
**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): **February 12 , 2018**

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.)

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))

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 February 12, 2018, Veeco Instruments Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2017. In connection with the release and the related conference call, Veeco posted a presentation relating to its fourth quarter 2017 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	Description
99.1	Press release issued by Veeco dated February 12, 2018
99.2	Veeco Q4 2017 Conference Call, February 12, 2018

The information in this report, including the exhibits, 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 liabilities under that Section, nor shall this information or these 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.

February 12, 2018

VEECO INSTRUMENTS INC.

By: /s/ Gregory A. Robbins

Name: Gregory A. Robbins

Title: Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit	Description
99.1	Press release issued by Veeco dated February 12, 2018
99.2	Veeco Q4 2017 Conference Call, February 12, 2018

NEWS



VEECO REPORTS FOURTH QUARTER AND FISCAL YEAR 2017 FINANCIAL RESULTS

Fourth Quarter 2017 Highlights:

- Revenues of \$143.4 million, compared with \$93.6 million in the same period last year
- GAAP net loss of \$5.6 million, or \$0.12 loss per share
- Non-GAAP net income of \$9.1 million, or \$0.19 per diluted share

Full Year 2017 Highlights:

- Revenues of \$484.8 million
- GAAP net loss of \$44.8 million, or \$1.01 loss per share
- Non-GAAP net income of \$23.4 million, or \$0.53 per diluted share

Plainview, N.Y., February 12, 2018 — Veeco Instruments Inc. (Nasdaq: VECO) today announced financial results for its fourth quarter and fiscal year ended December 31, 2017. 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

GAAP Results	4 th Quarter		Full Year	
	Q4 '17	Q4 '16	2017	2016
Revenue	\$ 143.4	\$ 93.6	\$ 484.8	\$ 332.5
Net income (loss)	\$ (5.6)	\$ (5.0)	\$ (44.8)	\$ (122.2)
Diluted earnings (loss) per share	\$ (0.12)	\$ (0.13)	\$ (1.01)	\$ (3.11)

Non-GAAP Results	4 th Quarter		Full Year	
	Q4 '17	Q4 '16	2017	2016
Net income (loss)	\$ 9.1	\$ 3.8	\$ 23.4	\$ (11.3)
Operating income (loss)	\$ 10.5	\$ 3.3	\$ 31.3	\$ (8.5)
Diluted earnings (loss) per share	\$ 0.19	\$ 0.09	\$ 0.53	\$ (0.29)

“2017 was a transformational year for Veeco. We diversified our revenue base through the acquisition of Ultratech, completed a major manufacturing consolidation, and ended the year with strong bookings and historically high backlog,” commented John R. Peeler, Chairman and Chief Executive Officer. “Sales growth in the fourth quarter was driven primarily by shipment of our MOCVD and Laser Anneal systems, and we announced a large multi tool order for our EPIK[®] 868 from Focus Lightings for the production of high-volume light emitting diodes (LEDs).”

“Entering 2018, we expect to grow in all of our target markets, and we are seeing particularly healthy demand in Advanced Packaging, MEMS and RF Filter and Front-End Semiconductor markets,” continued Mr. Peeler.

“Lastly, as we announced on February 8, 2018, I am pleased to report that we have reached a mutually agreed settlement of the pending patent disputes with AMEC and SGL Carbon, and all legal actions related to this matter will be dismissed or withdrawn. We are back to normal operations in our MOCVD business,” concluded Mr. Peeler.

Guidance and Outlook

The following guidance is provided for Veeco's first quarter 2018:

- Revenue is expected in the range of \$140 million to \$165 million
- Non-GAAP operating income is expected in the range of \$2 million to \$10 million
- GAAP earnings (loss) per share are expected in the range of (\$0.50) to (\$0.32)
- Non-GAAP earnings (loss) per share are expected in the range of (\$0.04) to \$0.14

Please refer to the tables at the end of this press release for further details.

