

Almere, The Netherlands

October 25, 2022, 6 p.m. CET

ASM INTERNATIONAL N.V. REPORTS THIRD QUARTER 2022 RESULTS

ASM International N.V. (Euronext Amsterdam: ASM) today reports its third quarter 2022 operating results (unaudited).

Q3 revenues at a new record high, Q3 orders impacted by new US export control regulations

FINANCIAL HIGHLIGHTS

EUR million	Q3 2021	Q2 2022	Q3 2022
New orders	624.5	942.7	675.5
<i>YoY change % as reported / at constant currencies</i>	206% / 209%	83% / 73%	8% / 1%
Revenue	432.9	559.5	609.8
<i>YoY change % as reported / at constant currencies</i>	38% / 38%	36% / 30%	41% / 33%
Gross profit margin %	47.2%	47.5%	48.1%
Operating result	117.3	147.6	159.9
Operating result margin %	27.1%	26.4%	26.2%
Share in income of investments in associates (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	27.6	26.9	19.6
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.1)	(3.4)	(3.6)
Impairment of investments in associates	—	—	(321.4)
Net earnings (losses)	128.9	160.4	(150.5)
Normalized net earnings (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013 and impairment)	132.0	163.8	174.6

- New orders of €676 million for the third quarter 2022 have been adjusted to reflect the expected negative impact of the recent US export restrictions to China. The new orders increased by 1% at constant currencies compared to the same period last year (8% as reported).
- Year-on-year revenue growth for the third quarter 2022 was 33% at constant currencies (41% as reported).
- Gross profit margin of 48.1% in the third quarter 2022 was slightly higher compared to 47.2% in the same quarter last year caused by a stronger mix.
- Operating result for the third quarter 2022 improved from €117 million last year to €160 million this year driven again by strong revenue growth, which was partly offset by an increase in operating expenses.
- Net earnings included a non-cash impairment charge of €321 million to account for the reduced market valuation of the stake in ASMPT.
- Normalized net earnings for the third quarter 2022 were €175 million, up from €132 million in Q3 last year, and included a translation gain of €25 million compared to a translation gain of €13 million in Q3 2021 and a translation gain of €26 million in Q2 2022.

COMMENT

“ASM continued its strong performance in the third quarter with again record-high revenue,” said Benjamin Loh, President and Chief Executive Officer of ASM International. “Revenue increased by 33% at constant currencies to €610 million in Q3 2022, slightly above the guided range of €570-600 million. Supply chain conditions remained challenging in Q3 and are expected to show moderate improvement in Q4. I want to thank the ASM team and our suppliers for their continued commitment and solid execution. Supported by a 36% increase in operating profit, we generated again a strong free cash flow of €122 million.

We expect the new export regulations that were announced by the US government on October 7, 2022, to negatively impact our business in China. Our equipment sales in China, at 16% of our total revenue in the first nine months of 2022, have been a growing part of our business with a strong contribution to group profitability. Based on a conservative scenario, we expect the new export restrictions will affect more than 40% of our sales in China.

Taking a prudent view, we decided to reduce the Q3 bookings and related backlog with the impacted orders from China that were received in Q3 and prior quarters and still to be shipped in the coming quarters. Our total bookings dropped to €676 million in Q3 compared to a record level of €943 million in Q2. Excluding the reduction of impacted orders from China, the decrease in our Q3 orders compared to Q2 would have been much more moderate. The negative impact from new export regulations is also reflected in our guidance for Q4 sales.”

Taking into account the guidance for Q4, ASM is on track for strong growth in 2022, its sixth consecutive year of double-digit growth, and is expected to clearly outperform the wafer fab equipment (WFE) market in 2022. During the third quarter, the semiconductor end-market further slowed down, with significant declines in the PC and smartphone segments. Combined with an expected deceleration in global economic growth WFE spending is forecasted to be down in 2023, in particular the memory segment. While it is too early to provide guidance for 2023, we believe our company is in good shape, on the back of an expected robust backlog by year-end, our strong position in the leading-edge logic/foundry segment, and solid traction with newly introduced products and applications.”

