

Almere, The Netherlands

July 23, 2019, 6 p.m. CET

ASM INTERNATIONAL N.V. REPORTS SECOND QUARTER 2019 RESULTS

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

FINANCIAL HIGHLIGHTS

EUR million	Q2 2018	Q1 2019	Q2 2019
New orders	175.9	235.0	373.1
Net sales	208.7	248.8	363.3
Gross profit margin %	42.1%	41.3%	59.0%
Operating result	38.3	47.0	150.2
Result from investments (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013)	21.6	3.1	2.0
Amortization intangible assets (resulting from the sale of ASMPT stake in 2013)	(3.0)	(3.4)	(3.4)
Net earnings	59.4	49.4	121.6
Normalized net earnings (excluding amortization intangible assets resulting from the sale of ASMPT stake in 2013 and result from sale of ASMPT shares)	62.4	52.8	125.0

- New orders were €373 million. Excluding €103 million related to the patent litigation settlement new orders were €270 million.
- Net sales for the second quarter 2019 were €363 million. Excluding €103 million related to the patent litigation settlement, net sales were €260 million and increased 5% compared to the previous quarter.
- Gross profit margin was 59.0% in Q2 2019 and 42.8% excluding the patent litigation settlement compared to 41.3% in the previous quarter.
- Operating result increased to €150 million. Excluding the patent litigation settlement operating result was stable at €47 million compared to the previous quarter.
- Normalized net earnings, including the patent litigation settlement, for the second quarter 2019 increased by €72 million compared to Q1 2019. Besides the positive impact of the patent litigation settlement net earnings in Q2 were negatively impacted by adverse currency effects and the increase in taxes due to the full utilization of the remaining net operating losses in the Netherlands. Results from investments decreased to €2 million.

COMMENT

Commenting on the results, Chuck del Prado, President and Chief Executive Officer of ASM International said: "In Q2 we realized sales of €363 million. Excluding the €103 million related to the reported patent litigation settlement, the sales of €260 million showed a 25% sales increase year-on-year, reaching the highest level ever, driven by continuous high demand in the logic/foundry segment. Our order intake, at €373 million (€270 million excluding the patent litigation settlement) was again very strong. Sales as well as order intake were above our guidance of respectively €230-250 million and €240-260 million. The high order intake in Q2 was led by logic. Our cash position in the quarter increased substantially and still excludes the cash proceeds from the litigation settlement which will come in in the next quarters. Based on this we today announced the authorization of a new €100 million share buyback program."

OUTLOOK

For Q3, on a currency comparable level, we expect sales of €250-270 million while bookings, on a currency comparable level, are expected to also be in the range of €250-270 million. For 2019, general expectations are now that the wafer fab equipment (WFE) market will decline with a high teens percentage. While expectations for the memory-segment have further weakened, the healthy demand in the logic and foundry segments in the first half is expected to continue in the second half of 2019. Based upon this current market view, we maintain our expectation to meaningfully outperform the WFE market in 2019.

SHARE BUYBACK PROGRAM

ASMI announced today that its Management Board authorized the repurchase of up to €100 million of the Company's common shares within the 2019-2020 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.

On May 20, 2019 the General Meeting of Shareholders authorized ASMI for a period of 18 months to acquire common shares up to 10% of its then issued capital.

The repurchase program is part of ASMI's commitment to use excess cash for the benefit of its shareholders.

ASMI further announces that the withdrawal of 5 million treasury shares has become effective as of July 23, 2019. As of that date, the number of issued shares is 51,297,394.

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.

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 Wednesday, July 24, 2019 at 15:00 Continental European Time (9:00 a.m. - US Eastern Time).

The teleconference dial-in numbers are as follows:

- United States: +1 631 510 7495
- International: +44 (0) 844 571 8892
- The Netherlands: +31 (0)20 714 3545
- Access Code: 1164706

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

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ANNEX 1

OPERATING AND FINANCIAL REVIEW

Bookings

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

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Backlog at the beginning of the period	217.9	301.5	292.0	171.2	301.5
New orders for the period	175.9	235.0	373.1	382.4	608.1
Net sales for the period	(208.7)	(248.8)	(363.3)	(367.7)	(612.1)
FX-effect for the period	4.0	4.3	(2.1)	3.2	2.1
Backlog at the end of the period	189.1	292.0	299.6	189.1	299.6
Book-to-bill ratio (new orders divided by net sales)	0.8	0.9	1.0	1.0	1.0

The backlog increased from €292 million at the end of the first quarter 2019 to €300 million as per June 30, 2019. The bookings and the net sales in the quarter include €103 million related to the patent litigation settlement announced on July 1, 2019. The book-to-bill ratio for Q2 was 1.0. In terms of customer segments, new orders, excluding the patent litigation settlement, in the second quarter 2019 were led by logic, followed by memory and then foundry.

