ASM

ASM International N.V.

Contact : Robert L. de Bakker, + 31 30 229 85 40
Mary Jo Dieckhaus, + 1 212 986 29 00

ASM INTERNATIONAL REPORTS FINAL FOURTH QUARTER 2004 AND FULL YEAR 2004 OPERATING RESULTS

- ***Full year 2004 net sales of € 754.2 million, up 29.6% from net sales of € 581.9 million for the full year 2003. Sales from our Front-end segment were up 24.1% and sales from our Back-end segment were up 35.0%;***
- ***Net earnings for the full year 2004 were € 24.0 million or € 0.47 per share as compared to a net loss of € (32.1) million or € (0.65) per share for the full year 2003;***
- ***Full year 2004 bookings of € 742.0 million, up 16.3% from bookings of € 637.9 million for the full year 2003;***
- ***Fourth quarter of 2004 net sales of € 162.6 million, down 11.5% from the third quarter of 2004 and down 0.6% from the fourth quarter of 2003. Net sales of our Front-end segment experienced a significant quarter over quarter increase in the fourth quarter of 2004, offset by a further contraction of the Back-end segment;***
- ***Fourth quarter of 2004 net earnings were € 1.4 million or € 0.03 per share, as compared to net earnings of € 3.7 million or € 0.07 per share for the third quarter of 2004 and a net loss of € (6.2) million or € (0.12) per share in the fourth quarter of 2003;***
- ***Bookings in the fourth quarter of 2004 were € 127.0 million, down 19.2% from the third quarter of 2004. Year-end backlog was € 186.8 million, down 16.0% from the end of the previous quarter.***

BILTHOVEN, THE NETHERLANDS, February 24, 2005 - **ASM International N.V.** (NASDAQ: ASMI and Euronext Amsterdam: ASM) reports today its final 2004 fourth quarter and full year results.

The net earnings for the year ended December 31, 2004 were € 24.0 million or € 0.47 basic net earnings per share and € 0.46 diluted net earnings per share, compared to a net loss of € (32.1) million or € (0.65) basic and diluted net loss per share for the year ended December 31, 2003. The net loss for the year ended December 31, 2003 included € 6.5 million restructuring charges in our Front-end segment.

The net earnings for the fourth quarter of 2004 amounted to € 1.4 million, or € 0.03 basic and diluted net earnings per share, compared to a net loss of € (6.2) million or € (0.12) basic and diluted net loss per share for the same period in 2003. The net loss for the fourth quarter of 2003 included € 6.0 million restructuring charges in our Front-end segment.

On a consolidated level 2004 was a year of recovery. ASMI experienced increased order levels in the second half of 2003 and the first half of 2004 which resulted in increased sales levels, while the order intake and sales weakened in the second half of 2004. The Back-end segment achieved record sales in the first half of 2004, measured in the reporting currency of the Back-end segment, the Hong Kong dollar, but experienced a sharp decrease of order intake and sales in the second half of 2004. The Front-end segment achieved increased sales for each quarter in 2004 and experienced only a moderate slow-down of bookings in the fourth quarter of 2004.

Overall, ASMI achieved a positive performance in each quarter of 2004, with earnings from operations of € 88.4 million for the full year 2004, compared to € 14.2 million for the full year 2003.

In December 2004 we strengthened the Company's financial position by issuing US$ 150.0 million of 4.25% convertible subordinated notes, which are listed on Euronext Amsterdam. The notes were issued to ensure that the Company has sufficient liquidity to deal with the maturity of the US$ 115.0 million 5% convertible subordinated notes, which are due November 2005.

The consolidated financial statements include the operations of our 100% subsidiary ASM NuTool, Inc. (NuTool) as from June 2, 2004 and our 100% subsidiary Genitech Inc. (Genitech) as from August 5, 2004.

