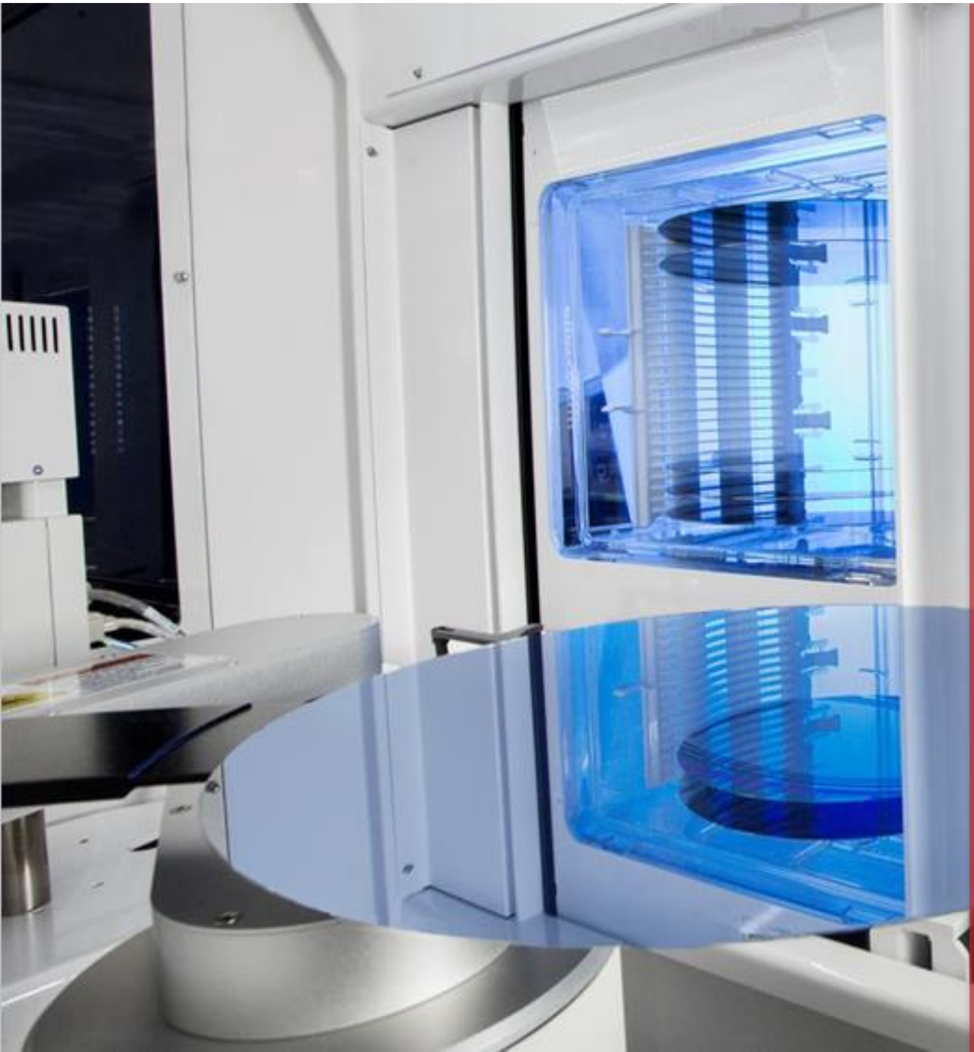
Q3 2017 Conference Call



> **Veeco Instruments Inc.**
> November 2, 2017

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 10-Q 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.

Veeco

CEO Introduction
John Peeler

Q3 2017 Highlights

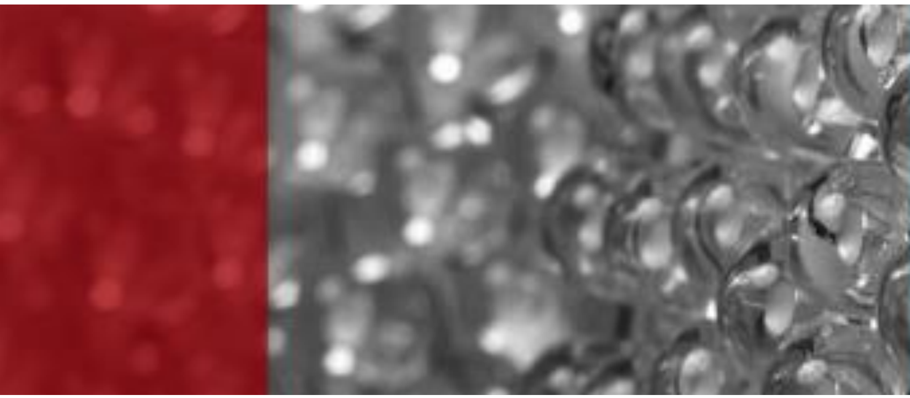
Q3	$162M	$132M	$6.8M	9¢
Results	*Bookings*	*Revenue*	*Non-GAAP Op Income*	*Non-GAAP EPS*

