

VEECO INSTRUMENTS INC

FORM 8-K (Current report filing)

Filed 09/19/13 for the Period Ending 09/18/13

Address	TERMINAL DRIVE PLAINVIEW, NY 11803
Telephone	516 677-0200
CIK	0000103145
Symbol	VECO
SIC Code	3559 - Special Industry Machinery, Not Elsewhere Classified
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): **September 18 , 2013**

VEECO INSTRUMENTS INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-16244
(Commission
File Number)

11-2989601
(IRS Employer
Identification No.)

Terminal Drive, Plainview, New York 11803
(Address of principal executive offices)

(516) 677-0200
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry Into a Material Definitive Agreement

Veeco Instruments Inc. (“Veeco”) agreed to acquire Synos Technology, Inc. (“Synos Technology”), pursuant to an Agreement and Plan of Merger, dated September 18, 2013, by and among Veeco, Veeco Wyoming Inc., a newly-formed subsidiary of Veeco, Synos Technology, certain stockholders of Synos Technology, and Shareholder Representative Services LLC, as Stockholders’ Representative (the “Acquisition”). The initial purchase price is \$70 million. Synos shareholders will receive additional payments upon the achievement of future performance milestones over the period from closing through December 31, 2014, with maximum potential consideration for the transaction of \$185 million. The agreement contains customary representations, warranties, covenants and indemnification provisions. Completion of the acquisition is subject to customary closing conditions. The merger is scheduled to close in the fourth quarter of 2013.

On September 19, 2013, Veeco issued a press release announcing the Acquisition and held a conference call to discuss the Acquisition. In connection with the release and the related conference call, Veeco posted a presentation relating to the Acquisition on its website (www.veeco.com). Copies of the press release and presentation are furnished as Exhibit 99.1 and Exhibit 99.2 to this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits .

<u>Exhibit</u>	<u>Description</u>
99.1	Press release issued by Veeco dated September 19, 2013
99.2	Presentation: Veeco to Acquire Synos Technology, September 19, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

September 19, 2013

VEECO INSTRUMENTS INC.

By: /s/ Gregory A. Robbins
Name: Gregory A. Robbins
Title: Senior Vice President and General Counsel

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Press release issued by Veeco dated September 19, 2013
99.2	Presentation: Veeco to Acquire Synos Technology, September 19, 2013



NEWS

Veeco Instruments Inc., 1 Terminal Drive, Plainview, NY 11803 Tel. 516-677-0200 Fax. 516-677-0380

FOR IMMEDIATE RELEASE

Financial Contact: Debra Wasser, SVP Investor Relations & Corporate Communications, 516-677-0200 x1472

Media Contact: Jeffrey Pina, Sr. Director, Marketing Communications, 516-677-0200 x 1222

VEECO TO PURCHASE SYNOS TECHNOLOGY
Fast Array Scanning ALD Technology Enables Flexible OLED Displays

Plainview, N.Y., September 19, 2013 — Veeco Instruments Inc. (Nasdaq: VECO) today announced that it has signed an agreement to acquire privately held Synos Technology, Inc. (“Synos”). Synos designs and manufactures Fast Array Scanning™ Atomic Layer Deposition (FAST-ALD™) systems that are enabling the production of flexible organic light-emitting diode (OLED) displays for mobile devices.

“We have found a great fit to add to Veeco’s technology portfolio and expand our growth opportunities,” said John R. Peeler, Veeco’s Chairman and Chief Executive Officer. “Synos is an early stage company with big growth potential. We believe that their fast array scanning ALD technology for thin film encapsulation layers will remove the primary barrier to adoption of flexible OLED displays, helping make unbreakable, light-weight mobile displays a reality. Their systems are poised to move from pilot line to full production at the world leader in mobile OLED displays.” Synos’ first pilot production system has been installed and the manufacturing ramp is currently expected to begin in 2014.

According to industry forecasting firm IHS iSuppli, the flexible OLED display market is expected to grow from \$21 million in 2013 to almost \$12 billion by 2020, and will revolutionize the entire display industry. Mr. Peeler added, “Near-term, we believe the OLED equipment market opportunity for Synos’ ALD technology exceeds \$400 million for mobile phones alone. We also see numerous extended opportunities for this breakthrough ALD technology in OLED TV, lighting, solar, batteries and other large adjacent markets.”

