

Almere, The Netherlands

July 28, 2020, 6 p.m. CET

## ASM INTERNATIONAL N.V. REPORTS SECOND QUARTER 2020 RESULTS

ASM International N.V. (Euronext Amsterdam: ASM) today reports its second quarter 2020 operating results (unaudited) in accordance with IFRS.

### FINANCIAL HIGHLIGHTS

EUR million	Q2 2019	Q1 2020	Q2 2020
New orders	373.1	333.5	298.0
Net sales	363.3	325.1	341.8
Gross profit margin %	59.0	44.5	48.3
Operating result	150.2	78.1	87.6
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	2.0	0.7	10.7
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.4)	(3.5)	(3.3)
Net earnings	121.6	74.1	74.1
Normalized net earnings (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013 and result from sale of ASMPT shares)	125.0	77.6	77.4

- New orders were €298 million.
- Net sales for the second quarter 2020 were €342 million and increased 5% compared to the previous quarter.
- Gross profit margin was 48.3% in Q2 2020 compared to 44.5% in the previous quarter, due to an exceptionally strong mix. As a consequence operating result was €88 million compared to €78 million in the previous quarter.
- Normalized net earnings for the second quarter 2020 decreased marginally to €77 million compared to Q1 2020. Results from investments increased to €11 million. Net earnings were impacted by currency translation results which changed from €12 million positive in Q1 to €6 million negative in Q2.
- Note that the Q2 2019 results included the patent litigation settlement of €103 million with Kokusai which positively impacted the results and new orders.

## COMMENT

“Having joined as new CEO following the AGM on May 18, I’m pleased to report that ASM continued to deliver strong results in Q2,” said Benjamin Loh, President and Chief Executive Officer of ASM International. “I’m impressed by the way all our employees responded to the pandemic. While prioritizing health and safety, our team showed strong commitment and creativity to make sure we continue to serve our customers in the best possible way. Supply chain and logistical conditions resulted in operating challenges during Q2, but started to improve towards the end of the quarter as lockdown measures and transport restrictions have gradually been lifted in especially Asia Pacific and Europe. In Q2 we realized sales of €342 million, at the high end of the guidance of €300-350 million, up 5% from the level in Q1 and 32% above the level in Q2 of last year (excluding the proceeds of the patent litigation settlement in that period). The sales level was driven by continuous high demand in the logic/foundry segment. Our Q2 order intake, at €298 million, was slightly higher than the midpoint of our guidance of €280-310 million. Supported by an exceptionally strong mix in the quarter, our gross margin increased, for the first time in history, to a level of 48%.”

## OUTLOOK

For Q3, on a currency comparable level, we expect sales of €300-320 million. Q3 bookings, on a currency comparable level, are expected to be in the range of €280-300 million. Based upon the current market developments we expect the wafer fab equipment (WFE) market to grow with a mid- to high single digit percentage in 2020. Our Q4 sales are expected to be at least at the same level as in Q3, hence we expect to outgrow the WFE market in 2020.

## SHARE BUYBACK PROGRAM

The execution on the €100 million share buyback program, announced on February 25, 2020, has started on June 2, 2020, and will end as soon as the aggregate purchase price of the common shares acquired by ASMI has reached €100 million, but ultimately on November 17, 2021. On June 30, 2020, 6.9% of the program was completed at an average share price of €119.16.

ASMI further announces that the withdrawal of 1.5 million treasury shares, as earlier approved by the AGM 2020, has become effective as of July 21, 2020. As of that date, the number of issued shares is 49,797,394.

## 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 N.V will host an investor conference call and webcast on Wednesday, July 29, 2020, at 15:00p.m. Continental European Time (9:00 a.m. - US Eastern Time).

The teleconference dial-in numbers are as follows:

- United States: +1 646 7413 167
- International: +44 (0) 2071 928 338
- The Netherlands: +31 (0) 20 79 566 14
- Access Code: 4275144

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

## CONTACT

### Investor and media contact:

Victor Bareño

T: +31 88 100 8500

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

# ANNEX 1

## OPERATING AND FINANCIAL REVIEW

### Bookings

The following table shows the level of new orders for the second quarter of 2020 and the backlog at the end of the second quarter of 2020, compared to the previous quarter and the comparable quarter previous year:

EUR million	Q2 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
Backlog at the beginning of the period	292.0	351.2	365.3	301.5	351.2
New orders for the period	373.1	333.5	298.0	608.1	631.6
Net sales for the period	(363.3)	(325.1)	(341.8)	(612.1)	(667.0)
FX-effect for the period	(2.1)	5.7	(4.1)	2.1	1.5
Backlog at the end of the period	<b>299.6</b>	<b>365.3</b>	<b>317.4</b>	<b>299.6</b>	<b>317.4</b>
Book-to-bill ratio (new orders divided by net sales)	1.0	1.0	0.9	1.0	0.9

The backlog decreased from €365 million at the end of the first quarter 2020 to €317 million as per June 30, 2020. The book-to-bill ratio for Q2 was 0.9. In terms of customer segments, new orders in the second quarter 2020 were led by foundry, followed by memory and then logic.

