

Almere, The Netherlands

July 24, 2018

# ASM INTERNATIONAL N.V. REPORTS SECOND QUARTER 2018 RESULTS

ASM International N.V. (Euronext Amsterdam: ASM) today reports its second quarter 2018 operating results (unaudited) in accordance with IFRS.

## FINANCIAL HIGHLIGHTS

EUR million	Q2 2017 (restated)	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 result	42.7	11.8	38.3
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	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	—	—
Net earnings	154.5	15.0	59.4
Normalized net earnings (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013 and result from sale of ASMPT shares)	60.6	18.8	62.4

2017 results were restated for the effects of IFRS 15.

- New orders received of €176 million.
- Net sales for the second quarter 2018 were €209 million, an increase of 31% compared to the previous quarter.
- Gross profit margin was 42.1% in Q2 2018 compared to 37.8% in the previous quarter.
- Operating result increased to €38 million compared to the previous quarter. The increase is mainly the result of the higher sales level and higher gross margin.
- Normalized net earnings for the second quarter 2018 increased by €44 million compared to Q1 2018.

## COMMENT

Commenting on the results, Chuck del Prado, President and Chief Executive Officer of ASM International said: "In Q2 we realized sales of €209 million and an order intake of €176 million. Both sales and order intake were within our guidance, despite the uncertainty around the exact timing of individual tools as mentioned in the Q1 earnings release. The gross margin in Q2 at 42% returned back again in the range of low to mid 40's. This month at Semicon West, we introduced the Synergis, the latest addition to ASM's industry-leading line of ALD tools, which addresses a wide range of advanced applications and will drive expansion of our Served Available Market within single-wafer ALD."

## OUTLOOK

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.

## SHARE BUYBACK PROGRAM AND CAPITAL REPAYMENT

On June 5, 2018, ASMI announced the start of a share buyback program of ASMI's common shares up to €250 million. This program follows on ASMI's announcement on February 28, 2018, that it intended to use €250 million of the proceeds of the partial sale of a stake of approximately 9% in ASMPT for a new share buyback program. The repurchase program is part of ASMI's commitment to use excess cash for the benefit of its shareholders. On June 30, 2018, 16.6% of the program was completed at an average share price of €51.20.

On May 28, 2018, the 2018 Annual General Meeting of Shareholders (AGM), approved the proposal to distribute €4.00 per common share through a tax efficient repayment of capital. Following a statutory period under Dutch law of two months for opposition by creditors, the indicative ex-date for the distribution of €4.00 per common share is August 7, 2018, and the indicative payment date is August 10, 2018.

The 2018 AGM also approved the proposed withdrawal of 6 million treasury shares which is expected to become effective and administered on August 1, 2018, subject to the finalization of the mandatory legal procedures.

## About ASM International

ASM International NV, headquartered in Almere, the Netherlands, its subsidiaries and participations design and manufacture equipment and materials used to produce semiconductor devices. ASM International, its subsidiaries and participations provide production solutions for wafer processing (Front-end segment) as well as for assembly & packaging and surface mount technology (Back-end segment) through facilities in the United States, Europe, Japan and Asia. ASM International's common stock trades on the Euronext Amsterdam Stock Exchange (symbol ASM). For more information, visit ASM's website at [www.asm.com](http://www.asm.com).

*Cautionary Note Regarding Forward-Looking Statements: All matters discussed in this press release, 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.*

*This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.*

ASM International will host an investor conference call and web cast on Wednesday, July 25, 2018 at 15:00 Continental European Time (9:00 a.m. - US Eastern Time).

The teleconference dial-in numbers are as follows:

- United States: +1 646 828 8193
- International: +44 (0)330 336 9411
- The Netherlands: +31 (0)20 703 8261
- Access Code: 7723322

A simultaneous audio webcast and replay will be accessible at [www.asm.com](http://www.asm.com).

