



**BE SEMICONDUCTOR INDUSTRIES N.V.**

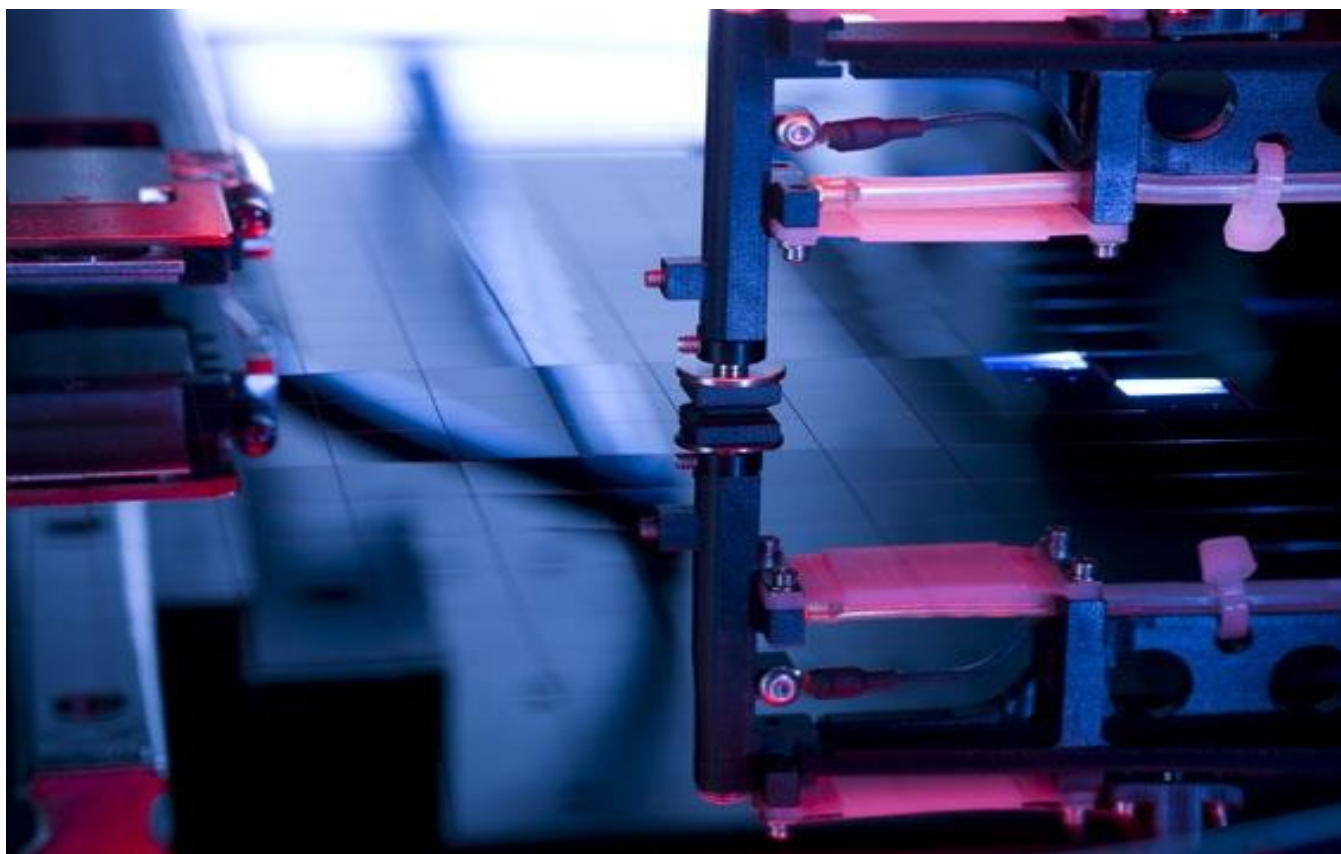
**DUIVEN, THE NETHERLANDS**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
JUNE 30, 2016**

## Contents Unaudited Condensed Interim Consolidated Financial Statements June 30, 2016

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## Report of the Board of Management



This report contains the semi-annual financial report of BE Semiconductor Industries N.V. (“Besi” or “the Company”), a Company which was incorporated in the Netherlands in May 1995 as the holding company for a worldwide business engaged in one line of business, the development, production, marketing and sales of back-end equipment for the semiconductor industry. Besi’s principal operations are in the Netherlands, Switzerland, Austria, Asia and the United States. Besi’s principal executive office is located at Ratio 6, 6921 RW Duiven, the Netherlands.

