



MAKING A **MATERIAL** DIFFERENCE

Q1 2021 Financial Results Conference Call

Veeco (Nasdaq: VECO)

May 4, 2021



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.



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CEO Overview and Market Update

William J. Miller, Ph.D.



Q1 2021 Highlights

\$134M

Revenue

\$16M

*Non-GAAP
Operating Income*





25¢

*Diluted
Non-GAAP EPS*

- Top line driven by Semiconductor and Data Storage markets
- Non-GAAP gross margin of ~41%
- \$10M in cashflow from operations
- Broad Semiconductor order momentum
- Growth initiatives are aligned with a healthy macro environment

Solid start to 2021 as we execute on our near and long-term growth plan

Significant Market Opportunities

Market Served	Primary Drivers	Primary Veeco Technologies
 Semiconductor	High Performance Computing	Laser Annealing Ion Beam / AP Lithography Wet Processing
 Compound Semiconductor	5G / Power / Photonics / MicroLED	Wet Processing MOCVD
 Data Storage	Cloud / Data Center	Ion Beam
 Scientific & Other	University & Government Research	MBE / ALD / Ion Beam

Veeco strategy aligned with healthy industry dynamics

2021 Priorities – Building on a Profitable Growth Plan

Growth Phase of Transformation

Maintain Resilience essential business



- Employees
- Service
- Supply Chain
- Manufacturing

Focus profitability & products



- Defend foundational businesses
- Deliver strong operating results
- Evaluate product portfolio

Execute Near-Term 2021 growth



- Laser Annealing
- 5G RF
- Data Storage

Prepare Long-Term 2022 & beyond



- Aggressively invest in evaluation systems
- Expand service capability
- Selectively increase R&D investments

Improved company performance today while investing for long-term, profitable growth

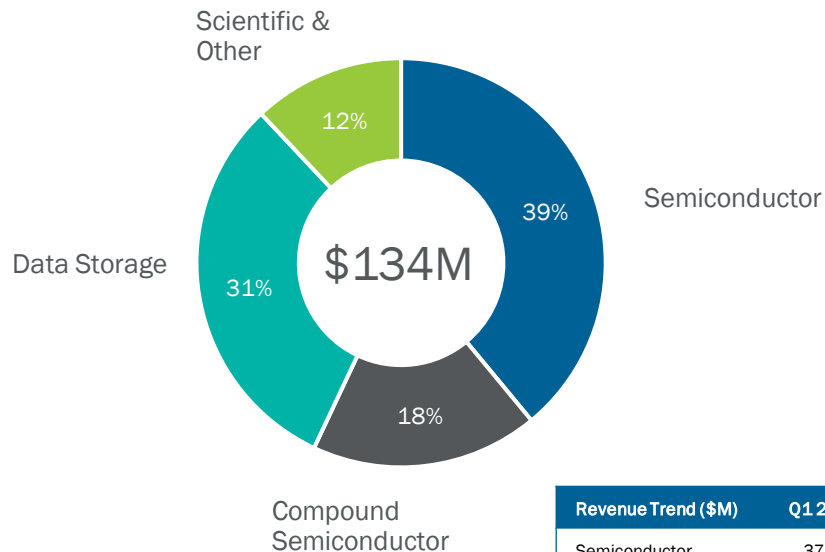


CFO Financial Review

John P. Kiernan

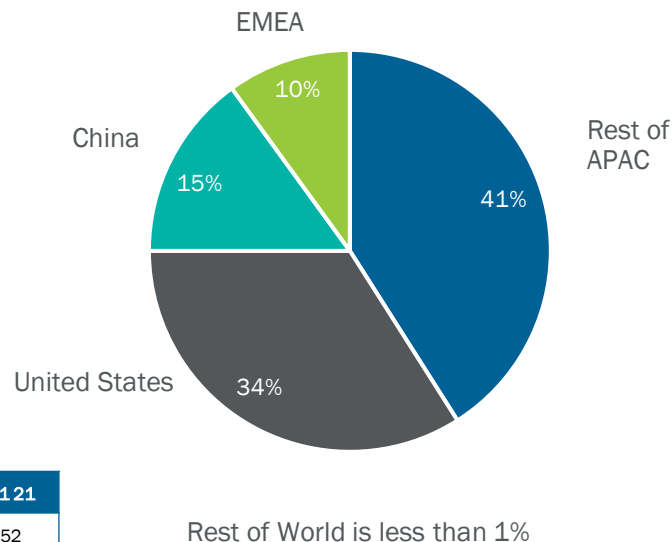
Q1 2021 Revenue by Market & Region

Revenue by Market



Revenue Trend (\$M)	Q1 20	Q4 20	Q1 21
Semiconductor	37	57	52
Compound Semi	18	45	25
Data Storage	39	19	41
Scientific & Other	10	17	16
Total	105	139	134

