



BE SEMICONDUCTOR INDUSTRIES N.V.

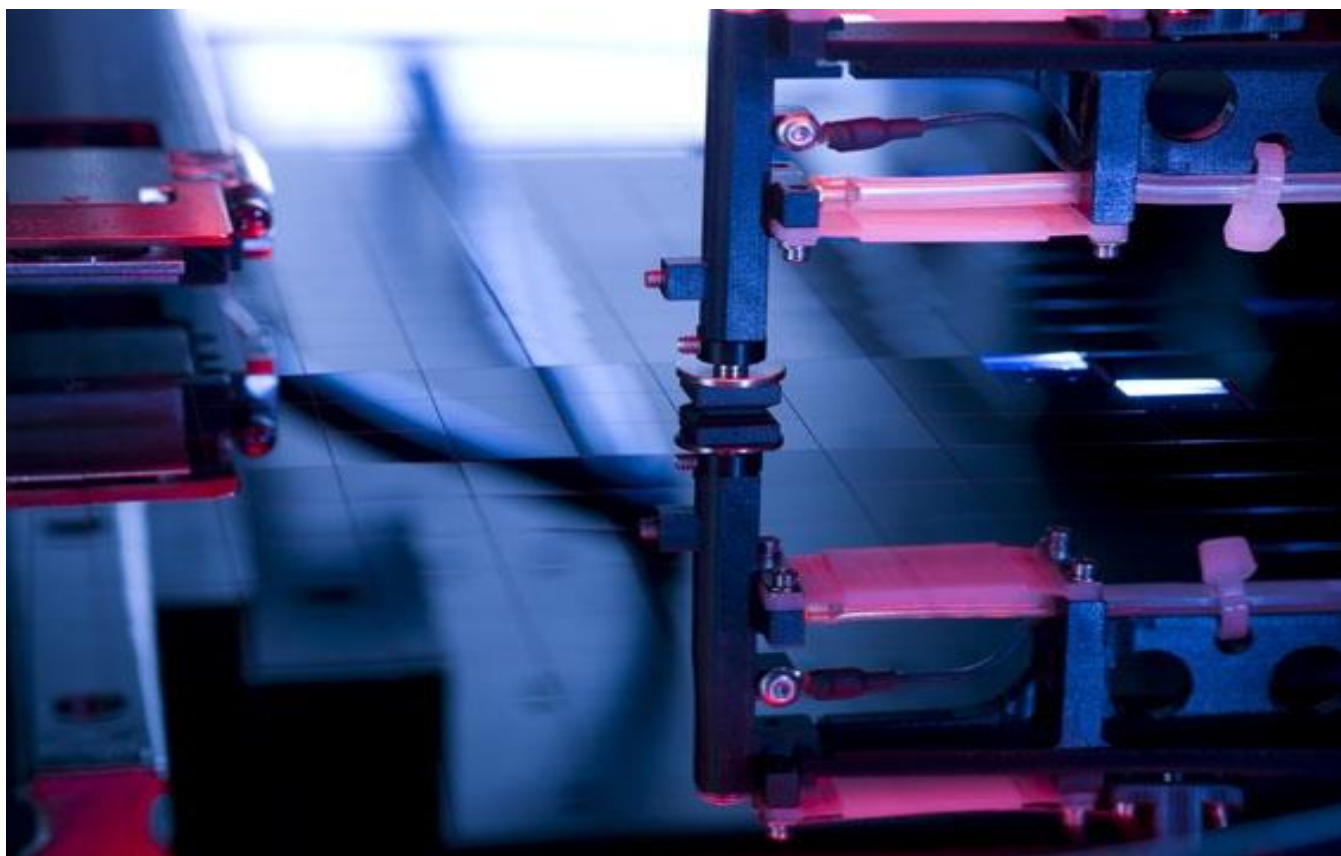
DUIVEN, THE NETHERLANDS

**UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE SIX MONTHS
ENDED JUNE 30, 2018**

Contents Unaudited Condensed Interim Consolidated Financial Statements June 30, 2018

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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, 2018 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 increased by 12.8% reflecting broad based growth across all product groups and end user application markets. However, H1-18 orders decreased by 21.0% vs. H1-17 primarily due primarily to lower die bonding bookings for high end smart phone applications after a significant 2017 capacity build and, to a lesser extent, lower bookings for high end server applications. Orders by IDMs and subcontractors represented 62% and 38%, respectively, of Besi's total H1-18 orders vs. 76% and 24%, respectively, in H1-17.

Similarly, Besi's H1-18 net income of € 84.3 million increased by € 7.6 million, or 9.9% vs. H1-17 due primarily to its 12.8% year over year revenue increase partially offset by (i) € 6.1 million of increased operating expenses principally related to increased Asian personnel costs and higher share based compensation expense as well as (ii) a gross margin decrease of 0.2 points.

