

ASMPT Announces 2020 Interim Results

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**Staying Resilient Amid Economic Uncertainty
1H 2020 Group Profitability Improved Year-on-Year****Highlights****First Half of 2020**

- Group revenue of US\$991.6 million improved by 5.9% over the same period last year and decreased by 10.5% compared to the second half of last year
- Group net profit of HK\$390.8 million increased 119.2% as compared with the first six-month period of last year; and decreased 12.0% compared to the second six-month period of last year
- Group earnings per share of HK\$0.95 for the first half of 2020
- Semiconductor Solutions Segment revenue of US\$473.3 million increased 16.6% over the first six-month period of last year and decreased 4.5% compared to the second six-month period of last year
- Materials Segment revenue of US\$125.7 million improved 15.6% over the first six-month period of last year and fell by 3.2% compared to the second half of last year
- SMT Solutions Segment revenue of US\$392.6 million decreased 6.9% and 18.7% over the first six-month period and the second six-month period of last year, respectively
- 1H new Group order bookings of US\$1.14 billion increased 7.4% and 19.0% over the first and second six-month periods of last year, respectively
- Group order backlog was US\$799.9 million as of 30 June 2020
- 1H Book-to-Bill Ratio was 1.15

Second Quarter of 2020

- Group revenue of US\$557.4 million increased 27.8% and 19.5% over the preceding quarter and the same period last year, respectively
- Group net profit of HK\$365.4 million increased 1,341.5% and 421.8% over the preceding quarter and the same period last year, respectively
- Group earnings per share of HK\$0.89 for the second quarter 2020
- Group operating profits of HK\$495.8 million increased 241.1% and 95.8% over the preceding quarter and the same period last year, respectively
- Semiconductor Solutions Segment revenue of US\$279.0 million increased 43.0% and 33.8% over the preceding quarter and over the same period last year, respectively
- Materials Segment revenue of US\$74.2 million increased 43.2% and 28.2% over the preceding quarter and over the same period last year, respectively
- SMT Solutions Segment revenue of US\$204.2 million increased 8.0% and 2.2% over the preceding quarter and the same period last year, respectively
- Q2 new Group order bookings of US\$472.0 million decreased 29.4% and 21.6% over the preceding quarter and over the same period last year, respectively.
- Cash and bank deposits of HK\$3.59 billion as of 30 June 2020

(Hong Kong, 29 July 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 interim results for the six months ended 30 June 2020. Despite challenging first half of 2020 with the global economy going through a steep economic downturn triggered by the COVID-19 pandemic and the lockdowns instituted in multiple countries, as well as headwinds posed by the US-China trade tension, ASMPT had been resilient and was able to achieve YoY growth in revenue and profit, with the help of factors including 5G infrastructure built up, localization of the China semiconductor supply chain and strong position of the Group in Advanced Packaging.

ASMPT reported a revenue of US\$991.6 million during first half this year (2019 1H: US\$927.3 million). The Group's consolidated profit after taxation for the period was HK\$390.8 million (2019 1H: HK\$178.3 million). Basic earnings per share for the period amounted to HK\$0.95 (2019 1H: HK\$0.44).

Group bookings for the first half of the year amounted to US\$1.14 billion, representing an increase of 7.4% compared to the first half of last year (YoY). The book-to-bill ratio for the first six months of this year came in at 1.15. The Group ended the first half with a Backlog of US\$799.9 million.

Mr. Robin Ng, Chief Executive Officer of ASMPT, said, "We have navigated global macro-economic headwinds relatively well, but with the COVID-19 pandemic and ongoing geopolitical tensions continuing to be disruptive, uncertainties remain. One thing is clear – the rapid transformation of global workforce and industry norms have added to overall trends that point toward a future increasingly in need of more digital capabilities and features. These include: increased telecommuting use, a huge thirst for high performance computing & data centres, 5G infrastructure buildup, localization of China's semiconductor supply chain, and - across multiple industries - an increasingly wider and more complex range of requirements for digitally-driven capabilities. I am pleased that ASMPT is very well placed to help meet these burgeoning requirements."

ASMPT saw an increase in revenue recorded from customers from the Mobility, Communications and Information Technology segments. Optoelectronics and Power Management segments also turned in a very strong revenue performance for the first half of 2020 versus the first half 2019. Last but not least, Advanced Packaging also delivered excellent results for billing performance in the first half of 2020 compared to the first half of 2019.

In light of ongoing economic headwinds, the Group had undertaken a series of Group-wide initiatives to control cost including a Group-wide salary freeze, tight headcount control and close monitoring on discretionary spending. The Group's solid balance sheet provides the foundation to withstand this period of economic uncertainty and beyond.

