



# Investor Presentation

*D.A. Davidson Virtual Semicap, Laser & Optical Conference*

*December 15<sup>th</sup>, 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

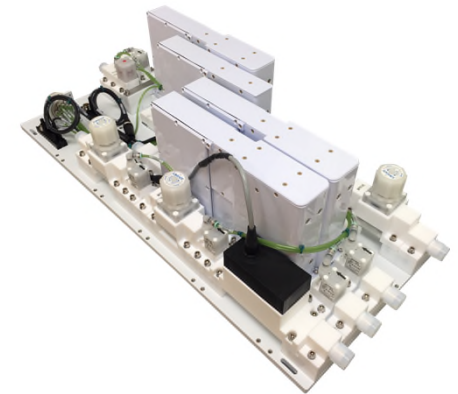
## World's Leading Provider of Critical Fluid Delivery Subsystems and Components for Semiconductor Capital Equipment

- **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 2,400 full-time-equivalent employees globally
- **Expecting \$1.1B in Total Revenues and \$3.37 in EPS for 2021<sup>(1)</sup>**

### Gas Delivery Subsystems



### Chemical Delivery Subsystems



### Weldments & Subassemblies



### Precision Machining



(1) Based on guidance and outlook provided as of 11/2/21. Non-GAAP earnings per share excludes amortization of intangible assets, share-based compensation, non-recurring expenses and discrete tax items. Does not include impact of recent IMG acquisition.

# Investment Highlights

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

- **Revenue growth outperforming the industry...** 5-year revenue CAGR of 26% through 2020, outpacing industry, peers and customers... 7-year CAGR through 2022 expected to be 23%+ vs. annual WFE growth of 16%<sup>(1)</sup>...
- **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 add complementary products, expand regional presence, and contribute accretive margins to the operating model
- **Delivering strong earnings leverage...** Increasing profitability through gross margin improvement and close control of opex to drive leverage to bottom line; Net income growing at over 2x the rate of YoY revenue growth in 2020 and 2021<sup>(2)</sup>

(1) Before IMG acquisition. CAGR calculated on 2015-2020 period; see slide 6 for data.

(2) Based on 2020 actual and 2021 YTD results and outlook provided as of 11/2/2021. Non-GAAP net income excludes amortization of intangible assets, share-based compensation, non-recurring expenses and discrete tax items.

# New M&A Announced November 2021 - IMG

## 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

## Transaction Highlights

### About

- Primary Market = Semiconductor
- Other Markets include Defense, Medical, Aerospace
  - Revenue Growth Outgrowing these Non-Semi End Markets
- Primary Product Offering = Precision Machining
- Second-Largest Business is E-Beam and Laser Welding
- Also Provides Brazing, Surface Treatment, Ceramic Metallization, Precious Metal Coatings
- Five CA Locations, HQ in Livermore

### Strategic Benefits

- Brings Ichor Additional Value-Added Engineering and Manufacturing Capability
- Provides Additional Capacity for Growth
- Expands Our Portfolio of Higher-Margin Product Offerings
- Expands Our Served Markets
  - Both Semi and Non-Semi
- Expands and Diversifies Our Customer Base
- Brings Recurring Revenue to Our Model
- Accretive to Earnings and Operating Model

