



MAKING A **MATERIAL** DIFFERENCE

# Investor Presentation

August 2022

# 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, 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 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.





# Overview

Background

Transformed Company on Growth Trajectory

Compelling Investment Opportunity

Veeva

# Veeco at a Glance



Global provider of semiconductor capital equipment that addresses complex materials challenges



Technology leadership across four key end markets, with opportunities for expansion into adjacent markets and applications

Patents

~450

Employees

~1,200

Q2 '22 Revenue

\$164M

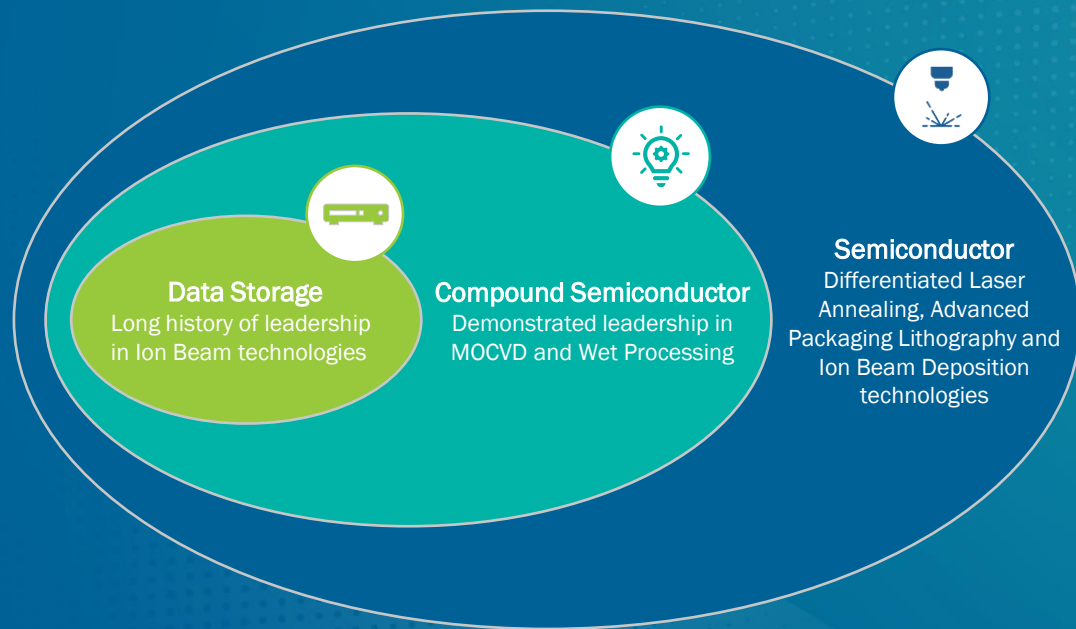


Differentiated portfolio of high-value technology that has evolved with market trends



Financial strength and flexibility

# Transformed Company on Growth Trajectory



## Strong History

Solving materials challenges

## Transformed

Returned to profitability and investing for growth

## Growth Focus

Semiconductor & Compound Semiconductor

## Well Positioned

Leading edge customers drive growth

# Compelling Investment Opportunity



Linkage between megatrends, our markets and core technologies



Engaging with customers to solve their difficult materials challenges



Aligned resources and investments with growth markets and technologies: service, evals, R&D and CAPEX in semi and compound semi

