

Almere, The Netherlands

October 31, 2018

# ASM INTERNATIONAL N.V. REPORTS THIRD QUARTER 2018 RESULTS

ASM International N.V. (Euronext Amsterdam: ASM) today reports its third quarter 2018 operating results (unaudited) in accordance with IFRS.

## FINANCIAL HIGHLIGHTS

EUR million	Q3 2017 (restated)	Q2 2018	Q3 2018
New orders	160.4	175.9	258.0
Net sales	178.1	208.7	195.7
Gross profit margin %	38.8%	42.1%	40.9%
Operating result	20.8	38.3	28.0
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	32.1	21.6	16.8
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(5.4)	(3.0)	(3.1)
Result from sale of ASMPT shares	—	—	—
Net earnings	37.3	59.4	39.1
Normalized net earnings (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013 and result from sale of ASMPT shares)	42.6	62.4	42.2

2017 results were restated for the effects of IFRS 15.

- New orders received of €258 million, at the highest level in history, increased 47% compared to Q2 2018 and were 61% higher compared to Q3 of last year.
- Net sales for the third quarter 2018 were €196 million, a decrease of 6% compared to the previous quarter and an increase of 10% compared to Q3 last year.
- Gross profit margin was 40.9% in Q3 2018 compared to 42.1% in the previous quarter and 38.8% in Q3 of last year.
- Operating result decreased to €28 million compared to the previous quarter. The decrease is mainly the result of the lower sales level.
- Normalized net earnings for the third quarter 2018 decreased by €20 million compared to Q2 2018.

## COMMENT

Commenting on the results, Chuck del Prado, President and Chief Executive Officer of ASM International said: "In Q3 we realized sales of €196 million and an order intake of €258 million. Sales were within our guidance of €180-200 million while order intake was well above the € 200-230 million that we earlier indicated and was 25% above our former highest level. The high order intake is driven by logic, foundry and analog. The gross margin in Q3 remained in the range of low to mid 40's. During the third quarter we returned approximately €380m to our shareholders in the form of share buybacks and a tax efficient capital return."

## OUTLOOK

For Q4, on a currency comparable level, we expect sales of €220-250 million and an order intake of € 240-260 million. Q4 still reflects some uncertainty around the exact timing of individual tools.

For 2018, general expectations for growth of the wafer fab equipment market remain at mid to high single digits. Based upon this current market development we expect to outgrow the wafer fab equipment market in 2018.

## SHARE BUYBACK PROGRAM AND CAPITAL REPAYMENT

On June 5, 2018, ASMI announced the start of a new share buyback program of its common shares for an amount of up to €250 million. On September 30, 2018, 83.7% of the program was repurchased. We completed this 2018 share buyback program on October 11, 2018. In total, we repurchased 5,443,888 shares at an average price of €45.92, including expenses, under the 2018 program.

This share buyback program was executed by a third party. ASMI has the intention to reduce its issued share capital by withdrawing the shares repurchased as part of the 2018 share buyback program, save for such number of treasury shares as maybe necessary to fund ongoing share and option programs for employees and board members. This withdrawal of shares is intended to be proposed to the Annual General Meeting (AGM) in 2019. The repurchase program is part of ASMI's commitment to use excess cash for the benefit of its shareholders.

On August 10, 2018, ASMI distributed €4.00 per common share to its shareholders through a tax efficient repayment of capital. The ex-date of the distribution was August 7, 2018. This capital repayment was previously approved by the 2018 AGM.

On August 1, 2018, the withdrawal of 6 million treasury shares, which was previously approved by the 2018 AGM, became effective and administered. Following this withdrawal the total number of issued shares decreased to 56,297,394 as per August 1, 2018.

## About ASM International

ASM International NV, headquartered in Almere, the Netherlands, its subsidiaries and participations design and manufacture equipment and materials used to produce semiconductor devices. ASM International, its subsidiaries and participations provide production solutions for wafer processing (Front-end segment) as well as for assembly & packaging and surface mount technology (Back-end segment) through facilities in the United States, Europe, Japan and Asia. ASM International's common stock trades on the Euronext Amsterdam Stock Exchange (symbol ASM). For more information, visit ASMI's website at [www.asm.com](http://www.asm.com).

