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ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0522)

ANNOUNCEMENT OF UNAUDITED 2015 THIRD QUARTER RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2015

ASMPT achieves world #1 position for its SMT Solutions Business while retaining world #1 position for its Back-end Equipment Business

- Group revenue of US$416.9 million, a decline of 14.1% and 33.4% over preceding quarter and the same period last year, respectively
- Net profit of HK$180.2 million, representing a decline of 58.9% and 77.0% over the preceding quarter and the same period last year, respectively
- Earnings per share of HK$0.45 for the third quarter 2015
- Back-end equipment revenue of US$187.8 million, representing a decrease of 21.8% and 32.9% against the preceding quarter and the same period last year, respectively
- SMT Solutions revenue of US$175.1 million, representing a decrease of 6.5% and 37.8% against the preceding quarter and the same period last year, respectively
- Materials revenue of US$54.0 million, representing a decrease of 6.6% and 16.8% against the preceding quarter and the same period last year, respectively
- New order bookings of US$380.9 million, a contraction of 22.9% and 28.5% against the preceding quarter and the same period last year, respectively
- Cash and bank deposits of HK$2.10 billion at the end of September 2015

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 2015:

RESULTS

We are pleased to report that ASM Pacific Technology Limited and its subsidiaries (the “Group” or “ASMPT”) reported a revenue of HK$3.23 billion (US$416.9 million) for the three months ended on 30 September 2015, representing a decrease of 33.4% as compared with HK$4.85 billion (US$626.1 million) for the same period last year and a decrease of 14.1% when compared with the revenue of HK$3.76 billion (US$485.3 million) for the preceding three-month period.

The Group’s consolidated profit after taxation for the three months was HK$180.2 million, which was 77.0% lower than the corresponding period in 2014 and 58.9% lower than the preceding three-month period. Basic earnings per share (EPS) for the three-month period amounted to HK$0.45 (third quarter of 2014: HK$1.96, second quarter of 2015: HK$1.09).

The Group reported revenue of HK$10.05 billion for the nine months ended 30 September 2015, representing a decrease of 6.8% as compared with HK$10.78 billion for the same period last year. The Group’s consolidated profit after taxation for the nine months is HK$903.1 million which is 33.4% lower than the same period in 2014.

FINANCIAL HIGHLIGHTS

CONDENSED CONSOILIDATED STATEMENT OF PROFIT OR LOSS

		Three months ended 30 Sep		Nine months ended 30 Sep	
		2015	2014	**2015**	2014
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		HK$'000	HK$'000	**HK$'000**	HK$'000
	Notes				
Revenue	1	**3,231,077**	4,852,395	**10,048,895**	10,783,468
Cost of sales		**(2,135,704)**	(3,115,014)	**(6,420,019)**	(7,041,902)
Gross profit		**1,095,373**	1,737,381	**3,628,876**	3,741,566
Other income		**21,810**	52,345	**34,760**	60,101
Selling and distribution expenses		**(311,422)**	(334,003)	**(942,621)**	(834,269)
General and administrative expenses		**(186,737)**	(171,910)	**(548,048)**	(444,219)
Research and development expenses		**(297,406)**	(326,741)	**(879,042)**	(833,766)
Other gains and losses		**(13,225)**	66,205	**38,812**	83,476
Finance costs		**(39,793)**	(38,389)	**(116,747)**	(81,600)
Restructuring costs		**(21,262)**	-	**(21,262)**	-
Profit before taxation		**247,338**	984,888	**1,194,728**	1,691,289
Income tax expense		**(67,110)**	(202,494)	**(291,644)**	(335,063)
Profit for the period, attributable to owners of the Company		**180,228**	782,394	**903,084**	1,356,226
Earnings per share	3				
- Basic		**HK$0.45**	HK$1.96	**HK$2.24**	HK$3.39
- Diluted		**HK$0.45**	HK$1.92	**HK$2.24**	HK$3.38

CONDENSED CONSOILIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Three months ended 30 Sep		Nine months ended 30 Sep	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Profit for the period, attributable to owners of the Company	**180,228**	782,394	**903,084**	1,356,226
Other comprehensive expense				
Exchange differences on translation of foreign operations, which may be reclassified subsequently to profit or loss	**(116,905)**	(173,380)	**(309,263)**	(199,374)
Total comprehensive income for the period, attributable to owners of the Company	**63,323**	609,014	**593,821**	1,156,852