## CONTACT

### Investor contact:

Victor Bareño

T: +31 88 100 8500

E: [victor.bareno@asm.com](mailto:victor.bareno@asm.com)

### Media contact:

Ian Bickerton

T: +31 625 018 512

# ANNEX 1

## OPERATING AND FINANCIAL REVIEW

### Bookings

The following table shows the level of new orders for the second quarter of 2018 and the backlog at the end of the second quarter of 2018, compared to the previous quarter and the comparable quarter previous year:

EUR million	Q2 2017 (restated)	Q1 2018	Q2 2018	YTD 2017 (restated)	YTD 2018
Backlog at the beginning of the quarter	194.3	171.2	217.9	145.1	171.2
New orders for the quarter	205.9	206.5	175.9	410.1	382.4
Net sales for the quarter	(214.5)	(159.0)	(208.7)	(371.3)	(367.7)
FX-effect for the quarter	(12.6)	(0.8)	4.0	(10.7)	3.2
Backlog at the end of the quarter	<b>173.2</b>	<b>217.9</b>	<b>189.1</b>	<b>173.2</b>	<b>189.1</b>
Book-to-bill ratio (new orders divided by net sales)	1.0	1.3	0.8	1.1	1.0

The backlog decreased from €218 million at the end of the first quarter 2018 to €189 million as per June 30, 2018. The book-to-bill ratio for Q2 was 0.8. In terms of customer segments, new orders in the second quarter 2018 were led by foundry, followed by memory and then logic.

### Net Sales

EUR million	Q2 2017 (restated)	Q1 2018	Q2 2018	YTD 2017 (restated)	YTD 2018
Equipment sales	172.5	120.3	160.7	291.9	281.1
Spares & service sales	42.0	38.6	48.0	79.4	86.6
Net sales	<b>214.5</b>	<b>159.0</b>	<b>208.7</b>	<b>371.3</b>	<b>367.7</b>

Net sales for the second quarter 2018 increased by 31% compared to the previous quarter and decreased with 3% year-on-year. Net sales in the second quarter were led by memory followed by foundry and logic. The impact of currency changes was an increase of 2% quarter to quarter and a decrease of 6% year-on-year.

### Gross profit margin

EUR million	Q2 2017 (restated)	Q1 2018	Q2 2018	YTD 2017 (restated)	YTD 2018
Gross profit	93.2	60.2	87.9	160.6	148.0
Gross profit margin	43.4%	37.8%	42.1%	43.3%	40.3%

The gross profit margin increased from 37.8% in Q1 to 42.1% in Q2. For Q2 2017 gross profit margin was 43.4%. The gross profit margin continued to be impacted by new product introductions and related initial costs, which 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 2018. The impact of currency changes on gross profit was an increase of 3% quarter to quarter and a decrease of 6% year-on-year.

## Selling, general and administrative expenses

EUR million	Q2 2017	Q1 2018	Q2 2018	YTD 2017	YTD 2018
SG&A expenses	25.2	27.2	29.7	48.2	56.9

Selling, general and administrative (SG&A) expenses increased by 9% compared to the previous quarter. As a percentage of sales SG&A expenses were 14% (Q1 2018: 17%, Q2 2017: 12%). The impact of currency changes on SG&A expenses was an increase of 1% quarter to quarter and a decrease of 5% year-on-year.

## Research and development expenses

EUR million	Q2 2017	Q1 2018	Q2 2018	YTD 2017	YTD 2018
Research and development expenses	29.1	28.4	29.8	56.7	58.2
Capitalization of development expenses	(8.8)	(10.1)	(12.7)	(15.5)	(22.8)
Amortization of capitalized development expenses	3.5	2.8	2.8	7.1	5.6
Impairment capitalized development expenses	1.4	—	—	1.4	—
R&D expenses	<b>25.1</b>	<b>21.0</b>	<b>19.9</b>	<b>49.6</b>	<b>40.9</b>

Research and development (R&D) expenses decreased with 5% compared to the previous quarter. As a percentage of sales R&D expenses were 10% compared to 13% for the previous quarter. For the second quarter of 2017 this was 12%. The impact of currency changes on R&D expenses was no change quarter to quarter and a decrease of 7% year-on-year.

