ASM International nv

Contact : Robert L. de Bakker, + 31 30 229 8540
Mary Jo Dieckhaus, + 1 212 986 2900

FOR IMMEDIATE RELEASE

ASM INTERNATIONAL REPORTS 2003 SECOND QUARTER OPERATING RESULTS

- ***Second quarter net sales of € 153.1 million, up 30.0% from net sales of the previous quarter and up 8.7% from net sales of the second quarter of 2002;***

- ***Second quarter net loss of € (6.2) million or € (0.13) per share as compared to a net loss of € (8.3) million or € (0.17) per share for the previous quarter and a net loss of € (6.4) million or € (0.13) per share for the second quarter of 2002;***

- ***Second quarter bookings of € 111.8 million, down 25.4% from the previous quarter caused by a lower level of bookings in the Front-end operations. Six months bookings of € 261.7 million, compared to € 277.3 million in first half of 2002; a decrease of 5.6%;***

- ***Quarter-end backlog of € 133.7 million, down 23.6% from the previous quarter, Book-to-Bill ratio for the second quarter of 0.73; Over the first six months the Front-end Book-to-Bill ratio was 0.89, whilst Back-end achieved a 1.05 Book-to-Bill ratio.***

- ***Impacted negatively by strength of Euro versus the US Dollar and Japanese Yen.***

BILTHOVEN, THE NETHERLANDS, July 28, 2003 --- **ASM International N.V.** (NASDAQ: ASMI and Euronext Amsterdam: ASM) reported today the operating results for the second quarter of 2003. The net loss for the second quarter amounted to € (6.2) million, or € (0.13) diluted net loss per share compared to a net loss of € (6.4) million or € (0.13) diluted net loss per share for the second quarter of 2002.

For the six months ended June 30, 2003 the net loss amounted to € (14.6) million or € (0.29) diluted net loss per share, compared to a net loss of € (18.6) million or € (0.38) diluted net loss per share for the same period in 2002.

Net sales

Net sales for the second quarter of 2003 amounted to € 153.1 million, an increase of 8.7% compared to net sales of € 140.9 million for the second quarter of 2002 and an increase of 30.0% compared to the sales level of € 117.8 million for the first quarter of 2003.

Net sales for the first half of 2003, amounted to € 270.9 million, an increase of 12.2% compared to € 241.4 million net sales for the first half of 2002. Net sales of the company's Front-end wafer processing equipment amounted to € 146.0 million compared to € 122.2 million for the first half of 2002, an increase of 19.4%. Net sales for the Back-end assembly and packaging equipment and materials amounted to € 124.9 million compared to € 119.2 million for the first half of 2002, an increase of 4.8%.

The economic environment continues to impact the semiconductor equipment industry, which has been in a downturn since late 2000. Although there are positive signs for an increase in semiconductor sales, semiconductor manufacturers are still not ready for large capital investments resulting in a very volatile ordering pattern.
In the Front-end operations sales for the first half of 2003 were strong in Epitaxy and PECVD products for new technology and 300mm systems at top-tier customers. ASMI also has seen an increase in the Front-end for capacity driven sales of 200mm systems.
In the Back-end operations most equipment purchases were related to technological advancements such as fine pitch wire bonding, 300mm wafer die bonding, stacked die packaging, flip chip and new package types like QFN.

The strong Euro against the Japanese yen, the US dollar and US dollar related currencies did negatively impact ASMI's consolidated net sales levels as expressed in Euro. The growth in sales would have been as high as 32.2%, if the first half of 2003 exchange rates were applied to the first half of 2002 sales levels expressed in their original local currencies.

Operations

The *gross profit margin* for the second quarter of 2003 amounted to 32.4% of net sales, 5.4 percentage points below the gross profit margin of 37.8% of net sales in the second quarter of 2002, and at the same level of the 32.4% gross profit margin realized in the first quarter of 2003. The gross profit margin for the first half of 2003 amounted to 32.4%, a decrease of 3.4 percentage points compared to 35.8% gross profit margin for the first half of 2002. The stable gross profit margin in the second quarter of 2003, as compared to the first quarter of 2003, was a combination of the higher sales volumes resulting in better utilization of manufacturing capacity offset by lower margins due to competitive price pressure, product mix and the impact of lower US dollar exchange rates, in particular in the Front-end operations. Similarly the competitive price pressure, the product mix and the US dollar impact resulted in a decrease of gross margin for the first half of 2003 compared to the first half of 2002.