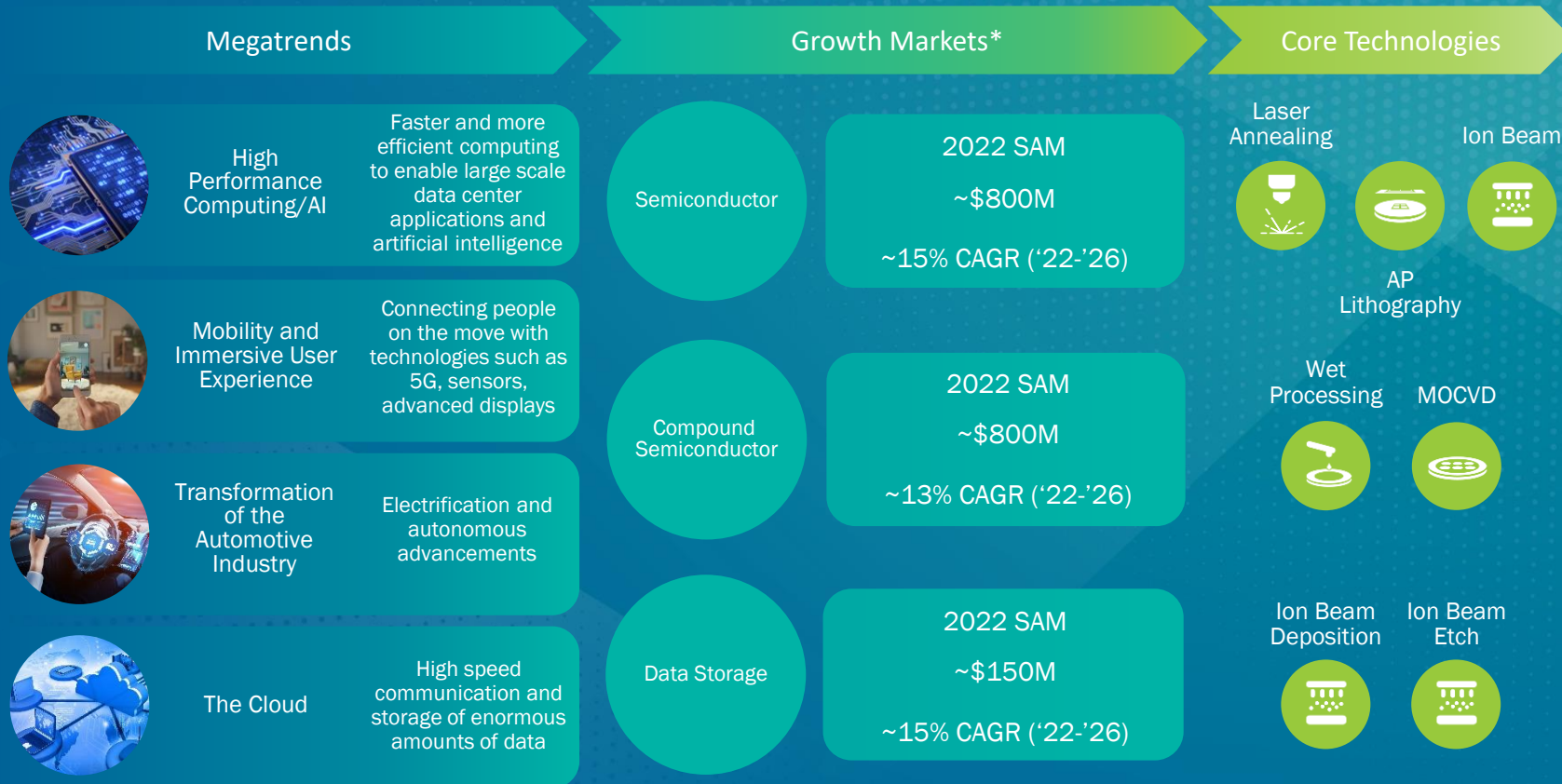


Winning team in place with a culture of execution



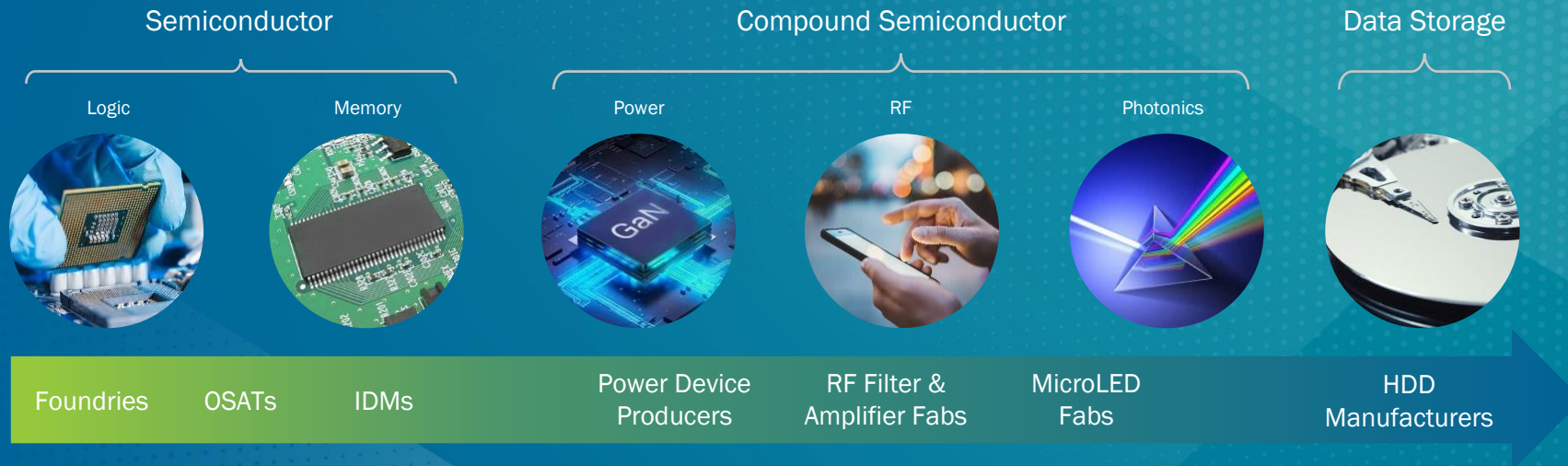


# Differentiated Technologies Aligned with Megatrends





# Serving a Diverse Customer Base



\$164M Q2 '22 Revenue	Semiconductor	Compound Semiconductor	Data Storage	Scientific & Other
	60%	19%	13%	8%
	By End-Market			

