



Applied Materials Announces Record Results For Third Fiscal Quarter 2000; Record New Orders, Net Sales and Net Income

August 9, 2000

SANTA CLARA, Calif.--(BUSINESS WIRE)--Aug. 9, 2000--Applied Materials, Inc., the world's largest supplier of wafer fabrication solutions to the semiconductor industry, reported record results for its third fiscal quarter ended July 30, 2000. Record net sales were \$2.73 billion, up 25 percent from \$2.19 billion for the second fiscal quarter of 2000, and up 83 percent from \$1.49 billion for the third fiscal quarter of 1999. Record ongoing net income (net income, excluding one-time items) for the third fiscal quarter of 2000 was \$604 million, or \$0.70 per diluted share, up 32 percent from \$459 million, or \$0.53 per diluted share, for the second fiscal quarter of 2000, and up 136 percent from \$256 million, or \$0.31 per diluted share, for the third fiscal quarter of 1999.

Record new orders of \$3.28 billion for the third fiscal quarter of 2000 exceeded the \$3 billion level for the first time in the Company's history, increasing 12 percent from \$2.93 billion for the second fiscal quarter of 2000, and increasing 116 percent from \$1.51 billion for the third fiscal quarter of 1999. Regional distribution of new orders for the third fiscal quarter of 2000 was: North America 30 percent, Japan 24 percent, Taiwan 15 percent, Europe 15 percent, Southeast Asia and China 9 percent and Korea 7 percent. Backlog at the end of the third fiscal quarter of 2000 increased to \$3.69 billion, from \$3.18 billion at the end of the second fiscal quarter of 2000.

Gross margin for the third fiscal quarter of 2000 was 50.9 percent, up from 50.1 percent for the second fiscal quarter of 2000, and up from 48.0 percent for the third fiscal quarter of 1999. Record ongoing net income as a percentage of net sales was 22.1 percent for the third fiscal quarter of 2000, compared to 21.0 percent for the second fiscal quarter of 2000 and 17.2 percent for the third fiscal quarter of 1999.

"Our record results reflect customers' investments in expanded capacity to meet increasing semiconductor demand and in advanced technologies to provide more powerful, portable and affordable semiconductors. Our product portfolio is the strongest in the history of the Company, enabling us to improve our competitive position in all regions," said James C. Morgan, chairman and chief executive officer.

During the quarter, Applied Materials announced the largest rollout of new products in the history of the semiconductor equipment industry, introducing 22 new 300mm systems supporting over 80 process applications. The new line of 300mm systems includes factory efficiency technologies that leverage the Company's strengths in process equipment, defect detection and process control software and enhance customers' manufacturing capabilities. The Company received its first significant orders for 300mm products during the quarter.

"The industry outlook continues to be positive. There are significant capital investment requirements in 0.18 micron capacity for Internet, communications and digital devices," said Morgan. "The emerging industry transition to 300mm wafer processing, combined with continued growth of 200mm applications, provides a tremendous opportunity for Applied Materials to supply technologies that will enable our customers to deliver on the promise of the Information Age," concluded Morgan.

This press release contains certain forward-looking statements, including, but not limited to, those relating to customers' continued investments in expanded capacity and advanced technologies and the transition to 300mm products. These forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to: changes in customer capacity requirements and demand for semiconductors; the ability of the Company to maintain its technology leadership and product position; the transition to 300mm systems; changes in global economic conditions; and those risks and uncertainties described in the Company's filings with the Securities and Exchange Commission. The Company assumes no obligation to update the information in this press release.

