

Almere, The Netherlands

March 2, 2017

ASM INTERNATIONAL N.V. REPORTS FOURTH QUARTER 2016 RESULTS

ASM International N.V. (Euronext Amsterdam: ASM) today reports its fourth quarter 2016 operating results (unaudited) in accordance with IFRS.

REPORTING 2016

With the 2015 Q4 earnings release, published on February 23, 2016, ASMI announced that as of January 1, 2016, it will report its financial results in accordance with IFRS. Up until the last reporting regarding 2015, ASMI's primary external and internal reporting has been based on US GAAP. In addition ASMI issued quarterly reconciliations of net earnings and shareholders' equity and statutory interim reports prepared in accordance with International Financial Reporting Standards (IFRS). Following the voluntary delisting from NASDAQ, August 2015, ASMI migrated to IFRS as its only internal and external reporting standard from January 1, 2016, and discontinued the use of US GAAP as of the same date. During 2016 comparable results based on US GAAP were presented; as from 2017 results based on IFRS only will be reported.

The main deviations between IFRS and US GAAP are explained in Annex 2.

FINANCIAL HIGHLIGHTS

ASMI results based on IFRS.

EUR million	Quarter		
	Q4 2015	Q3 2016	Q4 2016
New orders	135.4	122.6	176.9
Net sales	144.7	144.2	172.6
Gross profit margin %	44.8%	44.2%	44.9%
Operating result	4.0	16.8	29.9
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	1.6	26.7	18.4
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(7.1)	(6.7)	(7.0)
Net earnings	10.8	33.1	61.5
Normalized net earnings (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	17.9	39.8	68.5

- Net sales for the fourth quarter 2016 were €173 million, an increase of 20% compared to the previous quarter. Year-on-year net sales increased with 19%.
- New orders at €177 million were 44% above the Q3 2016 level.
- Normalized net earnings for the fourth quarter 2016 increased by €29 million compared to the third quarter 2016. Operating result increased to €30 million. The financing result included €19 million positive effects from currencies compared to €3 million negative effects in the third quarter. The result from investments decreased with €8 million.

COMMENT

Commenting on the results, Chuck del Prado, President and Chief Executive Officer of ASM International said: "The strong overall market climate for semiconductor equipment towards the end of 2016 led to better sales and a higher order intake for Q4 than forecasted. The net cash position of ASMI remained strong. In addition to a stable proposed dividend of €0.70 per share, we announce today an increase in our current share buyback program from € 50 million to €100 million."

OUTLOOK

We continue to expect a clear improvement in the single wafer ALD market in 2017:

- Demand in the Logic/Foundry segment is expected to remain healthy.
- We believe the 3D-NAND contribution to the single wafer ALD market will show a strong increase in 2017, leading to increased orders for ASMI.
- The DRAM segment is expected to show a modest recovery in 2017.

We expect that the single wafer ALD market experienced a double digit decline in 2016. Based upon that we forecast the single wafer ALD market to reach a size of approx. US\$1.5 billion in 2020-2021.

We project a year-on-year sales increase for the first half of 2017, whereby we expect a sales level of €135-145 million for Q1 and €160-200 million for Q2, both on a currency comparable level. The order intake in Q1 is expected to remain healthy at a level of €170-190 million, also on a currency comparable level.

SHARE BUYBACK PROGRAM

On October 26, 2016, ASMI announced a share buyback program for the repurchase of up to €50 million of the Company's common shares within the 2016-2017 time frame. Today, ASMI announces that its Management Board authorized an increase in this program to €100 million.

On May 25, 2016, the Annual General Meeting of Shareholders authorized ASMI to acquire shares for a period of 18 months. The repurchase program is part of ASMI's commitment to use excess cash for the benefit of its shareholders.

The program started on December 13, 2016. On December 31, 2016, 12.9% of the program was completed at an average share price of €42.31.

At the end of 2016 ASMI held 3.98 million treasury shares, which is more than sufficient to cover our outstanding options and restricted/performance shares. Hence ASMI will propose to the Annual General Meeting, to be held on May 22, 2017, to cancel 1.5 million treasury shares.

CREDIT FACILITY

In December 2016, ASMI finalized the renewal of the current standby revolving credit facility. The security of the previous credit agreement has been released. The maturity date of the new credit commitment of €150 million is December 16, 2021, with an extension option for up to two years. As per December 31, 2016, this facility was undrawn.

The credit facility of €150 million includes two financial covenants:

- Minimum consolidated tangible net worth; and
- Consolidated total net debt/total equity ratio.

