

Welcome

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VP, INVESTOR RELATIONS
ANALYST DAY 2017

My Key Messages



RECORD:
SEMI AND DISPLAY
FAB EQUIPMENT SPENDING

>\$60B
IN 2017

- 1 Exciting time for the semiconductor and display industries
- 2 Particularly exciting time for Applied Materials
- 3 Right time to **re-examine our beliefs** about the equipment industry

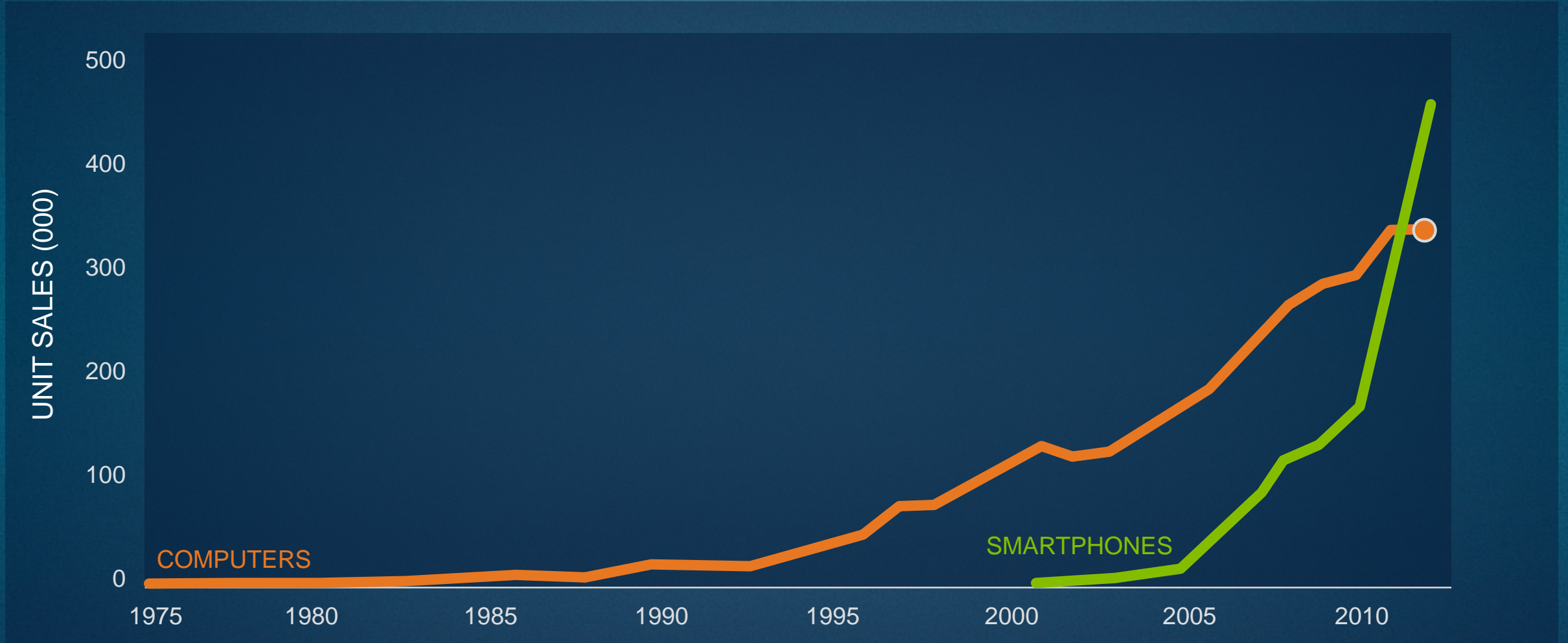
Semiconductor and Display fab equipment spending forecasts for 2017 based on Applied estimates.

Strategic **Inflection** Points



Based on Gartner and Applied estimates

Strategic Inflection Points



Based on Gartner and Applied estimates

Semiconductor Equipment Investing 101

TRUE OR FALSE:

1. It's a no-growth, cyclical industry.
2. Capital intensity is declining.
3. Cost reduction depends on lithography.
4. Shrinking transistors improves chip performance.
5. Single-product companies have the advantage.
6. "Everybody says they're gaining share, and nothing really changes."

Who Outperformed and Why?



2000-2015

Who Outperformed and Why?



2000-2017

Who Outperformed and Why?



