



ASMI Q4 2021 RESULTS

February 22, 2022



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.

Investment highlights	4
Q4 2021 and FY 2021 results	6
Business environment, strategy, and targets	20
Annex: detailed financials	26

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 47.9% in FY 2021, up from 47.0% in FY 2020
- Operating margin of 28.4% in FY 2021, up from 24.6% in FY 2020

➤ Strong balance sheet:

- Solid cash position of €492 million at the end of Q4, no debt
- Free cash flow more than doubled in FY 2021

Q4 AND FY 2021 RESULTS



- **Q4 new orders** increased to a new record of €645 million (+70% YOY), driven by continued strength in the logic/foundry segment
- **Q4 revenue** of €491 million came in towards the higher end of the guidance of €470-500 million, despite continuing challenging supply chain conditions
- €58 million in cash spent on share buybacks during the quarter as part of the €100 million program started on July 28, 2021, and completed on December 17, 2021
- **Proposed dividend** of €2.50 per share to be paid over 2021, which represents an increase of 25% compared to the previous year. Announcement of new €100 million **share buyback** program

FY 2021 FINANCIAL HIGHLIGHTS

€, year-on-year comparisons

+30%

Revenue: €1.7b

(+34% at constant currencies)

47.9%

Gross margin

(47.0% in FY20)

€492m

Cash position

+20%

Gross R&D: €206m

28.4%

Operating margin

(24.6% in FY20)

€266m

Free cash flow⁽¹⁾

+93%

Normalized⁽²⁾ result from
investments: €87m

+70%

Normalized⁽²⁾ net
earnings: €507m

€140m

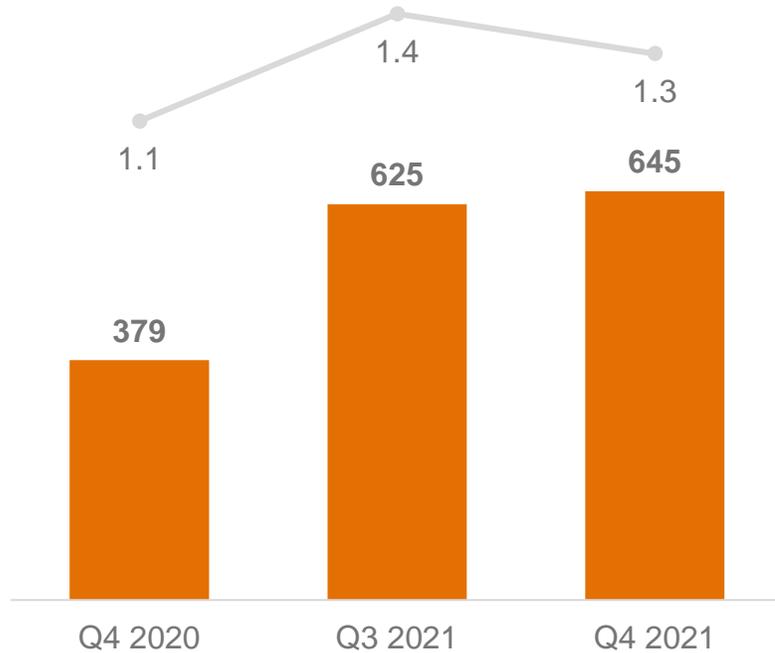
Cash spent on
share buyback

(1) Including ASMPT dividend

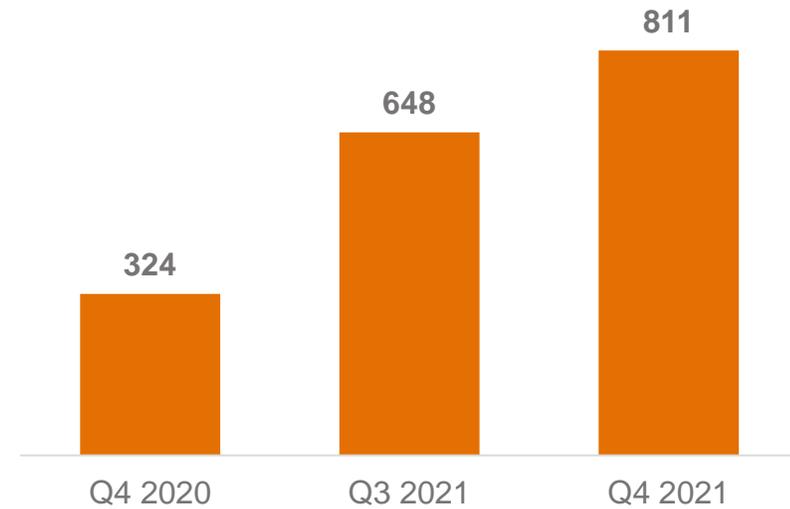
(2) Normalized figures exclude amortization intangible assets resulting from the sale of ASMPT stake in 2013

RECORD-HIGH NEW ORDERS AND BACKLOG

New orders
€ million



Backlog
€ million

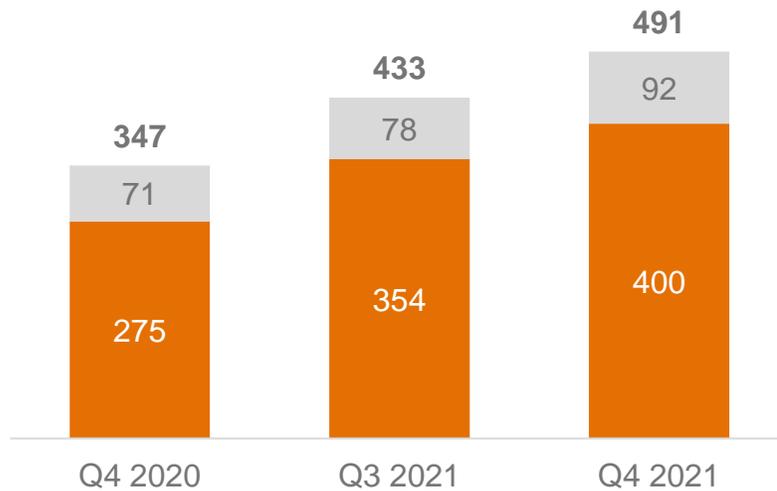


● Book-to-bill ratio

- Record-high new orders in Q4 2021, up 70% YOY, were led by foundry, logic, and then memory
- Backlog up from €648 million in Q3 2021 to €811 million in Q4 2021
- Book-to-bill ratio for Q4 was 1.3 compared to 1.4 in Q3 2021

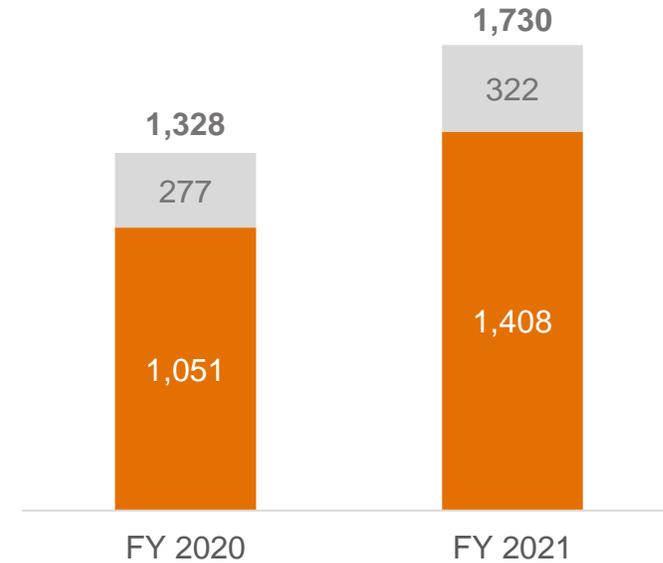
STRONG REVENUE GROWTH DRIVEN BY LOGIC/FOUNDRY

