



# Investor Presentation

*Needham 16<sup>th</sup> Annual Technology & Media Conference*

**May 19, 2021**

**Define. Create. Enable.**

Experts in critical systems engineering and manufacturing



Proprietary

# Forward-Looking Statements, Non-GAAP Financials and COVID-19

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## **COVID-19 Pandemic and Market Conditions Update**

The COVID-19 pandemic and related economic repercussions have created, and are expected to continue to create, significant volatility, uncertainty, and turmoil in our industry. Government shutdowns and “social distancing” guidelines are, and will continue to, result in reduced factory capacity. In addition, an increase in direct costs within our factories associated with employee personal protective equipment (“PPE”), facility cleaning and layout changes, together with increases in logistics costs and employee labor costs, as well as other operating inefficiencies have resulted in, and may continue to result in, lower revenues and operating margins. The extent and duration of these impacts cannot be specifically quantified given the dynamic nature and breadth of the pandemic’s impact on our operations and that of our customers and suppliers.

# Ichor Overview

## World's Leading Provider of Critical Fluid Delivery Subsystems and Components for Semiconductor Capital Equipment

- **Gas and chemical delivery subsystems are key elements of process tools** used in the manufacturing of semiconductor devices
- **Over 20 years of operational history** providing design, qualification, manufacturing and testing expertise to key OEMs throughout the product development cycle
- Global manufacturing footprint in the US, Malaysia, Singapore, Korea, Mexico and Scotland, with **facilities strategically located in close proximity to key customers**
- **Headquartered in Fremont, California** with approximately 2,000 full-time-equivalent employees globally
- **Expecting a strong growth year in 2021; 2020 Revenues were \$914M with \$2.51 in EPS<sup>(1)</sup>**

### Gas Delivery Subsystems



### Chemical Delivery Subsystems



### Weldments & Subassemblies



### Precision Machining



(1) Non-GAAP earnings per share excludes amortization of intangible assets, share-based compensation, non-recurring expenses and discrete tax items.

# Investment Highlights

## Combining Revenue Outperformance and Increasing Profitability to Drive Earnings Leverage and Free Cash Flow

- **Revenue growth outperforming the industry...** Outpacing industry, peers and customers with 5-year CAGR of 26% vs. WFE growth of 13% <sup>(1)</sup>... 2020 revenues increased 47% YoY and strong growth expected for 2021
- **Multiple drivers for continued revenue outperformance...** Leveraged to largest growth segments within WFE; expanding product offerings and customer base; continued market share gains
- **Expanding capabilities and SAM...** Investments in R&D focused on driving increased IP content in proprietary products; strategic acquisitions added plastics, weldment and precision machining capability, as well as strategic foothold in South Korea – adding ~\$2.5B to our SAM<sup>(2)</sup>
- **Delivering strong earnings leverage...** Increasing profitability through gross margin improvement and close control of opex to drive leverage to bottom line; EPS grew 2x the rate of revenue growth in 2020<sup>(3)</sup>

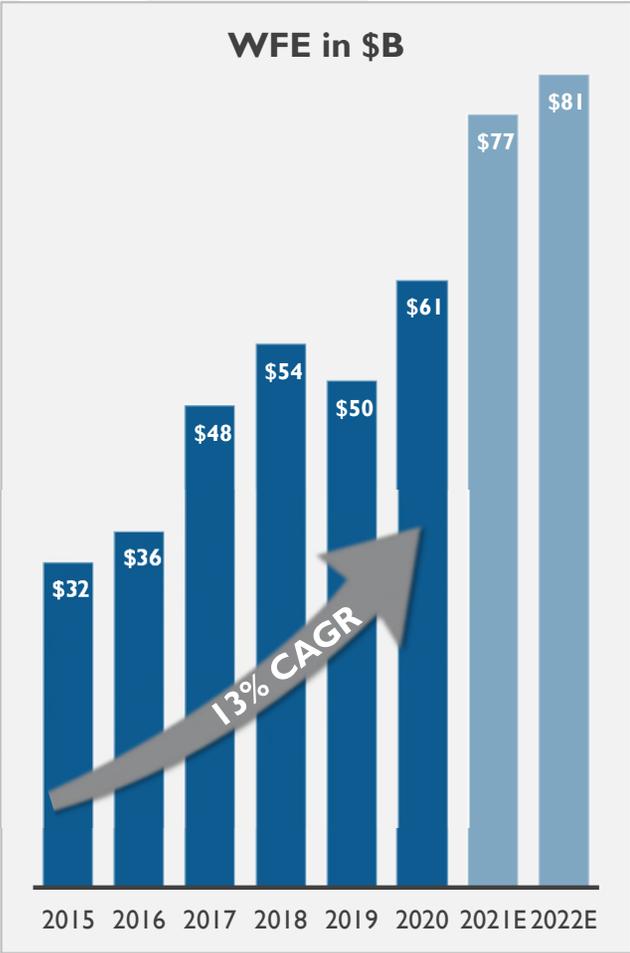
(1) See following slide for data.

