



**BE SEMICONDUCTOR INDUSTRIES N.V.**

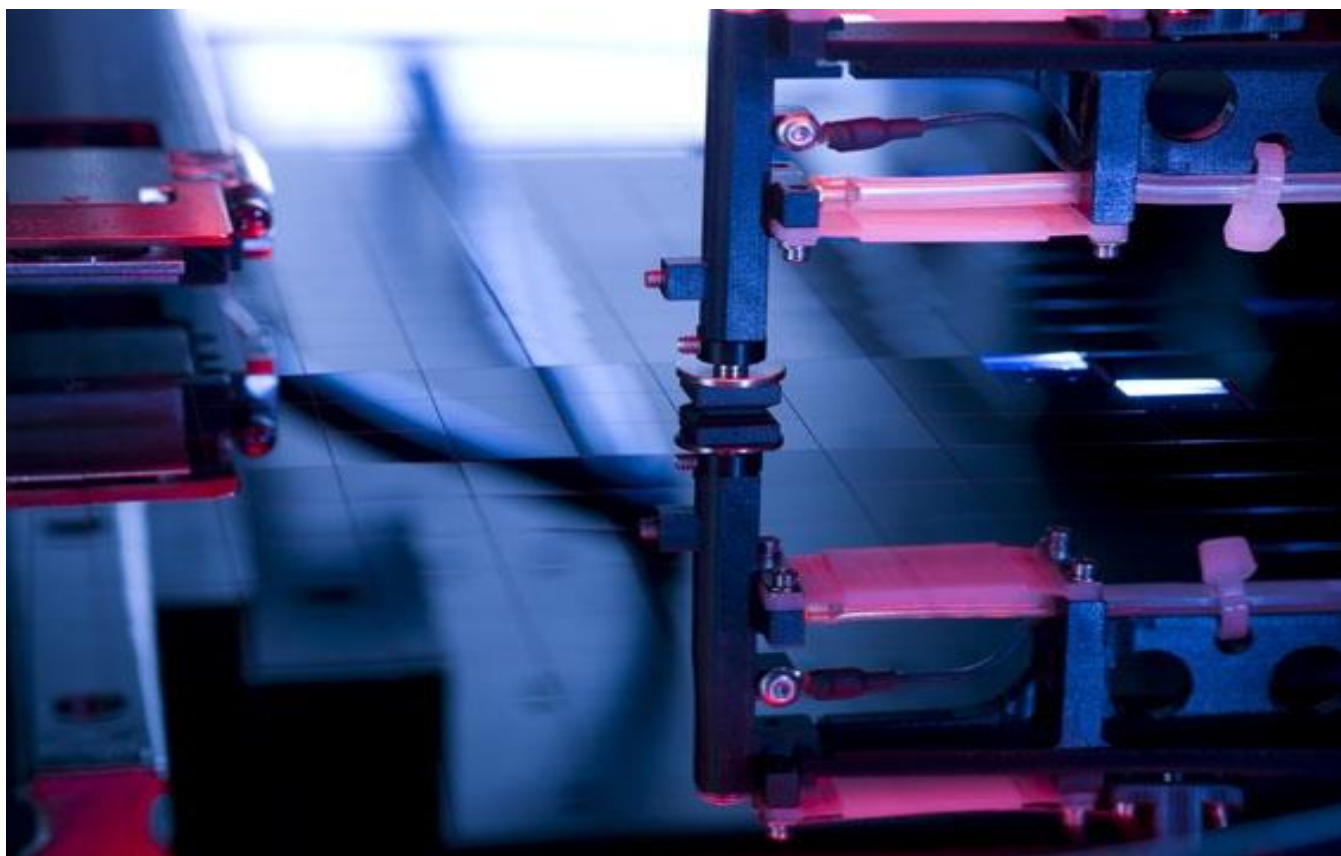
**DUIVEN, THE NETHERLANDS**

**UNAUDITED CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE SIX MONTHS  
ENDED JUNE 30, 2017**

## Contents Unaudited Condensed Interim Consolidated Financial Statements June 30, 2017

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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, 2017 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

First half revenue of € 280.2 million and orders of € 369.9 million rose by 49.0% and 81.0%, respectively, vs. H1-16 reflecting favorable industry conditions as well as a strong customer build out of advanced packaging capacity in 2017 for leading edge smart phone, automotive and cloud server applications. Orders by IDMs and subcontractors represented 76% and 24%, respectively, of Besi's total H1-17 orders vs. 47% and 53%, respectively, in H1-16.

