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ASMPT LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

Announcement Of Unaudited 2023 First Quarter Results For The Three Months Ended 31 March 2023

Q1 2023 Revenue Above Mid-point of Guidance Despite Challenging Macro Environment

Group Financial Highlights for Q1 2023

- * Revenue of HK\$3.92 billion (US\$500.2 million), -25.6% YoY and -9.5% QoQ
- * Bookings of HK\$3.55 billion (US\$453.1 million), -49.7% YoY and +13.8% QoQ
- * Gross margin of 40.4%, -21 bps YoY and -98 bps QoQ
- * Operating margin of 11.9%, -717 bps YoY and -181 bps QoQ
- * Net profit of HK\$315.1 million, -62.0% YoY and +18.2% QoQ
- * Basic earnings per share of HK\$0.77, -61.9% YoY and +18.5% QoQ

Revenue Guidance for Q2 2023

- * US\$455 million to US\$525 million, -26.2% YoY and -2.0% QoQ at mid-point

The Directors of ASMPT Limited are pleased to announce the Group's unaudited results for the three months ended 31 March 2023:

RESULTS SUMMARY

ASMPT Limited and its subsidiaries (the "Group" or "ASMPT") delivered revenue of HK\$3.92 billion (US\$500.2 million) for the three months ended 31 March 2023 ("Q1 2023"), a decrease of 25.6% year-on-year ("YoY") compared with the first quarter of 2022. The Group's consolidated profit after taxation for the first quarter of 2023 was HK\$315.1 million, a decrease of 62.0% versus profit of HK\$830.2 million for the same period in the previous year. Basic earnings per share ("EPS") for the first quarter of 2023 amounted to HK\$0.77 compared with first quarter of 2022 of HK\$2.02.

MANAGEMENT DISCUSSION AND ANALYSIS

This first quarter 2023 performance review will begin with an update on some 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 2023 Group Business Highlights

Weak consumer sentiment characterised the first quarter of 2023. However, the Group's well-diversified business model based on its unique and broad-based portfolio provides business resilience and competitive advantage. The Group delivered revenue above mid-point of guidance, driven primarily by its SMT business. For the third consecutive quarter, SMT has accounted for a higher proportion of Group revenue than SEMI, which has continued to be impacted by the industry downturn.

Group bookings grew by about 14% compared with Q4 2022. SEMI bookings increased in Q1 2023, while SMT continued to deliver a consistently high level of bookings even as the overall market SMT plays in slowed down this quarter.

The Group also delivered gross margin of above 40% for the eighth consecutive quarter which highlights its ability to deliver consistent margins across varied industry cycles.

The Group's Automotive end-market applications continued to have the highest proportion of overall Group revenue. As silicon and electronics content per vehicle increased due to automotive electrification, the Group's solutions, including sintering, laser singulation and molding gained traction. Strength in Automotive was also powered by the Group's range of solutions servicing more EV players.

SMT's Robust Performance

SMT's strong bookings and revenue performance characterised a robust segment performance buoyed by ongoing strength in Automotive and Industrial end-market applications. The Group strongly believes that SMT has gained market share in Q1 2023 and commands a leading position.

Advanced Packaging

The Group's Advanced Packaging ("AP") suite of solutions is the most comprehensive in the industry and positions it well to meet a variety of demands across a wide spectrum of application areas.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

The field of generative AI applications has captured corporate and consumer interest and this 'AI megatrend' will benefit the providers of GPU/CPU and High Bandwidth Memory ("HBM") solutions to support the exponentially growing demands of AI applications for both computing and memory power. In this regard, the Group is well placed to receive more orders for its Thermo-Compression Bonding ("TCB") tools for HBM applications.

The Group expects demand for its TCB tools to remain robust going forward, in part due to the evolution of AI applications. With far more complex heterogeneous integration architectures and therefore more 'interconnects' between components, TCB tools are presently the tool of choice - balancing accuracy and cost - for the majority of these interconnects.

The Group also expanded its global OSAT TCB customer base and delivered its first next-generation TCB tools featuring green, ultra-fine pitch, chip-to-wafer capabilities to its leading global foundry customer.

In addition, the Group is on track to deliver Hybrid Bonding ("HB") tools to leading customers for use in varied applications. It achieved a breakthrough this quarter with a maiden customer order where the HB tool will be used for 3D integration. Delivery to this customer is scheduled for next year.

