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## **ASMPT LIMITED**

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

**(Stock Code: 0522)**

### **Announcement Of Unaudited 2023 Third Quarter Results For The Three Months Ended 30 September 2023**

#### **Advanced Packaging A Bright Spot Amidst Weak Industry Conditions**

##### **Group Financial Highlights for Q3 2023**

- \* Revenue of HK\$3.47 billion (US\$443.9 million), -23.8% YoY and -10.9% QoQ
- \* Bookings of HK\$2.96 billion (US\$378.5 million), -18.3% YoY and -1.8% QoQ
- \* Gross margin of 34.2%, -670 bps YoY and -594 bps QoQ
- \* Operating margin of 1.9%, -1,254 bps YoY and -802 bps QoQ
- \* Net profit of HK\$12.8 million, -97.9% YoY and -95.9% QoQ
- \* Basic earnings per share of HK\$0.04, -97.3% YoY and -94.7% QoQ

##### **Non-HKFRS Measures<sup>1</sup>:**

- \* Adjusted Net profit of HK\$45.4 million, -92.6% YoY and -85.3% QoQ
- \* Adjusted Basic earnings per share of HK\$0.11, -92.7% YoY and -85.3% QoQ

##### **Revenue Guidance for Q4 2023**

- \* US\$390 million to US\$460 million, -23.2% YoY and -4.2% QoQ at mid-point

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<sup>1</sup> For more information about the Non-HKFRS measures, please refer to the section under "Reconciliation of HKFRS Measures to the non-HKFRS Measures" on page 10 of this announcement.

The Directors of ASMPT Limited are pleased to announce the Group's unaudited results for the three months ended 30 September 2023:

## RESULTS SUMMARY

ASMPT Limited and its subsidiaries (the "Group" or "ASMPT") delivered revenue of HK\$3.47 billion (US\$443.9 million) for the three months ended 30 September 2023 ("Q3 2023"), a decrease of 23.8% year-on-year ("YoY") compared with the third quarter of 2022. The Group's consolidated profit after taxation for the third quarter of 2023 was HK\$12.8 million (HK\$45.4 million after adjustments under Non-HKFRS Measures<sup>1</sup>), a decrease of 97.9% versus a profit of HK\$616.8 million for the same period in the previous year. Basic earnings per share for the third quarter of 2023 amounted to HK\$0.04 (HK\$0.11 after adjustments under Non-HKFRS Measures<sup>1</sup>) compared with HK\$1.50 for the third quarter of 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

The performance review for Q3 2023 will begin with notable business highlights, followed by a financial review of the Group and its Segments: the Semiconductor Solutions Segment ("SEMI") and SMT Solutions Segment ("SMT").

### Q3 2023 Group Business Highlights

The Group's performance in the third quarter continued to be impacted by prolonged industry weakness, with demand-supply dynamics yet to turn favourable amidst conservative consumer sentiment.

The Group's unique and broad-based portfolio cushioned the business to a certain extent as SMT continued to deliver higher revenue than SEMI for a fifth consecutive quarter, even as it normalises. SEMI witnessed some sporadic demand, but a broad-based recovery was not yet in sight.

For end-market applications, revenue contributions from both Automotive and Industrial continued to contribute the highest proportion to Group revenue.

### **Strong Foundations for Long-Term Growth in Advanced Packaging ("AP")**

The Group saw continued demand for AP solutions, which are to a large extent being driven by a growing global demand for generative AI and High-Performance Computing ("HPC") applications. These benefit a number of the Group's comprehensive AP solutions and give the Group confidence in the longer-term potential of its AP solutions suite. Here are some highlights:

***Thermo Compression Bonding ("TCB"):*** TCB continued to contribute the most to both the Group's AP bookings and revenue for the quarter.

Logic packaging demand continued to drive momentum for TCB. Orders for the Group's TCB solutions for generative AI applications came from a leading foundry and OSAT customers, and for HPC applications from a leading logic IDM customer. The Group is working closely with major generative AI players and expects continued order momentum for logic applications.

For the high-bandwidth memory ("HBM") market, the Group continues its engagements with multiple memory players to cater to more demanding packaging requirements for customers' next-generation HBM needs.

***Mass Reflow ("MR") High Precision Die-bonding:*** Even as TCB gains momentum for generative AI applications, the Group continued to receive MR tool orders and deepened its engagements with leading foundry, memory and OSAT customers.

## MANAGEMENT DISCUSSION AND ANALYSIS - continued

**Hybrid Bonding (“HB”):** After winning its maiden HB order in the first quarter, the Group secured its second HB order from another customer. This HB tool will be used for 3D integration, with delivery expected in the second half of 2024.

