



**SHRINKING DIMENSIONS
EXPANDING PERSPECTIVES**



REMUNERATION REPORT

This remuneration report is based on the remuneration policy of ASM International NV (ASMI), dated May 21, 2014. The remuneration policy was adopted by the 2014 Annual General Meeting of Shareholders.

REMUNERATION POLICY MANAGEMENT BOARD

The remuneration policy was reviewed by the Supervisory Board in 2014 and is applicable to members of the Management Board of ASMI. An analysis of different scenarios was included in this review.

The objective of the remuneration policy is twofold:

- › to create a remuneration structure that will allow ASMI to attract, reward and retain qualified executives in our global competitive industry; and
- › to provide and motivate executives with a balanced and competitive remuneration that is focused on sustainable results, aligned with the long term strategy of ASMI.

The remuneration structure includes four components:

- › a fixed (base) salary component;
- › a variable component (annual performance based bonus or short-term incentive);
- › a long term component (performance based long-term incentive) in the form of stock options and performance shares; and
- › pension provisions and fringe benefits.

The remuneration peer group currently consists of the following companies:

Aalberts Industries N.V.	ASML Holding N.V.	Lam Research Corporation	Spirent Communications
Aixtron SE	BE Semiconductor N.V.	Microchip Technology Inc.	Teradyne Inc.
Amkor Technology Inc.	Freescale Semiconductor Ltd ¹⁾	ON Semiconductor Corp.	TomTom N.V.
Arcadis N.V.	KLA-Tencor Corporation	Renishaw Plc	Veeco Instruments Inc.

¹⁾ Freescale Semiconductor Ltd has been acquired by NXP Semiconductor N.V. and is therefore excluded from the peer group for future reviews.

BASE SALARY MANAGEMENT BOARD

The amounts paid as base salaries to the members of the Management Board in 2017 were as follows:

C.D. del Prado	€636,881
P.A.M. van Bommel	€415,847

ANNUAL SHORT-TERM INCENTIVE (CASH BONUS) MANAGEMENT BOARD

Each year, a short-term incentive can be earned, based on the achievement of specific challenging targets. These targets are for 75% based on company financial targets, being sales, EBIT and free cash flow, and for 25% based on non-financial targets. These non-financial targets are derived from ASMI's strategic and organizational priorities and include qualitative targets that are relevant to the responsibilities of the individual Management Board member.

The on-target bonus percentage for the CEO is 100% of base salary, with a maximum pay-out of 150% of base salary. The on-target bonus percentage for the other members of the Management Board is 75% of base salary, with a maximum pay-out of 125% of base salary.

For the year 2017 the Management Board partially met the financial targets and met the non-financial targets.

Based on the results in 2017, the following bonuses shall be paid:

C.D. del Prado	€548,646
P.A.M. van Bommel	€288,711



LONG-TERM INCENTIVE (STOCK OPTIONS/PERFORMANCE SHARES) MANAGEMENT BOARD

The long-term incentive scheme for the members of the Management Board, which was approved in the 2014 Annual General Meeting of Shareholders, consists of stock options and performance shares.

The long-term incentive scheme has the following main features:

STOCK OPTIONS

- › the options will be unconditional;
- › 100% of the options which have been granted will become exercisable after three years;
- › the options will have a term of seven years;
- › the exercise price will be equal to the average closing price on Euronext of ASMI shares during the five trading days preceding the granting of the option and including the date of granting; and
- › the number of options to be granted will be based on a fair value approach.

PERFORMANCE SHARES

- › the number of the performance shares for on target performance to be awarded will be determined by the Supervisory Board depending on the value of performance shares as part of the mix between stock options and performance shares;
- › the shares will become unconditional after three years depending on the achievement of predetermined targets;
- › the financial targets to be achieved are measured over a three year performance period. The first target is sales growth compared to market, which is measured as the average own sales growth during the measurement period compared to the average market growth during the measurement period. The second target is the average EBIT percentage, which is measured as the average EBIT over the measurement period as a percentage of the average sales;
- › the maximum number of shares that can be achieved in case of meeting stretch target is 150% of the target number of performance shares. The minimum number of shares is zero, in case none of the targets are met; and
- › the Management Board members will hold the unconditional shares for at least an additional two years, however they are allowed to sell a part of the unconditional shares after three years for tax purposes.