The following table shows the operating performance of 2004 in comparison to 2003 and the percentage change:

(euro millions)	2003 (1)	2004	% Change
Net sales	581.9	754.2	29.6 %
Gross profit margin	201.3	281.7	40.0 %
Gross profit margin %	*34.6%*	*37.4%*	*2.8 (2)*
Selling, general and administrative expenses	(108.0)	(107.0)	(0.9)%
Research and development expenses	(79.1)	(84.9)	7.4 %
Amortization of purchased technology and other intangible assets	-	(1.4)	na
Earnings from operations	14.2	88.4	522.5 %
Net earnings (loss)	(32.1)	24.0	na
New orders for the year	637.9	742.0	16.3 %
Backlog at the end of the year	199.0	186.8	(6.1)%

(1) Includes restructuring charges of € 6.5 million in our Front-end segment.
(2) Percentage points change.

Net sales

The following table shows our net sales for Front-end and Back-end segments and the percentage change between the years 2003 and 2004:

(euro millions)	Year ended December 31,		
	2003	2004	% Change
Front-end	286.5	355.6	24.1%
Back-end	295.4	398.7	35.0%
Total net sales	581.9	754.2	29.6%

In 2004, net sales of wafer processing equipment (Front-end segment) represented 47.1% of total net sales. Net sales of assembly and packaging equipment and materials (Back-end segment) represented 52.9% of consolidated ASMI net sales in 2004.

In 2004, sales levels in our Front-end segment continued to increase quarter over quarter as a result of the strong order intake, which started in the fourth quarter of 2003. In 2004 the order intake in Front-end continued to be strong with more orders than sales in the first three quarters of 2004. The order intake in the fourth quarter for the Front-end segment weakened somewhat as a result of the reduced demand industry wide. In the Back-end segment the strong order intake in the fourth quarter of 2003 and the first half of 2004 resulted in record sales levels in the first half of 2004. The abrupt decrease in demand for the Back-end products in the second half of 2004 resulted in a sharp decrease of sales levels. In the second half of 2004, net sales in the Front-end segment increased by 10.0% compared to the first half of 2004, while net sales in the Back-end segment for the second half of 2004 decreased 32.8% compared to the first half of 2004.

Consolidated sales levels expressed in euro were negatively impacted by the strengthened euro against the US dollar and US dollar related currencies. The decline in exchange rates impacted our full year sales negatively by 7.1%.

Operations

Gross Profit Margin. The following table shows our gross profit and gross profit margin for Front-end and Back-end segments and the percentage point increase or decrease in gross profit as a percentage of net sales between the years 2003 and 2004:

(euro millions)					Year ended December 31,
	€ 2003	€ 2004	% 2003	% 2004	Increase or (decrease) (percentage points)
Front-end	72.9	104.0	25.4%	29.2%	3.8
Back-end	128.4	177.7	43.5%	44.6%	1.1
Total gross profit	201.3	281.7	34.6%	37.4%	2.8

The increase in gross profit margin for our Front-end segment is the result of the overall growth in sales volumes and the related increased utilization of our manufacturing capacity and changes in the product mix. Increased sales of 200mm systems have positively impacted the gross profit margin. In addition, we have realized a substantial improvement of the gross profit margins of our service activities. Service activities are a substantial part of our revenue streams and these revenues increase as our installed base grows.

The strong euro versus the US dollar and the strong competition continued to impact the margins on our Front-end segment vertical furnace products, for which manufacturing is mainly in euros and the majority of our sales are denominated in US dollars. We have established a manufacturing facility in Singapore which will lower our manufacturing costs and mitigate the impact of foreign currency transaction results on our margins. The facility in Singapore is expected to show its first contribution in 2005.

The increase in gross profit margin for our Back-end segment is the result of the higher sales volume of equipment and leadframes in 2004 when compared to 2003. One-time charges related to the consolidation of manufacturing activities in Malaysia and additional provisions on slow moving inventories related to new product introductions contributed negatively to the gross profit margin for our Back-end segment in the first half of 2004.

The gross profit margin for the fourth quarter of 2004 of 34.4% of net sales was 4.2 percentage points below the 38.6% gross profit margin realized in the third quarter of 2004. The decrease is caused primarily by the increase in the proportion of net sales accounted for by the Front-end segment in the fourth quarter of 2004 when compared to the third quarter of 2004.

