

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**  
**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of The  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 5, 2019

**KLA CORPORATION**

(Exact name of registrant as specified in its charter)

|  |                          |                                      |
|--|--------------------------|--------------------------------------|
| Delaware                                       | 000-09992                | 04-2564110                           |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

|  |            |
|--|------------|
| One Technology Drive, Milpitas, California | 95035      |
| (Address of principal executive offices)   | (Zip Code) |

Registrant's telephone number, including area code: (408) 875-3000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u>                | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u>                |
|---|--------------------------|---|
| Common Stock, \$0.001 par value per share | KLAC                     | The Nasdaq Stock Market, LLC<br>The Nasdaq Global Select Market |

**Item 2.02 Results of Operations and Financial Condition.**

On August 5, 2019, KLA Corporation (the “Company”) issued a press release announcing selected financial and operating results for its fourth quarter of fiscal year 2019. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K and the exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

The following exhibit is filed herewith:

| <b>Exhibit No.</b> | <b>Description</b>  |
|--------------------|---|
| <u>99.1</u>        | <u>Text of press release dated August 5, 2019 issued by KLA Corporation</u> |

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**KLA CORPORATION**

Date: August 5, 2019

By: /s/ TERI A. LITTLE  
Name: Teri A. Little  
Title: Executive Vice President and Chief Legal Officer

**FOR IMMEDIATE RELEASE**

**Investor Relations:**

Ed Lockwood  
Sr. Director, Investor Relations  
(408) 875-9529  
ed.lockwood@kla.com

**Media Relations:**

Becky Howland, Ph.D.  
Sr. Director, Corporate Communications  
(408) 875-9350  
becky.howland@kla.com

**KLA CORPORATION REPORTS FISCAL 2019 FOURTH QUARTER AND FULL YEAR RESULTS**

MILPITAS, Calif., August 5, 2019 -KLA Corporation (NASDAQ: KLAC) today announced operating results for its fourth quarter and fiscal year ended June 30, 2019. KLA reported GAAP net income attributable to KLA of \$218 million and GAAP earnings per diluted share attributable to KLA of \$1.35 on revenues of \$1,258 million for the fourth quarter of fiscal year 2019. For the fiscal year ended June 30, 2019, the company reported GAAP net income attributable to KLA of \$1,176 million and GAAP earnings per diluted share attributable to KLA of \$7.49 on revenues of \$4.6 billion.

“In the fourth fiscal quarter KLA delivered results above the midpoint of our range of guidance, reflecting solid execution in a challenging business environment,” commented Rick Wallace, President and Chief Executive Officer. “These results demonstrate KLA is benefitting from our strategies for growth and market leadership, which in combination with the recent acquisition of Orbotech, is translating to good relative performance for the company in calendar year 2019.”

| <b>GAAP Results</b>  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | <b>Q4 FY 2019</b> | <b>Q3 FY 2019</b> | <b>Q4 FY 2018</b> |
| Revenues   | \$1,258 million   | \$1,097 million   | \$1,070 million   |
| Net Income Attributable to KLA Corporation                 | \$218 million     | \$193 million     | \$349 million     |
| Earnings per Diluted Share Attributable to KLA Corporation | \$1.35            | \$1.23            | \$2.22            |

  

| <b>Non-GAAP Results</b>                                    |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
|  | <b>Q4 FY 2019</b> | <b>Q3 FY 2019</b> | <b>Q4 FY 2018</b> |
| Net Income Attributable to KLA Corporation                 | \$289 million     | \$283 million     | \$348 million     |
| Earnings per Diluted Share Attributable to KLA Corporation | \$1.78            | \$1.80            | \$2.22            |

Effective on the first day of fiscal 2019, the Company adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers (“ASC 606”). Prior periods were not retrospectively restated, and accordingly, the condensed consolidated unaudited balance sheet as of June 30, 2018, and the condensed consolidated unaudited statements of operations for the three and twelve months ended June 30, 2018 and cash flows for the three months ended June 30, 2018 were prepared using accounting standards that were different from those in effect for the three and twelve months ended June 30, 2019.

A reconciliation between GAAP operating results and non-GAAP operating results is provided following the financial statements included in this release. Non-GAAP results include the impact of stock-based compensation, but exclude the impact of acquisitions or pending acquisitions, restructuring, severance, merger and other related charges and certain discrete tax items. KLA will discuss the results for its fiscal year 2019 fourth quarter and full year, along with its outlook, on a conference call today beginning at 2:00 p.m. Pacific Time. A webcast of the call will be available at: [www.kla.com](http://www.kla.com).