(2) Estimated 2020 SAM provided on slide 7.

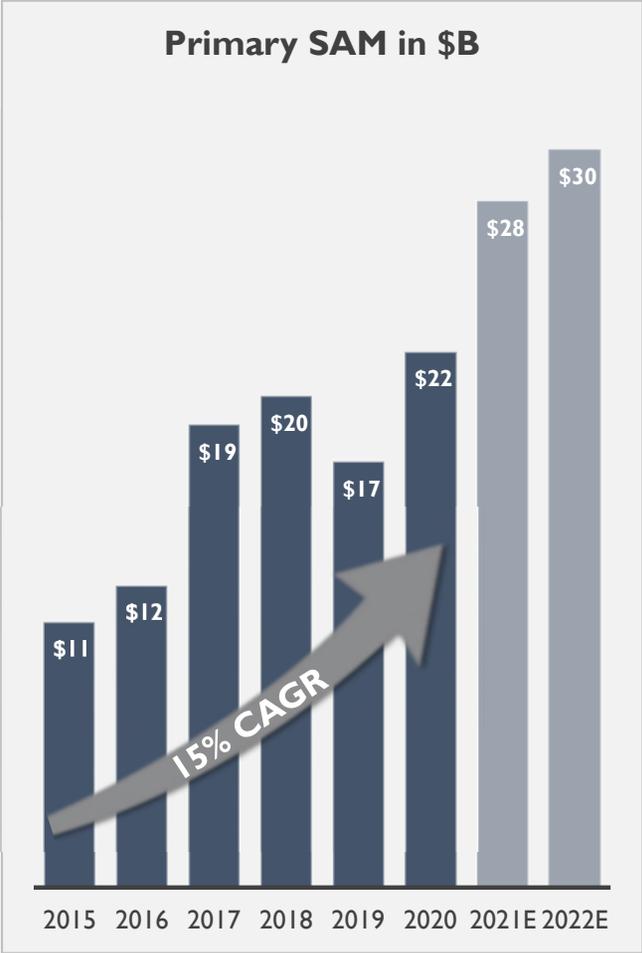
(3) Non-GAAP earnings per share excludes amortization of intangible assets, share-based compensation, non-recurring expenses and discrete tax items.

