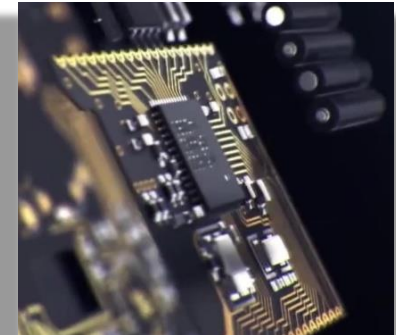
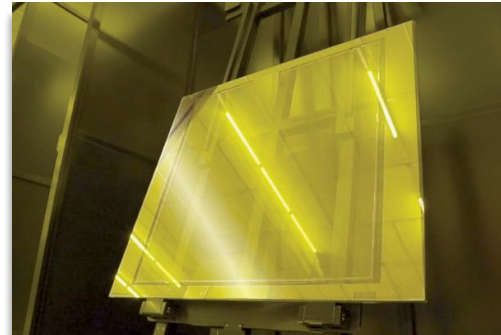
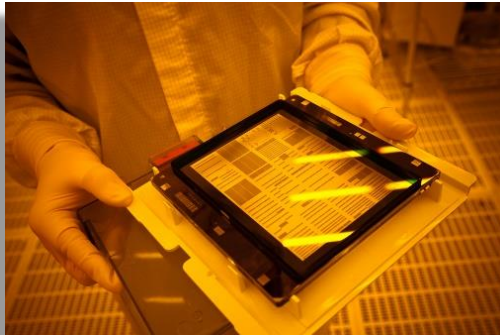


# Global Merchant Photomask Leader

23rd Annual Needham Virtual Growth Conference  
January 15, 2021



# Safe Harbor Statement

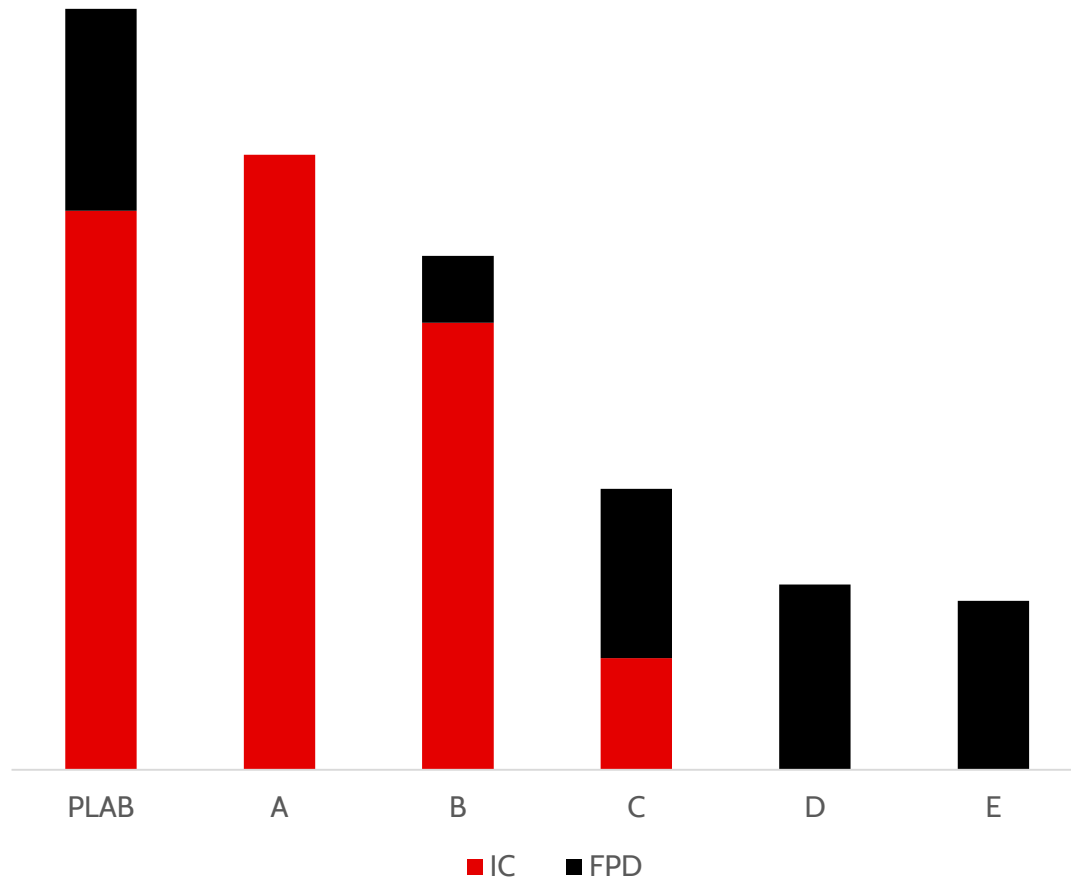
This presentation and some of our comments may contain projections or other forward-looking statements regarding future events, our future financial performance, and/or the future performance of the industry. These statements are predictions, and contain risks and uncertainties. Actual events or results may differ materially from those presented. These statements include words like “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “may”, “plan”, “project”, “in our view” or the negative thereto. We cannot guarantee the accuracy of any forecasts or estimates, and we are not obligated to update any forward-looking statements if our expectations change. If you would like more information on the risks involved in forward-looking statements, please see the documents we file from time to time with the Securities and Exchange Commission.

