



VEECO REPORTS FIRST QUARTER 2021 FINANCIAL RESULTS

First Quarter 2021 Highlights:

- Revenues of \$133.7 million, compared with \$104.5 million in the same period last year
- GAAP net income of \$2.5 million, or \$0.05 per diluted share, compared with a loss of \$0.6 million, or \$0.01 loss per diluted share in the same period last year
- Non-GAAP net income of \$12.6 million, or \$0.25 per diluted share, compared with \$10.9 million, or \$0.22 per diluted share in the same period last year

Plainview, N.Y., May 4, 2021 -- Veeco Instruments Inc. (Nasdaq: VECO) today announced financial results for its first quarter ended March 31, 2021. Results are reported in accordance with U.S. generally accepted accounting principles ("GAAP") and are also reported adjusting for certain items ("Non-GAAP"). A reconciliation between GAAP and Non-GAAP operating results is provided at the end of this press release.

U.S. Dollars in millions, except per share data			
GAAP Results			
	Q1 '21	Q1 '20	
Revenue	\$ 133.7	\$	104.5
Net income (loss)	\$ 2.5	\$	(0.6)
Diluted earnings (loss) per share	\$ 0.05	\$	(0.01)
Non-GAAP Results			
	Q1 '21	Q1 '20	
Net income (loss)	\$ 12.6	\$	10.9
Operating income (loss)	\$ 16.1	\$	12.7
Diluted earnings (loss) per share	\$ 0.25	\$	0.22

"Veeco started off the year strong by delivering solid first quarter results. We improved revenue and profitability year-on-year as we continued to invest for growth," commented William J. Miller, Ph.D., Chief Executive Officer. "Revenue in the quarter was driven by our semiconductor and data storage products and we are on track to grow in 2021."

"We are also making progress toward our long-term growth by actively engaging with customers in the semiconductor and compound semiconductor markets. We shipped multiple evaluation systems to leading device manufacturers as part of our strategy to penetrate targeted high-growth markets. Additionally, construction is well underway at our new San Jose manufacturing facility to better meet the demands of our semiconductor customers."

Guidance and Outlook

The following guidance is provided for Veeco's second quarter 2021:

- Revenue is expected in the range of \$125 million to \$145 million
- GAAP diluted earnings (loss) per share are expected in the range of \$(0.06) to \$0.11
- Non-GAAP diluted earnings per share are expected in the range of \$0.17 to \$0.35

Please refer to the tables at the end of this press release for further details.

Conference Call Information

A conference call reviewing these results has been scheduled for today, May 4, 2021 starting at 5:00pm ET. To join the call, dial 1-800-437-2398 (toll free) or 1-929-477-0577 and use passcode 4450990. Participants may also access a live webcast of the call by visiting the investor relations section of Veeco's website at ir.veeco.com. A replay of the webcast will be made available on the Veeco website that evening. **We will post an accompanying slide presentation to our website prior to the beginning of the call.**

About Veeco

Veeco (NASDAQ: VECO) is an innovative manufacturer of semiconductor process equipment. Our proven ion beam, laser annealing, lithography, MOCVD, and single wafer etch & clean technologies play an integral role in the fabrication and packaging of advanced semiconductor devices. With equipment designed to optimize performance, yield and cost of ownership, Veeco holds leading technology positions in the markets we serve. To learn more about Veeco's systems and service offerings, visit www.veeco.com.

