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ASMPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

Announcement Of Unaudited 2022 Third Quarter Results For The Three Months Ended 30 September 2022

Resilient 9-Month Revenue and Gross Margin Performance Anchored by ASMPT's Unique Broad-Based Portfolio

Group Financial Highlights for First Nine Months ("9M") of 2022

- * Revenue of HK\$15.03 billion (US\$1.92 billion), -4.5% YoY
- * Bookings of HK\$15.32 billion (US\$1.96 billion), -26.6% YoY
- * Gross margin of 41.1%, +77 bps YoY
- * Operating margin of 17.6%, -83 bps YoY
- * Net profit of HK\$2.35 billion, +3.8% YoY
- * Basic earnings per share of HK\$5.71, +4.0% YoY
- * Order backlog of HK\$10.06 billion (US\$1.28 billion) as of 30 September 2022

Group Financial Highlights for Q3 2022

- * Revenue of HK\$4.56 billion (US\$581.3 million), -26.8% YoY and -12.3% QoQ
- * Bookings of HK\$3.63 billion (US\$461.9 million), -36.6% YoY and -22.0% QoQ
- * Gross margin of 40.9%, +29 bps YoY and -82 bps QoQ
- * Operating margin of 14.4%, -638 bps YoY and -439 bps QoQ
- * Net profit of HK\$616.8 million, -38.5% YoY and -31.8% QoQ
- * Basic earnings per share of HK\$1.50, -38.8% YoY and -31.5% QoQ

Revenue Guidance for Q4 2022

- * US\$455 million to US\$525 million

The Directors of ASMPT Limited are pleased to announce the Group's unaudited results for the nine months ended 30 September 2022:

RESULTS SUMMARY

ASMPT Limited and its subsidiaries (the "Group" or "ASMPT") delivered revenue of HK\$15.03 billion (US\$1.92 billion) for the nine months ended 30 September 2022 ("9M 2022"), representing a decline of 4.5% year-on-year ("YoY"). The Group's consolidated profit after taxation for 9M 2022 was HK\$2.35 billion, an increase of 3.8% YoY. Basic earnings per share ("EPS") for 9M 2022 was HK\$5.71, an increase of 4.0%.

MANAGEMENT DISCUSSION AND ANALYSIS

This review of the Group's performance for the nine months ended 30 September 2022 will begin with key financial and business highlights for 9M 2022, followed by a Q3 2022 financial review of the Group and its Segments: the Semiconductor Solutions Segment ("SEMI") and SMT Solutions Segment ("SMT").

Group Highlights – Unique Broad-Based Portfolio Anchored Resilient Performance

(in HK\$ million)	Q3 2022	QoQ	YoY	9M 2022	YoY
Bookings	3,625.2 (US\$461.9 million)	-22.0%	-36.6%	15,318.7 (US\$1,957.6 million)	-26.6%
Revenue	4,562.0 (US\$581.3 million)	-12.3%	-26.8%	15,033.1 (US\$1,919.6 million)	-4.5%
Gross Margin	40.9%	-82 bps	+29 bps	41.1%	+77 bps
Operating Margin	14.4%	-439 bps	-638 bps	17.6%	-83 bps
Net Profit	616.8	-31.8%	-38.5%	2,351.5	+3.8%
Net Profit Margin	13.5%	-386 bps	-258 bps	15.6%	+126 bps

The Group achieved a resilient performance despite challenging macroeconomic conditions that included trade tensions, COVID-19 restrictions, geopolitical conflicts and inflationary pressures, which progressively dampened consumer sentiment.

The Group delivered revenue of HK\$15.03 billion (US\$1.92 billion). The Group reaped some positive effects from segment cyclicalities as the 12.7% YoY decline in its SEMI segment revenue was partially mitigated by 7.6% revenue growth from the SMT segment, which did particularly well in achieving a record 9M segment revenue.

Notably, the Group's 9M 2022 revenue was around 30% higher compared with average 9M revenue of 3-year pre-pandemic period from 2017-2019¹.

