

Veeco

MAKING A *MATERIAL* DIFFERENCE

Stifel 2024 Cross Sector Insight Conference

June 2024

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Executing Today & Well-Positioned for Long-Term Growth

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Veeco at a Glance



Global provider of semiconductor capital equipment



Differentiated technologies with opportunities to expand served available markets

Employees

~1,200

2023 Revenue

$666M



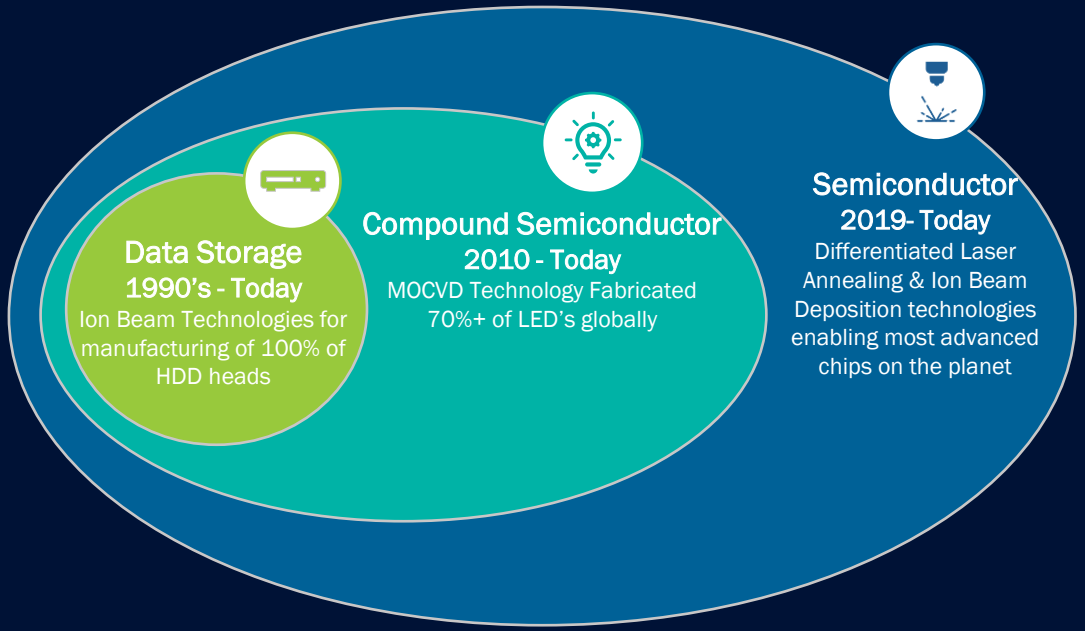
Solving customers high value materials challenges



Financial strength and flexibility

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Who is Veeco?



Strong History
Solving materials challenges

Growth Focus
Semiconductor & Compound Semiconductor

Well Positioned
Leading edge customers drive growth

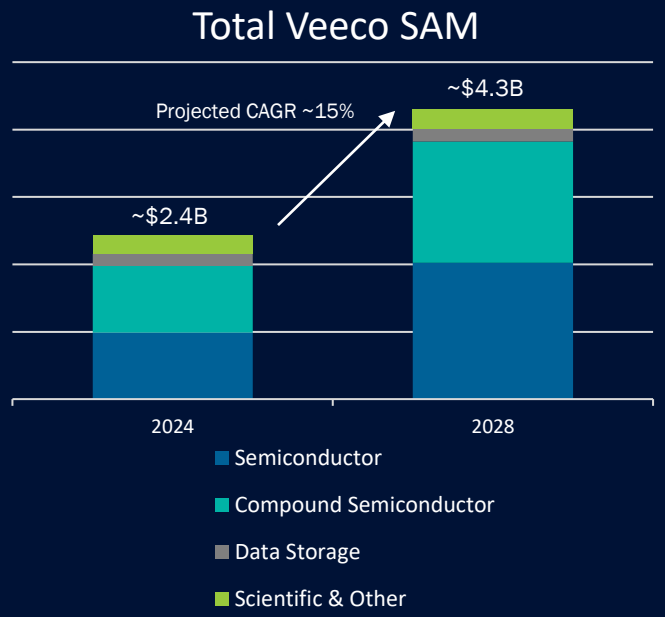
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Served Available Market

