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# INVESTOR PRESENTATION

Q4 2017 RESULTS

February 28, 2018

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## › Strong growth prospects

- ALD market expected to grow by double digits, ASMI has leadership position in ALD
- ASMI sales grew at a CAGR of 14% since 2010 compared to 6%\* for the WFE market
- In 2017 we benefited from clear improvement in the ALD market next to strong growth in epitaxy and PECVD

## › Structurally improved profitability

- Operating margin improved from 13.8% to 15.3% in 2017
- Gross margin decreased from 44% to 41.5% due to impact of newly introduced products

## › Solid balance sheet

- Strong cash position, no debt
- €250m share buyback program started Sept 2017, 96% complete per Feb 23, 2018
- Proposed capital return of EUR 4 per share, cancellation of 6m shares and intention to start another €250m share buyback program announced in Feb 2018
- Proposal to the AGM 2018 to raise dividend by 14% to €0.80 per share

\* Source: Gartner Market Statistics, December 2017

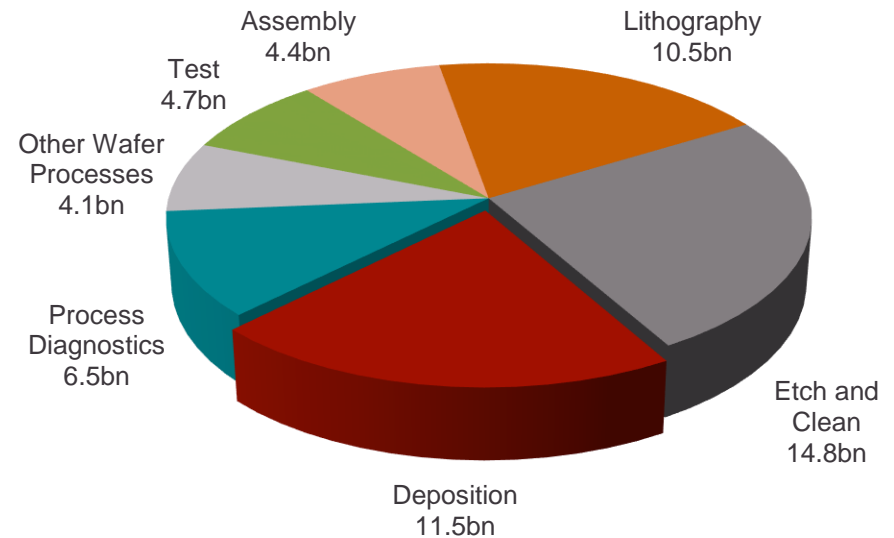
# 2017 KEY RESULTS



	Q4 2016	Q3 2017	Q4 2017	2016	2017
New orders	176.9	160.4	203.2	622.3	773.6
Net sales	172.6	185.3	205.6	597.9	737.4
Gross profit margin %	44.9%	40.0%	39.3%	44.2%	41.5%
Operating results	29.9	25.7	34.9	82.2	113.2
Normalized result from investments	18.4	32.1	14.0	67.7	112.4
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(7.0)	(5.4)	(4.6)	(27.2)	(22.8)
Result from sale of ASMPT stake	-	-	183.9	-	284.9
Net earnings	61.5	42.2	224.8	135.5	452.4
Normalized net earnings (excl. amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	68.5	47.6	45.5	162.7	190.3

- > ASM focuses on deposition equipment
- > ASM is a market leader in ALD
- > Positions in Epitaxy, PECVD and Vertical Furnaces