OUTLOOK

For Q4, at constant currencies, we expect sales of €600-630 million, which includes a negative impact from the new US export regulations, as explained above. The revenue guidance for Q4 also includes the revenue contribution from LPE, following the closure of the acquisition on October 3, 2022. Our expectation that we will finish the year with a continued elevated backlog is unchanged. WFE spending is now expected to increase by a high single-digit percentage in 2022.

About ASM International

ASM International N.V., headquartered in Almere, the Netherlands, and its subsidiaries design and manufacture equipment and process solutions to produce semiconductor devices for wafer processing, and have facilities in the United States, Europe, 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, 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 will host the quarterly earnings conference call and webcast on Wednesday, October 26, 2022, at 3:00 p.m. CET.

Conference call participants should pre-register using this [link](#) to receive the dial-in numbers and a personal PIN, which are required to access the conference call.

A simultaneous audio webcast, and replay will be accessible at <https://www.asm.com/investors/webcasts-presentations/2022/third-quarter-earnings>.

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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 2022 and the backlog at the end of the third quarter of 2022, compared to the previous quarter and the comparable quarter of the previous year:

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Backlog at the beginning of the period	445.6	1,000.2	1,408.3	323.6	811.3
New orders for the period	624.5	942.7	675.5	1,550.8	2,323.9
Revenue for the period	(432.9)	(559.5)	(609.8)	(1,238.6)	(1,686.2)
FX-effect for the period	10.5	24.8	50.8	11.9	75.7
Backlog at the end of the period	647.7	1,408.3	1,524.8	647.7	1,524.8
Book-to-bill ratio (new orders divided by revenue)	1.4	1.7	1.1	1.3	1.4

The backlog increased from €1,408 million at the end of the second quarter 2022 to €1,525 million as per September 30, 2022. New orders for the third quarter 2022 increased slightly to €676 million, up 1% at constant currencies, and included the expected negative impact from the recent US export restrictions. Taking a prudent view, we decided to reduce the Q3 bookings and related backlog with the impacted orders from China that were received in Q3 and prior quarters and still to be shipped in the coming quarters.

The book-to-bill ratio for Q3 was 1.1. In terms of customer segments, new orders in the third quarter 2022 were led by foundry followed by logic and then memory.

Revenue

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Equipment revenue	354.5	467.2	511.6	1,008.5	1,406.4
Spares & service revenue	78.4	92.2	98.1	230.0	279.7
Revenue	432.9	559.5	609.8	1,238.6	1,686.2

Revenue for the third quarter 2022 increased to €610 million, up 33% year-on-year at constant currencies (41% as reported). Compared to the previous quarter, revenue increased by 6% at constant currencies (9% as reported). Revenue in the third quarter was led by foundry followed by memory and then logic.

Equipment revenue in the third quarter increased by 37% year-on-year at constant currencies (44% as reported). Compared to the previous quarter, equipment revenue increased by 7% at constant currencies (10% as reported).

Spares & service revenue in the third quarter grew by 17% year-on-year at constant currencies (25% as reported). Compared to the previous quarter, spares & service revenue increased by 4% at constant currencies (6% as reported).

Gross profit margin

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Gross profit	204.1	265.9	293.3	597.1	806.4
Gross profit margin	47.2%	47.5%	48.1%	48.2%	47.8%

Gross profit margin of 48.1% in the third quarter 2022 was slightly above last year's margin of 47.2% and 47.5% in the second quarter 2022. The change is largely explained by mix. The impact of currency changes on the gross profit for the third quarter was an increase of 2% quarter-on-quarter and an increase of 5% year-on-year.

Other income

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Other income	(0.5)	0.1	(0.1)	0.1	(0.1)

Net income on disposal of assets is reclassified from SG&A expenses to Other income with comparative figures 2021.

