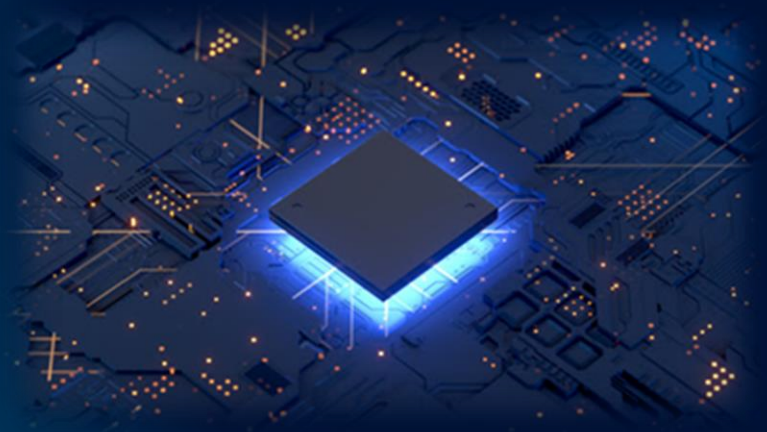
Veeco Instruments

Q3 2023 Financial Results Conference Call - November 6th, 2023





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This presentation 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, 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: global trade issues, including the ongoing trade disputes between the U.S. and China, and changes in trade and export license policies; the level of demand for our products; global economic and industry conditions; 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; 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; 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 presentation. 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 presentation.

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CEO Overview and Business Update

Bill Miller, Ph.D.

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Q3 Financial & Business Highlights

Revenue	$177M
Non-GAAP Operating Income	$33M
Diluted Non-GAAP EPS	0.53¢

- Top and bottom-line results above high-end of guidance
- Semiconductor revenue remains elevated
- Sequential growth in Data Storage
- Shipped LSA systems to Tier 1 Logic and Memory customers
- New application wins:
  - LSA in automotive
  - LDD IBD for EUV pellicles
- Further progress with new NSA and IBD products

Robust results driven by Semiconductor strength and sequential growth in Data Storage

LDD – Low Defect Density
IBD - Ion Beam Deposition
EUV – Extreme Ultraviolet
LSA – Laser Spike Annealing
NSA – Nanosecond Spike Annealing

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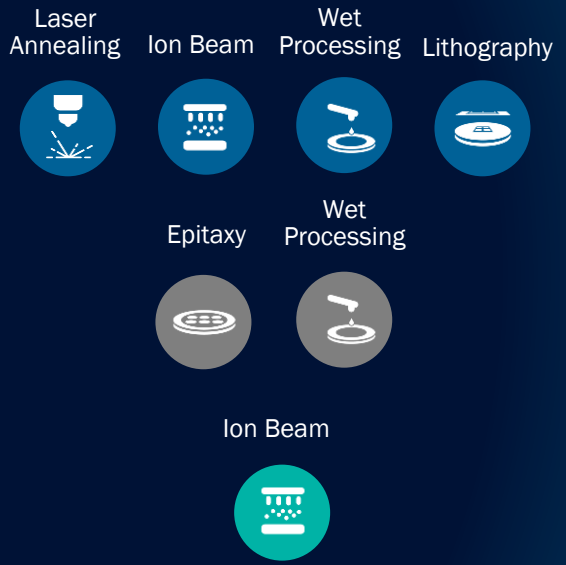
Market Update

Semiconductor strength driven by broad demand for LSA systems. LSA adoption for new applications expected to drive future growth.

Compound Semiconductor opportunity driven by demand for epitaxy equipment for power electronics and photonics applications

Data Storage core technologies providing significant value for advanced node semiconductor applications. Expect year-over-year growth in 2023.