Quarterly
€ million



■ Spares & services revenue ■ Equipment revenue

Annual
€ million



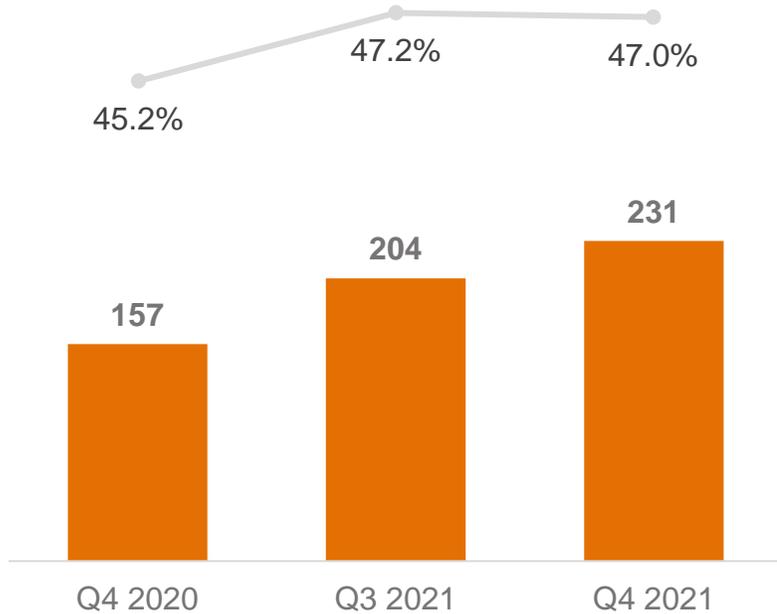
■ Spares & services revenue ■ Equipment revenue

- Q4 2021 revenue increased 14% QOQ (11% at constant currencies), and 42% YOY (40% at constant currencies)
- Revenue led by logic, followed by foundry, and memory

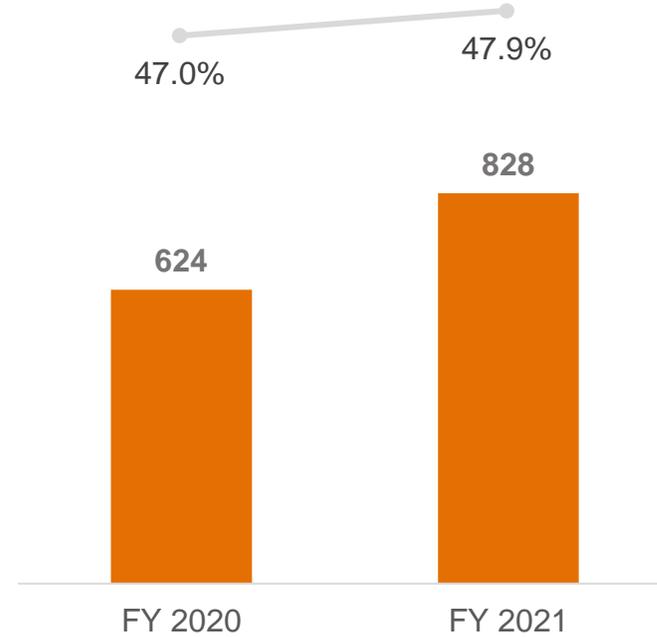
- FY 2021 revenue increased 30% YOY (34% at constant currencies)
- Equipment revenue increased 38% at constant currencies driven by strong growth in ALD and Epi
- Spares & services up 18% at constant currencies, strong traction in outcome-based services

FY 2021 GROSS MARGIN IMPROVED

Quarterly
€ million



Annual
€ million



● Gross profit margin

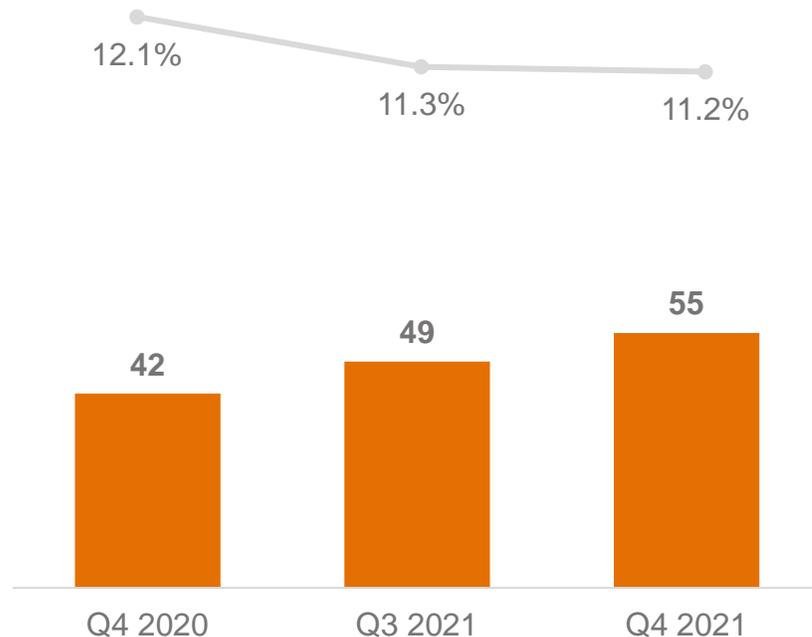
● Gross profit margin

- Q4 2021 gross profit increased 13% QOQ and 48% YOY
- Gross profit margin decreased slightly QOQ but increased 1.8% pt YOY

- FY 2021 gross profit margin increased by 0.9% pt YOY
- Gross profit increased by 33% YOY

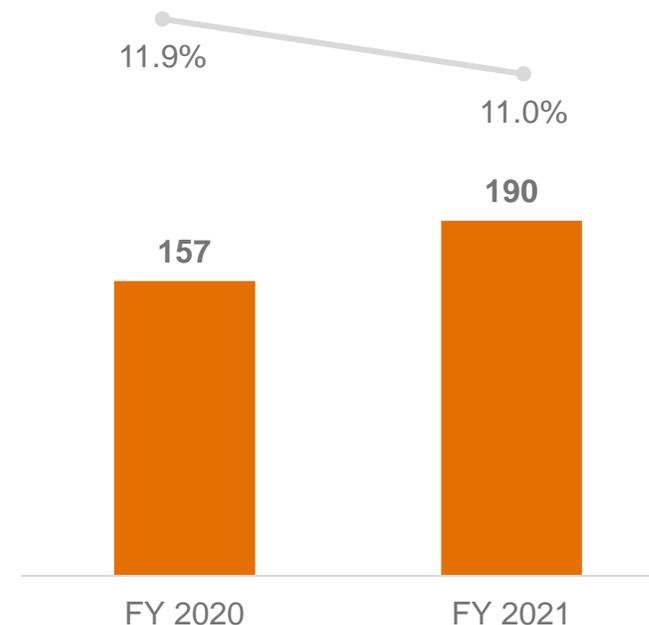
SG&A EXPENSES

Quarterly
€ million



● SG&A as % of revenue

Annual
€ million



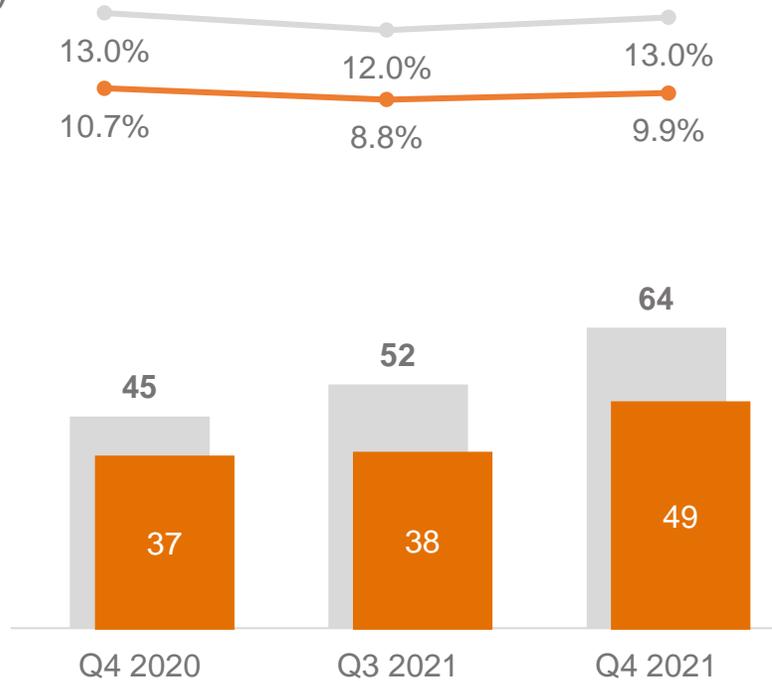
● SG&A as % of revenue

- Q4 2021 SG&A expenses increased 13% QOQ and 31% YOY
- The increase is explained by a number of factors including increased headcount to support growth, related recruitment campaign costs and higher variable expenses