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	
	2015	2014	**2015**	2014
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Segment revenue from external customers				
Back-end equipment	**1,455,138**	2,168,202	**4,682,987**	5,288,107
Surface mount technology ("SMT") solutions	**1,357,693**	2,181,325	**4,058,367**	4,044,042
Materials	**418,246**	502,868	**1,307,541**	1,451,319
	3,231,077	4,852,395	**10,048,895**	10,783,468
Segment profit				
Back-end equipment	**166,583**	563,880	**674,349**	1,123,496
SMT solutions	**135,795**	365,270	**543,128**	494,048
- Profit before accounting for amortization of fair value increment of assets acquired in DEK Business	**147,584**	365,270	**578,499**	494,048
- Amortization of fair value increment of assets acquired in DEK Business	**(11,789)**	-	**(35,371)**	-
Materials	**34,869**	43,666	**117,252**	137,647
	337,247	972,816	**1,334,729**	1,755,191
Interest income	**1,544**	1,760	**5,071**	6,410
Finance costs	**(39,793)**	(38,389)	**(116,747)**	(81,600)
Unallocated other income	**217**	168	**217**	269
Unallocated net foreign exchange (loss) gain	**(14,662)**	65,622	**34,732**	55,403
Unallocated general and administrative expenses	**(15,953)**	(17,089)	**(42,012)**	(44,384)
Restructuring costs	**(21,262)**	-	**(21,262)**	-
Profit before taxation	**247,338**	984,888	**1,194,728**	1,691,289
Segment profit %				
Back-end equipment	**11.4%**	26.0%	**14.4%**	21.2%
SMT solutions				
- Before accounting for amortization of fair value increment of assets acquired in DEK Business	**10.9%**	16.7%	**14.3%**	12.2%
- After accounting for amortization of fair value increment of assets acquired in DEK Business	**10.0%**	16.7%	**13.4%**	12.2%
Materials	**8.3%**	8.7%	**9.0%**	9.5%

2. Analysis of quarterly segment revenue and results for the three months ended 30 September 2015

	Three months ended			Change	
	30 September 2015 (Unaudited) HK$'000	30 June 2015 (Unaudited) HK$'000	31 March 2015 (Unaudited) HK$'000	Q3 vs. Q2	Q3 vs. Q1
Segment revenue from external customers					
Back-end equipment	**1,455,138**	1,861,559	1,366,290	-21.8%	6.5%
SMT solutions	**1,357,693**	1,452,576	1,248,098	-6.5%	8.8%
Materials	**418,246**	447,817	441,478	-6.6%	-5.3%
	3,231,077	3,761,952	3,055,866	-14.1%	5.7%
Segment profit					
Back-end equipment	**166,583**	336,511	171,255	-50.5%	-2.7%
SMT solutions	**135,795**	241,538	165,795	-43.8%	-18.1%
- Profit before accounting for amortization of fair value increment of assets acquired in DEK Business	**147,584**	253,328	177,587	-41.7%	-16.9%
- Amortization of fair value increment of assets acquired in DEK Business	**(11,789)**	(11,790)	(11,792)	-	-
Materials	**34,869**	40,470	41,913	-13.8%	-16.8%
	337,247	618,519	378,963	-45.5%	-11.0%
Interest income	**1,544**	1,568	1,959	-1.5%	-21.2%
Finance costs	**(39,793)**	(39,158)	(37,796)	1.6%	5.3%
Unallocated other income	**217**	-	-	N/A	N/A
Unallocated net foreign exchange (loss) gain	**(14,662)**	(20,151)	69,545	-27.2%	N/A
Unallocated general and administrative expenses	**(15,953)**	(16,693)	(9,366)	-4.4%	70.3%
Restructuring costs	**(21,262)**	-	-	N/A	N/A
Profit before taxation	**247,338**	544,085	403,305	-54.5%	-38.7%
Segment profit %					
Back-end equipment	**11.4%**	18.1%	12.5%		
SMT solutions					
- Before accounting for amortization of fair value increment of assets acquired in DEK Business	**10.9%**	17.4%	14.2%		
- After accounting for amortization of fair value increment of assets acquired in DEK Business	**10.0%**	16.6%	13.3%		
Materials	**8.3%**	9.0%	9.5%		

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 30 Sep		Nine months ended 30 Sep	
	2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000	**2015 (Unaudited) HK$'000**	2014 (Unaudited) HK$'000
Earnings for the purposes of basic earnings per share (Profit for the period)	**180,228**	782,394	**903,084**	1,356,226
Add: Interest expense on convertible bonds (note)	**-**	35,912	**-**	-
Earnings for the purposes of diluted earnings per share (Profit for the period)	**180,228**	818,306	**903,084**	1,356,226

	Number of Shares (in thousand)		Number of Shares (in thousand)	
Weighted average number of ordinary shares for the purpose of basic earnings per share	**402,297**	400,423	**402,434**	400,491
Effect of dilutive potential shares:				
- Employee Share Incentive Scheme	**1,531**	1,623	**1,076**	1,133
- Convertible bonds (note)	**-**	24,437	**-**	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**403,828**	426,483	**403,510**	401,624

Note: The computation of diluted earnings per share for the three months ended 30 September 2015 and the nine months ended 30 September 2015 and 2014 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.

