

Almere, The Netherlands

October 30, 2019, 6 p.m. CET

## ASM INTERNATIONAL N.V. REPORTS THIRD QUARTER 2019 RESULTS

ASM International N.V. (Euronext Amsterdam: ASM) today reports its third quarter 2019 operating results (unaudited) in accordance with IFRS.

### FINANCIAL HIGHLIGHTS

EUR million	Q3 2018	Q2 2019*	Q3 2019
New orders	258.0	373.1	291.8
Net sales	195.7	363.3	271.2
Gross profit margin %	40.9%	59.0%	42.4%
Operating result	28.0	150.2	50.6
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	16.8	2.0	6.5
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.1)	(3.4)	(3.5)
Net earnings	39.1	121.6	53.5
Normalized net earnings (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013 and result from sale of ASMPT shares)	42.2	125.0	56.9

\* Including effects of litigation settlement

- New orders of €292 million driven by foundry and logic, 8% above Q2 2019 (€270 million excluding patent litigation settlement).
- Net sales for the Q3 2019 were €272 million, 4% up compared to the previous quarter (€260 million excluding patent litigation settlement).
- Gross profit margin was 42.4% in Q3 2019 compared to 59.0% Q2 2019 (42.8% excluding patent litigation settlement).
- Operating result of €51 million up €4 million compared to the previous quarter (€47 million excluding patent litigation settlement).
- Normalized net earnings for the third quarter 2019 decreased by €68 million compared to Q2 2019, excluding the patent litigation settlement net earnings in Q3 showed an increase.

## COMMENT

Commenting on the results, Chuck del Prado, President and Chief Executive Officer of ASM International said: "In Q3 we realized sales of €271 million. Excluding the litigation settlement, this is 4% above the Q2 level, reaching again a new record level, driven by continuous high demand in the logic/foundry segment. Our order intake, at €292 million was well above our guidance of €250-270 million driven by strong pull-ins from our logic/foundry customers. Our cash position in the quarter increased again substantially, partly due to the receipt of 50% of the US\$115 million cash proceeds from the litigation settlement."

## OUTLOOK

For Q4, on a currency comparable level, we expect sales of €310-330 million while bookings, on a currency comparable level, are expected to be in the range of €290-310 million. This guidance for both sales as well as orders does not include the proceeds of US\$61 million related to the settlement of the arbitration proceeding with Kokusai Electric Corporation, which will be added to those numbers in Q4. For 2019, general expectations are now that the wafer fab equipment (WFE) market will decline with a mid-teens percentage. Market demand in the memory segment generally continues to be weak while visibility remains limited. Market demand in the logic and foundry segments is solid in 2019, driven by spending on the most advanced nodes, and expected to continue into the first part of 2020. We expect to strongly outperform the WFE market in 2019.

## SHARE BUYBACK PROGRAM

The execution on the €100 million share buyback program, announced on July 23, 2019, will start as from early November.

## INTERIM DIVIDEND

ASMI announces today an interim dividend of €1.00 per common share. In view of the recent strong increases in the cash position, the Board decided this year to bring forward part of the 2019 dividend in the form of an interim dividend. The final dividend proposal, which will be in line with ASMI's policy to pay a sustainable dividend, will be announced as part of the fourth quarter 2019 and full year results 2019.

The relevant dates for this interim dividend payment are:

Ex-dividend date share Euronext and OTC US	November 5, 2019
Record date	November 6, 2019
Payment date	November 12, 2019

## ARBITRATION SETTLEMENT

As announced on October 29, 2019, ASMI has entered into a settlement agreement with Kokusai Electric Corporation ("KEC") concerning all the matters of the arbitration proceeding relating to the license agreement which expired in November 2017. KEC will pay an amount of US\$61 million to ASM. This settlement of the arbitration proceeding is separate from the settlement of the patents lawsuits and invalidation proceedings as announced on July 1, 2019.

## 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.*

*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 Thursday, October 31, 2019 at 15:00 Continental European Time (10:00 a.m. - US Eastern Time).

