

DRIVE INNOVATION • DELIVER EXCELLENCE >



# INVESTOR PRESENTATION

Q2 2018 RESULTS

July 24, 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
- Additional growth opportunities in Epitaxy and PECVD

## › Healthy profitability

- Gross margin of 42% in Q2, up substantially from 38% in Q1, even though still impacted by newly introduced products and costs associated with preparation for anticipated higher activity levels

## › Solid balance sheet

- Strong cash position, no debt
- Start of new €250m share buyback program announced on June 5, 2018
- Scheduled for Aug 2018: capital repayment of €4 per share and cancellation of 6m shares
- 14% higher dividend of €0.80 per share paid in 2018

\* Source: Gartner Market Statistics, December 2017

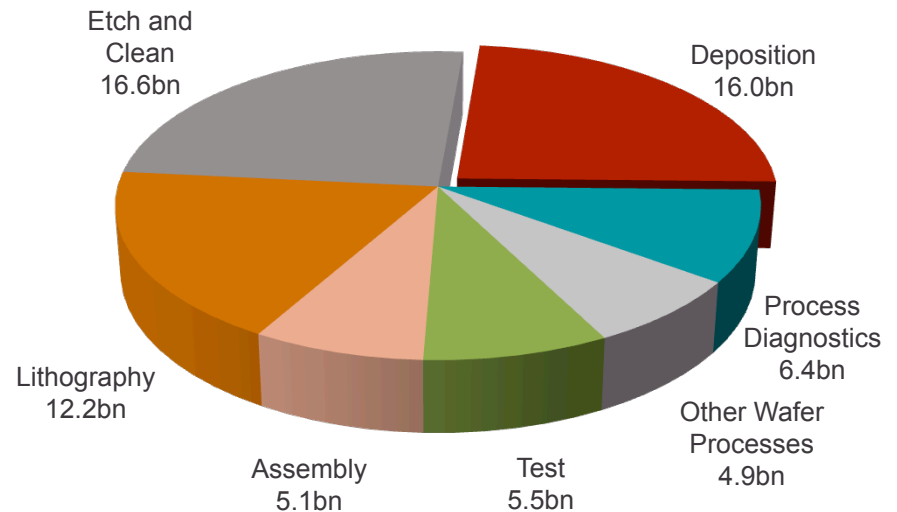
# 2018 Q2 KEY RESULTS



	<i>(restated)</i> Q2 2017	Q1 2018	Q2 2018
New orders	205.9	206.5	175.9
Net sales	214.5	159.0	208.7
Gross profit margin %	43.4%	37.8%	42.1%
Operating results	42.7	11.8	38.3
Normalized result from investments	30.9	16.3	21.6
Amortization intangible assets resulting from the stake sale ASMPT in 2013	(7.1)	(3.8)	(3.0)
Result from the sale of ASMPT shares	101.0	-	-
Net earnings	154.5	15.0	59.4
Normalized net earnings (excl. amortization intangible assets resulting from the stake sale ASMPT in 2013 and result from sale of ASMPT shares)	60.6	18.8	62.4

