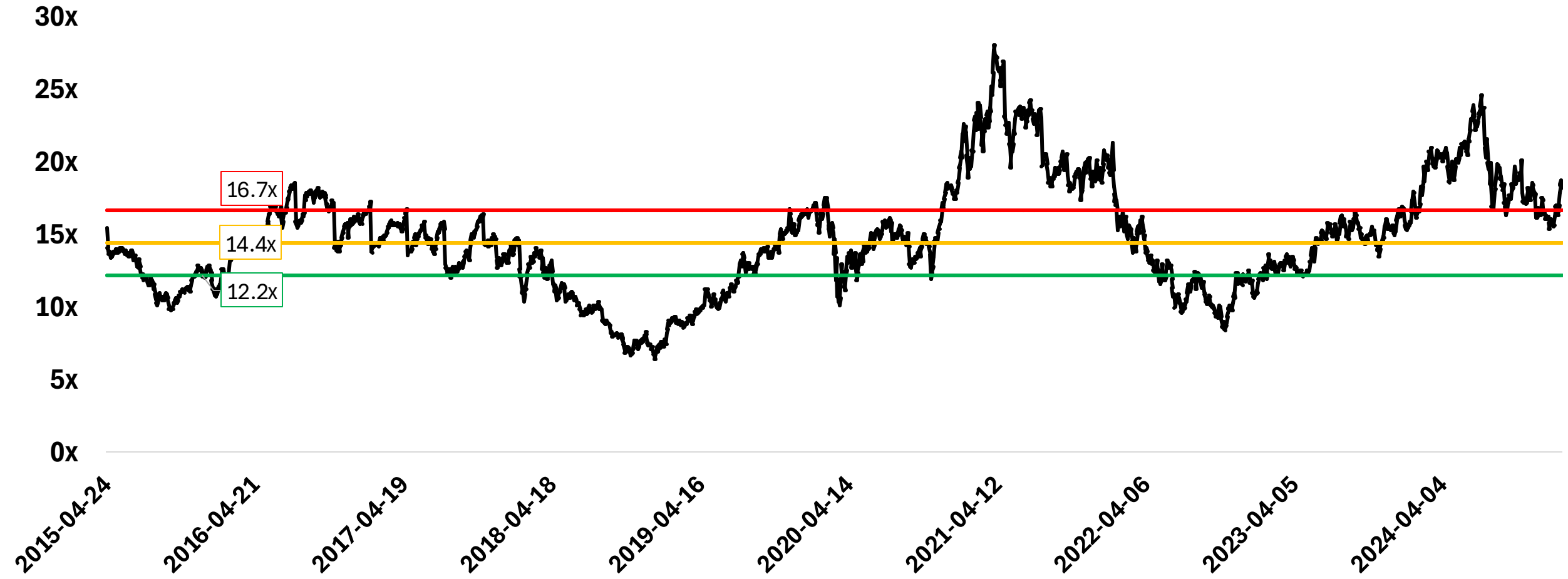
Enterprise Value To Revenue – 10 YRS



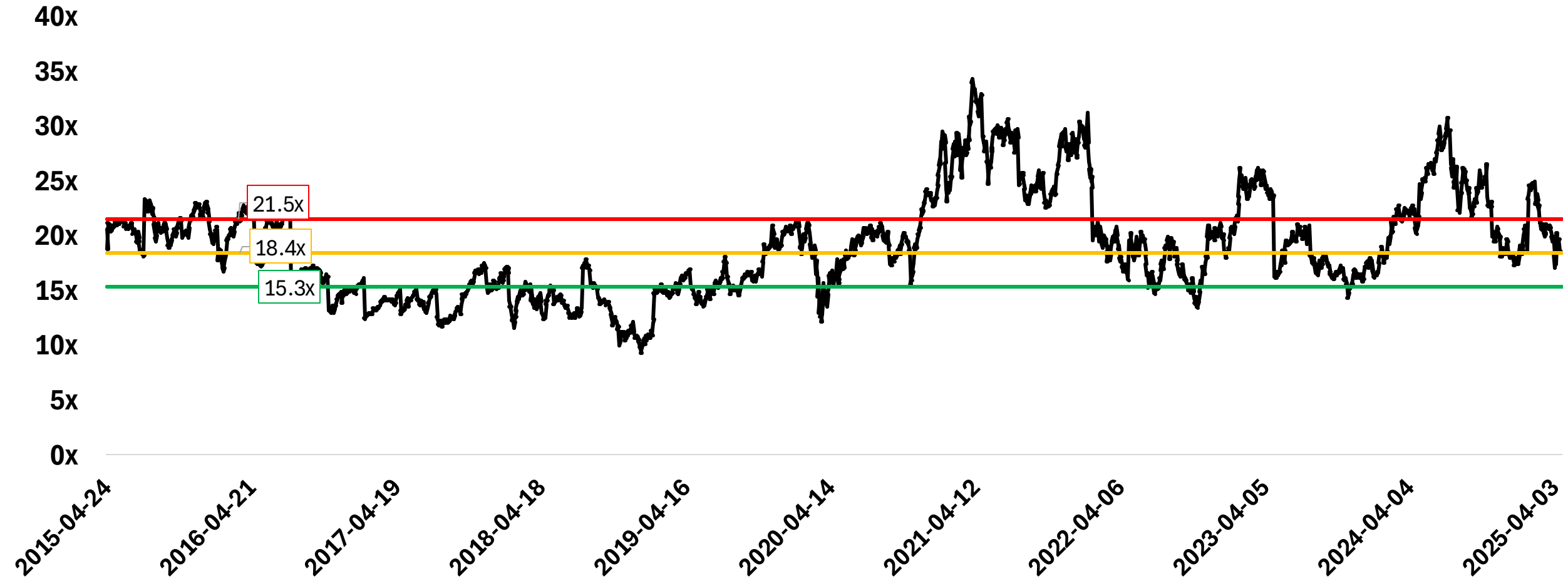
Enterprise Value To EBITDA – 10 YRS



Enterprise Value To EBIT – 10 YRS



Enterprise Value To Free Cash Flow – 10 Yrs



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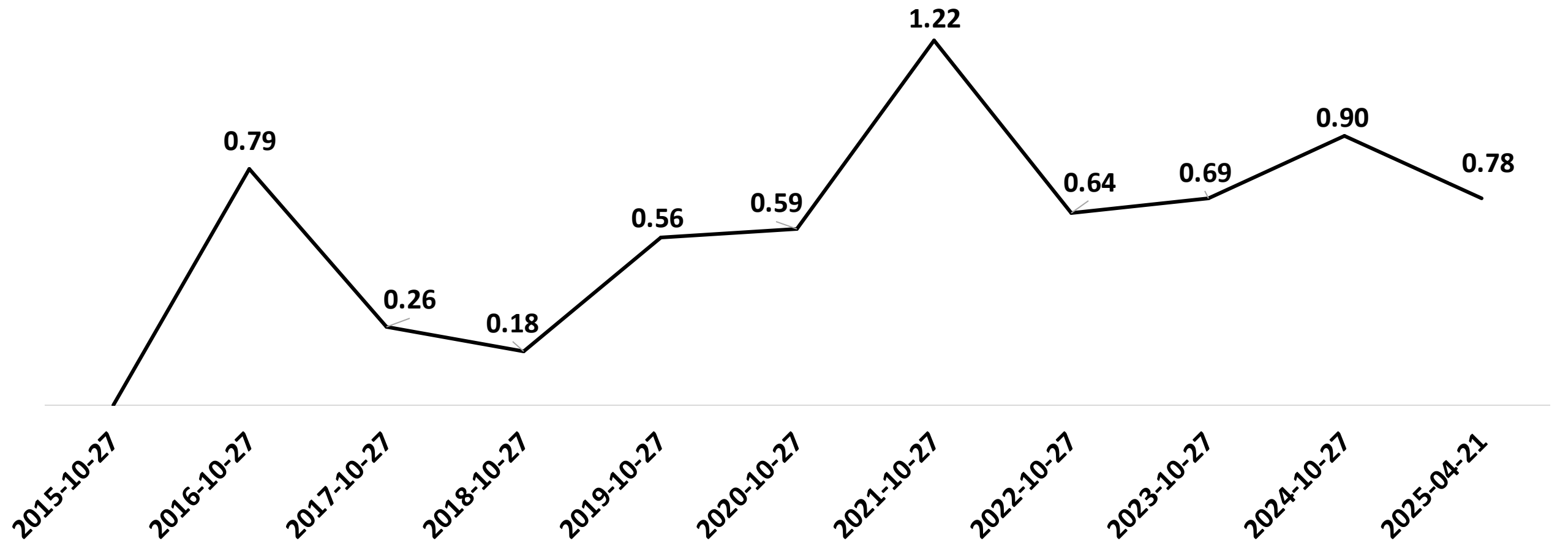
0.79
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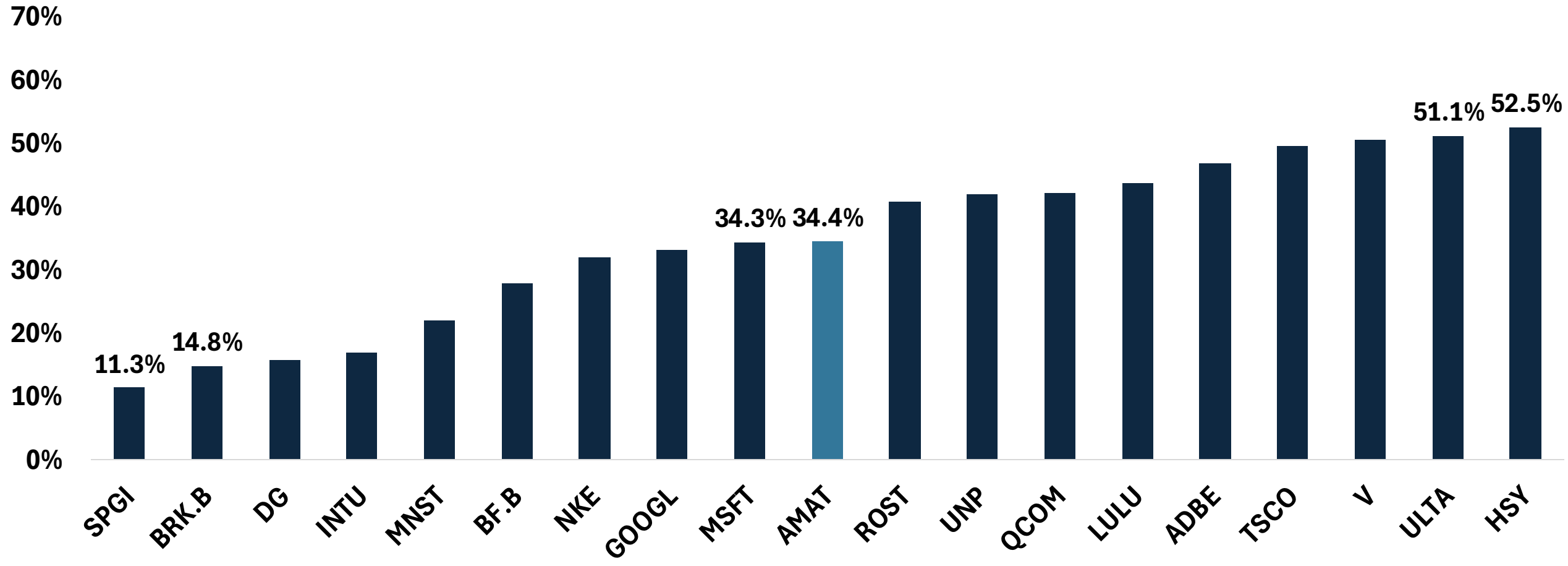
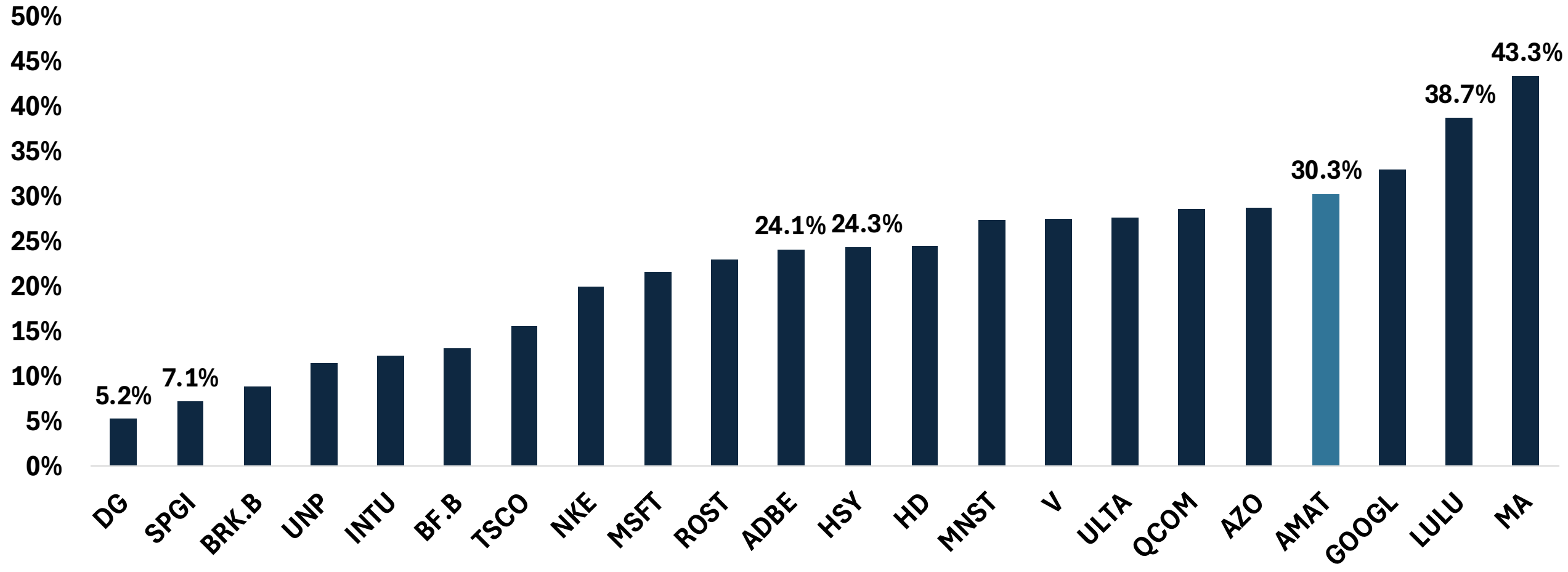
2015-10-27
2016-10-27
2017-10-27
2018-10-27
2019-10-27
2020-10-27
2021-10-27
2022-10-27
2023-10-27
2024-10-27
2025-04-21