## Equipment market segments (US\$)

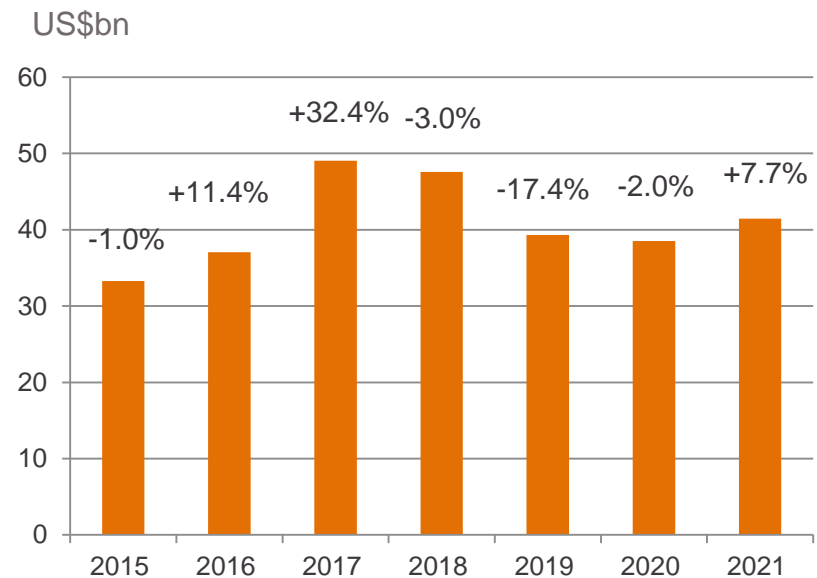


VLSI Research, February 2018

**ASM's focus is on deposition equipment**

- > WFE increased by 32% in 2017 according to Gartner
- > Investments in leading edge equipment remain the key driver

