

Growth in Process Solutions

Investor Presentation

MAY 2020

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onto

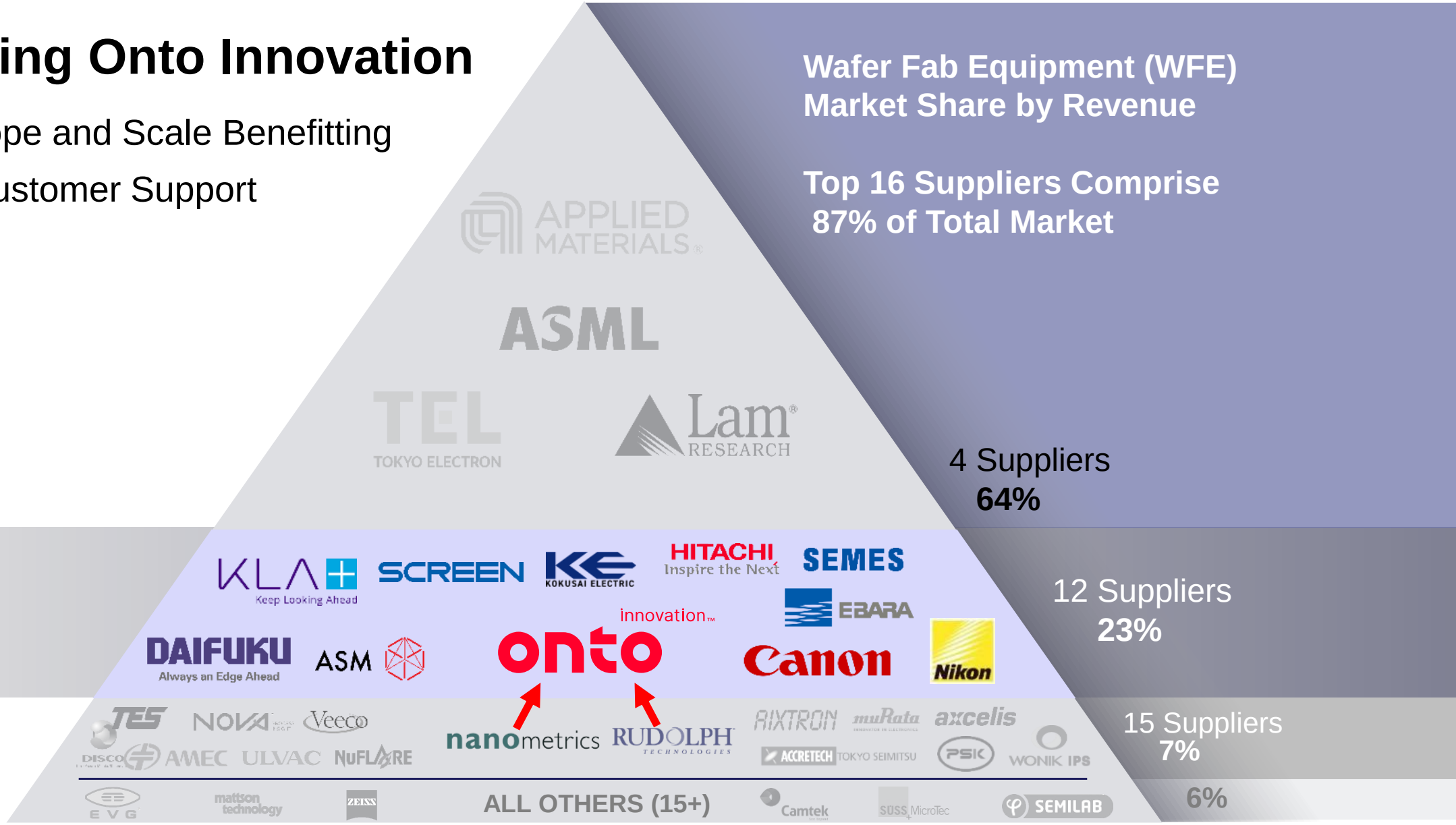
Safe Harbor

- The information presented herein contains forward-looking statements that relate to anticipated future operating results and performance. These statements are only predictions based on management's current expectations and assumptions, including market size and forecasted growth, Total Available Market (or "TAM"), Served Available Market (or "SAM") and revenue estimates, and necessarily involve risks and uncertainties. We do not assume any obligation to update the information provided. Actual events or results may differ materially from those projected, including as a result of changing industry and market trends, reduced demand for our products, the timely development of our new products and their adoption by the market, increased competition in the industry, price reductions and other subsequent developments and business conditions. Additional information and considerations regarding the risks faced by Onto Innovation are available in our Form 10-K reports for the year ended December 2019 and other filings with the Securities and Exchange Commission.
- The presentation includes non-GAAP financial measures which are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. Management uses both GAAP and non-GAAP measures when evaluating the business internally and therefore believes it is important to make these non-GAAP measures available to the financial community. Reconciliations of non-GAAP measures to the most relevant GAAP amounts are included in the Company press releases.
- As the forward-looking statements are based on Onto Innovation's current expectations, the company cannot guarantee any related future results, levels of activity, performance or achievements. Onto Innovation does not assume any obligation to update the forward-looking information contained in this presentation.