Selling, general and administrative expenses were € 24.3 million in the second quarter of 2003 compared to € 28.6 million in the second quarter of 2002, a decrease of 15.0%, and slightly above the level of € 24.0 million in the first quarter of 2003. Selling, general and administrative expenses for the first half of 2003 were € 48.3 million, a decrease of 5.2% compared to € 51.0 million in the first half of 2002. As a percentage of net sales, selling, general and administrative expenses were 17.8% in the first half of 2003, compared to 21.1% in the first half of 2002. The overall decrease in selling, general and administrative expenses is the result of cost control measures and the lower US dollar exchange rate.

Research and development expenses decreased from € 21.7 million or 15.4% of net sales in the second quarter of 2002 to € 20.2 million or 13.2% of net sales in the second quarter of 2003, and 10.0% above the € 18.4 million in research and development expenses in the first quarter of 2003. For the first half of 2003, research and development expenses decreased by 8.6% compared to the first half of 2002, and decreased as a percentage of net sales from 17.5% to 14.3%. The decrease is the result of cost control measures and the impact of the lower US dollar exchange rate, while at the same time ASMI continued its strong research and development commitment to the industry.

Earnings (loss) from operations amounted to earnings of € 5.1 million in the second quarter of 2003, an increase of 71.0% as compared to € 3.0 million in the same period of 2002. For the first half of 2003, earnings from operations amounted to € 0.8 million, compared to a loss from operations of € (6.8) million for the first half of 2002.

Net interest and other financial expenses increased from a net expense of € (2.3) million in the second quarter of 2002 to a net expense of € (3.3) million in the second quarter of 2003. In the first half of 2003 the net expense amounted to € (5.0) million compared to a net expense of € (4.6) million in the first half 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 lower US dollar exchange rate did have a positive effect on the level of net interest expenses. Currency transaction losses for the second quarter of 2003 were € (0.7) million compared to currency transaction losses of € (0.5) million in the second quarter of 2002. Currency transaction losses for the first half of 2003 were € (0.5) million compared to € (0.7) million in the first half of 2002.

Bookings and backlog

New orders received in the second quarter of 2003 amounted to € 111.8 million, 25.4% lower than the € 149.9 million level of new orders received in the first quarter of 2003. For the first half of 2003 the total of new orders amounted to € 261.7 million compared to € 277.3 million for the first six months of 2002. The backlog at the end of June 2003 amounted to € 133.7 million, a decrease of 23.6% compared to € 175.0 million at the end of March 2003. The book-to-bill ratio for the second quarter of 2003 was 0.73 compared to 1.27 in the first quarter of 2003. Of the backlog at June 30, 2003 € 94.3 million relates to Front-end operations and € 39.4 million to Back-end operations.

Liquidity and capital resources

In May 2003, ASMI issued, in a private placement, US$ 90 million of 5.25% convertible subordinated notes due in 2010. The notes are convertible into common shares at a conversion price of approximately US$ 19.22 per common share. Part of the net proceeds of the sale of these notes was used to repay outstanding debt under the company's short-term credit facilities. At June 30, 2003, the company's principal sources of liquidity consisted of € 103.5 million in cash and cash equivalents, of which € 70.8 million was available for the company's Front-end operations and € 32.7 million was restricted for use in the company's Back-end operations. In addition, the company also had € 83.1 million in undrawn bank facilities, of which € 44.9 million was available for Back-end and € 38.2 million was available for Front-end, primarily the company's Japanese operations only. In light of the above mentioned strong liquidity situation for its Front-end activities, the company is currently renegotiating its bank facilities. In the context of these discussions ASMI has canceled its previous € 60.0 million multicurrency revolving credit facility with a consortium of banks.

Outlook

ASMI has not yet not seen a clear and convincing acceleration of activity in the Front-end industry segment. This is apparent from the erratic pattern in the volume of orders booked during recent quarters. Also the price levels of the orders booked is characteristic of a market where ample manufacturing capacity for certain products is available, which leads to pressure on Margins. In light thereof it is at this point in time difficult to foresee for the full year 2003 a level of Net Losses for the total company that would be noticeably better than the level of last year.