Selling, general and administrative expenses

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
SG&A expenses	48.3	67.5	72.5	134.6	200.6

Selling, general and administrative (SG&A) expenses increased by 7% compared to the level in the previous quarter and increased by 50% year-on-year. The year-on-year increase is mainly due to headcount growth (up 31% year-on-year at the end of September) and higher employee-related compensations. As a percentage of revenue, SG&A expenses amounted to 11.9% compared to 11.2% in Q3 2021 and 12.1% in Q2 2022. The impact of currency changes for the third quarter was an increase of 2% quarter-on-quarter and an increase of 6% year-on-year.

Research and development expenses

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Gross research and development expenses	52.0	70.2	78.4	141.9	208.5
Capitalization of development expenses	(20.1)	(27.3)	(26.7)	(57.8)	(77.6)
Amortization of capitalized development expenses	6.2	8.0	9.0	17.1	24.2
Impairment of capitalized development expenses	—	(0.1)	—	1.1	—
Net research and development expenses	38.1	50.9	60.7	102.4	155.1

Net R&D expenses increased by 19% compared to the previous quarter and by 59% year-on-year. The year-on-year increase of €23 million was mainly due to increased headcount and employee-related expenses and continued growth in the number of R&D projects, partly offset by higher capitalization, which increased from €20 million to €27 million. Net R&D expenses were 10.0% of revenue in Q3 2022 compared to 8.8% in the same period in 2021.

Excluding impairments and IFRS effects, the gross research and development expenses increased by 12% compared to the previous quarter and increased 51% year-on-year. The impact of currency changes for the third quarter was an increase of 2% quarter-on-quarter and an increase of 5% year-on-year.

Operating result

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Operating result	117.3	147.6	159.9	360.2	450.5
Operating result margin	27.1%	26.4%	26.2%	29.1%	26.7%

The operating margin in the third quarter 2022 was 26.2%, a decrease of 0.9% points compared to the same period last year and 0.2% points lower compared to the previous quarter, with the increase in gross margin offset by higher operating expenses. The impact of currency changes for the third quarter was an increase of 2% quarter-on-quarter and an increase of 4% year-on-year.

Financing costs

Financing costs are mainly related to currency translation results. The Q3 2022 results included a translation gain of €25 million compared to a gain of €13 million included in the Q3 2021 results and a gain of €26 million included in the Q2 2022 results. The translation results were mainly related to movements in the US dollar in the respective periods. A substantial part of ASM's cash position is denominated in US dollar.

Share in income of investments in associates

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Share in income of investments in associates (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	27.6	26.9	19.6	60.8	70.1
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.1)	(3.4)	(3.6)	(9.0)	(10.1)
Share in income of investments in associates	24.5	23.5	16.0	51.8	60.0

Share in income of investments in associates (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT), which reflects our approximate 25% shareholding in ASMPT, decreased by €7 million compared to previous quarter. ASMPT's net earnings, on a 100% basis, decreased by €29 million to €107 million compared to previous quarter. Q2 last year, also on a 100% basis, showed net earnings of €79 million. For further information on the Q3 results of ASMPT, please visit ASMPT's website www.asmpt.com.

Amortization of intangible assets resulting from the sale of the 12% stake of ASMPT in 2013 amounted to €4 million in Q3. For 2022, on a currency comparable basis, this amortization is expected to amount to €13.6 million.

Impairment of investments in associates

Impairment of investments in associates concerns a non-cash impairment charge of €321 million to account for the reduced market valuation of the stake in ASMPT.

This impairment is in line with our accounting policy under which, at each reporting date, we will determine if there is any objective evidence for impairment. If the fair value of an investment is less than its carrying amount, the company determines whether the decline in value is significant or prolonged. The impairment charge will be subsequently reversed only to the extent that the recoverable amount of the investment increases.

Income taxes

Income taxes in the third quarter 2022 amounted to an expense of €31 million. Income taxes in the previous quarter amounted to an expense of €37 million.

Net earnings

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Net earnings	128.9	160.4	(150.5)	359.8	152.5
Excluding:					
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.1)	(3.4)	(3.6)	(9.0)	(10.2)
Impairment of investments in associates	—	—	(321.4)	—	(321.4)
Normalized net earnings	132.0	163.8	174.5	368.8	484.1

Normalized net earnings increased by €11 million to €175 million compared to Q2 2022.