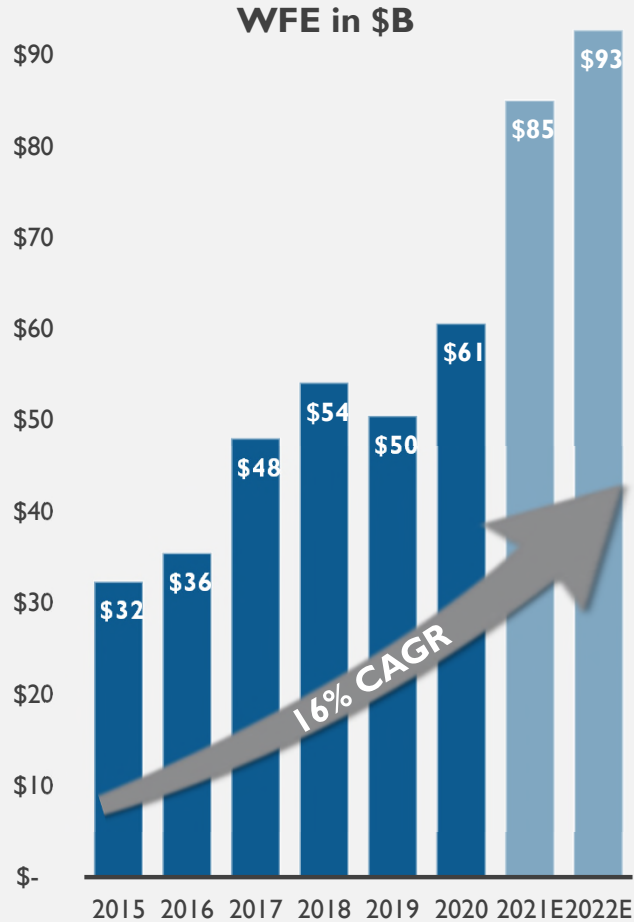
### Financial Impact

- \$270M Purchase Price
- Funded by \$140M cash & securities on hand and \$130M in incremental borrowing (recently expanded credit facility)
- Closed in Q4 2021
- Annual Expected Contribution:
  - Revenues \$70-80M
  - EBITDA \$20-22M
  - EPS \$0.32-\$0.38
- Expected Impact on 2022 Profitability:
  - 100+ bp GM Increase
  - 40+bp Op. Margin Increase

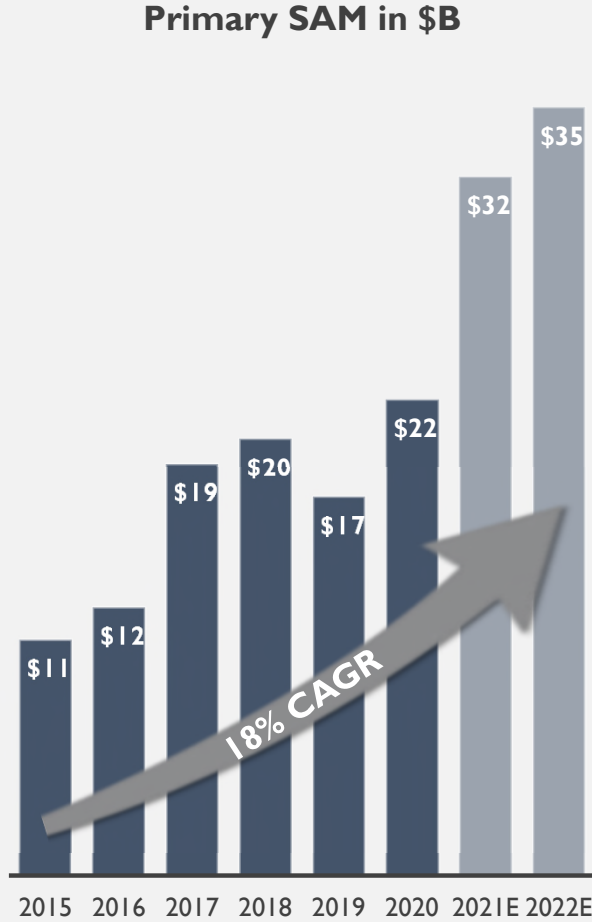
Note: Acquisition contribution amounts based on current industry activity levels and financial expectations on an annual basis, as disclosed in 11/16/2021 press release.

