

DRIVE INNOVATION • DELIVER EXCELLENCE >



JP MORGAN TECHNOLOGY CONFERENCE

June 20, 2017

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› **ALD is a key growth market**

- ALD market expected to grow by double digits from '15 to '20-'21
- ASMI has leadership position in ALD

› **Outperforming in 2011-2016**

- ASMI outperformed the WFE market in four of the last six years
- Following a drop in the single wafer ALD market in 2016 a clear improvement is expected again for 2017

› **Structurally improved profitability**

- Gross margin stable at 43%-44% in 2016, 43.5% in Q1 2017

› **Solid balance sheet**

- Strong cash position, no debt
- 2016-2017 share buyback program increased from EUR 50m to EUR 100m
- 1.5m treasury shares to be cancelled
- Stable dividend of EUR 0.70 per share paid in 2017

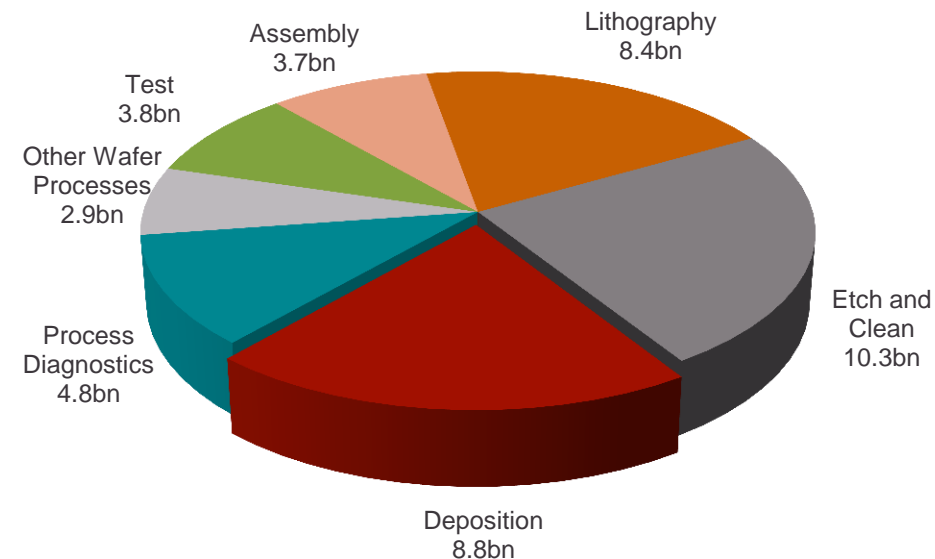
Q1 2017 KEY RESULTS



	Q1 2016	Q4 2016	Q1 2017	2015	2016
New orders	163.8	176.9	204.2	608.4	622.3
Net sales	142.4	172.6	144.5	669.6	597.9
Gross profit margin %	43.9%	44.9%	43.5%	44.1%	44.2%
Operating results	18.8	29.9	14.8	111.1	82.2
Normalized result from investments	6.3	18.4	35.4	43.3	67.7
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.8)	(7.0)	(5.8)	(27.2)	(27.2)
Net earnings	5.4	61.5	35.9	157.3	135.5
Normalized net earnings (excl. amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	12.2	68.5	41.6	184.5	162.7

- > ASM focuses on deposition equipment
- > ASM is a market leader in ALD
- > Positions in Epitaxy, PECVD and Vertical Furnaces

Equipment market segments (US\$)