### Net Sales

EUR million	Q2 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
Equipment sales	207.7	269.3	264.4	404.5	533.7
Spares & service sales	52.5	55.8	77.4	104.4	133.2
Patent litigation settlement	103.1	—	—	103.1	—
Net sales	<b>363.3</b>	<b>325.1</b>	<b>341.8</b>	<b>612.1</b>	<b>667.0</b>

Net sales for the second quarter 2020 increased by 5% compared to the previous quarter and decreased with 6% year-on-year. Excluding the proceeds of the patent litigation settlement of €103 million in Q2 2019, sales in Q2 increased with 32% year-on-year. Net sales in the second quarter were led by foundry followed by logic and memory. The impact of currency changes was an increase of 1% quarter to quarter and an increase of 2% year-on-year.

### Gross profit margin

EUR million	Q2 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
Gross profit	214.4	144.8	165.1	317.2	309.9
Gross profit margin	59.0 %	44.5 %	48.3 %	51.8 %	46.5 %
Gross profit excluding patent litigation settlement	111.3	144.8	165.1	214.1	309.9
Gross profit margin excluding patent litigation settlement	42.8 %	44.5 %	48.3 %	42.1 %	46.5 %

The gross profit margin increased from 44.5% in Q1 to 48.3% in Q2. The comparable gross profit margin (excluding the patent litigation settlement proceeds) for Q2 2019 was 42.8%. The gross profit margin in the quarter was 3.8% higher than in Q1 2020 mainly due to an exceptionally strong sales mix. The impact of currency changes on gross profit amount was an increase of 1% quarter to quarter and an increase of 3% year-on-year.

## Selling, general and administrative expenses

EUR million	Q2 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
SG&A expenses	40.3	35.8	41.0	74.2	76.7

Selling, general and administrative (SG&A) expenses increased by 15% compared to the previous quarter. This increase was due to higher bonus payments and one-off costs. As a percentage of sales, SG&A expenses were 12% (Q1 2020: 11%, Q2 2019: 15% excluding the €103 million patent litigation settlement). There was no impact of currency changes on SG&A expenses quarter to quarter and year-on-year.

## Research and development expenses

EUR million	Q2 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
Research and development expenses	37.4	40.9	42.2	70.9	83.1
Capitalization of development expenses	(17.1)	(15.6)	(15.8)	(32.4)	(31.4)
Amortization of capitalized development expenses	3.4	5.5	5.3	6.4	10.9
Impairment capitalized development expenses	—	—	4.8	0.8	4.9
R&D expenses	<b>23.8</b>	<b>31.0</b>	<b>36.5</b>	<b>45.7</b>	<b>67.4</b>

Research and development (R&D) expenses increased by 18% compared to the previous quarter mainly as a result of impairment of specific projects. As a percentage of sales, R&D expenses were 11% (Q1 2020: 10%, Q2 2019: 9% excluding the €103 million patent litigation settlement). The impact of currency changes on R&D expenses was an increase of 1% quarter to quarter and an increase of 2% year-on-year.

## Operating result

EUR million	Q2 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
Operating result	150.2	78.1	87.6	197.2	165.7
Operating result margin	41.3 %	24.0 %	25.6 %	32.2 %	24.8 %
Operating result excluding patent litigation settlement	47.0	78.1	87.6	94.1	165.7
Operating result margin excluding patent litigation settlement	18.1 %	24.0 %	25.6 %	18.5 %	24.8 %

The operating profit margin increased from 24.0% in Q1 to 25.6% in Q2. For Q2 2019 operating profit margin was 41.3%. Excluding the €103 million patent litigation settlement, the operating profit margin was 18.1% in Q2 2019. The impact of currency changes on operating profit was an increase of 2% quarter to quarter and an increase of 4% year-on-year.