> Bookings up sequentially; backlog building

> Backlog growth driven by multiple system orders from LED customers in Asia and Europe

> Stronger revenue driven by MOCVD and PSP System sales

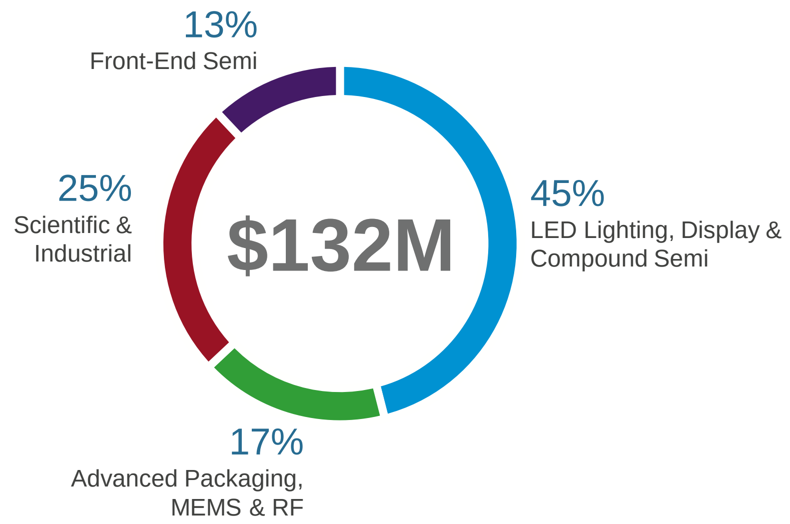
Note: A reconciliation of GAAP to Non-GAAP financial measures may be found in Back-up & Reconciliation Tables



CFO Financial Review
Sam Maheshwari

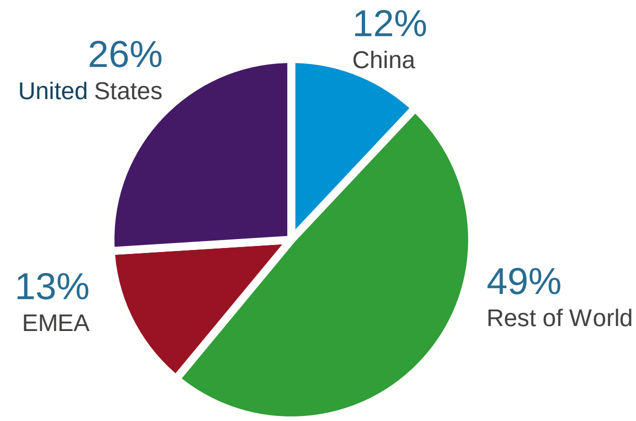
Q3 2017 Revenue Breakdown by End Market and Geography

Q3 2017 Revenue by End Market



> LED Lighting, Display & Compound Semi driven by continued roll-out of MOCVD and PSP systems into Europe, China and South East Asia

Q3 2017 Revenue by Geography



> China excludes approximately $28.5 million of deferred revenue

> ROW driven by sales into Malaysia and South Korea

Bookings up 32% sequentially to $162 million; Multiple System Orders for MOCVD

Note: Amounts may not calculate precisely due to rounding

P&L Highlights

($M)	GAAP Q2 17	GAAP Q3 17	Non-GAAP Q2 17	Non-GAAP Q3 17
Revenue	$115.1	**$131.9**	$115.1	**$131.9**
Gross Profit	38.7	**53.1**	46.7	**55.8**
%	*33.6%*	***40.2%***	*40.6%*	***42.3%***
R&D	18.6	**24.1**	17.9	**23.2**
SG&A & Other	22.7	**29.6**	19.2	**25.7**
Operating Income/(Loss)	(27.0)	**(18.9)**	9.6	**6.8**
Net Income/(Loss)	(18.4)	**(21.9)**	6.4	**4.3**
Earnings/(Loss) Per Share	($0.43)	**($0.47)**	$0.15	**$0.09**

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

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Balance Sheet Highlights

($M)	Q1 17	Q2 17	**Q3 17**
Cash & Short-term Investments	682	303	**321**
Accounts Receivable	51	108	**114**
Inventories	65	120	**114**
Accounts Payable	31	46	**54**
Long-term Debt	268	270	**273**
Cash Flow from Operations	6.3	(15.9)	**24.9**
DSO	49	85	**78**
DOI	107	109	**133**
DPO	47	54	**61**

Note: Amounts may not calculate precisely due to rounding

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Q4 2017 Guidance

	GAAP	Non-GAAP
Revenue	$135M–$155M	$135M–$155M
Gross Margins	39%–41%	39%–41%
Net Income (Loss)	($15M)–($8M)	$0M–$7M
Earnings Per Share	($0.33)–($0.17)	$0.00–$0.16
Non-GAAP Operating Income		$5M–$12M