The longer than expected absence of a convincing recovery in the industry prompts the Company to take further steps to reduce its existing fixed cost base. During the third and fourth quarter of this year we will execute plans that will reduce the worldwide Front-end employment levels with approximately 150 persons, or ca. 10% of the total Front-end staff. These plans will affect most locations of our Front-end operations, with the likely exception of Japan. The one-time costs associated with these plans will amount to approximately € 15 million and charging these costs in the second half of this year will be in addition to the performance level indicated in the paragraph above. The full beneficial effects of these improvements will become visible in the operating performance as from 2004 onwards.

With the resulting streamlined and more efficient Front-end organization, in combination with the already existing leading edge technology and strong customer base, ASMI will be even better positioned to benefit from an industry recovery and growth.

ASM INTERNATIONAL CONFERENCE CALL

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

TUESDAY, July 29, 2003 at

9:00 a.m. US Eastern time
15:00 Continental European time.

The teleconference dial-in numbers are as follows:

United States:		800.884.5695
International:	+1	617.786.2960

The participation pass code is 95870227

A simultaneous audio web cast will be accessible at www.asm.com and 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 36832278

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 June 30,		Six months ended June 30,	
	2002	2003	2002	2003
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Net sales	140,853	153,102	241,424	270,869
Cost of sales	(87,588)	(103,505)	(155,007)	(183,159)
Gross profit	53,265	49,597	86,417	87,710
Operating expenses:				
Selling, general and administrative	(28,587)	(24,291)	(50,990)	(48,324)
Research and development	(21,704)	(20,219)	(42,253)	(38,606)
Total operating expenses	(50,291)	(44,510)	(93,243)	(86,930)
Earnings (loss) from operations	2,974	5,087	(6,826)	780
Net interest and other financial income (expenses)	(2,283)	(3,325)	(4,602)	(4,999)
Earnings (loss) before income taxes and minority interest	691	1,762	(11,428)	(4,219)
Income taxes	(376)	(1,263)	617	(1,402)
Earnings (loss) before minority interest	315	499	(10,811)	(5,621)
Minority interest	(6,703)	(6,735)	(7,747)	(8,935)
Net loss	(6,388)	(6,236)	(18,558)	(14,556)
Basic net loss per share	(0.13)	(0.13)	(0.38)	(0.29)
Diluted net loss per share (1)	(0.13)	(0.13)	(0.38)	(0.29)
Weighted average number of shares used in computing per share amounts (in thousands):				
Basic	49,151	49,443	49,124	49,408
Diluted (1)	49,151	49,443	49,124	49,408

(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 June 30, 2002 and June 30, 2003 and the six months ended June 30, 2002 and June 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,	June 30,
Assets	2002	2003
		(unaudited)
Cash and cash equivalents	70,991	103,452
Marketable securities	11	10
Accounts receivable, net	132,818	152,128
Inventories, net	185,752	169,326
Income taxes receivable	1,840	459
Deferred tax assets	1,843	1,724
Other current assets	18,786	21,863
Total current assets	412,041	448,962
Property, plant and equipment, net	160,501	141,936
Goodwill, net	54,529	50,360
Deferred tax assets	2,781	2,534
Other assets	23,989	27,532
Total Assets	653,841	671,324
Liabilities and Shareholders' Equity		
Notes payable to banks	26,548	8,028
Accounts payable	67,029	76,169
Accrued expenses	55,414	52,293
Advance payments from customers	6,290	7,930
Deferred revenue	8,851	10,227
Income taxes payable	5,560	6,439
Current portion of long-term debt	2,669	1,353
Total current liabilities	172,361	162,439
Deferred tax liabilities	1,050	869
Long-term debt	8,175	7,322
Convertible subordinated debt	109,665	179,396
Total Liabilities	291,251	350,026
Minority interest in subsidiary	97,048	84,866
Shareholders' Equity:		
Common shares		
Authorized 110,000,000 shares, par value € 0.04,		
issued and outstanding 49,370,308 and 49,495,158 shares	1,975	1,980
Financing preferred shares, issued none	-	-
Preferred shares, issued none	-	-
Capital in excess of par value	254,999	255,939
Retained earnings	35,054	20,498
Accumulated other comprehensive loss	(26,486)	(41,985)
Total Shareholders' Equity	265,542	236,432
Total Liabilities and Shareholders' Equity	653,841	671,324

