

Q1 2019 Conference Call

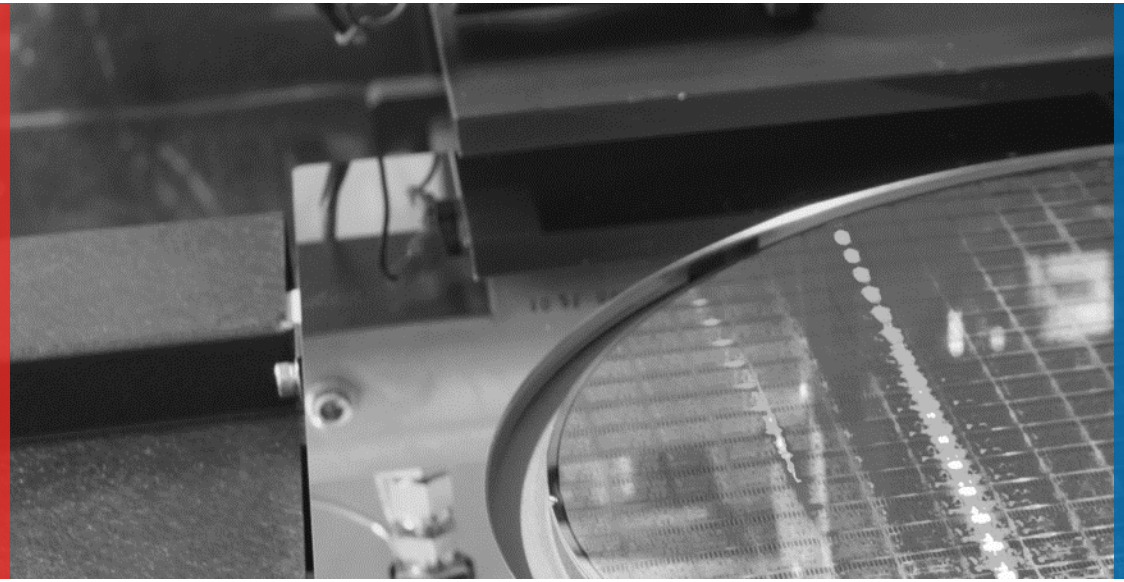
Veeco Instruments Inc.

May 6, 2019

Safe Harbor

To the extent that this presentation discusses expectations or otherwise makes statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made.

These items include the risk factors discussed in the Business Description and Management's Discussion and Analysis sections of Veeco's Annual Report on Form 10-K for the year ended December 31, 2018 and subsequent Quarterly Reports on Form 10-Q and current reports on Form 8-K. Veeco does not undertake any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.



CEO Overview
William Miller

Q1 2019 Highlights

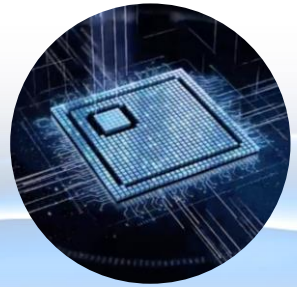
Q1	$107.2M	$99.4M	$(4.8M)	(14¢)
Results	*Bookings*	*Revenue*	*Non-GAAP Operating Loss*	*Non-GAAP EPS*

- Strength in Data Storage and EUV products
- Stabilized revenue with de minimis commodity LED contribution
- Backlog grew to $295M
- Ending cash and short-term investments of $237M

Focused on Growing Top-Line and Returning to Profitability

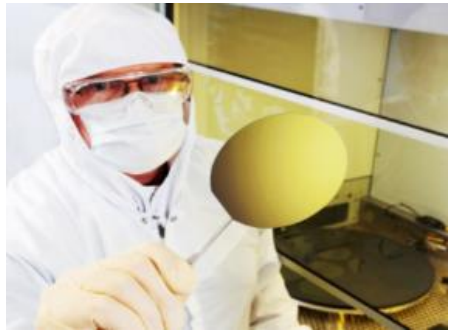
A reconciliation of GAAP to Non-GAAP financial measures can be found in the backup section of this presentation.

Executing 2019 Growth Opportunities

Front-End Semiconductor	Compound Semiconductor	Advanced Packaging
EUV Mask Blanks Ion Beam Deposition	3D Sensing / VCSEL MOCVD	Wafer Level Packaging Lithography
		
Front-End Wafer Processing Laser Annealing		
		

EUV – Extreme Ultraviolet
VCSEL – Vertical Cavity Surface Emitting Laser
MOCVD – Metal Organic Chemical Vapor Deposition

2019 Focus



Innovate
technology leadership

- Solve tough materials problems
- Execute product roadmaps



Penetrate
market growth

- EUV Mask Blanks – Ion Beam Deposition
- Leading-Edge Front-End Semiconductor – Laser Anneal
- 3D Sensing / VCSEL – MOCVD
- Advanced Packaging – Lithography



