


Quarterly Earnings Review

Nov 18, 2021



Q4F21
Ended Oct 2, 2021

Safe Harbor

In addition to historical statements, this presentation contains statements relating to future events and our future results based on management's expectations as of Nov 17, 2021. These statements are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995.

While these forward-looking statements represent our judgments and future expectations concerning our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, the factors listed or discussed in our 2020 Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission. Kulicke and Soffa Industries, Inc. is under no obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

Fiscal 2021 Overview

Strong Fiscal 2021 Financial Performance Expected to Continue

Key Takeaways

- Recent & meaningful progress enhances long-term upside potential
 - Advanced display
 - Assembly complexity
 - Electric vehicle transitions
- End-Market demand remains strong
- Gradual industry capacity & global supply chain improvements anticipated in calendar year 2022

Our Proactive Response Continues

- Stretched Q4 capacity in support of 6X growth in backlog through F21
- Efficiently navigated a dynamic global supply environment through F21
 - Production capacity doubled
 - Revenue increased by >140%
 - GAAP EPS increased nearly 6X
- Development execution & new product adoption enhancing long-term potential

Unique Positioning & Progress

Persistent Development Efforts Continue to Expand Market Access and Potential

Capitalizing on Several Ongoing Technology Transitions in Parallel

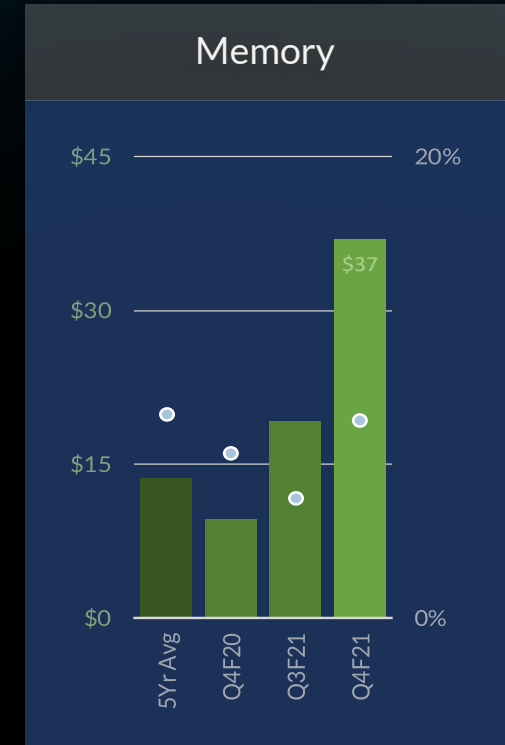
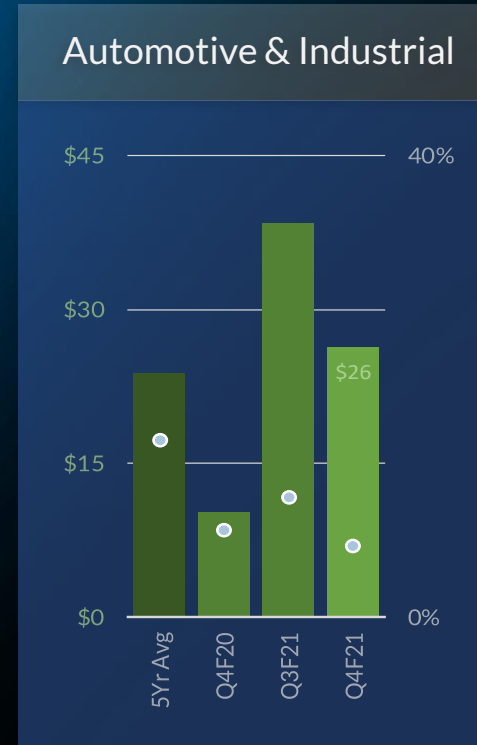
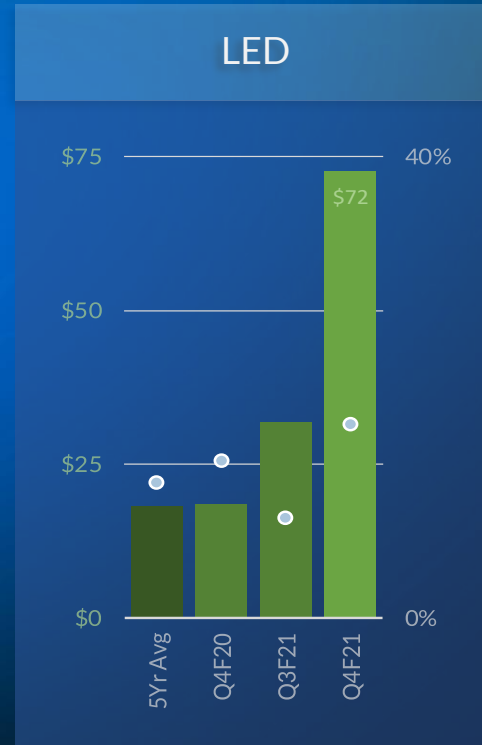
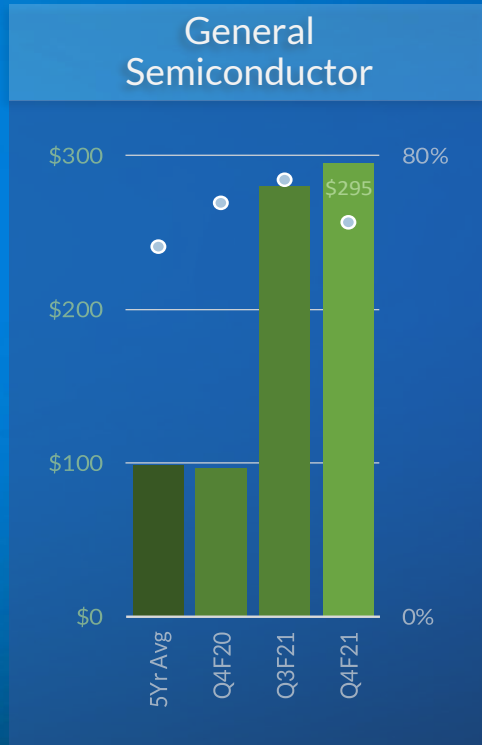
- Assembly Complexity continues to drive capital intensity for Assembly Equipment
 - Strong adoption of RAPID series supporting high-volume semi market
 - Recent Advanced Packaging wins support high-growth, leading-edge opportunities
 - Silicon Photonics
 - Mobile Processing
 - High-Performance Compute
- Extending Advanced Display leadership with dramatic efficiency innovation – *10,000 placements per second*
- New *Laser-based & Prismatic* battery assembly solutions gaining traction – multiple high-potential customers engaged

