

ASMPT Announces 2020 First Quarter Results

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Grasping Opportunities in Crises, Forging Ahead

Highlights

- Group revenue of US\$434.2 million decreased 7.6% and 24.0% over the same period of last year and the preceding three months, respectively
- Net profit of HK\$25.4 million decreased 76.6% and 88.6% over the same period of last year and the preceding three months, respectively
- Earnings per share of HK\$0.06 decreased HK\$0.21 and HK\$0.47 over the same period of last year and the preceding three months, respectively
- Semiconductor Solutions Segment revenue of US\$194.3 million decreased 1.6% and 25.3% over the same period of last year and the preceding three months, respectively
- Materials Segment revenue of US\$51.6 million increased 1.3% over the same period of last year but decreased 22.3% over the preceding three months
- SMT Solutions Segment revenue of US\$188.3 million decreased 15.1% and 23.1% over the same period of last year and the preceding three months, respectively
- Group bookings of US\$668.9 million increased 45.3% and 50.2% over the same period of last year and the preceding three months, respectively
- Cash and bank deposits of HK\$3.25 billion at the end of March 2020, as compared with HK\$2.33 billion at the end of 2019
- Book to bill ratio was 1.54

(Hong Kong, 22 April 2020) — The world's No.1 semiconductor assembly and packaging solutions supplier **ASM Pacific Technology Limited** (“ASMPT” / the “Group”) (Stock code: 0522) today announced its quarterly results for the three months ended 31 March 2020. Despite a challenging quarter with the COVID-19 outbreak, ASMPT managed to register a very strong double-digit % year-on-year (“YoY”) and quarter-on-quarter (“QoQ”) growth in bookings. Bookings for this quarter was the 2nd highest first quarter bookings after the record booking performance in Q1 2018.

ASMPT reported a revenue of HK\$3.38 billion (equivalent to US\$434.2 million) during Q1 this year (Q1 2019: HK\$3.66 billion, equivalent to US\$466.6 million). The Group's consolidated profit after taxation for the period was HK\$25.4 million (Q1 2019: HK\$108.2 million). Basic earnings per share for the period amounted to HK\$0.06 (Q1 2019: HK\$0.27).

Mr. Lee Wai Kwong, Chief Executive Officer of ASMPT, said, “We started the year with very strong bookings in January. Although the momentum was disrupted in February due to the COVID-19 outbreak in China, bookings in March returned to normal, with immaterial amount of order cancellation. Driven by factors including 5G infrastructure built up, localization of the China semiconductor supply chain, recovery of the Optoelectronic market and the Group’s strong position in Advanced Packaging, we achieved strong double-digit % YoY booking growth in Q1 this year, led by customers in China, Taiwan and Korea.”

Since the outbreak of COVID-19, ASMPT has taken every effort to protect the safety and health of its employees which is the utmost priority. The Group has implemented prevention control procedures that have worked out well so far with minimal disruption to operations. Currently, close to 100% of the Group’s employees in its China manufacturing plants had returned back to work.

The other two primary production facilities in Malaysia and Singapore are also affected. Malaysia government has imposed a Movement Control Order closing all factories from 18 March 2020 until 28 April 2020. ASMPT’s factory, as part of essential supply chain, has been granted approval to run production with a reduced workforce. On 3 April 2020, Singapore government also announced a set of tightened measures effective from 7 April 2020 until 4 May 2020, including suspending all non-essential workplace. The Group’s business is classified as a key economic sector and allowed to remain open but with certain restrictions. While it is inevitable that such restrictions would have an impact on production capacities and efficiencies, the Group is able to cushion some of these impacts because of its diversified manufacturing base.

For the Semiconductor Solutions (formerly Back-end Equipment) Segment, demand for traditional tools like Wire and Die Bonders, and tools for Advanced Packaging contributed to the strong booking performance for this quarter. China semiconductor supply chain localization effect, 5G infrastructure and general lighting demand contributed to the increase in bookings for IC/ Discrete and Optoelectronics businesses.

Revenue from Advanced Packaging tools continued to be strong exceeding that of CIS this quarter. Collectively, both AP and CIS contributed close to half of Semiconductor Solutions Segment’s billing. Gross margin has increased by 202 bps YoY and 45 bps QoQ to 41.3%, mainly due to product mix and positive results from productivity drive in manufacturing activities.

For the SMT Solutions Segment, strong demand for 5G infrastructure and SiP packages contributed to the high booking similar to the level recorded in the first quarter of 2018. Billing of the SMT Solutions Segment amounted to US\$188.3 million, representing a contraction of 15.1% YoY and 23.1% QoQ. Segment profit declined by 40.8% YoY and 54.6% QoQ.

