

Almere, The Netherlands

October 28, 2020, 6 p.m. CET

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

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

***Strong quarterly results driven by continued logic/foundry demand and an exceptionally high gross margin***

## FINANCIAL HIGHLIGHTS

EUR million	Q3 2019	Q2 2020	Q3 2020
New orders	291.8	298.0	303.4
Revenue	271.2	341.8	314.6
Gross profit margin %	42.4	48.3	49.9
Operating result	50.6	87.6	83.9
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	6.5	10.7	6.3
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.5)	(3.3)	(3.0)
Net earnings	53.5	74.1	58.1
Normalized net earnings (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013 and result from sale of ASMPT shares)	56.9	77.4	61.2

- New orders at €303 million were 2% above the level of last quarter and 4% above the level of last year.
- Revenue for the third quarter 2020 was €315 million and decreased 8% compared to the previous quarter, half of that decrease is caused by exchange rate translation differences.
- Gross profit margin was 49.9% in Q3 2020 compared to 48.3% in the previous quarter, driven by an exceptionally strong mix. Operating result was €84 million compared to €88 million in the previous quarter, mainly due to lower sales, partly compensated by a higher margin percentage and lower costs.
- Normalized net earnings for the third quarter 2020 were lower at €61 million compared to €77 million in Q2 2020. Main reasons for the decline are the depreciation of the US dollar causing a translation result of €14 million negative as compared to the €6 million negative in Q2 and the €4 million lower result from investments.

## **COMMENT**

“ASM continued to deliver strong results in Q3,” said Benjamin Loh, President and Chief Executive Officer of ASM International. “Supply chain and logistical conditions were largely back at normal levels during the quarter. In Q3, despite adverse exchange rate developments, we realized sales of €315 million which is at the high end of the guidance of €300-320 million and down 8% from the level in Q2 but still 16% above the level of Q3 last year. The sales level was again driven by continuous high demand in the logic/foundry segment. Our Q3 order intake, at €303 million, was slightly higher than our guidance of €280-300 million. Supported by again an exceptionally strong mix in the quarter, our gross margin increased to 49.9%.”

## **OUTLOOK**

For Q4, on a currency comparable level, we expect revenue of €330 - €350 million. Q4 bookings, on a currency comparable level, are expected to be in the range of €340 - €360 million.

Supported by a continued healthy market development in the second half we now expect the wafer fab equipment (WFE) market to grow with a high single to low double digit percentage in 2020. We expect to outgrow the WFE market in 2020.

## **SHARE BUYBACK PROGRAM**

On June 2, 2020, ASMI announced the start of the €100 million share buyback program.

As of September 30, 2020, 35.5% of the share buyback program was completed at an average share price of €124.18.

## 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, changes in import/export regulations, 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 Thursday, October 29, 2020, at 15:00 p.m. Continental European Time (10:00 a.m. – US Eastern Time).

The teleconference dial-in numbers are as follows:

- United States: +1 646 7413 167
- International: +44 (0) 8444 819 752
- The Netherlands: +31 (0) 20 79 566 14
- Access Code: 7179278

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

### Bookings

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

EUR million	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
Backlog at the beginning of the period	299.6	365.3	317.4	301.5	351.2
New orders for the period	291.8	298.0	303.4	899.9	934.9
Revenue for the period	(271.2)	(341.8)	(314.6)	(883.3)	(981.5)
FX-effect for the period	10.2	(4.1)	(6.7)	12.3	(5.2)
Backlog at the end of the period	<b>330.4</b>	<b>317.4</b>	<b>299.5</b>	<b>330.4</b>	<b>299.5</b>
Book-to-bill ratio (new orders divided by revenue)	1.1	0.9	1.0	1.0	1.0

The backlog decreased from €317 million at the end of the second quarter 2020 to €299 million as per September 30, 2020. The book-to-bill ratio for Q3 was 1.0. In terms of customer segments, new orders in the third quarter 2020 were led by foundry, followed by memory and then logic.