Introducing Onto Innovation

Greater Scope and Scale Benefitting

R&D and Customer Support



Source: Company Rank Order based on 2019 Share of Total WFE Revenue, Gartner Market Share Data, May 2020

Onto Innovation: Snapshot

High tech capital equipment company specializing in process solutions for semiconductor and related markets

COMPANY

NYSE **(ONTO)**

BALANCE SHEET

$292 Million Cash;
No Debt
$52 Million Stock Repurchase YTD

Q1 2020 REVENUE

$140 Million

Q1 2020 GROSS MARGIN

52%

EMPLOYEES

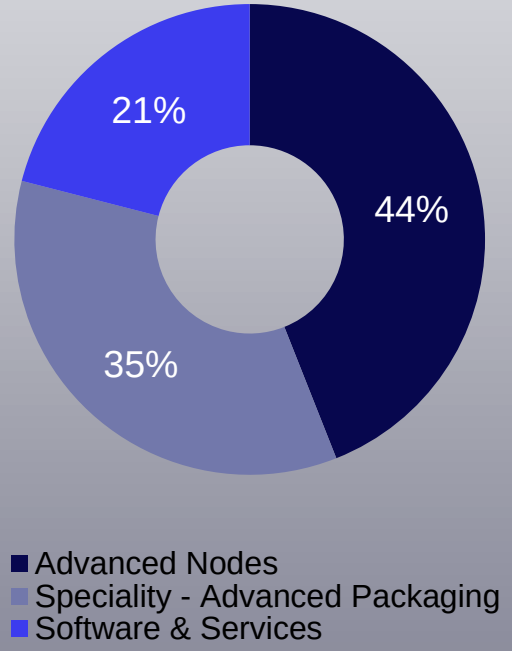
~1280

MARKET LEADERSHIP

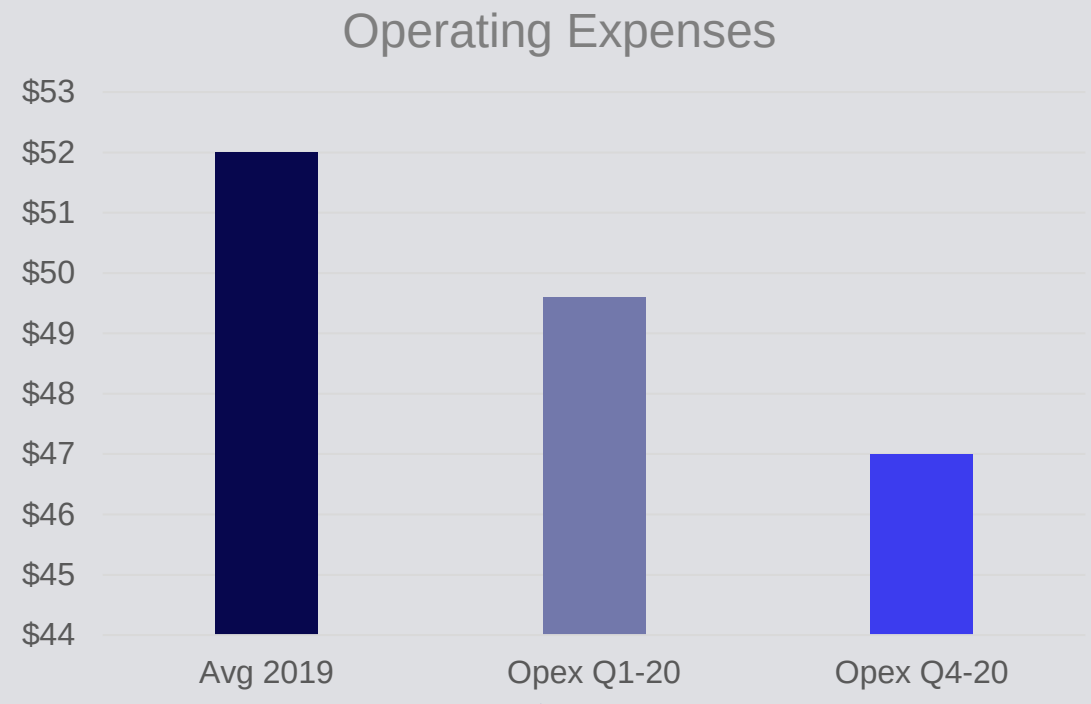
#1 or #2 in core markets

Note: All data is based on Q1 2020 results, ending March 31, 2020

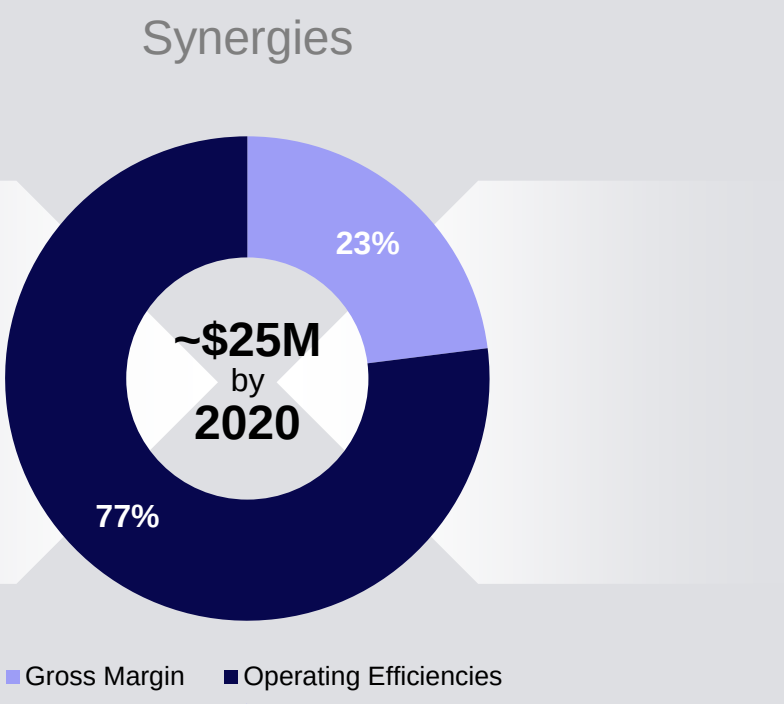
BALANCED REVENUE DISTRIBUTION



Business Integration Update

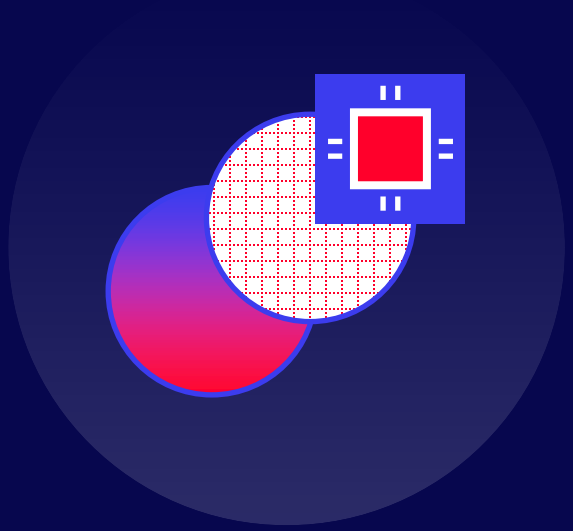


10% REDUCTION



AHEAD OF SCHEDULE

Why Invest in Onto Innovation?



