

Almere, The Netherlands

April 24, 2019, 6 p.m. CET

ASM INTERNATIONAL N.V. REPORTS FIRST QUARTER 2019 RESULTS

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

FINANCIAL HIGHLIGHTS

EUR million	Q1 2018	Q4 2018	Q1 2019
New orders	206.5	301.6	235.0
Net sales	159.0	254.7	248.8
Gross profit margin %	37.8%	41.7%	41.3%
Operating result	11.8	46.2	47.0
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	16.3	6.1	3.1
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.8)	(2.4)	(3.4)
Net earnings	15.0	43.7	49.4
Normalized net earnings (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013 and result from sale of ASMPT shares)	18.8	46.1	52.8

- New orders received of €235 million, driven by foundry and logic.
- Net sales for the first quarter 2019 were €249 million, a decrease of 2% compared to the previous quarter.
- Gross profit margin was 41.3% in Q1 2019 compared to 41.7% in the previous quarter. Deviations are mainly due to mix differences.
- Operating result increased to €47 million.
- Normalized net earnings for the first quarter 2019 increased by €7 million compared to Q4 2018, despite only €3 million result from investments.

COMMENT

Commenting on the results, Chuck del Prado, President and Chief Executive Officer of ASM International said: "In Q1 we realized sales of €249 million, a 56% sales increase year-on-year and, again, a strong order intake of €235 million. Sales were slightly above our guidance of €225-245 million. Our order intake exceeded the €200-220 million that we indicated earlier. The high order intake was again driven by logic and foundry, reflecting our solid position in these industry segments."

OUTLOOK

For Q2, on a currency comparable level, we expect sales of €230-250 million while bookings, on a currency comparable level, are expected to be in the range of €240-260 million. For 2019, general expectations are still that the wafer fab equipment (WFE) market will decline with a mid to high teens percentage. Logic and foundry, as compared to the memory segment, are expected to stay healthy in 2019. Based upon this current market view, we expect to meaningfully outperform the WFE market in 2019.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

On April 4, 2019, ASMI published the agenda for the 2019 Annual General Meeting of Shareholders (AGM), to be held on May 20, 2019, which, as also earlier announced, includes the following financial matters:

- proposal to declare a dividend of €1.00 per common share; and
- proposal to cancel 5 million treasury shares.

Please refer to the AGM documents available on our website for more detailed information.

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.

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, April 25, 2019, at 16:00 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: 7649007

A simultaneous audio web cast and replay will be accessible at www.asm.com.

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ANNEX 1

OPERATING AND FINANCIAL REVIEW

Bookings

The following table shows the level of new orders for the first quarter of 2019 and the backlog at the end of the first quarter of 2019, compared to the previous quarter and the comparable quarter previous year:

EUR million	Q1 2018	Q4 2018	Q1 2019	Change Q4 2018 to Q1 2019	Change Q1 2018 to Q1 2019
Backlog at the beginning of the quarter	171.2	251.8	301.5	20 %	76%
New orders for the quarter	206.5	301.6	235.0	(22)%	14%
Net sales for the quarter	(159.0)	(254.7)	(248.8)	(2)%	56%
FX-effect for the quarter	(0.8)	2.8	4.3		
Backlog at the end of the quarter	217.9	301.5	292.0	(3)%	34%
Book-to-bill ratio (new orders divided by net sales)	1.3	1.2	0.9		

The backlog decreased from €302 million at the end of the fourth quarter 2018 to €292 million as per March 31, 2019. The book-to-bill ratio for Q1 was 0.9. In terms of customer segments, new orders in the first quarter 2019 were led by foundry followed by logic.

Net Sales

EUR million	Q1 2018	Q4 2018	Q1 2019	Change Q4 2018 to Q1 2019	Change Q1 2018 to Q1 2019
Equipment sales	120.3	201.7	196.8	(2)%	64%
Spares & service sales	38.6	53.0	51.9	(2)%	34%
Net sales	159.0	254.7	248.8	(2)%	56%

Net sales for the first quarter 2019 decreased with 2% compared to the previous quarter and increased by 56% year-on-year. Net sales in the first quarter were led by foundry followed by logic and then memory. There was no impact of currency changes quarter to quarter and an increase of 5% year-on-year.

Gross profit margin

EUR million	Q1 2018	Q4 2018	Q1 2019	Change Q4 2018 to Q1 2019	Change Q1 2018 to Q1 2019
Gross profit	60.2	106.3	102.8	(3)%	71%
Gross profit margin	37.8%	41.7%	41.3%	— %	4%

The gross profit margin decreased from 41.7% in Q4 to 41.3% in Q1. For Q1 2018 gross profit margin was 37.8%. 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	Q1 2018	Q4 2018	Q1 2019	Change Q4 2018 to Q1 2019	Change Q1 2018 to Q1 2019
SG&A expenses	27.2	34.2	33.9	(1)%	25%

Selling, general and administrative (SG&A) expenses decreased with 1% compared to the previous quarter. As a percentage of sales SG&A expenses were 14% (Q4 2018: 13%, Q1 2018: 17%). There was no impact of currency changes on SG&A expenses quarter to quarter and an increase of 2% year-on-year.

