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# INVESTOR PRESENTATION

Q3 2017 RESULTS

October 31, 2017

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## › ALD is a key growth market

- ALD market expected to grow by double digits from '15 to '20-'21
- ASMI has leadership position in ALD

## › Outperforming in 2011-2016

- Sales grown at a CAGR of 11% in last six years, outperforming broader equipment market
- Single wafer ALD market on track for a clear improvement in 2017

## › Structurally improved profitability

- Operating margin improved in first nine months of 2017 from 12.3% to 14.7%
- Temporary impact of newly introduced products (Epi and PECVD) on gross margin in Q3

## › Solid balance sheet

- Strong cash position, no debt
- Third consecutive €100m share buyback program completed on August 31, 2017
- New €250m share buyback program started on September 22, 2017
- Stable dividend of €0.70 per share paid in 2017

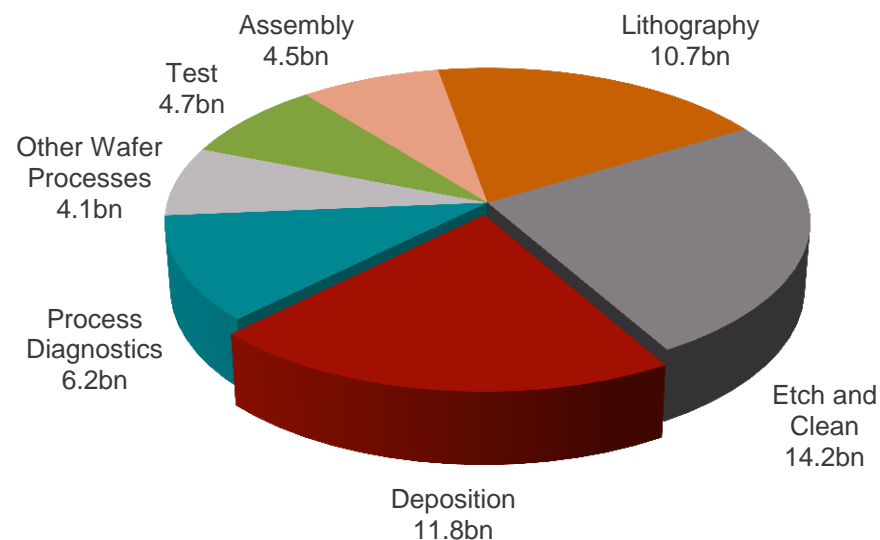
# Q3 2017 KEY RESULTS



	Q3 2016	Q2 2017	Q3 2017
New orders	122.6	205.9	160.4
Net sales	144.2	202.0	185.3
Gross profit margin %	44.2%	43.7%	40.0%
Operating results	16.8	37.7	25.7
Normalized result from investments	26.7	30.9	32.1
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.7)	(7.3)	(5.4)
Result from 5% sale and dilution of ASMPT stake	-	83.8	-
Net earnings	33.1	132.1	42.2
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 )	39.8	55.6	47.6

