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## **ASM PACIFIC TECHNOLOGY LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0522)**

### **ANNOUNCEMENT OF UNAUDITED 2014 FIRST QUARTER RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2014**

#### **Net Profits Surged 18.7 Times Year-on-Year and 2.3 Times Quarter-on-Quarter**

- Sequential improvements in bookings across all three of our business segments during the first quarter of 2014. New order bookings have improved by 37.8% as compared to the last quarter of 2013 to US\$403.4 million
- The book-to-bill ratio for the Group for the first quarter of 2014 was 1.26, the order backlog as of 31 March 2014 increased to US\$340.5 million, an increase of 32.7% from the end of 2013
- Group turnover of US\$321.3 million, representing a growth of 17.3% over the same period last year and a decline of 9.8% against preceding three months
- Net profit of HK\$156.7 million, which is 19.7 times of the profit of the same period last year and 3.3 times of the profit of the preceding quarter
- Earnings per share of HK\$0.39, representing an improvement of HK\$0.27 and HK\$0.37 over last quarter and the same period last year, respectively
- Back-end equipment turnover of US\$163.5 million, representing a growth of 34.0% over the same period last year and an increase of 2.3% over the preceding three months
- Lead frame turnover of US\$57.0 million, achieving a growth of 11.4% and 22.6% over the preceding three months and the same period last year, respectively
- SMT equipment turnover of US\$100.8 million, representing a decline of 30.6% and 4.3% against the last three months and the same period last year, respectively
- SMT equipment business has continued to deliver positive operating profits despite a competitive business environment
- Cash on hand of HK\$3.3 billion at the end of March 2014

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the three months ended 31 March 2014:

## RESULTS

ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASMPT”) achieved a turnover amounting to HK\$2.5 billion for the three months ended 31 March 2014, representing an increase of 17.3% as compared with HK\$2.1 billion for the first quarter of 2013 and a contraction of 9.8% from the preceding quarter. The Group's consolidated profit after taxation for the first quarter of 2014 was HK\$156.7 million as compared to a profit of HK\$8.0 million in the corresponding period in 2013, and a profit of HK\$47.2 million in the previous quarter. Basic earnings per share (EPS) for the first quarter of 2014 amounted to HK\$0.39 (first quarter of 2013: HK\$0.02, fourth quarter of 2013: HK\$0.12).

## FINANCIAL HIGHLIGHTS

		<b>Three months ended</b>		
		<b>31 March 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Unaudited) HK\$'000	31 March 2013 (Unaudited) HK\$'000
	<i>Notes</i>			
Turnover	1	<b>2,493,433</b>	2,763,755	2,125,516
Cost of sales		<b>(1,685,681)</b>	(2,014,315)	(1,580,431)
Gross profit	2	<b>807,752</b>	749,440	545,085
Other income		<b>1,795</b>	20,019	1,159
Selling and distribution expenses		<b>(233,649)</b>	(232,060)	(206,035)
General and administrative expenses		<b>(127,256)</b>	(174,100)	(113,337)
Research and development expenses		<b>(235,436)</b>	(240,360)	(211,665)
Other gains and losses		<b>(8,923)</b>	(804)	10,813
Restructuring costs		-	(104,521)	-
Finance costs		<b>(6,216)</b>	(4,600)	(4,972)
Profit before taxation		<b>198,067</b>	13,014	21,048
Income tax expense		<b>(41,376)</b>	34,179	(13,096)
Profit for the period, attributable to owners of the Company		<b>156,691</b>	47,193	7,952
Other comprehensive (expense) income				
- exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss		<b>(8,463)</b>	50,072	(48,929)
- remeasurement of defined benefit retirement plans, net of tax, which will not be reclassified to profit or loss		-	12,108	-
Other comprehensive (expense) income for the period		<b>(8,463)</b>	62,180	(48,929)
Total comprehensive income (expense) for the period, attributable to owners of the Company		<b>148,228</b>	109,373	(40,977)
Earnings per share	3			
- Basic		<b>HK\$0.39</b>	HK\$0.12	HK\$0.02
- Diluted		<b>HK\$0.39</b>	HK\$0.12	HK\$0.02