These financial covenants are measured twice each year, on June 30 and December 31. We were in compliance with these financial covenants as per December 31, 2016.

About ASM International

ASM International NV, headquartered in Almere, the Netherlands, its subsidiaries and participations design and manufacture equipment and materials used to produce semiconductor devices. ASM International, its subsidiaries and participations provide production solutions for wafer processing (Front-end segment) as well as for assembly & packaging and surface mount technology (Back-end segment) through facilities in the United States, Europe, Japan and Asia. ASM International's common stock trades on the Euronext Amsterdam Stock Exchange (symbol ASM). For more information, visit ASMI's website at www.asm.com.

Cautionary Note Regarding Forward-Looking Statements: All matters discussed in this press release, 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 generally and the timing of the industry cycles specifically, currency fluctuations, corporate transactions, financing and liquidity matters, the success of restructurings, the timing of significant orders, market acceptance of new products, competitive factors, litigation involving intellectual property, shareholders or other issues, commercial and economic disruption due to natural disasters, terrorist activity, armed conflict or political instability, epidemics and other risks indicated in the Company's reports and financial statements. The Company assumes no obligation nor intends to update or revise any forward-looking statements to reflect future developments or circumstances.

ASM International will host an investor conference call and web cast on Friday, March 03, 2017 at 15:00 Continental European Time (9:00 a.m. - US Eastern Time).

The teleconference dial-in numbers are as follows:

- United States: +1 212 444 0895
- International: +44 (0)20 3427 1913
- The Netherlands: +31 (0)20 716 8295
- Access Code: 8413062

A simultaneous audio webcast and replay will be accessible at www.asm.com.

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ANNEX 1

OPERATING AND FINANCIAL REVIEW FOURTH QUARTER 2016

The following table shows the operating performance for the fourth quarter of 2016 as compared to the third quarter of 2016 and the fourth quarter of 2015:

EUR million	Q4 2015	Q3 2016	Q4 2016	Change Q3 2016 to Q4 2016	Change Q4 2015 to Q4 2016
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>		
New orders	135.4	122.6	176.9	44 %	31 %
Backlog	127.8	154.4	156.7	1 %	23 %
Book-to-bill	0.9	0.9	1.0		
Net sales	144.7	144.2	172.6	20 %	19 %
Gross profit	64.8	63.7	77.5	22 %	20 %
Gross profit margin %	44.8%	44.2%	44.9%		
Selling, general and administrative expenses	(23.0)	(21.4)	(23.1)	8 %	1 %
Research and development expenses	(36.9)	(24.2)	(24.0)	(1)%	(35)%
Restructuring expenses	(0.9)	(1.3)	(0.4)	n/a	n/a
Operating result	4.0	16.8	29.9	13.1	26.0
Operating margin %	2.7%	11.7%	17.3%		
Financing costs	5.8	(3.1)	19.3	22.4	13.5
Income tax	6.5	(0.7)	0.8	1.5	(5.7)
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	1.6	26.7	18.4	(8.3)	16.8
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(7.1)	(6.7)	(7.0)	(0.3)	—
Net earnings	10.8	33.1	61.5	28.4	50.7
Normalized net earnings (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	17.9	39.8	68.5	28.7	50.6
Net earnings per share, diluted	€ 0.17	€ 0.54	€ 1.01	€ 0.47	€ 0.84
Normalized net earnings per share, diluted	€ 0.28	€ 0.65	€ 1.13	€ 0.48	€ 0.85

Results

The backlog increased from €154 million at the end of the third quarter 2016 to €157 million as per December 31, 2016. The book-to-bill ratio for Q4 was 1.0. In terms of customer segments, new orders in the fourth quarter were led by foundry, followed by memory and then logic.

The following table shows the level of new orders for the fourth quarter of 2016 and the backlog at the end of the fourth quarter of 2016, compared to the previous quarter and the comparable quarter previous year:

EUR million	Q4 2015	Q3 2016	Q4 2016	Change Q3 2016 to Q4 2016	Change Q4 2015 to Q4 2016
Backlog at the beginning of the quarter	134.9	175.4	154.4	(12)%	14%
New orders for the quarter	135.4	122.6	176.9	44 %	31%
Net sales for the quarter	(144.7)	(144.2)	(172.6)	20 %	19%
FX-effect for the quarter	2.2	0.6	(2.0)		
Backlog at the end of the quarter	127.8	154.4	156.7	1 %	23%
Book-to-bill ratio (new orders divided by net sales)	0.9	0.9	1.0		

Net sales for the fourth quarter 2016 increased by 20% compared to the previous quarter and increased by 19% year-on-year, mainly as a result of higher ALD sales. Net sales in the fourth quarter were led by foundry and memory. The impact of currency changes was an increase of 1% quarter to quarter and 3% year-on-year.

