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FOR IMMEDIATE RELEASE

**ASM INTERNATIONAL REPORTS  
2003 THIRD QUARTER OPERATING RESULTS**

- *Third quarter net sales of € 147.4 million, down 3.7% from net sales of the previous quarter and up 5.3% from net sales of the third quarter of 2002;*
- *Third quarter net loss of € (9.2) million or € (0.19) per share as compared to a net loss of € (6.2) million or € (0.13) per share for the previous quarter and a net loss of € (4.6) million or € (0.09) per share for the third quarter of 2002;*
- *Third quarter bookings of € 130.8 million, up 17.0% from the previous quarter. Nine months bookings of € 392.5 million, compared to € 429.5 million in the first nine months of 2002, a decrease of 8.6%;*
- *Quarter-end backlog of € 117.1 million, down 12.4% from the previous quarter, Book-to-Bill ratio for the third quarter of 0.89; Over the first nine months of 2003 the Book-to-Bill ratio was 0.94.*

BILTHOVEN, THE NETHERLANDS, October 20, 2003 --- **ASM International N.V.** (NASDAQ: ASMI and Euronext Amsterdam: ASM) reported today the operating results for the third quarter of 2003. The net loss for the third quarter amounted to € (9.2) million, or € (0.19) diluted net loss per share compared to a net loss of € (4.6) million or € (0.09) diluted net loss per share for the third quarter of 2002.

For the nine months ended September 30, 2003 the net loss amounted to € (23.8) million or € (0.48) diluted net loss per share, compared to a net loss of € (23.2) million or € (0.47) diluted net loss per share for the same period in 2002.

**Net sales**

*Net sales for the third quarter of 2003* amounted to € 147.4 million, an increase of 5.3% compared to net sales of € 140.0 million for the third quarter of 2002 and a decrease of 3.7% compared to the sales level of € 153.1 million for the second quarter of 2003. Net sales for the first nine months of 2003 amounted to € 418.3 million, an increase of 9.6% compared to € 381.5 million net sales for the same period in 2002.

Sales levels for the third quarter were at approximately the same level as the preceding second quarter, both in Front-end as well as Back-end. Although there are positive signs for higher semiconductor sales, semiconductor manufacturers are still not quite ready to firmly commit to large scale capital investments, which results in an erratic order intake as well as price pressure and required short lead times between order intake and delivery.

The strong Euro against the Japanese yen, the US dollar and US dollar related currencies did negatively impact the Company's consolidated net sales levels as expressed in Euro. The growth in sales would have been as high as 26.6%, if the exchange rates for the first nine months of 2003 were applied to the sales levels for the first nine months of 2002 expressed in their original local currencies.

### **Operations**

The *gross profit margin* for the third quarter of 2003 amounted to 33.0% of net sales, 5.1 percentage points below the gross profit margin of 38.1% of net sales in the third quarter of 2002, and 0.6 percentage points better than the 32.4% gross profit margin realized in the second quarter of 2003. The gross profit margin for the first nine months of 2003 amounted to 32.6%, a decrease of 4.1 percentage points compared to the 36.7% gross profit margin for the same period in 2002. Although the gross profit margin improved slightly in the third quarter of 2003 as compared to the second quarter of 2003, the gross profit margin is still negatively impacted by competitive price pressure, the product mix and the impact of lower US dollar exchange rates, in particular in the Front-end operations. The same factors also contributed to the decrease of gross margin for the nine months of 2003 when compared to the same period in 2002.

*Selling, general and administrative expenses* were € 26.9 million in the third quarter of 2003 compared to € 28.6 million in the third quarter of 2002, a decrease of 5.9%, and 10.8% above the level of € 24.3 million in the second quarter of 2003. Selling, general and administrative expenses were € 75.2 million in the first nine months of 2003, a decrease of 5.5% compared to € 79.6 million in the same period of 2002. As a percentage of net sales, selling, general and administrative expenses were 18.0% in the first nine months of 2003, compared to 20.9% in the same period of 2002.

*Research and development expenses* decreased from € 21.6 million or 15.4% of net sales in the third quarter of 2002 to € 18.8 million or 12.8% of net sales in the third quarter of 2003, and 7.0% below the € 20.2 million in research and development expenses in the second quarter of 2003. For the first nine months of 2003, research and development expenses decreased by 10.1% compared to the same period in 2002, and decreased as a percentage of net sales from 16.7% to 13.7%. The decrease is the result of our adjustment of the timing in some of our R&D programs, which we believe will not affect our strong research and development commitment to the industry, and, to a lesser extent, the impact of the strong Euro against the Japanese Yen, the US dollar and US dollar related currencies.