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)



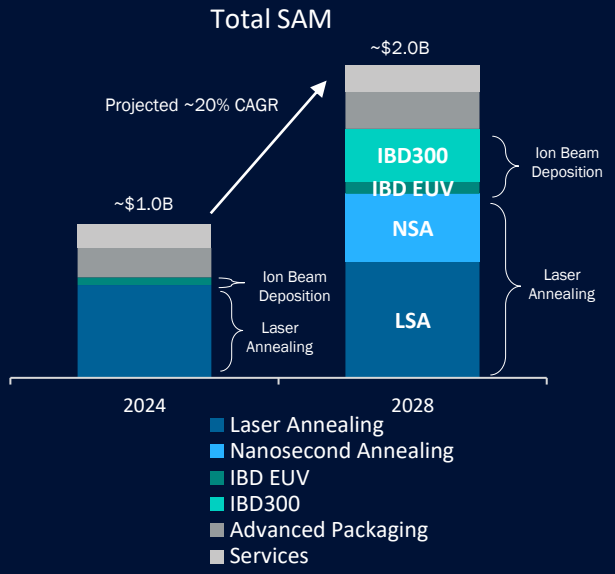
SAM – Served Available Market SiC – Silicon Carbide GaN – Gallium Nitride

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

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Semiconductor SAM Growth

	Key Drivers of SAM Growth *(Systems Only)*	2024	2028
Laser Spike Annealing (LSA)	• PTOR at three Tier 1 logic and one Tier 1 memory customers' advanced nodes	~$600M	~$750M
New Nanosecond Annealing (NSA)	• Under evaluation at two Tier 1 logic customers • Ideal for new advanced node 3D device applications, including backside power delivery	~$0M	~$450M
IBD EUV Mask Blanks	• PTOR for EUV mask blank deposition	~$50M	~$100M
New IBD300 Front End Semi	• Under evaluation at two Tier 1 memory customers • Ion Beam Deposition differentiates vs. traditional technologies for high-density films requiring low resistivity • Key applications are memory bit-line & logic wiring	~$0M	~$350M



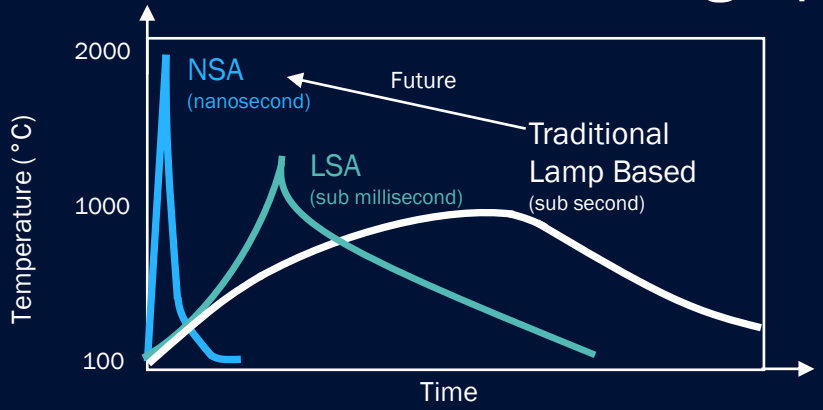
Laser Annealing, Nanosecond Annealing and IBD300 to drive growth in Semiconductor market

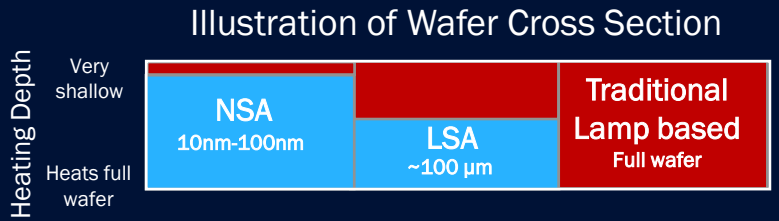
Source: Veeco Served Available Market based on TrendFocus, Gartner, Yole Group and internal analysis

EUV – Extreme Ultraviolet
IBD – Ion Beam Deposition
PTOR – Production Tool of Record
Amounts may not calculate precisely due to rounding.