The gross profit margin increased from 44.2% in Q3 to 44.9% in Q4. For Q4 2015 gross profit margin as a percentage of sales was 44.8%. The impact of currency changes on gross profit was an increase of 1% quarter to quarter and 4% year-on-year.

Selling, general and administrative expenses increased by 8% compared to the previous quarter. As a percentage of sales SG&A expenses were 13% (Q3 2016: 15%, Q4 2015: 16%). The impact of currency changes on SG&A expenses was an increase of 1% quarter to quarter and 1% year-on-year.

Research and development expenses decreased with 1% compared to the previous quarter.

EUR million	Q4 2015	Q3 2016	Q4 2016	Change Q3 2016 to Q4 2016	Change Q4 2015 to Q4 2016
R&D expenditure	(25.0)	(26.7)	(26.5)	(1)%	6 %
Capitalized development expenditure	5.4	6.8	6.8	— %	25 %
Amortization capitalized development expenditure	(1.2)	(4.3)	(4.3)	3 %	n/a
Impairment capitalized development expenditure	(16.2)	—	—	n/a	n/a
R&D expenses	(36.9)	(24.2)	(24.0)	(1)%	(35)%

As a percentage of sales R&D expenses were 14%, compared to 17% for the previous quarter. For the fourth quarter of 2015 this was 26%. The decrease as compared to last year is explained by the €16.2 million impairment charges that were included in the fourth quarter of 2015. The impact of currency changes on R&D expenses was an increase of 3% quarter to quarter and 3% year-on-year.

Financing costs are mainly related to translation results. The Q4 2016 results included a translation gain of €19 million compared to a loss of €3 million included in the Q3 2016 results and a gain of €6 million included in the Q4 2015 results. The translation results are mainly related to movements in the US dollar in the respective periods. A substantial part of ASMI's cash position is denominated in US dollar.

Income tax in the fourth quarter amounted to an income of €0.8 million. Tax in the previous quarter amounted into an expense of €0.7 million.

Result from investments includes our approximate 39% share in net earnings of ASMPT. In Q4 ASMPT showed a sales decrease of 16% compared to the previous quarter, from HK\$4,197 million to HK\$3,521 million. Sales were 20% above the level of Q4, 2015,

of HK\$2,928 million. ASMPT's net earnings excluding one-offs, on a 100% basis decreased from €68 million in the previous quarter to €47 million in Q4, 2016. Q4 last year, also on a 100% basis, showed net earnings, excluding one-offs, of €10 million.

Amortization intangible assets resulting from the sale of the 12% stake of ASMPT amounted to €7 million in Q4. For the full year of 2017, on a currency comparable basis, this amortization is expected to amount to €27 million.

Cash flow, balance sheet, liquidity and capital resources

Cash flow. The following table shows the cash flow statement on a comparable basis (the effects of the purchase price allocation following the sale of the 12% stake of ASMPT, March 2013 have been eliminated).

EUR million	Q4 2015 <i>unaudited</i>	Q3 2016 <i>unaudited</i>	Q4 2016 <i>unaudited</i>
Normalized net earnings	17.9	39.8	68.5
Adjustments to cash from operating activities			
Depreciation, amortization and impairments	24.3	12.8	15.1
Income tax	(6.5)	0.7	(0.8)
Result from investments	(1.6)	(26.7)	(18.4)
Other adjustments	1.9	5.3	(14.6)
Changes in other assets and liabilities			
Accounts receivable	4.3	5.8	(31.5)
Inventories	4.3	(13.0)	3.7
Accounts payable	0.5	3.9	4.2
Other assets and liabilities	(4.8)	5.8	(7.8)
Income tax paid	(0.7)	(3.0)	(0.4)
Net cash provided by operating activities	39.5	31.2	18.1
Capital expenditures	(10.8)	(12.2)	0.3
Capitalized development costs	(5.4)	(6.8)	(6.8)
Dividend received from associates	—	14.8	—
Other	(1.0)	(1.9)	(1.4)
Net cash used in investing activities	(17.3)	(6.0)	(7.9)
Share buy back	(8.4)	(26.9)	(13.2)
Shares issued	0.5	1.0	2.7
Dividend paid to shareholders ASMI	—	(5.5)	—
Net cash used in financing activities	(7.9)	(31.4)	(11.3)
Net cash (used) provided	14.3	(6.2)	(1.0)

