

QUARTERLY REPORT ON FORM 10-Q
For the Quarter Ended March 31, 2019

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This report contains forward-looking statements within the meaning of the federal securities laws, including but not limited to statements regarding: (1) the amount, timing and focus of our expected capital investments in 2019 including expenditures in support of advanced packaging and test equipment, (2) our ability to fund our operating activities and financial requirements for the next twelve months, (3) the effect of changes in revenue levels and capacity utilization on our gross margin, (4) the focus of our research and development activities, (5) the anticipated impact of the Tax Cuts and Jobs Act (the "Tax Act") on our taxes, (6) the grant and expiration of tax holidays in jurisdictions in which we operate and expectations regarding our effective tax rate and the availability of tax incentives, (7) the creation or release of valuation allowances related to taxes in the future, (8) our repurchase or repayment of outstanding debt or the conversion of debt in the future, (9) payment of dividends, (10) compliance with our covenants, (11) expected contributions to foreign pension plans, (12) liability for unrecognized tax benefits and the potential impact of our unrecognized tax benefits on our effective tax rate, (13) the effect of foreign currency exchange rate exposure on our financial results, (14) the volatility of the trading price of our common stock, (15) changes to our internal controls related to integration of acquired operations and implementation of an enterprise resource planning system, (16) our efforts to enlarge our customer base in certain geographic areas and markets, (17) demand for advanced packages in mobile and automotive devices and our technology leadership and potential growth in this market, and (18) other statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue," "intend" or the negative of these terms or other comparable terminology. Because such statements include risks and uncertainties, actual results may differ materially from those anticipated in such forward-looking statements as a result of various factors, including those set forth in the following report as well as in Part II, Item 1A of this Quarterly Report on Form 10-Q.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMKOR TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three Months Ended March 31,	
	2019	2018
	(In thousands, except per share data)	
Net sales	\$894,964	\$1,025,319
Cost of sales	774,203	867,548
Gross profit	120,761	157,771
Selling, general and administrative	71,587	80,723
Research and development	35,754	40,929
Total operating expenses	107,341	121,652
Operating income	13,420	36,119
Interest expense	19,273	20,011
Other (income) expense, net	(4,565) 3,432
Total other expense, net	14,708	23,443
Income (loss) before taxes	(1,288) 12,676
Income tax expense	21,380	2,481
Net income (loss)	(22,668) 10,195
Net income attributable to non-controlling interests	(211) (651
Net income (loss) attributable to Amkor	\$ (22,879)	\$ 9,544
Net income (loss) attributable to Amkor per common share:		
Basic	\$ (0.10) \$ 0.04
Diluted	\$ (0.10) \$ 0.04
Shares used in computing per common share amounts:		
Basic	239,414	239,214
Diluted	239,414	239,816

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)

	For the Three Months Ended March 31,	
	2019	2018
	(In thousands)	
Net income (loss)	\$(22,668)	\$10,195
Other comprehensive income (loss), net of tax:		
Adjustments to unrealized components of defined benefit pension plans	(132)	(39)
Foreign currency translation	(2,224)	15,091
Total other comprehensive income (loss)	(2,356)	15,052
Comprehensive income (loss)	(25,024)	25,247
Comprehensive income attributable to non-controlling interests	(211)	(651)
Comprehensive income (loss) attributable to Amkor	\$(25,235)	\$24,596

The accompanying notes are an integral part of these statements.

Table of ContentsAMKOR TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	March 31, 2019	December 31, 2018
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,055,402	\$ 681,569
Restricted cash	2,589	2,589
Accounts receivable, net of allowances	684,914	724,456
Inventories	227,502	230,589
Other current assets	32,522	32,005
Total current assets	2,002,929	1,671,208
Property, plant and equipment, net	2,564,177	2,650,448
Operating lease right of use asset	122,982	—
Goodwill	25,449	25,720
Restricted cash	2,929	3,893
Other assets	128,720	144,178
Total assets	\$ 4,847,186	\$ 4,495,447
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 638,702	\$ 114,579
Trade accounts payable	459,383	530,398
Capital expenditures payable	123,737	255,237
Accrued expenses	245,796	258,209
Total current liabilities	1,467,618	1,158,423
Long-term debt	1,215,262	1,217,732
Pension and severance obligations	181,826	184,321
Long-term operating lease liability	73,876	—
Other non-current liabilities	76,022	79,071
Total liabilities	3,014,604	2,639,547
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized, designated Series A, none issued	—	—
Common stock, \$0.001 par value, 500,000 shares authorized; 285,430 and 285,352 shares issued; and 239,458 and 239,385 shares outstanding in 2019 and 2018, respectively	285	285
Additional paid-in capital	1,911,179	1,909,425
Retained earnings	90,310	113,189
Accumulated other comprehensive income (loss)	21,456	23,812
Treasury stock, at cost, 45,972 and 45,967 shares, in 2019 and 2018, respectively	(216,219)	(216,171)
Total Amkor stockholders' equity	1,807,011	1,830,540
Non-controlling interests in subsidiaries	25,571	25,360
Total equity	1,832,582	1,855,900
Total liabilities and equity	\$ 4,847,186	\$ 4,495,447

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock Shares	Par Value	Additional Paid- In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Treasury Stock Shares	Stock Cost	Total Amkor Stockholders' Equity	Noncontrolling Interest in Subsidiaries	Total Equity
	(In thousands)									
Balance at December 31, 2018	285,352	\$285	\$1,909,425	\$113,189	\$23,812	(45,967)	\$(216,171)	\$1,830,540	\$25,360	\$1,855,900
Net income (loss)	—	—	—	(22,879)	—	—	—	(22,879)	211	(22,668)
Other comprehensive income (loss)	—	—	—	—	(2,356)	—	—	(2,356)	—	(2,356)
Treasury stock acquired through surrender of shares for tax withholding	—	—	—	—	—	(5)	(48)	(48)	—	(48)
Issuance of stock through share-based compensation plans	78	—	286	—	—	—	—	286	—	286
Share-based compensation	—	—	1,468	—	—	—	—	1,468	—	1,468
Balance at March 31, 2019	285,430	\$285	\$1,911,179	\$90,310	\$21,456	(45,972)	\$(216,219)	\$1,807,011	\$25,571	\$1,832,582
Balance at December 31, 2017	285,129	285	1,903,357	(13,903)	22,519	(45,945)	(215,982)	1,696,276	23,433	1,719,709
Net income	—	—	—	9,544	—	—	—	9,544	651	10,195
Other comprehensive income (loss)	—	—	—	—	15,052	—	—	15,052	—	15,052
Treasury stock acquired through surrender of shares for tax withholding	—	—	—	—	—	(5)	(56)	(56)	—	(56)
Issuance of stock through	155	—	1,022	—	—	—	—	1,022	—	1,022

share-based
compensation
plans

Share-based compensation	—	—	1,287	—	—	—	—	1,287	—	1,287
Subsidiary dividends to noncontrolling interests	—	—	—	—	—	—	—	—	(135)	(135)
Balance at March 31, 2018	285,284	\$285	\$1,905,666	\$(4,359)	\$37,571	(45,950)	\$(216,038)	\$1,723,125	\$23,949	\$1,747,074

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

	For the Three Months Ended March 31,	
	2019	2018
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$(22,668)	\$10,195
Depreciation and amortization	135,835	142,509
Other operating activities and non-cash items	15,928	(4,734)
Changes in assets and liabilities	(77,038)	(339)
Net cash provided by operating activities	52,057	147,631
Cash flows from investing activities:		
Payments for property, plant and equipment	(203,216)	(230,603)
Proceeds from sale of property, plant and equipment	180	342
Proceeds from insurance recovery for property, plant and equipment	1,538	—
Other investing activities	(569)	656
Net cash used in investing activities	(202,067)	(229,605)
Cash flows from financing activities:		
Proceeds from short-term debt	29,781	—
Payments of short-term debt	(10,588)	(17,352)
Proceeds from issuance of long-term debt	572,375	—
Payments of long-term debt	(63,636)	(6,220)
Payments of finance lease obligations	(1,376)	(808)
Other financing activities	(2,848)	455
Net cash provided by (used in) financing activities	523,708	(23,925)
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	(829)	3,892
Net increase (decrease) in cash, cash equivalents and restricted cash	372,869	(102,007)
Cash, cash equivalents and restricted cash, beginning of period	688,051	602,851
Cash, cash equivalents and restricted cash, end of period	\$1,060,920	\$500,844
Non-cash investing and financing activities:		
Property, plant and equipment included in capital expenditures payable	\$124,547	\$224,037
Right of use assets acquired through finance lease liabilities	92	923
Right of use assets acquired through operating lease liabilities	7,328	—

The accompanying notes are an integral part of these statements.

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AMKOR TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Interim Financial Statements

Basis of Presentation. The Consolidated Financial Statements and related disclosures as of March 31, 2019, and for the three months ended March 31, 2019 and 2018, are unaudited, pursuant to the rules and regulations of the United States Securities and Exchange Commission (“SEC”). The December 31, 2018, Consolidated Balance Sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (“U.S.”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) have been condensed or omitted pursuant to such rules and regulations. In our opinion, these financial statements include all adjustments (consisting only of normal recurring adjustments) necessary for the fair statement of the results for the interim periods. These financial statements should be read in conjunction with the financial statements included in our Annual Report for the year ended December 31, 2018, filed on Form 10-K with the SEC on February 22, 2019. The results of operations for the three months ended March 31, 2019, are not necessarily indicative of the results to be expected for the full year. Unless the context otherwise requires, all references to “Amkor,” “we,” “us,” “our” or the “company” are to Amkor Technology, Inc. and our subsidiaries.

Use of Estimates. The Consolidated Financial Statements have been prepared in conformity with U.S. GAAP, using management’s best estimates and judgments where appropriate. These estimates and judgments affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and judgments will also affect the reported amounts for certain revenues and expenses during the reporting period. Actual results could differ materially from these estimates and judgments.

Goodwill. The balance of goodwill in our Consolidated Balance Sheets reflects adjustments for foreign currency translation.

Unbilled Receivables. Total unbilled receivables as of March 31, 2019 and December 31, 2018 were \$82.6 million and \$89.3 million, respectively.

2. New Accounting Standards

Recently Adopted Standards

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which was subsequently amended and clarified. Topic 842 requires a dual approach for lease accounting under which a lessee would account for leases as finance leases or operating leases. The standard also requires the lessee to recognize a right-of-use asset and a corresponding lease liability for both finance leases and operating leases. For finance leases, the lessee recognizes interest expense and amortization of the right-of-use asset, and for operating leases, the lessee recognizes a straight-line lease expense. The standard permits the use of two alternative transition approaches, either with application in all comparative periods presented, or with application beginning with the effective date without restating comparative period financial statements.

Effective January 1, 2019, we adopted the requirements of Topic 842 using the modified transition approach without restating the comparative period financial statements. The new standard resulted in increases in our operating lease

right of use asset, accrued expenses and long-term operating lease liability account balances to record our operating leases on our Consolidated Balance Sheet. The new standard also resulted in additional disclosures for our operating and finance leases (Note 10).

In accordance with Topic 842, we applied practical expedients permitted under the transition guidance, which allowed us to not:

• Reassess whether any existing contracts are or contain a lease,

• Reassess the lease classification for any existing contracts,

• Reassess initial direct costs for any existing leases, and

• Separate non-lease components from lease components and instead to account for them as a single lease component for all asset classes.

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Unaudited)

3. Net Sales by Product Group and End Market

Net sales by product group consist of the following:

	For the Three Months Ended March 31,	
	2019	2018
	(In thousands)	
Advanced products (1)	\$422,446	\$475,752
Mainstream products (2)	472,518	549,567
Total net sales	\$894,964	\$1,025,319

(1) Advanced products include flip chip and wafer-level processing and related test services

(2) Mainstream products include wirebond packaging and related test services

Net sales by end market consist of the following:

	For the Three Months Ended March 31,	
	2019	2018
Communications (smartphones, tablets, handheld devices)	38 %	42 %
Automotive, industrial and other (driver assist, infotainment, safety, performance)	28 %	26 %
Computing (datacenter, infrastructure, PC/laptop, storage)	20 %	19 %
Consumer (set-top boxes, televisions, connected home, personal electronics, visual imaging)	14 %	13 %
Total net sales	100%	100%

4. Other Income and Expense

Other income and expense consists of the following:

	For the Three Months Ended March 31,	
	2019	2018
	(In thousands)	
Interest income	\$(2,064)	\$(988)
Foreign currency (gain) loss, net	(2,013)	4,713
Other	(488)	(293)
Other (income) expense, net	\$(4,565)	\$3,432

5. Income Taxes

Income tax expense of \$21.4 million for the three months ended March 31, 2019 reflects income taxes, foreign withholding taxes and minimum taxes. Income tax expense for the three months ended March 31, 2019 also includes a

\$14.9 million non-cash discrete tax expense primarily for the recognition of a valuation allowance for certain deferred tax assets.

We monitor on an ongoing basis our ability to utilize our deferred tax assets and whether there is a need for a related valuation allowance. In evaluating our ability to recover our deferred tax assets in the jurisdictions from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of recent operations. Based on current projections of future taxable income in

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AMKOR TECHNOLOGY, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Unaudited)

foreign jurisdictions, foreign deferred tax assets of \$14.9 million are not expected to be realized, including certain tax credit carryforwards that are expected to expire unused.

We maintain a valuation allowance on a portion of our U.S. net deferred tax assets for deferred interest expense carryforwards, net operating loss carryforwards and foreign tax credit carryforwards that are expected to expire unused. Such valuation allowances are released as the related tax benefits are realized or when sufficient evidence exists to conclude that it is more likely than not that the deferred tax assets will be realized.

Unrecognized tax benefits represent reserves for potential tax deficiencies or reductions in tax benefits that could result from federal, state or foreign tax audits. Gross unrecognized tax benefits were \$25.3 million at December 31, 2018 and \$25.2 million as of March 31, 2019. All of our unrecognized tax benefits would reduce our effective tax rate, if recognized. Our unrecognized tax benefits are subject to change for effective settlement of examinations, changes in the recognition threshold of tax positions, the expiration of statutes of limitations and other factors. Tax return examinations involve uncertainties, and there can be no assurance that the outcome of examinations will be favorable.

6. Earnings Per Share

Basic earnings per share (“EPS”) is computed by dividing net income attributable to Amkor common stockholders by the weighted-average number of common shares outstanding during the period. The weighted-average number of common shares outstanding is reduced for treasury stock.

Diluted EPS is computed based on the weighted-average number of common shares outstanding plus the effect of dilutive potential common shares outstanding during the period. Dilutive potential common shares include outstanding stock options and unvested restricted shares.

The following table summarizes the computation of basic and diluted EPS:

	For the Three Months Ended March 31, 2019 2018 (In thousands, except per share data)	
Net income (loss) attributable to Amkor common stockholders	\$ (22,879)	\$ 9,544
Weighted-average number of common shares outstanding — basic	239,414	239,214
Effect of dilutive securities:		
Stock options and restricted share awards	—	602
Weighted-average number of common shares outstanding — diluted	239,414	239,816
Net income (loss) attributable to Amkor per common share:		
Basic	\$ (0.10)	\$ 0.04
Diluted	(0.10)	0.04

The following table summarizes the potential shares of common stock that were excluded from diluted EPS, because the effect of including these potential shares was anti-dilutive:

For the Three
Months
Ended March
31,
2019 2018