## Operating result

EUR million	Q2 2017 (restated)	Q1 2018	Q2 2018	YTD 2017 (restated)	YTD 2018
Operating result	42.7	11.8	38.3	62.1	50.0
Operating result margin	19.9%	7.4%	18.3%	16.7%	13.6%

The operating profit margin increased from 7.4% in Q1 to 18.3% in Q2. For Q2 2017 operating profit margin was 19.9%. The impact of currency changes on operating profit was an increase of 6% quarter to quarter and a decrease of 6% year-on-year.

## Financing costs

Financing costs are mainly related to translation results. The Q2 2018 results included a translation gain of €8 million compared to a loss of €8 million included in the Q1 2018 results and a loss of €11 million included in the Q2 2017 results. The translation results are mainly related to movements in the US dollar in the respective periods. A substantial part of ASMI's cash position is denominated in US dollar.

## Result from investments

EUR million	Q2 2017	Q1 2018	Q2 2018	YTD 2017	YTD 2018
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	30.9	16.3	21.6	66.4	37.9
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(7.1)	(3.8)	(3.0)	(12.9)	(6.8)
Result from sale of ASMPT shares	101.0	—	—	101.0	—
Result from investments	124.8	12.5	18.6	154.5	31.1

Result from investments, which primarily reflects our approximate 25% shareholding in ASMPT, increased to €22 million from €16 million in the previous quarter. ASMPT's net earnings, on a 100% basis, increased with 29% to €85 million compared to the previous quarter. Q2 last year, also on a 100% basis, showed net earnings of €88 million. For further information on the Q2 results of ASMPT, please visit ASMPT's website [www.asmpacific.com](http://www.asmpacific.com).

Amortization intangible assets resulting from the sale of the 12% stake of ASMPT in 2013 amounted to €3 million in Q2. For 2018, on a currency comparable basis, this amortization is expected to amount to €13 million.

## Income tax

Income tax in the second quarter amounted to an expense of €4.8 million. Income tax in the previous quarter amounted to an expense of €1.3 million.

## Net earnings

EUR million	Q2 2017 (restated)	Q1 2018	Q2 2018	YTD 2017 (restated)	YTD 2018
Net earnings	154.5	15.0	59.4	194.9	74.4
Excluding:					
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(7.1)	(3.8)	(3.0)	(12.9)	(6.8)
Result from sale of ASMPT shares	101.0	—	—	101.0	—
Normalized net earnings	<b>60.6</b>	<b>18.8</b>	<b>62.4</b>	<b>106.8</b>	<b>81.2</b>

Normalized net earnings increased €44 million compared to Q1 2018.

## Cash flow

EUR million	Q2 2017	Q1 2018	Q2 2018	YTD 2017	YTD 2018
Net cash from operating activities	1.3	33.5	(5.3)	42.2	28.3
Net cash from investing activities	237.2	(18.7)	(17.4)	223.3	(36.1)
Net cash from financing activities	(78.2)	(101.5)	(76.0)	(101.9)	(177.5)
Total net cash provided / (used)	<b>160.4</b>	<b>(86.7)</b>	<b>(98.7)</b>	<b>163.6</b>	<b>(185.4)</b>

The cash flow from operating activities was negatively impacted by higher working capital needs. Cash used in investing activities remained stable. The cash flow from investing activities in Q2 2017 included proceeds of €246 million related to the sale of ASMPT shares. Cash used by financing activities in Q2 2018 was mainly for share repurchases and dividend payments.

