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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF UNAUDITED 2017 THIRD QUARTER RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2017

ASMPT Set New Records in Revenue and Net Profit

First Nine Months of 2017

- * Record Group revenue of US\$1.71 billion, representing an increase of 23.9% over the same period last year
- * Net profit of HK\$2.34 billion, representing a surge of 120.9% over the same period last year, includes a non-cash gain of HK\$202.1 million arising from the adjustment of the liability component of convertible bonds
- * Excluding the non-cash gain of HK\$202.1 million, the Group's net profit amounted to HK\$2.14 billion, an improvement of 101.9% over the same period last year, which net profit would be a record if the non-cash bargain purchase gain of HK\$1.08 billion that arose from the acquisition of SMT Equipment business were excluded from the net profit for the same period in 2011
- * Earnings per share of HK\$5.78 for the first nine months of 2017
- * Record Back-end equipment revenue of US\$857.0 million, representing an increase of 21.6% over the same period last year
- * Record SMT Solutions revenue of US\$640.3 million, representing an increase of 30.0% over the same period last year
- * Record Materials revenue of US\$210.0 million, representing an increase of 16.7% over the same period last year
- * Record new order bookings of US\$1.84 billion, representing an increase of 31.1% over the same period last year
- * Backlog amounted to US\$578.4 million as of the end of the third quarter, an increase of 39.1% from the same period last year

Third Quarter of 2017

- * Record Group revenue of US\$654.0 million, representing increases of 21.8% and 15.5% over the same period last year and the preceding quarter, respectively
- * Net profit of HK\$862.8 million, representing increases of 49.3% and 14.9% over the same period last year and the preceding quarter, respectively; a record quarterly net profit if the said non-cash bargain purchase gain of HK\$1.08 billion is excluded from the Q1 2011 quarterly net profit
- * Earnings per share of HK\$2.12 for the third quarter 2017
- * Back-end equipment revenue of US\$288.3 million, representing an increase of 1.1% over the same period last year but a contraction of 6.9% against the preceding quarter
- * Record SMT Solutions revenue of US\$291.5 million, representing increases of 54.5% and 57.5% over the same period last year and the preceding quarter, respectively
- * Record Materials revenue of US\$74.2 million, representing increases of 17.3% and 3.9% over the same period last year and the preceding quarter, respectively
- * New order bookings of US\$574.4 million, representing an increase of 31.8% over the same period last year and a contraction of 13.1% against the preceding quarter
- * Cash and bank deposits of HK\$2.64 billion at the end of September 2017

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement of unaudited results for the third quarter and nine months ended 30 September 2017:

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASMPT”) reported a revenue of HK\$5.11 billion (US\$654.0 million) for the three months ended 30 September 2017, representing an increase of 21.8% as compared with HK\$4.20 billion (US\$540.6 million) for the same period last year and an increase of 15.5% when compared with the revenue of HK\$4.42 billion (US\$568.6 million) for the preceding three-month period.

The Group’s consolidated profit after taxation for the three months was HK\$862.8 million, which was 49.3% higher than the corresponding period in 2016 and 14.9% higher than the preceding three-month period. Basic earnings per share (EPS) for the three-month period amounted to HK\$2.12 (third quarter of 2016: HK\$1.44, second quarter of 2017: HK\$1.85).