From the end-market perspective, Group revenue was impacted by a drop in contributions from the Communication, Computers and Consumer end markets. This dip was partially offset by growth from the Automotive and Industrial markets.

Group bookings were HK\$15.32 billion (US\$1.96 billion), a decline of 26.6% YoY. This was due to a record base effect for 2021 and challenging macroeconomic conditions. The Group's Automotive and Advanced Packaging ("AP") end markets continued to account for a relatively higher proportion of Group bookings. As of 30 September 2022, the Group had a backlog of HK\$10.06 billion (US\$1.28 billion) and a book-to-bill ratio of 1.02.

¹ The Group's former Materials segment results were deconsolidated and have been equity accounted for since 29 December 2020. This 'around 30%' figure *excludes* the revenue from this deconsolidated segment.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

Notably, Gross margin (“GM”) has remained above 40% for six consecutive quarters. GM was 41.1% in 9M 2022, an improvement of 77 bps YoY. Both SEMI and SMT segments drove margin improvement due to a favourable product mix, targeted pricing adjustments and ongoing strategic initiatives. However, some of these improvements were partially offset by higher material prices and logistics costs due to stretched global supply chains.

The Group’s operating margin was 17.6%, down 83 bps YoY. This decline was due to lower sales volume and an increase in operating costs mainly due to inflation.

Despite the revenue dip, the Group’s net profit increased 3.8% YoY to HK\$2.35 billion partly due to foreign exchange gains.

Positive Impact From Unique Broad-Based Portfolio

The Group’s solutions are very well diversified across not just its SEMI and SMT segments, but also across mainstream, applicative and AP solutions. Collectively, this unique and broad portfolio functions both as a source of competitive differentiation and as a key contributor to the Group’s resilient financial performance – this became even more evident as obvious signs of near-term industry weakness emerged through 2022.

The effect of the Group’s unique, broad-based portfolio can be seen in the following aspects of its business:

Growing Contribution From Automotive: The quickening pace of automotive electrification aligned well with the Group’s broad range of Automotive solutions that delivered growth in revenue for 9M 2022. The Group has been progressively expanding its customer base, with the SEMI segment acquiring new customers and the SMT segment strengthening its foothold with key ones. The Group’s solutions have been increasingly servicing pure Electric Vehicle (“EV”) players on top of hybrid and conventional automotive customers. This broad and expanding customer base is supported by the Group’s unique Automotive solutions such as laser singulation and sintering that address the packaging needs for 3rd generation semiconductor materials (silicon carbide and gallium nitride).

Robust Demand For AP Tools: The Group’s broad and comprehensive AP solutions continued to yield stable contributions to the Group’s 9M 2022 revenue. Over the longer term, major semiconductor customers have committed significant amounts for investments in advanced nodes, which bodes well for demand of the Group’s AP solutions. Here are some developments on our AP tools:

- The Group’s **Thermo Compression Bonding (“TCB”)** solutions continue to enjoy order wins since early 2022 for its chip-to-wafer TCB tools, with deliveries progressing well and consistently contributing to Group revenue. The Group has also continued to expand its customer base in more diverse end market applications such as advanced memory. In addition, the Group’s innovation in next generation ultra-fine pitch chip-to-wafer TCB technology continues apace, and it aims to deliver demo tools by Q1 2023.
- The Group experienced a pick-up in demand for its **Advanced Displays (Mini/ Micro LED)** business, with 9M 2022 revenue increasing YoY. The Group’s Advanced Display business also registered significant YoY bookings growth for 9M 2022, with increased demand for its ultra-fine pitch Mini LEDs for indoor displays due to an expanding customer base.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

- The Group's **Hybrid Bonding ("HB")** plans are on track as it continues to work actively with key customers. The Group remains focused on delivering its HB tools for qualifications to leading customers to support their plans to move towards more advanced nodes over the next few years.

Strong SMT Performance: SMT's performance throughout 9M 2022 was anchored by both revenue and GM improvements. The revenue growth was mainly supported by Automotive and Industrial end markets, and robust demand came from Europe and the Americas. The Group believes that its SMT business has gained market share during the year with robust demand for its high-end placement tools leading the way.

