

Almere, The Netherlands

October 26, 2016

# ASM INTERNATIONAL N.V. REPORTS THIRD QUARTER 2016 RESULTS

ASM International N.V. (Euronext Amsterdam: ASM) today reports its third quarter 2016 operating results (unaudited) in accordance with IFRS.

## REPORTING 2016

With the 2015 Q4 earnings release, published on February 23, 2016, ASMI announced that as of January 1, 2016, it will report its financial results in accordance with IFRS. Up until the last reporting regarding 2015, ASMI's primary external and internal reporting has been based on US GAAP. In addition ASMI issued quarterly reconciliations of net earnings and shareholders' equity and (semi) annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Following the voluntary delisting from NASDAQ, August 2015, ASMI migrated to IFRS as its only internal and external reporting standard from January 1, 2016 and discontinued the use of US GAAP as of the same date. During 2016 comparable results based on US GAAP will be presented, as from 2017 results based on IFRS only will be reported.

The main deviations between IFRS and US GAAP are explained in Annex 2.

## FINANCIAL HIGHLIGHTS

ASMI results based on IFRS.

EUR million	Quarter		
	Q3 2015	Q2 2016	Q3 2016
New orders	148.1	159.1	122.6
Net sales	162.0	138.7	144.2
Gross profit margin %	43.4%	43.8%	44.2%
Operating result	30.6	16.7	16.8
Result from investments (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	8.6	16.4	26.7
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.7)	(6.7)	(6.7)
Net earnings	42.8	35.6	33.1
Normalized net earnings (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	49.5	42.3	39.8

- Net sales for the third quarter 2016 were €144 million, an increase of 4% compared to the previous quarter. Year-on-year net sales decreased with 11%.
- New orders at €123 million were 23% below the Q2 2016 level.
- Normalized net earnings for the third quarter 2016 decreased by €2 million compared to the second quarter 2016. Operating result was stable at €17 million. The financing result included €3 million negative effects from currencies compared to €8 million positive effects in the second quarter. The result from investments increased with €8 million.

## COMMENT

Commenting on the results, Chuck del Prado, President and Chief Executive Officer of ASM international said: "Both Q3 revenues at €144 million, and order intake at €123 million came in within our guidance of respectively €135-150 million and €100-130 million. Gross margin remained stable at around the 44%. Net result in Q3 was €40 million and decreased slightly, due to unfavorable currency developments on cash held in foreign currencies, partly compensated by the strong performance of ASMPT."

## OUTLOOK

After its strong growth in the previous years, and as also communicated with our Q2-results in July, the single wafer ALD market is expected to show a double-digit decline in 2016, driven by the Memory business:

- In Memory, the NAND market is shifting from Planar NAND to 3D NAND. This shift has significantly reduced the demand in NAND for additional multi patterning-related single wafer ALD capacity. Non-patterning related single wafer ALD demand is increasing as next generation 3D NAND gradually ramps into high volume. We expect that this will lead to a double digit increase of the 3D NAND single wafer ALD market in 2017 as compared to 2016.
- In Memory, DRAM industry capacity demand was high in 2015 and has declined strongly in 2016. Based on current visibility the demand for new DRAM-related single wafer ALD capacity is believed to recover in 2017 but not before the middle of the year.

In Logic/Foundry the transition to the 10 nm technology node has started in 2016 and fuels substantially higher single wafer ALD-equipment demand than the previous nodes. It is expected that this demand will remain high in 2017.

The above-mentioned market developments will lead to a contraction of the single wafer ALD market in 2016. This market is expected to clearly improve again in 2017.

For Q4 we expect sales between €150 - 170 million, while we expect an order intake of €130-160 million, both on a currency comparable level.

## SHARE BUYBACK PROGRAM

October 28, 2015 ASMI announced that its Management Board authorized the repurchase of up to €100 million of the Company's common shares within the 2015-2016 time frame. This buyback program will be executed by intermediaries 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 20, 2016.

On May 25, 2016 the General Meeting of Shareholders authorized ASMI to acquire shares for a period of 18 months. The repurchase program is part of ASMI's commitment to use excess cash for the benefit of its shareholders.

The program started on November 26, 2015. On September 30, 2016, 94% of the program was completed at an average share price of €35.87.

Since we are now approaching the finalization of this program, the Management Board, as part of its commitment to use excess cash for the benefit of its shareholders, has authorized the repurchase of up to €50 million of the Company's common shares within the 2016-2017 time frame under the same conditions as the share buyback program announced at October 28, 2015.