**About KLA:**

KLA Corporation, formerly known as KLA-Tencor Corporation, (aka “KLA”) develops industry-leading equipment and services that enable innovation throughout the electronics industry. We provide advanced process control and process-enabling solutions for manufacturing wafers and reticles, integrated circuits, packaging, printed circuit boards and flat panel displays. In close collaboration with leading customers across the globe, our expert teams of physicists, engineers, data scientists and problem-solvers design solutions that move the world forward. Additional information may be found at <http://www.kla.com>. (KLAC-F).

**Use of Non-GAAP Financial Information:**

The non-GAAP and supplemental information provided in this press release is a supplement to, and not a substitute for, KLA's financial results presented in accordance with United States GAAP.

To supplement KLA's condensed consolidated financial statements presented in accordance with GAAP, the company provides certain non-GAAP financial information, which is adjusted from results based on GAAP to exclude certain costs and expenses (benefits), as well as other supplemental information. The non-GAAP and supplemental information is provided to enhance the user's overall understanding of KLA's operating performance and its prospects in the future. Specifically, KLA believes that the non-GAAP information provides useful measures to both management and investors regarding financial and business trends relating to KLA's financial performance by excluding certain costs and expenses (benefits) that the company believes are not indicative of its core operating results. The non-GAAP information is among the budgeting and planning tools that management uses for future forecasting. However, because there are no standardized or generally accepted definitions for most non-GAAP financial metrics, definitions of non-GAAP financial metrics (for example, determining which costs and expenses (benefits) to exclude when calculating such a metric) are inherently subject to significant discretion. As a result, non-GAAP financial metrics may be defined very differently from company to company, or even from period to period within the same company, which can potentially limit the usefulness of such information to an investor. The presentation of non-GAAP and supplemental information is not meant to be considered in isolation or as a substitute for results prepared and presented in accordance with United States GAAP.

**KLA Corporation (formerly known as KLA-Tencor Corporation)**  
**Condensed Consolidated Unaudited Balance Sheets**

| <i>(In thousands)</i>   | <b>June 30, 2019</b> | <b>June 30, 2018</b> |
|---|----------------------|----------------------|
| <b>ASSETS</b>   |                      |                      |
| Cash, cash equivalents and marketable securities                      | \$ 1,739,385         | \$ 2,880,318         |
| Accounts receivable, net  | 990,113              | 651,678              |
| Inventories   | 1,262,500            | 931,845              |
| Other current assets  | 323,077              | 85,159               |
| Land, property and equipment, net                                     | 448,799              | 286,306              |
| Goodwill  | 2,211,858            | 354,698              |
| Deferred income taxes, non-current                                    | 206,141              | 193,200              |
| Purchased intangibles, net  | 1,560,670            | 19,333               |
| Other non-current assets  | 265,973              | 236,082              |
| Total assets  | \$ 9,008,516         | \$ 5,638,619         |
| <b>LIABILITIES, NON-CONTROLLING INTEREST AND STOCKHOLDERS' EQUITY</b> |                      |                      |
| <b>Current liabilities:</b>   |                      |                      |
| Accounts payable  | \$ 202,416           | \$ 169,354           |
| Deferred system revenue   | 282,348              | —                    |
| Deferred service revenue  | 206,669              | 69,255               |
| Deferred system profit  | —                    | 279,581              |
| Current portion of long-term debt                                     | 249,999              | —                    |
| Other current liabilities   | 827,054              | 696,080              |
| Total current liabilities   | 1,768,486            | 1,214,270            |
| <b>Non-current liabilities:</b>                                       |                      |                      |
| Long-term debt  | 3,173,383            | 2,237,402            |
| Deferred tax liabilities  | 702,285              | 1,197                |
| Deferred service revenue  | 98,772               | 71,997               |
| Other non-current liabilities   | 587,897              | 493,242              |
| Total liabilities   | 6,330,823            | 4,018,108            |
| <b>Stockholders' equity:</b>  |                      |                      |
| Common stock and capital in excess of par value                       | 2,017,312            | 617,999              |
| Retained earnings   | 714,825              | 1,056,445            |
| Accumulated other comprehensive income (loss)                         | (73,029)             | (53,933)             |
| Total KLA stockholders' equity  | 2,659,108            | 1,620,511            |
| Non-controlling interest in consolidated subsidiary                   | 18,585               | —                    |
| Total stockholders' equity  | 2,677,693            | 1,620,511            |
| Total liabilities and stockholders' equity                            | \$ 9,008,516         | \$ 5,638,619         |