## Wafer Fab Equipment Spending

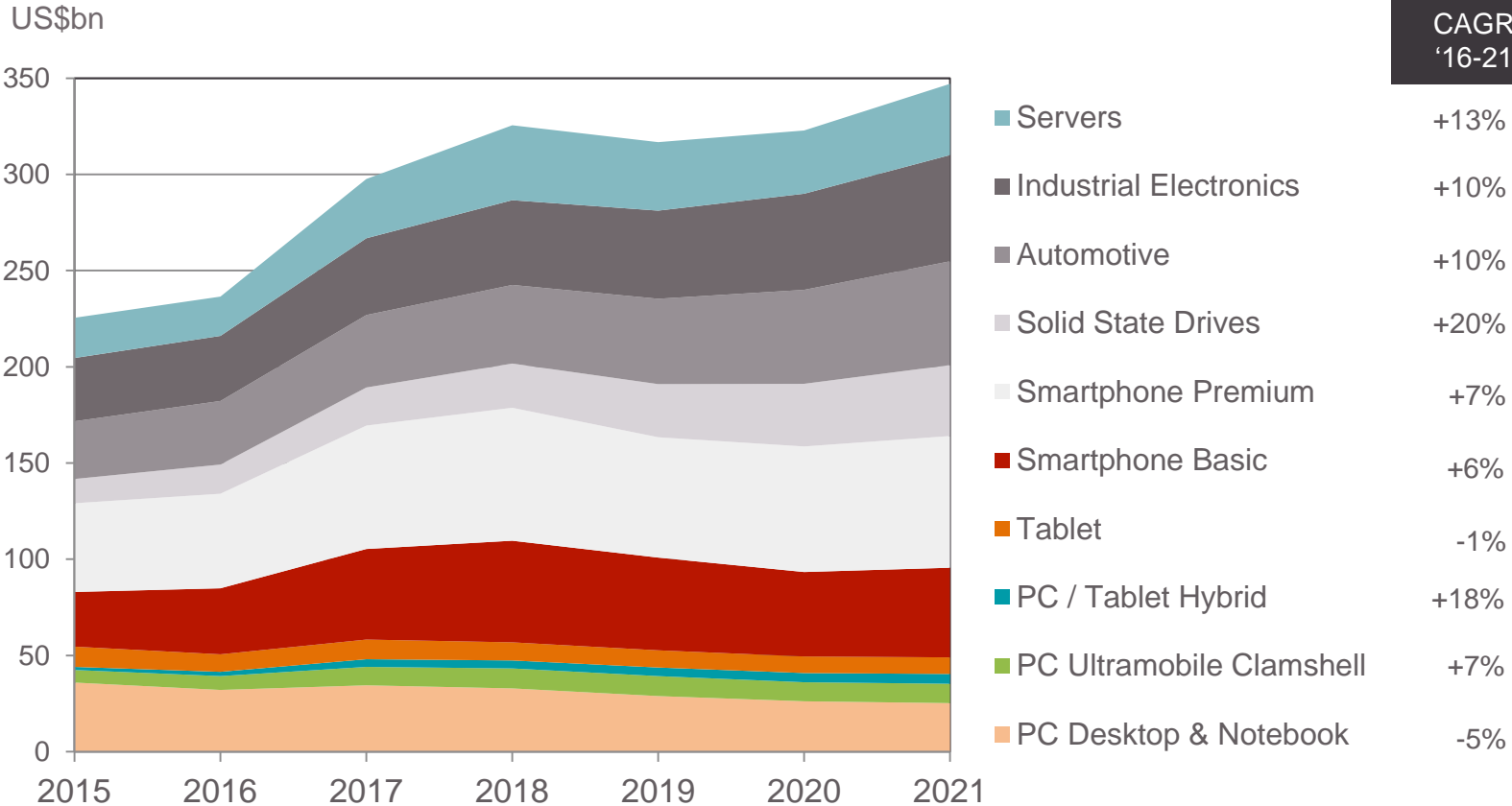


*Gartner, December 2017*

**Gartner estimates the Wafer Fab Equipment market grew 32% in 2017 and forecasts a modest decline in 2018**

# SEMICONDUCTOR GROWTH DRIVERS

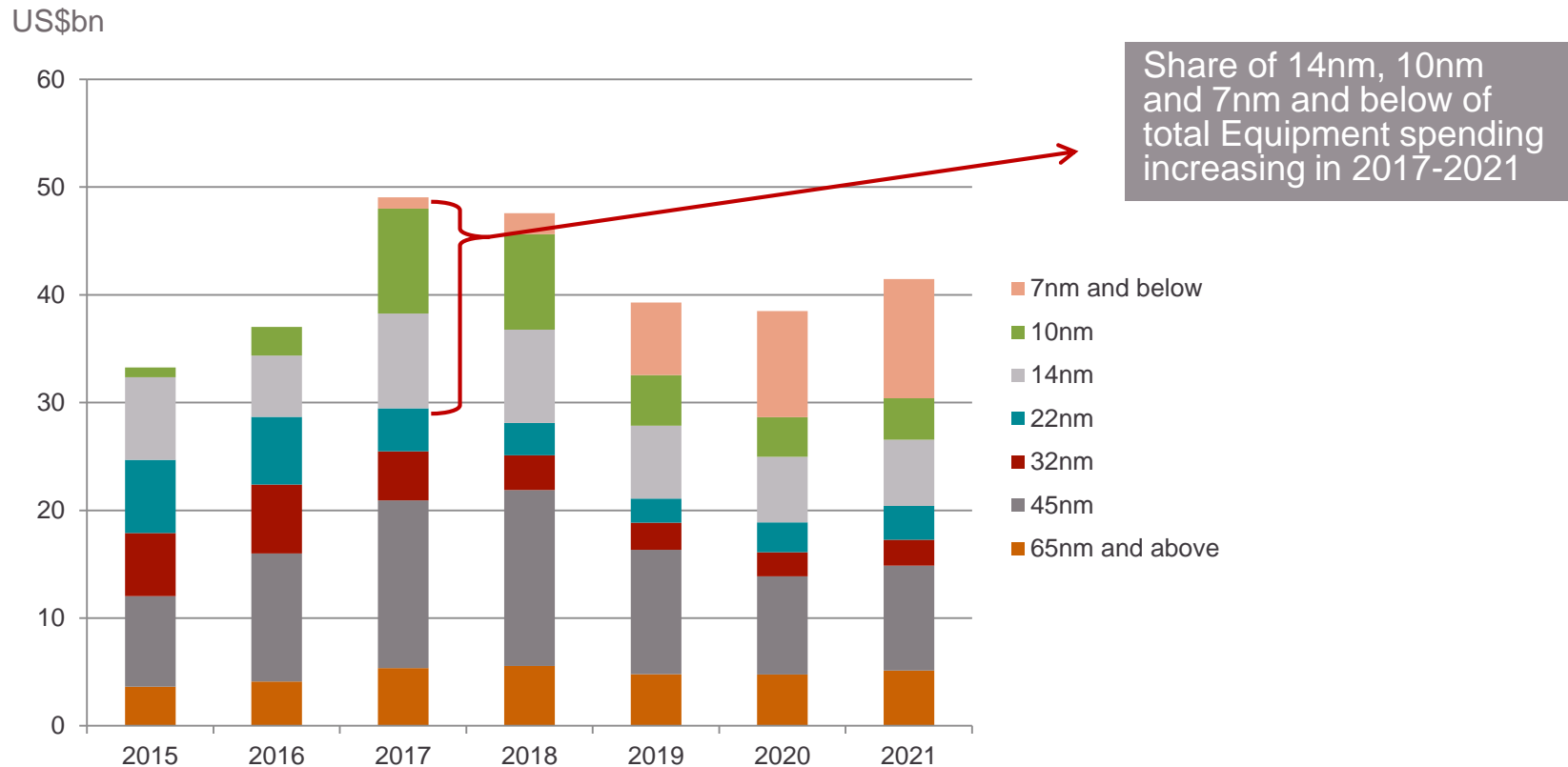
## SEMICONDUCTOR SALES BY KEY APPLICATION