## 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 ASMI'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.*

ASM International will host an investor conference call and web cast on Thursday, October 27, 2016 at 15:00 Continental European Time (9:00 a.m. - US Eastern Time).

The teleconference dial-in numbers are as follows:

- United States: +1 646 254 3367
- International: +44 (0)20 3427 1900
- The Netherlands: +31 (0)20 716 8256
- Access Code: 2990659

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

## CONTACT

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# ANNEX 1

## OPERATING AND FINANCIAL REVIEW THIRD QUARTER 2016

The following table shows the operating performance for the third quarter of 2016 as compared to the second quarter of 2016 and the third quarter of 2015:

EUR million	Q3 2015	Q2 2016	Q3 2016	Change Q2 2016 to Q3 2016	Change Q3 2015 to Q3 2016
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>		
New orders	148.1	159.1	122.6	(23)%	(17)%
Backlog	134.9	175.4	154.4	(12)%	14 %
Book-to-bill	0.9	1.1	0.9		
Net sales	162.0	138.7	144.2	4 %	(11)%
Gross profit	70.3	60.8	63.7	5 %	(9)%
Gross profit margin %	43.4%	43.8%	44.2%		
Selling, general and administrative expenses	(24.1)	(21.0)	(21.4)	2 %	(11)%
Research and development expenses	(15.4)	(22.1)	(24.2)	10 %	58 %
Restructuring expenses	(0.3)	(1.0)	(1.3)	n/a	n/a
Operating result	30.6	16.7	16.8	0.1	(13.7)
Operating margin %	18.9%	12.0%	11.7%		
Financing costs	2.4	10.0	(3.1)	(13.0)	(5.5)
Income tax	7.9	(0.8)	(0.7)	0.1	(8.5)
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	8.6	16.4	26.7	10.2	18.0
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.7)	(6.7)	(6.7)	—	—
Net earnings	42.8	35.6	33.1	(2.5)	(9.8)
Normalized net earnings (excluding Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	49.5	42.3	39.8	(2.5)	(9.7)
Net earnings per share, diluted	€ 0.68	€ 0.58	€ 0.54	€ (0.04)	€ (0.14)
Normalized net earnings per share, diluted	€ 0.78	€ 0.68	€ 0.65	€ (0.03)	€ (0.13)

## Results

The backlog decreased from €175 million at the end of the second quarter 2016 to €154 million as per September 30, 2016. The book-to-bill ratio for Q3 was 0.9. In terms of customer segments, new orders in the third quarter were led by Foundry, followed by Memory and then Logic.

The following table shows the level of new orders for the third quarter of 2016 and the backlog at the end of the third quarter of 2016, compared to the previous quarter and the comparable quarter previous year:

EUR million	Q3 2015	Q2 2016	Q3 2016	Change Q2 2016 to Q3 2016	Change Q3 2015 to Q3 2016
Backlog at the beginning of the quarter	148.5	146.8	175.4	19 %	18 %
New orders for the quarter	148.1	159.1	122.6	(23)%	(17)%
Net sales for the quarter	(162.0)	(138.7)	(144.2)	4 %	(11)%
FX-effect for the quarter	0.3	8.2	0.6		
Backlog at the end of the quarter	<b>134.9</b>	<b>175.4</b>	<b>154.4</b>	<b>(12)%</b>	<b>14 %</b>
Book-to-bill ratio (new orders divided by net sales)	0.9	1.1	0.9		

**Net sales** for the third quarter 2016 increased by 4% compared to the previous quarter and decreased with 11% year-on-year, mainly as a result of lower ALD sales. Net sales in the third quarter were led by Foundry and Logic. The impact of currency changes was an increase of 4% quarter to quarter and 5% year-on-year.

**The gross profit margin** increased slightly from 43.8% in Q2 to 44.2% in Q3. For Q3 2015 gross profit margin as a percentage of sales was 43.4%. The impact of currency changes on gross profit was an increase of 5% quarter to quarter and 9% year-on-year.

**Selling, general and administrative expenses** increased by 2% compared to the previous quarter. As a percentage of sales SG&A expenses were 15% (Q2 2016: 15%, Q3 2015: 15%). The impact of currency changes on SG&A expenses was an increase of 2% quarter to quarter and 2% year-on-year.

