

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ASM PACIFIC TECHNOLOGY LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0522)

**Announcement Of Unaudited 2022 First Quarter Results For
The Three Months Ended 31 March 2022**

**Strong Bookings of US\$902.6 Million (+34.2% QoQ)
Underpinned By Advanced Packaging and Automotive**

Group Financial Highlights for Q1 2022

- * Revenue of HK\$5.27 billion (US\$674.8 million), +21.5% YoY and -15.1% QoQ, at the high end of revenue guidance issued
- * Bookings of HK\$7.04 billion (US\$902.6 million), -10.0% YoY and +34.2% QoQ
- * Gross margin of 40.6%, +107 bps YoY and -69 bps QoQ
- * Operating margin of 19.1%, +361 bps YoY and -97 bps QoQ
- * Net profit of HK\$830.2 million, +57.1% YoY and -8.9% QoQ

Revenue Guidance for Q2 2022

- * US\$670 million to US\$740 million, +5.8% YoY and +4.5% QoQ at mid-point

The Directors of ASM Pacific Technology Limited are pleased to announce the Group's unaudited results for the three months ended 31 March 2022:

RESULTS SUMMARY

ASM Pacific Technology Limited and its subsidiaries (the "Group" or "ASMPT") delivered revenue of HK\$5.27 billion (US\$674.8 million) for the three months ended 31 March 2022, an increase of 21.5% compared with the first quarter of 2021. The Group's consolidated profit after taxation for the first quarter of 2022 was HK\$830.2 million, an increase of 57.1% versus profit of HK\$528.4 million for the same period in the previous year. Basic earnings per share ("EPS") for the first quarter of 2022 amounted to HK\$2.02 compared with first quarter of 2021 of HK\$1.27.

MANAGEMENT DISCUSSION AND ANALYSIS

This first quarter 2022 performance review will begin with an update on notable business highlights, followed by a financial review of the Group and its Segments: the Semiconductor Solutions Segment ("SEMI") and SMT Solutions Segment ("SMT").

Q1 2022 Group Business Highlights

Record Q1 Revenue Amid Continued Supply Chain Challenges

Like many others in the industry, the Group faced challenges over the availability of certain silicon components that are assembled into its product subsystems. The Group is working closely with its suppliers to overcome immediate component shortages and aims to eventually eliminate all such bottlenecks. Operationally, the Group shifted to 'just-in-case' inventory management for certain silicon components in order to partly alleviate supply constraints. It also proactively redesigned subsystems to enable more silicon component options for assembly into its products. Additionally, the Group has made strategic investments in its global manufacturing infrastructure focusing on external manufacturing, in order to ensure its deliveries are not overly constrained by capacity availability.

These combined actions plus the Group's strong operational execution enabled it to deliver record revenue for Q1 of US\$674.8 million, representing 21.5% YoY growth and at the high end of guidance issued.

Advanced Packaging Momentum Underpins Strong Group Bookings

Bookings for the Group's Advanced Packaging ("AP") tools hit a record this quarter, contributing approximately 35% of overall bookings. Of note, strong bookings were achieved for particular AP tools:

- Thermo Compression Bonding ("TCB")
- Mid-end deposition
- SMT system-in-package ("SiP") printing and placement
- Advanced Displays (Mini LED placement)
- Laser dicing and grooving
- Photonics placement

While AP bookings are typically more 'lumpy' compared with mainstream bookings, momentum for these particular AP tools is anchored by long-term capability requirements, and is therefore less susceptible to short-term capacity cyclicalities. Here are some highlights:

TCB: A record order of nearly US\$100 million for the Group's tool-of-record advanced chip-to-wafer TCB tools highlights how the Group's TCB innovations are uplifting near-term performance (this win was highlighted in the Group's full year 2021 Results Announcement).

MANAGEMENT DISCUSSION AND ANALYSIS - continued

Mid-end deposition: Record customer orders were received for these tools, fuelled by a rising demand for high performance computing applications, particularly from a leading high density substrate manufacturer for the Group's panel level Electrochemical Deposition ("ECD") tools, further entrenching its dominant market position in panel level ECD.