*Earnings (loss) from operations* amounted to earnings of € 2.9 million for the third quarter of 2003, a decrease of 7.9% as compared to € 3.2 million for the same period in 2002. For the nine months of 2003, earnings from operations amounted to € 3.7 million, compared to a loss from operations of € (3.6) million for the same period in 2002. This quarter's result is after € 0.5 million restructuring costs described below.

*Net interest and other financial expenses* increased from a net expense of € (2.2) million in the third quarter of 2002 to a net expense of € (4.0) million in the third quarter of 2003. In the first nine months of 2003 the net expense amounted to € (9.0) million compared to a net expense of € (6.8) million in the same period of 2002. The increase is the result of higher net interest expenses resulting from increased borrowings, including the issuance of US\$ 90.0 million in convertible subordinated debt in May 2003 and lower interest income on cash deposits due to lower interest rates. The increase was partially offset by the lower US dollar exchange rate. Net currency transaction losses for the third quarter of 2003 were € (1.1) million compared to net currency transaction losses of € (0.1) million in the third quarter of 2002.

### **Bookings and backlog**

New orders received in the third quarter of 2003 amounted to € 130.8 million, 17.0% higher than the € 111.8 million level of new orders received in the second quarter of 2003. Both segments of the company's business showed increases over the second quarter's levels, although in Front-end the quarterly book-to-bill ratio stayed well under 1.0. The overall book-to-bill ratio for the third quarter was 0.89 compared to 0.73 in the second quarter of 2003. For the first nine months of 2003 the total of new orders amounted to € 392.5 million compared to € 429.5 million for the first nine months of 2002. The backlog at the end of September 2003 amounted to € 117.1 million, a decrease of 12.4% compared to € 133.7 million at the end of June 2003.

### **Liquidity and capital resources**

Net cash provided by operations and investing activities for the third quarter was € 14.6 million as compared to € 15.6 million for the third quarter of 2002. Net cash provided on the same basis for the first nine months of 2003 amounted to € 6.7 million as compared to a cash utilization of € (9.3) million for the same period in 2002.

At September 30, 2003, the Company's principal sources of liquidity consisted of € 115.2 million in cash and cash equivalents, of which € 81.5 million was available for the company's Front-end operations and € 33.7 million was restricted for use in the company's Back-end operations. In addition, the Company also had € 67.8 million in undrawn bank facilities, of which € 39.2 million was available for Back-end and € 28.6 million was available for Front-end, primarily for the Japanese operations.

## **Restructuring**

In July 2003 the Company announced to take further steps to reduce its existing fixed cost base and reduce its Front-end workforce by approximately 150 employees or 10% of the total Front-end staff. In the third quarter of 2003 the Front-end workforce was reduced by 45 employees, including temporary contract employees. The associated termination expenses for the third quarter were € 0.5 million, which were included in operating expenses. Decisions regarding the remaining reductions in workforce and restructuring of activities will be taken in the fourth quarter of 2003. The financial recognition of the associated expenses will be in the fourth quarter of this year, as well as in the first half of 2004. The associated restructuring expenses, including impairment of fixed assets, for the fourth quarter of 2003 are estimated to be approximately € 5.0 million.

## **Outlook**

There are signs of general improvement in the semiconductor industry that should filter to the equipment sector in coming quarters. At the same time, the momentum developing in our Back-end operations may be a precursor for the equipment sector as a whole. But we are still waiting for a convincing acceleration of booking activity in the industry's Front-end segment.

This situation continues to create volatility in our order intake that makes reliable projections difficult. Considering the lower level of Front-end bookings over the past quarters, we expect fourth quarter consolidated sales and net results ( before restructuring expenses ) at a lower level than the third quarter of 2003.



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## ASM INTERNATIONAL CONFERENCE CALL

ASM International will host an investor conference call and web cast on

**TUESDAY, October 21, 2003 at**

9:00 a.m. US Eastern time

15:00 p.m. Continental European time.

The teleconference dial-in numbers are as follows:

United States: 800.901.5241

International: +1 617.786.2963

The participation pass code is 44967150

A simultaneous audio web cast will be accessible at [www.asm.com](http://www.asm.com) and [www.companyboardroom.com](http://www.companyboardroom.com).

The teleconference will be available for replay for 48-hours, beginning one hour after completion of the live broadcast. The replay dial-in numbers are:

United States: 888.286.8010

International: +1 617.801.6888.

