

ASM Q2 2022 RESULTS

JULY 20, 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.

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#1

On July 18, 2022 ASM announced ([here](#)) that it reached an agreement to acquire LPE, entering the high-growth silicon carbide epitaxy equipment business, driven by growth in electric vehicles

#2

Purchase price is a combination of cash and shares representing an enterprise value of €425m at the date of signing, with additional earn out of up to €100m based on certain performance metrics

#3

LPE is profitable and will contribute to net earnings immediately after closing, with expected revenue of >€100m in 2023

#4

ASM sees potential for meaningful value creation by combining LPE's design & process expertise in SiC with ASM's expertise in epitaxy, extensive sales and service footprint worldwide and manufacturing/supply chain prowess

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 2020 to 2025
- › Expanding our position in the Epi market (CAGR of 13%-18% from 2020 to 2025)
- › Selective growth in PECVD and Vertical Furnaces, and healthy growth in spares & services

UNDERScoreD BY A HEALTHY PROFITABILITY

- › Q2 2022 gross margin of 47.5% and operating margin of 26.4%

AND A STRONG BALANCE SHEET

- › Solid cash position of €552m at the end of Q2 2022, no debt
- › Dividend of €2.50 per share paid last May, an increase of 25% compared to previous year

STEPPING UP OUR FOCUS ON SUSTAINABILITY

- › Target to achieve Net Zero emissions by 2035 announced in September 2021
- › Launched core values “We Care, We Innovate, We Deliver” to build an even stronger and more unified culture

Q2 2022 RESULTS



Q2 NEW ORDERS

- New record orders of €943m driven by robust new node spending in logic/foundry and by recent wins in memory, particularly for ALD gap-fill in 3D-NAND and continued adoption of HKMG in DRAM

Q2 REVENUE

- Revenue of €560m at the higher end of the guidance of €540-570m thanks to solid execution notwithstanding continued difficult supply chain conditions
- Overall demand for WFE continued to be strong and broad based despite recent slowdown in parts of the semiconductor end-markets, mainly PCs and smartphones

OPERATING EXPENSES

- Operating profit improved by 25% YoY
- R&D and SG&A further increase in Q2 was driven by investments in the growth of the company

FREE CASH FLOW

- Healthy free cash flow of €121m in Q2 2022

Q2 2022 FINANCIAL HIGHLIGHTS

€ million, year-on-year comparisons

+83%

Orders: €943m

(+73% at constant currencies)

+36%

Revenue: €560m

(+30% at constant currencies)

€552m

Cash position

47.5%

Gross margin

(48.1% in Q2 2021)

26.4%

Operating margin

(28.7% in Q2 2021)

€121m

Free cash flow

+39%

**Share in income of
investments in
associates⁽¹⁾: €27m**

+47%

**Normalized net
earnings⁽¹⁾: €164m**

€122m

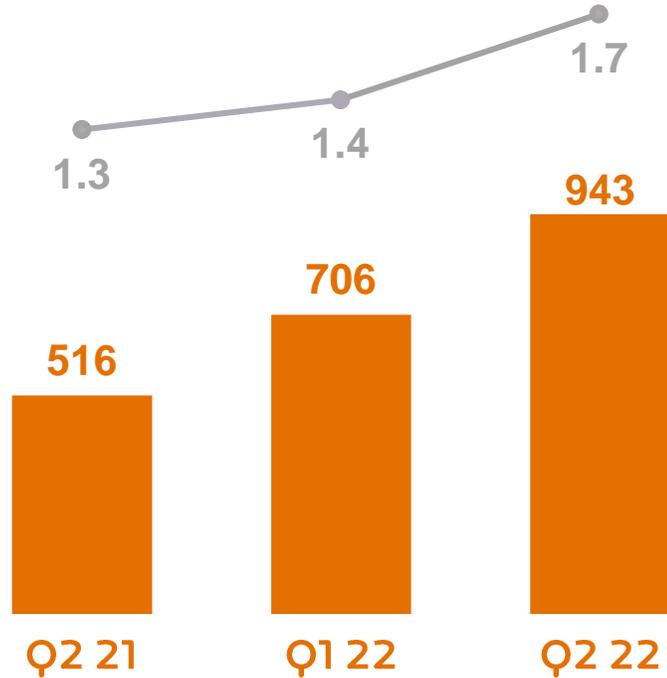
**Cash spent
on dividends**

(1) Excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013

NEW ORDERS +83% YOY HIT RECORD-HIGH LEVEL

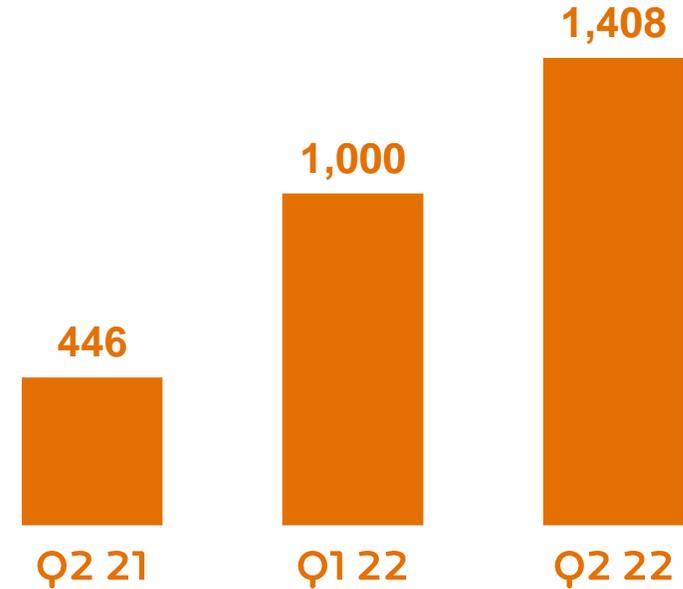
NEW ORDERS

€ million



BACKLOG

€ million



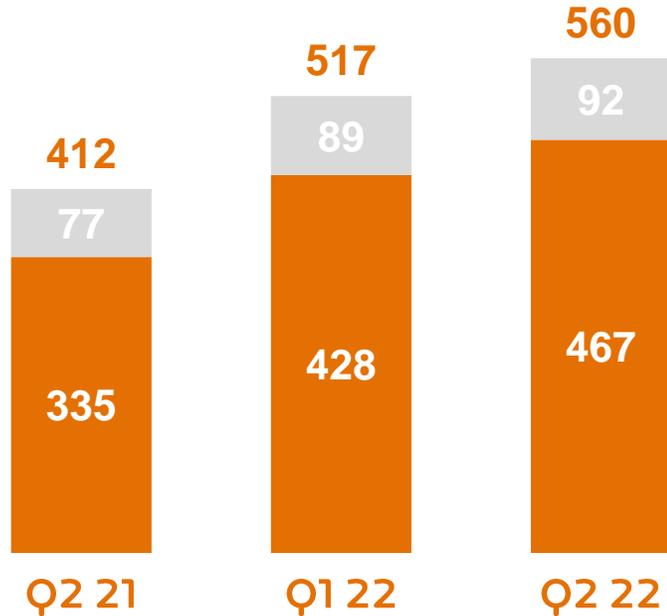
● Book-to-bill ratio

- Q2 new orders increased 83% YoY as reported (73% at constant currencies to a new record-high of €943m)
- Orders increased 34% QoQ with a book-to-bill ratio of 1.7
- Order intake led by foundry followed by memory and then logic