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

## Equipment market segments (US\$)

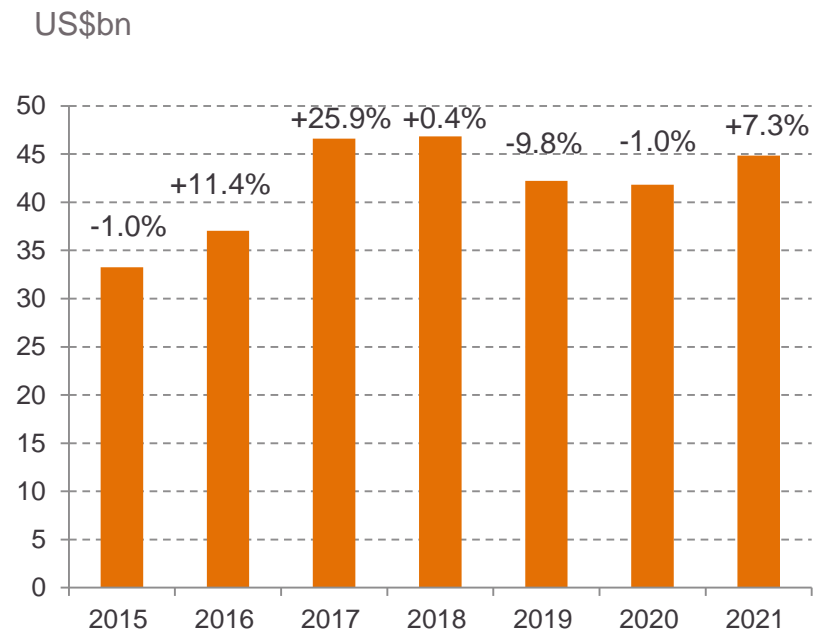


VLSI Research, October 2017

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

- › Gartner forecasts WFE spending to increase by 26% in 2017, followed by a slight increase in 2018
- › Investment in leading edge equipment remains the key driver