MARKET AND PRODUCT DIVERSITY

Expanding to a **$3B TAM**



EXPAND GROSS AND OPERATING MARGINS

~$25M cost synergies in **2020**



INCREASE SHAREHOLDER VALUE

Strong cash generator **>$100M**

5G Contributes to Virtuous Cycle

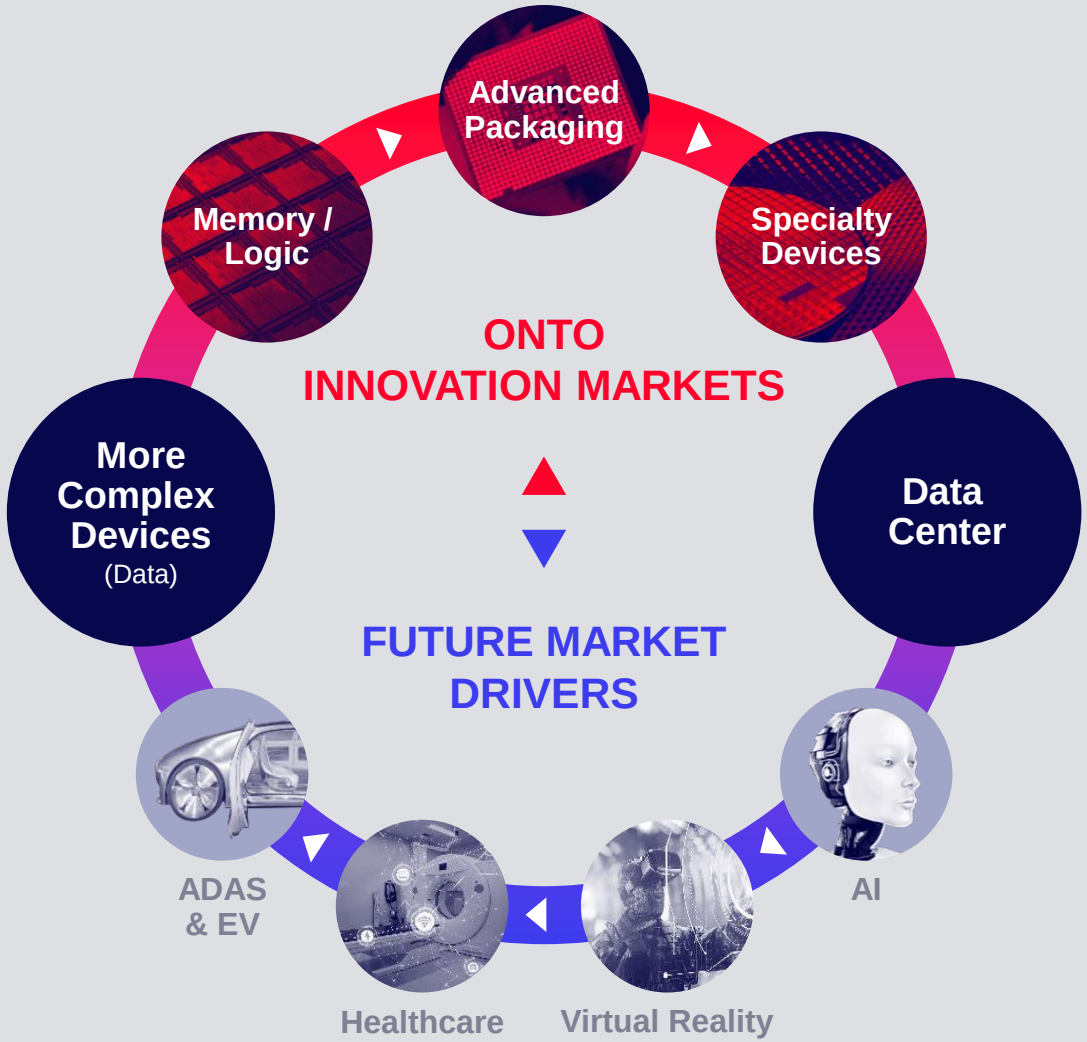
Driving multiple Onto Innovation markets

5G
Growth Beyond Mobile

Mobile
- Smartphones
- Tablets
- Wearables

Massive IOT
- 1M Devices per Km^2

Infrastructure
- Cities
- Vehicles
- Medical
- Etc.



Onto Innovation Broadly Serving Semiconductor Leaders



155 Customers Served*

Top 10 Customers Represent 46% of Total Revenue

*Proforma customer base: 12 months revenue for combined legacy companies

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Complementary Products, No Overlap



Product and Process Matrix for Onto Innovation

	Si Wafer Mfg.	Wafer Fab					Advanced Packaging			
	OQA	Litho	Deposition / Implant	Etch / Cleans	CMP	OQA	Bump / TSV	Dicing	Litho	Etch / Plating
NovusEdge Inspection	●	●								
QS/FTIR Metrology	●		●							
Atlas III+ Metrology			●	●	●					
IMPULSE+ Metrology			●	●	●					
MetaPULSE G Metrology			●	●	●					
Dragonfly G2 Inspection						●	●	●	●	●
NSX / F30 Inspection		●		●	●	●		●	●	●
JetStep Lithography									●	
Discover Software	●	●	●	●	●	●	●	●	●	●

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R&D Pipeline Supports Innovation and Growth