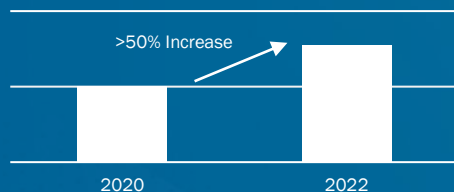




# Resources Aligned for Growth

## Strategic Optimization of our R&D Spending Portfolio

R&D Applied to Semiconductor



R&D

Elevated levels of capital spending in 2021 and 2022 as we fund our capacity expansion and complete the build-out of a new leased facility in San Jose to support manufacturing of our Semiconductor products.



CAPEX

- Increasing investments in customer facing infrastructure
  - Semi experienced leaders
  - Service logistics
  - Quality team
- Investing ahead of revenue
  - Supporting evaluation systems
  - Training department & curriculum

Service

## Evaluations

	Historically	2021	2022+
Evals	1 to 2	~10	Similar*
Markets	Compound Semi	Semi (8) Compound Semi (2)	Similar Profile

# Leadership Team and Core Values



- We will always put our CUSTOMERS first
- We will never compromise on SAFETY
- We will always demonstrate RESPECT
- We will never stop IMPROVING
- We will always be ACCOUNTABLE
- We will never forget that DIVERSITY & INCLUSION make us stronger



Bill Miller  
CEO



John Kiernan  
CFO



Susan Wilkerson  
Global Customer Operations



Adrian Devasahayam  
Product Organization



Peter Porshnev  
Engineering



Robert Bradshaw  
CAO



Monica DeMarco  
Quality &  
Customer Satisfaction



Mark Harris  
Global Operations



Ajit Paranjpe  
CTO



Veeco United Team Committed to Making a Material Difference

# ESG Goals: Commitment to Corporate Responsibility



## Environment

- Renewable Energy
- Emissions Reduction
- Hazardous Chemical Management



## Social

- Representation of women and underrepresented employees
- NAACP Veeco STEM Scholarship
- Outreach & volunteerism



## Governance

- Expand ESG Reporting and Alignment

“Making a material difference as a **sustainable** and **transparent** company is at the core of the Veeco United team”

–Bill Miller, CEO



MSCI



A

ISS ESG



Governance: 1  
Social: 3  
Environment: 4



# Market Details

Semiconductor  
Compound Semiconductor  
Data Storage



# Semiconductor Market (SAM)

2022 SAM

## Laser Annealing



- Enables lowest thermal budget minimizing device damage at advanced nodes

~\$400M

## AP Lithography



- AP Litho platform is differentiated by improved productivity, CoO, and ability to handle range of photo-resists and wafer types & sizes

~\$175M

## EUV Mask Blank



- Veeco's IBD is PTOR for EUV mask blank deposition

~\$50M

## Service



- Parts and upgrades and maintenance solutions

~\$150M

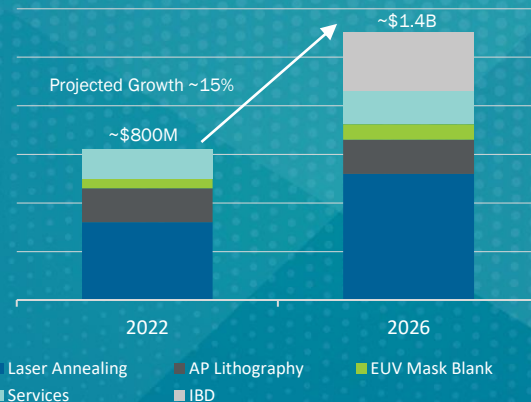
## New IBD Product



- Current deposition technologies are at their fundamental limits
- IBD differentiates vs. incumbent PVD for high density films
- Key applications are memory bit-line, logic wiring, hard mask layers

~\$0

## Semiconductor Market Opportunity



Semiconductor market provides sustainable long-term growth opportunities

# Compound Semiconductor Market (SAM)

2022 SAM

## Base Business\* incl. RF



- MOCVD and other deposition equipment for Photonics devices in consumer, automotive and specialty applications
- Wet processing equipment for RF applications

~\$500M

## Micro LED



- MOCVD and wet processing equipment for traditional AND disruptive approaches
  - Traditional – Individual red, blue & green MicroLEDs
  - Disruptive – All three colors on the same wafer using GaN on Silicon

~\$100M

## GaN Power



- Single wafer MOCVD platform, with superior film quality, is positioned to intercept market when it adopts 8-inch wafer sizes