Net Sales

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Equipment sales	160.7	196.8	207.7	281.1	404.5
Spares & service sales	48.0	51.9	52.5	86.6	104.4
Patent litigation settlement	—	—	103.1	—	103.1
Net sales	208.7	248.8	363.3	367.7	612.1

Net sales for the second quarter 2019 increased by 46% compared to the previous quarter and increased by 74% year-on-year. Excluding the patent litigation settlement, net sales increased 5% compared to the previous quarter and increased 25% year-on-year. Net sales in the second quarter, excluding the patent litigation settlement, were led by logic followed by foundry and memory. The impact of currency changes was an increase of 1% quarter to quarter and an increase of 4% year-on-year.

Gross profit margin

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Gross profit	87.9	102.8	214.4	148.0	317.2
Gross profit margin	42.1%	41.3%	59.0%	40.3%	51.8%
Gross profit excluding patent litigation settlement	87.9	102.8	111.3	148.0	214.1
Gross profit margin excluding patent litigation settlement	42.1%	41.3%	42.8%	40.3%	42.1%

The gross profit margin increased from 41.3% in Q1 to 42.8% in Q2. For Q2 2018 gross profit margin was 42.1%. The gross profit margin in the quarter was 1.5% higher than in Q1 2019 mainly due to a better sales mix. The impact of currency changes on gross profit was an increase of 1% quarter to quarter and an increase of 2% year-on-year.

Selling, general and administrative expenses

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
SG&A expenses	29.7	33.9	40.3	56.9	74.2

Selling, general and administrative (SG&A) expenses increased by 19% compared to the previous quarter. This increase was due to several reasons: legal costs related to patent disputes, the higher activity level, and investments to strengthen the ASMI processes and organization. As a percentage of sales (excluding the €103 million patent litigation settlement) SG&A expenses were 15% (Q1 2019: 14%, Q2 2018: 14%). The impact of currency changes on SG&A expenses was an increase of 1% quarter to quarter and an increase of 2% year-on-year.

Research and development expenses

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Research and development expenses	29.8	33.4	37.4	58.2	70.9
Capitalization of development expenses	(12.7)	(15.3)	(17.1)	(22.8)	(32.4)
Amortization of capitalized development expenses	2.8	3.0	3.4	5.6	6.4
Impairment capitalized development expenses	—	0.8	—	—	0.8
R&D expenses	19.9	21.9	23.8	40.9	45.7

Research and development (R&D) expenses increased by 9% compared to the previous quarter. As a percentage of sales (excluding the €103 million patent litigation settlement) R&D expenses remained stable at 9%. For the second quarter of 2018 this was 10%. The impact of currency changes on R&D expenses was an increase of 1% quarter to quarter and an increase of 4% year-on-year.

Operating result

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Operating result	38.3	47.0	150.2	50.0	197.2
Operating result margin	18.3%	18.9%	41.3%	13.6%	32.2%
Operating result excluding patent litigation settlement	38.3	47.0	47.0	50.0	94.1
Operating result margin excluding patent litigation settlement	18.3%	18.9%	18.1%	13.6%	18.5%

The operating profit margin decreased from 18.9% in Q1 to 18.1% in Q2. For Q2 2018 operating profit margin was 18.3%. The impact of currency changes on operating profit was an increase of 1% quarter to quarter and an increase of 2% year-on-year.

Financing costs

Financing costs are mainly related to translation results. The Q2 2019 results included a translation loss of €5 million compared to a gain of €4 million included in the Q1 2019 results and a gain of €8 million included in the Q2 2018 results. The translation results are mainly related to movements in the US dollar in the respective periods. A substantial part of ASMI's cash position is denominated in US dollar.