Core Technologies



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Veeco Technologies for Artificial Intelligence



GPU

Current PTOR
- Laser-Spike Annealing (LSA)
- IBD for EUV mask blanks

Additional Future Opportunities
- Nanosecond Annealing (NSA)
- IBD for low resistivity metals

High-Bandwidth Memory (HBM) DRAM

Current PTOR
- Laser-Spike Annealing (LSA)

Additional Future Opportunities
- Nanosecond Annealing (NSA)
- IBD for low resistivity metals

Advanced Packaging

Current PTOR
- Wet Processing for micro-bump flux clean
- Lithography for Cu bumps

Additional Future Opportunities
- Wet Processing for temporary bond clean

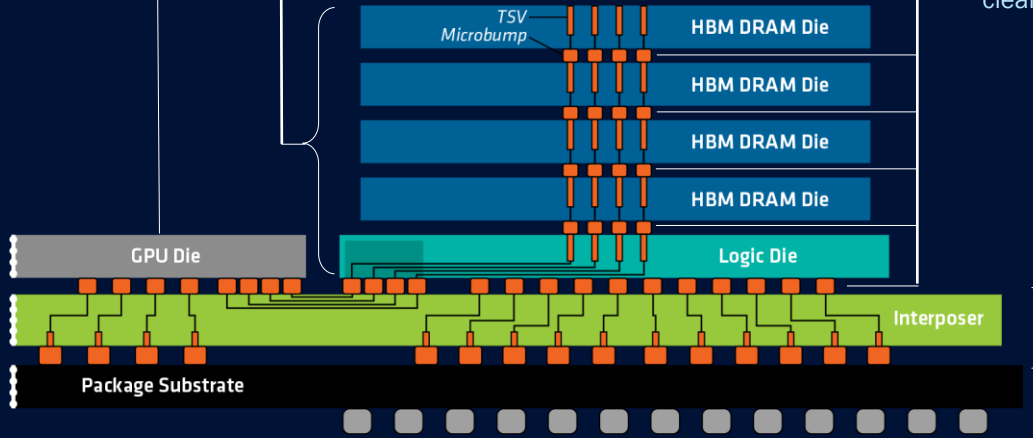
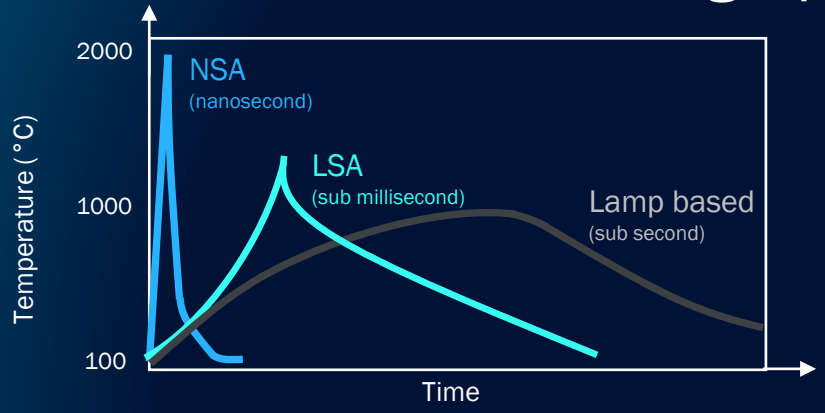


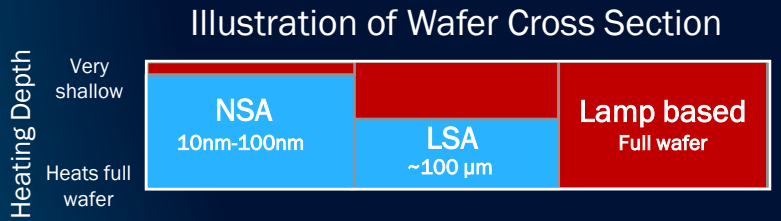
Illustration of typical AI chip

PTOR = Production Tool of Record
TSV = Through Silicon Via
GPU = Graphics Processing Unit
HBM – High-Bandwidth Memory

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Nanosecond Annealing Opportunity