Conference Call Information

A conference call reviewing these results has been scheduled for today, February 12, 2018 starting at 5:00pm ET. To join the call, dial 1-800-239-9839 (toll free) or 1-323-794-2551 and use passcode 3939388. 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 beginning at 8:00pm ET this evening. **We will post an accompanying slide presentation to our website prior to the beginning of the call.**

About Veeco

Veeco (NASDAQ: VECO) is a leading manufacturer of innovative semiconductor process equipment. Our proven MOCVD, lithography, laser annealing, ion beam and single wafer etch & clean technologies play an integral role in producing LEDs for solid-state lighting and displays, and in the fabrication of advanced semiconductor devices. With equipment designed to maximize performance, yield and cost of ownership, Veeco holds technology leadership positions in all these served markets. To learn more about Veeco's innovative equipment and services, visit www.veeco.com.

Forward-looking Statements

To the extent that this news release discusses expectations or otherwise makes statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made. These factors include the risks discussed in the Business Description and Management's Discussion and Analysis sections of Veeco's Annual Report on Form 10-K for the year ended December 31, 2016 and in our subsequent quarterly reports on Form 10-Q, current reports on Form 8-K and press releases. Veeco does not undertake any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.

-financial tables attached-

Veeco Contacts:

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

	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
Net sales	\$ 143,432	\$ 93,609	\$ 484,756	\$ 332,451
Cost of sales	85,095	57,601	300,438	199,593
Gross profit	58,337	36,008	184,318	132,858
Operating expenses, net:				
Research and development	24,318	17,471	81,987	81,016
Selling, general, and administrative	28,675	19,412	100,250	77,642
Amortization of intangible assets	13,753	3,434	35,475	19,219
Restructuring	2,246	1,646	11,851	5,640
Acquisition costs	1,510	—	17,786	—
Asset impairment	—	(142)	1,139	69,520
Other, net	(165)	(660)	(392)	223
Total operating expenses, net	70,337	41,161	248,096	253,260
Operating income (loss)	(12,000)	(5,153)	(63,778)	(120,402)
Interest income (expense), net	(4,753)	245	(17,122)	958
Income (loss) before income taxes	(16,753)	(4,908)	(80,900)	(119,444)
Income tax expense (benefit)	(11,137)	90	(36,107)	2,766
Net income (loss)	<u>\$ (5,616)</u>	<u>\$ (4,998)</u>	<u>\$ (44,793)</u>	<u>\$ (122,210)</u>
Income (loss) per common share:				
Basic	\$ (0.12)	\$ (0.13)	\$ (1.01)	\$ (3.11)
Diluted	\$ (0.12)	\$ (0.13)	\$ (1.01)	\$ (3.11)
Weighted average number of shares:				
Basic	47,037	39,267	44,174	39,340
Diluted	47,037	39,267	44,174	39,340

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

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 279,736	\$ 277,444
Restricted cash	847	—
Short-term investments	47,780	66,787
Accounts receivable, net	98,866	58,020
Inventories	120,266	77,063
Deferred cost of sales	16,060	6,160
Prepaid expenses and other current assets	33,437	16,034
Total current assets	596,992	501,508
Property, plant and equipment, net	85,058	60,646
Intangible assets, net	369,843	58,378
Goodwill	307,131	114,908
Deferred income taxes	2,953	2,045
Other assets	25,310	21,047
Total assets	\$ 1,387,287	\$ 758,532
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 50,318	\$ 22,607
Accrued expenses and other current liabilities	60,339	33,201
Customer deposits and deferred revenue	108,953	85,022
Income taxes payable	3,846	2,311
Current portion of long-term debt	—	368
Total current liabilities	223,456	143,509
Deferred income taxes	36,845	13,199
Long-term debt	275,630	826
Other liabilities	10,643	6,403
Total liabilities	546,574	163,937
Total stockholders' equity	840,713	594,595
Total liabilities and stockholders' equity	\$ 1,387,287	\$ 758,532

Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(in thousands, except per share amounts)
(unaudited)