Research and development expenses

EUR million	Q1 2018	Q4 2018	Q1 2019	Change Q4 2018 to Q1 2019	Change Q1 2018 to Q1 2019
Research and development expenses	28.4	36.1	33.4	(7)%	18%
Capitalization of development expenses	(10.1)	(15.1)	(15.3)	2 %	52%
Amortization of capitalized development expenses	2.8	3.7	3.0	(18)%	9%
Impairment capitalized development expenses	—	1.2	0.8	n/a	n/a
R&D expenses	21.0	25.8	21.9	(15)%	4%

Research and development (R&D) expenses decreased with 15% compared to the previous quarter. As a percentage of sales R&D expenses were 9% compared to 10% for the previous quarter. For the first quarter of 2018 this was 13%. 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	Q1 2018	Q4 2018	Q1 2019	Change Q4 2018 to Q1 2019	Change Q1 2018 to Q1 2019
Operating result	11.8	46.2	47.0	0.8	35.2
Operating result margin	7.4%	18.2%	18.9%	0.7%	11.5%

The operating profit margin increased from 18.2% in Q4 to 18.9% in Q1. For Q1 2018 operating profit margin was 7.4%. The impact of currency changes on operating profit was an increase of 3% quarter to quarter and an increase of 7% year-on-year.

Financing costs

Financing costs are mainly related to translation results. The Q1 2019 results included a translation gain of €4 million compared to no effects in the Q4 2018 results and a loss of €8 million included in the Q1 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	Q1 2018	Q4 2018	Q1 2019	Change Q4 2018 to Q1 2019	Change Q1 2018 to Q1 2019
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	16.3	6.1	3.1	(49)%	(81)%
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.8)	(2.4)	(3.4)	39 %	(12)%
Result from investments	12.5	3.6	(0.3)	(107)%	(102)%

Result from investments, which primarily reflects our approximate 25% shareholding in ASMPT, decreased to €3 million from €6 million in the previous quarter. ASMPT's net earnings, on a 100% basis, decreased with 48% to €12 million compared to the previous quarter. Q1 last year, also on a 100% basis, showed net earnings of €65 million. For further information on the Q1 results of ASMPT, please visit ASMPT's website www.asmpacific.com.

Amortization intangible assets resulting from the sale of the 12% stake of ASMPT in 2013 amounted to €3.4 million in Q1. For 2019, on a currency comparable basis, this amortization is expected to amount to €13.4 million.

Income tax

Income tax in the first quarter amounted to an expense of €1.6 million. Income tax in the previous quarter amounted to an expense of €6 million.

Net earnings

EUR million	Q1 2018	Q4 2018	Q1 2019	Change Q4 2018 to Q1 2019	Change Q1 2018 to Q1 2019
Net earnings	15.0	43.7	49.4	13%	230 %
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.8)	(2.4)	(3.4)	39%	(12)%
Normalized net earnings	18.8	46.1	52.8	15%	181 %

Normalized net earnings increased €7 million compared to Q4 2018.

Cash flow

EUR million	Q1 2018	Q4 2018	Q1 2019
Net cash from operating activities	33.5	93.0	50.4
Net cash from investing activities	(18.7)	(30.5)	(29.5)
Net cash from financing activities	(101.5)	(42.4)	(0.9)
Total net cash provided / (used)	(86.7)	20.2	20.0

The cash flow from operating activities, as compared to Q4 2018, decreased to €50 million due to higher working capital needs in Q1 2019. The cash flow from investing activities remained stable. Cash used by financing activities in the previous quarters was mainly for share repurchases which were completed in Q4 2018.

Balance sheet

EUR million	December 31, 2018 <i>(audited)</i>	March 31, 2019
Inventories	171.8	174.0
Accounts receivable	173.5	193.4
Other current assets	45.0	37.6
Accounts payable	(80.6)	(92.1)
Provision for warranty	(8.0)	(10.6)
Accrued expenses and other payables	(99.0)	(90.1)
Working capital	202.7	212.2

Net working capital increased to €212 million compared to €203 million per December 31, 2018 (€156 million per March 31, 2018). Accrued expenses and other payables includes €7 million current lease liabilities as a result of the adoption of IFRS 16 at January 1, 2019. The number of outstanding days of working capital, measured against quarterly sales, increased to 77 days on March 31, 2019 from 72 days on December 31, 2018 (88 days on March 31, 2018).