The teleconference dial-in numbers are as follows:

- United States: +1 631 510 7495
- International: +44 (0) 844 571 8892
- The Netherlands: +31 (0)20 714 3545
- Access Code: 5295597

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 third quarter of 2019 and the backlog at the end of the third quarter of 2019, compared to the previous quarter and the comparable quarter previous year:

EUR million	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
Backlog at the beginning of the period	189.2	292.0	299.6	171.2	301.5
New orders for the period	258.0	373.1	291.8	640.4	899.9
Net sales for the period	(195.7)	(363.3)	(271.2)	(563.4)	(883.3)
FX-effect for the period	0.3	(2.1)	10.1	3.5	12.2
Backlog at the end of the period	<b>251.8</b>	<b>299.6</b>	<b>330.4</b>	<b>251.8</b>	<b>330.4</b>
Book-to-bill ratio (new orders divided by net sales)	1.3	1.0	1.1	1.1	1.0

The backlog increased from €300 million at the end of the second quarter 2019 to €330 million as per September 30, 2019. The bookings and the net sales in the second quarter included €103 million related to the patent litigation settlement announced on July 1, 2019. The book-to-bill ratio for Q3 was 1.1. In terms of customer segments, new orders in the third quarter 2019 were led by foundry, followed by logic and then memory.

### Net Sales

EUR million	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
Equipment sales	148.7	207.7	216.2	429.8	620.7
Spares & service sales	47.0	52.5	55.0	133.6	159.5
Patent litigation settlement	—	103.1	—	—	103.1
Net sales	<b>195.7</b>	<b>363.3</b>	<b>271.2</b>	<b>563.4</b>	<b>883.3</b>

Net sales for the third quarter 2019 decreased with 25% compared to the previous quarter and increased by 39% year-on-year. Excluding the patent litigation settlement, net sales increased 4% compared to the previous quarter. Net sales in the third quarter were led by logic followed by foundry and memory. The impact of currency changes was an increase of 1% quarter to quarter and an increase of 5% year-on-year.

### Gross profit margin

EUR million	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
Gross profit	80.0	214.4	114.9	228.0	432.1
Gross profit margin	40.9%	59.0%	42.4%	40.5%	48.9%
Gross profit excluding patent litigation settlement	80.0	111.3	114.9	228.0	329.0
Gross profit margin excluding patent litigation settlement	40.9%	42.8%	42.4%	40.5%	42.2%

The gross profit margin, excluding patent litigation settlement, decreased from 42.8% in Q2 to 42.4% in Q3. For Q3 2018 gross profit margin was 40.9%. The gross profit margin in the quarter was 0.4% lower than in Q2 2019 mainly due to the sales mix. The impact of currency changes on gross profit was an increase of 1% quarter to quarter and an increase of 5% year-on-year.

## Selling, general and administrative expenses

EUR million	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
SG&A expenses	30.2	40.3	34.2	87.1	108.4

Selling, general and administrative (SG&A) expenses decreased with 15% compared to the previous quarter. This decrease was amongst others caused by lower legal costs related to patent disputes. As a percentage of sales (excluding the €103 million patent litigation settlement) SG&A expenses were 13% (Q2 2019: 15%, Q3 2018: 15%). The impact of currency changes on SG&A expenses was no change quarter to quarter and an increase of 2% year-on-year.

## Research and development expenses

EUR million	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
Research and development expenses	30.7	37.4	38.4	88.9	109.3
Capitalization of development expenses	(11.7)	(17.1)	(13.1)	(34.6)	(45.5)
Amortization of capitalized development expenses	2.8	3.4	4.6	8.4	11.0
Impairment capitalized development expenses	0.1	—	0.1	0.1	0.9
R&D expenses	<b>21.8</b>	<b>23.8</b>	<b>30.1</b>	<b>62.8</b>	<b>75.8</b>

Research and development (R&D) expenses increased by 26% compared to the previous quarter. This increase is caused by the completion of several development projects, leading to lower capitalization and higher amortization. As a percentage of sales R&D expenses were 11% compared to 9% for the previous quarter (excluding the €103 million patent litigation settlement). For the third quarter of 2018 this was 11%. The impact of currency changes on R&D expenses was an increase of 1% quarter to quarter and an increase of 4% year-on-year.

## Operating result

EUR million	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
Operating result	28.0	150.2	50.6	78.0	247.8
Operating result margin	14.3%	41.3%	18.7%	13.9%	28.1%
Operating result excluding patent litigation settlement	28.0	47.0	50.6	78.0	144.7
Operating result margin excluding patent litigation settlement	14.3%	18.1%	18.7%	13.9%	18.5%

The operating profit margin, excluding patent litigation settlement, increased from 18.1% in Q2 to 18.7% in Q3. For Q3 2018 operating profit margin was 14.3%. The impact of currency changes on operating profit was an increase of 3% quarter to quarter and an increase of 9% year-on-year.

