Veeco Instruments

Q4 & FY 2024 Financial Results Conference Call

February 12th, 2025



Safe Harbor

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; global conflicts; 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; cybersecurity attacks and our ability to safeguard sensitive information and protect our intellectual property rights in key technologies; the effects of regional or global health epidemics; 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.

CEO Overview

Bill Miller, Ph.D.

Veeco

Executing Several Strategic Growth Opportunities



Several Key Strategic Milestones

- ✓ Shipped 1st NSA system to leading-edge logic customer
- ✓ Agreement to ship LSA evaluation to 2nd leading memory customer in 2025
- ✓ Shipped 300mm GaN on Si eval to Tier 1 Power Device customer



Semi Business Outperforms WFE

- ✓ Record Semi revenue in 2024, grows 13% year-over-year
- ✓ Record Laser Annealing revenue, driven by growth in mature node shipments, as well as leading-edge shipments for HBM and GAA
- ✓ Wet Processing growth in 3D Packaging for AI



Improved Profitability

- ✓ Growth in Non-GAAP operating income and EPS
- ✓ Gross margin approximately flat despite significant investment in evaluation program



Strategic Investment For Future Growth

- ✓ Continued investment in our largest SAM expansion opportunities, including NSA & IBD300 evaluation programs

WFE – Wafer Fab Equipment
NSA – Nanosecond Annealing
LSA – Laser Spike Annealing
HBM – High Bandwidth Memory

IBD – Ion Beam Deposition
SAM – Served Available Market
GAA – Gate-All-Around

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

FY 2024 Highlights

- **Results above mid-point of updated guidance**
- **Top-line grows 8% year-over-year**
  - **Led by 13% YoY growth in Semiconductor business**
- **Non-GAAP Operating Income increases 6% year-over-year**

Top and bottom line growth driven by strength in Semiconductor Business

Revenue

$717M

Non-GAAP
Operating Income

$116M

Diluted
Non-GAAP EPS

1.74¢

Q4 Financial Highlights

- **Revenue increases 5% year-over-year**
- **Semiconductor business delivers another solid quarter of revenue, highlighted by record Laser Annealing revenue**
- **Laser Annealing shipments to two leading edge customers Gate-All-Around nodes**