- Shipped 1st NSA500™ eval system to Tier 1 logic customer
- Solidifies Veeco's leadership in advanced laser annealing technology and helps drive the Semi industry roadmap
- Opportunity to expand SAM in Logic and Memory
  - Low thermal budget steps like Backside Power Delivery and Contact Anneal for advanced nodes
  - Material Modification steps like void removal, recrystallization and grain growth
- Planning 2nd eval shipment to Tier 1 customer in Q4 & initial HVM orders in late 2024 or 2025

Enabling technology with strong customer pull

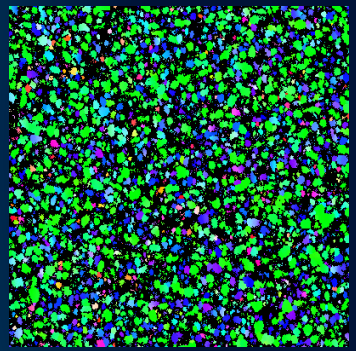
SAM – Served Available Market
HVM – High Volume Manufacturing

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Ion Beam Deposition– Advanced Node Semi Opportunity

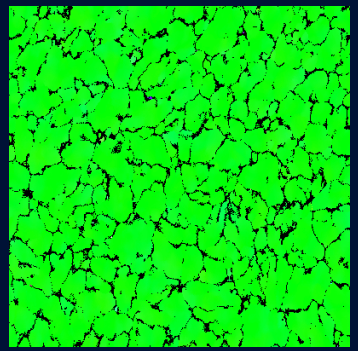
Illustration of grain size and distribution

PVD



Non-uniform, randomly oriented grains of small size

IBD



Uniformly oriented large grains = lowest resistivity

- Leveraging decades of experience and core IBD technology in Semiconductor market
- Innovative technology addresses gaps with traditional technologies
- Lower resistance metals essential for device speed and performance
- Promising Tier 1 customer data displaying significant advantages vs PVD
- On track to ship two evaluations to Tier 1 customers

Adapting IBD technology for advanced node wafer level semiconductor applications

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PVD – Physical Vapor Deposition

CFO Financial Review

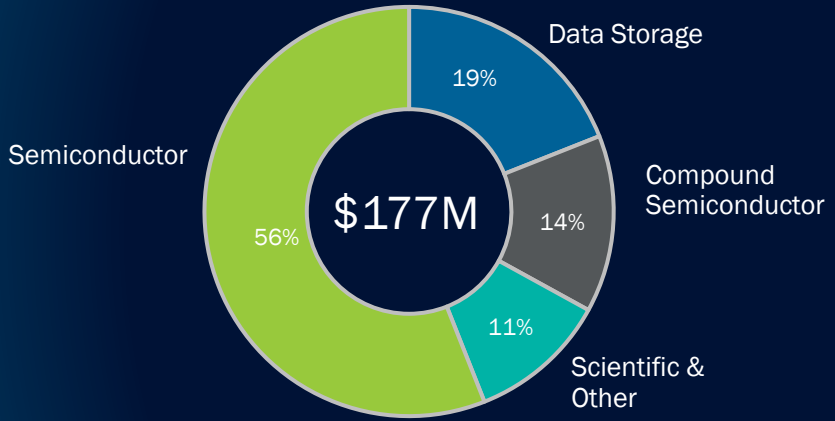
John Kiernan

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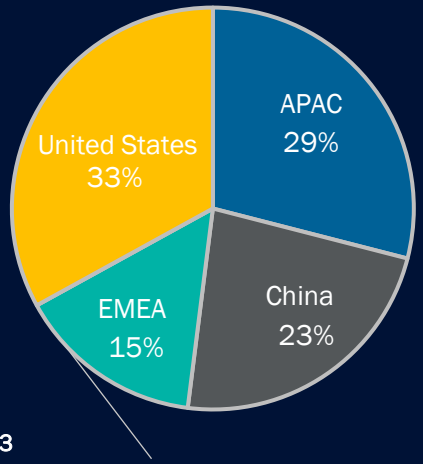
Q3 2023 Revenue by Market & Region

Revenue by Market



Revenue Trend ($M)	Q3 22	Q2 23	Q3 23
Semiconductor	100	106	98
Compound Semi	28	24	26
Data Storage	28	14	34
Scientific & Other	16	17	20
Total	172	162	177

Revenue by Region



Amounts may not calculate precisely due to rounding.