The participation pass code is 61494829

### **About ASM**

ASM International N.V., headquartered in Bilthoven, the Netherlands, is a global company servicing one of the most important and demanding industries in the world. The Company possesses a strong technology base, state-of-the-art manufacturing facilities, a competent and qualified workforce and a highly trained, strategically distributed support network. ASM International and its subsidiaries design and manufacture equipment and materials used to produce semiconductor devices. ASM International and its subsidiaries provide production solutions for wafer processing (Front-end segment) as well as assembly and packaging (Back-end segment) through facilities in the United States, Europe, Japan and Asia. ASM International's common stock trades on Nasdaq (symbol ASMI) and the Euronext Amsterdam Stock Exchange (symbol ASM). For more information, visit ASMI's website at <http://www.asm.com>.

Safe Harbor Statement under the U.S. Private Securities Litigation Reform Act of 1995: All matters discussed in this statement, except for any historical data, are forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. These include, but are not limited to, economic conditions and trends in the semiconductor industry, currency fluctuations, the timing of significant orders, market acceptance of new products, competitive factors, litigation involving intellectual property, shareholder and other issues, commercial and economic disruption due to terrorist activity, armed conflict or political instability and other risks indicated in the Company's filings from time to time with the U.S. Securities and Exchange Commission, including, but not limited to, the Company's report on Form 20-F for the year ended December 31, 2002 and Form 6-K as filed.

**ASM INTERNATIONAL N.V.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(thousands except per share data)	in Euro			
	Three months ended September 30,		Nine months ended September 30,	
	2002	2003	2002	2003
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
Net sales	140 044	147 405	381 468	418 274
Cost of sales	(86 642)	(98 747)	(241 649)	(281 906)
Gross profit	53 402	48 658	139 819	136 368
Operating expenses:				
Selling, general and administrative	(28 604)	(26 924)	(79 594)	(75 248)
Research and development	(21 610)	(18 798)	(63 863)	(57 404)
Total operating expenses	(50 214)	(45 722)	(143 457)	(132 652)
Earnings (loss) from operations	3 188	2 936	(3 638)	3 716
Net interest and other financial income (expenses)	(2 223)	(3 954)	(6 825)	(8 953)
Earnings (loss) before income taxes and minority interest	965	(1 018)	(10 463)	(5 237)
Income taxes	(121)	(2 120)	496	(3 522)
Earnings (loss) before minority interest	844	(3 138)	(9 967)	(8 759)
Minority interest	(5 454)	(6 105)	(13 201)	(15 040)
Net loss	(4 610)	(9 243)	(23 168)	(23 799)
Basic net loss per share	(0,09)	(0,19)	(0,47)	(0,48)
Diluted net loss per share (1)	(0,09)	(0,19)	(0,47)	(0,48)
Weighted average number of shares used in computing per share amounts (in thousands):				
Basic	49 161	49 689	49 137	49 503
Diluted (1)	49 161	49 689	49 137	49 503

(1) The calculation of diluted net earnings (loss) per share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in earnings of the Company. Only instruments that have a dilutive effect on net earnings (loss) are included in the calculation. The assumed conversion results in adjustment in the weighted average number of common shares and net earnings (loss) due to the related impact on interest expense. The calculation is done for each reporting period individually. Due to the loss reported in the three months ended September 30, 2002 and September 30, 2003 and the nine months ended September 30, 2002 and September 30, 2003, the effect of securities and other contracts to issue common stock were anti-dilutive and no adjustments have been reflected in the diluted weighted average number of shares and net earnings (loss) for that period.

**ASM INTERNATIONAL N.V.**  
**CONSOLIDATED BALANCE SHEETS**

(thousands except share data)	In Euro	
	December 31,	September 30,
Assets	2002	2003
		<b>(unaudited)</b>
Cash and cash equivalents	70 991	115 179
Marketable securities	11	10
Accounts receivable, net	132 818	152 994
Inventories, net	185 752	165 822
Income taxes receivable	1 840	39
Deferred tax assets	1 843	1 909
Other current assets	18 786	20 419
<b>Total current assets</b>	<b>412 041</b>	<b>456 372</b>
Property, plant and equipment, net	160 501	138 850
Goodwill, net	54 529	49 463
Deferred tax assets	2 781	2 702
Other assets	23 989	27 011
<b>Total Assets</b>	<b>653 841</b>	<b>674 398</b>
<b>Liabilities and Shareholders' Equity</b>		
Notes payable to banks	26 548	12 524
Accounts payable	67 029	73 299
Accrued expenses	55 414	58 929
Advance payments from customers	6 290	11 178
Deferred revenue	8 851	11 783
Income taxes payable	5 560	7 787
Current portion of long-term debt	2 669	1 002
<b>Total current liabilities</b>	<b>172 361</b>	<b>176 502</b>
Deferred tax liabilities	1 050	893
Long-term debt	8 175	7 517
Convertible subordinated debt	109 665	175 931
<b>Total Liabilities</b>	<b>291 251</b>	<b>360 843</b>
Minority interest in subsidiary	97 048	82 859
<b>Shareholders' Equity:</b>		
<b>Common shares</b>		
Authorized 110,000,000 shares, par value € 0.04, issued and outstanding 49,370,308 and 49,981,048 shares	1 975	1 999
Financing preferred shares, issued none	-	-
Preferred shares, issued none	-	-
Capital in excess of par value	254 999	258 872
Retained earnings	35 054	11 255
Accumulated other comprehensive loss	(26 486)	(41 430)
<b>Total Shareholders' Equity</b>	<b>265 542</b>	<b>230 696</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>653 841</b>	<b>674 398</b>