REVENUE +36% YOY, AT THE HIGHER END OF GUIDANCE

REVENUE

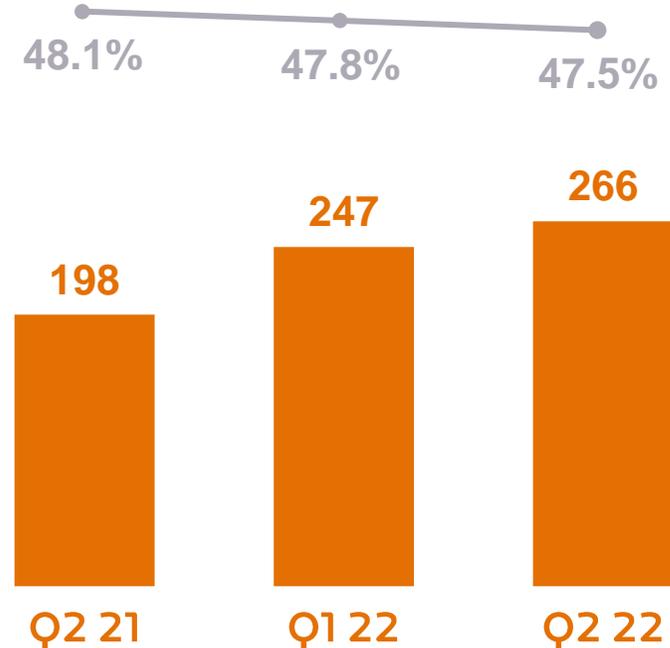
€ million



■ Spares & services revenue ■ Equipment revenue

GROSS PROFIT

€ million



● Gross profit margin

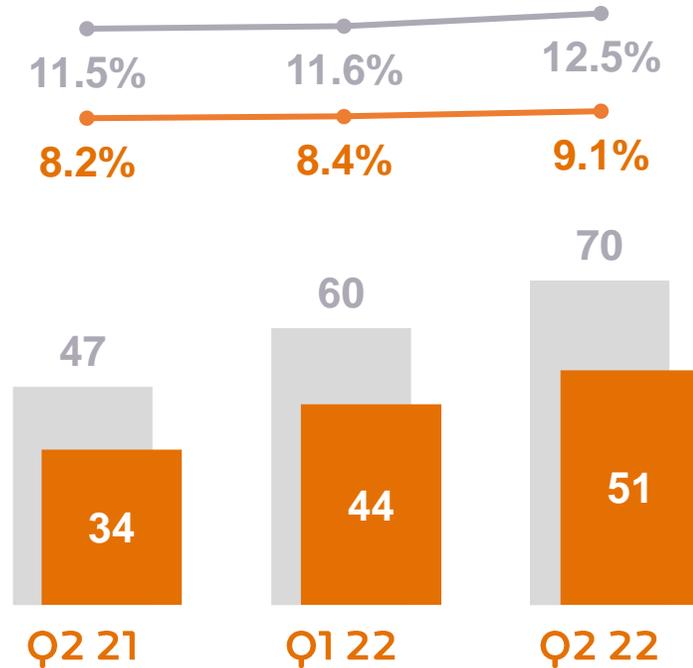
- Q2 revenue increased 36% YoY (+30% at constant currencies). QoQ revenue increased 8% as reported and at constant currencies
- Revenue in the second quarter was led by foundry followed by logic and then memory

- Gross margin down YoY and QoQ due to application mix

STEPPING UP R&D SPENDING IN LINE WITH MID-TERM TARGET

GROSS AND NET R&D

€ million



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

€ million

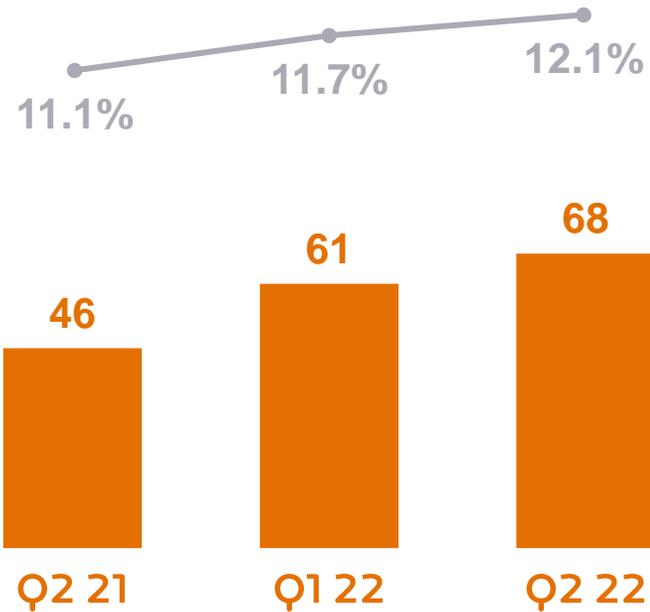
	Q2 21	Q1 22	Q2 22
Gross R&D expenses	47.3	59.9	70.2
Capitalization development expenses	(20.3)	(23.7)	(27.3)
Amortization capitalized development exp.	5.7	7.2	8.0
Impairment capitalized development exp.	1.1	0.1	(0.1)
Net R&D expenses	33.7	43.5	50.9

- Net R&D expenses increased by 17% compared to the previous quarter and increased by 51% year-on-year. The year-on-year increase of €17 million was mainly due to increased headcount and R&D projects, partly offset by higher capitalization, which increased from €20 million to €27 million
- Net R&D expenses were 9.1% of revenue in Q2 2022 compared to 8.2% in the same period in 2021

