ASM Q1 2023 results

April 25, 2023

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.

Contents

Investment highlights

Investment highlights

ASM

→ 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, 2022), ASM enters the high-growth silicon carbide Epi market

→ A healthy profitability

- Q1 2023 normalized gross margin of 51.1% and operating margin of 31.2%

→ Strong balance sheet

- Solid cash position of €573m at the end of Q1 2023, no debt
- Dividend of €2.50 per share proposed to the next AGM
- Share buyback program of €100m announced to start on April 27

→ Stepping up our focus on sustainability

- Submitted Net Zero measurements and targets for scope 1, 2, and 3 to be validated by the SBTi in H2 2023
- We are targeting an increase in the female participation rate to 20% of the total workforce by 2025, up from 15% in 2021. In 2022, we made a first step by increasing it to 17%

Q1 2023 results

Financial highlights

€647m	€710m	51.1%
New orders (-6% yoy at constant currencies)	**Revenue** (+40% yoy at constant currencies)	**Normalized gross margin**(1) (47.8% in Q1 2022)
31.2%	€9m	€183m
Normalized operating margin(1) (27.7% in Q1 2022)	**Income from investment in associates**(2) (€24m in Q1 2022)	**Normalized net earnings**(3) (€146m in Q1 2022)
€573m	€155m	€2.50
Cash position	**Free cash flow**	**Proposed dividend per share**

(1) Excluding amortization of fair value adjustments from respective purchase price allocations (before tax)
(2) Excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013
(3) Excluding amortization of fair value adjustments from purchase price allocations (next of tax), change in fair value of the contingent consideration (LPE earn-out) and impairment reversal of ASMPT

Strong Q1 revenue, lower orders reflecting softening market conditions

Orders and revenue

- Q1 new orders came in at €647m, down 6% yoy at constant currencies.
- Revenue increased 40% at constant currency to €710m, above previous guidance of €660-700m due to some systems that were delivered in Q1 instead of Q2 at the request of customers.

Margins and profitability

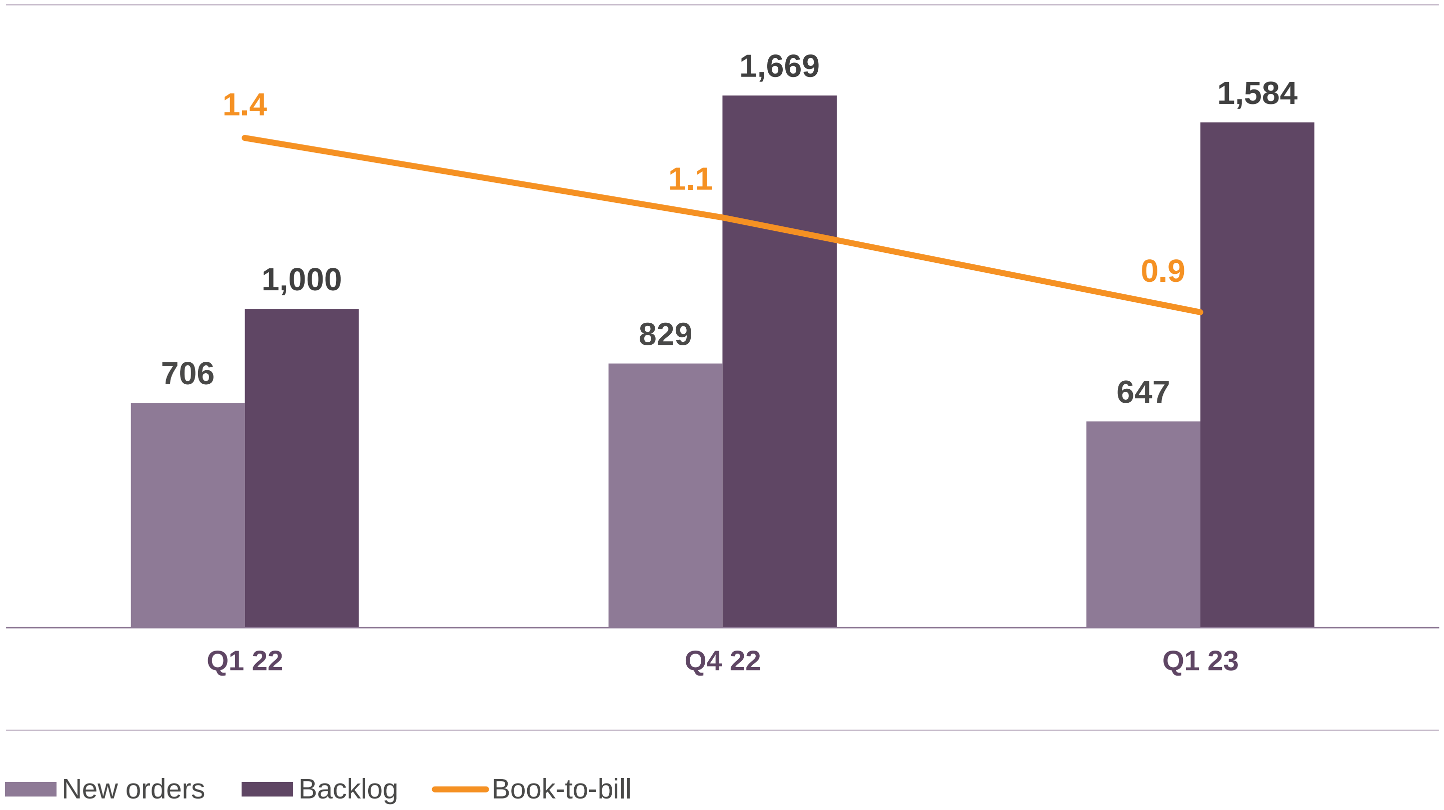
- Gross margin increased to 51% due to mix. Thanks to higher revenue and increased gross margin, operating margin came in at 31%.

End-market demand and outlook

- Memory demand further weakened in Q1 and is expected to remain low in 2023. Logic/foundry demand for advanced nodes is relatively more resilient, but recently we have seen a number of push-outs due to softer end-market conditions and some delays in new customer fabs.
- These push-outs will impact our expected orders in Q2 and Q3. Following expected growth in H1, we expect a decrease in H2 sales of 10% or more compared to H1.
- For the FY 2023, we expect revenue to show a single-digit increase, at constant currencies and including the consolidation of LPE. This compares to overall WFE spending forecasted to decline by a high-teens percentage.

New orders –6% yoy at cc, backlog remains solid

Orders and backlog
(€m)



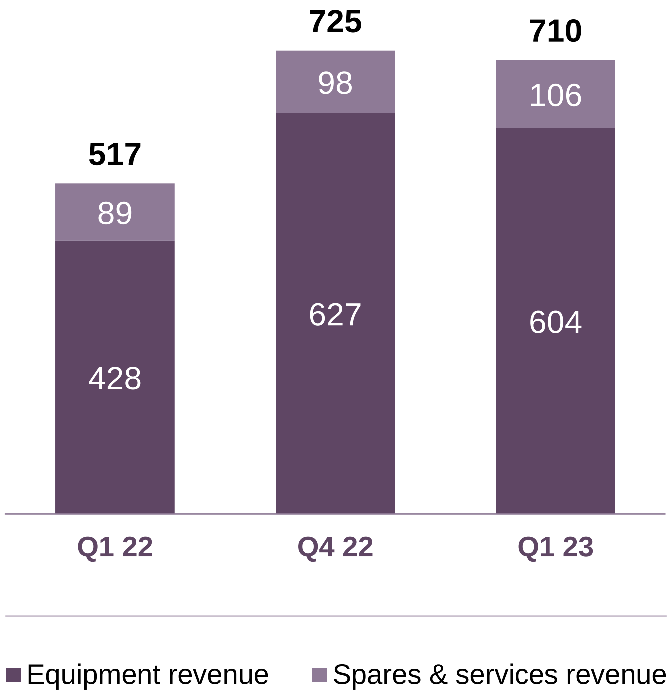
Q1 2023 new orders decreased to €647m, down by 6% at constant currencies (cc) yoy, and 20% at cc compared to the previous quarter.