At the end of Q2-18, cash and deposits aggregated € 395.5 million and net cash was € 110.2 million. As compared to Q2-17, Besi's net cash and deposits decreased by € 21.3 million due to (i) € 174.0 million of cash dividend payments, (ii) € 23.0 million of share repurchases, (iii) € 9.1 million of capitalized development spending, (iv) € 7.0 million of capital expenditures and (v) € 3.9 million of debt retirement which were partially offset by cash flow from operations of € 181.9 million

Risks and uncertainties

In our Annual Report 2017, 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 2018 are in line with the risks that Besi presented in its Annual Report 2017.

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, 2018 backlog of € 140.4 million and feedback from customers, Besi forecasts for Q3-18 that:

- Revenue will decrease by 25-30% vs. the € 161.1 million reported in Q2-18.
- Gross margin will range between 54-56% vs. the 56.5% realized in Q2-18.
- Operating expenses will be approximately equal to the € 31.8 million reported in Q2-18.

Duiven, July 26, 2018

Richard W. Blickman
President & CEO

Condensed Interim Consolidated Statement of Financial Position

<i>(euro in thousands)</i>	Note	June 30, 2018 (unaudited)	December 31, 2017 (audited)
Assets			
Cash and cash equivalents		215,457	527,806
Deposits		180,000	-
Trade receivables		185,647	151,654
Inventories		78,415	70,947
Income tax receivable		325	370
Other receivables		7,162	7,514
Prepayments		3,871	4,138
Total current assets		670,877	762,429
Property, plant and equipment		27,098	26,517
Goodwill		44,937	44,687
Other intangible assets		36,889	34,140
Deferred tax assets		4,830	4,660
Other non-current assets		2,818	2,520
Total non-current assets		116,572	112,524
Total assets		787,449	874,953
Liabilities and equity			
Notes payable to banks		4,114	1,742
Current portion of long-term debt and financial leases		11,552	11,228
Trade payables		62,600	62,721
Income tax payable		11,432	17,234
Provisions		9,100	8,265
Other payables		28,948	29,297
Other current liabilities		17,197	15,799
Total current liabilities		144,943	146,286
Long-term debt and financial leases		269,548	267,274
Deferred tax liabilities		13,875	10,050
Other non-current liabilities		16,162	17,211
Total non-current liabilities		299,585	294,535
Issued capital		800	400
Share premium		219,068	222,322
Retained earnings		81,450	173,380
Other reserves		41,603	38,030
Total equity		342,921	434,132
Total liabilities and equity		787,449	874,953

Condensed Interim Consolidated Statement of Comprehensive Income

<i>(euro in thousands)</i>	For the six months ended June 30,	
	2018 (unaudited)	2017 (unaudited)
Revenue	316,036	280,216
Cost of sales	137,368	121,399
Gross profit	178,668	158,817
Selling, general and administrative expenses	51,984	47,665
Research and development expenses	18,836	17,013
Total operating expenses	70,820	64,678
Operating income	107,848	94,139
Financial income	36	464
Financial expense	(9,416)	(5,026)
Income before taxes	98,468	89,577
Income tax	14,209	12,901
Net income	84,259	76,676
Attributable to:		
Equity holders of the parent	84,259	76,511
Non-controlling interest	-	165
Net income	84,259	76,676
<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	2,113	(7,130)
Actuarial gain (loss) net of income tax	1,269	52
Unrealized hedging results	(1,980)	1,101
Other comprehensive income (loss) for the period, net of income tax	1,402	(5,977)
Total comprehensive income for the period	85,661	70,699
<i>Total comprehensive income attributable to:</i>		
Equity holders of the parent	85,661	70,623
Non-controlling interest	-	76
Income per share attributable to the equity holders of the parent		
Basic	1.13	1.03
Diluted	1.03 ^{1,2}	0.94 ^{1,2}
Weighted average number of shares used to compute income per share		
Basic	74,620,489	74,631,214
Diluted	84,654,881 ^{1,2}	80,439,200 ^{1,2}

¹ The calculation of the diluted income per share assumes the exercise of the equity settled share based payments and the conversion of the Convertible Notes.

² Share amounts in 2017 have been adjusted for the 2-for-1 stock split effective May 4, 2018

Condensed Interim Consolidated Statement of Cash Flows

<i>(euro in thousands)</i>	For the six months ended June 30,	
	2018	2017
	(unaudited)	(unaudited)
Cash flows from operating activities:		
Operating income	107,848	94,139
Depreciation, amortization and impairment	6,940	6,639
Share based compensation	8,459	4,630
Other non-cash items	-	857
Effects of changes in working capital	(42,221)	(55,688)
Income tax received (paid)	(16,623)	(1,013)
Interest received	7	295
Interest paid	(2,531)	(1,751)
Net cash provided by (used for) operating activities	61,879	48,108
Cash flows from investing activities:		
Capital expenditures	(3,926)	(1,964)
Capitalized development expenses	(6,088)	(3,673)
Investments in deposits	(180,000)	(25,000)
Net cash provided by (used for) investing activities	(190,014)	(30,637)
Cash flows from financing activities:		
Proceeds from (payments on) bank lines of credit	2,372	(3,855)
Proceeds from (payments on) debts and financial leases	301	(2,166)
Dividend paid to shareholders	(174,018)	(65,302)
Purchased treasury shares	(12,000)	(12,500)
Net cash provided by (used for) financing activities	(183,345)	(83,823)
Net change in cash and cash equivalents	(311,480)	(66,352)
Effect of changes in exchange rates on cash and cash equivalents	(869)	(381)
Cash and cash equivalents at beginning of the period	527,806	224,790
Cash and cash equivalents at end of the period	215,457	158,057