# Revenue Growth Outperforming WFE and Primary Process Tool SAM

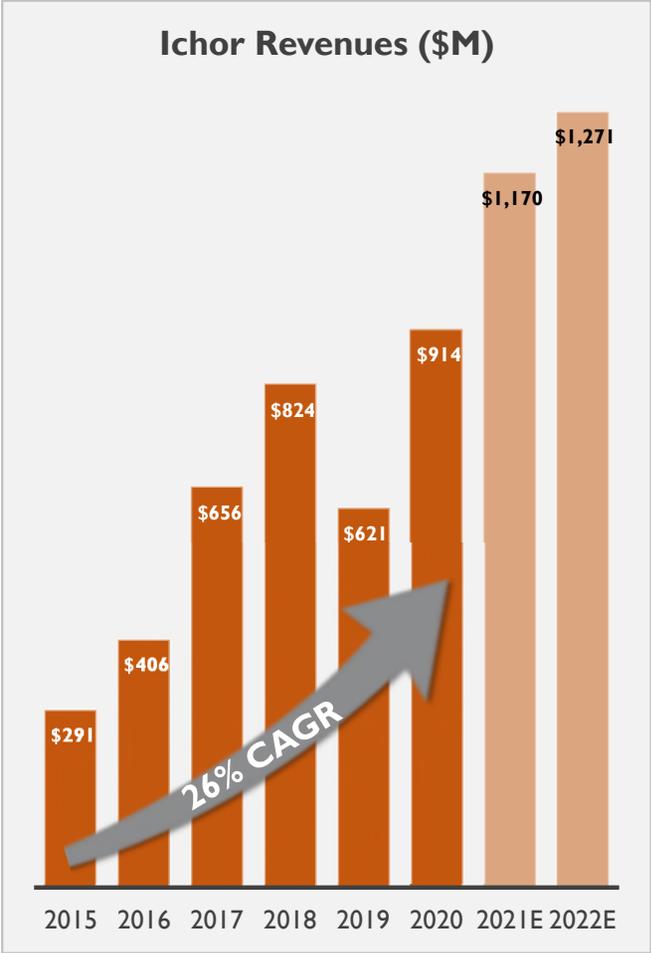
## WFE<sup>(1)</sup>



## Dry Etch & CVD<sup>(2)</sup>



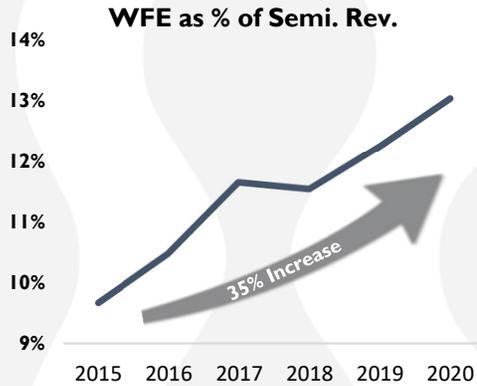
## Ichor Revenue<sup>(3)</sup>



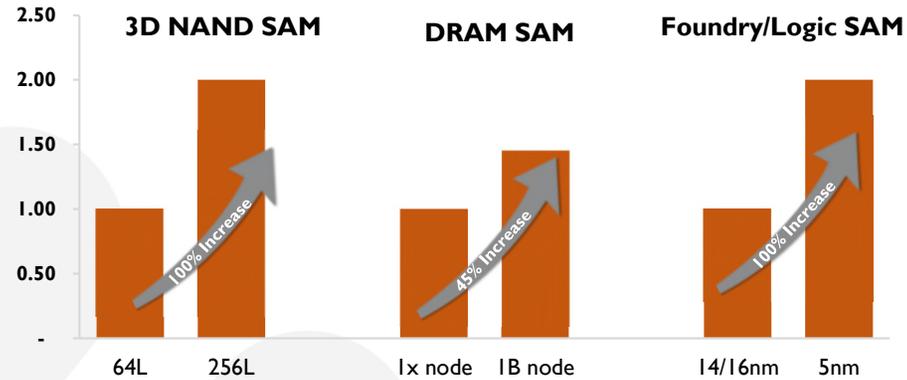
(1) Mean of analyst and industry OEM estimates that have been updated since April 2021.  
 (2) Gartner estimates through 2017; Needham estimates for 2018-2022E as of 4/12/21.  
 (3) 2021 and 2022 estimates represent Street analyst consensus as of 5/5/21.

# Key Technology Transitions Driving Growth in Ichor SAM

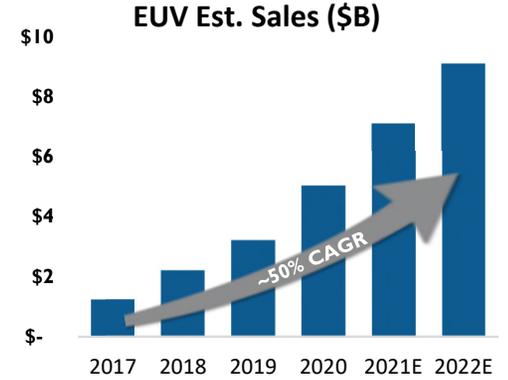
## WFE Intensity Increasing<sup>(1)</sup>



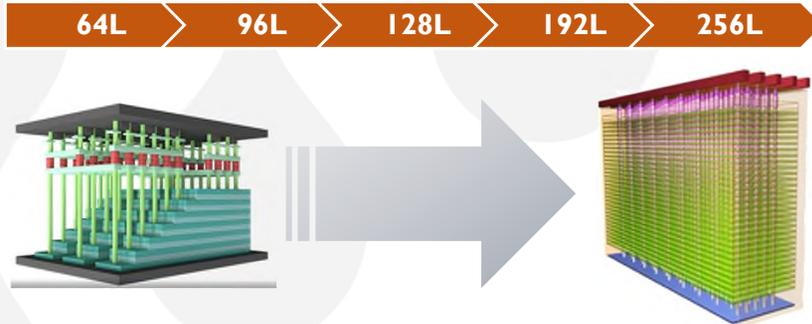
## Etch and Deposition Intensity Increasing<sup>(2)</sup>



