

Almere, The Netherlands

July 28, 2016

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

ASM International N.V. (Euronext Amsterdam: ASM) today reports its second 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 only results based on IFRS will be reported. The main deviations between IFRS and US GAAP are explained in Annex 2.

## FINANCIAL HIGHLIGHTS

As from 2016 ASMI reports its results based on IFRS instead of US GAAP.

EUR million	Quarter		
	Q2 2015	Q1 2016	Q2 2016
New orders	166.6	163.8	159.1
Net sales	201.0	142.4	138.7
Gross profit margin %	45.1%	43.9%	43.8%
Operating result	45.4	18.8	16.7
Result from investments (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	20.0	6.3	16.4
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.8)	(6.8)	(6.7)
Net earnings	41.8	5.4	35.6
Normalized net earnings (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	48.6	12.2	42.3

- Net sales for the second quarter 2016 were €139 million, a decrease of 3% compared to the previous quarter. Year-on-year net sales decreased with 31%.
- New orders at €159 million were 3% below the Q1 2016 level.
- Normalized net earnings for the second quarter 2016 increased by €30 million compared to the first quarter 2016. Operating result decreased €2 million. The financing result included €8 million positive effects from currencies compared to €11 million negative effects in the first quarter. The result from investments increased with €10 million.

## COMMENT

Commenting on the results, Chuck del Prado, President and Chief Executive Officer of ASM International said: "Both Q2 revenues at €139 million, and order intake at €159 million came in at the high end of our guidance. Gross margin remained stable at around the 44%. Net result in Q2 improved strongly to €42 million mainly due to the strong performance of ASMPT and favorable currency developments on cash holdings in foreign currencies."

## OUTLOOK

2015 has shown a strong growth of the single wafer ALD market. We estimate this growth to continue whereby the single wafer ALD equipment market will double in the period 2015-2018/2019. We however expect the single wafer ALD market to show a double digit decline in 2016, caused by a low demand in Memory which will not be offset by the strong increase in Logic/Foundries. Our single wafer ALD market share is expected to show an increase in 2016. We expect the single wafer ALD market to strongly improve again in 2017.

- In Memory, the NAND market is shifting from Planar NAND to 3D NAND. This shift will significantly reduce the demand for additional multi patterning-related single wafer ALD capacity. Non-patterning related single wafer ALD demand is expected to gradually increase as soon as next generation 3D NAND is going to ramp into high volume.
- 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 earliest in the course of 2017.
- In Logic/Foundry the transition to the 10 nm technology node fuels substantially higher single wafer ALD-equipment demand than the previous nodes.

For Q3 we expect sales between €135-150 million, while we expect an order intake of €100-130 million, both on a currency comparable level. We expect a stronger second half in terms of sales as compared to the first half of 2016.

## INTERIM FINANCIAL REPORT

On August 31, 2016 ASM International will publish its Interim Financial report for the six months ended June 30, 2016. This report comprises regulated information within the meaning of articles 1:1 and 5:25d of the Dutch Financial Markets Supervision Act (Wet op het Financieel Toezicht) and includes consolidated condensed interim financial statements prepared in accordance with IAS 34, "Interim Financial Reporting", an interim management board report and a management board responsibility statement. The interim financial report for the six months ended June 30, 2016 will be available online at [www.asm.com](http://www.asm.com) as from August 31, 2016.

## 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 June 30, 2016, just over 65% of the program was completed at an average share price of €36.37.