# A Compelling Investment Thesis

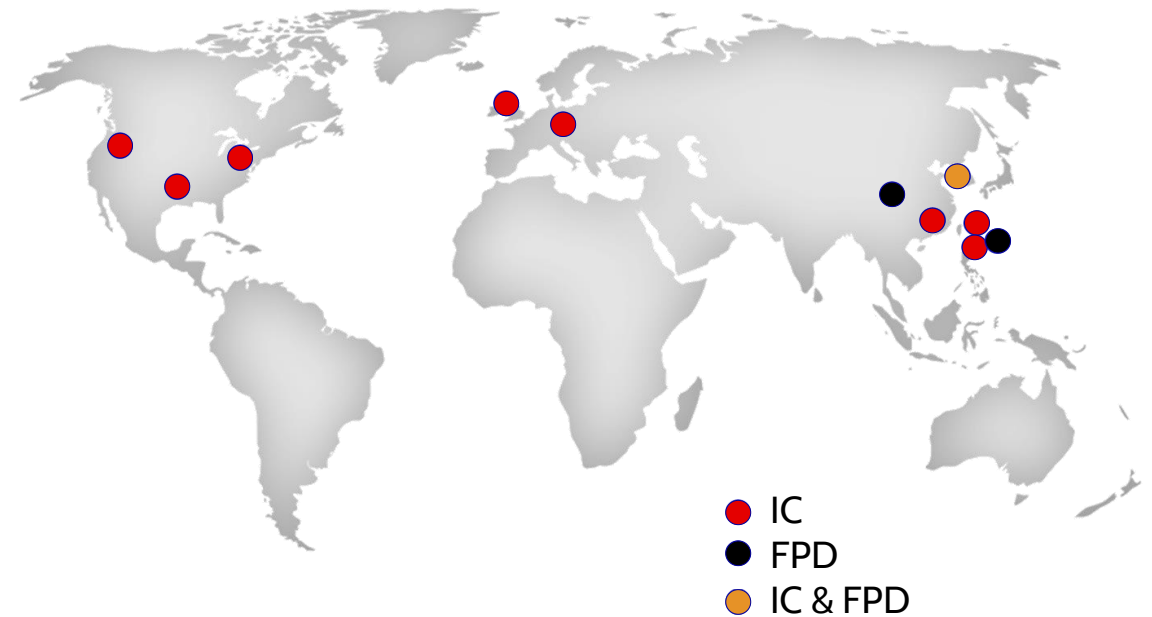
- **Global leader** in merchant photomask industry
  - Delivering growth by leveraging core competencies
  - Growing more quickly than the market
- Technology aligned with **secular growth trends**
  - China industry expansion (IC & FPD) – Made in China 2025
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- Investment growth strategy to **double EPS**
  - Top-line growing at twice industry growth rate
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  - Increasing cash flow to fund growth and share repurchase

# Leading merchant with unmatched global presence

Largest Merchant Photomask Manufacturer (\$M)



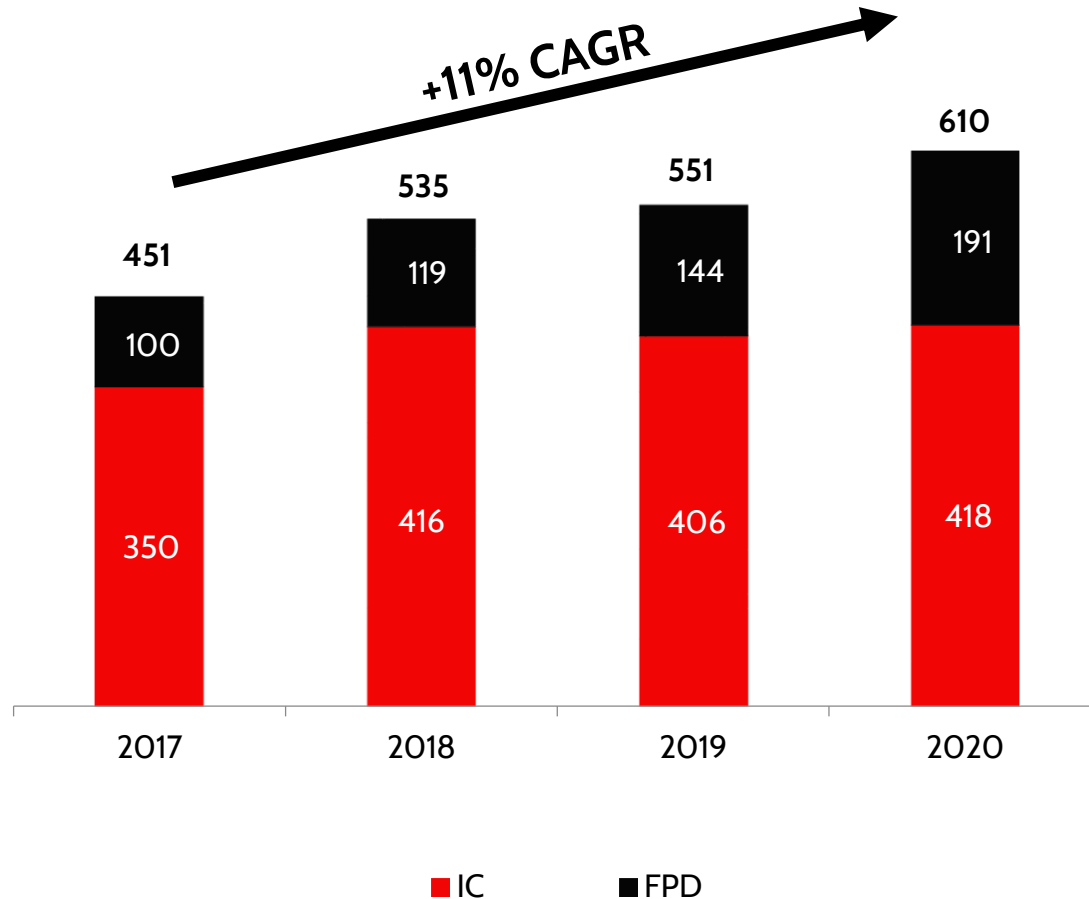
Unmatched Global Footprint  
11 Strategically Located Manufacturing Facilities