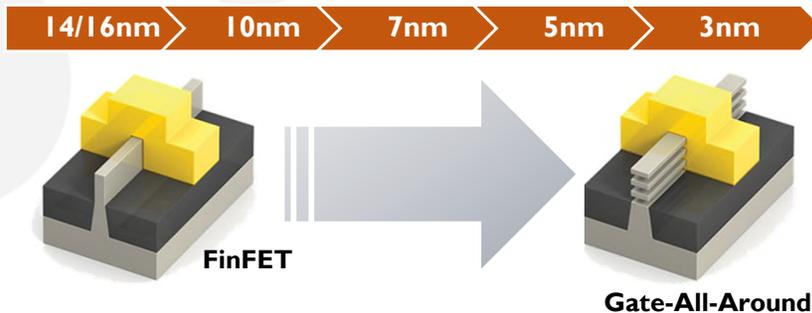
## EUV Ramping<sup>(3)</sup>



**NAND**



**Foundry and Logic**



- Geometries becoming far more complex
- Impact of defects magnified
- Requiring faster etch rates, more control, higher development and production costs
- Increased etch and deposition intensity at each node transition
- More fluid delivery content per system
- Increasing opportunity for EUV on key layers offers incremental gas delivery SAM

(1) UBS Research & Gartner Ests.

(2) Lam Research Analyst Day Presentation (March 2020), normalized to 1.0 at starting node.

(3) 2017 estimated EUV revenues: KeyBanc Research; 2018-2022E EUV market size: Evercore Research as of April 2021.

# Expanding SAM of \$4B with Multiple Growth Opportunities

Approx. 65% of WFE Market Requires Fluid Delivery Subsystems or Components

 Established Position  Opportunity

Served Markets and Market Opportunity					
Customer	Gas Delivery (\$1.5B)	Chemical Delivery (including LDM) (\$0.7B)	Sub-Assembly (Weldments) (\$1.0B)	Precision Machining (\$0.6B)	Other Components (\$0.2B)
U.S.					
					
					
Europe					
					
S. Korea					
					
					
Japan					
					
Others					
<b>Current Share (est.):</b>	<b>&gt;30%</b>	<b>&lt;10%</b>	<b>&lt;25%</b>	<b>5%</b>	<b>5%</b>

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9

Note: Represents company's estimated size of served markets in 2020.

# Track Record of Successful M&A

## Key M&A Strategies

- ✓ Expand Portfolio of Proprietary Product Offerings
- ✓ Expand Served Markets and Geographic Footprint
- ✓ Expand and Diversify Customer Base
- ✓ Gain Market Share with Key OEM Customers
- ✓ Accretive to Gross and Operating Margins; Target Returns > WACC

## Acquisitions have expanded Ichor's SAM, Customer and Geographic Footprint and/or Product and IP Portfolio

2016



Deal Value: \$18 million

- Expansion of chemical delivery SAM
- Development of proprietary LDM product
- Annual revenue expectation at close: \$30 million

2017



Deal Value: \$50 million

- Expansion of weldment SAM
- Expansion of weldment and sub-assembly capabilities
- Annual revenue expectation at close: \$65-\$80 million

2017



Deal Value: \$130 million

- Expansion of precision machining, weldment and gas delivery SAMs
- Expansion of gas delivery component IP portfolio
- Annual revenue expectation at close: \$70-\$90 million

2018

### IAN Engineering

Deal Value: \$7 million

- Expansion of customer and geographic footprint into South Korea
- Expansion of gas delivery, weldment and liquid delivery opportunity
- Annual revenue expectation at close: \$20 million

2019

### Flow Control IP

- Expansion of flow control product & IP portfolio via asset purchase
- Valuable intellectual property for developing next-generation gas panel

