



# ASMI Q3 2021 RESULTS

October 26, 2021

# CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All matters discussed in this presentation, except for any historical data, are forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to, economic conditions and trends in the semiconductor industry generally and the timing of the industry cycles specifically, currency fluctuations, corporate transactions, financing and liquidity matters, the success of restructurings, the timing of significant orders, market acceptance of new products, competitive factors, litigation involving intellectual property, shareholders or other issues, commercial and economic disruption due to natural disasters, terrorist activity, armed conflict or political instability, epidemics and other risks indicated in the Company's reports and financial statements. The Company assumes no obligation nor intends to update or revise any forward-looking statements to reflect future developments or circumstances.

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# INVESTMENT HIGHLIGHTS.



## ➤ **Strong long-term prospects:**

- ASM is focused on enabling deposition technologies, with key strengths in innovation
- Leader in the ALD market, which is expected to grow by a CAGR of 16%-20% from '20 to '25
- Expanding our position in the Epi market (CAGR of 13%-18% from '20 to '25)
- Selective growth in PECVD and Vertical Furnaces and healthy growth in spares & services

## ➤ **Healthy profitability:**

- Gross margin of 48.2% year-to-date, up from 47.6% in the first nine months of 2020
- Operating margin of 29.1% year-to-date, up from 25.4% in the first nine months of 2020

## ➤ **Strong balance sheet:**

- Solid cash position of €525m at the end of Q3, no debt
- New €100m 2021/2022 share buyback program started on July 28, 2021

# Q3 2021 RESULTS



- **Q3 new orders** increased to €625m, driven by continued strength in the logic/foundry segment, and above previous guidance as already pre-announced on September 28, 2021
- **Q3 revenue** slightly exceeded the high end of the guidance despite continued tight supply chain conditions
- Currently some improvements in **supply chain conditions**, but overall expected to remain challenging in Q4. Higher sales level expected in Q4, in line with our earlier statements
- **ASMI first ever Investor Day** was held on September 28 in hybrid format, including the announcement of 2025 financial targets and the target for Net Zero emissions by 2035
- €45m in cash spent on **share buybacks** during the quarter as part of the €100m program started on July 28, 2021

# Q3 2021 FINANCIAL HIGHLIGHTS

€ mln, year-on-year comparisons

**+106%**

Orders: €625m

**+38%**

Revenue: €433m

**€525m**

Cash position

**47.2%**

Gross margin

*(49.9% in Q3 2020)*

**27.1%**

Operating margin

*(26.7% in Q3 2020)*

**€98m**

Free Cash Flow<sup>(1)</sup>

**+€21m**

Normalized<sup>(2)</sup> result  
from investment: €28m

**+115%**

Normalized<sup>(2)</sup> net  
earnings: €132m

**€45m**

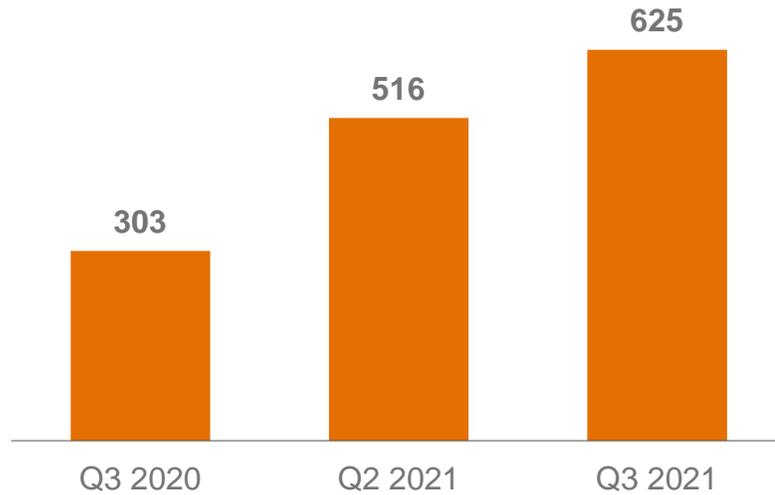
Cash spent on  
share buyback

(1) Including ASMPT dividend

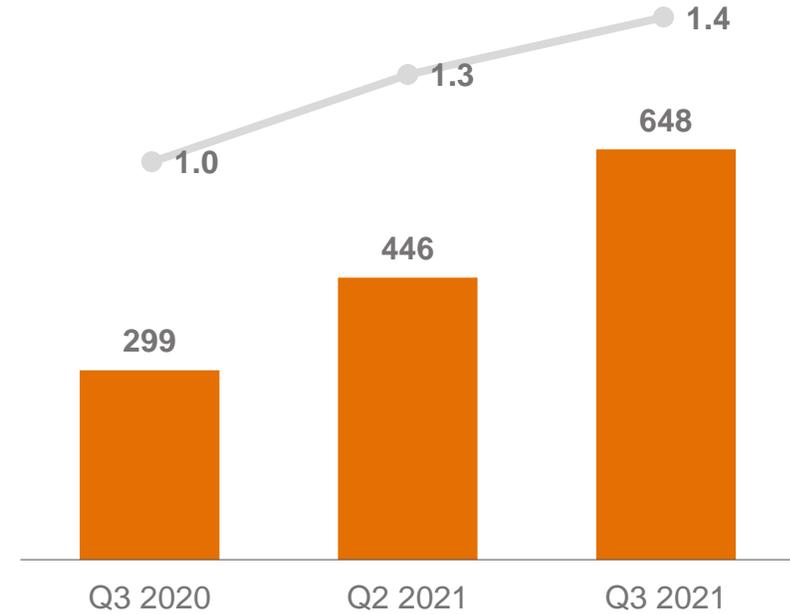
(2) Normalized figures exclude amortization intangible assets resulting from the sale of ASMPT stake in 2013

# NEW ORDERS AND BACKLOG

New orders  
€ m



Backlog  
€ m

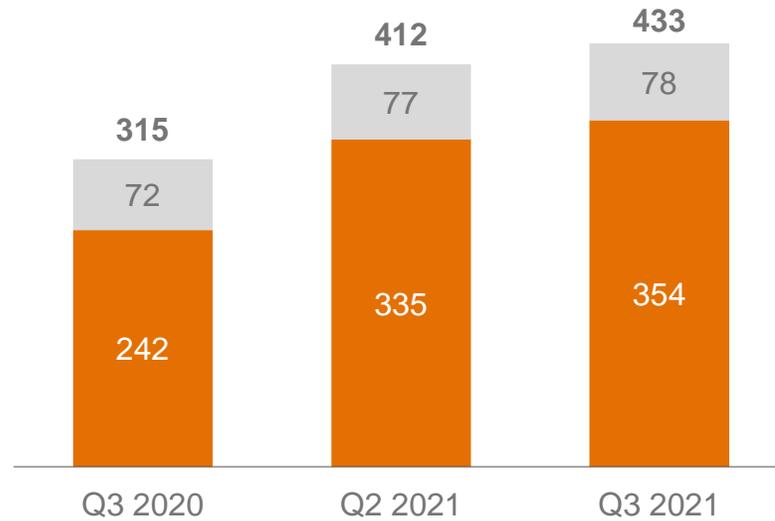


●—● Book-to-bill ratio

- Q3 new orders up 106% year-on-year to a new quarterly high of €625m
- Orders were led by logic, foundry, and then power/analog