## 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 webcast on Friday, July 29, 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 3363
- International: +44 (0)20 3427 1919
- The Netherlands: +31 (0)20 716 8296
- Access Code: 485540

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

## **CONTACT**

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# ANNEX 1

## OPERATING AND FINANCIAL REVIEW SECOND QUARTER 2016

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

EUR million	Q2 2015	Q1 2016	Q2 2016	Change Q1 2016 to Q2 2016	Change Q2 2015 to Q2 2016
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>		
New orders	166.6	163.8	159.1	(3)%	(5)%
Backlog	148.5	146.8	175.4	19 %	18 %
Book-to-bill	0.8	1.2	1.1		
Net sales	201.0	142.4	138.7	(3)%	(31)%
Gross profit	90.5	62.5	60.8	(3)%	(33)%
Gross profit margin %	45.1%	43.9%	43.8%		
Selling, general and administrative expenses	(24.7)	(22.5)	(21.0)	(7)%	(15)%
Research and development expenses	(19.9)	(20.8)	(22.1)	6 %	11 %
Restructuring expenses	(0.5)	(0.5)	(1.0)	n/a	n/a
Operating result	45.4	18.8	16.7	(2.1)	(28.7)
Operating margin %	22.6%	13.2%	12.0%		
Financing costs	(11.6)	(11.2)	10.0	21.1	21.6
Income tax	(5.2)	(1.7)	(0.8)	0.9	4.4
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	20.0	6.3	16.4	10.2	(3.6)
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.8)	(6.8)	(6.7)	0.2	0.1
Net earnings	41.8	5.4	35.6	30.2	(6.3)
Normalized net earnings (excluding Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	48.6	12.2	42.3	30.1	(6.4)
Net earnings per share, diluted	€ 0.66	€ 0.09	€ 0.58	€ 0.49	€ (0.08)
Normalized net earnings per share, diluted	€ 0.77	€ 0.20	€ 0.68	€ 0.48	€ (0.09)

## Results

The backlog increased from €147 million at the end of the first quarter 2016 to €175 million as per June 30, 2016. The book-to-bill ratio for Q2 was 1.1.

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

EUR million	Q2 2015	Q1 2016	Q2 2016	Change Q1 2016 to Q2 2016	Change Q2 2015 to Q2 2016
Backlog at the beginning of the quarter	190.3	127.8	146.8	15 %	(23)%
New orders for the quarter	166.6	163.8	159.1	(3)%	(5)%
Net sales for the quarter	(201.0)	(142.4)	(138.7)	(3)%	(31)%
FX-effect for the quarter	(7.5)	(2.4)	8.2		
Backlog at the end of the quarter	<b>148.5</b>	<b>146.8</b>	<b>175.4</b>	<b>19 %</b>	<b>18 %</b>
Book-to-bill ratio (new orders divided by net sales)	0.8	1.2	1.1		

**Net sales** for the second quarter 2016 decreased by 3% compared to the previous quarter and decreased with 31% year-on-year, mainly as a result of lower ALD sales. The impact of currency changes was flat quarter to quarter and flat year-on-year.

**The gross profit margin** was stable quarter to quarter at 43.8%. For Q2 2015 gross profit margin as a percentage of sales was 45.1%. The impact of currency changes on gross profit was an increase of 2% quarter to quarter and an increase of 2% year-on-year.

**Selling, general and administrative expenses** decreased by 7% compared to the previous quarter. As a percentage of sales SG&A expenses were 15% (Q1 2016: 16%, Q2 2015: 12%). The impact of currency changes on SG&A expenses was a decrease of 1% quarter to quarter and a decrease of 1% year-on-year.

**Research and development expenses** increased with 6% compared to the previous quarter.

EUR million	Q2 2015	Q1 2016	Q2 2016	Change Q1 2016 to Q2 2016	Change Q2 2015 to Q2 2016
R&D expenditure	(23.4)	(23.8)	(24.5)	3 %	5 %
Capitalized development expenditure	6.7	7.1	6.6	(7)%	(2)%
Amortization capitalized development expenditure	(3.3)	(4.1)	(4.2)	3 %	27 %
R&D expenses	<b>(19.9)</b>	<b>(20.8)</b>	<b>(22.1)</b>	<b>6 %</b>	<b>11 %</b>

As a percentage of sales R&D expenditure was 16%, 15% for the previous quarter. For the second quarter of 2015 this was 10%. The impact of currency changes on R&D expenses was a decrease of 1% quarter to quarter and a decrease of 1% year-on-year.