Three months ended December 31, 2017	Non-GAAP Adjustments				
	GAAP	Share-Based Compensation	Amortization	Other	Non-GAAP
Net sales	\$ 143,432				\$ 143,432
Gross profit	58,337	607		537	59,481
Gross margin	40.7%				41.5%
Research and development	24,318	(971)			23,347
Selling, general, and administrative and Other	28,510	(2,668)		(196)	25,646
Net income (loss)	(5,616)	4,420	13,753	(3,460)	9,097
Income (loss) per common share:					
Basic	\$ (0.12)				\$ 0.19
Diluted	(0.12)				0.19
Weighted average number of shares:					
Basic	47,037				47,109
Diluted	47,037				47,208

Veeco Instruments Inc. and Subsidiaries
Other Non-GAAP Adjustments
(in thousands)
(unaudited)

Three months ended December 31, 2017	
Restructuring	2,073
Acquisition related	1,510
Release of inventory fair value step-up associated with the Ultratech purchase accounting	440
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	293
Non-cash interest expense	2,805
Non-GAAP tax adjustment *	(10,581)
Total Other	(3,460)

* - The 'with or without' method is utilized to determine the income tax effect of all Non-GAAP adjustments, as well as the exclusion of certain tax benefits attributed to the change in U.S. tax laws.

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, and incremental transaction-related compensation.

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.

Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(in thousands, except per share amounts)
(unaudited)

Three months ended December 31, 2016	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-based Compensation	Amortization	Other	
Net sales	\$ 93,609				\$ 93,609
Gross profit	36,008	316		362	36,686
Gross margin	38.5%				39.2%
Research and development	17,471	(292)			17,179
Selling, general, and administrative and Other	18,752	(2,971)		(44)	15,737
Net income (loss)	(4,998)	3,579	3,434	1,740	3,755
Income (loss) per common share:					
Basic	\$ (0.13)				\$ 0.09
Diluted	(0.13)				0.09
Weighted average number of shares:					
Basic	39,267				39,579
Diluted	39,267				39,990

Veeco Instruments Inc. and Subsidiaries
Other Non-GAAP Adjustments
(in thousands)
(unaudited)

Three months ended December 31, 2016	
Restructuring	1,646
Acquisition related	44
Asset impairment	(142)
Accelerated depreciation	362
Reclassification of cumulative translation gain from subsidiary liquidation	(429)
Non-GAAP tax adjustment *	259
Total Other	1,740

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

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Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP Net Income (loss) to Non-GAAP Operating Income (loss)
(in thousands)
(unaudited)

	Three months ended December 31, 2017	Three months ended December 31, 2016
GAAP Net income (loss)	\$ (5,616)	\$ (4,998)
Share-based compensation	4,420	3,579
Amortization	13,753	3,434
Restructuring	2,073	1,646
Acquisition related	1,510	44
Release of inventory fair value step-up associated with the Ultratech purchase accounting	440	—
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	293	—
Asset impairment	—	(142)
Accelerated depreciation	—	362
Reclassification of cumulative translation gain from subsidiary liquidation	—	(429)
Interest (income) expense	4,753	(245)
Income tax expense (benefit)	(11,137)	90
Non-GAAP Operating Income (loss)	<u>\$ 10,489</u>	<u>\$ 3,341</u>

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Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(in thousands, except per share amounts)
(unaudited)

For the year ended December 31, 2017	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net sales	\$ 484,756				\$ 484,756
Gross profit	184,318	2,505		10,075	196,898
Gross margin	38.0%				40.6%
Research and development	81,987	(2,957)			79,030
Selling, general, and administrative and Other	99,858	(12,851)		(466)	86,541
Net income (loss)	(44,793)	24,396	35,475	8,368	23,446
Income (loss) per common share:					
Basic	\$ (1.01)				\$ 0.53
Diluted	(1.01)				0.53
Weighted average number of shares:					
Basic	44,174				44,247
Diluted	44,174				44,486

Veeco Instruments Inc. and Subsidiaries
Other Non-GAAP Adjustments
(in thousands)
(unaudited)

For the year ended December 31, 2017	
Restructuring	9,971
Acquisition related	13,583
Release of inventory fair value step-up associated with the Ultratech purchase accounting	9,664
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	695
Asset impairment	1,139
Accelerated depreciation	180
Non-cash interest expense	10,446
Non-GAAP tax adjustment *	(37,310)
Total Other	8,368

* - The 'with or without' method is utilized to determine the income tax effect of all non-GAAP adjustments, as well as the exclusion of certain tax benefits attributed to the change in U.S. tax laws and the release of FIN48 reserves.

