

Q1 2017 Conference Call

Veeco Instruments Inc.

May 4, 2017

Cautionary Statements

Forward-looking Statements

This written communication contains forward-looking statements that involve risks and uncertainties concerning the proposed acquisition by Veeco Instruments Inc. ("Veeco" or the "Company") of Ultratech, Inc. ("Ultratech"), Ultratech's and the Company's expected financial performance, as well as Ultratech's and the Company's strategic and operational plans. Actual events or results may differ materially from those described in this written communication due to a number of risks and uncertainties. The potential risks and uncertainties include, among others, the possibility that Ultratech may be unable to obtain required stockholder approval or that other conditions to closing the transaction may not be satisfied, such that the transaction will not close or that the closing may be delayed; the reaction of customers to the transaction; general economic conditions; the transaction may involve unexpected costs, liabilities or delays; risks that the transaction disrupts current plans and operations of the parties to the transaction; the ability to recognize the benefits of the transaction; the amount of the costs, fees, expenses and charges related to the transaction and the actual terms of any financings that will be obtained for the transaction; the outcome of any legal proceedings related to the transaction; the occurrence of any event, change or other circumstances that could give rise to the termination of the transaction agreement. In addition, please refer to the documents that the Company and Ultratech file with the Securities and Exchange Commission (the "SEC") on Forms 10-K, 10-Q and 8-K. The filings by the Company and Ultratech identify and address other important factors that could cause its financial and operational results to differ materially from those contained in the forward-looking statements set forth in this written communication.

All forward-looking statements speak only as of the date of this written communication or, in the case of any document incorporated by reference, the date of that document. Neither the Company nor Ultratech is under any duty to update any of the forward-looking statements after the date of this written communication to conform to actual results.

Cautionary Statements

Additional Information and Where to Find It

In connection with the proposed acquisition of Ultratech by Veeco pursuant to the Agreement and Plan of Merger by and among Ultratech, Veeco and Ulysses Acquisition Subsidiary Corp., Veeco filed with the SEC a Registration Statement on Form S-4 on April 24, 2017, which contains a proxy statement of Ultratech and a prospectus of Veeco, which proxy statement/prospectus was mailed or otherwise disseminated to Ultratech's stockholders on April 24, 2017. Investors are urged to read the proxy statement/prospectus (including all amendments and supplements) because they contain important information. Investors may obtain free copies of the proxy statement/prospectus, as well as other filings containing information about Veeco and Ultratech, without charge, at the SEC's Internet site (www.sec.gov). Copies of these documents may also be obtained for free from the companies' web sites at www.Veeco.com or www.Ultratech.com.

Participants in Solicitation

Veeco, Ultratech and their respective officers and directors may be deemed to be participants in the solicitation of proxies from the stockholders of Ultratech in connection with the proposed transaction. Information about Veeco's executive officers and directors is set forth in its Annual Report on Form 10-K, which was filed with the SEC on February 22, 2017, and its proxy statement for its 2017 annual meeting of stockholders, which was filed with the SEC on March 17, 2017. Information about Ultratech's executive officers and directors is set forth in its Annual Report on Form 10-K, which was filed with the SEC on March 1, 2017, and the amendment to its Annual Report on Form 10-K/A, which was filed with the SEC on April 20, 2017. Investors may obtain more detailed information regarding the direct and indirect interests of Veeco, Ultratech and their respective executive officers and directors in the acquisition by reading the proxy statement/prospectus regarding the transaction, which has been filed with the SEC.



CEO Introduction
John Peeler

Q1 2017 Highlights

Q1	$107M	$94M	9¢	$6M
Results	*Bookings*	*Revenue*	*Non-GAAP EPS*	*Cash Flow from Operations*

- Bookings were >$100M for a third consecutive quarter; building backlog
- Revenues were better than seasonal average; flat Q/Q and up ~21% Y/Y
- Non-GAAP earnings were above the guidance midpoint
- Continued to generate positive cash flow from operations
- Announced strategic acquisition of Ultratech to build scale and diversify revenue