Q1 2023 Group Financial Review

(in HK\$ million)	Q1 2023	QoQ	YoY
Bookings	3,545.8 (US\$453.1 million)	+13.8%	-49.7%
Revenue	3,917.5 (US\$500.2 million)	-9.5%	-25.6%
Gross Margin	40.4%	-98 bps	-21 bps
Operating Margin	11.9%	-181 bps	-717 bps
Net Profit	315.1	+18.2%	-62.0%
Net Profit Margin	8.0%	+189 bps	-772 bps

Revenue for Q1 2023 was HK\$3.92 billion, a decline of 9.5% QoQ. Both SEMI and SMT declined QoQ, with SEMI's decline higher due to the ongoing semiconductor downcycle.

Bookings for the Group grew from a low level in Q4 2022 to about HK\$3.55 billion (US\$453.1 million) in Q1 2023, an increase of 13.8% QoQ. Bookings growth was mainly buoyed by robust demand from the Automotive end-market. Backlog for the Group was US\$1.11 billion as of 31 March 2023.

The Group registered gross margin of 40.4%, a decrease of 98 bps QoQ mainly due to the segment mix with SMT providing more than 60% of the Group's revenue.

The Group's operating margin of 11.9% declined 181 bps QoQ mainly due to lower sales volume.

The Group's net profit of HK\$315.1 million was up 18.2% QoQ due to unfavourable foreign exchange impact in Q4 2022.

As of 31 March 2023, the Group maintained a robust liquidity position with gross cash and bank deposits totalling HK\$3.99 billion while bank borrowings were reduced to HK\$2 billion. Thus, the net cash and bank deposits were at a healthy level of HK\$1.99 billion.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

Q1 2023 Semiconductor Solutions Segment Financial Review

(in HK\$ million)	Q1 2023	QoQ	YoY
Bookings	1,502.3 (US\$191.9 million)	+33.6%	-63.5%
Revenue	1,541.1 (US\$196.7 million)	-18.1%	-47.6%
Gross Margin	45.1%	+66 bps	+37 bps
Segment Profit	38.1	-66.6%	-93.9%
Segment Margin	2.5%	-359 bps	-1,876 bps

The SEMI segment delivered revenue of HK\$1.54 billion (US\$196.7 million), a decline of 18.1% QoQ, and accounted for 39.3% of the Group's quarterly revenue. Revenue performance for the segment was mainly impacted by the following developments in its Business Units ("BUs"):

- (i) The IC/Discrete BU registered decline in revenue QoQ as mainstream tools continued to witness weak demand. The Automotive end-market maintained its highest revenue contribution to the BU.
- (ii) The Optoelectronics BU recorded lower revenue QoQ. BU revenue was mainly driven by high-end Automotive, Silicon Photonics and Advanced Displays applications.
- (iii) The CIS BU's revenue grew QoQ but remained at a relatively low level due to ongoing weakness in the global smartphone market.

The segment recorded Q1 2023 bookings of HK\$1.50 billion (US\$191.9 million), a growth of 33.6% from a low base in Q4 2022, with Automotive and AP the main contributors.

Segment gross margin was 45.1% in Q1 2023, an increase of 66 bps QoQ mainly due to favourable product mix and ongoing cost control measures.

Q1 2023 SMT Solutions Segment Financial Review

(in HK\$ million)	Q1 2023	QoQ	YoY
Bookings	2,043.5 (US\$261.1 million)	+2.6%	-30.2%
Revenue	2,376.4 (US\$303.4 million)	-2.9%	+2.2%
Gross Margin	37.4%	-168 bps	+193 bps
Segment Profit	480.1	-8.9%	+9.7%
Segment Margin	20.2%	-132 bps	+137 bps

The SMT segment continued its strong revenue performance, contributing 60.7% to Group's Q1 2023 revenue. It registered revenue of HK\$2.38 billion (US\$303.4 million), a marginal decline of 2.9% QoQ. SMT's revenue performance was powered by mainly Industrial and Automotive applications, with demand coming mostly from Europe.

SMT bookings were also driven mostly by Automotive and Industrial end-markets and increased 2.6% QoQ to HK\$2.04 billion (US\$261.1 million) in Q1 2023.

Segment gross margin was 37.4% in Q1 2023, a decline of 168 bps QoQ due to product mix.

MANAGEMENT DISCUSSION AND ANALYSIS - continued

OUTLOOK

Persistently weak consumer sentiments characterise the macroeconomic environment, even as sectors such as automotive and industrial provide some bright spots. Moreover, the overall picture has been made less clear with recent turmoil in the banking sector, and the on-going battle with inflation. All these have cast uncertainty on the overall global economic outlook.