**Research and development expenses** increased by 10% compared to the previous quarter.

EUR million	Q3 2015	Q2 2016	Q3 2016	Change Q2 2016 to Q3 2016	Change Q3 2015 to Q3 2016
R&D expenditure	(23.2)	(24.5)	(26.7)	9%	15 %
Capitalized development expenditure	11.8	6.6	6.8	2%	(43)%
Amortization capitalized development expenditure	(4.0)	(4.2)	(4.3)	3%	8 %
R&D expenses	<b>(15.4)</b>	<b>(22.1)</b>	<b>(24.2)</b>	<b>10%</b>	<b>58 %</b>

As a percentage of sales R&D expenses was 17%, compared to 16% for the previous quarter. For the third quarter of 2015 this was 10%. The increase as compared to last year is mainly due to the relatively high capitalized development costs in Q3 last year. The impact of currency changes on R&D expenses was an increase of 3% quarter to quarter and 4% year-on-year.

**Financing costs** are mainly related to translation results. The Q3 2016 results included a translation loss of €3 million compared to a gain of €8 million included in the Q2 2016 result and a gain of €3 million included in the Q3 2015 result. The translation results are mainly related to movements in the US dollar in that period. A substantial part of ASMI's cash position is denominated in US dollar.

**Income tax** in the third quarter amounted to an expense of €0.7 million. Tax in the previous quarter amounted into an expense of €0.8 million.

**Result from investments** includes our approximate 39% share in net earnings of ASMPT. In Q3 ASMPT showed a sales increase of 14% compared to the previous quarter, from HK\$3,669 million to HK\$4,197 million. Sales were 29% above the level of Q3, 2015 of HK\$3,241 million. ASMPT's net earnings excluding one-offs, on a 100% basis increased from €51 million in the previous quarter to €68 million in Q3, 2016. Q3 last year, also on a 100% basis, showed net earnings, excluding one-offs, of €20 million.

Amortization intangible assets resulting from the 12% sale of ASMPT amounted to €6.7 million in Q3. For the full year of 2016, on a currency comparable basis, this amortization and depreciation is expected to amount to €27 million.

### Cash flow, balance sheet, liquidity and capital resources

*Cash flow.* The following table shows the cash flow statement on a comparable basis (the effects of the purchase price allocation following the sale of a 12% share in ASMPT, March 2013 have been eliminated).

EUR million	Q3 2015 <i>unaudited</i>	Q2 2016 <i>unaudited</i>	Q3 2016 <i>unaudited</i>
Net earnings	49.5	42.3	39.8
Adjustments to cash from operating activities			
Depreciation, amortization and impairments	10.9	12.1	12.8
Income tax	(7.9)	0.8	0.7
Result from investments	(8.6)	(16.4)	(26.7)
Other adjustments	2.2	(8.2)	5.3
Changes in other assets and liabilities			
Accounts receivable	27.0	(6.6)	5.8
Inventories	10.9	0.9	(13.0)
Accounts payable	(18.7)	(7.1)	3.9
Other assets and liabilities	7.0	(5.5)	5.8
Income tax paid	2.4	0.2	(3.0)
<b>Net cash provided by operating activities</b>	<b>74.9</b>	<b>12.3</b>	<b>31.2</b>
Capital expenditures	(5.6)	(8.4)	(12.2)
Capitalized development costs	(11.8)	(6.7)	(6.8)
Dividend received from associates	18.4	7.2	14.8
Other	(0.4)	(2.5)	(1.9)
<b>Net cash used in investing activities</b>	<b>0.6</b>	<b>(10.4)</b>	<b>(6.0)</b>
Share buy back	—	(24.9)	(26.9)
Shares issued	0.2	2.7	1.0
Dividend paid to shareholders ASMI	(4.7)	(37.2)	(5.5)
<b>Net cash used in financing activities</b>	<b>(4.5)</b>	<b>(59.4)</b>	<b>(31.4)</b>
<b>Net cash (used) provided</b>	<b>71.0</b>	<b>(57.5)</b>	<b>(6.2)</b>

## Balance sheet

EUR million	December 31, 2015	September 30, 2016 <i>unaudited</i>
Property, plant and equipment	91.8	103.1
Goodwill	11.3	11.3
Capitalized development costs	72.5	87.0
Other intangible assets	9.0	10.8
Investments in associates	1,180.8	1,168.3
Other non-current assets	40.6	52.0
<b>Total non-current assets</b>	<b>1,406.0</b>	<b>1,432.6</b>
Inventories	113.5	115.6
Accounts receivable	90.2	106.7
Other current assets	19.4	16.9
Cash and cash equivalents	446.9	363.0
<b>Total current assets</b>	<b>670.0</b>	<b>602.3</b>
<b>Total assets</b>	<b>2,076.0</b>	<b>2,034.9</b>
<b>Equity</b>	<b>1,948.4</b>	<b>1,908.9</b>
Deferred tax liabilities	11.3	13.7
Pension liabilities	1.2	0.6
<b>Total non-current liabilities</b>	<b>12.6</b>	<b>14.3</b>
Accounts payable	54.4	57.7
Other current liabilities	60.7	54.0
<b>Total current liabilities</b>	<b>115.1</b>	<b>111.7</b>
<b>Total liabilities and equity</b>	<b>2,076.0</b>	<b>2,034.9</b>