End-Market Composition

Capital Equipment Revenue (\$M)

■ Capital Equipment revenue per quarter
5Yr Avg = quarterly average of preceding five fiscal years

● As a percent of period Capital Equipment revenue



- General Semiconductor sales remain robust; growth constrained near-term due to industry bottlenecks
- Achieved high-end of Advanced Display targets; >\$80M of Advanced Display revenue in F21
- Automotive remains strong; long-term transitions on track but constrained due to near-term supply challenges
- Dramatic sequential Memory improvement; anticipate ongoing strength in 1QF22

Fiscal Fourth Quarter 2021

\$71.3
Up \$1.5M Q/Q

Non-GAAP



Operating
Expense*



Revenue

\$485.3M

Up >14% Q/Q

Non-GAAP



Operating
Margin*

33.0%

Up 330 bps Q/Q

Non-GAAP



Diluted EPS*

\$2.17

Up >16% Q/Q

Third Sequential Record
Revenue

Strong Operating Margins

F21 Free Cash Flow
Exceeded \$275M

*Please see [Non-GAAP Reconciliation](#)

Income Statement

Summary Items

\$ values in millions of USD (except for EPS)

	Q4F20	Q3F21	Q4F21	Q/Q	Y/Y
Revenue	\$177.7	\$424.3	\$485.3	\$61.0	\$307.6
Gross Margin	50.0%	46.1%	47.7%	160 bps	(230) bps
Operating Expenses	\$65.8	\$75.2	\$76.5	\$1.3	\$10.7
Operating Income	\$23.0	\$120.5	\$154.8	\$34.3	\$131.8
Non-GAAP Net Income*	\$21.7	\$118.8	\$138.3	\$19.5	\$116.6
Diluted EPS	\$0.25	\$1.79	\$2.10	\$0.31	\$1.85
Non-GAAP Diluted EPS*	\$0.35	\$1.87	\$2.17	\$0.30	\$1.82
Diluted Share Count	62.4 M	63.5 M	63.6 M	0.1 M	1.2 M

*Please see [Non-GAAP Reconciliation](#)

