

# MKS Instruments, Inc (MKSI)

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## MKSI—How it makes money

MKSI develops, manufactures, and supplies instruments and components used to measure, control and analyze gases used in semiconductor manufacturing.

It also produces instruments for manufacturers of fiber optics, flat-panel displays, gas lasers, and solar cells.

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## MKSI---cont.

MKSI has three divisions:

- Vacuum & Analysis
- Light & Motion
- Equipment and Solutions

In our world, things like: 5G wireless network, big data, cloud technology, smart factory, artificial intelligence, smart car, smart home, smart city, and wearable technology.

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## MKSI---and its Industry—Semiconductor Equipment

Tends to be cyclical, so strong economy is needed.

Plays a vital role in making and marketing of machines used to make a lot of electronic devices.

Long term market conditions and secular trends favor this industry.

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## MKSI---Strengths

- Solid balance sheet
- Rapidly expanding markets will require increasing levels of semiconductor chips.
- Spending plans for semiconductor behemoths like Intel are on the rise.
- Proliferation of work-and play-from-home applications
- Capital equipment demand is benefitting from massive underinvestment in 2019 & 2020.
- Has been able to work around supply chain constraints

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## MKSI---Weaknesses

- May have supply chain constraints despite increased demand.
- May have stronger competition than expected.
- Possible loss of major memory customers.
- May not get synergies from recent M&A

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## MKSI---Opportunities

- Incorporating service contracts into business to create recurring revenue streams.
- Any oversupply concerns are a long way off.
- The economy's digital transformation is fueling exponential growth in data generation. This sparks demand for leading-edge technologies and higher density assemblies from equipment makers.

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## MKSI---Threats

- Concerns regarding inflation and timing of interest rate hikes.
- Historically semiconductor demand has been rather volatile.
- Pandemic continues to weigh on return to "business as usual".

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