Balance sheet

EUR million	December 31, 2015	December 31, 2016 <i>unaudited</i>
Property, plant and equipment	91.8	95.0
Goodwill	11.3	11.3
Capitalized development costs	72.5	88.2
Other intangible assets	9.0	12.0
Investments in associates	1,180.8	1,235.7
Other non-current assets	40.6	55.3
Total non-current assets	1,406.0	1,497.5
Inventories	113.5	112.3
Accounts receivable	90.2	137.0
Other current assets	19.4	23.2
Cash and cash equivalents	446.9	378.2
Total current assets	670.0	650.7
Total assets	2,076.0	2,148.3
Equity	1,948.4	2,015.9
Pension liabilities	1.2	1.4
Deferred tax liabilities	11.3	13.1
Total non-current liabilities	12.6	14.5
Accounts payable	54.4	60.9
Other current liabilities	60.7	57.0
Total current liabilities	115.1	117.9
Total liabilities and equity	2,076.0	2,148.3

Net working capital, consisting of accounts receivable, inventories, other current assets, accounts payable, accrued expenses, advance payments from customers and deferred revenue, increased to €157 million compared to €127 million per September 30, 2016 (€114 million per December 31, 2015). The number of outstanding days of working capital, measured against quarterly sales, increased to 82 days on December 31, 2016 from 79 days on September 30, 2016 (69 days at December 31, 2015).

Sources of liquidity. As per December 31, 2016, the Company's principal sources of liquidity consisted of €378 million in cash and cash equivalents and €150 million in undrawn bank lines.

OPERATING AND FINANCIAL REVIEW

FULL YEAR

The following table shows the operating performance for the full year 2016 as compared to the same period of the previous year:

EUR million	Full year		Change
	2015	2016 unaudited	
New orders	608.4	622.3	2 %
Backlog	127.8	156.7	23 %
Book-to-bill	0.9	1.0	
Net sales	669.6	597.9	(11)%
Gross profit	295.5	264.5	(10)%
Gross profit margin %	44.1%	44.2%	
Selling, general and administrative expenses	(93.0)	(88.0)	(5)%
Research and development expenses	(89.7)	(91.1)	2 %
Restructuring expenses	(1.7)	(3.1)	n/a
Operating result	111.1	82.2	(28.8)
Operating margin %	16.6%	13.8%	
Financing costs	24.8	15.0	(9.7)
Income tax	5.4	(2.3)	(7.6)
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	43.3	67.7	24.4
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(27.2)	(27.2)	(0.1)
Net earnings	157.3	135.5	(21.9)
Normalized net earnings (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	184.5	162.7	(21.8)
Net earnings per share, diluted	€ 2.50	€ 2.21	€ (0.29)
Normalized net earnings per share, diluted	€ 2.93	€ 2.65	€ (0.28)

Results

The backlog increased with 23% compared to December 31 last year. The book-to-bill ratio was 1.0.

The following table shows the level of new orders for the twelve months ended December 31, 2016 and the backlog as per December 31, 2016 compared to the comparable period of 2015:

EUR million	Full year		
	2015	2016	% Change
Backlog at the beginning of the year	176.1	127.8	(27)%
New orders	608.4	622.3	2 %
Net sales	(669.6)	(597.9)	(11)%
FX-effect	12.9	4.5	
Backlog as per reporting date	127.8	156.7	23 %
Book-to-bill ratio (new orders divided by net sales)	0.9	1.0	

Net sales for the full year 2016 decreased with 11% year-on-year. The impact of currency changes was an increase of 3% year on year.

The gross profit margin remained relatively stable at around the 44% level. The impact of currency changes was an increase of 5% year on year.

Selling, general and administrative expenses decreased with 5% compared to the previous year. As a percentage of sales SG&A expenses were 15% compared to 14% for the same period previous year. The impact of currency changes was an increase of 1% year on year.

Research and development expenses

EUR million	Full year		
	2015	2016	% Change
R&D expenditure	(91.9)	(101.5)	10 %
Capitalized development expenditure	30.2	27.3	(10)%
Amortization capitalized development expenditure	(11.8)	(16.9)	43 %
Impairment capitalized development expenditure	(16.2)	—	n/a
R&D expenses	(89.7)	(91.1)	2 %

Research and development expenses increased with 2% compared to the comparable period previous year, driven by additional investments to fulfill customer requirements. As a percentage of sales R&D expenses were 15%, compared to 13% for the previous year. The impact of currency changes was an increase of 3%.

