



ASM International NV

May 2017

# Overview of Eminence Capital

- Eminence Capital, founded in 1999, is a global asset management firm with \$6.5 billion in assets under management primarily invested in publicly traded equity securities
- We invest with a "quality value" based framework combining bottom-up, fundamental company and industry due diligence with detailed financial analysis to identify companies that fit our investment criteria
- We are long-term investors with a typical investment horizon for our long investments of multiple years
- Eminence is currently the second-largest shareholder in ASM International (ASMI) owning ~5.7 million shares (9.6% of outstanding voting shares) with a current market value of ~\$350 million
- We have been ASMI shareholders for approximately 3.5 years

## "Shareholder Value Creation is Foremost"

*“I can guarantee you that [the stake in ASMPT] is something that we monitor and review continually, simply as part of our complete strategic review of the company because, naturally, also shareholder value creation is foremost, and the PT stake is a part of that. And we regularly take a look at this.”*

Chuck del Prado, 2014 AGM

# Pillars of Long Term Shareholder Value Creation

- Proper execution of the Front End business plan
- Pursuit of strategic actions that strengthen the Front End's competitive position
- Effective capital allocation

Eminence believes that the stake in ASMPT provides no operational benefits, clouds strategic decisions and limits management's ability to effectively allocate capital.

# Execution on The Front End Business Plan

## Retain ASMPT Stake

- Management has stated that the stake provides “financial strength and stability”
- Management has stated that the stake provides “a stronger industrial presence”



## Eminence Rebuttals

- Front End has enough scale and financial reserves today
- Cash from ASMPT sale could be retained on balance sheet if necessary
- With little to no customer or R&D overlap, the ASMPT stake does not provide “a stronger industrial presence”

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## Divest ASMPT Stake

- Management incentives would be more aligned with Front End business performance post separation
- Single-minded focus on executing Front End business plan is likely to lead to better operating performance

# Pursuit of Strategic Actions That Enhance Front End Competitive Positioning

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# Pursuit of Strategic Actions That Enhance Front End Competitive Positioning

## Divest ASMPT Stake

- ASMI's Front End business and ASMPT compete in different markets and should pursue their own independent strategic paths
- Strategic combinations as a buyer will become more feasible, which has become more important in a consolidating industry
- As long as the stake in ASMPT is greater than 30%, it will act as a “poison pill” to potential acquirers

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# Effective Capital Allocation

## Retain ASMPT Stake

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# Effective Capital Allocation

## Divest ASMPT Stake

- Capital allocation decisions are no longer distorted by the ASMPT stake
  - Stock buybacks will no longer be diluted by the simultaneous repurchase of ASMPT stock
  - M&A is not hampered by an undervalued currency
  - Excess capital can be deployed to enhance shareholder value

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# Other Benefits of a Split

- **Based on comparable peer trading multiples, ASMI shareholders could see immediate upside of ~40% by selling all or a significant portion of the ASMPT stake<sup>1</sup>**
- **Shareholders will be more directly exposed to the positive secular growth of the ALD market**
- **ASMI shareholders would no longer be subject to significant ASMPT stock price risk**
- **Historically, business separations have led to better operating and stock market performance for both companies**

1. Refer to Eminence Capital's presentation from April 2017 for details

# Conclusions

- There are no obvious benefits to continuing to hold a significant stake in ASMPT, while subjecting ASMI shareholders to significant stock price risk
- The ASMPT stake acts as an improper “poison pill”
- Eminence has laid out clear strategic and financial benefits of a full divestiture of the ASMPT stake that should be pursued by management
- Shareholders should require more convincing evidence from management to retain such a large non-core investment