The semi-annual financial report for the six months ended June 30, 2016 consists of the condensed consolidated semi-annual financial statements, the semi-annual management report and responsibility statement by the Company’s Board of Management. The information in this semi-annual financial report is unaudited.

The Board of Management of the Company hereby declares that to the best of their knowledge, the semi-annual financial statements, which have been prepared in accordance with IAS 34, “Interim Financial Reporting” as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole, and the semi-annual management report gives a fair review of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

## *Performance*

For the first half year, Besi's revenue decreased by 5.6% vs. H1-15 as sales declined for smart phone and other advanced packaging applications. However, H1-16 orders increased by 4.2% vs. H1-15 primarily due to more favourable industry conditions and increased demand by Chinese and Taiwanese subcontractors for Besi's range of high end and mainstream assembly solutions, particularly for fan out wafer level bonding and advanced packaging capacity. Orders by subcontractors and IDMs represented 53% and 47%, respectively, of Besi's total H1-16 orders vs. 45% and 55%, respectively, in H1-15.

On a reported basis, Besi's net income declined by € 1.0 million in H1-16 vs. H1-15 due primarily to the year over year revenue decrease and the absence of restructuring benefits of € 3.5 million recorded in H1-15. However, on an adjusted basis, Besi's H1-16 net income increased by € 2.3 million vs. H1-15 primarily due to (i) a 2.1% increase in gross margins from material and labour cost efficiencies and favourable forex benefits, (ii) a 3.8% reduction in operating expenses and (iii) a lower effective tax rate. Similarly, adjusted net margins increased to 16.9% vs. 14.8% in H1-15.

At the end of Q2-16, Besi's cash and cash equivalents decreased by € 37.7 million vs. Q1-16 to reach € 132.1 million and net cash decreased by € 37.7 million to reach € 110.7 million. Excluding € 45.4 million of dividend payments, net cash increased by € 7.7 million sequentially. As compared to Q2-15, Besi's net cash increased by € 19.3 million, or 21.1%. Besi generated cash flow from operations of € 15.1 million in Q2-16 which, along with cash on hand, was utilized to fund (i) € 45.4 million of dividend payments, (ii) € 5.6 million of share repurchases, (iii) € 1.5 million of capitalized development spending and (iv) € 0.2 million of net capital expenditures.

## *Risks and uncertainties*

In our Annual Report 2015, we have extensively described certain risk categories and risk factors, which could have a material adverse effect on our financial position and results. The Company believes that the risks identified for the second half of 2016 are in line with the risks that Besi presented in its Annual Report 2015.

Demand for semiconductor devices and expenditures for the equipment required to assemble semiconductors is highly cyclical, depending in large part on levels of demand worldwide for smart phones, tablets and other personal productivity devices, computing and peripheral equipment and automotive and industrial components, as well as the production capacity of global semiconductor manufacturers. Furthermore, a rise or fall in the level of sales of semiconductor equipment typically lags any downturn or recovery in the semiconductor market by approximately three to six months due to the lead times associated with the production of semiconductor equipment.

## **Outlook**

Based on its June 30, 2016 backlog and feedback from customers, Besi forecasts for Q3-16 that:

- Revenue will decrease by 15-20% vs. the € 109.0 million reported in Q2-16.
- Gross margins will range between 49-51% vs. the 50.9% realized in Q2-16.
- Operating expenses will decrease by 0-5% vs. the € 29.1 million reported in Q2-16.

Duiven, July 27, 2016

Richard W. Blickman  
President & CEO

## Condensed Interim Consolidated Statement of Financial Position

<i>(euro in thousands)</i>	Note	June 30, 2016 (unaudited)	December 31, 2015 (audited)
<b>Assets</b>			
Cash and cash equivalents		132,075	157,818
Trade receivables		106,209	80,640
Inventories		60,825	53,877
Income tax receivable		279	446
Other receivables		6,043	3,746
Prepayments		4,091	2,309
<b>Total current assets</b>		<b>309,522</b>	<b>298,836</b>
Property, plant and equipment		25,016	26,718
Goodwill		45,362	45,542
Other intangible assets		38,696	40,374
Deferred tax assets		17,441	18,545
Other non-current assets		2,721	2,711
<b>Total non-current assets</b>		<b>129,236</b>	<b>133,890</b>
<b>Total assets</b>		<b>438,758</b>	<b>432,726</b>
<b>Liabilities and equity</b>			
Notes payable to banks		8,000	8,000
Trade payables		46,819	27,529
Income tax payable		2,332	692
Provisions		3,706	3,956
Other payables		18,169	19,336
Other current liabilities		11,517	7,866
<b>Total current liabilities</b>		<b>90,543</b>	<b>67,379</b>
Long-term debt and financial leases		13,352	13,352
Deferred tax liabilities		6,158	6,201
Other non-current liabilities		16,245	13,574
<b>Total non-current liabilities</b>		<b>35,755</b>	<b>33,127</b>
Issued capital		36,031	36,031
Share premium		189,898	195,524
Retained earnings		11,491	39,244
Other reserves		73,403	59,817
<b>Equity attributable to equity holders of the parent</b>		<b>310,823</b>	<b>330,616</b>
Non-controlling interest		1,637	1,604
<b>Total equity</b>		<b>312,460</b>	<b>332,220</b>
<b>Total liabilities and equity</b>		<b>438,758</b>	<b>432,726</b>