The Group reported revenue of HK\$13.30 billion (US\$1.71 billion) for the nine months ended 30 September 2017, representing an increase of 23.9% as compared with HK\$10.73 billion (US\$1.38 billion) for the same period last year. The Group’s consolidated profit after taxation for the nine months is HK\$2.34 billion which was 120.9% higher than the same period in 2016.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | | Three months ended 30 Sep | | Nine months ended 30 Sep | |
|--|--------------|---------------------------|-------------|--------------------------|-------------|
| | | 2017 | 2016 | 2017 | 2016 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | <i>Notes</i> | | | | |
| Revenue | 1 | 5,110,083 | 4,196,922 | 13,295,484 | 10,728,204 |
| Cost of sales | | (3,033,562) | (2,543,079) | (7,903,145) | (6,693,878) |
| Gross profit | | 2,076,521 | 1,653,843 | 5,392,339 | 4,034,326 |
| Other income | | 40,909 | 16,341 | 71,656 | 30,775 |
| Selling and distribution expenses | | (376,114) | (349,196) | (1,065,459) | (955,406) |
| General and administrative expenses | | (247,859) | (205,577) | (661,444) | (577,274) |
| Research and development expenses | | (381,805) | (331,761) | (1,054,552) | (908,612) |
| Adjustment of liability component of convertible bonds | | - | - | 202,104 | - |
| Other gains and losses | | (7,522) | (21,462) | (13,511) | (52,786) |
| Finance costs | | (41,875) | (52,779) | (125,576) | (144,442) |
| Restructuring costs | | - | (148) | - | (80,405) |
| Profit before taxation | | 1,062,255 | 709,261 | 2,745,557 | 1,346,176 |
| Income tax expense | | (199,502) | (131,246) | (402,831) | (285,845) |
| Profit for the period | | 862,753 | 578,015 | 2,342,726 | 1,060,331 |
| Profit for the period attributable to: | | | | | |
| Owners of the Company | | 865,280 | 584,108 | 2,357,532 | 1,077,223 |
| Non-controlling interests | | (2,527) | (6,093) | (14,806) | (16,892) |
| | | 862,753 | 578,015 | 2,342,726 | 1,060,331 |
| Earnings per share | 2 | | | | |
| - Basic | | HK\$2.12 | HK\$1.44 | HK\$5.78 | HK\$2.66 |
| - Diluted | | HK\$2.08 | HK\$1.43 | HK\$5.22 | HK\$2.65 |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Three months ended 30 Sep | | Nine months ended 30 Sep | |
|--|---------------------------|----------------|--------------------------|------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Profit for the period | 862,753 | 578,015 | 2,342,726 | 1,060,331 |
| Other comprehensive income (expense) | | | | |
| Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss | 152,026 | (10,299) | 470,638 | 20,127 |
| Total comprehensive income for the period | <u>1,014,779</u> | <u>567,716</u> | <u>2,813,364</u> | <u>1,080,458</u> |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the Company | 1,017,299 | 573,817 | 2,828,171 | 1,097,279 |
| Non-controlling interests | (2,520) | (6,101) | (14,807) | (16,821) |
| | <u>1,014,779</u> | <u>567,716</u> | <u>2,813,364</u> | <u>1,080,458</u> |

Notes:

1. Segment Information

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 | |
|--|---------------------------|------------------|--------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Segment revenue from external customers | | | | |
| Back-end equipment | 2,252,658 | 2,228,406 | 6,672,256 | 5,488,558 |
| Surface mount technology ("SMT") solutions | 2,277,650 | 1,474,233 | 4,987,895 | 3,837,758 |
| Materials | 579,775 | 494,283 | 1,635,333 | 1,401,888 |
| | 5,110,083 | 4,196,922 | 13,295,484 | 10,728,204 |
| Segment profit | | | | |
| Back-end equipment | 595,762 | 546,201 | 1,746,199 | 1,149,757 |
| SMT solutions | 504,555 | 226,267 | 904,031 | 425,378 |
| Materials | 46,248 | 38,272 | 120,835 | 128,351 |
| | 1,146,565 | 810,740 | 2,771,065 | 1,703,486 |
| Interest income | 7,329 | 6,499 | 23,250 | 16,666 |
| Adjustment of liability component of convertible bonds | - | - | 202,104 | - |
| Finance costs | (41,875) | (52,779) | (125,576) | (144,442) |
| Unallocated other (expenses) income | (1,279) | 265 | (928) | 391 |
| Unallocated net foreign exchange loss | (7,945) | (20,491) | (16,413) | (55,216) |
| Unallocated general and administrative expenses | (40,540) | (34,825) | (107,945) | (94,304) |
| Restructuring costs | - | (148) | - | (80,405) |
| Profit before taxation | 1,062,255 | 709,261 | 2,745,557 | 1,346,176 |
| Segment profit % | | | | |
| Back-end equipment | 26.4% | 24.5% | 26.2% | 20.9% |
| SMT solutions | 22.2% | 15.3% | 18.1% | 11.1% |
| Materials | 8.0% | 7.7% | 7.4% | 9.2% |

