

ASMPT Announces 2019 Annual Results

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Powered by Twin Engines, Rising above Challenges**Highlights****2019**

- Group revenue of US\$2.03 billion decreased 18.8% over 2018
- Net profit of HK\$622.4 million decreased 71.9% over 2018
- Earnings per share of HK\$1.52
- Back-end equipment revenue of US\$893.6 million decreased 24.4% over 2018
- Materials revenue of US\$236.4 million decreased 17.8% over 2018
- SMT solutions revenue of US\$896.6 million decreased 12.6% over 2018
- New order bookings of US\$2.02 billion decreased 21.5% over 2018
- Book to bill ratio of 1.00
- Cash and bank deposits of HK\$2.33 billion at the end of December 2019

Second Half of 2019

- Half-year Group revenue of US\$1.10 billion increased 18.3% over the first half of 2019 and decreased 13.3% over the second half of 2018
- Net profit of HK\$444.1 million increased 149.1% over the first half of 2019 and decreased 45.5% over the second half of 2018
- Earnings per share of HK\$1.08
- Half-year Back-end equipment revenue of US\$491.6 million increased 22.0% over the first half of 2019 and decreased 8.4% over the second half of 2018
- Half-year Materials revenue of US\$128.8 million increased 19.5% over the first half of 2019 and decreased 5.9% over the second half of 2018
- Half-year SMT solutions revenue of US\$478.9 million increased 14.5% over the first half of 2019 and decreased 19.5% over the second half of 2018

Fourth Quarter of 2019

- Group revenue of US\$568.0 million increased 7.0% over the preceding quarter and decreased 6.7% over the fourth quarter of 2018
- Net profit of HK\$221.9 million decreased 0.2% over the preceding quarter and increased 4.5% over the fourth quarter of 2018
- Excluded the restructuring costs and related tax effect of HK\$106.9 million in the fourth quarter of 2019 and HK\$15.5 million in the fourth quarter of 2018, the Group's net profit represented improvements of 47.9% over the preceding quarter and 44.4% over the fourth quarter of 2018, respectively
- Earnings per share of HK\$0.53
- Group bookings of US\$445.2 million decreased 13.3% and 6.1% over the preceding quarter and the fourth quarter of 2018, respectively
- Backlog of US\$650.6 million as of end 2019 decreased 0.7% over a year ago

(Hong Kong, 26 February 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 annual results for the year ended 31 December 2019. During the year, although the semiconductor industry went through a slowdown largely due to global economic uncertainties amid the trade war and weaker demand from some end-markets such as Optoelectronics and Automotive, ASMPT made good progress as a result of successfully implementing a range of initiatives such as focusing on higher growth markets and realigning operations to reduce costs.

ASMPT reported a revenue of HK\$15.88 billion (equivalent to US\$2.03 billion) in the year ended 31 December 2019 (2018: HK\$19.55 billion, equivalent to US\$2.49 billion). The Group's consolidated profit after taxation for the year was HK\$622.4 million (2018: HK\$2.21 billion). Basic earnings per share for the year amounted to HK\$1.52 (2018: HK\$5.47). Gross margin of the Group was 34.8%.

The Group managed to re-establish momentum in its business in the second half of the year with a strong 18.3% revenue growth and 149.1% improvement in net profit over the first half of the year.

The Board of Directors recommends a final dividend of HK\$0.70 (2018: final dividend of HK\$1.40) per share. The total dividend payout for 2019 is HK\$2.00 (2018: HK\$2.70) per share, with a payout ratio of 132%.

During the year, Group bookings was US\$2.02 billion (2018: US\$2.57 billion). Book to bill ratio was 1.00. Backlog as of end of the year was US\$650.6 million (2018: US\$654.9 million).