*Cautionary Note Regarding Forward-Looking Statements: All matters discussed in this press release, except for any historical data, are forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to, economic conditions and trends in the semiconductor industry generally and the timing of the industry cycles specifically, currency fluctuations, corporate transactions, financing and liquidity matters, the success of restructurings, the timing of significant orders, market acceptance of new products, competitive factors, litigation involving intellectual property, shareholders or other issues, commercial and economic disruption due to natural disasters, terrorist activity, armed conflict or political instability, epidemics and other risks indicated in the Company's reports and financial statements. The Company assumes no obligation nor intends to update or revise any forward-looking statements to reflect future developments or circumstances.*

*This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.*

ASM International will host an investor conference call and web cast on Thursday, November 1, 2018 at 15:00 Continental European Time (10:00 a.m. - US Eastern Time).

The teleconference dial-in numbers are as follows:

- United States: +1 646 828 8193
- International: +44 (0)330 336 9126
- The Netherlands: +31 (0)20 703 8211
- Access Code: 1767055

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

## CONTACT

### Investor contact:

Victor Bareño

T: +31 88 100 8500

E: [victor.bareno@asm.com](mailto:victor.bareno@asm.com)

### Media contact:

Ian Bickerton

T: +31 625 018 512

# ANNEX 1

## OPERATING AND FINANCIAL REVIEW

### Bookings

The following table shows the level of new orders for the third quarter of 2018 and the backlog at the end of the third quarter of 2018, compared to the previous quarter and the comparable quarter previous year:

EUR million	Q3 2017 (restated)	Q2 2018	Q3 2018	YTD 2017 (restated)	YTD 2018
Backlog at the beginning of the quarter	173.2	217.9	189.2	145.1	171.2
New orders for the quarter	160.4	175.9	258.0	570.5	640.4
Net sales for the quarter	(178.1)	(208.7)	(195.7)	(549.4)	(563.4)
FX-effect for the quarter	(4.9)	4.0	0.3	(15.6)	3.5
Backlog at the end of the quarter	<b>150.6</b>	<b>189.2</b>	<b>251.8</b>	<b>150.6</b>	<b>251.8</b>
Book-to-bill ratio (new orders divided by net sales)	0.9	0.8	1.3	1.0	1.1

The backlog increased from €189 million at the end of the second quarter 2018 to €252 million as per September 30, 2018. The book-to-bill ratio for Q3 was 1.3. In terms of customer segments, new orders in the third quarter 2018 were led by logic, followed by foundry and then analog.

### Net Sales

EUR million	Q3 2017 (restated)	Q2 2018	Q3 2018	YTD 2017 (restated)	YTD 2018
Equipment sales	136.9	160.7	148.7	428.8	429.8
Spares & service sales	41.2	48.0	47.0	120.6	133.6
Net sales	<b>178.1</b>	<b>208.7</b>	<b>195.7</b>	<b>549.4</b>	<b>563.4</b>

Net sales for the third quarter 2018 decreased with 6% compared to the previous quarter and increased by 10% year-on-year. Net sales in the third quarter were led by foundry followed by memory and logic which were approximately equal of size. The impact of currency changes for the quarter was an increase of 1% quarter to quarter and no change year-on-year.

### Gross profit margin

EUR million	Q3 2017 (restated)	Q2 2018	Q3 2018	YTD 2017 (restated)	YTD 2018
Gross profit	69.2	87.9	80.0	229.8	228.0
Gross profit margin	38.8%	42.1%	40.9%	41.8%	40.5%

The gross profit margin decreased from 42.1% in Q2 to 40.9% in Q3. For Q3 2017 gross profit margin was 38.8%. The gross profit margin in the quarter was 1% lower than in Q2 2018 mainly due to a higher number of evaluation tools in the third quarter reflecting an increase in customer engagements for new products and applications. The impact of currency changes for the quarter on gross profit was an increase of 1% quarter to quarter and no change year-on-year.