Cash flows

EUR million	Q3 2021	Q2 2022	Q3 2022	YTD 2021	YTD 2022
Net cash from operating activities	120.9	132.6	154.6	316.3	437.7
Net cash from investing activities	(23.3)	(11.7)	(32.4)	(61.3)	(134.1)
Cash flows from operating activities after investing activities	97.6	120.9	122.1	255.0	303.6
Net cash from financing activities	(45.1)	(124.5)	(2.9)	(183.4)	(129.8)
Total net cash provided / (used)	52.5	(3.5)	119.3	71.6	173.8

The cash flow from operating activities increased compared to the level in the previous quarter mainly due to lower cash outflow for working capital. Cash used in investing activities during Q3 2022 increased compared with Q2 mainly due to higher capital expenditure and lower dividends from ASMPT. Cash used by financing activities in Q3 2022 was limited and compared to an outflow of €45 million in Q3 2021 used for the share buyback program, and €122 million in Q2 2022 used for dividend payments.

Working capital

EUR million	December 31, 2021	June 30, 2022	September 30, 2022
Inventories	211.8	340.6	464.4
Accounts receivable	446.7	483.5	519.6
Other current assets	51.0	60.8	77.9
Accounts payable	(175.4)	(245.7)	(249.4)
Provision for warranty	(27.2)	(30.7)	(34.6)
Accrued expenses and other payables	(190.6)	(222.5)	(346.2)
Working capital	316.4	385.9	431.7

Net working capital increased to €432 million compared to €386 million per June 30, 2022 (€316 million per December 31, 2021), mainly explained by higher inventory levels and increased accounts receivable, partly offset by an increase of accrued expenses and other payables. The number of outstanding days of working capital, measured against quarterly sales, increased slightly to 64 days on September 30, 2022, compared to 62 days on June 30, 2022 (58 days on December 31, 2021).

Sources of liquidity

As per September 30, 2022, the Company's principal sources of liquidity consisted of €670 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,	
	2021	2022	2021	2022
Revenue	432,864	609,761	1,238,571	1,686,162
Cost of sales	(228,749)	(316,490)	(641,511)	(879,785)
Gross profit	204,116	293,271	597,060	806,377
Other income	(475)	(78)	52	(143)
Operating expenses:				
Selling, general and administrative	(48,297)	(72,531)	(134,579)	(200,621)
Research and development	(38,069)	(60,719)	(102,370)	(155,102)
Total operating expenses	(86,366)	(133,250)	(236,949)	(355,723)
Operating result	117,275	159,943	360,163	450,511
Net interest income (expense)	(459)	728	(1,525)	440
Foreign currency exchange gain	12,820	25,039	26,765	60,583
Share in income of investments in associates	24,501	16,025	51,785	59,984
Impairment of investments in associates	—	(321,440)	—	(321,440)
Earnings before income taxes	154,136	(119,705)	437,187	250,078
Income taxes	(25,231)	(30,760)	(77,368)	(97,603)
Net earnings	128,905	(150,465)	359,819	152,475

Per share data:

Basic net earnings	2.65	(3.09)	7.39	3.13
Diluted net earnings (1)	2.63	(3.09)	7.34	3.12

