

[For Immediate Release]

ASM Pacific Technology Announces 2020 Annual Results

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Poised for Strong Recovery Q4 2020 YoY 46.3% Bookings Growth

Group Performance At a Glance

	<u>FY 2020</u>		<u>Q4 2020</u>		
		<u>YoY</u>		<u>QoQ</u>	<u>YoY</u>
Bookings (HK\$m)	18,488.0	+16.7%	5,102.3	+12.9%	+46.3%
Revenue (HK\$m)	16,887.2	+6.3%	4,917.9	+15.2%	+10.5%
<u>Group (including one-off items & related tax impact)</u>					
		<u>YoY</u>		<u>QoQ</u>	<u>YoY</u>
Gross Margin	32.5%	-232 bps	28.9%	-399 bps	-584 bps
Net Profit (HK\$m)	1,630.5	+162.0%	1,005.8	+330.0%	+353.4%
Net Profit Margin	9.7%	+574 bps	20.5%	+1,497 bps	+1,547 bps
<u>Group (excluding one-off items & related tax impact)</u>					
		<u>YoY</u>		<u>QoQ</u>	<u>YoY</u>
Gross Margin	33.6%	-114 bps	33.0%	+6 bps	-179 bps
Net Profit (HK\$m)	1,002.4	+61.1%	377.7	+61.5%	+70.2%
Net Profit Margin	5.9%	+202 bps	7.7%	+220 bps	+269 bps

Highlights for Q4 2020

- * Revenue HK\$4.92 billion (US\$634.4 million) exceeding top end of guidance.
- * Two ‘one-off items’ for this quarter:
 - o Gain of HK\$859.0 million from completion of planned divestment of 55.56% of the Group’s Materials Segment.
 - o Provisions totalling HK\$255.3 million set aside due to product portfolio simplification initiatives undertaken to strengthen the Group’s future performance.

Highlights for Full Year 2020

- * Earnings per share of HK\$3.97.
- * Dividend per share of HK\$2.70 (including interim dividend of HK0.70 per share).
- * Record cash and bank deposits of HK\$4.46 billion as of 31 December 2020.

Revenue Guidance for Q1 2021

- * Range of US\$500 million to US\$550 million, a Q1 quarterly revenue record (excluding revenue from the Materials Segment)

(Hong Kong, 26 February 2021) — **ASM Pacific Technology Limited** (“ASMPT” / the “Group”) (Stock code: 0522) announced its annual results for the year ended 31 December 2020. ASMPT’s technologies enable its diverse range of customers to create a wide range of semiconductor and electronic products and services for the digitally-enabled world.

Group Highlights - FY 2020

Able navigating unprecedented events in 2020 arising from the COVID-19 pandemic, a global recession and trade tensions, the Group emerged relatively unscathed, managing to achieve year-on-year (YoY) 6.3% revenue growth of HK\$16.89 billion (equivalent to US\$2.18 billion) for the year ended 31 December 2020 (2019: HK\$15.88 billion, equivalent to US\$2.03 billion).

The Group's excellent financial performance in 2020 was driven by several factors. For one, global digital transformation trends accelerated, creating strong demand for personal computing, connectivity and HPC devices. This increased customer demand for both the Group's mainstream tools and its Advanced Packaging (AP) solutions (AP experienced a YoY revenue growth of more than 50%). The global 5G roll-out also increased capacity and capability requirements among customers. And finally, green shoots also began to surface even within the hard-hit automotive space in the second half of 2020, benefitting both the Group's Semiconductor Solutions and SMT Solutions segments.

The Group's relatively strong revenue performance was also achieved in tandem with strong YoY booking momentum growth of 16.7%, made even more prominent by its second half bookings exceeding the first half's for the first time since 2010. The Group's bookings for its AP tools saw a broadening of customer demand from global integrated device manufacturers, leading fabless and foundry companies, high-density substrate manufacturers and key outsourced assembly and test companies.

The Group's net profit (including one-off items and related tax impact) was HK\$1.63 billion, representing a YoY improvement of 162.0%. The two one-off items were as follows:

1. A gain of HK\$859.0 million due to the completion of the Group's planned divestment of 55.56% of its Materials Segment.
2. Efforts to simplify the Group's product portfolio resulted in provisions totalling HK\$255.3 million relating to inventory write-down, supplier contract termination and manufacturing assets impairment. This is one key initiative among several the Group is undertaking to enhance its market position, operational efficiency and cost structure.