Revenue by Region



Q1 Operating Results

In millions (except per share amounts)	GAAP		Non-GAAP	
	Q4 20	Q1 21	Q4 20	Q1 21
Revenue	\$138.9	\$133.7	\$138.9	\$133.7
Gross Profit	56.8	54.9	57.4	55.4
Gross Margin	40.9%	41.1%	41.3%	41.5%
Operating Expenses	46.2	45.5	39.7	39.3
Operating Income / (Loss)	10.6	9.4	17.6	16.1
Net Income / (Loss)	(0.1)	2.5	15.0	12.6
Diluted Earnings/(Loss) Per Share	\$(0.00)	\$0.05	\$0.30	\$0.25
Diluted Shares	48.3	53.1	49.7	50.9

Balance Sheet and Cash Flow Highlights

\$ millions	Q4 20	Q1 21
Cash & Short-Term Investments	320	328
Accounts Receivable	80	87
Inventories	146	156
Accounts Payable	34	43
Long-Term Debt	321	325
Cash Flow from Operations	15	10
DSO (days)	52	59
DIO	159	173
DPO	37	49

Q2 2021 Guidance

	GAAP	Non-GAAP
Revenue	\$125M - \$145M	\$125M - \$145M
Gross Margin	40% - 42%	40% - 42%
Operating Expenses	\$45M - \$47M	\$38M - \$40M
Net Income (Loss)	\$(3M) - \$6M	\$9M - \$18M
Earnings (Loss) Per Share	\$(0.06) - \$0.11	\$0.17 - \$0.35
Diluted Shares	49M - 53M	51M





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Q&A





Backup & Reconciliation Tables

Convertible Notes

Convertible Debt		Principal Amount	Coupon	Annual Cash Interest	Annual Non-Cash Interest	Initial Conversion Price
As of March 31, 2021	Convertible Notes Due Jan 2023	\$132M	2.7%	\$3.6M	\$5.6	\$40.03
	Convertible Notes Due Jan 2025	\$133M	3.5%	\$4.6M	\$4.9	\$24.00
	Convertible Notes Due June 2027	\$125M	3.75%	\$4.7M	\$4.1	\$18.46 ¹
	Total Convertible Debt	\$389M	3.3%²	\$12.9M	\$14.5	

Historical Revenue by End-Market

\$M	2019					2020					2021
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
Semiconductor	44.6	37.8	41.8	51.3	175.6	37.4	37.5	33.6	57.4	165.9	51.6
Compound Semi	15.0	16.4	26.3	28.1	85.9	18.4	17.7	26.6	45.2	107.9	24.8
Data Storage	19.6	22.7	24.1	17.6	84.1	38.9	28.3	36.9	19.2	123.3	41.0
Scientific & Other	20.2	20.8	16.6	16.2	73.8	9.8	15.1	15.0	17.1	57.0	16.4
Grand Total	99.4	97.8	109.0	113.2	419.3	104.5	98.6	112.1	138.9	454.2	133.7

Effect of Convertible Notes on Diluted Share Count

Average Stock Price per Common Share	GAAP Approximate Incremental Dilutive Shares (in thousands)			Non-GAAP Approximate Incremental Dilutive Shares (in thousands)		
	2025 Notes	2027 Notes	Total	2025 Notes	2027 Notes	Total
\$15.00	-	609	609	-	-	-
\$16.00	-	1,130	1,130	-	-	-
\$17.00	-	1,589	1,589	-	-	-
\$18.00	-	1,998	1,998	-	-	-
\$19.00	-	2,363	2,363	-	192	192
\$20.00	-	2,692	2,692	-	521	521
\$21.00	-	2,990	2,990	-	819	819
\$22.00	-	3,260	3,260	-	1,090	1,090
\$23.00	-	3,507	3,507	-	1,337	1,337
\$24.00	0	3,734	3,734	0	1,563	1,563
\$25.00	221	3,942	4,163	221	1,771	1,992
\$26.00	425	4,134	4,559	425	1,964	2,388
\$27.00	613	4,313	4,926	613	2,142	2,755
\$28.00	789	4,478	5,267	789	2,307	3,096
\$29.00	952	4,632	5,584	952	2,461	3,413
\$30.00	1,104	4,775	5,880	1,104	2,605	3,709

Based on outstanding Notes as of the end of the most recent quarter. Above table does not include incremental shares associated with the 2023 Notes, for which there is no dilutive impact below an average stock price per share of \$40.03.

