

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **August 8, 2022**

VEECO INSTRUMENTS INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	0-16244 (Commission File Number)	11-2989601 (IRS Employer Identification No.)
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Terminal Drive, Plainview, New York 11803

(Address of principal executive offices)

(516) 677-0200

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	VECO	The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 8, 2022, Veeco Instruments Inc. issued a press release announcing its financial results for the quarter ended June 30, 2022. In connection with the release and the related conference call, Veeco posted a presentation relating to its second quarter 2022 financial results on its website (www.veeco.com). Copies of the press release and presentation are furnished as Exhibit 99.1 and Exhibit 99.2 to this report.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Press release issued by Veeco dated August 8, 2022
99.2	Veeco Q2 2022 Conference Call Presentation August 8, 2022
104	Cover Page Interactive Data File (formatted as inline XBRL).

Limitation on Incorporation by Reference

In accordance with general instruction B.2 of Form 8-K, the information in this report, including exhibits, is furnished pursuant to Items 2.02 and 9.01 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, nor shall this information or exhibits be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

August 8, 2022

VEECO INSTRUMENTS INC.

By: /s/ Kirk Mackey

Name: Kirk Mackey

Title: Vice President, General Counsel



VEECO REPORTS SECOND QUARTER 2022 FINANCIAL RESULTS

Second Quarter 2022 Highlights:

- Revenues of \$164.0 million, compared with \$146.3 million in the same period last year
- GAAP net income of \$9.7 million, or \$0.18 per diluted share, compared with \$6.3 million, or \$0.12 per diluted share in the same period last year
- Non-GAAP net income of \$20.0 million, or \$0.35 per diluted share, compared with \$17.9 million, or \$0.35 per diluted share in the same period last year

Plainview, N.Y., August 8, 2022 -- Veeco Instruments Inc. (Nasdaq: VECO) today announced financial results for its second quarter ended June 30, 2022. Results are reported in accordance with U.S. generally accepted accounting principles ("GAAP") and are also reported adjusting for certain items ("Non-GAAP"). A reconciliation between GAAP and Non-GAAP operating results is provided at the end of this press release.

U.S. Dollars in millions, except per share data

	<u>Q2 '22</u>	<u>Q2 '21</u>
GAAP Results		
Revenue	\$ 164.0	\$ 146.3
Net income	\$ 9.7	\$ 6.3
Diluted earnings per share	\$ 0.18	\$ 0.12
Non-GAAP Results		
Operating income	\$ 23.0	\$ 21.3
Net income	\$ 20.0	\$ 17.9
Diluted earnings per share	\$ 0.35	\$ 0.35

"We had another record revenue quarter in our semiconductor business with significant contributions coming from our laser annealing and advanced packaging lithography systems," commented Bill Miller, Veeco's Chief Executive Officer. "Demand is stemming predominantly from advanced and trailing node logic applications where Veeco's semiconductor exposure is greatest. Our new San Jose facility is on track to be completed by the end of the third quarter, and the increased manufacturing footprint is enabling our semiconductor growth."

"We're experiencing success with the investments we've made in our evaluation program as demonstrated by the continued adoption of our technologies by leading customers. Looking ahead, the Veeco United team remains committed to achieving our full year 2022 targets."

Guidance and Outlook

The following guidance is provided for Veeco's third quarter 2022:

- Revenue is expected in the range of \$160 million to \$180 million
- GAAP diluted earnings per share are expected in the range of \$0.14 to \$0.30
- Non-GAAP diluted earnings per share are expected in the range of \$0.32 to \$0.48

Conference Call Information

A conference call reviewing these results has been scheduled for today, August 8, 2022 starting at 5:00pm ET. To join the call, dial 1-888-220-8474 (toll free) or 1-646-828-8193 and use passcode 6606156. Participants may also access a live webcast of the call by visiting the investor relations section of Veeco's website at ir.veeco.com. A replay of the webcast will be made available on the Veeco website that evening. **We will post an accompanying slide presentation to our website prior to the beginning of the call.**

About Veeco

Veeco (NASDAQ: VECO) is an innovative manufacturer of semiconductor process equipment. Our proven ion beam, laser annealing, lithography, MOCVD, and single wafer etch & clean technologies play an integral role in the fabrication and packaging of advanced semiconductor devices. With equipment designed to optimize performance, yield and cost of ownership, Veeco holds leading technology positions in the markets we serve. To learn more about Veeco's systems and service offerings, visit www.veeco.com.

Forward-looking Statements

This press release 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 press release or, in the case of any document referenced herein or incorporated by reference, the date of that document. 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 press release.

