Lam Research Corporation (LRCX)

Updated November 25th, 2025 by Felix Martinez

Key Metrics

Current Price:	$150	**5 Year Annual Expected Total Return:**	-3.3%	**Market Cap:**	$188.9 B
Fair Value Price:	$82	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	12/03/25
% Fair Value:	183%	**5 Year Valuation Multiple Estimate:**	-11.4%	**Dividend Payment Date:**	01/07/26
Dividend Yield:	0.7%	**5 Year Price Target**	$120	**Years Of Dividend Growth:**	12
Dividend Risk Score:	A	**Sector:** Technology		**Rating:**	Hold

Overview & Current Events

Lam Research Corporation (LRCX) was founded in 1980 and headquartered in Fermont, California. The company designs, manufactures, markets, refurbishes, and services semiconductor processing equipment used to fabricate integrated circuits worldwide. Lam is a major supplier of wafer fabrication equipment and services to the semiconductor industry. Its products address various applications, including thin film deposition, single-wafer cleaning, and plasma tech. The company has a market capitalization of approximately $188.9 billion, over 10,700 employees, and produced roughly $18.4 billion in revenue in 2025.

On October 22nd, 2025, Lam Research reported the first quarter results for Fiscal Year (FY)2026. Lam Research Corporation ends its fiscal year at the end of June. The company reported posted strong first-quarter results for the period ending September 28, 2025, with revenue rising 3% sequentially to $5.32 billion and growing nearly 28% year over year. Both GAAP and non-GAAP gross margins expanded by 30 basis points, reaching roughly 50.5%, supported by higher system shipments and solid customer support revenue. Operating margins also improved, with non-GAAP operating income reaching 35% of revenue, even as GAAP EPS dipped to $1.24 due to higher tax expense. Non-GAAP EPS came in at $1.26, beating expectations despite modest sequential declines.

Management highlighted strong demand tied to major AI-driven manufacturing inflections, noting that Lam's advanced deposition and etch technologies remain critical to next-generation chip production. Revenue was heavily concentrated in Asia, led by China at 43% and Taiwan at 19%, reflecting the company's deep penetration in leading-edge fabs. Cash flow generation remained robust, with cash balances increasing to $6.7 billion despite ongoing buybacks and dividend payments. Deferred revenue also grew, signaling a healthy pipeline of future system installations.

Looking ahead, Lam expects revenue of $5.2 billion ± $300 million for the December 2025 quarter, with non-GAAP gross margin of 48.5% ± 1% and EPS of $1.15 ± $0.10. Management maintained a constructive outlook, citing strong positioning across critical device segments and continued opportunity as semiconductor manufacturers scale AI, memory, and logic capacity. While the company acknowledged macro, regulatory, and supply-chain risks, it emphasized that expanding product portfolios and ongoing execution leave Lam well-positioned for sustained, long-term growth.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.64	$1.00	$1.79	$1.45	$1.60	$2.73	$3.31	$3.41	$3.03	$4.14	***$4.82***	***$7.08***
DPS	$0.12	$0.16	$0.26	$0.44	$0.46	$0.52	$0.60	$0.69	$0.80	$0.92	***$1.04***	***$1.53***
Shares[1]	1.8	1.8	1.8	1.6	1.5	1.5	1.4	1.4	1.3	1.3	***1.3***	***1.2***

Lam Research has grown its earnings by an impressive 23.1% growth rate over the past ten years and 12% over the past five years. We expect annual earnings growth to be 8% for the next five years, and we expect dividend growth of 8% going forward. Also, the company has had a tremendous dividend growth record over the past five years, with an average of 14.2%. The company's most recent dividend increase was 13%, announced on August 28, 2025.

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	12.9	13.2	8.4	19.2	20.3	23.9	11.9	18.9	35.1	23.9	***31.1***	***17.00***
Avg. Yld.	1.6%	1.4%	1.4%	2.6%	1.4%	0.8%	1.4%	1.1%	0.8%	1.0%	***0.7%***	***1.3%***

Over the past decade, Lam Research has averaged a 18.8x P/E. During trough periods in the semiconductor industry, the company occasionally reported low or negative earnings. We estimate a forward P/E of 17.0x for the company should be a fair value, although it naturally varies through the highly cyclical semiconductor business cycle. However, the company has a higher PE at the current price than our reasonable price estimate. The company has a current PE of 31.1x. The current PE would provide a (11.4% annual headwind if the company reverted to its fair PE ratio of 17.0x.