Sources of liquidity

As per March 31, 2019, the Company's principal sources of liquidity consisted of €312 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 March 31,	
	2018 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Net sales	158,974	248,780
Cost of sales	(98,818)	(145,945)
Gross profit	60,156	102,835
Operating expenses:		
Selling, general and administrative	(27,219)	(33,900)
Research and development	(20,998)	(21,902)
Restructuring expenses	(149)	—
Total operating expenses	(48,366)	(55,802)
Operating result	11,790	47,033
Net interest income (expense)	(502)	(18)
Foreign currency exchange gains (losses)	(7,536)	4,277
Result from investments	12,470	(250)
Earnings before income taxes	16,222	51,042
Income tax	(1,269)	(1,616)
Net earnings	14,954	49,426
Per share data:		
Basic net earnings	0.27	1.00
Diluted net earnings (1)	0.27	0.99
Weighted average number of shares used in computing per share amounts (in thousand):		
Basic	54,792	49,329
Diluted (1)	55,555	49,988
Outstanding shares:	54,403	49,336
Treasury shares:	7,895	6,961

(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 March 31, 2019 is 659,418 common shares. Adjustments have been reflected in the diluted weighted average number of shares and net earnings per share for this period.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

EUR thousand	December 31, 2018 <i>(audited)</i>	March 31, 2019 <i>(unaudited)</i>
Assets		
Right-of-use Assets - net	—	29,868
Property, plant and equipment	148,749	149,893
Goodwill	11,270	11,270
Other intangible assets	149,927	163,667
Investments in associates	789,588	802,029
Deferred tax assets	11,316	11,315
Other non-current assets	11,865	10,451
Evaluation tools at customers	44,634	44,397
Total non-current assets	1,167,349	1,222,890
Inventories	171,826	174,027
Accounts receivable	173,450	193,400
Income taxes receivable	4,439	4,650
Other current assets	45,001	37,558
Cash and cash equivalents	285,907	312,496
Total current assets	680,623	722,130
Total Assets	1,847,972	1,945,020
Equity and liabilities		
Equity	1,641,551	1,715,315
Other non-current liabilities	—	18,008
Deferred tax liabilities	12,170	12,249
Total non-current liabilities	12,170	30,257
Accounts payable	80,640	92,070
Provision for warranty	7,955	10,597
Income taxes payable	6,663	6,659
Accrued expenses and other payables	98,993	90,122
Total current liabilities	194,251	199,448
Total Liabilities	206,421	229,705
Total Equity and Liabilities	1,847,972	1,945,020

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 March 31,	
	2018 (unaudited)	2019 (unaudited)
Cash flows from operating activities:		
Net earnings	14,954	49,426
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation, amortization and impairments	11,499	17,143
Income tax	1,269	1,616
Result from investments	(12,470)	250
Other adjustments	8,765	(2,458)
Changes in other assets and liabilities:		
Accounts receivable	54,894	(17,246)
Inventories	(10,099)	1,194
Evaluation tools	(13,999)	(1,448)
Accounts payable	7,108	9,856
Other assets and liabilities	(24,434)	(6,072)
Income tax paid	(3,953)	(1,842)
Net cash from operating activities	33,533	50,417
Cash flows from investing activities:		
Capital expenditures	(8,301)	(12,519)
Capitalized development expenditure	(10,110)	(15,342)
Purchase of intangible assets	(269)	(1,588)
Dividend received from associates	—	—
Proceeds of disposal of ASMPPT stake	—	—
Net cash from (used) in investing activities	(18,680)	(29,450)
Cash flows from financing activities:		
Purchase of treasury shares ASMI	(102,483)	—
Proceeds from issuance of treasury shares	950	211
Dividends to common shareholders ASMI	—	—
Capital repayment to common shareholders ASMI	—	(1,144)
Debt issuance fees paid	—	—
Net cash used in financing activities	(101,533)	(933)
Exchange rate effects	(8,684)	6,554
Net increase (decrease) in cash and cash equivalents	(95,365)	26,588
Cash and cash equivalents at beginning of period	836,461	285,907
Cash and cash equivalents at end of period	741,096	312,496

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

ASMI has applied IFRS 16 - Leases from January 1, 2019. We have applied a cumulative catch-up approach and therefore did not restate comparative information. The most significant change in our accounting policy (compared to IAS 17 - Leases) is the recognition of right-of-use (ROU) assets and lease liabilities for operating leases.

As of January 1, 2019:

- We have recognized ROU assets and lease liabilities of €26 million.
- The short term portion of the lease liabilities of €7 million has been classified as accrued expenses and other payables - current.
- The long term portion of the lease liabilities of €19 million has been included in the other non-current liabilities.

The implementation of IFRS 16 will have the following impact:

- A reclassification within the operating expenses. The rent expenses will decrease and the depreciation expenses will increase by the same amount. The estimated impact on a yearly basis is €7 million to €7.5 million.
- A positive impact on operating result, with an estimated impact of €0.5 million to €1 million on yearly basis, related to reclassification of cost from operating expenses to interest expense.
- A reclassification in the cash from operating activities. Depreciation will increase and other assets and liabilities will decrease.

EUR million	December 31, 2018 <i>(audited)</i>	January 1, 2019 <i>(unaudited)</i>	March 31, 2019 <i>(unaudited)</i>
Right-of-use assets (net)	—	26	30
Other assets	1,824	1,824	1,915
Total Assets	1,824	1,850	1,945
Lease liabilities (non-current)	—	19	18
Lease liabilities (current)	—	7	7
Other liabilities	206	206	205
Equity	1,617	1,617	1,715
Total Equity and Liabilities	1,824	1,850	1,945