*Net working capital*, consisting of accounts receivable, inventories, other current assets, accounts payable, accrued expenses, advance payments from customers and deferred revenue, decreased to €127 million compared to €130 million per June 30, 2016 (€111 million per December 31, 2015). The number of outstanding days of working capital, measured against quarterly sales, decreased to 79 days on September 30, 2016 from 85 days on June 30, 2016 (69 days at December 31, 2015).

*Sources of liquidity*. As per September 30, 2016, the Company's principal sources of liquidity consisted of €363 million in cash and cash equivalents and €150 million in undrawn bank lines.

## OPERATING AND FINANCIAL REVIEW

### NINE MONTHS ENDED SEPTEMBER 30

The following table shows the operating performance for the six months ended September 30, 2016 as compared to the same period of the previous year:

EUR million	Nine months ended September 30,		
	2015 unaudited	2016 unaudited	Change
New orders	473.0	445.4	(6)%
Backlog	134.9	154.3	14 %
Book-to-bill	0.9	1.0	
Net sales	524.9	425.4	(19)%
Gross profit	230.7	187.0	(19)%
Gross profit margin %	44.0%	44.0%	
Selling, general and administrative expenses	(70.0)	(64.9)	(7)%
Research and development expenses	(52.8)	(67.1)	27 %
Restructuring expenses	(0.8)	(2.8)	n/a
Operating result	107.1	52.3	(54.8)
Operating margin %	20.4%	12.3%	
Financing costs	19.0	(4.3)	(23.2)
Income tax	(1.2)	(3.1)	(1.9)
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	41.7	49.3	7.6
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(20.1)	(20.2)	(0.1)
Net earnings	146.5	74.0	(72.5)
Normalized net earnings (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	166.6	94.2	(72.4)
Net earnings per share, diluted	€ 2.32	€ 1.20	€ (1.12)
Normalized net earnings per share, diluted	€ 2.64	€ 1.42	€ (1.22)



## Results

The backlog increased with 21% compared to December 31 last year. The book-to-bill ratio was 1.0.

The following table shows the level of new orders for the nine months ended September 30, 2016, the backlog as per September 30, 2016 compared to the comparable period of 2015:

EUR million	Nine months ended September 30,		
	2015	2016	% Change
Backlog at the beginning of the year	176.1	127.8	(27)%
New orders	473.0	445.4	(6)%
Net sales	(524.9)	(425.4)	(19)%
FX-effect	10.6	6.5	
Backlog as per reporting date	<b>134.9</b>	<b>154.3</b>	<b>14 %</b>
Book-to-bill ratio (new orders divided by net sales)	0.9	1.0	

**Net sales** for the nine months ended September 30, 2016 decreased with 19% year-on-year. The impact of currency changes was an increase of 3% year on year.

**The gross profit margin** remained relatively stable at around the 44% level. The impact of currency changes was an increase of 5% year on year.

**Selling, general and administrative expenses** decreased with 7% compared to the previous year. As a percentage of sales SG&A expenses were 15% compared to 13% for the same period previous year. The impact of currency changes was an increase of 1% year on year.

### Research and development expenses

EUR million	Nine months ended September 30,		
	2015	2016	% Change
R&D expenditure	(66.9)	(75.1)	12 %
Capitalized development expenditure	24.7	20.6	(17)%
Amortization capitalized development expenditure	(10.6)	(12.6)	19 %
R&D expenses	<b>(52.8)</b>	<b>(67.1)</b>	<b>27 %</b>

Research and development expenses increased with 27% compared to the comparable period previous year, driven by additional investments to fulfill customer requirements. As a percentage of sales R&D expenses were 16%, compared to 10% for the previous year. The impact of currency changes was an increase of 3%.