2020



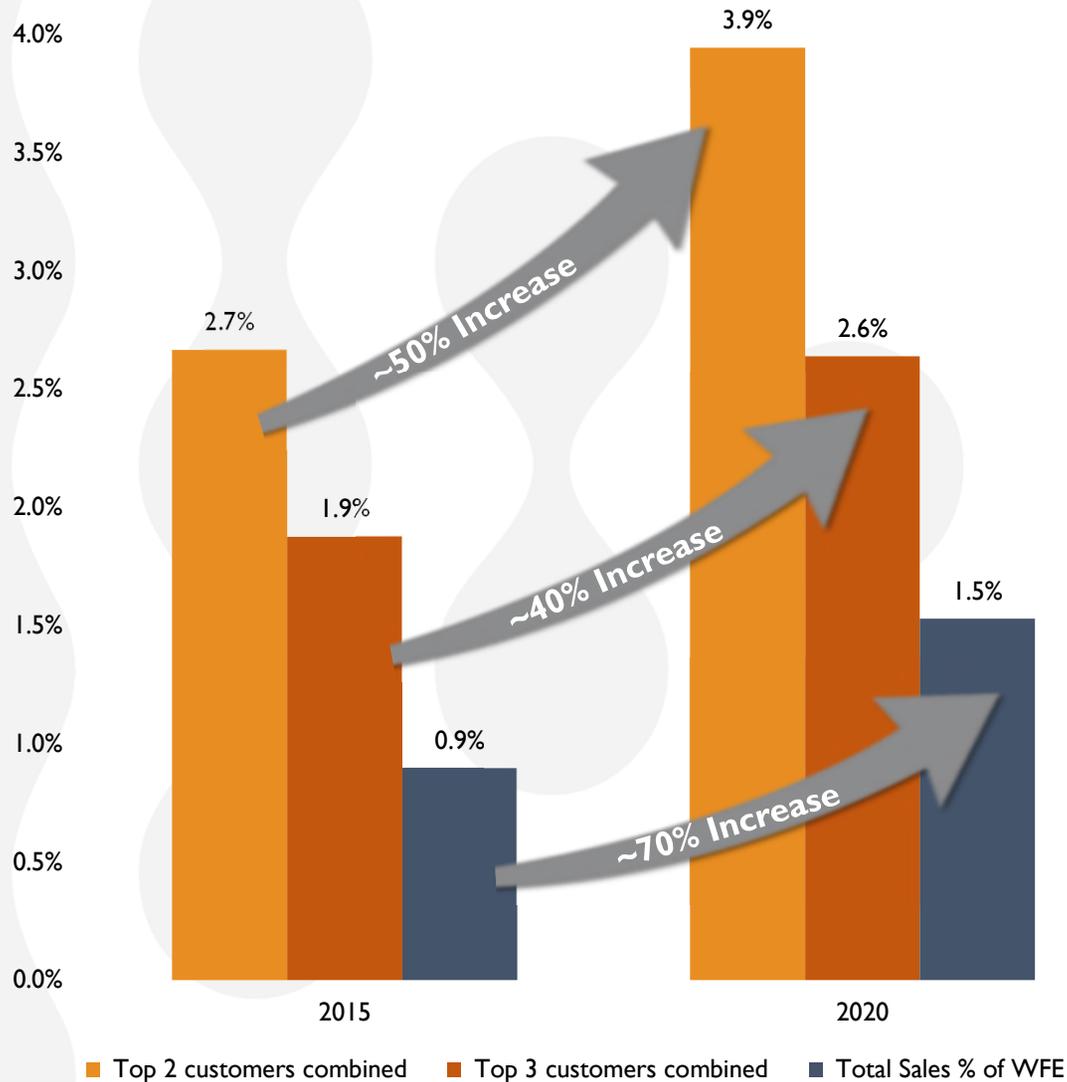
(Mexico Division)

- Expansion of precision machining SAM
- Expansion of precision machining capabilities in a low-cost region
- Year-to-date revenue: <\$10 million

Note: Acquisition revenue contribution amounts for Cal-Weld, Talon Innovations and IAN Engineering based on expected annual revenue contributions as disclosed in transaction announcement press releases. Ajax revenue annualized based on \$20 million in revenue generated for the 8 months ended 12/31/16. CRM (Mexico Division) revenue based on year-to-date revenue as disclosed in transaction announcement press release.

