

LAM RESEARCH

NDQ-LRCX

RECENT PRICE **177.12**P/E RATIO **15.1** (Trailing: 19.3) (Median: 16.0)RELATIVE P/E RATIO **0.78**DIV'D YLD **1.1%**

VALUE LINE

TIMELINESS 1 Raised 7/21/17
SAFETY 3 New 7/21/00
TECHNICAL 3 Lowered 7/28/17
BETA 1.10 (1.00 = Market)

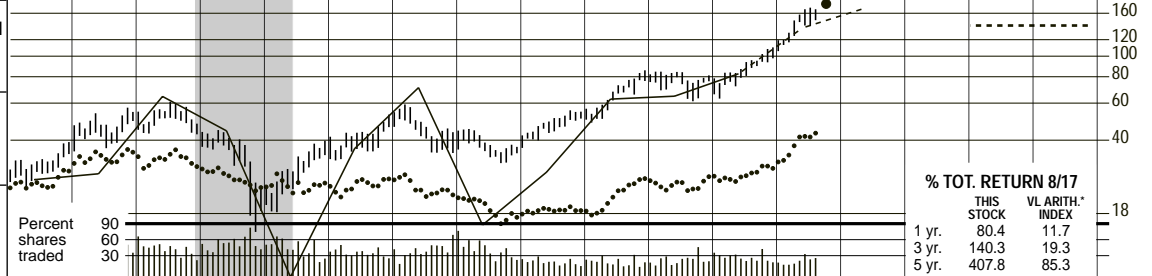
High: 57.1 60.8 44.7 39.8 52.9 59.1 45.3 55.5 85.7 84.5 110.4 178.2
 Low: 35.4 42.7 14.7 18.2 32.1 34.8 31.2 36.8 48.4 61.2 63.1 105.8

LEGENDS
 11.0 x "Cash Flow" p sh
 Relative Price Strength
 Options: Yes
 Shaded area indicates recession

2020-22 PROJECTIONS
 Price Gain Ann'l Total
 High **215** **(+20%)** **6%**
 Low **140** **(-20%)** **-4%**

Insider Decisions
 N D J F M A M J J
 to Buy 0 0 0 0 0 0 0 0 0
 Options 8 0 1 3 6 0 0 0 0
 to Sell 2 3 2 4 6 0 1 3 2

Institutional Decisions
 4Q2016 1Q2017 2Q2017
 to Buy 297 324 340
 to Sell 304 310 359
 Hlds(000) 163686 175945 169077



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	20-22		
12.17	7.37	6.06	7.43	10.94	11.58	20.78	19.77	8.82	16.94	26.20	14.28	22.10	28.38	33.18	36.74	49.55	60.90	Revenues per sh ^A	66.65	
1.74	.52	.40	.91	2.37	2.52	5.86	4.03	d.43	3.32	6.46	1.44	2.57	5.69	5.89	7.52	12.40	15.45	"Cash Flow" per sh	16.70	
1.19	.07	.09	.62	2.10	2.34	4.85	3.55	d1.00	2.71	5.79	1.35	.66	3.62	3.70	5.22	9.24	11.85	Earnings per sh ^{AB}	12.70	
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.52	.08	.10	.19	.17	.15	.49	.61	.35	.28	1.03	.57	.99	.90	1.25	1.09	0.97	1.00	Cap'l Spending per sh	1.25	
5.70	5.28	5.20	6.45	7.77	9.85	9.52	14.21	11.48	14.04	19.99	27.49	27.56	30.98	33.72	38.091	42.16	50.30	Book Value per sh ^D	75.10	
124.92	127.98	124.72	126.05	137.31	141.79	123.54	125.19	126.53	125.95	123.58	186.66	162.87	162.35	158.53	160.20	161.72	162.50	Common Shs Outst'g ^C	165.00	
20.3	NMF	NMF	42.0	12.5	16.5	9.9	12.8	--	13.1	8.1	30.0	59.0	14.8	20.7	14.4			Bold figures are Value Line estimates	Avg Ann'l P/E Ratio	14.0
1.04	NMF	NMF	2.22	.67	.89	.53	.77	--	.83	.51	1.91	3.31	.78	1.04	.76				Relative P/E Ratio	.90
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CAPITAL STRUCTURE as of 6/25/17
 Total Debt \$2693.4 mill. Due in 5 Yrs \$2379 mill.
 LT Debt \$1785.0 mill. LT Interest \$69.1 mill.
 (28% of Cap'l)
 Leases, Uncapitalized Annual rentals \$50.8 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 162,454,866 shs. as of 8/10/17

MARKET CAP: \$28.8 billion (Large Cap)