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Q3 2023 Operating Results

In millions (except per share amounts)	GAAP		Non-GAAP	
	Q2 23	Q3 23	Q2 23	Q3 23
Revenue	$161.6	$177.4	$161.6	$177.4
Gross Profit	67.5	76.9	69.1	78.4
Gross Margin	41.8%	43.3%	42.7%	44.2%
Operating Expenses	53.8	54.6	44.8	45.7
Operating Income	13.7	22.3	24.3	32.7
Net Income (Loss)	($85.3)*	$24.6	20.6	31.0
Diluted Earnings (Loss) Per Share	($1.61)*	$0.42	$0.36	$0.53
Diluted Shares	52.9	59.6	61.2	59.2

*Net loss of $85.3 million or $1.61 per share was principally from a $97 million loss on extinguishment from refinancing a portion of our Convertible Notes.

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.

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Balance Sheet and Cash Flow Highlights

$ millions	Q2 23	Q3 23
Cash & Short-Term Investments	287	287
Accounts Receivable	130	122
Inventories	244	252
Accounts Payable	63	63
Long-Term Debt Including Current Portion	274	275
Cash Flow from Operations	11	7
DSO (days)	72	62
DIO (days)	225	222
DPO (days)	61	57
Capital Expenditures	4	6

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2023 Guidance

Q4 2023

	GAAP	Non-GAAP
Revenue	$155M - $175M	$155M - $175M
Gross Margin	42% - 43%	43% - 44%
Operating Expenses	$53M - $55M	$45M - $47M
Net Income / (Loss)	$13M - $20M	$20M - $27M
Diluted Earnings / (Loss) Per Share	$0.22 - $0.33	$0.35 - $0.45



Updated 2023 Revenue Outlook

- Revenue from $630 - $670 million to $648 - $668 million

Raising 2023 Non-GAAP EPS Outlook

- Non-GAAP EPS from between $1.30 - $1.50 to $1.55 - $1.65

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

CEO Closing Remarks

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Thank You
Q&A

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Backup and Financial Tables

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Historical Revenue by End-Market

$M	2020					2021					2022					2023		
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Semiconductor	37.4	37.5	33.6	57.4	165.9	51.6	53.7	76.3	65.4	247.1	77.6	97.5	100.4	93.8	369.4	93.1	106.3	98.2
Compound Semi	18.4	17.8	26.6	45.2	107.9	24.8	24.2	23.3	34.7	107.0	37.1	31.1	28.1	24.9	121.2	21.2	24.1	25.7
Data Storage	38.9	28.3	36.9	19.2	123.3	41.0	52.0	39.3	36.5	168.8	21.6	21.5	27.7	16.7	87.5	21.5	13.9	34.0
Scientific & Other	9.8	15.1	15.0	17.1	57.0	16.4	16.4	11.4	16.3	60.5	20.1	13.8	15.7	18.4	68.0	17.7	17.4	19.6
Total	104.5	98.6	112.1	138.9	454.2	133.7	146.3	150.2	153.0	583.3	156.4	164.0	171.9	153.8	646.1	153.5	161.6	177.4

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Convertible Notes – Outstanding

As of September 30, 2023

Convertible Notes	Principal Amount	Carrying Value	Coupon	Annual Cash Interest	Annual Non-Cash Interest	Initial Conversion Price
Convertible Notes Due Jan 2025	$27M	$26M	3.5%	$0.9M	$0.1M	$24.00
Convertible Notes Due June 2027	25M	25M	3.75%	0.9M	0.1M	18.46*
Convertible Notes Due June 2029	230M	224M	2.875%	6.6M	1.1M	29.22
Total Convertible Notes	$282M	$275M	3.0%**	$8.4M	$1.3M	$27.77**

* Conversion price for 2027 Convertible Notes includes the effect of the Capped Call transaction
**Weighted average