In the calculation of the diluted earnings per share for the three months ended 30 September 2014, the Company's outstanding convertible bonds were assumed to have been fully converted into ordinary shares and the earnings was adjusted to eliminate the interest expense relating to the convertible bonds.

REVIEW

Market sentiment has deteriorated rapidly since August this year following an economic slowdown in China and the emerging markets, a stronger US dollar and falling commodity prices. The unfavorable macroeconomic conditions have likely weakened overall market confidence and global demand. We observed that customers lowered their capital expenditure budgets and also pushed back their orders. In some cases, deliveries of new equipment were delayed. These are consistent with slowing economic activity. Industry analysts have also revised their forecasts downwards for the semiconductor assembly and packaging equipment industry, and are expecting contractions for this year and 2016.

Stemming from such negative market sentiments, Group billings for the third quarter of 2015 contracted by 14.1% on a quarterly basis. As at the end of the second quarter of this year, we had originally expected Group billings for the third quarter of 2015 to be at similar levels as the preceding quarter because of the healthy backlog that we had on hand.

Group billings for the third quarter of 2015 were US$416.9 million, a contraction of 33.4% as compared to the same period last year. All three of the Group's business segments experienced year-on-year as well as quarter-on-quarter contractions in billings. Group billings for the first nine months of 2015 were 6.8% lower than a year ago.

During the third quarter, the Group received new order bookings of US$380.9 million, which represented a contraction of 28.5% against the corresponding period last year, and 22.9% from the second quarter of 2015, respectively. All three business segments experienced year-on-year contractions in bookings. Bookings for the Materials Business remained flat during the third quarter of 2015. In fact, new order bookings for our Materials Business have been relatively flat for the past five consecutive quarters.

Lower order bookings of US$1.34 billion were recorded for the first nine months, representing a contraction of 14.6% as compared to the same period a year earlier.

The book-to-bill ratio for the third quarter of 2015 was 0.91. As of 30 September 2015, the order backlog was US$403.5 million, which was a decline of 8.6% as compared to the preceding quarter.

In terms of geographical distribution of the Group's sales, China inclusive of Hong Kong (49.9%), Europe (16.5%), Malaysia (7.2%), the Americas (6.4%) and the Philippines (3.9%) were the top five markets for the Group in the third quarter of 2015. It is notable that Taiwan is not on the list of our top five markets for the first time, which may be a reflection of the challenging market conditions there.

REVIEW (continued)

The Group’s profitability was adversely affected by the lower billings. The Group’s net profits were HK$180.2 million and HK$903.1 million for the third quarter and for the first nine months of 2015, respectively. Recognising the challenges ahead, the Group has launched an aggressive cost reduction programme. In September this year, the Group launched a Voluntary Separation Incentive Programme for its China manufacturing workforce. On 22 October 2015, the Group announced its plan to streamline its manufacturing operations for the SMT Solutions Business. As a result, its existing manufacturing facilities in Shenzhen, China for its DEK screen printers will be closed by the end of this year. Its operations will be combined with the Group’s existing manufacturing operations in Singapore and Malaysia. A headcount reduction of around 360 is expected from these two initiatives. The severance-related costs of around HK$21.3 million arising from the foregoing have been factored into the Group’s financial results for the third quarter of this year and further charges of around HK$16.2 million will be included in the Group’s financial results for the fourth quarter of this year. The anticipated annual cost saving for these two initiatives is around HK$48.5 million.

Despite challenging market conditions, we believe that the Group’s diversified customer base and application markets will enable the Group to perform better than its peers and the market during this period.

Back-end Equipment Business

In the third quarter of 2015, billings for the Back-end Equipment Business were US$187.8 million, which were lower by 21.8% and 32.9% as compared to the preceding quarter and the same period last year, respectively. The Back-end Equipment Business contributed to 46.6% of total Group billings for the first nine months, and 45.0% for the third quarter. The Group’s Back-end Equipment Business continued to gain market share during the first nine months this year, despite challenging market conditions.

Bookings for Back-end Equipment fell by 29.1% as compared to the second quarter of this year, and 33.6% from the corresponding quarter of 2014, respectively. On a year-to-date basis, bookings contracted by 20.3% as compared to a year ago.