Selling, General and Administrative Expenses. The following table shows ASMI's selling, general and administrative expenses for the Front-end and Back-end segments and the percentage change between the years 2003 and 2004:

(euro millions)	Year ended December 31,		
	2003	2004	% Change
Front-end	63.9	61.1	(4.4)%
Back-end	44.1	45.9	4.1%
Total selling, general and administrative expenses	108.0	107.0	(0.9)%

The decrease in selling, general and administrative expenses in our Front-end segment is mainly due to the strengthened euro against the US dollar and US dollar related currencies, despite higher expenses resulting from growing activities and the need to further invest in the hiring and training of service engineers in our Front-end segment. In addition, restructuring charges included in selling, general and administrative expenses for Front-end operations amounted to € 4.6 million in 2003.

The increase in selling, general and administrative expenses in the Back-end segment is mainly the result of increased sales volumes, partially offset by positive translation differences from the strong euro against the US dollar and US dollar related currencies.

As a percentage of net sales, selling, general and administrative expenses decreased from 18.6% for the year 2003 to 14.2% in 2004.

In the fourth quarter of 2004, selling, general and administrative expenses were € 24.9 million, 11.0% below the € 28.0 million in expenses for the third quarter of 2004 and 23.9% below the € 32.8 million in the fourth quarter of 2003. Included in the fourth quarter of 2003 were restructuring charges for Front-end operations of € 4.4 million.

Research and Development Expenses. The following table shows ASMI's research and development expenses for Front-end and Back-end segments and the percentage change between the years 2003 and 2004:

(euro millions)	Year ended December 31,		
	2003	2004	% Change
Front-end	54.2	57.6	6.3%
Back-end	24.9	27.3	9.6%
Total research and development expenses	79.1	84.9	7.3%

Research and development expenses have increased mainly as a result of the inclusion of the operations of our subsidiaries NuTool and Genitech in 2004. In addition, research and development credits received against research and development expenses decreased from € 3.0 million in 2003 to € 1.4 million in 2004. The increase in research and development expenses in our Front-end segment is partially compensated by the impact of the strengthened euro against the US dollar and US dollar related currencies. Restructuring expenses included in research and development expenses for our Front-end segment amounted to € 1.9 million in 2003. The increase in research and development expenses in our Back-end segment is mainly due to the introduction of new products and related increased spending for the procurement of components used in various engineering prototypes in 2004.

As a percentage of net sales, research and development expenses decreased from 13.6% for the year 2003 to 11.3% in 2004.

In the fourth quarter of 2004, research and development expenses were € 22.2 million, an increase of 2.5% when compared to € 21.6 million in the fourth quarter of 2003 and an increase of 0.4% when compared to € 22.1 million in the third quarter of 2004. Included in the fourth quarter of 2003 were restructuring charges for Front-end operations of € 1.6 million.

Amortization of Purchased Technology and Other Intangible Assets was € 0.4 million in the fourth quarter of 2004 and € 1.4 million in the year 2004. The amortization mainly relates to the amortization of purchased technology and other intangible assets from the acquisition of NuTool and Genitech. The amortization expense for 2004 includes € 0.5 million for purchased in-process research and development, which amount has been expensed in full.

Earnings from Operations amounted to earnings of € 88.4 million in 2004 compared to earnings of € 14.2 million in 2003. In the fourth quarter of 2004, the Company realized earnings from operations of € 8.4 million compared to earnings from operations of € 10.5 million in the fourth quarter of 2003. Included in earnings from operations for 2003 were € 6.5 million in restructuring expenses, of which € 0.5 million were recorded in the third quarter of 2003 and € 6.0 million in the fourth quarter of 2003.

Net Interest Expense of € 10.3 million in 2004 was similar to the expense in 2003, although the composition has changed significantly. The translation effect of our convertible notes denominated in US dollar had a positive impact on interest expenses, which was offset by a full year's charge of interest expenses on the US$ 90.0 million convertible notes issued in May 2003 and the US$ 150.0 million convertible notes issued in December 2004. Increased interest rates on our cash deposits also contributed positively. Net interest expenses for the fourth quarter of 2004 and the year 2004 also include a € 1.2 million loss related to the early extinguishment of € 16.1 million of the 2005 convertible notes.