SG&A UP DUE TO HIGHER HEADCOUNT, EMPLOYEE-RELATED EXPENSES

SG&A

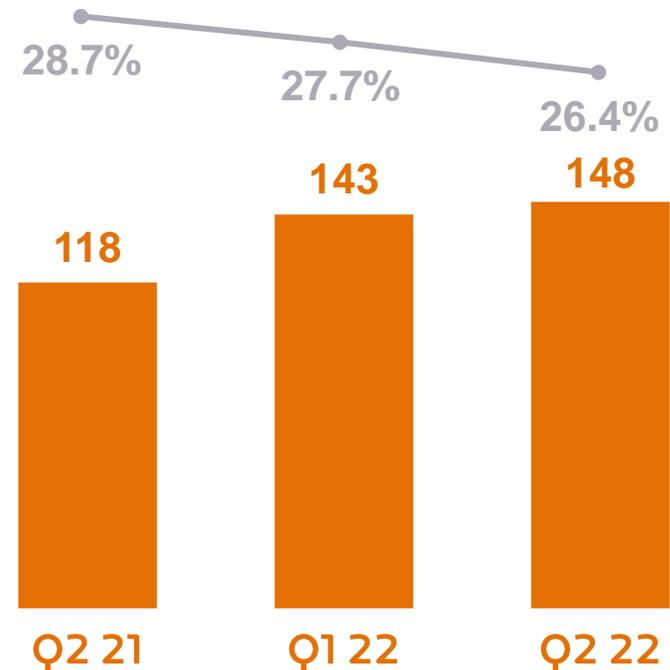
€ million



● SG&A as % of revenue

OPERATING RESULT

€ million



● Operating margin

- SG&A increased 47% YoY, mainly explained by increased headcount (+37% YoY), employee compensation (incl. annual compensation adjustments in April), other expenses (e.g. for travel), and other investments to support the growing business. SG&A expenses increased 11% QoQ

- Q2 2022 operating margin was 26.4%, a decrease of 2.3% pts YoY and 1.3% pts sequentially

NORMALIZED NET EARNINGS AT €164M, UP 47% YOY

SHARE IN INCOME OF INVESTMENTS IN ASSOCIATES

€ million

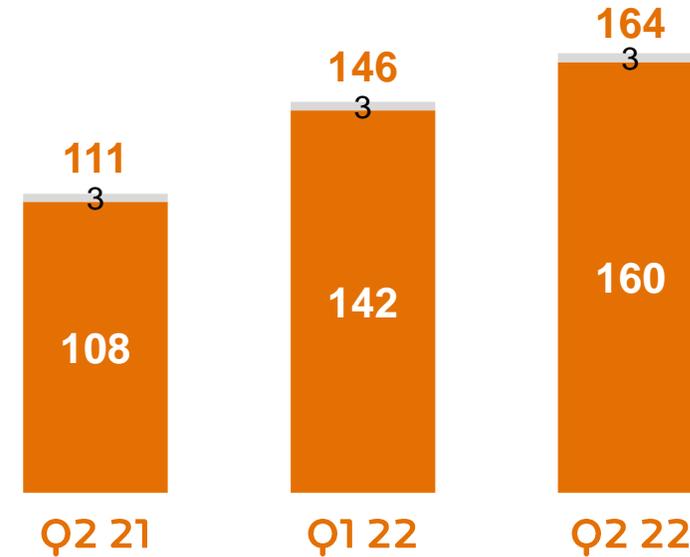


Amortization intangible assets⁽¹⁾ Share in income of investments in associates

- Share in income of investments in associates⁽¹⁾ (reflecting 25% stake in ASMPT) increased by €8m YoY and €3m QoQ
- For 2022 amortization intangible assets⁽²⁾ expected to amount to €13.1m

NORMALIZED NET EARNINGS

€ million



Amortization intangible assets⁽¹⁾ Net earnings (reported)

- Q1 2022 included a translation gain of €26m (a loss of € 2m in Q2 2021 and a gain of €9m in Q1 2022)
- Normalized net earnings increased by 47% YoY and by 12% QoQ

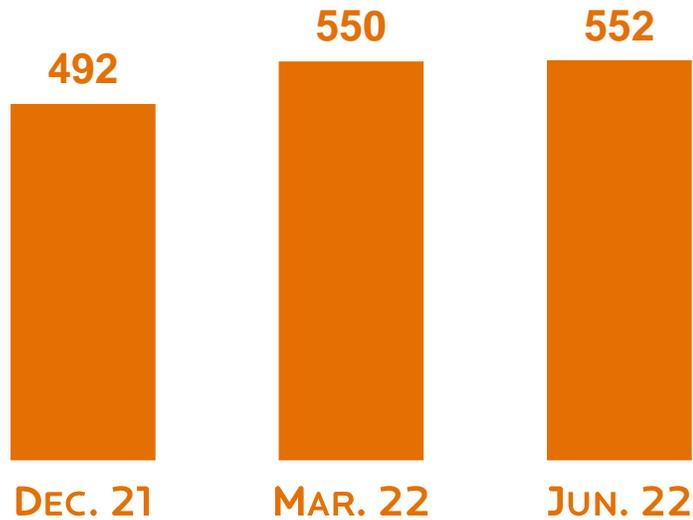
(1) Excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT

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

SOLID CASH POSITION AT €552M AND A HEALTHY FREE CASH FLOW

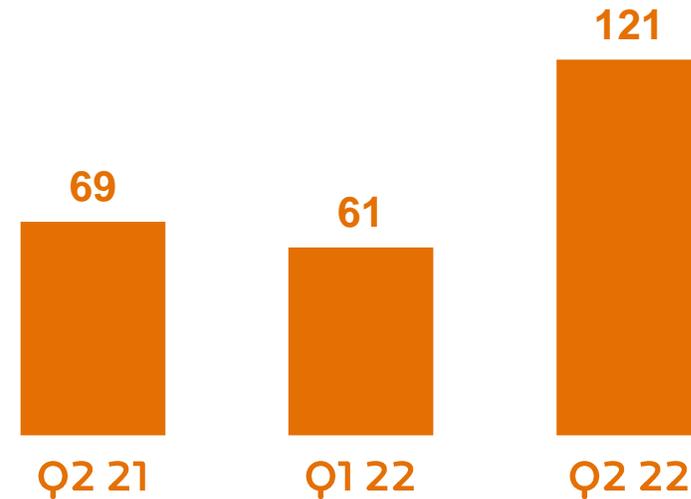
CASH POSITION

€ million



FREE CASH FLOW⁽¹⁾

€ million



- Cash position of €552m, driven by strong FCF of €121m in Q2 2022 (including ASMPT dividend of €32m), offset by €122m dividend payment

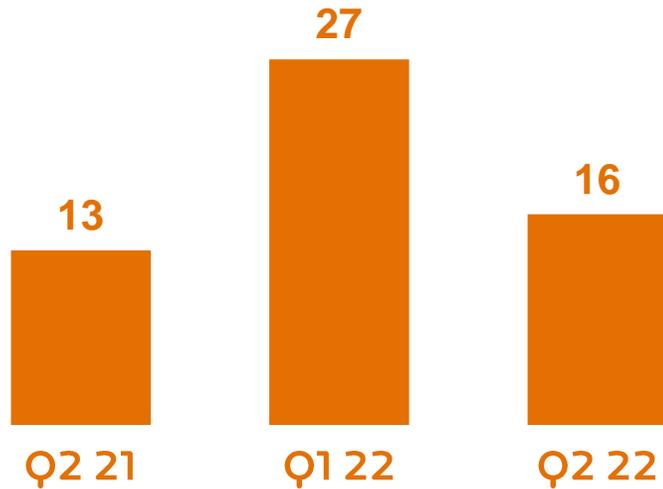
- Q2 2022 FCF up 76% YoY and 100% QoQ, supported by higher net earnings