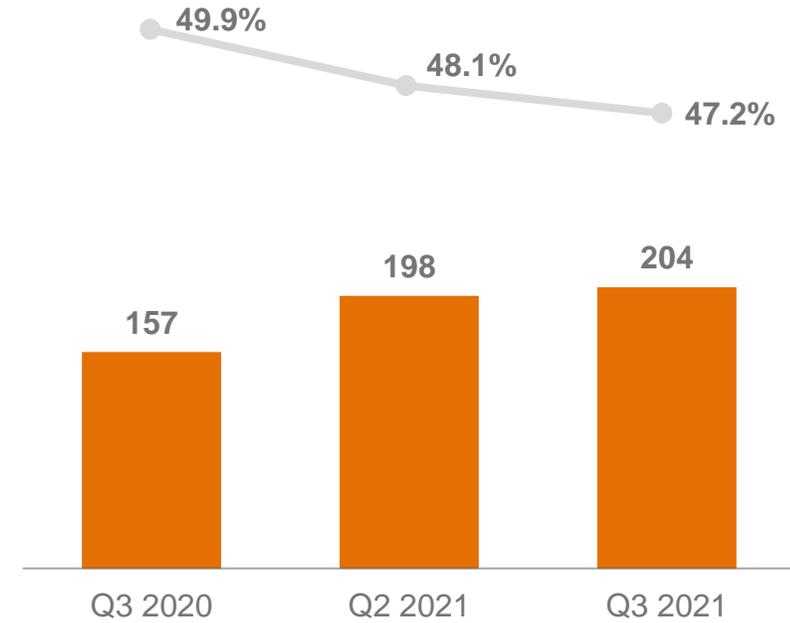
# REVENUE AND GROSS PROFIT

Revenue  
€ m



■ Spares & services revenue ■ Equipment revenue

Gross profit  
€ m

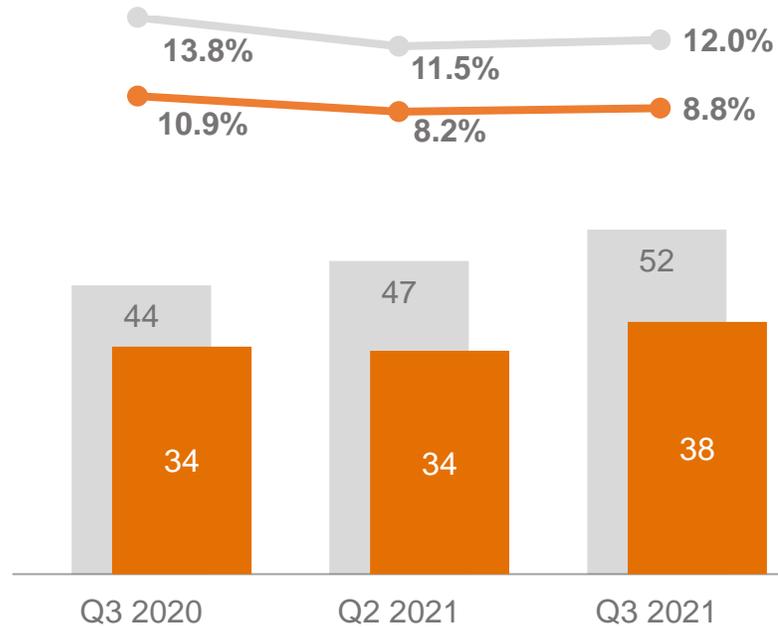


● Gross profit margin

- Q3 revenue up 38% year-on-year both at constant currencies and as reported (+4% quarter-on-quarter at constant currencies and +5% quarter-on-quarter as reported)
- Revenue led by foundry, followed by memory and then logic

- Gross margin down slightly from 48.1% in Q2 and down from relatively strong level of 49.9% in Q3 2020

## Gross and net R&D € m



●— Gross R&D as % of revenue   
 ●— Net R&D as % of revenue  
 Gross R&D   
  Net R&D

- Gross R&D increased 20% year-on-year and 10% quarter-on-quarter
- Net R&D increased 11% year-on-year and 13% quarter-on-quarter
- Year-on-year increase mainly due to headcount growth and increased number of R&D projects

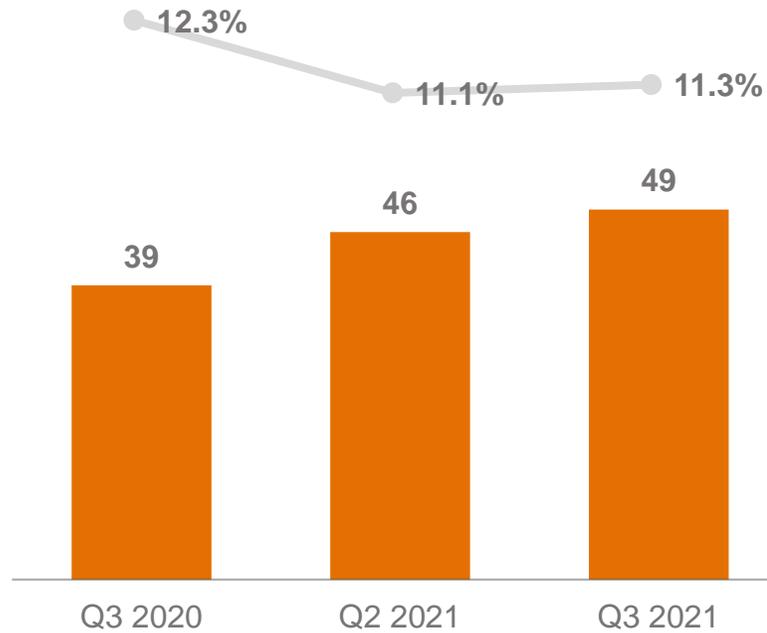
## R&D expenses € m

	Q3 2020	Q2 2021	Q3 2021
<b>Gross R&amp;D expenses</b>	<b>44</b>	<b>47</b>	<b>52</b>
Capitalization of development expenses	(16)	(20)	(20)
Amortization of capitalized development expenses	5	6	6
Impairment of capitalized development expenses	2	1	-
<b>Net R&amp;D expenses</b>	<b>34</b>	<b>34</b>	<b>38</b>

- Year-on-year increase in net R&D was more moderate than in gross R&D due to increase in capitalization, and absence of impairments in Q3 2021 (Q3 2020: €2.2m)