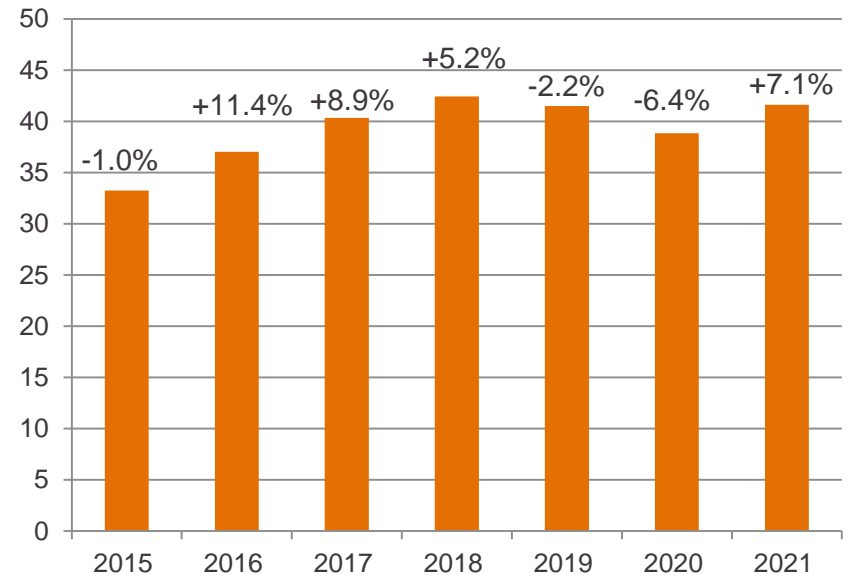
VLSI Research, February 2017

ASM's focus is on deposition equipment

- › Gartner forecasts WFE spending to increase by 9% in 2017, followed by 5% increase in 2018
- › Investment in leading edge equipment remains the key driver