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Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(in thousands, except per share amounts)
(unaudited)

For the year ended December 31, 2016	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net sales	\$ 332,451				\$ 332,451
Gross profit	132,858	1,956		716	135,530
Gross margin	40.0%				40.8%
Research and development	81,016	(3,324)			77,692
Selling, general, and administrative and Other	77,866	(10,433)		(1,537)	65,896
Net income (loss)	(122,210)	15,713	19,219	75,954	(11,324)
Income (loss) per common share:					
Basic	\$ (3.11)				\$ (0.29)
Diluted	(3.11)				(0.29)
Weighted average number of shares:					
Basic	39,340				39,340
Diluted	39,340				39,340

Veeco Instruments Inc. and Subsidiaries
Other Non-GAAP Adjustments
(in thousands)
(unaudited)

For the year ended December 31, 2016	
Restructuring	5,640
Acquisition related	232
Asset impairment	69,520
Accelerated depreciation	716
Pension termination	1,305
Reclassification of cumulative translation gain from subsidiary liquidation	(429)
Non-GAAP tax adjustment *	(1,030)
Total Other	75,954

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

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Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP Net Income (loss) to Non-GAAP Operating Income (loss)
(in thousands)
(unaudited)

	Year ended December 31, 2017	Year ended December 31, 2016
GAAP Net income (loss)	\$ (44,793)	\$ (122,210)
Share-based compensation	24,396	15,713
Amortization	35,475	19,219
Restructuring	9,971	5,640
Acquisition related	13,583	232
Release of inventory fair value step-up associated with the Ultratech purchase accounting	9,664	—
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting	695	—
Asset impairment	1,139	69,520
Accelerated depreciation	180	716
Pension termination	—	1,305
Reclassification of cumulative translation gain from subsidiary liquidation	—	(429)
Interest (income) expense	17,122	(958)
Income tax expense (benefit)	(36,107)	2,766
Non-GAAP Operating Income (loss)	<u>\$ 31,325</u>	<u>\$ (8,486)</u>

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Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP to Non-GAAP Financial Data
(in millions, except per share amounts)
(unaudited)

Guidance for the three months ending March 31, 2018	GAAP			Non-GAAP Adjustments			Non-GAAP		
				Share-based Compensation	Amortization	Other			
Net sales	\$ 140	-	\$ 165				\$ 140	-	\$ 165
Gross profit	47	-	58	1	—	—	48	-	59
Gross margin	33%	-	35%				34%	-	36%
Net income (loss)	\$ (23)	-	\$ (15)	4	13	4	\$ (2)	-	\$ 6
Income (loss) per diluted common share	\$ (0.50)	-	\$ (0.32)				\$ (0.04)	-	\$ 0.14
Weighted average number of shares	47		47				47		47

Veeco Instruments Inc. and Subsidiaries
Reconciliation of GAAP Net Income (loss) to Non-GAAP Operating Income (Loss)
(in millions)
(unaudited)

Guidance for the three months ending March 31, 2018				
GAAP Net income (loss)	\$	(23)	-	\$ (15)
Share-based compensation		4	-	4
Amortization		13	-	13
Restructuring		1	-	1
Acquisition related		1	-	1
Interest expense, net		5	-	5
Income tax expense (benefit)		1	-	1
Non-GAAP Operating Income	\$	2	-	\$ 10

Note: Amounts may not calculate precisely due to rounding.

These table includes 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 incremental transaction-related compensation.

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Q4 2017 Conference Call

- > **Veeco Instruments Inc.**
- > February 12, 2018

Safe Harbor

To the extent that this presentation discusses expectations or otherwise makes statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made.

These items include the risk factors discussed in the Business Description and Management's Discussion and Analysis sections of Veeco's Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent Quarterly Reports on form 10Q and current reports on Form 8-K. Veeco does not undertake any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.



