

KLA Corpotation (KLAC)

April 22nd, 2026

Information Technology - Semiconductors and Semiconductor Equipment

Stock Rating

NO ACTION

Investment Thesis

We recommend **NO ACTION** on KLA Corporation (KLAC) with a blended valuation price of \$1,172.29, representing 36% downside from the current price of \$1,812. KLA is an exceptional business with a near-monopoly position in semiconductor process control, 52 consecutive quarters of services revenue growth, and ROIC consistently above 80%, but at the current price the market has already priced in near-perfect execution on every growth driver simultaneously. Reaching \$1,812 requires a WACC of approximately 7%, which cannot be justified under any standard CAPM framework, a conclusion independently corroborated by FactSet's own WACC estimate of 11.1%.

Drivers of Thesis

- Even with an optimistic revenue forecast that triples FCF over seven years to \$10.8 billion by FY2032 and operating margins expanding to management's long-term target of 47%, our model produces an implied price of \$899 at a WACC of 10.91% ,the current price embeds assumptions no disciplined framework can support.
- KLA's process control intensity rising from 7.4% to a management-guided 9% of semiconductor equipment spending by 2030 and Services growing at 13 to 15% annually are genuine structural tailwinds, but both are already fully reflected in consensus estimates and the current multiple.²
- Our three valuation methods produce a wide range of \$757 to \$1,436, with only the relative multiple approaching market price, and that result requires sustaining AI-driven sector premiums across all peers indefinitely.

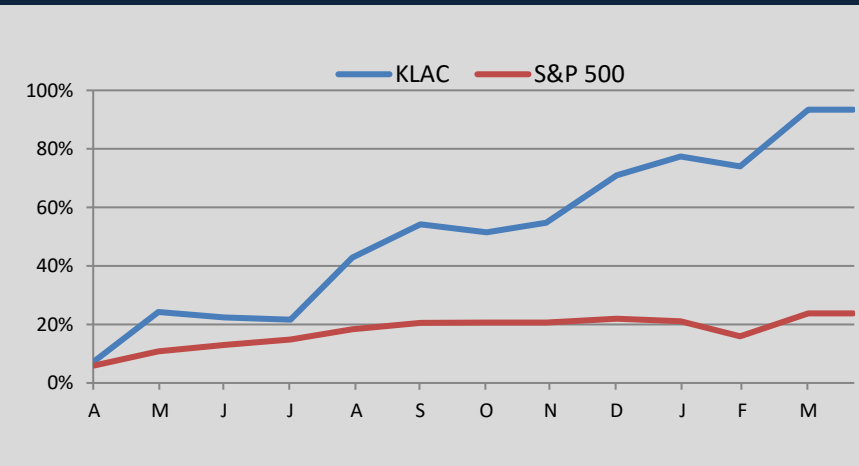
Risks to Thesis

- A sustained acceleration of AI-driven semiconductor capital spending beyond our \$210 billion total equipment market forecast by 2030 would materially increase FCF and could warrant reassessment of the no action rating.³
- The market may be rationally pricing a longer growth runway than our seven year forecast horizon captures. If KLA sustains above average growth well into the 2030s driven by process control intensity expansion and services compounding, investors buying today at \$1,812 could be correct.
- KLA's 60% process control market share is structurally irreplaceable, and investors may continue paying a scarcity premium for that monopoly position indefinitely, meaning the stock could remain above intrinsic value for an extended period regardless of fundamental valuation.

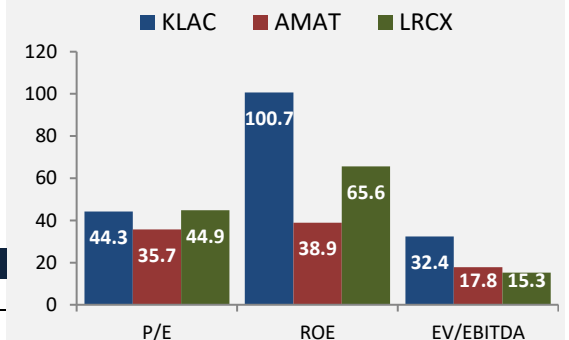
Earnings Estimates

Year	2023	2024	2025	2026E	2027E	2028E
EPS	\$24.28	\$20.41	\$30.53	\$36.65	\$48.55	\$56.17
HF est. growth	10.01%	-15.94%	49.58%	29.69%	27.21%	20.92%

12 Month Performance



Target Price	\$1,150-1,200
Henry Fund DCF	\$899.56
Henry Fund DDM	\$781.25
Relative Multiple	\$1,436.81
Price Data	
Current Price	\$1,812.06
52wk Range	\$607.70 – 1,812.06
Consensus 1yr Target	\$1,850.00
Key Statistics	
Market Cap (B)	\$234.02
Shares Outstanding (M)	\$131.08
Institutional Ownership	90.80%
Beta	1.36
Dividend Yield	0.43%
Est. 5yr Growth	15.00%
Price/Earnings (TTM)	51.87
Price/Earnings (FY1)	48.71
Price/Sales (TTM)	18.50
Price/Book (mrq)	34.61
Profitability	
Operating Margin	41.35%
Profit Margin	35.76%
Return on Assets (TTM)	21.09%
Return on Equity (TTM)	100.73%

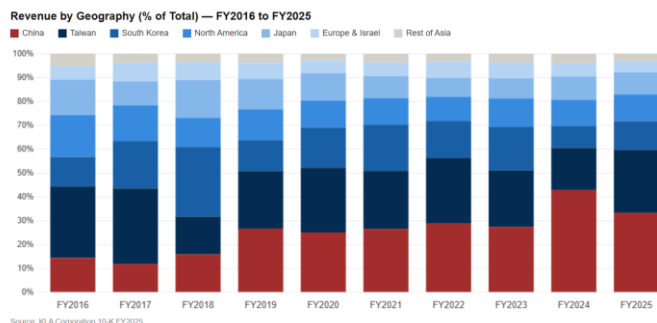


Company Description

KLA Corporation is a Milpitas, California based semiconductor equipment company generating \$12.2 billion in revenue in fiscal year 2025 across three product segments and a growing services business. The company designs and manufactures process control, inspection, and metrology equipment that chip manufacturers use to detect defects and measure accuracy throughout the fabrication process, holding approximately 60% market share with no credible at scale competitor. KLA expanded into advanced packaging inspection and specialty semiconductor markets through its 2019 acquisition of Orbotech. Revenue is heavily concentrated in Asia, with China at 33%, Taiwan at 26%, and South Korea at 12% of fiscal year 2025 revenue, with China facing near term normalization risk from tightening export restrictions.

COMPANY DESCRIPTION

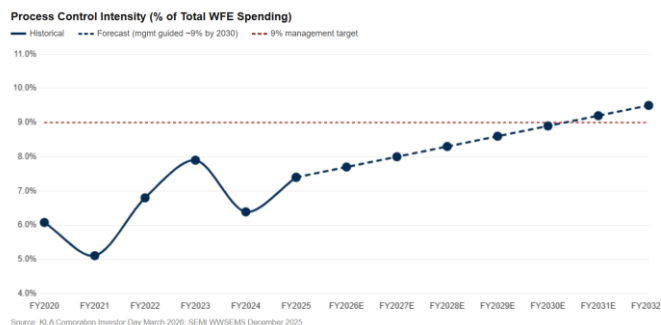
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Semiconductor Process Control

The Semiconductor Process Control segment generated \$10.95 billion in fiscal year 2025, growing 25% year over year as customers rebuilt capacity following the fiscal year 2024 inventory correction.¹ We forecast 20% growth in fiscal year 2026 and 21% in fiscal year 2027, supported by two compounding drivers. The total semiconductor equipment market expands from \$133 billion in fiscal year 2025 to \$210 billion by fiscal year 2030 as AI infrastructure drives accelerating investment in leading edge logic and high bandwidth memory.⁴ More important to our model is process control intensity, the share of total equipment spending directed toward inspection and metrology, rising from 7.4% in fiscal year 2025 toward a management guided target of 9% by 2030.³ Intensity expansion means

KLA's addressable revenue grows faster than the equipment market itself, independent of market share gains. We also assume KLA's market share rises modestly from 60% to 64% through fiscal year 2032, consistent with VLSI Research estimates.⁵ Growth decelerates toward mid single digits by fiscal year 2032 as these tailwinds mature. We hold gross margins flat at approximately 64%, consistent with the six year historical range of 63.8% to 65.2%, reflecting stable pricing power and no credible at scale competitor. The primary downside risk is a sharper than expected deceleration in AI capital spending.

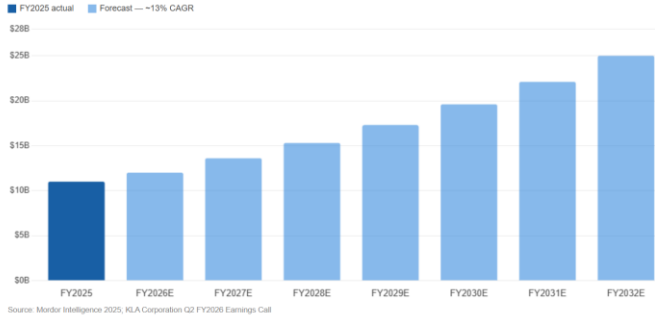


Specialty Semiconductor Process

The Specialty Semiconductor Process segment generated \$587 million in fiscal year 2025, serving manufacturers of microelectromechanical systems, radio frequency chips, and power semiconductors for automotive and industrial applications.¹ We forecast a 3% contraction in fiscal year 2026 as automotive and industrial customers continue working through elevated inventory before returning to 6% annual growth from fiscal year 2027 through fiscal year 2032. We forecast contraction in fiscal year 2026 because management provided no near term growth catalyst for this segment at the March 2026 Investor Day and automotive customers remain in inventory destocking, consistent with FactSet consensus projecting the segment at \$474 million in fiscal year 2026. Specialty end markets are cyclically earlier than leading edge logic, meaning inventory normalization takes longer. We hold gross margins flat at approximately 52% through the forecast horizon, reflecting stable but limited pricing power in lower volume markets. At roughly \$808 million by fiscal year 2032, Specialty remains a small contributor to consolidated results but provides revenue diversification across equipment cycles given its low correlation to leading edge logic spending. The key upside scenario is

faster automotive semiconductor recovery driven by electric vehicle content growth, which would pull this segment above our 6% baseline.

Advanced Packaging Market (\$B) — FY2025 to FY2032E

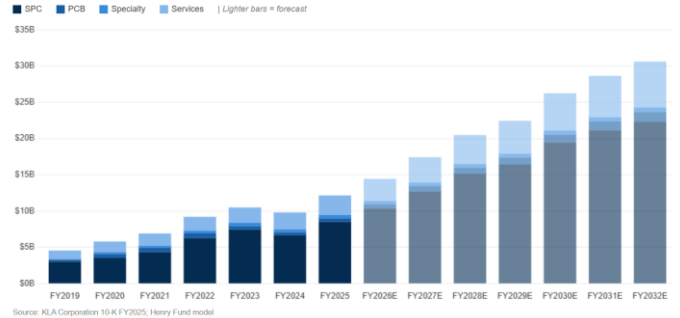


PCB and Component Inspection

The PCB and Component Inspection segment generated \$622 million in fiscal year 2025, and we view it as the most underappreciated growth driver in KLA's portfolio over the next three to five years.¹ KLA exited display inspection in fiscal year 2024, eliminating a low margin drag and concentrating resources on advanced packaging inspection, where chipmakers are shifting toward multi chip package architectures requiring significantly more inspection steps per unit. The global advanced packaging market reached \$11 billion in fiscal year 2025, and we assume approximately 13% annual market growth through fiscal year 2032.² We forecast PCB segment revenue growing 18% in fiscal year 2026 and 25% in fiscal year 2027 as KLA captures share in a category where its inspection heritage gives it a structural advantage over new entrants. Growth decelerates toward 13% annually from fiscal year 2028 onward. The margin recovery story is equally compelling. PCB gross margins troughed at 28.6% in fiscal year 2024 and recovered to 42.3% in fiscal year 2025.¹ We forecast continued improvement toward 48% by fiscal year 2032 as advanced packaging volumes scale over

largely fixed cost base. The primary risk is slower than expected adoption of advanced packaging architectures.