Mr. Lee Wai Kwong, Chief Executive Officer of ASMPT, said, “ASMPT has so far demonstrated a successful track record of taking on the challenges of market downturns and emerging strongly each time. In 2019, we are happy to record good progress from businesses that we acquired over the past few years, in particular, ASM NEXX, which provides advanced deposition tools to the Advanced Packaging market, and Critical Manufacturing, which provides Manufacturing Execution System software solutions. We have also established leading positions, beyond the traditional die and wire bonders market, in the high growth areas of CMOS Image Sensors (CIS) and Advanced Packaging.”

The Back-end Equipment Segment continued to hold the No. 1 position in the global market, a position it first attained in 2002. It has also further widened the revenue gap with the closest rival. Advanced Packaging tools contributed to more than 20% (2018: more than 10%) of the revenue of the segment for this fiscal year. CIS and Advanced Packaging tools collectively contributed to more than 50% of the segment's revenue. Billings for CIS and Advanced Packaging grew YoY despite the soft market condition in 2019.

ASM NEXX made a significant contribution to the bookings and billings of the IC and Discrete business in 2019. It has also strengthened ASMPT's position in the Advanced Packaging market. The Group remains confident that its investments in Advanced Packaging over the past few years has put ASMPT well ahead of its peers. Nonetheless, ASMPT has become the “go-to” partner of many of our customers who are developing Advanced Packaging solutions.

Despite the headwinds of weak economic conditions and the slowdown in automotive demand, the SMT Solutions Segment benefitted from the increase in 5G infrastructure-related investments.

Being the leading supplier of SMT equipment and solutions since 2015, the Group was also the first to launch integrated and open data communication from the individual machine to the line, the factory, and the cloud in 2019. This means electronics manufacturers can now take a step-by-step transformation into an integrated smart factory and meet their Industry 4.0 goals.

In 2019, the Materials Segment recorded four consecutive quarters of QoQ growth in bookings, which shows that the semiconductor industry is clearly on the path of recovery.

As part of its ongoing effort to drive for greater efficiencies and to reduce costs, the Group decided to relocate the lead frame operations in Singapore to the newly expanded plant in Malaysia, and decided to discontinue the Molded Interconnect Substrate (MIS) business in Q1 2020 after an extensive evaluation of the competitive landscape of this business.

“We ended the year with increased optimism that the global semiconductor industry is expected to stage a 2020 recovery. However, given the widespread nature of the COVID-19 outbreak and the fact that it is still evolving, the impact to the industry is unclear and difficult to estimate at this point in time. Due to extended shut down in China during and after the Chinese New Year, the Group has lost around 1/3 of our production capacities in China in Q1 2020. On a full year basis, we estimate the impact to be less than 10%.

Based on our best estimate at the time of this announcement, we anticipate that Q1 2020 Group revenue will be in the range of between US\$370 million to US\$450 million, and more than likely the Group will record a loss for Q1 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 surface mount technology 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 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

	Three months ended 31 Dec		Year ended 31 Dec	
	2019	2018	2019	2018
	(unaudited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
Revenue	4,448,899	4,767,696	15,883,042	19,550,590
Cost of sales	(2,902,133)	(3,196,406)	(10,359,167)	(12,113,813)
Gross profit	1,546,766	1,571,290	5,523,875	7,436,777
Other income	14,551	11,648	93,359	96,126
Selling and distribution expenses	(417,914)	(478,461)	(1,590,273)	(1,660,893)
General and administrative expenses	(262,885)	(251,290)	(960,933)	(1,013,345)
Research and development expenses	(445,905)	(424,060)	(1,710,858)	(1,610,225)
Other gains and losses	(17,631)	(1,174)	(54,774)	(78,455)
Restructuring costs	(109,540)	(19,067)	(109,540)	(19,067)
Finance costs	(45,146)	(51,065)	(215,122)	(177,762)
Profit before taxation	262,296	357,821	975,734	2,973,156
Income tax expense	(40,434)	(145,606)	(353,356)	(761,428)
Profit for the period	221,862	212,215	622,378	2,211,728
Profit (loss) for the period attributable to:				
Owners of the Company	216,458	211,161	619,249	2,216,062
Non-controlling interests	5,404	1,054	3,129	(4,334)
	221,862	212,215	622,378	2,211,728
Earnings per share				
- Basic	HK\$0.53	HK\$0.52	HK\$1.52	HK\$5.47
- Diluted	HK\$0.53	HK\$0.52	HK\$1.52	HK\$5.44