## Wafer Fab Equipment Spending

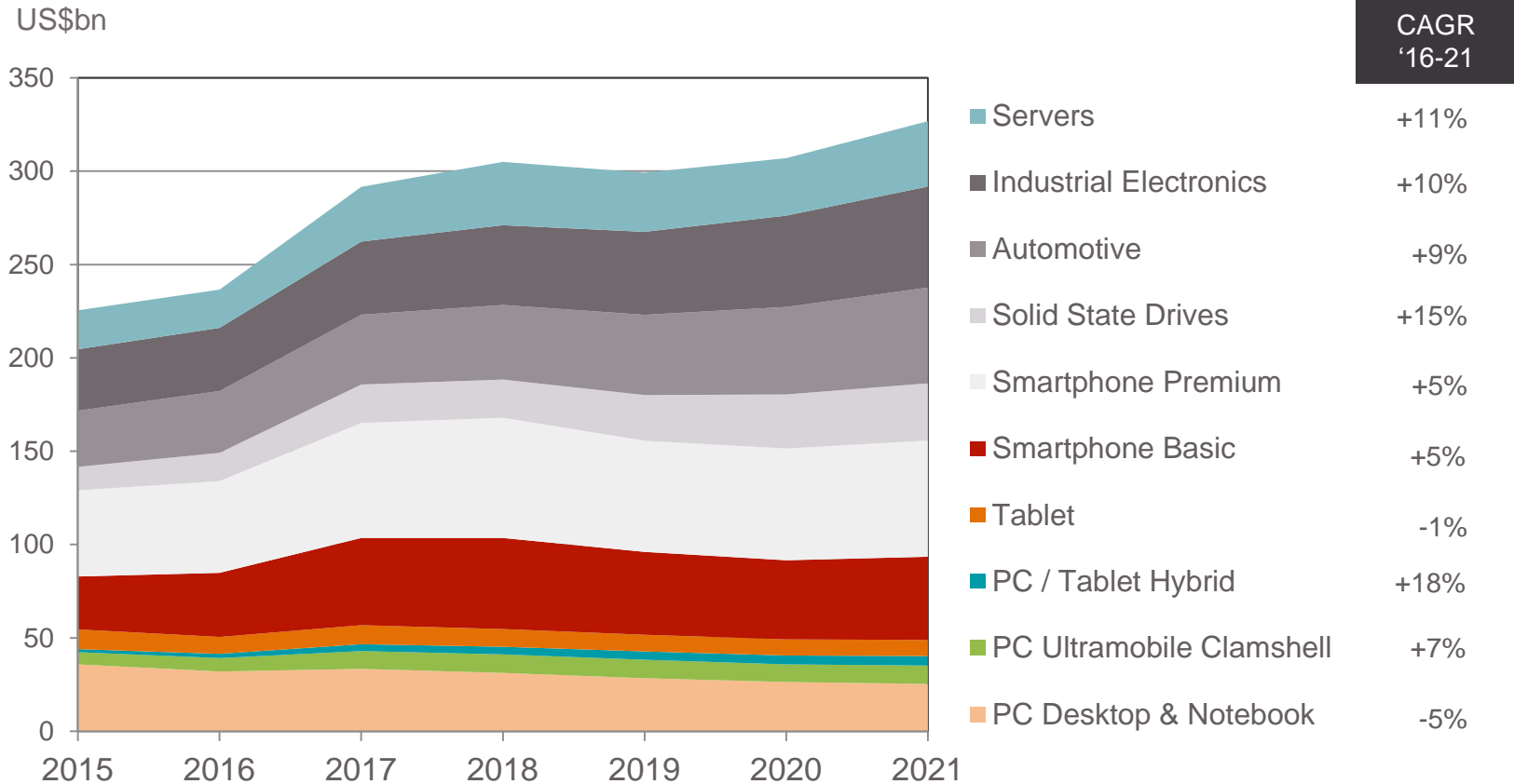


Gartner, October 2017

**Gartner forecasts a strongly growing Wafer Fab Equipment market in 2017**

# SEMICONDUCTOR GROWTH DRIVERS

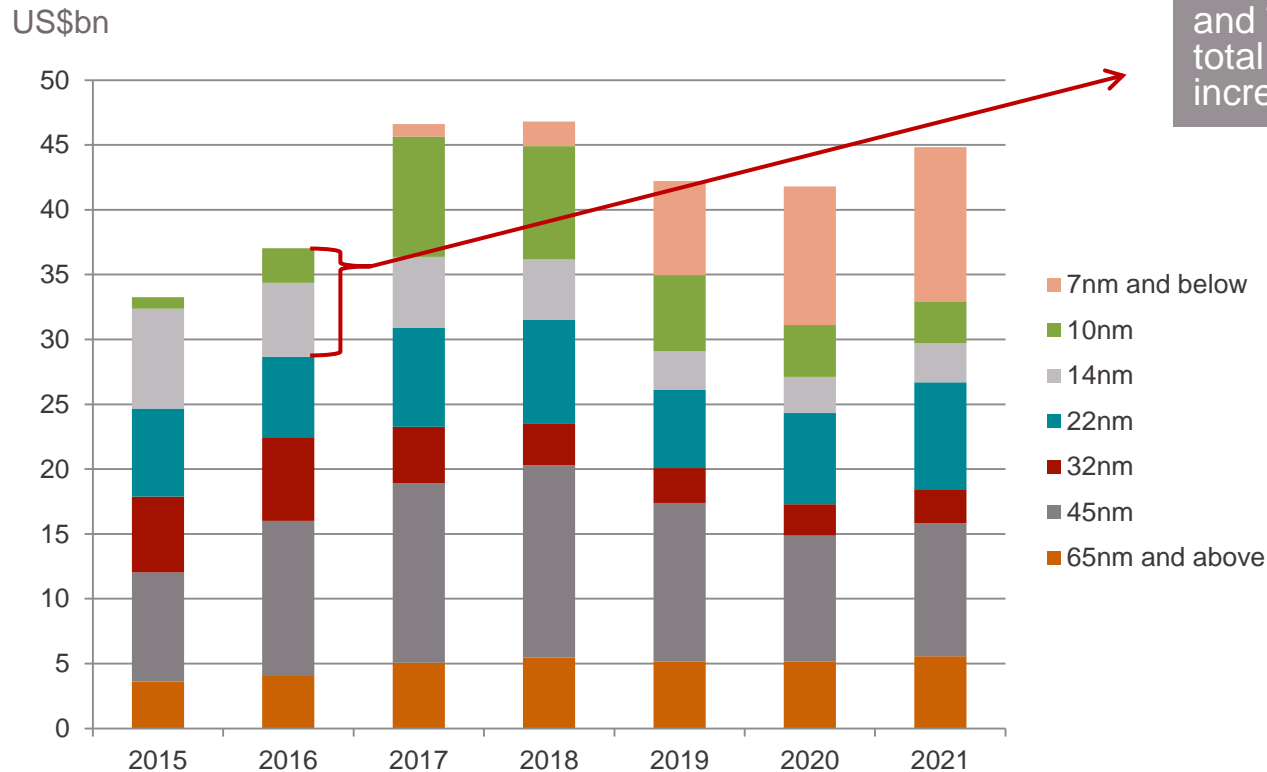
## SEMICONDUCTOR SALES BY KEY APPLICATION



Source: Gartner, October 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, October 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 2016