CEO Introduction John Peeler

Q4 2017 Highlights

Q4	\$179M	\$143M	\$10.5M	19¢
<i>Results</i>	<i>Bookings</i>	<i>Revenue</i>	<i>Non-GAAP Op Income</i>	<i>Non-GAAP EPS</i>

- > Bookings up 3rd consecutive quarter; backlog building
- > Revenue up 9% from previous quarter
- > Strongest quarter of the year in Non-GAAP operating income
- > Non-GAAP EPS above high end of guided range

Executed well with positive momentum

Note: A reconciliation of GAAP to Non-GAAP financial measures may be found in Back-up & Reconciliation Tables

2017: A Transformational Year – Positioned to Grow



Expanded Market Reach with Complementary Acquisition

- » Closed Ultratech acquisition; integration progressing well
- » Synergies greater than originally expected



Executed Manufacturing Consolidation

- » New Jersey manufacturing consolidation complete
- » Generating \$4M in annualized cost savings



Poised to Diversify Revenues; Accelerate Profitable Growth

- » Delivered 40.6% Non-GAAP gross margin in 2017
- » Bookings trends point to growth and diversification in 2018



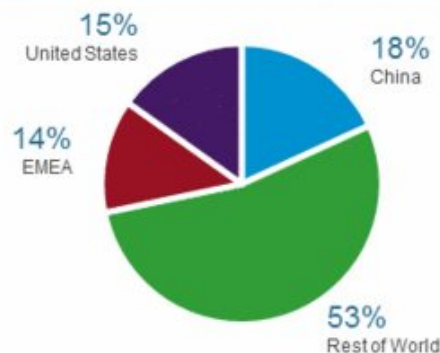
CFO Financial Review Sam Maheshwari

Q4 2017 Revenue by End Market and Geography

Mix By End Market



By Geography



- > Bookings grew to ~\$179M
- > Building backlog for 6 quarters in a row
- > Growth in Front-End Semi and AP, will lead to more diverse 2018
- > China, Blue LED accounted for 13% of total Veeco revenue

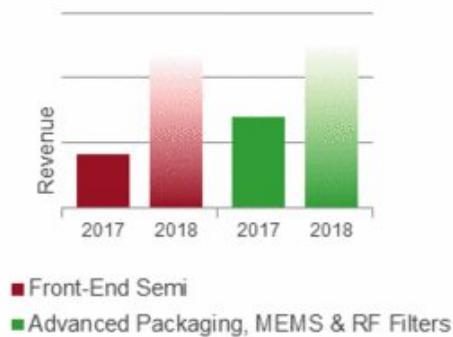
- > Geographically diverse revenue streams
- > ROW driven by LED sales into South East Asia, South Korea and Taiwan

Bookings growth should lead to more diversified revenue mix

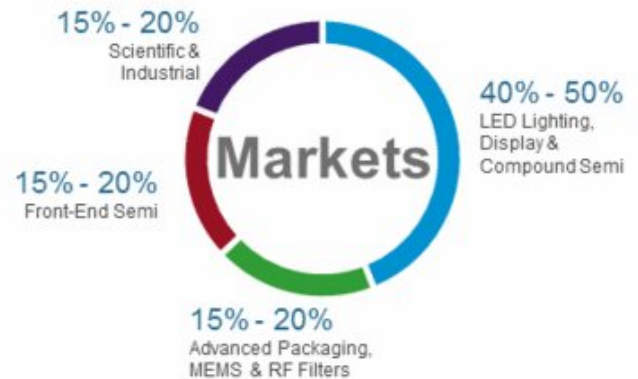
Note: Amounts may not calculate precisely due to rounding

2018: Growing Our Way to More Diversified Revenue Mix

Higher Growth Areas



Mix By End Market



- > We expect 2018 to be a growth year for Veeco in all 4 market segments
- > Strongest growth in Front-End Semi and Advanced Packaging
- > Leading to a more balanced revenue mix

