RESEARCH / EARNINGS AND VALUATION

Applied Materials Stock Q3 2026: Revenue Up 25% on DRAM and AI as the Shares Fall 48% From Their Peak

BY QSI LABS RESEARCH, QSI LABS · PUBLISHED 2 NOVEMBER 2026 · UPDATED 2 NOVEMBER 2026

> **As of:** Figures are as of Applied Materials' third quarter of fiscal 2026 (the 13 weeks from 27 April to 26 July 2026, reported 13 August 2026 in a Form 8-K) and its Form 10-Q for that quarter, filed 20 August 2026. Applied's fiscal year ends on the last Sunday of October, so its fiscal Q3 2026 covers roughly May to July 2026. Fiscal Q4 2026 ended on 25 October 2026 and will be reported on 12 November 2026. The share price is the Nasdaq close of AMAT on 2 November 2026, $374.53. Published 2 November 2026.

The short answer. Applied Materials stock Q3 2026 comes down to a very strong quarter set against a very high expectation. In its fiscal third quarter, the three months to 26 July 2026, Applied's revenue rose 25% to $9,115m, GAAP operating income rose 38% to $3,075m and diluted earnings per share rose 43% to $3.17. DRAM chipmakers drove the growth: DRAM rose to 26% of Semiconductor Systems revenue from 22%, while China fell to 28% of total revenue from 35%. Applied guided fiscal Q4 revenue to $10.25bn. The shares have still fallen 48%, from a $723.00 close on 30 June to $374.53 on 2 November 2026, including a 25% drop since an investor event on 13 October. Our discounted cash flow model values Applied Materials at $171.63 a share, so even after the fall we see the shares as expensive: the price assumes margins and growth well above Applied's own history.

Key takeaways

- **Revenue up 25%.** Fiscal Q3 2026 revenue was $9,115m, up from $7,302m a year earlier and 15% above the $7,910m of fiscal Q2. Chief executive Gary Dickerson called it "the highest sequential revenue growth in the company's history" (8-K Ex 99.1).
- **Profit grew faster.** GAAP gross margin rose to 50.3% from 48.8%, operating margin to 33.7% from 30.6%, and net income rose 43% to $2,538m. Non-GAAP EPS was $3.50, up 41% (8-K Ex 99.1).

- **DRAM is the growth engine.** DRAM made up 26% of the $7,040m of Semiconductor Systems revenue, about $1.8bn and roughly 50% more than a year earlier. Foundry and logic were 67% (8-K Ex 99.1).
- **Less China.** Revenue from customers in China was $2,506m, 28% of the total against 35% a year earlier. US revenue doubled to $1,367m (Form 10-Q).
- **The guide.** Applied expects fiscal Q4 revenue of $10.25bn, plus or minus $0.5bn, and non-GAAP EPS of $4.02, plus or minus $0.20. That implies fiscal 2026 revenue of about $34.3bn, up 21% (8-K Ex 99.1).
- **Our value: $171.63 a share,** 54% below the $374.53 close on 2 November 2026. The average of 41 analyst targets is $627.54 (StockAnalysis, S&P Global data).
- **What to watch.** Fiscal Q4 and full-year 2026 results on 12 November 2026, the first outlook for fiscal 2027, and when the Besi share purchase closes.

Key numbers from Applied Materials' Q3 2026 earnings

$9.12bn Fiscal Q3 2026 revenue, up 25% 8-K EX 99.1	**$3.17** GAAP diluted EPS, up 43%; $3.50 non-GAAP 8-K EX 99.1
50.3% GAAP gross margin, up 1.5 points 8-K EX 99.1	**26%** DRAM share of Semiconductor Systems revenue, from 22% 8-K EX 99.1
$10.25bn Q4 fiscal 2026 revenue guide, +/- $0.5bn 8-K EX 99.1	**$171.63** QSILabs DCF value per share vs a $374.53 price QSILABS MODEL

METRIC	Q3 FY2026	Q3 FY2025	CHANGE
Revenue	$9,115m	$7,302m	+24.8%
Gross margin (GAAP)	50.3%	48.8%	+1.5 pts
Research, development and engineering	$1,100m	$901m	+22.1%
Operating income (GAAP)	$3,075m	$2,233m	+37.7%
Operating margin (GAAP)	33.7%	30.6%	+3.1 pts
Net income	$2,538m	$1,779m	+42.7%
Diluted EPS (GAAP)	$3.17	$2.22	+42.8%
Diluted EPS (non-GAAP)	$3.50	$2.48	+41.1%
Semiconductor Systems revenue	$7,040m	$5,564m	+26.5%
Applied Global Services revenue	$1,781m	$1,463m	+21.7%
Free cash flow (non-GAAP)	$2,330m	$2,050m	+13.7%
China share of revenue	28%	35%	-7 pts

Applied Materials Q3 2026 earnings: what happened

Applied Materials makes the machines that chipmakers use to deposit, etch, polish, implant and inspect the layers of material that make up a chip. It reported its fiscal third-quarter results on 13 August 2026. Revenue was $9,115m, which the company described as a record, against $7,302m a year earlier. Cost of products sold rose more slowly than revenue, so gross profit rose 29% to $4,586m and the gross margin rose 1.5 points to 50.3%. Chief financial officer Brice Hill said this was the 13th consecutive quarter of year-over-year gross margin expansion (8-K Ex 99.1).

Operating expenses rose 14% to $1,511m. Most of the increase was research, development and engineering, which rose 22% to $1,100m, or 12% of revenue. General and administrative

costs fell to $162m from $204m. Operating income was $3,075m, up 38%, and the operating margin was 33.7% (Form 10-Q).

Below operating income, interest expense was $68m and interest and other income, net, was a loss of $100m, against income of $396m a year earlier (Form 10-Q). Applied's non-GAAP results exclude gains and losses on strategic investments. The GAAP tax rate was 12.7%. Net income rose 43% to $2,538m and diluted EPS rose to $3.17 from $2.22, on 800m diluted shares. Non-GAAP net income was $2,795m and non-GAAP EPS $3.50 (8-K Ex 99.1).

The first nine months of fiscal 2026 were slower, because the first quarter was weak. Revenue was $24,037m, up 11% from $21,568m, and GAAP operating income was $7,429m, up 13%, after a $253m legal settlement charge and $12m of restructuring charges. Diluted EPS for the nine months was $9.22 (Form 10-Q).