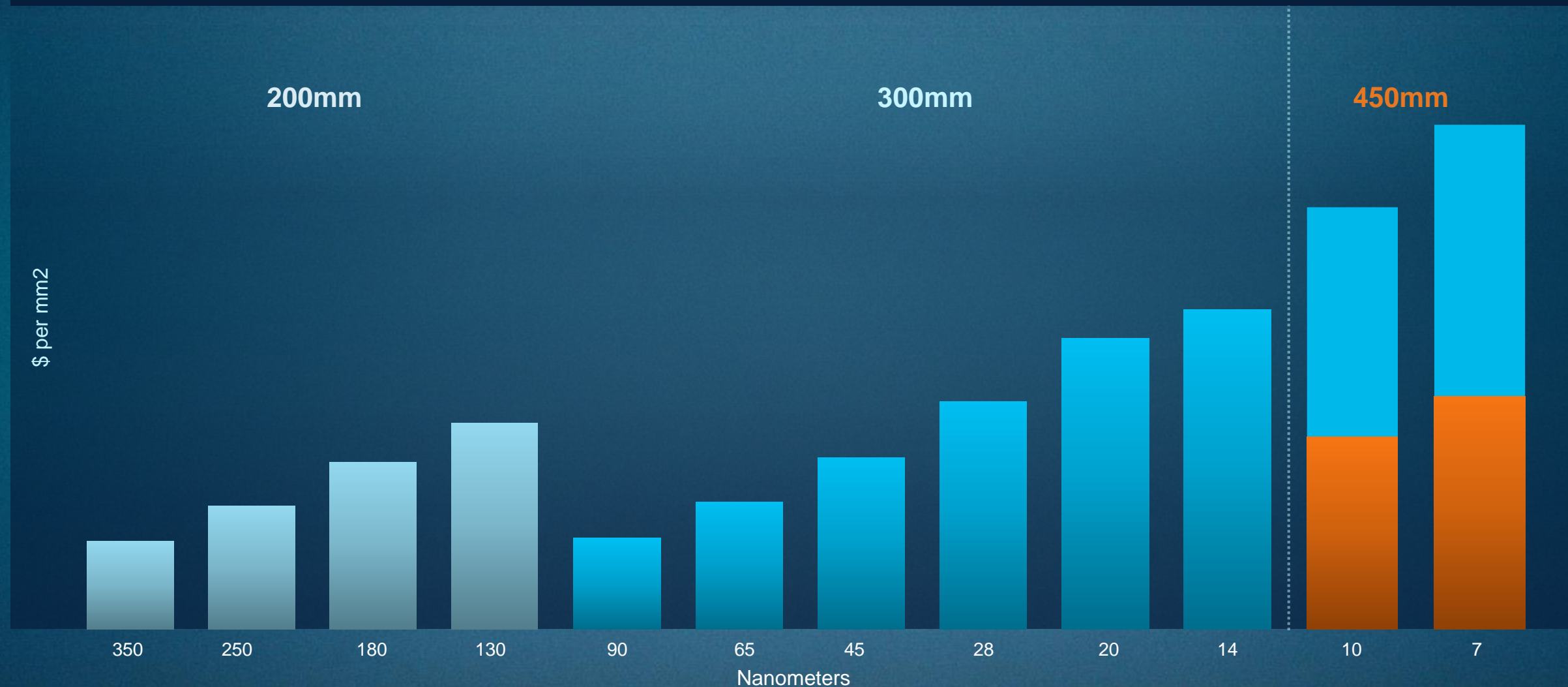
2000-2017

WFE spending based on Gartner for 2000 - 2016 and Applied estimates for 2017.