Return on Equity %



ROIC %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BF.B
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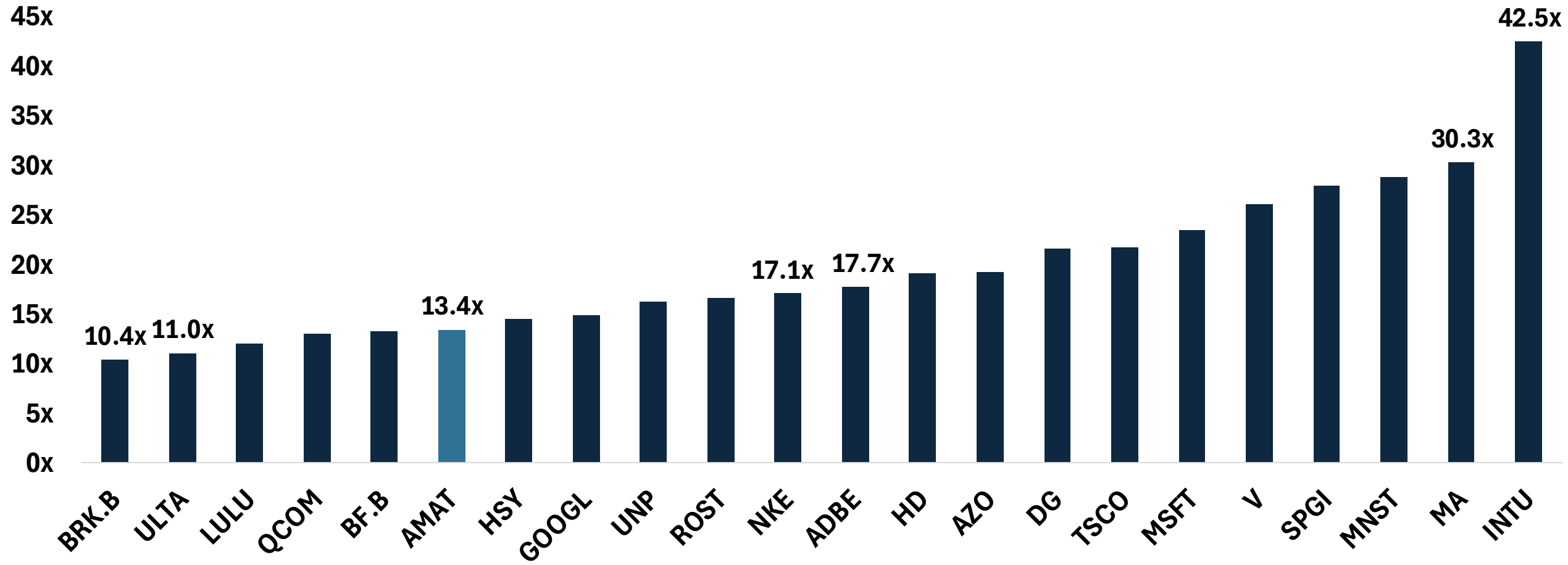
EV To EBIT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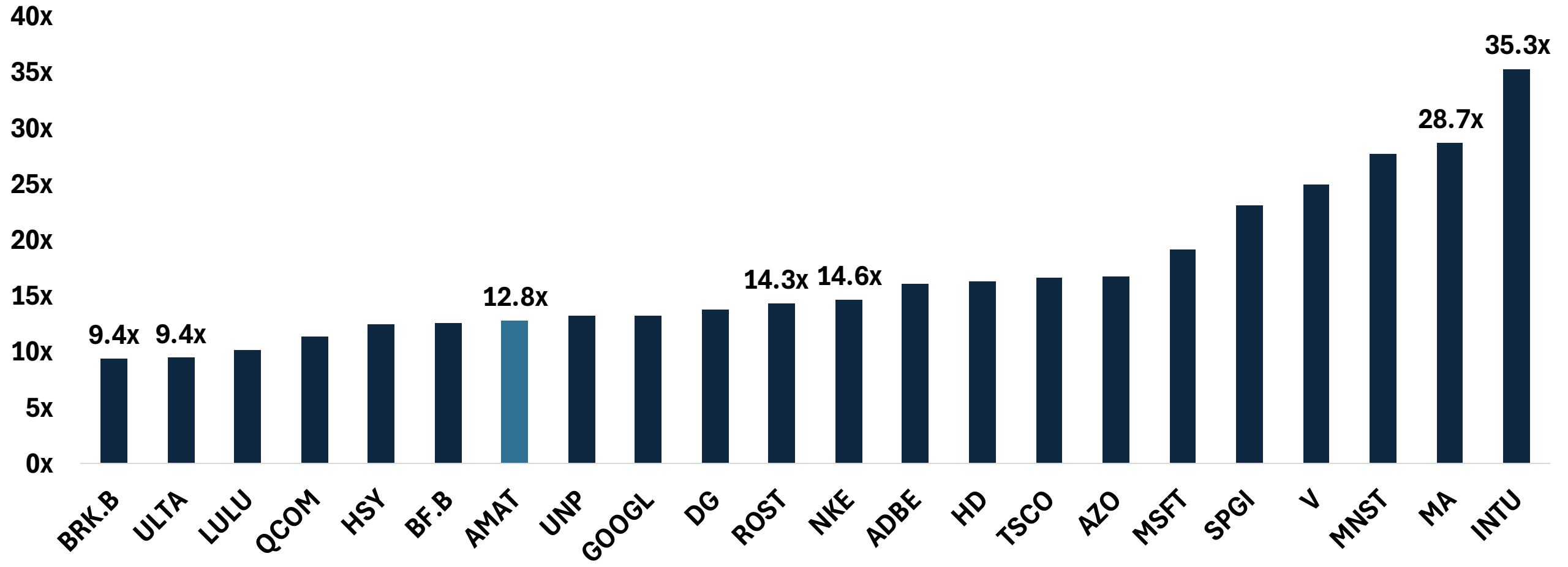
EV To EBITDA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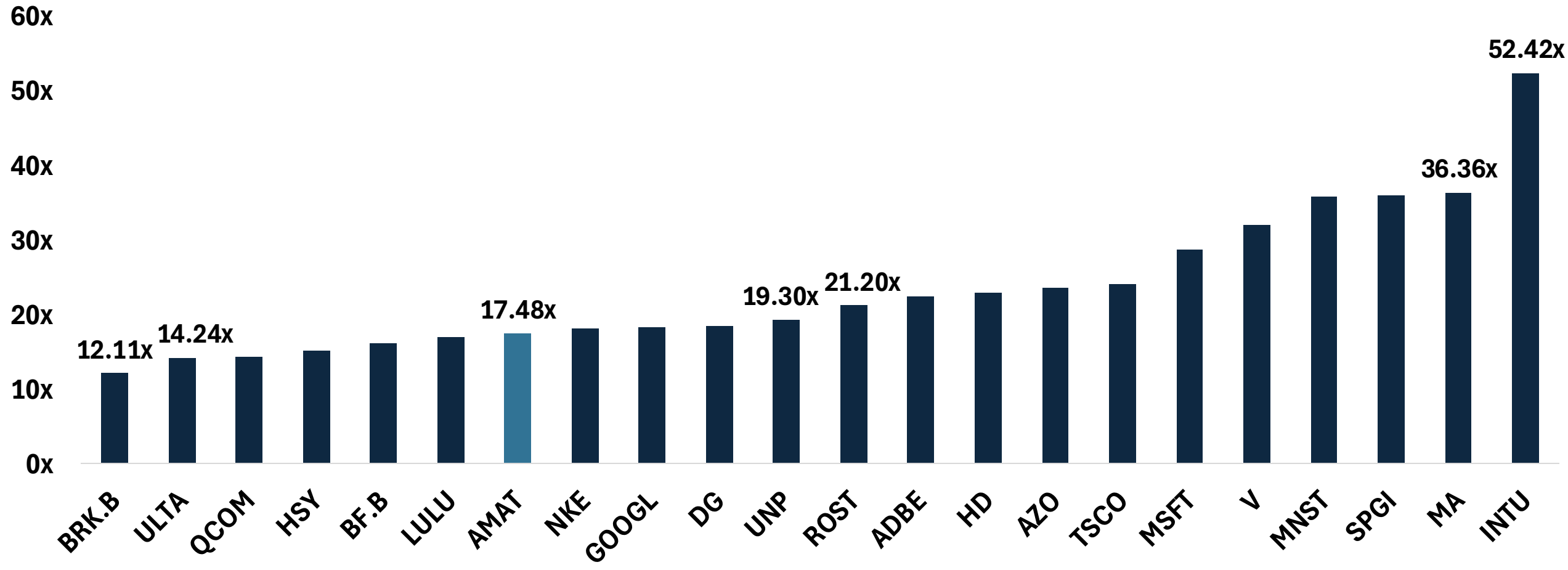
PE Ratio


60x
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14.24x
17.48x
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52.42x
BRK.B
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HSY
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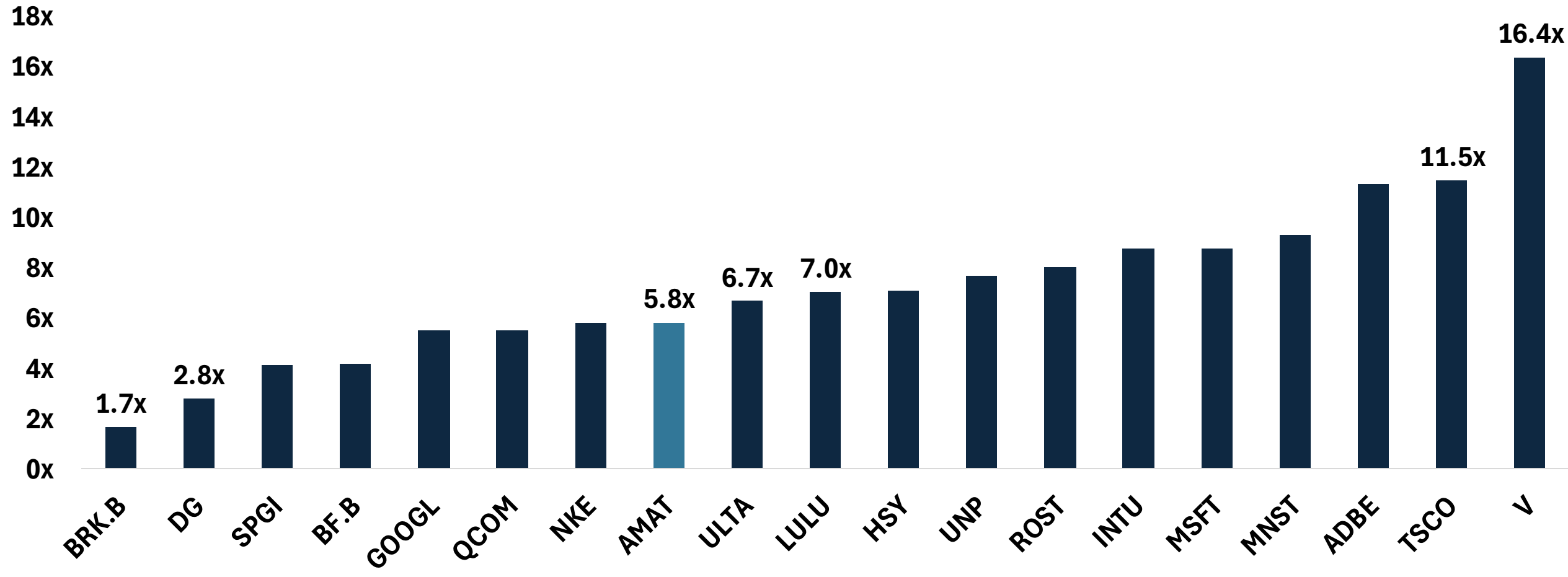
PB Ratio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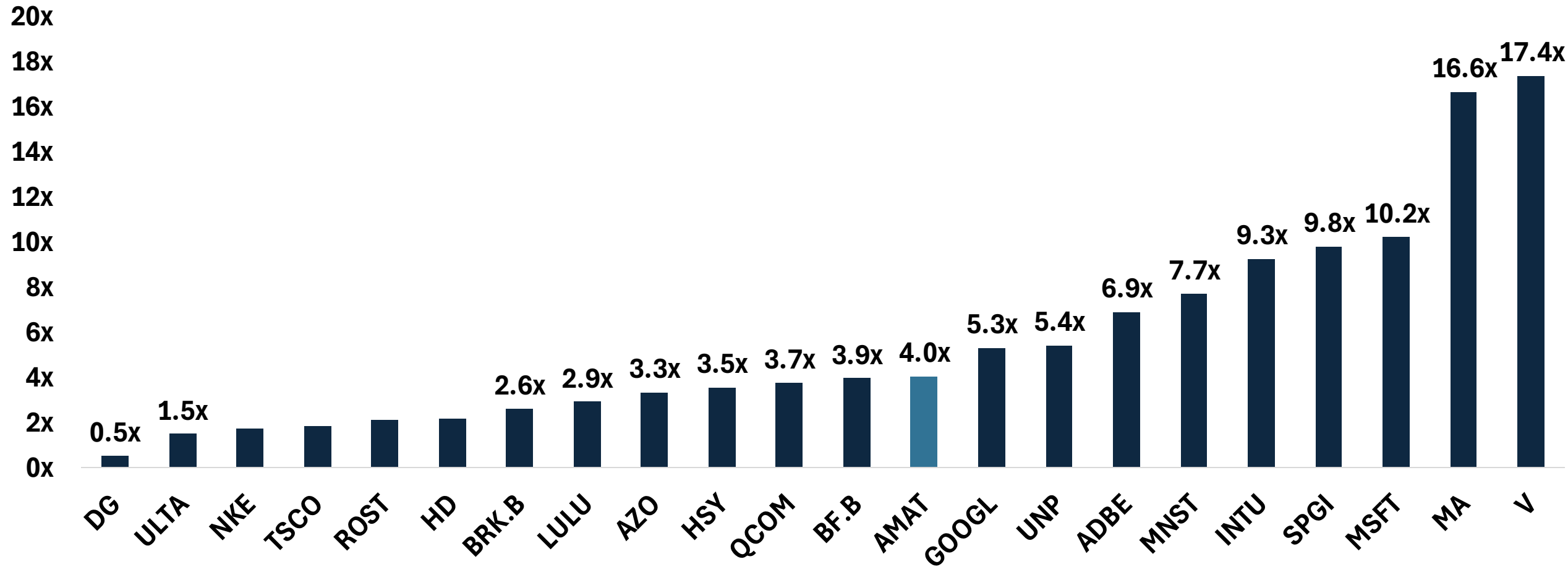
PS Ratio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9.8x
10.2x
16.6x
17.4x
DG
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NKE
TSCO
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HD
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LULU
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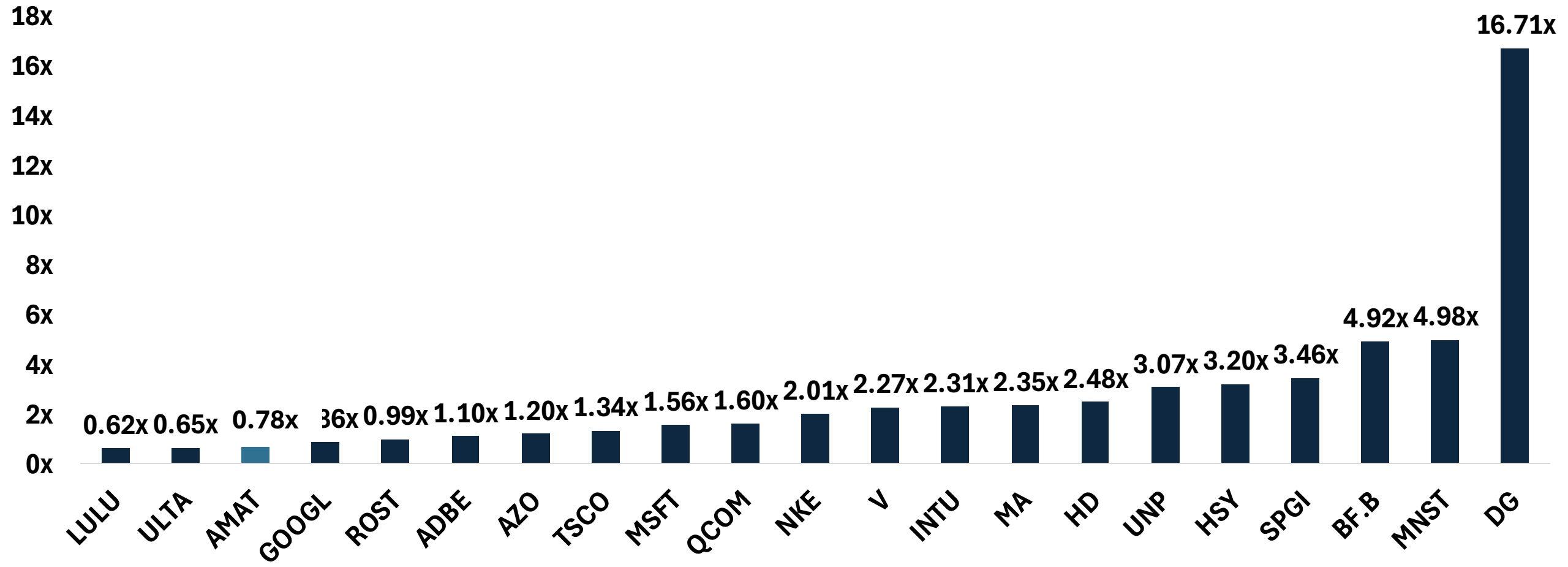
PEG Ratio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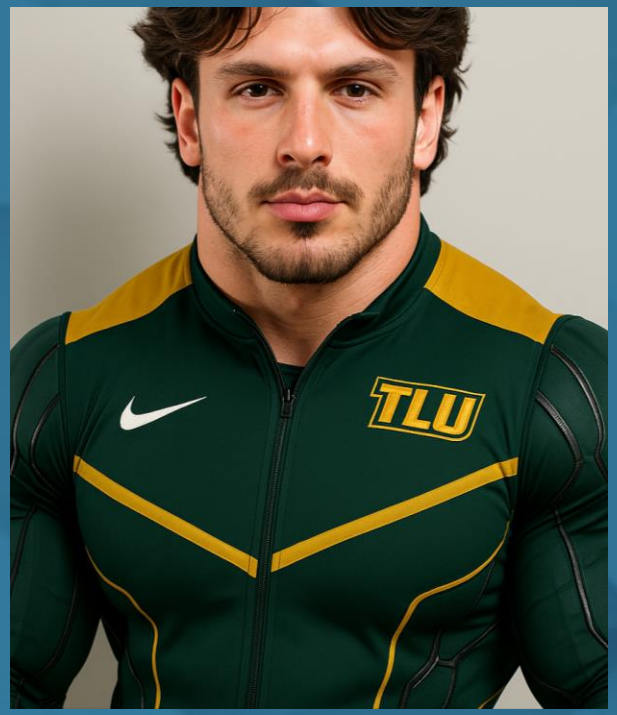
2x
0x
0.62x
0.65x
0.78x
36x
0.99x
1.10x
1.20x
1.34x
1.56x
1.60x
2.01x
2.27x
2.31x
2.35x
2.48x
3.07x
3.20x
3.46x
4.92x
4.98x
16.71x
LULU
ULTA
AMAT
GOOGL
ROST
ADBE
AZO
TSCO
MSFT
QCOM
NKE
V
INTU
MA
HD
UNP
HSY
SPGI
BF.B
MNST
DG

Valuation & Conclusion

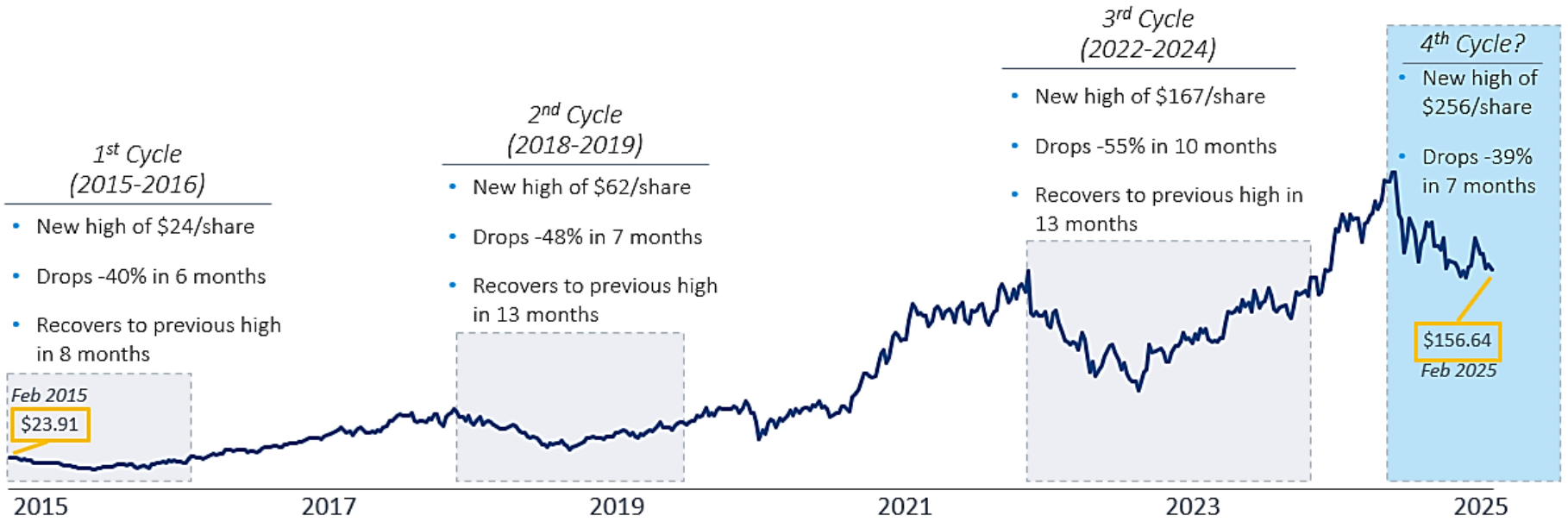
Tristan



Strategic Timing Insight

Applied Materials stock has traded in a cyclical fashion over the years – we could be nearing the bottom of the latest cycle

AMAT Stock Price (2015-present)



If historical patterns hold, then this could be an excellent time to consider buying AMAT

Free Cash?