**SMT Placement:** Demand remained robust for the Group’s SMT placement tools for AI-powered server customers. The Group’s advanced placement tools are also gaining traction with orders from a leading foundry customer.

**Photonics:** The Group’s Photonics and Silicon Photonics solutions are able to meet the significantly high bandwidth transfer requirements of generative AI applications, and it secured repeat orders from leading AI customers for their transceiver expansion plans, with this order momentum expected to continue.

### Q3 2023 Group Financial Review

(in HK\$ million)	Q3 2023	QoQ	YoY
<b>Bookings</b>	2,961.3 (US\$378.5 million)	-1.8%	-18.3%
<b>Revenue</b>	3,474.4 (US\$443.9 million)	-10.9%	-23.8%
<b>Gross Margin</b>	34.2%	-594 bps	-670 bps
<b>Operating Margin</b>	1.9%	-802 bps	-1,254 bps
<b>Adjusted Net Profit</b>	45.4	-85.3%	-92.6%
<b>Adjusted Net Profit Margin</b>	1.3%	-659 bps	-1,221 bps

Group Q3 2023 revenue declined QoQ and YoY due to the prevalent industry weakness as both SEMI and SMT had lower revenues.

For bookings, the Group had an isolated order cancellation in Q3 2023 for its panel deposition tools from a leading high-density substrate manufacturer in response to slower-than-expected digestion of its existing capacity. Excluding this cancellation, the Group’s Q3 2023 bookings would have been about 6% higher QoQ. Bookings declined YoY mainly due to relatively weaker industry conditions. Backlog for the Group was US\$922 million as of 30 September 2023.

The Group’s gross margin declined mainly due to unfavourable product mix, volume effect and provision for aging inventories. A majority of the gross margin decline came from SEMI.

While navigating a challenging macro-economic environment and prolonged industry weakness, the Group continued its cost control and efficiency-enhancing initiatives, including targeted headcount reduction in Q3 2023 of a low single digit percentage of the Group’s workforce.

The Group’s operating margin and net profit decreased QoQ and YoY mainly due to lower sales volume and gross margin.

As of 30 September 2023, the Group maintained a healthy liquidity position with gross cash and bank deposits totalling HK\$4.17 billion while bank borrowings remained stable at HK\$2 billion.

## MANAGEMENT DISCUSSION AND ANALYSIS - continued

### Q3 2023 Semiconductor Solutions Segment Financial Review

(in HK\$ million)	Q3 2023	QoQ	YoY
<b>Bookings</b>	1,325.7 (US\$169.4 million)	+4.4%	-10.9%
<b>Revenue</b>	1,574.6 (US\$201.1 million)	-4.9%	-28.7%
<b>Gross Margin</b>	31.9%	-1,076 bps	-1,268 bps
<b>Segment Profit/ (Loss)</b>	(110.6)	NM	NM
<b>Segment Margin</b>	-7.0%	-868 bps	-2,048 bps

NM: Not meaningful

SEMI contributed about 45% to Group Q3 2023 revenue. Revenue for the segment had a moderate QoQ decline and was mainly impacted by the following developments in its Business Units (“BU”):

- (i) The IC/Discrete BU had stable QoQ revenue. The highest revenue contribution was from TCB, followed by Molding and Sintering (for Automotive applications).
- (ii) The Optoelectronics BU recorded higher revenue QoQ. Wire bonder revenue grew for Conventional Displays.
- (iii) The CIS BU’s revenue was adversely impacted by continued weakness in the global smartphone market.

Bookings contribution mainly came from AP and Automotive applications. Bookings would have increased by approximately 22% QoQ excluding the order cancellation for the panel deposition tools as highlighted above.

Segment gross margin declined QoQ mainly due to unfavourable product mix and provision for aging inventories. Product mix impact was a combination of the phasing out of older-generation lower margin products as part of planned product upgrades; relatively higher Optoelectronics wire bonder sales; and lower volumes of high-end smartphone-related products.

### Q3 2023 SMT Solutions Segment Financial Review

(in HK\$ million)	Q3 2023	QoQ	YoY
<b>Bookings</b>	1,635.6 (US\$209.1 million)	-6.4%	-23.5%
<b>Revenue</b>	1,899.8 (US\$242.7 million)	-15.4%	-19.3%
<b>Gross Margin</b>	36.0%	-218 bps	-134 bps
<b>Segment Profit</b>	258.0	-39.7%	-44.0%
<b>Segment Margin</b>	13.6%	-548 bps	-600 bps

SMT contributed around 55% to Group Q3 2023 revenue. Segment revenue declined QoQ mainly due to lower revenue from high-end placement and printing tools, partially offset by growth from SMT AP tools. Automotive and Industrial applications combined made up close to half of SMT revenue.