Q3 2022 Group Financial Review

The Group delivered revenue of HK\$4.56 billion (US\$581.3 million) within guidance, representing declines of 26.8% YoY and 12.3% QoQ. These declines were mainly due to dampened consumer sentiment resulting in some delivery pushouts as per customers' requests.

The Group's bookings of HK\$3.63 billion (US\$461.9 million) was a decline of 36.6% YoY and 22.0% QoQ. These declines were largely due to a high base effect coupled with weakness in Communication, Computers and Consumer end markets.

The Group's gross margin was 40.9%, up 29 bps YoY and down 82 bps QoQ. This resilient performance was driven by both SEMI and SMT segments.

The Group's net profit of HK\$616.8 million was a decline of 38.5% YoY and 31.8% QoQ.

Semiconductor Solutions Segment Financial Review

(in HK\$ million)	Q3 2022	QoQ	YoY	9M 2022	YoY
Bookings	1,487.1 (US\$189.5 million)	-30.3%	-58.0%	7,735.6 (US\$988.9 million)	-41.2%
Revenue	2,207.8 (US\$281.3 million)	-28.1%	-37.8%	8,222.2 (US\$1,050.0 million)	-12.7%
Gross Margin	44.6%	-10 bps	+102 bps	44.7%	+88 bps
Segment Profit	297.0	-51.9%	-62.8%	1,538.5	-24.3%
Segment Profit Margin	13.5%	-663 bps	-907 bps	18.7%	-286 bps

The SEMI segment registered Q3 2022 revenue of HK\$2.21 billion (US\$281.3 million), representing 48.4% of Group revenue, a decrease of 37.8% YoY and 28.1% QoQ. The revenue was driven by the following developments within each of its Business Units ("BU"s):

MANAGEMENT DISCUSSION AND ANALYSIS - continued

- (i) The IC/Discrete BU's revenue declined QoQ. The BU's mainstream tools, namely die attach and wire bonders, witnessed weak demand but deliveries of tools to customers serving Automotive and AP outperformed the other end markets.
- (ii) The Optoelectronics BU registered QoQ revenue growth mainly due to improving demand for its more advanced tools serving ultra-fine pitch Mini LED displays, Silicon Photonics and Automotive applications. This growth was partially offset as conventional lighting market remained weak.
- (iii) The CIS BU delivered QoQ growth in revenue, but the BU still faced weakness mainly attributed to ongoing softness in the smartphone market, partly cushioned by Automotive and other applications.

The segment registered Q3 2022 bookings of HK\$1.49 billion (US\$189.5 million), a decline of 58.0% YoY due mainly to a high base effect. Bookings declined 30.3% QoQ as customers became more cautious.

Segment Q3 2022 gross margin was 44.6%, an increase of 102 bps YoY and flat QoQ. YoY improvement was mainly due to better product mix.

Segment profit of HK\$297.0 million in Q3 2022 was a decline of 62.8% YoY and 51.9% QoQ.

SMT Solutions Segment Financial Review

(in HK\$ million)	Q3 2022	QoQ	YoY	9M 2022	YoY
Bookings	2,138.1 (US\$272.4 million)	-15.1%	-1.5%	7,583.1 (US\$968.6 million)	-1.7%
Revenue	2,354.1 (US\$300.0 million)	+10.4%	-12.3%	6,810.9 (US\$869.6 million)	+7.6%
Gross Margin	37.4%	+1 bps	+74 bps	36.7%	+161 bps
Segment Profit	460.9	+15.2%	-19.4%	1,298.8	+23.5%
Segment Profit Margin	19.6%	+81 bps	-172 bps	19.1%	+246 bps

The SMT segment delivered robust Q3 2022 revenue of HK\$2.35 billion (US\$300.0 million), which accounted for 51.6% of the Group's revenue. This was a decline of 12.3% YoY but a growth of 10.4% QoQ. YoY decline was due to a high base effect. QoQ growth was propelled by strong contributions from segment's high-end placement tools and demand from mainly Automotive and Industrial applications.