# Revenue Growth Outperforming WFE and Primary Process Tool SAM

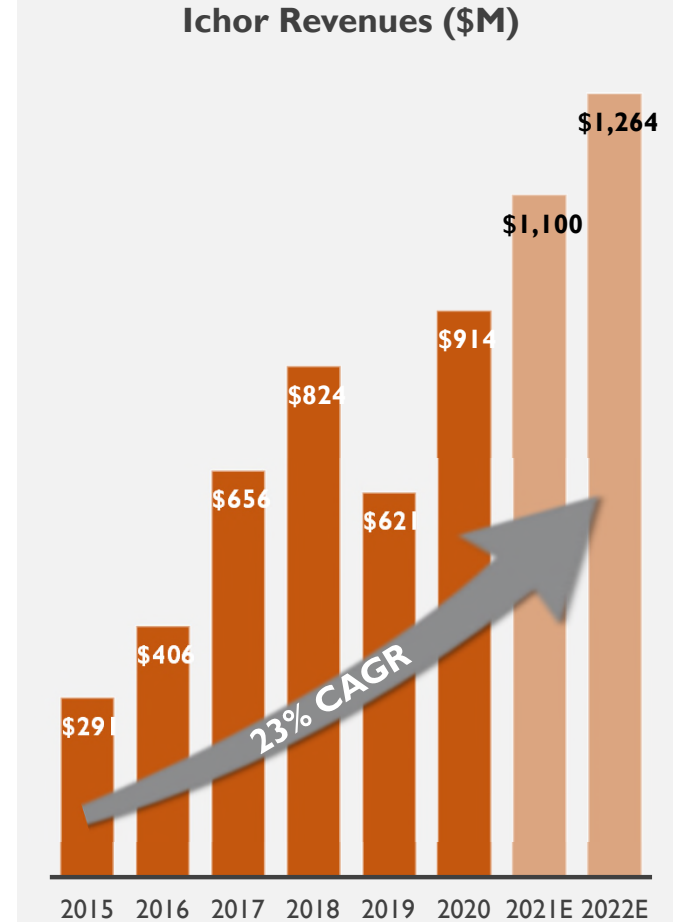
## WFE<sup>(1)</sup>



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



## Ichor Revenue (pre-IMG)<sup>(3)</sup>



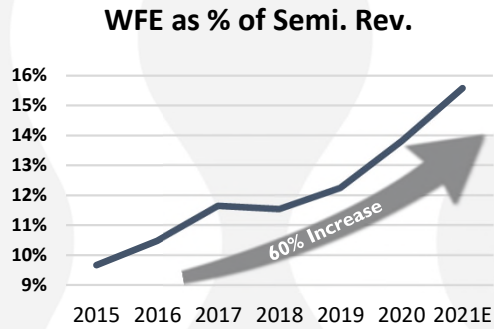
(1) Mean of analyst and industry OEM estimates that have been updated since 10/20/2021.

(2) Gartner estimates 2015-2016; Needham estimates for 2017-2022 as of 11/19/2021.

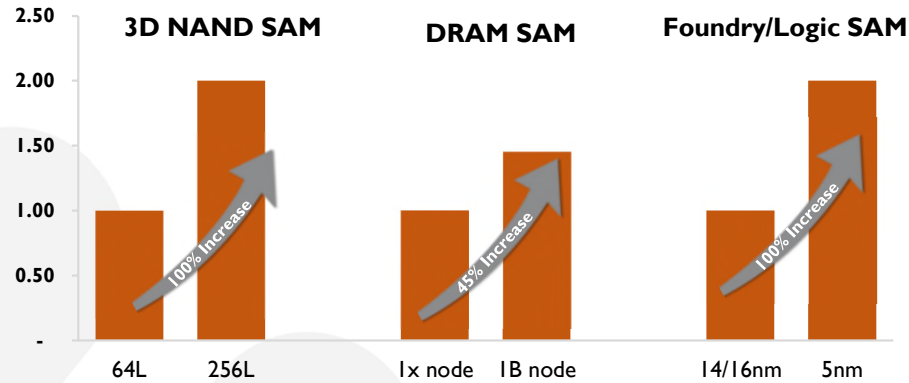
(3) 2021E represents midpoint of Q4 guidance as of 11/2/2021; 2022E represents Street analyst consensus as of 11/3/2021. Does not include impact of IMG acquisition.