Revenue by Segment (\$B) — FY2019 to FY2032E



Cost Structure Analysis

Cost of Revenues and Gross Margin

Cost of revenues has tracked at approximately 37% of revenue historically and contains a meaningful fixed component concentrated in manufacturing overhead and quality systems.¹ Blended gross margins held between 61% and 63% over the past six years and we forecast improvement from 62.5% in fiscal year 2025 toward 65% by fiscal year 2032, driven by mix shift toward the higher margin Semiconductor Process Control segment as it outgrows PCB and Specialty through the forecast horizon. The 65% ceiling reflects our view that KLA's gross margin profile is structurally bounded by the services component of revenue, which carries lower margins than the product business and grows at a faster rate through fiscal year 2032.¹

Operating Expenses

Research and development ran at approximately \$1.35 billion or 11.1% of revenue in fiscal year 2025.¹ We model it at 11.5% in fiscal years 2026 and 2027 to reflect near term investment in next generation inspection platforms for gate all around transistor architectures, then stepping down to 11% from fiscal year 2028 onward as those programs mature and revenue scales. Selling, general, and administrative expenses ran at approximately 7.9% of revenue in fiscal year 2025 and we forecast a gradual decline toward 7% by fiscal year 2028 and beyond, reflecting operating leverage on a largely fixed commercial and administrative infrastructure.¹

Operating Margin Outlook

Gross margin expansion and operating expense leverage together drive our forecast of operating margin improvement from 39.3% in fiscal year 2025 toward 47% by fiscal year 2032, consistent with management's long term target.³ The fiscal year 2024 inventory correction supports this view, margins compressed only modestly to 34% despite an 11% revenue decline, confirming the fixed cost base limits downside through the cycle and that recovery is rapid when volumes normalize.¹ We apply a 14.5% tax rate throughout the forecast, consistent with explicit guidance from the Q2 fiscal year 2026 earnings call.²

Additional Company Analysis

Business Model and Pricing Power

KLA generates revenue through two mechanisms that reinforce each other over time. Product revenue comes from selling capital equipment to semiconductor manufacturers on a project basis, priced at a significant premium to peers given the proprietary nature of the underlying technology. Service revenue compounds on top of the installed base through maintenance contracts, spare parts, and software subscriptions that renew regardless of the capital equipment cycle.¹ This structure means KLA benefits from both the expansion of semiconductor manufacturing capacity and the aging of previously installed tools. Every tool sold today becomes a recurring revenue stream for the next decade. Management has guided Services toward a 13 to 15% compound annual growth rate through 2030, and with over 57,000 tools installed globally, the installed base alone provides a revenue floor that most capital equipment companies cannot match.²

Pricing power is structural rather than cyclical. KLA does not compete on price because there is no credible alternative at scale. Applied Materials holds less than 8% of the process control market and that share is declining.⁵ When a chipmaker qualifies a KLA tool for a production line, switching to a different vendor requires requalification across hundreds of process steps, a cost and time commitment that is effectively prohibitive. This creates customer retention that functions more like a subscription than a capital equipment relationship, and it is the reason gross margins have held between 61% and 63% across a full semiconductor cycle including the fiscal year 2024 downturn.¹

Market Position and Strategic Differentiation

KLA holds approximately 60% market share in process control which is a position it has maintained for over a decade and which VLSI Research projects expanding to 64% by fiscal year 2032.⁵ No other semiconductor equipment company of comparable scale operates with this degree of market concentration in its primary category. The source of KLA's competitive advantage is not manufacturing efficiency, but instead it is the depth of its process control data. Over decades of deployments across every major chipmaker globally, KLA has accumulated a proprietary dataset that new entrants cannot replicate. A competitor can build an inspection tool. They cannot build 30 years of process control data from TSMC, Samsung, and Intel simultaneously.

KLA's 2019 acquisition of Orbotech extended this advantage into printed circuit board inspection and advanced packaging. These are markets growing faster than core wafer inspection as chipmakers move toward multi chip package architectures. The acquisition was not a diversification away from the core thesis, but it was an extension of the same process control logic into adjacent markets where KLA's inspection expertise and customer relationships provide a structural day one advantage.

Business Model Sustainability

KLA's business model is more defensible today than it was a decade ago. Semiconductor manufacturing is getting harder with each node generation, adding process steps, tightening tolerances, and raising the cost of an undetected defect. The value of catching defects earlier and more accurately increases with every technology generation, which directly expands the addressable market for process control without requiring KLA to take share from anyone.¹ The advanced packaging transition reinforces this further, as inspecting multi chip package architectures requires significantly more inspection steps per finished unit than monolithic die production.

The one serious sustainability risk is geopolitical. China represented 33.3% of fiscal year 2025 revenue, down from 42.8% in fiscal year 2024 as export restrictions tightened.¹ Management has guided China toward the mid 20s as a percentage of total revenue over time. Further restriction tightening beyond what management has guided represents the most material near term risk to our fiscal year 2026 and 2027 revenue assumptions, though we do

not view it as a structural threat to the long term business model.

Debt Maturity Analysis

KLA carried \$5.9 billion in long term debt as of fiscal year 2025 with no current portion due, meaning no maturities fall within the next twelve months.¹ The maturity schedule sourced from the 10-K notes shows the two meaningful obligations are \$800 million due in fiscal year 2029 and \$1.0 billion due in fiscal year 2032, with the remainder spread across smaller intangible amortization payments totaling less than \$420 million through fiscal year 2031.¹ The structure is well laddered and gives management significant flexibility, with no single maturity event representing a liquidity stress.

KLA's ability to service and repay this debt from operating cash flow is not a concern. Operating cash flow reached \$4.1 billion in fiscal year 2025 and free cash flow was \$3.0 billion, more than three times the largest single maturity obligation.¹ Interest coverage stood at approximately 15.8 times in fiscal year 2025, with EBIT of \$4.8 billion against interest expense of \$302 million.¹ We hold long term debt flat at \$5.9 billion throughout the forecast as fixed rate bonds require no refinancing within the forecast horizon, and the \$800 million fiscal year 2029 maturity and \$1.0 billion fiscal year 2032 maturity are both manageable relative to forecast free cash flow of \$7.5 billion and \$10.8 billion in those respective years. We do not expect KLA to need to refinance at unfavorable terms or alter its capital structure materially. Management has not communicated a formal leverage target, but the trajectory of strong free cash flow generation and a stable fixed rate debt structure suggests the balance sheet will continue to strengthen through the forecast horizon.

Five-Year Debt Maturity Schedule

Fiscal Year	Coupon (%)	Payment (\$mil)
2026		\$0
2027		\$0
2028		\$0
2029	4.16%	\$800
2030		\$0
2031		\$0
2032	4.66%	\$1000
Thereafter		4,150
Total		\$5,950

Source KLAC 10k

MARKETS AND COMPETITION

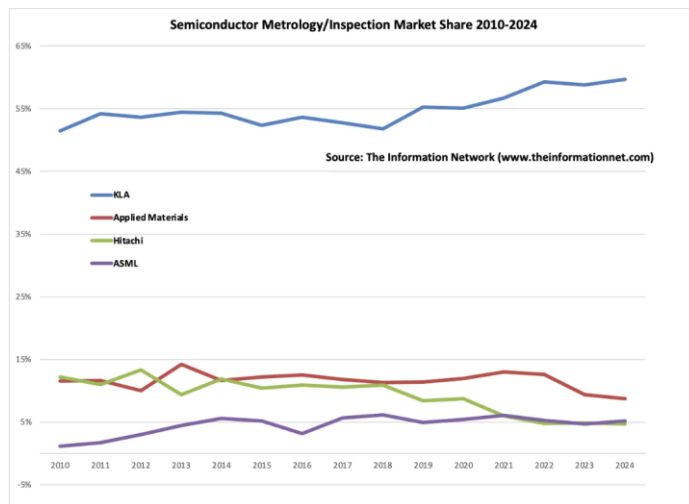
Industry Overview and Recent Developments

The semiconductor equipment industry sits at the foundation of the global technology supply chain. Equipment manufacturers design and sell the tools; Deposition, etch, lithography, and inspection systems that chipmakers use to fabricate integrated circuits. The industry reached approximately \$133 billion in wafer fabrication equipment spending in fiscal year 2025 and SEMI projects that figure growing toward \$225 billion by fiscal year 2032 as artificial intelligence infrastructure investment accelerates demand for leading edge logic and high bandwidth memory capacity.⁴

Two developments in recent history have fundamentally shaped where the industry sits today. First, the CHIPS Act and parallel government incentives globally triggered a multi-year wave of semiconductor fabrication investment beginning in 2022, pulling forward capacity expansion across Taiwan, South Korea, Japan, and the United States simultaneously and driving equipment revenue to record levels through fiscal year 2023. Second, a sharp inventory correction in fiscal year 2024 depressed equipment spending as chipmakers absorbed excess capacity built during the cycle, sending KLAC revenue down 7%, LRCX revenue down 15%, and creating the base from which both recovered strongly in fiscal year 2025. Applied Materials, with greater diversification across deposition and etch relative to pure process control, saw only 3% revenue growth in fiscal year 2024, demonstrating how business mix determines cyclical exposure.⁵

The industry is now entering what appears to be a structurally stronger demand cycle driven by artificial intelligence compute infrastructure rather than memory or consumer electronics. This matters because logic and advanced packaging investment are the primary drivers of artificial intelligence infrastructure and require proportionally more process control intensity than prior spending cycles.³

Industry Structure and Competitive Landscape



Source: Dr. Robert Castellano

The semiconductor equipment industry is an oligopoly with distinct segment specialization rather than head-on competition across all categories. Three companies in KLAC, Applied Materials, and Lam Research together represent the majority of wafer fabrication equipment revenue globally, alongside ASML in lithography and Tokyo Electron in thermal and deposition. The critical observation is that these firms largely do not compete for the same customers in the same categories. ASML holds a monopoly in extreme ultraviolet lithography with no credible competitor. KLAC holds approximately 60% of process control with no competitor above 8%.⁵ Lam Research dominates etch and certain deposition categories. Applied Materials competes across deposition, etch, and process control, but its process control share is declining.

This segmentation produces a structurally stable competitive equilibrium. Chipmakers do not substitute one equipment vendor for another within a category once a tool has been qualified for production. Requalification across hundreds of process steps costs time and yield that fabs cannot afford. As a result, market share positions have remained largely static over the past decade, and pricing competition within categories is effectively absent. Competition occurs at the boundary, new process nodes, new architectures like gate all around transistors, and new packaging integration technologies, where the next

generation tool has not yet been qualified and vendors compete to become the incumbent.⁵

Revenue Scale and Growth

Applied Materials is the largest of the three by revenue at \$28.4 billion in fiscal year 2025, reflecting its diversification across deposition, etch, and materials modification in addition to process control. Lam Research generated \$18.4 billion, concentrated in etch and chemical vapor deposition. KLAC at \$12.2 billion is the smallest by revenue but the most narrowly focused, deriving approximately 90% of product revenue from a single category where it holds near monopoly share.¹

The revenue growth comparison reveals important differences in cyclical behavior. KLAC's ten year revenue compound annual growth rate of 16.9% outpaces AMAT at 11.3% and LRCX at 13.5%, driven by process control intensity rising as a share of total equipment spending.⁶ The fiscal year 2024 cycle illustrated this dynamic clearly. LRCX fell 15% driven by its memory etch exposure while KLAC fell only 7% and AMAT grew modestly. KLA's installed base services revenue, which has grown for 52 consecutive quarters, provides a structural floor that neither AMAT nor LRCX can match at comparable scale relative to total revenue.²

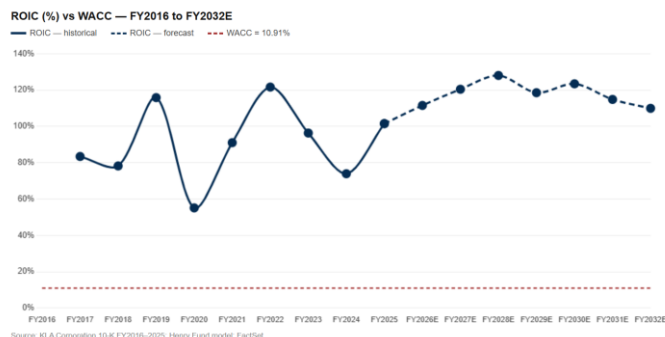
Profitability and Margin Structure

The most significant distinction between these three companies is the margin profile, and it directly reflects competitive positioning rather than operational efficiency. KLA's gross margin of 60.9% in fiscal year 2025 exceeds both AMAT at 48.7% and LRCX at 48.7% by more than 12%.⁶ This gap is structural and persistent. The five year average gross margins show the same pattern at 59.9% for KLAC versus 46.9% for AMAT and 46.5% for LRCX. The explanation is straightforward, KLA sells proprietary inspection and metrology equipment where no price competition exists, while AMAT and LRCX participate in deposition and etch categories where multiple qualified vendors compete on price and delivery.

Operating margins follow the same pattern. KLA's five year average operating margin of 35.5% compares to 28.7% for AMAT and 29.8% for LRCX.⁶ On research and development, all three spend at comparable rates. KLAC at 11.2% of revenue, AMAT at 12.6%, LRCX at 11.4%. This means KLA's margin advantage originates entirely at the

gross profit line and flows directly through to operating income. This is the signature of pricing power and not cost efficiency.

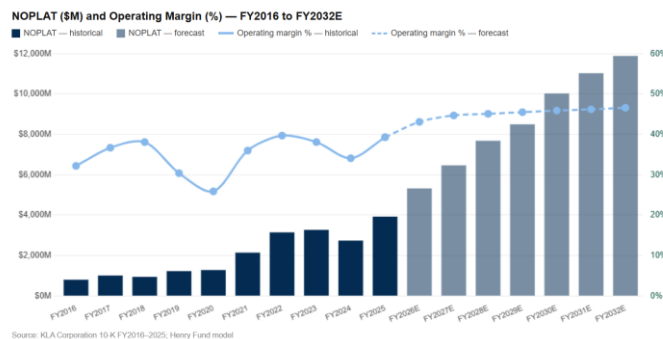
Return on Invested Capital



The ROIC comparison is where the competitive advantage gap becomes quantitatively clear. KLAC generated an ROIC of 101.5% in fiscal year 2025, compared to 77.9% for LRCX and 62.0% for AMAT.⁶ Over the past decade KLAC's ROIC has ranged from a trough of 55.1% in fiscal year 2019 which was the year the Orbotech acquisition closed and intangibles expanded the capital base significantly, to a peak of 121.6% in fiscal year 2021 during the semiconductor upcycle, averaging approximately 91% across the full period.

