

September Quarter 2015

October 27, 2015



Balanced Revenue Mix – Improved Profitability

PASSION. INNOVATION. PERFORMANCE

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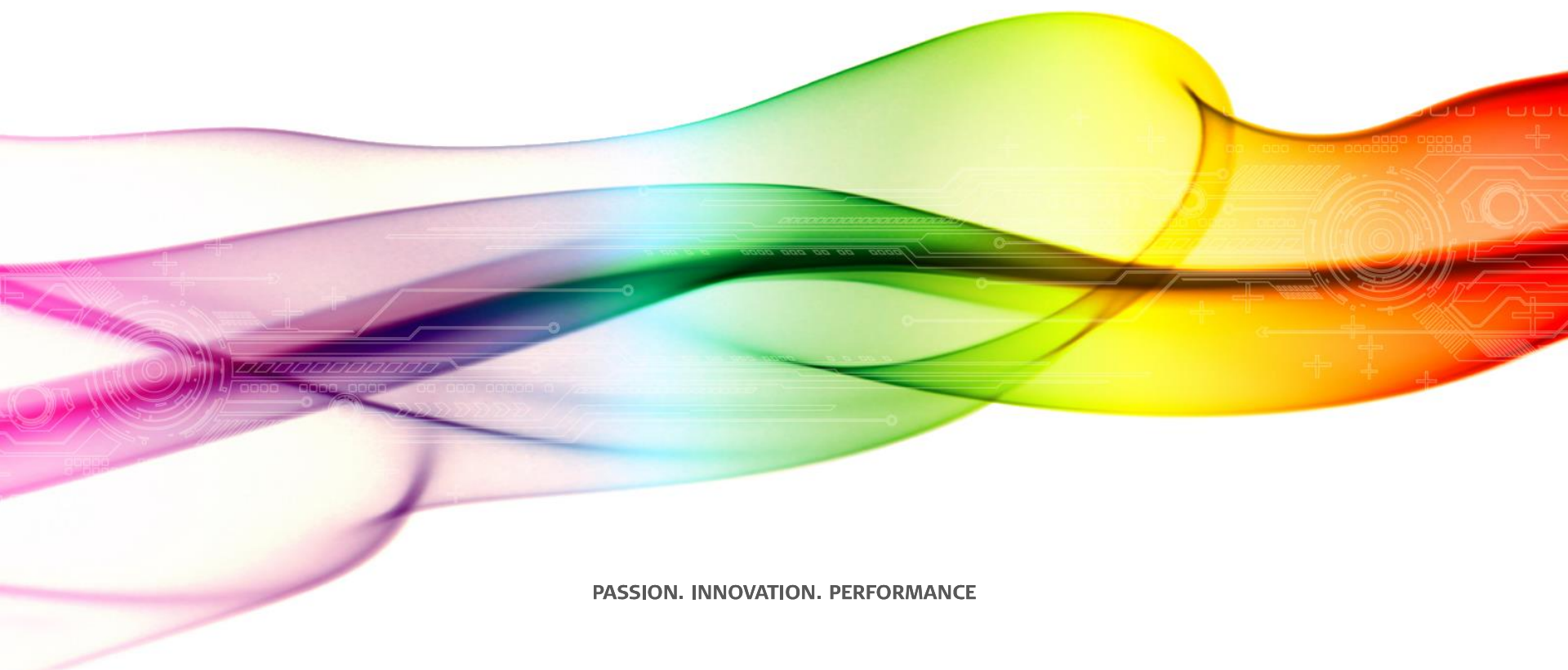
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Business Review & Highlights

2015 Third Quarter Results

Eitan Oppenheim

President and Chief Executive Officer



September Quarter Results - Financial Highlights

- Quarterly Results
 - Revenue - \$40.4M –midpoint of guidance
 - Non GAAP EPS - \$0.23 – exceeding guidance
 - Service revenue – Above \$10M USD
 - SW revenue – achieving YoY growth
- Strong Foundry contribution
 - Wider delivery mix – 28nm to 5nm
 - Several competitive wins in advanced nodes
- Broader customer base
 - 4 customers accounted for more than 10% each
- Strengthening Memory Position
 - Optical CD Standalone evaluations underway - beyond 32 layers
- ReVera integration – transition to technology synergy & wider offering

Well executed quarter against our growth initiatives

Product Portfolio

- Roadmap to synergize Optical CD and X-Ray – increasing TAM
- Newly introduced platform - HelioSense100
 - Allows tighter process control in all segments – Memory & Logic
 - Achieving competitive edge – technology & productivity
 - Adopted by 3 leading customers
- Enhanced Integrated Metrology solution
 - New configurations (HW & SW) roll out
 - Meeting growing metrology demands – scale and embedded devices
- SW products
 - Growing part in the portfolio
 - Provides tighter process control and fleet utilization
- Materials and Film Thickness (XPS / XRF)
 - VF3 adoption across Memory and Foundry customers
 - Solid long term RM