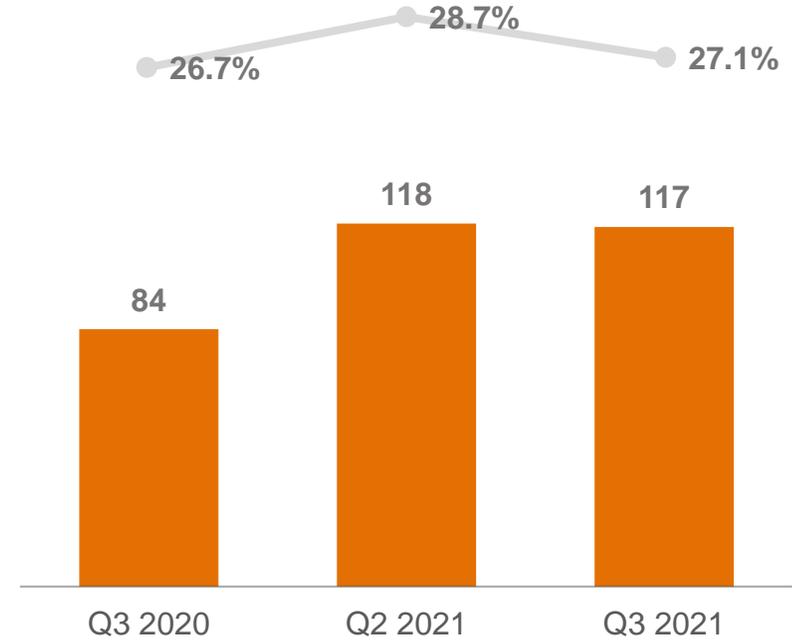
# SG&A AND OPERATING RESULT

SG&A  
€ m



● SG&A as % of revenue

Operating result  
€ m



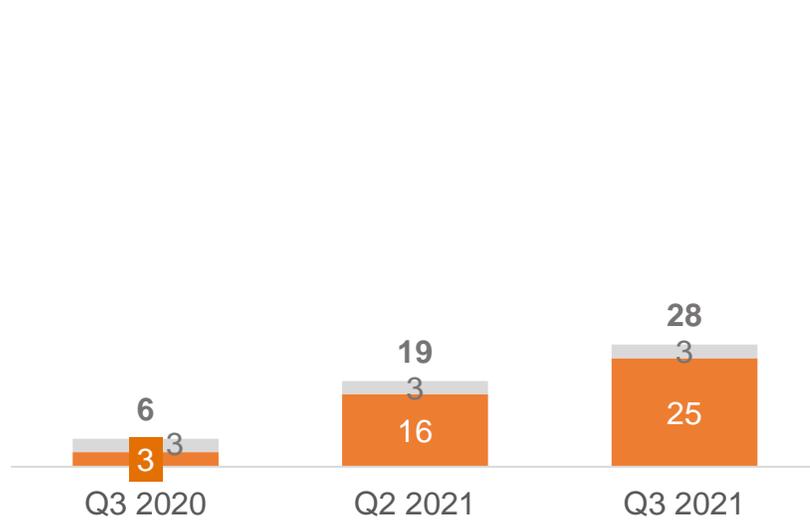
● Operating margin

- SG&A increased 26% year-on-year and 6% quarter-on-quarter

- Q3 2021 operating margin was 27.1%, up 0.4% pts vs Q3 2020, but down 1.6% pts compared to Q2 2021 due to slightly lower gross margins and higher operating expenses

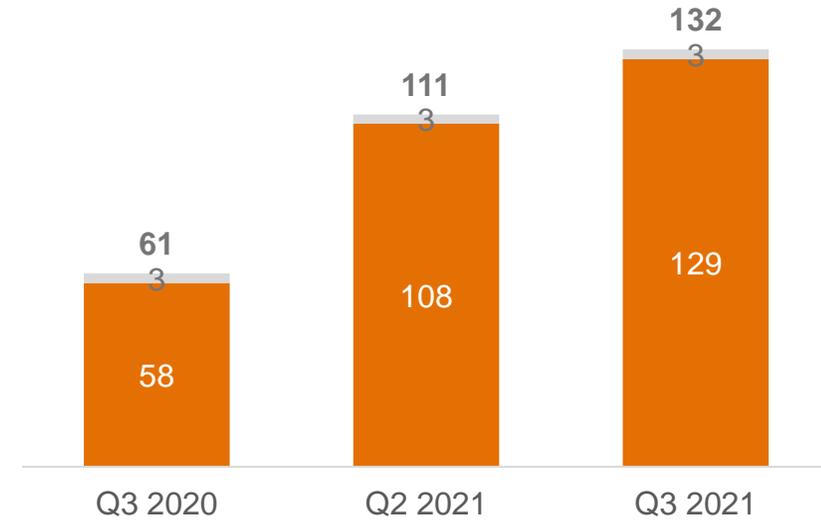
# NORMALIZED RESULT FROM INVESTMENTS AND NET EARNINGS

Normalized result from investments  
€ m



Amortization intangible assets<sup>(1)</sup> Result from investments (reported)

Normalized net earnings  
€ m



Amortization intangible assets<sup>(1)</sup> Net earnings (reported)

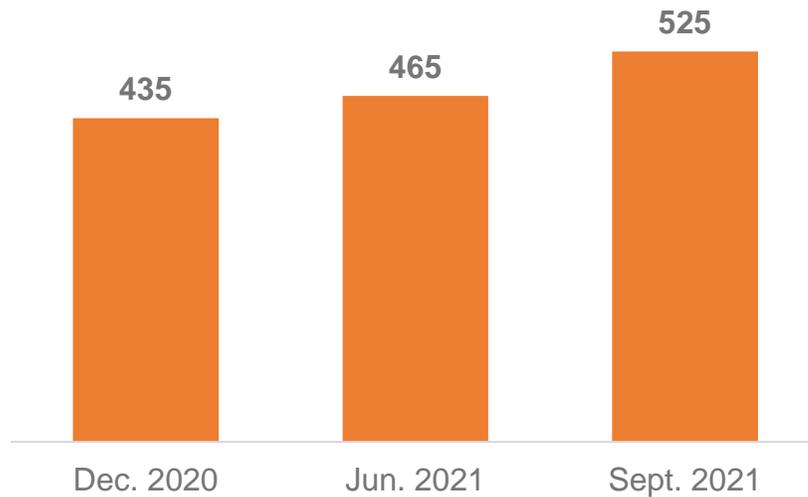
- Normalized result from investment (reflecting 25% stake in ASMPT) increased by €21m year-on-year and €8m quarter-on-quarter
- For 2021 amortization intangible assets resulting from the sale of the 12% stake of ASMPT in 2013 is expected to amount to €12 million

- Normalized net earnings increased by €71m year-on-year and by €21m quarter-on-quarter
- Q3 2021 results included a currency translation gain of €13m (vs. a loss of €2m in Q2 2021 and a loss of €14m in Q3 2020)

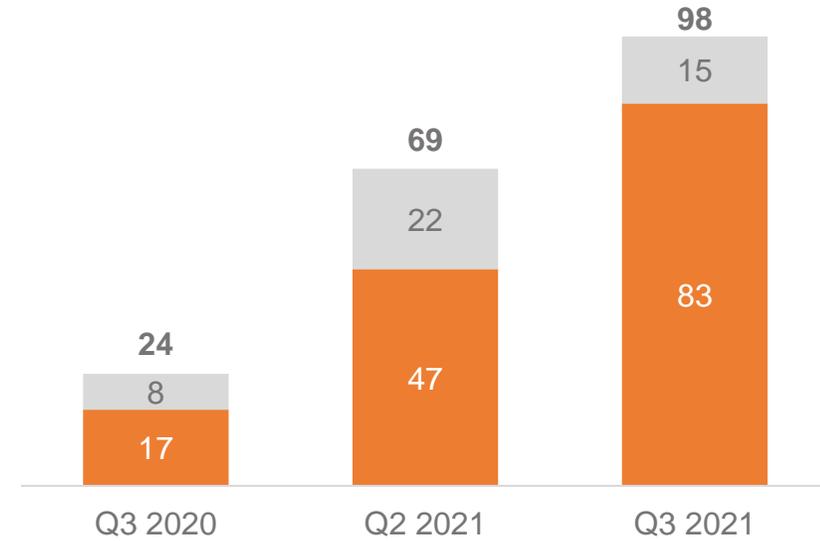
(1) Resulting from the sale of the 12% stake of ASMPT in 2013

# CASH POSITION AND FREE CASH FLOW

Cash position  
€ m



Free Cash Flow<sup>(1)</sup>  
€ m



■ Dividend received from associates

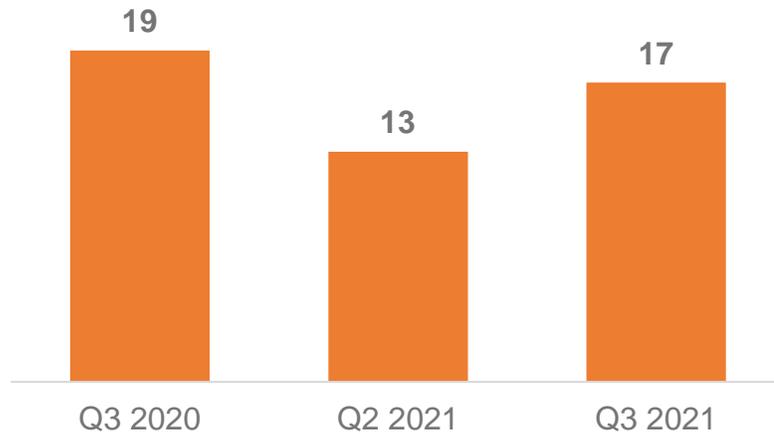
- Increase in cash position driven by strong FCF in Q3 2021, partly offset by the cash spent on share buyback during the quarter

- Significant increase in FCF vs Q2 2021 driven by continued solid profitability and lower working capital outflow