Note: Amounts may not calculate precisely due to rounding

P&L Highlights

(\$M)	GAAP			Non-GAAP		
	Q3 17	Q4 17	2017	Q3 17	Q4 17	2017
Revenue	\$131.9	\$143.4	\$484.8	\$131.9	\$143.4	\$484.8
Gross Profit	53.1	58.3	184.3	55.8	59.5	196.9
%	40.2%	40.7%	38.0%	42.3%	41.5%	40.6%
R&D	24.1	24.3	82.0	23.2	23.3	79.0
SG&A & Other	29.6	28.5	99.9	25.7	25.6	86.5
Operating Income/(Loss)	(18.9)	(12.0)	(63.8)	6.8	10.5	31.3
Net Income/(Loss)	(21.9)	(5.6)	(44.8)	4.3	9.1	23.4
Earnings/(Loss) Per Share	(\$0.47)	(\$0.12)	(\$1.01)	\$0.09	\$0.19	\$0.53

- > 6th consecutive quarter of revenue growth
- > Non-GAAP gross margin benefiting from favorable product mix

Note: Amounts may not calculate precisely due to rounding

A reconciliation of GAAP to Non-GAAP financial measures is contained in the Back Up & Reconciliation Tables

Balance Sheet Highlights

(\$M)	Q3 17	Q4 17
Cash & Short-Term Investments	321	328
Accounts Receivable	114	99
Inventories	114	120
Accounts Payable	54	50
Long-Term Debt	273	276
Cash Flow from Operations	25	19
DSO (days)	78	62
DOI	133	130
DPO	61	54

Note: Amounts may not calculate precisely due to rounding

Q1 2018 Guidance

Q1 2018 Guidance

	GAAP	Non-GAAP
Revenue	\$140M–\$165M	\$140M–\$165M
Gross Margins	33%–35%	34%–36%
Net Income (Loss)	(\$23M)–(\$15M)	(\$2M)–\$6M
Earnings Per Share	(\$0.50)–(\$0.32)	(\$0.04)–\$0.14
Non-GAAP Operating Income		\$2M–\$10M



Note: A reconciliation of GAAP to Non-GAAP financial measures is contained in the Back Up & Reconciliation Tables



Business Update & Outlook

Multiple Veeco Technologies Serve Growing Markets

Markets

- » Advanced Packaging, MEMS & RF Filters
- » LED Lighting, Display & Compound Semi
- » Front-End Semi
- » Scientific & Industrial

Growth Drivers



Veeco Technologies: MOCVD | Lithography | Wet Etch/Clean | Laser Anneal | Ion Beam | MBE | 3D Inspection | ALD

*Source: Various industry reports and company estimates



Advanced Packaging, MEMS & RF Filters

Significant Increase in Demand for WLP Applications

WLP

16% CAGR



Source: TechSearch International & IC Insights 2017

Broad-Based Growth Vectors

- » Mobile devices and connectivity trends
- » Automotive electronics growth, including ADAS
- » Big Data Processing
- » 5G infrastructure deployment in 2019 and 2020



Applicable Technologies: MOCVD | Lithography | Wet Etch/Clean | Laser Anneal | Ion Beam | MBE | 3D Inspection | ALD

WLP – Wafer Level Packaging

ADAS – Advanced Driver Assisted Systems

14 | Q4 2017 / FY 2017 Conference Call | Veeco Instruments Inc. © 2018

Veeco

LED Lighting, Display & Compound Semi



Veeco Remains the LED Market Leader

- » 55% market share for GaN LED*
- » Fab utilization worldwide > 85%; market to remain robust



Non General-Lighting Areas Such as Photonics and RF Driving Meaningful Growth

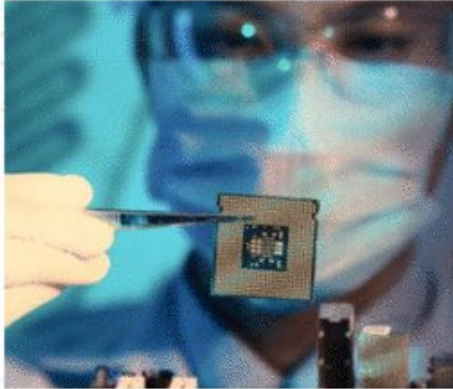
- » VCSELs & Laser Diodes
- » Micro-LEDs & Fine Pitched Displays
- » 5G driven RF devices
- » Power Electronics