**Financing costs** are mainly related to translation results. The Q2 2016 results included a translation gain of €8 million compared to a loss of €11 million included in the Q1 2016 result and a loss of €12 million included in the Q2 2015 result. The translation gain in Q2 was 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 second quarter amounted to an expense of €0.8 million. Tax in the previous quarter amounted into an expense of €1.7 million.

**Result from investments** includes our approximate 40% share in net earnings of ASMPT. In Q2 ASMPT showed a sales increase of 28% compared to the previous quarter, from HK\$2,862 million to HK\$3,669 million. Sales were 2% below the level of Q2, 2015 of HK\$3,752 million. ASMPT's net earnings on a 100% base include restructuring costs of €9 million related to the relocation of manufacturing operations in China. Excluding these one-offs, on a 100% basis, net earnings increased from €16 million in the previous quarter to €51 million in Q2, 2016. Q2 last year, also on a 100% basis, showed net earnings, excluding one-offs, of €53 million.

Amortization intangible assets resulting from the 12% stake of ASMPT amounted to €6.7 million in Q2. 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	Q2 2015	Q1 2016	Q2 2016
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>
Net earnings	48.6	12.2	42.3
Adjustments to cash from operating activities			
Depreciation, amortization and impairments	10.1	11.8	12.1
Income tax	5.2	1.7	0.8
Result from investments	(20.0)	(6.3)	(16.4)
Other adjustments	8.2	12.6	(8.2)
Changes in other assets and liabilities			
Accounts receivable	(29.4)	(11.0)	(6.6)
Inventories	5.7	(1.1)	0.9
Accounts payable	(1.6)	4.4	(7.1)
Other assets and liabilities	(2.4)	(0.9)	(5.5)
Income tax paid	(6.5)	(4.2)	0.2
Net cash provided by operating activities	<b>17.9</b>	<b>19.0</b>	<b>12.3</b>
Capital expenditures	(9.1)	(5.4)	(8.4)
Capitalized development costs	(6.7)	(7.1)	(6.7)
Dividend received from associates	24.5	—	7.2
Other	(6.2)	(1.2)	(2.5)
Net cash used in investing activities	<b>2.5</b>	<b>(13.7)</b>	<b>(10.4)</b>
Share buy back	(40.0)	(32.1)	(24.9)
Shares issued	4.4	8.3	2.7
Dividend paid to shareholders ASMI	(32.5)	—	(37.2)
Net cash used in financing activities	<b>(68.1)</b>	<b>(23.8)</b>	<b>(59.4)</b>
Net cash (used) provided	<b>(47.7)</b>	<b>(18.5)</b>	<b>(57.5)</b>

## Balance sheet

EUR million	December 31, 2015	June 30, 2016 <i>unaudited</i>
Property, plant and equipment	91.8	96.1
Goodwill	11.3	11.3
Capitalized development costs	72.5	81.4
Other intangible assets	9.0	11.9
Investments in associates	1,180.8	1,166.9
Other non-current assets	40.6	53.9
<b>Total non-current assets</b>	<b>1,406.0</b>	<b>1,421.5</b>
Inventories	113.5	102.8
Accounts receivable	90.2	111.8
Other current assets	19.4	17.3
Cash and cash equivalents	446.9	370.1
<b>Total current assets</b>	<b>670.0</b>	<b>602.1</b>
<b>Total assets</b>	<b>2,076.0</b>	<b>2,023.6</b>
<b>Equity</b>	<b>1,948.4</b>	<b>1,907.0</b>
Deferred tax liabilities	11.3	13.1
Pension liabilities	1.2	0.8
<b>Total non-current liabilities</b>	<b>12.6</b>	<b>13.9</b>
Accounts payable	54.4	54.1
Other current liabilities	60.7	48.6
<b>Total current liabilities</b>	<b>115.1</b>	<b>102.7</b>
<b>Total liabilities and equity</b>	<b>2,076.0</b>	<b>2,023.6</b>

*Net working capital*, consisting of accounts receivable, inventories, other current assets, accounts payable, accrued expenses, advance payments from customers and deferred revenue, increased to €130 million compared to €113 million per March 31, 2016 (€111 million per December 31, 2015). This increase was mainly caused by a higher accounts receivable position due to strong sales towards the end of the quarter. The number of outstanding days of working capital, measured against quarterly sales, increased to 85 days on June 30, 2016 from 71 days on March 31, 2016 (69 days at December 31, 2015).

