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Kulicke & Soffa Provides Updates to Its Third Quarter Business Outlook; Provides Full Fiscal Year 2017 Revenue Guidance

SINGAPORE--(BUSINESS WIRE)-- Kulicke & Soffa Industries, Inc. (NASDAQ: KLIC) ("Kulicke & Soffa", "K&S" or the "Company"), today announced updates to its third quarter business outlook and provided revenue guidance for its fourth quarter outlook.

- 1 *Third quarter revenue is expected to come in at the high-end of the previously provided revenue guidance, between \$235 and \$245 million*
- 1 *The Company expects one-time, non-recurring charges and credits in the third fiscal quarter, consisting of a favorable foreign tax credit, goodwill impairment and restructuring charges collectively resulting in a non-cash expense of \$35.2 million and a cash gain of \$18.9 million*
- 1 *Full fiscal year revenue outlook of \$790 million, plus or minus \$25 million, representing approximately 26% year-on-year growth*

Third Quarter Fiscal 2017 Update

As part of its annual strategic planning process, the Company proceeded with tactical and strategic initiatives to better execute on its collective long-term core, advanced packaging and electronics assembly related opportunities. Largely triggered by this annual process, the Company anticipates several unique charges and credits during the June quarter relating to a favorable foreign tax credit, non-cash goodwill impairment expenses and restructuring related charges.

These collective items are anticipated to result in a non-cash expense of \$35.2 million and a cash gain of \$18.9 million.

In alignment with its tax planning process, K&S has elected to adopt a foreign tax credit for its U.S. tax filings, which will be effective during the third fiscal quarter 2017. As a result of this exercise, the Company has amended its U.S. tax returns from 2007 through 2015 and also recently filed its 2016 return on this same basis. Due to this tax position, the Company expects a favorable tax credit of approximately \$21.5 million to be booked in its third fiscal quarter. Excluding this favorable impact, the Company is maintaining its long-term effective tax rate of 18%.

Separately, K&S has determined a portion of the goodwill associated with the January 2015 acquisition of Assembléon BV to be impaired. Specifically, this impairment is due to a softer near-term outlook for the Hybrid Series (Hybrid) offerings. Due to the asset-light nature of this specific business, the entire purchase price of Assembléon BV was allocated to goodwill and other intangible assets at time of acquisition. During the third fiscal quarter, the Company expects to record a non-cash charge for this impairment of approximately \$35.2 million.

During fiscal year 2016, the Company experienced a large multi-quarter Hybrid order, concentrated with one main customer towards a premium smartphone application. Capacity digestion related to this order has limited the Hybrid's current and near-term levels of demand. In the long-term, the Company believes Hybrid's one-pass advanced-packaging solution is well positioned for high-volume system-in-package (SIP) and fan-out wafer level packaging (FOWL) applications of the future. In the near-term, however, adoption has been slow due to line-balancing requirements of these relatively lower-volume production lines.

As K&S executes to drive long-term success of its broader advanced packaging program, Hybrid continues to be a strategically relevant component. The Company plans to maintain all Hybrid Series platforms and will continue to invest in next generation Hybrid equipment and features as well as in its other advanced packaging offerings including the APAMA C2S, APAMA C2W and AT Premier Plus. K&S remains committed to ongoing research and development supporting the growing Advanced Packaging business in addition to its 4 other business lines to enhance competitiveness, expand served market opportunities and create meaningful and ongoing shareholder value. The Company continues to make progress within its Advanced Packaging offerings and will provide additional commentary during its upcoming earnings call.

Considering Hybrid's specific near-term business outlook, K&S has driven a restructuring program to reallocate resources to enhance product line success and long-term corporate level profitability. During the June Quarter the Company will accrue approximately \$2.6 million of restructuring related charges, which are anticipated to reduce annual spending by

approximately \$7 to \$8 million going forward.

Fusen Chen, Kulicke & Soffa's President and Chief Executive Officer stated, "While all forms of restructuring are challenging, we continue to evolve and remain focused and committed to long-term execution within our Core, Advanced Packaging and Electronics Assembly opportunities. We look forward to sharing our progress and new initiatives over the coming quarters."

Fiscal Year 2017 Outlook

Kulicke & Soffa anticipates revenue for its full fiscal year 2017 to be approximately \$790 million, plus or minus \$25 million. This revenue expectation, if met, would be 26%, 47% and 39% higher than in the preceding three fiscal years, respectively. The Company's ongoing strength continues to be driven by higher levels of semiconductor unit growth, dominant share positions and a diversified exposure to end applications.

Full financial results and additional details will be discussed during the Company's Third Fiscal Quarter Earnings call scheduled for August 2, 2017.

About Kulicke & Soffa

Kulicke & Soffa (NASDAQ: KLIC) is a leading provider of semiconductor packaging and electronic assembly solutions supporting the global automotive, consumer, communications, computing and industrial segments. As a pioneer in the semiconductor space, K&S has provided customers with market leading packaging solutions for decades. In recent years, K&S has expanded its product offerings through strategic acquisitions and organic development, adding advanced packaging, electronics assembly, wedge bonding and a broader range of expendable tools to its core offerings. Combined with its extensive expertise in process technology and focus on development, K&S is well positioned to help customers meet the challenges of packaging and assembling the next-generation of electronic devices (www.kns.com).

Caution Concerning Results and Forward Looking Statements

In addition to historical statements, this press release contains statements relating to future events and our future results. These statements are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, and include, but are not limited to, statements that relate to our future revenue, sustained, increasing, continuing or strengthening demand for our products, replacement demand, our research and development efforts, the carrying value of goodwill from our prior acquisitions, the impact of restructuring initiatives, our ability to control costs, and our ability to identify and realize new growth opportunities within segments, such as Hybrid, automotive and industrial as well as surrounding technology adoption such as system in package and advanced packaging techniques. While these forward-looking statements represent our judgments and future expectations concerning our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to: the risk that customer orders already received may be postponed or canceled, generally without charges; the risk that anticipated customer orders may not materialize; the risk that our suppliers may not be able to meet our demands on a timely basis; the volatility in the demand for semiconductors and our products and services; the risk that identified market opportunities may not grow or developed as we anticipated; volatile global economic conditions, which could result in, among other things, sharply lower demand for products containing semiconductors and for the Company's products, and disruption of capital and credit markets; the risk of failure to successfully manage our operations; the possibility that we may need to further impair the carrying value of goodwill and/or intangibles established in connection with one or more of our prior acquisitions; acts of terrorism and violence; risks, such as changes in trade regulations, currency fluctuations, political instability and war, which may be associated with a substantial non-U.S. customer and supplier base and substantial non-U.S. manufacturing operations; and the factors listed or discussed in Kulicke and Soffa Industries, Inc. 2016 Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission. Kulicke and Soffa Industries, Inc. is under no obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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