ASM INTERNATIONAL N.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands)				in Euro
	Three months ended June 30,		Six months ended June 30,	
	2002	2003	2002	2003
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Cash flows from operating activities:				
Net loss	(6,388)	(6,236)	(18,558)	(14,556)
Depreciation and amortization	9,919	8,355	20,301	17,143
Amortization of debt issuance costs	374	370	763	687
Deferred income taxes	(270)	(222)	(319)	(99)
Minority interest	6,703	6,735	7,747	8,935
Changes in other assets and liabilities	(19,507)	(3,333)	(23,986)	(8,585)
Net cash provided by (used in) operating activities	(9,169)	5,669	(14,052)	3,525
Cash flows from investing activities:				
Net capital expenditures	(5,711)	(6,044)	(10,854)	(10,217)
Investment in participations	-	(1,229)	-	(1,229)
Net cash used in investing activities	(5,711)	(7,273)	(10,854)	(11,446)
Cash flows from financing activities:				
Notes payable to banks, net	1,811	(20,305)	(62)	(17,143)
Proceeds from issuance of shares	335	934	695	945
Proceeds from long-term debt and subordinated debt	1	75,968	502	75,990
Repayments of long-term debt	(530)	(809)	(2,120)	(1,705)
Dividend to minority shareholders	(16,217)	(12,969)	(16,217)	(12,969)
Net cash provided by (used in) financing activities	(14,600)	42,819	(17,202)	45,118
Exchange rate effects	(6,762)	(2,024)	(5,364)	(4,736)
Net increase (decrease) in cash and cash equivalents	(36,242)	39,191	(47,472)	32,461

ASM INTERNATIONAL N.V.
DISCLOSURE ABOUT SEGMENTS AND RELATED INFORMATION

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 and South East 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 holds a majority of 54.11% interest, whilst 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 and Malaysia.

(thousands)			In Euro
	Front-end	Back-end	Total
Six months ended June 30, 2002			
	(unaudited)	**(unaudited)**	**(unaudited)**
Net sales to unaffiliated customers	122,207	119,217	241,424
Earnings (loss) from operations	(24,526)	17,700	(6,826)
Net interest and other financial income (expense)	(5,030)	428	(4,602)
Income taxes	1,769	(1,152)	617
Minority interest	-	(7,747)	(7,747)
Net earnings (loss)	(27,787)	9,229	(18,558)
Net capital expenditure	6,695	4,159	10,854
Depreciation and amortization	9,056	11,245	20,301
Cash and cash equivalents	7,420	52,685	60,105
Capitalized goodwill	3,888	53,238	57,126
Other identifiable assets	329,198	216,586	545,784
Total assets	340,506	322,509	663,015
Total debt	143,243	-	143,243
Headcount (1)	1,077	4,979	6,056
Six months ended June 30, 2003			
	(unaudited)	**(unaudited)**	**(unaudited)**
Net sales to unaffiliated customers	145,953	124,916	270,869
Earnings (loss) from operations	(20,304)	21,084	780
Net interest and other financial income (expense)	(5,321)	322	(4,999)
Income taxes	533	(1,935)	(1,402)
Minority interest	-	(8,935)	(8,935)
Net earnings (loss)	(25,092)	10,536	(14,556)
Net capital expenditure	3,656	6,561	10,217
Depreciation and amortization	8,266	8,877	17,143
Cash and cash equivalents	70,799	32,653	103,452
Capitalized goodwill	3,888	46,472	50,360
Other identifiable assets	307,053	210,459	517,512
Total assets	381,740	289,584	671,324
Total debt	196,099	-	196,099
Headcount (1)	1,228	5,829	7,057

(1) Headcount includes those employees with a permanent contract, and is exclusive of workers with a temporary contract as well as agency personnel. At December 31, 2002 the headcounts for the Front-end and Back-end segments were 1,226 and 5,328 respectively.

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 confom 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, which is not allowed under Dutch GAAP. Under Dutch GAAP goodwill should be 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 June 30, 2002 and June 30, 2003 would have been € (8,127) and € (7,760) respectively and the net loss for the six months ended June 30, 2002 and June 30, 2003 would have been € (22,232) and € (17,680) respectively. The diluted loss per share for the three months ended June 30, 2002 and June 30, 2003 would have been € (0.17) and € (0.16) respectively, and the diluted loss per share for the six months ended June 30, 2002 and June 30, 2003 would have been € (0.45) and € (0.36) respectively. Shareholders' Equity at June 30, 2003 would have been € 227,411.

At June 30, 2003: 1 Euro = 1.1427 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'