All three companies create substantial economic value above the cost of capital, but the source of KLAC's premium is analytically decisive. IC turnover ratios are nearly identical across all three. KLAC IC turnover at 2.7x, AMAT at 2.6x, LRCX at 2.8x, meaning none holds a structural asset efficiency advantage.⁶ The ROIC gap traces entirely to NOPLAT margin. KLAC at 30.4% versus AMAT at 21.5% and LRCX at 26.2%. Applied Materials participates in more competitive deposition and etch categories where gross margins average in the high 30s to low 40s rather than the 60s, compressing the margin that flows through to NOPLAT and ultimately ROIC. KLAC's margin premium is structural and persistent. The five

year average operating margins confirm it holds through cycles, not just at peak.



Basis of Competition and Disruption Risk

Competition in semiconductor equipment occurs primarily on three dimensions, technical capability at the leading edge of each new process node, depth of customer integration through data and service relationships, and time to market for tool qualification. Price is a secondary factor except in commodity deposition and etch categories where multiple vendors are qualified. KLA's dominant position in process control data is not a product advantage that can be replicated quickly. A competitor can invest in optics, mechanics, and algorithms but they cannot buy 30 years of proprietary process control data from TSMC, Samsung, and Intel simultaneously.

The most credible disruption risk is not competitive but instead is geopolitical. China represented 33% of KLAC's fiscal year 2025 revenue, down from 43% in fiscal year 2024 as export restrictions tightened.¹ AMAT and LRCX face comparable China exposure risk. Further restriction tightening could materially reduce near term revenue for all three companies, though the domestic China equipment industry lacks the technical capability to substitute for leading edge western tools within any foreseeable timeframe.

The advanced packaging transition represents the most meaningful structural opportunity. All three companies are investing to address multi chip package inspection and deposition requirements as chipmakers shift from monolithic die to chiplet architectures. KLAC's Orbotech acquisition positioned it for this shift in PCB and advanced packaging inspection, while AMAT and LRCX are pursuing deposition and etch capabilities for package level integration. This category expansion is still early and

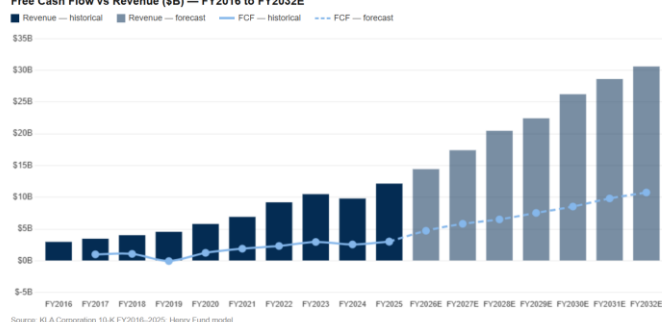
represents incremental addressable market growth rather than competitive displacement.

Competitive Positioning Summary

KLA is the best positioned of the three for long term value creation on a fundamental basis. Its process control monopoly, rising intensity tailwind, services annuity, and 60% plus gross margins are structural advantages that compound over time and are not replicable. Applied Materials is the most diversified and largest by revenue but operates in more competitive categories that structurally limit gross margins and ROIC. Lam Research holds dominant positions in etch and memory-related spending, making it more cyclically sensitive to memory capital expenditure cycles but capable of generating strong returns during upcycles.

VALUATION

Free Cash Flow vs Revenue (\$B) — FY2016 to FY2032E



Revenue Growth

Near term revenue growth is anchored to two drivers, process control equipment demand and services. Revenue grows from \$12.2 billion in fiscal year 2025 to \$14.4 billion in fiscal year 2026, a 18.8% increase, accelerating to \$17.4 billion in fiscal year 2027 as AI infrastructure investment drives leading edge logic fab spending. Revenue reaches \$30.6 billion by fiscal year 2032, a seven year compound annual growth rate of 14.1%.

Two observable trends support this trajectory. The semiconductor equipment market is forecast to grow from approximately \$133 billion today toward \$225 billion by fiscal year 2032.⁴ Simultaneously, process control intensity rises from 7.4% of wafer fabrication equipment spending toward 9% by 2030, meaning KLA grows faster than the broader equipment market as inspection captures a larger share of each fab dollar.³ Fiscal year 2029 revenue growth

decelerates to 9.6% to reflect China export restriction headwinds before reaccelerating as advanced packaging offsets that normalization.¹

COGS and Gross Margin

Cost of goods sold declines from 39.1% of revenue in fiscal year 2025 to 35.4% by fiscal year 2032, driven by services mix shift and manufacturing operating leverage. This produces gross margin expansion from 60.9% to 64.6%, converging toward but not reaching management's stated mid to high 60s target.² The same trajectory was demonstrated following the Orbotech integration, where COGS as a percentage of revenue fell 300 basis points over four years as services scaled.

Operating Margin Outlook

The combined effect of COGS and SGA compression produces operating margin expansion from 39.3% in fiscal year 2025 to 46.6% by fiscal year 2032, stopping just below management's long run target of approximately 47% reiterated at the March 2026 Investor Day.³ Margins are held below management's target throughout as deliberate conservatism on execution risk.

Capital Expenditure

Capital expenditure is modeled at approximately 3.0% to 3.6% of revenue, consistent with KLA's asset light historical profile, growing from \$433 million in fiscal year 2026 to \$918 million by fiscal year 2032. KLA's net PPE as a percentage of revenue at 10.3% is already the lowest among peers, below LRCX at 13.2% and AMAT at 16.3%, confirming the design and integration model requires limited manufacturing capital.⁶

Capital Structure

Long term debt is held flat at \$5.9 billion throughout the forecast period. Two scheduled maturities are modeled explicitly, \$800 million in March 2029 and \$1.0 billion in July 2032, both refinanced at current market rates.¹ Management has signaled preference for maintaining investment grade leverage while directing free cash flow toward shareholder returns rather than debt reduction.²

Share Repurchases

Repurchases are modeled at \$3.1 billion in fiscal year 2026, growing by \$700 million annually to \$7.3 billion by fiscal year 2032, supported by free cash flow growing from \$4.7 billion to \$10.8 billion over the same period.² Repurchases are the primary driver of EPS growth outpacing NOPLAT growth. Reducing repurchases by 30% across the forecast period reduces fiscal year 2032 EPS by approximately \$8 per share. Management has stated they intend to have a goal of giving back ~90% of FCF back to shareholders.

Valuation Model Results

DCF and Economic Profit

Both models produce an identical implied price of \$899, representing 50% downside from the current market price of \$1,812. Key assumptions are a WACC of 10.91% derived from a beta of 1.36, a risk free rate of 4.3%, and a 5.0% equity risk premium per Damodaran, producing a cost of equity of 11.1%. The pre tax cost of debt is 4.87% based on KLA's YTM on 8 year bond. Continuing value assumes 3.5% NOPLAT growth in perpetuity.

Even with a forecast that triples free cash flow from \$3.0 billion to \$10.8 billion by fiscal year 2032 and expands margins to management's own stated target, the model produces \$899. Reaching \$1,812 requires a WACC of approximately 7%, which is irreconcilable with a beta of 1.36 under standard CAPM. FactSet's independent WACC estimate of 11.1% corroborates our assumption.⁶

Dividend Discount Model

The DDM produces an implied price of \$781. We place less weight on this result because KLA's payout ratio is low and management exercises significant discretion over the dividend relative to total cash generation, making the DDM mechanically less representative of underlying business value. The DDM result nonetheless corroborates the direction of the DCF conclusion.

Relative Valuation

Relative valuation produces an implied price of \$1,436, the only method approaching the current market price. This figure is derived from peer group price to earnings multiples applied to our fiscal year 2025 and fiscal year 2026 EPS estimates and a PEG ratio analysis.⁶ We place limited weight on this result for two reasons. First, the

peer group itself may be overvalued on AI capital spending optimism, making a relative comparison to an elevated baseline uninformative about intrinsic value. Second, relative valuation measures price against comparable firms rather than against the return required to compensate for the risk of owning the asset. KLAC also does not have any direct comparable peers and operates as a near monopoly.

Why We Differ from Consensus and What We Cannot Price

We are above consensus on earnings but below consensus on implied value. That distinction matters. The market price of \$1,812 implies a WACC of approximately 7%, which is irreconcilable with a beta of 1.36 under standard CAPM. FactSet's independent WACC estimate of 11.1% corroborates our 10.91% assumption.⁶ The gap between our implied price and the market price is entirely a discount rate disagreement, not an earnings disagreement.

What we cannot price effectively is the durability of the scarcity premium itself. KLA's 60% process control market share, 52 consecutive quarters of services growth, and ROIC averaging above 90% over the past decade are genuinely exceptional characteristics that justify a quality premium over an average business.² If investors continue treating KLA as a quasi infrastructure asset with a structurally lower required return, the stock may not re rate toward intrinsic value within any horizon relevant to the Henry Fund. The business is exceptional. The price reflects perfection. Our no action rating reflects the judgment that we cannot identify the catalyst that closes the gap between \$1,812 and any reasonable intrinsic value estimate, not a view that the business is impaired.

KEYS TO MONITOR

What Would Make Us Bullish

The single most important variable to monitor is wafer fabrication equipment spending relative to the SEMI forecast of \$225 billion by fiscal year 2032. If WFE spending reaches \$180 billion or above by fiscal year 2028, two years ahead of our base case trajectory, KLA's revenue growth would materially exceed our forecast and the current market price becomes easier to justify at a

reasonable discount rate. The specific indicator to watch is the quarterly SEMI WWSEMS equipment shipment data, released monthly. A sustained three quarter run rate above \$40 billion annualized in calendar year 2026 would signal that our revenue assumptions are conservative and would warrant revisiting the model.⁴

Process control intensity is the second variable. Our forecast assumes intensity rises from 7.4% toward 9% of WFE by 2030. If gate all around transistor yields prove more difficult than expected at TSMC and Samsung, fabs will increase inspection steps per wafer, pulling intensity above 9% ahead of schedule. KLA management commentary on inspection tool utilization rates and orders per node is the best leading indicator available. A disclosure of process control intensity reaching 8.5% or above in any single customer segment would be a meaningful positive signal.³

A price entry point below \$950 would bring the stock within 6% of our DCF implied price of \$899 and would warrant a formal reassessment of the recommendation. At that level the margin of safety becomes sufficient to consider initiating a buy given the quality of the underlying business and the structural tailwinds behind process control intensity growth.

What Would Make Us Bearish

China revenue is the most immediate downside risk to monitor. China represented 33% of fiscal year 2025 revenue.¹ If the Bureau of Industry and Security expands the foreign direct product rule to cover KLA's optical inspection tools currently exempt from restrictions, China revenue could fall to 15% of total within two fiscal years. The specific trigger to watch is any new Entity List addition affecting KLA's major Chinese customers, particularly CXMT, YMTC, or SMIC.

The second variable is WACC. Our no action conclusion rests on a WACC of 10.91%. If the ten year Treasury yield rises above 5.0% and stays there, beta holding constant at 1.36, the cost of equity moves above 12% and the DCF implied price falls, strengthening the no action conclusion. Conversely, if Treasury yields fall to 3.5% and beta compresses toward 1.1 as AI infrastructure spending is perceived as more durable, the implied WACC approaches 9% and the DCF price rises toward \$1,100 to \$1,200, at which point the valuation gap narrows enough to reconsider the rating. Monitor the ten year Treasury

weekly and revisit the WACC assumption any time the yield moves more than 50 basis points from the 4.3% used in this model.

A sustained compression in gross margin below 58% for two consecutive quarters would signal that COGS assumptions are optimistic and that the services mix shift is not materializing as projected. KLA reports gross margin by segment in each quarterly earnings release. Semiconductor process control segment gross margin falling below 63% for two consecutive quarters would be the specific threshold that requires revisiting the COGS trajectory in the model.

SENSITIVITY ANALYSIS

WACC and Continuing Value Growth

		WACC							
		\$ 896.17	8.66%	9.41%	10.16%	10.91%	11.66%	12.41%	13.16%
CV Growth NOPLAT	2.00%	1,100.86	975.95	874.41	790.32	719.60	659.35	607.45	
	2.50%	1,166.55	1,026.07	913.52	821.41	744.69	679.87	624.41	
	3.00%	1,243.84	1,084.01	958.10	856.42	772.68	702.56	643.04	
	3.50%	1,336.13	1,151.77	1,009.37	896.17	804.09	727.80	663.60	
	4.00%	1,448.23	1,232.05	1,068.97	941.67	839.61	756.04	686.40	
	4.50%	1,587.30	1,328.70	1,139.10	994.27	880.10	787.86	711.84	
	5.00%	1,764.40	1,447.28	1,222.84	1,055.77	926.66	823.97	740.39	

The WACC versus continuing value NOPLAT growth table is the most analytically important. At our base case inputs of 10.91% WACC and 3.5% continuing value growth, the model produces \$896. Even pushing continuing value growth to its upper bound of 5.0% while holding WACC at 10.91% produces only \$1,009. Reaching a price anywhere near \$1,812 requires a WACC below 7-8% regardless of the growth assumption used, and no combination of inputs within a reasonable range closes the gap to the current market price. This confirms the valuation disconnect is structural, not a function of conservative growth assumptions.