**ASM INTERNATIONAL N.V.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(thousands)	in Euro			
	Three months ended September 30,		Nine months ended September 30,	
	2002	2003	2002	2003
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash flows from operating activities:				
Net loss	(4 610)	(9 243)	(23 168)	(23 799)
Depreciation and amortization	9 550	8 615	29 851	25 758
Amortization of debt issuance costs	343	421	1 106	1 108
Deferred income taxes	159	(69)	(160)	(168)
Minority interest	5 454	6 105	13 201	15 040
Changes in other assets and liabilities	14 638	13 979	(9 348)	5 394
Net cash provided by operating activities	25 534	19 808	11 482	23 333
Cash flows from investing activities:				
Net capital expenditures	(9 886)	(5 203)	(20 740)	(15 420)
Investment in participations	-	-	-	(1 229)
Purchase of marketable securities	(6)	-	(6)	-
Net cash used in investing activities	(9 892)	(5 203)	(20 746)	(16 649)
Cash flows from financing activities:				
Notes payable to banks, net	1 408	3 734	1 346	(13 409)
Proceeds from issuance of shares	77	2 952	772	3 897
Proceeds from long-term debt and subordinated debt	93	-	595	75 990
Repayments of long-term debt	(525)	(459)	(2 645)	(2 164)
Dividend to minority shareholders	(8 242)	(7 428)	(24 459)	(20 397)
Net cash provided by (used in) financing activities	(7 189)	(1 201)	(24 391)	43 917
Exchange rate effects	(732)	(1 677)	(6 096)	(6 413)
Net increase (decrease) in cash and cash equivalents	7 721	11 727	(39 751)	44 188

**ASM INTERNATIONAL N.V.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Amounts in Euro thousands)

**Basis of Presentation**

ASM International N.V, ("ASMI") follows accounting principles that conform with those generally accepted in the United States of America ("US GAAP"). Accounting principles applied are unchanged compared to the year 2002.

**Principles of Consolidation**

The Consolidated Financial Statements include the accounts of ASMI and its subsidiaries, where ASMI holds a controlling interest. The minority interest of third parties is disclosed separately in the Financial Statements. All intercompany profits, transactions and balances have been eliminated in consolidation. Intercompany profits included in inventory are recognized in the Statement of Operations upon the sale of the respective inventory to a third party.

**Accounting principles under Dutch GAAP**

Under accounting principles generally accepted in the Netherlands ('Dutch GAAP') the statement of operations, the balance sheet and statement of cash flows would not differ significantly from those presented under US GAAP, except for the amortization of goodwill. Under US accounting standard SFAS 142 "Goodwill and Other Intangible Assets," ASMI, stopped amortizing goodwill as of January 1, 2002. Under Dutch GAAP goodwill is capitalized and amortized over a period not to exceed 20 years. If ASMI had amortized goodwill in accordance with Dutch GAAP, the net loss for the three months ended September 30, 2002 and September 30, 2003 would have been € (6,449) and € (10,773) respectively and the net loss for the nine months ended September 30, 2002 and September 30, 2003 would have been € (28,680) and € (28,454) respectively. The diluted loss per share for the three months ended September 30, 2002 and September 30, 2003 would have been € (0.13) and € (0.22) respectively, and the diluted loss per share for the nine months ended September 30, 2002 and September 30, 2003 would have been € (0.58) and € (0.57) respectively. Shareholders' Equity at September 30, 2003 would have been € 220,356.

At September 30, 2003: 1 Euro = 1.1652 US\$.

Auditors: Deloitte & Touche, Accountants

Stock: Traded on the NASDAQ National Market System under the symbol 'ASMI' and on the Euronext Amsterdam Stock Exchange under the symbol 'ASM'