Against the backdrop of this external environment, the Group expects Q2 2023 revenue to be between US\$455 million to US\$525 million, representing -26.2% YoY and -2.0% QoQ at mid-point.

Over the longer term and owing to its unique broad-based portfolio, the Group remains optimistic about its prospects and growth potential. This confidence is supported by longer term structural trends of automotive electrification, smart factories, green infrastructure, 5G, IoT, and high-performance computing fuelled by generative AI growth.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended		
		31 March 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (unaudited)
Revenue	Notes 2	3,917,493	4,330,434	5,267,414
Cost of sales		(2,333,873)	(2,537,471)	(3,126,959)
Gross profit		1,583,620	1,792,963	2,140,455
Other income		28,080	27,833	13,293
Selling and distribution expenses		(390,195)	(415,940)	(415,400)
General and administrative expenses		(241,737)	(259,208)	(241,944)
Research and development expenses		(485,904)	(524,467)	(479,147)
Other gains and losses		(23,666)	(196,762)	33,943
Other expenses		(7,844)	(31,695)	(15,480)
Finance costs		(29,381)	(29,555)	(29,426)
Share of result of a joint venture		11,417	13,367	49,109
Profit before taxation		444,390	376,536	1,055,403
Income tax expense		(129,262)	(109,970)	(225,243)
Profit for the period		315,128	266,566	830,160
Profit (loss) for the period, attributable to:				
Owners of the Company		317,887	266,876	832,335
Non-controlling interests		(2,759)	(310)	(2,175)
		315,128	266,566	830,160
Earnings per share	3			
- Basic		HK\$0.77	HK\$0.65	HK\$2.02
- Diluted		HK\$0.77	HK\$0.65	HK\$2.02

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended		
	31 March 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (unaudited)
Profit for the period	315,128	266,566	830,160
Other comprehensive income (expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
- remeasurement of defined benefit retirement plans, net of income tax	-	75,403	-
- net fair value gain (loss) on investment in equity instruments at fair value through other comprehensive income	245	(35,279)	-
	245	40,124	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- exchange differences on translation of foreign operations			
- subsidiaries	247,285	514,819	(45,462)
- a joint venture	12,582	1,319	4,713
- fair value (loss) gain on hedging instruments designated as cash flow hedges	(17,201)	(9,735)	42,625
	242,666	506,403	1,876
Other comprehensive income for the period	242,911	546,527	1,876
Total comprehensive income for the period	558,039	813,093	832,036
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company	557,495	811,364	832,768
Non-controlling interests	544	1,729	(732)
	558,039	813,093	832,036

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 (2022: two) operating segments: development, production and sales of (1) semiconductor solutions and (2) surface mount technology solutions. They represent two (2022: 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 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (unaudited)
Segment revenue from external customers			
Semiconductor solutions	1,541,099	1,882,683	2,942,583
Surface mount technology solutions	2,376,394	2,447,751	2,324,831
	3,917,493	4,330,434	5,267,414
Segment profit			
Semiconductor solutions	38,096	114,127	624,662
Surface mount technology solutions	480,114	526,794	437,830
	518,210	640,921	1,062,492
Interest income	19,295	15,156	5,439
Finance costs	(29,381)	(29,555)	(29,426)
Share of result of a joint venture	11,417	13,367	49,109
Unallocated other income	5,186	5,257	5,914
Unallocated net foreign exchange (loss) gain and fair value change of foreign currency forward contracts	(24,302)	(197,666)	31,404
Unallocated general and administrative expenses	(48,416)	(41,815)	(53,637)
Unallocated other gain and loss	225	2,566	(412)
Other expenses	(7,844)	(31,695)	(15,480)
Profit before taxation	444,390	376,536	1,055,403
Segment profit %			
Semiconductor solutions	2.5%	6.1%	21.2%
Surface mount technology solutions	20.2%	21.5%	18.8%

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	31 December	31 March
	2023	2022	2022
	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	317,887	266,876	832,335
	Three months ended		
	31 March	31 December	31 March
	2023	2022	2022
	Number of shares (in thousands)		
	(unaudited)	(unaudited)	(unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	412,504	410,126	412,695
Effect of dilutive potential shares:			
- Employee Share Incentive Scheme	2	2,555	121
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	412,506	412,681	412,816

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 31 March 2023.

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 April 2023

(In case of any inconsistency, the English version of this announcement shall prevail over the Chinese version.)