*Notes:*

## 1. Segment Information

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

	Three months ended		
	31 March 2014 (Unaudited) HK\$'000	31 December 2013 (Unaudited) HK\$'000	31 March 2013 (Unaudited) HK\$'000
<b>Segment revenue from external customers</b>			
Back-end equipment	1,268,637	1,239,540	947,020
Surface mount technology ("SMT") equipment	782,226	1,126,918	817,457
Lead frame	442,570	397,297	361,039
	<b>2,493,433</b>	<b>2,763,755</b>	<b>2,125,516</b>
<b>Segment profit</b>			
Back-end equipment	171,440	71,323	1,407
SMT equipment	19,306	79,235	2,834
Lead frame	37,246	25,217	17,755
	<b>227,992</b>	<b>175,775</b>	<b>21,996</b>
Interest income	1,193	1,025	932
Finance costs	(6,216)	(4,600)	(4,972)
Unallocated other expenses	-	(617)	(3)
Unallocated net foreign exchange (loss) gain	(9,854)	(1,274)	10,971
Unallocated general and administrative expenses	(15,048)	(52,774)	(7,876)
Restructuring costs	-	(104,521)	-
Profit before taxation	<b>198,067</b>	<b>13,014</b>	<b>21,048</b>
<b>Segment profit %</b>			
Back-end equipment	13.5%	5.8%	0.1%
SMT equipment	2.5%	7.0%	0.3%
Lead frame	8.4%	6.3%	4.9%

2. An analysis of the Group's turnover, gross profit and earnings before interest and tax excluding the effect of restructuring costs ("EBIT") by Business is as follows:

<b>Three months ended 31 March 2014</b>			
	<b>Back-end Business (Note)</b>	<b>SMT Business</b>	<b>Total</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	<b>1,711,207</b>	<b>782,226</b>	<b>2,493,433</b>
Gross profit	<b>553,500</b>	<b>254,252</b>	<b>807,752</b>
EBIT	<b>184,269</b>	<b>18,821</b>	<b>203,090</b>
Gross profit %	<b>32.3%</b>	<b>32.5%</b>	<b>32.4%</b>
EBIT %	<b>10.8%</b>	<b>2.4%</b>	<b>8.1%</b>

<b>Three months ended 31 December 2013</b>			
	<b>Back-end Business (Note)</b>	<b>SMT Business</b>	<b>Total</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	1,636,837	1,126,918	2,763,755
Gross profit	441,856	307,584	749,440
EBIT	54,210	66,900	121,110
Gross profit %	27.0%	27.3%	27.1%
EBIT %	3.3%	5.9%	4.4%

<b>Three months ended 31 March 2013</b>			
	<b>Back-end Business (Note)</b>	<b>SMT Business</b>	<b>Total</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	1,308,059	817,457	2,125,516
Gross profit	336,314	208,771	545,085
EBIT	15,390	9,699	25,089
Gross profit %	25.7%	25.5%	25.6%
EBIT %	1.2%	1.2%	1.2%

Note: Back-end Business: Back-end Equipment and Lead Frame

### 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:

	<b>Three months ended</b>		
	<b>31 March 2014 (Unaudited) HK\$'000</b>	31 December 2013 (Unaudited) HK\$'000	31 March 2013 (Unaudited) HK\$'000
Earnings for the purposes of basic and diluted earnings per share (Profit for the period)	<b>156,691</b>	47,193	7,952
	<b>Number of Shares (in thousands)</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>400,631</b>	399,269	399,230
Effect of dilutive potential shares from the Employee Share Incentive Scheme	<b>10</b>	1,400	6
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>400,641</b>	400,669	399,236

Note: The effect of the outstanding convertible bonds was not included in the computation of diluted earnings per share for the three months ended 31 March 2014 as it was anti-dilutive. Details of the issue of convertible bonds by the Company were set out in the Company's announcement dated 4 March 2014. The issue of the convertible bonds was completed on 28 March 2014.

## REVIEW

It has been a very promising start to the year. The initial signs indicate that 2014 may be a better year as compared to 2013. The improvements have been multifaceted, in that we have experienced increased bookings across all three of our business segments during the first quarter of 2014. Net profits of the Group surged 2.3 times and 18.7 times over the preceding quarter and the same period last year, respectively. ASMPT has certainly returned to growth.

The bookings received for our Back-end equipment during the first three months of the year have surged by 48.7% against the same period a year ago and were up by 52.9% as compared to the fourth quarter of last year. Revenue for Back-end equipment amounted to US\$163.5 million for the first quarter of 2014, which represents a strong growth of 34.0% against the same period last year, and a slight improvement of 2.3% from the preceding quarter. Back-end equipment revenue contributed to 50.9% of the Group's revenue during the first quarter of 2014.

The strong performance of our Back-end equipment business was supported by the recovery in the semiconductor and LED markets, increased revenue contribution from our Thermo-Compression Bonding ("TCB") equipment, and strong demand from the automotive electronics and power management markets.

