



# Lam Research Corporation (LRCX)

Updated May 27<sup>th</sup>, 2026 by Felix Martinez

## Key Metrics

<b>Current Price:</b>	\$319	<b>5 Year Annual Expected Total Return:</b>	-14.2%	<b>Market Cap:</b>	\$403.5 B
<b>Fair Value Price:</b>	\$96	<b>5 Year Growth Estimate:</b>	8.0%	<b>Ex-Dividend Date:</b>	06/17/26
<b>% Fair Value:</b>	331%	<b>5 Year Valuation Multiple Estimate:</b>	-21.3%	<b>Dividend Payment Date:</b>	07/08/26
<b>Dividend Yield:</b>	0.3%	<b>5 Year Price Target</b>	\$142	<b>Years Of Dividend Growth:</b>	12
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Technology	<b>Rating:</b>	Hold

## Overview & Current Events

Lam Research Corporation (LRCX) was founded in 1980 and headquartered in Fremont, 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 \$403.5 billion, over 10,700 employees, and produced roughly \$18.4 billion in revenue in 2025.

On April 22<sup>nd</sup>, 2026, Lam Research reported the third quarter results for Fiscal Year 2026. Lam Research Corporation ends its fiscal year at the end of June. The company reported strong fiscal third-quarter 2026 results, driven by rising AI-related semiconductor demand. Revenue increased 23.8% year over year to \$5.84 billion, while diluted EPS reached \$1.45 under GAAP and \$1.47 on a non-GAAP basis, both above expectations. Gross margin improved to 49.8%, and operating margin rose to 35.0%, reflecting stronger profitability and operational efficiency.

The company also saw growth across its core business segments. Systems revenue climbed to \$3.73 billion, while customer support and service revenue increased to \$2.11 billion. China remained Lam's largest market, representing 34% of total revenue. During the quarter, Lam generated \$1.14 billion in operating cash flow and continued returning capital to shareholders through \$1.16 billion in share repurchases and \$325.8 million in dividends.

Looking ahead, Lam Research expects continued momentum in the June 2026 quarter, projecting revenue of approximately \$6.6 billion and diluted EPS of \$1.65. Management believes ongoing AI infrastructure investments and advanced semiconductor demand will continue supporting growth, despite risks from tariffs, export controls, and broader economic uncertainty.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$0.64	\$1.00	\$1.79	\$1.45	\$1.60	\$2.73	\$3.31	\$3.41	\$3.03	\$4.14	<b>\$5.67</b>	<b>\$8.33</b>
<b>DPS</b>	\$0.12	\$0.16	\$0.26	\$0.44	\$0.46	\$0.52	\$0.60	\$0.69	\$0.80	\$0.92	<b>\$1.04</b>	<b>\$1.53</b>
<b>Shares<sup>1</sup></b>	1.8	1.8	1.8	1.6	1.5	1.5	1.4	1.4	1.3	1.3	<b>1.3</b>	<b>1.2</b>

Lam Research has grown its earnings by an impressive 23.1% growth rate over the past ten years and 15.7% 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 increase of 14.9% per year. The company's most recent dividend increase, on August 28, 2025, was 13%.

<sup>1</sup> 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
<b>Avg. P/E</b>	12.9	13.2	8.4	19.2	20.3	23.9	11.9	18.9	35.1	23.9	<b>56.2</b>	<b>17.00</b>
<b>Avg. Yld.</b>	1.6%	1.4%	1.4%	2.6%	1.4%	0.8%	1.4%	1.1%	0.8%	1.0%	<b>0.3%</b>	<b>1.1%</b>

Over the past decade, Lam Research has averaged an 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 fair value estimate. The company has a current PE of 56.2x. The current PE would turn into a 21.3% annualized headwind if the company reverted to its target PE ratio of 17.0x.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