2. 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 | |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | 2017 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 | 2017 (Unaudited) HK\$'000 | 2016 (Unaudited) HK\$'000 |
| Earnings for the purposes of calculating basic earnings per share (Profit for the period attributable to owners of the Company) | 865,280 | 584,108 | 2,357,532 | 1,077,223 |
| Less: Adjustment of liability component of convertible bonds (Note) | - | - | (202,104) | - |
| Add: Interest expense on convertible bonds (Note) | 35,854 | - | 107,954 | - |
| | <u>901,134</u> | <u>584,108</u> | <u>2,263,382</u> | <u>1,077,223</u> |
| Earnings for the purpose of calculating diluted earnings per share | <u>901,134</u> | <u>584,108</u> | <u>2,263,382</u> | <u>1,077,223</u> |
| | | | | |
| | Number of Shares (in thousand) | | Number of Shares (in thousand) | |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share | 407,904 | 405,782 | 408,007 | 405,071 |
| Effect of dilutive potential shares: | | | | |
| - Employee Share Incentive Scheme | 2,131 | 1,781 | 1,571 | 1,251 |
| - Convertible bonds (Note) | 23,737 | - | 23,664 | - |
| | <u>433,772</u> | <u>407,563</u> | <u>433,242</u> | <u>406,322</u> |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share | <u>433,772</u> | <u>407,563</u> | <u>433,242</u> | <u>406,322</u> |

Note: In the calculation of the diluted earnings per share for the three months ended 30 September 2017 and the nine months ended 30 September 2017, the Company's outstanding convertible bonds are assumed to have been fully converted into ordinary shares and the profit for the period attributable to owners of the Company is adjusted to exclude the items comprising the adjustment of liability component of convertible bonds and the interest expense relating to the convertible bonds.

The computation of diluted earnings per share for the three months ended 30 September 2016 and the nine months ended 30 September 2016 did not assume the conversion of the Company's outstanding convertible bonds because the assumed conversion would result in an increase in earnings per share.

REVIEW

The electronic industry continued to perform well during the third quarter this year. The global semiconductor market is expected to reach a new record in 2017. This momentum has led ASMPT to achieve new quarterly records for both Group billings and net profits in Q3, as well as for the first nine months this year. Bookings for the Group and our three businesses segments showed positive year-on-year growth with Group bookings for Q3 increased 31.8% year-on-year. Both the Materials Segment and the SMT Solutions Segment achieved new quarterly billing records in Q3 this year.

The Group's revenue and bookings for the first nine months this year has surpassed the same period last year by 23.9% and 31.1%, respectively. In fact, all three business segments achieved new billing records for the first nine months this year. The Group's net profits for the first nine months this year have already surpassed the full year net profits of last year by 62.9%. With higher revenue, coupled with success in strategic transformations implemented over the past few years and aggressive cost reduction measures made, we achieved new records in Group net profits for both Q3 and the first nine months this year. The net profits for this quarter grew 49.3% year-on-year and 14.9% quarter-on-quarter.

All three of our business segments have performed very well this year, setting new quarterly billing records during one of the past three quarters this year. While the Back-end Equipment Segment contributed strongly to the Group's performance during the first half of 2017, the SMT Solutions Segment delivered outstanding performance in this quarter. It is almost certain that the Group and its three business segments will achieve new full year revenue records this year.

| Group | Q3 2017 | | | 9m 2017 | |
|--------------------|---------|--------|---------|---------|---------|
| | | QoQ | YoY | | YoY |
| Bookings (US\$m) | 574.4 | -13.1% | +31.8% | 1,843.8 | +31.1% |
| Revenue (US\$m) | 654.0 | +15.5% | +21.8% | 1,707.3 | +23.9% |
| Gross Margin | 40.6% | -38bps | +123bps | 40.6% | +295bps |
| Net Profit (HK\$m) | 862.8 | +14.9% | +49.3% | 2,342.7 | +120.9% |
| Net Profit Margin | 16.9% | -9bps | +311bps | 17.6% | +774bps |

The quarter-on-quarter reduction in Group bookings in Q3 was due to market seasonality. Overall market conditions remained strong. All three business segments achieved positive year-on-year bookings growth.