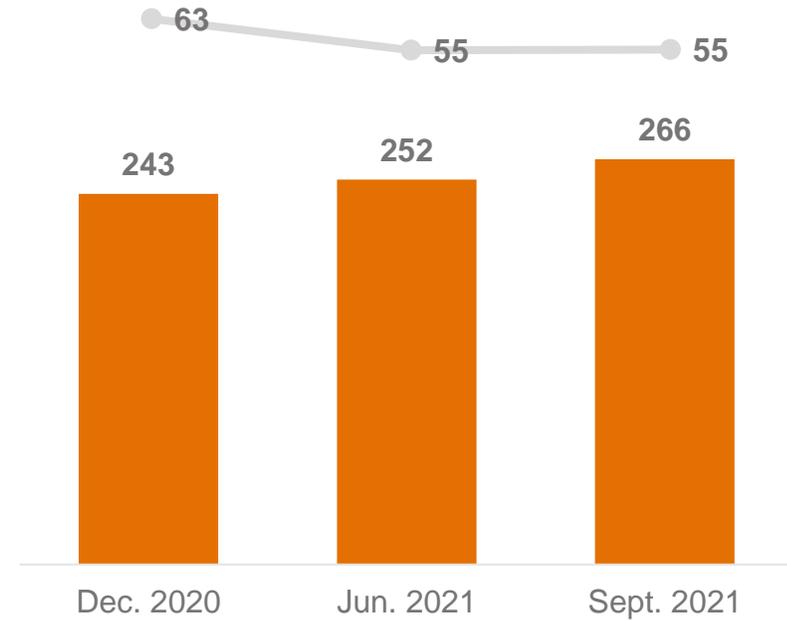
(1) Including ASMPT dividend

# CAPEX AND WORKING CAPITAL

Capex  
€ m



Working capital  
€ m



● Days of working capital

- Capex in FY 2021 driven by expansion and upgrading of R&D labs & related equipment

- The absolute increase in working capital vs. Q2 2021 was explained by the higher activity levels
- The underlying quality of working capital continued to be healthy

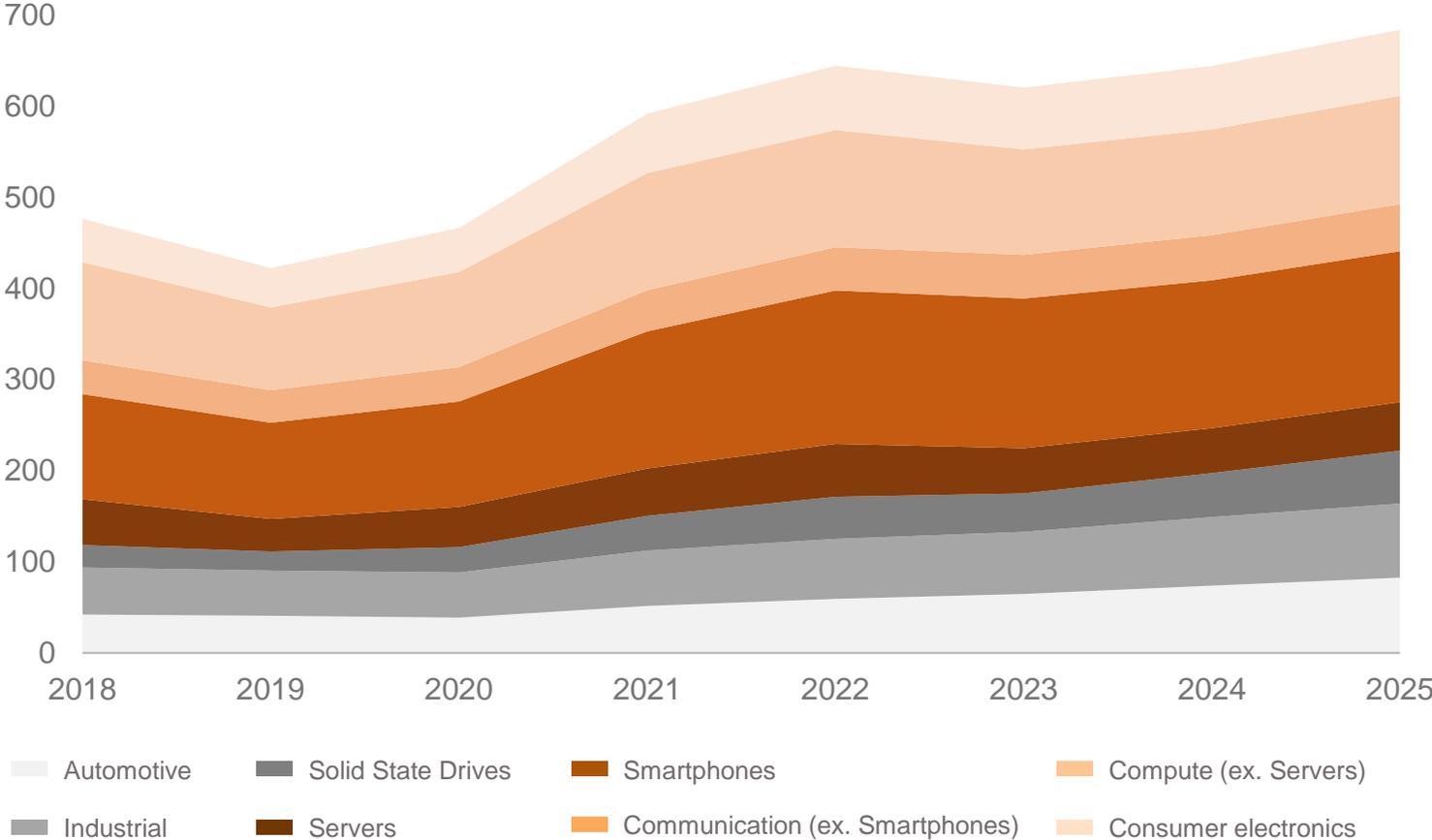
*As included in the Q3 2021 earnings press release published on October 26, 2021:*

For Q4, on a currency comparable level, we expect sales of €470-500 million. Q4 bookings, on a currency comparable level, are expected to be around €600 million. Starting 2022, we will stop providing guidance on order intake as it has become clear in the last two quarters in which actual order intake was significantly higher than guided that it is increasingly more challenging in the current environment to provide a meaningful outlook. With a continued strong momentum in the second half of the year, the wafer fab equipment (WFE) market is expected to grow by a mid-to-high thirties percentage in 2021.

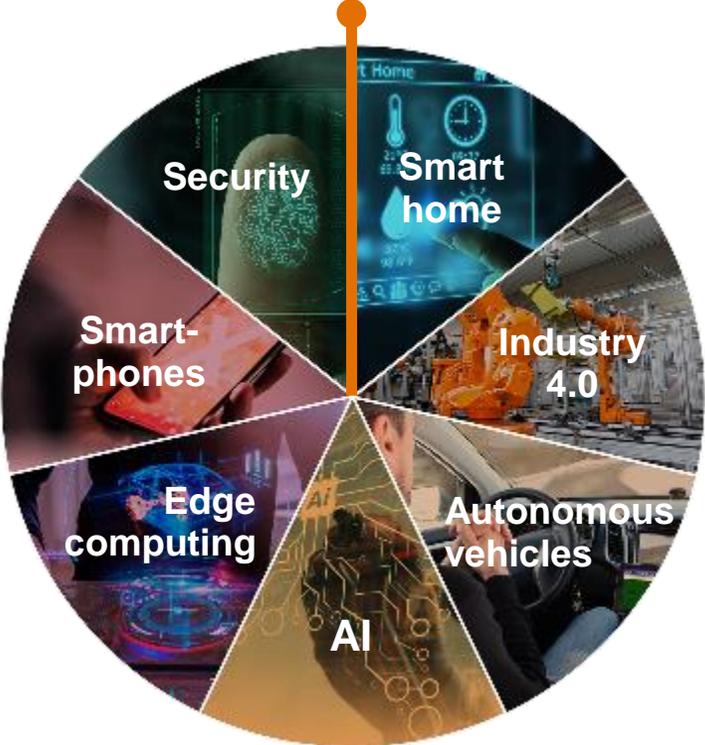
# BUSINESS ENVIRONMENT, STRATEGY, AND TARGETS