SMT SiP printing and placement: The Group's unique SMT SiP printing and placement tools experienced strong customer demand, fuelled by increasingly advanced SiP requirements for Radio Frequency ("RF") modules used in high-end wearables, communication devices and 5G infrastructure. These tools offer unique competitive advantages for the Group to capture a major share of customer investments.

Advanced Displays (Mini LED): Record bookings for the Group's Mini LED tools have been primarily driven by demanding requirements for ultra-fine pitch Mini LED RGBs. For example, a leading customer has deployed significant capital for capacity expansion using the Group's tool-of-record Mini LED tools and the Group stands to further benefit from this customer's next expansion phase. The Group is confident that its extensive tool-of-record position in the marketplace offers a strong competitive edge for capturing emerging high volume manufacturing opportunities.

Over the longer term, the Group is confident it will capture a considerable share of the burgeoning AP addressable market, which is expected to hit about US\$2.7 billion by 2026.

Strong Q1 Demand for Automotive Solutions

Bookings for the Group's automotive solutions spanning both SEMI and SMT Segments grew about 49% QoQ, riding on global momentum for automotive electrification. In the longer term, the Group is confident of taking a significant share of the automotive addressable market, estimated to reach US\$2.9 billion by 2026.

Competitive Advantage of Unique and Broad Product Portfolio

The Group's overall bookings momentum was strong due to two factors: the SMT Segment and the Group's AP tools. With SMT segment activity typically picking up several quarters after the SEMI segment, the Group experienced this phenomenon as SMT bookings increased QoQ for two consecutive quarters. SMT revenue grew QoQ, which bucked the usual Q4 to Q1 trend.

Another dimension is the SEMI and SMT Segments' broad mix of mainstream and advanced packaging solutions that provide a wide range of capacity-driven (volume) and capability-driven (higher-margin) tools. In this case, strong demand for the Group's AP tools this quarter helped fuel the Group's overall bookings momentum.

Q1 2022 Group Financial Review

(in HK\$ million)	Q1 2022	QoQ	YoY
Bookings	7,043.9 (US\$902.6 million)	+34.2%	-10.0%
Revenue	5,267.4 (US\$674.8 million)	-15.1%	+21.5%
Gross Margin (%)	40.6%	-69 bps	+107 bps
Operating Margin (%)	19.1%	-97 bps	+361 bps
Net Profit¹	830.2	-15.0%	+57.1%
Net Profit Margin¹ (%)	15.8%	+1 bps	+358 bps

Note

¹ excluding one-off items of HK\$65.0 million and their related tax charge of HK\$0.5 million recorded in Q4 2021 amounting to HK\$65.5 million

MANAGEMENT DISCUSSION AND ANALYSIS - continued

Strong Group revenue of HK\$5.27 billion (US\$674.8 million) was at the high end of its revenue guidance, representing a 15.1% decline QoQ but 21.5% growth YoY.

Group bookings of HK\$7.04 billion (US\$902.6 million) represented a 10.0% decline YoY due to a record high base effect of Q1 2021, but 34.2% increase QoQ. This sequential growth was mainly driven by Group AP and automotive bookings momentum. As such, the Group ended the quarter with a strong backlog of HK\$11.89 billion (US\$1.52 billion) and a book-to-bill ratio of 1.34.

Group gross margin was 40.6%, a 107 bps increase YoY and decline of 69 bps QoQ. YoY improvement was primarily influenced by SEMI and SMT segments achieving stronger gross margins, notwithstanding cost pressures from key material cost increases (particularly silicon components) and higher logistical costs from a constrained global supply chain environment.

Group operating margin was 19.1%, representing 361 bps growth YoY and 97 bps decline QoQ, with YoY improvement mainly due to record Q1 revenue.

Supported by strong margins performance, the Group's net profit (including share of results from AAMI) was a healthy HK\$830.2 million, an increase of 57.1% YoY and decrease of 15.0% QoQ.

At the end of this quarter, the Group maintained a strong liquidity position with gross cash and bank deposits totalling HK\$4.55 billion, while bank borrowings were reduced to HK\$2.45 billion. As such, the net cash and bank deposits were at a strong level of HK\$2.10 billion.