- **Strong Free Cash Flows**
  - **Even through downcycles**
  - **Better measure of long-term value creation**
- **Capital Expenditures & Working Capital**
  - **FCF captures both**
  - **EPS does not**
- **Buybacks & Dividends**
  - **Consistent and growing**

Revenue Projections

Business Segment Drivers	2025E	2026E	2027E	2028E	2029E
Semiconductor Systems	21070	24320	25260	26115	27682
Corporate and Others	120	120	130	140	140
Applied Gloabal Services	6700	7200	7700	8100	8500
Display	800	860	910	960	830
Total	28690	32500	34000	35315	37152

FCF Margins

Year	Revenue ($M	FCF @ 26%	FCF @ 28%	FCF @ 30%
2025E	$28,690	$7,459.40	$8,033.20	$8,607.0
2026E	$32,500	$8,450.00	$9,100.00	$9,750.0
2027E	$34,000	$8,840.00	$9,520.00	$10,200.0
2028E	$35,315	$9,181.90	$9,888.20	$10,594.5
2029E	$37,152	$9,659.52	$10,402.56	$11,145.6

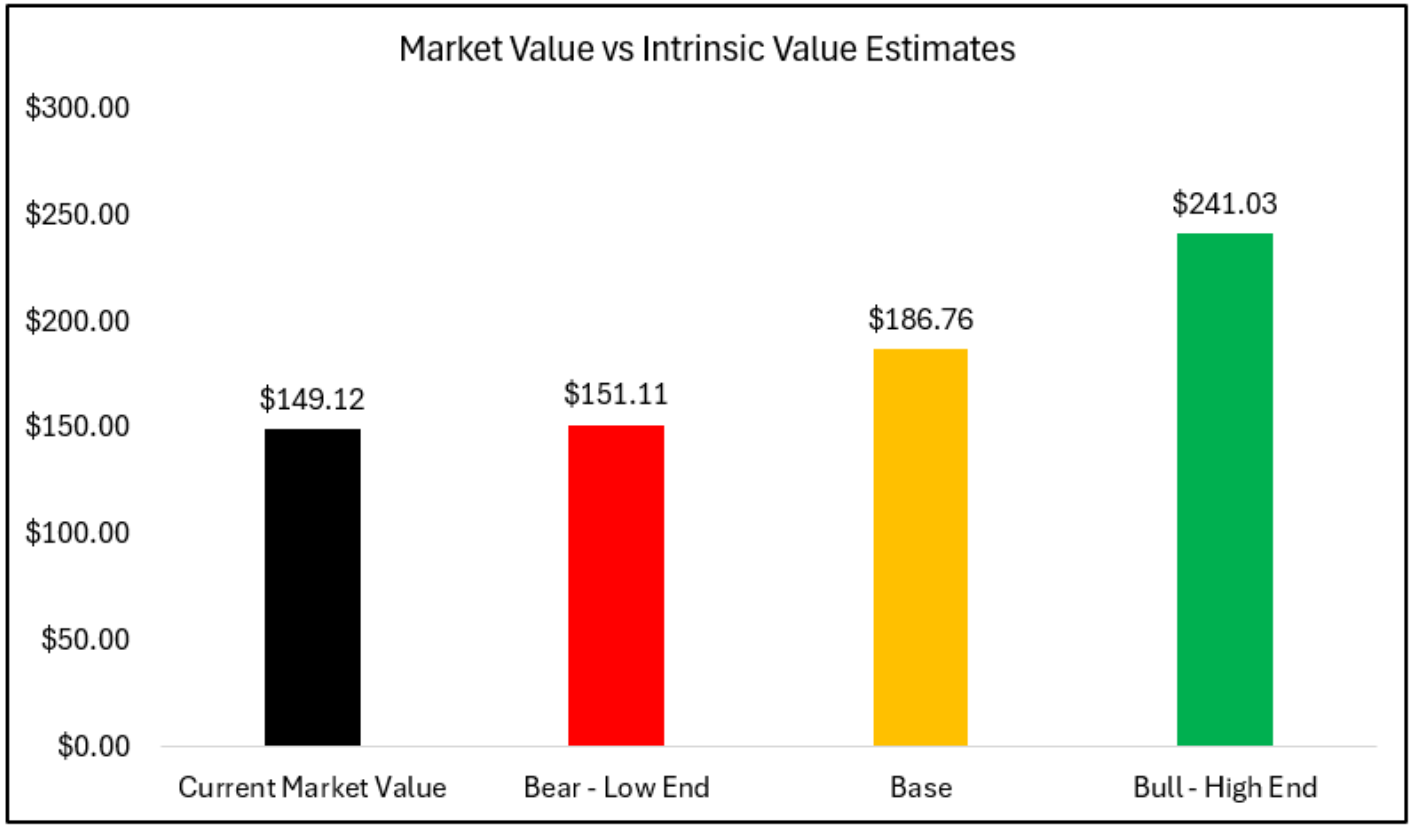
Free Cash Flow Model

	2025E	2026E	2027E	2028E	2029E
Free cash flow	$7,865	$9,150	$9,550	$9,888	$10,403
Net sales	$28,690	$32,500	$34,000	$35,315	$37,152
Free Cash Flow Margin	27.41%	28.15%	28.09%	28.00%	28.00%
Shares outstanding	812	799	785	770	757
Free cash flow/share	$9.69	$11.45	$12.17	$12.84	$13.74
% Change in FCF/Share	7.86%	18.23%	6.23%	5.56%	7.02%
Dividend Payout Ratio	17.00%	17.00%	17.00%	17.00%	17.00%

5 Year Discounted Cash Flow

Ticker:	AMAT												
Price:	$149.12												
Discount Rate:	10.0%	5 Year Discounted Cash Flow											
Method:	FCF Per Share												
Dividend Payout Ratio	17.0%							P/FCF	Price	Present Value	5 YR Return	Return	Return + Dividends
Bear	FCF Per Share	2024	2025	2026	2027	2028	2029	18.0x	$232.20	$144.18	55.7%	9.3%	10.1%
		$8.98	$9.00	$9.95	$11.00	$11.87	$12.90	21.0x	$270.90	$168.21	81.7%	12.7%	13.4%
			0.22%	10.56%	10.55%	7.91%	8.68%	25.0x	$322.50	$200.25	116.3%	16.7%	17.3%
Base	FCF Per Share	2024	2025	2026	2027	2028	2029	18.0x	$247.32	$153.57	65.9%	10.6%	11.5%
		8.98	$9.69	$11.45	$12.17	$12.84	$13.74	21.0x	$288.54	$179.16	93.5%	14.1%	14.9%
			7.91%	18.16%	6.29%	5.51%	7.01%	25.0x	$343.50	$213.29	130.4%	18.2%	18.9%
Bull	FCF Per Share	2024	2025	2026	2027	2028	2029	18.0x	$270.00	$167.65	81.1%	12.6%	13.5%
		$8.98	$9.97	$11.80	$13.70	$14.20	$15.00	21.0x	$315.00	$195.59	111.2%	16.1%	16.9%
			11.02%	18.36%	16.10%	3.65%	5.63%	25.0x	$375.00	$232.85	151.5%	20.3%	21.0%

Intrinsic Value Estimates



Total Rate of Return Sensitivity

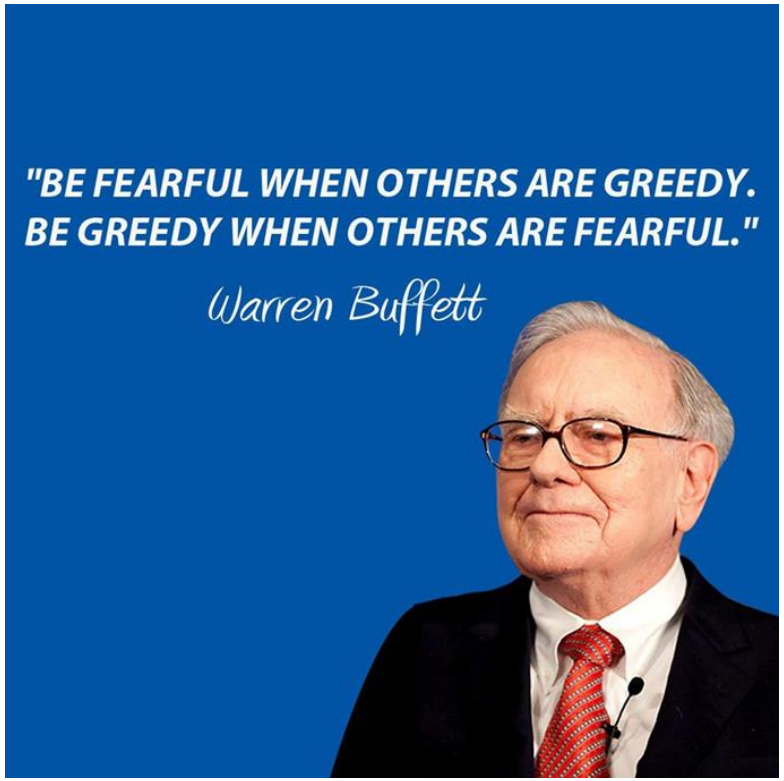
Total RoR Sensitivity				
		Est. FCF/Share growth rate		
		7.6%	9.0%	11.0%
P/FCF	18.0x	9.3%	10.6%	12.6%
	21.0x	12.7%	14.1%	16.1%
	25.0x	16.7%	18.2%	20.3%

Conclusion

- Perfect Financials
- Strong Margins
- Great Cash Flow
- Competent Management
- Wide Moat
- AI Demand

Recommendation

- **Buy 600 Shares of Applied Materials**
- **Market Order**



Thank You!

Appendix

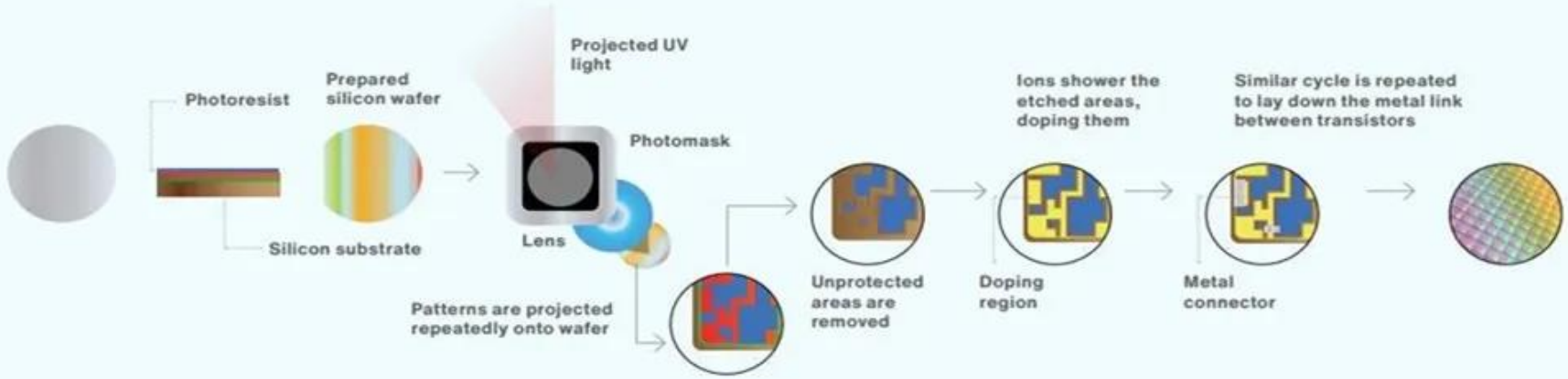
Business Model Overview

Item 1: ***Business***

Applied Materials, Inc. is the leader in the materials engineering solutions used to produce virtually every semiconductor and advanced display in the world. We are experts in the design, development, production, and servicing of the critical wafer fabrication and display fabrication tools our customers need to manufacture semiconductors and displays. Our customers' products are used in a wide variety of products such as personal computing devices, mobile phones, artificial intelligence (AI) and data center servers, automobiles, connected devices, industrial applications and consumer electronics. We have the semiconductor capital equipment industry's most comprehensive portfolio of products. This breadth allows us the ability to connect and co-optimize technologies across our portfolio, enabling our customers to achieve superior results as manufacturing semiconductors and displays is becoming increasingly complex. Semiconductors provide the foundation for advances in technology that are reshaping the global economy, including artificial intelligence, internet of things, robotics, electric and autonomous vehicles, and clean energy.

Incorporated in 1967, we are a Delaware corporation. Our fiscal year ends on the last Sunday in October. We operate in three reportable segments: Semiconductor Systems, Applied Global Services® (AGS), and Display. The Semiconductor Systems segment represents the largest contributor to our net revenue. A summary of financial information for each reportable segment is found in Note 14 of Notes to Consolidated Financial Statements. A discussion of factors that could affect operations is set forth under "Risk Factors" in Item 1A, which is incorporated herein by reference.