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

## Equipment market segments 2018 (US\$)

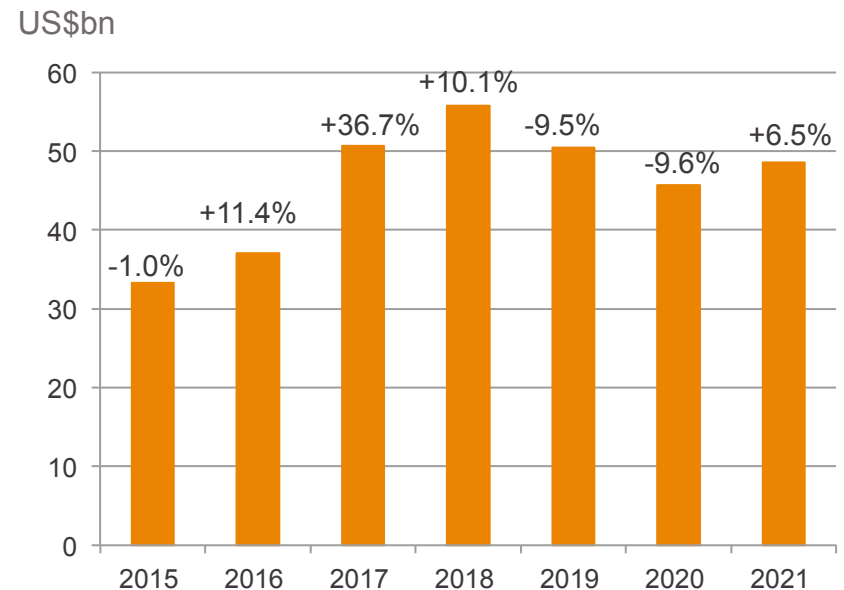


VLSI Research, July 2018

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

- › WFE to increase by 10% in 2018 according to Gartner
- › Investments in leading edge equipment remain the key driver
- › Note that ASMI's statement on the WFE outlook is as follows: "For 2018, general expectations for growth of the wafer fab equipment market are currently mid to high single digits."