Beta and Risk Free Rate

		Beta							
		\$ 896.17	0.91	1.06	1.21	1.36	1.51	1.66	1.81
Risk Free Rate	3.55%	1,521.24	1,298.99	1,131.51	1,000.87	896.17	810.42	738.95	
	3.80%	1,439.50	1,238.16	1,084.52	963.49	865.75	785.20	717.71	
	4.05%	1,365.79	1,182.55	1,041.10	928.68	837.22	761.41	697.58	
	4.30%	1,298.99	1,131.51	1,000.87	896.17	810.42	738.95	678.49	
	4.55%	1,238.16	1,084.52	963.49	865.75	785.20	717.71	660.36	
	4.80%	1,182.55	1,041.10	928.68	837.22	761.41	697.58	643.12	
	5.05%	1,131.51	1,000.87	896.17	810.42	738.95	678.49	626.71	

The beta versus risk free rate table shows the base case price of \$896 sitting near the center of the plausible input range. A beta of 1.21 combined with a risk free rate of 3.55% produces \$1,131, the most optimistic realistic combination. A beta of 1.81 with a risk free rate of 5.05%

produces \$627. The current market price of \$1,812 does not appear anywhere in this table, confirming that no defensible CAPM input combination justifies the current price.

Equity Risk Premium and Tax Rate

		Tax Rate						
		9%	11%	13%	15%	17%	19%	21%
Equity Risk Premium	\$ 896.17							
	3.5%	1,359.34	1,322.07	1,284.80	1,247.52	1,210.25	1,172.98	1,135.70
	4.0%	1,204.32	1,171.12	1,137.93	1,104.73	1,071.53	1,038.34	1,005.14
	4.5%	1,079.89	1,049.97	1,020.05	990.13	960.21	930.29	900.37
	5.0%	977.86	950.63	923.40	896.17	868.94	841.71	814.48
	5.5%	892.71	867.73	842.74	817.76	792.78	767.80	742.81
	6.0%	820.60	797.53	774.45	751.37	728.30	705.22	682.14
	6.5%	758.78	737.34	715.90	694.46	673.02	651.58	630.14

Varying the equity risk premium from 3.5% to 6.5% against a tax rate range of 9% to 21% produces implied prices from \$758 to \$1,359. The upper bound requires both a 3.5% equity risk premium, well below Damodaran's current estimate of 5.0%, and a 9% tax rate, well below management's explicit guidance of 14.5% for fiscal year 2026.² The base case of \$896 sits in the middle of this range and does not require extreme assumptions to reproduce.

Revenue Multiplier and SGA

		Revenue Multiplier						
		0.85	0.90	0.95	1.00	1.05	1.10	1.15
SGA Multiplier	\$ 896.17							
	0.82	874.37	910.22	947.36	985.83	1,025.67	1,066.92	1,109.61
	0.87	855.37	890.44	926.78	964.41	1,003.38	1,043.73	1,085.50
	0.92	829.59	863.59	898.81	935.30	973.08	1,012.19	1,052.68
	0.97	795.00	827.54	861.25	896.17	932.32	969.76	1,008.51
	1.02	749.07	779.65	811.34	844.15	878.13	913.31	949.72
	1.07	688.72	716.71	745.71	775.74	806.83	839.02	872.34
	1.12	610.21	634.81	660.29	686.68	714.00	742.27	771.54

The revenue multiplier versus SGA multiplier table tests whether optimistic top line and cost assumptions together can close the valuation gap. At 115% of base case revenue combined with an SGA multiplier of 0.82, the model produces \$1,110. Even the most favorable corner of this table at 115% revenue and 0.82 SGA produces only \$1,110, still 28% below the current market price at our base case WACC. Revenue and cost assumptions are not the source of the disconnect.

Wafer Scaler and WACC

		Wafer Scaler						
		70%	80%	90%	100%	110%	120%	130%
WACC	8.66%	1,225.72	1,261.58	1,298.38	1,336.13	1,374.84	1,414.52	1,455.21
	9.41%	1,058.23	1,088.62	1,119.79	1,151.77	1,184.55	1,218.16	1,252.62
	10.16%	928.80	954.98	981.83	1,009.37	1,037.60	1,066.54	1,096.20
	10.91%	825.86	848.71	872.14	896.17	920.80	946.04	971.91
	11.66%	742.09	762.24	782.91	804.09	825.81	848.07	870.87
	12.41%	672.63	690.57	708.95	727.80	747.12	766.91	787.19
	13.16%	614.15	630.22	646.70	663.60	680.90	698.64	716.80

The wafer scaler versus WACC table is the second most important in the analysis and directly tests whether the valuation gap is a growth story or a discount rate story. At 130% of base case revenue with a WACC of 10.91%, the model produces only \$946. Reaching \$1,336, the closest this table gets to the current market price, requires simultaneously a 130% revenue scaler and a WACC of 8.66%. This table makes the argument visually, aggressive revenue assumptions add roughly \$50 to \$100 to the implied price at any given WACC, while moving WACC from 10.91% to 8.66% adds over \$400. The valuation gap is almost entirely a discount rate disagreement.

CV ROIC and CV of NOPLAT

		CV ROIC						
		79.93%	89.93%	99.93%	109.93%	119.93%	129.93%	139.93%
CV of NOPLAT	2.00%	786.36	787.97	789.26	790.32	791.20	791.95	792.58
	2.50%	816.16	818.30	820.01	821.41	822.57	823.56	824.40
	3.00%	849.73	852.46	854.64	856.42	857.91	859.17	860.25
	3.50%	887.83	891.23	893.94	896.17	898.02	899.59	900.93
	4.00%	931.45	935.61	938.94	941.67	943.94	945.86	947.50
	4.50%	981.87	986.92	990.96	994.27	997.02	999.35	1,001.35
	5.00%	1,040.84	1,046.92	1,051.79	1,055.77	1,059.09	1,061.90	1,064.30

The continuing value ROIC versus continuing value NOPLAT growth table shows the narrowest range of outcomes across all six tables, with implied prices spanning roughly \$786 to \$1,065 across the full input grid. This confirms that the model is not particularly sensitive to capital efficiency assumptions in the terminal period, which is intuitive for a business with an invested capital base as small as KLA's relative to its earnings power. The reinvestment rate in the continuing value period matters less than the discount rate applied to the resulting cash flows.

Synthesis

Across all six tables, no reasonable combination of inputs produces a price at or above \$1,812. The WACC must fall to approximately 7% to 8% to approach the current market price regardless of what growth, margin, or capital efficiency assumptions accompany it. A WACC of 7% to 8% is irreconcilable with a beta of 1.36 and a risk free rate of

4.3% under standard CAPM and is not supported by FactSet's independent estimate of 11.1%.⁶ The sensitivity analysis does not identify a scenario under which a buy recommendation is warranted at the current price.

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		Beta							
		\$ 899.56	0.91	1.06	1.21	1.36	1.51	1.66	1.81
Risk Free Rate	3.55%	1,524.30	1,302.15	1,134.76	1,004.20	899.56	813.87	742.44	
	3.80%	1,442.60	1,241.35	1,087.80	966.84	869.16	788.66	721.21	
	4.05%	1,368.92	1,185.77	1,044.40	932.05	840.65	764.89	701.09	
	4.30%	1,302.15	1,134.76	1,004.20	899.56	813.87	742.44	682.02	
	4.55%	1,241.35	1,087.80	966.84	869.16	788.66	721.21	663.90	
	4.80%	1,185.77	1,044.40	932.05	840.65	764.89	701.09	646.66	
5.05%	1,134.76	1,004.20	899.56	813.87	742.44	682.02	630.26		

		Tax Rate							
		\$ 899.56	9%	11%	13%	15%	17%	19%	21%
Equity Risk Premium	3.5%	1,362.83	1,325.46	1,288.08	1,250.71	1,213.33	1,175.96	1,138.58	
	4.0%	1,207.90	1,174.60	1,141.30	1,108.00	1,074.70	1,041.39	1,008.09	
	4.5%	1,083.55	1,053.52	1,023.49	993.46	963.44	933.41	903.38	
	5.0%	981.58	954.24	926.90	899.56	872.22	844.88	817.54	
	5.5%	896.49	871.39	846.30	821.20	796.11	771.02	745.92	
	6.0%	824.43	801.24	778.05	754.86	731.67	708.48	685.29	
6.5%	762.64	741.08	719.53	697.97	676.42	654.86	633.31		

		WACC							
		\$ 899.56	8.68%	9.43%	10.18%	10.93%	11.68%	12.43%	13.18%
CV Growth NOPLAT	2.00%	1,104.49	979.59	877.98	793.79	722.94	662.56	610.52	
	2.50%	1,170.01	1,029.63	917.06	824.87	748.04	683.09	627.49	
	3.00%	1,247.05	1,087.45	961.58	859.86	776.02	705.79	646.14	
	3.50%	1,338.95	1,155.00	1,012.75	899.56	807.43	731.03	666.71	
	4.00%	1,450.46	1,234.99	1,072.20	944.99	842.92	759.27	689.52	
	4.50%	1,588.63	1,331.19	1,142.11	997.47	883.34	791.06	714.96	
5.00%	1,764.29	1,449.07	1,225.50	1,058.80	929.82	827.14	743.50		

		Revenue Multiplier							
		\$ 899.56	0.85	0.90	0.95	1.00	1.05	1.10	1.15
SGA Multiplier	0.82	877.71	913.69	950.95	989.55	1,029.52	1,070.90	1,113.74	
	0.87	858.64	893.83	930.29	968.05	1,007.15	1,047.63	1,089.54	
	0.92	832.77	866.88	902.22	938.83	976.73	1,015.98	1,056.60	
	0.97	798.06	830.71	864.53	899.56	935.84	973.40	1,012.27	
	1.02	751.97	782.65	814.44	847.37	881.46	916.75	953.29	
	1.07	691.41	719.50	748.59	778.72	809.92	842.22	875.65	
1.12	612.64	637.33	662.89	689.37	716.78	745.16	774.52		

		CV ROIC							
		\$ 899.56	79.93%	89.93%	99.93%	109.93%	119.93%	129.93%	139.93%
CV of NOPLAT	2.00%	789.81	791.43	792.73	793.79	794.67	795.42	796.06	
	2.50%	819.60	821.75	823.46	824.87	826.04	827.02	827.87	
	3.00%	853.15	855.88	858.07	859.86	861.35	862.61	863.70	
	3.50%	891.20	894.61	897.33	899.56	901.42	902.99	904.34	
	4.00%	934.74	938.92	942.25	944.99	947.26	949.19	950.84	
	4.50%	985.05	990.11	994.16	997.47	1,000.23	1,002.56	1,004.56	
5.00%	1,043.84	1,049.93	1,054.81	1,058.80	1,062.12	1,064.94	1,067.35		

		Wafer Scaler							
		\$ 899.56	70%	80%	90%	100%	110%	120%	130%
WACC	8.68%	1,228.38	1,264.30	1,301.15	1,338.95	1,377.71	1,417.46	1,458.21	
	9.43%	1,061.26	1,091.72	1,122.96	1,155.00	1,187.86	1,221.54	1,256.07	
	10.18%	931.96	958.22	985.14	1,012.75	1,041.06	1,070.08	1,099.82	
	10.93%	829.03	851.95	875.46	899.56	924.27	949.59	975.54	
	11.68%	745.20	765.43	786.16	807.43	829.22	851.55	874.43	
	12.43%	675.65	693.66	712.11	731.03	750.42	770.29	790.64	
13.18%	617.06	633.20	649.75	666.71	684.09	701.89	720.13		

KLA Corporation
Revenue Decomposition

Fiscal Years Ending Jun. 30	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Product	3,392.24	4,328.73	5,240.32	7,301.43	8,379.03	7,482.68	9,472.85	11,380.98	13,929.04	16,499.34	17,908.38	21,110.10	22,941.85	24,290.84
Growth %		27.61%	21.06%	39.33%	14.76%	-10.70%	26.60%	20.14%	22.39%	18.45%	8.54%	17.88%	8.68%	5.88%
Services	1,176.66	1,477.70	1,678.42	1,910.46	2,117.03	2,329.57	2,683.31	3,058.97	3,487.23	3,975.44	4,532.00	5,121.16	5,684.49	6,309.78
Growth %		25.58%	13.58%	13.82%	10.81%	10.04%	15.18%	14.00%	14.00%	14.00%	14.00%	13.00%	11.00%	11.00%
Total	4,568.90	5,806.42	6,918.73	9,211.88	10,496.06	9,812.25	12,156.16	14,439.96	17,416.27	20,474.78	22,440.38	26,231.26	28,626.34	30,600.62
Growth %		27.09%	19.16%	33.14%	13.94%	-6.51%	23.89%	18.79%	20.61%	17.56%	9.60%	16.89%	9.13%	6.90%
Semiconductor Process Control	4,080.82	4,745.45	5,734.83	7,924.82	9,324.19	8,733.56	10,947.36	13,136.83	15,895.57	18,798.64	20,591.14	24,189.09	26,369.02	28,103.20
Growth %		16.29%	20.85%	38.19%	17.66%	-6.33%	25.35%	20.00%	21.00%	18.26%	9.54%	17.47%	9.01%	6.58%
Printed Circuit Board & Component Inspection	332.81	727.45	812.62	832.18	631.60	552.49	621.72	733.63	917.04	1,036.25	1,170.97	1,323.19	1,495.21	1,689.58
Growth %		118.58%	11.71%	2.41%	-24.10%	-12.53%	12.53%	18.00%	25.00%	13.00%	13.00%	13.00%	13.00%	13.00%
Specialty Semiconductor Process	151.16	329.70	369.22	456.58	543.40	528.70	587.11	569.49	603.66	639.88	678.28	718.97	762.11	807.84
Growth %		118.11%	11.99%	23.66%	19.02%	-2.70%	11.05%	-3.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Total	4,564.80	5,802.60	6,916.66	9,213.58	10,499.19	9,814.75	12,156.19	14,439.96	17,416.27	20,474.78	22,440.38	26,231.26	28,626.34	30,600.62
Growth %		27.12%	19.20%	33.21%	13.95%	-6.52%	23.86%	18.79%	20.61%	17.56%	9.60%	16.89%	9.13%	6.90%