## Financing costs

Financing costs are mainly related to translation results. The Q3 2019 results included a translation gain of €14 million compared to a loss of €5 million included in the Q2 2019 results and a gain of €1 million included in the Q3 2018 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	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	16.8	2.0	6.5	54.7	11.7
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.1)	(3.4)	(3.5)	(9.9)	(10.3)
Result from investments	13.7	(1.4)	3.1	44.8	1.4

Result from investments, which primarily reflects our approximate 25% shareholding in ASMPT, increased to €7 million from €2 million in the previous quarter. ASMPT's net earnings, on a 100% basis, increased to €24 million compared to €8 million in the previous quarter. Q3 last year, also on a 100% basis, showed net earnings of €66 million. For further information on the Q3 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 €3.5 million in Q3. For 2019, on a currency comparable basis, this amortization is expected to amount to €13.7 million.

## Income tax

Income tax in the third quarter amounted to an expense of €14.1 million. Income tax in the previous quarter amounted to an expense of €22.6 million.

## Net earnings

EUR million	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
Net earnings	39.1	121.6	53.5	113.5	224.5
Excluding:					
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.1)	(3.4)	(3.5)	(9.9)	(10.3)
Normalized net earnings	<b>42.2</b>	<b>125.0</b>	<b>56.9</b>	<b>123.4</b>	<b>234.8</b>

Normalized net earnings decreased by €68 million compared to Q2 2019, as the previous quarter included the result from the patent litigation settlement.

## Cash flow

EUR million	Q3 2018	Q2 2019	Q3 2019	YTD 2018	YTD 2019
Net cash from operating activities	15.5	131.5	92.1	43.8	274.0
Net cash from investing activities	(18.4)	(9.9)	(8.1)	(54.5)	(47.5)
Net cash from financing activities	(382.7)	(48.6)	1.1	(560.2)	(48.5)
Total net cash provided / (used)	<b>(385.5)</b>	<b>73.0</b>	<b>85.1</b>	<b>(570.9)</b>	<b>178.1</b>

The cash flow from operating activities was positively impacted by the first receipt of the patent litigation settlement of \$57.5 million and negatively impacted by higher working capital needs. Cash used in investing activities during Q2 and Q3 2019 was low as dividend from ASMPT was received.

## Balance sheet

EUR million	December 31, 2018 <i>(audited)</i>	June 30, 2019	September 30, 2019
Inventories	171.8	170.4	177.0
Accounts receivable	173.5	260.4	241.4
Other current assets	45.0	46.4	54.5
Accounts payable	(80.6)	(93.5)	(108.4)
Provision for warranty	(8.0)	(13.0)	(15.1)
Accrued expenses and other payables	(99.0)	(125.5)	(125.6)
<b>Working capital</b>	<b>202.7</b>	<b>245.3</b>	<b>223.7</b>

Net working capital decreased to €224 million compared to €245 million per June 30, 2019 (€203 million per December 31, 2018), mainly due to the receipt of the first payment on the patent litigation settlement (\$57.5 million). The number of outstanding days of working capital, measured against quarterly sales, increased to 74 days on September 30, 2019 from 61 days on June 30, 2019 (72 days on December 31, 2018).

Net working capital, excluding the patent litigation settlement, increased to €172 million per September 30, 2019, compared to €144 million per June 30, 2019. Excluding this patent litigation amount, the number of outstanding days of working capital, measured against quarterly sales, increased to 57 days compared to 49 days on June 30, 2019.

## Sources of liquidity

As per September 30, 2019, the Company's principal sources of liquidity consisted of €480 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 September 30,		Nine months ended September 30,	
	2018 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Net sales	<b>195,744</b>	<b>271,166</b>	<b>563,395</b>	<b>883,257</b>
Cost of sales	(115,708)	(156,241)	(335,353)	(451,118)
Gross profit	<b>80,036</b>	<b>114,925</b>	<b>228,042</b>	<b>432,139</b>
Operating expenses:				
Selling, general and administrative	(30,196)	(34,189)	(87,101)	(108,411)
Research and development	(21,839)	(30,066)	(62,750)	(75,785)
Restructuring expenses	—	(28)	(149)	(108)
Total operating expenses	(52,035)	(64,283)	(150,000)	(184,304)
Operating result	<b>28,000</b>	<b>50,641</b>	<b>78,042</b>	<b>247,835</b>
Net interest income (expense)	(277)	52	(1,158)	46
Foreign currency exchange gains (losses)	988	13,796	1,186	13,540
Result from investments	13,738	3,055	44,808	1,372
Earnings before income taxes	<b>42,449</b>	<b>67,544</b>	<b>122,877</b>	<b>262,793</b>
Income tax	(3,353)	(14,089)	(9,420)	(38,306)
Net earnings	<b>39,096</b>	<b>53,455</b>	<b>113,457</b>	<b>224,486</b>