## ANNEX 2

### ASM INTERNATIONAL N.V. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

EUR thousand, except earnings per share	Three months ended September 30,		Nine months ended September 30,	
	2015 <i>(unaudited)</i>	2016 <i>(unaudited)</i>	2015 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Net sales	<b>161,971</b>	<b>144,210</b>	<b>524,912</b>	<b>425,370</b>
Cost of sales	(91,668)	(80,466)	(294,187)	(238,354)
Gross profit	<b>70,303</b>	<b>63,744</b>	<b>230,725</b>	<b>187,016</b>
Operating expenses:				
Selling, general and administrative	(24,029)	(21,372)	(70,002)	(64,849)
Research and development	(15,376)	(24,241)	(52,821)	(67,111)
Restructuring expenses	(347)	(1,303)	(819)	(2,755)
Total operating expenses	(39,752)	(46,916)	(123,641)	(134,715)
Operating result	<b>30,551</b>	<b>16,828</b>	<b>107,084</b>	<b>52,301</b>
Net interest income (expense)	(182)	(128)	(474)	1,851
Foreign currency exchange gains (losses)	2,603	(2,941)	19,429	(6,140)
Result from investments	1,991	19,951	21,614	29,095
Earnings before income taxes	<b>34,963</b>	<b>33,708</b>	<b>147,653</b>	<b>77,108</b>
Income tax	7,864	(651)	(1,188)	(3,116)
Net earnings	<b>42,828</b>	<b>33,058</b>	<b>146,466</b>	<b>73,992</b>
Net earnings per share:				
Basic net earnings	0.69	0.55	2.35	1.22
Diluted net earnings (1)	0.68	0.54	2.32	1.20
Weighted average number of shares used in computing per share amounts (in thousand):				
Basic	62,200	60,277	62,200	60,861
Diluted (1)	63,108	60,905	63,165	61,514
Outstanding shares:	61,929	60,023	61,929	60,023

(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 month ended September 30, 2016 with 627,488 common shares, and for the nine months ended September 30, 2016 with 652,844 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.*

**ASM INTERNATIONAL N.V.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	December 31, 2015	September 30, 2016 <i>(unaudited)</i>
EUR thousand		
<b>Assets</b>		
Property, plant and equipment	91,794	103,087
Goodwill	11,270	11,270
Other intangible assets	81,535	97,855
Investments in associates	1,180,839	1,168,307
Deferred tax assets	11,562	12,231
Evaluation tools at customers	28,999	39,816
<b>Total non-current assets</b>	<b>1,405,999</b>	<b>1,432,565</b>
Inventories	113,502	115,640
Accounts receivable	90,190	106,748
Income taxes receivable	515	209
Other current assets	18,854	16,693
Cash and cash equivalents	446,915	363,003
<b>Total current assets</b>	<b>669,976</b>	<b>602,292</b>
<b>Total Assets</b>	<b>2,075,974</b>	<b>2,034,858</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>1,948,379</b>	<b>1,908,910</b>
Deferred tax liabilities	11,331	13,686
Pension liabilities	1,170	579
<b>Total non-current liabilities</b>	<b>12,501</b>	<b>14,265</b>
Accounts payable	54,441	57,668
Provision for warranty	9,023	7,283
Income taxes payable	6,841	1,652
Accrued expenses and other payables	44,791	45,079
<b>Total current liabilities</b>	<b>115,096</b>	<b>111,682</b>
<b>Total Liabilities</b>	<b>127,595</b>	<b>125,947</b>
<b>Total Equity and Liabilities</b>	<b>2,075,974</b>	<b>2,034,858</b>

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

**ASM INTERNATIONAL N.V.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

EUR thousand	Three months ended September 30,		Nine months ended September 30,	
	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)
<b>Cash flows from operating activities:</b>				
Net earnings	49,485	39,757	166,560	94,202
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	10,886	12,768	30,036	36,545
Income tax	(7,864)	651	1,188	3,116
Result from investments	(8,648)	(26,650)	(41,708)	(49,305)
Other adjustments	2,253	5,255	(10,843)	9,704
<b>Changes in other assets and liabilities:</b>				
Accounts receivable	27,030	5,752	(7,149)	(11,885)
Inventories	10,905	(13,018)	9,108	(13,248)
Accounts payable	(18,650)	3,888	(10,940)	1,101
Other assets and liabilities	7,029	5,796	7,468	(675)
Income tax paid	2,436	(3,017)	(8,423)	(7,070)
<b>Net cash provided by operating activities</b>	<b>74,860</b>	<b>31,181</b>	<b>135,298</b>	<b>62,484</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(5,600)	(12,209)	(22,404)	(26,026)
Capitalized development costs	(11,771)	(6,755)	(24,745)	(20,554)
Purchase of intangible assets	(431)	(1,913)	(6,132)	(5,646)
Dividend received from associates	18,408	14,848	42,865	22,083
Acquisitions of investments	—	—	(900)	—
<b>Net cash provided (used) in investing activities</b>	<b>607</b>	<b>(6,029)</b>	<b>(11,315)</b>	<b>(30,144)</b>
<b>Cash flows from financing activities:</b>				
Purchase of treasury shares	—	(26,904)	(70,662)	(83,861)
Proceeds from issuance shares and exercise of stock options	216	1,034	10,815	12,003
Dividend to shareholders ASMI	(4,683)	(5,486)	(37,158)	(42,673)
<b>Net cash used in financing activities</b>	<b>(4,467)</b>	<b>(31,356)</b>	<b>(97,004)</b>	<b>(114,531)</b>
Exchange rate effects	(6,095)	(909)	15,163	(1,721)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>64,905</b>	<b>(7,112)</b>	<b>42,142</b>	<b>(83,911)</b>
Cash and cash equivalents at beginning of period	363,013	370,116	385,777	446,915
<b>Cash and cash equivalents at end of period</b>	<b>427,919</b>	<b>363,003</b>	<b>427,919</b>	<b>363,003</b>