During the third quarter, bookings and billings for CMOS Imaging Sensor (“CIS”) equipment, high-speed low I/O flip chip bonders and test handlers for small packages continued to outperform other products and to even grow year-on-year. In fact, we achieved a market share of well above 50% in flip chip bonders for the high-speed low I/O market applications segment. Similarly, we achieved a substantial market share of above 50% in test handlers for the handling of 0603 devices. In the LED market, the Group has extended its dominance in the traditional packaging market to include the flip chip CSP LED market. We believe that this reaffirms our strategy of serving the advanced packaging market and addressing diversified applications will continue to serve the Group well.

The Back-end Equipment Business achieved a gross margin of 39.2% and a segment result of 11.4% during the past three months. Relative to the preceding quarter, gross margin for the Back-end Equipment Business fell by 1.9% (185bps), mainly due to lower revenue achieved in the third quarter.

REVIEW (continued)

Materials Business

Billings for the Materials Business in the third quarter of 2015 were US$54.0 million, which represented contractions of 6.6% and 16.8% from the second quarter of 2015 and the third quarter of 2014, respectively. The Materials Business accounted for 13.0% of total Group billings in the third quarter of this year.

Billings for the Materials Business during the nine-month period amounted to US$168.7 million, which were 9.9% lower as compared to a year earlier.

New order bookings for the Materials Business were relatively flat (contracting by 0.8%) as compared to the preceding quarter but contracted by 4.9% from the corresponding quarter a year ago.

For the first nine months of 2015, bookings for the Materials Business were lower by 11.2% as compared to the same period last year.

In the third quarter of 2015, the Materials Business achieved a gross margin of 16.0% and a segment result of 8.3%. Gross margin for the Materials Business improved 0.6% (61bps) and 2.8% (278bps) as compared to the preceding quarter and the same period last year, respectively.

To strengthen further its Materials Business, the Group announced its investment in a Molded Interconnect Substrate ("MIS") business on 23 October 2015. In recent years, ASMPT has been investing aggressively in advanced packaging equipment solutions. With this investment in MIS, the Group extends its offerings to advanced packaging materials which will enable the Group to provide customers with a broader range of packaging solutions.

SMT Solutions Business

Billings for the SMT Solutions Business in the third quarter of 2015 were US$175.1 million, which represented contractions of 6.5% and 37.8% as compared to the second quarter of 2015 and the corresponding quarter of 2014, respectively. The relatively large year-on-year contraction is mainly due to a substantial order received last year. The SMT Solutions Business contributed 42.0% to total Group billings in the third quarter of 2015.

On a year-to-date basis, billings for the SMT Solutions Business were US$523.4 million, or 0.4% higher than the corresponding period last year.

Bookings for the SMT Solutions Business contracted by 29.0% and 21.7%, respectively from the third quarter of 2014 and the second quarter of 2015.

New order bookings for the first nine months of the year were down 8.0% as against the corresponding period last year.

REVIEW (continued)

Our SMT Solutions Business continued to do well. Based on available market data, we believe that we have overtaken our peers in the past nine months and have now become the top supplier in the SMT equipment market. This has occurred a year earlier than we had targeted.

The SMT Solutions Business achieved a gross margin of 33.8% and a segment result of 10.0% in the third quarter of 2015. In comparison with the preceding quarter, gross margin for the SMT Solutions Business was lower by 6.7% (670bps). The decline is due to lower revenue achieved in the quarter as well as the product and geographical mix. Typically, our SMT Solutions Business receives a higher revenue contribution from Asia during the third quarter of every year, whereas a higher contribution from Europe can be expected during the last quarter of each year. Gross margin for the SMT Solutions Business improved by 0.2% (24bps) as compared to the same period last year.

PROSPECTS

Given the current market sentiment and muted global macroeconomic outlook, we expect the fourth quarter to be challenging. Both billings and bookings may experience sequential contractions. Overall, we anticipate that there may be a low double-digit percentage decrease in Group billings for 2015 as compared to last year. However, we believe the broad customer base and diverse applications markets that we serve will continue to put us in good stead.

We remain confident in the long-term outlook for the semiconductor assembly and packaging equipment industry. We believe that demand relating to the development of the Internet of Things ("IoT") will continue to rise with growing integration of connected devices. Industry analysts have forecasted that the number of connected devices will increase to over tens of billions during the IoT era, and this represents a significant growth opportunity for us. In addition, the industry's demanding requirements for thinner and smaller form factors as well as higher performance while exhibiting excellent electrical and thermal properties will be advantageous to us. We are well-positioned to work with customers to develop the solutions they need for these demanding requirements as we possess the necessary enabling technologies and know-how for both semiconductor back-end and SMT equipment and a comprehensive suite of advanced packaging solutions.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the nine months ended 30 September 2015.

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, 28 October 2015