# Key Technology Transitions Driving Growth in Ichor SAM

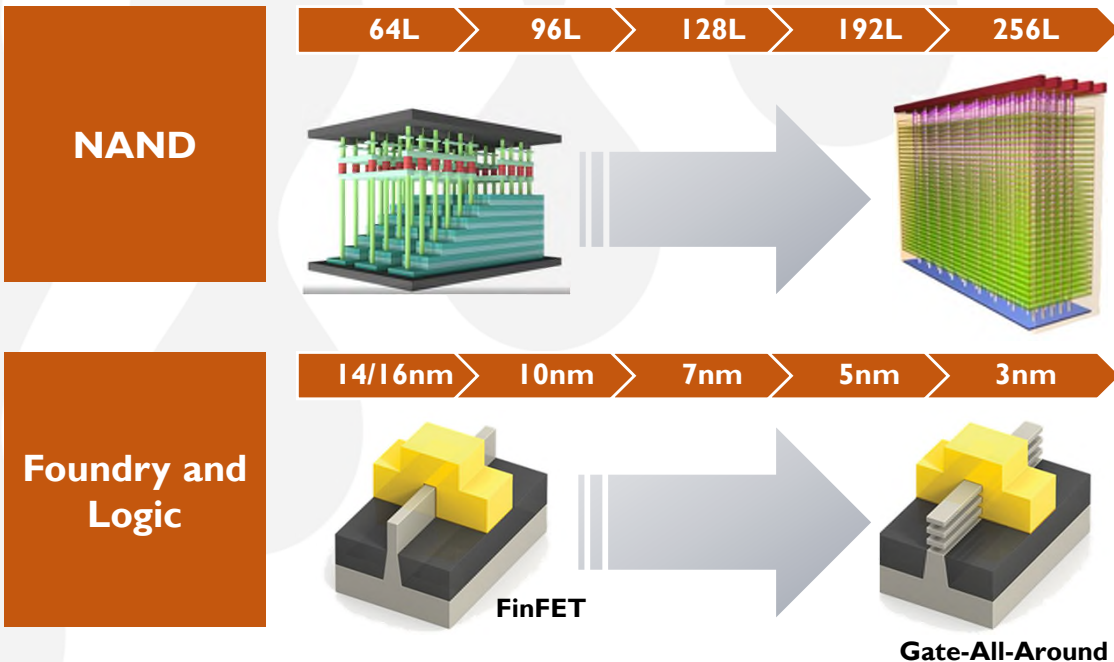
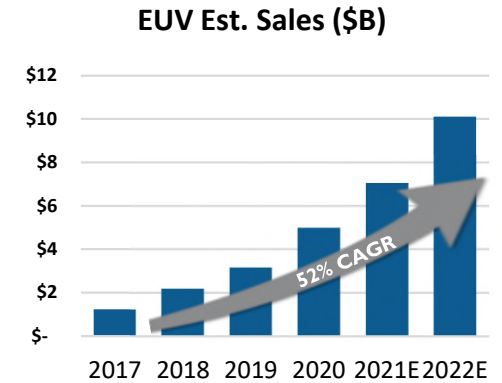
## WFE Intensity Increasing<sup>(1)</sup>



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



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



- 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) Semi. industry revenues - estimate from Evercore as of 10/29/2021; WFE is average of estimates updated since 10/20/2021.

(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 October 2021.

# \$5B SAM Expands to \$7B+ with IMG Acquisition

 Established Position
  Opportunity

**U.S.**

**Europe**

**S. Korea**

**Japan**

**Others**

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

Served Markets and Market Opportunity (Semi)					
	Gas Delivery (\$1.8B)	Chemical Delivery (including LDM) (\$0.8B)	Sub-Assembly (Weldments) (\$1.3B pre-IMG)	Precision Machining (\$0.8B pre-IMG)	Other Components (\$0.2B)
1					
2					
3					
4					
5					
6					
7					
8					
9					
	<b>~33%</b>	<b>&lt;10%</b>	<b>&lt;25%</b>	<b>&lt;10%</b>	<b>&lt;5%</b>

**IMG Acquisition Adds new SAM Verticals:**

**>\$1B SAM for Non-Semi Precision Machining**

**\$0.35B SAM for Brazing**

**\$0.23B SAM for LINACs**

Share (est. 2020):

**IMG Acquisition Adds to Semi SAM:**      +\$0.2B E-Beam / Laser Welding      +\$0.6B Medium-Format Precision Mach.



# Track Record of Successful M&A – Deals Prior to IMG

## Key M&A Strategies

- ✓ Expand Portfolio of Proprietary Product Offerings
- ✓ Expand Served Markets and Geographic Footprint
- ✓ Expand and Diversify Customer Base
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## 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