## › 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

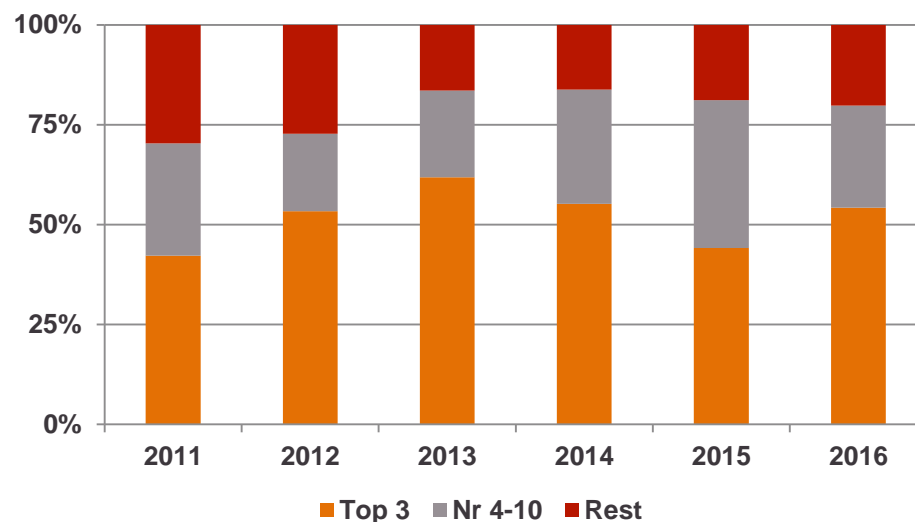
# COMPETITIVE ADVANTAGES

- › **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**

# CUSTOMER CONCENTRATION

- › Engaged with all of the top-10 semiconductor capital equipment spenders
- › Increase in contribution top-3 in 2016 driven by Logic/Foundry

## ASMI revenue



**Growing share of wallet with top clients**

## › Solid growth expected for the ALD market

- For 2017, we expect a clear improvement in the single wafer ALD market
- 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

- Q3 sales included strongly increased Epi contribution and also multiple PECVD tools

## › Shareholder remuneration

- New €250 million share buyback started on September 22, 2017, related to the proceeds of the 5% stake sale ASMPT last April
- €100 million 2016/2017 share buyback program completed on August 28, 2017
- Stable dividend of €0.70 per share paid in 2017

## › TSMC supplier excellence award

- On February 23, 2017, ASMI received a supplier excellence award as one of five equipment suppliers from TSMC for ALD equipment and technology

# STAKE IN ASMPT REDUCED FROM 39% TO 34%

- › **On April 24, 2017, ASMI sold a 5% stake in ASMPT for proceeds of approximately €245 million**
  - 20 million shares in ASMPT were placed at a price of HK\$105 per share through an accelerated bookbuild offering
- › **Proceeds are used for a new share buyback program**
  - The start of a new €250 million share buyback program was announced on September 22, 2017
- › **The Management Board regularly reviews ASMI's stake in ASMPT. The most recent review led to the conclusion that a further reduction of approximately 5% was justified**
- › **Management strongly believes that, at this moment, a significant stake in ASMPT remains of strategic value for the company and an important factor towards long term value creation**

	Q3 2016	Q2 2017	Q3 2017
Sales ASMPT (HK\$ million)	4,197	4,424	5,110
Net profit ASMPT excluding one-offs (€ million, 100% based)	68	88	95
Normalized result from investments (including ASMI's share of ASMPT net profit)	26.7	30.9	32.1
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.7)	(7.3)	(5.4)
Result from 5% sale and dilution of ASMPT stake	-	83.8	-

- › 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%, reducing our holding in ASMPT from 39% to 34%. Net earnings in Q2 2017 included a result of €84m on the 5% sale and dilution of the ASMPT stake

# FINANCIAL OVERVIEW

# Q3 2017 HIGHLIGHTS

- › Revenues down 8% q-o-q (down 3% q-o-q on a currency comparable basis) and up 28% y-o-y
- › Bookings down 22% q-o-q and up 31% y-o-y. Book-to-bill ratio of 0.9
- › Q3 backlog of €180m compared to €210m at the end of Q2
- › Gross margin of 40.0% in Q3 was for 5%-points negatively impacted by initial costs related to new product introductions
- › Operating margin of 13.9% in Q3 2017 vs. 18.7% in Q2 and 11.7% in Q3 2016
- › Free cash flow of €19m positive in Q3 2017
- › Normalized net earnings\* of €48m in Q3 2017, down from €56m in Q2 but up from €40m in Q3 2016
- › Normalized net earnings were impacted by translation differences in financial results: negative €8m in Q3 2017 vs. negative €11m in Q2 and negative €3m in Q3 2016