Overview of the wafer fabrication process



Silicon wafer

The silicon wafers start out blank and pure in a non-conductive state

1

Oxidation and coating

Layers of insulating and conducting materials are applied on a silicon wafer. The wafer is then covered by a uniform coat of photoresist

2

Lithography

The integrated circuit patterns specified in the design are mapped onto a glass plate called a photomask. An ultraviolet (UV) light is applied to transfer the patterns to the photoresist material coating on the wafer surface. The photoresist that was exposed to the light can now be chemically removed

3

Etching

Areas of the silicon wafer unprotected by photoresist are removed and cleaned by gases or chemicals

4

Doping

The wafer is showered with ionic gases that modify the properties of the new layer by adding a known quantity of impurities, such as boron and arsenic. Subsequent annealing will diffuse these impurities to a more uniform density

5

Metal deposition & etching

A similar process is used to lay down the metal links between transistors

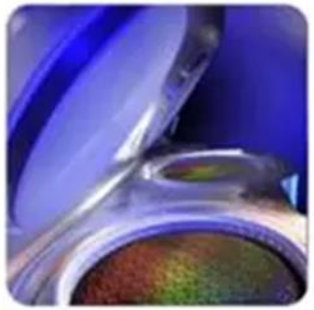
Completed wafer

Each completed wafer contains hundred of identical integrated circuits. The wafers are sent to the back-end manufacturing processes (assembly, packaging & testing)

Steps 1-4 are repeated hundreds of times with different chemicals to create more layers, depending on the desired circuit features

Operating Segments

Applied Materials' Operating Segments



SILICON SYSTEMS GROUP

Designs, manufactures and sells equipment used to fabricate semiconductor chips

APPLIED GLOBAL SERVICES

Broad range of products* to maintain, service and optimize customers' semiconductor, display and solar fabs

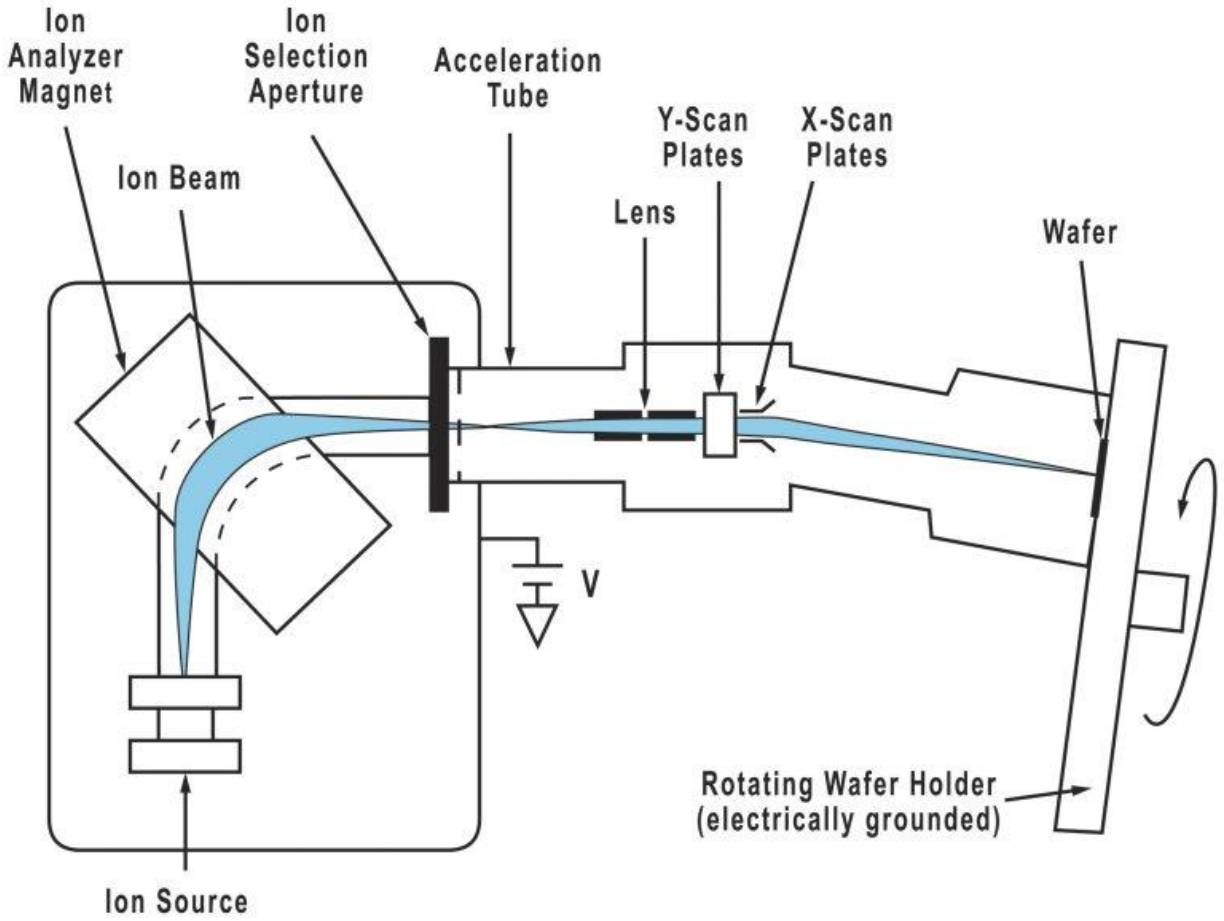
DISPLAY

Designs, manufactures and sells equipment used to make flat panel displays

ENERGY & ENVIRONMENTAL SOLUTIONS

Designs, manufactures and sells equipment used to fabricate solar cells, modules and flexible electronics

Ion Implantation



Semiconductor

Semiconductor Systems

Our Semiconductor Systems segment designs, develops, manufactures and sells a wide range of primarily 300mm equipment used to fabricate semiconductor chips, also referred to as integrated circuits (ICs). The Semiconductor Systems segment consists of the semiconductor capital equipment industry's most comprehensive portfolio of products used in the chip making process. Our products address steps across materials engineering, process control and advanced packaging, including the conversion of patterns into device structures, transistor and interconnect fabrication, metrology, inspection and review, and packaging technologies for connecting finished IC die. In addition to providing equipment for individual process steps, we have the ability to combine, co-optimize and integrate our technologies to develop highly differentiated solutions for our customers. Our equipment helps customers improve the power, performance, yield and costs of the semiconductor devices.

Our patterning systems and technologies address challenges resulting from shrinking pattern dimensions and the growing complexity in vertical stacking found in today's most advanced semiconductor devices. Our transistor and interconnect products and technologies enable continued power and performance improvements of 3D transistors. Our process control systems employ optical and eBeam technologies that allow customers to inspect and review critical semiconductor architectures throughout the manufacturing process, helping improve chip yields. Our advanced packaging systems use our materials engineering expertise to allow customers to connect multiple chips together through heterogeneous integration, enabling them to advance the technology roadmap beyond a single chip.

Our Semiconductor Systems sales are to customers that serve the following markets: foundry, logic and other; DRAM; flash memory. Foundry, logic, and other is comprised of leading-edge and non-leading edge technology nodes. Leading-edge represents customers that are producing on the most advanced technology nodes. Non-leading edge technology nodes serve markets such as internet of things, communications, automotive, power and sensors.

Applied Global Services

Applied Global Services

The AGS segment provides services, spares and factory automation software to customer fabrication plants globally. The AGS segment also manufactures and sells 200mm and other equipment, which is shipped to customers globally that serve non-leading-edge markets.

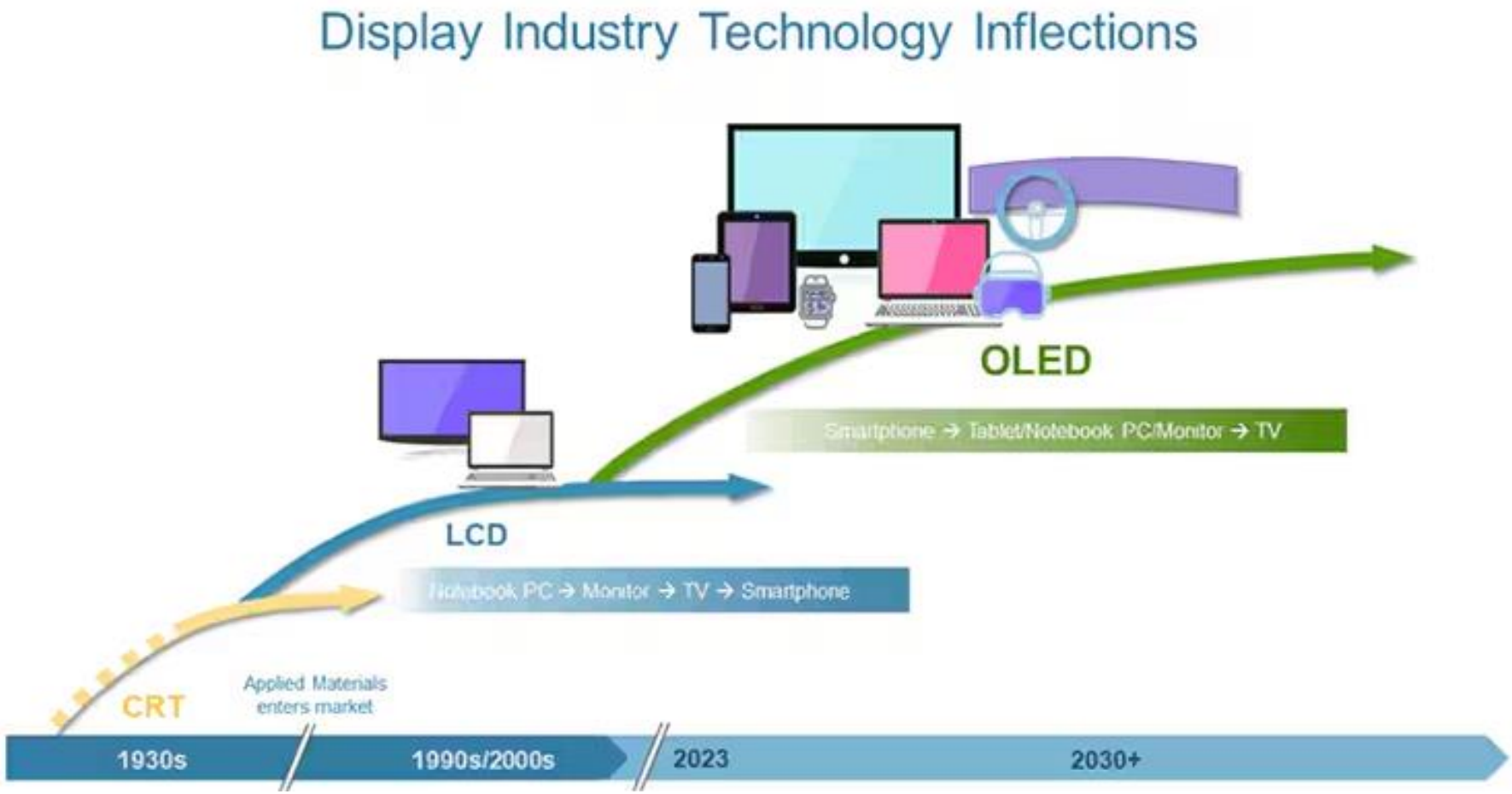
AGS's transactional and subscription service products, spares and factory automation software is purchased by customers to optimize the performance of our large, global installed base of semiconductor, display and other equipment. These solutions are also used to optimize plant performance and productivity. Customer demand is fulfilled through a global distribution system in more than 200 locations and trained field engineers located near customer sites to support our semiconductor, display and other equipment worldwide.

Display

Display

Display segment is comprised primarily of products for manufacturing liquid crystal displays (LCDs), organic light-emitting diodes (OLEDs), and other display technologies for TVs, monitors, laptops, personal computers (PCs), tablets, smartphones, and other consumer-oriented devices. While similarities exist between the technologies utilized in semiconductor and display fabrication, the most significant differences are in the size and composition of the substrate. Substrates used to manufacture display panels and other devices are typically glass, although newer flexible materials are entering the market. Display segment growth depends primarily on consumer demand for increasingly larger and more advanced TVs and high-resolution displays for mobile devices and information technology (IT) products, including laptops, monitors and tablets, as well as new form factors, including thin, light, curved and flexible displays, and new applications such as augmented and virtual reality. In addition to display applications, the segment's Chemical Vapor Deposition (CVD) technology is used to manufacture solar energy cells. The expertise that we have in materials engineering on large glass substrates is synergistic with the advanced packaging business in the Semiconductor Products Group, as there is a trend in the industry to utilize various types of substrates, including glass.

Display Innovation Over the Years



APPLIED MATERIALS®

World's Leading

semiconductor and display equipment company

We are a leader in **materials engineering** solutions used to produce virtually every new chip and advanced display in the world. Our expertise in modifying materials at atomic levels and on an industrial scale enables customers to transform possibilities into reality. At Applied Materials, our innovations **Make Possible® a Better Future**.

$27.18 billion
revenue

$3.2 billion
R&D investment

>22,000
patents

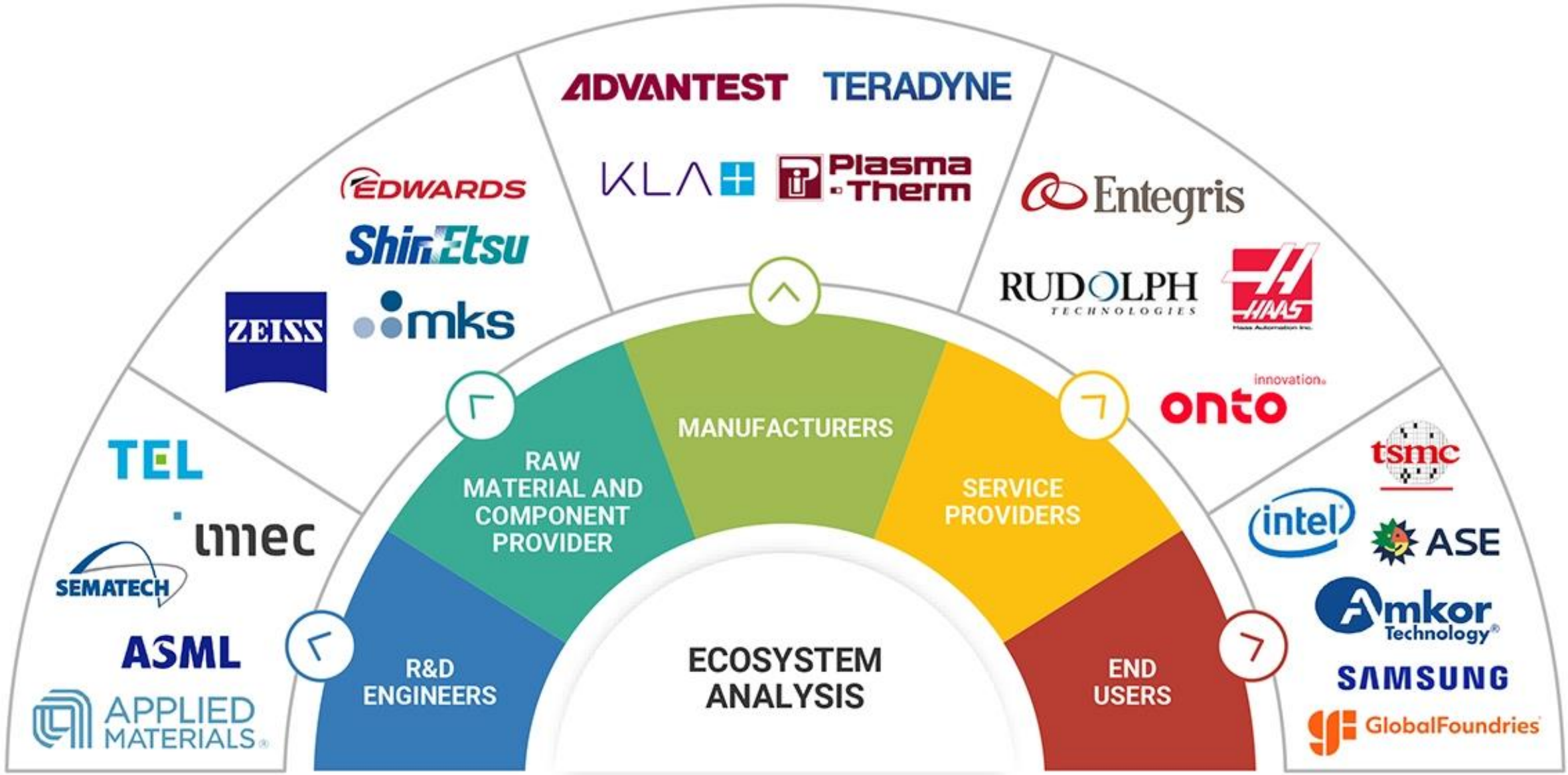
AMAT stock listing on Nasdaq

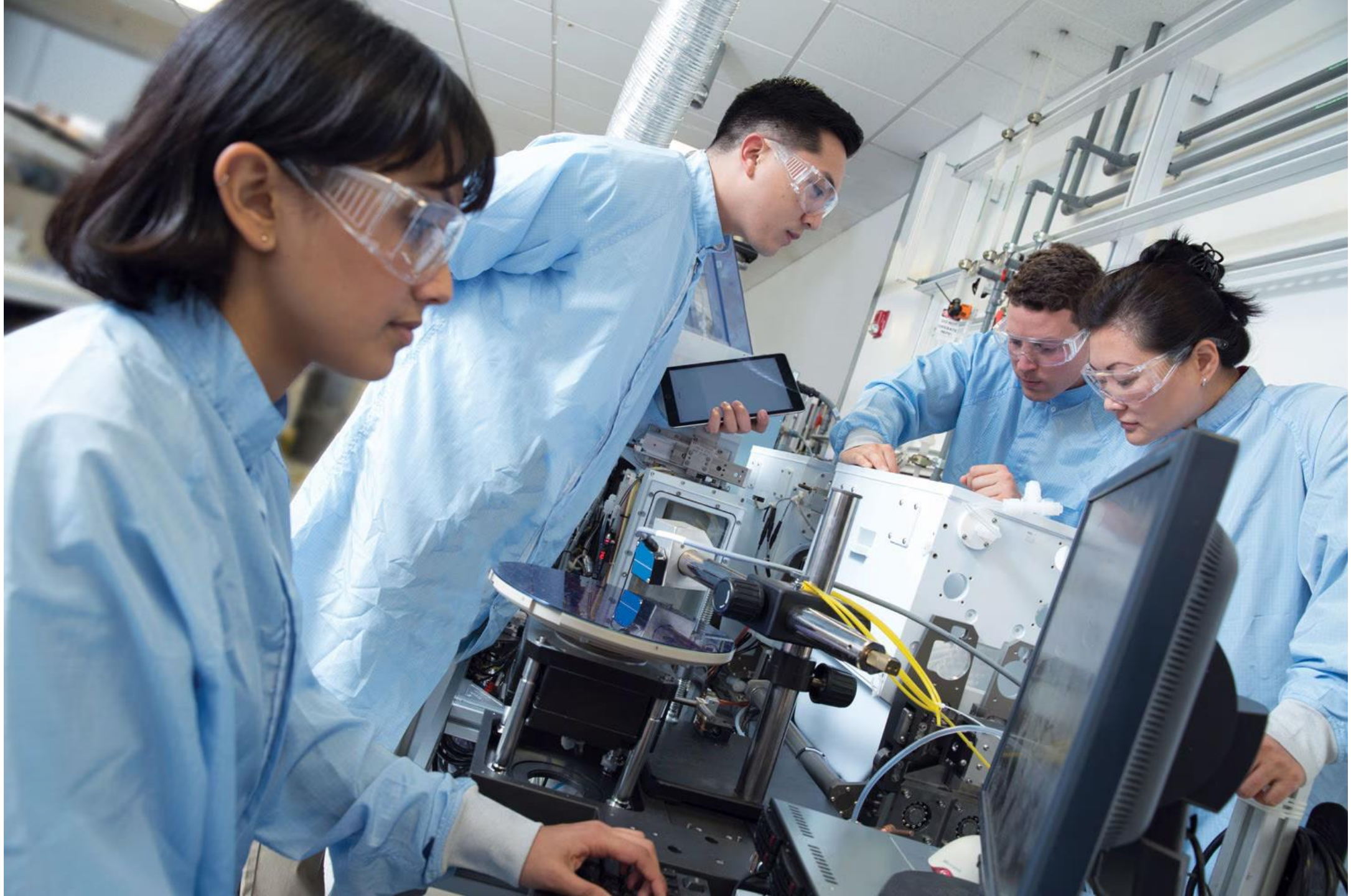
~35,700 employees in **207** cities, **24** countries