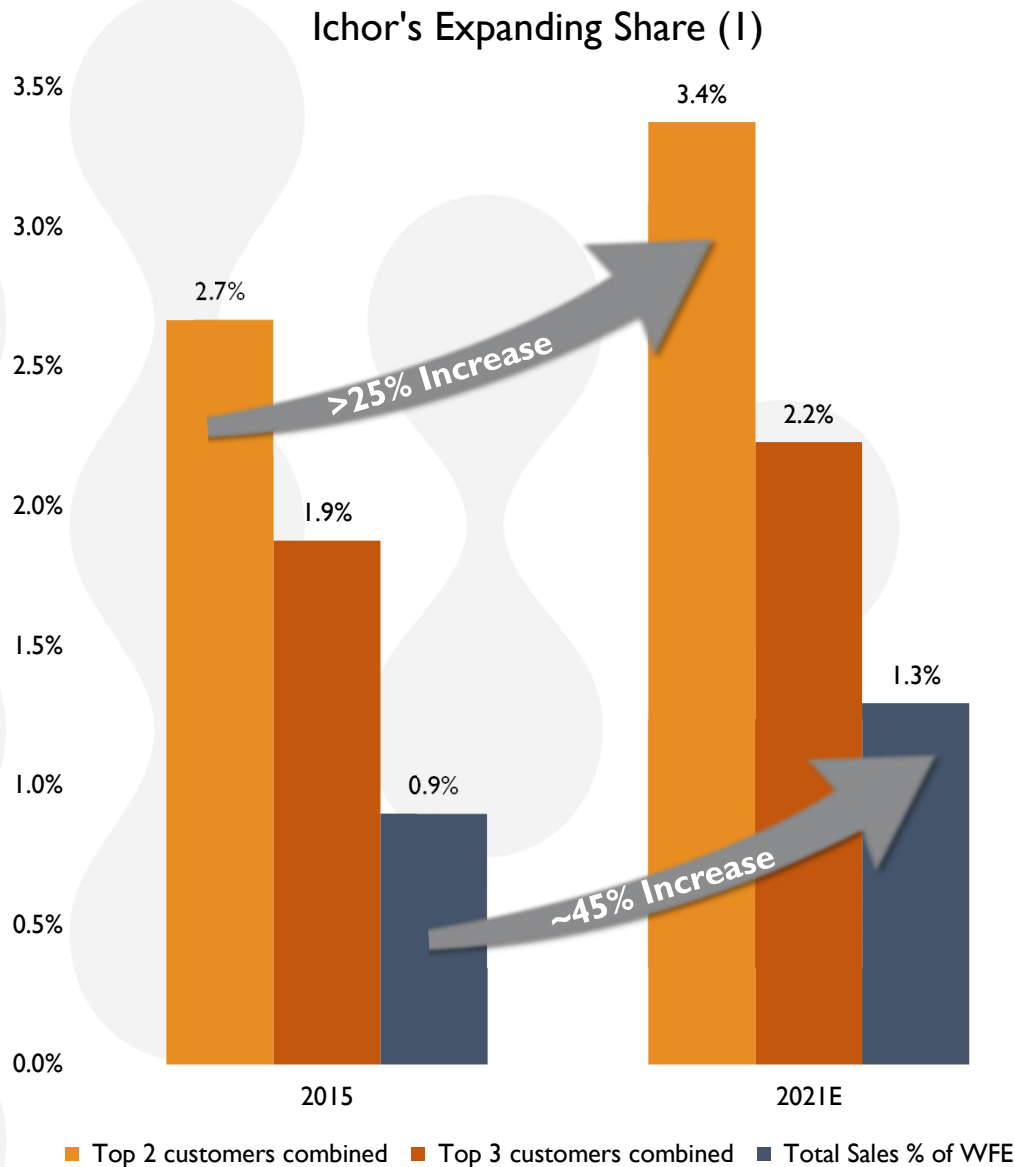
(Mexico Division)