The non-GAAP incremental dilutive shares includes the impact of the Company's capped call transaction issued concurrently with our 2027 Notes, and as such, no incremental shares are added to the dilutive share count in periods in which the average stock price per share is below \$18.46. The GAAP incremental dilutive shares does not include the impact of the Company's capped call transaction, and as such, incremental shares are added to the dilutive share count in periods in which the average stock price per share is above \$13.98, and the Company is in a net income position.

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	Q4 20	Q1 21
Net Sales	\$138.9	\$133.7
GAAP Gross Profit	56.8	54.9
GAAP Gross Margin	40.9%	41.1%
Add: Share-Based Comp	0.5	0.5
Non-GAAP Gross Profit	\$57.4	\$55.4
Non-GAAP Gross Margin	41.3%	41.5%

In millions	Q4 20	Q1 21
GAAP Net Income (Loss)	\$(0.1)	\$2.5
Add: Share-Based Comp	3.1	3.2
Add: Amortization	3.8	3.4
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.1
Add: Interest Expense	6.5	6.6
Add: Loss on extinguishment of debt	4.8	-
Add: Tax expense (benefit)	(0.6)	0.3
Non-GAAP Operating Income (Loss)	\$17.6	\$16.1

In millions, except per share amounts	Q4 20	Q1 21
GAAP Basic weighted average shares	48.3	48.6
GAAP Diluted weighted average shares	48.3	53.1
GAAP Basic EPS	\$(0.00)	\$0.05
GAAP Diluted EPS	\$(0.00)	\$0.05
GAAP Net Income (Loss)	\$(0.1)	\$2.5
Add: Share-Based Comp	3.1	3.2
Add: Amortization	3.8	3.4
Add: Loss on extinguishment of debt	4.8	-
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.1
Add: Non-Cash Interest Expense	3.5	3.5
Add: Tax Adjustment from GAAP to Non-GAAP	(0.3)	(0.1)
Non-GAAP Net Income (Loss)	\$15.0	\$12.6
Non-GAAP Basic EPS	\$0.31	\$0.26
Non-GAAP Diluted EPS	\$0.30	\$0.25
Non-GAAP Basic weighted average shares	48.3	48.6
Non-GAAP Diluted weighted average shares	49.7	50.9

Q1 2021 Actual: GAAP to Non-GAAP Reconciliation

In millions, except per share amounts	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net Sales	\$133.7				\$133.7
Gross Profit	54.9	0.5			55.4
Gross Margin	41.1%				41.5%
Operating Expenses	45.5	(2.7)	(3.4)	(0.1)	39.3
Operating Income (Loss)	9.4	3.2	3.4	0.1	16.1
Net Income (Loss)	\$2.5	3.2	3.4	3.5	\$12.6
Income (Loss) Per Common Share:					
Basic	\$0.05				\$0.26
Diluted	0.05				0.25
Weighted Average Number of Shares:					
Basic	48.6				48.6
Diluted	53.1				50.9
<u>Other Non-GAAP Adjustments</u>					
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting					0.1
Subtotal					0.1
Non-Cash Interest Expense					3.5
Non-GAAP Tax Adjustment					(0.1)
Total Other					3.5

Q2 2021 Guidance: GAAP to Non-GAAP Reconciliation

In millions, except per share amounts	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net Sales	\$125–\$145				\$125–\$145
Gross Profit	50–61	1	—	—	51–62
Gross Margin	40%–42%				40%–42%
Operating Expenses	\$45–\$47	(3)	(3)	(1)	\$38–\$40
Operating Income (Loss)	\$5–\$14	4	3	1	\$13–\$22
Net Income (Loss)	\$(3)–\$6	4	3	5	\$9–\$18
Income (Loss) per Diluted Share	\$(0.06)–\$0.11				\$0.17–\$0.35
Diluted Weighted Average Shares	49 – 53				51
GAAP Net Income (Loss)	\$(3)–\$6				
Share-Based Compensation	4				
Amortization	3				
Interest Expense, Net	7				
Other	2				
Non-GAAP Operating Income (Loss)	\$13–\$22				



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Thank You