New orders were led by foundry, followed by power/analog and then logic and memory.

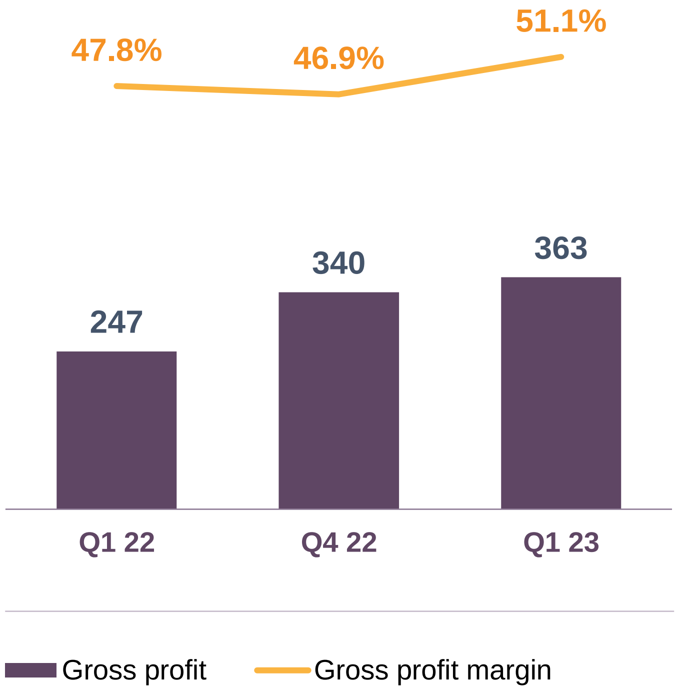
Backlog remained at a solid level of €1,584m compared to €1,669m at the end of 2022.

Revenues +40% yoy at cc, gross margin at 51%

Revenue
(€m)



Normalized gross profit
(€m)



Revenue
Q1 2023 revenue increased to €710 million, +40% yoy at cc (37% as reported) and was unchanged qoq (-2% as reported). Revenue was led by foundry followed by power/analog, and then logic and memory.

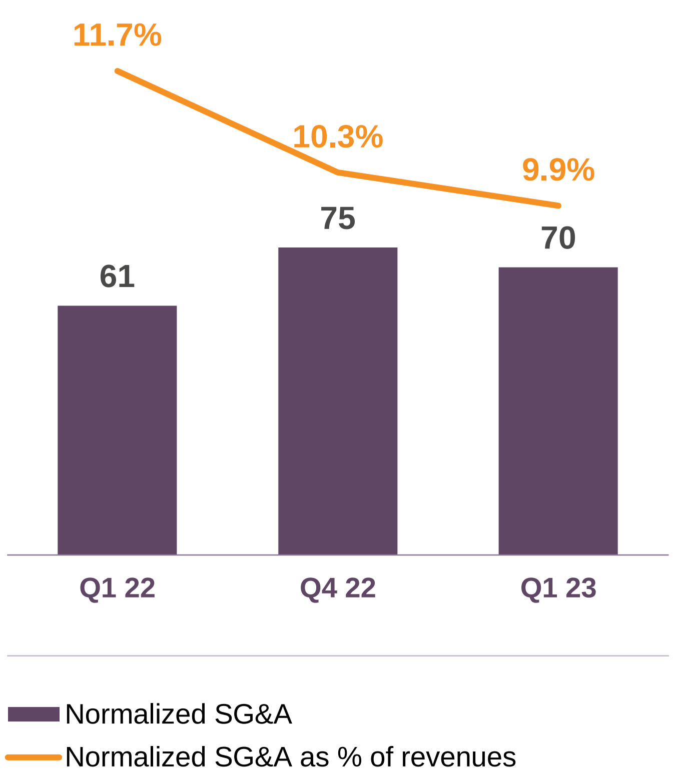
Equipment revenue was up 43% yoy at cc. Spares & services grew 21% yoy at cc.

Normalized gross margin
Normalized gross margin came in at 51%, largely explained by mix, including an exceptionally strong application mix within our ALD sales, and an increased contribution from China.

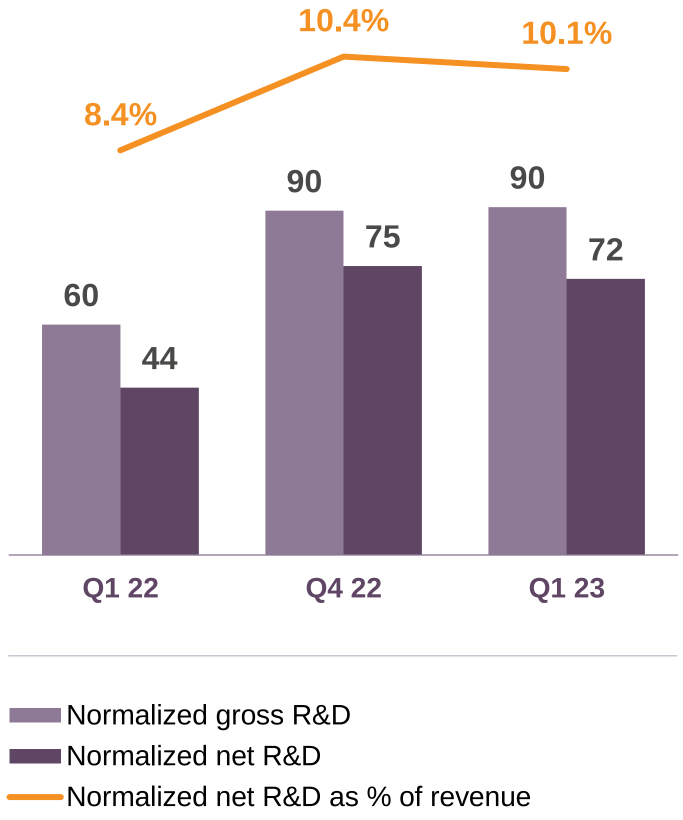
Normalized gross profit excludes amortization of fair value adjustments from respective purchase price allocations (before tax)

SG&A down, continued focus on R&D

Normalized SG&A
(€m)



Normalized R&D
(€m)



Normalized SG&A
Normalized SG&A increased 15% yoy. In 2022 SG&A still increased at a higher rate due to extra investments last year in the strengthening of the organization.

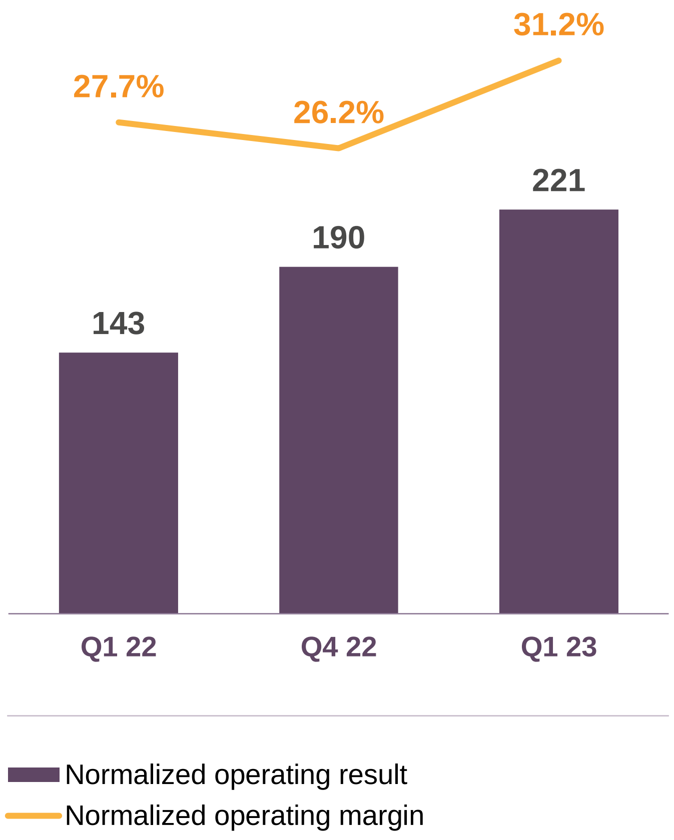
Normalized R&D
Normalized gross R&D increased 51% yoy and 1% qoq. Normalized net R&D increased 65% yoy and decreased 5% qoq.