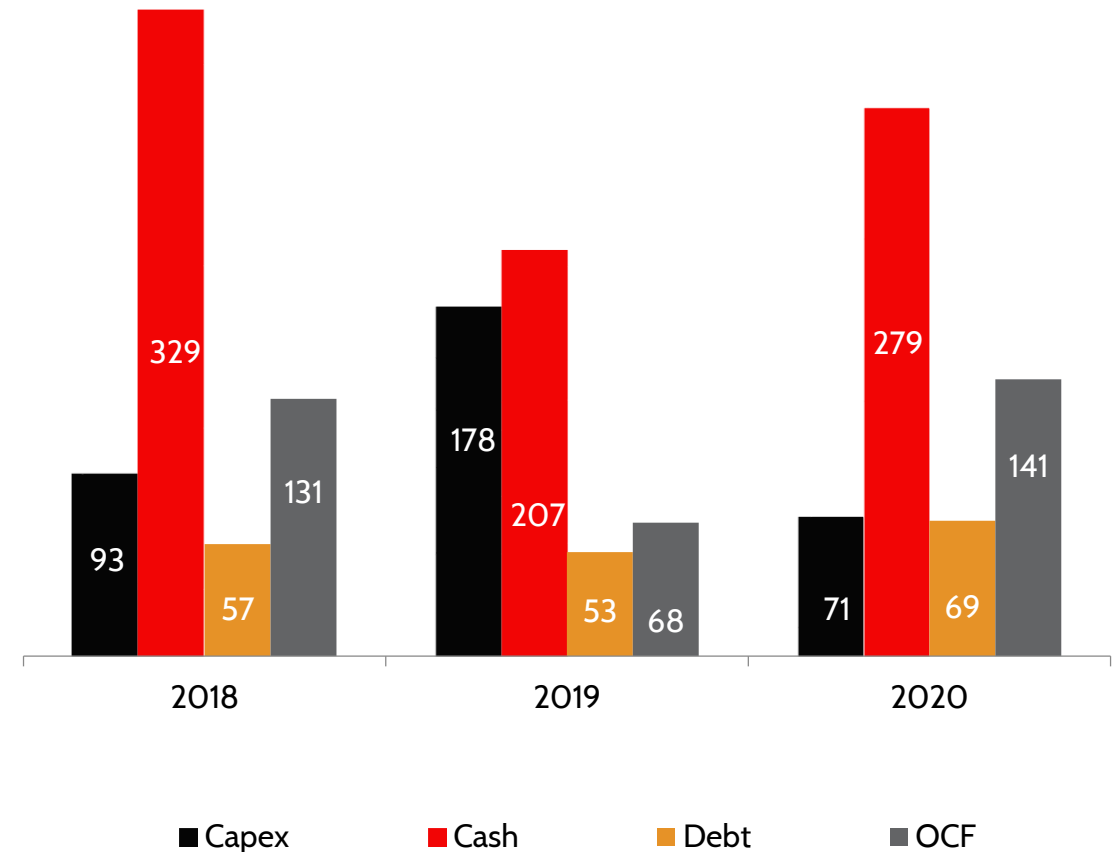
Sources: SEMI 2019 Photomask Characterization Study; internal estimates