Ilsong Lee, President and Chief Executive Officer of Synos, commented “We are at an exciting inflection point in our history. It is time for us to join forces with Veeco, a world leader in advanced deposition technologies. Veeco will bring the global operating experience and resources we need to ramp our business, support our key customer, and deliver on the promise of our technology.” Mr. Lee will join Veeco as Senior Vice President and ALD General Manager. In addition, Synos co-founder, Dr. Sang In Lee, will join Veeco as Chief Technology Officer for Veeco ALD.

“Synos’ FAST-ALD provides an elegant solution for some very complicated challenges faced by OLED display manufacturers,” added Daniel Rubin, Chairman and co-founder of Synos. “Veeco’s well-known commitment to customer satisfaction and operating excellence will accelerate the market adoption of this technology for OLED and other advanced manufacturing applications.”

About FAST-ALD

Synos’ FAST-ALD represents a paradigm shift in a technology long known for excellent deposition uniformity and pin-hole free films. While traditional ALD is slow, costly and limited to “chamber-sized” reactors, FAST-ALD can deposit materials below 100° Celsius and 10 times faster, making it capable of deposition on substrates with virtually no size limitation. Synos’ patented linear reactor allows the

chemical reaction to occur at the substrate's surface. When utilized for OLED encapsulation, FAST-ALD becomes a key enabler of truly unbreakable and flexible devices.

Details of the Transaction

The initial purchase price is \$70 million. Synos shareholders will receive additional payments upon the achievement of future performance milestones, with maximum potential consideration for the transaction of \$185 million. The merger is scheduled to close in the fourth quarter of 2013. Synos is currently expected to be dilutive to Veeco in 2014 and solidly accretive in 2015.

Management Conference Call

Veeco's management will host a conference call to review this transaction today at 10AM Eastern Time. The call will be webcast live on the Veeco website at www.veeco.com. The call can also be accessed by dialing 1-800-768-6563 (toll free) or 1-785-830-7991 using passcode 8217266. A replay of the call will be available beginning at 8:00PM ET tonight through 8:00PM ET on October 3, at 888-203-1112 or 719-457-0820, using passcode 8217266, or on the Veeco website. A slide presentation will be available for listeners to follow along, so please visit our website prior to the event.

About Synos Technology Inc.

Synos Technology, headquartered in Fremont, California, is dedicated exclusively to the design and manufacture of high-throughput ALD for large and flexible substrates. Synos has over 45 ALD technology and process patents issued or pending, and employs approximately 50 people in California and Korea. For further information please visit www.synos.com.

About Veeco

Veeco's process equipment solutions enable the manufacture of LEDs, power electronics, hard drives, MEMS and wireless chips. We are the market leader in MOCVD, MBE, Ion Beam and other advanced thin film process technologies. Our high performance systems drive innovation in energy efficiency, consumer electronics and network storage and allow our customers to maximize productivity and achieve lower cost of ownership. For information on our company, products and worldwide service and support, please visit www.veeco.com.

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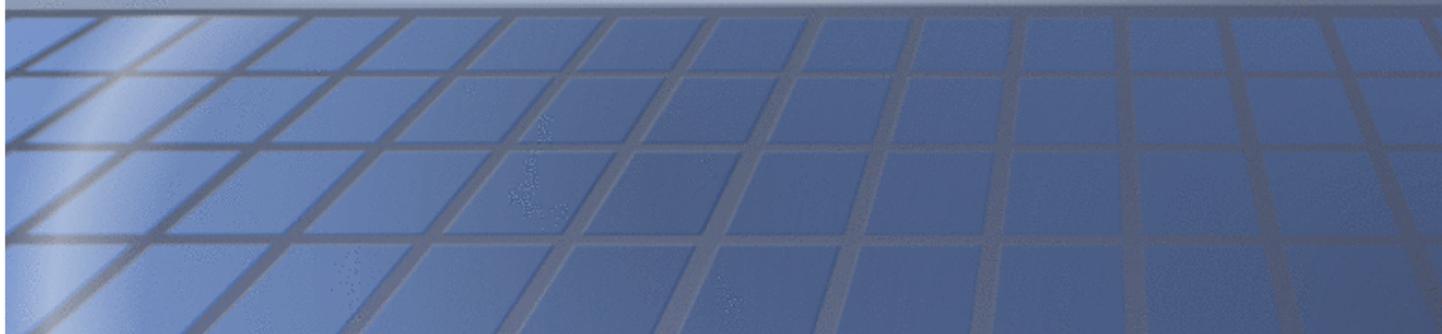
To the extent that this news release discusses expectations or otherwise makes statements about the future, such statements are forward-looking and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the statements made. These factors include the risks 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, 2011 and in our subsequent quarterly reports on Form 10-Q, current reports on Form 8-K and press releases. Additional risks specifically associated with this transaction are related to the expected completion of the acquisition and the time frame in which this will occur, the expected benefits to Veeco from completing the acquisition, and the expected financial performance of Veeco following completion of the acquisition. Statements regarding future events are based on the parties' current expectations and are necessarily subject to associated risks related to the closing of the transaction, the potential impact on the business of Synos due to the uncertainty about the acquisition, the occurrence of any event, change or other circumstances that could give rise to the termination of the definitive agreement, the retention of employees of Synos and the ability of Veeco to successfully integrate Synos' market opportunities, technology, personnel and operations and to achieve expected benefits. Veeco does not undertake any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements.