## Wafer Fab Equipment Spending

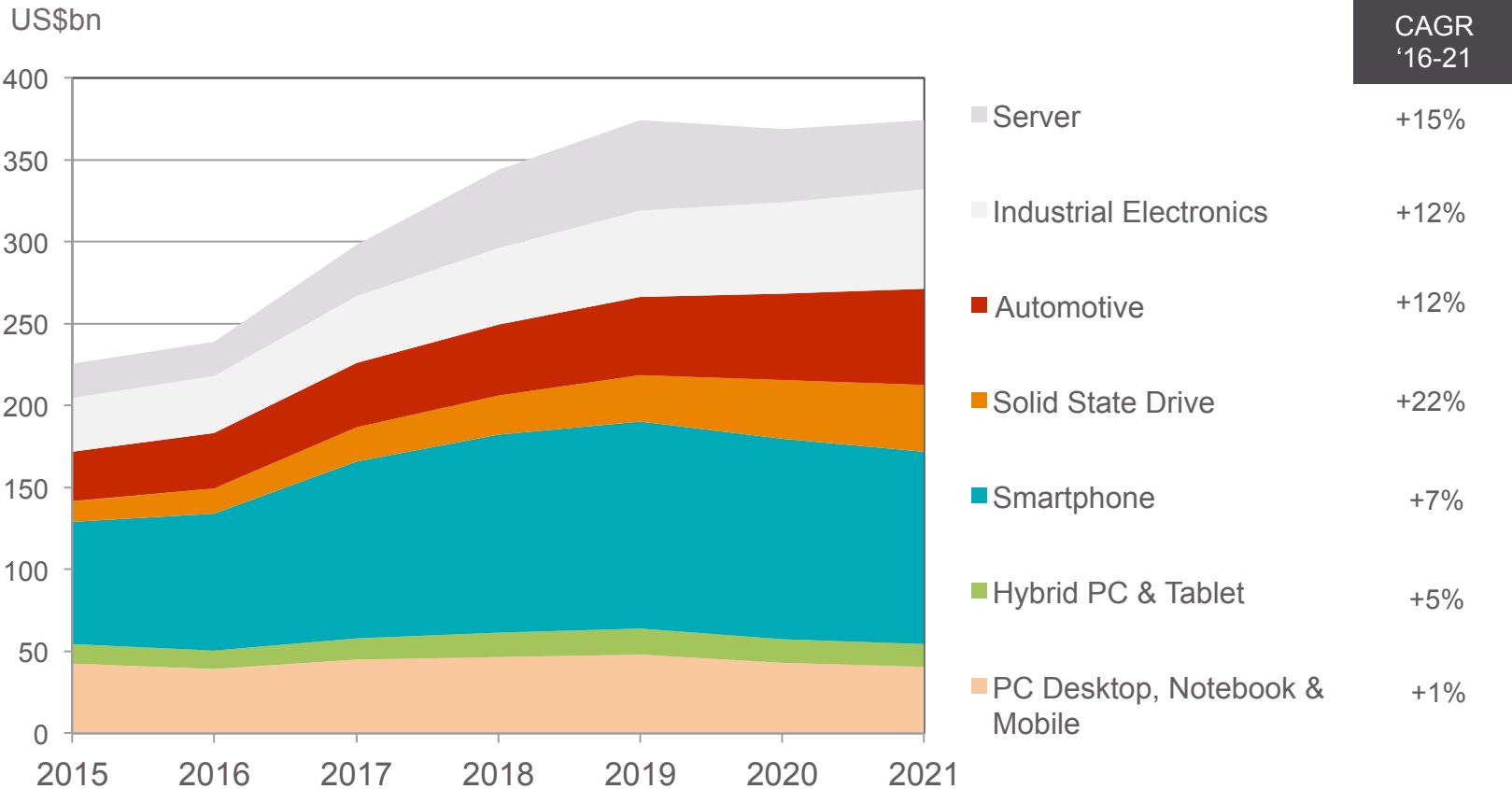


Gartner, July 2018

**Gartner estimates the Wafer Fab Equipment market to grow 10% in 2018 following an increase of 37% in 2017**

# SEMICONDUCTOR GROWTH DRIVERS

## SEMICONDUCTOR SALES BY KEY APPLICATION

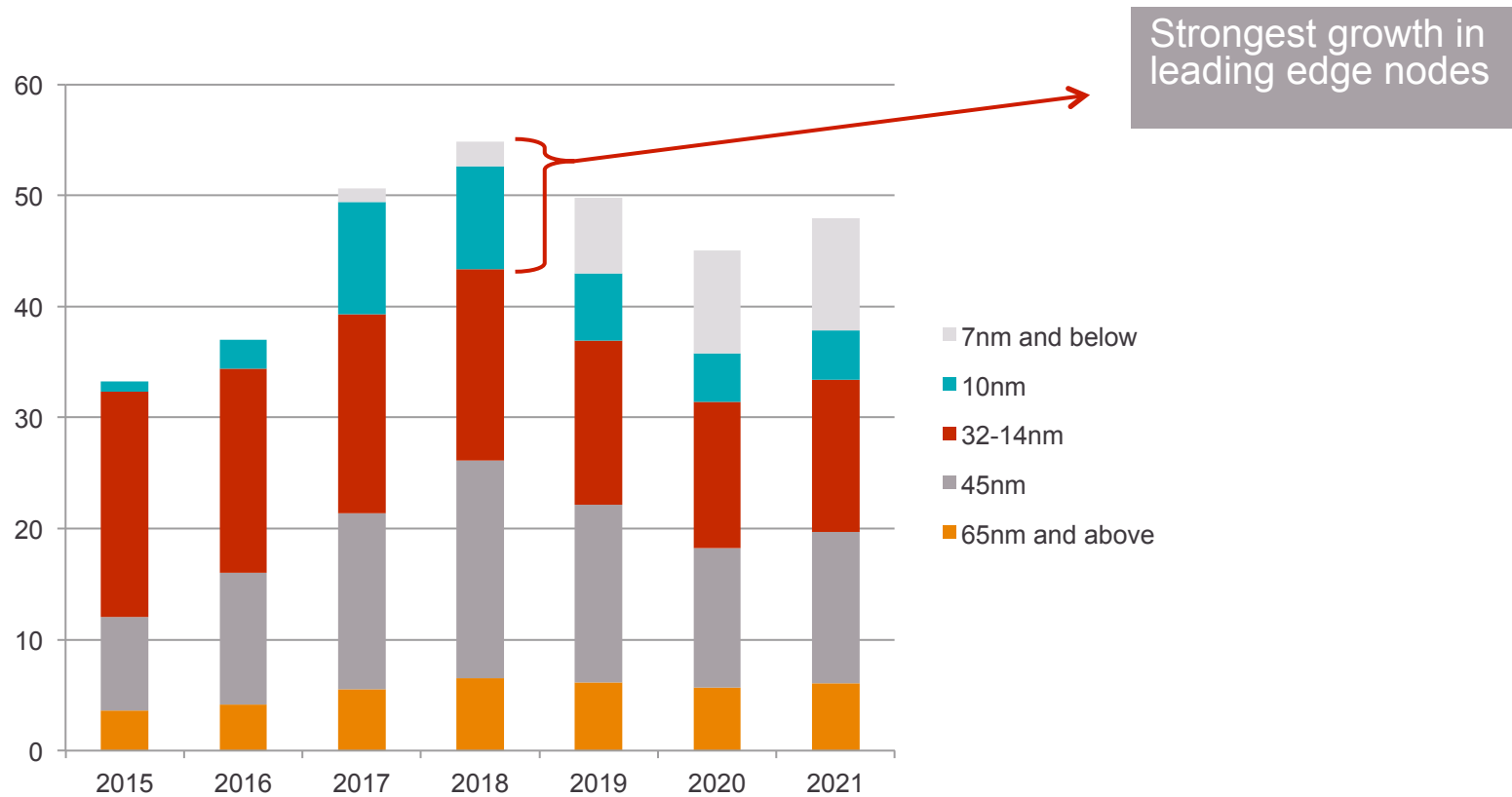


Gartner, June 2018

- > 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

US\$bn



Gartner, July 2018

- > Advanced nodes: market segments with high expected growth
- > 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**

- ASMI has strongest position in logic/foundry. Logic/foundry ALD market more than doubled from 14nm/16nm to 7nm
- ALD continued to account for clearly more than half of ASM's equipment revenue in 2017