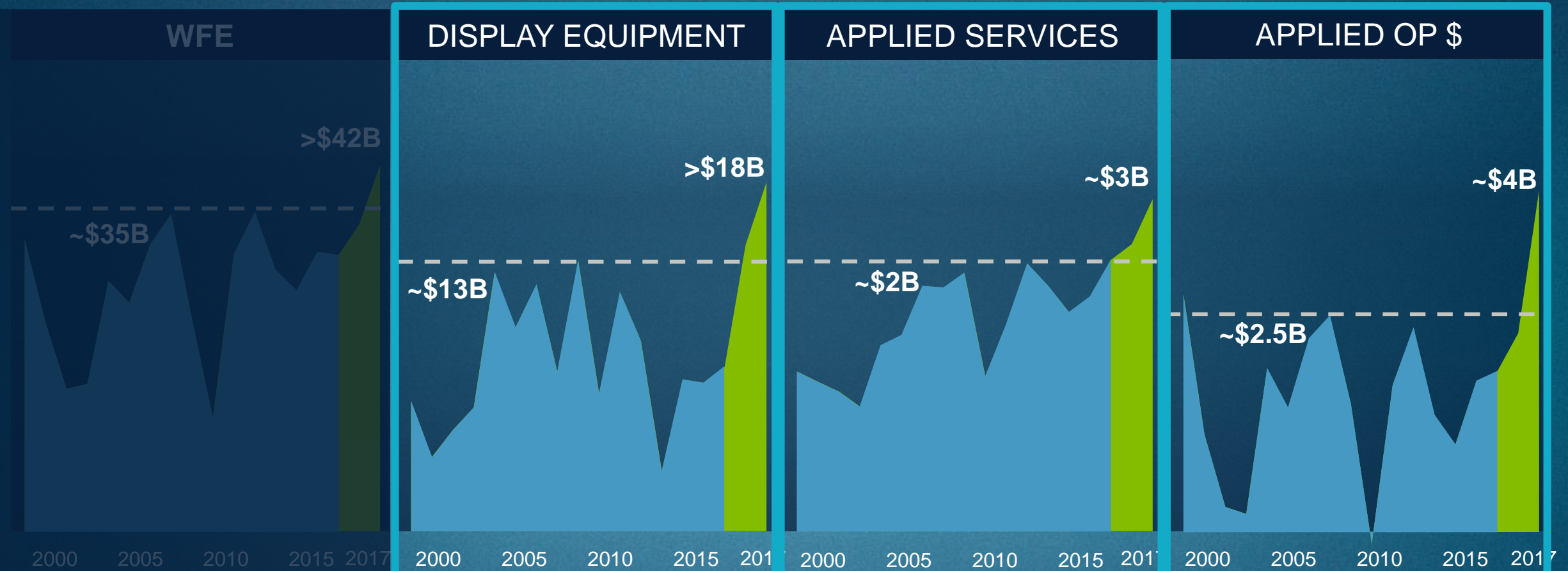
| External Use

Major Inflections in Manufacturing

450mm NEVER HAPPENED



Who Outperformed and Why?



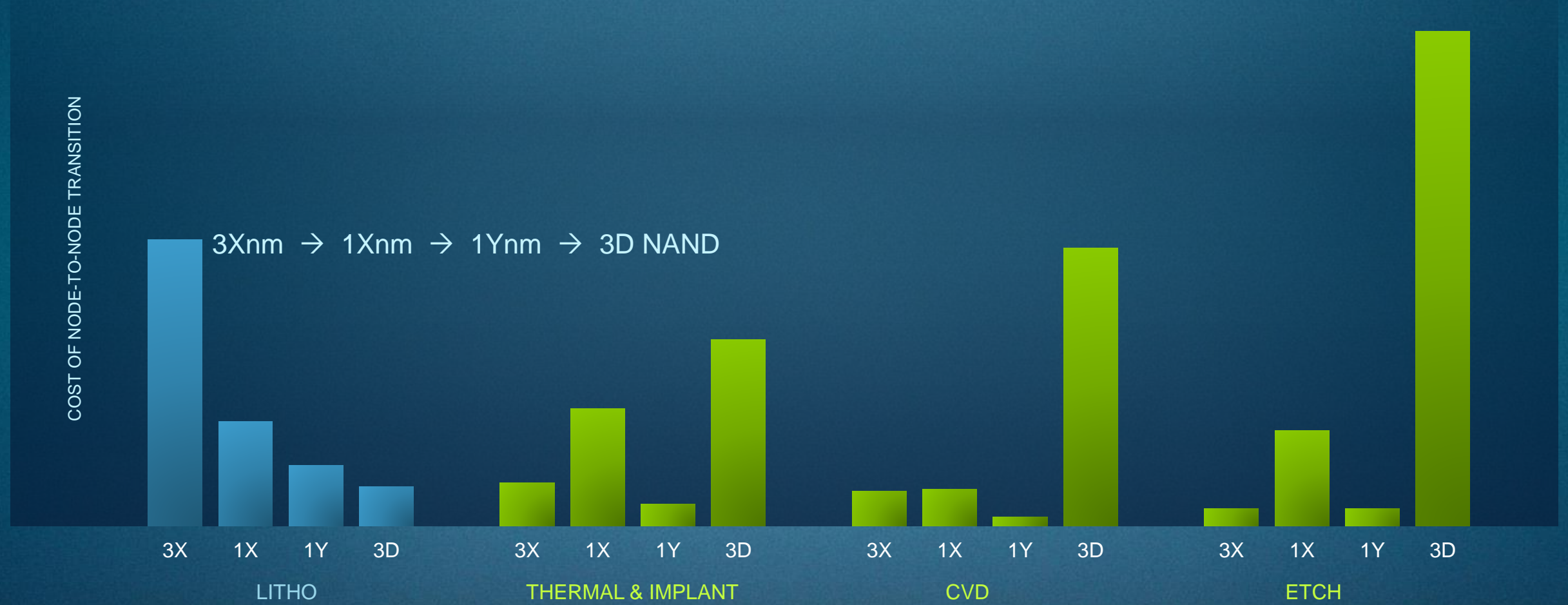
Most stable
part of portfolio

WFE spending based on Gartner for 2000 - 2016 and Applied estimates for 2017.
Display equipment spending and all 2017 forecasts based on Applied estimates.
Operating profit is a non-GAAP adjusted measure.