Wafer Fab Equipment Spending

US\$bn

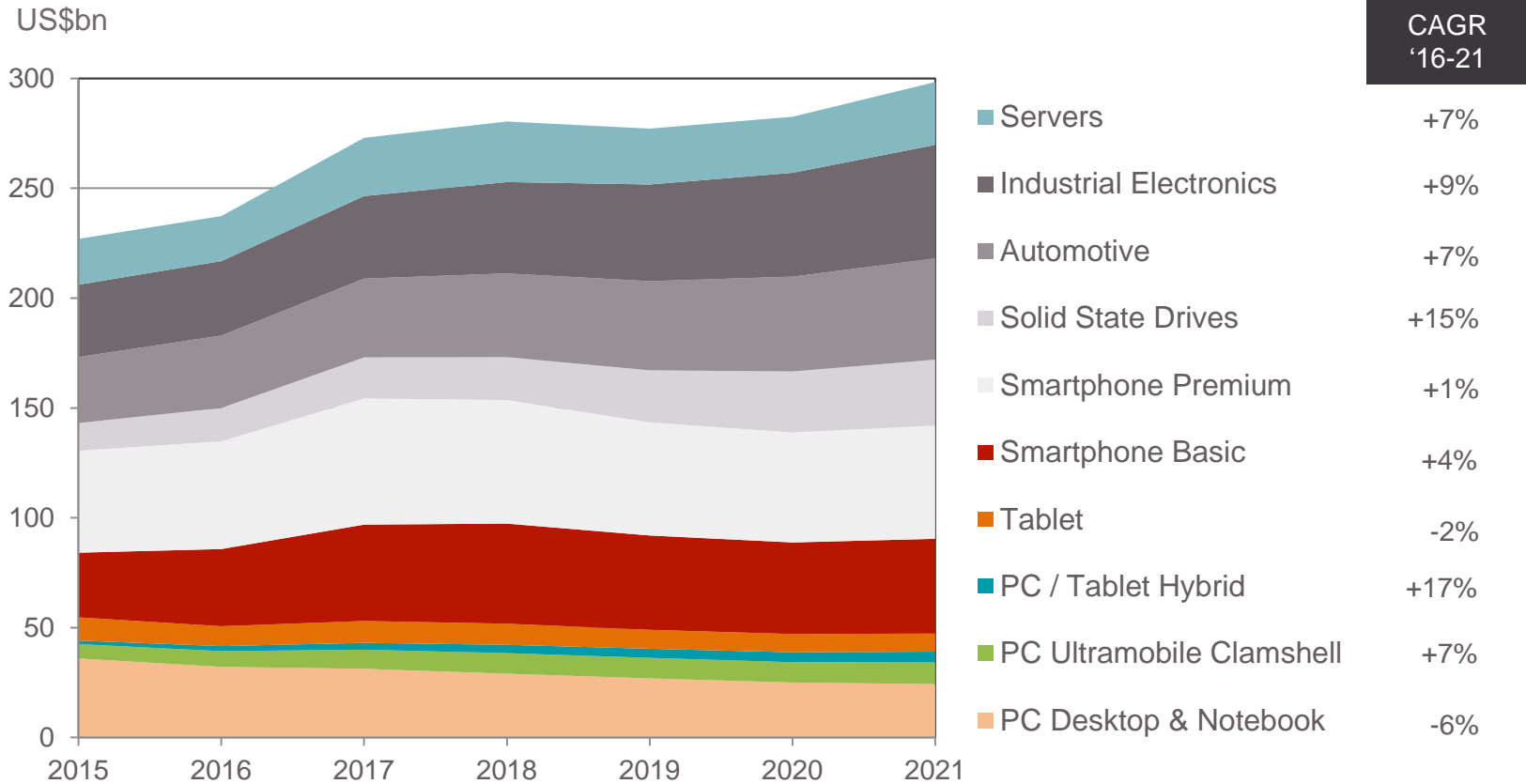


Gartner, April 2017

Gartner forecasts a growing Wafer Fab Equipment market in 2017

SEMICONDUCTOR GROWTH DRIVERS

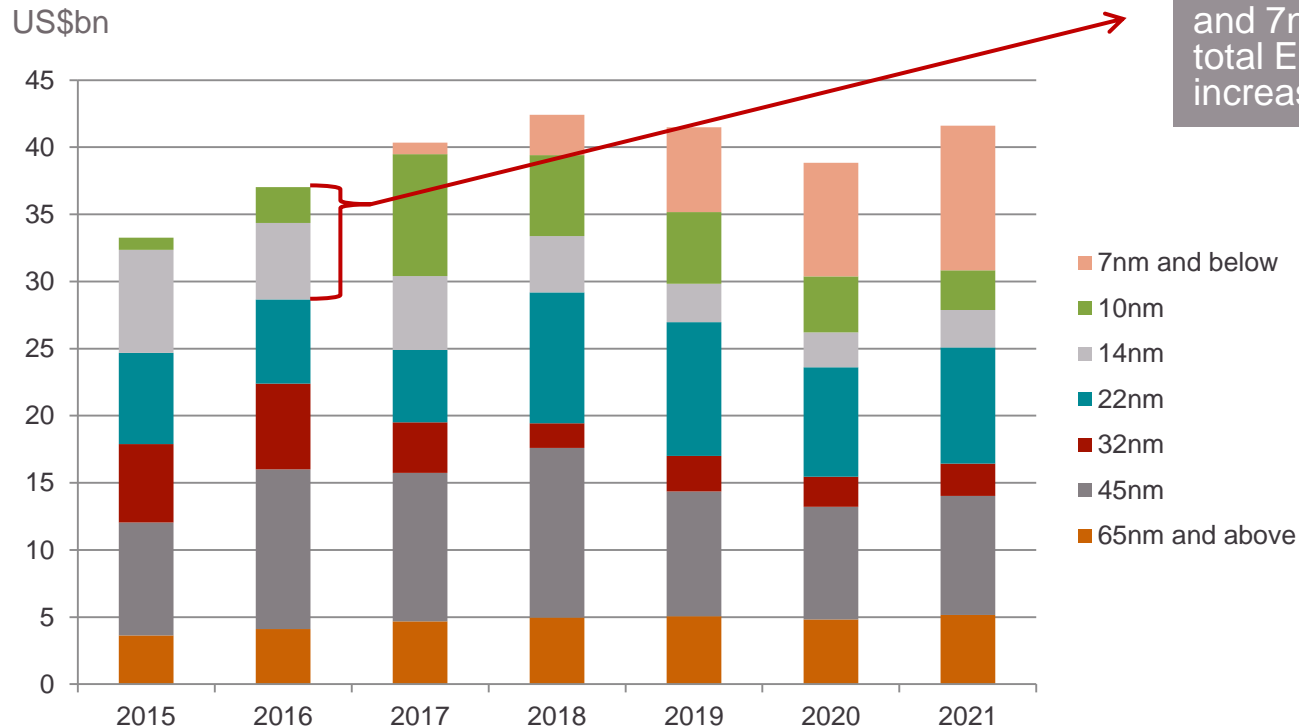
SEMICONDUCTOR SALES BY KEY APPLICATION



Source: Gartner, March 2017

- > Semiconductor drivers are mobile devices, but long term growth rate is slowing
- > New semi growth drivers are solid state drives, servers, automotive and industrial

WAFER FAB EQUIPMENT SPENDING BY NODE



Gartner, April 2017

- > Advanced nodes: market segments with high expected growth
- > Continued strength in 45nm mainly driven by 3D NAND spending

› **ALD technology is a key enabler of Moore's Law**

- Strengths of Atomic Layer Deposition: high-precision deposition of smooth and conformal ultra-thin films, ability to deposit new materials
- Device scaling, new materials and 3D architectures drive increased demand for ALD

› **ASMI has leading positions in ALD**

- Leadership in high-k metal gate, spacer defined multiple patterning and several new applications
- ALD continued to account for clearly more than half of ASM's equipment revenue in 2016

