



MAKING A **MATERIAL** DIFFERENCE

Q1 2023 Financial Results Conference Call

Veeco (Nasdaq: VECO)
May 8, 2023

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: the level of demand for our products; global economic and industry conditions; 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; 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; 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 and Market Update

Bill Miller, Ph.D.

Veeco

Q1 2023 Highlights

Revenue

\$154M

Non-GAAP
Operating Income

\$20M

Diluted
Non-GAAP EPS

30¢

- Top & bottom-line results exceed high-end of guidance
- Solid execution of our strategy
- Semiconductor demand remains elevated
- Further signs of supply chain improvement

Solid execution and Semiconductor demand yield strong results

Differentiated Technologies Aligned with Megatrends



2023 Priorities – Executing Our Growth Strategy

Strategy Execution

Protect



- Safety
- Culture

Execute



- Supply chain
- Customer satisfaction

Innovate & Invest



- Product Development
- Advance evaluation program
- SiC market penetration

Growth & Profitability



- Outperform WFE in Semiconductor revenue
- Revenue growth in Data Storage
- Maintain profitability levels

Commitment to our strategy to facilitate profitability and long-term growth

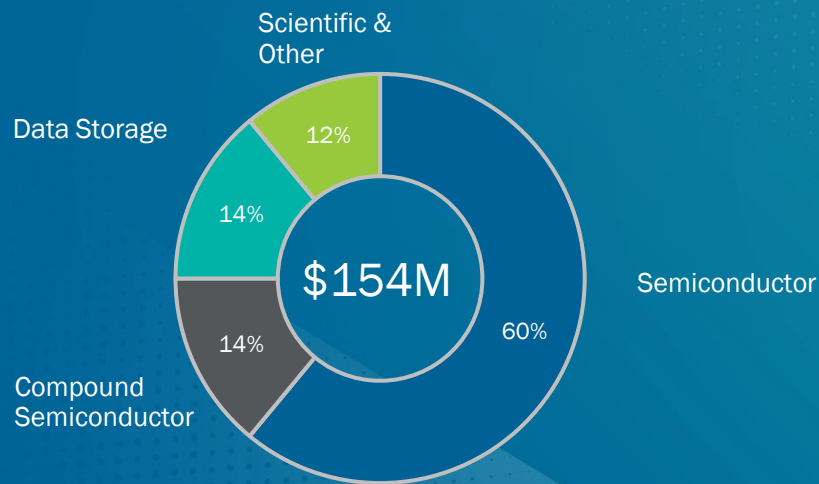
CFO Financial Review

John Kiernan

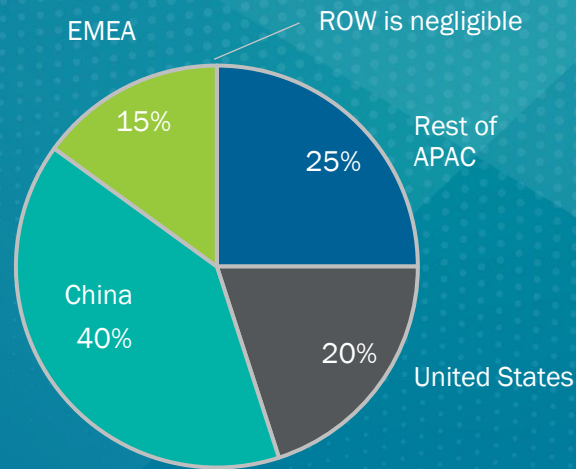


Q1 2023 Revenue by Market & Region

Revenue by Market



Revenue by Region



Revenue Trend (\$M)	Q1 22	Q4 22	Q1 23
Semiconductor	78	94	93
Compound Semi	37	25	21
Data Storage	22	17	22
Scientific & Other	20	18	18
Total	156	154	154

Q1 2023 Operating Results

In millions (except per share amounts)	GAAP		Non-GAAP	
	Q4 22	Q1 23	Q4 22	Q1 23
Revenue	\$153.8	\$153.5	\$153.8	\$153.5
Gross Profit	62.9	62.0	65.1	63.7
Gross Margin	40.9%	40.4%	42.3%	41.5%
Operating Expenses	49.5	52.2	41.3	43.3
Operating Income	13.4	9.8	23.8	20.4
Net Income	128.9	8.7	21.9	16.9
Diluted Earnings Per Share	\$2.00	\$0.17	\$0.38	\$0.30
Diluted Shares	65.7	59.9	63.5	63.3

Balance Sheet and Cash Flow Highlights

\$ millions	Q4 22	Q1 23
Cash & Short-Term Investments	303	253
Accounts Receivable	124	120
Inventories	207	226
Accounts Payable	52	62
Long-Term Debt Including Current Portion	275	255
Cash Flow from Operations	33	14
DSO (days)	73	70
DIO	196	213
DPO	52	62
Capital Expenditures	3	7

2023 Guidance

Q2 2023

	GAAP	Non-GAAP
Revenue	\$145M - \$165M	\$145M - \$165M
Gross Margin	~41%	~42%
Operating Expenses	\$51M - \$53M	\$44M - \$46M
Net Income / (Loss)	\$6M - \$12M	\$14M - \$20M
Diluted Earnings / (Loss) Per Share	\$0.11 - \$0.21	\$0.26 - \$0.34

Reiterating 2023 Full Year Outlook

- 2023 Revenue: \$630 - \$670 million
- 2023 Non-GAAP EPS: \$1.15 - \$1.35





Thank You Q&A



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Backup and Financial Tables



Historical Revenue by End-Market

\$M	2019	2020					2021					2022					2023
	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
Semiconductor	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	100.4	93.8	369.4	93.1
Compound Semi	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	28.1	24.9	121.2	21.2
Data Storage	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	27.7	16.7	87.5	21.5
Scientific & Other	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	15.7	18.4	68.0	17.7
Total	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	171.9	153.8	646.1	153.5