~\$100M

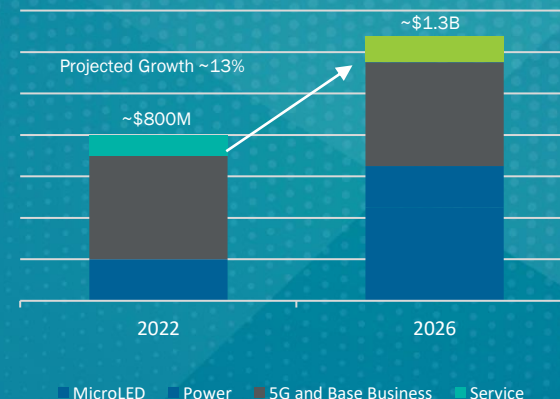
## Service



- Parts and upgrades and maintenance solutions

~\$100M

## Compound Semiconductor Market Opportunity

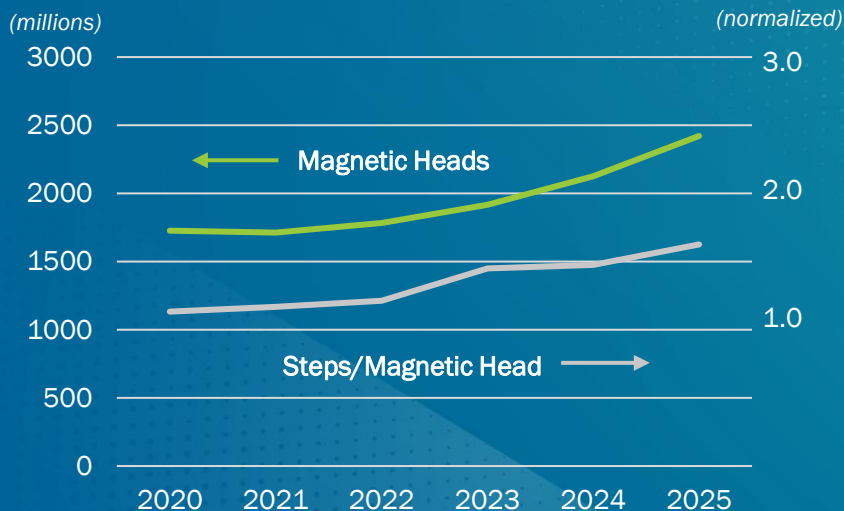


Compound Semiconductor market provides sustainable long-term growth opportunities



# Data Storage Market

## Magnetic Head Forecast for Hard Disk Drives



Source: Coughlin Associates, internal analysis

- Revenue decreasing ~45% in 2022. Expecting market to recover in 2023 on sound fundamentals and order activity
- End market storage growth ~35% CAGR
- Manufacturers projected to continue increase in heads per drive and number of process steps per head
- Combination of increased head demand and complexity expected to drive equipment sales over next several years



Increase in magnetic heads and in number of steps per head will drive long term data storage growth

# Growth Strategy:

## Executing Today and Positioned for Long Term Growth



- **Semiconductor** represents 60% of total revenue
  - Traction with **Laser Annealing** in both leading edge and trailing nodes
    - PTOR at 3 leading **logic** players
    - Recent **DRAM** acceptance
  - **Advanced Packaging** momentum
  - **EUV** adoption
  - Strong **backlog** and **order** activity
  - Reiterating FY 2022 guide – ~13.5% YoY revenue growth\*
- Strength in **Semiconductor** expected to continue
    - Customers continue to invest in advanced nodes
  - **Compound Semiconductor** – Room to grow and gain share in **MOCVD**
    - Seeding **Power & MicroLED** mkts
  - **Data Storage** order activity driving confidence in 2023 growth
- Expecting to ship **IBD** evals in 2022 for low resistivity metals – front end semi application
  - Expecting to ship **next generation laser annealing** evals to enable customers next nodes
  - **Laser Annealing** for **DRAM** volume purchases
  - Ongoing **product development**
  - **GaN Power** evaluation
  - **MicroLED** share gains