Improve
profitability

- Improve gross margin
- Reduce operating expenses

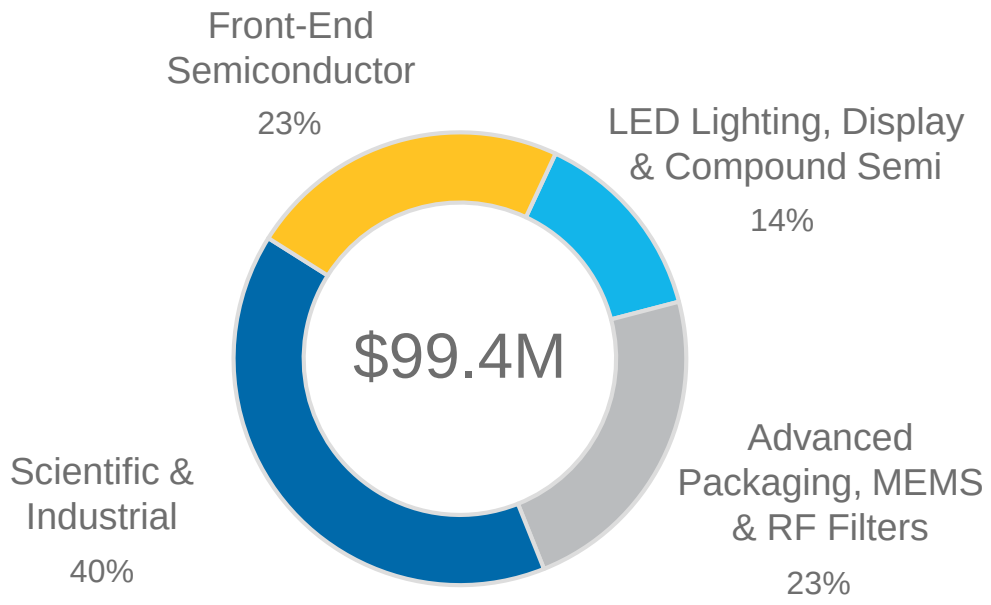
Solving Customers' Tough Materials Problems to Restore Growth and Profitability



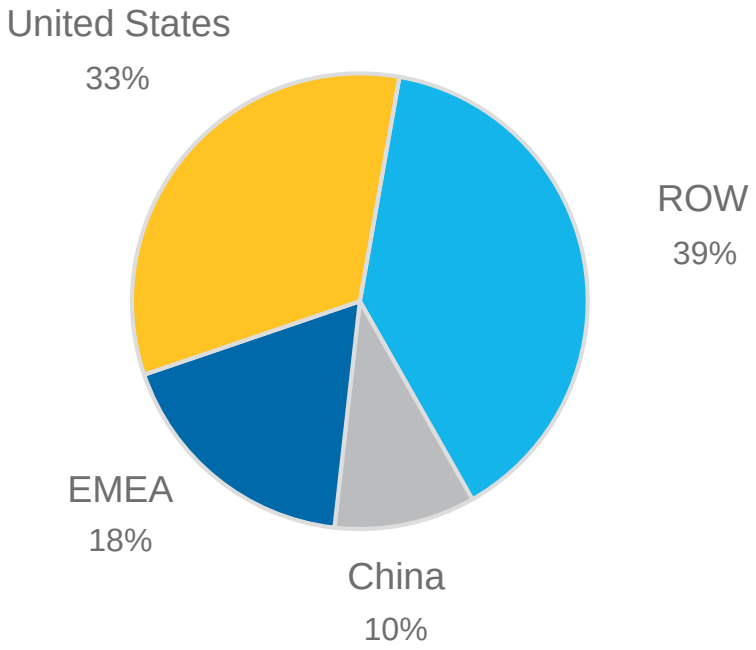
CFO Financial Review
Sam Maheshwari

Q1 2019 Revenue by Market & Region

Revenue by Market



Revenue by Region



Operating Results

$ millions *(except per share amounts)*	GAAP		Non-GAAP	
	Q4 18	Q1 19	Q4 18	Q1 19
Revenue	$99.0	$99.4	$99.0	$99.4
Gross Profit	35.3	34.7	35.7	35.2
Gross Margin	*35.6%*	34.9%	36.0%	*35.5%*
Operating Expenses	174.2	48.9	42.6	40.0
Operating Income/(Loss)	(139.0)	(14.1)	(6.9)	(4.8)
Net Income/(Loss)	(144.7)	(18.5)	(7.5)	(6.4)
Earnings/(Loss) Per Share	$(3.11)	$(0.40)	$(0.16)	$(0.14)

Amounts may not calculate precisely due to rounding. A reconciliation of GAAP to Non-GAAP financial measures can be found in the backup section of this presentation.