ANNEX 2

ASM INTERNATIONAL N.V. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Three months ended December 31,		Full year	
	2015	2016	2015	2016
EUR thousand, except earnings per share	(unaudited)	(unaudited)		(unaudited)
Net sales	144,709	172,560	669,621	597,930
Cost of sales	(79,907)	(95,076)	(374,094)	(333,430)
Gross profit	64,802	77,483	295,527	264,500
Operating expenses:				
Selling, general and administrative	(23,018)	(23,149)	(93,019)	(87,998)
Research and development	(36,913)	(24,018)	(89,735)	(91,129)
Restructuring expenses	(892)	(378)	(1,710)	(3,132)
Total operating expenses	(60,823)	(47,544)	(184,464)	(182,259)
Operating result	3,978	29,939	111,063	82,241
Net interest income (expense)	(35)	148	(508)	1,999
Foreign currency exchange gains (losses)	5,834	19,173	25,264	13,032
Result from investments	(5,505)	11,393	16,108	40,488
Earnings before income taxes	4,273	60,652	151,927	137,760
Income tax	6,538	827	5,350	(2,289)
Net earnings	10,810	61,479	157,277	135,471
Net earnings per share:				
Basic net earnings	0.17	1.02	2.53	2.23
Diluted net earnings (1)	0.17	1.01	2.50	2.21
Weighted average number of shares used in computing per share amounts (in thousand):				
Basic	62,114	60,277	62,114	60,616
Diluted (1)	63,016	60,872	62,928	61,293
Outstanding shares:	61,706	59,816	61,706	59,816

(1) The calculation of diluted net earnings 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 are included in the calculation. The calculation is done for each reporting period individually. The possible increase of common shares caused by employee stock options and restricted shares for the three month ended December 31, 2016 with 594,669 common shares, and for full year 2016 with 676,597 common shares. Adjustments have been reflected in the diluted weighted average number of shares and net earnings per share for this period.

Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.

ASM INTERNATIONAL N.V.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2015	December 31, 2016 <i>(unaudited)</i>
EUR thousand		
Assets		
Property, plant and equipment	91,794	95,004
Goodwill	11,270	11,270
Other intangible assets	81,535	100,179
Investments in associates	1,180,839	1,235,738
Deferred tax assets	11,563	13,919
Other non-current assets	—	4,824
Evaluation tools at customers	28,999	36,594
Total non-current assets	1,406,000	1,497,528
Inventories	113,502	112,339
Accounts receivable	90,190	137,020
Income taxes receivable	515	370
Other current assets	18,855	22,849
Cash and cash equivalents	446,915	378,157
Total current assets	669,977	650,735
Total Assets	2,075,977	2,148,263
Equity and liabilities		
Equity	1,948,379	2,015,856
Pension liabilities	1,170	1,418
Deferred tax liabilities	11,332	13,118
Total non-current liabilities	12,502	14,536
Accounts payable	54,441	60,910
Provision for warranty	9,023	5,800
Income taxes payable	6,841	2,467
Accrued expenses and other payables	44,791	48,694
Total current liabilities	115,096	117,871
Total Liabilities	127,598	132,407
Total Equity and Liabilities	2,075,977	2,148,263

Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.

ASM INTERNATIONAL N.V.
CONSOLIDATED STATEMENTS OF CASH FLOWS

EUR thousand	Three months ended December 31,		Full year	
	2015 (unaudited)	2016 (unaudited)	2015	2016 (unaudited)
Cash flows from operating activities:				
Normalized net earnings	17,866	68,492	184,426	162,621
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation, amortization and impairments	24,254	15,145	54,290	51,690
Income tax	(6,538)	(827)	(5,350)	2,289
Result from investments	(1,551)	(18,406)	(43,258)	(67,638)
Other adjustments	1,950	(14,630)	(8,893)	(4,925)
Changes in other assets and liabilities:				
Accounts receivable	4,313	(31,466)	(2,835)	(43,352)
Inventories	4,328	3,738	13,436	(9,510)
Accounts payable	465	4,249	(10,475)	5,350
Other assets and liabilities	(4,827)	(7,841)	2,642	(8,517)
Income tax paid	(742)	(355)	(9,165)	(7,425)
Net cash provided by operating activities	39,519	18,099	174,817	80,583
Cash flows from investing activities:				
Capital expenditures	(10,849)	283	(33,165)	(25,743)
Capitalized development costs	(5,433)	(6,773)	(30,178)	(27,327)
Purchase of intangible assets	(995)	(1,377)	(7,215)	(7,024)
Dividend received from associates	—	—	42,865	22,083
Acquisitions of investments	—	—	(900)	—
Net cash provided (used) in investing activities	(17,277)	(7,867)	(28,593)	(38,011)
Cash flows from financing activities:				
Purchase of treasury shares	(8,415)	(13,164)	(79,076)	(97,024)
Proceeds from issuance shares and exercise of stock options	508	2,706	11,323	14,709
Dividend to shareholders ASMI	—	—	(37,158)	(42,673)
Debt issuance fees paid	—	(810)	—	(810)
Net cash used in financing activities	(7,907)	(11,266)	(104,911)	(125,798)
Exchange rate effects	4,661	16,188	19,825	14,468
Net increase (decrease) in cash and cash equivalents	18,996	15,154	61,138	(68,758)
Cash and cash equivalents at beginning of period	427,919	363,003	385,777	446,915
Cash and cash equivalents at end of period	446,915	378,157	446,915	378,157

Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.

ASM INTERNATIONAL N.V.
DISCLOSURE ABOUT SEGMENTS AND RELATED INFORMATION (1/2)

The Company organizes its activities in two operating segments, Front-end and Back-end.

The Front-end segment manufactures and sells equipment used in wafer processing, encompassing the fabrication steps in which silicon wafers are layered with semiconductor devices. The segment is a product driven organizational unit comprised of manufacturing, service, and sales operations in Europe, the United States, Japan, Korea, Singapore and other countries in Asia.

The Back-end segment manufactures and sells equipment and materials used in assembly and packaging, encompassing the processes in which silicon wafers are separated into individual circuits and subsequently assembled, packaged and tested. The segment is organized in ASM Pacific Technology Ltd, in which the Company held a majority interest until March 15, 2013. As per March 15, 2013 the Company held approximately 40.08% share in ASMPT. Per the same date control on ASMPT ceased and the numbers are deconsolidated. The remaining shares are listed on the Stock Exchange of Hong Kong. The segment's main operations are located in Hong Kong, Singapore, the People's Republic of China, Malaysia and Germany. As per December 31, 2016 the interest in ASMPT amounts to 39.19%.

EUR thousand	Three months ended December 31, 2015		
	Front-end (unaudited)	Back-end (unaudited)	Total (unaudited)
Net sales to unaffiliated customers	144,709	—	144,709
Gross profit	64,802	—	64,802
Operating result	3,978	—	3,978
Net interest expense	(35)	—	(35)
Foreign currency exchange gains	5,834	—	5,834
Result from investments	—	(5,505)	(5,505)
Income tax	6,538	—	6,538
Net earnings	16,316	(5,505)	10,810
Net cash provided by operating activities	39,519	—	39,519
Net cash used in investing activities	(17,277)	—	(17,277)
Net cash used in financing activities	(7,907)	—	(7,907)
	Three months ended December 31, 2016		
	Front-end (unaudited)	Back-end (unaudited)	Total (unaudited)
Net sales to unaffiliated customers	172,560	—	172,560
Gross profit	77,483	—	77,483
Operating result	29,939	—	29,939
Net interest income	148	—	148
Foreign currency exchange gains	19,173	—	19,173
Result from investments	—	11,393	11,393
Income tax	827	—	827
Net earnings	50,086	11,393	61,479
Net cash provided by operating activities	18,099	—	18,099
Net cash used in investing activities	(7,867)	—	(7,867)
Net cash used in financing activities	(11,266)	—	(11,266)

Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.

ASM INTERNATIONAL N.V.
DISCLOSURE ABOUT SEGMENTS AND RELATED INFORMATION (2/2)