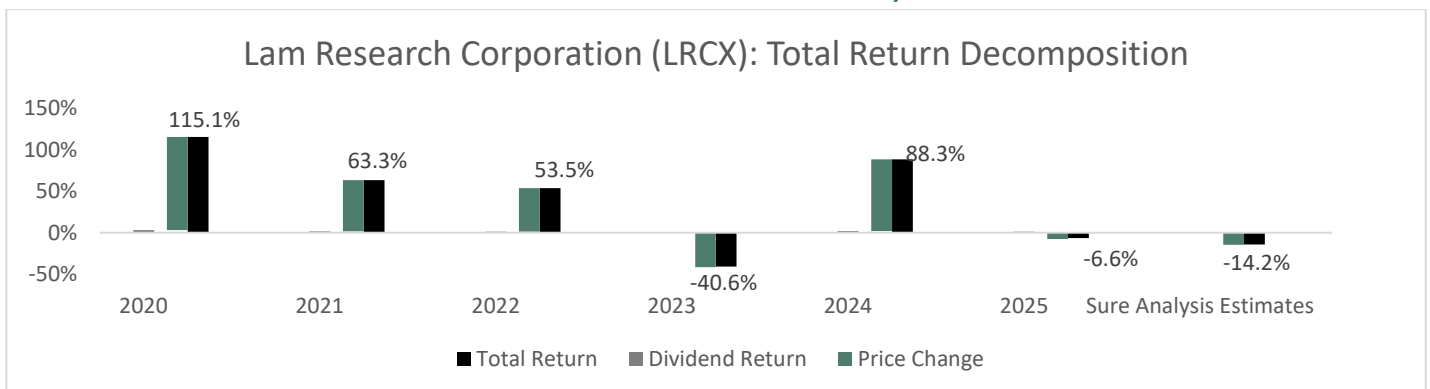
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>Payout</b>	19%	16%	15%	30%	29%	19%	18%	20%	26%	22%	<b>18%</b>	<b>18%</b>

Lam Research is one of the top three 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 -14.2%, 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
<b>Revenue</b>	5,886	8,014	11,077	9,654	10,045	14,626	17227	17,430	14910	18440
<b>Gross Profit</b>	2,619	3,603	5,165	4,358	4,609	6,805	7872	7,777	7053	8979
<b>Gross Margin</b>	44.5%	45.0%	46.6%	45.1%	45.9%	46.5%	45.7%	44.6%	47.3%	48.7%
<b>SG&amp;A Exp.</b>	631	667	762	702	682	830	886	833	868	0
<b>D&amp;A Exp.</b>	291	307	326	309	269	307	334	342	360	386
<b>Operating Profit</b>	1,074	1,902	3,213	2,465	2,674	4,482	5382	5217	4282	5901
<b>Operating Margin</b>	18.3%	23.7%	29.0%	25.5%	26.6%	30.6%	31.2%	29.9%	28.7%	32.0%
<b>Net Profit</b>	914	1,698	2,381	2,191	2,252	3,908	4605	4511	3828	5358
<b>Net Margin</b>	15.5%	21.2%	21.5%	22.7%	22.4%	26.7%	26.7%	25.9%	25.7%	29.1%
<b>Free Cash Flow</b>	1,175	1,872	2,382	2,873	1,923	3239	2554	4677	4256	5414
<b>Income Tax</b>	46	114	771	255	323	462	588	598	532	600

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	12264	12123	12,479	12,001	14,559	15,892	17196	18780	18740	21350
<b>Cash &amp; Equivalents</b>	5,039	2,378	4,512	3,658	4,915	4,418	3522	5337	5848	6391
<b>Accounts Receivable</b>	1,262	1,673	2,177	1,456	2,097	3,026	4314	2823	2519	3378
<b>Inventories</b>	972	1,233	1,876	1,540	1,900	2,689	3966	4816	4218	4308
<b>Goodwill &amp; Int.</b>	1,951	1,797	1,803	1,702	1,653	1,622	1617	1791	1765	1809
<b>Total Liabilities</b>	6,162	5,135	5,899	7,278	9,376	9,865	10917	10570	10210	11480
<b>Accounts Payable</b>	348	465	511	377	592	830	1011		614	854
<b>Long-Term Debt</b>	4,326	2,693	2,417	4,490	5,795	4,954	4958	5012	4967	4757
<b>Shareholder's Equity</b>	6,102	6,987	6,580	4,723	5,183	6,027	6,278	8,210	8539	9862
<b>D/E Ratio</b>	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
<b>Return on Assets</b>	8.5%	13.9%	19.4%	17.9%	17.0%	25.7%	27.8%	25.1%	20.4%	26.7%
<b>Return on Equity</b>	16.0%	25.9%	35.1%	38.8%	45.5%	69.7%	74.8%	62.3%	45.7%	58.2%
<b>ROIC</b>	10.1%	16.9%	25.5%	24.1%	22.3%	35.6%	41.5%	36.9%	28.7%	37.7%
<b>Shares Out.</b>	175.0	184.0	181.0	160.0	149.0	145.00	140.63	135.83	1320	1290
<b>Revenue/Share</b>	33.60	43.61	61.27	60.37	67.37	100.65	122.50	128.31	11.29	14.29
<b>FCF/Share</b>	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.

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