Q1 2022 Semiconductor Solutions Segment Financial Review

(in HK\$ million)	Q1 2022	QoQ	YoY
Bookings	4,115.8 (US\$527.4 million)	+47.7%	-22.5%
Revenue	2,942.6 (US\$377.0 million)	-28.2%	+8.8%
Gross Margin (%)	44.7%	+103 bps	+68 bps
Segment Profit	624.7	-37.2%	+13.2%
Segment Margin (%)	21.2%	-304 bps	+83 bps

The Segment delivered strong revenue of HK\$2.94 billion (US\$377.0 million) accounting for 55.9% of quarterly Group revenue. This represented growth of 8.8% YoY and decline of 28.2% QoQ. Revenue performance was largely influenced by the following:

- (i) The IC/Discrete Business Unit's ("BU") mainstream tools experienced strong YoY revenue growth, hitting a Q1 revenue record for this BU. Die bonders, wire bonders and encapsulation tools dominated deliveries.
- (ii) The Optoelectronics BU's customers for conventional & advanced displays, general lighting and photonics customers accounted for the majority of its deliveries.
- (iii) The CIS BU's revenue declined YoY and was flat QoQ largely due to soft market conditions for smartphones.

MANAGEMENT DISCUSSION AND ANALYSIS – continued

Segment bookings were HK\$4.12 billion (US\$527.4 million), representing 22.5% decline YoY but 47.7% growth QoQ. YoY decline was largely due to the record high base of the previous year, while strong sequential improvement was largely due to strong momentum for its AP and automotive tools. These tools, along with mainstream die and wire bonders, dominated bookings.

Segment gross margin was 44.7%, a 68 bps YoY and 103 bps QoQ increase largely due to a favourable product mix, which included a relatively higher proportion of tools serving automotive applications.

Segment profit was HK\$624.7 million, representing 13.2% YoY growth and 37.2% QoQ decline.

Q1 2022 SMT Solutions Segment Financial Review

(in HK\$ million)	Q1 2022	QoQ	YoY
Bookings	2,928.1 (US\$375.2 million)	+18.9%	+16.3%
Revenue	2,324.8 (US\$297.8 million)	+10.5%	+42.4%
Gross Margin (%)	35.5%	-125 bps	+331 bps
Segment Profit	437.8	+34.4%	+165.1%
Segment Margin (%)	18.8%	+334 bps	+872 bps

Segment revenue was a robust HK\$2.32 billion (US\$297.8 million), accounting for 44.1% of Group revenue. This represented strong growth of 42.4% YoY and 10.5% QoQ. This sequential growth bucked typical revenue trends. Both mainstream high-end printing and placement tools grew YoY and QoQ, while the Segment's AP tools - particularly SiP placement tools - delivered YoY growth.

Segment bookings hit a Q1 record of HK\$2.93 billion (US\$375.2 million), representing growth of 16.3% YoY and 18.9% QoQ. Notably, both AP and automotive bookings grew YoY and QoQ.

Segment gross margin was 35.5%, representing 331 bps growth YoY but 125 bps decline QoQ. The YoY improvement was mainly due to relatively higher volume effect and favourable product mix.

Segment profit was HK\$437.8 million, a 165.1% YoY and 34.4% QoQ increase.

OUTLOOK

While the Group has taken steps to convert its strong order backlog at a faster pace, sporadic COVID-19 measures and continued supply chain constraints could influence near-term deliveries. As such, the Group expects Q2 2022 revenue to be between US\$670 million to US\$740 million, representing growth of 5.8% YoY and 4.5% QoQ at mid-point.