- Strong focus on increasing our addressable market within single wafer ALD

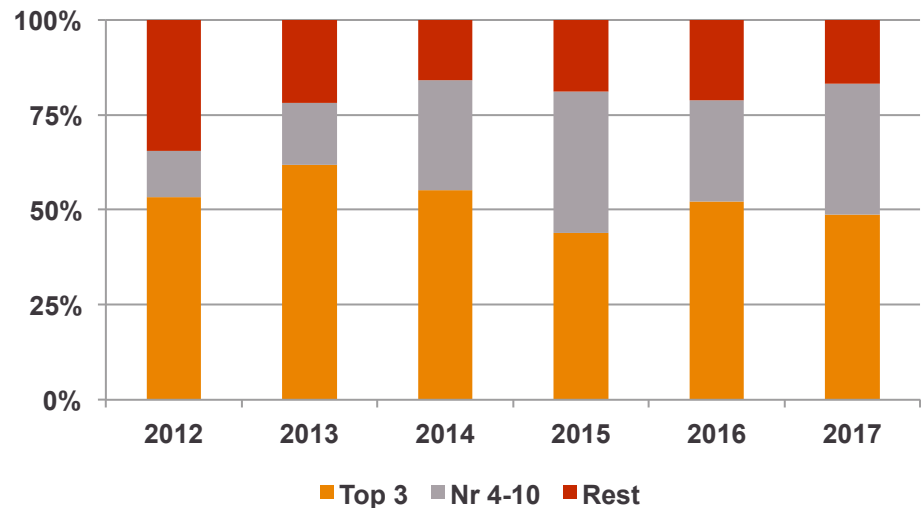
## › **Strong market outlook ALD**

- The CAGR of the single wafer ALD segment is expected to be the highest within the deposition equipment market in the next years

- › **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 '20-'21

## › Introduction of Synergis ALD tool

- Combining ALD capabilities of Emerald and Pulsar tools with high productivity XP8 platform
- Enabling a wider range of advanced ALD films with excellent levels of uniformity and at high throughput and tool availability
- Increasing our SAM within the single wafer ALD market