Balance Sheet & Cash Flow

Summary Items

\$ values in millions of USD

	Q4F20	Q1F21	Q2F21	Q3F21	Q4F21
Accounts Receivable	\$198.6	\$226.7	\$307.9	\$369.3	\$421.2
Inventory	\$111.8	\$125.1	\$140.0	\$153.3	\$167.3
Accounts Payable	\$57.7	\$89.4	\$123.8	\$144.3	\$154.6
Net Cash*	\$372.2	\$376.0	\$304.8	\$326.7	\$387.9
Working Capital Days**	359	252	205	185	185
Share Repurchases	\$8.8	\$1.2	\$1.1	\$4.1	\$3.8
Dividends	\$7.4	\$8.7	\$8.7	\$8.7	\$8.7

*Net cash = Total Cash and Investments less Current Liabilities

**Calculated using ending period values

Outlook

Fiscal First Quarter 2022

New Performance Level

Ongoing Adoption of Emerging Solutions

Non-GAAP Operating Margins >30%

\$77M

+/- 2%

Non-GAAP



Operating Expense



Revenue

\$460M

+/- \$20M



Gross Margin

47.0%

+/- 50 bps

\$1.88

+/- 10%

Non-GAAP



Diluted EPS*

*Non-GAAP EPS assumes \$5M of non-GAAP adjustments and 63.5M shares outstanding

Q&A

Non-GAAP Reconciliation

Fiscal Fourth Quarter & Full Year 2021

Reconciliation of U.S. GAAP Income from Operating to Non-GAAP Income from Operation and Operating Margin (In thousands, except percentages) (unaudited)

	Three months ended		
	October 2, 2021	October 3, 2020	July 3, 2021
Net revenue	\$ 485,326	\$ 177,688	\$ 424,318
U.S. GAAP income from operations	154,836	23,048	120,455
U.S. GAAP operating margin	31.9 %	13.0 %	28.4 %
Pre-tax non-GAAP items:			
Amortization related to intangible assets acquired through business combination- selling, general and administrative	\$ 1,322	\$ 1,920	1,340
Equity-based compensation ^(a)	3,998	3,963	4,140
Restructuring	42	263	—
Non-GAAP income from operations	\$ 160,198	\$ 29,194	\$ 125,935
Non-GAAP operating margin	33.0 %	16.4 %	29.7 %

(a) This non-GAAP measure is newly included for the three months ended January 2, 2021. Comparatives have been included.

Reconciliation of U.S. GAAP Net Income to Non-GAAP Net Income and U.S. GAAP net income per share to Non-GAAP net income per share (in thousands, except per share data) (unaudited)

	Twelve months ended	Three months ended		
	October 2, 2021	October 2, 2021	October 3, 2020	July 3, 2021
Net revenue	\$ 1,517,664	\$ 485,326	\$ 177,688	\$ 424,318
U.S. GAAP net income	367,161	133,711	15,784	113,766
U.S. GAAP net margin	24.2 %	27.6 %	8.9 %	26.8 %
Non-GAAP adjustments:				
Amortization related to intangible assets acquired through business combination- selling, general and administrative	\$ 5,974	\$ 1,322	\$ 1,920	1,340
Restructuring	133	42	263	—
Acquisition-related costs	1,730	—	—	—
Equity-based compensation	15,502	3,998	3,963	4,140
Net income tax (benefit)/expense on non-GAAP items	(311)	(807)	(181)	(460)
Total non-GAAP adjustments	23,028	4,555	5,965	5,020
Non-GAAP net income	390,189	138,266	21,749	118,786
Non-GAAP net margin	25.7 %	28.5 %	12.2 %	28.0 %
U.S. GAAP net income per share:				
Basic	5.92	2.16	0.25	1.83
Diluted ^(a)	5.78	2.10	0.25	1.79
Non-GAAP adjustments per share:^(b)				
Basic	0.37	0.07	0.10	0.08
Diluted	0.36	0.07	0.10	0.08
Non-GAAP net income per share:				
Basic	\$ 6.29	\$ 2.23	\$ 0.35	\$ 1.91
Diluted ^(c)	\$ 6.14	\$ 2.17	\$ 0.35	\$ 1.87
Weighted average shares outstanding:				
Basic	62,009	61,966	61,791	62,023
Diluted ^(b)	63,515	63,611	62,411	63,485

- (a) GAAP diluted net earnings per share reflects any dilutive effect of outstanding restricted stock units and stock options, but that effect is excluded when calculating GAAP diluted net (loss) per share because it would be anti-dilutive.
- (b) Non-GAAP adjustments per share includes amortization related to intangible assets acquired through business combinations, costs associated with restructuring, equity-based compensation expenses, and acquisition-related costs as well as tax benefits or expense associated with the foregoing non-GAAP items.
- (c) Non-GAAP diluted net earnings per share reflects any dilutive effect of outstanding restricted stock units and stock options.