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Nanosecond Annealing Opportunity





- Device scaling challenges driving the need for new annealing capabilities
- NSA broadening Laser Annealing adoption to new 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 & strong pull from memory customers

Nanosecond Annealing to enable a broad range of advanced logic and memory applications

HVM – High Volume Manufacturing

NSA – Nanosecond Annealing
LSA – Laser Spike Annealing

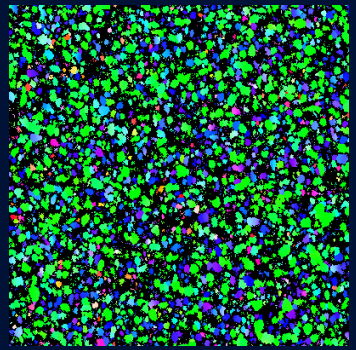
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IBD300– 300mm Front End Semi Opportunity

Micrograph of grain size distribution*

TODAY

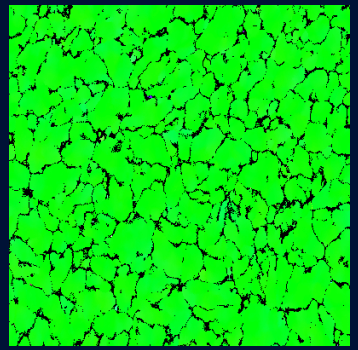
Incumbent Technology



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 critical
- Potential for initial memory HVM orders in 2025

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

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IBD – Ion Beam Deposition
*Micrograph by Electron-Back-Scatter-Diffraction (EBSD) – technique for measuring grain size & distribution

Veeco Growth Technologies for Artificial Intelligence



CPU/GPU

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

Additional Future Opportunities
- Nanosecond Annealing (NSA)
- IBD300 for low resistivity metals

High-Bandwidth Memory (HBM) DRAM

Current PTOR
- Laser-Spike Annealing (LSA)

Additional Future Opportunities
- Nanosecond Annealing (NSA)
- IBD300 for low resistivity metals