# Financials

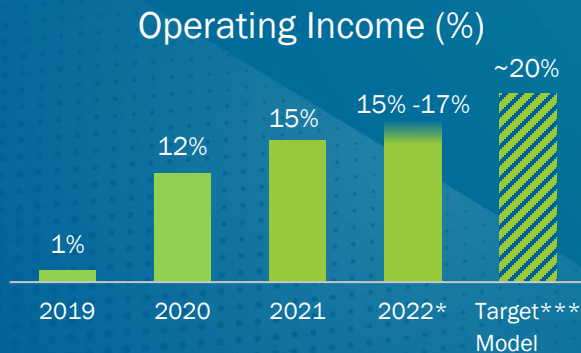
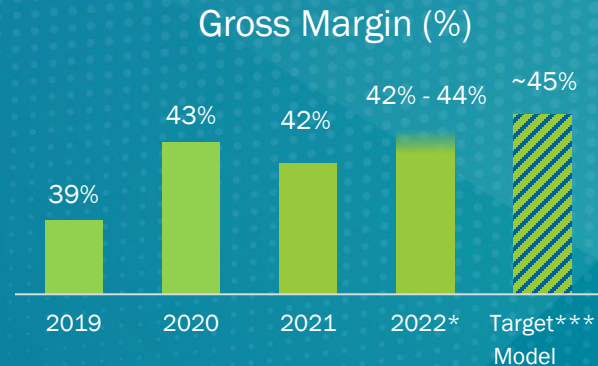
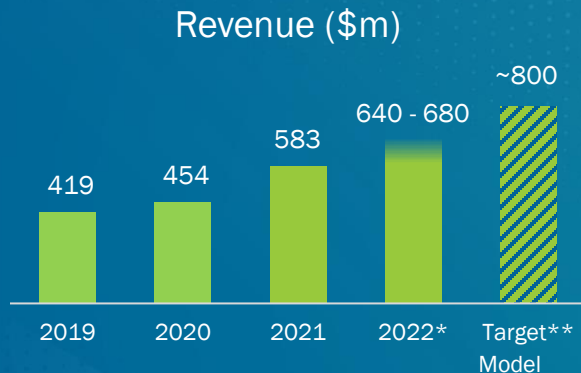
Target Model

Historical Financials & 2022 Outlook

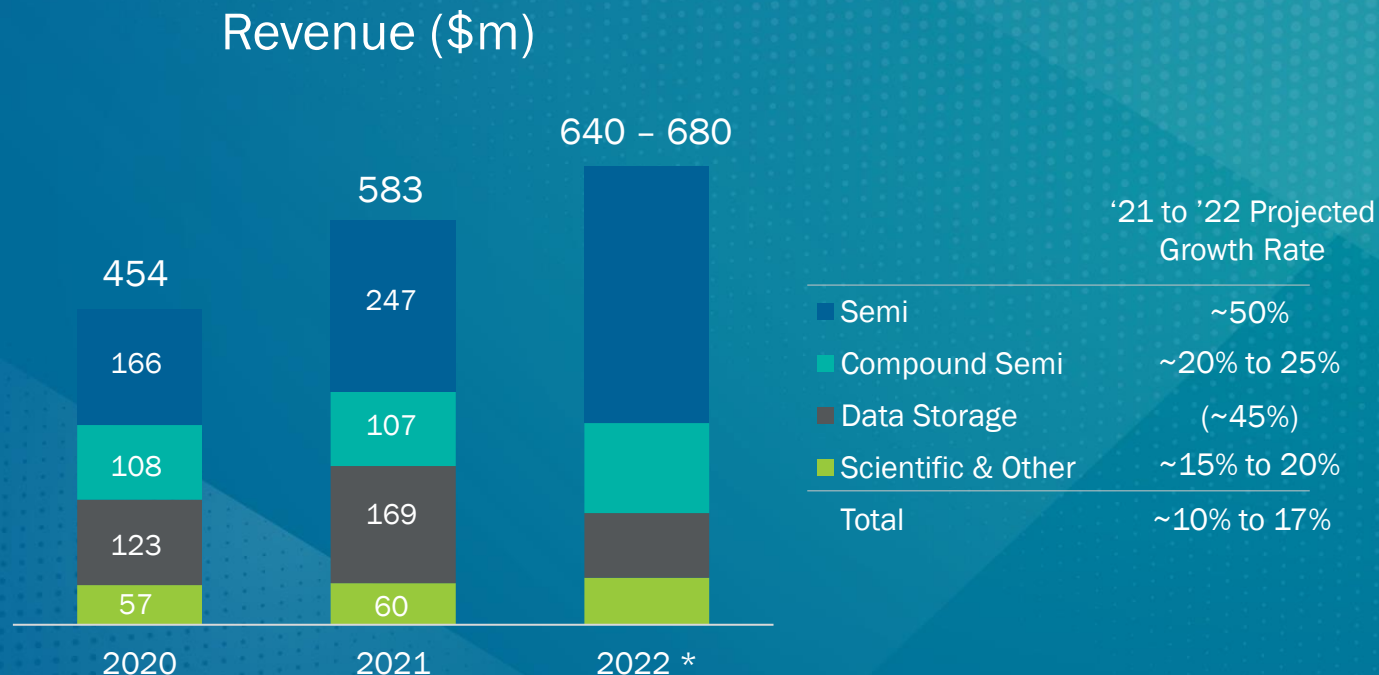




# Improving Financial Trends (Non-GAAP)



# Revenue Growth



# In Summary...



Veeco is a transformed company on a growth trajectory



Sustainable megatrends drive growth across our markets



Engaged with the right customers who are driving the megatrends



Veeco resources are aligned with our growth strategy



Veeco United team guided by strong core values



Veeco is committed to corporate responsibility



2022 revenue growth expected between 10% and 17%.  
Making progress toward target of \$800M in revenue