The yoy increase is mainly due to an increased number of R&D projects, headcount growth, and continued focus on R&D investments to support growth.

Normalized SG&A and R&D exclude amortization of fair value adjustments from respective purchase price allocations (before tax)

Operating margin at 31% thanks to higher gross margin

Normalized operating result
(€m)



Normalized finance income
(€m)

	Q1 22	Q4 22	Q1 23
Normalized net interest income (expense)	(0)	0	1
Foreign currency exchange gains (losses)	9	(36)	(7)
Normalized financing income (expense)	9	(35)	(6)

Normalized operating result
Normalized operating result was up 55% yoy, driven by higher revenue and the exceptionally strong gross margin.

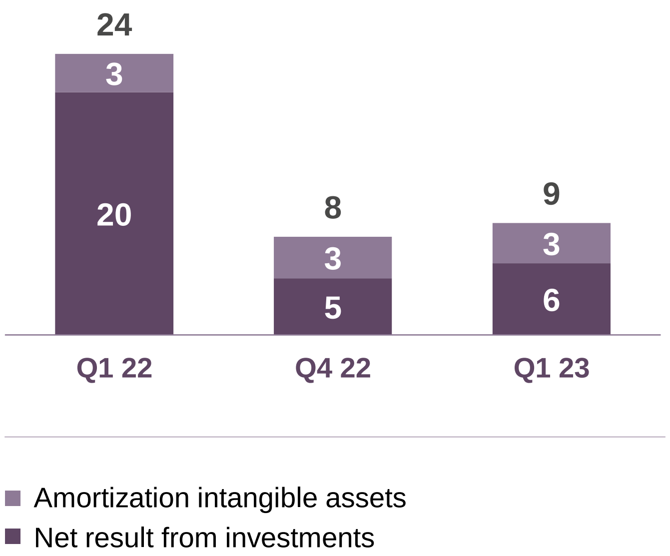
Normalized finance income
Financing costs are mainly related to currency translation results, mostly driven by movements in the US dollar. A substantial part of ASM's cash position is denominated in US dollar.

Finance expense was normalized for the impact from the LPE earn-out expense of €2 million.

Normalized operating result excludes amortization of fair value adjustments from respective purchase price allocations (before tax)
Normalized finance income excludes the impact of LPE earn-out expense of €2 million.

ASMPT impairment was completely reversed in Q1

Income from investment in associates
(€m)



Impairment of investment in associates
(€m)

	Q1 22	Q4 22	Q1 23
Impairment, beginning of period	–	321	215
Impairment	–	–	–
Impairment reversal	–	(106)	(215)
Impairment, end of period	–	215	–

Income from investment in associates
Amortization of intangible assets resulting from the sale of the 12% stake of ASMPT in 2013 are expected to amount to €4 million, on a currency comparable level.

Impairment of investment in associates
The reversal in Q1 2023 relates to a non-cash adjustment of €215m. With that the impairment charge of €321m on investments in associates, recognized in Q3 2022, has been completely reversed, as a result of an increase in the market valuation of ASMPT.

Normalized income of investments in associates exclude amortization intangible assets resulting from the sale of the 12% stake of ASMPT in 2013

Normalized net earnings increased 26% yoy

Normalized net earnings
(€m)

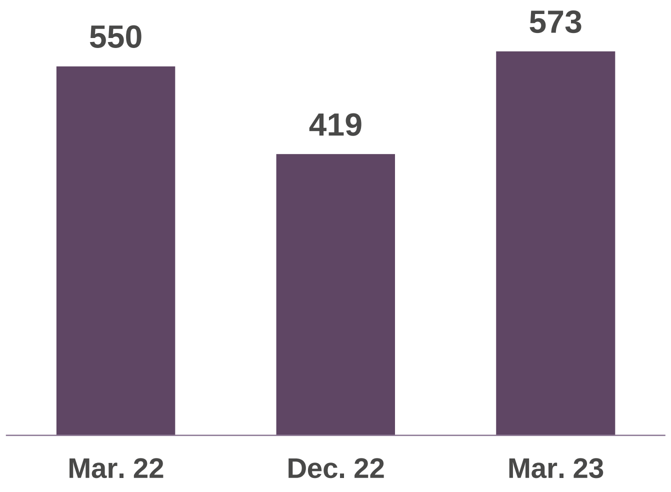
	Q1 22	Q4 22	Q1 23
Net earnings	**142.5**	**236.6**	**380.4**
Amortization intangible assets (resulting from the acquisitions of Reno and LPE)	–	(7.9)	(17.0)
Income taxes (realization of temporary differences)	–	2.2	4.7
Finance expense (earn-out)	–	(2.6)	(2.4)
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.2)	(3.5)	(3.4)
Reversal of impairment of investments in associates	–	106.1	215.4
Normalized net earnings	**145.7**	**142.5**	**182.9**

Income taxes in Q1 2023 were €37m compared to €30m in Q1 2022.

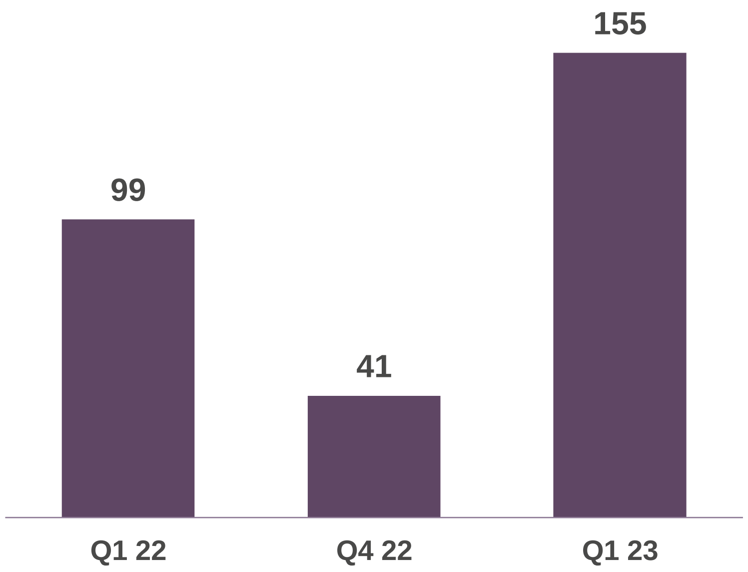
Normalized net earnings in Q1 2023 increased by €37m to €183m compared to Q1 2022 mainly due to higher operating results and despite lower currency translation result and income from investment in associates.

Solid cash of €573m, strong increase in free cash flow

Cash
(€m)



Free cash flow
(€m)



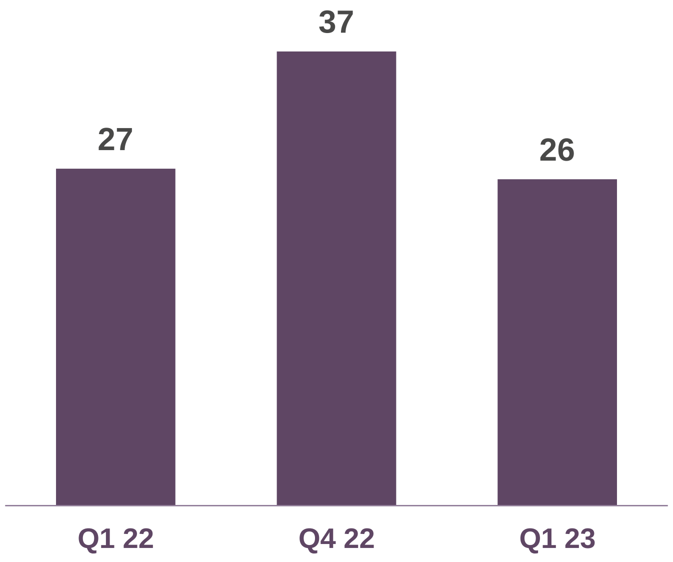
Cash improved to €573m at the end of March 2023, up from €419m at the end of December 2022.