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

**ASM INTERNATIONAL N.V.**  
**DISCLOSURE ABOUT SEGMENTS AND RELATED INFORMATION (1/2)**

The Company organizes its activities in two operating segments, Front-end and Back-end.

The Front-end segment manufactures and sells equipment used in wafer processing, encompassing the fabrication steps in which silicon wafers are layered with semiconductor devices. The segment is a product driven organizational unit comprised of manufacturing, service, and sales operations in Europe, the United States, Japan, Korea, Singapore and other countries in Asia.

The Back-end segment manufactures and sells equipment and materials used in assembly and packaging, encompassing the processes in which silicon wafers are separated into individual circuits and subsequently assembled, packaged and tested. The segment is organized in ASM Pacific Technology Ltd, in which the Company held a majority interest until March 15, 2013. As per March 15, 2013 the Company held approximately 40.08% share in ASMPT. Per the same date control on ASMPT ceased and the numbers are deconsolidated. The remaining shares are listed on the Stock Exchange of Hong Kong. The segment's main operations are located in Hong Kong, Singapore, the People's Republic of China, Malaysia and Germany. As per September 30, 2016 the interest in ASMPT amounts to 39.40%.

EUR thousand	Three months ended September 30, 2015		
	Front-end ( <i>unaudited</i> )	Back-end ( <i>unaudited</i> )	Total ( <i>unaudited</i> )
Net sales to unaffiliated customers	161,971	—	161,971
Gross profit	70,303	—	70,303
Operating result	30,551	—	30,551
Net interest expense	(182)	—	(182)
Foreign currency exchange gains	2,603	—	2,603
Result from investments	—	1,991	1,991
Income tax	7,864	—	7,864
Net earnings	40,836	1,991	42,828
Cash flows from operating activities	74,860	—	74,860
Cash flows from investing activities	(17,801)	18,408	607
Cash flows from financing activities	(4,467)	—	(4,467)
	Three months ended September 30, 2016		
	Front-end ( <i>unaudited</i> )	Back-end ( <i>unaudited</i> )	Total ( <i>unaudited</i> )
Net sales to unaffiliated customers	144,210	—	144,210
Gross profit	63,744	—	63,744
Operating result	16,828	—	16,828
Net interest expense	(128)	—	(128)
Foreign currency exchange losses	(2,941)	—	(2,941)
Result from investments	—	19,951	19,951
Income tax	(651)	—	(651)
Net earnings	13,107	19,951	33,058
Cash flows from operating activities	31,181	—	31,181
Cash flows from investing activities	(20,877)	14,848	(6,029)
Cash flows from financing activities	(31,356)	—	(31,356)