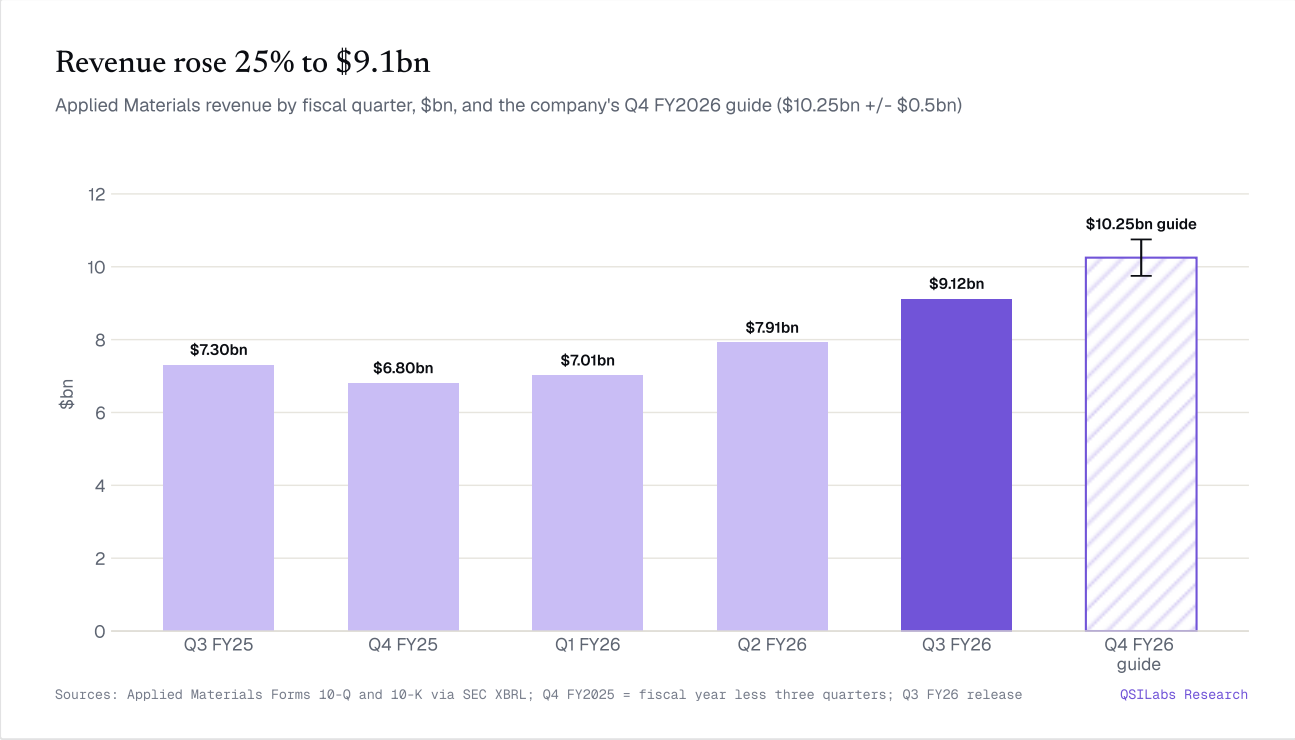


FIGURE 1 Applied Materials' quarterly revenue fell to $6.8bn in fiscal Q4 2025 and has grown in each quarter since, to $9.1bn in fiscal Q3 2026. The company guides to $10.25bn for fiscal Q4.

Cash generation was strong. Cash from operations was $3,037m and capital expenditure $707m, leaving $2,330m of free cash flow, up 14% from a year earlier. Applied paid $420m of dividends and spent $440m on share repurchases in the quarter, a total of $860m (8-K Ex 99.1). At 26 July it held $7,037m of cash, $2,196m of short-term investments and $5,268m of long-term investments, against $6,544m of short-term and long-term debt. About $12.8bn remained under its share repurchase authorisation (Form 10-Q).

APPLIED MATERIALS FROM FEBRUARY TO NOVEMBER 2026

11 FEB 2026	Settlement with the Commerce Department's Bureau of Industry and Security over China shipments; Applied agrees to pay $253m	Form 10-Q
30 JUN 2026	AMAT closes at $723.00, its highest close of the past year	Yahoo Finance
26 JUL 2026	Fiscal Q3 2026 ends	Form 10-Q
13 AUG 2026	Q3 results: revenue $9.12bn, up 25%; GAAP EPS $3.17; Q4 guide $10.25bn. AMAT closes at $534.54	8-K Ex 99.1; Yahoo Finance
20 AUG 2026	Fiscal Q3 2026 Form 10-Q filed	SEC EDGAR
27 AUG 2026	Akash Palkhiwala, CFO and COO of Qualcomm, appointed to the board	8-K, 27 Aug 2026
13 OCT 2026	Investor breakfast presentation with 2030 targets but no wafer fab equipment forecast. AMAT falls 6.7% to $464.24	Applied IR; Yahoo Finance
25 OCT 2026	Fiscal Q4 and fiscal 2026 end	Applied IR fiscal calendar
26 OCT 2026	Agreement to raise its stake in BE Semiconductor Industries (Besi) to about 20%	8-K, 26 Oct 2026
2 NOV 2026	AMAT closes at $374.53, the price used in our valuation	Yahoo Finance
12 NOV 2026	Fiscal Q4 and full-year 2026 results due	Applied IR

Why is Applied Materials' DRAM revenue growing so fast?

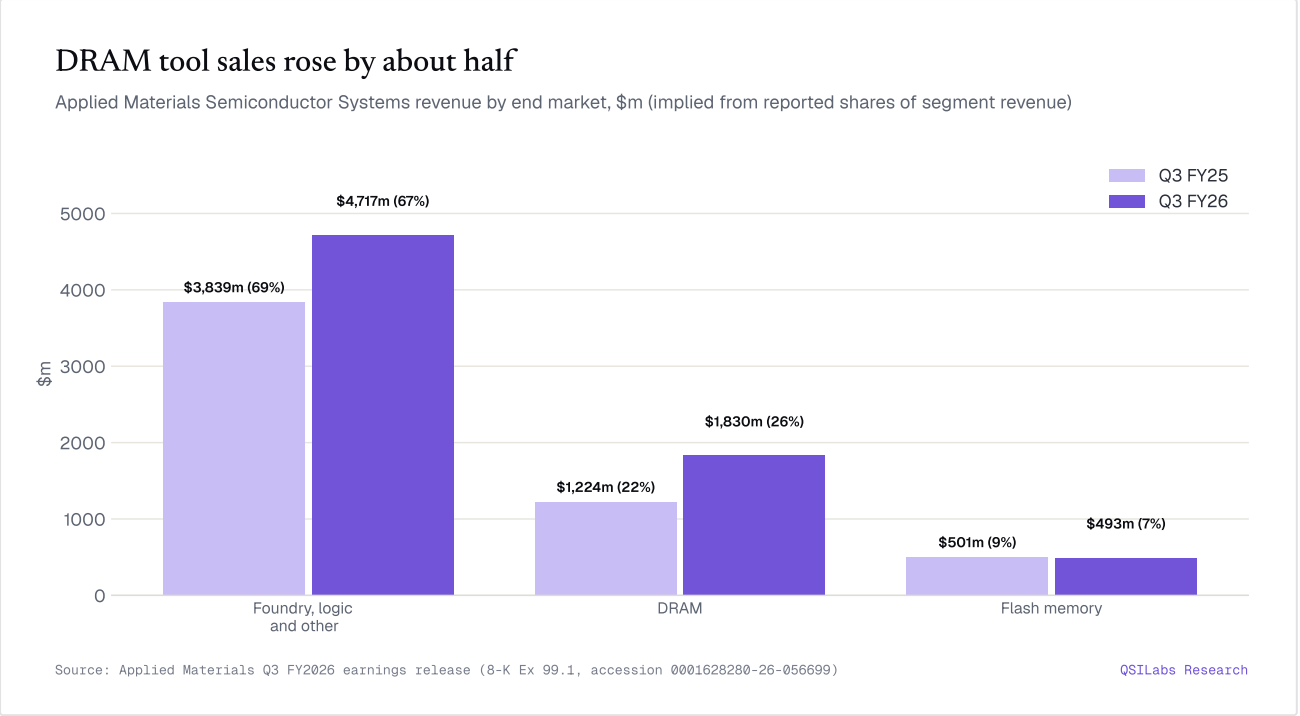


FIGURE 2 DRAM rose to 26% of Semiconductor Systems revenue in fiscal Q3 2026, about $1.8bn, from 22% a year earlier. Dollar amounts are implied from the reported percentages.

