

Veeco

MAKING A *MATERIAL* DIFFERENCE

Oppenheimer 27th Annual Tech, Internet & Communications Conference

August 2024

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.

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

Contents

Overview
- Veeco at a Glance
- Who is Veeco?
- Served Available Market (SAM)

Semiconductor SAM
- Nanosecond Annealing
- Ion Beam Deposition
- Artificial Intelligence

Compound Semiconductor SAM

Financials
- Revenue By End Market
- Historical Financials

Executing Today & Well-Positioned for Long-Term Growth

MAKING A *MATERIAL* DIFFERENCE

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

Veeco at a Glance



Global provider of semiconductor capital equipment



Financial strength and flexibility

Employees

~1200

2024 Revenue

$710M*



Solving customers high value materials challenges

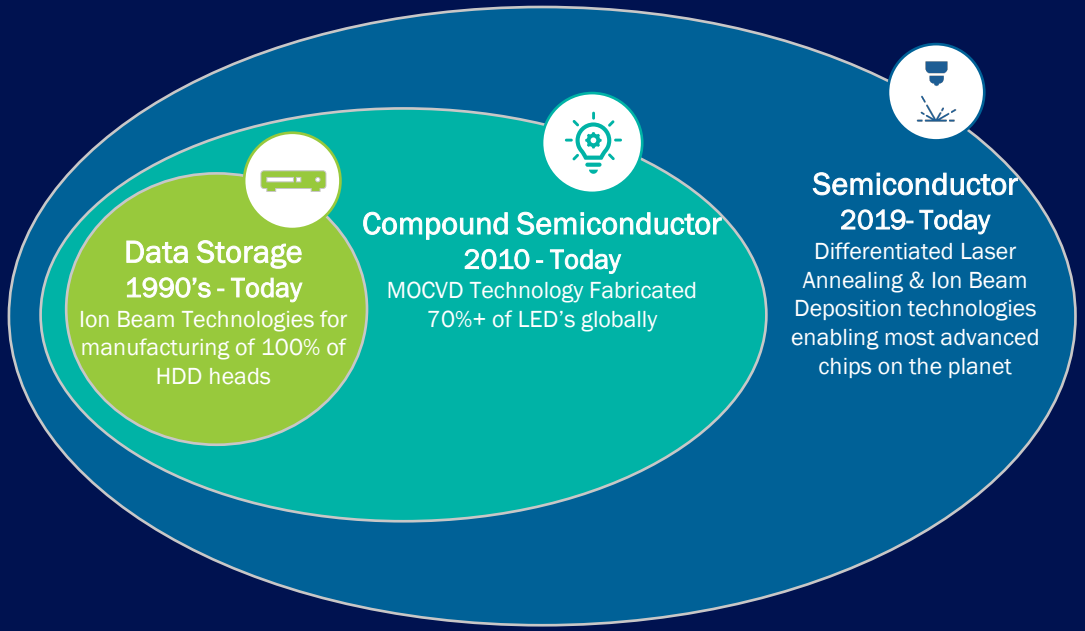


Differentiated technologies with opportunities to expand served available markets

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

* Based on mid-point of guidance range of $690M-$730M

Who is Veeco?



Strong History
Solving materials challenges

Growth Focus
Semiconductor & Compound Semiconductor

Well Positioned
Leading edge customers drive growth

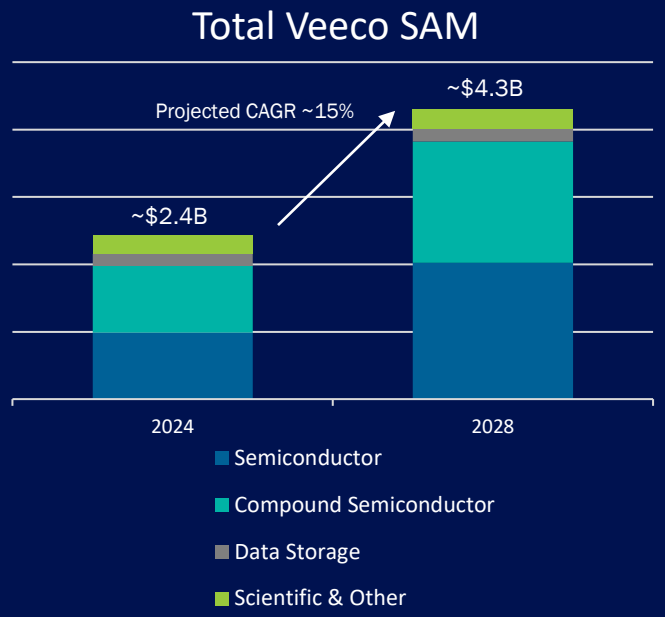
Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