**KLA Corporation (formerly known as KLA-Tencor Corporation)**  
**Condensed Consolidated Unaudited Statements of Operations**

| <i>(In thousands, except per share amounts)</i>         | Three months ended |               | Twelve months ended |               |
|---|--------------------|---------------|---------------------|---------------|
|   | June 30, 2019      | June 30, 2018 | June 30, 2019       | June 30, 2018 |
| <b>Revenues:</b>  |                    |               |                     |               |
| Product   | \$ 917,591         | \$ 840,500    | \$ 3,392,243        | \$ 3,160,671  |
| Service   | 340,844            | 229,504       | 1,176,661           | 876,030       |
| Total revenues  | 1,258,435          | 1,070,004     | 4,568,904           | 4,036,701     |
| <b>Costs and expenses:</b>                              |                    |               |                     |               |
| Costs of revenues                                       | 592,785            | 377,566       | 1,869,377           | 1,446,041     |
| Research and development                                | 206,710            | 151,905       | 711,030             | 608,531       |
| Selling, general and administrative                     | 190,040            | 116,370       | 599,124             | 442,304       |
| Interest expense and other, net                         | 37,590             | 17,674        | 93,142              | 83,894        |
| Income before income taxes                              | 231,310            | 406,489       | 1,296,231           | 1,455,931     |
| Provision for income taxes                              | 13,982             | 57,722        | 121,214             | 653,666       |
| Net income  | 217,328            | 348,767       | 1,175,017           | 802,265       |
| Less: Net loss attributable to non-controlling interest | (517)              | —             | (600)               | —             |
| Net income attributable to KLA                          | \$ 217,845         | \$ 348,767    | \$ 1,175,617        | \$ 802,265    |
| <b>Net income per share attributable to KLA:</b>        |                    |               |                     |               |
| Basic   | \$ 1.36            | \$ 2.24       | \$ 7.53             | \$ 5.13       |
| Diluted   | \$ 1.35            | \$ 2.22       | \$ 7.49             | \$ 5.10       |
| <b>Weighted-average number of shares:</b>               |                    |               |                     |               |
| Basic   | 160,546            | 155,740       | 156,053             | 156,346       |
| Diluted   | 161,937            | 156,822       | 156,949             | 157,378       |

**KLA Corporation (formerly known as KLA-Tencor Corporation)**  
**Condensed Consolidated Unaudited Statements of Cash Flows**

|  | Three months ended |              |
|--|--------------------|--------------|
|  | June 30,           |              |
| <i>(In thousands)</i>  | 2019               | 2018         |
| <b>Cash flows from operating activities:</b>   |                    |              |
| Net income   | \$ 217,328         | \$ 348,767   |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b>                           |                    |              |
| Depreciation and amortization  | 127,886            | 14,989       |
| (Gain) loss on unrealized foreign exchange and other   | (812)              | 11,107       |
| Stock-based compensation expense   | 28,168             | 18,804       |
| <b>Changes in assets and liabilities, net of assets acquired and liabilities assumed in business acquisitions:</b> |                    |              |
| Accounts receivable  | (53,565)           | 2,095        |
| Inventories  | 13,179             | (74,684)     |
| Other assets   | (89,691)           | 40,737       |
| Accounts payable   | (3,832)            | 403          |
| Deferred system revenue  | 51,754             | —            |
| Deferred service revenue   | 31,549             | —            |
| Deferred system profit   | —                  | 20,309       |
| Other liabilities  | 3,497              | (9,014)      |
| Net cash provided by operating activities  | 325,461            | 373,513      |
| <b>Cash flows from investing activities:</b>   |                    |              |
| Business acquisitions, net of cash acquired  | —                  | (11,913)     |
| Capital expenditures   | (55,846)           | (22,828)     |
| Purchases of available-for-sale securities   | (78,847)           | (27,657)     |
| Proceeds from sale of available-for-sale securities  | 16,867             | 68,229       |
| Proceeds from maturity of available-for-sale securities  | 146,217            | 118,877      |
| Purchases of trading securities  | (18,594)           | (12,762)     |
| Proceeds from sale of trading securities   | 20,642             | 14,829       |
| Net cash provided by investing activities  | 30,439             | 126,775      |
| <b>Cash flows from financing activities:</b>   |                    |              |
| Payments of debt issuance costs  | (2,478)            | —            |
| Repayment of debt  | —                  | (225,000)    |
| Issuance of common stock   | 44,272             | 40,873       |
| Tax withholding payments related equity awards   | (6,942)            | (2,133)      |
| Common stock repurchases   | (344,986)          | (38,091)     |
| Payment of dividends to stockholders   | (121,363)          | (117,035)    |
| Payment of contingent consideration payable  | (649)              | —            |
| Net cash used in financing activities  | (432,146)          | (341,386)    |
| Effect of exchange rate changes on cash and cash equivalents   | 77                 | (10,202)     |
| Net (decrease) increase in cash and cash equivalents   | (76,169)           | 148,700      |
| Cash and cash equivalents at beginning of period   | 1,092,163          | 1,255,682    |
| Cash and cash equivalents at end of period   | \$ 1,015,994       | \$ 1,404,382 |
| <b>Supplemental cash flow disclosures:</b>   |                    |              |
| Income taxes paid  | \$ 15,769          | \$ 31,331    |
| Interest paid  | \$ 51,544          | \$ 53,210    |
| <b>Non-cash activities:</b>  |                    |              |
| Contingent consideration payable - financing activities  | \$ 6,905           | \$ —         |
| Dividends payable - financing activities   | \$ 7,340           | \$ 9,571     |
| Unsettled common stock repurchase - financing activities   | \$ 8,000           | \$ —         |
| Accrued purchase of land, property and equipment - investing activities  | \$ 6,353           | \$ 7,418     |