Applicable Technologies: MOCVD | Lithography | Wet Etch/Clean | Laser Anneal | Ion Beam | MBE | 3D Inspection | ALD

* Source IHS, Veeco

VCSEL – Vertical Cavity Surface-Emitting Laser

Front-End Semi



LSA

- » Demand from Taiwan and China
- » 2017 market share was approx. 40%
- » Melt being qualified for production at 7nm & 5nm

EUV Photomask

- » Strong interest from photomask industry
- » LDD-IBD ready for EUV adoption

STT-MRAM

- » Well positioned for MRAM ramp with multiple engagements across 3 major customers

3D Inspection

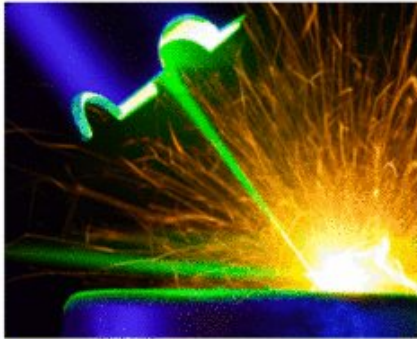
- » Evaluations in process with multiple customers in their fabs

Applicable Technologies: MOCVD | Lithography | Wet Etch/Clean | Laser Anneal | Ion Beam | MBE | 3D Inspection | ALD

LSA – Laser Spike Anneal
EUV – Extreme Ultraviolet

STT MRAM – Spin Transfer Torque Magnetic Random Access Memory
LDD-IBD – Low Defect Density Ion Beam Deposition





Good Momentum in Optical Coating Systems

- » Strong Bookings in 2017
- » Broad-based market demand including industrial lasers, optical components for telecom, and R&D

Data Storage

- » Good momentum with 60% bookings growth in 2017

Launched Lancer™ Ion Beam Etch System

- » A reduced-footprint, R&D-focused, ion-beam etch platform for emerging MEMS and magnetic-sensor applications



Lancer Ion Beam Etch System

Applicable Technologies: MOCVD | Lithography | Wet Etch/Clean | Laser Anneal | Ion Beam | MBE | 3D Inspection | ALD

2018 Priorities

- > Complete Integration of Ultratech
- > Launch New Products
- > Deliver Growth in all 4 Markets
- > Diversify Revenue by End Market
- > Grow Earnings Faster than Revenue







Back Up & Reconciliation Tables

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, and incremental transaction-related compensation.

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Supplemental Information—GAAP to Non-GAAP Reconciliation

US\$ millions	Q3 17	Q4 17	2017
Net Sales	\$131.9	\$143.4	\$484.8
GAAP Gross Profit	53.1	58.3	184.3
GAAP Gross Margin	40.2%	40.7%	38.0%
Add: Release of inventory fair value step-up for purchase accounting	1.9	0.4	9.7
Add: Share-Based Comp	0.7	0.6	2.5
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.1	0.4
Non-GAAP Gross Profit	\$55.8	\$59.5	\$196.9
Non-GAAP Gross Margin	42.3%	41.5%	40.6%

US\$ millions	Q3 17	Q4 17	2017
GAAP Net Income (Loss)	\$(21.9)	\$(5.6)	\$(44.8)
Add: Share-Based Comp	6.2	4.4	24.4
Add: Amortization	12.5	13.8	35.5
Add: Restructuring	4.1	2.1	10.0
Add: Acquisition Related	0.8	1.5	13.6
Add: Release of inventory fair value step-up for purchase accounting	1.9	0.4	9.7
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.3	0.3	0.7
Add: Asset Impairment	-	-	1.1
Add: Accelerated depreciation	-	-	0.2
Add: Interest Expense	4.7	4.7	17.1
Subtract: Tax benefit	(1.8)	(11.1)	(36.1)
Non-GAAP Operating Income	\$6.8	\$10.5	\$31.3