## Financing costs

Financing costs are mainly related to translation results. The Q2 2020 results included a translation loss of €6 million compared to a gain of €12 million included in the Q1 2020 results and a loss of €5 million included in the Q2 2019 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 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	2.0	0.7	10.7	5.1	11.4
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.4)	(3.5)	(3.3)	(6.8)	(6.8)
Result from investments	(1.4)	(2.8)	7.4	(1.7)	4.6

Result from investments, which primarily reflects our approximate 25% shareholding in ASMPT, increased to €11 million compared to €1 million in the previous quarter. ASMPT's net earnings, on a 100% basis, increased to €43 million compared to €3 million in the previous quarter. Q2 last year, also on a 100% basis, showed net earnings of €8 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 €3.3 million in Q2. For 2020, on a currency comparable basis, this amortization is expected to amount to €13.4 million.

**Income tax**

Income tax in the second quarter amounted to an expense of €14.6 million. Income tax in the previous quarter amounted to an expense of €13.2 million.

**Net earnings**

EUR million	Q2 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
Net earnings	121.6	74.1	74.1	171.0	148.2
Excluding:					
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.4)	(3.5)	(3.3)	(6.8)	(6.8)
Normalized net earnings	<b>125.0</b>	<b>77.6</b>	<b>77.4</b>	<b>177.8</b>	<b>155.0</b>

Normalized net earnings decreased slightly to €77.4 million compared to Q1 2020.

**Cash flow**

EUR million	Q2 2019	Q1 2020	Q2 2020	YTD 2019	YTD 2020
Net cash from operating activities	133.3	81.4	35.5	185.5	117.0
Net cash from investing activities	(9.9)	(40.2)	(27.6)	(39.3)	(67.8)
Net cash from financing activities	(50.5)	(6.1)	(107.0)	(53.1)	(113.1)
Total net cash provided / (used)	<b>73.0</b>	<b>35.2</b>	<b>(99.1)</b>	<b>93.0</b>	<b>(63.9)</b>

The cash flow from operating activities was negatively impacted by higher working capital needs, caused by supply chain issues due to COVID-19. As a consequence a relatively large part of sales took place in the later part of the quarter leading to a high, and non-overdue, accounts receivable position and higher inventories. Cash used in investing activities during Q2 2020 was less negative compared to Q1 as the dividend from ASMPT was received. Cash used by financing activities in Q2 2020 was for dividend payments to ASMI shareholders (€98 million) and the share buyback (€7 million).

**Balance sheet**

EUR million	December 31, 2019 <i>(audited)</i>	March 31, 2020	June 30, 2020
Inventories	173.2	162.2	175.9
Accounts receivable	199.5	187.6	243.9
Other current assets	73.5	88.4	83.5
Accounts payable	(119.7)	(132.3)	(130.0)
Provision for warranty	(16.4)	(19.7)	(19.4)
Accrued expenses and other payables	(149.8)	(117.8)	(123.9)
<b>Working capital</b>	<b>160.2</b>	<b>168.4</b>	<b>229.9</b>

Net working capital increased to €230 million compared to €168 million per March 31, 2020 (€160 million per December 31, 2019), mainly due to the higher accounts receivables. As a result, the number of outstanding days of working capital, measured against quarterly sales, increased to 61 days on June 30, 2020, from 47 days on March 31, 2020 (36 days on December 31, 2019).

**Sources of liquidity**

As per June 30, 2020, the Company's principal sources of liquidity consisted of €432 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,	
	2019	2020	2019	2020
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Net sales	<b>363,311</b>	<b>341,811</b>	<b>612,091</b>	<b>666,950</b>
Cost of sales	(148,932)	(176,723)	(294,877)	(357,030)
Gross profit	<b>214,379</b>	<b>165,088</b>	<b>317,214</b>	<b>309,920</b>
Operating expenses:				
Selling, general and administrative	(40,321)	(40,981)	(74,223)	(76,731)
Research and development	(23,817)	(36,467)	(45,718)	(67,429)
Restructuring expenses	(80)	(42)	(80)	(42)
Total operating expenses	(64,218)	(77,490)	(120,021)	(144,202)
Operating result	<b>150,161</b>	<b>87,598</b>	<b>197,193</b>	<b>165,717</b>
Net interest income (expense)	11	(367)	(6)	(740)
Foreign currency exchange gains (losses)	(4,532)	(5,946)	(256)	6,441
Result from investments	(1,433)	7,408	(1,683)	4,582
Earnings before income taxes	<b>144,206</b>	<b>88,692</b>	<b>195,248</b>	<b>176,001</b>
Income tax	(22,601)	(14,569)	(24,217)	(27,767)
Net earnings	<b>121,605</b>	<b>74,123</b>	<b>171,031</b>	<b>148,233</b>

### Per share data:

Basic net earnings	2.46	1.51	3.46	3.03
Diluted net earnings (1)	2.42	1.50	3.41	3.00