## › Shareholder remuneration

- €250m share buyback program started Sept 2017, completed per Mar 29, 2018
- New €250m share buyback program announced on June 5, 2018, for 31% completed as of July 20, 2018
- Scheduled for Aug 2018: capital repayment of €4 per share and cancellation 6m shares
- 14% higher dividend of €0.80 per share paid in 2018

# ASMPT RESULTS

	Q2 2017	Q1 2018	Q2 2018
Sales ASMPT (HK\$ million)	4,424	4,346	5,270
Net profit ASMPT (€ million, 100% based)	88	65	85
Normalized result from investments (including ASMI's share of ASMPT net profit)	30.9	16.3	21.6
Amortization intangible assets resulting from the sale of ASMPT stake in 2013	(7.1)	(3.8)	(3.0)
Result from sale of ASMPT shares	101.0	-	-

- › **As of March 2013 our share in ASMPT's net earnings is included in 'result from investments'**
- › **On April 24, 2017, we announced the sale of a stake of approximately 5% in ASMPT. A related result of €101m was included in net earnings in Q2 2017**
- › **On November 2, 2017, we announced the sale of a stake of approximately 9%, reducing our holding in ASMPT from 34% to 25%. A related result of €184m was included in net earnings in Q4 2017**

# FINANCIAL OVERVIEW

# Q2 2018 HIGHLIGHTS

- › Revenues up 31% q-o-q and down 3% y-o-y
- › Bookings down 15% q-o-q and y-o-y. Book-to-bill ratio of 0.8
- › Q2 backlog of €189m compared to €218m in Q1
- › Gross margin of 42.1% in Q2 vs. 37.8% in Q1. The impact of new product introductions moderated from 2% points in Q1 to 1% point in Q2. The costs associated with preparation for anticipated higher activity levels remained, but at a lower level than in Q1
- › Operating margin of 18.3% in Q2 2018 vs. 7.4% in Q1 and 19.9% in Q2 2017
- › Free cash flow of €37m negative in Q2 2018, strongly impacted by higher accounts receivable
- › Normalized net earnings\* of €62m in Q2 2018, up from €19m in Q1 and €61m in Q2 2017
- › Translation differences included in financial results were positive €8m in Q2 2018 vs. negative €8m in Q1 and negative €11m in Q2 2017

\* *excl. amort. intang. assets resulting from the stake sale ASMPT in 2013 and result from sale of ASMPT shares*

Based upon the current backlog and our current visibility:

For Q3, on a currency comparable level, we expect sales of €180-200 million and an order intake of € 200-230 million. Q3 reflects still some uncertainty around the exact timing of individual tools.

For 2018, general expectations for growth of the wafer fab equipment market are currently mid to high single digits. Based upon the current market developments we expect our sales in the second half to be stronger than in the first half. We expect to outgrow the wafer fab equipment market in 2018.



# NET EARNINGS

EUR million	(restated) Q2 2017	Q1 2018	Q2 2018	Q2 2018 vs Q1 2018	Q2 2018 vs Q2 2017
New orders	205.9	206.5	175.9	(15)%	(15)%
Backlog	173.2	217.9	189.1	(13)%	9%
Book-to-bill	1.0	1.3	0.8		
Net sales	214.5	159.0	208.7	31%	(3)%
Gross profit	93.2	60.2	87.9	27.7	(5.3)
Gross profit margin %	43.4%	37.8%	42.1%		
Selling, general and administrative expenses	(25.2)	(27.2)	(29.7)	9%	18%
Research and development expenses	(25.1)	(21.0)	(19.9)	(5)%	(21)%
Restructuring expenses	(0.2)	(0.1)	-	n/a	n/a
Operating result	42.7	11.8	38.3	26.5	(4.4)
Operating margin %	19.9%	7.4%	18.3%		
Financing costs	(10.6)	(8.0)	7.4	15.4	18.0
Income tax	(2.4)	(1.3)	(4.8)	(3.5)	(2.4)
Normalized result from investments	30.9	16.3	21.6	5.3	(9.3)
Amortization intangible assets resulting from the stake sale ASMPT in 2013	(7.1)	(3.8)	(3.0)	0.8	4.1
Result from the sale of ASMPT shares	101.0	-	-	-	(101.0)
Net earnings	154.5	15.0	59.4	44.4	(95.1)
Normalized net earnings (excl. amortization intangible assets resulting from the stake sale ASMPT in 2013 and result from sale of ASMPT shares)	60.6	18.8	62.4	43.6	1.8