Per share data:

Basic net earnings	0.76	1.08	2.12	4.54
Diluted net earnings (1)	0.75	1.06	2.09	4.47

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

Basic	51,499	49,585	53,524	49,482
Diluted (1)	52,249	50,328	54,333	50,175

Outstanding shares:	50,158	49,600	50,158	49,600
Treasury shares:	6,139	1,698	6,139	1,698

(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 September 30, 2019 is 742,697 common shares, and for the nine months ended September 30, 2019 the possible increase is 692,982 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, 2018 <i>(audited)</i>	September 30, 2019 <i>(unaudited)</i>
<b>Assets</b>		
Right-of-use assets	—	29,625
Property, plant and equipment	148,749	154,614
Goodwill	11,270	11,270
Other intangible assets	149,927	188,305
Investments in associates	789,588	793,334
Deferred tax assets	11,316	4,546
Other non-current assets	11,865	10,632
Evaluation tools at customers	44,634	49,260
<b>Total non-current assets</b>	<b>1,167,349</b>	<b>1,241,585</b>
Inventories	171,826	176,955
Accounts receivable	173,450	241,385
Income taxes receivable	4,439	2,231
Other current assets	45,001	54,494
Cash and cash equivalents	285,907	480,117
<b>Total current assets</b>	<b>680,623</b>	<b>955,182</b>
<b>Total Assets</b>	<b>1,847,972</b>	<b>2,196,767</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>1,641,551</b>	<b>1,887,877</b>
Accrued expenses and other payables	—	17,639
Deferred tax liabilities	12,170	12,583
<b>Total non-current liabilities</b>	<b>12,170</b>	<b>30,222</b>
Accounts payable	80,640	108,365
Provision for warranty	7,955	15,108
Income taxes payable	6,663	29,580
Accrued expenses and other payables	98,993	125,615
<b>Total current liabilities</b>	<b>194,251</b>	<b>278,668</b>
<b>Total Liabilities</b>	<b>206,421</b>	<b>308,890</b>
<b>Total Equity and Liabilities</b>	<b>1,847,972</b>	<b>2,196,767</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 September 30,		Nine months ended September 30,	
	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)
<b>Cash flows from operating activities:</b>				
Net earnings	39,096	53,455	113,457	224,486
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	13,888	19,147	38,462	53,759
Income tax	3,353	14,089	9,420	38,306
Result from investments	(13,738)	(3,055)	(44,808)	(1,372)
Other adjustments	2,738	(5,976)	5,696	(3,133)
<b>Changes in other assets and liabilities:</b>				
Accounts receivable	1,315	24,426	(3,813)	(60,209)
Inventories	(17,340)	(2,086)	(38,257)	811
Evaluation tools	(5,559)	(9,707)	(25,363)	(9,748)
Accounts payable	(2,506)	12,235	16,458	24,398
Other assets and liabilities	8,720	(7,189)	(8,595)	13,110
Income tax paid	(14,433)	(3,223)	(18,861)	(6,392)
<b>Net cash from operating activities</b>	<b>15,535</b>	<b>92,116</b>	<b>43,797</b>	<b>274,015</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(20,716)	(10,192)	(48,020)	(31,934)
Capitalized development expenditure	(11,747)	(13,088)	(34,592)	(45,493)
Purchase of intangible assets	(443)	(306)	(975)	(1,987)
Dividend received from associates	14,537	15,471	29,120	31,960
<b>Net cash from (used) in investing activities</b>	<b>(18,369)</b>	<b>(8,114)</b>	<b>(54,467)</b>	<b>(47,455)</b>
<b>Cash flows from financing activities:</b>				
Purchase of treasury shares ASMI	(167,430)	—	(309,275)	—
Proceeds from issuance of treasury shares	32	1,215	1,467	2,181
Dividends to common shareholders ASMI	(6,537)	(140)	(43,644)	(49,530)
Capital repayment to common shareholders ASMI	(208,774)	—	(208,774)	(1,144)
<b>Net cash used in financing activities</b>	<b>(382,710)</b>	<b>1,075</b>	<b>(560,227)</b>	<b>(48,494)</b>
Exchange rate effects	8	13,505	72	16,143
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(385,536)</b>	<b>98,582</b>	<b>(570,824)</b>	<b>194,210</b>
Cash and cash equivalents at beginning of period	651,173	381,535	836,461	285,907
<b>Cash and cash equivalents at end of period</b>	<b>265,637</b>	<b>480,117</b>	<b>265,637</b>	<b>480,117</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.