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Veeco To Acquire Synos Technology
FAST-ALD™ for Flexible OLED Displays

September 19, 2013



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.

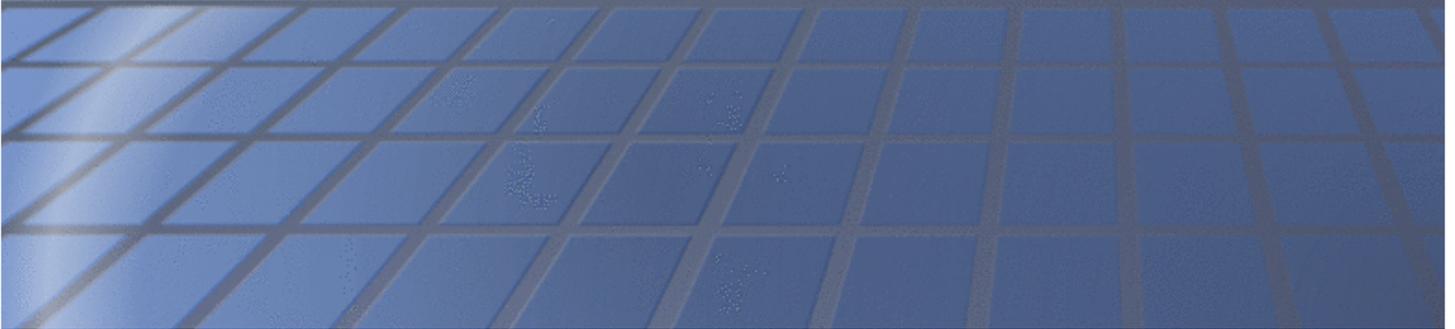
These items include the risk factors discussed in the Business Description and Management's Discussion and Analysis sections of Veeco's Annual Report on Form 10-K for the year ended December 31, 2011 and subsequent Quarterly Reports on Form 10-Q and current reports on Form 8-K. Veeco does not undertake any obligation to update any forward-looking statements to reflect future events or circumstances after the date of such statements, the expected completion of the acquisition and the time frame in which this will occur, the expected benefits to Veeco from completing the acquisition and the expected financial performance of Veeco following completion of the acquisition.

Statements regarding future events are based on the parties' current expectations and are necessarily subject to associated risks related to, among other things, or that other conditions to the closing of the transaction may not be satisfied, the potential impact on the business of Synos due to the uncertainty about the acquisition, the occurrence of any event, change or other circumstances that could give rise to the termination of the definitive agreement, the retention of employees of Synos and the ability of Veeco to successfully integrate Synos' market opportunities, technology, personnel and operations and to achieve expected benefits.