The Group ended FY 2020 with a strong backlog of HK\$5.93 billion (US\$764.8 million) and a book-to-bill ratio of 1.09. As at 31 December 2020, the Group held a record cash and bank deposits of HK\$4.46 billion.

In line with the Group's performance, the Board of Directors recommended a final dividend of HK\$2.00 (2019: final dividend of HK\$0.70) per share. The total dividend payout for 2020 will be HK\$2.70 (2019: HK\$2.00) per share, representing a payout ratio of 68%. This extends the Group's proven track record of consistently paying dividends every year since its HKEX listing in 1989, right through the peaks and troughs of global economic and semiconductor cycles.

Group Highlights – Q4 2020

The Group recorded revenue of HK\$4.92 billion (US\$634.4 million), representing growth of 10.5% YoY and 15.2% QoQ. This came in well above the top end of revenue guidance between US\$530 million and US\$590 million.

The Group's Q4 bookings of HK\$5.10 billion (US\$658.2 million) were a historical high for its Q4 quarter, an increase of 46.3% YoY and 12.9% QoQ. This excellent result bucked the general seasonal trend for its Q4 bookings tending to be the lowest of the year.

“Although ASMPT was initially affected by the COVID-19 pandemic in 2020, the resilience and adaptability of our employees, suppliers and partners were crucial in enabling our operations to decisively resolve operational constraints and continue delivering on our customer commitments,” explained Mr. Robin Ng, ASMPT's Group Chief Executive Officer. “While the pandemic continues to present challenges, we also see unprecedented opportunity from accelerated digital transformation trends among companies, societies and global economies, for example, the increase in ‘life-from-home’ activities of all kinds. This significant uptick in digital requirements and needs, in tandem with mega-trends in key areas such as 5G technology, HPC and automotive electrification, drove very robust semiconductor demand globally.”

Segment Highlights – Q4 2020

Semiconductor Solutions Segment

The Semiconductor Solutions Segment's Q4 2020 revenue was its highest Q4 ever recorded. Revenue of HK\$2.38 billion (US\$306.6 million) represented strong growth of 17.3% YoY and 24.1% QoQ. The Segment's excellent revenue performance was driven by the following developments:

- Its IC/Discrete Business Unit experienced strong demand for mobile and personal computing devices and HPC applications.
- Its Optoelectronics Business Unit recorded strong demand from conventional display and general lighting customers, with growing opportunities in Mini LED and Micro LED applications as well.
- Its CIS Business Unit delivered a QoQ revenue rise, an improving sign for this application space.
- At the product level, this Segment's mainstream die and wire bonders also delivered very strong YoY Q4 revenue growth.

Segment bookings of HK\$2.59 billion (US\$333.6 million) were also the highest ever for Q4, and all three of its business units recorded strong YoY bookings growth.

SMT Solutions Segment

The SMT Solutions Segment's Q4 2020 revenue of HK\$1.93 billion (US\$249.3 million), representing growth of 1.4% YoY and 10.4% QoQ, was largely attributed to end-market demand for automotive, 5G infrastructure, and industrial applications. At the product level, there was continued strong demand for high-accuracy SMT systems (the Segment's AP tools) for System-in-Package (SiP) applications. A highlight was the performance of the Segment's equipment services and spare parts business, which experienced strong pickup in Q4 2020, indicating improving manufacturing activities among its customers, particularly the Eurozone and Americas.

Segment's Q4 2020 bookings of HK\$1.61 billion (US\$208.0 million) represented YoY growth of 4.7% and QoQ decline of 9.1%. Notably, despite the QoQ decline in bookings, automotive customers registered a QoQ increase in new order bookings.

Materials Segment (Deconsolidated from 29 December 2020 onwards)

Several milestones were achieved by the Materials Segment this quarter. First, Q4 2020 Segment revenue of HK\$608.4 million (US\$78.5 million) was a record quarterly high, representing growth of 17.8% YoY and 1.0% QoQ. Second, Q4 2020 Segment bookings were also at an all-time quarterly high of HK\$903.8 million (US\$116.6 million), representing growth of 64.7% YoY and 75.3% QoQ. This bullish order momentum reflects robust semiconductor device demand, which will in turn drive customer demand for packaging and assembly equipment.

From 29 December 2020, the financial results of this Segment's business have been deconsolidated and equity accounted for in the Group's books, as part of a successful planned Strategic Joint Venture (SJV) with key partners announced in Q2 2020 and completed on schedule on 28 December 2020. The Group retains 44.44% ownership of the SJV, which is named Advanced Assembly Materials International Limited ("AAMI"). AAMI operates as an independent entity and continues to be of significant importance to the Group's business.

