

# STRATEGY

We are an experienced innovation leader. This is the result of our focus on key issues and challenges within the semiconductor industry, enabling us to make a difference to our customers, employees, and other company stakeholders. While challenges and opportunities may change over time, we will continue to bring our breakthrough technologies into volume manufacturing, benefiting our customers, other stakeholders, and society overall. This enables us to act as a responsible citizen.

## MISSION



Our mission is to provide our customers with the most advanced, cost-effective, and reliable products, service, and global support network in the semiconductor industry and beyond. We advance the adoption of our deposition technology platforms by developing new materials and process applications that support our customers' long-term technology roadmaps.

## VISION



We aim to delight our customers, employees, shareholders, and society by driving innovation with new technologies, and delivering excellence with dependable products. By doing this, we will create new possibilities for everyone to learn, create, and share more of what they are passionate about.

## STRATEGY



Our strategic objective is to realize profitable, sustainable growth by capitalizing on our innovative strength in deposition technologies and our strong relationships with key customers. We act thereby as a responsible citizen.

## OUR STRENGTHS

- › We are a focused deposition equipment player in the semiconductor wafer fab equipment market. Our principal technologies are in ALD and Epi, in which we hold leading positions, and these play a critical role for our customers in enabling the transition to new device generations. Since 2010, we have increased our revenue by an annual average growth of 16%, ahead of the 7% compound annual growth rate shown by the broader wafer fab equipment (WFE) market in the same period. Our target is to continue outgrowing the WFE market over time, by leveraging our strong position in advanced nodes. By growing our revenue, we can further increase investments in R&D and create value for our stakeholders.
- › We have helped shape the industry by driving innovation through our collaborative R&D models, successfully delivering advanced new materials, new products and new processes to our customers. With R&D centers in six countries throughout the world, we are close to our customers and we have access to world-class professionals working in the semiconductor sector today. This R&D capability has resulted in a strong patent position, with 2,094 patents in force.
- › We have strong customer relationships with the leading semiconductor manufacturers. As we have expanded and deepened our R&D engagements with the chipmakers, we further improved our understanding of the key requirements of the next generation of device roadmaps, enabling us to develop value-added solutions to the industry's critical technology issues.

### CHALLENGES

- › One challenge is the rising cost of advanced chip technologies. The continuation of Moore’s Law, whereby the number of transistors on a chip doubles every two years, is becoming increasingly difficult. Today, investments in new factories for the most advanced nodes amount to more than US\$10 billion. And the equipment costs for these advanced nodes are also increasing, which will place greater pressure on equipment manufacturers to create innovative solutions. Remaining at the forefront of technology developments is essential if we want to stay successful.
- › Another challenge are geopolitical risks. In the past, the success of the semiconductor industry was strongly tied to the success of all parties along the value chain. Innovations by equipment suppliers supported original solutions developed by chip manufacturers, which led to new opportunities for customers to take full advantage of these advanced chips. Geopolitical developments put this model at risk. We carefully review any potential impact such developments will have for us, while we seek to make use of any new opportunities such situations might offer.
- › We need to strengthen our position in the memory market. While we have a strong position in the logic/foundry market, our position in the memory market is weaker. We are working on solutions to enable us to serve a larger part of this market.
- › As we focus on growth, and expand our position in the industry and our operations, our environmental footprint will grow. As a result, we are stepping up our efforts to increase the efficiency of our products in terms of energy and chemical consumption, thereby supporting our customers’ aim to minimize their environment footprint.
- › While the average incomes of many developing countries are increasing and leading to higher demands for end products that require semiconductors, we are aware that this will increase the demand for more scarce resources and our obligation to responsibly source such resources.
- › Being able to attract and retain talented employees remains a key challenge as we focus on growing and strengthening our organization.



## FIVE KEY ELEMENTS OF OUR STRATEGY:



We provide leading edge deposition equipment to the global semiconductor industry. As we further expand our served available markets and expand on our positions in ALD and Epi, we aim to meaningfully outperform the broader WFE market in the 2021-2024 period.