## Condensed Interim Consolidated Statement of Comprehensive Income

<i>(euro in thousands, except share and per share data)</i>	For the six months ended June 30,	
	2016 (unaudited)	2015 (unaudited)
Revenue	187,982	199,231
Cost of sales	93,652	102,804
<b>Gross profit</b>	<b>94,330</b>	<b>96,427</b>
Selling, general and administrative expenses	40,116	37,983
Research and development expenses	18,252	19,350
<b>Total operating expenses</b>	<b>58,368</b>	<b>57,333</b>
<b>Operating income</b>	<b>35,962</b>	<b>39,094</b>
Financial income	201	287
Financial expense	(924)	(1,718)
<b>Income before taxes</b>	<b>35,239</b>	<b>37,663</b>
Income tax (benefit)	3,231	4,671
<b>Net income</b>	<b>32,008</b>	<b>32,992</b>
Attributable to:		
Equity holders of the parent	31,916	33,019
Non-controlling interest	92	(27)
<b>Net income</b>	<b>32,008</b>	<b>32,992</b>
Other comprehensive income (loss) (will be reclassified subsequently to profit and loss when specific conditions are met):		
Exchange rate changes for the period	1,382	17,086
Actuarial gain (loss) net of income tax	(2,154)	271
Unrealized hedging results	50	333
Other comprehensive income (loss) for the period, net of income tax	(722)	17,690
<b>Total comprehensive income (loss) for the period</b>	<b>31,286</b>	<b>50,682</b>
Total comprehensive income (loss) attributable to:		
Equity holders of the parent	31,253	50,571
Non-controlling interest	33	111
Income (loss) per share attributable to the equity holders of the parent		
Basic	0.85	0.87
Diluted	0.84 <sup>1</sup>	0.86 <sup>1</sup>
Weighted average number of shares used to compute income (loss) per share		
Basic	37,713,129	37,829,639
Diluted	38,381,214 <sup>1</sup>	38,404,501 <sup>1</sup>

<sup>1</sup> The calculation of the diluted income per share assumes the exercise of the equity settled share based payments.

## Condensed Interim Consolidated Statement of Cash Flows

<i>(euro in thousands)</i>	For the six months ended June 30,	
	2016	2015
	(unaudited)	(unaudited)
<b>Cash flows from operating activities:</b>		
Operating income	35,962	39,094
Depreciation, amortization and impairment	7,484	6,877
Loss (gain) on disposal of assets	3	-
Share based compensation	5,073	3,707
Gain on curtailment	-	(5,520)
Other non-cash items	-	380
Effects of changes in working capital	(13,312)	(10,101)
Income tax received (paid)	(143)	(977)
Interest received	223	462
Interest paid	(104)	(167)
<b>Net cash provided by (used for) operating activities</b>	<b>35,186</b>	<b>33,755</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(1,061)	(2,514)
Capitalized development expenses	(3,279)	(2,872)
Proceeds from sale of property, plant and equipment	-	-
<b>Net cash provided by (used for) investing activities</b>	<b>(4,340)</b>	<b>(5,386)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from (payments on) bank lines of credit	-	5,099
Proceeds from (payments on) debts and financial leases	-	(248)
Dividend paid to shareholders	(45,420)	(56,877)
Purchased treasury shares	(11,500)	-
Re-issued treasury shares	41	399
<b>Net cash provided by (used for) financing activities</b>	<b>(56,879)</b>	<b>(51,627)</b>
Net change in cash and cash equivalents	(26,033)	(23,258)
Effect of changes in exchange rates on cash and cash equivalents	290	1,630
Cash and cash equivalents at beginning of the period	157,818	135,322
<b>Cash and cash equivalents at end of the period</b>	<b>132,075</b>	<b>113,694</b>