Served Available Market

Veeco's Served Available Market to grow to ~4.3B

Semiconductor opportunity expected to grow to ~**$2.0B** driven by Laser Spike Annealing, Nanosecond Annealing and Ion Beam Deposition equipment

Compound Semiconductor opportunity expected to grow to ~**$1.8B** driven by equipment for Power Electronics (SiC & GaN)



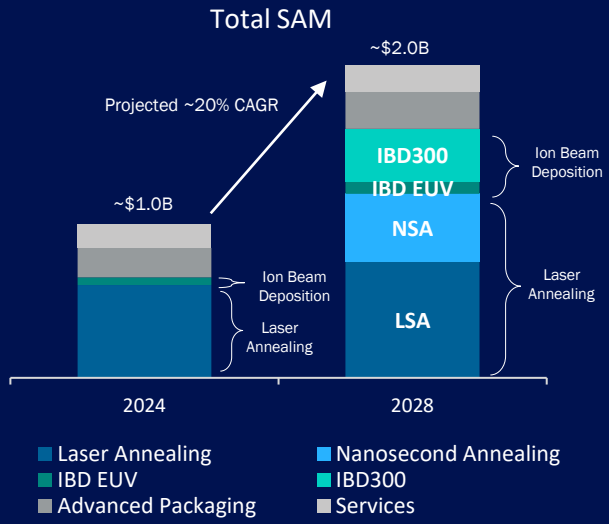
SAM – Served Available Market SiC – Silicon Carbide GaN – Gallium Nitride

** Veeco Served Available Market based on TrendFocus, Gartner, Yole Group and internal analysis*

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

Semiconductor SAM Growth – Driven By Evaluation Program

Key Drivers		2024	2028
Laser Spike Annealing (LSA)	• PTOR at 3 Tier 1 logic and 1 HBM DRAM customer • Targeting evaluation agreement in late 2024 & early 2025 evaluation shipment to 2nd HBM customer	~$600M	~$750M
New Nanosecond Annealing (NSA)	• 2 evaluation systems at Tier 1 logic customers • Strong pull from 3rd Tier 1 logic customer for evaluation tool	~$0M	~$450M
IBD EUV Mask Blanks	• PTOR for EUV mask blank deposition	~$50M	~$100M
New IBD300 Front End Semi	• 2 evaluation systems at HBM customers • Strong pull from Tier 1 logic customers for evaluation tools	~$0M	~$350M



Laser Annealing, Nanosecond Annealing and IBD300 to drive growth in Semiconductor market

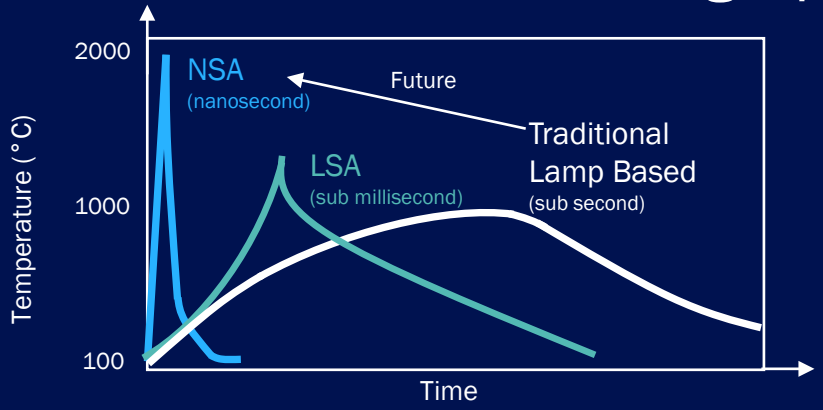
Source: Veeco Served Available Market based on TrendFocus, Gartner, Yole Group and internal analysis

EUV – Extreme Ultraviolet
IBD – Ion Beam Deposition
PVD – Physical Vapor Deposition

PTOR – Production Tool of Record
Amounts may not calculate precisely due to rounding.