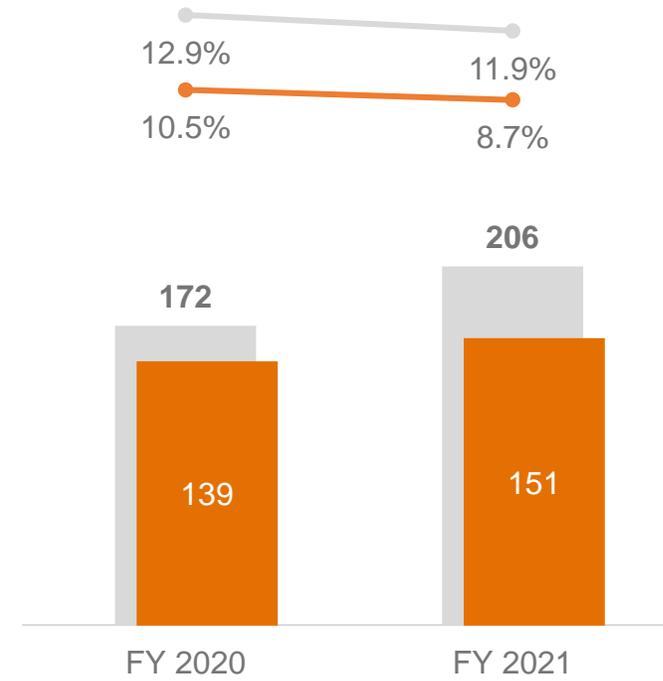
- FY 2021 SG&A expenses decreased as a % of sales compared to 2020 but increased 20% in absolute terms

INCREASED INVESTMENTS IN R&D

Quarterly
€ million



Annual
€ million



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

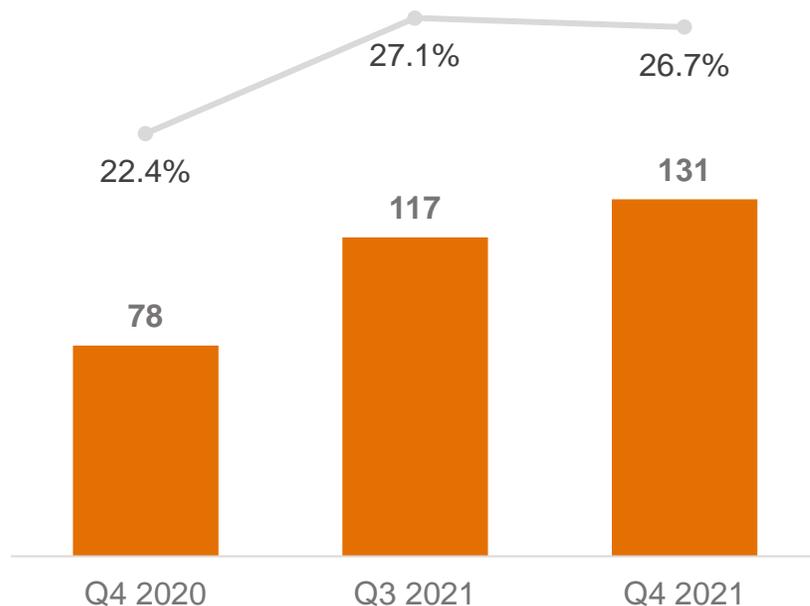
● Gross R&D as % of revenue ● Net R&D as % of revenue
 ■ Gross R&D ■ Net R&D

- Q4 2021 gross R&D increased 23% QOQ and 42% YOY
- Net R&D increased 28% QOQ and 31% YOY
- The increase is mainly due to increased headcount and R&D projects

- FY 2021 gross R&D increased 20% YOY
- Net R&D increased 9% YOY, at a lower pace than the increase in gross R&D due to higher capitalization expenses and lower impairments

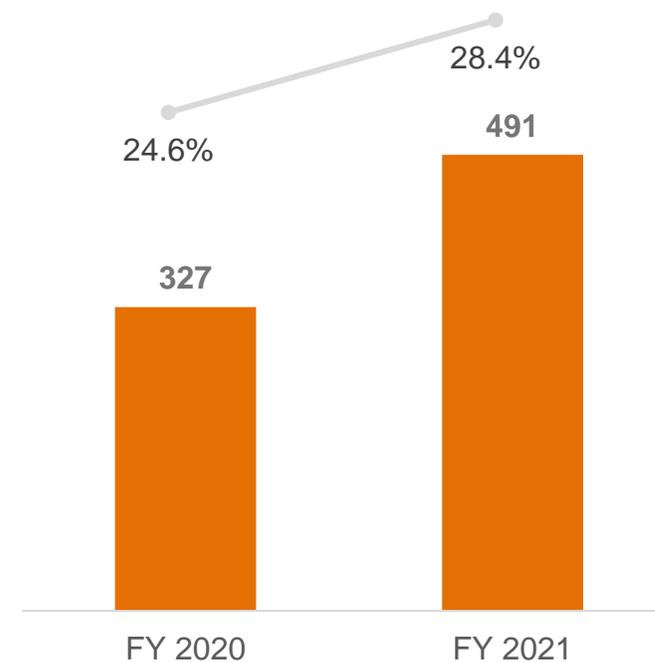
IMPROVED OPERATING PROFITABILITY

Quarterly
€ million



● Operating margin

Annual
€ million



● Operating margin

- Q4 2021 operating margin increased 4.3% pt YOY but was slightly down (0.4% pt) QOQ
- Operating result increased 12% QOQ and 69% YOY
- Operating result in Q4 was positively impacted by €4m other income from property disposal

- FY 2021 operating result increased 50% to record-high level, supported by the strong revenue increase, with the operating result margin increasing 3.8% pt

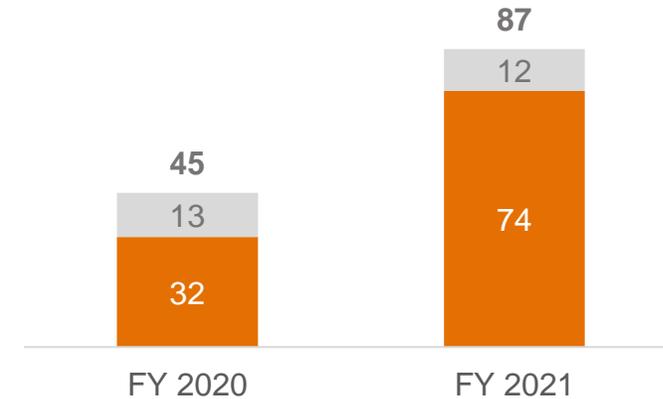
RESULT FROM INVESTMENTS

Quarterly
€ million

Annual
€ million



Amortization intangible assets⁽¹⁾ Result from investments (reported)



Amortization intangible assets⁽¹⁾ Result from investments (reported)

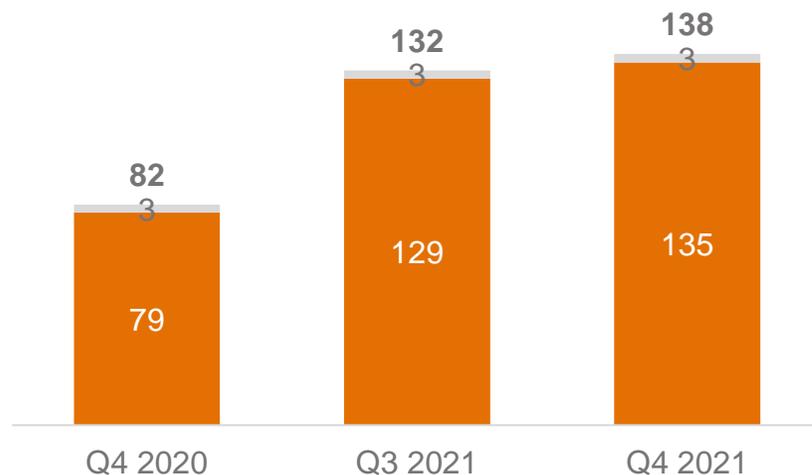
- Q4 2021 normalized result from investments decreased by about €2 million compared to Q3 2021

- Normalized result from investments increased 93% YOY in FY 2021
- For 2022, on a currency comparable basis, amortization intangible assets is expected to amount to €12 million