The mix between stock options and performance shares will be determined annually by the Supervisory Board, taking into account the objectives of the remuneration policy.

The Supervisory Board decided to grant the following value to:

C.D. del Prado:

Performance shares	€891,633
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P.A.M. van Bommel:

Performance shares	€426,243
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The grant date is April 20, 2018.

VESTING PERFORMANCE SHARES

In 2017, the first three year performance period of the performance shares granted to the members of the Management Board has been completed.

Based on the achievement of the performance criteria, the realization percentage is 117.5%. This leads to the following vesting of the performance shares awarded.

	PERFORMANCE SHARES AWARDED APRIL 24, 2015	PERFORMANCE SHARES VESTED APRIL 24, 2018
C.D. del Prado	8,544	10,039
P.A.M. van Bommel	4,450	5,229

PENSION MANAGEMENT BOARD

The pension contributions paid in 2017 were as follows:

C.D. del Prado	€110,615
P.A.M. van Bommel	€85,306

As of 2015, the members of the Management Board no longer participate in the industry wide pension fund. They are offered participation in a defined contribution plan for their salary up to €103,317 (2017). For their salary above €103,317, the members of the Management Board are compensated with an amount equal to the employer pension contribution. The members of the Management Board have the option to participate in a net pension plan offered by the company or to have the compensation paid out in cash.



The pension contributions vary from 7.2% to 28.4% of the pensionable salary depending on age. The members of the Management Board contribute 4.6% of the pensionable salary and ASMI pays the remaining part.

There are no arrangements regarding early retirement.

OTHER ARRANGEMENTS MANAGEMENT BOARD

A number of other arrangements are offered to members of the Management Board, such as expense and representation allowance, disability insurance, accident insurance and a car allowance/company car.

ASMI's policy does not allow personal loans to members of the Management Board.

CONTRACTS OF EMPLOYMENT MANAGEMENT BOARD

All members of the Management Board have a written contract of employment with ASMI or one of its related subsidiaries. The members of the Management Board have been appointed to the Management Board for a four year period:

- › C.D. del Prado, started May 18, 2006; in May 2014 Mr. del Prado was reappointed for a new term of 4 years; and
- › P.A.M. van Bommel, started July 1, 2010; in May 2014 Mr. van Bommel was reappointed for a new term of 4 years.

For future new appointments to the Management Board, the term of the appointment will also be set at four years.

As is mentioned in the employment agreements of the members of the Management Board, in case of termination of the employment on behalf of the company, the members of the Management Board are eligible for a severance payment of maximum one year base salary.

PAY RATIO

The ratio of the CEO remuneration and the average remuneration of all other employees (the pay ratio) is calculated by dividing the remuneration of the CEO by the average remuneration of all employees. The remuneration of the CEO is the total of base salary, bonus and share based payments, as published in Note 24 to the Consolidated financial statement of this report. The average remuneration of all employees is calculated by dividing the total personnel costs (wage and salaries and share based payments) as published in Note 21 to the Consolidated financial statement minus the remuneration of the Management Board, by the total number of employees.

The 2017 CEO pay ratio is 25.

REMUNERATION SUPERVISORY BOARD

The remuneration of the members of the Supervisory Board is not dependent on our financial results. No member of the Supervisory Board personally maintains a business relationship with ASMI other than as a member of the Supervisory Board. The Nomination, Selection and Remuneration (NSR) Committee is responsible for reviewing and, if appropriate, recommending changes to the remuneration of the Supervisory Board. Any recommended changes to the remuneration of the members of the Supervisory Board must be submitted to the Annual General Meeting of Shareholders (AGM) for approval.

The remuneration of the Supervisory Board was approved by the shareholders in the 2011 AGM. The Supervisory Board's annual remuneration has been fixed as follows:

(Amount in euros)

BASE REMUNERATION:

Chairman of the Supervisory Board	60,000
Member of the Supervisory Board (other than the Chairman)	45,000

ADDITIONAL REMUNERATION:

Chairman of the Audit Committee	7,500
Member of the Audit Committee (other than the Chairman)	5,000
Chairman of the Nomination, Selection and Remuneration Committee	7,500
Member of the Nomination, Selection and Remuneration Committee (other than the Chairman)	5,000