"The Group ended 2020 on a positive note, with very decent foundations for the future. We look ahead with optimism at the broad-based semiconductor growth in 2021 market forecasts across various market applications. In the longer term, mega-trends from 5G innovation, HPC, and automotive electrification remain significant drivers that can sustainably fuel the Group's performance for the next few years," noted Mr. Ng.

Dividend Policy

The Group articulated a clear dividend policy for the future - to continue a consistent annual dividend payout ratio of around 50%, comparable to its average dividend payout ratio from 2011-2020. The actual dividend payout ratio for each year will depend on various factors, such as the Group's strategy and financial performance, liquidity & financing needs, and the prevailing market outlook. The Board will also review this dividend policy from time to time, with reference to factors such as the Group's future prospects and capital requirements.

2021 Outlook

Industry research forecasts for 2021 point to broad-based semiconductor growth, driven by overall accelerated digital transformation trends and a recovering automotive and industrial market.

Since the beginning of 2021, the Semiconductor Solutions Segment has experienced order intake momentum at an unprecedented pace, and consequently, Q1 2021 bookings for the Group are expected to surpass US\$700 million. Improving global economic conditions, together with semiconductor inventory replenishments, have resulted in the tightening of global supply chain conditions. While the Group's supply chain was impacted initially, the Semiconductor Solutions Segment is still expected to deliver strong QoQ revenue growth, offset by a QoQ seasonal decrease in SMT Solutions Segment revenue. Overall, in terms of revenue guidance for Q1 2021, the Group revenue is anticipated to range from US\$500 million to US\$550 million, which will be a Q1 quarterly revenue record (excluding revenue from the Materials Segment). The Group has aggressively ramped up its capacity to meet delivery commitments to customers over the coming quarters.

Beyond growing revenue, the need to ensure consistent and sustainable long-term profitability led the Group in 2020 to commission a comprehensive strategic review to significantly improve its market position and profitability for the future.

“A number of initiatives will be rolled out over the next few quarters across the Group that include streamlining and enhancing product portfolios, growing market share in both mid and high-end segments of the assembly equipment market, and improving product cost structures,” explained Mr. Ng. “We are confident that these will translate to consistently higher and sustainable long term Group profitability.”

About ASM Pacific Technology Limited (“ASMPT”)

ASMPT (HKEX stock code: 0522) is a leading global supplier of hardware and software solutions for the manufacture of semiconductors and electronics. Headquartered in Singapore, ASMPT’s offerings encompass the semiconductor assembly & packaging, and SMT (surface mount technology) industries, ranging from wafer deposition, to the various solutions that organise, assemble and package delicate electronic components into a vast range of end-user devices, which include electronics, mobile communications, computing, automotive, industrial and LED (displays). ASMPT partners with customers very closely, with continuous investment in R&D helping to provide cost-effective, industry-shaping solutions that achieve higher productivity, greater reliability and enhanced quality.

ASMPT is one of the constituent stocks of the Hang Seng TECH Index, Hang Seng Composite MidCap Index under the Hang Seng Composite Size Indexes, the Hang Seng Composite Information Technology Industry Index under Hang Seng Composite Industry Indexes and the Hang Seng Hong Kong 35 Index. To learn more about ASMPT, please visit us at www.asmpacific.com.

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For media enquiries:

Lim Ee Guan
Director, Corporate Communications
Tel: +65 6450 1445
Email: eg.lim@asmpt.com

On behalf of ASMPT:

Strategic Financial Relations Limited

Mandy Go / Antonio Yu / Cara Lau
Tel: 2864 4812 / 2114 4319 / 2864 4890
Fax: 2527 1196
Email: mandy.go@sprg.com.hk / antonio.yu@sprg.com.hk / cara.lau@sprg.com.hk

(N.B.: Enclosed please find the Consolidated Statement of Profit or Loss, Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position of ASM Pacific Technology Limited.)