*Sources of liquidity*. As per June 30, 2016, the Company's principal sources of liquidity consisted of €370 million in cash and cash equivalents and €150 million in undrawn bank lines.

## OPERATING AND FINANCIAL REVIEW

### SIX MONTHS ENDED JUNE 30

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

EUR million	Six months ended June 30,		
	2015 unaudited	2016 unaudited	Change
New orders	325.0	322.9	(1)%
Backlog	148.5	175.4	18 %
Book-to-bill	0.9	1.1	
Net sales	362.9	281.2	(23)%
Gross profit	160.4	123.3	(23)%
Gross profit margin %	44.2%	43.8%	
Selling, general and administrative expenses	(46.0)	(43.5)	(5)%
Research and development expenses	(37.4)	(42.9)	14 %
Restructuring expenses	(0.5)	(1.5)	n/a
Operating result	76.5	35.5	(41.1)
Operating margin %	21.1%	12.6%	
Financing costs	16.5	(1.2)	(17.8)
Income tax	(9.1)	(2.5)	6.6
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	33.1	22.7	(10.4)
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(13.4)	(13.5)	(0.1)
Net earnings	103.6	40.9	(62.7)
Normalized net earnings (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	117.1	54.4	(62.6)
Net earnings per share, diluted	€ 1.64	€ 0.66	€ (0.98)
Normalized net earnings per share, diluted	€ 1.85	€ 0.88	€ (0.97)



## Results

The backlog increased with 37% compared to December 31 last year. The book-to-bill ratio was 1.1.

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

EUR million	Six months ended June 30,		
	2015	2016	% Change
Backlog at the beginning of the year	176.1	127.8	(27)%
New orders	325.0	322.9	(1)%
Net sales	(362.9)	(281.2)	(23)%
FX-effect	10.3	5.9	
<b>Backlog as per reporting date</b>	<b>148.5</b>	<b>175.4</b>	<b>18 %</b>
Book-to-bill ratio (new orders divided by net sales)	0.9	1.1	

**Net sales** for the six months ended June 30, 2016 decreased with 23% year-on-year. The impact of currency changes was an increase of 1% year on year.

**The gross profit margin** remained relatively stable at around the 44% level. The impact of currency changes was an increase of 3% year on year.

**Selling, general and administrative expenses** decreased with 5% 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 flat year on year.

### Research and development expenses

EUR million	Six months ended June 30,		
	2015	2016	% Change
R&D expenditure	(43.8)	(48.3)	10%
Capitalized development expenditure	13.0	13.8	6%
Amortization capitalized development expenditure	(6.6)	(8.3)	26%
<b>R&amp;D expenses</b>	<b>(37.4)</b>	<b>(42.9)</b>	<b>14%</b>

Research and development expenses increased with 14% compared to the comparable period previous year, driven by additional investments to fulfill customer requirements. As a percentage of sales R&D expenses increased to 15%, compared to 10% for the previous year. The impact of currency changes was an increase of 2%.