Convertible Notes as of March 31, 2023

Convertible Debt	Principal Amount	Carrying Value	Coupon	Annual Cash Interest	Annual Non-Cash Interest	Initial Conversion Price
Convertible Notes Due Jan 2025	\$133M	\$132M	3.5%	\$4.6M	\$0.5M	\$24.00
Convertible Notes Due June 2027	\$125M	\$123M	3.75%	\$4.7M	\$0.4M	\$18.46 ¹
Total Convertible Debt	\$258M	\$255M	3.6% ²	\$9.8M	\$0.9M	

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

(2) Weighted average

Amounts may not calculate precisely due to rounding.

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 22	Q1 23
Net sales	\$153.8	\$153.5
GAAP gross profit	62.9	62.0
GAAP gross margin	40.9%	40.4%
Add: Share-based comp	1.2	1.5
Add: Other	1.0	0.2
Non-GAAP gross profit	\$65.1	\$63.7
Non-GAAP gross margin	42.3%	41.5%

In millions	Q4 22	Q1 23
GAAP Net income	\$128.9	\$8.7
Add: Share-based comp	6.0	7.0
Add: Amortization	2.5	2.1
Add: Transition expenses related to San Jose expansion project	1.8	0.8
Add: Acquisition related	-	0.7
Add: Interest expense	1.6	0.8
Add: Tax expense (benefit)	(117.1)	0.3
Non-GAAP operating income	\$23.8	\$20.4

In millions, except per share amounts	Q4 22	Q1 23
GAAP Basic weighted average shares	49.9	50.6
GAAP Diluted weighted average shares	65.7	59.9
GAAP Basic EPS	\$2.58	\$0.17
GAAP Diluted EPS	\$2.00	\$0.17
GAAP Net income	\$128.9	\$8.7
Add: Share-based comp	6.0	7.0
Add: Amortization	2.5	2.1
Add: Transition expenses related to San Jose expansion project	1.8	0.8
Add: Acquisition related	-	0.7
Add: Non-cash interest expense	0.2	0.2
Add: Release of valuation allowance on DTA	(105.0)	-
Add: Tax adjustment from GAAP to Non-GAAP	(12.7)	(2.7)
Non-GAAP net income	21.9	16.9
Non-GAAP basic EPS	\$0.44	\$0.33
Non-GAAP diluted EPS	\$0.38	\$0.30
Non-GAAP basic weighted average shares	49.9	50.6
Non-GAAP diluted weighted average shares	63.5	63.3
In millions	Q4 22	Q1 23
GAAP operating expenses	\$49.5	\$52.2
Share-based compensation	(4.9)	(5.6)
Amortization	(2.5)	(2.1)
Other	(0.8)	(1.3)
Non-GAAP operating expenses	\$41.3	\$43.3

Q1 2023 Actual: GAAP to Non-GAAP Reconciliation

	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net Sales	\$153.5				\$153.5
Gross Profit	62.0	1.5	—	0.2	63.7
Gross Margin	40.4%				41.5%
Operating Expenses	\$52.2	(5.6)	(2.1)	(1.3)	\$43.3
Operating Income	\$9.8	7.0	2.1	1.5	\$20.4
Net Income	\$8.7	7.0	2.1	(1.0)	\$16.9

Other Non-GAAP Adjustments	
Transition expenses related to San Jose expansion project	\$0.8
Acquisition related	0.7
Subtotal	1.5
Non-cash Interest Expense	0.2
Non-GAAP tax adjustment	(2.7)
Total Other	\$(1.0)

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net Income	\$8.7	\$16.9
Add: Interest on Convertible Senior Notes	1.2	2.4
Net income available to common shareholders	10.0	19.2
Basic weighted average common shares	50.6	50.6
Add: Dilutive effect of share-based awards	0.4	0.4
Add: Dilutive effect of 2023 Convertible Senior Notes	—	0.1
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	59.9	63.3
Basic income per common share	\$0.17	\$0.33
Diluted income per common share	\$0.17	\$0.30

Q2 2023 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	\$145–\$165				\$145–\$165
Gross Profit	59–68	2	—	—	61–70
Gross Margin	41%–41%				42%–42%
Operating Expenses	\$51–\$53	(6)	(2)	—	\$44–\$46
Operating Income	\$8–\$15	8	2	—	\$18–\$25
Net Income	\$6–\$12	8	2	(2)	\$14–\$20
Income per Diluted Share	\$0.11–\$0.21				\$0.26–\$0.34

Reconciliation of GAAP Net Income to non-GAAP Operating Income	
GAAP Net Income	\$6–\$12
Share-Based Compensation	8
Amortization	2
Interest Expense, Net	2
Income tax expense (benefit)	—
Other	—
Non-GAAP Operating Income	\$18–\$25

Income per Diluted Common Share		
	GAAP	Non-GAAP
Net Income	\$6–\$12	\$14–\$20
Add: Interest on Convertible Senior Notes	0-1	2-2
Net income available to common shareholders	6-13	17-22
Basic weighted average common shares	51	51
Add: Dilutive effect of share-based awards	-	-
Add: Dilutive effect of 2025 Convertible Senior Notes	-	6-6
Add: Dilutive effect of 2027 Convertible Senior Notes	0-9	7-7
Diluted weighted average common shares	51-60	64-64
Income per diluted common share	\$0.11–\$0.21	\$0.26–\$0.34