Technology innovation embedded into the entire portfolio

Market Outlook – 2016

- Foundry
 - Investment in 10nm – pilot lines and moderate ramp
 - Continuous investment in 28nm nodes
- Memory
 - DRAM
 - Slower investment pace
 - 20nm conversions and moderate capacity expansions
 - Vertical NAND
 - Incremental investment in capacity expansions
 - Conversions to meet production of 32 layers and above
 - Incremental investment over the years

Moderate investment in advanced nodes
Foundry focus - 10nm
Memory focus - 20nm DRAM & >32 layers VNAND

Guidance – Q4 2015

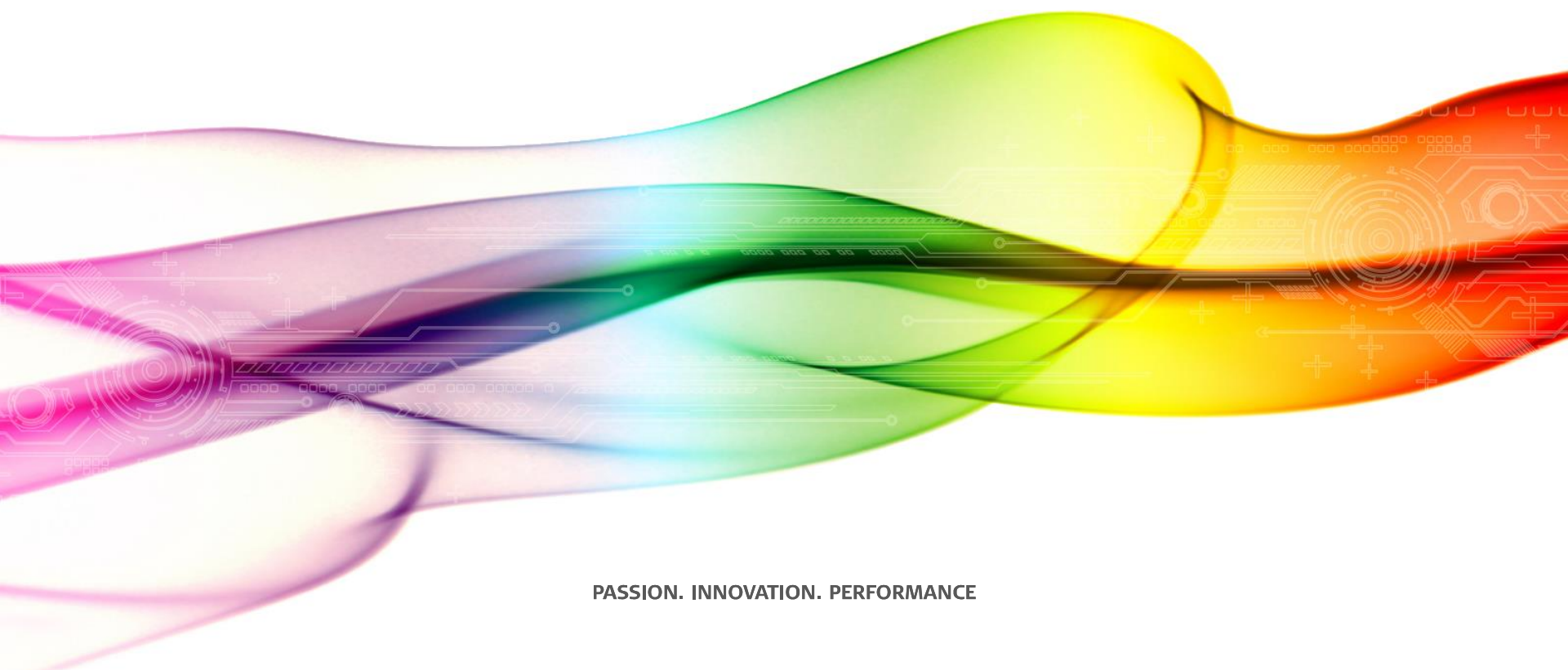
Guidance for the 4th quarter of 2015

- Revenues of \$37M-\$41M
- Diluted earnings per share of \$0.11-\$0.20 on a NON-GAAP basis
- Diluted earnings per share of \$0.08-\$0.17 on a GAAP basis

Financial Overview

2015 Third Quarter Results

Dror David
Chief Financial Officer



Acquisition purchase price allocation*

Item	Amount
Debt payment	\$2.5M
Tangible assets (net)	\$16M
Intangible assets	\$28M
Total purchase price	\$46.5M

* Unaudited – subject to review and changes.

Intangible assets breakdown	Amount	Amortization Schedule - GAAP			
		Q2/15	Q3/15	Q4/15	2016
Backlog	\$3.5M	\$2.4M	\$0.1M	\$1.0M	--
Technology & Customer Relations (1)	\$17M	\$0.6M	\$0.6M	\$0.6M	\$2.3M
IPR&D	\$2M	--	--	--	--
Goodwill	\$14.5M	--	--	--	--
Deferred tax obligation	(\$9M)	(\$1.2M)	(\$0.3M)	(\$0.6M)	(\$0.9M)
Total intangible assets	\$28M	\$1.8M	\$0.4M	\$1.0M	\$1.4M

(1) Technology - \$12M - amortization over 7 years period.