## ANNEX 2

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

EUR thousand, except earnings per share	Three months ended June 30,		Six months ended June 30,	
	2015 <i>(unaudited)</i>	2016 <i>(unaudited)</i>	2015 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Net sales	<b>200,953</b>	<b>138,726</b>	<b>362,941</b>	<b>281,161</b>
Cost of sales	(110,407)	(77,974)	(202,518)	(157,888)
Gross profit	<b>90,546</b>	<b>60,751</b>	<b>160,422</b>	<b>123,272</b>
Operating expenses:				
Selling, general and administrative	(24,691)	(20,980)	(45,973)	(43,477)
Research and development	(19,944)	(22,085)	(37,445)	(42,870)
Restructuring expenses	(471)	(999)	(471)	(1,451)
Total operating expenses	(45,106)	(44,063)	(83,889)	(87,799)
Operating result	<b>45,440</b>	<b>16,688</b>	<b>76,534</b>	<b>35,474</b>
Net interest income (expense)	(23)	2,166	(292)	1,980
Foreign currency exchange gains (losses)	(11,589)	7,794	16,826	(3,199)
Result from investments	13,242	9,727	19,622	9,144
Earnings before income taxes	<b>47,070</b>	<b>36,375</b>	<b>112,690</b>	<b>43,399</b>
Income tax	(5,239)	(800)	(9,052)	(2,465)
Net earnings	<b>41,831</b>	<b>35,575</b>	<b>103,638</b>	<b>40,934</b>
Net earnings per share:				
Basic net earnings	0.67	0.58	1.67	0.67
Diluted net earnings (1)	0.66	0.58	1.64	0.66
Weighted average number of shares used in computing per share amounts (in thousand):				
Basic	62,200	61,156	62,200	61,156
Diluted (1)	63,312	61,761	63,195	61,687
Outstanding shares:	61,914	60,745	61,914	60,745

(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 June 30, 2016 with 605,339 common shares, and for the six month ended June 30, 2016 with 531,030 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**

EUR thousand	December 31, 2015	June 30, 2016 <i>(unaudited)</i>
<b>Assets</b>		
Property, plant and equipment	91,794	96,099
Goodwill	11,270	11,270
Other intangible assets	81,535	93,307
Investments in associates	1,180,839	1,166,865
Deferred tax assets	11,562	11,580
Evaluation tools at customers	28,999	42,357
<b>Total non-current assets</b>	<b>1,405,999</b>	<b>1,421,478</b>
Inventories	113,502	102,848
Accounts receivable	90,190	111,835
Income taxes receivable	515	124
Other current assets	18,854	17,171
Cash and cash equivalents	446,915	370,116
<b>Total current assets</b>	<b>669,976</b>	<b>602,095</b>
<b>Total Assets</b>	<b>2,075,974</b>	<b>2,023,573</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>1,948,379</b>	<b>1,906,964</b>
Deferred tax liabilities	11,331	13,118
Pension liabilities	1,170	828
<b>Total non-current liabilities</b>	<b>12,501</b>	<b>13,946</b>
Accounts payable	54,441	54,104
Provision for warranty	9,023	7,674
Income taxes payable	6,841	3,789
Accrued expenses and other payables	44,791	37,095
<b>Total current liabilities</b>	<b>115,095</b>	<b>102,663</b>
<b>Total Liabilities</b>	<b>127,595</b>	<b>116,609</b>
<b>Total Equity and Liabilities</b>	<b>2,075,974</b>	<b>2,023,573</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 June 30,		Six months ended June 30,	
	2015 ( <i>unaudited</i> )	2016 ( <i>unaudited</i> )	2015 ( <i>unaudited</i> )	2016 ( <i>unaudited</i> )
<b>Cash flows from operating activities:</b>				
Net earnings	48,633	42,252	117,076	54,445
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	10,030	12,058	19,150	23,777
Income tax	5,239	800	9,052	2,465
Result from investments	(20,044)	(16,404)	(33,060)	(22,655)
Other adjustments	8,243	(8,192)	(13,095)	4,449
<b>Changes in other assets and liabilities:</b>				
Accounts receivable	(29,371)	(6,600)	(34,178)	(17,638)
Inventories	5,670	895	(1,796)	(229)
Accounts payable	(1,628)	(7,138)	7,710	(2,787)
Other assets and liabilities	(2,416)	(5,547)	440	(6,471)
Income tax paid	(6,472)	155	(10,859)	(4,053)
Net cash provided by operating activities	<b>17,884</b>	<b>12,280</b>	<b>60,438</b>	<b>31,303</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(9,079)	(8,435)	(16,804)	(13,817)
Capitalized development costs	(6,748)	(6,661)	(12,974)	(13,799)
Purchase of intangible assets	(5,256)	(2,513)	(5,701)	(3,734)
Dividend received from associates	24,457	7,235	24,457	7,235
Acquisitions of investments	(900)	—	(900)	—
Net cash provided (used) in investing activities	<b>2,474</b>	<b>(10,374)</b>	<b>(11,922)</b>	<b>(24,115)</b>
<b>Cash flows from financing activities:</b>				
Purchase of treasury shares	(40,015)	(24,865)	(70,662)	(56,957)
Proceeds from issuance shares and exercise of stock options	4,427	2,654	10,599	10,969
Dividend to shareholders ASMI	(32,475)	(37,187)	(32,475)	(37,187)
Net cash used in financing activities	<b>(68,062)</b>	<b>(59,398)</b>	<b>(92,538)</b>	<b>(83,175)</b>
Exchange rate effects	(12,093)	11,269	21,258	(812)
Net increase (decrease) in cash and cash equivalents	<b>(59,798)</b>	<b>(46,224)</b>	<b>(22,763)</b>	<b>(76,799)</b>
Cash and cash equivalents at beginning of period	422,811	416,339	385,777	446,915
Cash and cash equivalents at end of period	<b>363,013</b>	<b>370,116</b>	<b>363,013</b>	<b>370,116</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 holds 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 June 30, 2016 the interest in ASMPT amounts to 39.40%.