New innovation provides increasing value to customers



We Deliver Differentiated Solutions

- Extensive software portfolio enhances value of Onto Innovation products



SPECIFICATIONS



MEET SPECIFICATION

TOOL SALE



Onto Innovation Quality Data

Process Adjustment

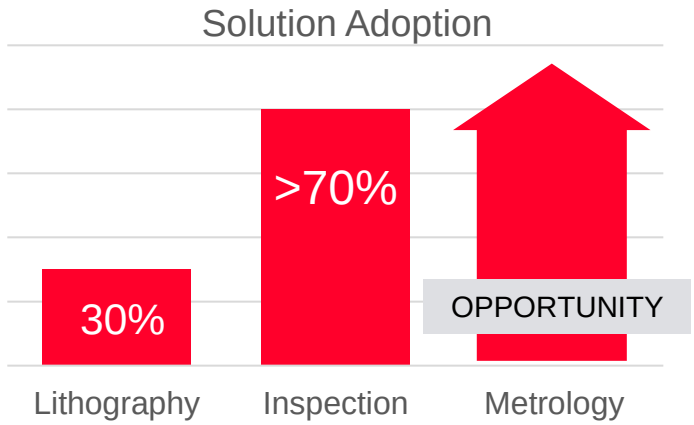
SOLUTION SALE



Onto Process Solutions

Machine Learning

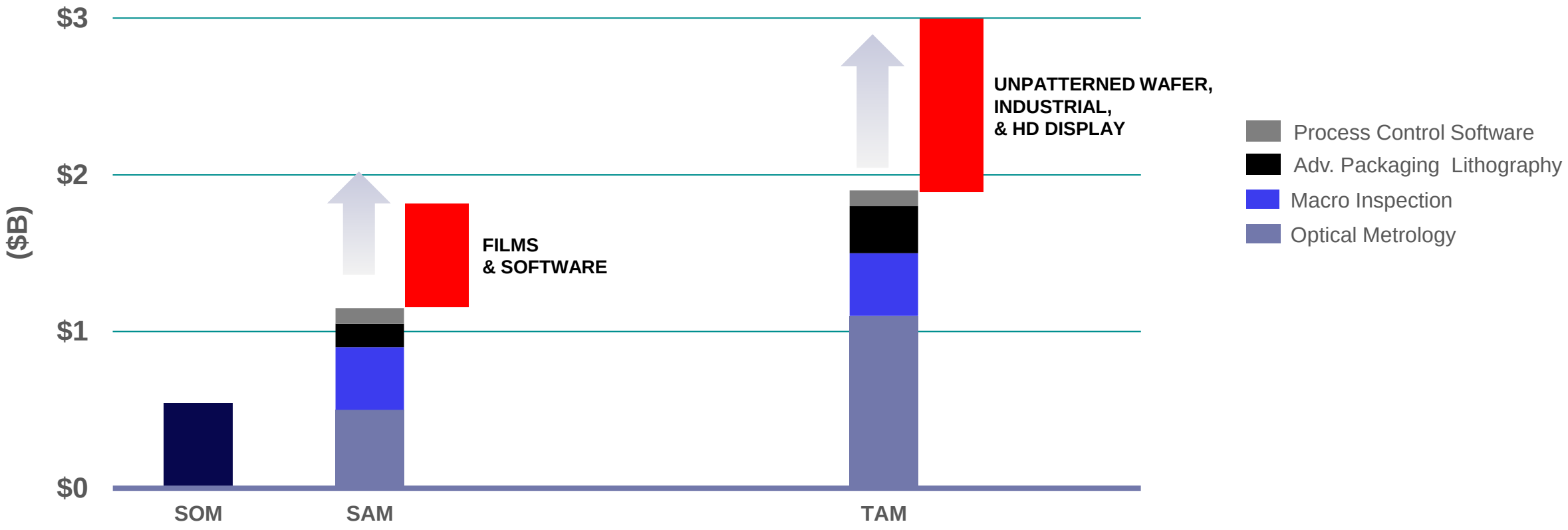
External Data Sources



Complementary Technology Expand Our Markets

PRODUCT SYNERGIES
$500M SAM Expansion

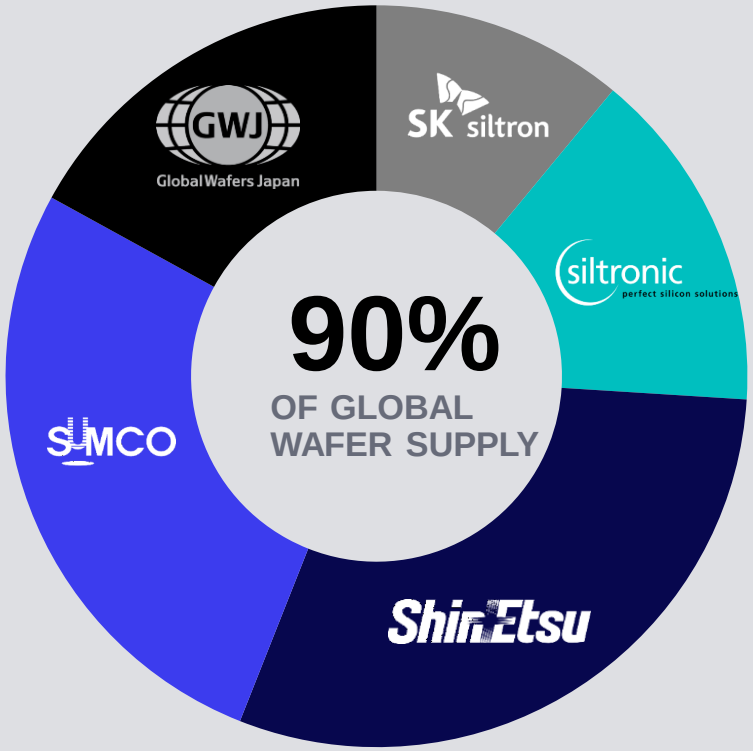
R&D INVESTMENTS
$1B TAM Expansion



Source: Gartner WFE 2018 Market Share, May 2019 and company estimates

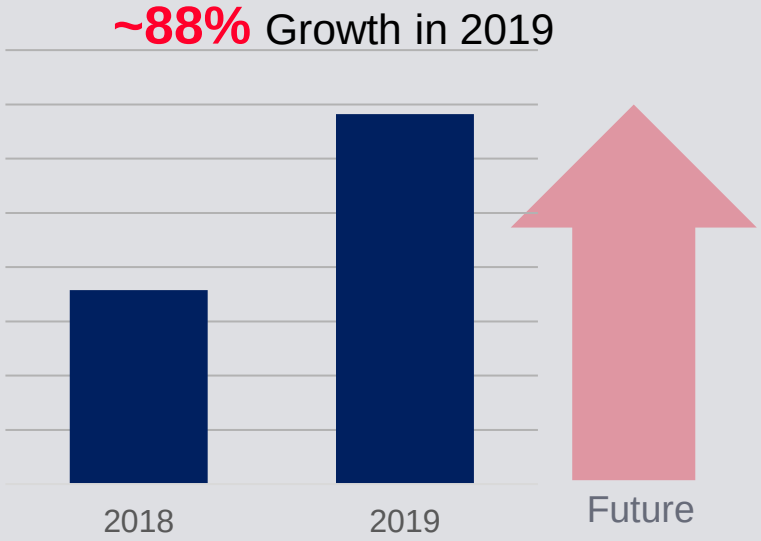
Expanding Footprint in Silicon Wafer Manufacturers