Semiconductor Systems, the equipment business, earned $7,040m of revenue in fiscal Q3, up 26.5%. Applied reports its revenue by customer type as percentages. Foundry, logic and other customers made up 67%, against 69% a year earlier; DRAM 26%, against 22%; and flash memory 7%, against 9% (8-K Ex 99.1). Applying those shares to segment revenue, DRAM customers spent about $1.83bn with Applied in the quarter, against about $1.22bn a year earlier, an increase of roughly 50%. Foundry and logic rose about 23% to $4.7bn and flash was flat at about $0.5bn.

The reason is artificial intelligence. AI accelerators use high bandwidth memory (HBM), stacks of DRAM chips joined with thousands of vertical connections, and HBM needs more wafer processing per bit than ordinary DRAM. Brice Hill said Applied expects "continued strong revenue growth in the second half of the calendar year, particularly in DRAM as well as leading-edge foundry-logic and advanced packaging" (8-K Ex 99.1). In the quarter Applied introduced six new systems for DRAM and advanced packaging. One of them, the Producer Avila 2, deposits films that stabilise thin DRAM dies so that 12, 16 or more can be stacked in HBM (8-K Ex 99.1).

DRAM makers are spending heavily because memory prices and profits are high. Our Micron stock Q3 2026 analysis covers the demand side of the same boom. For Applied, the risk is the memory cycle itself: DRAM makers have historically cut equipment spending sharply when prices fall.

How did Applied Materials' segments perform?

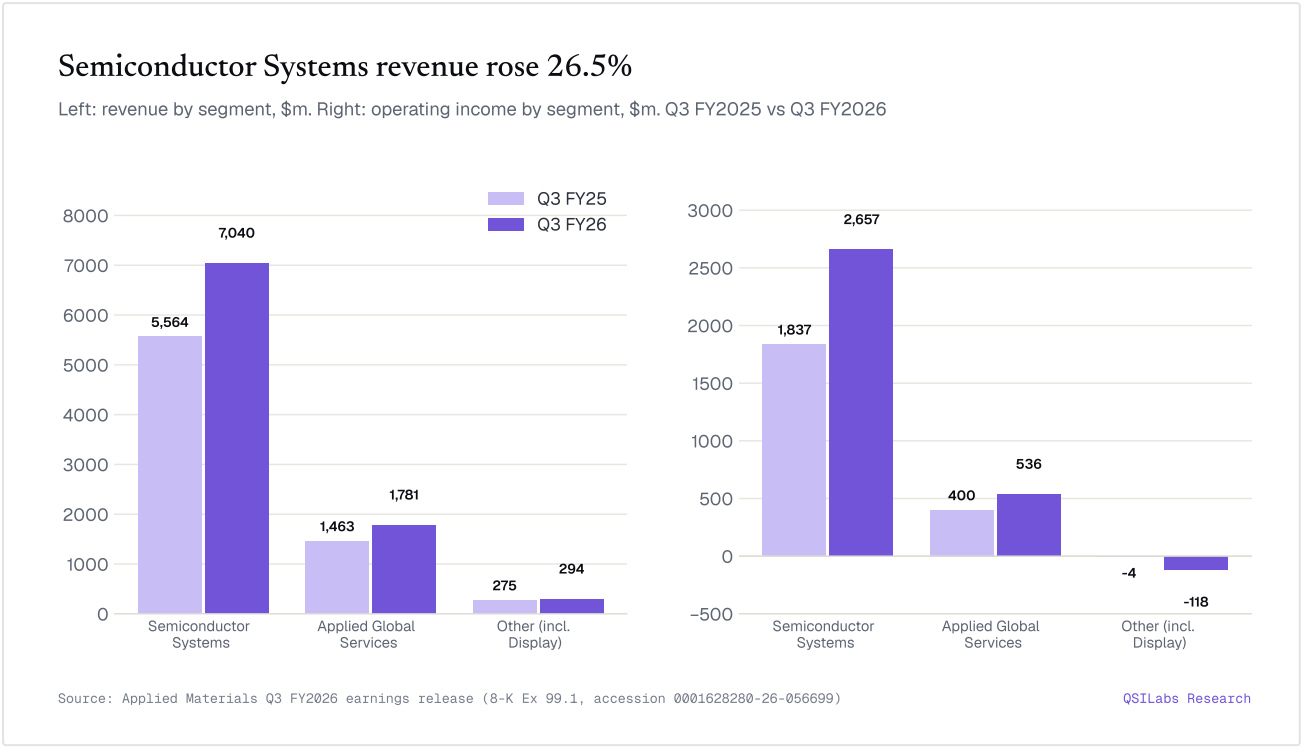


FIGURE 3 Semiconductor Systems revenue rose 26.5% and its operating income 45%. Applied Global Services revenue rose 22%.

Semiconductor Systems. Revenue rose to $7,040m from $5,564m. The segment's gross margin was 55.3%, up from 53.4%, and operating income rose 45% to $2,657m, a margin of 37.7% against 33.0%. From fiscal 2026 the segment includes the 200mm equipment business, previously in services, and prior periods have been recast (8-K Ex 99.1).

Applied Global Services (AGS). AGS sells spare parts, service contracts, upgrades and factory automation software to chipmakers that already own Applied's tools. Revenue rose 22% to $1,781m and operating income rose 34% to $536m, a margin of 30.1%. Services revenue grows with the installed base of tools and is steadier than equipment sales, so it is the part of Applied that holds up best in a downturn.

Other. The display business and other activities earned $294m of revenue and made an operating loss of $118m, against a loss of $4m a year earlier (8-K Ex 99.1).