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Effect of Convertible Notes on Diluted EPS (Effective Q3 2023)

2025 and 2027 Convertible Notes

Quarterly

GAAP			Non-GAAP*		
EPS threshold before effect of Notes	Reduction to Interest expense for EPS calculation *(In thousands)*	Incremental Dilutive Shares** *(In thousands)*	EPS threshold before effect of Notes	Reduction to Interest expense for EPS calculation *(In thousands)*	Incremental Dilutive Shares** *(In thousands)*
≥ $0.14 < $0.23	$257	1,788	≥ $0.17 < $0.21	$234	1,354
≥ $0.23	$513	2,893	≥ $0.21	$466	2,458

Annual

GAAP			Non-GAAP*		
EPS threshold before effect of Notes	Reduction to Interest expense for EPS calculation *(In thousands)*	Incremental Dilutive Shares** *(In thousands)*	EPS threshold before effect of Notes	Reduction to Interest expense for EPS calculation *(In thousands)*	Incremental Dilutive Shares** *(In thousands)*
≥ $0.57 < $0.93	$1,028	1,788	≥ $0.69 < $0.84	$938	1,354
≥ $0.93	$2,054	2,893	≥ $0.84	$1,865	2,458

2029 Convertible Notes (GAAP and Non-GAAP)**

Average Stock Price per Common Share	Incremental Dilutive Shares (in thousands)
$29.00	-
$30.00	205
$31.00	452
$32.00	684
$33.00	902
$34.00	1,106
$35.00	1,300
$36.00	1,482
$37.00	1,655
$38.00	1,818
$39.00	1,974
$40.00	2,121
$41.00	2,261
$42.00	2,395
$43.00	2,522
$44.00	2,644
$45.00	2,760

Based upon current 2025 and 2027 Convertible Notes outstanding. The above calculations are intended to be estimates only, and reflect the use of the if-converted method for diluted EPS purposes. The EPS thresholds mentioned above represent various ranges at which some of our Convertible Notes may become dilutive. No shares are added for dilution purposes if the addition of such shares (and reduced interest expense) would be anti-dilutive.

* The non-GAAP incremental dilutive shares includes the impact of the Company's capped call transactions issued concurrently with our 2027 Convertible Notes, and assumes an average per share stock price above $18.46.

** The Company is required to settle the principal amount of the 2029 Convertible Notes in cash, and has the option to settle the excess above principal in any combination of cash or shares. As such, only "in-the-money" shares above the implied conversion price of $29.22 are added to the diluted share count, and there is no interest expense add-back to the numerator for purposes of calculating diluted EPS.

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Amounts may not calculate precisely due to rounding.

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.

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Supplemental Information—GAAP to Non-GAAP Reconciliation

$ millions	Q2 23	Q3 23
Net sales	$161.6	$177.4
GAAP gross profit	67.5	76.9
GAAP gross margin	41.8%	43.3%
Add: Share-based comp	1.6	1.5
Non-GAAP gross profit	$69.1	$78.4
Non-GAAP gross margin	42.7%	44.2%

In millions	Q2 23	Q3 23
GAAP Net income (loss)	($85.3)	$24.6
Add: Share-based comp	7.9	7.4
Add: Amortization	2.1	2.1
Add: Transition expenses related to San Jose expansion project	-	-
Add: Changes in contingent consideration	0.3	0.8
Add: Acquisition related	0.2	0.1
Add: Other (income) expense, net	97.1	-
Add: Interest expense (income)	0.6	(0.3)
Add: Tax expense (benefit)	1.3	(2.1)
Non-GAAP operating income	$24.3	$32.7