Laying foundation for additional growth



3 **New NovusEdge System customers**

4 **New QS/FTIR System customers**



Source: Siltronic investor materials, October 2019

Inspect
NovusEdge System
+
Measure
QS/FTIR System
+
Analyze
TrueADC® Software

Solutions for Wafer Quality

onto innovation™

Leading Edge Processes Require More Optical Metrology

Atlas III+ Metrology selected for six new process slots in 2019

TRANSISTORS (LOGIC / DRAM)

7nm FinFet



1.3X

5nm FinFet



2X

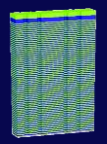
3nm Nano-Sheet



3X

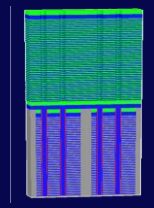
INCREASING COMPLEXITY

2X



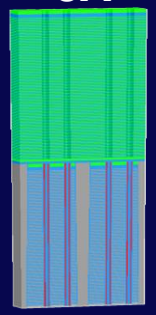
Gen4

4X



Gen5
(Dual Tier)

6X

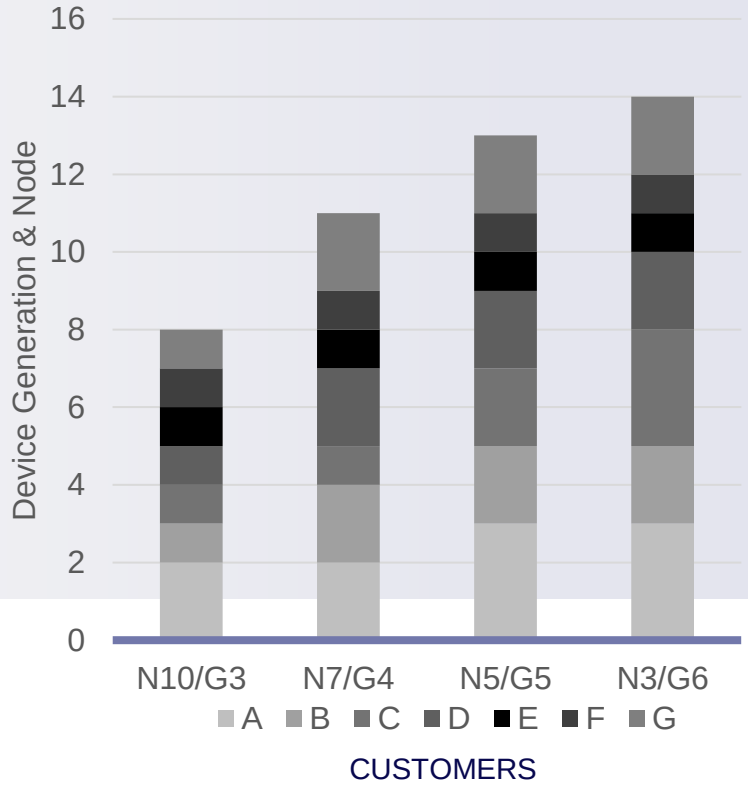


Gen6
(Dual Tier)