2566.6	2474.9	1115.9	2133.8	3237.7	2665.2	3598.9	4607.3	5259.3	5885.9	8013.6	9900	Revenues (\$mill) ^A	11000
31.8%	23.1%	NMF	23.3%	27.2%	12.7%	11.8%	21.1%	21.8%	23.2%	23.7%	26.0%	Operating Margin	26.5%
38.1	54.7	72.4	71.4	74.8	100.8	304.1	292.3	277.9	291.0	306.9	325	Depreciation (\$mill)	370
685.8	449.5	d126.3	346.7	723.7	168.7	113.9	632.3	655.6	914.0	1697.8	2185	Net Profit (\$mill)	2390
19.1%	23.4%	--	19.4%	9.6%	17.5%	--	12.6%	11.5%	4.8%	6.3%	14.5%	Income Tax Rate	18.0%
26.7%	18.2%	NMF	16.2%	22.4%	6.3%	3.2%	13.7%	12.5%	15.5%	21.2%	22.0%	Net Profit Margin	21.5%
743.6	1280.0	855.0	1198.0	2592.5	2988.2	2389.3	3201.7	3639.5	6795.1	6192.4	6500	Working Cap'l (\$mill)	7200
250.0	276.1	40.9	17.6	738.5	952.1	976.2	1000.6	1001.4	3383.6	1785.0	1500	Long-Term Debt (\$mill)	1500
1176.3	1778.6	1453.1	1768.1	2469.8	5131.8	4488.9	5029.7	5345.0	6102.1	6817.5	8175	Shr. Equity (\$mill)	12400
48.7%	22.2%	NMF	19.4%	22.6%	3.1%	2.6%	11.0%	10.9%	10.3%	20.0%	23.0%	Return on Total Cap'l	17.5%
58.3%	25.3%	NMF	19.6%	29.3%	3.3%	2.5%	12.6%	12.3%	15.0%	24.9%	26.5%	Return on Shr. Equity	19.5%
58.3%	25.3%	NMF	19.6%	29.3%	3.3%	2.5%	12.6%	10.1%	11.9%	21.3%	22.5%	Retained to Com Eq	16.0%
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BUSINESS: Lam Research Corporation is a supplier of wafer fabrication equipment and services to the semiconductor industry. Products address a variety of applications, including thin film deposition, plasma etch, and single-wafer cleaning. Foreign sales: 92% of fiscal 2017 total. Major customers: Micron Technology, Samsung Electronics, SK hynix, and Taiwan Semiconductor. 2017

R&D: 13% of sales. Acquired Novellus, 6/12. Has around 9,400 employees. Officers & directors own less than 1% of common stock; JP Morgan Chase, 9.8%; Vanguard Group, 8.5%. (9/16 proxy). Chairman: Stephen Newberry. Pres. & CEO: Martin Anstice. Inc.: Delaware. Address: 4650 Cushing Parkway, Fremont, CA 94538. Telephone: 510-572-0200. Internet: www.lamresearch.com.

ANNUAL RATES Past Past Est'd '14-'16
 of change (per sh) 10 Yrs. 5 Yrs. to '20-'22
 Revenues 12.5% 13.5% 13.0%
 "Cash Flow" 12.5% 15.5% 17.0%
 Earnings 9.5% 11.0% 20.0%
 Dividends -- -- 31.0%
 Book Value 15.5% 17.5% 7.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Sep.	Dec.	Mar.	Jun.	
2014	1015.1	1116.1	1227.4	1248.7	4607.3
2015	1152.4	1232.2	1393.3	1481.4	5259.3
2016	1600.0	1425.5	1314.1	1546.3	5885.9
2017	1632.4	1882.3	2154.0	2344.9	8013.6
2018	2450	2450	2500	2500	9900

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Sep.	Dec.	Mar.	Jun.	
2014	.50	.87	.96	1.29	3.62
2015	.80	1.00	1.16	.74	3.70
2016	1.66	1.28	.82	1.46	5.22
2017	1.47	1.81	3.10	2.82	9.24
2018	2.98	2.90	3.00	2.97	11.85

Calendar	QUARTERLY DIVIDENDS PAID ^E				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2013	--	--	--	--	--
2014	--	--	.18	.18	.36
2015	.18	.18	.30	.30	.96
2016	.30	.30	.30	.30	1.20
2017	.45	.45	.45	.45	

Lam Research completed fiscal 2017 with outstanding quarterly results (ended June 25th). Revenue of \$2.3 billion increased 52% year over year. Strong demand for chip production equipment, especially from manufacturers of DRAM and NAND memory, helped push revenue higher. The gross margin advanced 40 basis points to 45.6%. As a result of leveraging operating expenses on the higher revenue, the operating margin improved to 25.9% from 25.0%, helping to drive a near doubling of share net to \$2.82. **We think fiscal 2018 will be similarly bright.** Demand trends are robust, especially for memory products in both enterprise and consumer markets. Too, the installed base of Lam equipment at customer locations now includes over 45,000 process modules, with installed base business contributing about 25% of revenue in 2017. This position represents a significant opportunity for the company to sell spare parts, upgrades, system refurbishments, and other products. For the September quarter, management is guiding revenue of \$2.45 billion and share net of \$2.98, compared with our previous estimates of \$2.15 billion and \$2.41. We moved our quarterly estimate to meet new guidance and raised our fiscal 2018 revenue estimate from \$8.6 billion to \$9.9 billion and our earnings-per-share estimate from \$9.55 to \$11.85.

Returning capital to stockholders is a management priority. The existing share repurchase authorization of \$1 billion is about 70% completed. We suspect management is likely to articulate plans for returning capital to shareholders at the upcoming analyst day in November. Last year's analyst day marked the announcement of the current \$1 billion buyback plan and a 50% hike in the dividend. We think the chances of a similar announcement this year are good. For now, our estimates assume a moderate dividend increase and enough buybacks to keep dilution from option exercises at bay.

These shares are ranked Highest for Timeliness. The stock price has climbed significantly this year, rising about 60% year to date. The run-up appears to have discounted much of the earnings growth we project out to 2020-2022.

Christopher Joseph September 29, 2017