EUR thousand	Three months ended June 30, 2015		
	Front-end ( <i>unaudited</i> )	Back-end ( <i>unaudited</i> )	Total ( <i>unaudited</i> )
Net sales to unaffiliated customers	200,953	—	200,953
Gross profit	90,546	—	90,546
Operating result	45,440	—	45,440
Net interest expense	(23)	—	(23)
Foreign currency exchange losses	(11,589)	—	(11,589)
Result from investments	—	13,242	13,242
Income tax	(5,239)	—	(5,239)
Net earnings	28,589	13,242	41,831
Cash flows from operating activities	17,884	—	17,884
Cash flows from investing activities	(21,983)	24,457	2,474
Cash flows from financing activities	(68,062)	—	(68,062)
	Three months ended June 30, 2016		
	Front-end ( <i>unaudited</i> )	Back-end ( <i>unaudited</i> )	Total ( <i>unaudited</i> )
Net sales to unaffiliated customers	138,726	—	138,726
Gross profit	60,751	—	60,751
Operating result	16,688	—	16,688
Net interest income	2,166	—	2,166
Foreign currency exchange gains	7,794	—	7,794
Result from investments	—	9,727	9,727
Income tax	(800)	—	(800)
Net earnings	25,848	9,727	35,575
Cash flows from operating activities	12,280	—	12,280
Cash flows from investing activities	(17,609)	7,235	(10,374)
Cash flows from financing activities	(59,398)	—	(59,398)

*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	Six months ended June 30, 2015		
	Front-end ( <i>unaudited</i> )	Back-end ( <i>unaudited</i> )	Total ( <i>unaudited</i> )
Net sales	362,941	—	362,941
Gross profit	160,422	—	160,422
Operating result	76,534	—	76,534
Net interest expense	(292)	—	(292)
Foreign currency exchange gains	16,826	—	16,826
Result from investments	—	19,622	19,622
Income tax	(9,052)	—	(9,052)
Net earnings	84,016	19,622	103,638
Cash flows from operating activities	60,438	—	60,438
Cash flows from investing activities	(36,379)	24,457	(11,922)
Cash flows from financing activities	(92,538)	—	(92,538)
Cash and cash equivalents	363,013	—	363,013
Goodwill	11,270	—	11,270
Other intangible assets	80,518	—	80,518
Investments in associates	900	1,175,003	1,175,903
Other identifiable assets	402,339	—	402,339
Total assets	858,041	1,175,003	2,033,043
Headcount <sup>1</sup>	1,654	—	1,654
	Six months ended June 30, 2016		
	Front-end ( <i>unaudited</i> )	Back-end ( <i>unaudited</i> )	Total ( <i>unaudited</i> )
Net sales	281,161	—	281,161
Gross profit	123,272	—	123,272
Operating result	35,474	—	35,474
Net interest income	1,980	—	1,980
Foreign currency exchange losses	(3,199)	—	(3,199)
Result from investments	—	9,144	9,144
Income tax	(2,465)	—	(2,465)
Net earnings	31,789	9,144	40,934
Cash flows from operating activities	31,303	—	31,303
Cash flows from investing activities	(31,350)	7,235	(24,115)
Cash flows from financing activities	(83,175)	—	(83,175)
Cash and cash equivalents	370,116	—	370,116
Goodwill	11,270	—	11,270
Other intangible assets	93,307	—	93,307
Investments in associates	—	1,166,865	1,166,865
Other identifiable assets	382,014	—	382,014
Total assets	856,707	1,166,865	2,023,573
Headcount <sup>1</sup>	1,609	—	1,609