3D NAND

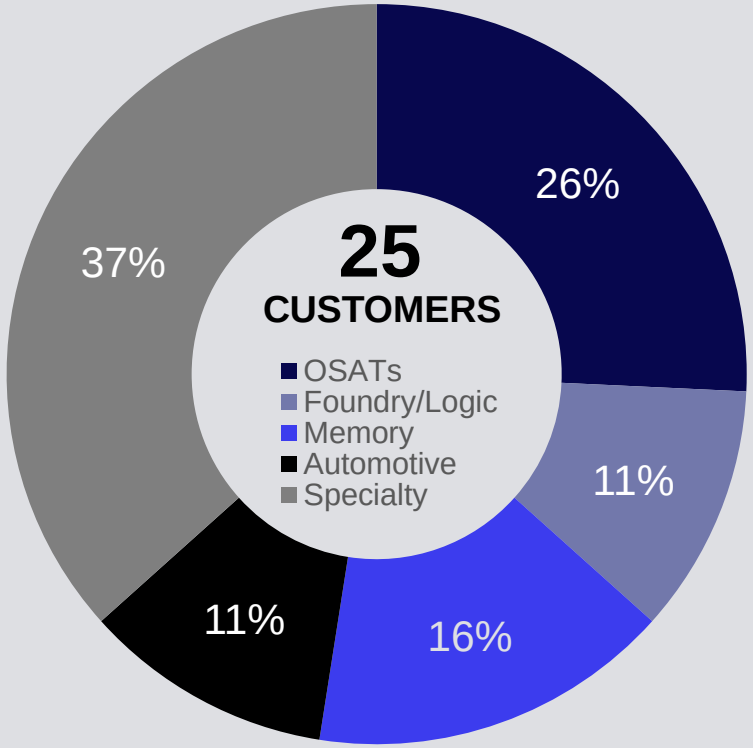
Increases Demand for Atlas Metrology

TOOL OF RECORD POSITIONS
6 NEW IN 2019



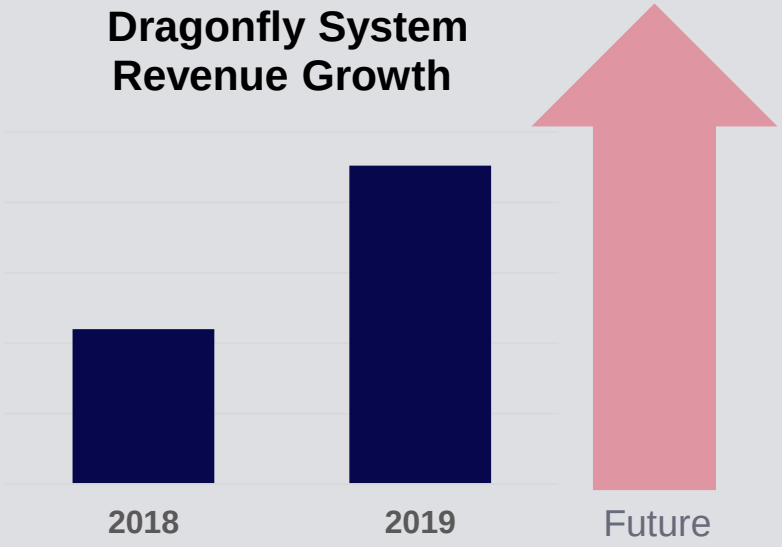
Dragonfly G2 Inspection Gains Broad Adoption in 2019

Lays foundation for growth across multiple segments across the semiconductor value chain



2 **New market expansions**

2 **New customers added**



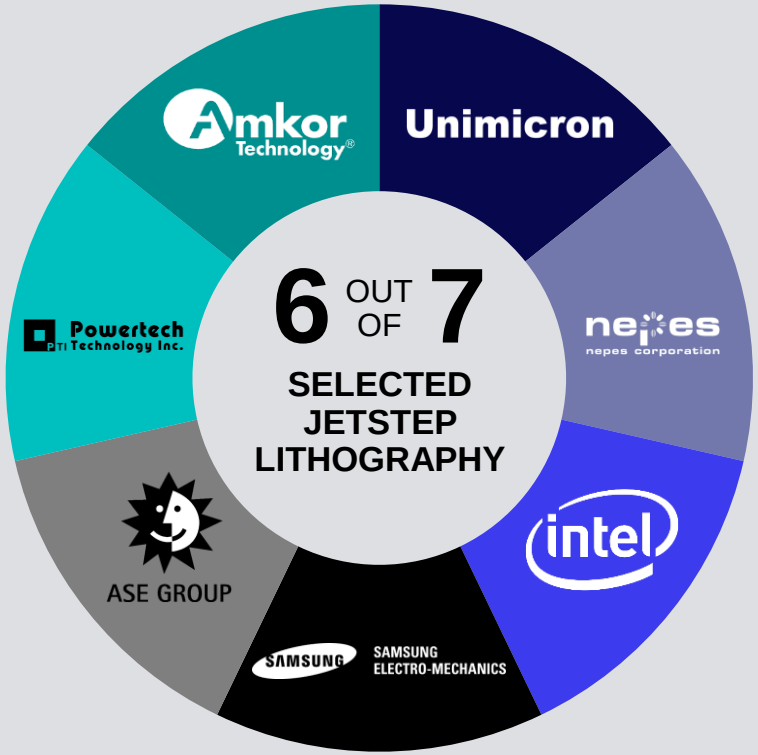
Inspect 2D Dragonfly System + Measure 3D Dragonfly System + Analyze Discover Software + Analyze TrueADC® Software