Gartner, December 2017

- > Current drivers are mobile devices, but long term growth rate is slowing
- > New growth drivers are Solid State Drives, Servers and Industrial/Automotive (MtM)

# WAFER FAB EQUIPMENT SPENDING BY NODE



Gartner, December 2017

- › Advanced nodes: market segments with high expected growth
- › Continued strength in 45nm mainly driven by 3D NAND spending



## › **ALD technology is a key enabler of Moore's Law**

- Strengths of Atomic Layer Deposition: high-precision deposition of smooth and conformal ultra-thin films, ability to deposit new materials
- Device scaling, new materials and 3D architectures drive increased demand for ALD

## › **ASMI has leading positions in ALD**

- Leadership in high-k metal gate, spacer defined multiple patterning and several new applications
- ALD continued to account for clearly more than half of ASM's equipment revenue in 2017

## › **Strong market outlook ALD**

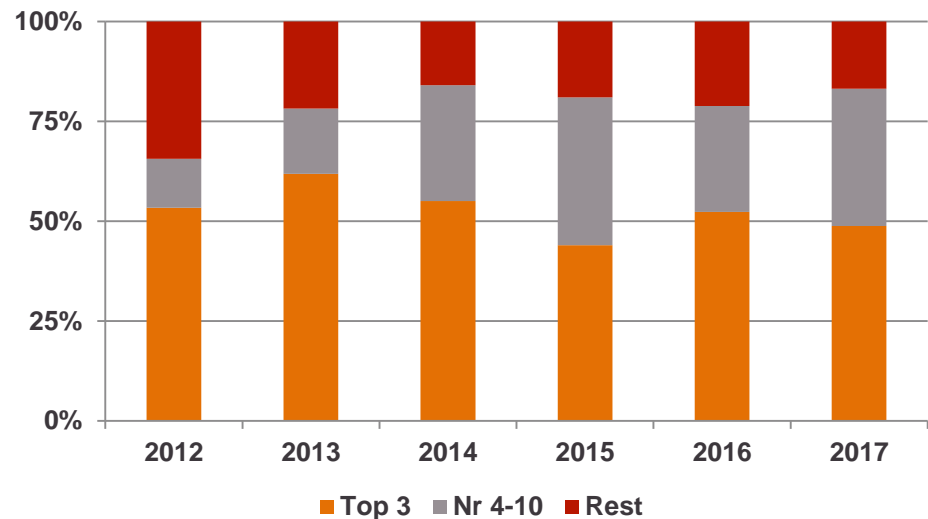
- Drivers are further deployment of ALD in volume manufacturing, new applications and process steps
- The CAGR of the single wafer ALD segment is expected to be the highest within the deposition equipment market in the next years