## Selling, general and administrative expenses

EUR million	Q3 2017	Q2 2018	Q3 2018	YTD 2017	YTD 2018
SG&A expenses	25.9	29.7	30.2	74.1	87.1

Selling, general and administrative (SG&A) expenses increased by 2% compared to the previous quarter. As a percentage of sales SG&A expenses were 15% (Q2 2018: 14%, Q3 2017: 15%). The impact of currency changes for the quarter on SG&A expenses was an increase of 1% quarter to quarter and no change year-on-year.

## Research and development expenses

EUR million	Q3 2017	Q2 2018	Q3 2018	YTD 2017	YTD 2018
Research and development expenses	27.6	29.8	30.7	84.3	88.9
Capitalization of development expenses	(8.4)	(12.7)	(11.7)	(24.0)	(34.6)
Amortization of capitalized development expenses	3.3	2.8	2.8	10.4	8.4
Impairment capitalized development expenses	—	—	0.1	1.4	0.1
R&D expenses	<b>22.5</b>	<b>19.9</b>	<b>21.8</b>	<b>72.1</b>	<b>62.8</b>

Research and development (R&D) expenses increased by 10% compared to the previous quarter, 6% of this increase was due to lower capitalization. As a percentage of sales R&D expenses were 11% compared to 10% for the previous quarter. For the third quarter of 2017 this was 13%. The impact of currency changes for the quarter on R&D expenses was an increase of 1% quarter to quarter and no change year-on-year.

## Operating result

EUR million	Q3 2017 (restated)	Q2 2018	Q3 2018	YTD 2017 (restated)	YTD 2018
Operating result	20.8	38.3	28.0	82.9	78.0
Operating result margin	11.7%	18.3%	14.3%	15.1%	13.9%

The operating profit margin decreased from 18.3% in Q2 to 14.3% in Q3. For Q3 2017 operating profit margin was 11.7%. The impact of currency changes for the quarter on operating profit was an increase of 2% quarter to quarter and no change year-on-year.

## Financing costs

Financing costs are mainly related to translation results. The Q3 2018 results included a translation gain of €1 million compared to a gain of €8 million included in the Q2 2018 results and a loss of €8 million included in the Q3 2017 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 2017	Q2 2018	Q3 2018	YTD 2017	YTD 2018
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	32.1	21.6	16.8	98.4	54.7
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(5.4)	(3.0)	(3.1)	(18.2)	(9.9)
Result from sale of ASMPT shares	—	—	—	101.0	—
Result from investments	26.7	18.6	13.7	181.2	44.8

Result from investments, which primarily reflects our approximate 25% shareholding in ASMPT, decreased to €17 million from €22 million in the previous quarter. ASMPT's net earnings, on a 100% basis, decreased with 23% to €66 million compared to the previous quarter. Q3 last year, also on a 100% basis, showed net earnings of €94 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 2018, on a currency comparable basis, this amortization is expected to amount to €13 million.

## Income tax

Income tax in the third quarter amounted to an expense of €3.4 million. Income tax in the previous quarter amounted to an expense of €4.8 million.

## Net earnings

EUR million	Q3 2017 (restated)	Q2 2018	Q3 2018	YTD 2017 (restated)	YTD 2018
Net earnings	37.3	59.4	39.1	232.2	113.5
Excluding:					
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(5.4)	(3.0)	(3.1)	(18.2)	(9.9)
Result from sale of ASMPT shares	—	—	—	101.0	—
Normalized net earnings	<b>42.7</b>	<b>62.4</b>	<b>42.2</b>	<b>149.4</b>	<b>123.4</b>

Normalized net earnings decreased €20 million compared to Q2 2018.

## Cash flow

EUR million	Q3 2017	Q2 2018	Q3 2018	YTD 2017	YTD 2018
Net cash from operating activities	43.9	(5.3)	15.5	86.0	43.8
Net cash from investing activities	0.7	(17.4)	(18.4)	224.0	(54.5)
Net cash from financing activities	(32.2)	(76.0)	(382.7)	(134.1)	(560.2)
Total net cash provided / (used)	<b>12.4</b>	<b>(98.7)</b>	<b>(385.5)</b>	<b>176.0</b>	<b>(570.9)</b>

The cash flow from operating activities was positively impacted by a lower working capital increase compared to the previous quarter. Cash used in investing activities remained stable. Cash used by financing activities in Q3 2018 was mainly for share repurchases and the capital repayment of €4 per share.