Solid year-over-year growth, Semiconductor business comprises 62% of Q4 revenue

Revenue

$182M

Non-GAAP
Operating Income

$27M

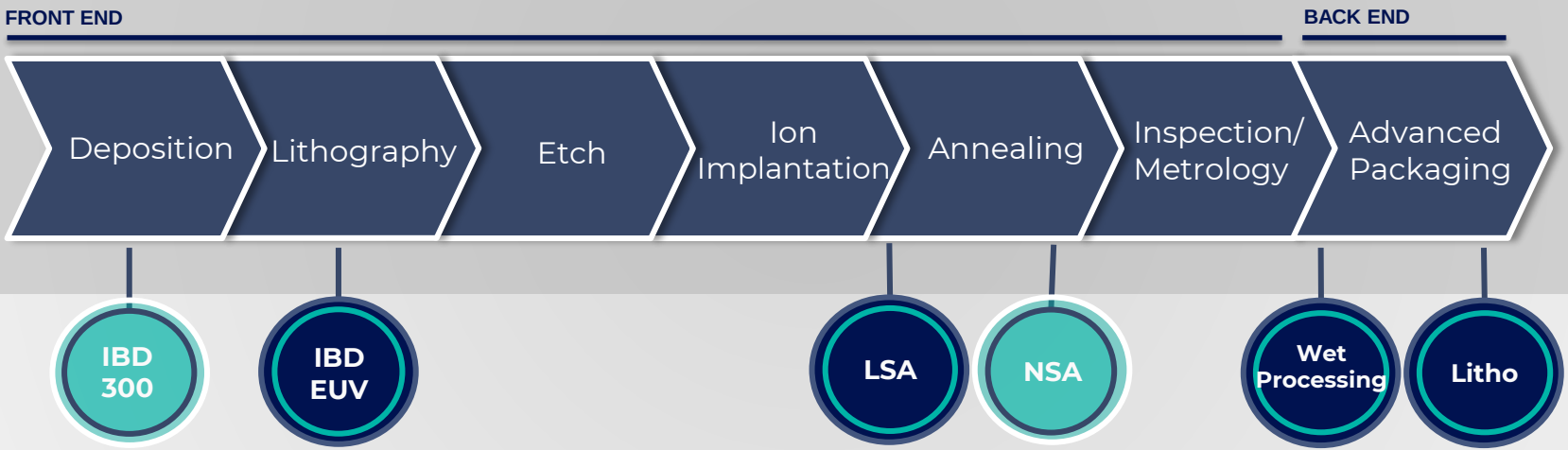
Diluted
Non-GAAP EPS

0.41¢

Veeco

Veeco Role in the Semi Manufacturing

Representative Process Steps



Veeco technologies are critical for several Semi manufacturing process steps

IBD – Ion Beam Deposition
EUV – Extreme ultraviolet

LSA- Laser Spike Annealing
NSA – Nanosecond Annealing

Driving business today

New products

Semi SAM Expansion To Drive Outperformance

Markets	Industry Inflections	Enabling Technologies
Advanced Logic	GAA/BSPD	
	Device Shrink - EUV/High NA Lithography	
Memory	HBM/3D Devices	
Advanced Packaging	3D Packaging For AI	
	Heterogeneous Integration	

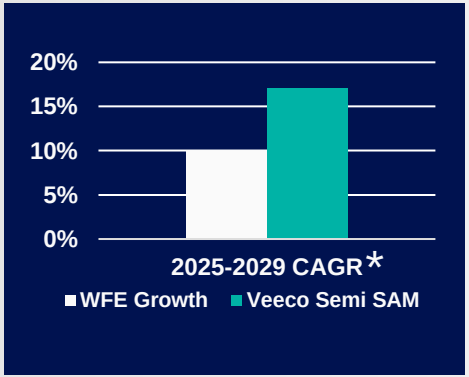

LSA


NSA


IBD 300


IBD EUV


Wet Processing



Enabling technologies for industry inflections provide opportunity to outperform WFE growth

*WFE CAGR based on Tech Insights Long-Term Semiconductor, Silicon, and Equipment forecast, Veeco Semi SAM CAGR based on TrendFocus, Gartner, Yole Group and internal analysis.

BSPD – Backside Power Delivery

Semi Evaluations Capture Industry Inflections

System	Tier 1 Customer	Tools at Customer	Forecasted Revenue Per Application Win 100K wspm*
LSA	Logic	1	$40-50M
	Memory	0	$40-50M
NSA	Logic	2	$50-60M
	Memory	0	$40-50M
IBD300	Logic	0	$50-60M
	Memory	2	$30-40M

***Evaluations typically compete to win several applications. The number of applications under evaluation will vary by system, customer, and market.**

Increase in evaluations to enable penetration of key SAM growth opportunities

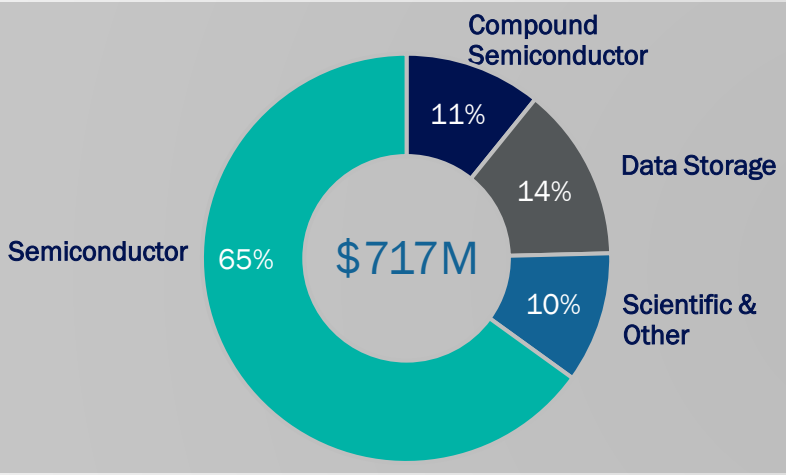
CFO Financial Overview

John Kiernan

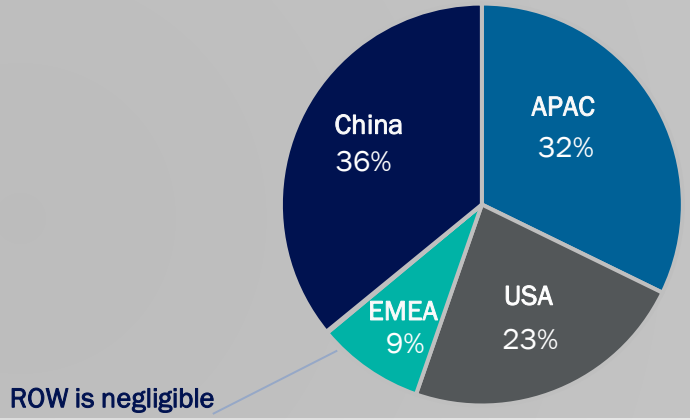
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FY 2024 Revenue by Market & Region