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



Based upon the current backlog and our current visibility:

We continue to expect a clear year-on-year improvement in the single wafer ALD market in 2017, with demand in the Logic/Foundry segment remaining healthy and a strong increase in the 3D-NAND segment.

For Q4, on a currency comparable level, we expect sales of €190-210 million and an order intake of €170-190 million.

In 2017, the company benefits from a very strong wafer fab equipment market.

For 2018, market watchers currently expect this market to increase with a low to mid single digit percentage. We aim to outgrow the wafer fab equipment market in 2018.

# NET EARNINGS Q3

EUR million	Q3 2016	Q2 2017	Q3 2017	Q3 2017 vs Q2 2017	Q3 2017 vs Q3 2016
New orders	122.6	205.9	160.4	(22)%	31%
Backlog	154.4	209.6	179.8	(14)%	16%
Book-to-bill	0.9	1.0	0.9		
Net sales	144.2	202.0	185.3	(8)%	28%
Gross profit	63.7	88.2	74.1	(16)%	16%
Gross profit margin %	44.2%	43.7%	40.0%		
Selling, general and administrative expenses	(21.4)	(25.2)	(25.9)	3%	21%
Research and development expenses	(24.2)	(25.1)	(22.5)	(10)%	(7)%
Restructuring expenses	(1.3)	(0.2)	-	n/a	n/a
Operating result	16.8	37.7	25.7	12.0	8.9
Operating margin %	11.7%	18.7%	13.9%		
Financing costs	(3.1)	(10.6)	(7.7)	2.9	(4.6)
Income tax	(0.7)	(2.4)	(2.5)	(0.1)	(1.9)
Normalized result from investments	26.7	30.9	32.1	1.1	5.4
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.7)	(7.3)	(5.4)	2.0	1.3
Result from 5% sale and dilution of ASMPT stake	-	83.8	-	(83.8)	n/a
Net earnings	33.1	132.1	42.2	(89.9)	9.2
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 )	39.8	55.6	47.6	(8.1)	7.8
Normalized net earnings per share, diluted	€0.65	€0.93	€0.80	€(0.13)	€0.15

# R&D EXPENDITURE

EUR million	Q3 2016	Q2 2017	Q3 2017
R&D expenditure	(26.7)	(29.1)	(27.6)
Capitalized development expenditure	6.8	8.8	8.4
Amortization capitalized development expenditure	(4.3)	(3.5)	(3.3)
Impairment capitalized development expenditure	-	(1.4)	-
<b>R&amp;D expenses</b>	<b>(24.2)</b>	<b>(25.1)</b>	<b>(22.5)</b>