- 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 & WFE

~65% of WFE Requires Fluid Delivery Subsystems & Components



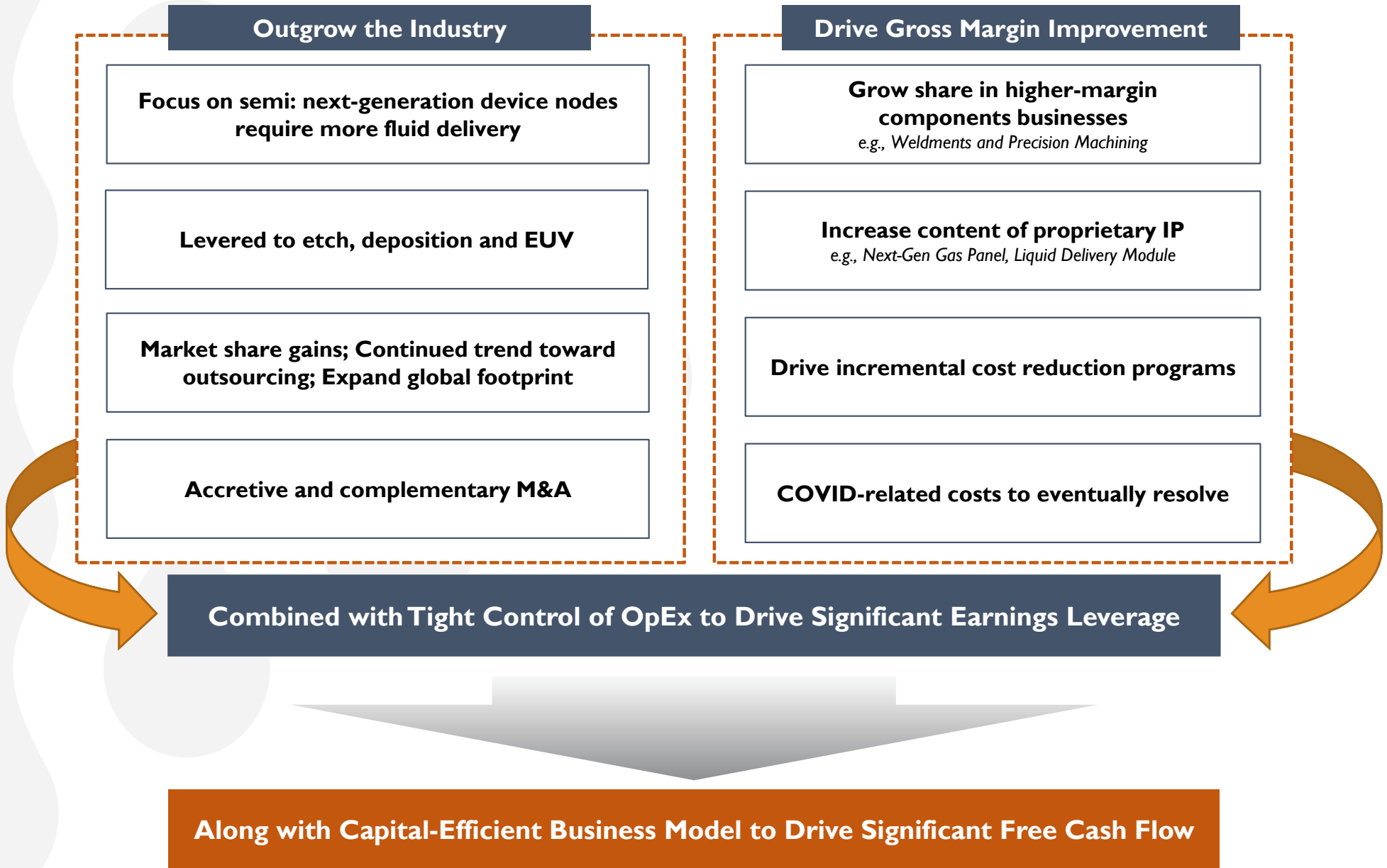
## Multiple Drivers for Increasing Share of Industry Revenues

- ✓ **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. Not inclusive of IMG acquisition.