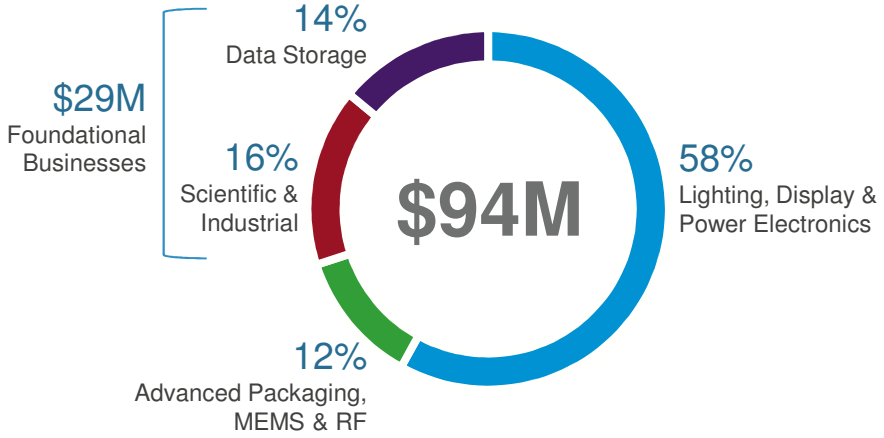
Note: A reconciliation of GAAP to Non-GAAP financial measures may be found in Back-up & Reconciliation Tables



CFO Financial Review
Sam Maheshwari

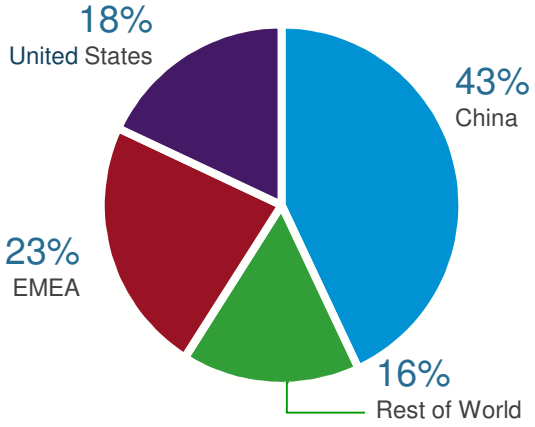
Q1 2017 Revenue Breakdown by End Market and Geography

Q1 2017 Revenue by End Market



- Lighting, Display & Power Electronics increased by ~39% Q/Q, supported by MOCVD and PSP sales from multiple LED manufacturers

Q1 2017 Revenue by Geography



- Ongoing LED demand supported growth in business from China

Solid LED demand supported above seasonal revenues

Note: Amounts may not calculate precisely due to rounding

P&L Highlights

	GAAP		Non-GAAP	
($M)	Q4 16	**Q1 17**	Q4 16	**Q1 17**
Revenue	$93.6	**$94.4**	$93.6	**$94.4**
Gross Profit	36.0	**34.2**	36.7	**34.9**
%	*38.5%*	***36.2%***	*39.2%*	***37.0%***
R&D	17.5	**15.0**	17.2	**14.6**
SG&A & Other	18.8	**20.4**	15.7	**15.9**
Net Income	(5.0)	**1.1**	3.8	**3.6**
EPS	($0.13)	**$0.03**	$0.09	**$0.09**
Adjusted EBITDA			6.2	**7.3**
%			*6.6%*	***7.7%***

- Gross margins reflect the temporary impacts of our consolidation efforts and a less favorable mix
- Net income includes pre-tax interest expense from our 2023 Convertible Notes; Impacts Q1 GAAP EPS by ~$0.10, and Q1 non-GAAP EPS by ~$0.05

Note: Amounts may not calculate precisely due to rounding
A reconciliation of GAAP to Non-GAAP financial measures is contained in the Back Up & Reconciliation Tables

Veeco

Financial Highlights

($M)	Q4 16	Q1 17
Cash & Short-term Investments	344	682
Accounts Receivable	58	51
Inventories	77	65
Accounts Payable	23	31
Long-term Debt	0.8	268
Cash Flow from Operations	0.4	6.3
DSO	56	49
DOI	134	107
DPO	36	47

> Cash balance increased by $2M, excluding net proceeds from Convertible Notes of ~$336M

> Improvement across key balance sheet metrics: DSO, DOI and DPO

Note: Amounts may not calculate precisely due to rounding

Q2 2017 Guidance

	GAAP	Non-GAAP
Revenue	$85M–$100M	$85M–$100M
Gross Margins	37%–39%	38%–40%
Net Income (Loss)	($5M)–$1M	($2M)–$4M
Earnings Per Share	($0.14)–$0.02	($0.05)–$0.09
Adjusted EBITDA		$4M–$10M



Note: A reconciliation of GAAP to Non-GAAP financial measures is contained in the Back Up & Reconciliation Tables



Business Update & Outlook

Positive LED Industry Trends



Healthy demand for LCD panels

- Larger sized TVs are key demand driver; require more LEDs to backlight
- Average panel size is growing; expected to increase by 7% in 2017



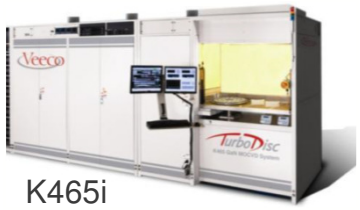
Fine-pitch Signage adoption continues; positive for LED and MOCVD demand