(2) Customer relations - \$5M - amortization over 10 years period.

September Quarter Financial Results

- Quarterly revenues of \$40.4 million, up 48% YoY
- Product revenue distribution:
 - Foundry – 75%
 - Memory – 25%
 - 10% Customers:
 - UMC 29%
 - TSMC 24%
 - Global Foundries 20%
 - Samsung 12%

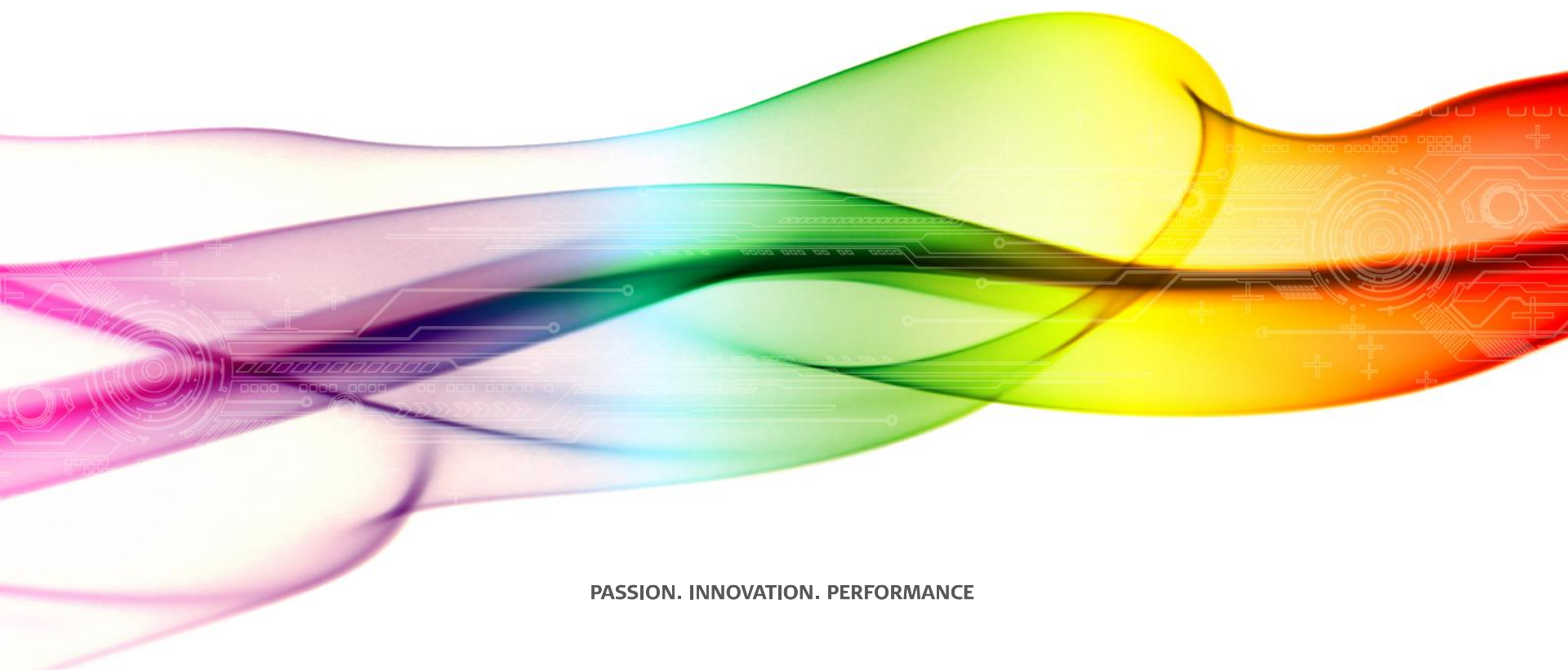
September Quarter Financial Results

- Blended gross margin - 56% (Non-GAAP)
- Operating expenses - \$16.2M (Non-GAAP)
- Operating margin - 16% (Non-GAAP)
- Tax expenses - \$0.4M (Non-GAAP)
 - Tax incentives in Israel
 - Acquired US R&D tax credits and NOL's
- Net income - \$6.3M; \$0.23 per diluted share (Non-GAAP)
- Operating cash flow - \$7.4M

Key Balance Sheet Metrics

Key Metrics	Quarter ended	
	Sep 2015	Jun 2015
Total Cash Reserves	\$87M	\$83M
Accounts Receivables	\$23M	\$21M
DSO*	50	50
Inventories	\$28M	\$27M
Inventory Turns	2.6	3.4
Capital Investments	\$0.6M	\$0.8M
Share Repurchase	\$2.9M	\$1.4M

THANK YOU



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