# COMPETITIVE ADVANTAGES

- › **Focused player, differentiated technologies**
- › **Track record of innovation**
- › **Global network, streamlined operations**
- › **Leadership in ALD**
  - Developing ALD technology since 1999
  - Leading market share in ALD
- › **Close cooperation with the leading IC manufacturers**
- › **Strong IP portfolio**

> Engaged with all of the top-10 semiconductor capital equipment spenders

## ASMI revenue



**Growing share of wallet with top clients**

## › Solid growth expected for the ALD market

- Single wafer ALD market showed a clear improvement in 2017
- We expect the single wafer ALD market to reach a size of approx. US\$1.5 billion by 2020-2021

## › Growth in newly introduced products

- Epitaxy and PECVD showed strong growth in 2017

## › Sale of 9% stake in ASMPT announced on November 2, 2017

- Proceeds of approximately €445m

## › Shareholder remuneration

- €250m share buyback program started Sept 2017, 96% complete per Feb 23, 2018
- Proposal to the AGM 2018 for a tax efficient capital return of €4 per share and the cancellation of 6m treasury shares
- Intention to start another €250m share buyback program announced in Feb 2018
- Proposal to the AGM 2018 to raise dividend by 14% to €0.80 per share

# STAKE IN ASMPT REDUCED TO 25%

- › **On Nov 2, 2017, ASMI sold a 9% stake in ASMPT for proceeds of approx. €445 million**
  - 37 million shares in ASMPT were placed at a price of HK\$111 per share through an accelerated bookbuild offering
  - Part of proceeds will be used for a tax efficient capital return of €4 per share
  
- › **With this 9% stake sale Management Board aims to take an important further step in creating long term value for the company**
  - Next to continuous efforts in strengthening the company's Front-end operations
  
- › **Management Board remains of the opinion that, at this moment, a significant stake in ASMPT is of strategic value to ASMI**
  - With a remaining stake of approximately 25% in ASMPT the company believes that this strategic value is still maintained
  
- › **Last April, ASMI sold a 5% stake in ASMPT for proceeds of €245 million**
  - Proceeds of this 5% stake sale were used for a new €250m share buyback program that started in September

# ASMPT RESULTS

	Q4 2016	Q3 2017	Q4 2017
Sales ASMPT (HK\$ million)	3,521	5,110	4,227
Net profit ASMPT excluding one-offs (€ million, 100% based)	45	95	49
Normalized result from investments (including ASMI's share of ASMPT net profit)	18.4	32.1	14.0
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(7.0)	(5.4)	(4.6)
Result from sale of ASMPT stake	-	-	183.9

- › **As of March 2013 our share in ASMPT's net earnings is included in 'result from investments'**
- › **On November 2, 2017, we announced the sale of a stake of approximately 9%, reducing our holding in ASMPT from 34% to 25%. Net earnings in Q4 2017 included a result of €184m related to this stake sale**

# FINANCIAL OVERVIEW

# Q4 2017 HIGHLIGHTS

- › Revenues up 11% q-o-q and up 19% y-o-y
- › Bookings up 27% q-o-q and up 15% y-o-y. Book-to-bill ratio of 1.0
- › Q4 backlog of €176m compared to €180m at the end of Q3
- › Gross margin of 39.3% in Q4 was for 3%-points negatively impacted by initial costs related to new product introductions (Q3 2017: 5% points)
- › Operating margin of 17.0% in Q4 2017 vs. 13.9% in Q3 and 17.3% in Q4 2016
- › Free cash flow of €4m positive in Q4 2017
- › Normalized net earnings\* of €46m in Q4 2017, down from €48m in Q3 and €68m in Q3 2016
- › Normalized net earnings were impacted by translation differences in financial results: negative €5m in Q4 2017 vs. negative €8m in Q3 and positive €19m in Q4 2016

*\* excl. amortization intangible assets resulting from the sale of the 12% stake of ASMPT and result from sale of ASMPT stake*



Based upon the current backlog and our current visibility:

For Q1 and Q2, on a currency comparable level, we expect sales respectively of €155-175 million and €200-230 million. The broader range for Q2 reflects some uncertainty around the exact timing of individual tool shipments.