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

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

**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 second 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 only results based on IFRS 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:

Net earnings EUR million, except per share date	Three months ended June 30,		Six months ended June 30,	
	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)
IFRS	<b>41.8</b>	<b>35.6</b>	<b>103.6</b>	<b>40.9</b>
Adjustments for US GAAP:				
Reversal inventory write downs	0.2	0.1	0.4	—
GAAP differences investments	0.7	—	1.2	—
Development expenses	(2.7)	(2.5)	(5.1)	(5.0)
Debt issuance fees	(0.1)	(0.1)	(0.2)	(0.2)
Total adjustments	(1.9)	(2.5)	(3.7)	(5.2)
US GAAP	<b>39.9</b>	<b>33.1</b>	<b>99.9</b>	<b>35.7</b>
Net earnings per share, diluted:	€0.63	€0.54	€1.58	€0.58
<b>Equity</b> EUR million			December 31, 2015 (unaudited)	June 30, 2016 (unaudited)
IFRS			<b>1,948.4</b>	<b>1,907.0</b>
Adjustments for US GAAP:				
Goodwill			0.9	0.9
Debt issuance fees			1.0	0.8
Reversal inventory write downs			(1.9)	(2.0)
Development expenses			(61.2)	(68.3)
GAAP differences investments			0.4	0.4
Pension plans			(0.3)	(0.3)
Total adjustments			(61.1)	(68.6)
US GAAP			<b>1,887.3</b>	<b>1,838.4</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 second quarter of 2016 as compared to the first quarter of 2016 and the second quarter of 2015:

EUR million	Q2 2015	Q1 2016	Q2 2016	Change Q1 2016 to Q2 2016	Change Q2 2015 to Q2 2016
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>		
Net sales	201.0	142.4	138.7	(3)%	(31)%
Gross profit	90.7	62.4	60.8	(3)%	(33)%
Gross profit margin %	45.1%	43.8%	43.8%		
Selling, general and administrative expenses	(24.7)	(22.5)	(21.0)	(7)%	(15)%
Research and development expenses	(23.4)	(23.8)	(24.5)	3 %	5 %
Restructuring expenses	(0.5)	(0.5)	(1.0)	n/a	n/a
Operating result	42.1	15.6	14.3	(1.3)	(27.8)
Operating margin %	20.9%	11.0%	10.3%		
Financing costs	(11.7)	(11.3)	9.9	21.2	21.6
Income tax	(4.5)	(1.2)	(0.8)	0.4	3.7
Result from investments (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	20.7	6.3	16.4	10.1	(4.3)
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.8)	(6.8)	(6.7)	0.1	0.1
				—	—
Net earnings	39.9	2.6	33.1	30.5	(6.8)
Normalized net earnings (excl. Amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	46.7	9.4	39.8	30.4	(6.9)
Net earnings per share, diluted	€ 0.63	€ 0.04	€ 0.54	€ 0.50	€ (0.09)
Normalized net earnings per share, diluted	€ 0.74	€ 0.16	€ 0.64	€ 0.48	€ (0.10)