**KLA Corporation (formerly known as KLA-Tencor Corporation)**  
**Segment Information (Unaudited)**

The following is a summary of results for each of our four reportable segments and reconciliation to total revenues for the indicated periods:

| <i>(In thousands)</i>                                      | Three months ended |               | Twelve months ended |               |
|--|--------------------|---------------|---------------------|---------------|
|  | June 30, 2019      | June 30, 2018 | June 30, 2019       | June 30, 2018 |
| Revenues:  |                    |               |                     |               |
| Semiconductor Process Control                              | \$ 1,002,544       | \$ 1,043,714  | \$ 4,080,822        | \$ 3,944,015  |
| Specialty Semiconductor Process                            | 66,775             | —             | 151,164             | —             |
| PCB, Display and Component Inspection <sup>(1)</sup>       | 184,625            | 26,160        | 332,810             | 92,516        |
| Other  | 4,525              | —             | 4,676               | —             |
| Total revenues for reportable segments                     | \$ 1,258,469       | \$ 1,069,874  | \$ 4,569,472        | \$ 4,036,531  |
| Corporate allocation and effects of foreign exchange rates | (34)               | 130           | (568)               | 170           |
| Total revenues   | \$ 1,258,435       | \$ 1,070,004  | \$ 4,568,904        | \$ 4,036,701  |

(1) Revenues in the three and twelve months ended June 30, 2019 include the contribution from the Orbotech business from the February 20, 2019 acquisition date. Revenues in the 2018 periods include the component inspection business only.

**KLA Corporation (formerly known as KLA-Tencor Corporation)**  
**Condensed Consolidated Unaudited Supplemental Information**

**Reconciliation of GAAP Net Income to Non-GAAP Net Income**

| <i>(In thousands, except per share amounts)</i>                        |   | Three months ended |                |               | Twelve months ended |               |
|--|---|--------------------|----------------|---------------|---------------------|---------------|
|  |   | June 30, 2019      | March 31, 2019 | June 30, 2018 | June 30, 2019       | June 30, 2018 |
| GAAP net income attributable to KLA                                    |   | \$ 217,845         | \$ 192,728     | \$ 348,767    | \$ 1,175,617        | \$ 802,265    |
| <u>Adjustments to reconcile GAAP net income to non-GAAP net income</u> |   |                    |                |               |                     |               |
| Acquisition-related charges  | a | 102,807            | 103,755        | 3,973         | 216,394             | 14,581        |
| Merger-related charges   | b | —                  | —              | —             | —                   | 3,015         |
| Income tax effect of non-GAAP adjustments                              | c | (32,930)           | (21,127)       | (300)         | (54,643)            | (2,707)       |
| Discrete tax items   | d | 983                | 7,482          | (4,402)       | (9,406)             | 441,676       |
| Non-GAAP net income attributable to KLA                                |   | \$ 288,705         | \$ 282,838     | \$ 348,038    | \$ 1,327,962        | \$ 1,258,830  |
| GAAP net income per diluted share attributable to KLA                  |   | \$ 1.35            | \$ 1.23        | \$ 2.22       | \$ 7.49             | \$ 5.10       |
| Non-GAAP net income per diluted share attributable to KLA              |   | \$ 1.78            | \$ 1.80        | \$ 2.22       | \$ 8.46             | \$ 8.00       |
| Shares used in diluted shares calculation                              |   | 161,937            | 157,182        | 156,822       | 156,949             | 157,378       |