KLA Corporation
Balance Sheet

Fiscal Years Ending Jun. 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E
ASSETS																	
Current Assets																	
Cash and cash equivalents	1,108.49	1,153.05	1,404.38	1,015.99	1,234.41	1,434.61	1,584.91	1,927.87	1,977.13	2,078.91	2535.23	3471.54	4267.85	5185.91	5513.91	6994.62	8461.86
Marketable securities	1,382.81	1,863.69	1,475.94	723.39	746.06	1,059.91	1,123.10	1,315.29	2,526.87	2,415.72	2,519.59	2,627.93	2,740.93	2,858.79	2,981.72	3,109.94	3,243.66
Accounts receivable, net	613.23	571.12	651.68	990.11	1,107.41	1,305.48	1,811.88	1,753.36	1,833.04	2,263.92	2,686.30	3,239.99	3,808.98	4,174.64	4,879.87	5,325.43	5,692.71
Inventories	698.64	732.99	931.85	1,262.50	1,310.99	1,575.38	2,146.89	2,876.78	3,034.78	3,212.15	3,815.62	4,163.58	4,894.76	5,364.66	6,270.92	6,843.49	7,315.47
Other current assets	64.87	71.22	85.16	323.08	324.68	320.87	502.14	498.73	659.33	728.10	827.10	997.58	1,172.77	1,285.36	1,502.50	1,639.68	1,752.77
Total current assets	3,868.03	4,392.07	4,549.00	4,315.08	4,723.55	5,696.25	7,168.91	8,372.03	10,031.14	10,698.79	12383.85	14500.63	16885.29	18869.37	21148.92	23913.17	26466.48
Non-Current Assets																	
Land, property and equipment, net	278.01	283.98	286.31	448.80	519.82	663.03	849.93	1,031.84	1,109.97	1,252.78	1,469.27	1,737.61	2,051.28	2,369.67	2,746.71	3,130.38	3,506.91
Goodwill	335.18	349.53	354.70	2,211.86	2,045.40	2,011.17	2,320.05	2,278.82	2,015.73	1,792.19	1,792.19	1,792.19	1,792.19	1,792.19	1,792.19	1,792.19	1,792.19
Intangible assets, net	4.33	18.96	19.33	1,560.67	1,391.41	1,185.31	1,194.41	935.30	668.76	444.79	248.92	125.56	77.44	42.20	27.85	26.25	26.25
Deferred income taxes, non-current	302.22	291.97	193.20	206.14	236.80	270.46	579.17	816.90	915.24	1,105.77	1,218.64	1,360.47	1,529.33	1,716.35	1,937.24	2,181.24	2,444.33
Other non-current assets	174.66	195.68	236.08	265.97	362.98	444.91	484.61	637.46	692.72	773.61	874.84	1,055.15	1,240.45	1,359.54	1,589.21	1,734.31	1,853.92
Total Non-current Assets	1,094.40	1,140.11	1,089.62	4,693.44	4,556.42	4,574.88	5,428.18	5,700.33	5,402.42	5,369.14	5,603.86	6,070.98	6,690.69	7,279.94	8,093.19	8,864.37	9,623.60
Total assets	4,962.43	5,532.17	5,638.62	9,008.52	9,279.96	10,271.12	12,597.09	14,072.36	15,433.57	16,067.93	17,987.70	20,571.61	23,575.98	26,149.32	29,242.11	32,777.54	36,090.08
LIABILITIES AND STOCKHOLDERS' EQUITY																	
Current Liabilities																	
Accounts payable	106.52	147.38	169.35	202.42	264.24	342.08	443.34	371.03	359.49	458.51	602.27	726.41	853.97	935.96	1,094.07	1,193.96	1,276.31
Deferred system revenue	-	-	-	282.35	336.24	295.19	500.97	651.72	985.86	816.83	832.80	1,004.46	1,180.85	1,294.22	1,512.85	1,650.98	1,764.84
Unearned revenue (current)	59.15	65.51	69.26	206.67	233.49	284.94	381.74	416.61	501.93	548.01	627.10	756.35	889.18	974.54	1,139.17	1,243.18	1,328.92
Current portion of long-term debt	-	249.98	-	250.00	-	20.00	-	-	749.94	-	-	-	-	800.00	-	-	1,000.00
Other current liabilities	662.21	649.43	696.08	827.05	865.78	1,161.02	1,545.04	2,303.49	2,063.57	2,262.44	2,828.81	3,411.87	4,011.03	4,396.10	5,138.74	5,607.94	5,994.70
Total current liabilities	1,002.42	1,293.16	1,214.27	1,768.49	1,699.79	2,103.23	2,871.08	3,742.84	4,660.77	4,085.80	4,890.97	5,899.09	6,935.04	8,400.81	8,884.82	9,696.06	11,364.77
Non-Current Liabilities																	
Long-term debt	3,057.94	2,680.47	2,237.40	3,173.38	3,469.67	3,422.77	6,660.72	5,890.74	5,880.20	5,884.26	5,884.26	5,884.26	5,884.26	5,084.26	5,084.26	5,084.26	4,084.26
Deferred tax liability	-	-	1.20	702.29	660.89	650.62	658.94	529.29	486.69	446.95	567.08	524.52	481.96	439.41	396.85	354.29	311.74
Unearned revenue (non-current)	56.34	59.71	72.00	98.77	96.33	87.58	124.62	176.68	294.46	348.84	279.85	337.53	396.81	434.90	508.37	554.79	593.05
Other non-current liabilities	156.62	172.41	493.24	587.90	672.28	631.29	882.64	813.06	743.12	609.63	609.63	609.63	609.63	609.63	609.63	609.63	609.63
Total non-current liabilities	3,270.90	2,912.59	2,803.84	4,562.34	4,899.16	4,792.26	8,326.92	7,409.76	7,404.46	7,289.68	7,340.82	7,355.94	7,372.66	6,568.20	6,599.11	6,602.97	5,598.67
Total liabilities	4,273.32	4,205.76	4,018.11	6,330.82	6,598.95	6,895.48	11,198.00	11,152.60	12,065.24	11,375.47	12,231.79	13,255.03	14,307.70	14,969.01	15,483.93	16,299.03	16,963.45
Stockholders' Equity																	
Capital in excess of par value + CS	452.97	529.28	618.00	2,017.31	2,090.27	2,175.99	1,061.94	2,107.66	2,280.13	2,511.92	2,512.02	2,512.12	2,512.22	2,512.32	2,512.42	2,512.52	2,512.62
Retained earnings (accumulated deficit)	284.83	848.46	1,056.45	714.83	654.93	1,277.12	366.88	848.43	1,137.27	2,179.33	3,242.69	4,803.26	6,754.86	8,666.79	11,244.56	13,964.78	16,612.81
Accumulated other comprehensive income (loss)	(48.69)	(51.32)	(53.93)	(73.03)	(79.77)	(75.56)	(27.47)	(36.34)	(49.08)	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
Total stockholders' equity	689.11	1,326.42	1,620.51	2,677.69	2,681.01	3,375.64	1,399.09	2,919.75	3,368.33	4,692.45	5755.91	7316.59	9268.29	11180.31	13758.18	16478.50	19126.63
Total liabilities and stockholders' equity	4,962.43	5,532.17	5,638.62	9,008.52	9,279.96	10,271.12	12,597.09	14,072.36	15,433.57	16,067.93	17,987.70	20,571.61	23,575.98	26,149.32	29,242.11	32,777.54	36,090.08

KLA Corporation
Historical Cash Flow Statement

Fiscal Years Ending Jun. 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net cash provided by operating activities	759.70	1,079.67	1,229.12	1,152.63	1,778.85	2,185.03	3,312.70	3,669.81	3,308.58	4,081.90
Net income / loss	704.42	926.08	802.27	1,175.02	1,215.03	2,077.35	3,322.06	3,387.35	2,761.90	4,061.64
Adjustments to reconcile net income / loss to net cash provided by operating activities	55.27	153.59	426.86	(22.39)	563.83	107.67	(9.36)	282.45	546.68	20.26
Goodwill, purchased intangible asset and long-lived asset impairment charges	-	-	-	-	13.34	0.84	5.96	9.91	289.47	239.10
Depreciation and amortization	66.93	57.84	62.68	233.22	348.05	333.34	363.34	415.11	401.73	394.09
Loss / gain on unrealized foreign exchange and other	(4.49)	(4.17)	9.89	4.05	270.51	(19.44)	46.53	(17.83)	(1.23)	14.97
Gain / loss on unrealized foreign exchange	-	-	9.89	3.83	13.86	(19.44)	46.53	(17.83)	(12.53)	14.97
Non-cash stock-based compensation expense	45.05	50.94	62.78	94.19	111.38	111.84	126.92	171.42	212.70	265.01
Net gain on sale of assets	-	-	-	-	-	-	-	-	-	(0.16)
Deferred income taxes	19.80	4.01	98.76	(27.51)	(93.11)	(44.45)	(329.50)	(298.15)	(155.23)	(246.58)
Changes in assets and liabilities, net of impact of acquisition of business	(60.09)	44.98	192.74	(326.34)	(108.88)	(243.31)	(222.61)	10.11	(200.77)	(646.18)
Increase / decrease in accounts receivable, net	(8.29)	39.75	(76.03)	(146.15)	(118.36)	(203.16)	(510.33)	(48.53)	(80.89)	(367.90)
Decrease / increase in inventories	(67.58)	(46.55)	(179.61)	(59.56)	(74.82)	(270.10)	(567.00)	(749.05)	(164.09)	(155.17)
Decrease / increase in other assets	14.61	(25.96)	(41.75)	(47.12)	(11.15)	(96.22)	(217.07)	(121.02)	(289.51)	(10.46)
Decrease / increase in accounts payable	3.11	39.97	21.78	(21.63)	61.14	79.37	101.63	(144.66)	24.98	33.79
Deferred system revenue	-	-	-	(15.67)	57.69	(44.67)	213.37	150.75	334.14	(169.03)
Deferred service revenue	-	-	-	15.06	22.78	45.85	129.72	88.22	203.11	100.46
Other liabilities	(27.80)	31.46	368.89	(51.27)	(46.17)	245.62	627.07	834.40	(228.49)	(77.87)
Increase / decrease in other liabilities	(27.80)	31.46	368.89	(51.27)	(46.17)	245.62	627.07	834.40	(228.90)	(77.87)
Net cash provided by / used in investing activities	144.69	(560.89)	291.62	(1,180.98)	(258.87)	(500.40)	(876.46)	(482.57)	(1,476.99)	(202.48)
Proceeds from sale of assets	7.08	2.95	-	-	-	1.86	27.66	-	5.08	0.16
Business acquisition, net of cash acquired	-	(28.56)	(17.40)	(1,818.28)	(90.14)	-	(479.11)	(27.14)	(3.68)	-
Acquisition of intellectual property	-	-	-	-	-	-	-	-	-	(4.95)
Capital expenditures, net	(31.74)	(38.59)	(66.95)	(130.50)	(152.68)	(231.63)	(307.32)	(341.59)	(277.38)	(335.26)
Proceeds from capital-related government assistance	-	-	-	-	-	-	-	-	-	6.26
Purchases of available-for-sale securities	(1,175.72)	(1,626.98)	(466.33)	(81.53)	(798.49)	(1,018.74)	(987.66)	(1,441.93)	(2,756.99)	(2,772.58)
Proceeds from sale and maturity of available-for-sale securities	1,340.26	1,134.17	841.71	845.72	775.91	727.21	874.09	1,258.80	1,567.64	2,915.44
Proceeds from sale of available-for-sale securities	737.82	434.87	233.26	256.40	148.97	145.53	113.54	124.62	107.77	459.62
Proceeds from maturity of available-for-sale securities	602.45	699.29	608.45	589.32	626.94	581.68	760.55	1,134.18	1,459.86	2,455.82
Purchases of trading securities	(68.38)	(97.53)	(77.92)	(81.02)	(110.24)	(107.87)	(121.25)	(96.61)	(134.10)	(118.29)
Proceeds from sale of trading securities	73.19	97.09	81.89	85.27	115.68	111.32	116.35	89.53	121.02	105.75
Proceeds from disposition of non-marketable securities	-	-	-	-	1.09	0.61	0.80	1.02	1.43	0.98
Net cash used in financing activities	(636.70)	(472.81)	(1,270.10)	(360.01)	(1,299.64)	(1,497.88)	(2,257.01)	(2,830.29)	(1,776.02)	(3,785.69)
Proceeds from issuance of debt, net of issuance costs	-	-	-	1,183.79	741.83	40.34	2,967.41	-	735.04	-
Repayment of debt	(135.00)	(130.00)	(946.25)	(902.47)	(1,171.03)	(70.00)	(620.00)	(1,087.25)	-	(750.00)
Common stock repurchases	(181.71)	(25.00)	(203.17)	(1,095.20)	(829.08)	(938.61)	(3,967.81)	(1,311.86)	(1,735.75)	(2,149.95)
Payment of dividends to stockholders	(346.28)	(343.99)	(402.07)	(472.26)	(522.42)	(559.35)	(638.53)	(732.56)	(773.04)	(904.59)
Issuance of common stock	38.30	45.36	61.44	64.83	75.63	86.10	113.01	124.85	144.93	151.51
Tax withholding payments related to vested and released restricted stock units	(23.94)	(19.17)	(28.76)	(37.52)	(46.26)	(56.36)	(84.37)	(94.81)	(143.02)	(132.66)
Effect of exchange rate changes on cash and cash equivalents	2.78	(1.41)	0.70	(0.03)	(1.93)	13.46	(28.94)	(13.99)	(6.31)	8.04
Net increase / decrease in cash and cash equivalents	270.46	44.56	251.33	(388.39)	218.42	200.20	150.30	342.96	49.26	101.78
Cash and cash equivalents at beginning of period	838.03	1,108.49	1,153.05	1,404.38	1,015.99	1,234.41	1,434.61	1,584.91	1,927.87	1,977.13
Cash and cash equivalents at end of period	1,108.49	1,153.05	1,404.38	1,015.99	1,234.41	1,434.61	1,584.91	1,927.87	1,977.13	2,078.91
Supplemental disclosure										
Income taxes paid / refunds received, net	-105.187	-234.053	-253.128	-180.47	-204.685	-326.002	-464.526	-495.101	-830.835	-886.937
Interest paid, net of capitalized interest	-120.433	-119.998	-114.238	-107.073	-152.651	-154.196	-154.673	-223.955	-276.597	-292.771
Non-cash activities										
Issuance of common stock for the acquisition of Orbotech Ltd. - financing activities	-	0	0	1330.786	-	-	-	-	-	-
Contingent consideration payable - financing activities	-	0	0	6.905	5.326	-7.448	16.281	-1.878	-0.765	0
Dividends payable - financing activities	19.556	13.772	9.571	7.34	5.978	6.285	7.028	7.903	8.043	8.66
Business acquisition holdback amounts- investing activities	0	5.318	0	0.44	-	-	-	-	-	-
Unsettled common stock repurchase - financing activities	-	0	0	8	0	6	0	11	5.5	5.5
Accrued debt issuance costs - financing activities	-	-	-	-	-	-	-	-	-	-
Purchase of land, property and equipment - investing activities	2.035	3.299	7.418	6.353	15.843	30.615	19.595	18.445	13.849	25.74