## Balance sheet

EUR million	December 31, 2017 <i>(audited)</i>	June 30, 2018	September 30, 2018
Inventories	142.8	166.6	184.6
Accounts receivable	163.1	169.6	167.5
Other current assets	19.1	24.5	18.9
Accounts payable	(79.3)	(99.4)	(97.2)
Provision for warranty	(6.6)	(6.8)	(7.1)
Accrued expenses and other payables	(59.0)	(41.7)	(42.6)
<b>Working capital</b>	<b>180.2</b>	<b>212.7</b>	<b>224.1</b>

Net working capital increased to €224 million compared to €213 million per June 30, 2018 (€180 million per December 31, 2017), mainly due to higher inventories. The higher inventories were related to the expected higher activity level in the next quarter and earlier receipts of goods from suppliers in the third quarter as tight conditions in the supply chain loosened somewhat. The number of outstanding days of working capital, measured against quarterly sales, increased to 103 days on September 30, 2018 from 92 days on June 30, 2018 (89 days on December 31, 2017).

## Sources of liquidity

As per September 30, 2018, the Company's principal sources of liquidity consisted of €266 million in cash and cash equivalents and €150 million in undrawn bank lines.

## ANNEX 2

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

EUR thousand, except per share data	Three months ended September 30,		Nine months ended September 30,	
	2017 (restated) <i>(unaudited)</i>	2018 <i>(unaudited)</i>	2017 (restated) <i>(unaudited)</i>	2018 <i>(unaudited)</i>
Net sales	<b>178,090</b>	<b>195,744</b>	<b>549,393</b>	<b>563,395</b>
Cost of sales	(108,907)	(115,708)	(319,608)	(335,353)
Gross profit	<b>69,183</b>	<b>80,036</b>	<b>229,785</b>	<b>228,042</b>
Operating expenses:				
Selling, general and administrative	(25,921)	(30,196)	(74,125)	(87,101)
Research and development	(22,481)	(21,839)	(72,101)	(62,750)
Restructuring expenses	1	—	(690)	(149)
Total operating expenses	(48,401)	(52,035)	(146,916)	(150,000)
Operating result	<b>20,783</b>	<b>28,000</b>	<b>82,870</b>	<b>78,042</b>
Net interest income (expense)	(165)	(277)	(134)	(1,158)
Foreign currency exchange gains (losses)	(7,504)	988	(25,461)	1,186
Result from investments	26,721	13,738	181,222	44,808
Earnings before income taxes	<b>39,835</b>	<b>42,449</b>	<b>238,497</b>	<b>122,877</b>
Income tax	(2,536)	(3,353)	(6,255)	(9,420)
Net earnings	<b>37,299</b>	<b>39,096</b>	<b>232,243</b>	<b>113,457</b>

Per share data:

Basic net earnings	0.64	0.76	3.96	2.12
Diluted net earnings (1)	0.63	0.75	3.92	2.09

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

Basic	58,580	51,499	58,580	53,524
Diluted (1)	59,296	52,249	59,291	54,333

Outstanding shares:	58,373	50,158	58,373	50,158
Treasury shares:	3,924	6,139	3,924	6,139

(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, 2018 is 750,277 common shares, and for the nine months ended September 30, 2018 the possible increase is 809,130 common shares. Adjustments have been reflected in the diluted weighted average number of shares used to compute net earnings per share for this period.