Growing our ALD business remains a key priority. ALD will continue to grow as a core technology as our customers transition to the next nodes. Smaller geometries, increasing complexity, and new materials will require additional ALD process steps. We expect the ALD market to be the fastest growing segment in the deposition market in the coming years. While maintaining our leading position in the logic/foundry segment, we are strongly focused on increasing our market share in the memory segment of the ALD market. Supported by a strong increase in our R&D engagements in DRAM and 3D-NAND applications for the next nodes, we aim to meaningfully increase the contribution of our memory business over time.

Epitaxy has become a second growth engine in our product portfolio. Our Intrepid product has enabled us to make successful inroads in the advanced CMOS part of the Epi market. We are working in R&D on new Epi applications with multiple customers for the next nodes, which should contribute to further growth of our market share in the near future. In PECVD and vertical furnaces, we want to further develop our current niche positions by addressing targeted growth opportunities. Vertical furnace applications for the analog market is an example of a niche position in which we have been selectively investing.

We also aim to accelerate growth in our spares & services business through continued expansion of our installed bases and expanding our offerings to include differentiated outcome-based services. This will be in addition to our existing offering of spare parts, maintenance and support services. In this way, we aim to offer additional value to our customers and further strengthen our customer relationships.



## THE FIVE KEY ELEMENTS OF OUR STRATEGY ARE:



### INNOVATIVE STRENGTH

The core element in our overall growth strategy is the continuous innovation which provides ASMI with a leading technological competitive advantage. With R&D centers in six countries, we have helped shape the industry by driving innovation through our collaborative R&D models, successfully delivering advanced new materials, new products, and new processes to our customers. Our R&D spending is targeted at the development of new materials and process solutions that enable additional applications, as well as continuous product improvements in performance, reliability and cost of ownership. We are also making capital investments in lab space and equipment to further expand our development capabilities in next-generation technologies. In addition to our internal R&D efforts, we are continuously expanding and deepening our strategic cooperation with key customers, suppliers, chemical manufacturers, and research institutes. This approach enables us to remain innovative and swiftly meet the changing demands of our customers.



### OPERATIONAL EXCELLENCE

While technology leadership remains crucial, operational excellence is essential to further strengthen our future position. We aim to provide our customers with dependable, leading edge products and services at a consistent performance level, while providing the best total cost of ownership. We continuously focus on further improving the effectiveness and efficiency of our organization. Following our strong growth in recent years, we need to strengthen our organization and business processes in specific areas. For example, we will continue to step up our capabilities in engineering, product lifecycle management (PLM) and order fulfillment. We aim to strengthen our new product introductions' processes to provide our customers with additional on-site support as the pace of technological change continues to accelerate.

The next step in our company's growth plans has been our investment in a new manufacturing facility in Singapore, which was completed at the end of 2020. This new facility doubles our production capacity, enables a more flexible manufacturing flow, and provides additional capacity for growth opportunities.



### EMPLOYEES

Our employees are our key asset. We strive to create a safe, inspiring and motivating workplace where all our employees have the opportunity to use their talents, excel and develop their potential as we work together to deliver the cutting edge technologies of tomorrow. Following the rapid expansion in our workforce, we have taken steps to further strengthen and unify our culture in which care, innovation and delivery are our core values. We are improving our organization and processes to ensure we attract, retain and develop the talent to further support ASMI's growth.



### MAINTAIN STRONG BALANCE SHEET

We strive to maintain a strong balance sheet that allows us to continue investing in R&D. To this end, our target is to keep a minimum of €300 million in cash on our balance sheet. At the end of 2020, we had €435 million. Our company generated a healthy free cash flow of €119 million. We intend to continue using excess cash flow for the benefit of our shareholders. By consistently following this policy, we have returned almost €1 billion to our shareholders over the last three years.



### RESPONSIBLE GROWTH

ESG is an integral part of our growth strategy. Key focus areas are workforce diversity and inclusion, further lowering the environmental footprint of our own operations, and promoting high ESG standards among our suppliers. We are stepping up our efforts to increase the efficiency of our products in terms of consumption of energy and chemicals, thereby supporting our customers in their focus to minimize their environment footprint.