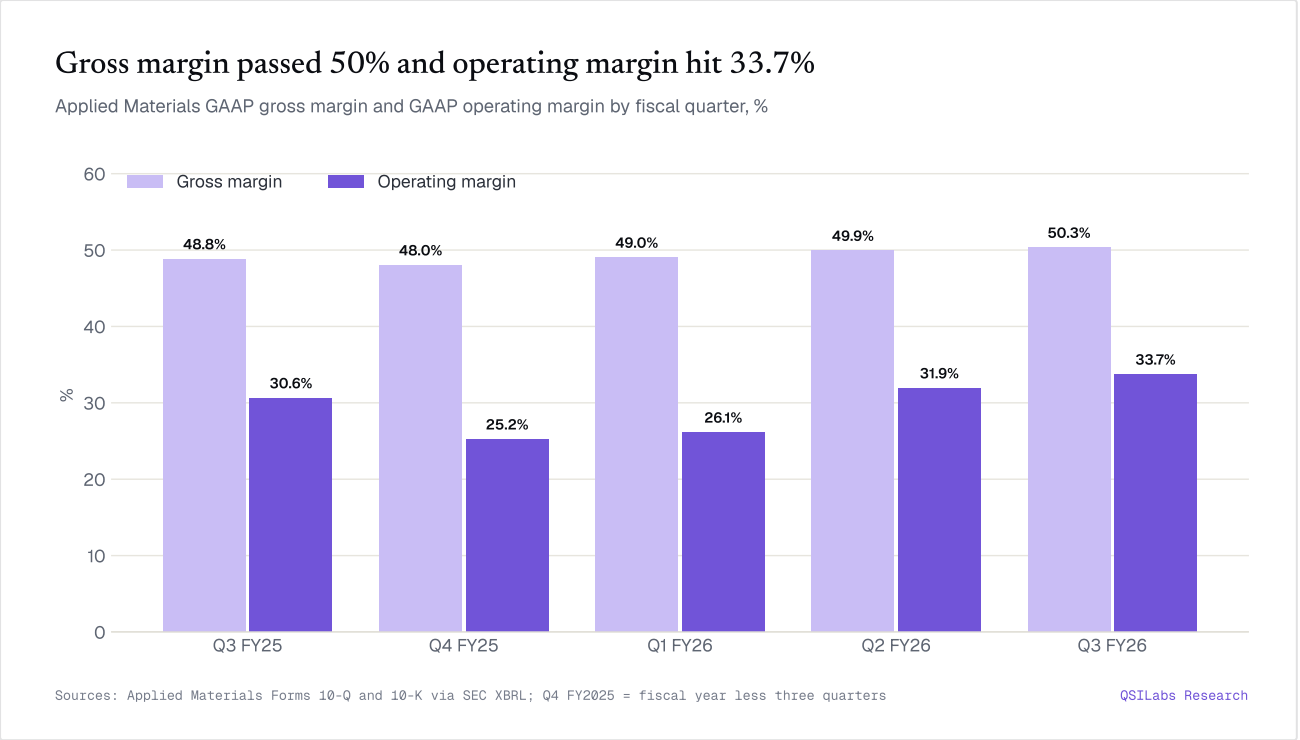


FIGURE 4 GAAP gross margin has risen from 48.0% to 50.3% over four quarters. The operating margin of 33.7% in fiscal Q3 2026 compares with 30.6% a year earlier.

The margin gains are the more important part of the quarter for the valuation. Applied's gross margin passed 50% for the first time in the five quarters shown, and operating income grew more than half as fast again as revenue. That reflects pricing on new tools, a richer mix of leading-edge DRAM and logic systems, and costs that are partly fixed. Higher volume means each extra dollar of revenue carries more profit.

How much of Applied Materials' revenue comes from China?

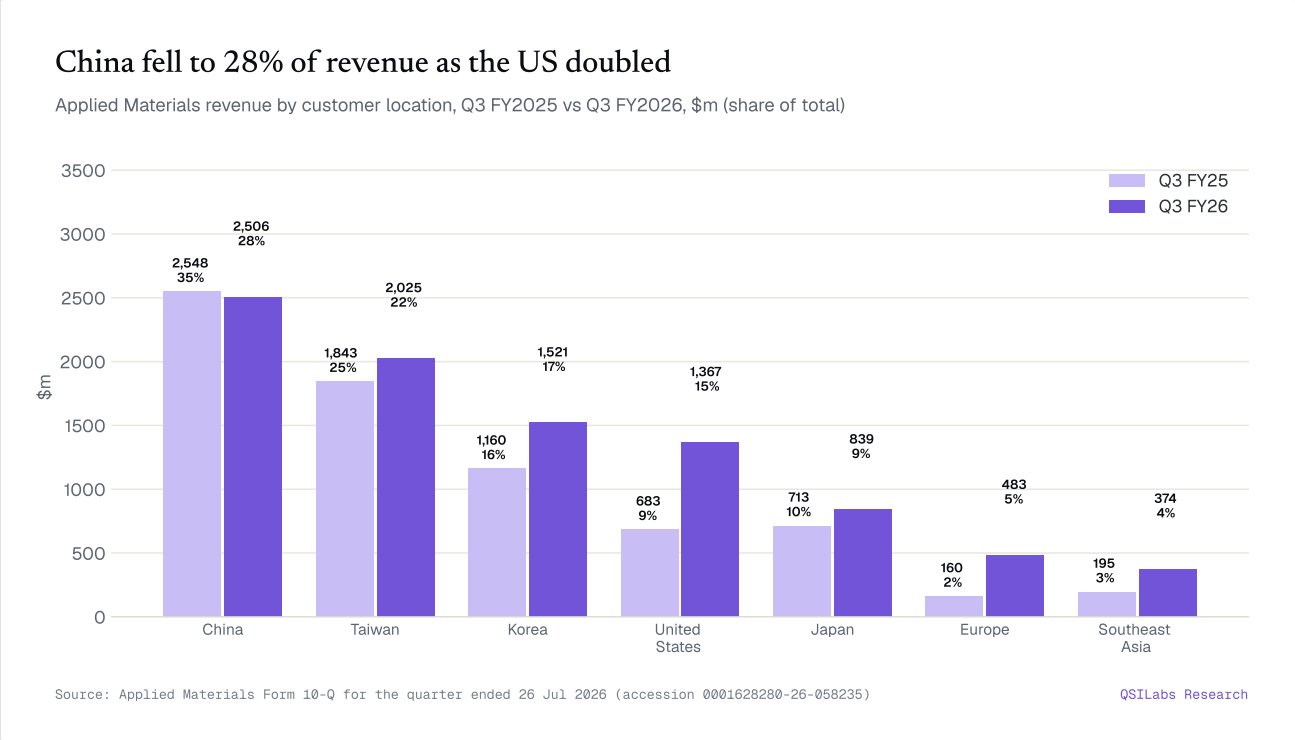


FIGURE 5 China fell from 35% to 28% of Applied's revenue while sales to customers in the US doubled and Europe tripled. Revenue is by the location of the customer's facility.

Revenue from customers in China was $2,506m in fiscal Q3, 2% less than a year earlier, and its share of total revenue fell to 28% from 35%. Every other region grew: Taiwan by 10% to $2,025m, Korea by 31% to $1,521m, the US by 100% to $1,367m, Japan by 18% to $839m, Europe by 202% to $483m and Southeast Asia by 92% to $374m (Form 10-Q). Over nine months China was 28% of revenue, against 30% a year earlier.