Weathering COVID-19 Effect

With the outbreak of COVID-19 in early part of this year, the Group formed a Group BCP ("Business Continuity Plan") Committee to steer its global efforts in managing the COVID-19 situation. The Committee's efforts have ensured that the Group is in compliance with local authorities' guidelines and restrictions while helping at the same time, as a responsible corporate citizen, the communities in which it operates fight the outbreak.

In its principal manufacturing facilities in China, effectively 100% of employees have returned to work after the lifting of various travel restrictions that had been imposed since the extended Chinese New Year holiday period. The Group has recovered a big portion of lost capacity in Q1 through productivity improvement and working overtime.

By the middle of May 2020, its Malaysia factory had returned to full production workforce. The Singapore government gradually re-opened business from 2 June 2020 and its workforce in Singapore continued to be on the alert to the evolving situation. In both locations, production capacity has been restored to normal levels. In countries in Europe and the USA where the Group has operations, there are various types of restrictions and stay-in-shelter orders. The Group managed to continue its business operations through a combination of flexible work arrangements.

Segment Highlights

During the second quarter of this year, billings of the Semiconductor Solutions Segment amounted to US\$279.0 million, representing increases of 43.0% and 33.8% for QoQ and YoY respectively. Billings of the Semiconductor Solutions Segment for the first six months of this year were US\$473.3 million, representing an increase of 16.6% against the same period a year ago.

The Q2 segment billings strong YoY growth was underpinned by Advanced Packaging, Optoelectronics and IC/Discrete segments. CIS had experienced YoY decline mainly due to the soft demand for smartphones and also the high base compared to the previous year. The advanced packaging deposition tools for RDL (redistribution layer) and copper build-up applications from NEXX had delivered strong billings growth compared to the same period last year. The on-going market ramp for the High Performance Computing applications continue to drive the strong performance from NEXX. Other than NEXX, the traditional wire bonders and die bonders delivered relatively strong YoY Q2 revenue growth despite challenging business environment.

New order bookings for the Semiconductor Solutions Segment in the second quarter were US\$226.9 million. For the first six months of this year, the Semiconductor Solutions Segment achieved new order bookings of US\$536.5 million, representing a significant increase of 14.2% comparing to the same period last year. On the YoY basis, Q2 segment bookings saw a slight decrease of 8.1%, despite the confluence of the pandemic and trade war dampening the overall business sentiment.

The Semiconductor Solutions Segment achieved gross margins of 42.9% and 42.2% during the second quarter and the first half of this year, respectively, which represented improvements of 211 bps and 219 bps YoY, respectively. The gross margin for first half was driven mainly by higher volume effect, positive results from our productivity drive, product mix and continuous cost reductions in our manufacturing operations.

Over the first six months of this year, bookings of the Materials Segment amounted to US\$167.3 million. This was an improvement of 59.3% against the corresponding period of last year. The first half bookings for Materials Segment was a record. Billings of the Materials Segment for the six-month period amounted to US\$125.7 million, representing an increase of 15.6% comparing to the same period a year ago.

The Materials Segment achieved gross margins of 16.9% and 13.5% during the second quarter and the first half of this year, respectively, representing improvements of 546 bps and 250 bps YoY respectively. The gross margin improvement of Materials Segment was underpinned by higher volume effect and discontinuation of the loss-making Molded Interconnect Substrate business in 2020.

During the six-month period, billings of the SMT Solutions Segment were US\$392.6 million, representing a decrease of 6.9% YoY. The Segment gross margins of 31.3% and 31.8% during the second quarter and the first half of this year respectively were impacted by the decline in revenue for Automotive and Industrial applications market and the relatively larger China customer base that the Group served this year compared to last year.

“The International Monetary Fund revised their global full year 2020 growth projections downwards during their June 2020 review, from -3.0% to -4.9%. For the second half of 2020, the threat of another wave of COVID-19 infections and continued fallout from worsening US-China tensions will remain major concerns globally. We anticipate revenue for Q3 2020 to be in the range of US\$480 million to US\$560 million which takes into account subdued demand for Automotive and weakness in Eurozone demand.

Despite these uncertainties, we expect continued demand from Chinese manufacturers to localize their supply chains, accelerated deployment of 5G infrastructure and good progress the Group is 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 to help deliver long term sustainable value to our shareholders.” **Mr. Ng** 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 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 our website 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 Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income and Condensed Consolidated Statement of Financial Position of ASM Pacific Technology Limited.)