# Growing Share of Semiconductor System Sales

## Ichor's Expanding Share (1)



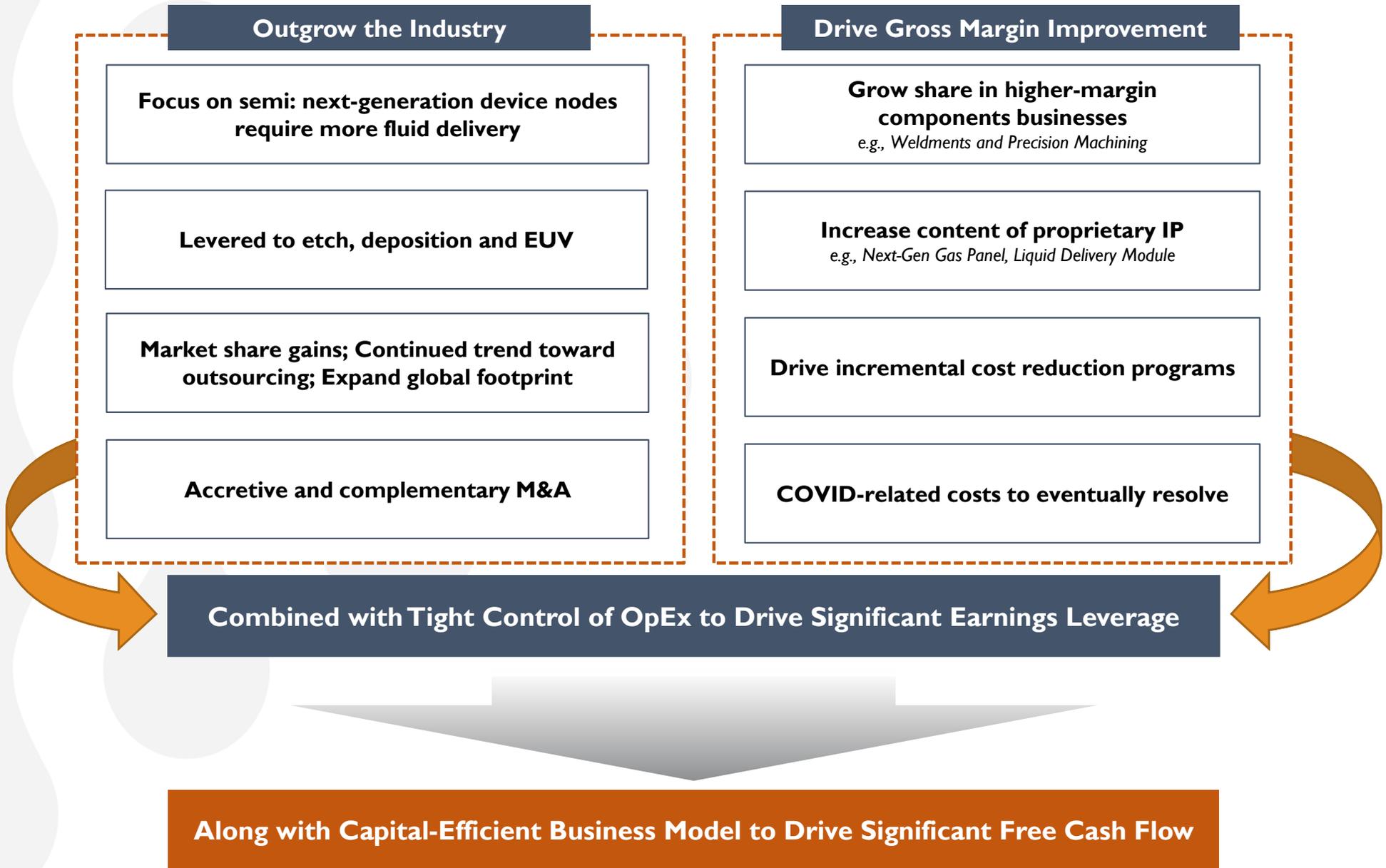
## Multiple Drivers for Increasing Share of Industry Revenues

- ✓ **Industry Trends**
  - Increasing trend toward outsourcing
  - Increasing importance of etch and deposition
  - Advanced devices require more fluid delivery/content per tool
- ✓ **Ichor Execution**
  - Market share gains
  - Accretive and complementary acquisitions
  - Expanded product offerings
  - Levered to etch and deposition
  - Key role in EUV ramp

(1) Represents Ichor's sales to its top 2 and top 3 customers combined, respectively, divided by their combined new semiconductor system sales.