Two forces are at work. US export rules have limited what Applied can sell or service in China "over the past several years", and the US government continues to add licensing requirements, the 10-Q says. At the same time, new fabs in the US, Europe and Southeast Asia, some supported by government subsidies, are buying tools. A lower China share reduces political risk, but China is still Applied's largest market.

Export compliance also cost Applied money directly. On 11 February 2026 it settled an inquiry by the Commerce Department's Bureau of Industry and Security (BIS) into certain shipments to China customers and paid $253m, in full, in its second quarter. The settlement requires internal audits of its export controls compliance programme and includes a denial order that

is suspended and will be waived after three years if the audits are completed on time (Form 10-Q).

What is Applied Materials' guidance for Q4 fiscal 2026?

Applied guided fiscal Q4 2026 revenue to $10,250m, plus or minus $500m, and non-GAAP diluted EPS to $4.02, plus or minus $0.20 (8-K Ex 99.1). The midpoint is 12% above fiscal Q3 and 51% above the $6,800m of fiscal Q4 2025. Fiscal Q4 ended on 25 October 2026, and Applied will report it on 12 November 2026 (Applied investor relations).

If Applied hits the midpoint, fiscal 2026 revenue will be about $34.3bn, up 21% from $28.4bn in fiscal 2025. Consensus is $34.25bn of revenue and $12.79 of adjusted EPS for fiscal 2026, and $46.38bn and $18.56 for fiscal 2027, revenue growth of 35% (StockAnalysis, S&P Global data). Dickerson said Applied was raising its expectations for Semiconductor Systems revenue in calendar 2026 and expects "another strong growth year for Applied Materials in 2027" (8-K Ex 99.1).

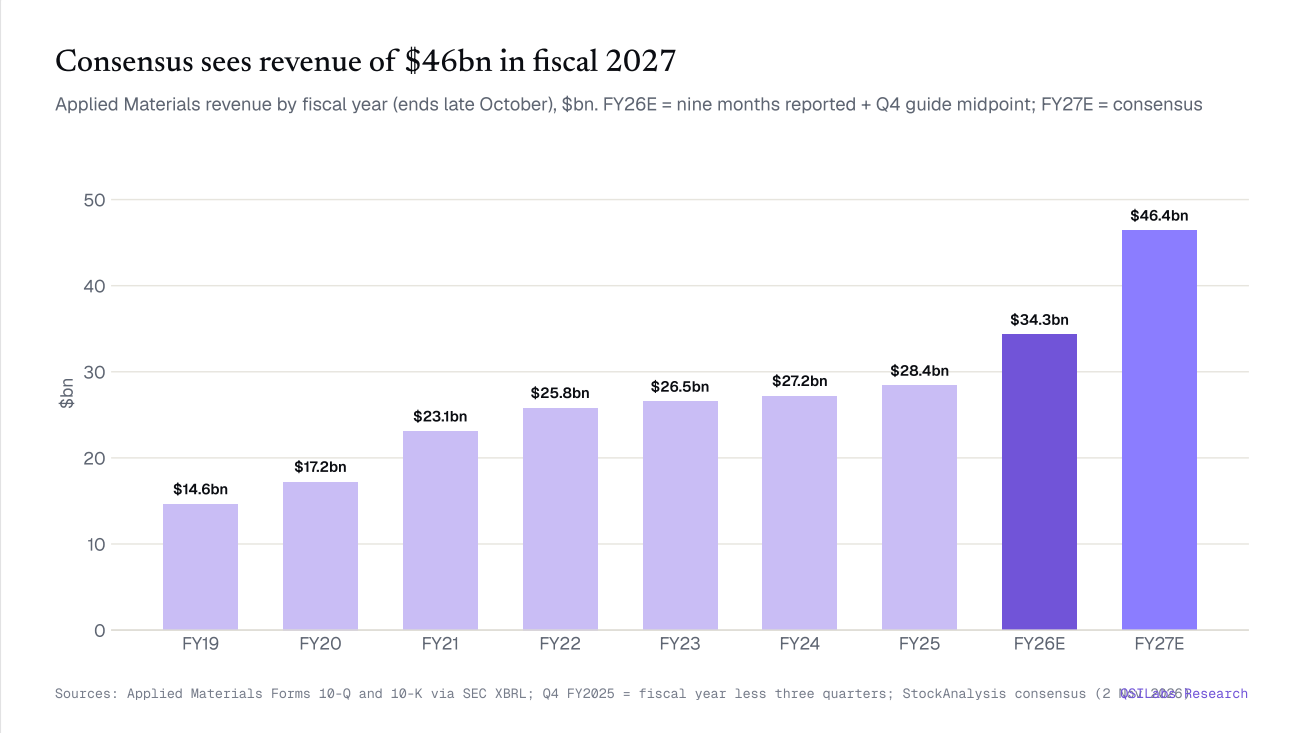


FIGURE 6 Revenue grew from $14.6bn in fiscal 2019 to $28.4bn in fiscal 2025. Our fiscal 2026 estimate is $34.3bn and fiscal 2027 consensus is $46.4bn.

Applied is also investing for that growth. Capital expenditure was $1,988m in the first nine months of fiscal 2026, against $2,260m in all of fiscal 2025 and $1,190m in fiscal 2024

(Form 10-Q; SEC XBRL). Hill said the company is adding manufacturing capacity "to support projected demand through the end of the decade" (8-K Ex 99.1).

Why did Applied Materials stock fall from its June high?

