

Substantially Improved Target Operating Model

	2013 MKS MODEL		FULLY SYNERGIZED WITH NEWPORT ACQUISITION		April 2017 MODEL ⁽³⁾	October 2017 MODEL ⁽³⁾
			ACQUISITION MODEL ⁽²⁾			
ILLUSTRATIVE REVENUE LEVELS ⁽¹⁾	\$ 800M	IMPROVED OPERATING MODEL 8X OVER 4 YEAR PERIOD	\$1,430M	IMPROVED OPERATING MODEL 4X SINCE ACQUISITION	\$1,900M	\$2,000M
NON-GAAP GROSS MARGIN	42% - 44%		45% - 47%		46% - 48%	46% - 48%
NON-GAAP OPERATING MARGIN	15% - 17%		18% - 20%		23% - 25%	24% - 26%
NON-GAAP TAX RATE	33%		27%		26%	27%
NON-GAAP EPS	\$1.60		\$3.08		\$5.82	\$6.42
CUMULATIVE IMPROVEMENT NON-GAAP EPS FROM 2013 ⁽²⁾			93%		264%	~300%
NON-GAAP ADJUSTED EBITDA	\$155M		\$340M		\$519M	\$563M
CUMULATIVE IMPROVEMENT NON-GAAP ADJUSTED EBITDA FROM 2013 ⁽²⁾			119%		235%	263%

Additional revenue assumes incremental gross margin of 50%

(1) Annual revenue for illustrative purposes only.

(2) At midpoint of model range. 2016 Fully synergized combined Newport model includes \$35M of announced cost synergies 18-36 months after acquisition date (April 29, 2016).

(3) At midpoint of model range. 2017 Fully synergized combined Newport model includes \$40M of announced cost synergies 18-36 months after acquisition date (April 29, 2016).

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October 2017 MODEL RANGES

	MIDPOINT		
ILLUSTRATIVE REVENUE LEVEL	\$ 2.0B	\$ 2.0B	\$ 2.0B
NON-GAAP GROSS MARGIN	46%	47%	48%
NON-GAAP OPERATING MARGIN	24%	25%	26%
NON-GAAP EPS	\$ 6.16	\$ 6.42	\$ 6.69
DILUTED SHARES	55.4M	55.4M	55.4M
NON-GAAP ADJUSTED EBITDA	\$ 543M	\$ 563M	\$ 583M