

Materials Business Segment forms Strategic JV to Accelerate Growth



ASIA-IO

55.56%

Strategic
JV



44.44%

Strategic JV to Tap on Strengths of Partners and Position Existing Materials Business for Future Growth

Overview of the Industry

Semiconductor Industry

- Global Semiconductor Industry Sales forecast to grow at 6.0% CAGR between 2020F-2025F¹
- Significant growth due to multiple drivers from 5G rollout, and with it ripple effect of a multitude of drivers such as AI, HPC, cloud computing, IoT and Autonomous Vehicles
- Leadframe an essential component in all semiconductors due to its cost effectiveness and expected to benefit from this growth

Leadframe Industry

- Leadframe industry has seen some consolidation activity in recent years
- With expected semiconductor growth in the future, economies of scale is a key success factor to achieve sustainable efficiency
- Having consistently been ranked among the top players in recent years, this JV will combine the right expertise, network and financial resources of different partners and will pave way for Materials Business to achieve position of Global #1

¹Consensus mean forecasts from Gartner, IHS and IC Insights

Joint Venture Structure



- Strategic JV will involve ASMPT, Wise Road and Asia-IO as JV partners to competitively position ASMPT's existing Materials business; structure offers greater flexibility for Materials business to capture future growth
- JV will operate as independent organization with JV Partners collectively guiding the JV's management and development of the business
- Deep and complementary network and market experience of Wise Road and Asia-IO will help extend industry leadership of existing Materials business
- JV will be able to tap on market connection and financial strength of the Partners for any future expansion plans
- With the JV's formation, financials of the JV will be equity accounted for in ASMPT's P&L

Financial Effect of Transaction to the Group

- Resources derived from Transaction will be used to rebalance portfolio to support long-term growth strategies of Group
- Net potential one-time book gain of ~ USD 110 million upon completion of Transaction
- Post Transaction, the contribution of Materials Business segment will be de-consolidated and interest in the JV will be equity accounted for
 - Favourable margin effect to Group, based on historical pro-forma financial statements
 - Gross Margin: ▲ ~2-3%, Profit Before Tax Margin: ▲ ~1%
- An Earn-out mechanism that includes:
 - Potential adjustment to the Group's shareholding in JV in year 2024 (Min. 37.5% - Max. 49%), and
 - Incentive fee in year 2024, subject to meeting mutually-agreed performance targets based on EBIT

Our Joint Venture Partners



- A global private equity fund manager focuses on investing into high-tech companies by identifying opportunities in enabling technologies for global urbanisation and smart/green life through close cooperation with leading companies along several main themes, including smart city, intelligent manufacturing, renewable energies, etc.
- Strive to build a healthy international ecosystem around those key themes through its investments and its international management team with a combination of industry and investment background.
- Track record is built on carve-outs, joint-venture, and co-investments with world-class companies in the ICT sector. The list includes participating in the carve-out of Nexperia from NXP, formed an AI/IoT chipset JV with Qualcomm and a MEMS Sensor JV with ams, and invested in smartphone ODM Huaqin.
- Wise Road Capital LTD is also a founding member and a core investment platform of the Financial and Information Technology Alliance (“FITA”).



- An affiliate of ACE Equity Partners
- A cross-border private equity firm in Hong Kong focusing on cross-border Asia-related manufacturing technology buyouts.
- Built a portfolio of eight companies, including businesses carved out from world-class technology companies, namely, Maxnerva from Foxconn, the Nokia handset business from Microsoft, and the optical module business from TDK.