Bookings and backlog

The following table shows ASMI's level of new orders during the year and its backlog at the end of the year for the Front-end and Back-end segments and the percentage change between the years 2003 and 2004:

(euro millions)	2003	2004	% Change
Front-end:			
New orders for the year	281.3	391.7	39.2%
Backlog at the end of the year	104.7	140.9	34.6%
Back-end:			
New orders for the year	356.6	350.3	(1.8)%
Backlog at the end of the year	94.3	45.9	(51.3)%
Total			
New orders for the year	637.9	742.0	16.3%
Backlog at the end of the year	199.0	186.8	(6.1)%

For the full year 2004, the ratio of new orders divided by net sales (book-to-bill ratio) was 0.98. In the second half of 2004 the consolidated order intake slowed down resulting in a book-to-bill ratio of 0.82 compared to 1.12 in the first half of 2004. This slow-down was attributable to the Back-end segment where the ratio decreased from 1.06 in the first half of 2004 to 0.61 in the second half of 2004. In the Front-end segment the order intake continued to keep momentum with a ratio of 1.21 in the first half of 2004 compared to a ratio of 1.00 in the second half of 2004.

The consolidated book-to-bill ratio decreased from 0.86 in the third quarter of 2004 to 0.78 in the fourth quarter of 2004.

The backlog of € 186.8 million as of December 31, 2004 is 6.1% lower than the backlog of € 199.0 million as of December 31, 2003 and 16.0% lower than the backlog of € 222.3 million as of September 30, 2004.

Liquidity and capital resources

Net cash provided by operations for 2004 was € 74.9 million as compared to cash provided of € 61.6 million for 2003. The increase results from improved net result, partially offset by increased working capital. Net cash used in investing activities for 2004 was € 67.7 million as compared to net cash used of € 30.9 million for 2003. The increase primarily results from increased capital expenditures of € 58.1 million in 2004 compared to € 30.1 million in 2003. We expanded our manufacturing facilities in Singapore for our Front-end operations and in Malaysia for our Back-end operations in 2004. In 2004, we also invested € 4.5 million in cash for the acquisition of new business and repurchased shares of our Back-end subsidiary, ASM Pacific Technology for € 4.5 million in cash.

Net cash used in operations was € 4.3 million for the fourth quarter of 2004 as compared to net cash provided of € 38.3 million for the same period in 2003. The change results from increased working capital, partially offset by improved net result. Net cash used in investing activities was € 21.3 million for the fourth quarter of 2004 as compared to net cash used of € 14.3 million for the same period in 2003. The increase results from increased capital expenditures.

Net working capital, consisting of accounts receivable, inventories, other current assets, accounts payable, accrued expenses, advance payments from customers and deferred revenue, increased from € 154.4 million at December 31, 2003 to € 189.2 million at December 31, 2004. The increase is primarily the result of increased sales and manufacturing levels in our Front-end segment. The number of outstanding days of working capital, measured based on quarterly sales, increased from 87 days at December 31, 2003 to 107 days at December 31, 2004.

At December 31, 2004, the Company's principal sources of liquidity consisted of € 218.6 million in cash and cash equivalents, of which € 146.5 million was available for the Company's Front-end operations and € 72.1 million was restricted for use in the Company's Back-end operations. In addition, the Company also had € 67.9 million in undrawn bank facilities, of which € 32.1 million was available for Back-end and € 35.1 million was available for its Front-end operations in Japan.

In December 2004 we strengthened our balance sheet through a private placement of US$ 150.0 million of 4.25% convertible subordinated notes, which are due December 2011. The notes are convertible, at the option of the holder, into shares of the Company's common stock initially at a conversion rate of 48.0307 shares of common stock for each US$ 1,000 principal amount of notes, subject to adjustment in certain circumstances. This is equivalent to an initial conversion price of US$ 20.82 per share. The notes were issued to ensure that the Company has sufficient liquidity to deal with the maturity of the US$ 115.0 million 5% convertible subordinated notes, which are due November 2005. In December 2004 we repurchased US$ 16.1 million of the 2005 convertibles.

Outlook

On the short term we expect net sales and net earnings in the first quarter of 2005 to be at lower levels than the fourth quarter of 2004. We believe that the momentum will improve as from the second quarter of 2005 onwards.