KLA Corporation

Forecasted Cash Flow Statement

Fiscal Years Ending Jun. 30	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Cash Provided/Used From Operations							
Net income	5,227.60	6,568.71	7,820.90	8,661.91	10,230.58	11,300.94	12,185.12
Change in Accounts receivable	(422.39)	(553.69)	(568.98)	(365.67)	(705.23)	(445.56)	(367.28)
Change in Inventories	(603.47)	(347.96)	(731.18)	(469.90)	(906.26)	(572.58)	(471.98)
Change in Other current assets	(99.00)	(170.48)	(175.19)	(112.59)	(217.14)	(137.19)	(113.08)
Change in Deferred income taxes	(112.87)	(141.83)	(168.86)	(187.02)	(220.89)	(244.00)	(263.09)
Change in Accounts payable	143.76	124.14	127.57	81.98	158.11	99.90	82.34
Change in Deferred system revenue	15.97	171.65	176.39	113.36	218.63	138.13	113.86
Change in Unearned revenue(current)	79.09	129.25	132.82	85.36	164.63	104.01	85.74
Change in Other current liabilities	566.36	583.06	599.17	385.07	742.64	469.20	386.76
Change in Deferred tax liability	120.13	(42.56)	(42.56)	(42.56)	(42.56)	(42.56)	(42.56)
Change in unearned revenue(non-current)	(68.99)	57.68	59.27	38.09	73.47	46.42	38.26
Change in other non-current liabilities	-	-	-	-	-	-	-
Cash Provided/Used From Operations	4,846.19	6,377.99	7,229.36	8,188.04	9,495.99	10,716.71	11,634.10
Cash Provided/Used From Investing							
Change in Marketable Securities	(103.88)	(108.34)	(113.00)	(117.86)	(122.93)	(128.21)	(133.73)
Change in PPE	(216.50)	(268.34)	(313.68)	(318.38)	(377.04)	(383.67)	(376.53)
Change in Goodwill	-	-	-	-	-	-	-
Change in Intangible Assets	195.87	123.36	48.12	35.24	14.35	1.60	-
Change in other non current assets	(101.22)	(180.32)	(185.30)	(119.09)	(229.67)	(145.10)	(119.61)
Cash Provided/Used From Investing	(225.73)	(433.64)	(563.85)	(520.09)	(715.28)	(655.39)	(629.87)
Cash Provided/Used From Financing							
Change in Current portion of LTD	-	-	-	800.00	(800.00)	-	1,000.00
Change in LTD	-	-	-	(800.00)	-	-	(1,000.00)
Change in APIC+CS	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Change in AOCI	-	-	-	-	-	-	-
Cash Dividends Paid	-1064.24	-1208.14	-1369.30	-1549.99	-1752.81	-1980.71	-2237.09
Purchase of Treasury Stock	-3100.00	-3800.00	-4500.00	-5200.00	-5900.00	-6600.00	-7300.00
Cash Provided/Used From Financing	(4,164.14)	(5,008.04)	(5,869.20)	(6,749.89)	(8,452.71)	(8,580.61)	(9,536.99)
Cash at Beginning of period	2,078.91	2,535.23	3,471.54	4,267.85	5,185.91	5,513.91	6,994.62
Change in Cash	456.32	936.31	796.31	918.06	328.00	1,480.71	1,467.24
Cash at End of Period	2,535.23	3,471.54	4,267.85	5,185.91	5,513.91	6,994.62	8,461.86

KLA Corporation
Common Size Income Statement

Fiscal Years Ending Jun. 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues																	
Product	75.40%	77.70%	78.30%	74.25%	74.55%	75.74%	79.26%	79.83%	76.26%	77.93%	78.82%	79.98%	80.58%	79.80%	80.48%	80.14%	79.38%
Service	24.60%	22.30%	21.70%	25.75%	25.45%	24.26%	20.74%	20.17%	23.74%	22.07%	21.18%	20.02%	19.42%	20.20%	19.52%	19.86%	20.62%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Costs of revenues	-38.98%	-36.96%	-35.82%	-40.92%	-42.19%	-40.07%	-39.00%	-40.19%	-40.03%	-39.09%	-37.51%	-36.17%	-35.97%	-35.82%	-35.66%	-35.52%	-35.37%
Engineering, research and development	-16.13%	-15.13%	-15.07%	-15.56%	-14.88%	-13.42%	-12.00%	-12.35%	-13.03%	-11.19%	-11.19%	-11.19%	-11.19%	-11.19%	-11.19%	-11.19%	-11.19%
Selling, general and administrative	-12.71%	-11.16%	-10.96%	-13.11%	-12.64%	-10.55%	-9.34%	-9.40%	-9.88%	-8.47%	-8.22%	-7.97%	-7.73%	-7.50%	-7.27%	-7.06%	-6.84%
Impairment of goodwill and purchased intangible assets	0.00%	0.00%	0.00%	0.00%	-4.42%	0.00%	0.00%	0.00%	-2.95%	-1.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total costs and operating expenses	-67.82%	-63.25%	-61.85%	-69.59%	-74.13%	-64.03%	-60.33%	-61.94%	-65.90%	-60.72%	-56.92%	-55.33%	-54.89%	-54.51%	-54.13%	-53.77%	-53.41%
Income / loss from operations	32.18%	36.75%	38.15%	30.41%	25.87%	35.97%	39.67%	38.06%	34.10%	39.28%	43.08%	44.67%	45.11%	45.49%	45.87%	46.23%	46.59%
Interest expense	-4.12%	-3.52%	-2.83%	-2.73%	-2.76%	-2.27%	-1.74%	-2.83%	-3.17%	-2.49%	-1.98%	-1.65%	-1.40%	-1.28%	-1.09%	-0.86%	-0.81%
Other expense / income, net	0.69%	0.48%	0.76%	0.69%	-0.05%	0.42%	-0.05%	1.00%	1.58%	1.41%	1.25%	1.09%	0.97%	0.93%	0.83%	0.80%	0.79%
Income / loss before income taxes	28.76%	33.71%	36.07%	28.37%	22.68%	34.12%	37.88%	36.10%	32.51%	38.21%	42.34%	44.11%	44.68%	45.15%	45.62%	46.17%	46.57%
Provision for / benefit from income taxes	-5.15%	-7.10%	-16.19%	-2.65%	-1.75%	-4.09%	-1.81%	-3.83%	-4.36%	-4.79%	-6.14%	-6.40%	-6.48%	-6.55%	-6.61%	-6.69%	-6.75%
Net income / loss	23.60%	26.61%	19.87%	25.72%	20.93%	30.03%	36.06%	32.27%	28.15%	33.41%	36.20%	37.72%	38.20%	38.60%	39.00%	39.48%	39.82%

KLA Corporation
Common Size Income Statement

Fiscal Years Ending Jun. 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenues																	
Product	45.35%	48.88%	56.05%	37.66%	46.65%	51.02%	57.96%	59.54%	48.48%	58.96%	63.27%	67.71%	69.98%	68.49%	72.19%	69.99%	67.31%
Service	14.80%	14.03%	15.54%	13.06%	15.92%	16.34%	15.17%	15.04%	15.09%	16.70%	17.01%	16.95%	16.86%	17.33%	17.51%	17.34%	17.48%
Total revenues	60.14%	62.91%	71.59%	50.72%	62.57%	67.36%	73.13%	74.59%	63.58%	75.65%	80.28%	84.66%	86.85%	85.82%	89.70%	87.34%	84.79%
Costs of revenues	-23.44%	-23.25%	-25.65%	-20.75%	-26.40%	-26.99%	-28.52%	-29.98%	-25.45%	-29.57%	-30.11%	-30.62%	-31.24%	-30.74%	-31.99%	-31.02%	-29.99%
Engineering, research and development	-9.70%	-9.52%	-10.79%	-7.89%	-9.31%	-9.04%	-8.77%	-9.21%	-8.29%	-8.47%	-8.98%	-9.47%	-9.72%	-9.60%	-10.04%	-9.77%	-9.49%
Selling, general and administrative	-7.65%	-7.02%	-7.84%	-6.65%	-7.91%	-7.10%	-6.83%	-7.01%	-6.28%	-6.41%	-6.60%	-6.75%	-6.71%	-6.44%	-6.53%	-6.16%	-5.80%
Impairment of goodwill and purchased intangible assets	0.00%	0.00%	0.00%	0.00%	-2.77%	0.00%	0.00%	0.00%	-1.88%	-1.49%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total costs and operating expenses	-40.79%	-39.79%	-44.28%	-35.29%	-46.38%	-43.13%	-44.12%	-46.20%	-41.90%	-45.94%	-45.69%	-46.84%	-47.67%	-46.78%	-48.55%	-46.96%	-45.28%
Income / loss from operations	19.35%	23.12%	27.31%	15.42%	16.19%	24.23%	29.01%	28.39%	21.68%	29.72%	34.58%	37.82%	39.17%	39.04%	41.15%	40.38%	39.51%
Interest expense	-2.48%	-2.21%	-2.03%	-1.38%	-1.73%	-1.53%	-1.27%	-2.11%	-2.02%	-1.88%	-1.59%	-1.39%	-1.22%	-1.10%	-0.98%	-0.76%	-0.69%
Other expense / income, net	0.42%	0.30%	0.54%	0.35%	-0.03%	0.29%	-0.04%	0.74%	1.00%	1.07%	1.00%	0.92%	0.84%	0.80%	0.75%	0.70%	0.67%
Income / loss before income taxes	17.29%	21.21%	25.82%	14.39%	14.19%	22.98%	27.70%	26.93%	20.67%	28.91%	33.99%	37.35%	38.80%	38.74%	40.92%	40.32%	39.49%
Provision for / benefit from income taxes	-3.10%	-4.47%	-11.59%	-1.35%	-1.10%	-2.76%	-1.33%	-2.86%	-2.77%	-3.63%	-4.93%	-5.42%	-5.63%	-5.62%	-5.93%	-5.85%	-5.73%
Net income / loss	14.20%	16.74%	14.23%	13.04%	13.09%	20.23%	26.37%	24.07%	17.90%	25.28%	29.06%	31.93%	33.17%	33.12%	34.99%	34.48%	33.76%