**Condensed Interim Consolidated Statement of Changes in Equity**  
(for the six months ended June 30)

<i>(euro in thousands, except share data)</i>	Number of Ordinary Shares outstanding <sup>1</sup>	Issued capital	Share premium	Retained earnings (deficit)	Other reserves	Total attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at January 1, 2016	40,033,921	36,031	195,524	39,244	59,817	330,616	1,604	332,220
Exchange rate changes for the period	-	-	-	-	1,441	1,441	(59)	1,382
Actuarial gain (loss)	-	-	-	-	(2,154)	(2,154)	-	(2,154)
Unrealized hedging results	-	-	-	-	50	50	-	50
Other comprehensive income	-	-	-	-	(663)	(663)	(59)	(722)
Net income (loss)	-	-	-	31,916	-	31,916	92	32,008
Total comprehensive income for the period	-	-	-	31,916	(663)	31,253	33	31,286
Dividends to owners of the Company	-	-	-	(45,420)	-	(45,420)	-	(45,420)
Legal reserve	-	-	-	(14,249)	14,249	-	-	-
Re-issued Treasury Shares	-	-	41	-	-	41	-	41
Purchased Treasury Shares	-	-	(10,740)	-	-	(10,740)	-	(10,740)
Equity-settled share based payments	-	-	5,073	-	-	5,073	-	5,073
Balance at June 30, 2016 (unaudited)	40,033,921	36,031	189,898	11,491	73,403	310,823	1,637	312,460
Balance at January 1, 2015	40,033,921	36,431	193,562	47,609	49,694	327,296	1,528	328,824
Exchange rate changes for the period	-	-	-	-	17,086	17,086	138	17,224
Actuarial gain (loss)	-	-	-	-	271	271	-	271
Unrealized hedging results	-	-	-	-	333	333	-	333
Other comprehensive income	-	-	-	-	17,690	17,690	138	17,828
Net income (loss)	-	-	-	33,019	-	33,019	(27)	32,992
Total comprehensive income for the period	-	-	-	33,019	17,690	50,709	111	50,820
Dividends to owners of the Company	-	-	-	(56,877)	-	(56,877)	-	(56,877)
Legal reserve	-	-	-	-	-	-	-	-
Re-issued Treasury Shares	-	-	399	-	-	399	-	399
Equity-settled share based payments	-	-	3,707	-	-	3,707	-	3,707
Balance at June 30, 2015 (unaudited)	40,033,921	36,431	197,668	23,751	67,384	325,234	1,639	326,873

<sup>1</sup> The outstanding number of Ordinary Shares includes 2,334,048 and 2,170,465 Treasury Shares at June 30, 2016 and January 1, 2016 respectively (1,944,686 at June 30, 2015 and 2,321,381 at January 1, 2015 respectively).



## **Notes to the Condensed Interim Consolidated Financial Statements**

### **1. Corporate information**

BE Semiconductor Industries N.V. ("Besi" or "the Company") was incorporated in the Netherlands in May 1995 as the holding company for a worldwide business engaged in one line of business, the development, production, marketing and sales of back-end equipment for the semiconductor industry. Besi's principal operations are in the Netherlands, Switzerland, Austria and Asia. Besi's principal executive office is located at Ratio 6, 6921 RW, Duiven, the Netherlands. Statutory seat of the Company is Amsterdam.

### **2. Basis of preparation and accounting policies**

#### **Statement of Compliance**

The condensed interim consolidated financial statements for the six months ended June 30, 2016 have been prepared in accordance with IAS 34 as adopted by the EU.

The accounting policies adopted are consistent with those applied in the IFRS consolidated financial statements for the year ended December 31, 2015.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Besi's annual financial statements as at December 31, 2015.

#### **Segment information**

The Company has changed its internal organizational structure and the management structure in 2009. The Company identifies three operating segments (Product Groups). Each Product Group is engaged in business activities from which it may earn revenues. Consequently, the Company has defined each Product Group as individual cash-generating unit. The three Product Groups are aggregated into a single reporting segment, the design, manufacturing, marketing and servicing of assembly equipment for the semiconductor's back-end segment. Since the Company operates in one segment and in one group of similar products and services, all financial segment information can be found in the Consolidated Financial Statements.

### **3. Dividend**

In April 2016, the Company announced a dividend payment of € 1.20 per ordinary share. The dividend was payable fully in cash. The Company paid an amount of € 45.2 million to shareholders.