Headquartered in California's **Silicon Valley**

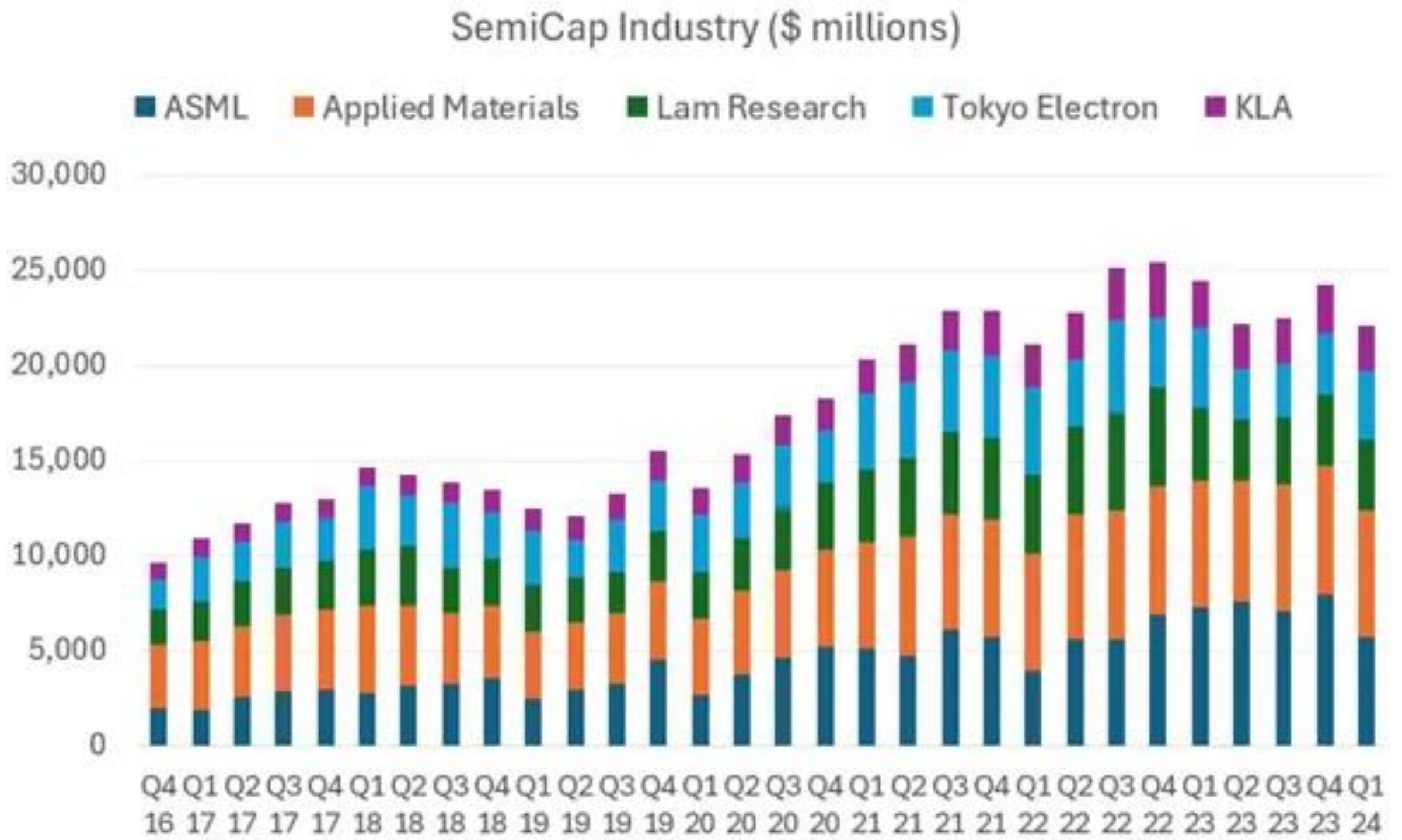

Semiconductor Wafer Fab Equipment Market
APPLIED MATERIALS
Nikon
HITACHI
Inspire the Next
TEL
Lam RESEARCH
KLA
Keep Looking Ahead
ASML
*Disclaimer: List of key companies in no particular order


APPLIED MATERIALS®
CEO Gary Dickerson
Q1 Fiscal 2025 Earnings Call
"Among our accomplishments in the past quarter, we launched our EPYC advanced packaging strategy at a technical summit we hosted in Singapore that brought together R&D leaders representing more than 20 global companies. We were part of two teams that received CHIPS Act grants to develop advanced packaging substrates for 3D integration. We are leading the team for silicon substrates, and we have a long-term partnership and investment in the company that won the grant for glass core packaging."


ADVANTEST
TERADYNE
KLA
Plasma-Therm
EDWARDS
ShinEtsu
mks
ZEISS
Entegris
RUDOLPH TECHNOLOGIES
HAAS
innovation
onto
TEL
imec
SEMATECH
ASML
APPLIED MATERIALS
tsmc
intel
ASE
Amkor Technology
SAMSUNG
GlobalFoundries
RAW MATERIAL AND COMPONENT PROVIDER
MANUFACTURERS
SERVICE PROVIDERS
R&D ENGINEERS
ECOSYSTEM ANALYSIS
END USERS




DEMAG 2 TON
APPLIED MATERIALS
9010h
FRONT 4-RIDE ONLY


SemiCap Industry ($ millions)
ASML
Applied Materials
Lam Research
Tokyo Electron
KLA
30,000
25,000
20,000
15,000
10,000
5,000
0
Q4 16
Q1 17
Q2 17
Q3 17
Q4 17
Q1 18
Q2 18
Q3 18
Q4 18
Q1 19
Q2 19
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Q2 21
Q3 21
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Q3 23
Q4 23
Q1 24

Once a chip's pathways have been lithographically etched, the transistors and copper wire interconnects are grown using a combination of electroplating, ion implantation (doping), chemical vapor deposition, atomic layer deposition, and more. AMAT provides equipment and associated services to all these manufacturing stages (as seen in the blue bars in the chart above) .

They are described in more detail below:

CVD -Chemical vapour deposition (an early core expertise for AMAT)

PVD – Physical Vapor Deposition

Etching - a process which selectively removes material from a thin film on a substrate and creates a pattern of that material on the substrate. AMAT innovated with etching machines in the 1980s and came to dominate the market after three iterations of machines.

CMP – Chemical mechanical planarization - a process used multiple times in the manufacturing process at each layer of the wafer to remove excess materials and create a smooth surface

PDC – Process diagnostic and control

APPLIED MATERIALS®
make possible

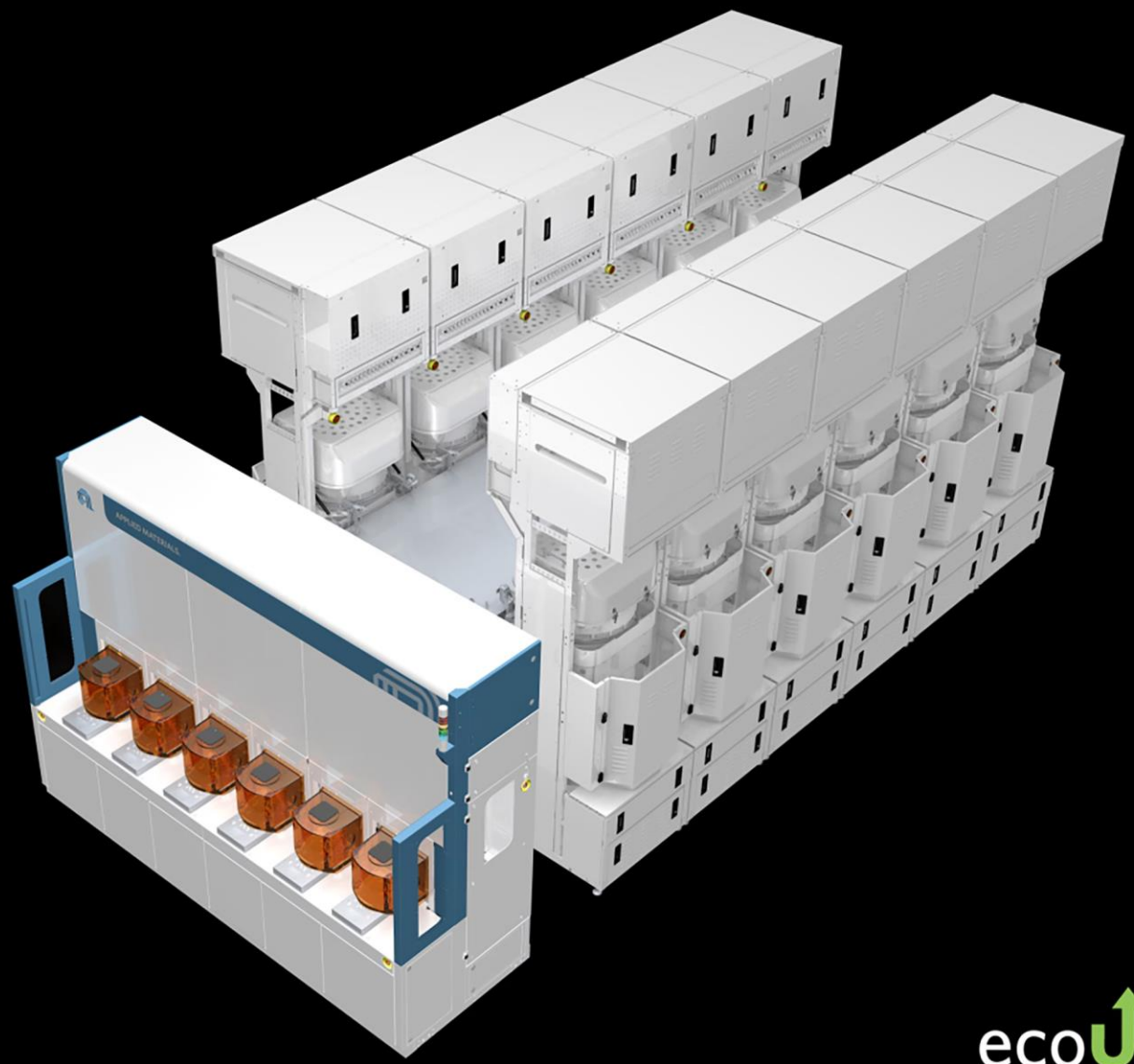
VISTARA™

Semiconductor Wafer Fabrication Platform

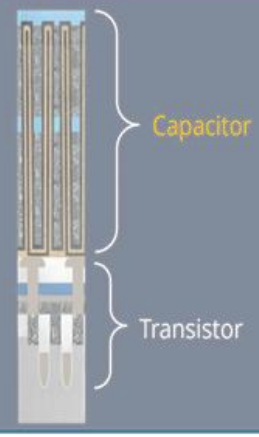
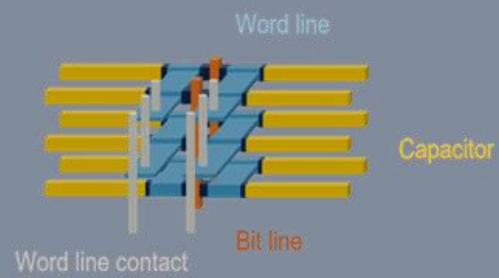
Flexibility
Chamber types, sizes, combinations

Intelligence
Accelerate time to market
Increase yields

Sustainability
Reduce energy, materials, footprint



ecoUP™

Scaling lever	Today	Roadmap
New architecture	Planar DRAM 	3D DRAM 

Module	High Value Problems	Solutions
3D DRAM	Patterning costs challenges Inadequate sensing margin	High mobility channel EPI /PVD/ALD Conductor etch HAR gap fill Selective removal Advanced doping

Management

Information about our executive officers

The following table and notes set forth information about our executive officers:

Name of Individual	Position
Gary E. Dickerson(1)	President, Chief Executive Officer
Brice Hill(2)	Senior Vice President, Chief Financial Officer and Global Information Services
Prabu Raja(3)	President, Semiconductor Products Group
Teri Little(4)	Senior Vice President, Chief Legal Officer and Corporate Secretary
Omkaram Nalamasu(5)	Senior Vice President, Chief Technology Officer
Timothy M. Deane(6)	Group Vice President, Applied Global Services

Background

(1) Mr. Dickerson, age 67, was named President of Applied in June 2012 and appointed Chief Executive Officer and a member of the Board of Directors in September 2013. Before joining Applied, he served as Chief Executive Officer and a director of Varian Semiconductor Equipment Associates, Inc. (Varian) from 2004 until its acquisition by us in November 2011. Prior to Varian, Mr. Dickerson served 18 years with KLA-Tencor Corporation (KLA-Tencor), a supplier of process control and yield management solutions for the semiconductor and related industries, where he held a variety of operations and product development roles, including President and Chief Operating Officer. Mr. Dickerson started his semiconductor career in manufacturing and engineering management at General Motors' Delco Electronics Division and then AT&T Technologies.

(2) Mr. Hill, age 58, has been Senior Vice President and Chief Financial Officer since March 2022. He also oversees Global Information Services for Applied. Prior to joining Applied, Mr. Hill was Executive Vice President and Chief Financial Officer of Xilinx, Inc., a company that designed and developed programmable devices and associated technologies, from April 2020 until its acquisition by Advanced Micro Devices, Inc. in February 2022. Prior to Xilinx, Mr. Hill served in various finance positions with Intel Corporation for 25 years, most recently as Corporate Vice President and Chief Financial Officer and Chief Operating Officer, Technology, Systems and Core Engineering Group.

(3) Dr. Raja, age 62, has been President, Semiconductor Products Group since March 2023. He previously served as Senior Vice President, Semiconductor Products Group of Applied from November 2017 to March 2023, and before that served in various senior management, product development and operational roles since joining Applied in 1995, including Group Vice President and General Manager of the Patterning and Packaging Group.

(4) Ms. Little, age 60, joined Applied as Senior Vice President, Chief Legal Officer and Corporate Secretary in June 2020. Prior to joining Applied, Ms. Little served as Executive Vice President, Chief Legal Officer and Corporate Secretary at KLA Corporation from August 2017 to June 2020. Prior to that she was Senior Vice President, General Counsel and Corporate Secretary of KLA Corporation from October 2015 until August 2017, and prior to that she held various other positions at KLA Corporation since 2002. Prior to joining KLA Corporation, she was a Senior Corporate Associate at Wilson Sonsini Goodrich & Rosati, and a Litigation Associate at Heller Ehrman White & McAuliffe.