Solutions for Complex Device Quality

onto innovation™

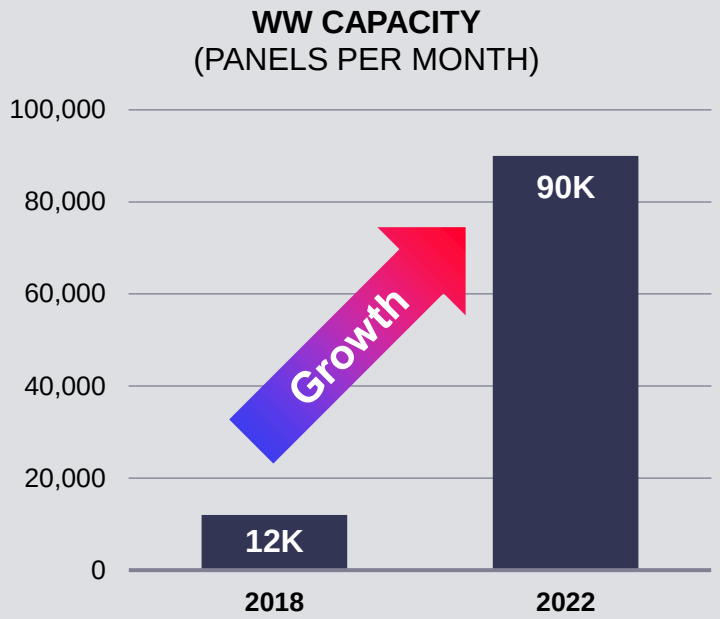
Panel Investments Continue in 2019 with Onto Innovation Suite

Onto Innovation product suite improves productivity and yield for panel lithography



2 **New panel customers**

2 **StepFAST solutions to existing customer**



Source: TechSearch Advanced Packaging Update, Feb '19

Measure Firefly® System + **Analyze** Discover® Software + **Print** JetStep® Litho

StepFAST™ Solution for Panel

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Synergies Contribute to Financial Operating Model

GROSS MARGIN[1]



+1%

- Supply Chain Synergies
- Regional Support Costs

OPERATING MARGIN[2]



+3%

- Public Company Costs
- Operational Synergies

SYNERGY CONTRIBUTIONS

>100M

FREE CASH FLOW[2]

- Share Capital Requirements
- Better Working Capital Management

1. Gross Margin and Operating Margin are estimated incremental improvements, based on $25M annualized synergies.
2. Free Cash Flow is an estimated total from shared capital requirements, working capital management and $25M annualized synergies.

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Pro Forma Financial Model*

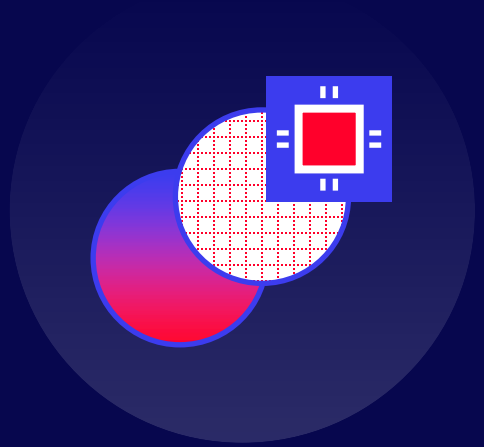
Annual Revenue	$600M Model	$800M Model	$1B Model
Gross Margin	54% - 55%	55% - 56%	56% - 57%
Operating Profit	24% - 25%	29% - 30%	32% - 33%
Earnings per Share	$2.40 - $2.50	$3.85 - $4.00	$5.05 - $5.25

*Non-GAAP Long Term Financial Model: excludes amortization and merger costs; includes stock-based compensation

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Key Takeaways

POSITIONED FOR GROWTH ACROSS THE VALUE CHAIN



Technical wins in 2019 lay foundation for growth; expanding TAM, SAM, and market share

Expanding to a **$3B TAM**

STRONG FINANCIAL MODEL FUELS PROFITABLE GROWTH



Delivering $20M synergies ahead of plan
Improving gross and operating margins

~$25M cost synergies in **2020**

INCREASE SHAREHOLDER VALUE



Cash generation and deployment fuels growth

Strong cash generator **>$100M**

Thank You

谢谢 | 謝謝	ありがとう	Obrigado
Danke	감사합니다	Merci

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