### **4. Share repurchase program**

In September 2015, Besi announced the initiation of a share repurchase program under which it may buy back up to approximately 1.0 million Ordinary Shares (approximately 3% of its shares outstanding) on the open market from time to time and depending on market conditions. Through June 30, 2016, Besi had purchased 722,831 shares (225,779 shares in 2015) at a weighted average price of € 20.44 per share for € 14.8 million. Besi has shareholder authorization to purchase up to 10% of its Ordinary Shares outstanding (approximately 3.8 million shares) until October 2016.

### **5. Valuation of deferred tax assets**

At June 30, Besi has assessed the valuation of the deferred tax assets. Based on this assessment the Company has recognized € 1.0 million additional tax losses carry forward that will be realized. This relates to Swiss tax losses carry forward that will expire in 2016. Therefore, a gain of € 1.0 million was recorded in the first half year of 2016.

## 6. Financial instruments

The fair values of financial assets and financial liabilities, together with the carrying amounts in the condensed consolidated statements of financial position, are as follows:

June 30, 2016

(unaudited)

(euro in thousands)

	Carrying amount	Fair value
<i>Financial assets</i>		
Cash and cash equivalents	132,075	132,075
Trade receivables	106,209	106,209
Forward exchange contracts	673	673
Other receivables	5,370	5,370
<b>Total</b>	<b>244,327</b>	<b>244,327</b>
<i>Financial liabilities</i>		
Notes payable to banks	8,000	8,000
Trade payables	46,819	46,819
Forward exchange contracts	652	652
Other payables	17,517	17,517
Long-term debt and financial leases	13,352	13,352
<b>Total</b>	<b>86,340</b>	<b>86,340</b>

The only recurring fair value measurement is the valuation of forward exchange contracts for hedging purposes. According to IFRS 13 this measurement is categorized as Level 2. The fair value measurement is based on observable calculations. Non-recurring fair value measurements were not applicable in the reporting period.

## 7. Long term incentive plans

### Summary of outstanding Performance Shares

Following is a summary of changes Performance Shares:

	HY 2016	2015
Outstanding, beginning of year	583,305	648,204
Performance Shares granted (at target level)	142,852	171,324
Shares discretionary granted to Board	60,000	60,000
Shares discretionary granted to Non- Board	124,793	49,737
Performance adjustments	32,394	4,051
Performance Shares settled in equity instruments (reissued from Treasury Shares)	(176,336)	(235,208)
Performance Shares forfeited	(15,590)	5,066
Shares reissued from Treasury Shares by the Company upon vesting	(154,793)	(109,737)
<b>Outstanding, end of period</b>	<b>596,625</b>	<b>583,305</b>

The following table shows the aggregate number of Performance Shares conditionally awarded to the current member of the Board of Management, in accordance with the Besi Incentive Plan 2011-2016:

Performance Shares	Year of grant	Three-year performance period	Number of PSs
R.W. Blickman	2014	2014-2016	54,526
	2015	2015-2017	33,070
	2016	2016-2018	28,224
<b>Total</b>			<b>115,820</b>

The following table shows the number of Performance Shares originally conditionally awarded to key employees at target, in accordance with the Besi LTI Plan 2011-2016. Forfeitures have been deducted.

Performance Shares	Year of grant	Three-year performance period	Number of PSs
Key employees	2014	2014-2016	207,886
Key employees	2015	2015-2017	130,002
Key employees	2016	2016-2018	112,917
<b>Total</b>			<b>450,805</b>

The expenses related to share-based payment plans are as follows:

(euro in thousands)	Six months ended June 30,	
	2016	2015
Performance Shares granted and delivered to the Board of Management	822	1,050
Performance Shares Board of Management LTI plan	476	604
Performance Shares granted and delivered key employees	2,330	870
Performance Shares relating to the LTI key employees	1,445	1,183
<b>Total expense recognized as employee costs</b>	<b>5,073</b>	<b>3,707</b>

The expenses have been calculated based on the same assumptions as described in the annual report of 2015.

### Summary of outstanding stock options

Following is a summary of changes in Besi options:

	Number of options	2016 Weighted average exercise price (in euro)	Number of options	2015 Weighted average exercise price (in euro)
<i>Equity-settled option plans</i>				
Outstanding, beginning of year	23,961	13.14	54,461	17.90
Options expired	(21,621)	-	-	-
Options exercised	(2,340)	13.14	(30,500)	13.14
<b>Outstanding and exercisable, end of period</b>	<b>-</b>	<b>-</b>	<b>23,961</b>	<b>13.14</b>

In the first half year of 2016, 2,340 options were exercised. The remaining options expired.