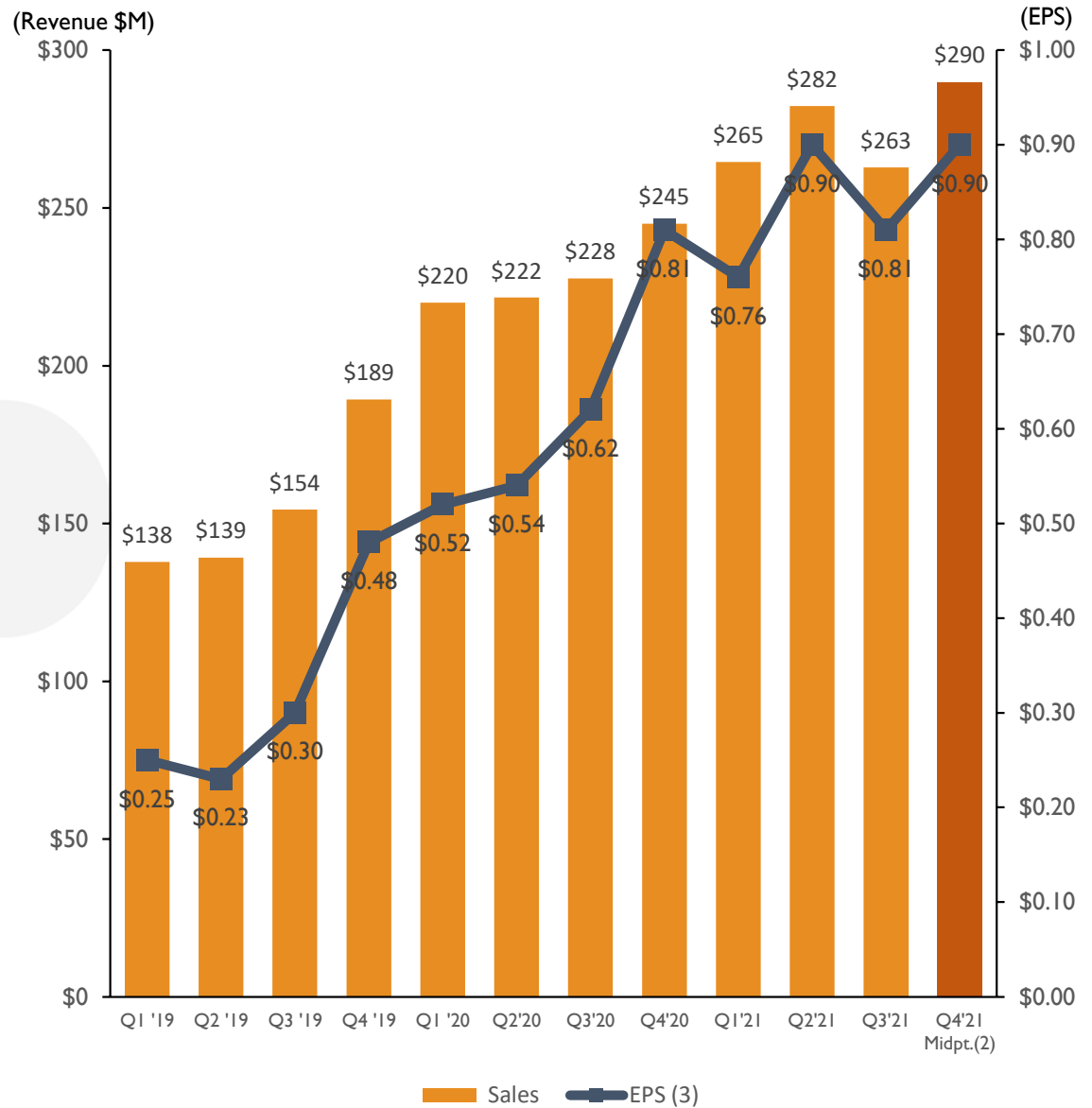
(2) 2015 estimated WFE of \$32.4B vs. 2021 estimated WFE of \$85B.

# Key Financial Strategies



# Quarterly Momentum at Top and Bottom Lines

- **YoY Growth of 20% expected in 2021 after 47% growth in 2020<sup>(1)</sup>**
  - 2H'21 growth impacted by global supply chain and COVID-related output constraints
- **Strong Earnings Leverage<sup>(1)(2)</sup>**
  - EPS grew at 2x revenue growth in 2020
  - Net income growing >3x revenue growth in 2021 YTD
- **Positive Outlook for Q4 and 2022<sup>(1)</sup>**
  - Q4 revenue of \$275M - \$305M
  - Q4 EPS of \$0.82 - \$0.98
  - Continued sequential strength exp. into 2022
- **Strong Balance Sheet**
  - \$227M of Cash as of Sept. 24, 2021
  - Total Debt of \$166M as of Sept. 24, 2021; refinanced and expanded in October
    - Debt/EBITDA ~1.1x
    - Interest Expense reduced to \$1.2M/qtr



(1) Based on Q4 guidance and outlook provided as of 11/2/2021. Does not include impact of IMG acquisition (closed Q4).