-financial tables attached-

Veeco Contacts:

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Media:	Kevin Long	(516) 714-3978	klong@veeco.com

Veeco Instruments Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(in thousands, except per share amounts)
(unaudited)

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net sales	\$ 163,999	\$ 146,344	\$ 320,425	\$ 280,059
Cost of sales	99,732	86,178	190,146	164,978
Gross profit	64,267	60,166	130,279	115,081
Operating expenses, net:				
Research and development	26,016	22,553	50,133	44,398
Selling, general, and administrative	22,950	21,466	45,844	41,722
Amortization of intangible assets	2,505	2,976	5,009	6,330
Other operating expense (income), net	(27)	(81)	(47)	(36)
Total operating expenses, net	<u>51,444</u>	<u>46,914</u>	<u>100,939</u>	<u>92,414</u>
Operating income	12,823	13,252	29,340	22,667
Interest expense, net	(2,635)	(6,585)	(5,438)	(13,208)
Income before income taxes	10,188	6,667	23,902	9,459
Income tax expense (benefit)	533	319	917	617
Net income	<u>\$ 9,655</u>	<u>\$ 6,348</u>	<u>\$ 22,985</u>	<u>\$ 8,842</u>
Income per common share:				
Basic	\$ 0.19	\$ 0.13	\$ 0.46	\$ 0.18
Diluted	\$ 0.18	\$ 0.12	\$ 0.43	\$ 0.17
Weighted average number of shares:				
Basic	49,697	48,743	49,702	48,758
Diluted	59,455	53,942	59,521	53,539

Veeco Instruments Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands)

	<u>June 30, 2022</u> (unaudited)	<u>December 31, 2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 116,916	\$ 119,747
Restricted cash	727	725
Short-term investments	113,159	104,181
Accounts receivable, net	126,881	109,609
Contract assets	17,367	18,293
Inventories	176,491	170,858
Prepaid expenses and other current assets	17,743	25,974
Total current assets	<u>569,284</u>	<u>549,387</u>
Property, plant and equipment, net	105,031	99,743
Operating lease right-of-use assets	26,405	28,813
Intangible assets, net	28,896	33,905
Goodwill	181,943	181,943
Deferred income taxes	1,639	1,639
Other assets	3,454	3,546
Total assets	<u><u>\$ 916,652</u></u>	<u><u>\$ 898,976</u></u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 47,074	\$ 44,456
Accrued expenses and other current liabilities	56,918	79,752
Customer deposits and deferred revenue	74,560	63,136
Income taxes payable	1,598	1,860
Current portion of long-term debt	20,120	—
Total current liabilities	<u>200,270</u>	<u>189,204</u>
Deferred income taxes	4,774	4,792
Long-term debt	254,055	229,438
Long-term operating lease liabilities	31,772	32,834
Other liabilities	5,044	5,080
Total liabilities	<u><u>\$ 495,915</u></u>	<u><u>\$ 461,348</u></u>
Total stockholders' equity	<u><u>420,737</u></u>	<u><u>437,628</u></u>
Total liabilities and stockholders' equity	<u><u>\$ 916,652</u></u>	<u><u>\$ 898,976</u></u>

Note on Reconciliation Tables

The below 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, 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 (loss), 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.

Reconciliation of GAAP to Non-GAAP Financial Data (Q2 2022)

(in thousands)
(unaudited)

Three months ended June 30, 2022	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net sales	\$ 163,999				\$ 163,999
Gross profit	64,267	1,251		654	66,172
Gross margin	39.2 %				40.3 %
Operating expenses	51,444	(5,027)	(2,505)	(719)	43,193
Operating income	12,823	6,278	2,505	1,373 ^	22,979
Net income	9,655	6,278	2,505	1,537 ^	19,975

[^] - See table below for additional details.

Other Non-GAAP Adjustments (Q2 2022)

(in thousands)
(unaudited)

Three months ended June 30, 2022		
Transition expenses related to San Jose expansion project		\$ 1,313
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting		60
Subtotal		1,373
Non-cash interest expense		239
Non-GAAP tax adjustment *		(75)
Total Other		\$ 1,537

* - The 'with or without' method is utilized to determine the income tax effect of all Non-GAAP adjustments.