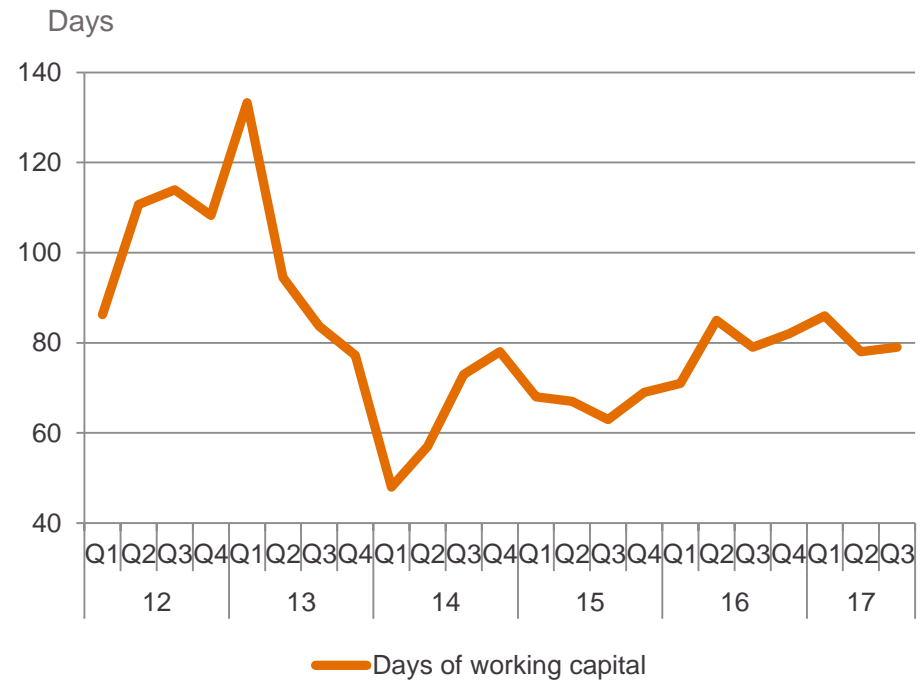
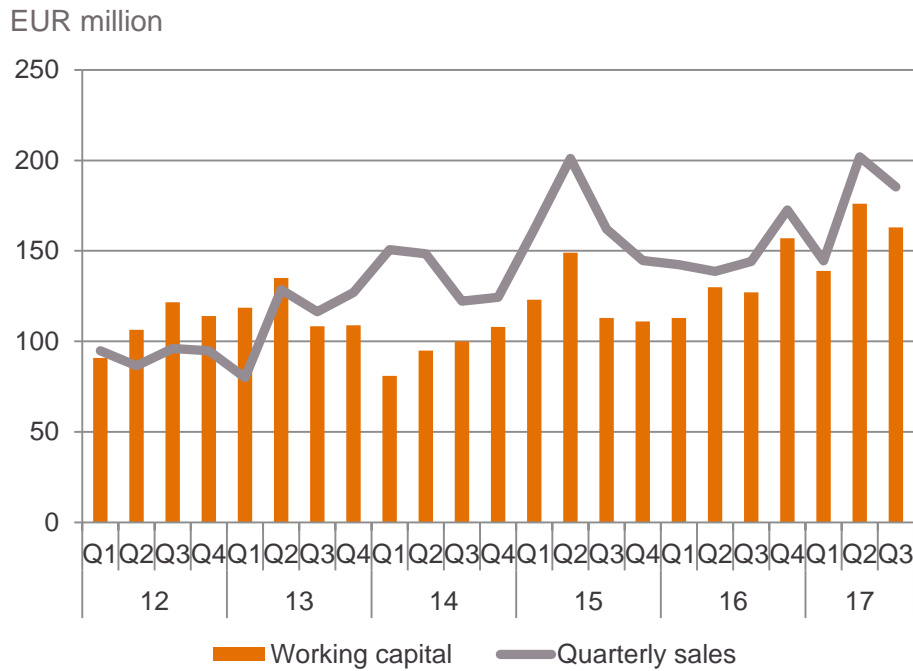
# CASH FLOW

EUR million	Q3 2016	Q2 2017	Q3 2017
Normalized net earnings	39.8	55.6	47.6
Depreciation, amortization and impairments	12.8	13.6	11.3
Result from investments	(26.7)	(30.9)	(32.1)
Other adjustments	2.9	(1.1)	(1.2)
Change in working capital	2.4	(51.4)	8.3
<b>Net cash from operating activities</b>	<b>31.2</b>	<b>(14.2)</b>	<b>36.2</b>
Capital expenditure	(12.2)	(17.0)	(8.5)
Capitalized development expenditure	(6.8)	(8.8)	(8.4)
Dividend received from investments	14.8	18.1	18.3
Proceeds of disposal ASMPT stake	-	245.6	-
Other	(1.9)	(0.7)	(0.7)
<b>Net cash from investing activities</b>	<b>(6.0)</b>	<b>237.2</b>	<b>0.7</b>
Dividend paid to ASMI shareholders	(5.5)	(41.5)	-
Share buyback	(26.9)	(40.0)	(32.5)
Other	1.0	3.3	0.3
<b>Net cash from financing activities</b>	<b>(31.4)</b>	<b>(78.2)</b>	<b>(32.2)</b>