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

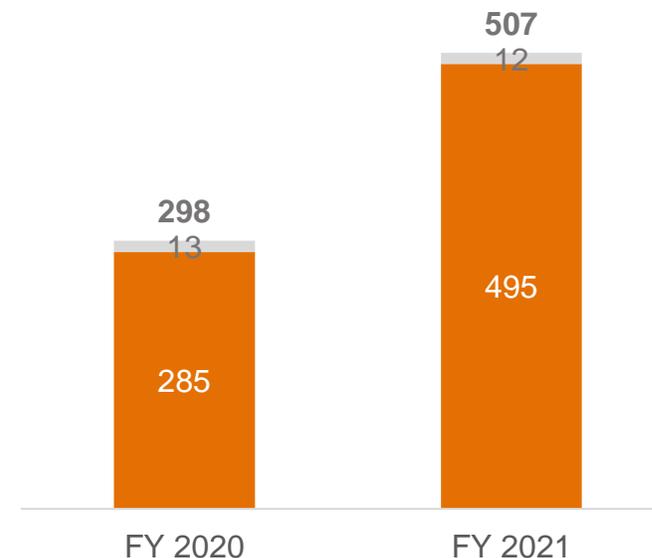
NET EARNINGS

Quarterly
€ million



Amortization intangible assets⁽¹⁾ Net earnings (reported)

Annual
€ million



Amortization intangible assets⁽¹⁾ Net earnings (reported)

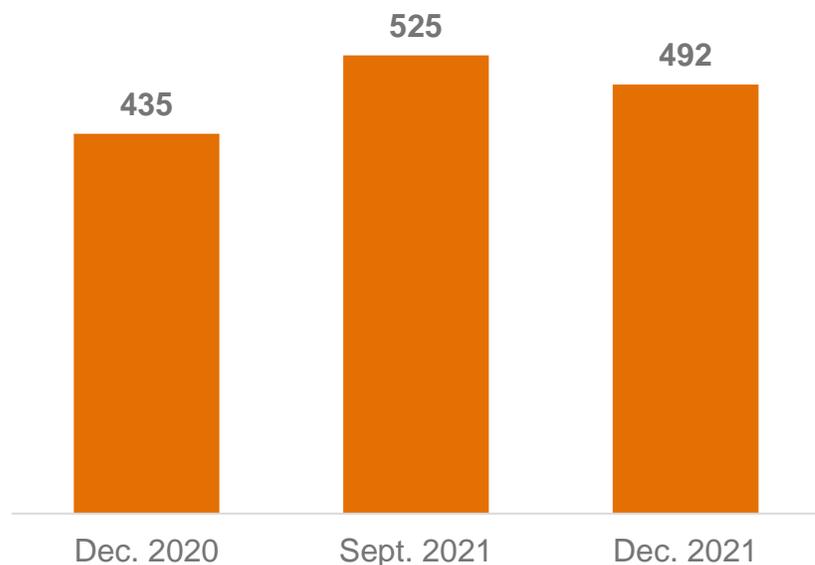
- Q4 2021 normalized net earnings increased 5% sequentially and 68% YOY
- Net earnings were impacted by €7m translation gain in Q4 2021, compared to €13m in Q3 2021 and a loss of €15m in Q4 2020

- FY 2021 normalized net earnings increased 70% YOY
- Effective tax rate (ETR) increased to 17.2% in FY 2021 (FY 2020: 14.6%)

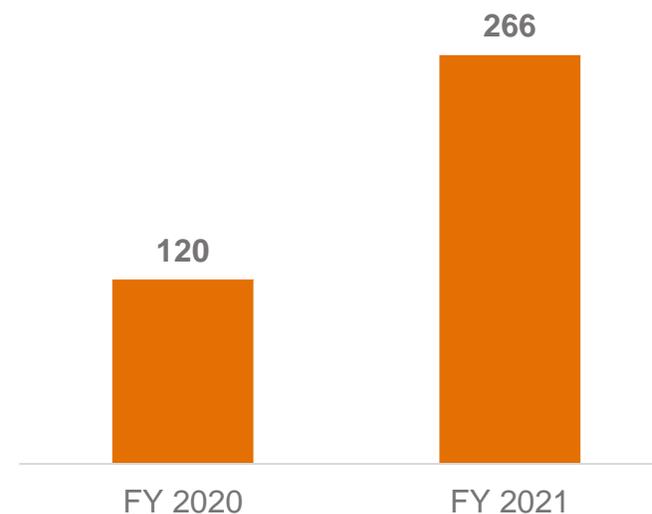
(1) Resulting from the sale of the 12% stake of ASMPT in 2013

A SOLID CASH POSITION AND A HEALTHY FREE CASH FLOW

Cash position
€ million



Free cash flow⁽¹⁾
€ million



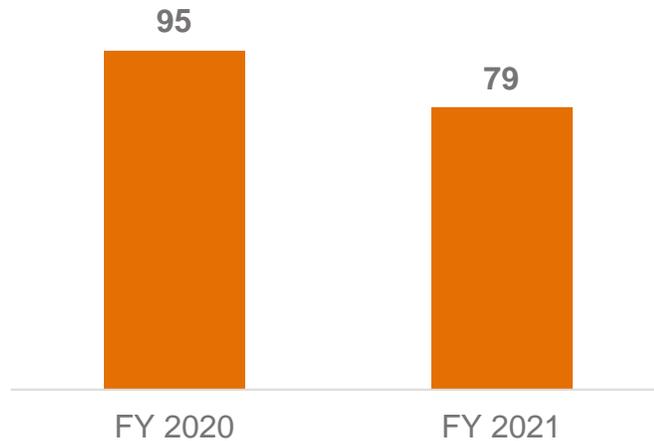
- Cash position in Q4 2021 remained solid at a level of €492m, up €56m YOY, and slightly down (-€33 m) QOQ

- FY 2021 free cash flow up 122% YOY thanks to increased profitability and partly offset by higher tax paid
- Tax paid of €152m in FY 2021 vs. €8m in FY 2020
- Dividend from ASMPT amounted to €36m in FY 2021 compared to €16m in FY 2020

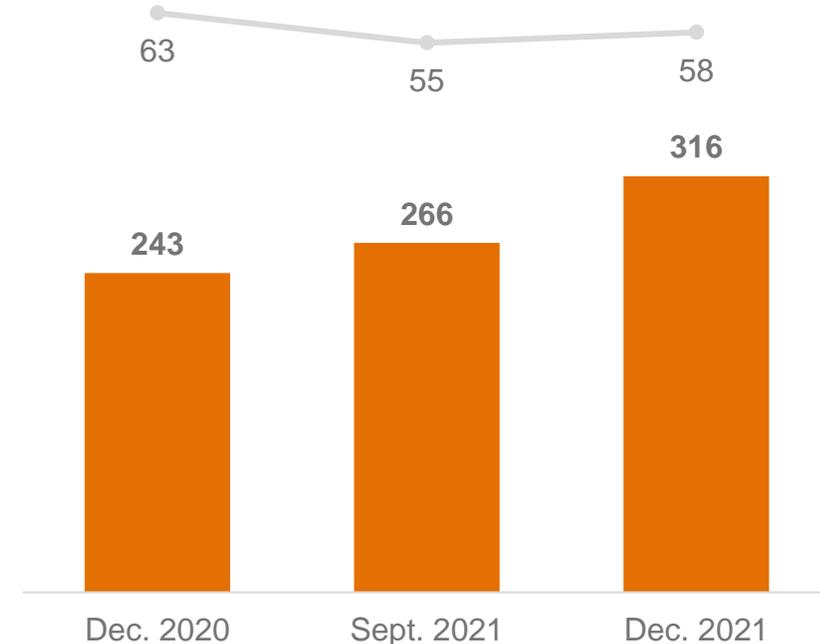
(1) Free cash flow is defined as cash flow from operating activities after investing

CAPEX AND WORKING CAPITAL

Capex⁽¹⁾
€ million



Working capital
€ million



● Days of working capital

- FY 2021 capex mainly driven by expansion and upgrading of R&D labs
- FY 2020 capex included completion of our new Singapore manufacturing facility

- Q4 2021 working capital increased as a result of higher activity levels
- Account receivables were higher in Q4 due to back-end loaded sales in the quarter
- Underlying quality continued to be healthy

(1) The €79 million capex in FY 2021 includes €7 million of prepaid capex with no cash flow impact during the year

As included in the Q4 2021 earnings press release published on February 22, 2021:

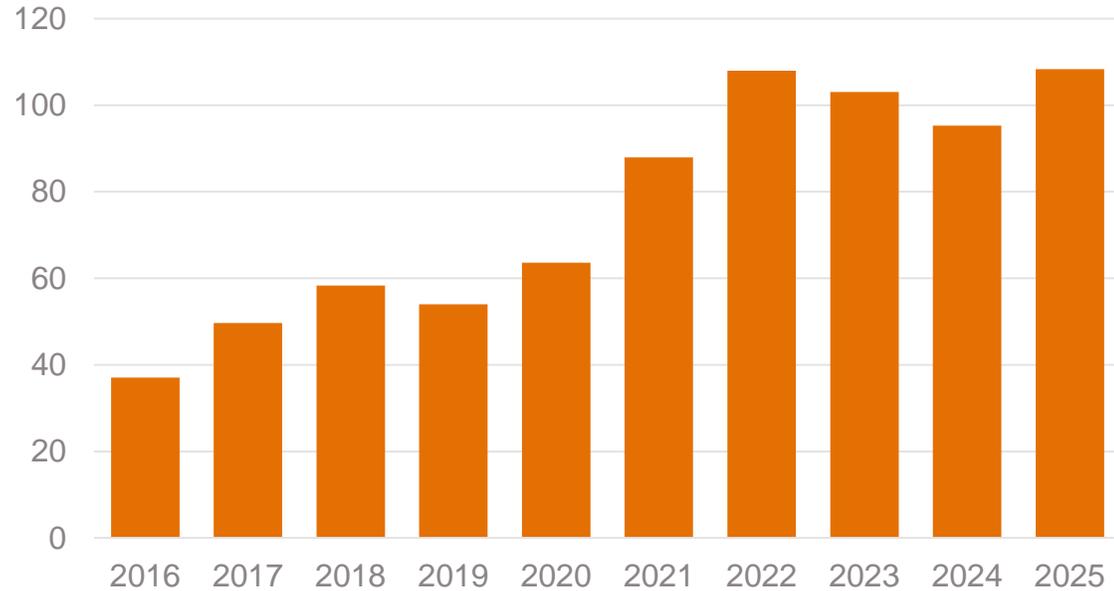
“Supported by a record high order backlog at the end of Q4, ASM has started the year on a strong footing. Looking at the first half of the year of 2022, supply chain conditions are expected to remain tight. For Q1, on a currency comparable level, we expect revenue of €500-530 million, with a further steady increase in Q2 revenue compared to Q1. Based on the current visibility, we expect revenue in the second half of 2022 to be higher than the level in the first half. The wafer fab equipment (WFE) market is forecasted to increase by a mid to high teens percentage in 2022. We expect to outperform the WFE market in 2022.”

BUSINESS ENVIRONMENT, STRATEGY, AND TARGETS



WFE SPENDING

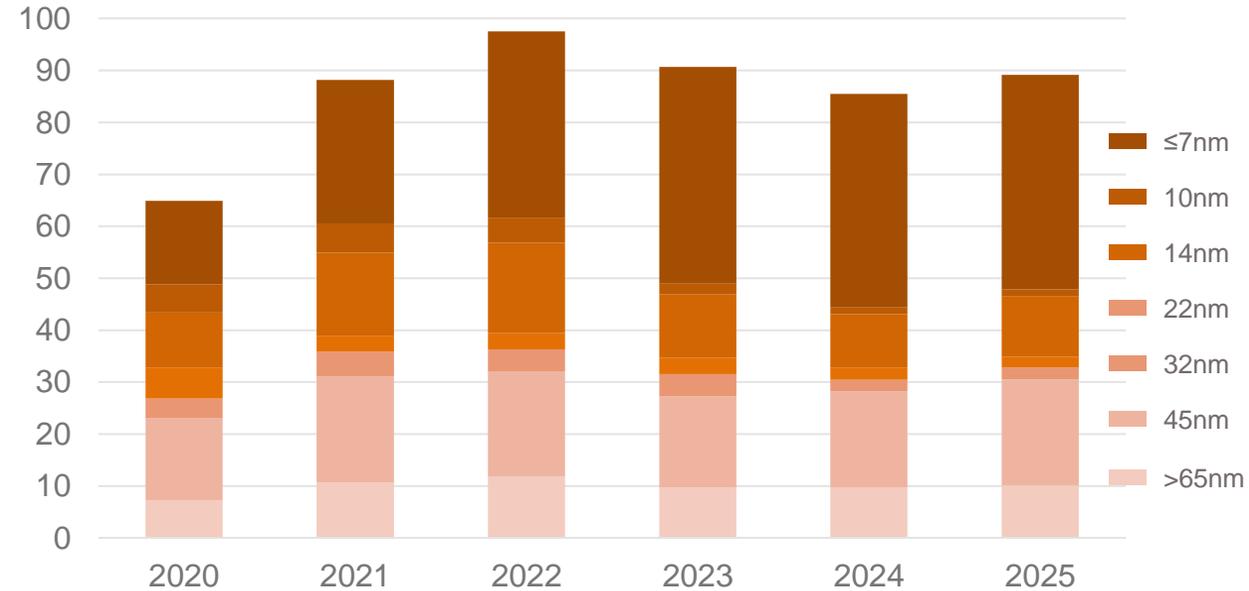
WFE spending
US\$ billion



Source: VLSI, January 2022

- VLSI Research expects WFE to increase by 23% in 2022 (January 2022)

WFE by technology node
US\$ billion

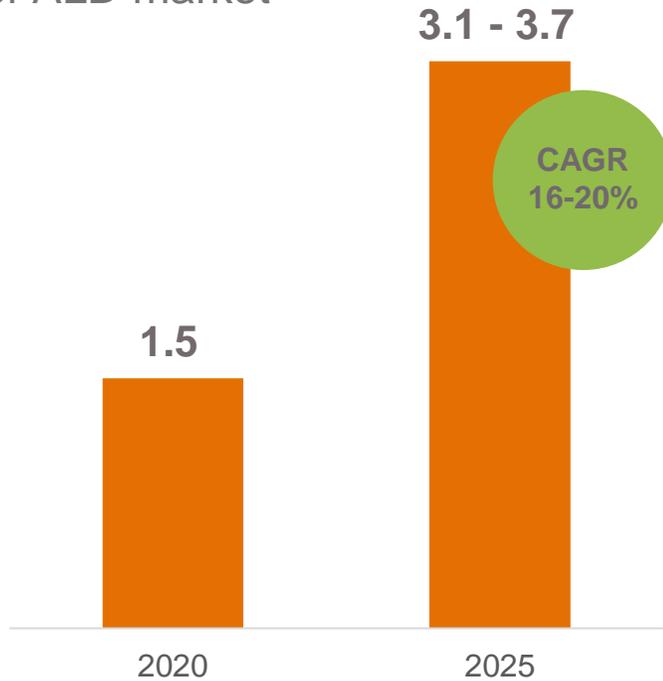


Source: Gartner, January 2022

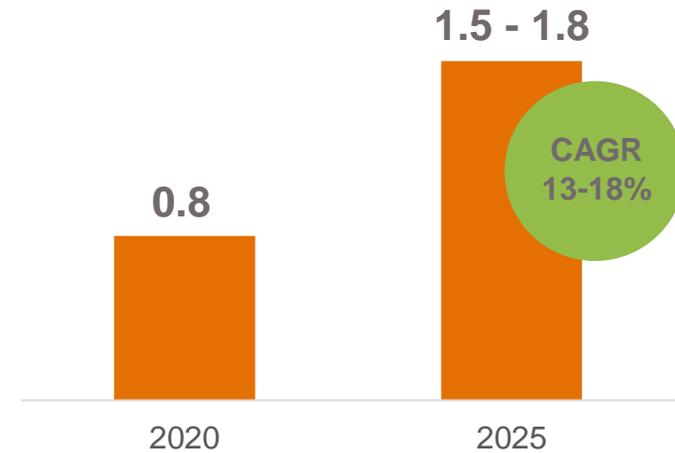
- Strongest growth in leading-edge nodes, spending on 7nm and below expected to grow from ~25% of WFE in 2020 to ~46% of WFE in 2025
- Gartner expects WFE to increase by 11% in 2022 (January 2022)

SINGLE-WAFER ALD AND EPITAXY MARKET OUTLOOK

Single-wafer ALD market
US\$ billion



Epi market
US\$ billion



Source: ASMI

- ALD and Epi expected to be the fastest growing segments in the deposition market driven by increasing device complexity, 3D structures, and new materials
- Mid-term targets: maintain ALD market share (2025: >55% vs 2020: ~55%); increase Epi market share (2025: >30% vs 2020: ~15%)
- Node progression and move to gate-all-around (GAA) are expected to drive US\$ 1.2 billion increase in the ALD/Epi markets in advanced logic/foundry