- Sharp image quality even at close distances driving wide-spread adoption (stadiums, lobbies, retail...)
- MOCVD utilization rates have continued to inch higher

Source: IHS

Veeco MOCVD – Executing A Winning Roadmap

Focused on Sustaining Our Competitive Advantage



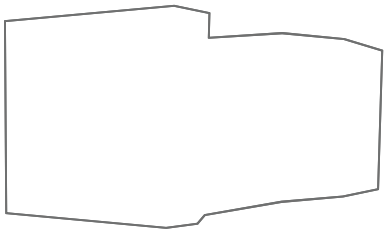
K465i



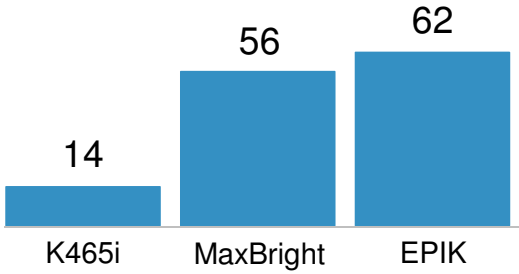
MaxBright



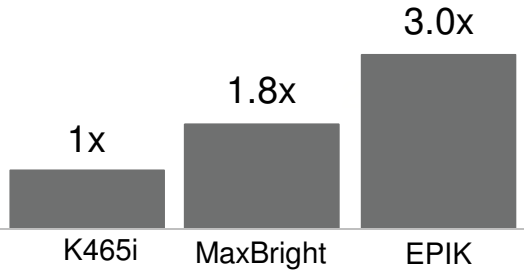
EPIK 700


New Product
Coming Soon

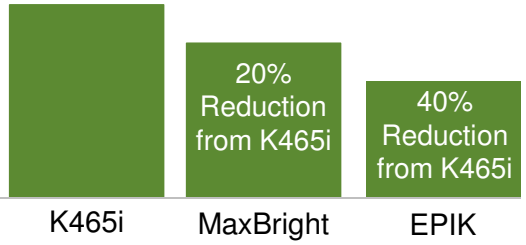
System Capacity 4" Wafers



Footprint Efficiency



Cost of Ownership Relative to K465i



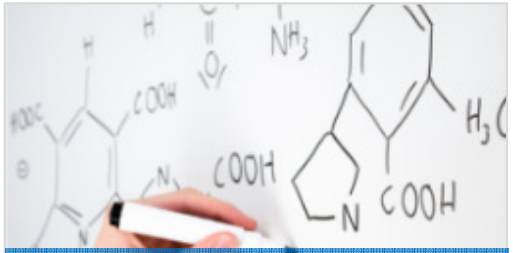
Veeco

Veeco PSP – Forming a Winning Combination

The right combination to cost effectively address customers' wet processing challenges



Hardware **flexibility**



Process **expertise**



Trusted service & support



Global sales presence

Ultratech Acquisition - Update

Reaction has been positive across all constituencies

- Based on interaction with customers, employees and shareholders

Integration planning is well underway

- Both teams are heavily engaged and working closely together
- Preparing to hit the ground running on Day 1

Acquisition expected to close in late May 2017(1)

- Received necessary regulatory approvals
- Ultratech shareholder meeting scheduled for May 25

Platform to deliver enhanced shareholder value

- Accelerates growth potential in Advanced Packaging
- Expected to increase scale and diversify revenue

(1) The acquisition is expected to close in Q2 2017, subject to the approval of Ultratech's stockholders

Summary

- **Expecting meaningful top and bottom line growth in 2H'17**
  - Building backlog with a disproportionate amount shipping in 2H
  - Completing consolidation efforts to drive operational leverage

- **Positioning Veeco for future growth**
  - Executing MOCVD roadmap to maintain our competitive advantage
  - Leveraging PSP's winning combination to expand positions
  - Accelerating scale & growth opportunities through Ultratech combination




Q&A



Back Up & Reconciliation Tables

Note On Reconciliation Tables

These tables include financial measures adjusted for the impact of certain items; these financial measures are therefore not calculated in accordance with U.S. generally accepted accounting principles (“GAAP”). These Non-GAAP financial measures exclude items such as: share-based compensation expense; charges relating to restructuring initiatives; non-cash asset impairments; certain other non-operating gains and losses; and acquisition-related items such as transaction costs, non-cash amortization of acquired intangible assets, and incremental transaction-related compensation.

These Non-GAAP financial measures may be different from Non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be considered a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. By excluding these items, Non-GAAP financial measures are intended to facilitate meaningful comparisons to historical operating results, competitors' operating results, and estimates made by securities analysts. Management is evaluated on key performance metrics including adjusted EBITDA, which is used to determine management incentive compensation as well as to forecast future periods.