Free cash flow increased significantly to €155m, up from €41m in Q4 2022. The increase is mainly due to higher profits in the quarter, and lower cash outflows related to working capital and capital expenditures.

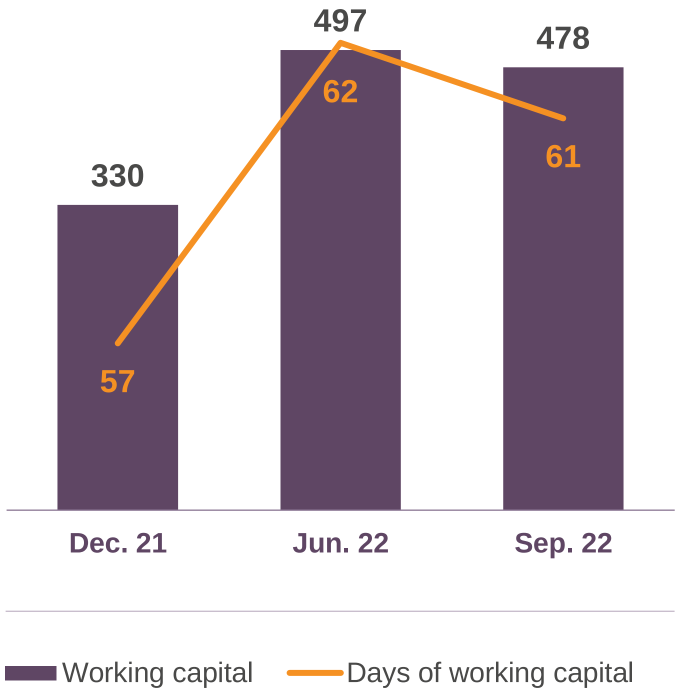
Free cash flow is defined as cash flows from operating activities after investing activities
Q1 and Q4 2022 free cash flow exclude cash spent on acquisitions

FY23 CapEx guidance is €150-€200m

CapEx
(€m)



Working capital
(€m)



Net working capital decreased to €478 million (from €497m at the end of December 2022).

The number of outstanding days of working capital, measured against quarterly sales, decreased slightly to 61 days on March 31, 2023, compared to 62 days on December 31, 2022.

Financial outlook

As included in the Q1 2023 press release published on April 25, 2023:

On a currency-comparable level, we expect revenue of a €650-690 million for Q2. Based on the current visibility, and reflecting aforementioned order push-outs, we project, following expected growth in the first half, a decrease in sales in the second half of 10% or more compared to the first half of the year.

Wafer fab equipment (WFE) is expected to drop by a high teens percentage in 2023, down from a previous forecast of a mid to high teens percentage drop. We expect to again outperform the WFE market this year.

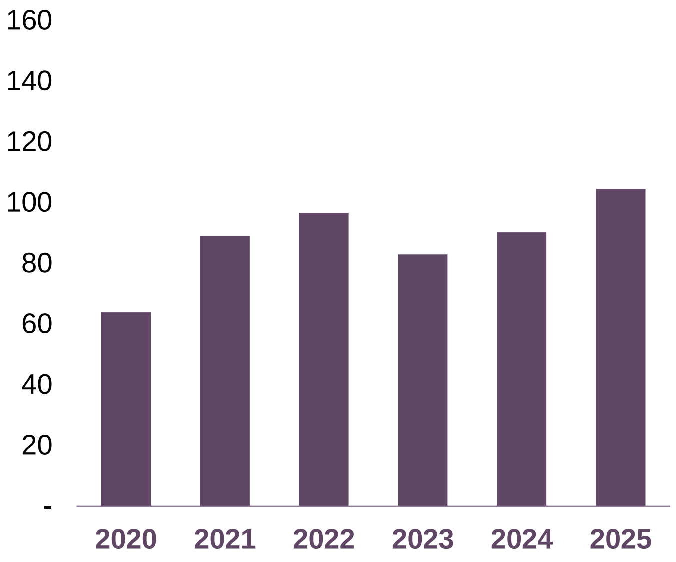
Memory WFE is expected to decline by a significant double-digit percentage.

In the logic/foundry market, spending on the advanced nodes is still expected to be at a good level in 2023, but lower than previously expected, particularly in the second half of the year. This is partly offset by stronger market spending in the older node segments of the logic/foundry market.

Business environment, strategy, and targets

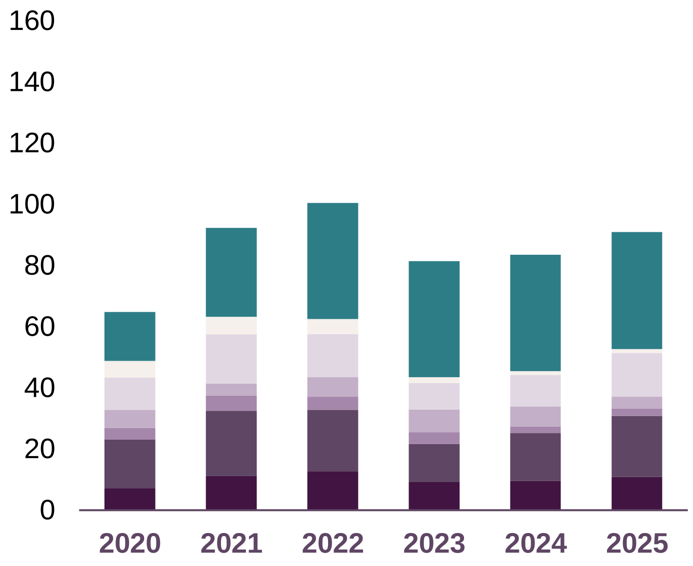
WFE spending

WFE spending
(US$ b)



Source: TechInsights, March 2023

WFE by technology node
(US$b)



Source: Gartner

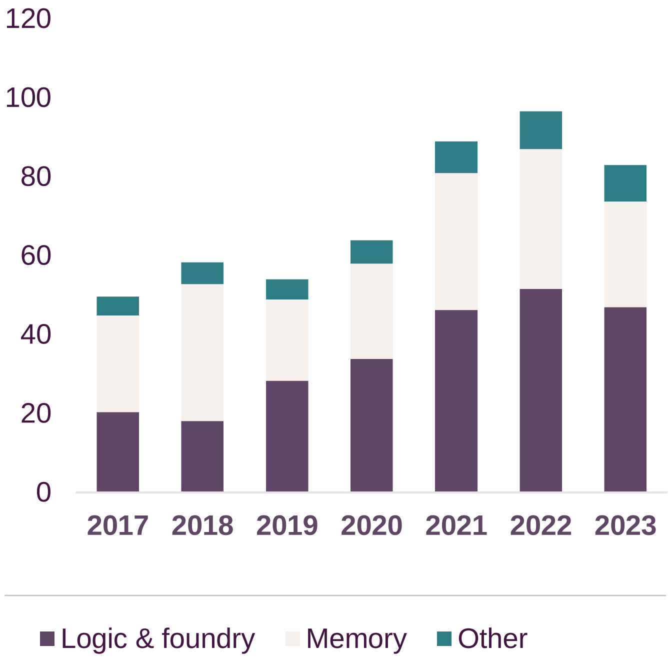
WFE spending
TechInsights expects WFE to decrease by 14% in 2023, following an increase of 9% in 2022.

WFE by technology node
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.