OUR STRATEGY IS GROWTH THROUGH INNOVATION

6 STRATEGIC OBJECTIVES

- Grow ALD business by maintaining leadership in logic/foundry and expanding in memory
- Increase Epi market share
- Selective growth in VF and PECVD niches
- Grow spares & services business
- Accelerate sustainability
- Drive continued strong financial performance

5 KEY STRATEGY ENABLERS

- Best people
- Leading-edge innovation
- Early customer engagements
- Flawless operational excellence
- Strong financial position

OUR PURPOSE IS TO IMPROVE PEOPLE'S LIVES THROUGH ADVANCING TECHNOLOGIES THAT UNLOCK NEW POTENTIAL

OUR MISSION IS TO ENABLE OUR CUSTOMERS' SUCCESS BY CREATING LEADING-EDGE SEMICONDUCTOR PROCESS PRODUCTS, SERVICES, AND NEW MATERIALS

Our Net Zero target:

Reduce environmental footprint
of our operations

100% renewable
electricity by 2024

Aim to be net zero by 2035 (scope
1, 2 and 3 emissions)



2021 achievements include:

Transitioned most of our key
sites to renewable energy in 2021

CDP Climate and Water Security
scores improved from C to B

Reuse of shipping packaging
helped avoid 259 metric tons
combined disposal⁽¹⁾

(1) 2020: 163 metric tons

FINANCIAL TARGETS TOWARDS FY 2025

	FY 2020	FY 2021	FY 2025
Revenue	€1.3 billion	€1.7 billion	€2.8 to €3.4 billion ¹
Revenue growth	22% CAGR (FY16-FY20)	34% YOY ¹	16-21% CAGR (FY20-FY25)
Gross margin %	47.0%	47.9%	46-50% (FY21-FY25)
SG&A % revenue	11.9%	11.0%	High single digit (FY25)
R&D (net) % revenue	10.5%	8.7%	High single digit to low teens (FY25)
Operating margin %	24.6%	28.4%	26-31% (FY21-25)

- ETR (effective tax rate %): Gradually increasing to low twenties
- We expect working capital days to range from 55-75 days (2021-2025)
- Expected capital expenditure ranging from €60-€100 million annually (2021-2025)

(1) In constant currencies

ANNEX: DETAILED FINANCIALS



INCOME STATEMENT

€ million

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2020	FY 2021
New orders	379	411	516	625	645	1,314	2,196
Backlog	324	345	446	648	811	324	811
Book-to-bill ratio	1.1	1.0	1.3	1.4	1.3	1.0	1.3
Revenue	347	394	412	433	491	1,328	1,730
Cost of sales	(190)	(199)	(214)	(229)	(260)	(705)	(902)
Gross profit	157	195	198	204	231	624	828
Other income	-	-	-	-	4	-	4
Selling, general and administrative	(42)	(40)	(46)	(49)	(55)	(157)	(190)
Research and development	(37)	(31)	(34)	(38)	(49)	(139)	(151)
Total operating expenses	(79)	(71)	(80)	(87)	(104)	(296)	(341)
Operating result	78	125	118	117	131	327	491
Net interest income (expense)	(1)	(0)	(1)	(0)	(0)	(2)	(2)
Foreign currency exchange gains (losses)	(15)	16	(2)	13	7	(23)	33
Result from investments	27	14	19	28	26	45	87
Amortization intangible assets ⁽¹⁾	(3)	(3)	(3)	(3)	(3)	(13)	(12)
Earnings before income taxes	86	151	132	154	160	334	597
Income taxes	(6)	(29)	(24)	(25)	(25)	(49)	(103)
Net earnings	79	122	108	129	135	285	495
Normalized net earnings⁽²⁾	82	125	111	132	138	298	507

(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

€ million

	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Cash and cash equivalents	435	498	465	525	492
Accounts receivable	280	307	324	371	447
Inventories	162	171	173	187	212
Other current assets	73	54	79	76	70
Right-of-use assets - net	23	24	23	22	27
Investments in associates	743	782	769	808	849
Property, plant and equipment	214	216	216	226	257
Goodwill and other intangible assets	221	238	249	265	286
Evaluation tools at customers	69	80	78	79	64
Other non-current assets	8	8	8	9	9
Total assets	2,230	2,377	2,385	2,568	2,711
Accounts payable	125	152	149	157	175
Short-term debt	-	-	-	-	-
Other current liabilities	216	193	199	241	232
Long-term debt	-	-	-	-	-
Other non-current liabilities	35	39	46	51	62
Equity	1,855	1,993	1,991	2,119	2,242
Total liabilities and equity	2,230	2,377	2,385	2,568	2,711

CASH FLOW STATEMENT

€ million

	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2020	FY 2021
Net earnings	79	122	108	129	135	285	495
Depreciation, amortisation and impairments	25	20	25	24	27	89	96
Net loss (gain) from sale of PP&E	-	-	-	-	(4)	-	(4)
Result from investments	(24)	(11)	(16)	(25)	(23)	(32)	(74)
Evaluation tools	(5)	(11)	(5)	(4)	12	(40)	(8)
Other adjustments	21	(43)	11	8	(31)	64	(48)
Change in working capital	(1)	39	(43)	(12)	(52)	(103)	(75)
Net cash from operating activities	95	116	80	120	64	264	381
Capital expenditures	(33)	(9)	(13)	(17)	(31)	(95)	(72)
Proceeds from sale of PP&E					4	2	6
Capitalized development expenditure	(16)	(17)	(20)	(20)	(24)	(64)	(82)
Dividend received from associates	-	-	22	15	-	16	36
Purchase of intangible assets	(1)	(0)	(0)	(0)	(2)	(3)	(3)
Net cash from investing activities	(49)	(27)	(12)	(23)	(53)	(144)	(114)
Payment of lease liabilities	(2)	(2)	(2)	(2)	(2)	(8)	(8)
Dividends to common shareholders	-	-	(97)	-	-	(99)	(97)
Purchase of treasury shares	(28)	(37)	-	(45)	(58)	(67)	(140)
Proceeds from issuance of treasury shares	1	-	-	1	3	3	5
Net cash from financing activities	(30)	(39)	(99)	(45)	(57)	(170)	(240)