Result from investments

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	21.6	3.1	2.0	37.9	5.1
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.0)	(3.4)	(3.4)	(6.8)	(6.8)
Result from investments	18.6	(0.3)	(1.4)	31.1	(1.7)

Result from investments, which primarily reflects our approximate 25% shareholding in ASMPT, decreased to €2 million from €3 million in the previous quarter. ASMPT's net earnings, on a 100% basis, decreased with 35% to €8 million compared to the previous quarter. Q2 last year, also on a 100% basis, showed net earnings of €85 million. For further information on the Q2 results of ASMPT, please visit ASMPT's website www.asmpacific.com.

Amortization intangible assets resulting from the sale of the 12% stake of ASMPT in 2013 amounted to €3.4 million in Q2. For 2019, on a currency comparable basis, this amortization is expected to amount to €13.6 million.

Income tax

Income tax in the second quarter amounted to an expense of €22.6 million. Income tax in the previous quarter amounted to an expense of €1.6 million. The increase in tax expense is due to the complete utilization of the net operating losses in the Netherlands as a consequence of the patent litigation settlement.

Net earnings

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Net earnings	59.4	49.4	121.6	74.4	171.0
Excluding:					
Amortization intangible assets (resulting from the sale of the 12% stake of ASMPT)	(3.0)	(3.4)	(3.4)	(6.8)	(6.8)
Normalized net earnings	62.4	52.8	125.0	81.2	177.8

Normalized net earnings, including the patent litigation settlement, increased €72 million compared to Q1 2019.

Cash flow

EUR million	Q2 2018	Q1 2019	Q2 2019	YTD 2018	YTD 2019
Net cash from operating activities	(5.3)	50.4	131.5	28.3	181.9
Net cash from investing activities	(17.4)	(29.5)	(9.9)	(36.1)	(39.3)
Net cash from financing activities	(76.0)	(0.9)	(48.6)	(177.5)	(49.6)
Total net cash provided / (used)	(98.7)	20.0	73.0	(185.4)	93.0

The patent litigation settlement had no cash effects in Q2 2019. The cash flow from operating activities was positively impacted by lower working capital needs. Cash used in investing activities during Q2 2019 was low as dividend from ASMPT was received. Cash used by financing activities in Q2 2019 was for dividend payments.

Balance sheet

EUR million	December 31, 2018 <i>(audited)</i>	March 31, 2019	June 30, 2019
Inventories	171.8	174.0	170.4
Accounts receivable	173.5	193.4	260.4
Other current assets	45.0	37.6	46.4
Accounts payable	(80.6)	(92.1)	(93.5)
Provision for warranty	(8.0)	(10.6)	(13.0)
Accrued expenses and other payables	(99.0)	(90.1)	(125.5)
Working capital	202.7	212.2	245.3

Net working capital increased to €245 million compared to €212 million per March 31, 2019 (€203 million per December 31, 2018), mainly due to the outstanding receivable of the patent litigation settlement. The number of outstanding days of working capital, measured against quarterly sales, decreased to 61 days on June 30, 2019 from 77 days on March 31, 2019 (72 days on December 31, 2018).

Net working capital, excluding the patent litigation settlement, decreased to €144 million per June 30, 2019. Excluding this patent litigation amount, the number of outstanding days of working capital, measured against quarterly sales, decreased to 49 days on June 30, 2019.

Sources of liquidity

As per June 30, 2019, the Company's principal sources of liquidity consisted of €382 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 June 30,		Six months ended June 30,	
	2018 <i>(unaudited)</i>	2019 <i>(unaudited)</i>	2018 <i>(unaudited)</i>	2019 <i>(unaudited)</i>
Net sales	208,677	363,311	367,651	612,091
Cost of sales	(120,827)	(148,932)	(219,645)	(294,877)
Gross profit	87,850	214,379	148,006	317,214
Operating expenses:				
Selling, general and administrative	(29,685)	(40,321)	(56,905)	(74,223)
Research and development	(19,913)	(23,817)	(40,911)	(45,718)
Restructuring expenses	—	(80)	(149)	(80)
Total operating expenses	(49,598)	(64,218)	(97,965)	(120,021)
Operating result	38,252	150,161	50,041	197,193
Net interest income (expense)	(379)	11	(881)	(6)
Foreign currency exchange gains (losses)	7,733	(4,532)	198	(256)
Result from investments	18,600	(1,433)	31,071	(1,683)
Earnings before income taxes	64,207	144,206	80,429	195,248
Income tax	(4,799)	(22,601)	(6,067)	(24,217)
Net earnings	59,408	121,605	74,362	171,031
Per share data:				
Basic net earnings	1.09	2.46	1.36	3.46
Diluted net earnings (1)	1.08	2.42	1.34	3.41
Weighted average number of shares used in computing per share amounts (in thousand):				
Basic	54,318	49,530	54,554	49,430
Diluted (1)	55,051	50,258	55,304	50,128
Outstanding shares:	53,846	49,532	53,846	49,532
Treasury shares:	8,452	6,765	8,452	6,765