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



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

EUR thousand	December 31, 2017 <i>(audited)</i>	September 30, 2018 <i>(unaudited)</i>
<b>Assets</b>		
Property, plant and equipment	106,632	138,745
Goodwill	11,270	11,270
Other intangible assets	113,295	139,588
Investments in associates	730,552	769,135
Deferred tax assets	18,116	18,488
Other non-current assets	4,845	5,683
Evaluation tools at customers	29,710	48,782
<b>Total non-current assets</b>	<b>1,014,420</b>	<b>1,131,691</b>
Inventories	142,849	184,643
Accounts receivable	163,135	167,493
Income taxes receivable	1,272	10,426
Other current assets	19,065	18,854
Cash and cash equivalents	836,461	265,637
<b>Total current assets</b>	<b>1,162,782</b>	<b>647,054</b>
<b>Total Assets</b>	<b>2,177,202</b>	<b>1,778,745</b>
<b>Equity and liabilities</b>		
<b>Equity</b>	<b>2,011,512</b>	<b>1,611,368</b>
Pension liabilities	386	146
Deferred tax liabilities	13,864	14,131
<b>Total non-current liabilities</b>	<b>14,250</b>	<b>14,277</b>
Accounts payable	79,349	97,233
Provision for warranty	6,562	7,062
Income taxes payable	6,575	6,245
Accrued expenses and other payables	58,954	42,561
<b>Total current liabilities</b>	<b>151,440</b>	<b>153,100</b>
<b>Total Liabilities</b>	<b>165,690</b>	<b>167,377</b>
<b>Total Equity and Liabilities</b>	<b>2,177,202</b>	<b>1,778,745</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

EUR thousand	Three months ended September 30,		Nine months ended September 30,	
	2017 (unaudited)	2018 (unaudited)	2017 (unaudited)	2018 (unaudited)
<b>Cash flows from operating activities:</b>				
Net earnings	42,211	39,096	227,627	113,457
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	11,267	13,888	36,794	38,462
Income tax	2,536	3,353	6,255	9,420
Result from investments	(26,721)	(13,738)	(181,222)	(44,808)
Other adjustments	8,456	2,738	29,098	5,696
<b>Changes in other assets and liabilities:</b>				
Accounts receivable	15,551	1,370	(2,049)	(4,411)
Inventories	(2,221)	(22,899)	(53,696)	(63,620)
Accounts payable	(10,461)	(2,506)	16,067	16,458
Other assets and liabilities	5,401	8,665	10,385	(7,997)
Income tax paid	(2,125)	(14,433)	(3,213)	(18,861)
<b>Net cash from operating activities</b>	<b>43,894</b>	<b>15,535</b>	<b>86,047</b>	<b>43,797</b>
<b>Cash flows from investing activities:</b>				
Capital expenditures	(8,500)	(20,716)	(31,844)	(48,020)
Capitalized development expenditure	(8,427)	(11,747)	(23,963)	(34,592)
Purchase of intangible assets	(677)	(443)	(2,180)	(975)
Dividend received from associates	18,341	14,537	36,458	29,120
Proceeds of disposal of ASMPT stake	—	—	245,565	—
<b>Net cash from (used) in investing activities</b>	<b>737</b>	<b>(18,369)</b>	<b>224,036</b>	<b>(54,467)</b>
<b>Cash flows from financing activities:</b>				
Purchase of treasury shares ASMI	(32,507)	(167,430)	(102,951)	(309,275)
Proceeds from issuance of treasury shares	312	32	10,493	1,467
Dividends to common shareholders ASMI	—	(6,537)	(41,470)	(43,644)
Capital repayment to common shareholders ASMI	—	(208,774)	—	(208,774)
Debt issuance fees paid	—	—	(133)	—
<b>Net cash used in financing activities</b>	<b>(32,195)</b>	<b>(382,710)</b>	<b>(134,061)</b>	<b>(560,227)</b>
Exchange rate effects	(9,953)	8	(28,914)	72
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,483</b>	<b>(385,536)</b>	<b>147,109</b>	<b>(570,824)</b>
Cash and cash equivalents at beginning of period	522,782	651,173	378,157	836,461
<b>Cash and cash equivalents at end of period</b>	<b>525,266</b>	<b>265,637</b>	<b>525,266</b>	<b>265,637</b>

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **Basis of presentation**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

### **Principles of consolidation**

The Consolidated Financial Statements include the accounts of ASMI and its subsidiaries, where ASMI holds a controlling interest. All unrealized intercompany profits, transactions and balances have been eliminated in consolidation. Associates are investments in entities in which ASMI can exert significant influence but which ASMI does not control, generally by ASMI having between 20% and 50% of the voting rights. These entities are accounted for using the equity method.

### **Change in accounting policies**

IFRS 15 Revenue from Contracts with Customers is effective for interim and annual periods beginning after January 1, 2018. Please refer to the press release of the first quarter 2018 results for the effects of IFRS 15.