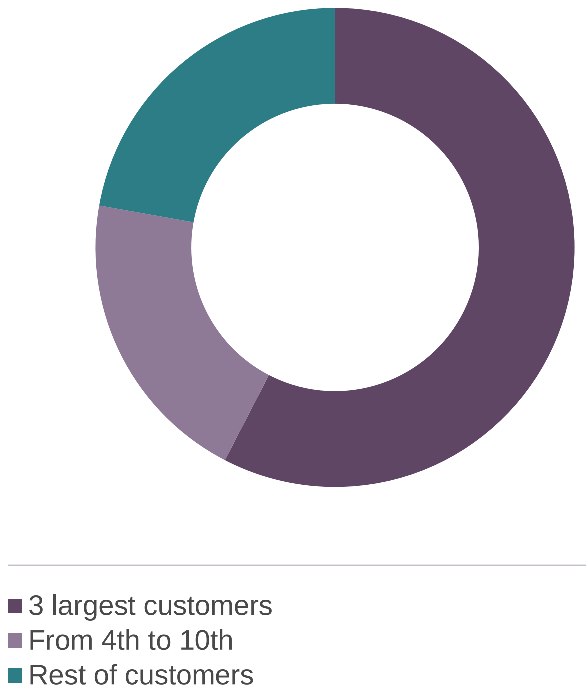
Gartner expects WFE to decrease by 19% in 2023 following an increase of 9% in 2022 (January 2023).

Semiconductor CapEx spending and customer concentration

WFE market by segment
(US$b)



ASM FY22 revenue by customer concentration
(in %)



WFE sales by application

Logic & foundry is estimated to account for more than half of total WFE market in 2023.

ASM FY22 revenue by customer concentration

The 10 largest customers accounted for about 78% of revenue in FY 2022.

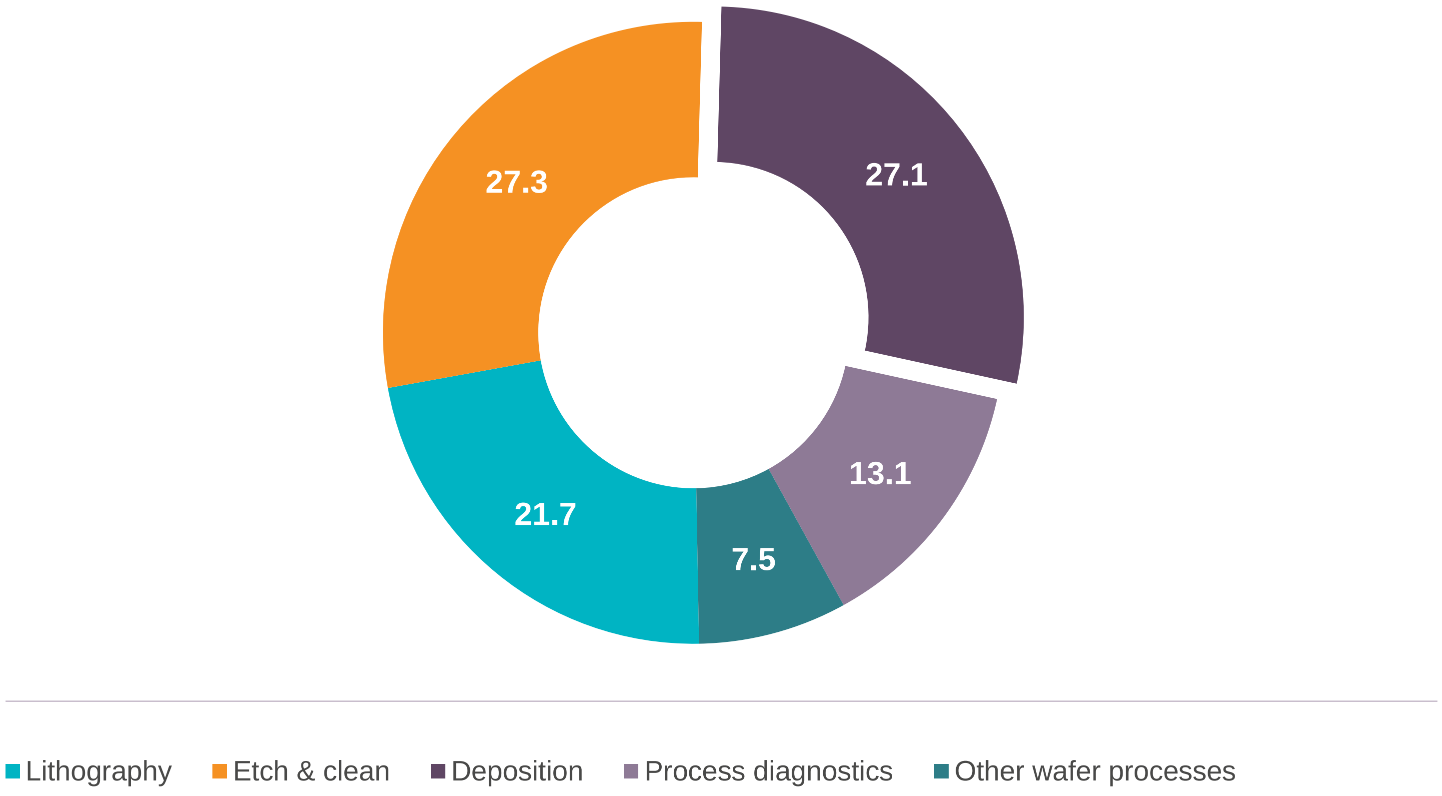
The three largest customers accounted for approximately 58% of revenue in FY 2022.

Source: TechInsights, January 2023

ASM is focused on deposition equipment

WFE market segments 2022

(US$ b)



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.

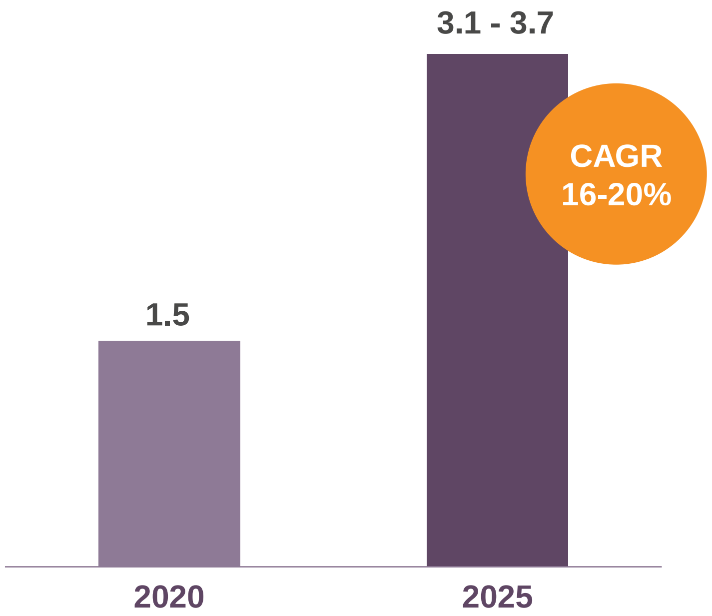
We have an expanding position in the Epi market.

Selective growth in PECVD and vertical furnaces and healthy growth in spares & services.