# R&D EXPENDITURE

<b>EUR million</b>	<b>Q2 2017</b>	<b>Q1 2018</b>	<b>Q2 2018</b>
R&D expenditure	(29.1)	(28.4)	(29.8)
Capitalized development expenditure	8.8	10.1	12.7
Amortization capitalized development expenditure	(3.5)	(2.8)	(2.8)
Impairment capitalized development expenditure	(1.4)	-	-
<b>R&amp;D expenses</b>	<b>(25.1)</b>	<b>(21.0)</b>	<b>(19.9)</b>

# CASH FLOW

EUR million	Q2 2017	Q2 2018
Normalized net earnings	60.6	62.4
Depreciation, amortization and impairments	13.6	13.1
Result from investments	(30.9)	(21.6)
Other adjustments	14.6	(1.0)
Income tax paid	(0.0)	(0.5)
Change in working capital	(51.5)	(57.7)
<b>Net cash from operating activities</b>	<b>1.3</b>	<b>(5.3)</b>
Capital expenditure	(17.0)	(19.0)
Capitalized development expenditure	(8.8)	(12.7)
Dividend received from investments	18.1	14.6
Proceeds disposal ASMPT shares	245.6	-
Other	(0.7)	(0.3)
<b>Net cash from investing activities</b>	<b>237.2</b>	<b>(17.4)</b>
Dividend paid and capital repaid to ASMI shareholders	(41.5)	(37.1)
Share buyback	(40.0)	(39.4)
Other	3.3	0.5
<b>Net cash from financing activities</b>	<b>(78.2)</b>	<b>(76.0)</b>