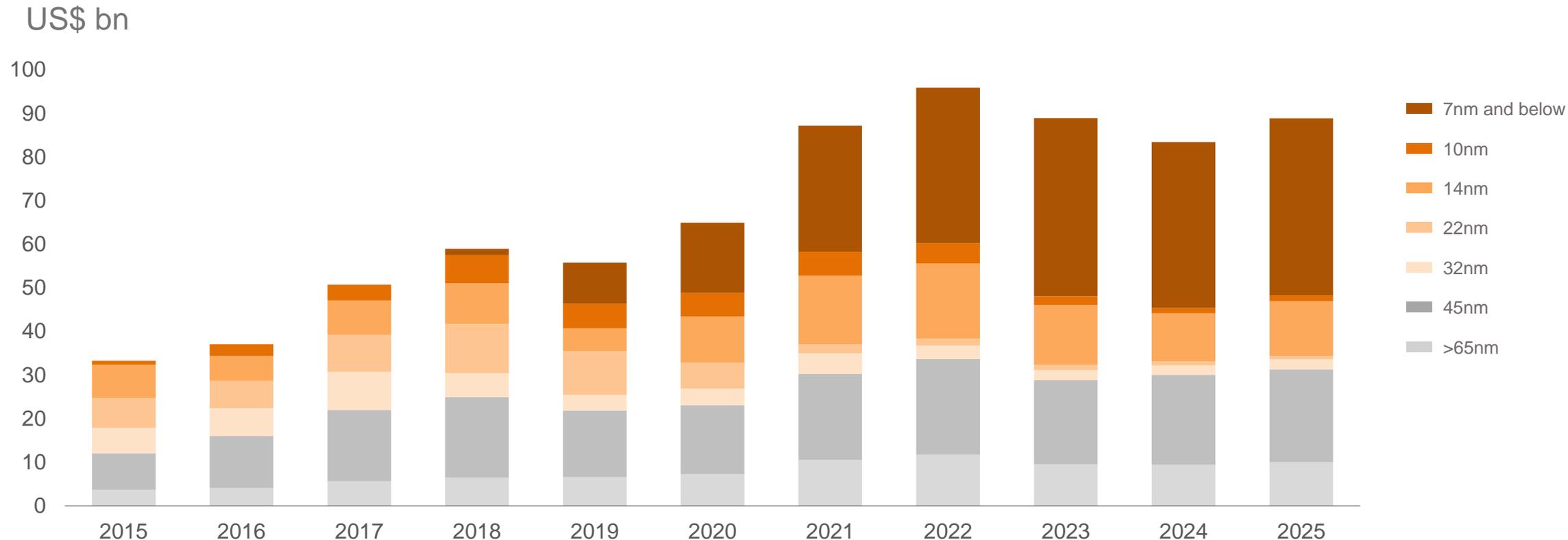
## Global semiconductor revenue (US\$ billion)



## Megatrends driving the semiconductor market



# WFE MARKET BY TECHNOLOGY NODE

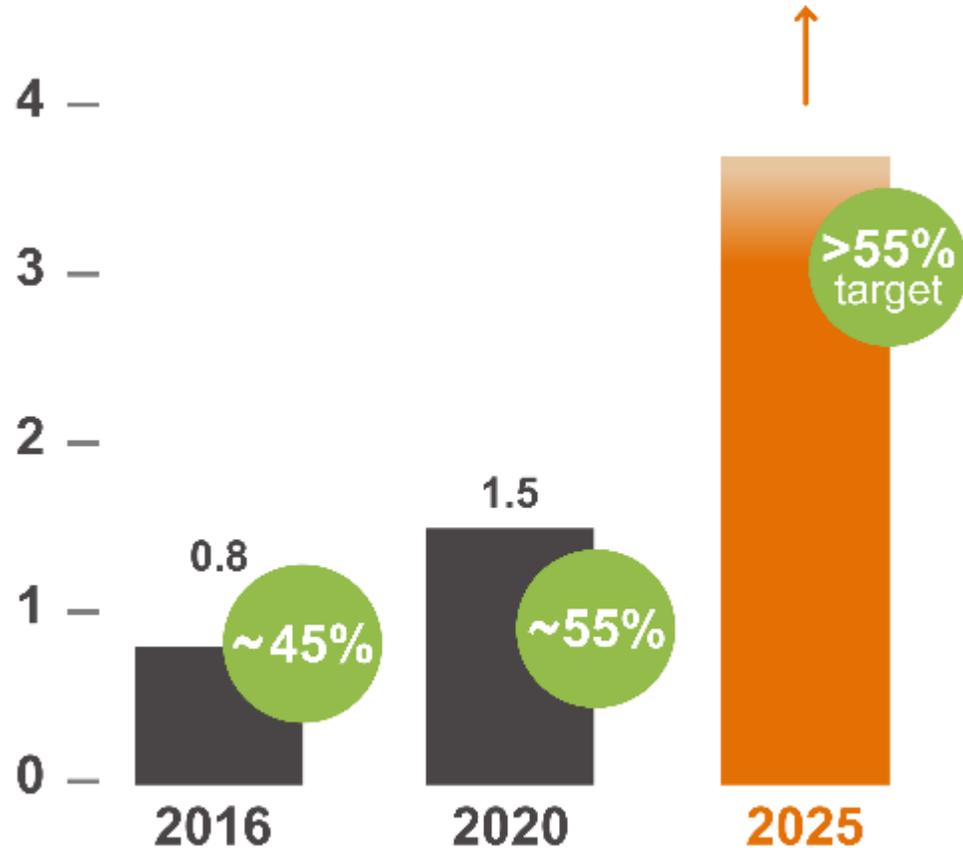


- Strongest growth in leading edge nodes
- Spending on 7nm and below expected to grow from ~25% of WFE in 2020 to ~46% of WFE in 2025
- 45nm mainly driven by 3D-NAND spending

# SINGLE-WAFER ALD MARKET OUTLOOK

As presented in ASMI's Investor Day on September 28, 2021

## Outlook in 2021: Growth to US\$3.1 - US\$3.7 billion by 2025<sup>1</sup>



### Logic/foundry (~US\$1.2 billion growth<sup>2</sup>)

- High-k gate & Vt tuning
- Metals
- Patterning spacers & EUV layers
- High aspect ratio gap-fill