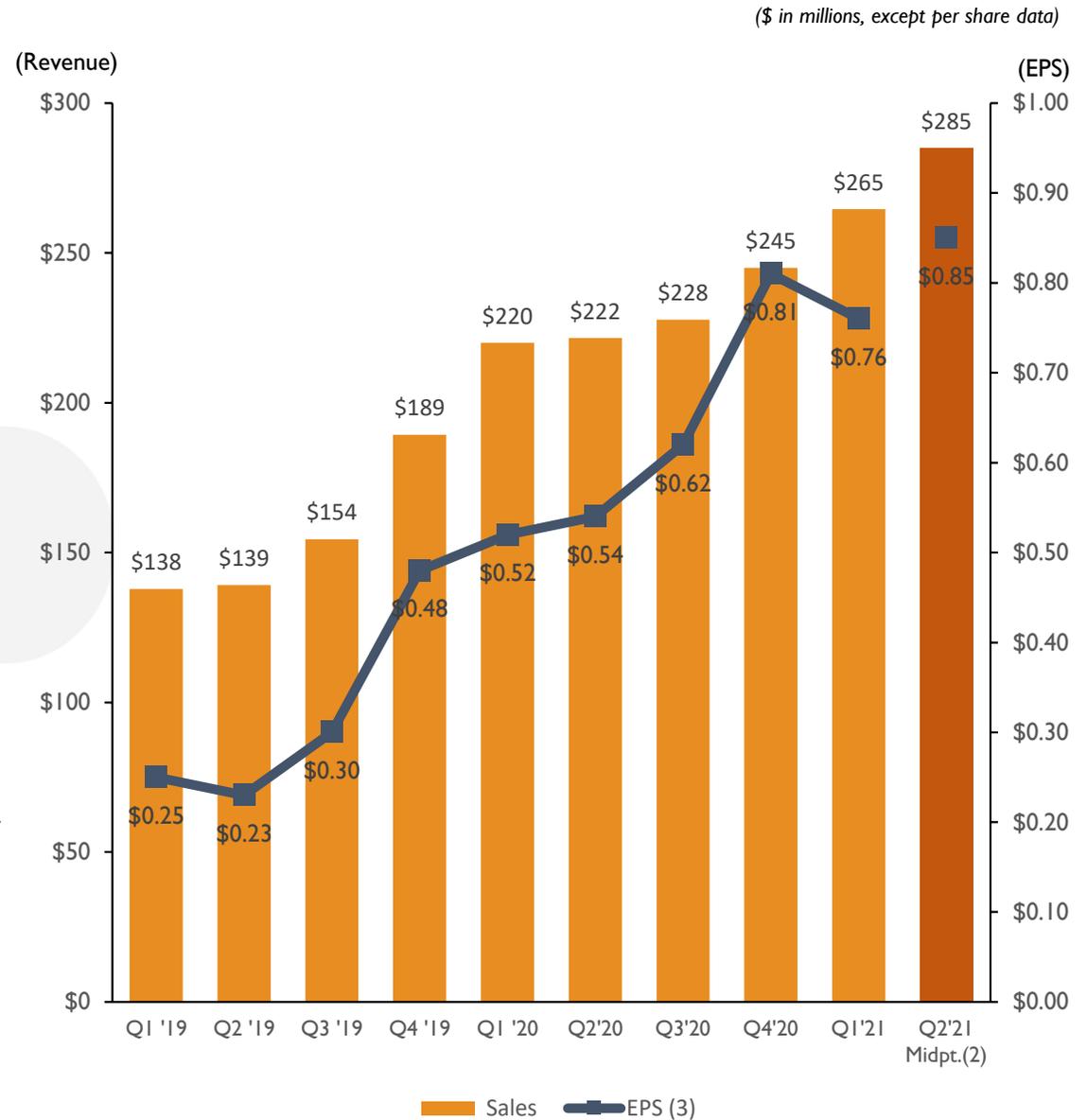
(2) 2015 estimated WFE of \$32.4B vs. 2020 estimated WFE of \$60.5B.

# Key Financial Strategies



# Quarterly Momentum at Top and Bottom Lines

- **8 Straight Quarters of Sequential Revenue Growth; Guiding for a 9<sup>th</sup>**
- **Strong Earnings Leverage<sup>(1)(2)</sup>**
  - EPS grew at 2x revenue growth in 2020
  - Q1'21 EPS up 46% on YoY revenue growth of 20%
- **Positive Outlook for Q2 and 2021<sup>(3)</sup>**
  - Q2 revenue of \$270M - \$300M
  - Q2 EPS of \$0.77 - \$0.93
  - 2H stronger than 1H
- **Strong Balance Sheet**
  - \$243M of Cash as of March 26, 2021
    - \$139M net proceeds from December equity offering
  - \$170M of Debt as of March 26, 2021
  - \$72M in TTM Free Cash Flow
  - Debt/EBITDA < 1.4x
  - Interest Expense < \$2M/quarter



(1) Non-GAAP earnings per share excludes amortization of intangible assets, share-based compensation, non-recurring expenses and discrete tax items.

(2) EPS presented on a non-GAAP basis. Non-GAAP earnings per share excludes amortization of intangible assets, share-based compensation, non-recurring expenses and discrete tax items.

(3) Based on guidance and outlook provided as of 5/4/21.

# Target Model with Significant Operating Leverage

(\$ in millions)

	Annual Results						Q1 2021	Target Model
	2016	2017	2018	2019	2020			
<b>Revenue</b>	\$406	\$656	\$824	\$621	\$914	\$ 265		
<b>Gross Margin</b>	16%	16%	17%	14%	15%	16%	19% - 20%	
<b>Operating Expenses</b>	7%	6%	6%	8%	6%	6%	6%	
<b>Operating Margin</b>	9%	11%	11%	6%	8%	10%	13 - 14%	
<b>EBITDA Margin</b>	10%	11%	12%	8%	9%	11%	14%+	
<b>Net Margin</b>	8%	10%	9%	5%	7%	8%	12%+	