(1) Defined as cash flows from operating activities after investing activities

CAPEX AND WORKING CAPITAL

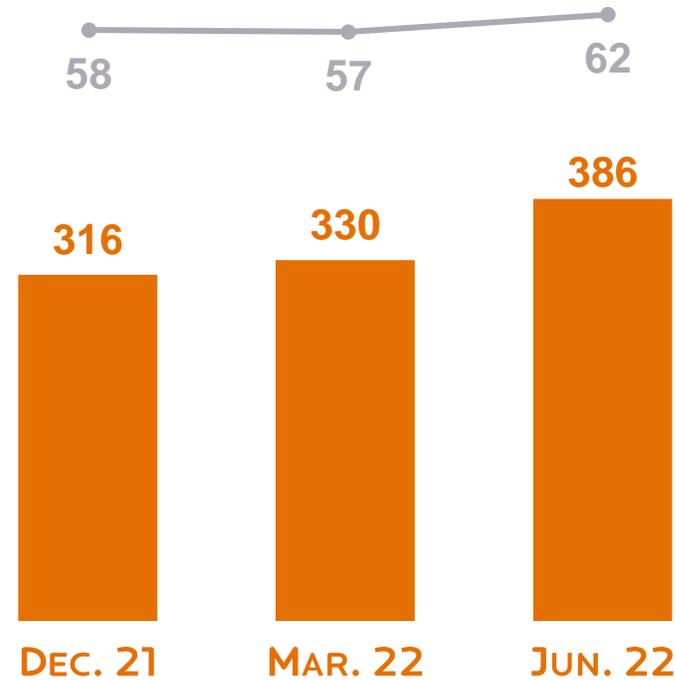
CAPEX

€ million



WORKING CAPITAL

€ million



● Days of working capital

- Capex in FY 2022 is expected to be at the high end of the €60-100m target

- Working capital increased to €386m mainly due to higher inventories

As included in the Q2 2022 earnings press release published on July 20, 2022:

“Supply chain conditions have improved at a slower pace than previously projected and, as a result, are expected to remain challenging in the third quarter. For Q3, at constant currencies, we expect revenue of €570-600 million. Supported by a record high order backlog, we still project an improvement in our sales in the second half compared to the first half. Assuming some improvement in the supply situation towards the end of the year, we expect revenue in Q4 to be higher than in Q3. As supply constraints will limit the extent of the increase in our shipments in the second half, we expect our order backlog to remain at an elevated level as we exit 2022.

We remain confident to outperform the earlier communicated expectation of mid to high teens percentage increase for wafer fab equipment (WFE) spending in 2022, although it is likely that WFE growth this year will be more towards the lower end of this range due to the industry-wide supply chain constraints.”

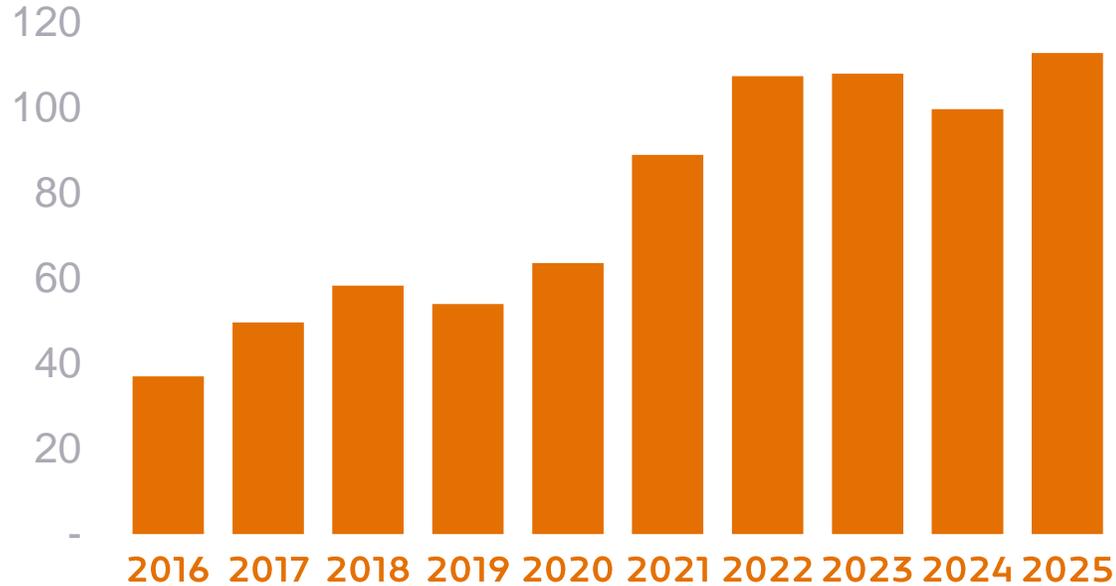
BUSINESS ENVIRONMENT, STRATEGY, AND TARGETS



EQUIPMENT MARKET OUTLOOK AND SPENDING BY NODE

WFE SPENDING

US\$ billion

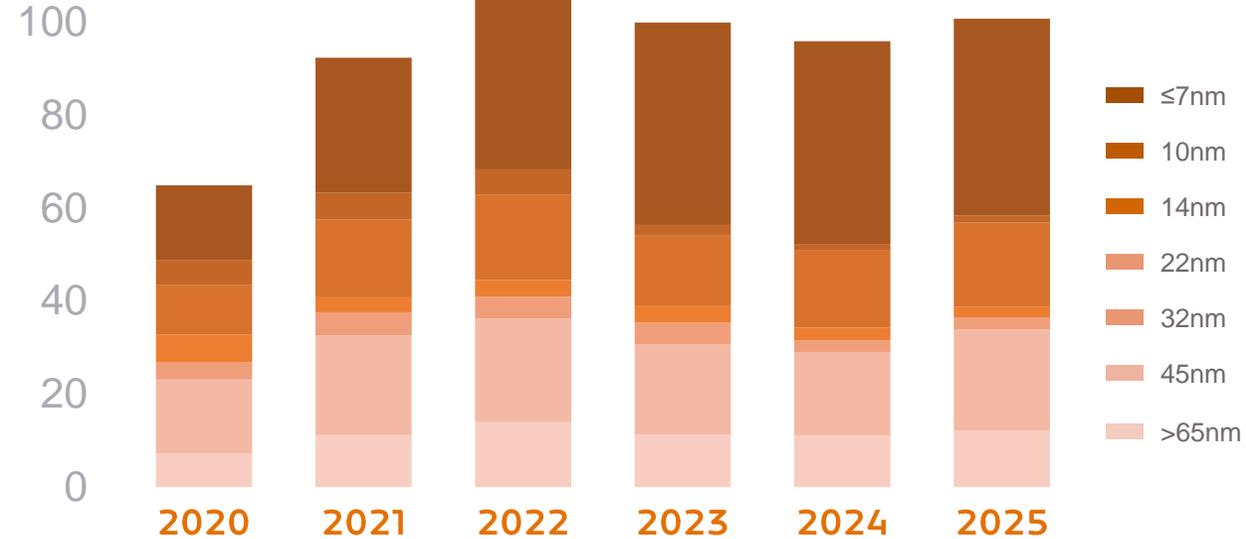


Source: TechInsights, July 2022

- TechInsights expects WFE to increase by 21% in 2022 (July 2022)

WFE BY TECHNOLOGY NODE

US\$ billion



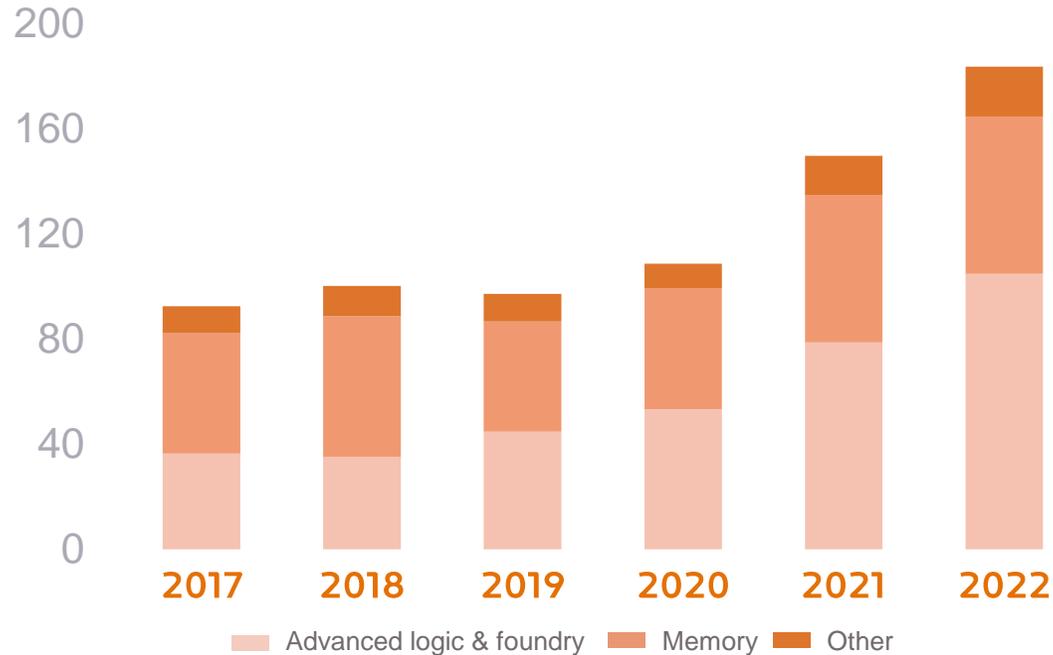
Source: Gartner, July 2022

- Strongest growth in leading-edge nodes, spending on 7nm and below expected to grow from ~25% of WFE in 2020 to ~42% of WFE in 2025
- Gartner expects total WFE to increase by 19% in 2022 (July 2022)

SEMICONDUCTOR CAPEX SPENDING AND CUSTOMER CONCENTRATION

SEMICONDUCTOR CAPEX SPENDING

US\$ billion

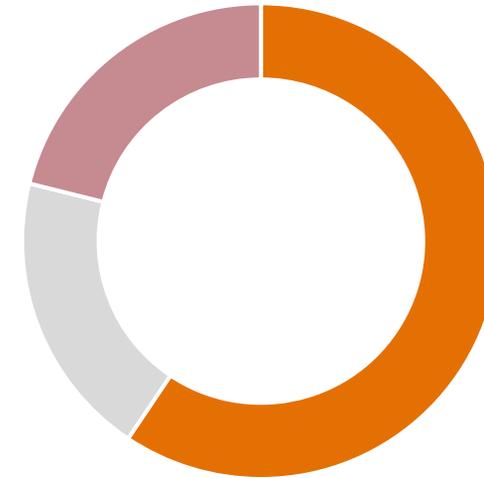


Source: TechInsights, June 2022

- Capex spending is expected to increase further in 2022, with advanced logic and foundry representing the largest portion

ASM FY21 REVENUE BY CUSTOMER CONCENTRATION

IN %



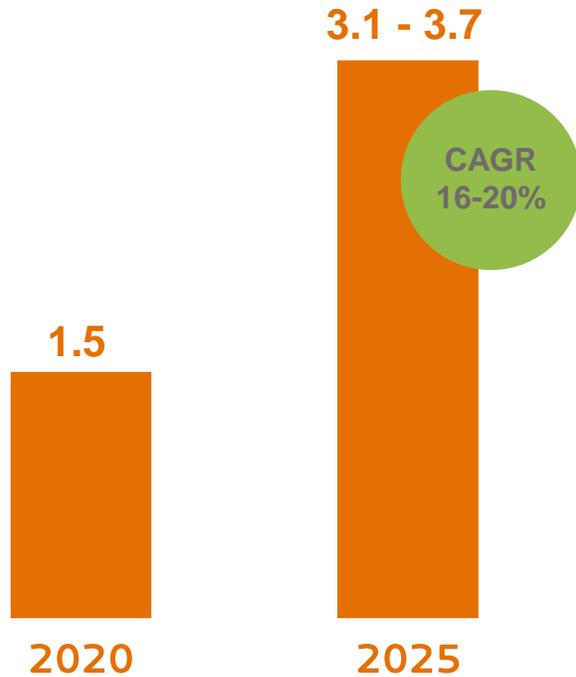
3 largest customers | From 4th to 10th customer | Rest of customers

- The 10 largest customers accounted for about 79% of revenue in FY 2021
- The 3 largest customers accounted for approximately 59% of revenue in FY 2021

SINGLE-WAFER ALD AND EPITAXY MARKET OUTLOOK

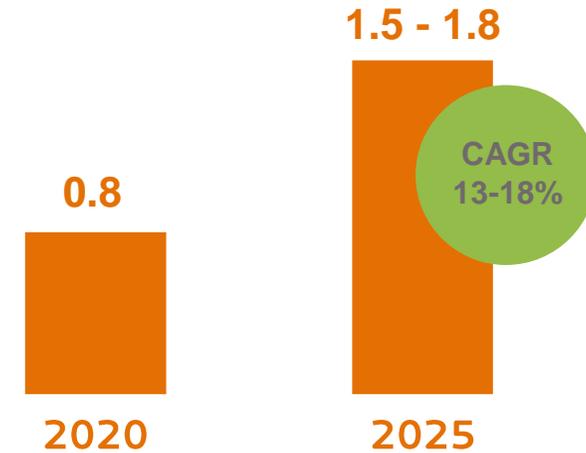
SINGLE-WAFER ALD MARKET

US\$ billion



EPI MARKET

US\$ billion



- 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 combined ALD/Epi markets in advanced logic/foundry by 2025

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⁾

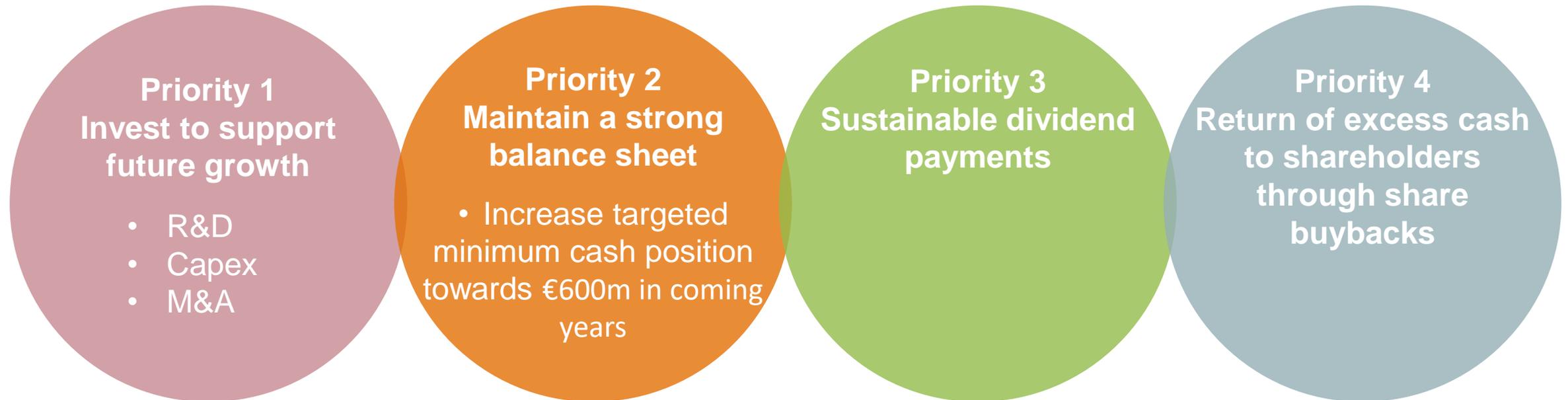
(1) 2020: 163 metric tons

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 17.2% in FY 2021): Expected to gradually increase 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) At constant currencies



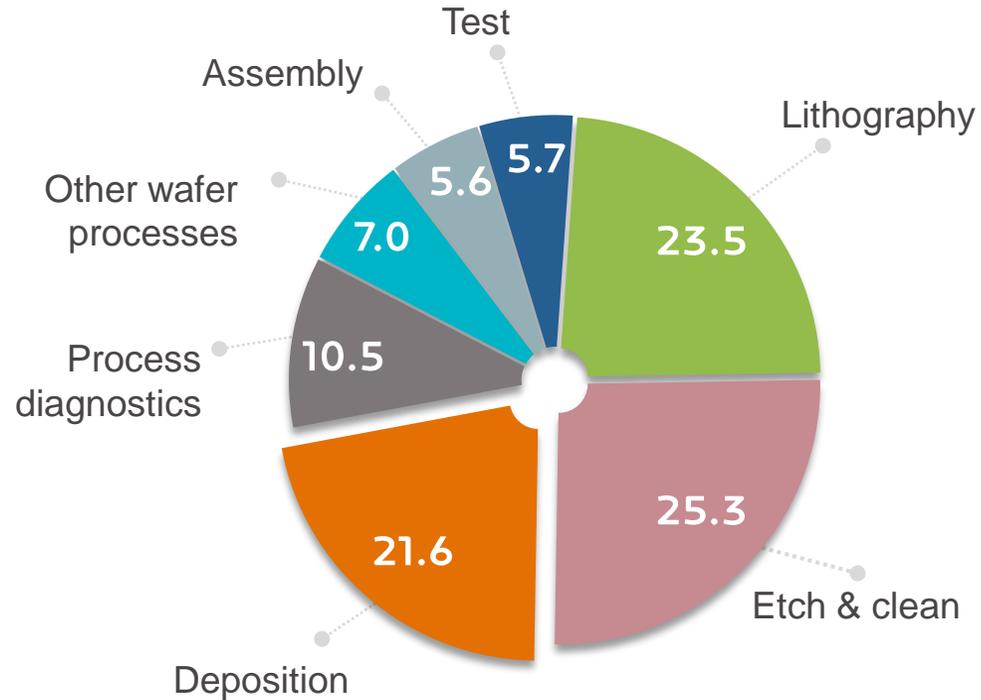
ANNEX: DETAILED FINANCIALS



ASM IS FOCUSED ON DEPOSITION EQUIPMENT

SEMICONDUCTOR EQUIPMENT MARKET SEGMENTS 2021

US\$ billion



- > ASM's focus is on deposition
- > We are market leader in ALD (~55% share). ALD accounts for more than half of our total equipment revenue
- > Expanding our position in the Epi market
- > Selective growth in PECVD and Vertical Furnaces and healthy growth in spares & services

INCOME STATEMENT

€ million

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
New orders	516	625	645	706	943
Backlog	446	648	811	1,000	1,408
Book-to-bill ratio	1.3	1.4	1.3	1.4	1.7
Revenue	412	433	491	517	560
Cost of sales	(214)	(229)	(260)	(270)	(294)
Gross profit	198	204	231	247	266
Other income (expenses)	(0.0)	(0.5)	4	(0.1)	0.1
Selling, general and administrative	(46)	(49)	(55)	(61)	(68)
Net research and development	(34)	(38)	(49)	(44)	(51)
Total operating expenses	(80)	(87)	(104)	(104)	(118)
Operating result	118	117	131	143	148
Net interest income (expense)	(0.7)	(0.5)	(0.5)	(0.3)	0.1
Foreign currency exchange gains (losses)	(2)	13	7	9	26
Share in income of investments in associates ⁽²⁾	19	28	26	24	27
Amortization intangible assets ⁽¹⁾	(3)	(3)	(3)	(3)	(3)
Earnings before income taxes	132	154	160	172	198
Income taxes	(24)	(25)	(25)	(30)	(37)
Net earnings	108	129	135	142	160
Normalized net earnings⁽²⁾	111	132	138	146	164

(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

	JUN. 2021	SEP. 2021	DEC. 2021	MAR. 2022	JUN. 2022
Cash and cash equivalents	465	525	492	550	552
Accounts receivable	324	371	447	502	483
Inventories	173	187	212	256	341
Other current assets	79	76	70	76	80
Right-of-use assets - net	23	22	27	28	27
Investments in associates	769	808	849	884	918
Property, plant and equipment	216	226	257	274	284
Goodwill and other intangible assets	249	265	286	346	378
Evaluation tools at customers	78	79	64	67	66
Other non-current asses	8	9	9	9	9
Total assets	2,385	2,568	2,711	2,991	3,139
Accounts payable	149	157	175	211	246
Short-term debt	-	-	-	-	-
Other current liabilities	199	241	232	302	286
Long-term debt	-	-	-	-	-
Other non-current liabilities	46	51	62	66	71
Equity	1,991	2,119	2,242	2,412	2,536
Total liabilities and equity	2,385	2,568	2,711	2,991	3,139

CASH FLOW STATEMENT

€ million

	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Net earnings	108	129	135	142	160
Depreciation, amortization and impairments	25	24	27	25	27
Share in income of investments in associates	(16)	(25)	(23)	(20)	(24)
Evaluation tools	(5)	(4)	12	(7)	(1)
Other adjustments	11	8	(35)	21	13
Change in working capital	(43)	(12)	(52)	(11)	(43)
Net cash from operating activities	80	120	64	151	133
Capital expenditure	(13)	(17)	(31)	(27)	(16)
Capitalized development expenditure	(20)	(20)	(24)	(24)	(27)
Dividend received from investments	22	15	-	-	32
Other	(0.0)	(0.4)	2	(0.3)	(0.6)
Acquisitions of investments	-	-	-	(39)	-
Net cash from investing activities	(12)	(23)	(53)	(90)	(12)
Payment of lease liabilities	(2)	(2)	(2)	(2)	(2)
Dividend paid and capital repaid to ASMI shareholders	(97)	-	-	-	(122)
Share buyback	-	(45)	(58)	-	-
Other	-	1	3	-	(1)
Net cash from financing activities	(99)	(45)	(57)	(2)	(124)

WORKING CAPITAL: HISTORICAL DEVELOPMENT

€ million

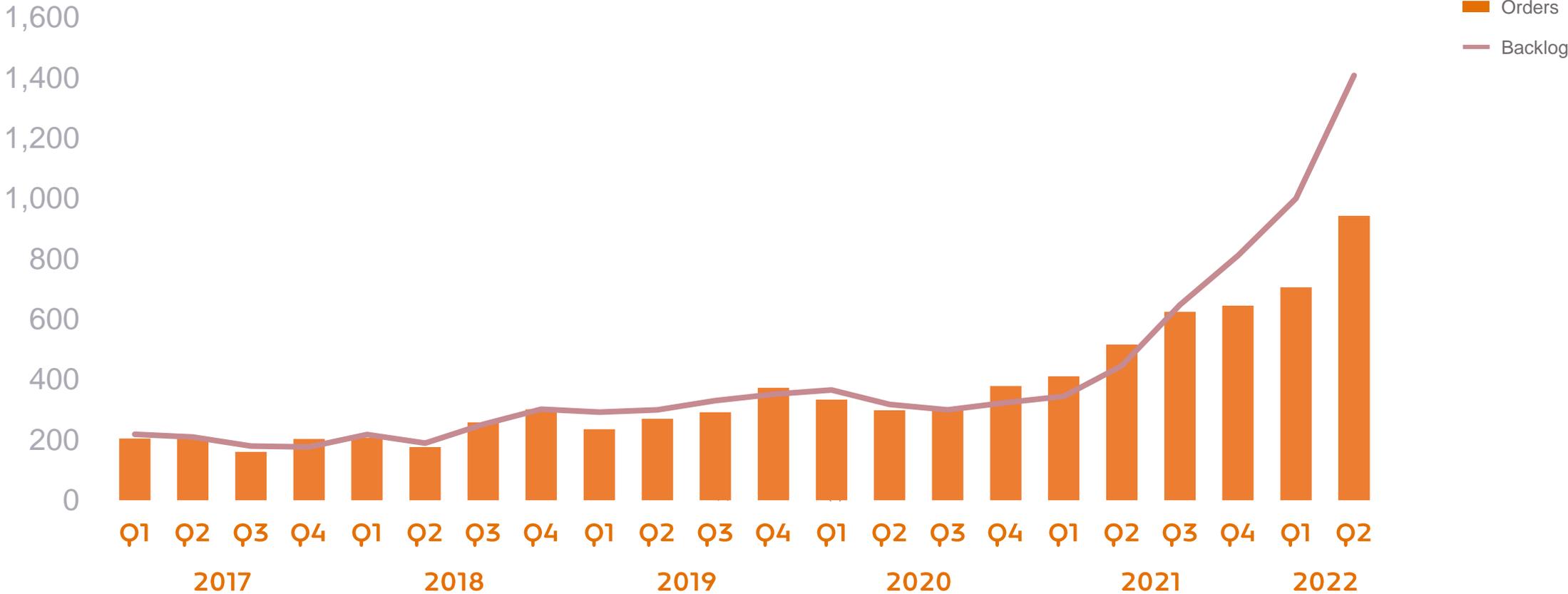


Numbers based on reported financials

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

ORDERS AND BACKLOG: HISTORICAL DEVELOPMENT

€ million

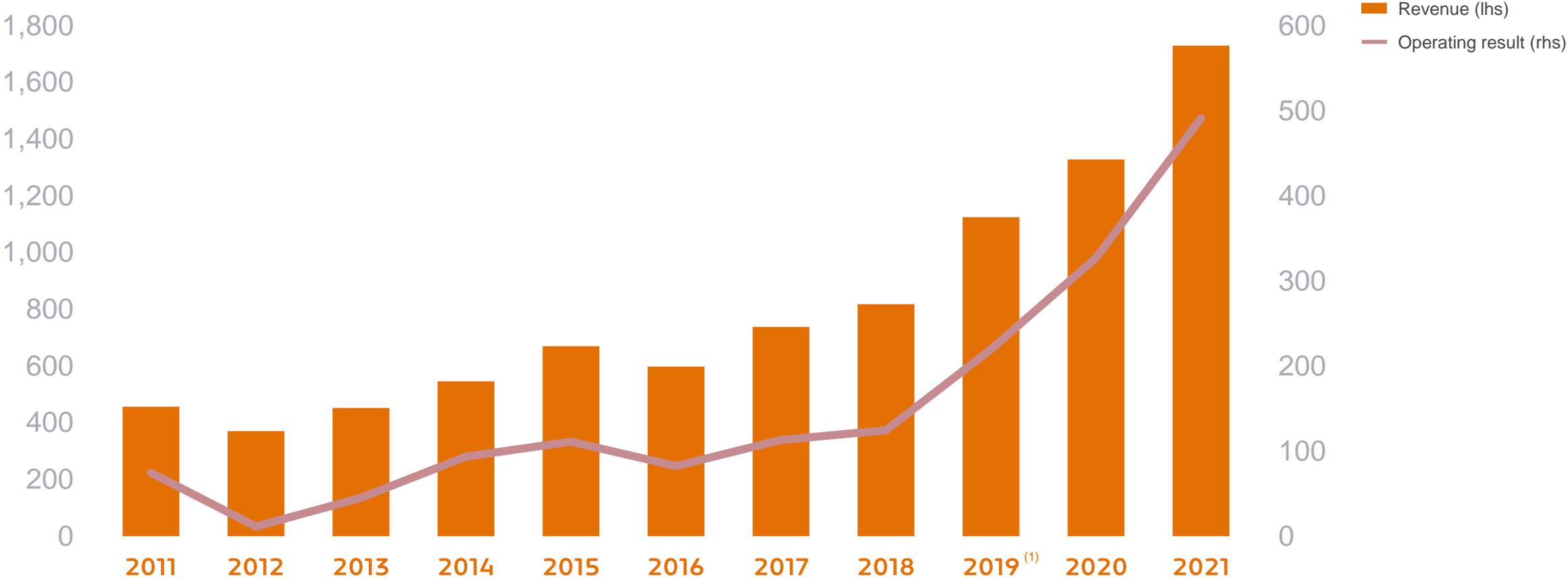


Numbers based on reported financials
 (1) Excluding the impact of patent litigation and arbitration settlements

REVENUE AND OPERATING RESULT: HISTORICAL DEVELOPMENT



€ million

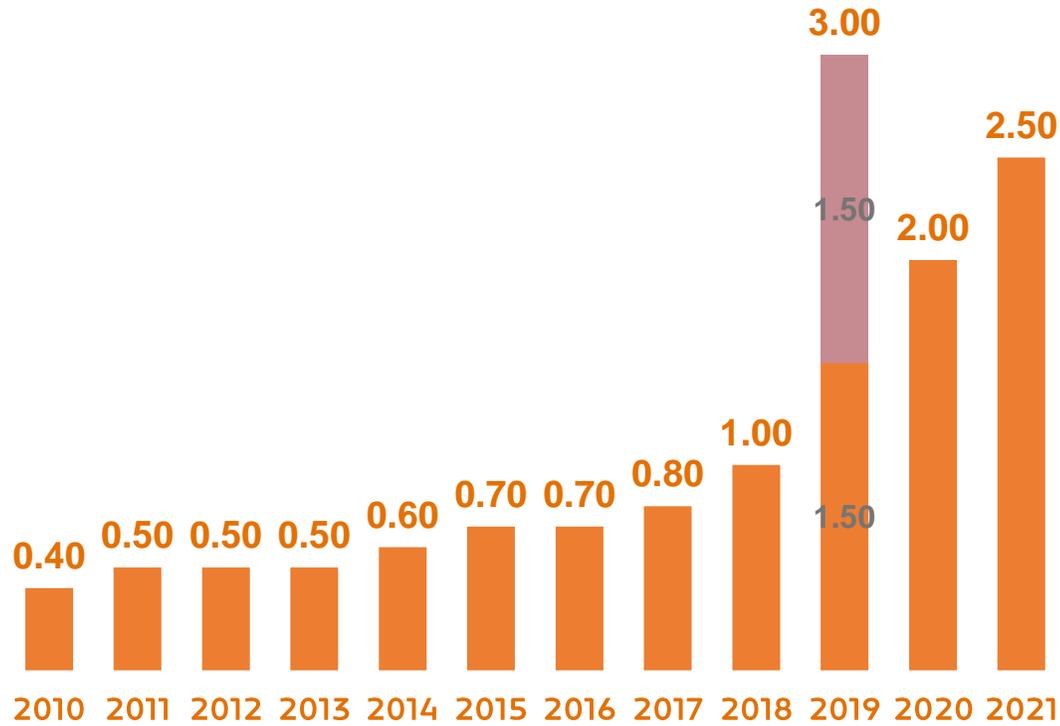


(1) Excluding settlement gains of €159m

EXCESS CASH RETURNED TO SHAREHOLDERS

DIVIDEND PER SHARE

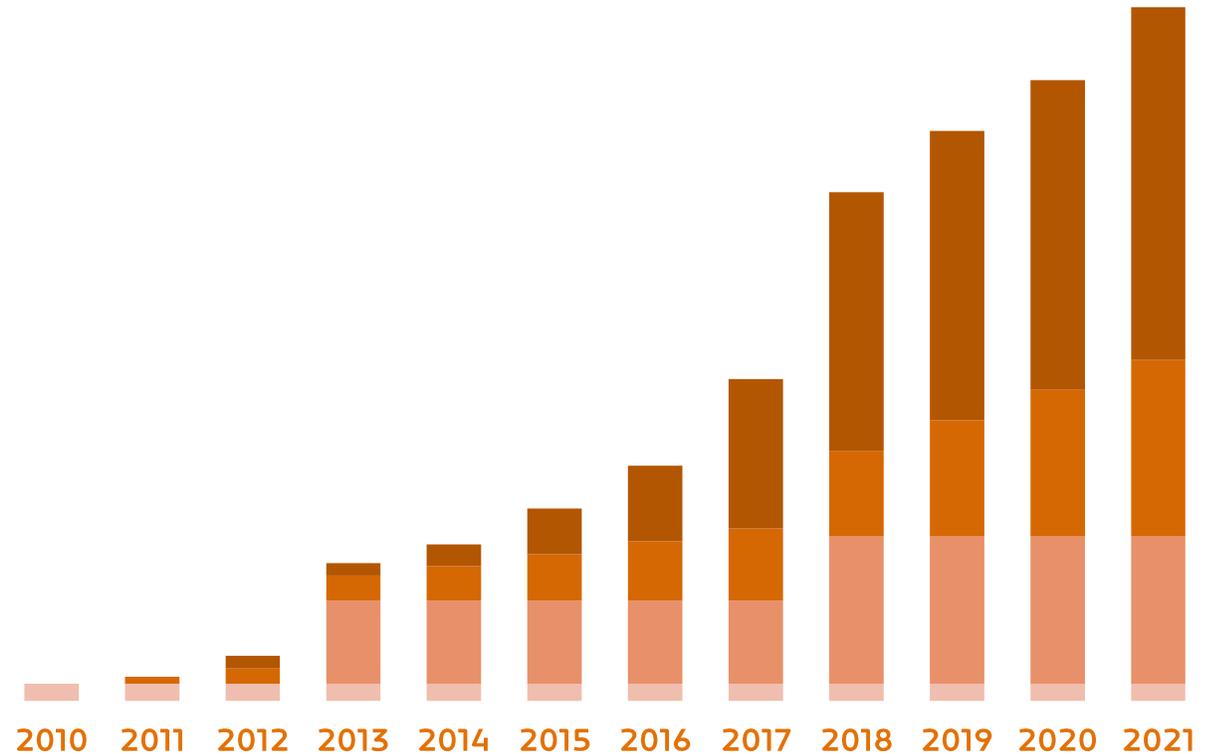
€ paid over



Regular dividend Extraordinary dividend

CUMULATIVE CASH RETURNED TO MARKET

€ million



Buyback convertibles Return of capital Dividends Share buybacks

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