	Full year 2015		
	Front-end	Back-end	Total
EUR thousand			
Net sales	669,621	—	669,621
Gross profit	295,527	—	295,527
Operating result	111,063	—	111,063
Net interest expense	(508)	—	(508)
Foreign currency exchange gains	25,264	—	25,264
Result from investments	—	16,108	16,108
Income tax	5,350	—	5,350
Net earnings	141,168	16,108	157,277
Net cash provided by operating activities	174,817	—	174,817
Net cash provided (used) in investing activities	(71,458)	42,865	(28,593)
Net cash used in financing activities	(104,911)	—	(104,911)
Cash and cash equivalents	446,915	—	446,915
Goodwill	11,270	—	11,270
Other intangible assets	81,535	—	81,535
Investments in associates	—	1,180,839	1,180,839
Other identifiable assets	355,418	—	355,418
Total assets	895,138	1,180,839	2,075,977
Headcount ¹	1,597	—	1,597
	Full year 2016		
	Front-end	Back-end	Total
EUR thousand	(unaudited)	(unaudited)	(unaudited)
Net sales	597,930	—	597,930
Gross profit	264,500	—	264,500
Operating result	82,241	—	82,241
Net interest income	1,999	—	1,999
Foreign currency exchange gains	13,032	—	13,032
Result from investments	—	40,488	40,488
Income tax	(2,289)	—	(2,289)
Net earnings	94,983	40,488	135,471
Net cash provided by operating activities	80,583	—	80,583
Net cash provided (used) in investing activities	(60,094)	22,083	(38,011)
Net cash used in financing activities	(125,798)	—	(125,798)
Cash and cash equivalents	378,157	—	378,157
Goodwill	11,270	—	11,270
Other intangible assets	100,179	—	100,179
Investments in associates	—	1,235,738	1,235,738
Other identifiable assets	422,919	—	422,919
Total assets	912,525	1,235,738	2,148,263
Headcount ¹	1,670	—	1,670

¹⁾ Headcount includes those employees with a fixed contract and is exclusive of temporary workers.

Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.

IFRS QUARTERLY RESULTS 2015-2016

EUR million	2015					2016				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net sales	162.0	201.0	162.0	144.7	669.6	142.4	138.7	144.2	172.6	597.9
Gross profit	69.9	90.5	70.3	64.8	295.5	62.5	60.8	63.7	77.5	264.5
Gross profit margin %	43.1%	45.0%	43.4%	44.8%	44.1%	43.9%	43.8%	44.2%	44.9%	44.2%
Selling, general and administrative expenses	(21.3)	(24.7)	(24.0)	(23.0)	(93.0)	(22.5)	(21.0)	(21.4)	(23.1)	(88.0)
Research and development expenses	(17.5)	(19.9)	(15.4)	(36.9)	(89.7)	(20.8)	(22.1)	(24.2)	(24.0)	(91.1)
Restructuring expenses	—	(0.5)	(0.3)	(0.9)	(1.7)	(0.5)	(1.0)	(1.3)	(0.4)	(3.1)
Operating result	31.1	45.4	30.6	4.0	111.1	18.8	16.7	16.8	29.9	82.2
Operating margin %	19.2%	22.6%	18.9%	2.7%	16.6%	13.2%	12.0%	11.7%	17.3%	13.8%
Financing costs	28.1	(11.6)	2.4	5.8	24.8	(11.2)	10.0	(3.1)	19.3	15.0
Income tax	(3.8)	(5.2)	7.9	6.5	5.4	(1.7)	(0.8)	(0.7)	0.8	(2.3)
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	13.0	20.0	8.6	1.6	43.3	6.3	16.4	26.7	18.4	67.7
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(6.6)	(6.8)	(6.7)	(7.1)	(27.2)	(6.8)	(6.7)	(6.7)	(7.0)	(27.2)
Net earnings	61.8	41.8	42.8	10.8	157.3	5.4	35.6	33.1	61.5	135.5
Normalized net earnings (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	68.4	48.6	49.5	17.9	184.5	12.2	42.3	39.8	68.5	162.7
Net earnings per share, diluted	€0.97	€0.66	€0.68	€0.17	€2.50	€0.09	€0.58	€0.54	€1.01	€2.21
Normalized net earnings per share, diluted	€1.08	€0.77	€0.78	€0.28	€2.93	€0.20	€0.68	€0.65	€1.13	€2.65

EUR million	2015					2016				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
	(unaudited)	(unaudited)	(unaudited)	(unaudited)		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
R&D expenditure	(20.4)	(23.3)	(23.2)	(25.0)	(91.9)	(23.8)	(24.5)	(26.7)	(26.5)	(101.5)
Capitalized development expenditure	6.2	6.7	11.8	5.4	30.2	7.1	6.6	6.8	6.8	27.3
Amortization capitalized development expenditure	(3.3)	(3.3)	(4.0)	(1.2)	(11.8)	(4.1)	(4.2)	(4.3)	(4.3)	(16.9)
Impairment capitalized development expenditure	—	—	—	(16.2)	(16.2)	—	—	—	—	—
R&D expenses	(17.5)	(19.9)	(15.4)	(36.9)	(89.7)	(20.8)	(22.1)	(24.2)	(24.0)	(91.1)

ASM INTERNATIONAL N.V.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of Presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

Amounts are rounded to the nearest thousand euro; therefore amounts may not equal (sub) totals due to rounding.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of ASMI and its subsidiaries, where ASMI holds a controlling interest. All unrealized intercompany profits, transactions and balances have been eliminated in consolidation. Associates are investments in entities in which ASMI can exert significant influence but which ASMI does not control, generally by ASMI having between 20% and 50% of the voting rights. These entities are accounted for using the equity method.

