

APPLIED MATERIALS INC /DE
Form 10-Q
May 24, 2018
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended April 29, 2018
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File Number 000-06920
Applied Materials, Inc.
(Exact name of registrant as specified in its charter)
Delaware 94-1655526
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

3050 Bowers Avenue, 95052-8039
P.O. Box 58039
Santa Clara, California (Zip Code)
(Address of principal executive offices)

(408) 727-5555
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards

provided pursuant to Section 13(a) of the Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares outstanding of the issuer's common stock as of April 29, 2018: 1,008,047,762

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

APPLIED MATERIALS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	April 29, 2018	April 30, 2017	April 29, 2018	April 30, 2017
	(Unaudited)			
Net sales	\$4,567	\$ 3,546	\$8,771	\$ 6,824
Cost of products sold	2,477	1,946	4,761	3,779
Gross profit	2,090	1,600	4,010	3,045
Operating expenses:				
Research, development and engineering	509	437	997	854
Marketing and selling	130	116	256	234
General and administrative	124	107	234	210
Total operating expenses	763	660	1,487	1,298
Income from operations	1,327	940	2,523	1,747
Interest expense	56	44	115	82
Interest and other income, net	24	12	49	14
Income before income taxes	1,295	908	2,457	1,679
Provision for income taxes	166	84	1,193	152
Net income	\$1,129	\$ 824	\$1,264	\$ 1,527
Earnings per share:				
Basic	\$1.10	\$ 0.76	\$1.21	\$ 1.42
Diluted	\$1.09	\$ 0.76	\$1.20	\$ 1.40
Weighted average number of shares:				
Basic	1,029	1,078	1,042	1,078
Diluted	1,040	1,087	1,056	1,088

See accompanying Notes to Consolidated Condensed Financial Statements.

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APPLIED MATERIALS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Three Months Ended April 29, April 30, 2018 2017		Six Months Ended April 29, April 30, 2018 2017	
	(Unaudited)			
Net income	\$1,129	\$ 824	\$1,264	\$ 1,527
Other comprehensive income (loss), net of tax:				
Change in unrealized net gain on investments	(7)	14	(1)	15
Change in unrealized net loss on derivative instruments	8	(15)	(11)	—
Change in defined and postretirement benefit plans	—	(3)	(2)	(10)
Other comprehensive income (loss), net of tax	1	(4)	(14)	5
Comprehensive income	\$1,130	\$ 820	\$1,250	\$ 1,532

See accompanying Notes to Consolidated Condensed Financial Statements.

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APPLIED MATERIALS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In millions)

April 29, October 29,
2018 2017

ASSETS

Current assets: