

ASM Q3 2022 RESULTS

OCTOBER 25, 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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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
- › With the acquisition of LPE (closed on October 3), ASM enters the high-growth silicon carbide Epi market

AND A HEALTHY PROFITABILITY

- › Q3 2022 gross margin of 48.1% and operating margin of 26.2%

WITH A STRONG BALANCE SHEET

- › Solid cash position of €670m at the end of Q3 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

Q3 2022 RESULTS



Q3 REVENUE

- › Record-high revenue of €610m, above the higher end of the guidance of €570-600m
- › Revenue was led by foundry, followed by memory, and then logic

Q3 NEW ORDERS

- › New orders of €676m, down compared to record-high €943m in Q2 2022
- › Orders have been adjusted to reflect the expected negative impact of the recent US export restrictions to China

IMPACT FROM NEW U.S. EXPORT CONTROL REGULATIONS

- › New export regulations to negatively impact our business in China
- › Our equipment sales in China, at 16% of our total revenue so far in 2022, have been a growing part of our business with a strong contribution to group profitability
- › Based on a conservative scenario, we expect the new export restrictions will affect more than 40% of our sales in China
- › Q3 bookings and related backlog were reduced with the impacted orders from China received in Q3 and prior quarters and still to be shipped in the coming quarters
- › Excluding the reduction of impacted orders from China, the decrease in our Q3 orders compared to Q2 would have been much more moderate
- › The negative impact from new export regulations is also reflected in our guidance for Q4 sales

OTHER P&L ITEMS AND CASH FLOW

- R&D and SG&A further increased in Q3 driven by new R&D projects, headcount growth, and higher employee compensation
- Net earnings impacted by €321m non-cash impairment charges to account for the reduced market valuation of the stake in ASMPT
- Healthy free cash flow of €122m in Q3 2022

WFE

- WFE spending now expected to increase by a high single-digit percentage in 2022, ASM on track to clearly outperform
- In Q3, the semiconductor end-market further slowed down, combined with an expected deceleration in global economic growth WFE spending is forecasted to be down in 2023, in particular the memory segment
- While it is too early to provide guidance for 2023, we believe our company is in good shape, on the back of an expected robust backlog by year-end, our strong position in the leading-edge logic/foundry segment, and solid traction with newly introduced products and applications

Q3 2022 FINANCIAL HIGHLIGHTS

€ million, year-on-year comparisons

+8%

Orders: €676m
(+1% at constant currencies)

+41%

Revenue: €610m
(+33% at constant currencies)

€670m

Cash position

48.1%

Gross margin
(47.2% in Q3 2021)

26.2%

Operating margin
(27.1% in Q3 2021)

€155m

Cash from operations

-29%

**Share in income of
investments in
associates⁽¹⁾: €20m**

+32%

**Normalized net
earnings⁽¹⁾: €175m**

€122m

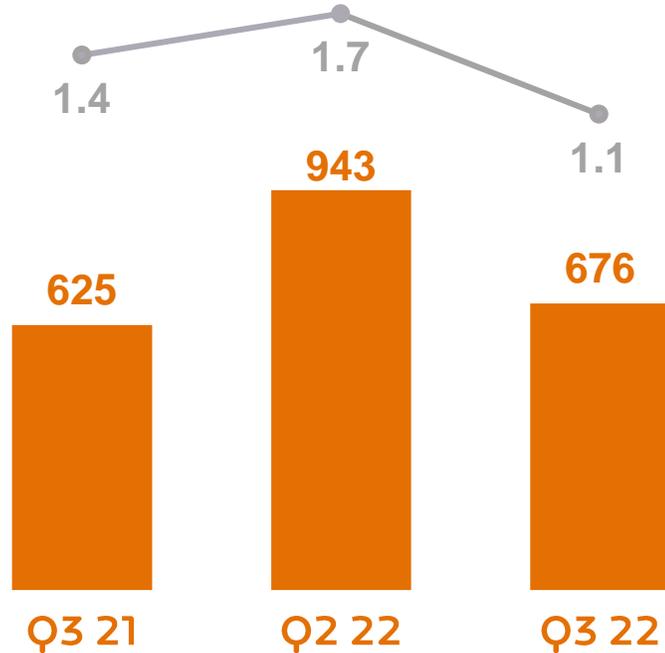
Free cash flow

(1) Excluding: (i) Amortization intangible assets resulting from the sale of ASMPT stake in 2013; (ii) Non-cash impairment charges of €321m to account for reduced market valuation of the stake in ASMPT

ORDERS IMPACTED BY NEW U.S. EXPORT CONTROL REGULATIONS

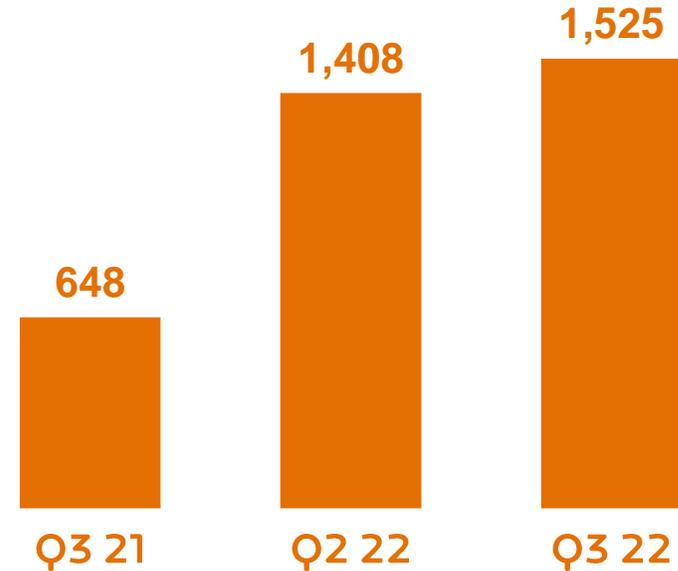
NEW ORDERS

€ million



BACKLOG

€ million



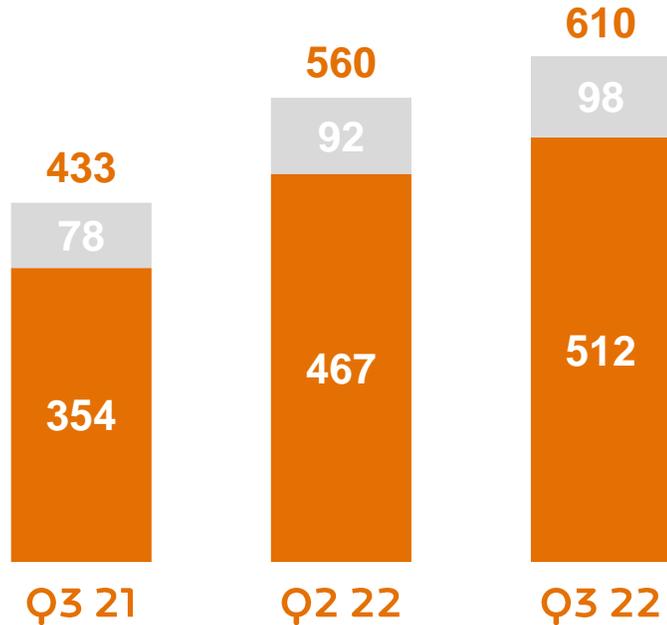
● Book-to-bill ratio

- Q3 new orders at €676m were slightly up 1% at constant currencies YoY (+8% as reported) and included the expected negative impact from the recent U.S. export restrictions
- Taking a prudent view, we decided to reduce the Q3 bookings and related backlog with the impacted orders from China that were received in Q3 and prior quarters and still to be shipped in the coming quarters
- Q3 order intake led by foundry, followed by logic, and then memory

REVENUE +41% YOY, AT A NEW RECORD HIGH

REVENUE

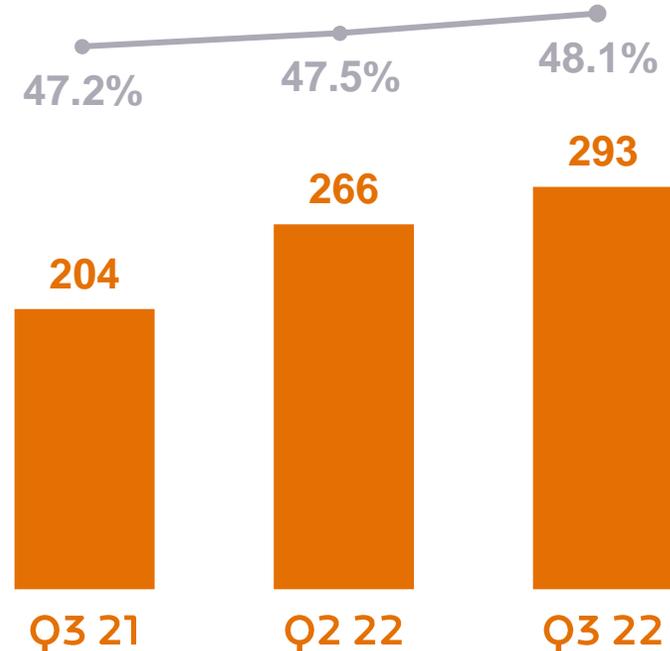
€ million



■ Spares & services revenue ■ Equipment revenue

GROSS PROFIT

€ million



● Gross profit margin

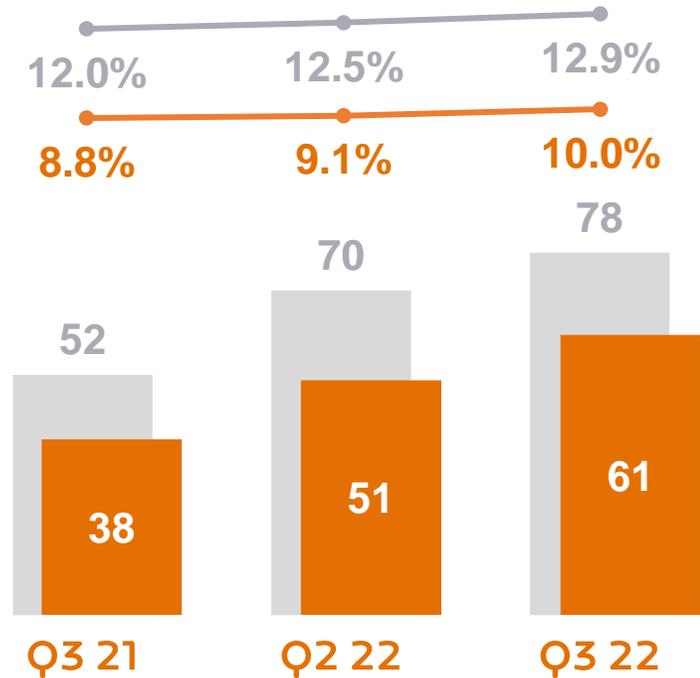
- Q3 revenue increased 41% YoY (+33% at constant currencies). QoQ revenue increased 9% (6% at constant currencies)
- Revenue growth was driven by foundry, followed by memory, and then logic

- Gross margin increased YoY and QoQ mainly thanks to a more favorable application mix and despite inflationary pressure

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

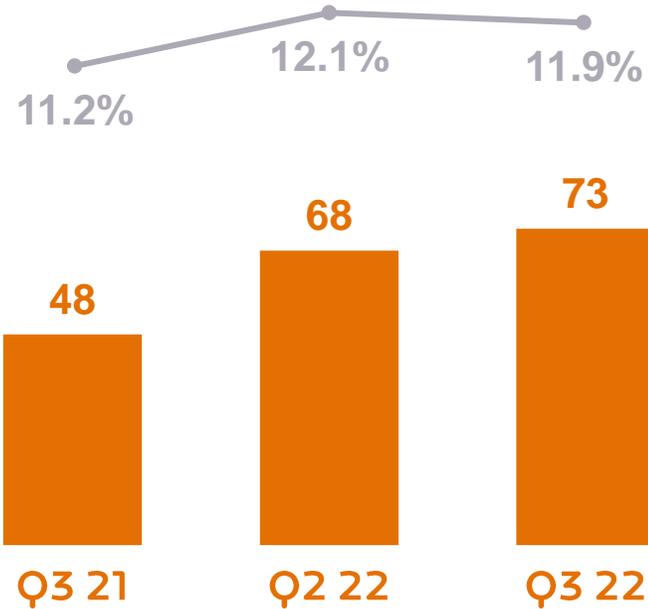
	Q3 21	Q2 22	Q3 22
Gross R&D expenses	52.0	70.2	78.4
Capitalization development expenses	(20.1)	(27.3)	(26.7)
Amortization capitalized development exp.	6.2	8.0	9.0
Impairment capitalized development exp.	0.0	(0.1)	0.0
Net R&D expenses	38.1	50.9	60.7

- Gross R&D increased 51% YoY and 12% QoQ. Net R&D expenses increased by 59% YoY and by 19% QoQ
- YoY increase mainly due to increased headcount and employee related expenses and continued growth in the number of R&D projects
- Currency impact in Q3 was an increase of 2% QoQ and an increase of 5% YoY

SG&A INCREASE DRIVEN BY HEADCOUNT GROWTH & EMPLOYEE COMPENSATION

SG&A

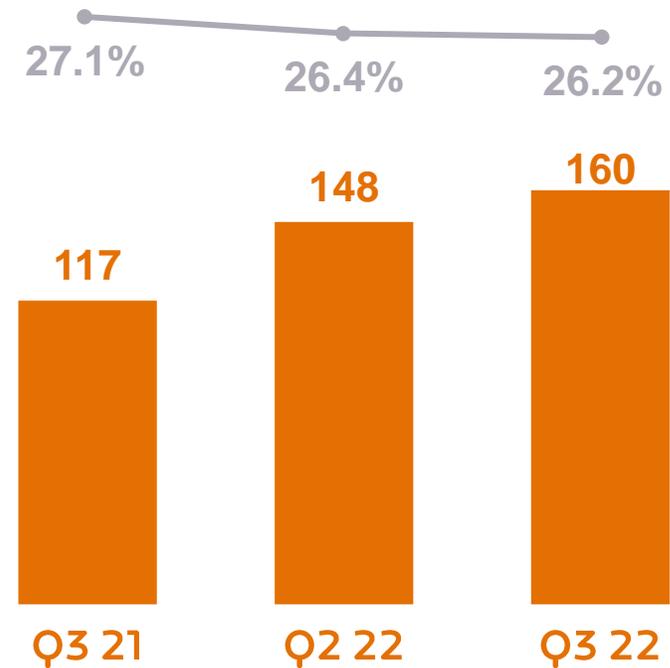
€ million



● SG&A as % of revenue

OPERATING RESULT

€ million



● Operating margin

- SG&A increased 50% YoY and 7% QoQ.
- YoY increase due to headcount growth (+31% YoY at the end of September) and higher employee-related compensation, as part of our focus to strengthen the organization

- Q3 2022 operating margin was 26.2%, a decrease of 0.9% pts YoY and 0.2% pts sequentially, with improved gross margin offset by higher operating expenses

NORMALIZED NET EARNINGS €175M, EXCLUDING €321M IMPAIRMENT CHARGES

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) decreased €8m YoY and €7m QoQ
- For 2022 amortization intangible assets⁽²⁾ expected to amount to €13.6m

NORMALIZED NET EARNINGS

€ million

€ million	Q3 21	Q2 22	Q3 22
Normalized net earnings	132	164	175
Amortization intangible assets	(3)	(3)	(4)
Non-cash impairment charges	-	-	(321)
Reported net earnings	129	160	(150)

- Q3 2022 included a translation gain of €25m (€13m in Q3 2021 and €26m in Q2 2022)
- Normalized net earnings €175m. Reported net loss of €150m included €321m of non-cash impairment to account for reduced market valuation of the stake in ASMPT

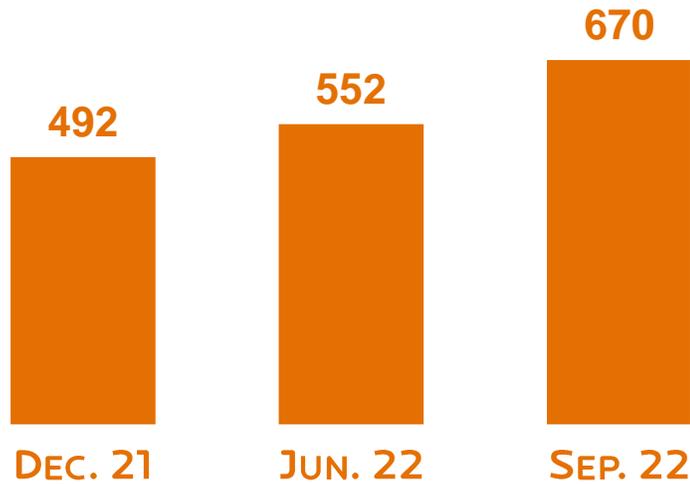
(1) Excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT

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

SOLID CASH AT €670M THANKS TO CONTINUED CASH GENERATION

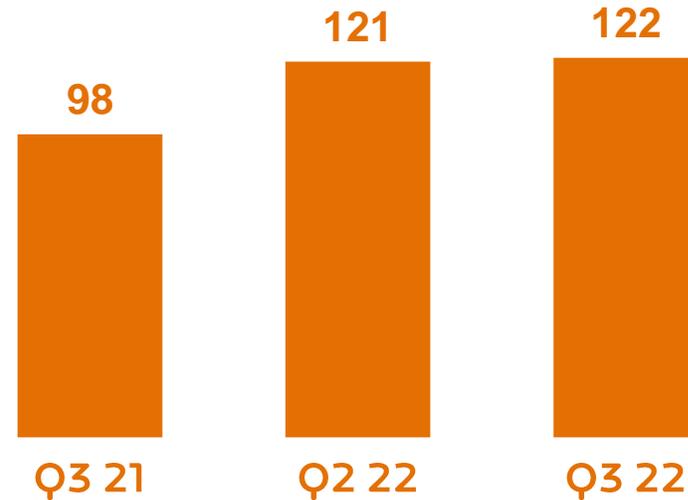
CASH POSITION

€ million



FREE CASH FLOW⁽¹⁾

€ million



- Cash position of €670m, driven by strong FCF of €122m in Q2 2022 (including ASMPT dividend of €17m)

- Q3 2022 free cash flow in line with Q2 2022, supported by continued strong profitability and lower cash outflow for working capital

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

FY 2022 CAPEX EXPECTED TO BE AT THE HIGH-END OF THE €60-100M TARGET

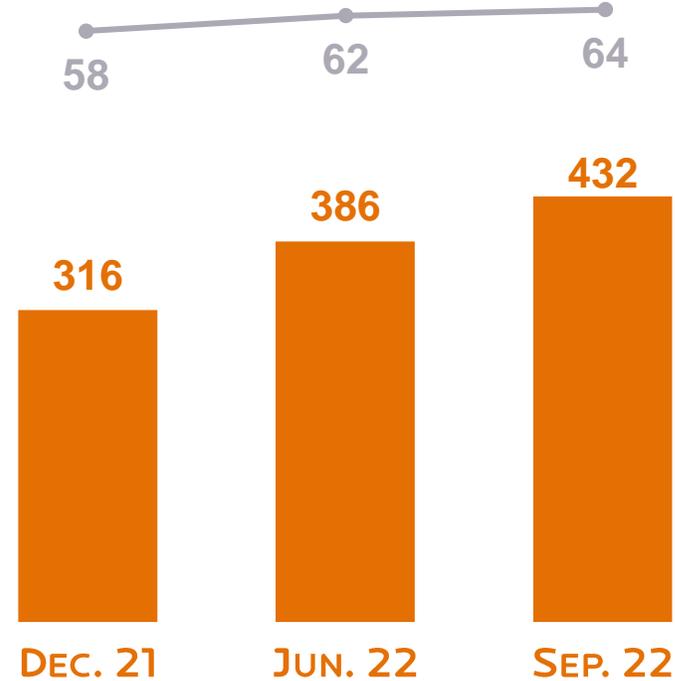
CAPEX

€ million



WORKING CAPITAL

€ million



● Days of working capital

- In FY 2022 CapEx is expected to be at the high end of the €60-100m target. YTD CapEx of €64m

- Working capital increased to €432m mainly due to higher inventories

As included in the Q3 2022 earnings press release published on October 25, 2022:

“For Q4, at constant currencies, we expect sales of €600-630 million, which includes a negative impact from the new US export regulations, as explained above. The revenue guidance for Q4 also includes the revenue contribution from LPE, following the closure of the acquisition on October 3, 2022. Our expectation that we will finish the year with a continued elevated backlog is unchanged. WFE spending is now expected to increase by a high single-digit percentage in 2022.”

“Taking into account the guidance for Q4, ASM is on track for strong growth in 2022, its sixth consecutive year of double-digit growth, and is expected to clearly outperform the wafer fab equipment (WFE) market in 2022. During the third quarter, the semiconductor end market further slowed down, with significant declines in the PC and smartphone segments. Combined with an expected deceleration in global economic growth WFE spending is forecasted to be down in 2023, in particular the memory segment. While it is too early to provide guidance for 2023, we believe our company is in good shape, on the back of an expected robust backlog by year-end, our strong position in the leading-edge logic/foundry segment, and solid traction with newly introduced products and applications.”

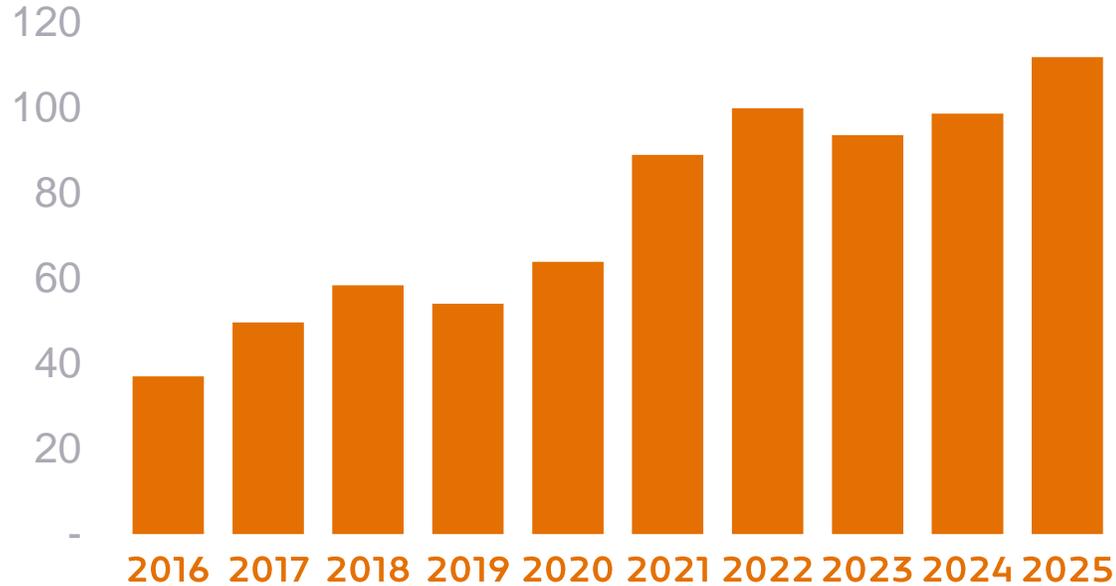
BUSINESS ENVIRONMENT, STRATEGY, AND TARGETS



EQUIPMENT MARKET OUTLOOK AND SPENDING BY NODE

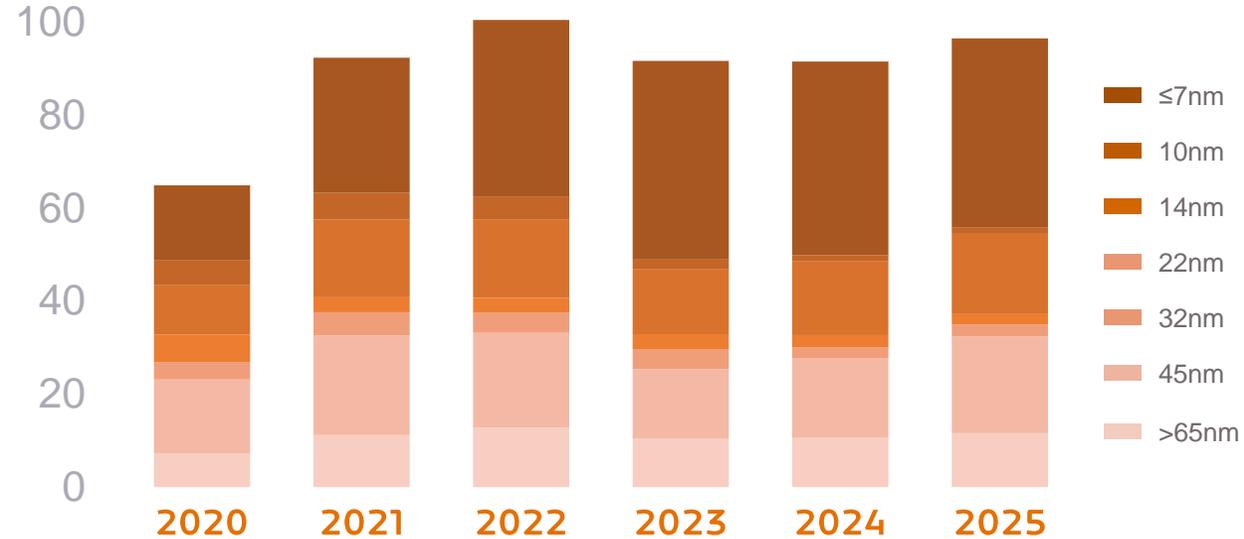
WFE SPENDING

US\$ billion



WFE BY TECHNOLOGY NODE

US\$ billion



Source: TechInsights, September 2022

- Estimates above are from September 2022. On October 20, 2022, TechInsights lowered their 2022 WFE estimate growth rate from +12% to +10%, and for 2023 from -6% to -16%

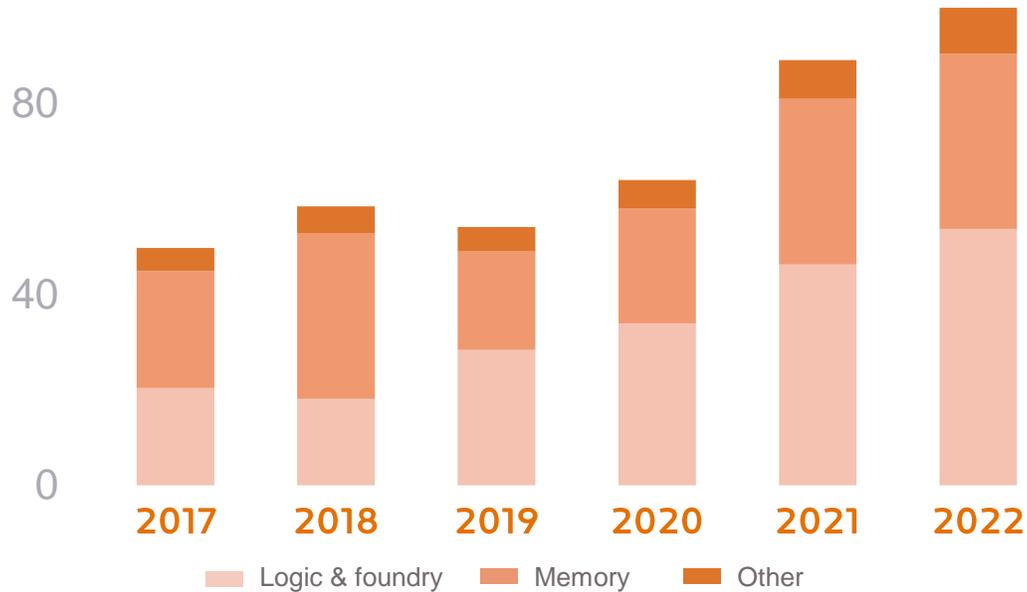
Source: Gartner, October 2022

- 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 9% in 2022 and to decrease by 9% in 2023 (October 2022)

SEMICONDUCTOR CAPEX SPENDING AND CUSTOMER CONCENTRATION

WFE SALES BY APPLICATION

US\$ billion

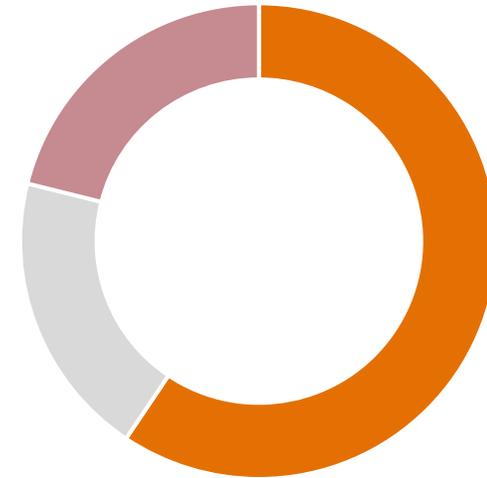


Source: TechInsights, September 2022

- Logic & foundry is expected to account for more than half of total WFE sales in 2022

ASM FY21 REVENUE BY CUSTOMER CONCENTRATION

IN %



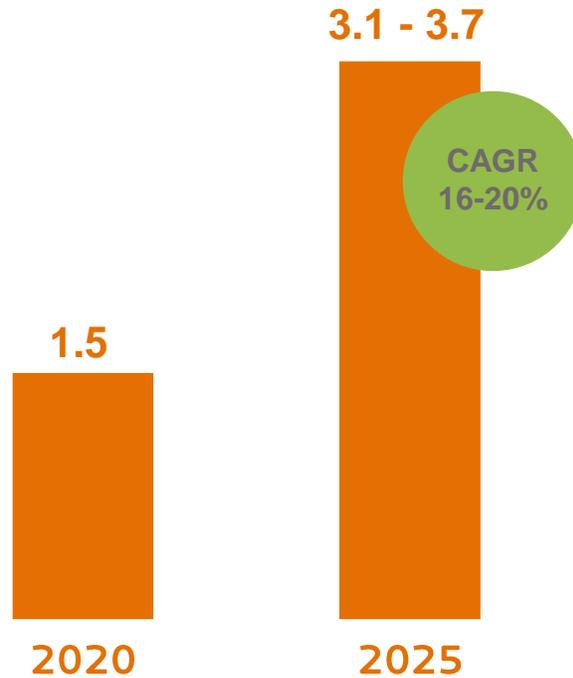
■ 3 largest customers ■ From 4th to 10th customer ■ Rest of customers

- 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

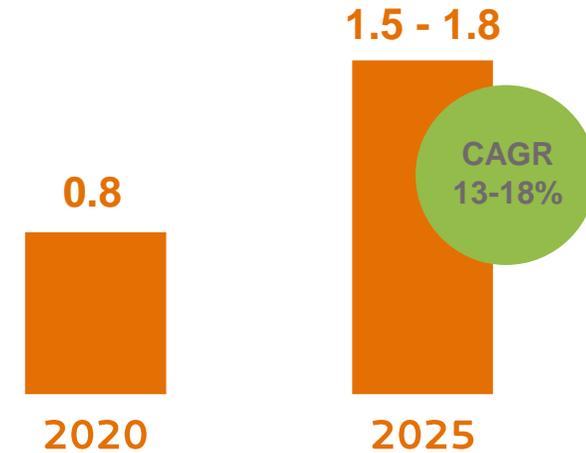
SINGLE-WAFER ALD MARKET

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

Priority 1
**Invest to support
future growth**

- R&D
- Capex
- M&A

Priority 2
**Maintain a strong
balance sheet**

- Increase targeted
minimum cash position
towards €600m in coming
years

Priority 3
**Sustainable dividend
payments**

Priority 4
**Return of excess cash
to shareholders
through share
buybacks**

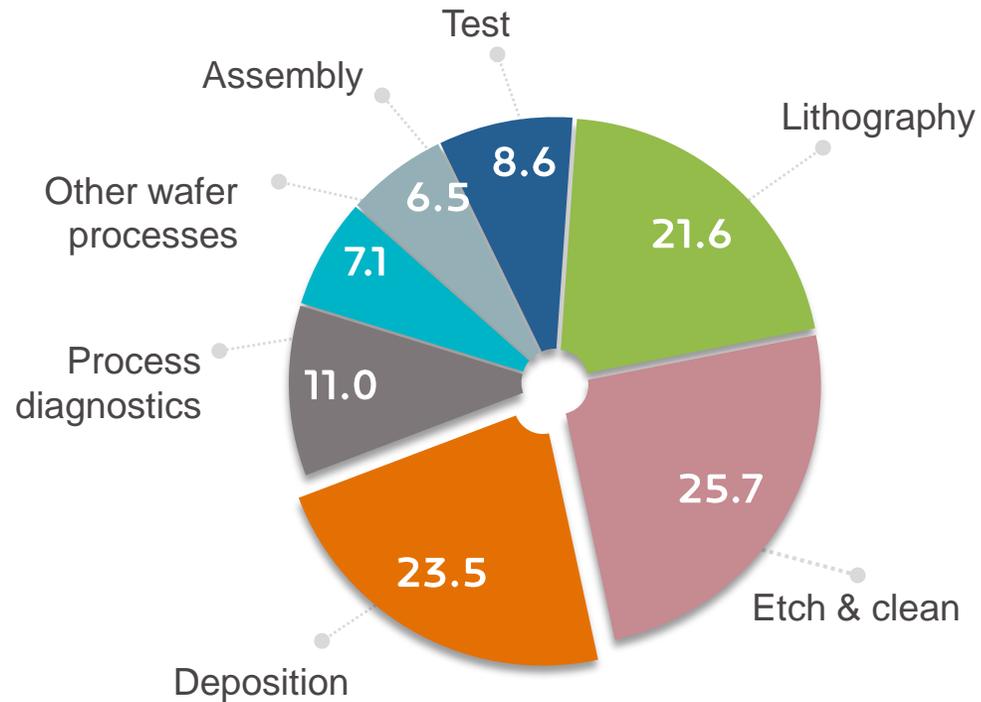
ANNEX: DETAILED FINANCIALS



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

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
New orders	625	645	706	943	676
Backlog	648	811	1,000	1,408	1,525
Book-to-bill ratio	1.4	1.3	1.4	1.7	1.1
Revenue	433	491	517	560	610
Cost of sales	(229)	(260)	(270)	(294)	(316)
Gross profit	204	231	247	266	293
Other income (expenses)	(0.5)	4	(0.1)	0.1	(0.1)
Selling, general and administrative	(48)	(55)	(61)	(68)	(73)
Net research and development	(38)	(49)	(44)	(51)	(61)
Total operating expenses	(87)	(104)	(104)	(118)	(133)
Operating result	117	131	143	148	160
Net interest income (expense)	(0.5)	(0.5)	(0.3)	0.1	0.7
Foreign currency exchange gains (losses)	13	7	9	26	25
Share in income of investments in associates ⁽¹⁾	28	26	24	27	20
Impairment of investments in associates	-	-	-	-	(321)
Amortization intangible assets ⁽²⁾	(3)	(3)	(3)	(3)	(4)
Earnings before income taxes	154	160	172	198	(120)
Income taxes	(25)	(25)	(30)	(37)	(31)
Net earnings	129	135	142	160	(150)
Normalized net earnings⁽³⁾	132	138	146	164	175

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

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

(3) Excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT in 2013 and non-cash impairment of investments in associates of €321m in Q3 2022

BALANCE SHEET

€ million

	SEP. 2021	DEC. 2021	MAR. 2022	JUN. 2022	SEP. 2022
Cash and cash equivalents	525	492	550	552	670
Accounts receivable	371	447	502	483	520
Inventories	187	212	256	341	464
Other current assets	76	70	76	80	98
Right-of-use assets - net	22	27	28	27	30
Investments in associates	808	849	884	918	637
Property, plant and equipment	226	257	274	284	297
Goodwill and other intangible assets	265	286	346	378	415
Evaluation tools at customers	79	64	67	66	79
Other non-current asses	9	9	9	9	9
Total assets	2,568	2,711	2,991	3,139	3,220
Accounts payable	157	175	211	246	249
Short-term debt	-	-	-	-	-
Other current liabilities	241	232	302	286	415
Long-term debt	-	-	-	-	-
Other non-current liabilities	51	62	66	71	85
Equity	2,119	2,242	2,412	2,536	2,471
Total liabilities and equity	2,568	2,711	2,991	3,139	3,220

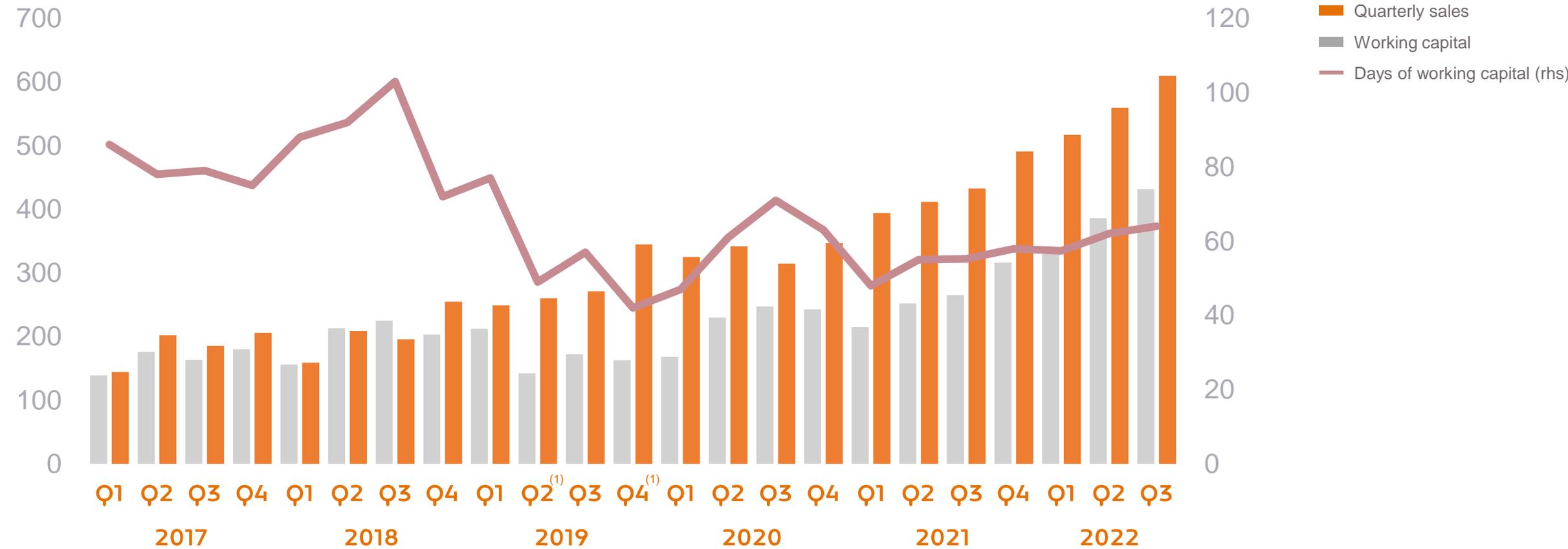
CASH FLOW STATEMENT

€ million

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Net earnings	129	135	142	160	(150)
Depreciation, amortization and impairments	24	27	25	27	32
Share in income of investments in associates	(25)	(23)	(20)	(24)	(16)
Impairment of investments in associates	-	-	-	-	321
Evaluation tools	(4)	12	(7)	(1)	(15)
Other adjustments	8	(35)	21	13	14
Change in working capital	(12)	(52)	(11)	(43)	(31)
Net cash from operating activities	120	64	151	133	155
Capital expenditure	(17)	(31)	(27)	(16)	(21)
Capitalized development expenditure	(20)	(24)	(24)	(27)	(27)
Dividend received from investments	15	-	-	32	17
Other	(0.4)	2	(0.3)	(0.6)	(1.4)
Acquisitions of investments	-	-	(39)	-	-
Net cash from investing activities	(23)	(53)	(90)	(12)	(32)
Payment of lease liabilities	(2)	(2)	(2)	(2)	(3)
Dividend paid and capital repaid to ASMI shareholders	-	-	-	(122)	-
Share buyback	(45)	(58)	-	-	-
Other	1	3	-	(1)	(0)
Net cash from financing activities	(45)	(57)	(2)	(124)	(3)

WORKING CAPITAL: HISTORICAL DEVELOPMENT

€ million



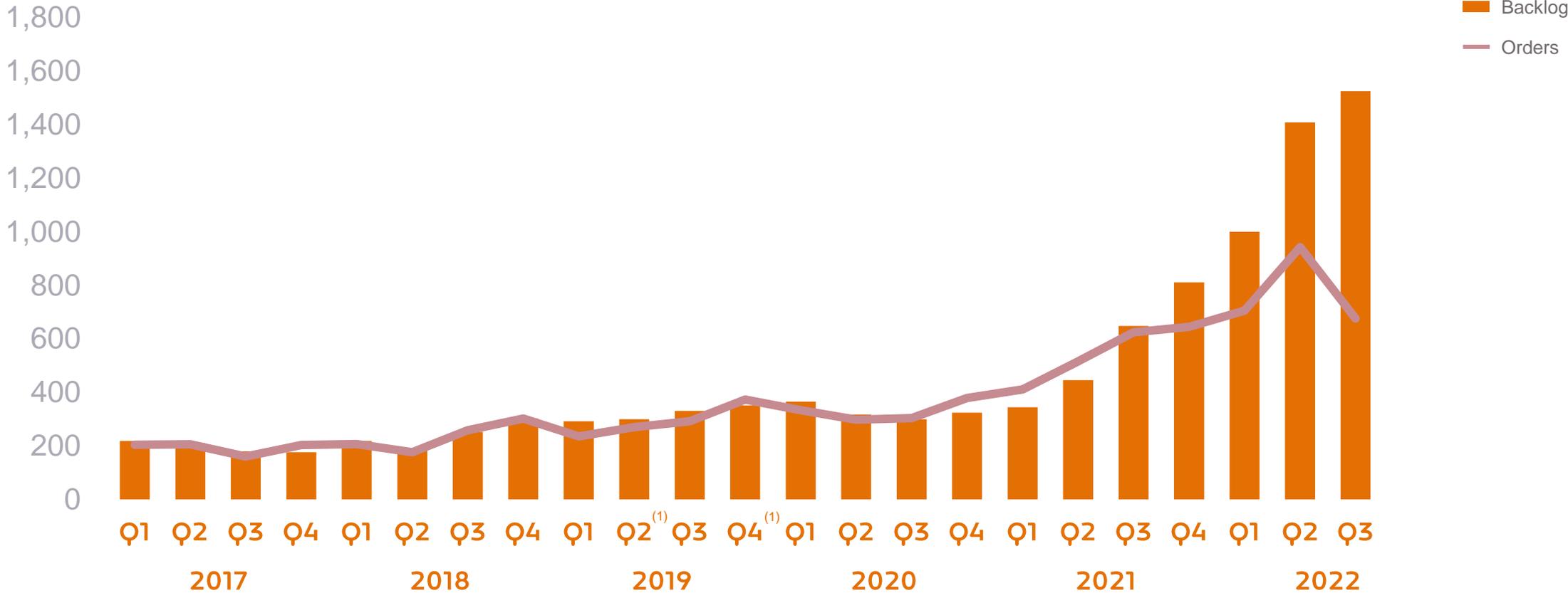
- Quarterly sales
- Working capital
- Days of working capital (rhs)

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

ORDERS AND BACKLOG: HISTORICAL DEVELOPMENT



€ million

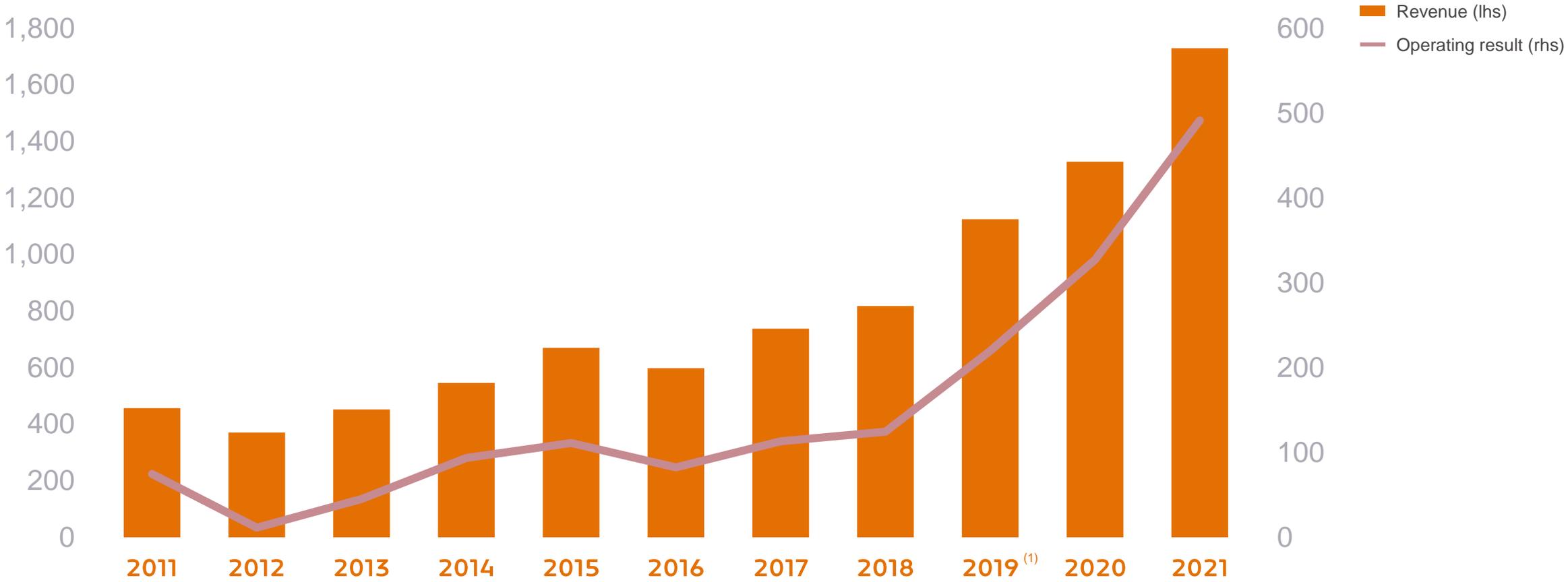


Numbers based on reported financials
 (1) Excluding the impact of patent litigation and arbitration settlements

REVENUE AND OPERATING RESULT: HISTORICAL DEVELOPMENT



€ million

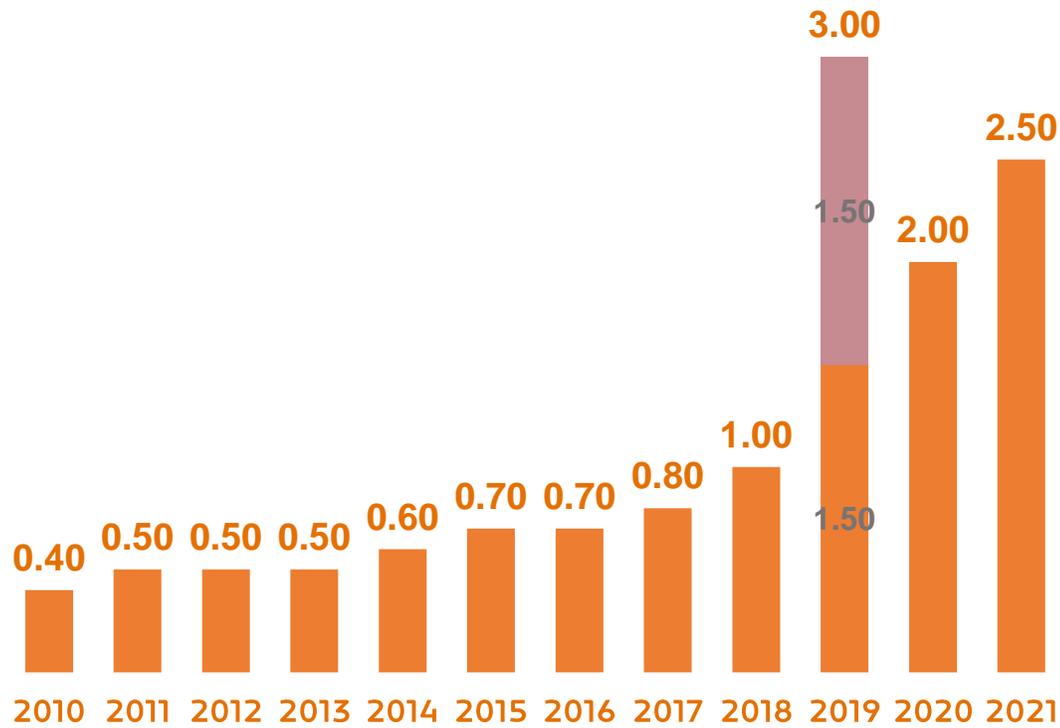


(1) Excluding settlement gains of €159m

EXCESS CASH RETURNED TO SHAREHOLDERS

DIVIDEND PER SHARE

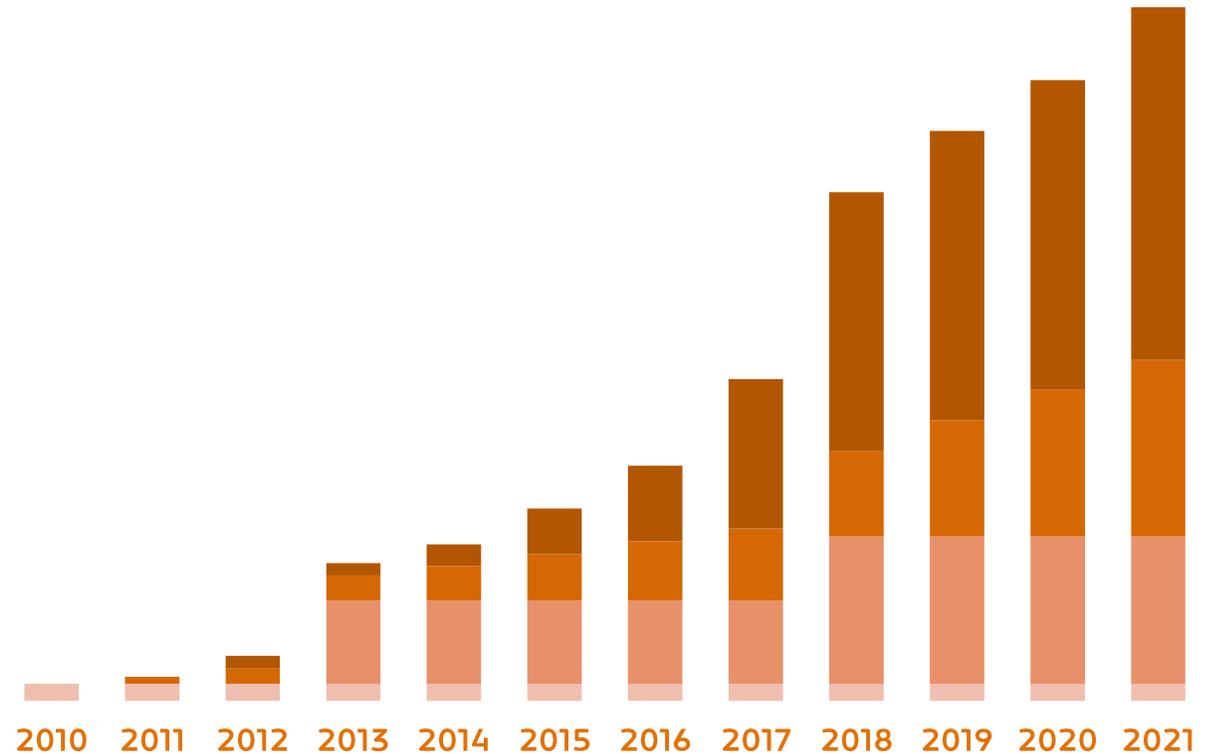
€ paid over



Regular dividend Extraordinary dividend

CUMULATIVE CASH RETURNED TO MARKET

€ million



Buyback convertibles Return of capital Dividends Share buybacks

FOR MORE INFORMATION VISIT [ASM.COM](https://www.asm.com)