# Investment focus driving financial results

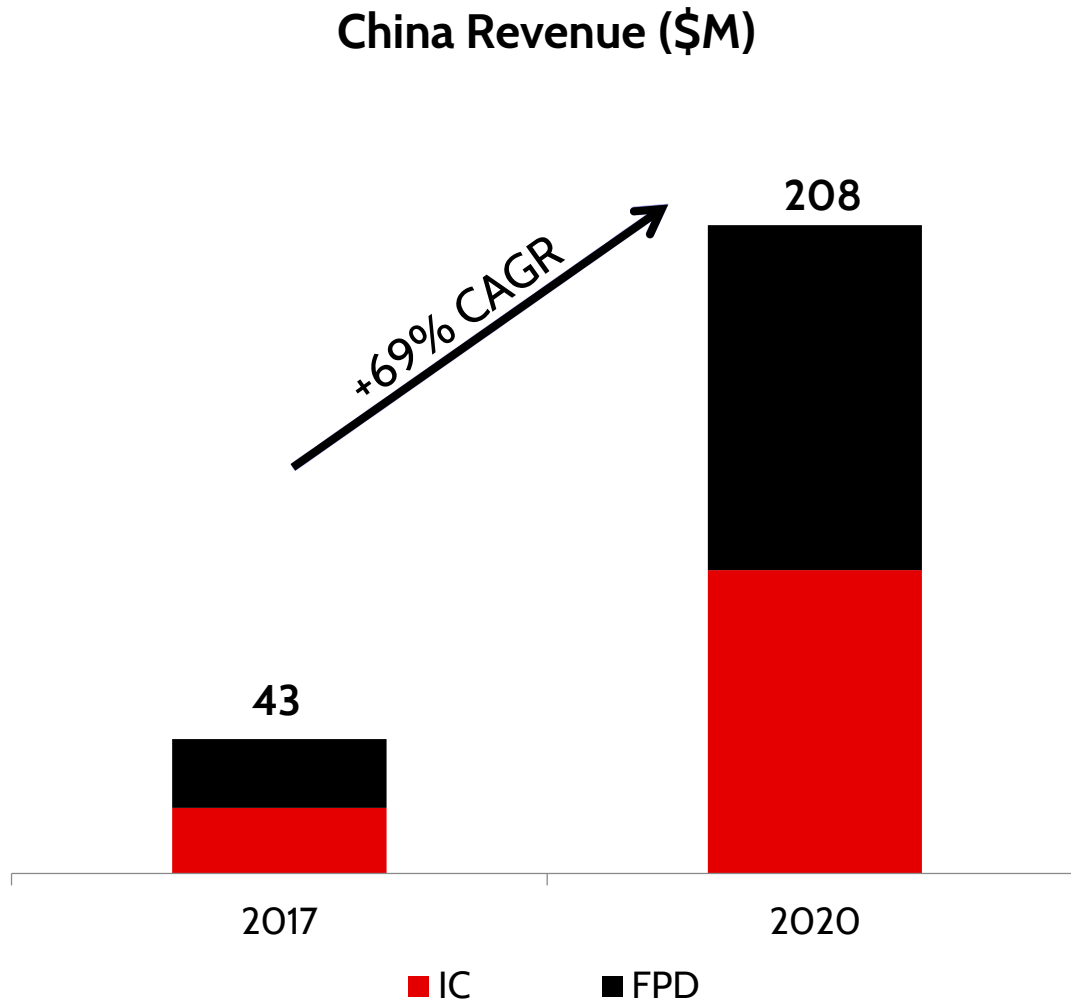
Converting Investments Into Revenue (\$M)



Funding Capital Allocation (\$M)

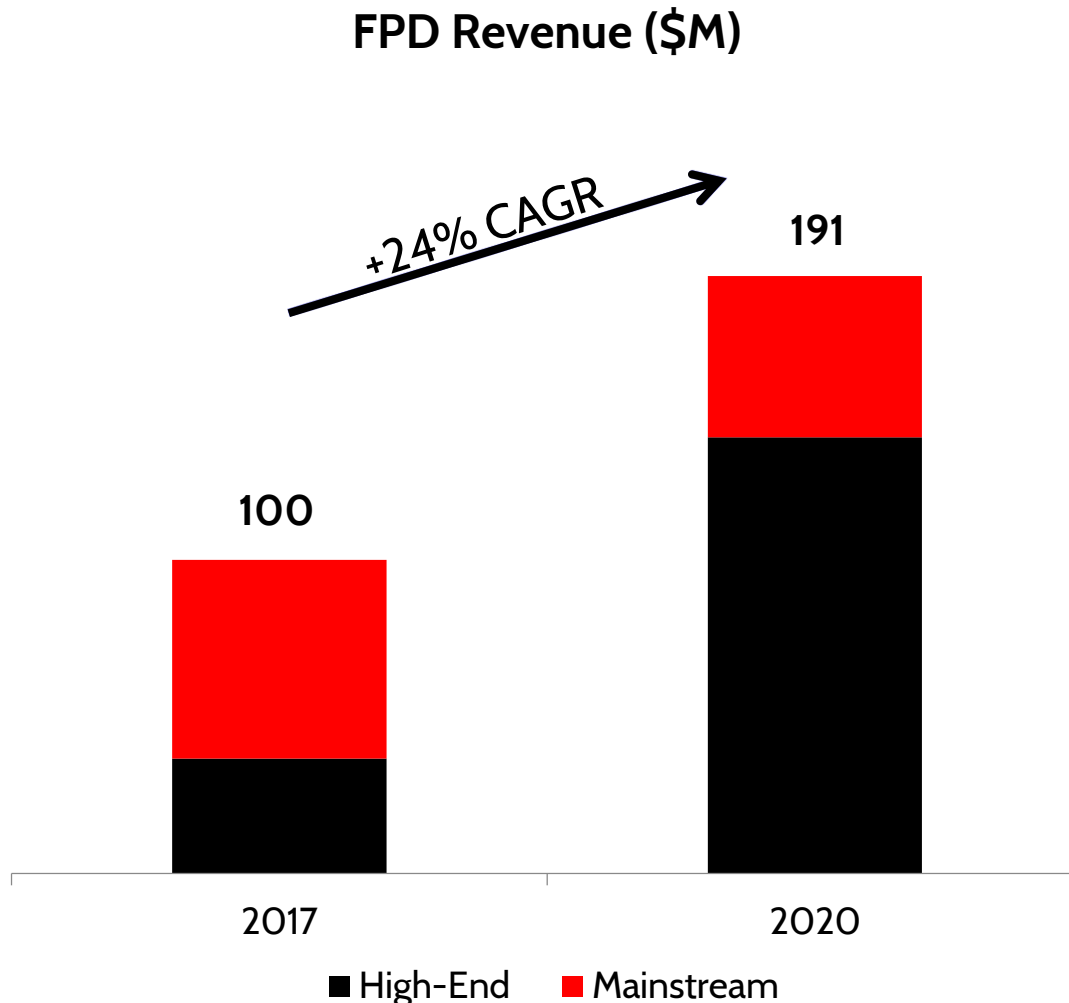


# Growing China business



- We have growing business in China
  - 34% of total revenue in 2020
    - 23% of IC revenue
    - 58% of FPD revenue
  - Growing strong since 2017
    - IC +67% CAGR
    - FPD +71% CAGR
- Local manufacturing accelerates growth
- Customer contracts fosters sustainable results
- IC JV enables us to compete more effectively

# FPD nearly doubled over 3 years



- Targeted high-end investments
  - G10.5+
  - AMOLED & LTPS for mobile
- Partner with largest panel makers
- Runway left for advance display growth
  - Mobile platforms
  - Advanced TV
  - Mini & Micro LED
- 2021 investments aligned with market trends

# Delivering on commitments

	2018 Investor Day Commitment	Results
Growth	\$630M revenues and \$0.80 EPS	\$610M and \$0.52, impacted by COVID lockdowns & trade war
Market Position	China production to start H119	Hefei delivered; Xiamen plan modified
	Enter G10.5+ market	Market leader
	Grow market share	Delivered
Financial Strength	Cash / net cash equal to pre-investment	2017: cash = \$308M; net cash = \$246M 2020: cash = \$279M; net cash = \$210M plus \$79M in share repurchases since 2018
	Improve ROIC	2017 = 1.4% 2020 = 3.9%



# Evolving investment focus

Past Strategic Targets	Current Strategic Targets
G10.5+	Complete
AMOLED inflection point	Advanced display technologies: AMOLED for mobile; OLED for TV/IT; emerging Micro and Mini LED
China geographic expansion	Continues, driven by Made In China 2025 industrial policy and growing nationalism