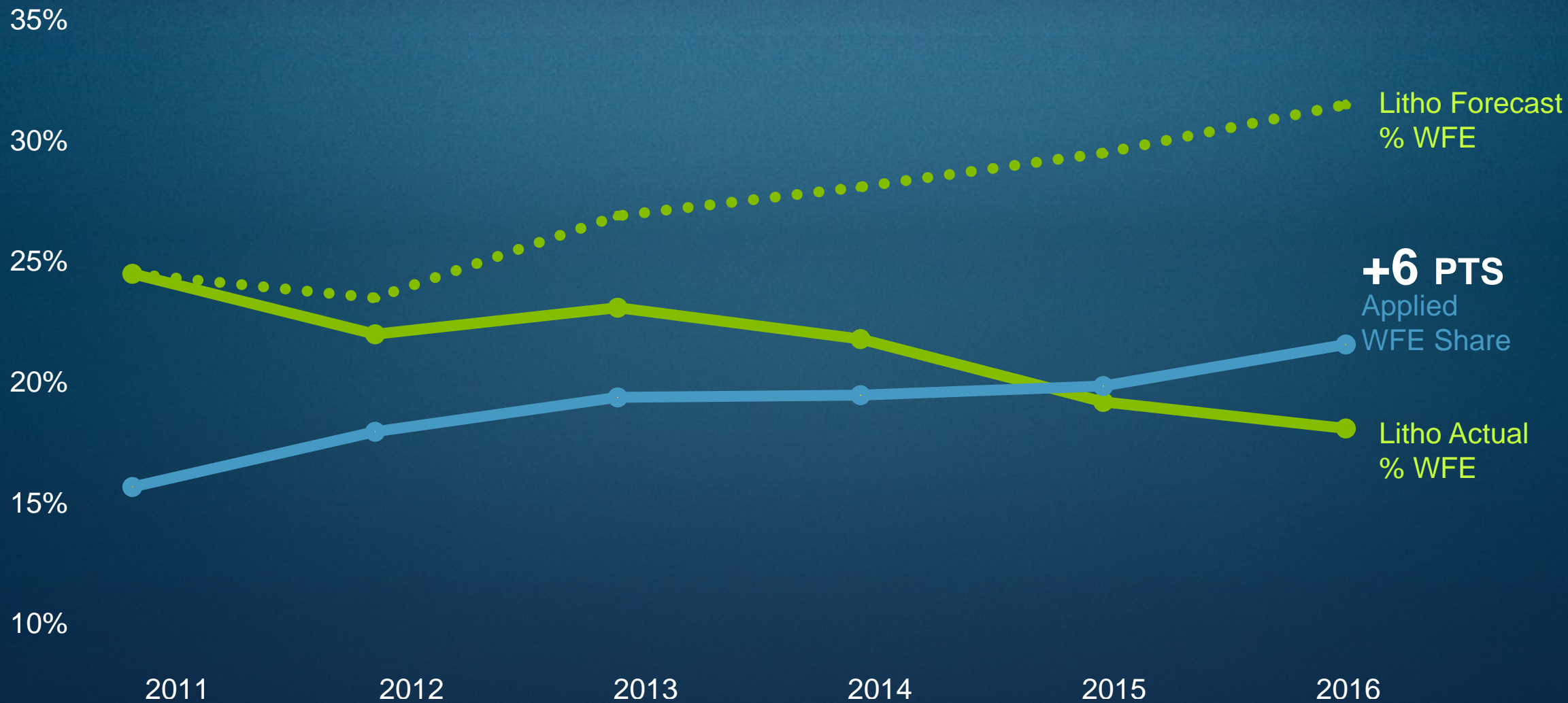
Major Inflections In Manufacturing

LITHO SCALING HIT THE WALL IN NAND

3D Memory transition shifts spending from **Litho** to **Materials Deposition and Removal**



Major Inflections in Spending Mix



Source: Gartner

You May Be Asking Yourself

“Is Applied’s Momentum Sustainable?”



YES

Demand is growing

Capital intensity is increasing

Materials engineering drives the roadmap

TODAY'S EVENT

MARKETS are strong
and getting stronger

Applied is in a better
POSITION than ever

Faster and more
effective **EXECUTION**

ENABLING BIGGER WAVES OF GROWTH

Innovation Leadership in Expanding Markets

GARY DICKERSON

Enabling Bigger Waves of Growth Financial Model

DAN DURN

Q&A

GARY DICKERSON | DAN DURN | STEVE GHANAYEM | PRABU RAJA
BOB PERLMUTTER | ALI SALEHPOUR | Moderated by: MIKE SULLIVAN

BREAK

Panel Discussion: Enabling the A.I. Era

Introduced by: BOB HALLIDAY

RECEPTION



APPLIED
MATERIALS®

make possible