Net Income per Common Share (Q2 2022)

(in thousands, except per share amounts)
(unaudited)

	Three months ended June 30, 2022	
	GAAP	Non-GAAP
Numerator:		
Net income	\$ 9,655	\$ 19,975
Interest expense associated with convertible notes	1,273	2,467
Net income available to common shareholders	\$ 10,928	\$ 22,442
Denominator:		
Basic weighted average shares outstanding	49,697	49,697
Effect of potentially dilutive share-based awards	816	816
Dilutive effect of 2023 Convertible Senior Notes	—	504
Dilutive effect of 2025 Convertible Senior Notes	—	5,521
Dilutive effect of 2027 Convertible Senior Notes ⁽¹⁾	8,942	6,771
Diluted weighted average shares outstanding	59,455	63,309
Net income per common share:		
Basic	\$ 0.19	\$ 0.40
Diluted	\$ 0.18	\$ 0.35

⁽¹⁾ - 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, an effective conversion price of \$18.46 is used when determining incremental shares to add to the dilutive share count. The GAAP incremental dilutive shares does not include the impact of the Company's capped call transaction, and as such, an effective conversion price of \$13.98 is used when determining incremental shares to add to the dilutive share count.

Reconciliation of GAAP to Non-GAAP Financial Data (Q2 2021)

(in thousands, except per share amounts)

(unaudited)

Three months ended June 30, 2021	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-based Compensation	Amortization	Other	
Net sales	\$ 146,344				\$ 146,344
Gross profit	60,166	650		31	60,847
Gross margin	41.1 %				41.6 %
Operating expenses	46,914	(3,717)	(2,976)	(671)	39,550
Operating income	13,252	4,367	2,976	702 ^	21,297
Net income	6,348	4,367	2,976	4,214 ^	17,905
Income per common share:					
Basic	\$ 0.13				\$ 0.37
Diluted	0.12				0.35
Weighted average number of shares:					
Basic	48,743				48,743
Diluted ⁽¹⁾	53,942				51,772

[^] - See table below for additional details.

⁽¹⁾ - 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. The average stock price for the three months ended June 30, 2021 was \$22.94, and therefore 1.3 million shares were included in the non-GAAP diluted share count, and 3.5 million shares were included in the GAAP diluted share count related to the 2027 Notes.

Other Non-GAAP Adjustments (Q2 2021)

(in thousands)

(unaudited)

Three months ended June 30, 2021	
Transition expenses related to San Jose expansion project	\$ 609
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	93
Subtotal	702
Non-cash interest expense	3,586
Non-GAAP tax adjustment *	(74)
Total Other	\$ 4,214

* - The 'with or without' method is utilized to determine the income tax effect of all Non-GAAP adjustments.

Reconciliation of GAAP Net Income to Non-GAAP Operating Income (Q2 2022 and 2021)

(in thousands)

(unaudited)

	Three months ended June 30, 2022	Three months ended June 30, 2021
GAAP Net income	\$ 9,655	\$ 6,348
Share-based compensation	6,278	4,367
Amortization	2,505	2,976
Transition expenses related to San Jose expansion project	1,313	609
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	60	93
Interest (income) expense, net	2,635	6,585
Income tax expense (benefit)	533	319
Non-GAAP Operating income	\$ 22,979	\$ 21,297

Reconciliation of GAAP to Non-GAAP Financial Data (Q3 2022)

(in millions, except per share amounts)

(unaudited)

Guidance for the three months ending September 30, 2022	Non-GAAP Adjustments			Non-GAAP
	Share-based Compensation	Amortization	Other	
Net sales	\$ 160	-	\$ 180	
Gross profit	64	-	75	1
Gross margin	40%	-	42%	
Operating expenses	53	-	55	(5)
Operating income	11	-	20	6
Net income	\$ 7	-	\$ 17	3
Income per diluted common share	\$ 0.14	-	\$ 0.30	
				\$ 0.32
				- \$ 0.48

Income per Diluted Common Share (Q3 2022)

(in millions, except per share amounts)

(unaudited)

Guidance for the three months ending September 30, 2022	GAAP	Non-GAAP
Numerator:		
Net income	\$ 7	\$ 18
Interest expense associated with convertible notes	1	3
Net income available to common shareholders	\$ 8	\$ 20
	\$ 20	\$ 30
Denominator:		
Basic weighted average shares outstanding	50	50
Effect of potentially dilutive share-based awards	1	1
Dilutive effect of 2023 Convertible Senior Notes	—	—
Dilutive effect of 2025 Convertible Senior Notes	—	6
Dilutive effect of 2027 Convertible Senior Notes ⁽¹⁾	9	9
Diluted weighted average shares outstanding	60	66
	64	64
Net income per common share:		
Income per diluted common share	\$ 0.14	\$ 0.32
	-	-
	\$ 0.30	\$ 0.48

⁽¹⁾ - 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, an effective conversion price of \$18.46 is used when determining incremental shares to add to the dilutive share count. The GAAP incremental dilutive shares does not include the impact of the Company's capped call transaction, and as such, an effective conversion price of \$13.98 is used when determining incremental shares to add to the dilutive share count.