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

**ASM INTERNATIONAL N.V.**  
**DISCLOSURE ABOUT SEGMENTS AND RELATED INFORMATION (2/2)**

EUR thousand	Nine months ended September 30, 2015		
	Front-end ( <i>unaudited</i> )	Back-end ( <i>unaudited</i> )	Total ( <i>unaudited</i> )
Net sales	524,912	—	524,912
Gross profit	230,725	—	230,725
Operating result	107,084	—	107,084
Net interest expense	(474)	—	(474)
Foreign currency exchange gains	19,429	—	19,429
Result from investments	—	21,614	21,614
Income tax	(1,188)	—	(1,188)
Net earnings	124,852	21,614	146,466
Cash flows from operating activities	135,298	—	135,298
Cash flows from investing activities	(54,181)	42,865	(11,315)
Cash flows from financing activities	(97,004)	—	(97,004)
Cash and cash equivalents	427,919	—	427,919
Goodwill	11,270	—	11,270
Other intangible assets	87,991	—	87,991
Investments in associates	900	1,155,147	1,156,047
Other identifiable assets	361,198	—	361,198
Total assets	889,277	1,155,147	2,044,425
Headcount <sup>1</sup>	1,666	—	1,666
	Nine months ended September 30, 2016		
EUR thousand	Front-end ( <i>unaudited</i> )	Back-end ( <i>unaudited</i> )	Total ( <i>unaudited</i> )
Net sales	425,370	—	425,370
Gross profit	187,016	—	187,016
Operating result	52,301	—	52,301
Net interest income	1,851	—	1,851
Foreign currency exchange losses	(6,140)	—	(6,140)
Result from investments	—	29,095	29,095
Income tax	(3,116)	—	(3,116)
Net earnings	44,897	29,095	73,992
Cash flows from operating activities	62,484	—	62,484
Cash flows from investing activities	(52,227)	22,083	(30,144)
Cash flows from financing activities	(114,531)	—	(114,531)
Cash and cash equivalents	363,003	—	363,003
Goodwill	11,270	—	11,270
Other intangible assets	97,855	—	97,855
Investments in associates	—	1,168,307	1,168,307
Other identifiable assets	394,422	—	394,422
Total assets	866,550	1,168,307	2,034,858
Headcount <sup>1</sup>	1,656	—	1,656

<sup>1)</sup> Headcount includes those employees with a fixed contract, and is exclusive of temporary workers.

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**IFRS QUARTERLY RESULTS 2014-2015**

EUR million	2014					2015				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	
Net sales	150.7	148.4	122.2	124.3	545.6	162.0	201.0	162.0	144.7	669.7
Gross profit	66.0	62.8	52.5	53.9	235.3	69.9	90.5	70.3	64.8	295.5
Gross profit margin %	43.8%	42.3%	43.0%	43.4%	43.1%	43.1%	45.0%	43.4%	44.8%	44.1%
Selling, general and administrative expenses	(19.2)	(19.9)	(19.9)	(21.5)	(80.5)	(21.3)	(24.7)	(24.0)	(23.0)	(93.0)
Research and development expenses	(12.9)	(16.3)	(14.5)	(17.6)	(61.3)	(17.5)	(19.9)	(15.4)	(36.9)	(89.7)
Restructuring expenses	—	(0.1)	—	—	(0.1)	—	(0.5)	(0.3)	(0.9)	(1.7)
Operating result	33.9	26.6	18.1	14.8	93.4	31.1	45.4	30.6	4.0	111.1
Operating margin %	22.5%	17.9%	14.8%	11.9%	17.1%	19.2%	22.6%	18.9%	2.8%	16.6%
Financing costs	(1.2)	1.4	16.2	8.4	24.8	28.1	(11.6)	2.4	5.8	24.7
Income tax	(4.9)	(6.3)	(4.3)	(3.8)	(19.4)	(3.8)	(5.2)	7.9	6.5	5.4
Result from investments (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	5.8	15.9	30.6	9.6	61.9	13.0	20.0	8.6	1.6	43.2
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(5.4)	(5.5)	(5.7)	(6.0)	(22.5)	(6.6)	(6.8)	(6.7)	(7.1)	(27.2)
Net earnings, continued operations	28.3	32.1	54.9	22.9	138.2	61.8	41.8	42.8	10.8	157.3
Normalized net earnings (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	33.6	37.5	60.6	28.9	160.7	68.4	48.6	49.5	17.9	184.5
Net earnings per share, diluted	€0.44	€0.49	€0.85	€0.35	€2.15	€0.97	€0.66	€0.68	€0.17	€2.50
Normalized net earnings per share, diluted	€0.52	€0.58	€0.94	€0.45	€2.49	€1.08	€0.77	€0.78	€0.28	€2.93

EUR million	2014					2015				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	
R&D expenditure	(12.6)	(16.9)	(15.8)	(18.6)	(63.8)	(20.4)	(23.3)	(23.2)	(25.0)	(91.9)
Capitalized development expenditure	3.4	3.8	4.3	2.9	14.3	6.2	6.7	11.8	5.4	30.2
Amortization capitalized development expenditure	(2.8)	(3.2)	(3.0)	(1.9)	(10.9)	(3.3)	(3.3)	(4.0)	(1.2)	(11.8)
Impairment capitalized development expenditure	(0.9)	—	—	—	(0.9)	—	—	—	(16.2)	(16.2)
R&D expenses	<b>(12.9)</b>	<b>(16.3)</b>	<b>(14.5)</b>	<b>(17.6)</b>	<b>(61.3)</b>	<b>(17.5)</b>	<b>(19.9)</b>	<b>(15.4)</b>	<b>(36.9)</b>	<b>(89.7)</b>

**ASM INTERNATIONAL N.V.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**Basis of Presentation**

The 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**

No significant changes in accounting policies incurred during the third quarter of 2016.