# Thank You



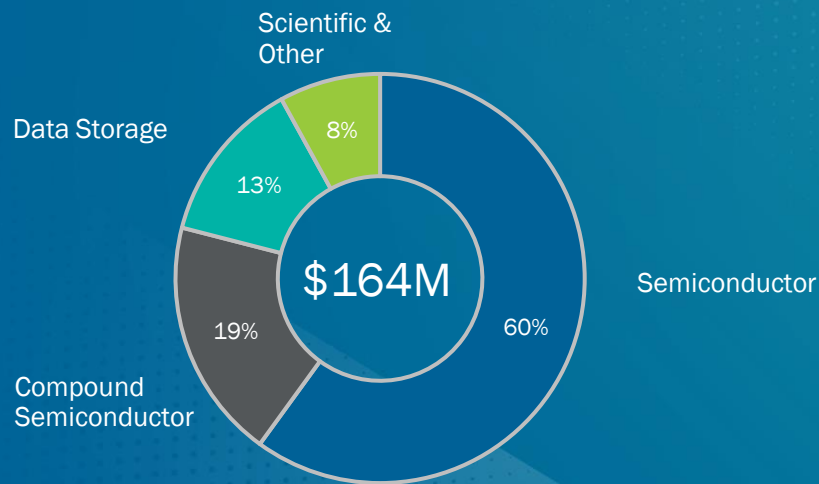


# Backups and Financial Tables

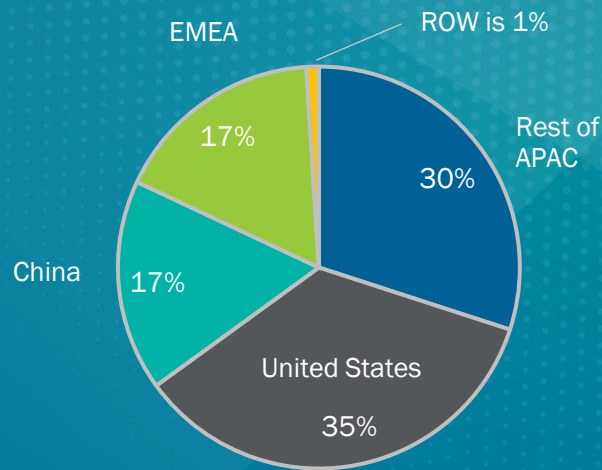
Veeco

# Q2 2022 Revenue by Market & Region

## Revenue by Market



## Revenue by Region



Revenue Trend (\$M)	Q2 21	Q1 22	Q2 22
Semiconductor	54	78	98
Compound Semi	24	37	31
Data Storage	52	22	22
Scientific & Other	16	20	14
Total	146	156	164



# Q2 Operating Results

In millions (except per share amounts)	GAAP		Non-GAAP	
	Q1 22	Q2 22	Q1 22	Q2 22
Revenue	\$156.4	\$164.0	\$156.4	\$164.0
Gross Profit	66.0	64.3	67.5	66.2
Gross Margin	42.2%	39.2%	43.1%	40.3%
Operating Expenses	49.5	51.4	42.8	43.2
Operating Income	16.5	12.8	24.7	23.0
Net Income	13.3	9.7	21.7	20.0
Diluted Earnings Per Share	\$0.24	\$0.18	\$0.38	\$0.35
Diluted Shares	65.3	59.5	63.6	63.3

# Balance Sheet and Cash Flow Highlights

\$ millions	Q1 22	Q2 22
Cash & Short-Term Investments	232	231
Accounts Receivable	99	127
Inventories	179	176
Accounts Payable	56	47
Long-Term Debt Including Current Portion	274	274
Cash Flow from Operations	25	3
DSO (days)	57	70
DIO	174	160
DPO	57	43

# Q3 2022 Guidance

	GAAP	Non-GAAP
Revenue	\$160M - \$180M	\$160M - \$180M
Gross Margin	40% - 42%	41% - 43%
Operating Expenses	\$53M - \$55M	\$45M - \$47M
Net Income	\$7M - \$17M	\$18M - \$28M
Diluted Earnings Per Share	\$0.14 - \$0.30	\$0.32 - \$0.48





# Historical Revenue by End-Market

\$M	2019					2020					2021					2022	
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2
Semiconductor	44.6	37.8	41.8	51.3	175.6	37.4	37.5	33.6	57.4	165.9	51.6	53.7	76.3	65.4	247.1	77.6	97.5
Compound Semi	15.0	16.4	26.3	28.1	85.9	18.4	17.8	26.6	45.2	107.9	24.8	24.2	23.3	34.7	107.0	37.1	31.1
Data Storage	19.6	22.7	24.1	17.6	84.1	38.9	28.3	36.9	19.2	123.3	41.0	52.0	39.3	36.5	168.8	21.6	21.5
Scientific & Other	20.2	20.8	16.6	16.2	73.8	9.8	15.1	15.0	17.1	57.0	16.4	16.4	11.4	16.3	60.5	20.1	13.8
Total	99.4	97.8	109.0	113.2	419.3	104.5	98.6	112.1	138.9	454.2	133.7	146.3	150.2	153.0	583.3	156.4	164.0