### Memory (~US\$0.7 billion growth<sup>2</sup>)

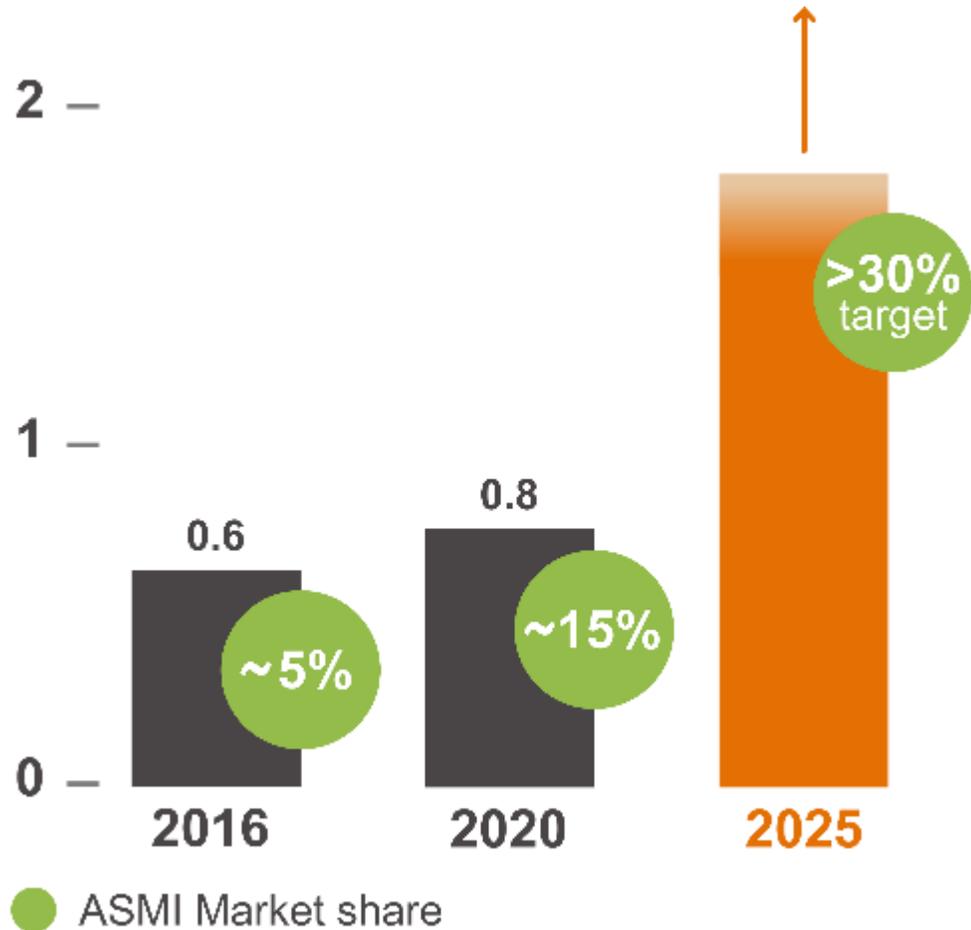
- High-k gate & Vt tuning
- Metals
- Patterning spacers & EUV layers
- High aspect ratio gap-fill
- Selective ALD

<sup>1</sup> Range based on \$90-110 billion WFE  
Center is ~US\$3.4 billion at US\$100 billion WFE

<sup>2</sup> Compared to 2020

As presented in ASMI's Investor Day on September 28, 2021

## Outlook in 2021: Growth to US\$1.5 - US\$1.8 billion by 2025<sup>1</sup>



### Logic/foundry

- Channel
- Source/drain contact

### Memory

- High Performance DRAM

### Power, Analog, Wafer

<sup>1</sup> Range based on \$90-110 billion WFE  
Center is ~ \$1.7 billion at \$100 billion WFE

# ALD AND EPI MARKET GROWTH IN ADVANCED LOGIC

As presented in ASMI's Investor Day on September 28, 2021

## Growth largely driven by node progression and move to gate-all-around



ALD High-k gate & Vt tuning

ALD Metal

ALD patterning spacers & EUV layers

CMOS Epi

As presented in ASMI's Investor Day on September 28, 2021

## Strengths

Focus on deposition  
especially ALD and Epi

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Strong history in  
innovation

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Leading products  
and applications

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Early customer  
engagements



- **Market leader in single-wafer ALD**
- **Expanded market position in Epi**
- **ASMI growing 1.5x faster than WFE market in 2016-2020**

As presented in ASMI's Investor Day on September 28, 2021

## Strategic objectives:

- Maintain leading ALD share in logic/foundry, expand in memory
- Increase Epi market share
- Selective growth in Vertical Furnace and PECVD niches
- Grow spares and services business
- Accelerating progress in sustainability
- Drive continued strong financial performance

## How:

- Increase R&D investments especially in fastest growing segments – ALD and Epi
- Continue enabling customer roadmaps with most innovative products and applications
- Strengthen culture and develop our people
- Accelerate commitment to sustainability
- Maximize potential from growing installed base and increase outcome-based services
- Expand and optimize manufacturing and supply chain

# ACCELERATING PROGRESS IN SUSTAINABILITY

As presented in ASMI's Investor Day on September 28, 2021

## Sustainability targets

Addressing climate change is imperative

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Fostering inclusion and diversity in our employee base

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Innovating to reduce energy consumption and emissions on our equipment



## Net zero

- Reduce environmental footprint of our operations
- 100% renewable electricity by 2024
- Aim to be net zero by 2035 (scope 1, 2 and 3 emissions)

# FINANCIAL TARGETS TOWARDS FY25

As presented in ASMI's Investor Day on September 28, 2021

	FY16	FY20	FY25
<b>Revenue</b>	€598 million	€1.3 billion	€2.8 to €3.4 billion <sup>1</sup>
<b>Revenue growth</b>	13% CAGR (FY12-FY16)	22% CAGR (FY16-FY20)	16-21% CAGR (FY20-FY25)
<b>Gross margin %</b>	44%	47%	46-50% (FY21-FY25)
<b>SG&amp;A % revenue</b>	15%	12%	High single digit (FY25)
<b>R&amp;D (net) % revenue</b>	15%	10%	High single digit to low teens (FY25)
<b>Operating margin %</b>	14%	25%	26-31% (FY21-FY25)

<sup>1</sup> In constant currencies

# NON-FINANCIAL TARGETS

As presented in ASMI's Investor Day on September 28, 2021

Category	Targets
GHG emissions	Net zero by 2035, including scope 1, 2 and 3 emissions
Renewable electricity	100% renewable electricity by 2024
Safety	Recordable overall injury rate less than 0.1 cases per 100 employees by 2025



# ANNEX: DETAILED FINANCIALS



# INCOME STATEMENT

€ m

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
New orders	303	379	411	516	625
Backlog	299	324	345	446	648
Book-to-bill ratio	1.0	1.1	1.0	1.3	1.4
<b>Revenue</b>	<b>315</b>	<b>347</b>	<b>394</b>	<b>412</b>	<b>433</b>
Cost of sales	(158)	(190)	(199)	(214)	(229)
<b>Gross profit</b>	<b>157</b>	<b>157</b>	<b>195</b>	<b>198</b>	<b>204</b>
Selling, general and administrative expenses	(39)	(42)	(40)	(46)	(49)
Research and development	(34)	(37)	(31)	(34)	(38)
Total operating expenses	(73)	(79)	(71)	(80)	(87)
<b>Operating result</b>	<b>84</b>	<b>78</b>	<b>125</b>	<b>118</b>	<b>117</b>
Net interest income (expense)	(0)	(1)	(0)	(1)	(0)
Foreign currency exchange gains (losses)	(14)	(15)	16	(2)	13
Result from investments	6	27	14	19	28
Amortization intangible assets <sup>(1)</sup>	(3)	(3)	(3)	(3)	(3)
Earnings before income taxes	73	86	151	132	154
Income taxes	(14)	(6)	(29)	(24)	(25)
<b>Net earnings</b>	<b>58</b>	<b>79</b>	<b>122</b>	<b>108</b>	<b>129</b>
<b>Normalized net earnings<sup>(2)</sup></b>	<b>61</b>	<b>82</b>	<b>125</b>	<b>111</b>	<b>132</b>