Revenue by Market



Revenue by Region



Revenue Trend ($M)	FY 22	FY 23	FY 24
Semiconductor	369	413	467
Compound Semi	121	87	78
Data Storage	88	88	99
Scientific & Other	68	78	74
Total	646	666	717

Revenue Trend ($M)	FY 22	FY 23	FY 24
China	124	218	256
APAC	236	209	235
USA	197	163	165
EMEA & ROW	89	77	62
Total	646	666	717

Amounts may not calculate precisely due to rounding.

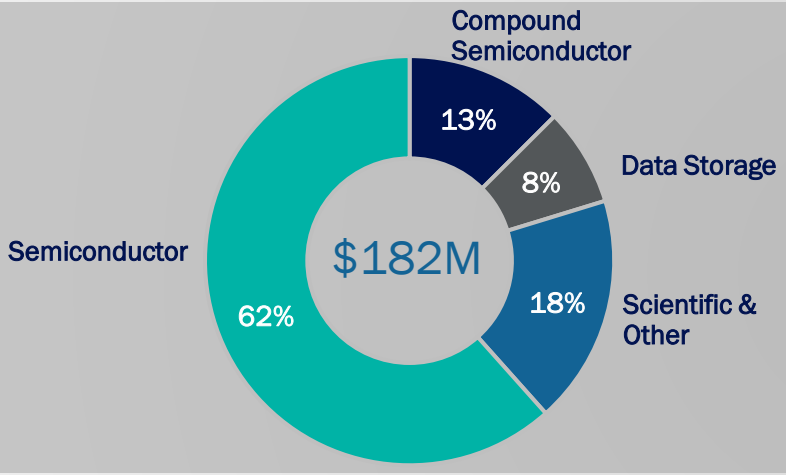
FY Operating Results

In millions (except per share amounts)	GAAP		Non-GAAP	
	FY 23	FY 24	FY 23	FY 24
Revenue	$666.4	$717.3	$666.4	$717.3
Gross Profit	285.1	304.0	290.2	310.4
Gross Margin	42.8%	42.4%	43.5%	43.3%
Operating Expenses	215.1	237.0	180.6	194.4
Operating Income	69.9	67.0	109.6	116.1
Net Income (loss)	(30.4)	73.7	98.3	104.3
Diluted Earnings Per Share	(0.56)	1.23	1.69	1.74
Diluted Shares	53.8	61.6	60.8	61.2

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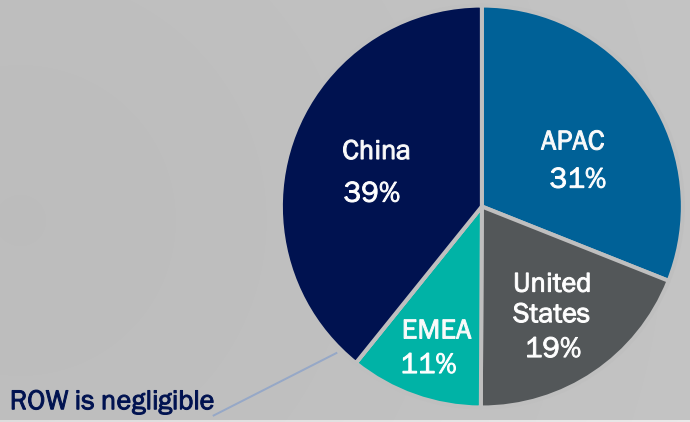
Q4 Revenue by Market & Region

Revenue by Market



Revenue Trend ($M)	Q4 23	Q3 24	Q4 24
Semiconductor	115	124	112
Compound Semi	16	16	23
Data Storage	19	33	14
Scientific & Other	23	12	33
Total	174	185	182

Revenue by Region



Revenue Trend ($M)	Q4 23	Q3 24	Q4 24
China	66	55	71
APAC	59	61	56
USA	38	59	35
EMEA & ROW	10	10	20
Total	174	185	182

Amounts may not calculate precisely due to rounding.