# High-tech photomask demand drivers

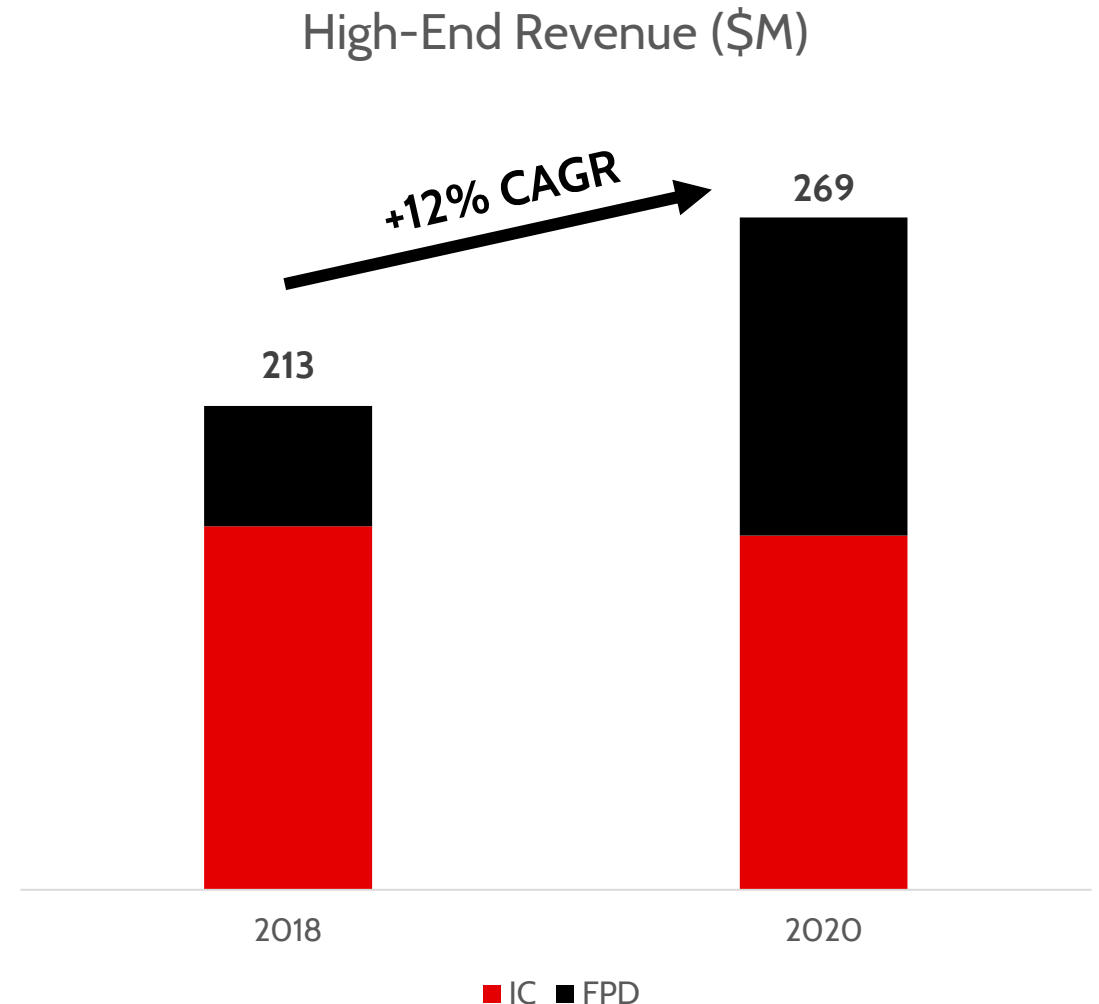
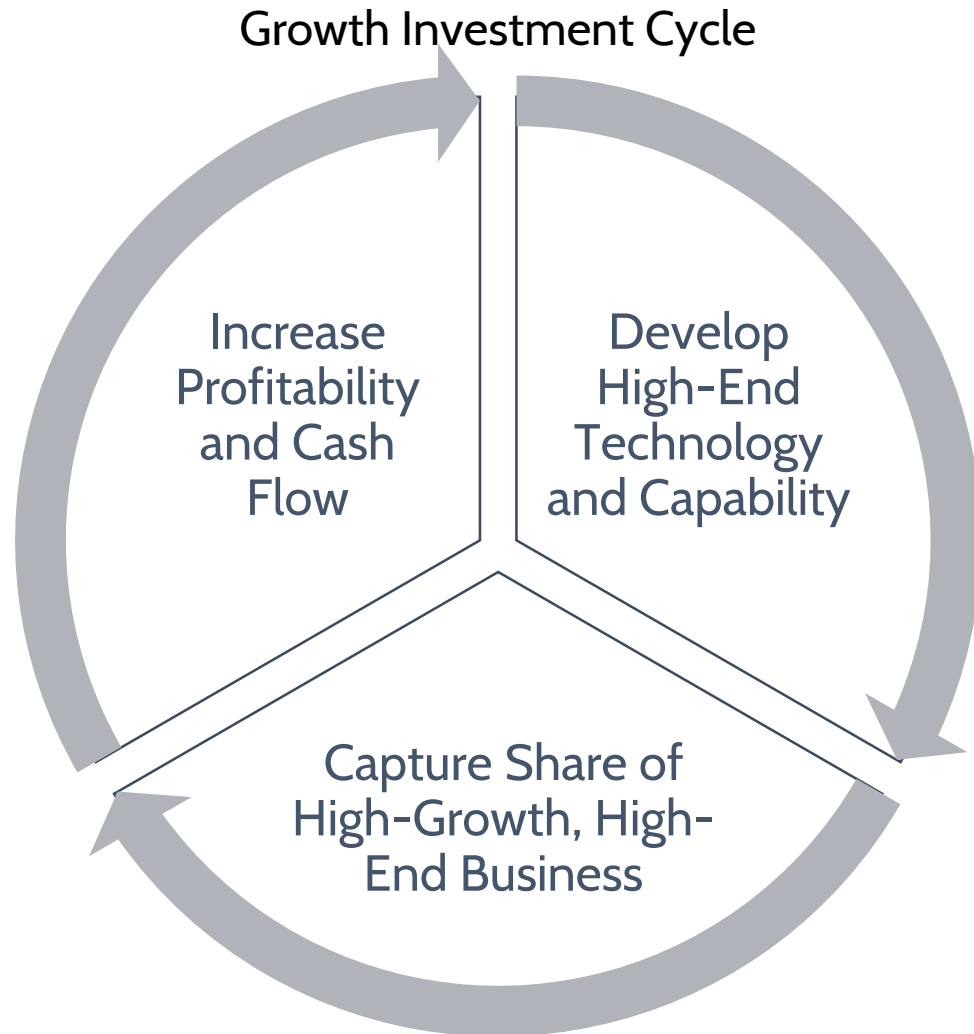
- IC