For the full year 2005 ASMI is optimistic in its outlook for sales levels of our Front-end wafer processing equipment. While there is nothing certain about the effect of global economic and market forces on demand for products, processes and services in our industry, the optimism is based on our success in recent years in tracking both the ITRS and major customer roadmaps. We have had success in seeding the new technologies applied to sub-micron device structures at leading customers, all of which, we believe, is bringing ASMI's Front-end operations to a new era of performance capability, enabling us to achieve growth and continuously higher market shares, and thus be more resilient to the industry's cycles. In 2005 we also expect to see the first contribution of our Front-end manufacturing facility in Singapore that will improve cost–effectiveness and strengthen gross profit margins.

We also are confident that our Back-end segment will continue to increase its market position and its historical pattern of outperforming the industry regardless of the semiconductor cycle stage.

We believe that the combined thrust in Front-end and the historical success we have had in Back-end, portends well for our performance in 2005 and beyond. Barring unforeseen circumstances and with some caution ASMI also reconfirms its earlier statement that we expect the Front-end segment to achieve increased annual sales as well as positive earnings from operations in 2005.

ASM INTERNATIONAL CONFERENCE CALL

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

FRIDAY, FEBRUARY 25, 2005 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:	+1	866.800.8651
International:	+1	617.614.2704

Participation pass code is 677 80 111

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

The teleconference will be available for replay, beginning one hour after completion of the live broadcast, through March 4, 2005. The replay dial-in numbers are:

United States:	+1	888.286.8010
International	+1	617.801.6888

Participation pass code is 142 72 207

About ASM

ASM International N.V., based 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 generally and the duration of the current industry downturn specifically, 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 reports on Form 20-F and Form 6-K as filed.

ASM INTERNATIONAL N.V.

CONSOLIDATED STATEMENTS OF OPERATIONS

(thousands except per share data)				in Euro
	Three months ended December 31,		Year ended December 31,	
	2003	2004	2003	2004
	(unaudited)	**(unaudited)**	**(unaudited)**	**(unaudited)**
Net sales	163,594	162,640	581,868	754,245
Cost of sales	(98,691)	(106,715)	(380,597)	(472,501)
Gross profit	64,903	55,925	201,271	281,744
Operating expenses:				
Selling, general and administrative	(32,771)	(24,923)	(108,019)	(107,040)
Research and development	(21,649)	(22,182)	(79,053)	(84,874)
Amortization of purchased technology and other intangible assets	-	(398)	-	(1,389)
Total operating expenses	(54,420)	(47,503)	(187,072)	(193,303)
Earnings from operations	10,483	8,422	14,199	88,441
Loss on equity investments	(631)	-	(2,770)	(417)
Net interest expense	(2,908)	(3,040)	(10,299)	(10,347)
Foreign currency transaction losses	(917)	(135)	(2,479)	(111)
Earnings (loss) before income taxes and minority interest	6,027	5,247	(1,349)	77,566
Income tax expense	(3,590)	(604)	(7,112)	(10,575)
Earnings (loss) before minority interest	2,437	4,643	(8,461)	66,991
Minority interest	(9,530)	(5,904)	(24,570)	(45,608)
Gain on dilution of investment in subsidiary	941	2,656	941	2,656
Net earnings (loss)	(6,152)	1,395	(32,090)	24,039
Net earnings (loss) per share:				
Basic	(0.12)	0.03	(0.65)	0.47
Diluted (1)	(0.12)	0.03	(0.65)	0.46
Weighted average number of shares used in computing per share amounts (in thousands):				
Basic	50,057	52,585	49,642	51,540
Diluted (1)	50,057	52,732	49,642	51,858

(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 and the year ended December 31, 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 those periods. For the three months and the year ended December 31, 2004 the effect of a potential conversion of convertible debt into 12,509,270 and 11,216,873 common shares were anti-dilutive and no adjustments have been reflected in the diluted weighted average number of shares and net earnings for those periods.