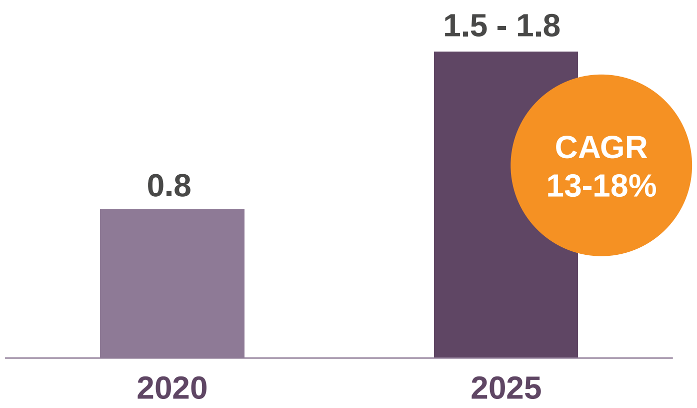
Source: TechInsights, March 2023

Single-wafer ALD and epitaxy market outlook

Single-wafer ALD market
(US$b)



Epi market
(US$b)



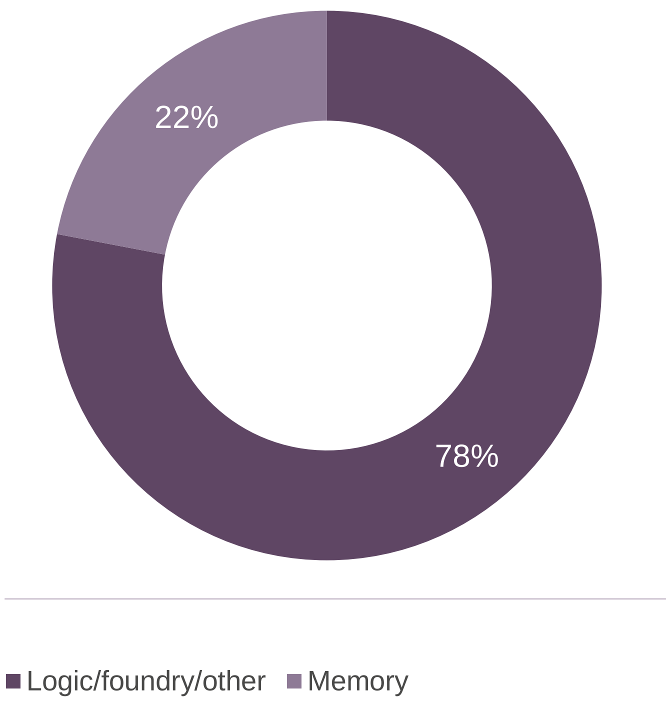
ALD and Epi expected to be the fastest growing segments in the deposition market driven by increasing device complexity, 3D structures, and new materials

Mid-term targets: maintain ALD market share (2025: >55% vs 2020:~55%); increase Epi market share (2025: >30% vs 2020: ~15%)

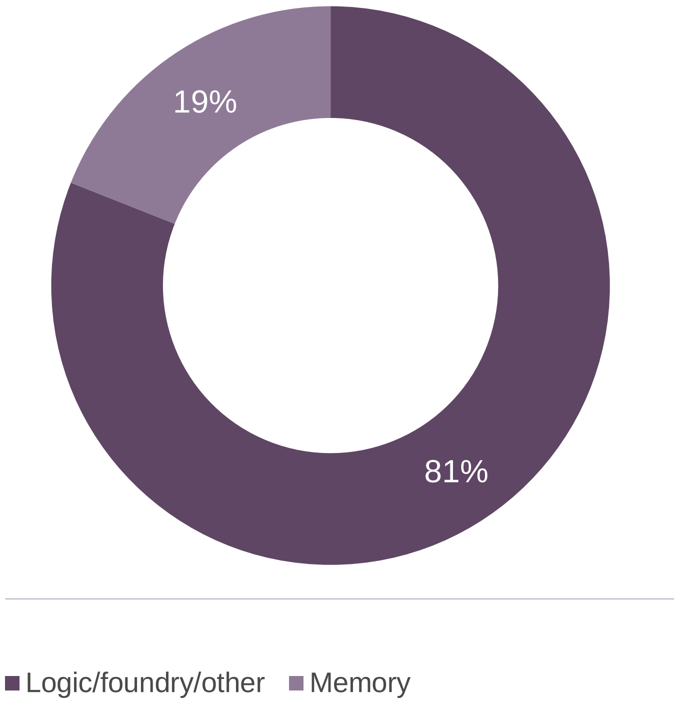
Node progression and move to gate-all-around (GAA) are expected to drive US$1.2b increase in the combined ALD/Epi markets in advanced logic/foundry by 2025

Logic/foundry the largest segment for ASM

FY 2021



FY 2022



FY 2022
In 2022, our equipment revenue was led by foundry, followed by logic and then memory. The combination of logic/foundry accounted for more than half of our equipment sales and was driven by solid spending in the most advanced nodes. Memory sales grew by a double-digit percentage in 2022, driven by new application wins, in particular ALD gapfill in 3D-NAND.

We also booked strong growth in the power/analog/wafer manufacturer segments in 2022, also on the back of strong new product momentum in Epi and vertical furnaces

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

Accelerating our sustainability commitment

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)

2022 achievements include:

- Submitted Net Zero measurements and targets to the SBTi
- +109% in packaging material reuse
- ASM was a founding member of the Semiconductor Climate Consortium (SCC) and was elected to chair its Governing Council

Financial targets towards FY 2025

	FY 2021	FY 2022[1]	FY 2025
Revenue	€1.7 billion	€2.4 billion	€2.8 to €3.4 billion[1]
Revenue growth	34% YOY[1]	33% yoy[2]	16 - 21% CAGR (FY20-FY25)
Gross margin %	47.9%	47.5%	46 - 50% (FY21-FY25)
SG&A % revenue	11.0%	11.4%	High single digit (FY25)
R&D (net) % revenue	8.7%	9.5%	High single digit to low teens (FY25)
Operating margin %	28.4%	26.6%	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). For 2023, expected capital expenditure of €150-200m**

(1) For FY 2022 normalized numbers are presented
(2) At constant currencies

Capital allocation strategy

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

(Estimated) amortization and earn-out expenses

€ million	Q1 2022 Actual	Q4 2022 Actual	Q1 2023 Actual	Full year 2023 Estimate	2024 Estimate	2025 Estimate
Cost of sales	–	(3.1)	(12.3)	(27.0)	–	–
Net research and development expenses	–	(3.6)	(3.5)	(14.0)	(14.0)	(14.0)
Selling, general and administrative expenses	–	(1.2)	(1.2)	(4.8)	(4.9)	(4.9)
Total impact on operating results	–	**(7.9)**	**(17.0)**	**(45.8)**	**(18.9)**	**(18.9)**
Finance expense [1]	–	(2.6)	(2.4)	(9.7)	(8.7)	(2.8)
Income taxes (realization temporary differences)	–	2.2	4.7	12.7	5.2	5.2
Total impact on net earnings	–	**(8.3)**	**(14.7)**	**(42.8)**	**(22.4)**	**(16.5)**

[1] Finance expenses include the change in fair value of the contingent consideration (LPE earn-out).

Normalized and reported P&L reconciliation

€ million	Q4 2022 normalized	Δ	Q4 2022 reported	Q1 2023 normalized	Δ	Q1 2023 reported
Revenue	725		725	710		710
Gross profit	340	(3)	337	363	(12)	351
Gross margin	46.9%		46.4%	51.1%		49.4%
SG&A	(75)	(1)	(76)	(70)	(1)	(71)
SG&A as a % of revenue	10.3%		10.5%	9.9%		10.0%
Net R&D	(75)	(4)	(79)	(72)	(3)	(75)
Net R&D as a % of revenue	10.4%		10.9%	10.1%		10.6%
Operating profit	190	(8)	182	221	(17)	204
Operating margin	26.2%		25.1%	31.2%		28.8%
Finance income (expense)	(34)	(3)	(37)	(6)	(2)	(8)
Income from investment in associates	8	(3)	5	9	(3)	6
Net earnings	142	94	237	183	197	380

Income statement (reported)

€ million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
New orders	706	943	676	829	647
Backlog	1,000	1,408	1,525	1,669	1,584
Book-to-bill ratio	1.4	1.7	1.1	1.1	0.9
Revenue	**517**	**559**	**610**	**725**	**710**
Cost of sales	(270)	(294)	(316)	(388)	(359)
Gross profit	**247**	**266**	**293**	**337**	**351**
Other income	(0)	0	(0)	0	0
Operating expenses:	–	–	–	–	–
Selling, general and administrative	(61)	(68)	(73)	(76)	(71)
Research and development	(44)	(51)	(61)	(79)	(75)
Total operating expenses	**(104)**	**(118)**	**(133)**	**(155)**	**(146)**
Operating result	**143**	**148**	**160**	**182**	**204**
Net interest income (expense)	(0)	0	1	(2)	(1)
Foreign currency exchange gain (loss)	9	26	25	(36)	(7)
Share in income of investments in associates	20	24	16	5	6
Reversal of impairment of investments in associates, net	–	–	(321)	106	215
Earnings before income taxes	172	198	(120)	255	418
Income taxes	(30)	(37)	(31)	(18)	(37)
Net earnings	**142**	**160**	**(150)**	**237**	**380**