During the period, the Materials Segment recorded bookings of US\$88.9 million, which was a record high and this is also the fifth consecutive QoQ growth that the Materials Segment has registered. Traditionally serving as a leading indicator to the semiconductor market, this trend would have overwhelmingly suggested a recovery of the market, if not for the current uncertainty introduced by the COVID-19 outbreak. In this quarter, billing of the Materials Segment declined 22.3% QoQ but expanded slightly 1.3% YoY and gross margin improved 7 bps QoQ to 8.5%.

“Our manufacturing team in China demonstrated great resilience when our plants were re-opened after the prolonged shutdown due to COVID-19 outbreak. We are also grateful to our suppliers who had supported us. We are working towards recovering a big portion of lost capacity over next few months through productivity improvement and working overtime.

Going forward, the pickup in demand from the Chinese manufacturers to localize their supply chains and the accelerated deployment of 5G infrastructure and the progress we are making on capturing new market opportunities such as Advanced Packaging, Silicon Photonics, Industrial Internet of Things, mini and micro LED solutions, Power semiconductors and Industry 4.0 solutions underpin our confidence to deliver long term sustainable value to our shareholders.

Second quarter bookings tend to trend higher than first quarter in the past; however we are of the view that the booking for Q2 2020 would decline double-digit % QoQ due to the adverse impacts caused by the unprecedented COVID-19 pandemic. While the Group ended Q1 2020 with a high backlog, some orders would take more than one quarter to be fulfilled due to production lead time and revenue recognition policy. Considering the above, we anticipate revenue in Q2 2020 to be in the range of US\$500 million to US\$580 million. We also expect the Group’s gross margin to be in the range of 34.5% to 36.5% for Q2 2020.” **Mr. Lee** concluded.

About ASM Pacific Technology Limited

As a global technology and market leader, ASMPT (HKEX stock code: 0522), develops and provides leading edge solutions in surface mount technology, equipment and materials for the semiconductor assembly and packaging industries. Its solutions are deployed in a wide range of end-user markets including electronics, mobile communications, automotive, industrial and LED. Its continuous investment in research and development help to provide customers with innovative and cost-efficient solutions and systems that enable them to achieve higher productivity, greater reliability and enhanced quality.

Listed on the Hong Kong Stock Exchange since 1989, ASMPT is currently one of the constituent stocks on the 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 our website at www.asmpacific.com.

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

ASM PACIFIC TECHNOLOGY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three months ended		
	31 March 2020 (unaudited) HK\$'000	31 December 2019 (unaudited) HK\$'000	31 March 2019 (unaudited) HK\$'000
Revenue	3,380,288	4,448,899	3,660,015
Cost of sales	(2,247,378)	(2,902,133)	(2,419,791)
Gross profit	1,132,910	1,546,766	1,240,224
Other income	55,710	14,551	14,088
Selling and distribution expenses	(367,564)	(417,914)	(368,421)
General and administrative expenses	(224,919)	(262,885)	(223,458)
Research and development expenses	(395,091)	(445,905)	(409,056)
Other gains and losses	(11,726)	(17,631)	16,208
Other expenses	(61,270)	(109,540)	-
Finance costs	(39,530)	(45,146)	(86,807)
Profit before taxation	88,520	262,296	182,778
Income tax expense	(63,170)	(40,434)	(74,541)
Profit for the period	25,350	221,862	108,237
Profit (loss) for the period attributable to:			
Owners of the Company	23,596	216,458	110,058
Non-controlling interests	1,754	5,404	(1,821)
	25,350	221,862	108,237
Earnings per share			
- Basic	HK\$0.06	HK\$0.53	HK\$0.27
- Diluted	HK\$0.06	HK\$0.53	HK\$0.27

ASM PACIFIC TECHNOLOGY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		
	31 March 2020 (unaudited) HK\$'000	31 December 2019 (unaudited) HK\$'000	31 March 2019 (unaudited) HK\$'000
Profit for the period	25,350	221,862	108,237
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
- exchange differences arising on translation of foreign operations	(226,264)	104,750	18,218
- fair value loss on hedging instruments designated as cash flow hedges	(13,665)	-	-
	(239,929)	104,750	18,218
Items that will not be reclassified to profit or loss:			
- remeasurement of defined benefit retirement plans, net of tax	-	(55,916)	-
- fair value gain on investments in equity instruments at fair value through other comprehensive income	-	8,020	-
	-	(47,896)	-
Other comprehensive (expense) income for the period	(239,929)	56,854	18,218
Total comprehensive (expense) income for the period	(214,579)	278,716	126,455
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company	(213,558)	270,770	129,666
Non-controlling interests	(1,021)	7,946	(3,211)
	(214,579)	278,716	126,455