Reconciliation of GAAP Net Income to Non-GAAP Operating Income (Q3 2022)

(in millions)

(unaudited)

Guidance for the three months ending September 30, 2022	\$	7	-	\$	17
GAAP Net income				6	6
Share-based compensation				3	3
Amortization				3	3
Interest expense, net				2	1
Other					
Non-GAAP Operating income	\$	21	-	\$	30

Note: Amounts may not calculate precisely due to rounding.



Q2 2022 Financial Results Conference Call

Veeco (Nasdaq: VECO)
August 8, 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.

CEO Overview and Market Update

Bill Miller



Q2 2022 Highlights

Revenue

\$164M

Non-GAAP
Operating Income

\$23M

Diluted
Non-GAAP EPS

35¢

- Another record quarter of semiconductor revenue
- Demand for our products continues to outpace supply – backlog growth
- Published 2021 sustainability report
- Supply chain challenges persist

Solid quarterly results despite persistent supply chain challenges

Differentiated Technologies Aligned with Megatrends



2022 Priorities – Executing Our Growth Plan

Strategy Execution

Protect



- Safety
- Culture

Execute



- Supply chain
- Quality
- Delivery
- Evaluations

Innovate & Invest



- Capacity Expansion
- New technology evaluations
- Service capability

Growth & Profitability



- 10% - 17% revenue growth

A transformed company on an accelerated growth trajectory

CFO Financial Review

John Kiernan



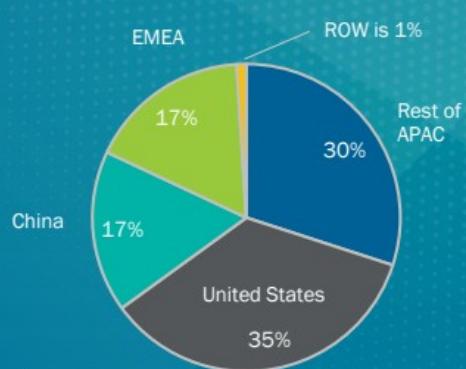
Q2 2022 Revenue by Market & Region

Revenue by Market



Semiconductor

Revenue by Region



China

EMEA

Rest of APAC

United States

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



Thank You Q&A

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Q2 2022 Financial Results Conference Call
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Backup and Financial Tables



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 ³	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 ¹
Total Convertible Debt	\$278M	\$274M	3.6% ²	\$9.8M	\$1.0M	

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	Q1 22	Q2 22
Net sales	\$156.4	\$164.0
GAAP gross profit	66.0	64.3
GAAP gross margin	42.2%	39.2%
Add: Share-based comp	0.9	1.3
Add: Other	0.5	0.7
Non-GAAP gross profit	\$67.5	\$66.2
Non-GAAP gross margin	43.1%	40.3%

In millions	Q1 22	Q2 22
GAAP Net income	\$13.3	\$9.7
Add: Share-based comp	4.5	6.3
Add: Amortization	2.5	2.5
Add: Transition expenses related to San Jose expansion project	1.2	1.3
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.1
Add: Interest expense	2.8	2.6
Add: Tax expense (benefit)	0.4	0.5
Non-GAAP operating income	\$24.7	\$23.0

In millions, except per share amounts	Q1 22	Q2 22
GAAP Basic weighted average shares	49.6	49.7
GAAP Diluted weighted average shares	65.3	59.5
GAAP Basic EPS	\$0.27	\$0.19
GAAP Diluted EPS	\$0.24	\$0.18
GAAP Net income	\$13.3	\$9.7
Add: Share-based comp	4.5	6.3
Add: Amortization	2.5	2.5
Add: Transition expenses related to San Jose expansion project	1.2	1.3
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.1
Add: Non-cash interest expense	0.2	0.2
Add: Tax adjustment from GAAP to Non-GAAP	(0.1)	(0.1)
Non-GAAP net income	\$21.7	\$20.0
Non-GAAP basic EPS	\$0.44	\$0.40
Non-GAAP diluted EPS	\$0.38	\$0.35
Non-GAAP basic weighted average shares	49.6	49.7
Non-GAAP diluted weighted average shares	63.6	63.3

Q2 2022 Actual: GAAP to Non-GAAP Reconciliation

(in millions, except per share amounts)

Reconciliation of GAAP to non-GAAP Financial Data					
	Non-GAAP Adjustments				
	GAAP	Share-Based Compensation	Amortization	Other	Non-GAAP
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					
	Non-GAAP Adjustments				
GAAP	Share-Based Compensation	Amortization	Other	Non-GAAP	
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