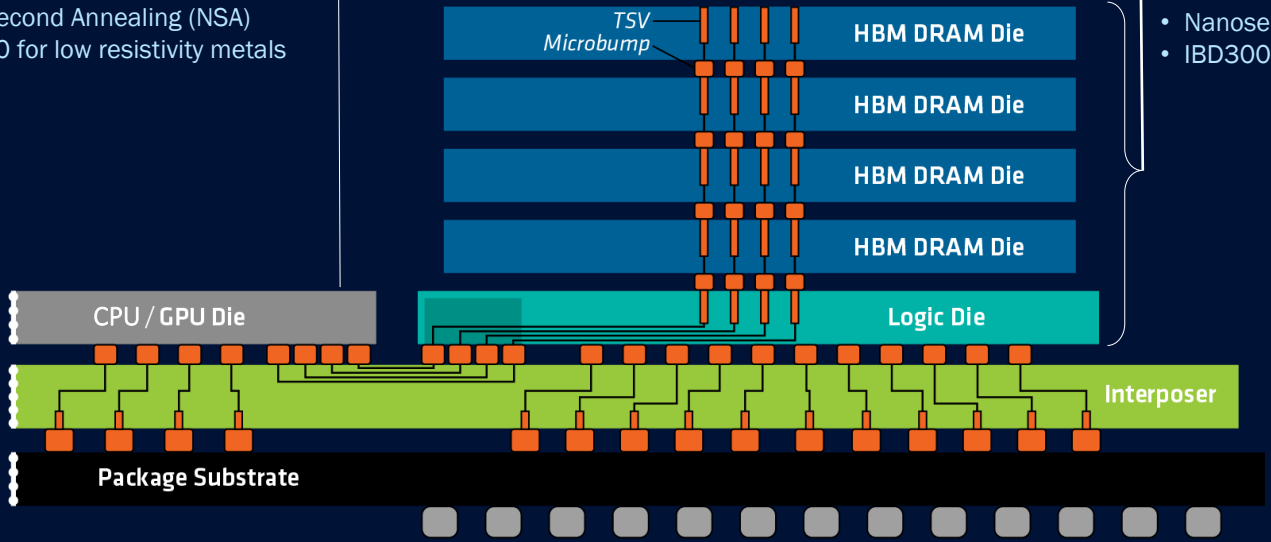


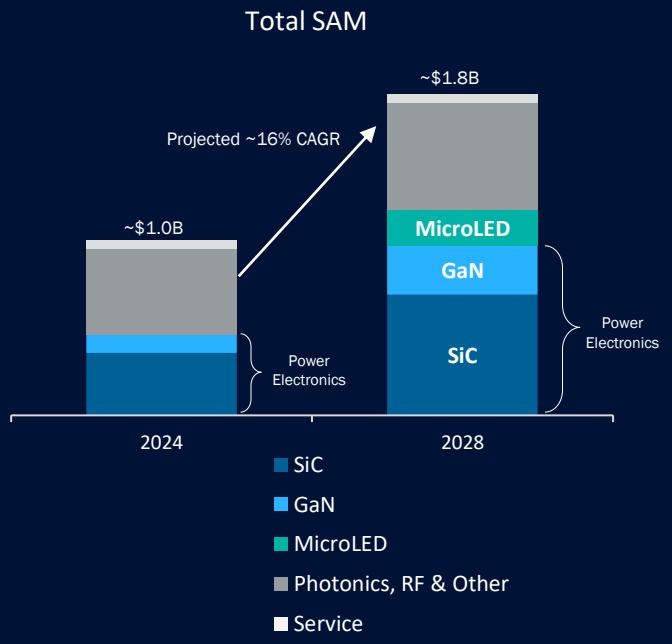
Illustration of typical AI chip

PTOR – Production Tool of Record
TSV – Through Silicon Via
CPU – Central Processing Unit
GPU – Graphics Processing Unit
EUV – Extreme Ultraviolet
IBD – Ion Beam Deposition

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Compound Semiconductor SAM Growth

	Key Drivers of SAM Growth *(Systems Only)*	2024	2028
SiC Power Electronics	• Single wafer SiC CVD for 8 inch addresses high voltage and power applications such as EVs	~$350M	~$650M
GaN Power Electronics	• Single wafer MOCVD platform for 8 & 12 inch GaN wafer sizes	~$100M	~$300M
MicroLED	• Batch platform for traditional red & 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

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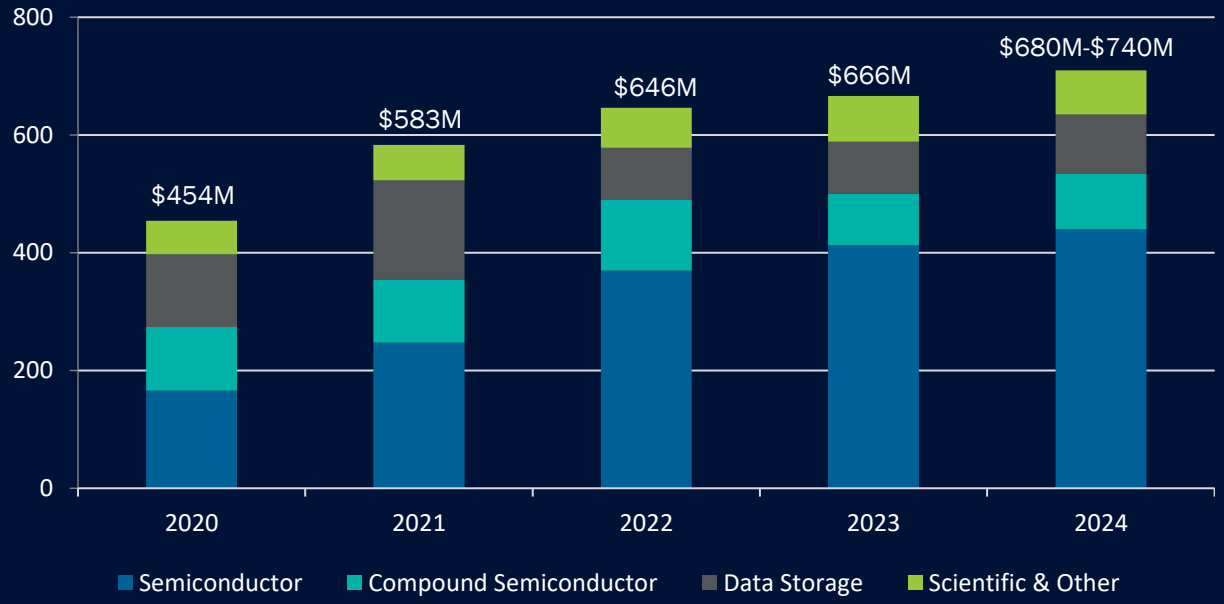
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Financials