For Q1, on a currency comparable level, we expect an order intake of €190-210 million.

For 2018, market watchers currently expect the wafer fab equipment market to increase with, on average, a high single digit percentage. We aim to outgrow the wafer fab equipment market in 2018.

# NET EARNINGS

EUR million	Q4 2016	Q3 2017	Q4 2017	Q4 2017 vs Q3 2017	Q4 2017 vs Q4 2016
New orders	176.9	160.4	203.2	27%	15%
Backlog	156.7	179.8	176.3	(2)%	12%
Book-to-bill	1.0	0.9	1.0		
Net sales	172.6	185.3	205.6	11%	19%
Gross profit	77.5	74.1	80.7	9%	4%
Gross profit margin %	44.9%	40.0%	39.3%		
Selling, general and administrative expenses	(23.1)	(25.9)	(25.0)	(3)%	8%
Research and development expenses	(24.0)	(22.5)	(20.7)	(8)%	(14)%
Restructuring expenses	(0.4)	-	(0.1)	n/a	n/a
Operating result	29.9	25.7	34.9	9.2	5.0
Operating margin %	17.3%	13.9%	17.0%		
Financing costs	19.3	(7.7)	(5.1)	2.6	(24.4)
Income tax	0.8	(2.5)	1.6	4.2	0.8
Normalized result from investments	18.4	32.1	14.0	(18.1)	(4.4)
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(7.0)	(5.4)	(4.6)	0.8	2.4
Result from sale of ASMPT stake	-	-	183.9	183.9	183.9
Net earnings	61.5	42.2	224.8	182.6	163.3
Normalized net earnings (excl. amortization intangible assets resulting from the sale of the 12% stake of ASMPT and result from sale and dilution of ASMPT stake )	68.5	47.6	45.5	(2.1)	(23.0)
Normalized net earnings per share, diluted	€1.13	€0.80	€0.79	€(0.01)	€(0.34)

# R&D EXPENDITURE

EUR million	Q4 2016	Q3 2017	Q4 2017
R&D expenditure	(26.5)	(27.6)	(29.5)
Capitalized development expenditure	6.8	8.4	14.7
Amortization capitalized development expenditure	(4.3)	(3.3)	(2.9)
Impairment capitalized development expenditure	-	-	(3.0)
<b>R&amp;D expenses</b>	<b>(24.0)</b>	<b>(22.5)</b>	<b>(20.7)</b>

# CASH FLOW

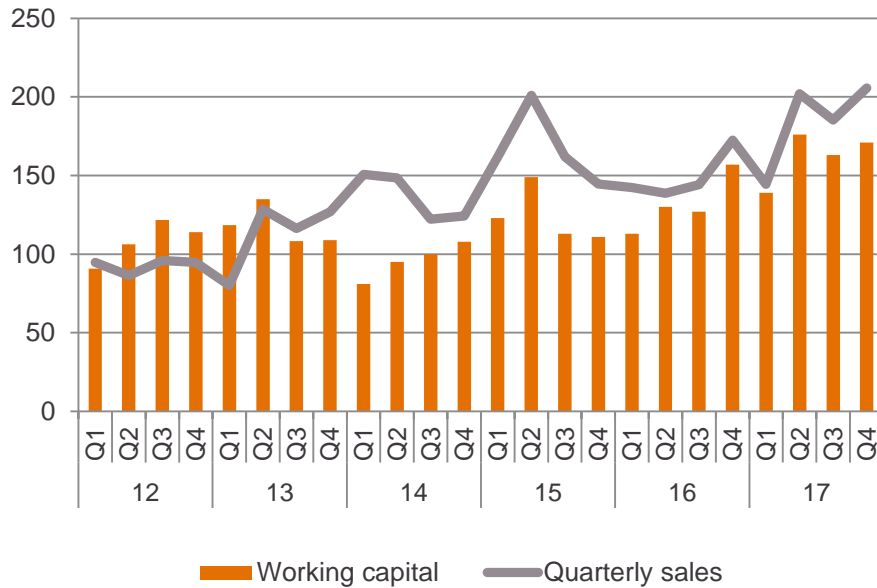
EUR million	2016	2017
Net earnings	135.5	452.4
Depreciation, amortization and impairments	51.7	52.1
Result from investments	(40.5)	(374.5)
Other adjustments	0.8	38.2
Change in working capital	( 56.0)	(48.1)
<b>Net cash from operating activities</b>	<b>91.4</b>	<b>120.1</b>
Capital expenditure	(25.7)	(47.4)
Capitalized development expenditure	(27.4)	(38.6)
Dividend received from investments	22.1	36.5
Proceeds of disposal ASMPT stake	-	690.7
Purchase of intangible assets	(7.0)	(2.4)
<b>Net cash from investing activities</b>	<b>(38.0)</b>	<b>638.7</b>
Dividend paid to ASMI shareholders	(42.7)	(41.5)
Share buyback	(97.0)	(239.6)
Other	13.9	13.2
<b>Net cash from financing activities</b>	<b>(125.8)</b>	<b>(267.9)</b>