The segment achieved Q3 2022 bookings of HK\$2.14 billion (US\$272.4 million), a decline of 1.5% YoY and 15.1% QoQ. QoQ decline was mainly due to seasonality and weakness in Communication, Computers and Consumer end markets. Industrial and Automotive contributions to segment bookings increased.

Segment Q3 2022 gross margin was 37.4%, up 74 bps YoY and flat QoQ. YoY margin enhancement was mainly due to increased contributions from high accuracy tools.

Segment profit was HK\$460.9 million in Q3 2022, a decrease of 19.4% YoY and up 15.2% QoQ.

GIVING BACK TO SHAREHOLDERS

The Group remains committed towards its dividend policy of maintaining around 50% pay out on an annual basis. To enhance shareholder value further, the Board has approved a Share Buy-back Plan (“SBP”) on 20 July 2022, pursuant to which the Company will buy back the on-market shares of the Company up to a maximum value of HK\$420 million. Since commencement of the SBP, a total of 2,467,400 shares have been steadily bought back for approximately HK\$152 million, which represents 0.6% of total outstanding shares.

The Group held cash and bank deposits of HK\$3.90 billion as of 30 September 2022 (versus HK\$4.49 billion as of 30 September 2021).

Q4 2022 REVENUE GUIDANCE

TechInsights downgraded its forecast for the 2022 PAE (packaging and assembly equipment) market from a July forecast of 8.2% YoY growth for 2022, to a decline of 9.6% YoY for 2022 in its August forecast. The Group continues to face challenging macroeconomic conditions, which also led some industry players to moderate their near-term outlook. Also, the Group’s Q4 revenue has historically been lower than Q3 due to seasonality factors.

Thus, the Group expects revenue for Q4 2022 to be between US\$455 million to US\$525 million, representing decline of 38% YoY and 16% QoQ at mid-point.

LONGER TERM OUTLOOK

The prevailing short-term volatility and weak industry sentiments will eventually phase out as the industry gets back on track again for longer term growth. This rationale is backed by the strong tailwinds from a sustained and growing demand for chips and silicon content in an increasingly digital-driven world. TechInsights has forecasted the semiconductor PAE market to expand from US\$6.5 billion in 2021 to US\$8.3 billion in 2027 at a CAGR of 4.3%.

The Group continues to execute on its strategic initiatives and invest in Research and Development (“R&D”). The strong emphasis on R&D will put the Group in an advantageous position to capture opportunities. Being a leading global provider of hardware and software solutions for the manufacture of semiconductors and electronics, the Group is poised to continue its long-term growth trajectory.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 30 Sep		Nine months ended 30 Sep	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
	<i>Notes</i>				
Revenue	2	4,561,956	6,232,746	15,033,061	15,746,900
Cost of sales		(2,698,103)	(3,704,127)	(8,860,076)	(9,401,760)
Gross profit		1,863,853	2,528,619	6,172,985	6,345,140
Other income		59,977	56,384	94,695	111,630
Selling and distribution expenses		(449,247)	(463,336)	(1,289,313)	(1,316,749)
General and administrative expenses		(257,279)	(246,341)	(738,446)	(717,701)
Research and development expenses		(498,365)	(520,755)	(1,502,011)	(1,410,943)
Other gains and losses		117,847	(5,814)	283,308	(23,101)
Other expenses		(17,227)	(63,545)	(44,353)	(70,896)
Finance costs		(31,309)	(28,400)	(90,381)	(88,318)
Share of result of a joint venture		34,161	44,842	149,971	89,288
Profit before taxation		822,411	1,301,654	3,036,455	2,918,350
Income tax expense		(205,586)	(297,953)	(684,954)	(653,991)
Profit for the period		616,825	1,003,701	2,351,501	2,264,359
Profit (loss) for the period, attributable to:					
Owners of the Company		616,662	1,003,820	2,353,375	2,255,970
Non-controlling interests		163	(119)	(1,874)	8,389
		616,825	1,003,701	2,351,501	2,264,359
Earnings per share	3				
- Basic		HK\$1.50	HK\$2.45	HK\$5.71	HK\$5.49
- Diluted		HK\$1.49	HK\$2.44	HK\$5.69	HK\$5.48