US\$ millions, except per share data	Q3 17	Q4 17	2017
GAAP Basic EPS	(0.47)	(0.12)	(1.01)
GAAP Diluted EPS	(0.47)	(0.12)	(1.01)
GAAP Net Income (Loss)	(21.9)	(5.6)	(44.8)
Add: Share-Based Comp	6.2	4.4	24.4
Add: Amortization	12.5	13.8	35.5
Add: Restructuring	4.1	2.1	10.0
Add: Acquisition Related	0.8	1.5	13.6
Add: Release of inventory fair value step-up for purchase accounting	1.9	0.4	9.7
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.3	0.3	0.7
Add: Asset Impairment	-	-	1.1
Add: Accelerated depreciation	-	-	0.2
Add: Non-Cash Interest Expense	2.7	2.8	10.4
Add: Tax Adjustment from GAAP to Non-GAAP	(2.3)	(10.6)	(37.3)
Non-GAAP Net Income (Loss)	4.3	9.1	23.4
Non-GAAP Basic EPS	0.09	0.19	0.53
Non-GAAP Diluted EPS	0.09	0.19	0.53

Note: Amounts may not calculate precisely due to rounding

Q4 2017 GAAP to Non-GAAP Reconciliation

In millions, except per share data	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net Sales	\$143.4				\$143.4
Gross Profit	58.3	0.6		0.5	59.5
Gross Margin	40.7%				41.5%
Research and Development	24.3	(1.0)			23.3
Selling, General, and Administrative and Other	28.5	(2.7)		(0.2)	25.6
Net Income (Loss)	\$(5.6)	4.4	13.8	(3.5)	\$9.1
Income (Loss) Per Common Share:					
Basic	\$(0.12)				\$0.19
Diluted	(0.12)				0.19
Weighted Average Number of Shares:					
Basic	47.0				47.1
Diluted	47.0				47.2
Other Non-GAAP Adjustments					
Restructuring					2.1
Acquisition Related					1.5
Release of inventory fair value step-up associated with the Ultratech purchase accounting					0.4
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting					0.3
Non-Cash Interest Expense					2.8
Non-GAAP Tax Adjustment					(10.6)
Total Other					(3.5)

Note: Amounts may not calculate precisely due to rounding

2017 GAAP to Non-GAAP Reconciliation

In millions, except per share data	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net Sales	\$484.8				\$484.8
Gross Profit	184.3	2.5		10.1	196.9
Gross Margin	38.0%				40.6%
Research and Development	82.0	(3.0)			79.0
Selling, General, and Administrative and Other	99.9	(12.9)		(0.5)	86.5
Net Income (Loss)	\$(44.8)	24.4	35.5	8.4	\$23.4
Income (Loss) Per Common Share:					
Basic	\$(1.01)				\$0.53
Diluted	(1.01)				0.53
Weighted Average Number of Shares:					
Basic	44.2				44.2
Diluted	44.2				44.5
Other Non-GAAP Adjustments					
Restructuring					10.0
Acquisition Related					13.6
Release of inventory fair value step-up associated with the Ultratech purchase accounting					9.7
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting					0.7
Asset Impairment					1.1
Accelerated Depreciation					0.2
Non-Cash Interest Expense					10.4
Non-GAAP Tax Adjustment					(37.3)
Total Other					8.4

Note: Amounts may not calculate precisely due to rounding

Q1 2018 Guidance GAAP to Non-GAAP Reconciliation

In millions, except per share data	GAAP	Non-GAAP Adjustments			Non-GAAP
		Share-Based Compensation	Amortization	Other	
Net Sales	\$140–\$165				\$140–\$165
Gross Profit	47–58	1	—	—	48–59
Gross Margin	33%–35%				34%–36%
Net Income (Loss)	\$(23)–\$(15)	4	13	4	\$(2)–\$6
Income (Loss) per Diluted Share	\$(0.50)–\$(0.32)				\$(0.04)–\$0.14

GAAP Net Income (Loss)	\$(23)–\$(15)
Share-Based Compensation	4
Amortization	13
Restructuring	1
Acquisition related expense	1
Interest Expense	5
Income Tax Expense (Benefit)	1
Non-GAAP Operating Income	\$2–\$10

Note: Amounts may not calculate precisely due to rounding