Veeco To Acquire Synos Technology
John Peeler, CEO



Veeco to Acquire Synos Technology



1

Jump-Start into Fast Growing Flexible OLED Market

Aligned with biggest near-term OLED opportunity – **Mobile Display** – forecasted to be \$5.5B by 2020*



2

FAST-ALD™ Enables Cost Effective Production of Flexible Mobile Displays

Revolutionary low-temperature, high-throughput ALD for encapsulation solves a critical barrier to OLED adoption



3

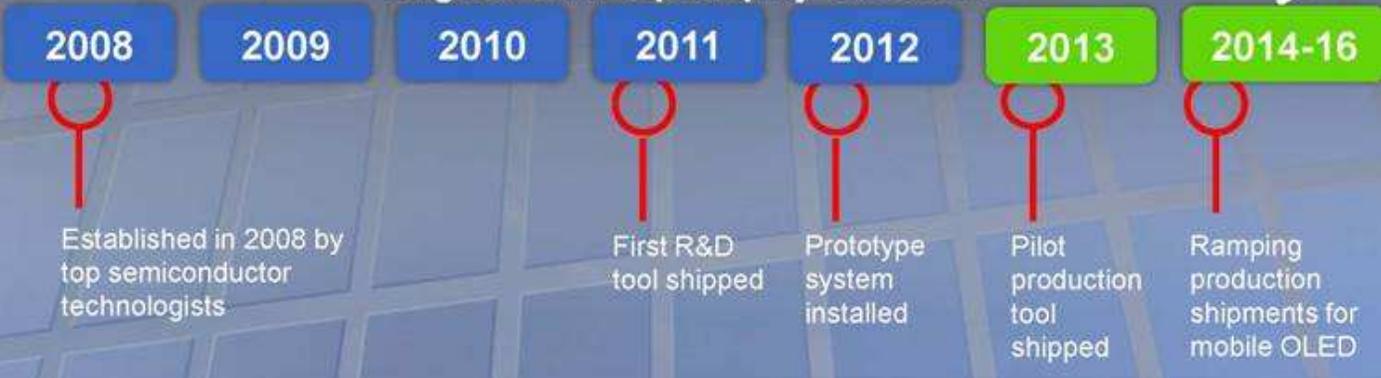
1 + 1 = 3: Combination will Accelerate Growth

Complementary technology right in our wheelhouse. Veeco resources to maximize mobile display ramp and adjacent market opportunities

*IHS 2013 Flexible OLED Report

Early Stage Company With Big Growth Potential

Aligned with Top Display Customer



50

Employees in California and Korea



45

Key Patents Issued and Pending in ALD Reactor Technology and Process



Synos Technology has pioneered a new generation of ALD:

Fast deposition

Low temperature

Large area format

Inflection Point for Flexible OLED Production Manufacturing Ramp





Jump Start into Fast Growing
Flexible OLED Market



Mobile OLED Display Technology Transition



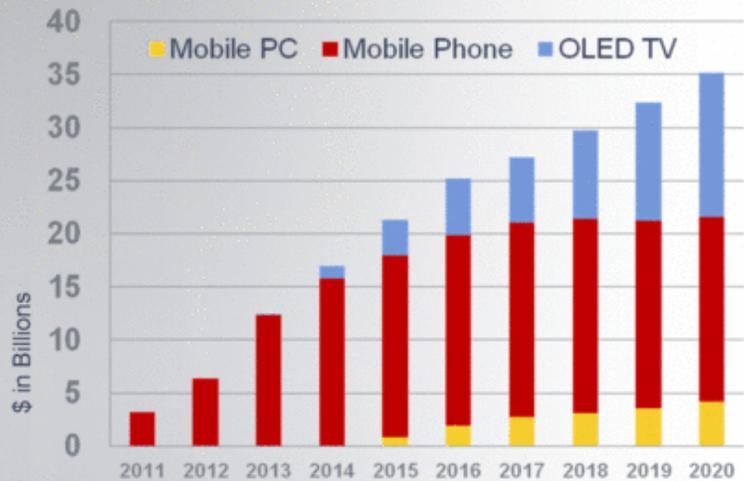
Rigid → Unbreakable → Curved → Bendable → Foldable

New Flexible Products Expected in 2014

Mobile Displays: Largest Near-Term OLED Market

*"The next
WOW FACTOR
in mobile will come from
Flexible Displays"**

*Display Search Dec 2012 report



Display Search

- OLED industry revenues forecasted to exceed **\$35B** by **2020**
- Flexible being adopted for mobile phones and two years from now for tablets... TVs and Lighting also an opportunity