- EUV – mask and litho tech still maturing, consumes heavy writing resource
- Mask complexity and count needed for advanced designs
- SoC trends – multi-function customization alongside SoC disaggregation
- Cloud to edge computing migration and design activity

- FPD

- Mask carrying more of lithography load
- AMOLED migrating down from premium smartphones
- TV display innovation: lighting, size, resolution, compensations
- Gaming, remote work and learning driving demand

# Technology as a tool to support our business growth

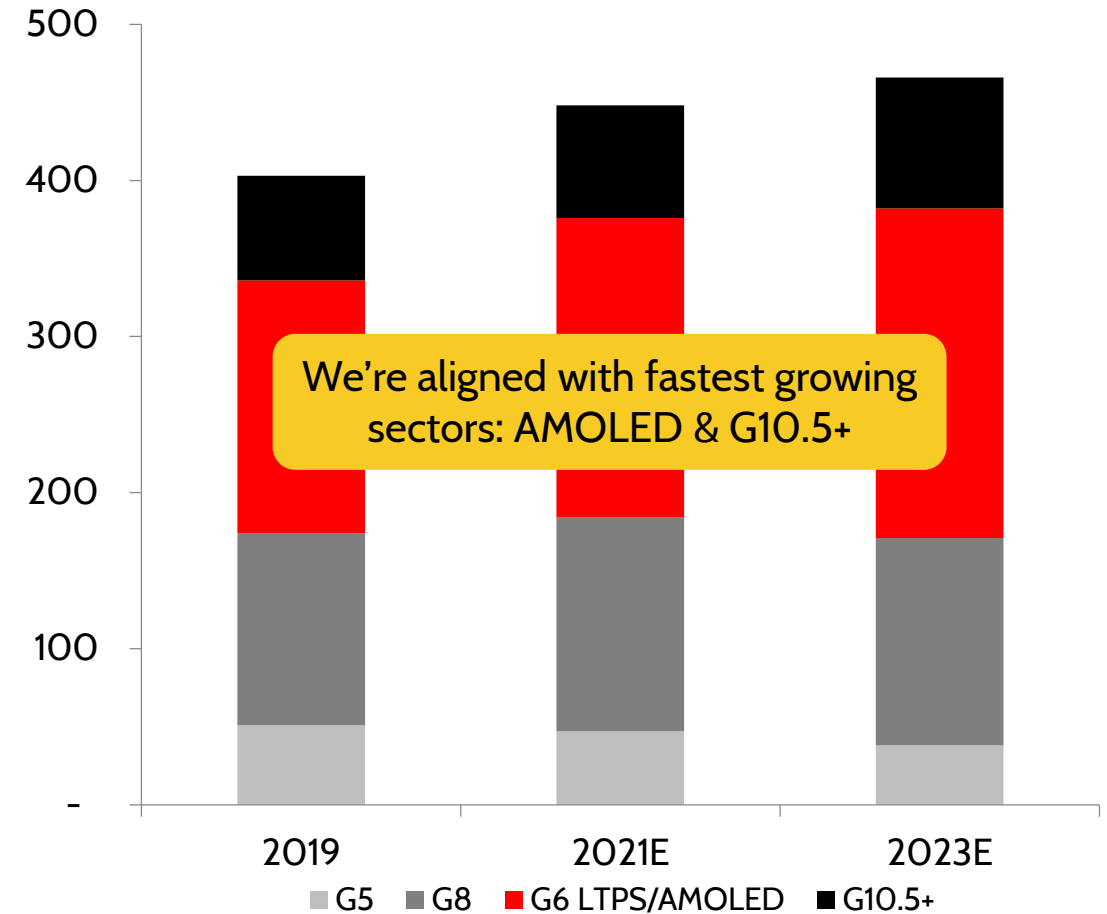


# “Made in China 2025” driving growth



Forecast falling short of policy goals (70% by 2025)  
More investment needed to meet targets

