Lam Research Corporation (LRCX)

Updated August 25th, 2026 by Felix Martinez

Key Metrics

Current Price:	$310	**5 Year Annual Expected Total Return:**	-4.9%	**Market Cap:**	$388.1 B
Fair Value Price:	$159	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	09/24/26
% Fair Value:	195%	**5 Year Valuation Multiple Estimate:**	-12.5%	**Dividend Payment Date:**	10/15/26
Dividend Yield:	0.3%	**5 Year Price Target**	$233	**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 $388.1 billion, over 10,700 employees, and produced roughly $18.4 billion in revenue in 2025.

On July 29th, 2026, Lam Research reported the fourth quarter results for Fiscal Year 2026, which ends in June. The company reported record second-quarter (ended June 28, 2026) revenue of $6.72 billion, up 15.1% sequentially and nearly 30% year-over-year. U.S. GAAP diluted earnings per share reached $1.81, while non-GAAP diluted EPS was $1.82. Gross margin expanded to 51.7% (52.0% non-GAAP) and operating margin rose to 37.4% (38.4% non-GAAP), reflecting strong demand driven by artificial-intelligence applications and continued strength in both systems and customer-support revenue.

Systems revenue totaled $4.25 billion and customer-support-related revenue contributed $2.47 billion. Geographic strength was concentrated in Taiwan (27%), China (26%), and Korea (20%). Cash and cash equivalents increased to $5.60 billion, supported by solid operating cash flow, while deferred revenue rose to $2.43 billion.

Management highlighted technology leadership and strategic investments that are enabling customers to manage rising manufacturing complexity. For the September 2026 quarter, Lam guided revenue of $8.10 billion (±$400 million), non-GAAP gross margin of 52.0% (±1%), non-GAAP operating margin of 39.5% (±1%), and non-GAAP diluted EPS of $2.15 (±$0.15). The company is on course for its third consecutive fiscal year in delivering stellar operating results.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	$1.00	$1.79	$1.45	$1.60	$2.73	$3.31	$3.41	$3.03	$4.14	$5.82	***$9.34***	***$13.72***
DPS	$0.16	$0.26	$0.44	$0.46	$0.52	$0.60	$0.69	$0.80	$0.92	$1.01	***$1.16***	***$1.70***
Shares[1]	1.8	1.8	1.6	1.5	1.5	1.4	1.4	1.3	1.3	1.3	***1.3***	***1.2***

Lam Research has grown its earnings by an impressive 21.6% growth rate over the past ten years and 23.1% 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 14.1% per year. The company's most recent dividend increase, on August 28, 2025, was 13%.

[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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Avg. P/E	13.2	8.4	19.2	20.3	23.9	11.9	18.9	35.1	23.9	65.3	***33.2***	***17.0***
Avg. Yld.	1.4%	1.4%	2.6%	1.4%	0.8%	1.4%	1.1%	0.8%	1.0%	0.2%	***0.3%***	***0.7%***

Over the past decade, Lam Research has averaged an 24.0x 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 33.2x. The current PE would turn into a -12.5% annualized headwind if the company reverted to its target PE ratio of 17.0x.