### Revenue

EUR million	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
Equipment revenue	216.2	264.4	242.3	620.7	776.1
Spares & service revenue	55.0	77.4	72.3	159.5	205.5
Patent litigation settlement	—	—	—	103.1	—
Revenue	<b>271.2</b>	<b>341.8</b>	<b>314.6</b>	<b>883.3</b>	<b>981.5</b>

Total revenue for the third quarter 2020 decreased with 8% compared to the previous quarter and increased by 16% year-on-year. Revenue in the third quarter was led by foundry, followed by memory and then logic. The impact of currency changes was a decrease of 4% quarter to quarter and a decrease of 3% year-on-year.

### Gross profit margin

EUR million	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
Gross profit	114.9	165.1	157.0	432.1	467.0
Gross profit margin	42.4 %	48.3 %	49.9 %	48.9 %	47.6 %
Gross profit excluding patent litigation settlement	114.9	165.1	157.0	329.0	467.0
Gross profit margin excluding patent litigation settlement	42.4 %	48.3 %	49.9 %	42.2 %	47.6 %

The gross profit margin increased from 48.3% in Q2 to 49.9% in Q3. The gross profit margin in the quarter was 1.6% higher than in Q2 2020 and again supported by an exceptionally strong revenue mix. The impact of currency changes on gross profit amount was a decrease of 5% quarter to quarter and a decrease of 3% year-on-year.

## Selling, general and administrative expenses

EUR million	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
SG&A expenses	34.2	41.0	38.8	108.4	115.5

Selling, general and administrative (SG&A) expenses decreased with 5% compared to the previous quarter. As a percentage of revenue, SG&A expenses were 12% (Q2 2020: 12%, Q3 2019: 13%). The impact of currency changes on SG&A expenses was a decrease of 2% quarter to quarter and a decrease of 2% year-on-year.

## Research and development expenses

EUR million	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
Research and development expenses	38.4	42.2	43.5	109.3	126.7
Capitalization of development expenses	(13.1)	(15.8)	(16.4)	(45.5)	(47.8)
Amortization of capitalized development expenses	4.6	5.3	5.0	11.0	15.8
Impairment capitalized development expenses	0.1	4.8	2.2	0.9	7.1
R&D expenses	<b>30.1</b>	<b>36.5</b>	<b>34.4</b>	<b>75.8</b>	<b>101.8</b>

Research and development (R&D) expenses decreased with 6% compared to the previous quarter mainly due to lower impairment expenses. As a percentage of revenue, R&D expenses were 11% (Q2 2020: 11%, Q3 2019: 11%). The impact of currency changes on R&D expenses was a decrease of 4% quarter to quarter and a decrease of 3% year-on-year.

## Operating result

EUR million	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
Operating result	50.6	87.6	83.9	247.8	249.6
Operating result margin	18.7 %	25.6 %	26.7 %	28.1 %	25.4 %
Operating result excluding patent litigation settlement	50.6	87.6	83.9	144.7	249.6
Operating result margin excluding patent litigation settlement	18.7 %	25.6 %	26.7 %	18.5 %	25.4 %

The operating profit margin increased from 25.6% in Q2 to 26.7% in Q3. For Q3 2019 operating profit margin was 18.7%. The impact of currency changes on operating profit was a decrease of 7% quarter to quarter and a decrease of 4% year-on-year.

## Financing costs

Financing costs are mainly related to translation results. The Q3 2020 results included a translation loss of €14 million compared to a loss of €6 million included in the Q2 2020 results and a gain of €14 million included in the Q3 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	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	6.5	10.7	6.3	11.7	17.7
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.5)	(3.3)	(3.0)	(10.3)	(9.8)
Result from investments	3.1	7.4	3.3	1.4	7.8

Result from investments, which primarily reflects our approximate 25% shareholding in ASMPT, decreased by €4 million compared to previous quarter. ASMPT's net earnings, on a 100% basis, decreased by €17 million to €26 million compared to previous quarter. Q3 last year, also on a 100% basis, showed net earnings of €25 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 million in Q3. For 2020, on a currency comparable basis, this amortization is expected to amount to €12.8 million.

**Income taxes**

Income taxes in the third quarter amounted to an expense of €14.4 million. Income taxes in the previous quarter amounted to an expense of €14.6 million.