These Non-GAAP financial measures may be useful to investors in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making. In addition, similar Non-GAAP financial measures have historically been reported to investors; the inclusion of comparable numbers provides consistency in financial reporting. Investors are encouraged to review the reconciliation of the Non-GAAP financial measures used in this news release to their most directly comparable GAAP financial measures.

Supplemental Information—GAAP to Non-GAAP Reconciliation

US$ millions	Q4 16	Q1 17
Net Sales	$93.6	**$94.4**
GAAP Gross Profit	36.0	**34.2**
GAAP Gross Margin	38.5%	36.2%
Add: Share-Based Comp	0.3	0.7
Add: Accelerated Depreciation	0.4	0.1
Non-GAAP Gross Profit	$36.7	**$34.9**
Non-GAAP Gross Margin	39.2%	**37.0%**

US$ millions	Q4 16	Q1 17
GAAP Net Income (Loss)	($5.0)	**$1.1**
Add: Share-Based Comp	3.6	4.2
Add: Acquisition Related	0.1	1.4
Add: Restructuring	1.6	1.3
Add: Amortization	3.4	2.9
Add: Asset Impairment	(0.1)	0.5
Add: Interest (Income) Expense	(0.3)	3.3
Add: Accelerated Depreciation	0.4	0.1
Add: ALD Liquidation	(0.4)	-
Add: Depreciation	2.8	2.8
Add: Taxes	0.1	(10.3)
Adjusted EBITDA	$6.2	**$7.3**

US$ millions, except per share data	Q4 16	Q1 17
GAAP Basic EPS	(0.13)	0.03
GAAP Diluted EPS	(0.13)	0.03
GAAP Net Income (Loss)	(5.0)	1.1
Add: Share-Based Comp	3.6	4.2
Add: Acquisition Related	0.1	1.4
Add: Restructuring	1.6	1.3
Add: Amortization	3.4	2.9
Add: Asset Impairment	(0.1)	0.5
Add: Accelerated Depreciation	0.4	0.1
Add: ALD Liquidation	(0.4)	-
Add: Non-Cash Interest Expense	-	2.2
Add: Tax Adjustment from GAAP to Non-GAAP	0.3	(9.9)
Non-GAAP Net Income (Loss)	3.8	3.6
Non-GAAP Basic EPS	0.09	0.09
Non-GAAP Diluted EPS	0.09	0.09

Note: Amounts may not calculate precisely due to rounding

Q1 2017 GAAP to Non-GAAP Reconciliation

In millions, except per share data	GAAP	Non-GAAP Adjustments: Share-Based Compensation	Non-GAAP Adjustments: Amortization	Non-GAAP Adjustments: Other	Non-GAAP
Net Sales	$94.4				$94.4
Gross Profit	34.2	0.7		0.1	34.9
Gross Margin	36.2%				37.0 %
Research and Development	15.0	(0.4)			14.6
Selling, General, and Administrative and Other	20.4	(3.1)		(1.4)	15.9
Net Income (Loss)	$1.1	4.2	2.9	(4.5)	$3.6
Income (Loss) Per Common Share:					
Basic	$0.03				$0.09
Diluted	0.03				0.09
Weighted Average Number of Shares:					
Basic	39.6				39.6
Diluted	40.1				40.1
Other Non-GAAP Adjustments					
Asset Impairment					0.5
Restructuring					1.3
Acquisition Related					1.4
Accelerated Depreciation					0.1
Non-cash Interest Expense					2.2
Non-GAAP Tax Adjustment					(9.9)
Total Other					(4.5)

Note: Amounts may not calculate precisely due to rounding

Veeco

Q2 2017 Guidance GAAP to Non-GAAP Reconciliation

In millions, except per share data	GAAP	Non-GAAP Adjustments: Share-Based Compensation	Non-GAAP Adjustments: Amortization	Non-GAAP Adjustments: Other	Non-GAAP
Net Sales	$85–$100				$85–$100
Gross Profit	32–39	1	—	—	33–40
Gross Margin	37%–39%				38%–40%
Net Income (Loss)	($5)–$1	4	3	(4)	($2)–$4
Income (Loss) per Diluted Share	($0.14)–$0.02				($0.05)–$0.09

GAAP Net Income (Loss)	($5)–$1
Share-Based Compensation	4
Amortization	3
Restructuring	2
Acquisition related expense	2
Interest Income (Expense)	4
Depreciation	3
Income Tax Expense (Benefit)	(9)
Adjusted EBITDA	$4–$10

Note: Amounts may not calculate precisely due to rounding

Veeco