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

Business Update & Outlook

LED Lighting, Display & Compound Semi

Fine-pitch LED displays

New TurboDisc EPIK 868 GaN MOCVD System

ALLOS Semiconductors

- **Demand being driven by:**
  - Growth of LED in General Lighting
  - Continued migration to larger sized TVs;
    - requiring more LEDs to backlight
  - Growing adoption of Fine-pitch Display;
    - stadiums, lobbies, retail
- **We continue to win business in China**
  - New EPIK 868 – the industry benchmark for highest productivity per fab foot;
    - Designed to meet needs of our customers in China
  - Multiple system orders received from leading LED manufacturers
- **Announced Strategic Initiative with Allos Semi**
  - 200mm GaN-on-Si wafers for Blue/Green Micro-LEDs
  - Veeco Propel Power GaN MOCVD System

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Advanced Packaging, MEMS and RF

- Positioned for growth when market strengthens
  - Veeco sustained our leadership position and maintained strong market share of 73%
  - AP impacted by weaker smartphone shipments worldwide
- Advanced FOWLP applications expanding to applications such as:
  - Baseband processors
  - RF transceivers
  - Switches
  - PMICs

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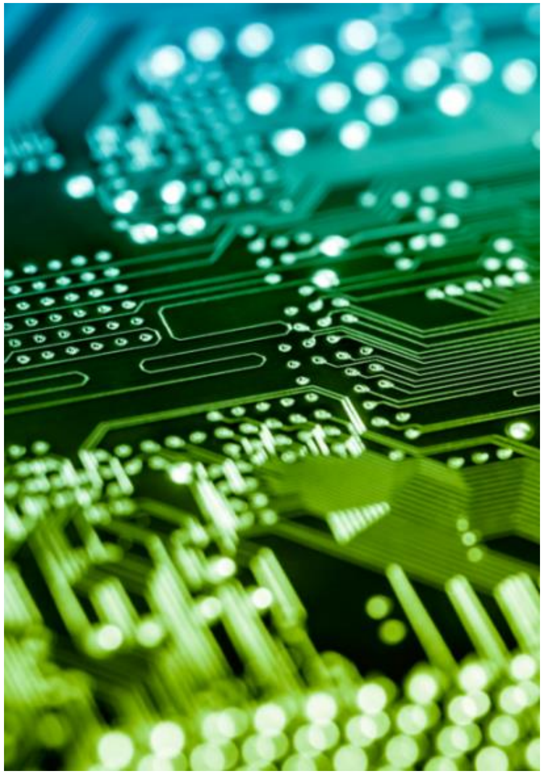
Front-End Semi Update: Veeco Remains Well-Positioned



- China buildout of 28nm fabs continues
- Select customers expected to begin focus on 14nm next year
- Veeco actively supporting 10nm ramp and 7nm process development in Korea
- Melt tool progressing well; customers actively working on 7nm and 5nm processes
- Ion Beam Etch system for MRAM garnering tremendous customer interest; high volume manufacturing to begin in 2018

Ultratech Update – Integration on Track

➢ Integration Proceeding Well

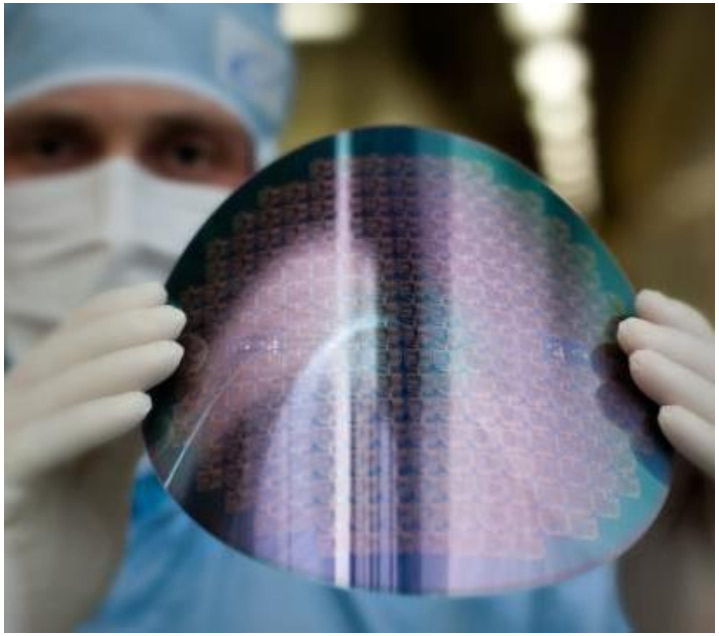
- Key milestones achievable over next 18-24 months

✓	Sales organization integration	COMPLETED
✓	Field service integration	COMPLETED
✓	ERP conversion	IN PROGRESS
✓	Focused R&D projects	IN PROGRESS
✓	Material cost reductions	IN PROGRESS

➢ Poised to Deliver Enhanced Shareholder Value

- Accelerates growth potential in Advanced Packaging
- Expected to increase scale and diversify revenue

Summary



2017: a transformative year for Veeco

- Backlog continuing to grow
- Ultratech integration on track
- Veeco executing on strategy to increase scale, diversify revenue and improve profitability


Q&A

Back Up & Reconciliation Tables

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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.