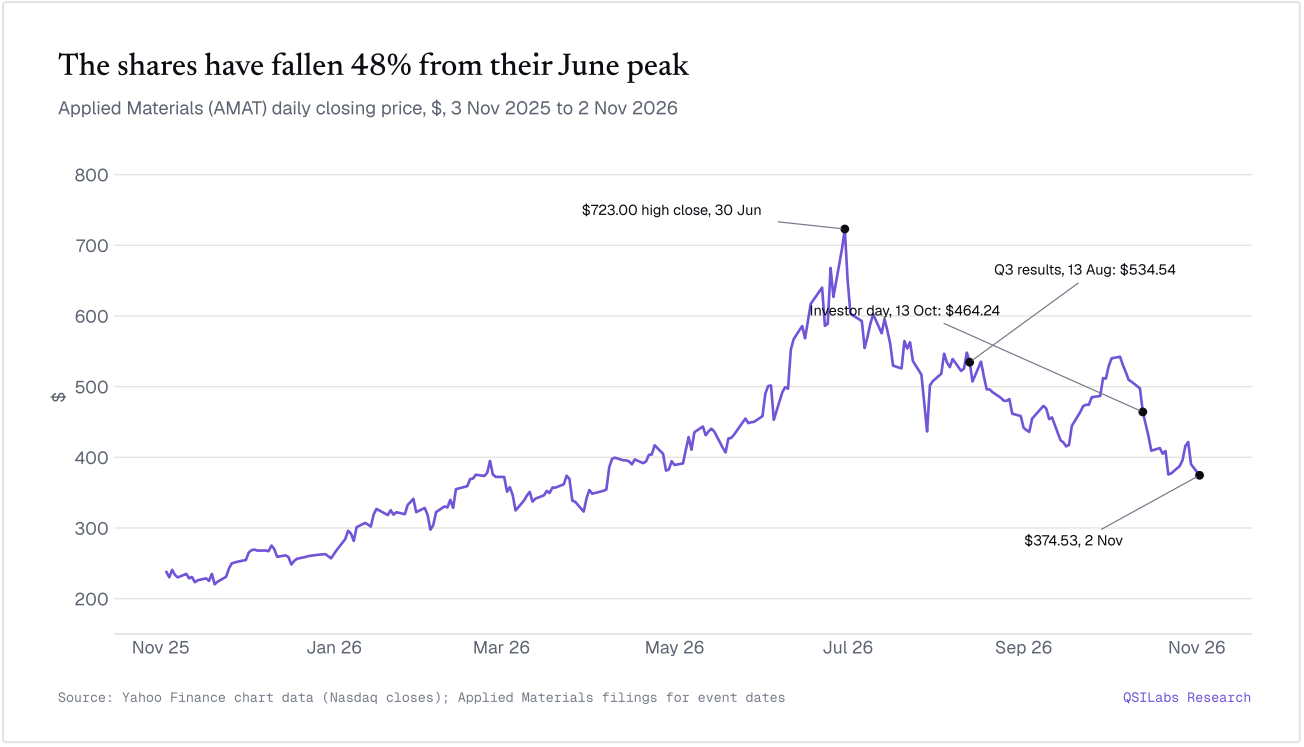


FIGURE 7 AMAT tripled from $237.71 in November 2025 to a $723.00 close on 30 June 2026, then fell to $374.53 by 2 November.

The share price, not the business, is what changed. AMAT closed at $237.71 on 3 November 2025 and $256.99 at the end of 2025, then rose to $723.00 on 30 June 2026 as investors bet on AI-driven chip equipment spending (Yahoo Finance). It had already fallen to $548.15 before the results. On 13 August, results day, it closed at $534.54, and the next day at $507.18, down 5.1%.

The steepest fall came in October. On 13 October Applied held an investor breakfast presentation. According to TIKR's summary, management set targets of about 54% non-GAAP gross margin and 40% non-GAAP operating margin by 2030 but declined to give a forecast for wafer fab equipment spending, the industry's total tool budget. The stock fell 6.7% that day to $464.24 and kept falling with other semiconductor shares, including an 8.2% drop on 22 October (Yahoo Finance; TIKR). From $497.53 on 12 October it fell 25% to $374.53 on 2 November, 48% below its June high but still 58% above its price a year earlier.

Why is Applied Materials buying 20% of Besi?

On 26 October 2026 Applied agreed to raise its stake in BE Semiconductor Industries (Besi), the Dutch maker of chip assembly equipment, to about 20% of Besi's shares. Applied first invested in Besi in April 2025, and the two companies have worked together on hybrid bonding since 2020. Hybrid bonding joins chips directly copper to copper, without solder bumps, and is used to stack HBM and logic chips. Besi has also joined Applied's EPIC Center, its research and development centre, as an innovation partner (8-K, 26 Oct 2026).

Applied is buying the shares under an accelerated share purchase agreement, and delivery depends on the waiting period under the Hart-Scott-Rodino antitrust act ending. It did not disclose the price. Applied says it sees the investment as long term, does not intend to go above about 20% and will not seek a seat on Besi's board. Because the cost is not disclosed and the deal has not closed, our valuation does not include it.

Applied also added a director. On 27 August it appointed Akash Palkhiwala, chief financial officer and chief operating officer of Qualcomm, to its board and audit committee (8-K, 27 Aug 2026).

Applied Materials stock Q3 2026: is AMAT overvalued?

On our numbers, yes. Our discounted cash flow model values Applied Materials at $171.63 a share, 54% below the $374.53 close on 2 November 2026. At that price Applied's market value is about $299bn, based on 799m diluted shares, and the shares trade at 29.3 times consensus fiscal 2026 EPS of $12.79 and 20.2 times fiscal 2027 EPS of $18.56. The dividend is $0.53 a quarter, a yield of about 0.6%.

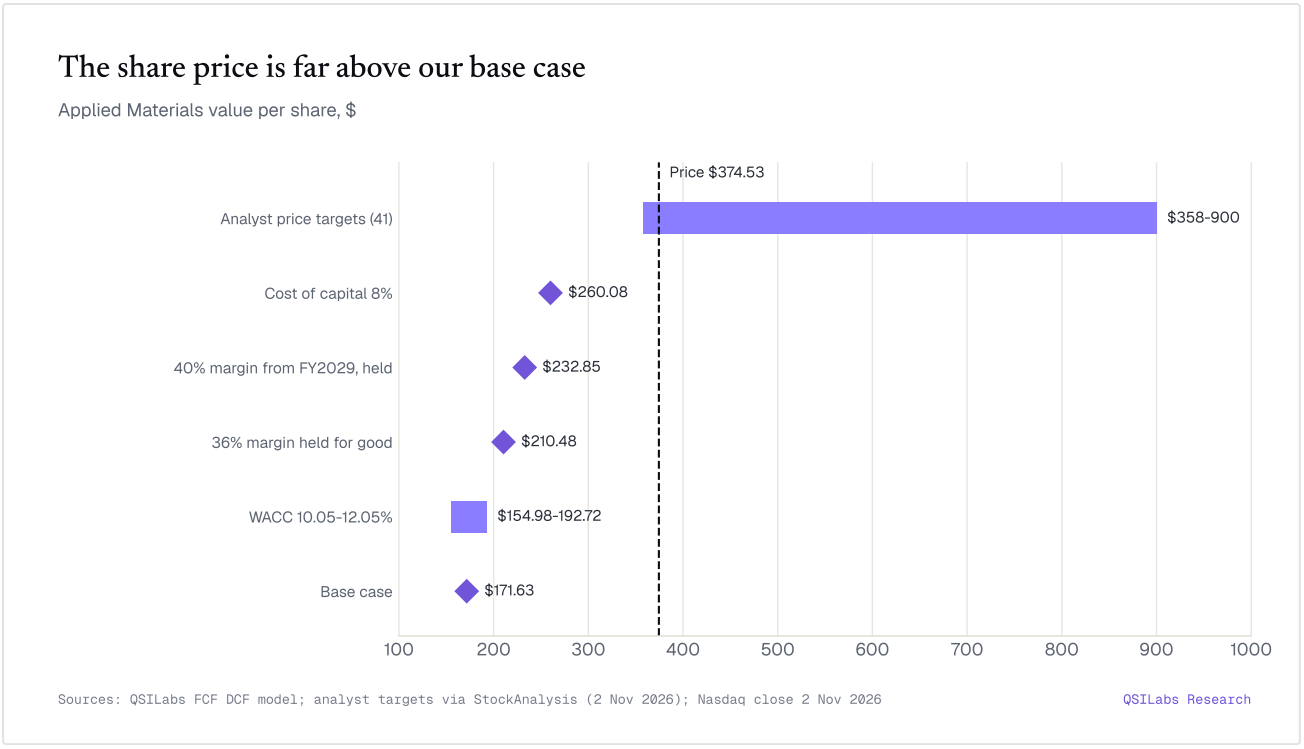


FIGURE 8 Our base case is $171.63 a share against a $374.53 price. Even holding a 36% operating margin for good, or using an 8% cost of capital, gives a value below the price. Analyst targets run from $358 to $900.