ASM INTERNATIONAL N.V.
CONSOLIDATED BALANCE SHEETS

(thousands except share data)		In Euro
	December 31,	December 31,
Assets	2003	2004
Cash and cash equivalents	154,857	218,614
Marketable securities	9	5
Accounts receivable, net	144,900	171,996
Inventories, net	145,701	156,959
Income taxes receivable	873	26
Deferred tax assets	4,125	3,624
Other current assets	16,942	24,646
Total current assets	467,407	575,870
Property, plant and equipment, net	130,235	142,696
Goodwill, net	45,937	89,309
Purchased technology and other intangible assets	-	8,833
Deferred tax assets	136	780
Investments and loan advances	13,559	-
Debt issuance costs	4,704	6,346
Total Assets	661,978	823,834
Liabilities and Shareholders' Equity		
Notes payable to banks	23,680	23,379
Accounts payable	77,627	76,026
Accrued expenses	55,738	67,756
Advance payments from customers	9,601	7,189
Deferred revenue	10,173	13,397
Income taxes payable	7,618	13,636
Current portion of long-term debt	4,820	7,883
Current portion of convertible subordinated debt	-	72,646
Total current liabilities	189,257	281,912
Deferred tax liabilities	1,740	914
Long-term debt	16,804	17,137
Convertible subordinated debt	162,319	176,208
Total Liabilities	370,120	476,171
Minority interest in subsidiary	87,249	90,947
Shareholders' Equity:		
Common shares		
Authorized 110,000,000 shares, par value € 0.04,		
issued and outstanding 50,016,647 and 52,617,952 shares	2,002	2,105
Financing preferred shares, issued none	-	-
Preferred shares, issued none	-	-
Capital in excess of par value	259,122	299,761
Retained earnings	592	24,631
Accumulated other comprehensive loss	(57,107)	(69,781)
Total Shareholders' Equity	204,609	256,716
Total Liabilities and Shareholders' Equity	661,978	823,834

ASM INTERNATIONAL N.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands)				in Euro
	Three months ended December 31,		Year ended December 31,	
	2003	2004	2003	2004
	(unaudited)	**(unaudited)**		
Increase (decrease) in cash and cash equivalents:				
Cash flows from operating activities:				
Net earnings (loss)	(6,152)	1,395	(32,090)	24,039
Adjustments to reconcile net earnings to net cash from operating activities:				
Depreciation	8,657	7,758	34,415	35,309
Fixed assets impairment charges	3,242	-	3,242	-
Amortization of purchased technology and other intangible assets	-	398	-	1,389
Amortization of debt issuance costs	401	528	1,509	1,684
Compensation expense employee stock option plan	-	71	-	141
Compensation expense employee share incentive scheme ASMPT	6,391	4,851	6,391	4,851
Deferred income taxes	1,092	(1,482)	924	(275)
Loss on equity investments	631	-	2,770	417
Minority interest	9,530	5,904	24,570	45,608
Gain on dilution of investment in subsidiary	(941)	(2,656)	(941)	(2,656)
Changes in other assets and liabilities:				
Accounts receivable	(587)	(7,437)	(29,715)	(35,597)
Inventories	10,815	10,172	18,449	(17,200)
Other current assets	2,692	(1,067)	274	(8,047)
Accounts payable and accrued expenses	5,112	(21,621)	21,162	15,641
Advance payments from customers	(763)	(2,740)	4,908	(2,234)
Deferred revenue	(1,447)	2,501	1,620	3,773
Income taxes	(399)	(881)	4,119	8,046
Net cash provided by (used in) operating activities	38,274	(4,306)	61,607	74,889
Cash flows from investing activities:				
Capital expenditures	(14,578)	(20,582)	(30,078)	(58,142)
Purchase of intangible assets	-	-	-	(776)
Investment and loan advances	(2,545)	(1,409)	(3,774)	(4,568)
Acquisition of shares from minority shareholders ASMPT	-	-	-	(4,465)
Acquisition of business, net of common shares issued and cash acquired	-	-	-	(4,452)
Proceeds from sale of property, plant and equipment	2,865	674	2,945	4,744
Sale (purchase) of marketable securities	-	(2)	-	3
Net cash used in investing activities	(14,258)	(21,319)	(30,907)	(67,656)
Cash flows from financing activities:				
Notes payable to banks, net	12,098	375	(1,311)	(499)
Proceeds from long-term debt and subordinated debt	15,201	108,973	91,191	112,475
Repayments of long-term debt and subordinated debt	(1,479)	(14,000)	(3,643)	(17,167)
Proceeds from issuance of common shares	253	715	4,150	2,787
Dividend to minority shareholders	-	-	(20,397)	(34,412)
Net cash provided by financing activities	26,073	96,063	69,990	63,184
Exchange rate effects	(10,411)	(9,559)	(16,824)	(6,660)
Net increase in cash and cash equivalents	39,678	60,879	83,866	63,757
Cash and cash equivalents at beginning of period	115,179	157,735	70,991	154,857
Cash and cash equivalents at end of period	154,857	218,614	154,857	218,614
Supplemental disclosures of cash flow information				
Cash paid during the period for:				
Interest, net	5,250	3,822	9,693	9,080
Income taxes, net	2,898	2,968	2,069	3,623
Non cash investing and financing activities:				
Common shares issued for acquisition of business	-	-	-	37,814