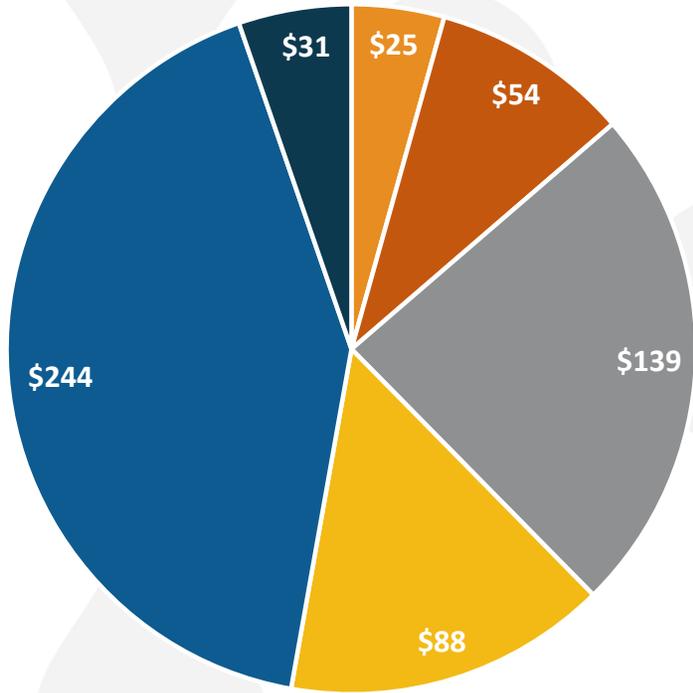
(1) Non-GAAP results and model reflect net income from continuing operations; excluding amortization of intangible assets, share-based compensation expense, tax adjustments related to those non-GAAP adjustments, tax benefits from acquisitions and non-recurring charges. Non-GAAP EBITDA is defined as Non-GAAP net income from continuing operations, excluding interest, non-GAAP income tax expense (benefit) and depreciation.

# Strong Free Cash Flow Generation

## Prudent & Efficient Capital Deployment Strategy since IPO

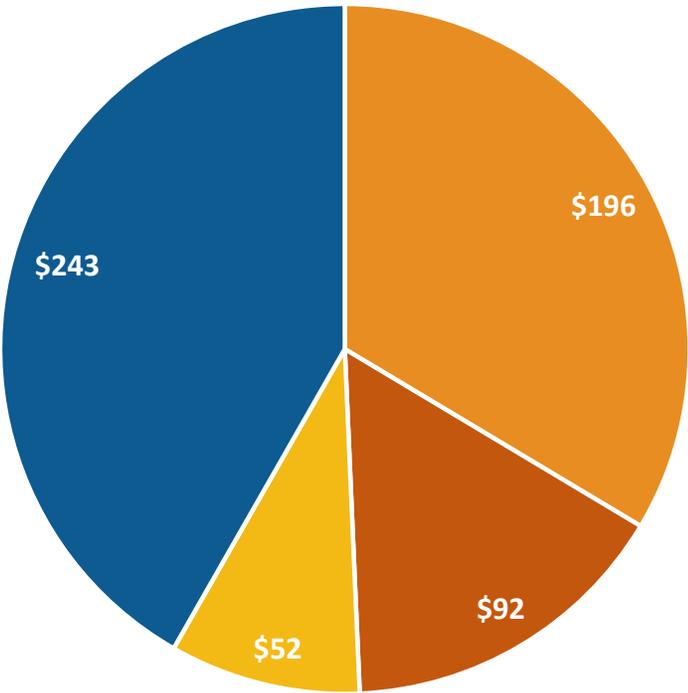
(\$ in millions)

Total Sources of Capital



- Beginning cash (1)
- Proceeds from 2020 equity raise
- Cash flow from operations (3)
- IPO proceeds
- Debt proceeds (2)
- Employee option exercises (4)

Total Uses of Capital



- M&A
- Stock buybacks
- Capex
- Cash on hand (5)

(1) Pre-IPO cash balance as of Sept. 23, 2016  
 (2) Total increase in debt between Sept. 23, 2016 and Mar. 26, 2021, less issuance & modification costs  
 (3) Total cash flow from operations between Q4 2016 and Q1 2021  
 (4) Net of employees' taxes paid by the company upon vesting of RSUs  
 (5) Cash as of Mar. 26, 2021

# Conclusion

## Industry-Leading Execution of Strategic Objectives

### Business Objectives



**Expanding Share at Top Semi Cap Customers**



**Expanding Product Offerings and IP Content**



**Expanding Customer Base**



**Accretive and Strategic M&A**

### Financial Objectives



**Revenue Growth Outpacing Industry**



**Strong Profitability Through Industry Cycles**



**Financial Model with Operating Leverage**



**Scalable and Capital-Efficient Business Model**