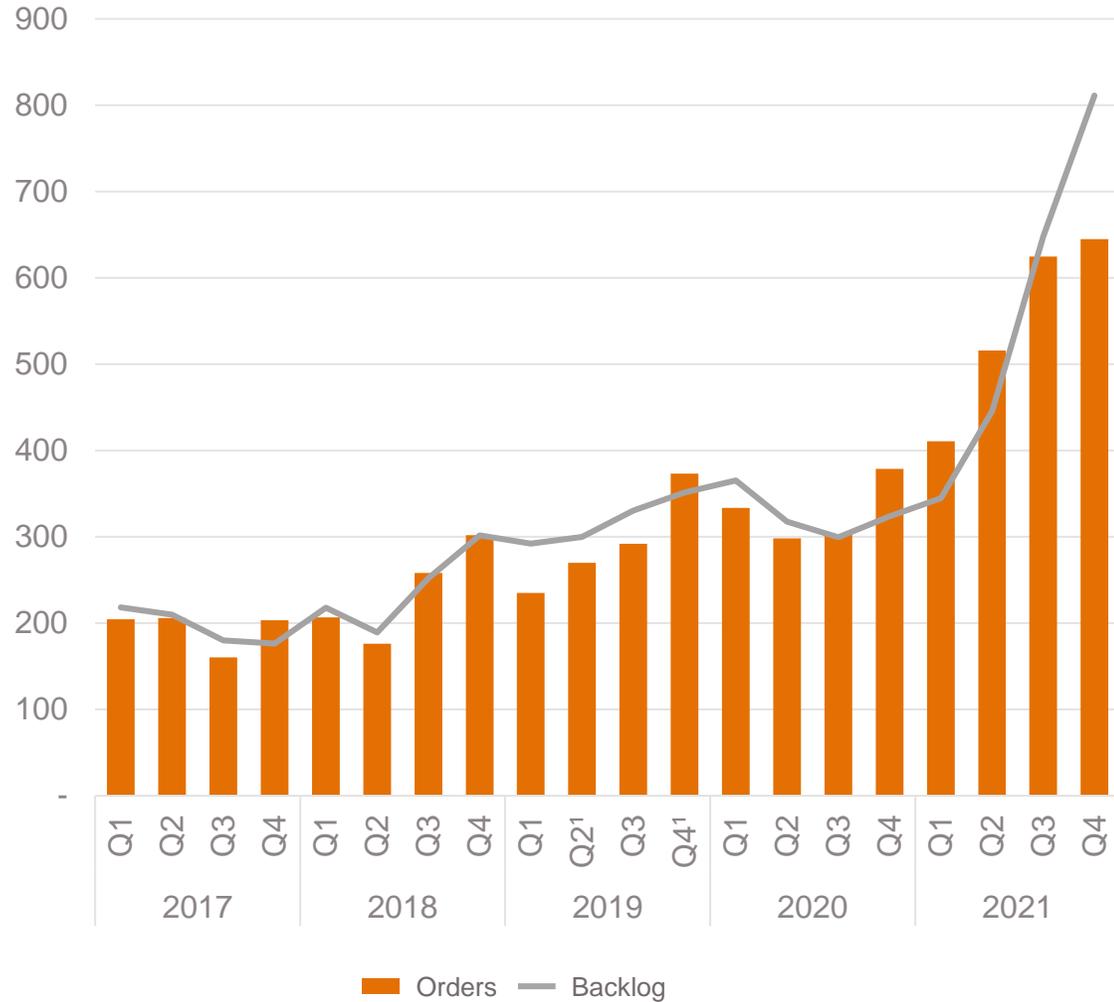
R&D BREAKDOWN

€ million

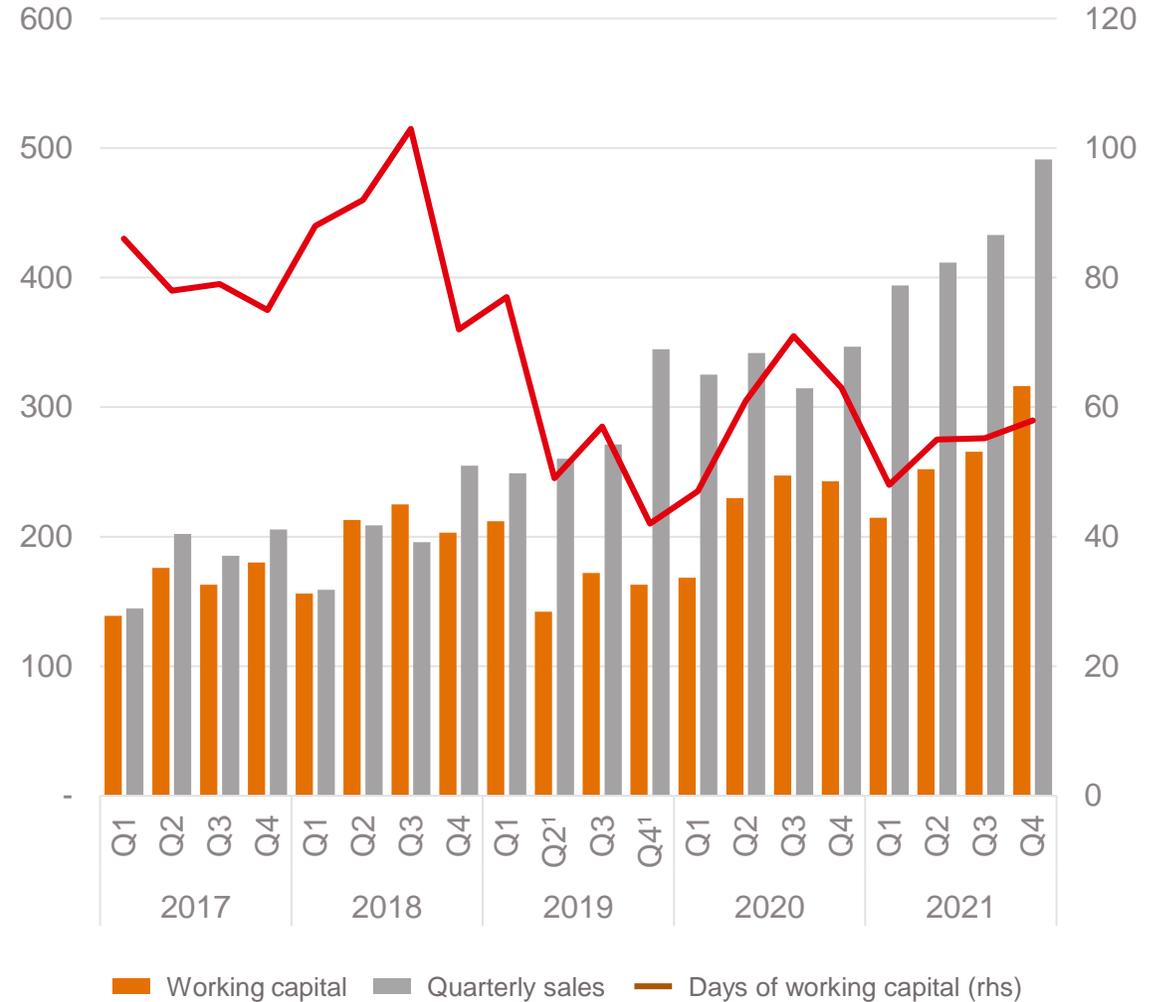
	Q4 2020	Q3 2021	Q4 2021	FY 2020	FY 2021
Gross R&D expenses	45	52	64	172	206
Capitalization of development expenses	(16)	(20)	(24)	(64)	(82)
Amortization of capitalized development exp.	5	6	8	21	25
Impairment of capitalized development exp.	3	-	1	10	2
Net R&D expenses	37	38	49	139	151
Gross R&D expenses as % of revenue	13.0%	12.0%	13.0%	12.9%	11.9%
Net R&D expenses as % of revenue	10.7%	8.8%	9.9%	10.5%	8.7%