Applied Materials (Nasdaq:AMAT) is a leader of the Information Age and the world's largest supplier of products and services to the global semiconductor industry. Applied Materials' web site is <http://www.appliedmaterials.com>. -0-

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APPLIED MATERIALS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
(In thousands, except per share amounts)	August 1, 1999	July 30, 2000	August 1, 1999	July 30, 2000
Net sales	\$1,490,695	\$2,732,028	\$3,482,732	\$6,644,249
Cost of				

products sold	775,025	1,340,126	1,863,973	3,297,428
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Gross margin	715,670	1,391,902	1,618,759	3,346,821
Operating expenses:				
Research, development and engineering	185,796	303,946	523,991	780,509
Marketing and selling	91,561	128,426	247,597	340,718
General and administrative	105,689	133,291	258,105	343,998
Non-recurring items	2,515	--	7,515	40,000
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Income from operations	330,109	826,239	581,551	1,841,596
Non-recurring income	--	--	20,000	68,158
Interest expense	11,952	12,665	35,328	38,154
Interest income	26,736	48,970	77,440	127,962
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Income before taxes and equity in net income/(loss) of joint venture	344,893	862,544	643,663	1,999,562
Provision for income taxes	106,637	258,763	199,761	599,807
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Income before equity in net income/(loss) of joint venture	238,256	603,781	443,902	1,399,755
Equity in net income/(loss) of joint venture	9,773	--	12,048	--
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Income from continuing operations	248,029	603,781	455,950	1,399,755
Provision for discontinuance of joint venture	(9,773)	--	(12,048)	--
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Net income	\$ 238,256	\$ 603,781	\$ 443,902	\$1,399,755
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Earnings per share:				
Basic - continuing operations	\$ 0.31	\$ 0.75	\$ 0.59	\$ 1.74
Basic - discontinued operations	(0.01)	--	(0.02)	--
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Total basic	\$ 0.30	\$ 0.75	\$ 0.57	\$ 1.74
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Diluted - continuing operations	\$ 0.30	\$ 0.70	\$ 0.56	\$ 1.63
Diluted - discontinued operations	(0.01)	--	(0.02)	--
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Total diluted	\$ 0.29	\$ 0.70	\$ 0.54	\$ 1.63
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Weighted average number of shares:				
Basic	781,554	809,345	775,444	804,532

Diluted	824,248	862,071	816,946	858,585
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Historical amounts have been restated to reflect a two-for-one stock split in the form of a 100 percent stock dividend, effective March 15, 2000, and the acquisition of Etec, which was completed on March 29, 2000 and accounted for as a pooling-of-interests.

APPLIED MATERIALS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS (a)

(In thousands)	October 31, 1999	July 30, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 868,121	\$ 1,342,835
Short-term investments	1,951,254	2,404,493
Accounts receivable, net	1,268,146	2,162,251
Inventories	727,107	1,132,625
Deferred income taxes	341,668	330,889
Other current assets	154,424	179,270
Total current assets	5,310,720	7,552,363
Property, plant and equipment, net	1,278,269	1,280,137
Other assets	425,521	386,323
Total assets	\$ 7,014,510	\$ 9,218,823
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 5,789	\$ 40,409
Current portion of long-term debt	36,484	41,512
Accounts payable and accrued expenses	1,442,718	1,899,550
Income taxes payable	246,506	397,153
Total current liabilities	1,731,497	2,378,624
Long-term debt	584,357	574,336
Deferred income taxes and other liabilities	123,398	135,879
Total liabilities	2,439,252	3,088,839
Stockholders' equity:		
Common stock	7,932	8,111
Additional paid-in capital	1,443,723	1,614,615
Retained earnings	3,122,337	4,521,384
Accumulated other comprehensive income/(loss)	1,266	(14,126)
Total stockholders' equity	4,575,258	6,129,984
Total liabilities and stockholders' equity	\$ 7,014,510	\$ 9,218,823

Historical amounts have been restated to reflect a two-for-one stock split in the form of a 100 percent stock dividend, effective March 15, 2000, and the acquisition of Etec, which was completed on March 29, 2000 and accounted for as a pooling-of-interests.

(a) Amounts as of July 30, 2000 are unaudited. Amounts as of October 31, 1999 are audited. *T

CONTACT: Applied Materials, Inc.

Carolyn Schwartz, 408/748-5227 (investment community)

Jeffrey Lettes, 408/563-5161 (editorial/media)