(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 June 30, 2019 is 728,119 common shares, and for the six months ended June 30, 2019 the possible increase is 697,889 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 STATEMENTS OF FINANCIAL POSITION

EUR thousand	December 31, 2018 <i>(audited)</i>	June 30, 2019 <i>(unaudited)</i>
Assets		
Right-of-use assets	—	29,607
Property, plant and equipment	148,749	148,884
Goodwill	11,270	11,270
Other intangible assets	149,927	174,783
Investments in associates	789,588	777,177
Deferred tax assets	11,316	4,359
Other non-current assets	11,865	10,522
Evaluation tools at customers	44,634	40,432
Total non-current assets	1,167,349	1,197,034
Inventories	171,826	170,386
Accounts receivable	173,450	260,437
Income taxes receivable	4,439	2,339
Other current assets	45,001	46,419
Cash and cash equivalents	285,907	381,535
Total current assets	680,623	861,116
Total Assets	1,847,972	2,058,150
Equity and liabilities		
Equity	1,641,551	1,777,375
Accrued expenses and other payables	—	17,937
Deferred tax liabilities	12,170	12,220
Total non-current liabilities	12,170	30,157
Accounts payable	80,640	93,488
Provision for warranty	7,955	12,999
Income taxes payable	6,663	18,672
Accrued expenses and other payables	98,993	125,459
Total current liabilities	194,251	250,618
Total Liabilities	206,421	280,775
Total Equity and Liabilities	1,847,972	2,058,150

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 June 30,		Six months ended June 30,	
	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)
Cash flows from operating activities:				
Net earnings	59,408	121,605	74,362	171,031
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	13,075	17,469	24,574	34,612
Income tax	4,799	22,601	6,067	24,217
Result from investments	(18,600)	1,433	(31,071)	1,683
Other adjustments	(5,808)	5,301	2,957	2,843
Changes in other assets and liabilities:				
Accounts receivable	(60,023)	(67,389)	(5,128)	(84,636)
Inventories	(10,818)	1,704	(20,917)	2,898
Evaluation tools	(5,805)	1,407	(19,804)	(42)
Accounts payable	11,856	2,308	18,964	12,163
Other assets and liabilities	7,119	26,371	(17,316)	20,299
Income tax paid	(474)	(1,327)	(4,428)	(3,169)
Net cash from operating activities	(5,271)	131,482	28,262	181,899
Cash flows from investing activities:				
Capital expenditures	(19,003)	(9,223)	(27,303)	(21,742)
Capitalized development expenditure	(12,735)	(17,063)	(22,845)	(32,405)
Purchase of intangible assets	(262)	(93)	(532)	(1,681)
Dividend received from associates	14,583	16,488	14,583	16,488
Net cash from (used) in investing activities	(17,417)	(9,891)	(36,097)	(39,340)
Cash flows from financing activities:				
Purchase of treasury shares ASMI	(39,362)	—	(141,845)	—
Proceeds from issuance of treasury shares	485	755	1,435	966
Dividends to common shareholders ASMI	(37,108)	(49,390)	(37,108)	(49,390)
Capital repayment to common shareholders ASMI	—	—	—	(1,144)
Net cash used in financing activities	(75,984)	(48,636)	(177,517)	(49,569)
Exchange rate effects	8,748	(3,916)	64	2,638
Net increase (decrease) in cash and cash equivalents	(89,924)	69,039	(185,288)	95,628
Cash and cash equivalents at beginning of period	741,096	312,496	836,461	285,907
Cash and cash equivalents at end of period	651,173	381,535	651,173	381,535

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.