Q4 Operating Results

In millions (except per share amounts)	GAAP		Non-GAAP	
	Q3 24	Q4 24	Q3 24	Q4 24
Revenue	$184.8	$182.1	$184.8	$182.1
Gross Profit	79.2	74.0	80.9	75.5
Gross Margin	42.9%	40.6%	43.8%	41.5%
Operating Expenses	54.9	70.1	49.9	48.1
Operating Income	24.3	3.9	31.0	27.4
Net Income	22.0	15.0	28.3	24.2
Diluted Earnings Per Share	0.36	0.26	0.46	0.41
Diluted Shares	62.7	60.5	62.2	60.1

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Balance Sheet and Cash Flow Highlights

$ millions	Q4 23	Q3 24	Q4 24
Cash & Short-Term Investments	306	321	345
Accounts Receivable	103	132	97
Inventories	238	242	247
Accounts Payable	42	50	44
Cash Flow from Operations	29	18	28
Capital Expenditures	11	4	5
DSO (days)	53	64	48
DIO (days)	231	207	203
DPO (days)	41	43	37

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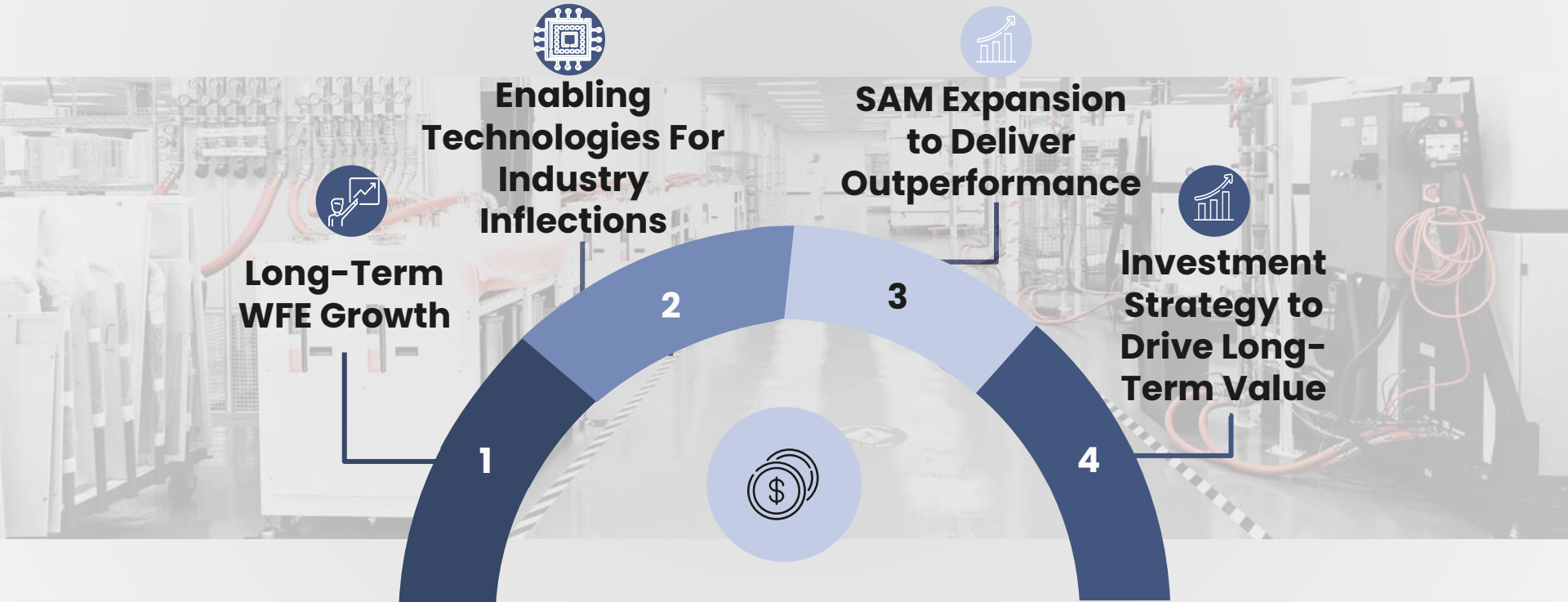
Q1 2025 Outlook

	GAAP	Non-GAAP
Revenue	$155M - $175M	$155M - $175M
Gross Margin	~41%	~42%
Operating Expenses	$56M - $58M	$47M - $49M
Net Income	$7M - $13M	$16M - $22M
Diluted Earnings Per Share	$0.11 - $0.22	$0.26 - $0.36



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

Why own Veeco?