ASM PACIFIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 31 Dec		Year ended 31 Dec	
	2019	2018	2019	2018
	(unaudited) HK\$'000	(unaudited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
Profit for the period	221,862	212,215	622,378	2,211,728
Other comprehensive income (expense)				
- exchange differences arising on translation of foreign operations, which may be reclassified subsequently to profit or loss	104,750	(29,632)	(121,415)	(273,227)
- remeasurement of defined benefit retirement plans, net of tax, which will not be reclassified to profit or loss	(55,916)	3,400	(55,916)	3,400
- fair value gain on investments in equity instruments at fair value through other comprehensive income, which will not be reclassified to profit or loss	8,020	-	8,020	-
Other comprehensive income (expense) for the period	56,854	(26,232)	(169,311)	(269,827)
Total comprehensive income for the period	278,716	185,983	453,067	1,941,901
Total comprehensive income (expense) for the period attributable to:				
Owners of the Company	270,770	186,904	452,016	1,948,645
Non-controlling interests	7,946	(921)	1,051	(6,744)
	278,716	185,983	453,067	1,941,901

ASM PACIFIC TECHNOLOGY LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December	
	2019	2018
	HK\$'000	HK\$'000
Non-current assets		
Property, plant and equipment	2,916,415	2,850,450
Right-of-use assets	1,632,626	-
Investment property	53,645	56,206
Goodwill	1,047,851	1,057,816
Intangible assets	1,190,072	1,305,622
Prepaid lease payments	-	126,732
Other investments	93,471	56,355
Deposits paid for acquisition of property, plant and equipment	92,888	40,672
Rental deposits paid	32,888	42,033
Deferred tax assets	384,624	355,210
Other non-current assets	19,979	16,343
	<u>7,464,459</u>	<u>5,907,439</u>
Current assets		
Inventories	6,291,276	6,541,939
Trade and other receivables	4,710,170	6,324,901
Prepaid lease payments	-	3,863
Derivative financial instruments	3,482	1,852
Income tax recoverable	49,604	44,134
Pledged bank deposits	-	2,054
Bank deposits with original maturity of more than three months	9,053	9,198
Bank balances and cash	2,317,543	2,240,022
	<u>13,381,128</u>	<u>15,167,963</u>
Current liabilities		
Trade liabilities and other payables	2,670,411	3,165,478
Advance payments from customers	861,766	718,694
Derivative financial instruments	9,295	32,697
Lease liabilities/obligations under finance leases	188,633	410
Provisions	283,696	330,933
Income tax payable	97,134	533,701
Convertible bonds	-	2,224,652
Bank borrowings	321,364	786,021
	<u>4,432,299</u>	<u>7,792,586</u>
Net current assets	<u>8,948,829</u>	<u>7,375,377</u>
	<u>16,413,288</u>	<u>13,282,816</u>

ASM PACIFIC TECHNOLOGY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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	At 31 December	
	2019	2018
	HK\$'000	HK\$'000
Capital and reserves		
Share capital	40,889	40,667
Dividend reserve	286,227	569,340
Other reserves	11,301,200	11,557,541
Equity attributable to owners of the Company	11,628,316	12,167,548
Non-controlling interests	3,376	(6,893)
Total equity	11,631,692	12,160,655
Non-current liabilities		
Lease liabilities/obligations under finance leases	1,362,169	736
Retirement benefit obligations	260,551	171,515
Provisions	53,024	48,528
Bank borrowings	2,722,118	473,740
Deferred tax liabilities	233,788	250,783
Other liabilities and accruals	149,946	176,859
	4,781,596	1,122,161
	16,413,288	13,282,816