The book-to-bill ratio of the Group in the third quarter was 0.88. Group backlog as of the end of Q3 this year amounted to US\$578.4 million, an increase of 39.1% from the same period last year. By geographical distribution, China inclusive of Hong Kong (51.9%), Europe (12.9%), Malaysia (6.8%), Americas (6.3%) and Taiwan (5.0%) are the top five markets for the Group in Q3 of this year.

The Group gross margin for both the third quarter and the first nine months of 2017 were 40.6%, representing year-on-year growth of 123bps and 295bps, respectively. Group net profits amounted to HK\$862.8 million in Q3 and HK\$2.34 billion for the first nine months this year. Both set new records after excluding the one-time gain related to the acquisition of the SMT business in 2011.

Back-end Equipment Segment

The CMOS Imaging Sensor ("CIS") and the IC & Discrete semiconductor markets remained strong during the third quarter this year.

REVIEW – continued

In Q3, billings of the Back-end Equipment Segment amounted to US\$288.3 million, representing a growth of 1.1% as compared with the same period last year and a reduction of 6.9% against Q2 this year. The Back-end Equipment Segment achieved record billings of US\$857.0 million for the first nine months of this year, representing a growth of 21.6% against the same period a year ago. Back-end equipment contributed to 50.2% of the total Group billings for the first nine months and 44.1% during Q3 this year.

During Q3, bookings of the Back-end Equipment Segment rose 20.3% over the same period last year but declined 23.6% as compared with Q2 this year, due to market seasonality. During the first nine months, bookings of the Back-end Equipment Segment grew 28.7% when compared with the same period last year. The Back-end Equipment Segment achieved gross margin of 48.3%, representing improvements of 23bps quarter-on-quarter and 299bps year-on-year during Q3 this year. For Q3 and the first nine months of this year, segment result margins were 26.4% and 26.2%, respectively, representing improvements of 194bps and 522bps year-on-year.

| Back-end Equipment Segment | Q3 2017 | | 9m 2017 |
|----------------------------|---------|---------|---------|
| | QoQ | YoY | YoY |
| Bookings | -23.6% | +20.3% | +28.7% |
| Revenue | -6.9% | +1.1% | +21.6% |
| Gross Margin | +23bps | +299bps | +407bps |
| Segment Profit | -9.3% | +9.1% | +51.9% |
| Segment Profit Margin | -68bps | +194bps | +522bps |

Materials Segment

Materials Segment continued to set new billing records with billings in Q3 surpassed the record set earlier in Q2 this year. Billings of the Materials Segment in Q3 amounted to US\$74.2 million, representing growths of 17.3% and 3.9% over the same period a year ago and Q2 of this year, respectively. Billings for the first nine months of this year were a record of US\$210.0 million, representing a growth of 16.7% over the same period of last year. Materials Segment contributed 11.3% and 12.3% of total Group billings during the third quarter of 2017 and the first nine months of this year, respectively.

During Q3 this year, Materials Segment achieved a gross margin of 14.7% and a segment result margin of 8.0%, representing year-on-year improvements of 37bps and 23bps, respectively.

New order bookings of the Materials Segment grew 6.5% as compared with the same period last year but declined 9.2% as compared with Q2 this year, respectively. Over this nine months period, bookings of the Materials Business Segment grew 23.2% over the same period last year.

In fact, for the trailing twelve months period ended 30 September 2017, bookings of the Materials Segment surpassed the US\$300 million mark, setting a new record.

REVIEW – continued

| Materials Segment | Q3 2017 | | 9m 2017 |
|-----------------------|---------|--------|---------|
| | QoQ | YoY | YoY |
| Bookings | -9.2% | +6.5% | +23.2% |
| Revenue | +3.9% | +17.3% | +16.7% |
| Gross Margin | +171bps | +37bps | -174bps |
| Segment Profit | +33.7% | +20.8% | -5.9% |
| Segment Profit Margin | +178bps | +23bps | -177bps |

SMT Solutions Segment

During Q3 this year, SMT Solutions Segment achieved new records for billings and segment results. Billings of the SMT Solutions Segment in Q3 amounted to US\$291.5 million, representing surge of 57.5% and 54.5% as compared with the second quarter this year and the same period a year ago, respectively. For the first nine months period, the SMT Solutions Segment achieved record billings of US\$640.3 million, representing growth of 30.0% over the same period last year. Bookings for the first nine months this year also set a new record. The SMT Solutions Segment contributed 44.6% and 37.5% of total Group billings during the third quarter and first nine months this year, respectively.