Q&A



Backup & Financial Tables

Historical Revenue by End-Market

$M	2021	2022					2023					2024				
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Semi	247.1	77.6	97.5	100.4	93.8	369.4	93.1	106.3	98.2	115.2	412.7	120.4	109.9	124.1	112.1	466.6
Compound Semi	107.0	37.1	31.1	28.1	24.9	121.2	21.2	24.1	25.7	16.3	87.3	21.0	18.2	15.6	22.8	77.6
Data Storage	168.8	21.6	21.5	27.7	16.7	87.5	21.5	13.9	34.0	19.1	88.5	18.0	34.0	32.8	14.1	98.9
Scientific & Other	60.5	20.1	13.8	15.7	18.4	68.0	17.7	17.4	19.6	23.4	78.0	15.1	13.8	12.4	33.0	74.2
Total	583.3	156.4	164.0	171.9	153.8	646.1	153.5	161.6	177.4	173.9	666.4	174.5	175.9	184.8	182.1	717.3

Amounts may not calculate precisely due to rounding.

Convertible Notes – Outstanding

As of December 31, 2024

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	225M	2.875%	6.6M	1.1M	29.22
Total Convertible Notes	$282M	$276M	3.0%**	$8.4M	$1.3M	$27.77**

* Conversion price for 2027 Convertible Notes includes the effect of the Capped Call transaction
**Weighted average
***2025 Convertible Notes were settled by issuing 1.1m shares in January 2025

Effect of Convertible Notes on Diluted EPS (Effective Q4 2024)

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	$257	1,788	> $0.17	$234	1,354

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	$1,100	1,788	≥ $0.69	$1,000	1,354

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 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.

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

$ millions	Q3 24	Q4 24	2024	2023
Net sales	$184.8	$182.1	$717.3	$666.4
GAAP gross profit	79.2	74.0	304.0	285.1
GAAP gross margin	42.9%	40.6%	42.4%	42.8%
Add: Share-based comp	1.6	1.5	6.3	4.9
Add: Other	0.2	-	0.2	0.2
Non-GAAP gross profit	$80.9	$75.5	310.4	$290.2
Non-GAAP gross margin	43.8%	41.5%	43.3%	43.5%

In millions	Q3 24	Q4 24	2024	2023
GAAP Net income (loss)	$22.0	$15.0	$73.7	($30.4)
Add: Share-based comp	9.5	9.1	35.9	28.6
Add: Amortization	1.7	1.6	7.0	8.5
Add: Asset impairment	-	28.1	28.1	-
Add: Changes in contingent consideration	(4.6)	(16.5)	(21..2)	0.7
Add: Sale of productive assets	-	-	(2.0)	-
Add: Other	0.2	1.2	1.4	1.9
Add: Interest expense (income)	(0.3)	(0.5)	(1.9)	1.2
Add: Other (income) expense, net	-	-	-	97.1
Add: Tax expense (benefit)	2.7	(10.6)	(4.9)	2.0
Non-GAAP operating income	$31.0	$27.4	$116.1	$109.6

$ millions, except per share amounts	Q3 24	Q4 24	2024	2023
GAAP Basic weighted average shares	56.4	56.5	56.4	53.8
GAAP Diluted weighted average shares	62.7	60.5	61.6	53.8
GAAP Basic EPS	$0.39	$0.26	$1.31	($0.56)
GAAP Diluted EPS	$0.36	$0.26	$1.23	($0.56)
GAAP Net income (loss)	$22.0	$15.0	$73.7	($30.4)
Add: Share-based comp	9.5	9.1	35.9	28.6
Add: Amortization	1.7	1.6	7.0	8.5
Add: Asset impairment	-	28.1	28.1	-
Add: Changes in contingent consideration	(4.6)	(16.5)	(21.2)	0.7
Add: Sale of productive assets	-	-	(2.0)	-
Add: Other	0.2	1.2	1.4	1.9
Add: Non-cash interest expense	0.3	0.3	1.3	1.1
Add: Other (income) expense, net	-	-	-	97.1
Add: Tax benefit associated with asset impairments	-	(12.2)	(12.2)	-
Add: Tax adjustment from GAAP to Non-GAAP	(0.7)	(2.4)	(7.5)	(9.1)
Non-GAAP net income	28.3	24.2	104.3	98.3
Non-GAAP basic EPS	$0.50	$0.43	$1.85	$1.83
Non-GAAP diluted EPS	$0.46	$0.41	$1.74	$1.69
Non-GAAP basic weighted average shares	56.4	56.5	56.4	53.8
Non-GAAP diluted weighted average shares	62.2	60.1	61.2	60.8

In millions	Q3 24	Q4 24	2024	2023
GAAP operating expenses	$54.9	$70.1	$237.0	$215.1
Share-based compensation	(7.9)	(7.6)	(29.6)	(23.6)
Amortization	(1.7)	(1.6)	(7.0)	(8.5)
Other	4.6	(12.9)	(6.1)	(2.4)
Non-GAAP operating expenses	$49.9	$48.1	194.4	$180.6

Amounts may not calculate precisely due to rounding.