## **MANAGEMENT DISCUSSION AND ANALYSIS - continued**

As SMT's addressable market normalises, its bookings declined QoQ. Though Industrial and Automotive end-markets combined continued to dominate the segment bookings, there was an uptick in demand from AI related server applications.

Segment gross margin decreased QoQ mainly due to volume effect.

### **OUTLOOK**

In the short term, weak economy and end-market electronics demand will continue to prolong the industry inventory adjustment and constrain the capital spending of our customer base.

Considering the above and seasonality effects, the Group expects Q4 2023 revenue to be between US\$390 million to US\$460 million, representing -23.2% YoY and -4.2% QoQ at mid-point.

Powered by its unique broad-based portfolio, over the long term the Group remains optimistic about its prospects and potential for growth. This confidence is supported by long term structural trends of automotive electrification, smart factories, green infrastructure, 5G, IoT, and high-performance computing fuelled by generative AI growth. To support this increasingly digitally connected world, more organisations are preparing for a future with increasingly dynamic global supply chains. The Group believes these factors will lead to an increase in overall capex spend.

# FINANCIAL HIGHLIGHTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### Three months ended

		<b>30 September 2023 HK\$'000 (unaudited)</b>	30 June 2023 HK\$'000 (unaudited)	30 September 2022 HK\$'000 (unaudited)
	<i>Notes</i>			
Revenue	2	<b>3,474,436</b>	3,900,866	4,561,956
Cost of sales		<b>(2,287,756)</b>	(2,336,741)	(2,698,103)
Gross profit		<b>1,186,680</b>	1,564,125	1,863,853
Other income		<b>68,826</b>	28,285	59,977
Selling and distribution expenses		<b>(387,707)</b>	(405,385)	(449,247)
General and administrative expenses		<b>(238,574)</b>	(257,845)	(257,279)
Research and development expenses		<b>(494,377)</b>	(514,083)	(498,365)
Other gains and losses		<b>(25,272)</b>	43,450	117,847
Restructuring costs		<b>(40,444)</b>	-	-
Other expenses		<b>(16,659)</b>	(7,740)	(17,227)
Finance costs		<b>(28,617)</b>	(27,629)	(31,309)
Share of result of a joint venture		<b>7,191</b>	11,494	34,161
Profit before taxation		<b>31,047</b>	434,672	822,411
Income tax expense		<b>(18,294)</b>	(126,731)	(205,586)
Profit for the period		<b>12,753</b>	307,941	616,825
Profit (loss) for the period, attributable to:				
Owners of the Company		<b>14,626</b>	307,489	616,662
Non-controlling interests		<b>(1,873)</b>	452	163
		<b>12,753</b>	307,941	616,825
Earnings per share	3			
- Basic		<b>HK\$0.04</b>	HK\$0.75	HK\$1.50
- Diluted		<b>HK\$0.04</b>	HK\$0.74	HK\$1.49

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

	<b>Three months ended</b>		
	<b>30 September 2023 HK\$'000 (unaudited)</b>	30 June 2023 HK\$'000 (unaudited)	30 September 2022 HK\$'000 (unaudited)
Profit for the period	<b>12,753</b>	307,941	616,825
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
- net fair value (loss) gain on investment in equity instruments at fair value through other comprehensive income	<b>(319)</b>	2,275	-
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- exchange differences on translation of foreign operations			
- subsidiaries	<b>(167,044)</b>	(254,083)	(570,039)
- a joint venture	<b>1,441</b>	(23,981)	(21,762)
- fair value (loss) gain on hedging instruments designated as cash flow hedges	<b>(12,092)</b>	851	28,889
	<b>(177,695)</b>	(277,213)	(562,912)
Other comprehensive expense for the period	<b>(178,014)</b>	(274,938)	(562,912)
Total comprehensive (expense) income for the period	<b>(165,261)</b>	33,003	53,913
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company	<b>(164,130)</b>	40,777	63,064
Non-controlling interests	<b>(1,131)</b>	(7,774)	(9,151)
	<b>(165,261)</b>	33,003	53,913

**Notes:****1. PRINCIPAL ACCOUNTING POLICIES**

The financial highlights have been prepared under the historical cost basis except for the derivative financial instruments, other investments, other financial assets and certain financial liabilities 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 has two (2022: two) operating segments: development, production and sales of (1) semiconductor solutions and (2) surface mount technology solutions. They represent the two (2022: two) major types of products manufactured by the Group.