Method

We discount Applied's free cash flow to the firm, operating profit after tax plus depreciation, less capital expenditure and investment in working capital, at a weighted average cost of capital (WACC) of 11.05%. That is Aswath Damodaran's January 2026 cost of capital for US semiconductor equipment companies, based on a 1.40 industry beta. The cost of capital is high because chip equipment stocks are volatile.

Fiscal 2026, which ended on 25 October, is the nine months reported plus the Q4 guide midpoint: revenue of $34.3bn and operating income of about $11.0bn, a 32.1% margin. Fiscal 2027 revenue follows consensus, $46.4bn, with a 36.0% operating margin. After that we assume revenue growth slows from 8% in fiscal 2028 to 3% from fiscal 2033, and the operating margin converges over five years to 28.1%. That is Applied's own mid-cycle margin, its total operating profit before amortisation of acquired intangibles divided by its total revenue over fiscal 2016-2025. Its yearly margins over that period ranged from 21.6% to 30.4%. The tax rate is 13%, near Applied's recent rate. The terminal value assumes 2.5% growth after fiscal 2035 and a 15% return on new investment.

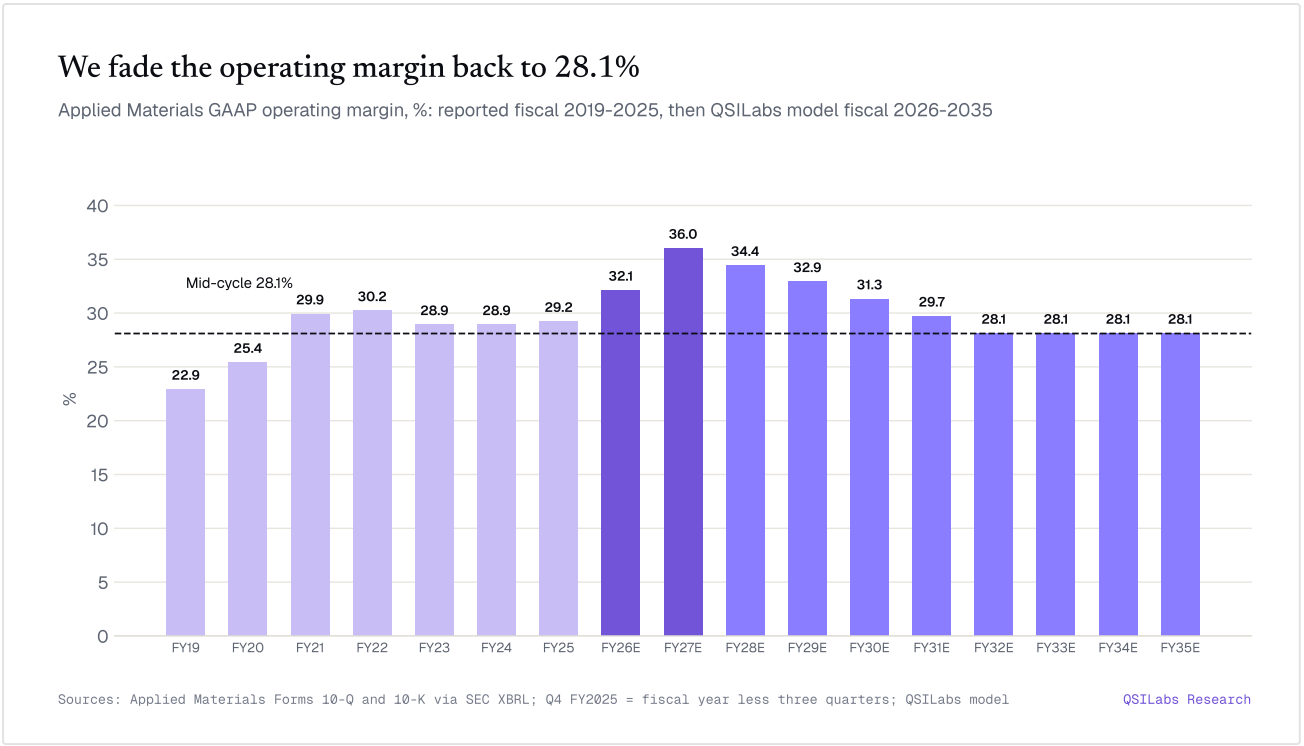


FIGURE 9 Applied's operating margin was 22.9-30.2% in fiscal 2019-2025. We model 36.0% at the fiscal 2027 peak, fading to the 28.1% mid-cycle level by fiscal 2032.

The parts add up as follows. The present value of free cash flow from fiscal 2027 to 2035 is $70.4bn and the present value of the terminal value is $62.5bn, 47% of the enterprise value of $132.8bn. Adding $9.2bn of cash and short-term investments (we do not count $5.3bn of long-term investments), deducting $6.4bn of long-term debt including its current portion, and adding an estimated $1.5bn of fiscal Q4 free cash flow after the dividend (consensus fiscal 2026 free cash flow of $5.52bn less the $3.58bn reported for nine months, less $0.42bn of dividends), gives equity of $137.1bn, or $171.63 for each of 799m diluted shares.

What would you have to believe to pay $374.53?

The gap between the price and our value is large, so it is worth asking what the market assumes. On our cash flows, the price implies a cost of capital of about 6.3%, roughly the return on a 10-year US Treasury plus one point, for one of the most cyclical industries in the market. Alternatively, holding our 11.05% cost of capital, the price requires Applied to keep its 36% operating margin for good and grow revenue by about 16% a year from fiscal 2028 to 2035, which would take revenue to almost $150bn by fiscal 2035.

CHANGE TO OUR BASE CASE	VALUE PER SHARE
Base case: WACC 11.05%, margin fades to 28.1%	**$171.63**
WACC 1 point lower (10.05%)	$192.72
WACC 1 point higher (12.05%)	$154.98
Fiscal 2027 revenue growth of 8% instead of the 35% consensus	$139.98
Hold the 36% fiscal 2027 operating margin for good	$210.48
40% operating margin from fiscal 2029, held for good	$232.85
WACC of 8%	$260.08
36% margin, with 15% growth in fiscal 2028-2030	$270.35

The bull case is that this cycle is different. AI needs far more leading-edge logic, HBM and advanced packaging capacity than past demand waves, Applied's gross margin has risen year on year for 13 straight quarters, and management targets a 40% non-GAAP operating margin by 2030. If Applied reached 40% by fiscal 2029 and held it, our value would be $232.85, still well below the price. The bear case is history: wafer fab equipment spending has fallen sharply after every boom, and Applied's operating margin dropped from 28.1% to 23.3% (before amortisation) between fiscal 2018 and 2019.