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 Southeast 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 53.84% interest at December 31, 2004, 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, except headcount)			In Euro
	Front-end	Back-end	Total
Year ended December 31, 2003			
Net sales to unaffiliated customers	286,492	295,376	581,868
Gross profit	72,850	128,421	201,271
Earnings (loss) from operations	(45,275)	59,474	14,199
Loss on equity investments	(2,770)	-	(2,770)
Net interest income (expense)	(10,744)	445	(10,299)
Foreign currency transaction losses	(1,816)	(663)	(2,479)
Income tax expense	(1,400)	(5,712)	(7,112)
Gain on dilution of investment in subsidiary	941	-	941
Minority interest	-	(24,570)	(24,570)
Net earnings (loss)	(61,064)	28,974	(32,090)
Capital expenditures	11,934	18,144	30,078
Depreciation	16,864	17,551	34,415
Impairment charges	3,242	-	3,242
Cash and cash equivalents	102,308	52,549	154,857
Capitalized goodwill	3,888	42,049	45,937
Other identifiable assets	260,690	200,494	461,184
Total assets	366,886	295,092	661,978
Total debt	207,623	-	207,623
Headcount in full-time equivalents (1)	1,179	6,254	7,433
Year ended December 31, 2004			
Net sales to unaffiliated customers	355,565	398,680	754,245
Gross profit	103,966	177,778	281,744
Earnings (loss) from operations	(16,140)	104,581	88,441
Loss on equity investments	(417)	-	(417)
Net interest income (expense)	(11,163)	816	(10,347)
Foreign currency transaction losses	(72)	(39)	(111)
Income tax expense	(4,254)	(6,321)	(10,575)
Gain on dilution of investment in subsidiary	2,656	-	2,656
Minority interest	-	(45,608)	(45,608)
Net earnings (loss)	(29,390)	53,429	24,039
Capital expenditures	27,011	31,131	58,142
Depreciation and amortization	17,742	18,956	36,698
Cash and cash equivalents	146,558	72,056	218,614
Capitalized goodwill	48,598	40,711	89,309
Purchased technology and other intangible assets	8,833	-	8,833
Other identifiable assets	320,267	186,811	507,078
Total assets	524,256	299,578	823,834
Total debt	297,253	-	297,253
Headcount in full-time equivalents (1)	1,492	6,768	8,260

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

Basis of Presentation

ASM International N.V., ("ASMI") follows accounting principles in the United States of America ("US GAAP"). Accounting principles applied are unchanged compared to the year 2003.

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 Consolidated Financial Statements. All intercompany profits, transactions and balances have been eliminated in consolidation. Intercompany profits included in inventory are recognized in the Consolidated Statement of Operations upon the sale of the respective inventory to a third party.

Acquistion and Consolidation of NuTool Inc.

On June 2, 2004 ASMI acquired the remaining 84.3% interest in NuTool, Inc. ("NuTool"), a privately-held semiconductor equipment company based in Milpitas, California, USA. As a result of the acquisition, ASMI owns 100% of the outstanding capital stock of NuTool. ASMI purchased the 84.3% interest in exchange for 1,962,282 common shares of ASMI, replacement employee stock options to acquire 57,720 common shares of ASMI and the possible future issuance of up to 806,376 additional common shares if certain performance targets are satisfied at various times during the period ending December 31, 2006. The total consideration for the 84.3% interest, including expenses, amounted to € 35,063, excluding the value of the 806,376 common shares that may be issued in the future based on certain financial performance targets. ASMI included NuTool in its Consolidated Financial Statements as from June 2, 2004. Subsequent to the acquisition NuTool's name was changed to ASM NuTool, Inc.