› **Strong market outlook ALD**

- Drivers are further deployment of ALD in volume manufacturing, new applications and process steps
- The CAGR of the single wafer ALD segment is expected to be the highest within the deposition equipment market in the next years

> Outlook 2017

- We continue to expect a clear year-on-year improvement in the single wafer ALD market in 2017, with demand in the Logic/Foundry segment remaining healthy and a strong increase in the 3D-NAND segment

> Long term growth

- We expect the single wafer ALD market to reach a size of approx. US\$1.5 billion by 2020-2021

> Market in 2016

- The single wafer ALD market dropped in 2016, although not as much as we earlier expected. This is caused by a few smaller segments of the ALD market where we have not been engaged, mainly in non-patterning related DRAM. As a result, our single wafer ALD market share decreased. Our ALD revenue in 2016 ended up well in line with the assessment we made in July 2016

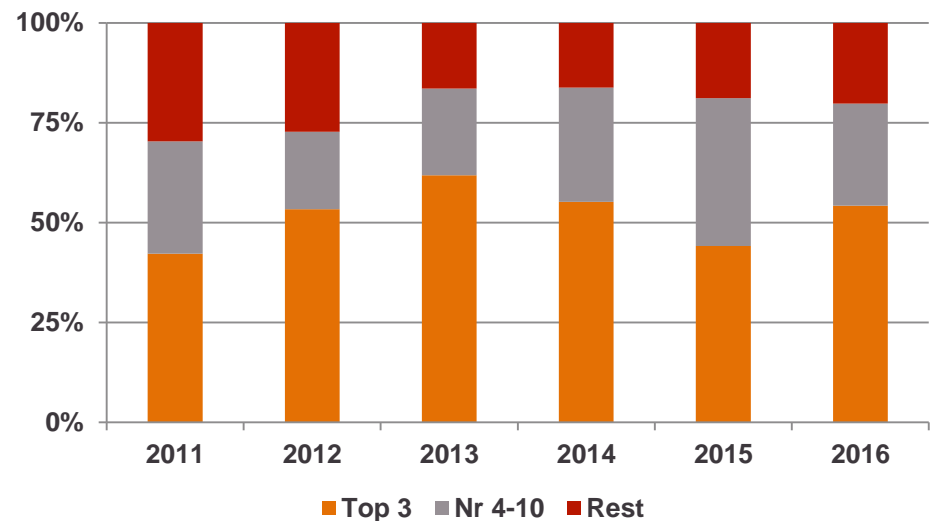
COMPETITIVE ADVANTAGES

- › **Focused player, differentiated technologies**
- › **Track record of innovation**
- › **Global network, streamlined operations**
- › **Leadership in ALD**
 - Developing ALD technology since 1999
 - Leading market share in ALD
- › **Close cooperation with the leading IC manufacturers**
- › **Strong IP portfolio**

CUSTOMER CONCENTRATION

- › Engaged with all of the top-10 semiconductor capital equipment spenders
- › Increase in contribution top-3 in 2016 driven by Logic/Foundry

ASMI revenue



Growing share of wallet with top clients

› **ALD market expected to resume growth**

- For 2017, a clear improvement in the single wafer ALD market is expected; long term outlook remains solid

› **First high volume manufacturing order intake Intrepid**

- Broadening our Epi presence to the mainstream CMOS market

› **Shareholder remuneration**

- On March 2, 2017, we announced an increase in the 2016/2017 buyback program from EUR 50m to EUR 100m. As per June 9, 2017, 68% of program completed
- Stable dividend of EUR 0.70 per share paid in 2017

› **TSMC supplier excellence award**

- On February 23, 2017, ASMI received a supplier excellence award as one of five equipment suppliers from TSMC for ALD equipment and technology

STAKE IN ASMPT REDUCED FROM 39% TO 34%

- › **On April 24, 2017, ASMI sold a 5% stake in ASMPT for proceeds of approximately €248 million**
 - 20 million shares in ASMPT were placed at a price of HK\$105 per share through an accelerated bookbuild offering
- › **Proceeds will be used for a new share buyback program**
 - In addition to existing 2016/2017 buyback program
- › **The Management Board regularly reviews ASMI's stake in ASMPT. The most recent review led to the conclusion that a further reduction of approximately 5% was justified**
- › **Management strongly believes that, at this moment, a significant stake in ASMPT remains of strategic value for the company and an important factor towards long term value creation**
- › **ASMI continues to be the largest shareholder in ASMPT**