**Pre-tax impact of items included in Condensed Consolidated Unaudited Statements of Operations**

| <i>(In thousands)</i>                           | <b>Acquisition-related<br/>charges</b> |
|---|--|
| <b><u>Three months ended June 30, 2019</u></b>  |  |
| Costs of revenues                               | \$ 75,805                              |
| Selling, general and administrative             | 27,002                                 |
| Total in three months ended June 30, 2019       | <u>\$ 102,807</u>                      |
| <b><u>Three months ended March 31, 2019</u></b> |  |
| Costs of revenues                               | \$ 47,659                              |
| Research and development                        | 3,328                                  |
| Selling, general and administrative             | 52,768                                 |
| Total in three months ended March 31, 2019      | <u>\$ 103,755</u>                      |
| <b><u>Three months ended June 30, 2018</u></b>  |  |
| Costs of revenues                               | \$ 729                                 |
| Selling, general and administrative             | 3,244                                  |
| Total in three months ended June 30, 2018       | <u>\$ 3,973</u>                        |

To supplement our condensed consolidated financial statements presented in accordance with GAAP, we provide certain non-GAAP financial information, which is adjusted from results based on GAAP to exclude certain costs and expenses, as well as other supplemental information. The non-GAAP and supplemental information is provided to enhance the user's overall understanding of our operating performance and our prospects in the future. Specifically, we believe that the non-GAAP information provides useful measures to both management and investors regarding financial and business trends relating to our financial performance by excluding certain costs and expenses that we believe are not indicative of our core operating results. The non-GAAP information is among the budgeting and planning tools that management uses for future forecasting. However, because there are no standardized or generally accepted definitions for most non-GAAP financial metrics, definitions of non-GAAP financial metrics (for example, determining which costs and expenses to exclude when calculating such a metric) are inherently subject to significant discretion. As a result, non-GAAP financial metrics may be defined very differently from company to company, or even from period to period within the same company, which can potentially limit the usefulness of such information to an investor. The presentation of non-GAAP and supplemental information is not meant to be considered in isolation or as a substitute for results prepared and presented in accordance with United States GAAP.

- a. Acquisition-related charges primarily include amortization of intangible assets, amortization of inventory fair value adjustments and backlog, certain employee compensation arrangements, acceleration of certain stock-based compensation arrangements, and transaction costs associated with our acquisitions, primarily Orbotech. Management believes that the expense associated with the amortization of acquisition-related intangible assets is appropriate to be excluded because a significant portion of the purchase price for acquisitions may be allocated to intangible assets that have short lives, and exclusion of these expenses allows comparisons of operating results that are consistent over time for both KLA's newly acquired and long-held businesses. Management believes that the other acquisition-related expenses are appropriate to be excluded because such costs would not have otherwise been incurred in the periods presented. Management believes excluding these items helps investors compare our operating performances with our results in prior periods as well as with the performance of other companies.
- b. Merger-related charges associated with the terminated merger agreement between KLA and Lam Research Corporation ("Lam") primarily includes employee retention-related expenses, legal expenses and other costs. Management believes that it is appropriate to exclude these items as they are not indicative of ongoing operating results and therefore limit comparability and excluding these items helps investors compare our operating performance with our results in prior periods as well as with the performance of other companies.
- c. Income tax effect of non-GAAP adjustments includes the income tax effects of the excluded items noted above. Management believes that it is appropriate to exclude the tax effects of the items noted above in order to present a more meaningful measure of non-GAAP net income.
- d. Discrete tax items include charges associated with the acquisition of Orbotech as well as the income tax effects of an income tax expense from the enacted tax reform legislation through the Tax Cuts and Jobs-Act ("the Act"), which was signed into law on December 22, 2017, of which the impact is primarily related to the provisional tax amounts recorded for the transition tax on accumulated foreign earnings and the re-measurement of certain deferred tax assets and liabilities as a result of the enactment of the Act. Management believes excluding these items helps investors compare our operating performance with our results in prior periods as well as with the performance of other companies.