Condensed Interim Consolidated Statement of Changes in Equity

<i>(euro in thousands, except share data)</i>	Number of Ordinary Shares outstanding ¹	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, 2018	40,033,921	400	222,322	173,380	38,030	434,132	-	434,132
Exchange rate changes for the period	-	-	-	-	2,113	2,113	-	2,113
Actuarial gain (loss)	-	-	-	-	1,269	1,269	-	1,269
Unrealized hedging results	-	-	-	-	(1,980)	(1,980)	-	(1,980)
Other comprehensive income	-	-	-	-	1,402	1,402	-	1,402
Net income (loss)	-	-	-	84,259	-	84,259	-	84,259
Total comprehensive income for the period	-	-	-	84,259	1,402	85,661	-	85,661
Dividends to owners of the Company	-	-	-	(174,018)	-	(174,018)	-	(174,018)
Legal reserve	-	-	-	(2,171)	2,171	-	-	-
Purchased Treasury Shares	-	-	(11,313)	-	-	(11,313)	-	(11,313)
Equity-settled share based payments	-	-	8,459	-	-	8,459	-	8,459
Increase par value / stock split	40,033,921	400	(400)	-	-	-	-	-
Balance at June 30, 2018 (unaudited)	80,067,842	800	219,068	81,450	41,603	342,921	-	342,921
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
Total comprehensive income for the period	-	-	-	76,511	(5,888)	70,623	76	70,699
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
Balance at June 30, 2017 (unaudited)	40,033,921	400	217,798	72,709	51,141	342,048	1,702	343,750

¹ The outstanding number of Ordinary Shares includes 5,197,406 and 5,516,764 Treasury Shares at June 30, 2018 and at January 1, 2018, respectively (5,189,302 at June 30, 2017 and 5,415,224 at January 1, 2017), all adjusted for stock split.

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, 2018 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, 2017.

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, 2017.

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 April 2018, the Company announced a dividend payment of € 4.64 per ordinary share. The dividend was payable fully in cash. The Company paid an amount of € 174.0 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 2.0 million Ordinary Shares (approximately 3% of its shares outstanding adjusted for stock split) on the open market from time to time and depending on market conditions. Through June 30, 2018, Besi had purchased 1,536,706 shares at a weighted average price of € 24.78 per share for € 38.1 million. Besi has shareholder authorization to purchase up to 10% of its Ordinary Shares outstanding (approximately 3.8 million shares) until October 26, 2019.

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, 2018 (unaudited)	
	Carrying amount	Fair value
<i>Financial assets</i>		
Cash and cash equivalents	215,457	215,457
Deposit	180,000	180,000
Trade receivables	185,647	185,647
Forward exchange contracts	15	15
Other receivables	7,147	7,147
Total	588,266	588,266
<i>Financial liabilities</i>		
Notes payable to banks	4,114	4,114
Trade payables	62,600	62,600
Forward exchange contracts	629	629
Other payables	28,319	28,319
Long-term debt and financial leases	269,548	317,956
Total	365,210	413,618

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. Money market funds and deposits are part of our cash and cash equivalents and therefore recognized as level 1. 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 (adjusted for stock split):

	HY 2018	HY 2017
Outstanding, beginning of year	793,460	1,106,146
Performance Shares granted (at target level)	142,418	209,064
Shares discretionary granted to Board	120,000	120,000
Shares discretionary granted to Non- Board	55,100	23,000
Performance adjustments	157,496	252,070
Performance Shares settled in equity instruments (reissued from Treasury Shares)	(642,792)	(839,170)
Performance Shares forfeited	(80,166)	(15,334)
Outstanding, end of period	545,516	855,776

The following table shows the aggregate number of Performance Shares (adjusted for stock split) 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	2016	2016-2018	56,448
	2017	2017-2019	36,074
	2018	2018-2020	18,026
Total			110,548

The following table shows the number of Performance Shares (adjusted for stock split) 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	2016	2016-2018	170,360
Key employees	2017	2017-2019	147,056
Key employees	2018	2018-2020	117,552
Total			434,968

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

(euro in thousands)	Six months ended June 30,	
	2018	2017
Performance Shares granted and delivered to the Board of Management	4,551	1,806
Conditional performance shares Board of Management	2,237	435
Performance Shares granted and delivered to Non-Board Members	441	490
Performance Shares relating to the 2014 Framework Incentive Plan/LTI plan 2012-2016	1,230	1,899
Total expense recognized as employee costs	8,459	4,630

The expenses have been calculated based on the same assumptions as described in the Annual Report of 2017.