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

Basic	48,675	48,688	48,658	48,649
Diluted (1)	49,023	48,688	49,004	48,922

Outstanding shares:	48,630	48,688	48,630	48,688
Treasury shares:	668	609	668	609

(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 restricted shares for the three months ended September 30, 2022, is 0 common shares, and for nine months ended September 30, 2022, the possible increase is 273,094 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, 2021	September 30, 2022
Assets		
Right-of-use assets	26,938	30,166
Property, plant and equipment	257,017	296,970
Goodwill	11,270	39,018
Other intangible assets	274,833	375,776
Investments in associates	848,812	636,975
Deferred tax assets	69	87
Other non-current assets	8,774	8,852
Evaluation tools at customers	63,717	79,391
Total non-current assets	1,491,430	1,467,235
Inventories	211,841	464,358
Accounts receivable	446,724	519,551
Income taxes receivable	18,614	20,444
Other current assets	50,972	77,881
Cash and cash equivalents	491,507	670,260
Total current assets	1,219,658	1,752,494
Total Assets	2,711,088	3,219,729
Equity and liabilities		
Equity	2,241,754	2,471,101
Lease liabilities	15,886	17,752
Deferred tax liabilities	45,748	66,877
Total non-current liabilities	61,634	84,629
Accounts payable	175,436	249,351
Provision for warranty	27,181	34,587
Income taxes payable	14,519	33,901
Accrued expenses and other payables	190,564	346,160
Total current liabilities	407,700	663,999
Total Liabilities	469,334	748,628
Total Equity and Liabilities	2,711,088	3,219,729

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,	
	2021	2022	2021	2022
Cash flows from operating activities:				
Net earnings	128,905	(150,465)	359,819	152,475
Adjustments to reconcile net earnings to net cash from operating activities				
Depreciation, amortization and impairments	23,558	31,543	68,441	84,138
Net loss (gain) on sale of property, plant and equipment	475	78	(52)	143
Share-based compensation	4,488	8,013	12,346	20,271
Net finance (income) costs	(7,392)	90	(16,168)	(4,024)
Share in income of investments in associates	(24,501)	(16,025)	(51,785)	(59,984)
Impairment of investments in associates	—	321,440	—	321,440
Income tax	25,231	30,760	77,368	97,603
Changes in evaluation tools at customers	(3,517)	(14,805)	(19,815)	(22,749)
Changes in employee benefits pension plans	(100)	60	(315)	181
Income tax paid	(14,911)	(25,376)	(98,538)	(67,145)
Operating cash flows before changes in working capital	132,236	185,313	331,301	522,349
Decrease (increase) in working capital:				
Accounts receivable	(41,173)	(23,895)	(81,613)	(57,060)
Other current assets	2,009	(17,024)	(970)	(26,624)
Inventories	(11,437)	(114,057)	(19,773)	(230,559)
Provision for warranty	2,767	2,551	5,634	4,809
Accounts payable, accrued expenses and other payables	36,457	121,677	81,754	224,781
Net cash from operating activities	120,859	154,565	316,333	437,696
Cash flows from investing activities				
Capital expenditures	(17,441)	(21,399)	(41,384)	(64,402)
Proceeds from sale of property, plant and equipment	11	234	2,011	514
Capitalized development expenditure	(20,059)	(26,676)	(57,765)	(77,578)
Purchase of intangible assets	(358)	(1,638)	(480)	(2,831)
Dividend received from associates	14,541	17,061	36,297	48,919
Acquisitions of subsidiary, net of cash acquired	—	—	—	(38,733)
Net cash used in investing activities	(23,306)	(32,418)	(61,321)	(134,111)
Cash flows from operating activities after investing activities				
	97,553	122,147	255,012	303,585
Cash flows from financing activities				
Payment of lease liabilities	(1,729)	(2,839)	(5,787)	(7,508)
Purchase of treasury shares	(44,789)	—	(82,110)	—
Debt issuance fees paid	1,424	(44)	1,424	(660)
Dividends to common shareholders	—	—	(96,893)	(121,650)
Net cash used in financing activities	(45,094)	(2,883)	(183,367)	(129,819)
Foreign currency translation effect	7,384	(1,056)	18,109	4,987
Net increase (decrease) in cash and cash equivalents	59,843	118,208	89,754	178,753
Cash and cash equivalents at beginning of period	465,139	552,052	435,228	491,507
Cash and cash equivalents at end of period	524,982	670,260	524,982	670,260

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

ASMI's annual accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU'). In preparing the financial information in this document, except as described otherwise, the same accounting principles are applied as in the 2021 ASMI consolidated annual accounts.

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

All reported data are unaudited.

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.