Veeco

Flexible OLED is a Big Needle Mover for Mobile

Rigid OLED Display



Weight: 130g
Thickness: 7.9mm
Battery: 2,600mAh

With Plastic
OLED



Weight: 111.7g
Thickness: 7.1mm
Battery: 2,600mAh

OR



Weight: over 130g
Thickness: 7.9mm
Battery: 3,100mAh

Source: IHS Electronics & Media, Mobile & Emerging Display Report



Huge Growth Wave as Flexible Displays Penetrate Mobile

~14%
of smartphones
will be flexible
by
2016



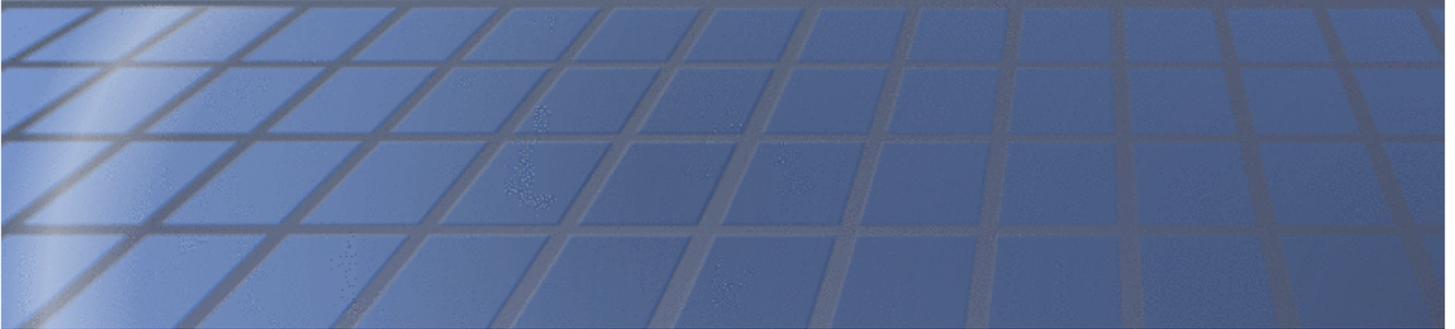
Mobile Flexible OLED Sales Expected to Surge to \$5.5B by 2020

Source: IHS iSuppli research, March 2013, Veeco estimates





Veeco To Acquire Synos Technology
Bill Miller, Ph.D.,
Executive Vice President





Fast Array Scanning ALD Technology
Enables Cost Effective Production of
Flexible Mobile Displays





$1+1 = 3$:

Combination will Accelerate Growth



Joining Veeco will Accelerate Synos' Growth

✓
Large Capital
Equipment Company
Resources

✓
Talent and
Infrastructure
Scale-Up

✓
Customer
Connectivity



✓
Global Supply Chain
and Quality
Management

✓
Production Ramp
Expertise

✓
Go-To-Market
Experience in Multiple
Adjacencies



Significant Near Term Growth Engine; Opportunity for Multi-Year Homerun

\$200M+
Annual
Shipments
by 2015

\$1B+
Multi-Year
Opportunity

Synos'
Near-Term
OLED
Opportunity
>\$400M



Synos at
Production
Ramp Inflection
Point



Semiconductor,
Solar, Batteries
and Other

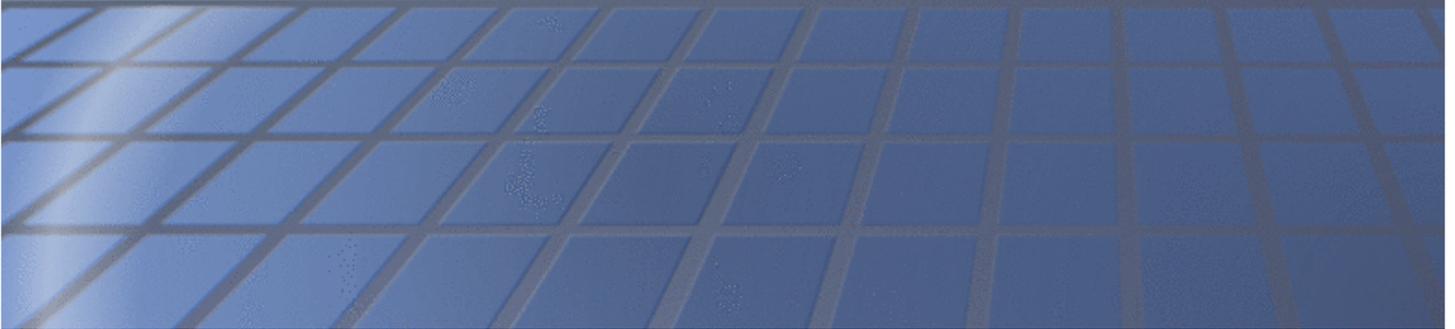


OLED TV
and Lighting

Broad Applications
for FAST-ALD in
Adjacent Markets



Veeco To Acquire Synos Technology
Dave Glass, Chief Financial Officer



Financial Implications of the Transaction

P&L

- Currently anticipate new orders to begin in Q4'13/Q1'14
- 2014 Shipments could approach \$80M; ~½ revenue deferred until 2015
- Accretive in Q4'14; slightly dilutive for full year
- Gross margins >40% as business ramps

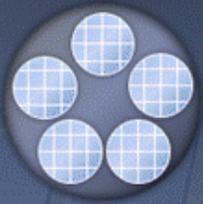
Cash

- Measured buy-in to high growth company: \$70M at close
- Performance-based payments could bring total cash purchase price to \$185M
- Will use cash through mid-2014 to invest in working capital

Synos is Solidly Accretive to Veeco in 2015



Synos Extends Our Leadership into High-Growth OLED Market



We Make Thin Film Process Equipment

Growing, depositing, etching and processing thin films is our core competency



Our R&D is Best-in-Class

Veeco's exceptional R&D organization delivers systems that enable the future



Our Technology

supports energy savings, mobility, higher performance devices and network storage



High Growth Market Focus

Our equipment enables the manufacture of:

- LEDs
- Power devices
- MEMS
- **OLED**



Market-Leading Positions in:

- MOCVD & MBE
- IBE/IBD/PVD
- **ALD**



Great Fit for our "Three Mega Trend" Strategy

Energy Efficiency



Personal Mobility



Advancing Thin Film Technologies



Build on Existing Leadership

LED Lighting (MOCVD)

Wireless Chips (MBE)

Semiconductor Research (MBE)
Hard Disk Drives (Data Storage)
Optical Coatings (Data Storage)

Establish a Strong Position in New Markets

Power Devices
FUTURE: ALD for
OLED Lighting, Solar, Batteries

MEMS
NOW: ALD for OLED
Mobile Displays

EUV Mask Blanks
FUTURE: ALD for OLED TV
Displays



Synos Puts Veeco on the Fast Track in OLED



**Jump-Start into Fast
Growing Flexible
OLED Market**



**FAST-ALD Enables Cost
Effective Production of
Flexible Mobile Displays**

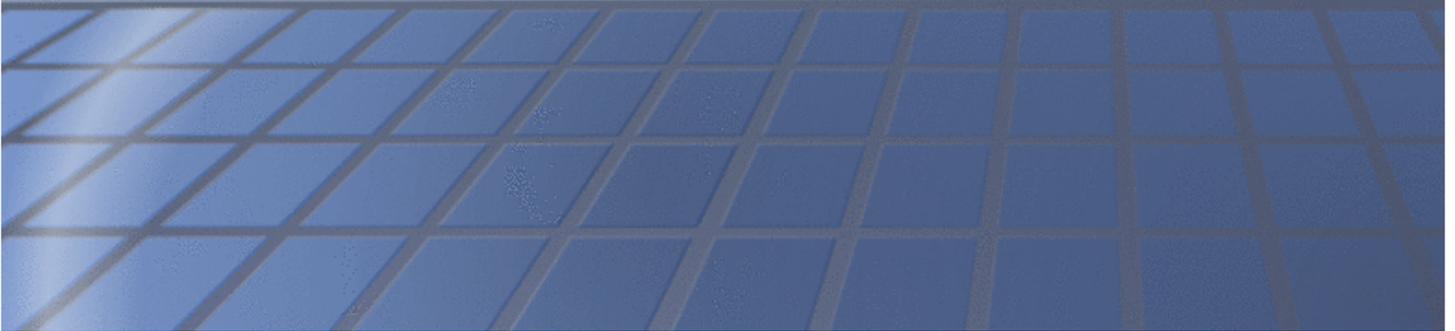


**Combination will
Accelerate Growth**





Veeco To Acquire Synos Technology Q&A Session





Veeco To Acquire Synos Technology
FAST-ALD™ for Flexible OLED Displays