**ASM INTERNATIONAL N.V.**  
**RECONCILIATION IFRS - US GAAP**

Up until the most recent reporting period, ASMI's primary external and internal reporting has been based on US GAAP. In addition ASMI issued quarterly reconciliations of net earnings and shareholders' equity and (semi) annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Following the voluntary delisting from NASDAQ, August 2015, ASMI migrated to IFRS as its only internal and external reporting standard from January 1, 2016 and to discontinue the use of US GAAP as of the same date. During 2016 comparable results based on US GAAP will be presented, as from 2017 results based on IFRS only will be reported.

Because of the differences between IFRS and US GAAP that are applicable to ASMI, the Consolidated Statement of Operations and Consolidated Balance Sheet reported in accordance with IFRS differ from those reported in accordance with US GAAP. The major differences relate to development costs, goodwill, inventory obsolescence reserve, debt issuance fees and pension plans.

The reconciliation between IFRS and US GAAP is as follows:

<b>Net earnings</b> EUR million, except per share date	Three months ended September 30,		Nine months ended September 30,	
	2015 ( <i>unaudited</i> )	2016 ( <i>unaudited</i> )	2015 ( <i>unaudited</i> )	2016 ( <i>unaudited</i> )
IFRS	<b>42.8</b>	<b>33.1</b>	<b>146.5</b>	<b>74.0</b>
Adjustments for US GAAP:				
Reversal inventory write downs	0.3	(0.1)	0.7	(0.1)
GAAP differences investments	(0.5)	—	0.5	—
Development expenses	(6.8)	(2.1)	(11.9)	(7.1)
Debt issuance fees	(0.1)	(0.1)	(0.2)	(0.2)
Total adjustments	(7.1)	(2.3)	(10.9)	(7.5)
US GAAP	<b>35.7</b>	<b>30.8</b>	<b>135.6</b>	<b>66.5</b>
Net earnings per share, diluted:	€0.57	€0.51	€2.15	€1.08

<b>Equity</b> EUR million	December 31,	September 30,
	2015 ( <i>unaudited</i> )	2016 ( <i>unaudited</i> )
IFRS	<b>1,948.4</b>	<b>1,908.9</b>
Adjustments for US GAAP:		
Goodwill	0.9	0.9
Debt issuance fees	1.0	0.7
Reversal inventory write downs	(1.9)	(2.1)
Development expenses	(61.2)	(70.7)
GAAP differences investments	0.4	0.4
Pension plans	(0.3)	(0.4)
Total adjustments	(61.1)	(71.2)
US GAAP	<b>1,887.3</b>	<b>1,837.7</b>

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

## US GAAP

The following table, **based on US GAAP**, shows the operating performance for the third quarter of 2016 as compared to the second quarter of 2016 and the third quarter of 2015:

EUR million	Q3 2015	Q2 2016	Q3 2016	Change Q2 2016 to Q3 2016	Change Q3 2015 to Q3 2016
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>		
Net sales	162.0	138.7	144.2	4%	(11)%
Gross profit	70.7	60.8	63.7	5%	(10)%
Gross profit margin %	43.7%	43.8%	44.1%		
Selling, general and administrative expenses	(24.0)	(21.0)	(21.4)	2%	(11)%
Research and development expenses	(23.2)	(24.5)	(26.7)	9%	15 %
Restructuring expenses	(0.3)	(1.0)	(1.3)	n/a	n/a
Operating result	23.2	14.3	14.3	—	(8.9)
Operating margin %	14.3%	10.3%	9.9%		
Financing costs	2.4	9.9	(3.2)	(13.1)	(5.6)
Income tax	8.7	(0.8)	(0.3)	0.5	(9.0)
Result from investments (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	8.1	16.4	26.7	10.3	18.6
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.7)	(6.7)	(6.7)	—	—
Net earnings	35.7	33.1	30.8	(2.3)	(4.9)
Normalized net earnings (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	42.4	39.8	37.5	(2.3)	(4.9)
Net earnings per share, diluted	€ 0.57	€ 0.54	€ 0.51	€ (0.03)	€ (0.06)
Normalized net earnings per share, diluted	€ 0.67	€ 0.64	€ 0.61	€ (0.03)	€ (0.06)