## REVIEW – continued

Our Lead frame business continues to perform well. Lead frame revenue amounted to US\$57.0 million, representing a sequential growth of 11.4% from the fourth quarter of last year, and was also an expansion of 22.6% as compared to the same period last year. It is especially notable that the first-quarter revenue from our Lead frame business in 2014 was the highest that we have ever achieved during the first quarter of any year in our history. Additionally, new order bookings for Lead frames grew by 8.9% over the fourth quarter of 2013, which will lead to a further increase in revenue in the second quarter. Although bookings for Lead frames have contracted by 2.9% compared to a year ago, the booking momentum which started in the fourth quarter of 2013 appears to have extended into the second quarter of this year. The small contraction probably reflects the fact that the market started to recover a few months earlier than the previous year. Lead frame revenue contributed to 17.7% of the Group's revenue during the first quarter of 2014. The gross margin of our Back-end business, which consists of the Back-end equipment and Lead frame segments, was 32.3% during the period, representing improvements of 6.6% and 5.3% against the first and fourth quarters last year, respectively.

Bookings for SMT equipment grew strongly by 33.7% quarter-on-quarter and by 29.4% year-on-year, respectively. We are pleased that the SMT equipment business has continued to deliver positive operating profits despite a competitive business environment. However, due to a relatively low level of bookings received during the fourth quarter of last year, SMT equipment revenue contracted by 30.6% from the preceding quarter and by 4.3% from the corresponding quarter last year. The start of the year has historically been a low season for SMT equipment sales. On the other hand, we have observed an ongoing recovery in the European market for our SMT equipment, which is a good sign because of our leading position in that market. SMT equipment revenue contributed to 31.4% of the Group's revenue during the first quarter of 2014.

In the first quarter of 2014, Group revenue amounted to US\$321.3 million, representing a growth of 17.3% as compared to the first quarter of last year and a contraction of 9.8% as compared to the fourth quarter of last year, respectively. Group bookings amounted to US\$403.4 million, which was an increase of 37.8% over the preceding quarter and an increase of 31.4% over the corresponding quarter last year, respectively.

Due to higher revenue contribution from the Back-end equipment business and our cost-reduction efforts, profitability of the Group improved significantly from the end of 2013, as well as from the same period last year.

The book-to-bill ratio, representing net bookings over billings, was 1.26 for the first quarter of 2014. The order backlog as of the end of the first quarter increased to US\$340.5 million, constituting an increase of 32.7% as compared to the end of last year.

Geographically, China (including Hong Kong) (44.7%), Europe (15.2%), Malaysia (11.4%), the Americas (11.3%) and Taiwan (5.1%) were the top five markets for ASMPT in the first quarter of 2014.

In March 2014, the Group has successfully issued the convertible bonds (“CB”) to raise HK\$2.4 billion from the financial market. The money raised will be used to fund the acquisition of the DEK business and other working capital requirements. The Group will pay a coupon interest of 2% p.a. for the CB, which is due in 2019. The initial conversion price of the CB is HK\$98.21. The issue of CB significantly strengthens our balance sheet, improves our financial stability and equips the Group with the necessary financial resources to weather any unforeseen economic exigencies.

## **REVIEW – continued**

Capital addition during the period amounted to HK\$90.0 million, which was fully funded by this quarter's depreciation and amortization of HK\$96.9 million. Cash on hand as of 31 March 2014 was HK\$3.3 billion.

## **PROSPECTS**

Following from the rebound in bookings during the start of the year, we expect our billings to improve in the second quarter of 2014 for all the three segments of our business. With this rebound, we are on course to attain a moderate double-digit percentage improvement in billings over the same period of last year.

Additionally, our improved billings should lead to further improvements in our profitability, particularly for our Back-end and SMT equipment businesses.

In the circumstances, we do expect the market to continue on its path of recovery, unless such recovery is interrupted by unforeseen adverse macroeconomic conditions. Hopefully, the industry had already reached the bottom of the current industry cycle during the fourth quarter of 2013, and the market is now well on track to recovery.

## **REVIEW OF ACCOUNTS**

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2014.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the Board comprises Mr. Arthur H. del Prado (Chairman), Mr. Lee Wai Kwong, Mr. James Chow Chuen and Mr. Robin Gerard Ng Cher Tat as Executive Directors, Mr. Charles Dean del Prado and Mr. Petrus Antonius Maria van Bommel as Non-executive Directors, and Miss Orasa Livasiri, Mr. John Lok Kam Chong, Mr. Wong Hon Yee and Mr. Eric Tang Koon Hung as Independent Non-executive Directors.

On behalf of the Board  
**Lee Wai Kwong**  
Director

Hong Kong, 23 April 2014