$ millions, except per share amounts	Q2 23	Q3 23
GAAP Basic weighted average shares	52.9	55.4
GAAP Diluted weighted average shares	52.9	59.6
GAAP Basic EPS	($1.61)	$0.44
GAAP Diluted EPS	($1.61)	$0.42
GAAP Net income (loss)	($85.3)	$24.6
Add: Share-based comp	7.9	7.4
Add: Amortization	2.1	2.1
Add: Transition expenses related to San Jose expansion project	-	-
Add: Changes in contingent consideration	0.3	0.8
Add: Acquisition related	0.2	0.1
Add: Non-cash interest expense	0.3	0.3
Add: Other (income) expense, net	97.1	-
Add: Tax adjustment from GAAP to Non-GAAP	(2.1)	(4.3)
Non-GAAP net income	20.6	31.0
Non-GAAP basic EPS	$0.39	$0.56
Non-GAAP diluted EPS	$0.36	$0.53
Non-GAAP basic weighted average shares	52.9	55.4
Non-GAAP diluted weighted average shares	61.2	59.2

In millions	Q2 23	Q3 23
GAAP operating expenses	$53.8	$54.6
Share-based compensation	(6.4)	(5.9)
Amortization	(2.1)	(2.1)
Other	(0.5)	(0.9)
Non-GAAP operating expenses	$44.8	$45.7

Amounts may not calculate precisely due to rounding.

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Q3 2023 Actual: GAAP to Non-GAAP Reconciliation

$ millions	GAAP	Non-GAAP Adjustments: Share-Based Compensation	Non-GAAP Adjustments: Amortization	Non-GAAP Adjustments: Other	Non-GAAP
Net Sales	$177.4				$177.4
Gross Profit	76.9	1.5	—	—	78.4
Gross Margin	43.3%				44.2%
Operating Expenses	$54.6	(5.9)	(2.1)	(0.9)	$45.7
Operating Income	$22.3	7.4	2.1	0.9	$32.7
Net Income (loss)	$24.6	7.4	2.1	(3.1)	$31.0

Other Non-GAAP Adjustments	
Changes in contingent consideration	$0.8
Acquisition related	0.1
Subtotal	0.9
Non-cash Interest Expense	0.3
Non-GAAP tax adjustment	(4.3)
Total Other	($3.1)

Income per Diluted Common Share	GAAP	Non-GAAP
Net Income	$24.6	$31.0
Add: Interest on Convertible Senior Notes	0.5	0.5
Net income available to common shareholders	25.1	31.5
Basic weighted average common shares	55.4	55.4
Add: Dilutive effect of share-based awards	1.4	1.4
Add: Dilutive effect of 2025 Convertible Senior Notes	1.1	1.1
Add: Dilutive effect of 2027 Convertible Senior Notes	1.8	1.4
Diluted weighted average common shares	59.6	59.2
Basic income per common share	$0.44	$0.56
Diluted income per common share	$0.42	$0.53

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Amounts may not calculate precisely due to rounding.

Q4 2023 Guidance

($ millions, except per share amounts)

Reconciliation of GAAP to non-GAAP Financial Data					
		Non-GAAP Adjustments			
	GAAP	Share-Based Compensation	Amortization	Other	Non-GAAP
Net Sales	$155–$175				$155–$175
Gross Profit	66–76	1	—	—	67–77
Gross Margin	42%–43%				43%–44%
Operating Expenses	$53–$55	(6)	(2)	—	$45–$47
Operating Income	$14–$21	7	2	—	$23–$30
Net Income	$13–$20	7	2	(2)	$20–$27
Income per Diluted Share	$0.22–$0.33				$0.35–$0.45

Reconciliation of GAAP Net Income to non-GAAP Operating Income	
GAAP Net Income	$13–$20
Share-Based Compensation	7
Amortization	2
Income tax expense	1
Non-GAAP Operating Income	$23–$30

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net Income	$13–$20	$20–$27
Add: Interest on Convertible Senior Notes	0-0	0-0
Net income available to common shareholders	13-20	20-27
Basic weighted average common shares	56	56
Add: Dilutive effect of share-based awards	1-1	1-1
Add: Dilutive effect of 2025 Convertible Senior Notes	0-1	1-1
Add: Dilutive effect of 2027 Convertible Senior Notes	2-2	1-1
Diluted weighted average common shares	59-60	60-60
Income per diluted common share	$0.22-$0.33	$0.35-$0.45

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