Safety, Quality, Competitive Advantage, & Recession Resiliency

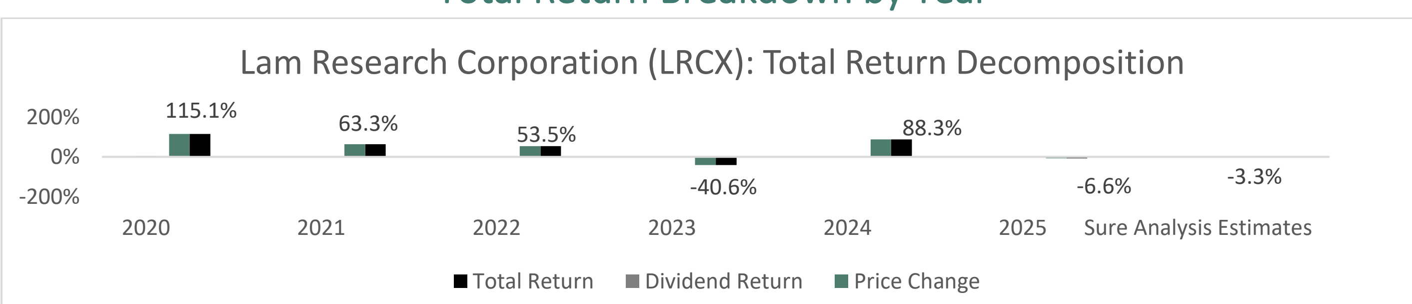
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	19%	16%	15%	30%	29%	19%	18%	20%	26%	22%	***22%***	***22%***

Lam Research is one of the top 3 semiconductor manufacturing equipment vendors globally, along with Applied Materials and Tokyo Electron. The company supplies equipment to chipmakers and provides service and maintenance support. Due to propriety technologies and a highly concentrated industry, Lam Research maintains high returns on invested capital in most years and has a small economic moat. However, the semiconductor industry is highly volatile due to commodity-like supply and demand characteristics. The sector halts new supply capacity every several years and negatively impacts equipment suppliers' revenues like Lam Research. The company has encountered periods of very low or negative earnings during these occasions. However, it appears to be more profitable during each down cycle as its service revenue continues to smooth out its overall results and the company matures. Lam Research's customer base is narrow, with Intel, Micron, Samsung, SK Hynix, Toshiba, and Taiwan Semiconductor Manufacturing Company making up at least 10% of Lam Research's revenue in recent years. The company has a strong balance sheet with more assets than debt and a total debt/equal ratio of 0.4.

Final Thoughts & Recommendation

Lam Research is a leader in a growing industry with a strong balance sheet. The company has the potential for an estimated forward negative return of -3.3%, and we consider it to be a hold at the current price. The semiconductor industry is cyclical but expected to grow strongly over the next decade. Cloud computing, machine learning, autonomous driving, and the internet of things continue to grow in scale and relevance. With a low dividend payout ratio, the company pays a modest but fast-growing dividend and appears to be maturing into a solid dividend stock.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	5,886	8,014	11,077	9,654	10,045	14,626	17227	17,430	14910	18440
Gross Profit	2,619	3,603	5,165	4,358	4,609	6,805	7872	7,777	7053	8979
Gross Margin	44.5%	45.0%	46.6%	45.1%	45.9%	46.5%	45.7%	44.6%	47.3%	48.7%
SG&A Exp.	631	667	762	702	682	830	886	833	868	0
D&A Exp.	291	307	326	309	269	307	334	342	360	386
Operating Profit	1,074	1,902	3,213	2,465	2,674	4,482	5382	5217	4282	5901
Operating Margin	18.3%	23.7%	29.0%	25.5%	26.6%	30.6%	31.2%	29.9%	28.7%	32.0%
Net Profit	914	1,698	2,381	2,191	2,252	3,908	4605	4511	3828	5358
Net Margin	15.5%	21.2%	21.5%	22.7%	22.4%	26.7%	26.7%	25.9%	25.7%	29.1%
Free Cash Flow	1,175	1,872	2,382	2,873	1,923	3239	2554	4677	4256	5414
Income Tax	46	114	771	255	323	462	588	598	532	600

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	12264	12123	12,479	12,001	14,559	15,892	17196	18780	18740	21350
Cash & Equivalents	5,039	2,378	4,512	3,658	4,915	4,418	3522	5337	5848	6391
Accounts Receivable	1,262	1,673	2,177	1,456	2,097	3,026	4314	2823	2519	3378
Inventories	972	1,233	1,876	1,540	1,900	2,689	3966	4816	4218	4308
Goodwill & Int. Ass.	1,951	1,797	1,803	1,702	1,653	1,622	1617	1791	1765	1809
Total Liabilities	6,162	5,135	5,899	7,278	9,376	9,865	10917	10570	10210	11480
Accounts Payable	348	465	511	377	592	830	1011		614	854
Long-Term Debt	4,326	2,693	2,417	4,490	5,795	4,954	4958	5012	4967	4757
Shareholder's Equity	6,102	6,987	6,580	4,723	5,183	6,027	6,278	8,210	8539	9862
D/E Ratio	0.71	0.39	0.37	0.95	1.12	0.82	0.79	0.61	0.58	0.48

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.5%	13.9%	19.4%	17.9%	17.0%	25.7%	27.8%	25.1%	20.4%	26.7%
Return on Equity	16.0%	25.9%	35.1%	38.8%	45.5%	69.7%	74.8%	62.3%	45.7%	58.2%
ROIC	10.1%	16.9%	25.5%	24.1%	22.3%	35.6%	41.5%	36.9%	28.7%	37.7%
Shares Out.	175.0	184.0	181.0	160.0	149.0	145.00	140.63	135.83	1320	1290
Revenue/Share	33.60	43.61	61.27	60.37	67.37	100.65	122.50	128.31	11.29	14.29
FCF/Share	6.71	10.19	13.18	17.96	12.90	22.29	18.16	34.43	3.22	4.20

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.