## Balance sheet

EUR million	December 31, 2017 <i>(audited)</i>	March 31, 2018	June 30, 2018
Inventories	142.8	151.7	166.6
Accounts receivable	163.1	127.7	169.6
Other current assets	19.1	12.8	24.5
Accounts payable	(79.3)	(86.1)	(99.4)
Provision for warranty	(6.6)	(6.5)	(6.8)
Accrued expenses and other payables	(59.0)	(44.1)	(41.7)
<b>Working capital</b>	<b>180.2</b>	<b>155.6</b>	<b>212.7</b>

Net working capital increased to €213 million compared to €156 million per March 31, 2018 (€180 million per December 31, 2017), mainly due to higher accounts receivable reflecting the higher sales level and the uneven distribution of sales during the quarter. The number of outstanding days of working capital, measured against quarterly sales, increased to 92 days on June 30, 2018 from 88 days on March 31, 2018 (89 days on December 31, 2017).

## Sources of liquidity

As per June 30, 2018, the Company's principal sources of liquidity consisted of €651 million in cash and cash equivalents and €150 million in undrawn bank lines.

## ANNEX 2

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

EUR thousand, except per share data	Three months ended June 30,		Six months ended June 30,	
	2017 (restated) <i>(unaudited)</i>	2018 <i>(unaudited)</i>	2017 (restated) <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Net sales	<b>214,466</b>	<b>208,677</b>	<b>371,302</b>	<b>367,651</b>
Cost of sales	(121,293)	(120,827)	(210,701)	(219,645)
Gross profit	<b>93,173</b>	<b>87,850</b>	<b>160,602</b>	<b>148,006</b>
Operating expenses:				
Selling, general and administrative	(25,194)	(29,685)	(48,203)	(56,905)
Research and development	(25,095)	(19,913)	(49,620)	(40,911)
Restructuring expenses	(199)	—	(691)	(149)
Total operating expenses	(50,488)	(49,598)	(98,514)	(97,965)
Operating result	<b>42,685</b>	<b>38,252</b>	<b>62,088</b>	<b>50,041</b>
Net interest income (expense)	36	(379)	31	(881)
Foreign currency exchange gains (losses)	(10,643)	7,733	(17,957)	198
Result from investments	124,848	18,600	154,501	31,071
Earnings before income taxes	<b>156,926</b>	<b>64,206</b>	<b>198,663</b>	<b>80,429</b>
Income tax	(2,404)	(4,799)	(3,719)	(6,067)
Net earnings	<b>154,522</b>	<b>59,408</b>	<b>194,945</b>	<b>74,362</b>

Per share data:

Basic net earnings	2.61	1.09	3.29	1.36
Diluted net earnings (1)	2.58	1.08	3.25	1.34

Weighted average number of shares used in computing per share amounts (in thousand):

Basic	59,192	54,318	59,192	54,554
Diluted (1)	59,975	55,051	59,937	55,304

Outstanding shares:	58,978	53,846	58,978	53,846
Treasury shares:	4,819	8,452	4,819	8,452

(1) The calculation of diluted net earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in earnings of the Company. Only instruments that have a dilutive effect on net earnings are included in the calculation. The calculation is done for each reporting period individually. The possible increase of common shares caused by employee stock options and restricted shares for the three months ended June 30, 2018 is 732,043 common shares, and for the six months ended June 30, 2018 the possible increase is 750,746 common shares. Adjustments have been reflected in the diluted weighted average number of shares and net earnings per share for this period.

*Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.*



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

EUR thousand	December 31, 2017 <i>(audited)</i>	June 30, 2018 <i>(unaudited)</i>
<b>Assets</b>		
Property, plant and equipment	106,632	123,652
Goodwill	11,270	11,270
Other intangible assets	113,295	131,629
Investments in associates	730,552	763,549
Deferred tax assets	18,116	18,526
Other non-current assets	4,845	5,736
Evaluation tools at customers	29,710	46,355
<b>Total non-current assets</b>	<b>1,014,420</b>	<b>1,100,716</b>
Inventories	142,849	166,622
Accounts receivable	163,135	169,566
Income taxes receivable	1,272	1,223
Other current assets	19,065	24,455
Cash and cash equivalents	836,461	651,173
<b>Total current assets</b>	<b>1,162,782</b>	<b>1,013,039</b>
<b>Total Assets</b>	<b>2,177,202</b>	<b>2,113,755</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>2,011,512</b>	<b>1,943,217</b>
Pension liabilities	386	231
Deferred tax liabilities	13,864	14,239
<b>Total non-current liabilities</b>	<b>14,250</b>	<b>14,470</b>
Accounts payable	79,349	99,402
Provision for warranty	6,562	6,785
Income taxes payable	6,575	8,147
Accrued expenses and other payables	58,954	41,734
<b>Total current liabilities</b>	<b>151,440</b>	<b>156,068</b>
<b>Total Liabilities</b>	<b>165,690</b>	<b>170,538</b>
<b>Total Equity and Liabilities</b>	<b>2,177,202</b>	<b>2,113,755</b>

*Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.*

## CONSOLIDATED STATEMENTS OF CASH FLOWS

EUR thousand	Three months ended June 30,		Six months ended June 30,	
	2017 ( <i>unaudited</i> )	2018 ( <i>unaudited</i> )	2017 ( <i>unaudited</i> )	2018 ( <i>unaudited</i> )
<b>Cash flows from operating activities:</b>				
Net earnings	149,553	59,408	185,416	74,362
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	13,640	13,075	25,527	24,574
Income tax	2,404	4,799	3,719	6,067
Result from investments	(124,848)	(18,600)	(154,501)	(31,071)
Other adjustments	12,157	(5,808)	20,643	2,957
<b>Changes in other assets and liabilities:</b>				
Accounts receivable	(53,614)	(40,583)	(17,600)	(5,781)
Inventories	(18,427)	(16,623)	(51,475)	(40,721)
Accounts payable	13,968	11,856	26,528	18,964
Other assets and liabilities	6,604	(12,321)	4,983	(16,663)
Income tax paid	(99)	(474)	(1,087)	(4,428)
<b>Net cash from operating activities</b>	<b>1,339</b>	<b>(5,271)</b>	<b>42,153</b>	<b>28,262</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(16,968)	(19,003)	(23,344)	(27,303)
Capitalized development expenditure	(8,817)	(12,735)	(15,536)	(22,845)
Purchase of intangible assets	(657)	(262)	(1,503)	(532)
Dividend received from associates	18,117	14,583	18,117	14,583
Proceeds of disposal of ASMPT stake	245,565	—	245,565	—
<b>Net cash from (used) in investing activities</b>	<b>237,240</b>	<b>(17,417)</b>	<b>223,298</b>	<b>(36,097)</b>
<b>Cash flows from financing activities:</b>				
Purchase of treasury shares ASMI	(39,981)	(39,362)	(70,443)	(141,845)
Proceeds from issuance of treasury shares	3,255	485	10,181	1,435
Dividends to common shareholders ASMI	(41,470)	(37,108)	(41,470)	(37,108)
Debt issuance fees paid	(4)	—	(133)	—
<b>Net cash used in financing activities</b>	<b>(78,200)</b>	<b>(75,984)</b>	<b>(101,865)</b>	<b>(177,517)</b>
Exchange rate effects	(16,531)	8,748	(18,961)	64
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>143,847</b>	<b>(89,924)</b>	<b>144,625</b>	<b>(185,288)</b>
Cash and cash equivalents at beginning of period	378,935	741,096	378,157	836,461
<b>Cash and cash equivalents at end of period</b>	<b>522,782</b>	<b>651,173</b>	<b>522,782</b>	<b>651,173</b>

*Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.*

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Basis of presentation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.

### **Principles of consolidation**

The Consolidated Financial Statements include the accounts of ASMI and its subsidiaries, where ASMI holds a controlling interest. All unrealized intercompany profits, transactions and balances have been eliminated in consolidation. Associates are investments in entities in which ASMI can exert significant influence but which ASMI does not control, generally by ASMI having between 20% and 50% of the voting rights. These entities are accounted for using the equity method.

### **Change in accounting policies**

IFRS 15 Revenue from Contracts with Customers is effective for interim and annual periods beginning after January 1, 2018. Please refer to the press release of the first quarter 2018 results for the effects of IFRS 15.