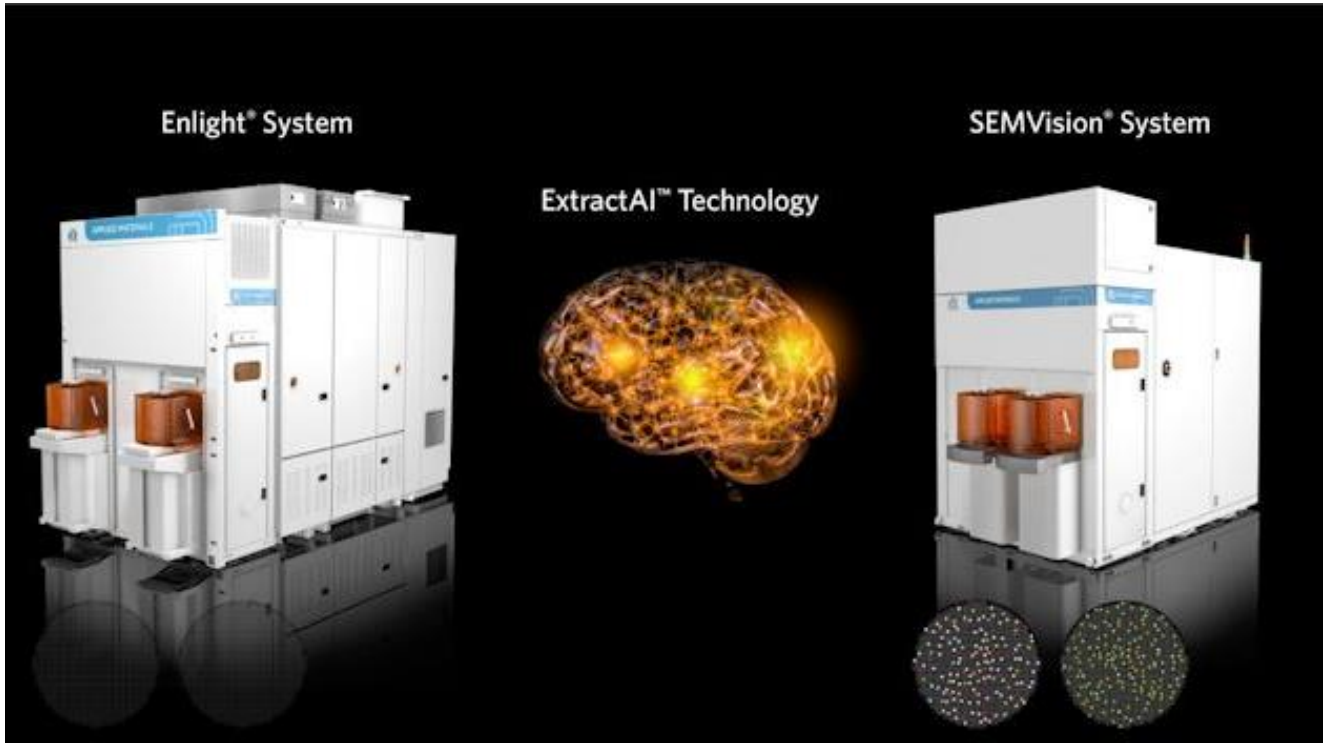
(5) Dr. Nalamasu, age 66, has been Senior Vice President, Chief Technology Officer since June 2013, and President of Applied Ventures, LLC, Applied's venture capital arm, since November 2013. He had served as Group Vice President, Chief Technology Officer from January 2012 to June 2013, and as Corporate Vice President, Chief Technology Officer from January 2011 to January 2012. Upon joining Applied in June 2006 until January 2011, Dr. Nalamasu was an Appointed Vice President of Research and served as Deputy Chief Technology Officer and General Manager for the Advanced Technologies Group. From 2002 to 2006, Dr. Nalamasu was a NYSTAR distinguished professor of Materials Science and Engineering at Rensselaer Polytechnic Institute, where he also served as Vice President of Research from 2005 to 2006. Prior to Rensselaer, Dr. Nalamasu served in several leadership roles at Bell Laboratories.

(6) Mr. Deane, age 59, has been Group Vice President, Applied Global Services since September 2022. He joined Applied in 1995 and previously served in various senior management and field operations roles, including head of Field Operations and Business Management for the Semiconductor Products Group, Account General Manager and Region General Manager.

Period	Dollar Amount of Shares Purchased* ($Thousands)	Number of Shares Purchased (Thousands)	Average price per share*
Q125	$1,304,661	7,456	$174.99
Q424	$1,441,359	7,614	$189.30
Q324	$861,293	3,893	$221.24
Q224	$820,165	4,147	$197.77
Q124	$699,985	4,587	$152.60
Q423	$700,000	5,053	$138.54
Q323	$438,867	3,380	$129.86
Q223	$800,000	6,960	$114.94
Q123	$250,000	2,418	$103.37
Q422	$1,499,999	17,035	$88.05
Q322	$999,999	9,795	$102.09
Q222	$1,799,999	14,418	$124.84
Q122	$1,803,549	12,366	$145.85
Q421	$1,499,999	11,190	$134.05
Q321	$1,499,999	11,244	$133.40
Q221	$749,999	5,543	$135.30
Q121	$0.00	0	$0

Emerging Technologies (0.5%)

- Develops early-stage tech like quantum, sensors, and new memory.
- Supports future growth beyond core segments.
- Small but strategic investments.
- Collaborates with research partners.