ASM PACIFIC TECHNOLOGY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4,321,249	3,614,774	7,701,537	7,274,789
Cost of sales	(2,800,057)	(2,322,896)	(5,047,435)	(4,742,687)
Gross profit	1,521,192	1,291,878	2,654,102	2,532,102
Other income	10,977	15,106	66,687	29,194
Selling and distribution expenses	(385,526)	(385,694)	(753,090)	(754,115)
General and administrative expenses	(248,489)	(232,978)	(473,408)	(456,436)
Research and development expenses	(391,369)	(419,946)	(786,460)	(829,002)
Other gains and losses	(16,956)	(41,515)	(28,682)	(25,307)
Other expenses	(25,978)	-	(87,248)	-
Finance costs	(40,129)	(41,018)	(79,659)	(127,825)
Profit before taxation	423,722	185,833	512,242	368,611
Income tax expense	(58,290)	(115,801)	(121,460)	(190,342)
Profit for the period	365,432	70,032	390,782	178,269
Profit (loss) for the period, attributable to:				
Owners of the Company	365,776	69,429	389,372	179,487
Non-controlling interests	(344)	603	1,410	(1,218)
	365,432	70,032	390,782	178,269
Earnings per share				
- Basic	HK\$0.89	HK\$0.17	HK\$0.95	HK\$0.44
- Diluted	HK\$0.89	HK\$0.17	HK\$0.95	HK\$0.44

ASM PACIFIC TECHNOLOGY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 June		Six months ended 30 June	
	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000	2019 (Unaudited) HK\$'000
Profit for the period	365,432	70,032	390,782	178,269
Other comprehensive income (expense)				
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	73,958	(69,605)	(152,306)	(51,387)
Fair value loss on hedging instruments designated as cash flow hedges, which may be reclassified subsequently to profit or loss	(24,989)	-	(38,654)	-
Other comprehensive income (expense) for the period	48,969	(69,605)	(190,960)	(51,387)
Total comprehensive income for the period	414,401	427	199,822	126,882
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	412,573	(674)	199,015	128,992
Non-controlling interests	1,828	1,101	807	(2,110)
	414,401	427	199,822	126,882

ASM PACIFIC TECHNOLOGY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 June 2020 (Unaudited) HK\$'000	At 31 December 2019 (Audited) HK\$'000
Non-current assets		
Property, plant and equipment	2,716,824	2,916,415
Right-of-use assets	1,534,122	1,632,626
Investment property	51,960	53,645
Goodwill	1,042,359	1,047,851
Intangible assets	1,135,693	1,190,072
Other investments	99,664	93,471
Deposits paid for acquisition of property, plant and equipment	140,012	92,888
Rental deposits paid	26,822	32,888
Deferred tax assets	450,968	384,624
Other non-current assets	18,136	19,979
	<u>7,216,560</u>	<u>7,464,459</u>
Current assets		
Inventories	6,655,924	6,291,276
Trade and other receivables	4,298,223	4,710,170
Derivative financial instruments	11,943	3,482
Income tax recoverable	79,537	49,604
Bank deposits with original maturity of more than three months	9,021	9,053
Bank balances and cash	3,580,050	2,317,543
	<u>14,634,698</u>	<u>13,381,128</u>
Current liabilities		
Trade liabilities and other payables	2,735,517	2,670,411
Advance payments from customers	1,258,212	861,766
Derivative financial instruments	41,648	9,295
Lease liabilities	178,852	188,633
Provisions	301,070	283,696
Income tax payable	81,976	97,134
Bank borrowings	1,192,136	321,364
	<u>5,789,411</u>	<u>4,432,299</u>
Net current assets	<u>8,845,287</u>	<u>8,948,829</u>
	<u>16,061,847</u>	<u>16,413,288</u>

ASM PACIFIC TECHNOLOGY LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
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	At 30 June 2020 (Unaudited) HK\$'000	At 31 December 2019 (Audited) HK\$'000
Capital and reserves		
Share capital	40,889	40,889
Dividend reserve	286,227	286,227
Other reserves	11,247,783	11,301,200
Equity attributable to owners of the Company	<u>11,574,899</u>	<u>11,628,316</u>
Non-controlling interests	4,183	3,376
Total equity	<u>11,579,082</u>	<u>11,631,692</u>
Non-current liabilities		
Lease liabilities	1,278,016	1,362,169
Retirement benefit obligations	240,289	260,551
Provisions	53,423	53,024
Bank borrowings	2,501,302	2,722,118
Deferred tax liabilities	254,934	233,788
Other liabilities and accruals	154,801	149,946
	<u>4,482,765</u>	<u>4,781,596</u>
	<u>16,061,847</u>	<u>16,413,288</u>