	Q1 2016	Q4 2016	Q1 2017
Sales ASMPT (HK\$m)	2,862	3,521	3,761
Net profit ASMPT excluding one-offs (EURm, 100% based)	16	47	64
Normalized result from investments (including ASMI's share of ASMPT net profit)	6.3	18.4	35.4
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	<u>(6.8)</u>	<u>(7.0)</u>	<u>(5.8)</u>
Result from investments	(0.5)	11.4	29.6

- › As of 15 March 2013, our share in ASMPT's net earnings is included in 'result from investments'

FINANCIAL OVERVIEW

Q1 2017 HIGHLIGHTS

- › Revenues down 16% q-o-q and up 1% y-o-y
- › Bookings up 15% q-o-q and up 25% y-o-y. Book-to-bill ratio of 1.4
- › Q1 backlog of EUR 218m, up from EUR 157m at the end of Q4
- › Operating margin of 10.3% in Q1 2017 compared to 17.3% in Q4 and 13.2% in Q1 2016
- › Free cash flow of EUR 20m in Q1 2017
- › Normalized net earnings* of EUR 42m in Q1 2017, down from EUR 69m in Q4 and up from EUR 12m in Q1 2016
- › Normalized net earnings were impacted by translation differences in financial results: negative EUR 7m in Q1 2017 compared to positive EUR 19m in Q4 2016 and negative EUR 11m in Q1 2016

** excl. amortization intangible assets resulting from the sale of the 12% stake of ASMPT*

Based upon the current backlog and our current visibility:

For Q2 we expect a sales level of €180-200 million, on a currency comparable level. The order intake in Q2 is expected to remain at a high level of €190-210 million, also on a currency comparable level.

NET EARNINGS Q1

EUR million	Q1 2016	Q4 2016	Q1 2017	Q1 2017 vs Q4 2016	Q1 2017 vs Q1 2016
New orders	163.8	176.9	204.2	15%	25%
Backlog	146.8	156.7	218.3	39%	49%
Book-to-bill	1.2	1.0	1.4		
Net sales	142.4	172.6	144.5	(16)%	1%
Gross profit	62.5	77.5	62.9	(19)%	1%
Gross profit margin %	43.9%	44.9%	43.5%		
Selling, general and administrative expenses	(22.5)	(23.1)	(23.0)	(1)%	2%
Research and development expenses	(20.8)	(24.0)	(24.5)	2%	18%
Restructuring expenses	(0.5)	(0.4)	(0.5)	n/a	n/a
Operating result	18.8	29.9	14.8	(15.1)	(3.9)
Operating margin %	13.2%	17.3%	10.3%		
Financing costs	(11.2)	19.3	(7.3)	(26.6)	3.9
Income tax	(1.7)	0.8	(1.3)	(2.1)	0.4
Normalized result from investments	6.3	18.4	35.4	17.0	29.1
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.8)	(7.0)	(5.8)	1.2	1.0
Net earnings	5.4	61.5	35.9	(25.6)	30.4
Normalized net earnings (excl. amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	12.2	68.5	41.6	(26.8)	29.4
Normalized net earnings per share, diluted	€0.20	€1.13	€0.69	€(0.44)	€0.49

R&D EXPENDITURE

EUR million	Q1 2016	Q4 2016	Q1 2017
R&D expenditure	(23.8)	(26.5)	(27.6)
Capitalized development expenditure	7.1	6.8	6.7
Amortization capitalized development expenditure	(4.1)	(4.3)	(3.6)
Impairment capitalized development expenditure	-	-	-
R&D expenses	(20.8)	(24.0)	(24.5)