# BALANCE SHEET

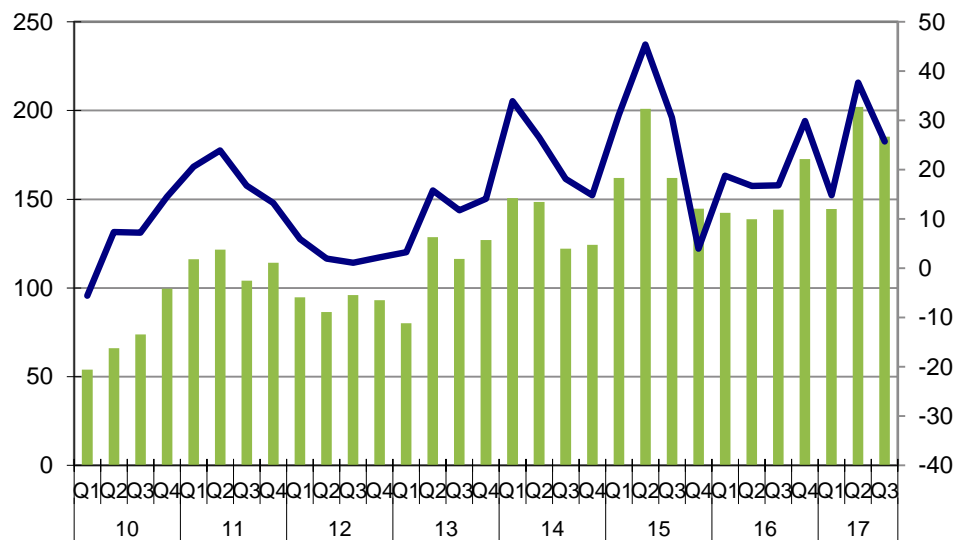
EUR million	Dec 31, 2016	Sept 30, 2017
Cash and cash equivalents	378	525
Accounts receivable	137	129
Inventories	112	150
Other current assets	23	21
Investments and associates	1,236	1,005
Property, plant and equipment	95	101
Capitalized development costs	88	92
Other non-current assets	79	74
<b>Total Assets</b>	<b>2,148</b>	<b>2,098</b>
Accounts payable	61	72
Short-term debt	-	-
Other current liabilities	57	67
Long-term debt	-	-
Other non-current liabilities	15	14
Equity	2,016	1,945
<b>Total Liabilities and Equity</b>	<b>2,148</b>	<b>2,098</b>

# WORKING CAPITAL



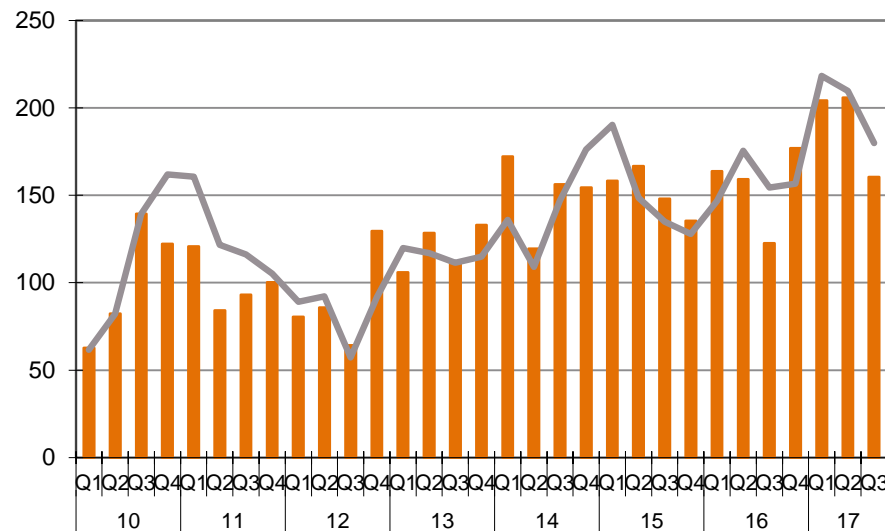
# HISTORICAL DEVELOPMENT

EUR million



Net Sales (lhs) EBIT (rhs)

EUR million



Bookings Backlog