**Net earnings**

EUR million	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
Net earnings	53.5	74.1	58.1	224.5	206.3
Excluding:					
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.5)	(3.3)	(3.0)	(10.3)	(9.8)
Normalized net earnings	<b>56.9</b>	<b>77.4</b>	<b>61.2</b>	<b>234.8</b>	<b>216.2</b>

Normalized net earnings decreased by €16 million to €61 million compared to Q2 2020. Main reasons for the decline are the depreciation of the US dollar causing a translation result of €14 million negative as compared to the €6 million negative in Q2 and the €4 million lower result from investments.

**Cash flows**

EUR million	Q3 2019	Q2 2020	Q3 2020	YTD 2019	YTD 2020
Net cash from operating activities	94.1	35.5	52.0	279.6	168.9
Net cash from investing activities	(8.1)	(27.6)	(27.7)	(47.5)	(95.5)
Net cash from financing activities	(0.9)	(107.0)	(27.7)	(54.0)	(140.8)
Total net cash provided / (used)	<b>85.1</b>	<b>(99.1)</b>	<b>(3.4)</b>	<b>178.1</b>	<b>(67.3)</b>

The cash flows from operating activities increased compared to the level in the second quarter which saw a negative impact from higher working capital needs due to supply chain activities at that time related to the COVID-19 situation. Cash used in investing activities during Q3 2020 was comparable with Q2 2020. Cash used by financing activities in Q3 2020 was for the share buyback (€28 million).

**Balance sheet**

EUR million	December 31, 2019 <i>(audited)</i>	June 30, 2020	September 30, 2020
Inventories	173.2	175.9	176.4
Accounts receivable	199.5	243.9	255.4
Other current assets	73.5	83.5	74.8
Accounts payable	(119.7)	(130.0)	(116.7)
Provision for warranty	(16.4)	(19.4)	(17.8)
Accrued expenses and other payables	(149.8)	(123.9)	(124.9)
<b>Working capital</b>	<b>160.2</b>	<b>229.9</b>	<b>247.2</b>

Net working capital increased to €247 million compared to €230 million per June 30, 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 revenue, increased to 71 days on September 30, 2020, from 61 days on June 30, 2020 (36 days on December 31, 2019).

**Sources of liquidity**

As per September 30, 2020, the Company's principal sources of liquidity consisted of €430 million in cash and cash equivalents and €150 million in undrawn bank lines.

## ANNEX 2

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR thousand, except per share data	Three months ended September 30,		Nine months ended September 30,	
	2019 <i>(unaudited)</i>	2020 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2020 <i>(unaudited)</i>
Revenue	<b>271,166</b>	<b>314,558</b>	<b>883,257</b>	<b>981,508</b>
Cost of sales	(156,241)	(157,523)	(451,118)	(514,553)
Gross profit	<b>114,925</b>	<b>157,036</b>	<b>432,139</b>	<b>466,955</b>
Operating expenses:				
Selling, general and administrative	(34,189)	(38,770)	(108,411)	(115,501)
Research and development	(30,066)	(34,360)	(75,785)	(101,789)
Restructuring expenses	(28)	—	(108)	(42)
Total operating expenses	(64,283)	(73,130)	(184,304)	(217,332)
Operating result	<b>50,642</b>	<b>83,906</b>	<b>247,835</b>	<b>249,622</b>
Net interest income (expense)	52	(467)	46	(1,207)
Foreign currency exchange gains (losses)	13,796	(14,162)	13,540	(7,720)
Result from investments	3,055	3,266	1,372	7,849
Earnings before income taxes	<b>67,544</b>	<b>72,543</b>	<b>262,793</b>	<b>248,544</b>
Income taxes	(14,089)	(14,436)	(38,306)	(42,204)
Net earnings	<b>53,455</b>	<b>58,107</b>	<b>224,486</b>	<b>206,340</b>
Per share data:				
Basic net earnings	1.08	1.19	4.54	4.22
Diluted net earnings (1)	1.06	1.18	4.47	4.18
Weighted average number of shares used in computing per share amounts (in thousand):				
Basic	49,585	48,971	49,482	48,951
Diluted (1)	50,328	49,435	50,175	49,408
Outstanding shares:	49,600	48,883	49,600	48,883
Treasury shares:	1,698	915	1,698	915

(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, 2020, is 463,721 common shares, and for the nine months ended September 30, 2020, the possible increase is 457,230 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 STATEMENT OF FINANCIAL POSITION