Change in accounting policies

No significant changes in accounting policies incurred during the fourth quarter of 2016.

ASM INTERNATIONAL N.V. RECONCILIATION IFRS - US GAAP

Up until the most recent reporting period, ASMI's primary external and internal reporting has been based on US GAAP. In addition ASMI issued quarterly reconciliations of net earnings and shareholders' equity and (semi) annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS). Following the voluntary delisting from NASDAQ, August 2015, ASMI migrated to IFRS as its only internal and external reporting standard from January 1, 2016 and to discontinue the use of US GAAP as of the same date. During 2016 comparable results based on US GAAP will be presented, as from 2017 results based on IFRS only will be reported.

Because of the differences between IFRS and US GAAP that are applicable to ASMI, the Consolidated Statement of Operations and Consolidated Balance Sheet reported in accordance with IFRS differ from those reported in accordance with US GAAP. The major differences relate to development costs, goodwill, inventory obsolescence reserve, debt issuance fees and pension plans.

The reconciliation between IFRS and US GAAP is as follows:

Net earnings EUR million, except per share date	Three months ended December 31,		Full year	
	2015 (unaudited)	2016 (unaudited)	2015	2016 (unaudited)
IFRS	10.8	61.5	157.3	135.5
Adjustments for US GAAP:				
Reversal inventory write downs	—	0.2	0.7	0.1
GAAP differences investments	0.6	—	1.1	—
Development expenses	7.0	(2.1)	(4.9)	(9.2)
Debt issuance fees	0.1	(0.7)	(0.3)	(1.0)
Total adjustments	7.6	(2.6)	(3.4)	(10.1)
US GAAP	18.4	58.9	153.9	125.4
Net earnings per share, diluted:	€0.29	€0.97	€2.45	€2.05

Equity EUR million	December 31, 2015	December 31, 2016 (unaudited)
IFRS	1,948.4	2,015.9
Adjustments for US GAAP:		
Goodwill	0.9	0.9
Debt issuance fees	1.0	—
Reversal inventory write downs	(1.9)	(1.8)
Development expenses	(61.2)	(73.0)
GAAP differences investments	0.4	0.4
Pension plans	(0.3)	(1.0)
Total adjustments	(61.1)	(74.5)
US GAAP	1,887.3	1,941.4

Amounts are rounded to the nearest million euro; therefore amounts may not equal (sub) totals due to rounding.

US GAAP

The following table, **based on US GAAP**, shows the operating performance for the fourth quarter of 2016 as compared to the third quarter of 2016 and the fourth quarter of 2015:

EUR million	Q4 2015	Q3 2016	Q4 2016	Change Q3 2016 to Q4 2016	Change Q4 2015 to Q4 2016
	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>		
Net sales	144.7	144.2	172.6	20 %	19 %
Gross profit	64.8	63.7	77.7	22 %	20 %
Gross profit margin %	44.8%	44.1%	45.0%		
Selling, general and administrative expenses	(23.0)	(21.4)	(23.1)	8 %	— %
Research and development expenses	(28.3)	(26.7)	(26.5)	(1)%	(6)%
Restructuring expenses	(0.9)	(1.3)	(0.4)	n/a	n/a
Operating result	12.5	14.3	27.7	13.4	15.2
Operating margin %	8.7%	9.9%	16.0%		
Financing costs	5.7	(3.2)	18.6	21.8	12.9
Income tax	5.0	(0.3)	1.2	1.5	(3.8)
Result from investments (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	2.2	26.7	18.5	(8.2)	16.3
Amortization intangible assets resulting from the sale of the 12% stake of ASMPT	(7.1)	(6.7)	(7.1)	(0.4)	—
Net earnings	18.4	30.8	58.9	28.1	40.5
Normalized net earnings (excluding amortization intangible assets resulting from the sale of the 12% stake of ASMPT)	25.4	37.5	66.0	28.5	40.6
Net earnings per share, diluted	€ 0.29	€ 0.51	€ 0.97	€ 0.46	€ 0.68
Normalized net earnings per share, diluted	€ 0.40	€ 0.61	€ 1.09	€ 0.48	€ 0.69