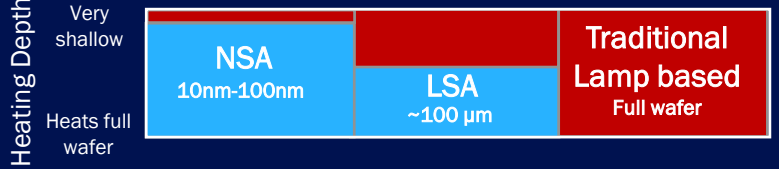
Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

Nanosecond Annealing Opportunity



- Scaling challenges driving the need for new annealing capabilities
- NSA broadening Laser Annealing adoption to new leading edge Logic and Memory applications
  - **Shallow anneal** enabling backside power delivery and 3D devices
  - **Material Modification** steps to improve performance by changing device structure and properties
- Potential for initial logic HVM orders in 2025

Illustration of Wafer Cross Section



Nanosecond Annealing a substantial opportunity to expand to new leading-edge applications

HVM – High Volume Manufacturing

NSA – Nanosecond Annealing
LSA – Laser Spike Annealing

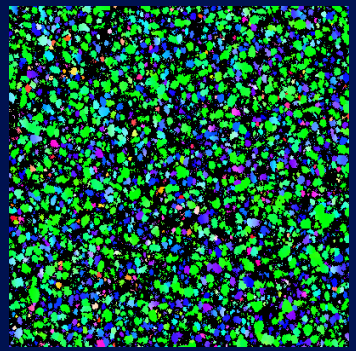
Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

IBD300– 300mm Front End Semi Opportunity

Illustration of grain size and distribution

TODAY

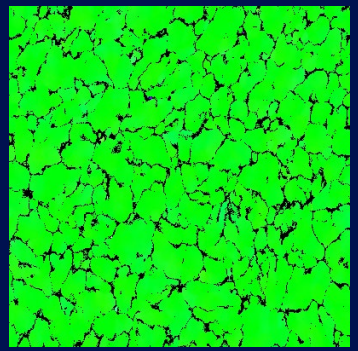
Incumbent Technology



Non-uniform, randomly oriented grains of small size = higher resistivity

FUTURE

IBD



Uniformly oriented large grains = lowest resistivity

- Industry leader in Ion Beam Technology
- Lower resistance metals essential for improved device performance & customer scaling
- IBD achieving superior thin film properties vs incumbent technologies, including lower resistivity
- Ideal for advanced applications where low resistance is most critical

IBD achieving superior thin film properties versus incumbent technologies for advanced applications