The analyst consensus is far more bullish than we are. The 41 analysts tracked by S&P Global rate Applied Materials a Strong Buy, with an average 12-month price target of $627.54, a low of $358 and a high of $900 (StockAnalysis, 2 November 2026). Our value is lower mainly because we use a higher cost of capital and assume the margin returns to its long-run average.

Risks to the Applied Materials investment case

- **The memory cycle.** DRAM was 26% of equipment revenue. If memory prices fall, DRAM makers can cut tool orders quickly, as they have in past downturns.
- **Customer concentration.** A handful of foundry, logic and memory makers account for most chip equipment spending, so one customer's delay can move Applied's quarter.

- **China and export controls.** China is still 28% of revenue. New US licensing rules, Chinese retaliation or a breach of the BIS settlement terms could reduce sales further.
- **Tariffs and trade policy.** The 10-Q describes US tariffs and retaliatory measures as a source of "substantial uncertainty".
- **Capacity spending.** Applied is building capacity for demand "through the end of the decade". If demand falls short, the extra cost will weigh on margins.
- **Competition.** Lam Research, Tokyo Electron, KLA and ASML compete for the same chipmaker budgets, and Chinese toolmakers compete for business in China.
- **Upside risk.** If AI keeps wafer fab equipment spending growing and Applied holds operating margins above 36%, our value would be too low.

FAQ

What is Applied Materials stock worth after its Q3 2026 results?

Our discounted cash flow model values Applied Materials (AMAT) at $171.63 a share, 54% below the $374.53 close on 2 November 2026. It uses an 11.05% cost of capital, consensus revenue of $46.4bn for fiscal 2027 and an operating margin that fades from 36% to Applied's 28.1% mid-cycle level. A one-point change in the cost of capital gives $154.98 to $192.72.

What were Applied Materials' fiscal Q3 2026 earnings?

Applied Materials reported fiscal Q3 2026 revenue of $9,115m, up 25%, net income of $2,538m and GAAP diluted EPS of $3.17, against $2.22 a year earlier. Non-GAAP EPS was $3.50. The gross margin was 50.3% and the operating margin 33.7%. The results, for the quarter ended 26 July 2026, were released on 13 August 2026.

Why does Applied Materials' Q3 2026 end in July?

Applied's fiscal year ends on the last Sunday of October, so its fiscal 2026 ran from 27 October 2025 to 25 October 2026. Fiscal Q3 2026 covered 27 April to 26 July 2026, about one quarter earlier than the calendar third quarter. Calendar Q3 2026 results for most companies compare most closely with Applied's fiscal Q4, which it reports on 12 November 2026.

When does Applied Materials report Q4 fiscal 2026 earnings?

Applied will report fiscal Q4 and full-year 2026 results on Thursday 12 November 2026, with a conference call at 1:30 p.m. Pacific time. It has guided to revenue of $10.25bn, plus or minus $0.5bn, and non-GAAP EPS of $4.02, plus or minus $0.20.

How exposed is Applied Materials to China export controls?

Customers in China provided $2,506m, or 28%, of Applied's fiscal Q3 2026 revenue, down from 35% a year earlier. US export rules already limit what Applied can sell and service there. In February 2026 Applied paid $253m to settle a Commerce Department inquiry into certain China shipments and agreed to audits of its export compliance programme.

Is AMAT stock a buy after falling 48%?

On our numbers it is still expensive: our value of $171.63 is 54% below the $374.53 price, which implies a cost of capital of about 6.3% or a 36% margin held for good with 16% annual growth. Analysts disagree, with an average target of $627.54 and a Strong Buy rating. This is analysis, not investment advice.

What is Applied Materials' dividend?

Applied Materials pays $0.53 a share each quarter, raised from $0.46 earlier in 2026, or $2.12 a year. That is a yield of about 0.6% at the 2 November 2026 price. It paid $420m of dividends and repurchased $440m of shares in fiscal Q3 2026, and $12.8bn remained under its buyback authorisation.

Why is DRAM so important to Applied Materials?

DRAM chipmakers are buying tools to make high bandwidth memory for AI accelerators. DRAM rose to 26% of Applied's Semiconductor Systems revenue in fiscal Q3 2026 from 22%, about $1.8bn, and the company introduced six new systems for DRAM and advanced packaging in the quarter.

Sources

1. Applied Materials, third quarter fiscal 2026 earnings release (Form 8-K, Exhibit 99.1, 13 Aug 2026; accession 0001628280-26-056699) www.sec.gov
2. Applied Materials, Form 10-Q for the quarter ended 26 Jul 2026 (filed 20 Aug 2026; accession 0001628280-26-058235) www.sec.gov

3. Applied Materials, Form 8-K dated 27 Aug 2026, Exhibit 99.1: appointment of Akash Palkhiwala to the board (accession 0001628280-26-059257) www.sec.gov
4. Applied Materials, Form 8-K dated 26 Oct 2026, Exhibit 99.1: increased strategic investment in BE Semiconductor Industries (accession 0001628280-26-067303) www.sec.gov
5. SEC XBRL company facts for Applied Materials (CIK 6951): quarterly and annual revenue, gross profit, operating income and net income from Forms 10-Q and 10-K data.sec.gov
6. Applied Materials investor relations: Q4 and fiscal 2026 results date (news release, 22 Oct 2026) and fiscal calendar ir.appliedmaterials.com
7. TIKR via Yahoo Finance: 'Applied Materials Sinks 17% in a Week After a Forecast-Free Investor Day' (24 Oct 2026), summary of the 13 Oct 2026 presentation finance.yahoo.com
8. StockAnalysis: Applied Materials forecast and analyst ratings, S&P Global data (accessed 2 Nov 2026) stockanalysis.com
9. StockAnalysis: Applied Materials statistics (accessed 2 Nov 2026) stockanalysis.com
10. Yahoo Finance chart data: AMAT closing prices and dividends (November 2025 to November 2026) query1.finance.yahoo.com
11. Damodaran Online: cost of capital by industry, US (January 2026 update) pages.stern.nyu.edu
12. QSILabs Applied Materials FCF DCF model (internal; price as of 2 Nov 2026)

About this analysis

Written by QSI Labs Research. We read Applied Materials' filings (the fiscal Q3 2026 earnings release filed with the SEC on Form 8-K, the fiscal Q3 2026 Form 10-Q, later Forms 8-K and ten years of Form 10-K data in SEC XBRL) and value the company with a discounted cash flow model: free cash flow to the firm, discounted at Aswath Damodaran's January 2026 cost of capital for US semiconductor equipment companies, plus a terminal value. Revenue for fiscal 2026 is the nine months reported plus the Q4 guide midpoint and fiscal 2027 follows analyst consensus; after that the operating margin converges over five years to Applied's own mid-cycle level. Forecasts are QSILabs estimates; every reported figure is cited to its source. Figures as of fiscal Q3 2026 results; price as of the 2 November 2026 close.

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