Similarly, Besi's H1-17 net income of € 76.7 million increased by € 44.7 million vs. H1-16 due primarily to (i) the 49.0% year over year revenue increase and (ii) a gross margin increase of 6.5 points principally associated with higher material and labor efficiencies and forex benefits. Such benefits were partially offset by a 10.8% increase in operating expenses principally related to higher sales levels and a 5.2% increase in Besi's effective tax rate.

At the end of Q2-17, cash and deposits aggregated € 263.1 million, a decrease of € 46.0 million vs. Q1-17 due to the payment of the annual dividend in Q2-17. Similarly, net cash and deposits decreased by € 44.2 million to reach € 131.5 million. Excluding the € 65.3 million Q2-17 dividend payment, net cash and deposits increased by € 21.1 million sequentially. As compared to Q2-16, Besi's net cash and deposits increased by € 20.8 million, or 18.8%. Besi generated cash flow from operations of € 29.5 million in Q2-17 which, along with cash on hand, was utilized to fund (i) € 65.3 million of dividend payments, (ii) € 5.0 million of share repurchases, (iii) € 2.2 million of debt reduction, (iv) € 1.8 million of capitalized development spending and (v) € 0.8 million of capital expenditures.

## Risks and uncertainties

In our Annual Report 2016, 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 2017 are in line with the risks that Besi presented in its Annual Report 2016.

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, 2017 backlog of € 166.0 million and feedback from customers, Besi forecasts for Q3-17 that:

- Revenue will decrease by 5-15% vs. the € 170.0 million reported in Q2-17 consistent with typical seasonal trends.
- Gross margins will range between 55-57% vs. the 57.3% realized in Q2-17.
- Operating expenses will be down 5%-10% vs. the € 34.1 million reported in Q2-17.

Assuming the midpoint of Q3-17 guidance, Besi forecasts that revenue and operating income will substantially exceed Q3-16 levels.

Duiven, July 26, 2017

Richard W. Blickman  
President & CEO

## Condensed Interim Consolidated Statement of Financial Position

<i>(euro in thousands)</i>	Note	June 30, 2017 (unaudited)	December 31, 2016 (audited)
<b>Assets</b>			
Cash and cash equivalents		158,057	224,790
Deposits		105,000	80,000
Trade receivables		152,102	89,845
Inventories		70,386	55,054
Income tax receivable		513	395
Other receivables		7,764	7,325
Prepayments		3,021	2,670
<b>Total current assets</b>		<b>496,843</b>	<b>460,079</b>
Property, plant and equipment		25,920	26,993
Goodwill		45,104	45,867
Other intangible assets		36,829	37,844
Deferred tax assets		11,271	14,265
Other non-current assets		2,555	2,521
<b>Total non-current assets</b>		<b>121,679</b>	<b>127,490</b>
<b>Total assets</b>		<b>618,522</b>	<b>587,569</b>
<b>Liabilities and equity</b>			
Notes payable to banks		8,000	11,855
Current portion of long-term debt and financial leases		-	2,240
Trade payables		63,590	38,949
Income tax payable		12,739	4,116
Provisions		6,572	5,232
Other payables		19,690	22,903
Other current liabilities		17,250	12,243
<b>Total current liabilities</b>		<b>127,841</b>	<b>97,538</b>
Long-term debt and financial leases		123,533	122,603
Deferred tax liabilities		6,751	6,716
Other non-current liabilities		16,647	15,675
<b>Total non-current liabilities</b>		<b>146,931</b>	<b>144,994</b>
Issued capital		400	400
Share premium		217,798	224,482
Retained earnings		72,709	60,722
Other reserves		51,141	57,807
<b>Equity attributable to equity holders of the parent</b>		<b>342,048</b>	<b>343,411</b>
Non-controlling interest		1,702	1,626
<b>Total equity</b>		<b>343,750</b>	<b>345,037</b>
<b>Total liabilities and equity</b>		<b>618,522</b>	<b>587,569</b>