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

IBD – Ion Beam Deposition

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)
- IBD for EUV mask blanks

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

Advanced Packaging

Current PTOR
- Wet Processing for micro-bump flux clean

Additional Future Opportunities
- Wet Processing for temporary bond clean

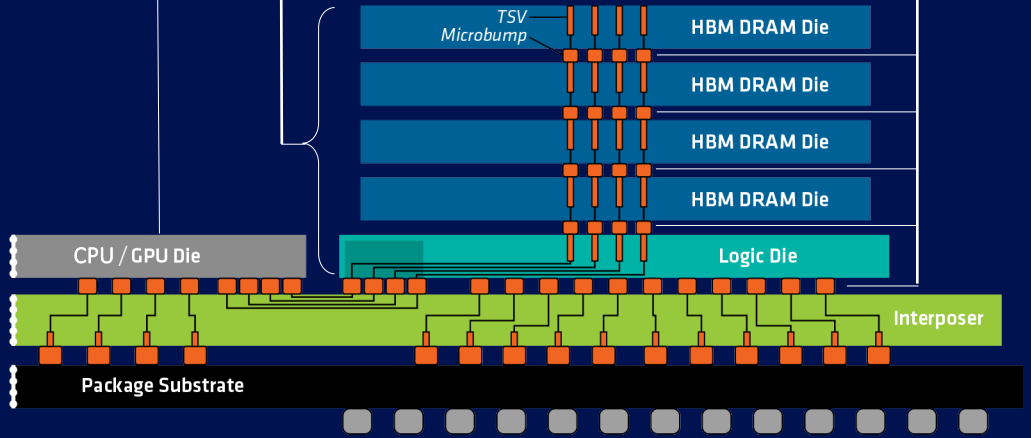


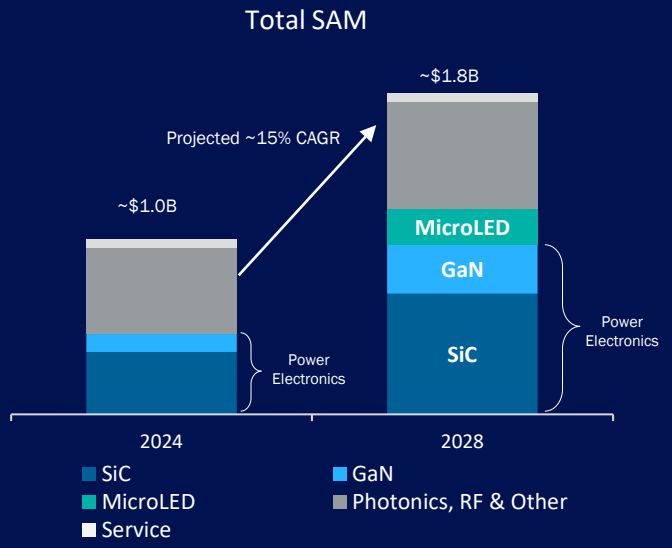
Illustration of typical AI chip

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

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

Compound Semiconductor SAM Growth

Key Drivers		2024	2028
SiC Power Electronics	• Single wafer SiC CVD for 8 inch addresses high voltage and power applications such as EVs • Targeting evaluation agreements by end of 2024	**~$350M**	**~$650M**
GaN Power Electronics	• Single wafer MOCVD platform for 8 & 12 inch GaN wafer sizes • Shipped 300mm evaluation for GaN on Si Power to leading Power Device customer	**~$100M**	**~$300M**
MicroLED	• Batch platform for traditional red MicroLED • Single wafer platform for disruptive Red, Green and Blue on same wafer using GaN on Si	**~$0M**	**~$200M**



Significant growth opportunities in Epitaxy Equipment for Power Electronics

Source: Veeco Served Available Market based on TrendFocus, Gartner, Yole Group and internal analysis

SiC – Silicon Carbide
GaN – Gallium Nitride

Amounts may not calculate precisely due to rounding.

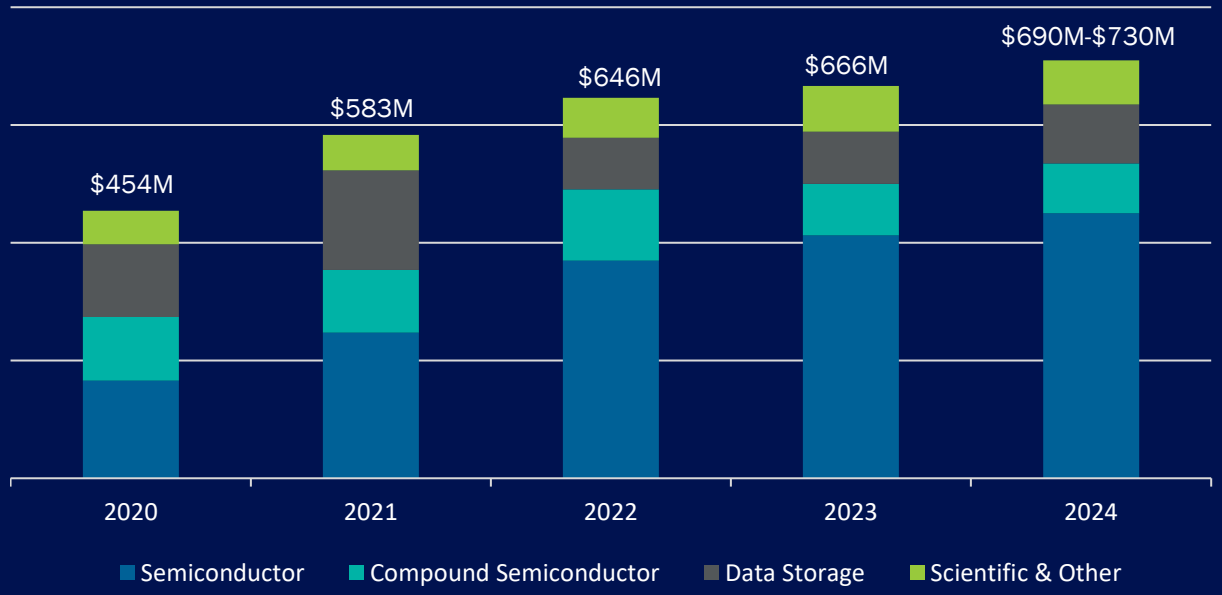
Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