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Profit for the period	616,825	1,003,701	2,351,501	2,264,359
Other comprehensive (expense) income				
<i>Item that will not be reclassified to profit or loss:</i>				
- net fair value loss on investments in equity instruments at fair value through other comprehensive income	-	-	-	(49,735)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
- exchange differences on translation of foreign operations				
- subsidiaries	(570,039)	(96,049)	(1,172,818)	(198,202)
- a joint venture	(21,762)	1,221	(34,895)	2,992
- fair value gain on hedging instruments designated as cash flow hedges	28,889	6,892	87,248	19,229
	(562,912)	(87,936)	(1,120,465)	(175,981)
Other comprehensive expense for the period	(562,912)	(87,936)	(1,120,465)	(225,716)
Total comprehensive income for the period	53,913	915,765	1,231,036	2,038,643
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	63,064	916,112	1,250,003	2,033,321
Non-controlling interests	(9,151)	(347)	(18,967)	5,322
	53,913	915,765	1,231,036	2,038,643

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The financial highlights have been prepared under the historical cost basis except for the derivative financial instruments, other investments and certain financial liabilities which are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. SEGMENT INFORMATION

The Group has two (2021: two) operating segments: development, production and sales of (1) semiconductor solutions and (2) surface mount technology solutions. They represent the two (2021: two) major categories of products manufactured by the Group.

An analysis of the Group's revenue and results by operating and reportable segment is as follows:

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue from external customers				
Semiconductor solutions	2,207,835	3,547,706	8,222,155	9,416,898
Surface mount technology solutions	2,354,121	2,685,040	6,810,906	6,330,002
	4,561,956	6,232,746	15,033,061	15,746,900
Segment profit				
Semiconductor solutions	297,000	799,061	1,538,502	2,031,725
Surface mount technology solutions	460,885	571,961	1,298,772	1,051,438
	757,885	1,371,022	2,837,274	3,083,163
Interest income	7,330	2,429	17,091	6,343
Finance costs	(31,309)	(28,400)	(90,381)	(88,318)
Unallocated other income and other gain	6,073	1,884	19,561	3,102
Unallocated net foreign exchange gain and fair value change of foreign currency forward contracts	117,771	20,762	282,661	38,985
Unallocated general and administrative expenses	(52,273)	(47,340)	(135,369)	(143,317)
Share of result of a joint venture	34,161	44,842	149,971	89,288
Other expenses	(17,227)	(63,545)	(44,353)	(70,896)
Profit before taxation	822,411	1,301,654	3,036,455	2,918,350
Segment profit %				
Semiconductor solutions	13.5%	22.5%	18.7%	21.6%
Surface mount technology solutions	19.6%	21.3%	19.1%	16.6%

3. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	616,662	1,003,820	2,353,375	2,255,970
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	Three months ended 30 Sep		Nine months ended 30 Sep	
	2022 Number of shares (in thousands) (unaudited)	2021 (unaudited)	2022 Number of shares (in thousands) (unaudited)	2021 (unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	411,501	410,521	412,179	410,604
Effect of dilutive potential shares: - Employee Share Incentive Scheme	2,180	1,626	1,673	1,166
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Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	413,681	412,147	413,852	411,770
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REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2022.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Miss Orasa Livasiri (Chairman), Mr. John Lok Kam Chong, Mr. Wong Hon Yee, Mr. Eric Tang Koon Hung, Mr. Andrew Chong Yang Hsueh and Ms. Hera Siu Kitwan as Independent Non-Executive Directors, Mr. Benjamin Loh Gek Lim and Mr. Paulus Antonius Henricus Verhagen as Non-Executive Directors, and Mr. Robin Gerard Ng Cher Tat and Mr. Guenter Walter Lauber as Executive Directors.

On behalf of the Board
Robin Gerard Ng Cher Tat
Director

Hong Kong, 25 October 2022