Safety, Quality, Competitive Advantage, & Recession Resiliency

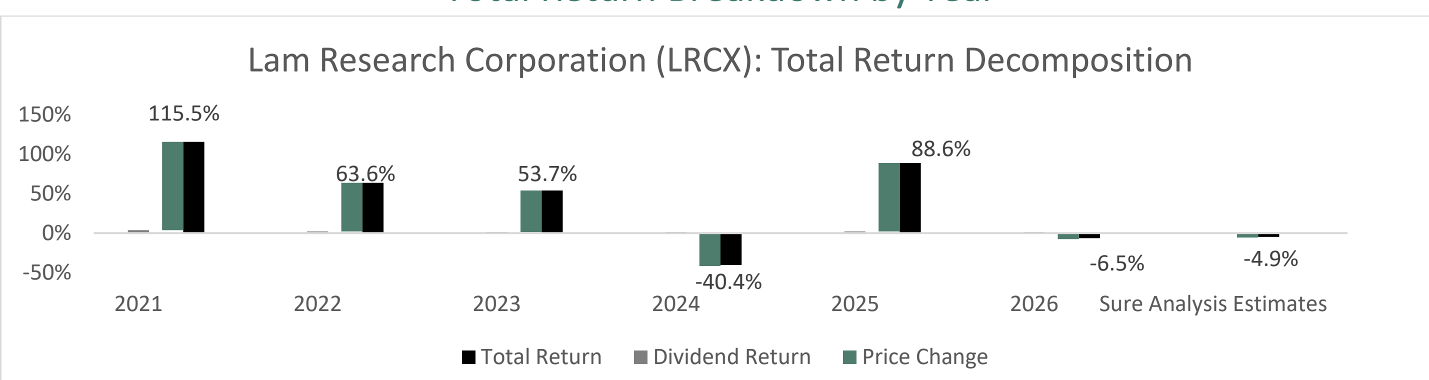
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	16%	15%	30%	29%	19%	18%	20%	26%	22%	17%	***12%***	***12%***

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 tends to stop building 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 -4.9%, 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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	8,014	11,077	9,654	10,045	14,626	17227	17,430	14910	18440	23233
Gross Profit	3,603	5,165	4,358	4,609	6,805	7872	7,777	7053	8979	11725
Gross Margin	45.0%	46.6%	45.1%	45.9%	46.5%	45.7%	44.6%	47.3%	48.7%	50.5%
SG&A Exp.	667	762	702	682	830	886	833	868	982	1150
D&A Exp.	307	326	309	269	307	334	342	360	386	442
Operating Profit	1,902	3,213	2,465	2,674	4,482	5382	5217	4282	5901	8200
Operating Margin	23.7%	29.0%	25.5%	26.6%	30.6%	31.2%	29.9%	28.7%	32.0%	35.3%
Net Profit	1,698	2,381	2,191	2,252	3,908	4605	4511	3828	5358	7265
Net Margin	21.2%	21.5%	22.7%	22.4%	26.7%	26.7%	25.9%	25.7%	29.1%	31.3%
Free Cash Flow	1,872	2,382	2,873	1,923	3239	2554	4677	4256	5414	4891
Income Tax	114	771	255	323	462	588	598	532	600	997

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	12123	12479	12,001	14,559	15,892	17196	18780	18740	21350	23530
Cash & Equivalents	2,378	4,512	3,658	4,915	4,418	3522	5337	5848	6391	5579
Accounts Receivable	1,673	2,177	1,456	2,097	3,026	4314	2823	2519	3378	5340
Inventories	1,233	1,876	1,540	1,900	2,689	3966	4816	4218	4308	4276
Goodwill & Int.	1,797	1,803	1,702	1,653	1,622	1617	1791	1765	1809	1896
Total Liabilities	5,135	5,899	7,278	9,376	9,865	10917	10570	10210	11480	11059
Accounts Payable	465	511	377	592	830	1011	471	614	854	1302
Long-Term Debt	2,693	2,417	4,490	5,795	4,954	4958	5012	4967	4757	3730
Shareholder's Equity	6,987	6,580	4,723	5,183	6,027	6,278	8,210	8539	9862	12471
D/E Ratio	0.39	0.37	0.95	1.12	0.82	0.79	0.61	0.58	0.48	0.53

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	13.9%	19.4%	17.9%	17.0%	25.7%	27.8%	25.1%	20.4%	26.7%	32.4%
Return on Equity	25.9%	35.1%	38.8%	45.5%	69.7%	74.8%	62.3%	45.7%	58.2%	65.1%
ROIC	16.9%	25.5%	24.1%	22.3%	35.6%	41.5%	36.9%	28.7%	37.7%	49.2%
Shares Out.	184.0	181.0	160.0	149.0	145.00	140.63	135.83	1320	1290	1261
Revenue/Share	43.61	61.27	60.37	67.37	100.65	122.50	128.31	11.29	14.29	18.42
FCF/Share	10.19	13.18	17.96	12.90	22.29	18.16	34.43	3.22	4.20	3.88

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

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