EUR thousand	December 31, 2019 <i>(audited)</i>	September 30, 2020 <i>(unaudited)</i>
<b>Assets</b>		
Right-of-use assets	27,547	25,627
Property, plant and equipment	164,863	194,483
Goodwill	11,270	11,270
Other intangible assets	189,224	206,559
Investments in associates	778,268	746,579
Deferred tax assets	3,064	3,055
Other non-current assets	8,359	9,227
Evaluation tools at customers	47,247	70,956
<b>Total non-current assets</b>	<b>1,229,842</b>	<b>1,267,756</b>
Inventories	173,189	176,433
Accounts receivable	199,535	255,366
Income taxes receivable	1,220	1,867
Other current assets	73,479	74,770
Cash and cash equivalents	497,874	429,506
<b>Total current assets</b>	<b>945,297</b>	<b>937,942</b>
<b>Total Assets</b>	<b>2,175,139</b>	<b>2,205,698</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>1,818,651</b>	<b>1,841,851</b>
Accrued expenses and other payables	15,774	14,885
Deferred tax liabilities	20,136	19,421
<b>Total non-current liabilities</b>	<b>35,910</b>	<b>34,306</b>
Accounts payable	119,712	116,715
Provision for warranty	16,424	17,831
Income taxes payable	34,599	70,133
Accrued expenses and other payables	149,843	124,862
<b>Total current liabilities</b>	<b>320,578</b>	<b>329,541</b>
<b>Total Liabilities</b>	<b>356,488</b>	<b>363,847</b>
<b>Total Equity and Liabilities</b>	<b>2,175,139</b>	<b>2,205,698</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Three months ended September 30,		Nine months ended September 30,	
	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)
<b>Cash flows from operating activities:</b>				
Net earnings	53,455	58,107	224,486	206,340
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	19,100	21,203	53,618	64,465
Income taxes	14,089	14,436	38,306	42,204
Result from investments	(3,055)	(3,266)	(1,372)	(7,849)
Other adjustments	(5,782)	340	(2,609)	7,999
<b>Changes in other assets and liabilities:</b>				
Accounts receivable	24,426	(17,239)	(60,209)	(61,510)
Inventories	(2,086)	(5,346)	811	(11,457)
Evaluation tools	(9,707)	(8,949)	(9,748)	(35,210)
Accounts payable	12,235	(10,515)	24,398	2,483
Other assets and liabilities	(5,349)	7,216	18,272	(31,307)
Income taxes paid	(3,223)	(4,025)	(6,392)	(7,219)
<b>Net cash from operating activities</b>	<b>94,102</b>	<b>51,962</b>	<b>279,560</b>	<b>168,939</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(10,192)	(18,779)	(31,934)	(61,618)
Capitalized development expenditure	(13,088)	(16,378)	(45,493)	(47,784)
Purchase of intangible assets	(306)	(304)	(1,987)	(2,218)
Dividend received from associates	15,471	7,792	31,960	16,142
<b>Net cash from (used) in investing activities</b>	<b>(8,114)</b>	<b>(27,669)</b>	<b>(47,455)</b>	<b>(95,478)</b>
<b>Cash flows from financing activities:</b>				
Payment of lease liabilities	(1,986)	(1,919)	(5,545)	(5,856)
Purchase of treasury shares ASMI	—	(27,652)	—	(38,464)
Proceeds from issuance of treasury shares	1,215	1,838	2,181	2,202
Dividends to common shareholders ASMI	(140)	—	(49,530)	(98,688)
Capital repayment to common shareholders ASMI	—	—	(1,144)	—
<b>Net cash used in financing activities</b>	<b>(911)</b>	<b>(27,733)</b>	<b>(54,038)</b>	<b>(140,806)</b>
Exchange rate effects	13,505	1,412	16,143	(1,024)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>98,582</b>	<b>(2,028)</b>	<b>194,210</b>	<b>(68,369)</b>
Cash and cash equivalents at beginning of period	381,535	431,534	285,907	497,874
<b>Cash and cash equivalents at end of period</b>	<b>480,117</b>	<b>429,506</b>	<b>480,117</b>	<b>429,506</b>

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT**

### **Basis of presentation**

The consolidated financial statement 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 Statement 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.