The 15.7% interest in NuTool, which ASMI acquired in two transactions in December 2001 and April 2003 has historically been accounted for on the cost method of accounting. As a result of the acquisition of the remaining interest in NuTool on June 2, 2004, ASMI began exerting significant influence over the operations of NuTool. In accordance with Accounting Principles Board Opinion No. 18 ''The Equity Method of accounting for Investments in Common Stock,'' such change in influence required ASMI to retroactively amend prior period results to reflect the change from the cost method of accounting to the equity method of accounting for its investment in NuTool as if it had been accounted for under the equity method of accounting since ASMI's first investment. At December 31, 2003 this amendment reduced the investment balance in NuTool by € 10,323, retained earnings by € 5,142 and accumulated other comprehensive income by € 5,181. The accompanying Consolidated Statements of Operations and Consolidated Statements of Cash Flows for the three months ended December 31, 2003 and the year ended December 31, 2003 and the Consolidated Balance Sheet at December 31, 2003 have been adjusted to reflect the amendment.

Acquistion and Consolidation of Genitech Inc.

On August 5, 2004, ASMI acquired 100% of the common shares in Genitech Inc. (''Genitech''), a privately-held semiconductor equipment supplier based in South Korea for a combination of cash, 247,638 common shares of ASMI and up to US$ 9.2 million of additional variable cash payments over the next five years depending upon the achievement of certain financial performance targets. The total consideration at the date of the acquisition, including expenses, amounted to € 7,939 (excluding the US$ 9.2 million in variable cash payments that may be payable in the future), of which € 4,640 was paid in cash and € 3,299 was paid in common shares of ASMI. ASMI included Genitech in its Consolidated Financial Statements as from August 5, 2004.

Consolidation of NanoPhotonics AG.

At December 31, 2004 ASMI holds a 23.61% interest in NanoPhotonics AG ("NanoPhotonics"), a German supplier of precision thin film metrology equipment, which ASMI acquired in December 1999. ASMI's Chief Executive Officer also holds a 43.77% interest in NanoPhotonics. ASMI had a five-year option to purchase the 43.77% interest from the Chief Executive Officer at the same price he paid for his interest in the initial transaction. This option agreement expired in 2004 and has been extended until December 31, 2005 at the same terms as the initial option agreement. At December 31, 2004, the accounts of NanoPhotonics have been included in the Consolidated Financial Statements of ASMI in accordance with FIN No. 46R "Consolidation of Variable Interest Entities." The impact of the consolidation of NanoPhonotics on ASMI's financial position and result of operations was not material.

Accounting principles under Dutch GAAP

Under accounting principles generally accepted in the Netherlands ("Dutch GAAP") the Consolidated Statement of Operations, the Consolidated Balance Sheet and Consolidated Statement of Cash Flows would not differ significantly from those presented under US GAAP, except for the amortization of goodwill. US accounting standard SFAS 142 "Goodwill and Other Intangible Assets," provides that goodwill should not be amortized, but rather be tested at least annually for impairment. Under Dutch GAAP, goodwill should be amortized on a straight-line basis over the expected useful life not exceeding 20 years, unless goodwill is impaired based on a recoverability assessment of the unamortized balance of goodwill.

If ASMI had amortized goodwill in accordance with Dutch GAAP, the net loss for the three months ended December 31, 2003 and December 31, 2004 would have been € (7,921) and € (1,186) respectively and the net earnings (loss) for the year ended December 31, 2003 and December 31, 2004 would have been € (39,476) and € 15,139 respectively. The diluted net loss per share for the three months ended December 31, 2003 and December 31, 2004 would have been € (0.16) and € (0.02) respectively, and the diluted net earnings (loss) per share for the year ended December 31, 2003 and December 31, 2004 would have been € (0.80) and € 0.29 respectively. Shareholders' Equity at December 31, 2004 would have been € 236,211.

At December 31, 2004: 1 Euro = 1.3621 US$.

Auditors: Deloitte Accountants B.V.
Stock: Traded on the NASDAQ National Market System under the symbol 'ASMI' and on the Euronext Amsterdam Stock Exchange under the symbol 'ASM'