KLA Corporation
Common Size Balance Sheet

Fiscal Years Ending Jun. 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E
ASSETS																	
Current Assets																	
Cash and cash equivalents	37.14%	33.13%	34.79%	22.24%	21.26%	20.74%	17.21%	18.37%	20.15%	17.10%	17.56%	19.93%	20.84%	23.11%	21.02%	24.43%	27.65%
Marketable securities	46.33%	53.55%	36.56%	15.83%	12.85%	15.32%	12.19%	12.53%	25.75%	19.87%	17.45%	15.09%	13.39%	12.74%	11.37%	10.86%	10.60%
Accounts receivable, net	20.55%	16.41%	16.14%	21.67%	19.07%	18.87%	19.67%	16.70%	18.68%	18.62%	18.60%	18.60%	18.60%	18.60%	18.60%	18.60%	18.60%
Inventories	23.41%	21.06%	23.08%	27.63%	22.58%	22.77%	23.31%	27.41%	30.93%	26.42%	26.42%	23.91%	23.91%	23.91%	23.91%	23.91%	23.91%
Other current assets	2.17%	2.05%	2.11%	7.07%	5.59%	4.64%	5.45%	4.75%	6.72%	5.99%	5.73%	5.73%	5.73%	5.73%	5.73%	5.73%	5.73%
Total current assets	129.60%	126.21%	112.69%	94.44%	81.35%	82.33%	77.82%	79.76%	102.23%	88.01%	85.76%	83.26%	82.47%	84.09%	80.62%	83.54%	86.49%
Non-Current Assets																	
Land, property and equipment, net	9.32%	8.16%	7.09%	9.82%	8.95%	9.58%	9.23%	9.83%	11.31%	10.31%	10.18%	9.98%	10.02%	10.56%	10.47%	10.94%	11.46%
Goodwill	11.23%	10.04%	8.79%	48.41%	35.23%	29.07%	25.19%	21.71%	20.54%	14.74%	12.41%	10.29%	8.75%	7.99%	6.83%	6.26%	5.86%
Intangible assets, net	0.15%	0.54%	0.48%	34.16%	23.96%	17.13%	12.97%	8.91%	6.82%	3.66%	1.72%	0.72%	0.38%	0.19%	0.11%	0.09%	0.09%
Deferred income taxes, non-current	10.13%	8.39%	4.79%	4.51%	4.08%	3.91%	6.29%	7.78%	9.33%	9.10%	8.44%	7.81%	7.47%	7.65%	7.39%	7.62%	7.99%
Other non-current assets	5.85%	5.62%	5.85%	5.82%	6.25%	6.43%	5.26%	6.07%	7.06%	6.36%	6.06%	6.06%	6.06%	6.06%	6.06%	6.06%	6.06%
Total Non-current Assets	36.67%	32.76%	26.99%	102.73%	78.47%	66.12%	58.93%	54.31%	55.06%	44.17%	38.81%	34.86%	32.68%	32.44%	30.85%	30.97%	31.45%
Total assets	166.27%	158.97%	139.68%	197.17%	159.82%	148.45%	136.75%	134.07%	157.29%	132.18%	124.57%	118.12%	115.15%	116.53%	111.48%	114.50%	117.94%
LIABILITIES AND STOCKHOLDERS' EQUITY																	
Current Liabilities																	
Accounts payable	3.57%	4.24%	4.20%	4.43%	4.55%	4.94%	4.81%	3.53%	3.66%	3.77%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%	4.17%
Deferred system revenue	0.00%	0.00%	0.00%	6.18%	5.79%	4.27%	5.44%	6.21%	10.05%	6.72%	5.77%	5.77%	5.77%	5.77%	5.77%	5.77%	5.77%
Unearned revenue (current)	1.98%	1.88%	1.72%	4.52%	4.02%	4.12%	4.14%	3.97%	5.12%	4.51%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%	4.34%
Current portion of long-term debt	0.00%	7.18%	0.00%	5.47%	0.00%	0.29%	0.00%	0.00%	7.64%	0.00%	0.00%	0.00%	0.00%	3.57%	0.00%	0.00%	3.27%
Other current liabilities	22.19%	18.66%	17.24%	18.10%	14.91%	16.78%	16.77%	21.95%	21.03%	18.61%	19.59%	19.59%	19.59%	19.59%	19.59%	19.59%	19.59%
Total current liabilities	33.59%	37.16%	30.08%	38.71%	29.27%	30.40%	31.17%	35.66%	47.50%	33.61%	33.87%	33.87%	33.87%	37.44%	33.87%	33.87%	37.14%
Non-Current Liabilities																	
Long-term debt	102.46%	77.02%	55.43%	69.46%	59.76%	49.47%	72.31%	56.12%	59.93%	48.41%	40.75%	33.79%	28.74%	22.66%	19.38%	17.76%	13.35%
Deferred tax liability	0.00%	0.00%	0.03%	15.37%	11.38%	9.40%	7.15%	5.04%	4.96%	3.68%	3.93%	3.01%	2.35%	1.96%	1.51%	1.24%	1.02%
Unearned revenue (non-current)	1.89%	1.72%	1.78%	2.16%	1.66%	1.27%	1.35%	1.68%	3.00%	2.87%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%	1.94%
Other non-current liabilities	5.25%	4.95%	12.22%	12.87%	11.58%	9.12%	9.58%	7.75%	7.57%	5.02%	4.22%	3.50%	2.98%	2.72%	2.32%	2.13%	1.99%
Total non-current liabilities	109.60%	83.69%	69.46%	99.86%	84.37%	69.26%	90.39%	70.60%	75.46%	59.97%	50.84%	42.24%	36.01%	29.27%	25.16%	23.07%	18.30%
Total liabilities	143.18%	120.85%	99.54%	138.56%	113.65%	99.66%	121.56%	106.26%	122.96%	93.58%	84.71%	76.11%	69.88%	66.71%	59.03%	56.94%	55.43%
Stockholders' Equity																	
Capital in excess of par value + CS	15.18%	15.21%	15.31%	44.15%	36.00%	31.45%	11.53%	20.08%	23.24%	20.66%	17.40%	14.42%	12.27%	11.20%	9.58%	8.78%	8.21%
Retained earnings (accumulated deficit)	9.54%	24.38%	26.17%	15.65%	11.28%	18.46%	3.98%	8.08%	11.59%	17.93%	22.46%	27.58%	32.99%	38.62%	42.87%	48.78%	54.29%
Accumulated other comprehensive income (loss)	-1.63%	-1.47%	-1.34%	-1.60%	-1.37%	-1.09%	-0.30%	-0.35%	-0.50%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%
Total stockholders' equity	23.09%	38.12%	40.14%	58.61%	46.17%	48.79%	15.19%	27.82%	34.33%	38.60%	39.86%	42.01%	45.27%	49.82%	52.45%	57.56%	62.50%
Total liabilities and stockholders' equity	166.27%	158.97%	139.68%	197.17%	159.82%	148.45%	136.75%	134.07%	157.29%	132.18%	124.57%	118.12%	115.15%	116.53%	111.48%	114.50%	117.94%

KLA Corporation
Value Driver Estimation

Fiscal Years Ending Jun. 30	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E	2031E	2032E
NOPLAT:																	
EBIT	960.45	1,278.90	1,539.83	1,389.37	1,502.20	2,488.48	3,654.18	3,994.70	3,346.21	4,775.13	6,220.65	7,780.20	9,235.29	10,209.01	12,033.29	13,235.26	14,257.91
- ADJ TAXES	(175.24)	(269.46)	(691.33)	(129.97)	(124.50)	(298.46)	(175.09)	(422.21)	(449.06)	(599.14)	(901.99)	(1,128.13)	(1,339.12)	(1,480.31)	(1,744.83)	(1,919.11)	(2,067.40)
+ Changes in Deferred Taxes	19.80	4.01	98.76	(27.51)	(93.11)	(44.45)	(329.50)	(298.15)	(155.23)	(246.58)	7.26	(184.38)	(211.42)	(229.58)	(263.45)	(286.56)	(305.65)
NOPLAT	805.01	1,013.44	947.25	1,231.89	1,284.59	2,145.57	3,149.59	3,274.34	2,741.92	3,929.41	5,325.92	6,467.69	7,684.76	8,499.13	10,025.02	11,029.59	11,884.86
EBIT																	
Revenue	2,984.49	3,480.01	4,036.70	4,568.90	5,806.42	6,918.73	9,211.88	10,496.06	9,812.25	12,156.16	14,439.96	17,416.27	20,474.78	22,440.38	26,231.26	28,626.34	30,600.62
Costs of revenues	(1,163.39)	(1,286.22)	(1,446.04)	(1,869.38)	(2,449.56)	(2,772.17)	(3,592.44)	(4,218.31)	(3,928.07)	(4,751.87)	(5,416.90)	(6,298.98)	(7,365.32)	(8,037.33)	(9,354.44)	(10,333.43)	(11,111.11)
Engineering, research and development	(481.26)	(526.69)	(608.53)	(711.03)	(863.86)	(928.49)	(1,105.25)	(1,296.73)	(1,278.98)	(1,360.33)	(1,615.90)	(1,948.97)	(2,291.23)	(2,511.19)	(2,935.41)	(3,203.43)	(3,424.36)
Selling, general and administrative	(379.40)	(388.21)	(442.30)	(599.12)	(734.15)	(729.60)	(860.01)	(986.33)	(969.51)	(1,029.73)	(1,186.50)	(1,388.12)	(1,582.93)	(1,682.85)	(1,908.12)	(2,019.88)	(2,094.41)
Impairment of goodwill and purchased intangible assets	-	-	-	-	(256.65)	-	-	-	(289.47)	(239.10)	-	-	-	-	-	-	-
EBIT	960.45	1,278.90	1,539.83	1,389.37	1,502.20	2,488.48	3,654.18	3,994.70	3,346.21	4,775.13	6,220.65	7,780.20	9,235.29	10,209.01	12,033.29	13,235.26	14,257.91
Tax rate	21.00%	21.10%	44.90%	9.40%	14.00%	12.00%	4.80%	10.60%	13.40%	12.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%	14.50%
Cost of Debt	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%	4.87%
ADJ TAXES																	
Provision for / benefit from income taxes	153.77	247.17	653.67	121.21	101.69	283.10	167.18	401.84	428.14	582.81	886.55	1,113.99	1,326.35	1,468.98	1,735.01	1,916.53	2,066.48
Interest expense	25.81	25.84	51.35	11.71	22.44	18.88	7.70	31.48	41.71	37.77	41.55	41.55	41.55	41.55	41.55	35.90	35.90
Other expense / income, net	(4.33)	(3.55)	(13.69)	(2.96)	0.37	(3.52)	0.22	(11.10)	(20.78)	(21.44)	(26.11)	(27.41)	(28.79)	(30.22)	(31.74)	(33.32)	(34.99)
ADJ TAXES	175.24	269.46	691.33	129.97	124.50	298.46	175.09	422.21	449.06	599.14	901.99	1,128.13	1,339.12	1,480.31	1,744.83	1,919.11	2,067.40
Change in Deferred Taxes	19.80	4.01	98.76	(27.51)	(93.11)	(44.45)	(329.50)	(298.15)	(155.23)	(246.58)	7.26	(184.38)	(211.42)	(229.58)	(263.45)	(286.56)	(305.65)
Invested Capital (IC):																	
Operating Working Capital	668.25	652.21	895.46	1,239.96	1,275.54	1,395.25	1,958.30	1,805.87	2,008.80	2,604.62	3,015.65	3,198.72	3,760.46	4,121.47	4,817.71	5,257.60	5,620.20
Net PPE	278.01	283.98	286.31	448.80	519.82	663.03	849.93	1,031.84	1,109.97	1,252.78	1,469.27	1,737.61	2,051.28	2,369.67	2,746.71	3,130.38	3,506.91
Other Operating Working Capital	268.25	274.49	(117.82)	643.83	561.70	531.19	592.00	870.64	752.46	918.75	885.83	1,069.49	1,358.81	1,634.14	2,039.44	2,423.08	2,810.08
Invested Capital (IC):	1,214.51	1,210.67	1,063.95	2,332.59	2,357.06	2,589.46	3,400.23	3,708.35	3,871.23	4,776.14	5,370.75	6,005.83	7,170.56	8,125.28	9,603.86	10,811.06	11,937.19
Operating Assets																	
Normal Cash	119.38	139.20	161.47	182.76	232.26	276.75	368.48	419.84	392.49	486.25	577.60	696.65	818.99	897.62	1,049.25	1,145.05	1,224.02
Accounts Receivable	613.23	571.12	651.68	990.11	1,107.41	1,305.48	1,811.88	1,753.36	1,833.04	2,263.92	2,686.30	3,239.99	3,808.98	4,174.64	4,879.87	5,325.43	5,692.71
Inventories	698.64	732.99	931.85	1,262.50	1,310.99	1,575.38	2,146.89	2,876.78	3,034.78	3,212.15	3,815.62	4,163.58	4,894.76	5,364.66	6,270.92	6,843.49	7,315.47
Other current assets	64.87	71.22	85.16	323.08	324.68	320.87	502.14	498.73	659.33	728.10	827.10	997.58	1,173.77	1,285.36	1,502.50	1,639.68	1,752.77
Operating Assets	1,496.12	1,514.53	1,830.15	2,758.45	2,975.33	3,478.48	4,829.38	5,548.72	5,919.64	6,690.41	7,906.62	9,097.81	10,695.50	11,722.28	13,702.53	14,953.66	15,984.98
Operating Liabilities																	
Accounts payable	106.52	147.38	169.35	202.42	264.28	342.08	443.34	371.03	359.49	458.51	602.27	726.41	853.97	935.96	1,094.07	1,193.96	1,276.31
Deferred system revenue	-	-	-	282.35	336.24	295.19	500.97	651.72	985.86	816.83	832.80	1,004.46	1,180.85	1,294.22	1,512.85	1,650.98	1,764.84
Unearned revenue (current)	59.15	65.51	69.26	206.67	233.49	284.94	381.74	416.61	501.93	548.01	627.10	756.35	889.18	974.54	1,139.17	1,243.18	1,328.92
Other current liabilities	662.21	649.43	696.08	827.05	865.78	1,161.02	1,545.04	2,303.49	2,063.57	2,262.44	2,828.81	3,411.87	4,011.03	4,396.10	5,138.74	5,607.94	5,994.70
Operating Liabilities	827.87	862.32	934.69	1,518.49	1,699.79	2,083.23	2,871.08	3,742.84	3,910.84	4,085.80	4,890.97	5,899.09	6,935.04	7,600.81	8,884.82	9,696.06	10,364.77
PPE	278.01	283.98	286.31	448.80	519.82	663.03	849.93	1,031.84	1,109.97	1,252.78	1,469.27	1,737.61	2,051.28	2,369.67	2,746.71	3,130.38	3,506.91
Long Term Operating Assets																	
Intangible assets, net	4.33	18.96	19.33	1,560.67	1,391.41	1,185.31	1,194.41	935.30	668.76	444.79	248.92	125.56	77.44	42.20	27.85	26.25	26.25
Deferred income taxes, non-current	302.22	291.97	193.20	206.14	236.80	270.46	579.17	816.90	915.24	1,105.77	1,218.64	1,360.47	1,529.33	1,716.35	1,937.24	2,181.24	2,444.33
Other non-current assets	174.66	195.68	236.08	265.97	362.98	444.91	484.61	637.46	692.72	773.61	874.84	1,055.15	1,240.45	1,359.54	1,589.21	1,734.31	1,853.92
Long Term Operating Assets	481.21	506.61	448.62	2,032.78	1,991.19	1,900.68	2,258.20	2,389.66	2,276.73	2,324.17	2,342.39	2,541.18	2,847.22	3,118.08	3,554.29	3,941.80	4,324.50
Long Term Operating Liabilities																	
Deferred tax liability	-	-	1.20	702.29	660.89	650.62	658.94	529.29	486.69	446.95	567.08	524.52	481.96	439.41	396.85	354.29	311.74
Unearned revenue (non-current)	56.34	59.71	72.00	98.77	96.33	87.58	124.62	176.68	294.46	348.84	279.85	337.53	396.81	434.90	508.37	554.79	593.05
Other non-current liabilities	156.62	172.41	493.24	587.90	672.28	631.29	882.64	813.06	743.12	609.63	609.63	609.63	609.63	609.63	609.63	609.63	609.63
Long Term Operating Liabilities	212.96	232.12	566.44	1,388.95	1,429.49	1,369.49	1,666.20	1,519.03	1,524.27	1,405.42	1,456.56	1,471.68	1,488.40	1,483.94	1,514.85	1,518.71	1,514.42
Free Cash Flow (FCF):																	
NOPLAT		1,013.44	947.25	1,231.89	1,284.59	2,145.57	3,149.59	3,274.34	2,741.92	3,929.41	5,325.92	6,467.69	7,684.76	8,499.13	10,025.02	11,029.59	11,884.86
Change in IC	(3.84)	(146.72)	(126.64)	24.47	232.40	810.76	308.13	162.88	904.91	594.61	635.07	1,164.73	954.73	1,478.58	1,207.20	1,126.13	
FCF	1017.28	1093.97	820.61	1256.36	1517.05	2956.33	3457.72	3437.22	3646.83	4524.02	5961.59	7652.42	8649.49	9977.61	11232.22	12156.72	12991.26
Return on Invested Capital (ROIC):																	
NOPLAT		1,013.44	947.25	1,231.89	1,284.59	2,145.57	3,149.59	3,274.34	2,741.92	3,929.41	5,325.92	6,467.69	7,684.76	8,499.13	10,025.02	11,029.59	11,884.86
Beginning IC	1,214.51	1,210.67	1,063.95	2,332.59	2,357.06	2,589.46	3,400.23	3,708.35	3,871.23	4,776.14	5,370.75	6,005.83	7,170.56	8,125.28	9,603.86	10,811.06	
ROIC	83.44%	83.74%	88.74%	52.81%	54.50%	83.00%	92.63%	88.56%	71.08%	82.31%	101.15%	107.86%	108.14%	104.61%	104.38%	102.64%	109.63%
Economic Profit (EP):																	
Beginning IC	1,214.51	1,210.67	1,063.95	2,332.59	2,357.06	2,589.46	3,400.23	3,708.35	3,871.23	4,776.14	5,370.75	6,005.83	7,170.56	8,125.28	9,603.86	10,811.06	
x (ROIC - WACC)	72.51%	67.31%	104.85%	44.14%	80.09%	110.70%	85.36%	63.00%	90.5								