Balance Sheet and Cash Flow Highlights

$ millions	Q4 18	Q1 19
Cash & Short-Term Investments	261	237
Accounts Receivable	67	75
Inventories	156	148
Accounts Payable	40	36
Long-Term Debt	287	290
Cash Flow from Operations	2	(22)
DSO (days)	61	68
DOI	219	212
DPO	56	52

Reduction in Cash Driven by Working Capital Investments, Debt Interest Payment and Net Loss

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Q2 2019 Guidance

	GAAP	Non-GAAP
Revenue	$90M - $110M	$90M - $110M
Gross Margin	36% - 38%	37% - 39%
Operating Expenses	~$50M	~$40M
Operating Income (Loss)	$(18) - $(8)	$(7M) - $3M
Net Income (Loss)	$(22M) - $(12M)	$(9M) - $1M
Earnings (Loss) Per Share	$(0.47) - $(0.27)	$(0.18) - $0.02



A reconciliation of GAAP to Non-GAAP financial measures can be found in the backup section of this presentation.



Q&A



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, incremental transaction-related compensation, and certain integration costs.

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 Non-GAAP Operating Income, 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 18	Q1 19
Net Sales	$99.0	$99.4
GAAP Gross Profit	35.3	34.7
GAAP Gross Margin	35.6%	34.9%
Add: Release of inventory fair value step-up for purchase accounting	0.1	-
Add: Share-Based Comp	0.3	0.5
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	-
Non-GAAP Gross Profit	$35.7	$35.2
Non-GAAP Gross Margin	36.0%	35.5%

US$ millions	Q4 18	Q1 19
GAAP Net Income (Loss)	$(144.7)	$(18.5)
Add: Share-Based Comp	3.4	3.2
Add: Amortization	4.2	4.2
Add: Restructuring	0.7	1.4
Add: Acquisition Related	0.1	-
Add: Release of inventory fair value step-up for purchase accounting	0.1	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.2	0.1
Add: Accelerated Depreciation	0.6	0.4
Add: Asset Impairment	123.8	-
Add: Interest Expense	4.5	4.2
Subtract: Tax expense (benefit)	0.2	0.2
Non-GAAP Operating Income (Loss)	$(6.9)	$(4.8)

US$ millions, except per share amounts	Q4 18	Q1 19
GAAP Basic EPS	(3.11)	(0.40)
GAAP Diluted EPS	(3.11)	(0.40)
GAAP Net Income (Loss)	(144.7)	(18.5)
Add: Share-Based Comp	3.4	3.2
Add: Amortization	4.2	4.2
Add: Restructuring	0.7	1.4
Add: Acquisition Related	0.1	-
Add: Release of inventory fair value step-up for purchase accounting	0.1	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.2	0.1
Add: Accelerated Depreciation	0.6	0.4
Add: Asset Impairment	123.8	-
Add: Non-Cash Interest Expense	3.0	3.1
Add: Tax Adjustment from GAAP to Non-GAAP	1.0	(0.3)
Non-GAAP Net Income (Loss)	(7.5)	(6.4)
Non-GAAP Basic EPS	(0.16)	(0.14)
Non-GAAP Diluted EPS	(0.16)	(0.14)

Amounts may not calculate precisely due to rounding.

Q1 2019 Actual: GAAP to Non-GAAP Reconciliation

In millions, except per share amounts	GAAP	Non-GAAP Adjustments: Share-Based Compensation	Non-GAAP Adjustments: Amortization	Non-GAAP Adjustments: Other	Non-GAAP
Net Sales	$99.4				$99.4
Gross Profit	34.7	0.5			35.2
Gross Margin	34.9%				35.5%
Operating Expenses	48.9	(2.7)	(4.2)	(2.0)	40.0
Operating Income (Loss)	(14.1)	3.2	4.2	2.0	(4.8)
Net Income (Loss)	$(18.5)	3.2	4.2	4.8	$(6.4)
Income (Loss) Per Common Share:					
Basic	$(0.40)				$(0.14)
Diluted	(0.40)				(0.14)
Weighted Average Number of Shares:					
Basic	46.8				46.8
Diluted	46.8				46.8
Other Non-GAAP Adjustments					
Restructuring					1.4
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting					0.1
Accelerated Depreciation					0.4
Subtotal					2.0
Non-Cash Interest Expense					3.1
Non-GAAP Tax Adjustment					(0.3)
Total Other					4.8

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Q2 2019 Guidance: GAAP to Non-GAAP Reconciliation

In millions, except per share amounts	GAAP	Non-GAAP Adjustments: Share-Based Compensation	Non-GAAP Adjustments: Amortization	Non-GAAP Adjustments: Other	Non-GAAP
Net Sales	$90–$110				$90–$110
Gross Profit	32–42	1	—	—	33–43
Gross Margin	36%–38%				37%–39%
Operating Expenses	~$50	3	4	3	~$40
Operating Income (Loss)	$(18)-$(8)	4	4	3	$(7)-$3
Net Income (Loss)	$(22)–$(12)	4	4	5	$(9)–$1
Income (Loss) per Diluted Share	$(0.47)–$(0.27)				$(0.18)–$0.02

GAAP Net Income (Loss)	$(22)–$(12)
Share-Based Compensation	4
Amortization	4
Restructuring	2
Interest Expense, Net	4
Income Tax Expense (Benefit)	1
Non-GAAP Operating Income (Loss)	$(7)–$3

Amounts may not calculate precisely due to rounding

Thank You

Veeco Instruments

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