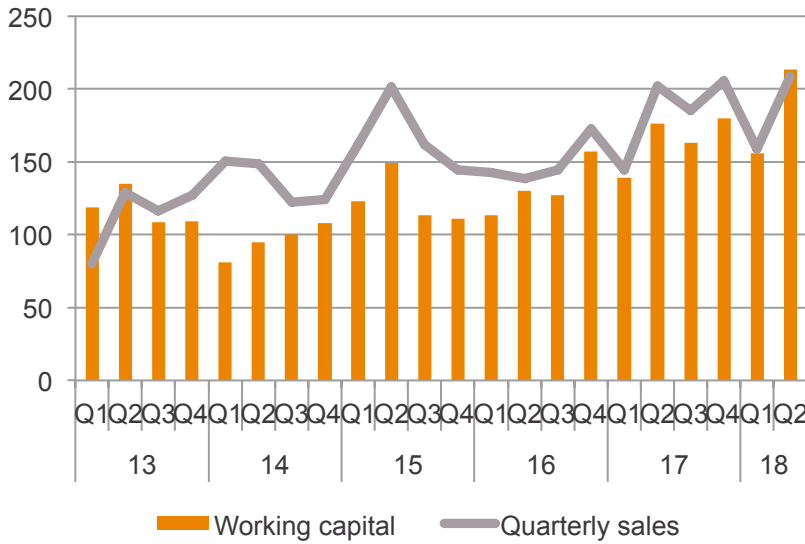
*Numbers based on reported financials*

# BALANCE SHEET

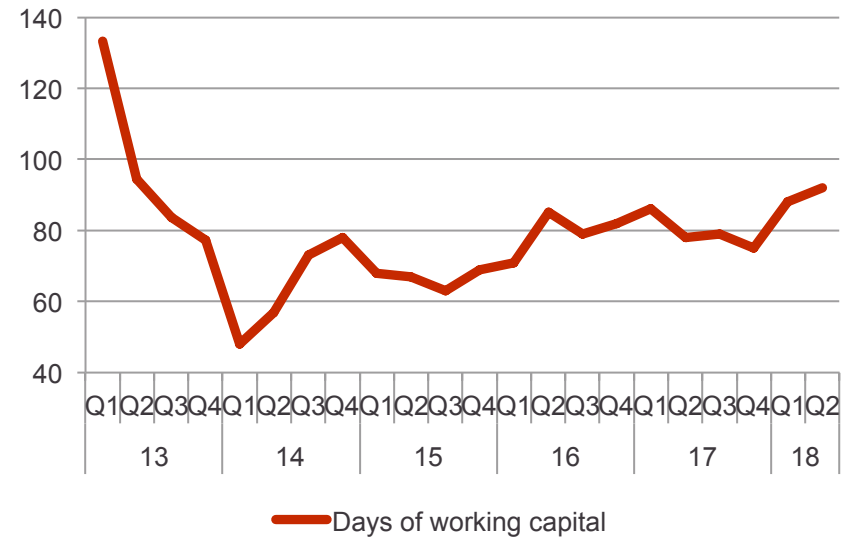
EUR million	Dec 31, 2017	Jun 30, 2018
Cash and cash equivalents	836	651
Accounts receivable	163	170
Inventories	143	167
Other current assets	20	26
Investments and associates	731	764
Property, plant and equipment	107	124
Goodwill and other intangible assets	125	143
Other non-current assets	53	70
<b>Total Assets</b>	<b>2,177</b>	<b>2,114</b>
Accounts payable	79	99
Short-term debt	-	-
Other current liabilities	72	57
Long-term debt	-	-
Other non-current liabilities	14	14
Equity	2,012	1,943
<b>Total Liabilities and Equity</b>	<b>2,177</b>	<b>2,114</b>