# BALANCE SHEET

EUR million	Dec 31, 2016	Dec 31, 2017
Cash and cash equivalents	378	836
Accounts receivable	137	163
Inventories	112	143
Other current assets	23	16
Investments and associates	1,218	731
Property, plant and equipment	95	111
Capitalized development costs	88	101
Other non-current assets	79	77
<b>Total Assets</b>	<b>2,131</b>	<b>2,177</b>
Accounts payable	61	79
Short-term debt	-	-
Other current liabilities	57	72
Long-term debt	-	-
Other non-current liabilities	15	14
Equity	1,998	2,012
<b>Total Liabilities and Equity</b>	<b>2,131</b>	<b>2,177</b>

# WORKING CAPITAL

EUR million

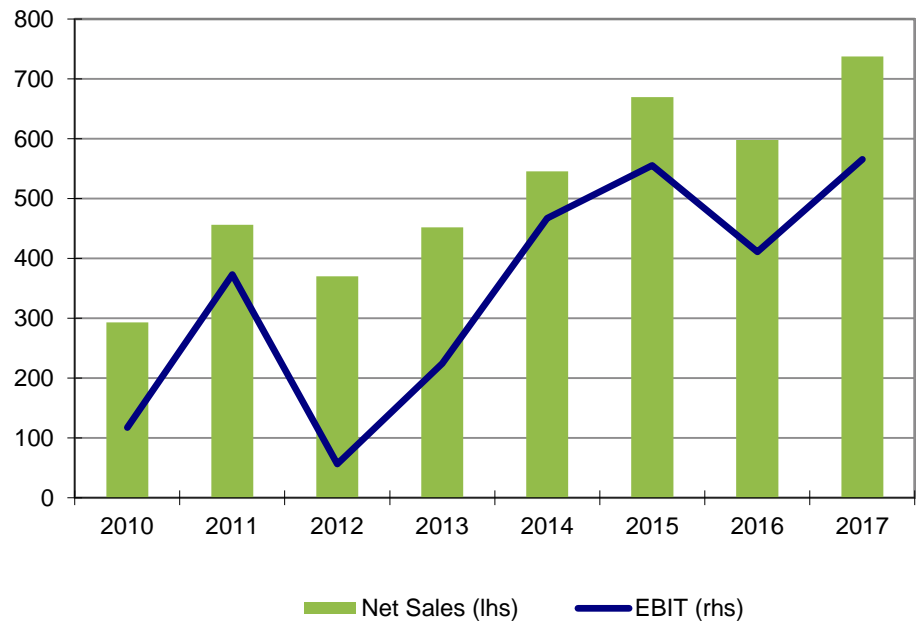


Days



# HISTORICAL DEVELOPMENT

EUR million



EUR million