The SMT Solutions Segment achieved a gross margin of 39.7% and a segment result margin of 22.2% during Q3 this year, representing year-on-year growths of 74bps and 680bps, respectively.

During Q3, new order bookings of the SMT Solutions Segment surged 56.2% year-on-year but contracted slightly by 1.0% quarter-on-quarter. New order bookings for the first nine months grew 37.2% as compared with the same period last year. In fact, new order bookings have already surpassed the full year bookings of 2016.

| SMT Solutions Segment | Q3 2017 | | 9m 2017 |
|-----------------------|---------|---------|---------|
| | QoQ | YoY | YoY |
| Bookings | -1.0% | +56.2% | +37.2% |
| Revenue | +57.5% | +54.5% | +30.0% |
| Gross Margin | -41bps | +74bps | +273bps |
| Segment Profit | +120.3% | +123.0% | +112.5% |
| Segment Profit Margin | +631bps | +680bps | +704bps |

SHARE REPURCHASE PROGRAM

On 7 September 2017, the Company announced that the Board of Directors of the Company had approved a share repurchase program to repurchase from the stock market the shares of the Company up to a maximum total value of HK\$780 million. By 30 September 2017, the Company had repurchased 221,800 shares of the Company with total purchase price of HK\$24.0 million. The average purchase price was HK\$108.12 per share.

PROSPECTS

Based on what we have achieved so far, we expect to end this year on a high note with new full year billing records for the Group and all three business segments.

Despite a higher than anticipated billing in this quarter, we expect Group billings in Q4 this year to achieve a low to high teen percentage growth as compared with the same period last year, with all three business segments showing positive year-on-year growth. Gross margin is expected to come down from the Q3 level, in line with lower volume.

In general, customers are still positive of their factory loading for Q4. As such, we expect the Group bookings for Q4 to show a single digit percentage growth, year-on-year.

2017 is not only a record year for the ASMPT Group but also for the semiconductor industry as well. The growth drivers are broad-based.

We believe dual cameras and 3D sensing technology would continue to be our leading growth drivers in the CIS business. We also believe 3D sensing feature would be made available for some Android phones in 2018. 3D sensing technology would open up opportunities for new applications such as Augmented Reality (AR) and Artificial Intelligence (AI). Automotive electronics market is fast growing and it is not primarily due to electric cars. Rather, it is also the higher electronic content in most of the cars that underpins the demand for more semiconductor devices. The explosion of “connected things” is fundamentally reshaping our industry. The Internet of Things (IoT) is increasing the semiconductor content in electronic modules. It also makes AI practical. On the other hand, AI and data analytics will unleash the full potential of IoT. Together, they are the key enabling technologies for smart cities and smart factories. IoT, AI and big data analytics are all about data. Tremendous amount of data will be generated, collected, transmitted, stored and analyzed. This will lead to surge in demand for higher data transmission bandwidth, larger data storage capacity and more powerful processors. 5G network is expected to be rolled out as early as 2019/2020, which will significantly increase data traffic. More hyper scale data centers will be needed. Superfast data communications within data centers will drive up the demand for silicon photonics devices and modules. Many people in the industry believe that Moore’s Law has slowed down. As a result of the “limitations” in Moore’s Law, more value-added are shifting from wafer manufacturing to advanced packaging for semiconductor devices, which structurally benefits vendors such as ASMPT with comprehensive assembly equipment solutions already in place.

With the investments that we have been making over the past few years, together with our breadth and depth in enabling technologies and financial strengths, we believe the Group is in an unparalleled position to ride on the above trends. While 2017 is a year of new records for ASMPT, we are confident that we will continue to set more new records, going forward.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2017.

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 and Mr. Eric Tang Koon Hung as Independent Non-Executive Directors, Mr. Charles Dean del Prado and Mr. Petrus Antonius Maria van Bommel as Non-Executive Directors, and Mr. Lee Wai Kwong, Mr. Stanley Tsui Ching Man and Mr. Robin Gerard Ng Cher Tat as Executive Directors.

On behalf of the Board

Lee Wai Kwong

Director

Hong Kong, 31 October 2017