Forward-looking Statements

This press release contains "forward-looking statements", within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, as amended, that are based on management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, but are not limited to, those regarding anticipated growth and trends in our businesses and markets, industry outlooks and demand drivers, our investment and growth strategies, our development of new products and technologies, our business outlook for current and future periods, the impact of the COVID-19 pandemic, our ongoing transformation initiative and the effects thereof on our operations and financial results; and other statements that are not historical facts. These statements and their underlying assumptions are subject to risks and uncertainties and are not guarantees of future performance. Factors that could cause actual results to differ materially from those expressed or implied by such statements include, without limitation: the level of demand for our products; global economic and industry conditions; the effects of regional or global health epidemics, including the effects of the COVID-19 pandemic on the Company's operations and on those of our customers and suppliers; global trade issues, including the ongoing trade disputes between the U.S. and China, and changes in trade and export license policies; our dependency on third-party suppliers and outsourcing partners; the timing of customer orders; our ability to develop, deliver and support new products and technologies; our ability to expand our current markets, increase market share and develop new markets; the concentrated nature of our customer base; our ability to obtain and protect intellectual property rights in key technologies; our ability to achieve the objectives of operational and strategic initiatives and attract, motivate and retain key employees; the variability of results among products and end-markets, and our ability to accurately forecast future results, market conditions, and customer requirements; the impact of our indebtedness, including our convertible senior notes and our capped call transactions; and other risks and uncertainties described in our SEC filings on Forms 10-K, 10-Q and 8-K, and from time-to-time in our other SEC reports. All forward-looking statements speak only to management's expectations, estimates, projections and assumptions as of the date of this press release or, in the case of any document referenced herein or incorporated by reference, the date of that document. The Company does not undertake any obligation to update or publicly revise any forward-looking statements to reflect events, circumstances or changes in expectations after the date of this press release.

-financial tables attached-

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Veeco Instruments Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	<u>Three months ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
Net sales	\$ 133,714	\$ 104,502
Cost of sales	78,800	58,083
Gross profit	54,914	46,419
Operating expenses, net:		
Research and development	21,844	19,195
Selling, general, and administrative	20,255	18,304
Amortization of intangible assets	3,354	3,837
Restructuring	—	625
Other operating expense (income), net	46	(109)
Total operating expenses, net	45,499	41,852
Operating income (loss)	9,415	4,567
Interest expense, net	(6,623)	(4,866)
Income (loss) before income taxes	2,792	(299)
Income tax expense (benefit)	298	268
Net income (loss)	<u>\$ 2,494</u>	<u>\$ (567)</u>
Income (loss) per common share:		
Basic	\$ 0.05	\$ (0.01)
Diluted	\$ 0.05	\$ (0.01)
Weighted average number of shares:		
Basic	48,624	47,811
Diluted	53,050	47,811

Veeco Instruments Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands)

	March 31, 2021 (unaudited)	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 140,733	\$ 129,625
Restricted cash	653	658
Short-term investments	186,142	189,771
Accounts receivable, net	87,491	79,991
Contract assets	20,558	21,246
Inventories	156,216	145,906
Deferred cost of sales	596	433
Prepaid expenses and other current assets	25,778	19,301
Total current assets	618,167	586,931
Property, plant and equipment, net	65,207	65,271
Operating lease right-of-use assets	29,548	10,275
Intangible assets, net	42,831	46,185
Goodwill	181,943	181,943
Deferred income taxes	1,440	1,440
Other assets	6,106	6,019
Total assets	\$ 945,242	\$ 898,064
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 42,638	\$ 33,656
Accrued expenses and other current liabilities	51,064	44,876
Customer deposits and deferred revenue	68,907	67,235
Income taxes payable	1,086	914
Total current liabilities	163,695	146,681
Deferred income taxes	5,236	5,240
Long-term debt	324,629	321,115
Operating lease long-term liabilities	31,421	6,305
Other liabilities	7,800	10,349
Total liabilities	532,781	489,690
Total stockholders' equity	412,461	408,374
Total liabilities and stockholders' equity	\$ 945,242	\$ 898,064

Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(in thousands, except per share amounts)
(unaudited)

Three months ended March 31, 2021	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net sales	\$ 133,714				\$ 133,714
Gross profit	54,914	495		32	55,441
Gross margin	41.1 %				41.5 %
Operating expenses	45,499	(2,742)	(3,354)	(73)	39,330
Operating income (loss)	9,415	3,237	3,354	105 ^	16,111
Net income (loss)	2,494	3,237	3,354	3,544 ^	12,629
Income (loss) per common share:					
Basic	\$ 0.05				\$ 0.26
Diluted	0.05				0.25
Weighted average number of shares:					
Basic	48,624				48,624
Diluted ⁽¹⁾	53,050				50,880

^ - See table below for additional details.