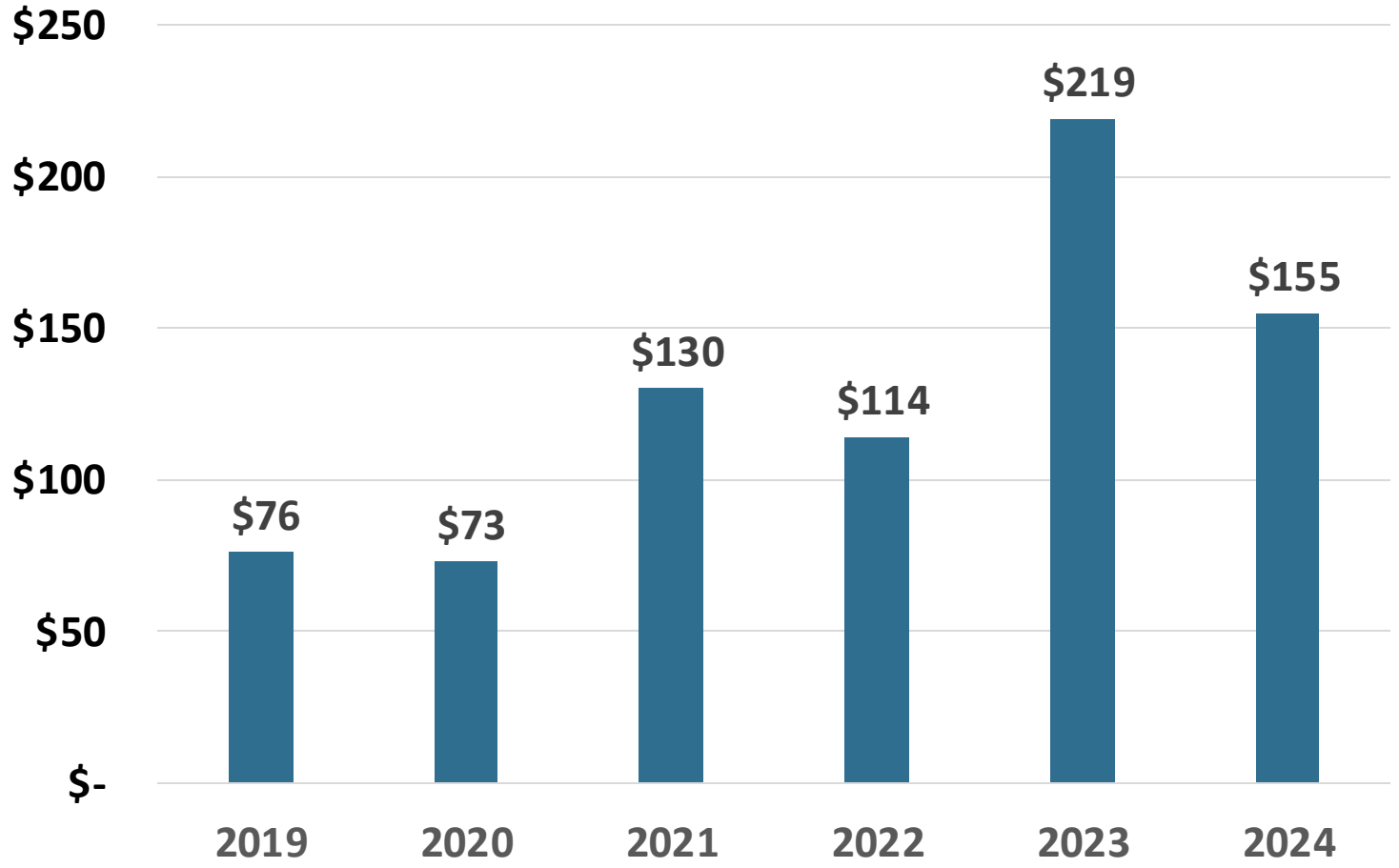


Emerging Technologies

2024 Revenue – $115 Million

-62%

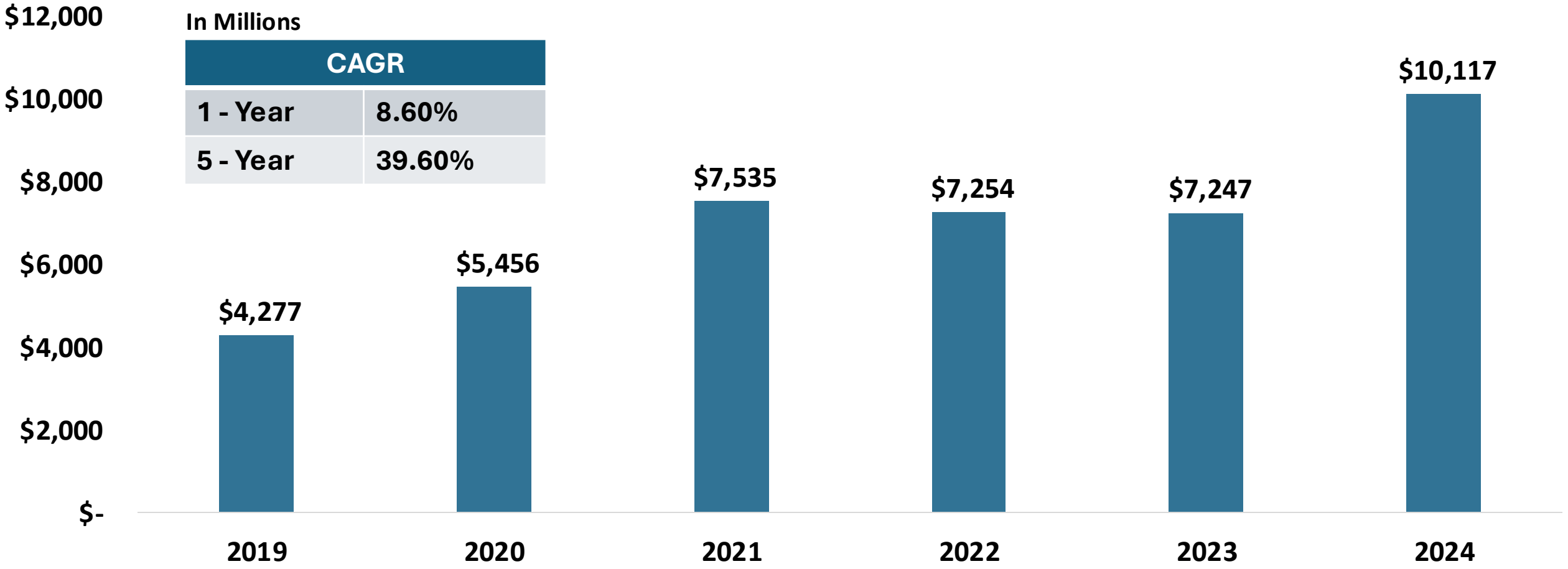
2023 Revenue – $219 Million



China Revenue

In Millions

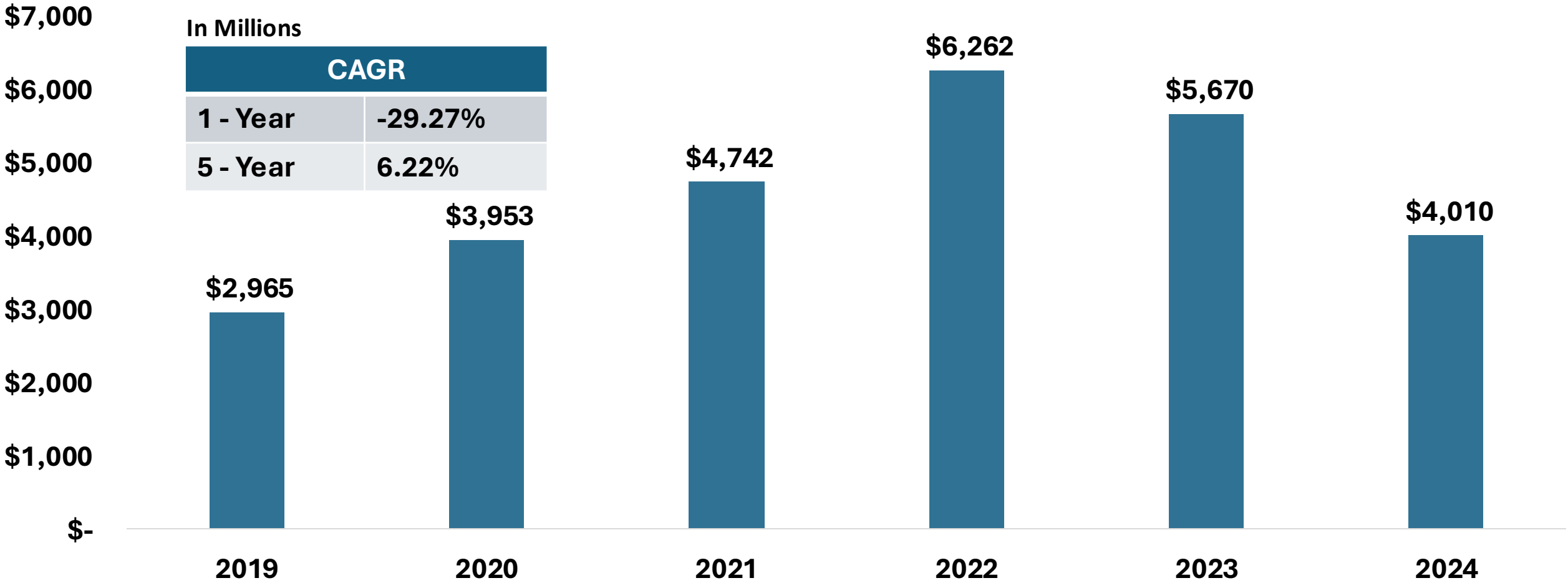
CAGR	
1 - Year	8.60%
5 - Year	39.60%



Taiwan Revenue

In Millions

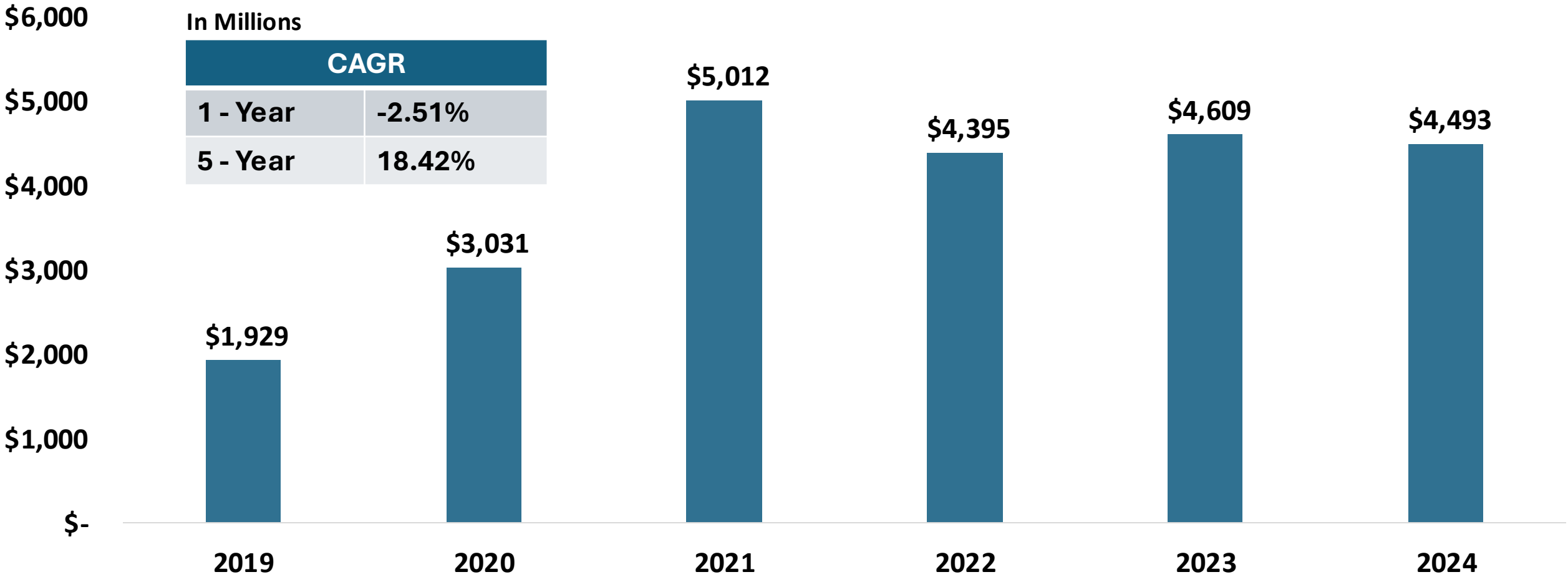
CAGR	
1 - Year	-29.27%
5 - Year	6.22%



Korea Revenue

In Millions

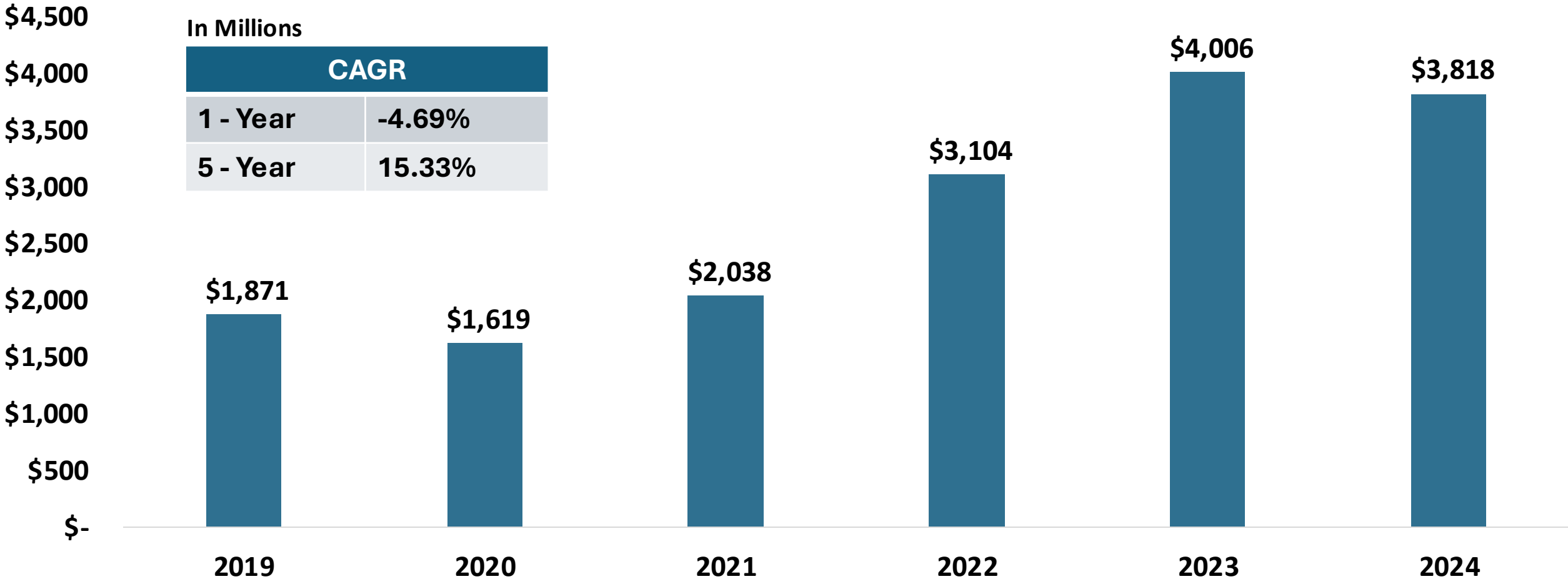
CAGR	
1 - Year	-2.51%
5 - Year	18.42%



USA Revenue

In Millions

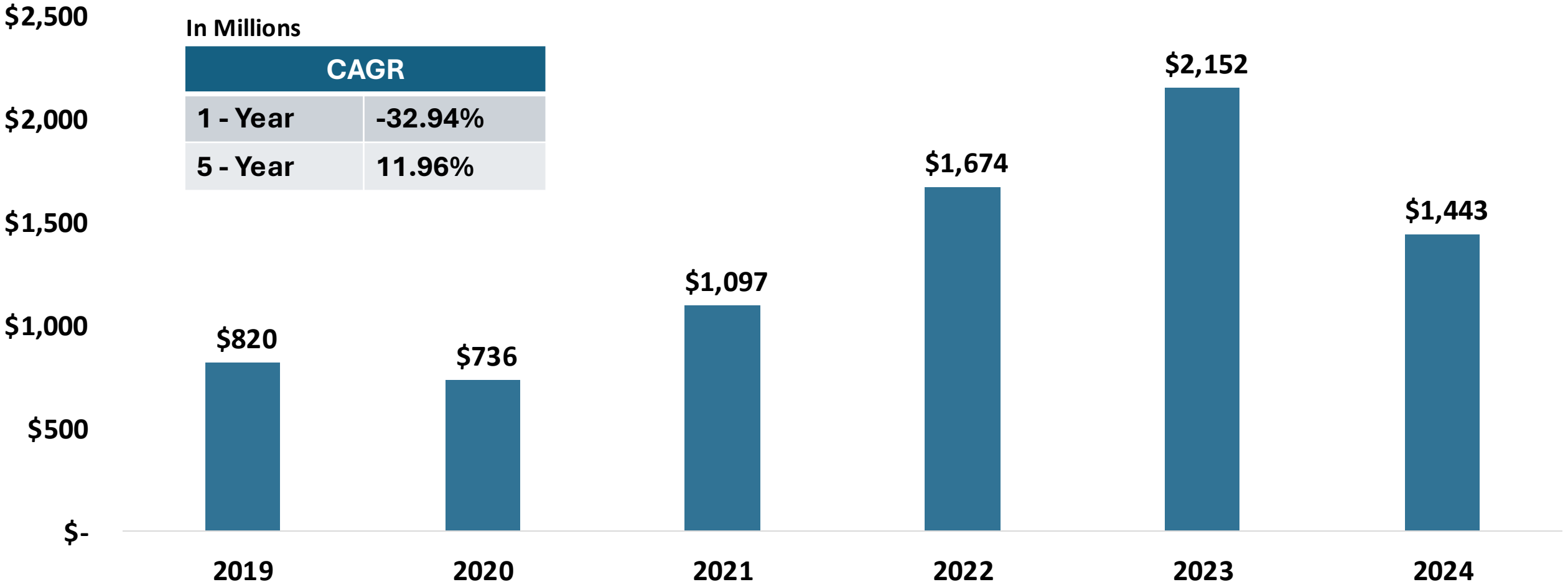
CAGR	
1 - Year	-4.69%
5 - Year	15.33%



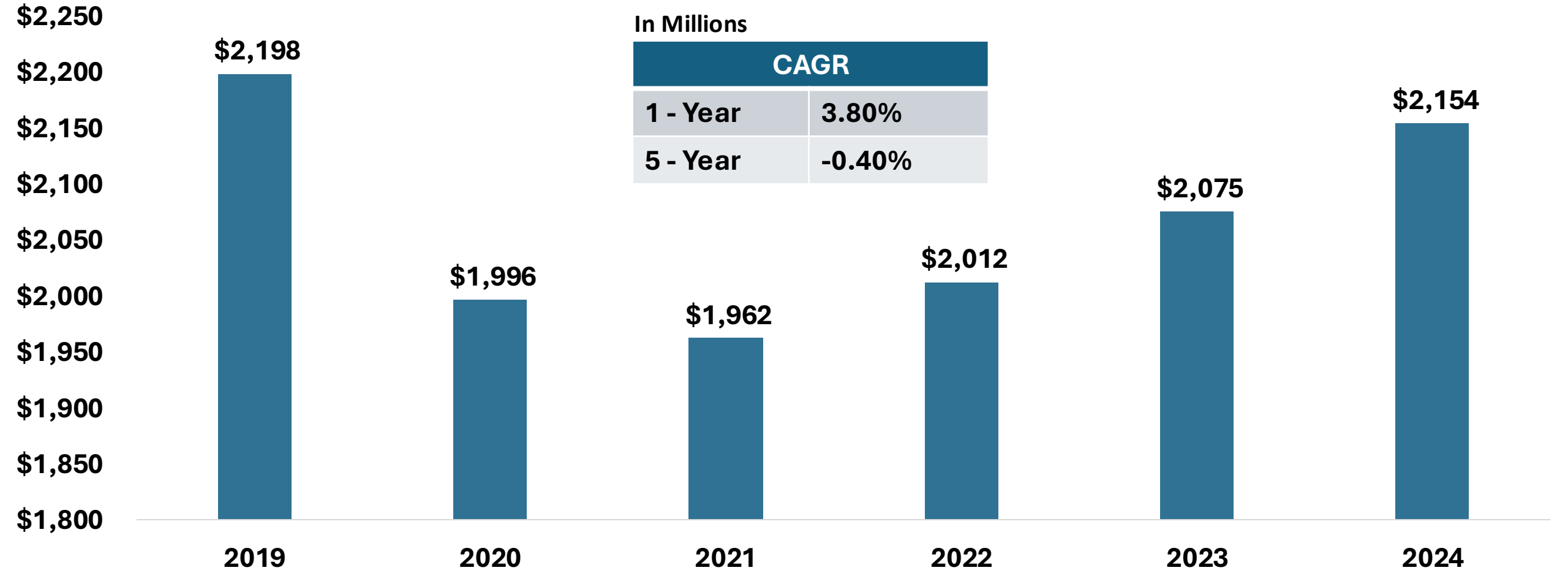
Europe Revenue

In Millions

CAGR	
1 - Year	-32.94%
5 - Year	11.96%



Japan Revenue



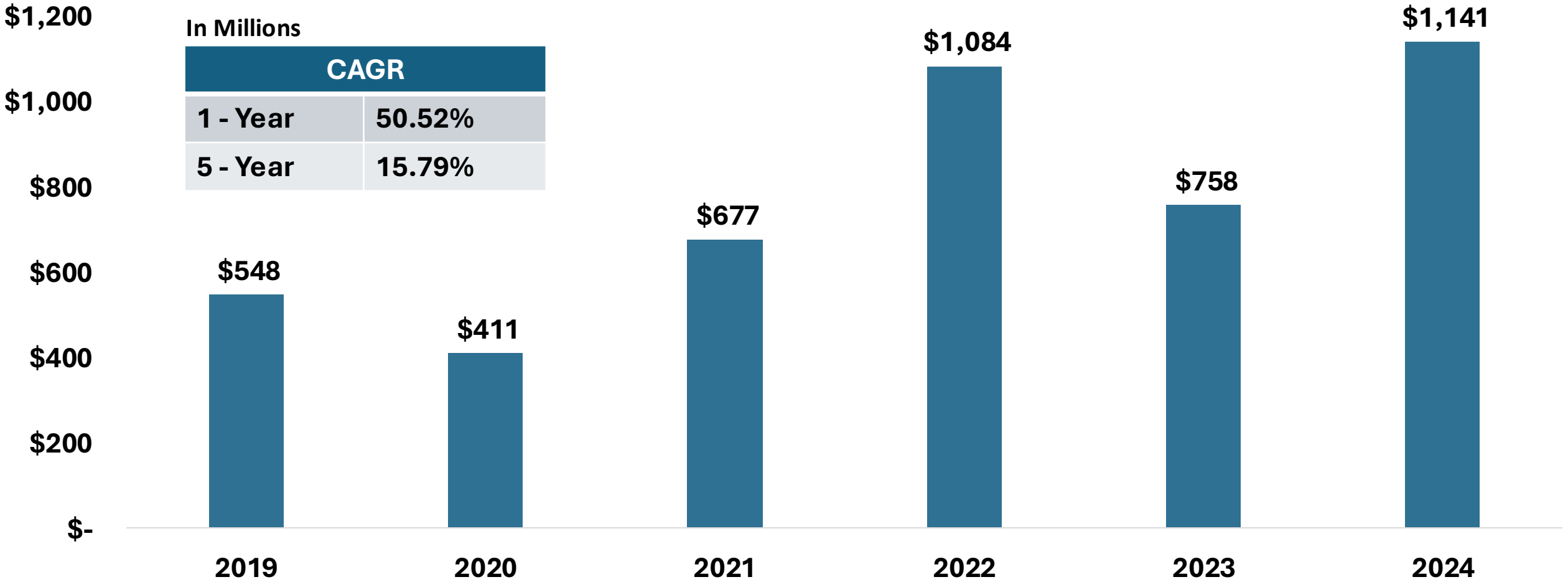
In Millions

CAGR	
1 - Year	3.80%
5 - Year	-0.40%

Southeast Asia

In Millions

CAGR	
1 - Year	50.52%
5 - Year	15.79%



Price To Earnings – 5 YRS

Price To Sales – 5 YRS

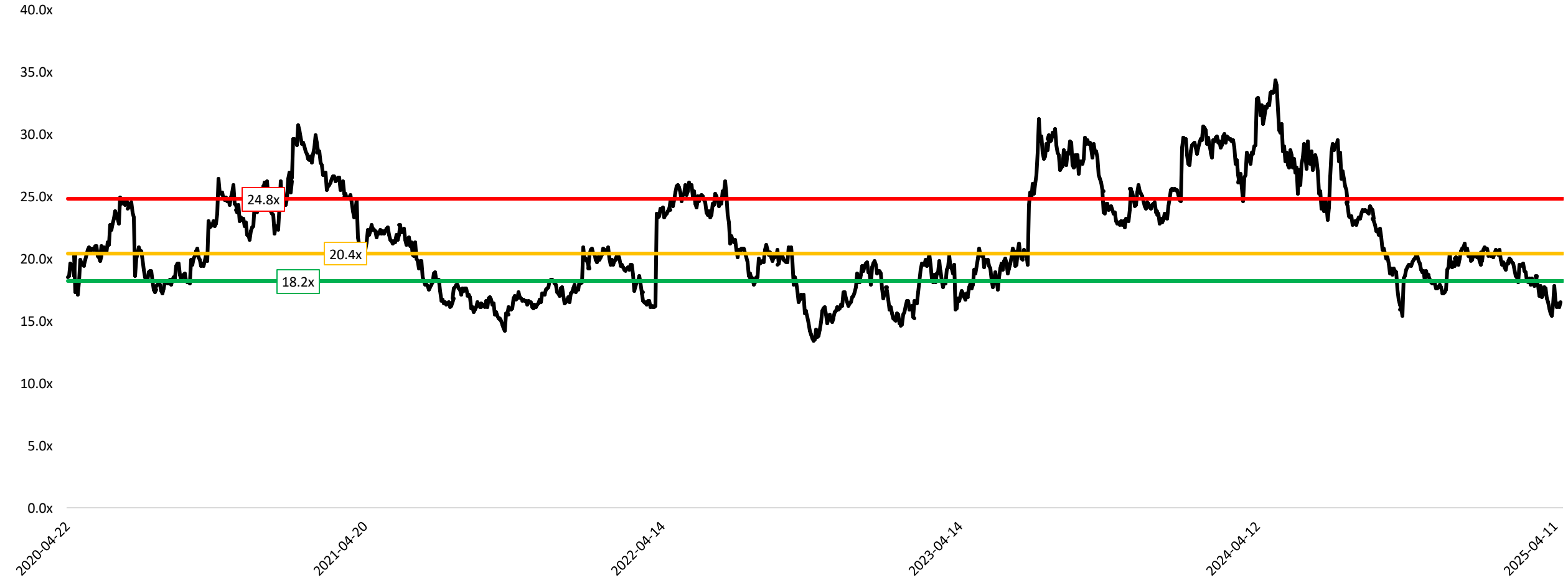
Price To Book Value – 5 YRS

Enterprise Value To Revenue – 5 YRS

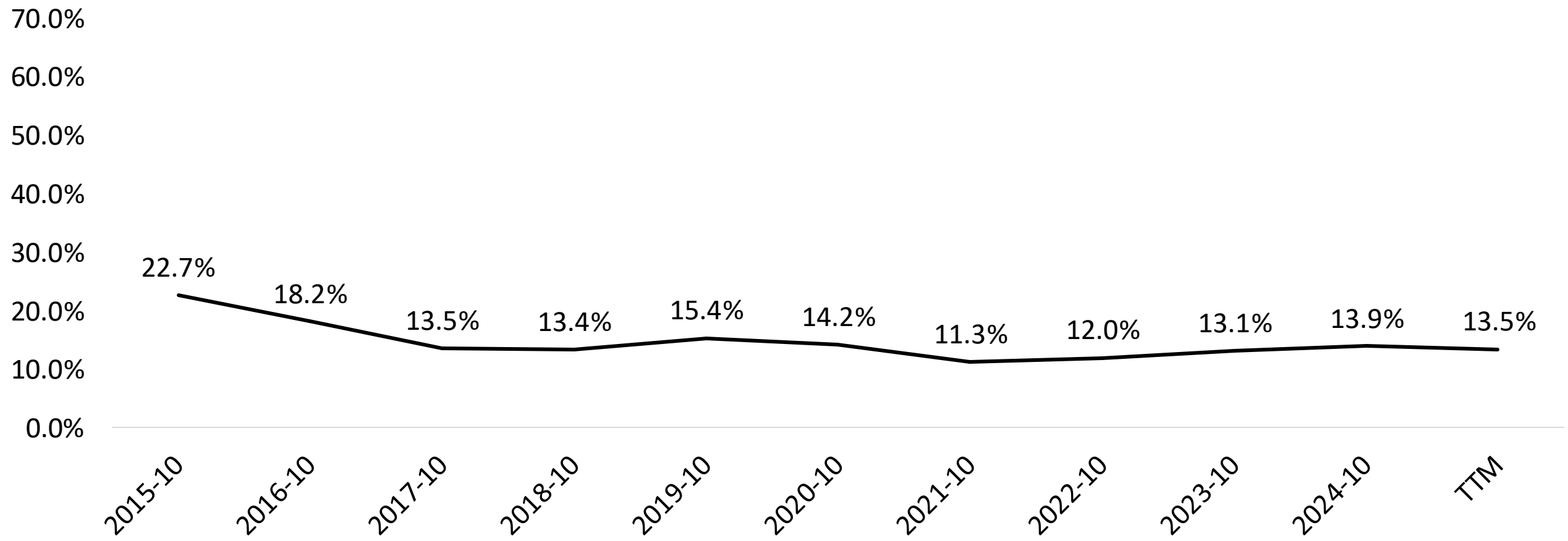
Enterprise Value To EBITDA – 5 YRS

Enterprise Value To EBIT – 5 YRS

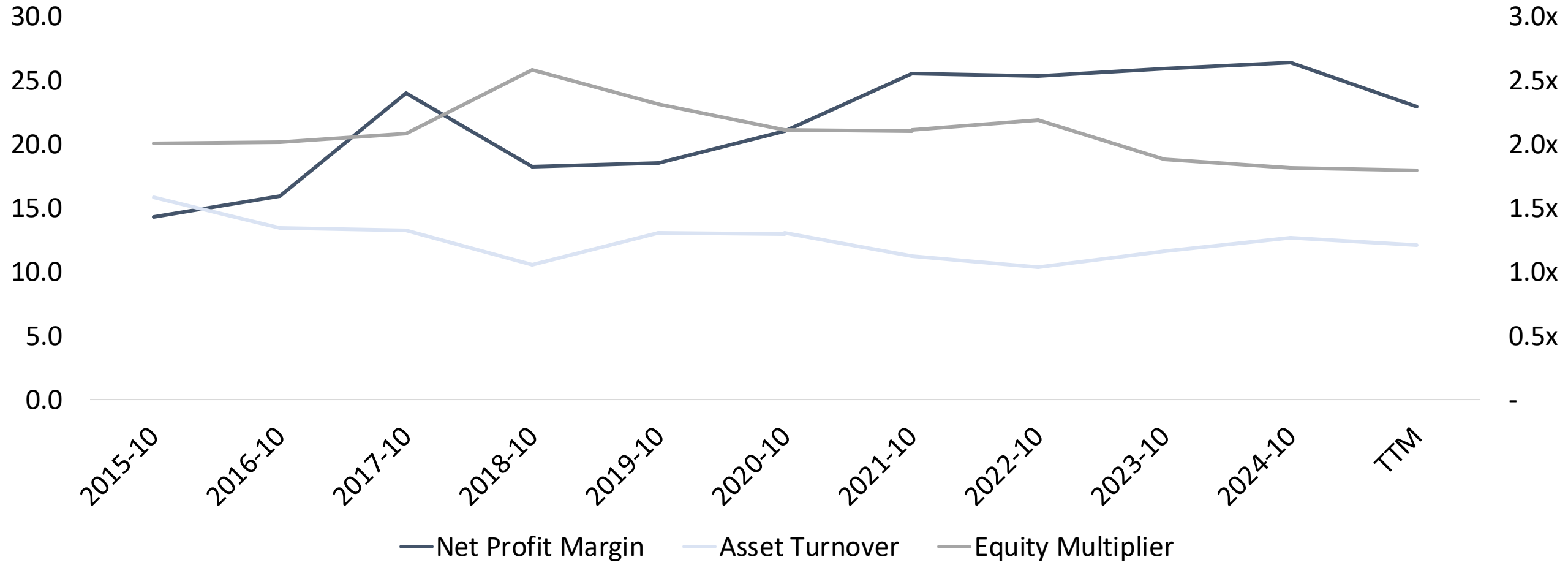
Enterprise Value To Free Cash Flow – 5 Yrs