## China FPD Mask TAM (\$M)



# 2020 Financial Summary

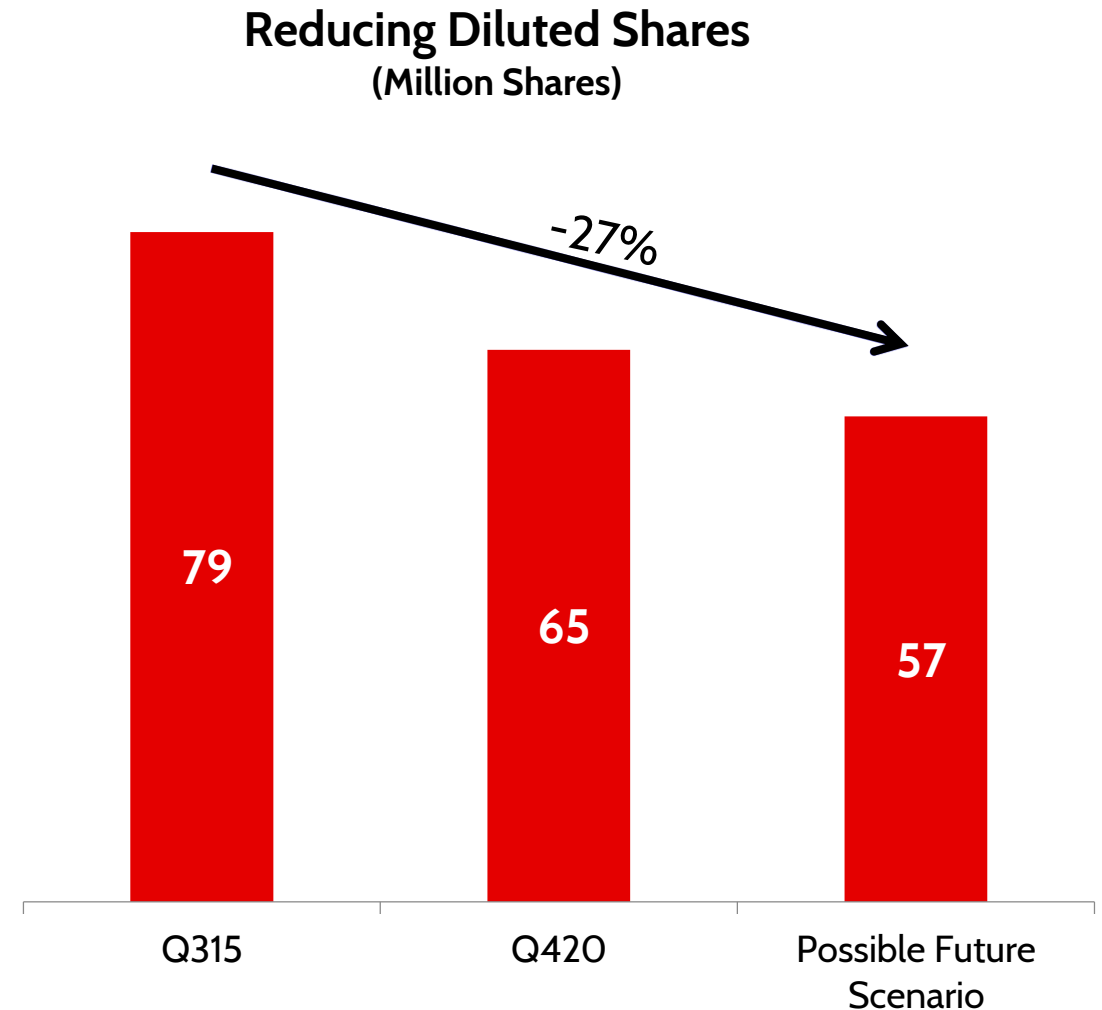
- Several revenue records established
  - Revenue of \$609.7M
  - FPD revenue of \$191.3M
  - China revenue of \$207.5M (IC = \$97.1M; FPD = \$110.5M)
- Operating income improved 23% Y/Y
- Generated \$143M in cash from operating activities, invested \$71M in capex, and returned \$34M in cash to shareholders
- China facilities contributed \$79M in revenue with operating loss of \$2M; Hefei was profitable for the year

# Illustrative Target Model

	2018	2019	2020	Illustrative Target Model 3-Year Horizon		
Revenue	\$535	\$551	\$610	\$700 5% CAGR	\$725 6% CAGR	\$750 7% CAGR
Gross Margin	25%	22%	22%	24-26%	26-28%	27-29%
Operating Margin	12%	9%	10%	13-15%	15-17%	17-19%
Operating Cash Flow	\$131	\$68	\$143	\$150-160	\$160-170	\$175-185
Free Cash Flow	\$39	(\$83)	\$77	\$80-90	\$90-100	\$100-110
EPS	\$0.59	\$0.44	\$0.52	\$1.00-1.05	\$1.15-1.25	\$1.25-1.35

# Clear capital deployment priorities

- Fund organic growth
  - Geographic expansion into China
  - Investments to maintain technical leadership
  - Capacity expansion when reciprocated by customer commitment
  - Financial discipline to improve ROIC
- Explore strategic M&A
  - Photomask industry – IC & FPD
  - Adjacencies to increase revenue diversification
- Share repurchase
  - Repurchased 7.9M shares (\$79M) since 2018
  - Redeemed \$115M in convertible debt since 2016, eliminating 10.3M potentially dilutive shares



# Financial discipline improves shareholder value

- Targeted investments drive top-line growth in excess of market
- Operating leverage and cost reductions expand margins
  - Target operating margins mid- to high-teens
  - Target incremental margins 50%
- Strong cash flow generation fortifies balance sheet
- Capital deployment priorities to improve ROIC



# Summary

- We have sustained double digit growth in a very challenging environment over the past 3 years
- Our leadership position is expanding – growing more quickly than markets
- Moving forward our investment focus is narrowing to drive accretive growth
- With a business model demonstrated to deliver increasing shareholder value
  - Margin expansion creates earnings power
  - Strong cash flow generation
  - Strategic use of cash to fund growth and enhance shareholder returns

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# Questions?

# Thank you for your interest!

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