CASH FLOW

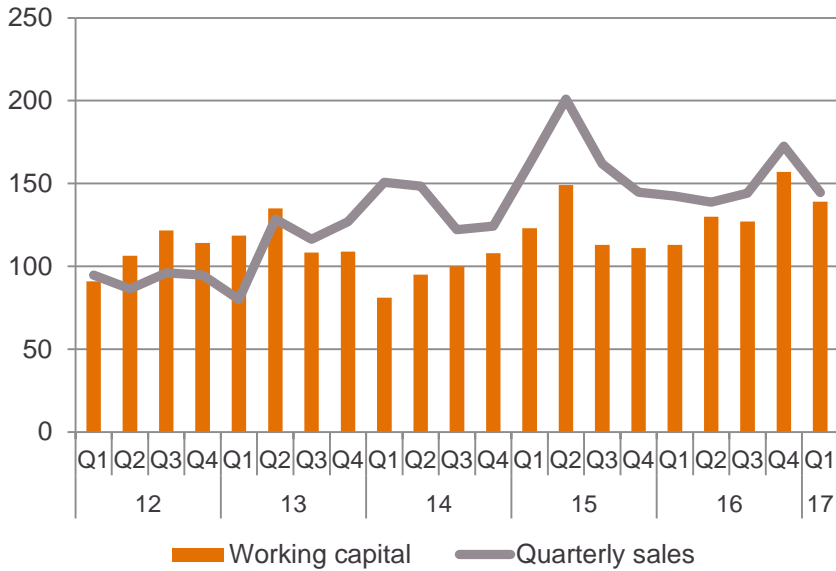
EUR million	Q1 2016	Q4 2016	Q1 2017
Normalized net earnings	12.2	68.5	41.6
Depreciation, amortization and impairments	11.8	15.1	11.9
Result from investments	(6.3)	(18.4)	(35.4)
Other adjustments	10.1	(15.8)	14.0
Change in working capital	(8.6)	(25.5)	1.4
Net cash from operating activities	19.0	24.0	33.4
Capital expenditure	(5.4)	0.3	(6.4)
Capitalized development expenditure	(7.1)	(6.8)	(6.7)
Dividend received from investments	-	-	-
Other	(1.2)	(1.4)	(0.8)
Net cash from investing activities	(13.7)	(7.9)	(13.9)
Dividend paid and capital repaid to ASMI shareholders	-	-	-
Share buyback	(32.1)	(13.2)	(30.5)
Other	8.3	1.9	6.8
Net cash from financing activities	(23.8)	(11.3)	(23.7)

BALANCE SHEET

EUR million	Dec 31, 2016	Mar 31, 2017
Cash and cash equivalents	378	379
Accounts receivable	137	102
Inventories	112	141
Other current assets	23	19
Investments and associates	1,236	1,248
Property, plant and equipment	95	97
Capitalized development costs	88	93
Other non-current assets	79	82
Total Assets	2,148	2,161
Accounts payable	61	75
Short-term debt	-	-
Other current liabilities	57	49
Long-term debt	-	-
Other non-current liabilities	15	14
Equity	2,016	2,023
Total Liabilities and Equity	2,148	2,161

WORKING CAPITAL

EUR million

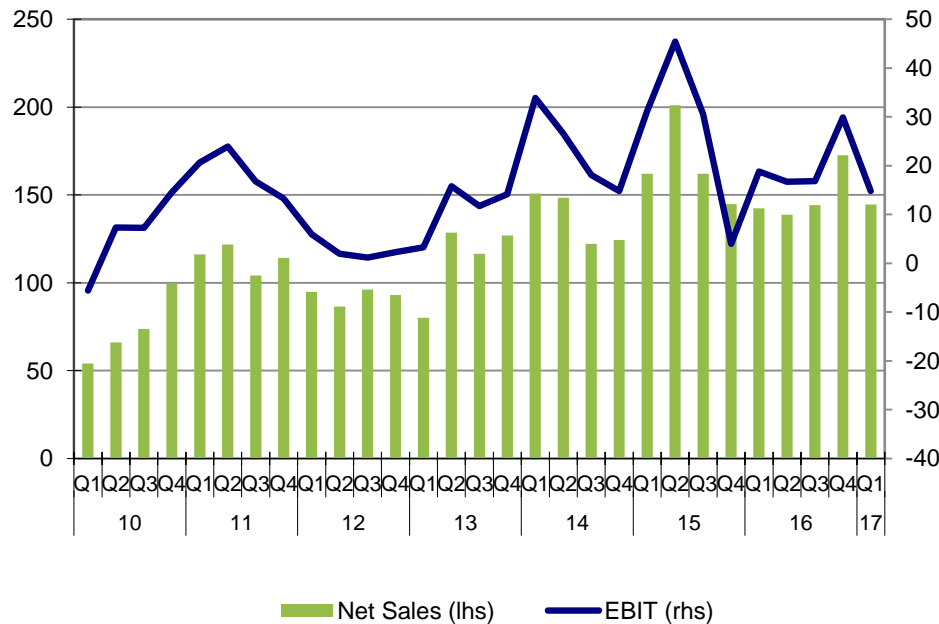


Days



HISTORICAL DEVELOPMENT

EUR million



EUR million



Bookings Backlog