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Revenue by End-Market



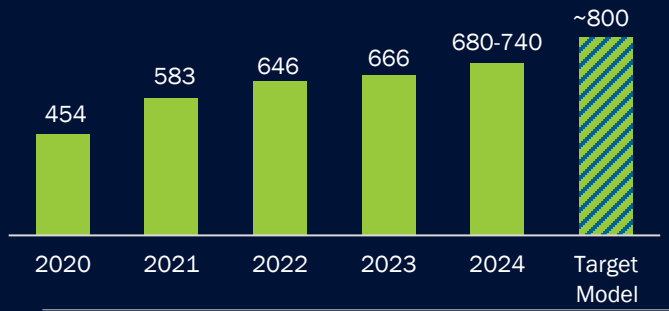
Semiconductor CAGR of ~30% drives increase from 37% of total 2020 revenue to >60% in 2024

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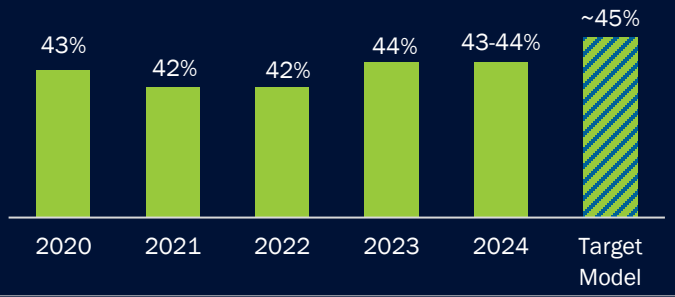
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Historical Financials & 2024 Outlook (Non-GAAP)

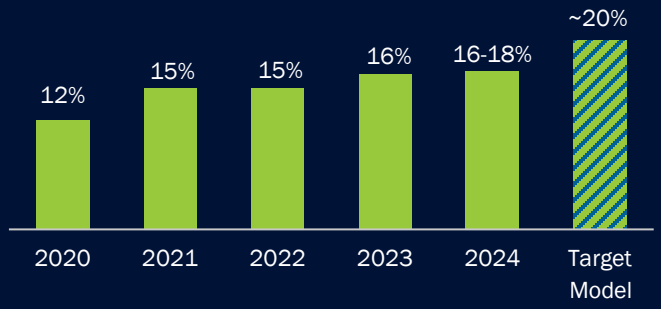
Revenue ($m)



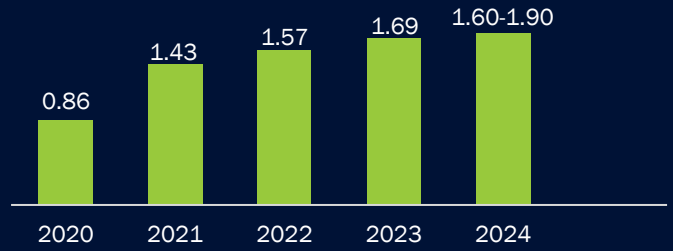
Gross Margin (%)



Operating Income (%)



Diluted EPS ($)



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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 has outperformed WFE growth for 3 consecutive years
- **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

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

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Thank You

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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

FY 2024 Reconciliation of GAAP to non-GAAP Financial Data

GAAP earnings per diluted share for 2024 is expected between $1.10 and $1.40. Guidance regarding 2024 Non-GAAP earnings per diluted share excludes charges related to estimated share-based compensation expenses of $0.47 per share and amortization expense of $0.12 per share, while including additional estimated income tax expense of $0.09.

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.

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