HISTORICAL DEVELOPMENT

Orders and backlog
€ million



Working capital
€ million

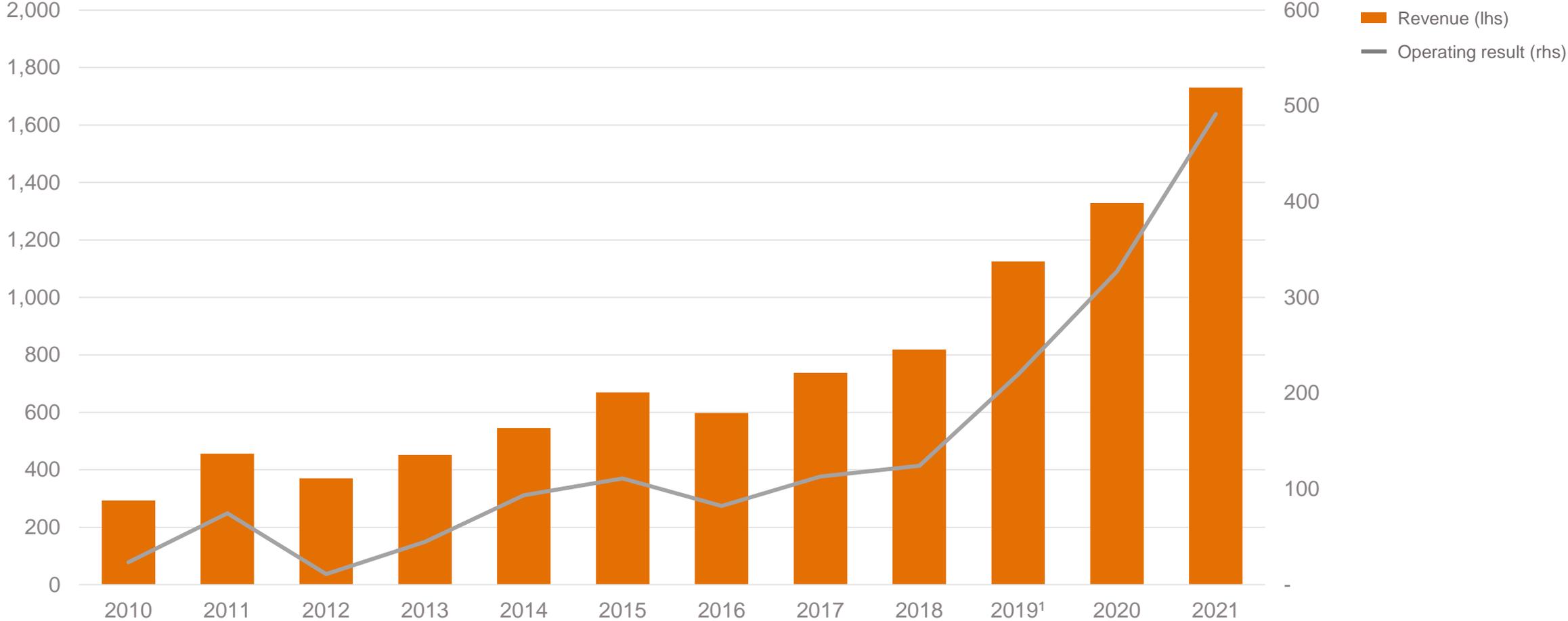


(1) Excluding the impact of patent litigation and arbitration settlement

REVENUE AND OPERATING RESULT: HISTORICAL DEVELOPMENT



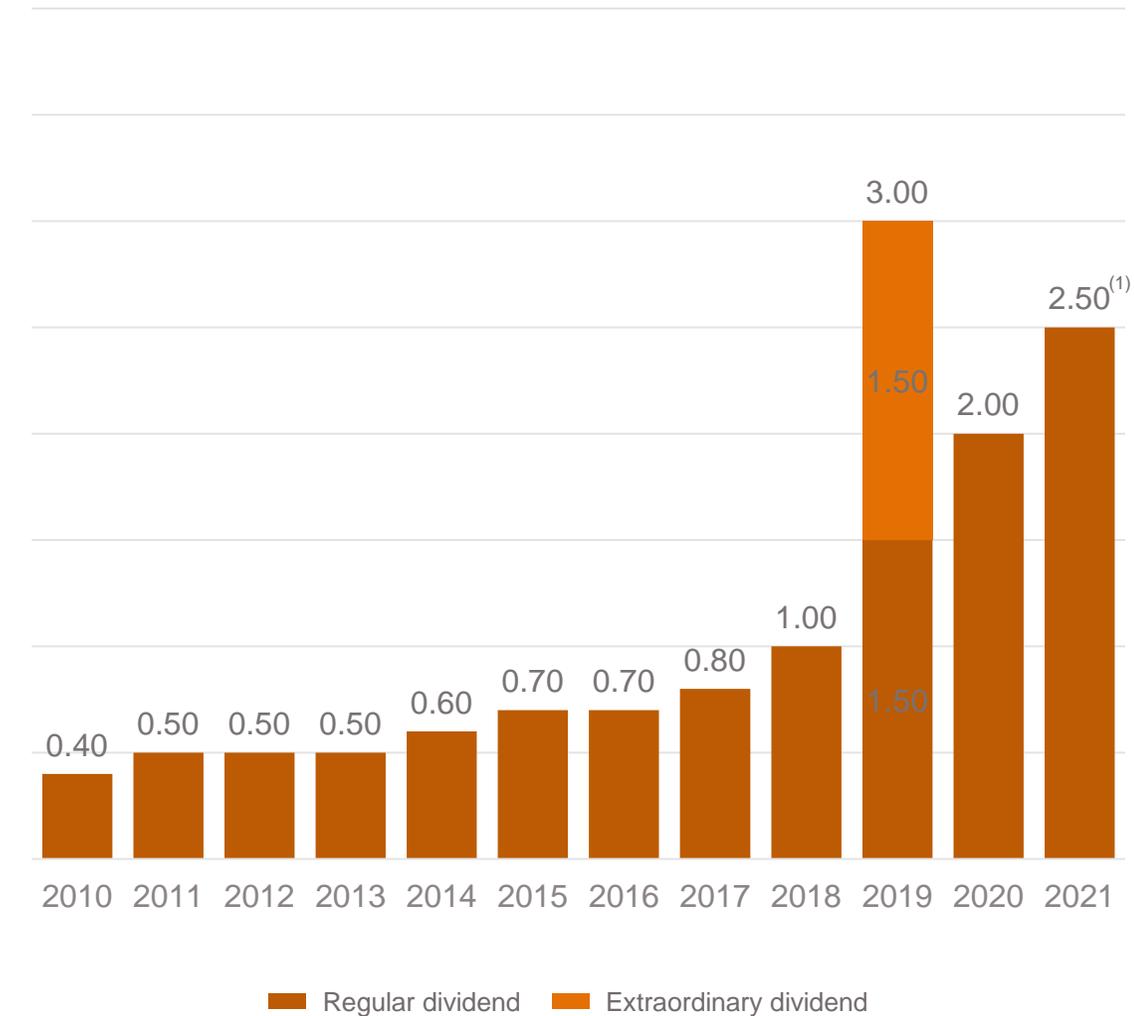
€ million



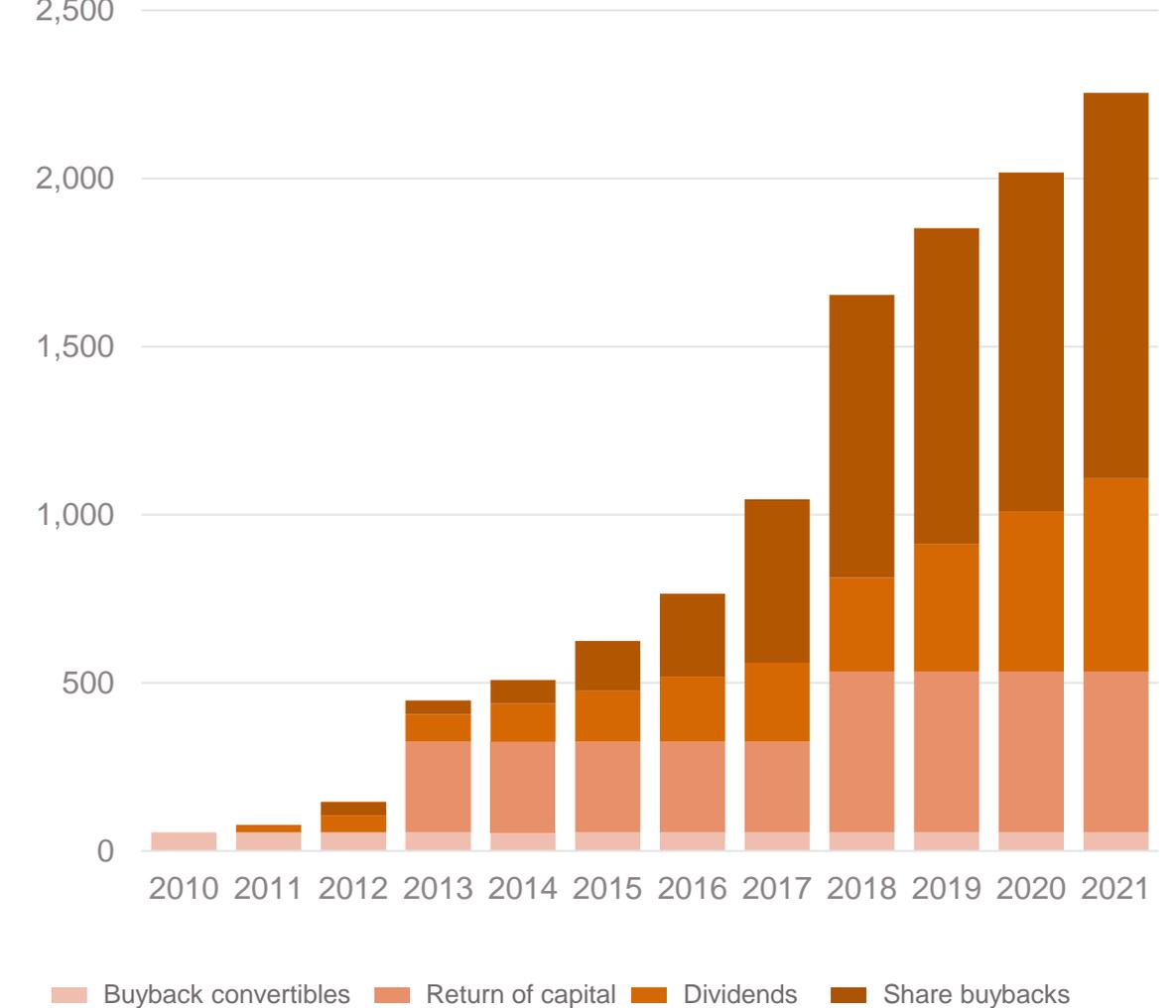
(1) Excluding settlement gains of €159m

EXCESS CASH RETURNED TO SHAREHOLDERS

Dividend per share
€ paid over



Cumulative cash returned to market
€ million



(1) Proposed

For more information please visit www.asm.com