# Convertible Notes as of June 30, 2022

Convertible Debt	Principal Amount	Carrying Value	Coupon	Annual Cash Interest	Annual Non-Cash Interest <sup>3</sup>	Initial Conversion Price
Convertible Notes Due Jan 2023	\$20M	\$20M	2.7%	\$0.5M	\$0.1M	\$40.03
Convertible Notes Due Jan 2025	\$133M	\$131M	3.5%	\$4.7M	\$0.5M	\$24.00
Convertible Notes Due June 2027	\$125M	\$123M	3.75%	\$4.6M	\$0.4M	\$18.46 <sup>1</sup>
Total Convertible Debt	\$278M	\$274M	3.6% <sup>2</sup>	\$9.8M	\$1.0M	

(1) Conversion price for 2027 Convertible Notes includes the effect of the Capped Call transaction

(2) Weighted average

(3) Reflects the adoption of ASU 2020-06, effective January 1, 2022  
Amounts may not calculate precisely due to rounding.

## Effect of New Accounting Standard for Convertible Notes on Diluted EPS (Effective Q1 2022)

### 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	\$1,272	8,942	≥ \$0.17 < \$0.21	\$1,172	6,771
≥ \$0.23 < \$0.32	\$2,544	14,463	≥ \$0.21 < \$0.27	\$2,331	12,292
≥ \$0.32	\$2,704	14,967	≥ \$0.27	\$2,467	12,796

### 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 < \$0.92	\$5,096	8,942	≥ \$0.69 < \$0.84	\$4,688	6,771
≥ \$0.92 < \$1.27	\$10,190	14,463	≥ \$0.84 < \$1.08	\$9,325	12,292
≥ \$1.27	\$10,832	14,967	≥ \$1.08	\$9,870	12,796

Based upon current Notes outstanding. The above calculations are intended to be estimates only, and reflect the use of the if-converted method for diluted EPS purposes, which the Company is now required to use upon adoption of ASU 2020-06, effective Q1 2022. The EPS thresholds mentioned above represent various ranges at which some of our 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 Notes, and assumes an average per share stock price above \$18.46.



# 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

In millions	Q2 22	Q1 22	2021	2020	2019
Net sales	\$164.0	\$156.4	\$583.3	\$454.2	\$419.3
GAAP gross profit	64.3	66.0	242.3	194.3	158.2
GAAP gross margin	39.2%	42.2%	41.5%	42.8%	37.7%
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	0.3	1.3
Add: Share-based comp	1.3	0.9	2.4	1.9	1.9
Add: Other	0.7	0.5	0.4	-	0.2
Non-GAAP gross profit	\$66.2	\$67.5	\$245.1	\$196.5	\$161.6
Non-GAAP gross margin	40.3%	43.1%	42.0%	43.3%	38.5%

In millions	Q2 22	Q1 22	2021	2020	2019
GAAP Net income (loss)	\$9.7	\$13.3	\$26.0	\$(8.4)	\$(78.7)
Add: Share-based comp	6.3	4.5	15.2	12.7	15.3
Add: Amortization	2.5	2.5	12.3	15.3	17.1
Add: Restructuring	-	-	-	1.1	6.0
Add: Asset impairment	-	-	-	0.3	4.0
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	0.3	1.3
Add: Transition expenses related to San Jose expansion project	1.3	1.2	2.0	-	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.1	0.3	0.2	0.6
Add: Accelerated depreciation	-	-	-	-	0.4
Add: Interest expense	2.6	2.8	26.0	23.2	17.4
Add: Other (income) expense, net	-	-	5.0	7.8	21.0
Add: Tax expense (benefit)	0.5	0.4	(0.4)	(0.1)	0.8
Non-GAAP operating income (loss)	\$23.0	\$24.7	\$86.6	\$52.5	\$5.1