⁽¹⁾ - The non-GAAP incremental dilutive shares includes the impact of the Company's capped call transaction issued concurrently with our 2027 Notes, and as such, no incremental shares are added to the dilutive share count in periods in which the average stock price per share is below \$18.46. The GAAP incremental dilutive shares does not include the impact of the Company's capped call transaction, and as such, incremental shares are added to the dilutive share count in periods in which the average stock price per share is above \$13.98, and the Company is in a net income position. The average stock price for the three months ended March 31, 2021 was \$20.80, and therefore 0.8 million shares were included in the non-GAAP diluted share count, and 2.9 million shares were included in the GAAP diluted share count related to the 2027 Notes.

Veeco Instruments Inc. and Subsidiaries
Other Non-GAAP Adjustments
(in thousands)
(unaudited)

Three months ended March 31, 2021	
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	\$ 96
Other	9
Subtotal	105
Non-cash interest expense	3,514
Non-GAAP tax adjustment *	(75)
Total Other	\$ 3,544

* - The 'with or without' method is utilized to determine the income tax effect of all Non-GAAP adjustments.

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 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 (loss), 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.

Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(in thousands, except per share amounts)
(unaudited)

Three months ended March 31, 2020	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-based Compensation	Amortization	Other	
Net sales	\$ 104,502				\$ 104,502
Gross profit	46,419	521		21	46,961
Gross margin	44.4 %				44.9 %
Operating expenses	41,852	(3,125)	(3,837)	(667)	34,223
Operating income (loss)	4,567	3,646	3,837	688 ^	12,738
Net income (loss)	(567)	3,646	3,837	3,935 ^	10,851
Income (loss) per common share:					
Basic	\$ (0.01)				\$ 0.23
Diluted	(0.01)				0.22
Weighted average number of shares:					
Basic	47,811				47,811
Diluted	47,811				48,437

^ - See table below for additional details.

Veeco Instruments Inc. and Subsidiaries
Other Non-GAAP Adjustments
(in thousands)
(unaudited)

Three months ended March 31, 2020	
Restructuring	\$ 625
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	63
Subtotal	688
Non-cash interest expense	3,320
Non-GAAP tax adjustment *	(73)
Total Other	\$ 3,935

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Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP Net Income (loss) to Non-GAAP Operating Income (loss)
(in thousands)
(unaudited)

	Three months ended March 31, 2021	Three months ended March 31, 2020
GAAP Net income (loss)	\$ 2,494	\$ (567)
Share-based compensation	3,237	3,646
Amortization	3,354	3,837
Restructuring	—	625
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	96	63
Interest (income) expense, net	6,623	4,866
Income tax expense (benefit)	298	268
Other	9	—
Non-GAAP Operating income (loss)	<u>\$ 16,111</u>	<u>\$ 12,738</u>

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Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(in millions, except per share amounts)
(unaudited)

Guidance for the three months ending June 30, 2021				Non-GAAP Adjustments					
	GAAP			Share-based Compensation	Amortization	Other	Non-GAAP		
Net sales	\$ 125	-	\$ 145				\$ 125	-	\$ 145
Gross profit	50	-	61	1	—	—	51	-	62
Gross margin	40%	-	42%				40%	-	42%
Operating expenses	45	-	47	(3)	(3)	(1)	38	-	40
Operating income (loss)	5	-	14	4	3	1	13	-	22
Net income (loss)	\$ (3)	-	\$ 6	4	3	5	\$ 9	-	\$ 18
Income (loss) per diluted common share	\$ (0.06)	-	\$ 0.11				\$0.17	-	\$ 0.35
Weighted average number of shares ⁽¹⁾	49		53				51		51

⁽¹⁾ - The non-GAAP incremental dilutive shares includes the impact of the Company's capped call transaction issued concurrently with our 2027 Notes, and as such, no incremental shares are added to the dilutive share count in periods in which the average stock price per share is below \$18.46. The GAAP incremental dilutive shares does not include the impact of the Company's capped call transaction, and as such, incremental shares are added to the dilutive share count in periods in which the average stock price per share is above \$13.98, and the Company is in a net income position.

Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP Net Income (loss) to Non-GAAP Operating Income (Loss)
(in millions)
(unaudited)

Guidance for the three months ending June 30, 2021			
GAAP Net income (loss)	\$ (3)	-	\$ 6
Share-based compensation	4	-	4
Amortization	3	-	3
Interest expense, net	7	-	7
Other	2	-	2
Non-GAAP Operating income (loss)	\$ 13	-	\$ 22

Note: Amounts may not calculate precisely due to rounding.

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