ASM PACIFIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<u>Continuing Operations</u>		<u>Discontinued Operation</u>		<u>Total</u>	
	Year ended 31 Dec		Year ended 31 Dec		Year ended 31 Dec	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)	(audited)	(audited)	(audited)
		(restated)		(restated)		
Revenue	14,700,250	14,030,169	2,186,994	1,852,873	16,887,244	15,883,042
Cost of sales	(9,561,369)	(8,693,410)	(1,844,184)	(1,665,757)	(11,405,553)	(10,359,167)
Gross profit	5,138,881	5,336,759	342,810	187,116	5,481,691	5,523,875
Other income	102,596	89,582	15,544	3,777	118,140	93,359
Selling and distribution expenses	(1,521,751)	(1,536,117)	(50,311)	(54,156)	(1,572,062)	(1,590,273)
General and administrative expenses	(901,769)	(891,057)	(76,221)	(69,876)	(977,990)	(960,933)
Research and development expenses	(1,621,576)	(1,702,765)	(17,659)	(8,093)	(1,639,235)	(1,710,858)
Gain on deemed disposal of subsidiaries	-	-	859,042	-	859,042	-
Other gains and losses	(55,135)	(53,992)	(14,714)	(782)	(69,849)	(54,774)
Other expenses	(147,476)	-	(25,700)	(109,540)	(173,176)	(109,540)
Finance costs	(167,690)	(213,413)	(2,319)	(1,709)	(170,009)	(215,122)
Profit (loss) before taxation	826,080	1,028,997	1,030,472	(53,263)	1,856,552	975,734
Income tax expense	(189,468)	(331,710)	(36,581)	(21,646)	(226,049)	(353,356)
Profit (loss) for the year	636,612	697,287	993,891	(74,909)	1,630,503	622,378
Profit (loss) for the year attributable to owners of the Company						
- from continuing operations					627,625	694,158
- from discontinued operation					993,891	(74,909)
					1,621,516	619,249
Profit for the year attributable to non-controlling interests						
- from continuing operations					8,987	3,129
Profit for the year					1,630,503	622,378
Earnings per share (from continuing and discontinued operations)						
- Basic					HK\$3.97	HK\$1.52
- Diluted					HK\$3.95	HK\$1.52
Earnings per share (from continuing operations)						
- Basic					HK\$1.54	HK\$1.71
- Diluted					HK\$1.53	HK\$1.70

ASM PACIFIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND

OTHER COMPREHENSIVE INCOME

	Year ended 31 Dec	
	2020	2019
	HK\$'000	HK\$'000
	(audited)	(audited)
Profit for the year	1,630,503	622,378
Other comprehensive (expense) income		
<i>Items that will not be reclassified to profit or loss:</i>		
- remeasurement of defined benefit retirement plans, net of tax	(26,100)	(55,916)
- fair value gain on investments in equity instruments at fair value through other comprehensive income	-	8,020
	<u>(26,100)</u>	<u>(47,896)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
- exchange differences on translation of foreign operations	460,908	(121,415)
- reclassification of cumulative translation reserve upon deemed disposal of foreign operations	(8,896)	-
- fair value loss on hedging instruments designated as cash flow hedges	(55,804)	-
	<u>396,208</u>	<u>(121,415)</u>
Other comprehensive income (expense) for the year	<u>370,108</u>	<u>(169,311)</u>
Total comprehensive income for the year	<u>2,000,611</u>	<u>453,067</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	1,979,329	452,016
Non-controlling interests	21,282	1,051
	<u>2,000,611</u>	<u>453,067</u>

ASM PACIFIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<u>Continuing Operations</u>		<u>Discontinued Operation</u>		<u>Total</u>	
	Three months ended 31 Dec		Three months ended 31 Dec		Three months ended 31 Dec	
	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)		
Revenue	4,309,506	3,932,333	608,426	516,566	4,917,932	4,448,899
Cost of sales	(2,981,393)	(2,429,279)	(513,948)	(472,854)	(3,495,341)	(2,902,133)
Gross profit	1,328,113	1,503,054	94,478	43,712	1,422,591	1,546,766
Other income	10,904	13,875	2,261	676	13,165	14,551
Selling and distribution expenses	(408,538)	(403,046)	(12,533)	(14,868)	(421,071)	(417,914)
General and administrative expenses	(243,313)	(245,521)	(22,286)	(17,364)	(265,599)	(262,885)
Research and development expenses	(432,997)	(444,028)	(6,093)	(1,877)	(439,090)	(445,905)
Gain on deemed disposal of subsidiaries	-	-	859,042	-	859,042	-
Other gains and losses	(8,182)	(16,621)	(5,474)	(1,010)	(13,656)	(17,631)
Other expenses	(66,792)	-	(9,122)	(109,540)	(75,914)	(109,540)
Finance costs	(50,276)	(44,818)	(1,326)	(328)	(51,602)	(45,146)
Profit (loss) before taxation	128,919	362,895	898,947	(100,599)	1,027,866	262,296
Income tax expense	(14,177)	(34,382)	(7,868)	(6,052)	(22,045)	(40,434)
Profit (loss) for the period	114,742	328,513	891,079	(106,651)	1,005,821	221,862
Profit (loss) for the period attributable to owners of the Company						
- from continuing operations					109,225	323,109
- from discontinued operation					891,079	(106,651)
					1,000,304	216,458
Profit for the period attributable to non-controlling interests						
- from continuing operations					5,517	5,404
Profit for the period					1,005,821	221,862
Earnings per share (from continuing and discontinued operations)						
- Basic					HK\$2.45	HK\$0.53
- Diluted					HK\$2.43	HK\$0.53
Earnings per share (from continuing operations)						
- Basic					HK\$0.27	HK\$0.79
- Diluted					HK\$0.27	HK\$0.79