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

# Target Model with Significant Operating Leverage

(\$ in millions)

	Annual Results						Target Model
	2016	2017	2018	2019	2020	2021E	
<b>Gross Margin</b>	16%	16%	17%	14%	15%	17%	<b>19% - 20%</b>
<b>Operating Expenses</b>	7%	6%	6%	8%	6%	6%	<b>6%</b>
<b>Operating Margin</b>	9%	11%	11%	6%	8%	11%	<b>13 - 14%</b>
<b>EBITDA Margin</b>	10%	11%	12%	8%	9%	12%	<b>14%+</b>
<b>Net Margin</b>	8%	10%	9%	5%	7%	9%	<b>12%+</b>

(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. 2021E results based on midpoint of Q4 guidance provided as of 11/2/2021. Does not include impact of IMG.

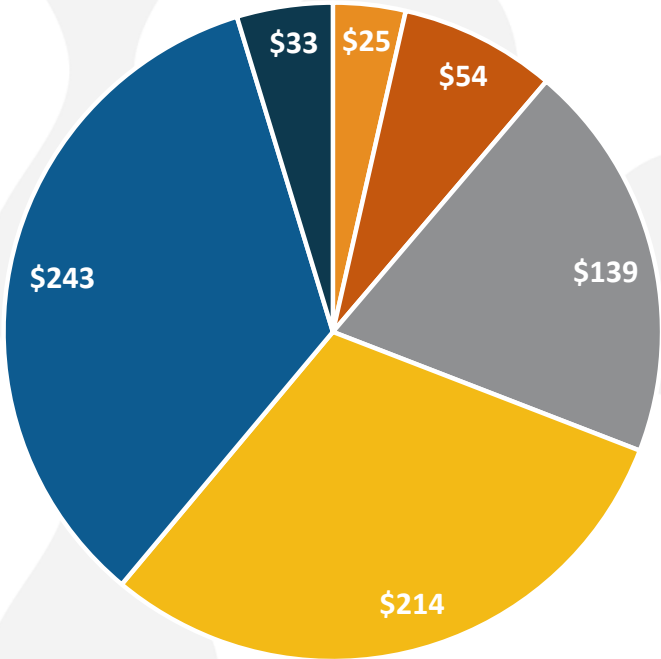
# Strong Free Cash Flow Generation

## Prudent & Efficient Capital Deployment Strategy since IPO

(\$ in millions)

Total Sources of Capital

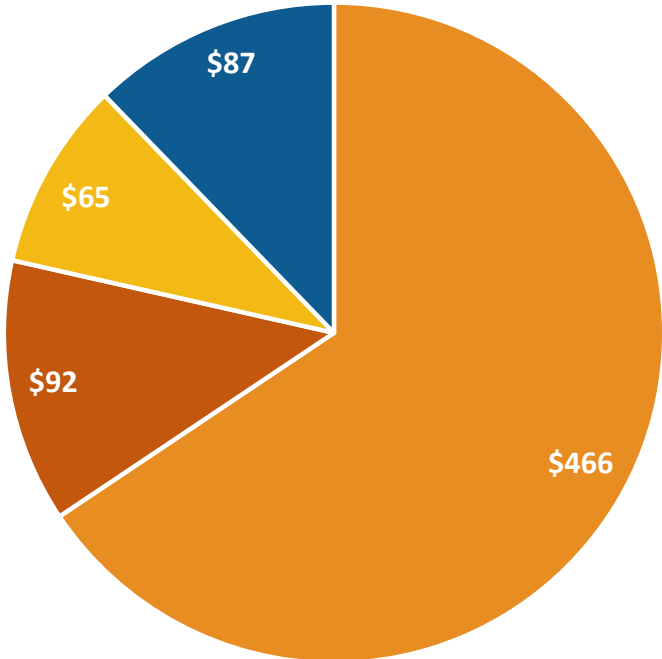
Pro Forma Q3'21 Adjusted With Add'l Borrowings for IMG Acq.



- 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

Pro Forma Q3'21 Adjusted With Use of Cash for IMG Acq.



- 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 September 24, 2021, less issuance & modification costs, plus est. \$130M add'l Credit Facility borrowings for IMG acquisition  
 (3) Total cash flow from operations between Q4 2016 and Q3 2021  
 (4) Net of employees' taxes paid by the company upon vesting of RSUs  
 (5) Cash as of September 24, 2021, less est. \$140M used for IMG acquisition

# 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



**NASDAQ: ICHR**