Financials

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

MAKING A *MATERIAL* DIFFERENCE

Revenue by End-Market



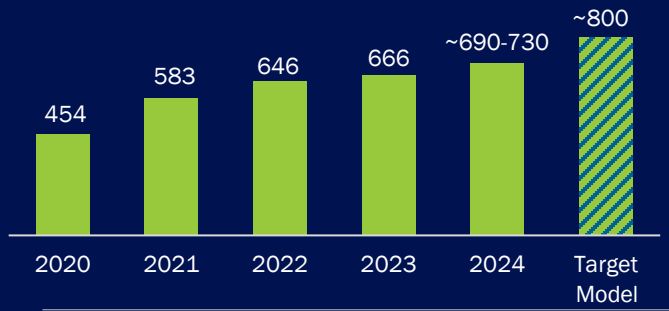
Semiconductor CAGR of ~30% drives increase from 37% of total 2020 revenue to >60% in 2024

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

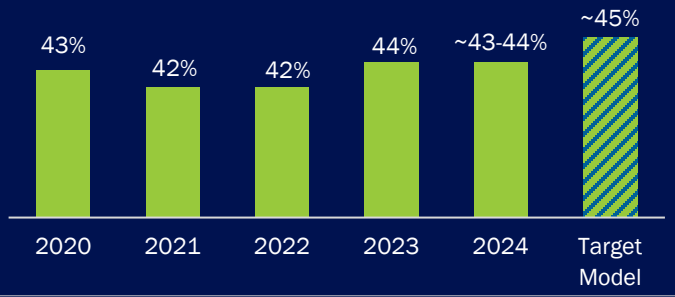
Amounts may not calculate precisely due to rounding.

Historical Financials & 2024 Outlook (Non-GAAP)

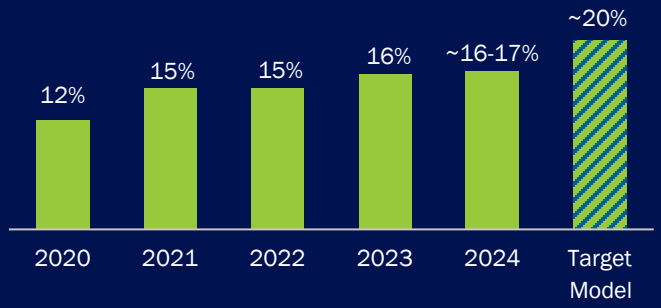
Revenue ($m)



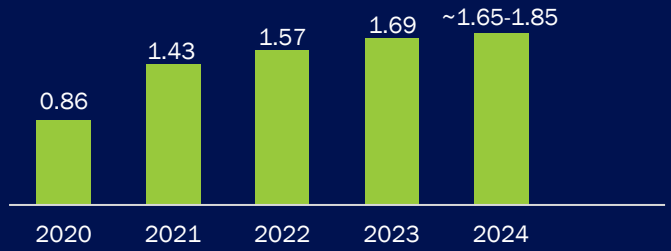
Gross Margin (%)



Operating Income (%)



Diluted EPS ($)



*2020 to 2023 reflect actual results, 2024 based on guidance

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

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

Executing Today & Well-Positioned for Long Term Growth

Today

- **Semiconductor** business on track to outperform WFE growth for 4th consecutive year
- **Laser Spike Annealing** gaining share at our customers most advanced nodes in logic and memory
- **Nanosecond Annealing & Ion Beam Deposition for Front End Semi** under evaluation at several leading logic and memory customers. Potential for initial HVM orders in 2025.