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

	<b>Three months ended</b>		
	<b>30 September 2023 HK\$'000 (unaudited)</b>	30 June 2023 HK\$'000 (unaudited)	30 September 2022 HK\$'000 (unaudited)
<b>Segment revenue from external customers</b>			
Semiconductor solutions	<b>1,574,647</b>	1,655,186	2,207,835
Surface mount technology solutions	<b>1,899,789</b>	2,245,680	2,354,121
	<b>3,474,436</b>	3,900,866	4,561,956
<b>Segment profit</b>			
Semiconductor solutions	<b>(110,592)</b>	27,499	297,000
Surface mount technology solutions	<b>258,028</b>	428,151	460,885
	<b>147,436</b>	455,650	757,885
Interest income	<b>19,876</b>	15,220	7,330
Finance costs	<b>(28,617)</b>	(27,629)	(31,309)
Unallocated other income and other gain	<b>13,792</b>	5,514	6,073
Unallocated net foreign exchange (loss) gain and fair value change of foreign currency forward contracts	<b>(34,123)</b>	40,760	117,771
Unallocated general and administrative expenses	<b>(37,405)</b>	(58,597)	(52,273)
Share of result of a joint venture	<b>7,191</b>	11,494	34,161
Restructuring costs	<b>(40,444)</b>	-	-
Other expenses	<b>(16,659)</b>	(7,740)	(17,227)
Profit before taxation	<b>31,047</b>	434,672	822,411
<b>Segment profit %</b>			
Semiconductor solutions	<b>-7.0%</b>	1.7%	13.5%
Surface mount technology solutions	<b>13.6%</b>	19.1%	19.6%



### 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>30 September 2023 HK\$'000 (unaudited)</b>	<b>30 June 2023 HK\$'000 (unaudited)</b>	<b>30 September 2022 HK\$'000 (unaudited)</b>
Earnings for the purpose of calculating basic and diluted earnings per share (Profit for the period attributable to owners of the Company)	<b>14,626</b>	<b>307,489</b>	<b>616,662</b>
	<b>Three months ended</b>		
	<b>30 September 2023 Number of shares (in thousands) (unaudited)</b>	<b>30 June 2023 (unaudited)</b>	<b>30 September 2022 (unaudited)</b>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>412,143</b>	<b>412,290</b>	<b>411,501</b>
Effect of dilutive potential shares:			
- Employee Share Incentive Scheme	<b>1,711</b>	<b>762</b>	<b>2,180</b>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>413,854</b>	<b>413,052</b>	<b>413,681</b>

## RECONCILIATION OF HKFRS MEASURES TO THE NON-HKFRS MEASURES

For Q3 2023 financial performance, the Group has provided adjusted net profit and adjusted earnings per share which are supplementary to the Group's consolidated results in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The Group believes that these additional figures provide our shareholders and investors with useful supplementary information about our ongoing operating performance and facilitates the analysis and comparison of financial trends and results between periods. The adjusted net profit and adjusted earnings per share exclude the impact of restructuring costs which were mainly related to employee severance and benefit arrangements.

The use of these non-HKFRS measures may have certain limitations as a tool for analysis and comparison. Shareholders and investors are advised not to consider these non-HKFRS measures in isolation from, or as a substitute for analysis of, the Group's financial performance as reported under HKFRS. Also, please note that these non-HKFRS measures may be defined differently from similar terms used by other companies.

The following table highlights the reconciliations of the Group's financial measures prepared in accordance with HKFRS for Q3 2023 to the non-HKFRS measures.

	<b>Three months ended 30 September 2023</b>			
	<b><u>Non-HKFRS adjustments</u></b>			
	<b>As reported</b>	<b>Restructuring</b>	<b>Income</b>	<b>Adjusted</b>
	<b>HK\$'000</b>	<b>costs</b>	<b>tax effect</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>(unaudited)</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>	
Profit for the period	<b>12,753</b>	<b>40,444</b>	<b>(7,785)</b>	<b>45,412</b>
Net profit margin	<b>0.4%</b>			<b>1.3%</b>
Profit attributable to owners of the Company	<b>14,626</b>	<b>40,444</b>	<b>(7,785)</b>	<b>47,285</b>
Basic earnings per share (HK\$)	<b>0.04</b>			<b>0.11</b>

Note: There is no corresponding item to be adjusted for the non-HKFRS measures applicable to the Group's results for Q2 2023 and Q3 2022.

## **REVIEW OF FINANCIAL STATEMENTS**

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the three months ended 30 September 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, 24 October 2023