(1) Resulting from the sale of the 12% stake of ASMPT in 2013

(2) Excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT in 2013

# BALANCE SHEET

€ m

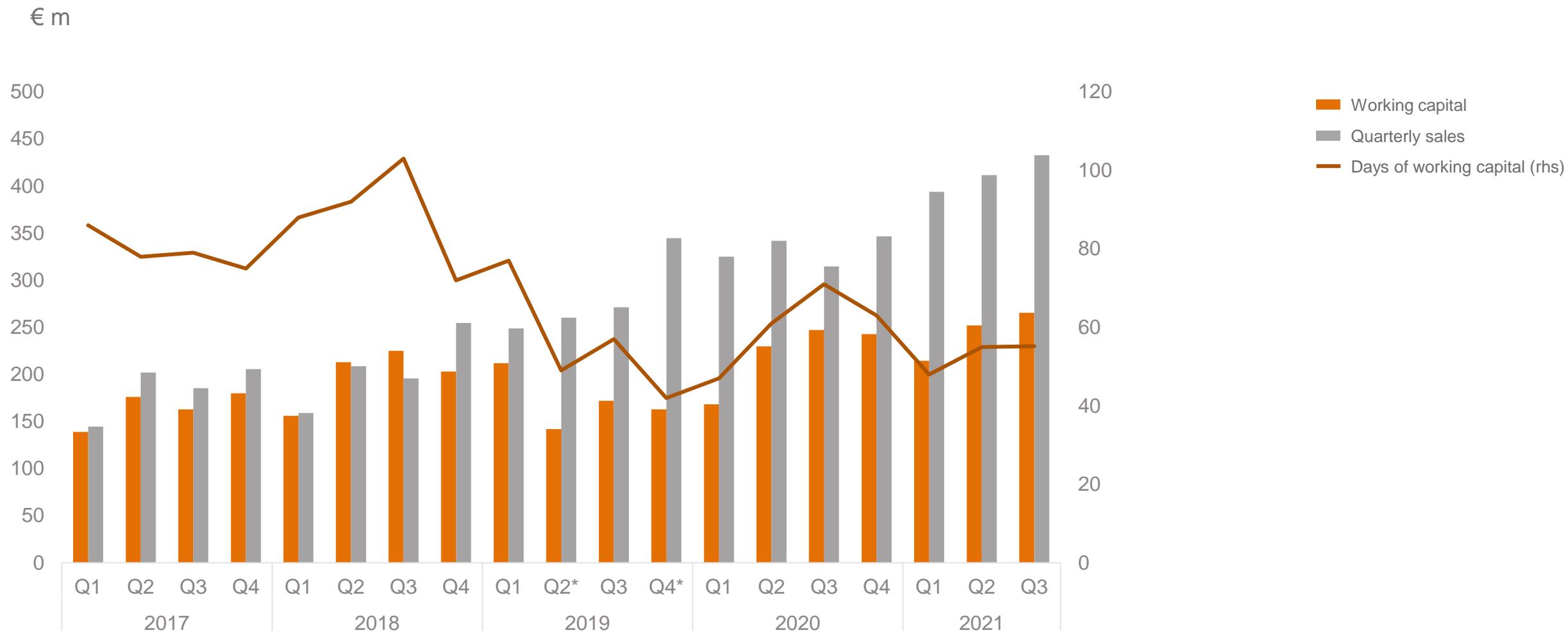
	Sept. 2020	Dec. 2020	Mar. 2021	Jun. 2021	Sept. 2021
Cash and cash equivalents	430	435	498	465	525
Accounts receivable	255	280	307	324	371
Inventories	176	162	171	173	187
Other current assets	77	73	54	79	76
Right-of-use Assets - net	26	23	24	23	22
Investments in associates	747	743	782	769	808
Property, plant and equipment	194	214	216	216	226
Goodwill and other intangible assets	218	221	238	249	265
Evaluation tools at customers	71	69	80	78	79
Other non-current assets	12	8	8	8	9
<b>Total Assets</b>	<b>2,206</b>	<b>2,230</b>	<b>2,377</b>	<b>2,385</b>	<b>2,568</b>
Accounts payable	117	125	152	149	157
Short-term debt	-	-	-	-	-
Other current liabilities	213	216	193	199	241
Long-term debt	-	-	-	-	-
Other non-current liabilities	34	35	39	46	51
Equity	1,842	1,855	1,993	1,991	2,119
<b>Total Liabilities and Equity</b>	<b>2,206</b>	<b>2,230</b>	<b>2,377</b>	<b>2,385</b>	<b>2,568</b>

# CASH FLOW STATEMENT

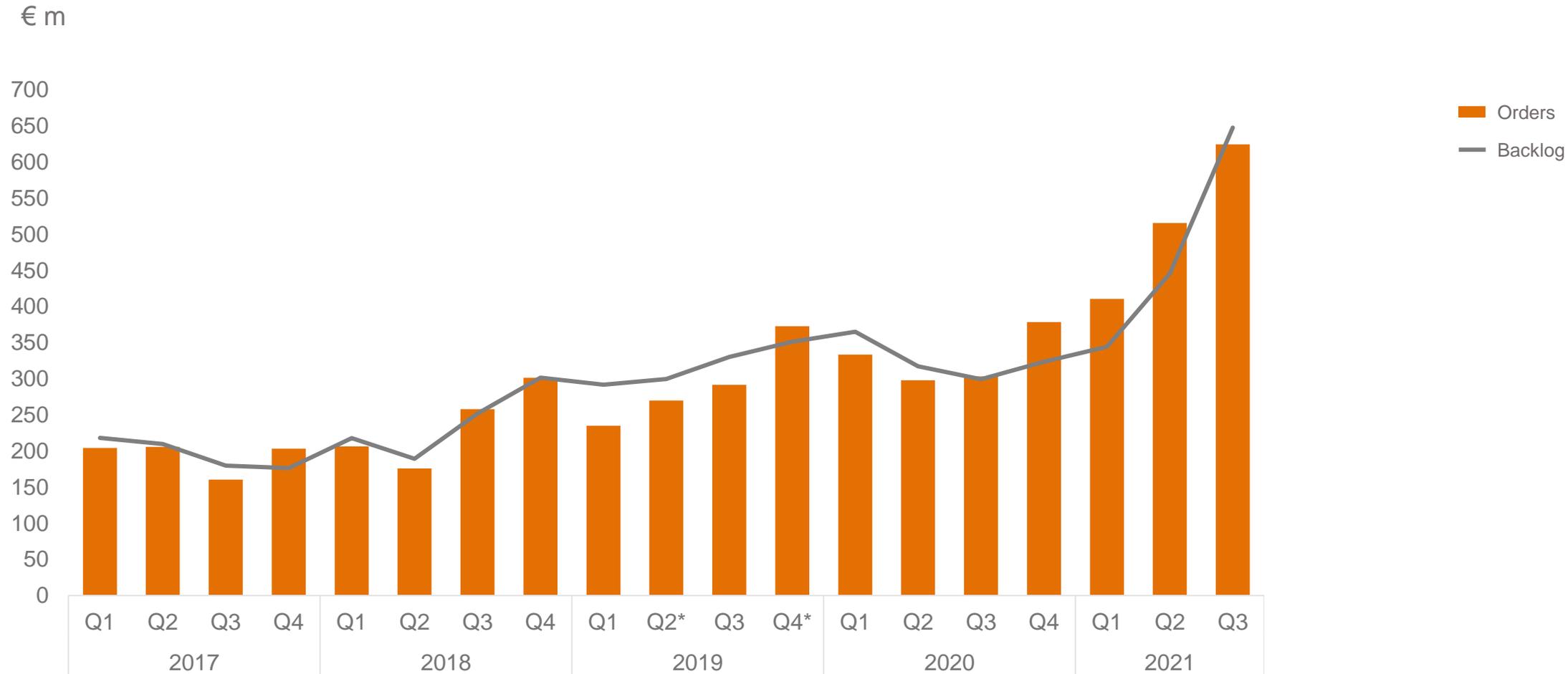
€ m

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
<b>Net earnings</b>	<b>58</b>	<b>79</b>	<b>122</b>	<b>108</b>	<b>129</b>
Depreciation, amortization and impairments	21	25	20	25	24
Result from investments	(3)	(24)	(11)	(16)	(25)
Evaluation tools	(9)	(5)	(11)	(5)	(4)
Other adjustments	11	21	(43)	11	8
Change in working capital	(26)	(1)	39	(43)	(12)
<b>Net cash from operating activities</b>	<b>52</b>	<b>95</b>	<b>116</b>	<b>80</b>	<b>120</b>
Capital expenditure	(19)	(31)	(9)	(13)	(17)
Capitalized development expenditure	(16)	(16)	(17)	(20)	(20)
Dividend received from investments	8	-	-	22	15
Other	(0)	(1)	(0)	(0)	(0)
<b>Net cash from investing activities</b>	<b>(28)</b>	<b>(49)</b>	<b>(27)</b>	<b>(12)</b>	<b>(23)</b>
Payment of lease liabilities	(2)	(2)	(2)	(2)	(2)
Dividend paid and capital repaid to ASMI shareholders	-	-	-	(97)	-
Share buyback	(28)	(28)	(37)	-	(45)
Other	2	1	-	-	1
<b>Net cash from financing activities</b>	<b>(28)</b>	<b>(30)</b>	<b>(39)</b>	<b>(99)</b>	<b>(45)</b>