ASM PACIFIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND

OTHER COMPREHENSIVE INCOME

	Three months ended 31 Dec	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	1,005,821	221,862
Other comprehensive (expense) income		
<i>Items that will not be reclassified to profit or loss:</i>		
- remeasurement of defined benefit retirement plans, net of tax	(26,100)	(55,916)
- fair value gain on investments in equity instruments at fair value through other comprehensive income	-	8,020
	<u>(26,100)</u>	<u>(47,896)</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
- exchange differences on translation of foreign operations	333,464	104,750
- reclassification of cumulative translation reserve upon deemed disposal of foreign operations	(8,896)	-
- fair value loss on hedging instruments designated as cash flow hedges	(4,977)	-
	<u>319,591</u>	<u>104,750</u>
Other comprehensive income for the period	<u>293,491</u>	<u>56,854</u>
Total comprehensive income for the period	<u><u>1,299,312</u></u>	<u><u>278,716</u></u>
Total comprehensive income for the period attributable to:		
Owners of the Company	1,285,017	270,770
Non-controlling interests	14,295	7,946
	<u><u>1,299,312</u></u>	<u><u>278,716</u></u>

ASM PACIFIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December	
	2020	2019
	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	2,407,335	2,916,415
Right-of-use assets	1,601,737	1,632,626
Investment properties	85,263	53,645
Goodwill	1,159,030	1,047,851
Intangible assets	1,139,436	1,190,072
Other investments	111,106	93,471
Interest in a joint venture	1,240,001	-
Finance lease receivables	4,363	-
Deposits paid for acquisition of property, plant and equipment	9,837	92,888
Rental deposits paid	28,816	32,888
Deferred tax assets	569,129	384,624
Other non-current assets	8,519	19,979
	8,364,572	7,464,459
Current assets		
Inventories	5,773,007	6,291,276
Finance lease receivables	372	-
Trade and other receivables	4,305,431	4,710,170
Amount due from an affiliate of a joint venture	326	-
Derivative financial instruments	45,564	3,482
Income tax recoverable	213,781	49,604
Pledged bank deposits	594	-
Bank deposits with original maturity of more than three months	9,774	9,053
Bank balances and cash	4,450,564	2,317,543
	14,799,413	13,381,128
Current liabilities		
Trade liabilities and other payables	2,784,858	2,670,411
Advance payments from customers	1,239,316	861,766
Amounts due to a joint venture and its affiliate	110,277	-
Derivative financial instruments	-	9,295
Lease liabilities	169,730	188,633
Provisions	308,722	283,696
Income tax payable	175,743	97,134
Bank borrowings	547,210	321,364
	5,335,856	4,432,299
Net current assets	9,463,557	8,948,829
	17,828,129	16,413,288

ASM PACIFIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- continued

	At 31 December	
	2020	2019
	HK\$'000	HK\$'000
Capital and reserves		
Share capital	41,079	40,889
Dividend reserve	821,592	286,227
Other reserves	12,306,918	11,301,200
Equity attributable to owners of the Company	13,169,589	11,628,316
Non-controlling interests	24,658	3,376
Total equity	13,194,247	11,631,692
Non-current liabilities		
Bank borrowings	2,500,476	2,722,118
Lease liabilities	1,352,476	1,362,169
Retirement benefit obligations	319,821	260,551
Provisions	51,345	53,024
Derivative financial instruments	55,804	-
Deferred tax liabilities	232,377	233,788
Other liabilities and accruals	121,583	149,946
	4,633,882	4,781,596
	17,828,129	16,413,288