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

US$ millions	Q2 17	Q3 17
Net Sales	**$115.1**	**$131.9**
GAAP Gross Profit	**38.7**	**53.1**
GAAP Gross Margin	33.6%	40.2%
Add: Release of inventory fair value step-up for purchase accounting	7.4	1.9
Add: Share-Based Comp	0.5	0.7
Add: Depreciation of PP&E fair value step-up for purchase accounting	-	0.1
Add: Accelerated Depreciation	0.1	-
Non-GAAP Gross Profit	**$46.7**	**$55.8**
Non-GAAP Gross Margin	**40.6%**	**42.3%**

US$ millions	Q2 17	Q3 17
GAAP Net Income (Loss)	**$(18.4)**	**$(21.9)**
Add: Share-Based Comp	9.6	6.2
Add: Amortization	6.4	12.5
Add: Restructuring	2.4	4.1
Add: Acquisition Related	9.9	0.8
Add: Release of inventory fair value step-up for purchase accounting	7.4	1.9
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.3
Add: Accelerated Depreciation	0.1	-
Add: Asset Impairment	0.7	-
Add: Interest Expense	4.3	4.7
Subtract: Tax benefit	(12.9)	(1.8)
Non-GAAP Operating Income	**$9.6**	**$6.8**

US$ millions, except per share data	Q2 17	Q3 17
GAAP Basic EPS	(0.43)	(0.47)
GAAP Diluted EPS	(0.43)	(0.47)
GAAP Net Income (Loss)	(18.4)	(21.9)
Add: Share-Based Comp	9.6	6.2
Add: Amortization	6.4	12.5
Add: Restructuring	2.4	4.1
Add: Acquisition Related	9.9	0.8
Add: Release of inventory fair value step-up for purchase accounting	7.4	1.9
Add: Depreciation of PP&E fair value step-up for purchase accounting	0.1	0.3
Add: Accelerated Depreciation	0.1	-
Add: Asset Impairment	0.7	-
Add: Non-Cash Interest Expense	2.7	2.7
Add: Tax Adjustment from GAAP to Non-GAAP	(14.5)	(2.3)
Non-GAAP Net Income (Loss)	6.4	4.3
Non-GAAP Basic EPS	0.15	0.09
Non-GAAP Diluted EPS	0.15	0.09

Note: Amounts may not calculate precisely due to rounding

Q3 2017 GAAP to Non-GAAP Reconciliation

In millions, except per share data	GAAP	Non-GAAP Adjustments Share-Based Compensation	Amortization	Other	Non-GAAP
Net Sales	$131.9				$131.9
Gross Profit	53.1	0.7		2.0	55.8
Gross Margin	40.2%				42.3%
Research and Development	24.1	(0.9)			23.2
Selling, General, and Administrative and Other	29.6	(3.7)		(0.2)	25.7
Net Income (Loss)	$(21.9)	6.2	12.5	7.5	$4.3
Income (Loss) Per Common Share:					
Basic	$(0.47)				$0.09
Diluted	(0.47)				0.09
Weighted Average Number of Shares:					
Basic	46.9				47.1
Diluted	46.9				47.3
Other Non-GAAP Adjustments					
Restructuring					4.1
Acquisition Related					0.8
Release of inventory fair value step-up associated with the Ultratech purchase accounting					1.9
Depreciation of PP&E fair value step-up associated with the Ultratech purchase accounting					0.3
Non-Cash Interest Expense					2.7
Non-GAAP Tax Adjustment					(2.3)
Total Other					7.5

Note: Amounts may not calculate precisely due to rounding

Q4 2017 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	$135–$155				$135–$155
Gross Profit	52–63	1	—	—	53–64
Gross Margin	39%–41%				39%–41%
Net Income (Loss)	($15)–($8)	5	12	(2)	$0–$7
Income (Loss) per Diluted Share	($0.33)–($0.17)				$0.00–$0.16

GAAP Net Income (Loss)	($15)–($8)
Share-Based Compensation	5
Amortization	12
Restructuring	1
Acquisition related expense	1
Interest Expense	5
Income Tax Expense (Benefit)	(4)
Non-GAAP Operating Income	$5–$12

Note: Amounts may not calculate precisely due to rounding