Q4 2024 Actual: GAAP to Non-GAAP Reconciliation

$ millions		Non-GAAP Adjustments			
	GAAP	Share-Based Compensation	Amortization	Other	Non-GAAP
Net Sales	$182.1				$182.1
Gross Profit	74.0	1.5	—	—	75.5
Gross Margin	40.6%				41.5%
Operating Expenses	$70.1	(7.6)	(1.6)	(12.9)	$48.1
Operating Income	$3.9	9.1	1.6	12.9	$27.4
Net Income	$15.0	9.1	1.6	(1.4)	$24.2

Other Non-GAAP Adjustments	
Asset impairment	$28.1
Changes in contingent consideration	(16.5)
Other	1.2
Subtotal	12.9
Non-cash Interest Expense	0.3
Tax benefits associated with asset impairments	(12.2)
Non-GAAP tax adjustment	(2.4)
Total Other	($1.4)

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net Income	$15.0	$24.2
Add: Interest on Convertible Senior Notes	0.5	0.5
Net income available to common shareholders	15.5	24.7
Basic weighted average common shares	56.5	56.5
Add: Dilutive effect of share-based awards	1.1	1.1
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	60.5	60.1
Basic income per common share	$0.26	$0.43
Diluted income per common share	$0.26	$0.41

Amounts may not calculate precisely due to rounding.

FY 2024 Actual: GAAP to Non-GAAP Reconciliation

$ millions		Non-GAAP Adjustments			
	GAAP	Share-Based Compensation	Amortization	Other	Non-GAAP
Net Sales	$717.3				$717.3
Gross Profit	304.0	6.3	—	0.2	310.4
Gross Margin	42.4%				43.3%
Operating Expenses	$237.0	(29.6)	(7.0)	(6.1)	$194.4
Operating Income	$67.0	35.9	7.0	6.2	$116.1
Net Income	$73.7	35.9	7.0	(12.2)	$104.3

Other Non-GAAP Adjustments	
Asset impairment	$28.1
Changes in contingent consideration	(21.2)
Sale of productive assets	(2.0)
Other	1.4
Subtotal	6.2
Non-cash Interest Expense	1.3
Tax benefits associated with asset impairments	(12.2)
Non-GAAP tax adjustment	(7.5)
Total Other	($12.2)

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net Income	$73.7	$104.3
Add: Interest on Convertible Senior Notes	2.1	1.9
Net income available to common shareholders	75.8	106.2
Basic weighted average common shares	56.4	56.4
Add: Dilutive effect of share-based awards	1.0	1.0
Add: Dilutive effect of 2025 Convertible Senior Notes	1.1	1.1
Add: Dilutive effect of 2027 Convertible Senior Notes	1.8	1.4
Add: Dilutive effect of 2029 Convertible Senior Notes	1.3	1.3
Diluted weighted average common shares	61.6	61.2
Basic income per common share	$1.31	$1.85
Diluted income per common share	$1.23	$1.74

Amounts may not calculate precisely due to rounding.

Q1 2025 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	63–72	2	—	—	65–74
Gross Margin	41%–41%				42%–42%
Operating Expenses	$56–$58	(8)	(1)	—	$47–$49
Operating Income	$7–$14	10	1	—	$18–$25
Net Income	$7–$13	10	1	(2)	$16–$22
Income per Diluted Share	$0.11–$0.22				$0.26–$0.36

Reconciliation of GAAP Net Income to non-GAAP Operating Income	
GAAP Net Income	$7–$13
Share-Based Compensation	10
Amortization	1
Income tax expense	0-1
Non-GAAP Operating Income	$18–$25

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net income available to common shareholders	$7–$13	$16–$22
Basic weighted average common shares	58	58
Add: Dilutive effect of share-based awards	1-1	1-1
Add: Dilutive effect of 2027 Convertible Senior Notes	0-2	1-1
Diluted weighted average common shares	59-61	60
Income per diluted common share	$0.11-$0.22	$0.26-$0.36

Amounts may not calculate precisely due to rounding.