KLA Earnings

Q3 Fiscal 2020 (Quarter Ended 3/31/20)

March Quarter 2020 Business Highlights

1. **Record Shipments for Semiconductor Process Control and Record Total Company Ending Backlog.** Our strong demand momentum continued across various product platforms, with particular strength in Mask Inspection, Patterned Optical Inspection (Gen5), and Films Metrology.

2. **KLA is Winning In The Marketplace.** The newly published Gartner industry report for 2019 shows Process Control grew as a percentage of WFE, and KLA strengthened its market leadership. KLA delivered record or near-record demand in Optical Wafer Inspection, Overlay Metrology, and Mask Inspection in the year.

3. **Continued Strength in Foundry and Logic.** Foundry and Logic demand grew Q/Q as customers accelerate the ramp of 10-, 7- and 5 nanometer nodes, and EUV.

4. **Services Business Continues to Grow and Perform Well.** Total KLA Service revenue rose to $373M and continues to perform well while also generating strong and predictable free cash flow.

5. **COVID-19 Response –** Our first priority is the health and safety of our employees, their families, and our partners. We have taken proactive measures to ensure their safety across our global footprint. Our worldwide teams have been resourceful and committed to executing for our customers most pressing needs and challenges. Finally, to support our communities we committed $2 million in global relief efforts through our KLA Foundation Relief Fund to benefit local non-profit organizations who are working with high-risk populations in Asia, Europe, Israel and the United States.

March Quarter 2020 Financial Highlights[1]

Growth

- **$1.424B** Revenue
- **-6% Q/Q** Revenue Growth
- **$1.178B** Semiconductor Process Control Revenue
- **-6% Q/Q** Semiconductor Process Control Growth

Profitability

- **61.2%** Gross Margin*
- **34.6%** Op. Margin
- **$2.47** Non-GAAP EPS*
- **$0.50** GAAP EPS

*Non-GAAP metric – Please refer to Appendix for reconciliation to GAAP.

Capital Return

- **$442M** Cash From Operations
- **$399M** Free Cash Flow**
- **$316M** Stock Repurchase
- **$133M** Dividends Paid
- Ten consecutive years of an annual increase in dividends paid

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

Breakdown of Revenue

Reportable Segments and End Markets

	Q1-CY20($M)	Q/Q Growth %	Revenue Mix
Semiconductor Process Control *(Systems + Services)*	$1,178	↓6%	83%
Specialty Semiconductor Process *(Systems + Services)*	$85	↑13%	6%
PCB, Display and Component Inspection *(Systems + Services)*	$160	↓14%	11%
Total	**$1,424[1]**	**↓6%**	

[1] Includes Other Revenue of $1M.

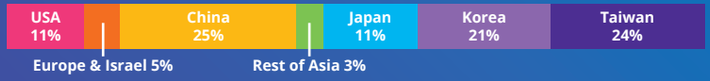
Semi Process Control End Market System Revenue



Major Products and Region

	Q1-CY20($M)	Q/Q Growth %	Revenue Mix
Wafer Inspection *(Systems Only)*	$536	↓12%	38%
Patterning *(Systems Only)*	$299	↑3%	21%
Specialty Semi Process *(Systems Only)*	$69	↑13%	5%
PCB, Display and Component Inspection *(Systems Only)*	$104	↓20%	7%
Services	$373	↑2%	26%
Other	$43	↓27%	3%
Total	**$1,424**	**↓6%**	

Revenue by Region



Reported May 5, 2020 | Quarter Ended March 31, 2020

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