## Condensed Interim Consolidated Statement of Comprehensive Income

<i>(euro in thousands)</i>	For the six months ended June 30,	
	2017 (unaudited)	2016 (unaudited)
Revenue	280,216	187,982
Cost of sales	121,399	93,652
<b>Gross profit</b>	<b>158,817</b>	<b>94,330</b>
Selling, general and administrative expenses	47,665	40,116
Research and development expenses	17,013	18,252
<b>Total operating expenses</b>	<b>64,678</b>	<b>58,368</b>
<b>Operating income</b>	<b>94,139</b>	<b>35,962</b>
Financial income	464	201
Financial expense	(5,026)	(924)
<b>Income before taxes</b>	<b>89,577</b>	<b>35,239</b>
Income tax	12,901	3,231
<b>Net income</b>	<b>76,676</b>	<b>32,008</b>
Attributable to:		
Equity holders of the parent	76,511	31,916
Non-controlling interest	165	92
<b>Net income</b>	<b>76,676</b>	<b>32,008</b>
<i>Other comprehensive income (loss)</i> <i>(will be reclassified subsequently to profit and loss</i> <i>when specific conditions are met):</i>		
Exchange rate changes for the period	(7,130)	1,382
Actuarial gain (loss) net of income tax	52	(2,154)
Unrealized hedging results	1,101	50
Other comprehensive income (loss) for the period, net of income tax	(5,977)	(722)
<b>Total comprehensive income for the period</b>	<b>70,699</b>	<b>31,286</b>
<i>Total comprehensive income attributable to:</i>		
Equity holders of the parent	70,623	31,253
Non-controlling interest	76	33
Income per share attributable to the equity holders of the parent		
Basic	2.05	0.85
Diluted	1.88 <sup>1,2</sup>	0.84 <sup>1</sup>
Weighted average number of shares used to compute income per share		
Basic	37,315,607	37,713,129
Diluted	40,719,600 <sup>1,2</sup>	38,381,214 <sup>1</sup>

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

<sup>2</sup> The calculation also assumes the conversion of the Company's Convertible Notes due 2023 as such conversion would have a dilutive effect.

## Condensed Interim Consolidated Statement of Cash Flows

<i>(euro in thousands)</i>	For the six months ended June 30,	
	2017	2016
	(unaudited)	(unaudited)
<b>Cash flows from operating activities:</b>		
Operating income	94,139	35,962
Depreciation, amortization and impairment	6,639	7,484
Share based compensation	4,630	5,073
Other non-cash items	857	3
Effects of changes in working capital	(55,688)	(13,312)
Income tax received (paid)	(1,013)	(143)
Interest received	295	223
Interest paid	(1,751)	(104)
<b>Net cash provided by (used for) operating activities</b>	<b>48,108</b>	<b>35,186</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(1,964)	(1,061)
Capitalized development expenses	(3,673)	(3,279)
Investments in deposits	(25,000)	-
<b>Net cash provided by (used for) investing activities</b>	<b>(30,637)</b>	<b>(4,340)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from (payments on) bank lines of credit	(3,855)	-
Proceeds from (payments on) debts and financial leases	(2,166)	-
Dividend paid to shareholders	(65,302)	(45,420)
Purchased treasury shares	(12,500)	(11,500)
Re-issued treasury shares	-	41
<b>Net cash provided by (used for) financing activities</b>	<b>(83,823)</b>	<b>(56,879)</b>
Net change in cash and cash equivalents	(66,352)	(26,033)
Effect of changes in exchange rates on cash and cash equivalents	(381)	290
Cash and cash equivalents at beginning of the period	224,790	157,818
<b>Cash and cash equivalents at end of the period</b>	<b>158,057</b>	<b>132,075</b>