Balance sheet

€ million	Mar. 22	Jun. 22	Sep. 22	Dec. 22	Mar. 23
Right-of-use assets	28	27	30	32	34
Property, plant and equipment	274	284	297	312	315
Evaluation tools at customers	67	66	79	69	73
Goodwill	52	33	39	318	318
Other intangible assets	294	345	376	646	647
Investments in associates	884	918	637	686	892
Other investments	–	–	–	6	6
Deferred tax assets	0	0	0	0	0
Other non-current assets	8	9	9	10	10
Total non-current assets	**1,607**	**1,682**	**1,467**	**2,079**	**2,294**
Inventories	256	341	464	538	575
Accounts receivable	502	483	520	581	568
Income taxes receivable	18	20	20	19	32
Other current assets	58	61	78	115	98
Cash and cash equivalents	550	552	670	419	573
Total current assets	**1,384**	**1,456**	**1,752**	**1,672**	**1,846**
Total Assets	**2,991**	**3,139**	**3,220**	**3,751**	**4,140**
Equity	**2,412**	**2,536**	**2,471**	**2,749**	**3,088**
Lease liabilities	16	16	18	19	21
Contingent consideration payable	–	–	–	79	81
Deferred tax liabilities	50	56	67	124	118
Total non-current liabilities	**66**	**71**	**85**	**221**	**220**
Accounts payable	211	246	249	243	252
Provision for warranty	30	31	35	34	31
Income taxes payable	27	32	34	44	69
Accrued expenses and other payables	245	223	346	459	479
Total current liabilities	**513**	**531**	**664**	**780**	**831**
Total Equity and Liabilities	**2,991**	**3,139**	**3,220**	**3,751**	**4,140**

Cash flow statement

€ million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net earnings from operations	**142**	**160**	**(150)**	**237**	**380**
Adjustments to reconcile net earnings to net cash from operating activities	6	17	330	(73)	(188)
Depreciation, amortization and impairments	25	27	32	38	42
Income tax paid	(13)	(29)	(25)	(23)	(30)
Decrease (increase) in working capital	(11)	(43)	(31)	(75)	6
Net cash from operating activities	**151**	**133**	**155**	**104**	**210**
Cash flows from investing activities	-	-	-	-	-
Capital expenditures	(27)	(16)	(21)	(37)	(26)
Proceeds from sale of property, plant and equipment	0	0	0	0	1
Capitalized development expenditure	(24)	(27)	(27)	(25)	(29)
Purchase of intangible assets and other investments	(1)	(1)	(2)	(2)	(1)
Dividend received from associates	-	32	17	-	-
Acquisitions of subsidiaries, net of cash acquired	(39)	-	-	(278)	-
Net cash used in investing activities	**(90)**	**(12)**	**(32)**	**(341)**	**(56)**
Payment of lease liabilities	(2)	(2)	(3)	(3)	(3)
Purchase of treasury shares	-	-	-	-	-
Proceeds from issuance of treasury shares and other	-	(1)	(0)	-	(0)
Dividends to common shareholders	-	(122)	-	-	-
Net cash used in financing activities	**(2)**	**(124)**	**(3)**	**(3)**	**(3)**
Free cash flow excluding cash spent on acquisitions(1)	**99**	**121**	**122**	**41**	**155**

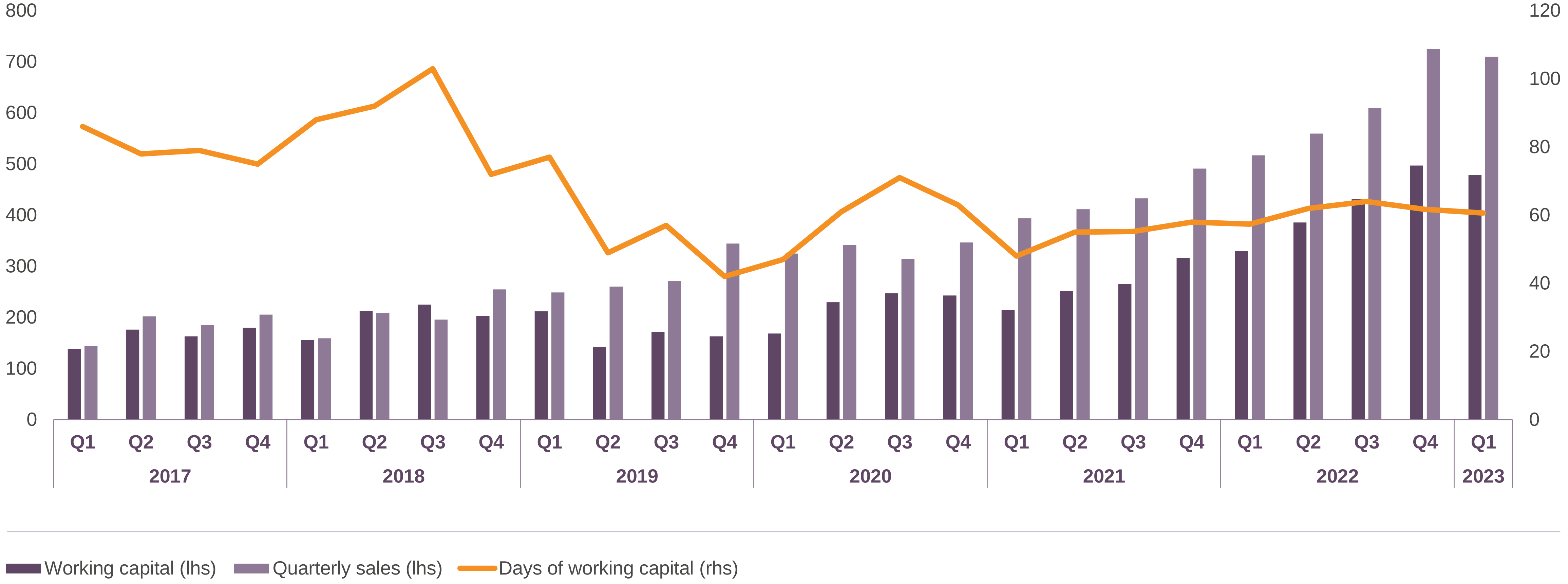
(1) Free cash flow is defined as cash flows from operating activities after investing activities

Gross and net R&D expenses (reported)

€ million	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Gross R&D expenses	**60**	**70**	**78**	**93**	**94**
Capitalization of development expenses	(24)	(27)	(27)	(25)	(29)
Amortization of capitalized development expenses	7	8	9	11	11
Impairment capitalized development expenses	0	(0)	-	-	-
Net R&D expenses	**44**	**51**	**61**	**79**	**75**
Gross R&D as % of revenue	11.6%	12.5%	12.9%	12.8%	13.2%
Net R&D as % of revenues	8.4%	9.1%	10.0%	10.9%	10.6%