Looking ahead, strong industry tailwinds and secular growth trends - increasing semiconductor content density and complexity in devices - are powering profound and long-term structural growth in semiconductor device unit volumes. In tandem, leading semiconductor companies have also announced bullish multi-year capital investments to ride this growth wave. Anchored by the key competitive advantages of its unique broad-based portfolio, the Group is well-positioned to capture a substantial share of investments in both capacity and capability requirements over the long term.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended		
		31 March 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (unaudited)
Revenue	Notes 2	5,267,414	6,200,737	4,336,922
Cost of sales		(3,126,959)	(3,638,270)	(2,621,110)
Gross profit		2,140,455	2,562,467	1,715,812
Other income		13,293	21,754	15,204
Selling and distribution expenses		(415,400)	(485,480)	(393,709)
General and administrative expenses		(241,944)	(291,694)	(231,545)
Research and development expenses		(479,147)	(543,451)	(420,339)
Other gains and losses		33,943	(19,905)	10,090
Other expenses		(15,480)	(87,909)	-
Finance costs		(29,426)	(30,104)	(28,653)
Share of result of a joint venture		49,109	48,431	17,293
Profit before taxation		1,055,403	1,174,109	684,153
Income tax expense		(225,243)	(263,288)	(155,732)
Profit for the period		830,160	910,821	528,421
Profit (loss) for the period, attributable to:				
Owners of the Company		832,335	913,006	521,509
Non-controlling interests		(2,175)	(2,185)	6,912
Profit for the period		830,160	910,821	528,421
Earnings per share	3			
- Basic		HK\$2.02	HK\$2.22	HK\$1.27
- Diluted		HK\$2.02	HK\$2.21	HK\$1.27

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		
	31 March	31 December	31 March
	2022	2021	2021
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Profit for the period	830,160	910,821	528,421
Other comprehensive income (expense)			
<i>Item that will not be reclassified to profit or loss:</i>			
- remeasurement of defined benefit retirement plans, net of tax	-	41,012	-
	-	41,012	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- exchange differences on translation of foreign operations			
- subsidiaries	(45,462)	(9,624)	(180,914)
- a joint venture	4,713	5,492	1,039
- fair value gain on hedging instruments designated as cash flow hedges	42,625	17,782	15,397
	1,876	13,650	(164,478)
Other comprehensive income (expense) for the period, net of income tax	1,876	54,662	(164,478)
Total comprehensive income for the period	832,036	965,483	363,943
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company	832,768	964,282	361,976
Non-controlling interests	(732)	1,201	1,967
	832,036	965,483	363,943

Notes:

1. PRINCIPAL ACCOUNTING POLICIES

The financial highlights have been prepared on the historical cost basis except for certain financial instruments 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 presently 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		
	31 March 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (unaudited)	31 March 2021 HK\$'000 (unaudited)
Segment revenue from external customers			
Semiconductor solutions	2,942,583	4,097,020	2,703,942
Surface mount technology solutions	2,324,831	2,103,717	1,632,980
	5,267,414	6,200,737	4,336,922
Segment profit			
Semiconductor solutions	624,662	994,151	551,660
Surface mount technology solutions	437,830	325,846	165,130
	1,062,492	1,319,997	716,790
Interest income	5,439	6,012	2,211
Finance costs	(29,426)	(30,104)	(28,653)
Share of result of a joint venture	49,109	48,431	17,293
Unallocated other income	5,914	8,532	9,747
Unallocated net foreign exchange gains (loss) and fair value change of foreign currency forward contracts	31,404	(1,072)	33,745
Unallocated general and administrative expenses	(53,637)	(69,084)	(40,377)
Unallocated impairment loss recognized in respect of goodwill	-	(224,824)	-
Unallocated other gain and losses	(412)	204,130	(26,603)
Other expenses	(15,480)	(87,909)	-
Profit before taxation	1,055,403	1,174,109	684,153
Segment profit %			
Semiconductor solutions	21.2%	24.3%	20.4%
Surface mount technology solutions	18.8%	15.5%	10.1%

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		
	31 March 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (unaudited)	31 March 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)	832,335	913,006	521,509
	Three months ended		
	31 March 2022 Number of shares (in thousands) (unaudited)	31 December 2021 (unaudited)	31 March 2021 (unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	412,695	410,899	410,772
Effect of dilutive potential shares:			
- Employee Share Incentive Scheme	121	1,847	14
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	412,816	412,746	410,786

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 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 and Mr. Eric Tang Koon Hung 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, 20 April 2022