KLA Corporation

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.30%
Beta	1.36
Equity Risk Premium	5.00%
Cost of Equity	11.10%

ASSUMPTIONS:

10 year treasury
FactSet
Damordaran

Cost of Debt:

Risk-Free Rate	4.30%
Implied Default Premium	0.57%
Pre-Tax Cost of Debt	4.87%
Marginal Tax Rate	15%
After-Tax Cost of Debt	4.16%

10 year treasury

YTM on 8 year Corpora

Market Value of Common Equity:

Total Shares Outstanding	133.03
Current Stock Price	\$1,812.00
MV of Equity	241,050.36

MV Weights

97.62%

Market Value of Debt:

Current Portion of LTD	-
Long-Term Debt	5,884.26
MV of Total Debt	5,884.26

2.38%

Market Value of the Firm

246,934.62

100.00%

Estimated WACC

10.93%

<i>Fiscal Years Ending Jun. 30</i>	2026E	2027E	2028E	2029E	2030E	2031E	2032E
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DCF Model:

Free Cash Flow (FCF)	4731.3	5832.6	6520.0	7544.4	8546.4	9822.4	10758.7
Continuing Value (CV)							154,766.84
PV of FCF	4264.9	4739.5	4775.8	4981.4	5086.8	5270.0	83037.3

Value of Operating Assets:	112155.8
Non-Operating Adjustments	
Excess Cash	1592.7
Marketable Securities	2415.7
Current portion LTD	0.0
LTD	-5884.3

Value of Equity	110279.9
Shares Outstanding	133.0
Intrinsic Value of Last FYE	\$ 828.99
Implied Price as of Today	\$ 899.56

EP Model:

Economic Profit (EP)	4803.7	5880.4	7028.0	7715.0	9136.5	9979.4	10702.7
Continuing Value (CV)							143955.8
PV of EP	4330.2	4778.3	5147.9	5094.1	5438.1	5354.3	77236.8

Total PV of EP	107379.6
Invested Capital (last FYE)	4776.1
Value of Operating Assets:	112155.8
Non-Operating Adjustments	
Excess Cash	1592.7
Marketable Securities	2415.7
Current portion LTD	0.0
LTD	-5884.3

KLA Corporation*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

Fiscal Years Ending	2026E	2027E	2028E	2029E	2030E	2031E	2032E
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EPS	\$ 39.55	\$ 50.22	\$ 60.58	\$ 68.11	\$ 81.75	\$ 91.86	\$ 100.82
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Key Assumptions

CV growth of EPS	5.00%
CV Year ROE	73.95%
Cost of Equity	11.10%

Future Cash Flows

P/E Multiple (CV Year)								15.28
EPS (CV Year)								\$ 100.82
Future Stock Price								\$ 1,541.09
Dividends Per Share	8.00	9.20	10.58	12.17	13.99	16.09	18.50	
Discounted Cash Flows	7.20	7.45	7.72	7.99	8.27	8.56	8.86	663.92

Intrinsic Value as of Last FYE	\$ 719.95
Implied Price as of Today	\$ 781.25

KLA Corporation

Relative Valuation Models

Ticker	Company	Price	EPS		P/E 26	P/E 27	Est. 5yr		PEG 26	PEG 27	EV 26E	EBITDA	EV/EBITDA
			2026E	2027E			EPS gr.	PEG 27					
AMAT	Applied Materials, Inc.	348.47	\$11.13	\$13.97	31.30	24.95	17.1	1.83	1.46	183307.00	10305.23	17.79	
ASML	Sponsored ADR	1317.23	\$35.32	\$46.30	37.29	28.45	18.6	2.00	1.53	405874.80	17238.90	23.54	
LRCX	Corporation	218.44	\$5.27	\$6.99	41.43	31.25	28.6	1.45	1.09	123767.70	8112.23	15.26	
ONTO	Onto Innovation, Inc.	215.53	\$5.21	\$6.94	41.39	31.08	32.0	1.30	0.97	7550.77	411.45	18.35	
			Average		37.86	28.93		1.64	1.26			18.74	
KLAC	KLA Corporation	#####	39.55	50.22	45.8	36.1	21.77431	2.1	1.7	244855.71	6633.23	36.91	

Implied Relative Value:

P/E (EPS26)	\$ 1,497.23
P/E (EPS27)	\$ 1,452.90
PEG (EPS26)	\$ 1,416.08
PEG (EPS27)	\$ 1,381.03
EV/EBITDA	\$ 905.58
Average (ALL)	\$ 1,330.56
average (without outlier)	\$ 1,436.81

KLA Corporation

Key Management Ratios

Fiscal Years Ending Jun. 30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Liquidity Ratios:																			
Current Ratio			3.86x	3.40x	3.75x	2.44x	2.78x	2.71x	2.50x	2.24x	2.15x	2.62x	2.53x	2.46x	2.43x	2.25x	2.38x	2.47x	2.33x
Quick Ratio			1.72x	1.33x	1.69x	1.13x	1.38x	1.30x	1.18x	0.98x	0.82x	1.06x	1.07x	1.14x	1.16x	1.11x	1.17x	1.27x	1.25x
Operating Cash Flow Ratio			0.76x	0.83x	1.01x	0.65x	1.05x	1.04x	1.15x	0.98x	0.71x	1.00x	0.99x	1.08x	1.04x	0.97x	1.07x	1.11x	1.02x
Working Capital (\$M)			2,866	3,099	3,335	2,547	3,024	3,593	4,298	4,629	5,370	6,613	7,493	8,602	9,950	10,469	12,264	14,217	15,102
Asset-Management Ratios:																			
Total Asset Turnover (TATO)			0.6x	0.6x	0.7x	0.5x	0.6x	0.7x	0.7x	0.7x	0.6x	0.8x	0.8x	0.8x	0.9x	0.9x	0.9x	0.9x	0.8x
Accounts Receivable Turnover			4.9x	6.1x	6.2x	4.6x	5.2x	5.3x	5.1x	6.0x	5.4x	5.4x	5.4x	5.4x	5.4x	5.4x	5.4x	5.4x	5.4x
Days Sales Outstanding (DSO)			75.0	59.9	58.9	79.1	69.6	68.9	71.8	61.0	68.2	68.0	67.9	67.9	67.9	67.9	67.9	67.9	67.9
Inventory Turnover			1.7x	1.8x	1.6x	1.5x	1.9x	1.8x	1.7x	1.5x	1.3x	1.5x	1.4x	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
Financial Leverage Ratios:																			
Debt to Equity			4.4x	2.0x	1.4x	1.2x	1.3x	1.0x	4.8x	2.0x	1.7x	1.3x	1.0x	0.8x	0.6x	0.5x	0.4x	0.3x	0.2x
Interest Coverage			7.8x	10.4x	13.5x	11.2x	9.4x	15.8x	22.8x	13.5x	10.8x	15.8x	21.7x	27.2x	32.2x	35.6x	42.0x	53.5x	57.6x
Equity Multiplier			7.2x	4.2x	3.5x	3.4x	3.5x	3.0x	9.0x	4.8x	4.6x	3.4x	3.1x	2.8x	2.5x	2.3x	2.1x	2.0x	1.9x
Profitability Ratios:																			
Gross Margin			61.0%	63.0%	64.2%	59.1%	57.8%	59.9%	61.0%	59.8%	60.0%	60.9%	62.5%	63.8%	64.0%	64.2%	64.3%	64.5%	64.6%
Operating Margin			32.2%	36.7%	38.1%	30.4%	25.9%	36.0%	39.7%	38.1%	34.1%	39.3%	43.1%	44.7%	45.1%	45.5%	45.9%	46.2%	46.6%
Net Profit Margin			23.6%	26.6%	19.9%	25.7%	20.9%	30.0%	36.1%	32.3%	28.1%	33.4%	36.2%	37.7%	38.2%	38.6%	39.0%	39.5%	39.8%
Return on Equity (NI / Beg. TSE)																			
Return on Assets (NI / Beg. Assets)																			
Payout Policy Ratios:																			
Dividend Payout Ratio (DPS / EPS)			44.2%	38.5%	50.7%	39.8%	46.4%	31.1%	21.7%	21.4%	28.4%	22.3%	20.2%	18.3%	17.5%	17.9%	17.1%	17.5%	18.4%
Total Payout Ratio ((Divs. + Repurchases) / NI)			75.0%	39.8%	75.4%	133.4%	111.2%	72.1%	138.7%	60.4%	90.8%	75.2%	79.7%	76.2%	75.0%	77.9%	74.8%	75.9%	78.3%
Share Repurchase Ratio (Repurchases / NI)			25.8%	2.7%	25.3%	93.2%	68.2%	45.2%	119.4%	38.7%	62.8%	52.9%	59.3%	57.9%	57.5%	60.0%	57.7%	58.4%	59.9%