In millions, except per share amounts	Q2 22	Q1 22	2021	2020	2019
GAAP Basic weighted average shares	49.7	49.6	49.1	48.4	47.5
GAAP Diluted weighted average shares	59.5	65.3	53.6	48.4	47.5
GAAP Basic EPS	\$0.19	\$0.27	\$0.53	\$(0.17)	\$(1.66)
GAAP Diluted EPS	\$0.18	\$0.24	\$0.49	\$(0.17)	\$(1.66)
GAAP Net income (loss)	\$9.7	\$13.3	\$26.0	\$(8.4)	\$(78.7)
Add: Share-based comp	6.3	4.5	15.2	12.7	15.3
Add: Amortization	2.5	2.5	12.3	15.3	17.1
Add: Restructuring	-	-	-	1.1	6.0
Add: Asset impairment	-	-	-	0.3	4.0
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	0.3	1.3
Add: Transition expenses related to San Jose expansion project	1.3	1.2	2.0	-	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.1	0.3	0.2	0.6
Add: Accelerated depreciation	-	-	-	-	0.4
Add: Non-cash interest expense	0.2	0.2	13.8	13.8	12.7
Add: Other (income) expense, net	-	-	5.0	7.8	21.0
Add: Tax adjustment from GAAP to Non-GAAP	(0.1)	(0.1)	(1.1)	(0.8)	(0.8)
Non-GAAP net income (loss)	\$20.0	\$21.7	\$73.6	\$42.3	\$(1.3)
Non-GAAP basic EPS	\$0.40	\$0.44	\$1.50	\$0.88	\$(0.03)
Non-GAAP diluted EPS	\$0.35	\$0.38	\$1.43	\$0.86	\$(0.03)
Non-GAAP basic weighted average shares	49.7	49.6	49.1	48.4	47.5
Non-GAAP diluted weighted average shares	63.3	63.6	51.5	49.3	47.5
In millions	Q2 22	Q1 22	2021	2020	2019
GAAP operating expenses	\$51.4	\$49.5	\$185.6	\$171.7	\$197.8
Share-based compensation	(5.0)	(3.5)	(12.9)	(10.8)	(13.4)
Amortization	(2.5)	(2.5)	(12.3)	(15.3)	(17.1)
Other	(0.7)	(0.7)	(1.9)	(1.5)	(10.8)
Non-GAAP operating expenses	\$43.2	\$42.8	\$158.5	\$144.0	156.5

# Q2 2022 Actual: GAAP to Non-GAAP Reconciliation

(in millions, except per share amounts)

Reconciliation of GAAP to non-GAAP Financial Data					
	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net Sales	\$164.0				\$164.0
Gross Profit	64.3	1.3	—	0.7	66.2
Gross Margin	39.2%				40.3%
Operating Expenses	\$51.4	(5.0)	(2.5)	(0.7)	\$43.2
Operating Income	\$12.8	6.3	2.5	1.4	\$23.0
Net Income	\$9.7	6.3	2.5	1.5	\$20.0

Other Non-GAAP Adjustments	
Transition expenses related to San Jose expansion project	\$1.3
Depreciation of PPE fair value step-up associated with the Ultratech purchase accounting	0.1
Subtotal	1.4
Non-cash Interest Expense	0.2
Non-GAAP tax adjustment	(0.1)
Total Other	\$1.5

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net Income	\$9.7	\$20.0
Add: Interest on Convertible Senior Notes	1.3	2.5
Net income available to common shareholders	10.9	22.4
Basic weighted average common shares	49.7	49.7
Add: Dilutive effect of share-based awards	0.8	0.8
Add: Dilutive effect of 2023 Convertible Senior Notes	-	0.5
Add: Dilutive effect of 2025 Convertible Senior Notes	-	5.5
Add: Dilutive effect of 2027 Convertible Senior Notes	8.9	6.8
Diluted weighted average common shares	59.5	63.3
Basic income per common share	\$0.19	\$0.40
Diluted income per common share	\$0.18	\$0.35



# Q3 2022 Guidance

(in millions, except per share amounts)

Reconciliation of GAAP to non-GAAP Financial Data					
	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net Sales	\$160–\$180				\$160–\$180
Gross Profit	64–75	1	—	1	66–77
Gross Margin	40%–42%				41%–43%
Operating Expenses	\$53–\$55	(5)	(3)	(1)	\$45–\$47
Operating Income	\$11–\$20	6	3	1	\$21–\$30
Net Income	\$7–\$17	6	3	2	\$18–\$28
Income per Diluted Share	\$0.14–\$0.30				\$0.32–\$0.48

Reconciliation of GAAP Net Income to non-GAAP Operating Income	
GAAP Net Income	\$7–\$17
Share-Based Compensation	6
Amortization	3
Interest Expense, Net	3
Other	2-1
Non-GAAP Operating Income	\$21–\$30

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net Income	\$7–\$17	\$18–\$28
Add: Interest on Convertible Senior Notes	1-3	2
Net income available to common shareholders	8-20	20-30
Basic weighted average common shares	50	50
Add: Dilutive effect of share-based awards	1	1
Add: Dilutive effect of 2023 Convertible Senior Notes	-	-
Add: Dilutive effect of 2025 Convertible Senior Notes	0-6	6
Add: Dilutive effect of 2027 Convertible Senior Notes	9	7
Diluted weighted average common shares	60-66	64
Income per diluted common share	\$0.14–\$0.30	\$0.32–\$0.48