## Condensed Interim Consolidated Statement of Changes in Equity

<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, 2017	40,033,921	400	224,482	60,722	57,807	343,411	1,626	345,037
Exchange rate changes for the period	-	-	-	-	(7,041)	(7,041)	(89)	(7,130)
Actuarial gain (loss)	-	-	-	-	52	52	-	52
Unrealized hedging results	-	-	-	-	1,101	1,101	-	1,101
Other comprehensive income	-	-	-	-	(5,888)	(5,888)	(89)	(5,977)
Net income (loss)	-	-	-	76,511	-	76,511	165	76,676
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,511</b>	<b>(5,888)</b>	<b>70,623</b>	<b>76</b>	<b>70,699</b>
Dividends to owners of the Company	-	-	-	(65,302)	-	(65,302)	-	(65,302)
Legal reserve	-	-	-	778	(778)	-	-	-
Purchased Treasury Shares	-	-	(11,314)	-	-	(11,314)	-	(11,314)
Equity-settled share based payments	-	-	4,630	-	-	4,630	-	4,630
<b>Balance at June 30, 2017 (unaudited)</b>	<b>40,033,921</b>	<b>400</b>	<b>217,798</b>	<b>72,709</b>	<b>51,141</b>	<b>342,048</b>	<b>1,702</b>	<b>343,750</b>
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
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,916</b>	<b>(663)</b>	<b>31,253</b>	<b>33</b>	<b>31,286</b>
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
<b>Balance at June 30, 2016 (unaudited)</b>	<b>40,033,921</b>	<b>36,031</b>	<b>189,898</b>	<b>11,491</b>	<b>73,403</b>	<b>310,823</b>	<b>1,637</b>	<b>312,460</b>

<sup>1</sup> The outstanding number of Ordinary Shares includes 2,594,651 and 2,707,612 Treasury Shares at June 30, 2017 and at January 1, 2017, respectively (2,334,048 at June 30, 2016 and 2,170,465 at January 1, 2016).



## 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, 2017 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, 2016.

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, 2016.

#### Segment information

The Company is engaged in one line of business, the development, manufacturing, marketing, sales and service of semiconductor assembly equipment for the global semiconductor and electronics industries. 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 development, manufacturing, marketing, sales and service 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 May 2017, the Company announced a dividend payment of € 1.74 per ordinary share. The dividend was payable fully in cash. The Company paid an amount of € 65.3 million to shareholders.

### 4. Share repurchase program

In 2016, 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, 2017, Besi had purchased 413,445 shares (126,395 shares in 2016) at a weighted average price of € 36.96 per share for € 15.3 million. Besi has shareholder authorization to purchase up to 10% of its Ordinary Shares outstanding (approximately 3.8 million shares) until October 2017.

## 5. 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:

(euro in thousands)	June 30, 2017 (unaudited)	
	Carrying amount	Fair value
<i>Financial assets</i>		
Cash and cash equivalents	158,057	158,057
Deposit	105,000	105,000
Trade receivables	152,102	152,102
Forward exchange contracts	2,553	2,553
Other receivables	5,211	5,211
<b>Total</b>	<b>422,923</b>	<b>422,923</b>
<i>Financial liabilities</i>		
Notes payable to banks	8,000	8,000
Trade payables	63,590	63,590
Forward exchange contracts	100	100
Other payables	19,590	19,590
Long-term debt and financial leases	123,533	123,533
<b>Total</b>	<b>214,813</b>	<b>214,813</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.

## 6. Long term incentive plans

### Summary of outstanding Performance Shares

Following is a summary of changes Performance Shares:

	HY 2017	2016
Outstanding, beginning of year	553,073	583,305
Performance Shares granted (at target level)	104,532	142,852
Shares discretionary granted to Board	60,000	60,000
Shares discretionary granted to Non- Board	11,500	124,793
Performance adjustments	126,035	32,394
Performance Shares settled in equity instruments (reissued from Treasury Shares)	(419,585)	(361,129)
Performance Shares forfeited	(7,667)	(29,142)
<b>Outstanding, end of period</b>	<b>427,888</b>	<b>553,073</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:

Performance Shares	Year of grant	Three-year performance period	Number of PSs
R.W. Blickman	2015	2015-2017	33,070
	2016	2016-2018	28,224
	2017	2017-2019	18,037
<b>Total</b>			<b>79,331</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. Forfeitures have been deducted.

Performance Shares	Year of grant	Three-year performance period	Number of PSs
Key employees	2015	2015-2017	125,560
Key employees	2016	2016-2018	106,951
Key employees	2017	2017-2019	86,046
<b>Total</b>			<b>318,557</b>

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

(euro in thousands)	Six months ended June 30,	
	2017	2016
Performance Shares granted and delivered to the Board of Management	1,806	822
Performance Shares Board of Management LTI plan	490	476
Performance Shares granted and delivered to the key employees	435	2,330
Performance Shares relating to the LTI key employees	1,899	1,445
<b>Total expense recognized as employee costs</b>	<b>4,630</b>	<b>5,073</b>

The expenses have been calculated based on the same assumptions as described in the Annual Report of 2016.