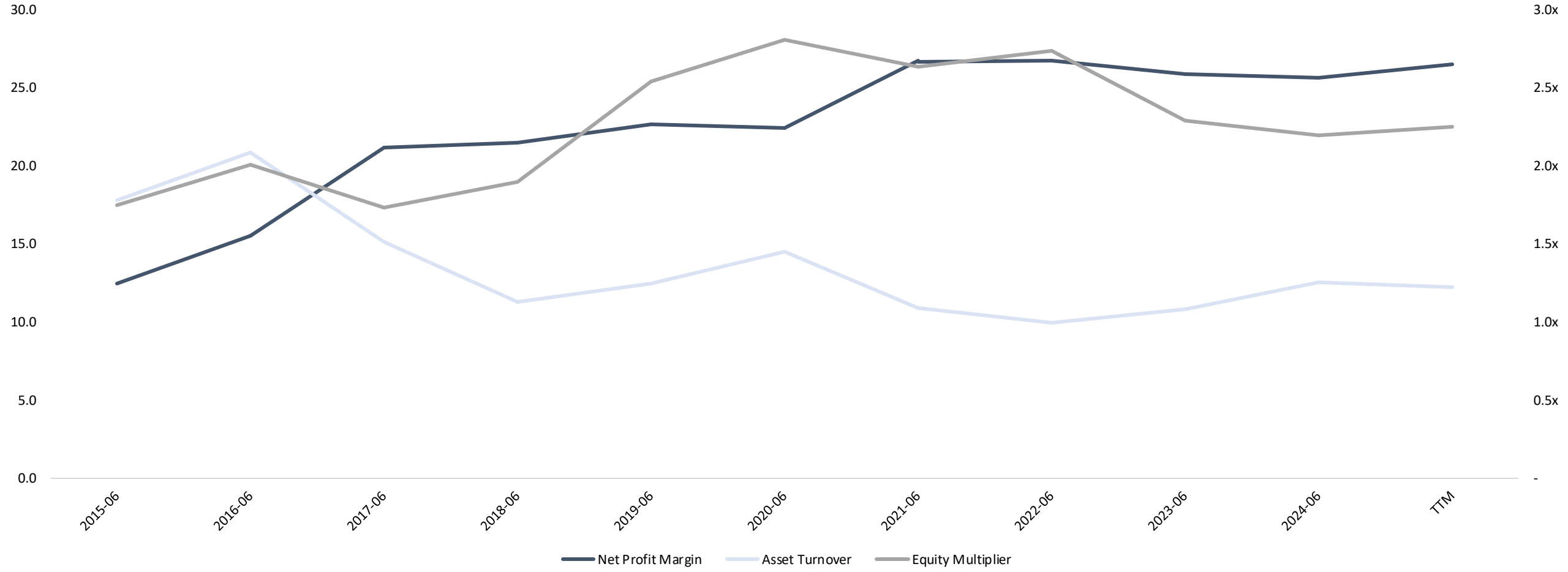
SG&A / Revenue


70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
22.7%
18.2%
13.5%
13.4%
15.4%
14.2%
11.3%
12.0%
13.1%
13.9%
13.5%
2015-10
2016-10
2017-10
2018-10
2019-10
2020-10
2021-10
2022-10
2023-10
2024-10
TTM

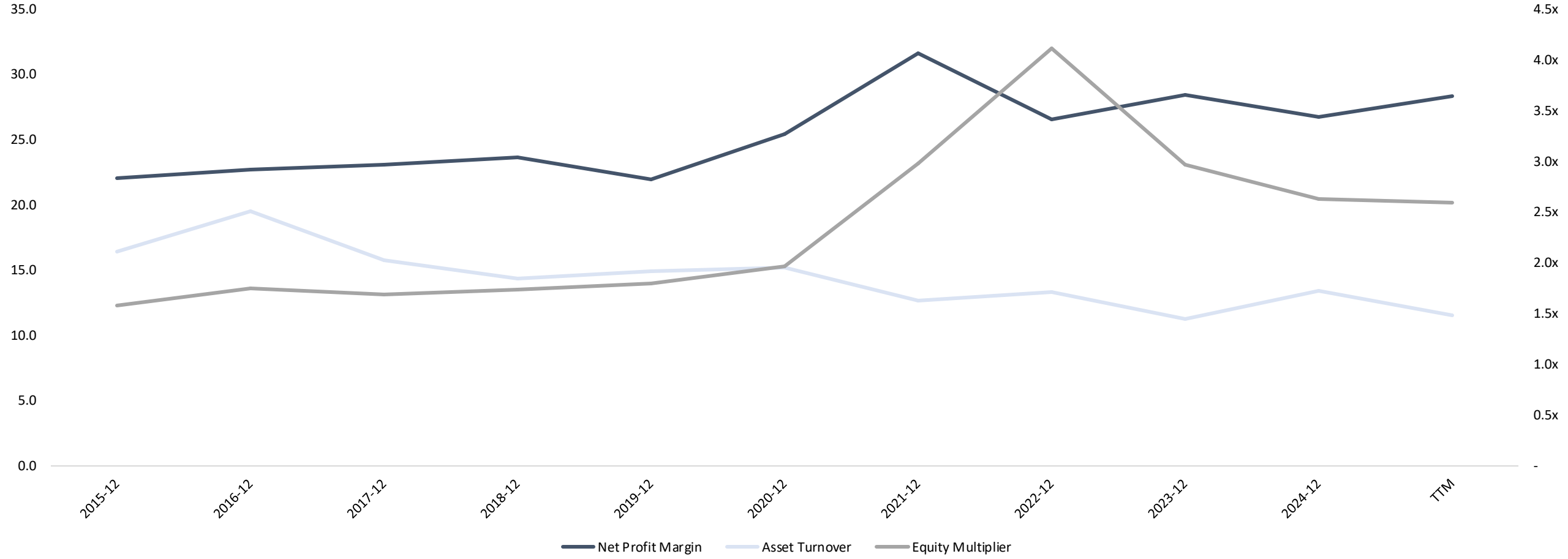
AMAT


30.0
25.0
20.0
15.0
10.0
5.0
0.0
3.0x
2.5x
2.0x
1.5x
1.0x
0.5x
-
2015-10
2016-10
2017-10
2018-10
2019-10
2020-10
2021-10
2022-10
2023-10
2024-10
TTM
Net Profit Margin
Asset Turnover
Equity Multiplier

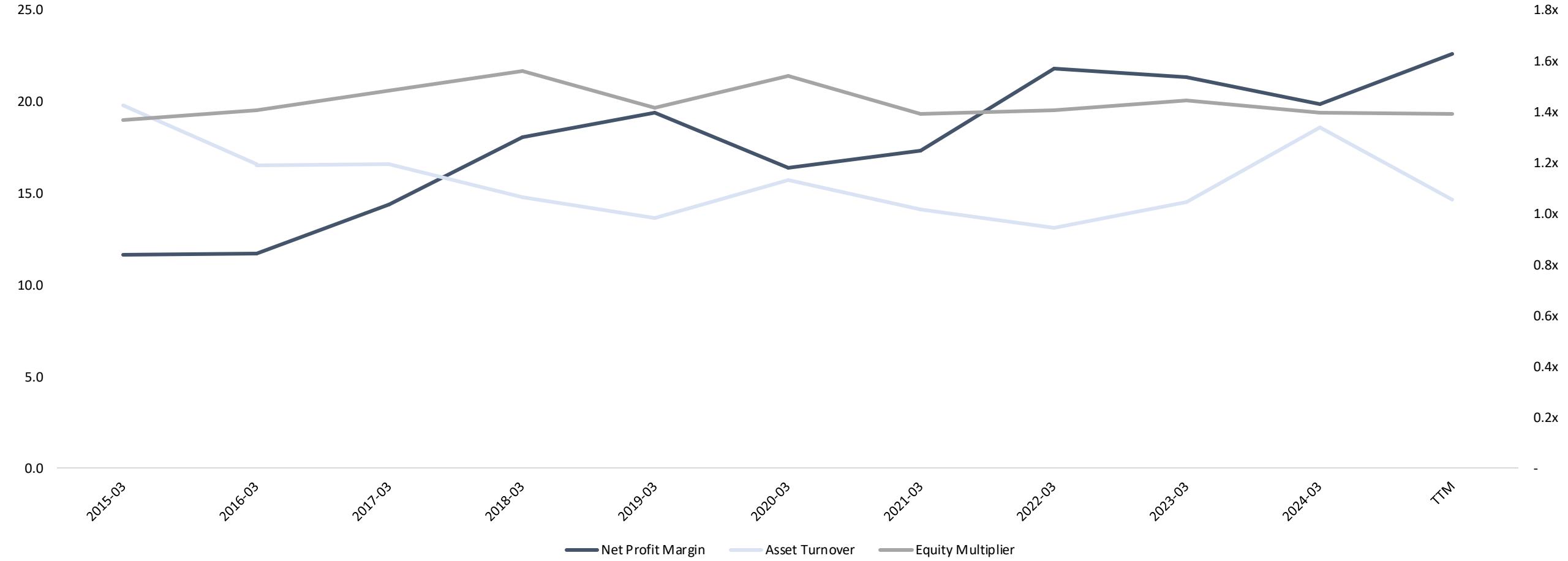
LRCX


30.0
25.0
20.0
15.0
10.0
5.0
0.0
3.0x
2.5x
2.0x
1.5x
1.0x
0.5x
-
2015-06
2016-06
2017-06
2018-06
2019-06
2020-06
2021-06
2022-06
2023-06
2024-06
TTM
Net Profit Margin
Asset Turnover
Equity Multiplier

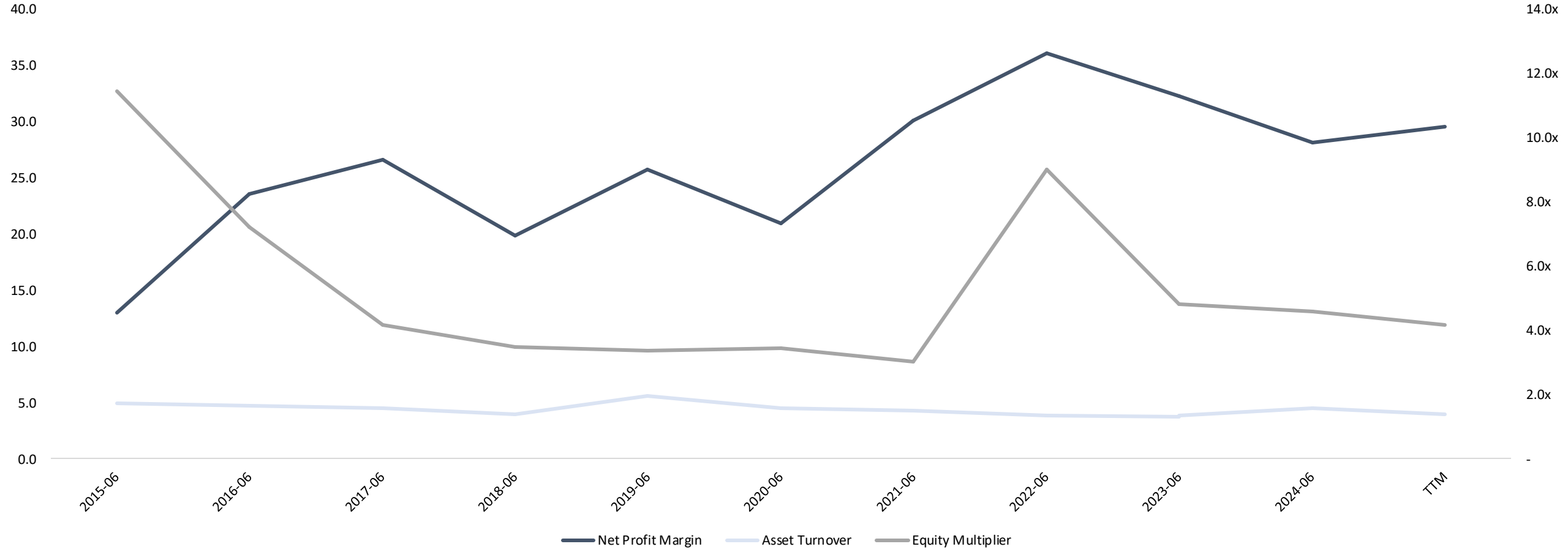
ASML


35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
4.5x
4.0x
3.5x
3.0x
2.5x
2.0x
1.5x
1.0x
0.5x
-
2015-12
2016-12
2017-12
2018-12
2019-12
2020-12
2021-12
2022-12
2023-12
2024-12
TTM
Net Profit Margin
Asset Turnover
Equity Multiplier

TOELY


25.0
20.0
15.0
10.0
5.0
0.0
1.8x
1.6x
1.4x
1.2x
1.0x
0.8x
0.6x
0.4x
0.2x
-
2015-03
2016-03
2017-03
2018-03
2019-03
2020-03
2021-03
2022-03
2023-03
2024-03
TTM
Net Profit Margin
Asset Turnover
Equity Multiplier

KLAC


40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
14.0x
12.0x
10.0x
8.0x
6.0x
4.0x
2.0x
-
2015-06
2016-06
2017-06
2018-06
2019-06
2020-06
2021-06
2022-06
2023-06
2024-06
TTM
Net Profit Margin
Asset Turnover
Equity Multiplier

AMAT shares have an 24-36-month price target of $293-$330 per share

DCF Valuation Model

Key Assumptions

- WACC: 13%
- Revenue growth (Forecast Period): 12%
  - Growth Scenarios range from 8% to 15%, with 12% to 13% as "base case"
- EBIT margin: 26%
  - Conservative estimate of EBIT Margin → Q1 2025 EBIT margin was 31%
- Perpetual growth rates range from 2% to 4%
- D&A assumes 10-year depreciation for new equipment / Capex
- Tax rates and changes in NWC based on historical averages

	Perpetual Growth Rate				
	2.0%	*2.5%*	*3.0%*	*3.5%*	*4.0%*
Scenario 1 (8% Growth)	$ 191	$ 198	$ 205	$ 213	$ 222
Scenario 2 (10% Growth)	$ 227	$ 235	$ 244	$ 254	$ 265
"Base Case" Scenario 3 (12% Growth)	$ 272	$ 282	$ 293	$ 306	$ 319
"Base Case" Scenario 4 (13% Growth)	$ 294	$ 305	$ 317	$ 330	$ 345
Scenario 5 (15% Growth)	$ 349	$ 362	$ 377	$ 393	$ 411

Based on historical trading cycle durations, adjustments for new "China risks", and a current share price of $156, AMAT has implied upside of 90% to 110% in the next 24-36 months

Historical Examples:

- **2010–2011**: Recovery from the financial crisis → Strong mobile demand.
- **2015–2016**: Downturn due to DRAM/NAND oversupply and weak PC demand.
- **2017–2018**: AI/cloud/data center boom → Record profits.
- **2019**: Slowdown due to inventory and trade tensions.
- **2020–2021**: Huge COVID-driven upswing (remote work, AI).
- **2022–2023**: Inventory glut, China export controls → downturn.
- **2024–Now**: Recovery underway, led by AI and advanced foundry demand.