# WORKING CAPITAL

EUR million



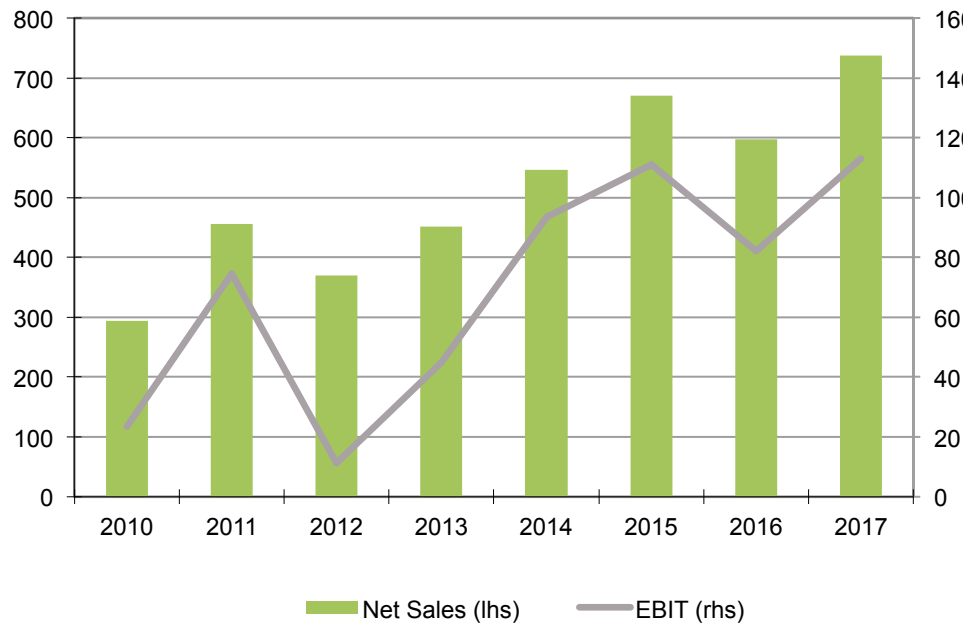
Days



Numbers based on reported financials

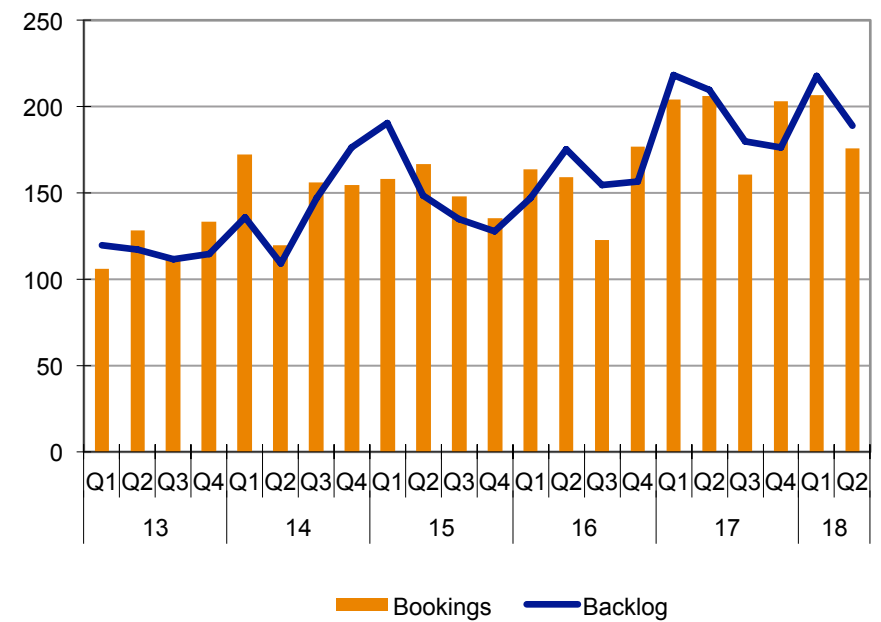
# HISTORICAL DEVELOPMENT

EUR million



Numbers based on audited financials

EUR million



Numbers based on reported financials

# BREAKDOWN SALES

	<i>(restated)</i> 17Q1	<i>(restated)</i> 17Q2	<i>(restated)</i> 17Q3	<i>(restated)</i> 17Q4	<i>(restated)</i> FY17	18Q1	18Q2
Equipment sales	119.4	172.5	136.9	138.5	567.3	120.3	160.7
Spares & services sales	37.4	42.0	41.2	43.0	163.6	38.6	48.0
Net sales	156.8	214.5	178.1	181.5	730.9	159.0	208.7

# RESTATED QUARTERS 2017

	<i>(restated)</i> <b>17Q1</b>	<i>(restated)</i> <b>17Q2</b>	<i>(restated)</i> <b>17Q3</b>	<i>(restated)</i> <b>17Q4</b>	<i>(restated)</i> <b>FY17</b>
New orders	204.2	205.9	160.4	203.2	773.7
Net sales	156.8	214.5	178.1	181.5	730.9
Gross profit margin %	43.0%	43.4%	38.8%	39.6%	41.3%
Operating results	19.4	42.7	20.8	26.0	108.9
Normalized result from investments	35.4	30.9	32.1	14.0	112.4
Amortization intangible assets resulting from the stake sale ASMPT in 2013	(5.8)	(7.1)	(5.4)	(4.6)	(22.8)
Result from the sale of ASMPT shares	-	101.0	-	183.9	284.9
Net earnings	40.4	154.5	37.3	215.9	448.1
Normalized net earnings (excl. amortization intangible assets resulting from the stake sale ASMPT in 2013 and result from sale of ASMPT shares)	46.2	60.6	42.7	36.6	186.0