Working capital: historical development

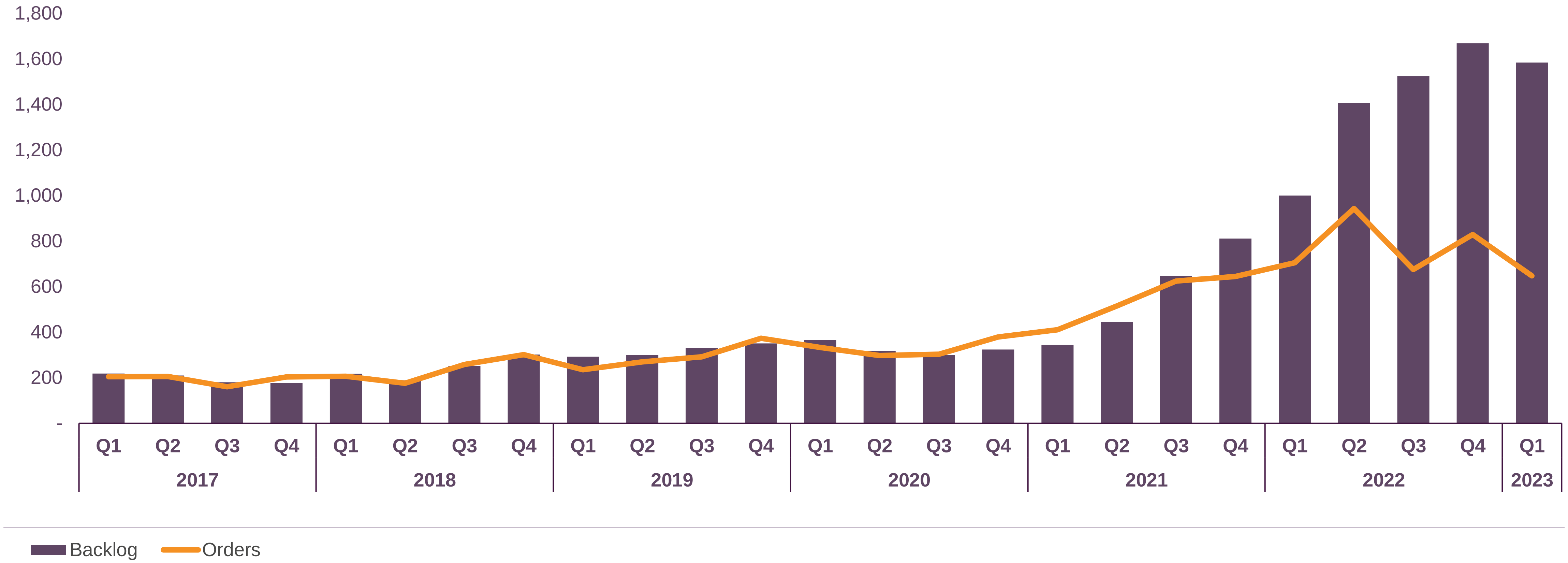
€ million



Numbers based on reported financials
(1) Q1 and Q4 2019 exclude the impact of patent litigation and arbitration settlements

Orders and backlog: historical development

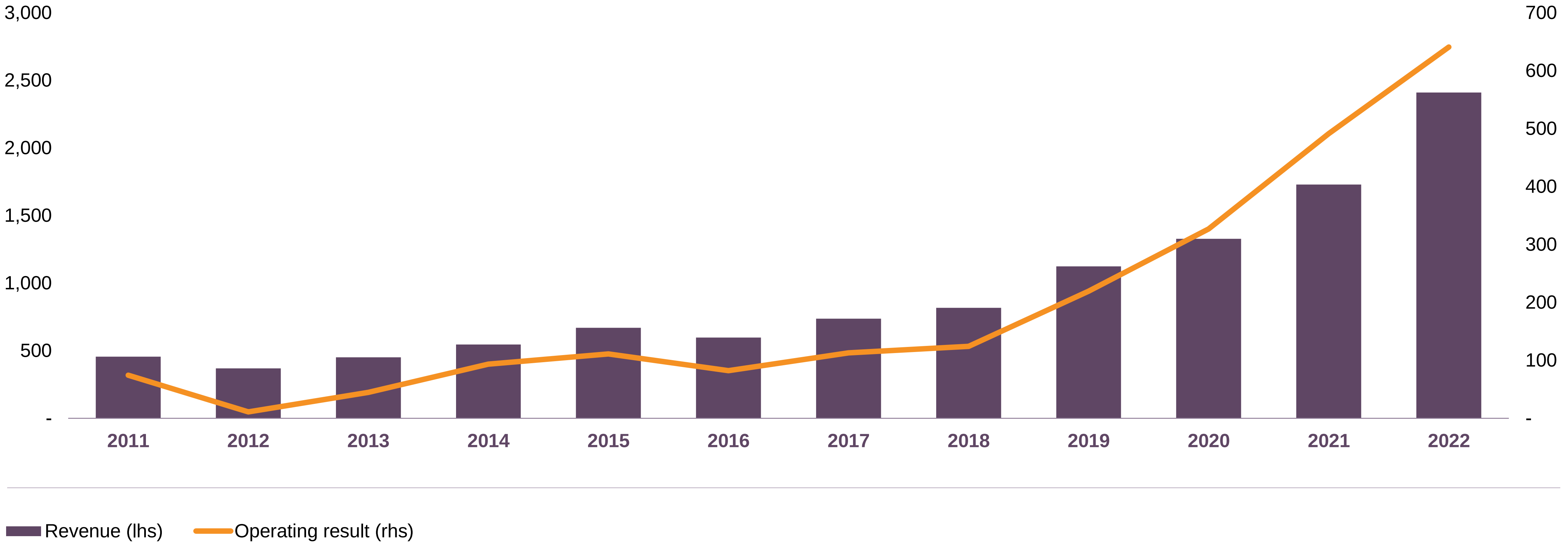
€ million



Numbers based on reported financials
(1) Q1 and Q4 2019 exclude the impact of patent litigation and arbitration settlements

Revenue and operating result: historical development

€ million

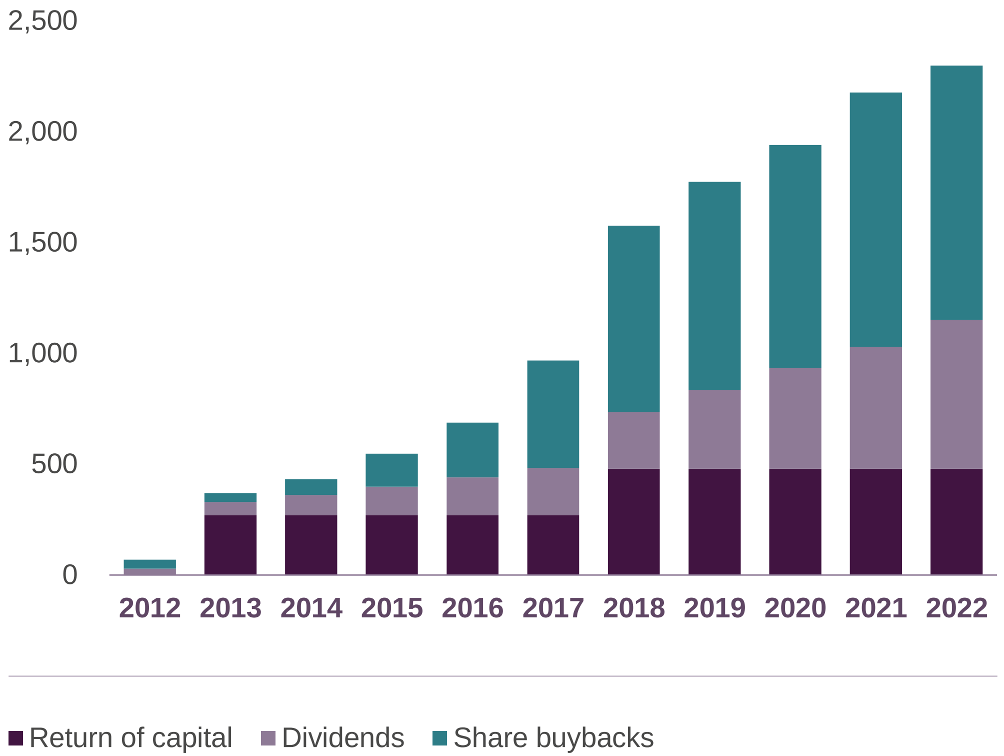


2019 numbers exclude settlement gains of €159m
2022 operating margin exclude amortization of fair value adjustments from respective purchase price allocations (before tax)

Excess cash returned to shareholders

Dividend per share
(€ paid over)

Cumulative cash returned to market
(€m)



(1) Proposed

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