# WORKING CAPITAL: HISTORICAL DEVELOPMENT

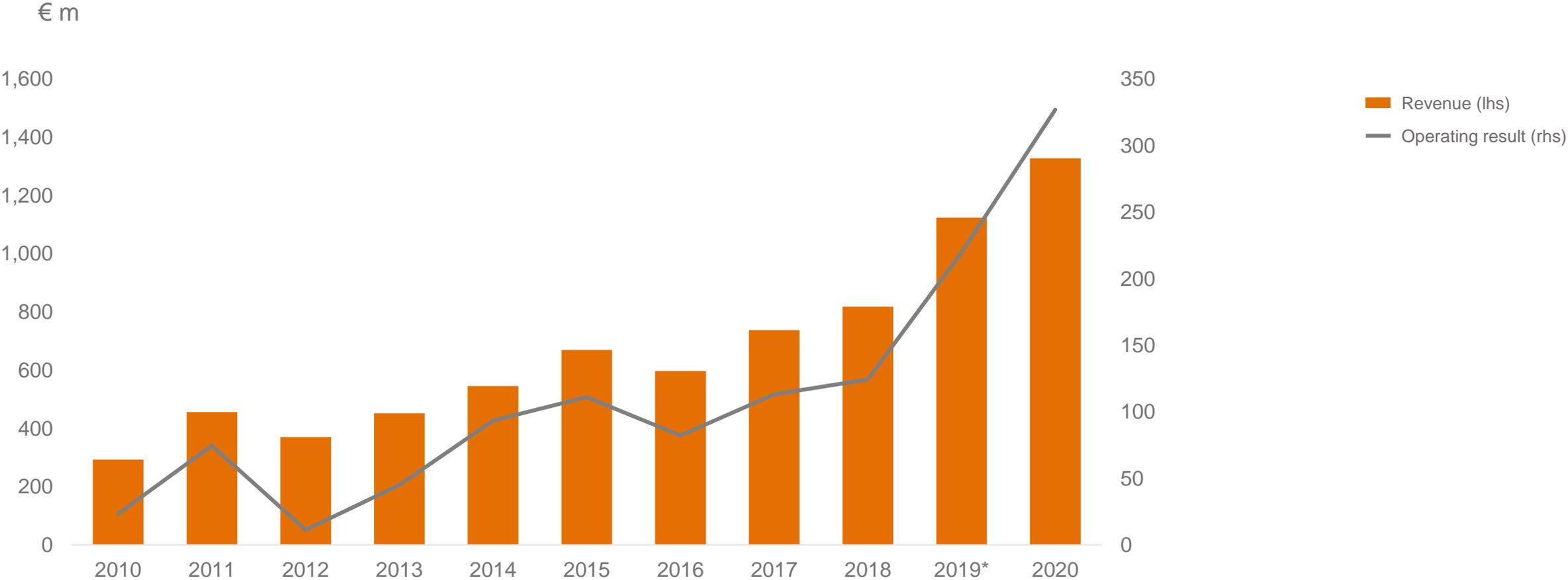


# ORDERS AND BACKLOG: HISTORICAL DEVELOPMENT



Numbers based on reported financials; \*excludes the impact of patent litigation and arbitration settlements

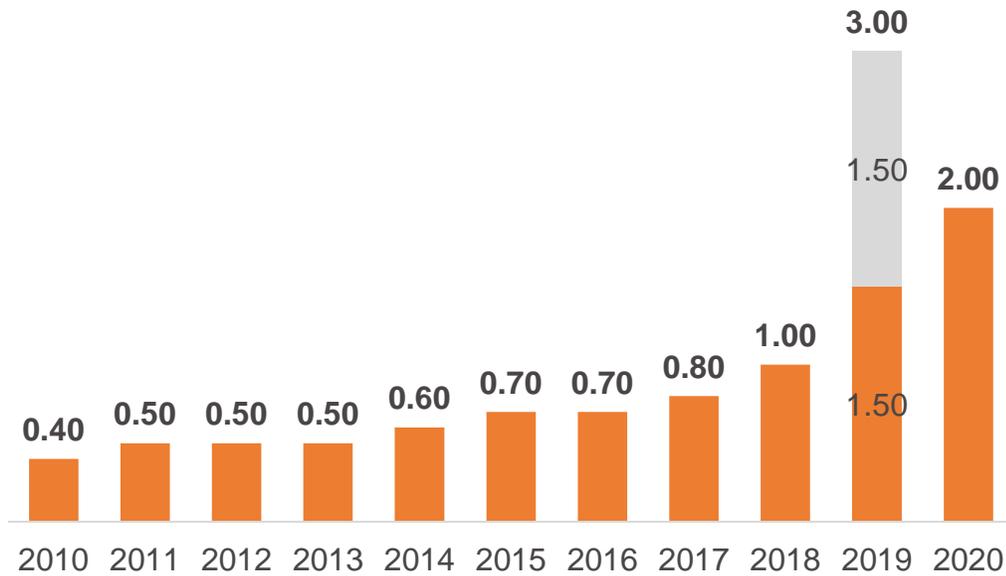
# REVENUE AND OPERATING RESULT: HISTORICAL DEVELOPMENT



\*excludes settlement gains of €159m

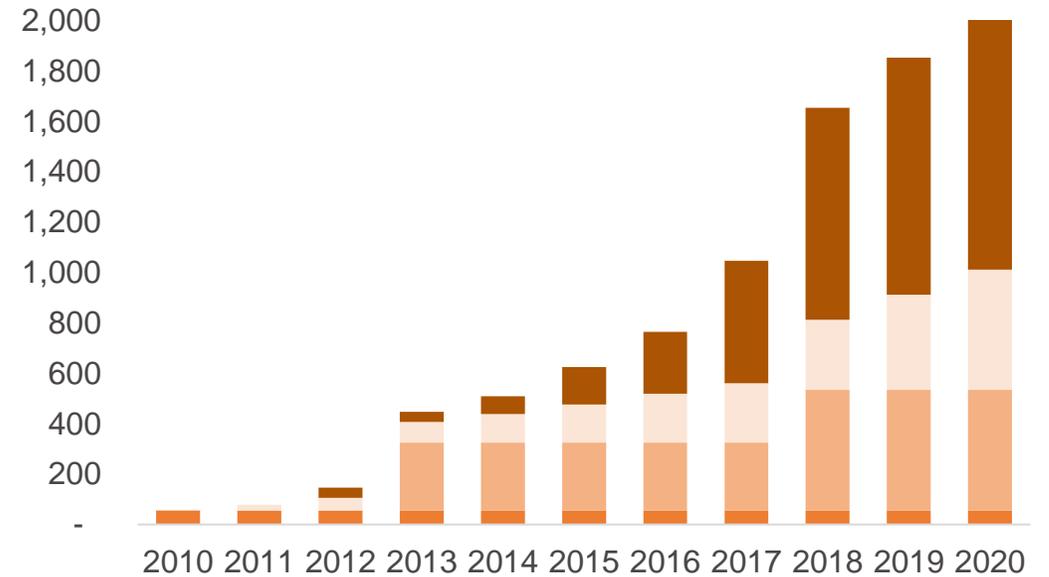
# EXCESS CASH RETURNED TO SHAREHOLDERS

Dividend per share  
€ paid over



Regular dividend    Extraordinary dividend

Cumulative cash returned to market  
€ m



Buyback convertibles    Return of capital    Dividends    Share buybacks

For more information, please visit:

[www.asm.com](http://www.asm.com)