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

Basic	49,530	49,033	49,430	48,940
Diluted (1)	50,258	49,552	50,128	49,459

Outstanding shares:	49,532	49,008	49,532	49,008
Treasury shares:	6,765	2,289	6,765	2,289

(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, 2019, is 519,777 common shares, and for the six months ended June 30, 2019, the possible increase is 519,117 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, 2019 <i>(audited)</i>	June 30, 2020 <i>(unaudited)</i>
<b>Assets</b>		
Right-of-use assets	27,547	27,631
Property, plant and equipment	164,863	188,155
Goodwill	11,270	11,270
Other intangible assets	189,224	203,836
Investments in associates	778,268	776,128
Deferred tax assets	3,064	3,059
Other non-current assets	8,359	9,219
Evaluation tools at customers	47,247	68,054
<b>Total non-current assets</b>	<b>1,229,842</b>	<b>1,287,352</b>
Inventories	173,189	175,854
Accounts receivable	199,535	243,874
Income taxes receivable	1,220	1,293
Other current assets	73,479	83,486
Cash and cash equivalents	497,874	431,534
<b>Total current assets</b>	<b>945,297</b>	<b>936,040</b>
<b>Total Assets</b>	<b>2,175,139</b>	<b>2,223,392</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity	<b>1,818,651</b>	<b>1,854,602</b>
Accrued expenses and other payables	15,774	16,296
Deferred tax liabilities	20,136	19,949
<b>Total non-current liabilities</b>	<b>35,910</b>	<b>36,245</b>
Accounts payable	119,712	130,003
Provision for warranty	16,424	19,419
Income taxes payable	34,599	59,250
Accrued expenses and other payables	149,843	123,872
<b>Total current liabilities</b>	<b>320,578</b>	<b>332,544</b>
<b>Total Liabilities</b>	<b>356,488</b>	<b>368,789</b>
<b>Total Equity and Liabilities</b>	<b>2,175,139</b>	<b>2,223,392</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,	
	2019 ( <i>unaudited</i> )	2020 ( <i>unaudited</i> )	2019 ( <i>unaudited</i> )	2020 ( <i>unaudited</i> )
<b>Cash flows from operating activities:</b>				
Net earnings	121,605	74,123	171,031	148,233
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	17,421	24,103	34,517	43,261
Income tax	22,601	14,569	24,217	27,767
Result from investments	1,433	(7,408)	1,683	(4,582)
Other adjustments	5,464	1,446	3,174	7,659
<b>Changes in other assets and liabilities:</b>				
Accounts receivable	(67,389)	(59,585)	(84,636)	(44,271)
Inventories	1,704	(14,992)	2,898	(6,111)
Evaluation tools	1,407	(5,750)	(42)	(26,260)
Accounts payable	2,308	(1,974)	12,163	12,997
Other assets and liabilities	28,101	11,074	23,620	(38,523)
Income tax paid	(1,327)	(72)	(3,169)	(3,194)
<b>Net cash from operating activities</b>	<b>133,327</b>	<b>35,534</b>	<b>185,458</b>	<b>116,977</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(9,223)	(18,873)	(21,742)	(42,839)
Capitalized development expenditure	(17,063)	(15,834)	(32,405)	(31,406)
Purchase of intangible assets	(93)	(1,275)	(1,681)	(1,914)
Dividend received from associates	16,488	8,350	16,488	8,350
<b>Net cash from (used) in investing activities</b>	<b>(9,891)</b>	<b>(27,632)</b>	<b>(39,340)</b>	<b>(67,809)</b>
<b>Cash flows from financing activities:</b>				
Payment of lease liabilities	(1,846)	(2,029)	(3,559)	(3,936)
Purchase of treasury shares ASMI	—	(6,876)	—	(10,812)
Proceeds from issuance of treasury shares	755	70	966	364
Dividends to common shareholders ASMI	(49,390)	(98,122)	(49,390)	(98,688)
Capital repayment to common shareholders ASMI	—	—	(1,144)	—
<b>Net cash used in financing activities</b>	<b>(50,481)</b>	<b>(106,957)</b>	<b>(53,127)</b>	<b>(113,072)</b>
Exchange rate effects	(3,916)	1,861	2,638	(2,436)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>69,039</b>	<b>(97,194)</b>	<b>95,628</b>	<b>(66,340)</b>
Cash and cash equivalents at beginning of period	312,496	528,728	285,907	497,874
<b>Cash and cash equivalents at end of period</b>	<b>381,535</b>	<b>431,534</b>	<b>381,535</b>	<b>431,534</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.