Future

- **Semiconductor** market well positioned to outperform WFE growth, driven by existing and new products (LSA for memory, NSA, IBD300)
- **Compound Semi:** Long-term growth opportunities in Power Electronics

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

Q&A

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.

MAKING A *MATERIAL* DIFFERENCE

Supplemental Information—GAAP to Non-GAAP Reconciliation

$ millions	2023	2022	2021	2020
Net sales	$666.4	$646.1	$583.3	$454.2
GAAP gross profit	285.1	263.1	242.3	194.3
GAAP gross margin	42.8%	40.7%	41.5%	42.8%
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	0.3
Add: Share-based comp	4.9	4.6	2.4	1.9
Add: Other	0.2	3.3	0.4	-
Non-GAAP gross profit	$290.2	$271.0	$245.1	$196.5
Non-GAAP gross margin	43.5%	41.9%	42.0%	43.3%

In millions	2023	2022	2021	2020
GAAP Net income (loss)	($30.4)	$166.9	$26.0	($8.4)
Add: Share-based comp	28.6	23.0	15.2	12.7
Add: Amortization	8.5	10.0	12.3	15.3
Add: Restructuring	-	-	-	1.1
Add: Asset impairment	-	-	-	0.3
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	0.3
Add: Transition expenses related to San Jose expansion project	0.8	6.2	2.0	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	-	0.3	0.3	0.2
Add: Changes in contingent consideration	0.7	-	-	-
Add: Acquisition related	1.1	-	-	-
Add: Interest expense (income), net	1.2	9.3	26.0	23.2
Add: Other (income) expense, net	-	-	5.0	7.8
Add: Tax expense (benefit)	2.0	(116.0)	(0.4)	(0.1)
Non-GAAP operating income (loss)	$109.6	$99.8	$86.6	$52.5

In millions, except per share amounts	2023	2022	2021	2020
GAAP Basic weighted average shares	53.8	49.9	49.1	48.4
GAAP Diluted weighted average shares	53.8	65.6	53.6	48.4
GAAP Basic EPS	($0.56)	$3.35	$0.53	($0.17)
GAAP Diluted EPS	($0.56)	$2.71	$0.49	($0.17)
GAAP Net income (loss)	($30.4)	$166.9	$26.0	($8.4)
Add: Share-based comp	28.6	23.0	15.2	12.7
Add: Amortization	8.5	10.0	12.3	15.3
Add: Restructuring	-	-	-	1.1
Add: Asset impairment	-	-	-	0.3
Add: Release of inventory fair value step-up for purchase accounting	-	-	-	0.3
Add: Transition expenses related to San Jose expansion project	0.8	6.2	2.0	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	-	0.3	0.3	0.2
Add; Changes in contingent consideration	0.7	-	-	-
Add: Acquisition related	1.1	-	-	-
Add: Non-cash interest expense	1.1	0.9	13.8	13.8
Add: Other (income) expense, net	97.1	-	5.0	7.8
Add: Release of valuation allowance on DTA	-	(105.0)	-	-
Add: Tax adjustment from GAAP to Non-GAAP	(9.1)	(12.9)	(1.1)	(0.8)
Non-GAAP net income (loss)	$98.3	$89.6	$73.6	$42.3
Non-GAAP basic EPS	$1.83	$1.79	$1.50	$0.88
Non-GAAP diluted EPS	$1.69	$1.57	$1.43	$0.86
Non-GAAP basic weighted average shares	53.8	49.9	49.1	48.4
Non-GAAP diluted weighted average shares	60.8	63.4	51.5	49.3

In millions	2023	2022	2021	2020
GAAP operating expenses	$215.1	$202.9	$185.6	$171.7
Share-based compensation	(23.6)	(18.4)	(12.9)	(10.8)
Amortization	(8.5)	(10.0)	(12.3)	(15.3)
Other	(2.4)	(3.2)	(1.9)	(1.5)
Non-GAAP operating expenses	$180.6	$171.2	$158.5	$144.0

Amounts may not calculate precisely due to rounding.

Copyright © 2024 Veeco Instruments Inc. All Rights Reserved.